

DCWASA...



essential to **LIFE.**



District of Columbia
Water and Sewer
Authority

2008
ANNUAL REPORT

Water is the key to virtually all living things



Water is essential to every dimension of life. The services provided by the District of Columbia Water and Sewer Authority (DC WASA) — safe, reliable drinking water and effective wastewater treatment — are paramount to the health and welfare of our citizens and communities.

When we turn on the tap, we expect water to flow from the faucet. When we flush the toilet we expect wastewater to be carried away. When used water is returned to our waterways, we expect it to be safe for aquatic life. These services, that we take for granted, are made possible by huge, complex networks of treatment plants, pumping stations and underground pipes.

The District of Columbia is not unlike older cities and towns across the country with aging infrastructure that is near the end of its useful life. Some of our pipelines are more than 100 years old. DC WASA continues to invest in replacements, upgrades and new technology to operate and maintain the critical water and sewer systems that are essential to life in the nation's capital and surrounding communities.

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MISSION, VISION AND VALUES

Mission

Serve all of its customers with outstanding service by providing reliable and cost-effective water and wastewater services in accordance with best practices

Vision

Provide world-class water and wastewater services as a leading steward of the environment

Values

- Respectful, responsive and sensitive to the needs of our customers and employees
- Ethical and professional conduct
- Vigilant to ensure optimal health, safety and environmental outcomes
- Dedicated to teamwork and cooperation
- Committed to equity, trust and integrity in all that we do

A REGIONAL APPROACH to the Use and Protection of an Essential Resource

Water is life-sustaining, and the responsibility to distribute, collect and protect this important resource lies with a regional partnership.

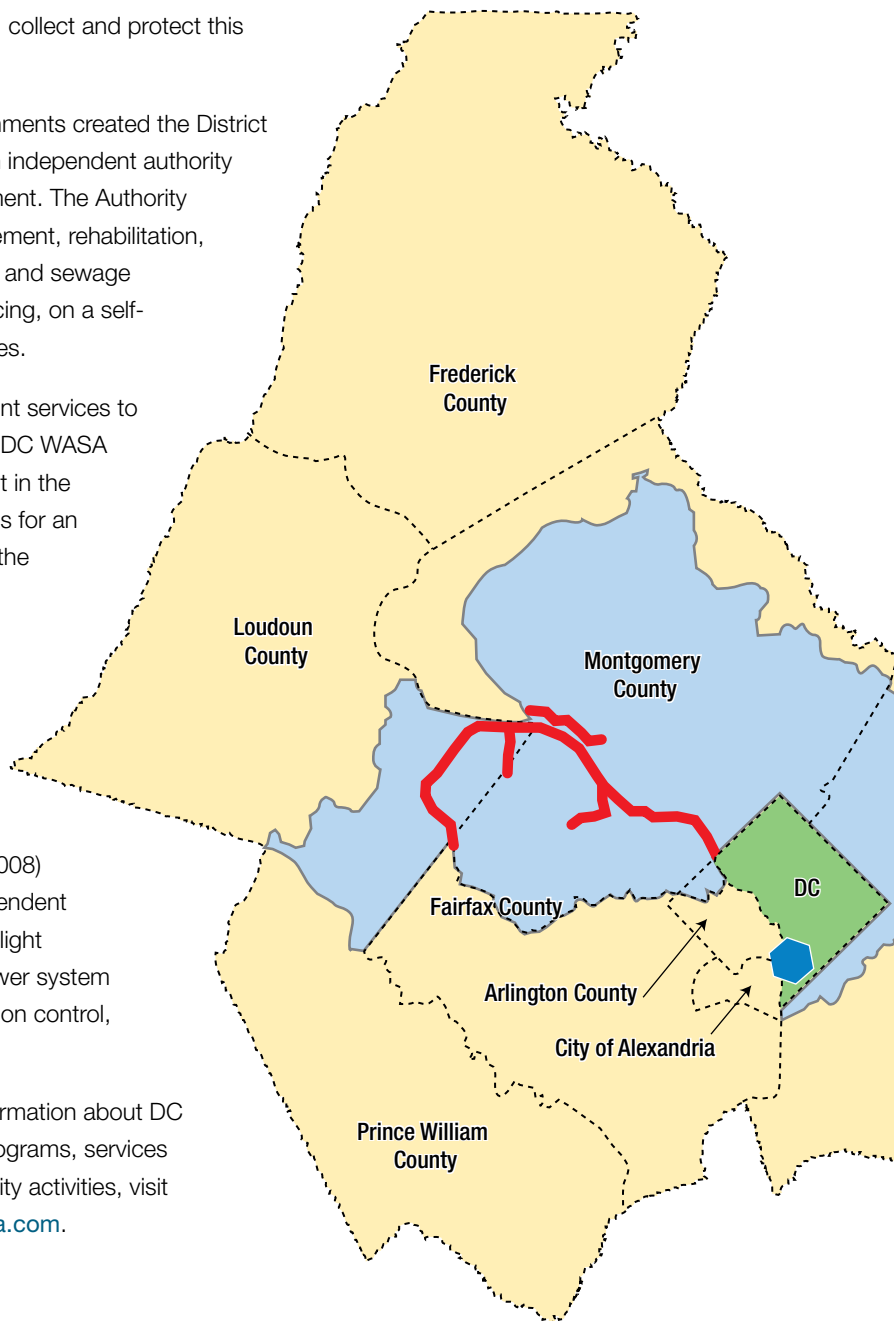
In 1996 the District of Columbia and United States governments created the District of Columbia Water and Sewer Authority (DC WASA) as an independent authority that has a separate legal existence within District government. The Authority was created to operate and to expedite the repair, replacement, rehabilitation, modernization and extension of existing water distribution and sewage collection, treatment and disposal systems; and the financing, on a self-sustaining basis, of related capital and operations expenses.

DC WASA provides water, sewer and wastewater treatment services to a population of more than 500,000 in the nation's capital. DC WASA operates the largest advanced wastewater treatment plant in the world – providing wholesale wastewater treatment services for an additional population of approximately 1.6 million outside the District in Maryland and Virginia.






More than a thousand DC WASA employees work at various facilities throughout the District. Daily operations are controlled by a general manager who reports to an 11-member board of directors with representatives from each service area.

The end of FY 2008 (October 2007 through September 2008) marked the Authority's 12th year in operation as an independent agency of District government. The pages that follow highlight accomplishments during the year, including water and sewer system improvements, expanded customer services, water pollution control, technology upgrades, research and industry awards.

For more information about DC WASA, its programs, services and community activities, visit www.dcwasa.com.



FACILITIES MANAGED BY AND SERVICE AREAS SERVED BY DC WASA

-  Blue Plains Advanced Wastewater Treatment Plant
-  Potomac Interceptor
-  Jurisdictional boundaries
-  Blue Plains Service Area (suburban portion)
-  DC Water distribution and sewage collection systems. Blue Plains service area (DC portion).



ABOVE: The Potomac River, the District of Columbia's water source

DC Water and Sewer Authority

FACTS-AT-A-GLANCE

The District of Columbia Water and Sewer Authority (DC WASA) is a multi-jurisdictional authority of the District government that provides drinking water, purchased from the U.S. Army Corps of Engineers Washington Aqueduct, and wastewater services to the District and treats wastewater for suburban jurisdictions in Maryland and Virginia.

