



Building the Path to Sustainability.



2008 Sustainability Report



Sustainability Purpose.

Inspiring community leadership by reducing environmental impact while benefiting customers, the economy, and society.



Reporting organizations must self-declare a Global Reporting Initiative (GRI) Application Level. This system is not grade-based and does not represent GRI's view on the value or quality of the report and its content. It is based on the number of indicators included in the report. C level reporting establishes a baseline, or solid foundation, for measuring progress.

Fort Collins Utilities is committed to expanding the breadth of our reporting. For our 2008 report, we included nine additional performance indicators to assist our stakeholders with a greater understanding of our impacts and performance. "GRI Checked" indicates the Global Reporting Initiative confirmed our report meets the established GRI criteria.

For more information on GRI Application levels or the Reporting Framework, please visit www.globalreporting.org.



Letter from the Executive Director.

Dear Fort Collins Utilities Stakeholders,

Our transformation continues, and this report documents progress in establishing our organization as a *Utilities for the 21st Century*. Late in 2007, we began the early stages of forming our 21st Century Initiative. Throughout 2008, we worked to establish an internal Implementation Plan that could be used as the platform for an ongoing program of organizational introspection, investigation and innovation. These efforts resulted in our first Sustainability Report and subsequent registration with the Global Reporting Initiative—the first municipal utility in the United States to accomplish this achievement.

Although we documented the development of our sustainability purpose and process in our first report for 2006 and 2007, the discussions and strategy development that resulted in our Implementation Plan occurred in 2008. To complete the transition from planning to action reflected in this report, we again outline our process. In retrospect, we accomplished more than identifying issues for a triple bottom line approach. This approach hinges on the integration and balance of the three pillars of sustainability—economic, environmental and social responsibility. The need to bring better balance to the triple bottom line of our operations advanced our thinking about strategic issues as a whole. By the end of 2008, varying levels of management and employees engaged in conversations about 21st Century Utilities issues. What began as an effort to involve our organization in discussing environmental impacts, broadened to become far more strategic in focus.

This second report underscores the importance of addressing the short- and medium-term strategic issues ahead—from securing water supplies and modernizing our electric distribution system to managing our infrastructure assets in the immediate future and in the coming decades. The case studies described herein highlight our success and achievement as well as our uncertainties and challenges.

Other significant Utilities' challenges will require our attention in the next year or two. These include managing the transfer of knowledge and assuring business continuity as our workforce continues to retire, assuring financial stability and responding to increased regulatory requirements.

We are encouraged and inspired by the support of our industry colleagues, interested local organizations and our City's leadership. Thank you for your interest in Fort Collins Utilities. We look forward to your feedback as we continue building the path to sustainability.

Sincerely,



Brian Janonis
Executive Director
Fort Collins Utilities



Brian Janonis

*Executive Director
Fort Collins Utilities*

*Current City Council Members
and City Leadership:*

Doug Hutchinson, Mayor

*Kelly Ohlson, Mayor Pro Tem,
District 5*

Ben Manvel, District 1

Lisa Poppaw, District 2

Aislinn Kottwitz, District 3

Wade Troxell, District 4

David Roy, District 6

Darin Atteberry, City Manager

“We launched our Utilities for the 21st Century Initiative in 2007 to help us frame a purpose, issues and strategies for an overall long-term sustainability design and direction. The Initiative, which adopted GRI guidelines, will ensure Utilities meets the highest standards with respect to new choices in the way our operations, products, services and activities impact the environment, our customers and operational economies.”

Brian Janonis, Executive Director

About This Report.

Our first annual Sustainability Report. The report, released in March 2009, was based on performance data from 2006-07. It introduced our intention to benchmark our performance to create sustainable practices. The Global Reporting Initiative (GRI) accepted our report, making Fort Collins Utilities the first municipal utility in the United States registered as a GRI member.

Feedback about our first report. We received inquiries about how the GRI reporting framework functions and how this may affect individual plans within Utilities, such as our *Energy Policy* and our *Water Conservation Plan*. We also were asked to provide an expanded discussion of how the rating system worked for the GRI application levels. Our Sustainability Implementation Plan has garnered interest from other municipal utilities, and we provided the report to those entities that requested it as a reference. We also received feedback to add additional context about environmental indicators related to water use and the effect of conservation measures.

Our second Sustainability Report. This report lays out the well-reasoned and considered process we developed to build our path and our progress toward integrating our 21st Century Utilities Initiative within our culture and business practices. The report notes some of the challenges we encountered, among them:

- identifying a mutually acceptable Purpose Statement;
- agreeing upon the key issues to address to accomplish our 21st Century Utilities’ goals; and
- determining key indicators to measure our progress.

It also notes some critically tangible and intangible outcomes of our work and that our City leaders are among our greatest proponents.

2008 milestones. Once the Core Sustainability Team crafted a purpose statement, identified key issues and indicators for measuring progress, planning process milestones were identified. These provided a means to acknowledge completion of significant steps in the planning process itself:

- development of a comprehensive planning process that engaged employees and community stakeholders;
- utilization of a structured tool to identify the most cost-effective portfolio to meet City climate action goals;
- completion of the Implementation Plan; and
- identification of specific strategies needed to support future project implementation.

Sphere of direct control. This Sustainability Report focuses on our sphere of direct control, which includes processes related to delivering electricity, water, wastewater, stormwater as well as our administrative and general services related to delivering these core services to the community.

Utilities is committed to the GRI’s G3 reporting guidelines, which are the reporting principles of quality, comparability, accuracy, clarity, reliability and transparency. Additionally, we use GRI’s Electric Utility Sector Supplement. We use Water Utility Indicators developed by our staff with additions contributed by R.W. Beck, Inc. We have made a concerted effort to increase the report’s context to enhance the level of understanding for readers outside our Service Area. As part of our effort to improve our reporting, we added an additional nine GRI performance indicators, or data points, to our 2008 report to provide readers with a more robust understanding of our impacts.

Reporting boundaries. For reporting purposes, our boundaries are limited to the following operations for each utility and the accompanying support services:

- **Light and Power.** Includes Utilities’ electric operations related to delivering energy to customers and certain environmental metrics regarding Utilities’ portion of Platte River Power Authority’s (Platte River) generation of power and consumption of materials (fuel). Platte River is our wholesale energy provider, which is owned by four municipalities, including Fort Collins.

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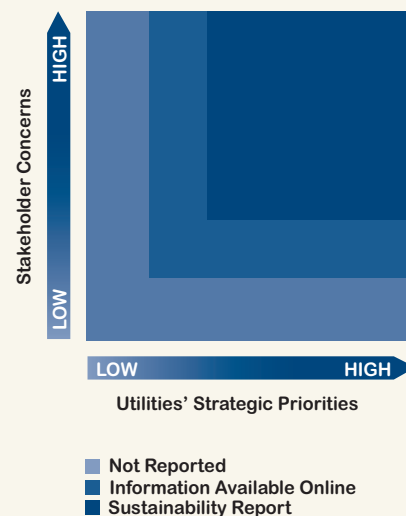
Materiality Matrix.

We seek to balance our stakeholder concerns and Fort Collins Utilities' Strategic Priorities to address the most pertinent material issues in our sustainability reporting.

- **Water Resources and Treatment.** Includes the diversion of raw water and distribution of water to customers and related administrative and support activities. The boundaries also include wastewater treatment, collection of wastewater from customers, discharging of treated wastewater and related administrative and support activities.
- **Water Engineering and Field Services.** Includes all operations and maintenance of the water distribution, wastewater collection systems as well as stormwater collection and facilities in the 12 stormwater basins in and around the Fort Collins community.
- **Customer and Employee Relations.** Supports all operations, which include our customer-focused services and internal support of Utilities' Service Areas.
- **Finance and Budget.** Includes all the financial services and budgetary oversight for the four Utilities funds.

For the 2008 reporting year, we did not make any changes in the scope, boundary or measurement methods from our 2006/ 2007 Report.

Materiality. Many internal and external forces impact how we conduct our business, how we operate as an organization and how we interface with our diverse range of stakeholders. Our stakeholders include our customers, city leaders, advisory groups, key educational institutions and industry leaders, non-governmental organizations and the community as a whole. We, therefore, have chosen to focus our immediate efforts and this dialogue on areas we have identified as most relevant or material to this report: our operations and services, our community and those within our direct sphere of influence. The issues identified include: our financial, environmental and social performance as well as our organizational culture, external stakeholder engagement, triple bottom line business practices and workforce engagement.



“As part of an industry that is a significant contributor to climate change, we have an absolute responsibility to address it.”

Steve Catanach, Manager, Light and Power Operations

Who We Are.

Utilities is an integral part of the Fort Collins community. As a municipally owned, multi-service utility employing about 375 individuals, we provide electric, water, wastewater and stormwater services to Fort Collins and surrounding areas. We acknowledge our operational impacts are broader than our city alone.

In-house utility staff performs operations; however, we rely on contractors and consultants for such specific projects as capital infrastructure and professional services. As a municipal utility and a City Service Area, we exist to serve the utility needs of the community and do not operate for a profit. We are able to issue tax-free debt and in 2008 received grant funding from the Colorado Governor's Energy Office for grant money to support solar installations.

In 2008, Utilities generated \$172 million in revenues with \$145.9 million in expenses. We made a \$6.8 million payment in-lieu of tax (PILOT) contribution to the City's General Fund to replace revenue the City would receive in taxes and franchise fees, if the utility were privately owned. We completed \$24.5 million of capital projects within the Fort Collins community. In 2008, our water utilities collectively serviced \$16 million in debt. Our electric utility currently is debt-free.

Light and Power.

In 1935, Fort Collins Light and Power was created by a public vote. Since then, we have provided safe, reliable and affordable electric service and currently serve about 65,000 homes and businesses within our city's boundaries. We operate and maintain the electric distribution system, including 1,654 miles of distribution lines, six distribution substations and the City's streetlight system.

Primary operations. Our primary operations consist of the following activities:

- operating and maintaining the electric system facilities, which are nearly all underground, except for 11 miles of above-ground distribution lines;
- constructing major and minor electric system additions and modifications;
- extending temporary and permanent services;
- installing and maintaining the streetlight system;
- providing after-hours troubleshooting, customer service and duty response;
- presenting customer education programs on electric safety; and
- promoting conservation to help customers save energy and money and help protect the environment.

Fort Collins Utilities' Timeline.

Fort Collins founded
as military fort.

1864

Residents vote to build a waterworks system for
domestic and fire protection purposes.

1882

Drake Water Reclamation Facility opens.

1968

Stormwater Utility created.

1980

1873

City incorporated.

1935

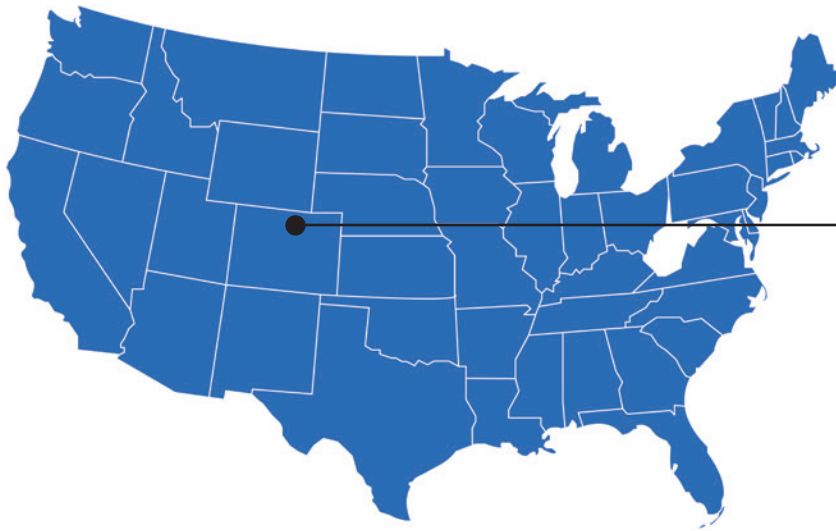
Fort Collins Light and Power
created by public vote.

