Photo taken by Neil Sperandeo, Denver Water

White Pelicans at Antero Reservoir

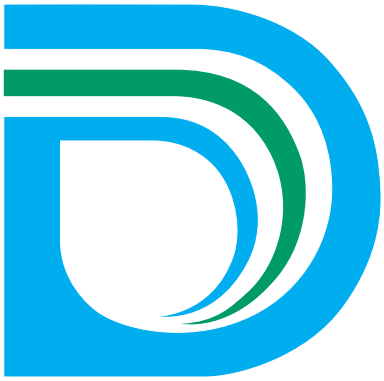
Comprehensive Annual Financial Report

For the year ended December 31, 2008
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, 2008
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.

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TABLE OF CONTENTS

I - INTRODUCTORY SECTION

II - FINANCIAL SECTION

III - STATISTICAL SECTION

III - STATISTICAL SECTION (Continued)

III - STATISTICAL SECTION (Continued)

E - OPERATING INFORMATION (Continued)

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INTRODUCTORY SECTION

DENVER WATER

May 1, 2009

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, 2008.

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, 2008 and 2007. 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. The MD&A complements 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 seven hydropower plants which generate power for sale to Xcel Energy and Tri-State Generation and

Transmission Association, for internal consumption, and for repayment to the 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 2009-2018 Ten-Year Capital Program are $972.98 million, net of anticipated participation and reimbursement. The program includes:

- $225.2 million for the Moffat Collection System Project for the evaluation, permitting, and construction process to augment our short supply to the northern service area. 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.

- $19.8 million for Conduit 161-Phase 1, 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 in from the south with the first section between Foothills and Kassler.

- $18.5 million for an additional 15 million gallons per day (mgd) of treatment capacity at Denver Water's Recycled Treatment Plant to bring the total capacity to 45 mgd. Anticipated

construction of this phase of the plant is scheduled to begin in 2014 with completion anticipated by 2016.

- $18.3 million for the replacement of Conduits 16 & 22, two major conduits that provide water to the Moffat Treatment Plant from the Ralston Reservoir. Currently these two conduits have limited ability to convey full Ralston Reservoir capacity due to age and design limitations within the transmission system. The conduits construction schedule is dependent on the Moffat Collection System Project final determination but it anticipated that construction will begin between 2010 and 2011.

- $18.0 million for the implementation of a new Customer Care Information and Billing System scheduled for completion of Phase 1 in mid-2009.

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, two, eight, nine and ten of the plan. New debt will be issued during each year 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 9-10% during the first half of the ten-year plan and 4-7% 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 2009 with an actual investment balance of $198.3 million, at cost. The 2009 budget projects this balance to increase by receipts of $296.3 million and decrease by expenditures of $310.8 million, resulting in a projected 2009 ending balance of $183.8 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

- In 2008 the staff and Board began work on an updated Integrated Resource Plan (IRP), a comprehensive plan that will guide decisions related to our water system—the collection, treatment, distribution, and recycling systems—over the next 40 years. This long-range planning effort will continue through 2009, with publication of the completed plan slated for 2010. The new IRP will establish the level of service we intend to provide to customers, identify new facility needs and water efficiency opportunities, and set future operations and maintenance goals. It will also clarify the Board's goals regarding system reliability and strategic water reserves.

- The multifaceted, multimillion-dollar project to modernize our Customer Information System (CIS) is scheduled to culminate in July 2009. The new system will streamline operating procedures by replacing or consolidating 24 existing systems and will enable us to better serve customers by giving them more frequent water use information through monthly bills. In addition to enabling the switch from bimonthly to monthly billing, the up-to-date CIS will boost our ability to track customer account information, analyze water savings, and administer more sophisticated rate designs that support our demand-management and revenue goals.

- Our agenda for 2009 also includes further implementation of our Mobile Workforce Automation System, which went live in 2008. The system allows our dispatcher to see each field worker's location on a map, prioritize work orders, and send the orders directly to a personal computer installed in the field worker's truck. The trucks' computers also give field employees access to GIS maps and information from our water sales database and enable them to initiate follow-up work orders for other Denver Water sections directly from the job site. Scheduled work, such as hydrant flushing, can be routed for optimal efficiency. In addition, the system is linked with our asset management database, allowing compilation of more complete data on our equipment and facilities.

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

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, 2007. This was the twentieth 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, 2008. This is the sixteenth 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

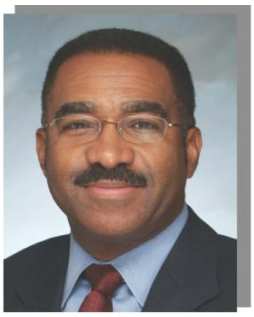
We wish to express our appreciation to all members of Denver Water who assisted and contributed to the preparation of this report. Credit must also be given to the Board of Water Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of Denver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

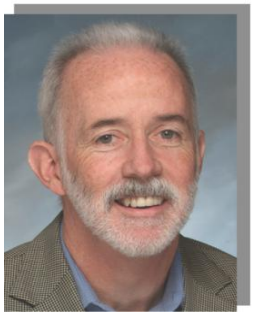
Sincerely,

Hamlet J. Barry, III
Manager, Denver Water

David B. LaFrance
Director of Finance

BOARD OF WATER COMMISSIONERS - As of December 31, 2008





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

Penfield W. Tate III, President Attorney: Greenberg Traurig	*Commissioner since October 18, 2005;* *Term expires July 10, 2011.*
John R. Lucero, First Vice President Broker Associate, Lucero Real Estate, Inc.	*Commissioner since September 13, 2007;* *Term expires July 10, 2009.*
Thomas A. Gougeon Principal: Continuum Partners LLC	*Commissioner since August 10, 2004;* *Term expires July 10, 2011.*
George B. Beardsley Principal: Inverness Properties, LLC	*Commissioner since February 2, 2004;* *Resigned March 13, 2009.*
Susan D. Daggett Independent consultant	*Commissioner since November 6, 2007; Resigned January 22, 2009. Replaced by Paula Herzmark, effective April 24, 2009; 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, 2008

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

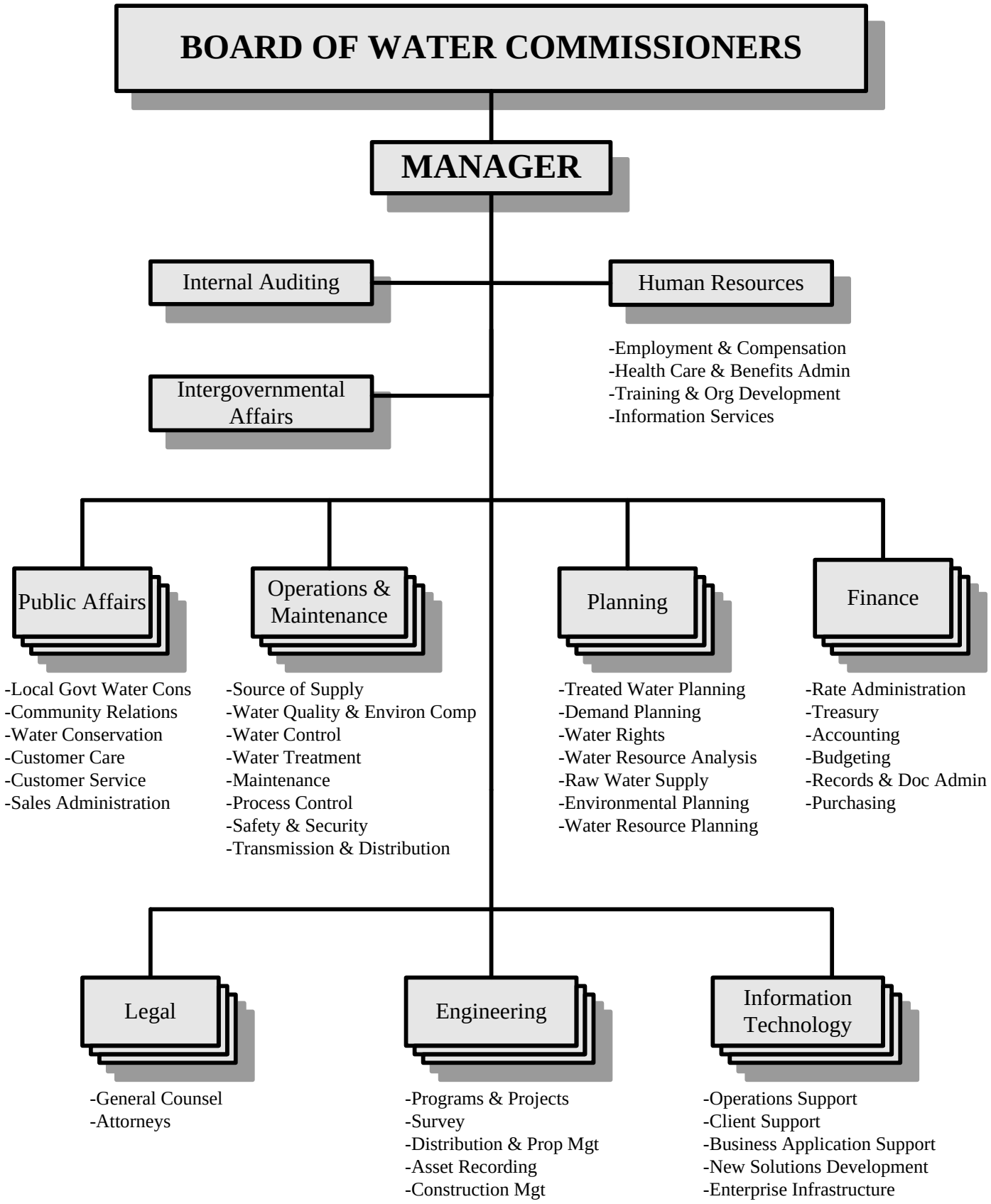
(Employees Serving in Executive Discretionary Positions Solely at the Pleasure of the Board)

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
Sara Duncan, Intergovernmental Affairs Coordinator
Carla Y. Elam-Floyd, Manager of Human Resources
Melissa E. Elliot, Manager of Water Conservation
Trina L. McGuire-Collier, Manager of Community Relations
Michael L. Walker, Attorney V
John J. Wright, Manager of Rate Administration
Usha Sharma, Treasurer (effective April 13, 2009)
Vacant, Manager of Internal Auditing


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

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

Amended November 7, 2006

§10.1.1 Board of Water Commissioners created.

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

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

§10.1.2 Appointments to Board.

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

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

§10.1.3 Compensation and bonds.

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

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

§10.1.4 Board meetings.

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

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

§10.1.5 General powers.

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

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

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

§10.1.6 Manager and personnel.

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

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

§10.1.7 Water Works Fund.

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

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

§10.1.8 City auditor.

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

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

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

§10.1.9 Water rates.

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

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

§10.1.10 Uniformity of rates.

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

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

§10.1.11 Enforcement of charges.

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

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

§10.1.12 City rates.

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

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

§10.1.13 Water leases.

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

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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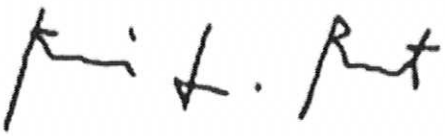
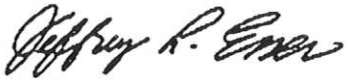


President



Executive Director

The Year 2008 in Review

Denver Water's operations during 2008 reflect our focus on planning for the future. We are committed to providing our customers with an adequate, reliable supply of high-quality water despite current economic and climatic uncertainties. Toward this end, we are formulating short- and long-term plans to make our organization more dynamic and adaptable in responding to the changing environment in which we operate. Our commitment to these goals includes defending Denver Water's legal water rights, anticipating potential changes in water supply and demand patterns, and protecting our water resources all along their journey from our watersheds to customers' taps.

In 2008 the staff and the Board of Water Commissioners began work on an updated Integrated Resource Plan (IRP), a comprehensive plan that will guide decisions related to our water system—the collection, treatment, distribution, and recycling systems—over the next 40 years. This long-range planning effort, which will continue through 2009, will establish the level of service we intend to provide to customers, identify new facility needs and water efficiency opportunities, and set future operations and maintenance goals. It will also clarify the Board's goals regarding system reliability and strategic water reserves.

A unique aspect of the updated IRP is its use of scenario planning to address potential supply uncertainties. Instead of using current water use trends and past supply patterns to arrive at a single forecast of future supply and demand, the new IRP will outline responses to a range of alternative circumstances. The basis for this approach is the assumption that past supply and demand patterns are unlikely to remain the same in light of climate change and shifting environmental and political attitudes.

The updated IRP will also include a new Watershed Management Plan designed to protect our watersheds from the threat of catastrophic wildfires. Erosion caused by the 1996 Buffalo Creek Fire and the 2002 Hayman Fire has deposited huge volumes of sediment and debris into Cheesman and Strontia Springs reservoirs. In response, we have spent more than $8 million on mitigation efforts at Cheesman and will launch a $23 million dredging operation at Strontia Springs in 2010. Under the Watershed Management Plan, we will continue to collaborate with state and federal Forest Service personnel on a number of forest management programs, including removing trees killed by the large-scale bark beetle infestation in Grand and Summit Counties.

The potential effects of climate change make it imperative that our planning efforts take into account Denver Water's vulnerability to projected changes in regional water supply and demand and that we identify our options for adapting to these changes. Among the strategies we will emphasize are enhancing the water system's flexibility and reliability and maintaining a diverse pool of water resources, including conservation, reuse, and increased storage capacity.

According to a 2007 study conducted by the Colorado Water Conservation Board, Denver Water's conservation programs account for 70 percent of the money Colorado water providers spend to promote water efficiency, a figure that is particularly noteworthy given that Denver

Water serves only 25 percent of the state's population. In 2008 we broadened and accelerated our already ambitious agenda of water conservation activities, offering water-saving incentives to our suburban distributors and instituting a water use enforcement program.

Some of the water being saved by customers can be directly attributed to four conservation measures:

- Residential rebates
- Performance contracts with commercial, industrial, and institutional customers
- Irrigation efficiency contracts
- Toilet retrofits in low-income housing and nonprofit facilities

These four measures saved 487 acre-feet of water in 2008, enough to serve approximately 1,200 households for the entire year. An acre-foot, or 325,851 gallons, is enough to cover Invesco Field with a foot of water. Households served by Denver Water use an average of 0.40 acre-feet of water per year.

Along with intensifying our conservation efforts, we continued a multiyear project to extend the reach of our recycled water distribution system in 2008, and we pursued environmentally friendly ways of expanding the capacity of our collection systems.

Another planning tool, the 2009–2013 Strategic Plan, used Denver Water's mission and values as the basis for formulating strategic actions to help us achieve specified goals. Begun in 2008, this short-term plan is intended to ensure that the Board and staff are working together toward a common purpose. This plan addresses all utility functions, not just those related to the water system, and focuses on internal issues such as interdepartmental communication and employee productivity, as well as customer relations and stewardship activities.

In addition to safeguarding and augmenting our water resources and improving the utility's internal processes, our preparations for the future include ensuring the quality of the water delivered to customers' taps and modernizing various aspects of our operations with state-of-the-art technology.

The new disinfection contact basin at Foothills Treatment Plant enables us to better comply with a new federal regulation related to disinfection by-products. As part of our ongoing effort to maintain the integrity of our distribution system, we stepped up our distribution system renewal program in 2008 for the second year in a row, replacing or rehabilitating mains whose condition could weaken system reliability and affect water quality. We intend to maintain an accelerated schedule of distribution system renewal in 2009.

We also made substantial progress in 2008 with a multiyear project to update our aging Customer Information System (CIS). The new system, which will replace 24 existing systems, will make our operations more efficient and accommodate our move from bimonthly to monthly billing. The integration and implementation phase of this project began early in 2008, and the completed system is scheduled to go on line in July 2009.

The first phase of another multiyear project—Denver Water's Mobile Workforce Automation System—came on line in 2008. By permitting real-time management of our field personnel, the automated system increases productivity, improves the efficiency of scheduled work, and allows us to respond more quickly to customer service requests. Board members received a hands-on demonstration of the system's capabilities in September.

This report highlights major aspects of our operations in 2008 and describes some of the notable steps we took to prepare for the challenges of the future.

CUSTOMER ACCOUNTS AND TREATED WATER CONSUMPTION

Over the past 10 years, the number of Denver Water customer accounts climbed from 274,938 in 1998 to 309,373 in 2008, an increase of 13 percent.

Despite this increase, water demand continues to be lower than before the dry years of 2002–2004 because many customers have embraced the culture of conservation we have been promoting. After snowmelt filled Denver Water's reservoirs to capacity in 2008, storage levels on October 1 still averaged 94 percent, 5 percent higher than median levels for this date. Despite lower-than-average rainfall and a string of above 90–degree days during the summer irrigation season, average water use in our service area was 170 gallons per capita per day in 2008, 19 percent lower than average use before the drought.

Consumption of treated water for the year totaled 72.0 billion gallons, up 2.1 percent from the 70.5 billion gallons consumed in 2007.

WATER RESOURCE MANAGEMENT

Denver Water's ability to provide long-term, reliable supplies in the face of changing climatic conditions and a growing customer base relies on three strategies for augmenting existing supplies:

- Conservation—reducing demand,
- Recycling—providing highly treated wastewater for nonpotable uses such as irrigation and industrial applications, and
- Developing new supplies—enlarging capacity at existing reservoirs, converting previously mined gravel pits into additional storage facilities, or acquiring new supplies.

Conservation

Because conservation is the least expensive of these three methods of adding to supplies, water efficiency programs remain the cornerstone of our efforts to stretch Denver Water's limited water resources. Our 10-year program to reduce water use in our service area by 22 percent (compared with the base year 2001) made significant progress in 2008. This program, inaugurated in 2007, uses a variety of incentives to encourage customers to make permanent changes in their water use habits, to eliminate water waste, and to move baseline water use to a more efficient level.

Financial Incentives for Customers. In 2008 Denver Water spent more than $2.8 million on financial incentives for four targeted groups of customers. The 487 acre-feet of water saved as a result of these incentives cost roughly $5,750 per acre-foot. However, this one-time investment will continue to yield water savings year after year.

In 2008 we issued almost $1.7 million in rebates to residential customers who replaced water-guzzling household plumbing fixtures and appliances with water-efficient models. Rebates for low-water-use clothes washers accounted for 75 percent of these funds, rebates for high-efficiency and low-flow toilets constituted 23 percent, and 2 percent went to residential irrigation equipment such as evapotranspiration (ET) controllers and rain sensors. (ET is the amount of water lost to the atmosphere from soil and plant surfaces.) Collectively, these upgrades are expected to save an estimated 51.5 million gallons, or 158 acre-feet, of water each year.

Our one-year performance contracts with eight commercial, industrial, and institutional (CII) customers saved an estimated 91 acre-feet of water in 2008. Projects included reducing the amount of water used by hospital steam sterilizers and industrial cooling towers, incorporating water reuse into food production processes, and installing ozone laundries that reduce water, energy, and chemical use in large-scale laundry facilities like those in hotels, nursing homes, prisons, and gyms. Denver Water paid more than $270,000 for the saved water at an average cost of about $3,000 per acre-foot.

CII customers can also qualify for rebates on the cost of water-efficient equipment, even if installation is not part of a performance contract. In 2008 Denver Water issued almost $30,000 in CII rebates. Installation of submeters in condominium complexes and a mobile home park accounted for approximately 59 percent of the rebate funds, 26 percent went for coin-operated clothes washers, 13 percent for rain sensors, and 2 percent for low-flow toilets.

Denver Water's incentive contracts for irrigation projects aimed at conserving water cover a five-year period, and payments are pro-rated in five annual installments. Twenty irrigation efficiency contracts were in effect during 2008—ten with homeowners associations, five with government agencies, four with apartment complexes, and one with a commercial venue (Invesco Field at Mile High). Payments for the 185 acre-feet of water saved by these projects in 2008 amounted to more than $160,000.

Incentives for Municipal Agencies. In 2007 Denver Water assigned a staff member to work full time with officials at the City and County of Denver on a variety of conservation programs, including retrofitting government buildings with water-efficient plumbing fixtures and converting portions of public parks from bluegrass turf to more sustainable landscapes. Denver Water paid for the equipment and materials required for these projects, and the city took care of installation.

Our collaboration with the City and County in 2008 focused on greening the Democratic National Convention, which brought some 50,000 visitors to Denver in August. Our $100,000 investment in 300 water-efficient toilets and urinals for the Colorado Convention Center will generate long-term water savings. We also paid for hotel room door hangers, pillow cards, and bathroom placards that encouraged guests to use their towels and bed linens more than once.

Studies indicate that hotels participating in this program save an average of 6,000 gallons of water per month for every 100 rooms, plus they save money on energy, laundry detergent, and labor.

We also strengthened our efforts to shift metro-wide water use toward greater efficiency, dedicating another staff member in 2008 to help our suburban distributors take advantage of water-saving incentives. New water-efficiency contracts in 2008 involved projects with Lakewood Urban Parks, the Foothills Park and Recreation District in Jefferson County, and Denver Botanic Gardens at Chatfield. The projects focused on amending soil before seeding it with new turf, connecting dedicated weather stations and ET controllers to centrally controlled irrigation systems, and updating equipment for communicating data used to manage irrigation systems. Again, Denver Water paid for equipment and materials, and the agencies handled installation.

Incentives for State and Federal Agencies. In November 2008, we entered into a Memorandum of Understanding with the state of Colorado, allowing us to help the state set an example for eliminating water waste. According to the terms of the memo, Denver Water will allocate $500,000 to provide state facilities inside our service area with water-efficient hardware over the next five years, and the state will install the equipment by a certain date. The water-efficient hardware can include toilets, urinals, showerheads, faucet aerators, rain sensors, and ET controllers. As properties to receive the water-saving devices are identified, Denver Water and the appropriate state agency will enter into individual agreements pursuant to the Memorandum of Understanding.

In December 2008, we entered into an agreement with the Federal Bureau of Prisons to supply updated plumbing fixtures for the federal prison on West Quincy Avenue. These water-efficient fixtures will cost roughly $185,000 and are expected to save about 50 acre-feet of water per year.

Low-Income Housing Retrofits. For the second consecutive year, Denver Water partnered with the Mile High Youth Corps in 2008 to retrofit low-income housing units with water-efficient toilets. The youth corps is a nonprofit organization devoted to teaching young people in their late teens and early twenties technical job skills. The training emphasizes skills tailored to green-collar jobs. In 2008 the youth corps installed more than 1,500 high-efficiency toilets in low-income households, nearly doubling the number installed in 2007. A high-efficiency toilet saves an average-size household approximately 1,000 gallons of water per month and reduces its water bill by about 15 percent. In 2008 the retrofit project saved an estimated 53 acre-feet of water at a cost of approximately $15,000 per acre-foot.

School Retrofits. Another large-scale retrofit project that began in 2008 will enable Jefferson County Public Schools to save more than 200 acre-feet of water each year. Denver Water is furnishing approximately 2,500 water-efficient toilets, 700 high-efficiency urinals, and 2,000 automatic faucets to be installed in 84 Jeffco School facilities within Denver Water's service area. School district employees will handle installation. The new plumbing fixtures cost Denver Water roughly $1.2 million, or about $5,500 per acre-foot of saved water.

Water Use Enforcement. The 2008 summer irrigation season marked the beginning of a program to monitor compliance with the outdoor water use restrictions delineated in Denver Water's Operating Rules and to educate customers about the importance of adopting efficient lawn-watering habits. From May through September, eight temporary employees made more than 4,500 stops to talk with customers about water waste, and a telephone hotline for customers to report water waste received more than 2,500 calls. Customers who received enforcement violations in May or June reduced their consumption for the rest of the 2008 irrigation season by an estimated average of 14 percent.

Residential Water Use Audits. Residential customers who receive a bill that's inexplicably high can request an audit of their water use. In 2008 the Conservation Section's technicians conducted almost 400 audits in response to these requests. In most cases, the technician discovered a leaky toilet. Once the leak was repaired, the customer's water use and water bill typically dropped by about 8 percent.

Cooling Tower Efficiency. Cooling towers often constitute the single largest point of water consumption in commercial or institutional facilities, and their water use can be reduced by recirculating the cooling water multiple times before any of it is replaced. A treatment process change introduced in 2008 allows cooling tower water at Denver Water's administration building to be recirculated for at least 50 cycles, saving more than 250,000 gallons, or about three quarters of an acre-foot, of water per year.

Denver Water also offers financial assistance to customers who want to reduce cooling tower water use. In 2008 the Conservation Section launched a pilot program with the Denver County Health Department to gather additional data on the water efficiency of various methods of cooling tower operation. During the pilot project, each of the health department's four identical cooling towers is operating with a different process. The results are expected to help conservation staff reassure building managers who may be skeptical about adopting a new process for their cooling towers.

School Curriculum Materials. In the spring of 2008, Denver Water gave every fifth-grade teacher in Denver Public Schools a resource packet designed to help students gain a local perspective on water-related matters. Focusing on water issues unique to Colorado, each packet included a DVD of video clips, student worksheets, and a glossary, plus teacher tips and suggested classroom activities. Denver Water plans to distribute the packets again in the spring of 2009.

2008 Advertising Campaign. To support all of these programs and to continue boosting public awareness of the importance of water efficiency, we deployed our "Use Only What You Need" advertising campaign for the third summer in a row. The 2008 campaign highlighted messages about Denver Water's outdoor watering rules. Billboards and bus signs featured lighthearted reminders that outdoor watering is not allowed between 10 A.M. and 6 P.M. and that broken sprinklers waste water. Four stationary barrel displays were placed at busy intersections and at the Denver Zoo, and a mobile barrel display was parked in high-traffic areas during special events. The barrels—towering orange sculptures made of stacks of 50-gallon drums—bore messages to help people visualize how much water is wasted by leaky toilets and broken sprinkler heads. Ambassadors sporting orange "Use Only What You Need" sandwich boards

spread the word at 40 special events, and an additional 3,000 households received orange yard signs also proclaiming the ad campaign's central message. The Running Toilet, introduced during last year's ad campaign, continued to scamper around at public events wearing a sign saying "Running Toilets Waste Water." During the summer of 2008, the Running Toilet's Facebook profile—Johnny Flush—accumulated almost 900 friends before he retired for the season.

Recycling

In addition to providing recycled water to Xcel Energy's Cherokee Power Plant, six city parks, two municipal golf courses, and the Denver Zoo, our recycled water system now serves the Lowry and Stapleton neighborhoods in northeast Denver. When the Montclair Pump Station went on line in April 2008, the purple pipelines linking it to Lowry and Stapleton were already in place. During the summer, recycled water began irrigating numerous public areas in these neighborhoods, including Lowry's Sports Park, Jackie Robinson Fields, and CommonGround Golf Course and Stapleton's Westerly Creek, Central, and East–West Greenway parks. Adding these two neighborhoods to the system brings our deliveries of recycled water to 4,000 acre-feet per year, saving enough potable water to supply roughly 8,500 households.

Developing New Supplies

Previous planning projections indicate that without further action, Denver Water will experience a water supply shortage of 34,000 acre-feet by 2030. To address this challenge, the Board has recommended expanding the storage capacity of our Moffat Collection System to yield an additional 18,000 acre-feet of supply. The remaining shortfall will be overcome through conservation measures aimed at permanently reducing demand by 16,000 acre-feet.

The Moffat System currently stores only 10 percent of Denver Water's supply and is at risk of running out of water in a single dry year. The Board's proposal to enlarge Gross Reservoir, Moffat's primary storage facility, would achieve a better balance among our three collection systems and would bring the reservoir to its original design size, increasing its capacity by 72,000 acre-feet. (Four acre-feet of storage space is required for every acre-foot of yield, so the increased capacity would be four times the additional 18,000 acre-feet of needed supply.)

In September 2008 the U.S. Army Corps of Engineers released a preliminary draft Environmental Impact Statement (EIS) describing the potential environmental effects of this proposed project. As of December, the document was being reviewed by the U.S. Environmental Protection Agency, the Federal Energy Regulatory Commission, and Grand County. The next step will be for the Corps to respond to the comments of these other entities. Once all the comments have been addressed, the Corps will release a draft EIS to the public.

Strontia Springs Dam and Reservoir

In May 2008 we began the final design for a $23 million dredging operation to remove sediment from Strontia Springs Reservoir. Erosion resulting from the Buffalo Creek and Hayman fires in the watershed above the reservoir has deposited an estimated 1.13 million cubic feet of material 8 to 10 feet below the high water line in the reservoir's upper reaches. The sediment interferes with operation of the reservoir and threatens to cause even greater problems as it moves toward the inlet tower. Dredging is expected to begin in 2010.

CAPITAL CONSTRUCTION

Capital spending for 2008 was budgeted at $87 million, and staff kept expenditures slightly below that amount, covering unexpected cost escalations or emergency projects by transferring money from less pressing projects to higher-priority ones. Fifty capital projects accounted for 87 percent of total spending under the 2008 Capital Improvement Plan, with upgrades to storage facilities and treatment plants claiming the largest share.

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. Among the capital improvements undertaken in 2008 were a project to eliminate a seasonal taste-and-odor problem at one reservoir and various upgrades aimed at improving reservoir operations and dam safety.

Marston Reservoir. Customers pay attention to the aesthetic aspects of treated water, even though these characteristics may have nothing to do with the water's being safe to drink. Two capital projects at Marston Reservoir are aimed at improving the aesthetic quality of water withdrawn from this facility. An oxygenation system to ameliorate recurrent taste and odor problems was installed in September 2008, and the eventual construction of multilevel outlet works will allow water to be withdrawn from selected layers of the reservoir.

The $1.75 million cone-shaped oxygen transfer reactor that now sits at the bottom of the reservoir can add up to 2,000 pounds of oxygen per day to the water, oxygenating it before it enters the treatment plant. Design of the multilevel outlet works has begun and will incorporate operational data from the oxygenation system. The new outlet works will permit withdrawals from three water levels in the reservoir, allowing Denver Water staff to send the highest quality water to the treatment plant. By replacing the original outlet works, constructed in the 1920s, the new outlet works will also improve dam safety at Marston.

Dillon Dam and Reservoir. Although seismic loading evaluations were previously considered unnecessary for dams in Colorado because of the lack of earthquake activity in this region, state and federal regulators recently began requiring sophisticated dam analyses known as dynamic seismic stability evaluations. These assessments require precise analyses of the strength of a dam and its foundation, performed by a team of technical experts guided by a board of consultants representing several senior-level disciplines. In 2008 we began conducting these analyses to verify the stability of Dillon Dam.

After reviewing the extensive foundation testing Denver Water had performed at Dillon in 2004, the board of consultants recommended additional field investigations of a shallow area of the foundation located downstream from the dam on the east side. These investigations were completed in December 2008, and preliminary reports indicate that the dam foundation is very strong. The second phase of the evaluation, scheduled for early 2009, will focus on seismic testing. Overall costs of the evaluation are projected at approximately $800,000.

For public safety and to protect the dam embankment and spillway from boat traffic, we equipped the reservoir with a $534,000 buoy and barrier system in November 2008. Divers

installed anchors for the two systems at a depth of about 200 feet and a cost of approximately $134,000. In addition, security concerns prompted the temporary closure of the Dillon Dam road in early July. The road was re-opened approximately two weeks later in cooperation with local law enforcement agencies and under interim guidelines for hours of operation and types of allowable vehicles. Since then, we have implemented new security measures on the road and are pursuing a new, joint vulnerability assessment with local governments in Summit County.

Harriman Lake Dam. We took the first steps toward rehabilitating Harriman Lake Dam in 2008, contracting for design services that include hydrology studies, geotechnical work, and construction cost estimates. The 15-foot-high earthen dam was constructed by the Harriman Ditch Company in 1873. Originally, the reservoir had a storage capacity of 750 acre-feet, but safety considerations currently limit its storage volume to 550 acre-feet. Denver Water owns the reservoir but has contracts with other parties who share the storage facility. Once rehabilitation is complete, we will recover 75 percent of the costs from these other shareholders.

Cheesman Dam and Reservoir. A number of capital improvements are under way at Cheesman, including upgraded outlet works, new inlet slide gates and trash racks, and a new building to house an emergency generator and hydraulic power units for the new slide gates.

The upstream slide gates installed at Cheesman Dam in 1899, 1925, and 1930 are being replaced. Fabrication of two stainless steel gates was completed in 2008, but installation was delayed until 2009 so a third gate could be constructed, allowing us to take advantage of the savings afforded by having all three installed at the same time. A jet flow gate, scheduled for installation in 2010, will replace the needle valve that is currently part of the outlet works. Fabrication costs for the four gates will total just over $2.1 million.

Three new trash racks will be installed to protect the new slide gates and to prevent trash from entering the three tunnels. The cost of the trash racks, which must be custom-made because of irregular rock surfaces at the entrance to each tunnel, will be under $400,000.

A control building to house the hydraulic power units for the new inlet gates is being constructed on the left abutment near the crest of the dam. The concrete foundation for this building was poured in the fall of 2008 at a cost of about $210,000.

Williams Fork Dam and Reservoir. Williams Fork Reservoir, completed in 1959, stores water from the Williams Fork River drainage basin. Reservoir releases are based largely on exchange requirements for diversions from the Fraser River through the Moffat Tunnel. In 2007, we began design work in preparation for replacing the dam's outlet works and expanding its hydropower production capacity. The upgrades comprising this project also address a variety of age and condition problems at the facility. The project includes installation of three new free-discharge valves (12-, 20-, and 36-inches in diameter), three new cone valves (16-, 24-, and 42-inches in diameter), a 0.5-megawatt vertical hydropower turbine, a 66-inch butterfly valve, and a bridge crane. The facility's electrical and mechanical systems will also be overhauled. Estimated construction costs are $15 million. Plans call for bidding the project in 2009 and for construction to continue into 2011.

Installation of a new slide gate and trash rack at Williams Fork Reservoir was completed in 2008. Deep-water divers began the installation process in September 2007, but the method the contractor chose for removing sediment from the bottom of the reservoir was inadequate and prevented the task from being finished before the onset of winter weather. Work resumed in June 2008 and was completed in August. Installation costs totaled $788,000. Fees for on-site inspection, quality assurance, and quality control services amounted to approximately $341,000.

Gravel Pit Conversions

To expand our storage capacity along the South Platte River downstream from Denver, we have purchased several previously mined gravel pits, which we are converting into water storage facilities. Ultimately, these downstream sites will provide some 30,000 acre-feet of additional storage. Capital improvement projects were carried out at several of the sites in 2008.

Cat and Miller Reservoirs. The Cat and Miller gravel pits are being converted into two interconnected storage facilities known as Cat Reservoir and Miller Reservoir. A $5 million construction and excavation project required for this conversion was finished in November 2008, and final design of the facilities is expected to be complete in January 2009. Construction of the Cat Reservoir Pump Station commenced in September 2008 under a $3.4 million contract that includes construction of intake and outfall piping systems. The pump station will house controls for both the Cat and Miller facilities and is expected to be ready for operation in summer 2009. A pipeline connecting the two reservoirs and the pump station is required because the outlet works for the two reservoirs will also be located in the Cat facility. The steel portion of the interconnect pipeline was installed in 2008 for $1.5 million.

Hazeltine and Road Runners Rest Gravel Pits. In January 2008, Denver Water entered into a second one-year contract with the contractor who is removing concrete rubble from the Hazeltine and Road Runners Rest Gravel Pits in preparation for their conversion into storage facilities. More than 260,000 cubic yards of rubble was removed in 2008. The $1 million contract also covered dewatering and site maintenance activities. The contractor was able to sell some of the fill material to producers of sand and gravel products, and royalties from these sales were applied to the cost of removing material that was not marketable.

Howe–Haller Reservoirs. The Howe–Haller Reservoirs near 112th Avenue and Old Brighton Road were completely excavated by the original gravel miners. A contract for construction of the final-seal slurry wall at this facility was approved in October 2008, along with the authorization to deepen a portion of the existing slurry wall along the east side of Hazeltine Reservoir. The cost of these improvements will be $405,000.

Treatment Plant Upgrades

Capital projects at two of Denver Water's treatment facilities in 2008 were aimed at improving our disinfection and filtration capabilities.

Foothills Treatment Plant. The Foothills plant went back on line in April 2008, as soon as the new disinfection contact basin and chemical feed systems were fully operational. Use of a Construction Manager/General Contractor agreement for the project permitted construction to be completed in less than two years, an estimated two years faster than a design–bid–build contract

would have allowed. The $24.5 million project allows us to add disinfectant 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.

As part of the April startup, new large rectangular butterfly valves with electric actuators were incorporated into the contact basin. In addition, dual-leaf slide gates were installed to control the flow of water from the treatment plant into the distribution system.

Marston Treatment Plant. Marston's Filter Plant 1, built in the 1920s, was completely remodeled in 2001–2003, and Filter Plant 2, built in the 1960s, also needs substantial improvements. Upgrades that will increase filtration capacity include constructing a new filter underdrain system, installing new filter media and larger filter effluent piping, and adding air scour piping and filter-to-waste piping. A new standby generator and new baffling in the disinfection contact basin will increase filtration reliability.