DC WASA was founded in 1996 by the joint action of the Congress and the District of Columbia, with the support of surrounding counties in the State of Maryland and the Commonwealth of Virginia. At the time, the agency was burdened with a cash shortage and projected multi-million dollar deficit, a barely functional fleet; and a poorly maintained infrastructure, an antiquated billing system, and no bond rating. In its short 12-year history, DC WASA has become a financially and operationally strong model for regional cooperation in vital service delivery and environmental protection.



SERVICE AREA	Approximately 725 square miles
	Retail water and wastewater (sewer) service provided to the District of Columbia
	Wholesale wastewater treatment service provided to Montgomery and Prince George's counties in Maryland and Fairfax and Loudoun counties in Virginia
POPULATION SERVED	More than 500,000 in the District of Columbia (water and sewer/wastewater)
	Approximately 1.6 million in Maryland and Virginia (wastewater treatment)
EMPLOYEES	1,124 at various facilities throughout the District
DRINKING WATER SOURCE	The U.S. Army Corps of Engineers Washington Aqueduct Division treats water from the Potomac River that is sold to DC WASA for distribution in the District
DRINKING WATER QUALITY	Strong emphasis on water quality involves annual system flushing; routine water quality testing; ongoing system upgrades; lead water service line replacement; and strong partnerships with the Washington Aqueduct (water supplier), District environmental and health departments and the George Washington University School of Public Health
WATER PUMPED	153 million gallons per day average
TREATED WATER STORAGE	52 million gallons per day at eight facilities
WATER SYSTEM	1,300 miles of water pipes, five pumping stations, five reservoirs, four elevated water storage tanks, 36,000 valves, and more than 9,000 fire hydrants
BLUE PLAINS	Located on the bank of the Potomac River, it is the largest advanced wastewater treatment facility in the world, covering 150 acres
WASTEWATER TREATMENT CAPACITY	370 million gallons per day; peak capacity of more than 1 billion gallons a day
SEWER SYSTEM	1,800 miles of sanitary and combined sewers, 22 flow-metering stations and nine off-site wastewater pumping stations
FINANCIAL PERFORMANCE	AA Bond ratings, 12 years of unqualified audit opinions on financial statements and very competitive rates compared to other mid-Atlantic cities
CUSTOMER SERVICE	Information is provided to customers through bill inserts and an easy-to-navigate website; High Usage Notification Alert (HUNA) Program notifies customers when there is an unusual spike in water use; DC WASA customer service Interactive Voice Recognition System is available 24 hours a day; DC WASA Call Center assists customers in 90 languages; online bill payment and other services are available; DC WASA sponsors two programs to assist eligible customers having difficulty paying their water and sewer bills
COMMUNITY SERVICE	DC WASA conducts science classes in District schools and tours of Blue Plains; participates in forums, fairs, and community meetings providing important information to DC residents; employees participate in a wide range of volunteer and money-raising efforts
GOVERNANCE	The Board of Directors, with members from the District and Montgomery, Prince George's and Fairfax counties, establishes policies and sets rates, fees and other charges for services provided. The general manager runs daily operations

A Letter from the **CHAIRMAN**



Fiscal year 2008 was another eventful year of advances for DC WASA.

It also marked my final year serving as Chairman of the Board. I leave my post proud of our successes, particularly of the revised—and refined—Strategic Plan. Other accomplishments in the past year include better collaboration with the District of Columbia Department of Fire and Emergency Medical Services and increased efforts at open and transparent communication with all our stakeholders.

I would like to highlight some areas of progress achieved through the leadership of the Board of Directors and General Manager Jerry N. Johnson, the Authority's sound financial practices, and the hard work of DC WASA's management and staff.

Strategic Plan revisited

During 2008, the Board of Directors revisited the existing Strategic Plan, applying a fresh Board perspective on its own role and the most important milestones that will guide the Authority in the future. The Strategic Focus Areas outlined in 2004 – Consumer and Customer Services, Organizational Effectiveness, Environmental Quality and Operations, and Finance and Budget – remain relevant. Now, however, measuring performance against “Critical Success Factors” and concrete objectives will determine whether we have reached our goal of achieving world-class performance in each area. This evolution in the Strategic Plan allows us to use ideas and words that reflect important outcomes that customers can appreciate, understand and measure for themselves. The purpose of the Strategic Plan is to provide a framework by which the Authority continues to deliver clean water and reliable services and to comply with regulatory requirements, all in an environment where we can communicate effectively and meaningfully with our customers. Soon, the Authority will be translating the revised Strategic Plan into actions by implementing a program of measures and performance targets that are both meaningful and transparent.

Board commissions Comprehensive Independent Budget Review

In spring 2008, with the welcome encouragement of the Council of the District of Columbia, the Board commissioned an Independent Comprehensive Budget Review, performed by independent experts.

The 85-page report applauded DC WASA's automated meter reading system and accompanying customer service practices and the operation of the largest advanced wastewater treatment plant in the world with one of the lowest staffing ratios among large cities. The auditors called DC WASA "the best kept secret on the East Coast, a beacon worth emulating by other organizations in the industry." Each of the report's recommendations for study or action by the Authority was useful and has been scheduled for timely follow-up.

Authority demonstrates continued financial readiness for capital projects

DC WASA is not immune to the challenges of the economic downturn that began in late 2007, but fortunately the Authority has a well-earned reputation for fiscal responsibility. The Authority received an unsolicited bond rating upgrade in 2008, which underscores the discipline and competence with which we oversee finances. The bond rating directly affects the cost of capital, so the more favorable the bond rating, the lower the interest rates and the less burdensome the cost of new and improved infrastructure on our customers. Despite a very difficult market environment, the Authority also successfully refinanced auction rate securities in May when other organizations were facing difficult challenges in financial markets.

Like similar utilities, DC WASA continues to plan for the major financial commitments required for very large capital projects. Long ago, the Board committed to balance the need to invest in these projects with the need to protect ratepayers with gradual and predictable rate increases. In the short run, two mandatory projects, together costing approximately \$3 billion, with a number of environmental benefits to District residents and to all who use the Anacostia River, Rock Creek, the Potomac River and the Chesapeake Bay are underway. These projects, and other infrastructure investments, are necessary and will require rates to increase. But, we are mindful of the economic uncertainty confronting the communities we serve. We are working hard to make sure that our rate structure is equitable. We are also expanding customer assistance programs for those retail customers least able to pay. Most importantly, we are working with the best technological and engineering solutions to improve performance, reduce the impact on the environment and lower costs.

Authority collaborates with District of Columbia Fire and EMS for improved fire protection

A joint hydrant inspection and maintenance program was outlined in a Memorandum of Understanding in October 2007. Since that time, DC WASA and DC Fire and Emergency Medical Services (FEMS) have strengthened their cooperative efforts by increasing the frequency of hydrant inspections, maintaining public hydrants more effectively and by improving communication and information tools to locate hydrants quickly during an emergency.