1948

The Mulberry Water Reclamation Facility online
as City's first wastewater treatment facility.

1973

Fort Collins joins with others to form
Platte River Power Authority.



Fort Collins, Colorado.

Underground electrical lines. Fort Collins Light and Power was one of the first electric utilities in the nation to begin placing its electrical lines underground. We began converting our existing overhead lines to underground as a pilot program in 1986, adopted the formal undergrounding program in 1989 and completed this ambitious undertaking 17 years later at a cost of \$25 million. This progressive program directly supports our reliability goals, contributes to our lower-than-average number of interruptions and shortens interruption duration.

Generation and transmission services. Utilities receives generation and transmission services from Platte River. In 1973, the Cities of Fort Collins, Estes Park, Loveland and Longmont established Platte River as a wholesale electric utility, acquiring, constructing and operating generation capacity and supplying electric energy to the partner cities on an all-requirements basis. Platte River's Board of Directors, comprised of the mayor and the utilities director from each city, provides governance and oversight for the entity.

Platte River power generation portfolio:

PLATTE RIVER
POWER GENERATION CAPACITY (MW)

FACILITY	UNITS	CAPACITY (MW)
Rawhide Energy Station	Coal Fired	280
	5 Natural Gas	388 (summer)
		466 (winter)
Yampa Project	2 Coal Fired	154
WAPA	Hydropower	90 (summer)
		117 (winter)
Medicine Bow Wind Project	10 Turbines	8
TOTAL CAPACITY (MW)		920 (summer)
		1025 (winter)

PLATTE RIVER
NET ENERGY OUTPUT (MWh)

FACILITY	NET ENERGY OUTPUT (MWh)
Rawhide Energy Station	2,096,922
Yampa Project	1,268,915
WAPA	642,224
Medicine Bow Wind Project	25,744
WECC/RMPA Power Purchased	141,602
TOTAL NET OUTPUT (MWh)	4,245,687

In 2008, we delivered 1,438,344 megawatt hours (MWh) to our Fort Collins customers. Our system had a:

- 99.9981 percent reliability rate (ASAD), with 10.04 total minutes of interruption per customer (SAIDI) and 37.00 minutes of outage interruption for affected customers (CAIDI).
- total of 80 occurrences that led to power interruptions, for a total of 10,695.50 hours of customer time.

REACH program established to assist low-income families.

1984

Local LEAP program established to assist low-income families.

1988

Voluntary renewable wind energy purchase option started.

1998

Fort Collins Climate Action Plan adopted to reduce GHG.

2008

1987

Drake Water Reclamation Facility receives the EPA Operations and Maintenance Excellence Award.

1990s

Energy/Water Efficiency and Public Outreach programs established.

2007

Shared Vision Planning during Halligan-Seaman Project permitting commenced. Sustainability Program development commenced.

“We believe continual, careful stewardship of our water system represents enormous public trust—and establishes Utilities as community partners and leaders in sustainability.”

Kevin Gertig, Manager, Water Resources and Treatment Operations

Water Resources and Treatment.

Utilities serves the water supply, treatment and distribution needs of customers by managing water supply and storage resources, processing water at treatment facilities, distributing treated water and assuring water quality during each step. We provide water services to about 31,300 residential households and 2,400 commercial accounts in the Fort Collins area. Wastewater services are provided to 30,900 residential households and about 2,150 commercial accounts.

The Water Resources and Treatment unit is composed of five operating divisions that have overall responsibility for water resource management, drinking water production, water reclamation, environmental services and regulatory and government affairs. It also includes a process and systems group and a capital-improvement staff who support the divisions. The departmental structure promotes effective dynamic planning, engineering, operation and maintenance and permitting, among the five operating divisions as well as other departments.

Main water sources. The City receives its water supplies from the Poudre, Michigan and Colorado River basins. The Cache la Poudre (Poudre) River basin sources include very senior direct-flow water rights, shares in several local irrigation companies and storage capacity in Joe Wright Reservoir located high in the basin. Water from the Michigan River basin is conveyed into the Poudre Basin where it can be stored in Joe Wright Reservoir and then released for delivery to the City’s water treatment plant, along with other Poudre sources.

The City also owns units of the Colorado-Big Thompson (CBT) Project, which was developed by the Northern Colorado Water Conservancy District. Water from the CBT Project is diverted from the upper Colorado River basin and stored in Lake Granby, Horsetooth Reservoir and Carter Lake. This project provides supplemental water supplies to communities and farmers along Colorado’s northern Front Range. The City takes delivery of its CBT water out of Horsetooth Reservoir. Including all sources, the City currently owns water rights that have an average annual yield of approximately 74,000 acre-feet (AF) per year.

Per City Council policy, Utilities maintains enough water supply to meet an average annual treated water demand of approximately 32,000 AF during a 1-in-50 year-type drought event in the Poudre River basin. During more severe droughts, conservation or restrictions reduce demand to match available supplies.

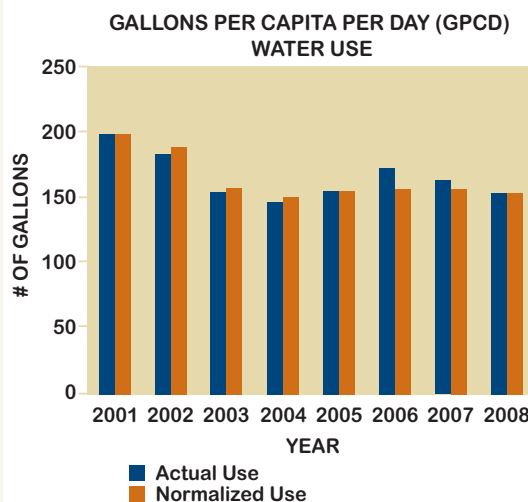
Water delivery. Utilities owns and operates one 87-million-gallons-per-day water treatment facility to ensure a sufficient supply of safe, good-tasting drinking water is delivered to our customers. Each year Utilities typically delivers:

- an average of 28,000 AF per year of treated water to customers through 540 miles of water mains;
- about 3,000 to 4,000 AF of raw water to irrigate the City’s parks, golf courses, cemetery, green belt areas and school grounds and;
- about 4,000 AF of other raw water obligations.

2008 Facts.

As a result of water conservation, per capita wastewater flows have decreased over the last 10 years, allowing Utilities to gain back 18 years of capacity at wastewater plants.

Our progressive and integrated flood management program is ranked in the top 1 percent of national programs accredited under the Community Rating System.



(1) GPCD values do not include large contractual water use.

(2) Normalized values represent average expected use for 1930-1995 weather conditions.

“We believe by balancing the mutual economic, social and environmental benefits of flood mitigation and preparedness, we will ensure public safety, water quality, habitat protection and public welfare in our community.”

Brian Varrella, Floodplain Administrator

Pilot water treatment processes. Since 1981, we have conducted water treatment pilot studies for research and development (R&D) related to water treatment. In 1990, we constructed a permanent Pilot Plant Facility for R&D and testing of leading-edge water-treatment processes prior to placing them in full commercial operation at the plant.

The Pilot Plant Facility was designed to be flexible for a wide range of R&D and testing objectives, including providing data:

- to optimize plant operations;
- for predesign of new plant processes; and
- to upgrade existing plant processes.

Over the years, our Pilot Plant Facility has addressed many issues, resulting in significant economic and water treatment process benefits. These benefits have served as the basis for more than 20 water treatment-related articles and presentations.

Safeguards water supply. Public concern about possible contamination of water sources and supply increased following the terrorist attacks of September 11, 2001. Even before 2001, Utilities staff identified the need for surveillance and other security measures at our Water Treatment Facility. Additional applicable security measures have been adopted. These include:

- strict control and monitoring of vendor shipments;
- conducting additional water quality testing;
- reassessing procedures to detect incursions; and
- providing additional employee training.

The Poudre River and Horsetooth Reservoir are the focus of protective measures, with surveillance provided by the U. S. Bureau of Reclamation and Utilities staff. Utilities continuously alters security measures as recommended by the Environmental Protection Agency (EPA) and law enforcement agencies.

Wastewater.

Utilities' wastewater operations ensure water returned to the Cache la Poudre watershed is cleaned and treated to remove contaminants. Before water is released to waterways, our Pollution Control Laboratory ensures it meets or surpasses state and federal standards.

The Wastewater Utility:

- treats the water at two wastewater facilities, which provide a total of 29 million-gallons-per-day of treatment capacity; and
- in 2008, the Drake and Mulberry Water Reclamation Facilities treated 5,545.8 million gallons of water.

Water Engineering and Field Services.

The Water Engineering and Field Services Area was formed in 1997. The Area's primary services are to operate and maintain the City's water, wastewater and stormwater collection system.

Field Services maintains:

- 437 miles of sanitary sewer mains; and
- 511 miles of water distribution mains.

The Stormwater Utility was founded in 1980. Staff administers floodplain regulations, provides review of development and permit applications, designs and manages utility and treatment facility construction projects and provides oversight of storm drainage master planning.

Additionally, our stormwater infrastructure system area includes:


- 211 miles of underground pipelines;
- 76 miles of open channels;
- 6,516 drainage inlets; and
- 90 City-owned detention ponds covering 320 acres.

All underground pipelines, open channels and drainage inlets are inspected at least once a year. Debris is removed on a regular basis, especially after storm events.



2008 Facts.

In 2008, our Water Treatment Facility was ranked as one of only six treatment plants in Colorado and approximately 200 nationwide to receive the prestigious EPA Director's Award from the Partnership for Safe Water. The Facility also received its first Bronze Environmental Leadership Award from the Colorado Department of Public Health and Environment.



“We believe our commitment to reach out to the entire community represents our responsibility as citizens vested in a sustainable Fort Collins, state, country and planet.”

Patty Bigner, Manager, Customer and Employee Relations

Progressive and integrated flood management. Our management program addresses Fort Collins' approximately 4,800 total acres of floodplain, which contain approximately 3,400 structures at risk of flooding. We have more than 20 cooperative agreements to carry out our stormwater management projects, which allow us to collaboratively explore regional solutions to flood problems throughout our watersheds.

Our floodplain management plan is based on policies and practices intended to:

- provide future generations with infrastructure that reduces threats to life safety and property damage;
- promote sustainable construction that keeps structures out of harm's way;
- reduce community-wide disruptions to commerce, livelihood and services;
- initiate capital projects to create and/or restore streams, wetlands and riparian habitat to accommodate natural flood processes;
- reduce the potential volume of landfill wastes created by flood-damaged structures and property; and
- remove homes and businesses from the floodplain through capital improvements.

The City of Fort Collins participates in the Community Rating System (CRS), a voluntary incentive program that recognizes communities with progressive floodplain management programs exceeding federal minimum requirements. Each community is rated on a scale from 1 to 10, with 1 being the highest rating. All ratings are scored on a point system that analyzes the depth and breadth of a community's public safety improvements, education and outreach efforts, information sharing, open space preservation and other factors impacting public safety during flood events.

Because of the in-depth nature of Utilities' floodplain management program, Fort Collins currently has a Class 4 rating, under CRS guidelines. The rating provides a 30 percent discount to the 377 Fort Collins residents and businesses carrying flood insurance in high-risk flood zones. This amounts to a total savings of \$63,041 per year in flood insurance premiums.

