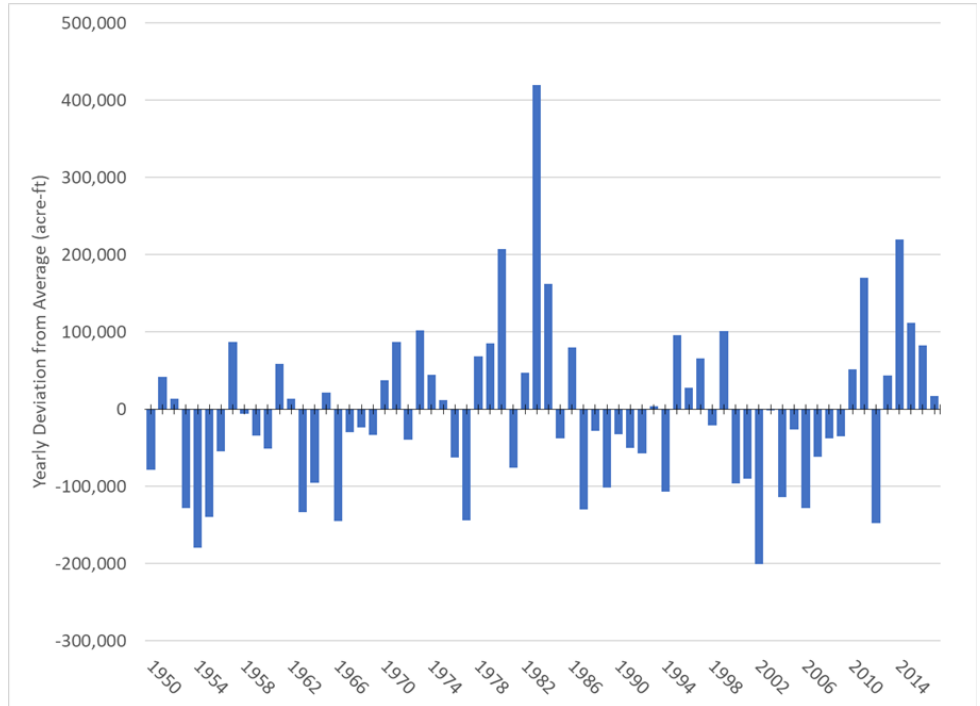


Drought and Water Supply Summary

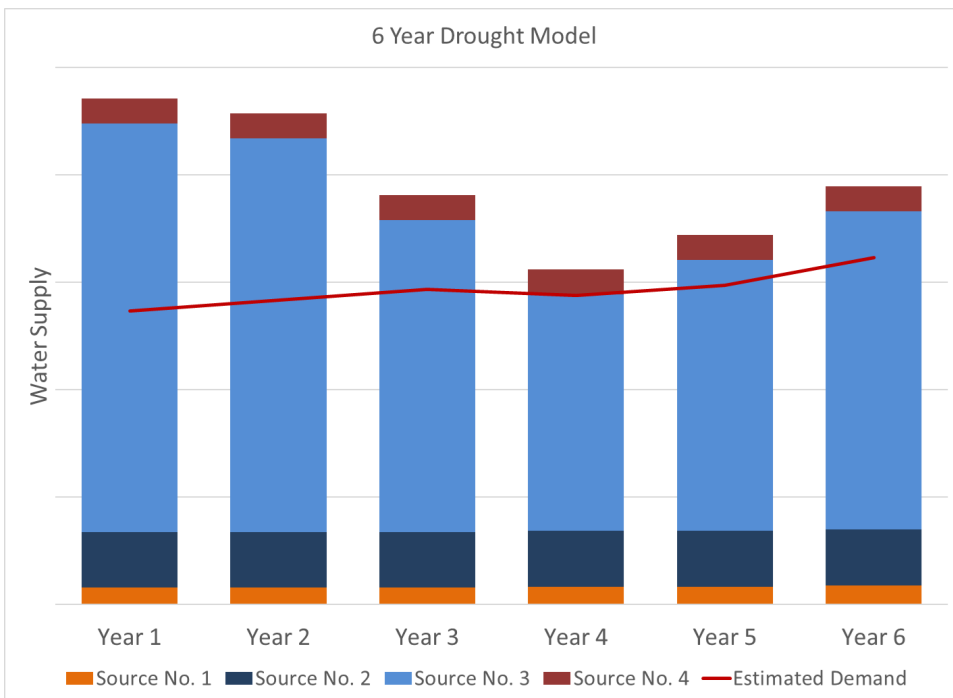
Fort Collins - Loveland Water District

Northern Colorado is a semi-arid region that experiences frequent drought. This is illustrated by the graph to the right, which shows the Cache la Poudre River's yearly variation above and below average annual streamflow.

Due to these frequent droughts, the Fort Collins - Loveland Water District has developed a drought and water supply planning program to protect the District during severe and extended droughts.



