

2013

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the years ended December 31, 2013 and 2012

Denver, Colorado



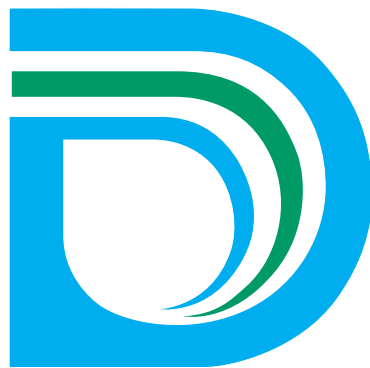
Gross Reservoir

2013

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Denver, Colorado



DENVER WATER

Prepared by the Accounting Section of the Finance Division

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INTRODUCTORY SECTION

April 4, 2014

To the Board of Water Commissioners and Our Customers:

We are pleased to transmit the Comprehensive Annual Financial Report (“CAFR”) of Denver Water for the year ended December 31, 2013.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

KPMG LLP, Certified Public Accountants, has issued an unmodified (“clean”) opinion on Denver Water’s financial statements for the years ended December 31, 2013 and 2012. The independent auditor’s report is located at the front of the Financial Section of this report.

Management’s discussion and analysis (“MD&A”) immediately follows the independent auditors’ report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The Report

This report is presented in three sections as follows:

- I. **Introductory Section**, which includes this letter of transmittal, principal officials, organization chart, excerpts from the charter, the Certificate of Achievement for Excellence in Financial Reporting, and the year in review.
- II. **Financial Section**, which includes the independent auditors’ report on the financial statements, Management’s Discussion and Analysis, the basic financial statements, and supplemental capital asset and bond schedules.
- III. **Statistical Section**, which includes financial trends information, revenue capacity information, debt capacity information, demographic and economic information, and operating information generally presented on a multi-year basis.

Profile of Denver Water

The privately owned Denver City Water Company was organized in November 1870. It was merged into the Denver Union Water Company in October 1894, along with several smaller companies serving various parts of a growing Denver. In November 1918, the five-member governing board of the Denver Water Department purchased the company for the citizens of the City and County of Denver (“City”). The

Denver Water Department was set up as an independent City water agency, with the philosophy that it would be operated as a business and remain separate from political influences.

Denver Water is governed by a five-member Board of Water Commissioners (the “Board”) appointed by the Mayor of the City for overlapping six-year terms. Denver Water has complete charge and control of a water works system and plant, which supplies water to customers located within the City and to entities serving other customers located in certain outlying areas in the Denver metropolitan area. Also, as a byproduct of water operations, Denver Water operates seven hydropower plants which generate power for sale to Xcel Energy and Tri-State Generation and Transmission Association, for internal consumption, and for repayment to the U.S. Department of Energy for power interference.

In accordance with Governmental Accounting Standards Board (“GASB”) Statements No. 14, *The Financial Reporting Entity*, No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, and No. 61, *The Financial Reporting Entity: Omnibus*, the Board is classified as a special-purpose “other stand-alone government.” A special-purpose other stand-alone government is defined as a legally separate governmental organization that (a) does not have a separately elected governing body and (b) does not meet the definition of a component unit because it does not have a financial benefit or burden relationship with a primary government.

The Board is a “related organization” in the City’s financial reporting entity. A related organization is defined as an organization for which a primary government is not financially accountable (because it does not impose its will or have a financial benefit or burden relationship) even though the primary government appoints a voting majority of the organization’s governing board.

The Board has no component units as defined in GASB Statements No. 14, 39, and 61.

As a result of GASB Statement No. 61, the City determined that Denver Water is no longer a component unit of the City effective with 2012 reporting.

The mission of Denver Water is as follows:

Denver Water will be a responsible steward of the resources, assets and natural environments entrusted to us in order to provide a high-quality water supply, a resilient and reliable system, and excellent customer service.

Although Denver Water is not legally required to adopt budgetary accounting and reporting, the annual budget serves as the foundation for Denver Water’s financial planning and control. The budget process involves:

- Long Range Planning
Denver Water maintains long-range (10 years) capital, operation and maintenance, and financial plans that are updated annually.

The Ten-Year Capital Plan projects additions, improvements, and replacements to water system facilities, based on projected demands for water, federal and state regulations, and ongoing system requirements. It is used as the basis for projecting the annual Capital Work Plan.

The Ten-Year Operation and Maintenance Plan includes the ongoing costs of operating and maintaining the water system and the impact of the Ten-Year Capital Plan on operations.

The Ten-Year Financial Plan considers compliance with debt covenants and the year-end target cash reserve.

- Annual Work Plan Budgets

The detailed annual work plan budgets for operation and maintenance activities, debt, and capital projects are developed during the budget process each year. These budgets are substantially based on the budget year projections provided by the long-range plans. These work plans itemize the cost of activities and projects within each program.

- Annual Budget Preparation

The annual budget is prepared on a program budget basis that follows the flow of water from the sources of raw water to customers' taps and cuts across organizational boundaries. The focus is first on what Denver Water as a whole is doing (what our resources are used for), then on organizational structure (the divisions and sections expending the resources), and then by type of expenditures (what types of resources – payroll, services, etc., are being used). The intent of this particular format is to facilitate the reader's understanding of how we are accomplishing our mission to serve our customers' needs in the past, present and future.

Factors Affecting Economic Condition

The information displayed in the financial statements presents Denver Water's current *financial position*, i.e., its *existing* resources and claims on those resources. The following information is provided to help assess Denver Water's *economic condition*, i.e., both existing and *future* resources and claims on those resources. Stated differently, economic condition reflects not only today's financial position, but also the prospects that today's financial position will improve or decline.

Local Economy

Denver is the center of economic activity in the region, serving as a business, recreational, higher educational and cultural hub. Major features of the economy include the central business district, state capital, Denver International Airport, extensive library facilities, several professional sports teams, institutions of higher learning, and numerous museums and other cultural facilities. The economy of the metropolitan area generally mirrors that of the state. An overview of the general demographic and economic conditions in the Denver metropolitan area can be found in Section D, *Demographic and Economic Information*, in the Statistical Section.

Long-Term Financial Planning – Ten Year Capital Plan

Total projected expenditures for the 2014-2023 Ten-Year Capital Plan are \$1.63 billion, net of anticipated participation and reimbursement. The program includes:

- \$310.5 million for the Treatment Plant Program including the north system renewal water treatment plant upgrades and replacement of the Marston Plant Disinfection Contact Basin. The upgrades and replacements will increase north system plant capacity and ensure continued delivery of high quality water to the northern metropolitan area.
- \$285.6 million for Denver Water's Storage Reliability Project, previously known as the Moffat Collection System Project, for the evaluation, permitting, mitigation, and construction process to augment our supply to the northern service area. The U.S. Army Corps of Engineers ("the

Corps”) released a draft Environmental Impact Statement (“EIS”) evaluating the potential effects of this option in 2009, followed by a public comment period. A final EIS is scheduled for April of 2014, followed by another public comment period before a final decision on a permit will be made.

- \$254.8 million to meet the Board’s goal of doubling the rate of main replacements and main rehabilitation over the next 10 years. This acceleration will decrease the replacement cycle from 200 years to the industry standard of 100 years. Costs also include cement mortar relining of conduits and mains to extend their useful lives at a significant savings over open trench replacement.
- \$154.8 million for buildings and facilities improvements including \$115 million to complete a new Denver Water campus redesign and construction to upgrade various obsolete facilities that have reached the end of their useful lives.
- \$119.2 million for several major treated water storage projects including the replacement of the two obsolete clear water storage tanks at the Hillcrest and Ashland Reservoirs, and additional clear water reservoir storage capacity at both the Marston and Moffat Treatment Plants.
- \$81.2 million for the replacement of Conduits 16 and 22, two aging and under-utilized raw water conduits which supply water to the Moffat Treatment Plant for the northern metropolitan area, while also satisfying Denver Water’s contractual obligations to the city of Arvada.
- \$78.8 million to meet the Board’s goal of bringing the capacity of the Recycled Water Plant and distribution system to 17,000 acre feet.

Revenue adjustments identified in the 2014 Financial Plan are set at levels to meet annual revenue requirements, debt service coverage, and target reserves. Revenue requirements include annual operation and maintenance expenses, payments on existing and proposed debt service, and rate-funded capital projects. Denver Water uses a combination of debt and cash reserves to maintain leveled annual revenue adjustments to meet these requirements. The use of debt to fund specific capital projects distributes the annual cost of facilities over time rather than requiring the full amount in any one year. The adopted revenue adjustment for 2014 was effective beginning January 1, 2014. This adjustment is expected to produce 3.5% of additional revenue over this 12-month period, assuming normal weather and consumption. In addition, annual revenue adjustments of 6.5% are projected in 2015 and 5.0% in 2016 followed by annual revenue adjustments of 3.5% in 2017 through 2023. The financial plan is updated annually.

Relevant Financial Policies and Practices – Investment Balance

Denver Water established a comprehensive set of financial policies and practices as a basic framework for the financial management of Denver Water and its planning and budgeting process. These policies and practices are listed in the Budget Book. Two investment balance related policies and practices are as follows:

Balanced Budget

The Denver Board of Water Commissioners has not adopted an official policy on a balanced budget. Our practice is to balance the budget by the planned use or contribution to investment balances.

Cash Reserves

The Charter of the City and County of Denver specifically allows the accumulation of reserves “sufficient to pay for operation, maintenance, reserves, debt service, additions, extensions, and betterments, including those reasonably required for anticipated growth of the Denver Metropolitan area and to provide for Denver’s general welfare.”

Denver Water began 2014 with an actual cash and investment balance of \$219.7 million, at cost. The 2014 budget projects this balance to increase by receipts of \$323.2 million and decrease by expenditures of \$371.5 million, resulting in a projected 2014 ending balance of \$171.4 million (see page III-55 for details).

Note 2, *Deposits and Investments*, in the Financial Section provides more information on Denver Water’s investments. Investment balances in published financial statements are not directly comparable to the budgeted investment balance because different valuation methods are used.

Major Initiatives – 2014 Goals and Objectives

Lean is entering its third year at Denver Water. Lean is a method of continuous improvement in which employees across the organization are empowered to evaluate processes and look for ways to eliminate waste in their work areas. Lean was developed by Toyota more than six decades ago. In 2014, we will continue our process to better operationalize the Strategic Plan using the Lean methodology, such as identifying value streams - or target areas - and performing rapid improvement events (“RIEs”). Upcoming Lean initiatives are:

- **Customer Experience Value Stream:** We are converting the Service Delivery Value Stream (primarily focused in Customer Relations) to a Customer Experience Value Stream (looking at all customer touch points across Denver Water). This will improve customer service and build our brand by creating a more positive organizational image for our customers. Using customer survey information, the team has built a road map for the first year, which includes using Lean tools, projects, “just-do-its” and RIEs. The goal is to improve our customer experience organization-wide. Our strategy to meet this goal is to eliminate pain points for our customers, making it easier to do business with Denver Water.
- **Budget Value Stream:** Our goal is to achieve budgeting and spending driven by strategic priorities in support of key operational and financial performance metrics. A new value stream will include key stakeholders outside of Finance both upstream and downstream of the budget process to streamline current budget practices and deliver a better result.
- **Environmental Stewardship:** This is one of the ten original initiatives established to implement our Strategic Plan. Now that we have a solid start on Lean and have executed Performance-based Pay, we have the organizational capacity to move forward with this initiative. We will create a value stream to produce organizational goals that reflect the commitment of the organization to this most important initiative.
- **Safety Culture:** We are committed to the safety of our people and customers. We will do more than communicate and train safety; we will build a safety culture in the organization. Through Lean we will develop and measure our safety protocols to ensure we have the best safety culture of any utility in the nation. This will translate into productive employees and higher morale, as well as cost savings for our rate payers.

Other 2014 objectives are:

- **New Operations Complex Redevelopment Plan:** Buildings on our current campus are at least 40 years old, and in some cases, more than 70 years old. They are outdated, undersized and not designed for current or future needs. Our Board approved a new campus master plan in 2013. The plan calls for renovation of buildings, better use of existing space for more efficient work flow and a new administration building. Design starts in 2014, with construction expected to be complete by 2025.
- **Asset Management:** We are realizing our potential in the area of effective asset management. Operations and Maintenance will focus on making continued shifts from corrective/reactive maintenance to preventative maintenance and improving our ability to utilize data collected on our assets and making operational and capital decisions.
- **Branding:** We will continue to develop Denver Water’s brand. We have completed our brand platform and will move forward with core messages, and will develop policies and processes for approving communications to ensure organizational brand consistency.
- **Securing Future Water Supply:** We will continue efforts on Denver Water’s Storage Reliability Project to expand Gross Reservoir. This addresses the critical needs of protecting the overall vulnerability of our system, while increasing its reliability. The Army Corp of Engineers should deliver its Environmental Impact Study on the project in early 2014, a major milestone in the project. We are also on schedule for a final Record of Decision in 2015.

SEC Periodic Disclosure Requirements

Rule 15c2-12(b)(5) requires Participating Underwriters to determine that the issuer of municipal securities has undertaken in a written agreement for the benefit of holders of such securities to provide annual financial information in a timely manner to each nationally recognized municipal securities information repository and to the appropriate state information depository, if any. The Government Finance Officers’ Association of the United States and Canada (“GFOA”) recommends that the disclosure be contained in the CAFR. The disclosure that Denver Water has undertaken to provide in order that participating underwriters may comply with this rule can be found on the following pages:

Budgetary Controls	Page I-2
Audited Financial Statements	Section II - Financial Section
Total Outstanding Indebtedness	Section II - Notes 6, 7, 9, Exhibits II-A through II-E
Number of Customer Accounts	Page III-23
System Development Charges and Participation Receipts	Page III-32
Receipts and Expenditures	Page III-55
The Service Area	Page III-13
Total Treated Water Delivered/Consumption	Page III-75

Information for prior years and information related to the City and County of Denver is available on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access website at <http://www.emma.msrb.org>.

Awards and Acknowledgements

Awards

Comprehensive Annual Financial Report. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to Denver Water for its CAFR for the fiscal year ended December 31, 2012. This was the 25th consecutive year that Denver Water has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

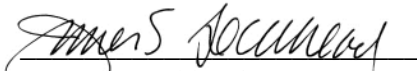
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

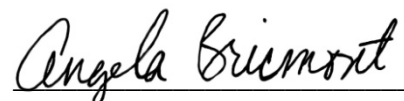
Annual Budget. In addition, Denver Water also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2013. This is the 22nd consecutive year Denver Water has received this award. In order to qualify for this award, Denver Water's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

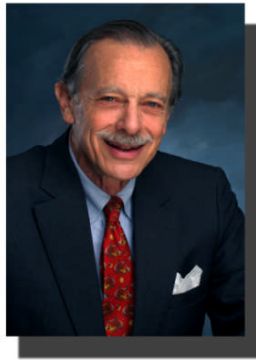
Acknowledgments

We wish to express our appreciation to all members of Denver Water who assisted and contributed to the preparation of this report. Credit must also be given to the Board of Water Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of Denver Water's finances.

Sincerely,


James S. Lochhead
CEO/Manager


Angela C. Bricmont
Director of Finance



**Top from left, Greg Austin, John R. Lucero;
Bottom from left, Thomas A. Gougeon, Paula Herzmark, Penfield W. Tate III**

Greg Austin, President
Former partner, Holland & Hart LLP.

*Commissioner since July 28, 2009;
Term expires July 10, 2019.*

John R. Lucero, First Vice President
Deputy Director, Mayor’s Office of Economic Dev.

*Commissioner since July 18, 2007;
Term expires July 10, 2015.*

Thomas A. Gougeon
President, Gates Family Foundation

*Commissioner since August 10, 2004;
Term expires July 10, 2017.*

Paula Herzmark
Executive Director, Denver Health Foundation

*Commissioner since April 24, 2009;
Term expires July 10, 2019.*

Penfield W. Tate III,
Attorney, Greenberg Traurig

*Commissioner since October 18, 2005;
Term expires July 10, 2017.*

LAST 20 COMMISSIONERS

Charles G. Jordan	Sep 26, 1983 to Jun 28, 1985	Ronald L. Lehr	Jul 21, 1993 to Apr 20, 1999
D. Dale Shaffer	Aug 9, 1978 to Jul 8, 1985	Joe Shoemaker	Jul 10, 1995 to Jul 9, 2001
John A. Yelenick	Jul 14, 1969 to Aug 25, 1987	Andrew D. Wallach	Jul 18, 2001 to Aug 5, 2003
Marguerite S. Pugsley	May 10, 1978 to Aug 25, 1987	Daniel E. Muse	Feb 10, 2000 to Nov 13, 2003
Elizabeth A. Hennessey	Nov 4, 1985 to Jul 28, 1989	Richard A. Kirk	Jul 21, 1993 to Oct 18, 2005
Malcolm M. Murray	Aug 25, 1987 to Jul 12, 1993	William R. Roberts	Jul 10, 1997 to Oct 18, 2005
Donald L. Kortz	Aug 25, 1987 to Jul 12, 1993	Harris D. Sherman	Dec 6, 2005 to Feb 16, 2007
Monte Pascoe	Sep 26, 1983 to Jul 10, 1995	Denise S. Maes	Jul 10, 1995 to Jul 10, 2007
Romaine Pacheco	Jul 31, 1989 to Jul 10, 1995	Susan D. Daggett	Nov 6, 2007 to Jan 22, 2009
Hubert A. Farbes, Jr.	Jul 8, 1985 to Jul 14, 1997	George B. Beardsley	Feb 2, 2004 to Mar 13, 2009

MANAGER AND STAFF



Top: James S. Lochhead, CEO/Manager;

Second row from left: Julie Anderson, Director of Customer Relations; Angela C. Bricmont, Director of Finance; Sally Covington, Director of Public Affairs; Christopher R. Dermody, Director of Information Technology; Gail Cagle, Director of Human Resources; Third row from left: Brian D. Good, Deputy Manager Organizational Improvement; David L. Little, Director of Planning; Robert J. Mahoney, Director of Engineering; Thomas J. Roode, Director of Operations & Maintenance; Patricia L. Wells, General Counsel

DISCRETIONARY PERSONNEL

(Employees Serving in Executive Discretionary Positions Solely at the Pleasure of the Board)

Manager and Senior Staff

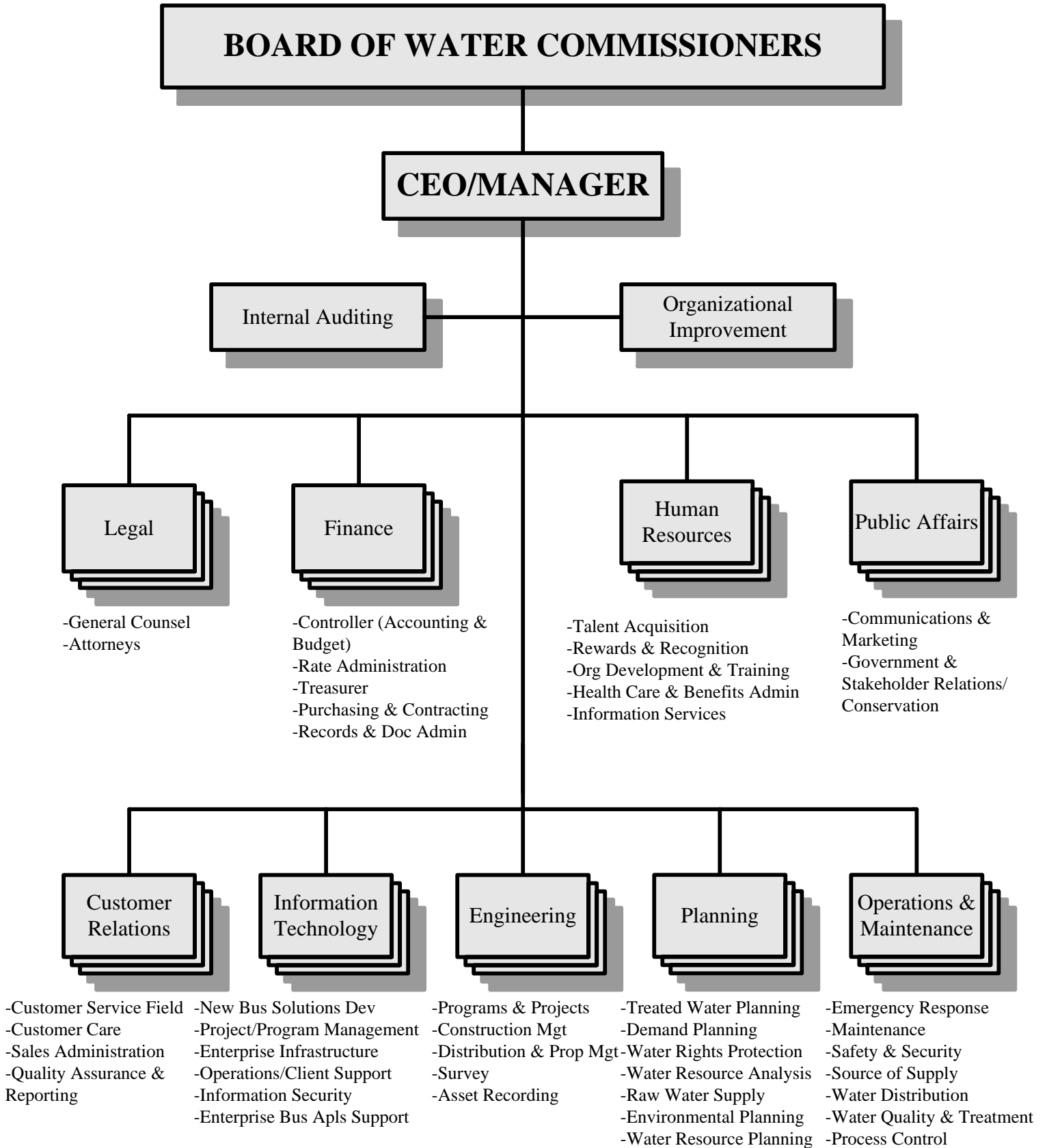
James S. Lochhead, CEO/Manager
Julie Anderson, Director of Customer Relations
Angela C. Bricmont, Director of Finance
Sally Covington, Director of Public Affairs
Christopher R. Dermody, Director of Information Technology
Gail Cagle, Director of Human Resources*
Brian D. Good, Deputy Manager Organizational Improvement
David L. Little, Director of Planning
Robert J. Mahoney, Director of Engineering
Thomas J. Roode, Director of Operations & Maintenance
Patricia L. Wells, General Counsel

Other Staff

Teresa Bryant CPA, Controller
Prescott B. Coleman, Chief Internal Auditor
Todd M. Cristiano, Manager of Rate Administration
Melissa E. Elliot, Asst Dir PA-Gov & Stkhdr Rel & Con
Trina L. McGuire-Collier, Asst Dir PA-Comm & Mktg
Stephen Reum, Assistant Chief of Engineering
Usha Sharma, Treasurer
Vacant, Chief of Engineering,

*Gail joined Denver Water in January 2014 and replaced Carla Elam-Floyd who retired December 31, 2013.

ORGANIZATION CHART



CHARTER

CHARTER OF THE CITY AND COUNTY OF DENVER ARTICLE X. BOARD OF WATER COMMISSIONERS

Amended November 7, 2006

§10.1.1 Board of Water Commissioners created.

There shall be and hereby is continued and created a non-political Board of Water Commissioners of five members, to have complete charge and control of a water works system and plant for supplying the City and County of Denver and its inhabitants with water for all uses and purposes.

(Charter 1960, C4.14; amended May 19, 1959)

§10.1.2 Appointments to Board.

On the second Monday in July of odd-numbered years, the Mayor shall appoint one or two Commissioners, as the case may be, for terms of six years each to succeed those whose terms are expiring. The members of the Board of Water Commissioners shall each continue in office until their successors are appointed and qualified. Any vacancy on the Board shall be filled promptly by appointment by the Mayor. Each appointee shall be a citizen of the United States, a resident of the City and County of Denver, and at least 25 years of age. If a member of the Board shall cease to be a resident of Denver, the individual shall thereupon cease to be a member of the Board.

(Charter 1960, C4.15; amended May 19, 1959; Ord. No. 428-02, § 1, 6-3-02, elec. 8-13-02; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02)

§10.1.3 Compensation and bonds.

The commissioners shall each receive compensation of \$600.00 per annum. Each Commissioner shall give an oath or affirmation and give an official bond in an amount and conditioned and approved as provided by the Board by resolution. The Board may require the Treasurer of the City and County of Denver to give bond conditioned in such manner as shall be determined by the Board. The premiums on all such bonds shall be paid out of the Water Works Fund.

(Charter 1960, C4.16; amended May 19, 1959; amended November 3, 1998; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02)

§10.1.4 Board meetings.

The Board shall hold two regular meetings each month on such days as it may by resolution determine, and special meetings at such other times as it may deem necessary. All meetings shall be open and public. If any member of the Board shall be absent for three successive regular meetings, unless excused by vote of the Board, he or she shall cease to be a member and the office shall be deemed vacant.

(Charter 1960, C4.17; amended May 19, 1959; Ord. No. 428-02, § 1, 6-3-02, elec. 8-13-02; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02)

§10.1.5 General powers.

The Board shall have and exercise all the powers of the City and County of Denver including those granted by the Constitution and by the law of the State of Colorado and by the Charter in regard to purchasing, condemning and purchasing, acquiring, constructing, leasing, extending and adding to, maintaining, conducting and operating a water works system and plant for all uses and purposes, and everything necessary, pertaining or incidental thereto, including authority to dispose of real or personal property not useful for or required in the water works operation. The Board shall have authority to generate and dispose of electric energy for water works purposes or any other purpose of the City and County of Denver. The Board may lease water facilities or the flow of water for generation

CHARTER (Continued)

of electric energy and may sell surplus energy, provided that nothing herein shall be construed as permitting the Board to distribute electric energy to the general public. The Board shall have power in the name of the City and County of Denver to make and execute contracts, take and give instruments of conveyance, and do all other things necessary or incidental to the powers herein granted, and in so doing may make such special designation in such instruments as will indicate the capacity in which the City and County of Denver is acting when such actions are taken by or on behalf of the Board of Water Commissioners. The customary practice of dealing in the name of "City and County of Denver, acting by and through its Board of Water Commissioners" is hereby confirmed and approved. The Board shall institute and defend all litigation affecting its powers and duties, the water works system and plant, and any of the Board's property and rights. In any matter affecting the powers, duties, properties, or trusts of the Board, process shall be served on the Board. The Manager of Denver Water is hereby designated as the officer upon whom process may be served in any matter in which the Board of Water Commissioners has the sole authority for the municipal corporation.

(Charter 1960, C4.18; amended May 19, 1959; Ord. No. 428-02, § 1, 6-3-02, elec. 8-13-02)

§10.1.6 Manager and personnel.

The property and personnel under control of the Board shall be referred to generally as Denver Water. The Board shall designate a Manager, who shall cause the Board's policies and orders to be executed and shall bring to the Board's attention matters appropriate for its action. The Board shall have power to employ such personnel, including legal staff, and fix the classifications thereof as it may deem necessary. All such personnel shall be hired and dismissed on the basis of merit. The Board shall define the duties of each of its employees and fix the amount of their compensation. It shall be the duty of the Board to carry out the intent and requirements of Article XX of the Constitution of the State of Colorado with respect to civil service for public utilities and works and to perform the customary functions of a civil service commission with respect to all Board employees. In performing the functions of a civil service commission, the Board or its designee shall have the power to conduct hearings, administer oaths and issue subpoenas enforceable in the County Court of the City and County of Denver. The Board may establish classifications of employment for persons outside the civil service system who serve solely at the pleasure of the Board. Such employees shall include the number of temporary employees the Board deems necessary and not more than 2% of all regular employees of the Board.

(Charter 1960, C4.19; amended May 19, 1959; amended November 3, 1998; Ord. No. 659, § 1, 8-26-02, elec. 11-5-02)

§10.1.7 Water Works Fund.

There is hereby created a Water Works Fund into which shall be placed all revenues received from the operation of the Water Works system and plant together with all monies received by the Board from other sources. The Board shall maintain records in compliance with generally accepted accounting principles sufficient for reliance by the Manager of Finance in faithfully accounting for the Water Works Fund. The Board shall promptly deposit all receipts into a bank account in the name of the City and County of Denver acting by and through its Board of Water Commissioners. The Board may invest such funds until they are required for operations of the Board. Monies shall be paid out of the account only upon the authority of the Board and evidenced as required pursuant to procedures established by the Manager of Finance.

(Charter 1960, C4.20; amended May 19, 1959; amended August 11, 1992; Ord. No. 659, § 1, 8-26-02, elec. 11-5-02; Ord. No. 582-06, § 1, 8-22-06, elec. 11-7-06)

§10.1.8 City auditor.

The Auditor of the City and County of Denver shall audit or cause to be audited the accounts of the Board at least annually and make a report of his or her findings to the Council of the City and County of Denver. The Board shall make all of its accounts and records fully available to the Auditor to enable the Auditor to carry forward these duties that shall be performed without interference with the water works function. Unless excepted by the Audit Committee as provided in section 5.2.2(C), the Auditor, or some person designated by him or her, shall countersign

CHARTER (Continued)

and register all bonds and written contracts (with the privilege but without the necessity for keeping copies thereof). The Auditor may authorize the affixing of his or her signature by mechanical means.

(Charter 1960, C4.21; amended May 19, 1959; Ord. No. 428-02, § 1, 6-3-02, elec. 8-13-02; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02; Ord. No. 582-06, § 1, 8-22-06, elec. 11-7-06)

§10.1.9 Water rates.

The Board shall fix rates for which water shall be furnished for all purposes within the City and County of Denver, and rates shall be as low as good service will permit. Rates may be sufficient to pay for operation, maintenance, reserves, debt service, additions, extensions, betterments, including those reasonably required for the anticipated growth of the Denver metropolitan area, and to provide for Denver's general welfare. The rates may also be sufficient to provide for the accumulation of reserves for improvements of such magnitude that they cannot be acquired from the surplus revenues of a single year.

(Charter 1960, C4.22; amended May 19, 1959)

§10.1.10 Uniformity of rates.

Except as herein otherwise specifically provided, rates charged for water furnished for use inside the city limits of the City and County of Denver shall be uniform as far as practicable and so related to the service furnished or the volume of water used as to bring about a fair and equitable distribution among all water users of the total amount to be realized from revenues derived from the sale of water used within the City and County of Denver. No special rate or discount shall be allowed to any property, entity, person or class of persons except as in this charter specifically provided.

(Charter 1960, C4.23; amended May 19, 1959)

§10.1.11 Enforcement of charges.

The Board may enforce the payment of any charge by discontinuing service to the premises at which the charge arose without regard to the ownership or occupancy of such premises.

(Charter 1960, C4.24; amended May 19, 1959; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02)

§10.1.12 City rates.

Commencing January 1, 1960, the Board shall furnish water to the municipal government of the City and County of Denver at rates which shall approximately equal but not exceed the cost of the water furnished, not including items in such rate for debt service, additions, extensions or betterments. Such rate shall not be applicable to agencies or authorities sponsored by or supported by the City and County. The Board shall own, control and operate all water, water rights, structures and facilities of the City and County of Denver pertaining to the Farmers and Gardeners Ditch and the City Ditch. The Board shall furnish water out of the City Ditch or some equivalent source for the use of Denver in City Park and Washington Park, without any charge whatsoever.

(Charter 1960, C4.25; amended May 19, 1959)

§10.1.13 Water leases.

The Board shall have power to lease water and water rights for use outside the territorial limits of the City and County of Denver, but such leases shall provide for limitations of delivery of water to whatever extent may be necessary to enable the Board to provide an adequate supply of water to the people of Denver. Every such lease shall contain terms to secure payment of sufficient money to fully reimburse the people of Denver for the cost of furnishing the water together with an additional amount to be determined by the Board. Sales at amounts less than

CHARTER (Continued)

the above minimum may be made if warranted by economic conditions, but a contract providing for such lesser charge shall not extend for more than one year.

(Charter 1960, C4.26; amended May 19, 1959; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02)

§10.1.14 Expenses.

The entire cost of the operation and maintenance of the water works system and plant under the control of the Board shall be paid from monies of the Water Works Fund. The monies and other assets of the Water Works Fund shall not be used for any purpose except for the management, operation and maintenance of the water works system and plant, including additions, extensions and betterments, for recreational opportunities incidental thereto, and for the payment of interest and principal on bonds and other obligations, the proceeds of which were or shall be used for water works purposes.

(Charter 1960, C4.27; amended May 19, 1959; amended August 11, 1992; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02)

§10.1.15 Bonded indebtedness.

The Board of Water Commissioners in its sole discretion may issue revenue bonds, the proceeds of which shall be placed in the Water Works Fund and expended for water works purposes, for establishing reserves in connection with such bonds or for refunding the principal of and interest on bonds previously issued by the Board. Revenue bonds shall be payable as to interest and principal solely from the net revenues of the Board. The Board shall pledge to pay the principal and interest on such bonds from revenues of the Board, which pledge shall be irrevocable. The bonds so authorized shall be sold and issued by action of the Board and no other ratification or authorization shall be required. The Board shall have power to refund, pay or discharge the principal of any general obligation bond it issued prior to November 5, 2002, when such bond becomes payable, and may use proceeds of a new revenue bond issuance to refund, pay or discharge the general obligation bonds. Existing or future bonds issued by the Board shall continue to be excluded from the determination of any limit upon the indebtedness of the City and County of Denver.

(Charter 1960, C4.28; amended May 19, 1959; amended May 17, 1983; amended August 11, 1992; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02)

§10.1.16 Reserved

Editor's note: (Ord. No. 659-02, § 1, adopted August 26, 2002, repealed § 10.1.6, which pertained to bonds of annexed areas and derived from the Charter of 1960, C4.29; amended May 19, 1959)

§10.1.17 Board organization.

The Board shall adopt rules governing its organization, the calling of special meetings and the conduct of its business. A majority of the Board shall constitute a quorum and all action by the Board shall be taken by a majority of the whole Board and not otherwise.

(Charter 1960, C4.30; amended May 19, 1959)

§10.1.18 Rules and regulations.

The Board may adopt rules and regulations with respect to any matter within its jurisdiction as defined by Charter. It may provide for enforcement of its rules and regulations by imposing special charges in an amount reasonably calculated to secure compliance or recompense for water loss, to achieve water conservation and to reimburse the Board for expenses arising out of violation. In addition to any other lawful remedy, enforcement procedure may include refusal to supply water to a property involved. The City and County of Denver by ordinance may supplement Board rules and regulations and provide penalties for the violation of such an ordinance in the same

CHARTER (Continued)

manner as penalties are provided for the violation of other ordinances. Rules adopted by the Board and within its authority shall supersede any conflicting ordinance provision.

(Charter 1960, C4.31; amended May 19, 1959; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02)

§10.1.19 Publication of rules and regulations.

Rules and regulations adopted by the Board shall be effective after they shall have remained posted in a conspicuous public place in the principal business office of the Board for a period of fifteen calendar days. Whenever immediate application of a rule or regulation by the Board is necessary for the preservation of the public peace, health or safety, the Board may so declare, and such rule or regulation shall thereupon become effective immediately upon being posted as provided in this section.

(Charter 1960, C4.32; amended May 19, 1959; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02)

§10.1.20 Continuity of control of water.

The Board may make provision for retaining dominion over the water supply under its control through successive uses of such water, such as reuse and exchange. Such dominion shall not be affected by treatment of wastewater produced by use of the water supply.

(Charter 1960, C4.33; amended May 19, 1959; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02)

§10.1.21 Reserved.

Editor's note: Ord. No. 659-02, § 1, adopted August 26, 2002, repealed § 10.1.21, which pertained to public liability and derived from the Charter of 1960, C4.34; amended May 19, 1959; and Ord. No. 428-02, adopted June 3, 2002, and approved by the electorate August 13, 2002.

§10.1.22 Conflicting Charter provisions.

The provisions of this Article X shall supersede any conflicting provision of the charter existing on May 19, 1959 when this article was adopted.

(Charter 1960, C4.35; amended May 19, 1959; Ord. No. 428-02, § 1, 6-3-02, elec. 8-13-02)



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**Denver Water
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

2013 Year in Review

Introduction:

In 2013, we continued our process to better operationalize the Strategic Plan. Our goals are to provide clarity to the organization on content and timing of the work we plan to do, while helping employees understand how their jobs relate to the Plan. Ultimately, we want to use the Strategic Plan to drive our budget priorities and performance objectives. We are also making better use of the Executive Team and Board's time to focus on strategic issues.

We recognize the importance of documenting our progress on the goals, priorities and initiatives set forth in the Strategic Plan. The following represents our progress in 2013.

Organization-wide Initiatives

- **Drought response:** We began proactively planning for a significant drought in 2012, increasing our activities in 2013. We actively safeguarded and managed our existing supplies, while looking for new sources of supply in anticipation of a prolonged drought. We proposed and the Board adopted a revised drought budget for 2013, reflecting reduced operations and capital with revised financial benchmarks. We also began communicating strong drought messaging to our customers and implemented mandatory water use restrictions.

Drought efforts encompassed the entire organization, including these specific actions:

- A cross-organizational team comprised of employees from all divisions operating under an incident command structure (ICS), developed and implemented a Stage 2 drought response.
- Revised our external drought response plan and created a new internal plan with management structure, roles and schedules.
- Established and met goal of reducing consumption by 20 percent.
- Created a drought surcharge that met the fiscal needs of the organization and encouraged conservation, but we were able to avoid imposing the surcharge.
- Worked with Distributors on drought pricing, enforcement and water budgets.
- Created and maintained a drought information center to provide snapshots of conditions and actions.
- Provided leadership to other water utilities facing similar situations.
- Gained endorsements from key stakeholders.
- Launched a multi-platform drought communications campaign that integrated social and traditional media, customer communication and stakeholder outreach.
- Prepared and trained teams in Customer Care and Customer Service Field.

YEAR IN REVIEW (Continued) – 2013

- Augmented Conservation’s Drought Patrol by cross training all Customer Service Field technicians on drought rules and enforcement.
- Implemented the mobile Water Use Enforcement system (used by Drought Patrol staff) in conjunction with the mobile Customer Service Field system to enable both groups to perform water use enforcement activities more efficiently.

Fortunately, an extremely wet spring replenished most of our water supplies. After successfully preparing for and implementing a response to the drought, we worked with our staff and Board to scale back our efforts by the summer.

- **September flood response:** We implemented our Emergency Management System to aid in the response to the September floods. This helped us understand what resources we had and where they were needed to be deployed. It also gave us a tool to better coordinate responses with other agencies affected by the floods and track our expenses.

For the first time in Denver Water history, we applied for Federal Emergency Management Agency (“FEMA”) reimbursement funding. To date, we have submitted more than \$10 million for reimbursement. Since we were part of a multi-jurisdictional response, we partnered with Arapahoe County, which allowed the county to also apply for FEMA reimbursement. Without our partnership, Arapahoe County would not have met funding thresholds.

Our Source of Supply (“SOS”), Transmission and Distribution (“T&D”) and Warehouse employees responded to varied and difficult situations that occurred during the floods, particularly in the South Boulder Creek area. After the flood waters receded, residents who live near Gross Reservoir faced impassable private roads and driveways, as well as long waits for help. Denver Water crews, working long days and forgoing time off, re-graded roads, installed drainage culverts and repaired holes, helping residents reach their homes.

- **Lean implementation:** More than 50 percent of our organization has now participated in at least one multiple-day Lean event [Rapid Improvement Event (“RIE”), Value Stream Assessment, Managing for Daily Improvement, Blue Belt training]. We have implemented a structured problem solving and continuous improvement approach called A3 in areas such as Safety and Drought Response. We have realized more than \$3.4 million in hard dollar savings to date with more in the next few months. In fact, if we stopped Lean today, we would realize a total savings of \$4.3 million. We have also expanded the Lean Team.
- **Employer of the Future (“EOF”):** We involved more than 200 employees to develop processes and programs that will enable us to become an employer where the best people want to work. In 2013, employee teams developed business plans, obtained executive support and launched information campaigns for a number of new EOF focus areas: developing a new system of total rewards, creating more proactive leadership development, utilizing alumni to further our reach to various communities, continuing enhancements to our Performance-based Pay system and improving a new employee orientation process.
- **CRCA executed:** We executed the Colorado River Cooperative Agreement, ushering in a new era of cooperation between Denver Water and 17 West Slope water providers, local governments and ski areas. The agreement helps to collaboratively protect the Colorado River Basin, resolves long-standing legal issues with the Blue River Decree, and paves the way for the Gross Reservoir expansion.

- **Colorado River:** Denver Water gets nearly 50 percent of its water supply from the Colorado River. But the Colorado River Basin is experiencing a decade-long drought, causing key reservoir levels in the basin to fall to critical levels, threatening future water supplies and jeopardizing a source of hydropower for all seven states that rely on the river. We are working with the basin states and with the Department of the Interior to develop contingency plans to prevent shortages. These plans will help secure our current water supply and provide more reliable future development opportunities.

Customer Relations

- **Customer surveys:** We conducted a comprehensive survey across our customer base that included water users, call center customers, customers who experienced street work or emergency repairs in their neighborhoods, distributors and suppliers. We wanted to understand what levels of service, types of experiences and brand attributes mattered most to our customers. We received actionable, qualitative and quantitative data, and we will use it to improve our customer service, in alignment with our Strategic Plan goal of creating satisfied and supportive customers.
- **Service Delivery Value Stream:** Our Service Delivery core team committed to proper preparation of events, scope and metrics in 2013. The team focused on delivering results, and we saw strong leadership from our process owners. RIEs were consistently finished within 90 days. We met all metrics for success with the exception of safety, where we developed a countermeasure to work with Operations and Maintenance (“O&M”) and leverage their safety efforts. We created \$2.2 million in hard dollar savings, \$531,000 in efficiency savings and reduced staff in Customer Relations by 19 FTEs.
- **Central dispatch:** We successfully merged the four separate dispatch functions in Customer Relations into one unit. We are in the process of merging Emergency Services Dispatch and Customer Relations Dispatch into a central Denver Water dispatch that resides in Customer Relations. This will provide more positive customer interactions, better tracking of call volume and centralization of our customer data. A January RIE will focus on creating standard work and cross-training for this group and finalizing scheduling needs and staffing to ensure efficiency and positive customer interactions.

Engineering

- **Conduit 16 replacement:** A large piece of our North System Renewal Program is the replacement of Conduits 16 and 22. These nine-mile conduits transport raw water from Ralston Reservoir to Moffat Treatment Plant. They were installed in 1938 and 1950. We will replace Conduits 16 and 22 with one, 84-inch conduit, requiring five tunnels, including one under I-70. Design took place in 2013. The first of four bid packages will be released in 2014.
- **Elimination of legacy as-built backlog:** Engineering design drafters have nearly eliminated a backlog of legacy as-built drawings. These drawings document past projects and are critical to understanding and maintaining our infrastructure. We completed more than 4,000 legacy drawings comprising more than 180 projects. Completing legacy work will result in outsourcing few design drafting projects, saving Denver Water money.
- **Foothills CMAR project:** Engineering applied the proven Construction Manager at Risk (“CMAR”) project delivery system in a new application during 2013. Seven separate capital projects for the Foothills Water Treatment Plant were planned for the 2013 winter outage period. These projects were in addition to other maintenance projects scheduled during the outage. Combining all seven

capital projects under a CMAR umbrella assigned ownership of project delivery and coordination to a single contractor who could competitively bid project components.

Finance

- **Mitigating financial impacts of drought:** We maintained financial strength and stability despite two weather extremes. This was accomplished with strategies including a reduced 2013 budget, a revised financial plan, updated financial policies and documentation and justification for FEMA reimbursement for flood damages sustained.
- **Budget accountability:** We focused on improvements in reporting, including improved variance reports, expanded Controller approvals, Capital Program development, and revised monthly and quarterly financial reports to the Board.
- **Successful Accounting System upgrade:** We successfully mapped existing processes, scoped the upgrade, tested more than 40 integrations with existing software, and went live on August 24 with no downtime.
- **Procure-to-Pay Value Stream accomplishments:** Rapid improvement events improved everything from the use of Purchasing Cards and streamlining payment approvals, to reducing obsolete warehouse materials. RIEs resulted in more than \$300,000 in hard and soft savings.

Human Resources

- **Employer of the Future:** We reached more than 500 employees through our Employer of the Future roadshow presentations. In addition, a plan has been developed to transform Human Resources from a personnel department to a true strategic partner.
- **Performance-based Pay:** This initiative was one of our first priorities under the Strategic Plan. We began the process in 2012, when we gave reviews based on performance with an across-the-board two percent increase for most employees. In 2013 we fully implemented Performance-based Pay, with employees' pay increases tied to their performance reviews. While we continue to improve our process, this initiative is now a way of doing business.
- **Alternative Work Schedule:** An Employer of the Future initiative resulted in offering our employees flexible schedule options. After considerable research, we determined we could offer employees the option as long as each employee had satisfactory performance, the schedule was approved by the employee's supervisor and division director, and the new schedule would not have a negative impact on productivity. The initial feedback from employees has been very positive. We plan a full analysis of the program this spring to ensure the program is working as expected.

Information Technology

- **Additional mobile workforce automation projects:** IT implemented mobile Emergency Services, "Flushing" and "Locates" applications on the new "mPlatform", improving cross-team collaboration and efficiencies. This saved hundreds of field visits per year. Additionally, IT updated the cost/benefit analysis for mobile Customer Service Field, reflecting a 25 percent reduction in field staffing enabled by the mobile system.

- **Major upgrades and new programs:**
 - A new inventory barcoding system in the Warehouse enables more efficient and accurate tracking of inventory, preventing over-ordering or under availability of supplies.
 - Maximo was upgraded. Asset management improvements are now being leveraged by the mobile system to provide improved efficiency for employees and improved tracking of asset condition.
 - Geographic Information System and E-Maps were upgraded.
 - Multiple Information/Cyber Security advancements were implemented.
 - JDE (the financial system) was upgraded.
 - SharePoint information management and collaboration system, including new automated workflows for several parts of the organization, were implemented.
- **New IT project planning and budgeting methodology:** This methodology involves the IT Product-Owner Group (seven business and operations employees) recommending significant IT projects to the E-Team, all driven by the Strategic Plan, for inclusion in next year's budget. Additional advancements include an IT financial dashboard that supports our monthly IT Project Review process with increased budget/actual spending visibility and facilitates accountability, and improved IT responsiveness to Lean.

Legal

- **Downstream reservoir water rights:** We obtained new water rights in several cases that will allow us to use our downstream reservoirs as beneficially as possible. In 2013, we obtained a storage decree for Lupton Lakes and a small enlargement of storage for the South Complex. We also obtained a decree that allows us to exchange water among all our reservoirs and from Metro Wastewater to the South Complex. All these decrees were achieved by working through issues with opposers, without trial.
- **Colorado River water exchange potential:** Our right to use Colorado River water in exchanges along the South Platte, including Lawn Irrigation Return Flows, was affirmed by the Supreme Court.
- **Strontia dredging success:** We were successful in litigation of the Strontia dredging case claim, which denied additional funds to the contractor and awarded us \$1.5 million.
- **Siphon 1 permit:** We developed a successful legal strategy for dealing with the U.S. Forest Service that allowed us to place Siphon 1 underground at the Winter Park ski area.

Operations and Maintenance

- **Organization improvement:** T&D and Water Control merged into Water Distribution, followed by the startup of the Water Distribution Value stream. We completed three rapid improvement events, improving efficiency, safety and customer service. Morale has improved dramatically, and discipline issues have dropped significantly. Since 2011, we have also reduced staffing levels by nine percent.

YEAR IN REVIEW (Continued) – 2013

In addition, we faced the challenge of losing more than 160 years of experience with the retirements of Ken Pollock, Superintendent of Water Treatment, Kevin Keefe, Superintendent of Source of Supply, Emmitt Weems, Superintendent of Maintenance, and Nick Streno, Assistant Superintendent of Transmission & Distribution. We used this opportunity to reorganize the division to better reflect our operational business model, with buy-in from the work groups.

We also implemented an organization-wide Safety A3, reducing our total injuries from 2012 by 13 percent. This fell short of our 25 percent goal but is still significant. We will have a 25 percent reduction goal again in 2014.

- **Improved coordination with Xcel Energy:** 2012 included a 16 percent reduction in damages to Xcel gas and electric lines. We also made breakthrough improvement in 2013, reducing the number of incidents by another 44 percent. Since 2010, we have reduced damage to Xcel infrastructure by 60 percent.
- **Improved customer communication:** Through a number of Lean events, we were able to improve our response time to outages and repairs. We also focused on our processes of notifying and communicating with customers during those events.

Planning

- **Denver Water’s Storage Reliability Project (formerly known as the Moffat Collection System Project):** We assisted the U.S. Army Corps of Engineers in conducting additional studies and revising the final Environmental Impact Statement (“EIS”) to address comments from the reviewing agencies: U.S. Environmental Protection Agency (“EPA”), Federal Energy Regulatory Commission (“FERC”), Colorado Department of Public Health and Environment (“CDPHE”), Colorado Department of Natural Resources, and Grand County. Significant agreements were reached among the agencies regarding the remaining issues and the analyses needed to produce a defensible Final EIS.

We also made progress with CDPHE, EPA and Grand County to develop a dynamic stream temperature model and evaluate other water quality impacts in support of the Section 401 Water Quality Certification for the Moffat Project.

A major milestone was achieved in 2013 with the U.S. Fish and Wildlife Service issuing its Biological Opinion, which adequately mitigates project-related effects to threatened and endangered species in the Colorado and Platte river basins.

- **The WISE Agreement:** We finalized the Water, Infrastructure, and Supply Efficiency (“WISE”) Partnership Delivery Agreement between Denver, Aurora and the South Metro WISE Authority (“South Metro”) in July 2013. The WISE Partnership is a cooperative regional water supply project, unique in Colorado. Also in 2013, we made progress in negotiations to acquire the East Cherry Creek Water and Sanitation District’s (“ECCV”) western pipeline, a key part of WISE infrastructure. In addition, Denver, Aurora and South Metro began negotiations with Douglas County to provide WISE project water to replace non-renewable groundwater supplies for rural Douglas County entities. We expect both the ECCV western pipeline negotiations and Douglas County negotiations to be completed in 2014.