In 2008, we distributed approximately 7,500 flood-awareness brochures to home and business owners and occupants in floodplain properties. We also distributed more than 1,000 brochures, describing free floodplain management services we offer, to insurance agents, mortgage lenders and real estate professionals

Stormwater Master Plan. Using its *Stormwater Master Plan*, Water Engineering and Field Services actively manages 12 drainage basins throughout the City. The *Master Plan* analyzes the risks and potential for flooding, based on a rainfall standard and a desired level of protection. Level of protections is assessed through analysis of runoff from a 100-year rainfall (heavy rainfall that has a 1 percent chance of occurring in any given year). The *Master Plan* provides a guide for new development; prevents existing problems from getting worse; a conceptual vision for cost-effective projects that mitigate drainage and erosion problems; and stream habitat assessments with recommended improvements. The *Master Plan* reflects our philosophies and goals, including:

- escort storm runoff through the City with minimal impacts to people, property and the environment;
- provide drainage facilities and solutions that are sustainable over time;
- create facilities to minimize damage and resist disasters;
- restore and preserve riparian habitat and corridors for riparian movement;
- establish facilities that provide public safety with reasonable maintenance; and
- consider aesthetics and the concept of multiple uses in non-flood times (parks, ball fields, bike trails).

The plan also acts as a guide for regulatory management and compliance with Federal Emergency Management Agency (FEMA) floodplain regulations.

Customer and Employee Relations.

The Customer and Employee Relations Department supports the four utilities by providing customer service, marketing, education, industrial hygiene and safety coordination, training, Key Account management and energy and water efficiency services.

We conduct customer outreach and manage customer satisfaction by providing programs such as the Business and Residential Environmental Program Series, WaterSHED water quality outreach and the Annual Children's Water Festival.

Significant focus. We help customers make informed decisions about managing their energy and water. We do this by building awareness, implementing efficiency and conservation programs and providing technical expertise. Some of our most popular and successful support and outreach activities include:

- Key Account customer relationships and outreach;
- low-income weatherization for electric customers;
- voluntary Green Energy Program;
- residential lighting program;
- Integrated Design Assistance Program;
- Annual Children's Water Festival;
- Business and Residential Environmental Program Series;
- WaterSHED water quality outreach.



Finance and Budget.

The Utilities Finance and Budget Department works in collaboration with the City's Finance Department to provide comprehensive financial services for the four Utilities services and customer service and administration funds.

Responsibilities include financial and fiscal oversight, budget preparation and monitoring, debt management, financial planning, accounts payable and receivable, and purchasing. We are solely responsible for cost-of-service studies; rate development; and administration and collection of plant investment fees, raw water rights and electric development fees. In addition to the accounting, budgeting and reporting duties, we oversee utility billing, cashiering, credit and collections, asset management and records management operations.

Engaging Children.

Cole Gustafson, Utilities employee, demonstrates water treatment processes at the Annual Children's Water Festival.



Our Leaders.

*Fort Collins Mayor Doug Hutchinson
and City Manager Darin Atteberry.*

Current City Council Members and City Leadership:

Doug Hutchinson, Mayor

*Kelly Ohlson, Mayor Pro Tem,
District 5*

Ben Manvel, District 1

Lisa Poppaw, District 2

Aislinn Kottwitz, District 3

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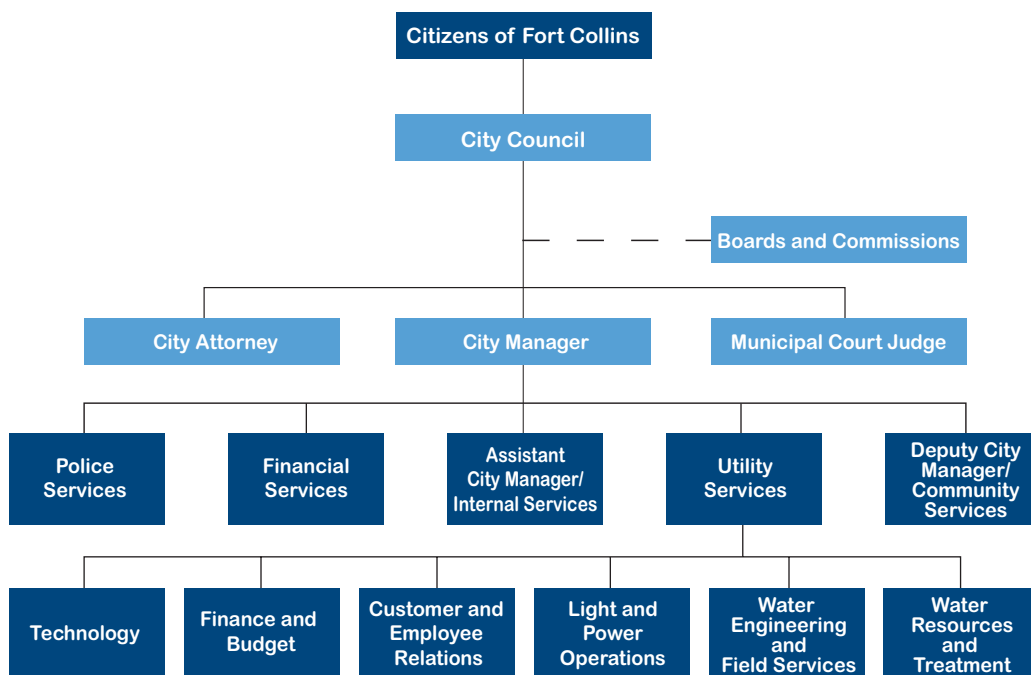
How We Are Governed.

The governance structure of the City of Fort Collins and Utilities is fairly typical of municipal organizations across the United States. The City has a Council-Manager form of government. In the case of Fort Collins, the City owns and operates a Service Area, multi-utility system that provides electric, water, wastewater and stormwater services. Similar to some but not all other municipalities' utility systems, Fort Collins Utilities and its activities are governed by the City Council and has two advisory boards—one for water, wastewater and stormwater and another for electric services. City policy states Service Area Directors (Utilities Executive Director) and department heads (Utility Service Unit Managers and Department Managers) must live in the Fort Collins Growth Area or within five miles of city limits.

City Council seeks input from Utilities' staff for policy setting directly related to Utilities' area of responsibility. Such policy matters include energy and water policy direction (conservation goals), greenhouse gas reduction and renewable portfolio standard goals. Similarly, input from Utilities and final review/ratification by Council establishes Utilities' budgets. Revenues generated by the individual utilities are restricted by City Charter for utility purposes beneficial to the customers of that utility. City Council, acting as the Utilities' enterprise board is empowered to issue debt.

The City uses the Budgeting for Outcomes (BFO) process to develop its two-year budget for City operations. The premise for BFO is the percentage of personal income residents are willing to pay for their government through taxes, fees and charges is fixed. BFO focuses on results and priorities, not on cost. The budget process shifts from paying for costs to buying results. It emphasizes accountability, innovation and partnerships. The final output is a budget that reflects citizen priorities and delivers services efficiently.

The following diagram shows the basic organizational structure and relationships:



“We believe Fort Collins Utilities is built on the principles of the triple bottom line—balancing environmental, social and financial aspects of our organization and community.”

Kraig Bader, Manager, Standards Engineering

Fort Collins City Manager. The City Manager is responsible for daily operations and organizational oversight of all City departments, including Utilities, providing direction and budgetary oversight. The Utilities Executive Director reports directly to the City Manager. The Executive Director and his senior management team provide Utilities business and operations leadership and are responsible for setting utility strategy in alignment with policy and direction from the City. City staff supports some Utilities’ administrative functions (for example, certain aspects of Human Resources and Information Technology).

Fort Collins City Council. The Council is comprised of six district council members who are elected on a non-partisan basis for a term of four years, and a mayor who is elected at-large for a two-year term. The mayor pro tem is chosen from among the entire council and serves a term of two years.

As the community’s legislative body, City Council is responsible for enacting City ordinances, appropriating funds to conduct City business and providing policy direction to City staff. By provision of the City Charter, Council has the power of appointment over the City Manager, City Attorney and Municipal Court Judge.

In general, Utilities receives policy direction from Council and aligns its management and operation with that direction while keeping Council well informed.

City of Fort Collins Electric Board. The Electric Board advises the City Council on policy matters pertaining to the municipal electric system. The Board acts as the final appeal and hearing body for customer complaints, except as is otherwise provided in Chapter 26, Article XII of the City Code, regarding termination of utility service.

City of Fort Collins Water Board. The Water Board advises City Council on water, wastewater and stormwater policy issues such as water rights, planning, acquisition and management, conservation, public education, floodplain regulations, storm drainage and development design criteria. The Board acts as the hearing body for floodplain and stormwater design criteria variances and hears appeals of decisions of the Executive Director under Chapter 10, Article II of the City Code regarding Flood Prevention and Protection, and Chapter 26, Article VII of the City Code regarding stormwater, including stormwater fee decisions.

Fort Collins Community. Citizens have direct access to City officials at virtually any time. All Council meetings are open to the public with clear procedures for public comment outlined and followed. Council meetings are taped and broadcast via a local cable channel, streamed live and made available for later viewing on www.fcgov.com/cable14. In addition, the City and Utilities conduct regular citizen/customer surveys; Council is briefed on those findings.

Our community includes an active and involved citizenry. Utilities receives broad and varied citizen input. For example, Electric and Water Board meetings are open to the public and public comment time is allotted at each meeting. Overall input received over the past year has included issues related to renewable energy credits, greenhouse gas emission reductions, stormwater management and system plans, water resource planning and water diversion, *Energy Policy* and utility rates, among many others.

City Direction.

MISSION

Exceptional service for an exceptional community

VISION

We are passionate about creating a vibrant, world-class community.

VALUES

*Outstanding Service
Innovations and Creativity
Respect
Integrity
Initiative
Collaboration and Teamwork
Stewardship*

For additional information regarding the City’s codes of conduct, policies or practices, please visit www.fcgov.com/cityclerk/pdf/bcmanual.pdf.



How We Manage Sustainability Performance.

In 2008, we created a team and developed an internal Implementation Plan that would assist our organization in making the transition to becoming a sustainable utility. The new sustainability platform was coined, “A Utility for the 21st Century.”

Project leadership. We determined it was critical to identify clear project leadership, those Fort Collins Utilities staff who will be the key decision makers on project matters, as well as the change agents providing internal and external leadership. These roles have been designated as follows:

- Organizational Sponsor: City Manager;
- Executive Sponsor: Utilities Executive Director has overall responsibility for leadership functions, including visibility and communication; and
- Initiative Champion: Customer and Employee Relations Manager has lead project management responsibilities.

Cross-section of employees. Our Core Sustainability Team (CST) was formed from a cross section of Utilities employees, including management and staff. We believed including all departments in the team was important to our intention to create a grassroots, not a top-down, management approach and effort.

Advisory Panel. Additionally, we asked community members who represent our key stakeholders and community leaders to participate in an advisory capacity. The Panel assisted us in striking an overall balance between economic, social and environmental interests. During the formative stages of our effort, the CST team and Panel met March through July 2008, along with our consultants from R.W. Beck, Inc. The Advisory Panel will continue to support and advise our efforts by balancing our current engagement practices with viewpoints of our employees, customers, suppliers, partners and the City.

Project boundaries. Utilities defined project boundaries as related to its current functions and responsibilities. Our goal was to define clearly the project scope and schedule while integrating and outlining possible future considerations, as appropriate.

Establishing a purpose statement.

One of our first tasks was to develop a sustainability purpose: “Inspiring community leadership by reducing environmental impact while benefiting customers, the economy and society.”

We believe the purpose statement has an enduring message and is the key to unifying organizational direction because it aligns with external and internal perspectives. We also understand to accomplish the sustainability purpose will require great effort and dedication from all our employees.

