

****Media Alert****

Feb. 22, 2017

Last December, Channel 7 requested information from us including rate increase trends, cash reserve balances and water use totals over the past 20 years, as well as recent executive compensation and executive retreat expenses.

Over the past two months, we've provided investigative reporter Tony Kovaleski with information and records responsive to the requests, and granted them interviews with Commissioner Penfield Tate and CEO/Manager Jim Lochhead.

The story is expected to run tonight on 7News at 10 p.m.

We believe the story will focus on Denver Water raising rates, building cash reserves, and executive compensation, while asking customers to pay more for water service.

Here is some of what we explained in the interviews:

- As a public agency, we are accountable to our ratepayers, and we are thoughtful and strategic with every dollar we spend to help us deliver on our mission of providing a reliable supply of safe, clean water to more than 1.4 million people.
- Our rates are primarily driven by the need to invest in critical capital projects that will help keep our system reliable and strong into the future. This proactive work will continue into the future as engineers are planning at least \$2 billion in infrastructure improvements over the next 10 years, and all of our costs are paid for solely by rates and fees, not taxes.
- We have raised rates, but our rates are still some of the lowest in Colorado and the nation. By the City's charter, we must keep rates as low as good service will allow. Our philosophy certainly is to keep essential water use affordable; to avoid wide fluctuations from year to year; to be fair across customer classes; and to promote conservation.
- The ratio of our budget to cash reserves hasn't changed much in the past 20 years. We maintain appropriate cash reserves that help us buffer rate impacts as customers use less water and in extreme weather years. Having high reserves helps save our customers money.
 - For example, our customers saved \$8.5 million because our credit rating by all three credit agencies was upgraded to AAA. We will continue to save an estimated \$54 million in the future, based on planned bond issuances through 2024.
- We have checks and balances in place for everything we do, including executive level compensation, which is carefully benchmarked against similar jobs within our industry to ensure that our pay and benefits are fair and equitable.

If you have questions or concerns, please do not hesitate to contact your division chief.

Please remember, if you are contacted by a member of the media, please route the call to our media line at [REDACTED], or send the email to [REDACTED] and [REDACTED].