Final design work for these upgrades began in July 2008 at a cost of $950,000. A Construction-Manager-at-Risk agreement will be used for the project's construction phase. Under this arrangement, the construction contractor will be involved in design and constructability reviews, will assist with cost estimates and bid package breakouts, and, when the final design is complete, will provide a guaranteed maximum price for the work. The cost of the entire project is expected to be $14 million to $15 million.

Collection System Enhancements

Open and unlined conveyance structures lose large amounts of water through evaporation and seepage, as well as posing operational challenges and safety hazards. To eliminate these problems, Denver Water is in the process of enclosing two old conveyance structures in its collection system with concrete conduit.

South Boulder Diversion Canal. The South Boulder Diversion Canal transports water from Gross Reservoir to Ralston Reservoir, which supplies most of metropolitan Denver's northern suburbs and sends water to Clear Creek to replace downstream flows that Denver Water withdraws from the Upper South Platte River. In 2008, we embarked on the second year of a multiyear project to enclose up to 11,000 linear feet of the 80-year-old open canal with concrete box conduit. In late fall, Denver Water personnel began installing 3,100 linear feet of 10' × 12' conduit and 110 linear feet of 5' × 3' conduit. The cost of the conduit was $1.5 million. The overall cost of this year's project—including engineering, surveying, labor, equipment, and imported fill material and aggregate—was about $2.7 million. Crews expected to finish this project in January 2009; enclosure of the entire 11,000-foot segment of the canal is scheduled for completion in 2013. Enclosing the canal will eliminate seepage, reduce evaporation, improve public safety, and eliminate problems with icing in winter.

Vasquez Canal. The Vasquez Canal, which diverts water from Big Vasquez Creek in the Winter Park area of Grand County to the Moffat Tunnel, is also being upgraded. When this canal was built in the mid-1930s, it was lined with concrete but not reinforced. Twenty years later, in the mid-1950s, concrete barrel covers were installed over the canal to allow year-round operation. But both the concrete channel and the covers are deteriorating, and reinforced concrete pipe was

chosen to replace them. In 2008 Denver Water personnel installed the first 1,000 feet of 114-inch-diameter concrete pipe in the canal. The cost of this pipe, plus an additional 1,500 feet of pipe ordered for installation in 2009, was $884,000. Eventually, reinforced concrete pipe or box sections will be installed along all 23,000 linear feet of the canal.

Potable Water Distribution System Renewal

Denver Water's potable water distribution network encompasses some 2,700 miles of pipeline, plus numerous pump stations, vaults, valves, and other appurtenances. To ensure that customers have 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 to protect them from corrosion.

2008 Pipe Rehabilitation Program. We initially planned to clean and line roughly 15,000 linear feet of cast-iron mains in 2008, but thanks to the contractor's willingness to maintain 2007 unit prices and our ability to transfer some funds originally earmarked for another project, we ended up installing cement–mortar linings in more than 26,000 linear feet of pipe this year. Pipe sizes ranged from 6 to 12 inches in diameter. The work was completed in October at a cost of $2.4 million.

Disconnection of Abandoned Service Lines. Another aspect of maintaining distribution system integrity is disconnecting water service connections that are no longer in use. In August 2008, we began disconnecting 742 abandoned service lines to prevent water quality problems and avoid the inclusion of these lines in our new Customer Information System's inventory of service connections. This capital project is expected to be finished by March 2009 at a cost of $1.1 million.

Main Break Repair. On Thursday, February 7, 2008, a break in Conduit 94, a 66-inch-diameter concrete main, caused a sinkhole in the northbound lanes of Interstate 25 near 58th Avenue. While the Foothills Treatment Plant was off line during construction of its new disinfectant contact basin, the Marston and Moffat plants shouldered responsibility for treating our entire potable water supply. As part of this temporary arrangement, water was routed from Moffat through the 56th Avenue Pump Station to Hillcrest Reservoir near I-25 and East Hampden Avenue. On February 7, an electrical problem at the pump station caused it to be shut down by emergency stop controls. As a result of the shutdown, Conduit 94 became overpressurized and ruptured, spilling more than 2 million gallons of water and creating the sinkhole in the highway's roadbed. The sinkhole was 40 feet in diameter and 16 feet deep.

Denver Water crews isolated the area of the break within 16 minutes and, by working 12-hour shifts around the clock, replaced the 40-foot-long section of damaged pipe by Sunday, February 10. The Colorado Department of Transportation took care of road repairs, and Denver Water reimbursed the agency for the $800,000 cost.

Vault Rehabilitation. Water utility vaults—underground chambers typically located underneath streets—contain valves, meters, and other equipment used to control the flow of water. In November 2008, we completed a $1.5 million phase of a long-term vault rehabilitation program that was launched in 2007. The next phase, scheduled to begin in early 2009, will rehabilitate 13

more vaults at a cost of $2.1 million. The modifications 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.

INFORMATION TECHNOLOGY REVITALIZATION

Denver Water is committed to using appropriate current technology to support our focus on customers and their needs. In 2008 our Information Technology Division made significant strides in its ongoing effort to keep our information infrastructure up to date, and our Public Affairs Division began the task of enhancing our presence on the World Wide Web.

New Software Systems

Customer Information System. The first phase of the multifaceted, multimillion-dollar project to modernize our Customer Information System (CIS) is scheduled to culminate in July 2009. The new system will streamline operating procedures by replacing or consolidating 24 existing systems and will enable us to better serve customers by giving them more frequent water use information through monthly bills. In addition to enabling the switch from bimonthly to monthly billing, the up-to-date CIS will boost our ability to track customer account information, analyze water savings, and administer sophisticated rate designs that support our demand-management and revenue goals. Total implementation costs are estimated at $26 million, including the salaries of Denver Water employees involved in the project.

Our CIS-related accomplishments in 2008 included completing several key components of phase 1, including mobilization, configuration requirements, and design. We also made considerable progress with the build, testing, integration, and deployment segments. Future phases anticipated in 2010 and 2011 will add more features to the system.

In preparation for monthly billing, we also purchased two additional Automatic Meter Reading Data Collectors. These computers sit in the vehicles of our meter readers and remotely collect data from homes and businesses as the meter readers drive their regular routes. The new computers, which cost $58,000 each, will enable us to test preliminary designs for new meter reading cycles and fine-tune the boundaries of the driving routes prior to the switch.

Mobile Workforce Automation System. Marking another technological advance, our Mobile Workforce Automation System went live in August 2008, and Board members received a hands-on demonstration of the system's capabilities in September. This system allows our dispatcher to see each field worker's location on a map, prioritize work orders, and send orders directly to a personal computer installed in the field worker's truck. The trucks' computers also give field employees access to GIS maps and information from our water sales database and enable them to initiate follow-up work orders for other Denver Water sections directly from the job site. Scheduled work, such as hydrant flushing, can be routed for optimal efficiency. In addition, the system is linked with our asset management database, allowing compilation of more complete data on our equipment and facilities. Additional workforce automation capabilities are planned for 2009.

Time Management Software. In August 2008, the Board authorized an upgrade of our workforce time and attendance software. The antiquated time-keeping and labor distribution system we had been using was developed in-house in the mid-1990s. It required employees to report their work hours on paper time sheets and relied on administrative support staff to enter these data in the system. In addition to this inefficiency, the system was unable to properly support the multiple work schedules that are imperative for the 24-hour, 7-day-a-week staffing necessary at our treatment plants and in our Water Control Section. This limitation resulted in an unacceptable level of manual payroll corrections related to overtime pay, 401(k) contributions, and leave arrangements. The new software manages multiple work-day and work-week schedules, provides efficient methods for work-hour data entry, and ensures accurate payroll calculations. Fees for licensing, installing, and configuring the new software amounted to $350,000, and the new system is expected to be fully operational in the fourth quarter 2009.

Website Redesign

In December 2008, our Public Affairs Division launched another technology-related initiative—revamping Denver Water's website (denverwater.org). The goal for the redesign is to give customers and other interested parties updated, easier-to-locate information. The new site will be more interactive than the existing one, allowing users to quickly find breaking news, water conservation information, and bill payment options. In addition to a facelift for the site's visual design, the project will include development of new information architecture and a new content management system for the site. The redesign will be finished by the end of 2009 at a cost of $250,000.

LEGAL ISSUES

Denver Water is obligated to comply with numerous state and federal laws and regulations related to water resources, water rights, and water quality. We also engage in legal reviews and negotiations involving subjects ranging from property to contracts to employment practices.

Legislative Developments

The Colorado General Assembly in 2008 passed four pieces of legislation that directly affect Denver Water policies or operations.

Senate Bill 168. In support of an agreement among the states of Colorado, Wyoming, and Nebraska, this bill provides $7.5 million to the Species Conservation Trust fund for the Platte River Recovery Program. For decades Denver Water has committed financial contributions and staff time to support the recovery of endangered species in our rivers and watersheds. Additional information about our participation in the South Platte Endangered Species Recovery Program appears elsewhere in this document under the heading "Collaboration with Other Organizations."

Senate Bill 221. This legislation outlines a method for identifying and funding bark beetle remediation and other healthy forest projects under the guidance of the state forester and with the cooperation of federal, state, and local governments and other interested parties. The Colorado Water Resources and Power Development Authority is empowered to issue bonds for projects developed under the guidelines of this bill. For more information about Denver Water's work

with stakeholders on fire prevention in forests and watersheds affected by bark beetle kill, see the subtopic "Watershed Protection" under the heading "Property Management" in this document.

Senate Bill 226. This legislation addresses the growing problem of invasive species, particularly quagga or zebra mussels, which have devastated water delivery infrastructure and native aquatic habitat in other parts of the United States. This bill calls for inspection, impoundment, and treatment of boats that could introduce invasive species in Colorado. State agencies involved in enforcing the bill's provisions are the Division of Parks, the Division of Wildlife, and the Departments of Agriculture and Treasury. As a result of this legislation, Denver Water contracted with the Colorado Division of Parks to oversee enforcement on some Denver Water reservoirs. This agreement is described elsewhere in this document under the heading "Collaboration with Other Organizations."

House Bill 1141. This bill requires local governments to assure that any new development has an adequate water supply before its development application is approved. The bill allows local land use decision-making bodies to rely on Denver Water's Integrated Resource Plan as evidence that a proposed development will have an adequate supply of water.

Regulatory Developments
Denver Water's approach to complying with the Stage 2 Disinfection By-products Rule (a water quality regulation promulgated by the U.S. Environmental Protection Agency) resulted in a national compliance model for water systems incorporating multiple distributors. Instead of treating each of our distributors as an independent system, the model recognizes Denver Water and its distributors as a single integrated system. Our staff and representatives of our Distributors Forum worked with the Colorado Department of Public Health and Environment to delineate sampling and reporting methods to help integrated water systems comply with this regulation. As a result, Colorado's Primary Drinking Water Regulations now recognize our protocol as a valid method for compliance with this rule.

Colorado River Negotiations
A four-year negotiation between Upper Basin and Lower Basin states that store water from the Colorado River ended successfully in late December 2007. Negotiations focused mainly on establishing and allocating shortages and surpluses in reservoirs along the Colorado River's main stem. According to the agreement, the Lower Basin states will cooperate among themselves and will not initiate a call against the Upper Basin states for 25 years.

Water Rights Settlement
A settlement of contested Eagle River Basin water rights was also reached in late 2007, signaling the willingness of Front Range and West Slope water users to find mutually beneficial solutions to issues that have divided them in the past. In addition to Denver Water, signatories to the agreement were the Upper Eagle Regional Water Authority, the Eagle River Water and Sanitation District, the Colorado River Water Conservation District, and the Northern Colorado Water Conservancy District and its municipal subdistrict.

As part of the settlement, Denver Water will transfer some of its Eagle River Basin water rights to the Colorado River Water Conservation District. The river district will then retire some of the

rights and join the Eagle County entities in using other rights to help maintain the viability of a proposed multiple-use water storage project near Wolcott in Eagle County. Denver Water will retain water rights for the reservoir and certain water diversions related to the project. Although no decision to build a reservoir has been made at this time, the proposed project has the potential to provide water supply directly to the West Slope and indirectly to East Slope communities, while also benefiting recreation and endangered species.

Water Rights Disputes
We continued to engage in ongoing negotiations with several West Slope entities in 2008 in an attempt to resolve longstanding disputes related to Denver Water's use of West Slope water.

Contracts with Minority- and Women-Owned Businesses
In 1978, the Board adopted a program to facilitate the participation of minority- and women-owned businesses in Denver Water's construction contracts. This program, based on a similar policy adopted by the City and County of Denver, continued until 2000, when a court case questioned the city's program. After this case, our Board adopted a Nondiscrimination in Contracting Policy and, in 2001, established a Small or Disadvantaged Business Enterprise Program, which applied to all contract work—professional services and procurement as well as construction.

Meanwhile, the City and County of Denver commissioned several studies to evaluate the need for programs to improve access to contracts for public projects. The city's studies found disparities in the use of minority- and women-owned businesses in construction contracting but not in the procurement of goods or non-construction services. The studies also found no basis for programs addressing "disadvantaged" business enterprises.

These findings prompted our Board in July 2008 to establish a Minority/Women Business Enterprise Program to facilitate participation in Denver Water's construction contracts and a Small Business Enterprise Program aimed at facilitating small business participation in contracts for procurement and non-construction services. These two programs supersede all those previously in effect.

Ballot Issues
In the November 2008 general election, Colorado residents were asked to vote on several proposed constitutional amendments that had the potential to affect Denver Water's operations. Prior to the election, the City and County adopted a proclamation opposing Amendment 46, an initiative prohibiting discrimination or preferential treatment on the basis of race, gender, ethnic, or national origin in public education, employment, and contracting. Our Board members concurred that this amendment would undermine equal opportunity programs intended to promote a diverse and viable economic base in the city and passed a resolution opposing it. Voters agreed, and the amendment was defeated.

The Board also adopted a resolution opposing Amendment 52, which would have limited funds for statewide water-related projects administered by the Department of Natural Resources and the Colorado Water Conservation Board. Among the many programs this amendment would have adversely affected are the Platte River Recovery Program for endangered species, the

Species Conservation Trust Fund, and the Colorado Water Conservation Board's programs for drought and conservation planning and low-interest loans for water supply projects. Voters also defeated this measure.

PROPERTY MANAGEMENT

Managing Denver Water's property—in our watersheds and throughout the metropolitan area—is a complex task. Our greatest challenge in the watersheds is preventing catastrophic wildfires near our water collection systems. Within our service area, our chief property-related undertaking in 2008 was purchasing a building near our administrative campus to serve as overflow office space.

Watershed Protection

The ongoing hazard of wildfires has been exacerbated by the bark beetle infestation that is killing vast numbers of lodgepole pines in Grand and Summit counties. Because forest management programs are far less costly than post-fire recovery activities, we continued collaborating with state and federal Forest Service personnel in 2008 to establish fire breaks, remove trees killed by the bark beetle, and thin vulnerable forests in our watersheds.

Our $311,000 contract with the Colorado State Forest Service in 2008 paid for continued work on the Upper South Platte Watershed Protection and Restoration Project and on our adjacent properties within the Blue, Upper Colorado, and St. Vrain watersheds. The $200,000 in matching grants the Forest Service obtained this year enabled us to make additional progress on these projects. These efforts also serve as a model for the Colorado Watershed Protection Initiative, an effort to protect life, property, water supplies, and infrastructure from wildfires by reducing fuel loading within watersheds.

In addition, Denver Water has been involved in the Front Range Watershed Protection Working Group, whose purpose is to develop and implement a strategy to protect critical Front Range watersheds from high-severity wildfires. We are part of a sub–working group of Front Range water providers and state and federal agencies charged with developing an assessment method to prioritize watersheds for hazard reduction or other protection measures.

Property Sales and Acquisitions

Sale of Property at Antero. In September 2008, Denver Water sold a 35-acre parcel of land along U.S. Highway 285 near Antero Reservoir to the Esparza family for $90,000. The property was not necessary for operation of the reservoir, and the Esparzas had been leasing a 20-acre portion of it since Denver Water acquired the land surrounding Antero in 1992. Although the 15 acres added to the previously leased tract are part of a conservation easement granted to the Colorado Division of Wildlife in 1993, the improvements planned by the Esparzas will not affect the easement.

Acquisition of Property Along the South Platte. To resolve longstanding boundary disputes involving two parcels of privately owned land along the South Platte River and the surrounding property owned by Denver Water, we purchased the private property in 2008 for the appraised

value of $266,000. The property, located in Jefferson County near the confluence of the North Fork of the South Platte River, includes two houses and approximately 21,000 square feet of land. According to the terms of the sale, Denver Water will lease the property back to the beneficiaries of the former owner's estate.

Purchase of Additional Office Space. Our accelerated conservation efforts and our conversion to monthly billing will necessitate the addition of a number of new staff members over the next few years, and our administration building is already overcrowded. In addition, the CIS project team will need to vacate its temporary office space in Glendale when the CIS project goes live in July 2009. Although the long-term solution to this space problem will likely involve additional construction at our administrative campus, our short-term solution was to purchase a nearby building at 555 Quivas Street for use as office space. The $2.1 million property will also house a revolving series of employees who will be temporarily displaced during a future remodeling project at our administration building.

At the time of purchase in September, the Quivas property comprised 8,300 square feet of office space plus approximately 14,500 square feet of warehouse space, which can be converted into modular offices. The 1.14-acre lot is large enough to accommodate employee parking. In November we hired an outside firm to provide architectural and engineering services for space planning and renovation at the facility at a cost of $125,000. Once this firm's work is finished in early 2009, renovation of the building can begin.

Property Enhancements

Four-Mile Creek Fen Restoration. Four-Mile Creek, a tributary of the Upper South Platte River, runs through the historic Four-Mile Ranch in Park County. The ranch property, now owned by Denver Water, once contained a large area of fen and associated wetlands, but part of this ecosystem was drained years ago by construction of the Four-Mile Ditch (fens are groundwater-fed wetlands composed of peat). A project to fill the ditch will rehydrate the dewatered fen and wetlands, restoring a 68-acre ecosystem and providing wetlands mitigation credit of up to $8 million. Once the site is reestablished, it will be turned over to a yet-to-be-determined agency for continued research and protection.

Through an intergovernmental agreement with the Colorado Department of Corrections, labor for the restoration project is expected to be provided by inmates from the Buena Vista Correctional Facility's construction education program. Except for the cost of the agreement, which is $150,000, Denver Water's expenditures for the project consist primarily of renting equipment and purchasing supplies. Construction work was delayed in 2008 but is expected to begin in spring 2009.

Emergency Operations Center. Our experience in dealing with the rupture of Conduit 94 in February 2008 showed us we needed a better means of coordinating all the activities involved in handling a large-scale crisis. As we cobbled together a temporary command center, it became clear that a single location equipped with proper technology was essential to managing an emergency response efficiently. We decided to make the Board Room available for use as an emergency center when needed and, in late February, hired a consulting firm to design such a center.

The design maintains the existing character of the Board Room but allows it to be converted to an emergency operations center when necessary. The modifications—which consist primarily of upgrades to the audio, visual, and electronic communications equipment—permit access to all our business support computer applications, including the Geographic Information and Supervisory Control and Data Acquisition systems, and allow us to monitor multiple media outlets. In addition, the new equipment makes the room more useful for training, video-conferencing, and public meetings. To minimize the project's cost, roughly $400,000, Denver Water personnel provided some of the labor. The project was finished before the Democratic National Convention came to Denver in August, and Board members received a demonstration of the new equipment's capabilities in September.

Administration Building Remodeling Plan. In March 2008 we began developing a plan to remodel our administration building while allowing ongoing operations. Since the building was constructed in 1978, our workforce has grown, and partitioned offices, insufficient conference rooms, and the number of personal computers and network servers in the building has made several improvements imperative. The need to update or replace the building's electrical and HVAC systems is particularly critical. The remodeling plan, which is being developed by the same firm that is designing renovations for the Quivas Street facility, also addresses current and future workspace needs. The $457,000 plan will be completed in 2009, and remodeling is expected to begin in 2010.

Building 16 HVAC Modifications. Another improvement project on our administrative campus involves upgrading the HVAC system in Building 16, which houses our credit union and Treatment and Distribution staff. Major project components include a new air-handler unit and exhaust fan, valves, ductwork, a direct digital control system, and all related electrical wiring and conduit. The project also involves upgrading software for the control system. Installation of the new system began in August 2008, and completion is anticipated in March 2009. Project costs will be approximately $140,000.

OPERATIONAL EFFICIENCIES

Our vigilance in seeking opportunities to streamline the efficiency of our operations paid numerous dividends in 2008. Our 2009–2013 Strategic Plan represents a major achievement in this area. As for financial efficiency, we purchased new fleet vehicles through a state competitive bidding contract and acquired other services through cost-sharing arrangements. We also began converting the original drawings for selected facilities to an electronic format.

2009–2013 Strategic Plan

The 2009–2013 Strategic Plan maps out Denver Water's direction for the next five years. The plan encompasses all the utility's functions, incorporates our mission and values, and establishes our goals, objectives, and action plans. Some 125 employees helped to create the plan, along with Board members and representatives of Denver Water's suburban distributors and Citizens Advisory Committee. A final version of the plan, in preparation in December 2008, was expected to be proposed to the Board in January 2009.

The mission statement introducing the Strategic Plan affirms the staff's commitment to provide customers with a reliable, high-quality water supply and excellent service; to be responsible, creative stewards of the assets we manage; to actively participate in the communities we serve; and to carry out these responsibilities with a productive, diverse work force. In addition to customer service, stewardship, and diversity, the values championed in the plan include accountability, transparency, innovation, safety, and mutual respect.

Responsibility for each strategy outlined in the plan is assigned to the manager, the directors, the Board, or specific divisions. The plan also stipulates a time frame within which each strategy is to be implemented. For example, Denver Water's longstanding goal of helping customers use water more wisely includes a new strategy under the plan—to assume a lead role in creating efficient, state-of-the-art irrigation systems for all Denver and suburban parks. This task, assigned to the Public Affairs Division, has a 2011 target date.

As it guides us into the future, the Strategic Plan will help us work in concert to achieve mutually agreed-on goals. These goals include continuing Denver Water's legacy as a highly regarded, trustworthy, industry-leading organization that values its customers, employees, resources, and community.

Vehicle Purchases Through Competitive Bidding

We continue to take advantage of the savings afforded by purchasing vehicles under the State of Colorado Master Vehicle Purchase Contract. In 2008, we purchased 43 motor vehicles under this contract at a cost of $1.2 million. Twenty-eight of these were replacement pickup trucks, and two were dump trucks equipped with 10-foot snowplows. As part of our goal to include more fuel-efficient vehicles in our fleet, we also purchased nine hybrid vehicles to replace high-mileage SUVs. Although hybrid vehicles are not currently available under the state bid system, we were able to acquire these vehicles for $273,000. The staff is conducting a fleet optimization study with the expectation that the size of the fleet, which includes both motor vehicles and heavy equipment, will be reduced in 2009.

Cost-Sharing for Orthophotography

Orthophotographs are aerial photos that can be used to measure true distances because they have been adjusted for camera tilt, lens distortion, and topographic relief. These photographs have the same lack of distortion as a map and thus are useful in creating or updating Geographic Information Systems and for various planning and operational activities. In May 2008, we entered into an agreement with the Denver Regional Council of Governments to share the cost of an orthophotography project covering our combined service area, plus other areas along the Front Range and in Grand County. We have participated in several previous cost-sharing arrangements for projects of this kind. Our share of the cost of the 2008 project was $120,000.

On-Call Engineering Services

To avoid issuing individual Requests for Proposals for small, tightly scheduled engineering projects, we maintain contracts with a variety of firms that can handle these assignments on an on-call basis. From July 2007, when this program was initiated, through November 2008, we executed 68 on-call engineering contracts for fees totaling less than $3.2 million. Because this mechanism had proved successful at expediting our contract work, in 2008 we added estimating

services to the types of tasks that can be handled in this way. The estimating services are being used to refine engineering estimates and budgets for certain projects.

Conversion of Drawings to Electronic Format
As part of a trial project involving selected Denver Water facilities, we began converting the original paper drawings and blueprints for facilities at Dillon and Cheesman reservoirs to digital format in 2008. The purpose of this project, which is being handled through on-call engineering contracts, is to prevent the original documents from being destroyed through repeated use. Eventually, we intend to have digitized drawings for all Denver Water facilities.

EMPLOYMENT AND PERSONNEL MATTERS

Employee Statistics
Although our customer accounts increased by 13 percent over the past 10 years, the number of employees rose by only 5 percent during that period, climbing from 1,002 in 1998 to 1,055 in 2008. Sixty-five positions were vacant at the end of 2008, representing 6.16 percent of the total employee count authorized. Most of the additional positions are related to our expanded capital construction projects, accelerated water conservation programs, and technology upgrades.

Personnel Policy Changes
As part of our continuing effort to provide our workforce with clear guidelines, we implemented a number of personnel policy changes in 2008. The policy changes streamlined the recruitment process, clarified the timing of performance evaluations when an introductory staff member becomes a regular employee, simplified the employee transfer process within and between divisions, and revised the performance evaluation process. Other changes clarified the role of the hearing officer in decisions related to final corrective action, replaced the previous 10-step pay plan with a new 14-step plan, and specified eligibility requirements for employees to receive pay for work performed outside their job classification. We also launched an initiative to train managers and supervisors in developing performance standards.

Workforce Planning
With an eye toward the future, we engaged in a number of workforce planning activities, including developing an internship program to be implemented in 2009, participating in outreach efforts at job fairs and high school and college fairs, and using specialized websites to advertise job opportunities. We also evaluated and revised the specifications for more than 170 job classifications to make sure they accurately reflect evolving responsibilities.

Employee Benefits
Denver Water's annual contribution to the trust fund supporting its Defined Benefit Retirement Plan for employees varies according to actuarial requirements, which take into account market returns, changing employment demographics, and other statistics. In 2008, the utility's contribution to the trust fund was $7.59 million, and approximately 400 retirees received benefits from the plan. Also in 2008, as part of a three-year evaluation of the Board's benefit programs, we undertook an extensive study of Denver Water's overall retirement program, encompassing the Defined Benefit Plan, the Supplemental Retirement Savings Plan, and the retiree health care

insurance plan. Our Retirement Program Committee expects to report study results and recommendations in early 2009.

FINANCIAL DILIGENCE

Board and staff members kept a tight rein on Denver Water's budget in 2008, carefully monitoring capital costs and other expenditures and adjusting line items as necessary to keep spending in sync with funding sources.

Water Rates

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

The residential rate structure imposes a flat bimonthly service charge that's unrelated to the amount of water the customer uses (this charge was $6.07 in 2008). 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 ranged from $1.81 to $7.24 per thousand gallons in 2008, the same as in 2007. In the suburban communities, rates were 22 percent to 30 percent higher, depending on the service area. When water bills are linked to consumption in this way, customers have more control over what they pay.

System Development Charges

In response to a Board directive, the Water Rates staff undertook a comprehensive assessment of Denver Water's System Development Charges (SDCs) in 2008. The review included an analysis of the pricing differential between customers inside and outside the city, the valuation of water rights, the amount and value of existing water system capacity, and the estimated capacity needs of new customers. Staff members are incorporating the results of this review into their deliberations about 2009 SDC rates.

Carrier Facility Rates

Rates for the use of Denver Water's carrier facilities—the High Line Canal, City Ditch, and carrier facilities from Antero Reservoir and Harriman Lake—remained unchanged in 2008.

Clean Renewable Energy Bonds

In June 2008, Denver Water sold $1.8 million of Clean Renewable Energy Bonds (CREBs) to help finance the hydroelectric projects at Gross and Williams Fork reservoirs. Known as a tax-credit bond, a CREB is a special type of bond that offers qualified issuers the equivalent of an interest-free loan for financing certain types of energy projects. Purchasers of these bonds normally receive a tax credit from the federal government rather than collecting interest from the issuer. In this case, however, Denver Water will pay a small supplemental coupon of 0.75 percent over the 15-year life of the bonds. These were the only revenue bonds Denver Water issued in 2008.

Ten-Year Financial Plan

Among the exercises that sustain Denver Water's financial health are an annual analysis of our fiscal condition and the formulation of a Ten-Year Financial Plan. The plan, which takes into account the Ten-Year Capital and Ten-Year Operations and Management plans, is intended to assure sufficient funds to pay for needed capital improvements, cover operations and maintenance expenditures, and manage debt incurred from the sale of bonds. The plan adopted in 2008 marked the beginning of a new strategic water rate planning process; it also presumes the need to adjust water rates and issue new debt over the 10-year period.

Adoption of the 2009 Budget

The Board of Water Commissioners adopted Denver Water's 2009 budget in December 2008. Recognizing the possibility that economic conditions might adversely affect 2009 revenues, Finance Division staff reduced their original revenue forecasts and planned expenditures for the year. In projecting revenues, they scaled back water demand forecasts, lowered estimated SDC collections to account for a potential slump in new tap sales caused by the slowing housing market, and postponed a $44.1 million bond issue originally slated for the first quarter of 2009 till later in the year. In calculating expenditures, they trimmed planned capital outlays by $16.4 million and planned operating expenditures by $10.5 million.

In January, the Board expressed unease about the slowing economy and how that might impact the Denver Water Budget. Of primary concern was the potential for even lower SDC revenues and the possibility that it might not make sense to access the bond market in 2009. The Board did not want to further impact the economy by slowing capital spending or laying off employees. With this in mind, staff worked to revise the annual budget in an effort to reduce operating expenses and accelerate any capital projects that might have a local stimulus effect. On April 8, 2009, the Board adopted a Revised 2009 Budget which addressed the concerns discussed above. The budget figures and statistics presented in this document relate to the 2009 Revised Budget.

Total sources of funds for 2009 are budgeted at $296.3 million compared with budgeted receipts of $251.8 million in 2008. The plan to issue $44.1 million of debt in May is the principal driver of the increase. The 2009 budget for water sales is $212.0 million, 84 percent of projected revenues.

Payroll expenditures—including regular wages, paid leaves of absence, and overtime and disability payments—are projected at $70.6 million. Most of the positions to be added in 2009 are related to our commitment to implement monthly billing in July. In light of current economic conditions, the Board and staff will carefully manage hiring during the year.

We plan to spend $95.3 million on capital projects in 2009. Operating expenses for 2009 are budgeted at $163.5 million, of which $11.5 million are overhead costs that will be allocated to capital projects. The budgeted amount for debt service and related costs is $51.9 million.

To make sure Denver Water can meet its financial obligations if we cannot access the municipal debt market or if revenues are significantly lower than projected, the Board and staff will assess economic conditions throughout 2009 and adjust the budget further if necessary.

COLLABORATION WITH OTHER ORGANIZATIONS

Water providers across Colorado face the same fundamental challenge—balancing the state's limited, fluctuating water supplies with the diverse needs of an expanding population. In 2008 we continued to cooperate with other providers in the metro area and across the state in seeking mutually beneficial solutions to water quality and water supply challenges.

Intergovernmental Agreements

Aurora and South Metro Water Supply Authority. In January 2008, we partnered with the city of Aurora to investigate a variety of cooperative water management alternatives that might increase yield or provide additional operational flexibility for both utilities. Possible benefits to Denver Water include increased system yield, maximum use of our reusable supplies, and creation of a new diversion point on the Lower South Platte River. The two parties agreed to split the $600,000 consultant's fee.

The first phase of the study indicated the potential for Denver Water to acquire additional supplies by using excess capacity in Aurora's Prairie Waters Pipeline. This pipeline is currently under construction and is expected to be operational in 2010.

In November 2008, the ongoing study was expanded to encompass the infrastructure and water supplies of the South Metro Water Supply Authority, an alliance of 12 municipal water purveyors in Douglas County. The authority will pay for revisions to the scope of work related directly to its members. All three parties will share the cost of revisions affecting joint investigations.

Colorado Division of Parks and Outdoor Recreation. A five-year Intergovernmental Agreement with the Colorado Division of Parks provides for boat inspections at Eleven Mile Canyon Reservoir. The purpose of the inspections is to prevent the invasion of quagga, or zebra, mussels into the lake. According to the December 2008 agreement, parks personnel will carry out inspection and decontamination services, and Denver Water will pay for 65 percent of the annual $100,000 cost.

Colorado River Water Conservation District. Through a July 2008 interim agreement with the Colorado River Water Conservation District, Denver Water is continuing to help develop "10825 Water," a proposed project that would provide 10,825 acre-feet of additional streamflows for threatened and endangered fish in the Grand Valley reach of the Colorado River. Under a temporary agreement with the U.S. Fish and Wildlife Service, East Slope water users are currently obligated to provide half of this supply, and West Slope users must provide the other half. As an interim measure, Denver Water releases the East Slope's 5,412.5 acre-feet obligation from Williams Fork Reservoir, and the River District releases the West Slope's obligation from Wolford Mountain Reservoir.

In 2007 Denver Water, the river district, and other Colorado River users began a series of studies in preparation for developing a project that would permanently supply water to restore, protect, and enhance fish and other aquatic or riparian wildlife in the Colorado River Basin. The 2008 interim agreement covers the third in this series of studies. Denver Water will pay 21.6 percent

of the East Slope participants' share of the current study's $300,000 cost. The percentage to be paid by each of the eight East Slope participants is based on the entity's diversions from the Colorado River.

South Platte Endangered Species Recovery Program. Denver Water also continues to cooperate with the U.S. Bureau of Reclamation, the U.S. Fish and Wildlife Service, and the states of Nebraska and Wyoming in a program addressing the habitat needs of endangered species in the Central and Lower Platte River Basin. Colorado is responsible for 40 percent of the three states' share of program costs. In addition to money, the states contribute water and land to the program. Water users in Colorado have formed a nonprofit corporation to assess themselves for the cost of the program when the state does not pay Colorado's full share. Denver Water's assessment in 2008 was $821,000, slightly less than our first-year assessment in 2007. Though our financial contributions will likely remain fairly constant for the next four years, they are expected to be lower thereafter.

Consensus Statement

Denver Water signed a consensus statement drafted at the October 2008 Colorado Wildlife Conservation Summit and declaring support for the goal of preserving Colorado's wildlife. Summit participants included federal, state, and local officials, environmental organizations, business leaders, and private citizens. The statement is not an endorsement of specific programs but a commitment to maintain public dialog on natural resource issues in the state.

Volunteer Efforts

Democratic National Convention. When Denver played host to the Democratic National Convention in August 2008, Denver Water made sure conference attendees and protesters who were outside in the 90-degree heat were able to stay hydrated with free water. Our crews attached temporary drinking fountains to fire hydrants, and we furnished a water trailer at various events.

Alamosa Salmonella Outbreak. When a March 2008 Salmonella outbreak in Alamosa, Colorado, was traced to the city's water supply, Denver Water was among some 30 municipal water providers and other public agencies to offer help. The Colorado Department of Public Health and Environment issued a bottled water order for the city March 19 and modified it to a boil-water order on April 3. Water that was not boiled was unusable except for toilet flushing until city crews had flushed and disinfected the entire storage and distribution system with high doses of chlorine. By the time the boil-water order was lifted on April 11, the city had reported almost 400 cases of Salmonella poisoning.

Teams of water quality experts from Denver, Aurora, and Fort Collins gathered in Alamosa to guide officials on cleaning and disinfecting the system. Alamosa obtains its water from deep wells and had not added disinfectant in the past. To prevent future contamination, however, the city now chlorinates its supply at a new treatment plant that went into service in the summer of 2008.

Citizens Advisory Committee

For the past 30 years, Denver Water's Citizens Advisory Committee (CAC), a 10-member volunteer body, has advised our staff and Board on important issues and encouraged public participation in our policy-making process. Four new members joined the CAC in 2008.

In accordance with a 2007 revision to the committee's bylaws, a second West Slope representative—Melvin Rettig of Grand Junction—was added to the committee in March. In August Philip Lidov became one of three members who represent Denver customers, replacing a former representative who moved out of the city. The suburban distributors recommended Barry Hudson, manager of the Wheat Ridge Water District, as their representative, and he joined the committee in December. Also in December, Becky Long began representing the environmental community after serving two terms as a representative of Denver customers.

AWARDS AND OTHER ACHIEVEMENTS

Denver Water earned recognition for a variety of accomplishments in 2008, winning awards for the aesthetic quality of its drinking water, its conservation program and public outreach efforts, and its fleet services program.

Green Excellence Award

Denver Water won a 2008 North American Municipal Water Service Providers Green Excellence Award for its conservation program and its advertising campaign featuring the message "Use Only What You Need." Green Excellence Awards are presented to corporations and other organizations in recognition of their achievements in promoting sustainability. Recipients must demonstrate a commitment to reducing their dependence on nonrenewable resources and diminishing their overall environmental impact. The awards are conferred by Frost & Sullivan, a consulting firm that helps companies expand their businesses.

AWWA Public Communications Achievement Award

The American Water Works Association, an international association of drinking water professionals, also recognized Denver Water's public outreach activities, giving the association's 2008 Public Communications Achievement Award to our "Use Only What You Need" campaign. This award goes to utilities that demonstrate a sustained, broad-based commitment to public outreach and communications. Winners are judged on the scope, creativity, excellence, and documented success of their efforts.