Lead Service Replacement (LSR) policy review leads to modifications

The Board of Directors' Lead Service Replacement policy was developed in 2004, with a plan for periodic review. The Board exercised discipline by reviewing the program during 2007 and 2008. The Board conducted a public outreach program, including a public hearing, and exhaustive review and debate, to inform its decision to amend the policy. Based on the successful change in water chemistry in 2005 that resulted in significantly lower lead levels in drinking water well below the Environmental Protection Agency requirements, the revised Board policy slows the pace of lead service line replacements. Although lead services in public space will continue to be replaced, the near-term costs of this \$400 million initiative will be reduced. In a related matter, the Board of Directors strongly supported the development of a plan by the District of Columbia Department of the Environment to commission a water quality study with DC WASA participation. The goal of this initiative is to undertake an independent review of the District's drinking water quality in order to address any lingering questions or issues that may be of concern to the general public and to help restore confidence in DC WASA's stewardship of the District's water distribution system.

In closing, I wish to thank the citizens of the District and the region for the opportunity to serve as Chairman of the DC WASA Board of Directors and for all the hard work of my colleagues on the Board and the staff at DC WASA.



Robin B. Martin
DC WASA Chairman of the Board

2008 BOARD OF DIRECTORS



Robin B. Martin

Chairman, Principal Member
District of Columbia

The citizens served by the District of Columbia Water and Sewer Authority rely on us to provide essential services 24 hours a day, every day. Since its creation as an independent agency of the District government, DC WASA has reversed the deterioration and stabilized much of the District's water and sewer infrastructure. Our solid financial performance has been affirmed by the bond markets; and investment, technology and research have positioned us among the leading environmentalists in this industry. It is this portfolio of accomplishments on which DC WASA must build to achieve its vision of world-class stature.

Robin B. Martin, Chairman
(2007-2008)



Daniel M. Tangherlini

Principal Member
District of Columbia



F. Alexis H. Roberson

Principal Member
District of Columbia



Alan J. Roth

Principal Member
District of Columbia



Keith M. Stone

Principal Member
District of Columbia



David J. Bardin

Principal Member
District of Columbia



Dr. Jacqueline Brown

Principal Member
Prince George's County, MD



David J. Byrd

Principal Member
Prince George's County, MD



Timothy L. Firestine

Principal Member
Montgomery County, MD



Robert Hoyt

Principal Member
Montgomery County, MD



Anthony H. Griffin

Principal Member
Fairfax County, VA

STRATEGIC PLAN 2008-2013

A Guide for Measurable Progress and Achievement

In FY 2008, the Board of Directors completed a planning process to strengthen the Strategic Plan that guides the organization toward becoming a world-class leader in the industry. In its update of the plan, the Board identified these *Critical Success Factors* for an even firmer foundation for world-class performance.

- *Environmental Stewardship*
- *Customer Confidence and Communications*
- *Operating Excellence*
- *Financial Integrity*
- *High Performing Workforce*

Each of these success factors is supported by concrete objectives that put an emphasis on measurable progress and accountability.



Howard C. Gibbs

Alternate Member
District of Columbia



Brenda Richardson

Alternate Member
District of Columbia



George S. Hawkins

Alternate Member
District of Columbia



Steven McLendon

Alternate Member
District of Columbia



Joseph Cotruvo

Alternate Member
District of Columbia



Paivi Spoon

Alternate Member
Prince George's County, MD



Beverly Warfield

Alternate Member,
Prince George's County, MD



David W. Lake

Alternate Member
Montgomery County, MD



Kathleen Boucher

Alternate Member
Montgomery County, MD



Jimmie D. Jenkins

Alternate Member
Fairfax County, VA

(Not Pictured)

Howard Croft | Alternate Member, District of Columbia

A Message from the **GENERAL MANAGER**



Fiscal year 2008 was a tremendously successful year for DC WASA as we continued to make progress across the board.

Since DC WASA's inception, we have focused on doing the essential work today not only to address immediate needs but to also prepare for tomorrow. Over the past 12 years, that work comprised building a solid financial foundation, implementing accounting and management systems and overcoming years of infrastructure disinvestment.

Today that essential preparation means, among other things, applying technology and other innovative solutions to new challenges and focusing on research. As we face ever more stringent federal requirements for point-source dischargers, our traditional engineering approaches are reaching the limits of technology. Therefore, we remain committed to pioneer and develop creative, effective programs and solutions.

Equally as important is the watershed approach to environmental protection. We are collaborating with organizations that share a common vision for clean water to help communicate the need for pollution reduction and to educate others on urban runoff and agricultural pollutants.

DC WASA is preparing for tomorrow by stepping up sustainability efforts today. We have established a focused program with a mission to investigate energy management alternatives and find ways to reduce DC WASA's carbon footprint. We continue to incorporate low impact development (LID) techniques into new construction projects and provide core water quality research and conservation programs.

Financial performance

In FY 2008, DC WASA's financial performance was recognized by outside agencies for its track record and sound fiscal policies. Revenues exceeded expenses (change in net assets) by \$39.9 million, and the year ended with operating expenses under budget. Operating cash receipts surpassed budget by \$7.9 million and operating expenditures were under budget by \$19 million. Additionally, the Authority contributed \$24.9 million to the Rate Stabilization Fund, an account created to lessen planned future rate increases.

In 2008, the Authority continued the trend in reducing the amount of delinquent accounts receivable (AR) with just

\$6.1 million (representing 2.5 percent of retail revenue) at the end of FY 2008. Standard and Poor's, one of three principal credit rating agencies, upgraded DC WASA's credit rating from AA- to AA for senior lien revenue bonds and from A+ to AA- on subordinate lien revenue bonds.

In addition, the Board of Directors commissioned an Independent Comprehensive Budget Review in 2008 to evaluate the Authority's efficiency and effectiveness and to identify new ways for the Authority to contain rising rates for services.

The resulting report was very favorable, citing DC WASA's operation of the largest advanced wastewater treatment plant in the world with one of the lowest staffing ratios among large plants; an automated meter reading system and accompanying customer service practices that are among the best in the industry; a revenue collection rate that rivals the performance of investor-owned water utilities; and, strong credit ratings from the major bond rating agencies.

Customer services

During the year, DC WASA provided more payment flexibility by developing additional online bill payment options. The SPLASH program (Serving People by Lending a Supporting Hand), funded by charitable contributions from customers and employees, raised in excess of \$80,000 to help families and individuals maintain critical water and sewer services.

Capital improvements

DC WASA spent \$303 million on capital projects in FY 2008. Particularly noteworthy was the completion of projects as part of the Combined Sewer Overflow (CSO) Long Term Control Plan, which reduced CSOs by 40 percent. The Authority also completed the facilities plan for the \$2.2 billion Long Term Control Plan.

In FY 2008, we finished a comprehensive sewer system assessment, prepared recommendations for future capital improvements based on the findings and incorporated the high priority projects into the current Capital Improvement Program (CIP). Additionally, the Authority updated the Water Facility Plan that was originally completed in 2000 and incorporated those projects in the CIP as well. DC WASA continued water main replacements, as part of \$86 million in major water system improvements east of the Anacostia River, that will substantially improve service to several neighborhoods. At the Blue Plains Advanced Wastewater Treatment Plant, we began construction of a \$100 million nitrification-denitrification upgrade.

