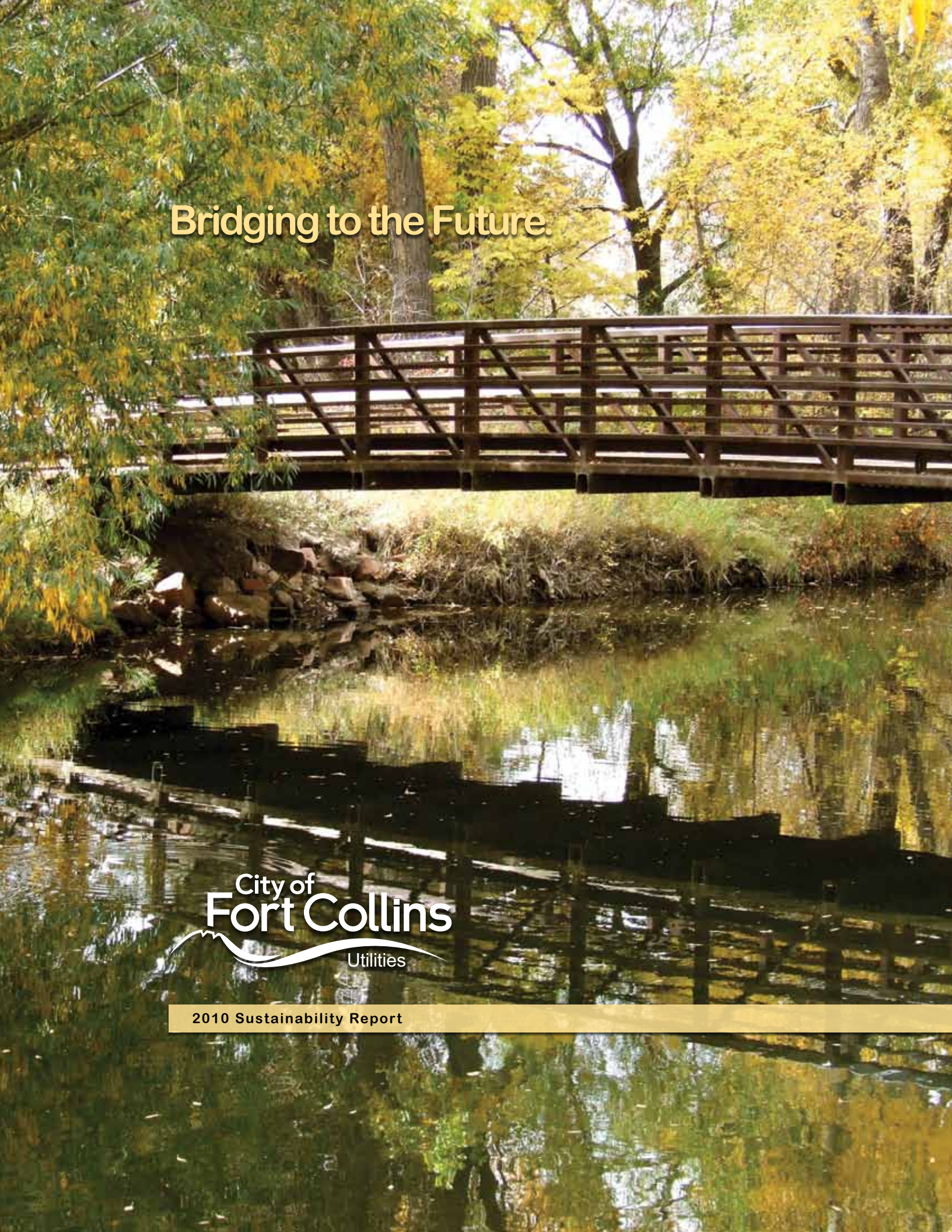


City of Fort Collins Utilities

2010 Sustainability Report

City of Fort Collins Utilities

Current City Council Members and City Leadership.

Karen K. Weitkunat, Mayor

Kelly Ohlson, Mayor Pro Tem, District 5

Ben Manvel, District 1

Lisa Poppaw, District 2

Aislinn Kottwitz, District 3

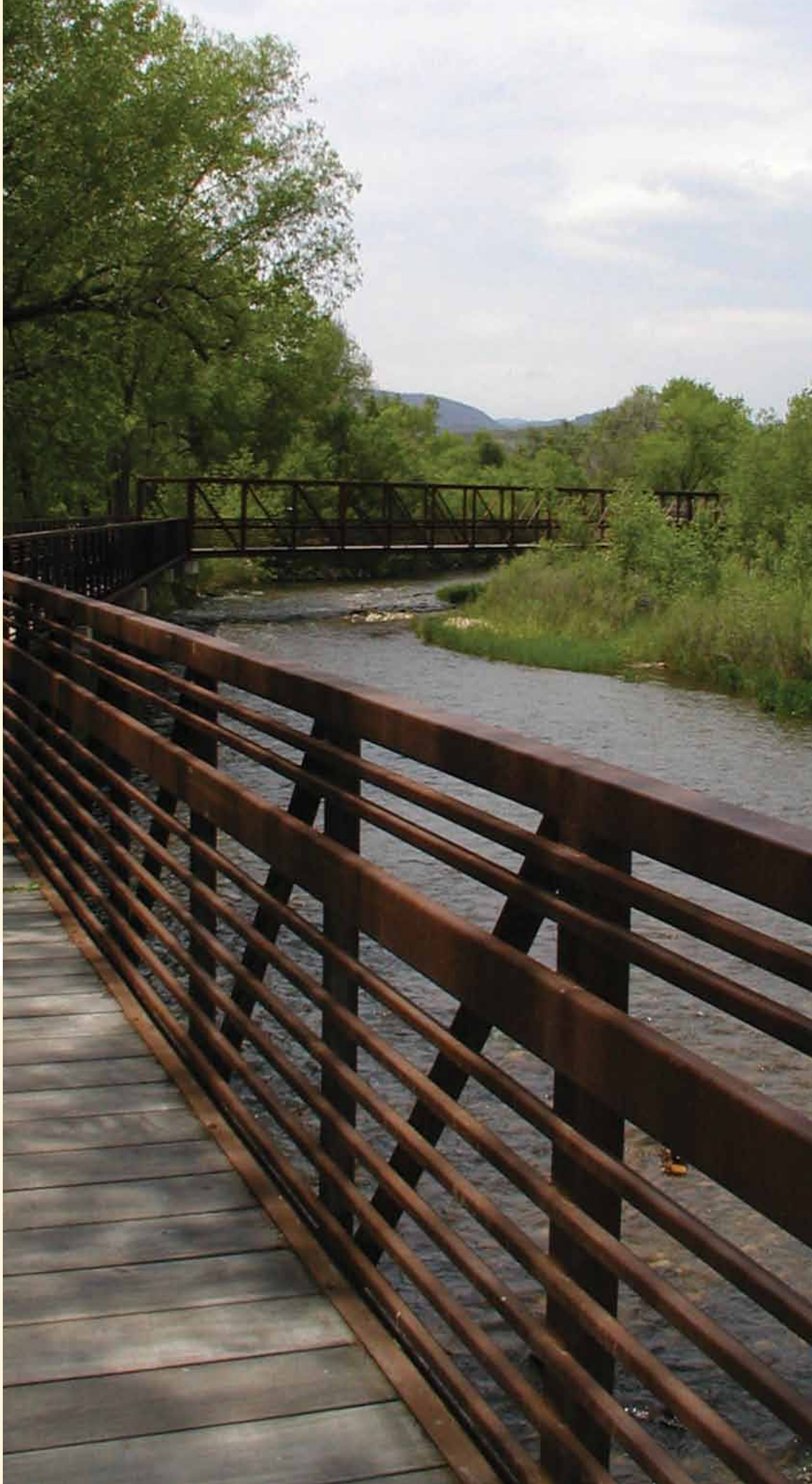
Wade Troxell, District 4

Gerry Horak, District 6

Darin Atteberry, City Manager

Sustainability Purpose.

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



Letter from the Executive Director.

Dear Fort Collins Utilities Stakeholders,

"Inspiring community leadership by reducing environmental impacts while benefiting customers, the economy and society." This short statement often raises questions among those who seek to understand our purpose. We use the statement frequently and have grown accustomed to the words and the ideas it fosters. As you read this report, we hope you will find some answers to the why and how of our purpose.

In the midst of the many challenges that face our industry, our organization remains focused on solutions needed to sustain us in the future. "Bridging to the Future," the theme of this Sustainability Report, reflects the down-to-earth approach we are taking as we continue our transformation to the 21st Century Utilities we aspire to create.

With last year's report, we elevated our level of reporting from "C" to "B" and continue the expansion of information in this report to better focus and refine the story we tell our stakeholders. Since publication of our 2009 report, we actively sought feedback on how to make our document more meaningful. Our intent is to increase the understanding of employees, community members and industry colleagues regarding our challenges and the strategies related to our most significant needs. We also seek their support of our commitment to a Triple Bottom Line (TBL) approach.

Within this report, we offer more details of our daily operations and four projects that reflect the short-term priorities of our work in 2010. Planning, budgeting, developing programs and evaluating progress are typical activities throughout our organization. Here, we highlight how these projects incorporate TBL perspectives. Our Green Building program and our involvement in the Plan Fort Collins initiative consider social, financial and environmental factors. Our biennial customer satisfaction research links our customers' opinions and ideas with our operations, representing the social, or people, side of TBL, while Budgeting for Outcomes digs into the financial side.

Priorities identified last year as medium and long term have not changed. A new focus on workforce knowledge transfer gathered momentum in 2010. As outlined in the last several reports, financial strategy, asset management, infrastructure improvements, including Advanced Meter Infrastructure, or AMI, continue to bring challenges and opportunities. The complexity of these will require our organization to be forward thinking and innovative to take advantage of opportunities and meet challenges successfully. Historically, our employees have embraced progressive ideas for serving our customers. Our desire to achieve excellent results is demonstrated by projects that range from undergrounding our electric distribution system to biosolid application of wastewater sludge, identifying new ways to reduce environmental impacts to saving money and connecting with our community. Cyber-security, environmental regulations and changing customer expectations are shifting our business practices and require development of new skills and knowledge and application of existing knowledge in different ways.

This report documents far more than our progress toward our goals and key indicators. It embodies the spirit of our organization and the daily hard work of nearly 400 employees. Many resources will be needed in the future for sustainable utilities, including the support of our customers and the community. I hope you will contact me to discuss your ideas, questions and concerns related to Fort Collins Utilities.

Sincerely,

Brian Janonis
Executive Director
Fort Collins Utilities

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Stating Our Reporting Focus.

Our 2010 Sustainability Report. This report outlines our progress toward integrating our 21st Century Utilities Initiative within our workforce and its daily business practices. The report notes some of the challenges we encountered, among them:

- helping all employees understand and deal with change
- integrating more open and effective communication
- building quality assurance measures into all our processes
- continuing to develop a working knowledge of Triple Bottom Line (TBL) concepts
- clearly communicating Utilities' challenges, aspirations and customer-facing programs

2009 feedback informs 2010 report. We made a more concerted effort to seek feedback about our 2009 report. Comments included: requests for more information on how citizens can support our conservation efforts, less text and more historical and visual representation of data and avoidance of subjective (opinion) statements.

2010 milestones. In 2008, the Utilities' Core Sustainability Team crafted a purpose statement and identified key issues and indicators for measuring progress. Milestones were identified to gauge progress. These provided a means to acknowledge completion of significant steps in the planning process itself. In 2010, our team milestones included:

- greater focus on improving communication through all-employee meetings, employee-managed newsletter and open forums with the Executive Director
- providing education and training to Utilities and other City staff and community organizations on TBL analysis
- introducing an employee-incentive program to educate and encourage sustainability concepts and practices within the workplace and at home
- increasing our profile in the community through sustainability reporting, actively seeking report feedback and expanding trusted relationships with stakeholders
- developing the report's context to enhance the level of understanding for readers outside our Service Area

Sphere of direct control. This Sustainability Report focuses on our sphere of direct control, which includes processes related to providing electricity, water, wastewater and stormwater services and our administrative and general services. Utilities is committed to the GRI's reporting guidelines, which are reporting principles of quality, comparability, timeliness, accuracy, clarity, reliability and transparency. Additionally, we use GRI's Electric Utility Sector Supplement and Water Utility Indicators developed by our staff with additions contributed by R.W. Beck, Inc.