Comprehensive plan. Following development of the purpose statement, Utilities designed a comprehensive Implementation Plan that includes details and accountabilities for implementation. The plan designates roles and responsibilities, identifies priorities, allocates budgets, specifies schedules and details tactical action plans. Individual Sponsors and Champions have been assigned to each of the identified Issues/Strategy sets to ensure accountability and build success. At the completion of the plan, we determined annual review would be critical to maintain relevant focus.

Three-pronged approach. Our team identified four key issues we believe are integral components for the success of our plan. A three-pronged approach drives our overarching strategy and initial plan for the coming years:

- transforming our organizational culture and aligning our workforce to drive sustainability initiatives;
- educating and partnering with our stakeholders; and
- embedding triple bottom line principles into our management processes and daily operations.

“We believe a well-reasoned and considered process will help us build our path and our progress toward integrating our 21st Century Utilities Initiative within our culture and business practices.”

Tom Rock, Manager, Electric Field Services

Issues and Strategies.

The following Issues and Strategies are part of the Implementation Plan and are the strategic map we believe will assist us in becoming a sustainable utility.

Cultural Transformation: A cultural transformation must embed sustainability throughout the organization.

- A plan for cultural transformation creates a platform for organizational effectiveness.
- Visible leadership through consistent words and actions facilitates cultural transformation.
- An effective internal communication program enables cultural change and acceptance.
- Incorporating sustainability into policies and procedures establishes a framework for cultural transformation.
- A meaningful rewards/recognition program inspires innovation and risk taking.

Stakeholder Engagement: Stakeholders must be educated and motivated to support sustainability efforts.

- Leading by example inspires stakeholder participation.
- Expanding trusted relationships with stakeholders establishes Utilities as community partners and leaders in sustainability.
- Educated stakeholders provide understanding and support for utility sustainability initiatives.
- Proactive, thematic communication improves stakeholder relations.
- Incentivizing stakeholder participation increases support for sustainability programs.

Triple Bottom Line Focus: Business practices must be optimized that balance economic, social and environmental considerations.

- Ethics embedded in all Utilities practices forms the foundation of how we conduct business.
- Oversight of specific sustainability programs guides Utilities and the community toward achieving goals.
- Identification and optimization of business practices enables effective Triple Bottom Line focus.
- Incorporating tangible and intangible benefits/costs quantifies the value of sustainability programs and practices.

Workforce Empowerment: The Utilities' workforce should be empowered, engaged and supported to achieve sustainability goals.

- Clearly defined goals and roles empower employees to make decisions that support a sustainable utility.
- A supportive environment encourages employees to take the risks necessary for exceptional performance.
- Educational opportunities related to sustainability goals provide opportunities for employee advancement and growth.

The Implementation Plan complements Utilities' existing management structure by building upon already established roles and responsibilities and further expands reporting to include GRI metrics and the key performance indicators identified in the plan. Accountabilities are embedded throughout the organization and are supported strongly by our executive management, all of which are representatives on our teams. As we move forward, the sustainability plan will be updated annually to monitor our progress, maintain transparency and ensure accountability.

Acknowledgements.

We respectfully acknowledge the members of our 21st Century Utilities Advisory Panel, who guided our direction and efforts. We appreciate and thank them for the time and commitment required to assist us in this transformative process.

ADVISORY PANEL

Darin Atteberry, Fort Collins City Manager

Patty Bigner, Fort Collins Utilities

Dan Bihn, Bihn Systems

Julie Brewen, Fort Collins Housing Authority

Mark Easter, Sierra Club

Bill Farland, Research, Colorado State University

Bill Franzen, Poudre School District

Paul Fromme, Poudre School District

Brian Janonis, Fort Collins Utilities

Mark Machacek, Northern Colorado Renewable Energy

Brian Moeck, Platte River Power Authority

Robin Pierce, Fort Collins Utilities

Tom Roiniotis, Longmont Power Utility

John Sanderson, The Nature Conservancy

John Stokes, City of Fort Collins Natural Resources Department

Gary Wockner, Save the Poudre Coalition

Steve Wolley, Avago

2008 Core Sustainability Team.

Culture Team

Issue Champion: Tom Rock, Electric Field Services Manager

Jill Oropeza, Watershed Specialist

Jason Graham, Pollution Control Service Supervisor

Lori Clements-Grote, Customer Service Manager

Carol Webb, Regulatory and Government Affairs Manager

Matt Fater, Special Projects Manager

Stakeholder Team

Issue Champion: Patty Bigner, Customer and Employee Relations Manager

Jack Everett, Electric Utility Project Manager

Marcee Camenson, Community Education Coordinator

Steve Catanach, Light and Power Operations Manager

Melissa Katsimpalis, Senior Marketing Specialist

Katy Bigner, Environmental Project Coordinator

TBL Team

Issue Champion: Terri Bryant, Finance and Budget Manager

Curt Miller, Technology Manager

Kevin Gertig, Water Resources and Treatment Operations Manager

Donnie Dustin, Water Resources Engineer

Jim Hibbard, Water Engineering and Field Services Operations Manager

Kraig Bader, Standards Engineering Manager (Co-Champion)

Workforce Team

Issue Champion: Steve Comstock, Water Reclamation and Biosolids Manager

Janet McTague, Electric Utility Project Manager

Tiana Jennings Smith, Energy Services Program Coordinator

Wayne Sterler, Electric Distribution Safety Supervisor

Doug Swartz, Energy Services Engineer

Rodney Albers, Drainage System Supervisor

Lou Cordova, Supervising Crew Chief



Teacher Training.

Utilities employees, Deb Harris and Michelle Finchum, in Fossil Creek conducting teacher training as part of Utilities' WaterSHED program.



Smart Grid and FortZED.

Achieving energy independence.

Currently, the nation has an antiquated electric system unable to accommodate sophisticated demand-management approaches that promote energy conservation and energy independence. As a result, the development of alternative energy sources is greatly impeded because much of the nation's transmission and distribution system can't integrate high levels of electricity generated by intermittent distributed systems that capture energy from the wind, sun and other renewable energy sources.

The transformation of the country's electric grid depends heavily on the creation of a Smart Grid, an automated, electric distribution network characterized by a two-way flow of electricity and information, and capable of monitoring everything from power plants to customer preferences to individual appliances.

Local response to national problem.

Fort Collins Utilities locally is pursuing the integration of Smart Grid technology in direct connection with FortZED, which represents a zero energy district in Fort Collins. The purpose of FortZED is to create as much thermal and electrical energy locally as it uses within the built environment. "Locally"

is defined as a 50-mile radius around the district. Currently, the FortZED area contains about 4,500 electric customers, and its peak load is about 45 megawatts, using some 222,763 megawatts-hours or about 15 percent of the city's peak demand and energy use. The Community Foundation of Northern Colorado, in collaboration with the City of Fort Collins, Colorado State University, the Downtown Development Authority and more than 100 Fort Collins citizens helped develop the vision of FortZED.

FortZED attracts funding. In 2008, the FortZED project was one of nine projects selected nationally for \$50 million in funds from the U.S. Department of Energy's Office of Electricity Delivery and Energy Reliability. FortZED received a three-year, \$6.3 million grant, plus nearly \$5 million in matching funds and in-kind services. Additionally, FortZED received a \$778,000 New Energy Communities grant from Colorado's Department of Local Affairs and the Governor's Energy Office, plus \$2 million in local matching funds.

Smart Grid roadmap. Utilities will develop a Smart Grid roadmap with defined objectives and implementation plans to fulfill our role in the project. We and other City staff will manage the project grants, which involve a characterization study to gain a sense of how the district is configured with respect to the energy being used; whether the customers are residential, business or industrial; and how much of the load they represent. The goal is to collectively reduce peak energy usage in the district by 20 percent to 30 percent on two of the Utilities feeders serving the area. As a result of the project, we expect to develop methods for integrating distributed generation into our electric distribution system.

Transformational Change.

The following Utilities projects highlight the transformational change in our organization toward sustainability. While these projects were in planning and construction phases prior to the creation of our Implementation Plan, they illustrate the societal, industry and financial drivers that are inherent in our transformation.

Canal Importation Ponds and Outfall Project.

Correcting a history of flooding. Utilities developed the Canal Importation Ponds and Outfall Project (CIPO), following the Fort Collins City Council's 2001 adoption of the *Canal Importation Master Drainage Plan*. The project encompasses a network of detention basins and storm sewers to address flooding and water quality problems in west-central Fort Collins.

Many of the area neighborhoods developed in the late 1950s and 1960s before flood and stormwater facilities were adequately planned and constructed. This section of Fort Collins has a history of flooding with six documented flooding events in the past 70 years. In addition, to correct area and street flooding, the project will improve water quality in Red Fox Meadows Detention Basin and downstream to Spring Creek, improve the area's wildlife habitat, public access and educational opportunities.

In February 2008, we began construction of the \$21.5 million project and ended the 2008 construction season with approximately 50 percent of the construction complete. We anticipate a successful completion of the project in 2011.



Response to public concerns. In the early stages, the bordering neighborhood had concerns about wildlife in the area and construction disturbances to the neighborhood. To address neighbors' concerns, Utilities held various neighborhood meetings to explain and gain input on project design, understand resident's concerns, present final plans and communicate the construction schedule. We continue to communicate with our neighbors, explaining the reasons for the project and updating them on our work to address environmental considerations.

Mitigation plan. Within the project's geographic scope, Utilities staff identified critical habitat areas for foxes, deer and other wildlife that had been fenced off to protect CIPO areas during construction. An investigation verified threatened and endangered species were not present on the site. We developed a mitigation plan to ensure trees and wetlands will be restored to equal or greater quality than before construction. In many ways, the CIPO project assisted us in improving our community involvement and will better position us to address social and environmental considerations in the future.

Detail of concrete baffle design. This baffle is part of a CIPO outfall structure. The baffle project was done in conjunction with the City's Arts in Public Places Program.





Mulberry Facility's trickling filter.

Mulberry Water Reclamation Facility.

Opportunity to create world-class facility. Over a period of three years, beginning in 2006, our Mulberry Water Reclamation Facility experienced multiple process upsets, accelerating the failure of its trickling filter. A trickling filter provides intermediate wastewater treatment by exposing microbes repeatedly to wastewater for adsorption of organic material and to the atmosphere for oxygen. Wastewater treatment is largely a biological process and uses micro organisms to break down human waste, etc. in the liquid stream.

The plant originally came on line in 1948 and was upgraded numerous times to keep up with technology and treatment requirements. Overall replacement of this facility and upgrades required by more rigorous regulatory requirements for the wastewater treatment were expensive propositions and not fully anticipated.

In 2007, staff conducted a year-long study of options to upgrade capacity at a second treatment facility or to rebuild the current Mulberry plant. The study concluded the Mulberry facility would require 75 percent replacement. However, the cost to upgrade the second treatment facility to accommodate Mulberry's treatment flows, plus related costs to return flows to the Mulberry plant location outweighed the upgrade costs for the existing Mulberry facility. Although the design cost would be \$6.5 million and the overall project cost is estimated to be \$30 million, a considerable opportunity existed to build a world-class operation that would include many energy-efficient features and increase the level of treatment to meet anticipated and future regulatory requirements.

Building a highly efficient sustainable facility.

We worked with several contractors and a local design company to design a facility to comply with sustainable building practices. The facility will manage the original 6-million-gallons-per-day treatment capacity and treat wastewater to current state and federal standards and to anticipated nutrient removal requirements. Facility design highlights, scheduled for online operations in 2011, include:

- chemical-free facility, eliminating chemical production, transport and use, in most cases;
- organic biofilter for odor control, using recycled lumber and compost as a media for primary odor removal;
- geothermal heating and cooling system and sun tubes for lighting in the mechanical building;
- energy-efficient blowers for process air;
- premium-efficiency motors for all equipment;
- Variable Frequency Drives on various motors to optimally regulate power usage with influent flow requirements;
- LED lighting for all new exterior lighting;
- smart motor control centers to track energy usage for plant optimization;
- recycled water, instead of potable water, for utility process needs and irrigation;
- nitrate for carbon removal, reducing oxygen needs by more than 20 percent; and
- large amounts of the original construction material reused or recycled in construction.