Public Affairs

- **Stakeholder outreach:** We integrated our multiple stakeholder outreach efforts with the following results:
 - Executive communications: We took a more strategic, proactive approach, with 52 presentations locally and nationally reaching more than 3,000 people.
 - Youth education: We saw a 66 percent increase in the number of classroom presentations and the number of tour participants compared to the 2011-2012 academic year. Since July, 2012, we have conducted 50 classroom presentations for 2,876 students and 152 adults, while hosting 17 treatment plant and water quality lab tours for approximately 357 students and teachers.
 - Conservation: We increased our conservation education stops and audits. Audits increased by 31 percent and education stops increased by 150 percent.
- **Internal communications:** 2013 saw the expansion and enhancement of our internal communications functions tools. Pipeline, our employee newsletter, received a makeover; Conduit, a weekly electronic news source was upgraded; Yammer, an internal social networking site, was launched and digital screens were installed in key facilities. All of these efforts resulted in better information exchange.
- **Integrating outreach and response to traditional media with social media:** Social media is an important channel of communication, and we integrate our social and traditional media efforts. Our 2013 combined media efforts included the following:
 - We issued 50 traffic advisories associated with main breaks.
 - We generated more than 1,500 DW stories (of 2,287 that mention DW) between drought, wildfires and flooding.
 - We interacted with reporters more than 600 times this year, providing information and interviews more than 400 times.
 - We launched a new blog with 55 posts. It's been viewed more than 25,000 times.
 - We generated 1,500 media stories generating more than six million impressions.
- **Legislation:** We conceptualized and led a reform to amend Colorado water law to include storage and firefighting as beneficial uses of water. Making this change will allow water providers to more reliably hold water in storage for times of drought.

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FINANCIAL SECTION

**BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO**

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KPMG LLP
Suite 800
1225 17th Street
Denver, CO 80202-5598

Independent Auditors' Report

The Honorable Dennis J. Gallagher, City Auditor, and the
Board of Water Commissioners
City and County of Denver, Colorado:

We have audited the accompanying financial statements of the business-type activities of the Board of Water Commissioners, City and County of Denver, Colorado (the Board), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Board of Water Commissioners, City and County of Denver, Colorado as of December 31, 2013 and 2012, and the changes in financial position, and cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.



Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages II-3 through II-16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental and Other Financial Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Board's basic financial statements. The accompanying supplemental information included in the introductory section on pages I-1 through I-23, the financial section on pages II-54 through II-58, and the statistical section on pages III-1 through III-91 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental financial information included on pages II-54 through II-58 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental financial information included on pages II-54 through II-58 is fairly stated in all material respects in relation to the basic financial statements as a whole.

The accompanying supplemental information included in the introductory section on pages I-1 through I-23 and statistical section on pages III-1 through III-91 has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

KPMG LLP

Denver, Colorado
April 4, 2014

**BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO**

Management's Discussion and Analysis (Unaudited)

December 31, 2013 and 2012

The following is management's discussion and analysis ("MD&A") of the financial activities of the Board of Water Commissioners (the "Board") for the years ended December 31, 2013 and 2012. This information should be read in conjunction with the basic financial statements which follow.

FINANCIAL HIGHLIGHTS

The Board's financial position, measured by the change in net position, improved 5% during 2013, compared to 6% during 2012.

- **Operating income** was \$33.7 million in 2013 compared to \$81.8 million in 2012, a decrease of 59%.
- **Income before capital contributions** was \$23.1 million in 2013 compared to \$68.4 million in 2012, a decrease of 66%.
- **Capital contributions** were \$55.9 million in 2013 compared to \$36.7 million in 2012, an increase of 52%.
- **Net position** increased \$79.0 million, or 5%, in 2013 compared to \$105.1 million, or 6%, in 2012.
- **Capital asset additions** were \$93.4 million in 2013 compared to \$128.3 million in 2012, a decrease of 27%.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Board's basic financial statements, which are comprised of four components: 1) statements of net position, 2) statements of revenues, expenses, and changes in net position, 3) statements of cash flows, and 4) notes to the basic financial statements. The Board also provides certain supplementary information which is presented for additional analysis and is not a required part of the basic financial statements.

The **statements of net position** present information on all of the Board's (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources, with the difference between the two reported as **net position**. "Deferred outflows of resources" is defined as consumption of net assets that is applicable to a future reporting period rather than the current reporting period. "Deferred inflows of resources" is defined as an acquisition of net assets that is applicable to a future reporting period rather than the current reporting period. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or declining.

The **statements of revenues, expenses, and changes in net position** present information showing how the Board's net position changed during the years presented. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This is known as the accrual basis of accounting. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future (e.g., unbilled water revenue and earned but unused vacation leave) or that may have occurred in the past (e.g., amortization of debt premiums or discount and prepaid contributed capital). This statement measures the financial outcomes

**BOARD OF WATER COMMISSIONERS
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of the Board's activities and can be used to determine whether the Board has successfully recovered all its economic costs through its water rates, capital contributions, and other charges.

The **statements of cash flows** report cash receipts, cash payments, and net changes in cash resulting from operating activities, capital and related financing activities, and investing activities for the years presented.

The **notes to the basic financial statements** provide additional information that is essential to a full understanding of the data provided in the basic financial statements, such as the Board's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

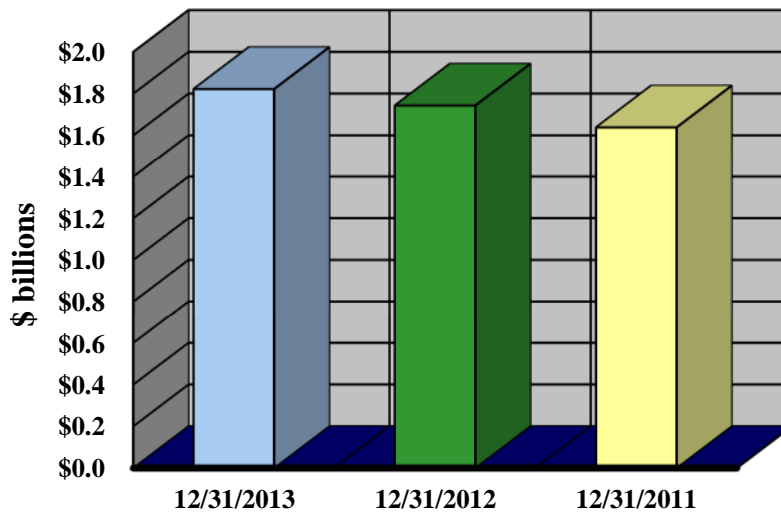
Supplemental information provides details of the Board's capital assets and bonded debt.

FINANCIAL ANALYSIS

NET POSITION

As discussed above, net position may serve over time as a useful indicator of the Board's financial position. The Board's net position was \$1.822 billion at December 31, 2013, an increase of \$79.0 million, or 5%, from December 31, 2012. Net position was \$1.743 billion at December 31, 2012, an increase of \$105.1 million, or 6%, from December 31, 2011 (see Figures 1 and 2 and Table 1).

Figure 1 - Net Position



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	As of December 31,			2013 - 2012		2012 - 2011	
	2013	2012	2011	Increase (Decrease)	%	Increase (Decrease)	%
					Change		Change
Current and other assets	\$ 283,900	\$ 279,866	\$ 237,437	\$ 4,034	1%	\$ 42,429	18%
Capital assets, net	1,997,591	1,954,672	1,880,227	42,919	2	74,445	4
Total assets	2,281,491	2,234,538	2,117,664	46,953	2	116,874	6
Deferred outflows of resources	4,801	5,122	-	(321)	(6)	5,122	-
Total assets and deferred outflows	2,286,292	2,239,660	2,117,664	46,632	2	121,996	6
Current liabilities	57,927	66,487	56,267	(8,560)	(13)	10,220	18
Noncurrent liabilities	406,237	430,020	423,339	(23,783)	(6)	6,681	2
Total liabilities	464,164	496,507	479,606	(32,343)	(7)	16,901	4
<u>Net position:</u>							
Net investment in capital assets	1,579,642	1,513,582	1,454,710	66,060	4	58,872	4
Restricted	12,327	12,274	13,746	53	0	(1,472)	(11)
Unrestricted	230,159	217,297	169,602	12,862	6	47,695	28
Total net position	\$ 1,822,128	\$1,743,153	\$1,638,058	\$ 78,975	5	\$105,095	6

The largest portion of the Board's net position reflects its investment in capital assets (i.e., utility plant); less any related debt used to acquire those assets. The Board uses these capital assets to provide water; consequently, these assets are not available for future spending. Although the Board's investment in its capital assets is reported net of related debt, the resources to repay this debt must be provided from other sources, since the capital assets themselves are not intended to be liquidated to repay these liabilities.

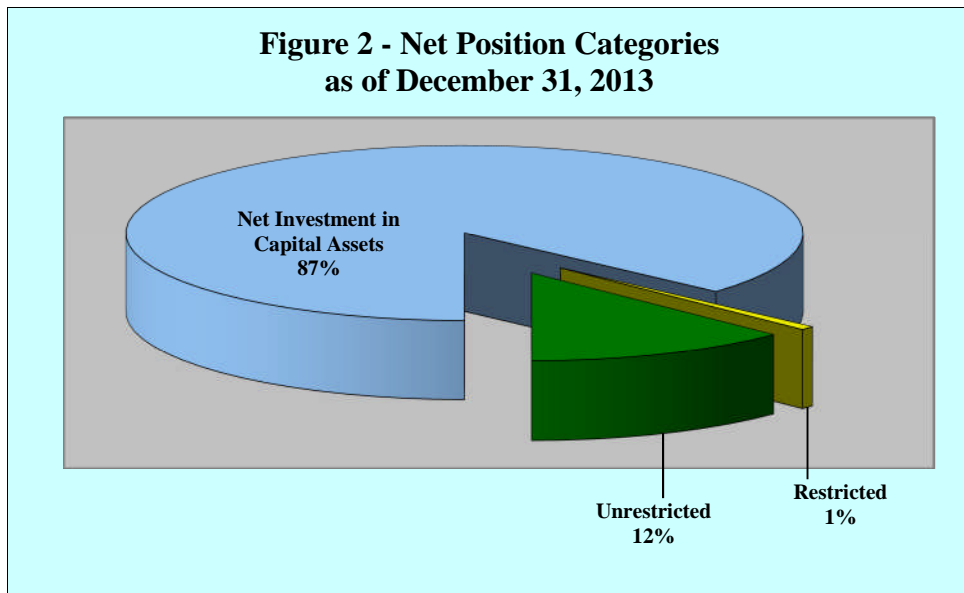
A small portion of the Board's net position represents resources that are subject to external restrictions on how they may be used. The Board's 2013 restricted net position consists of a debt service reserve fund of \$12.3 million for revenue bonds. For 2012 and 2011, restricted net position consisted of the debt service reserve fund of \$12.3 million and \$13.7 million, respectively.

The remaining balance of the Board's net position represents unrestricted net position and may be used to meet the Board's ongoing obligations to creditors.

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The Board's increase in net position during 2013 of \$79.0 million or 5% indicates an improved financial position.

Other changes in the statements of net position were as follows:

- **CURRENT AND OTHER ASSETS** in 2013 increased \$4.0 million, or 1% from 2012. They increased \$42.4 million, or 18% between 2012 and 2011. The increase in 2013 was primarily due to normal operations. The increase in 2012 was primarily due to the increase in current and long-term investments as a result of the series 2012A revenue bond issuance.
- **CAPITAL ASSETS, NET** in 2013 increased \$42.9 million, or 2% from 2012. They increased \$74.4 million, or 4% between 2012 and 2011. The increase in both years was due to additions outlined in Table 8, offset by increased accumulated depreciation.
- **DEFERRED OUTFLOWS OF RESOURCES** represents the difference between the reacquisition price and the net carrying amount of defeased debt ("deferred amount on refunding") resulting from the Series 2012B and Series 2012C water refunding bonds. It decreased \$0.3 million, or 6% in 2013 due to its amortization as a component of interest expense.
- **CURRENT LIABILITIES** in 2013 decreased \$8.6 million, or 13% from 2012. They increased \$10.2 million, or 18% between 2012 and 2011. The decrease in 2013 was primarily due to decreased payable and payroll accruals from prior year-end. The increase in 2012 was primarily due to an increase in the current portion of revenue bonds.
- **NONCURRENT LIABILITIES** in 2013 decreased \$23.8 million, or 6% from 2012. They increased \$6.7 million, or 2% between 2012 and 2011. The decrease in 2013 was primarily due to reclassification of a portion of noncurrent revenue bonds to current. The increase in 2012 was primarily due to an increase in revenue bonds offset by a decrease in general obligation bonds.

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CHANGE IN NET POSITION

While the statements of net position display the Board's assets, liabilities and net position at year-end, the statements of revenues, expenses, and changes in net position provide information on the source of the change in net position during the year. Net position increased \$79.0 million in 2013 consisting of income before capital contributions of \$23.1 million and capital contributions of \$55.9 million. Net position increased \$105.1 million in 2012 consisting of income before capital contributions of \$68.4 million and capital contributions of \$36.7 million (see Table 2 and Figure 5).

	Years Ended December 31,			2013 - 2012		2012 - 2011	
	2013	2012	2011	Increase (Decrease)	% Change	Increase (Decrease)	% Change
	Operating revenues	\$ 242,623	\$ 284,339	\$ 250,667	\$ (41,716)	(15)%	\$ 33,672
Nonoperating revenues	8,094	7,333	7,348	761	10	(15)	(0)
Total revenues	250,717	291,672	258,015	(40,955)	(14)	33,657	13
Operating expenses	208,915	202,571	209,313	6,344	3	(6,742)	(3)
Nonoperating expenses	18,712	20,712	28,138	(2,000)	(10)	(7,426)	(26)
Total expenses	227,627	223,283	237,451	4,344	2	(14,168)	(6)
Income before capital contributions	23,090	68,389	20,564	(45,299)	(66)	47,825	233
Capital contributions	55,885	36,706	34,685	19,179	52	2,021	6
Increase in net position	78,975	105,095	55,249	(26,120)	(25)	49,846	90
Beginning net position	1,743,153	1,638,058	1,582,809	105,095	6	55,249	3
Ending net position	\$ 1,822,128	\$1,743,153	\$1,638,058	\$ 78,975	5	\$105,095	6

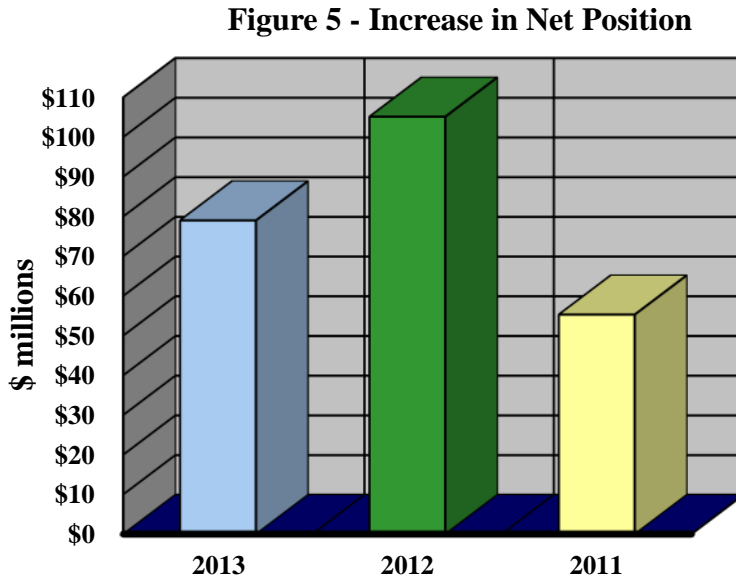
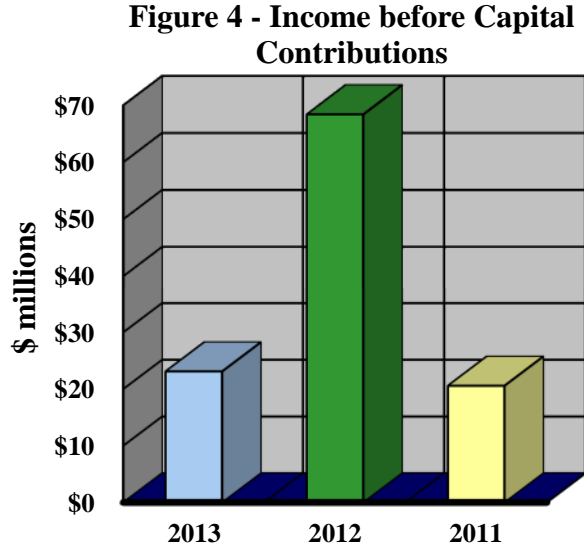
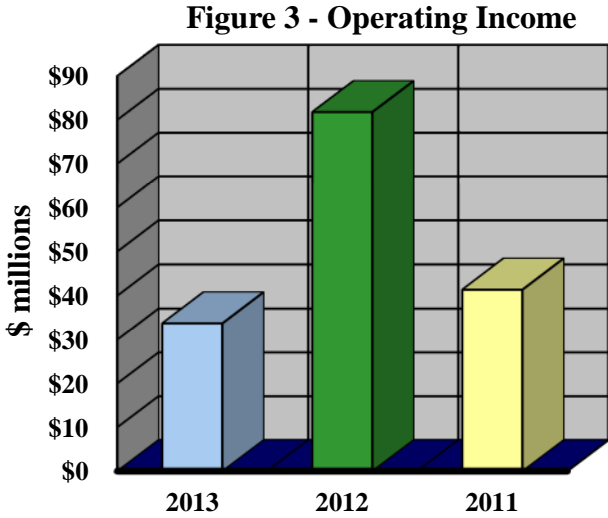
There was *operating income* (operating revenues less operating expenses—not reflected in Table 2, see *Statements of Revenues, Expenses and Changes in Net Position*) of \$33.7 million in 2013, compared to \$81.8 million in 2012 and \$41.4 million in 2011 (see Figure 3).

There was *income before capital contributions* of \$23.1 million in 2013 compared to \$68.4 million in 2012 and \$20.6 million in 2011 (see Figure 4).

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

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Specifically, major changes in the statements of revenues, expenses and changes in net position were as follows:

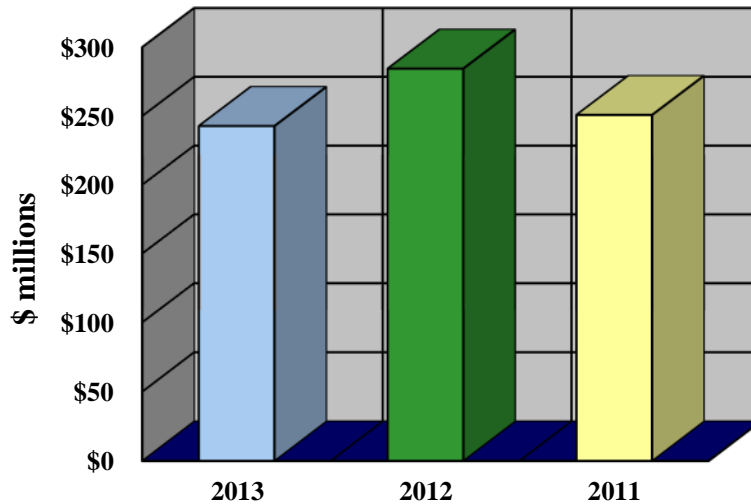
- **OPERATING REVENUES** in 2013 decreased \$41.7 million, or 15% from 2012. They increased \$33.7 million, or 13% between 2012 and 2011 (see Figure 6 and Table 3).

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Figure 6 - Operating Revenues



	Years Ended December 31,			2013 - 2012		2012 - 2011	
	2013	2012	2011	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Water:							
Water sales	\$ 230,482	\$271,575	\$239,186	\$ (41,093)	(15)%	\$ 32,389	14%
Power generation and other:							
Power sales	4,263	4,308	4,856	(45)	(1)	(548)	(11)
Special assessments	7,878	8,456	6,625	(578)	(7)	1,831	28
	<u>12,141</u>	<u>12,764</u>	<u>11,481</u>	<u>(623)</u>	<u>(5)</u>	<u>1,283</u>	<u>11</u>
Total operating revenues	<u>\$ 242,623</u>	<u>\$284,339</u>	<u>\$250,667</u>	<u>\$ (41,716)</u>	<u>(15)</u>	<u>\$ 33,672</u>	<u>13</u>

Highlighted items in yellow are discussed below.

Water sales in 2013 decreased due to a 17% decrease in water sold (66.367 billion gallons sold in 2013 compared to 80.364 billion gallons sold in 2012) offset by a rate increase effective January 1, 2013, designed to increase overall total system water rate revenue by 2.5%. Changes in water consumption from year to year are generally directly related to changes in temperature, and inversely related to changes in precipitation, except for mandatory drought restrictions. Longer term changes in consumption are the result of changes in conservation habits on the part of consumers and the customer base.

Water sales in 2012 increased due to a 7% increase in water sold (80.364 billion gallons sold in 2012 compared to 75.182 billion gallons sold in 2011) plus a rate increase effective January 1, 2012, designed to increase overall total system water rate revenue by 5.5%.

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Power Sales consist of sales of electricity to Xcel Energy and Tri-State Generation and Transmission Associates from seven power generating facilities: Dillon, Foothills, Gross, Hillcrest, Roberts Tunnel, Strontia Springs, and Williams Fork. Because power is generated by use of water turbines, differences in power sales from year to year are caused primarily by increases or decreases in water flows due to weather conditions or interruptions of power generating operations for repairs and maintenance.

Special assessments consist primarily of delinquent bill charges, hydrant meter revenue, turn-off/turn-on charges, and charges for water violations and exemption permits. Differences from year to year are caused by increases or decreases in one or more of these components.

- **NONOPERATING REVENUES** in 2013 increased \$0.8 million, or 10% from 2012. They decreased \$0.2 million, or 0% between 2012 and 2011 (see Table 4).

	Years Ended December 31,			2013 - 2012		2012 - 2011	
	2013	2012	2011	Increase (Decrease)	% Change	Increase (Decrease)	% Change
	Investment income	\$ 1,488	\$1,451	\$1,201	\$ 37	3%	\$ 250
Other nonoperating income	6,606	5,882	6,147	724	12	(265)	(4)
Total nonoperating revenues	\$ 8,094	\$7,333	\$7,348	\$ 761	10	\$ (15)	(0)

Highlighted items in yellow are discussed below.

Investment income changes from year to year are due to a combination of changes in interest rates earned on assets (financial and nonfinancial), changes in fair market values of financial assets, and changes in average investment balances.

Other nonoperating income increased in 2013 due to the recognition of a \$1.1 million receivable for flood insurance claims. It decreased in 2012 primarily due to cessation of the federal subsidies received for the early retiree reimbursement program under the Affordable Care Act.

- **OPERATING EXPENSES** in 2013 increased \$6.3 million, or 3% from 2012. They decreased \$6.7 million, or 3% between 2012 and 2011 (see Figures 7, 8, 9 and Table 5).

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Management's Discussion and Analysis (Unaudited)

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Figure 7 - Total Operating Expenses

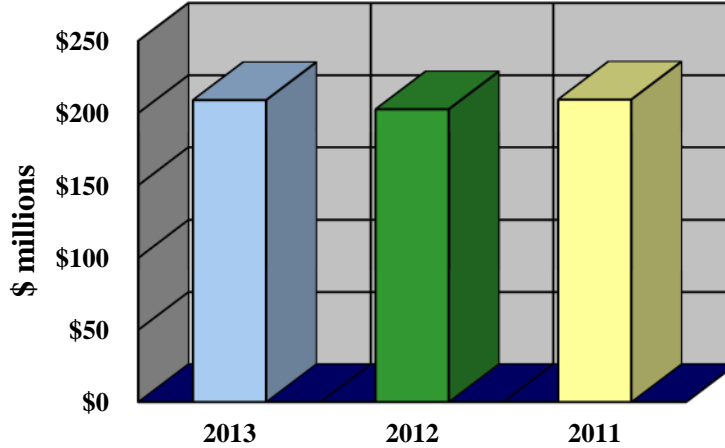


Table 5 - Operating Expenses by Category
(amounts expressed in thousands)

	Years Ended December 31,			2013 - 2012		2012 - 2011	
	2013	2012	2011	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Source of supply (SOS)	\$ 11,438	\$ 14,155	\$ 18,493	\$ (2,717)	(19)%	\$ (4,338)	(23)%
Pumping	6,670	6,915	6,343	(245)	(4)	572	9
Treatment	23,373	26,222	25,558	(2,849)	(11)	664	3
Transmission & distribution (T&D)	27,241	28,554	29,487	(1,313)	(5)	(933)	(3)
General	6,468	6,062	6,435	406	7	(373)	(6)
Administrative	75,026	60,371	59,642	14,655	24	729	1
Customer service	12,894	13,929	14,394	(1,035)	(7)	(465)	(3)
Depreciation and amortization	45,805	46,363	48,961	(558)	(1)	(2,598)	(5)
Total operating expenses	\$ 208,915	\$202,571	\$209,313	\$ 6,344	3	\$ (6,742)	(3)

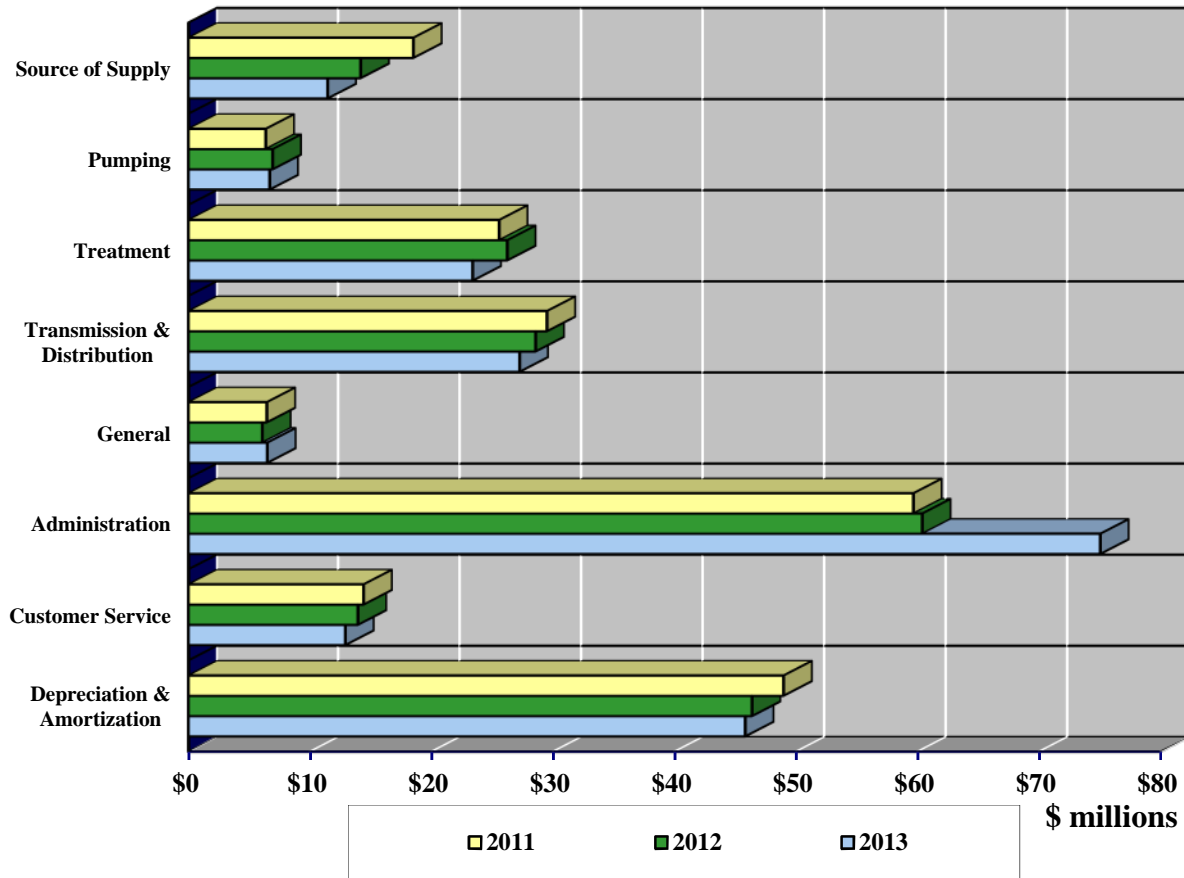
Highlighted items in yellow are discussed below.

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Figure 8 - Operating Expenses by Category



Major changes were as follows:

2013

Administrative – Increased primarily in two areas. The first was in Planning - Water Resources Analysis for \$6.5 million in payments for the 10825 Recovery Program as a result of a judgment by the U.S. Fish and Wildlife Service which requires Colorado River water users to provide 10,825 acre-feet of water per year to protect four species of endangered fish in the Colorado River. The second area was \$3.9 million increased expenses in Information Technology.

2012

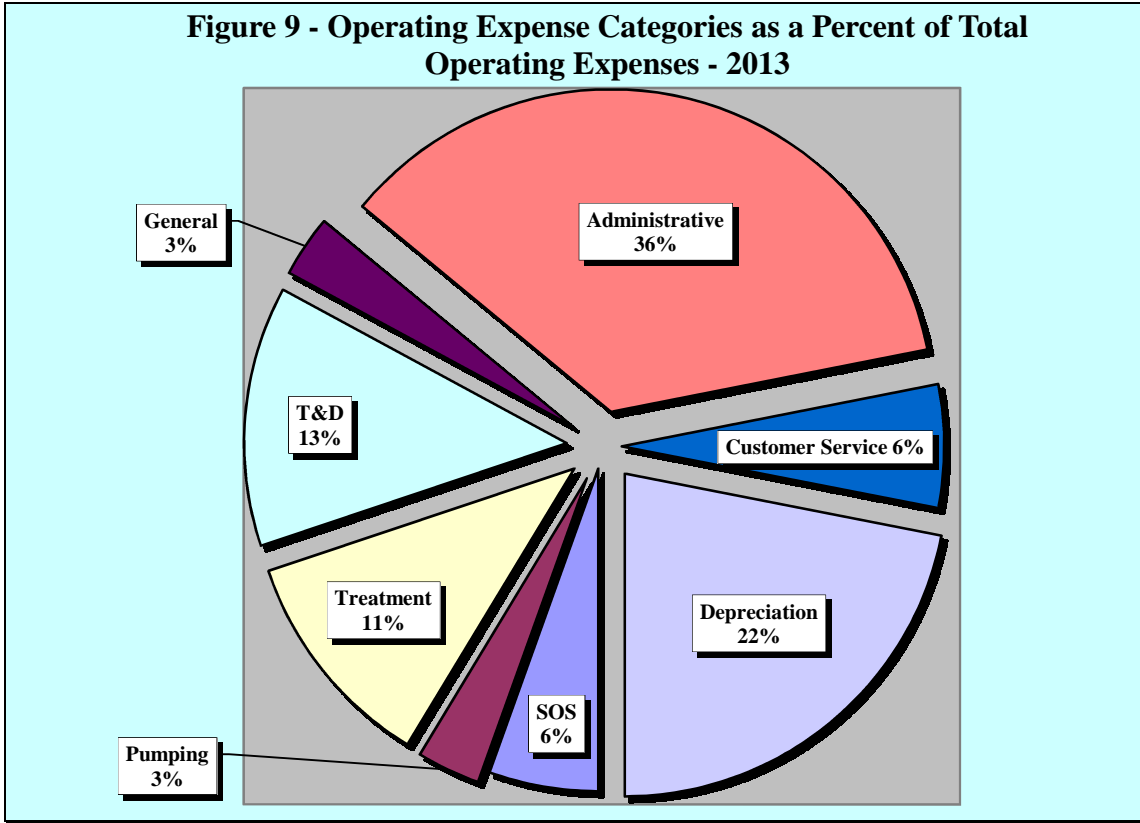
Source of Supply – Decreased primarily due to decreased expenditures for removing sedimentation at Strontia Springs.

Depreciation & Amortization - Decreased due to the 2011 revision in the asset lives of Electronic-Receiver-Transmitter (“ERT”) devices from 30 years to 10 years.

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- **NONOPERATING EXPENSES** in 2013 decreased \$2.0 million, or 10% from 2012. They decreased \$7.4 million, or 26% between 2012 and 2011 (see Table 6).

Table 6 - Nonoperating Expenses
(amounts expressed in thousands)

	Years Ended December 31,			2013 - 2012		2012 - 2011	
	2013	2012	2011	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Interest expense	\$ 13,602	\$14,217	\$17,719	\$ (615)	(4)%	\$ (3,502)	(20)%
Loss on disposition of capital assets	2,171	4,331	6,011	(2,160)	(50)	(1,680)	(28)
Other nonoperating expense	2,939	2,164	4,408	775	36	(2,244)	(51)
Total nonoperating expenses	\$ 18,712	\$20,712	\$28,138	\$ (2,000)	(10)	\$ (7,426)	(26)

Highlighted items in yellow are discussed below.

Interest expense changes from year to year are due to a combination of differences in the amount of debt, interest rates paid on the debt, and interest expense capitalized for construction projects. When interest is capitalized, the interest is added to the cost of the project and deducted from interest expense.

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Loss on disposition of capital assets during 2013 was primarily the result of the write-off of obsolete clear water storage basins at Ashland and Highland Reservoirs due to construction of new basins. The loss during 2012 was primarily the result of the write-off of Capitol Hill Pump Station, Encoder-Receiver-Transmitter Devices (ERTs), and other obsolete assets.

Other nonoperating expense increased during 2013 due to additional costs incurred to convert Littleton's total service contract. It decreased in 2012 due to a \$2.1 million payment to Littleton to convert their total service contract with Denver Water in 2011.

- **CAPITAL CONTRIBUTIONS** in 2013 increased \$19.2 million, or 52% from 2012. They increased \$2.0 million, or 6% between 2012 and 2011 (see Table 7).

	Years Ended December 31,			2013 - 2012		2012 - 2011	
	2013	2012	2011	Increase (Decrease)	%	Increase (Decrease)	%
				Change	Change	Change	Change
Contributions in aid of construction	\$ 21,424	\$ 17,163	\$ 17,239	\$ 4,261	25%	\$ (76)	(0)%
System development charges	34,461	19,543	17,446	14,918	76	2,097	12
Total capital contributions	<u>\$ 55,885</u>	<u>\$ 36,706</u>	<u>\$ 34,685</u>	<u>\$ 19,179</u>	<u>52</u>	<u>\$ 2,021</u>	<u>6</u>

Highlighted items in yellow are discussed below.

Contributions in aid of construction represent facilities, or cash payments for facilities, conveyed to the distribution system from property owners, governmental agencies, and customers who receive benefit from such facilities. Normally, differences from year to year are caused by the general level of construction activity in the Denver metropolitan area.

System development charges ("SDCs") represent fees charged to customers to connect to the water system. Normally, differences from year to year are also caused by the general level of construction activity in the Denver metropolitan area.

CAPITAL ASSET ACTIVITY

The Board's capital assets at December 31, 2013 and 2012 amounted to \$1.998 billion and \$1.955 billion, net of accumulated depreciation and amortization, respectively. Capital asset additions in 2013 and 2012 were \$93.4 million and \$128.3 million, respectively, a decrease of \$34.9 million or 27%. Major projects were as follows (see Table 8):

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<u>Table 8 - Capital Additions</u>		
<u>Year Ended December 31, 2013</u>		
<u>(amounts expressed in thousands)</u>		
Distribution Mains & Hydrants	\$	24,153
Treated Water Conduits		15,246
Ashland Reservoir		10,774
Foothills Treatment Plant		7,871
Highlands Reservoir		3,334
Capitalization of Software & IT Projects		2,817
56th Avenue Pump Station		2,772
Gross Reservoir		2,525
Antero Reservoir		2,509
Vasques St. Louis		1,939
Downstream Reservoirs		1,925
Water Rights		1,778
Elizabeth Street Pump Station		1,748
Marston Treatment Plant		1,725
Platte Canyon Reservoir		1,633
Strontia Springs Reservoir		1,490
Conduit #16		1,312
Other		7,870
	\$	93,421

Information on the Board's capital assets can be found in Note 4 to the basic financial statements and Exhibit I of the supplemental financial information.

LONG-TERM DEBT ACTIVITY

On November 20, 2013, the Board executed a credit agreement with Bank of America, N.A., to provide a variable rate revolving line of credit for a maximum initial principal amount of \$30.0 million as an interim source of financing for capital improvements to the water works system. The initial line of credit is for three years with an option to renew it for an additional two years and to increase it to \$50.0 million. The initial draw was for \$10.0 million, which is the outstanding balance at December 31, 2013. See Note 6 for further details.

In 2012, the Board issued \$36,555,000 in Series 2012A Water Revenue Bonds dated May 22, 2012 to be used for the purpose of funding capital improvements to the water works system. The Board also issued \$108,545,000 in Series 2012B and \$8,665,000 in Series 2012C Water Refunding Revenue Bonds dated June 26, 2012 to be used for the purpose of advance refunding previously issued bonds to achieve present value savings.

Information on the Board's long-term debt can be found in Notes 6, 7 and 9 to the basic financial statements and Exhibits II-A through II-D of the supplemental financial information.

FLOOD DAMAGE

Severe storms, flooding, landslides, and mudslides washed through Colorado on September 11, 2013. The rains lasted three days and caused severe damage in multiple jurisdictions within the Board's areas of operation. Damage to the Board's property was approximately \$12 million. The Board is eligible for public assistance through Federal Emergency Management Agency (FEMA) for some of the

**BOARD OF WATER COMMISSIONERS
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damages. Funding is cost-shared at a federal share of no less than 75% of eligible costs and State of Colorado share at no less than 12.5%. As of December 31, 2013, one property was approved and the Board recorded a receivable and nonoperating income of \$23,000. The Board is still negotiating with FEMA and the state for assistance associated with the other damaged properties. In addition, the Board recorded a receivable and nonoperating income for insurance proceeds of \$1.1 million.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Board's finances for all those with an interest in the Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Director of Finance
Denver Water
1600 W. 12th Ave.
Denver, CO 80204-3412

**BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO**

Statements of Net Position
December 31, 2013 and 2012
(Amounts expressed in thousands)

	2013	2012
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 17,504	\$ 27,752
Short-term investments, at fair value, including accrued interest	91,908	121,653
Restricted investments - debt service	12,327	12,274
Accounts receivable	20,708	19,963
Materials and supplies inventory, at weighted average cost	7,785	7,572
Prepaid expenses	203	388
	150,435	189,602
NONCURRENT ASSETS:		
Capital assets:		
Utility plant	2,554,950	2,474,265
Nonutility plant	9,107	9,097
	2,564,057	2,483,362
Less accumulated depreciation and amortization	(723,548)	(679,949)
	1,840,509	1,803,413
Utility plant under capital lease, less accumulated amortization of \$10,142 and \$9,583, respectively	32,838	33,397
Construction in progress	124,244	117,862
Net capital assets	1,997,591	1,954,672
Other noncurrent assets:		
Long-term investments	98,507	61,667
Prepaid expenses and other assets	13,392	10,102
Long-term receivable	21,566	18,495
Total other noncurrent assets	133,465	90,264
Total noncurrent assets	2,131,056	2,044,936
Total assets	2,281,491	2,234,538
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred amount on refunding	4,801	5,122
Total assets and deferred outflow of resources	2,286,292	2,239,660

**BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO**

Statements of Net Position
December 31, 2013 and 2012
(Amounts expressed in thousands)

<u>LIABILITIES</u>	2013	2012
CURRENT LIABILITIES:		
Accounts payable	\$ 10,630	\$ 16,453
Accrued payroll, vacation and other employee benefits	9,175	10,521
Construction contracts (including retainages of \$2,318 and \$5,352, respectively)	8,737	11,267
Accrued interest on long-term debt	1,314	1,436
Current portion of bonds payable:		
General obligation bonds	-	501
Revenue bonds	26,090	24,455
Current portion of obligation under capital lease	1,981	1,854
Total current liabilities	57,927	66,487
NONCURRENT LIABILITIES:		
Notes payable	10,000	-
Revenue bonds payable, net	362,347	392,558
Obligation under capital lease	13,595	15,577
Customer advances for construction	1,134	3,389
Accrued sick leave	4,638	4,220
Other postemployment benefits	10,889	10,774
Waste disposal closure and postclosure care	3,634	3,502
Total noncurrent liabilities	406,237	430,020
Total liabilities	464,164	496,507
COMMITMENTS AND CONTINGENCIES		
<u>NET POSITION</u>		
Net investment in capital assets	1,579,642	1,513,582
Restricted for debt service	12,327	12,274
Unrestricted	230,159	217,297
Total net position	\$ 1,822,128	\$ 1,743,153

See accompanying notes to basic financial statements.

**BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO**

Statements of Revenues, Expenses, and Changes in Net Position
Years ended December 31, 2013 and 2012
(Amounts expressed in thousands)

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES:		
Water	\$ 230,482	\$ 271,575
Power generation and other	<u>12,141</u>	<u>12,764</u>
Total operating revenues	<u>242,623</u>	<u>284,339</u>
OPERATING EXPENSES:		
Source of supply, pumping, treatment and distribution	68,722	75,846
General and administrative	81,494	66,433
Customer service	12,894	13,929
Depreciation and amortization	<u>45,805</u>	<u>46,363</u>
Total operating expenses	<u>208,915</u>	<u>202,571</u>
OPERATING INCOME	<u>33,708</u>	<u>81,768</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	1,488	1,451
Interest expense, less capitalized interest of \$1,885 and \$3,522, respectively	(13,602)	(14,217)
Loss on disposition of capital assets	(2,171)	(4,331)
Other income	6,606	5,882
Other expense	<u>(2,939)</u>	<u>(2,164)</u>
Total nonoperating expenses, net	<u>(10,618)</u>	<u>(13,379)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	<u>23,090</u>	<u>68,389</u>
CAPITAL CONTRIBUTIONS:		
Contributions in aid of construction	21,424	17,163
System development charges	<u>34,461</u>	<u>19,543</u>
Total capital contributions	<u>55,885</u>	<u>36,706</u>
INCREASE IN NET POSITION	78,975	105,095
NET POSITION:		
Beginning of year	<u>1,743,153</u>	<u>1,638,058</u>
End of year	<u>\$ 1,822,128</u>	<u>\$ 1,743,153</u>

See accompanying notes to basic financial statements.

**BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO**

Statements of Cash Flows
Years ended December 31, 2013 and 2012
(Amounts expressed in thousands)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 239,897	\$ 280,713
Payments to employees	(103,271)	(102,562)
Payments to suppliers	(67,620)	(50,468)
Other receipts	5,516	5,882
Other payments	(2,906)	(2,493)
	71,616	131,072
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from contributions in aid of construction ("CIAC") and prepaid CIAC	4,834	1,297
Proceeds from system development charges ("SDC") and prepaid SDC	34,461	19,543
Proceeds from sales of capital assets	337	581
Proceeds from notes payable, net	9,882	-
Proceeds from long-term revenue bonds, net	-	40,194
Acquisition of capital assets	(79,498)	(110,967)
Principal payments for long-term bonds	(24,956)	(17,715)
Retirements of long-term bonds	-	(5,265)
Principal payments for capital lease obligations	(1,854)	(1,735)
Interest paid (includes capitalized interest of \$1,885 and \$3,522, respectively)	(19,410)	(19,740)
	(76,204)	(93,807)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	251,470	150,152
Interest received from investments	1,193	1,165
Purchases of investments	(258,323)	(186,327)
	(5,660)	(35,010)
NET (DECREASE) INCREASE IN CASH	(10,248)	2,255
CASH, AT BEGINNING OF YEAR	27,752	25,497
CASH, AT END OF YEAR	\$ 17,504	\$ 27,752

**BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO**

Statements of Cash Flows
Years ended December 31, 2013 and 2012
(Amounts expressed in thousands)

	2013	2012
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 33,708	\$ 81,768
Adjustments to reconcile operating income to net cash provided by operating activities-		
Other revenues	6,606	5,882
Other expenses	(931)	(646)
Depreciation and amortization of capital assets	45,805	46,363
Change in assets and liabilities-		
Accounts receivable and long-term receivable	(3,816)	(3,626)
Materials and supplies inventory	(147)	1,247
Prepaid expenses - current	185	82
Prepaid expenses and other assets - noncurrent	(3,290)	(2,082)
Accounts payable	(5,823)	6,003
Accrued payroll, vacation and other employee benefits; and accrued sick leave	(928)	(5,613)
Other postemployment benefits	115	1,605
Waste disposal closure and postclosure care	132	89
Net cash provided by operating activities	\$ 71,616	\$ 131,072
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Assets acquired through contributions in aid of construction	\$ 16,590	\$ 15,866
Increase in fair value of investments	319	294
Loss on disposition of capital assets	(2,171)	(4,331)
Bond proceeds received by escrow agent on behalf of the Board and other	-	132,085
Bond payments made by escrow agent on behalf of the Board and other	-	(128,263)

See accompanying notes to basic financial statements.

**BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO**

Notes to Basic Financial Statements
December 31, 2013 and 2012

Note

- 1 Summary of Significant Accounting Policies:
 - A. Reporting Entity
 - B. Measurement Focus and Basis of Accounting
 - C. Accounting Standards
 - D. Use of Estimates
 - E. Restricted Net Position and Flow Assumption for Restricted Net Position
 - F. Cash
 - G. Investments
 - H. Materials and Supplies Inventory
 - I. Capital Assets
 - J. Capital Contributions
 - K. Employee Compensated Absences
 - L. Operating Revenues and Expenses
 - M. Rates and Fees
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 - O. Reclassifications

- 2 Deposits and Investments

- 3 Accounts Receivable

- 4 Capital Assets

- 5 Risk Management

- 6 Notes and Bonds Payable

- 7 Leases

- 8 Waste Disposal Closure and Postclosure Care

- 9 Changes in Long-Term Liabilities

- 10 Pension Plan

- 11 Other Retirement Plans

- 12 Other Postemployment Benefits

- 13 Capital Contributions

- 14 Contingencies

- 15 Contract Commitments

- 16 Net Investment in Capital Assets

- 17 Subsequent Events

**BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO**

Notes to Basic Financial Statements
December 31, 2013 and 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Board of Water Commissioners (the “Board”) was created under the Charter of the City and County of Denver, Colorado (the “City”) as an independent, nonpolitical board. The Board has complete charge and control of a water works system and plant, which supplies water to customers located within the City and to entities serving other customers located in certain outlying areas in the Denver metropolitan area. Also, as a byproduct of water operations, the Board operates seven hydropower plants which generate power for sale to Xcel Energy and Tri-State Generation and Transmission Association, for internal consumption, and for repayment to the U.S. Department of Energy for power interference.

The Board has a five-member governing body, which is appointed by the Mayor of the City for overlapping six-year terms. In accordance with Governmental Accounting Standards Board (“GASB”) Statements No. 14, *The Financial Reporting Entity*, No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, and No. 61, *The Financial Reporting Entity: Omnibus*, the Board is classified as a special-purpose “other stand-alone government.” A special-purpose other stand-alone government is defined as a legally separate governmental organization that (a) does not have a separately elected governing body and (b) does not meet the definition of a component unit because it does not have a financial benefit or burden relationship with a primary government.

The Board is a “related organization” in the City’s financial reporting entity. A related organization is defined as an organization for which a primary government is not financially accountable (because it does not impose its will or have a financial benefit or burden relationship) even though the primary government appoints a voting majority of the organization’s governing board.

The Board has no component units as defined in GASB Statements No. 14, 39, and 61.

B. Measurement Focus and Basis of Accounting

The Board, as a business type activity, is accounted for in an enterprise fund, which is used to report any activity for which a fee is charged to external users for goods or services. The Board's basic financial statements are accounted for on the flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets and liabilities associated with operations are included on the statements of net position, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

C. Accounting Standards

The Board applies all applicable pronouncements of the GASB.

D. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO**

Notes to Basic Financial Statements
December 31, 2013 and 2012

E. Restricted Net Position and Flow Assumption for Restricted Net Position

Restricted net position consists of the revenue bonds debt service reserve fund included in temporary cash investments. It is used to pay principal and interest on the revenue bonds as they become due. The restricted fund is used for its intended purpose before unrestricted funds.

F. Cash

The definition of cash for purposes of the statements of cash flows is cash on deposit in the Water Works Fund, cash in lock box, and cash on hand.

G. Investments

The Board's investments consist of money market investments (commercial paper and money market mutual funds) and U.S. Treasury, agency, and corporate notes and bonds. The method of valuation for all investments is fair value based on quoted market prices (see Note 2, *Deposits and Investments*).

H. Materials and Supplies Inventory

Materials and supplies inventory is valued at weighted average cost, which approximates lower of cost or market.

I. Capital Assets

Purchased and constructed capital assets are recorded at cost. Donated capital assets are recorded at their estimated fair market value on the date received. Assets are capitalized if they have a cost of \$5,000 or more and have a useful life of more than one year.

Land and water rights are also recorded at cost. Land is not depreciated and water rights are granted in perpetuity and not amortized.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective depreciable or amortizable asset classes as follows:

<u>Depreciation Lives by Asset Class</u>	
	<u>Years</u>
Water storage and transmission	30 - 80
Buildings and components	10 - 80
Machinery and equipment	5 - 50
Furniture and office equipment	10 - 20
Motor vehicles and motorized equipment	10 - 15

Maintenance and repairs are charged to expense as incurred, whereas major betterments are capitalized and depreciated or amortized. At the time of retirement or disposition of depreciable property, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is reflected in nonoperating revenues (expenses).

**BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO**

Notes to Basic Financial Statements

December 31, 2013 and 2012

Costs of certain engineering, feasibility, environmental and other studies are capitalized until the related projects become operational. When projects become operational, the costs are transferred to property, plant, and equipment and depreciated over the estimated useful life of the asset. In the event the projects do not become operational or the costs do not benefit future projects, all accumulated costs are expensed in the period such determination is made. If the projects become inactive but are not abandoned, the costs are carried as prepaid expenses and amortized over their estimated useful lives, or until the related projects become operational or abandoned. There were no inactive development costs that will be used in connection with future construction activities at December 31, 2013 and 2012.

Interest during the construction period is capitalized on major construction projects. Certain applicable general and administrative costs of an overhead nature are allocated to specific projects and capitalized, and such costs are depreciated over the estimated useful lives of the related assets when the related assets are transferred to capital assets.

J. Capital Contributions

Capital contributions consist of contributions in aid of construction ("CIAC") and system development charges ("SDC"). CIAC represent facilities, or cash payments for facilities, received from developers, property owners, governmental agencies, or customers who receive benefit from such facilities. SDC represent fees charged to customers to connect to the water system. Contributions are recognized in the statements of revenues, expenses, and changes in net position, after nonoperating revenues (expenses), when earned. Assets acquired through CIAC and SDC are included in capital assets. Depreciation applicable to such assets is computed using the straight-line method over 80 and 60 years for CIAC and SDC assets, respectively, and is included in operating expenses (see Note 13, *Capital Contributions*).

K. Employee Compensated Absences

The Board's policy is to accrue as an expense and liability employee vacation, sick leave and other compensated absences, including related payroll taxes, using the "vesting method" in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The accrual also includes an estimate for employees who have earned sick leave but have not vested.

L. Operating Revenues and Expenses

Operating revenues consist primarily of charges to customers directly or indirectly related to the sale of water and power. Operating expenses consist of the cost of providing water and power, including administrative expenses and depreciation on capital assets. All other revenues and expenses are classified as nonoperating.