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.
- Water Resources and Treatment. Includes the diversion of raw water, treatment and distribution of water to customers and related administrative and support activities. The boundaries also include wastewater treatment, collection of wastewater from customers, discharge of treated wastewater and related administrative and support activities.
- Water Engineering and Field Services. Includes all operations and maintenance of the water distribution and wastewater collection systems, stormwater collection and facilities and floodplain management in the 13 stormwater basins in and around the Fort Collins community.
- Customer and Employee Relations. Supports marketing, education and outreach for all operations, which include our customer-focused services and internal support of Utilities' Service Units.
- Finance and Budget. Includes all the financial services and budgetary oversight for the four Utilities funds.

Reporting data collection, methodology and changes. Utilities collects data, using a variety of methods, to comply with GRI reporting standards. These methods include:

- customer surveys
- annual external audits of financial data
- metering
- telemetry
- operational controls
- quality assurance metrics
- comparison to benchmarks drawn from best-in-class industry standards, including QualServe and the American Public Power Association
- peer-to-peer review
- assessment of full compliance with state and federal regulations.

For the 2010 reporting year, we did not make any changes in the scope or boundary methods. We updated our mapping system to inventory our pipelines, which adjusted the miles of pipe data.

Annual financial reporting and independent audit. Utilities' four enterprise funds and its internal service fund are included in the City of Fort Collins' annual financial reporting and independent audit. The charter of the City of Fort Collins and state law require the City to publish the results of its annual audit and a comprehensive report of financial statements. The City's Finance Department completes this report following generally accepted accounting principles (GAAP). The independent external auditor assesses the financial records in accordance with GAAP. The auditor's goal is to provide reasonable assurance that the financial statements are free of material misstatement. Final results of the audit are reported in June of the following year.

Priority and Status of Material Issues.

Fort Collins Utilities' approach to sustainability focuses on areas of interest that are most material to our stakeholders and to our strategic priorities. The table below represents our views and their status in the development cycle.

	2010 Areas of Interest	Metric	
Economic and Financial			
TBL	Affordable and reliable utility services	Electric reliability indices Water service interruption	
	Cyber security and privacy	Developing to model federal standards and framework	
	Infrastructure security	Compliance with Homeland Security guidelines, National Institute of Standards (NIST) 800-53 and other standards	
	Alternative funding mechanisms	Successful federal and state grant awards	
TBL	Asset management	Conceptualized	
	Economic development	Partnership in local development initiatives	
TBL	Advanced Metering Infrastructure	Project Execution Plan Cyber Security Plan Benefits and Metrics Plan Consumer Behavior Study Plan	
Social			
TBL	Safety	OSHA Incidence Rate	
	Customer service	Biennial customer satisfaction ratings	
TBL	Drinking water quality (DWQ)	Regulatory compliance/DWQ policy	
	Employee engagement and development	Internal communications plan Cultural Values Assessment TBL analysis	
	Ethics Policy	Development of policy/purpose	
TBL	Community partnerships	Expanded scope	
TBL	Knowledge transfer and succession planning	Pilot project with recommendations	
Environmental			
TBL	Stormwater planning and practices	Community Rating System	
	Stormwater quality	Stormwater permit compliance/ Urban Creek Water Quality Report	
	Wastewater quality	Wastewater compliance rate	
TBL	Water supply planning	Drought protection	
	Water conservation	Water demand reduction	
	Protecting natural resources	Reduction of environmental footprint	
TBL	Energy efficiency	Demand usage	
TBL	Climate change mitigation and adaptation	Carbon reduction Adaptation planning	
TBL	Renewable energy	Meet Colorado Renewable Energy Standard	
	Reduce, recycle, reuse	Rate of waste diversion	

TBL indicates significant overlap among economic/financial, environmental and social considerations.

	Priority	Stages of Development		
		Emerging[1]	Developing[2]	Ongoing[3]
	Critical			x
	Critical		x	
	Critical			x → x
	High		x → x	
	High		x → x	
	Medium			x → x
	High		x	
	Critical			x
	Critical			x
	Critical			x
	High			x → x
	High	x		
	Medium		x → x	
	Medium	x		
	Critical			x
	Critical			x → x
	Critical			x
	Critical			x
	High			x
	High			x
	High			x
	High		x	
	Medium			x
	Medium		x	

[1] Emerging stage indicates Utilities currently is in the process of considering how to best address the issue.
[2] Developing stage indicates Utilities is in the process of developing effective and efficient systems to best address the issue.
[3] Ongoing stage indicates Utilities continuously is improving the robust systems designed to address the issue.

Materiality.

We seek to balance our stakeholder concerns and Fort Collins Utilities' strategic priorities to address the most pertinent material issues in our Sustainability Report. Many internal and external forces impact how we conduct our business, operate as an organization and interface with our diverse range of stakeholders.

Our stakeholders have been identified through our various public processes and service interactions. These include: City Council and Board forums, customer and business exchanges, surveys, direct inquiries, collaboration and partnerships with external organizations, external and internal feedback, regulatory direction, public open houses. Stakeholders also are identified within their rate classes or how they use services. This approach groups customer segments such as residential, small commercial, large commercial and industrial customers based on the relative amount of electricity and water they use. Customers within these groups often have common needs and issues.

Our stakeholders include our customers, city leaders, advisory groups, key educational institutions, industry leaders, non-governmental organizations and the community as a whole.

We 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 economic, environmental and social performance as well as our organizational culture, external stakeholder engagement, Triple Bottom Line practices and workforce engagement.

See Appendix A, page 40, for table of Stakeholder Expectations.

Telling Our Story.

Utilities is an integral part of the Fort Collins community. As a municipally owned, multi-service utility employing 371 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.

Utility staff performs operations; however, in some areas 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.

In 2010, Utilities generated $178,733,094 in total revenue with $159,885,036 in expenses. We made a $7,654,844 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 $35,233,785 of capital projects within the Fort Collins community. In 2010, our four utilities collectively serviced $15,532,037 in debt. Our total net assets equal $628,897,378. Per City charter, the City cannot make donations; therefore, no appropriation can be made for charitable, industrial, educational or benevolent purposes to any person, corporation or organization. We received two new grants, totaling $112,000 from the State of Colorado's, Governor's Energy Office and Department of Local Affairs to assist with programs, including New Home Performance.

We received reimbursement funding through the federal government and the American Recovery and Reinvestment Act (ARRA) for our Renewable and Distributed Systems Integration Grant and the Smart Grid Investment Grant. In addition to funding basic maintenance or enhancements to our operations, opportunities to support City Council policies and community priorities also are a consideration. For example, Utilities funds and external grant dollars are applied to energy efficiency and renewable-energy programs. This results in lower emissions from generation and reduced greenhouse gas emissions. Policies related to reduction of carbon emissions include the 2009 Energy Policy and the City's Climate Action Plan. In total, our grant funding in 2010 was $2,822,296.

Utilities operates integrated services for efficiency while maintaining the functions of the four utilities. The following sections provide an overview of our utility services and the two support departments.

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 approximately 57,949 residents and 7,555 businesses within our city's boundaries. We operate and maintain the electric distribution system, including 1,738 miles of distribution lines, seven distribution substations and the City's streetlight system. Currently, management of the electric utility is focused on seven areas, including: safety, grid modernization, system planning, reliability, development, cost and the promotion of energy efficiency and use reduction.

Fort Collins Utilities' timeline.

1864 — *Fort Collins founded as military fort.*

1873 — *City incorporated.*

1882 — *Residents vote to build a waterworks system for domestic and fire protection purposes.*

1935 — *Fort Collins Light and Power created by public vote.*

1948 — *Mulberry Water Reclamation Facility, first City wastewater treatment facility opened.*

1968 — *Drake Water Reclamation Facility opens.*

1973 — *Fort Collins joined with others to form Platte River Power Authority.*

Safety is the ultimate consideration in every operational task and system design.

- Considerations include the physical environment and potential hazards. Reliability serves as a direct indicator of organizational performance, including outage response, work crew efficiency and effective working relationships within the team.
- Significant concern about the potential retirement of about 25 percent of the utilities workforce in the next five to 10 years heightens the need for workforce development to assure that competent, well-trained staff is available to maintain the utilities systems and infrastructure.
- System planning and the need for clearer, more succinct planning documents in anticipation of future infrastructure maintenance and replacement needs will be guided by asset management planning currently underway.
- Management of operational costs reflects the efficiency of the utility's operations.

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

- operating and maintaining the electric system facilities, which are all underground, except 12 miles, or 1.4 percent, 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
- offering customer education programs on electric safety
- promoting conservation to help customers save energy, money and help protect the environment

Underground electrical lines. Beginning in the 1960s, 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 undertaking 17 years later at a cost of $25 million. This program directly supports our reliability goals, contributes to our lower-than-average number of interruptions and shortens interruption duration.

Electric reliability. In 2010, we delivered 1,451,268 megawatt-hours (MWh) to our Fort Collins customers. Our system had:

- an average system availability of 99.9967 percent, with a systemwide average interruption time of 17.27 minutes and a 38-minute average restoration time for those customers who did experience an outage.
- total of 112 occurrences that led to power interruptions, for a total of 18,854 hours of customer time
- Utilities distribution losses of 2.65 percent

Portner Substation construction.

Stormwater Utility created.
1980

Local LEAP program established to assist low-income families.
1988

Voluntary renewable wind energy purchase option started.
1998

Awarded Federal Smart Meter Investment Grant.
2009

1987
Drake Water Reclamation Facility receives EPA Excellence Award.

1990s
Energy/Water Efficiency and Public Outreach programs established.

2007
Began Sustainability Program development.

2010
City Council adopted 2009 Energy Policy. Water Conservation Plan implemented.

Water quality testing.

Platte River Operational Efficiency.

- *Platte River transmission losses 1.80 percent*
- *Generation efficiency of plants: Coal, 33.65 percent; Natural gas, 28.9 percent*

Generation and transmission services. Utilities receives generation and transmission services from Platte River Power Authority (Platte River). In 1973, the cities of Fort Collins, Estes Park, Loveland and Longmont established Platte River as a wholesale electric utility. Platte River's responsibility is to acquire, construct and operate generation capacity and supply 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 CAPACITY (MW)

FACILITY	UNITS	CAPACITY (MW)
Rawhide Energy Station	1 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
Silver Sage Wind Project	20 Turbines	12
TOTAL CAPACITY (MW)		932 (summer) 1,037 (winter)

PLATTE RIVER
NET ENERGY OUTPUT (MWh)
(Includes energy generated to meet the four cities' loads and surplus sales)

FACILITY	MWh	Percent
Rawhide Coal	2,205,358	52.7
Rawhide Gas	67,184	1.6
Yampa Project	1,184,075	28.3
WAPA	612,326	14.6
Medicine Bow Wind Project	21,104	0.5
Silver Sage Windpower Project	35,754	0.9
WECC/RMPA Power Purchased	62,038	1.5
TOTAL NET OUTPUT (MWh)	4,187,839	100*

(*Due to rounding, percentage does not total exactly 100 percent.)

Water Resources and Treatment.

Utilities serves the water supply, treatment and distribution needs of customers by managing water supply and storage resources, processing at treatment facilities, distributing treated water and assuring water quality at each step. We provide water services to approximately 30,828 residential households and 2,155 commercial and industrial accounts in the local area.

We provide wastewater services to 31,322 residential households and approximately 1,904 commercial accounts. A variance exists in our customer service boundaries for water, wastewater and stormwater services due to agreements with neighboring water and wastewater districts, growth patterns within the city and the regional ability to properly serve all customers.

The Water Resources and Treatment Service Unit is composed of five operating divisions responsible for water resource management, drinking water production, water reclamation, environmental services, and regulatory and government affairs. The Unit is supported by a process and systems group and a capital improvement staff. Department management promotes dynamic planning, engineering, operation and maintenance, and permitting within the Unit and with other departments and regional water providers. We focus on:

- watershed protection
- drinking water quality and reliability
- drought protection
- infrastructure security
- compliance with environmental and public health regulation and guidelines
- efficiency and management of operational costs

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 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 (Northern Water). 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 sufficient 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 of treated water to customers through 527 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
- about 4,000 AF of other raw water obligations

2010 Awards.

- *EPA's Directors Award of Recognition from the Partnership for Safe Water for the 10th year for our Water Treatment Facility–an honor achieved by only 32 water utilities across the country*
- *Silver Colorado Environmental Leadership Award for our Water Treatment Facility and Drake Water Reclamation Facility from the Colorado Department of Public Health and Environment*
- *Rocky Mountain Water Environment Association's George W. Burke Award for outstanding safety program, Drake Water Reclamation Facility*
- *Reliable Public Power Provider (RP3) award for Utilities Light and Power from the American Public Power Association for reliable and safe electric services–one of 94 utilities nationwide*
- *Savvy Award of Excellence for Fort Collins Conserves Public Outreach Campaign from City-County Communications and Marketing Association (3CMA)*

Research and development. 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 into 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
- pre-design new plant processes
- 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.