Drinking water quality

DC WASA continues to meet or surpass the health and safety requirements under the Safe Drinking Water Act, undertaking far more comprehensive and intensive testing than required. As Chairman Martin explained in his message, the Board modified the Lead Service Replacement Program based on the multiple-year trend of continuous decline of lead levels in drinking water found in some homes in the District and our continued compliance with all federal guidelines. In FY 2008, we replaced 3,130 lead services in public space.

Employee relations

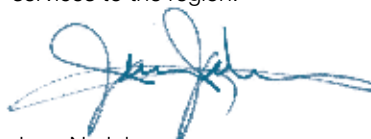
DC WASA invests in employees, providing essential skills training, wellness programs and enrichment classes. We recognize that baby boomers are reaching retirement age, and we have stepped up efforts to prepare the next generation of leaders and technicians through succession planning and knowledge capture systems, training programs and increased focus on recruitment and retention.

Government, public and community relations

In FY 2008, the Authority expanded community outreach and public communication, holding and participating in more meetings to identify the needs of our communities. We continue to work with all levels of government and the Washington metropolitan community to educate and communicate with stakeholders.

I would like to take the opportunity to thank Robin B. Martin for his dedicated leadership and express management's appreciation to Chairman Martin and the entire Board for their work on revising our Strategic Plan. The plan is focused on outcomes and it requires continuous improvement in our performance as we strive to achieve excellence in all that we do.

I also want to thank the DC WASA workforce, without whom none of these accomplishments would be possible. We all look forward to continued success, as we provide essential services to the region.



Jerry N. Johnson
General Manager

FINANCIAL

Performance

Making major investments in necessary infrastructure upgrades and water pollution control requires prudent fiscal principles and a track record of impressive financial management. In fiscal year 2008, DC WASA's solid financial performance is acknowledged by positive appraisals from the principal credit rating agencies and in the findings of a Comprehensive Independent Budget Review of the Authority. The following are highlighted financial achievements in FY 2008.



FINANCIAL ACCOMPLISHMENTS

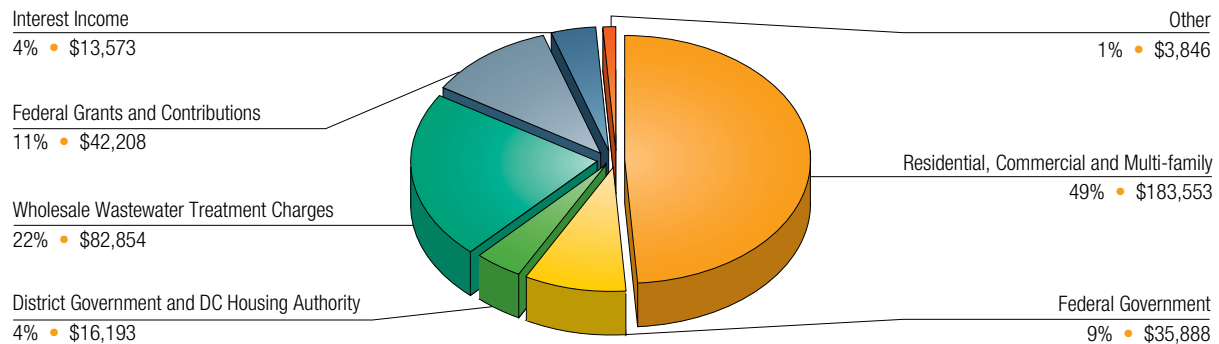
- In April 2008, the Authority issued \$290.4 million of tax-exempt subordinated lien public utility revenue bonds (Series 2008A) and used the proceeds to refund all of the Series 2004 tax-exempt variable-rate bonds and a portion of the 2007B taxable auction-rate bonds. This bond issuance allowed the Authority to quickly exit the auction-rate market which became unsettled due to turmoil in the financial markets during the year. Taxable commercial paper of \$44.0 million was also issued to refund the remaining 2007B bonds.
- The Authority received a rating upgrade from “AA-” to “AA” from Standard & Poors in April 2008 and in January 2009 was upgraded from “stable” to “positive” outlook by Fitch.
- The Authority received its twelfth consecutive unqualified audit opinion.
- Retail customer receivables over 90 days reached an all-time low of \$6.1 million by September 30, 2008, down from the \$7.1 million at the prior year's end. This was the result of several customer service and collection initiatives.
- The year ended with revenues exceeding expenditures (change in net assets) by \$39.9 million.
- As required by Board policy, the Authority maintained cash reserves in excess of 180 days of operating and maintenance costs (\$118.6 million in fiscal year 2008) and was in compliance with all bond covenants.
- At the request of the District of Columbia Council, the Board commissioned an Independent Comprehensive Budget Review which evaluated the capital and operating budgets and the ten-year financial plan. The consultants concluded that DC WASA's projected rate increases were lower than the average percentage increases experienced by other large cities. When compared to similar utilities, including those in the region, DC WASA's rates were in the middle of the group. In addition, according to the consultants, DC WASA's operational activity costs were lower than those of other utilities of similar size.
- In 2008, Congress passed legislation to reaffirm the DC WASA Chief Financial Officer's responsibilities in managing the agency's finances.
- The Authority drew down by \$24.9 million its Rate Stabilization Fund to \$43.6 million at the end of fiscal year 2008. The balance in this account will be used in future years to smooth out peak rate increases at the Authority's discretion.

“The report affirms that, in its short history, DC WASA has built a solid reputation among the leaders in this industry through the application of ‘best practices’ in operations and financial performance.”

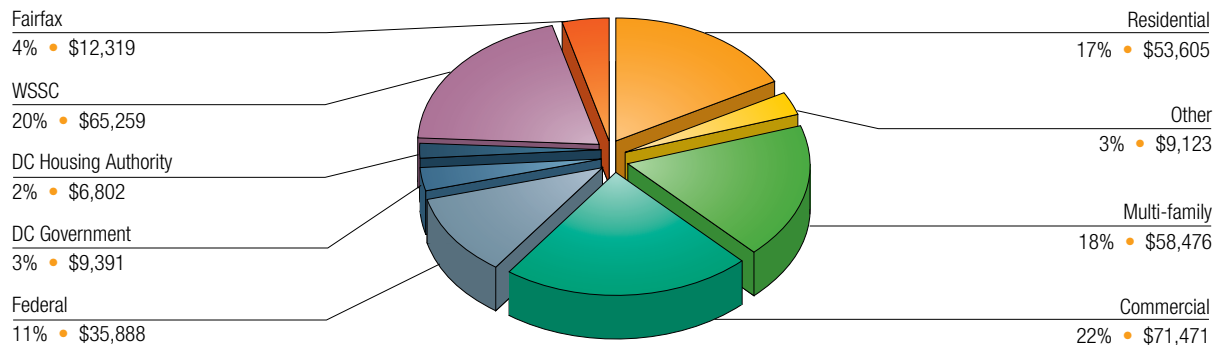
DC WASA Chairman Robin B. Martin (2007-2008) – commenting on an independent review of the Authority’s budget and ten-year financial plan