Cache la Poudre River Annual Streamflow Deviations from Average



FCLWD has built a strong portfolio of water rights that is resistant to drought. The graph to the left shows the results of modeling FCLWD's water supplies during a severe 6-year drought period similar to 2000 to 2005.

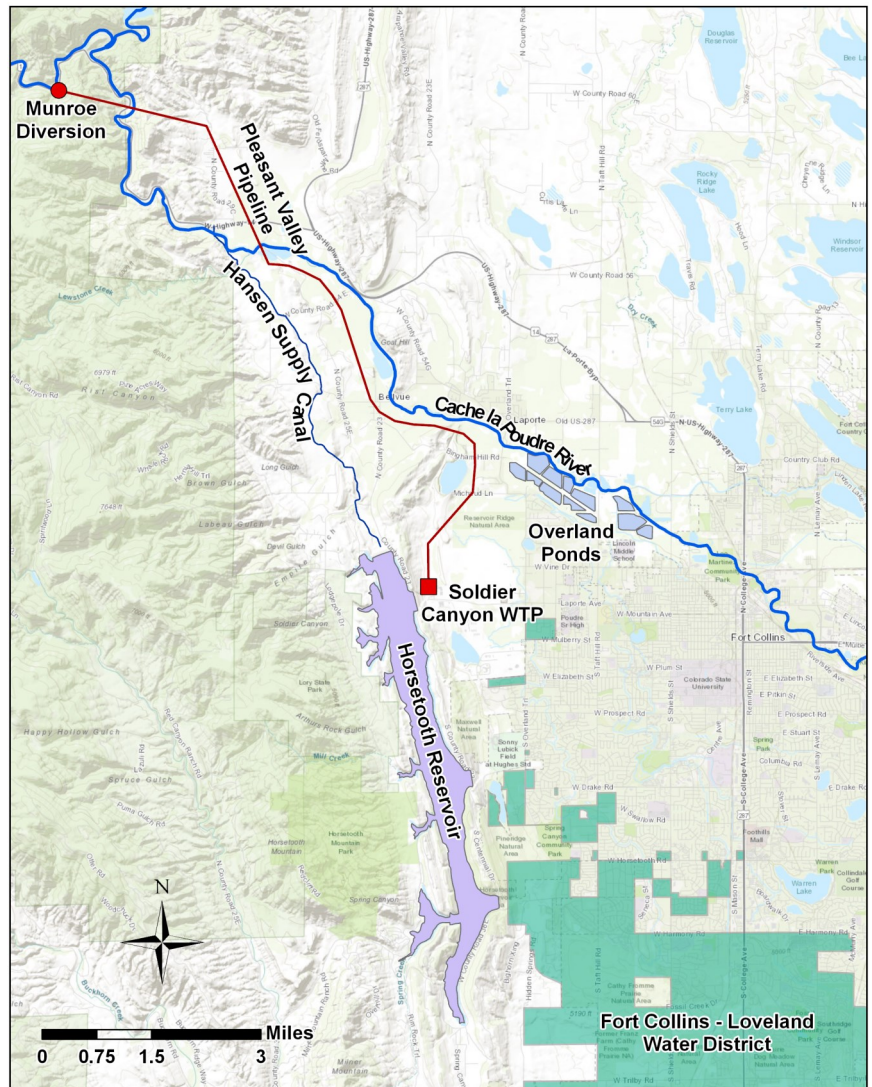


Cache la Poudre River and Transmountain Supplies

FCLWD currently owns water rights in the Poudre and Laramie River Basins. Water is diverted from the Cache la Poudre River and carried through the Pleasant Valley Pipeline to Soldier Canyon Filter Plant. The water is then treated and distributed to District customers.

Colorado River Basin Supplies

FCLWD has significant ownership in the Colorado-Big Thompson Project (C-BT). This water originates in the upper Colorado River Basin and is transported to the Front Range through the Adams Tunnel. The C-BT water is delivered to Horsetooth Reservoir where it is diverted into Soldier Canyon Filter Plant via pipeline and treated.



Fort Collins - Loveland Water District Water Resources Map

Water Storage

FCLWD uses water storage to re-time the yield of its water rights; both to make them available year round and to provide a water supply reserve during drought. FCLWD shares ownership in the reclaimed gravel pit project known as the Overland Trail Reservoir. Water is released from this reservoir into the Poudre River to replace return flow and augmentation obligations. FCLWD can also exchange water upstream from Overland Trail Reservoir to the Soldier Canyon Filter Plant for treatment.

Horsetooth Reservoir is also an important storage location to FCLWD's water supply. The yield from C-BT is stored in Horsetooth Reservoir and is available throughout the year. FCLWD may also store its Poudre River Basin and transmountain rights in Horsetooth Reservoir via an excess capacity agreement with the U.S. Bureau of Reclamation.

Planning

FCLWD continues the planning process to ensure a reliable water supply in periods of drought. FCLWD's staff continuously monitors streamflow conditions, snowpack, water right yields, and ensures that there is sufficient supply in storage in anticipation of the next drought.