In addition, Utilities participates in the Upper Cache la Poudre Water Quality Monitoring Program, a collaborative effort with the Tri-Districts (North Weld Water District, Fort Collins-Loveland Water District and East Larimer County Water District) and the City of Greeley. Routine water-quality monitoring of sections of the CBT Project upstream of Horsetooth Reservoir is conducted by the U.S. Geological Survey for the Big Thompson Watershed Forum (BTWF). The City of Fort Collins is a major financial contributor to the BTWF, and a Utilities representative serves on the BTWF's Board of Directors. Collaborative monitoring and assessment efforts reduce sampling costs and bring together a significant depth of knowledge.

Utilities' source watersheds are under various human and environmental pressures, such as Pine Beetle deforestation, wildfires, climate change and invasive mussels (zebra and quagga). In addition, CBT Project operational changes, including proposed water-supply transfers to Horsetooth Reservoir and the construction of a second Horsetooth Reservoir outlet structure, may potentially impact future water quality. Ongoing routine monitoring of the source watersheds helps Utilities deal with future challenges and is a proactive approach to maintaining the City's high drinking water quality standards. Special studies are designed to address specific long-term issues or new concerns that are outside the scope of the routine monitoring program.

Utilities currently is involved in several special studies related to its source watersheds. These include:

- characterization of dissolved organic matter in both watersheds and its relation to the formation of disinfection byproducts at the treatment plant
- determination of geosmin (a taste and odor compound difficult to remove during treatment) occurrence, sources and transport in both watersheds
- assessment of the wildfire vulnerability of the upper Poudre watershed
- collaboration with Northern Colorado Water Conservancy District (Northern Water) and others on an emerging contaminant monitoring program that includes the upper Poudre, Horsetooth Reservoir and components of the CBT Project upstream of Horsetooth Reservoir
- collaboration with Northern Water and others on the development of a hydrodynamic water-quality model of Horsetooth Reservoir

Safeguards for 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
- 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 continually alters security measures as recommended by the Environmental Protection Agency (EPA) and law enforcement agencies.

Wastewater. Utilities' wastewater operations ensure water returned to the Poudre watershed is cleaned and treated to remove contaminants. Before water is released to waterways, our Pollution Control Laboratory makes certain 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
- in 2010, the Drake Water Reclamation Facility treated 5,196.10 million gallons of water

Water Engineering and Field Services.

Water Engineering and Field Services was formed in 1997. The Unit's primary responsibilities are to operate and maintain the City's water distribution, wastewater and stormwater collection systems for 41,219 residential and commercial customers.

The Unit's purpose involves delivering clean drinking water to the residents and businesses of Fort Collins; developing long-term plans and funding for asset management and replacement; and protecting the community, people and property from destructive flooding.

Three engineering divisions and five field services make up Water Engineering and Field Services.

- Water Utilities Development Review. Reviews development proposals and construction projects that include water distribution, wastewater or stormwater extensions.
- Capital Projects Engineering. Oversees the design and construction of Capital Improvement Projects for the Water, Wastewater and Stormwater utilities.
- Stormwater Master Planning and Floodplain Administration. Manages the flood warning system, reviews and permits development or construction proposals in the floodplain and coordinates the master planning of stormwater improvement projects.
- Distribution System Maintenance Division. Responsible for the maintenance and repair of 527 miles of water mains and associated infrastructure.
- Collection System Maintenance. Maintains and repairs 437 miles of sanitary sewer mains and associated infrastructure.
- System Maintenance Construction. Provides construction services for the repair and replacement of minor water and wastewater infrastructure.
- Drainage System Maintenance. Operates and maintains the citywide stormwater drainage and detention system.
- Meter and Customer Services. Installs and maintains the water meters for customer water services.
- Asset Management (temporarily assigned to Water Engineering and Field Services). Provides a detailed inventory of all components of the Utility Systems and provides information to aid in the strategic long-range planning of the financial operation of the Utility and planning of Capital Improvement Projects.

Increasing public awareness.

Utilities conducted an outreach program, in which community members teamed with Utilities staff to stencil storm drains to encourage a reduction in pollution runoff.

Stormwater improvement project.

Progressive and integrated flood management. Our management program addresses Fort Collins' approximately 4,800 total acres of floodplain, which contain approximately 3,400 structures within the city limits that are 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. Staff administers floodplain regulations, provides review of development and permit applications and designs and manages utility and water quality facility construction projects. Staff also provides oversight of storm drainage master planning. Our stormwater systems include:

- 220 miles of underground pipelines
- 69 City-owned regional drainage channels
- 6,823 drainage inlets
- 90 City-owned detention ponds covering 320 acres
- Stormwater Master Plan. Using the Stormwater Master Plan, Water Engineering and Field Services actively manages 13 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. Levels of protection are assessed through analysis of runoff from a 100-year rainfall (described as heavy rainfall) with 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; presents a conceptual vision for cost-effective projects that mitigate drainage and erosion problems; and assesses and makes recommendations about stream habitat improvements. The plan also acts as a guide for regulatory management and compliance with Federal Emergency Management Agency (FEMA) floodplain regulations.

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.

Fort Collins currently has a Class 4 rating, under CRS guidelines, which places Fort Collins in the top 1 percent of communities with stormwater programs. The rating provides a 30 percent discount to the 416 Fort Collins residential and business customers carrying flood insurance in high-risk flood zones. In 2010, the total savings in flood premiums was $56,276.

Customer and Employee Relations.

The Customer and Employee Relations Department supports the four utilities by providing customer service, marketing, education, training and energy and water efficiency services. Management of these functions assists the organization with the critical customer interface and long-term management of customer relationships. We conduct customer outreach and manage customer satisfaction by providing educational programs such as the Business and Residential Environmental Program Series, WaterSHED water quality classes and the annual Children's Water Festival.

Specific Unit functions include:

- design, implement and manage water and electric demand side management programs
- coordinate public outreach to support capital projects, development of master plans and significant policies
- assist with management and analysis of public input, including periodic market research
- develop stakeholder engagement, including targeted outreach to customer segments such as residential, small commercial, large commercial and industrial customers

- manage media and public information functions, including assistance with emergency outreach functions
- oversee public communications to ensure clear, appropriate levels of information, frequency and thoroughness of communications
- incorporate industry best practices in marketing and education related to utility services

Customer Service reorganization. In 2010, Utilities management began a two-phased process of reorganizing services of the Customer Service Division to better support business needs. In recent years, the need for additional administrative support has been identified, with increasing demands from boards, major projects and senior staff.

Once implemented, the reorganization would achieve more streamlined support for external and internal customers, as well as increasing administrative support for the Electric and Water Boards, special projects and senior management. Under the current staffing structure, Customer Service Representatives (CSRs) have expanded the amount of program support for our various conservation and efficiency programs, from processing rebates to scheduling audits and assessments. This is done across locations and customer support groups. The reorganization is designed to provide better and more seamless coordination of the support provided to our customers, as well as develop a broader and deeper skill set for customer service staff. The CSR function will continue to change with the implementation of new metering technology and its resulting expansion of information available to our customers.

As with most types of organizational change, the reorganization has an impact on our staff and morale. We continue to work on improving communication and supporting our staff to adapt to this changing work structure and environment.

Finance and Budget.

The Utilities Finance and Budget Department helps create and monitor short-term budgets and long-term financial forecasts for programs and projects that serve Utilities' mission. 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 typical utility billing and collection activities, staff utilizes software tools to create specialized reports for project managers. All authorized Utilities expenditures are available online for any citizen to monitor via an "open book" concept that enhances the transparency of government. Most of the Utilities' fees and rates are produced internally and approved annually by the City Council based on updated cost-of-service studies. Management of these functions focuses on:

- development of financial policies, practices and accounting activities that reflect best practices in the relevant utility industries
- accurate, timely and usable data and information
- responsible management of grants and government assistance related to utility projects
- progressive approaches for long-term financial stability of the organization

Installing electrical conduit.

In 2010, the Asset Management program developed risk scores and long-term financial forecasts for all water infrastructure owned and operated by Fort Collins Utilities. The effort included the water distribution system, wastewater and stormwater collection systems, Water Treatment Facility and high-mountain system, and two water reclamation facilities. The risk scores were used to generate long-term financial forecasts for capital renewal and replacement within each of Utilities' water enterprise funds. A pilot lifecycle management plan was developed for the water distribution system. Other supporting endeavors such as business processes and an asset data framework were also developed to support a sustainable asset management program.

Historic Old Town.

City Direction

MISSION

Exceptional service for an exceptional community

VISION

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

VALUES

Outstanding Service
Innovation and Creativity
Respect
Integrity
Initiative
Collaboration and Teamwork
Stewardship

Three organizational priorities (innovation, customer service and sustainability) were a part of every City employee's performance evaluation in 2010. At the highest level of our governance structure, the City's vision, mission and values include principles relevant to economic, environmental and social performance and also are included as part of employee performance evaluation at all levels. For additional information regarding the City's codes of conduct, policies or practices, please visit fcgov.com/citymanager.

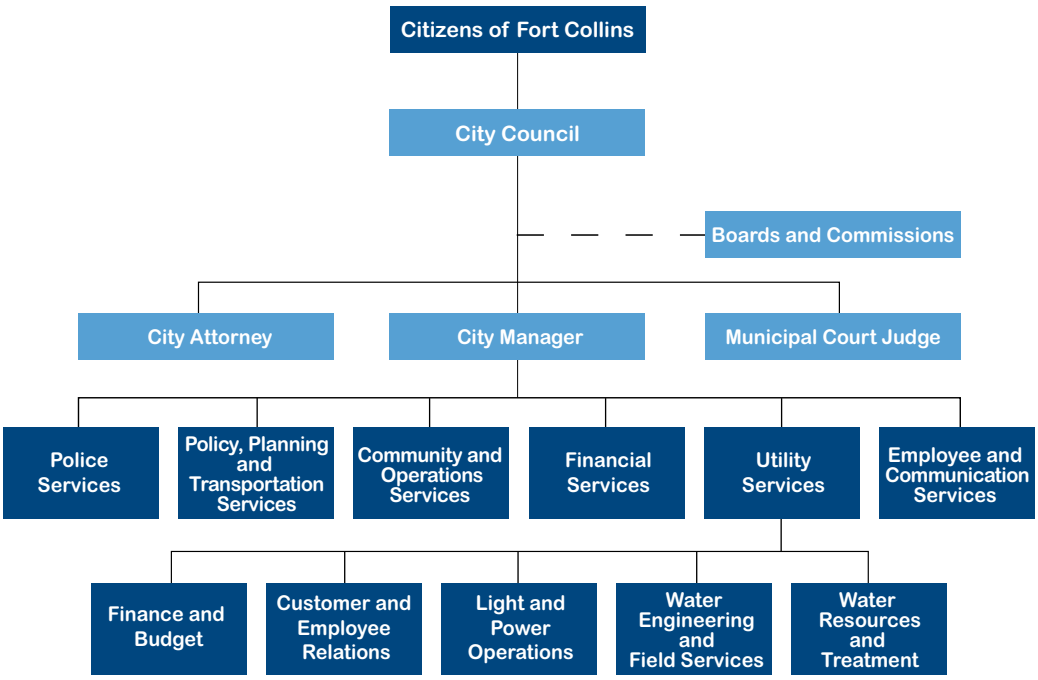
Governing Our City Operations.

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 the other 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 Urban Growth Area or within five miles of city limits.

City Council seeks input from Utilities' staff for policy setting directly related to Utilities' areas 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. BFO is based on the premise that the percentage of personal income taxpayers 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:



2011 Leadership.

Fort Collins leadership and City Council members (listed from left to right):

Darin Atteberry, City Manager

Ben Manvel, District 1

Lisa Poppaw, District 2

Kelly Ohlson, Mayor Pro Tem, District 5

Karen K. Weitkunat, Mayor

Gerry Horak, District 6

Aislinn Kottwitz, District 3

Wade Troxell, District 4

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. By provision of the City Charter, Council has the power of appointment over the City Manager, City Attorney and Municipal Court Judge.

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. The Clerk's office keeps a running list of City policies and plans: when they were created, when they were updated and when they are on the agenda to be discussed. Many of these plans, if not all of them, include a call for sustainable practices. Some plans are designed specifically to address environmental issues.