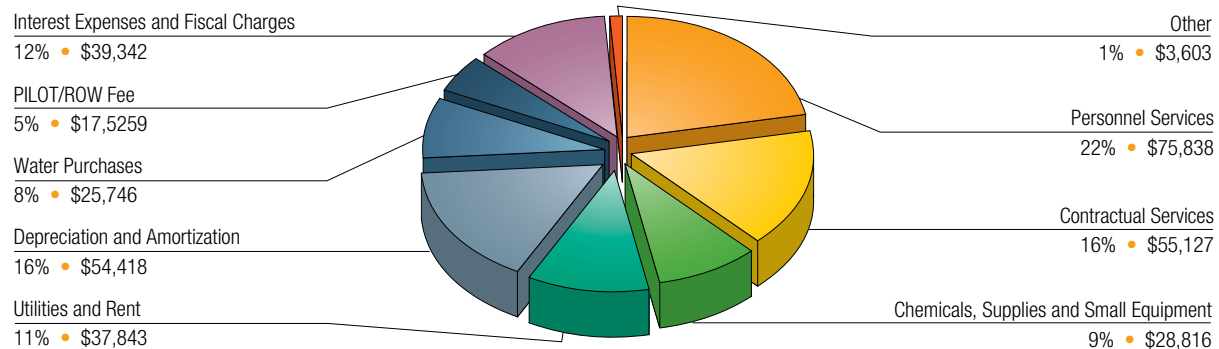
FY 2008 TOTAL REVENUES (\$ in thousands)



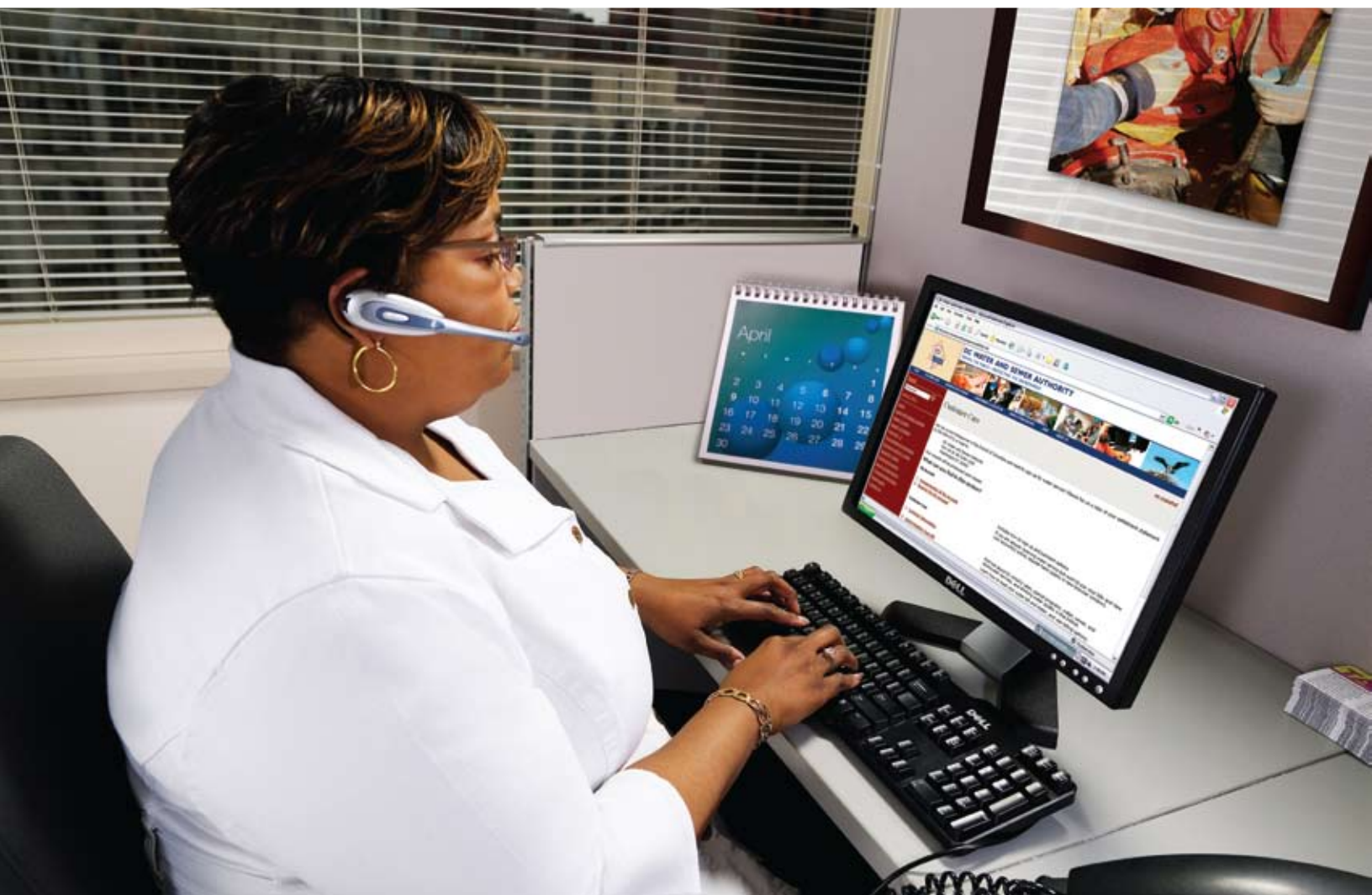
FY 2008 TOTAL OPERATING REVENUES BY SOURCE (\$ in thousands)



FY 2008 TOTAL EXPENSES (\$ in thousands)



CONSUMER and COMMUNITY SERVICES



BOTTOM LEFT: The DC WASA Emergency Command Center operates 24 hours a day handling all meter, sewer, hydrant and water related emergencies. The center handles an estimated 52,200 calls annually.

The delivery of water and sewer services and wastewater treatment is DC WASA's core mission, and high quality service to customers, consumers and the community is the critically important benchmark for measuring our success.



DELIVERING SERVICE AND VALUE TO CUSTOMERS

Citizens served by the District of Columbia Water and Sewer Authority (DC WASA) expect safe and reliable, on-demand water and sewer services. DC WASA provides that and much more.

Customers can monitor daily water use; receive high-use alerts

DC WASA focuses on developing leading-edge applications that improve its operations and also meet customer needs. For example, with the changeover to Automated Meter Reading (AMR) using radio and cell phone signals, DC WASA collects nearly 250,000 readings a day for “actual” rather than “estimated” customer bills.

This data also generates a web-based graph that allows customers to track their daily water use and receive an e-mail or phone call if there is an unusual spike in use. The High Use Notification Alert (HUNA) was the first application of its kind in the water industry. It places DC WASA in the forefront of innovative technology in customer service delivery by automatically alerting customers of potentially leaking water fixtures or other plumbing problems.

Voice recognition system serves customers 24 hours a day

Using telephone Interactive Voice Recognition (IVR) technology, customers are offered a number of self-serving options through voice communications, including bill payment, water usage information, payment extensions and other services 24 hours a day. By entering a zip code, customers can find out about ongoing construction work or get water outage information. This information is also posted on the DC WASA website.