The Board accrues for estimated unbilled revenues for water provided through the end of each year from the last reading of the meters, based on the billing cycle.

M. Rates and Fees

Under Article X, Section 10.1.9 of the City Charter, the Board is empowered to set rates for all of its customers. These rates "...may be sufficient to pay for operation, maintenance, reserves, debt service, additions, extensions, betterments, including those reasonably required for the anticipated growth of the Denver metropolitan area, and to provide for Denver's general welfare...."

**BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO**

Notes to Basic Financial Statements

December 31, 2013 and 2012

Consumption and Service Charges

On September 28, 2011, the Board approved a water rate increase, effective January 1, 2012, designed to increase overall total system water rate revenue by 5.5%.

On September 26, 2012, the Board approved a water rate increase, effective January 1, 2013, designed to increase overall total system water rate revenue by 2.5%.

On September 25, 2013, the Board approved a water rate increase, effective January 1, 2014, designed to increase overall total system water rate revenue by 3.5%.

System Development Charges (“SDC”)

On October 26, 2011, the Board approved an SDC increase, effective February 1, 2012, designed to increase treated water, raw, and recycled water tap fees by an average of 4.2%.

On February 27, 2013, the Board approved an SDC increase, effective April 28, 2013, designed to increase treated water, raw, and recycled water tap fees by an average of 10%.

N. Recently Issued Accounting Standards

There were no GASB statements that impacted the Board in 2013. The following are GASB statements that impacted the Board in 2012:

- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. Although effective in 2013, the City early implemented this statement in 2012 and concluded that the Board is no longer a component unit of the City. Thus, the Board is a special-purpose stand-alone government.
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement requires the reporting of deferred inflows and deferred outflows of resources in separate sections of the *Statements of Net Position*, which were renamed from the *Statements of Net Assets*. The implementation of this statement had no effect on the Board’s net position for 2012.
- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Although effective in 2013, the Board early implemented this statement in 2012. The primary effect was to reclassify the deferred amount on refunding of debt of \$5.1 million to the new line item *Deferred Outflows of Resources*, instead of a reduction of the revenue bonds, on the *Statements of Net Position*, as of December 31, 2012.

O. Reclassifications

Certain reclassifications have been made to prior year’s information to conform to the current year presentation.

**BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO**

Notes to Basic Financial Statements
December 31, 2013 and 2012

(2) DEPOSITS AND INVESTMENTS

A. Cash Deposits with Financial Institutions

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. All of the Board's cash deposits are either insured by FDIC or covered by the Colorado Public Deposit Protection Act ("PDPA") (C.R.S., 11-10.5-101). Under the PDPA all deposits exceeding the amount insured by the FDIC are required to be fully collateralized at 102% of the deposits with specific approved securities identified in the act. Deposits collateralized under the PDPA are considered collateralized with securities held by the pledging financial institutions' trust department or agent in the Board's name. All of the deposits of the Board at December 31, 2013 and 2012 were either insured by FDIC or collateralized under the Colorado Public Depository Act and are therefore not exposed to custodial credit risk.

B. Investments

A reconciliation of cash and investments reported on the *Statements of Net Position* as of December 31 is as follows:

	<u>Cash and Investments</u>	
	<u>(amounts expressed in thousands)</u>	
	December 31,	
	2013	2012
Cash	\$ 17,504	\$ 27,752
Short-term investments, at fair value, including accrued interest	91,908	121,653
Restricted investments - debt service	12,327	12,274
Long-term investments	98,507	61,667
Total investments	<u>202,742</u>	<u>195,594</u>
Total cash and investments	<u>\$220,246</u>	<u>\$223,346</u>

Colorado statutes and the City Charter authorize the Board to expend funds for the operation of the Board, including the purchase of investments. It is the policy of the Board to invest funds in priority order to preserve principal, provide sufficient liquidity to meet all operating requirements and to obtain a market rate of return within the constraints of the Board's investment policy. The table below identifies the investment types that are authorized by the Board's investment policy, as well as certain provisions of the investment policy that address interest rate risk, credit quality risk and concentration of credit risk.

**BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO**

Notes to Basic Financial Statements
December 31, 2013 and 2012

<u>Investments Authorized by the Board's Investment Policy</u>				
<u>December 31, 2013 and 2012</u>				
<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Issuer Credit Quality¹</u>	<u>Maximum in Portfolio²</u>	<u>Maximum Investment One Issuer²</u>
U.S. Treasury securities	5 years	Not applicable	No limit	No limit
U.S. agency securities	4 years	AA- / Aa3	50%	15%
Commercial paper	270 days	A-1 / P-1	40% ³	5% ⁴
Corporate fixed income securities	3 years	AA- / Aa3	10%	5% ⁴
Money market mutual funds	Not applicable	AAAm	25%	5%
Local government investment pools	Not applicable	AAAm	10%	5%
Certificates of deposit	180 days	AA- / Aa3	15%	10%
Bankers' acceptances	180 days	A-1 / P-1	40% ³	5% ⁴
Repurchase agreements	Overnight	AA- / Aa3	25%	25%

¹Investments must meet minimum credit quality at time of purchase. Investments that fall below minimum credit quality may be sold or held to maturity at the discretion of the Board. Ratings are S&P first and Moody's second.

²Calculated as a percentage of book value of the aggregate cash & investment portfolio at purchase.

³Maximum concentration in aggregate for commercial paper and bankers' acceptances.

⁴Maximum concentration in a single issuer of commercial paper, corporate fixed income securities and bankers' acceptances.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Board manages interest rate risk by purchasing investments with varying maturities, continuously investing a portion of the portfolio in readily available funds, limiting total investments maturing in more than 3 years to 25% of the portfolio and limiting the maximum maturity of investments by type of investment.

Investments with call features increase the sensitivity of their fair values to increasing interest rates. The Board's portfolio of U.S. agency securities includes callable securities. At December 2013 and 2012, the Board owned callable securities with a fair value of \$22,139,000 and \$26,450,000, respectively. The Board's callable securities are categorized in accordance with their final maturity dates in the tables below.

**BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO**

Notes to Basic Financial Statements
December 31, 2013 and 2012

The Board's cash and investments at December 31, 2013 and 2012, and their maturities were as follows:

<u>Cash, Current and Long-Term Investments</u>					
<u>December 31, 2013</u>					
<u>(amounts expressed in thousands)</u>					
<u>Investment type</u>	Percent of Investment Portfolio	Fair Value	Investment Maturities (in years)		
			<u>1 or less</u>	<u>1 - 3</u>	<u>3 - 5</u>
U.S. Treasury securities	37.9%	\$ 76,860	\$ 55,783	\$ 18,070	\$ 3,007
U.S. agency securities	37.0%	74,953	20,147	31,811 ¹	22,995 ²
Commercial paper	2.2%	4,498	4,498	-	-
Corporate fixed income securities	11.2% ³	22,686	62	22,624	-
Money market funds	11.7%	23,745	23,745	-	-
Total investments	<u>100.0%</u>	<u>202,742</u>	<u>\$ 104,235</u>	<u>\$ 72,505</u>	<u>\$ 26,002</u>
Cash		<u>17,504</u>			
Total cash and investments		<u>\$ 220,246</u>			

¹ \$20.1 million in agency securities are callable beginning in 2014.

² \$2.0 million in agency securities are callable beginning in 2015.

³ The Board's investment policy established maximum concentrations based on total cash, cash equivalents, and investments at the time of purchase. There is no requirement to sell investments if the concentration changes at a later date due to market factors.

**BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO**

Notes to Basic Financial Statements

December 31, 2013 and 2012

<u>Cash, Current and Long-Term Investments</u>					
<u>December 31, 2012</u>					
<u>(amounts expressed in thousands)</u>					
Investment type	Percent of Investment Portfolio	Fair Value	Investment Maturities (in years)		
			1 or less	1 - 3	3 - 5
U.S. Treasury securities	53.1%	\$ 103,840	\$ 92,714	\$ 11,126	\$ -
U.S. agency securities	18.2%	35,508 ⁴	54	26,520 ¹	8,934 ²
Commercial paper	4.3%	8,494	8,494	-	-
Corporate fixed income securities	9.9% ³	19,390 ⁴	4,303	15,087	-
Money market funds	9.7%	19,016	19,016	-	-
Repurchase agreements	4.8%	9,346	9,346	-	-
Total investments	<u>100.0%</u>	195,594	<u>\$ 133,927</u>	<u>\$ 52,733</u>	<u>\$ 8,934</u>
Cash		<u>27,752</u>			
Total cash and investments		<u>\$ 223,346</u>			

¹ \$17.5 million in agency securities are callable beginning in 2013.

² \$8.9 million in agency securities are are callable beginning in 2014.

³ The Board's investment policy established maximum concentrations based on total cash, cash equivalents, and investments at the time of purchase. There is no requirement to sell investments if the concentration changes at a later date due to market factors.

⁴ Reclassified World Bank securities from Corporate fixed income securities to U.S. agency securities.

Credit Risk

Credit risk is the risk that the issuer of a debt security will not fulfill its obligations to the holder of the obligation. National rating agencies assess this risk and assign a credit quality rating for most investments. U.S. agency securities held in the portfolio are securities issued by government sponsored enterprises. These securities are not explicitly guaranteed by the federal government. Presented below are the lowest credit ratings at December 31, 2013 and 2012, for each investment type.

**BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO**

Notes to Basic Financial Statements

December 31, 2013 and 2012

<u>Investment Ratings</u>						
<u>December 31, 2013</u>						
<u>(amounts expressed in thousands)</u>						
S&P/Moody's Ratings ¹	U.S. Treasury Securities	U.S. Agency Securities	Commercial Paper	Corporate Fixed Income Securities	Money Market Mutual Funds	Total
AAAm	\$ -	\$ -	\$ -	\$ -	\$ 23,745	\$ 23,745
A-1/P-1	3,000	16,496	4,498	-	-	23,994
AA/Aa	73,860	58,457	-	19,141	-	151,458
A/A	-	-	-	3,545	-	3,545
	<u>\$ 76,860</u>	<u>\$ 74,953</u>	<u>\$ 4,498</u>	<u>\$ 22,686</u>	<u>\$ 23,745</u>	<u>\$ 202,742</u>

¹Actual credit ratings as of the year end for each investment type. For securities with split ratings the lowest rating is shown. Securities that fall below the minimum credit quality may be sold or held at the discretion of the Board.

<u>Investment Ratings</u>							
<u>December 31, 2012</u>							
<u>(amounts expressed in thousands)</u>							
S&P/Moody's Ratings ¹	U.S. Treasury Securities	U.S. Agency Securities	Commercial Paper	Corporate Fixed Income Securities	Repurchase Agreements	Money Market Mutual Funds	Total
AAAm	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,016	\$ 19,016
A-1/P-1	-	-	8,494	-	-	-	8,494
AAA/Aaa	-	7,010	-	-	-	-	7,010
AA/Aa	103,840	28,498	-	11,591	-	-	143,929
A/A	-	-	-	7,799	-	-	7,799
NR ²	-	-	-	-	9,346	-	9,346
	<u>\$ 103,840</u>	<u>\$ 35,508</u> ³	<u>\$ 8,494</u>	<u>\$ 19,390</u> ³	<u>\$ 9,346</u>	<u>\$ 19,016</u>	<u>\$ 195,594</u>

¹Actual credit rating as of the year end for each investment type. For securities with split ratings the lowest rating is shown. Securities that fall below the credit quality may be sold or held at the discretion of the Board.

²The repurchase agreement is not rated (NR) by the rating agencies.

³Reclassified World Bank Investments from Corporate Fixed Income Securities to U.S. Agency Securities.

Concentration of Credit Risk

The Board's investment policy places limits on the amount the Board may invest in any one issuer. Specific limitations are displayed in the schedule titled *Investment Authorized by the Board's Investment Policy*. Investments in any one issuer (other than U.S. Treasury securities and external investment pools) that represent 5% or more of the Board's total investments are as follows:

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<u>Concentration of Credit Risk</u> (amounts expressed in thousands)				
Issuer	December 31,			
	2013		2012	
	<u>Fair Value</u>	<u>Percent of Investments</u>	<u>Fair Value</u>	<u>Percent of Investments</u>
Federal National Mortgage Association - FNMA	\$ 19,045	9.4%	\$ 18,052	9.2%
Toyota Motor Credit	-	-	11,164	5.7%

The Board's investment policy considers cash and cash equivalents a component of investments when determining maximum concentrations. Maximums are applied at the time of purchase. In 2012, the concentration for Toyota Motor Credit securities when cash and cash equivalents are included in the calculation is 5.0%. As of December 31, 2013 and 2012, there were no investments exceeding the limits of the respective policies.

(3) ACCOUNTS RECEIVABLE

Current and long-term accounts receivable at December 31, 2013 and 2012 were as described below. Other receivables include receivables for contributions in aid of construction, system development charges, nonpotable and hydrant water sales, and power sales. Long-term receivables represent financing arrangements with the City and County of Denver and various suburban water districts for the sale of water. The Board has no allowance for doubtful accounts since nonpayment of receivables rarely occurs due to the necessity for water.

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<u>Accounts Receivable</u>				December 31,	
(amounts expressed in thousands)				2013	2012
<u>Total Accounts Receivable</u>					
<u>Current</u>					
Water sales		\$ 15,303	74%	\$ 17,194	86%
Other		5,405	26	2,769	14
		<u>\$ 20,708</u>	<u>100%</u>	<u>\$ 19,963</u>	<u>100%</u>
<u>Long-term</u>		<u>\$ 21,566</u>		<u>\$ 18,495</u>	
<u>From the City and County of Denver (included above)</u>					
<u>Current</u>					
Water sales		\$ 261		\$ 457	
Other		118		1,506	
		379		1,963	
<u>Long-term</u>		<u>7,010</u>		<u>6,395</u>	
		<u>\$ 7,389</u>		<u>\$ 8,358</u>	

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(4) CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2013 and 2012 were as follows:

<u>Capital Assets</u>				
<u>Year Ended December 31, 2013</u>				
<u>(amounts expressed in thousands)</u>				
	<u>December 31,</u> <u>2012</u>	<u>Additions</u> <u>& Transfers</u>	<u>Sales &</u> <u>Retirements</u>	<u>December 31,</u> <u>2013</u>
<u>Capital assets not being depreciated:</u>				
Land and land rights	\$ 115,107	\$ 394	\$ (197)	\$ 115,304
Water rights and other	74,161	1,389	-	75,550
Construction in progress	117,862	6,682	(300)	124,244
Total capital assets not being depreciated	<u>307,130</u>	<u>8,465</u>	<u>(497)</u>	<u>315,098</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	254,796	24,484	-	279,280
Improvements other than buildings	1,860,363	33,785	(3,678)	1,890,470
Machinery and equipment	221,915	26,687	(2,169)	246,433
Total capital assets being depreciated	<u>2,337,074</u>	<u>84,956</u>	<u>(5,847)</u>	<u>2,416,183</u>
<u>Less accumulated depreciation:</u>				
Buildings and improvements	(68,216)	(4,062)	-	(72,278)
Improvements other than buildings	(520,020)	(30,976)	1,639	(549,357)
Machinery and equipment	(101,296)	(12,742)	1,983	(112,055)
Total accumulated depreciation	<u>(689,532)</u>	<u>(47,780)</u>	<u>3,622</u>	<u>(733,690)</u>
Total capital assets being depreciated, net	<u>1,647,542</u>	<u>37,176</u>	<u>(2,225)</u>	<u>1,682,493</u>
Total capital assets, net	<u>\$ 1,954,672</u>	<u>\$ 45,641</u>	<u>\$ (2,722)</u>	<u>\$ 1,997,591</u>

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<u>Capital Assets</u>				
<u>Year Ended December 31, 2012</u>				
<u>(amounts expressed in thousands)</u>				
	<u>December 31,</u> <u>2011</u>	<u>Additions</u> <u>& Transfers</u>	<u>Sales &</u> <u>Retirements</u>	<u>December 31,</u> <u>2012</u>
<u>Capital assets not being depreciated:</u>				
Land and land rights	\$ 114,149	\$ 961	\$ (3)	\$ 115,107
Water rights and other	74,100	61	-	74,161
Construction in progress	129,770	(10,705)	(1,203)	117,862
Total capital assets not being depreciated	<u>318,019</u>	<u>(9,683)</u>	<u>(1,206)</u>	<u>307,130</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	236,538	18,775	(517)	254,796
Improvements other than buildings	1,761,486	115,856	(16,979)	1,860,363
Machinery and equipment	222,362	3,329	(3,776)	221,915
Total capital assets being depreciated	<u>2,220,386</u>	<u>137,960</u>	<u>(21,272)</u>	<u>2,337,074</u>
<u>Less accumulated depreciation:</u>				
Buildings and improvements	(63,781)	(4,530)	95	(68,216)
Improvements other than buildings	(501,992)	(32,055)	14,027	(520,020)
Machinery and equipment	(92,405)	(11,625)	2,734	(101,296)
Total accumulated depreciation	<u>(658,178)</u>	<u>(48,210)</u>	<u>16,856</u>	<u>(689,532)</u>
Total capital assets being depreciated, net	<u>1,562,208</u>	<u>89,750</u>	<u>(4,416)</u>	<u>1,647,542</u>
Total capital assets, net	<u>\$ 1,880,227</u>	<u>\$ 80,067</u>	<u>\$ (5,622)</u>	<u>\$ 1,954,672</u>

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Depreciation and amortization for the years ended December 31, 2013 and 2012 were as follows:

<u>Depreciation and Amortization</u> <u>(amounts expressed in thousands)</u>		
	<u>Years Ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
Operating expenses, water service	\$ 45,805	\$ 46,363
Nonoperating expenses	126	153
Other, as allocated	1,849	1,694
Total depreciation and amortization	<u>\$ 47,780</u>	<u>\$ 48,210</u>

Major retirements during 2013 were primarily the result of the write-off of obsolete clear water storage basins at Ashland and Highland Reservoirs due to construction of new basins. Major retirements during 2012 were the result of the write-off of Capitol Hill Pump Station, Encoder-Receiver-Transmitter Devices (ERTs), and other obsolete assets.

(5) RISK MANAGEMENT

The Board is exposed to various risks of losses including torts, general liability (limited under the Colorado Governmental Immunity Act to \$350,000 per person and \$990,000 per occurrence), property damage, and employee life, medical, dental, and accident benefits. The Board has a risk management program that includes self-insurance for liability, employee medical (including stop-loss coverage), dental, and vision. The Board carries commercial property insurance for catastrophic losses, including floods, fires, earthquakes and terrorism, for scheduled major facilities including the Westside Complex, Marston Treatment Plant and Lab, Moffat Treatment Plant, Foothills Water Treatment Plant, the Recycling Plant, and water turbines. It carries limited insurance for other nonscheduled miscellaneous locations. The Board also carries commercial insurance for life, accident, short and long term disability, workers' compensation, employee dishonesty, and fiduciary exposure. Workers' compensation insurance is a large deductible policy whereby the Board is responsible for the first \$250,000 per claim with an aggregate maximum cost of \$2.7 million. In addition, the Board is at times party to pending or threatened lawsuits under which it may be required to pay certain amounts upon their final disposition.

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At December 31, 2013 and 2012, claims liabilities consisting of medical, dental and vision benefits were \$1,316,000 and \$1,433,000, respectively. There were no legal claims outstanding at year-end. Changes in the balances of these liabilities during 2013 and 2012 were as follows:

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<u>Claims Liabilities</u>				
<u>(amounts expressed in thousands)</u>				
	<u>Beginning- of-Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Year-End</u>
2013	\$ 1,433	\$ 12,966	\$ (13,083)	\$ 1,316
2012	\$ 1,327	\$ 11,802	\$ (11,696)	\$ 1,433

Medical claims liabilities are reported in *Accrued Payroll, Vacation, and other Employee Benefits*; and legal claims, if any, are reported in *Accounts Payable* on the *Statements of Net Position*. It is expected the claims will be paid in the next twelve months.

(6) NOTES AND BONDS PAYABLE

A. Notes Payable

On November 20, 2013, the Board executed a credit agreement with Bank of America, N.A., to provide a variable rate revolving line of credit for a maximum initial principal amount of \$30.0 million as an interim source of financing for capital improvements to the water works system. It is the intention of the Board to periodically pay down the line of credit by issuing revenue bonds. The credit facility is payable solely from net revenue and is subordinate to the lien on the Board's outstanding revenue bonds. The initial line of credit is for three years with an option to renew it for an additional two years and to increase it to \$50.0 million. The initial draw was for \$10.0 million, which is the outstanding balance at December 31, 2013. It is classified as long-term because the debt provisions permit refinancing the note on a long-term basis. Notes Payable activity for the year ended December 31, 2013, was as follows:

<u>Notes Payable</u>				
<u>(amounts expressed in thousands)</u>				
	<u>Beginning Balance</u>	<u>Draws</u>	<u>Repayments</u>	<u>Ending Balance</u>
2013	\$ -	\$10,000	\$ -	\$10,000
2012	-	-	-	-

B. General Obligation Bonds Payable

General obligation bonds payable consist of water improvement and refunding bonds of the City. The Board has committed to repay the general obligation bonds and related interest from net revenues. On October 1, 2013, all remaining outstanding general obligation bonds were paid. The coupon rates for the general obligation bonds outstanding at December 31, 2012, were 5.5% and the weighted average yield to

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maturity at issue was 5.30%. The Board no longer has authority to issue general obligation bonds of the City.

On March 1, 2012, the Board called all outstanding Series 2001A general obligation water refunding bonds in the amount \$4.3 million. On April 1, 2012, the Board called all outstanding Series 2000 general obligation water refunding bonds in the amount of \$1.0 million.

Also, as described below, on June 26, 2012, the Board issued revenue bonds to refund a portion of the general obligation bonds then outstanding.

A summary of debt maturity for the general obligation bonds as of December 31, 2012 is as follows:

<u>General Obligation Bonds</u>			
<u>December 31, 2012</u>			
<u>(amounts expressed in thousands)</u>			
<u>Year of Maturity:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Current:	\$ 500	\$ 28	\$ 528
Plus premium	1	-	1
	<u>\$ 501</u>	<u>\$ 28</u>	<u>\$ 529</u>

C. Revenue Bonds Payable

Revenue Bonds payable consists of water revenue improvement and refunding bonds of the Board. The Board has pledged to repay the bonds and related interest from net revenues, and to maintain adequate rates to ensure its ability to do so. Coupon rates for the revenue bonds outstanding at December 31, 2013 and 2012 range from 0.60% to 6.15%, and 0.40% to 6.15%, respectively. The weighted average yield to maturity at issue for outstanding bonds was 2.98% and 2.83% for the years ended December 31, 2013 and 2012, respectively. The weighted average yield is calculated net of Build America Bond subsidy of 35% for the Series 2009A and Series 2010B revenue bonds and a 7.2% adjustment for the congressional sequester. In accordance with the Official Statements, the Board has established a reserve fund for the revenue bonds totaling \$12.3 million at December 31, 2013 and 2012.

In 2012, the Board issued the Series 2012A master resolution water revenue bonds in an aggregate principal amount of \$36,555,000 at a true interest cost (TIC) at sale of 3.49%, the Series 2012B master resolution water refunding revenue bonds in an aggregate principal amount of \$108,545,000 at TIC at sale of 1.61%, and the Series 2012C master resolution water refunding revenue bonds (taxable) in the aggregate principal amount of \$8,665,000 at a TIC at sale of 0.75%.

The proceeds of the Series 2012A master resolution water revenue bonds were used for the extension, betterment, other improvement, and equipment of the Water Works System.

The proceeds of the Series 2012B and Series 2012C master resolution water refunding revenue bonds were advanced refunding issues. The proceeds, together with cash funds of \$633,000 provided by the Board, were used to advance refund the following:

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- a) \$11,550,000 in aggregate principal was placed in an irrevocable trust with an escrow agent for all future debt service payments on the October 1, 2029 maturity of the Series 1999 general obligation water refunding bonds callable on October 1, 2013.
- b) \$5,970,000 in aggregate principal was placed in an irrevocable trust with an escrow agent for all future debt service payments on the October 1, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 maturities of the Series 2002 general obligation water refunding bonds callable on October 1, 2012.
- c) \$48,100,000 in aggregate principal was placed in an irrevocable trust with an escrow agent for all future debt service payments on the December 1, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023 maturities of the Series 2003A water revenue bonds callable on June 1, 2013.
- d) \$37,110,000 in aggregate principal was placed in an irrevocable trust with an escrow agent for all future debt service payments on the December 1, 2013, 2014, 2015, and 2016 maturities of the Series 2003B water refunding and improvement revenue bonds callable on June 1, 2013.
- e) \$7,585,000 in aggregate principal was placed in an irrevocable trust with an escrow agent for all future debt service payments on the December 1, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024 maturities of the Series 2004 water refunding and improvement revenue bonds callable on December 1, 2014.
- f) \$13,935,000 in aggregate principal was placed in an irrevocable trust with an escrow agent for all future debt service payments on the December 1, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023 maturities of the Series 2005 water revenue bonds callable on December 1, 2015.

As a result of placing the above funds in an escrow account to purchase Treasury securities sufficient to pay all future principal and interest payments and to call the bonds on their respective call dates, the bonds discussed above are considered to be defeased and the liability for these bonds has been removed from the Board's *Statements of Net Position*. The aggregate principal amount of all bonds considered defeased is \$21,520,000 and \$118,280,000 at December 31, 2013, and 2012, respectively. The difference represents bonds that were called and paid during 2013.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt ("deferred amount on refunding") of \$5,282,000. This difference, reported in the accompanying basic financial statements as a *Deferred Outflow of Resources*, is being amortized using the straight line method as a component of interest expense through 2028. The remaining unamortized amount on refunding is \$4,801,000 and \$5,122,000 at December 31, 2013 and 2012, respectively.

The Board completed the advance refundings to reduce its total debt service payments and to obtain an economic gain (difference between the present values of the old and new debt service payments). The reduction in total debt service requirements over the next 28 years is \$27,669,000, with an economic gain of \$20,969,000.

A summary of debt maturity for the revenue bonds as of December 31, 2013 is as follows:

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<u>Revenue Bonds</u>			
<u>December 31, 2013</u>			
<u>(amounts expressed in thousands)</u>			
<u>Year of Maturity:</u>	<u>Principal</u>	<u>Interest¹</u>	<u>Total</u>
Current:	\$ 26,090	\$ 17,231	\$ 43,321
Long-term:			
2015	27,000	16,146	43,146
2016	19,290	14,968	34,258
2017	13,420	14,039	27,459
2018	12,830	13,441	26,271
2019-2023	66,905	59,026	125,931
2024-2028	58,995	44,173	103,168
2029-2033	62,140	30,445	92,585
2034-2038	70,195	14,973	85,168
2039-2041	20,100	1,538	21,638
	350,875	208,749	559,624
Plus premium	11,472	-	11,472
Total long-term	362,347	208,749	571,096
	<u>\$ 388,437</u>	<u>\$ 225,980</u>	<u>\$ 614,417</u>

¹Excludes Build America Bonds interest subsidy. Amounts received during 2013 and 2012 were \$2,157,806 and \$2,344,168, respectively. The Board is eligible to receive approximately \$39.7 million over the remaining life of the bonds.

(7) LEASES

A. Capital Lease

On July 21, 1992, the Board entered into an agreement amending the lease agreement of March 3, 1987 with the Colorado River Water Conservation District ("District") whereby the District was required to construct Ritschard Dam and Wolford Mountain Reservoir ("Wolford") on Muddy Creek, a tributary of the Colorado River north of Kremmling, Colorado. In consideration of quarterly and semiannual lease payments for 27 years beginning after issuance of a notice of award for construction and payments of 40% of the annual operating costs of Wolford beginning after the end of the lease term, the District will convey to the Board at the end of the lease term ownership, use and control of 40% of the storage capacity of Wolford and 40% of the water right. The present value of the minimum lease payments at the beginning of the lease term, including a \$2.4 million nonrefundable deposit, was \$43 million, and the Board recorded an asset and obligation under capital lease of that amount in 1992. The project was completed in the fall of 1995. The assets under the Wolford capital lease by major asset class, recorded in Utility Plant under Capital Lease, are as follows:

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<u>Assets Under Capital Lease - Wolford Mountain</u> (amounts expressed in thousands)		
	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Improvements other than buildings	\$ 42,980	\$ 42,980
Less: accumulated amortization	<u>(10,142)</u>	<u>(9,583)</u>
	<u>\$ 32,838</u>	<u>\$ 33,397</u>

Minimum capital lease payments were \$3,000,000 during both 2013 and 2012. The following is a schedule by year of future minimum lease payments, together with the present value of the minimum lease payments as of December 31, 2013:

<u>Obligation Under Capital Lease - Wolford Mountain</u> <u>As of December 31, 2013</u> (amounts expressed in thousands)	
<u>Year Ending December 31:</u>	
2014	\$ 3,000
2015	3,000
2016	3,000
2017	3,000
2018	3,000
2019-2020	<u>4,500</u>
Total minimum lease payments	19,500
Less interest at 6.75%	<u>(3,924)</u>
Present value of minimum lease payments (obligation under capital lease)	15,576
Less current portion	<u>(1,981)</u>
Total long-term	<u>\$ 13,595</u>

B. Operating Leases

The Board is committed under various cancellable operating leases for property and equipment. Lease expenses for the years ended December 31, 2013 and 2012 were \$1,014,000 and \$635,000, respectively. The Board expects these leases to be replaced in the ordinary course of business with similar leases. Future lease payments should approximate the amount expensed in 2013.

(8) WASTE DISPOSAL CLOSURE AND POSTCLOSURE CARE

The Board operates a landfill and residuals drying beds at the Foothills Water Treatment Plant for disposal of aluminum sulfate solids/residuals generated as a by-product of the potable water treatment

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process at the Foothills and Marston Water Treatment Plants. It also operates residuals drying beds near the Ralston Reservoir and at West 41st Avenue and Independence Court for dewatering of aluminum sulfate solids/residuals generated as a by-product of the potable water treatment process at the Moffat Water Treatment Plant. These sites have been in operation since 1995. State and federal laws and regulations require the Board to perform certain closing functions on these disposal sites when they stop accepting residuals, including placing a final cover on the Foothills landfill and performing certain maintenance and monitoring functions at the Foothills landfill for thirty years after closure.

Although these sites are not municipal solid waste landfills, and are outside the scope of GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, (“GASB No. 18”), the Board voluntarily implemented the provisions of that statement in 2000 to meet State of Colorado and federal financial assurance requirements discussed below.

During 2013, Colorado revised its Solid Waste regulations to require reporting for the Foothills and 41st and Independence drying beds, which were previously not required to be reported. Also, the change in regulations no longer require recording a liability for postclosure care costs for drying beds if they are “clean closed,” which means that all residuals are removed upon closure.

As required by GASB No. 18, although closure and postclosure care costs will be paid only near or after the date that the disposal sites stop accepting waste, the Board reports a portion of the Foothills closure and postclosure care costs as an operating expense and liability in each year based on landfill capacity used as of each *Statement of Net Position* date. The Board reports the entire liability for closure costs for the Foothills, Ralston, and 41st and Independence residual drying beds since they are not “filled” like a landfill, but are reusable.

Approximately \$3.6 and \$3.5 million was reported as *Waste Disposal Closure and Postclosure Care* liability in the *Statements of Net Position*, at December 31, 2013 and 2012, respectively, for the sites as follows:

<u>Waste Disposal Closure and Postclosure Care Liability</u>				
<u>(amounts expressed in thousands)</u>				
	<u>Foothills</u>	<u>Ralston</u>	<u>41st & Independence</u>	<u>Total</u>
<u>2013</u>				
Closure Costs	\$ 1,096 ¹	\$ 1,680	\$ 436	\$ 3,212
Postclosure Care Costs	422	- ²	-	422
	<u>\$ 1,518</u>	<u>\$ 1,680</u>	<u>\$ 436</u>	<u>\$ 3,634</u>
<u>2012</u>				
Closure Costs	\$ 111	\$ 1,618	\$ -	\$ 1,729
Postclosure Care Costs	398	1,375	-	1,773
	<u>\$ 509</u>	<u>\$ 2,993</u>	<u>\$ -</u>	<u>\$ 3,502</u>

¹Increase primarily due to inclusion of drying beds at Foothills.
²Postclosure care liability no longer needed for drying beds.

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These costs are based on the use of 23.5% and 23.0% of the active portion of the Foothills landfill at December 31, 2013 and 2012, respectively, and 100% of the Foothills, Ralston, and 41st and Independence drying beds. The Board will recognize the remaining estimated cost of the Foothills postclosure care of \$1,373,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2013. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The remaining life of the Foothills landfill is estimated to be approximately 50 years for the active disposal area of 61.7 acres. In addition, there is expansion capability of 62 acres with an indefinite life. The Foothills, Ralston, and 41st and Independence drying beds have an indefinite life.

The Board is required by state and federal laws and regulations to establish financial assurance sufficient to ensure full payment of closure and postclosure care of its disposal sites by selecting one of a variety of financial mechanisms. The Board chose the “Local Government Financial Test” which includes profitability requirements, minimum general obligation bond ratings, unqualified audit opinions, and the implementation of GASB No. 18.

(9) CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the years ended December 31, 2013 and 2012 were as follows:

<u>Long-Term Liabilities</u>					
<u>Year Ended December 31, 2013</u>					
<u>(amounts expressed in thousands)</u>					
	December 31,	2013		December 31,	Due Within One Year
	2012	Additions	Reductions	2013	
	(Current and Long-Term)			(Current and Long-Term)	
Notes Payable	\$ -	\$ 10,000	\$ -	\$ 10,000	\$ -
G. O. bonds payable, net	501	-	(501)	-	-
Revenue bonds payable, net	417,013	-	(28,576)	388,437	26,090
Obligation under capital lease	17,431	-	(1,855)	15,576	1,981
Customer advances for construction	3,389	4,000	(6,255)	1,134	-
Accrued sick leave	7,815	1,075	(1,475)	7,415	2,777 ¹
Other postemployment benefits	10,774	1,941	(1,826)	10,889	-
Waste disposal closure	3,502	1,525	(1,393)	3,634	-
	<u>460,425</u>	<u>\$ 18,541</u>	<u>\$ (41,881)</u>	<u>437,085</u>	<u>\$ 30,848</u>
Less current portion	<u>(30,405)</u>			<u>(30,848)</u>	
Total long-term liabilities	<u>\$ 430,020</u>			<u>\$ 406,237</u>	

¹Included in *Accrued Payroll, Vacation and Other Employee Benefits* in the *Statements of Net Position*.

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<u>Long-Term Liabilities</u>					
<u>Year Ended December 31, 2012</u>					
<u>(amounts expressed in thousands)</u>					
	December 31, 2011	2012		December 31, 2012	Due Within One Year
	(Current and Long-Term)	Additions	Reductions	(Current and Long-Term)	
G. O. bonds payable, net	\$ 23,663	\$ -	\$ (23,162)	\$ 501	\$ 501
Revenue bonds payable, net	372,815	172,279	(128,081)	417,013	24,455
Obligation under capital lease	19,166	-	(1,735)	17,431	1,854
Customer advances for construction	8,730	3,684	(9,025)	3,389	-
Accrued sick leave	7,913	307	(405)	7,815	3,595 ¹
Other postemployment benefits	9,169	3,678	(2,073)	10,774	-
Waste disposal closure	3,413	89	-	3,502	-
	<u>444,869</u>	<u>\$ 180,037</u>	<u>\$ (164,481)</u>	<u>460,425</u>	<u>\$ 30,405</u>
Less current portion	(21,530)			(30,405)	
Total long-term liabilities	<u>\$ 423,339</u>			<u>\$ 430,020</u>	

¹Included in *Accrued Payroll, Vacation and Other Employee Benefits* in the *Statements of Net Position*.

(10) PENSION PLAN

Plan Description

The Board sponsors and administers a trustee, single-employer defined benefit pension plan, (the “Plan”). The Plan provides retirement benefits with limited annual cost-of-living adjustments to retired members and, if elected by the member, to his or her surviving spouse. Members of the Plan include substantially all regular and discretionary full-time and part-time employees of the Board. It also provides retirement service in the event of disability, and a \$5,000 death benefit to retirees receiving annuity payments from the plan. Article X, Section 10.1.6 of the Charter of the City assigns the authority to establish and amend benefit provisions to the Board. The Plan contains provisions regarding amendments, including a provision for employee voting on amendments in specifically described situations. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to: Treasurer, MC 210, Denver Water, 1600 West 12th Avenue, Denver, CO 80204-3412.

Funding Policy

The Board’s funding policy is established and may be amended by the Board, which acts as trustee of the Plan. The Plan’s current funding policy provides for periodic Board contributions of at least the actuarial required contribution (“ARC”) sufficient to accumulate the necessary assets to pay benefits when due. These contributions have varied and were not expressed in terms of fixed dollar amounts or as percentages of annual covered payroll. Plan members are not allowed to make contributions. The Board

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reserves the right to suspend, reduce, or permanently discontinue all contributions at any time, pursuant to the termination provisions of the Plan.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective in 2015, eliminates the ARC as a basis for funding and expense reporting. In anticipation of this statement, the Board adopted the Employees' Retirement Plan Funding Policy (the "Policy") on August 28, 2013, effective for 2014 and future years. The Policy states the objectives of the Board in funding the Plan and outlines the guidelines to be used by an actuary in determining the contributions needed to achieve those objectives. The primary objective of the Policy is to provide sufficient assets to pay all benefits promised under the Plan and to minimize the volatility of contribution payments from year to year.

Annual Pension Cost and Net Pension Asset

The Board's annual pension cost (expense) for the years ended December 31, 2013 and 2012, is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Board's annual pension cost for the year, the amount actually contributed to the Plan, and changes in the Board's net pension asset:

<u>Annual Pension Cost and Net Pension Asset</u>		
<u>Years Ended December 31, 2013 and 2012</u>		
<u>(amounts expressed in thousands)</u>		
	2013	2012
Annual required contribution ("ARC")	\$ 11,957	\$ 12,256
Interest on net pension asset	(571)	(420)
Adjustment to ARC	600	441
Annual pension cost	11,986	12,277
Contributions made	(15,000)	(14,300)
Increase in net pension asset	(3,014)	(2,023)
Net pension asset - beginning of year	(7,617)	(5,594)
Net pension asset - end of year	\$ (10,631)	\$ (7,617)

The pension asset is recorded in *Prepaid Expenses and Other Assets* in the *Statements of Net Position*.

The Board's annual pension cost, the percentage of annual pension cost contributed to the Plan, and the net pension asset for 2013 and the two preceding years were as follows:

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<u>Annual Pension Cost and Percentage of Required Contribution</u> (amounts expressed in thousands)				
<u>Year Ended December 31,</u>	<u>Annual Pension Cost ("APC")</u>	<u>Contributions Made</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
2013	\$ 11,986	\$ 15,000	125.1%	\$ 10,631
2012	12,277	14,300	116.5	7,617
2011	12,424	15,400	124.0	5,594

Funded Status and Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the plan was 78.9% funded. The actuarial accrued liability for benefits was \$320.6 million, and the actuarial value of assets was \$252.9 million, resulting in an unfunded actuarial accrued liability ("UAAL") of \$67.7 million. The covered payroll (annual payroll of active employees covered by the pension plan) was \$71.9 million, and the ratio of the UAAL to the covered payroll was 94.1%.

A Schedule of Funding Progress, presented below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

<u>Pension Plan Schedule of Funding Progress</u> (amounts expressed in thousands) (Unaudited)						
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability ("AAL") (b)</u>	<u>Unfunded AAL ("UAAL") (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
1/1/13	\$ 252,920	\$ 320,605	\$ 67,685	78.9%	\$ 71,940	94.1%
1/1/12	238,384	311,443	73,059	76.5	71,172	102.7
1/1/11	218,757	296,269	77,512	73.8	69,927	110.8

Actuarial Methods and Assumptions

The required contribution was determined as part of the January 1, 2013 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses and including an inflation component of 3.0%), (b) projected salary increases ranging from 3.6% to 8.2% per year, and (c) 3.0% per year cost-of-living adjustments. The actuarial value of Plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. The Plan's unfunded actuarial accrued liability is being amortized in level dollar amounts over 30 years on an open basis.

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(11) OTHER RETIREMENT PLANS

The Board sponsors the Denver Water Supplemental Retirement Savings Plan (“SRSP”). The SRSP is a 401(k) defined contribution plan. Article X, Section 10.1.6 of the Charter of the City assigns the authority to establish and amend benefit provisions to the Board. All regular and discretionary employees are eligible to participate in the plan. Under the terms of the plan, the Board will make a matching contribution to the SRSP’s trust fund each year in an amount equal to 100% of each participant’s elective contributions, limited to 3% of the participant’s base salary for the year. During 2013 and 2012, the Board made contributions totaling approximately \$1,835,000 and \$1,743,000, and members contributed approximately \$4,153,000 and \$3,827,000, respectively, to the SRSP. Employee rollovers from other plans to the SRSP were \$694,000 in 2013 and \$275,000 in 2012.

The Board makes a deferred compensation plan available for its employees, created in accordance with Internal Revenue Code Section 457. The plan, available to all regular and discretionary employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or qualifying unforeseeable emergency. Participation in the plan is voluntary, and prior to 2013, the Board did not make any contributions.

In 2013, the SRSP and the deferred compensation plans were amended to authorize the Board to make discretionary employer contributions to a qualifying participant. Discretionary employer contributions are limited by Treasury Regulations under I.R.S. Code §415, 401(a)(17).

(12) OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Board provides two types of other postemployment benefits (“OPEB”) as follows:

a. Postemployment Healthcare Benefits

For employees hired before January 16, 2012, the Board provides a postemployment healthcare benefit through a single-employer, defined benefit plan. The benefit is in the form of partially subsidized health care costs, until the retiree attains age 65. The benefit is provided through the Board’s self-insured health plan to employees and dependents who meet eligibility requirements of the postemployment healthcare benefit plan. The eligibility requirements include retiring under the Special Early Retirement (Rule of 75) provision of the Board’s defined benefit pension plan, taking an immediate distribution of pension benefits, and being covered as an employee or dependent under the employee healthcare plan, excluding COBRA coverage, at the time of retirement. The subsidy is separate from the Board’s defined benefit retirement plan and is not paid out of retirement plan funds. Currently, 170 retirees are receiving this benefit. The Board provides this benefit under authority of Article X, Section 10.1.6 of the City Charter, which assigns the authority to establish and amend benefit provisions to the Board. In January 2012, the Board discontinued its contribution for this benefit for employees hired on or after January 16, 2012. However, these employees can still access this program at the Board’s cost upon reaching age 60 and meeting the Rule of 75. In January 2014, the Board changed the benefit for those hired before January 16, 2012, by increasing the minimum age from 55 to 60, with some transition options.

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b. Long-Term Disability

A long-term disability (“LTD”) plan is provided for each employee who attains regular status. Prior to 2007, this benefit was self-insured. Currently, there are six participants receiving benefits from the self-insured LTD plan. No new beneficiaries will be added under this plan; any employee who becomes disabled on or after January 1, 2007, is covered under the terms of an insured plan. There is an 84-day elimination period for LTD benefits with a benefit of 60% of pay to a maximum of \$8,000 per month. Benefit duration depends on age at disability. Benefits are payable during the first two years, regardless of age, if the disabled employee is incapable of employment at his or her own occupation earning at least the LTD benefit amount. Thereafter, benefits are payable to age 65 with a minimum of five years total for disabilities that occur after age 60, so long as the disabled employee is incapable of employment at any occupation.

Neither OPEB plan issues a separate report.

Funding Policy

The Board’s funding policy is established and may be amended by the Board. The Board is not required to establish an irrevocable trust fund to accumulate assets for payment of future OPEB benefits, and has elected not to do so. Payments of OPEB benefits are made on a pay-as-you-go basis in amounts necessary to provide current benefits to recipients. For the year ended December 31, 2013, the Board contributed \$1,826,000 to the postemployment healthcare benefits plan (approximately 69% of estimated premium equivalent costs). Retirees receiving benefits contributed \$838,000, or approximately 31% of the estimated premium equivalent costs. The Board paid \$72,000 in LTD benefits in 2013. For the year ended December 31, 2012, the Board contributed \$2,073,000 to the postemployment healthcare benefits plan (approximately 76% of estimated premium equivalent costs). Retirees receiving benefits contributed \$666,000, or approximately 24% of the estimated premium equivalent costs. The Board paid \$85,000 in LTD benefits in 2012.

Annual OPEB Cost and Net OPEB Obligation

The Board’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Board’s annual OPEB cost for the year, the amount actually contributed to the OPEB plan, and changes in the Board’s net OPEB obligation:

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<u>Annual OPEB Cost and Net OPEB Obligation</u>			
<u>Year Ended December 31, 2013</u>			
<u>(amounts expressed in thousands)</u>			
	<u>Healthcare</u>	<u>LTD</u>	<u>Total</u>
Annual required contribution (ARC)	\$ 2,099	\$ 20	\$ 2,119
Interest on net OPEB obligation (asset)	458	(21)	437
Adjustment to ARC	(616)	28	(588)
Annual OPEB cost	1,941	27	1,968
Contributions made	(1,826)	(72)	(1,898)
Increase in net OPEB obligation (asset)	115	(45)	70
Net OPEB obligation (asset) - beginning of year	10,774	(488)	10,286
Net OPEB obligation (asset) - end of year	<u>\$ 10,889</u>	<u>\$ (533)</u>	<u>\$ 10,356</u>

The LTD asset is recorded in *Prepaid Expenses and Other Assets* in the *Statements of Net Position*.

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

<u>Annual OPEB Cost and Percentage of Required Contribution</u>				
<u>(amounts expressed in thousands)</u>				
<u>Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Contributions Made</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 1,968	\$ 1,898	96.4%	\$ 10,356
2012	3,713	2,158	58.1	10,286
2011	4,226	2,007	47.5	8,731

Funded Status and Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$22.8 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$22.8 million. The covered payroll (annual payroll of active employees covered by the OPEB plan) was \$71.9 million, and the ratio of the UAAL to the covered payroll was 31.8%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. A schedule of funding progress, presented as required supplementary information below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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The schedule of funding progress for the OPEB plan is as follows:

<u>OPEB Plan Schedule of Funding Progress</u> <u>(amounts expressed in thousands)</u> <u>(Unaudited)</u>						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/13	\$ -	\$ 22,847	\$ 22,847	-	\$ 71,940	31.8%
1/1/12	-	33,450	33,450	-	71,172	47.0
1/1/11	-	37,736	37,736	-	69,927	54.0

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2013 actuarial valuation, the projected unit credit with 30-year open, level dollar amortization, actuarial cost method was used. The actuarial assumptions included a 4.25 percent investment rate of return (net of administrative expenses and including an inflation component of 3%), which is the expected long-term investment return on the Board's investments, and an annual healthcare cost trend rate based on the Getzen Trend Model. The actuarial value of assets was not determined as the Board has not advance funded the obligation. The UAAL is being amortized as a level dollar amount over 30 years on an open basis.

(13) CAPITAL CONTRIBUTIONS

Inception-to-date and current year proceeds from contributions in aid of construction ("CIAC") and system development charges ("SDC") were as follows:

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<u>Capital Contributions</u>		
<u>Years Ended December 31, 2013 and 2012</u>		
<u>(amounts expressed in thousands)</u>		
	<u>CIAC</u>	<u>SDC</u>
Inception through December 31, 2011	\$ 426,845	\$ 622,062
2012 Additions	<u>17,163</u>	<u>19,543</u>
Inception through December 31, 2012	444,008	641,605
2013 Additions	<u>21,424</u>	<u>34,461</u>
Inception through December 31, 2013	<u><u>\$ 465,432</u></u>	<u><u>\$ 676,066</u></u>

(14) CONTINGENCIES

In the normal course of business, there are various outstanding legal proceedings, claims, commitments, and contingent liabilities. In the opinion of management, the ultimate disposition of these matters will not have a materially adverse effect on the Board’s financial statements.

(15) CONTRACT COMMITMENTS

Contractual commitments as of December 31, 2013 for construction and other purposes are estimated at \$202.6 million. Total projected expenditures for the 2014-2023 Ten-Year Capital Plan are \$1.63 billion, net of anticipated participation and reimbursement.

The capital plan includes \$285.6 million for Denver Water’s Storage Reliability Project, previously known as the Moffat Collection System Project, which will increase Gross Reservoir from its current storage capacity of 41,811 acre-feet to approximately 114,000 acre-feet, an increase of approximately 72,000 acre-feet. Since four acre-feet of storage are needed for every one acre-foot of supply, the project will result in approximately 18,000 acre-feet of additional supply, enough water to serve about 45,000 households annually. The project entails increasing the current dam height from 340 feet to 465 feet, an increase of 125 feet.

The City of Arvada will participate in this project by paying a percentage of the capital costs of the enlargement based on its portion of yield created by the Gross Reservoir enlargement, and paying a System Development Charge. Assuming the enlargement will produce a yield of 18,000 acre-feet of water and Arvada contracts for its maximum allowable amount of 3,000 acre-feet of the new supply, Arvada’s share of the capital costs will be 16.67% and Arvada will pay an SDC of \$33,822,000.

The U.S. Army Corps of Engineers released a draft environmental impact statement (“EIS”) evaluating the potential effects of this project in October 2009. A final EIS is scheduled for April 2014, followed by a public comment period before a final decision on a permit is made.

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(16) NET INVESTMENT IN CAPITAL ASSETS

In the net position section of the *Statements of Net Position*, the line item *Net Investment in Capital Assets* is comprised of the following as of December 31, 2013 and 2012:

	<u>Net Investment in Capital Assets</u> <u>(amounts expressed in thousands)</u>	
	December 31,	
	<u>2013</u>	<u>2012</u>
Net capital assets	\$ 1,997,591	\$ 1,954,672
Deferred outflows of resources on bond refundings	4,801	5,122
Construction contracts	(8,737)	(11,267)
Notes payable	(10,000)	-
Bonds payable, net	(388,437)	(417,514)
Obligation under capital lease	(15,576)	(17,431)
	<u>\$ 1,579,642</u>	<u>\$ 1,513,582</u>

(17) SUBSEQUENT EVENTS

The Board has evaluated subsequent events through April 4, 2014, which is the date the basic financial statements were available to be issued.