City Code makes each individual board or Council member responsible for his or her own determination of what is conflict of interest. City Council Resolution 2008-023 and 2008-042 established a training requirement related to conflict of interest for all new board members (and was required for existing board members at the time the training was established). The Resolution allows new members six months from the date of appointment to complete the training. A training video and related material are accessible and available to board members at any time. A Council Ethics Review Board also will provide advisory opinions regarding potential conflicts upon request.

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 City Manager's performance review is based on the organization's performance in accomplishing the seven key community goals as identified by BFO. The Utilities Executive Director reports directly to the City Manager.

Fort Collins Utilities Executive Director. The Executive Director directs and manages the activities of the Utilities Service Area. The Executive Director and the senior management team provide Utilities' business and operational leadership and are responsible for setting utility strategy in alignment with policy and direction from the City. The Executive Director is the principal lead in guiding Utilities' sustainability efforts.

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.

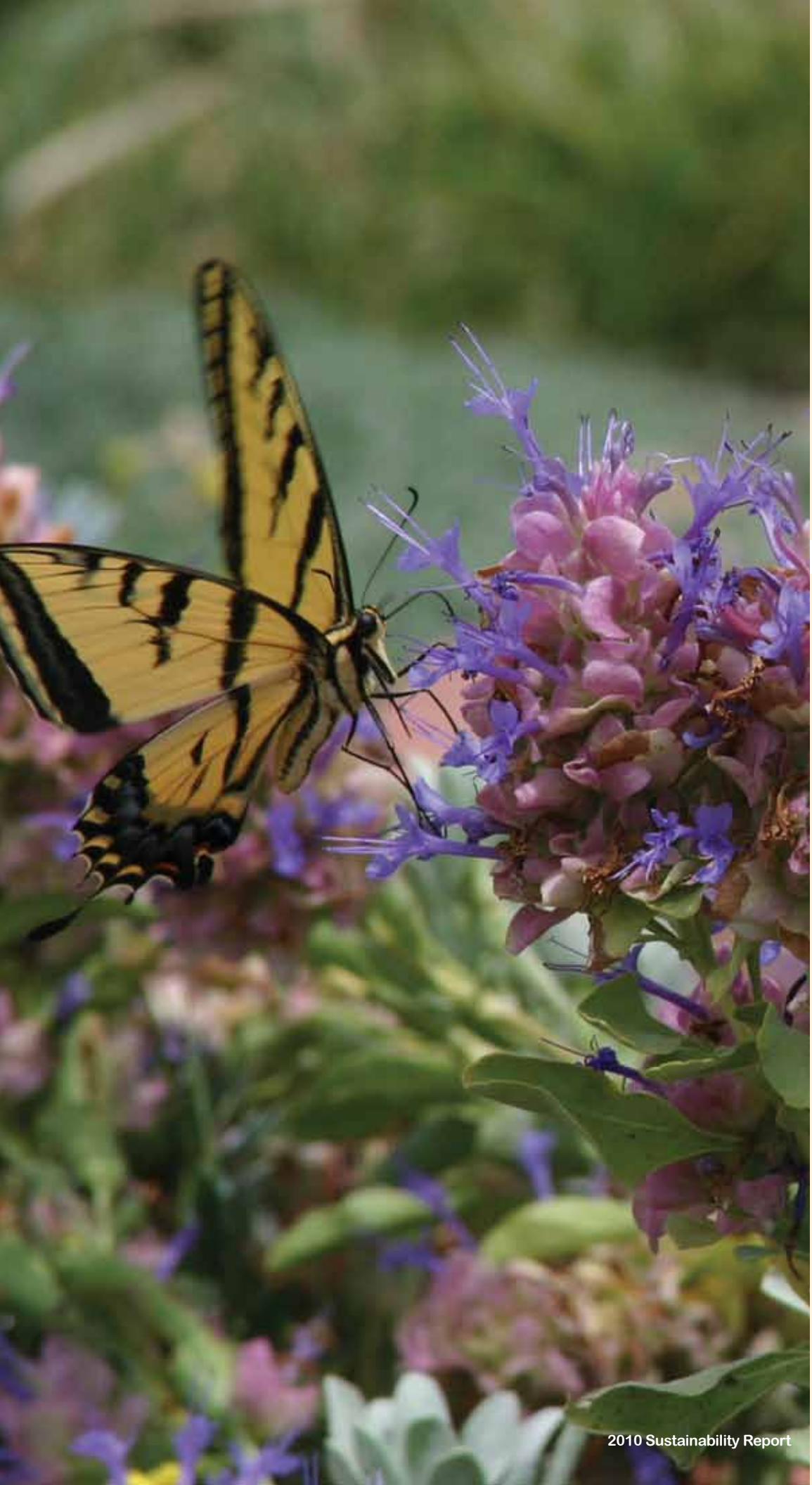
City of Fort Collins Water Board. The Water Board advises City Council on water, wastewater and stormwater policy issues such as water rights, planning, acquisition and management, conservation, public education, floodplain regulations, storm drainage and development design criteria. The Board acts as 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 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 *fcgov.com/cable14*. In addition, the City and Utilities conduct regular citizen/customer surveys, and Council is briefed on those findings.

Our community includes an active and involved citizenry, and Utilities receives broad and varied citizen input. For example, Meetings of the Electric and Water boards are open to the public, and public comment time is allotted at each meeting. 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, Water Conservation Plan and utility rates, among many others.

The City of Fort Collins uses a centralized approach to respond to citizen questions and concerns. Our staff responds to inquiries that relate to Utilities policies and operations and provides briefings, updates and scheduled reports to City Council, City management and the public. Throughout 2010, many of these inquiries focused on advanced metering implementation, water storage and supply options and proposed floodplain regulations, among others. Utilities business items requiring Council action frequently require significant preparation to address citizen concerns and questions. Our organization values informed and engaged stakeholders. We provide formal and informal mechanisms for educating individuals, groups and businesses on current topics, as well as compiling and reporting on public comment. These mechanisms include:

- All Utilities' outreach materials, e-mails and website include contact information.
- Project specific communications related to such capital projects as the Canal Importation Ponds and Outfall (CIPO) stormwater drainage project have targeted project communications and systematic tracking of customer contacts and inquiries.
- Outreach to residential and commercial customers includes: updates and communication about programs, rate changes and projects with direct impact on their homes, property, neighborhoods or operations. Commercial account representatives routinely respond to inquiries and requests.
- Annual communication regarding rates, progress on major projects and programs and general information about current policy topics is printed or posted on Utilities' website.



Transformational Change.

As Utilities continues to build its bridge to sustainability, the following projects underscore the decisionmaking that leads to actions and ultimately projects, which advance our commitment to become a 21st Century Utility. Each illustrates the three legs—economic, social and environment—that balance a sustainable organization.

Utilities' budget offers were based on maintaining its critical infrastructure functions, ongoing electric and water services, highest priorities of Council and citizens and current and future increases in commodity costs.

Budgeting for Outcomes: Better Return on Investment

In its overall approach to accountability, innovation and partnerships, the City of Fort Collins adopted the Budgeting for Outcomes (BFO) process in 2005 to develop its two-year budgets. This approach aligns with Utilities' sustainability initiative and underscores the importance of broad cross Service Area collaboration, metrics and modeling. BFO ensures the City and its Service Areas are fiscally accountable regarding municipal expenditures, including availability of funds and how budget dollars are spent.

BFO responds to a municipal fiscal reality: the percentage of personal income taxpayers are willing to pay for their government through taxes, fees and charges is fixed. However, the cost of running a municipality, in this case, the City and Utilities, continues to rise. With BFO, the budget process shifts from a more traditional approach—paying for cost, or "business as usual"—to buying results for the present and in anticipation of the future. The final output, using the BFO model, is a budget that allocates revenues to the highest priorities and outcomes citizens want and need.

The 2010–2011 BFO process was challenging in the midst of declining City revenues. Budget teams, comprised of representatives from several different Service Areas, including Utilities, focused on minimizing the impact of service reductions to the public and maintaining existing services where possible.

Through an annual citizen survey, online budget input and City Council feedback, the City identified Culture, Parks and Recreation, Economic Health, Environmental Health, High-Performing Government, Neighborhood Livability, Safe Community and Transportation as key priorities. Accordingly, the 2010 General Fund budget maintains funding levels for Police and Fire Services and supports key environmental and conservation programs, economic development initiatives and programs that work to improve traffic.

The total 2010 City budget is $498 million, including $180.4 million from Utilities' funds.

In the case of Utilities, its four enterprise funds form the basis for its budget and also contribute to the City's General Fund through payment in-lieu of tax (PILOT) contribution. The payment replaces revenue the City would receive in taxes and franchise fees, if the utility were privately owned. In preparing an overall City budget, Utilities' budget offers were based on maintaining its critical infrastructure functions, ongoing electric and water services, Council and citizen highest priorities and current and future increases in commodity costs. Utilities' funds cover key purchases in Economic Health, Environmental Health, High Performing Government and Safe Community.

Key purchases and enhancements related to Utilities include:

- Economic Development: Development review
- Environmental Health: Renewable energy purchase, Water and Wastewater services including: environmental services, engineering, distribution and collection, infrastructure replacement, water conservation, environmental regulation management
- Safe Community: Stormwater Utility services, electric utility purchased power and operations
- High Performing Government: Utility customer services and administration, including water and energy efficiency programs, energy services and other customer-support functions

To cover the funding, Council approved the following 2010 Utilities' rates:

- electric rates increased 7.42 percent to purchase power from Platte River Power Authority and increases to fund renewable sources and energy efficiency programs
- water rates increased 3 percent to fund operations and to help customers reduce water use through conservation efforts
- wastewater rates increased 10 percent to fund operations and repay debt required to finance major renovations to the Mulberry Water Reclamation Facility

Utilizing BFO is a component of Utilities' continuous improvement and encourages innovation, customer service and sustainability. It also requires metrics to determine performance by anticipating, evaluating and identifying areas that can most affect Utilities long-term success and the price of doing business. These include variable commodity prices, major equipment failures, aging infrastructures, natural disasters and staff readiness to make business decisions and manage services in ways that respond to current and future pressures.

For additional information and to view the complete 2010-11 Fort Collins Biennial Budget and budget offers, please visit: *fcgov.com/budget*.

Seven key city goals.

Through the budget process, City Council identified seven key goals shown below as icons (left to right).

- *High Performing Government*
- *Economic Health*
- *Environmental Health*
- *Neighborhood Livability*
- *Safe Community*
- *Culture, Parks and Recreation*
- *Transportation*

Utilities brought its organizational experience in sustainability to the process, which served as a key driver in developing Plan Fort Collins.

Plan Fort Collins: Urban Design Based on Sustainability.

The City of Fort Collins' ongoing citywide planning, underway since the 1960s, is a way to manage the City's infrastructure with an eye toward maintaining community character within a 25-year vision of urban design.

In 1997, City Plan was adopted along with the City's Transportation Master Plan. Each plan was developed simultaneously and dealt with such classic municipal planning categories as land use, transportation, housing, parks and the local economy. Some collaboration did take place between the planning teams. City Plan and the Transportation Master Plan were updated in 2004. Again, the planning teams collaborated. The 1997 City Plan and 2004 update included only limited discussion of Utilities and its relationship to land use, growth, transportation and other environmental and natural resources topics.

The 2010 updates to City Plan and the Transportation Master Plan took the City's planning effort to the next level: Fort Collins Utilities became a co-sponsor of the process, and both planning projects were integrated into one unified process, Plan Fort Collins. At the policy level, Utilities led efforts to integrate a variety of topics–energy, water and stormwater–that previous City Plan efforts had incorporated in a more cursory manner.

Utilities also brought its organizational experience in sustainability to the process, which served as a key driver in developing Plan Fort Collins. Specifically, three main tenets of sustainability–systems thinking, continuous improvement and Triple Bottom Line (TBL) analysis–served as the planning foundation. A core understanding shaped the Plan: Resources will need to be conserved and protected to maintain a high quality of life.

In that light, a major component in designing Plan Fort Collins was the need to meet growing demands for water in a semi-arid climate in a sustainable manner. The design also focused on conserving valuable natural resources, improving air quality, addressing energy needs, understanding impacts on wildlife and other important considerations. Within the context of Plan Fort Collins and beyond, the City and its partners will continue to develop, implement, monitor and improve upon sustainability practices that address long-term human, environmental and economic considerations for the benefit of the citizens of Fort Collins.

South Fort Collins neighborhood.

The Plan is organized into seven chapters: Economic Health, Environmental Health, Community and Neighborhood Livability, Safety and Wellness, Culture, Parks and Recreation, High Performing Government and Transportation. These are consistent with the focus of the City's Budgeting for Outcomes process. Each chapter begins with a vision for each topic area and contains an overview of how it relates to sustainability, focusing on continuous improvement and potential indicators as well as links to topics in other chapters. The bulk of each chapter is allocated to principles and policies.