Bill payment assistance includes discounts, donations and reminders

Through its Utility Discount Program, DC WASA provides eligible residential customers a discount of 400 cubic feet (4Ccf or approximately 3,000 gal.) per month on their water bills equaling an annual reduction of approximately \$102. During FY 2008, a total of 5,814 customers received a discount on their bills representing \$344,090.

In addition to the monthly discount program, income-eligible residential customers are provided assistance through the SPLASH Program (Serving People by Lending a Supporting Hand). This program is funded by contributions from customers and the community, which in FY 2008 totaled \$88,422.

DC WASA's use of Process Notification Collection Program technology provides delinquent customers with a “friendly reminder” and lowers the cost and inconvenience of service disconnection. Following the expansion of the program in FY 2008 to include commercial customers, 125,501 automated outbound collection calls were made, generating payments of approximately \$3.1 million. This program directly contributed to the achievement of an all-time low delinquent accounts receivable at the end of the year.



ABOVE: Each year, DC WASA joins area utilities for Joint Utility Discount Day (JUDD) to help eligible customers apply for discounts on their bill.



ENSURING WELL-INFORMED CUSTOMERS AND CONSUMERS

Employees in departments throughout the utility are credited for the progress made over the year in educating the public on customer services, drinking water quality, rates, water and sewer system improvements and environmental programs.

Well over 60 meetings with business, civic and neighborhood groups were held during the year covering various topics including rates, water/sewer construction activities, water pollution control programs, drinking water quality and the lead service replacement program. In addition, more than 35 presentations and guided tours of Blue Plains and other plant facilities were offered during the year to foreign delegations, industry professionals, media representatives, schools and environmental groups.

DC WASA enhanced and expanded its website, www.dcwasa.com, with content updates, alerts, work zone activity, press releases and additional pages, features and customer service options. This year, an interim step in a planned re-design included a dynamic homepage with revolving headline stories.

More than 250 members of the community attended **For a Better Home...For a Better Community**, a Latino event, hosted by DC WASA and the Mayor's Office on Latino Affairs at the Sacred Heart School in the Columbia Heights neighborhood. Sixteen organizations participated.

In FY 2008, DC WASA provided lessons in **Sewer Science to more than 300 District school students**. The Sewer Science program uses an interactive mini-wastewater treatment plant model to teach the processes involved in treating wastewater and how it is recycled back into local rivers. DC WASA volunteers visit schools and conduct the classes.





FOSTERING A CULTURE OF VOLUNTEER COMMUNITY SERVICE

In addition to serving customers, DC WASA employees volunteer on a number of fronts to improve the quality of life in the community.

Joint Utility Discount Day – In September 2008, more than 75 DC WASA employees participated in the annual Joint Utility Discount Day (JUDD) at the Washington Convention Center. More than 6,000 District residents attended the event to apply for discounts on their water, electricity, gas and telephone bills.

Bread for the Soul – Approximately 36 employees, with family and friends, participated in the 6th Annual Bread for the Soul campaign by donating hundreds of toys and books, and more than \$6,000 was raised. DC WASA employees also assembled and delivered food baskets to 80 families living with HIV/AIDS in the District of Columbia.

Girls and Boys Town of Washington – DC WASA provided the greenery and the summer interns to paint the emergency shelter, clean the staff residence and landscape the grounds at Girls and Boys Town. Additionally, over the winter holiday season, DC WASA employees donated gifts to children in the residential homes and emergency shelter, as part of the “Secret Santa” program.

Susan G. Komen Breast Cancer Walk – In June 2008, approximately 70 DC WASA employees partnered with the Susan G. Komen Foundation by participating in an annual 5K walk to support the fight against breast cancer. DC WASA raised more than \$3,000 in donations.

Light the Night for Leukemia and Lymphoma – Engineering and Technical Services employees participated in a two-mile walk to support co-workers who have been diagnosed with Lymphoma and raise funds for a cure.

AIDS Walk Washington – DC WASA participated in the AIDS Walk Washington event to benefit the Whitman-Walker Clinic. DC WASA employees contributed approximately \$900 during the annual 5K walk.



LEFT: Visitors from the city's Latino communities receive useful information about DC WASA services and environmental programs.

RIGHT: Bread for the Soul is an annual employee event at DC WASA during the holiday season to help families living with HIV/AIDS.

Operating **EXCELLENCE** and **ENVIRONMENTAL PROTECTION**



ABOVE: The replacement and rehabilitation of mains and valves is an ongoing program to improve the reliability of the water distribution system.



BOTTOM LEFT: Each month, DC WASA conducts hundreds of tests on more than 300 samples from various points in the distribution system.

Water, sewer and wastewater treatment systems have essential roles in public health, public safety and quality of life. Necessary upgrades to these systems must be undertaken through environmentally responsible projects and programs.



DC WASA is operating and reinvesting in critical infrastructure – the systems that distribute, collect and clean water. Since the Authority's creation in 1996, considerable progress has been made in stabilizing and upgrading facilities and systems that have suffered from decades of inattention.

WATER SERVICES—QUALITY AND RELIABILITY

The District's water system serves a population of more than 500,000, providing an average of approximately 140 million gallons of water per day. DC WASA purchases treated water wholesale from the U.S. Army Corps of Engineers Washington Aqueduct and distributes it through a network of 1,300 miles of pipe, ranging from four to 78 inches in diameter, and 36,000 valves of all sizes. The system also includes four water pumping stations, eight storage facilities, and more than 9,000 hydrants. In its 10-year Capital Improvement Program, DC WASA plans to spend more than \$600 million on water main rehabilitation and replacement, new and rehabilitated pumping stations, large valve repair and replacement, fire hydrant upgrades and lead service line replacements.

Drinking water quality is a number one priority

The U.S. Environmental Protection Agency (EPA) establishes national health-based standards for drinking water to protect against contaminants that may be found in water supply sources. DC WASA, and our water supplier, the Washington Aqueduct, perform hundreds of tests each day to ensure consumers receive high-quality drinking water. Over the past few years, DC WASA has implemented an even more aggressive monitoring and water quality analysis program.

Mobile labs reduce water quality response time

DC WASA uses mobile laboratories for onsite response to customer concerns over water quality or water quality emergencies. The two-man, fully equipped labs are designed to easily maneuver the city streets and test on location for a variety of water quality parameters.

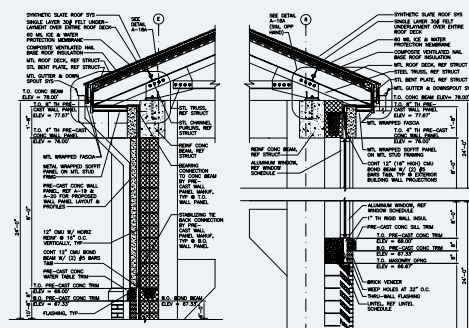
System improvements guided by new water facilities study

An earlier (2000) Water Facilities Plan has been updated to identify current system needs and related capital improvement projects. Nine of the 14 projects in the 2000 plan have been completed or are under construction. The 2008 Water System Facilities Plan Update provides another comprehensive evaluation of the District's water distribution system and presents a strategy for improvements to ensure that DC WASA continues to provide safe, adequate and reliable services to its customers.

