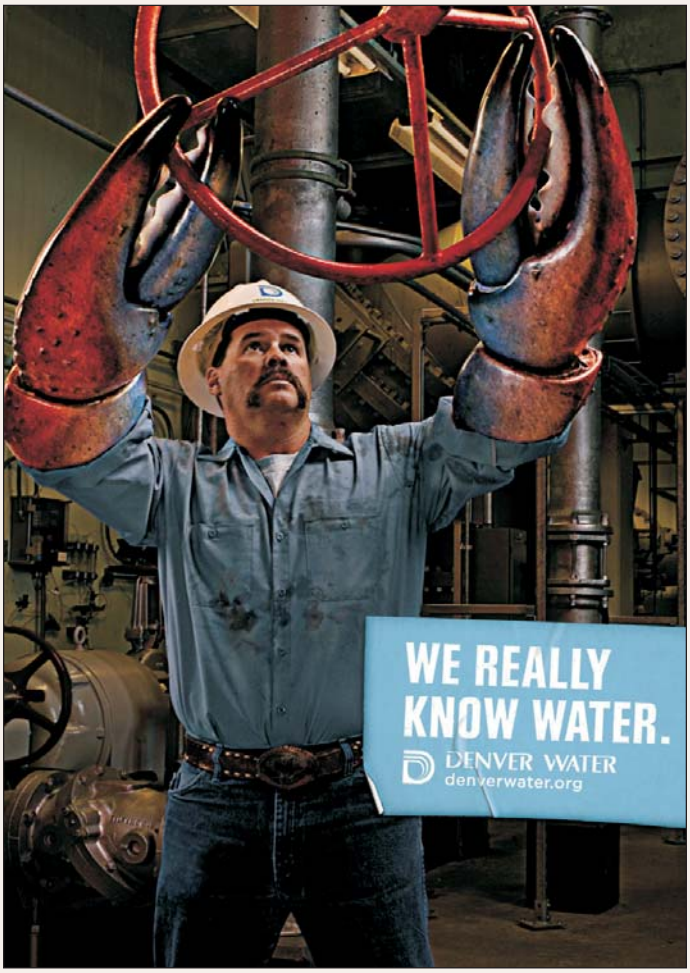


Denver Water Ad Campaign 2007

Comprehensive Annual Financial Report

For the year ended December 31, 2007
Denver, Colorado

DENVER WATER

The City and County of Denver has determined under Governmental Accounting Standards Board Statement No. 14 that its relationship with Denver Water is such that Denver Water's financial statements should be included as a ''Component Unit'' in the City's Comprehensive Annual Financial Report. Under the Denver City Charter, Denver Water is a legally separate and distinct legal entity from the City and County of Denver and the City and County is not financially accountable for Denver Water.

DENVER WATER
Comprehensive Annual Financial Report

DENVER WATER

For the year ended December 31, 2007
Denver, Colorado

Prepared by the Accounting Section
of the Finance Division

The City and County of Denver has determined under Governmental Accounting Standards Board Statement No. 14 that its relationship with Denver Water is such that Denver Water's financial statements should be included as a "Component Unit" in the City's Comprehensive Annual Financial Report. Under the Denver City Charter, Denver Water is a legally separate and distinct legal entity from the City and County of Denver and the City and County is not financially accountable for Denver Water.

TABLE OF CONTENTS

I - INTRODUCTORY SECTION

II - FINANCIAL SECTION

III - STATISTICAL SECTION

III - STATISTICAL SECTION (Continued)

III - STATISTICAL SECTION (Continued)

E - OPERATING INFORMATION (Continued)

INTRODUCTORY SECTION

DENVER WATER

May 1, 2008

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, 2007.

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.

BKD, LLP, Certified Public Accountants, has issued an unqualified ("clean") opinion on Denver Water's financial statements for the years ended December 31, 2007 and 2006. The independent accountant'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 accountant's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

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 six 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 Department of Energy for power interference.

In accordance with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," Denver Water would be classified as 1) an "other stand-alone government" since Denver Water is a legally separate and distinct entity from the City under the Charter of the City, and the City is not financially accountable for Denver Water, and 2) a "related organization" since the Mayor of the City appoints Denver Water's governing body, but is not financially accountable. However, the City has elected to include Denver Water's financial statements in the City's financial statements as a component unit enterprise fund because, in the City's opinion, the nature and significance of Denver Water's relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

The Mission of Denver Water is as follows:

> *Denver Water will provide our customers with high quality water and excellent service through responsible and creative stewardship of the assets we manage. We will do this with a productive and diverse work force. We will actively participate in and be a responsible member of the water community.*

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 projects compliance with debt covenants and the year-end targeted investment balance. Alternative financial plans that address estimated revenue shortfalls are also projected as a part of the long-range planning effort.

- 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 deteriorate.

Local Economy

The City 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

Total projected expenditures for the 2008-2017 Ten-Year Capital Program are $863.8 million, net of anticipated participation and reimbursement. The program includes:

- $290.5 million for the Moffat Collection System Project for the evaluation, permitting, and construction process to augment our short supply to the northern service area. After reviewing three alternatives, Denver Water has selected its preferred option—expanding existing storage capacity at Gross Reservoir. Once the U.S. Army Corps of Engineers releases a draft Environmental Impact Statement (EIS) evaluating the potential effects of this option, a public comment period will follow before the final EIS is issued. We propose to begin construction by 2012.

- $32.8 million for Conduit "W", a major backbone transmission conduit on the west side of the metropolitan area. It will both serve growth and provide operational flexibility. It is anticipated this conduit would be phased from the south with the first section between Foothills and Kassler. Since the development of the 2008-2017 Ten-Year Capital Program, Conduit "W" has been renamed Conduit 161.

- $25 million for the Antero Reservoir Rehabilitation Project, one of Denver Water's major water supply reservoirs, will be examined and eventually refurbished to maintain the operational capacity for which it was originally designed.

The objective of the Financial Plan was to meet these capital needs through smooth and predictable rate increases. This will be accomplished through reductions in cash reserves during years one, three, five and seven through ten of the ten-year plan. New debt will also be issued in years two, four, six and eight of the ten-year plan. Using a mix of cash reserves and debt allows Denver Water the maximum possible financial flexibility and insures that ratepayers are not unnecessarily obligated to pay for new capital additions entirely through rates in a single year. The rate increases resulting from this financial management strategy are forecast to be between 3-5% during the first half of the ten-year plan and 3% during the second half of the ten-year plan.

Relevant Financial Policies – Investment Balance

Denver Water established a comprehensive set of financial policies as a basic framework for the financial management of Denver Water and its planning and budgeting process. These policies are listed in the Budget Book, one of which is the following:

Balanced Budget
Denver Water balances its budget by the planned use of, or contribution to, investment balances. The investment balance is maintained to provide for financial impacts to operation and maintenance, capital replacement, debt service and self insurance. This approach is in accordance with the City Charter, which allows the accumulation of funds for improvements of such magnitude that they cannot be acquired from the surplus revenues of a single year.

Denver Water began 2008 with an actual investment balance of $226.1 million, at cost. The 2008 budget projects this balance to increase by receipts of $251.8 million and decrease by expenditures of $291.4 million, resulting in a projected 2008 ending balance of $186.5 million.

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

- Create an Enduring Culture of Efficient Water Use
  "Tap+Smart" is the name given to a comprehensive set of water conservation measures and incentives designed to instill permanent water-efficient behaviors among our customers. The Tap+Smart Program aims to reduce water use in Denver Water's service area by 22 percent by 2016. These measures, which will continue in 2008, include retrofitting municipal buildings with efficient plumbing fixtures and replacing sections of turf in city parks with native grasses and other low-water-use landscaping. In 2008 we will expand the program by bringing water conservation programs to suburban municipalities in our service area.

- Continue to Strengthen Denver Water's Fiscal Health
  Denver Water is required to comply with its charter directive to set water rates "as low as good service will permit." In 2008 we will review a number of financial policies and practices to ensure we are collecting appropriate system development fees, complying with relevant accounting regulations, and recovering the full cost of providing service to our customers.

  To meet the demand created by our expanding customer base, Denver Water must acquire or construct new capacity-related assets such as water rights, storage structures, treatment facilities, pump stations, and transmission mains. System development charges ("SDCs") are designed to recover these costs from new customers. In 2008, our Finance Division will undertake a complete review of our SDC structure and procedures to make sure the expanding customer base does indeed pay for water system growth.

- Implement Technology Systems to Improve Customer Service
  We are making good progress in our multi-year effort to acquire new software systems to further streamline operating procedures and enhance our ability to respond to customer needs. Following an extensive selection process conducted over the summer of 2007, we have chosen a Customer Information System package that will replace or consolidate 24 existing systems. We have also selected a system integration partner who will assist us with implementation. During 2008 we will refine system requirements and conduct the testing necessary for implementation. Current projections are for the new system to go live in the third quarter of 2009.

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, 10, Exhibits II-A through II-G
Number of Customer Accounts	Page III-23
System Development Charges and Participation Fees	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 at http://www.dacbond.com.

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, 2006. This was the nineteenth 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, 2007. This is the fifteenth 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

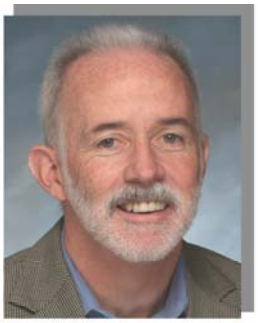
We wish to express our appreciation to all members of Denver Water who assisted and contributed to the preparation of this report. Credit must also be given to the Board of Water Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of Denver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

Sincerely,

Hamlet J. Barry, III
Manager, Denver Water

David B. LaFrance
Director of Finance

BOARD OF WATER COMMISSIONERS - As of December 31, 2007





Top from left, Thomas A. Gougeon, Penfield Tate III;
Bottom from left, George B. Beardsley, John R. Lucero, Susan Daggett

Thomas A. Gougeon, President Principal: Continuum Partners LLC	*Commissioner since August 10, 2004;* *Term expires July 10, 2011.*
Penfield W. Tate III, First Vice President Attorney: Greenberg Traurig	*Commissioner since October 18, 2005;* *Term expires July 10, 2011.*
George B. Beardsley Principal: Inverness Properties, LLC	*Commissioner since February 2, 2004;* *Term expires July 10, 2013.*
John R. Lucero Broker Associate, Lucero Real Estate, Inc.	*Commissioner since September 13, 2007;* *Term expires December 1, 2011.*
Susan D. Daggett Independent consultant	*Commissioner since November 6, 2007;* *Term expires July 10, 2013.*

LAST 20 COMMISSIONERS

Charles F. Brannan	Dec 14, 1970 to Sep 26, 1983	Romaine Pacheco	Jul 31, 1989 to Jul 10, 1995
James B. Kenney, Jr.	Jan 9, 1976 to Sep 26, 1983	Hubert A. Farbes, Jr.	Jul 8, 1985 to Jul 14, 1997
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

MANAGER AND STAFF - As of December 31, 2007

Top from left, Hamlet J. Barry, Secretary-Manager; Marie L. Bassett, Director of Public Affairs; Christopher R. Dermody, Director of Information Technology; Brian D. Good, Director of Operations & Maintenance; Bottom from left, David B. LaFrance, Director of Finance; David L. Little, Director of Planning; Robert J. Mahoney, Director of Engineering; Patricia L. Wells, General Counsel

DISCRETIONARY PERSONNEL

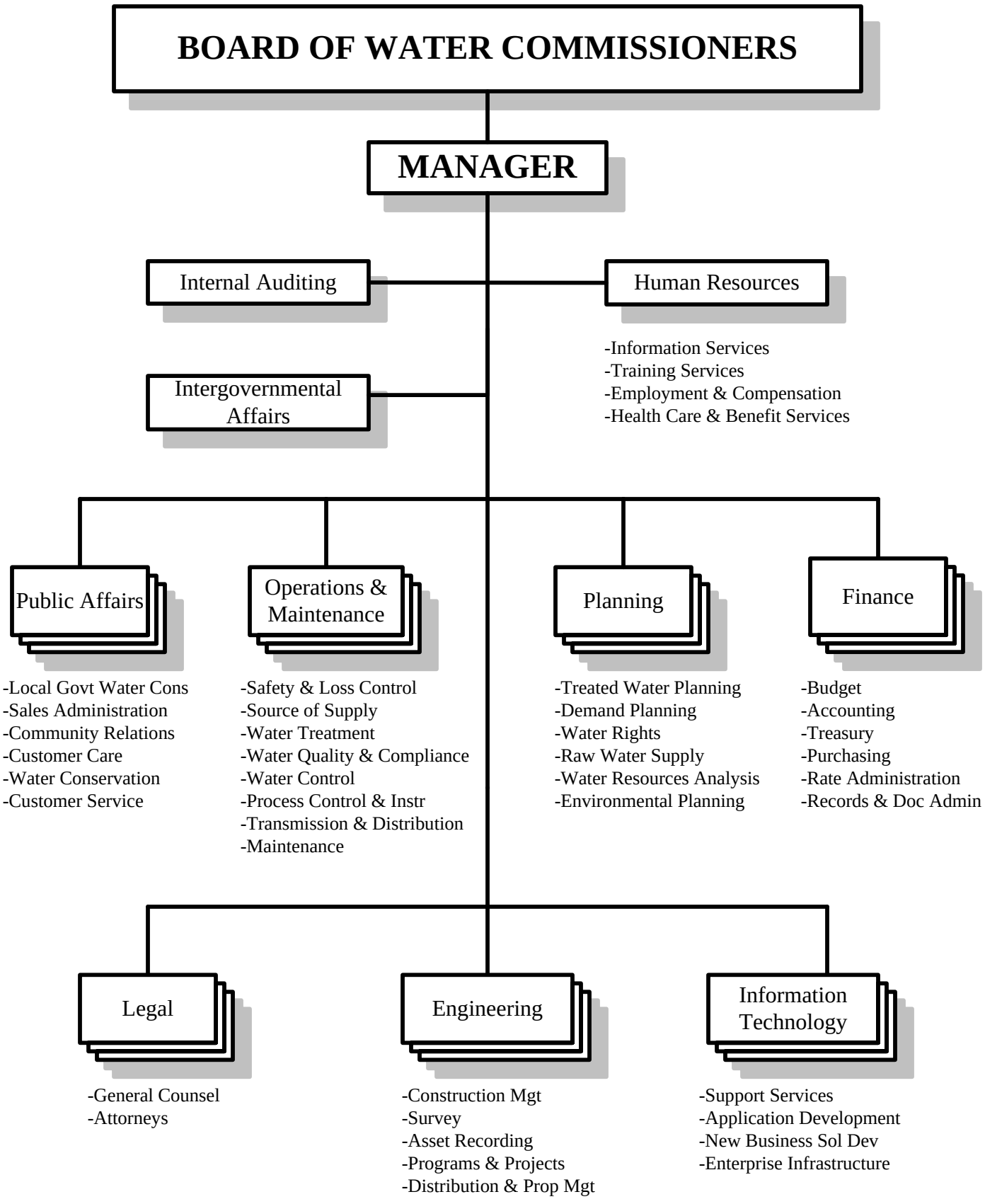
(Employees Serving in Executive Discretionary Positions Solely at the Pleasure of the Board)

Manager and Senior Staff

Hamlet J. Barry, III, Secretary-Manager
Marie L. Bassett, Director of Public Affairs
Christopher R. Dermody, Director of Information Technology
Brian D. Good, Director of Operations & Maintenance
David B. LaFrance, Director of Finance
David L. Little, Director of Planning
Robert J. Mahoney, Director of Engineering
Patricia L. Wells, General Counsel

Other Staff

John H. Bambei, Jr., Chief of Engineering
Edith A. Carlson, Manager of Internal Auditing
Sara Duncan, Intergovernmental Affairs Coordinator
Carla Y. Elam-Floyd, Manager of Human Resources
Melissa Elliot, Manager of Water Conservation
Kathryn M. Kempke, Treasurer
Trina L. McGuire-Collier, Manager of Community Relations
Michael L. Walker, Attorney V
John J. Wright, Manager of Rate Administration


BOARD OF WATER COMMISSIONERS
MANAGER
Internal Auditing
Human Resources
-Information Services
-Training Services
-Employment & Compensation
-Health Care & Benefit Services
Intergovernmental Affairs
Public Affairs
-Local Govt Water Cons
-Sales Administration
-Community Relations
-Customer Care
-Water Conservation
-Customer Service
Operations & Maintenance
-Safety & Loss Control
-Source of Supply
-Water Treatment
-Water Quality & Compliance
-Water Control
-Process Control & Instr
-Transmission & Distribution
-Maintenance
Planning
-Treated Water Planning
-Demand Planning
-Water Rights
-Raw Water Supply
-Water Resources Analysis
-Environmental Planning
Finance
-Budget
-Accounting
-Treasury
-Purchasing
-Rate Administration
-Records & Doc Admin
Legal
-General Counsel
-Attorneys
Engineering
-Construction Mgt
-Survey
-Asset Recording
-Programs & Projects
-Distribution & Prop Mgt
Information Technology
-Support Services
-Application Development
-New Business Sol Dev
-Enterprise Infrastructure

ARTICLE X
CHARTER OF THE
CITY AND COUNTY OF DENVER

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 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 Revenue.
(Charter 1960, C4.20; amended May 19, 1959; amended August 11, 1992; Ord. No. 659, § 1, 8-26-02, elec. 11-5-02, 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 sign all warrants, countersign 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, 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 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 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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December 31, 2006

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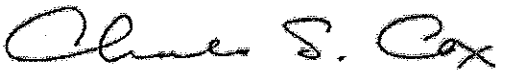
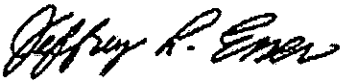


President



Executive Director

The Year 2007 in Review

Denver Water's operations during 2007 reflect our two principal commitments to customers—providing a reliable supply of high-quality water and ensuring future supplies as our customer base continues to grow.

Our water supplies were plentiful throughout 2007. The spring snowmelt filled our reservoirs to capacity, and storage levels at the end of the 2007 irrigation season still averaged 94 percent, 6 percent higher than historical levels at that time of year. These percentages were a tribute to Mother Nature and our customers, many of whom continued the water-saving measures instituted during the dry years of 2002–2004.

To ensure that supplies continue to be reliable and, at the same time, to safeguard the utility's financial health, we focused on four principal strategies in 2007: we launched an accelerated conservation program called Tap+Smart; extended the reach of our recycled water system; identified the preferred method for ensuring adequate capacity in our Moffat Collection System northwest of Denver; and implemented a steeper increasing block rate structure that more emphatically underscores the link between cost and consumption.

Tap+Smart is a comprehensive set of conservation measures and incentives aimed at reducing water use in our service area by 22 percent by 2016. The plan is designed to instill permanent water-efficient behaviors among our customers. Throughout the spring and summer of 2007, billboards, buses, and yard signs proclaimed Tap+Smart's fundamental message—Use Only What You Need. Reinforcing this message, we issued more than $1 million in rebates to residential customers who installed water-efficient fixtures and appliances in 2007. In addition, we paid commercial and industrial customers who signed water-efficiency incentive contracts $4,500 for each acre-foot of water they saved during the year.

Stretching limited supplies by treating reclaimed wastewater for nonpotable uses is becoming more common in the semi-arid West, and we are expanding our Recycled Water Distribution System. The new Capitol Hill Reservoir went into service in June 2007, and the Montclair Pump Station, scheduled for startup in April 2008, will connect the reservoir with recently constructed pipelines to provide recycled water to the Stapleton and Lowry neighborhoods.

Working with the U.S. Army Corps of Engineers, our Board of Water Commissioners has concluded that the best option for increasing supplies in the Moffat Collection System is to enlarge existing storage capacity at Gross Reservoir. The Corps is expected to complete a draft Environmental Impact Statement for this project in 2008. In other efforts to protect the reliability of supplies in the north end of our service area, we are preparing several previously mined gravel pits for use as water storage facilities.

Our revised increasing block rate structure, which went into effect in January 2007, imposes a fixed service charge rather than a meter charge and better communicates our water efficiency goals by charging higher rates than before as water use increases. By relating water bills to actual consumption, increasing block rates send explicit conservation price signals and allow customers

to better control their costs. Also in 2007 we created a new customer class for single-family residential irrigation taps serving common-area landscaping. Many of these taps are owned by homeowners associations (HOAs).

Providing water of the highest quality is one of Denver Water's top priorities. To make sure we comply with recent federal regulations related to disinfection, we are building a new chlorine contact basin at Foothills Treatment Plant. In December 2007 we completed a long-term project to update our Geographic Information System database, enabling us to more effectively track disinfection effects throughout our potable water distribution system. We also stepped up our ongoing distribution main relining program in 2007, more than doubling the number of linear feet of pipe originally scheduled for rehabilitation.

We continue to work closely with our neighbors in the metropolitan area and in the communities where our watersheds are located to identify mutually beneficial solutions to water quality and water supply challenges. In 2007, we entered into intergovernmental agreements with several metro area entities, including an agreement with the City of Aurora authorizing construction of a shared pipeline to provide backup supplies for specific neighborhoods in each municipality.

This report outlines some of the most significant steps we took in 2007 to meet current and future challenges.

EMPLOYMENT AND CUSTOMER STATISTICS

Over the past 10 years, the number of Denver Water employees rose from 988 in 1997 to 1,010 in 2007, an increase of 2 percent. The job vacancy rate in 2007 was 7 percent, and 24 positions were eliminated after a functional analysis of staffing levels indicated that the tasks assigned to these positions could be outsourced or eliminated. Over that same 10-year period, the number of customer accounts climbed from 271,338 in 1997 to 308,079 in 2007, an increase of 14 percent.

TREATED WATER CONSUMPTION

In addition to the abundant supplies available from Denver Water's reservoirs this year, we benefited from higher than normal precipitation. The metropolitan area's total precipitation—measured at three separate weather stations—averaged 18 inches instead of the usual 16. The extra inches helped reduce the amount of water customers used for irrigation.

Average water use among our customers in 2007 was 169 gallons per capita per day, 19 percent lower than average water use before the dry years of 2002–2004. Consumption of treated water for the year totaled 70.5 billion gallons, down 5.7 percent from the 74.7 billion gallons consumed in 2006.

WATER RESOURCE MANAGEMENT

Denver Water's ability to provide long-term, reliable supplies for its customers rests on three strategies for augmenting existing supplies:

- Conservation—reducing demand,

- Recycling—providing highly treated wastewater for nonpotable uses such as irrigation and industrial purposes, and
- Developing new supplies—enlarging capacity at existing reservoirs, purchasing previously mined gravel pits for use as additional storage facilities, or building new reservoirs.

Conservation is the least expensive of these three methods of stretching supplies, and we beefed up our water efficiency programs considerably in 2007. In addition, we continued to extend our recycled water distribution system and to seek environmentally friendly ways of expanding the capacity of our water collection systems.

Conservation

Tap+Smart. Denver Water's conservation efforts in 2007 focused on inaugurating the Tap+Smart program, a 10-year plan to reduce water use in our service area by an additional 22 percent. The plan is designed to achieve this goal by encouraging customers to make permanent changes in their water use habits—to eliminate water waste and quickly move baseline water use to a more efficient level.

Tap+Smart builds on our most successful conservation measures from the past few years and applies a public outreach model known as community-based social marketing (CBSM). Key components of the CBSM approach to changing behavior include research—identifying barriers that prevent people from changing behavior and pinpointing benefits that can help overcome those barriers—and using government as a role model.

To this end, Denver Water is providing staff and financial support for an ambitious agenda of water conservation activities undertaken by the City and County of Denver. These water-saving measures are now part of "Greenprint Denver," Mayor John Hickenlooper's plan for sustainable, ecologically friendly development. Projects in 2007 included converting several parcels of park land from bluegrass to less thirsty native grasses and retrofitting the City and County Building and the original section of the Colorado Convention Center with water-efficient toilets and urinals. Denver Water furnished the new fixtures at a cost of approximately $150,000, and the city took care of installation.

In January 2008, Denver Water staff will begin working with our suburban distributors to help them adopt similar water efficiency measures. Because customers served through these water service contracts comprise almost half of Denver Water's customer base, these efforts are expected to boost metro area water savings significantly.

Tap+Smart's Advertising Campaign. The CBSM outreach model also recommends blending nontraditional and conventional communication methods. Tap+Smart's 2007 advertising campaign used a variety of lighthearted tactics to convey the central message "Use Only What You Need."

The underlying message of eliminating waste was apparent in all of the campaign's ads, regardless of the venue. Among the most memorable ads in 2007 were billboards sporting an expanse of bright orange with the minuscule message "Use Only What You Need" tucked in one

corner. Text message–style billboards made the point by omitting unnecessary vowels: SV WTR, CNSRV, B STNGY.

Another advocate of curbing water waste was a "running toilet" played by various staff volunteers, who ran around wearing a giant toilet costume and a sign that said "Running Toilets Waste Water." In 2007 the running toilet sprinted down Denver's 16th Street Mall, joined 5K and 10K races, and attended various sporting events, including the CSU/CU football game. When the toilet ran across the field during the game, a professional actor dressed like a security guard chased it down and tackled it, while the JumboTron flashed the message "Denver Water urges you to stop running toilets."

To gauge the ad campaign's effectiveness, we hired an independent research firm to gather feedback from customers. The firm found that 82 percent of our customers were aware of the campaign. Seventy percent said they had changed their water use behavior over the past few years, and the top reason they cited was that conserving is the socially responsible thing to do.

Financial Incentives. Denver Water offers financial incentives to further encourage customers to eliminate water waste. In 2007, we issued more than $1 million in rebates to residential customers who replaced water-guzzling household plumbing fixtures and appliances with water-efficient models. Installation of high-efficiency clothes washers and toilets qualified homeowners for rebates of $150 and $125, respectively.

We also offer conservation incentives to commercial, industrial, and institutional (CII) customers—rebates for installing water-efficient equipment and cash payments for actual water savings. CII customers who enter into water-efficiency incentive contracts can collect up to $40,000 per approved project for reducing their water use. Projects earn $4,500 for each acre-foot (325,851 gallons) of water saved over a one-year period.

In 2007, Denver Water paid 11 CII contract customers more than $300,000 for over 200 acre-feet of saved water. Four projects earned the maximum payment of $40,000, and one Denver Zoo project accounted for more than half of overall contract savings. The zoo saved 139 acre-feet of water by installing a recirculating water system in its duck pond.

Incentive contracts for irrigation projects cover a five-year period, and payments are pro-rated in five annual installments. Thirteen customers participated in Denver Water's irrigation efficiency program during 2007. Six of them received payments totaling $31,500 for the 35 acre-feet of water they saved the previous year.

CII customers can qualify for rebates on the cost of water-efficient equipment, even if installation is not part of an efficiency incentive contract. Denver Water issued about $15,000 in CII rebates in 2007, with coin-operated, front-load laundry machines accounting for almost a third of that sum and high-efficiency toilets another third.

HOA Irrigation System Audits. Many HOAs in Denver Water's service area have traditionally paid single-family residential rates, even though some of their taps irrigate large common areas of land used by multiple residences. Our decision to add a higher tier to our increasing block rate

structure for single-family residential water use exceeding 80,000 gallons appeared to penalize these HOAs, and so the Board of Water Commissioners created a new customer class for single-family residential irrigation taps serving these common areas. As part of authorizing the new rate classification, the Board required Denver Water's HOA customers to undergo water efficiency audits. In 2007 our conservation staff conducted audits of 168 HOA irrigation systems.

Results indicated that HOAs with smaller irrigated areas tended to be less efficient, whereas those irrigating larger areas tended to be closer to the target consumption level of 18 gallons of water per square foot of land. The audits also identified a number of areas for potential water savings. Repairing malfunctioning sprinkler head and nozzles topped the list, followed by correcting scheduling problems and properly installing rain sensors.

Low-Income Housing Audits and Retrofits. In another 2007 conservation initiative, Denver Water contracted with the Mile High Youth Corps to audit water use in low-income households and to retrofit toilets, faucets, and showerheads with water-efficient models. In 2007, this project was restricted to homes in the City and County of Denver, but in 2008 it will include households in our combined service area.

By the end of September 2007, the Youth Corps had audited 1,500 homes, replacing 500 toilets and installing more than a thousand kitchen and bathroom faucet aerators and water-efficient showerheads. The project is expected to save 95 acre-feet of water per year at a net cost of $6,300 per acre-foot. In addition to the water savings, the program benefits the young people who handle the audits and retrofits because they receive training and education as well as employment.

New Operating Rules. As part of its intensified commitment to eliminate water waste, Denver Water's Board of Commissioners added three new provisions to its Operating Rules in 2007.

- The Soil Amendment Rule requires customers who purchase taps in new developments within Denver Water's service area to add a specific amount of organic matter to the soil before installing new landscaping that will be irrigated. Organic amendments increase the nutrient level of the soil and the availability of water to plant roots.
- Rain sensors must be installed on irrigation systems for all new connections except single-family residences. This requirement is aimed at reducing watering violations that occur at commercial or industrial properties after hours or at other times when owners are not available.
- The One-Acre Rule requires customers who want to irrigate areas larger than one acre to submit landscaping plans so Denver Water can make sure the landscaping is designed for efficient water use. These customers will receive a water allotment and will pay a penalty for using excess water.

WaterSense Program. Seizing a rare opportunity to participate in a nationwide conservation initiative, Denver Water has joined a new voluntary partnership program aimed at helping consumers easily identify water-efficient products and services. Called WaterSense, the program uses a specially designed label to designate products that use water at least 20 percent more efficiently than conventional models. WaterSense is similar to the Energy Star program, which labels energy-efficient appliances.

The U.S. Environmental Protection Agency designated metropolitan Denver as the program's kick-off site, after ranking more than a dozen cities according to characteristics such as population growth, maturity of existing conservation programs, scarcity of water supplies, and receptivity of local media markets. Denver Water is one of 25 local organizations that joined the partnership in 2007.

Water Sales and Leases

South Adams County Water and Sanitation District. Water sales and leases typically enhance Denver Water's revenues, but sometimes these contracts benefit our operations as well. This is the case with our 2007 temporary agreement to lease South Adams County up to 1,800 acre-feet of potable water per year for five years. By increasing system flows in our northeast service area, these deliveries will help ameliorate water quality problems caused by slower-than-anticipated development around Denver International Airport and reduce the amount of water that would otherwise need to be flushed from the system. South Adams County will pay standard outside-Denver rates for the water.

Jefferson County School District R-1. When Denver Water sold Jefferson County School District R-1 some property in 1999 for construction of the D'Evelyn School in Lakewood, the sales agreement required the use of nonpotable water for irrigation at the site. A permanent water lease agreement signed with the school district in 2007 fulfills this requirement and ends the district's temporary use of potable water for irrigating school grounds. The water will be delivered from Denver Water's Harriman Lake in return for a capacity charge of $11,100 per acre-foot and annual rates. A nonpotable water delivery system constructed by the school district will be operational in the spring of 2008.

South Metro Water Supply Authority. In keeping with our efforts to shift metro area water use toward greater efficiency, in February 2007 we entered into a five-year pilot project with the South Metro Water Supply Authority, a group of 12 municipal water providers in Douglas County. The primary purpose of the pilot project is to investigate cooperative development of new surface supplies to help the authority conserve nonrenewable groundwater sources. In the interim, the agreement allows spot sales of excess South Platte River water and reusable effluent to authority members, depending on infrastructure availability. Water sold to authority members will be charged at Denver Water's then-current rate for customers outside our combined service area.

Preparing to Deal With Climate Change

Utility managers and planners, particularly in the West, have begun to consider how climate change might affect their water supplies and to identify options for coping with these effects. Computer models of warming trends in the Rocky Mountain region predict a rise in temperature of 3 degrees by 2025 and a rise of 5 to 9 degrees by 2100. Projections based on these models indicate Colorado will experience reduced snowpack and earlier runoff, lower streamflows in the summer, and an extended growing season, which means a longer irrigation period.

As part of assessing Denver Water's vulnerability to such conditions, we examined two simplified scenarios in 2007 to see what challenges we might face as a result of projected temperature

increases. The analysis made use of a hydrologic model created by the National Weather Service's Colorado River Basin Forecast Center. Results indicated that with no change in precipitation, a temperature rise of 2 degrees would cause a 7 percent reduction in streamflows in Denver's mountain watersheds and in Denver Water's supply. Results from the other scenario, in which precipitation did not change and temperatures rose by 5 degrees, showed a 19 percent reduction in streamflows and a 14 percent decline in supply.

In preparing to deal with potential reductions in supplies, Denver Water will continue seeking ways to increase system reliability and flexibility. We will also maintain a diverse portfolio of water resources, emphasizing conservation as a major component of this portfolio.

CAPITAL CONSTRUCTION[1]

Proceeds from bonds were used to fund a portion of our capital projects budget in 2007. Among the year's most significant capital projects were expanding our recycled water system, upgrading several reservoirs and treatment plants, rehabilitating selected mains in our potable water distribution system, and lining a lake in one of Denver's most popular parks.

Recycled Water System Expansion

Each year Denver Water's Recycled Water Plant provides 7,500 acre-feet of highly treated wastewater for nonpotable uses such as irrigation and industrial purposes. During 2007 the plant supplied recycled water to Xcel Energy's Cherokee Power Plant, the Denver Zoo, six city parks, two middle schools, and two municipal golf courses. Several 2007 capital construction projects further extended the reach of the recycled water system.

Capitol Hill Reservoir. The newly constructed Capitol Hill Reservoir, which stores recycled water ready for distribution, went into service in June 2007. The 6-million-gallon underground facility is located adjacent to Congress Park in central Denver. Except for a few trees to be planted in the spring of 2008, grading, landscaping, and ornamental fencing at the site were finished by the end of 2007. Total cost of the project, including demolition of a 100-year-old storage basin that previously occupied the site, was $11.8 million.

Montclair Pump Station. The new Montclair Pump Station at 11th Avenue and Quebec will boost the pressure of recycled water as it travels from the Capitol Hill Reservoir to East Denver. In preparation for startup in April 2008, the pump station is now linked with recently constructed pipelines that will provide recycled water to irrigate parks and golf courses in the Stapleton and Lowry neighborhoods. The cost of the pump station is expected to be $9.7 million. Pumping capacity will be 42 million gallons per day.

New Conduits. Three new pipelines completed in 2007 are integral to the recycled water distribution system's expansion. Conduit 307 connects the Capitol Hill Reservoir and the Montclair Pump Station. Conduit 303 extends south of Montview Avenue to the new pump station and on to the Stapleton neighborhood. Conduit 306 leads from the pump station to the Lowry neighborhood. Altogether, the three new conduits cost $17.6 million and consist of 5.5 miles of the distinctive purple pipe used to transport recycled water.

Grasmere Lake Lining Project

Grasmere Lake, a 16-acre lake at the south end of Denver's popular Washington Park, has historically lost some 100 acre-feet of water to seepage every year. For several years Denver Water has contemplated lining the bottom of the lake to prevent this loss of untreated water, and the plan became more urgent when we began feeding the lake with nonpotable water from our recycling plant.

In the summer of 2007, we teamed up with Denver Parks and Recreation to rehabilitate the lake's banks and eliminate the seepage problem. Denver Parks and Recreation reconstructed the lake's original sandstone walls, increasing the structural integrity of the banks and shore, and rehabilitated the trail around the lake's perimeter. Denver Water lined the lake with a 30-mil-thick plastic membrane large enough to cover 12.5 football fields. Our share of the $1.6 million project's cost was $1.2 million. The lake reopened November 9.

Reservoir Improvements

In addition to ensuring that water is available throughout the year, Denver Water's reservoirs store reserve supplies for use in dry years. Reservoir-related capital projects in 2007 included completion of a hydroelectric power generating station at Gross Reservoir in the foothills above Boulder, conversion of two gravel pits in Adams County into a new integrated storage facility, and structural or water quality improvements at several other storage sites.

Gross Reservoir Hydroelectric Station. Denver Water's new hydroelectric station at Gross Reservoir began operation August 1, 2007. The plant is expected to generate an average of 24 million kilowatt hours of clean, renewable energy annually. Revenue from the sale of power generated at the plant is projected at $1.45 million in 2008, and future revenue will rise along with energy rates. Sales of hydroelectric power are expected to offset the project's $16 million cost in less than 10 years.

In a related undertaking, Denver Water is establishing three trail systems along the north shore of Gross Reservoir. The Federal Energy Regulatory Commission license that allows us to produce hydroelectric power at the site requires us to provide recreational amenities. In addition to helping us meet this requirement, the trails will help control erosion. Construction of the trail systems is scheduled for completion in late 2008.

Other 2007 improvements at this reservoir included relining the steel pipes at the Gross Dam outlet works. The existing coal tar epoxy linings, installed in 1977, were failing. The new polyurethane linings, applied to pipes ranging from 14 to 72 inches in diameter, cost $217,000.

Miller Reservoir. Several capital projects moved us forward with converting the Miller and Cat gravel pits along the South Platte River downstream from Denver into a new interconnected storage facility called Miller Reservoir. A $5 million project initiated in March 2007 involves construction of a 5,000-foot-long zoned-earth embankment, a spillway, an inlet structure from the Burlington Canal, and an outlet to the South Platte River and a future connection with Cat Reservoir. The project also includes excavation of unwanted material along the bottom of the Miller facility.

Design work for the Cat facility's pump station began in May, and construction of that reservoir's compacted clay liner was finished in October. Also in October our Board authorized a $1.5 million project to construct a 42-inch-diameter interconnect pipeline between the two reservoirs. The interconnection is necessary because the combined outlet works for the two reservoirs will be located in the Cat facility. Because the pipeline must be installed under the South Platte, construction was scheduled to begin in January 2008 when river flows are low.

Eleven Mile Canyon Reservoir. As part of renovating the outlet works at this South Park reservoir, we purchased specially fabricated steel stems, couplings, and stem guides for the existing slide gates located on the upstream face of the dam. Because this hardware had to be put in place at a significant depth underwater, deep-water divers took care of installation. This work was completed in November 2007 at a cost of $260,000.

Williams Fork Reservoir. Replacement of the underwater trashgate upstream of Williams Fork Dam also required customized fabrication and installation by divers. The trashgate, installed during the summer and fall of 2007, is part of a multiyear capital project that includes replacing an upstream slide gate and installing new outlet valves and a new turbine. Contractors who installed the trashrack videoed the underwater process for inspection purposes. Slide gate installation is scheduled to be completed by late summer 2008. The project's total cost is estimated at just under $800,000.

Marston Reservoir. Two capital projects initiated at Marston Reservoir in 2007 are aimed at improving the quality of water withdrawn from this facility. The projects consist of installing an oxygenation system to ameliorate taste and odor problems and constructing multiple-level outlet works to allow withdrawals from selected layers of the reservoir.

Customers pay attention to the aesthetic qualities of treated water, even though these characteristics may have nothing to do with whether the water is safe to drink. An engineering study determined that the most economical way to correct recurrent taste and odor problems emanating from water stored at Marston would be to increase the oxygen content of water stored at the reservoir's lower levels. A $1.6 million, cone-shaped superoxygenation system is being installed at the bottom of the reservoir and is scheduled for startup in June 2008. The system can add up to 2,000 pounds of oxygen per day to the reservoir, oxygenating the water before it enters the treatment plant.

The multilevel outlet works should allow us to withdraw water from lower levels of the reservoir, including the 5,000 acre-foot layer that was previously unusable. Preliminary design for this capital project began in March 2007.

Collection System Enhancements

We achieved a milestone related to upgrading part of our collection system in 2007, completing the conversion of a major conveyance system from an earth-lined canal to a concrete pipeline. We also initiated a similar improvement project for another canal.

Fraser River Canal. The multiyear pipe installation project at the Fraser River Canal in Winter Park concluded in September 2007, with placement of the last 1,280 linear feet of 102-inch-

diameter reinforced concrete pipe. The concrete pipeline increases the conveyance system's hydraulic efficiency, reduces water losses from seepage, decreases maintenance costs, and improves safety conditions for people who use the area for recreation. The cost of the pipe installed this year was $380,000.

Roberts Tunnel. Two 2007 capital projects addressed problems at the east portal of Roberts Tunnel. The cause of sediment accumulation at this end of the tunnel was determined to be slight abrasion of the lining at the other end. To alleviate this problem, we repaired two holes in the lining near the tunnel's west portal and modified the piping at the east portal. This work was completed in December 2007 at a cost of $232,000.

Also at the tunnel's east portal, the stilling basin, which acts as an energy-dissipating structure for water delivered from Dillon Reservoir, needed repairs. The basin was constructed in 1962, and over the years turbulence and cavitation caused concrete erosion along the basin floor. To extend the basin's service life, we installed protective steel plates on the concrete floor in 1981, but in July 2006, we discovered that 26 of the 40 plates were missing or fragmented. Our engineering staff determined that the steel plates were performing as intended but that the fasteners attaching the plates to the floor had been unable to withstand the impact of the high flows the basin typically receives.

In 2007 the damaged concrete was patched, and new steel plates and fasteners were installed on the basin floor with an epoxy injection adhesive. These repairs were carried out in March and April to give us full use of the tunnel during the spring and summer. The tab was $463,000.

Boulder Diversion Canal. This conveyance structure transports water from Gross Reservoir to Ralston Reservoir to Clear Creek to replace downstream flows that Denver Water withdraws from the Upper South Platte River. In 2007 we launched a multiyear project to improve this component of our north collection system, contracting to enclose almost 2,000 linear feet of the canal in a 10- by 12-foot concrete box conduit. Installing the conduit will cost just under $850,000 and will eliminate seepage, reduce evaporation, and improve public safety in neighboring areas undergoing urbanization.

Treatment Plant Upgrades

Capital improvement projects also benefited several of Denver Water's treatment facilities this year.

Foothills Treatment Plant. Construction of a new chlorine contact basin at the Foothills plant began in January 2007, with excavation, shoring, and installation of under-slab pipe and fill. Construction of the basin itself got under way in May, along with modifications to the chemical feed system. Related improvements that commenced in the fall included replacing the surface wash piping and the sedimentation basin drain gates, installing a third surface wash pump, and upgrading the flow measurement equipment in the dechlorination facility.

The new contact basin will enable us to add chlorine later in the treatment process, reducing the formation of disinfection by-products and ensuring our ability to comply with federal standards

for water quality throughout our distribution system. The new basin, scheduled to become fully operational in late spring 2008, is expected to cost approximately $25 million.

Moffat Treatment Plant. The 20-year-old chlorination system at our Moffat plant also received upgrades in 2007. Because chlorine is highly corrosive, the equipment that stores and feeds it does not last long, even when it's made of corrosion-resistant materials. This equipment was replaced in April. In addition, a new chlorine injection system replaced the old injectors, which were susceptible to periodic freezing. The new injection system, also installed in April, corrected this problem and eliminated the need for temporary heating equipment alongside the injectors.

Potable Water Distribution System Renewal

Denver Water's potable water distribution network encompasses 2,650 miles of pipeline, plus numerous pump stations, vaults, valves, and other appurtenances. To ensure that customers receive an uninterrupted supply of treated water, our staff routinely reconditions or replaces older water mains and valves. The rehabilitation process involves cleaning the inside of the pipes and lining them with cement mortar or epoxy to protect them from corrosion.

2007 Pipe Rehabilitation Program. We sped up our ongoing distribution main rehabilitation program in 2007, more than doubling the number of linear feet of pipe originally scheduled for renewal. Initially, we planned to clean and line 14,000 linear feet of old, unlined cast-iron mains in 2007, but good summer and fall weather and available capital enabled us to add another 16,000 linear feet. These additions brought the 2007 main rehabilitation program to more than 30,000 linear feet of pipe, a significant increase over past pipe renewal activities. The work was completed in October for a total cost of less than $3.5 million.

Disconnection of Abandoned Service Lines. Another aspect of maintaining distribution system integrity is disconnecting service lines that are no longer being used. In September 2007 we began disconnecting some 600 abandoned service connections to avoid water quality problems and to prevent us from having to include these lines in our new Customer Information System's inventory of service connections. Each disconnection involved excavating the main, turning off the corporation stop, cutting and crimping each end of the service line, refilling the excavated area, and repaving. This capital project is scheduled for completion in spring 2008 at an estimated cost of $735,000.