More than 60 City staff, including key Utilities managers and employees, participated on cross-departmental teams. The teams' work shared a common direction, including shared information, coordinated presentations and joint public open houses and workshops. The result is a multi-faceted document that builds on the solid foundation of the original City Plan and reflects many viewpoints of the community.

Currently, sustainability as a driver in urban planning is relatively new, and Fort Collins is one of only a few municipalities in the country that has made a communitywide effort to create a sustainability checks-and-balance in its planning process and implementation. In addition, the monitoring associated with sustainability is based on the use of TBL principles to measure performance of the Plan over time.

One of the challenges in developing the Plan was to move all members of the City work teams toward a clear understanding and acceptance of the three-pronged approach to sustainability planning. In addition, team members were asked to accept that a successful planning process requires a commitment to common policies and principles to guide implementation of a comprehensive planning document for entire City.

Adopted by City Council in February 2011, Plan Fort Collins demonstrates the conscientious and long-term thinking of the City and community. It also includes ongoing monitoring to measure how well the Plan achieves its goals.

Led by Fort Collins Utilities, the Green Building Program was developed through a collaborative approach involving City staff, consultants and advisory committees. The result is a set of green building codes that form the cornerstone of construction and renovation in the community.

Integrated Green Building Practices—A Bridge to the Future.

In March 2011, the City of Fort Collins and Utilities gained major momentum in building a foundation to support green building practices as a cornerstone of construction and renovation in the community: Fort Collins City Council approved a set of green building amendments to the City's building code.

Major work began in 2010 with the support of a $300,000 portion of the City's federal Energy Efficiency and Conservation Block Grant and a $100,000 funding match from Utilities. Community members on technical review advisory committees also provided extensive input.

Over the years, Council's goal for an ongoing Green Building Program has been to align Fort Collins' built environment with community goals of reduced carbon emissions, reduced energy and water use. Many Fort Collins building codes have included elements that support green building.

A concentrated effort to develop a cohesive Green Building Program began in 2007. City staff, community stakeholders and research into peer cities' green building efforts led to the creation of the Roadmap for Coordinated and Enhanced Green Building Services. The roadmap defined a green building vision for the City and provided specific recommendations for improvements to build a bridge to a dynamic and coordinated green building future.

In 2009, City Council identified the creation of an integrated Green Building Program as a key priority with a strong policy basis embedded in the 2008 Climate Action Plan, 2009 Energy Policy and 2009 Water Conservation Plan.

Throughout 2010, Utilities and other departments, with input from residential, commercial and technical stakeholder groups, worked to develop a set of specific amendments to the building code. The amendments function together to help integrate green building practices into mainstream construction.

A number of cross-cutting themes drove the selection of measures reflected in the amendments, which function to:

- align residential and commercial code requirements where possible
- augment adopted building codes and address gaps to support more sustainable construction
- ensure components and systems operate at rated performance
- emphasize critical installation details and testing to verify that performance standards are met
- focus on a systems approach to building construction
- capture potential lost opportunities that are difficult and expensive to address after completion
- improve health and safety of construction workers and occupants, save energy, save water, divert construction waste from the landfill, improve occupant comfort and enhance durability of buildings

City Council's adoption of a strategic selection of effective amendments further "green" the existing building codes and support the overall Green Building Program, which will continue to be developed in 2011-2012.

High priority: customer satisfaction.

Customers expect us to deliver robust energy efficiency, water conservation and renewable energy programs.

Customer Satisfaction Survey Helps Improve Service

Every two years, Utilities conducts customer satisfaction research to track and benchmark our performance based on the perceptions of our customers. In 2010, 400 residential and more than 300 commercial customers, out of more than 75,000 overall Utilities' customers, spoke with our research group. Respondents offered opinions and ratings on various topics, including customer service, environmental stewardship, stormwater management and water supply planning. Our researchers designed the survey to be statistically valid, ensuring we can count on the data and information for accuracy.

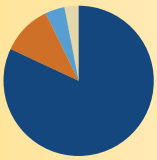
Information gathered in the survey makes a difference to our staff and managers. We strive to maintain world-class service ratings, meeting or exceeding expectations of our customers. Despite tough economic conditions and rising costs for services, Utilities continues to earn "good" or "exceptional" ratings, especially for quality and reliability of service.

Research data offered some valuable insight into the concerns of our customers. For example, perceptions of price are rated lower than ratings for service, consistent with the national trend and reflecting the economy. Security and safety and the importance of maintaining our utility infrastructure continue to be a concern.

Customers also expect us to deliver robust energy efficiency, water conservation and renewable energy programs. Most respondents believe our programs are now at "about the right level" contrary to 2007-08 results that indicated customers did not think we were doing enough. That survey led us to streamline our programs and messaging about the value of conservation.

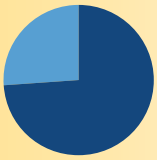
We will continue to use customer research information as we plan and carry out 2011 and 2012 programs.

2010 WORKFORCE
BY EMPLOYMENT TYPE



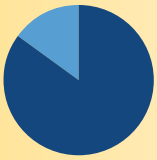
13 Part-time (3%)
14 Contractual (4%)
40 Hourly/Seasonal/Temporary (11%)
317 Classified/Unclassified (85%)

2010 GENDER DISTRIBUTION



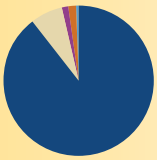
26% Female
74% Male

MANAGEMENT DISTRIBUTION
BY GENDER



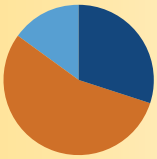
15% Female
85% Male

WORKFORCE COMPOSITION:
ETHNICITY



0.5% American Indian/Alaskan Native
1.5% Asian or Pacific Islander
1% African-American
8% Hispanic
89% White (not of Hispanic Origin)

2010 AGE DISTRIBUTION OF
UTILITIES EMPLOYEES



15% 20-35 years of age
55% 36-55 years of age
30% 56 years of age or older

In 2010, the City provided more than 370 hours of training to 182 of our managers on a variety of topics related to diversity and equality in the workplace.

Engaging 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 and increasing awareness and education about the issues our Utilities and industry face now and in the future. Also, it means improving communication and accountability.

Gathering feedback. The City conducts regular employee surveys. For example, the City administers an employee-engagement survey twice each year to track trends and take action on identified issues. The survey questions focus on key expectations that, when satisfied, form the foundation for employees feeling engaged in their work. This leads to higher job satisfaction and performance levels. Typically, about 34 percent of our employees participate in this survey. Survey results are distributed and posted on the City's intranet site. 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 with other City staff. The committee seeks to improve employee trust, communication and morale 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. The City complies with state and federal laws regarding the hiring of individuals younger than 18 years of age. All new employees are required to complete a training session that reviews zero-tolerance policies for discrimination and harassment. Supervisors are required to complete ongoing training programs to identify and eliminate all forms of harassment and discrimination in the workplace. Employees who believe they are subject to harassment or discrimination, or have observed such actions, are encouraged to promptly report incidents to a department supervisor or the City's Director of Human Resources (HR). HR supervisors must immediately report to the HR director all complaints, observed incidents or suspected incidents. HR staff investigates all complaints and recommends appropriate action. We are proud to report, within Utilities, no incidents of harassment or discrimination occurred in 2010.

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.

The City has positions dedicated to the development of public policy and assists Utilities in the development of specific policies related to our services and operations.

Talent and performance management. All full-time City employees must participate in an annual performance evaluation in which performance outcomes are discussed and goals for the following year are formulated to guide performance. The Performance Management System is used to establish employee work goals. Employees create individual goals that link to departmental, Service Area, organizational and community goals. In 2010, 100 percent of Utilities full-time employees received performance reviews. Annual reviews are optional for hourly and contractual employees.

Innovation, customer service and sustainability were the three organizational standards included in employee performance evaluations. The City's vision, mission and values, which include principles relevant to economic, environmental and social performance, also were part of employee performance evaluations.

Employees also linked annual work goals and performance to the following community goals: High Performing Government, Economic Health, Environmental Health, Neighborhood Livability, Safe Community, Culture, Parks and Recreation, and Transportation. The goals are identified through the City's Budgeting for Outcomes process.

Per City policy, employees are required to accurately report their time at work. Work hours exceeding 40 hours and performed by non-exempt employees must be pre-approved by supervisors. Employees are compensated accordingly (one-and-a-half times the number of hours recorded).

The City is committed to providing ongoing learning and development opportunities to executives and employees, such as tuition reimbursement and classes on transitioning to retirement.

Maintaining operational consistency. In 2010, 18 percent of Utilities' workforce was age 60 or older, and we anticipate nearly 25 percent of our workforce may retire in the next five to 10 years. This presents a significant challenge to Utilities' operational consistency, and we consider succession planning a crucial part of our sustainability efforts. To ensure we maintain our level of excellence and skilled workforce, we are committed to attracting new workers and retaining current employees.

Within the City organization, workforce demographics continue to change, and the budget situation ebbs and flows. In response, the City is pursuing forward-thinking strategies and techniques to ensure the delivery of our services and programs is continued at the high level residents and businesses expect from us.

One of those strategies involves adopting a succession planning program to ensure our employees are prepared to handle the challenges before us. A segment of succession planning is referred to as Knowledge Transfer, essentially a technique to transfer critical knowledge on the "how" and "why" of work employees are completing. The goals is to capture the knowledge deemed most important to Utilities.

Utilities piloted a program focusing on Knowledge Transfer. Ten employees, from a range of job titles and divisions, were selected to participate. This information will be used to help us look at the way we recruit, develop and promote employees. It also will help us with bringing new employees into Utilities, enabling them to "hit the ground running" to fulfill important roles and ensure business continuity.

Managing 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. Health and safety data is prepared, reviewed and analyzed on a quarterly basis while incident investigations are conducted periodically by workgroups.

In 2010, we hired a full time Health, Safety and Security Manager (HSS) who reports directly to our Executive Director. The HSS Manager is involved in the security for our facilities, implementing new programs, facilitating a Utilities safety committee and working with the Wellness program to encourage a focus on safety and education.

City Safety and Wellness Team. The Risk Management Division oversees the City Safety and Wellness Team, which serves as an employee-driven resource to increase information and feedback between managers and employees within all City departments. The team's objective is to promote a strong safety culture among employees and the varying departments. The team consists of representatives from several departments and meets on a monthly basis. Team members are encouraged to take a skills-building course offered through the Risk Management Division and let their colleagues know about City-offered training opportunities.

In 2010, seven Utilities employees, representing all four utilities participated on the Citywide Safety and Wellness team. A team goal for 2011 is increased employee participation on the wellness team, representing all departments.

Walking the Poudre Trail.

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*

2010 total benefits obligation: $7,849,351

Chlorine safety drills.

We require specific safety classes as a pertinent aspect of our workplace culture. Annual and monthly meeting and training topics:

- *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*

Specific safety policies protect employees from unique hazards. We seek to ensure our work crews are prepared and aware of any hazards they may encounter during their work. Regular monthly meetings with our crews focus on different safety topics. Utilities department managers are responsible for establishing department-specific goals, guidance and safety policies and procedures for unique hazards found in their respective departments. Utilities also relies on external consultants to periodically perform Risk Management Audits to identify and address gaps.

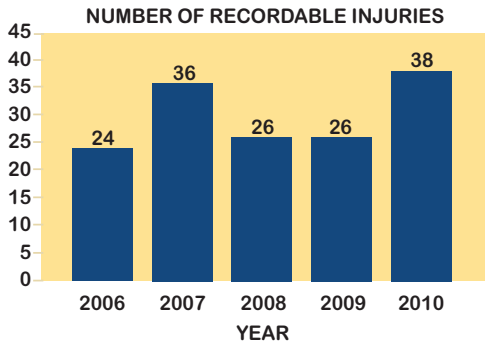
- Light and Power developed a Safety Manual. In conjunction with the American Public Power Association Safety Manual (APPA), Light and Power developed its manual to clarify expected levels of safety practices, applicable regulations and includes best-management practices for safety in the electrical industry.
- Water and Wastewater facilities have chemical, chlorine safety and evacuation plans. The Water Field crews have FEMA's National Incident Management System (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.
- Utilities' Emergency Preparedness Committee. The committee met nine times in 2010 and consists of representatives from all Utilities departments. Topics covered included Go Kits, Fire Extinguisher routes, sick leave trends, SCO emergency evacuation procedure, first aid/CPR/AED trainings, ID badge policy, visitor badges, dealing with workplace fatality/tragedy, insect repellant, West Nile virus safety, hostile customer training, respirator/ fit test training, fire extinguisher testing, Knox Box update and NIMS compliance.

