

"FROM FORESTS TO FAUCETS" PARTNERSHIP

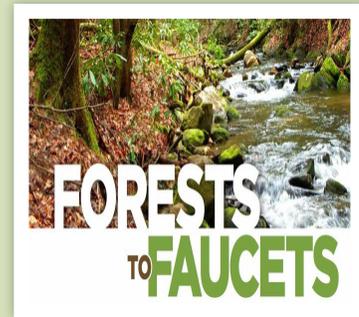
The Denver Water Company and the Rocky Mountain Region of the US Forest Service joined forces in 2010 to create the "From Forests to Faucets" partnership. This partnership was in response to two major forest fires, the Hayman Fire in 2002 and the Buffalo Creek Fire in 1996, which compromised the Denver Water companies source waters and resulted in over \$10 million in costs. The goal was to improve forest and watershed conditions within the Denver Region over a 5-year period. Specifically, the conservation projects will focus on reducing the likelihood of wildfires and mitigating insect infestations within the forests. The long-term objective is to try to address forest and watershed conservation issues on 46,000 acres of land critical to the water supply of the Denver region. Denver relies on water sources from snowpacks and streams located on these US Forest Service lands and, as such, this partnership was designed to accelerate the impact that either organization could have on their own. Over the 5-year timeframe, the partnership will result in \$33 million for restoration and conservation. Since the 2010 start, the partnership has been operating under budget and has expanded its scope to include additional acreage.

For more information:

<http://www.denverwater.org/SupplyPlanning/WaterSupply/PartnershipUSFS/waterus-forest-service-partnership/29454/>

HOW IT APPLIES TO STEWARDSHIP

This partnership is an example of a unique payment scheme for ecosystem services. Half of the funding for these initiatives comes from the users of Denver Water. It is in their best interest to ensure source water protection, and for a small incremental cost to the users, a large source of funding was created for protection of existing forests. In 2010, the company implemented water fees that are expected to result in a total increase of \$27 for users.



Quick Facts

5 year partnership created in 2010

Each partner committed \$16.5 million

17,000 acres of National Forest lands in Colorado are currently being treated and restored

Denver Water raised funds through a small ratepayer annual fee amounting to approximately \$1.65 in 2011 per household

Over the course of the project, ratepayers will pay a total of \$27

STRENGTHS

- Successful and mutually beneficial partnership between US Forest Service (public) and Denver Water (quasi-private) accelerating conservation benefits
- Low cost to individuals while creating large funding source
- Ecosystem service (source water) sustained via predictable funding loop

CHALLENGES

- The partnership has to be regularly renegotiated to continue beyond the initial period
- Customers often do not back rate increases so increasing funding in future may be difficult

CASH FLOW DIAGRAM