SUPPLEMENTAL FINANCIAL INFORMATION

**BOARD OF WATER COMMISSIONERS
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Capital Assets

Year ended December 31, 2013
(Amounts expressed in thousands)

	Depreciation Life (Years)	Cost			Accumulated Depreciation and Amortization				Cost Less Accumulated Depreciation and Amortization as of December 31, 2013	
		Balance, December 31, 2012	Additions and Transfers	Sales and Retirements	Balance, December 31, 2013	Balance, December 31, 2012	Provision	Sales, Retirements and Transfers		Balance, December 31, 2013
UTILITY PLANT IN SERVICE:										
Source of supply plant	10 - 80	\$ 655,650	\$ 10,711	\$ (399)	\$ 665,962	\$ 163,435	\$ 8,826	\$ 141	\$ 172,402	\$ 493,560
Pumping plant	20 - 80	113,103	13,575	(442)	126,236	26,097	2,698	(128)	28,667	97,569
Water treatment plant	20 - 80	463,798	1,849	(394)	465,253	128,593	8,778	(353)	137,018	328,235
Transmission and distribution plant	30 - 80	1,002,493	56,649	(2,743)	1,056,399	250,605	14,033	(1,325)	263,313	793,086
General plant and equipment	5 - 50	153,834	3,945	(2,066)	155,713	72,627	8,156	(1,957)	78,826	76,887
Leasehold and other improvements	5 - 30	71,111	-	-	71,111	35,066	4,604	-	39,670	31,441
Land held for future use		14,276	-	-	14,276	-	-	-	-	14,276
Total utility plant in service		<u>2,474,265</u>	<u>86,729</u>	<u>(6,044)</u>	<u>2,554,950</u>	<u>676,423</u>	<u>47,095</u>	<u>(3,622)</u>	<u>719,896</u>	<u>1,835,054</u>
NONUTILITY PLANT IN SERVICE:										
Plant	10 - 80	9,070	-	-	9,070	3,505	125	-	3,630	5,440
General equipment	5 - 20	27	10	-	37	21	1	-	22	15
Total nonutility plant in service		<u>9,097</u>	<u>10</u>	<u>-</u>	<u>9,107</u>	<u>3,526</u>	<u>126</u>	<u>-</u>	<u>3,652</u>	<u>5,455</u>
UTILITY PLANT UNDER CAPITAL LEASE:										
Wolford Mountain	80	42,980	-	-	42,980	9,583	559	-	10,142	32,838
CONSTRUCTION IN PROGRESS										
		<u>117,862</u>	<u>6,682</u>	<u>(300)</u>	<u>124,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,244</u>
Total property, plant and equipment		<u>\$ 2,644,204</u>	<u>\$ 93,421</u>	<u>\$ (6,344)</u>	<u>\$ 2,731,281</u>	<u>\$ 689,532</u>	<u>\$ 47,780</u>	<u>\$ (3,622)</u>	<u>\$ 733,690</u>	<u>\$ 1,997,591</u>

See accompanying independent auditors' report.

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Revenue Water Improvement and Refunding Bonds Outstanding
December 31, 2013
(Amounts expressed in thousands)

Date of Issue	Interest Rates on Bonds Outstanding as of December 31, 2013	Amount			Bonds Which Are Callable	
		Issued	Retired	Outstanding	Callable Amount	Initial Date Callable
Nov 23, 2004	5.00%	\$ 43,655	\$ (37,705)	\$ 5,950	\$ -	Dec 1, 2014
Jul 12, 2005	3.75-4.25%	30,000	(22,865)	7,135	4,420	Dec 1, 2015
Mar 22, 2007A	3.00-5.00%	100,000	(4,140)	95,860	86,315	Dec 15, 2017
Jun 23, 2008A	0.75%	1,800	(720)	1,080	-	Not callable
June 2, 2009A	4.65-6.15%	44,000	-	44,000	40,255	Dec 15, 2019
Sep 28, 2010B	2.625-5.17%	90,000	-	90,000	78,990	Dec 15, 2020
May 22, 2012A	3.50-5.00%	36,555	-	36,555	32,040	Dec 15, 2021
Jun 26, 2012B	3.00-5.00%	108,545	(17,950)	90,595	16,315	Dec 15, 2021
Jun 26, 2012C	0.60-0.80%	8,665	(2,875)	5,790	8,665	Any business day
		<u>\$ 463,220</u>	<u>\$ (86,255)</u>	376,965	<u>\$ 267,000</u>	
Plus premium				11,472		
Total Revenue Bonds				<u>\$ 388,437</u>		

See accompanying independent auditors' report.

BOARD OF WATER COMMISSIONERS
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 Summary of Revenue Bond Debt Service Requirements Outstanding
 December 31, 2013
 Years 2014 to 2041, inclusive
 (Amounts expressed in thousands)

<u>Year</u>	<u>Rev. Bond Retirements (Exhibit II-C)</u>	<u>Rev. Bond Interest¹ (Exhibit II-D)</u>	<u>Total Debt Service</u>	<u>Build America Bonds Interest Subsidy</u>
2014	\$ 26,090	\$ 17,231	\$ 43,321	\$ 2,176
2015	27,000	16,146	43,146	2,176
2016	19,290	14,968	34,258	2,175
2017	13,420	14,039	27,459	2,175
2018	12,830	13,441	26,271	2,134
2019	10,935	12,864	23,799	2,089
2020	11,810	12,398	24,208	2,038
2021	14,270	11,879	26,149	1,983
2022	14,720	11,264	25,984	1,925
2023	15,170	10,621	25,791	1,863
2024	12,455	9,954	22,409	1,795
2025	12,685	9,383	22,068	1,858
2026	10,835	8,800	19,635	1,776
2027	11,275	8,290	19,565	1,690
2028	11,745	7,746	19,491	1,599
2029	11,385	7,177	18,562	1,503
2030	11,875	6,604	18,479	1,403
2031	12,405	6,098	18,503	1,297
2032	12,950	5,562	18,512	1,186
2033	13,525	5,004	18,529	1,069
2034	14,125	4,420	18,545	948
2035	14,750	3,733	18,483	822
2036	15,385	3,030	18,415	689
2037	16,060	2,284	18,344	550
2038	9,875	1,506	11,381	406
2039	10,260	991	11,251	254
2040	7,545	456	8,001	97
2041	2,295	91	2,386	-
	376,965	225,980	602,945	
Plus premium	11,472	-	11,472	
	<u>\$ 388,437</u>	<u>\$ 225,980</u>	<u>\$ 614,417</u>	<u>\$ 39,676</u>

¹Excludes Build America Bonds interest subsidy.

See accompanying independent auditors' report.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
Schedule of Bond Retirements for Revenue Bonds Outstanding
December 31, 2013
Years 2014 to 2041, inclusive
(Amounts expressed in thousands)

Year	Series 2004 Improv/Ref	Series 2005 Improvement	Series 2007A Improvement	Series 2008A Improvement	Series 2009A Improvement	Series 2010B Improvement	Series 2012A Improvement	Series 2012B Refunding	Series 2012C Refunding	Total
2014	\$ 2,900	\$ 1,325	\$ 2,215	\$ 120	\$ -	\$ -	\$ -	\$ 16,640	\$ 2,890	\$ 26,090
2015	3,050	1,390	2,325	120	-	-	-	17,215	2,900	27,000
2016	-	-	2,440	120	-	-	-	16,730	-	19,290
2017	-	-	2,565	120	1,215	2,670	815	6,035	-	13,420
2018	-	-	2,690	120	1,245	2,720	860	5,195	-	12,830
2019	-	-	2,825	120	1,285	2,780	900	3,025	-	10,935
2020	-	-	2,945	120	1,325	2,840	945	3,635	-	11,810
2021	-	-	3,070	120	1,370	2,910	995	5,805	-	14,270
2022	-	-	3,205	120	1,420	2,980	1,045	5,950	-	14,720
2023	-	-	3,345	-	1,475	3,055	1,095	6,200	-	15,170
2024	-	2,155	3,495	-	1,530	3,140	1,140	995	-	12,455
2025	-	2,265	3,655	-	1,595	3,230	1,185	755	-	12,685
2026	-	-	3,835	-	1,660	3,330	1,230	780	-	10,835
2027	-	-	4,030	-	1,730	3,430	1,280	805	-	11,275
2028	-	-	4,230	-	1,805	3,540	1,340	830	-	11,745
2029	-	-	4,440	-	1,885	3,660	1,400	-	-	11,385
2030	-	-	4,665	-	1,970	3,780	1,460	-	-	11,875
2031	-	-	4,900	-	2,065	3,910	1,530	-	-	12,405
2032	-	-	5,145	-	2,160	4,050	1,595	-	-	12,950
2033	-	-	5,400	-	2,265	4,190	1,670	-	-	13,525
2034	-	-	5,670	-	2,370	4,340	1,745	-	-	14,125
2035	-	-	5,955	-	2,480	4,495	1,820	-	-	14,750
2036	-	-	6,250	-	2,600	4,650	1,885	-	-	15,385
2037	-	-	6,565	-	2,720	4,815	1,960	-	-	16,060
2038	-	-	-	-	2,850	4,985	2,040	-	-	9,875
2039	-	-	-	-	2,980	5,160	2,120	-	-	10,260
2040	-	-	-	-	-	5,340	2,205	-	-	7,545
2041	-	-	-	-	-	-	2,295	-	-	2,295
	<u>\$ 5,950</u>	<u>\$ 7,135</u>	<u>\$ 95,860</u>	<u>\$ 1,080</u>	<u>\$ 44,000</u>	<u>\$ 90,000</u>	<u>\$ 36,555</u>	<u>\$ 90,595</u>	<u>\$ 5,790</u>	<u>\$ 376,965</u>

See accompanying independent auditors' report.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
 Schedule of Bond Interest for Revenue Bonds Outstanding¹
 December 31, 2013
 Years 2014 to 2041, inclusive
 (Amounts expressed in thousands)

Year	Series 2004 Improv/Ref	Series 2005 Improvement	Series 2007A Improvement	Series 2008A Improvement	Series 2009A Improvement	Series 2010B Improvement	Series 2012A Improvement	Series 2012B Refunding	Series 2012C Refunding	Total
2014	\$ 298	\$ 293	\$ 4,216	\$ 8	\$ 2,589	\$ 4,110	\$ 1,569	\$ 4,107	\$ 41	\$ 17,231
2015	152	243	4,105	7	2,589	4,110	1,569	3,348	23	16,146
2016	-	188	3,989	6	2,588	4,109	1,569	2,519	-	14,968
2017	-	188	3,867	5	2,588	4,109	1,569	1,713	-	14,039
2018	-	188	3,739	4	2,532	4,039	1,528	1,411	-	13,441
2019	-	188	3,604	4	2,471	3,961	1,485	1,151	-	12,864
2020	-	188	3,463	3	2,407	3,867	1,440	1,030	-	12,398
2021	-	188	3,338	2	2,337	3,768	1,393	853	-	11,879
2022	-	188	3,184	2	2,262	3,664	1,343	621	-	11,264
2023	-	188	3,024	-	2,182	3,553	1,291	383	-	10,621
2024	-	187	2,857	-	2,097	3,431	1,247	135	-	9,954
2025	-	96	2,682	-	2,009	3,300	1,201	95	-	9,383
2026	-	-	2,499	-	1,913	3,161	1,154	73	-	8,800
2027	-	-	2,308	-	1,813	3,015	1,105	49	-	8,290
2028	-	-	2,106	-	1,709	2,859	1,047	25	-	7,746
2029	-	-	1,895	-	1,601	2,694	987	-	-	7,177
2030	-	-	1,672	-	1,488	2,520	924	-	-	6,604
2031	-	-	1,533	-	1,370	2,337	858	-	-	6,098
2032	-	-	1,386	-	1,246	2,141	789	-	-	5,562
2033	-	-	1,231	-	1,116	1,939	718	-	-	5,004
2034	-	-	1,069	-	980	1,729	642	-	-	4,420
2035	-	-	821	-	838	1,510	564	-	-	3,733
2036	-	-	561	-	686	1,283	500	-	-	3,030
2037	-	-	287	-	526	1,046	425	-	-	2,284
2038	-	-	-	-	359	801	346	-	-	1,506
2039	-	-	-	-	183	543	265	-	-	991
2040	-	-	-	-	-	276	180	-	-	456
2041	-	-	-	-	-	-	91	-	-	91
	<u>\$ 450</u>	<u>\$ 2,323</u>	<u>\$ 59,436</u>	<u>\$ 41</u>	<u>\$ 44,479</u>	<u>\$ 73,875</u>	<u>\$ 27,799</u>	<u>\$ 17,513</u>	<u>\$ 64</u>	<u>\$ 225,980</u>

¹Excludes Build America Bonds interest subsidy. See Exhibit II-B.

See accompanying independent auditors' report.

STATISTICAL SECTION

This part of Denver Water's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Denver Water's overall financial health.

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Sources : Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year or internal Denver Water operating groups.

Rounding : Some columns in the statistical section are totaled according to the precision of the numbers entered rather than the way they are displayed, and may not appear to total correctly.

STATISTICAL SUMMARY: 2004 - 2013

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Population served ¹	1,161,000	1,147,000	1,135,000	1,125,000	1,111,000	1,093,000	1,077,000	1,064,000	1,057,000	1,055,000
Total treated water consumption (million gallons) ²	60,212.44	71,968.70	68,260.80	69,695.40	62,106.90	71,975.87	70,479.84	74,724.98	68,473.70	60,578.77
Average daily consumption (million gallons)	165.00	196.64	187.02	190.95	170.16	196.66	193.10	204.73	187.60	165.52
Average daily consumption per capita (gallons) ¹	142	171	165	170	153	180	179	192	177	157
Maximum daily consumption (million gallons)	355.00	398.20	366.40	365.81	341.80	426.16	425.70	425.68	424.80	340.92
Maximum hour treated water use rate (million gallons per day)	591.00	628.00	546.80	577.75	516.90	670.00	660.00	671.04	725.27	567.52
Treated water pumped (million gallons)	34,895.00	39,484.10	36,443.50	41,611.30	38,198.90	50,283.70	44,684.79	44,937.60	41,890.71	39,105.07
Raw water storage capacity (acre-feet) ³	569,534	569,534	569,534	561,883	561,883	561,883	561,883	561,883	561,883	561,883
Replacement reservoir storage capacity (acre-feet)	122,432	122,432	122,432	122,432	122,432	122,432	122,432	122,432	122,432	122,432
Supply from South Platte River (acre-feet) ⁴	142,915	85,765	117,559	151,891	138,791	122,255	168,554	113,868	154,750	119,978
Supply from Blue River/Roberts Tunnel system (acre-feet)	111,564	54,394	148,643	74,674	58,468	80,056	65,682	127,074	94,470	75,984
Supply from Moffat system (acre-feet)	141,159	54,523	93,763	76,318	79,636	88,842	85,444	83,022	63,872	59,344
Treated water pumping capacity (mgd)	1,007.9	1,003.3	1,003.3	1,095.9	1,095.9	1,097.4	1,097.4	1,096.3	1,096.3	1,077.1
Raw water pumping capacity (mgd)	112.2	112.2	112.2	112.2	112.2	112.2	112.2	92.2	92.2	92.2
Treatment plant capacity (mgd)	715.0	715.0	715.0	715.0	715.0	715.0	715.0	715.0	715.0	715.0
Treated water reservoir capacity (million gallons)	353.3	381.65	371.65	371.65	371.65	368.65	368.65	368.65	368.65	376.65
Raw water supply mains in miles (mountain collection system)	77.4	77.5	77.5	76.9	77.5	77.5	77.6	77.5	77.5	77.6
Raw water supply mains in miles (metropolitan Denver area)	52.3	47.7	47.7	47.1	46.0	40.7	40.7	40.7	40.7	40.7
Transmission & distribution mains (miles) - Inside City and Outside City Total Service Contract distributors	3,058.2	3,050.1	3,041	3,037	2,954	2,681	2,657	2,645	2,631	2,608
Recycled water transmission & distribution mains (miles)	63.1	49.0	45.0	44.2	35.3	36.5	36.5	32.6	31.3	31.3
Total active taps - end of year	312,228	310,463	309,269	309,562	310,068	309,373	308,079	306,901	304,483	301,565
Fire hydrants operated & maintained	19,818	19,670	19,553	19,439	19,159	19,185	15,767	15,679	15,459	14,956
Fire hydrants tested and repaired	25,177	25,112	26,760	21,103	18,472	25,577	27,940	30,739	32,474	32,045
Breaks in mains - Denver	222	232	313	261	220	274	247	198	242	219
Service leaks	719	402	385	287	329	318	879	1,043	1,452	1,204
Total employees (actual)	1,064.9	1,082.5	1,069.8	1,089.1	1,095.1	1,055.0	1,010.2	1,004.8	1,012.7	1,037.9
Additions to capital assets (thousands)	\$ 93,421	\$ 128,277	\$ 113,071	\$ 125,816	\$ 103,146	\$ 101,328	\$ 103,779	\$ 102,458	\$ 81,877	\$ 71,669
Total long-term debt ⁵ (thousands)	\$ 414,013	\$ 434,945	\$ 415,644	\$ 449,828	\$ 392,659	\$ 381,285	\$ 410,928	\$ 346,114	\$ 375,917	\$ 372,876

¹Population estimated based on treated water customers only. Revised population from 2002 to 2010 is based on 2010 Census information.

²Denver Water has three water treatment facilities. See page III-76, "Water Treated Monthly." Total treated water consumption includes both sales of treated water as well as unaccounted-for water.

See page III-21 "Sales of Treated Water Between Inside and Outside City."

³Denver Water has 12 raw water reservoirs. See page III-60, "Source of Supply - Reservoirs and Collection Systems."

⁴Supply includes effluent exchanges.

⁵Long-term debt consists of current and long-term portions of bonds payable and obligations under capital lease, net of discounts and premiums plus notes payable. Effective in 2012, deferred amounts on refunding are no longer included.

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A - FINANCIAL TRENDS INFORMATION

These schedules contain trend information to help the reader understand how Denver Water's financial performance and well-being have changed over time.

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NET POSITION BY COMPONENT: 2004 - 2013

(amounts expressed in thousands)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
NET POSITION:										
Net investment in capital assets	\$ 1,579,642	\$ 1,513,582	\$ 1,454,710	\$ 1,401,820	\$ 1,363,848	\$ 1,319,268	\$ 1,227,499	\$ 1,236,642	\$ 1,151,459	\$ 1,109,875
Restricted for debt service reserve funds	12,327	12,274	13,746	18,912	13,233	9,005	7,661	7,021	7,723	7,002
Unrestricted	230,159	217,297	169,602	162,077	174,279	178,243	199,493	125,988	134,323	122,579
Total net position	\$ 1,822,128	\$ 1,743,153	\$ 1,638,058	\$ 1,582,809	\$ 1,551,360	\$ 1,506,516	\$ 1,434,653	\$ 1,369,651	\$ 1,293,505	\$ 1,239,456

¹Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted, and unrestricted.

Net position is considered restricted when constraints placed on net position use are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

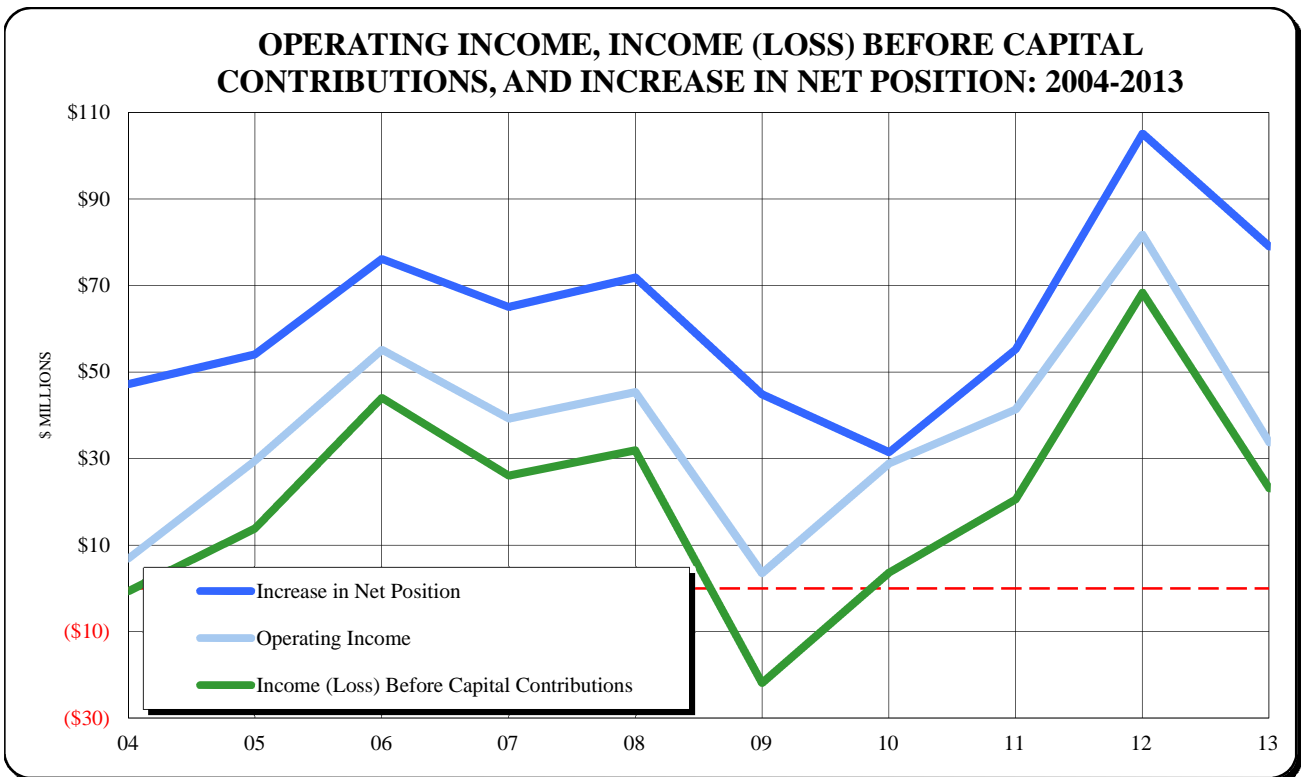
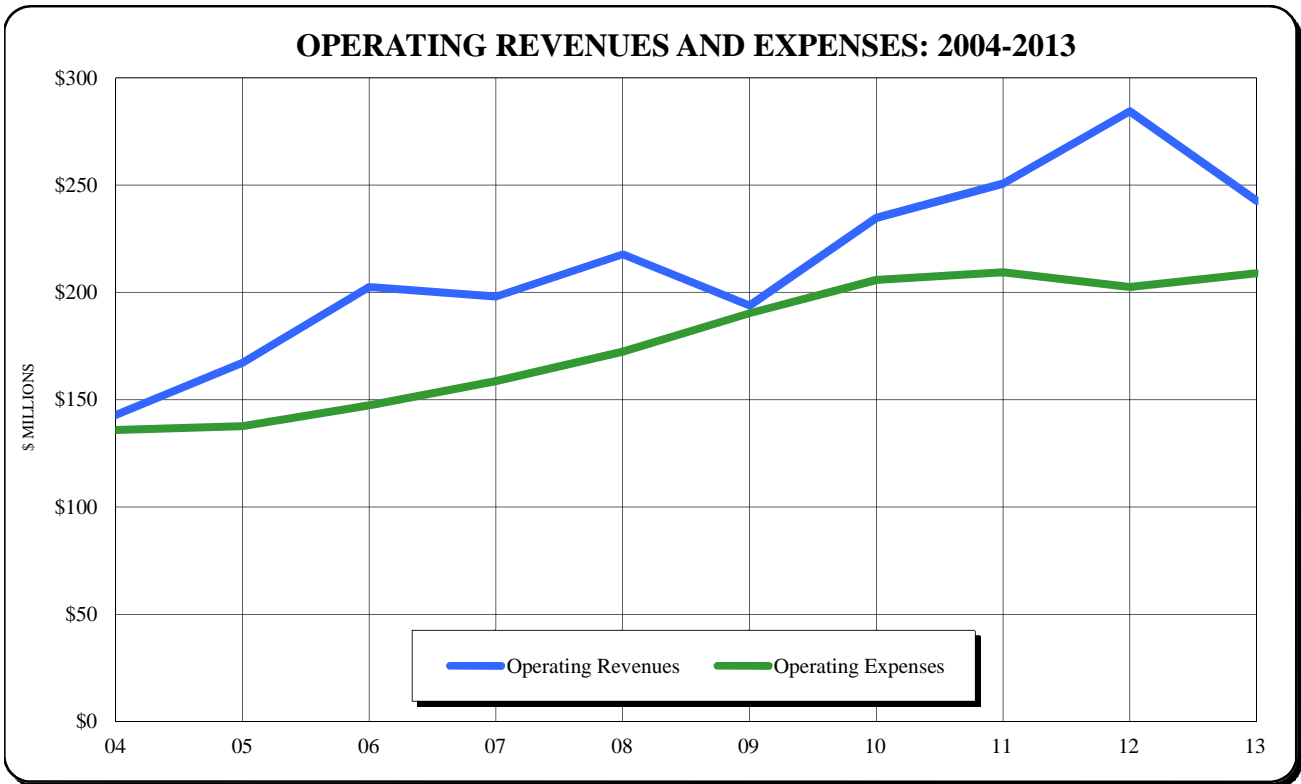
²The above data was extracted from the audited financial statements of the Board of Water Commissioners.

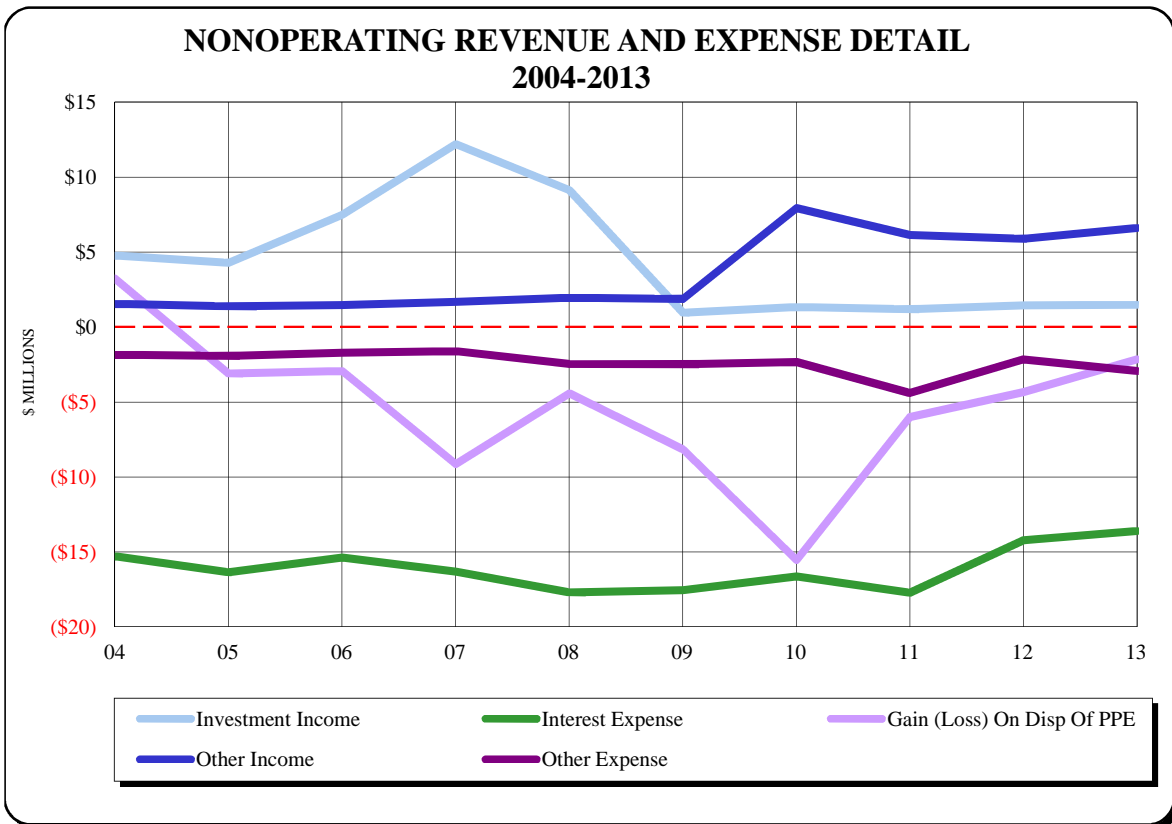
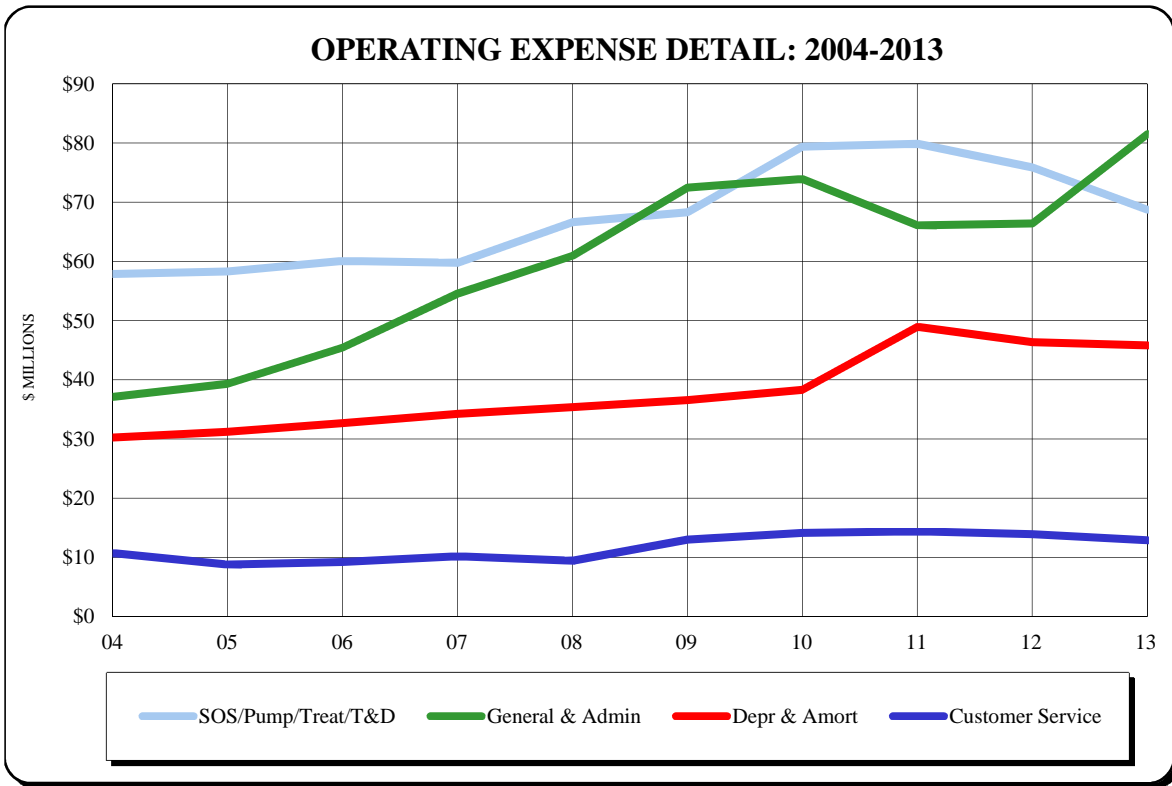
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION^{1,2}: 2004 - 2013
(amounts expressed in thousands)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
OPERATING REVENUES:										
Water	\$ 230,482	\$ 271,575	\$ 239,186	\$ 224,489	\$ 184,396	\$ 205,941	\$ 188,729	\$ 193,743	\$ 158,454	\$ 136,138
Power generation and other	12,141	12,764	11,481	10,187	9,432	11,791	9,273	8,739	8,780	6,734
Total operating revenues	242,623	284,339	250,667	234,676	193,828	217,732	198,002	202,482	167,234	142,872
OPERATING EXPENSES:										
Source of supply, pumping, treatment and distribution	68,722	75,846	79,881	79,400	68,275	66,629	59,760	60,095	58,326	57,846
General and administrative	81,494	66,433	66,077	73,926	72,487	60,955	54,545	45,439	39,312	37,104
Customer service	12,894	13,929	14,394	14,150	13,022	9,407	10,208	9,196	8,800	10,737
Depreciation and amortization	45,805	46,363	48,961	38,322	36,582	35,382	34,238	32,656	31,232	30,268
Total operating expenses	208,915	202,571	209,313	205,798	190,366	172,373	158,751	147,386	137,670	135,955
OPERATING INCOME	33,708	81,768	41,354	28,878	3,462	45,359	39,251	55,096	29,564	6,917
NONOPERATING REVENUES (EXPENSES):										
Investment income	1,488	1,451	1,201	1,336	948	9,141	12,201	7,491	4,295	4,777
Interest expense, less capitalized interest	(13,602)	(14,217)	(17,719)	(16,630)	(17,547)	(17,699)	(16,305)	(15,368)	(16,353)	(15,283)
Gain (loss) on disposition of capital assets	(2,171)	(4,331)	(6,011)	(15,533)	(8,168)	(4,426)	(9,144)	(2,922)	(3,097)	3,237
Other income	6,606	5,882	6,147	7,931	1,881	1,956	1,677	1,459	1,380	1,563
Other expense	(2,939)	(2,164)	(4,408)	(2,336)	(2,483)	(2,459)	(1,612)	(1,706)	(1,931)	(1,834)
Total nonoperating expenses, net	(10,618)	(13,379)	(20,790)	(25,232)	(25,369)	(13,487)	(13,183)	(11,046)	(15,706)	(7,540)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	23,090	68,389	20,564	3,646	(21,907)	31,872	26,068	44,050	13,858	(623)
CAPITAL CONTRIBUTIONS:										
Contributions in aid of construction	21,424	17,163	17,239	10,861	41,443	21,492	12,911	11,245	14,072	11,374
System development charges	34,461	19,543	17,446	16,942	25,308	18,499	26,023	20,851	26,119	36,461
Total capital contributions	55,885	36,706	34,685	27,803	66,751	39,991	38,934	32,096	40,191	47,835
INCREASE IN NET POSITION	78,975	105,095	55,249	31,449	44,844	71,863	65,002	76,146	54,049	47,212
NET POSITION:										
Beginning of year	1,743,153	1,638,058	1,582,809	1,551,360	1,506,516	1,434,653	1,369,651	1,293,505	1,239,456	1,192,244
End of year	\$ 1,822,128	\$ 1,743,153	\$ 1,638,058	\$ 1,582,809	\$ 1,551,360	\$ 1,506,516	\$ 1,434,653	\$ 1,369,651	\$ 1,293,505	\$ 1,239,456

¹The above data was extracted from the audited financial statements of the Board of Water Commissioners.

²Certain reclassifications have been made to prior years' information to conform to the current year presentation.



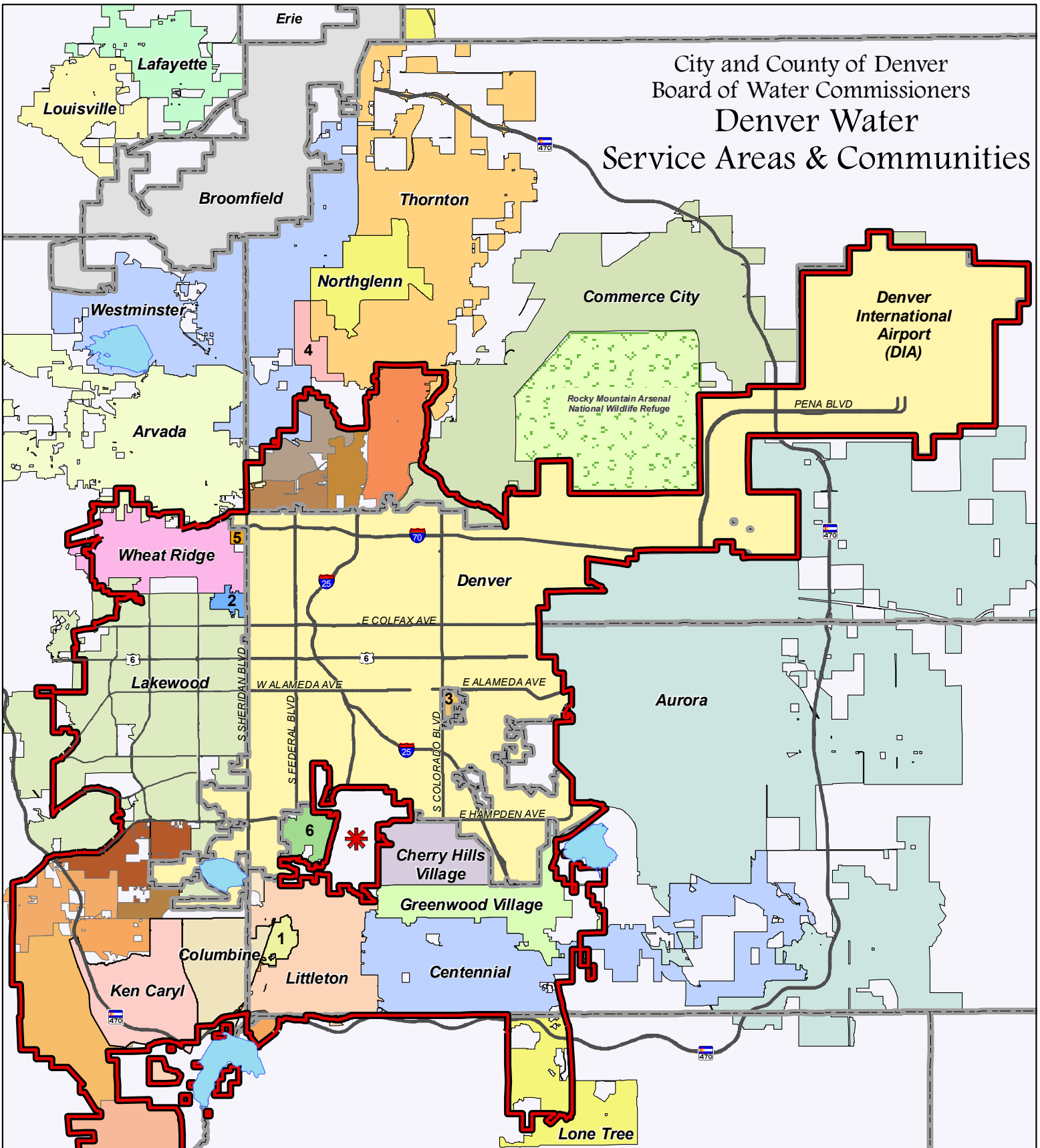


B - REVENUE CAPACITY INFORMATION





*These schedules contain information to help the reader assess
Denver Water's primary revenue sources.*

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City and County of Denver
 Board of Water Commissioners
Denver Water
 Service Areas & Communities



Legend

Smaller Communities		
1 Columbine Valley	4 Federal Heights	 Combined Service Area 2008  County Boundaries  Lakes
2 Edgewater	5 Lakeside	
3 Glendale	6 Sheridan	
 Englewood - Not part of the Denver Water Service Area		

0 2 4 8 Miles

Map Date: January, 2010

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CUSTOMER SERVICE DATA: 2004 - 2013

	2013	2012	2011 ⁶	2010	2009 ⁷	2008	2007	2006	2005	2004
Active Taps:¹										
Beginning of Year	310,463	309,272	309,562	310,068	309,373	308,079	306,901	304,483	301,565	299,157
Activated During Year	2,377	1,539	23	886	979	1,919	1,826	2,900	3,099	2,736
Discontinued During Year	(612)	(348)	(313)	(1,392)	(284)	(625)	(648)	(482)	(181)	(328)
Net Increase During Year	1,765	1,191	(290)	(506)	695	1,294	1,178	2,418	2,918	2,408
Total Active Taps - End of Year	312,228	310,463	309,272	309,562	310,068	309,373	308,079	306,901	304,483	301,565
Active Taps:¹										
Inside City	161,668	160,205	159,302	159,592	161,611	158,448	157,707	157,124	155,778	154,170
City and County	1,334	1,218	1,204	1,277	1,272	1,226	1,212	1,222	1,206	1,084
Outside City - Read and Bill	36,795	36,637	36,542	36,477	35,760	36,420	36,278	36,043	35,558	35,043
Outside City - Total Service	36,473	36,318	36,270	36,376	36,140	36,230	36,112	35,960	35,793	35,639
Outside City - Master Meter	75,958	76,085	75,954	75,840	75,285	77,049	76,770	76,552	76,148	75,629
Total Active Taps - End of Year	312,228	310,463	309,272	309,562	310,068	309,373	308,079	306,901	304,483	301,565
Stub-Ins on System ²	811	514	651	367	275	801	1,408	1,936	1,926	2,887
Fire Hydrant Use Permits	550	518	527	439	485	518	546	518	488	472
AMR (Automatic Meter Reading) Installations ³	-	-	895	886	742	137	85	10,594	9,855	54,085
Turn-Offs Due to Delinquent Accounts	4,746	5,463	6,125	6,687	8,913	13,284	12,747	12,895	11,529	14,684
In-Home Water Audits	976	609	480	409	349	383	169	56	81	89
Call Center Calls ⁴	227,736	231,533	221,291	213,065	229,979	237,047	215,457	198,620	212,114	253,716
Water Quality Calls:										
Taste and Odor	219	212	169	221	194	161	180	161	87	66
Dirty Water	326	289	333	309	356	205	221	222	90	221
Illness Concerns ⁵	50	48	46	51	56	48	50			
Other	192	99	89	128	63	50	40	88	24	22
New Taps Made	1,941	950	906	583	679	1,743	1,901	3,199	2,991	3,537

¹An active tap is defined as a metered connection to the distribution main that has had all fees paid, and is either currently using water, or has used water at any time during the last five consecutive years. Does not include taps sold to raw water customers.

²A stub-in is a connections made solely to extend the service line from the main to the valve at the property line prior to the paving of the street and is not considered a tap.

³AMR represents large capital investments to replace old batteries in the AMRs not day to day replacements of meters

⁴Call Center Calls include calls offered, plus calls handled through the Interactive Voice Response (IVR).

⁵Illness Concerns calls from 2002 through 2006 were included in "other."

⁶In 2011, there were 895 taps activated during the year. There were 875 change over taps double counted in prior years which were corrected in 2011 .

⁷In 2009, a new customer information system was implemented and data produced from that system may not be strictly comparable to prior years.

WATER SOLD IN DOLLARS BY TYPE OF CUSTOMER: 2004 - 2013

(NON-ACCRUAL BASIS)¹
 (amounts expressed in thousands)

		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
SALES OF TREATED WATER											
A. METERED GENERAL CUSTOMERS											
Residential -	Inside City	\$ 48,057	\$ 57,504	\$49,853	\$ 46,658	\$ 34,776	\$ 39,376	\$ 36,393	\$ 38,199	\$ 32,167	\$ 25,520
	Outside City-Read and Bill	16,893	20,726	17,739	17,547	13,016	15,970	16,255	16,933	13,572	10,091
	Outside City-Total Service	22,168	28,464	23,923	24,172	17,921	22,069	19,965	21,868	17,501	13,041
Residential Irrigation ² -	Inside City	995	1,363	1,128	1,044	707	860	683	-	-	-
	Outside City-Read and Bill	725	1,002	819	798	609	696	427	-	-	-
	Outside City-Total Service	602	766	632	617	468	459	388	-	-	-
Small multi-family -	Inside City	4,780	5,281	4,735	4,285	3,657	3,735	3,464	3,287	2,916	2,438
	Outside City-Read and Bill	476	505	437	370	331	291	263	258	214	166
	Outside City-Total Service	748	813	714	606	552	528	464	502	384	297
Commercial -	Inside City	33,834	37,074	33,705	31,454	29,121	29,548	28,432	27,371	24,640	20,385
	Outside City-Read and Bill	8,501	9,585	8,557	8,069	8,163	7,164	7,645	7,892	6,414	5,116
	Outside City-Total Service	8,744	9,691	8,821	8,285	8,040	8,372	7,575	7,909	6,510	5,147
Industrial -	Inside City	3,139	3,212	2,995	2,820	2,896	3,020	2,996	2,639	2,168	1,450
	Outside City-Read and Bill	1,028	1,624	2,239	2,101	2,016	2,384	2,444	2,155	1,689	1,648
	R&B Winter/Summer Adj	-	(1,644)	-	-	-	-	-	-	-	-
	Outside City-Total Service	148	164	167	184	120	201	161	170	169	124
Other Irrigation ³ -	Inside City	2,494	3,709	3,190	2,889	1,815	2,017	-	-	-	-
	Outside City-Read and Bill	1,535	2,095	1,736	1,757	1,182	1,246	-	-	-	-
	Outside City-Total Service	2,300	3,077	2,688	2,567	1,697	1,920	-	-	-	-
		157,167	185,011	164,078	156,223	127,087	139,059	128,352	129,183	108,344	85,423
B. PRIVATE FIRE PROTECTION SERVICE											
Sprinklers -	Inside City	827	1,015	985	928	925	896	879	860	698	668
	Outside City-Read and Bill	71	65	51	49	52	45	45	44	42	39
	Outside City-Total Service	133	122	73	70	71	64	62	58	55	50
		1,031	1,202	1,109	1,047	1,048	1,005	986	962	795	757
C. OTHER SALES TO PUBLIC AUTHORITIES											
City & County of Denver ⁴ -	Irrigation	2,686	4,087	3,148	3,616	2,441	3,394	-	-	-	-
	Non-Irrigation	1,717	1,880	1,583	1,584	1,772	1,491	3,799	4,126	2,937	2,254
Other County Agencies -	Inside City	1,003	1,476	1,136	1,040	950	1,153	1,102	1,115	893	586
	Outside City-Read and Bill	625	743	757	891	458	600	752	725	480	368
	Outside City-Total Service	708	964	852	839	674	758	1,136	1,127	855	497
State Agencies -	Inside City	354	393	375	362	352	469	481	498	415	344
	Outside City-Read and Bill	38	42	39	37	35	29	29	26	22	6
	Outside City-Total Service	7	6	4	5	4	7	6	4	4	3
Federal Agencies -	Inside City	133	168	198	92	357	288	269	231	208	185
	Outside City-R&B at Denver Rates	26	26	67	31	35	61	17	17	18	15
	Outside City-Read and Bill	37	48	62	530	118	427	297	248	335	260
	Total Service	2	2	2	1	2	2	2	2	2	1
		7,336	9,835	8,223	9,028	7,198	8,679	7,890	8,119	6,169	4,519
D. SALES OF TREATED WATER FOR RESALE											
Outside City - Master Meter		47,550	62,968	47,483	43,196	38,192	40,909	37,611	37,396	32,270	26,050
Outside the Combined Service Area		10,729	4,064	9,886	9,552	8,954	8,686	9,141	7,715	5,555	4,931
		58,279	67,032	57,369	52,748	47,146	49,595	46,752	45,111	37,825	30,981
TOTAL SALES OF TREATED WATER											
		223,813	263,080	230,780	219,046	182,479	198,338	183,980	183,375	153,133	121,680
SALES OF NONPOTABLE WATER											
		7,043	8,271	7,039	6,189	5,587	7,204	5,576	9,309	5,459	4,367
TOTAL SALES OF WATER											
		\$ 230,856	\$ 271,351	\$ 237,819	\$ 225,235	\$ 188,066	\$ 205,542	\$ 189,556	\$ 192,683	\$ 158,592	\$ 126,047

¹This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled metered accounts. Therefore, amounts on this schedule do not agree with amounts on the Statement of Revenues, Expenses and Changes in Net Position. The difference from amounts on an accrual basis is immaterial.

²In 2007, a separate rate classification was created for residential irrigation-only customers ("Residential Irrigation"). For years prior to 2007, the revenue earned from the sale of water and the related gallons sold to these customers are included in the amounts shown for regular residential service.

³In 2008, a separate rate classification was created for commercial, industrial and governmental irrigation-only customers ("Other Irrigation"). For years prior to 2008, the revenue earned from the sale of water and the related gallons sold to these customers are included in the amounts shown for regular commercial, industrial and local government agency service.

⁴In 2008, a separate rate classification was created for City and County of Denver irrigation-only customers ("City & County of Denver - Irrigation"). For years prior to 2008, the revenue earned from the sale of water and the related gallons sold to these customers are included in "City & County of Denver - Non-Irrigation."