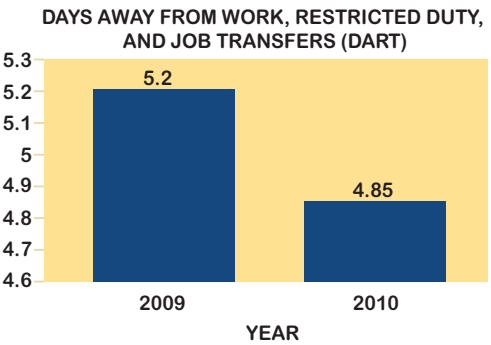
Benefits. Full-time classified employees have access to complete benefits, while benefits are pro-rated for part-time employees. Contract employees are eligible for most of the full-time benefits, and hourly employees with benefits may purchase medical benefits at full premium price. In 2008, the City's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

Employee well-being. The City's Wellness Program goal is to provide all City employees and their families with exceptional services to motivate them toward 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
- 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





City of Fort Collins formally began logging DART rates in 2010. 2009 DART rate is estimated. The City does not fall under OSHA jurisdiction and reports this data voluntarily to the Bureau of Labor Statistics.

Engaging Our Customers and Community.

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 utility services. On the electric side, Key Accounts staff works collaboratively with our wholesale provider, Platte River Power Authority (Platte River), to bring added value and stability to the power supply relationship that exists among our Key Accounts customers, Platte River and Utilities. On the water side, Key Accounts staff works to provide customers with information about efficiency measures, water quality, usage projections, managing process waste and stormwater. Services include educational workshops, energy and water efficiency incentives, liaison and other individually designed customer support.

In April 2010, we held a Key Accounts luncheon to update businesses on the expansion of the Key Accounts program, building tune-ups and assessments, the new load management tool and the employee efficiency challenge for behavioral change.

Protecting customer privacy and information. Protecting the privacy, identity and information of our customers is crucial to maintain trust, and we are committed to this effort. In 2007, the Federal Trade Commission (FTC) issued new rules on identity theft, known as "Red Flags Rules." The rules require financial institutions, utilities and other creditors to develop individual plans to prevent customer identity theft. While the deadline to develop and implement a plan did not go into effect until 2010, Utilities decided in 2008 to act as if we were in compliance with the upcoming FTC regulation. Staff formed a privacy committee to develop an identity protection plan for our customer accounts. The plan's purpose is to detect, prevent and mitigate incidents of identity theft. We did not receive any substantiated complaints regarding breaches of customer privacy or data in 2010.

Community education. Over the years, Utilities actively has engaged community members from school-age children to adults in programs that underscore 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 and energy conservation, specifically matching their programs to school district curriculum and standards.

- WaterSHED program. The program's main purpose is to support Utilities goal to educate citizens 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 youth about efficient water use indoors and out. Dr. WaterWISE provides scientific, hands-on, water conservation activities for third, fourth and fifth graders.
- 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 six, eight 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.

Key accounts customer.

Utilities Employees Give Back.

In 2010, employees participated in or held:

- *an annual blood donation drive at the Water Treatment Facility*
- *the City's Food Bank drive*
- *holiday collection drive for Homeless Gear, Toys for Tots, Project Self Sufficiency, Foothills Gateway, Poudre School District and Larimer Humane Society*

Employees also donated their personal time to local and global organizations, which amounted to more than 6,200 hours in 2010.

Xeriscape garden.

Residential Environmental Program Series.

Utilities presented the following topics in 2010:

- *Energy Efficiency for Home Comfort*
- *Eco-Friendly Homes: Inside and Out*
- *Making the Change to Xeriscape*
- *Xeriscape by Design*
- *Great Xeriscape Plants*

Business Environmental Program Series.

Utilities presented the following topics in 2010:

- *Fort Collins' Advanced Meter Infrastructure*
- *Water Smart Landscapes*
- *Rx for an Efficient Business*
- *Greening the Fort: Fort Collins Green Building Program*
- *Restaurants: A Menu of Cost-Saving and Environmental Choices*

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 2010, the City offered 11 programs for residents and seven for businesses.

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

- Water Engineering and Field Services. In July 2010, Water Engineering and Field Services sponsored its annual Flood Awareness Week to promote public safety.
- Water Resources and Treatment. Water Resources and Treatment staff celebrate in the annual Drinking Water Week with the American Water Works Association. In May 2010, Utilities focused on how water professionals and their communities recognize the vital role water plays in our daily lives.
- Light and Power. Annually, Light and Power participates in national Public Power Week with the American Public Power Association. In October 2010, Utilities celebrated the importance of public power to communities.

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.

Payment assistance. Utilities has offered payment assistance to our customers for many years, primarily through our Payment Assistance Fund. The fund helps keep heat, electricity and water services connected for local families and senior citizens who struggle to pay their bills. The program assisted 378 customers in 2010 and offered $37,791 in funding. The program is funded entirely by customer and City employee donations. While we strive to help customers avoid disconnections, in 2010 we disconnected the services of 8,007 accounts due to non-payment. This was a decrease of 15 percent from 2009.

Partnerships.

The City of Fort Collins Electric Board. This is an advisory board to staff to help identify rate payers' service delivery expectations and other duties provided by City Council ordinance. Members are Fort Collins citizens and technical expertise is not required. However, one or more of the following is preferred: electric utility background, understanding regulatory issues, finance, marketing, business administration or consumer advocacy. The Electric Board holds monthly meetings.

The City of Fort Collins Water Board. The Water Board is somewhat different than typical utility water boards due to the broad issues and topics related to our Water Resources and Treatment, and Water Engineering and Field Services operations. Water Board members are Fort Collins citizens, broadly concerned with policy issues. Diversity of backgrounds and interests characterize the Board's current membership. 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, and 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. Utilities takes an active role in Colorado Association of Municipal Utilities and the Colorado Legislative Action Committee. We participate to help establish and monitor the State of Colorado legislative agenda on issues that may affect the state utility industry and our Utilities' services.

Managing Our Sustainability Performance.

In 2008, we created a Core Sustainability Team and an Advisory Panel to work collaboratively with the senior management team to develop an internal Implementation Plan (the Plan) to assist our organization in making the transition to becoming a sustainable utility. The Plan includes details and accountabilities for implementation, leading to a new sustainability platform coined, "A Utility for the 21st Century."

Comprehensive plan. The Plan complements Utilities' existing management structure by building upon already established roles and responsibilities and further expands reporting to include GRI metrics and key performance indicators identified in the Plan. Four key issues are integral components for the Plan's success. A three-pronged approach drives our overarching strategy, planning and implementation for the coming years:

- transforming our organizational culture and aligning our workforce to drive sustainability initiatives
- educating and partnering with our stakeholders
- embedding economic, social and environmental principles of Triple Bottom Line (TBL) into our management processes and daily operations

Issue teams. Four employee teams are key to embedding the principles and strategies of our sustainability efforts. The teams were developed to focus on the issues we deemed critical of our attention. The teams were formed around the following four issues:

- Culture
- Stakeholder Engagement
- Workforce
- Triple Bottom Line

The teams, led by an Issues Lead, work throughout the year and annually report their progress in addressing defined strategies and tactics. Their reports help in assessing our progress and identify how we might adjust our responses to needs arising from internal and external factors.

Culture.
Goal: Employees understand sustainabiility and integrate sustainable practices into their daily activities.

Stakeholder Engagement.
Goal: Demonstrated community support for sustainability efforts.

Triple Bottom Line Issue.
Goal: Business practices are developed and operationalized to be consistent with Triple Bottom Line.

Workforce Issue.
Goal: Provide clear expectations, challenge employees to be involved and provide a safe environment for creative thinking.

Organizational Development and Alignment

Stakeholder Outreach and Engagement

Values
Outstanding Service, Innovation and Creativity, Respect, Integrity, Initiative, Collaboration and Teamwork, Stewardship

Public outreach.

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*
- *Appliance recycling and rebates*
- *Zero-interest loans for energy improvements*
- *Load-management*
- *Conservation education*
- *Net metering*
- *Youth education*
- *And more…*

Managing 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 offer these services and meet or exceed regulatory requirements.

Our environmental footprint. 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.

- Platte River Power Authority. Platte River owns and operates power generation resources, which provide energy for our local needs. Our membership in Platte River accounts for a substantial portion of our environmental impacts based on our portion of Platte River's overall emissions, coal consumption and other environmental influences.

  Platte River has been measuring and reporting greenhouse emissions since 2006. Platte River began reporting to the California Climate Action Registry in 2006, switching to the Climate Action Registry in 2008. Participation in these GHG registries is part of Platte River's efforts to prepare for potential GHG regulation. It also reflects the value Platte River places on being a good environmental steward.

City's commitment to reduce GHG emissions.

Resolution 2008-051. Adopted by City Council in May 2008, Resolution 2008-051 establishes two GHG 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 emissions 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 emissions by the end of 2012 to a level not to exceed 2,466,000 tons of CO_2e, which is comparable to 3 percent below 2005 levels

Preliminary results indicate that community GHG emissions decreased by 11 percent in 2010, compared to the 2005 baseline.

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

Utilities committed to reducing greenhouse gas. Utilities has a significant and influential role in assisting the community to achieve the greenhouse gas (GHG) reduction goals set forth by the Climate Action Plan. 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. 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. Applying our Triple Bottom Line perspective, Utilities also considers the environmental and social costs associated with coal-fired generation and our commitment 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.

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

- Platte River's ownership-allocation method
- Utilities' operational load method

The GHG inventory reporting methodology reflects an ownership and operational control boundary for reporting as defined by the Climate Registry's Electric Power Sector Protocol. Utilizing both boundary conditions results in the most transparent representation of Utilities' GHG emissions. Ownership boundary results report an ownership allocation of all of Platte River's direct generation emissions, including off-system electric sales. Operational-boundary reporting results in the emissions directly related to Utilities' purchased energy on behalf of all electric customers. Our ownership of Platte River was calculated in 2010 at 48.2 percent.

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.

The Utilities' operational load:

- 1,062,850 CO_2 metric tons

The Utilities' Platte River ownership:

- 1,542,425 CO_2 metric tons

Additional regulated air emissions from Platte River include:

- NOx: 1,778 short tons
- SO_2: 629 short tons

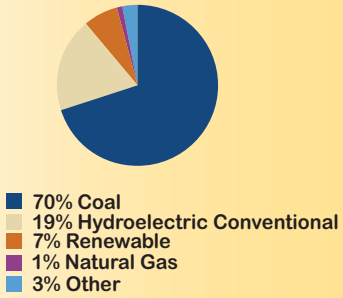
(Data relates to Utilities' Operational Load.)

Rawhide Power Station had one outage that was planned for regularly scheduled maintenance and an unplanned outage occurred due to boiler tube leaks.

The decrease in air and CO_2 emissions can be attributed to outages. These outages also resulted in lower coal consumption and ash production.

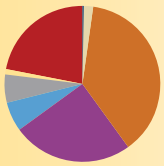
Rawhide Energy Station.

FORT COLLINS UTILITIES' 2010 POWER GENERATION MIX



Energy savings programs.

2010 EFFICIENCY PROGRAMS CUSTOMER SAVINGS



- .4% Building Tune-up
- 2% Commercial New Buildings
- 38% Commercial Lighting
- 25% Commercial Efficiency
- 6% Appliances
- 0% Home Efficiency Program
- 6% Residential Lighting
- 1% Special Projects
- 22% Home Energy Reports

	MWh	%
Building Tune-up	76	0.4
Commercial New Building	453	2
Commercial Lighting	7,792	38
Commercial Efficiency	5,147	25
		65%
Appliances	1,159	6
Home Efficiency Program	48	0
Residential Lighting	1,141	6
Special Projects	145	1
Home Energy Reports	4,616	22
		35%
Completed Annual Savings	20,577 MWh	
Annual Goal	22,000 MWh	

As part of our sustainability efforts and Energy Policy related goals, 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, our target was to achieve an annual energy reduction of 1 percent of our annual total load (approximately 14,500 MWh per year) by 2009.

In 2010, we exceeded this objective and achieved energy efficiency program savings equivalent to 1.4 percent of the community's electric use, a 100 percent increase from 2009. By participating in our numerous efficiency programs, customers saved 20,577 MWh.