Vault Modifications. Water utility vaults—underground chambers typically located underneath streets—house valves, meters, and other equipment used to control the flow of water. In 2007 we awarded a $1.43 million contract for relocating and upgrading seven underground vaults. The upgrades—demolishing old vaults and constructing updated ones, installing new pipes and valves, and adding tunnels, access points, heating and ventilation systems, and sump pumps—will reduce corrosion, improve access and safety, and, except for telemetry upgrades, prevent the need for further rehabilitation of these vaults for 30 to 50 years. Construction of the new vaults started in December and will continue until spring 2008.

Purchase of Electrical Service Equipment

Denver Water buys electrical capacity and energy from Xcel Energy for use at various pumping stations and water treatment facilities. According to the terms of our current power purchase

agreement with Xcel and Public Utilities Commission rules, we are required to own and maintain transformers and related electrical service equipment on the load side of the primary meter at each delivery point. In addition to paying $470,000 for the existing equipment in 2007, we will be responsible for maintaining, refurbishing, and replacing it in the future.

SYSTEM CAPACITY EXPANSION

Three water collection systems make up Denver Water's major sources of supply: the South Platte and Roberts Tunnel collection systems southwest of the city and the Moffat Collection System to the northwest. Recent efforts to expand our collection system have focused on the north end of our service area.

Moffat Collection System

According to Denver Water's Integrated Resource Plan, which includes an analysis of future supply and demand, the Moffat Collection System needs an additional 18,000 acre-feet of firm yield to mitigate supply vulnerabilities and permit greater flexibility in our operations.

For several years we have been working with the U.S. Army Corps of Engineers to determine the best way to meet this need. The effort involved identifying various options for expanding the Moffat system's supply and analyzing the cost and environmental impact of each alternative.

After reviewing these data, our Board of Water Commissioners concluded in August 2007 that its preferred option for increasing Moffat's supplies is to enlarge existing storage capacity at Gross Reservoir. Once the Corps releases a draft Environmental Impact Statement (EIS) evaluating the potential effects of this option, a public comment period will follow before the final EIS is issued.

Hazeltine and Road Runners Gravel Pits

In other efforts to enhance the reliability of supplies in the north end of our service area, we are preparing several previously mined gravel pits for use as water storage facilities. Work on the Miller Reservoir is described in an earlier section of this report. In addition, Denver Water acquired the Hazeltine and Road Runners gravel pits in partnership with South Adams County Water and Sanitation District.

The previous owners of these two properties left behind an estimated 1.5 million cubic yards of sand, gravel, clay, and washed fines, and when the gravel pit was dewatered during removal of this debris, some 30,000 cubic yards of concrete rubble was discovered. To maximize storage capacity at the sites, all of this material must be hauled away. Although the cleanup process is expected to take at least two years, it will result in an additional 900 acre-feet of storage. The cost of work completed in 2007 was just under $1 million. South Adams County will be responsible for a portion of this amount.

INFORMATION TECHNOLOGY REVITALIZATION

Denver Water's Information Technology (IT) Division develops, implements, and supports our computer applications, data center operations, and technology infrastructure. In 2007 the IT

Division continued to update our information infrastructure in order to streamline operating procedures and enhance our ability to respond to customer needs.

New Software Systems

Customer Information System. The multifaceted, multimillion-dollar project to modernize our aging Customer Information System (CIS) will enhance the system's capabilities, performance, and security. Among numerous other objectives, an up-to-date CIS will boost our ability to track customer account information, analyze water savings, and administer more sophisticated rate designs aimed at achieving our demand-management and revenue goals. A more contemporary CIS will also accommodate the switch from bimonthly to monthly billing.

In 2007 we completed the first phase of the CIS project—selecting a software product vendor as well as system implementation and system integration vendors. The selection process included a request for proposals, proposal review, technical prequalification of vendors, product demonstrations, and system implementation demonstrations. By June the project team had interviewed software providers and system integrators and had narrowed the candidates to a short list for final evaluation and more intense software demonstrations. In November the team made a final vendor selection, and Denver Water purchased the designated software, plus first-year maintenance and support.

The second phase of the project—implementation and integration—is expected to take 18 months, with the goal of having the new system online in the third quarter of 2009. Total costs for initial implementation of the CIS are estimated at $26 million, including the salaries of Denver Water employees involved in the project.

In addition to IT staff members, the project team includes key stakeholders from other divisions of the utility and a number of contract employees hired to handle various aspects of this complex undertaking. Altogether, 35 to 40 people will be working on final design, implementation, and integration of the new CIS. Because Denver Water employees constitute only about a third of this workforce and our current office space could not accommodate the additional workers, we subleased 8,200 square feet of office space at 650 South Cherry Street in Glendale to house the project team in one location. The lease became effective in October and extends through June 2010. Its $384,000 price tag includes taxes, maintenance, insurance, base utilities, and parking spaces. Furniture, office equipment, wiring, and excess utility charges will bring the total cost to approximately $440,000.

Mobile Workforce Automation System. Design work for a pilot project to automate management of our field activities was finished in September 2007, and implementation is under way. The new system will generate electronic work orders; automatically schedule, dispatch, and track the location of field employees; speed up customer service response time; and increase productivity. Work orders for the Treated Water Operations and Water Quality sections of our Operations and Maintenance Division are scheduled to be automated by July 2008 and March 2009, respectively. Implementation costs—including software license fees, maintenance and support fees, professional services, and training—are budgeted at $800,000.

Work and Maintenance Management System. A 2007 upgrade to the software that supports our treatment plant and maintenance shop activities extended the system's use to our Engineering and Transmission and Distribution divisions and allows its integration with our newly acquired Mobile Workforce Automation System. This project, completed in December, was funded at just over $200,000.

Capital Project Planning and Budgeting System. More new software will streamline our capital project planning and budgeting processes by increasing budgeting accuracy and improving communication about evolving work plans. Phase 1 of this project—developing software and appropriate forms—began in April 2007 and cost $110,000. Phase 2, which began in September, involves designing several dozen types of interactive reports that will be useful to engineering and management staff as well as to our Board. The second phase is budgeted at $204,000.

Geographic Information System Update

Denver Water's Geographic Information System (GIS) stores data about the tens of thousands of stationary assets that make up our water supply and distribution infrastructure. Because the GIS database is used by office staff, field employees, and other agencies such as the Denver Fire Department, keeping it up-to-date is vital. In December 2007, we completed a multiyear initiative to update the database so it reflects the distribution system throughout our service area. Direct costs for the work achieved in 2007 were approximately $250,000.

In addition to improving the accuracy of our electronic maps, the updates will help us meet the requirements of the Stage 2 Disinfectants/Disinfection By-products Rule. This federal regulation requires a calibrated computer hydraulic model showing how water flows through our entire distribution system. In order for the model to accurately predict disinfection by-product concentrations throughout the distribution network, our GIS database must be completely current.

Telecommunication Upgrades

A new DS3 frame-relay circuit upgrades the telecommunications network connecting Denver Water's administration building with the Marston Treatment Plant and water quality lab. The additional bandwidth allows more data to be transferred at a faster rate. The 60-month lease for the new equipment will cost just over $400,000.

LEGAL ISSUES

Denver Water is obliged to comply with numerous state and federal laws and regulations dealing with water resources, water rights, and water quality.

State Legislation

HB 1182, passed by the Colorado legislature in May 2007, placed $6 million in the Endangered Species Trust Fund for implementation of the South Platte–Three States Agreement signed by Colorado, Nebraska, and Kansas and approved by the U.S. Fish and Wildlife Service. The money comes from severance tax proceeds dedicated to the Colorado Water Conservation Board.

Initially, the United States intended to reduce Colorado's diversions from the South Platte in order to increase flows and restore the habitat of endangered species. Cooperation between Denver Water and the Northern Colorado Water Conservancy District resulted in a plan allowing Colorado to meet its water contribution by timing flows to reach the South Platte when restoration of endangered species habitat will be maximized.

Federal Legislation
At the federal level, we are monitoring the progress of the Clean Water Restoration Act (H.R. 2421) introduced in Congress in 2007 by Rep. James Oberstar. This bill would amend the Federal Water Pollution Control Act of 1972, expanding the federal government's jurisdiction over "navigable waters" to all "waters of the United States." If enacted, this legislation could have a major impact on U.S. water utilities and businesses.

Federal Regulations
The U.S. Environmental Protection Agency is engaged in a multiyear process to update the Total Coliform Rule originally promulgated in 1989. The new regulation could potentially contain provisions governing microorganism concentrations in distribution systems. We are monitoring this rule-making process and working to determine the regulation's potential impact on our distribution system and our customers.

Water Rights Disputes
Denver Water is currently engaged in mediation with a number of West Slope water interests and with the Northern Colorado Water Conservancy District to try to resolve longstanding water rights disputes.

PROPERTY MANAGEMENT

Managing Denver Water's property—in urban areas and in our watersheds—is a complex task. It includes dealing with long-term effects of the 2002 Hayman Fire, selling property no longer deemed necessary for our operations, and acquiring property needed for specific purposes.

Excavation of Sediment Traps
Heavy rainfall in the Hayman Fire burn area during the summer of 2007 resulted in significant sediment accumulation in the two sediment traps near Cheesman Reservoir. In late fall 2007, Denver Water staff members excavated the sediment using specialized heavy equipment leased from a local vendor for $287,000.

Forest Management Services
Denver Water's long-term relationship with the Colorado State Forest Service has produced numerous achievements, including a vegetation recovery program in the area burned by the Hayman Fire and wildfire prevention efforts related to the mountain pine beetle problem in Denver Water's watersheds in Grand and Summit Counties. Over the years, the Forest Service has obtained more than $2 million in matching grants to supplement funds allocated by Denver Water, allowing us to accomplish more than if we had proceeded independently.

The $270,000 contract we signed in 2007 adds restoration activities in the Upper South Platte watershed, plus vegetation and fuels-management plans for properties in the South Platte and Colorado River watersheds.

Property Sales and Acquisitions

Sale of Summit County Property. A 12,650–square foot parcel of property located in Summit County was deemed no longer useful for Denver Water's operations and was sold to the Colorado Department of Transportation for $13,380 in April 2007.

Sale of Property to City of Centennial. The city of Centennial in Arapahoe County needed a small portion of Denver Water's Highlands Reservoir and Pump Station property to widen County Line Road near South University Boulevard. We determined that this 0.2-acre parcel of land was not essential for our operations and in June 2007 sold it to Centennial for its fair market value of $45,000.

Easement for High Line Canal Aerial Walkway. In conjunction with the development of a retirement community near South Santa Fe Drive and County Line Road, the Highlands Ranch Metropolitan District requested an easement for construction and maintenance of a glass-enclosed aerial walkway across the High Line Canal at that location. After staff from our Engineering and Operations and Management Divisions determined that no part of the walkway would be situated on canal property and that neither the walkway nor its support structure would interfere with canal operations, our Board granted the easement. Erickson Communities, Inc., developer of the retirement community, paid $100,000 for the nonexclusive easement in April 2007.

Purchase of Property Near Foothills Plant. In November 2007, Denver Water purchased a 28-acre parcel of land adjacent to and immediately south of Foothills Treatment Plant. The benefits of owning this property include preventing the planned construction of a high-density housing development in proximity to the plant, plus securing space for the potential expansion of treatment operations in the future and for interim uses such as storage. We acquired the property from Sunrise Land Holdings for $1.5 million, plus closing costs.

Acquisition of Property Along the South Platte. Our initial plan for depositing sediment dredged from Strontia Springs Reservoir called for acquiring six parcels of land at the confluence of the north fork and main stem of the South Platte River. Although the plan has now shifted from this upstream alternative to a downstream solution—dewatering the sediment at the site of the old Kassler Filtration Plant—one of the property owners with whom we originally negotiated remained willing to sell.

In July 2007, we agreed to purchase this 1.7-acre piece of property for use as a backup sediment storage site and as a staging area for other operations carried out in this area. In addition, the house on the property can serve as a caretaker's residence for this section of the South Platte. The property is located at 2550 North Platte River Road in Sedalia. Funds from the Land Sales Account covered the purchase price of $268,000.

Other Property-Related Matters

Property Exchange at Cat Gravel Pit. In April 2005, Denver Water and South Adams County Water and Sanitation District acquired an 83-acre parcel of property needed for the Cat Reservoir project. As work progressed, it became clear that a 20,000–square foot corner of this property would not be used for the project but that a small parcel of land (approximately 8,000 square feet) adjacent to the southwest corner of the reservoir was needed. Through a property exchange agreement with the owner of the adjacent land, the 8,000–square foot parcel was added to the reservoir property and the 20,000–square foot parcel was transferred to the other party. Because of the difference in size of the two properties, Denver Water also received a payment of $23,600.

Piney88 Quitclaim Deed. As a result of advances in surveying techniques, the boundary of part of Denver Water's Piney Lake property in Eagle County was recently clarified. A corporate entity called Piney88 LLC, which includes heirs of the land's original owners, had disputed the deed, claiming that it contravened the purchase agreement by erroneously granting Denver Water a small parcel of land above the elevation of 9,500 feet. Our surveyors were able to establish an accurate boundary in this rough terrain, and in September 2007 we executed a quitclaim deed conveying a 2.3-acre parcel above the 9,500 contour line to Piney88 LLC.

Demolition of Building on the Moffat Treatment Plant Property. To prepare for eventual construction of a treated water storage facility on the property adjacent to our Moffat Treatment Plant, we demolished the vacant YMCA building that was on the site when we purchased it. Demolition—including asbestos abatement, removal, and disposal—was carried out in the third quarter of 2007 at a cost of $174,000.

OPERATIONAL EFFICIENCIES

Our search for opportunities to improve the efficiency of our operations is ongoing. Achievements in this area include keeping fixed assets and equipment up-to-date, taking advantage of economies of scale in purchasing new equipment and supplies, and streamlining our workforce.

Benefiting From Economies of Scale

Pickup Trucks. Keeping fleet vehicles up-to-date is important for employee safety and to avoid maintenance expenditures that are not cost-effective. Since 1970 Denver Water has participated in the State of Colorado's master vehicle contract, which affords state and local government agencies price advantages inherent in high-volume contracts. Through this contract in 2007 we purchased 28 new pickup trucks (three half-ton, 18 three-quarter-ton, and seven one-ton trucks) plus a three-quarter-ton cargo van for a total cost of $600,000. Half of the new trucks will be used in our mobile workforce automation program and will be equipped for installation of laptop computers in the cab.

Dump Trucks With Snow Plows. We also purchased two new dump trucks equipped with snow removal equipment through the state's master vehicle contract. We will use the snow plows at our facilities and perhaps make them temporarily available to the city in the event of heavy snowfalls. The price of the trucks was $217,000, with the plows accounting for $13,000 of that amount.

Office Supplies. In 2007 Denver Water joined a national alliance of local governments that has contracted to purchase office supplies from a single purveyor selected through a competitive bidding process. Participating in this contract will save us about $13,000 a year on total annual purchases of some $180,000. The vendor offers online ordering and next-day delivery, plus a 1 percent rebate if 80 percent of our orders are placed online.

Downsizing Staff
In response to a 2005 Board resolution, Denver Water conducted a comprehensive functional analysis to determine whether any staff functions could be eliminated, outsourced, or accomplished in an alternative manner. In early 2007 we moved forward with a workforce reduction plan that eliminated 24 positions.

FINANCIAL DILIGENCE

In 2007 we implemented a number of policies and procedures to further strengthen Denver Water's financial health. These changes included adjusting water rates, creating a new class of customers, selling revenue bonds to provide funds for capital projects, collecting appropriate system development fees, modifying selected employee benefit programs, and complying with relevant accounting regulations.

Water Rates
Denver Water's charter directs us to set water rates "as low as good service will permit." But water is also a scarce natural resource, so we must strike a balance between making it affordable and making sure it's not wasted. In January 2007, we implemented a steeper increasing block rate structure designed to communicate our water efficiency goals as well as to recover the full cost of providing service.

The new residential rate structure imposes a flat bimonthly service charge regardless of how much water the customer uses (this charge was $5.98 in 2007). After this basic fee, water bills are based on consumption, and rates rise incrementally for defined blocks of increased water use. In Denver, rates across the four blocks range from $1.81 to $7.24 per thousand gallons. In the suburban communities, rates are 22 percent to 30 percent higher, depending on the service area. By linking water bills to actual consumption, increasing block rates give customers more control over what they pay.

New Customer Class
Shortly after our 2007 rate structure went into effect, our Board created a new customer class for single-family residential irrigation taps serving common-area landscaping. The new rate classification, which became effective May 1, 2007, applies to approximately 900 customer accounts, or less than 1 percent of Denver Water's total accounts.

System Development Charges
To meet the demand created by our expanding customer base, Denver Water must acquire or construct new capacity-related assets such as water rights, storage structures, treatment facilities, pump stations, and transmission mains. System development charges (SDCs) are designed to recover these costs from new customers. In November 2007, our Board approved a 7 percent increase in SDCs to become effective January 14, 2008.

Carrier Facility Rates
Rates for the use of Denver Water's carrier facilities in 2007 were set to recover operations and maintenance expenses, depreciation, and a return related to the investment in each facility. In March we raised the rates for three of these facilities: High Line Canal rates increased 1.3 percent, and rates for the carrier facilities from Antero Reservoir and Harriman Lake rose 1 percent and 9.2 percent, respectively. City Ditch rates remained the same as in 2006.

Revenue Bonds
Denver Water's 2007 budget included the issuance of $100 million in revenue bonds to finance capital needs through 2008. The fixed-rate water revenue bonds were sold March 22 through an established electronic bidding service. Eleven bidders participated, and the bonds sold at a total interest cost of 4.36 percent.

Ten-Year Financial Plan
Among the pillars that undergird Denver Water's financial strength are an annual analysis of our fiscal condition and the formulation of a 10-Year Financial Plan. The plan's objective is to assure sufficient resources to fund needed capital projects, cover operations and maintenance expenses, and manage debt incurred from the sale of bonds. The plan adopted in 2007 emphasizes the use of debt, and its financial model accounts for the estimated cost of expanding capacity in the Moffat Collection System.

Continuing reductions in water sales expected to ensue from Tap+Smart's conservation measures will dictate periodic changes in water rates, SDCs, and debt loads to ensure that we recover the full cost of serving customers. These adjustments will enable us to sustain the utility's financial health as we complete supply-related construction projects and maintain the integrity of our distribution network.

New Accounting Requirements
Like many other governmental organizations, Denver Water must comply with a new Governmental Accounting Standards Board (GASB) requirement that the cost of postemployment benefits other than pensions be associated with the year when the employee services are received instead of when the costs are paid. This requirement, spelled out in GASB Statement 45, applies to Denver Water's partial payment of health insurance costs for retired employees between the ages of 55 and 65 and to our pre-2007 self-insured long-term disability program. We are also required to report the liability for unfunded obligations under these benefit programs. Both requirements are more fully described in Note 14, Other Postemployment Benefits, in the Financial Section of this report.

Employee Benefit Programs
Changes to the cost-sharing formula used for the employee healthcare plan in 2007 succeeded in lowering Denver Water's costs for employee and retiree healthcare. Denver Water paid 72 percent of these costs in 2007 compared with 82 percent in 2006. To further mitigate rising healthcare costs, the Board revised the eligibility requirements for future retirees who will receive the healthcare benefit, restricting it to those who retire under the Rule of 75 (employees who are at least 55 years of age and whose age and years of service sum to 75 or more).

Adoption of the 2008 Budget
The Board of Water Commissioners adopted the 2008 budget in December 2007. Total sources of funds for 2008 are budgeted at just over $254 million, a decrease of 13 percent compared with budgeted receipts for 2007. The reduced amount is a result of the decision to issue $100 million in debt in 2007 to fund capital improvement projects in both 2007 and 2008. We spent half of the debt proceeds for 2007 capital projects, leaving the remaining $50 million in the Waterworks Fund to pay for 2008 projects.

We plan to spend close to $88 million on capital projects in 2008. Operating expenditures are expected to amount to $154.3 million. Debt service and related costs are budgeted at $49.5 million.

COLLABORATION WITH OTHER WATER PROVIDERS

Water providers across Colorado face the same fundamental challenge—balancing the state's limited, fluctuating water supplies with the diverse needs of a growing population. In 2007 we continued to cooperate with other water providers in the metro area and across the state in seeking mutually beneficial solutions to water quality and water supply challenges.

South Metro Water Supply Authority
The suburban area south of Denver faces particularly difficult water supply challenges. One of the fastest-growing parts of the state, it is seeking ways to decrease its dependence on finite groundwater supplies and find more sustainable sources. As discussed earlier in this document under the section on Water Sale and Lease Agreements, Denver Water is participating in a pilot project with the South Metro Water Supply Authority, an alliance of 12 Douglas County water purveyors.

A consulting firm hired to analyze the future water supply needs and options of these water providers recommended they obtain water from the South Platte River downstream from Denver. This option depends on the authority's acquiring agricultural water rights on the lower South Platte and developing appropriate conveyance systems, but it minimizes long-term reliance on water resources from Denver Water or the West Slope. Denver Water's potential role is limited to helping the authority bridge its supply needs during a 10-year interim period while it pursues the consultant's recommendation.

City of Aurora
In September 2007, we signed an agreement with the City of Aurora authorizing construction of a shared pipeline to provide backup supplies for specific neighborhoods in each municipality. Under the terms of the agreement, Aurora will construct a pipeline at 64th Avenue and Picadilly Road near Denver International Airport (DIA), and Denver Water will reimburse Aurora for half the construction cost. Because the pipeline will allow treated water to flow in either direction, it can provide Denver Water an emergency supply for DIA and the nearby Gateway neighborhood as well as providing a backup supply for Aurora's new High Point Development.

South Adams County
Construction of the interconnect pipeline between Miller and Cat reservoirs will temporarily interfere with the public's use of Adams County's South Platte River bike trail. According to the terms of a November 2007 Intergovernmental Agreement with Adams County, Denver Water will coordinate pipeline construction activities with the county and will place some 12,000 cubic yards of fill material from the Cat property along the shoulders of the trail.

South Adams County Water and Sanitation District
Because construction of the Miller/Cat Reservoir complex was going to disrupt operation of the septic system for Denver Water's caretaker residence on the property, South Adams County Water and Sanitation District, our partner in developing the reservoir complex, agreed to incorporate a 10-acre parcel of land containing the residence into its service area. As part of this arrangement, we conveyed to the district the rights to the groundwater underlying the parcel. Although the residence previously obtained its water supply from a private well, as of December 2007 the district will provide both water and wastewater service to the property.

Bancroft-Clover Water and Sanitation District
A November 2007 intergovernmental agreement with Bancroft-Clover Water and Sanitation District in Lakewood allows Bancroft to abandon its Florida Avenue Pump Station and receive service from Denver Water's Kendrick Pump Station instead. Kendrick can easily handle the extra pumping load, and an $886,000 payment from Bancroft will cover the cost of retrofitting Kendrick's pumps with variable frequency drives, an upgrade that will offset the additional pumping costs by improving energy efficiency.

Citizens Advisory Committee
In response to a request from our Citizens Advisory Committee (CAC), the Board revised the committee's bylaws in 2007 to increase representation from the West Slope. The CAC will now include one representative from Summit, Eagle, or Grand County and one representative from Mesa, Delta, Montrose, or Garfield County. The additional member brings total CAC membership to 10 and means six members are required for a quorum.

Colorado Water/Wastewater Agency Response Network
In December 2007, Denver Water entered into a Mutual Aid and Assistance Agreement with the Colorado Department of Public Health and Environment and other utilities in the state to establish the Colorado Water/Wastewater Agency Response Network. The network is designed to give utilities a means of acquiring industry-specific skills, equipment, and spare parts in the event of an emergency. The agreement defines how assistance should be requested and how responding utilities will be reimbursed for costs if they provide assistance.

After Hurricane Katrina, it became apparent that neighboring utilities were in the best position to provide immediate assistance to utilities affected by the storm. As a result, federal agencies such as the Federal Emergency Management Agency and the U.S. Environmental Protection Agency are promoting the establishment of emergency networks in all 50 states. These networks are being modeled after longstanding networks of this type in Florida and California.

The Mutual Aid and Assistance Agreement lasts for 20 years, but any utility can withdraw from the network by giving 60 days' notice. The decision to provide assistance to another utility is completely voluntary, and the only financial commitment required is to reimburse a responding utility's costs.

AWARDS

Denver Water earned recognition for a variety of accomplishments in 2007, winning awards for environmental stewardship and for financial and budget reporting.

Top Drop Award
A "Top Drop" award paid tribute to Denver Water's success in protecting the environment by facilitating a significant drop in customer water use. Denver Water was one of three Front Range utilities to receive the award, conferred by Western Resource Advocates, a Boulder-based nonprofit environmental law and policy organization dedicated to protecting the natural environment of the interior American West.

Bronze Achievement Award
Denver Water received a Bronze Award for environmental leadership from the Colorado Department of Public Health and Environment. This award recognizes organizations for significant achievements in improving Colorado's environment. Denver Water was acknowledged for reducing water use through our recycled water program and for exceeding state standards governing the quality of recycled water.

Lake Management Award
Our efforts to restore Antero Reservoir brought us the 2007 Lake Management Award from the Colorado Lake and Reservoir Management Association, a statewide organization devoted to protecting and preserving Colorado's lakes and reservoirs. Antero was drained in 2002 to help meet water supply challenges posed by the Hayman Fire and a record-breaking drought. To restore the reservoir, we collaborated with Aurora Water, owner of much of Antero's inflow, and the Colorado Division of Wildlife, which restocked the reservoir with trout as it was refilled. The reservoir reopened to the public in July 2007.

Financial and Budget Reporting Awards

Denver Water received two awards from the Government Finance Officers Association (GFOA) in 2007—the Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation Award. The financial reporting award recognizes state and local governments that prepare comprehensive annual financial reports demonstrating the spirit of transparency and full disclosure. The budget presentation award acknowledges state and local governments whose budget documents reflect GFOA's recommended budgeting practices as well as guidelines established by the National Advisory Council on State and Local Budgeting. The 2007 budget presentation award marked the sixteenth time Denver Water has earned this honor.

[1]Project costs listed in the Capital Construction and other sections in the Year in Review may differ from those in the official accounting records due to the fact that Accounting includes allocations of indirect costs and may classify projects differently. Therefore, project costs listed above may not agree with those in other sections of this report.

FINANCIAL SECTION

FINANCIAL SECTION - TABLE OF CONTENTS

Independent Accountants' Report on Financial Statements and Supplementary Information

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

We have audited the accompanying basic financial statements of the Board of Water Commissioners, City and County of Denver, Colorado (the Board), a component unit of the City and County of Denver, Colorado, as of and for the years ended December 31, 2007 and 2006, as listed in the table of contents. These financial statements are the responsibility of the Board's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Water Commissioners, City and County of Denver, Colorado as of December 31, 2007 and 2006, and its changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note (1)N, in 2007 the Board implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.*

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Board's basic financial statements. The accompanying supplementary information, as listed in the financial section of the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying information in the introductory and statistical sections, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

BKD, LLP

April 1, 2008

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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, 2007 and 2006. This information should be read in conjunction with the financial statements which follow.

FINANCIAL HIGHLIGHTS (See details in following sections)

The Board's financial position, measured by the change in net assets, improved 5% during 2007, compared to 6% in 2006.

- There was an ***operating income*** of $38.8 million in 2007 compared to $54.7 million in 2006, a decrease of 29%.

- There was ***income before capital contributions*** of $26.1 million in 2007 compared to $44.0 million in 2006, a decrease of 41%.

- ***Capital contributions*** were $38.9 million in 2007 compared to $32.1 million in 2006, an increase of 21%.

- ***Net assets*** were $1.435 billion at December 31, 2007 compared to $1.370 billion at December 31, 2006, an increase of $65.0 million or 5%.

- ***Capital asset additions*** were $103.8 million in 2007 compared to $102.5 million in 2006, an increase of 1%.

- ***Revenue Bonds*** in an aggregate principal amount of $100 million were issued on March 29, 2007 for the purpose of reimbursement of amounts advanced by the Board for acquisition, construction and installation of capital improvements, as well as to fund similar costs to be expended in the future.

OVERVIEW OF THE 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 assets, 2) statements of revenues, expenses and changes in fund net assets, 3) statements of cash flows, and 4) notes to the 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 assets** present information on all of the Board's assets and liabilities, with the difference between the two reported as ***net assets***. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

The **statements of revenues, expenses and changes in fund net assets** present information showing how the Board's net assets changed during the years presented. All changes in net assets 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 success of the Board's activities and can be used to determine whether the Board has successfully recovered all its costs through its water rates 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 financial statements** provide additional information that is essential to a full understanding of the data provided in the financial statements, such as the Board's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

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

FINANCIAL ANALYSIS

NET ASSETS

As discussed above, net assets may serve over time as a useful indicator of the Board's financial position. The Board's net assets were $1.435 billion at December 31, 2007, an increase of $65.0 million or 5% from December 31, 2006. Net assets were $1.370 billion at December 31, 2006, an increase of $76.1 million or 6% from December 31, 2005 (see Figures 1 and 2 and Table 1).

Figure 1 - Net Assets

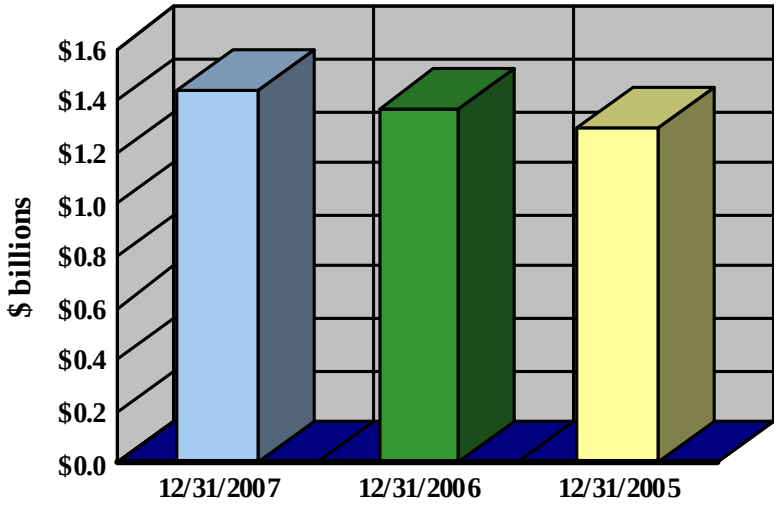


Table 1 - Condensed Statements of Net Assets
(amounts expressed in thousands)

	As of December 31,			2007 - 2006 Increase (Decrease)	2007 - 2006 % Change	2006 - 2005 Increase (Decrease)	2006 - 2005 % Change
	2007	2006	2005				
Current and other assets	**$ 292,321**	$ 206,847	$ 202,646	$ 85,474	41%	$ 4,201	2%
Capital assets, net	**1,647,602**	1,589,873	1,529,484	57,729	4%	60,389	4%
Total assets	**1,939,923**	1,796,720	1,732,130	143,203	8%	64,590	4%
Current liabilities	**62,613**	61,012	49,395	1,601	3%	11,617	24%
Noncurrent liabilities	**442,657**	366,057	389,230	76,600	21%	(23,173)	(6)%
Total liabilities	**505,270**	427,069	438,625	78,201	18%	(11,556)	(3)%
Net assets:							
Invested in capital assets, net of related debt	**1,227,499**	1,236,642	1,151,459	(9,143)	(1)%	85,183	7%
Restricted	**7,661**	7,021	7,723	640	9%	(702)	(9)%
Unrestricted	**199,493**	125,988	134,323	73,505	58%	(8,335)	(6)%
Total net assets	**$ 1,434,653**	$ 1,369,651	$ 1,293,505	$ 65,002	5%	$ 76,146	6%

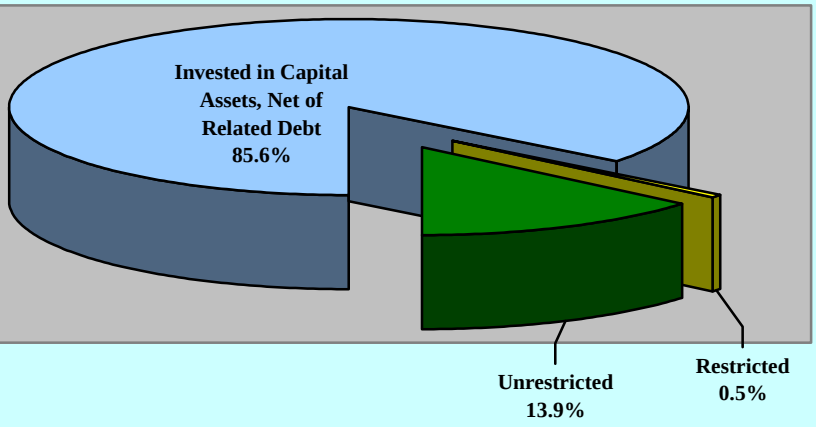
The largest portion of the Board's net assets reflects its investment in capital assets (i.e., utility plant), less any related debt used to acquire those assets. The Board uses these capital assets to provide water, consequently, these assets are not available for future spending. Although the Board's 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 assets represents resources that are subject to external restrictions on how they may be used. The Board's 2007 restricted net assets consist of a $1.7

million debt service reserve fund for revenue bonds included in temporary cash investments, and a $6.0 million reserve fund required for the Certificates of Participation capital lease ("COPs") displayed in deferred charges. For 2006, restricted net assets consisted of the $0.9 million debt service reserve fund and the $6.1 million COPs reserve fund. For 2005, restricted net assets consisted of the $1.7 million debt service reserve fund and the $6.0 million COPs reserve fund.

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

Figure 2 - Net Asset Categories as of December 31, 2007



The Board's increase in net assets during 2007 of $65.0 million or 5% indicates an improved financial position.

CHANGE IN NET ASSETS

While the statements of net assets display the Board's assets, liabilities and net assets at year-end, the statements of revenues, expenses and changes in fund net assets provide information on the source of the change in net assets during the year. The increase in net assets of $65.0 million in 2007 consisted of income before capital contributions of $26.1 million and capital contributions of $38.9 million. The increase in net assets of $76.1 million in 2006 consisted of income before capital contributions of $44.0 million and capital contributions of $32.1 million (see Table 2 and Figure 5).

Table 2 - Condensed Statements of Revenues, Expenses and Changes in Fund Net Assets

(amounts expressed in thousands)

	Years Ended December 31,			2007 - 2006		2006 - 2005	
	2007	2006	2005	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Operating revenues	**$ 196,642**	$ 201,058	$ 165,879	$ (4,416)	(2)%	$ 35,179	21%
Nonoperating revenues	**15,238**	10,374	7,029	4,864	47%	3,345	48%
Total revenues	**211,880**	211,432	172,908	448	-	38,524	22%
Operating expenses	**157,891**	146,371	136,631	11,520	8%	9,740	7%
Nonoperating expenses	**27,921**	21,011	22,419	6,910	33%	(1,408)	(6)%
Total expenses	**185,812**	167,382	159,050	18,430	11%	8,332	5%
Income before capital contributions	**26,068**	44,050	13,858	(17,982)	(41)%	30,192	218%
Capital contributions	**38,934**	32,096	40,191	6,838	21%	(8,095)	(20)%
Increase in net assets	**65,002**	76,146	54,049	(11,144)	(15)%	22,097	41%
Beginning net assets	**1,369,651**	1,293,505	1,239,456	76,146	6%	54,049	4%
Ending net assets	**$ 1,434,653**	$ 1,369,651	$ 1,293,505	$ 65,002	5%	$ 76,146	6%

There was an ***operating income*** (operating revenues less operating expenses—not reflected in Table 2, see *Statements of Revenues, Expenses and Changes in Fund Net Assets*) of $38.8 million in 2007, compared to $54.7 million in 2006 and $29.2 million in 2005 (see Figure 3).

There was ***income before capital contributions*** of $26.1 million in 2007 compared to $44.0 million in 2006 and $13.8 million in 2005 (see Figure 4).

Figure 3 - Operating Income

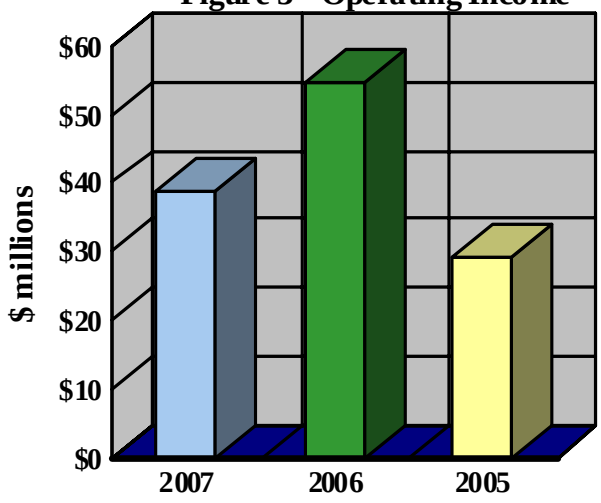


Figure 4 - Income before Capital Contributions

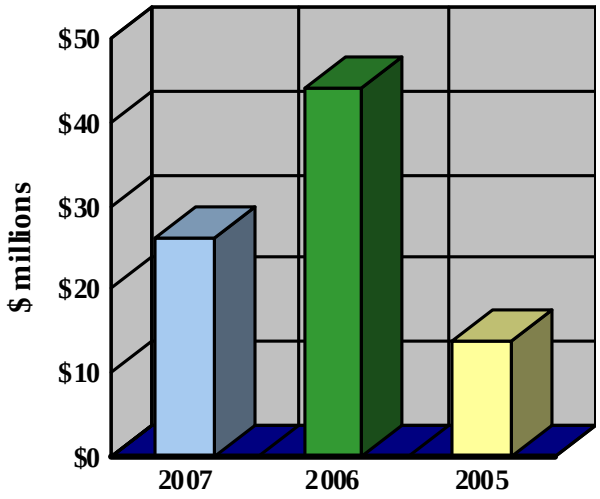
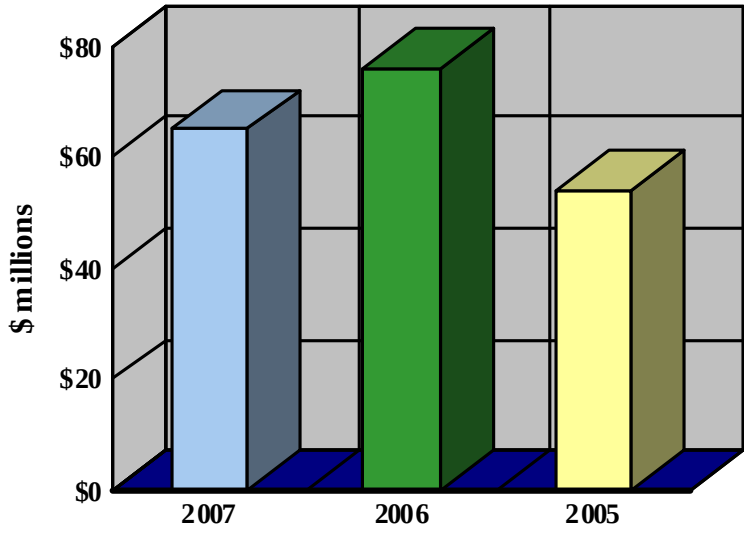


Figure 5 - Increase in Net Assets



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

- **OPERATING REVENUES** in 2007 decreased $4.4 million, or 2% from 2006. They increased $35.2 million, or 21% between 2006 and 2005 (see Figure 6 and Table 3).

Figure 6 - Operating Revenues

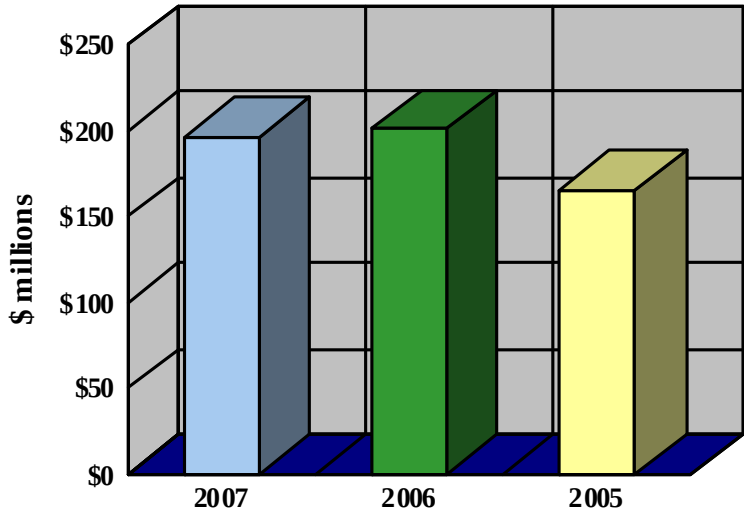


Table 3 - Operating Revenues
(amounts expressed in thousands)

	Years Ended December 31,			2007 - 2006 Increase (Decrease)	2007 - 2006 % Change	2006 - 2005 Increase (Decrease)	2006 - 2005 % Change
	2007	2006	2005				
Water:							
Water sales	**$ 188,729**	$ 193,747	$ 158,522	$ (5,018)	(3)%	$ 35,225	22%
Drought surcharges	**-**	(4)	(68)	(4)	(100)%	(64)	(94)%
	188,729	193,743	158,454	(5,014)	(3)%	35,289	22%
Power generation and other:							
Power sales	**2,615**	2,447	2,943	168	7%	(496)	(17)%
Special assessments	**5,298**	4,868	4,482	430	9%	386	9%
	7,913	7,315	7,425	598	8%	(110)	(1)%
Total operating revenues	**$ 196,642**	$ 201,058	$ 165,879	$ (4,416)	(2)%	$ 35,179	21%

Water sales in 2007 decreased due to a 12% decrease in treated water sales (77.405 billion gallons sold in 2007 compared to 88.201 billion gallons sold in 2006) partially offset by a rate increase effective January 1, 2007 by an average of 7%. Except for mandatory drought restrictions, changes in water consumption from year to year are generally directly related to changes in temperature, and inversely related to changes in precipitation. 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 2006 increased due to a 12% increase in treated water sales (88.201 billion gallons sold in 2006 compared to 78.724 billion gallons sold in 2005) and a rate increase effective January 1, 2006 by an average of 8%.

Power Sales consist of sales of electricity to Xcel Energy and Tri-State Generation and Transmission Associates from six power generating facilities: Dillon, Foothills, 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 2007 increased $4.9 million, or 47% from 2006. They increased $3.3 million, or 48% between 2006 and 2005 (see Table 4).

Table 4 - Nonoperating Revenues
(amounts expressed in thousands)

	Years Ended December 31,			2007 - 2006		2006 - 2005	
	2007	2006	2005	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Investment income	**$ 12,201**	$ 7,491	$ 4,295	$ 4,710	63%	$ 3,196	74%
Other nonoperating income	**3,037**	2,883	2,734	154	5%	149	5%
Total nonoperating revenues	**$ 15,238**	$ 10,374	$ 7,029	$ 4,864	47%	$ 3,345	48%

Investment income increased in 2007 and 2006 due to both higher average investment balances and higher interest rates earned on most securities. Additionally, a general decline in market yields in the second half of 2007 led to a significant appreciation of market values of fixed income securities owned, resulting in an unrealized gain reported as income in 2007.

- **OPERATING EXPENSES** in 2007 increased $11.5 million, or 8% from 2006. They increased $9.7 million, or 7% between 2006 and 2005 (see Figures 7, 8, 9 and Table 5).