TREATED WATER SOLD IN GALLONS BY TYPE OF CUSTOMER: 2004 - 2013
(amounts expressed in thousands of gallons)

<u>SALES OF TREATED WATER</u>		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
A. METERED GENERAL CUSTOMERS											
Residential -	Inside City	11,629,361	14,052,609	13,098,298	13,601,820	12,075,102	14,190,479	13,788,207	15,319,966	13,900,011	12,142,332
	Outside City-Read and Bill	3,839,625	4,750,696	4,399,807	4,593,122	4,114,005	4,913,295	4,691,563	5,278,025	4,704,115	3,996,515
	Outside City-Total Service	4,150,654	5,225,688	4,794,193	4,959,464	4,388,923	5,297,529	5,008,534	5,673,116	4,990,298	4,269,146
Residential Irrigation ¹ -	Inside City	202,587	283,485	248,861	261,019	190,264	247,163	186,902	-	-	-
	Outside City-Read and Bill	139,779	198,236	173,346	186,694	139,916	200,591	116,794	-	-	-
	Outside City-Total Service	101,655	140,407	121,065	124,574	94,358	125,168	89,235	-	-	-
Small multi-family -	Inside City	1,370,868	1,560,394	1,495,266	1,525,150	1,437,136	1,556,375	1,544,714	1,625,016	1,505,370	1,389,009
	Outside City-Read and Bill	125,029	135,850	125,757	118,190	114,740	113,627	108,934	102,529	90,030	77,006
	Outside City-Total Service	163,553	184,925	172,393	156,313	149,255	158,912	149,588	164,236	141,204	121,841
Commercial -	Inside City	11,407,418	12,522,805	12,157,287	12,398,800	12,069,634	12,643,141	13,060,641	13,453,864	13,607,253	12,397,505
	Outside City-Read and Bill	2,208,047	2,524,765	2,384,164	2,370,656	2,390,356	2,519,213	2,778,664	2,940,758	2,681,743	2,406,636
	Outside City-Total Service	2,033,840	2,323,899	2,223,111	2,248,376	2,160,037	2,235,147	2,544,606	2,729,083	2,504,610	2,235,938
Industrial -	Inside City	1,145,795	1,188,635	1,185,642	1,220,187	1,286,307	1,328,867	1,434,058	1,403,596	1,225,477	921,583
	Outside City-Read and Bill	297,504	521,752	690,755	685,581	696,547	884,226	913,261	861,583	761,029	809,455
	R&B Winter/Summer Adj	-	(519,142)	-	-	-	-	-	-	-	-
	Outside City-Total Service	33,138	38,090	40,772	49,246	33,022	59,666	50,081	60,063	67,231	55,164
Other Irrigation ¹ -	Inside City	514,946	786,154	719,221	747,524	574,776	806,722	-	-	-	-
	Outside City-Read and Bill	296,929	417,375	370,134	416,362	300,627	421,140	-	-	-	-
	Outside City-Total Service	391,745	567,216	520,659	525,479	391,178	546,971	-	-	-	-
		40,052,473	46,903,839	44,920,731	46,188,557	42,606,183	48,248,232	46,465,782	49,611,835	46,178,371	40,822,130
B. OTHER SALES TO PUBLIC AUTHORITIES											
City & County of Denver ¹ -	Irrigation	1,008,417	1,565,859	1,230,115	1,594,390	1,036,056	1,951,435	-	-	-	-
	Non-Irrigation	763,591	829,144	763,595	790,149	888,372	824,476	2,415,541	2,793,826	2,234,854	2,025,120
Other County Agencies -	Inside City	309,260	445,947	368,139	363,214	358,456	478,945	500,176	535,080	453,343	341,248
	Outside City-Read and Bill	160,096	191,100	213,673	261,631	135,817	212,370	273,868	275,898	202,617	174,332
	Outside City-Total Service	148,160	210,913	195,617	208,405	166,629	219,046	338,161	386,017	327,077	216,835
State Agencies -	Inside City	118,520	130,365	130,345	140,865	147,880	200,936	224,516	251,300	223,379	216,143
	Outside City-Read and Bill	9,299	10,205	9,724	10,112	9,857	9,927	10,368	9,349	8,717	2,538
	Outside City-Total Service	1,622	1,557	1,081	1,370	1,177	1,931	1,742	1,468	1,316	1,302
Federal Agencies -	Inside City	48,534	60,751	83,863	38,759	55,456	84,686	133,356	129,602	128,769	127,765
	Outside City-R&B at Denver Rates	6,238	6,245	8,244	12,116	195,924	121,545	8,334	6,560	8,527	8,575
	Outside City-Read and Bill	8,493	11,156	22,629	152,973	38,949	149,333	107,201	94,067	126,584	121,151
	Total Service	457	367	375	384	443	488	506	475	452	489
		2,582,687	3,463,609	3,027,400	3,574,368	3,035,016	4,255,118	4,013,769	4,483,642	3,715,635	3,235,498
C. SALES OF TREATED WATER FOR RESALE											
	Outside City - Master Meter	12,574,045	15,050,805	14,109,526	14,352,778	12,824,666	15,294,977	14,753,753	15,717,343	14,544,666	12,954,486
	Outside the Combined Service Area	2,743,233	3,558,092	2,767,464	3,021,344	2,902,470	3,008,039	3,482,153	3,116,980	2,512,136	2,461,079
		15,317,278	18,608,897	16,876,990	17,374,122	15,727,136	18,303,016	18,235,906	18,834,323	17,056,802	15,415,565
TOTAL SALES OF TREATED WATER											
		57,952,438	68,976,345	64,825,121	67,137,047	61,368,335	70,806,366	68,715,457	72,929,800	66,950,808	59,473,193
<u>Reconciliation of Water Treated, Delivered, Consumption, Sales and Non-revenue Water:</u>											
	Total Water Treated (Production) - Page III-76	60,195,400	71,960,650	68,257,000	69,713,070	62,089,800	71,983,540	70,474,410	74,722,230	68,500,800	60,577,670
	(Increase) Decrease in Clear Water Storage - Page III-76	17,040	8,050	3,800	(17,670)	17,100	(7,670)	5,430	2,750	(27,100)	1,100
	Treated Water Delivered - Page III-70, III-71 & III-76	60,212,440	71,968,700	68,260,800	69,695,400	62,106,900	71,975,870	70,479,840	74,724,980	68,473,700	60,578,770
	Water Purchased - Page III-21	-	-	-	-	-	-	-	-	-	-
	Treated Water Available (Consumption) -Page III-75	60,212,440	71,968,700	68,260,800	69,695,400	62,106,900	71,975,870	70,479,840	74,724,980	68,473,700	60,578,770
	Less Sales of Treated Water - Page III-21	(57,952,438)	(68,976,345)	(64,825,121)	(67,137,047)	(61,368,335)	(70,806,366)	(68,715,457)	(72,929,800)	(67,175,382)	(59,473,193)
	Less Load Shifted Treated Water - Page III-21	-	-	-	-	-	-	-	-	-	-
	Non-revenue Water - Page III-21	2,260,002	2,992,355	3,435,679	2,558,353	738,565	1,169,504	1,764,383	1,795,180	1,298,318	1,105,577
	% Non-revenue Water - Page III-21	3.75%	4.16%	5.03%	3.67%	1.19%	1.62%	2.50%	2.40%	1.90%	1.83%

¹See footnotes on page III-16.

OPERATING REVENUE AND RELATED WATER CONSUMPTION - 2013

(NON-ACCRUAL BASIS)¹

(amounts expressed in thousands)

		<u>Revenue</u>	<u>Gallons Sold (000)</u>	<u>Average Number of Customers</u>	<u>Revenue Per 1,000 Gallons</u>
I. SALES OF TREATED WATER					
A. METERED GENERAL CUSTOMERS					
Residential	Inside City	\$ 48,057	11,629,361	135,241	\$ 4.1324
	Outside City-Read and Bill	16,893	3,839,625	33,389	4.3996
	Outside City-Total Service	22,168	4,150,654	32,531	5.3408
Residential Irrigation	Inside City	995	202,587	546	4.9115
	Outside City-Read and Bill	725	139,779	182	5.1868
	Outside City-Total Service	602	101,655	170	5.9220
Small multi-family	Inside City	4,780	1,370,868	9,478	3.4868
	Outside City-Read and Bill	476	125,029	595	3.8071
	Outside City-Total Service	748	163,553	733	4.5734
Commercial	Inside City	33,834	11,407,418	14,813	2.9660
	Outside City-Read and Bill	8,501	2,208,047	2,525	3.8500
	Outside City-Total Service	8,744	2,033,840	2,772	4.2993
Industrial	Inside City	3,139	1,145,795	256	2.7396
	Outside City-Read and Bill	1,028	297,504	6	3.4554
	Outside City-Total Service	148	33,138	8	4.4662
Other Irrigation	Inside City	2,494	514,946	784	4.8432
	Outside City-Read and Bill	1,535	296,929	255	5.1696
	Outside City-Total Service	2,300	391,745	419	5.8712
		<u>157,167</u>	<u>40,052,473</u>	<u>234,703</u>	<u>3.9240</u>
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers -	Inside City	827	-	²	
	Outside City-Read and Bill	71	-	²	
	Outside City-Total Service	133	-	²	
		<u>1,031</u>	<u>-</u>	²	
C. OTHER SALES TO PUBLIC AUTHORITIES					
City & County of Denver	Irrigation	2,686	1,008,417	797	2.6636
	Non-Irrigation	1,717	763,591	424	2.2486
Other County Agencies -	Inside City	1,003	309,260	169	3.2432
	Outside City-Read and Bill	625	160,096	49	3.9039
	Outside City-Total Service	708	148,160	81	4.7786
State Agencies -	Denver	354	118,520	51	2.9868
	Outside City-Read and Bill	38	9,299	4	4.0865
	Outside City-Total Service	7	1,622	2	4.3157
Federal Agencies -	Denver	133	48,534	18	2.7403
	Outside City-RB at Denver Rates	26	6,238	-	4.1680
	Outside City-Read and Bill	37	8,493	2	4.3565
	Outside City-Total Service	2	457	2	4.3764
		<u>7,336</u>	<u>2,582,687</u>	<u>1,599</u>	<u>2.8405</u>

¹This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts. Therefore, amounts on this schedule do not agree with amounts on the Statement of Revenues, Expenses and Changes in Net Assets. The difference from amounts on an accrual basis is immaterial.

²Private fire protection consumption is unmetered and is considered part of non-revenue water. See "Sales of Treated Water between Denver and Outside City" for this estimate.

(Continued next page)

OPERATING REVENUE AND RELATED WATER CONSUMPTION (Continued) - 2013 (Page 2 of 2)

(NON-ACCRUAL BASIS)

(amounts expressed in thousands)

	Revenue	Gallons Sold (000)	Average Number of Customers	Revenue Per 1,000 Gallons
I. SALES OF TREATED WATER (Continued)				
D. SALES OF TREATED WATER FOR RESALE³				
Outside City - Master Meter	\$ 47,550	12,574,045	75,958	\$ 3.7816
Outside the Combined Service Area	10,729	2,743,233	-	3.9111
	<u>58,279</u>	<u>15,317,278</u>	<u>75,958</u>	<u>3.8048</u>
TOTAL SALES OF TREATED WATER⁴	<u>223,813</u>	<u>57,952,438</u>	<u>312,260</u>	<u>3.8620</u>
II. SALES OF NON-POTABLE WATER⁵				
Inside City	647	1,537,602	78	0.4208
Outside City	409	528,842	12	0.7734
Outside the Combined Service Area	5,987	6,588,004	14	0.9088
	<u>7,043</u>	<u>8,654,448</u>	<u>104</u>	<u>0.8138</u>
TOTAL SALES OF WATER	<u>230,856</u>	<u>66,606,886</u> ⁷	<u>312,364</u>	<u>\$ 3.4659</u>
III. OTHER NON-POTABLE WATER DELIVERIES⁵		<u>1,383,227</u>		
TOTAL GALLONS SOLD		<u>67,990,113</u>		
IV. OTHER OPERATING REVENUE				
A. POWER SALES REVENUE⁶				
Foothills Treatment Plant	371			
Strontia Springs	347			
Dillon Dam	397			
Roberts Tunnel	1,018			
Hillcrest	431			
Williams Fork	389			
Gross Reservoir	1,310			
	<u>4,263</u>			
B. SPECIAL ASSESSMENTS				
Late Payment Penalties	1,897			
Conservation Penalties	200			
Tap Stub-in Monitoring Fee	107			
Turnoff - Turn on Charges	534			
Hydrant & Construction Water	1,711			
Other Assessments	3,429			
	<u>7,878</u>			
TOTAL OTHER OPERATING REVENUE	<u>12,141</u>			
TOTAL OPERATING REVENUE	<u>\$ 242,997</u>			

³See "Sales of Treated Water for Resale."

⁴See "Sales of Treated Water Between Denver and Outside City."

⁵See "Sales of Non-Potable Water Between Denver and Outside City."

⁶Power Sales Revenue represents actual billings made for power during the year. No accruals were made for unbilled revenue. Therefore, amounts on this schedule do not agree with amounts on other schedules which report the value of power produced.

⁷The MD&A reported 66.367 billion gallons sold in 2013. The difference of 240.112 million gallons is due to an unexplained difference between the JDE and CC&B systems regarding master meters.

SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY - 2013

(NON-ACCRUAL BASIS)¹

(Page 1 of 2)

(amounts expressed in thousands)

	Revenue		Gallons Sold		Average Number of Customers
	Amount	Percent of Total	Amount (000)	Percent of Total	
I. INSIDE CITY					
A. METERED GENERAL CUSTOMERS					
Residential	\$ 48,057	21.46%	11,629,361	20.06%	135,241
Residential Irrigation	995	0.44%	202,587	0.35%	546
Duplex	2,526	1.13%	697,814	1.20%	5,957
3-Plex	733	0.33%	212,027	0.37%	1,407
4-Plex	1,025	0.46%	308,589	0.53%	1,529
5-Plex	495	0.22%	152,438	0.26%	585
Commercial	33,834	15.12%	11,407,418	19.68%	14,813
Industrial	3,139	1.40%	1,145,795	1.98%	256
Other Irrigation	2,494	1.11%	514,946	0.89%	784
	<u>93,298</u>	<u>41.67%</u>	<u>26,270,975</u>	<u>45.32%</u>	<u>161,118</u>
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	827	0.37%	- ²		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City And County of Denver-Irrigation	2,686	1.20%	1,008,417	1.74%	797
City and County of Denver-Non-Irrigation	1,717	0.77%	763,591	1.32%	424
Other County Agencies	1,003	0.45%	309,260	0.53%	169
State Agencies	354	0.16%	118,520	0.20%	51
Federal Agencies	133	0.06%	48,534	0.08%	18
	<u>5,893</u>	<u>2.64%</u>	<u>2,248,322</u>	<u>3.87%</u>	<u>1,459</u>
TOTAL SALES OF TREATED WATER - DENVER					
	<u>100,018</u>	<u>44.68%</u>	<u>28,519,297</u>	<u>49.19%</u>	<u>162,577</u>
Revenue per 1,000 Gallons - Denver			<u>\$ 3.5070</u>		
II. OUTSIDE CITY					
A. METERED GENERAL CUSTOMERS					
Residential - Read & Bill	16,893	7.55%	3,839,625	6.63%	33,389
Residential Irrigation - Read & Bill	725	0.32%	139,779	0.24%	182
Duplex - Read & Bill	84	0.04%	21,250	0.04%	146
3-Plex - Read & Bill	89	0.04%	22,870	0.04%	131
4-Plex - Read & Bill	257	0.11%	68,156	0.12%	273
5-Plex - Read & Bill	47	0.02%	12,753	0.02%	45
Commercial - Read & Bill	8,500	3.80%	2,208,047	3.81%	2,525
Industrial - Read & Bill	1,028	0.46%	297,504	0.51%	6
Other Irrigation -Read & Bill	1,535	0.69%	296,929	0.51%	255
Residential - Total Service	22,168	9.90%	4,150,654	7.16%	32,531
Residential Irrigation - Total Service	602	0.27%	101,655	0.18%	170
Duplex - Total Service	208	0.09%	44,129	0.08%	294
3-Plex - Total Service	116	0.05%	25,257	0.04%	120
4-Plex - Total Service	305	0.14%	67,360	0.12%	228
5-Plex - Total Service	119	0.05%	26,807	0.05%	91
Commercial - Total Service	8,744	3.91%	2,033,840	3.51%	2,772
Industrial - Total Service	148	0.07%	33,138	0.06%	8
Other Irrigation - Total Service	2,300	1.03%	391,745	0.68%	419
	<u>63,868</u>	<u>28.54%</u>	<u>13,781,498</u>	<u>23.80%</u>	<u>73,585</u>

¹This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts. Therefore, amounts on this schedule do not agree with amounts on the Statement of Revenues, Expenses and Changes in Net Assets. The difference from amounts on an accrual basis is immaterial.

² Private fire protection consumption is unmetered and is considered part of non-revenue water. See "Analysis of Sales of Treated Water between Denver and Outside City" for this estimate.

(Continued next page)

SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY - 2013

(NON-ACCRUAL BASIS)

(Page 2 of 2)

(amounts expressed as thousands)

	Revenue		Gallons sold		Average Number of Customers
	Amount	Percent of Total	Amount (000)	Percent of Total	
II. OUTSIDE CITY (Continued)					
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	71	0.03%	-		²
Sprinklers - Total Service	134	0.06%	-		²
	<u>205</u>	<u>0.09%</u>	<u>-</u>		²
C. OTHER SALES TO PUBLIC AUTHORITIES					
County Agencies - Read & Bill	625	0.28%	160,096	0.28%	49
State Agencies - Read & Bill	38	0.02%	9,299	0.02%	4
Federal Agencies - Read & Bill	37	0.02%	8,493	0.01%	2
Federal Agencies at Denver Rates	26	0.01%	6,238	0.01%	-
County Agencies - Total Service	708	0.32%	148,160	0.26%	81
State Agencies - Total Service	7	0.00%	1,622	0.00%	2
Federal Agencies - Total Service	2	0.00%	457	0.00%	2
	<u>1,443</u>	<u>0.65%</u>	<u>334,365</u>	<u>0.58%</u>	<u>140</u>
D. SALES OF TREATED WATER FOR RESALE ³					
Master Meter Distributors	47,550	21.25%	12,574,045	21.70%	75,958
Outside CSA-Fixed Limit Contracts	10,729	4.79%	2,743,233	4.73%	-
	<u>58,279</u>	<u>26.04%</u>	<u>15,317,278</u>	<u>26.43%</u>	<u>75,958</u>
TOTAL SALES OF TREATED WATER - OUTSIDE CITY					
	<u>123,795</u>	<u>55.32%</u>	<u>29,433,141</u>	<u>50.81%</u>	<u>149,683</u>
Revenue per 1,000 Gallons - Outside City			<u>\$ 4.2060</u>		
TOTAL SALES OF TREATED WATER					
	<u>\$ 223,813</u>	<u>100.00%</u>	<u>57,952,438</u>	<u>100.00%</u>	<u>312,260</u>
Revenue per 1,000 Gallons - Total			<u>\$ 3.8620</u>		
RECONCILIATION/CALCULATION OF NON-REVENUE WATER					
Total Water Treated (Production) - Page III-76			60,195,400		
(Increase) Decrease in Clear Water Storage - Page III-76			17,040		
Total Treated Water Delivered - Page III-76			<u>60,212,440</u>		
Water Purchased			-		
Total Treated Water Available (Consumption) - Page III-75			<u>60,212,440</u>	100.00%	
Less Sale of Treated Water			(57,952,438)	(96.25)%	
Less Load Shifted Treated Water			-	-	
Non-revenue Water ³			<u>2,260,002</u>	<u>3.75%</u>	

²Private fire protection consumption is unmetered and is considered part of non-revenue water.

³See "Sales of Treated Water For Resale."

SALES OF NON-POTABLE WATER BETWEEN DENVER AND OUTSIDE CITY - 2013

(NON-ACCRUAL BASIS)¹

(amounts expressed as thousands)

	Revenue		Gallons Sold		Number of Customers ³	Revenue Per 1,000 Gallons
	Amount	Percent of Total	Amount (000)	Percent of Total		
I. <u>INSIDE CITY</u>						
Raw Water Sales						
City & County of Denver Agencies	\$ 72	1.02%	266,686	3.08%	2	\$ 0.2700
Xcel Energy	69	0.98%	322,684	3.73%	1	0.2138
All Other	21	0.30%	41,241	0.48%	3	0.5092
	<u>162</u>	<u>2.30%</u>	<u>630,611</u>	<u>7.29%</u>	<u>6</u>	<u>0.2569</u>
Effluent Sales						
City & County of Denver Agencies	-	-	39	-	-	-
Xcel Energy	141	2.00%	333,422	3.85%	-	0.4229
All Other	9	0.13%	19,435	0.22%	-	0.4631
	<u>150</u>	<u>2.13%</u>	<u>352,896</u>	<u>4.07%</u>	<u>-</u>	<u>0.4251</u>
Recycle Sales						
City & County of Denver Agencies	100	1.42%	330,562	3.82%	42	0.3025
All Other	227	3.22%	223,533	2.58%	30	1.0155
	<u>327</u>	<u>4.64%</u>	<u>554,095</u>	<u>6.40%</u>	<u>72</u>	<u>0.5902</u>
Minimum Contract Payment ² -All Other	8	0.11%	-	-	-	-
Total Denver	<u>647</u>	<u>9.18%</u>	<u>1,537,602</u>	<u>17.76%</u>	<u>78</u>	<u>1.2722</u>
II. <u>OUTSIDE CITY, WITHIN COMBINED SERVICE AREA</u>						
Raw Water Sales-All Others	366	5.20%	466,803	5.39%	9	0.7841
Effluent Sales-All Others	38	0.54%	62,039	0.72%	1	0.6125
Recycle Sales-Xcel Energy	-	-	-	-	-	-
Minimum Contract Payments ² -All Others	5	0.07%	-	-	2	-
Total Outside City, Within Combined Service Area	<u>409</u>	<u>5.81%</u>	<u>528,842</u>	<u>6.11%</u>	<u>12</u>	<u>0.7734</u>
III. <u>OUTSIDE COMBINED SERVICE AREA</u>						
Raw Water for Resale						
City of Arvada	3,786	53.76%	4,170,216	48.19%	2	0.9079
North Table Mountain	618	8.77%	680,500	7.86%	1	0.9082
	<u>4,404</u>	<u>62.53%</u>	<u>4,850,716</u>	<u>56.05%</u>	<u>3</u>	<u>0.9079</u>
Raw Water Sales						
Centennial Water & Sanitation District	314	4.46%	302,024	3.49%	1	1.0397
Consolidated Mutual Water	187	2.66%	179,404	2.07%	1	1.0423
All Other	254	3.61%	248,034	2.87%	8	1.0241
	<u>755</u>	<u>10.73%</u>	<u>729,462</u>	<u>8.43%</u>	<u>10</u>	<u>1.0350</u>
Effluent Sales-All Other	(7)	(0.10)%	(7,104)	(0.08)%	-	0.9854
Recycle Sales-Xcel Energy	599	8.50%	1,014,930	11.73%	-	0.5902
Minimum Contract Payments ² -All Other	236	3.35%	-	-	1	-
	<u>828</u>	<u>11.75%</u>	<u>1,007,826</u>	<u>11.65%</u>	<u>1</u>	<u>0.8216</u>
Total Outside Combined Service Area	<u>5,987</u>	<u>85.01%</u>	<u>6,588,004</u>	<u>76.13%</u>	<u>14</u>	<u>0.9088</u>
TOTAL SALES OF NON-POTABLE WATER	<u>\$ 7,043</u>	<u>100.00%</u>	<u>8,654,448</u>	<u>100.00%</u>	<u>104</u>	<u>\$ 0.8138</u>
IV. <u>OTHER NON-POTABLE WATER DELIVERIES</u>						
City Ditch at Washington Park			702,233			
City of Englewood (Cabin-Meadow Exchange)			680,994			
Total Other Non-Potable Water Deliveries			<u>1,383,227</u>			
TOTAL NON-POTABLE WATER DELIVERIES			<u>10,037,675</u>			

¹This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts. The difference from amounts on an accrual basis is immaterial.

²The minimum contract payments category reflects contract stipulated payments with the ability to take a quantified amount of water. The payment is made in full regardless of consumption below the quantified amount.

³If the customer is reflected in the count of raw water customers, it is excluded from the count of effluent and minimum contract payment customers.

CUSTOMER ACCOUNTS FOR TREATED WATER - 2013¹

		Total Customer Accounts ²			Accounts with Active Billed Consumption	
		12-31-13	12-31-12	Increase (Decrease)	12-31-13	12-31-12
METERED GENERAL CUSTOMERS						
Residential	Inside City	167,914	159,858	8,056	135,787	134,487
	Outside City	39,729	37,936	1,793	33,571	33,388
	Total Service	38,332	36,817	1,515	32,701	32,594
Small multi-family	Inside City	9,315	9,349	(34)	9,478	9,466
	Outside City	576	575	1	595	585
	Total Service	711	703	8	733	727
Commercial	Inside City	17,134	16,599	535	14,813	14,852
	Outside City	2,982	2,879	103	2,525	2,857
	Total Service	3,202	3,072	130	2,772	3,263
Industrial	Inside City	290	293	(3)	256	259
	Outside City	5	5	-	6	9
	Total Service	8	8	-	8	10
Other Irrigation	Inside City	737	816	(79)	784	759
	Outside City	287	243	44	255	271
	Total Service	496	486	10	419	486
TOTAL METERED GENERAL CUSTOMERS		<u>281,718</u>	<u>269,639</u>	<u>12,079</u>	<u>234,703</u>	<u>234,013</u>
PUBLIC AUTHORITIES						
City & County of Denver		1,427	1,437	(10)	1,221	1,275
Other County Agencies	Inside City	353	358	(5)	169	165
	Outside City	53	50	3	49	57
	Total Service	94	82	12	81	98
State Agencies	Inside City	54	55	(1)	51	54
	Outside City	4	5	(1)	4	6
	Total Service	3	3	-	2	3
Federal Agencies	Inside City	20	21	(1)	18	22
	Outside City	2	2	-	2	3
	Total Service	2	2	-	2	3
TOTAL PUBLIC AUTHORITIES		<u>2,012</u>	<u>2,015</u>	<u>(3)</u>	<u>1,599</u>	<u>1,686</u>
RESALE ACCOUNTS (MASTER METER)³		<u>75,958</u>	<u>76,085</u>	<u>(127)</u>	<u>75,958</u>	<u>76,085</u>
TOTAL TREATED WATER CUSTOMERS		<u>359,688</u>	<u>347,739</u>	<u>11,949</u>	<u>312,260</u>	<u>311,784</u>

¹Represents number of metered services at year-end. For average number of customers billed during the calendar year, see "Operating Revenue and Related Water Consumption."

²A customer account is defined as a person or legal entity to which Denver Water currently provides service or has provided service at any time during the last five consecutive years. A customer may have more than one license, tap and/or premise.

³See "Analysis of Sales of Treated Water for Resale."

WATER RATE SCHEDULES - 2013

(Effective for bills dated on or after January 1, 2013)

Rate per 1,000 Gallons

TREATED WATER CONSUMPTION CHARGES (Monthly)

	Schedule 1 Inside City	Outside City	
		Schedule 2 Read and Bill	Schedule 3 Total Service
<u>Single Family Residential</u>			
First 11,000 Gallons	\$ 2.59	\$ 2.61	\$ 2.93
12,000 - 30,000 Gallons	5.18	5.22	5.86
31,000 - 40,000 Gallons	7.77	7.83	8.79
Over 40,000 Gallons	10.36	10.44	11.72
<u>Small Multi-Family (Duplex through 5-Plex with a Single Meter)</u>			
First 15,000 Gallons ¹	2.83	3.30	3.99
Over 15,000 Gallons	3.40	3.96	4.79

¹Applies to two dwelling units. Monthly consumption increases by 6,000 gallons per dwelling unit up to 5 dwelling units.

All Other (Non-Residential)

Winter - All Consumption ²	\$ 1.78	\$ 2.26	\$ 2.54
Summer - All Consumption	3.57	4.52	5.08

Irrigation Only

Winter - All Consumption ²	1.20	1.29	1.47
Summer - All Consumption	4.81	5.15	5.88

²Winter bills have billing periods ending on October 28 through April 30. Summer bills have billing periods ending on May 1 through October 27.

SERVICE CHARGES

Monthly
\$ 6.33

PRIVATE FIRE PROTECTION SERVICE CHARGES (Monthly)

	Schedule 1 Inside City	Outside City	
		Schedule 2 Read and Bill	Schedule 3 Total Service
Fire Hydrants	\$ 13.92	\$ 7.44	\$ 13.10
Sprinkler Systems and Standpipes:			
1"	\$ 3.78	\$ 2.02	\$ 3.56
2"	6.31	3.37	5.93
4"	9.75	5.21	9.17
6"	13.92	7.44	13.10
8"	24.36	13.02	22.92
10"	34.80	18.60	32.73
12"	55.68	29.76	52.37
16"	139.20	74.40	130.93

Schedule 1 Applicability: Charges under this schedule are applicable to all licensees for treated water service or private fire protection service inside the limits of the City and County of Denver.

Schedule 2 Applicability: Charges under this schedule are applicable to all licensees for treated water service or private fire protection service outside the limits of the City and County of Denver served under agreements whereby the distributor in some manner operates and maintains portions of the water system used to supply the licensee and Denver Water is responsible for billing each licensee on an individual basis.

Schedule 3 Applicability: Charges under this schedule are applicable to all licensees for treated water service or private fire protection service outside the limits of the City and County of Denver served under agreements whereby Denver Water operates and maintains the water system used to supply water to the licensee.

Schedule 4
Master Meter

TREATED WATER CONSUMPTION CHARGE (Monthly) (Rate per 1,000 Gallons)	\$ 3.81
SERVICE CHARGES FOR ALL METER SIZES	<u>Monthly</u> \$ 6.33

Schedule 4 Applicability: Charges for treated water service under this schedule are applicable to entities (i.e. municipalities, quasi-municipal districts and water companies) outside the limits of the City and County of Denver served under distributor agreements whereby the entity operates and maintains water systems to supply individual licensees. Denver Water bills distributors for water delivered through “master meters.” Each distributor establishes charges for its individual licensees for water service.

Schedule 5
Raw and Recycled

RAW WATER CONSUMPTION (Monthly)	<u>Per 1,000 Gallons</u>	<u>Per Acre Foot</u>
Inside City	\$ 0.50	\$ 162.93
Outside City	0.91	296.52
Outside the Combined Service Area (See Rate Schedule No. 6)	1.04	338.88
SERVICE CHARGES FOR RAW WATER	<u>Monthly</u> n/a	
RECYCLED WATER CONSUMPTION	<u>Per 1,000 Gallons</u>	<u>Per Acre Foot</u>
Inside City	\$ 0.99	\$ 322.59
Outside City	n/a	n/a
Outside the Combined Service Area (See Rate Schedule No. 6)	1.11	361.69
SERVICE CHARGES FOR RECYCLED WATER	<u>Monthly</u> \$ 6.33	

Schedule 5 Applicability: Charges under this schedule are applicable to entities (including municipalities, quasi-municipal districts and corporations) with whom Denver Water has contracts to deliver raw or recycled water service at inside city or outside city rates. See Rate Schedule No. 6 for applicability outside the combined service area.

Schedule 6
Outside Combined Service Area

TREATED WATER CONSUMPTION (Monthly)	<u>Per 1,000 Gallons</u>	<u>Per Acre Foot</u>
	\$ 4.25	\$ 1,384.86
SERVICE CHARGE FOR TREATED WATER	<u>Monthly</u> \$ 6.33	
RAW WATER CONSUMPTION	<u>Per 1,000 Gallons</u>	<u>Per Acre Foot</u>
	\$ 1.04	\$ 338.88
SERVICE CHARGE FOR RAW WATER	<u>Monthly</u> n/a	
RECYCLED WATER CONSUMPTION	<u>Per 1,000 Gallons</u>	<u>Per Acre Foot</u>
	\$ 1.11	\$ 361.69
SERVICE CHARGE FOR RECYCLED WATER	<u>Monthly</u> \$ 6.33	

Schedule 6 Applicability: Charges under this schedule are applicable to entities (including municipalities, quasi-municipal districts and corporations) with whom Denver Water has contracts to deliver a fixed amount of water each year at Denver Water’s outside the combined service area rates. These entities are located outside of Denver Water’s combined service area, which is comprised of the City and County of Denver plus the total geographic area of all Total Service, Read and Bill, and Master Meter distributors who rely on Denver Water for their treated water supply. For contracts with entities outside of the combined service area, Denver Water is only obligated to provide specified amounts of treated, raw or recycled water as specified by contract. Denver Water has no relationship with, or obligation to, individual customers of the entity holding the fixed amount contract.

Schedule 7
City and County of Denver

TREATED WATER CONSUMPTION CHARGE (Monthly)	<u>Per 1,000 Gallons</u>
<u>Domestic - All Consumption</u>	\$2.28
<u>Irrigation</u>	
Winter - All Consumption ²	\$1.05
Summer - All Consumption	\$2.63

²Winter bills have billing periods ending on October 28 through April 30. Summer bills have billing periods ending on May 1 through October 27.

	<u>Monthly</u>
SERVICE CHARGES FOR ALL METER SIZES	\$ 6.33

RAW WATER CONSUMPTION (Monthly)	<u>Per 1,000 Gallons</u>
Inside City	\$ 0.27

	<u>Monthly</u>
SERVICE CHARGES FOR RAW WATER	n/a

RECYCLED WATER CONSUMPTION	<u>Per 1,000 Gallons</u>
Inside City	\$ 0.30

	<u>Monthly</u>
SERVICE CHARGES FOR RECYCLED WATER	\$ 6.33

Schedule 7 Applicability: Charges under this schedule are applicable to all licensees for treated water service or private fire protection service outside the limits of the City and County of Denver served under agreements whereby Denver Water operates and maintains the water system used to supply water to the licensee.

Schedule 8
Residential Multiplex (Inside City Only)

<u>Residential Multiplex</u> ¹	
First 11,000 Gallons	\$ 2.59
12,000 - 30,000 Gallons	5.18
31,000 - 40,000 Gallons	7.77
Over 40,000 Gallons	10.36

¹Block thresholds are determined for each multiplex based on the number of units. Each block threshold is multiplied by the number of units served by single meter.

	<u>Monthly</u>
	\$ 6.33

Schedule 8 Applicability: Charges under this schedule are applicable to all licensees for treated water service that are classified as a residential multiplex inside the limits of the City and County of Denver.

Schedule 9
System Development Charges

	<u>Treated Water</u>	
	<u>Inside City</u>	<u>Outside City</u>
I. SINGLE FAMILY RESIDENTIAL		
Base Charge	\$ 3,030	\$ 4,240
First 22,000 sq. ft., \$ per sq. ft.	0.70	0.98
Over 22,000 sq. ft., \$ per sq. ft.	0.35	0.49
Auxiliary Dwelling Unit ¹	\$ 1,940	\$ 2,710
II. RESIDENTIAL MULTIPLEX		
Base Charge, \$ per unit	\$ 3,030	n/a
Lot size charge, \$ per sq. ft.	0.70	n/a
III. MULTIFAMILY RESIDENTIAL		
Base charge for the first two dwelling units that are on same parcel	\$ 10,040	\$ 14,060
Charge for next 6 dwelling units that are on the same parcel	2,420	3,390
Charge for each additional dwelling units above 8 that are on the same parcel	1,940	2,710
IV. IRRIGATION-ONLY		
Minimum charge: first 5,000 sq. ft.	\$ 5,820	\$ 8,150
Over 5,000 sq. ft., \$ per sq. ft.	0.87	1.22

V. NON-RESIDENTIAL^{2,3,4}

<u>Tap Size</u>	<u>Treated Water</u>		<u>Non-Potable Water</u>	
	<u>Inside City</u>	<u>Outside City</u>	<u>Inside City</u>	<u>Outside City</u>
3/4"	\$ 10,730	\$ 15,030	\$ 9,370	\$ 13,120
1"	19,170	26,840	16,730	23,420
1 1/2"	42,180	59,050	36,810	51,540
2"	76,690	107,360	66,930	93,710

VI. MIXED USE⁵ (sum of the following SDCs)

	<u>Treated Water</u>	
	<u>Inside City</u>	<u>Outside City</u>
Multifamily component	As set forth in Section III of this schedule	
Nonresidential component	\$ 2.91	\$ 4.08
\$ per sq. ft. of nonresidential gross floor area irrigation, if applicable	As set forth in Section IV of this schedule	

VII. SPECIAL CONTRACTS, FIXED VOLUME CONTRACTS, & LARGE VOLUME CUSTOMERS

<u>Description</u>	<u>Treated Water</u>		<u>Non-Potable Water</u>	
	<u>Inside City</u>	<u>Outside City</u>	<u>Inside City</u>	<u>Outside City</u>
Inside the Combined Service Area				
Acre Foot Conversion (\$/AF)	\$ 18,980	\$ 26,570	\$ 16,570	\$ 23,190
1,000 Gallons Conversion (\$/1,000 gallons)	\$ 58.26	\$ 81.57	\$ 50.85	\$ 71.19
Outside the Combined Service Area				
Acre Foot Conversion (\$/AF)	n/a	37,210	n/a	32,470
1,000 Gallons Conversion (\$/1,000 gallons)	n/a	\$ 114.10	n/a	\$ 99.60

System Development Charge Applicability: Licenses for treated and non-potable water taps within the City and County of Denver and Denver Water service areas, including special contracts. System Development Charges are due and payable prior to issuance of a license to the customer.

Note: Several distributor contracts and water service agreements contain negotiated tap ratio conversions per acre foot and some agreements that contain negotiated and/or prepaid system development charges. These contracts will continue to be administered utilizing the system development charge calculations and/or tap ratio conversions specified in each of the contracts. Tap credit pools are administered consistent with the applicable water service agreement and Denver Water Operating Rules.

(1) Units such as a guest house or carriage house that are detached from the primary residence and contain provisions for sleeping, cooking, and sanitation.

(2) Includes commercial, industrial, institutional development.

(3) SDCs for nonpotable by tap size apply only to recycled water taps.

(4) Tap sizes greater than 2 inches are determined on an individual basis using peak demand requirements.

(5) Development containing two or more different principal or primary uses such as residential, office, manufacturing, retail, public or entertainment uses.

	2013	2012	2011	2010	2009 ¹	2008	2007	2006	2005	2004
City of Denver - Schedule 1										
<u>Residential - Consumption Charge per 1,000 Gallons</u>										
First 11,000 Gallons	\$ 2.59	\$ 2.54	\$ 2.41	\$ 2.11	\$ 1.91	-	-	-	-	-
12,000 - 30,000 Gallons	5.18	5.09	4.82	4.22	3.82	-	-	-	-	-
31,000 - 40,000 Gallons	7.77	7.63	7.23	6.33	5.73	-	-	-	-	-
Over 40,000 Gallons	10.36	10.17	9.64	8.44	7.64	-	-	-	-	-
<u>Prior to July 6, 2009</u>										
First 22,000 Gallons	-	-	-	-	-	\$ 1.81	\$ 1.72	\$ 1.84	\$ 1.71	\$ 1.63
22,000 - 60,000 Gallons	-	-	-	-	-	3.62	3.44	2.21	2.05	1.96
Over 60,000 Gallons	-	-	-	-	-	-	-	-	2.57	2.45
60,000 - 80,000 Gallons	-	-	-	-	-	5.43	5.16	2.76	-	-
Over 80,000 Gallons	-	-	-	-	-	7.24	6.88	3.59	-	-
<u>Residential Irrigation - Consumption Charge per 1,000 Gallons</u>										
Winter - All Consumption	-	-	-	1.00	0.92	0.89	0.94	-	-	-
Summer - All Consumption	-	-	-	4.00	3.68	3.56	3.76	-	-	-
<u>Small Multi-Family - Consumption Charge per 1,000 Gallons</u> (Duplexes through Five-Plexes with a Single Meter)										
First 15,000 Gallons ²	2.83	2.82	2.67	2.33	2.17	-	-	-	-	-
Over 15,000 Gallons	3.40	3.38	3.20	2.80	2.60	-	-	-	-	-
<u>Prior to July 6, 2009</u>										
First 30,000 Gallons ³	-	-	-	-	-	2.10	1.95	1.59	1.52	1.44
Over 30,000 Gallons	-	-	-	-	-	2.52	2.34	1.91	1.82	1.73
<u>All Other Retail - Consumption Charge per 1,000 Gallons</u>										
Winter - All Consumption	1.78	1.78	1.69	1.54	1.48	2.06	1.89	1.64	1.53	1.41
Summer - All Consumption	3.57	3.57	3.38	3.08	2.96	2.47	2.27	1.97	1.84	1.69
<u>Irrigation Only- Consumption Charge per 1,000 Gallons</u>										
Winter - All Consumption	1.20	1.20	1.14	1.00	1.49	2.02	-	-	-	-
Summer - All Consumption	4.81	4.81	4.56	4.00	3.17	2.50	-	-	-	-
<u>Service Charge/Meter Charge</u>										
Monthly Service Charge	6.33	6.33	6.00	5.58	4.41	3.82	3.87	-	-	3.41
Bimonthly Service Charge	-	-	-	-	-	6.07	5.98	-	-	4.91
Monthly 3/4" Meter Charge	-	-	-	-	-	-	-	5.47	4.26	-
Bimonthly 3/4" Meter Charge	-	-	-	-	-	-	-	9.15	8.51	-
Outside City Read and Bill - Schedule 2										
<u>Residential - Consumption Charge per 1000 Gallons</u>										
First 11,000 Gallons	\$ 2.61	\$ 2.49	\$ 2.36	\$ 2.20	\$ 2.00	-	-	-	-	-
12,000 - 30,000 Gallons	5.22	4.98	4.72	4.40	4.00	-	-	-	-	-
31,000 - 40,000 Gallons	7.83	7.47	7.08	6.60	6.00	-	-	-	-	-
Over 40,000 Gallons	10.44	9.96	9.44	8.80	8.00	-	-	-	-	-
<u>Prior to July 6, 2009</u>										
First 22,000 Gallons	-	-	-	-	-	\$ 1.90	\$ 2.11	\$ 2.48	\$ 2.28	\$ 2.08
22,000 - 60,000 Gallons	-	-	-	-	-	3.80	4.22	2.98	2.74	2.50
Over 60,000 Gallons	-	-	-	-	-	-	-	-	3.42	3.12
60,000 - 80,000 Gallons	-	-	-	-	-	5.70	6.33	3.72	-	-
Over 80,000 Gallons	-	-	-	-	-	7.60	8.44	4.84	-	-
<u>Residential Irrigation - Consumption Charge per 1,000 Gallons</u>										
Winter - All Consumption	-	-	-	1.09	1.08	0.98	0.92	-	-	-
Summer - All Consumption	-	-	-	4.36	4.32	3.92	3.68	-	-	-
<u>Small Multi-Family - Consumption Charge per 1000 Gallons</u> (Duplexes through Five-Plexes with a Single Meter)										
First 15,000 Gallons ²	3.30	3.21	3.04	2.71	2.57	-	-	-	-	-
Over 15,000 Gallons	3.96	3.85	3.65	3.25	3.08	-	-	-	-	-
<u>Prior to July 6, 2009</u>										
First 30,000 Gallons ³	-	-	-	-	-	2.27	2.13	2.10	1.98	1.89
Over 30,000 Gallons	-	-	-	-	-	2.72	2.56	2.52	2.38	2.27

¹Effective July 6, 2009 Denver Water customers are billed monthly.

²Monthly usage amounts increase by 6,000 gallons per additional dwelling unit up to 5 dwelling units.

³Bimonthly usage amounts increased by 12,000 gallons per additional dwelling unit up to 5 dwelling units.

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	2013	2012	2011	2010	2009 ¹	2008	2007	2006	2005	2004
Outside City Read and Bill - Schedule 2 (Continued)										
<u>All Other Retail - Consumption Charge per 1000 Gallons</u>										
Winter - All Consumption	\$ 2.26	\$ 2.20	\$ 2.09	\$ 1.99	\$ 1.99	\$ 2.50	\$ 2.42	\$ 2.23	\$ 2.00	\$ 1.84
Summer - All Consumption	4.52	4.41	4.18	3.98	3.98	3.00	2.90	2.68	2.40	2.21
<u>Irrigation Only - Consumption Charge per 1000 Gallons</u>										
Winter - All Consumption	1.29	1.29	1.22	1.09	1.78	2.35	-	-	-	-
Summer - All Consumption	5.15	5.15	4.88	4.36	3.94	3.08	-	-	-	-
<u>Service Charge/Meter Charge</u>										
Monthly Service Charge	6.33	6.33	6.00	5.58	4.41	3.82	3.87	-	-	3.41
Bimonthly Service Charge	-	-	-	-	-	6.07	5.98	-	-	4.91
Monthly 3/4" Meter Charge	-	-	-	-	-	-	-	5.47	4.26	-
Bimonthly 3/4" Meter Charge	-	-	-	-	-	-	-	9.15	8.51	-
Outside City Total Service - Schedule 3										
<u>Residential - Consumption Charge per 1000 Gallons</u>										
First 11,000 Gallons	\$ 2.93	\$ 2.85	\$ 2.70	\$ 2.59	\$ 2.43	-	-	-	-	-
12,000 - 30,000 Gallons	5.86	5.70	5.40	5.18	4.86	-	-	-	-	-
31,000 - 40,000 Gallons	8.79	8.55	8.10	7.77	7.29	-	-	-	-	-
Over 40,000 Gallons	11.72	11.39	10.80	10.36	9.72	-	-	-	-	-
<u>Prior to July 6, 2009</u>										
First 22,000 Gallons	-	-	-	-	-	\$ 2.27	\$ 2.22	\$ 2.92	\$ 2.76	\$ 2.54
22,000 - 60,000 Gallons	-	-	-	-	-	4.54	4.44	3.50	3.31	3.05
Over 60,000 Gallons	-	-	-	-	-	-	-	-	4.14	3.81
60,000 - 80,000 Gallons	-	-	-	-	-	6.81	6.66	4.38	-	-
Over 80,000 Gallons	-	-	-	-	-	9.08	8.88	5.69	-	-
<u>Residential Irrigation - Consumption Charge per 1,000 Gallons</u>										
Winter - All Consumption	-	-	-	1.26	1.24	1.09	1.09	-	-	-
Summer - All Consumption	-	-	-	5.04	4.96	4.36	4.36	-	-	-
<u>Small Multi-Family - Consumption Charge per 1000 Gallons</u> (Duplexes through Five-Plexes with a Single Meter)										
First 15,000 Gallons ²	3.99	3.84	3.64	3.39	3.31	-	-	-	-	-
Over 15,000 Gallons	4.79	4.61	4.37	4.07	3.97	-	-	-	-	-
<u>Prior to July 6, 2009</u>										
First 30,000 Gallons ³	-	-	-	-	-	2.97	2.77	2.58	2.25	2.14
Over 30,000 Gallons	-	-	-	-	-	3.56	3.32	3.10	2.70	2.57
<u>All Other Retail - Consumption Charge per 1000 Gallons</u>										
Winter - All Consumption	2.54	2.44	2.31	2.16	2.16	2.98	2.89	2.41	2.14	1.98
Summer - All Consumption	5.08	4.87	4.62	4.32	4.32	3.58	3.47	2.89	2.57	2.38
<u>Irrigation Only - Consumption Charge per 1000 Gallons</u>										
Winter - All Consumption	1.47	1.39	1.32	1.26	2.02	2.78	-	-	-	-
Summer - All Consumption	5.88	5.57	5.28	5.04	4.33	3.61	-	-	-	-
<u>Service Charge/Meter Charge</u>										
Monthly Service Charge	6.33	6.33	6.00	5.58	4.41	3.82	3.87	-	-	3.41
Bimonthly Service Charge	-	-	-	-	-	6.07	5.98	-	-	4.91
Monthly 3/4" Meter Charge	-	-	-	-	-	-	-	5.47	4.26	-
Bimonthly 3/4" Meter Charge	-	-	-	-	-	-	-	9.15	8.51	-
Outside City Master Meter - Schedule 4										
Consumption Charge per 1000 Gallons - All Consumption	\$ 3.81	\$ 3.64	\$ 3.45	\$ 3.01	\$ 3.01	\$ 2.67	\$ 2.55	\$ 2.36	\$ 2.20	\$ 2.00
<u>Service Charge/Meter Charge</u>										
Monthly Service Charge	6.33	6.33	6.00	5.58	4.41	3.82	3.87	-	-	3.41
Bimonthly Service Charge	-	-	-	-	-	6.07	5.98	-	-	4.91
Monthly 3/4" Meter Charge	-	-	-	-	-	-	-	5.47	4.26	-
Bimonthly 3/4" Meter Charge	-	-	-	-	-	-	-	9.15	8.51	-

¹Effective July 6, 2009 Denver Water customers are billed monthly.

²Monthly usage amounts increase by 6,000 gallons per additional dwelling unit up to 5 dwelling units.

³Bimonthly usage amounts increased by 12,000 gallons per additional dwelling unit up to 5 dwelling units.

(Continued next page)

	2013	2012	2011	2010	2009 ¹	2008	2007	2006	2005	2004
Outside City Master Meter Maintenance - Schedule 5										
Consumption Charge per 1000 Gallons - All Consumption	-	\$ 4.96	\$ 4.70	\$ 4.45	\$ 4.31	\$ 3.93	\$ 3.72	\$ 3.43	\$ 3.15	\$ 2.77
<u>Service Charge/Meter Charge</u>										
Monthly Service Charge	-	6.33	6.00	5.58	4.41	3.82	3.87	-	-	3.41
Bimonthly Service Charge	-	-	-	-	-	6.07	5.98	-	-	4.91
Monthly 3/4" Meter Charge	-	-	-	-	-	-	-	5.47	4.26	-
Bimonthly 3/4" Meter Charge	-	-	-	-	-	-	-	9.15	8.51	-
Raw and Recycled - Schedule 6										
<u>Raw - Consumption Charge per 1000 Gallons</u>										
Inside City - All Consumption	\$ 0.50	\$ 0.50	\$ 0.47	\$ 0.47	\$ 0.47	\$ 0.47	\$ 0.47	\$ 0.47	\$ 0.47	\$ 0.47
Outside City - All Consumption	0.91	0.86	0.81	0.77	0.73	0.67	0.67	0.62	0.58	0.53
Outside Combined Service Area - All Consumption	1.04	1.01	0.95	0.90	0.85	0.76	0.76	0.71	-	-
<u>Recycled - Consumption Charge per 1000 Gallons</u>										
Inside City Recycled - All Consumption	0.99	0.99	0.93	0.89	0.89	0.88	0.86	0.69	0.69	0.63
Outside City Recycled - All Consumption	-	-	-	-	-	-	-	-	-	-
Outside Combined Service Area - All Consumption	1.11	1.11	1.05	0.91	0.90	0.76	0.77	0.71	0.83	0.76
<u>Recycled Service Meter Charge</u>										
Monthly Service Charge	6.33	6.33	6.00	5.58	4.41	3.82	3.87	-	-	3.41
Bimonthly Service Charge	-	-	-	-	-	6.07	5.98	-	-	4.91
Monthly 3/4" Meter Charge	-	-	-	-	-	-	-	5.47	4.26	-
Bimonthly 3/4" Meter Charge	-	-	-	-	-	-	-	9.15	8.51	-
Outside Combined Service Area - Schedule 7										
Treated Water - Consumption Charge per 1000 Gallons	\$ 4.25	\$ 4.05	\$ 3.83	\$ 3.36	\$ 3.19	\$ 3.13	\$ 2.68	\$ 2.54	-	-
<u>Service Charge/Meter Charge</u>										
Monthly Service Charge	6.33	6.33	6.00	5.58	4.41	3.82	3.87	-	-	-
Bimonthly Service Charge	-	-	-	-	-	6.07	5.98	-	-	-
Monthly 3/4" Meter Charge	-	-	-	-	-	-	-	5.47	-	-
Bimonthly 3/4" Meter Charge	-	-	-	-	-	-	-	9.15	-	-

¹Effective July 6, 2009 Denver Water customers are billed monthly.

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SALES OF TREATED WATER FOR RESALE - 2013

(NON-ACCRUAL BASIS)¹

(amounts expressed in thousands)

Treated Water Sold Outside Denver to Municipalities and Distributors through Master Meters²

	<u>Revenue</u>	<u>Gallons Sold (000)</u>	<u>Number of Taps</u>
<u>OUTSIDE CITY - MASTER METER DISTRIBUTORS</u>			
Alameda Water & Sanitation District	\$ 269	68,915	336
Bancroft-Clover Water & Sanitation District	5,039	1,330,259	8,761
Bonvue Water & Sanitation District	45	11,887	169
Bow-Mar Water & Sanitation District	280	71,607	290
Cherry Creek Valley Water & Sanitation District	2,972	780,773	1,939
Cherry Creek Village Water & Sanitation District	495	129,630	474
Consolidated Mutual Water Company	8,643	2,297,255	15,668
Crestview Water & Sanitation District	2,014	533,535	4,524
City of Edgewater	669	175,620	1,483
City of Glendale	962	257,000	238
Green Mountain Water & Sanitation District	5,724	1,508,944	10,104
High View Water District	514	135,070	892
Ken-Caryl Water & Sanitation District	2,756	727,832	3,702
Lakehurst Water & Sanitation District	3,358	877,599	5,506
City of Lakewood	749	184,949	738
Meadowbrook Water & Sanitation District	607	152,975	1,287
North Pecos Water & Sanitation District	451	131,373	407
North Washington Street Water & Sanitation District	2,851	765,128	3,627
Northgate Water District	15	3,934	4
South Adams County Water & Sanitation District	196	54,474	168
Valley Water District	1,895	495,448	1,761
Wheat Ridge Water District	2,784	729,813	5,841
Willowbrook Water & Sanitation District	1,590	420,037	3,306
Willows Water District	2,672	729,988	4,733
Total Sales for Master Meter Distributors	<u>47,550</u>	<u>12,574,045</u>	<u>75,958</u>
<u>OUTSIDE THE COMBINED SERVICE AREA</u>			
Chatfield South Water District	29	6,412	
City and County of Broomfield	4,408	1,167,762	
City of Aurora	4	-	
East Cherry Creek Valley Water District	788	439,575	
GSA	269	70,636	
Inverness Water District	437	104,071	
Rocky Mountain Arsenal	26	13,648	
South Adams County Special Contract Area	2,653	386,186	
Suncor Energy USA	2,115	554,943	
Total Sales for Other Contracts at Wholesale Rates	<u>10,729</u>	<u>2,743,233</u>	
 Total Sales of Treated Water for Resale	 <u>\$ 58,279</u>	 <u>15,317,278</u>	 <u>75,958</u>

¹This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts. The difference from amounts on an accrual basis is immaterial.