Water Taste Test

In a taste test sponsored by AWWA's Rocky Mountain Section in September 2008, a panel of five independent judges decided Denver's water tasted the best, presenting the utility with an official first-place glass pitcher. Thirteen utilities from Colorado and New Mexico submitted water samples for the contest. As the first-place finisher, Denver Water will represent the Rocky Mountain Section at AWWA's Best of the Best Taste Test to be held at the association's national conference in San Diego in June 2009.

Worksite Wellness Award and Marathon Win

At the local level, the Metro Denver Health and Wellness Commission honored Denver Water in October 2008 with a Worksite Wellness Award in recognition of our health promotion programs and our modest on-site fitness center. Perhaps foretelling the merit of this award, Denver Water's team won the relay competition at the 2008 Colorado Colfax Marathon, an annual foot race that traverses Aurora, Denver, and Lakewood. The Denver Water team finished the 26.2-mile race with a total time of 2:52:12.

Crystal Award for Fleet Services

Denver Water's fleet services staff completed a national fleet certification program in early 2008, earning a Crystal Award. The group completed the certification process in two and a half years. They plan to fulfill the steps required to maintain certification and will maintain individual certification as well.

Financial and Budget Reporting Awards

Once again Denver Water received two awards from the Government Finance Officers Association (GFOA)—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. Denver Water earned the financial reporting award for the twentieth consecutive year and the budget presentation award for the sixteenth consecutive year.

FINANCIAL SECTION

FINANCIAL SECTION - TABLE OF CONTENTS

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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, 2008 and 2007, 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Board of Water Commissioners, City and County of Denver, Colorado as of December 31, 2008 and 2007, and its respective 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.

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 opinions on the Board's basic financial statements. The accompanying supplementary information, as listed in 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.

Our audits were conducted for the purpose of forming an opinion on the Board's basic financial statements. The accompanying introductory section, statistical section and supplemental financial information, as listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The supplemental financial information has been subjected to the auditing procedures applied in our audits 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 introductory section and statistical section have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on them.

BKD, LLP

March 31, 2009

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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, 2008 and 2007. 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 2008, compared to 5% in 2007. Net assets increased in 2008 primarily due to increased water sales as a result of a 5% increase in water sold and a rate increase effective January 1, 2008 designed to increase overall total system water rate revenue by 5%. This was offset by increased operating expenses as a result of maintenance of treatment plants, conduits, and mains; and administrative costs for engineering projects, legal claims, and conservation.

- There was an ***operating income*** of $44.9 million in 2008 compared to $38.8 million in 2007, an increase of 16%.

- There was ***income before capital contributions*** of $31.9 million in 2008 compared to $26.1 million in 2007, an increase of 22%.

- ***Capital contributions*** were $40.0 million in 2008 compared to $38.9 million in 2007, an increase of 3%.

- ***Net assets*** were $1.507 billion at December 31, 2008 compared to $1.435 billion at December 31, 2007, an increase of $71.9 million or 5%.

- ***Capital asset additions*** were $101.3 million in 2008 compared to $103.8 million in 2007, a decrease of 2%.

- ***Clean Renewable Energy Bonds*** in the amount of $1.8 million were issued on June 23, 2008 for the acquisition, design, and construction of hydropower facilities located at Williams Fork Reservoir and Gross Reservoir.

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 economic costs through its water rates, capital contributions, and other charges.

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

The **notes to the 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 $1.507 billion at December 31, 2008, an increase of $71.9 million or 5% from December 31, 2007. Net assets were $1.435 billion at December 31, 2007, an increase of $65.0 million or 5% from December 31, 2006 (see Figures 1 and 2 and Table 1).

Figure 1 - Net Assets

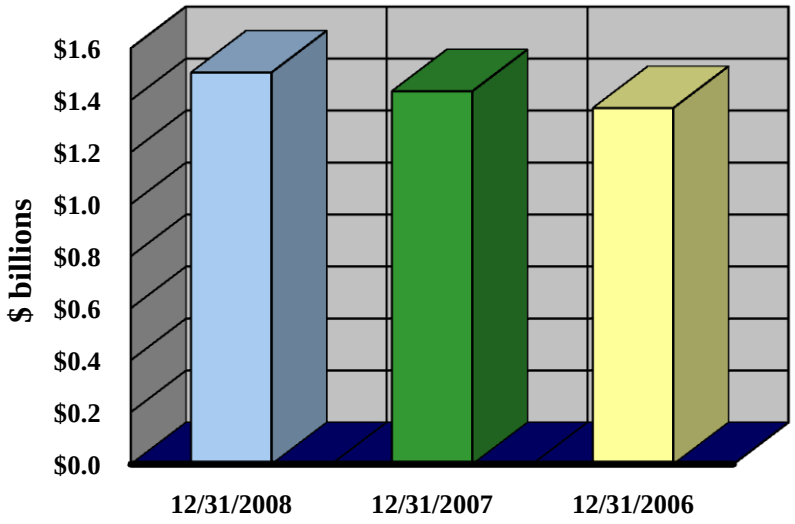


Table 1 - Condensed Statements of Net Assets
(amounts expressed in thousands)

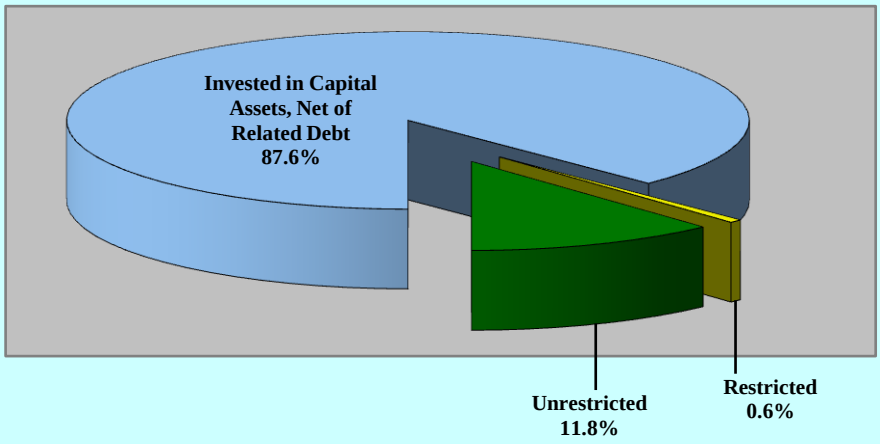
	As of December 31,			2008 - 2007 Increase (Decrease)	2008 - 2007 % Change	2007 - 2006 Increase (Decrease)	2007 - 2006 % Change
	2008	2007	2006				
Current and other assets	**$ 268,527**	$ 292,321	$ 206,847	$ (23,794)	(8)%	$ 85,474	41%
Capital assets, net	**1,705,001**	1,647,602	1,589,873	57,399	3%	57,729	4%
Total assets	**1,973,528**	1,939,923	1,796,720	33,605	2%	143,203	8%
Current liabilities	**58,793**	62,613	61,012	(3,820)	(6)%	1,601	3%
Noncurrent liabilities	**408,219**	442,657	366,057	(34,438)	(8)%	76,600	21%
Total liabilities	**467,012**	505,270	427,069	(38,258)	(8)%	78,201	18%
Net assets:							
Invested in capital assets, net of related debt	**1,319,268**	1,227,499	1,236,642	91,769	7%	(9,143)	(1)%
Restricted	**9,005**	7,661	7,021	1,344	18%	640	9%
Unrestricted	**178,243**	199,493	125,988	(21,250)	(11)%	73,505	58%
Total net assets	**$ 1,506,516**	$ 1,434,653	$ 1,369,651	$ 71,863	5%	$ 65,002	5%

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 2008 restricted net assets consist of a $3.1 million debt service reserve fund for revenue bonds included in temporary cash investments, and a $5.9 million reserve fund required for the Certificates of Participation capital lease ("COPs") displayed in deferred charges. For 2007, restricted net assets consisted of the $1.7 million debt service reserve fund and the $6.0 million COPs reserve fund. For 2006, restricted net assets consisted of the $0.9 million debt service reserve fund and the $6.1 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, 2008



The Board's increase in net assets during 2008 of $71.9 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 $71.9 million in 2008 consisted of income before capital contributions of $31.9 million and capital contributions of $40.0 million. 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 (see Table 2 and Figure 5). The 2008 increase in net assets was $6.9 million, or 11%, higher than the 2007 increase.

Table 2 - Condensed Statements of Revenues, Expenses and Changes in Fund Net Assets
(amounts expressed in thousands)

	Years Ended December 31,			2008 - 2007		2007 - 2006	
	2008	2007	2006	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Operating revenues	**$ 216,262**	$ 196,642	$ 201,058	$ 19,620	10%	$ (4,416)	(2)%
Nonoperating revenues	**12,567**	15,238	10,374	(2,671)	(18)%	4,864	47%
Total revenues	**228,829**	211,880	211,432	16,949	8%	448	0%
Operating expenses	**171,344**	157,891	146,371	13,453	9%	11,520	8%
Nonoperating expenses	**25,613**	27,921	21,011	(2,308)	(8)%	6,910	33%
Total expenses	**196,957**	185,812	167,382	11,145	6%	18,430	11%
Income before capital contributions	**31,872**	26,068	44,050	5,804	22%	(17,982)	(41)%
Capital contributions	**39,991**	38,934	32,096	1,057	3%	6,838	21%
Increase in net assets	**71,863**	65,002	76,146	6,861	11%	(11,144)	(15)%
Beginning net assets	**1,434,653**	1,369,651	1,293,505	65,002	5%	76,146	6%
Ending net assets	**$ 1,506,516**	$ 1,434,653	$ 1,369,651	$ 71,863	5%	$ 65,002	5%

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 $44.9 million in 2008, compared to $38.8 million in 2007 and $54.7 million in 2006 (see Figure 3).

There was ***income before capital contributions*** of $31.9 million in 2008 compared to $26.1 million in 2007 and $44.0 million in 2006 (see Figure 4).

Figure 3 - Operating Income

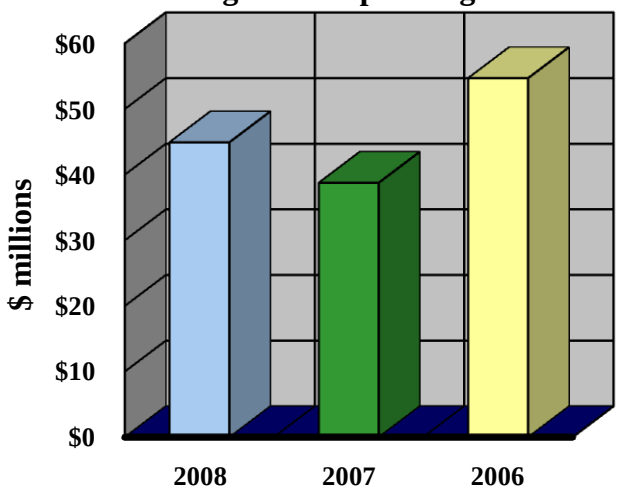


Figure 4 - Income before Capital Contributions

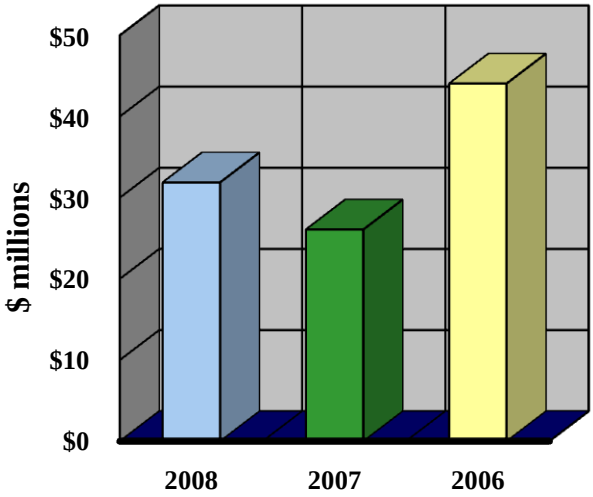
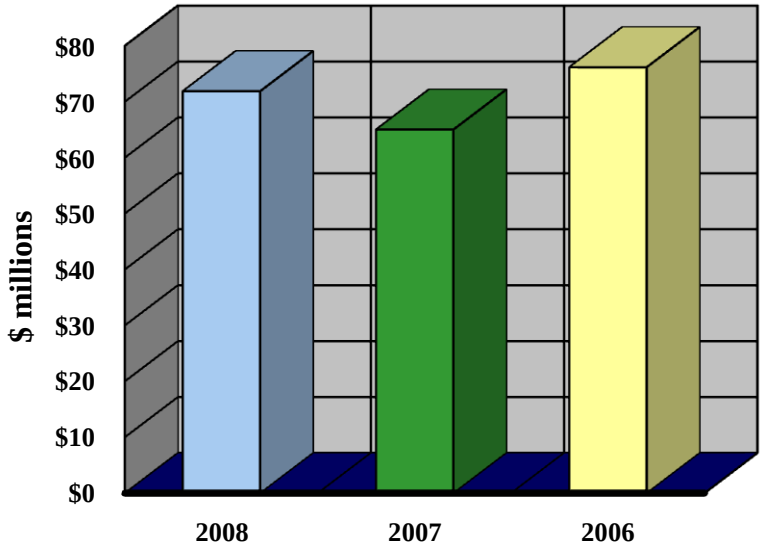


Figure 5 - Increase in Net Assets



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

- **OPERATING REVENUES** in 2008 increased $19.6 million, or 10% from 2007. They decreased $4.4 million, or 2% between 2007 and 2006 (see Figure 6 and Table 3).

Figure 6 - Operating Revenues

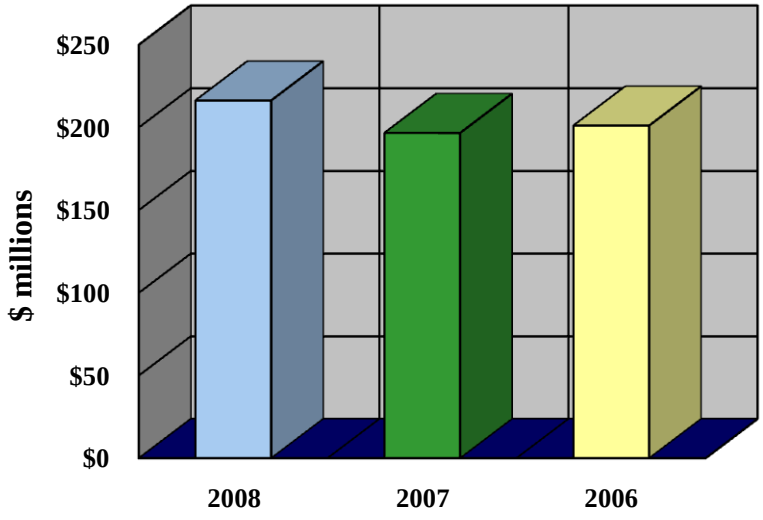


Table 3 - Operating Revenues
(amounts expressed in thousands)

	Years Ended December 31,			2008 - 2007 Increase (Decrease)	2008 - 2007 % Change	2007 - 2006 Increase (Decrease)	2007 - 2006 % Change
	2008	2007	2006				
Water:							
Water sales	**$ 205,941**	$ 188,729	$ 193,747	$ 17,212	9%	$ (5,018)	(3)%
Drought surcharges	**-**	-	(4)	-	-	4	100%
	205,941	188,729	193,743	17,212	9%	(5,014)	(3)%
Power generation and other:							
Power sales	**4,315**	2,615	2,447	1,700	65%	168	7%
Special assessments	**6,006**	5,298	4,868	708	13%	430	9%
	10,321	7,913	7,315	2,408	30%	598	8%
Total operating revenues	**$ 216,262**	$ 196,642	$ 201,058	$ 19,620	10%	$ (4,416)	(2)%

Water sales in 2008 increased due to a 5% increase in water sold (81.403 billion gallons sold in 2008 compared to 77.405 billion gallons sold in 2007) and a rate increase effective January 1, 2008 designed to increase overall total system water rate revenue by 5%. 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 2007 decreased due to a 12% decrease in water sold (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 designed to increase overall total system water rate revenue by 7%.

Power Sales consist of sales of electricity to Xcel Energy and Tri-State Generation and Transmission Associates from seven power generating facilities: Dillon, Foothills, Gross, Hillcrest, Roberts Tunnel, Strontia Springs and Williams Fork. Because power is generated by use of water turbines, differences in power sales from year to year are caused primarily by increases or decreases in water flows due to weather conditions or interruptions of power generating operations for repairs and maintenance. Additionally, the increase in 2008 was the result of a new power generation facility at Gross Reservoir.

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. The increase during 2008 was largely due to fee increases.

- **NONOPERATING REVENUES** in 2008 decreased $2.7 million, or 18% from 2007. They increased $4.9 million, or 47% between 2007 and 2006 (see Table 4).

Table 4 - Nonoperating Revenues
(amounts expressed in thousands)

	Years Ended December 31,			2008 - 2007		2007 - 2006	
	2008	2007	2006	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Investment income	**$ 9,141**	$ 12,201	$ 7,491	$ (3,060)	(25)%	$ 4,710	63%
Other nonoperating income	**3,426**	3,037	2,883	389	13%	154	5%
Total nonoperating revenues	**$ 12,567**	$ 15,238	$ 10,374	$ (2,671)	(18)%	$ 4,864	47%

Investment income changes from year to year are due to a combination of changes in interest rates earned, unrealized changes in fair market values, and changes in average investment balances.

- **OPERATING EXPENSES** in 2008 increased $13.5 million, or 9% from 2007. They increased $11.5 million, or 8% between 2007 and 2006 (see Figures 7, 8, 9 and Table 5).

Figure 7 - Total Operating Expenses

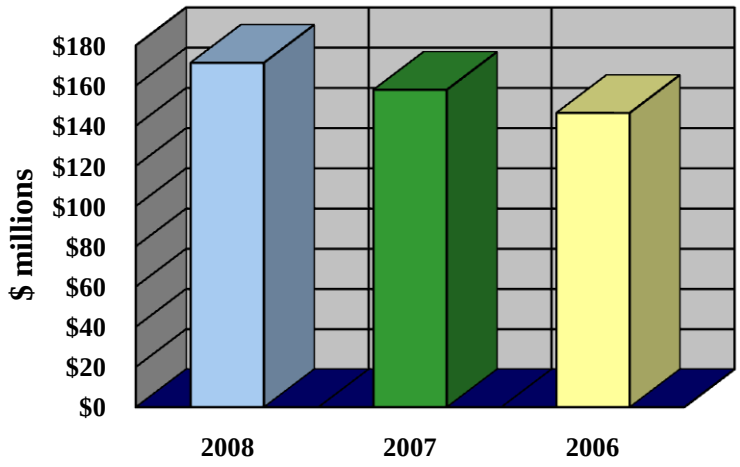
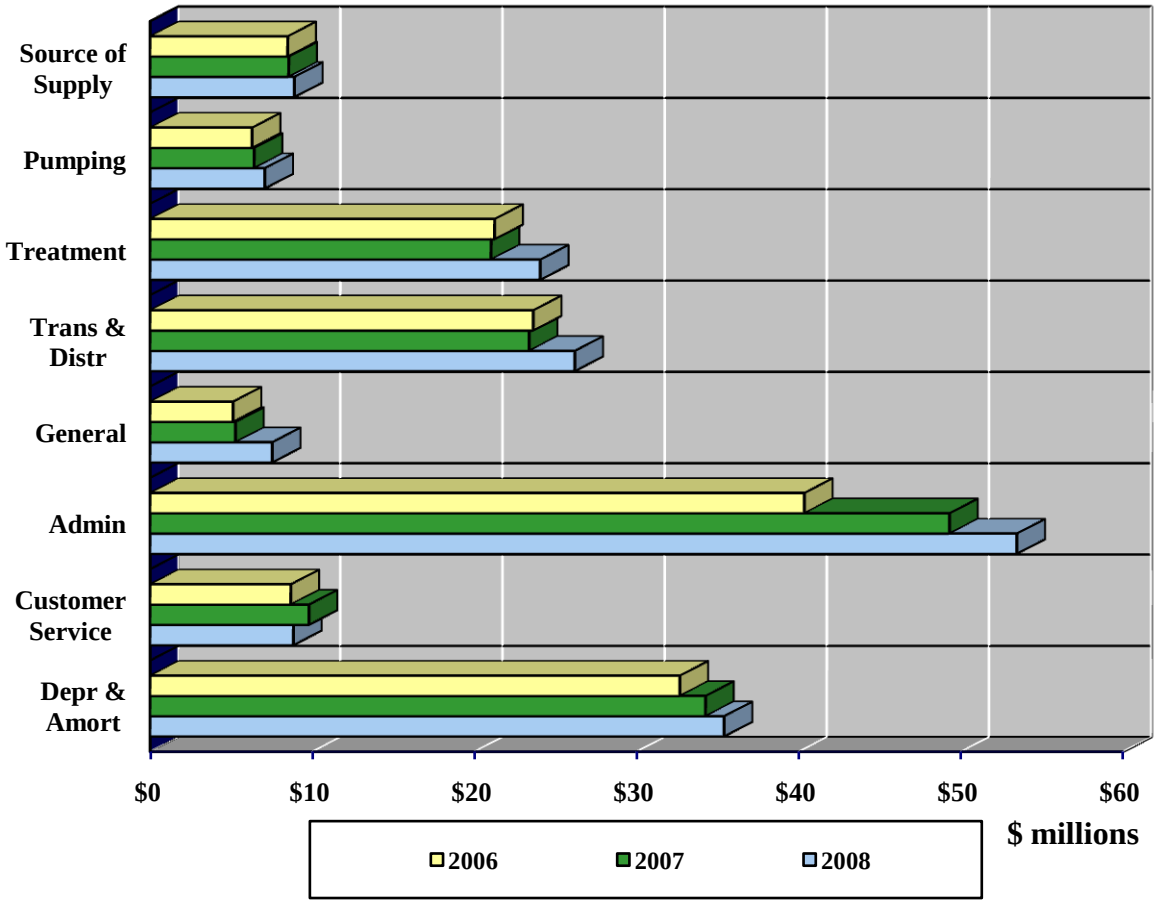


Table 5 - Operating Expenses by Category
(amounts expressed in thousands)

	Years Ended December 31,			2008 - 2007		2007 - 2006	
	2008	2007	2006	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Source of supply	**$ 8,885**	$ 8,538	$ 8,477	$ 347	4%	$ 61	1%
Pumping	**7,063**	6,405	6,281	658	10%	124	2%
Treatment	**24,051**	21,016	21,236	3,035	14%	(220)	(1)%
Transmission & distribution	**26,177**	23,362	23,613	2,815	12%	(251)	(1)%
General	**7,519**	5,256	5,103	2,263	43%	153	3%
Administrative	**53,436**	49,289	40,336	4,147	8%	8,953	22%
Customer service	**8,831**	9,787	8,669	(956)	(10)%	1,118	13%
Depreciation and amortization	**35,382**	34,238	32,656	1,144	3%	1,582	5%
Total operating expenses	**$ 171,344**	$ 157,891	$ 146,371	$ 13,453	9%	$ 11,520	8%

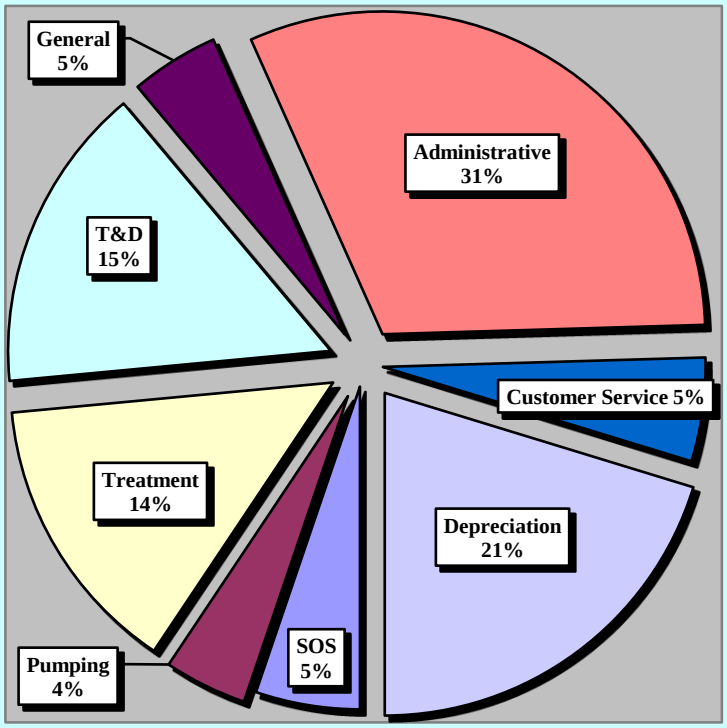
Figure 8 - Operating Expenses by Category



The increase in operating expenses in 2008 was primarily due to increased costs in Treatment for maintenance of Foothills, Moffat and Marston treatment plants; Transmission & Distribution for maintenance of conduits and mains; General for insurance policies and liability claims; and Administrative for engineering projects, legal claims, and conservation.

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

Figure 9 - Operating Expense Categories as a Percent of Total Operating Expenses - 2008



- **NONOPERATING EXPENSES** in 2008 decreased $2.3 million, or 8% from 2007. They increased $6.9 million, or 33% between 2007 and 2006 (see Table 6).

Table 6 - Nonoperating Expenses
(amounts expressed in thousands)

	Years Ended December 31,			2008 - 2007		2007 - 2006	
	2008	2007	2006	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Interest expense	**$ 17,699**	$ 16,305	$ 15,368	$ 1,394	9%	$ 937	6%
Loss on disposition of capital assets	**4,426**	9,144	2,922	(4,718)	(52)%	6,222	213%
Other nonoperating expense	**3,488**	2,472	2,721	1,016	41%	(249)	(9)%
Total nonoperating expenses	**$ 25,613**	$ 27,921	$ 21,011	$ (2,308)	(8)%	$ 6,910	33%

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

project and deducted from interest expense. During 2008, interest expense increased primarily due to decreased interest expense capitalized.

Loss on disposition of capital assets during 2008 represents write-offs of replaced mains and hydrants, and write-offs of retired assets at Moffat Treatment Plant. The loss during 2007 included the write-off of obsolete Customer Information System costs of $6.9 million.

- **CAPITAL CONTRIBUTIONS** in 2008 increased $1.1 million, or 3% from 2007. They increased $6.8 million, or 21% between 2007 and 2006 (see Table 7).

Table 7 - Capital Contributions
(amounts expressed in thousands)

	Years Ended December 31,			2008 - 2007 Increase (Decrease)	2008 - 2007 % Change	2007 - 2006 Increase (Decrease)	2007 - 2006 % Change
	2008	2007	2006				
Contributions in aid of construction	**$ 21,492**	$ 12,911	$ 11,245	$ 8,581	66%	$ 1,666	15%
System development charges	**18,499**	26,023	20,851	(7,524)	(29)%	5,172	25%
Total capital contributions	**$ 39,991**	$ 38,934	$ 32,096	$ 1,057	3%	$ 6,838	21%

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, 2008 and 2007 amounted to $1.71 billion and $1.65 billion, net of accumulated depreciation and amortization, respectively. Capital asset additions in 2008 and 2007 were $101.3 million and $103.8 million, respectively, a decrease of $2.5 million or 2%. Major projects were as follows (see Table 8):

Table 8 - Capital Additions
Year Ended December 31, 2008
(amounts expressed in thousands)

Conduits, distribution mains, hydrants & valves	$	23,762
Foothills Treatment Plant		16,567
Computer software, equipment and information technology projects		13,248
South Platte downstream storage-gravel pits		9,422
Highlands Pump Station		4,752
Land acquisitions		3,341
Marston Reservoir		2,927
Vehicles & machine purchases		2,723
South Boulder Canal		2,712
Williams Fork Power Plant		2,117
Dillon Reservoir		2,109
Water rights		1,759
Marston Treatment Plant		1,459
Williams Fork Reservoir		1,436
Westside improvements		1,415
Moffat Treatment Plant		1,391
Montclair Recycle Pump Station		1,380
Moffat Collection System		1,354
All other pumping stations		1,296
Cheesman Reservoir & Dam		1,262
Channel improvements		1,173
Other		3,723
	$	101,328

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 $1.8 million Clean Renewable Energy Bonds on June 23, 2008 for the acquisition, design, and construction of hydropower facilities located at Williams Fork Reservoir and Gross Reservoir.

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

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BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF NET ASSETS
AS OF DECEMBER 31, 2008 AND 2007
(amounts expressed in thousands)

	2008	2007
ASSETS		
CURRENT ASSETS:		
Cash	$ 22,073	$ 623
Temporary cash investments, at fair value, including accrued interest	157,170	198,391
Accounts receivable	23,446	21,193
Materials and supplies inventory, at weighted average cost	6,253	6,192
Total current assets	208,942	226,399
NONCURRENT ASSETS:		
Capital assets:		
Utility plant	2,038,064	1,895,382
Nonutility plant	8,849	8,814
	2,046,913	1,904,196
Less accumulated depreciation and amortization	(536,204)	(505,632)
	1,510,709	1,398,564
Utility plant under capital lease, less accumulated amortization of $29,954 and $28,778, respectively	84,976	93,225
Construction in progress	109,316	155,813
Net capital assets	1,705,001	1,647,602
Other noncurrent assets:		
Long-term investments	22,865	33,387
Deferred charges and other assets, less accumulated amortization of $276 and $259, respectively	8,957	8,876
Long-term receivable	27,763	23,659
Total other noncurrent assets	59,585	65,922
Total noncurrent assets	1,764,586	1,713,524
Total assets	1,973,528	1,939,923

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, 2008 AND 2007
(amounts expressed in thousands)

	2008	2007
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	$ 6,776	$ 8,397
Accrued payroll, vacation and other employee benefits	13,621	11,977
Construction contracts (including retainages of $2,224 and $2,810, respectively)	4,448	9,175
Accrued interest on long-term debt	2,452	2,850
Unearned revenue	84	84
Current portion of bonds payable:		
General obligation bonds	11,555	18,820
Revenue bonds	12,465	4,270
Current portion of obligations under capital lease:		
Certificates of participation	5,970	5,710
Other	1,422	1,330
Total current liabilities	58,793	62,613
NONCURRENT LIABILITIES:		
Bonds payable, net:		
General obligation bonds	31,009	42,631
Revenue bonds	268,720	280,631
Obligations under capital lease:		
Certificates of participation	27,835	33,805
Other	22,309	23,731
Customer advances for construction	46,536	51,363
Accrued sick leave	4,357	4,412
Other postemployment benefits	4,857	3,591
Waste disposal closure and postclosure care	2,596	2,493
Total noncurrent liabilities	408,219	442,657
Total liabilities	467,012	505,270
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Invested in capital assets, net of related debt	1,319,268	1,227,499
Restricted for debt service reserve funds	9,005	7,661
Unrestricted	178,243	199,493
Total net assets	$ 1,506,516	$ 1,434,653

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, 2008 AND 2007
(amounts expressed in thousands)

	2008	2007
OPERATING REVENUES:		
Water	$ 205,941	$ 188,729
Power generation and other	10,321	7,913
Total operating revenues	216,262	196,642
OPERATING EXPENSES:		
Source of supply, pumping, treatment and distribution	66,176	59,321
General and administrative	60,955	54,545
Customer service	8,831	9,787
Depreciation and amortization	35,382	34,238
Total operating expenses	171,344	157,891
OPERATING INCOME	44,918	38,751
NONOPERATING REVENUES (EXPENSES):		
Investment income	9,141	12,201
Interest expense, less capitalized interest of $35 and $2,096, respectively	(17,699)	(16,305)
Loss on disposition of capital assets	(4,426)	(9,144)
Other income	3,426	3,037
Other expense	(3,488)	(2,472)
Total nonoperating expenses, net	(13,046)	(12,683)
INCOME BEFORE CAPITAL CONTRIBUTIONS	31,872	26,068
CAPITAL CONTRIBUTIONS:		
Contributions in aid of construction	21,492	12,911
System development charges	18,499	26,023
Total capital contributions	39,991	38,934
INCREASE IN NET ASSETS	71,863	65,002
NET ASSETS:		
Beginning of year	1,434,653	1,369,651
End of year	$ 1,506,516	$ 1,434,653

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, 2008 AND 2007
(amounts expressed in thousands)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	$ 209,905	$ 190,759
Payments to employees	(78,981)	(81,695)
Payments to suppliers	(54,759)	(35,830)
Other receipts	3,426	3,037
Other payments	(3,553)	(1,843)
Net cash provided by operating activities	76,038	74,428
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from contributions in aid of construction and customer advances for construction	8,931	11,909
Proceeds from system development charges	18,499	26,023
Proceeds from sales of capital assets	490	734
Proceeds from long-term revenue bonds, net	1,800	99,158
Acquisition of capital assets	(96,223)	(92,504)
Principal payments for long-term bonds	(23,210)	(25,575)
Retirements of long-term bonds	-	(1,940)
Principal payments for capital lease obligations	(7,040)	(6,480)
Interest paid (includes capitalized interest of $35 and $2,096, respectively)	(19,324)	(19,683)
Net cash used for capital and related financing activities	(116,077)	(8,358)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	422,684	318,486
Interest received from investments	10,001	9,959
Purchases of investments	(371,196)	(394,562)
Net cash provided by (used for) investing activities	61,489	(66,117)
NET INCREASE (DECREASE) IN CASH	21,450	(47)
CASH, AT BEGINNING OF YEAR	623	670
CASH, AT END OF YEAR	$ 22,073	$ 623

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, 2008 AND 2007
(amounts expressed in thousands)

	2008	2007
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 44,918	$ 38,751
Adjustments to reconcile operating income to net cash provided by operating activities-		
Other nonoperating revenues	4,474	4,992
Other nonoperating expenses	(3,553)	(1,843)
Depreciation and amortization of property, plant and equipment	35,382	34,238
Change in assets and liabilities-		
Accounts receivable	(6,357)	(5,883)
Materials and supplies inventory	(42)	(378)
Deferred charges	(121)	(700)
Accounts payable	(1,621)	1,612
Accrued payroll, vacation and other employee benefits	1,589	(24)
Other postemployment benefits	1,266	3,591
Waste disposal closure and postclosure care	103	72
Net cash provided by operating activities	$ 76,038	$ 74,428
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Assets acquired through capital contributions (see Note 1)	$ 7,734	$ 7,357
Assets acquired in construction contracts payable	4,448	9,175
Increase in fair value of investments	183	1,213

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, 2008 AND 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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. Restricted funds are used for their intended purpose before unrestricted funds.

I. Capital Assets

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

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	5 - 15 years
Furniture, machinery and equipment	5 - 80 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, 2008 and 2007, inactive development costs included in deferred charges which, in the Board's opinion, will be used in connection with future construction activities, totaled $49,000 and $65,000, 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 ("CIAC") and system development charges ("SDC"). CAC represent facilities, or cash payments for facilities, received from developers, property owners, governmental agencies or customers who receive benefit from such facilities. SDC represent fees charged to customers to connect to the water system. Contributions are recognized in the statement of revenues, expenses, and changes in fund net assets, after nonoperating revenues (expenses), when earned. Assets acquired through CIAC and SDC are included in capital assets. Depreciation applicable to such assets is computed using the straight-line method over 80 and 60 years for CIAC and SDC assets, respectively, and is included in operating expenses (see Note 14, *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 27, 2006, the Board approved a water rate increase, effective January 1, 2007, designed to increase overall total system water rate revenue by 7.0%

On September 26, 2007, the Board approved a water rate increase, effective January 1, 2008, designed to increase overall total system water rate revenue by 5.0%.

On September 24, 2008, the Board approved a water rate increase, effective January 1, 2009, designed to increase overall total system water rate revenue by 9.0%.

SDC

On November 8, 2006, the Board approved an SDC increase, effective January 8, 2007, designed to increase treated water tap fees by an average of 9.8% and raw and recycled water tap fees by an average of 6.3%.

On November 14, 2007, the Board approved an SDC increase, effective January 14, 2008, designed to increase treated water tap fees by an average of 7.0% and raw and recycled water tap fees by an average of 4.1%.

On February 11, 2009, the Board approved changes in 2009 SDC pricing, effective April 13, 2009. These changes decreased treated water tap fees by an average of 5.4% while increasing raw and recycled water tap fees by an average of 7.0%.

N. Recently Issued Accounting Standards

The Board implemented the following accounting standards in 2008. They had no impact on the financial statements or note disclosure:

- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.*
- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which is effective in 2010.