Figure 7 - Total Operating Expenses

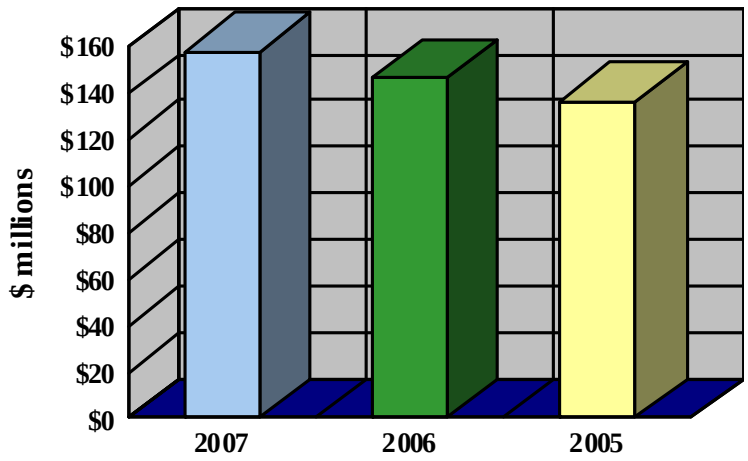
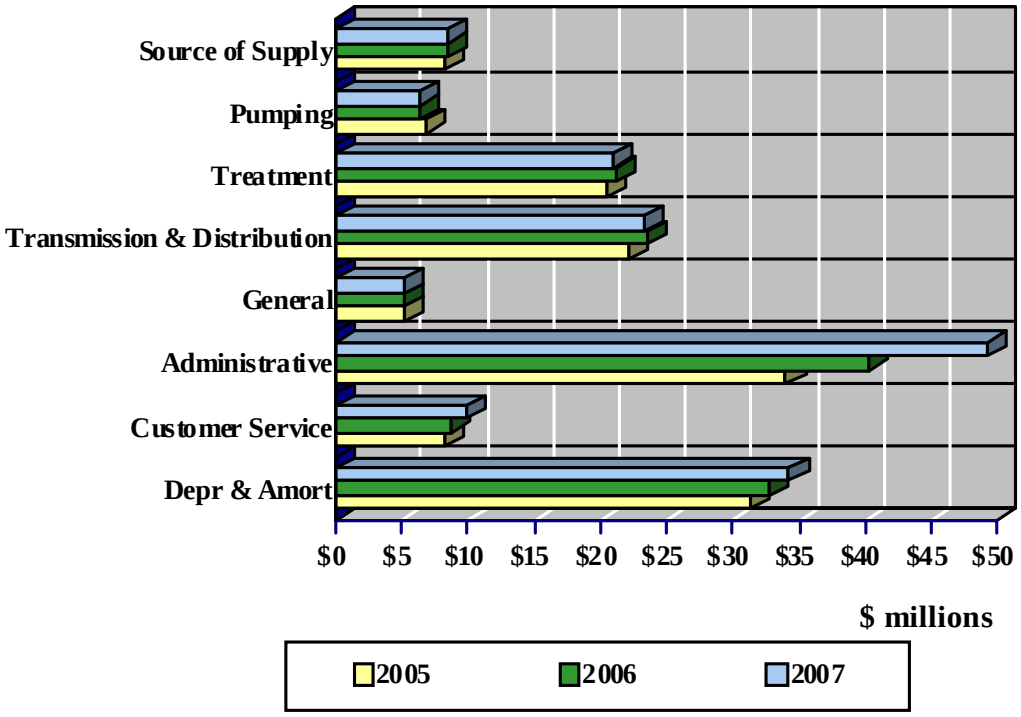


Table 5 - Operating Expenses by Category
(amounts expressed in thousands)

	Years Ended December 31,			2007 - 2006		2006 - 2005	
	2007	2006	2005	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Source of supply	**$ 8,538**	$ 8,477	$ 8,207	$ 61	1%	$ 270	3%
Pumping	**6,405**	6,281	6,823	124	2%	(542)	(8)%
Treatment	**21,016**	21,236	20,552	(220)	(1)%	684	3%
Transmission & distribution	**23,362**	23,613	22,215	(251)	(1)%	1,398	6%
General	**5,256**	5,103	5,267	153	3%	(164)	(3)%
Administrative	**49,289**	40,336	34,045	8,953	22%	6,291	18%
Customer service	**9,787**	8,669	8,290	1,118	13%	379	5%
Depreciation and amortization	**34,238**	32,656	31,232	1,582	5%	1,424	5%
Total operating expenses	**$ 157,891**	$ 146,371	$ 136,631	$ 11,520	8%	$ 9,740	7%

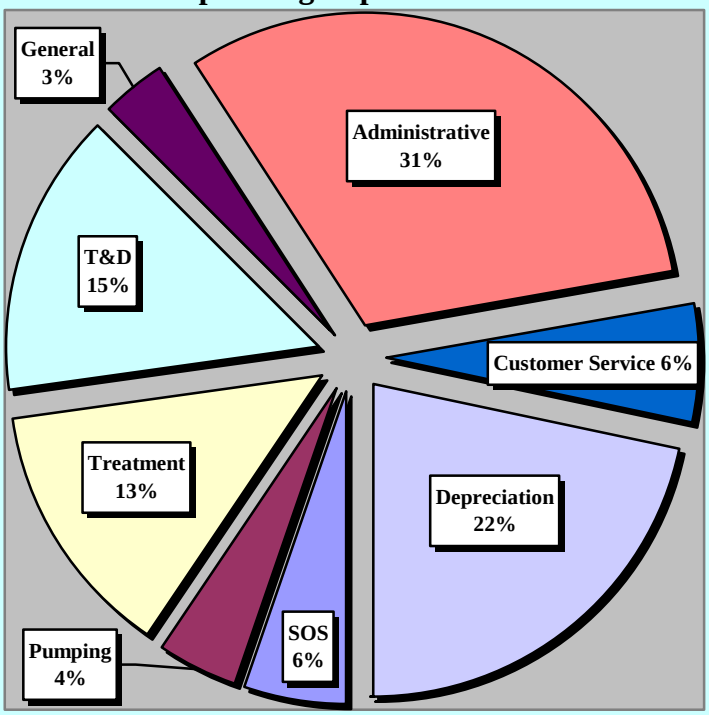
Figure 8 - Operating Expenses by Category



The increase in operating expenses for both 2007 and 2006 was primarily due to increased administrative expenses. In 2007, the increase was in the areas of Information Technology, Conservation, Treasury Operations, and costs associated with a reduction in workforce.

In 2006, the increase was in the areas of Community Relations, Conservation, Legal, and Engineering--Distribution and Property Management.

Figure 9 - Operating Expense Categories as a Percent of Total Operating Expenses - 2007



- **NONOPERATING EXPENSES** in 2007 increased $6.9 million, or 33% from 2006. They decreased $1.4 million, or 6% between 2006 and 2005 (see Table 6).

Table 6 - Nonoperating Expenses
(amounts expressed in thousands)

	Years Ended December 31,			2007 - 2006		2006 - 2005	
	2007	2006	2005	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Interest expense	**$ 16,305**	$ 15,368	$ 16,353	$ 937	6%	$ (985)	(6)%
Loss on disposition of capital assets	**9,144**	2,922	3,097	6,222	213%	(175)	(6)%
Other nonoperating expense	**2,472**	2,721	2,969	(249)	(9)%	(248)	(8)%
Total nonoperating expenses	**$ 27,921**	$ 21,011	$ 22,419	$ 6,910	33%	$ (1,408)	(6)%

Interest expense increased in 2007 due to increased interest on long-term debt offset by higher interest expense capitalized for construction projects. When interest is capitalized, the interest is added to the cost of the project rather than being included in interest expense. Interest expense decreased in 2006 due to higher interest expense capitalized for construction projects.

Loss on disposition of capital assets increased in 2007 due to the write-off of obsolete Customer Information System costs of $6.9 million. In 2006, the loss was a result of the

demolition and write-off of the Capital Hill Basin #2 as part of the recycled water project. This loss was partially offset by a gain on the sale of the old Hugh M. Woods site, and the sale of 22.57 acres of the High Line Canal for residential development.

- **CAPITAL CONTRIBUTIONS** in 2007 increased $6.8 million, or 21% from 2006. They decreased $8.1 million, or 20% between 2006 and 2005 (see Table 7).

Table 7 - Capital Contributions
(amounts expressed in thousands)

	Years Ended December 31,			2007 - 2006 Increase (Decrease)	2007 - 2006 % Change	2006 - 2005 Increase (Decrease)	2006 - 2005 % Change
	2007	2006	2005				
Contributions in aid of construction	**$ 12,911**	$ 11,245	$ 14,072	$ 1,666	15%	$ (2,827)	(20)%
System development charges	**26,023**	20,851	26,119	5,172	25%	(5,268)	(20)%
Total capital contributions	**$ 38,934**	$ 32,096	$ 40,191	$ 6,838	21%	$ (8,095)	(20)%

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. 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. 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, 2007 and 2006 amounted to $1.65 billion and $1.59 billion, net of accumulated depreciation and amortization, respectively. Capital asset additions in 2007 and 2006 were $103.8 million and $102.5 million, respectively, an increase of $1.3 million or 1%. Major projects were as follows (see Table 8):

Table 8 - Capital Additions
Year Ended December 31, 2007
(amounts expressed in thousands)

Conduits, mains, hydrants & valves	$ 29,079
Foothills Treatment Plant	14,954
Recycle projects, conduits & mains	14,065
Gravel pit projects	11,419
Montclair Pump Station	8,035
Gross Power Plant	4,570
Computer software and Information Technology projects	3,029
Vehicles & machine purchases	2,056
Water Storage Planning Project - Leyden Gulch/Gross Reservoir Expansion	1,381
Water rights	1,329
Williams Fork Reservoir/Collection System	975
Cheesman Reservoir & Dam	877
South Boulder Canal	848
Ralston Reservoir	789
Eleven Mile Reservoir	769
Hillcrest Pump Station	730
Fraser-Jim Creek Collection System - channel improvements	668
Roberts Tunnel	635
Marston Reservoir	545
Other	7,026
	$ 103,779

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

LONG-TERM DEBT ACTIVITY

The Board issued $100 million Series 2007 Water Revenue Bonds on March 29, 2007. The proceeds of this issue are restricted to reimbursement of amounts advanced by the Board for acquisition, construction and installation of capital improvements, as well as to fund similar costs to be expended in the future.

Information on Denver Water's long-term debt can be found in Notes 6, 7 and 10 to the financial statements and Exhibits II-A through II-G of the supplemental information.

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 ASSETS
AS OF DECEMBER 31, 2007 AND 2006
(amounts expressed in thousands)

ASSETS	2007	2006
CURRENT ASSETS:		
Cash	$ 623	$ 670
Temporary cash investments, at fair value, including accrued interest	198,391	128,653
Accounts receivable	21,193	18,806
Materials and supplies inventory, at weighted average cost	6,192	5,556
Total current assets	226,399	153,685
NONCURRENT ASSETS:		
Capital assets:		
Utility plant	1,895,382	1,845,823
Nonutility plant	8,814	9,074
	1,904,196	1,854,897
Less accumulated depreciation and amortization	(505,632)	(479,642)
	1,398,564	1,375,255
Utility plant under capital lease, less accumulated amortization of $28,778 and $26,453, respectively	93,225	95,112
Construction in progress	155,813	119,506
Net capital assets	1,647,602	1,589,873
Other noncurrent assets:		
Long-term investments	33,387	24,665
Deferred charges and other assets, less accumulated amortization of $259 and $243, respectively	8,876	8,334
Long-term receivable	23,659	20,163
Total other noncurrent assets	65,922	53,162
Total noncurrent assets	1,713,524	1,643,035
Total assets	1,939,923	1,796,720

The accompanying notes are an integral part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF NET ASSETS
AS OF DECEMBER 31, 2007 AND 2006
(amounts expressed in thousands)

	2007	2006
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	$ 8,397	$ 6,785
Accrued payroll, vacation and other employee benefits	11,977	11,844
Construction contracts (including retainages of $2,810 and $1,882, respectively)	9,175	7,117
Accrued interest on long-term debt	2,850	3,127
Unearned revenue	84	84
Current portion of bonds payable:		
General obligation bonds	18,820	22,815
Revenue bonds	4,270	2,760
Current portion of obligations under capital lease:		
Certificates of participation	5,710	5,235
Other	1,330	1,245
Total current liabilities	62,613	61,012
NONCURRENT LIABILITIES:		
Bonds payable, net:		
General obligation bonds	42,631	63,618
Revenue bonds	280,631	186,179
Obligations under capital lease:		
Certificates of participation	33,805	39,201
Other	23,731	25,061
Customer advances for construction	51,363	45,008
Accrued sick leave	4,412	4,569
Other postemployment benefits	3,591	-
Waste disposal closure and postclosure care	2,493	2,421
Total noncurrent liabilities	442,657	366,057
Total liabilities	505,270	427,069
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Invested in capital assets, net of related debt	1,227,499	1,236,642
Restricted for debt service reserve funds	7,661	7,021
Unrestricted	199,493	125,988
Total net assets	$ 1,434,653	$ 1,369,651

The accompanying notes are an integral part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(amounts expressed in thousands)

	2007	2006
OPERATING REVENUES:		
Water	$ 188,729	$ 193,743
Power generation and other	7,913	7,315
Total operating revenues	196,642	201,058
OPERATING EXPENSES:		
Source of supply, pumping, treatment and distribution	59,321	59,607
General and administrative	54,545	45,439
Customer service	9,787	8,669
Depreciation and amortization	34,238	32,656
Total operating expenses	157,891	146,371
OPERATING INCOME	38,751	54,687
NONOPERATING REVENUES (EXPENSES):		
Investment income	12,201	7,491
Interest expense, less capitalized interest of $2,096 and $765, respectively	(16,305)	(15,368)
Loss on disposition of capital assets	(9,144)	(2,922)
Other income	3,037	2,883
Other expense	(2,472)	(2,721)
Total nonoperating expenses, net	(12,683)	(10,637)
INCOME BEFORE CAPITAL CONTRIBUTIONS	26,068	44,050
CAPITAL CONTRIBUTIONS:		
Contributions in aid of construction	12,911	11,245
System development charges	26,023	20,851
Total capital contributions	38,934	32,096
INCREASE IN NET ASSETS	65,002	76,146
NET ASSETS:		
Beginning of year	1,369,651	1,293,505
End of year	$ 1,434,653	$ 1,369,651

The accompanying notes are an integral part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(amounts expressed in thousands)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	$ 190,759	$ 187,480
Payments to employees	(81,695)	(78,035)
Payments to suppliers	(35,830)	(30,038)
Other receipts	3,037	2,967
Other payments	(1,843)	(2,398)
Net cash provided by operating activities	74,428	79,976
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from contributions in aid of construction and customer advances for construction	11,909	17,279
Proceeds from system development charges	26,023	20,851
Proceeds from sales of capital assets	734	3,557
Proceeds from long-term revenue bonds, net	99,158	-
Acquisition of capital assets	(92,504)	(91,264)
Principal payments for long-term bonds	(25,575)	(21,595)
Retirements of long-term bonds	(1,940)	(695)
Principal payments for capital lease obligations	(6,480)	(6,170)
Interest paid (includes capitalized interest of $2,096 and $765, respectively)	(19,683)	(17,777)
Net cash used for capital and related financing activities	(8,358)	(95,814)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	318,486	327,160
Interest received from investments	9,959	7,316
Purchases of investments	(394,562)	(318,598)
Net cash (used for) provided by investing activities	(66,117)	15,878
NET (DECREASE) INCREASE IN CASH	(47)	40
CASH, AT BEGINNING OF YEAR	670	630
CASH, AT END OF YEAR	$ 623	$ 670

The accompanying notes are an integral part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(amounts expressed in thousands)

	2007	2006
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 38,751	$ 54,687
Adjustments to reconcile operating income to net cash provided by operating activities-		
Other nonoperating revenues	4,992	5,083
Other nonoperating expenses	(1,843)	(2,398)
Depreciation and amortization of property, plant and equipment	34,238	32,656
Change in assets and liabilities-		
Accounts receivable	(5,883)	(13,578)
Materials and supplies inventory	(378)	207
Deferred charges	(700)	510
Accounts payable	1,612	2,726
Accrued payroll, vacation and other employee benefits	(24)	(104)
Unearned revenue	-	84
Other postemployment benefits	3,591	-
Waste disposal closure and postclosure care	72	103
Net cash provided by operating activities	$ 74,428	$ 79,976
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Assets acquired through capital contributions (see Note 1)	$ 7,357	$ 4,697
Assets acquired in construction contracts payable	9,175	7,117

The accompanying notes are an integral part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

NOTES TO FINANCIAL STATEMENTS - CONTENTS
DECEMBER 31, 2007 AND 2006

(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 six 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 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*, and 39, *Determining Whether Certain Organizations Are Component Units*, an amendment of GASB Statement No. 14, the Board would be classified as 1) an "other stand-alone government" since the Board is a legally separate and distinct entity from the City under the Charter of the City, and the City is not financially accountable for the Board, and 2) a "related organization" since the Mayor of the City appoints the Board's governing body, but is not financially accountable. However, the City has elected to include the Board's financial statements in the City's financial statements as a component unit enterprise fund because, in the City's opinion, the nature and significance of the Board's relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

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

B. Measurement Focus and Basis of Accounting

The Board's 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 statement of net assets, 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 as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board ("FASB"), Opinions of the Accounting Principles Board, and Accounting Research Bulletins of the Committee on Accounting Procedure of the American Institute of Certified Public Accountants. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Board has elected not to apply FASB pronouncements issued after November 30, 1989.

D. Use of Estimates

The preparation of 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 financial

statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Cash

The definition of cash for purposes of the statements of cash flows is demand deposits held by financial institutions, cash on hand, and equity in treasurer's cash which represents cash on deposit with the City Treasurer in the Water Works Fund. Treasurer's cash is available for immediate withdrawal upon request by the Board.

F. 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 (see Note 2, *Deposits and Investments*).

G. Materials and Supplies Inventory

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

H. Restricted Net Assets and Flow Assumption for Restricted Net Assets

Restricted net assets consists of the revenue bonds debt service reserve fund included in temporary cash investments, and the Certificates of Participation capital lease ("COPs") reserve fund included in deferred charges. The revenue bonds debt service fund is used to pay principal and interest on the revenue bonds as they become due, and the COPs reserve fund is to be used only in the event the Board fails to make any base rental payments or other required payments and fees from unrestricted assets. At the end of the lease term, the reserve fund and any related interest will be released to the Board.

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 $2,500 or more and have a useful life of more than one year. This was raised to $5,000 effective January 1, 2008.

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:

Depreciation Lives by Asset Class	
Buildings and improvements	10 - 80 years
Motor vehicles and motorized equipment	10 - 50 years
Furniture, machinery and equipment	5 - 20 years

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).

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 deferred charges and amortized over their estimated useful lives, or until the related projects become operational or abandoned. At December 31, 2007 and 2006, inactive development costs included in deferred charges which, in the Board's opinion, will be used in connection with future construction activities, totaled $65,000 and $81,000, respectively, net of amortization.

Interest during the construction period is capitalized on major construction projects. Certain applicable general and administrative costs of an overhead nature are also 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. Contributions

Contributions consist of contributions in aid of construction ("CAC") and system development charges ("SDC"). CAC represent facilities, or cash payments for facilities, received from property owners, governmental agencies and customers who receive benefit from such facilities. SDC represent fees charged to customers to connect to the water system. Contributions are recognized in the statement of revenues, expenses, and changes in fund net assets, after nonoperating revenues (expenses), when earned. Assets acquired through CAC 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 CAC and SDC assets, respectively, and is included in operating expenses (see Note 15, *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 when the employee vests in such benefits.

L. Operating Revenues and Expenses

Operating revenues consist primarily of charges to customers for 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 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...."

Consumption and Service Charges

On September 14, 2005, the Board approved a rate increase, effective January 1, 2006, by an average of 8%.

On October 11, 2006, the Board approved a rate increase, effective January 1, 2007, by an average of 7%.

On September 26, 2007, the Board approved a rate increase, effective January 1, 2008, by an average of 5%.

SDC

On February 8, 2006, the Board approved an increase in SDC, effective April 10, 2006, by an average of 8% for treated water and 19% for raw and recycled water.

On November 8, 2006, the Board approved an increase in SDC, effective January 8, 2007, by an average of 10% for treated water and 6% for raw and recycled water.

On November 14, 2007, the Board approved an increase in SDC, effective January14, 2008, by an average of 7% for treated water and 4% for raw and recycled water.

N. Recently Issued Accounting Standards

The Board implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, in 2007. This affects the Board's accounting for its postemployment healthcare program, described in Note 14, *Other Postemployment Benefits*, by associating the cost of postemployment healthcare benefits in the year when the employee services are received instead of when the costs are paid, and reporting the liability for unfunded obligations under the program.

The Board advance-implemented GASB Statements No. 50, *Pension Disclosures*, in 2007, which is effective in 2008. It aligns the financial reporting requirements for pensions with those for OPEB. This affects the disclosures in Note 11, *Pension Plan.*

The Board implemented GASB Statement No. 47, *Accounting for Termination Benefits*, in 2006, which establishes accounting standards for voluntary and involuntary termination benefits. This affects the Board's accounting for healthcare continuation under the Consolidated Omnibus Budget Reconciliation Act ("COBRA") described in Note 13, *Termination Benefits.*

O. Reclassifications

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

(2) DEPOSITS AND INVESTMENTS

All deposits are either insured or covered by the Public Deposit Protection Act and are therefore not exposed to custodial credit risk.

Colorado statutes and the City Charter authorize the Board to expend funds for the operation of the Board, including the purchase of investments. The Board has an investment policy that allows for the following investments:

- U.S. Government direct obligations and unconditionally guaranteed federal agency securities
- Other federal agency securities
- Commercial paper
- Investment grade corporate bonds
- Money market mutual funds

The Board's investments (current and long-term) at December 31, 2007 and 2006, and their maturities were as follows:

Current and Long-Term Investments
As of December 31, 2007
(amounts expressed in thousands)

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1 - 5
U.S. Treasuries	$ 73,591	$ 58,464	$ 15,127
U.S. agencies	67,923	50,569	17,354
Commercial paper	51,906	51,906	-
Corporate obligations	2,438	1,532	906
Total securities	195,858	162,471	33,387
Money market funds (not considered securities)	35,920	35,920	-
Total investments	$ 231,778	$ $ 198,391	$ 33,387

Current and Long-Term Investments
As of December 31, 2006
(amounts expressed in thousands)

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1 - 5
U.S. Treasuries	$ 62,840	$ 49,109	$ 13,731
U.S. agencies	44,290	35,749	8,541
Commercial paper	33,855	33,855	-
Repurchase agreement	5,515	5,515	-
Corporate obligations	4,930	2,537	2,393
Total securities	151,430	126,765	24,665
Money market funds (not considered securities)	1,888	1,888	-
Total investments	$ 153,318	$ $ 128,653	$ 24,665

Until March 13, 2007, the Board maintained two investment portfolios, a liquidity portfolio designed to provide funds to meet the Board's obligations when they come due and an investment portfolio designed to attain a market average rate of return over a full interest rate cycle. Under the terms of an investment policy adopted by the Board on March 14, 2007, the two portfolios were combined into a single portfolio with guidelines that are not materially different from the aggregate of the two separate portfolios. The table in the following section provides detail of the previous and current investment policies.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Board's investment policy for the portfolio limits investments to the following maximum maturities as of December 31, 2007 and 2006.

Maximum Maturities
As of December 31, 2007 and 2006

Type of Investment	Combined Portfolio as of March 14, 2007	January 1, 2006 to March 13, 2007	
		Liquidity Portfolio	Investment Portfolio
Commercial Paper	270 days	7 months	not applicable
Corporate Fixed Income Securities	3 years	not applicable	3 years
Agency Securities	4 years	12 months*	3 years
Treasury Securities	5 years	2 years*	5 years
Repurchase Agreements	7 business days	7 business days	not applicable

*Unless held under a repurchase agreement

Credit Risk

The Board limits the purchase of investments in commercial paper to those rated either A1 or better by Standard & Poor's (S&P) or P1 by Moody's Investor Services (Moody's). Corporate bonds must have an investment grade rating by either S&P or Moody's, both nationally recognized statistical rating organizations. As of December 31, 2007 and 2006, all of the Board's investments in commercial paper were rated A1 or better by Standard & Poor's or P-1 by Moody's Investors Service. As of December 31, 2007 and 2006, all corporate bonds held were rated AA- or better by Standard & Poor's or Aa3 or better by Moody's Investors Service. Credit risk guidelines for the combined portfolio are not materially changed.

Concentration of Credit Risk

To diversify the concentration of credit risk the Board has placed limits on the amount that may be invested in any one issuer. The schedule below provides the limits as set forth by the Board for the periods January 1, 2006, to March 13, 2007, and March 14, 2007, through December 31, 2007.

Maximum Concentrations, Any One Issuer
As of December 31, 2007 and 2006

Type of Investment	Combined Portfolio as of March 14, 2007	January 1, 2006 to March 13, 2007	
		Liquidity Portfolio	Investment Portfolio
Money Market Mutual Funds	10% of portfolio	No restriction	Not applicable
Commercial Paper	5% of portfolio	Lesser of $10 million or 5% of portfolio	Not applicable
Corporate Fixed Income Securities	Greater of 2% of portfolio or $1 million	Not applicable	No more than 5% of portfolio
Federal Agency Securities	15% of the portfolio	No more than $20 million*	No more than 10% at cost
U.S. Government Obligations	No limit	No limit	No limit

*Includes securities held in repurchase agreements

As of December 31, 2007 and 2006, there were no investments that exceeded the limits imposed by the Board.

Reserve Fund Agreement

Effective April 7, 2004, the Board entered into an agreement with BNY Western Trust Company ("Trustee") and Lehman Brothers Special Financing, Inc. ("Lehman") whereby monies held by the Trustee of the Certificates of Participation (Note 7, *Capital Leases*) as a reserve fund are invested in securities sold by Lehman at a guaranteed fixed interest rate of 4.127%. The agreement was entered into by the Board for purposes of managing its borrowings and related investments by increasing the predictability of its cash flow from earnings and not for purposes of speculation. The agreement is scheduled to terminate in November 2011 for the Series 1998 Certificates and in November 2016 for the Series 2001 Certificates. Scheduled reserve fund amounts to be invested under the agreement over its term are $2,321,000 for the Series 1998 Certificates and $3,595,000 for the Series 2001 Certificates.

(3) ACCOUNTS RECEIVABLE

Accounts Receivable at December 31, 2007 and 2006, 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.

Accounts Receivable
(amounts expressed in thousands)

	December 31, 2007		December 31, 2006	
Receivables for treated water sales	$19,152	90%	$16,718	89%
Other receivables	2,041	10%	2,088	11%
	$21,193	100%	$18,806	100%
Receivables from City and County of Denver (included above):				
Receivables for treated water sales	$ 903		$ 40	

(4) CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2007 and 2006 were as follows:

Capital Assets
For the Year Ended December 31, 2007
(amounts expressed in thousands)

	December 31, 2006	Additions & Transfers	Sales & Retirements	December 31, 2007
Capital assets not being depreciated:				
Land and land rights	$ 91,855	$ 1,934	$ (712)	$ 93,077
Water rights	61,871	1,329	(2)	63,198
Construction in progress	119,506	43,180	(6,873)	155,813
Total capital assets not being depreciated	273,232	46,443	(7,587)	312,088
Capital assets being depreciated:				
Buildings and improvements	161,987	47,250	(42)	209,195
Improvements other than buildings	1,502,893	(2,474)	(1,132)	1,499,287
Machinery and equipment	157,856	12,560	(8,974)	161,442
Total capital assets being depreciated	1,822,736	57,336	(10,148)	1,869,924
Less accumulated depreciation:				
Buildings and improvements	(44,775)	(4,839)	37	(49,577)
Improvements other than buildings	(415,353)	6,449	562	(408,342)
Machinery and equipment	(45,967)	(37,787)	7,263	(76,491)
Total accumulated depreciation	(506,095)	(36,177)	7,862	(534,410)
Total capital assets being depreciated, net	1,316,641	21,159	(2,286)	1,335,514
Total capital assets, net	$ 1,589,873	$ 67,602	$ (9,873)	$ 1,647,602

Capital Assets
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	December 31, 2005	Additions & Transfers	Sales & Retirements	December 31, 2006
Capital assets not being depreciated:				
Land and land rights	$ 78,282	$ 15,662	$ $ (2,089)	$ 91,855
Water rights	60,473	1,398	-	61,871
Construction in progress	89,040	30,466	-	119,506
Total capital assets not being depreciated	227,795	47,526	(2,089)	273,232
Capital assets being depreciated:				
Buildings and improvements	160,868	1,119	-	161,987
Improvements other than buildings	1,470,905	37,945	(5,957)	1,502,893
Machinery and equipment	145,517	15,868	(3,529)	157,856
Total capital assets being depreciated	1,777,290	54,932	(9,486)	1,822,736
Less accumulated depreciation:				
Buildings and improvements	(41,600)	(3,175)	-	(44,775)
Improvements other than buildings	(393,131)	(23,320)	1,098	(415,353)
Machinery and equipment	(40,870)	(8,345)	3,248	(45,967)
Total accumulated depreciation	(475,601)	(34,840)	4,346	(506,095)
Total capital assets being depreciated, net	1,301,689	20,092	(5,140)	1,316,641
Total capital assets, net	$ 1,529,484	$ 67,618	$ (7,229)	$ 1,589,873

Depreciation and amortization for the years ended December 31, 2007 and 2006 were as follows:

Depreciation and Amortization
(amounts expressed in thousands)

	Years Ended December 31, 2007	2006
Operating expenses, water service	$ 34,238	$ 32,656
Nonoperating expenses	132	135
Other, as allocated	1,823	2,065
Total depreciation and amortization	36,193	34,856
Less amortization of plant-related studies included in deferred charges	(16)	(16)
Total increase in accumulated depreciation of property, plant and equipment	$ 36,177	$ 34,840

(5) RISK MANAGEMENT

The Board is exposed to various risks of losses including torts, general liability (limited under the Colorado Governmental Immunity Act to $150,000 per person and $600,000 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, 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, and the Recycling Plant. 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, water turbines, employee dishonesty, and fiduciary exposure. Workers' compensation insurance is under a retrospectively rated policy whereby the initial premiums are adjusted based on actual experience during the period of coverage. Settled claims have not exceeded commercial insurance coverage in any of the past three years. In addition, the Board is often 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. Premiums on the retrospectively rated policy are accrued based on the ultimate cost of the experience to date. These losses include an estimate of claims that have been incurred but not reported. At December 31, 2007 and 2006, claims liabilities consisting of medical, dental and vision benefits and legal claims were $1,452,000 and $1,966,000, respectively. Changes in the balances of these liabilities during 2007, 2006 and 2005 were as follows:

Claims Liabilities
(amounts expressed in thousands)

	Beginning-of-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Year-End
2007	$ 1,966	$ 10,310	$ (10,824)	$ 1,452
2006	$ 1,347	$ 14,320	$ (13,701)	$ 1,966
2005	$ 1,132	$ 12,632	$ (12,417)	$ 1,347

Medical claims liabilities are reported in *Accrued Payroll, Vacation and other Employee Benefits*; and legal claims are reported in *Accounts Payable* on the *statements of net assets.*

(6) BONDS PAYABLE

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 its revenues. Coupon rates for the general obligation bonds outstanding at December 31, 2007, range from 3.0% to 6.0%. The weighted average yield at issue for outstanding bonds was 4.46% and 4.32% for the years ended December 31, 2007 and 2006, respectively.

A summary of debt maturity for the general obligation bonds as of December 31, 2007, is as follows:

General Obligation Bonds
As of December 31, 2007
(amounts expressed in thousands)

	Principal	Interest	Total
Year of Maturity:			
Current:	$18,820	$ 2,931	$21,751
Long-term:			
2009	11,555	2,006	13,561
2010	3,080	1,548	4,628
2011	4,265	1,391	5,656
2012	1,595	1,178	2,773
2013-2017	7,790	4,749	12,539
2018-2022	2,890	3,660	6,550
2023-2027	-	3,233	3,233
2028-2029	11,550	1,292	12,842
	42,725	19,057	61,782
Less discount	(32)	-	(32)
Less deferred amount on refunding	(62)	-	(62)
Total long-term	42,631	19,057	61,688
	$61,451	$21,988	$83,439

On October 1, 2007, the Board called all remaining outstanding Series 1997 general obligation bonds in the amount of $1,940,000.

On October 1, 2006 the Board called all remaining outstanding Series 1996 general obligation bonds in the amount of $695,000.

The Board no longer has authority to issue general obligation bonds of the City, but previously issued bonds may remain outstanding.

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 its revenues, and to maintain adequate rates to ensure its ability to do so. Coupon rates for the revenue bonds outstanding at December 31, 2007, range from 2.50% to 5.50%. The weighted average yield at issue for outstanding bonds was 3.75% and 3.73% for the years ended December 31, 2007 and 2006, respectively.

A summary of debt maturity for the revenue bonds as of December 31, 2007, is as follows:

Revenue Bonds
As of December 31, 2007
(amounts expressed in thousands)

	Principal	Interest	Total
Year of Maturity:			
Current:	$ 4,270	$ 12,850	$ 17,120
Long-term:			
2009	12,345	12,656	25,001
2010	21,240	12,060	33,300
2011	5,985	10,974	16,959
2012	14,440	10,680	25,120
2013-2017	75,790	42,588	118,378
2018-2022	57,060	27,557	84,617
2023-2027	35,730	14,451	50,181
2028-2032	23,380	8,591	31,971
2033-2037	29,840	3,969	33,809
	275,810	143,526	419,336
Plus premium	6,107	-	6,107
Less deferred amount on refunding	(1,286)	-	(1,286)
Total long-term	280,631	143,526	424,157
	$284,901	$156,376	$441,277

On March 22, 2007, the Board issued Series 2007A Master Resolution water revenue bonds in an aggregate principal amount of $100,000,000 at a true interest cost (TIC) at sale of 4.36%. The bonds were issued in accordance with the First Supplement to the Master Bond Resolution dated March 14, 2007 for the extension, betterment, other improvement, and equipment of the Water Works System.

Refundings

In prior years, the Board has refunded and advance refunded various general obligation issues resulting in funds placed 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. These bonds are considered defeased and the liability for these bonds has been removed from the Board's *statements of net assets*. The aggregate principal amount of all bonds considered defeased at December 31, 2007 is $9,455,000.

Prior year advance refundings have resulted in a difference between the reacquisition price and the net carrying amount of the old debt ("deferred amount on refunding"). This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being amortized using the effective interest method as a component of interest expense through 2011. At December 31, 2007, the unamortized deferred amount on refunding deducted from bonds payable is $62,000 for general obligation bond refundings and $1,286,000 for revenue bond refundings.

(7) LEASES

Capital Leases

Certificates of Participation

The Board entered into a Master Lease Purchase Agreement ("MLPA") with Denver Capital Leasing Corporation ("DCLC"), a nonprofit corporation organized by the City, pursuant to which the Board leases from DCLC certain facilities. The Board constructed the facilities with proceeds from the execution and delivery of Certificates of Participation ("COPs"), evidencing assignments of proportionate interests in rights to receive certain revenue of the Board under its MLPA with DCLC. The COPs are payable solely from the Board's lease payments under the MLPA. DCLC has no obligation to make any payment on the COPs.

COPs were executed and delivered pursuant to a Mortgage and Indenture of Trust Agreement between a bank, acting as trustee ("Trustee"), and DCLC, pursuant to which DCLC assigned all of its rights, title, and interest under the MLPA to the Trustee. The MLPA is subject to termination on an annual basis by the Board, upon which any outstanding COPs will be payable solely from funds held by the Trustee and any amounts made available by the Trustee's sublease or sale of the leased assets under the MLPA.

COPs were issued in 1987, 1991, 1998 and 2001 to finance the construction of pretreatment facilities for the Marston Treatment Plant, improvements to the Moffat Treatment Plant, and construction of the 64th Avenue Pump Station. As of December 31, 2007, only the 2001 and 1998 COPs remain outstanding. The balances of the principal component of future base rental payments are $25,500,000 (out of $40,580,000) and $14,015,000 (out of $34,885,000), respectively. The assets under the COP capital leases by major asset class, recorded in Utility Plant under Capital Lease, are as follows:

Assets Under Capital Lease - Certificates of Participation
(amounts expressed in thousands)

	December 31,	
	2007	2006
Buildings and improvements	$31,149	$ 30,585
Improvements other than buildings	47,873	47,999
	79,022	78,584
Less: accumulated amortization	(21,994)	(20,229)
	$57,028	$ 58,355

The MLPA, as amended and restated, requires a reserve fund be established from proceeds of the COPs. The reserve fund is to be used in the event the Board fails to make payment of any base rental payments or other payments and fees defined in the MLPA. At December 31, 2007 and 2006, the reserve fund was $5,940,000 and $6,081,000, respectively, and is recorded in deferred charges. At the end of the lease term, upon satisfactory payment of all lease payments and other fees, the reserve fund and any related interest will be released to the Board.

Minimum capital lease payments were $7,345,000 and $7,332,000 during 2007 and 2006, respectively. 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, 2007:

Obligation Under Capital Lease - Certificates of Participation As of December 31, 2007 (amounts expressed in thousands)	
Year Ending December 31:	
2008	$ 7,578
2009	7,599
2010	7,582
2011	13,113
2012	2,211
2013-2016	8,842
Total minimum lease payments	46,925
Less interest	(7,410)
Present value of minimum lease payments (obligation under capital lease)	39,515
Less current portion	(5,710)
Total long-term	$ 33,805

The COPs are also secured by collateral consisting of certain assets purchased and/or constructed under the MLPA. Two locations are subject to the MLPA, the Marston Pretreatment Facility Site, consisting of three parcels of land, and the Moffat Treatment Plant Site, consisting of four parcels of land. Leased property at the two sites includes all property permanently affixed to the sites as well as those items of movable equipment, machinery and related personal property which are necessary to the performance of the functions performed at the facility at which they are located and which remain located there for 60 days or more. The Board may remodel, substitute, modify, add to or remove leased property at its expense, provided that the value of the leased property shall not be decreased as a result of such changes.

Wolford Mountain

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:

Assets Under Capital Lease - Wolford Mountain
(amounts expressed in thousands)

	December 31, 2007	2006
Improvements other than buildings	$42,981	$ 42,981
Less: accumulated amortization	(6,784)	(6,224)
	$36,197	$ 36,757

Minimum capital lease payments were $3,000,000 during both 2007 and 2006. 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, 2007:

Obligation Under Capital Lease - Wolford Mountain
As of December 31, 2007
(amounts expressed in thousands)

Year Ending December 31:	
2008	$ 3,000
2009	3,000
2010	3,000
2011	3,000
2012	3,000
2013-2017	15,000
2018-2020	7,500
Total minimum lease payments	37,500
Less interest at 6.75%	(12,439)
Present value of minimum lease payments (obligation under capital lease)	25,061
Less current portion	(1,330)
Total long-term	$ 23,731

Operating Leases

The Board is committed under various operating leases for property and equipment. Lease expenses for the years ended December 31, 2007 and 2006 were $1,306,000 and $1,584,000, respectively. The Board expects these leases to be replaced in the ordinary course of business with similar leases. Future lease payments should be approximately the same amount.

(8) CUSTOMER ADVANCES FOR CONSTRUCTION

On December 16, 1997, the Board and South Adams County Water and Sanitation District ("SACWSD") entered into a Memorandum of Understanding, and on November 30, 1998, entered into a final agreement, whereby the Board agreed to supply 4,000 acre-feet of treated water annually to SACWSD beginning on or before January 15, 2004, for which SACWSD paid system development charges of $22,920,000 in December 1997. The agreement was contingent upon SACWSD's acquiring, developing, and conveying to the Board finished storage facilities for

8,000 acre-feet of water along the South Platte River downstream of Denver, and improvements to the Board's 56th Avenue facilities. The improvements to the 56th Avenue facilities have been made and paid for. Because development of the storage projects has taken longer than anticipated, the Board and SACWSD have entered into a temporary potable water lease agreements, the most recent dated June 13, 2007, whereby the Board will provide potable water on a temporary basis to SACWSD until the project is operational, which is currently estimated to be December 2012.

The Board initially recorded all payments from SACWSD in Customer Advances for Construction. Conveyances of $17.9 million have been transferred since inception through December 31, 2007 from Customer Advances for Construction to Contributions in Aid of Construction for the storage facilities and improvements. Transfers are made as work is performed. When storage facilities for 8,000 acre-feet of water are completed and the Board begins supplying permanent water under the agreement, the initial payment of $22,920,000 will be transferred to System Development Charges.

(9) WASTE DISPOSAL CLOSURE AND POSTCLOSURE CARE

The Board operates a landfill at the Foothills Water Treatment Plant for disposal of aluminum sulfate solids/residuals generated as a by-product of the potable water treatment process at the Foothills and Marston Water Treatment Plants. It also operates sludge drying ponds at Ralston Reservoir for treatment of residuals generated as a by-product of the potable water treatment process at the Moffat Water Treatment Plant. Both 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 waste, including placing a final cover on the Foothills landfill, and to perform certain maintenance and monitoring functions at the sites 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 and federal financial assurance requirements discussed below. Prior years were not restated due to the immateriality of the amounts involved.

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 assets* date. The Board reports the entire liability for closure and postclosure care costs for the Ralston sludge drying ponds since they are not "filled" like a landfill, but are reusable.

Approximately $2.5 and $2.4 million is reported as Waste Disposal Closure and Postclosure Care liability at December 31, 2007 and 2006, respectively, for the two sites as follows:

Waste Disposal Closure and Postclosure Care Liability
(amounts expressed in thousands)

	Foothills	Ralston	Total
2007			
Closure Costs	$ 195	$ 1,122	$ 1,317
Postclosure Care Costs	333	843	1,176
	$ 528	$ 1,965	$ 2,493
2006			
Closure Costs	$ 189	$ 1,090	$ 1,279
Postclosure Care Costs	324	818	1,142
	$ 513	$ 1,908	$ 2,421

These costs are based on the use of 22% of the active portion of the Foothills landfill at December 31, 2007 and 2006 and 100% of the Ralston drying beds for both years. The Board will recognize the remaining estimated cost of the Foothills postclosure care of $1,183,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2007. 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 Ralston 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.

(10) CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the years ended December 31, 2007 and 2006 were as follows:

Long-Term Liabilities
For the Year Ended December 31, 2007
(amounts expressed in thousands)

	December 31, 2006 (Current and Long-Term)	2007 Additions	2007 Reductions	December 31, 2007 (Current and Long-Term)	Due Within One Year	
G. O. bonds payable, net	$ 86,433	-	$ (24,982)	$ 61,451	$ 18,820	
Revenue bonds payable, net	188,939	100,000	(4,038)	284,901	4,270	
Obligation under capital lease - Certificates of participation	44,436	-	(4,921)	39,515	5,710	
Obligation under capital lease - Other	26,306	-	(1,245)	25,061	1,330	
Customer advances for construction	45,008	22,140	(15,785)	51,363	-	
Accrued sick leave	7,031	1,898	(2,152)	6,777	2,365	*
Other postemployment benefits	-	3,591	-	3,591	-	
Waste disposal closure	2,421	72	-	2,493	-	
	400,574	$ 127,701	$ (53,123)	475,152	$ 32,495	
Less current portion	(34,517)			(32,495)		
Total long-term liabilities	$ 366,057			$ 442,657		

*Included in *accrued payroll, vacation and other employee benefits* in the *statements of net assets*.

Long-Term Liabilities
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	December 31, 2005 (Current and Long-Term)	2006 Additions	2006 Reductions	December 31, 2006 (Current and Long-Term)	Due Within One Year	
G. O. bonds payable, net	$ 100,824	-	$ (14,391)	$ 86,433	$ 22,815	
Revenue bonds payable, net	198,255	-	(9,316)	188,939	2,760	
Obligation under capital lease - Certificates of participation	49,367	-	(4,931)	44,436	5,235	
Obligation under capital lease - Other	27,471	-	(1,165)	26,306	1,245	
Customer advances for construction	34,277	16,341	(5,610)	45,008	-	
Accrued sick leave	6,792	2,511	(2,272)	7,031	2,462	*
Waste disposal closure	2,318	103	-	2,421	-	
	419,304	$ 18,955	$ (37,685)	400,574	$ 34,517	
Less current portion	(30,074)			(34,517)		
Total long-term liabilities	$ 389,230			$ 366,057		

*Included in accrued *payroll, vacation and other employee benefits* in the *statements of net assets*.

(11) PENSION PLAN

Plan Description

The Board sponsors and administers a trusteed, 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; however, any amendment that substantially impairs the property rights of employees will not become effective until approved by two-thirds of the employees. 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: Manager of Treasury Operations, 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 funding policy provides for periodic Board contributions of actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due. These required contributions may vary and are not expressed in terms of fixed dollar amounts or as percentages of annual covered payroll. Plan members are not required to make contributions, but may elect to make voluntary after-tax contributions to the Plan for the purpose of purchasing an additional monthly benefit. The additional benefit is in the form of an immediate monthly annuity with no cost-of-living adjustment. The Board intends to continue making annual contributions to the Plan based on current annual actuarial valuations, but reserves the right to suspend, reduce or permanently discontinue all contributions at any time, pursuant to the termination provisions of the Plan.