²Sales on Total Service or Read and Bill Contracts are not included.

10 LARGEST RETAIL CUSTOMERS - WATER CONSUMPTION AND REVENUE - 2013
 (NON-ACCRUAL BASIS)
 (amounts expressed in thousands)

<u>Account Type</u>	<u>Consumption</u>		<u>Revenue</u>	
	<u>Gallons Sold (000)</u>	<u>Percent of Total Gallons Sold</u>	<u>Water Revenue¹</u>	<u>Percent of Total Water Revenue</u>
Petroleum Company	547,037	0.94%	\$ 2,089	0.93%
Public School System	373,599	0.64%	1,318	0.59%
Public Utility	319,873	0.55%	1,014	0.45%
Housing Authority	305,716	0.53%	983	0.44%
Beverage Company	153,503	0.26%	417	0.19%
Retail Grocer	124,909	0.22%	367	0.16%
Parks System	107,559	0.19%	587	0.26%
Private University	90,504	0.16%	286	0.13%
Residential Community	89,127	0.15%	278	0.12%
Public School System	83,923	0.14%	376	0.17%
Total of the 10 largest customers	<u>2,195,750</u>	<u>3.78%</u>	<u>\$ 7,715</u>	<u>3.44%</u>
Total sales of treated water	<u>57,952,438</u>		<u>\$ 223,813</u>	

¹This column represents actual billings made for treated water and private fire protection service during the year. The difference from amounts on an accrual basis is immaterial. In addition to the 10 largest retail accounts listed, Denver Water provided 1.772 million gallons of treated water to the City and County of Denver. Revenues from these sales were \$4.403 million.

SYSTEM DEVELOPMENT CHARGES AND PARTICIPATION RECEIPTS:

1973 - 2013

(Cash basis - net of refunds)

(amounts expressed in thousands)

	<u>System Development Charges ("SDC")</u>	<u>Participation Receipts (aka Contributions in Aid of Construction)</u>
2013	\$ 34,461	\$ 4,834
2012	19,543	1,297
2011	14,233	7,023
2010	14,441	1,093
2009	8,118	10,908
2008	18,498	2,424
2007	26,028	3,300
2006	22,305	2,730
2005	26,257	1,850
2004	24,834	2,229
2003	19,615	2,831
2002	36,591	5,567
2001	22,186	7,027
2000	25,525	6,392
1999	24,224	11,964
1998	33,156	8,412
1997	45,058	3,733
1996	15,137	2,913
1995	15,528	3,927
1994	13,536	2,882
1993	12,182	1,344
1992	10,920	1,199
1991	7,530	2,331
1990	6,615	1,839
1989	6,251	4,965
1988	6,085	3,068
1987	8,544	4,561
1973-86	<u>149,475</u>	<u>43,646</u>
	<u>\$ 666,876</u>	<u>\$ 156,289</u>

C - DEBT CAPACITY INFORMATION

These schedules present information to help the reader assess the affordability of Denver Water's current levels of outstanding debt and its ability to issue additional debt in the future.

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RATIOS OF TOTAL OUTSTANDING DEBT BY TYPE: 2004 - 2013

(amounts expressed in thousands, except debt per capita)

Year	Total Principal Balance Outstanding Debt by Type ¹						Gross Revenues ^{2,4}	Ratio of Total Debt to Gross Revenue	Estimated Population Served ³	Debt Per Capita
	General Obligation Bonds	Water Revenue Bonds	Capital Leases		Notes Payable ⁵	Total				
			Certificates of Participation	Other						
2004	117,375	164,365	54,555	28,561	-	364,856	198,383	1.84	1,055,000	346
2005	100,340	191,090	49,755	27,471	-	368,656	200,402	1.84	1,057,000	349
2006	86,300	182,840	44,436	26,306	-	339,882	242,085	1.40	1,064,000	319
2007	61,545	280,080	39,515	25,061	-	406,201	238,689	1.70	1,077,000	377
2008	42,725	277,490	33,805	23,731	-	377,751	248,074	1.52	1,093,000	346
2009	31,170	309,025	27,835	22,308	-	390,338	216,557	1.80	1,111,000	351
2010	28,090	377,665	21,630	20,790	-	448,175	259,730	1.73	1,125,000	398
2011	23,825	371,560	-	19,166	-	414,551	279,682	1.48	1,135,000	365
2012	500	401,420	-	17,431	-	419,351	313,093	1.34	1,147,000	366
2013	-	376,965	-	15,576	10,000	402,541	290,349	1.39	1,161,000	347

¹Details regarding outstanding debt can be found in the notes to the financial statements. For presentation purposes, capital leases have been treated as debt. The numbers above are principal balances only and exclude discounts, premiums, and deferred amounts on advance refundings. They do not agree with numbers on the statement of net assets or the statistical summary. All bonded debt is secured by revenue.

²Gross Revenues are defined as operating revenues plus investment income plus proceeds from sales of capital assets plus other income plus cash proceeds from contributions in aid of construction (CIAC) and prepaid CIAC, and cash proceeds from system development charges (SDC) and prepaid SDC.

³Population estimates are treated water customers only. See schedule entitled "Consumption of Treated Water."

⁴Certain reclassifications have been made to prior years' information to conform to the current year presentation.

⁵The lien on notes payable is subordinate and junior to the lien on the revenue bonds outstanding and on future revenue bond issues.

PLEDGED-REVENUE COVERAGE: 2004 - 2013

General Obligation Bonds, Water Revenue Bonds, Notes Payable and Obligations under Capital Lease¹
(amounts expressed in thousands)

Year	Gross Revenues ^{2,4,5}	Less Operating Expenses ^{3,4,5}	Net Available Revenue	Total Debt Service ¹			Coverage with Notes Payable Debt ⁶	Coverage without Notes Payable Debt
				Principal	Interest	Total		
2004	198,383	105,287	93,096	19,535	18,610	38,145	2.44	2.44
2005	200,402	106,018	94,384	25,655	18,285	43,940	2.15	2.15
2006	242,085	114,236	127,849	27,765	17,777	45,542	2.81	2.81
2007	238,689	124,170	114,519	32,055	19,683	51,738	2.21	2.21
2008	248,074	138,402	109,672	30,250	19,324	49,574	2.21	2.21
2009	216,557	155,127	61,430	31,413	19,204	50,617	1.21	1.21
2010	259,730	168,501	91,229	32,164	19,065	51,229	1.78	1.78
2011	279,682	163,167	116,515	33,624	22,335	55,959	2.08	2.08
2012	313,093	156,525	156,568	24,715	19,740	44,455	3.52	3.52
2013	290,349	164,074	126,275	26,810	19,410	46,220	2.73	2.73

¹Details regarding outstanding debt can be found in the notes to the financial statements. For presentation purposes, capital leases have been treated as debt. All bonded debt is secured by revenue.

²Gross Revenues are defined as operating revenues plus investment income plus proceeds from sales of capital assets plus other income plus cash proceeds from contributions in aid of construction (CIAC) and prepaid CIAC, and cash proceeds from system development charges (SDC) and prepaid SDC.

³Operating Expenses are defined as operating expenses plus other expenses minus total depreciation and amortization (as disclosed in Note 4 to the financial statements).

⁴All items computed as defined in bond covenants. Rate maintenance covenant is 1.10; additional bonds test is 1.2 times average annual debt service. Notes payable debt service is not subject to this covenant.

⁵Certain reclassifications have been made to prior years' information to conform to the current year presentation.

⁶Notes payable debt has a subordinate lien to the lien on outstanding revenue bonds and future revenue bond issues. Total debt service for notes payable in 2013 was \$0 in principal and \$4 in interest. There were no outstanding notes payable prior to 2013.

RATIOS OF GENERAL OBLIGATION BONDED DEBT OUTSTANDING: 2004 - 2013

(amounts expressed in thousands, except debt per capita)

Year	General Obligation Bonds ¹	Gross Revenues ^{2,4}	Ratio of General Obligation Debt to Gross Revenue	Estimated Population Served ³	General Obligation Debt per Capita
2004	117,375	198,383	0.59	1,055,000	111
2005	100,340	200,402	0.50	1,057,000	95
2006	86,300	242,085	0.36	1,064,000	81
2007	61,545	238,689	0.26	1,077,000	57
2008	42,725	248,074	0.17	1,093,000	39
2009	31,170	216,557	0.14	1,111,000	28
2010	28,090	259,730	0.11	1,125,000	25
2011	23,825	279,682	0.09	1,135,000	21
2012	500	313,093	-	1,147,000	-
2013	-	290,349	-	1,161,000	-

¹Details regarding outstanding debt can be found in the notes to the financial statements. The Board no longer has authority to issue general obligation bonds of the City.

²Gross Revenues are defined as operating revenues plus investment income plus proceeds from sales of capital assets plus other income plus cash proceeds from contributions in aid of construction (CIAC) and prepaid CIAC, and cash proceeds from system development charges (SDC) and prepaid SDC.

³Population estimates are treated water customers only. See schedule entitled "Consumption of Treated Water."

⁴Certain reclassifications have been made to prior years' information to conform to the current year presentation.

RATIOS OF WATER REVENUE BONDED DEBT OUTSTANDING: 2004 - 2013
(amounts expressed in thousands, except debt per capita)

<u>Year</u>	<u>Water Revenue Bonds¹</u>	<u>Gross Revenues^{2,4}</u>	<u>Ratio of Water Revenue Debt to Gross Revenue</u>	<u>Estimated Population Served³</u>	<u>Water Revenue Debt per Capita</u>
2004	164,365	198,383	0.83	1,055,000	156
2005	191,090	200,402	0.95	1,057,000	181
2006	182,840	242,085	0.76	1,064,000	172
2007	280,080	238,689	1.17	1,077,000	260
2008	277,490	248,074	1.12	1,093,000	254
2009	309,025	216,557	1.43	1,111,000	278
2010	377,665	259,730	1.45	1,125,000	336
2011	371,560	279,682	1.33	1,135,000	327
2012	401,420	313,093	1.28	1,147,000	350
2013	376,965	290,349	1.30	1,161,000	325

¹Details regarding outstanding debt can be found in the notes to the financial statements.

²Gross Revenues are defined as operating revenues plus investment income plus proceeds from sales of capital assets plus other income plus cash proceeds from contributions in aid of construction (CIAC) and prepaid CIAC, and cash proceeds from system development charges (SDC) and prepaid SDC.

³Population estimates are treated water customers only. See schedule entitled "Consumption of Treated Water." Population estimates for 2002 through 2010 were revised based on 2010 census.

⁴Certain reclassifications have been made to prior years' information to conform to the current year presentation.

D - DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which Denver Water's financial activities take place.

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DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2013

The following is general information concerning the economic and demographic conditions in the City and County of Denver (“Denver” or the “City”) and the immediate vicinity. The statistics presented below have been obtained from the sources indicated and represent the most current information available from such sources. However, certain of the information is released only after a significant amount of time has passed since the most recent date of the reported data and therefore such information may not be indicative of economic and demographic conditions as they currently exist or conditions which may be experienced in the near future. Further, the reported data has not been adjusted to reflect economic trends, notably inflation.

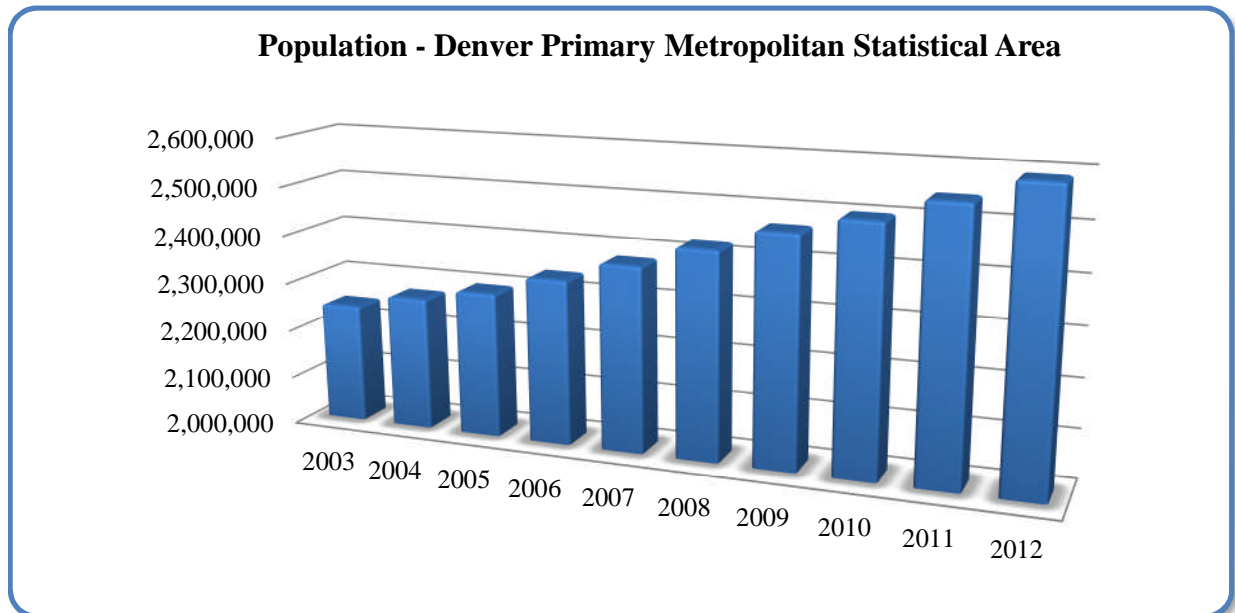
Population

The following table sets forth population statistics for Denver, the Denver Primary Metropolitan Statistical Area (“PMSA”) and the State of Colorado. The Denver PMSA includes the counties of Adams, Arapahoe, Denver, Douglas, and Jefferson.

Population Estimates (n/a = not available)

<u>Year</u>	<u>Denver</u>	<u>Denver PMSA</u>	<u>State of Colorado</u>
2003	560,348	2,245,902	4,555,084
2004	560,230	2,274,818	4,608,811
2005	559,459	2,299,267	4,662,534
2006	562,862	2,340,064	4,745,660
2007	570,437	2,381,281	4,821,784
2008	581,903	2,424,992	4,901,938
2009	595,573	2,468,523	4,976,853
2010	604,879	2,502,291	5,049,717
2011	620,917	2,546,829	5,118,526
2012	634,619	2,592,047	5,188,683
2013	n/a	n/a	n/a

Source: Colorado Department of Local Affairs, Division of Local Government, State Demography Office. Last updated November 2013.



DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2012 (Continued)

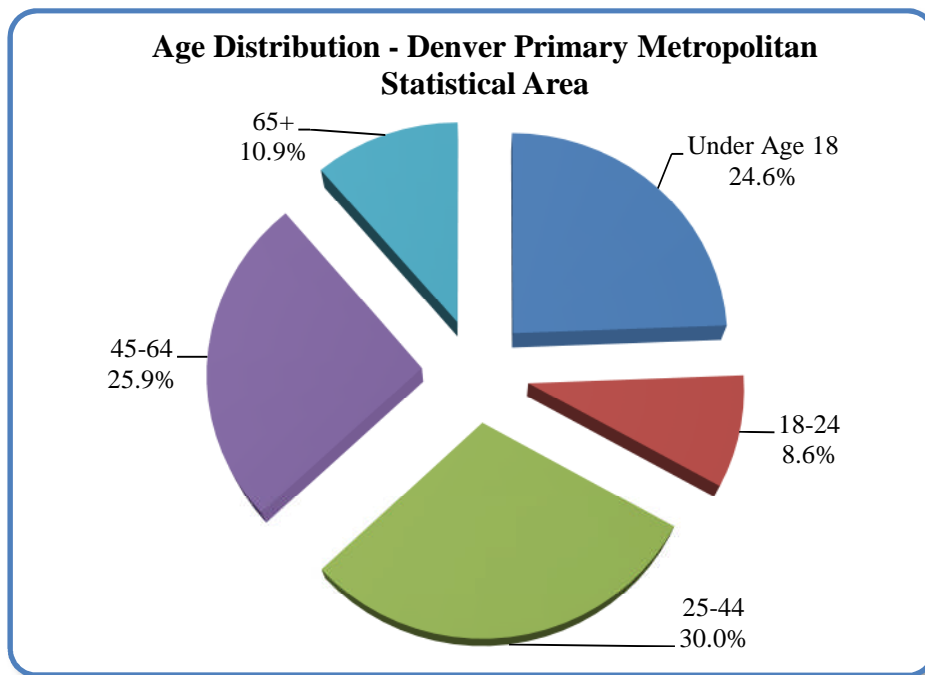
Age Distribution

The following table sets forth an estimated comparative age distribution profile for Denver, the Denver PMSA, the State and the United States as of January 1, 2013.

Estimated Age Distribution as of January 1, 2013
(Columns may not add to 100% due to rounding)

<u>Age Groups</u>	<u>Percent of Population</u>		
	<u>Denver</u>	<u>Denver PMSA</u>	<u>State of Colorado</u>
Under 18	22.1%	24.4%	23.8%
18-24	8.9	8.7	9.7
25-44	36.2	29.9	27.9
45-64	21.7	25.7	26.3
65+	11.1	11.3	12.3

Sources: Colorado Department of Local Affairs, Division of Local Government, State Demography Office.



Income

The following tables set forth recent annual personal income and per capita personal income levels for Denver, the Denver-Aurora-Lakewood Metropolitan Statistical Area (“MSA”), the State and the United States from 2000 through 2013 as reported by the U.S. Department of Commerce, Bureau of Economic Analysis. The Denver-Aurora-Lakewood MSA includes the counties of Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson and Park.

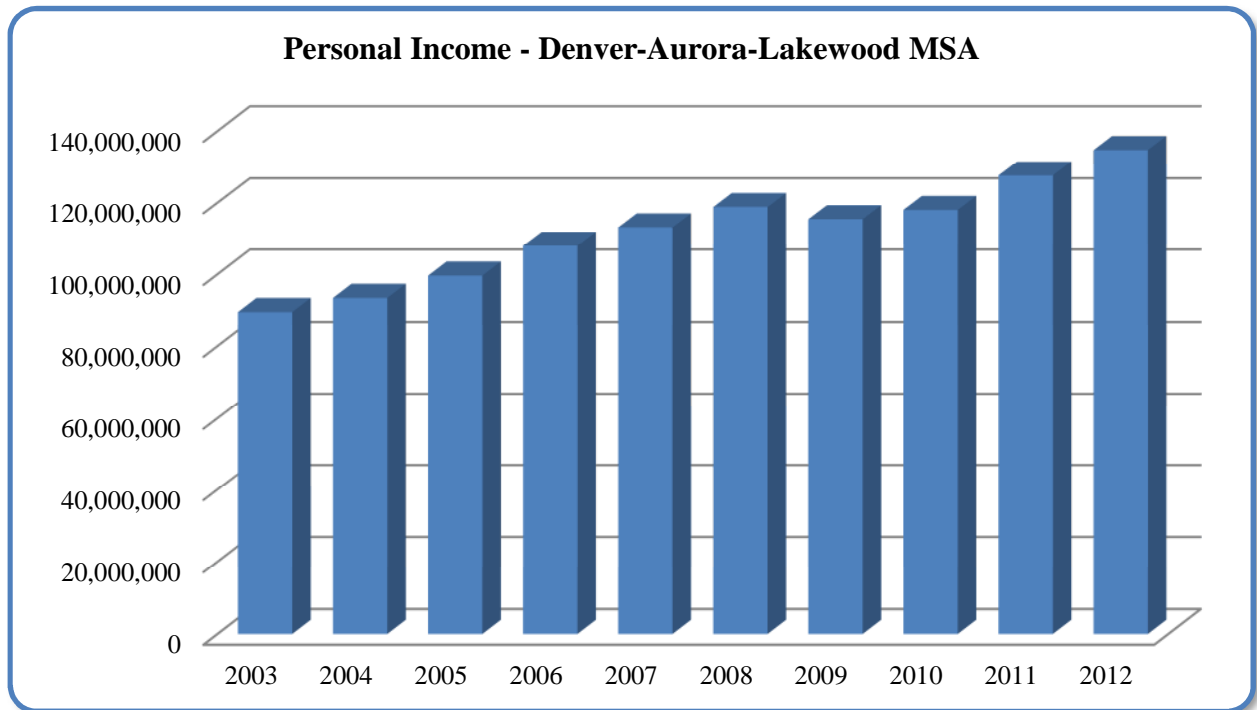
DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2013 (Continued)

Personal Income

(Current dollars, not adjusted for inflation. Amounts expressed in thousands. n/a = not available)

<u>Year</u>	<u>Denver</u>	<u>Denver-Aurora-Lakewood MSA</u>	<u>State of Colorado</u>	<u>United States</u>
2003	22,956,499	89,560,530	159,387,173	9,479,611,000
2004	23,698,258	93,465,970	166,687,414	10,043,284,000
2005	25,405,236	99,600,282	177,898,826	10,605,645,000
2006	27,979,927	107,903,786	191,774,579	11,376,460,000
2007	28,481,142	113,071,028	202,717,905	11,990,244,000
2008	30,653,461	118,777,155	212,243,112	12,429,284,000
2009	29,014,802	115,371,458	206,422,648	12,073,738,000
2010	30,478,070	117,988,510	210,607,673	12,423,332,000
2011	33,812,384	127,634,878	226,031,916	13,179,561,000
2012	35,721,442	134,735,338	237,461,494	13,729,063,000
2013	n/a	n/a	n/a	n/a

Source: U.S. Department of Commerce, Bureau of Economic Analysis. Last updated 11/21/13, except Colorado & US 9/30/13.



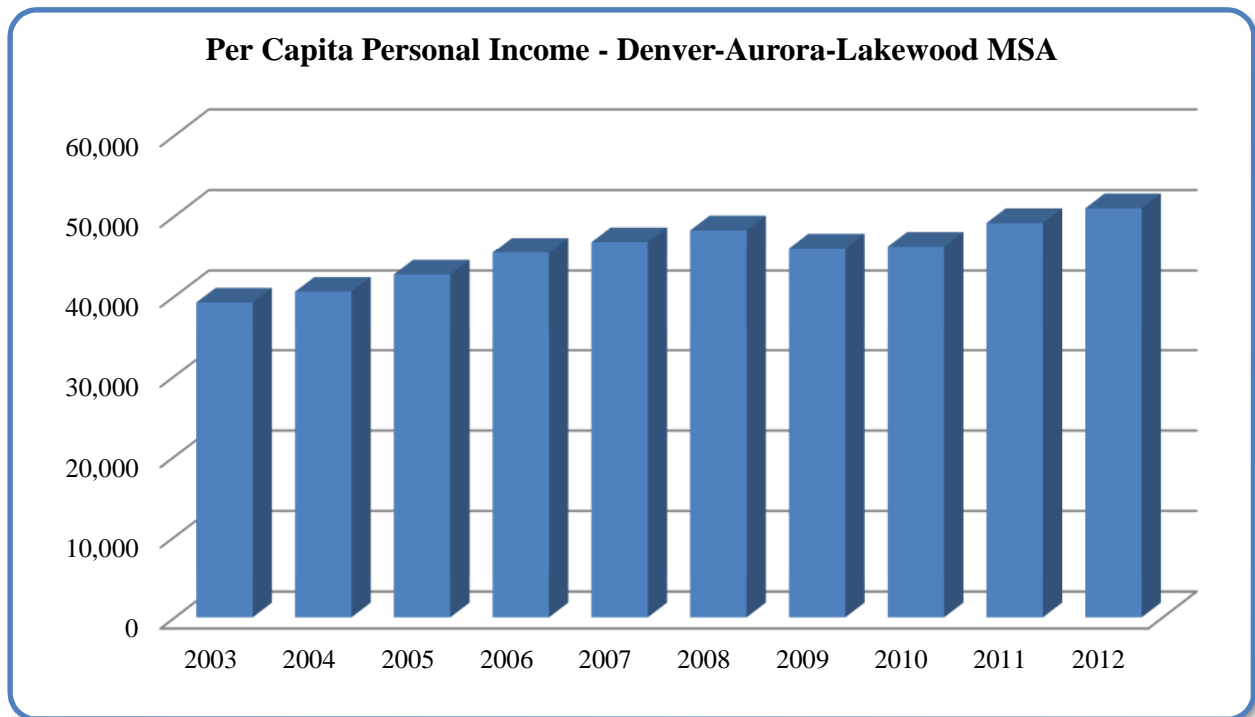
DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2013 (Continued)

Per Capita Personal Income

(Current dollars, not adjusted for inflation. n/a = not available)

<u>Year</u>	<u>Denver</u>	<u>Denver-Aurora-Broomfield MSA</u>	<u>State of Colorado</u>	<u>United States</u>
2003	41,544	39,197	35,195	32,676
2004	43,029	40,552	36,434	34,300
2005	46,050	42,697	38,407	35,888
2006	50,243	45,449	40,627	38,127
2007	50,463	46,749	42,199	39,804
2008	53,244	48,206	43,406	40,873
2009	49,260	45,975	41,515	39,357
2010	50,502	46,195	41,717	40,163
2011	54,599	49,119	44,179	42,298
2012	56,319	50,936	45,775	43,735
2013	n/a	n/a	n/a	n/a

Source: U.S. Department of Commerce, Bureau of Economic Analysis. Last updated 11/21/13, except Colorado & US 9/30/13.



Employment

The following table sets forth recent total labor force, employment and unemployment statistics for Denver, the Denver-Aurora MSA and the State. The national unemployment rate is estimated to be approximately 6.7% as of December 2013.

DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2013 (Continued)

Local Area Employment Statistics

(Annual averages, not seasonally adjusted.)

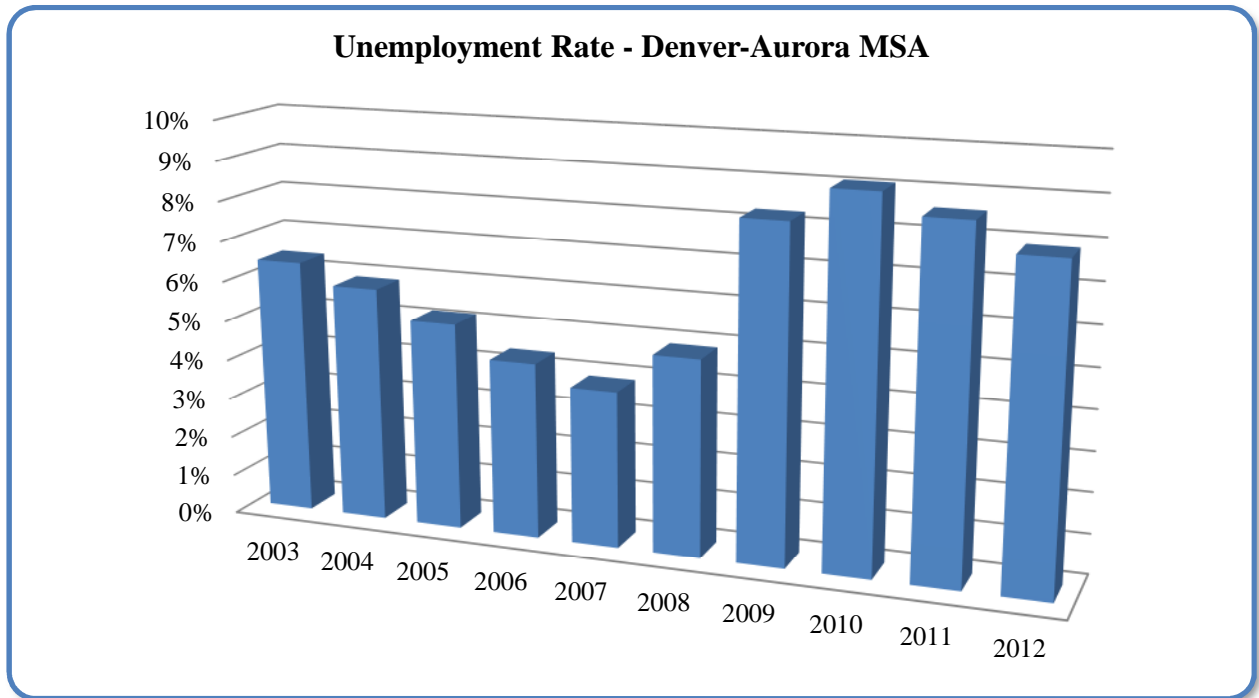
Denver				
Year	Labor Force (Thousands)	% Change	Unemployed (Thousands)	Unemployment Rate
2003	303.4	--	22.0	7.2
2004	303.6	0.1	20.1	6.6
2005	304.9	0.4	17.6	5.8
2006	309.9	1.6	14.8	4.8
2007	317.2	2.4	13.3	4.2
2008	325.1	2.5	17.4	5.3
2009	325.8	0.2	29.3	9.0
2010	322.5	(1.0)	32.2	10.0
2011	325.8	1.0	30.3	9.3
2012	328.9	1.0	27.9	8.5
2013	n/a	n/a	n/a	n/a

Denver-Aurora MSA				
Year	Labor Force (Thousands)	% Change	Unemployed (Thousands)	Unemployment Rate
2003	1,287.7	--	83.0	6.4
2004	1,303.5	1.2	76.4	5.9
2005	1,326.9	1.8	69.6	5.2
2006	1,355.7	2.2	59.2	4.4
2007	1,369.4	1.0	52.9	3.9
2008	1,400.8	2.3	68.9	4.9
2009	1,398.0	(0.2)	116.2	8.3
2010	1,399.0	0.1	126.7	9.1
2011	1,401.8	0.2	120.9	8.6
2012	1,417.4	1.1	112.6	7.9
2013	n/a	n/a	n/a	n/a

State of Colorado				
Year	Labor Force (Thousands)	% Change	Unemployed (Thousands)	Unemployment Rate
2003	2,492.3	--	152.8	6.1
2004	2,535.4	1.7	142.5	5.6
2005	2,588.5	2.1	132.6	5.1
2006	2,655.7	2.6	114.2	4.3
2007	2,685.6	1.1	101.6	3.7
2008	2,731.4	1.7	132.2	4.8
2009	2,733.5	0.1	221.5	8.1
2010	2,719.7	(0.5)	243.8	9.0
2011	2,723.2	0.1	233.5	8.6
2012	2,743.3	0.7	219.6	8.0
2013	2,736.1	(0.3)	169.0	6.2

Source: Colorado Department of Labor and Employment

DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2013 (Continued)



Principal Employers

Set forth in the following table are the ten largest employers in Denver for the current year and the period nine years prior, the number of persons each employs, and the percentage of total employment that each represents.

DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2013 (Continued)

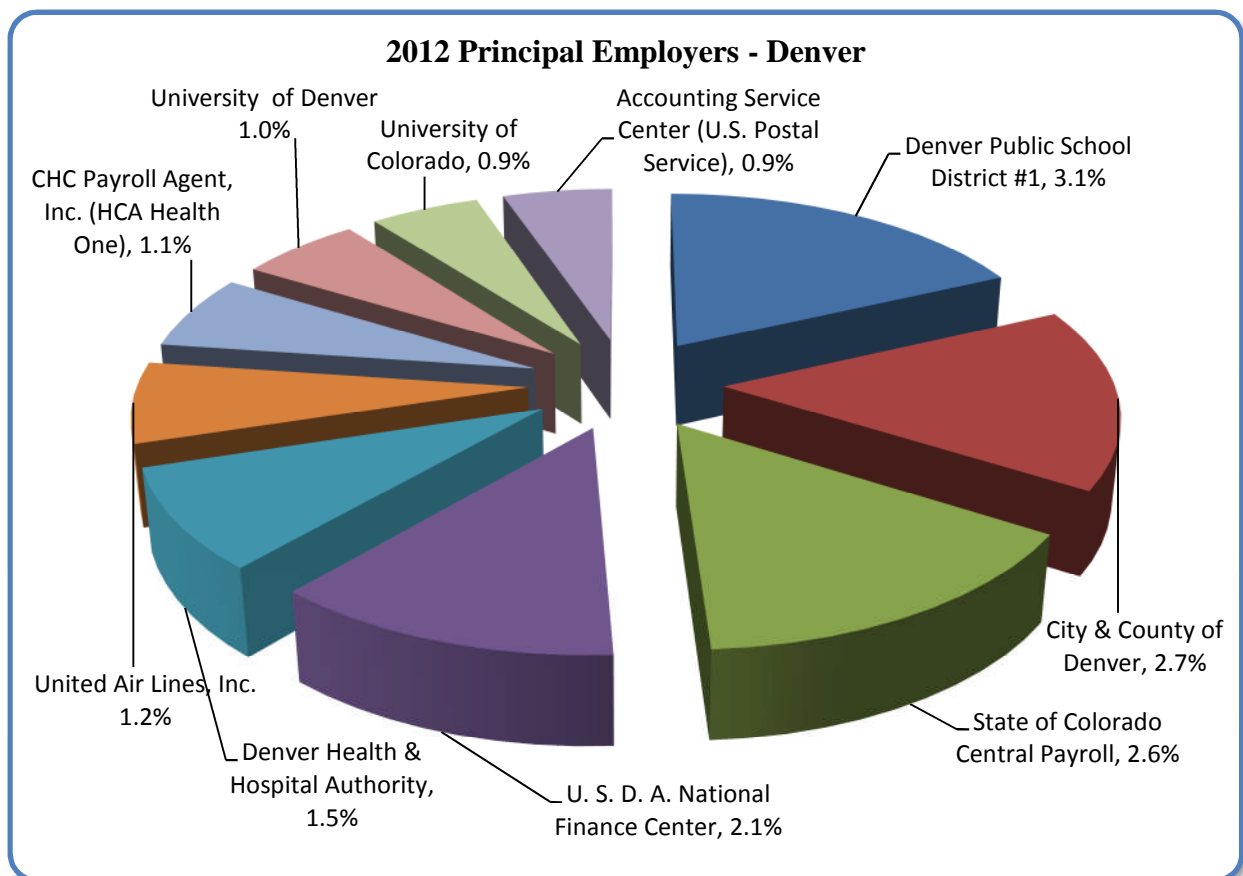
Principal Employers in Denver

Current Year and Nine Years Ago

(2013 and 2004 data not available at time of publication.)

	2012			2003		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Denver Public School District #1	11,332	1	3.1%	10,272	1	2.8%
City & County of Denver	9,704	2	2.7	9,871	2	2.7
State of Colorado Central Payroll	9,606	3	2.6	8,886	3	2.4
U. S. D. A. National Finance Center	7,593	4	2.1	4,634	6	1.3
Denver Health & Hospital Authority	5,314	5	1.5	3,138	9	0.9
United Air Lines, Inc.	4,209	6	1.2	6,378	5	1.7
CHC Payroll Agent, Inc. (HCA Health One)	4,180	7	1.1	3,408	8	0.9
University of Denver	3,713	8	1.0	2,845	10	0.8
University of Colorado	3,314	9	0.9	6,865	4	1.9
Accounting Service Center (U.S. Postal Svc.)	3,262	10	0.9	3,993	7	1.1
Total	62,227		17.1%	60,290		16.5%

Source: Based on 2012 and 2003 Occupational Privilege Tax Remitters.



DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2013 (Continued)

New Residential Building Construction

Set forth in the following table are recent historical residential building permit statistics for Denver and the Denver metropolitan area (Adams, Arapahoe, Broomfield, Denver, Douglas, and Jefferson counties).

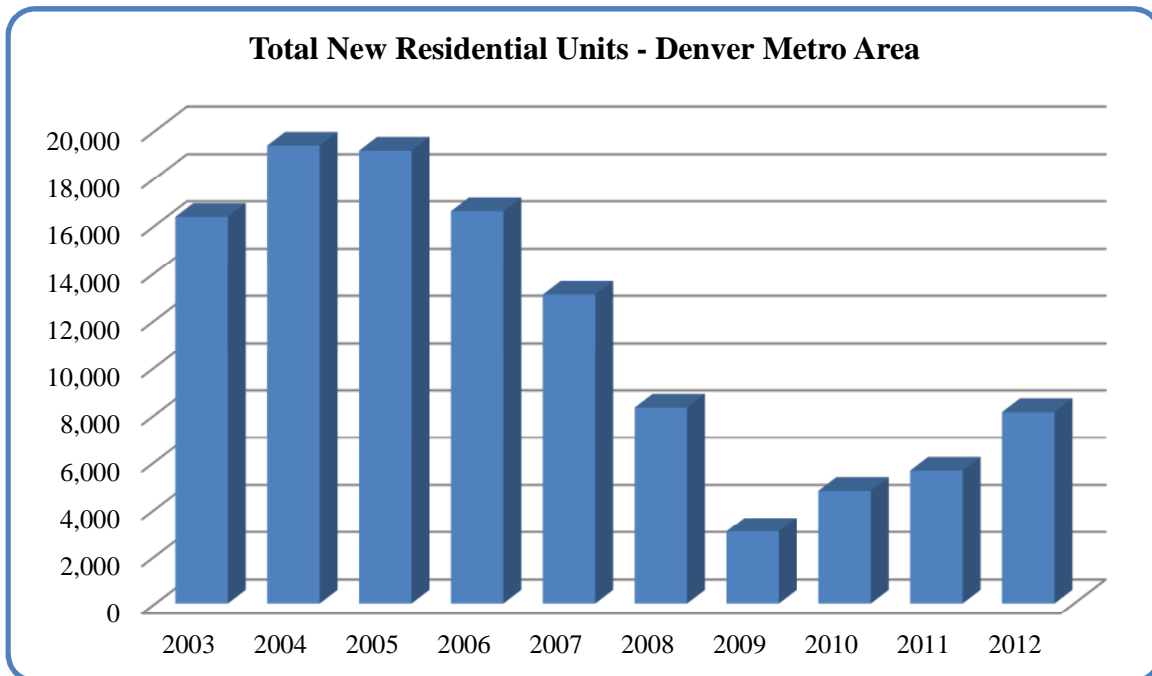
New Residential Units in Denver and the Denver Metropolitan Area

Year	Denver				Denver Metropolitan Area			
	Single Family Detached	Single Family Attached¹	Multi-Family²	Total	Single Family Detached	Single Family Attached¹	Multi-Family²	Total
2003	1,482	1,035	987	3,504	11,369	3,149	1,832	16,350
2004	1,419	1,087	1,174	3,680	12,736	4,315	2,319	19,370
2005	1,842	735	140	2,717	14,487	4,212	459	19,158
2006	1,428	1,658	319	3,405	10,129	4,866	1,590	16,585
2007	1,216	1,600	389	3,205	6,560	3,733	2,761	13,054
2008	802	207	2,511	3,520	3,350	804	4,129	8,283
2009	358	176	168	702	2,184	519	334	3,037
2010	535	213	425	1,173	3,126	666	965	4,757
2011	623	210	1,215	2,048	3,122	611	1,875	5,608
2012	846	365	87	1,298	4,771	792	2,534	8,097
2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

¹ Generally includes owner occupied residential units such as duplexes, tri-plexes, townhomes and condominiums.

² Generally includes non-owner occupied residential units such as apartments.

Source: Metro Denver Economic Development Corporation.



E - OPERATING INFORMATION

These schedules contain information about Denver Water's operations and resources to help the reader understand how Denver Water's financial information relates to the services Denver Water provides and the activities it performs.

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EMPLOYEES BY DIVISION¹: 2004 - 2013

Division/Section	2013	2012 ²	2011 ²	2010	2009 ³	2008	2007	2006	2005	2004
Manager & Staff Division	11.0	10.0	7.0	7.0	7.0	15.0	15.0	14.0	14.0	14.0
Human Resources Division	25.0	24.8	23.8	23.8	22.8	20.0	19.0	24.8	27.8	27.8
Information Technology Division	80.8	74.5	68.5	68.5	69.0	61.0	57.8	58.8	57.8	59.8
Public Affairs Division										
Director of Public Affairs	3.0	2.0	6.0	4.0	4.0	8.0	7.0	6.0	7.0	7.0
Community Relations	-	-	8.6	9.6	9.6	6.0	5.4	4.2	4.2	4.0
Communications and Marketing	11.6	10.4	-	-	-	-	-	-	-	-
Conservation	17.0	15.0	15.0	17.0	17.0	15.0	12.0	10.0	9.8	12.0
Govt & Stakeholder Relations	7.0	6.8	-	-	-	-	-	-	-	-
Central Services	-	-	-	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Customer Care	-	-	-	39.2	41.2	43.0	39.2	37.0	35.0	36.0
CIS Business Support	-	-	-	2.0	5.0	-	-	-	-	-
Customer Services - Field	-	-	-	70.0	75.0	66.0	60.0	63.0	67.0	71.0
Meter Inspection Shop	-	-	-	7.0	5.0	8.0	7.0	5.0	-	-
Sales Administration	-	-	-	20.8	16.8	12.0	15.6	11.6	11.6	10.6
	38.6	34.2	29.6	172.6	176.6	161.0	149.2	139.8	137.6	143.6
Customer Relations										
Director of Customer Relations	2.0	2.0	2.0	-	-	-	-	-	-	-
Central Services	2.6	1.0	3.0	-	-	-	-	-	-	-
Customer Care	31.3	42.8	42.2	-	-	-	-	-	-	-
Quality Assurance & Reporting	8.0	-	-	-	-	-	-	-	-	-
Customer Services - Field	51.0	64.0	66.0	-	-	-	-	-	-	-
Meter Inspection Shop	-	-	7.0	-	-	-	-	-	-	-
Sales Administration	9.0	13.0	12.8	-	-	-	-	-	-	-
	103.9	122.8	133.0	-	-	-	-	-	-	-
Legal Division	14.4	14.6	13.6	13.6	14.6	12.0	13.8	13.3	12.3	13.5
Finance Division										
Director of Finance	1.0	1.0	1.0	1.0	2.0	9.0	9.0	10.0	9.0	9.0
Controller	1.0	-	-	-	-	-	-	-	-	-
Finance Computer Support	1.0	2.0	2.0	2.0	2.0	-	-	-	-	-
Treasury Operations	9.0	9.0	8.0	7.0	8.0	7.0	7.0	7.0	6.0	5.0
Budget	3.0	3.0	4.0	4.0	5.0	4.0	4.0	4.0	4.0	4.0
Purchasing	11.0	11.0	9.0	5.0	9.0	8.0	8.0	9.0	9.0	9.0
Accounting	20.0	20.0	20.0	19.0	19.0	19.0	18.0	17.0	18.0	19.0
Rate Administration	3.0	3.0	3.0	3.0	4.0	3.0	2.0	2.0	2.0	2.0
Records & Document Administration	8.8	9.0	9.0	9.0	9.0	6.0	6.0	8.0	6.0	6.0
	57.8	58.0	56.0	50.0	58.0	56.0	54.0	57.0	54.0	54.0
Engineering Division										
Administration	7.8	7.8	7.8	6.0	6.0	3.0	6.0	8.0	9.0	9.0
Programs & Projects	58.0	57.9	53.9	57.0	57.0	49.0	39.0	36.0	35.0	37.0
Survey	25.0	25.0	26.0	26.0	26.0	26.0	25.0	26.0	25.0	24.0
Distribution	41.0	39.0	40.0	41.0	40.0	41.0	39.0	37.0	38.0	38.0
Asset Recording	10.0	7.0	7.0	7.0	7.0	7.0	7.0	-	-	-
Construction Management	24.0	25.0	24.0	24.0	23.0	21.0	23.0	19.0	20.0	22.0
	165.8	161.7	158.7	161.0	159.0	147.0	139.0	126.0	127.0	130.0
Planning Division										
Director of Planning	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0
Environmental Planning	5.6	5.6	5.6	5.6	5.6	5.0	4.6	5.6	5.6	5.6
Raw Water Supply	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Water Rights	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Water Resources Analysis	11.0	11.0	9.0	11.0	11.0	11.0	10.8	10.7	10.8	10.8
Water Resource Planning	3.0	3.0	3.0	2.0	2.0	2.0	-	-	-	-
Demand Planning	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0
Hydraulics	10.0	10.0	8.0	8.0	8.0	8.0	7.0	7.0	7.0	7.0
	49.6	49.6	45.6	46.6	46.6	45.0	41.4	42.3	42.4	41.4
Operations and Maintenance Division										
Plant Office	6.0	3.0	4.0	4.0	4.0	3.0	3.0	3.0	4.0	4.0
Water Quality & Compliance	44.0	42.0	37.0	33.0	33.0	32.0	32.0	31.8	31.8	31.8
Safety and Loss Control	15.0	15.0	16.0	14.0	16.0	15.0	14.0	13.0	14.0	15.0
Source of Supply	57.0	57.0	59.0	61.0	60.0	60.0	53.0	56.0	59.0	56.0
Water Treatment	87.0	84.0	88.0	89.0	89.0	92.0	90.0	86.0	88.0	83.0
Transmission & Distribution	132.0	142.0	144.0	157.0	149.0	145.0	144.0	154.0	156.0	157.0
Treated Water Operations	62.0	58.0	59.0	59.0	57.5	57.0	54.0	55.0	57.0	57.0
Instrumentation & Ctrl Systems	11.0	14.0	12.0	11.0	12.0	11.0	11.0	6.0	7.0	19.0
Maintenance and Warehouse	102.0	113.0	115.0	118.0	121.0	123.0	120.0	124.0	123.0	131.0
Emergency Mangement	2.0	2.0	-	-	-	-	-	-	-	-
	518.0	530.0	534.0	546.0	541.5	538.0	521.0	528.8	539.8	553.8
Total All Divisions	1,064.9	1,080.2	1,069.8	1,089.1	1,095.1	1,055.0	1,010.2	1,004.8	1,012.7	1,037.9

¹Number of employees includes regular and introductory employees. Temporary and project employees are not included.

²In 2011, the Customer Relations division was split out from Public Affairs.

³In 2009, Director positions were moved to their respective divisions and manager positions were moved to their respective sections.

⁴In 2012, Human Resources was revised to exclude employees on disability.

ADDITIONS TO CAPITAL ASSETS - 2013
(amounts expressed in thousands)

(Page 1 of 2)

NEW FACILITIES

SOURCE OF SUPPLY

Gross Reservoir	\$ 2,509	
Downstream Reservoirs	1,893	
Water Rights	1,778	
Conduit 16	1,312	
Land Acquisitions	957	
Williams Fork Reservoir	446	
Marston Reservoir	334	
Vasques St Louis	179	
Cheesman Reservoir	54	
Moffat Collection	44	
Antero Reservoir	27	
North Fork at the South Platte	22	
Ranch Creek	9	
	<hr/>	
Total Source of Supply		9,564

PUMPING PLANT

Elizabeth Street Pump Station	1,748	
Chatfield Pump Station	246	
Lone Tree Pump Station	27	
Other Miscellaneous Pumping	3	
	<hr/>	
Total Pumping Plant		2,024

WATER TREATMENT

Moffat Treatment Plant	300	
	<hr/>	
Total Water Treatment		300

TRANSMISSION AND DISTRIBUTION

Ashland Reservoir	10,774	
Treated Water Conduits	3,426	
Distribution Mains & Hydrants	2,612	
	<hr/>	
Total Transmission and Distribution		16,812

TOTAL NEW FACILITIES

28,700

(amounts expressed in thousands)

<u>FACILITY REPLACEMENTS AND IMPROVEMENTS</u>		
SOURCE OF SUPPLY		
Antero Reservoir	\$ 2,482	
Vasquez St. Louis	1,760	
Platte Canyon Reservoir	1,633	
Strontia Springs Reservoir	1,489	
South Boulder Canal/Diversion	240	
Harriman Lake	230	
Cheesman Reservoir	82	
Waterton Canyon	64	
Long Lakes Reservoir	36	
Ralston Reservoir	34	
Downstream Reservoirs	32	
Dillon Power	21	
Gross Reservoir	17	
Roberts Tunnel Power Plant	15	
Dillon Reservoir	10	
Miscellaneous Source of Supply	9	
Total Source of Supply	<u> </u>	8,154
PUMPING PLANT		
56th Avenue Pump Station	2,772	
Kendrick Pump Station	795	
Belleview Pump Station	296	
Cherry Hills Pump Station	204	
Green Mountain Pump Station	162	
Broomfield Pump Station	150	
Lakeridge Pump Station	122	
Marston Pump Station	73	
Other Miscellaneous Pumping	6	
Total Pumping Plant	<u> </u>	4,580
WATER TREATMENT		
Foothills Treatment Plant	7,871	
Marston Treatment Plant	1,725	
Moffat Treatment Plant	607	
Recycle Distribution Treatment Plant	7	
Total Water Treatment	<u> </u>	10,210
TRANSMISSION AND DISTRIBUTION		
Mains - Replaced, Extend and Relocate	21,541	
Treated Water Conduits	11,820	
Highlands Reservoir	3,334	
Wynetka Decentralization Station	505	
Recycled Water Conduits	184	
Total Transmission and Distribution	<u> </u>	37,384
GENERAL PLANT		
General Plant	331	
General Equipment	316	
Kassler Center	29	
Total General Plant	<u> </u>	676
TOTAL FACILITY REPLACEMENTS AND IMPROVEMENTS	<u> </u>	<u>61,004</u>
NON-UTILITY		
Highline Canal	6	
TOTAL NON-UTILITY REPLACEMENTS AND IMPROVEMENTS	<u> </u>	6
<u>GENERAL EQUIPMENT ADDITIONS, REPLACEMENTS, AND IMPROVEMENTS</u>		
Capitalization Software & IT Projects	2,817	
Motor Vehicles & Heavy Equipment	894	
	<u> </u>	3,711
TOTAL PROPERTY, PLANT & EQUIPMENT ADDITIONS	<u> </u>	<u>\$ 93,421</u>

CAPITAL ASSETS BY FUNCTION: 2004 - 2013
(amounts expressed in thousands)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
UTILITY PLANT IN SERVICE:										
Source of supply plant	\$ 665,962	\$ 655,650	\$ 603,059	\$ 601,640	\$ 577,785	\$ 524,366	\$ 490,413	\$ 477,999	\$ 458,168	\$ 448,308
Pumping plant	126,236	113,103	111,259	103,259	104,867	86,174	72,101	70,951	70,212	64,728
Water treatment plant	465,253	463,798	459,888	380,166	369,704	368,921	333,933	330,394	331,481	315,906
Transmission and distribution plant	1,056,399	1,002,493	937,809	896,618	862,572	830,307	774,953	747,966	726,563	696,718
General plant and equipment	155,713	153,834	149,381	135,031	131,128	116,207	111,993	113,928	103,899	100,246
Leasehold and other improvements	71,111	71,111	81,656	84,311	89,703	97,840	97,668	90,535	90,522	90,297
Land held for future use	14,276	14,276	14,276	14,249	14,257	14,249	14,321	14,050	14,050	14,050
Total utility plant in service	2,554,950	2,474,265	2,357,328	2,215,274	2,150,016	2,038,064	1,895,382	1,845,823	1,794,895	1,730,253
NONUTILITY PLANT IN SERVICE:										
Plant	9,070	9,070	8,300	8,685	8,738	8,830	8,795	8,802	8,949	9,127
General equipment	37	27	27	27	27	19	19	69	69	69
Idle plant	-	-	-	-	-	-	-	203	-	-
Total nonutility plant in service	9,107	9,097	8,327	8,712	8,765	8,849	8,814	9,074	9,018	9,196
UTILITY PLANT UNDER CAPITAL LEASE:										
Certificates of participation ¹	-	-	-	70,453	69,962	71,949	79,022	78,584	69,151	74,036
Other	42,980	42,980	42,980	42,981	42,981	42,981	42,981	42,981	42,981	42,981
Total utility plant under capital lease	42,980	42,980	42,980	113,434	112,943	114,930	122,003	121,565	112,132	117,017
CONSTRUCTION IN PROGRESS										
Gross capital assets	2,731,281	2,644,204	2,538,405	2,447,903	2,349,064	2,271,159	2,182,012	2,095,968	2,005,085	1,931,662
LESS ACCUMULATED DEPRECIATION AND AMORTIZATION										
Net capital assets	\$ 1,997,591	\$ 1,954,672	\$ 1,880,227	\$ 1,826,912	\$ 1,760,004	\$ 1,705,001	\$ 1,647,602	\$ 1,589,873	\$ 1,529,484	\$ 1,484,530

¹In 2011, assets under Certificates of Participation capital lease were reclassified to Water Treatment Plant upon redemption of the Certificates of Participation.

