

AUG 16 2004

DENVER WATER

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August 13, 2004

Steven G. Wright
Holly Mutual Water Company
633 17th Street, Ste. 2200
Denver, CO 80202

Dear Mr. Wright:

On Wednesday August 11, 2004, the Denver Board of Water Commissioners [Board] was given a presentation by Staff on Denver Water's Ten Year Financial Plan, the financial impact of this plan and the loss in revenue caused by three consecutive years of drought. As result of this presentation, the Board made the determination that a rate increase is necessary to help fund the Ten Year Financial Plan, and to recoup the loss in revenues caused by the drought. The amount of the rate increase is not known at this time.

A recommendation on the amount of the increase and the timing of that increase will be made to the Board at its August 25th Board Meeting. Following this Board Meeting, a series of Public Meetings will be scheduled for the month of September for Public comment on the rate increase. You will be notified by letter once the dates, times and locations for these Public Meetings have been scheduled. It is anticipated that the Board will vote on the proposed rate increase at its September 22nd meeting. If the Board adopts the rate increase, the increase will take effect on January 1, 2005.

If you have any questions, please contact me at 303-628-6112.

Sincerely,

G. T. Malmberg
Water Sales Administrator