Annual Pension Cost

The Board's annual pension cost ("APC") for 2007 was approximately $7,277,000, equal to the Board's required and actual contributions. The required contribution was determined as part of the January 1, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 4.0% to 11.0% per year, and (c) 3.5% per year cost-of-living adjustments. Salary increases include an inflation component of 3.5%. 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 on an open basis.

Three-year trend information for the Board's pension cost and contributions is as follows:

Annual Pension Cost and % of Required Contribution
(amounts expressed in thousands)

Year	Cost (APC)	Contributed	Obligation
2007	$ 7,277	100%	-
2006	$ 8,269	100%	-
2005	$ 8,739	100%	-

Funded Status and Funding Progress

As of January 1, 2007, the plan was 93.4% funded. The actuarial accrued liability for benefits was $264.5 million, and the actuarial value of assets was $247.2 million, resulting in an unfunded actuarial accrued liability (UAAL) of $17.3 million. The covered payroll (annual payroll of active employees covered by the pension plan) was $58.6 million, and the ratio of the UAAL to the covered payroll was 29.6%.

A Schedule of Funding Progress for the Plan is as follows:

Pension Plan Schedule of Funding Progress
(amounts expressed in thousands)

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]
1/1/07	$ 247,160	$ 264,514	$ 17,354	93.4%	$ 58,579	29.6%
1/1/06	$ 228,775	$ 259,565	$ 30,790	88.1%	$ 57,225	53.8%
1/1/05	$ 205,448	$ 246,023	$ 40,575	83.5%	$ 55,998	72.5%

(12) 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 2007 and 2006, the Board made contributions totaling approximately $1,486,000 and $1,480,000, and members contributed approximately $3,465,000 and $3,087,000, respectively, to the SRSP.

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 the Board does not make any contributions.

13) TERMINATION BENEFITS

In compliance with federal law, the Board provides healthcare continuation under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). During 2007, medical insurance rates were set to recover the estimated full costs of the program under its self-insurance program, and there was no COBRA liability at December 31, 2007. During 2006, the Board subsidized a portion of COBRA premiums and recorded a liability of $31,000 at December 31, 2006.

(14) OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

a. Postemployment Healthcare Benefits

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. Effective January 1, 2008, the benefit will be available only to employees and dependents of employees who meet eligibility requirements of 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, 157 retirees are eligible to receive 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.

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 23 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 for 2007. The Board is reviewing this policy and will make a determination whether or not to fund in the near future. Meanwhile, the Board has earmarked a portion of its investments in an amount equivalent to the net OPEB obligation as of December 31, 2007 and will continue to do so until the decision is made to fund. Currently, 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, 2007, the Board contributed $1,572,000 to the postemployment healthcare benefits plan (approximately 76% of estimated premium equivalent costs). Retirees receiving benefits contributed $485,000, or approximately 24% of the estimated premium equivalent costs. The Board paid $647,000 in LTD benefits.

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:

Annual OPEB Cost and Net OPEB Obligation
For the Year Ended December 31, 2007
(amounts expressed in thousands)

	Healthcare	LTD	Total
Annual required contribution ("ARC")	$ 5,207	$ 603	$ 5,810
Interest on net OPEB obligation	-	-	-
Adjustment to ARC	-	-	-
Annual OPEB cost (expense)	5,207	603	5,810
Contributions made	(1,572)	(647)	(2,219)
Increase in net OPEB obligation (asset)	3,635	(44)	3,591
Net OPEB obligation - beginning of year	-	-	-
Net OPEB obligation (asset) - end of year	$ 3,635	$ (44)	$ 3,591

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB plan, and the net OPEB obligation for 2007 and the two preceding years were as follows:

Annual OPEB Cost and % of Required Contribution
(amounts expressed in thousands)

Year Ended December 31,	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2007	$ 5,810	$ 2,219	38.2%	$ 3,591
2006	-	-	-	-
2005	-	-	-	-

Funded Status and Funding Progress

As of January 1, 2007, the initial actuarial valuation date, the plan was 0% funded. The actuarial accrued liability ("AAL") for benefits was $46.5 million, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability ("UAAL") of $46.5 million. The covered payroll (annual payroll of active employees covered by the OPEB plan) was $58.6 million, and the ratio of the UAAL to the covered payroll was 79%. Changes made to the plan as of January 1, 2008, are expected to reduce the AAL by approximately $0.5 million.

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. The 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 liabilities for benefits.

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

OPEB Plan Schedule of Funding Progress
(amounts expressed in thousands)

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]
1/1/07	$ -	$ 46,547	$ 46,547	-	$ 58,579	79.5%
1/1/06	-	-	-	-	-	-
1/1/05	-	-	-	-	-	-

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, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5.5 percent investment rate of return (net of administrative expenses), which is the expected long-term investment return on the Board's investments, and an annual healthcare cost trend rate of 12 percent initially, reduced by 2 percent yearly decrements to an ultimate rate of 6 percent in 2010. 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.

(15) CAPITAL CONTRIBUTIONS

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

Capital Contributions
For the Years Ended December 31, 2007 and 2006
(amounts expressed in thousands)

	CAC	SDC
Inception through December 31, 2005	$311,653	$496,993
2006 Additions	11,245	20,851
Inception through December 31, 2006	322,898	517,844
2007 Additions	12,911	26,023
Inception through December 31, 2007	$335,809	$543,867

(16) 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 condition.

(17) CONTRACT COMMITMENTS

Total contract commitments as of December 31, 2007 for construction and other purposes total $135.5 million, including the remaining construction of the recycling plant.

The recycled water project is a water supply project that will result in the treatment and delivery of up to 18,799 acre-feet of water suitable for industrial and outside irrigation uses. The first phase of the project included a 30 million gallon per day ("mgd") treatment plant located at 56th Avenue and York Street, and distribution facilities to serve Xcel Energy and parks and schools located primarily in the north and central sections of Denver. Subsequent phases will include expansion of the treatment plant to 45 mgd and extension of the distribution facilities to Stapleton, Lowry, Rocky Mountain Arsenal, and other industrial and outside irrigation users in close proximity to the major pipelines. During 2007, Capital Hill Reservoir and Conduits 303, 306, and 307 were completed. Montclair Pump Station will be completed in early 2008. These facilities will supply Lowry and Stapleton areas in April 2008.

The total project is currently estimated to cost $177 million, excluding indirect costs, and is scheduled for completion in 2016. The first phase, recorded in utility plant, was completed in February 2004 at a cost of $111.5 million, including indirect costs. The cost of subsequent phases recorded in utility plant and construction in progress as of December 31, 2007 were $64.7 million, including indirect costs.

SUPPLEMENTAL FINANCIAL INFORMATION

EXHIBIT I

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007
(amounts expressed in thousands)

	Depreciation Life (Years)	Cost				Accumulated Depreciation and Amortization				Cost Less Accumulated Depreciation and Amortization as of December 31, 2007
		Balance, December 31, 2006	Additions and Transfers	Sales and Retirements	Balance, December 31, 2007	Balance, December 31, 2006	Provision	Sales, Retirements and Transfers	Balance, December 31, 2007	
UTILITY PLANT IN SERVICE:										
Source of supply plant	10 - 80	$ 477,999	$ 13,199	$ (785)	$ 490,413	$ 128,758	$ 5,506	$ (55)	$ 134,209	$ 356,204
Pumping plant	20 - 80	70,951	1,391	(241)	72,101	16,263	1,465	(147)	17,581	54,520
Water treatment plant	20 - 80	330,394	4,234	(695)	333,933	63,650	6,504	(291)	69,863	264,070
Transmission and distribution plant	30 - 80	747,966	27,515	(528)	774,953	178,560	10,116	(283)	188,393	586,560
General plant and equipment	5 - 50	113,928	6,290	(8,225)	111,993	59,774	6,488	(6,805)	59,457	52,536
Leasehold and other improvements	5 - 30	90,535	7,133	-	97,668	29,309	3,600	(4)	32,905	64,763
Land held for future use		14,050	271	-	14,321	-	-	-	-	14,321
Total utility plant in service		1,845,823	60,033	(10,474)	1,895,382	476,314	33,679	(7,585)	502,408	1,392,974
NONUTILITY PLANT IN SERVICE:										
Plant	10 - 80	8,802	-	(7)	8,795	3,080	128	-	3,208	5,587
General equipment	5 - 20	69	4	(54)	19	54	4	(42)	16	3
Idle Plant	10 - 50	203	-	(203)	-	194	-	(194)	-	-
Total nonutility plant in service		9,074	4	(264)	8,814	3,328	132	(236)	3,224	5,590
UTILITY PLANT UNDER CAPITAL LEASE:	80									
Certificates of Participation		78,584	562	(124)	79,022	20,229	1,806	(41)	21,994	57,028
Wolford Mountain		42,981	-	-	42,981	6,224	560	-	6,784	36,197
Total utility plant under capital lease		121,565	562	(124)	122,003	26,453	2,366	(41)	28,778	93,225
CONSTRUCTION IN PROGRESS		119,506	43,180	(6,873)	155,813	-	-	-	-	155,813
Total property, plant and equipment		$ 2,095,968	$ 103,779	$ (17,735)	$ 2,182,012	$ 506,095	$ 36,177	$ (7,862)	$ 534,410	$ 1,647,602

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

GENERAL OBLIGATION AND REVENUE WATER IMPROVEMENT AND REFUNDING BONDS
OUTSTANDING AT DECEMBER 31, 2007
(amounts expressed in thousands)

Date of Issue	Interest Rates on Bonds Outstanding as of December 31, 2007	Amount Issued	Amount Retired	Amount Outstanding	Bonds Which Are Callable: Callable Amount	Bonds Which Are Callable: Initial Date Callable
General Obligation Bonds						
Sep 15, 1999	5.50-6.00%	$ 14,530	$ -	$ 14,530	$ 11,550	Oct 1, 2013
Sep 15, 2000	4.80-5.50%	12,700	(9,455)	3,245	955	Oct 1, 2011
Aug 15, 2001A	4.00-4.70%	11,215	(3,920)	7,295	4,310	Sep 1, 2011
Aug 15, 2001B	4.00-5.00%	75,170	(47,175)	27,995	-	Not callable
Oct 1, 2002	3.00-4.50%	11,610	(3,130)	8,480	5,970	Oct 1, 2012
		125,225	(63,680)	61,545	22,785	
Less discount				(32)		
Less deferred amount on refunding				(62)		
Total General Obligation Bonds				61,451		
Revenue Bonds						
May 15, 2003A	2.50-5.00%	50,000	(400)	49,600	48,100	Jun 1, 2013
Sep 15, 2003B	3.75-5.00%	77,155	(15,840)	61,315	37,110	Jun 1, 2013
Nov 23, 2004	4.125-5.50%	43,655	(2,485)	41,170	7,585	Dec 1, 2014
Jul 12, 2005	3.25-5.25%	30,000	(2,005)	27,995	18,355	Dec 1, 2015
Mar 22, 2007A	3.00-5.00%	100,000	-	100,000	86,315	Dec 15, 2017
Total Revenue Bonds		$300,810	$ (20,730)	280,080	$197,465	
Plus premium				6,107		
Less deferred amount on refunding				(1,286)		
Total General Revenue Bonds				$ 284,901		

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SUMMARY OF GENERAL OBLIGATION BOND DEBT SERVICE REQUIREMENTS
OUTSTANDING AT DECEMBER 31, 2007

YEARS 2008 TO 2029 INCLUSIVE
(amounts expressed in thousands)

Year	G.O. Bond Retirements (Exhibit II-C)	G.O. Bond Interest (Exhibit II-D)	Total Debt Service
2008	$ 18,820	$ 2,931	$ 21,751
2009	11,555	2,006	13,561
2010	3,080	1,548	4,628
2011	4,265	1,391	5,656
2012	1,595	1,178	2,773
2013	1,995	1,112	3,107
2014	1,735	1,023	2,758
2015	1,850	948	2,798
2016	1,540	867	2,407
2017	670	799	1,469
2018	525	772	1,297
2019	515	751	1,266
2020	190	730	920
2021	810	722	1,532
2022	850	685	1,535
2023	-	647	647
2024	-	647	647
2025	-	647	647
2026	-	646	646
2027	-	646	646
2028	-	646	646
2029	11,550	646	12,196
	61,545	21,988	83,533
Less discount	(32)	-	(32)
Less deferred amount on refunding	(62)	-	(62)
	$ 61,451	$ 21,988	$ 83,439

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND RETIREMENTS FOR GENERAL OBLIGATION BONDS
OUTSTANDING AT DECEMBER 31, 2007

YEARS 2008 TO 2029 INCLUSIVE
(amounts expressed in thousands)

Year	Series 1999 Refunding	Series 2000 Refunding	Series 2001A Refunding	Series 2001B Refunding	Series 2002 Refunding	Total
2008	$ -	$ -	$ 700	$ 17,655	$ 465	$ 18,820
2009	-	-	730	10,340	485	11,555
2010	1,820	-	760	-	500	3,080
2011	660	2,290	795	-	520	4,265
2012	-	225	830	-	540	1,595
				-		
2013	500	230	700	-	565	1,995
2014	-	245	900	-	590	1,735
2015	-	255	980	-	615	1,850
2016	-	-	900	-	640	1,540
2017	-	-	-	-	670	670
2018	-	-	-	-	525	525
2019	-	-	-	-	515	515
2020	-	-	-	-	190	190
2021	-	-	-	-	810	810
2022	-	-	-	-	850	850
	-	-	-	-		
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	11,550	-	-	-	-	11,550
	$ 14,530	$ 3,245	$ 7,295	$ 27,995	$ 8,480	$ 61,545

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND INTEREST FOR GENERAL OBLIGATION BONDS
OUTSTANDING AT DECEMBER 31, 2007

YEARS 2008 TO 2029 INCLUSIVE
(amounts expressed in thousands)

Year	Series 1999 Refunding	Series 2000 Refunding	Series 2001A Refunding	Series 2001B Refunding	Series 2002 Refunding	Total
2008	$ 820	$ 173	$ 316	$ 1,296	$ 326	$ 2,931
2009	820	173	288	414	311	2,006
2010	820	173	259	-	296	1,548
2011	711	173	228	-	279	1,391
2012	674	47	195	-	262	1,178
2013	674	36	159	-	243	1,112
2014	647	25	128	-	223	1,023
2015	647	13	87	-	201	948
2016	647	-	42	-	178	867
2017	647	-	-	-	152	799
2018	647	-	-	-	125	772
2019	647	-	-	-	104	751
2020	647	-	-	-	83	730
2021	647	-	-	-	75	722
2022	647	-	-	-	38	685
2023	647	-	-	-	-	647
2024	647	-	-	-	-	647
2025	647	-	-	-	-	647
2026	646	-	-	-	-	646
2027	646	-	-	-	-	646
2028	646	-	-	-	-	646
2029	646	-	-	-	-	646
	$ 14,867	$ 813	$ 1,702	$ 1,710	$ 2,896	$ 21,988

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SUMMARY OF REVENUE BOND DEBT SERVICE REQUIREMENTS
OUTSTANDING AT DECEMBER 31, 2007

YEARS 2008 TO 2037 INCLUSIVE
(amounts expressed in thousands)

Year	Rev. Bond Retirements (Exhibit II-F)	Rev. Bond Interest (Exhibit II-G)	Total Debt Service
2008	$ 4,270	$ 12,850	$ 17,120
2009	12,345	12,656	25,001
2010	21,240	12,060	33,300
2011	5,985	10,974	16,959
2012	14,440	10,680	25,120
2013	15,295	10,027	25,322
2014	16,380	9,360	25,740
2015	17,140	8,581	25,721
2016	18,575	7,761	26,336
2017	8,400	6,859	15,259
2018	8,955	6,448	15,403
2019	9,430	6,029	15,459
2020	11,720	5,585	17,305
2021	13,160	5,054	18,214
2022	13,795	4,441	18,236
2023	15,305	3,778	19,083
2024	6,640	3,088	9,728
2025	5,920	2,778	8,698
2026	3,835	2,499	6,334
2027	4,030	2,308	6,338
2028	4,230	2,106	6,336
2029	4,440	1,894	6,334
2030	4,665	1,672	6,337
2031	4,900	1,533	6,433
2032	5,145	1,386	6,531
2033	5,400	1,231	6,631
2034	5,670	1,069	6,739
2035	5,955	821	6,776
2036	6,250	561	6,811
2037	6,565	287	6,852
	280,080	156,376	436,456
Plus premium	6,107	-	6,107
Less deferred amount on refunding	(1,286)	-	(1,286)
	$ 284,901	$ 156,376	$ 441,277

EXHIBIT II-F

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND RETIREMENTS FOR REVENUE BONDS
OUTSTANDING AT DECEMBER 31, 2007

YEARS 2008 TO 2037 INCLUSIVE
(amounts expressed in thousands)

Year	Series 2003A Improvement	Series 2003B Improv/Ref	Series 2004 Improv/Ref	Series 2005 Improvement	Series 2007A Improvement	Total
2008	$ 100	$ 100	$ 3,015	$ 1,055	$ -	$ 4,270
2009	100	7,830	3,320	1,095	-	12,345
2010	100	10,725	9,285	1,130	-	21,240
2011	200	400	4,215	1,170	-	5,985
2012	1,000	5,150	5,045	1,215	2,030	14,440
2013	1,145	8,025	2,755	1,260	2,110	15,295
2014	1,540	8,400	2,900	1,325	2,215	16,380
2015	1,550	8,825	3,050	1,390	2,325	17,140
2016	2,110	11,860	705	1,460	2,440	18,575
2017	3,570	-	735	1,530	2,565	8,400
		-				
2018	3,885	-	770	1,610	2,690	8,955
2019	4,110	-	805	1,690	2,825	9,430
2020	6,160	-	840	1,775	2,945	11,720
2021	7,355	-	875	1,860	3,070	13,160
2022	7,720	-	915	1,955	3,205	13,795
2023	8,955	-	950	2,055	3,345	15,305
2024	-	-	990	2,155	3,495	6,640
2025	-	-	-	2,265	3,655	5,920
2026	-	-	-	-	3,835	3,835
2027	-	-	-	-	4,030	4,030
2028	-	-	-	-	4,230	4,230
2029	-	-	-	-	4,440	4,440
2030	-	-	-	-	4,665	4,665
2031	-	-	-	-	4,900	4,900
2032	-	-	-	-	5,145	5,145
2033	-	-	-	-	5,400	5,400
2034	-	-	-	-	5,670	5,670
2035	-	-	-	-	5,955	5,955
2036	-	-	-	-	6,250	6,250
2037	-	-	-	-	6,565	6,565
	$ 49,600	$ 61,315	$ 41,170	$ 27,995	$100,000	$ 280,080

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND INTEREST FOR REVENUE BONDS
OUTSTANDING AT DECEMBER 31, 2007

YEARS 2008 TO 2037 INCLUSIVE
(amounts expressed in thousands)

Year	Series 2003A Improvement	Series 2003B Improv/Ref	Series 2004 Improv/Ref	Series 2005 Improvement	Series 2007A Improvement	Total
2008	$ 2,254	$ 2,929	$ 2,075	$ 1,169	$ 4,423	$ 12,850
2009	2,250	2,924	1,924	1,135	4,423	12,656
2010	2,247	2,533	1,758	1,099	4,423	12,060
2011	2,245	1,996	1,248	1,062	4,423	10,974
2012	2,238	1,982	1,016	1,021	4,423	10,680
2013	2,188	1,775	764	979	4,321	10,027
2014	2,131	1,454	626	933	4,216	9,360
2015	2,077	1,034	481	884	4,105	8,581
2016	2,023	593	328	828	3,989	7,761
2017	1,939	-	299	754	3,867	6,859
2018	1,769	-	266	674	3,739	6,448
2019	1,584	-	231	610	3,604	6,029
2020	1,389	-	195	538	3,463	5,585
2021	1,097	-	157	462	3,338	5,054
2022	747	-	121	389	3,184	4,441
2023	381	-	82	291	3,024	3,778
2024	-	-	43	188	2,857	3,088
2025	-	-	-	96	2,682	2,778
2026	-	-	-	-	2,499	2,499
2027	-	-	-	-	2,308	2,308
2028	-	-	-	-	2,106	2,106
2029	-	-	-	-	1,894	1,894
2030	-	-	-	-	1,672	1,672
2031	-	-	-	-	1,533	1,533
2032	-	-	-	-	1,386	1,386
2033	-	-	-	-	1,231	1,231
2034	-	-	-	-	1,069	1,069
2035	-	-	-	-	821	821
2036	-	-	-	-	561	561
2037	-	-	-	-	287	287
	$ 28,559	$ 17,220	$ 11,614	$ 13,112	$ 85,871	$156,376

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.

(Continued next page)

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.*

STATISTICAL SUMMARY: 1998 - 2007

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Population Served[1]	**1,143,000**	1,124,000	1,115,000	1,104,000	1,081,000	1,076,000	1,052,000	1,036,000	1,012,000	996,000
Total Treated Water Consumption in Million Gallons	**70,479.84**	74,724.98	68,473.70	60,578.77	65,399.47	75,221.18	81,054.72	83,585.25	75,232.01	77,475.48
Average Daily Consumption in Million Gallons	**193.10**	204.73	187.60	165.52	179.18	206.09	222.07	228.38	206.12	212.26
Average Daily Consumption per Capita in Gallons	**169**	182	168	150	166	192	211	220	204	213
Maximum Daily Consumption in Million Gallons	**425.70**	425.68	424.80	340.92	370.05	419.20	488.71	478.19	475.66	512.53
Maximum Hour Treated Water Use Rate in MGD[2]	**660.00**	671.04	725.27	567.52	775.23	788.09	716.86	751.47	676.26	763.87
Treated Water Pumped in Million Gallons	**44,684.79**	44,937.60	41,890.71	39,105.07	46,030.79	51,205.33	54,161.28	47,953.92	38,149.92	33,990.21
Raw Water Storage Capacity in Acre-Feet	**561,883**	561,883	561,883	561,883	561,883	561,883	561,883	545,476	545,476	545,476
Replacement Reservoir Storage Capacity in Acre-Feet	**122,432**	122,432	122,432	122,432	122,432	122,432	122,432	96,822	96,822	96,822
Supply from South Platte River in Acre-Feet[3]	**168,554**	113,868	154,750	119,978	144,982	58,856	129,926	133,912	210,777	190,948
Supply from Blue River/Roberts Tunnel System in Acre-Feet	**65,682**	127,074	94,470	75,984	164,294	56,848	102,282	102,750	54,064	48,384
Supply from Moffat System in Acre-Feet	**85,444**	83,022	63,872	59,344	84,072	33,116	71,296	59,811	57,272	54,220
Treated Water Pumping Capacity in MGD[2]	**1,097.4**	1,096.3	1,096.3	1,077.1	1,077.1	1,070.6	1,052.5	1,052.5	1,052.5	1,027.5
Raw Water Pumping Capacity in MGD[2]	**112.2**	92.2	92.2	92.2	92.2	92.2	92.2	92.2	92.2	92.2
Treatment Plant Capacity in MGD[2]	**715.0**	715.0	715.0	715.0	715.0	645.0	645.0	645.0	645.0	645.0
Treated Water Reservoir Capacity in Million Gallons	**368.65**	368.65	368.65	376.65	376.65	406.45	378.45	378.75	378.75	371.75
Supply Mains in Miles (Mountain Collection System)	**77.6**	77.5	77.5	77.6	77.6	77.6	77.6	77.6	77.6	77.6
Supply Mains in Miles (Metropolitan Denver Area)	**40.7**	40.7	40.7	40.7	40.7	40.7	40.7	40.7	40.7	39.2
T&D Mains in Miles (Inside Denver and Total Service Contract Distributors)	**2,657**	2,645	2,631	2,608	2,574	2,552	2,508	2,474	2,449	2,416
Nonpotable T&D Mains in Miles	**36.5**	32.6	31.3	31.3	23.5	17.6	17.3	17.3	16.4	15.6
Total Active Taps-End of Year[1]	**308,079**	306,901	304,483	301,565	299,157	295,841	286,051	282,985	278,374	274,938
Fire Hydrants Operated & Maintained	**15,767**	15,679	15,459	14,956	14,648	14,380	14,173	13,991	13,681	13,136
Fire Hydrants Tested and Repaired	**27,940**	30,739	32,474	32,045	32,407	26,047	29,604	23,875	25,052	27,150
Breaks in Mains - Denver	**247**	198	242	219	231	287	261	243	195	166
Service Leaks	**879**	1,043	1,452	1,204	1,117	1,034	794	907	663	779
Additions to Capital Assets (thousands)	**$ 103,779**	$102,458	$ 81,877	$ 71,669	$164,363	$128,479	$104,721	$ 87,493	$ 65,806	$ 73,095
Total Long-Term Debt[4] (thousands)	**$ 410,928**	$346,114	$375,917	$372,876	$379,478	$300,695	$308,879	$289,681	$294,757	$299,773

[1]Population estimates based on treated water customers only. Beginning in 1996, population served and active taps exclude the City of Broomfield. Revised data through 2000 are interpolated from analysis of the 2000 Census and adjusted for tap growth.

[2]MGD = Million Gallons per Day.

[3]Supply includes effluent exchanges.

[4]Current and long-term portions of bonds payable and obligations under capital lease, net of discounts, premiums and deferred amounts on advance refundings.

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.

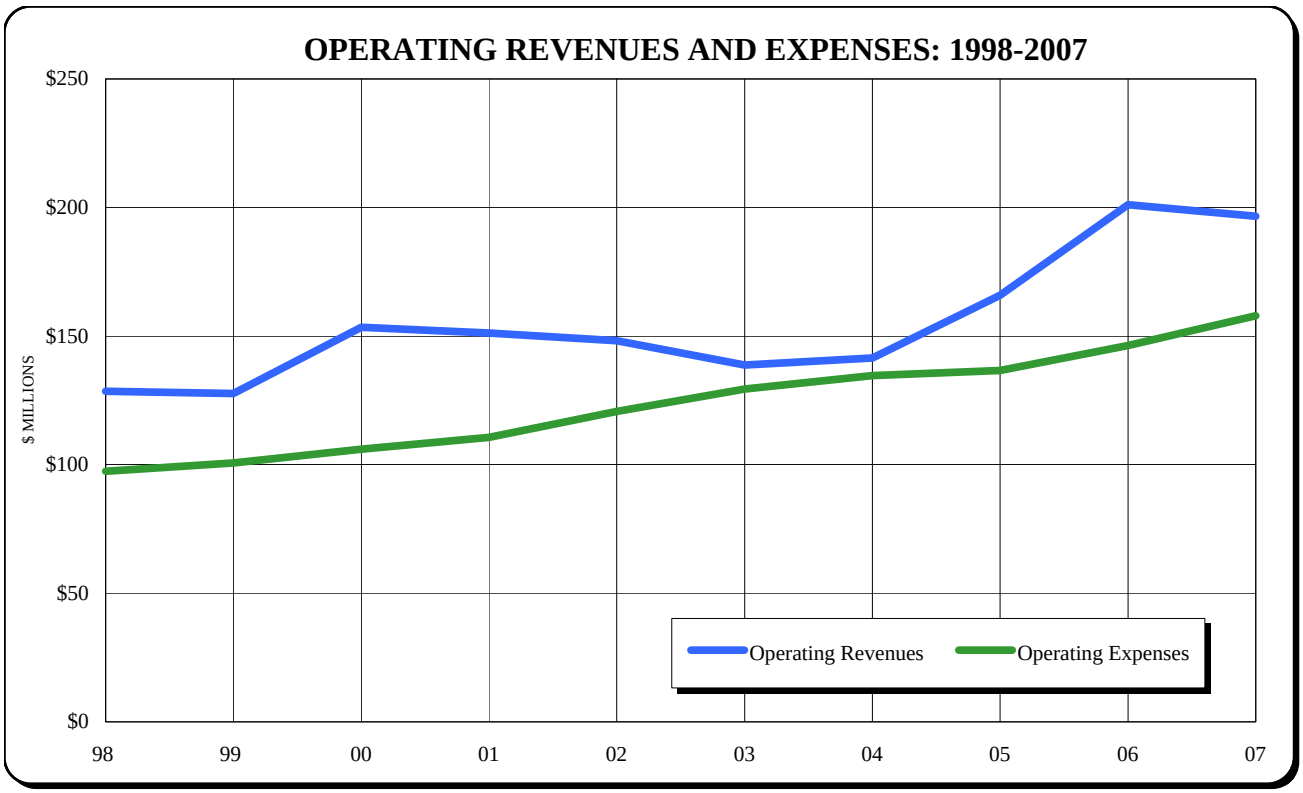
NET ASSETS BY COMPONENT: 1998 - 2007
(amounts expressed in thousands)

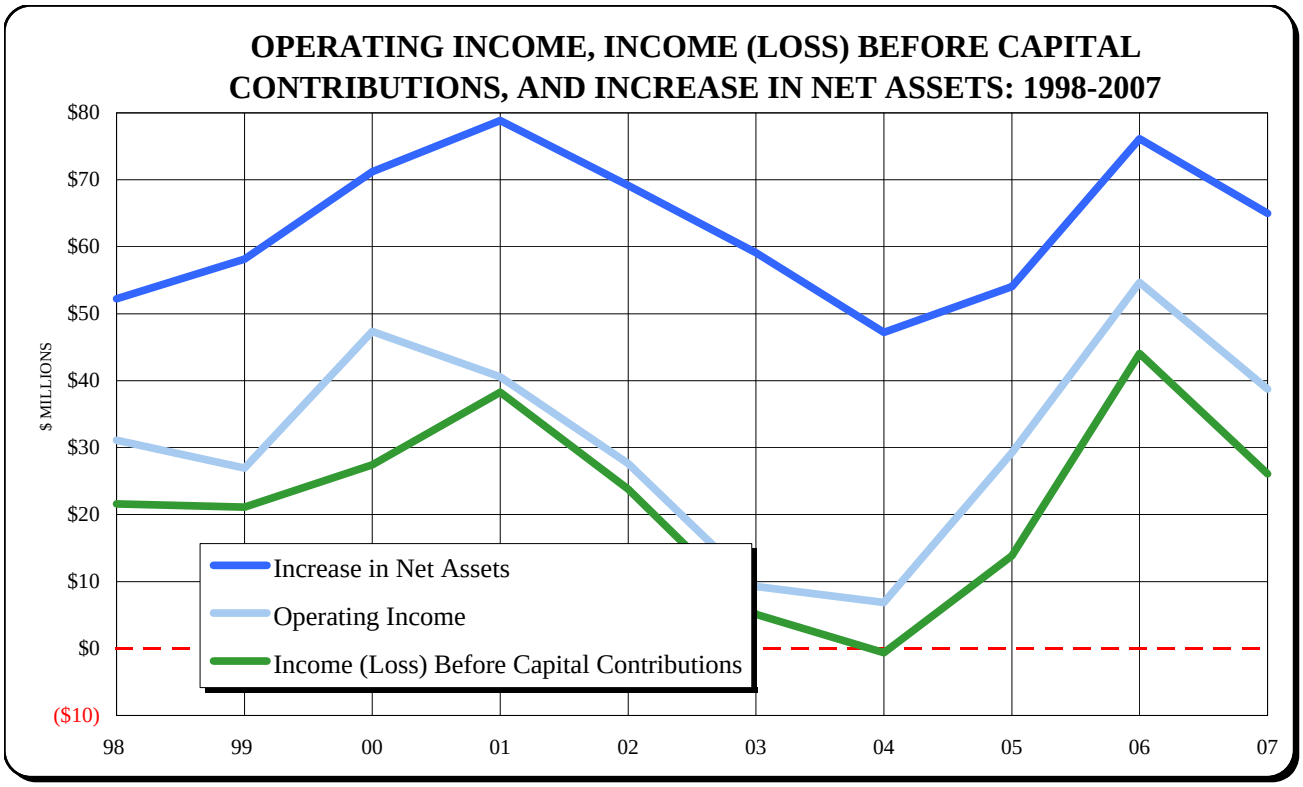
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
NET ASSETS:										
Invested in capital assets, net of related debt	**$ 1,227,499**	$ 1,236,642	$ 1,151,459	$ 1,109,875	$ 1,060,192	$ 1,006,694	$ 903,483	$ 849,997	$ 786,277	$ 737,906
Restricted for debt service reserve funds	**7,661**	7,021	7,723	7,002	9,325	6,904	6,917	5,692	5,685	41,237
Unrestricted	**199,493**	125,988	134,323	122,579	122,727	119,522	153,581	129,443	121,966	76,610
Total net assets	**$ 1,434,653**	$ 1,369,651	$ 1,293,505	$ 1,239,456	$ 1,192,244	$ 1,133,120	$ 1,063,981	$ 985,132	$ 913,928	$ 855,753

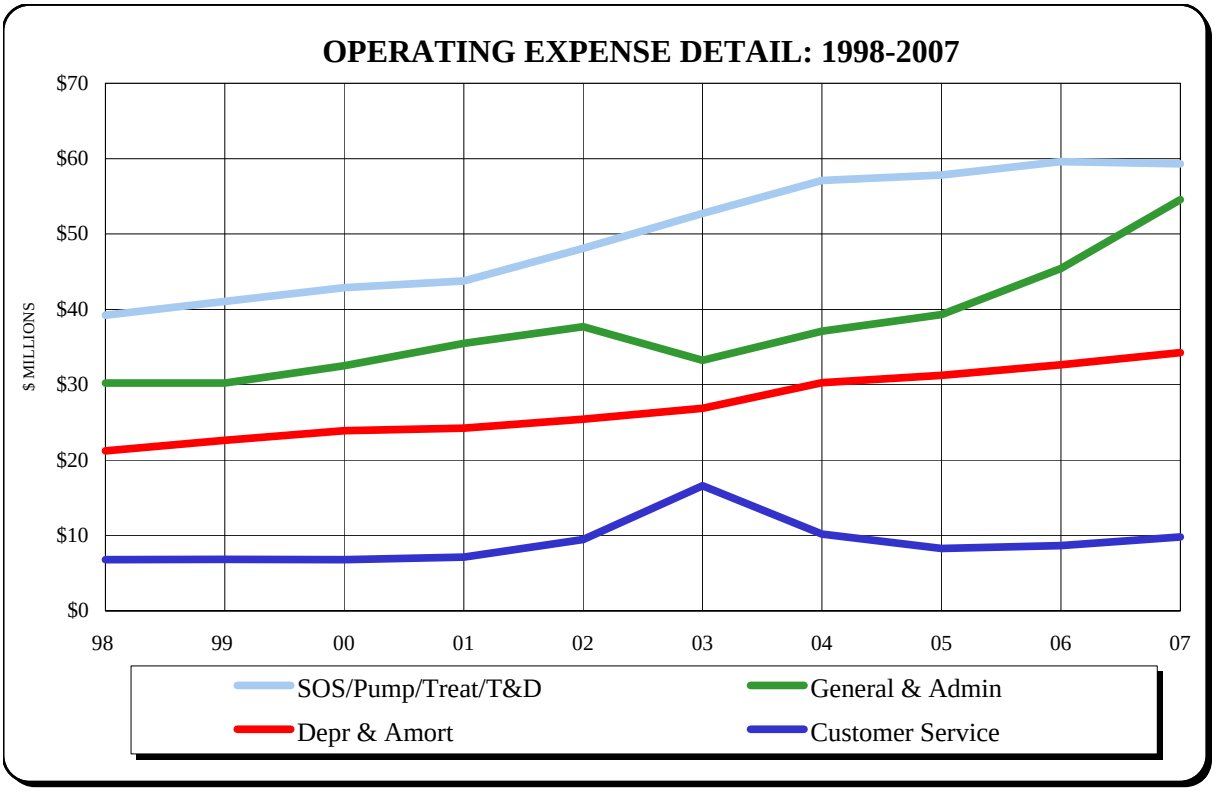
Note: Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricte
Net assets are considered restricted when constraints placed on net asset use are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or law
or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislatior

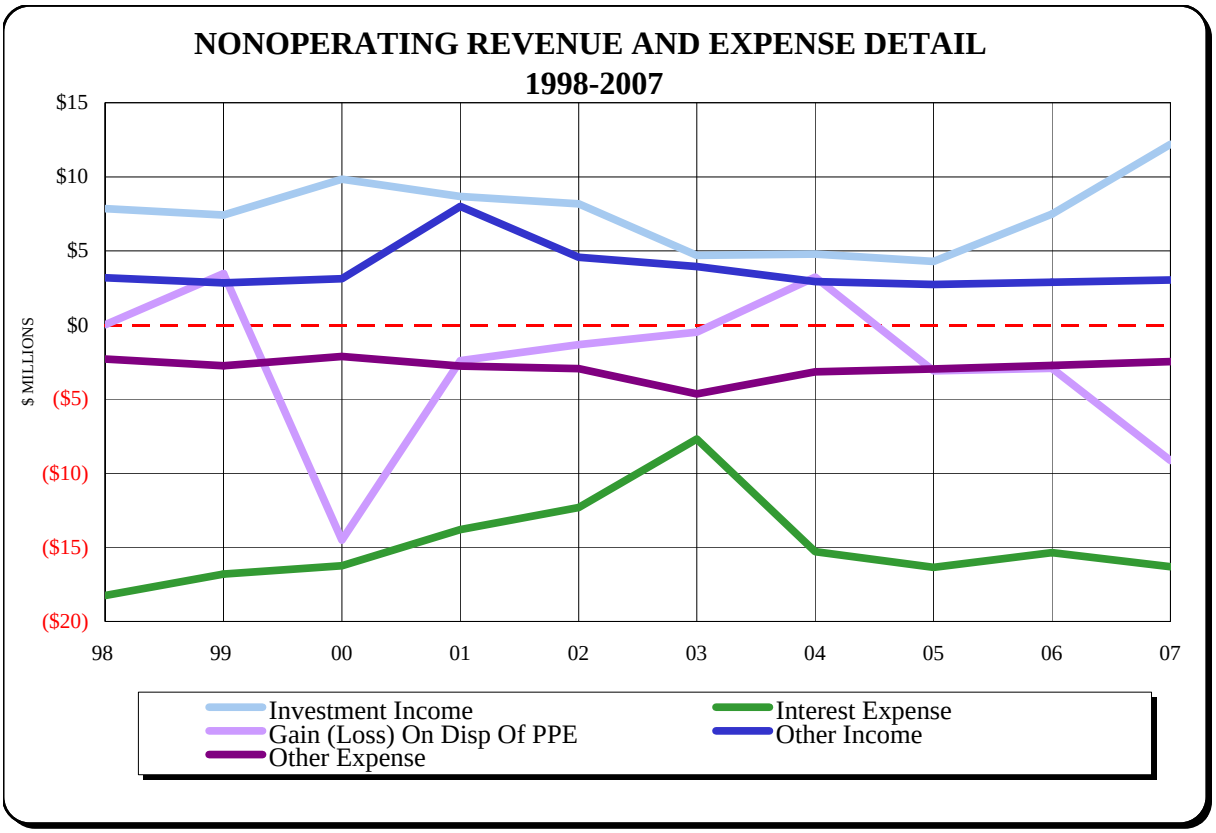
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS: 1998 - 2007
(amounts expressed in thousands)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
OPERATING REVENUES:										
Water	**$ 188,729**	$ 193,743	$ 158,454	$ 136,138	$ 133,475	$ 142,887	$ 145,565	$ 148,919	$ 123,608	$ 124,810
Power generation and other	**7,913**	7,315	7,425	5,370	5,234	5,375	5,633	4,510	4,047	3,760
Total operating revenues	**196,642**	201,058	165,879	141,508	138,709	148,262	151,198	153,429	127,655	128,570
OPERATING EXPENSES:										
Source of supply, pumping, treatment and distribution	**59,321**	59,607	57,797	57,091	52,735	48,089	43,756	42,857	41,060	39,233
General and administrative	**54,545**	45,439	39,312	37,104	33,240	37,691	35,500	32,499	30,215	30,243
Customer service	**9,787**	8,669	8,290	10,174	16,601	9,459	7,115	6,798	6,817	6,802
Depreciation and amortization	**34,238**	32,656	31,232	30,268	26,889	25,431	24,247	23,912	22,627	21,211
Total operating expenses	**157,891**	146,371	136,631	134,637	129,465	120,670	110,618	106,066	100,719	97,489
OPERATING INCOME	**38,751**	54,687	29,248	6,871	9,244	27,592	40,580	47,363	26,936	31,081
NONOPERATING REVENUES (EXPENSES):										
Investment income	**12,201**	7,491	4,295	4,777	4,700	8,184	8,665	9,838	7,417	7,859
Interest expense, less capitalized interest	**(16,305)**	(15,368)	(16,353)	(15,283)	(7,684)	(12,315)	(13,811)	(16,249)	(16,800)	(18,241)
Gain (loss) on disposition of capital assets	**(9,144)**	(2,922)	(3,097)	3,237	(481)	(1,314)	(2,410)	(14,511)	3,479	13
Other income	**3,037**	2,883	2,734	2,927	3,949	4,565	8,003	3,117	2,841	3,184
Other expense	**(2,472)**	(2,721)	(2,969)	(3,152)	(4,641)	(2,938)	(2,770)	(2,122)	(2,756)	(2,285)
Total nonoperating expenses, net	**(12,683)**	(10,637)	(15,390)	(7,494)	(4,157)	(3,818)	(2,323)	(19,927)	(5,819)	(9,470)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	**26,068**	44,050	13,858	(623)	5,087	23,774	38,257	27,436	21,117	21,611
CAPITAL CONTRIBUTIONS:										
Contributions in aid of construction	**12,911**	11,245	14,072	11,374	33,469	9,690	18,172	18,511	12,837	10,985
System development charges	**26,023**	20,851	26,119	36,461	20,568	35,675	22,420	25,257	24,221	19,641
Total capital contributions	**38,934**	32,096	40,191	47,835	54,037	45,365	40,592	43,768	37,058	30,626
INCREASE IN NET ASSETS	**65,002**	76,146	54,049	47,212	59,124	69,139	78,849	71,204	58,175	52,237
NET ASSETS:										
Beginning of year	**1,369,651**	1,293,505	1,239,456	1,192,244	1,133,120	1,063,981	985,132	913,928	855,753	803,516
End of year	**$ 1,434,653**	$ 1,369,651	$ 1,293,505	$ 1,239,456	$ 1,192,244	$ 1,133,120	$ 1,063,981	$ 985,132	$ 913,928	$ 855,753


OPERATING REVENUES AND EXPENSES: 1998-2007
$250
$200
$150
$100
$50
$0
$ MILLIONS
98
99
00
01
02
03
04
05
06
07
Operating Revenues
Operating Expenses


OPERATING INCOME, INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS, AND INCREASE IN NET ASSETS: 1998-2007
$80
$70
$60
$50
$40
$30
$20
$10
$0
($10)
$ MILLIONS
98
99
00
01
02
03
04
05
06
07
Increase in Net Assets
Operating Income
Income (Loss) Before Capital Contributions

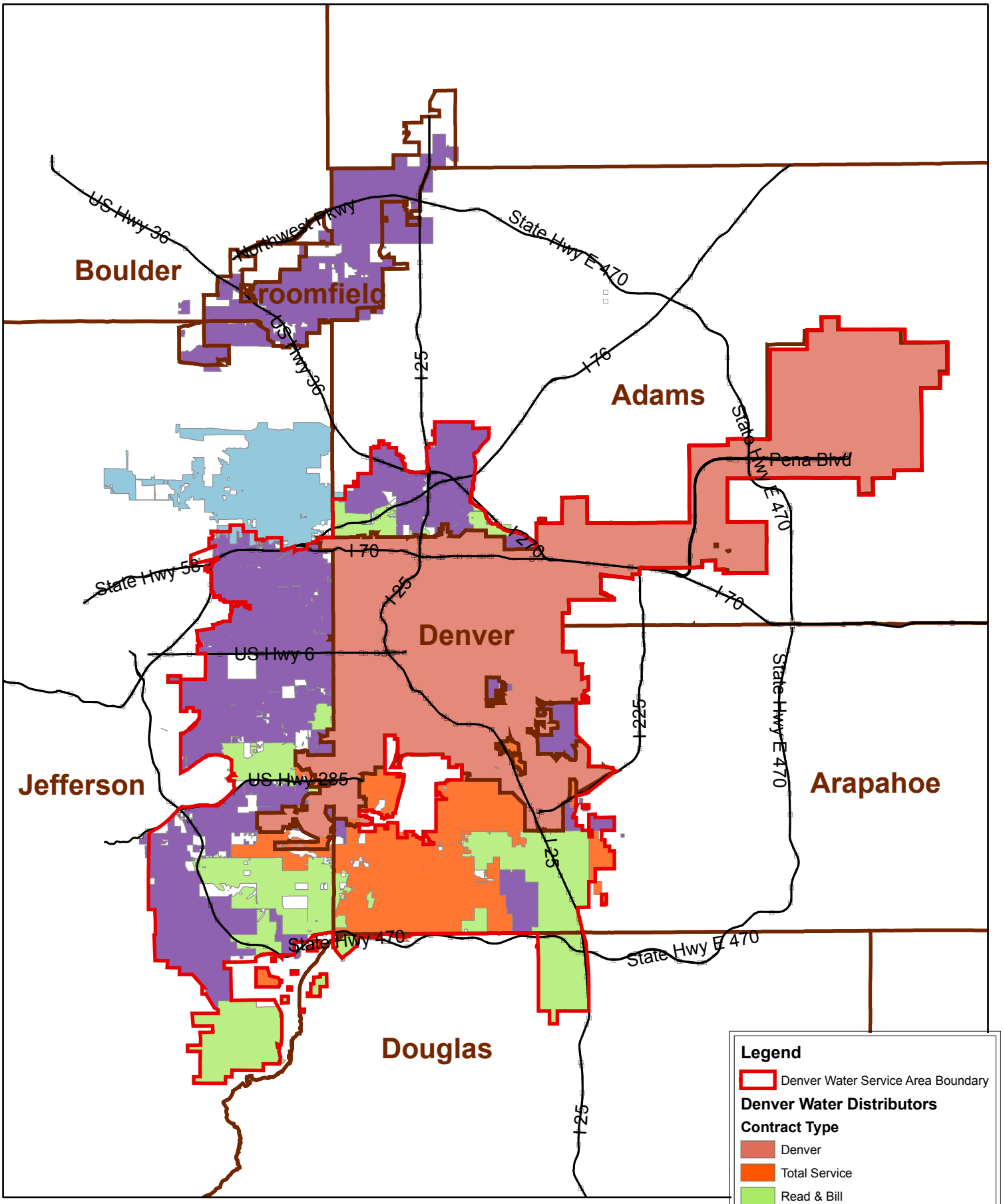

OPERATING EXPENSE DETAIL: 1998-2007
$ MILLIONS
$70
$60
$50
$40
$30
$20
$10
$0
98
99
00
01
02
03
04
05
06
07
SOS/Pump/Treat/T&D
General & Admin
Depr & Amort
Customer Service


NONOPERATING REVENUE AND EXPENSE DETAIL
1998-2007
$ MILLIONS
$15
$10
$5
$0
($5)
($10)
($15)
($20)
98
99
00
01
02
03
04
05
06
07
Investment Income
Interest Expense
Gain (Loss) On Disp Of PPE
Other Income
Other Expense

B - REVENUE CAPACITY INFORMATION

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

Denver Water Service Area



CUSTOMER SERVICE DATA: 1998 - 2007

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Active Taps:[1]										
Beginning of Year	**306,901**	304,483	301,565	299,157	295,841	286,051	282,985	278,374	274,938	271,338
Activated During Year	**1,826**	2,900	3,099	2,736	3,510	10,053 [4]	3,273	4,871	3,732	3,919
Discontinued During Year	**(648)**	(482)	(181)	(328)	(194)	(263)	(207)	(260)	(296)	(319)
Net Increase During Year	**1,178**	2,418	2,918	2,408	3,316	9,790	3,066	4,611	3,436	3,600
Total Active Taps - End of Year	**308,079**	306,901	304,483	301,565	299,157	295,841	286,051	282,985	278,374	274,938
Active Taps:[1]										
Inside City	**157,707**	157,124	155,778	154,170	152,783	150,607	149,054	147,590	145,585	143,740
City and County	**1,212**	1,222	1,206	1,084	1,076	1,065	1,071	1,058	1,055	1,019
Outside City - Read and Bill	**36,278**	36,043	35,558	35,043	34,694	34,425	36,955	36,760	36,114	35,379
Outside City - Total Service	**36,112**	35,960	35,793	35,639	35,502	35,209	31,974	31,442	30,965	30,575
Outside City - Master Meter	**76,770**	76,552	76,148	75,629	75,102	74,535	66,997	66,135	64,655	64,225
Total Active Taps - End of Year	**308,079**	306,901	304,483	301,565	299,157	295,841	286,051	282,985	278,374	274,938
Stub-Ins on System[2]	**1,408**	1,936	1,926	2,887	3,023	2,553	2,992	2,389	3,086	3,483
Fire Hydrant Use Permits	**546**	518	488	472	473	830	456	680	1,132	1,185
AMR (Automatic Meter Reading) Installations	**85**	10,594	9,855	54,085	71,737	56,499	30,359	298	-	-
Turn-Offs Due to Delinquent Accounts	**12,747**	12,895	11,529	14,684	12,776	11,586	10,293	9,045	7,920	7,992
In-Home Water Audits	**169**	56	81	89	12	60	98	1,155	1,092	1,751
Call Center Calls[3]	**215,457**	198,620	212,114	253,716	302,488	281,339	193,395	173,016	169,399	140,284
Water Quality Calls										
Taste and Odor	**180**	161	87	66	90	125	78	220	148	530
Clarity	**221**	222	90	221	166	15	75	75	189	278
Hardness	**50**	1	9	1		1	-	1	69	70
Other	**40**	88	24	22	14	135	80	9	485	644
New Taps Made	**1,901**	3,199	2,991	3,537	4,178	3,572	3,869	3,834	4,498	5,838

[1]Service is on or has not been off for 5 consecutive years. Does not include taps sold to raw water distributors.