RECEIPTS AND EXPENDITURES
 BUDGET TO ACTUAL COMPARISON 2009 - 2013 AND 2014 BUDGET (CASH BASIS)
 (amounts expressed in thousands)

	2014	2013		2012		2011		2010		2009	
	Budget	Budget ¹	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
BEGINNING CASH & INVESTMENTS	\$ 219,744	\$ 222,299	\$ 222,299	\$ 187,296	\$ 187,296	\$ 225,410	\$ 225,410	\$ 194,012	\$ 194,012	\$ 198,311	\$ 198,311
RECEIPTS FROM:											
Sale of water	250,376	233,058	230,908	261,978	271,703	246,079	238,124	223,305	225,493	212,028	188,293
Nonoperating, interest & other	19,336	20,502	24,767	18,783	23,551	19,532	31,434	16,168	16,474	20,576	18,274
System development charges	15,294	8,640	34,616	10,714	19,619	8,000	14,649	8,000	11,283	8,000	9,013
Developer participation (new facilities), reimbursements & grants	2,163	2,911	7,425	5,367	3,452	4,863	8,088	4,863	10,940	11,605	10,938
	287,169	265,111	297,716	296,842	318,325	278,474	292,295	252,336	264,190	252,209	226,518
Sale of bonds or issuance of notes	36,000	25,600	10,000	38,000	40,358	-	-	39,000	90,000	44,075	44,000
Total receipts	323,169	290,711	307,716	334,842	358,683	278,474	292,295	291,336	354,190	296,284	270,518
LESS EXPENDITURES FOR:											
Operations, maintenance & refunds	197,662	183,092	185,927	201,862	174,878	198,641	181,364	178,177	184,441	152,021	153,182
Debt service	48,364	46,752	46,218	39,853	45,089	46,374	55,958	50,525	51,234	51,933	50,800
	246,026	229,844	232,145	241,715	219,967	245,015	237,322	228,702	235,675	203,954	203,982
Capital improvements (new facilities)	45,931	26,958	24,470	47,343	47,465	46,344	39,396	52,818	51,105	43,235	32,568
System replacements	59,734	42,823	35,218	37,271	32,486	32,101	26,981	30,755	23,734	31,148	21,653
Equipment	5,813	6,486	4,238	7,186	6,975	8,642	5,609	10,552	7,177	20,954	14,927
	111,478	76,267	63,926	91,800	86,926	87,087	71,986	94,125	82,016	95,337	69,148
Indirects to capital	13,994	12,735	9,954	14,265	15,176	14,791	15,236	15,738	15,551	11,512	15,429
Total expenditures	371,498	318,846	306,025	347,780	322,069	346,893	324,544	338,565	333,242	310,803	288,559
Cash Balance Adjustment ²			(4,246)		(1,611)		(5,865)		10,450		13,742
ENDING CASH & INVESTMENTS	\$ 171,415	\$ 194,164	\$ 219,744	\$ 174,358	\$ 222,299	\$ 156,991	\$ 187,296	\$ 146,783	\$ 225,410	\$ 183,792	\$ 194,012

GENERAL EXPLANATION OF VARIANCES:

¹The 2013 budget represents the revised budget approved by the Board on April 10, 2013 in response to the drought.

²The cash balance adjustment is due to a timing difference between cash payments that were made in January but were accrued for in December.

Variations in operating receipts are generally due to abnormal climatic conditions.

Variations in system development charges are generally related to levels of activity in the home building industry.

Variations in capital improvements are generally due to changes in project scheduling.

Cash and investments do not agree with amounts on the statements of net assets due to differences in valuation methods.

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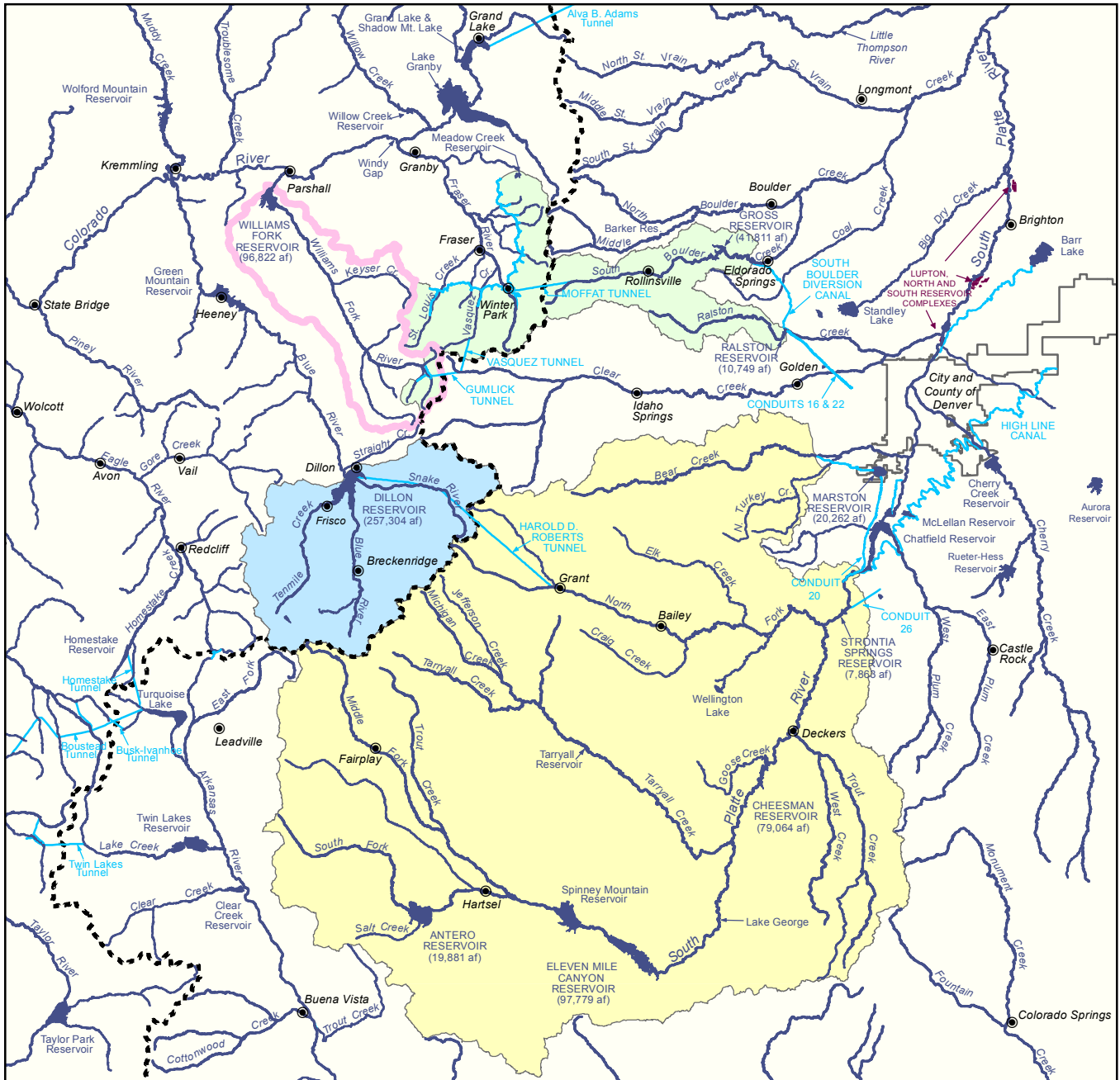
Supply

2013 Facts

Raw water collected	395,638	Acre Feet
Percent of average yield-last 10 years	131%	
Percent from South Platte System	36%	
Percent from Moffat System	36%	
Percent from Roberts Tunnel System	28%	
Reservoir storage, January 1	471,380	Acre Feet
Percent of capacity	69.7%	
Reservoir storage, December 31	611,625	Acre Feet
Percent of capacity	90.4%	
Power generation (excluding power purchased).....	74,461,486	KWH
Value of power generation (excluding power purchased)..	\$4,746,456	

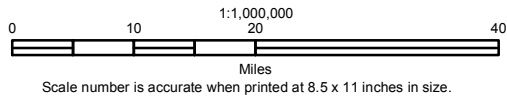
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City and County of Denver Board of Water Commissioners Water Collection System



LEGEND

 South Platte Collection System	 Town
 Roberts Tunnel Collection System	 Continental Divide
 Moffat Collection System	 Major Canal or Aqueduct
 Williams Fork Reservoir Watershed	 Major Stream or River
 Major Lake or Reservoir	



This Geographic Information Systems (GIS) map and information shown is provided 'as is' with no claim by the Denver Water Board as to the completeness, usefulness or accuracy of its content.
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SOURCE OF SUPPLY - 2013
Reservoirs and Collection Systems

(Page 1 of 2)

	<u>Capacity in Acre-Feet</u>	<u>Capacity in Million Gals.</u>
RAW WATER STORAGE		
Storage Reservoirs:		
Antero	19,881	6,478.2
Chatfield	27,428	8,937.4
Cheesman	79,064	25,763.1
Dillon	257,304	83,842.8
Eleven Mile Canyon	97,779	31,861.4
Gross	41,811	13,624.2
Meadow Creek Reservoir (Denver Water portion)	4,520	1,472.8
Soda Lakes (Denver Water portion)	615	200.4
Total Storage Reservoirs	<u>528,402</u>	<u>172,180.3</u>
Operating Reservoirs:		
Long Lakes	1,787	582.3
Marston Lake	19,796	6,450.5
Platte Canyon	910	296.5
Ralston	10,776	3,511.4
Strontia Springs	7,863	2,562.2
Total Operating Reservoirs	<u>41,132</u>	<u>13,402.9</u>
TOTAL RAW WATER STORAGE	<u>569,534</u>	<u>185,583.2</u>
 REPLACEMENT RESERVOIRS		
Williams Fork	96,822	31,549.5
Wolford Mountain (Denver Water portion)	25,610	8,345.0
TOTAL REPLACEMENT RESERVOIRS	<u>122,432</u>	<u>39,894.5</u>
 MOUNTAIN COLLECTION SYSTEM		
	<u>Length in Feet</u>	<u>Length in Miles</u>
Moffat Collection System:		
Concrete and Steel Pipe	98,549	18.7
Moffat Water Tunnel	32,383	6.1
Open Canals	15,443	2.9
Covered Canals	21,081	4.0
Other Tunnels	10,953	2.1
Total Moffat Collection System	<u>178,409</u>	<u>33.8</u>
Williams Fork Collection System:		
Steel Pipe	18,939	3.6
Vasquez Tunnel	17,874	3.4
A. P. Gumlick Tunnel	15,572	2.9
Open Canals	1,795	0.3
Total Williams Fork Collection System	<u>54,180</u>	<u>10.2</u>
Roberts Tunnel	<u>122,953</u>	<u>23.3</u>
South Boulder Diversion Conduit:		
Open Canals	30,250	5.7
Concrete and Steel Pipe	13,948	2.6
Tunnels	7,704	1.5
Covered Canals	1,748	0.3
Total South Boulder Diversion Conduit	<u>53,650</u>	<u>10.1</u>
TOTAL MOUNTAIN COLLECTION SYSTEM	<u>409,192</u>	<u>77.4</u>

SOURCE OF SUPPLY - 2013
Supply Mains and Wells

(Page 2 of 2)

RAW WATER SUPPLY MAINS

	Size	Kind of Pipe	Length in Feet	Length in Miles		Size	Kind of Pipe	Length in Feet	Length in Miles
Conduit 5:	24"	Cast Iron	23	-	Conduit 22:	24"	Ductile Iron	133	-
	24"	Ductile Iron	2,823	0.5		24"	Steel	37	-
	24"	Steel	124	-		36"	Ductile Iron	68	-
	30"	Cast Iron	63	-		42"	Reinforced Concrete Cyl	14	-
	30"	Concrete	24,778	4.7		48"	Steel	38	-
	30"	Steel	104	-		54"	Reinforced Concrete Cyl	43,519	8.2
	36"	Concrete	1,168	0.2		54"	Steel	1,318	0.2
	42"	Steel	212	-		60"	Steel	51	-
Total Conduit 5			<u>29,295</u>	<u>5.4</u>	Total Conduit 22			<u>45,178</u>	<u>8.4</u>
Conduit 8:	36"	Cast Iron	1,530	0.3	Conduit 26:	24"	Ductile Iron	13	-
	36"	Concrete	2,424	0.5		24"	Reinforced Concrete Cyl	365	0.1
	36"	Steel	670	0.1		24"	Steel	37	-
	60"	Steel	523	0.1		60"	Steel	47	-
	84"	Steel	15	-		72"	Steel	64	-
	90"	Steel	14	-		78"	Steel	213	-
Total Conduit 8			<u>5,176</u>	<u>1.0</u>		96"	Steel	225	-
Conduit 14:	24"	Steel	7	-		120"	Steel	14	-
	36"	Corrugated Metal Pipe	104	-		126"	Concrete	13,976	2.6
	36"	Concrete	1,381	0.3		126"	Steel	5,766	1.1
	36"	Steel	117	-	Total Conduit 26			<u>20,720</u>	<u>3.8</u>
	48"	Reinforced Concrete Cyl	3,322	0.6	Conduit 155:	24"	Ductile Iron	26	-
Total Conduit 14			<u>4,931</u>	<u>0.9</u>		30"	Ductile Iron	2,492	0.5
Conduit 15:	24"	Cast Iron	90	-	Total Conduit 155			<u>2,518</u>	<u>0.5</u>
	30"	Reinforced Concrete Cyl	410	0.1	Conduit 157:	30"	Steel	25	-
	60"	Reinforced Concrete Cyl	8,036	1.5		42"	Reinforced Concrete Cyl	3,044	0.6
	60"	Steel	11,235	2.1		42"	Steel	468	0.1
	72"	Reinforced Concrete Cyl	5,532	1.0		48"	Reinforced Concrete Cyl	129	-
	72"	Steel	6,741	1.3	Total Conduit 157			<u>3,666</u>	<u>0.7</u>
	84"	Reinforced Concrete Cyl	437	0.1	Conduit 160:	36"	Steel	325	0.1
Total Conduit 15			<u>32,481</u>	<u>6.1</u>	Other (no number) ¹ :	36"	Cast Iron	1,047	0.2
Conduit 16:	42"	Reinforced Concrete	3,071	0.6		36"	Concrete	1,652	0.3
	42"	Reinforced Concrete Cyl	40,980	7.8		36"	Steel	459	0.1
	42"	Steel	1,397	0.3		42"	Steel	4,441	0.8
	48"	Steel	25	-		48"	Cast Iron	157	-
Total Conduit 16			<u>45,473</u>	<u>8.7</u>		48"	Concrete	15	-
Conduit 20:	30"	Concrete	5	-		48"	Steel	6	-
	36"	Concrete	12	-		54"	Steel	2,876	0.5
	60"	Concrete	119	-		60"	Steel	1,700	0.3
	60"	Steel	509	0.1		66"	Reinforced Concrete Non-Cyl	1,629	0.3
	84"	Steel	548	0.1		66"	Steel	11	-
	90"	Steel	52	-		72"	Steel	978	0.2
	90"	Concrete	62,480	11.8		90"	Steel	31	-
	90"	Reinforced Concrete Non-Cyl	457	0.1		108"	Concrete	123	-
Total Conduit 20			<u>64,182</u>	<u>12.1</u>		108"	Steel	8,259	1.6
						120"	Steel	97	-
						132"	Steel	322	0.1
						144"	Steel	815	0.2
					Total Conduit Other			<u>24,618</u>	<u>4.6</u>
					TOTAL RAW WATER SUPPLY MAINS			<u>278,563</u>	<u>52.3</u>

¹These are raw water supply mains typically on Denver Water property that are not assigned a conduit number.

INFILTRATION GALLERIES & WELLS

	Capacity in MGD
Cherry Creek Wells - Well O	1.2
Farnell Lane Well Field	- ²

²Alternative uses for supplies from the Farnell Lane Well Field are presently under study.

POWER GENERATION, PURCHASE, DISTRIBUTION, AND BANKING

POWER GENERATION AND PURCHASE	<u>Kilowatt Hours</u>	<u>Value²</u>
Net Power Generation: ¹		
Dillon	7,316,791	\$ 414,730
Foothills	9,218,400	710,769
Gross	22,439,620	1,352,101
Hillcrest	8,571,500	544,235
Roberts Tunnel	12,283,171	978,931
Strontia Springs	6,967,604	347,141
Williams Fork	7,664,400	398,549
Total Power Generation	74,461,486	4,746,456
Power Purchased for Department of Energy (DOE) power interference	6,819,733	299,510
TOTAL POWER GENERATION AND PURCHASE	<u>81,281,219</u>	<u>5,045,966</u>
POWER DISTRIBUTION		
Internal Power Consumption: ¹		
Foothills	4,434,724	341,932
Hillcrest	2,129,409	135,204
Total Internal Power Consumption	<u>6,564,133</u>	<u>477,136</u>
Power Deliveries:		
To Xcel Energy:		
Dillon	7,316,791	414,730
Foothills	4,783,676	368,837
Gross	22,439,620	1,352,101
Hillcrest	6,442,091	409,031
Roberts Tunnel	12,283,171	978,931
Strontia Springs	6,967,604	347,141
	<u>60,232,953</u>	<u>3,870,771</u>
To Tri-State Generation and Transmission Association:		
Williams Fork	7,664,400	398,549
Total Power Deliveries to Xcel and Tri-State	<u>67,897,353</u>	<u>4,269,320</u>
Total Power Generation	74,461,486	4,746,456
To DOE for Power Interference:		
Purchased Power	6,819,733	299,510
Total Power Deliveries to DOE	<u>6,819,733</u>	<u>299,510</u>
TOTAL POWER DISTRIBUTION	<u>81,281,219</u>	<u>5,045,966</u>
DOE BANKED POWER INTERFERENCE ACCOUNT ³		
Balance, Beginning of Year	31,104,260	933,127
Net Interference	(6,555,291)	(196,659)
Total Allocation	6,819,733	299,510
Balance, End of Year	<u>31,368,702</u>	<u>\$ 1,035,978</u>

¹Net Power Generation is total generation less station service (except Foothills and Hillcrest) and transmission wheeling losses. Value of Williams Fork power and that consumed by Foothills and Hillcrest based on PSC tariff schedule TT, June 4, 1988.

²Values on this schedule represent the value of power produced and distributed and do not relate to power sales on other schedules.

³Value based on 30 mills/kwh (approximate average of PSC and DOE rates).

POWER VALUE, COST, AND RETURN ON INVESTMENT

	Power Plant							Total
	<u>Dillon</u>	<u>Foothills</u>	<u>Gross</u>	<u>Hillcrest</u>	<u>Roberts Tunnel</u>	<u>Strontia Springs</u>	<u>Williams Fork</u>	
Date of Commercial Operation:	Oct 1, 1987	May 25, 1985	Aug 1, 2007	Jun 30, 1993	Jan 30, 1988	Aug 11, 1986	July 25, 1959	
VALUE OF POWER GENERATION ¹								
Delivered to Xcel Energy	\$414,730	\$368,837	\$1,352,101	\$409,031	\$978,931	\$347,141	\$ -	\$3,870,771
Foothills Internal Consumption	-	341,932	-	-	-	-	-	341,932
Hillcrest Intenal Consumption	-	-	-	135,204	-	-	-	\$135,204
Delivered to Tri-State	-	-	-	-	-	-	398,549	398,549
TOTAL VALUE	<u>414,730</u>	<u>710,769</u>	<u>1,352,101</u>	<u>544,235</u>	<u>978,931</u>	<u>347,141</u>	<u>398,549</u>	<u>4,746,456</u>
COST OF POWER GENERATION								
Transmission Wheeling	-	14,900	-	-	30,976	-	-	45,876
Operation and Maintenance	232,466	11,180	77,253	87,217	132,333	75,244	138,667	754,360
Administrative Expense	97,094	3,373	16,910	26,610	22,416	16,839	39,717	222,959
Depreciation	79,818	74,026	758,082	124,063	105,353	33,740	687,628	1,862,710
TOTAL COST	<u>409,378</u>	<u>103,479</u>	<u>852,245</u>	<u>237,890</u>	<u>291,078</u>	<u>125,823</u>	<u>866,012</u>	<u>2,885,905</u>
Net Return (Loss)	<u>\$5,352</u>	<u>\$607,290</u>	<u>\$499,856</u>	<u>\$306,345</u>	<u>\$687,853</u>	<u>\$221,318</u>	<u>(\$467,463)</u>	<u>\$1,860,551</u>
Plant Investment (Before Depreciation)	<u>\$4,646,727</u>	<u>\$2,936,645</u>	<u>\$18,685,773</u>	<u>\$6,309,868</u>	<u>\$6,007,230</u>	<u>\$1,733,652</u>	<u>\$25,307,386</u>	<u>\$65,627,281</u>
Return on Investment - Current Year	<u>0%</u>	<u>21%</u>	<u>3%</u>	<u>5%</u>	<u>11%</u>	<u>13%</u>	<u>(2)%</u>	<u>3%</u>
Return on Investment - Cumulative	<u>161%</u>	<u>299%</u>	<u>26%</u>	<u>41%</u>	<u>104%</u>	<u>232%</u>	<u>14%</u>	<u>57%</u>

¹Values on this schedule represent the value of power produced and distributed and do not relate to power sales on other schedules.

WATER SUPPLY, USE AND STORAGE: 2004 - 2013

Values in acre-feet¹

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<u>SUPPLY</u>										
South Platte System:										
South Platte Direct Rights	72,254	46,557	75,389	94,795	84,365	67,152	103,166	63,190	73,934	62,054
South Platte Storage Rights	37,816	4,283	25,739	31,347	39,402	31,786	40,192	15,812	59,502	26,738
Bear Creek Rights	2,067	61	1,359	1,222	1,178	1,862	1,930	1,234	2,302	4,100
Total South Platte System	112,137	50,901	102,487	127,364	124,945	100,800	145,288	80,236	135,738	92,892
Blue River/Roberts Tunnel System	111,564	54,394	148,643	74,674	58,468	80,056	65,682	127,074	94,470	75,984
Effluent Exchange ²	30,778	34,864	15,072	24,527	13,846	21,455	23,266	33,632	19,012	27,086
Moffat System:										
Fraser Collection System	49,036	29,399	45,353	27,240	37,640	58,490	34,090	65,034	48,190	43,408
Williams Fork Collection System	68,483	23,275	33,565	28,362	31,138	26,268	34,608	41,970	52,478	41,154
Cabin-Meadow Creek System	3,080	1,448	4,112	1,452	4,668	3,794	5,866	6,574	4,424	5,074
South Boulder Creek	7,418	-	9,606	15,178	4,816	-	7,708	-	4,388	-
Ralston Creek	13,142	401	1,127	4,086	1,374	290	2,792	-	3,054	498
Total Moffat System	141,159	54,523	93,763	76,318	79,636	88,842	85,064	113,578	112,534	90,134
Total Water Supply	395,638	194,682	359,965	302,883	276,895	291,153	319,300	354,520	361,754	286,096
<u>USE</u>										
Foothills Filters	116,095	155,334	137,330	142,811	117,784	117,973	141,468	135,774	124,411	118,945
Marston Filters	36,135	46,029	25,763	40,489	31,853	56,498	43,303	34,633	30,008	25,097
Moffat Filters	32,503	19,477	46,380	30,642	40,910	46,438	31,507	58,907	55,802	41,864
Total Water Filtered	184,733	220,840	209,473	213,942	190,547	220,909	216,278	229,314	210,221	185,906
Change in Clear Water Storage	52	24	12	(55)	52	(23)	17	8	(83)	3
Total Treated Water Delivered ³	184,785	220,864	209,485	213,887	190,599	220,886	216,295	229,322	210,138	185,909
Raw Water Deliveries	24,533	31,574	27,535	24,641	25,717	30,079	26,830	43,061	32,726	38,535
Other Uses ⁴	46,075	91,467	100,922	79,819	58,632	39,620	61,234	63,356	37,638	66,181
Evaporation Losses ⁵	-	-	-	-	-	-	-	-	-	-
Total Water Use	255,393	343,905	337,942	318,347	274,948	290,585	304,359	335,739	280,502	290,625
<u>STORAGE</u>										
Total Reservoir Storage, December 31	611,625	471,380	620,603	598,580	614,044	612,097	611,529	596,588	577,807	496,555
Total Reservoir Storage, January 1	471,380	620,603	598,580	614,044	612,097	611,529	596,588	577,807	496,555	501,084
Storage Gain or (Loss)	140,245	(149,223)	22,023	(15,464)	1,947	568	14,941	18,781	81,252	(4,529)

¹Starting in Water Year 2011 the conversion factor from cfs to acre-feet was changed from 2 to 1.9835.

²Initiated exchange programs for Blue River effluent on September 10, 1976.

³Total Treated Water Delivered is determined by adding or subtracting Change in Clear Water Storage from Total Water Filtered.

⁴Other Uses include, but are not limited to, evaporation, carriage losses, seepage losses, Chatfield bypasses, flood bypasses, substitution and releases for power production and maintenance projects.

⁵Evaporation losses included in Other Uses beginning in 2004.

Pumping

2013 Facts

Treated Water pumped - Current year	34,895.4	MG ¹
Treated Water pumped - Last year	39,484.1	MG ¹
Percentage increase (decrease) from last year	(12)%	
Number of treated water pump stations	18	
Maximum pumping capacity	1,007.9	MGD ²
Pumping energy costs (Treated Water) - Current year	\$2,964,275	
Pumping energy costs (Treated Water) - Last year	\$3,040,371	
Percentage increase from last year	(3)%	

¹Million Gallons

²Million Gallons per Day

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PUMPING STATION CAPACITIES - 2013

(Page 1 of 3)

Center of pump U.S.G.S. elevation in parentheses

Pump Station/Elevation	Pump			Horse- power	Head in Feet	Capacity in MGD
	Number	Make of Pump	Make of Motor			
BELLEVIEW (5,714) (High Pressure)	4	Goulds	Ideal Electric	900	260	15.0
	5	Worthington	Westinghouse	300	260	5.0
	6	Goulds	US Motor	700	271	10.0
	7	Worthington	General Electric	900	260	15.0
				<u>2,800</u>		<u>45.0</u>
BELLEVIEW (5,714) (Low Pressure)	1	Goulds	General Electric	250	175	6.0
	2	Goulds	General Electric	400	175	10.0
				<u>650</u>		<u>16.0</u>
BROOMFIELD (5,316)	1	Goulds	US Motor	500	350	6.5
	2	Goulds	US Motor	500	350	6.5
	3	Goulds	US Motor	500	350	6.5
	4	Goulds	US Motor	500	300	6.5
				<u>2,000</u>		<u>26.0</u>
CASTLEWOOD (5,785) ¹	1	Peerless	US Motor	10		0.5
	2	Peerless	General Electric	40		1.5
	3	Peerless	General Electric	100		4.2
				<u>150</u>		<u>6.2</u>
CHATFIELD (5,717) (Low Pressure)	1	ITT	US Motor	200	150	5.0
	2	ITT	US Motor	200	150	5.0
	3	ITT	US Motor	200	150	5.0
				<u>600</u>		<u>15.0</u>
CHATFIELD (5,717) (High Pressure)	5	ITT	US Motor	400	320	5.0
	6	ITT	US Motor	400	320	5.0
				<u>800</u>		<u>10.0</u>
CHERRY HILLS (5,380)	1	Worthington	General Electric	1,000	220	20.0
	2	Worthington	General Electric	1,000	220	20.0
	3	Worthington	General Electric	1,000	220	20.0
	4	Worthington	General Electric	1,000	220	20.0
	5	Worthington	General Electric	1,000	220	20.0
	6	Worthington	General Electric	1,000	220	20.0
				<u>6,000</u>		<u>120.0</u>
CLARKSON (5,482) ¹	1	Fairbanks Morse	Fairbanks Morse	150	234	2.1
	2	Fairbanks Morse	Fairbanks Morse	150	234	2.1
	3	Fairbanks Morse	Fairbanks Morse	150	234	2.1
	4	Fairbanks Morse	Fairbanks Morse	150	234	2.1
	5	Fairbanks Morse	Fairbanks Morse	150	234	2.1
	6	Fairbanks Morse	Reliance Electric	150	234	2.1
				<u>900</u>		<u>12.6</u>
EINFELDT (5,341)	2	Wheeler Economy	General Electric	800	175	20.0
	3	Byron Jackson	General Electric	600	175	17.0
	4	Byron Jackson	General Electric	400	175	12.0
	5	Byron Jackson	Westinghouse	200	175	5.3
	6	Worthington	General Electric	800	175	20.0
	7	Wheeler Economy	General Electric	800	175	20.0
					<u>3,600</u>	
ELIZABETH (5,374)	1	Goulds	US Motor	400	164	11.0
	2	Goulds	US Motor	600	164/250	8.5
	3	Goulds	US Motor	600	164/250	8.5
	4	Goulds	US Motor	600	164/250	8.5
	5	Goulds	US Motor	200	164	5.0
				<u>2,400</u>		<u>41.5</u>

¹Vault Type Structure (underground)

PUMPING STATION CAPACITIES (Continued) - 2013

(Page 2 of 3)

Center of pump U.S.G.S. elevation in parentheses

<u>Pump Station/Elevation</u>	<u>Pump Number</u>	<u>Make of Pump</u>	<u>Make of Motor</u>	<u>Horse-power</u>	<u>Head in Feet</u>	<u>Capacity in MGD</u>
FIFTY-SIXTH AVENUE (5,203)	2	Allis Chalmers	Ideal Electric	1,750	450	15.0
	3	Allis Chalmers	Ideal Electric	1,750	450	15.0
	4	Allis Chalmers	Ideal Electric	1,750	450	15.0
	5	Allis Chalmers	Ideal Electric	1,750	450	15.0
	8	Gould	U.S. Motor	500	75	30.0
	9	Gould	U.S. Motor	500	75	30.0
				<u>8,000</u>		<u>120.0</u>
GREEN MOUNTAIN (5,837)	1	Patterson	General Electric	700	260	10.0
	2	Patterson	General Electric	350	260	5.0
	3	Patterson	General Electric	350	260	5.0
	4	Patterson	General Electric	700	260	10.0
				<u>2,100</u>		<u>30.0</u>
HIGHLANDS (5,704) (Low Pressure)	1	Fairbanks Morse	General Electric	125	165	3.0
	2	Fairbanks Morse	General Electric	125	165	3.0
	3	Fairbanks Morse	General Electric	125	165	3.0
	4	Fairbanks Morse	General Electric	125	165	3.0
	5	DeLaval	Ideal Electric	350	165	10.0
	6	DeLaval	Ideal Electric	350	165	10.0
	7	DeLaval	Ideal Electric	350	165	10.0
				<u>1,550</u>		<u>42.0</u>
HIGHLANDS (5,704) (High Pressure)	1	Gould	General Electric	900	260	15.0
	2	Gould	General Electric	900	260	15.0
	6	Gould	General Electric	300	110	10.0
	7	Gould	General Electric	300	110	10.0
	8	Gould	General Electric	150	110	5.0
	9	Gould	General Electric	150	110	5.0
				<u>2,700</u>		<u>60.0</u>
HILLCREST (5,602) (Low Pressure)	1	Allis Chalmers	Allis Chalmers	50	169	1.0
	2	Allis Chalmers	Allis Chalmers	100	167	2.0
	3	DeLaval	Electric Machinery	200	163	5.0
	4	DeLaval	Electric Machinery	400	163	11.0
	5	DeLaval	Electric Machinery	400	163	11.0
	6	Worthington	Fairbanks Morse	400	163	11.0
	7	Worthington	Fairbanks Morse	400	163	11.0
				<u>1,950</u>		<u>52.0</u>
HILLCREST (5,602) (High Pressure)	8	American Marsh	Westinghouse	75	320	0.8
	9	Gould	US Motor	1,500	330	20.0
	10	DeLaval	Electric Machinery	350	313	4.8
	11	DeLaval	Electric Machinery	800	315	10.5
	12	DeLaval	Electric Machinery	800	315	10.5
	13	Patterson	Ideal Electric	900	320	10.0
				<u>4,425</u>		<u>56.6</u>
KENDRICK (5,607) (Low Pressure)	1	Peerless	US Motor	300	120	10.6
	2	Peerless	US Motor	200	120	6.7
	3	Peerless	US Motor	100	120	3.3
	4	Peerless	US Motor	100	120	3.3
	5	Peerless	US Motor	100	120	3.3
				<u>800</u>		<u>27.2</u>

PUMPING STATION CAPACITIES (Continued) - 2013

(Page 3 of 3)

Center of pump U.S.G.S. elevation in parentheses

<u>Pump Station/Elevation</u>	<u>Pump Number</u>	<u>Make of Pump</u>	<u>Make of Motor</u>	<u>Horse-power</u>	<u>Head in Feet</u>	<u>Capacity in MGD</u>
KENDRICK (5,607) (High Pressure)	7	Worthington	Electric Machinery	800	260	10.0
	8	Worthington	Electric Machinery	800	260	10.0
	9	Goulds	Waukesha ²	700	260	10.0
	10	DeLaval	Waukesha ²	400	260	5.0
	11	Patterson	Ideal Electric	700	260	10.0
				<u>3,400</u>		<u>45.0</u>
LAKERIDGE (5,516)	1	American Marsh	General Electric	25	120	0.7
	2	American Marsh	General Electric	75	120	2.9
	3	American Marsh	General Electric	75	120	2.9
	4	American Marsh	General Electric	60	120	1.7
				<u>235</u>		<u>8.2</u>
LAMAR (5,443) ¹	1	Peerless	US Motor	40	111	1.1
	2	Peerless	US Motor	60	113	2.1
	3	Peerless	US Motor	125	119	4.1
				<u>225</u>		<u>7.3</u>
LONE TREE (5,904) (Low Pressure)	3	Gould	US Motor	300	127	10.0
	4	Gould	US Motor	150	127	5.0
	5	Gould	US Motor	150	127	5.0
				<u>600</u>		<u>20.0</u>
LONE TREE (5,904) (High Pressure)	6	Gould	Siemens & Allis	300	227	5.0
	7	Gould	Siemens & Allis	600	227	10.0
	8	Gould	Siemens & Allis	600	227	10.0
				<u>1,500</u>		<u>25.0</u>
MARSTON (5,485) (Low Pressure)	1	Worthington	Waukesha ²	700	166	20.0
	2	Worthington	General Electric	700	166	20.0
	3	Worthington	General Electric	700	166	20.0
	4	Worthington	General Electric	700	166	20.0
	5	Worthington	General Electric	700	166	20.0
				<u>3,500</u>		<u>100.0</u>
MARSTON (5,485) (High Pressure)	8	Patterson	Waukesha ²	400	260	6.5
	9	Ingersoll-Rand	Reliance Electric	500	260	8.0
	10	Gould	US Motor	900	260	15.0
	11	Gould	US Motor	900	260	15.0
				<u>2,700</u>		<u>44.5</u>
SIXTY-FOURTH AVENUE (5,427) (Low Pressure)	3	Fairbanks Morse	United States	100	90	5.0
	6	Fairbanks Morse	United States	200	90	10.0
				<u>300</u>		<u>15.0</u>
SIXTY-FOURTH AVENUE (5,427) (High Pressure)	1	Fairbanks Morse	United States	400	170	10.0
				<u>400</u>		<u>10.0</u>
			Grand Total	<u>51,885</u>		<u>1,007.9</u>

Note: City Datum = 5,172.91

¹Vault Type Structure (underground)

²Natural Gas Engine

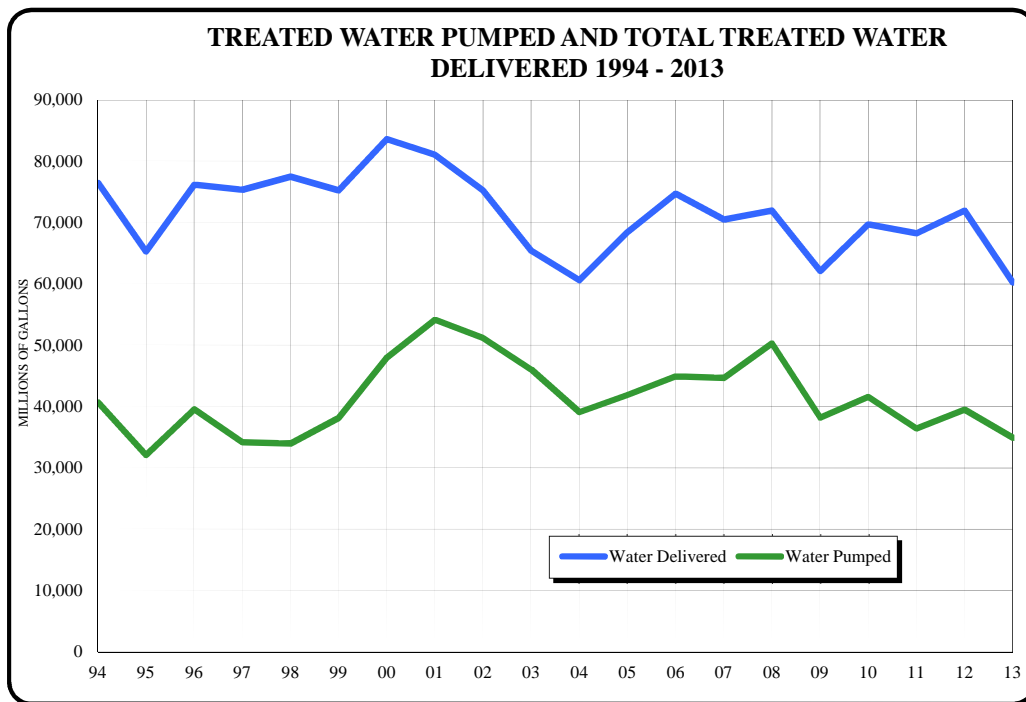
TREATED WATER PUMPED AND POWER COSTS: 1994 - 2013

Year	Total Treated Water Pumped	Total Treated Water Delivered	Pumps Capacity		Treated Water Total Pumping	Gas Used	Total Power, Electric and Gas Costs ²
	(million gals.)	(million gals.)	Number	(million gals.)	Power Used (kwh) ¹	(dth)	
1994	40,720.24	76,516.08	116	1,116.8	36,619,984	-	\$1,949,520
1995	32,115.03	65,267.91	116	1,116.8	30,722,542	-	\$1,783,567
1996	39,578.30	76,203.96	105	1,027.5	40,222,555	-	\$2,638,872
1997	34,179.67	75,363.33	105	1,027.5	31,876,334	23,055	\$1,997,924
1998	33,990.21	77,466.65	105	1,027.5	30,170,882	38,331	\$1,881,873
1999	38,149.92	75,232.01	106	1,052.5	33,378,202	18,927	\$1,915,984
2000	47,953.92	83,585.25	106	1,052.5	39,257,987	20,159	\$2,166,806
2001	54,161.28	81,051.42	106	1,052.5	42,691,836	15,096	\$2,774,857
2002	51,205.33	75,221.18	109	1,070.6	46,058,108	7,217	\$1,986,429
2003	46,030.79	65,399.47	110	1,077.1	33,489,508	1,858	\$2,322,558
2004	39,105.07	60,578.77	110	1,077.1	35,898,176	-	\$2,820,144
2005	41,890.71	68,473.70	110	1,096.3	38,384,576	-	\$3,686,475
2006	44,937.60	74,724.98	110	1,096.3	44,823,999	-	\$3,247,213
2007	44,684.79	70,479.84	112	1,097.4	38,635,526	-	\$2,942,190
2008 ³	50,283.70	71,975.87	112	1,097.4	33,898,600	-	\$3,583,417
2009	38,198.90	62,106.90	112	1,095.9	27,801,487	-	\$2,568,082
2010	41,611.30	69,695.40	112	1,095.9	28,457,672	-	\$2,709,675
2011	36,443.49	68,260.80	112	1,003.3	25,674,399	-	\$3,042,871
2012	39,484.07	71,968.70	112	1,003.3	26,277,763	-	\$3,328,526
2013	34,895.37	60,212.44	112	1,007.9	25,604,391	-	\$3,259,289

¹Years prior to 2008 included some raw water pumping and a portion of power used at the treatment plants.

²Total energy costs for all Denver metropolitan area Board treated water distribution facilities.

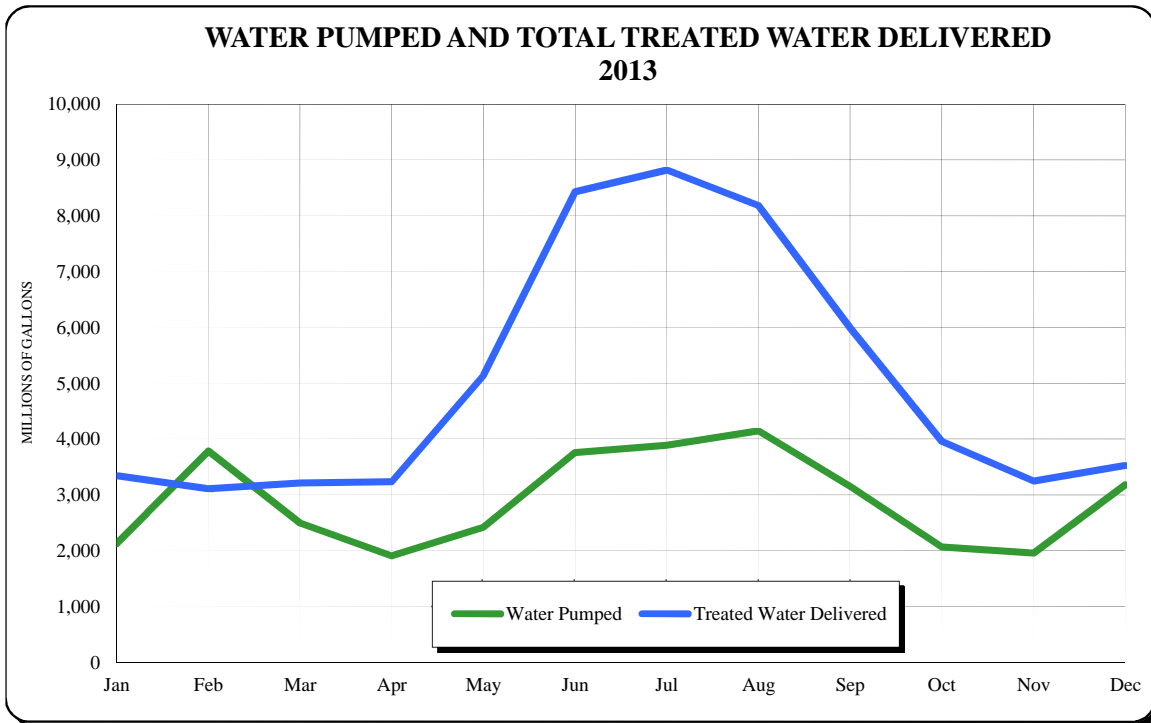
³Foothills Treatment Plant out of service from December 4, 2007 through April 25, 2008.



WATER PUMPED MONTHLY - 2013

(millions of gallons)

	<u>Water Pumped</u>	<u>Total Treated Water Delivered</u>		<u>Water Pumped</u>	<u>Total Treated Water Delivered</u>
January	2,123.49	3,346.86	August	4,151.01	8,186.46
February	3,789.55	3,111.35	September	3,152.86	5,989.44
March	2,494.88	3,216.05	October	2,064.95	3,957.65
April	1,908.99	3,238.16	November	1,956.15	3,249.93
May	2,419.57	5,134.71	December	3,186.84	3,528.68
June	3,759.29	8,431.50	Total Year	<u>34,895.37</u>	<u>60,212.44</u>
July	3,887.79	8,821.65			



WATER PUMPED BY STATION - 2013

(millions of gallons)

Belleview (Low)	1,321.63	Hillcrest (High)	1,676.24
Belleview (High)	2,075.30	Kendrick (Low)	770.69
Broomfield	740.49	Kendrick (High)	1,514.35
Capitol Hill	-	Lakeridge	60.56
Chatfield (Low)	556.50	Lamar	292.58
Chatfield (High)	612.82	Lone Tree (Low)	1,359.22
Cherry Hills	2,316.55	Lone Tree (High)	617.71
Clarkson Street	17.33	Marston (Low)	7,188.76
Einfeldt	619.30	Marston (High)	1,073.85
Fifty-Sixth Avenue ¹	53.84	Sixty-Fourth Ave. (High)	624.12
Fifty-Sixth Avenue ²	797.54	Sixty-Fourth Ave. (Low)	438.05
Green Mountain	1,071.86		
Highlands (Low)	2,754.98		
Highlands (High)	5,150.19		
Hillcrest (Low)	1,190.91		
			<u>34,895.37</u>

¹Reservoir Lift

²Booster

DISTRIBUTING RESERVOIRS AND RAW WATER PUMPING STATIONS - 2013

High water U.S.G.S. elevation in parentheses

	Capacity (million gals.)		Capacity (million gals.)
Alameda & Beech (6,042) ¹		Hillcrest (5,624)	
Number 1	1.0	Number 1	14.8
Number 2	2.0	Number 2	14.8
	<u>3.0</u>		<u>29.6</u>
Ashland (5,430)		Hogback (6,007)	4.0
East Basin	19.1		
West Basin	0.0	Ken Caryl Ranch (6,410) ¹	
	<u>19.1</u>	Number 3	2.0
		Number 4	2.0
Belleview (5,743)	10.0		<u>4.0</u>
Broomfield (5,335)		Kendrick (5,627)	15.0
Number 1	2.5		
Number 2	2.5	Lone Tree (5,930)	
	<u>5.0</u>	Number 1	10.0
Broomfield Tank (5,534) ¹		Number 2	10.0
Number 1	3.0		<u>20.0</u>
Number 2	3.0	Marston Treatment (5,497)	
	<u>6.0</u>	Marston Treatment (5,497)	
Capitol Hill (5,395)		Number 3	6.8
Number 1	23.4	Number 4	9.2
Number 3	27.0		<u>16.0</u>
	<u>50.4</u>	Moffat Treatment (5,620)	
Chatfield Tank (5,740)		Number 1	4.3
Number 1	5.0	Number 2	4.3
Number 2	5.0	Number 3	5.0
	<u>10.0</u>	Number 4	4.4
Colorow (6007)	3.7		<u>18.0</u>
Fifty-Sixth Avenue (5,223)	15.0	Sixty-Fourth Avenue (5,460)	15.0
Foothills (5,860)		Southgate (6,123) ¹	
Number 1	25.0	9E	2.0
Number 2	25.0	9E2	6.0
Number 3	25.0		<u>8.0</u>
	<u>75.0</u>	Southgate (6,270) ¹	
Green Mountain (5,859)	5.0	10E	1.5
Highlands (5,722)		10E2	1.5
Number 1	0.0		<u>3.0</u>
Number 2	0.0	Utah Tank (6,042) ¹	3.0
Number 3	13.5	Valley Tank (6,000) ¹	2.0
	<u>13.5</u>	Total Capacity	<u>353.3</u>

¹Not Owned by Denver Water.