The Board implemented the following accounting standards in 2007:

- GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This affected 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.
- GASB Statements No. 50, *Pension Disclosures*. It aligned the financial reporting requirements for pensions with those for OPEB. This affects the disclosures in Note 11, *Pension Plan.*

O. Reclassifications

Certain reclassifications have been made to prior year's information to conform 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, 2008 and 2007, and their maturities were as follows:

Current and Long-Term Investments
As of December 31, 2008
(amounts expressed in thousands)

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1 - 5
U.S. Treasuries	$ 91,328	$ 83,228	$ 8,100
U.S. agencies	56,030	41,761	14,269
Commercial paper	22,064	22,064	-
Corporate obligations	1,432	936	496
Total securities	170,854	147,989	22,865
Money market funds (not considered securities)	9,181	9,181	-
Total investments	$ 180,035	$ $ 157,170	$ 22,865

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

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, 2008 and 2007.

Maximum Maturities
As of December 31, 2008 and 2007

Type of Investment	Combined Portfolio as of December 31, 2008 and 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, 2008 and 2007, 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 with the exception of two securities that were downgraded to A3/P-2 September 15, 2008. These securities, representing 1.1% of the total portfolio at December 31, 2008, are being held with the Board's approval until maturity in early 2009. 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 different than the separate portfolios.

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, 2008.

Maximum Concentrations, Any One Issuer
As of December 31, 2008 and 2007

Type of Investment	Combined Portfolio as of December 31, 2008 and 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, 2008 and 2007, 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 was scheduled to terminate in November 2011 for the Series 1998 Certificates and in November 2016 for the Series 2001 Certificates. The reserve fund agreement was terminated without cost after Lehman filed for chapter 11 bankruptcy protection, September 15, 2008. The funds were subsequently reinvested into permitted investments established in the Amended and Restated Mortgage and Indenture of Trust dated October 1, 1998. Scheduled reserve fund amounts invested are $2,321,000 for the Series 1998 Certificates and $3,595,000 for the Series 2001 Certificates.

(3) ACCOUNTS RECEIVABLE

Current and long-term accounts receivable at December 31, 2008 and 2007 were as described below. Other receivables include receivables for contributions in aid of construction, system development charges, nonpotable and hydrant water sales, and power sales. Long-term receivables represent financing arrangements with various suburban water districts for the sale of water.

Accounts Receivable
(amounts expressed in thousands)

	December 31,			
	2008		2007	
Current accounts receivable				
Accounts receivables for treated water sales	$ 19,107	81%	$ 19,152	90%
Other accounts receivable	4,339	19%	2,041	10%
	$ 23,446	100%	$ 21,193	100%
Accounts receivable for treated water sales from the City and County of Denver (included above)	$ 816		$ 903	
Long-term accounts receivable	$27,763		$23,659	

(4) CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2008 and 2007 were as follows:

Capital Assets
For the Year Ended December 31, 2008
(amounts expressed in thousands)

	December 31, 2007	Additions & Transfers	Sales & Retirements	December 31, 2008
Capital assets not being depreciated:				
Land and land rights	$ 93,077	$ 4,201	$ (16)	$ 97,262
Water rights	63,198	2,384	-	65,582
Construction in progress	155,813	(44,541)	(1,956)	109,316
Total capital assets not being depreciated	312,088	(37,956)	(1,972)	272,160
Capital assets being depreciated:				
Buildings and improvements	209,195	3,524	(431)	212,288
Improvements other than buildings	1,499,287	83,470	(6,807)	1,575,950
Machinery and equipment	161,442	52,290	(2,971)	210,761
Total capital assets being depreciated	1,869,924	139,284	(10,209)	1,998,999
Less accumulated depreciation:				
Buildings and improvements	(49,577)	(2,667)	68	(52,176)
Improvements other than buildings	(408,342)	(24,507)	2,249	(430,600)
Machinery and equipment	(76,491)	(9,240)	2,349	(83,382)
Total accumulated depreciation	(534,410)	(36,414)	4,666	(566,158)
Total capital assets being depreciated, net	1,335,514	102,870	(5,543)	1,432,841
Total capital assets, net	$ 1,647,602	$ 64,914	$ (7,515)	$ 1,705,001

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

Depreciation and amortization for the years ended December 31, 2008 and 2007 were as follows:

Depreciation and Amortization
(amounts expressed in thousands)

	Years Ended December 31, 2008	2007
Operating expenses, water service	$ 35,382	$ 34,238
Nonoperating expenses	129	132
Other, as allocated	919	1,823
Total depreciation and amortization	36,430	36,193
Less amortization of plant-related studies included in deferred charges	(16)	(16)
Total increase in accumulated depreciation of property, plant and equipment	$ 36,414	$ 36,177

(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, 2008 and 2007, claims liabilities consisting of medical, dental and vision benefits; and legal claims were $2,659,000 and $1,452,000, respectively. Changes in the balances of these liabilities during 2008, 2007 and 2006 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
2008	$ 1,452	$ 11,635	$ (10,428)	$ 2,659
2007	$ 1,966	$ 10,310	$ (10,824)	$ 1,452
2006	$ 1,347	$ 14,320	$ (13,701)	$ 1,966

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.* It is expected the claims will be paid in the next twelve months.

(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, 2008, range from 3.125% to 6.0%. The weighted average yield to maturity at issue for outstanding bonds was 4.69% and 4.46% for the years ended December 31, 2008 and 2007, respectively.

A summary of debt maturity for the general obligation bonds as of December 31, 2008, is as follows:

General Obligation Bonds
As of December 31, 2008
(amounts expressed in thousands)

	Principal	Interest	Total
Year of Maturity:			
Current:	$ 11,555	$ 2,006	$ 13,561
Long-term:			
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
2014-2018	6,320	4,409	10,729
2019-2023	2,365	3,535	5,900
2024-2028	-	3,232	3,232
2029	11,550	646	12,196
	31,170	17,051	48,221
Less net discount	(146)	-	(146)
Less deferred amount on refunding	(15)	-	(15)
Total long-term	31,009	17,051	48,060
	$ 42,564	$ 19,057	$ 61,621

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

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, 2008, range from 0.75% to 5.50%. The weighted average yield to maturity at issue for outstanding bonds was 3.90% for the years ended December 31, 2008 and 2007, respectively.

A summary of debt maturity for the revenue bonds as of December 31, 2008, is as follows:

Revenue Bonds
As of December 31, 2008
(amounts expressed in thousands)

	Principal	Interest	Total
Year of Maturity:			
Current:	$ 12,465	$ 12,668	$ 25,133
Long-term:			
2010	21,360	12,072	33,432
2011	6,105	10,984	17,089
2012	14,560	10,690	25,250
2013	15,415	10,037	25,452
2014-2018	70,050	39,039	109,089
2019-2023	63,890	24,897	88,787
2024-2028	24,655	12,778	37,433
2029-2033	24,550	7,718	32,268
2034-2037	24,440	2,738	27,178
	265,025	130,953	395,978
Plus premium	4,633	-	4,633
Less deferred amount on refunding	(938)	-	(938)
Total long-term	268,720	130,953	399,673
	$281,185	$143,621	$424,806

On June 23, 2008, the Board issued Series 2008A Master Resolution water revenue (Clean Renewable Energy Tax Credit) bonds in an aggregate principal amount of $1,800,000 at a true interest cost at sale of 0.75%. The bonds were issued in accordance with the Second Supplement to the Master Bond Resolution dated June 11, 2008 for the extension, betterment, other improvement, and equipment of the Water Works System.

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, 2008 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, 2008, the unamortized deferred amount on refunding deducted from bonds payable is $15,000 for general obligation bond refundings and $938,000 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, 2008, only the 2001 and 1998 COPs remain outstanding. The balances of the principal component of future base rental payments are $24,020,000 (out of $40,580,000) and $9,785,000 (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, 2008	December 31, 2007
Buildings and improvements	$ 31,183	$ 31,149
Improvements other than buildings	40,766	47,873
	71,949	79,022
Less: accumulated amortization	(22,610)	(21,994)
	$ 49,339	$ 57,028

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, 2008 and 2007, the reserve fund was $5,916,000 and $5,940,000, 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 $7,578,000 and $7,345,000 during 2008 and 2007, 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, 2008:

Obligation Under Capital Lease - Certificates of Participation As of December 31, 2008 (amounts expressed in thousands)	
Year Ending December 31:	
2009	$ 7,599
2010	7,582
2011	13,113
2012	2,211
2013	2,209
2014-2016	6,633
Total minimum lease payments	39,347
Less interest	(5,542)
Present value of minimum lease payments (obligation under capital lease)	33,805
Less current portion	(5,970)
Total long-term	$ 27,835

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, 2008	2007
Improvements other than buildings	$ 42,981	$ 42,981
Less: accumulated amortization	(7,344)	(6,784)
	$ 35,637	$ 36,197

Minimum capital lease payments were $3,000,000 during both 2008 and 2007. 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, 2008:

Obligation Under Capital Lease - Wolford Mountain
As of December 31, 2008
(amounts expressed in thousands)

Year Ending December 31:	
2009	$ 3,000
2010	3,000
2011	3,000
2012	3,000
2013	3,000
2014-2018	15,000
2019-2020	4,500
Total minimum lease payments	34,500
Less interest at 6.75%	(10,769)
Present value of minimum lease payments (obligation under capital lease)	23,731
Less current portion	(1,422)
Total long-term	$ 22,309

Operating Leases

The Board is committed under various operating leases for property and equipment. Lease expenses for the years ended December 31, 2008 and 2007 were $1,737,000 and $1,306,000, 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) SOUTH ADAMS COUNTY PREPAID SYSTEM DEVELOPMENT CHARGES

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, but the development of the storage projects remains incomplete as of December 31, 2008. Because development of the storage projects has taken longer than anticipated, the Board and SACWSD have entered into temporary potable water lease agreements, the most recent dated June 13, 2007, whereby the Board provides potable water on a temporary basis to SACWSD until the project is operational.

The Board initially recorded all payments from SACWSD in Customer Advances for Construction. Conveyances of $23.7 million have been transferred since inception through December 31, 2008 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 $2.6 and $2.5 million was reported as Waste Disposal Closure and Postclosure Care liability at December 31, 2008 and 2007, respectively, for the two sites as follows:

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

	Foothills	Ralston	Total
2008			
Closure Costs	$ 203	$ 1,197	$ 1,400
Postclosure Care Costs	339	857	1,196
	$ 542	$ 2,054	$ 2,596
2007			
Closure Costs	$ 195	$ 1,122	$ 1,317
Postclosure Care Costs	333	843	1,176
	$ 528	$ 1,965	$ 2,493

These costs are based on the use of 22% of the active portion of the Foothills landfill at December 31, 2008 and 2007 and 100% of the Ralston drying beds for both years. The Board will recognize the remaining estimated cost of the Foothills postclosure care of $1,203,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. 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, 2008 and 2007 were as follows:

Long-Term Liabilities
For the Year Ended December 31, 2008
(amounts expressed in thousands)

	December 31, 2007 (Current and Long-Term)	2008 Additions	2008 Reductions	December 31, 2008 (Current and Long-Term)	Due Within One Year	
G. O. bonds payable, net	$ 61,451	-	$ (18,887)	$ 42,564	$ 11,555	
Revenue bonds payable, net	284,901	1,800	(5,516)	281,185	12,465	
Obligation under capital lease - Certificates of participation	39,515	-	(5,710)	33,805	5,970	
Obligation under capital lease - Other	25,061	-	(1,330)	23,731	1,422	
Customer advances for construction	51,363	9,932	(14,759)	46,536	-	
Accrued sick leave	6,777	2,906	(2,572)	7,111	2,754	*
Other postemployment benefits	3,591	1,266	-	4,857	-	
Waste disposal closure	2,493	103	-	2,596	-	
	475,152	$ 16,007	$ (48,774)	442,385	$ 34,166	
Less current portion	(32,495)			(34,166)		
Total long-term liabilities	$ 442,657			$ 408,219		

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

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*.

(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. The Plan contains provisions regarding amendments, including a provision for employee voting on amendments in specifically described situations. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to: 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 would be in the form of an immediate monthly annuity with no cost-of-living adjustment. The Plan provides for the Board making annual contributions based on

current annual actuarial valuations, but the Board has reserved the right to suspend, reduce or permanently discontinue all contributions at any time, pursuant to the termination provisions of the Plan.

Annual Pension Cost and Net Pension Obligation

The Board's annual pension cost ("APC") for 2008 was approximately $7,590,000, equal to the Board's required and actual contributions.

Annual Pension Cost and Net Pension Obligation For the Year Ended December 31, 2008 (amounts expressed in thousands)	
Annual required contribution ("ARC")	$ 7,590
Interest on net pension obligation	-
Adjustment to ARC	-
Annual pension cost	7,590
Contributions made	(7,590)
Increase in net pension obligation	-
Net pension obligation - beginning of year	-
Net pension obligation - end of year	$ -

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

Three-Year Trend Information (amounts expressed in thousands)			
Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	$ 7,590	100%	-
2007	$ 7,277	100%	-
2006	$ 8,269	100%	-

Funded Status and Funding Progress

As of January 1, 2008, the most recent actuarial valuation date, the plan was 92.9% funded. The actuarial accrued liability for benefits was $275.2 million, and the actuarial value of assets was $255.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of $19.5 million. The covered payroll (annual payroll of active employees covered by the pension plan) was $60.3 million, and the ratio of the UAAL to the covered payroll was 32.3%.

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

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]
1/1/08	$ 255,768	$ 275,246	$ 19,478	92.9%	$ 60,347	32.3%
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%

Actuarial Methods and Assumptions

The required contribution was determined as part of the January 1, 2008 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses and including an inflation component of 3.5%), (b) projected salary increases ranging from 4.0% to 11.0% per year, and (c) 3.5% per year cost-of-living adjustments. The actuarial value of Plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. The Plan's unfunded actuarial accrued liability is being amortized in level dollar amounts over 30 years on an open basis.

(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 2008 and 2007, the Board made contributions totaling approximately $1,554,000 and $1,486,000, and members contributed approximately $3,272,000 and $3,352,000, 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) 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 to employees and dependents who meet eligibility requirements of the postemployment healthcare benefit plan. The eligibility requirements include retiring under the Special Early

Retirement (Rule of 75) provision of the Board's defined benefit pension plan, taking an immediate distribution of pension benefits, and being covered as an employee or dependent under the employee healthcare plan, excluding COBRA coverage, at the time of retirement. The subsidy is separate from the Board's defined benefit retirement plan and is not paid out of retirement plan funds. Currently, 165 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 18 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 2008. 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, 2008 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, 2008, the Board contributed $1,446,000 to the postemployment healthcare benefits plan (approximately 73% of estimated premium equivalent costs). Retirees receiving benefits contributed $537,000, or approximately 27% of the estimated premium equivalent costs. The Board paid $365,000 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, 2008
(amounts expressed in thousands)

	Healthcare	LTD	Total
Annual required contribution ("ARC")	$ 5,208	$ 126	$ 5,334
Gain due to plan change effective January 1, 2008	(2,490)	-	(2,490)
Interest on net OPEB obligation	200	(2)	198
Adjustment to ARC	(250)	3	(247)
Annual OPEB cost (expense)	2,668	127	2,795
Contributions made	(1,446)	(365)	(1,811)
Increase in net OPEB obligation (asset)	1,222	(238)	984
Net OPEB obligation (asset) - beginning of year	3,635	(44)	3,591
Net OPEB obligation (asset) - end of year	$ 4,857	$ (282)	$ 4,575

The LTD asset is recorded in *Deferred Charges and Other Assets* in the *statements of net assets*.

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB plan, and the net OPEB obligation for 2008 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
2008	$ 2,795	$ 1,811	64.8%	$ 984
2007	$ 5,810	$ 2,219	38.2%	$ 3,591
2006	-	-	-	-

Funded Status and Funding Progress

As of January 1, 2008 the plan was 0% funded. The actuarial accrued liability for benefits was $46.0 million, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $46.0 million. The covered payroll (annual payroll of active employees covered by the OPEB plan) was $60.3 million, and the ratio of the UAAL to the covered payroll was 76.1%.

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

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]
1/1/08	$ -	$ 45,951	$ 45,951	-	$ 60,347	76.1%
1/1/07	$ -	$ 46,547	$ 46,547	-	$ 58,579	79.5%
1/1/06	-	-	-	-	-	-

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, 2008 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 10 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.

(14) CAPITAL CONTRIBUTIONS

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

Capital Contributions
For the Years Ended December 31, 2008 and 2007
(amounts expressed in thousands)

	CIAC	SDC
Inception through December 31, 2006	$ 322,898	$ 517,844
2007 Additions	12,911	26,023
Inception through December 31, 2007	335,809	543,867
2008 Additions	21,492	18,499
Inception through December 31, 2008	$ 357,301	$ 562,366

(15) 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.

(16) CONTRACT COMMITMENTS

Total contract commitments as of December 31, 2008 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, Capitol Hill Reservoir and Conduits 303, 306, and 307 were completed. Montclair Pump Station, serving the Lowry and Stapleton areas, was completed 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, 2008 were $67.1 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, 2008
(amounts expressed in thousands)

	Depreciation Life (Years)	Cost				Accumulated Depreciation and Amortization				Cost Less Accumulated Depreciation and Amortization as of December 31, 2008
		Balance, December 31, 2007	Additions and Transfers	Sales and Retirements	Balance, December 31, 2008	Balance, December 31, 2007	Provision	Sales, Retirements and Transfers	Balance, December 31, 2008	
UTILITY PLANT IN SERVICE:										
Source of supply plant	10 - 80	$ 490,413	$ 34,354	$ (401)	$ 524,366	$ 134,209	$ 6,030	$ (260)	$ 139,979	$ 384,387
Pumping plant	20 - 80	72,101	14,410	(337)	86,174	17,581	1,629	(176)	19,034	67,140
Water treatment plant	20 - 80	333,933	36,508	(1,520)	368,921	69,863	6,699	(2)	76,560	292,361
Transmission and distribution plant	30 - 80	774,953	60,735	(5,381)	830,307	188,393	11,009	(1,528)	197,874	632,433
General plant and equipment	5 - 50	111,993	6,140	(1,926)	116,207	59,457	5,007	(1,483)	62,981	53,226
Leasehold and other improvements	5 - 30	97,668	172	-	97,840	32,905	3,518	-	36,423	61,417
Land held for future use		14,321	(59)	(13)	14,249	-	-	-	-	14,249
Total utility plant in service		1,895,382	152,260	(9,578)	2,038,064	502,408	33,892	(3,449)	532,851	1,505,213
NONUTILITY PLANT IN SERVICE:										
Plant	10 - 80	8,795	38.00	(3)	8,830	3,208	126	-	3,334	5,496
General equipment	5 - 20	19	-	-	19	16	3	-	19	-
Idle Plant	10 - 50	-	-	-	-	-	-	-	-	-
Total nonutility plant in service		8,814	38	(3)	8,849	3,224	129	-	3,353	5,496
UTILITY PLANT UNDER CAPITAL LEASE:										
Certificates of Participation	80	79,022	(6,429)	(644)	71,949	21,994	1,833	(1,217)	22,610	49,339
Wolford Mountain	80	42,981	-	-	42,981	6,784	560	-	7,344	35,637
Total utility plant under capital lease		122,003	(6,429)	(644)	114,930	28,778	2,393	(1,217)	29,954	84,976
CONSTRUCTION IN PROGRESS		155,813	(44,541)	(1,956)	109,316	-	-	-	-	109,316
Total property, plant and equipment		$ 2,182,012	$ 101,328	$ (12,181)	$ 2,271,159	$ 534,410	$ 36,414	$ (4,666)	$ 566,158	$ 1,705,001

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

GENERAL OBLIGATION AND REVENUE WATER IMPROVEMENT AND REFUNDING BONDS
OUTSTANDING AT DECEMBER 31, 2008
(amounts expressed in thousands)

Date of Issue	Interest Rates on Bonds Outstanding as of December 31, 2008	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	(4,620)	6,595	4,310	Sep 1, 2011
Aug 15, 2001B	4.00%	75,170	(64,830)	10,340	-	Not callable
Oct 1, 2002	3.125-4.50%	11,610	(3,595)	8,015	5,970	Oct 1, 2012
		125,225	(82,500)	42,725	22,785	
Less net discount				(146)		
Less deferred amount on refunding				(15)		
Total General Obligation Bonds				42,564		
Revenue Bonds						
May 15, 2003A	2.50-5.00%	50,000	(500)	49,500	48,100	Jun 1, 2013
Sep 15, 2003B	3.75-5.00%	77,155	(15,940)	61,215	37,110	Jun 1, 2013
Nov 23, 2004	4.125-5.50%	43,655	(5,500)	38,155	7,585	Dec 1, 2014
Jul 12, 2005	3.25-5.25%	30,000	(3,060)	26,940	18,355	Dec 1, 2015
Mar 22, 2007A	3.00-5.00%	100,000	-	100,000	86,315	Dec 15, 2017
Jun 23, 2008A	0.75%	1,800	(120)	1,680	-	Not callable
		$302,610	$ (25,120)	277,490	$197,465	
Plus premium				4,633		
Less deferred amount on refunding				(938)		
Total Revenue Bonds				$ 281,185		

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SUMMARY OF GENERAL OBLIGATION BOND DEBT SERVICE REQUIREMENTS
OUTSTANDING AT DECEMBER 31, 2008

YEARS 2009 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
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
	42,725	19,057	61,782
Less net discount	(146)	-	(146)
Less deferred amount on refunding	(15)	-	(15)
	$ 42,564	$ 19,057	$ 61,621

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND RETIREMENTS FOR GENERAL OBLIGATION BONDS
OUTSTANDING AT DECEMBER 31, 2008

YEARS 2009 TO 2029 INCLUSIVE
(amounts expressed in thousands)

Year	Series 1999 Refunding	Series 2000 Refunding	Series 2001A Refunding	Series 2001B Refunding	Series 2002 Refunding	Total
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	$ 6,595	$ 10,340	$ 8,015	$ 42,725

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND INTEREST FOR GENERAL OBLIGATION BONDS
OUTSTANDING AT DECEMBER 31, 2008

YEARS 2009 TO 2029 INCLUSIVE
(amounts expressed in thousands)

Year	Series 1999 Refunding	Series 2000 Refunding	Series 2001A Refunding	Series 2001B Refunding	Series 2002 Refunding	Total
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
	$ 14,047	$ 640	$ 1,386	$ 414	$ 2,570	$ 19,057

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SUMMARY OF REVENUE BOND DEBT SERVICE REQUIREMENTS
OUTSTANDING AT DECEMBER 31, 2008

YEARS 2009 TO 2037 INCLUSIVE
(amounts expressed in thousands)

Year	Rev. Bond Retirements (Exhibit II-F)	Rev. Bond Interest (Exhibit II-G)	Total Debt Service
2009	$ 12,465	$ 12,668	$ 25,133
2010	21,360	12,072	33,432
2011	6,105	10,984	17,089
2012	14,560	10,690	25,250
2013	15,415	10,037	25,452
2014	16,500	9,368	25,868
2015	17,260	8,588	25,848
2016	18,695	7,767	26,462
2017	8,520	6,864	15,384
2018	9,075	6,452	15,527
2019	9,550	6,033	15,583
2020	11,840	5,588	17,428
2021	13,280	5,056	18,336
2022	13,915	4,442	18,357
2023	15,305	3,778	19,083
2024	6,640	3,087	9,727
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	1,895	6,335
2030	4,665	1,673	6,338
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
	277,490	143,621	421,111
Plus premium	4,633	-	4,633
Less deferred amount on refunding	(938)	-	(938)
	$ 281,185	$ 143,621	$ 424,806

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND RETIREMENTS FOR REVENUE BONDS
OUTSTANDING AT DECEMBER 31, 2008

YEARS 2009 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	Series 2008A Improvement	Total
2009	$ 100	$ 7,830	$ 3,320	$ 1,095	$ -	$ 120	$ 12,465
2010	100	10,725	9,285	1,130	-	120	21,360
2011	200	400	4,215	1,170	-	120	6,105
2012	1,000	5,150	5,045	1,215	2,030	120	14,560
2013	1,145	8,025	2,755	1,260	2,110	120	15,415
2014	1,540	8,400	2,900	1,325	2,215	120	16,500
2015	1,550	8,825	3,050	1,390	2,325	120	17,260
2016	2,110	11,860	705	1,460	2,440	120	18,695
2017	3,570	-	735	1,530	2,565	120	8,520
2018	3,885	-	770	1,610	2,690	120	9,075
2019	4,110	-	805	1,690	2,825	120	9,550
2020	6,160	-	840	1,775	2,945	120	11,840
2021	7,355	-	875	1,860	3,070	120	13,280
2022	7,720	-	915	1,955	3,205	120	13,915
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
	$ 49,500	$ 61,215	$ 38,155	$ 26,940	$ 100,000	$ 1,680	$ 277,490

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND INTEREST FOR REVENUE BONDS
OUTSTANDING AT DECEMBER 31, 2008

YEARS 2009 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	Series 2008A Improvement	Total
2009	$ 2,250	$ 2,924	$ 1,924	$ 1,135	$ 4,423	$ 12	$ 12,668
2010	2,247	2,533	1,758	1,099	4,423	12	12,072
2011	2,245	1,996	1,248	1,062	4,423	10	10,984
2012	2,238	1,982	1,016	1,021	4,423	10	10,690
2013	2,188	1,775	764	979	4,321	10	10,037
2014	2,131	1,454	626	933	4,216	8	9,368
2015	2,077	1,034	481	884	4,105	7	8,588
2016	2,023	593	328	828	3,989	6	7,767
2017	1,939	-	299	754	3,867	5	6,864
2018	1,769	-	265	674	3,739	5	6,452
2019	1,584	-	231	610	3,604	4	6,033
2020	1,389	-	195	538	3,463	3	5,588
2021	1,097	-	157	462	3,338	2	5,056
2022	747	-	121	389	3,184	1	4,442
2023	381	-	83	291	3,023	-	3,778
2024	-	-	42	188	2,857	-	3,087
2025	-	-	-	96	2,682	-	2,778
2026	-	-	-	-	2,499	-	2,499
2027	-	-	-	-	2,308	-	2,308
2028	-	-	-	-	2,106	-	2,106
2029	-	-	-	-	1,895	-	1,895
2030	-	-	-	-	1,673	-	1,673
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
	$ 26,305	$ 14,291	$ 9,538	$ 11,943	$ 81,449	$ 95	$ 143,621

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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.*

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

STATISTICAL SUMMARY: 1999 - 2008

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Population served[1]	**1,154,000**	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
Total treated water consumption (million gallons)[2]	**71,975.87**	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
Average daily consumption (million gallons)	**196.66**	193.10	204.73	187.60	165.52	179.18	206.09	222.07	228.38	206.12
Average daily consumption per capita (gallons)	**170**	169	182	168	150	166	192	211	220	204
Maximum daily consumption (million gallons)	**426.16**	425.70	425.68	424.80	340.92	370.05	419.20	488.71	478.19	475.66
Maximum hour treated water use rate (million gallons per day)	**670.00**	660.00	671.04	725.27	567.52	775.23	788.09	716.86	751.47	676.26
Treated water pumped (million gallons)	**50,283.70**	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
Recycled water sales	**$ 1,081,425**	$ 725,671	$ 854,085	$ 955,118	$ 518,143	$ -	$ -	$ -	$ -	$ -
Recycled gallons sold (millions)	**1,385**	934	1,214	1,646	859	-	-	-	-	-
Raw water storage capacity (acre-feet)[3]	**561,883**	561,883	561,883	561,883	561,883	561,883	561,883	561,883	545,476	545,476
Replacement reservoir storage capacity (acre-feet)	**122,432**	122,432	122,432	122,432	122,432	122,432	122,432	122,432	96,822	96,822
Supply from South Platte River (acre-feet)[4]	**122,255**	168,554	113,868	154,750	119,978	144,982	58,856	129,926	133,912	210,777
Supply from Blue River/Roberts Tunnel system (acre-feet)	**80,056**	65,682	127,074	94,470	75,984	164,294	56,848	102,282	102,750	54,064
Supply from Moffat system (acre-feet)	**88,842**	85,444	83,022	63,872	59,344	84,072	33,116	71,296	59,811	57,272
Treated water pumping capacity (mgd)	**1,097.4**	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
Raw water pumping capacity (mgd)	**112.2**	112.2	92.2	92.2	92.2	92.2	92.2	92.2	92.2	92.2
Treatment plant capacity (mgd)	**715.0**	715.0	715.0	715.0	715.0	715.0	645.0	645.0	645.0	645.0
Treated water reservoir capacity (million gallons)	**368.65**	368.65	368.65	368.65	376.65	376.65	406.45	378.45	378.75	378.75
Supply mains in miles (mountain collection system)	**77.5**	77.6	77.5	77.5	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	40.7
Transmission & distribution mains (miles) - Inside City and Outside City Total Service Contract distributors	**2,681**	2,657	2,645	2,631	2,608	2,574	2,552	2,508	2,474	2,449
Nonpotable transmission & distibution Mains (miles)	**36.5**	36.5	32.6	31.3	31.3	23.5	17.6	17.3	17.3	16.4
Total active taps - end of year	**309,373**	308,079	306,901	304,483	301,565	299,157	295,841	286,051	282,985	278,374
Fire hydrants operated & maintained	**19,185**	15,767	15,679	15,459	14,956	14,648	14,380	14,173	13,991	13,681
Fire hydrants tested and repaired	**25,577**	27,940	30,739	32,474	32,045	32,407	26,047	29,604	23,875	25,052
Breaks in mains - Denver	**274**	247	198	242	219	231	287	261	243	195
Service leaks	**318**	879	1,043	1,452	1,204	1,117	1,034	794	907	663
Total employees (actual, not authorized)	**1,055.0**	1,010.2	1,004.8	1,012.7	1,037.9	1,041.9	1,036.0	1,026.0	1,005.5	1,002.6
Additions to capital assets (thousands)	**$ 101,328**	$ 103,779	$ 102,458	$ 81,877	$ 71,669	$ 164,363	$ 128,479	$ 104,721	$ 87,493	$ 65,806
Total long-term debt[5] (thousands)	**$ 381,285**	$ 410,928	$ 346,114	$ 375,917	$ 372,876	$ 379,478	$ 300,695	$ 308,879	$ 289,681	$ 294,757

[1]Population estimated based on treated water customers only.

[2]Denver Water has three water treatment facilities. See page III-76, "Water Treated Monthly." Total treated water consumption includes both sales of treated water as well as unaccounted-for water. See page III-21 "Sales of Treated Water Between Denver and Outside City. 2008 water consumption is based on estimates.

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

[4]Supply includes effluent exchanges.

[5]Long-term debt consists of current and long-term portions of bonds payable and obligations under capital lease, net of discounts, premiums and deferred amounts on advance refundings.

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A - FINANCIAL TRENDS INFORMATION

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

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NET ASSETS BY COMPONENT: 1999 - 2008
(amounts expressed in thousands)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
NET ASSETS:										
Invested in capital assets, net of related debt	$ 1,319,268	$ 1,227,499	$ 1,236,642	$ 1,151,459	$ 1,109,875	$ 1,060,192	$ 1,006,694	$ 903,483	$ 849,997	$ 786,277
Restricted for debt service reserve funds	9,005	7,661	7,021	7,723	7,002	9,325	6,904	6,917	5,692	5,685
Unrestricted	178,243	199,493	125,988	134,323	122,579	122,727	119,522	153,581	129,443	121,966
Total net assets	$ 1,506,516	$ 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

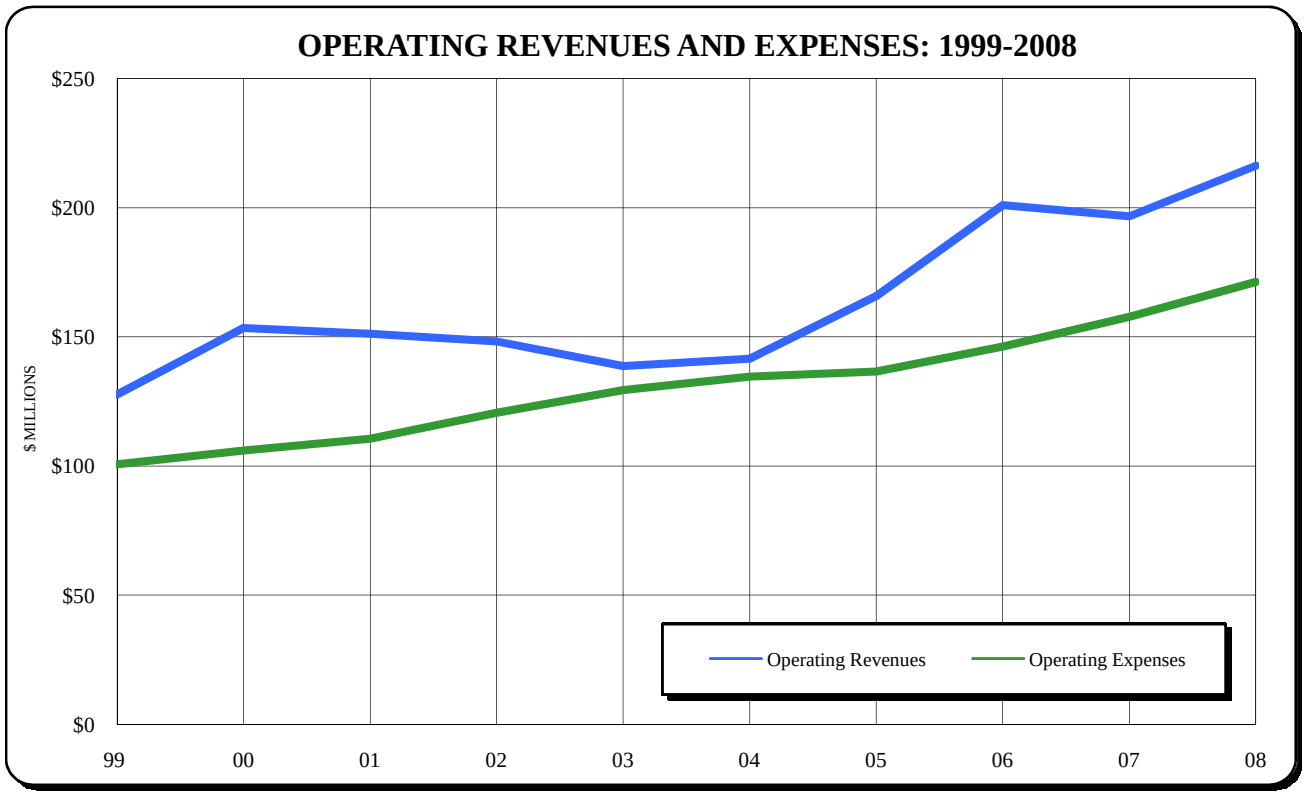
[1]Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted when constraints placed on net asset use are either: (a) externally imposed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

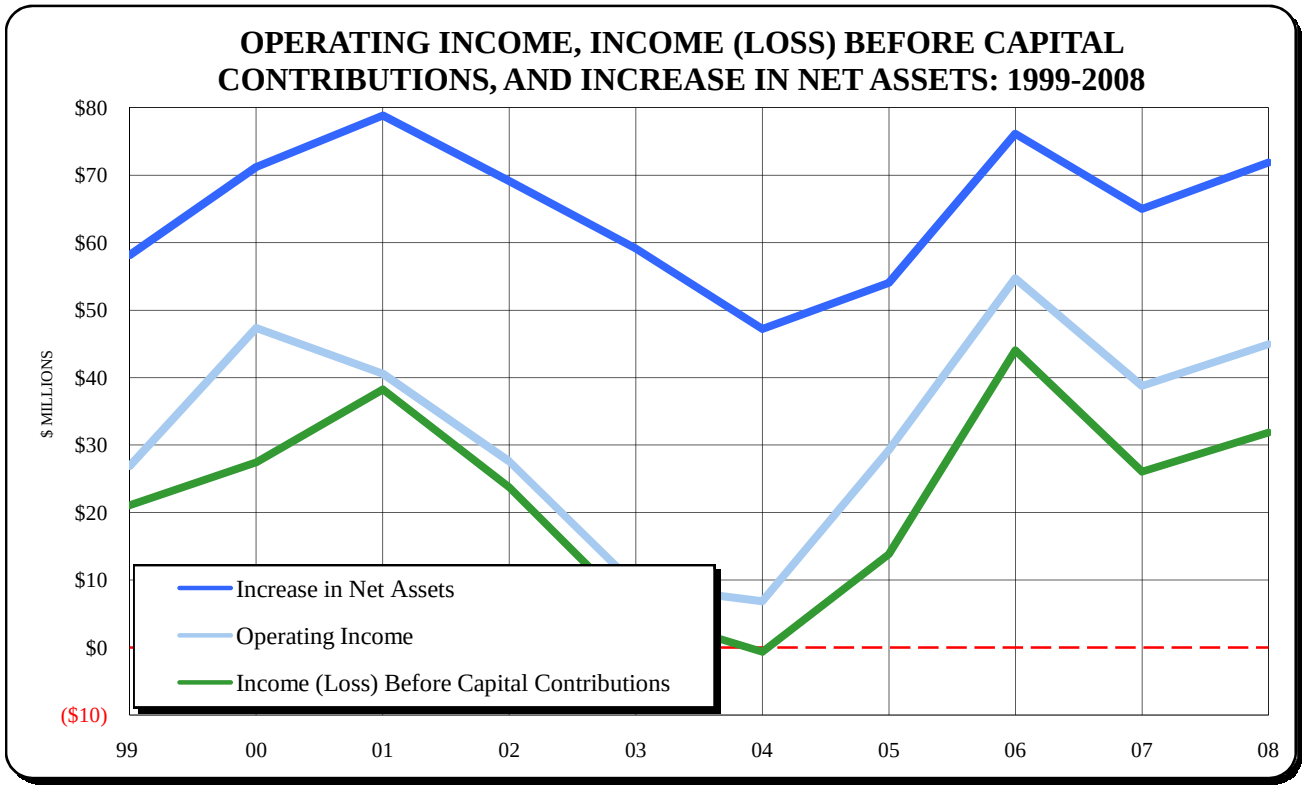
[2]The above data was extracted from the audited financial statements of the Board of Water Commissioners.