[2]Stub-Ins are a connection 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 are not considered a tap.

[3]Call Center Calls include calls offered, plus calls handled through the Interactive Voice Respone (IVR).

[4]Increase of 6,820 taps for Master Meter accounts within Willows Water District in 2002.

WATER SOLD IN DOLLARS BY TYPE OF CUSTOMER: 1998 - 2007
(NON-ACCRUAL BASIS)[1]

		2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
SALES OF TREATED WATER											
A. METERED GENERAL CUSTOMERS											
Residential -	Inside City	**$ 36,393,023**	$ 38,199,085	$ 32,166,524	$ 25,519,691	$ 24,591,998	$ 29,478,121	$ 29,973,238	$ 31,206,097	$ 25,721,031	$ 26,217,930
	Outside City - Read and Bill	**16,254,687**	16,932,885	13,571,874	10,090,734	10,407,779	12,489,117	13,616,982	14,392,333	11,820,501	11,810,046
	Outside City - Total Service	**19,965,386**	21,867,605	17,501,336	13,040,907	13,466,257	15,849,049	14,562,075	14,958,586	12,293,114	12,571,560
Residential Irrigation -	Inside City	**682,863**	-	-	-	-	-	-	-	-	-
	Outside City - Read and Bill	**427,027**	-	-	-	-	-	-	-	-	-
	Outside City - Total Service	**387,902**	-	-	-	-	-	-	-	-	-
Small multi-family -	Inside City	**3,464,003**	3,286,943	2,915,980	2,437,967	2,342,691	2,683,574	2,813,072	2,853,865	2,491,267	2,514,085
	Outside City - Read and Bill	**262,831**	258,146	213,955	166,063	171,801	187,282	205,431	201,771	165,608	155,309
	Outside City - Total Service	**463,918**	501,493	384,187	297,355	287,338	285,525	307,981	309,703	260,347	236,078
Commercial -	Inside City	**28,431,530**	27,371,040	24,639,807	20,384,807	19,467,138	21,156,722	22,104,138	21,874,352	19,357,804	19,124,697
	Outside City - Read and Bill	**7,645,015**	7,892,400	6,414,233	5,115,882	4,718,281	5,594,571	6,897,085	6,833,019	5,935,854	5,929,378
	Outside City - Total Service	**8,372,179**	7,908,811	6,510,148	5,147,372	5,140,036	5,394,223	4,916,979	5,023,151	4,492,691	4,513,938
Industrial -	Inside City	**2,995,858**	2,639,252	2,167,674	1,450,023	1,449,698	1,619,658	1,647,207	1,780,616	1,568,428	1,542,259
	Outside City - Read and Bill	**2,444,240**	2,155,166	1,689,261	1,648,020	1,579,615	1,500,419	1,518,244	1,528,719	1,439,154	1,447,122
	Outside City - Total Service	**161,141**	169,731	168,643	124,443	115,709	140,386	201,048	227,734	192,386	193,738
		128,351,603	129,182,556	108,343,622	85,423,264	83,738,341	96,378,647	98,763,480	101,189,946	85,738,185	86,256,140
B. PRIVATE FIRE PROTECTION SERVICE											
Sprinklers -	Inside City	**878,826**	860,403	698,448	667,781	644,949	596,359	582,947	574,872	558,584	543,765
	Outside City - Read and Bill	**44,990**	43,798	41,960	39,001	36,611	36,580	41,162	37,805	35,301	30,752
	Outside City - Total Service	**61,989**	58,273	55,405	50,214	49,317	38,758	30,831	29,667	28,787	26,636
		985,805	962,474	795,813	756,996	730,877	671,697	654,940	642,344	622,672	601,153
C. OTHER SALES TO PUBLIC AUTHORITIES											
City & County of Denver		**3,799,221**	4,125,917	2,937,308	2,253,901	2,208,368	2,820,502	3,698,215	3,770,708	2,992,239	2,918,542
Other County Agencies -	Inside City	**1,102,420**	1,115,319	892,886	586,182	497,082	642,378	781,712	764,915	583,937	577,660
	Outside City - Read and Bill	**751,568**	725,214	480,019	368,173	319,999	329,215	402,592	467,458	439,039	335,866
	Outside City - Total Service	**1,136,430**	1,126,671	854,730	496,975	583,161	642,713	704,127	738,246	618,795	675,854
State Agencies -	Inside City	**480,671**	497,702	414,814	344,114	351,249	347,615	298,329	476,313	295,397	287,694
	Outside City - Read and Bill	**29,050**	26,168	21,691	5,512	5,230	6,904	8,347	7,758	8,114	6,782
	Outside City - Total Service	**5,728**	4,449	3,598	3,094	3,039	3,649	14,026	15,730	11,724	18,061
Federal Agencies -	Inside City	**269,239**	230,640	208,165	184,598	254,564	281,492	380,422	280,422	324,957	341,170
	Outside City at Denver Rates	**17,315**	16,622	18,326	14,575	6,382	11,090	13,049	20,270	205,670	361,114
	Outside City - Read and Bill	**296,710**	248,055	334,522	259,737	255,645	321,690	402,590	351,910	318,390	317,890
	Outside City - Total Service	**1,695**	1,940	1,788	1,319	1,168	1,148	1,352	2,010	1,046	1,194
		7,890,047	8,118,697	6,167,847	4,518,180	4,485,887	5,408,396	6,704,761	6,895,740	5,799,308	5,841,827
D. SALES OF TREATED WATER FOR RESALE		**46,752,188**	45,110,879	37,825,456	30,981,437	$ 30,984,592	32,718,696	34,153,280	33,834,278	27,629,990	27,499,365
E. HYDRANT & CONSTRUCTION WATER		**1,870,599**	1,583,583	1,478,209	1,257,517	853,249	878,856	1,247,334	1,034,272	412,724	293,572
TOTAL SALES OF TREATED WATER		**185,850,242**	184,958,190	154,610,947	122,937,394	120,792,946	136,056,292	141,523,795	143,596,580	120,202,879	120,492,057
SALES OF NONPOTABLE WATER		**5,576,020**	9,308,468	5,458,866	4,366,827	6,150,187	5,921,473	4,086,844	5,455,999	3,711,640	4,138,073
TOTAL SALES OF WATER		**$ 191,426,262**	$ 194,266,658	$ 160,069,813	$ 127,304,221	$ 126,943,133	$ 141,977,765	$ 145,610,639	$ 149,052,579	$ 123,914,519	$ 124,630,130

[1]This 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 shedule 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.

TREATED WATER SOLD IN GALLONS BY TYPE OF CUSTOMER: 1998 - 2007
(amounts expressed in thousands of gallons)

SALES OF TREATED WATER		**2007**	2006	2005	2004	2003	2002	2001	2000	1999	1998
A. METERED GENERAL CUSTOMERS											
Residential -	Inside City	**13,788,207**	15,319,966	13,900,011	12,142,332	12,768,789	15,773,236	16,576,648	17,809,379	15,280,539	15,674,077
	Outside City - Read and Bill	**4,691,563**	5,278,025	4,704,115	3,996,515	4,440,254	5,487,851	6,158,545	6,679,103	5,749,381	5,860,691
	Outside City - Total Service	**5,008,534**	5,673,116	4,990,298	4,269,146	4,696,076	5,650,228	5,329,661	5,646,381	4,872,749	4,970,225
Residential Irrigation -	Inside City	**186,902**	-	-	-	-	-	-	-	-	-
	Outside City - Read and Bill	**116,794**	-	-	-	-	-	-	-	-	-
	Outside City - Total Service	**89,235**	-	-	-	-	-	-	-	-	-
Small multi-family -	Inside City	**1,544,714**	1,625,016	1,505,370	1,389,009	1,468,994	1,746,857	1,868,579	1,975,651	1,779,860	1,786,625
	Outside City - Read and Bill	**108,934**	102,529	90,030	77,006	84,231	94,439	103,207	102,519	89,718	83,663
	Outside City - Total Service	**149,588**	164,236	141,204	121,841	121,218	124,842	136,811	138,112	121,991	109,651
Commercial -	Inside City	**13,060,641**	13,453,864	13,607,253	12,397,505	12,721,738	13,949,046	15,123,479	15,538,516	14,531,575	14,379,087
	Outside City - Read and Bill	**2,778,664**	2,940,758	2,681,743	2,406,636	2,454,933	2,959,557	3,763,377	3,753,750	3,273,548	3,255,526
	Outside City - Total Service	**2,544,606**	2,729,083	2,504,610	2,235,938	2,318,860	2,440,232	2,289,032	2,325,892	2,092,742	2,097,077
Industrial -	Inside City	**1,434,058**	1,403,596	1,225,477	921,583	966,217	1,114,419	1,153,680	1,308,870	1,212,054	1,180,786
	Outside City - Read and Bill	**913,261**	861,583	761,029	809,455	837,590	824,185	852,249	868,757	819,550	803,817
	Outside City - Total Service	**50,081**	60,063	67,231	55,164	52,650	65,470	94,898	106,984	91,261	91,245
		46,465,782	49,611,835	46,178,371	40,822,130	42,931,550	50,230,362	53,450,166	56,253,914	49,914,968	50,292,470
B. PRIVATE FIRE PROTECTION SERVICE											
C. SALES TO PUBLIC AUTHORITIES											
City & County of Denver		**2,415,541**	2,793,826	2,234,854	2,025,120	1,930,823	2,562,216	3,166,663	3,289,900	2,696,167	2,835,408
Other County Agencies -	Inside City	**500,176**	535,080	453,343	341,248	323,413	426,231	522,489	526,116	429,084	440,727
	Outside City - Read and Bill	**273,868**	275,898	202,617	174,332	169,059	175,282	220,074	256,872	244,537	185,692
	Outside City - Total Service	**338,161**	386,017	327,077	216,835	272,066	305,034	325,814	336,493	285,328	317,222
State Agencies -	Inside City	**224,516**	251,300	223,379	216,143	232,196	234,996	197,437	344,087	222,454	220,016
	Outside City - Read and Bill	**10,368**	9,349	8,717	2,538	2,728	3,591	4,527	4,261	4,467	3,751
	Outside City - Total Service	**1,742**	1,468	1,316	1,302	1,362	1,677	6,500	7,110	5,387	8,449
Federal Agencies -	Inside City	**133,356**	129,602	128,769	127,765	169,343	177,498	259,696	183,769	254,943	261,627
	Outside City at Denver Rates	**8,334**	6,560	8,527	8,575	11,955	6,842	9,234	14,400	165,596	277,551
	Outside City - Read and Bill	**107,201**	94,067	126,584	121,151	133,556	172,075	221,155	194,352	176,704	176,426
	Outside City - Total Service	**506**	475	452	489	516	517	616	933	475	528
		4,013,769	4,483,642	3,715,635	3,235,498	3,247,017	4,065,959	4,934,205	5,158,293	4,485,142	4,727,397
D. SALES OF TREATED WATER FOR RESALE		**18,235,906**	18,834,323	17,056,802	15,415,565	16,694,326	17,923,961	18,868,684	19,569,313	16,690,026	16,665,975
E. HYDRANT & CONSTRUCTION WATER		159,215	199,005	224,574	238,557	135,700	134,380	265,331	202,436	127,945	100,561
Temporary lease with Willows Water		-	-	-	-	-	-	-	-	-	142
TOTAL SALES OF TREATED WATER		**68,874,672**	73,128,805	67,175,382	59,711,750	63,008,593	72,354,662	77,518,386	81,183,956	71,218,081	71,786,545
Reconciliation of Water Treated, Delivered, Consumption, Sales and Unaccounted For Water:											
Total Water Treated (Production)--page III-76		**70,474,410**	74,722,230	68,500,800	60,577,670	65,382,520	75,334,070	81,093,250	83,416,510	75,326,830	77,472,160
(Increase) Decrease in Clear Water Storage--page III-76		**5,430**	2,750	(27,100)	1,100	16,950	(112,890)	(41,830)	168,740	(94,820)	(5,510)
Treated Water Delivered--pages III-21 & III-76		**70,479,840**	74,724,980	68,473,700	60,578,770	65,399,470	75,221,180	81,051,420	83,585,250	75,232,010	77,466,650
Water Purchased--page III-21		-	-	-	-	-	-	3,301	-	-	8,832
Treated Water Available (Consumption)--pages III-21 & III-75		**70,479,840**	74,724,980	68,473,700	60,578,770	65,399,470	75,221,180	81,054,721	83,585,250	75,232,010	77,475,482
Less Sales of Treated Water--page III-21		**(68,874,672)**	(73,128,805)	(67,175,382)	(59,711,750)	(63,008,593)	(72,354,662)	(77,518,386)	(81,183,956)	(71,218,081)	(71,786,545)
Less Load Shifted Water--page III-21		-	-	-	-	(635,451)	(260,567)	-	-	-	-
Unaccounted For Treated Water--page III-21		**1,605,168**	1,596,175	1,298,318	867,020	1,755,426	2,605,951	3,536,335	2,401,294	4,013,929	5,688,937
% Unaccounted For--page III-21		**2.28%**	2.14%	1.90%	1.43%	2.68%	3.46%	4.36%	2.87%	5.34%	7.34%

OPERATING REVENUE AND RELATED WATER CONSUMPTION - 2007 (Page 1 of 2)
(NON-ACCRUAL BASIS)[1]

		Revenue	Consumption (000 Gallons)	Average Number of Customers	Revenue Per 1,000 Gallons
I. SALES OF TREATED WATER					
A. METERED GENERAL CUSTOMERS					
Residential -	Inside City	$36,393,023	13,788,207	128,096	$ 2.6394
	Outside City - Read and Bill	16,254,687	4,691,563	32,691	3.4647
	Outside City - Total Service	19,965,386	5,008,534	31,931	3.9863
Residential Irrigation -	Inside City	682,863	186,902	198	3.6536
	Outside City - Read and Bill	427,027	116,794	205	3.6562
	Outside City - Total Service	387,902	89,235	77	4.3470
Small multi-family -	Inside City	3,464,003	1,544,714	9,012	2.2425
	Outside City - Read and Bill	262,831	108,934	457	2.4128
	Outside City - Total Service	463,918	149,588	583	3.1013
Commercial -	Inside City	28,431,530	13,060,641	15,208	2.1769
	Outside City - Read and Bill	7,645,015	2,778,664	2,617	2.7513
	Outside City - Total Service	8,372,179	2,544,606	2,934	3.2902
Industrial -	Inside City	2,995,858	1,434,058	278	2.0891
	Outside City - Read and Bill	2,444,240	913,261	7	2.6764
	Outside City - Total Service	161,141	50,081	10	3.2176
		128,351,603	46,465,782	224,304	2.7623
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers -	Inside City	878,826	- [2]		
	Outside City - Read and Bill	44,990	- [2]		
	Outside City - Total Service	61,989	- [2]		
		985,805	- [2]		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City & County of Denver		3,799,221	2,415,541	1,129	1.5728
Other County Agencies -	Inside City	1,102,420	500,176	187	2.2041
	Outside City - Read and Bill	751,568	273,868	76	2.7443
	Outside City - Total Service	1,136,430	338,161	192	3.3606
State Agencies -	Inside City	480,671	224,516	62	2.1409
	Outside City - Read and Bill	29,050	10,368	4	2.8019
	Outside City - Total Service	5,728	1,742	3	3.2882
Federal Agencies -	Inside City	269,239	133,356	23	2.0189
	Outside City - Read and Bill	17,315	8,334	1	2.0776
	Outside City - Total Service	296,710	107,201	3	2.7678
	Total Service	1,695	506	2	3.3498
		$ 7,890,047	4,013,769	1,682	$ 1.9657

[1] This 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 Fund Net Assets. The difference from amounts on an accrual basis is immaterial.

[2] Private fire protection consumption is unmetered and is considered a part of unaccounted-for treated water. See "Analysis of Sales of Treated Water between Denver and Outside City" for this estimate.

(Continued next page)

OPERATING REVENUE AND RELATED WATER CONSUMPTION - 2007 (Page 2 of 2)
(NON-ACCRUAL BASIS)

	Revenue	Consumption (000 Gallons)	Average Number of Customers	Revenue Per 1,000 Gallons
I. SALES OF TREATED WATER (Continued)				
D. SALES OF TREATED WATER FOR RESALE[3]				
Outside City - Master Meter	$ 37,611,201	14,753,753	76,770	$ 2.5493
Outside the Combined Service Area	9,140,987	3,482,153		2.6251
	46,752,188	18,235,906	76,770	2.5637
E. HYDRANT & CONSTRUCTION WATER	1,870,599	159,215	-	11.7489
TOTAL SALES OF TREATED WATER[4]	185,850,242	68,874,672	302,756	2.6984
II. SALES OF NONPOTABLE WATER[5]				
Inside City	487,053	997,688	13	0.4882
Outside City	364,765	588,147	9	0.6202
Outside the Combined Service Area	4,724,202	7,103,721	11	0.6650
	5,576,020	8,689,556	33	0.6417
TOTAL SALES OF WATER	191,426,262	77,564,228	302,789	$ 2.4680
III. OTHER NONPOTABLE WATER DELIVERIES[5]		1,913,011		
TOTAL CONSUMPTION		79,477,239		
IV. OTHER OPERATING REVENUE				
A. POWER SALES REVENUE				
Foothills Treatment Plant	311,439			
Strontia Springs	223,214			
Dillon Dam	527,459			
Roberts Tunnel	504,758			
Hillcrest	352,421			
Williams Fork	454,821			
Gross Reservior	241,139			
	2,615,251			
B. SPECIAL ASSESSMENTS				
Late Payment Penalties	2,341,201			
Conservation Penalties	29,976			
Field Collection Charges	556,158			
Turnoff - Turn on Charges	717,775			
Drought Surcharges	-			
Drought Surcharge Credits	-			
Water Storage Rental	-			
Other Assessments	(217,965)			
	3,427,145			
TOTAL OTHER OPERATING REVENUE	6,042,396			
TOTAL OPERATING REVENUE	$ 197,468,658			

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

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

[5]See "Analysis of Sales of Nonpotable Water Between Denver and Outside City."

ANALYSIS OF SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY - 2007
(NON-ACCRUAL BASIS)[1]

	Revenue		Consumption		Average
	Amount	Percent of Total	Amount (000 Gallons)	Percent of Total	Number of Customers
I. INSIDE CITY					
A. METERED GENERAL CUSTOMERS					
Residential	$ 36,393,023	19.58%	13,788,207	20.02%	128,096
Residentail Irrigation	682,863	0.37%	186,902	0.27%	198
Duplex	1,794,520	0.97%	782,745	1.14%	5,645
3-Plex	570,294	0.31%	255,476	0.37%	1,360
4-Plex	749,225	0.40%	344,227	0.50%	1,469
5-Plex	349,964	0.19%	162,266	0.24%	538
Commercial	28,431,530	15.30%	13,060,641	18.96%	15,208
Industrial	2,995,858	1.61%	1,434,058	2.08%	278
	71,967,277	38.72%	30,014,522	43.58%	152,792
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	878,826	0.47%	- [2]		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City And County of Denver	3,799,221	1.90%	2,415,541	3.51%	1,129
Other County Agencies	1,102,420	0.58%	500,176	0.73%	187
State Agencies	480,671	0.27%	224,516	0.33%	62
Federal Agencies	269,239	0.13%	133,356	0.19%	23
	5,651,551	3.04%	3,273,589	4.75%	1,401
TOTAL SALES OF TREATED WATER - DENVER	78,497,654	42.24%	33,288,111	48.33%	154,193
Revenue per 1,000 Gallons - Denver			$2.3581		
II. OUTSIDE CITY					
A. METERED GENERAL CUSTOMERS					
Residential - Read and Bill	16,254,687	8.75%	4,691,563	6.81%	32,691
Residential Irrigation - Read & Bill	427,027	0.23%	116,794	0.17%	205
Duplex - Read & Bill	60,480	0.03%	24,646	0.04%	133
3-Plex - Read & Bill	49,308	0.03%	20,186	0.03%	101
4-Plex - Read & Bill	142,720	0.08%	59,672	0.09%	205
5-Plex - Read & Bill	10,323	0.01%	4,430	0.01%	18
Commercial - Read and Bill	7,645,015	4.11%	2,778,664	4.03%	2,617
Industrial - Read and Bill	2,444,240	1.32%	913,261	1.33%	7
Residential - Total Service	19,965,386	10.74%	5,008,534	7.27%	31,931
Residential Irrigation - Total Service	387,902	0.21%	89,235	0.13%	77
Duplex - Total Service	144,638	0.08%	45,741	0.07%	248
3-Plex - Total Service	71,873	0.04%	23,254	0.03%	100
4-Plex - Total Service	201,781	0.11%	65,402	0.09%	186
5-Plex - Total Service	45,626	0.02%	15,191	0.02%	49
Commercial - Total Service	8,372,179	4.50%	2,544,606	3.69%	2,934
Industrial - Total Service	161,141	0.09%	50,081	0.07%	10
	$ 56,384,326	30.34%	16,451,260	23.89%	71,512

[1] This 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 Fund Net Assets. The difference from amounts on an accrual basis is immaterial.

[2] Private fire protection consumption is unmetered and is considered a part of unaccounted-for treated water. See "Analysis of Sales of Treated Water between Denver and Outside City" for this estimate.

(Continued next page)

ANALYSIS OF SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY - 2007
(NON-ACCRUAL BASIS)

	Revenue		Consumption		Average
	Amount	Percent of Total	Amount (000 Gallons)	Percent of Total	Number of Customers
II. OUTSIDE CITY (Continued)					
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	$ 44,990	0.02%	- [2]		
Sprinklers - Total Service	61,989	0.03%	- [2]		
	106,979	0.06%	- [2]		
C. OTHER SALES TO PUBLIC AUTHORITIES					
County Agencies - Read & Bill	751,568	0.40%	273,868	0.40%	76
State Agencies - Read & Bill	29,050	0.02%	10,368	0.02%	4
Federal Agencies - Read & Bill	296,710	0.16%	107,201	0.16%	3
Federal Agencies at Denver Rates	17,315	0.01%	8,334	0.01%	1
County Agencies - Total Service	1,136,430	0.61%	338,161	0.49%	192
State Agencies - Total Service	5,728	0.00%	1,742	0.00%	3
Federal Agencies - Total Service	1,695	0.00%	506	0.00%	2
	2,238,496	1.20%	740,180	1.07%	281
D. SALES OF TREATED WATER FOR RESALE[3]					
Master Meter Distributors	37,611,201	20.24%	14,753,753	21.42%	76,770
Outside CSA - Fixed Limit Contracts	9,140,987	4.92%	3,482,153	5.06%	
	46,752,188	25.16%	18,235,906	26.48%	76,770
TOTAL SALES OF TREATED WATER - OUTSIDE CITY	105,481,989	56.76%	35,427,346	51.44%	148,563
Revenue per 1,000 Gallons - Outside City			$2.9774		
III. HYDRANT & CONSTRUCTION WATER	1,870,599	1.01%	159,215	0.23%	-
TOTAL SALES OF TREATED WATER	$ 185,850,242	100.00%	68,874,672	100.00%	302,756
Revenue per 1,000 Gallons - Total			$2.6984		
UNACCOUNTED FOR WATER					
Total Treated Water Delivered			70,479,840		
Water Purchased			-		
Total Treated Water Available (Consumption)			70,479,840	100.00%	
Less Sales of Treated Water			(68,874,672)	(97.72)%	
Less Load Shifted Treated Water			-	-	
Unaccounted for[3]			1,605,168	2.28%	

[2] Private fire protection consumption is unmetered and is considered a part of unaccounted-for treated water. See "Analysis of Sales of Treated Water between Denver and Outside City" for this estimate.

[3] See "Analysis of Sales of Treated Water For Resale."

ANALYSIS OF SALES OF NONPOTABLE WATER BETWEEN DENVER AND OUTSIDE CITY - 2007
(NON-ACCRUAL BASIS)[1]

	Revenue		Consumption			Revenue
	Amount	Percent of Total	Amount (000 Gallons)	Percent of Total	Number of Customers[3]	Per 1,000 Gallons
I. DENVER						
Raw Water - City & Co Denver	$ 64,142	1.15%	237,565	2.73%	2	$ 0.2700
Raw Water - All Other	177,975	3.19%	378,696	4.36%	4	0.4700
Effluent Water	68,598	1.23%	150,793	1.74%	-	0.4549
Recycled	164,025	2.94%	204,434	2.35%	5	0.8023
Minimum Payments[2]	12,313	0.22%	26,200	0.30%	2	0.4700
	487,053	8.73%	997,688	11.48%	13	2.4672
II. OUTSIDE CITY						
Raw Water	270,744	4.86%	447,898	5.15%	8	0.6045
Effluent Water	(267)	0.00%	(488)	(0.01)%	-	0.5471
Recycled	-	-	-	-	-	-
Minimum Payments[2]	94,288	1.69%	140,737	1.62%	1	0.6700
	364,765	6.54%	588,147	6.77%	9	1.8216
III. OUTSIDE COMBINED SERVICE AREA						
Raw Water	723,919	12.98%	1,108,935	12.76%	6	0.6528
Effluent Water	1,573	0.03%	3,389	0.04%	-	0.4641
Recycled	561,646	10.07%	729,350	8.39%	-	0.7701
Raw Water for Resale	3,424,179	61.41%	5,243,766	60.35%	2	0.6530
Minimum Payments[2]	12,885	0.23%	18,281	0.21%	3	0.7048
	4,724,202	84.72%	7,103,721	81.75%	11	0.6650
TOTAL SALES OF NONPOTABLE WATER	$ 5,576,020	100.00%	8,689,556	100.00%	33	$ 0.6417
IV. OTHER NONPOTABLE WATER DELIVERIES						
City Ditch at Washington Park			1,913,011			
City of Englewood (Cabin-Meadow Exchange)			-			
			1,913,011			
TOTAL NONPOTABLE WATER DELIVERIES			10,602,567			

[1]This 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.

[2]Effective for 1997, nonpotable sales have been identified as raw, effluent, and minimum contract payments. The minimum payment category reflects contract-stipulated payments in excess of the revenue recorded for actual deliveries of nonpotable water. Prior to 1997, this revenue was reported as Special Assessments-Other on the "Operating Revenue and Related Water Consumption" schedule.

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

ANALYSIS OF CUSTOMER ACCOUNTS FOR TREATED WATER - 2007[1]

		Total Accounts (Active Taps)[2]			Accounts with Active Billed Consumption	
		12-31-07	12-31-06	Increase (Decrease)	12-31-07	12-31-06
METERED GENERAL CUSTOMERS						
Residential -	Inside City	131,862	131,292	570	128,449	128,421
	Outside City - Read and Bill	33,049	32,858	191	32,853	32,677
	Outside City - Total Service	32,268	32,148	120	32,084	31,993
				-		
Small multi-family -	Inside City	9,239	9,172	67	9,032	9,005
	Outside City - Read and Bill	474	449	25	473	446
	Outside City - Total Service	588	585	3	583	583
				-		
Commercial -	Inside City	15,916	15,973	(57)	15,330	15,263
	Outside City - Read and Bill	2,652	2,646	6	2,627	2,617
	Outside City - Total Service	3,015	3,025	(10)	2,930	2,938
				-		
Industrial -	Inside City	302	310	(8)	279	283
	Outside City - Read and Bill	7	7	-	7	7
	Outside City - Total Service	10	10	-	10	10
TOTAL METERED GENERAL CUSTOMERS		229,382	228,475	907	224,657	224,243
PUBLIC AUTHORITIES						
City & County of Denver		1,303	1,301	2	1,149	1,131
				-		
Other County Agencies -	Inside City	190	192	(2)	185	189
	Outside City - Read and Bill	85	71	14	85	70
	Outside City - Total Service	225	185	40	213	175
				-		
State Agencies -	Inside City	62	63	(1)	62	62
	Outside City - Read and Bill	5	5	-	4	4
	Outside City - Total Service	4	5	(1)	3	3
				-		
Federal Agencies -	Inside City	44	43	1	24	24
	Outside City - Read and Bill	7	7	-	7	7
	Outside City - Total Service	2	2	-	2	2
TOTAL PUBLIC AUTHORITIES		1,927	1,874	53	1,734	1,667
RESALE ACCOUNTS (MASTER METER)[3]		76,770	76,552	218	76,770	76,552
TOTAL TREATED WATER CUSTOMERS		308,079	306,901	1,178	303,161	302,462

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

[2] Service is on or has not been off for 5 consecutive years. Does not include taps sold to raw water distributors.

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

WATER RATE SCHEDULES - 2007

(Effective for bills dated on or after May 1, 2007)
Rate per 1,000 Gallons

TREATED WATER CONSUMPTION CHARGES (Bimonthly)	Schedule 1 Inside City	Outside City Schedule 2 Read and Bill	Outside City Schedule 3 Total Service
Single Family Residential			
First 22,000 Gallons	$ 1.72	$ 2.11	$ 2.22
23,000 - 60,000 Gallons	3.44	4.22	4.44
61,000 - 80,000 Gallons	5.16	6.33	6.66
Over 80,000 Gallons	6.88	8.44	8.88
Single Family Residential Common Area Irrigation			
Winter - All Consumption	0.94	0.92	1.09
Summer - All Consumption	3.76	3.68	4.36
Small Multi-Family (Duplex through 5-Plex with a Single Meter)			
First 30,000 Gallons[1]	1.95	2.13	2.77
Over 30,000 Gallons	2.34	2.56	3.32
All Other Retail			
Winter - All Consumption	$ 1.89	$ 2.42	$ 2.89
Summer - All Consumption	2.27	2.90	3.47

[1]Bimonthly usage amounts increase by 12,000 gallons per additional dwelling unit up to 5 dwelling unit

	Monthly	Bimonthly
SERVICE CHARGES	$ 3.87	$ 5.98

PRIVATE FIRE PROTECTION SERVICE CHARGES (Bimonthly)			
Fire Hydrants	$ 32.73	$ 11.25	$ 15.03
Sprinkler Systems and Standpipes:			
1"	$ 8.89	$ 3.06	$ 4.08
2"	14.82	5.10	6.81
4"	22.91	7.88	10.52
6"	32.73	11.25	15.03
8"	57.28	19.69	26.30
10"	81.82	28.13	37.57
12"	130.92	45.01	60.11
16"	327.29	112.52	150.28

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 1-3 Payment: Charges for treated water service and private fire protection service under this schedule are net. Bills are due and payable to Denver Water upon issuance. Bimonthly bills are delinquent 30 days after the billing date. Monthly bills are delinquent 25 days after the billing date. Late charges will be assessed per Denver Water policy.

Schedule 1-3 Rates: Charges for treated water service consist of a consumption charge and a fixed charge. The consumption charge is based upon the amount of water delivered during the billing period. The fixed charge applies to all accounts that are "on" at any time during the billing period.

	Schedule 4 Master Meter	Schedule 5 Master Meter Maintenance
TREATED WATER CONSUMPTION CHARGE (Rate per 1,000 Gallons)	$ 2.55	$ 3.72
	Monthly	Bimonthly
SERVICE CHARGES FOR ALL METER SIZES	$ 3.87	$ 5.98

Schedule 4 Applicability: Charges for treated water service under this schedule are applicable to municipalities, quasi-municipa districts and water companies outside the limits of the City and County of Denver served under agreements whereby the municipality, quasi-municipal district or water company 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 Applicability: This is a variation of a standard master meter contract in which Denver Water bills distributors for wate delivered through "master meters" and the distributor charges its individual licensees for water service. The charges for treated water service under this schedule are applicable to master meter distributors who elect to continue performing customer billing and collection functions within their service area while contracting with Denver Water to operate, maintain and replace their water system.

Schedule 4 & 5 Payment: Charges for treated water service under this schedule are net. Bills are prepared on a monthly basis and are due and payable to Denver Water upon issuance. Bills become delinquent 25 days after the billing date appearing on the billing statement. Late charges will be assessed per Denver Water policy.

Schedule 4 & 5 Rates: Charges for treated water service consist of a consumption charge and a fixed charge. The consumption charge is based upon the amount of water delivered during the billing period. The fixed charge applies to all accounts that are "on" at any time during the billing period.

	Schedule 6 Raw and Recycled	
RAW WATER CONSUMPTION	Per 1,000 Gallons	Per Acre Foot
Inside City	$ 0.47	$ 153.15
Outside City	0.67	218.32
Outside the Combined Service Area (See Rate Schedule No. 7)	0.76	247.65
CITY OF ARVADA RAW WATER CONSUMPTION	$ 0.65	$ 211.80
	Monthly	Bimonthly
SERVICE CHARGES FOR RAW WATER	n/a	n/a
RECYCLED WATER CONSUMPTION		
Inside City	$ 0.86	$ 280.23
Outside City	n/a	n/a
Outside the Combined Service Area (See Rate Schedule No. 7)	0.77	250.90
	Monthly	Bimonthly
SERVICE CHARGES FOR RECYCLED WATER	$ 3.87	$ 5.98

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 raw or recycled water service at inside city or outside city rates. See Rate Schedule No. 7 for applicability outside the combined service area.

Schedule 6 Payment: Payment terms for charges for raw or recycled water service under this schedule are defined by the terms of each contract. In general, bills for raw and recycled water service are prepared on a monthly basis and are due and payable within 30 days.

Schedule 6 Rates: Charges for raw water service consist of solely of a consumption charge. Charges for recycled water service consist of a consumption charge and a fixed charge. The consumption charge is based upon the amount of water delivered during the billing period. The fixed charge applies to all accounts that are "on" at any time during the billing period.

Schedule 7
Outside Combined Service Area

	Per 1,000 Gallons	Per Acre Foot
TREATED WATER CONSUMPTION	$ 2.68	$ 873.28

	Monthly	Bimonthly
SERVICE CHARGE FOR TREATED WATER	$ 3.87	$ 5.98

	Per 1,000 Gallons	Per Acre Foot
RAW WATER CONSUMPTION	$ 0.76	$ 247.65

	Monthly	Bimonthly
SERVICE CHARGE FOR RAW WATER	n/a	n/a

	Per 1,000 Gallons	Per Acre Foot
RECYCLED WATER CONSUMPTION	$ 0.77	$ 250.90

	Monthly	Bimonthly
SERVICE CHARGE FOR RECYCLED WATER	$ 3.87	$ 5.98

Schedule 7 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 Payment: Payment terms for charges under this schedule are defined by the terms of each contract. In general, bills for raw and recycled water service are prepared on a monthly basis and are due and payable within 30 days.

Schedule 7 Rates: Charges for raw water service consist of solely of a consumption charge. Charges for treated and recycled water service consist of a consumption charge and a fixed charge. The consumption charge is based upon the amount of water delivered during the billing period. The fixed charge applies to all accounts that are “on” at any time during the billing period.

Schedule 8
System Development Charges

SINGLE FAMILY RESIDENTIAL	Inside City	Outside City
Base Charge per Residence	$ 2,000	$ 2,800
Additional Charge per Square Foot of Gross Lot Size	0.43	0.60

MULTI-FAMILY RESIDENTIAL (Two or More Dwelling Units Served Through Single Tap)		
Base charge or first two dwelling units served through a single tap	$ 7,350	$ 10,280
Charge for each additional dwelling unit served through a single tap	1,675	2,340

Single Family & Multi-Family Applicability Licenses for multi-family residential treated water taps inside the City and County of Denver, and in Read and Bill and Total Service districts outside the City and County of Denver, including special contracts (see Schedule 8 note below). System development charges are due and payable prior to issuance of a license to the customer.

ALL OTHER (NON-RESIDENTIAL)

	Treated Water		Recycled Water	
Tap Size	Inside City	Outside City	Inside City	Outside City
3/4"	$ 5,450	$ 7,625	$ 3,650	$ 5,100
1"	16,350	22,875	10,950	15,300
1 1/2"	32,700	45,750	29,200	40,800
2"	49,050	68,625	47,450	66,300
3"	119,900	167,750	80,300	112,200
4"	212,550	297,375	120,450	168,300
6"	365,150	510,875	248,200	346,800
8"	490,500	686,250	321,200	448,800
10"	621,300	869,250	412,450	576,300
12"	757,550	1,059,875	587,650	821,100

Non-Residential Applicability Non-residential licenses for treated or non-potable (raw and recycled) water taps inside the City and County of Denver, and in Read and Bill and Total Service districts outside the City and County of Denver, including special contracts (see Schedule 8 note below). System development charges are due and payable prior to issuance of a license to the customer.

SPECIAL CONTRACTS, FIXED VOLUME CONTRACTS, & LARGE VOLUME CUSTOMERS

	Treated Water		Raw Water	
Acre Foot Conversion ($/AF)	Inside City	Outside City	Inside City	Outside City
Inside the Combined Service Area	$ 11,850	$ 16,575	$ 7,925	$ 11,100
Outside the Combined Service Area	n/a	17,000	n/a	11,100

Special Contracts, Fixed Contracts, & Large Volume Customers Applicability: Special contracts, fixed volume contracts, and customers using large volumes of water within inside the City and County of Denver, in Read and Bill and Total Service districts outside the City and County Denver, and outside Denver Water's combined service area. System Development Charges are due and payable prior to issuance of a license to the customer.

Schedule 8 Note: There are several distributor contracts and water service agreements that contain negotiated per acre foot tap ratio conversions and some agreements that contain negotiated, and in some cases, 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 these contracts. Tap credit pools shall continue to be administered in a manner consistent with the applicable water service agreement and Denver Water Operating Rules.