Water Resource Planning and the Expansion of Halligan Reservoir.

Working together to increase storage capacity. The cities of Fort Collins and Greeley have proposed the Halligan-Seaman Water Management Project (HSWMP) as a two-phase regional water storage and management project on the North Fork of the Cache la Poudre River. Both cities desire to increase their cities' water-storage capacity.

Fort Collins and Greeley currently own water rights that originate in the Cache la Poudre River basin. The proposed coordinated enlargement of the two existing reservoirs—Halligan and Milton Seaman—would increase storage capacity by more than 70,000 AF (collectively) in the basin. Halligan Reservoir's current capacity of 6,400 AF would be expanded up to 22,500 AF, and Milton Seaman Reservoir, from 5,000 AF up to 53,000 AF. The cities would use the additional capacity to store water during wet periods for use in dry periods. The project would provide the cities and their municipal partners with 1-in-50 year drought protection, meaning a water supply to meet or exceed the demands during a drought that typically occurs once every 50 years.

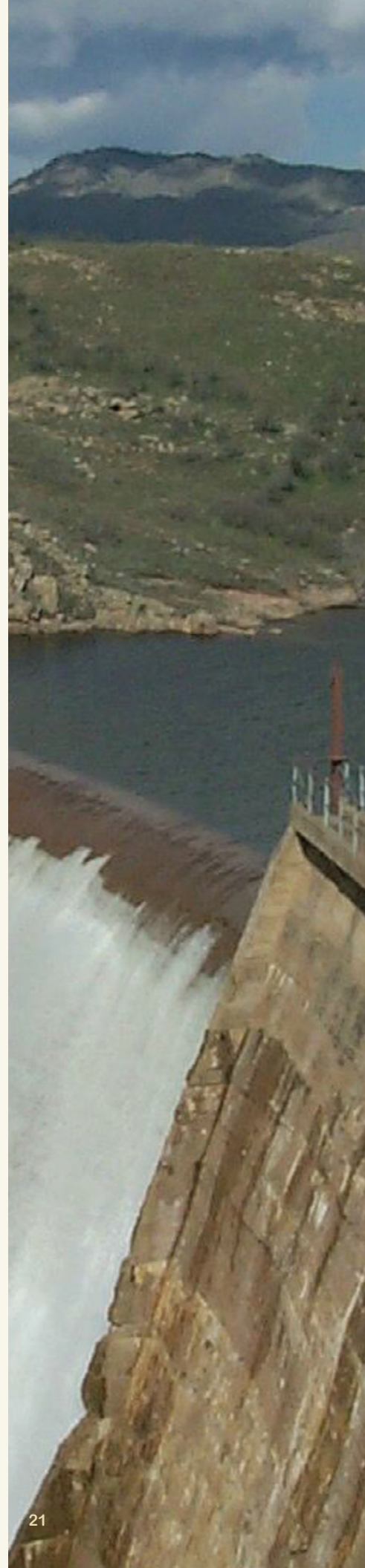
A unique aspect of our partnership is our collaboration with North Poudre Irrigation Company, which provides water to the local agriculture industry. This type of collaboration between a municipality and a private irrigation company is atypical because these sectors usually operate separately.

Shared Vision Planning. In 2004, the cities and their respective partners began the National Environmental Policy Act (NEPA) review to identify environmental impacts of the project. This review, which is ongoing, also considers the project's purpose and need and is identifying alternatives. In addition to the NEPA review, the HSWMP participants have embarked on a Shared Vision Planning (SVP) process, a collaborative approach to formulating water management solutions that combine: traditional water resources planning; structured public participation; and collaborative computer modeling. SVP participants include private and governmental organizations, including The Nature Conservancy, Trout Unlimited, the Colorado Division of Wildlife and several others.

To assess the effectiveness of the planning process and to contain the costs and time involved, the process scope initially is limited to evaluate the possibility of streamflow enhancement on the North Fork and mainstem of the Cache la Poudre River, upstream of the North Fork confluence.

The Army Corps of Engineers (The Corps) has allowed the process to occur parallel to the NEPA permitting process and has been attending and observing the planning sessions. The Corps is considering the SVP process as a future alternative to the current NEPA permitting process, which is long, costly and often litigated.

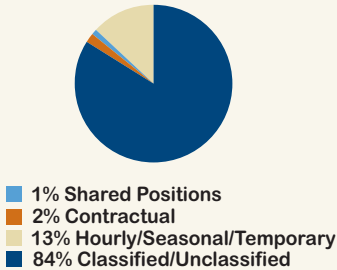
The limited SVP process for the HSWMP began in 2008 and will continue into 2010. If the process is considered successful, it may be expanded to include other HSWMP goals, such as enhancing flows in the mainstem of the Poudre River downstream of the mouth of the canyon.



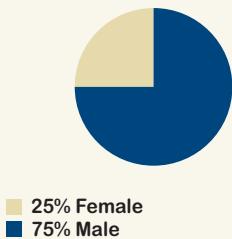
“We believe the process of understanding what employees value on a personal level as well as the values of the organization are a crucial part of transforming the culture and creating a Utilities for the 21st Century.”

Carol Webb, Manager, Regulatory and Government Affairs

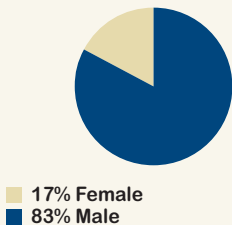
WORKFORCE BY EMPLOYMENT TYPE



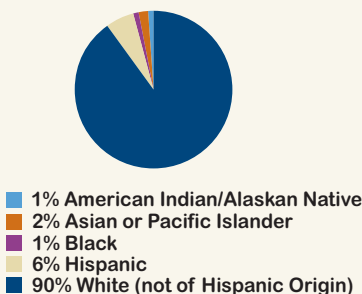
2008 GENDER DISTRIBUTION



MANAGEMENT DISTRIBUTION BY GENDER



WORKFORCE COMPOSITION: ETHNICITY



How We Engage Our Employees.

Culture. As a major employer in the community, we strive to offer a work environment that encourages teamwork, values the individual and is passionate about providing world-class service. For Utilities, this means improving employee morale, increasing awareness and education about the issues our Utilities and industry face now and in the future, as well as improving communication and accountability.

Gathering feedback. The City conducts regular employee surveys. For example, the City administers an employee-engagement survey, Q-14, twice each year. The survey is based upon the Gallup Q-12 survey, and includes two additional questions that focus on issues pertinent to City employees. Gallup Consulting is a leading international research and polling firm.

The City's Q-14 survey questions focus on key expectations that, when satisfied, form the foundation for people being engaged in their work. Gallup research indicates employees enjoy their jobs and perform at higher levels when they are engaged. Survey results are posted on the City's intranet site and distributed, and managers use this information in working with their teams to create the best possible working environment.

In addition, three or four Utilities employees participate on an employee committee, as well as other City staff. The committee seeks to improve employee trust, communication, morale and connectedness and provides recommendations to the City Manager's office based on employee input.

Ensuring a positive work environment. Fort Collins Utilities is an Equal Opportunity Employer. All new employees are required to complete a training session that reviews zero-tolerance policies for discrimination and harassment, while supervisors are required to complete ongoing training programs to identify and eradicate all forms of harassment and discrimination in the workplace. We are proud to report within Utilities, no incidents of harassment or discrimination occurred in 2008.

Employees who believe they are subject to harassment or discrimination or have observed actions of harassment or discrimination are encouraged to promptly report incidents to a department supervisor or the City's Director of Human Resources. Supervisors must immediately report to the Director all complaints, observed incidents or suspected incidents. Human Resources investigates all complaints and recommends appropriate action.

Per the City of Fort Collins Charter, without voter approval, City employees are not allowed to organize. Currently, no collective bargaining agreements or unions exist within Utilities. As a result, no labor-related work disruptions have occurred. Utilities and City employees also are prohibited from participating in political activities, except voting, while on duty. Additionally, employees may not engage in certain activities and practices while representing Utilities. Such activities include: involvement in public policy lobbying and using their positions to influence or support elections or candidates.

Talent and performance management.

We are committed to providing ongoing learning and development opportunities to executives and employees alike. For example, the City has tuition-reimbursement programs for employees to further their education and pursue degrees at the university level or at trade schools. Per City policy, all full time employees must participate in an annual review process in which performance is discussed and goals are formulated to guide contributions and career development.

We anticipate nearly 40 percent of our workforce will retire in the next five to 10 years. This presents a significant challenge to our operational consistency, and we consider succession planning a crucial part of our sustainability efforts. To ensure we maintain our level of excellence and renew our skilled workforce in the years to come, we are committed to attracting new workers and retaining current employees.

“Our main example of safe work practices is the fact the employee is able to go home and spend quality time with his or her family and friends. When working in our field, this is our #1 objective.”

Wayne Sterler, Supervisor, Electric Distribution Safety

How We Manage Employee Health, Safety and Well-Being.

Health and Safety. The health and safety of our employees is critical to our mission and guided by our ethic to protect employee well-being.

The City's Risk Management Division is responsible for establishing a safe work and service environment for City employees and their activities within the public environment. Risk Management's Occupational Health and Safety program serves as an umbrella, providing the basic safety requirements. These requirements serve as a basis for other departments to build safe, consistent work practices that foster safety excellence and continuous improvement. Health and safety data is prepared, reviewed and analyzed on a quarterly basis while incident investigations are conducted periodically by workgroups. Additionally, we have a full time Industrial Hygienist who works closely with the Risk Management division to ensure the safety and health of our employees and customers.

Regular monthly meetings on safety. We seek to ensure our work crews are prepared and aware of any hazards they may encounter during their work. We dedicate regular monthly meetings with our crews on different safety topics, require specific classes

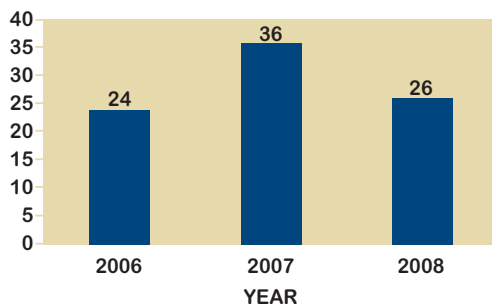
based on their job duties and encourage safety as a pertinent aspect of our workplace culture. Annual and monthly meeting and training topics include, among them:

- CPR, first aid and automated external defibrillators
- fall arrest
- vault entry
- bucket truck rescue
- confined space entry
- hazardous material identification, handling and response
- back health
- Self Contained Breathing Apparatus usage and maintenance
- West Nile Virus awareness
- asbestos awareness
- departmental emergency response
- electrical safety

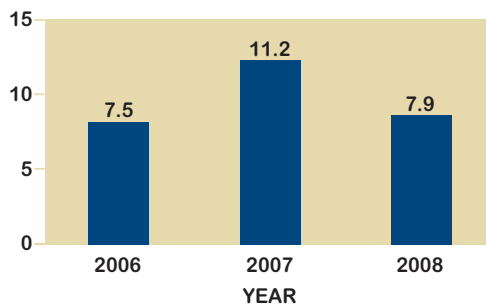
With 26 reportable injuries, the total of 2008 recordable injuries was down from 2007. A large portion of injuries continues to be caused by straining to perform some task. On a Citywide basis, the Risk Management Department reports strains are the most costly injuries and result in the most restricted or modified duty.