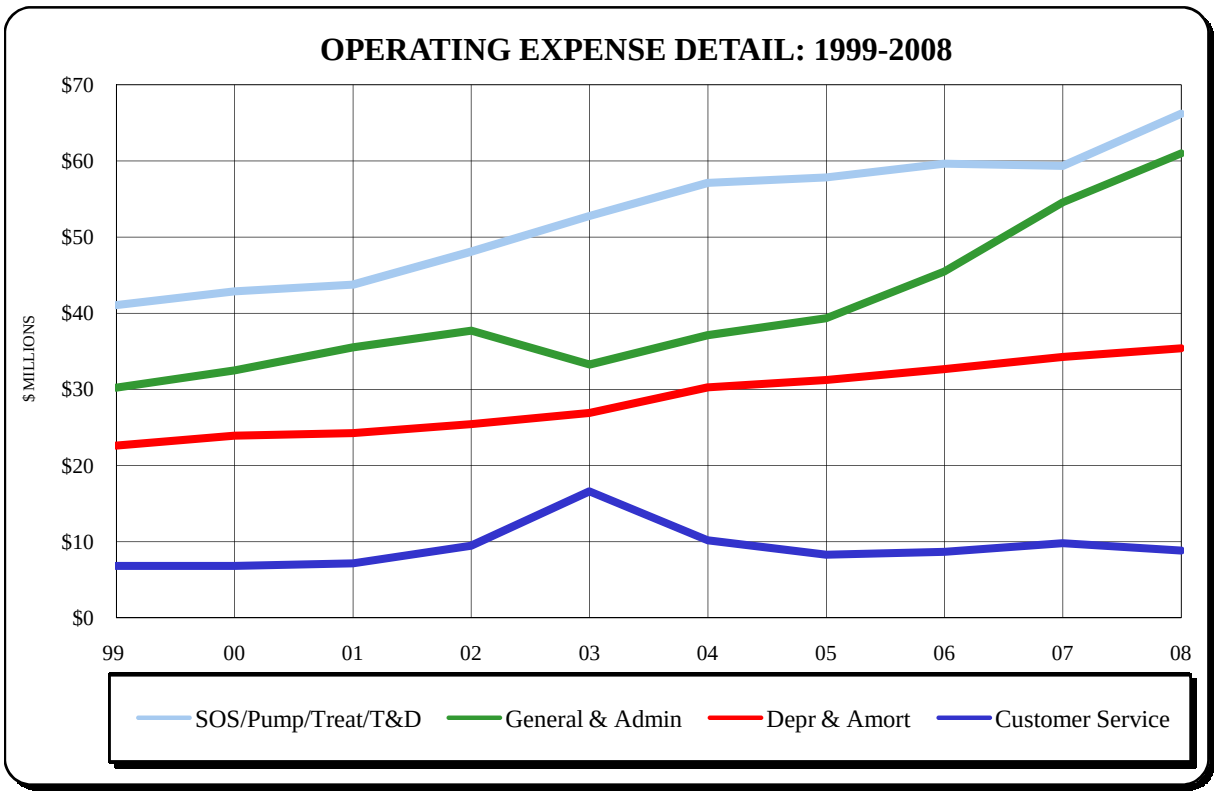
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS[1]: 1999 - 2008
(amounts expressed in thousands)

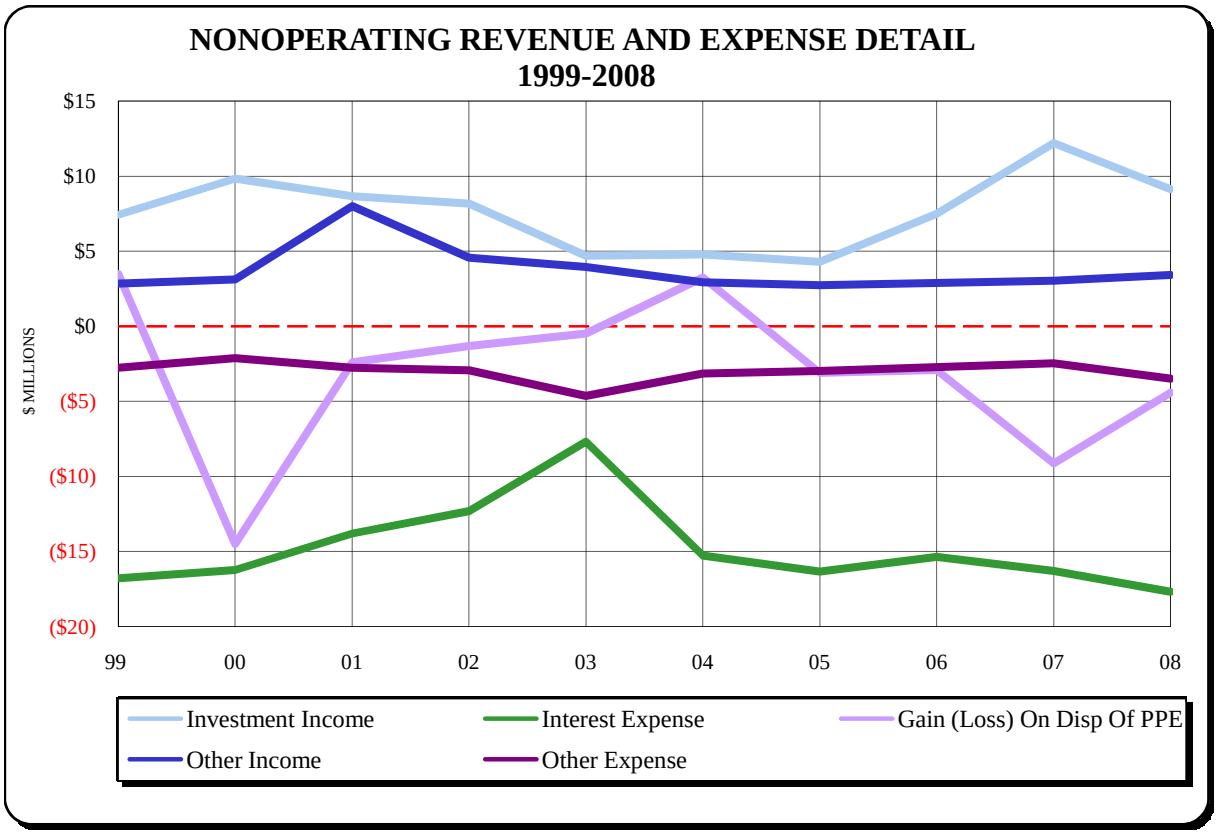
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
OPERATING REVENUES:										
Water	**$ 205,941**	$ 188,729	$ 193,743	$ 158,454	$ 136,138	$ 133,475	$ 142,887	$ 145,565	$ 148,919	$ 123,608
Power generation and other	**10,321**	7,913	7,315	7,425	5,370	5,234	5,375	5,633	4,510	4,047
Total operating revenues	**216,262**	196,642	201,058	165,879	141,508	138,709	148,262	151,198	153,429	127,655
OPERATING EXPENSES:										
Source of supply, pumping, treatment and distribution	**66,176**	59,321	59,607	57,797	57,091	52,735	48,089	43,756	42,857	41,060
General and administrative	**60,955**	54,545	45,439	39,312	37,104	33,240	37,691	35,500	32,499	30,215
Customer service	**8,831**	9,787	8,669	8,290	10,174	16,601	9,459	7,115	6,798	6,817
Depreciation and amortization	**35,382**	34,238	32,656	31,232	30,268	26,889	25,431	24,247	23,912	22,627
Total operating expenses	**171,344**	157,891	146,371	136,631	134,637	129,465	120,670	110,618	106,066	100,719
OPERATING INCOME	**44,918**	38,751	54,687	29,248	6,871	9,244	27,592	40,580	47,363	26,936
NONOPERATING REVENUES (EXPENSES):										
Investment income	**9,141**	12,201	7,491	4,295	4,777	4,700	8,184	8,665	9,838	7,417
Interest expense, less capitalized interest	**(17,699)**	(16,305)	(15,368)	(16,353)	(15,283)	(7,684)	(12,315)	(13,811)	(16,249)	(16,800)
Gain (loss) on disposition of capital assets	**(4,426)**	(9,144)	(2,922)	(3,097)	3,237	(481)	(1,314)	(2,410)	(14,511)	3,479
Other income	**3,426**	3,037	2,883	2,734	2,927	3,949	4,565	8,003	3,117	2,841
Other expense	**(3,488)**	(2,472)	(2,721)	(2,969)	(3,152)	(4,641)	(2,938)	(2,770)	(2,122)	(2,756)
Total nonoperating expenses, net	**(13,046)**	(12,683)	(10,637)	(15,390)	(7,494)	(4,157)	(3,818)	(2,323)	(19,927)	(5,819)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	**31,872**	26,068	44,050	13,858	(623)	5,087	23,774	38,257	27,436	21,117
CAPITAL CONTRIBUTIONS:										
Contributions in aid of construction	**21,492**	12,911	11,245	14,072	11,374	33,469	9,690	18,172	18,511	12,837
System development charges	**18,499**	26,023	20,851	26,119	36,461	20,568	35,675	22,420	25,257	24,221
Total capital contributions	**39,991**	38,934	32,096	40,191	47,835	54,037	45,365	40,592	43,768	37,058
INCREASE IN NET ASSETS	**71,863**	65,002	76,146	54,049	47,212	59,124	69,139	78,849	71,204	58,175
NET ASSETS:										
Beginning 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
End of year	**$ 1,506,516**	$ 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

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


OPERATING REVENUES AND EXPENSES: 1999-2008
$250
$200
$150
$100
$50
$0
$ MILLIONS
99
00
01
02
03
04
05
06
07
08
Operating Revenues
Operating Expenses


OPERATING INCOME, INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS, AND INCREASE IN NET ASSETS: 1999-2008
$80
$70
$60
$50
$40
$30
$20
$10
$0
($10)
$ MILLIONS
99
00
01
02
03
04
05
06
07
08
Increase in Net Assets
Operating Income
Income (Loss) Before Capital Contributions


OPERATING EXPENSE DETAIL: 1999-2008
$ MILLIONS
$70
$60
$50
$40
$30
$20
$10
$0
99
00
01
02
03
04
05
06
07
08
SOS/Pump/Treat/T&D
General & Admin
Depr & Amort
Customer Service


NONOPERATING REVENUE AND EXPENSE DETAIL
1999-2008
$ MILLIONS
$15
$10
$5
$0
($5)
($10)
($15)
($20)
99
00
01
02
03
04
05
06
07
08
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.

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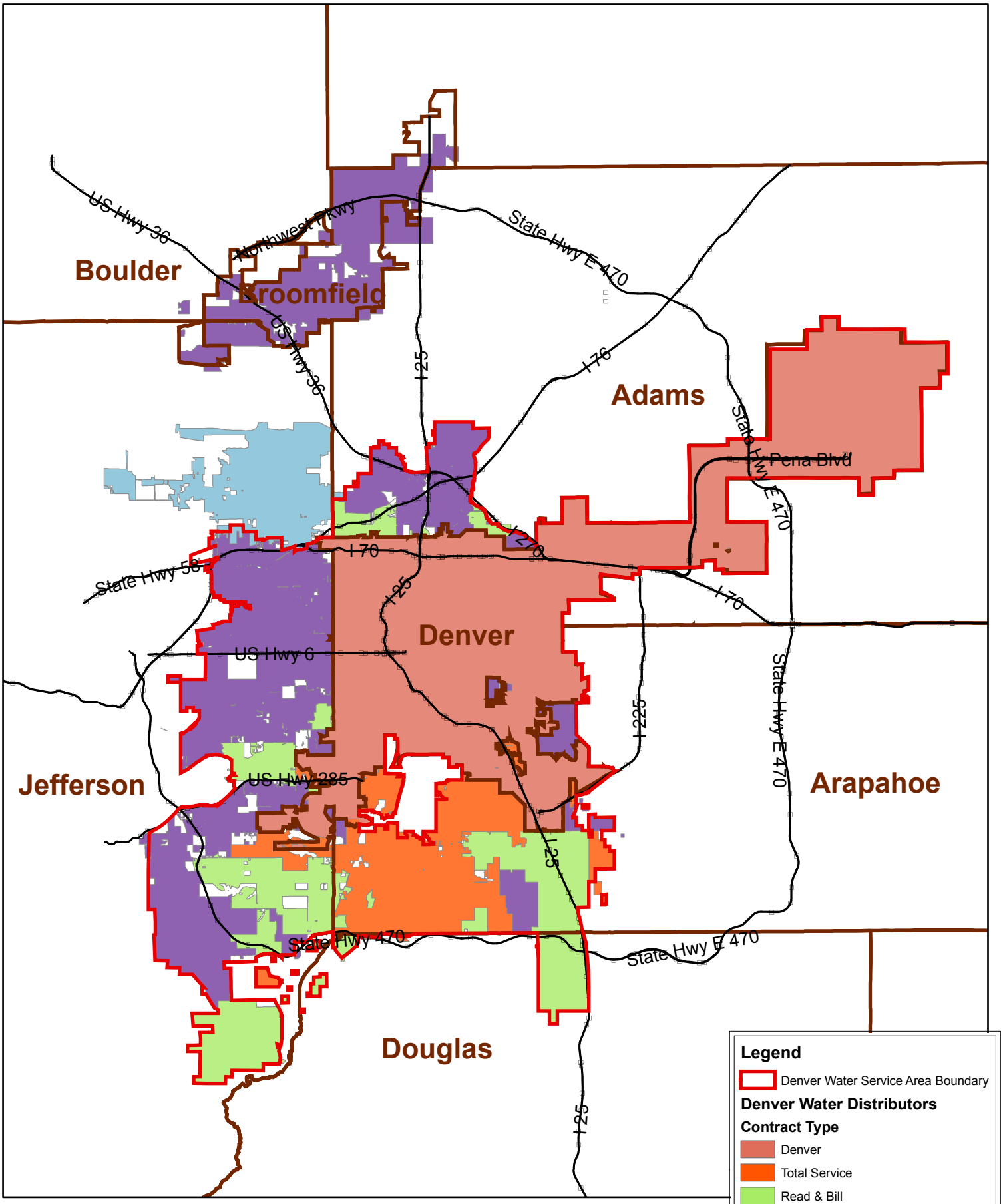
Denver Water Service Area



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CUSTOMER SERVICE DATA: 1999 - 2008

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Active Taps:[1]										
Beginning of Year	**308,079**	306,901	304,483	301,565	299,157	295,841	286,051	282,985	278,374	274,938
Activated During Year	**1,919**	1,826	2,900	3,099	2,736	3,510	10,053 [4]	3,273	4,871	3,732
Discontinued During Year	**(625)**	(648)	(482)	(181)	(328)	(194)	(263)	(207)	(260)	(296)
Net Increase During Year	**1,294**	1,178	2,418	2,918	2,408	3,316	9,790	3,066	4,611	3,436
Total Active Taps - End of Year	**309,373**	308,079	306,901	304,483	301,565	299,157	295,841	286,051	282,985	278,374
Active Taps:[1]										
Inside City	**158,448**	157,707	157,124	155,778	154,170	152,783	150,607	149,054	147,590	145,585
City and County	**1,226**	1,212	1,222	1,206	1,084	1,076	1,065	1,071	1,058	1,055
Outside City - Read and Bill	**36,420**	36,278	36,043	35,558	35,043	34,694	34,425	36,955	36,760	36,114
Outside City - Total Service	**36,230**	36,112	35,960	35,793	35,639	35,502	35,209	31,974	31,442	30,965
Outside City - Master Meter	**77,049**	76,770	76,552	76,148	75,629	75,102	74,535	66,997	66,135	64,655
Total Active Taps - End of Year	**309,373**	308,079	306,901	304,483	301,565	299,157	295,841	286,051	282,985	278,374
Stub-Ins on System[2]	**801**	1,408	1,936	1,926	2,887	3,023	2,553	2,992	2,389	3,086
Fire Hydrant Use Permits	**518**	546	518	488	472	473	830	456	680	1,132
AMR (Automatic Meter Reading) Installations	**137**	85	10,594	9,855	54,085	71,737	56,499	30,359	298	-
Turn-Offs Due to Delinquent Accounts	**13,284**	12,747	12,895	11,529	14,684	12,776	11,586	10,293	9,045	7,920
In-Home Water Audits	**383**	169	56	81	89	12	60	98	1,155	1,092
Call Center Calls[3]	**237,047**	215,457	198,620	212,114	253,716	302,488	281,339	193,395	173,016	169,399
Water Quality Calls										
Taste and Odor	**161**	180	161	87	66	90	125	78	220	148
Dirty Water	**205**	221	222	90	221	166	15	75	75	189
Illness Concerns	**48**	50								
Other	**50**	40	88	24	22	14	135	80	9	485
New Taps Made	**1,743**	1,901	3,199	2,991	3,537	4,178	3,572	3,869	3,834	4,498

[1]Represents service that is on or has not been off for five 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: 1999 - 2008
(NON-ACCRUAL BASIS)[1]

		2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
SALES OF TREATED WATER											
A. METERED GENERAL CUSTOMERS											
Residential -	Inside City	**$ 39,376,164**	$ 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
	Outside City-Read and Bill	**15,970,063**	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
	Outside City-Total Service	**22,068,530**	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
Residential Irrigation[2] -	Inside City	**860,037**	682,863	-	-	-	-	-	-	-	-
	Outside City - Read and Bill	**695,733**	427,027	-	-	-	-	-	-	-	-
	Outside City-Total Service	**459,198**	387,902	-	-	-	-	-	-	-	-
Small multi-family -	Inside City	**3,734,468**	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
	Outside City-Read and Bill	**291,046**	262,831	258,146	213,955	166,063	171,801	187,282	205,431	201,771	165,608
	Outside City-Total Service	**527,581**	463,918	501,493	384,187	297,355	287,338	285,525	307,981	309,703	260,347
Commercial -	Inside City	**29,548,451**	28,431,530	27,371,039	24,639,807	20,384,807	19,467,138	21,156,722	22,104,138	21,874,352	19,357,804
	Outside City-Read and Bill	**7,164,332**	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
	Outside City-Total Service	**7,575,323**	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
Industrial -	Inside City	**3,019,867**	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
	Outside City-Read and Bill	**2,384,378**	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
	Outside City-Total Service	**201,447**	161,141	169,731	168,643	124,443	115,709	140,386	201,048	227,734	192,386
Other Irrigation[3] -	Inside City	**2,017,121**	-	-	-	-	-	-	-	-	-
	Outside City-Read and Bill	**1,245,629**	-	-	-	-	-	-	-	-	-
	Outside City-Total Service	**1,920,394**	-	-	-	-	-	-	-	-	-
		139,059,762	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
B. PRIVATE FIRE PROTECTION SERVICE											
Sprinklers -	Inside City	**896,054**	878,826	860,403	698,448	667,781	644,949	596,359	582,947	574,872	558,584
	Outside City-Read and Bill	**45,125**	44,990	43,798	41,960	39,001	36,611	36,580	41,162	37,805	35,301
	Outside City-Total Service	**63,537**	61,989	58,273	55,405	50,214	49,317	38,758	30,831	29,667	28,787
		1,004,716	985,805	962,474	795,813	756,996	730,877	671,697	654,940	642,344	622,672
C. OTHER SALES TO PUBLIC AUTHORITIES											
City & County of Denver[4] -	Irrigation	**3,393,500**	-	-	-	-	-	-	-	-	-
	Non-Irrigation	**1,491,310**	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
Other County Agencies -	Inside City	**1,153,133**	1,102,420	1,115,319	892,886	586,182	497,082	642,378	781,712	764,915	583,937
	Outside City-Read and Bill	**600,417**	751,568	725,214	480,019	368,173	319,999	329,215	402,592	467,458	439,039
	Outside City-Total Service	**757,751**	1,136,430	1,126,671	854,730	496,975	583,161	642,713	704,127	738,246	618,795
State Agencies -	Inside City	**469,445**	480,671	497,702	414,814	344,114	351,249	347,615	298,329	476,313	295,397
	Outside City-Read and Bill	**28,625**	29,050	26,168	21,691	5,512	5,230	6,904	8,347	7,758	8,114
	Outside City-Total Service	**6,588**	5,728	4,449	3,598	3,094	3,039	3,649	14,026	15,730	11,724
Federal Agencies -	Inside City	**287,892**	269,239	230,640	208,165	184,598	254,564	281,492	380,422	280,422	324,957
	Outside City-R&B at Denver Rates	**60,880**	17,315	16,622	18,326	14,575	6,382	11,090	13,049	20,270	205,670
	Outside City-Read and Bill	**427,449**	296,710	248,055	334,522	259,737	255,645	321,690	402,590	351,910	318,390
	Total Service	**1,690**	1,695	1,940	1,788	1,319	1,168	1,148	1,352	2,010	1,046
		8,678,680	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
D. SALES OF TREATED WATER FOR RESALE		**49,594,972**	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
TOTAL SALES OF TREATED WATER		**198,338,130**	183,979,643	183,374,606	153,132,738	121,679,877	119,939,697	135,177,436	140,276,461	142,562,308	119,790,155
SALES OF NONPOTABLE WATER		**7,204,183**	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
TOTAL SALES OF WATER		**$ 205,542,313**	$ 189,555,663	$ 192,683,074	$ 158,591,604	$ 126,046,704	$ 126,089,884	$ 141,098,909	$ 144,363,305	$ 148,018,307	$ 123,501,795

[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.

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

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

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

TREATED WATER SOLD IN GALLONS BY TYPE OF CUSTOMER: 1999 - 2008
(amounts expressed in thousands of gallons)

SALES OF TREATED WATER		**2008**	2007	2006	2005	2004	2003	2002	2001	2000	1999
A. METERED GENERAL CUSTOMERS											
Residential -	Inside City	**14,190,479**	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
	Outside City-Read and Bill	**4,913,295**	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
	Outside City-Total Service	**5,297,529**	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
Residential Irrigation[1] -	Inside City	**247,163**	186,902	-	-	-	-	-	-	-	-
	Outside City-Read and Bill	**200,591**	116,794	-	-	-	-	-	-	-	-
	Outside City-Total Service	**125,168**	89,235	-	-	-	-	-	-	-	-
Small multi-family -	Inside City	**1,556,375**	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
	Outside City-Read and Bill	**113,627**	108,934	102,529	90,030	77,006	84,231	94,439	103,207	102,519	89,718
	Outside City-Total Service	**158,912**	149,588	164,236	141,204	121,841	121,218	124,842	136,811	138,112	121,991
Commercial -	Inside City	**12,643,141**	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
	Outside City-Read and Bill	**2,519,213**	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
	Outside City-Total Service	**2,235,147**	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
Industrial -	Inside City	**1,328,867**	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
	Outside City-Read and Bill	**884,226**	913,261	861,583	761,029	809,455	837,590	824,185	852,249	868,757	819,550
	Outside City-Total Service	**59,666**	50,081	60,063	67,231	55,164	52,650	65,470	94,898	106,984	91,261
Other Irrigation[1]-	Inside City	**806,722**	-	-	-	-	-	-	-	-	-
	Outside City-Read and Bill	**421,140**	-	-	-	-	-	-	-	-	-
	Outside City-Total Service	**546,971**	-	-	-	-	-	-	-	-	-
		48,248,232	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
B. OTHER SALES TO PUBLIC AUTHORITIES											
City & County of Denver[1]	Irrigation	**1,951,435**	-	-	-	-	-	-	-	-	-
	Non-Irrigation	**824,476**	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
Other County Agencies -	Inside City	**478,945**	500,176	535,080	453,343	341,248	323,413	426,231	522,489	526,116	429,084
	Outside City-Read and Bill	**212,370**	273,868	275,898	202,617	174,332	169,059	175,282	220,074	256,872	244,537
	Outside City-Total Service	**219,046**	338,161	386,017	327,077	216,835	272,066	305,034	325,814	336,493	285,328
State Agencies -	Inside City	**200,936**	224,516	251,300	223,379	216,143	232,196	234,996	197,437	344,087	222,454
	Outside City-Read and Bill	**9,927**	10,368	9,349	8,717	2,538	2,728	3,591	4,527	4,261	4,467
	Outside City-Total Service	**1,931**	1,742	1,468	1,316	1,302	1,362	1,677	6,500	7,110	5,387
Federal Agencies -	Inside City	**84,686**	133,356	129,602	128,769	127,765	169,343	177,498	259,696	183,769	254,943
	Outside City-R&B at Denver Rates	**121,545**	8,334	6,560	8,527	8,575	11,955	6,842	9,234	14,400	165,596
	Outside City-Read and Bill	**149,333**	107,201	94,067	126,584	121,151	133,556	172,075	221,155	194,352	176,704
	Total Service	**488**	506	475	452	489	516	517	616	933	475
		4,255,118	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
B. SALES OF TREATED WATER FOR RESALE		**18,303,016**	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
TOTAL SALES OF TREATED WATER		**70,806,366**	68,715,457	72,929,800	66,950,808	59,473,193	62,872,893	72,220,282	77,253,055	80,981,520	71,090,136
Reconciliation of Water Treated, Delivered, Consumption, Sales and Unaccounted For Water:											
Total Water Treated (Production) - page III-76		**71,983,540**	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
(Increase) Decrease in Clear Water Storage - page III-76		**(7,670)**	5,430	2,750	(27,100)	1,100	16,950	(112,890)	(41,830)	168,740	(94,820)
Treated Water Delivered - pages III-21 & III-76		**71,975,870**	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
Water Purchased - page III-21		-	-	-	-	-	-	-	3,301	-	-
Treated Water Available (Consumption) - pages III-21 & III-75		**71,975,870**	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
Less Sales of Treated Water - page III-21		**(70,806,366)**	(68,715,457)	(72,929,800)	(67,175,382)	(59,473,193)	(63,008,593)	(72,220,282)	(77,253,055)	(80,981,520)	(71,090,136)
Less Load Shifted Treated Water - page III-21		-	-	-	-	-	(635,451)	(260,567)	-	-	-
Unaccounted For Treated Water - page III-21		**1,169,504**	1,764,383	1,795,180	1,298,318	1,105,577	1,755,426	2,740,331	3,801,666	2,603,730	4,141,874
% Unaccounted For - page III-21		**1.62%**	2.50%	2.40%	1.90%	1.83%	2.68%	3.64%	4.69%	3.12%	5.51%

[1]See footnotes on page III-16.

OPERATING REVENUE AND RELATED WATER CONSUMPTION - 2008 (Page 1 of 2)
(NON-ACCRUAL BASIS)[1]

		Revenue	Gallons Sold (000)	Average Number of Customers	Revenue Per 1,000 Gallons
I. SALES OF TREATED WATER					
A. METERED GENERAL CUSTOMERS					
Residential -	Inside City	$39,376,164	14,190,479	128,415	$ 2.7748
	Outside City-Read and Bill	15,970,063	4,913,295	32,758	3.2504
	Outside City-Total Service	22,068,530	5,297,529	31,934	4.1658
Residential Irrigation -	Inside City	860,037	247,163	465	3.4796
	Outside City-Read and Bill	695,733	200,591	160	3.4684
	Outside City-Total Service	459,198	125,168	151	3.6687
Small multi-family -	Inside City	3,734,468	1,556,375	9,058	2.3995
	Outside City-Read and Bill	291,046	113,627	477	2.5614
	Outside City-Total Service	527,581	158,912	592	3.3200
Commercial -	Inside City	29,548,451	12,643,141	14,642	2.3371
	Outside City-Read and Bill	7,164,332	2,519,213	2,439	2.8439
	Outside City-Total Service	7,575,323	2,235,147	2,710	3.3892
Industrial -	Inside City	3,019,867	1,328,867	271	2.2725
	Outside City-Read and Bill	2,384,378	884,226	8	2.6966
	Outside City-Total Service	201,447	59,666	10	3.3762
Other Irrigation -	Inside City	2,017,121	806,722	670	2.5004
	Outside City-Read and Bill	1,245,629	421,140	232	2.9578
	Outside City-Total Service	1,920,394	546,971	391	3.5110
		139,059,762	48,248,232	225,383	2.8822
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers -	Inside City	896,054	- [2]		
	Outside City-Read and Bill	45,125	- [2]		
	Outside City-Total Service	63,537	- [2]		
		1,004,716	- [2]		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City & County of Denver -	Irrigation	3,393,500	1,951,435	802	1.7390
	Non-Irrigation	1,491,310	824,476	343	1.8088
Other County Agencies -	Inside City	1,153,133	478,945	162	2.4077
	Outside City-Read and Bill	600,417	212,370	50	2.8272
	Outside City-Total Service	757,751	219,046	76	3.4593
State Agencies -	Inside City	469,445	200,936	52	2.3363
	Outside City-Read and Bill	28,625	9,927	4	2.8835
	Outside City-Total Service	6,588	1,931	3	3.4117
Federal Agencies -	Inside City	287,892	84,686	21	3.3995
	Outside City-R&B at Denver Rates	60,880	121,545	2	0.5009
	Outside City-Read and Bill	427,449	149,333	3	2.8624
	Total Service	1,690	488	2	3.4631
		8,678,680	4,255,118	1,520	2.0396

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

(Continued next page)

OPERATING REVENUE AND RELATED WATER CONSUMPTION (Continued) - 2008
(NON-ACCRUAL BASIS)

	Revenue	Gallons Sold (000)	Average Number of Customers	Revenue Per 1,000 Gallons
I. SALES OF TREATED WATER (Continued)				
D. SALES OF TREATED WATER FOR RESALE[3]				
Outside City-Master Meter	$ 40,908,625	15,294,977	77,049	$ 2.6746
Outside the Combined Service Area	8,686,347	3,008,039	-	2.8877
	49,594,972	18,303,016	77,049	2.7097
TOTAL SALES OF TREATED WATER[4]	198,338,130	70,806,366	303,952	2.8011
II. SALES OF NON-POTABLE WATER[5]				
Inside City	698,770	1,322,039	27	0.5286
Outside City	286,728	447,587	14	0.6406
Outside the Combined Service Area	6,218,685	8,826,903	19	0.7045
	7,204,183	10,596,529	60	0.6799
TOTAL SALES OF WATER	205,542,313	81,402,895	304,012	$ 2.5250
III. OTHER NON-POTABLE WATER DELIVERIES[5]		1,941,605		
TOTAL GALLONS SOLD		83,344,500		
IV. OTHER OPERATING REVENUE				
A. POWER SALES REVENUE[6]				
Foothills Treatment Plant	353,037			
Strontia Springs	325,150			
Dillon Dam	526,019			
Roberts Tunnel	946,506			
Hillcrest	385,967			
Williams Fork	765,086			
Gross Reservior	1,012,991			
	4,314,756			
B. SPECIAL ASSESSMENTS				
Late Payment Penalties	2,351,163			
Conservation Penalties	112,755			
Field Collection Charges	1,057,301			
Turnoff-Turn on Charges	1,233,735			
Hydrant & Construction Water	1,593,348			
Drought Surcharge Credits	-			
Water Storage Rental	-			
Other Assessments	(342,098)			
	6,006,204			
TOTAL OTHER OPERATING REVENUE	10,320,960			
TOTAL OPERATING REVENUE	$215,863,273			

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

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

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

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

SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY - 2008
(NON-ACCRUAL BASIS)[1]

	Revenue		Gallons Sold		Average
	Amount	Percent of Total	Amount (000)	Percent of Total	Number of Customers
I. INSIDE CITY					
A. METERED GENERAL CUSTOMERS					
Residential	$39,376,164	19.85%	14,190,479	20.04%	128,415
Residential Irrigation	860,037	0.43%	247,163	0.35%	465
Duplex	1,953,877	0.99%	797,545	1.13%	5,671
3-Plex	576,684	0.29%	241,933	0.34%	1,353
4-Plex	811,121	0.41%	347,706	0.49%	1,476
5-Plex	392,786	0.20%	169,191	0.24%	558
Commercial	29,548,451	14.90%	12,643,141	17.86%	14,642
Industrial	3,019,867	1.52%	1,328,867	1.88%	271
Other Irrigation	2,017,121	1.02%	806,722	1.14%	670
	78,556,108	39.61%	30,772,747	43.46%	153,521
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	896,054	0.45%	- [2]		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City And County of Denver-Irrigation	3,393,500	1.71%	1,951,435	2.76%	802
City And County of Denver-Non-Irrigation	1,491,310	0.75%	824,476	1.16%	343
Other County Agencies	1,153,133	0.58%	478,945	0.68%	162
State Agencies	469,445	0.24%	200,936	0.28%	52
Federal Agencies	287,892	0.15%	84,686	0.12%	21
	6,795,280	3.43%	3,540,478	5.00%	1,380
TOTAL SALES OF TREATED WATER - DENVER	86,247,442	43.49%	34,313,225	48.46%	154,901
Revenue per 1,000 Gallons - Denver			$ 2.5135		
II. OUTSIDE CITY					
A. METERED GENERAL CUSTOMERS					
Residential-Read & Bill	15,970,063	8.05%	4,913,295	6.94%	32,758
Residential Irrigation-Read & Bill	695,733	0.35%	200,591	0.28%	160
Duplex-Read & Bill	68,212	0.03%	26,189	0.04%	137
3-Plex-Read & Bill	58,553	0.03%	22,653	0.03%	110
4-Plex-Read & Bill	151,604	0.08%	59,675	0.08%	209
5-Plex-Read & Bill	12,677	0.01%	5,110	0.01%	21
Commercial-Read & Bill	7,164,332	3.61%	2,519,213	3.56%	2,439
Industrial-Read & Bill	2,384,378	1.20%	884,226	1.25%	8
Other Irrigation-Read & Bill	1,245,629	0.63%	421,140	0.59%	232
Residential-Total Service	22,068,530	11.13%	5,297,529	7.48%	31,934
Residential Irrigation-Total Service	459,198	0.23%	125,168	0.18%	151
Duplex-Total Service	163,029	0.08%	48,234	0.07%	252
3-Plex-Total Service	89,428	0.05%	26,969	0.04%	101
4-Plex-Total Service	223,538	0.11%	67,641	0.10%	187
5-Plex-Total Service	51,586	0.03%	16,068	0.02%	52
Commercial-Total Service	7,575,323	3.82%	2,235,147	3.16%	2,710
Industrial-Total Service	201,447	0.10%	59,666	0.08%	10
Other Irrigation-Total Service	1,920,394	0.97%	546,971	0.77%	391
	60,503,654	30.51%	17,475,485	24.68%	71,862

[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]Private fire protection consumption is unmetered and is considered a part of unaccounted-for treated water.

(Continued next page)

SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY (Continued) - 2008
(NON-ACCRUAL BASIS)

	Revenue		Gallons Sold		Average
	Amount	Percent of Total	Amount (000)	Percent of Total	Number of Customers
II. OUTSIDE CITY (Continued)					
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	$ 45,125	0.02%	- [2]		
Sprinklers-Total Service	63,537	0.03%	- [2]		
	108,662	0.05%	- [2]		
C. OTHER SALES TO PUBLIC AUTHORITIES					
County Agencies-Read & Bill	600,417	0.30%	212,370	0.30%	50
State Agencies-Read & Bill	28,625	0.01%	9,927	0.01%	4
Federal Agencies-Read & Bill	427,449	0.22%	149,333	0.21%	3
Federal Agencies at Denver Rates	60,880	0.03%	121,545	0.17%	2
County Agencies-Total Service	757,751	0.38%	219,046	0.31%	76
State Agencies-Total Service	6,588	0.00%	1,931	0.00%	3
Federal Agencies-Total Service	1,690	0.00%	488	0.00%	2
	1,883,400	0.95%	714,640	1.01%	140
D. SALES OF TREATED WATER FOR RESALE[3]					
Master Meter Distributors	40,908,625	20.63%	15,294,977	21.60%	77,049
Outside CSA-Fixed Limit Contracts	8,686,347	4.38%	3,008,039	4.25%	-
	49,594,972	25.01%	18,303,016	25.85%	77,049
TOTAL SALES OF TREATED WATER - OUTSIDE CITY	112,090,688	56.51%	36,493,141	51.54%	149,051
Revenue per 1,000 Gallons - Outside City			$3.0716		
TOTAL SALES OF TREATED WATER	$198,338,130	100.00%	70,806,366	100.00%	303,952
Revenue per 1,000 Gallons - Total			$ 2.8011		

RECONCILIATION/CALCULATION OF UNACCOUNTED FOR WATER		
Total Water Treated (Production) - Page III-76	71,983,540	
(Increase) Decrease in Clear Water Storage - Page III-76	(7,670)	
Total Treated Water Delivered - Page III-76	71,975,870	
Water Purchased	-	
Total Treated Water Available (Consumption) - Page III-75	71,975,870	100.00%
Less Sales of Treated Water	(70,806,366)	(98.38)%
Less Load Shifted Treated Water	-	-
Unaccounted for Treated Water	1,169,504	1.62%

[2]Private fire protection consumption is unmetered and is considered a part of unaccounted-for treated water.