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
City of Denver - Schedule 1										
Residential - Consumption Charge per 1,000 Gallons										
First 22,000 Gallons	**$ 1.72**	$1.84	$1.71	$1.63	$1.58	$1.53	$1.48	$1.43	$1.36	$1.36
Over 22,000 Gallons	**-**	-	-	-	-	-	-	-	-	1.63
22,000 - 60,000 Gallons	**3.44**	2.21	2.05	1.96	1.90	1.84	1.78	1.72	1.63	-
Over 60,000 Gallons	**-**	-	2.57	2.45	2.37	2.30	2.22	2.15	2.09	-
60,000 - 80,000 Gallons	**5.16**	2.76	-	-	-	-	-	-	-	-
Over 80,000 Gallons	**6.88**	3.59	-	-	-	-	-	-	-	-
Residential Common Area Irrigation - Consumption Charge per 1,000 Gallons										
Winter - All Consumption	**0.94**	-	-	-	-	-	-	-	-	-
Summer - All Consumption	**3.76**	-	-	-	-	-	-	-	-	-
Small Multi-Family - Consumption Charge per 1,000 Gallons (Duplexes through Five-Plexes with a Single Meter)										
First 30,000 Gallons[1]	**1.95**	1.59	1.52	1.44	1.39	1.34	1.31	1.26	1.21	1.21
Over 30,000 Gallons	**2.34**	1.91	1.82	1.73	1.67	1.61	1.57	1.51	1.45	1.45
All Other Retail - Consumption Charge per 1,000 Gallons										
Winter - All Consumption	**1.89**	1.64	1.53	1.41	1.36	1.32	1.28	1.24	1.17	-
Summer - All Consumption	**2.27**	1.97	1.84	1.69	1.63	1.58	1.54	1.49	1.40	-
All Consumption	**-**	-	-	-	-	-	-	-	-	1.30
Service Charge / Meter Charge										
Monthly Service Charge	**3.87**	-	-	3.41	3.09	3.09	3.16	3.21	3.34	3.63
Bimonthly Service Charge	**5.98**	-	-	4.91	4.43	4.43	4.50	4.52	4.69	4.98
Monthly 3/4" Meter Charge	**-**	5.47	4.26	-	-	-	-	-	-	-
Bimonthly 3/4" Meter Charge	**-**	9.15	8.51	-	-	-	-	-	-	-
Outside City Read and Bill - Schedule 2										
Residential - Consumption Charge per 1000 Gallons										
First 22,000 Gallons	**$ 2.11**	$ 2.48	$ 2.28	$ 2.08	$ 1.97	$ 1.90	$ 1.82	$ 1.77	$ 1.69	$ 1.70
Over 22,000 Gallons	**-**	-	-	-	-	-	-	-	-	2.04
22,000 - 60,000 Gallons	**4.22**	2.98	2.74	2.50	2.36	2.28	2.18	2.12	2.03	-
Over 60,000 Gallons	**-**	-	3.42	3.12	2.96	2.85	2.73	2.66	2.51	-
60,000 - 80,000 Gallons	**6.33**	3.72	-	-	-	-	-	-	-	-
Over 80,000 Gallons	**8.44**	4.84	-	-	-	-	-	-	-	-
Residential Common Area Irrigation - Consumption Charge per 1,000 Gallons										
Winter - All Consumption	**0.92**	-	-	-	-	-	-	-	-	-
Summer - All Consumption	**3.68**	-	-	-	-	-	-	-	-	-
Small Multi-Family - Consumption Charge per 1000 Gallons (Duplexes through Five-Plexes with a Single Meter)										
First 30,000 Gallons[1]	**2.13**	2.10	1.98	1.89	1.83	1.77	1.77	1.76	1.63	1.63
Over 30,000 Gallons	**2.56**	2.52	2.38	2.27	2.20	2.12	2.12	2.11	1.96	1.96
All Other Retail - Consumption Charge per 1000 Gallons										
Winter - All Consumption	**2.42**	2.23	2.00	1.84	1.70	1.65	1.61	1.59	1.59	-
Summer - All Consumption	**2.90**	2.68	2.40	2.21	2.04	1.98	1.93	1.91	1.91	-
All Consumption	**-**	-	-	-	-	-	-	-	-	1.80
Service Charge / Meter Charge										
Monthly Service Charge	**3.87**	-	-	3.41	3.09	3.09	3.16	3.21	3.34	3.63
Bimonthly Service Charge	**5.98**	-	-	4.91	4.43	4.43	4.50	4.52	4.69	4.98
Monthly 3/4" Meter Charge	**-**	5.47	4.26	-	-	-	-	-	-	-
Bimonthly 3/4" Meter Charge	**-**	9.15	8.51	-	-	-	-	-	-	-

[1]Bimonthly usage amounts increase by 12,000 gallons per additional dwelling unit up to 5 dwelling units.

(Continued next page)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Outside City Total Service - Schedule 3										
Residential - Consumption Charge per 1000 Gallons										
First 22,000 Gallons	**$ 2.22**	$ 2.92	$ 2.76	$ 2.54	$ 2.41	$ 2.33	$ 2.26	$ 2.19	$ 2.11	$ 2.17
Over 22,000 Gallons	**-**	-	-	-	-	-	-	-	-	2.60
22,000 - 60,000 Gallons	**4.44**	3.50	3.31	3.05	2.89	2.80	2.71	2.63	2.54	-
Over 60,000 Gallons	**-**	-	4.14	3.81	3.62	3.50	3.39	3.29	3.09	-
60,000 - 80,000 Gallons	**6.66**	4.38	-	-	-	-	-	-	-	-
Over 80,000 Gallons	**8.88**	5.69	-	-	-	-	-	-	-	-
Residential Common Area Irrigation - Consumption Charge per 1,000 Gallons										
Winter - All Consumption	**1.09**	-	-	-	-	-	-	-	-	-
Summer - All Consumption	**4.36**	-	-	-	-	-	-	-	-	-
Small Multi-Family - Consumption Charge per 1000 Gallons (Duplexes through Five-Plexes with a Single Meter)										
First 30,000 Gallons[1]	**2.77**	2.58	2.25	2.14	2.14	2.06	2.01	2.01	1.90	1.90
Over 30,000 Gallons	**3.32**	3.10	2.70	2.57	2.57	2.47	2.41	2.41	2.28	2.28
All Other Retail - Consumption Charge per 1000 Gallons										
Winter - All Consumption	**2.89**	2.41	2.14	1.98	1.96	1.89	1.88	1.88	1.88	-
Summer - All Consumption	**3.47**	2.89	2.57	2.38	2.35	2.27	2.26	2.26	2.26	-
All Consumption	**-**	-	-	-	-	-	-	-	-	2.12
Service Charge / Meter Charge										
Monthly Service Charge	**3.87**	-	-	3.41	3.09	3.09	3.16	3.21	3.34	3.63
Bimonthly Service Charge	**5.98**	-	-	4.91	4.43	4.43	4.50	4.52	4.69	4.98
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	**$ 2.55**	$ 2.36	$ 2.20	$ 2.00	$ 1.89	$ 1.83	$ 1.81	$ 1.74	$ 1.66	$ 1.65
Service Charge / Meter Charge										
Monthly Service Charge	**3.87**	-	-	3.41	3.09	3.09	3.16	3.21	3.34	3.63
Bimonthly Service Charge	**5.98**	-	-	4.91	4.43	4.43	4.50	4.52	4.69	4.98
Monthly 3/4" Meter Charge	**-**	5.47	4.26	-	-	-	-	-	-	-
Bimonthly 3/4" Meter Charge	**-**	9.15	8.51	-	-	-	-	-	-	-
Outside City Master Meter Maintenance - Schedule 5										
Consumption Charge per 1000 Gallons - All Consumption	**$ 3.72**	$3.43	$3.15	$2.77	$2.56	$2.47	-	-	-	-
Service Charge / Meter Charge										
Monthly Service Charge	**3.87**	-	-	3.41	3.09	3.09	-	-	-	-
Bimonthly Service Charge	**5.98**	-	-	4.91	4.43	4.43	-	-	-	-
Monthly 3/4" Meter Charge	**-**	5.47	4.26	-	-	-	-	-	-	-
Bimonthly 3/4" Meter Charge	**-**	9.15	8.51	-	-	-	-	-	-	-
Raw and Recycled - Schedule 6										
Raw - Consumption Charge per 1000 Gallons										
Inside City - All Consumption	**$ 0.47**	$0.47	$0.47	$0.47	$0.47	$0.47	$0.47	$0.47	$0.47	$0.47
Outside City - All Consumption	**0.67**	0.62	0.58	0.53	0.49	0.49	0.49	0.49	0.49	0.49
Outside Combined Service Area - All Consumption	**0.76**	0.71	-	-	-	-	-	-	-	-
Recycled - Consumption Charge per 1000 Gallons										
Inside City Recycled - All Consumption	**0.86**	0.69	0.69	0.63	-	-	-	-	-	-
Outside City Recycled - All Consumption	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Outside Combined Service Area - All Consumption	**0.77**	0.71	0.83	0.76	-	-	-	-	-	-
Recycled Service Meter Charge										
Monthly Service Charge	**3.87**	-	-	3.41	-	-	-	-	-	-
Bimonthly Service Charge	**5.98**	-	-	4.91	-	-	-	-	-	-
Monthly 3/4" Meter Charge	**-**	5.47	4.26	-	-	-	-	-	-	-
Bimonthly 3/4" Meter Charge	**-**	9.15	8.51	-	-	-	-	-	-	-

[1]Bimonthly usage amounts increase by 12,000 gallons per additional dwelling unit up to 5 dwelling units.

ANALYSIS OF SALES OF TREATED WATER FOR RESALE - 2007
(NON-ACCRUAL BASIS)[1]

Treated Water Sold Outside Denver to Municipalities and Distributors through Master Meters[2]

OUTSIDE CITY - MASTER METER DISTRIBUTORS	Revenue	Consumption (000 Gallons)	Estimated Number of Taps[3]
Alameda Water & Sanitation District	$ 228,364	89,500	374
Bancroft-Clover Water & Sanitation District	4,041,842	1,584,726	8,629
Bonvue Water & Sanitation District	38,534	15,093	166
Bow-Mar Water & Sanitation District	254,363	99,659	284
Cherry Creek Valley Water & Sanitation District	2,319,992	916,205	1,851
Cherry Creek Village Water & Sanitation District	381,894	149,726	473
Consolidated Mutual Water Company	7,125,414	2,793,752	14,829
Crestview Water & Sanitation District	1,723,942	676,001	4,541
City of Edgewater	533,903	209,295	1,486
City of Glendale	732,430	287,191	273
Green Mountain Water & Sanitation District	4,784,506	1,876,131	10,063
High View Water District	407,077	159,620	887
Ken-Caryl Water & Sanitation District	1,911,874	749,700	3,661
Lakehurst Water & Sanitation District	2,463,940	965,923	5,613
City of Lakewood	615,273	241,247	893
Meadowbrook Water & Sanitation District	480,963	188,540	1,246
North Pecos Water & Sanitation District	357,779	140,251	407
North Washington Street Water & Sanitation District	2,176,179	853,276	3,636
Northgate Water District	9,736	3,800	2
South Adams County Water & Sanitation District	181,240	71,015	165
Valley Water District	1,389,916	545,015	1,762
Wheat Ridge Water District	2,238,514	877,630	5,616
Willowbrook Water & Sanitation District	1,036,237	406,313	3,050
Willows Water District	2,177,289	854,144	6,863
Total Outside City - Master Meter Distributors	37,611,201	14,753,753	76,770
OUTSIDE THE COMBINED SERVICE AREA			
City of Aurora	211,978	83,092	
City and County of Broomfield	3,461,703	1,357,476	
City of Thornton	1,179,374	440,060	
Chatfield South Water District	16,922	6,297	
Consolidated Mutual Water Company	5,712	2,130	
East Cherry Creek Valley Water District	1,659,638	619,244	
Inverness Water District	87,417	34,263	
South Adams County Special Contract Area	2,518,243	939,591	
Total Outside the Combined Service Area	9,140,987	3,482,153	
Total Sales of Treated Water for Resale	$46,752,188	18,235,906	76,770

[1]This 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]Sales on Outside City - Total Service and Outside City - Read and Bill Contracts are not included.

[3]Estimated number of taps served behind Master Meters is based on survey analysis.

25 LARGEST RETAIL CUSTOMERS - WATER CONSUMPTION AND REVENUE - 2007 (NON-ACCRUAL BASIS)[1]

Account Type	Consumption (000 Gallons)	Water Revenue
Public Utility	522,910	$ 1,399,104
School System	498,605	1,119,511
Multi-location petroleum retailer	408,206	1,025,142
Housing Authority	391,989	897,507
Public Recreation Agency	182,604	585,434
Beverage Company	173,182	362,944
Retail Grocer	152,423	337,293
Medical Center	132,005	309,166
Public Utility	127,112	339,798
School System	126,308	288,532
Federal Government Agency	124,864	334,852
Manufacturer	119,678	323,171
Beverage Company	119,172	251,655
Homeowners Association	112,904	247,488
Public Utility	105,668	212,348
Public Utility	103,909	275,694
Manufacturer	99,921	215,612
School System	99,171	286,990
Medical Center	97,226	210,522
Hotel	91,832	191,696
Manufacturer	85,177	178,531
Homeowners Association	81,379	173,039
School System	73,360	243,828
Public Recreation Agency	67,637	196,127
Medical Center	67,323	148,850
Total - 25 Largest Customers	4,164,565	$ 10,154,834
Total Sales of Treated Water	68,874,672	$ 185,850,242
Percent of 25 Largest Customers to Total Sales of Treated Water	6.05%	5.46%

[1]This schedule represents actual billings made for water and private fire protection service during the year. The difference from amounts on an accrual basis is immaterial. In addition to the accounts listed, Denver Water provided 2,415,541 (thousand) gallons of treated water to the City and County of Denver. Revenues from these sales were $3,823,296. Since revenue amounts on this schedule include private fire protection service, amounts for the City and County of Denver do not agree with amounts on "Operating Revenue and Related Water Consumption," and "Analysis of Sales of Treated Water Between Denver and Outside City."

SYSTEM DEVELOPMENT CHARGES AND PARTICIPATION RECEIPTS:
1973 - 2007

(Cash basis - net of refunds)

	System Development Charges	Participation Receipts
2007	$ 26,027,721	$ 3,299,769
2006	22,305,207	2,730,141
2005	26,256,752	1,849,613
2004	24,833,961	2,228,550
2003	19,614,948	2,831,285
2002	36,590,914	5,567,014
2001	22,186,342	7,026,906
2000	25,525,391	6,392,360
1999	24,223,691	11,963,951
1998	33,155,890	8,411,534
1997	45,058,104	3,732,524
1996	15,137,300	2,913,102
1995	15,527,600	3,927,400
1994	13,535,700	2,881,800
1993	12,181,800	1,343,600
1992	10,920,300	1,198,800
1991	7,530,400	2,330,700
1990	6,615,100	1,838,700
1989	6,251,400	4,965,200
1988	6,084,600	3,067,700
1987	8,544,400	4,561,300
1973-86	149,473,600	43,647,100
	$557,581,121	$128,709,049

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.

RATIOS OF TOTAL OUTSTANDING DEBT BY TYPE: 1998 - 2007
(amounts expressed in thousands, except debt per capita)

	Total Principal Balance Outstanding Debt by Type[1]								
	General Obligation	Water Revenue	Capital Leases			Gross	Ratio of Total Debt to Gross	Estimated Population	Debt Per
Year	Bonds	Bonds	Certificates of Participation	Other	Total	Revenues[2]	Revenue[1]	Served[3]	Capita[1]
1998	216,020	-	53,865	33,780	303,665	163,242	1.86	996,000	305
1999	213,795	-	51,115	33,048	297,958	173,466	1.72	1,012,000	294
2000	211,745	-	48,245	32,265	292,255	205,003	1.43	1,036,000	282
2001	208,140	-	67,885	31,429	307,454	203,298	1.51	1,052,000	292
2002	205,480	-	63,590	30,536	299,606	200,089	1.50	1,076,000	278
2003	156,345	127,155	59,160	29,581	372,241	174,727	2.13	1,081,000	344
2004	117,375	164,365	54,555	28,561	364,856	193,714	1.88	1,104,000	330
2005	100,340	191,090	49,755	27,471	368,656	200,240	1.84	1,115,000	331
2006	86,300	182,840	44,436	26,306	339,882	238,831	1.42	1,124,000	302
2007	61,545	280,080	39,515	25,061	406,201	243,457	1.67	1,143,000	355

[1]Details 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.

[2]Gross Revenues are defined as operating revenues plus investment income plus gain on disposition of capital assets plus other income plus capital contributions minus noncash capital contributions.

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

PLEDGED-REVENUE COVERAGE: 1998 - 2007

General Obligation Bonds, Water Revenue Bonds, and Obligations under Capital Lease[1]
(amounts expressed in thousands)

Fiscal Year	Gross Revenues[2]	Less Operating Expenses[3]	Net Available Revenue	Total Debt Service[1]			Coverage[4]
				Principal	Interest	Total	
1998	163,242	76,554	86,688	30,840	17,518	48,358	1.79
1999	173,466	78,817	94,649	20,237	16,433	36,670	2.58
2000	205,003	96,836	108,167	18,402	16,376	34,778	3.11
2001	203,298	89,475	113,823	15,841	15,367	31,208	3.65
2002	200,089	97,214	102,875	16,763	15,760	32,523	3.16
2003	174,727	102,288	72,439	17,345	16,333	33,678	2.15
2004	193,714	105,287	88,427	19,535	18,610	38,145	2.32
2005	200,240	109,115	91,125	25,655	18,285	43,940	2.07
2006	238,831	117,158	121,673	27,765	17,777	45,542	2.67
2007	243,457	133,314	110,143	32,055	16,537	48,592	2.27

[1]Details 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. Debt retired with an optional call is not included in the annual principal amount.

[2]Gross Revenues are defined as operating revenues plus investment income plus gain on disposition of capital assets plus other income plus capital contributions minus noncash capital contributions.

[3]Operating Expenses are defined as operating expenses plus loss on disposition of capital assets plus other expense minus total depreciation and amortization (as disclosed in Note 4 to the financial statements).

[4]All items computed as defined in bond covenants. Rate maintenance covenant is 1.10; additional bonds test is 1.2 times average annual debt service.

RATIOS OF GENERAL OBLIGATION BONDED DEBT OUTSTANDING: 1998 - 2007
(amounts expressed in thousands, except debt per capita)

Year	General Obligation Bonds[1]	Gross Revenues[2]	Ratio of General Obligation Debt to Gross Revenue	Estimated Population Served[3]	General Obligation Debt per Capita
1998	216,020	163,242	1.32	996,000	217
1999	213,795	173,466	1.23	1,012,000	211
2000	211,745	205,003	1.03	1,036,000	204
2001	208,140	203,298	1.02	1,052,000	198
2002	205,480	200,089	1.03	1,076,000	191
2003	156,345	174,727	0.89	1,081,000	145
2004	117,375	193,714	0.61	1,104,000	106
2005	100,340	200,240	0.50	1,115,000	90
2006	86,300	238,831	0.36	1,124,000	77
2007	61,545	243,457	0.25	1,143,000	54

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

[2]Gross Revenues are defined as operating revenues plus investment income plus gain on disposition of capital assets plus other income plus capital contributions minus noncash capital contributions.

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

RATIOS OF WATER REVENUE BONDED DEBT OUTSTANDING: 2003 - 2007
(amounts expressed in thousands, except debt per capita)

Year	Water Revenue Bonds[1]	Gross Revenues[2]	Ratio of Water Revenue Debt to Gross Revenue	Estimated Population Served[3]	Water Revenue Debt per Capita
2003	127,155	174,727	0.73	1,081,000	118
2004	164,365	193,714	0.85	1,104,000	149
2005	191,090	200,240	0.95	1,115,000	171
2006	182,840	238,831	0.77	1,124,000	163
2007	280,080	243,457	1.15	1,143,000	245

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

[2]Gross Revenues are defined as operating revenues plus investment income plus gain on disposition of capital assets plus other income plus capital contributions minus noncash capital contributions.

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

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.

DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2007

The following information is provided to give prospective investors an overview of the general 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. The statistics have not been adjusted to reflect economic trends, notably inflation. Such information is not to be relied upon as a representation or guarantee of the Board..

Prior to 2004, Denver was the population center for a statistical area defined by the federal Office of Management and Budget ("OMB") as the Denver Metropolitan Statistical Area (the "Denver MSA") and comprising the counties of Adams, Arapahoe, Broomfield (formerly the City of Broomfield), Denver, Douglas and Jefferson. In June 2003, the OMB updated its statistical area definitions based on new standards and the results of the 2000 Census. The general concept of a metropolitan statistical area is that of a core area containing a substantial population nucleus, together with adjacent communities having a high degree of social and economic integration with that core. Metropolitan statistical areas comprise one or more entire counties. Following this definitional change, the City is now within the newly created Denver-Aurora Metropolitan Statistical Area (the "Denver-Aurora MSA"), comprised of the former Denver MSA and the counties of Clear Creek, Elbert, Gilpin and Park. The following provides information for the area comprising the Denver-Aurora MSA unless otherwise stated.

Population

The following table sets forth population statistics for Denver, the Denver-Aurora MSA and the State of Colorado.

Population
(Expressed in thousands) [1]

Year	Denver	Denver-Aurora MSA	State of Colorado
2000	554.6	2,157.8	4,301.3
2001	560.4	2,247.3	4,446.9
2002	560.9	2,286.8	4,520.0
2003	566.2	2,320.1	4,583.4
2004	568.9	2,357.2	4,649.7
2005	571.8	2,391.9	4,718.6
2006	580.2	2,439.8	4,813.5

[1] Population figures for 2000 are as of April, and population figures for 2001-2006 are as of July.

Source: Colorado Department of Local Affairs, Division of Local Government, Demographic Section

Age Distribution

The following table sets forth a comparative age distribution profile for Denver, the Denver-Aurora MSA, the State and the United States as of January 1, 2006.

Age Distribution as of January 1, 2007
(Columns may not add to 100% due to rounding)

Age Groups	Percent of Population			
	Denver	Denver-Aurora MSA	State of Colorado	United States
0-5	7.7%	8.5%	8.3%	8.1%
6-11	7.8	8.6	8.3	8.1
12-17	6.9	8.5	8.4	8.3
18-24	8.2	8.7	9.7	9.9
25-34	17.8	15.2	15.2	13.4
35-44	16.4	15.7	15.0	14.4
45-54	13.8	15.0	14.7	14.4
55-64	10.1	10.3	10.2	10.7
65-74	5.4	5.2	5.5	6.5
75+	5.8	4.3	4.7	6.1

Source: Trade Dimensions International, Inc., *Demographics USA© 2007 – County Edition*

Income

The following table sets forth recent annual personal income levels of Denver, the Denver-Aurora MSA, the State and the United States.

Personal Income in Current Dollars[1]
(Thousands)

Year	Denver	Denver-Aurora MSA	State of Colorado	United States
2001	$23,535,037	$ 87,645,529	$152,699,639	$ 8,716,992,000
2002	23,728,624	88,322,390	153,066,193	8,872,871,000
2003	23,746,689	88,867,955	154,828,993	9,150,320,000
2004	25,127,381	94,401,729	163,736,180	9,711,363,000
2005	26,621,618	100,065,675	175,734,027	10,284,356,000
2006	28,902,008	107,787,570	188,221,719	10,968,393,000
2007	Not Available	Not Available	199,525,385	11,645,882,098

[1] Figures for Denver and the Denver-Aurora MSA are as of April 2008, and figures for Colorado and the United States are as of March 2008.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

The following table sets forth recent annual per capita personal income levels of Denver, the Denver-Aurora MSA, the State and the United States.

Per Capita Personal Income in Current Dollars[1]

Year	Denver	Denver-Aurora MSA	State of Colorado	United States
2001	$41,885	$39,425	$34,481	$30,562
2002	42,497	38,796	34,014	30,821
2003	42,710	38,640	34,059	31,504
2004	45,206	40,583	35,621	33,123
2005	47,652	42,369	37,702	34,757
2006	50,193	44,691	39,491	36,714
2007	Not Available	Not Available	41,042	38,611

[1] Figures for Denver and the Denver-Aurora MSA are as of April 2008, and figures for Colorado and the United States are as of March 2008.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

The following tables set forth median household effective buying income ("EBI") and the percentage of households by EBI groups for Denver, the Denver metropolitan area, the State and the United States for the past five years. EBI is defined as money income, less personal tax and non-tax payments, often referred to as "disposable" or "after-tax" income. EBI is computed as a derivative of household income, with the correspondence between before-tax and after-tax income based on a three-year combination of Current Population Survey data.

Median Household Effective Buying Income

As of January 1	Denver	Denver Metro Area[1]	State of Colorado	United States
2003	$37,261	$46,878	$43,510	$38,035
2004	37,383	47,275	43,544	38,201
2005	38,523	48,239	44,489	39,324
2006	39,658	49,100	45,594	40,529
2007	39,615	49,067	45,477	41,255

[1] Figures for 2003 are for the Denver MSA, and figures for 2004-2007 are for the Denver-Aurora MSA.

Source: Trade Dimensions International, Inc., *Demographics USA© – County Edition, 2002-2007*

The following table sets forth a recent breakdown of households by EBI groups for Denver, the Denver-Aurora MSA and the State.

Percent of Households by Effective Buying Income Groups as of January 1, 2007

	Less Than $15,000	$15,000-$24,999	$25,000-$44,999	$50,000-$74,999	$75,000-$99,999	$100,000-$149,999	$150,000 or More
Denver	14.5%	13.2%	35.1%	18.1%	10.2%	5.7%	3.3%
Denver-Aurora MSA	8.8	9.7	32.6	22.5	14.2	8.2	3.9
State of Colorado	10.5	11.4	33.7	21.3	12.7	6.9	3.3
United States	13.8	13.2	33.8	19.9	10.5	5.9	2.8

Source: Trade Dimensions International, Inc., *Demographics USA© 2007 – County Edition*

Public School Enrollment

The K-12 education system in the Denver-Aurora MSA consists of 26 public school districts plus a number of private and parochial school systems. The area also has a variety of institutions of higher learning, including world-class research institutions, graduate and professional schools and a broad spectrum of undergraduate programs. The following table sets forth the recent enrollment history for the public school districts that serve all or a portion of the Denver-Aurora MSA.

School District Fall Enrollment
Public School Districts Serving the Denver-Aurora MSA

School District	2003	2004	2005	2006	2007	% Change Over Period
Adams County:						
Mapleton 1	5,721	5,704	5,554	5,595	5,493	(4.0)%
Northglenn-Thornton 12	34,869	36,360	37,598	37,341	38,821	11.3
Adams County 14	6,528	6,638	6,868	6,838	6,731	3.1
Brighton 27J	8,265	9,256	10,450	11,569	12,608	52.5
Bennett 29J	1,068	1,133	1,126	1,173	1,152	7.9
Strasburg 31J	890	932	977	958	1,006	13.0
Westminster 50	10,562	10,671	10,775	10,683	9,969	(5.6)
Arapahoe County:						
Englewood 1	4,085	3,883	3,733	3,495	3,427	(16.1)
Sheridan 2	1,861	1,749	1,770	1,613	1,519	(18.4)
Cherry Creek 5	46,654	47,868	48,661	49,684	50,631	8.5
Littleton 6	16,458	16,245	16,132	15,989	15,937	(3.2)
Deer Trail 26J	201	230	214	204	177	(11.9)
Adams-Arapahoe 28J (Aurora)	32,530	32,251	33,301	33,831	33,573	3.2
Byers 32J	577	535	547	543	540	(6.4)
Clear Creek RE-1	1,216	1,154	1,076	1,060	1,044	(14.1)
Denver County 1	72,103	72,412	72,312	72,561	73,053	1.3
Douglas County RE 1	42,009	44,761	48,043	50,370	52,983	26.1
Elbert County:						
Elizabeth C-1	2,867	2,841	2,891	3,017	2,963	3.3
Kiowa C-2	440	422	415	383	368	(16.4)
Big Sandy 100J	357	331	335	331	344	(3.6)
Elbert 200	304	300	299	265	252	(17.1)
Agate 300	90	91	74	61	64	(28.9)
Gilpin County RE-1	421	388	362	414	367	(12.8)
Jefferson County R-1	87,180	86,877	86,339	86,154	86,182	(1.1)
Park County:						
Platte Canyon 1	1,421	1,380	1,343	1,345	1,282	(9.8)
Park County RE-2	626	632	678	672	630	0.6

Source: Colorado Department of Education

Employment

The following tables set forth the number of individuals employed within selected industries covered by unemployment insurance in the Denver MSA for the period 2002 through 2006 based on the North American Industrial Classification System ("NAICS") codes.

Average Number of Employees within Selected Industries in the Denver MSA Subject to State Unemployment Laws - NAICS Classifications

Industry	2002	2003	2004	2005	2006
Agriculture, Forestry, Fishing, Hunting	2,024	1,855	1,715	1,903	1,952
Mining	5,127	4,977	5,141	5,093	6,193
Utilities	3,758	3,588	3,627	3,710	3,752
Construction	86,775	79,659	79,282	83,256	85,777
Manufacturing	74,956	70,821	71,684	72,091	71,877
Wholesale Trade	65,068	62,673	61,982	62,566	64,539
Retail Trade	122,675	120,298	120,474	123,825	124,192
Transportation and Warehousing	44,090	43,112	43,674	43,418	43,474
Information	60,094	54,470	51,314	48,424	47,705
Finance and Insurance	68,357	69,124	69,498	70,555	71,986
Real Estate, Rental and Leasing	25,830	26,095	26,167	25,968	26,210
Professional and Technical Services	86,505	83,527	85,268	89,744	92,914
Management of Companies and	14,889	16,167	17,652	19,581	21,524
Administrative and Waste Services	79,912	77,318	79,613	82,048	84,596
Educational Services	13,976	14,320	15,007	15,882	16,632
Health Care and Social Assistance	94,987	97,297	99,445	101,523	104,329
Arts, Entertainment and Recreation	15,014	15,006	16,325	16,633	17,448
Accommodation and Food Services	94,076	93,785	95,880	98,586	101,689
Other Services	36,027	35,276	35,324	35,178	35,335
Nonclassifiable	23	23	59	69	85
Government	160,443	160,755	159,994	161,286	163,379
Total	1,154,605	1,130,147	1,139,124	1,161,334	1,185,588

Source: Colorado Department of Labor and Employment

The following table sets forth recent total labor force and unemployment statistics for Denver, the Denver-Aurora MSA and the State.

Civilian Labor Force Averages
Not Seasonally Adjusted
(Labor force expressed in thousands)

	Denver			Denver-Aurora MSA			State of Colorado		
Year	Labor Force	% Change	% Unemployed	Labor Force	% Change	% Unemployed	Labor Force	% Change	% Unemployed
2002	300.1	--	6.7%	1,255.5	--	5.9%	2,442.7	--	5.7%
2003	301.4	0.4%	7.3	1,279.1	1.9%	6.4	2,475.7	1.4%	6.1
2004	302.4	0.3	6.6	1,298.4	1.5	5.8	2,525.5	2.0	5.6
2005	302.5	0.0	5.8	1,316.5	1.4	5.2	2,568.1	1.7	5.1
2006	310.9	2.8	4.9	1,354.5	2.9	4.4	2,651.7	3.3	4.3

Source: Colorado Department of Labor and Employment

Set forth in the following table are major private sector (non-tax supported) employers and public employers in the Denver metropolitan area. No independent investigation has been made of and no representation is made herein as to the financial condition of the employers listed below or the likelihood that such employers will maintain their status as major employers in the area. It is possible that there are other large employers in the area that are not included in the tables.

20 Largest Private Employers in the Denver Metropolitan Area - 2007

Company[1]	Business	Employees
Qwest Communications International	Telecommunications	9,400
Lockheed Martin Corporation	Aerospace and defense-related	8,200
HealthONE	Health care	7,700
Exempla Healthcare	Health care	6,100
University of Denver	University	5,900
IBM Corporation	Computer systems	5,500
Centura Health	Health care	5,200
United Airlines	Airline	5,000
EchoStar Communications	Satellite television	5,000
Kaiser Permanente	Health care	4,800
Denver Health	Health care	4,500
Frontier Airlines	Airline	4,100
Ball Corporation	Aerospace, containers	3,800
Sun Microsystems	Information technology	3,800
Great-West Life and Annuity Company	Insurance	3,800
United Parcel Service	Parcel delivery	3,500
University of Colorado Hospital	Health care	3,500
Wells Fargo Bank West N.A.	Financial services	3,500
Children's Hospital	Health care	3,000
Molson Coors Brewing Company	Beverages	2,700

[1] Not included are retail companies or public/governmental companies or organizations.

Source: Metro Denver Economic Development Corporation, June 2007, as compiled from various business lists and resources by Development Research Partners

20 Largest Public Employers in the Denver Metropolitan Area - 2006
(Ranked by Statewide Employees)

Employer	Employees
Federal Government	34,893
State of Colorado	31,273
University of Colorado System	15,800
Denver School District	13,452
City and County of Denver	13,006
U.S. Postal Service	10,917
Jefferson County School District	8,970
Cherry Creek Public Schools	8,133
Adams County 12 Public Schools	4,665
Denver Health	4,300
Aurora Public Schools	3,760
Boulder Valley Public Schools	3,573
Jefferson County	2,800
City of Aurora	2,650
Regional Transportation District (RTD)	2,443
Littleton Public Schools	1,808
Arapahoe County	1,800
Boulder County	1,680
Eastern Colorado Health System	1,500
Adams County 50 Public Schools	1,396

Sources: Metro Denver Economic Development Corporation; and the Denver Business Journal, December 2006

Retail Sales

The following table sets forth recent retail sales figures for Denver, the Denver-Aurora MSA and the State as reported by the Colorado Department of Revenue.

Retail Sales
(Sales in billions)

	Denver		Denver-Aurora MSA		State of Colorado	
Year	Retail Sales	% Change	Retail Sales	% Change	Retail Sales	% Change
2002	$17.2	--	$56.8	--	$103.8	--
2003	16.8	(2.4)%	57.3	1.0%	105.4	1.6%
2004	18.3	8.7	62.2	8.5	114.3	8.4
2005	19.9	8.7	66.3	6.6	122.9	7.5
2006	22.3	12.0	71.8	8.3	133.5	8.6

Source: Colorado Department of Revenue

Construction

Set forth below are historical building permit statistics for Denver and the Denver MSA.

Building Permit Activity in Denver
(Values in millions)

	Residential		Commercial		Industrial		Public/Nonprofit	
Year	Permits	Value	Permits	Value	Permits	Value	Permits	Value
2002	2,049	$381.0	196	$ 47.9	28	$ 3.5	71	$39.2
2003	1,843	350.2	156	52.8	23	10.0	13	14.3
2004	2,131	13.5	129	45.5	19	13.5	9	19.1
2005	2,218	515.5	262	146.7	31	18.4	19	23.2
2006	2,018	588.6	126	89.0	16	11.7	13	9.2

Source: Metro Denver Economic Development Corporation

Building Permit Activity in the Denver MSA
(Values in millions)

	Residential		Commercial		Industrial		Public/Nonprofit	
Year	Permits	Value	Permits	Value	Permits	Value	Permits	Value
2002	15,451	$2,701.3	886	$562.7	176	$144.1	111	$ 91.0
2003	15,255	2,252.0	584	415.1	108	70.8	48	53.0
2004	16,611	3,609.0	681	571.1	137	81.5	45	75.7
2005	16,469	3,428.0	1,557	686.9	121	109.1	58	185.2
2006[1]	12,678	3,204.0	1,434	825.3	75	57.3	41	52.5

[1] Includes estimates for the counties of Adams and Arapahoe.

Source: Metro Denver Economic Development Corporation

New Residential Units in Denver and the Denver MSA

	Denver				Denver MSA			
Year	Detached	Attached	Apartments	Total	Detached	Attached	Apartments	Total
2002	1,475	1,244	1,336	4,055	12,481	3,910	4,055	20,446
2003	1,482	1,035	987	3,504	12,736	4,315	2,319	19,370
2004	1,419	1,087	1,174	3,680	15,168	4,257	459	19,884
2005	1,842	735	140	2,717	10,491	5,056	1,590	17,137
2006	1,428	1,658	319	3,405	6,751	3,749	2,761	13,261
2007	1,216	1,600	389	3,205	10,239	5,121	1,667	17,027

Source: Home Builders Association of Metropolitan Denver

Foreclosures

The following table sets forth recent foreclosures filed in the Denver-Aurora MSA.

Foreclosures Filed in the Denver-Aurora MSA

County	2003	2004	2005	2006	2007
Adams	1,899	2,499	3,281	4,330	6,587
Arapahoe	2,250	3,125	3,600	4,719	6,225
Broomfield	110	132	124	195	252
Clear Creek	59	59	58	67	87
Denver	2,500	3,351	3,713	5,162	7,405
Douglas	652	800	912	1,258	1,865
Elbert	151	126	145	151	233
Gilpin	35	52	35	46	58
Jefferson	1,532	1,880	2,120	2,971	3,588
Park	139	155	200	208	205
Totals	9,327	12,179	14,188	19,107	26,505
Annual change	41.2%	30.6%	16.5%	34.7%	38.7%

Source: County Public Trustees' Offices

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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.

EMPLOYEES BY DIVISION: 1998 - 2007

Divisions/Sections	**2007**	2006	2005	2004	2003	2002	2001	2000	1999	1998
Manager & Staff Division										
Manager and Staff	**15.0**	14.0	14.0	14.0	13.0	13.0	13.0	13.0	13.0	14.0
Human Resources	**19.0**	24.8	27.8	27.8	27.8	27.0	25.0	25.0	25.0	22.0
	34.0	38.8	41.8	41.8	40.8	40.0	38.0	38.0	38.0	36.0
Information Technology Division	**57.8**	58.8	57.8	59.8	61.8	57.8	53.8	48.0	46.8	43.8
Public Affairs Division										
Director of Public Affairs	**7.0**	6.0	7.0	7.0	7.0	7.0	7.0	7.0	8.0	8.0
Community Relations	**5.4**	4.2	4.2	4.0	5.2	4.7	4.7	4.5	4.8	4.2
Conservation	**12.0**	10.0	9.8	12.0	12.0	10.0	7.0	6.0	7.0	7.0
Print Shop[1]	**-**	-	-	-	-	3.0	4.0	4.0	3.0	2.0
Central Services	**3.0**	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Customer Care	**39.2**	37.0	35.0	36.0	35.0	28.0	25.5	24.0	24.0	24.0
Customer Services - Field	**60.0**	63.0	67.0	71.0	75.0	83.0	87.0	84.0	89.0	88.0
Meter Inspection Shop	**7.0**	5.0	-	-	-	-	-	-	-	-
Sales Administration	**15.6**	11.6	11.6	10.6	10.6	10.6	13.6	12.6	15.6	17.6
	149.2	139.8	137.6	143.6	147.8	149.3	151.8	145.1	154.4	153.8
Legal Division	**13.8**	13.3	12.3	13.5	12.5	13.5	13.5	13.5	11.5	13.5
Finance Division										
Director of Finance	**9.0**	10.0	9.0	9.0	9.0	9.0	7.0	8.0	8.0	7.0
Treasury Operations	**7.0**	7.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Budget	**4.0**	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0
Purchasing	**8.0**	9.0	9.0	9.0	8.0	8.0	7.0	8.0	8.0	7.0
Accounting	**18.0**	17.0	18.0	19.0	19.0	19.0	19.0	17.0	18.0	20.0
Rate Administration	**2.0**	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	2.0
Records & Document Administration	**6.0**	8.0	6.0	6.0	8.0	8.0	12.0	12.0	12.0	13.0
	54.0	57.0	54.0	54.0	55.0	55.0	56.0	56.0	57.0	59.0
Engineering Division										
Administration	**6.0**	8.0	9.0	9.0	8.6	9.0	8.0	8.0	8.0	8.0
Programs & Projects	**39.0**	36.0	35.0	37.0	37.0	37.0	36.0	35.0	33.0	32.0
Survey	**25.0**	26.0	25.0	24.0	25.0	26.0	26.0	25.0	25.0	26.0
Distribution	**39.0**	37.0	38.0	38.0	37.0	39.0	39.0	38.0	40.0	39.0
Asset Recording	**7.0**	-	-	-	-	-	-	-	-	-
Construction Management	**23.0**	19.0	20.0	22.0	22.0	23.0	22.0	21.0	21.0	21.0
	139.0	126.0	127.0	130.0	129.6	134.0	131.0	127.0	127.0	126.0
Planning Division										
Director of Planning	**2.0**	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	4.0
Environmental Planning	**4.6**	5.6	5.6	5.6	4.6	4.6	4.4	4.4	4.4	4.4
Raw Water Supply	**6.0**	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0	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	**10.8**	10.7	10.8	10.8	10.8	10.8	10.0	10.0	9.0	8.0
General Planning	**4.0**	4.0	4.0	3.0	4.0	4.0	4.0	5.0	5.0	4.0
Hydraulics	**7.0**	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
	41.4	42.3	42.4	41.4	42.4	42.4	41.4	42.4	40.4	40.4
Operations and Maintenance Division										
Plant Office	**3.0**	3.0	4.0	4.0	4.0	5.0	5.0	30.5	28.5	6.0
Water Quality & Compliance	**32.0**	31.8	31.8	31.8	31.0	30.0	30.5	12.0	12.0	28.0
Safety and Loss Control	**14.0**	13.0	14.0	15.0	12.0	12.0	11.0	5.0	5.0	12.0
Source of Supply	**53.0**	56.0	59.0	56.0	59.0	60.0	61.0	60.0	59.0	59.0
Water Treatment	**90.0**	86.0	88.0	83.0	79.0	69.0	68.0	66.0	65.0	61.0
Transmission & Distribution	**144.0**	154.0	156.0	157.0	158.0	163.0	159.0	162.0	157.0	161.0
Treated Water Operations	**54.0**	55.0	57.0	57.0	59.0	58.0	59.0	59.0	58.0	58.0
Instrumentation & Ctrl Systems	**11.0**	6.0	7.0	19.0	21.0	20.0	18.0	16.0	16.0	16.0
Maintenance and Warehouse	**120.0**	124.0	123.0	131.0	129.0	127.0	129.0	125.0	127.0	128.0
	521.0	528.8	539.8	553.8	552.0	544.0	540.5	535.5	527.5	529.0
Total All Divisions	**1,010.1**	1,004.8	1,012.7	1,037.9	1,041.9	1,036.0	1,026.0	1,005.5	1,002.6	1,001.5

[1]Print Shop transferred from Public Affairs to Information Technology in 2003.

[2]Number of employees includes regular and introductory employees. Temporary, project and casual employees are not included.