RAW WATER PUMPING STATIONS

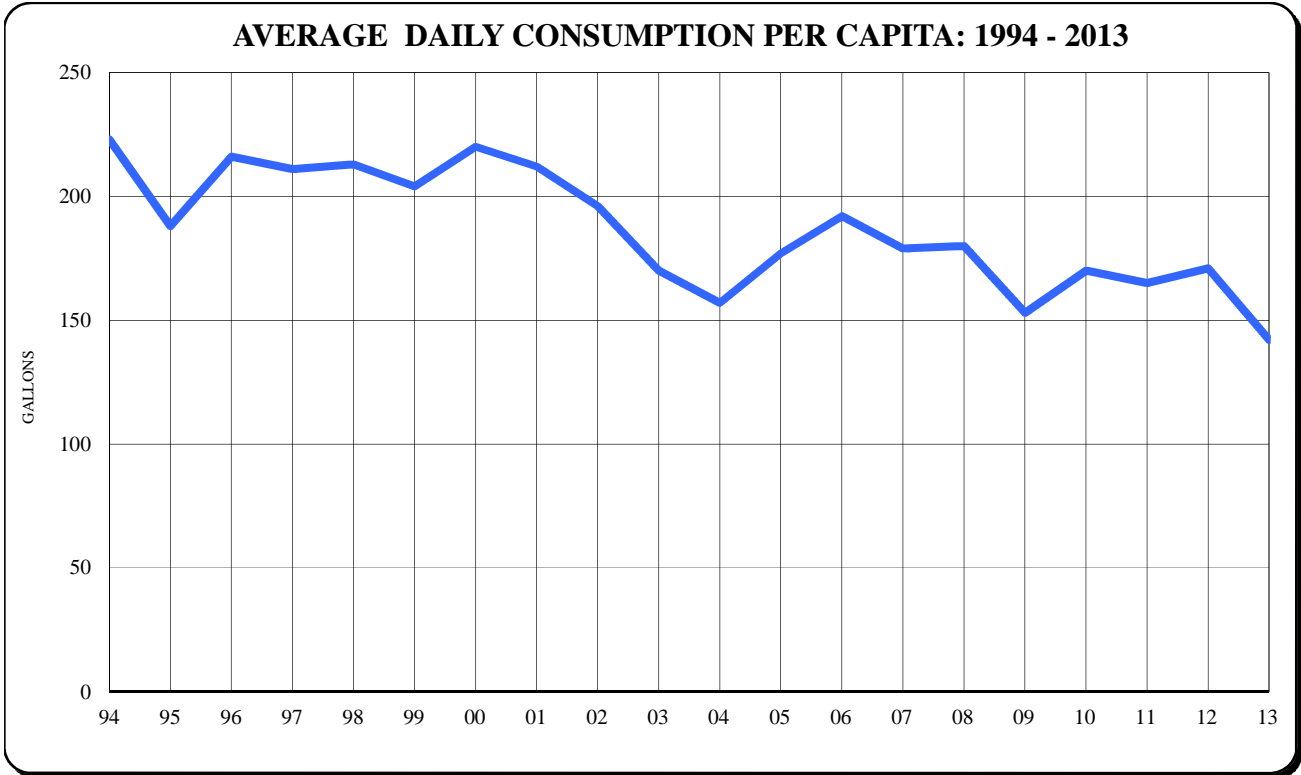
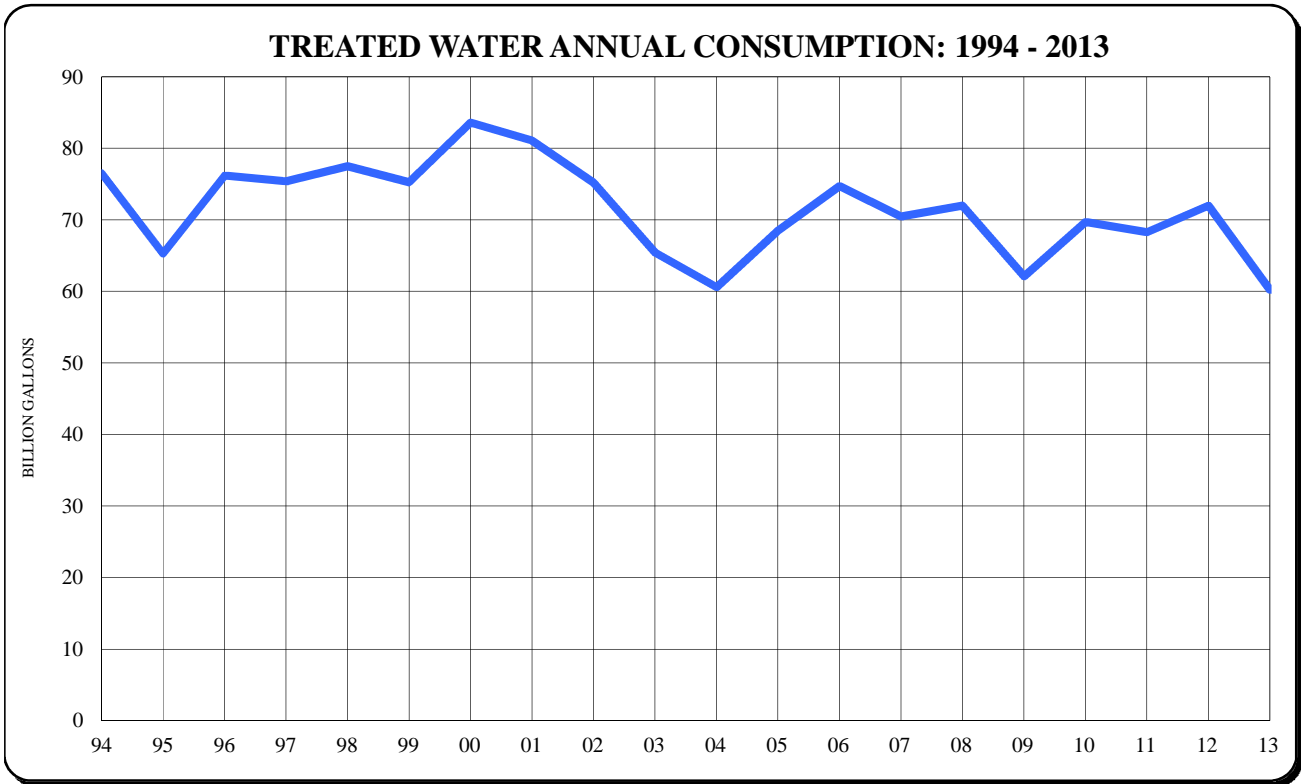
Pump Station	Pump Number	Make of Pump	Make of Motor	Horse-Power	Head in Feet	Capacity in MGD
Last Chance	1	Worthington	General Electric	30	60	2.2
Metro Sewer	1	Peerless	United States	200	30	30.0
	2	Peerless	General Electric	200	30	30.0
	3	Peerless	General Electric	200	30	30.0
				<u>600</u>	<u>90</u>	<u>90.0</u>
Kassler	3	Peerless	General Electric	600	153	10.0
	5	Peerless	General Electric	600	153	10.0
				<u>1,200</u>	<u>306</u>	<u>20.0</u>
			Total	<u>1,830</u>	<u>456</u>	<u>112.2</u>

Treatment and Water Quality

2013 Facts

Treated water consumption.....	60,212.44 MG
Increase (decrease) from last year.....	(11,756.26) MG
Average daily consumption.....	164.97 MG
Maximum daily consumption: (June 26).....	354.50 MG
Maximum hour treated water use rate: (June 27 at 9:45 p.m.).....	591.40 MGD
Water Quality:	
Total samples collected.....	16,165
Microbiological analyses completed.....	9,845
Chemical analyses completed.....	52,554

CONSUMPTION OF TREATED WATER - 20 YEAR GRAPHS: 1994 - 2013



CONSUMPTION OF TREATED WATER: 1994 - 2013

Year	Acre-Feet	(million gallons)			Population July 1 ^{1,3}	Avg. Daily Gals. Per Capita ³	Precipitation in Inches ²	
		Annual	Daily Avg.	Daily Max.			Year	4/1 to 9/30
1994	234,819	76,516.08	209.63	479.01	938,000	223	14.35	8.72
1995	200,300	65,267.91	178.82	453.55	949,000	188	19.61	16.40
1996	233,861	76,203.96	208.21	456.99	966,000	216	14.81	10.96
1997	231,282	75,363.33	206.47	517.57	980,000	211	20.38	14.46
1998	237,764	77,475.48	212.26	512.53	996,000	213	17.61	12.77
1999	230,879	75,232.01	206.12	475.66	1,012,000	204	20.03	17.04
2000	256,514	83,585.25	228.38	478.19	1,036,000	220	14.87	11.07
2001	248,738	81,051.42	222.06	488.71	1,048,000	212	16.45	12.43
2002	230,845	75,221.18	206.09	419.20	1,049,000	196	9.95	6.59
2003	200,704	65,399.47	179.18	370.05	1,052,000	170	17.00	8.77
2004	185,909	60,578.77	165.52	340.92	1,055,000	157	21.35	16.06
2005	210,138	68,473.70	187.60	424.80	1,057,000	177	16.32	10.90
2006	229,323	74,724.98	204.73	425.68	1,064,000	192	16.15	8.66
2007	216,295	70,479.84	193.10	425.70	1,077,000	179	18.10	11.45
2008	220,886	71,975.87	196.66	426.16	1,093,000	180	12.42	8.19
2009	190,599	62,106.90	170.16	341.80	1,111,000	153	21.34	15.09
2010	213,887	69,695.40	190.95	365.81	1,125,000	170	14.28	9.74
2011	209,485	68,260.80	187.02	366.40	1,135,000	165	19.29	13.99
2012	220,864	71,968.70	196.64	398.20	1,147,000	171	12.39	8.72
2013	184,785	60,212.44	164.97	354.50	1,161,000	142	22.41	17.95

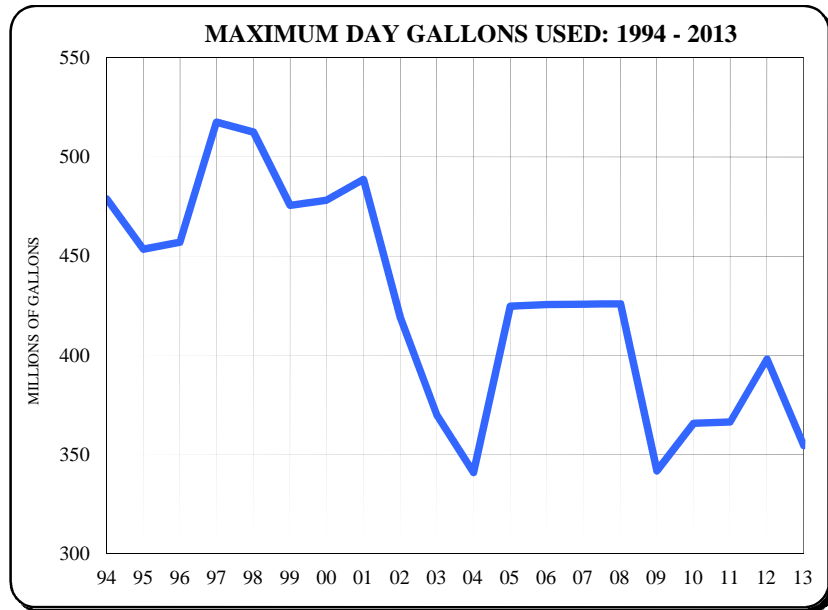
¹Population estimates are treated water customers only.

²Precipitation readings are the averages of Stapleton, Lakewood and Kassler measurement stations.

³Revised population from 2001 to 2010 is based on 2010 Census information.

TREATMENT PLANT CAPACITY

<u>Plant</u>	<u>Type</u>	<u>Capacity in MGD</u>
Foothills	Dual-Media	280.0
Marston	Dual-Media	250.0
Moffat	Rapid Sand	185.0
		<u><u>715.0</u></u>

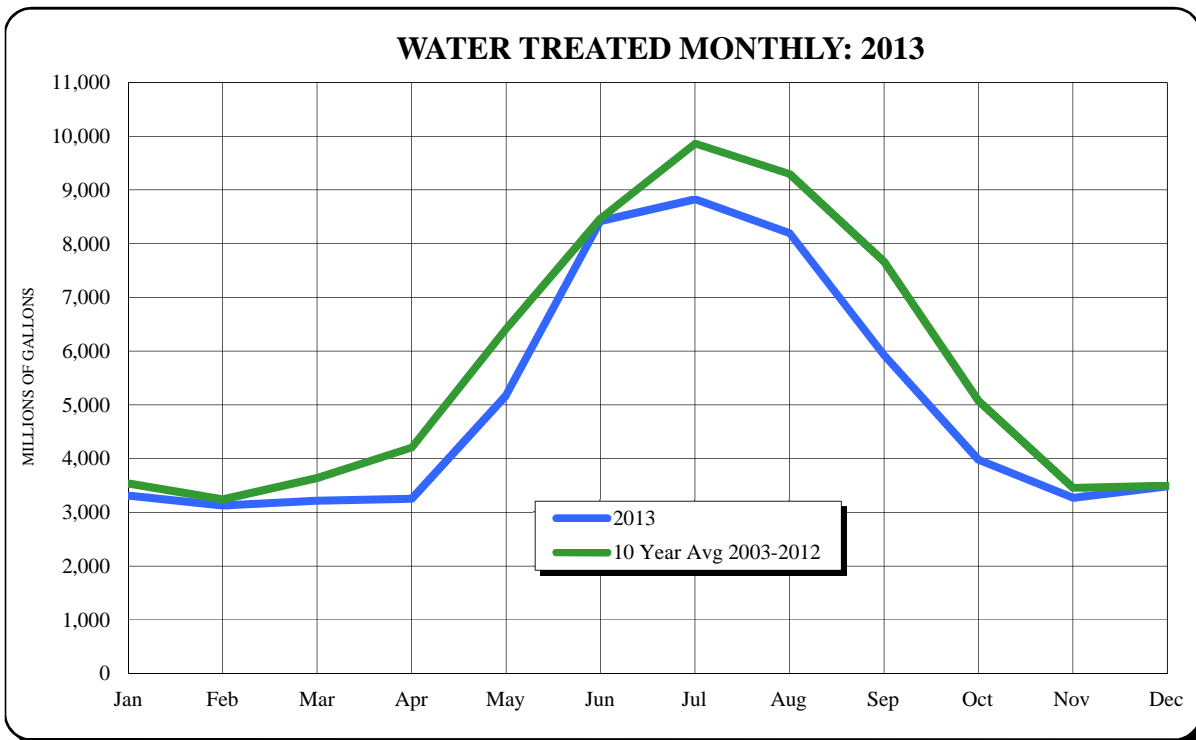


WATER TREATED MONTHLY - 2013

(millions of gallons)

	Treatment Plant			Total Produced
	Foothills	Marston	Moffat	
January	2,287.84	803.52	220.68	3,312.04
February	153.11	2,354.24	624.11	3,131.46
March	1,943.46	1,197.57	77.23	3,218.26
April	2,421.48	832.01	-	3,253.49
May	3,547.87	263.06	1,363.89	5,174.82
June	5,339.79	605.54	2,476.43	8,421.76
July	5,985.74	655.52	2,184.85	8,826.11
August	5,778.05	626.38	1,792.30	8,196.73
September	4,443.77	998.26	485.22	5,927.25
October	3,308.20	671.27	-	3,979.47
November	2,530.32	532.05	207.53	3,269.90
December	90.10	2,235.09	1,158.92	3,484.11
	<u>37,829.73</u>	<u>11,774.51</u>	<u>10,591.16</u>	<u>60,195.40</u>

Note: Totals are based on multiple totalizer meter readings at various treatment plant sites. The accuracy of the readings varies within the limits inherent to each water meter.



RECONCILIATION OF WATER TREATED TO WATER DELIVERED/CONSUMED:

Total Water Treated for the Year (Produced)	60,195.40 MG
(Increase) Decrease In Clear Water Storage	17.04 MG
Total Treated Water Delivered/Consumed for the Year	<u>60,212.44 MG</u>

CHEMICAL TREATMENT AND ANALYSIS:
TREATED WATER IN DISTRIBUTION SYSTEM - 2013

CHEMICAL TREATMENT

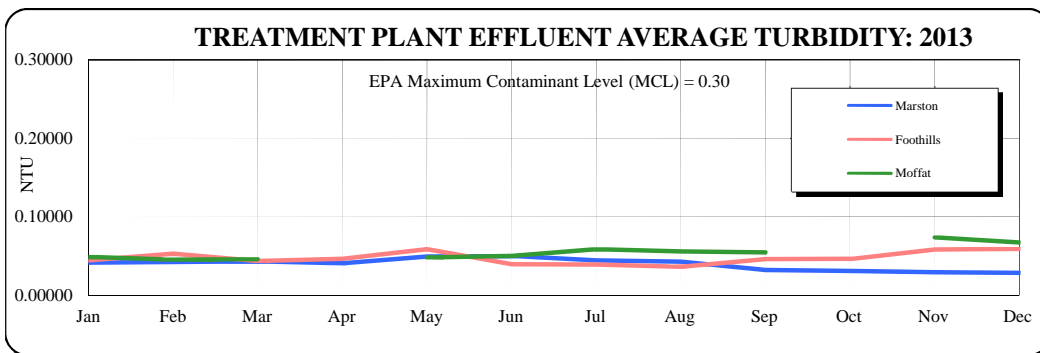
Chemicals are used at various points throughout the treatment plants to provide for appropriate water treatment including oxidation, coagulation, pH adjustment, fluoridation and disinfection. The following are total pounds and cost of chemicals used at each treatment plant.

	Pounds of Chemicals Used	Total Cost
Foothills	19,322,728	\$ 2,180,027
Moffat	8,383,353	802,620
Marston	5,354,800	575,873
Recycling	3,188,534	463,669
	36,249,415	\$ 4,022,189

DISTRIBUTION SYSTEM & TREATMENT PLANT EFFLUENT TOTAL COLIFORM RESULTS

Month	Number of Samples	Number of Positives	% Positive
January	419	0	0.00%
February	378	0	0.00%
March	407	1	0.25%
April	431	0	0.00%
May	321	0	0.00%
June	411	0	0.00%
July	460	0	0.00%
August	434	0	0.00%
September	431	2	0.46%
October	458	0	0.00%
November	422	0	0.00%
December	422	0	0.00%
	4,994	3	0.06%

The total coliform group of bacteria is a microbiological indicator used to determine the safety of drinking water for human consumption. The EPA and the Colorado Department of Public Health and Environment require that Denver Water test a minimum of 300 treated water samples each month for total coliforms. The Maximum Contaminant Level (MCL) for total coliform specifies that no more than 5% of the samples taken each month may be positive. All positive samples were further analyzed to determine if *E. coli* bacteria were present, which would indicate possible contamination from a fecal source. There were no *E. coli* positive samples in the current year.



Turbidity is a measure of the clarity of the water. EPA has established 0.30 NTU (Nephelometric Turbidity Unit) as the MCL for turbidity.

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES – 2013

<u>Analysis</u>	<u>Maximum Contaminant Level (MCL)</u>	<u>Marston</u>	<u>Foothills</u>	<u>Moffat</u>
General (mg/L)				
Alkalinity, Total as CaCO ₃		72	51	30
Chlorine, Total		1.60	1.68	1.59
Hardness as CaCO ₃		116	88	54
pH (SU)		7.7	7.7	7.8
Specific Conductance (µS)		352	279	148
Temperature (°C)		13	12	14
Total Dissolved Solids		199	158	96
Turbidity (NTU)	0.30	0.04	0.05	0.06
Metals (µg/L)				
Aluminum		31	36	<20
Barium	2,000	41	35	22
Boron		18	12	8
Calcium (mg/L)		33	25	17
Magnesium (mg/L)		8.3	6.4	3.0
Manganese		<2	11	<2
Molybdenum		7	8	1
Potassium (mg/L)		2.0	1.7	1.0
Sodium (mg/L)		18.3	17.4	5.0
Strontium (mg/L)		0.22	0.22	<0.05
Ions (mg/L)				
Chloride		28.5	20.4	6.2
Fluoride	4.0	0.65	0.65	0.65
Nitrate -Nitrogen	10	0.10	0.16	0.15
Silicon		1.2	3.0	3.3
Sulfate		57	49	28
Radiological (pCi/L)				
Uranium (µg/L)	30	<0.5	<0.5	1.5

(Continued next page)

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES – 2013 (Continued)

<u>Analysis</u>	<u>Maximum Contaminant Level (MCL)</u>	<u>Marston</u>	<u>Foothills</u>	<u>Moffat</u>
Disinfection By-Products (µg/L)				
Bromodichloromethane		6.9	3.8	3.1
Chloroform		8.1	7.4	14.6
Cyanogen chloride		5.1	6.1	4.9
Dibromochloromethane		3.2	1.2	<0.5
Dichloroacetic acid		5.0	7.0	9.3
Haloacetic Acids	60	9	12	17
Total Trihalomethanes	80	18	12	18
Trichloroacetic acid		3.9	5.3	8.2
Nonspecific Organics				
Total Organic Carbon (mg/L)		1.8	1.6	2.2
Total Organic Halogen (µg/L)		118	102	137

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES – 2013 (Continued)

The following analyses were performed and each of these constituents was either below the reporting limit or the average result was less than the reporting limit. The Maximum Contaminant Level is listed after the analysis in parentheses, if applicable. The unit of measure is also listed if different than that listed for the subsection.

		Synthetic Organic Compounds (SOC) - from Feedstock/ combustion by-products, Flame retardants (µg/L)	
General Parameters	Cesium-134,137		Fluorene
Alkalinity, Phenolphthalein as CaCO ₃	Iodine-129, 131	1,2,4,5 -Tetrachlorobenzene	Hexachlorobenzene
Chlorine, Free	Radium ^{226/228 (5)}	2-Chlorobiphenyl	Hexachlorocyclopentadiene
Asbestos (7 MFL)	Strontium-90	2-Chlorophenol	Indeno(1,2,3-cd)pyrene
Metals - plumbing, mining, natural erosion (µg/L)	Thorium-227,234	2-Nitrophenol	Isophorone
Antimony (6)	Thallium=208	2,4-Dichlorophenol	Methacrylonitrile
Arsenic (10)	Uranium-235	2,4-Dimethylphenol	Methyl acrylate
Beryllium (4)	Zinc-65	2,4-Dinitrophenol	Naphthalene
Cadmium (5)	Microbiological - animal and human activity, Algal toxins	2,4-Dinitrotoluene	n-Butyl Acrylate
Chromium (100)	<i>Cryptosporidium (oocysts/L)</i>	2,6-Dinitrotoluene	N-nirtosopyrollidine
Cobalt	<i>E. coli (count/100 ml)</i>	3,5-Dichlorobenzoic acid	Nitrobenzene
Copper (TT ¹)	<i>Giardia (TT¹) (cysts/L)</i>	4-tert-Octylphenol	Nonylphenol isomer mix
Iron	<i>Legionella (TT¹)</i>	4-Nitrophenol	Pyrene
Lead (TT ¹)	Plankton	4,6-Dinitro-2-methylphenol	Quinoline
Lithium	Microcystin-LA (Algal Toxin)	Acenaphthene	TCCP
Mercury (2)	Microcystin-LR	Acenaphthylene	TDCPP
Selenium (50)	Microcystin-RR	Acetochlor	SOC - Plastizers, Surfactants, Personal Care Products µg/L, ng/L
Silver	Microcystin-YR	Ametryn	2,4,5-Trichlorobiphenyl
Thallium (2)	Nodularin	Anthracene	4-Chloro-3-methylphenol
Titanium	Total Coliform (DS)	Benzo(a)anthracene	4-nonylphenol - semi quantitative
Vanadium	Disinfection By-Products - reaction between the disinfectant and natural organic matter (µg/L)	Benzo(a)pyrene (0.2)	Benzyl chloride
Zinc	Carbon Tetrachloride	Benzo(b)fluoranthene	Bis(2-ethylhexyl)adipate
Ions - from farming, and industry, (mg/L, µg/L)	Chlorate	Benzo(g,h,i)perylene	Bis(2-ethylhexyl)phthalate
Bromide	Chloroacetonitrile	Benzo(k)fluoranthene	Bisphenol A
Carbonate	Monochloroacetic Acid	Chloroprene	Butyl benzyl phthalate
Cyanide, Total	N-nitrosodiethylamine (Nitrosamine)	Chloropropylate	Butylparaben
Hydroxide	N-nitrosodimethylamine (NDMA)	Chrysene	Chloroprene
Nitrite-Nitrogen (1)	N-nitrosodi-n-butylamine	Cyclohexanone	Desethylatrazine
Ortho Phosphorus, Dissolved	N-nitrosodi-n-propylamine	Dibenzo(a,h)anthracene	Desisopropylatrazine
Radiological erosion of natural deposits/mining (pCi/L)	N-nitrosomethylethylamine	Diethanolmine (DEA)	Diethyl phthalate
Alpha	N-nitrosodiphenylamine	Ethyl acrylate	Dimetyl phthalate
Americium-241	Tribromoacetic Acid	Ethyl tert-butyl ether	Di-n-butyl phthalate
Beta		Fluoranthene	Di-n-octyl phthalate

¹TT indicates that the MCL involves treatment techniques.

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES – 2013 (Continued)

Epichlorohydrin	3-Hydroxycarbofuran	Coumaphos	Ethion
Erucylamide	4,4'-DDD	Crotoxyphos	Ethofumesate
Ethyl acrylate	4,4'-DDE	Cyanazine	Ethoprop
Ethyl methacrylate	4,4'-DDT	Dacthal	Ethylene dibromide
Ethylparaben	alpha-BHC	Dalapon (200)	Etridiazole
Galaxolide	alpha-Chlordane	DCPA acid metabolites	Famphur
Isobutylparaben	Acifluourfen	Demeton O	Fenamiphos
Isopropyl ether	Alachlor (2)	Demeton S	Fenarimol
Methyl paraben	Aldicarb	Desisopropylatrazine (DIA)	Fenitrothion
Methacrylonitrile	Aldicarb sulfone	delta- BHC	Fenoxaprop-ethyl
Polychlorinated Biphenyls (PCB)	Aldicarb sulfoxide	Diazinon	Fensulfothion
PCB 1016 Aroclor	Aldrin	Dicamba	Fenthion
PCB 1221 Aroclor	Atraton	Dichlobenil	Fenuron
PCB 1232 Aroclor	Atrazine (3)	Dichlofenthion	Fluazifop-butyl
PCB 1242 Aroclor	Azoxystrobin	Dichloran	Fluchloralin
PCB 1248 Aroclor	Baygon	Dichloprop	Fluometuron
PCB 1254 Aroclor	Bendiocarb	Dichlorvos	Fluridone
PCB 1260 Aroclor	Benfluralin	Dicrotophos	Fonofos
Perfluoro octanesulfonic acid (PFOS)	Bensulide	Dieldrin	gamma-Chlordane
Perfluoro-1-butanesulfonic acid (PFBS)	Bentazon	Diflubenzuron	Glyphosate
Perfluoro-1-hexanesulfonic acid (PFHxS)	β-BHC (beta-BHC)	Dimethoate	Halofenozide
Perfluoroheptanoic acid (PFHpA)	Bolstar	Dinoseb	Halosulfuron methyl
Perfluoro-nonanoic acid (PFNA)	Bromacil	Dioxathion	Heptachlor (0.4)
Perfluorooctanoic acid (PFOA)	Butachlor	Dioxin	Heptachlor Epoxide (0.2)
Phenol	Butylate	Diphenamid	Hexachlorobenzene
Propylparaben	Carbaryl	Diquat	Hexazinone
Pyrene	Carbofuran	Disulfoton	Imidacloprid
TCEP	Carbophenothion	Disulfoton sulfone	Iodomethane
TCCP	Chlordane	Disulfoton sulfoxide	Iprodione
TDCPP	Chlorfenvinphos	Diuron	Isofenphos
Tetrabromobisphenol A	Chloridazon	Dursban	Isoproturon
Toxaphene	Chlorneb	Endosulfan sulfat	Leptophos
Triclosan	Chlorobenzilate	Endosulfan –A	Lindane
Pesticides µg/L	Chlorothalonil	Endosulfan –B	Linuron
1,2-Dibromo-3-chloropropane (0.2)	Chlorotoluron	Endothall	Malathion
2,4,5-T	chlorpyrifos methyl	Endrin (2)	Metalaxyl
2,4,5-Trichlorobiphenyl	cis-Nonachlor	Endrin Aldehyde	Metazachlor
2,4,6-Trichlorophenol	cis-Permethrin	EPN	Methiocarb
2,4-D (70)	Clomazone	EPTC	Methomyl
2,4-DB	Clopyralid	Esfenvalerate	Methoxychlor
		Ethalfuralin	Methyl paraoxon

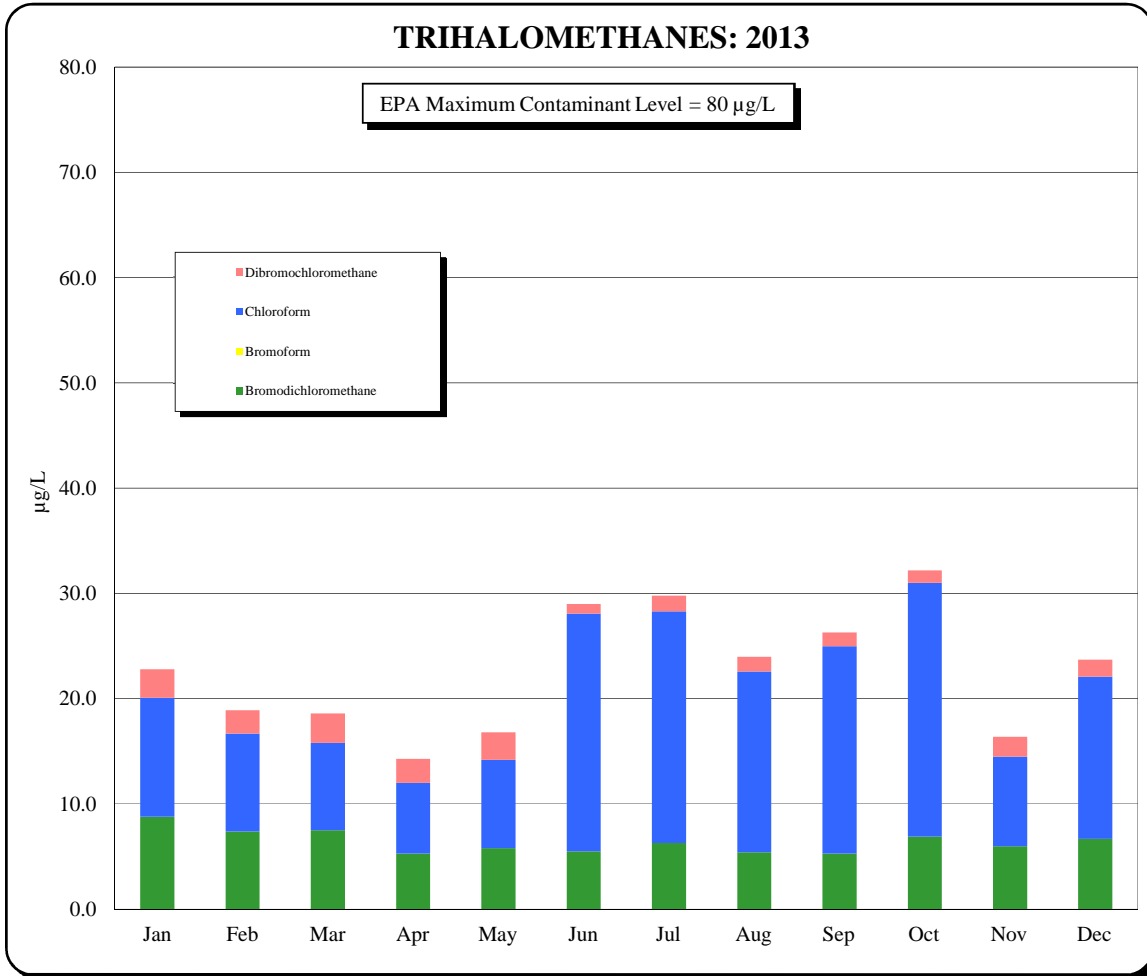
TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES – 2013 (Continued)

Methyl parathion	Propargite	1,2,4-Trimethylbenzene	Methyl tert-butyl ether (MTBE)
Metolachlor	Propazine	1,2,4,5-Tetrochlorobenzene	n-Butylbenzene
Metribuzin	Propiconazole isomer a	1,2-Dichloroethane (5)	n-Propylbenzene
Metsulfuron-methyl	Propiconazole isomer b	1,2-Dichloropropane (5)	o-Chlorotoluene
Mevinphos	Propoxur	1,3,5-Trimethylbenzene	o-Dichlorobenzene (600)
MGK 264 isomer a	Prothiofos	1,3-Dichloropropane	p-Chlorotoluene
MGK 264 isomer b	Siduron, Total	1,3-Dichloropropene	p-Dichlorobenzene (78.5)
MGK 326	Silvex (50)	1,4-Dioxane	Pentachlorobenzene
Mirex	Simazine (4)	1-Chlorobutane	Pentachloroethane
Molinate	Simetryn	2,2-Dichloropropane	p-Isopropyltoluene (Cymene)
Monocrotophos	Stirofos	2-Hexanone	Propionitrile
Monuron	Sulfotep	2-Nitropropane	sec-Butylbenzene
Naled	Tebuthiuron	4-Methyl-2-Pentanone (MIBK)	Styrene (100)
Napropamide	Terbacil	Acrylonitrile	tert-Amyl Methyl ether (TAME)
Neburon	Terbutylazine	Allyl chloride	tert-Butyl alcohol
N-nitrosomorpholine	Terbutryn	Benzene (5)	tert-Butylbenzene
N-nitrosopiperidine	Thidiazuron	Bromobenzene	Tetrachloroethene (5)
Norflurazon	Thiobencarb	Bromoethane	Tetrahydrofuran
Oryzalin	Thionazin	Bromomethane	Toluene (1000)
Oxadiazon	trans-Nonachlor	Carbon disulfide	trans-1,2-Dichloroethene (100)
Oxamyl (200)	Triademefon	Chlorobenzene (100)	trans-1,3-Dichloropropene
Oxychlor dane	Triadimenol	Chlorodifluoromethane (CFC 22)	trans-1,4-Dichloro-2-butene
Oxyfluorfen	Tribufos	Chloroethane	Trichloroethylene (5) (TCE)
Paclobutrazol	Trichloronate	Chloromethane	Trichlorofluoromethane
Paraquat	Tricyclazole	cis-1,2-Dichloroethene (70)	Vinyl acetate
Parathion	Trifluralin	cis-1,3-Dichloropropene	Vinyl Chloride (2)
PCNB	Vernolate	Dibromomethane	Xylenes (10000)
Pebulate	Vinclozolin	Dichlorodifluoromethane (CFC-12)	Pharmaceuticals/Hormones (µg/L, ng/L)
Pendimethalin	Z-Phosphamidon	Dichloromethane (5)	17 alpha-Ethynyl estradiol
	Volatile Organic Compounds (VOC) - from solvents, feedstock/ fuels, Flame retardants (µg/L, ng/L)		
Pentachlorophenol (1)		Diethyl ether	17-beta-Estradiol
Permethrin Isomers	1,1,1,2-Tetrachloroethane	Diisopropyl ether	4-androstene-3,17-dione
Permethrin, cis & trans	1,1,1-Trichloroethane (200)	Epichlorohydrin	Acetaminophen (Tylenol)
Phorate	1,1,2,2-Tetrachloroethane	Ether	Albuterol
Phosmet	1,1,2-Trichloroethane (5)	Ethyl Benzene (700)	Amoxicillin (semi-quantitative)
Picloram	1,1-Dichloroethane	Ethyl tert-butyl ether	Androstenedione
Profluralin	1,1-Dichloroethene (7)	Ethylbenzene	Atenolol
Prometon	1,1-Dichloropropene	Freon 113	Azithromycin
Prometryn	1,2,3-Trichlorobenzene	Hexachloroethane	Bendroflumethiazide
Pronamide	1,2,3-Trichloropropane	Hexachlorobutadiene	Bezafibrate
Propachlor	1,2,3-Trimethylbenzene	Isopropylbenzene (Cumene)	Butalbital
Propanil	1,2,4-Trichlorobenzene (70)	m-Dichlorobenzene	Caffeine

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES – 2013 (Continued)

Carbadox	Oleandomycin
Carbamazepine	Oxolinic acid
Carboxin	Oxytetracycline
Carisoprodol (Soma)	Paraxanthine
Chloramphenicol	Penicillin G
Chlorotetracycline	Penicillin V
Ciprofloxacin	Pentoxifylline (Aventis)
Clofibric acid	Phenanthrene
Cimetidine	Phenazone
cis-Testosterone	Prednisone
Cotinine	Primidone
Dehydronifedipine	Progesterone
Dexamethasone	Roxithromycin
Diazepam (Valium)	Salicylic acid
Diclofenac	Salinomycin
Diethylstilbestrol (DES)	Simvastatin
Dilantin	Sulfachloropyridazine
Diltiazem	Sulfadiazine
Doxycycline	Sulfadimethoxine
Equilin	Sulfamerazine
Erythromycin	Sulfamethazine
Estradiol	Sulfamethizole
Estriol	Sulfamethoxazole
Estrone	Sulfasalazine
Fluoxetine (Prozac)	Sulfathiazole
Gemfibrozil	Testosterone
Ibuprofen	Tetracycline
Iohexol	Theobromine
Iopromide	Theophylline
Ketoprofen	Thiabendazole
Ketorolac	trans-Testosterone
Lasalocid	Trimethoprim
Levothyroxine (Synthroid)	Tylosin
Lidocaine	Virginiamycin M1
Lincomycin	Warfarin
Lopressor	
Meprobamate	
Methyl methacrylate	
Monensin	
Naproxen (Aleve)	
Narasin	
Nifedipine	
Norethisterone	
Norfloxacin	

DISTRIBUTION SYSTEM AVERAGE TRIHALOMETHANES - 2013



Trihalomethanes (THMs) are organic compounds formed when chlorine disinfectant is added to the water. The use of chlorine and other chlorine-based disinfectant compounds is mandated by health regulatory agencies to eliminate microbiological contaminants from drinking water. The creation of THMs is a consequence of this necessary practice. THMs are comprised of four individual compounds. EPA has established 80 mg/L as the MCL for Total Trihalomethanes (the sum of the four individual compounds). The amounts present in the Denver distribution system are consistently below the 80 mg/L level.

WATER QUALITY SAMPLE COLLECTION AND ANALYTICAL PROCEDURES - 2013

Samples Collected:

Watershed	1,140
Treatment plant	1,225
Distribution system	10,674
Other	3,126
	<u>16,165</u>

Analyses Performed:

Microbiological	9,845
Chemical	52,554
	<u>62,399</u>

Transmission and Distribution

2013 Facts

Miles of pipe installed, net of reductions	8.1
Miles of pipe in system	3,058.2
Miles of recycled water mains in system	63.1
Number of valves operated and maintained	80,265
Number of recycled water valves in system	1,188
Number of hydrants operated and maintained	19,818
Leak Detection Program:	
Miles of pipe surveyed	615
Visible leaks pinpointed	116
Non-visible leaks detected	61

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TRANSMISSION AND DISTRIBUTION MAINS¹ - 2013

SUMMARY OF PIPE BY MATERIAL

Kind of Pipe	Length in Feet			Length in Miles
	12-31-12	Net Change	12-31-13	12-31-13
Cast iron	6,075,343	(55,583)	6,019,760	1,140.1
Cement Asbestos	1,662,439	(1,884)	1,660,555	314.5
Cement Mortar coated steel	165	(44)	121	-
Concrete ⁴	153,883	(137,077)	16,806	3.2
Copper	1,488	30	1,518	0.3
Ductile iron	3,153,949	5,456	3,159,405	598.4
Embedded Cyl Prestressed	79,237	(96)	79,141	15.0
Galvanized	4,482	(62)	4,420	0.8
Lined Cyl Prestressed	228,760	10,188	238,948	45.3
Non-Cyl Prestressed	7,553	-	7,553	1.4
Pretensioned Concrete	60,052	9,839	69,891	13.2
Polyvinyl chloride	2,872,839	90,743	2,963,582	561.3
Reinforced Concrete Cyl	225,366	63,520	288,886	54.7
Reinforced Concrete Non-Cyl	40,750	33,511	74,261	14.1
Steel ³	1,510,603	26,940	1,537,543	291.2
Steel -tape coated	-	-	-	-
Steel - enamel coated	-	-	-	-
Unknown ²	27,534	(2,830)	24,704	4.7
	<u>16,104,443</u>	<u>42,651</u>	<u>16,147,094</u>	<u>3,058.2</u>

SUMMARY OF PIPE BY DIAMETER

Diameter of Pipe in Inches	Length in Feet			Length in Miles
	12-31-12	Net Change	12-31-13	12-31-13
0.75	53	-	53	-
1	401	(1)	400	0.1
1.5	384	11	395	0.1
2	2,409	(237)	2,172	0.4
3	5,505	(65)	5,440	1.0
4	117,448	606	118,054	22.4
6	4,759,287	(1,708)	4,757,579	900.8
8	4,581,598	29,183	4,610,781	873.3
10	126,871	226	127,097	24.1
12	3,289,687	2,923	3,292,610	623.6
14	44,014	(372)	43,642	8.3
15	4,502	-	4,502	0.9
16	545,435	8,581	554,016	104.9
18	55,993	267	56,260	10.7
20	131,575	(6)	131,569	24.9
24	471,436	5,222	476,658	90.3
27	1,347	53	1,400	0.3
30	418,952	(280)	418,672	79.3
33	-	-	-	-
36	500,096	(472)	499,624	94.6
40	59	-	59	-
42	198,405	(116)	198,289	37.6
45	76	-	76	-
46	22,108	(8)	22,100	4.2
48	122,583	(314)	122,269	23.2
51	6,361	-	6,361	1.2
54	176,078	400	176,478	33.4
57	12,979	-	12,979	2.5
60	185,733	(49)	185,684	35.2
63	17,587	(1)	17,586	3.3
66	78,713	(22)	78,691	14.9
67	1,007	-	1,007	0.2
72	112,678	12	112,690	21.3
78	-	17	17	-
84	18,132	(138)	17,994	3.4
88	77	(77)	-	0.0
90	32,851	(5)	32,846	6.2
96	69	-	69	-
108	57,904	(18)	57,886	11.0
120	3,039	-	3,039	0.6
150	1,011	(961)	50	-
	<u>16,104,443</u>	<u>42,651</u>	<u>16,147,094</u>	<u>3,058.2</u>

¹Mains within the City and Total Service Contract Areas.

²Unknown pipe material is assumed to be cast iron.

³Steel pipe is no longer separated out by pipe coating. That information is tracked separately.

VALVES¹ - 2013

SUMMARY OF VALVES BY TYPE

Type of Valve	12-31-12	Net Change	12-31-13
Air vacuum valve	2,451	480	2,931
Ball valve	39	4	43
Blowoff valve	3,209	64	3,273
Butterfly valve	1,666	74	1,740
Check valve	75	17	92
Cone valve	134	(3)	131
Gate valve	48,892	(636)	48,256
Hub valve	14	15	29
MacDougall blowoff valve	150	(1)	149
Pito (Corp stop)	620	7	627
Pressure regulating valve	294	1	295
Unknown	-	-	-
Vacuum valve	16	-	16
Gate valve - Resilient Seat	20,777	1,349	22,126
Altitude valve	1	-	1
Corp Stop	511	8	519
Surge valve	17	(1)	16
Slide gate valve	13	-	13
Plug valve	3	(2)	1
Sleeve valve	4	-	4
Knife valve	3	-	3
	<u>78,889</u>	<u>1,376</u>	<u>80,265</u>

SUMMARY OF VALVES BY DIAMETER

Diameter of Valve in Inches	12-31-12	Net Change	12-31-13
0.75	60	7	67
1	1,229	122	1,351
2	3,188	214	3,402
2.5	-	-	-
3	164	6	170
4	1,573	168	1,741
6	37,324	342	37,666
8	18,516	286	18,802
10	593	15	608
12	13,821	187	14,008
14	101	(4)	97
15	2	(2)	-
16	480	22	502
18	133	-	133
20	257	(5)	252
24	690	7	697
27	1	(1)	-
30	256	(2)	254
36	227	5	232
42	84	7	91
48	75	-	75
54	41	2	43
60	44	-	44
66	2	-	2
72	19	(1)	18
84	6	1	7
108	3	-	3
	<u>78,889</u>	<u>1,376</u>	<u>80,265</u>

¹Valves within the City and Total Service Contract Areas.

FIRE HYDRANTS¹ - 2013

FIRE HYDRANTS

<u>Size in Inches</u>	<u>Total Hydrants</u>		
	<u>12-31-12</u>	<u>Net Change</u>	<u>12-31-13</u>
4	43	-	43
6	19,627	148	19,775
	<u>19,670</u>	<u>148</u>	<u>19,818</u>

FIRE HYDRANT BRANCH PIPE

<u>Size in Inches</u>	<u>Kind of Pipe</u>	<u>Length in Feet</u>		
		<u>12-31-12</u>	<u>Net Change</u>	<u>12-31-13</u>
4	Cast iron	845	(38)	807
4	Ductile iron	101	-	101
6	Cast iron	93,417	(3,061)	90,356
6	Cement asbestos	3,116	(50)	3,066
6	Ductile iron	251,199	6,707	257,906
6	Polyvinylchloride	929	-	929
6	Steel	18,065	292	18,357
6	Unknown	13,935	(539)	13,396
		<u>381,607</u>	<u>3,311</u>	<u>384,918</u>

SUMMARY OF FIRE HYDRANT BRANCH PIPE BY MATERIAL

<u>Kind of Pipe</u>	<u>Length in Feet</u>		
	<u>12-31-12</u>	<u>Net Change</u>	<u>12-31-13</u>
Cast iron	94,262	(3,099)	91,163
Cement asbestos	3,116	(50)	3,066
Ductile iron	251,300	6,707	258,007
Polyvinylchloride	929	-	929
Steel	18,065	292	18,357
Unknown	13,935	(539)	13,396
	<u>381,607</u>	<u>3,311</u>	<u>384,918</u>

SUMMARY OF FIRE HYDRANT BRANCH PIPE BY DIAMETER

<u>Size in Inches</u>	<u>Length in Feet</u>		
	<u>12-31-12</u>	<u>Net Change</u>	<u>12-31-13</u>
4	946	(38)	908
6	380,661	3,349	384,010
	<u>381,607</u>	<u>3,311</u>	<u>384,918</u>

¹Fire hydrants and branch pipe within the City and Total Service Contract Areas.

RECYCLED WATER MAINS AND VALVES - 2013

RECYCLED WATER MAINS

SUMMARY OF PIPE BY MATERIAL

Kind of Pipe	Length in Feet		
	12-31-12	Net Change	12-31-13
Copper	-	126	126
Ductile Iron	8,066	17,294	25,360
PVC	128,085	55,590	183,675
Steel	122,538	1,362	123,900
	<u>258,689</u>	<u>74,372</u>	<u>333,061</u>

SUMMARY OF PIPE BY DIAMETER

Size	Kind of Pipe	Length in Feet		
		12-31-12	Net Change	12-31-13
2"	Copper	-	92	92
2"	PVC	-	60	60
2"	Steel	-	17	17
3"	Copper	-	34	34
3"	PVC	485	-	485
4"	Ductile Iron	154	-	154
4"	PVC	4,045	2,095	6,140
4"	Steel	23	-	23
6"	Ductile Iron	3,865	333	4,198
6"	PVC	8,686	7,052	15,738
6"	Steel	469	3	472
8"	Ductile Iron	2,124	40	2,164
8"	PVC	23,749	7,904	31,653
8"	Steel	221	6	227
10"	Ductile Iron	51	-	51
10"	PVC	357	-	357
10"	Steel	81	-	81
12"	Ductile Iron	301	(6)	295
12"	PVC	27,964	17,061	45,025
12"	Steel	9,934	(12)	9,922
14"	Steel	8	5	13
16"	Ductile Iron	45	-	45
16"	PVC	21,541	2,876	24,417
16"	Steel	99	(11)	88
18"	PVC	48	43	91
18"	Steel	28	-	28
20"	PVC	27,268	-	27,268
20"	Steel	238	-	238
24"	PVC	12,990	18,499	31,489
24"	Steel	5,362	(17)	5,345
30"	Ductile Iron	1,525	-	1,525
30"	PVC	68	-	68
30"	Steel	22,213	1,365	23,578
36"	DI	-	16,928	16,928
36"	PVC	419	-	419
36"	Steel	18,416	-	18,416
42"	PVC	302	-	302
42"	Steel	36,269	-	36,269
48"	PVC	164	-	164
48"	Steel	7,813	5	7,818
54"	Steel	21,286	-	21,286
84"	Steel	78	-	78
		<u>258,689</u>	<u>74,372</u>	<u>333,061</u>

RECYCLED WATER VALVES

SUMMARY OF VALVES BY TYPE

Type of Valve	12-31-12	Net Change	12-31-13
Air vacuum valves	152	56	208
Blowoff valve	139	28	167
Butterfly valve	160	14	174
Check Valve	29	-	29
Corp Stop	74	23	97
Cone	-	1	1
Gate valve	403	85	488
Pitot	16	2	18
Plug Valve	2	-	2
PRV	3	-	3
Sleeve Valve	1	-	1
	<u>979</u>	<u>209</u>	<u>1,188</u>

SUMMARY OF VALVES BY DIAMETER

Diameter of Valve	12-31-12	Net Change	12-31-13
1"	90	23	113
2"	132	64	196
2.5"	1	-	1
4"	100	1	101
6"	275	69	344
8"	96	14	110
10"	15	1	16
12"	122	19	141
16"	26	2	28
18"	-	1	1
20"	32	1	33
24"	30	9	39
30"	16	-	16
36"	15	5	20
42"	13	-	13
48"	7	-	7
54"	9	-	9
	<u>979</u>	<u>209</u>	<u>1,188</u>

BREAKS IN MAINS, WATER CONTROL AND LEAK DETECTION SERVICES - 2013

DENVER MAIN BREAKS

<u>Size</u>	<u>Pipe Material</u>	<u>Number of Breaks</u>
3"	Cast Iron	1
4"	Cast Iron	3
4"	Steel	1
4"	Cement Asbestos	3
6"	Ductile Iron	9
6"	Cement Asbestos	4
6"	PVC	1
6"	Cast Iron	96
8"	Cement Asbestos	1
8"	Ductile Iron	8
8"	PVC	1
8"	Cast Iron	52
12"	Cement Asbestos	3
12"	Cast Iron	25
12"	Ductile Iron	4
12"	PVC	2
16"	Cast Iron	2
20"	Cast Iron	1
20"	Steel	1
24"	Ductile Iron	1
30"	Cast Iron	1
48"	Steel	1
54"	Steel	1
		222

TOTAL SERVICE MAIN BREAKS

<u>Size</u>	<u>Pipe Material</u>	<u>Number of Breaks</u>
4"	Cement Asbestos	1
4"	Cast Iron	3
6"	Ductile Iron	1
6"	Cast Iron	21
6"	Cement Asbestos	1
8"	Cement Asbestos	1
8"	Ductile Iron	2
8"	Cast Iron	6
12"	Cast Iron	4
12"	Ductile Iron	2
16"	Steel	2
		44

WATER CONTROL SERVICES

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Service Calls	8,989	11,892	10,994	12,654	8,931
Service Leaks	719	402	385	287	329
Service Turn Ons	649	844	661	449	424
Service Turn Offs	1,588	935	1,094	799	649
Valve Leaks	64	58	64	39	27
Fire Hydrants Hit	146	146	148	107	116
Fire Hydrants Packed and Greased	22,153	23,360	25,574	20,145	17,408
Fire Hydrants Excavated for Replacement	160	435	301	358	621
Fire Hydrants, Miscellaneous Repairs	2,718	1,171	737	493	327
Total Fire Hydrants Tested and Repaired	25,177	25,112	26,760	21,103	18,472

LEAK DETECTION PROGRAM

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Non-Visible Leaks Detected	61	93	122	100	145
Non-Visible Water Leaks Loss (1000's of Gallons) ¹	16,030	24,440	32,061	28,280	38,106
Visible Leaks Pinpointed	116	137	199	43	89
Miles Surveyed	615	1,022	802	801	606
Savings Generated from saving lost water ¹	\$ 30,618	\$ 46,681	\$ 61,237	\$ 59,670	\$ 72,800
Savings Generated from pinpointing Leaks ¹	81,200	95,900	139,300	30,100	62,300
Total Savings Generated from Leak Detection Program ¹	\$ 111,818	\$ 142,581	\$ 200,537	\$ 89,770	\$ 135,100

¹Estimated.

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