

CAC MINUTES

FOR THE MEETING OF June 20, 2013

CAC MEMBERS IN ATTENDANCE: Bethany Gravell, Phil Lidov, Bruce Hutchins, Mel Rettig, Barry Hudson, Jim Ives, Peter Mueller

CAC Members Absent: Don Schlup, Jeff Erb

Guests: Tim Flynn

Denver Water Staff: Melissa Elliott, Heather Stauffer, Sally Covington, Dustin Chase, Angela Bricmont, Paula Daukas

OPENING REMARKS, PUBLIC COMMENTS, AGENDA AND MINUTES

The agenda was approved without comment. May minutes were approved with one correction.

There were no comments from the public.

DENVER WATER UPDATE- (Melissa Elliott)

The next Board meeting will be on June 26, at that time we will be recommending that the Board move from stage 2 drought declaration to a stage 1 drought declaration. Inflow has begun to taper off and reservoirs will be peaking at levels comparable to 2012. We got very lucky, and we have a water supply that rebuilds rather quickly. In addition our customers have been doing a great job saving water and curbing consumption levels. We are seeing consumption levels well below what they were in 2012, about 24% below average use for April and May. During stage one watering restrictions we ask for a voluntary 10% reduction, all mandatory water waste rules are still in effect. We are still planning on having marketing messaging about reducing water consumption. We do not yet know if we are out of the drought or what 2014 holds so we want to make sure we are doing everything we can now to ensure a robust water supply for 2014.

The US Forest Service is beginning to work on the Winter Park siphon project, we will start on that in August 2013.

Denver just hosted ACE 2013's annual exhibition, a gathering of some 11,000 water professionals from all over the country. This was a big event in the water profession and we were all very excited to be the host city. Denver Water was rated one of the 23 best waters in Canada and the US during a taste test.

We had a large main break on I-25 recently; part of the problem was that they had trouble shutting down the valve. Because of this it took about an hour longer than usual. Denver Water has instituted valve exercise replacements and the number of breaks we see is reduced because that. We do call attention to the issues with aging infrastructure but we've found that some of what we've put in the ground is not living up to what we're expecting. The materials don't last as long as originally thought.

The Lime Gulch fire is getting close to our property, as a result we have shut down Waterton Canyon today and tomorrow.

Moffat Collection System Project Overview: Paula Daukas

Paula provided an overview of the project that the CAC will tour in July. She explained the North and South systems that Denver Water relies on for its raw water supply and explained the purpose and the need of the Moffat Collection System Project to expand Gross Reservoir. The project is designed to correct a reliability and imbalance in Denver Water's system where 80 percent of the water supply is located on the south system, leaving Denver Water vulnerable to disruptions of service from events such as wildfire. Paula explained where the project is in the permitting process.

Presentation on Revenue Stability (Angela Bricmont)

Our capital program is based on a sound set of assumptions such as supply, security and sustainability. Rates have to be affordable keeping in mind that most costs are fixed. This year when we looked at what the drought could do to our financial situation, we were looking at a potential \$50 million revenue decrease. So, we looked at our policies, cash reserves and what levers we could pull to make up that loss. We decided on reducing the budget by \$20 million, instituting drought pricing, and using our cash reserves. Angela said that we are in a very sustainably position in general, as we had the ability to quickly lower our spending while still maintaining our system. Finance will be reviewing our financial structure to enable us to be more nimble and stable in times of drought and when we have wet summers.

CAC Business

There were a few emails about the appropriateness of the drought restrictions.

The CAC looked over the draft tour itinerary for the July tour and determined it was fine. Barry Hudson and Bruce Hutchins let the group know that they would be unable to attend the tour. The CAC will hear more about rates during the September meeting. August 14 is breakfast with the board. Mel Rettig's term is ending soon.

Meeting Adjourned