ADDITIONS TO CAPITAL ASSETS - 2007 (Page 1 of 2)
(amounts expressed in thousands)

NEW FACILITIES

SOURCE OF SUPPLY		
South Platte Downstream Storage - Gravel Pits	$ 11,419	
Gross Dam Power Plant	4,570	
Moffat TP Storage Plan - Leyden Gulch/Gross Expansion	1,381	
Water Rights	1,329	
Fraser-Jim Creek Collection System-Channel Improvements	668	
Marston Reservoir	545	
Land Acquisitions	543	
Cheesman Reservoir	503	
Williams Fork Power Plant	435	
Strontia Reservoir	339	
Antero Reservoir	134	
Gross Reservoir	41	
Long Lake Reservoir	40	
Williams Fork Collection System	31	
Vasquez/St. Louis Collection - Rich Ditch	9	
Other Miscellaneous	1	
Total Source of Supply		21,988
PUMPING PLANT AND CLEAR WATER STORAGE		
Montclair Pump Station	8,035	
Hillcrest Pump Station	730	
Cherry Hills Pump Station	163	
Other Miscellaneous	2	
Total Pumping Plant and Clear Water Storage		8,930
WATER TREATMENT		
Foothills Treatment Plant	14,584	
Moffat Treatment Plant	554	
Recycled Water Plant	165	
Marston Treatment Plant	24	
Total Water Treatment		15,327
TRANSMISSION AND DISTRIBUTION		
Recycled Water Conduits/Distribution System/Projects	8,414	
Capital Hill Reservoir	5,651	
Conduit #159	2,871	
Distribution Mains & Hydrants	2,175	
Conduit #129	1,593	
Conduit #154	624	
Conduit #158	421	
Colorow Reservoir	192	
Conduit #94	104	
Conduit #161	42	
Conduit #93	29	
Conduit #151	25	
Other Miscellaneous	16	
Total Transmission and Distribution		22,157
NON-UTILITY		
Highline Canal	11	
City Ditch	7	
Total Non-Utility		18
GENERAL PLANT		
Westside	10	
Total General Plant		10
OTHER		
AMR-Large Meter Replacement Project	98	
Total Other		98
TOTAL NEW FACILITIES		$ 68,528

FACILITY REPLACEMENTS AND IMPROVEMENTS

SOURCE OF SUPPLY		
Williams Fork Reservoir	$ 943	
South Boulder Canal	848	
Ralston Reservoir	789	
Eleven Mile Reservoir	769	
Roberts Tunnel	635	
Roberts Tunnel Power Plant	460	
Cheesman Reservoir	374	
Dillon Reservoir	343	

(Continued next page)

ADDITIONS TO CAPITAL ASSETS - 2007 (Page 2 of 2)
(amounts expressed in thousands)

FACILITY REPLACEMENTS AND IMPROVEMENTS (Continued)		
Gross Reservoir	296	
Antero Reservoir	111	
Waterton Canyon	66	
Dillon Power Plant	65	
Conduit #157	57	
Recycle Plant	26	
Marston Reservoir	23	
Moffat Collection System	22	
Grant Headquarters	17	
Long Lake Reservoir	9	
Ranch Creek	8	
Other Miscellaneous	2	
Total Source of Supply		$ 5,863
PUMPING PLANT AND CLEAR WATER STORAGE		
Lakeridge Pump Station	444	
Highlands Pump Station	283	
Clarkson Street Pump Station	215	
Belleview Pump Station	180	
Broomfield Pump Station	71	
Green Mountain Pump Station	50	
Elizabeth Street Pump Station	30	
Other Miscellaneous	23	
Total Pumping Plant and Clear Water Storage		1,296
WATER TREATMENT		
Foothills Treatment Plant	370	
Moffat Treatment Plant	102	
Recycled Water Plant	85	
Marston Treatment Plant	32	
Total Water Treatment		589
TRANSMISSION AND DISTRIBUTION & CLEAR WATER STORAGE		
Mains - Replace, Extend and Relocate	18,422	
Fire hydrants - Replacements, Raise, Relocate	579	
Lonetree Reservoir	374	
Conduit #13	337	
Broomfield Reservoir	289	
Castlewood Pump Station	234	
56th Avenue Reservior	193	
Conduit #10	93	
Conduit #152	90	
Highland Reservoir	71	
Conduit #70	57	
Conduit #17	50	
Conduit #143	43	
Conduit #35	41	
Decentralization Stations	37	
Conduit #118	27	
Conduit #59	26	
Conduit #54	22	
Other Miscellaneous	2	
Total Transmission and Distribution		20,987
NON-UTILITY		
Highline Canal	31	
Total Non-Utility		31
GENERAL PLANT		
Westside	412	
Kassler	6	
Total General Plant		418
TOTAL FACILITY REPLACEMENTS AND IMPROVEMENTS		29,184
GENERAL EQUIPMENT ADDITIONS, REPLACEMENTS, AND IMPROVEMENTS		
Capitalized Software & IT Projects	3,029	
Motor Vehicles & Heavy Equipment	2,056	
General Equipment	545	
Computer Equipment	423	
Alcatel Telephone System	14	
TOTAL GENERAL EQUIPMENT		6,067
TOTAL PROPERTY, PLANT & EQUIPMENT ADDITIONS		$ 103,779

CAPITAL ASSETS BY FUNCTION: 1998 - 2007
(amounts expressed in thousands)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
UTILITY PLANT IN SERVICE:										
Source of supply plant	$ 490,413	$ 477,999	$ 458,168	$ 448,308	$ 419,350	$ 400,248	$ 391,499	$ 382,873	$ 362,655	$ 360,666
Pumping plant	72,101	70,951	70,212	64,728	49,574	46,064	45,038	43,429	35,679	35,037
Water treatment plant	333,933	330,394	331,481	315,906	272,104	233,121	232,532	230,385	202,484	194,201
Transmission and distribution plant	774,953	747,966	726,563	696,718	652,700	605,581	585,059	605,138	562,657	553,506
General plant and equipment	111,993	113,928	103,899	100,246	99,278	91,114	88,926	86,668	78,206	72,630
Leasehold and other improvements	97,668	90,535	90,522	90,297	85,594	71,709	59,587	7,847	7,072	6,698
Land held for future use	14,321	14,050	14,050	14,050	14,062	14,063	14,073	14,073	14,090	14,422
Total utility plant in service	1,895,382	1,845,823	1,794,895	1,730,253	1,592,662	1,461,900	1,416,714	1,370,413	1,262,843	1,237,160
NONUTILITY PLANT IN SERVICE:										
Plant	8,795	8,802	8,949	9,127	8,927	7,549	7,636	7,637	7,404	7,496
General equipment	19	69	69	69	60	61	61	73	76	74
Idle plant	-	203								
Total nonutility plant in service	8,814	9,074	9,018	9,196	8,987	7,610	7,697	7,710	7,480	7,570
UTILITY PLANT UNDER CAPITAL LEASE:										
Certificates of participation[1]	79,022	78,584	69,151	74,036	-	-	-	-	-	-
Other	42,981	42,981	42,981	42,981	42,981	42,981	42,981	42,981	42,981	42,981
Total utility plant under capital lease	122,003	121,565	112,132	117,017	42,981	42,981	42,981	42,981	42,981	42,981
CONSTRUCTION IN PROGRESS	155,813	119,506	89,040	75,196	226,875	199,453	121,104	71,177	95,029	59,909
Gross capital assets	2,182,012	2,095,968	2,005,085	1,931,662	1,871,505	1,711,944	1,588,496	1,492,281	1,408,333	1,347,620
ACCUMULATED DEPRECIATION AND AMORTIZATION	534,410	506,095	475,601	447,132	421,590	392,303	368,291	347,413	325,360	304,702
Net capital assets	$ 1,647,602	$ 1,589,873	$ 1,529,484	$ 1,484,530	$ 1,449,915	$ 1,319,641	$ 1,220,205	$ 1,144,868	$ 1,082,973	$ 1,042,918

[1]Assets under Certificates of Participation capital lease were reclassified from Water Treatment Plant in 2004.

RECEIPTS AND EXPENDITURES
BUDGET TO ACTUAL COMPARISON 2003 - 2007 AND 2008 BUDGET (CASH BASIS)
(amounts expressed in thousands)

	2008	2007		2006		2005		2004		2003	
	Budget	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
BEGINNING CASH & INVESTMENTS	$226,160	$149,198	$149,198	$159,276	$159,276	$154,996	$155,626	$163,405	$163,405	$156,540	$156,540
RECEIPTS FROM:											
Sale of water	207,219	189,814	194,225	164,333	195,054	169,492	157,902	157,450	130,838	133,065	131,038
Drought Surcharge	-	-	-	-	-	(2,657)	68	-	12,425	11,043	8,001
Nonoperating, interest & other	17,865	17,165	24,074	14,976	25,254	15,202	12,391	18,879	19,048	16,695	13,683
System development charges	22,981	27,843	26,214	25,654	22,389	22,586	26,280	22,034	24,917	23,783	19,649
Tap Surcharge	-	-	-	-	-	-	-	-	1,195	4,583	1,641
Developer participation (new facilities)	1,986	5,014	3,302	4,978	2,735	2,593	1,850	2,036	2,241	2,115	2,835
Reimbursements & grants	1,731	2,658	13	2,705	1,586	450	762	494	3,646	3,123	3,420
	251,782	242,494	247,828	212,646	247,018	207,666	199,253	200,893	194,310	194,407	180,267
Sale of bonds		50,000	99,158	40,000		25,000	30,500	9,000	14,300	40,500	132,438
Total receipts	251,782	292,494	346,986	252,646	247,018	232,666	229,753	209,893	208,610	234,907	312,705
LESS EXPENDITURES FOR:											
Operations, maintenance & refunds	139,655	124,803	118,760	116,770	114,980	107,294	111,379	103,583	106,354	97,006	105,463
Debt service	49,495	54,392	53,909	47,398	46,264	44,428	44,732	37,878	38,445	33,630	71,338
	189,150	179,195	172,669	164,168	161,244	151,722	156,111	141,461	144,799	130,636	176,801
Capital improvements (new facilities)	44,932	61,012	58,793	50,400	59,246	43,325	30,848	47,079	38,478	91,228	100,017
System replacements	26,025	22,318	16,463	21,289	17,431	21,074	19,055	15,552	14,210	13,950	12,559
Equipment	16,687	15,732	7,749	13,853	7,083	12,878	8,334	13,556	7,744	7,264	5,528
	87,644	99,062	83,005	85,542	83,760	77,277	58,237	76,187	60,432	112,442	118,104
Indirects to capital	14,637	12,007	14,350	11,990	12,092	11,381	11,755	9,948	11,158	11,023	10,935
Total expenditures	291,431	290,264	270,024	261,700	257,096	240,380	226,103	227,596	216,389	254,101	305,840
ENDING CASH & INVESTMENTS	$186,511	$151,428	$226,160	$150,222	$149,198	$147,282	$159,276	$145,702	$155,626	$137,346	$163,405

GENERAL EXPLANATION OF VARIANCES:

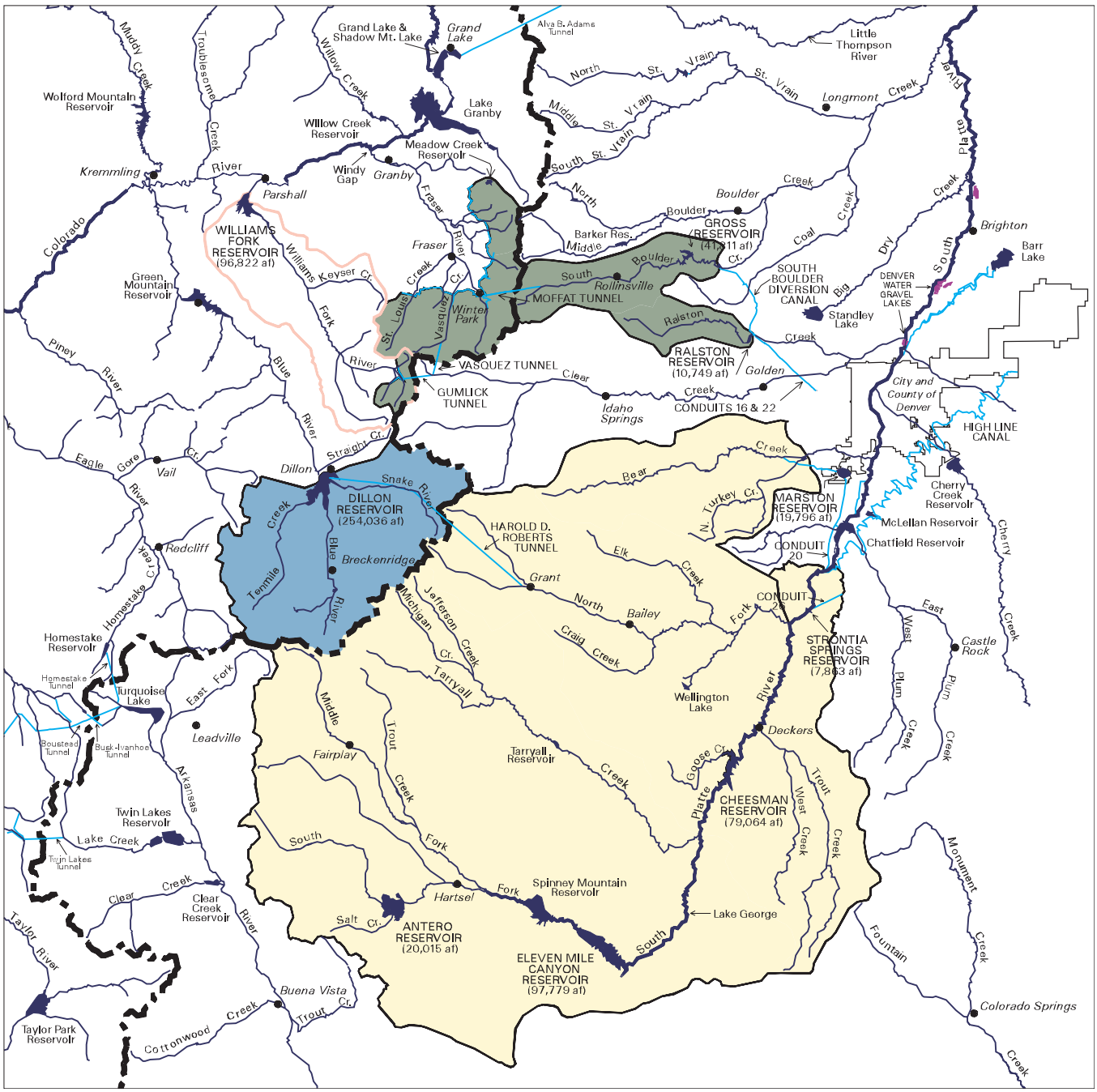
Variances in operating receipts are generally due to abnormal climatic conditions.
Variances in system development charges are generally related to levels of activity in the home building industry.
Variances in capital improvements are generally due to changes in project scheduling.
Cash and investments do not agree with amounts on the Statements of Net Assets.
Variance in beginning 2005 Cash & Investments Budget-Actual is due to Treasury's year end adjustment.

Supply

2007 Facts

Raw water collected	319,680	Acre Feet
Percent of average yield-last 10 years	106%	
Percent from South Platte System	53%	
Percent from Moffat System	27%	
Percent from Roberts Tunnel System	21%	
Reservoir storage, January 1	596,588	Acre Feet
Percent of capacity	88.6%	
Reservoir storage, December 31	611,529	Acre Feet
Percent of capacity	90.9%	
Power generation	60,488,657	KWH
Value of power generation	$3,413,661	

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



LEGEND

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

N

S

Scale 1:1,000,000

0 5 10 20 40

Miles

SOURCE OF SUPPLY - 2007 (Page 1 of 2)
Reservoirs and Collection Systems

RAW WATER STORAGE	Capacity in Acre-Feet	Capacity in Million Gals.
Storage Reservoirs:		
Dillon	254,036	82,777.9
Eleven Mile Canyon	97,779	31,861.4
Cheesman	79,064	25,763.1
Gross	41,811	13,624.2
Antero	20,015	6,521.9
Chatfield	27,428	8,937.4
Soda Lakes (Board owns 35.16% of water)	645	210.2
Total Storage Reservoirs	520,778	169,696.0
Operating Reservoirs:		
Marston Lake	19,796	6,450.5
Ralston	10,749	3,502.6
Strontia Springs	7,863	2,562.2
Long Lakes	1,787	582.3
Platte Canyon	910	296.5
Total Operating Reservoirs	41,105	13,394.1
TOTAL RAW WATER STORAGE	561,883	183,090.1

REPLACEMENT RESERVOIRS		
Williams Fork	96,822	31,549.5
Wolford Mountain (Board owns 40% of water)	25,610	8,345.0
Total Replacement Reservoirs	122,432	39,894.6

MOUNTAIN COLLECTION SYSTEM	Length in Feet	Length in Miles
Moffat Collection System:		
Concrete and Steel Pipe	94,549	17.9
Moffat Water Tunnel	32,383	6.1
Open Canals	17,943	3.4
Covered Canals	22,587	4.3
Other Tunnels	10,953	2.1
Total Moffat Collection System	178,415	33.8
Williams Fork Collection System:		
Steel Pipe	18,939	3.6
Vasquez Tunnel	17,874	3.4
A. P. Gumlick Tunnel	15,572	3.0
Open Canals	1,795	0.3
Total Williams Fork Collection System	54,180	10.3
Roberts Tunnel	122,953	23.3
South Boulder Diversion Conduit:		
Open Canals	33,250	6.3
Concrete and Steel Pipe	10,948	2.1
Tunnels	7,704	1.5
Covered Canals	1,748	0.3
Total South Boulder Diversion Conduit	53,650	10.2
TOTAL MOUNTAIN COLLECTION SYSTEM	409,198	77.6

Supply Mains and Wells

RAW WATER SUPPLY MAINS

	Size	Kind of Pipe	Capacity in MGD	Length in Feet	Length in Miles
Conduit 14:	48"	Concrete	32.0	3,324	0.6
Conduit 15:	60"	Concrete		8,040	1.5
	60"	Steel		11,158	2.1
	72"	Concrete		6,057	1.2
	72"	Steel		6,185	1.2
Total Conduit 15			100.0	31,440	6.0
Conduit 16:	42"	Concrete		44,707	8.4
	42"	Steel		579	0.1
	48"	Concrete		346	0.1
Total Conduit 16			62.0	45,632	8.6
Conduit 20:	60"	Steel		1,038	0.2
	84"	Steel		563	0.1
	90"	Concrete		59,899	11.3
	96"	Concrete-Lined Tunnel		3,012	0.6
	108"	Steel		8,000	1.5
Total Conduit 20			222.0	72,512	13.7
Conduit 22:	30"	Concrete		47	- [1]
	48"	Concrete		11	- [1]
	54"	Concrete		44,334	8.4
	54"	Steel		510	0.1
Total Conduit 22			137.0	44,902	8.5
Conduit 26:					
	126"	Steel		1,746	0.3
	126"	Concrete		147	- [1]
	126"	Concrete-Lined Tunnel		16,089	3.0
Total Conduit 26			750.0	17,982	3.3
TOTAL RAW WATER SUPPLY MAINS				215,792	40.7

[1]Less than 0.1 mile.

INFILTRATION GALLERIES & WELLS

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

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

POWER GENERATION, PURCHASE, DISTRIBUTION, AND BANKING

POWER GENERATION AND PURCHASE	Kilowatt Hours	Value
Net Power Generation:[1]		
Dillon	12,142,306	$ 494,366
Foothills	12,466,020	679,494
Gross	226,912	298,685
Hillcrest	9,247,000	475,391
Roberts Tunnel	5,122,116	561,822
Strontia Springs	6,261,852	250,869
Williams Fork	9,535,086	495,824
Total Power Generatior	55,001,292	3,256,451
Power Purchased for Department of Energy (DOE) power interferenc	5,487,365	157,210
TOTAL POWER GENERATION AND PURCHASE	60,488,657	3,413,661
POWER DISTRIBUTION		
Power Consumption:[1]		
Foothills	6,455,710	351,886
Hillcrest	2,087,910	107,340
Total Power Consumption	8,543,620	459,226
Power Sales:		
To Xcel Energy:		
Dillon	12,142,306	494,366
Foothills	6,010,310	327,608
Gross	226,912	298,685
Hillcrest	7,159,090	368,051
Roberts Tunnel	5,122,116	561,822
Strontia Springs	6,261,852	250,869
	36,922,586	2,301,401
To Tri-State Generation and Transmission Association		
Williams Fork	9,535,086	495,824
Total Power Sales	46,457,672	2,797,225
Power Deliveries to DOE for Power Interference		
Williams Fork	-	-
Purchased Power	5,487,365	157,210
Total Power Deliveries to DOE	5,487,365	157,210
TOTAL POWER DISTRIBUTION	60,488,657	3,413,661
DOE BANKED POWER INTERFERENCE ACCOUNT[2]		
Balance, Beginning of Year	63,954,452	1,918,634
Adjustment of 2006 Interference	(7,085)	(213)
Adjusted Balance, Beginning of Year	63,947,367	1,918,421
Net Interference	(9,416,920)	(282,508)
Total Allocation	5,434,680	163,040
Balance, End of Year	59,965,127	$ 3,717,375

[1]Net 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.

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

POWER VALUE, COST, AND RETURN ON INVESTMENT

	Power Plant							
	Dillon	Foothills	Gross	Hillcrest	Roberts Tunnel	Strontia Springs	Williams Fork	Total
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								
Xcel Sales	$ 494,366	$ 327,608	$ 298,685	$ 368,051	$ 561,822	$ 250,869	$ -	$ 2,301,401
Foothills Consumption	-	351,886		-	-	-	-	351,886
Hillcrest Consumption	-	-		107,340	-	-	-	107,340
Delivered to Tri-State	-	-		-	-	-	495,824	495,824
TOTAL VALUE	494,366	679,494	298,685	475,391	561,822	250,869	495,824	3,256,451
COST OF POWER GENERATION								
Transmission Wheeling	-	17,893	-	-	14,876	-	-	32,769
Operation and Maintenance	90,015	174,593	1,779	35,850	97,195	139,270	123,452	662,155
Administrative Expense	23,750	39,777	38	9,168	22,990	26,534	34,590	156,845
Depreciation	93,475	59,580	0	127,611	128,130	42,372	123,797	574,965
TOTAL COST	207,240	291,843	1,817	172,628	263,191	208,176	281,838	1,426,734
Net Return (Loss)	$ 287,126	$ 387,651	$ 296,868	$ 302,763	$ 298,631	$ 42,693	$ 213,986	$ 1,829,717
Plant Investment (Before Depreciation)	$ 4,474,757	$ 2,753,270	$ 19,190,833	$ 6,292,281	$ 6,007,230	$ 1,756,723	$ 4,054,234	$ 44,529,328
Return on Investment	6%	14%	2%	5%	5%	2%	5%	4%

WATER SUPPLY, USE AND STORAGE: 1998 - 2007

Values in acre-feet

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
SUPPLY										
South Platte System:										
South Platte Direct Rights	**103,166**	63,190	73,934	62,054	62,319	34,238	67,216	78,106	138,421	118,924
South Platte Storage Rights	**40,192**	15,812	59,502	26,738	43,562	4,686	43,142	38,406	66,492	60,580
Bear Creek Rights	**1,930**	1,234	2,302	4,100	15,062	901	1,844	908	-	-
Total South Platte System	**145,288**	80,236	135,738	92,892	120,943	39,825	112,202	117,420	204,913	179,504
Blue River/Roberts Tunnel System	**65,682**	127,074	94,470	75,984	164,294	56,848	102,282	102,750	54,064	48,384
Effluent Exchange[1]	**23,266**	33,632	19,012	27,086	24,039	19,031	17,724	16,492	5,864	11,444
Moffat System:										
Fraser Collection System	**34,090**	65,034	48,190	43,408	65,458	21,678	51,288	49,355	35,018	30,166
Williams Fork Collection System	**34,988**	11,414	3,816	10,364	5,726	7,856	11,350	3,612	278	2,534
Cabin-Meadow Creek System	**5,866**	6,574	4,424	5,074	5,020	3,582	5,716	6,406	570	3,680
South Boulder Creek	**7,708**	-	4,388	-	6,814	-	2,810	-	16,140	12,144
Ralston Creek	**2,792**	-	3,054	498	1,054	-	132	438	5,266	5,696
Total Moffat System	**85,444**	83,022	63,872	59,344	84,072	33,116	71,296	59,811	57,272	54,220
Total Water Supply	**319,680**	323,964	313,092	255,306	393,348	148,820	303,504	296,473	322,113	293,552
USE										
Foothills Filters	**141,469**	135,775	124,411	118,945	120,112	158,777	141,780	165,454	174,596	181,238
Marston Filters	**43,303**	34,633	30,008	25,097	38,448	54,849	59,614	47,463	26,667	15,574
Moffat Filters	**31,507**	58,907	55,802	41,864	42,164	17,649	47,481	43,031	29,915	40,949
Total Water Filtered	**216,279**	229,315	210,221	185,906	200,724	231,275	248,875	255,948	231,178	237,762
Change in Clear Water Storage	**17**	8	(83)	3	(20)	(340)	(136)	382	(291)	(17)
Total Treated Water Delivered[2]	**216,296**	229,323	210,138	185,909	200,704	230,935	248,739	256,330	230,887	237,745
Raw Water Deliveries	**26,830**	43,061	32,726	38,535	43,136	44,454	29,040	38,478	26,248	27,063
Other Uses[3]	**61,613**	32,799	32,709	20,514	11,941	31,812	17,084	23,268	22,646	11,176
Evaporation Losses[4]	**-**	-	-	-	8,804	8,242	8,310	8,995	1,711	6,879
Total Water Use	**304,739**	305,183	275,573	244,958	264,585	315,443	303,173	327,071	281,492	282,863
STORAGE[5]										
Total Reservoir Storage, December 31	**611,529**	596,588	577,807	496,555	501,084	309,874	544,527	553,929	607,921	591,462
Total Reservoir Storage, January 1	**596,588**	577,807	496,555	501,084	309,874	544,527	553,929	607,921	591,462	607,786
Storage Gain or (Loss)	**14,941**	18,781	81,252	(4,529)	191,210	(234,653)	(9,402)	(53,992)	16,459	(16,324)

[1]Initiated exchange programs for Blue River effluent on September 10, 1976.

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

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

[4]Evaporation losses included in Other Uses beginning in 2004.

[5]Reservoirs used to compute total storage changed for the 2002 report. 1998-2001 data were adjusted for this change.

Pumping

2007 Facts

Water pumped - Current year	44,684.79	MG[1]
Water pumped - Last year	44,937.60	MG[1]
Percentage decrease from last year	1%	
Number of pump stations	18	
Maximum pumping capacity	1,097.4	MGD[2]
Pumping energy costs - Current year	$2,610,503	
Pumping energy costs - Last year	$3,247,213	
Percentage decrease from last year	(20)%	

[1]Million Gallons

[2]Million Gallons per Day

PUMPING STATION CAPACITIES - 2007

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

Pump Station/Elevation	Pump Number	Make of Pump	Make of Motor	Horse-power	Head in Feet	Capacity in MGD	Method of Operation[1]
BELLEVIEW (5,714)	4	Goulds	Ideal Electric	900	260	15.0	M R
(High Pressure)	5	Worthington	Westinghouse	300	260	5.0	M R
	6	Worthington	General Electric	600	260	10.0	M R
	7	Worthington	General Electric	900	260	15.0	M R
				2,700		45.0	
BELLEVIEW (5,714)	1	Goulds	General Electric	250	175	6.0	M R
(Low Pressure)	2	Goulds	General Electric	400	175	10.0	M R
				650		16.0	
BROOMFIELD (5,316)	1	Patterson	Ideal Electric	400	350	5.0	M R
	2	Patterson	Ideal Electric	400	350	5.0	M R
	3	Patterson	Ideal Electric	400	350	5.0	M R
	4	Goulds	US Motor	500	300	6.5	M R
				1,700		21.5	
CAPITOL HILL (5,387)	3	Wheeler Economy	General Electric	800	175	20.0	M R
	4	Byron Jackson	General Electric	400	175	12.0	M R
	5	Cameron	General Electric	700	164	20.0	M R
	6	Byron Jackson	Westinghouse	600	175	17.0	M R
	7	Byron Jackson	Westinghouse	800	175	23.0	M R
				3,300		92.0	
CASTLEWOOD (5785)[2]	1	Peerless	US Motor	10		0.5	M L
	2	Peerless	General Electric	40		1.5	M L
	3	Peerless	General Electric	100		4.2	M L
				150		6.2	
CHATFIELD (5,717)	1	ITT	US Motor	200	150	5.0	M R
(Low Pressure)	2	ITT	US Motor	200	150	5.0	M R
	3	ITT	US Motor	200	150	5.0	M R
				600		15.0	
CHATFIELD (5,717)	5	ITT	US Motor	400	320	5.0	M R
(High Pressure)	6	ITT	US Motor	400	320	5.0	M R
				800		10.0	
CHERRY HILLS (5,380)	1	Worthington	General Electric	1,000	220	20.0	M R
	2	Worthington	General Electric	1,000	220	20.0	M R
	3	Worthington	General Electric	1,000	220	20.0	M R
	4	Worthington	General Electric	1,000	220	20.0	M R
	5	Worthington	General Electric	1,000	220	20.0	M R
	6	Worthington	General Electric	1,000	220	20.0	M R
				6,000		120.0	
CLARKSON (5,482)[2]	1	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
	2	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
	3	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
	4	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
	5	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
	6	Fairbanks Morse	Reliance Electric	150	234	2.1	M R
				900		12.6	
EINFELDT (5,341)	2	Wheeler Economy	General Electric	800	175	20.0	M R
	3	Byron Jackson	General Electric	600	175	17.0	M R
	4	Byron Jackson	General Electric	400	175	12.0	M R
	5	Byron Jackson	Westinghouse	200	175	5.3	M R
	6	Worthington	General Electric	800	175	20.0	M R
	7	Wheeler Economy	General Electric	800	175	20.0	M R
				3,600		94.3	

[1]M=Manual, R=Remote, L=Local

[2]Vault Type Structure (underground)

(Continued next page)

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

Pump Station/Elevation	Pump Number	Make of Pump	Make of Motor	Horse-power	Head in Feet	Capacity in MGD	Method of Operation[1]	
FIFTY-SIXTH AVENUE (5,203)	2	Allis Chalmers	Ideal Electric	1,750	450	15.0	M	R
	3	Allis Chalmers	Ideal Electric	1,750	450	15.0	M	R
	4	Allis Chalmers	Ideal Electric	1,750	450	15.0	M	R
	5	Allis Chalmers	Ideal Electric	1,750	450	15.0	M	R
	8	Gould	U.S. Motor	500	75	30.0	M	R
	9	Gould	U.S. Motor	500	75	30.0	M	R
				8,000		120.0		
GREEN MOUNTAIN (5,837)	1	Patterson	General Electric	700	260	10.0	M	R
	2	Patterson	General Electric	350	260	5.0	M	R
	3	Patterson	General Electric	350	260	5.0	M	R
	4	Patterson	General Electric	700	260	10.0	M	R
				2,100		30.0		
HIGHLANDS (5,704)	1	Fairbanks Morse	General Electric	125	165	3.0	M	R
(Low Pressure)	2	Fairbanks Morse	General Electric	125	165	3.0	M	R
	3	Fairbanks Morse	General Electric	125	165	3.0	M	R
	4	Fairbanks Morse	General Electric	125	165	3.0	M	R
	5	DeLaval	Ideal Electric	350	165	10.0	M	R
	6	DeLaval	Ideal Electric	350	165	10.0	M	R
	7	DeLaval	Ideal Electric	350	165	10.0	M	R
				1,550		42.0		
HIGHLANDS (5,704)	1	Gould	General Electric	900	260	15.0	M	R
(High Pressure)	4	Gould	General Electric	900	260	15.0	M	R
	6	Gould	General Electric	300	110	10.0	M	R
	7	Gould	General Electric	300	110	10.0	M	R
	8	Gould	General Electric	150	110	5.0	M	R
	9	Gould	General Electric	150	110	5.0	M	R
				2,700		60.0		
HILLCREST (5,602)	1	Allis Chalmers	Allis Chalmers	50	169	1.0	M	R
(Low Pressure)	2	Allis Chalmers	Allis Chalmers	100	167	2.0	M	R
	3	DeLaval	Electric Machinery	200	163	5.0	M	R
	4	DeLaval	Electric Machinery	400	163	11.0	M	R
	5	DeLaval	Electric Machinery	400	163	11.0	M	R
	6	Worthington	Fairbanks Morse	400	163	11.0	M	R
	7	Worthington	Fairbanks Morse	400	163	11.0	M	R
				1,950		52.0		
HILLCREST (5,602)	8	American Marsh	Westinghouse	75	320	0.8	M	R
(High Pressure)	9	Gould	US Motor	1,500	330	20.0	M	R
	10	DeLaval	Electric Machinery	350	313	4.8	M	R
	11	DeLaval	Electric Machinery	800	315	10.5	M	R
	12	DeLaval	Electric Machinery	800	315	10.5	M	R
	13	Patterson	Ideal Electric	900	320	10.0	M	R
				4,425		56.6		
KENDRICK (5,607)	1	Patterson	Ideal Electric	300	120	10.0	M	R
(Low Pressure)	2	DeLaval	General Electric	300	117	10.0	M	R
	3	Worthington	General Electric	75	119	2.9	M	R
	4	Worthington	General Electric	75	119	2.9	M	R
	5	Worthington	General Electric	75	119	2.9	M	R
				825		28.7		

[1]M=Manual, R=Remote, L=Local

(Continued next page)

PUMPING STATION CAPACITIES - 2007

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

Pump Station/Elevation	Pump Number	Make of Pump	Make of Motor	Horse-power	Head in Feet	Capacity in MGD	Method of Operation[1]
KENDRICK (5,607)	7	Worthington	Electric Machinery	800	260	10.0	M R
(High Pressure)	8	Worthington	Electric Machinery	800	260	10.0	M R
	9	Goulds	Waukesha[3]	700	260	10.0	M R
	10	DeLaval	Waukesha[3]	400	260	5.0	M R
	11	Patterson	Ideal Electric	700	260	10.0	M R
				3,400		45.0	
LAKERIDGE (5,516)	1	American Marsh	General Electric	25	120	0.7	M R
	2	American Marsh	General Electric	75	120	2.9	M R
	3	American Marsh	General Electric	75	120	2.9	M R
	4	American Marsh	General Electric	60	120	1.7	M R
				235		8.2	
LAMAR (5,443)[2]	1	Worthington	Marathon Electric	100	120	2.9	M R
	2	Worthington	Marathon Electric	100	120	2.9	M R
	3	Worthington	Fairbanks Morse	75	120	2.0	M R
				275		7.8	
LONE TREE (5,904)	3	Gould	Siemens & Allis	300	127	10.0	M R
(Low Pressure)	4	Gould	Siemens & Allis	150	127	5.0	M R
	5	Gould	Siemens & Allis	150	127	5.0	M R
				600		20.0	
LONE TREE (5,904)	6	Gould	Siemens & Allis	300	227	5.0	M R
(High Pressure)	7	Gould	Siemens & Allis	600	227	10.0	M R
	8	Gould	Siemens & Allis	600	227	10.0	M R
				1,500		25.0	
MARSTON (5,485)	1	Worthington	Waukesha[3]	700	166	20.0	M R
(Low Pressure)	2	Worthington	General Electric	700	166	20.0	M R
	3	Worthington	General Electric	700	166	20.0	M R
	4	Worthington	General Electric	700	166	20.0	M R
	5	Worthington	General Electric	700	166	20.0	M R
				3,500		100.0	
MARSTON (5,485)	8	Patterson	Waukesha[3]	400	260	6.5	M R
(High Pressure)	9	Ingersoll-Rand	Reliance Electric	500	260	8.0	M R
	10	Gould	US Motor	900	260	15.0	M R
	11	Gould	US Motor	900	260	15.0	M R
				2,700		44.5	
SIXTY-FOURTH AVENUE (5,427)	3	Fairbanks Morse	United States	100	90	5.0	M R
(Low Pressure)	6	Fairbanks Morse	United States	200	90	10.0	M R
				300		15.0	
SIXTY-FOURTH AVENUE (5,427)	1	Fairbanks Morse	United States	400	170	10.0	M R
(High Pressure)							
			Grand Total	54,860		1,097.4	

Note: City Datum = 5,172.91

[1]M=Manual, R=Remote, L=Local

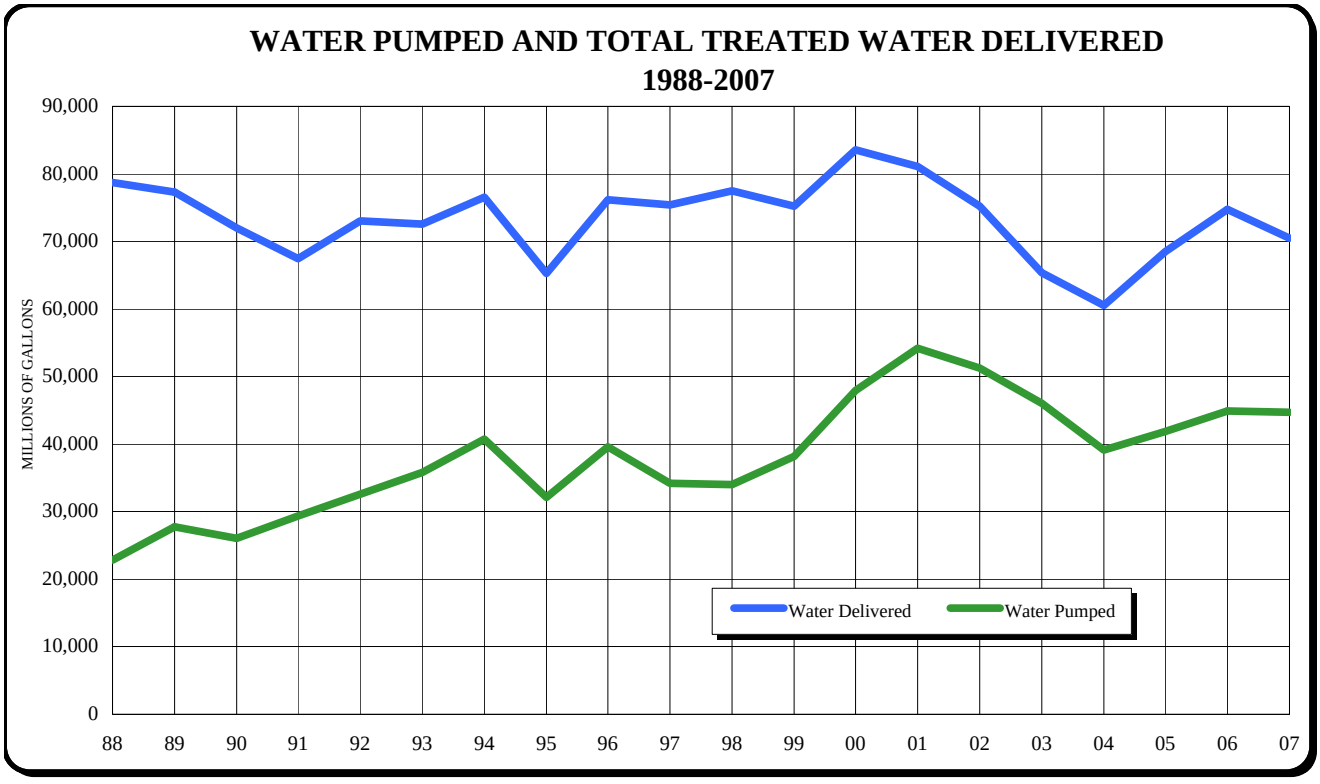
[2]Vault Type Structure (underground)

[3]Natural Gas Engine

WATER PUMPED AND POWER COSTS: 1988 - 2007

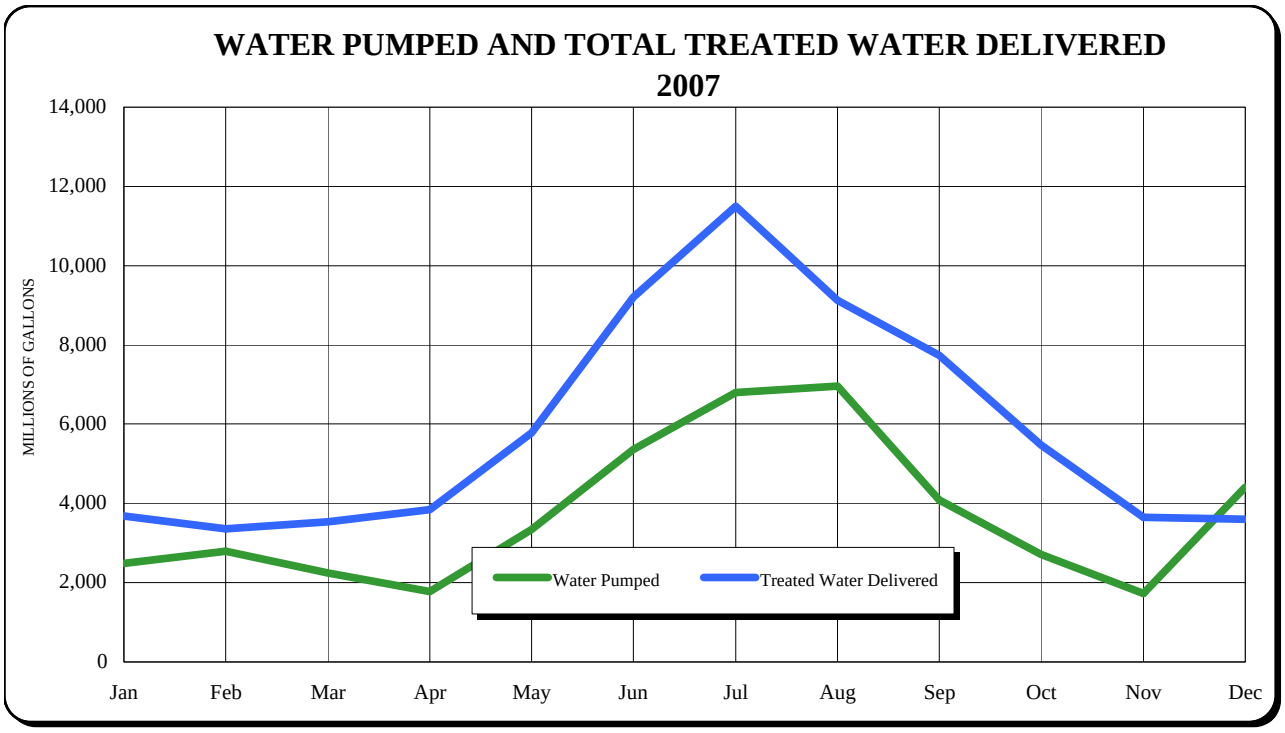
Year	Water Pumped (million gals.)	Total Treated Water Delivered (million gals.)	Pumps Number	Pumps Capacity (million gals.)	Total Pumping Power Used (kwh)	Gas Used (dth)	Total Power, Electric and Gas Costs[1]
1988	22,870.50	78,718.55	118	1,156.8	23,762,950	-	$1,572,461
1989 [2]	27,724.95	77,262.29	118	1,156.8	27,181,894	-	$1,859,268
1990 [2]	26,089.81	72,043.94	113	1,091.8	27,734,829	-	$1,814,124
1991	29,349.37	67,435.91	113	1,091.8	27,167,261	-	$1,778,200
1992	32,613.51	73,043.27	113	1,091.8	29,349,535	-	$1,782,578
1993	35,826.13	72,562.61	113	1,091.8	31,537,298	-	$1,800,790
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

[1]Total energy costs for all Denver metropolitan area Board water distribution facilities.
[2]Foothills Treatment Plant out of service from October 16, 1989 through March 2, 1990.



WATER PUMPED MONTHLY - 2007
(millions of gallons)

	Water Pumped	Total Treated Water Delivered		Water Pumped	Total Treated Water Delivered
January	2,480.65	3,677.73	August	6,955.15	9,126.92
February	2,795.86	3,357.96	September	4,086.25	7,728.70
March	2,238.75	3,529.84	October	2,712.20	5,477.01
April	1,773.76	3,839.89	November	1,722.46	3,654.74
May	3,338.81	5,785.01	December	4,416.36	3,600.02
June	5,363.15	9,203.64			
July	6,801.39	11,498.39	Total Year	44,684.79	70,479.84



WATER PUMPED BY STATION - 2007
(millions of gallons)

Belleview (Low)	1,433.32	Hillcrest (High)	1,675.55
Belleview (High)	2,406.91	Kendrick (Low)	666.43
Broomfield	1,625.74	Kendrick (High)	1,186.04
Capital Hill	36.34	Lakeridge	1,699.77
Chatfield (Low)	1,208.22	Lamar	766.23
Chatfield (High)	747.64	Lone Tree (Low)	719.12
Cherry Hills	1,345.08	Lone Tree (High)	689.41
Clarkson Street	596.50	Marston (Low)	8,442.85
Einfeldt	1,303.79	Marston (High)	2,719.74
Fifty-Sixth Avenue	2,320.42	Sixty-Fourth Ave. (High)	0.42
Green Mountain	1,665.75	Sixty-Fourth Ave. (Low)	1,251.18
Highlands (Low)	2,145.30		
Highlands (High)	7,101.83	Total	44,684.79
Hillcrest (Low)	931.23		

DISTRIBUTING RESERVOIRS AND RAW WATER PUMPING STATIONS - 2007

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

		Capacity (million gals.)
Alameda & Beech (6,042)[1]		
	Number 1	1.0
	Number 2	2.0
		3.0
Ashland (5,430)		
	East Basin	19.1
	West Basin	21.9
		41.0
Belleview (5,743)		10.0
Broomfield (5,335)		
	Number 1	2.5
	Number 2	2.5
		5.0
Broomfield Tank (5,534)[1]		
	Number 1	3.0
	Number 2	3.0
		6.0
Capitol Hill (5,395)		
	Number 1	23.4
	Number 3	27.0
		50.4
Chatfield Tank (5,740)		
	Number 1	5.0
	Number 2	5.0
		10.0
Colorow (6007)		3.7
Fifty-Sixth Avenue (5,223)		15.0
Foothills (5,860)		
	Number 1	25.0
	Number 2	25.0
	Number 3	25.0
		75.0
Green Mountain (5,859)		5.0
Highlands (5,722)		
	Number 1	3.3
	Number 2	3.2
	Number 3	13.5
		20.0

		Capacity (million gals.)
Hillcrest (5,624)		
	Number 1	14.8
	Number 2	14.8
		29.6
Hogback (6,007)		3.95
KenCaryl Ranch (6,410)[1]		
	Number 3	2.0
	Number 4	2.0
		4.0
Kendrick (5,627)		15.0
Lone Tree (5,930)		10.0
Marston Treatment (5,497)		
	Number 3	6.8
	Number 4	9.2
		16.0
Moffat Treatment (5,620)		
	Number 1	4.3
	Number 2	4.3
	Number 3	5.0
	Number 4	4.4
		18.0
Sixty-Fourth Avenue (5,460)		15.0
Southgate (6,123)[1]		
	Number 1	2.0
	Number 2	6.0
		8.0
Utah Tank (6,042)[1]		3.0
Valley Tank (6,000)[1]		2.0
Total Capacity		368.65

[1]Not Owned by Denver Water.