Through collaboration, hard work and dedication, our employees and managers are committed to meeting the needs of our customers without compromising safety.

NUMBER OF RECORDABLE INJURIES



OSHA INCIDENT RATES



Safety Underground.



Utilities Employee Benefits.

- *Medical Insurance*
- *Dental Insurance*
- *Life Insurance*
- *Long-Term Disability*
- *Vision Insurance*
- *Flexible Spending Accounts*
- *Retirement*
- *Paid Vacation*
- *Paid Sick Leave*
- *Short-Term Disability*
- *Paid Holidays*
- *Employee Assistance Program*
- *Award-winning Wellness Program*

2008 Total Benefits Obligation:
\$7,031,743

Specific safety policies protect employees from unique hazards.

The Utilities department managers are responsible for establishing department-specific safety policies and procedures designed to protect employees from unique hazards found in the respective departments. Managers also provide guidance in establishing goals and directives for their department-safety efforts. Utilities also relies on external consultants to periodically perform Risk Management Audits, where gaps are identified and addressed.

Light and Power developed the area's Safety Manual, in conjunction with the American Public Power Association Safety Manual (APPA), to clarify expected levels of safety practices and applicable regulations. Water and Wastewater facilities have chemical, chlorine safety and evacuation plans, the Water Field crews have FEMA's NIMS ICS 100 and IS 700 certificates, valid for five years. Additionally, the Drainage and Detention crew participates in Flood Emergency Table-Top exercises nearly every year.

Benefits. Full-time classified employees have access to complete benefits; while benefits are pro-rated for part-time employees. Contract employees have access to all benefits except retirement, and hourly employees with benefits may purchase medical benefits at full premium price. In 2008, the City's Employee Committee proposed to the HR Department that insurance benefits be extended to domestic partnerships. After investigating this option, the insurance benefit has been approved for the 2010 budget.

Employee Well-Being. The City's Wellness Program aims to provide all City and Utilities employees and their families with exceptional services to motivate them towards healthy lifestyle choices, and ultimately healthier and more productive lives. We consistently look for ways to improve our operations and minimize the risks our employees and citizens are exposed to in their daily activities.

Wellness benefits include:

- access to three fitness centers for employee use, one of which is located at the Utilities Service Center;
- participation in a variety of classes on topics related to nutrition, stress reduction and management, tobacco cessation and exercise classes such as aerobics and yoga; and
- the possibility of earning up to three vacation days annually for qualified employees who complete within a trimester a wellness plan with multiple components related to physical activity, learning, behavior change and awareness.

“We believe we have a responsibility to educate and motivate our community to support sustainability efforts.”

Marcee Camenson, Coordinator, Community Education

How We Engage Our Customers.

Key Accounts. The Key Accounts Program is designed to maintain and enhance mutually beneficial business relationships between Utilities and those customers who, on an individual basis, have a critical economic or strategic impact on the City's four utilities. On the electric side, Key Accounts staff works collaboratively with our wholesale provider, Platte River, to bring added value and stability to the power-supply relationship that exists between our Key Accounts customers, Platte River and Utilities. Services include educational workshops, energy efficiency incentives, liaison and other individually designed customer support.

Customer Satisfaction and Attitude Survey. The most recent Utilities' Customer Satisfaction and Attitude Survey was conducted in late January and February 2007 to determine customer satisfaction among residential and commercial customers. The questionnaires for each group were similar. Utilities engaged R. W. Beck, Inc., to design and conduct the survey and a sub-contractor to conduct all the telephone interviews. To track trends, the survey instrument was based on the design of 1999 and 2003 Utilities' market research surveys.

Similar to results of the 1999 and 2003 studies, approximately 90 percent of residential and commercial customers gave Utilities an “A” or “B” grade overall Utilities services and for Utilities' individual services areas.

However, the survey indicated a major gap between customer perception and their expectations of Utilities. Termed the ‘green gap,’ customers did not think Utilities was as environmentally conscious as they would prefer. Notably, nearly one-quarter of respondents indicated they did not perceive Utilities to be doing enough regarding energy and water conservation.

Survey recommendations encouraged Utilities to further explore this gap in the context of our stewardship mission and enhance communications efforts to increase customers' awareness of Utilities' conservation and sustainability practices.

The 2007 survey served as another impetus for Utilities to form its 21st Century Initiative.

How We Engage Our Community.

Over the years, Utilities actively has engaged community members from school-age children to adults in programs that stress the importance of conserving natural resources. We provide a wide variety of education programs, seminars and public outreach to local schools, community organizations, businesses and residents. Our programs range from safety to energy efficiency and water conservation.

Youth Education. As citizens of the future, our youth have a key role in understanding the value of our natural resources and how conservation of these resources promotes and protects a sustainable world today and for future generations. Our educators focus on watershed protection, water conservation and energy conservation, specifically matching their programs to school district curriculum.

- **WaterSHED program.** The program's main purpose is to support Water Engineering and Field Services' goal to educate students, teachers and volunteers about the importance of maintaining clean land and water in our community. The student-focused portion of the Utilities WaterSHED program includes standards-based science and math activities designed to give students real world, scientific experiences in local streams and rivers.
- **Dr. WaterWISE.** The program supports Utilities' conservation goals to educate customers and youth regarding how to use water efficiently indoors and out. Dr. WaterWISE provides scientific, hands-on, water conservation activities that help third, fourth and fifth graders be water wise.



Youth Programs.

WaterSHED program teaches students, teachers and volunteers about the importance of maintaining clean land and water.



Drinking Water Week.

Annual educational series offered to the Fort Collins Community.

RESIDENTIAL PROGRAM SERIES. *Topics presented by Utilities included:*

- *Improving Comfort, Safety and Energy Efficiency in Existing Homes;*
- *Xeriscape by Design;*
- *Watering with Conservation in Mind; and*
- *'Greening' Your Home: Reducing Your Environmental Footprint.*

BUSINESS PROGRAM SERIES. *Topics presented by Utilities included:*

- *Water Smart Landscapes;*
- *FortZED, Zero Energy District;*
- *Overview of Carbon Markets; and*
- *'Greening' your Business: Assessment and Action.*

- **Energy Education.** Energy education focuses on energy conservation and current and future energy sources in our community. Our youth education program consists of three 16 station hands-on labs customized for grades sixth, eighth and high school. Students explore coal, wind, solar and hydro power sources as well as practical applications of insulation, lighting and energy peak demand.
- **Outdoor Classrooms.** Currently, we have eight outdoor classrooms located within walking distance of nearby schools. Outdoor classrooms showcase wetlands, providing space for short- and long-term scientific studies.

Residential and Business Environmental Program Series.

For more than 20 years, Utilities has collaborated with other City departments to offer educational workshops and lectures to the public on topics related to the environment. Two series are offered throughout the year, geared separately for businesses and residents. In 2008, the City offered 13 programs for residents and seven for businesses.

Public outreach. Utilities connects with its customers and the broader community through public outreach that builds awareness and engagement through a variety of educational approaches: media campaigns, annual regulatory reports, brochures, open houses, public meetings, Web site links, etc.

- **Water Engineering and Field Services.** In July 2008, Water Engineering and Field Services sponsored its annual Flood Awareness Week to promote public safety through flood awareness and preparedness.
- **Water Resources and Treatment.** Water Resources and Treatment staff participate in the annual Drinking Water Week, sponsored by the American Water Works Association. In May 2008, Utilities participated in a week-long effort focused on how water professionals and the communities they serve can join together to recognize the vital role water plays in our daily lives.

- **Light and Power.** Annually, the Light and Power Utility participates in national Public Power Week, sponsored by American Public Power Association. In 2008, Utilities celebrated the importance of public power to communities.
- **Low-Income Assistance Programs.** Utilities has offered low-income assistance programs to our customers for many years. Two key programs include the Payment Assistance Fund and Residential Energy Assistance. Together, these programs assisted 359 customers in 2008 and offered \$56,315 in funding. However, while we strive to assist our customers in avoiding service disconnections, we discontinue services for non-payment after two written notices and a phone call are unaddressed by the customer. In 2008, we disconnected the services of 9,536 accounts due to non-payment.
- **Payment Assistance Fund.** This fund helps keep heat, electricity and water services connected for local families and senior citizens who are struggling to pay their bills. The program is funded entirely by customer donations. The fund has helped hundreds of residents since the program's inception in 2004.
- **Residential Energy Assistance.** To tap into the resources offered through this program, eligible residents can apply, according to family size and income guidelines, for free home weatherization services that may reduce energy use 10 percent to 40 percent. Services include:
 - safety testing of furnaces and water heaters;
 - testing for home air leakage;
 - insulation and weather stripping;
 - furnace tune-ups, repair or replacement;
 - low-flow showerheads;
 - water heater blanket;
 - duct sealing;
 - compact fluorescent lighting; and
 - energy-savings information.

Utilizing a whole-house approach, Utilities partners with Long Peak Energy Conservation (a division of Boulder County Housing Authority) to offer the program.

- **Life Support Notification.** Utilities encourages customers with life-support systems to make arrangements to accommodate power outages. Although not guaranteed, and offered on limited occasions, we will notify customers of planned power interruptions.

Partnerships.

- **The City of Fort Collins Electric Board** acts as a sounding board to staff to help identify the ratepayers' service delivery expectations and other duties provided by City Council ordinance. Members are Fort Collins citizens and technical expertise is not required to sit on the Board. However, one or more of the following is preferred: background in an electric utility, understanding of deregulation issues, finance, marketing or business administration background, and consumer advocacy. The Electric Board holds monthly meetings.
- **The City of Fort Collins Water Board** is somewhat different than typical utility water boards because of the broad issues and topics related to our Water, Wastewater and Water Engineering and Field Services utilities operations. Water Board members are Fort Collins citizens, broadly concerned with policy issues. Diversity of backgrounds and interests characterize the Board's current membership: construction, engineering, economics, political science, law and business, as well as consumer and environmental concerns. The Water Board meets on a monthly basis.
- **Adult training programs.** Adult training allows volunteers and teachers to learn about our conservation programs in depth. Each year adult Master Naturalist volunteers participate in WaterSHED activities through a partnership with the City of Fort Collins Natural Resources Department. In addition, teacher training is offered in water conservation and stream ecology.

- **PREP (Poudre River Ecology Partnership).** In partnership with The Nature Conservancy and landowners adjacent to Halligan Reservoir, we provide support for the ongoing studies of the Poudre River Watershed with three Poudre School District mountain schools.

Active role. Our Utilities has taken an active role in helping to establish and monitor a State of Colorado legislative agenda through Colorado Association of Municipal Utilities (CAMU) and the Colorado Legislative Action Committee (CLAC).

- **CAMU** is a non-profit organization that represents the 32 cities and towns throughout Colorado that own and operate their own electric and natural gas systems. CAMU is a source for legislative representation, training and information for its members. CAMU helped establish the Colorado Energy Forum to look at the State's current electricity markets and infrastructure and produce forecasts of Colorado's future energy needs. CAMU also participates on the Task Force on Reliable Electricity Infrastructure.
- **CLAC**, in 2008, helped provide background in the formulation of HB 2008-1270: *Energy Generating Devices and Energy Efficiency Measures allowed in Colorado Common Interest Communities*. The bill became effective on August 6, 2008, and allows owners in Colorado Common Interest Communities more rights to generate and save energy. Owners can install solar energy or wind-electric energy generating devices. Owners also can install and maintain energy-saving devices (any improvement that reduces energy use, like awnings, shutters, trellises, shade structures, attic or garage fan or vents, evaporative coolers, outdoor lighting, clotheslines, etc.).



Adult Training Programs.

Master Gardeners is part of the Master Naturalist volunteers program.