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

Energy Policy. In response to the City's GHG reduction goals, we developed the Energy Policy that guides our strategies. The primary goals of the Energy Policy, adopted in January 2009, are to sustain high-system reliability and contribute to the community's climate protection goals and economic health. The Energy Policy's 2050 vision is to ensure highly reliable, competitive, carbon neutral electricity supplies, managed in a sustainable, innovative, responsible and efficient manner for the Fort Collins community.

An annual update, directed to City Council and the community, identifies Utilities' progress made to date toward the Policy's primary goal areas: reliability, climate protection, economic health and the City's collaboration with Platte River.

Key outcomes from Utilities' Energy Policy implementation in 2010 include:

- New initiatives to modernize metering systems and maintain utility assets for the future underscore continuing highly reliable electric service.
- Electricity savings from 2010 efficiency programs totaled nearly 20,600 megawatt-hours (MWh) in annual electricity use, or 1.4 percent of the community's electricity use. This is equivalent to the annual electricity use of more than 2,250 typical Fort Collins homes.
- Efficiency programs generated more than $19.4M in local economic benefits through reduced utility bills, leveraged investment and indirect activity.
- Electricity savings from 2002 through 2010 efficiency programs totaled more than 84,000 MWh in annual electricity use. Customers will save more than $5.4M in reduced utility bills in 2011 as a result.
- More than 129,000 metric tons of annual carbon emissions were avoided due to Energy Policy related programs.
- The Home Energy Report program, launched in late 2009, provided periodic reports to more than 20,000 homeowners with educational information about their electricity use compared to similar homes in Fort Collins. The program achieved more than 2 percent electric savings, lowering bills for recipients by more than $350,000.
- The Home Efficiency Program, launched in January, completed more than 450 comprehensive home efficiency audits, leading to more than 100 energy retrofit projects. The program also developed a comprehensive home energy contractor network through training and structured quality assurance.

Energy efficiency. We recognize energy efficiency and conservation as the most cost effective ways to reduce GHG emissions and save money for our customers.

- Home Energy Report. We launched the home energy reporting program as a pilot in 2010 to help customers save energy and money and reduce demand on the electric power grid. The reports are intended as educational tools to help our customers understand their monthly home energy usage, track how their homes' energy use changes over time and learn where they have opportunities to save. The front of the report shows ranking against 100 similar homes and a 12-month electric usage graph. The report's second page focuses on information on how to save energy, related to our efficiency programs and common sense conservation measures.

In 2010, roughly 22,000 households received the reports. On average, these homes reduced use by 2 percent, saving 4.2 gigawatt hours (GWh) of electricity.

- Energy Challenge. As part of our efforts to reduce energy consumption in 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 Executive Director and the City Manager, who sought energy savings at other City sites, including City Hall. The reductions were based on voluntary employee actions and behavioral changes such as turning off lights, computers and other equipment. In 2010, the Utilities Service Center saved more than $6,950 in electric costs, reduced electric use by 32.5 MWh, and reduced our GHG emissions by 4 percent compared to 2009. We achieved our 20 percent reduction goal for GHG emissions at this facility, exceeding it by 13 percent in 2010 (33 percent reduction from 2005 GHG emission levels).
- Energy efficiency at our treatment facilities. The state of Colorado acknowledged the Water Treatment Facility for implementing energy efficiency practices, including electric load shedding to reduce peak charges; high efficiency lighting, ballasts and office motion sensors; chemical containment storage areas; solar panels at remote reservoir site and extensive recycling efforts. Drake Water Reclamation Facility (DWRF) eliminated odor control chemicals through use of compost and wood chip biofilters, energy efficiency, and recycling practices. Methane-operated equipment now heats 13 of 16 facility buildings.

Renewable energy options. Utilities is committed to moving toward clean and renewable energy sources and substituting fossil fuel-based electricity with renewable or clean resources.

- Voluntary renewable energy program. Fort Collins was the first electric utility in Colorado to offer our customers the option to purchase wind-powered energy. The Green Energy Program supported the purchase of 20,286 MWh of renewable energy and had 1,609 customers in 2010. The voluntary program has traditionally grown in size; however we did see a decrease in participation in 2010. Platte River increased its tariff to reflect a new resource mix, which moved away from the use of Renewable Energy Credits (RECs). Utilities also no longer offered a subsidy for this program. This resulted in a nearly doubling in cost per kWh, which may have contributed to the 13 percent decrease in participation.
- 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 2010, we purchased another 67,738 MWh in renewable energy. The total rate-based renewable energy purchased was 96,000 MWh. State legislation requires large municipal utilities to 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 2010, Utilities provided 6.5 percent renewable energy towards these requirements.
- On-site renewable energy. Support for on-site renewable energy installations expanded in 2010. The pilot net metering program initiated in 2005 formally was adopted under new City ordinances in 2009. Fort Collins' net metering 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.

In 2010, PV capacity additions totaled 227.4 kilowatts (kW), 105.5 kw residential and 121.9 kW commercial, bringing the cumulative on-site PV capacity total to 832.9 kW. Residential PV incentives (again partnering with the Colorado Governor's Energy Office) totaled $220,800 in 2010.

Retrofit with solar panels.

Supporting employee innovation.

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 2010, our Water Treatment Facility staff displayed innovation by retrofitting their onsite electric car with solar panels to make this a zero emissions vehicle.

Energy consumption. Our energy consumption is lower than many utilities, as the Fort Collins water distribution system is mostly gravity based, requiring very little pumping. Aside from power generation, our largest sources of energy consumption are our treatment facilities and fleet vehicles. In total, Utilities facilities used a total of 102,200 gigajoules of energy or 17,629 MWhs and 366,569 Therms of natural gas to provide services. In 2010, nearly 90 percent of our electric use and 64 percent of 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.

- Drake Water Reclamation Facility (DWRF). DWRF has taken steps to save costs by "power shaving" during times of peak demand. Staff monitor Platte River Power Autorithy load trends and power down some of the high electric demand consumption equipment for a few hours at the time. This can result in significant savings as peak demand prices are at a premium price. In 2010, DWRF was able to save between $3,000-5,000 and about 10 percent of the plant's energy use per month through this energy-saving practice. 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.
- Fleet vehicles. Our fleet vehicles were responsible for a total of 148,550 gallons of fuel consumption. The overall fuel use is down 0.5 percent from 2009, down 8 percent in gasoline use and overall reduction of 8 percent of fuel consumption the last two years. Some of the fuel savings may be attributed to our continued practice of the Light and Power crews working four 10-hour days during the work week in the summer season, and an anti-idling policy. Additionally, the City provides B20 biodiesel, propane and E-85 to increase the use of alternative fuels for our vehicles. These fuels comprised 42 percent of our fuel use in 2010, thus reducing our emissions and our dependence on gasoline.

Water.

Water treatment, reuse and recycling. As a water and wastewater utility, we must divert and treat raw water for drinking supplies and collect, treat and clean wastewater 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 electric 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 acre-feet (AF) per year.

Water reuse. In 2010, our Mulberry Water Reclamation Facility (MWRF) was off-line due to reconstruction, and DWRF was the primary reclamation facility, treating and discharging 5,196 million gallons of water. To make more efficient use of local water supplies and reduce diversions from the Poudre River, we provided 1,369 MG of wastewater effluent to Rawhide Energy Station to help 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 wastewater effluent is discharged back to the local watershed.

Water recycling. 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 Facility. Most of Utilities water rights are classified as single-use water rights in Colorado and cannot be reused by the City. 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 re-consumed. In 2010, sidestream flows totaled 459 MG at DWRF.

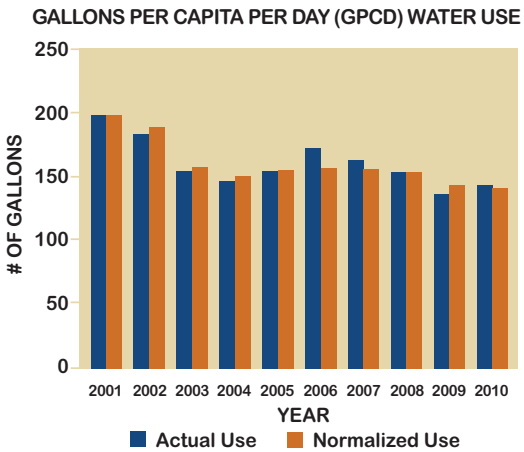
Our Water Treatment Facility also is able to recycle a limited amount of water for process efficiency, which is dependent on the amount of water production. As part of the solids removal process, excess water is recycled.

The water is treated with ultraviolet disinfection prior to returning to the beginning of the plant for treatment. In 2010, the City recycled 306 million gallons of water.

Water quality and protection. Water Resources and Treatment helps manage and protect the regional water supply and watershed by improving water quality and reducing pollution entering waterways. We have been a member and major funder of the Big Thompson Watershed Forum for 13 years and partner with other organizations on regional projects to monitor and analyze water quality in the CBT watershed. With other drinking water providers that use the upper Poudre River watershed, we developed a water quality monitoring program for the watershed and work with other entities to monitor and protect watersheds upstream of our water intakes. In accordance with federal regulations, we deliver water quality reports to consumers each year. The reports are available at *fcgov.com/wqr.*

Water supply and demand. Our Water Supply and Demand Management Policy guides Utilities in balancing our community's supply and demand, even during drought conditions. In 2010, we diverted 25,003 AF of raw water from the Poudre River and Horsetooth Reservoir to provide treated water to Fort Collins, an increase of 7 percent from 2009. We diverted 38 percent of raw water from the Poudre River and 62 percent from the CBT system (Horsetooth Reservoir). This was an increase from typical years due to water quality conditions with the Poudre River and the blending needs for our Water Treatment Facility.

Waste and Procurement.



(1) GPCD values do not include large contractual water use.
(2) Normalized values represent average expected use for 1930-1995 weather conditions.

Material use and waste. In 2010, Utilities ownership allocation of Platte River's power generation resulted in consumption of 881,077 short tons of coal. The consumption of coal for power generation also results in fly and bottom ash, which is our largest source of waste generation. We were responsible for generating 35,106 tons of ash, while an additional 1,670 tons (4.8 percent of the fly ash produced) was recycled and designated for a beneficial use in such products as cement and concrete structures. The amount of ash recycled dropped significantly in 2010 by 12.2 percent. This is likely due to less demand in the market place for this product. In addition to coal, Platte River facilities use natural gas, and the Utilities allocation in 2010 resulted in 367 million standard cubic feet of natural gas consumed to produce electricity.

Another major source of waste. Our Wastewater Utility is another source of waste generation. In 2010, we were able to remove 95 percent, or 1,747 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. Biosolids are applied to the ranchland, providing benefits such as soil structure improvement, water retention and slow-release fertilizer. In addition to biosolids management, the site is leased to local ranchers, allowing their cattle to graze on the property. Our office facilities produce waste through normal business operations, and in 2010 we generated more than 1,000 tons of waste that were sent to the local landfill. Our diversion rates fluctuate depending on the site and we continue to encourage our staff to recycle paper, plastic, batteries, aluminum and other materials whenever possible. We have four food digester cones on facility sites and participated in a pilot commercial composting program that resulted in approximately 200 gallons of food waste being diverted from the landfill in 2010.

Household hazardous waste.

Fort Collins held its first household hazardous waste collection in 2010. Collectively, citizens turned in more than 20,000 pounds of waste–from paint and paint-related materials to batteries and flammable aerosols.

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.

Photo used by permission of Master Gardener Sally Dunphy.

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. The guidelines include considerations for products' environmental impact and specify preference for products with recycled content. In 2010, 43.9 percent of the City's office supply product purchases contained recycled, remanufactured or other green attributes such as energy efficient manufacturing, reduced harsh chemicals or refillable material.

Biodiversity.

Impacts on biodiversity. As a multiservice 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 monitor and strive 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 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 and other emissions and raw water diversion from the area. We offer substantial public outreach programs to educate children and adults about the local habitat and to help 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 Unit 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 Utilities' operations and delivery of electric and water services. Some of our 2010 investments:

- assigned six full-time Utilities employees to support the City's regulatory and environmental management
- trained, via our Regulatory and Government Affairs division, 539 City employees from 10 different departments on stormwater pollution prevention, good housekeeping procedures, Environmental Project Manager, Hazardous Materials First Responder Awareness Level, Hazard Communication Refresher training, Power Washing Regulations, SPCC and Asbestos Awareness
- worked, via our Industrial Pretreatment program, with local businesses and industries to ensure waste discharges do not interfere with our water treatment processes
- participated in the 20th Annual Children's Water Festival
- stenciled 450 storm drains to encourage a reduction in pollution runoff
- conducted outreach to 52 businesses for Outdoor Event Best Management Practices and added power washing guidelines and waste disposal procedures to special events permits
- offered extensive education and outreach for our water conservation and energy efficiency programs

Utilities did not report any significant spills or receive any fines for non-compliance in 2010.