Infrastructure upgrades east of the Anacostia are underway

In an area of the District east of the Anacostia River, DC WASA is investing more than \$85 million in water system upgrades to improve service. The work involves replacing old cast iron water mains with new ductile iron pipe; replacing the existing pumping station with a state-of-the-art facility; constructing an elevated tower as a water storage facility, and replacing lead water service lines with new copper pipe. Several projects have already been completed including a number of water main replacements and the rehabilitation of four existing water storage facilities. Construction activity underway includes a new major transmission main, small-diameter main replacements and lead service replacements.

Among these system improvements, two are essential to effectively addressing low water pressure issues that have historically been a problem in certain parts of this area. They are the new Anacostia Water Pumping Station – a fully automated facility replacing the existing station built in 1913 – and a two-million gallon elevated water storage tower located at St. Elizabeth's Hospital Campus. The new pumping station begins operation in early 2009, and the water tower should be in service by 2013.



FAR LEFT: The District's water system can be traced back to the early 1800s when water was piped from natural city springs to the Capital and to public hydrants using wooden and cast iron pipes. Here, in a 1910 photo, a DC water main is being tapped for house connections.

NEAR LEFT: New \$33 million, fully automated Anacostia Water Pumping Station features significant technology and capacity improvements.

DC WASA revises lead pipe removal program

In FY 2008, the Authority Board of Directors approved a significant modification of the Lead Service Replacement (LSR) program to encourage full (public and private portions) service line replacements and to manage escalating costs. The program change was made in consultation with experts from the Centers for Disease Control, EPA, George Washington University Center for Public Health, as well as local health officials and the public.

The District's water distribution system (water mains) is virtually lead-free. However some older service lines in the District are made from lead. (The service line is the pipe that carries water from the main in the street to the home.) Some homes in the District experienced elevated lead levels in tap water samples from lead leaching from the service line. In 2004, DC WASA began an accelerated program to replace all public lead service lines, and through the end of FY 2008, nearly half of the estimated 35,000 public lead lines had been replaced. Since 2005, following a change in water chemistry and a significant reduction in lead levels, District drinking water has met federal limits for lead and is in full compliance with all U.S. Safe Drinking Water Act regulations.

Recent studies emphasize the importance of replacing the entire (public and private portions) lead service line. The modified LSR program encourages property owners to replace the private portion of the pipe and defers \$178 million in program costs through 2010. The modified program continues lead service replacements during scheduled water main work. Additionally, if the private side is replaced, DC WASA will replace the public portion of the lead line on request and in coordination with other transportation department work in the area.

Report shows District of Columbia well protected by public water system

An analysis and evaluation of areas of the city serviced by smaller-diameter (8-, 6-, 4-inch) water mains was undertaken to ensure the availability of sufficient water flows from hydrants to fight fires. Small diameter mains make up approximately 900 miles of the city's 1,300-mile distribution system. The report identified a one block, populated area that did not meet the fire flow guidelines, and a new 12-inch water main was expeditiously installed. Available water in the area now exceeds the fire department criteria.

Hydrant Upgrade Program on target

DC WASA launched an aggressive \$26.5 million Fire Hydrant Upgrade Program in FY 2006 to replace nearly 3,000 public hydrants (approximately 35 percent of the District hydrants) over a five-year period. In the past two years alone, DC WASA has replaced almost 2,400 hydrants, representing almost 26 percent of the entire system. More than half of the hydrants replaced were working hydrants that did not meet the national design standard. DC WASA and DC Fire and Emergency Medical Services have formed a partnership that includes biannual inspections using state-of-the-art technology and equipment, as well as an aggressive hydrant repair and upgrade program.



ABOVE: The Water Quality Report is an annual update to consumers on the source and quality of the water DC WASA delivers.

THE SEWER SYSTEM — PROTECTING PUBLIC AND ENVIRONMENTAL HEALTH

The wastewater collection system consists of approximately 1,800 miles of sanitary and combined sewers, 22 flow-metering stations and nine wastewater pumping stations. The sewers range from 8-inch pipelines to 27-foot arches. Most of the sewers in the system were constructed more than 100 years ago and are still operating. Dating back to 1810, the sanitary sewer system includes approximately 600 miles of large interceptor sewers and smaller gravity collection sewers. A combined sewer system (sanitary wastewater and storm water in the same pipe) covers about one third of the District, principally in the central and older parts of the city. DC WASA is also responsible for the 50-mile Potomac Interceptor System, which conveys wastewater from areas in Virginia and Maryland to DC WASA's Blue Plains Advanced Wastewater Treatment Plant.

Sewer system study looks at structure and performance

The first sewer assessment study since the mid-1950s was completed in FY 2008. The five-year evaluation included manual, video and sonar inspections of 80 miles (70 percent) of the critical sewers, such as those with historical problems and under buildings or crossing streams. Major sewers

and force mains were also inspected. Hundreds of millions of dollars in necessary improvements were identified in the evaluation. The most urgent issues were addressed immediately, while other recommendations for rehabilitating the infrastructure are being included in the Capital Improvement Program (CIP). Since FY 2002, approximately \$7 million in annual funding has been included in the CIP for sewer projects. The sewer assessment recommends an increase to \$40 million a year to fund a program to replace all aging sanitary sewer infrastructure over time.

Advanced technology used for Georgetown sewer repairs

Work began in summer 2008, and will continue through spring 2009, to upgrade the aging underground sewer system that has caused sinkholes in Georgetown. The problem appeared in late 2005, and immediate repairs were made as needed. A comprehensive investigation identified additional structural defects in the aging sanitary sewer system. An inspection of the area determined that 17 of the 29 combined sewers were also defective. The \$1 million sewer rehabilitation program requires some excavation, but at many sites, advanced "trenchless" technology is used to minimize the impact on the neighborhood.



LEFT: On average, Sewer Services crews clean more than 28,000 catch basins annually.

RIGHT: DC WASA crews join History Channel producers to film the Tiber Creek sewer for a "Cities of the Underground" program segment.

Sewer inspection and design activity in FY 2008 included the following projects:

- A detailed analysis of the sewer system in Northeast Washington, using remote closed-circuit video equipment, resulted in a plan to install new manholes for better access, remove heavy root intrusion into the sewer and repair cracks.
- A similar detailed investigation was conducted in the Northwest area, where cleaning and repairs were done after an assessment of the storm sewer system.
- An evaluation is underway of a 10-inch sanitary sewer that crosses Highway 295 near Barry Road, SE, to improve flow conditions.
- Design work was completed for tide gate replacements in order to begin construction in 2009. Tide gates are the structures at various outfalls that prevent the river from flowing into the combined sewer system during high tides.
- Ninety percent of the design work was completed for the rehabilitation of the Blue Plains Influent Outfall Sewers—the large-diameter sewers that receive discharges from the major pumping stations and convey flow to Blue Plains for treatment. The rehabilitated sewers will be upgraded and in service by April 2011, as required in an agreement with the federal government.

- Design work began in FY 2008 on Watts Branch and Pope Branch sewer rehabilitation and stream restoration programs. Both projects are examples of government interagency cooperation in addressing two key problems at the same time – the degradation of the streams that these sewer lines cross and the replacement of aging pipes.