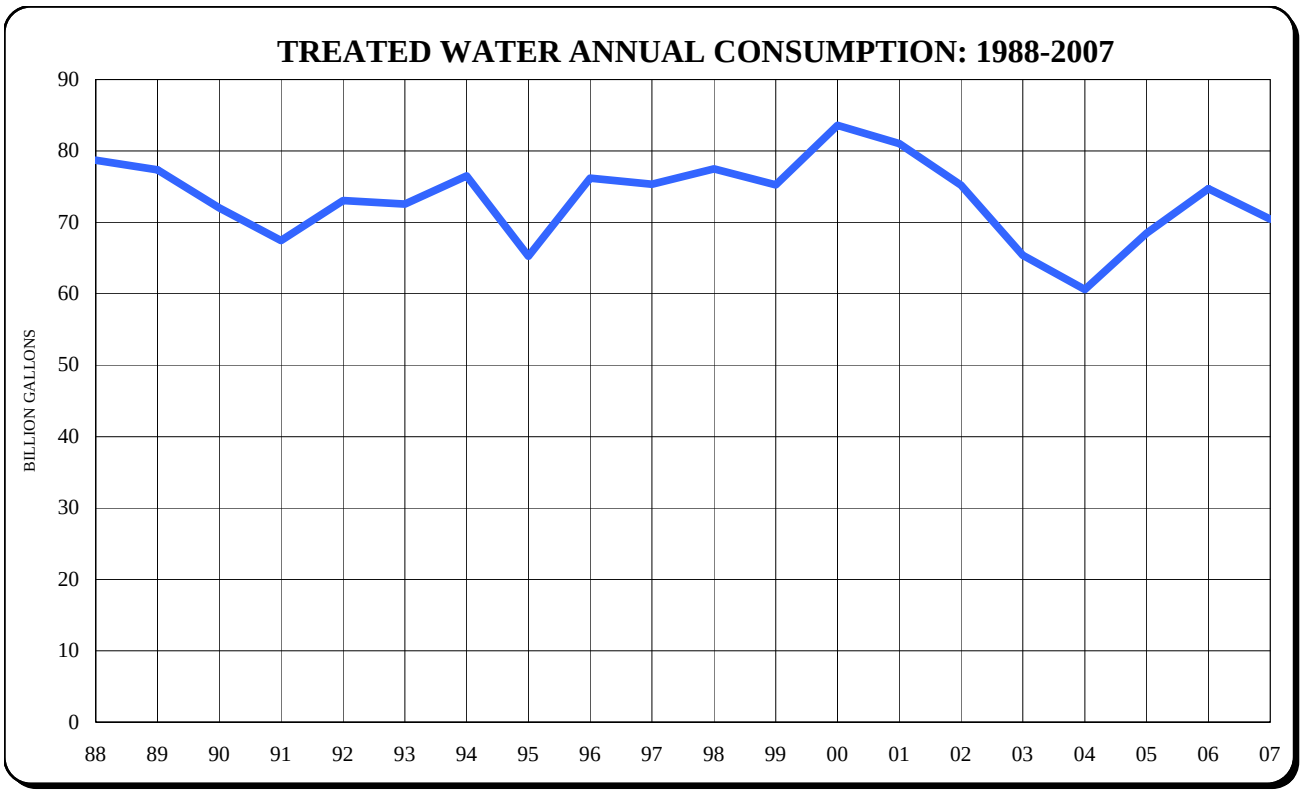
RAW WATER PUMPING STATIONS

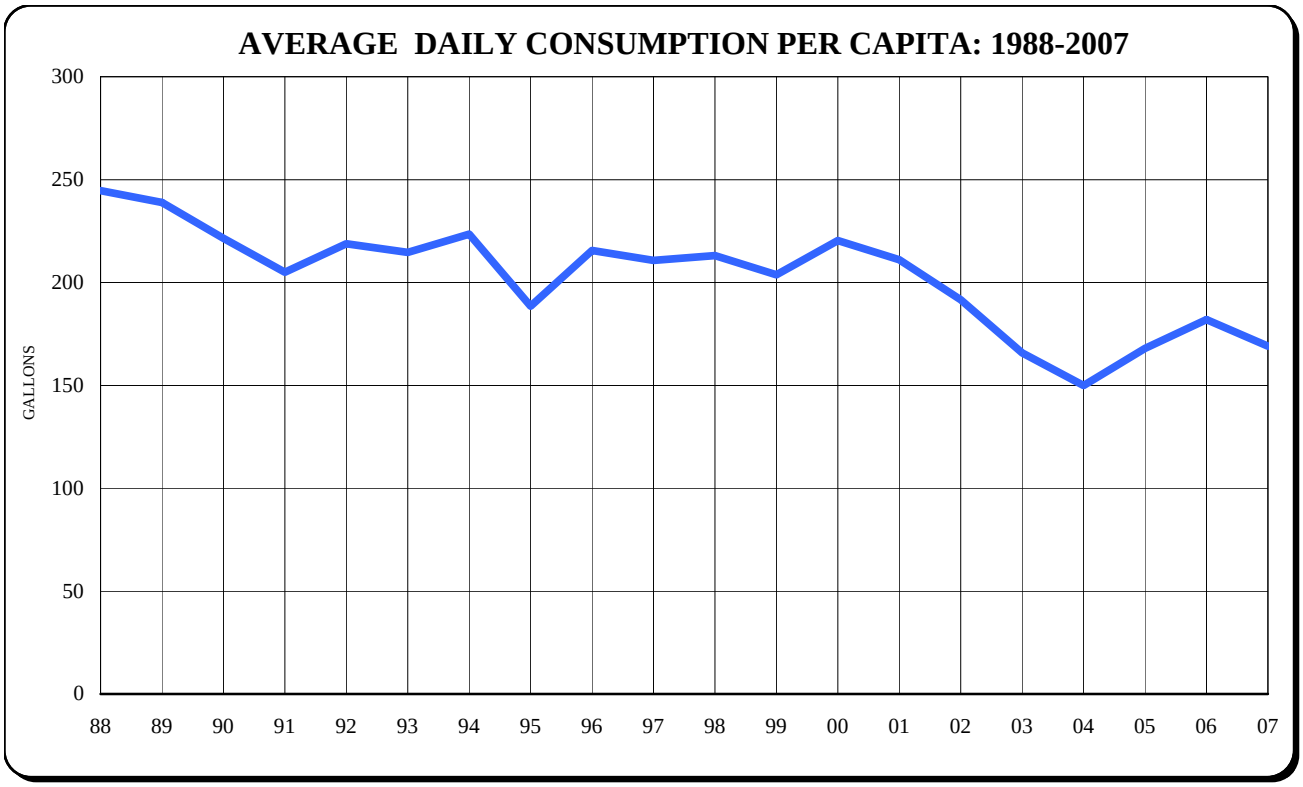
Pump Station	Pump Number	Make of Pump	Make of Motor	Horse-Power	Head in Feet	Capacity in MGD
Last Chance	1	Worthington	General Electric	30	60	2.2
Metro Sewer	1	Peerless	United States	200	30	30.0
	2	Peerless	General Electric	200	30	30.0
	3	Peerless	General Electric	200	30	30.0
				600	90	90.0
Kassler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

Treatment and Water Quality

2007 Facts

Treated water consumption……	70,479.84	MG
Decrease from last year……	(4,245.14)	MG
Average daily consumption……	193.10	MG
Maximum daily consumption:		
(July 23)……	425.70	MG
Maximum hour treated water use rate:		
(July 2 at 8:45 p.m.)……	660.00	MGD
Water Quality:		
Total samples collected……	12,610	
Microbiological analyses completed……	9,150	
Chemical analyses completed……..……..……	33,806	


TREATED WATER ANNUAL CONSUMPTION: 1988-2007
BILLION GALLONS
90
80
70
60
50
40
30
20
10
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07


AVERAGE DAILY CONSUMPTION PER CAPITA: 1988-2007
GALLONS
300
250
200
150
100
50
0
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07

CONSUMPTION OF TREATED WATER: 1988 - 2007

		(million gallons)			Population	Avg. Daily Gals.	Precipitation in Inches[2]	
Year	Acre-Feet	Annual	Daily Avg.	Daily Max.	July 1[1]	Per Capita	Year	4/1 to 9/30
1988	241,578	78,718.55	215.08	477.65	879,000	245	15.28	11.48
1989	237,342	77,338.15	211.89	553.29	887,000	239	16.08	12.15
1990	221,095	72,043.94	197.38	507.12	891,000	222	16.64	9.95
1991	206,953	67,435.91	184.76	414.79	900,000 [3]	205	19.69	14.50
1992	224,162	73,043.27	199.57	414.11	912,000	219	15.94	8.42
1993	222,686	72,562.61	198.80	438.20	926,000	215	15.81	9.62
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	248,748	81,054.72	222.07	488.71	1,052,000	211	16.45	12.43
2002	230,845	75,221.18	206.09	419.20	1,076,000	192	9.95	6.59
2003	200,704	65,399.47	179.18	370.05	1,081,000	166	17.00	8.77
2004	185,909	60,578.77	165.52	340.92	1,104,000	150	21.35	16.06
2005	210,138	68,473.70	187.60	424.80	1,115,000	168	16.32	10.90
2006	229,323	74,724.98	204.73	425.68	1,124,000	182	16.15	8.66
2007	216,295	70,479.84	193.10	425.70	1,143,000	169	18.10	11.45

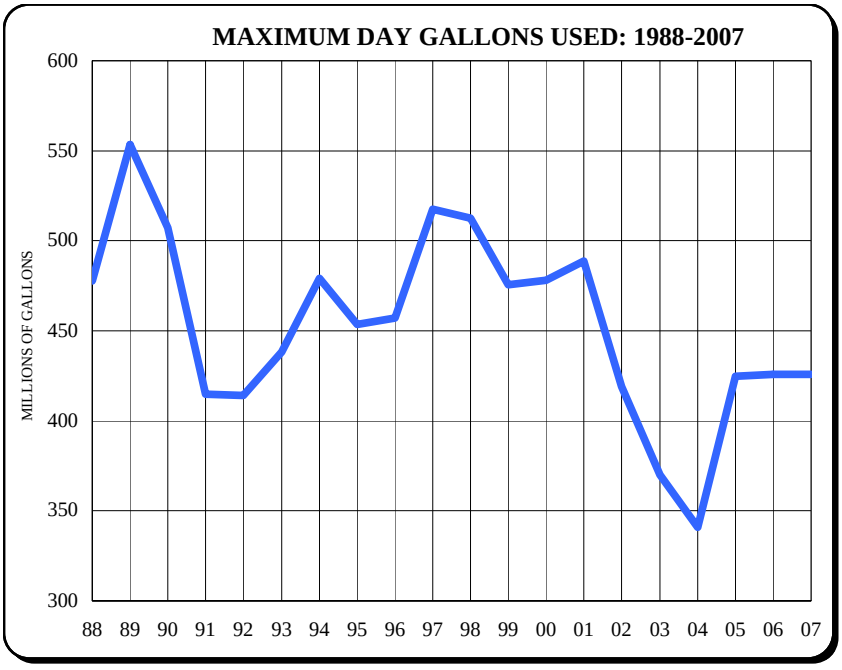
[1]Population estimates are treated water customers only.

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

[3]Revised data from 1991 to 2000 are interpolated from analysis of the 2000 Census and adjusted for tap growth.

TREATMENT PLANT CAPACITY

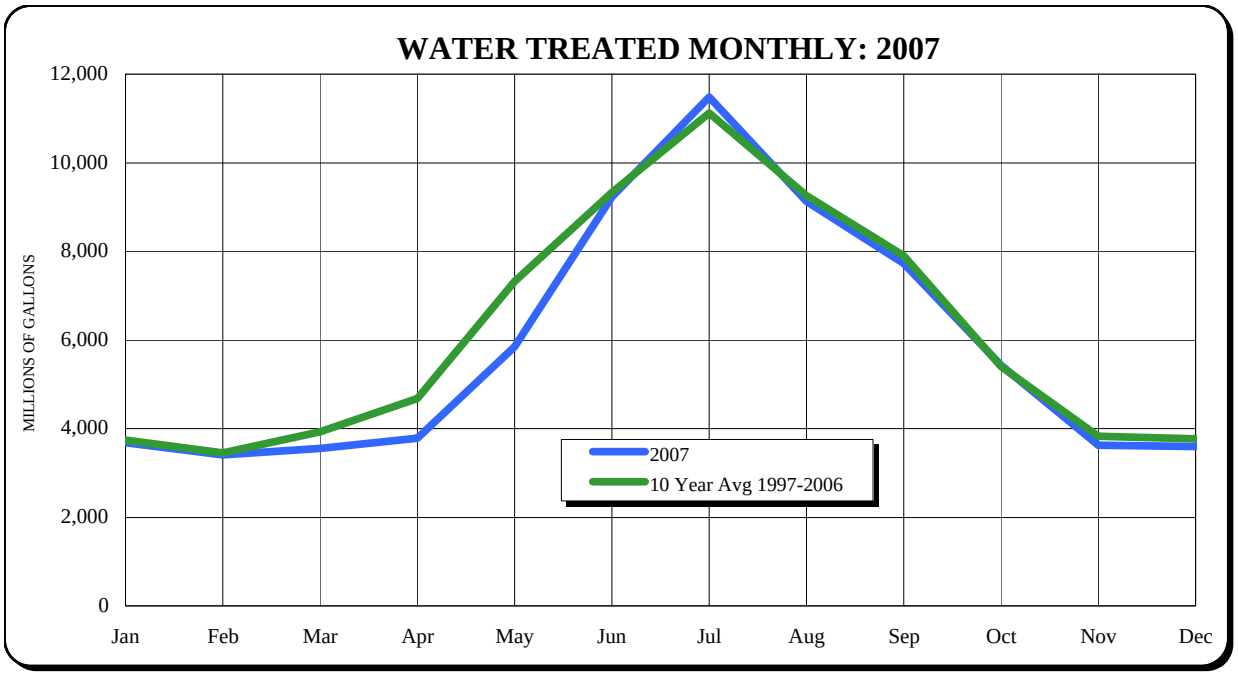
Plant	Type	Capacity in MGD
Foothills	Dual-Media	280.0
Marston	Dual-Media	250.0
Moffat	Rapid Sand	185.0
		715.0



WATER TREATED MONTHLY - 2007
(millions of gallons)

	Foothills Filters	Marston Filters	Moffat Filters	Total
January	2,790.60	887.58	-	3,678.18
February	2,601.80	801.10	-	3,402.90
March	2,661.61	886.38	-	3,547.99
April	2,912.90	871.09	6.04	3,790.03
May	3,492.66	1,148.17	1,207.55	5,848.38
June	5,797.58	1,483.14	1,942.88	9,223.59
July	7,531.74	1,807.16	2,142.77	11,481.66
August	6,324.21	1,577.66	1,230.64	9,132.51
September	5,299.43	1,502.29	917.74	7,719.45
October	4,147.58	489.20	792.09	5,428.87
November	2,418.28	385.05	827.27	3,630.60
December	119.20	2,271.59	1,199.46	3,590.26
Total	46,097.58	14,110.41	10,266.43	70,474.41

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	70,474.41	MG
Decrease In Clear Water Storage	5.43	MG
Total Treated Water Delivered/Consumed for the Year	70,479.84	MG

CHEMICAL TREATMENT AND ANALYSIS
TREATED WATER IN DISTRIBUTION SYSTEM - 2007

CHEMICAL TREATMENT

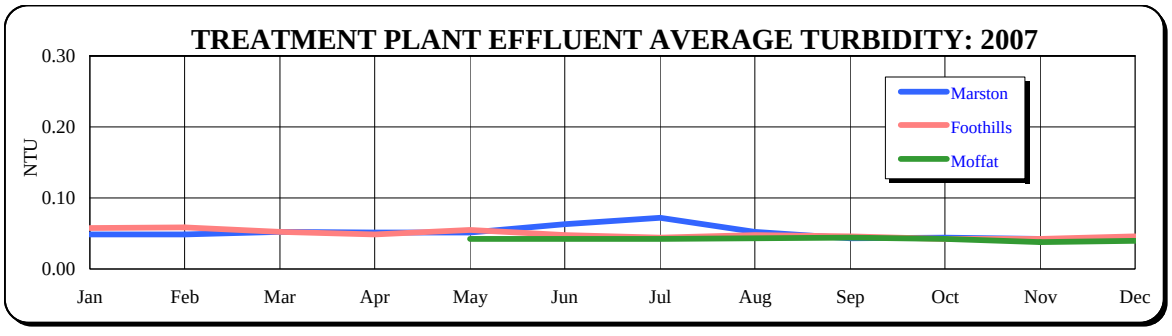
Chemicals are used at various points throughout the treatment plants to provide for appropriate water treatment including oxidation, coagulation, pH adjustment, fluoridation and disinfection. The following are total pounds and cost of chemicals used at each treatment plant.

	Pounds of Chemicals Used	Total Cost
Foothills	26,715,281	$ 2,868,873
Moffat	6,557,777	759,781
Marston	8,920,413	962,628
Recycling	2,535,448	319,210
	44,728,919	$ 4,910,492

DISTRIBUTION SYSTEM & TREATMENT PLANT EFFLUENT TOTAL COLIFORM RESULTS

Month	Number of Samples	Number of Positives	% Positive
January	501	-	-
February	426	-	-
March	465	1	0.22%
April	484	-	-
May	498	1	0.20%
June	430	1	0.23%
July	481	1	0.21%
August	483	2	0.41%
September	421	1	0.24%
October	476	2	0.42%
November	435	1	0.23%
December	384	-	-
	5,484	10	0.18%

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 2005.



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

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES – 2007

Analysis	Maximum Contaminant Level (MCL)	Marston	Foothills	Moffat
General (mg/L)				
Alkalinity, Total as $CaCO_3$		61	54	23
Chlorine, Total		1.53	1.51	1.55
Hardness as $CaCO_3$		98	82	38
pH (SU)		7.63	7.73	7.73
Specific Conductance (µS)		305	260	128
Temperature (°C)		12	12	15
Total Dissolved Solids		173	154	74
Turbidity (NTU)	0.30	0.05	0.05	0.04
Metals (µg/L)				
Aluminum		32	55	66
Barium	2000	35	34	20
Boron		16	14	6
Cadmium	5	<0.1	<0.1	<0.1
Calcium (mg/L)		29	23	12
Copper	TT[1]	<6	<6	<6
Magnesium (mg/L)		7.3	6.4	2.5
Manganese		5	2	2
Molybdenum		14	4	<3
Nickel		<0.8	<0.8	<0.8
Potassium (mg/L)		2.0	1.7	0.8
Sodium (mg/L)		19	18	8
Strontium (mg/L)		0.16	0.19	0.06
Ions (mg/L)				
Bromide		<0.02	<0.02	<0.02
Chloride		17.9	15.9	5.3
Fluoride	4.0	0.89	0.90	0.90
Nitrate-Nitrogen	10	0.09	0.18	0.06
Silicon		2.6	4.7	3.7
Sulfate		52.7	39.7	20.0
Radiological (pCi/L)				
Beta, Total	Trigger Level = 15 pCi/L	<2	<2	<2
Radium $^{226/228}$		2	1	<1
Uranium (µg/L)	30	0.3	<0.3	0.5
Microbiological				
m-Heterotrophic Plate Count (CFU/mL)		0.14	0.35	1.7

(Continued next page)

[1] TT indicates that the MCL involves treatment techniques.

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 2007 (Continued)

Analysis	Maximum Contaminant Level (MCL)	Marston	Foothills	Moffat
Disinfection By-Products (µg/L)				
1,1,1-Trichloropropanone		1.4	2.5	1.6
1,1-Dichloropropanone		0.9	1.0	0.8
Bromochloroacetic acid		2.5	2.1	0.6
Bromochloroacetonitrile		4.5	2.5	0.5
Bromodichloromethane		6.3	8.1	2.8
Chloral hydrate		1.2	2.5	1.4
Chloroform		9.3	26.1	15.6
Cyanogen chloride		0.61	0.05	0.51
Dibromoacetic acid		0.8	0.7	<0.5
Dibromoacetonitrile		0.4	<0.4	<0.4
Dibromochloromethane		2.7	1.4	<0.5
Dichloroacetic acid		6.9	14.1	9.9
Dichloroacetonitrile		1.8	3.3	1.8
Haloacetic Acids (5)	60	11	28	17
Total Trihalomethanes	80	18	36	19
Trichloroacetic acid		3.8	13.5	7.1
Nonspecific Organics				
Total Organic Carbon (mg/L)		2.1	2.3	1.9
Hexachlorobenzene (µg/L)		<0.1	<0.1	<0.1

The following analyses were performed and each of these constituents was either not detected or the average result was less than the limit of detection. 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.

General
Alkalinity, Phenolphthalein as $CaCO_3$
Chlorine, Free
Metals (mg/L)
Antimony (0.006)
Arsenic (0.05)
Beryllium (0.004)
Chromium (0.1)
Cobalt
Copper (TT[1])
Iron
Lead (TT[1])
Lithium
Mercury, Total (0.002)
Selenium (0.05)
Silver
Thallium (0.002)
Titanium
Vanadium
Zinc
Ions (mg/L)
Carbonate
Cyanide, Total
Hydroxide
Nitrite-Nitrogen (1)
Ortho Phosphorus, Dissolved
Perchlorate
Radiological (pCi/L)
Alpha (15)
Microbiological
Cryptosporidium
Giardia (TT[1])
Plankton
Total Coliform (DS)
Disinfection By-Products (µg/L)
Bromodichloroacetic Acid
Bromoform
Carbon tetrachloride (5)
Chlorodibromoacetic acid
Monobromoacetic Acid
Monochloroacetic Acid
n-Nitrosodimethylamine (NDMA)
Trichloroacetonitrile
Organic Compounds (µg/L)
1,1,1,2-Tetrachloroethane
1,1,1-Trichloroethane (200)
1,1,2,2-Tetrachloroethane
1,1,2-Trichloroethane (5)
1,1-Dichloroethane
1,1-Dichloroethene (7)
1,1-Dichloropropene
1-Chlorobutane
1,2,3-Trichlorobenzene
1,2,3-Trichloropropane
1,2,3-Trimethylbenzene
1,2,4-Trichlorobenzene (70)
1,2,4-Trimethylbenzene
1,2,4,5-Tetrachlorobenzene
1,2-Dichloroethane (5)
1,2-Dichloropropane (5)
1,3,5-Trimethylbenzene
1,3-Dichloropropane
1,4-Dioxane
1-Methylnaphthalene
2-Methylnaphthalene
2,2-Dichloropropane
2,3-Dichlorobiphenyl
2-Butanone
2-Chlorobiphenyl
2-Chlorophenol
2-Hexanone
2-Methyl-4,6-dinitrophenol
2-Methylphenol
2-Nitrophenol
2-Nitropropane
2,4-Dichlorophenol
2,4-Dimethylphenol
2,4-Dinitrophenol
2,4,5-Trichlorobiphenyl
2,4,6-Trichlorophenol
4-Methyl-2-Pentanone
4-Chloro-3-methylphenol
4-Nitrophenol
Acenaphthene
Acrylonitrile
Aldrin
Allyl chloride
Anilazine
Aspon
Bendiocarb
Benfluralin
Benzene (5)
Bolstar
Bromobenzene
Bromochloromethane
Bromomethane
Carbon disulfide
Carbophenothion
Carboxin
Chloramben
Chlorfenvinphos
Chloroacetonitrile
Chlorobenzene (100)
Chloroethane
Chloromethane
Chloropicrin
Chloroprene
Chloropropylate
Clomazone
Clopyralid
cis-1,2-Dichloroethene (70)
cis-1,3-Dichloropropene
Dibromomethane
Dichlorodifluoromethane
Dichloromethane (5)
Ethyl Benzene (700)
Hexachlorobutadiene
Hexachlorocyclopentadiene
Isopropyl Benzene
m-Dichlorobenzene
Methyl parathion
Methyl tert-butylether
Naphthalene
n-Butyl Benzene
Nitrobenzene
n-Propyl Benzene
o-Chlorotoluene
o-Dichlorobenzene (600)
p-Chlorotoluene
p-Dichlorobenzene (78.5)
p-Isopropyl Toluene
sec-Butyl Benzene
Styrene (100)
tert-Butyl Benzene
Tetrachloroethene (5)
Toluene (1000)
Toxaphene
trans-1,2-Dichloroethene (100)
trans-1,3-Dichloropropene
Trichloroethene
Trichloroethylene (5)
Trichlorofluoromethane
Vinyl Chloride (2)
Xylenes (10000)
1,2-Dibromo-3-chloropropane (0.2)
2,4,5-T
2,4-D (70)
2,4-DB
3,5-Dichlorobenzoic acid
3-Hydroxycarbofuran
4,4'-DDD
4,4'-DDE
4,4'-DDT
α-BHC
Acetochlor
Acifluourfen
Alachlor (2)
Aldicarb
Aldicarb sulfoxide
Aldicarb sulfone
Atraton
Atrazine (3)
Bentazon
β-BHC
Bromacil
Butachlor
Butylate
Carbaryl
Carbofuran
Chlordane
Chlorneb
Chlorobenzilate
Chlorothalonil
Chlorpropham
Cis-Permethrin
Coumaphos
Crotoxyphos
Cyanazine
Cycloate
Dacthal
Dalapon (200)
DCPA acid metabolites
δ-BHC
Demeton O
Demeton S
Diazinon
Dicamba
Dichlorprop
Dichlorvos
Dichlobenil
Dichlofenthion
Dichloran
Dicrotophos
Dieldrin
Diethyl ether
Dimethoate
Dinoseb
Dioxathion
Disulfoton
Disulfoton sulfone
Disulfoton sulfoxide
Diphenamid
Diquat
Dursban
Endothall (100)
Endosulfan –A
Endosulfan – B
Endosulfan sulfate
Endrin (2)
Endrin Aldehyde
Epichlorohydrin
EPN
EPTC
Erucylamide
Esfenvalerate
Ethalfluralin
Ethion
Ethofumasate
Ethoprop
Ethyl acrylate
Ethyl methacrylate
Ethyl tert-butyl ether
Ethylene dibromide
Etridiazole
Famphur
Fenamiphos
Fenarimol
Fenitrothion
Fensulfothion
Fenthion
Fluchloralin
Fluometuron
Fluridone
Fonofos
Heptachlor (0.4)
Heptachlor Epoxide (0.2)
Hexachloroethane
Hexazinone
Iprodione
Isofenphos
Leptophos
Lindane
Malathion
Metalaxyl
Methacrylonitrile
Methylacrylate
Methylmethacrylate
Methiocarb
Methomyl
Methoxychlor
Methyl paraoxon
Metolachlor
Metribuzin
Mevinphos

[1] TT indicates that the MCL involves treatment techniques.

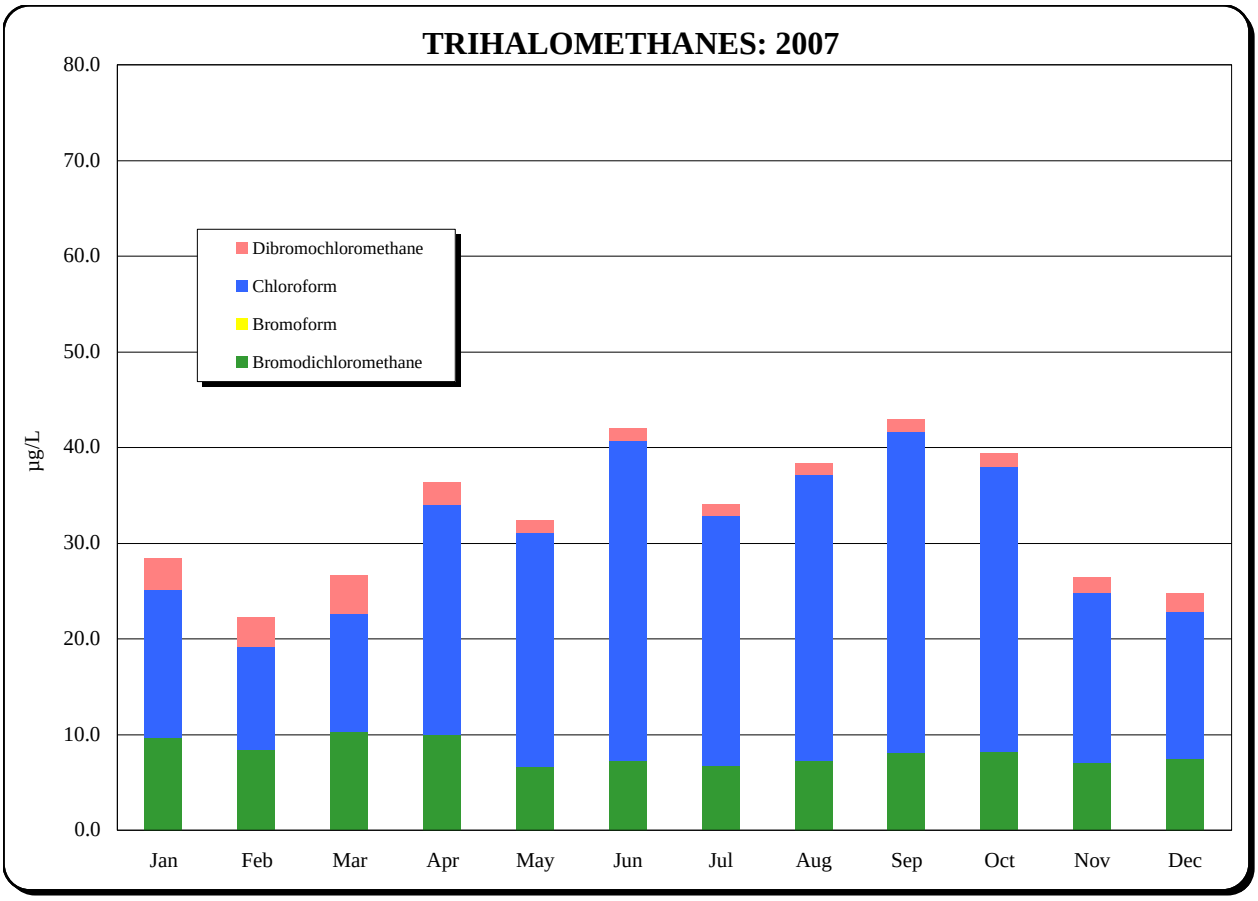
TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 2007 (Continued)

Mirex
Molinate
Monocrotophos
Naled
Napropamide
Norflurazon
n-Butyl acrylate
Oryzalin
Oxadiazon
Oxamyl (200)
Oxyfluorfen
Paraquat
Parathion
Pendimethalin
Phenol
Phorate
Phosmet
Picloram
Profluralin
Prometon
Prometryn
Pronamide
Propanil
Propachlor
Propazine
Propionitrile
Propoxur
Prothiophos
Silvex (50)
Simazine (4)
Simetryn
Stirofos
Sulfotep
TEPP
Terbufos
Terbacil
Terbuthiuron
Terbutryn
Tetrahydrofuran
Thiabendazole
Thiobencarb
Thionazin
trans-Permethrin
Triademefon
Tribufos
Trichloronate
Triclopyr
Tricyclazole
Trifluralin
Vernolate
Vinclozolin
Vinyl acetate
2,4-Dinitrotoluene
2,6-Dinitrotoluene
Acenaphthylene
Ametryn
Anthracene
Benzo(a)anthracene
Benzo(a)pyrene (0.2)
Benzo(b)fluoranthene
Benzo(g,h,i)perylene
Benzo(k)fluoranthene
Bis(2-ethylhexyl)adipate (400)
Bis(2-ethylhexyl)phthalate
Butyl benzyl phthalate
Chrysene
Dibenzo(a,h)anthracene
Diethyl phthalate
Dimethyl phthalate
Di-n-butyl phthalate
Di-n-octyl phthalate
Fluoranthene
Fluorene
Indeno(1,2,3-cd)pyrene
Isophorone
Pentachlorobenzene
Pentachlorophenol (1)
Phenanthrene
Polychlorinated Biphenyls (0.5)
Pyrene

Turf grass herbicides, Phenolic EDC's and Hormones

17alpha-Estradiol
17alpha-Ethynyl estradiol
17beta-Estradiol
4-n-Octylphenol
4-tert-Octylphenol
Azoxystrobin
Baygon
Bensulide
Bisphenol A
cis-Testosterone
Clomazone
Diethylstilbestrol (DES)
Diflubenzuron
Estriol
Estrone
Fenuron
Halofenozide
Halosulfuron methyl
Imidacloprid
Linuron
Monuron
Neburon
Nonylphenol, isomer mix
Paclobutrazol
Phenylphenol
Progesterone
Propargite
Siduron, Total
tert-Amyl Methyl ether
tert-Butyl alcohol
Tetrabromobisphenol A
Thidiazuron
trans-Testosterone
Triadimenol

DISTRIBUTION SYSTEM AVERAGE TRIHALOMETHANES - 2007



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 - 2007

Samples Collected:	
Watershed	459
Treatment plant	831
Distribution system	8,436
Other	2,884
	12,610

Analyses Performed:	
Microbiological	9,150
Chemical	33,806
	42,956

Transmission and Distribution

2007 Facts

Miles of pipe installed	11.5
Miles of pipe in system	2,657
Miles of nonpotable pipe in system	36.5
Number of valves operated and maintained	45,185
Number of nonpotable valves in system	313
Number of hydrants operated and maintained	15,767
Leak Detection Program:	
Miles of pipe surveyed	183
Visible leaks pinpointed	26
Non-visible leaks detected	17

TRANSMISSION AND DISTRIBUTION MAINS - 2007

SUMMARY OF PIPE BY MATERIAL[1]

	Length in Feet				Length in Miles
Kind of Pipe	12-31-06 [3]	Additions	Reductions	12-31-07	12-31-07
Cast iron	5,959,391	-	10,670	5,948,721	1,127
Cement Asbestos	1,386,326	-	2,216	1,384,110	262
Cement Mortar coated steel	27,992	-	-	27,992	5
Concrete	858,458	-	48	858,410	162
Copper	1,141	23	-	1,164	-
Ductile iron	2,489,933	20,473	2,430	2,507,976	475
Galvanized	7,755	-	-	7,755	1
Polyvinyl chloride	1,775,345	29,731	601	1,804,475	342
Steel	1,022,180	-	100	1,022,080	194
Steel -tape coated	410,796	10,579	-	421,375	80
Unknown[2]	49,516	-	180	49,336	9
	13,988,833	60,806	16,245	14,033,394	2,657

SUMMARY OF PIPE BY DIAMETER[1]

	Length in Feet				Length in Miles
Diameter of Pipe in Inches	12-31-06 [3]	Additions	Reductions	12-31-07	12-31-07
0.75	413	-	-	413	-
1	778	-	-	778	-
1.5	2,019	-	-	2,019	-
2	3,128	27	-	3,155	1
3	8,532	37	-	8,569	2
4	139,248	1,813	1,190	139,871	26
5	11	-	-	11	-
6	4,227,867	10,939	2,712	4,236,094	802
8	3,610,548	26,768	6,249	3,631,067	688
10	132,463	9	53	132,419	25
12	2,735,761	1,832	2,707	2,734,886	518
14	44,115	-	-	44,115	8
15	4,499	-	-	4,499	1
16	452,835	-	3,186	449,649	85
18	49,851	-	-	49,851	9
20	118,805	-	-	118,805	23
24	448,144	-	-	448,144	85
30	436,075	19,263	100	455,238	86
31	29	-	-	29	-
33	185	-	-	185	-
36	502,482	70	-	502,552	95
40	57	-	-	57	-
42	233,242	-	-	233,242	44
45	4,638	-	-	4,638	1
46	23,272	-	-	23,272	4
48	133,515	-	-	133,515	25
51	6,514	-	-	6,514	1
54	172,084	-	-	172,084	33
57	12,858	-	-	12,858	2
60	175,812	48	48	175,812	33
63	16,779	-	-	16,779	3
66	77,647	-	-	77,647	15
67	692	-	-	692	-
72	111,987	-	-	111,987	21
84	16,656	-	-	16,656	3
90	32,635	-	-	32,635	6
96	50	-	-	50	-
108	48,687	-	-	48,687	9
120	3,102	-	-	3,102	1
144	818	-	-	818	-
	13,988,833	60,806	16,245	14,033,394	2,657

[1]Mains within the City and Total Service Contract Areas.

[2]Unknown pipe material is assumed to be cast iron.

[3]Beginning balances on this year's report may not agree with ending balances on last year's report due to timing differences between when construction is completed and reporting.

VALVES - 2007

SUMMARY OF VALVES BY TYPE[1]

Type of Valve	12-31-06 [2]	Additions	Reductions	12-31-07
Air vacuum valve	1,310	38	-	1,348
Ball valve	7	-	-	7
Blowoff valve	2,612	15	-	2,627
Butterfly valve	948	12	-	960
Check valve	23	-	-	23
Cone valve	19	-	-	19
Gate valve	38,864	373	-	39,237
Hub valve	5	-	-	5
MacDougall blowoff valve	143	6	-	149
Pito (Corp stop)	590	4	-	594
Pressure regulating valve	167	-	-	167
Unknown	44	-	-	44
Vacuum valve	5	-	-	5
	44,737	448	-	45,185

SUMMARY OF VALVES BY DIAMETER[1]

Diameter of Valve in Inches	12-31-06 [2]	Additions	Reductions	12-31-07
1	914	4	-	918
2	2,096	38	-	2,134
2.5	1	-	-	1
3	76	-	-	76
4	1,306	28	-	1,334
6	15,231	93	-	15,324
8	13,244	246	-	13,490
10	465	2	-	467
12	9,814	25	-	9,839
14	65	-	-	65
15	2	-	-	2
16	279	1	-	280
18	45	-	-	45
20	189	-	-	189
24	502	-	-	502
30	189	11	-	200
36	149	-	-	149
42	67	-	-	67
48	55	-	-	55
54	20	-	-	20
60	24	-	-	24
72	4	-	-	4
	44,737	448	-	45,185

[1]Valves within the City and Total Service Contract Areas.

[2]Beginning balances on this year's report may not agree with ending balances on last year's report due to timing differences between when construction is completed and reporting.

FIRE HYDRANTS - 2007

FIRE HYDRANTS[1]

Size in Inches	Total Hydrants 12-31-06 [2]	Additions	Reductions	12-31-07
4	15	-	-	15
6	15,700	70	18	15,752
	15,715	70	18	15,767

FIRE HYDRANT BRANCH PIPE[1]

Size in Inches	Kind of Pipe	Length in Feet 12-31-06 [2]	Additions	Reductions	12-31-07
4	Cast iron	259	-	-	259
4	Ductile iron	34	-	-	34
6	Cast iron	158,005	-	116	157,889
6	Cement asbestos	2,591	-	-	2,591
6	Ductile iron	160,112	1,267	217	161,162
6	Polyvinylchloride	943	-	-	943
6	Steel	19,088	-	-	19,088
6	Unknown	25,983	-	-	25,983
		367,015	1,267	333	367,949

SUMMARY OF FIRE HYDRANT BRANCH PIPE BY MATERIAL[1]

Kind of Pipe	Length in Feet 12-31-06 [2]	Additions	Reductions	12-31-07
Cast iron	158,264	-	116	158,148
Cement asbestos	2,591	-	-	2,591
Ductile iron	160,146	1,267	217	161,196
Polyvinylchloride	943	-	-	943
Steel	19,088	-	-	19,088
Unknown	25,983	-	-	25,983
	367,015	1,267	333	367,949

SUMMARY OF FIRE HYDRANT BRANCH PIPE BY DIAMETER[1]

Size in Inches	Length in Feet 12-31-06 [2]	Additions	Reductions	12-31-07
4	293	-	-	293
6	366,722	1,267	333	367,656
	367,015	1,267	333	367,949

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

[2]Beginning balances on this year's report may not agree with ending balances on last year's report due to timing differences between when construction is completed and reporting.

NONPOTABLE MAINS AND VALVES - 2007

NONPOTABLE MAINS

SUMMARY OF PIPE BY MATERIAL

	Length in Feet			
Kind of Pipe	12-31-06	Additions	Reductions	12-31-07
PVC	92,491	-	-	92,491
Steel	79,805	20,345	-	100,150
	172,296	20,345	-	192,641

SUMMARY OF PIPE BY DIAMETER

		Length in Feet			
Size	Kind of Pipe	12-31-06	Additions	Reductions	12-31-07
4"	PVC	3,327	-	-	3,327
6"	PVC	4,342	-	-	4,342
8"	PVC	16,364	-	-	16,364
8"	Steel	61	-	-	61
10"	Steel	22	-	-	22
12"	Steel	10,307	-	-	10,307
12"	PVC	21,572	-	-	21,572
16"	PVC	19,928	-	-	19,928
20"	PVC	26,958	-	-	26,958
24"	Steel	16,900	-	-	16,900
30"	Steel	3,634	-	-	3,634
36"	Steel	3,526	-	-	3,526
42"	Steel	45,355	-	-	45,355
54"	Steel	-	20,345	-	20,345
		172,296	20,345	-	192,641

NONPOTABLE VALVES

SUMMARY OF VALVES BY TYPE

Type of Valve	12-31-06	Additions	Reductions	12-31-07
Air vacuum valves	52	30	-	82
Blowoff valve	27	16	-	43
Butterfly valve	13	7	-	20
Gate valve	163	-	-	163
Pito (Corp stop)	4	1	-	5
	259	54	-	313

SUMMARY OF VALVES BY DIAMETER

Diameter of Valve	12-31-06	Additions	Reductions	12-31-07
2"	20	1	-	21
4"	50	30	-	80
6"	44	16	-	60
8"	35	-	-	35
10"	2	-	-	2
12"	68	-	-	68
16"	1	-	-	1
20"	26	-	-	26
24"	6	-	-	6
30"	3	-	-	3
42"	4	-	-	4
54"	-	7	-	7
	259	54	-	313

BREAKS IN MAINS, WATER CONTROL AND LEAK DETECTION SERVICES - 2007

DENVER MAIN BREAKS

Size	Pipe Material	Number of Breaks
3"	Cast Iron	1
4"	Cast Iron	3
4"	Ductile Iron	1
6"	Cast Iron	147
6"	Cement Asbestos	4
6"	Ductile Iron	3
6"	PVC	1
8"	Cast Iron	52
8"	Cement Asbestos	2
8"	Ductile Iron	3
8"	PVC	1
8"	Steel	1
12"	Cast Iron	22
12"	PVC	1
15"	Cast Iron	1
16"	Cast Iron	3
16"	Ductile Iron	1
	Total	247

TOTAL SERVICE MAIN BREAKS

Size	Pipe Material	Number of Breaks
4"	Cast Iron	1
4"	Cement Asbestos	3
6"	Cast Iron	32
6"	Ductile Iron	6
6"	Cement Asbestos	2
8"	Cast Iron	6
8"	Cement Asbestos	1
8"	Ductile Iron	1
10"	Cast Iron	1
12"	Cast Iron	3
12"	Ductile Iron	1
12"	PVC	1
16"	Ductile Iron	1
		59

WATER CONTROL SERVICES

	2007	2006	2005	2004	2003
Service Calls	5,000	7,133	7,855	5,627	2,537
Service Leaks	879	1,043	1,452	1,204	1,117
Service Turn Ons	188	436	702	1,945	3,319
Service Turn Offs	555	736	804	1,240	1,205
Valve Leaks	68	86	123	75	74
Fire Hydrants Hit	156	120	131	125	138
Fire Hydrants Packed and Greased	26,849	29,660	31,091	30,645	31,014
Fire Hydrants Excavated for Replacement	74	218	185	168	148
Fire Hydrants, Miscellaneous Repairs	861	741	1,067	1,107	1,107
Total Fire Hydrants Tested and Repaired	27,940	30,739	32,474	32,045	32,407

LEAK DETECTION PROGRAM

	2007	2006	2005	2004	2003
Non-Visible Leaks Detected	17	28	34	62	50
Non-Visible Water Leaks Loss (1000's of Gallons)[1]	4,467	7,358	8,935	10,774	13,140
Visible Leaks Pinpointed	26	53	54	62	90
Miles Surveyed	183	781	752	760	507
Savings Generated from saving lost water[1]	$8,219	$13,538	$16,440	-	-
Savings Generated from pinpointing Leaks[1]	18,200	37,100	37,800	43,400	63,000
Total Savings Generated from Leak Detection Program[1]	$26,419	$50,638	$54,240	$43,400	$63,000

[1]Estimated.