Moving Forward.

Bridging to the future. "Getting it right" became a theme for 2010, internally and with our interested external stakeholders. Throughout the year, community issues provided a backdrop for a hectic schedule involving budgets, City planning and outreach and concerns about rising costs that resulted in a sales tax increase late in the year. These issues did not prove to have an impact for many of our workforce, and the core business of treating water and wastewater, distributing electricity and water and managing stormwater services continued without interruption.

However, awareness about the need for better coordinated and inclusive planning resulted in greater involvement by a number of Utilities staff. It also set the stage for development of new relationships and knowledge throughout the City organization. Concepts our staff and stakeholders explored related to a Triple Bottom Line (TBL) approach began to spread as well.

Against this backdrop of community planning, Utilities was immersed in the beginning stages of new initiatives to take us into the future. Managing the utility infrastructure, modernizing electric and water metering technologies and the electric distribution grid, rebuilding our Mulberry Water Reclamation Facility and exploring new tools for knowledge transfer were beginning or nearing completion. These projects bring new insights about what the future holds – for our workforce, management of our assets and costs associated with securing a stable Utilities' future.

Guiding organizational change. The four internal teams that lead our Utilities for the 21st Century Initiative are on the front line of guiding organizational change. When employees joined together to recognize our achievements for the year, we did so with a new appreciation of all that was involved and would be needed in the coming year. In 2010, we moved forward in several areas and maintained our progress in others. These include:

- We expanded our community outreach and engagement with more than a dozen presentations about our 2009 GRI Report and the importance of organizational transparency and accountability, thereby exemplifying our commitment to community leadership.
- TBL analysis further developed and began to spread throughout the City organization with the leadership of our TBL team.
- Workforce awareness of 21st Century Utilities issues continued to be a focus, and more employees joined the original groups, re-energizing and broadening the perspective and bringing fresh ideas to the Initiative.
- Discussion of governance or structure for the Initiative began, eliciting new ideas about how the organization could support the project teams.

Employees. In 2011, as more employees join our original group, the task of "passing on" what had been learned as our Initiative formed became an important focus to those who would move on to new projects and to those who sought a better understanding of the issues, goals, strategies and tactics imbedded in the implementation plan. Employee recognition and support for the "extra" work involved with project implementation will require discussion throughout 2011.

Stakeholders. External stakeholders were involved in many planning projects during the year and again became a focus when we reached the milestone of publishing our fourth GRI report. Early discussions about the importance of re-convening our advisory group began to gather momentum for 2011.

Triple Bottom Line. Employee commitment to use a TBL approach expanded in 2010 and set the stage for further outreach and education, proving to be an important platform for discussing sustainability concepts in 2011. Implementation of the "ethics" strategy resulted in formation of an internal ethics team.

Organizational culture. With a successful launch of the organizational Cultural Values Assessment and initial discussions underway, our employees are beginning to understand the role of culture in managing change. New ideas for creating connections between employees emerged, and an employee sponsored newsletter was introduced.

We are moving quickly into the future we envisioned just a few years ago. The bridge to that future–new ideas and approaches to current projects, the work of our dedicated employees and the engagement of our stakeholders.

Appendix: Utilities' Stakeholder Expectations Table[1]

STAKEHOLDER GROUP	ENGAGEMENT TYPE
CUSTOMERS	**CUSTOMER SERVICE** - Customer Service Representatives - Customer and Employee Relations Team - Key Accounts representatives - Business assessments **MARKET RESEARCH** - Customer satisfaction surveys - Interim surveys and focus groups **PRINT AND WEB-BASED MEDIA** - Online account management - Website - Direct mail (bill inserts, postcards, Year-End Letter) - Print and broadcast advertising **EFFICIENCY PROGRAMS** - Efficiency Audits - In-store events focused on energy and water efficiency - Home Energy Reports - Rebates and bill credits **PUBLIC MEETINGS** - Electric and Water Board meetings - Council meetings **EDUCATION PROGRAMS** - Business Environmental Program Series - Residential Environmental Program Series - Educational programs for Poudre School District
COUNCIL & BOARDS	Briefings and presentations at Council meetings Water Board Electric Board Other City boards and commissions Platte River Power Authority Board of Directors
PARTNERS	Joint customer programs IGAs Regional water planning and management Projects with other City departments Governor's Energy Office Poudre School District Colorado State University Local businesses Professional associations Other local governments
REGULATORS	Governmental and regulatory staff Regulatory proceedings Reports, filings and informational materials Stakeholder forums Presentations and speaking engagements
COMMUNITY ORGANIZATIONS	Electric Board Water Board City Council meetings Advisory Panel Direct access to Council Members Subject-matter expert speakers Fort Collins Housing Authority Various non-profit or non-governmental organizations Print, broadcast and social media coverage

STAKEHOLDER INTERESTS, CONCERNS & EXPECTATIONS	UTILITIES' RESPONSE & TARGETED ACTIONS
Service quality Service reliability Managing energy and water rates Customer service and payment options Energy, water and money saving opportunities Low-income assistance Community and environmental stewardship Privacy of customer information Flood management In stream flows for recreational use and ecosystem health	Implementation of federal Department of Energy grant to upgrade City's electric grid via Advanced Metering Infrastructure Focused and expanded our energy and water savings outreach programs Implemented the City's updated Energy Policy, adopted in 2009 Payment Assistance Fund Expanded Water Conservation Plan Implemented a formalized Environmental Management System at our water reclamation and water treatment facilities Developed a Green Building Residential Energy Code Launched our online account management system Completed 50 percent of the construction phase of our Canal Importation Ponds and Outfall Stormwater Project Stormwater program repurposing Red Flags Act compliance and cyber security
Best practices Reliability of service High-quality drinking water Responsive to customer needs and issues Decision making and practices aligned with City policies Leadership in sustainability	Review of proposed council actions Staff reports/liaison Annual/periodic council reports Council action prepared 21st Century Utilities Initiative
Equitable relationships Mutually beneficial outcomes Professionalism Trustworthy actions Accountability for appropriated funds	Supplier and construction industry seminars Utilities industry speaking opportunities Development of an ethics policy and program
Regulatory compliance Transparent and accurate reporting Collaborative policy debates Collaborative regulation development Sound scientific basis for regulation	Privacy committee Financial audit Environmental management system EMS development for other City departments Interdepartmental Environmental Management Team Transparent environmental documents Compliance assistance and education outreach for all City departments City legislative and policy committee membership
Economic development Public safety Project input and communication Environmental stewardship and leadership, including efficiency education Accountability Community support and involvement with local initiatives	**PUBLIC OUTREACH** - Community relations/public engagement-related to major projects - Water and energy youth and adult education programs in school and in the field - Canal Importation Ponds and Outfall Stormwater Project public outreach - Fort Collins Conserves campaign - Flood Awareness Week - Public Power Week - Drinking Water Week - Sustainable Living Fair - Annual Children's Water Festival **PUBLIC REPORTING** - Annual sustainability report - Drinking water quality report - Flood awareness report **COMMUNITY INVOLVEMENT** - Community food drive - Blood drives - Private volunteering/boards - Adopt-A-Family - Collections of toys and toiletries - United Way - Make a Difference Day

[1] Representative of stakeholder engagement/expectations and Utilities' response/actions.

2010 GRI Indicator Content Index.

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B-level application.

As part of our effort to improve our reporting, we increased our application level to B for our 2009 report. For our 2010 report, we continue to seek process improvements for our reporting, including increasing the amount, accuracy and completeness of the data collected, related to GRI indicators. We did not seek external assurance or audit for the report at this time.

GRI G3 Performance Indicators.

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

Indicators noted as a 'partial' disclosure have only a portion of the data available to include in the report. This is mostly due to limited availability of data or current practices in place to track this information and data. Because Fort Collins Utilities is a municipally owned entity, the indicators marked 'NA' do not apply to our governance structure.

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EC 7	Procedures for local hiring and proportion of senior management hired from the local community	16
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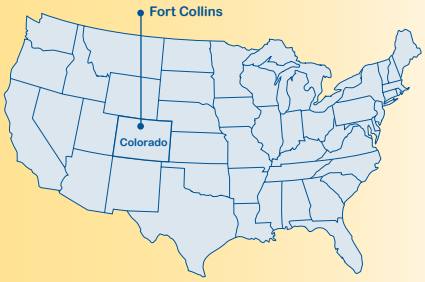

Location of
Fort Collins, Colorado

Additional Information.

For additional information about this report, the GRI information on Fort Collins Utilities website, or the Utilities internal 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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GRI G3 Indicator	Content	Page Number
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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.

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Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Fort Collins Utilities** has presented its report "Bridging to the Future" (2010) to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 2 August 2011

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

GRI REPORT
GRI CHECKED

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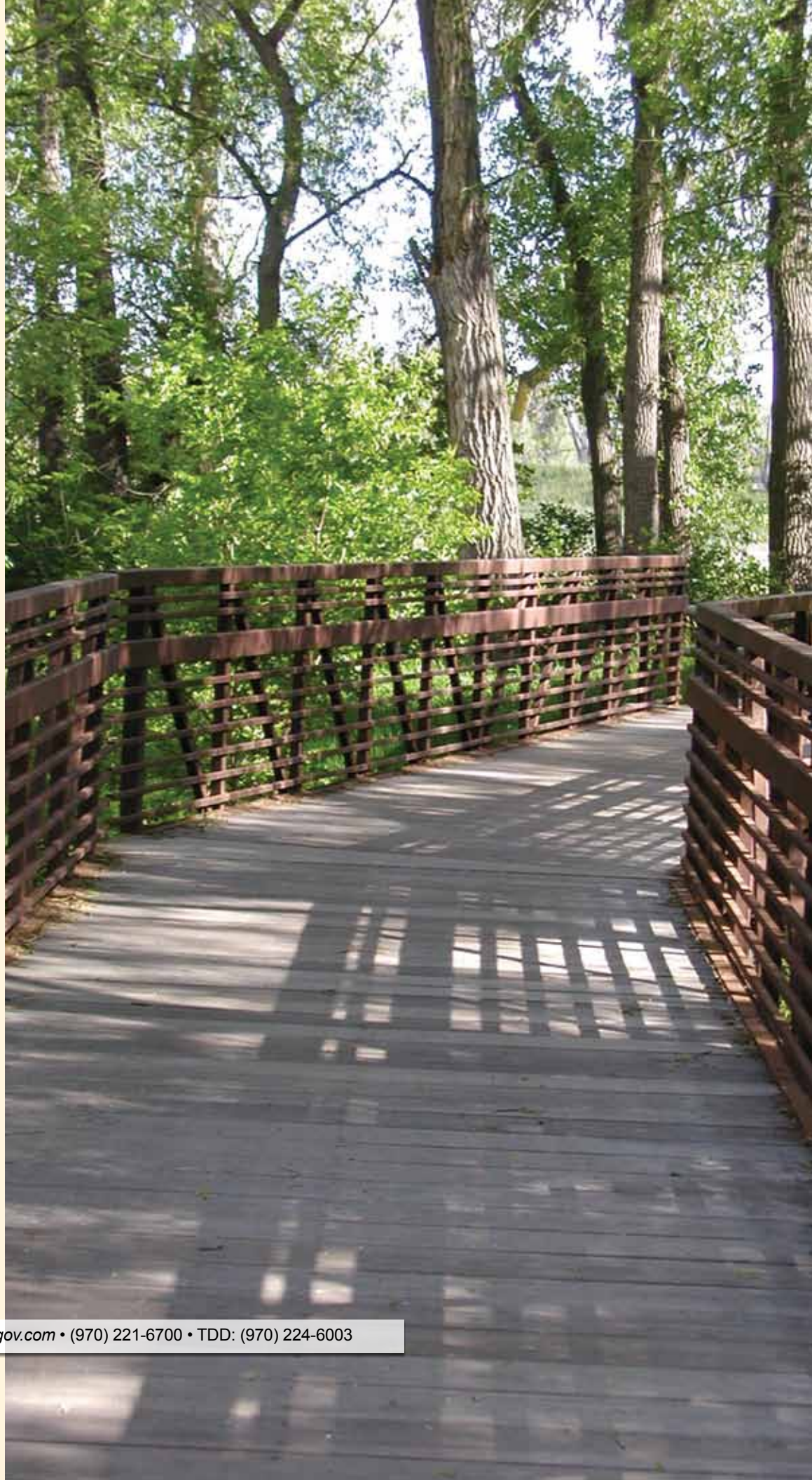

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