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

SALES OF NON-POTABLE WATER BETWEEN DENVER AND OUTSIDE CITY - 2008
(NON-ACCRUAL BASIS)[1]

	Revenue		Gallons Sold			Revenue
	Amount	Percent of Total	Amount (000)	Percent of Total	Number of Customers[3]	Per 1,000 Gallons
I. DENVER						
Raw Water Sales						
City & County of Denver Agencies	$ 79,367	1.10%	293,954	2.77%	2	$ 0.2700
Xcel Energy	115,196	1.60%	206,130	1.95%	1	0.5589
All Other	35,066	0.49%	113,596	1.07%	3	0.3087
	229,629	3.19%	613,681	5.79%	6	0.3742
Effluent Sales						
City & County of Denver Agencies	14,043	0.19%	52,016	0.49%	2	0.2700
Xcel Energy	96,457	1.34%	205,242	1.94%	1	0.4700
All Other	9,716	0.13%	20,674	0.20%	2	0.4700
	120,216	1.67%	277,932	2.62%	5	0.4325
Recycle Sales						
City & County of Denver Agencies	128,367	1.78%	168,514	1.59%	8	0.7618
All Other	209,123	2.90%	237,583	2.24%	4	0.8802
	337,491	4.68%	406,097	3.83%	12	0.8311
Minimum Contract Payments[2] - All Other	11,434	0.16%	24,329	0.23%	4	0.4700
Total Denver	698,770	9.70%	1,322,039	12.48%	27	0.5286
II. OUTSIDE CITY, WITHIN COMBINED SERVICE AREA						
Raw Water Sales - All Other	52,759	0.73%	98,358	0.93%	6	0.5364
Effluent Sales - All Other	5,266	0.07%	7,860	0.07%	2	0.6700
Recycle Sales - Xcel Energy	-	0.00%	-	0.00%	-	-
Minimum Contract Payments[2] - All Other	228,703	3.17%	341,369	3.22%	6	0.6700
Total Outside City, Within Combined Service Area	286,728	3.98%	447,587	4.22%	14	0.6406
III. OUTSIDE COMBINED SERVICE AREA						
Raw Water for Resale						
City of Arvada	3,171,728	44.03%	4,558,512	43.02%	1	0.6958
North Table Mountain	568,112	7.89%	847,930	8.00%	1	0.6700
	3,739,841	51.91%	5,406,442	51.02%	2	0.6917
Raw Water Sales						
Centennial Water & Sanitation District	1,342,332	18.63%	1,766,322	16.67%	1	0.7600
Consolidated Mutual Water	289,751	4.02%	381,271	3.60%	1	0.7600
All Other	89,263	1.24%	275,059	2.60%	7	0.3245
	1,721,345	23.89%	2,422,651	22.86%	9	0.7105
Effluent Sales - All Other	13,070	0.18%	18,359	0.17%	6	0.7119
Recycle Sales - Xcel Energy	743,934	10.33%	978,800	9.24%	1	0.7600
Minimum Contract Payments[2] - All Other	495	0.01%	652	0.00%	1	0.7600
Total Outside Combined Service Area	6,218,685	86.32%	8,826,903	83.29%	19	0.7045
TOTAL SALES OF NON-POTABLE WATER	$ 7,204,183	100.00%	10,596,529	99.99%	60	0.6799
IV. OTHER NON-POTABLE WATER DELIVERIES						
City Ditch at Washington Park			822,233			
City of Englewood (Cabin-Meadow Exchange)			1,119,372			
Total Other Non-Potable Water Deliveries			1,941,605			
TOTAL NON-POTABLE WATER DELIVERIES			12,538,134			

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

CUSTOMER ACCOUNTS FOR TREATED WATER - 2008[1]

		Total Accounts (Active Taps)[2]			Accounts with Active Billed Consumption	
		12-31-08	12-31-07	Increase (Decrease)	12-31-08	12-31-07
METERED GENERAL CUSTOMERS						
Residential -	Denver	132,648	131,862	786	129,977	128,449
	Outside City	33,153	33,049	104	33,005	32,853
	Total Service	32,309	32,268	41	32,124	32,084
Small multi-family -	Denver	9,312	9,239	73	9,131	9,032
	Outside City	488	474	14	486	473
	Total Service	622	588	34	619	583
Commercial -	Denver	15,182	15,916	(734)	14,635	15,330
	Outside City	2,466	2,652	(186)	2,439	2,627
	Total Service	2,792	3,015	(223)	2,713	2,930
Industrial -	Denver	295	302	(7)	271	279
	Outside City	7	7	-	7	7
	Total Service	10	10	-	10	10
Other Irrigation-	Denver	752	-	752	683	-
	Outside City	242	-	242	233	-
	Total Service	409	-	409	396	-
TOTAL METERED GENERAL CUSTOMERS		230,687	229,382	1,305	226,729	224,657
PUBLIC AUTHORITIES						
City & County of Denver		1,226	1,303	(77)	1,082	1,149
Other County Agencies -	Denver	164	190	(26)	162	185
	Outside City	52	85	(33)	52	85
	Total Service	82	225	(143)	76	213
State Agencies -	Denver	52	62	(10)	52	62
	Outside City	5	5	-	4	4
	Total Service	4	4	-	3	3
Federal Agencies -	Denver	43	44	(1)	23	24
	Outside City	7	7	-	7	7
	Total Service	2	2	-	2	2
TOTAL PUBLIC AUTHORITIES		1,637	1,927	(290)	1,463	1,734
RESALE ACCOUNTS (MASTER METER)[3]		77,049	76,770	279	77,049	76,770
TOTAL TREATED WATER CUSTOMERS		309,373	308,079	1,294	305,241	303,161

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

[2] Represents service that is on or has not been off for five consecutive years.

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

WATER RATE SCHEDULES - 2008

(Effective for bills dated on or after January 1, 2008)
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	$ 1.81	$ 1.90	$ 2.27
23,000 - 60,000 Gallons	3.62	3.80	4.54
61,000 - 80,000 Gallons	5.43	5.70	6.81
Over 80,000 Gallons	7.24	7.60	9.08
Single Family Residential Irrigation			
Winter - All Consumption	0.89	0.98	1.09
Summer - All Consumption	3.56	3.92	4.36
Small Multi-Family (Duplex through 5-Plex with a Single Meter)			
First 30,000 Gallons[1]	2.10	2.27	2.97
Over 30,000 Gallons	2.52	2.72	3.56

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

All Other Retail		
Winter - All Consumption	$ 2.06	$ 2.50	$ 2.98
Summer - All Consumption	2.47	3.00	3.58
Other Irrigation			
Winter - All Consumption	2.02	2.35	2.78
Summer - All Consumption	2.50	3.08	3.61

SERVICE CHARGES	Monthly	Bimonthly
	$ 3.82	$ 6.07

PRIVATE FIRE PROTECTION SERVICE CHARGES (Bimonthly)

	Schedule 1 Inside City	Outside City Schedule 2 Read and Bill	Outside City Schedule 3 Total Service
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 4 Master Meter	Schedule 5 Master Meter Maintenance
TREATED WATER CONSUMPTION CHARGE (Rate per 1,000 Gallons)	$ 2.67	$ 3.93
	Monthly	Bimonthly
SERVICE CHARGES FOR ALL METER SIZES	$ 3.82	$ 6.07

Schedule 4 Applicability: Charges for treated water service under this schedule are applicable to municipalities, quasi-municipal 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 water 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 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	$ 0.6958	$ 226.7264
	Monthly	Bimonthly
SERVICE CHARGES FOR RAW WATER	n/a	n/a
RECYCLED WATER CONSUMPTION		
Inside City	$ 0.88	$ 286.75
Outside City	n/a	n/a
Outside the Combined Service Area (See Rate Schedule No. 7)	0.76	247.65
	Monthly	Bimonthly
SERVICE CHARGES FOR RECYCLED WATER	$ 3.82	$ 6.07

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 7
Outside Combined Service Area

	Per 1,000 Gallons	Per Acre Foot
TREATED WATER CONSUMPTION	$ 3.13	$ 1,019.91

	Monthly	Bimonthly
SERVICE CHARGE FOR TREATED WATER	$ 3.82	$ 6.07

	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	$ 0.76	$ 247.65

	Monthly	Bimonthly
SERVICE CHARGE FOR RECYCLED WATER	$ 3.82	$ 6.07

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 8
System Development Charges

SINGLE FAMILY RESIDENTIAL	Inside City	Outside City
Base Charge per Residence	$ 2,125	$ 2,975
Additional Charge per Square Foot of Gross Lot Size	0.46	0.65

MULTI-FAMILY RESIDENTIAL (Two or More Dwelling Units Served Through Single Tap)		
Base charge or first two dwelling units served through a single tap	$ 7,875	$ 11,010
Charge for each additional dwelling unit served through a single tap	1,750	2,460

Single Family & Multi-Family Applicability: Licenses for single family and 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"	$ 5,830	$ 8,162	$ 3,790	$ 5,300
1"	17,490	24,486	11,370	15,900
1 1/2"	34,980	48,972	30,320	42,400
2"	52,470	73,458	49,270	68,900
3"	128,260	179,565	83,380	116,600
4"	227,370	318,320	125,070	174,900
6"	390,610	546,857	257,720	360,400
8"	524,700	734,584	333,520	466,400
10"	664,620	930,474	428,270	598,900
12"	810,370	1,134,525	610,190	853,300

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	$ 12,675	$ 17,744	$ 8,250	$ 11,525
Outside the Combined Service Area	n/a	17,744	n/a	11,525

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 of 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.

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
City of Denver - Schedule 1										
Residential - Consumption Charge per 1,000 Gallons										
First 22,000 Gallons	$1.81	$1.72	$1.84	$1.71	$1.63	$1.58	$1.53	$1.48	$1.43	$1.36
22,000 - 60,000 Gallons	3.62	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	5.43	5.16	2.76	-	-	-	-	-	-	-
Over 80,000 Gallons	7.24	6.88	3.59	-	-	-	-	-	-	-
Residential Irrigation - Consumption Charge per 1,000 Gallons										
Winter - All Consumption	0.89	0.94	-	-	-	-	-	-	-	-
Summer - All Consumption	3.56	3.76	-	-	-	-	-	-	-	-
Small Multi-Family - Consumption Charge per 1,000 Gallons (Duplexes through Five-Plexes with a Single Meter)										
First 30,000 Gallons[1]	2.10	1.95	1.59	1.52	1.44	1.39	1.34	1.31	1.26	1.21
Over 30,000 Gallons	2.52	2.34	1.91	1.82	1.73	1.67	1.61	1.57	1.51	1.45
All Other Retail - Consumption Charge per 1,000 Gallons										
Winter - All Consumption	2.06	1.89	1.64	1.53	1.41	1.36	1.32	1.28	1.24	1.17
Summer - All Consumption	2.47	2.27	1.97	1.84	1.69	1.63	1.58	1.54	1.49	1.40
Other Irrigation - Consumption Charge per 1,000 Gallons										
Winter - All Consumption	2.02	-	-	-	-	-	-	-	-	-
Summer - All Consumption	2.50	-	-	-	-	-	-	-	-	-
Service Charge/Meter Charge										
Monthly Service Charge	3.82	3.87	-	-	3.41	3.09	3.09	3.16	3.21	3.34
Bimonthly Service Charge	6.07	5.98	-	-	4.91	4.43	4.43	4.50	4.52	4.69
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	$1.90	$2.11	$2.48	$2.28	$2.08	$1.97	$1.90	$1.82	$1.77	$1.69
22,000 - 60,000 Gallons	3.80	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	5.70	6.33	3.72	-	-	-	-	-	-	-
Over 80,000 Gallons	7.60	8.44	4.84	-	-	-	-	-	-	-
Residential Irrigation - Consumption Charge per 1,000 Gallons										
Winter - All Consumption	0.98	0.92	-	-	-	-	-	-	-	-
Summer - All Consumption	3.92	3.68	-	-	-	-	-	-	-	-
Small Multi-Family - Consumption Charge per 1000 Gallons (Duplexes through Five-Plexes with a Single Meter)										
First 30,000 Gallons[1]	2.27	2.13	2.10	1.98	1.89	1.83	1.77	1.77	1.76	1.63
Over 30,000 Gallons	2.72	2.56	2.52	2.38	2.27	2.20	2.12	2.12	2.11	1.96
All Other Retail - Consumption Charge per 1000 Gallons										
Winter - All Consumption	2.50	2.42	2.23	2.00	1.84	1.70	1.65	1.61	1.59	1.59
Summer - All Consumption	3.00	2.90	2.68	2.40	2.21	2.04	1.98	1.93	1.91	1.91
Other Irrigation - Consumption Charge per 1000 Gallons										
Winter - All Consumption	2.35	-	-	-	-	-	-	-	-	-
Summer - All Consumption	3.08	-	-	-	-	-	-	-	-	-
Service Charge/Meter Charge										
Monthly Service Charge	3.82	3.87	-	-	3.41	3.09	3.09	3.16	3.21	3.34
Bimonthly Service Charge	6.07	5.98	-	-	4.91	4.43	4.43	4.50	4.52	4.69
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)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Outside City Total Service - Schedule 3										
Residential - Consumption Charge per 1000 Gallons										
First 22,000 Gallons	$2.27	$2.22	$2.92	$2.76	$2.54	$2.41	$2.33	$2.26	$2.19	$2.11
22,000 - 60,000 Gallons	4.54	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	6.81	6.66	4.38	-	-	-	-	-	-	-
Over 80,000 Gallons	9.08	8.88	5.69	-	-	-	-	-	-	-
Residential Irrigation - Consumption Charge per 1,000 Gallons										
Winter - All Consumption	1.09	1.09	-	-	-	-	-	-	-	-
Summer - All Consumption	4.36	4.36	-	-	-	-	-	-	-	-
Small Multi-Family - Consumption Charge per 1000 Gallons (Duplexes through Five-Plexes with a Single Meter)										
First 30,000 Gallons[1]	2.97	2.77	2.58	2.25	2.14	2.14	2.06	2.01	2.01	1.90
Over 30,000 Gallons	3.56	3.32	3.10	2.70	2.57	2.57	2.47	2.41	2.41	2.28
All Other Retail - Consumption Charge per 1000 Gallons										
Winter - All Consumption	2.98	2.89	2.41	2.14	1.98	1.96	1.89	1.88	1.88	1.88
Summer - All Consumption	3.58	3.47	2.89	2.57	2.38	2.35	2.27	2.26	2.26	2.26
Other Irrigation - Consumption Charge per 1000 Gallons										
Winter - All Consumption	2.78	-	-	-	-	-	-	-	-	-
Summer - All Consumption	3.61	-	-	-	-	-	-	-	-	-
Service Charge/Meter Charge										
Monthly Service Charge	3.82	3.87	-	-	3.41	3.09	3.09	3.16	3.21	3.34
Bimonthly Service Charge	6.07	5.98	-	-	4.91	4.43	4.43	4.50	4.52	4.69
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	$2.67	$2.55	$2.36	$2.20	$2.00	$1.89	$1.83	$1.81	$1.74	$1.66
Service Charge/Meter Charge										
Monthly Service Charge	3.82	3.87	-	-	3.41	3.09	3.09	3.16	3.21	3.34
Bimonthly Service Charge	6.07	5.98	-	-	4.91	4.43	4.43	4.50	4.52	4.69
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	$3.93	$3.72	$3.43	$3.15	$2.77	$2.56	$2.47	-	-	-
Service Charge/Meter Charge										
Monthly Service Charge	3.82	3.87	-	-	3.41	3.09	3.09	-	-	-
Bimonthly Service Charge	6.07	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	0.67	0.62	0.58	0.53	0.49	0.49	0.49	0.49	0.49
Outside Combined Service Area - All Consumption	0.76	0.76	0.71	-	-	-	-	-	-	-
Recycled - Consumption Charge per 1000 Gallons										
Inside City Recycled - All Consumption	0.88	0.86	0.69	0.69	0.63	-	-	-	-	-
Outside City Recycled - All Consumption	-	-	-	-	-	-	-	-	-	-
Outside Combined Service Area - All Consumption	0.76	0.77	0.71	0.83	0.76	-	-	-	-	-
Recycled Service Meter Charge										
Monthly Service Charge	3.82	3.87	-	-	3.41	-	-	-	-	-
Bimonthly Service Charge	6.07	5.98	-	-	4.91	-	-	-	-	-
Monthly 3/4" Meter Charge	-	-	5.47	4.26	-	-	-	-	-	-
Bimonthly 3/4" Meter Charge	-	-	9.15	8.51	-	-	-	-	-	-

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

SALES OF TREATED WATER FOR RESALE - 2008
(NON-ACCRUAL BASIS)[1]

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

	Revenue	Gallons Sold (000)	Number of Taps[3]
OUTSIDE CITY - MASTER METER DISTRIBUTORS			
Alameda Water & Sanitation District	$ 241,465	90,385	374
Bancroft-Clover Water & Sanitation District	4,357,199	1,631,618	8,674
Bonvue Water & Sanitation District	40,125	15,011	166
Bow-Mar Water & Sanitation District	279,743	98,917	284
Cherry Creek Valley Water & Sanitation District	2,258,322	844,829	1,861
Cherry Creek Village Water & Sanitation District	425,169	159,205	473
Consolidated Mutual Water Company	7,654,652	2,861,030	14,859
Crestview Water & Sanitation District	1,978,330	740,896	4,546
City of Edgewater	578,284	216,696	1,488
City of Glendale	740,848	277,437	275
Green Mountain Water & Sanitation District	5,041,447	1,872,229	10,097
High View Water District	449,217	168,229	893
Ken-Caryl Water & Sanitation District	2,311,575	865,707	3,687
Lakehurst Water & Sanitation District	2,661,501	996,508	5,637
City of Lakewood	670,686	251,159	893
Meadowbrook Water & Sanitation District	489,688	183,335	1,252
North Pecos Water & Sanitation District	387,661	145,140	412
North Washington Street Water & Sanitation District	2,255,723	844,720	3,646
Northgate Water District	14,632	5,463	2
South Adams County Water & Sanitation District	256,799	96,128	165
Valley Water District	1,465,515	548,809	1,772
Wheat Ridge Water District	2,463,084	922,293	5,622
Willowbrook Water & Sanitation District	1,539,032	579,998	3,108
Willows Water District	2,347,924	879,235	6,863
Total Sales for Master Meter Distributors	40,908,625	15,294,977	77,049
OUTSIDE THE COMBINED SERVICE AREA			
City of Aurora	230,291	86,217	
City and County of Broomfield	3,836,612	1,436,882	
Chatfield South Water District	21,336	6,802	
East Cherry Creek Valley Water District	1,821,949	582,063	
Inverness Water District	166,862	62,478	
South Adams County Special Contract Area	2,609,296	833,597	
Total Sales for Other Contracts at Wholesale Rates	8,686,347	3,008,039	
Total Sales of Treated Water for Resale	$49,594,972	18,303,016	77,049

[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 Total Service or 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 - 2008 (NON-ACCRUAL BASIS)

Account Type	Consumption: Gallons Sold (000)	Consumption: Percent of Total Gallons Sold	Revenue: Water Revenue[1]	Revenue: Percent of Total Water Revenue
Public school system	568,573	0.80%	$ 1,397,302	0.70%
Petroleum company	511,702	0.72%	1,347,007	0.68%
Public utility	392,149	0.55%	1,037,974	0.52%
Housing authority	360,610	0.51%	896,262	0.45%
Parks system	210,633	0.30%	704,111	0.36%
Federal government agency	169,386	0.24%	475,200	0.24%
Beverage company	157,693	0.22%	359,903	0.18%
Retail grocer	146,998	0.21%	356,380	0.18%
Medical center	133,185	0.19%	334,752	0.17%
Private university	129,773	0.18%	314,634	0.16%
Residential community	115,011	0.16%	275,731	0.14%
Beverage company	113,372	0.16%	259,206	0.13%
Manufacturer	113,221	0.16%	316,615	0.16%
Utility service provider	107,310	0.15%	242,634	0.12%
Utility service provider	106,339	0.15%	233,441	0.12%
Special utility district	102,996	0.15%	282,789	0.14%
Telecommunications service provider	99,833	0.14%	301,338	0.15%
Public school system	95,043	0.13%	284,535	0.14%
Federal government agency	90,831	0.13%	78,671	0.04%
Residential community	85,444	0.12%	196,872	0.10%
Public school system	82,927	0.12%	286,986	0.14%
Residential community	73,062	0.10%	167,855	0.08%
Medical center	71,388	0.10%	168,858	0.09%
Medical center	66,991	0.09%	158,450	0.08%
Parks system	66,697	0.09%	203,950	0.10%
Total of the 25 largest customers	4,171,167	5.89%	$ 10,681,457	5.39%
Total sales of treated water	70,806,366		$ 198,338,130	

[1]This column 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 25 largest retail accounts listed, Denver Water provided 2,776 million gallons of treated water to the City and County of Denver. Revenues from these sales were $4.9 million.

SYSTEM DEVELOPMENT CHARGES AND PARTICIPATION RECEIPTS:
1973 - 2008

(Cash basis - net of refunds)

	System Development Charges	Participation Receipts
2008	$ 18,498,195	$ 2,424,264
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
	$576,079,316	$131,133,313

C - DEBT CAPACITY INFORMATION

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

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RATIOS OF TOTAL OUTSTANDING DEBT BY TYPE: 1999 - 2008

(amounts expressed in thousands, except debt per capita)

	Total Principal Balance Outstanding Debt by Type[1]								
	General Obligation	Water Revenue	Capital Leases				Ratio of Total Debt to Gross	Estimated Population	Debt Per
Year	Bonds	Bonds	Certificates of Participation	Other	Total	Gross Revenues[2,4]	Revenue[1]	Served[3]	Capita[1]
1999	213,795	-	51,115	33,048	297,958	174,644	1.71	1,012,000	294
2000	211,745	-	48,245	32,265	292,255	196,005	1.49	1,036,000	282
2001	208,140	-	67,885	31,429	307,454	203,841	1.51	1,052,000	292
2002	205,480	-	63,590	30,536	299,606	200,378	1.50	1,076,000	278
2003	156,345	127,155	59,160	29,581	372,241	176,011	2.11	1,081,000	344
2004	117,375	164,365	54,555	28,561	364,856	198,383	1.84	1,104,000	330
2005	100,340	191,090	49,755	27,471	368,656	200,402	1.84	1,115,000	331
2006	86,300	182,840	44,436	26,306	339,882	242,388	1.40	1,124,000	302
2007	61,545	280,080	39,515	25,061	406,201	244,191	1.66	1,143,000	355
2008	42,725	277,490	33,805	23,731	377,751	261,576	1.44	1,154,000	327

[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. 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 proceeds from sales 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."

[4]Amounts for years 1999 - 2007 have been revised to conform with revised calculations used in debt covenants.

PLEDGED-REVENUE COVERAGE: 1999 - 2008

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

Year	Gross Revenues [2,5]	Less Operating Expenses [3,5]	Net Available Revenue	Total Debt Service[1]			Coverage[4,5]
				Principal	Interest	Total	
1999	174,644	78,817	95,827	20,237	16,433	36,670	2.61
2000	196,005	82,325	113,680	18,402	16,376	34,778	3.27
2001	203,841	87,065	116,776	15,841	15,367	31,208	3.74
2002	200,378	95,900	104,478	16,763	15,760	32,523	3.21
2003	176,011	104,943	71,068	17,345	16,333	33,678	2.11
2004	198,383	105,287	93,096	19,535	18,610	38,145	2.44
2005	200,402	106,018	94,384	25,655	18,285	43,940	2.15
2006	242,388	114,236	128,152	27,765	17,777	45,542	2.81
2007	244,191	124,170	120,021	32,055	19,683	51,738	2.32
2008	261,576	138,402	123,174	30,250	19,324	49,574	2.48

[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 proceeds from sales of capital assets plus other income plus capital contributions minus noncash capital contributions.

[3]Operating Expenses are defined as operating expenses 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.

[5] Amounts for years 1999 - 2007 have been revised to conform with revised calculations used in debt covenants.

RATIOS OF GENERAL OBLIGATION BONDED DEBT OUTSTANDING: 1999 - 2008
(amounts expressed in thousands, except debt per capita)

Year	General Obligation Bonds[1]	Gross Revenues[2,4]	Ratio of General Obligation Debt to Gross Revenue	Estimated Population Served[3]	General Obligation Debt per Capita
1999	213,795	174,644	1.22	1,012,000	211
2000	211,745	196,005	1.08	1,036,000	204
2001	208,140	203,841	1.02	1,052,000	198
2002	205,480	200,378	1.03	1,076,000	191
2003	156,345	176,011	0.89	1,081,000	145
2004	117,375	198,383	0.59	1,104,000	106
2005	100,340	200,402	0.50	1,115,000	90
2006	86,300	242,388	0.36	1,124,000	77
2007	61,545	244,191	0.25	1,143,000	54
2008	42,725	261,576	0.16	1,154,000	37

[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 proceeds from sales 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."

[4]Amounts for years 1999 - 2007 have been revised to conform with revised calculations used in debt covenants.

RATIOS OF WATER REVENUE BONDED DEBT OUTSTANDING: 2003 - 2008
(amounts expressed in thousands, except debt per capita)

Year	Water Revenue Bonds[1]	Gross Revenues[2,4]	Ratio of Water Revenue Debt to Gross Revenue	Estimated Population Served[3]	Water Revenue Debt per Capita
2003	127,155	176,011	0.72	1,081,000	118
2004	164,365	198,383	0.83	1,104,000	149
2005	191,090	200,402	0.95	1,115,000	171
2006	182,840	242,388	0.75	1,124,000	163
2007	280,080	244,191	1.15	1,143,000	245
2008	277,490	261,576	1.06	1,154,000	240

[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 proceeds from sales 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."

[4]Amounts for years 2003 - 2007 have been revised to conform with revised calculations used in debt covenants.

D - DEMOGRAPHIC AND ECONOMIC INFORMATION

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

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DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2008

The following information is provided to give 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.

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 Denver-Aurora-Broomfield Metropolitan Statistical Area (the "Denver-Aurora-Broomfield MSA"), formerly known as the Denver-Aurora Metropolitan Statistical Area, comprised of the former Denver MSA plus the counties of Clear Creek, Elbert, Gilpin and Park. The following provides information for the area comprising the Denver-Aurora-Broomfield MSA unless otherwise stated.

National and State Economy Overview

According to the Colorado Legislative Council Staff's "Focus Colorado: Economic and Revenue Forecast, 2008-2012" dated March 20, 2009 (the "Revenue Forecast"), the national economy is suffering through a deep contraction due to the confluence of a sharp drop in spending and investment, tight credit, loss of wealth and uncertainty. However, the nation's policy makers are taking steps to break the adverse cycle resulting from these conditions, and if the financial system begins to recover and confidence improves, economic growth should resume in 2010. Nevertheless, because the downturn was caused by major disruptions to the foundations of the economy, there are risks that the recession will last longer.

The Revenue Forecast further states that the recession has fully taken hold in Colorado, with consumer and business optimism at record-low levels and unemployment continuing to move upward as job losses are further depressing consumer spending. Although many are choosing to save, others who want to make big-ticket purchases are prevented from doing so by tight credit markets, making economic recovery difficult. The Revenue Forecast forecasts that the Colorado economy will be in recession until sometime in 2010, that Colorado's relatively-healthy housing market, diverse economy and skilled workforce and the stimulus efforts of the federal government will moderate the impacts of the recession and contribute to economic recovery and that the recovery will unfold with modest growth rates throughout the remainder of the forecast period indicative of credit-constrained markets.

Population

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

Population Estimates[1]

Year	Denver	Denver-Aurora-Broomfield MSA	State of Colorado
2000	554,636	2,179,240	4,301,261
2001	566,969	2,252,960	4,457,665
2002	566,161	2,289,758	4,531,539
2003	570,954	2,323,513	4,595,814
2004	574,327	2,361,513	4,664,062
2005	576,928	2,395,115	4,731,799
2006	585,026	2,444,127	4,827,387
2007	596,582	2,494,475	4,919,884
2008	Not Available	Not Available	Not Available

[1] Population estimates for 2000 are based on 2000 Census data as of April 2000. Population estimates for subsequent years are provided by the State Demography Office as of July of the applicable year. The most recent estimates available are for the year of 2007 and were finalized in November 2008.

Sources: U.S. Census Bureau and 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-Broomfield MSA, the State and the United States as of January 1, 2008.

Age Distribution as of January 1, 2008
(Columns may not add to 100% due to rounding)

	Percent of Population			
Age Groups	Denver	Denver-Aurora-Broomfield MSA	State of Colorado	United States
0-5	7.9%	8.5%	8.2%	8.1%
6-11	7.9	8.3	8.0	8.1
12-17	7.0	8.2	8.1	8.3
18-24	8.1	8.5	9.5	9.8
25-34	17.1	14.9	15.0	13.4
35-44	16.4	15.5	14.8	14.2
45-54	13.9	15.3	15.1	14.5
55-64	10.4	11.0	11.0	11.0
65-74	5.5	5.4	5.7	6.6
75+	5.8	4.3	4.7	6.1

Source: Trade Dimensions International, Inc., *Demographics USA© 2008 – County Edition*

Income

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

Personal Income in Current Dollars[1]
(Millions)

Year	Denver	Denver-Aurora-Broomfield MSA	State of Colorado	United States
1999	$19,247	$72,517	$128,860	$7,796,137
2000	21,746	82,196	144,394	8,422,074
2001	23,535	87,646	152,700	8,716,992
2002	23,729	88,322	153,066	8,872,871
2003	23,747	88,868	154,829	9,150,320
2004	25,003	93,971	163,736	9,711,363
2005	26,890	100,447	175,371	0,252,973
2006	28,902	107,788	188,214	10,978,053
2007	Not Available	Not Available	199,483	11,634,322
2008	Not Available	Not Available	209,321	12,086,534

[1] Figures for Denver and the Denver-Aurora-Broomfield MSA are as of April 2008, and figures for Colorado and the United States are as of March 2009.

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

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

Per Capita Personal Income in Current Dollars[1]

Year	Denver	Denver-Aurora-Broomfield MSA	State of Colorado	United States
1999	$35,068	$34,230	$30,492	$27,939
2000	39,099	37,838	33,364	29,847
2001	41,646	39,385	34,455	30,582
2002	42,159	38,737	33,991	30,838
2003	42,311	38,578	34,041	31,530
2004	44,452	40,324	35,594	33,157
2005	47,478	42,476	37,611	34,690
2006	50,193	44,691	39,612	36,794
2007	Not Available	Not Available	41,192	38,615
2008	Not Available	Not Available	42,377	39,751

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

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

Employment

The following table sets forth recent total labor force, employment and unemployment statistics for Denver, the Denver-Aurora-Broomfield MSA and the State. The national unemployment rate is estimated to be approximately 8.1% as of February 2009. Local area employment statistics for March 2009 are not yet available.

Local Area Employment Statistics
(Not seasonally adjusted. Labor force and employment data expressed in thousands)

Denver

Year[1]	Labor Force	% Change	Unemployed	Unemployment Rate
2004	302.4	--	19.9	6.6%
2005	302.5	0.0%	17.4	5.8
2006	310.9	2.8	15.1	4.9
2007	315.0	1.3	13.4	4.3
2008[2]	324.8	3.1	17.9	5.5
2009[2,3]	321.9	(0.9)	28.0	8.7

Denver-Aurora-Broomfield MSA

Year[1]	Labor Force	% Change	Unemployed	Unemployment Rate
2004	1,304.3	--	76.0	5.8%
2005	1,316.5	0.9%	69.0	5.2
2006	1,354.5	2.9	60.1	4.4
2007	1,379.2	1.8	53.9	3.9
2008[2]	1,400.0	1.5	70.4	5.0
2009[2,3]	1,382.1	(1.3)	108.9	7.9

State of Colorado

Year[1]	Labor Force	% Change	Unemployed	Unemployment Rate
2004	2,535.4	--	142.5	5.6%
2005	2,580.8	1.8%	132.6	5.1
2006	2,642.7	2.4	115.8	4.4
2007	2,686.4	1.7	103.9	3.9
2008	2,730.4	1.6	134.1	4.9
2009[2,3]	2,713.2	(0.6)	205.8	7.6

[1] Figures for 2004-2008 are annual averages.

[2] Preliminary.

[3] As of February 2009.

Source: Colorado Department of Labor and 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 2003 through 2007 based on North American Industrial Classification System ("NAICS") codes. Annual data for 2008 is not yet available.

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

Industry	2003	2004	2005	2006	2007
Agriculture, Forestry, Fishing, Hunting	1,855	1,715	1,903	1,952	1,601
Mining	4,977	5,141	5,093	6,193	7,702
Utilities	3,588	3,627	3,710	3,752	3,512
Construction	79,659	79,282	83,256	85,777	83,105
Manufacturing	70,821	71,684	72,091	71,877	71,186
Wholesale Trade	62,673	61,982	62,566	64,539	66,051
Retail Trade	120,298	120,474	123,825	124,192	126,836
Transportation and Warehousing	43,112	43,674	43,418	43,474	44,907
Information	54,470	51,314	48,424	47,705	47,831
Finance and Insurance	69,124	69,498	70,555	71,986	70,938
Real Estate, Rental and Leasing	26,095	26,167	25,968	26,210	26,384
Professional and Technical Services	83,527	85,268	89,744	92,914	98,123
Management of Companies and Enterprises	16,167	17,652	19,581	21,524	22,659
Administrative and Waste Services	77,318	79,613	82,048	84,596	89,836
Educational Services	14,320	15,007	15,882	16,632	17,490
Health Care and Social Assistance	97,297	99,445	101,523	104,329	108,361
Arts, Entertainment and Recreation	15,006	16,325	16,633	17,448	17,582
Accommodation and Food Services	93,785	95,880	98,586	101,689	105,100
Other Services	35,276	35,324	35,178	35,335	35,855
Nonclassifiable	23	59	69	85	68
Government	160,755	159,994	161,286	163,379	166,093
Total	1,130,147	1,139,124	1,161,334	1,185,588	1,211,220

Source: Colorado Department of Labor and Employment

Principal Employers

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

Principal Employers in Denver
Current Year and Eight Years Ago

	2008			2000		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
City and County of Denver	11,833	1	3.2%	11,418	1	3.0%
U. S. D. A. National Finance Center	9,942	2	2.7%	5,782	6	1.5%
Denver Public School District #1	9,672	3	2.6%	9,523	2	2.5%
State of Colorado Central Payroll	9,082	4	2.5%	9,061	4	2.3%
United Airlines, Inc.	5,473	5	1.5%	9,136	3	2.4%
University of Colorado	5,087	6	1.4%	6,495	5	1.7%
Denver Health & Hospital Authority	4,305	7	1.2%	-	-	-
Qwest Corporation	4,050	8	1.1%	4,117	8	1.1%
U.S. Postal Service	3,750	9	1.0%	4,870	7	1.3%
Frontier Airlines	3,433	10	0.9%	-	-	-
HealthOne of Denver				3,269	10	0.8%
Exempla, Inc.	-	-	-	3,903	9	1.0%
Total	66,627		18.1%	67,574		17.6%
Total Employees	365,277			383,943		

Source: Based on 2008 and 2000 Occupational Privilege Tax Remitters.

Retail Sales

The following table sets forth recent retail sales figures for Denver, the Denver-Aurora-Broomfield MSA and the **S**tate.

Retail Sales
(Sales in billions)

	Denver		Denver-Aurora Broomfield MSA		State of Colorado	
Year	Retail Sales	% Change	Retail Sales	% Change	Retail Sales	% Change
2003	$16.8	--	$57.3	--	$105.4	--
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
2007	25.2	13.0	79.9	11.2	148.7	11.3
2008	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available

Source: Colorado Department of Revenue

Construction

Residential. Set forth in the following table are recent historical residential building permit statistics for Denver, the Denver MSA and the Denver-Aurora-Broomfield MSA.

New Residential Units in Denver and the Denver MSA

	Denver				Denver MSA			
Year	Single Family Detached	Single Family Attached[1]	Multi-Family[2]	Total	Single Family Detached	Single Family Attached[1]	Multi-Family[2]	Total
2004	1,419	1,087	1,174	3,680	12,736	4,315	2,319	19,370
2005	1,842	735	140	2,717	14,487	4,212	459	19,158
2006	1,428	1,658	319	3,405	10,129	4,866	1,590	16,585
2007	1,216	1,600	389	3,205	6,540	3,733	2,761	13,054
2008	802	207	2,511	3,520	3,350	804	4,129	8,283

[1] This generally includes owner occupied residential units such as duplexes, tri-plexes, townhomes and condominiums.