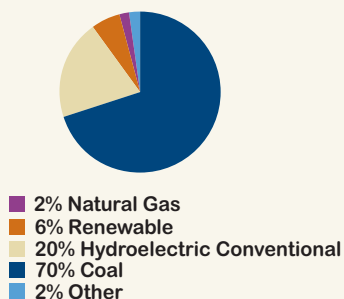
Rawhide Power Plant.

How We Manage Our Impacts on the Environment.

At Fort Collins Utilities, we directly or indirectly use natural resources, water, coal, natural gas and vehicle fuels to deliver and support our services. We also utilize chemicals, wood, steel, copper and aluminum in providing water, wastewater, stormwater and electric services. Our proactive energy and water policies define short- and long-term goals and strategies to sustainably provide these services and meet or exceed regulatory requirements.

Our environmental footprint. To operate and deliver water, wastewater, stormwater and electric services, Utilities impacts the environment by emitting greenhouse gases (GHG); consuming fossil fuels, energy and materials; diverting fresh water; discharging treated wastewater; producing waste materials; and impacting biodiversity.

FORT COLLINS UTILITIES' 2008 POWER GENERATION MIX



Energy and GHG Emissions.

Platte River Power Authority. Our membership in Platte River accounts for a substantial portion of our environmental impacts. Platte River owns and operates power generation resources, which provide energy for our local needs. These resources result in significant environmental impacts. While Utilities does not directly own and operate the power generation facilities, as a member of Platte River we are responsible and account for our portion of Platte River's emissions, coal consumption and other environmental impacts.

Of the resources utilized by Platte River to generate electricity for Utilities and the three other member cities, coal accounts for 70 percent of the total power generated.

Energy and water savings programs. As part of our sustainability efforts and *Energy Policy*-related goals, we offer a variety of programs and incentives to assist customers in reducing their energy and water use. These programs are expanding in scope to improve our outreach effectiveness to increase participation. We continue to research and plan new programs to help customers conserve energy and water and to manage our electric demand.

“We take steps to mitigate our impacts wherever possible, even improving and restoring habitat when possible.”

Matt Fater, Manager, Special Projects

Utilities committed to reducing GHG.

Our significant reliance on coal for power generation presents a major risk and an opportunity, which strengthens our commitment to assist the City and community in reaching the City's ambitious GHG reduction goals. With 70 percent of our power coming from coal, we have an opportunity to significantly reduce our GHG emissions through efficiency and conservation efforts. Shifting to lower-emission resources will likely mean higher costs because coal, from a purely economic standpoint, currently is one of the most inexpensive fuel sources. However, the costs of coal-fired generation must take into account the environmental and social costs associated with mining, transportation and climate change. Significant risks exist if no action is taken to reduce GHG emissions. In addition, pending federal legislation could significantly increase the cost of coal-fired electric generation by explicitly including a cost for carbon.

In the Fort Collins community and at Utilities, we are committed to defining a path to reduce our carbon emissions while maintaining high reliability and a focus on affordable bills, particularly for our low-income customers.

Resolution 2008-051. Adopted by City Council in May 2008, Resolution 2008-051 establishes two greenhouse gas goals for the Fort Collins community and one near-term “intent” to reduce emissions. The two goals are aligned with statewide goals set by the State of Colorado.

Goal:

- Reduce communitywide greenhouse gas emission 20 percent below 2005 levels by 2020.
- Reduce communitywide greenhouse gas emissions 80 percent below 2005 levels by 2050.

2012 Intent:

- Reduce communitywide greenhouse gas emission by the end of 2012 to a level not to exceed 2,466,000 tons of CO₂e, which is comparable to 3 percent below 2005 levels.

2008 Climate Action Plan. On December 2, 2008, City Council adopted by resolution, the 2008 *Climate Action Plan*. The plan's recommended actions require Council approval for funding through the City's normal budget process. The 2008 *Climate Action Plan* provides an important unifying framework for Fort Collins to lead in the Colorado's new energy economy and to advance the economic and environmental sustainability of our community.

Utilities has a significant and influential role in assisting the community to achieve the GHG reduction goals set forth by the *Climate Action Plan*. We carefully consider the development and adoption of programs, technology and the evolving regulatory landscape for the optimal solutions to support the *Climate Action Plan*. On-going and new programs related to operational and building energy efficiencies, energy and water conservation, Advanced Metering Infrastructure (AMI) and Smart Grid technology, renewable energy generation and others offer many effective ways for Utilities and customers to reduce their GHG emissions.

Focus on Climate Protection.

CLIMATE ACTION PLAN.

The Climate Action Plan provides a blueprint for making progress on Fort Collins' greenhouse gas reduction goals while advancing multiple other City objectives.

CLIMATE WISE.

Climate Wise was selected as the Top 50 Programs of the 2008 Innovations in American Government Awards given by the Harvard Kennedy School.



Energy Efficiency Programs.

We help preserve our environment and save our customers money through water and energy efficiency programs and community leadership.

- Green Energy Program
- New and existing home energy improvements
- Water-wise lawn care and Xeriscape programs
- Appliance recycling programs and rebates
- Zero-interest loans for energy improvements
- Load-management energy programs
- Conservation education
- And more...

Fort Collins was the first Light and Power Utility in Colorado to offer our customers the option to purchase wind-powered energy.

Full accounting. To fully account for our GHG-related emissions, our total emissions are reported in two ways:

- the Platte River ownership allocation method; and
- the Utilities' direct load method.

The ownership allocation method for GHG emissions will be significantly higher than our direct load-related emissions because the Platte River generation facilities provide more power than the combined members require. Platte River sells the surplus energy to other utilities. While Utilities' customers do not directly consume this surplus power, they do economically benefit from the surplus power sales, thus these GHG emissions are captured in the ownership allocation method.

The Utilities direct load:
1,306,021 CO₂e tons

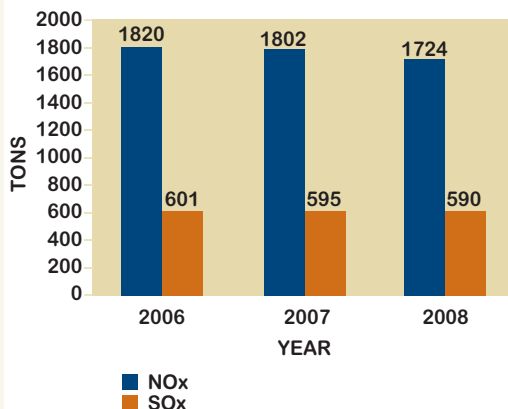
The Utilities Platte River ownership:
2,220,236 CO₂e tons

Showing both levels of emissions allows us to fully report our total allocation of Platte River emissions, which also allows us to document the effects of increased renewable energy purchases by customers and Utilities, in addition to our energy efficiency efforts.

Additional regulated air emissions from Platte River include:

- NOx: 1,724 tons
- SOx: 590 tons

NOx and SOx EMISSIONS



Energy efficiency and renewable energy.

At Utilities, we are developing strategies to reduce GHG emissions in alignment with the City's GHG reduction goals for 2020. We have developed an *Energy Policy* that guides our strategies related to reliability, GHG emissions reductions and economic health. In 2008, we spent much of the year updating our *Energy Policy*. Policy revisions reflect our five years of experience implementing our 2003 policy, the evolving electric utility industry and the interests of Fort Collins citizens.

We recognize energy efficiency and conservation as the most cost-effective ways to reduce GHG emissions and save money for our customers. We continue to plan for expanding and improving our efficiency programs to produce additional savings through reduced energy use by customers. With a mix of rebates, financial incentives, education and training-related energy efficiency programs, we expect the programs to achieve an annual energy reduction of 1 percent of our annual total load (approximately 14,500 MWh per year) by 2009. In 2008, we achieved energy-efficiency program savings equivalent to 0.8 percent of the community's electric use.

By participating in our numerous programs, our customers saved more than 11,400 MWh, reflecting an increase of 29 percent from 2007 program results.

Voluntary renewable energy program.

The Green Energy program has continued to grow in popularity with customers; in 2008, this voluntary program supported the purchase of 36,000 MWh of renewable energy for 1,650 customers. Participating customers paid an additional premium of 1 cent per kilowatt hours (kWh) to purchase the renewable energy. The price premium was subsidized by Utilities for customers to maintain program consistency. The actual tariff premium from Platte River was 1.2 cents per kWh. This subsidy for the voluntary Green Energy program required the investment of \$73,000 from Utilities.

Rate-based renewable energy. In addition to the voluntary Green Energy Program, Utilities purchases renewable energy from Platte River on behalf of all customers. In 2008, rate-based renewable energy purchases were 57,000 MWh. The total renewable energy purchased from Platte River in 2008 was 93,000 MWh. Planned purchases of renewable energy are for a minimum of 95,000 MWh in 2009 and 96,000 MWh in 2010.

State legislation requires large municipal utilities provide 10 percent of generation resources from renewable energy by 2020, with an interim goal of 1 percent through 2010, 3 percent through 2015 and 6 percent through 2019. In 2008, Utilities provided 3.8 percent rate-based renewable energy towards these requirements.

On-site renewable energy. In addition to our support of utility-scale, renewable energy projects, we also support local solar generation through net metering and incentive programs. The Residential Parallel Generation Pilot Program continued in 2008 with steps taken to transition this program to a permanent offering. The Program, also known as the Net Metering Program, offers residential and small commercial electric customers full retail buy-back provisions for electricity generated by solar photovoltaic (PV) systems connected to the electric grid.

As of December 2008, the program had 16 residential customers and three commercial customers whose PV systems were inspected and operational. The total peak capacity of these systems was 47 kilowatts (kW). Utilities also participated in a matching grant from the Colorado Governor's Energy Office for rebates for PV installations. Twelve rebates were awarded (or reserved for early 2009 installations), totaling \$47,000.

City of Fort Collins Climate Wise program. Utilities supports Climate Wise, a voluntary, public-private partnership between the City of Fort Collins and local businesses to reduce greenhouse gas emissions. Utilities provides the program direct funding, energy services engineering expertise, water conservation consultation and other staff assistance. The program offers technical assistance and recognition to help businesses reduce waste,

save energy and water and promote alternative transportation. The program also helps businesses take advantage of energy efficiency program incentives, reducing the capital expense of project implementation. In 2008, the more than 120 Climate Wise businesses documented more than 100,000 tons of avoided greenhouse gas emissions. Utilities is proud to collaborate with other City departments in this innovative program, which has proven so beneficial to our local businesses and the environment.

Energy consumption. Aside from power generation, our largest sources of energy consumption are our fleet vehicles and treatment facilities.

In 2008, 90 percent of our electric use and 51 percent of our total natural gas use were directly related to our water and wastewater treatment facilities. The remaining energy and natural gas use was related to our support facilities. Our Drake Wastewater Facility has taken steps to save costs by "power shaving" during times of peak demand. Staff monitors load trends on a Platte River Web site, and powers down some of the high-energy consumption equipment for a two- to three-hour period. This can result in significant savings as peak demand prices are at a premium price. Power shaving also assists Platte River and Utilities in their energy load management and contributes to the deferment of building additional power-generation sources and transmission capacity.

For our water production and treatment, we calculated 2,777 kWh and 38.8 Therms per-million-gallons of water produced are consumed from source to effluent.

Our fleet vehicles were responsible for a total of 150,130 gallons of fuel consumption. This fuel use is down 8 percent from 2007. Some of the fuel savings can be attributed to the shift of our Light and Power crews to four 10-hour days during the work week in the summer season. Additionally, the City uses B20 biodiesel, propane and in 2008 added E-85 to increase the use of alternative fuels for our vehicles. These fuels comprised of 58 percent of our fuel use in 2008, thus reducing our emissions and our dependence on gasoline.



Purchasing Considerations.

