

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: August 28, 2013

Board Item: 3-A-2

Potable Water Lease Agreement The Consolidated Mutual Water Company

Action by Consent

Action

Information

Consolidated Mutual is one of the Board's oldest distributors, having entered into Master Meter Contract No. 31 in 1949. Consolidated is rather unique among distributors because it has since 1957 operated both the master meter distributor system and its separate Maple Grove system, including reservoirs and a water treatment plant. Denver Water's distributors are prohibited from commingling the Board's potable water with water from any other source, which requires Consolidated to maintain complete separation between its two systems, and precludes any efficiencies that a unified system might provide. Consolidated would prefer to manage its two systems as a unified whole, to the extent feasible.

The proposed agreement terminates Master Meter Contract No. 31, and converts it into a potable water lease for up to 10,000 acre-feet. The initial volume of water is 9,200 acre-feet, which represents Consolidated's historic demand, for which its customers have already paid System Development Charges (SDCs). The initial volume can be increased in 30 acre-foot increments upon payment of additional SDC's. Over time, Consolidated will install infrastructure necessary to isolate portions of its system and will assume responsibility for water quality management and testing within any portion of its system that has been isolated. Any areas not fully isolated will be subject to the same rules as other distributors, and commingling will not be permitted. Consolidated is not being removed from the Board's service area, but the legal relationship, relative responsibilities, and the degree of oversight by Denver Water are being restructured.

Recommendation:

It is recommended that the Board approve the proposed potable water lease agreement with the Consolidated Mutual Water Company.

Approvals:

Respectfully submitted,



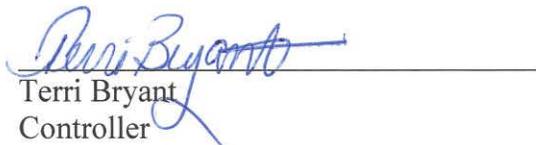
Patricia Wells
General Counsel



for James S. Lochhead
CEO/Manager



Julie Anderson
Director of Customer Relations



Terri Bryant
Controller