[2] This generally includes non-owner occupied residential units such as apartments.

Source: Metro Denver Economic Development Corporation and the Home Builders Association of Metropolitan Denver

New Privately Owned Housing Starts in the Denver-Aurora-Broomfield MSA

Year	1 Unit	2 Units	3 and 4 Units	5+ Units	Total
2004	18,599	116	232	2,889	21,836
2005	17,745	160	188	2,756	20,849
2006	13,166	226	147	4,531	18,070
2007	7,859	236	138	5,984	14,217
2008[1]	3,947	182	24	4,647	8,800

[1] Preliminary as of March 25, 2009.

Source: U.S. Census Bureau

Non-Residential. Set forth in the following table are recent historical building permit statistics for new non-residential construction for Denver.

Building Permits for New Non-Residential Structures in Denver
(Values in millions)

Year	Permits[1]	Value
2004	1,283	$129.8
2005	1,481	195.5
2006	1,287	143.4
2007	1,070	203.4
2008	917	258.6

Source: City and County of Denver, Building Department

Foreclosure Activity

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

Foreclosures Filed in the Denver-Aurora-Broomfield MSA

County	2004	2005	2006	2007	2008
Adams	2,499	3,281	4,330	6,210	5,631
Arapahoe	3,125	3,600	4,719	6,225	5,860
Broomfield	132	124	195	252	262
Clear Creek	59	58	67	87	101
Denver	3,351	3,713	5,162	8,240	6,145
Douglas	800	912	1,258	1,856	2,180
Elbert	99	145	198	233	259
Gilpin	52	35	46	58	72
Jefferson	1,880	2,120	2,971	3,588	3,669
Park	155	200	208	205	266
Totals	12,152	14,188	19,154	26,954	24,445
Annual change	--	16.8%	35.0%	40.7%	(9.3)%

Source: County Public Trustees' Offices

E - OPERATING INFORMATION

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

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EMPLOYEES BY DIVISION[1]: 1999 - 2008

Divisions/Sections	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Manager & Staff Division										
Manager and Staff	**15.0**	15.0	14.0	14.0	14.0	13.0	13.0	13.0	13.0	13.0
Human Resources	**20.0**	19.0	24.8	27.8	27.8	27.8	27.0	25.0	25.0	25.0
	35.0	34.0	38.8	41.8	41.8	40.8	40.0	38.0	38.0	38.0
Information Technology Division	**61.0**	57.8	58.8	57.8	59.8	61.8	57.8	53.8	48.0	46.8
Public Affairs Division										
Director of Public Affairs	**8.0**	7.0	6.0	7.0	7.0	7.0	7.0	7.0	7.0	8.0
Community Relations	**6.0**	5.4	4.2	4.2	4.0	5.2	4.7	4.7	4.5	4.8
Conservation	**15.0**	12.0	10.0	9.8	12.0	12.0	10.0	7.0	6.0	7.0
Print Shop[2]		-	-	-	-	-	3.0	4.0	4.0	3.0
Central Services	**3.0**	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Customer Care	**43.0**	39.2	37.0	35.0	36.0	35.0	28.0	25.5	24.0	24.0
Customer Services - Field	**66.0**	60.0	63.0	67.0	71.0	75.0	83.0	87.0	84.0	89.0
Meter Inspection Shop	**8.0**	7.0	5.0	-	-	-	-	-	-	-
Sales Administration	**12.0**	15.6	11.6	11.6	10.6	10.6	10.6	13.6	12.6	15.6
	161.0	149.2	139.8	137.6	143.6	147.8	149.3	151.8	145.1	154.4
Legal Division	**12.0**	13.8	13.3	12.3	13.5	12.5	13.5	13.5	13.5	11.5
Finance Division										
Director of Finance	**9.0**	9.0	10.0	9.0	9.0	9.0	9.0	7.0	8.0	8.0
Treasury Operations	**7.0**	7.0	7.0	6.0	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	4.0	5.0
Purchasing	**8.0**	8.0	9.0	9.0	9.0	8.0	8.0	7.0	8.0	8.0
Accounting	**19.0**	18.0	17.0	18.0	19.0	19.0	19.0	19.0	17.0	18.0
Rate Administration	**3.0**	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0
Records & Document Administration	**6.0**	6.0	8.0	6.0	6.0	8.0	8.0	12.0	12.0	12.0
	56.0	54.0	57.0	54.0	54.0	55.0	55.0	56.0	56.0	57.0
Engineering Division										
Administration	**3.0**	6.0	8.0	9.0	9.0	8.6	9.0	8.0	8.0	8.0
Programs & Projects	**49.0**	39.0	36.0	35.0	37.0	37.0	37.0	36.0	35.0	33.0
Survey	**26.0**	25.0	26.0	25.0	24.0	25.0	26.0	26.0	25.0	25.0
Distribution	**41.0**	39.0	37.0	38.0	38.0	37.0	39.0	39.0	38.0	40.0
Asset Recording	**7.0**	7.0	-	-	-	-	-	-	-	-
Construction Management	**21.0**	23.0	19.0	20.0	22.0	22.0	23.0	22.0	21.0	21.0
	147.0	139.0	126.0	127.0	130.0	129.6	134.0	131.0	127.0	127.0
Planning Division										
Director of Planning	**2.0**	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0
Environmental Planning	**5.0**	4.6	5.6	5.6	5.6	4.6	4.6	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	6.0	5.0
Water Rights	**7.0**	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Water Resources Analysis	**11.0**	10.8	10.7	10.8	10.8	10.8	10.8	10.0	10.0	9.0
Water Resource Planning	**2.0**									
Demand Planning	**4.0**	4.0	4.0	4.0	3.0	4.0	4.0	4.0	5.0	5.0
Hydraulics	**8.0**	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
	45.0	41.4	42.3	42.4	41.4	42.4	42.4	41.4	42.4	40.4
Operations and Maintenance Division										
Plant Office	**3.0**	3.0	3.0	4.0	4.0	4.0	5.0	5.0	30.5	28.5
Water Quality & Compliance	**32.0**	32.0	31.8	31.8	31.8	31.0	30.0	30.5	12.0	12.0
Safety and Loss Control	**15.0**	14.0	13.0	14.0	15.0	12.0	12.0	11.0	5.0	5.0
Source of Supply	**60.0**	53.0	56.0	59.0	56.0	59.0	60.0	61.0	60.0	59.0
Water Treatment	**92.0**	90.0	86.0	88.0	83.0	79.0	69.0	68.0	66.0	65.0
Transmission & Distribution	**145.0**	144.0	154.0	156.0	157.0	158.0	163.0	159.0	162.0	157.0
Treated Water Operations	**57.0**	54.0	55.0	57.0	57.0	59.0	58.0	59.0	59.0	58.0
Instrumentation & Ctrl Systems	**11.0**	11.0	6.0	7.0	19.0	21.0	20.0	18.0	16.0	16.0
Maintenance and Warehouse	**123.0**	120.0	124.0	123.0	131.0	129.0	127.0	129.0	125.0	127.0
	538.0	521.0	528.8	539.8	553.8	552.0	544.0	540.5	535.5	527.5
Total All Divisions	**1,055.0**	1,010.2	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]Number of employees includes regular and introductory employees. Temporary and project employees are not included.

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

ADDITIONS TO CAPITAL ASSETS - 2008 (Page 1 of 2)

(amounts expressed in thousands)

NEW FACILITIES		
SOURCE OF SUPPLY		
South Platte Downstream Storage - Gravel Pits	$ 9,422	
Land Acquisitions	3,341	
Marston Reservoir Outlet Works & Aeration Project	2,927	
Williams Fork Power Plant	2,117	
Water Rights	1,759	
Moffat Collection System	1,316	
Channel Improvements	1,173	
Cheesman Dam - Inlet Control	1,164	
Gross Dam Hydro Power Plant	408	
Gross Reservoir	395	
Antero Reservoir	162	
Other Miscellaneous	10	
Total Source of Supply		24,194
PUMPING PLANT		
Montclair Recycle Pump Station	1,380	
Cherry Hills Pump Station	125	
Hillcrest Pump Station	112	
Other Miscellaneous	43	
Total Pumping Plant and Clear Water Storage		1,660
WATER TREATMENT		
Foothills Treatment Plant	15,797	
Marston Treatment Plant	1,101	
Moffat Treatment Plant	116	
Total Water Treatment		17,014
TRANSMISSION AND DISTRIBUTION		
Distribution Mains & Hydrants	2,312	
Conduit #152	356	
Capitol Hill Storage	262	
Recycled Water Conduits/Distribution System/Projects	187	
Conduit #107	124	
Conduit #161	124	
Conduit #129	46	
Other Miscellaneous	27	
Total Transmission and Distribution		3,438
GENERAL PLANT		
Westside	642	
Total General Plant		642
OTHER		
ERT/AMR Installation-Large Meter Replacement Project	171	
Total Other		171
TOTAL NEW FACILITIES		47,119
FACILITY REPLACEMENTS AND IMPROVEMENTS		
SOURCE OF SUPPLY		
South Boulder Canal	2,712	
Dillon Reservoir	2,109	
Williams Fork Reservoir	1,436	
Ralston Reservoir	143	
Waterton Canyon	138	
11 Mile Reservoir	100	
Cheesman Reservoir	98	
Harriman Reservoir	91	
Antero Reservoir	83	
Roberts Tunnel	56	
Moffat Collection System	38	
Grant Headquarters	26	
Other Miscellaneous	7	
Total Source of Supply		7,037

(Continued next page)

ADDITIONS TO CAPITAL ASSETS - 2008 (Page 2 of 2)
(amounts expressed in thousands)

FACILITY REPLACEMENTS AND IMPROVEMENTS (Continued)

PUMPING PLANT		
Highlands Pump Station	$ 4,752	
Kendrick Pump Station	548	
Belleview Pump Station	376	
Broomfield Pump Station	356	
56th Avenue Pump Station	62	
Green Mountain Pump Station	58	
Lakeridge Pump Station	57	
Castlewood Pump Station	30	
Hillcrest Pump Station	25	
Clarkson Pump Station	21	
Cherry Hills Pump Station	14	
Capitol Hill Pump Station	10	
Einfeldt Pump Station	7	
Total Pumping Plant		6,316
WATER TREATMENT		
Moffat Treatment Plant	1,275	
Foothills Treatment Plant	770	
Marston Treatment Plant	359	
Recycled Water Plant	186	
Total Water Treatment		2,590
TRANSMISSION AND DISTRIBUTION & CLEAR WATER STORAGE		
Mains - Replace, Extend and Relocate	16,580	
Fire Hydrants - Replacements, Raise and Relocate	827	
Conduit #10	534	
Conduit #13	534	
Conduit #17	421	
Conduit #70	308	
Clear Water Reservoirs	278	
Decentralization Stations	230	
Conduit #27	173	
Conduit #93	146	
Conduit #83	143	
Conduit #112	125	
Conduit #151	119	
Conduit #30	102	
Recycled Water Conduits/Distribution Systems/Projects	87	
Conduit #3	64	
Conduit #86	48	
Conduit #35	37	
Conduit #28	27	
Conduit #144	21	
Conduit #92	15	
Conduit #94	14	
Conduit #118	12	
Conduit #143	11	
Conduit #1	3	
Total Transmission and Distribution & Clear Water Storage		20,859
NON-UTILITY		
Highline Canal	8	
Total Non-Utility		8
GENERAL PLANT		
Westside	774	
Kassler	18	
Total General Plant		792
TOTAL FACILITY REPLACEMENTS AND IMPROVEMENTS		37,602

GENERAL EQUIPMENT ADDITIONS, REPLACEMENTS, AND IMPROVEMENTS

Capitalized Software & IT Projects	12,909	
Motor Vehicles & Heavy Equipment	2,723	
General Equipment	635	
Computer Equipment	340	
TOTAL GENERAL EQUIPMENT		16,607
TOTAL PROPERTY, PLANT & EQUIPMENT ADDITIONS		$101,328

CAPITAL ASSETS BY FUNCTION: 1999 - 2008
(amounts expressed in thousands)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
UTILITY PLANT IN SERVICE:										
Source of supply plant	**$ 524,366**	$ 490,413	$ 477,999	$ 458,168	$ 448,308	$ 419,350	$ 400,248	$ 391,499	$ 382,873	$ 362,655
Pumping plant	**86,174**	72,101	70,951	70,212	64,728	49,574	46,064	45,038	43,429	35,679
Water treatment plant	**368,921**	333,933	330,394	331,481	315,906	272,104	233,121	232,532	230,385	202,484
Transmission and distribution plant	**830,307**	774,953	747,966	726,563	696,718	652,700	605,581	585,059	605,138	562,657
General plant and equipment	**116,207**	111,993	113,928	103,899	100,246	99,278	91,114	88,926	86,668	78,206
Leasehold and other improvements	**97,840**	97,668	90,535	90,522	90,297	85,594	71,709	59,587	7,847	7,072
Land held for future use	**14,249**	14,321	14,050	14,050	14,050	14,062	14,063	14,073	14,073	14,090
Total utility plant in service	**2,038,064**	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
NONUTILITY PLANT IN SERVICE:										
Plant	**8,830**	8,795	8,802	8,949	9,127	8,927	7,549	7,636	7,637	7,404
General equipment	**19**	19	69	69	69	60	61	61	73	76
Idle plant	-	-	203	-	-	-	-	-	-	-
Total nonutility plant in service	**8,849**	8,814	9,074	9,018	9,196	8,987	7,610	7,697	7,710	7,480
UTILITY PLANT UNDER CAPITAL LEASE:										
Certificates of participation[1]	**71,949**	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	**114,930**	122,003	121,565	112,132	117,017	42,981	42,981	42,981	42,981	42,981
CONSTRUCTION IN PROGRESS	**109,316**	155,813	119,506	89,040	75,196	226,875	199,453	121,104	71,177	95,029
Gross capital assets	**2,271,159**	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
ACCUMULATED DEPRECIATION AND AMORTIZATION	**566,158**	534,410	506,095	475,601	447,132	421,590	392,303	368,291	347,413	325,360
Net capital assets	**$ 1,705,001**	$ 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]Assets under Certificates of Participation capital lease were reclassified from Water Treatment Plant in 2004.

RECEIPTS AND EXPENDITURES
BUDGET TO ACTUAL COMPARISON 2004 - 2008 AND 2009 BUDGET (CASH BASIS)
(amounts expressed in thousands)

	2009	2009	2008		2007		2006		2005		2004	
	Revised Budget[1]	Budget	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
BEGINNING CASH & INVESTMENTS	$ 198,311	$ 198,311	$ 226,160	$ 226,160	$ 149,198	$ 149,198	$ 159,276	$ 159,276	$ 154,996	$ 155,626	$ 163,405	$ 163,405
RECEIPTS FROM:												
Sale of water	212,028	212,028	207,219	204,232	189,814	194,225	164,333	195,054	169,492	157,902	157,450	130,838
Drought Surcharge	-	-	-	-	-	-	-	-	(2,657)	68	-	12,425
Nonoperating, interest & other	20,576	20,576	17,865	25,284	17,165	24,074	14,976	25,254	15,202	12,391	18,879	19,048
System development charges	8,000	17,016	22,981	19,138	27,843	26,214	25,654	22,389	22,586	26,280	22,034	24,917
Tap Surcharge	-	-	-	-	-	-	-	-	-	-	-	1,195
Developer participation (new facilities)	11,605	11,605	1,986	2,444	5,014	3,302	4,978	2,735	2,593	1,850	2,036	2,241
Reimbursements & grants	-	-	1,731	2,753	2,658	13	2,705	1,586	450	762	494	3,646
	252,209	261,225	251,782	253,851	242,494	247,828	212,646	247,018	207,666	199,253	200,893	194,310
Sale of bonds	44,075	44,075	-	1,800	50,000	99,158	40,000	-	25,000	30,500	9,000	14,300
Total receipts	296,284	305,300	251,782	255,651	292,494	346,986	252,646	247,018	232,666	229,753	209,893	208,610
LESS EXPENDITURES FOR:												
Operations, maintenance & refunds	152,021	154,704	139,655	139,813	124,803	118,760	116,770	114,980	107,294	111,379	103,583	106,354
Debt service	51,933	51,933	49,495	49,604	54,392	53,909	47,398	46,264	44,428	44,732	37,878	38,445
	203,954	206,637	189,150	189,417	179,195	172,669	164,168	161,244	151,722	156,111	141,461	144,799
Capital improvements (new facilities)	43,235	32,945	44,932	41,813	61,012	58,793	50,400	59,246	43,325	30,848	47,079	38,478
System replacements	31,148	32,662	26,025	24,291	22,318	16,463	21,289	17,431	21,074	19,055	15,552	14,210
Equipment	20,954	21,588	16,687	16,693	15,732	7,749	13,853	7,083	12,878	8,334	13,556	7,744
	95,337	87,195	87,644	82,797	99,062	83,005	85,542	83,760	77,277	58,237	76,187	60,432
Indirects to capital	11,512	11,512	14,637	11,286	12,007	14,350	11,990	12,092	11,381	11,755	9,948	11,158
Total expenditures	310,803	305,344	291,431	283,500	290,264	270,024	261,700	257,096	240,380	226,103	227,596	216,389
ENDING CASH & INVESTMENTS	$ 183,792	$ 198,267	$ 186,511	$ 198,311	$ 151,428	$ 226,160	$ 150,222	$ 149,198	$ 147,282	$ 159,276	$ 145,702	$ 155,626

GENERAL EXPLANATION OF VARIANCES:

[1]At the request of the Board of Water Commissioners, the 2009 Revised Budget reflects reductions in operating costs and increased capital expenditures to include accelerating any projects that could have a positive economic impact.

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.

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Supply

2008 Facts

Raw water collected	291,153	Acre Feet
Percent of average yield-last 10 years	98%	
Percent from South Platte System	42%	
Percent from Moffat System	31%	
Percent from Roberts Tunnel System	27%	
Reservoir storage, January 1	611,529	Acre Feet
Percent of capacity	90.9%	
Reservoir storage, December 31	612,097	Acre Feet
Percent of capacity	90.9%	
Power generation (excluding power purchased)	75,829,990	KWH
Value of power generation (excluding power purchased)..	$4,722,087	

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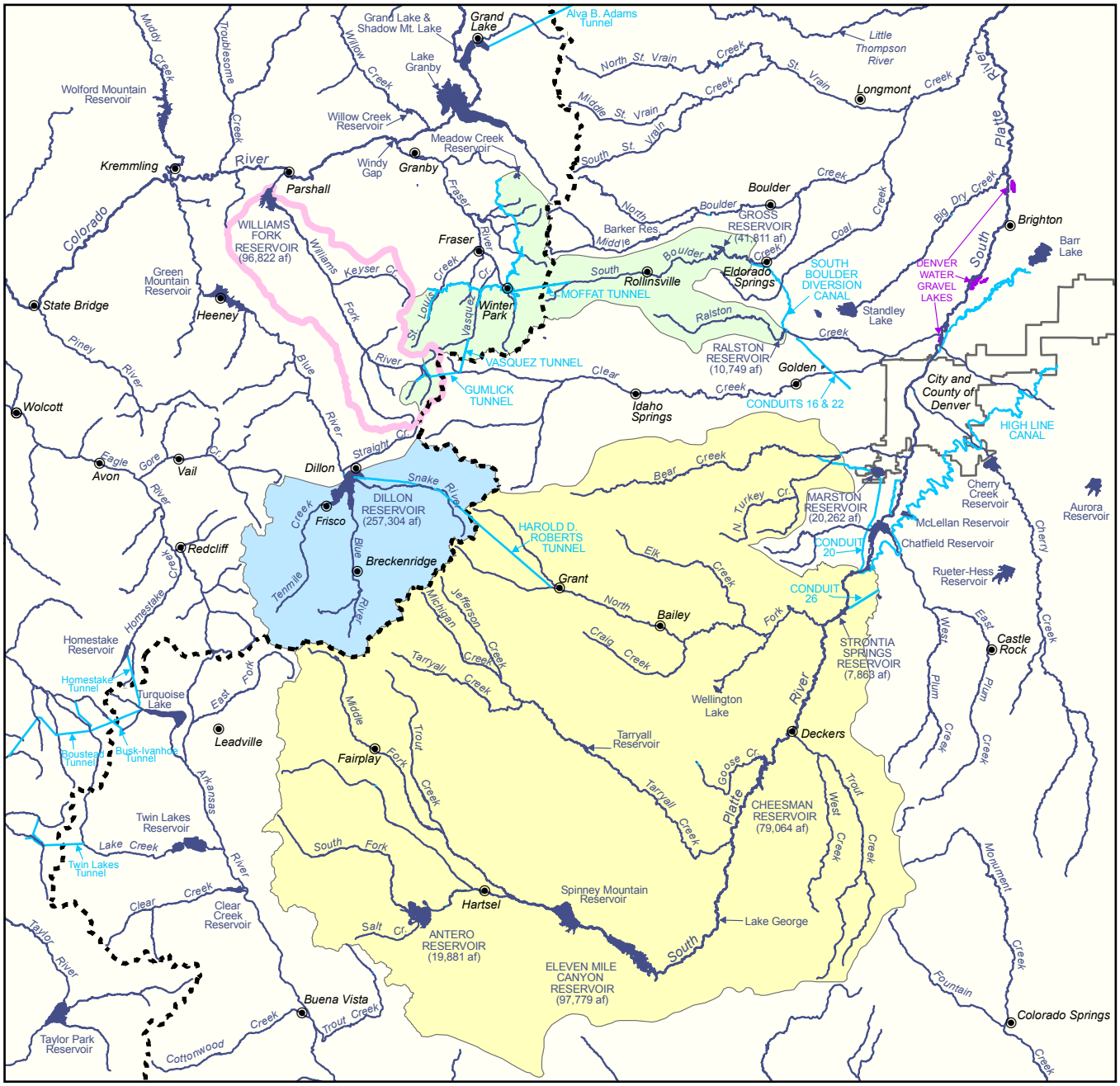
City and County of Denver
Board of Water Commissioners

Water Collection System



LEGEND

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

1:1,000,000
0 10 20 40
Miles
Scale number is accurate when printed at 8.5 x 11 inches in size.

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SOURCE OF SUPPLY - 2008 (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	95,549	18.1
Moffat Water Tunnel	32,383	6.1
Open Canals	16,943	3.2
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	30,250	5.7
Concrete and Steel Pipe	13,948	2.6
Tunnels	7,704	1.5
Covered Canals	1,748	0.3
Total South Boulder Diversion Conduit	53,650	10.1
TOTAL MOUNTAIN COLLECTION SYSTEM	409,198	77.5

SOURCE OF SUPPLY - 2008

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

INFILTRATION GALLERIES & WELLS

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

[1]Less than 0.1 mile.

[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[2]
Net Power Generation:[1]		
Dillon	12,798,845	$ 542,808
Foothills	9,153,700	647,040
Gross	10,447,110	1,016,398
Hillcrest	8,493,000	502,379
Roberts Tunnel	12,832,214	950,095
Strontia Springs	7,798,720	319,434
Williams Fork	14,306,401	743,933
Total Power Generation	75,829,990	4,722,087
Power Purchased for Department of Energy (DOE) power interference	6,854,866	213,521
TOTAL POWER GENERATION AND PURCHASE	82,684,856	4,935,608
POWER DISTRIBUTION		
Internal Power Consumption:[1]		
Foothills	4,111,421	293,808
Hillcrest	1,610,585	99,801
Total Internal Power Consumption	5,722,006	393,609
Power Deliveries:		
To Xcel Energy:		
Dillon	12,798,845	542,808
Foothills	5,042,279	353,232
Gross	10,447,110	1,016,398
Hillcrest	6,882,415	402,578
Roberts Tunnel	12,832,214	950,095
Strontia Springs	7,798,720	319,434
	55,801,583	3,584,545
To Tri-State Generation and Transmission Association:		
Williams Fork	14,306,401	743,933
Total Power Deliveries to Xcel and Tri-State	70,107,984	4,328,478
Total Power Generation	75,829,990	4,722,087
To DOE for Power Interference:		
Williams Fork	-	-
Purchased Power	6,854,866	213,521
Total Power Deliveries to DOE	6,854,866	213,521
TOTAL POWER DISTRIBUTION	82,684,856	4,935,608
DOE BANKED POWER INTERFERENCE ACCOUNT[3]		
Balance, Beginning of Year	59,965,127	1,798,954
Adjusted Balance, Beginning of Year	59,752,586	1,792,578
Net Interference	(17,314,945)	(519,448)
Total Allocation	6,839,250	205,178
Balance, End of Year	49,276,891	$ 1,478,308

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

[3]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[1]								
Delivered to Xcel Energy	$ 542,808	$ 353,232	$ 1,016,398	$ 402,578	$ 950,095	$ 319,434	$ -	$ 3,584,545
Foothills Internal Consumption	-	293,808		-	-	-	-	293,808
Hillcrest Intenal Consumption	-	-		99,801	-	-	-	99,801
Delivered to Tri-State	-	-		-	-	-	743,933	743,933
TOTAL VALUE	542,808	647,040	1,016,398	502,379	950,095	319,434	743,933	4,722,087
COST OF POWER GENERATION								
Transmission Wheeling	-	15,611	-	-	34,691	-	-	50,302
Operation and Maintenance	99,914	372,260	13,596	79,175	121,651	71,462	133,960	892,018
Administrative Expense	22,273	39,258	2,973	15,508	27,029	23,698	36,476	167,215
Depreciation	91,980	60,481	323,989	127,961	134,743	42,419	124,079	905,652
TOTAL COST	214,167	487,610	340,558	222,644	318,114	137,579	294,515	2,015,187
Net Return (Loss)	$ 328,641	$ 159,430	$ 675,840	$ 279,735	$ 631,981	$ 181,855	$ 449,418	$ 2,706,900
Plant Investment (Before Depreciation)	$ 4,474,757	$ 2,957,762	$ 19,407,453	$ 6,292,281	$ 6,007,230	$ 1,733,652	$ 4,054,234	$ 44,927,369
Return on Investment	7%	5%	3%	4%	11%	10%	11%	6%

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

WATER SUPPLY, USE AND STORAGE: 1999 - 2008

Values in acre-feet

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
SUPPLY										
South Platte System:										
South Platte Direct Rights	**67,152**	103,166	63,190	73,934	62,054	62,319	34,238	67,216	78,106	138,421
South Platte Storage Rights	**31,786**	40,192	15,812	59,502	26,738	43,562	4,686	43,142	38,406	66,492
Bear Creek Rights	**1,862**	1,930	1,234	2,302	4,100	15,062	901	1,844	908	-
Total South Platte System	**100,800**	145,288	80,236	135,738	92,892	120,943	39,825	112,202	117,420	204,913
Blue River/Roberts Tunnel System	**80,056**	65,682	127,074	94,470	75,984	164,294	56,848	102,282	102,750	54,064
Effluent Exchange[1]	**21,455**	23,266	33,632	19,012	27,086	24,039	19,031	17,724	16,492	5,864
Moffat System:										
Fraser Collection System	**58,490**	34,090	65,034	48,190	43,408	65,458	21,678	51,288	49,355	35,018
Williams Fork Collection System	**26,268**	34,608	41,970	52,478	41,154	94,912	14,906	50,772	37,038	27,924
Cabin-Meadow Creek System	**3,794**	5,866	6,574	4,424	5,074	5,020	3,582	5,716	6,406	570
South Boulder Creek	**0**	7,708	-	4,388	-	6,814	-	2,810	-	16,140
Ralston Creek	**290**	2,792	-	3,054	498	1,054	-	132	438	5,266
Total Moffat System	**88,842**	85,064	113,578	112,534	90,134	173,258	40,166	110,718	93,237	84,918
Total Water Supply	**291,153**	319,300	354,520	361,754	286,096	482,534	155,870	342,926	329,899	349,759
USE										
Foothills Filters	**117,973**	141,468	135,774	124,411	118,945	120,069	158,720	141,775	165,448	174,590
Marston Filters	**56,498**	43,303	34,633	30,008	25,097	38,434	54,829	59,612	44,699	26,666
Moffat Filters	**46,438**	31,507	58,907	55,802	41,864	42,149	17,642	47,480	45,849	29,914
Total Water Filtered	**220,909**	216,278	229,314	210,221	185,906	200,652	231,192	248,866	255,996	231,170
Change in Clear Water Storage	**(23)**	17	8	(83)	3	52	(346)	(128)	518	(291)
Total Treated Water Delivered[2]	**220,886**	216,295	229,323	210,138	185,909	200,704	230,845	248,738	256,514	230,879
Raw Water Deliveries	**30,079**	26,830	43,061	32,726	38,535	43,136	44,454	29,040	38,478	26,248
Other Uses[3]	**39,619**	61,234	63,356	37,638	66,181	38,680	106,982	66,240	79,904	74,462
Evaporation Losses[4]	-	-	-	-	-	8,804	8,242	8,310	8,995	1,711
Total Water Use	**290,584**	304,359	335,739	280,502	290,625	291,324	390,523	352,328	383,891	333,300
STORAGE[5]										
Total Reservoir Storage, December 31	**612,097**	611,529	596,588	577,807	496,555	501,084	309,874	544,527	553,929	607,921
Total Reservoir Storage, January 1	**611,529**	596,588	577,807	496,555	501,084	309,874	544,527	553,929	607,921	591,462
Storage Gain or (Loss)	**568**	14,941	18,781	81,252	(4,529)	191,210	(234,653)	(9,402)	(53,992)	16,459

[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, substitution 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

2008 Facts

Treated Water pumped - Current year	50,283.70	MG[1]
Treated Water pumped - Last year	44,684.79	MG[1]
Percentage increase from last year	13%	
Number of treated water pump stations	18	
Maximum pumping capacity	1,097.4	MGD[2]
Pumping energy costs (Treated Water) - Current year	$3,325,232	
Pumping energy costs (Treated Water) - Last year	$2,610,503	
Percentage increase from last year	27%	

[1]Million Gallons

[2]Million Gallons per Day

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PUMPING STATION CAPACITIES - 2008

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 (5,785)[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)

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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

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PUMPING STATION CAPACITIES - 2008

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

TREATED WATER PUMPED AND POWER COSTS: 1989 - 2008

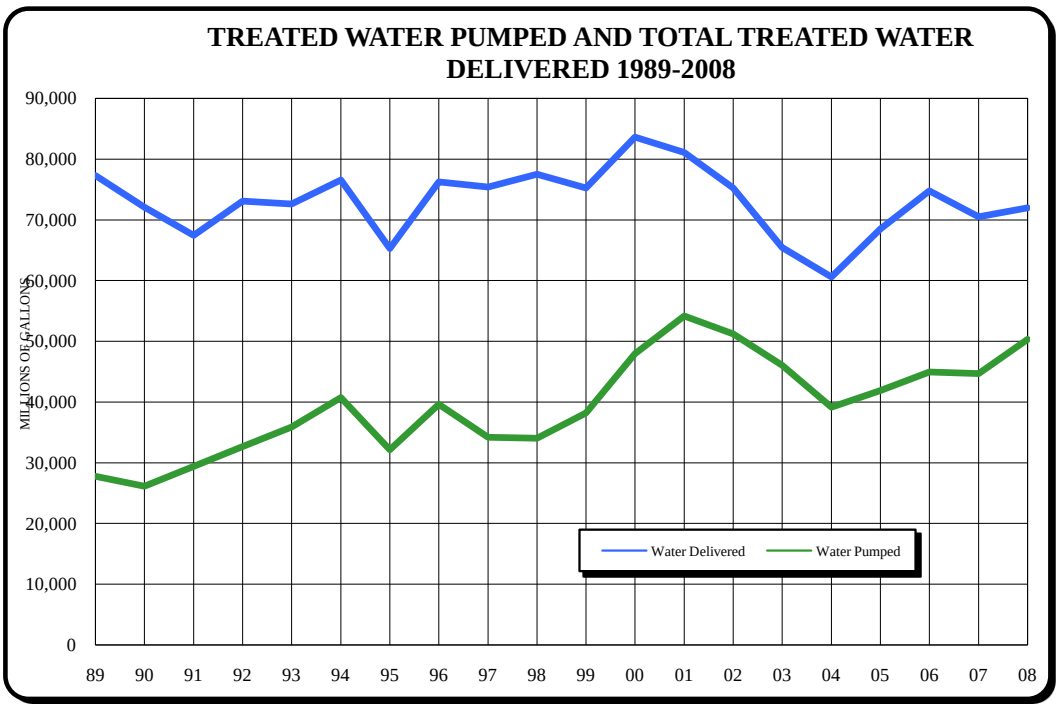
Year	Total Treated Water Pumped (million gals.)	Total Treated Water Delivered (million gals.)	Pumps		Treated Water Total Pumping Power Used (kwh)[1]	Gas Used (dth)	Total Power, Electric and Gas Costs[2]
			Number	Capacity (million gals.)			
1989 [3]	27,724.95	77,262.29	118	1,156.8	27,181,894	-	$1,859,268
1990 [3]	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
2008 [4]	50,283.70	71,975.87	112	1,097.4	33,898,600	-	$3,583,417

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

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

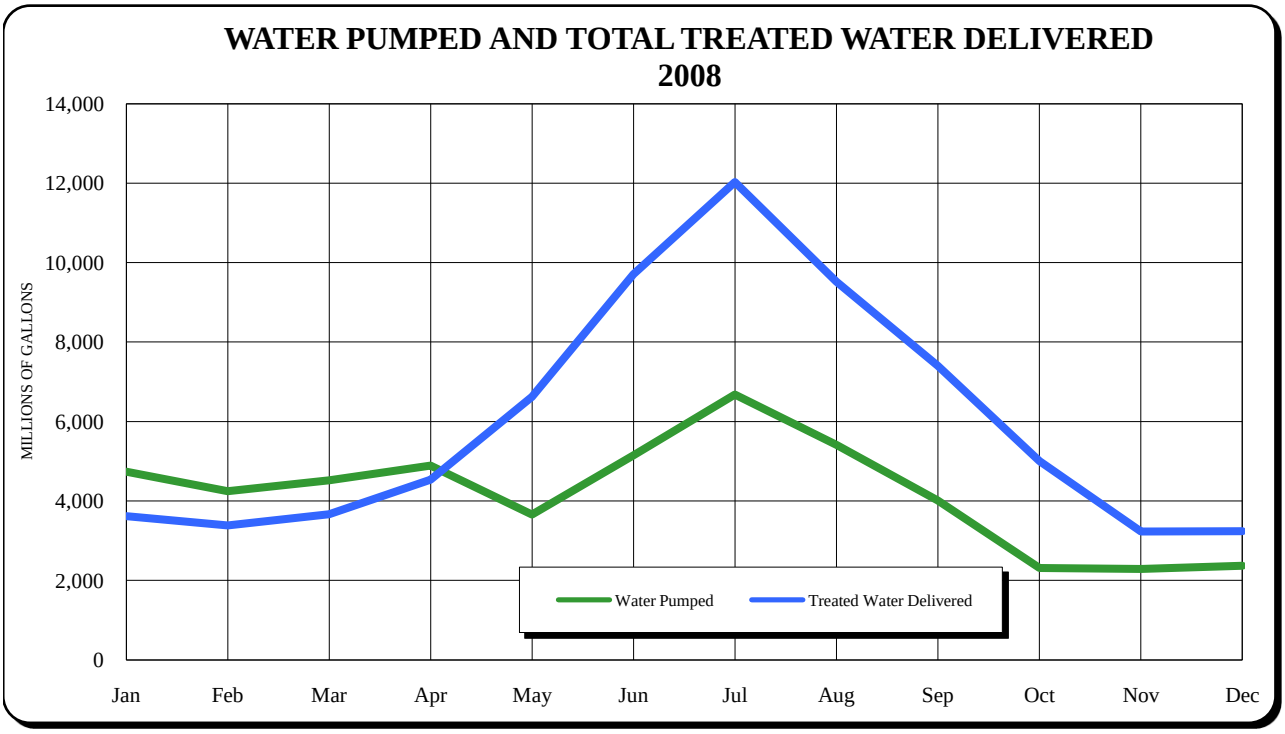
[3]Foothills Treatment Plant out of service from October 16, 1989 through March 2, 1990.