As part of the City's administrative policies, departments are strongly urged to consider buying vehicles rated for low emissions and high gas mileage. In 2008, Utilities purchased two Neighborhood Electric Vehicles for short-distance business commuting.



Joe Wright Reservoir.

2008 Fact. Our energy consumption is lower than many utilities, as the Fort Collins water distribution system is mostly gravity based, requiring very little pumping.

Energy Challenge. As part of our efforts to reduce energy consumption in our Utilities offices and facilities, we developed an Energy Challenge in March 2008 to encourage employees to reduce their electric consumption. This challenge developed into a healthy competition between our Utilities Director and the City Manager who sought energy savings at other City sites, including City Hall. The reductions were based on voluntary employee actions such as turning off lights, computers and other equipment. Over a period of eight months, the competition resulted in an energy savings of 146,780 kWh and \$10,275 for the two Utilities' buildings that participated in the City challenge. Utilities hosted a celebration to acknowledge our participating employees' accomplishments.

Water.

Water use and discharge. As a water and wastewater utility, we must divert and treat raw water for drinking supplies and collect, treat and clean wastewater or sewage for discharge and return it to the waterways. By diverting and selecting specific sources from the watershed around the Fort Collins area, we are able to provide clean, safe drinking water to our customers. Platte River also uses water to generate electricity in support of our Light and Power Utility. Our membership in Platte River results in additional water diverted from the Colorado (via the Windy Gap and CBT Projects) and Yampa rivers for power-generation needs at the Rawhide and Craig generation facilities. The total amount of water used by Platte River is approximately 6,000 AF per year.

Water treatment and reuse. The Utilities' two wastewater facilities treated 5,546 million-gallons-of-water in 2008. In an effort to make more efficient use of local water supplies and reduce diversions from the Poudre River, we provide 4,200 AF of treated wastewater effluent to the Rawhide facility to meet cooling needs.

The reuse of treated wastewater by Platte River equates to approximately 25 percent of the total wastewater treated; the remaining 75 percent of treated wastewater is discharged back to the local watershed.

Due to the nature of our water rights, we are only able to truly recycle and reuse a small portion of our treated wastewater effluent, much of which is sent to the Rawhide Energy Station. Most of Utilities water rights are classified as single-use water rights in Colorado and cannot be reused by the City.

In addition to the reuse of water by Platte River, we recycle sidestream flows in our wastewater treatment process. Sidestream flows are solids from biological reactions that occur in the aeration basin and settle, as effluent, in sedimentation basins. This sidestream flow is returned to the beginning of the plant for treatment. The effluent then is disinfected and discharged to either the Poudre River or an irrigation ditch. Although they are recycled, sidestream flows are not reused or reconsumed. In 2008, side stream flows totaled 394 million gallons at the Drake Water Reclamation Facility.

Water Supply and Demand Management

Policy. This policy guides Utilities in balancing our community's supply and demand, even during drought conditions. Furthermore, Water Resources and Treatment helps manage and protect the regional water supply and watershed by improving water quality and reducing pollution entering our waterways. We have been a member and major funder of the Big Thompson Watershed Forum for 11 years and partner with other organizations on regional projects to monitor and analyze water quality in the CBT watershed. We also are developing a water quality monitoring program for the upper Cache la Poudre watershed with other drinking water providers that use the water, and we work with other entities to monitor and protect watersheds upstream of our intakes. In accordance with federal regulations, we deliver water quality reports to consumers each year, available at www.fcgov.com/water/dwqr.php.

In 2008, we diverted 26,135 AF of raw water from the Cache la Poudre River and Horsetooth River to provide treated water to Fort Collins—a decrease of 7 percent from 2007. This likely is a result of increased precipitation in 2008 and water conservation efforts, which decreased our customers' water demand.

Waste and Procurement.

Material use and waste. In 2008, our allocation of Platte River's power generation resulted in consumption of 833,896 tons of coal. This is a 3.8 percent decrease from 2007, mostly due to the six-week shutdown of the Rawhide plant to install a more fuel efficient high-pressure/intermediate-pressure turbine rotor and blades. The new turbine is more efficient than the other units and runs first during peak load. The consumption of coal for power generation also results in waste ash, which is our largest source of waste generation. We were responsible for generating 33,875 tons of waste ash, while an additional 694 tons were recycled and designated for a beneficial use in such products as cement and concrete structures.

Another major source of waste.

Our Wastewater Utility is another source of waste generation. In 2008, we were able to remove 94 percent, or 1,738 dry tons, of biosolids from the wastewater effluent prior to returning the water to the watershed. Biosolids are a nutrient-rich organic material created from the biological and physical treatment of wastewater. In 1990, the wastewater utility purchased the 26,000-acre Meadow Springs ranch outside Fort Collins. The ranch is used primarily for management and deposition of biosolids produced through our wastewater treatment process. Our biosolids are applied to the ranch land, providing benefits such as soil structure improvement, water retention and slow-release fertilizer. In addition to biosolids management, the site has a lease with local ranchers, allowing their cattle to graze on the property.

Sustainable procurement practices.

While the most significant use of materials and creation of waste is directly related to providing utility services, Utilities also has a substantial local environmental and economic impact related to supporting these services. Due to Utilities' and other City departments' economic impact on the community, the City has adopted environmentally preferable purchasing guidelines. The guidelines were developed to enhance the economic impact while reducing our environmental footprint. We have adopted the City's Purchasing Guidelines, where applicable, for materials and supplies purchases. The guidelines include considerations for products' environmental impact and specify preference for products with recycled content. In 2008, we purchased more than \$6,000 in recycled content for office supplies.

Local Market Presence.

No formal City policies state a preference for locally based suppliers. While most City and Utilities purchased materials and supplies are not manufactured locally, such purchases do contribute to the local economy and community by supporting local distributors and suppliers.



Biodiversity.

Preserving biodiversity. As a multi-service utility and large consumer of natural resources, we have a direct impact on and must interact with local areas of biodiversity. Many of our activities have the potential to impact wetlands, watersheds, and stream and river habitat. At this time, neither the City nor Utilities keeps an inventory of the community's specific areas of high-biodiversity value, other than the areas directly affected by such Utilities' operations as water diversion.

Our water storage and collection activities affect local water resources and habitats; however, we are monitoring and striving to minimize these impacts. Our raw water diversion and storage systems include dams and a diversion structure on the Poudre River, which affect local river habitat. Our treated wastewater also discharges to the Cache la Poudre drainage basin, and we ensure all discharges are de-chlorinated prior to release into the river system. Additionally, power generation activities through Platte River lead to GHG emissions and raw water diversion from the area. We offer substantial public outreach programs to educate children and adults about the local habitat and minimize additional biodiversity impacts.

Unique opportunity to enhance and protect biodiversity. Our position as a municipal utility affords us a unique opportunity to enhance and protect biodiversity and habitats on a broader scale. We are able to accomplish this by working collaboratively with other City departments, community and regional partners and other stakeholders. An example of this collaborative approach is our Water Engineering and Field Services Utility's collaboration with the City's Natural Areas Department. Our joint goal is to improve, protect or enhance the local biodiversity areas and habitat while also improving community open space and natural areas.

Environmental investments and fines.

Our investments in environmental protection are embedded in our operations and delivery of electric, water, wastewater and stormwater services to our customers.

Some of our 2008 investments:

- began to develop a comprehensive environmental management system to be piloted at our Drake Water Reclamation Facility with the intention of a ISO14001 certification;
- assigned six full-time Utilities employees to support the City's regulatory and environmental management;
- trained, via our Regulatory and Government Affairs division, 197 City employees from nine different departments on stormwater pollution prevention and good housekeeping procedures;
- worked, via our Industrial Pretreatment program, with local businesses and industries to ensure waste discharges do not interfere with our water treatment processes;
- sponsored the 18th Annual Children's Water Festival with 1,487 students attending;
- presented Residential and Business Environmental Program Series lectures and High Plains landscape workshops;
- provided a teacher training program with The Nature Conservancy and Poudre School District for watershed education;
- conducted stormwater outreach, including 7,770 student and 708 adult contact hours;
- stenciled 220 storm drains to encourage a reduction in pollution runoff;
- conducted outreach to 67 businesses, including 300 posters and brochures to educate about proper paint disposal; and
- offered extensive education and outreach for our water conservation and energy efficiency programs.

In 2008, Utilities did experience a sanitary sewer overflow, estimated to be between 7,500 and 20,000 gallons of liquid wastewater, a portion of which reached the Cache la Poudre River. A sewer line upstream of the overflow became clogged (likely by grease), causing wastewater to overflow out of a manhole. We notified Larimer County and the State of Colorado about the incident and took the appropriate actions for cleanup and prevention of any further overflows in the area. We were not fined for this discharge nor did we receive any fines during 2008.

“We believe our customers want us to be a sustainable utility and expect us to offer programs and services that increase the community’s resiliency.”

Lori Clements-Grote, Manager, Customer Support

How We Are Moving Forward.

Our awareness expands. As our understanding of the sustainability issues related to our organization has grown, our awareness of the work before us also has expanded. Tracking and benchmarking the indicators included in this report are important as we refine our focus on critical areas. However, benchmarking and process improvement are not new concepts for our organization. It is the balanced approach—the incorporation of the triple bottom line—that shifts our thinking and brings promise for enduring solutions. As we conclude this report, it is important to include what we perceive as the challenges ahead.

At the end of 2008, we celebrated the success of the planning process that brought together a collaborative employee team and an engaged Advisory Panel with the ultimate goal of establishing a platform for tracking and reporting sustainability performance. The process required a significant commitment of resources, largely for support of the internal team responsible for development of the Implementation Plan. This platform includes:

- annual GRI Sustainability Report;
- comprehensive plan for addressing strategic issues related to organizational sustainability;
- commitment from Utilities managers to establish a leadership position in the community and our industry; and
- resources, including staff, to assist in growing and developing the Initiative.

Employees. In 2009, maintaining the commitment from our internal team will be critical to achieve the strategies and tactics embedded in our Implementation Plan. Equally critical, is the need to involve the entire community of Utilities employees, many of whom have been curious and, in some cases, skeptical about the 21st Century Utilities Initiative. Two of the four “issues” involve Utilities employees—recognizing the knowledge and resources needed to evolve

into a sustainable organization must be developed within Utilities. Our leadership team has committed the resources necessary for our Initiative’s success. This commitment offers the most significant promise for engaging our workforce.

Stakeholders. Our external stakeholders—customers, policy makers, community organizations and industry colleagues—will make a difference in our future success and ultimately in the resources available for moving forward. Initial stakeholder engagement involves early stages of strategic implementation, specifically, reaching a better understanding of what would be needed for successful outreach to this important group. Our internal Stakeholder Team will need to begin exploring ideas and testing several strategies in 2009.

Triple Bottom Line. The team charged with helping the organization develop a triple bottom line approach began to evaluate various ways for discussing its use in decision making related to Utilities’ operations. Determining which tools and topics would be the best place to start in 2009 was the focus at the close of 2008. Team members also recognized the need to recruit additional members to provide a broader representation of the organization.

Utilities’ transformation. We understand the organizational transformation we are undertaking will take longer than a few years. We look forward to updating our customers and stakeholders on the progress we make each year and welcome your comments as we continue to move forward in the years ahead.





GRI G3 Performance Indicators.

Blue Indicates Full Disclosure
Orange Indicates Partial Disclosure
Plum Indicates Not Applicable

2008 GRI Indicator Content Index.

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GRI G3 Indicator	Content	Page Number
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Additional Information.

For additional information about this report, the GRI information on Fort Collins Utilities Web site, or the Utilities Sustainability Implementation Plan, please contact Patty Bigner at pbigner@fcgov.com. To learn more about our operations, please go to www.fcgov.com/utilities.

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