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



WATER PUMPED MONTHLY - 2008
(millions of gallons)

	Water Pumped	Total Treated Water Delivered		Water Pumped	Total Treated Water Delivered
January	4,737.50	3,620.40	August	5,417.80	9,521.60
February	4,244.50	3,383.40	September	4,012.40	7,405.60
March	4,521.90	3,669.60	October	2,310.00	5,001.20
April	4,894.70	4,539.40	November	2,287.60	3,232.00
May	3,661.00	6,623.70	December	2,371.20	3,236.67
June	5,148.10	9,711.10			
July	6,677.00	12,031.20	Total Year	50,283.70	71,975.87



WATER PUMPED BY STATION - 2008
(millions of gallons)

Belleview (Low)	2,056.60	Hillcrest (High)	2,776.60
Belleview (High)	2,797.90	Kendrick (Low)	1,282.80
Broomfield	1,169.30	Kendrick (High)	2,614.80
Capital Hill	0.40	Lakeridge	351.50
Chatfield (Low)	1,035.10	Lamar	127.80
Chatfield (High)	806.50	Lone Tree (Low)	775.70
Cherry Hills	6,415.20	Lone Tree (High)	782.70
Clarkson Street	928.70	Marston (Low)	7,336.10
Einfeldt	487.70	Marston (High)	3,445.50
Fifty-Sixth Avenue	1,059.70	Sixty-Fourth Ave. (High)	95.80
Green Mountain	1,650.60	Sixty-Fourth Ave. (Low)	1,003.90
Highlands (Low)	2,930.30		
Highlands (High)	6,572.50		50,283.70
Hillcrest (Low)	1,780.00		

DISTRIBUTING RESERVOIRS AND RAW WATER PUMPING STATIONS - 200

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

[1]Not Owned by Denver Water.

		Capacity (million gals.)
Hillcrest (5,624)		
	Number 1	14.8
	Number 2	14.8
		29.6
Hogback (6,007)		3.95
Ken Caryl 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

RAW WATER PUMPING STATIONS

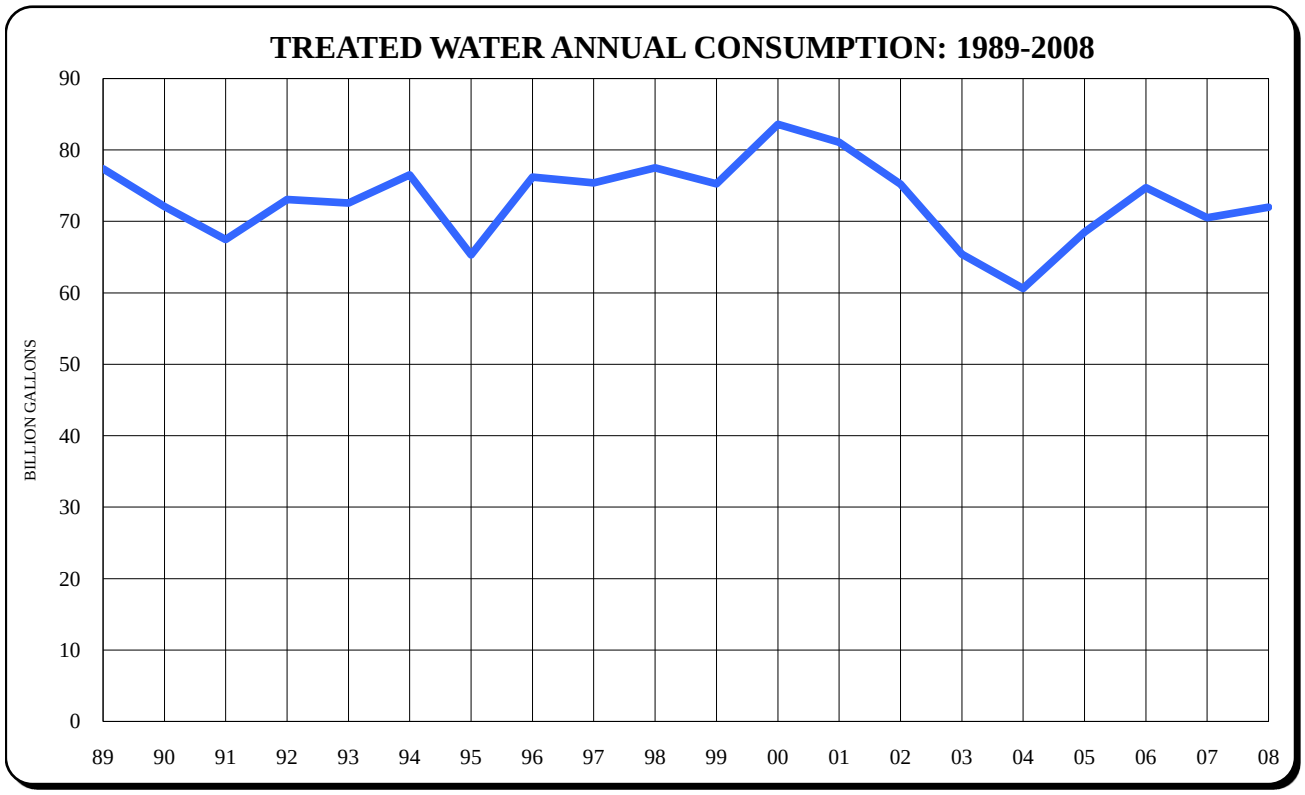
Pump Station	Pump Number	Make of Pump	Make of Motor	Horse-Power	Head in Feet	Capacity in MGD
Last Chance	1	Worthington	General Electric	30	60	2.2
Metro Sewer	1	Peerless	United States	200	30	30.0
	2	Peerless	General Electric	200	30	30.0
	3	Peerless	General Electric	200	30	30.0
				600	90	90.0
Kassler	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

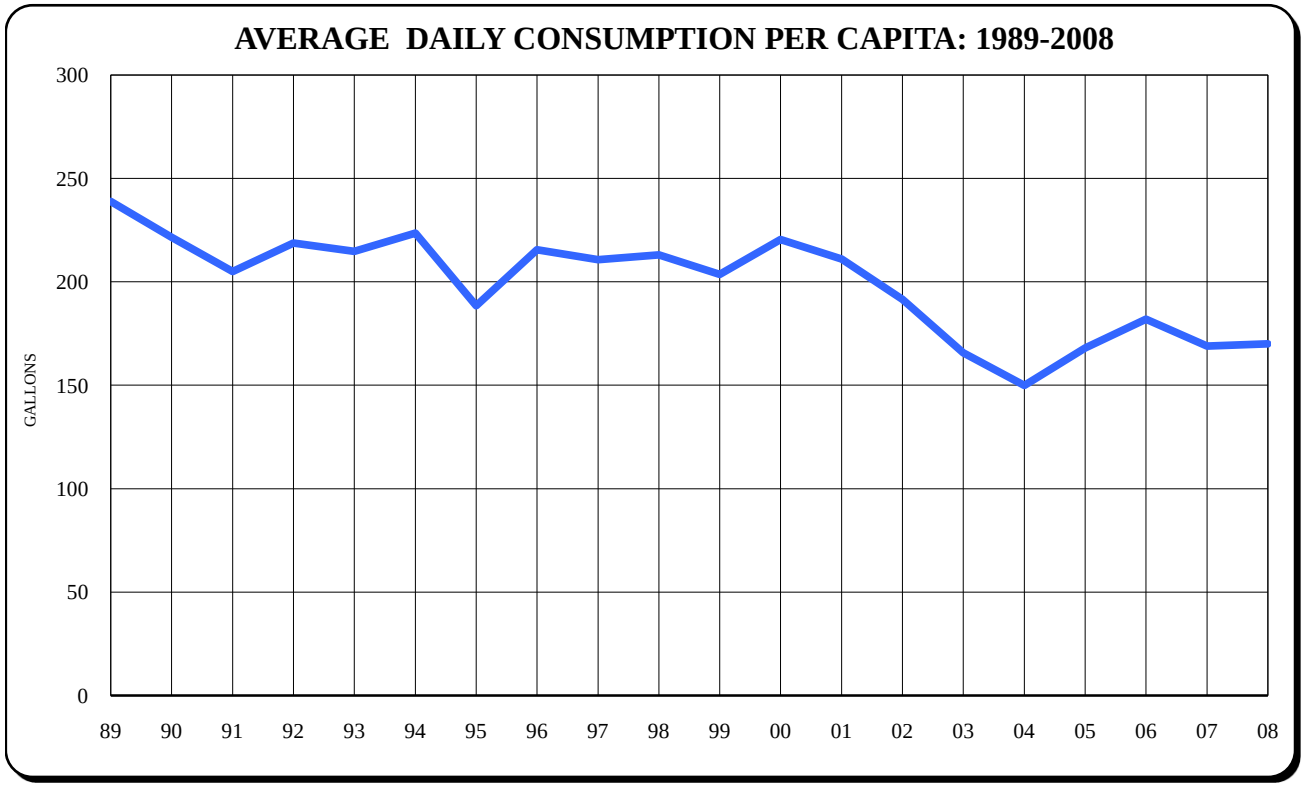
Treatment and Water Quality

2008 Facts

Treated water consumption[1]	71,975.87	MG
Increase from last year	1,496.03	MG
Average daily consumption[1]	196.66	MG
Maximum daily consumption:		
(July 23)	426.16	MG
Maximum hour treated water use rate:		
(July 23 at 6:00 a.m.)	670.00	MGD
Water Quality:		
Total samples collected	13,445	
Microbiological analyses completed	9,712	
Chemical analyses completed	37,227	

[1]Estimated.


TREATED WATER ANNUAL CONSUMPTION: 1989-2008
BILLION GALLONS
90
80
70
60
50
40
30
20
10
0
89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08


AVERAGE DAILY CONSUMPTION PER CAPITA: 1989-2008
GALLONS
300
250
200
150
100
50
0
89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08

CONSUMPTION OF TREATED WATER: 1989 - 2008

Year	Acre-Feet	(million gallons) Annual	Daily Avg.	Daily Max.	Population July 1[1]	Avg. Daily Gals. Per Capita	Precipitation in Inches[2] Year	4/1 to 9/30
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	248,738	81,051.42	222.06	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
2008	220,886 [4]	71,975.87 [4]	196.66 [4]	426.16	1,154,000 [5]	170 [4]	12.42	8.19

[1]Population estimates are treated water customers only.

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

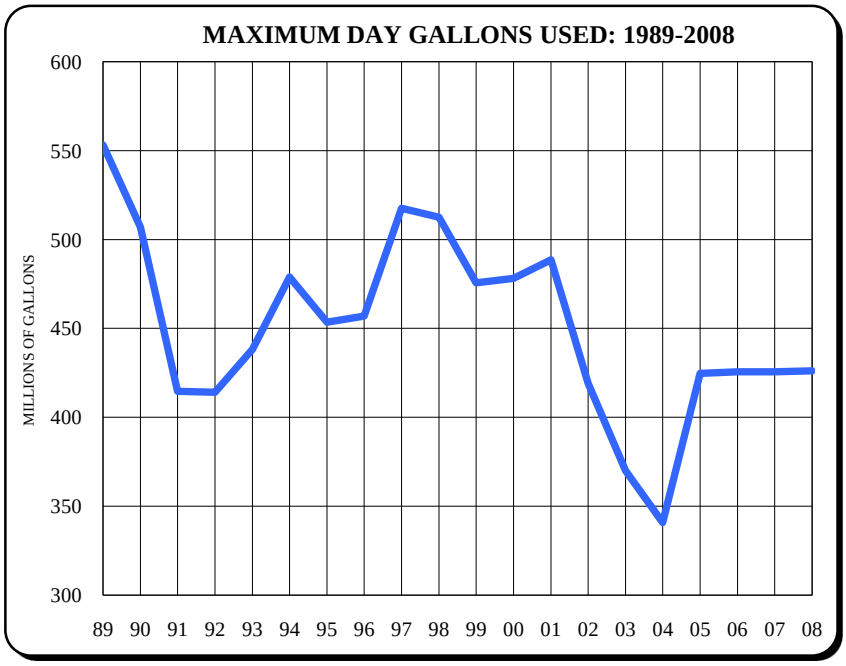
[3]Revised data from 1991 to 2000 are interpolated from analysis of the 2000 Census and adjusted for tap growth.

[4]2008 consumption numbers are estimated.

[5]2008 population was calculated based on an assumed 1% growth rate from 2007, as neither Colorado Department of Local Affairs (DOLA) nor the Denver Regional Council of Governments (DRCOG) had 2008 population estimates available.

TREATMENT PLANT CAPACITY

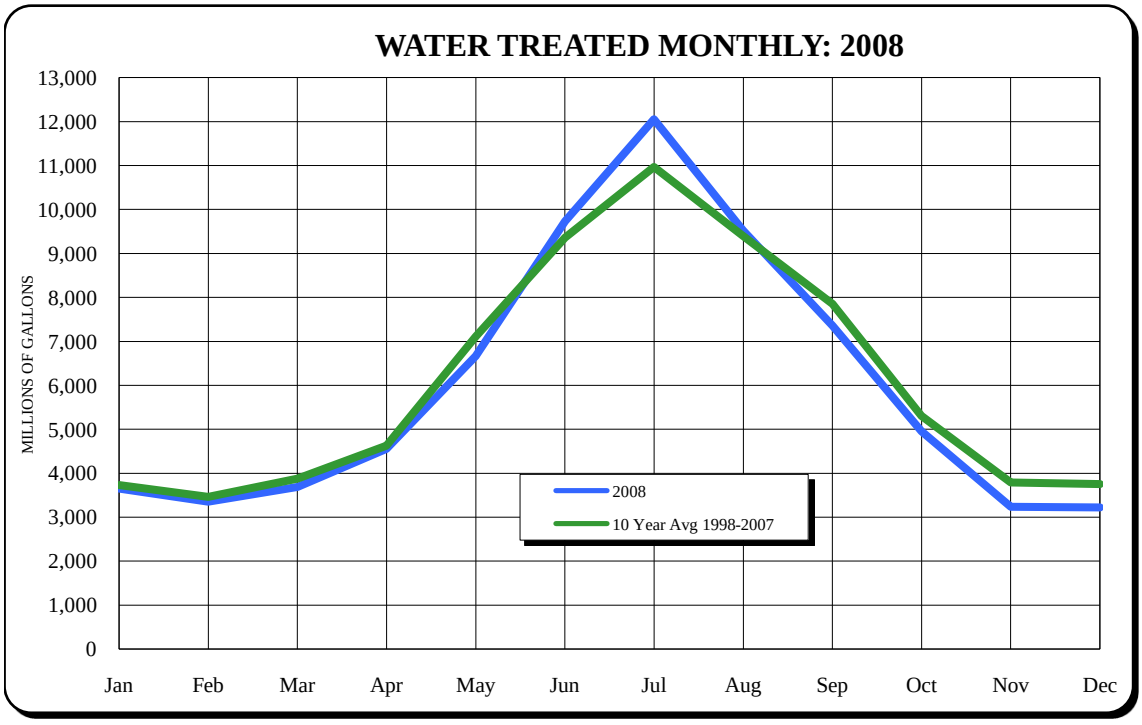
Plant	Type	Capacity in MGD
Foothills	Dual-Media	280.0
Marston	Dual-Media	250.0
Moffat	Rapid Sand	185.0
		715.0



WATER TREATED MONTHLY - 2008
(millions of gallons)

	Treatment Plant			
	Foothills	Marston	Moffat	Total
January	-	2,648	1,001	3,649.36
February	-	2,494	859	3,352.36
March	-	2,743	948	3,690.72
April	527	2,838	1,187	4,552.94
May	4,645	923	1,096	6,663.18
June	6,268	1,182	2,278	9,728.11
July	7,176	1,768	3,107	12,051.46
August	6,007	1,357	2,158	9,522.43
September	5,146	863	1,348	7,357.95
October	3,806	57	1,095	4,958.16
November	2,558	627	53	3,238.41
December	2,307	911	-	3,218.45
	38,441.63	18,409.91	15,132.00	71,983.54

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	71,983.54	MG
(Increase) Decrease In Clear Water Storage	(7.67)	MG
Total Treated Water Delivered/Consumed for the Year	71,975.87	MG

CHEMICAL TREATMENT AND ANALYSIS:
TREATED WATER IN DISTRIBUTION SYSTEM - 2008

CHEMICAL TREATMENT

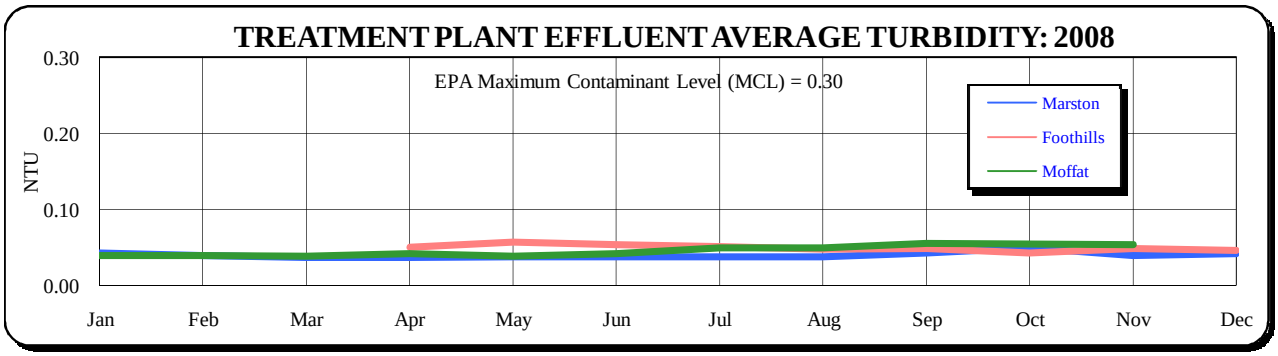
Chemicals are used at various points throughout the treatment plants to provide for appropriate water treatment including oxidation, coagulation, pH adjustment, fluoridation and disinfection. The following are total pounds and cost of chemicals used at each treatment plant.

	Pounds of Chemicals Used	Total Cost
Foothills	18,263,080	$ 2,581,550
Moffat	10,053,907	1,473,051
Marston	10,340,994	1,245,949
Recycling	2,652,219	454,403
	41,310,200	$ 5,754,953

DISTRIBUTION SYSTEM & TREATMENT PLANT EFFLUENT TOTAL COLIFORM RESULTS

Month	Number of Samples	Number of Positives	% Positive
January	520	0	0.00%
February	413	1	0.24%
March	449	0	0.00%
April	509	0	0.00%
May	487	1	0.21%
June	490	0	0.00%
July	501	1	0.20%
August	489	0	0.00%
September	512	0	0.00%
October	492	0	0.00%
November	374	0	0.00%
December	416	0	0.00%
	5,652	3	0.05%

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



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

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES – 2008

Analysis	Maximum Contaminant Level (MCL)	Marston	Foothills	Moffat
General (mg/L)				
Alkalinity, Total as $CaCO_3$		62	54	36
Chlorine, Total		1.62	1.76	1.60
Hardness as $CaCO_3$		96	86	44
pH (SU)		7.66	7.70	7.72
Specific Conductance (µS)		300	280	134
Temperature (°C)		11	14	12
Total Dissolved Solids		171	164	75
Turbidity (NTU)	0.30	0.04	0.05	0.04
Metals (µg/L)				
Aluminum		30	40	20
Barium	2,000	37	34	18
Boron		14	12	5
Calcium (mg/L)		29	27	14
Magnesium (mg/L)		7.0	7.0	2.2
Manganese		<2	<2	<2
Molybdenum		11	10	<3
Nickel		0.9	1.1	<0.8
Potassium (mg/L)		1.9	1.8	0.7
Sodium (mg/L)		19	16	9
Strontium (mg/L)		0.20	0.18	0.04
Ions (mg/L)				
Chloride		18.5	18.2	4.5
Fluoride	4.0	0.88	0.87	0.89
Nitrate-Nitrogen	10	0.12	0.11	0.06
Perchlorate (µg/L)		0.07	0.08	<0.05
Silicon		3.0	3.3	3.2
Sulfate		52.7	48.9	18.7
Radiological (pCi/L)				
Alpha, Total	15	<2	<2	<2
Beta, Total	Trigger Level = 15	<2	<2	<2
Uranium (µg/L)	30	<0.3	<0.3	<0.3
Microbiological				
m-Heterotrophic Plate Count (CFU/mL)		0.03	0.12	1.1

(Continued next page)

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 2008 (Continued)

Analysis	Maximum Contaminant Level (MCL)	Marston	Foothills	Moffat
Disinfection By-Products (µg/L)				
1,1,1-Trichloropropanone		1.8	2.1	1.8
1,1-Dichloropropanone		0.8	0.9	0.8
Bromochloroacetic acid		2.8	2.2	<0.5
Bromochloroacetonitrile		5.2	4.0	<0.5
Bromodichloromethane		7.4	5.9	1.9
Chloral hydrate		1.3	1.8	1.0
Chloroform		12.3	16.2	13.8
Cyanogen chloride		3.3	4.1	9.7
Dibromoacetic acid		0.7	<0.5	<0.5
Dibromoacetonitrile		<0.5	<0.5	<0.5
Dibromochloromethane		2.6	1.6	<0.5
Dichloroacetic acid		8.0	10.0	8.7
Dichloroacetonitrile		2.3	2.8	1.8
Haloacetic Acids (5)	60	13	16	15
Total Trihalomethanes	80	22	23	16
Trichloroacetic acid		4.5	6.6	6.5
Nonspecific Organics				
Total Organic Carbon (mg/L)		1.8	1.8	1.4

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 (0.010)
Beryllium (0.004)
Cadmium (0.005)
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)
Bromide
Carbonate
Cyanide, Total
Hydroxide
Nitrite-Nitrogen (1)
Ortho Phosphorus, Dissolved
Radiological (pCi/L)
Radium $^{226/228}$(5)
Microbiological
Cryptosporidium
E. Coli
Giardia (TT[1])
Plankton
Total Coliform (DS)
Disinfection By-Products (µg/L)
Bromoform
Carbon tetrachloride (5)
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)
Hexachlorobenzene
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
Dursban
Endosulfan –A
Endosulfan – B
Endosulfan sulfate
Endrin (2)
Endrin Aldehyde
Epichlorohydrin
EPN
EPTC
Erucylamide
Esfenvalerate
Ethalfluralin
Ethion
Ethofumesate
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
Mirex
Molinate
Monocrotophos

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

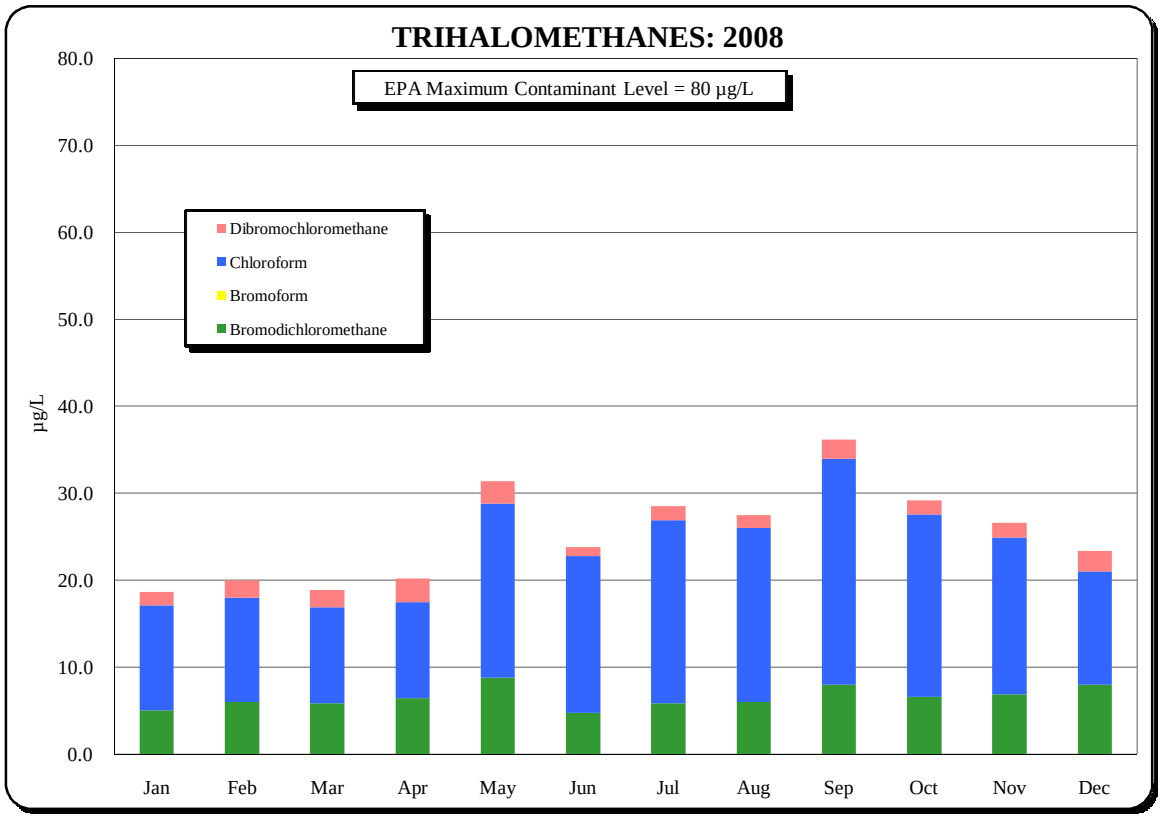
TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 2008 (Continued)

Naled
Napropamide
Norflurazon
n-Butyl acrylate
Oryzalin
Oxadiazon
Oxamyl (200)
Oxyfluorfen
Parathion
Pendimethalin
Phenol
Phorate
Phosmet
Picloram
Profluralin
Prometon
Prometryn
Pronamide
Propanil
Propachlor
Propazine
Propionitrile
Propoxur
Prothiophos
Silvex (50)
Simazine (4)
Simetryn
Stirofos
Sulfotep
TAME
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
Cyclohexanone
Dibenzo(a,h)anthracene
DCEE
Diethyl phthalate
Dimethyl phthalate
Di-n-butyl phthalate
Di-n-octyl phthalate
Diuron
Fluoranthene
Fluorene
Indeno(1,2,3-cd)pyrene
Isophorone
Pentachlorobenzene
Pentachlorophenol (1)
Phenanthrene
Polychlorinated Biphenyls (0.5)
Pyrene

MicroConstituents (µg/L or ng/L)

17alpha-Estradiol
17alpha-Ethynyl estradiol
17beta-Estradiol
4-n-Octylphenol
4-tert-Octylphenol
Acetaminophen
Antipyrine
Azithromycin
Azoxystrobin
Bacitracin
Baygon
Bensulide
Bezafibrate
Bisphenol A
Caffeine
Carbadox
Carbamazepine
Chloramphenicol
Chlorotetracycline
Ciprofloxacin
cis-Testosterone
Clofibric acid
Cotinine
DEET
Diclofenac
Diethylstilbestrol (DES)
Diflubenzuron
Dilantin
Diltiazem
Doxycycline
Enrofloxacin
Erythromycin
Estriol
Estrone
Fenuron
Fluoxetine (Prozac)
Freon113
Gemfibrozil
Halofenozide
Halosulfuron methyl
Ibuprofen
Imidacloprid
Lasalocid
Levothyroxine (Synthroid)
Lincomycin
Linuron
Monensin
Monuron
Naproxen
Narasin
Neburon
Nicotine
Nonylphenol, isomer mix
Norfloxacin
Oleandomycin
Oxytetracycline
Paclobutrazol
Paraxanthine
Penicillin G
Penicillin V
Phenylphenol
Prednisone
Progesterone
Propargite
Roxithromycin
Salinomycin
Siduron, Total
Simvastatin
Sulfachloropyridazine
Sulfadiazine
Sulfadimethoxine
Sulfamethazine
Sulfamethizole
Sulfamethoxazole
Sulfathiazole
tert-Amyl Methyl ether
tert-Butyl alcohol
Tetrabromobisphenol A
Theobromine
Theophylline
Thidiazuron
trans-Testosterone
Triadimenol
Triclosan
Trimethoprim
Tylosin
Virginiamycin M1

DISTRIBUTION SYSTEM AVERAGE TRIHALOMETHANES - 2008



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 systen are consistently below the 80 mg/L level.

WATER QUALITY SAMPLE COLLECTION AND ANALYTICAL PROCEDURES - 2008

Samples Collected:	
Watershed	477
Treatment plant	803
Distribution system	8,841
Other	3,324
	13,445

Analyses Performed:	
Microbiological	9,712
Chemical	37,227
	46,939

Transmission and Distribution

2008 Facts

Miles of pipe installed	28.5
Miles of pipe in system	2,681
Miles of nonpotable pipe in system	36.5
Number of valves operated and maintained	46,473
Number of nonpotable valves in system	313
Number of hydrants operated and maintained	19,185
Leak Detection Program:	
Miles of pipe surveyed	226
Visible leaks pinpointed	60
Non-visible leaks detected	107

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TRANSMISSION AND DISTRIBUTION MAINS - 2008

SUMMARY OF PIPE BY MATERIAL[1]

	Length in Feet				Length in Miles
Kind of Pipe	12-31-07 [3]	Additions	Reductions	12-31-08	12-31-08
Cast iron	5,948,721	-	19,611	5,929,110	1,123
Cement Asbestos	1,384,110	-	17	1,384,093	262
Cement Mortar coated steel	27,992	-	-	27,992	5
Concrete	858,410	-	-	858,410	162
Copper	1,164	-	-	1,164	-
Ductile iron	2,507,976	47,911	1,013	2,554,874	484
Galvanized	7,755	-	-	7,755	1
Polyvinyl chloride	1,804,475	102,650	98	1,907,027	361
Steel	1,022,080	-	-	1,022,080	194
Steel -tape coated	421,375	-	-	421,375	80
Unknown[2]	49,336	-	-	49,336	9
	14,033,394	150,561	20,739	14,163,216	2,681

SUMMARY OF PIPE BY DIAMETER[1]

	Length in Feet				Length in Miles
Diameter of Pipe in Inches	12-31-07 [3]	Additions	Reductions	12-31-08	12-31-08
0.75	413	-	-	413	-
1	778	-	-	778	-
1.5	2,019	-	-	2,019	-
2	3,155	-	-	3,155	1
3	8,569	183	-	8,752	2
4	139,871	1,763	72	141,562	27
5	11	-	-	11	-
6	4,236,094	35,267	12,755	4,258,606	807
8	3,631,067	60,825	1,924	3,689,968	699
10	132,419	24	3,605	128,838	24
12	2,734,886	50,783	1,672	2,783,997	527
14	44,115	-	-	44,115	8
15	4,499	-	-	4,499	1
16	449,649	1,500	20	451,129	85
18	49,851	-	691	49,160	9
20	118,805	-	-	118,805	23
24	448,144	216	-	448,360	85
30	455,238	-	-	455,238	86
31	29	-	-	29	-
33	185	-	-	185	-
36	502,552	-	-	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	-	-	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	-
	14,033,394	150,561	20,739	14,163,216	2,681

[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 - 2008

SUMMARY OF VALVES BY TYPE[1]

Type of Valve	12-31-07 [2]	Additions	Reductions	12-31-08
Air vacuum valve	1,348	-	-	1,348
Ball valve	7	-	-	7
Blowoff valve	2,627	175	-	2,802
Butterfly valve	960	-	-	960
Check valve	23	-	-	23
Cone valve	19	-	-	19
Gate valve	39,237	1,113	-	40,350
Hub valve	5	-	-	5
MacDougall blowoff valve	149	-	-	149
Pito (Corp stop)	594	-	-	594
Pressure regulating valve	167	-	-	167
Unknown	44	-	-	44
Vacuum valve	5	-	-	5
	45,185	1,288	-	46,473

SUMMARY OF VALVES BY DIAMETER[1]

Diameter of Valve in Inches	12-31-07 [2]	Additions	Reductions	12-31-08
1	918	-	-	918
2	2,134	3	-	2,137
2.5	1	-	-	1
3	76	16	-	92
4	1,334	147	-	1,481
6	15,324	509	-	15,833
8	13,490	357	-	13,847
10	467	1	-	468
12	9,839	255	-	10,094
14	65	-	-	65
15	2	-	-	2
16	280	-	-	280
18	45	-	-	45
20	189	-	-	189
24	502	-	-	502
30	200	-	-	200
36	149	-	-	149
42	67	-	-	67
48	55	-	-	55
54	20	-	-	20
60	24	-	-	24
72	4	-	-	4
	45,185	1,288	-	46,473

[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 - 2008

FIRE HYDRANTS[1]

Size in Inches	Total Hydrants 12-31-07 [2]	Additions	Reductions	12-31-08
4	15	-	7	8
6	19,317	434	574	19,177
	19,332	434	581	19,185

FIRE HYDRANT BRANCH PIPE[1]

Size in Inches	Kind of Pipe	Length in Feet 12-31-07 [2]	Additions	Reductions	12-31-08
4	Cast iron	259	-	150	109
4	Ductile iron	34	8,704	-	8,738
6	Cast iron	157,889	-	-	157,889
6	Cement asbestos	2,591	-	-	2,591
6	Ductile iron	161,162	-	375	160,787
6	Polyvinylchloride	943	-	-	943
6	Steel	19,088	-	-	19,088
6	Unknown	25,983	-	-	25,983
		367,949	8,704	525	376,128

SUMMARY OF FIRE HYDRANT BRANCH PIPE BY MATERIAL[1]

Kind of Pipe	Length in Feet 12-31-07 [2]	Additions	Reductions	12-31-08
Cast iron	158,148	-	150	157,998
Cement asbestos	2,591	-	-	2,591
Ductile iron	161,196	8,704	375	169,525
Polyvinylchloride	943	-	-	943
Steel	19,088	-	-	19,088
Unknown	25,983	-	-	25,983
	367,949	8,704	525	376,128

SUMMARY OF FIRE HYDRANT BRANCH PIPE BY DIAMETER[1]

Size in Inches	Length in Feet 12-31-07 [2]	Additions	Reductions	12-31-08
4	293	-	150	143
6	367,656	8,704	375	375,985
	367,949	8,704	525	376,128

[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 - 2008

NONPOTABLE MAINS

SUMMARY OF PIPE BY MATERIAL

Kind of Pipe	Length in Feet 12-31-07	Additions	Reductions	12-31-08
PVC	92,491	-	-	92,491
Steel	100,150	-	-	100,150
	192,641	-	-	192,641

SUMMARY OF PIPE BY DIAMETER

Size	Kind of Pipe	Length in Feet 12-31-07	Additions	Reductions	12-31-08
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
		192,641	-	-	192,641

NONPOTABLE VALVES

SUMMARY OF VALVES BY TYPE

Type of Valve	12-31-07	Additions	Reductions	12-31-08
Air vacuum valves	82	-	-	82
Blowoff valve	43	-	-	43
Butterfly valve	20	-	-	20
Gate valve	163	-	-	163
Pito (Corp stop)	5	-	-	5
	313	-	-	313

SUMMARY OF VALVES BY DIAMETER

Diameter of Valve	12-31-07	Additions	Reductions	12-31-08
2"	21	-	-	21
4"	80	-	-	80
6"	60	-	-	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
	313	-	-	313

BREAKS IN MAINS, WATER CONTROL AND LEAK DETECTION SERVICES - 2008

DENVER MAIN BREAKS

Size	Pipe Material	Number of Breaks
3"	Cast Iron	1
4"	Cement Asbestos	1
6"	Cast Iron	149
6"	Cement Asbestos	1
6"	Ductile Iron	10
6"	PVC	1
8"	Cast Iron	48
8"	Cement Asbestos	2
8"	Ductile Iron	7
8"	PVC	4
10"	Cast Iron	3
12"	Cement Asbestos	1
12"	Ductile Iron	3
12"	PVC	2
12"	Cast Iron	37
12"	Steel	2
14"	Steel	1
16"	Cast Iron	1
		274

TOTAL SERVICE MAIN BREAKS

Size	Pipe Material	Number of Breaks
4"	Cast Iron	1
6"	Cast Iron	21
6"	Ductile Iron	2
6"	Cement Asbestos	3
6"	Cast Iron	15
8"	Ductile Iron	5
8"	Cast Iron	2
8"	Cast Iron	3
8"	Ductile Iron	2
		54

WATER CONTROL SERVICES

	2008	2007	2006	2005	2004
Service Calls	5,965	5,000	7,133	7,855	5,627
Service Leaks	318	879	1,043	1,452	1,204
Service Turn Ons	545	188	436	702	1,945
Service Turn Offs	264	555	736	804	1,240
Valve Leaks	87	68	86	123	75
Fire Hydrants Hit	151	156	120	131	125
Fire Hydrants Packed and Greased	24,741	26,849	29,660	31,091	30,645
Fire Hydrants Excavated for Replacement	300	74	218	185	168
Fire Hydrants, Miscellaneous Repairs	385	861	741	1,067	1,107
Total Fire Hydrants Tested and Repaired	25,577	27,940	30,739	32,474	32,045

LEAK DETECTION PROGRAM

	2008	2007	2006	2005	2004
Non-Visible Leaks Detected	107	17	28	34	62
Non-Visible Water Leaks Loss (1000's of Gallons)[1]	28,119	4,467	7,358	8,935	10,774
Visible Leaks Pinpointed	60	26	53	54	62
Miles Surveyed	226	183	781	752	760
Savings Generated from saving lost water[1]	$ 51,739	$ 8,219	$ 13,538	$ 16,440	$ -
Savings Generated from pinpointing Leaks[1]	42,000	18,200	37,100	37,800	43,400
Total Savings Generated from Leak Detection Program[1]	$ 93,739	$ 26,419	$ 50,638	$ 54,240	$ 43,400

[1]Estimated.

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