Improved odor and corrosion control technologies are priorities

The Potomac Interceptor conveys wastewater from Dulles International Airport in Chantilly, VA, along the Potomac River to the DC border and on to Blue Plains. The pipeline serves the airport, Loudoun and Fairfax counties (VA), and Washington Suburban Sanitary Commission (MD). This 50-mile sewer has vents along the way to Blue Plains to allow sewage to flow naturally. These vents can become the source of odor; especially in warmer weather. DC WASA began design and planning for a program to abate these odors in 1999 with six odor control buildings along the pipeline. The \$13 million program calls for the installation of a permanent odor control system that includes a forced air/activated carbon filter system. In FY 2008, building issues with the National Park Service were resolved. Required zoning changes in Northern Virginia are pending.



ABOVE: In addition to work on pipelines and pumping stations, sewer services includes the operations of skimmer boats, which remove an average of 400 tons of floating trash and debris annually from the Anacostia and Potomac rivers.

WASTEWATER TREATMENT — WATER POLLUTION CONTROL

The Blue Plains Advanced Wastewater Plant, located along the Potomac River, is the largest plant of its kind in the world. It provides services for a population of two million in the District and suburban counties in Maryland and Virginia. Wastewater treatment includes liquid process facilities that treat both sanitary and peak storm water flows from the sewer system along with solids processing facilities to treat the residual from the treatment process. Blue Plains treats an average 370 million gallons a day (MGD) and has a peak capacity of 1 billion gallons per day, at a level that meets the most stringent federal discharge permit requirements in the country. Since DC WASA's creation, \$900 million has been invested in upgrading the plant.

2008 marks Blue Plains' anniversary and the "International Year of Sanitation"

The United Nations declared 2008 the *International Year of Sanitation*. Coincidentally, on August 1, Blue Plains celebrated its 70th anniversary. Built in 1938, the Blue Plains plant served a population of 650,000. Today, the advanced wastewater treatment facility serves 2 million people in the Washington, DC area.

Process control system automates plant operations

Throughout FY 2008, DC WASA continued to expand the Blue Plains process control system (PCS), which lets

operators monitor and centralize plant controls. More than 60 percent of plant equipment and process units are monitored and controlled from the central control room or from one of the three area control centers located in different sections of the plant. Plant-wide sensors, cameras and communication technology provide important information about equipment and processes.

Efforts to protect Potomac River and Chesapeake Bay intensified

In FY 2008, DC WASA gave the green light for a project at Blue Plains that will significantly enhance the ongoing program to reduce nitrogen levels discharged from the wastewater treatment plant into the Potomac River, a tributary of the Chesapeake Bay. Nitrogen is a key pollutant that causes the depletion of oxygen that fish and other aquatic life need to thrive. The first project is a \$101 million construction effort to replace, rehabilitate and upgrade facilities at Blue Plains to continue the 40 percent reduction already voluntarily achieved. In addition, a new plan was submitted to the Environmental Protection Agency that commits more than \$800 million to further reduce nitrogen levels to meet the new limit set by the agency in its modification of the Blue Plains operating permit. The new permit limit requires a reduction of total nitrogen (TN) from the plant from 8.5 million pounds per year to 4.7 million pounds per year. The cost will be shared between the District rate payers and the Authority's suburban wastewater treatment customers in Maryland and Virginia.



LEFT: In wet weather, CSOs can enter waterways from outfalls like this one.

CENTER: The CSO control program requires construction of miles of subway-sized tunnels 150-250 feet underground. (Photo by Sue Bednarz, Jacobs Associates, used with permission of the City of Portland Bureau of Environmental Services)

RIGHT: Training for foremen at Blue Plains improves their knowledge and skills.

Blue Plains' performance exceeds Chesapeake Bay Program goal

The Blue Plains full-scale BNR (Biological Nitrogen Removal) process continued to achieve the Chesapeake Bay Agreement (CBA) goal of reducing controlled loads of nutrients, including nitrogen by 40 percent from the 1985 levels. During the 12-month period ending September 2008, the BNR process reduced the facility's nitrogen load discharge by approximately eight million pounds or more than 56 percent, exceeding CBA's 40 percent goal.

Can Blue Plains alone save the Bay?

While Blue Plains is the largest single point source discharger to the Chesapeake Bay, the 2005 Chesapeake Bay Commission Report documents that less than 26 percent of the Bay's nitrogen is due to discharges from municipal wastewater treatment plants. Two-thirds of the nitrogen load in the Bay comes from agricultural and airborne influences. DC WASA has been a leader in working to clean up the Bay by voluntarily reducing nitrogen levels and exceeding goals established by the CBA in 1987 and 2000. Since 2001, the average nitrogen discharge from Blue Plains has been 5.9 million pounds per year. This performance level is better than required by the agreement and has been achieved through research and improved operations.

Innovative wastewater treatment program receives U.S. patent

On July 29, 2008, the United States Patent Office awarded a patent to DC WASA for an innovative nitrogen removal process referred to as Bioaugmentation. This process allows Blue Plains to enhance nitrogen removal without the addition of methanol, which is a safer process and saves considerable chemical expense.

Projects increase process reliability and efficiency and reduce costs

Ongoing construction projects focus on advanced treatment processes and include rehabilitation and upgrade of Raw Wastewater Pumping Station I, BNR and Multi Media Filtration facilities. As part of the Nitrification and Denitrification Upgrade Project, the existing coarse bubble aeration system is being replaced with more efficient fine bubble diffusers. The upgrade also replaces the existing 50

and 75 hp mixer aerators with new 10 hp mixers. Installation of fine bubble diffusers will result in requiring less air to achieve nitrification. After completion of the upgrade project, the power requirements are projected to be reduced by 170,000 kw-h each day. At the current power purchase price of 8.5 cents per kw-h, this will translate into a future annual energy cost savings of approximately \$5 million.

Biosolids Recycling Program continues to improve and expand

During the past year, DC WASA maintained its National Biosolids Partnership Environmental Management Systems certification by promoting continuous improvement and by receiving a certified independent third-party audit. Biosolids are the treated residuals from the wastewater treatment process. DC WASA began composting at a large state-of-the-art composting facility in Waverly, Virginia. The facility can receive up to 200 wet tons per day of Blue Plains biosolids, and the product is sold and reused in Virginia as an agricultural soil supplement. In addition, DC WASA continued sponsoring biosolids research at Virginia Tech, the University of Maryland and the United States Department of Agriculture on forestry fertilization, drought resistance, land restoration, odor modeling and micro constituent fate and transport.



ABOVE: The Blue Plains Advanced Wastewater Treatment Plant, on a 150-acre site along the Potomac River, is recognized as an industry leader in operations and research.

COMBINED SEWER OVERFLOW (CSO) CONTROL — PROTECTING THE HEALTH OF LOCAL WATERWAYS

The District is one of 772 older cities in the country with a combined sewer system. The combined sewer system covers about a third of the city and was built at the turn of the 19th century to carry both sanitary wastewater and storm water in the same pipe. During rainstorms, the combined flow may exceed the capacity of the pipe. To prevent sewer backups and flooded streets, these sewers were designed to overflow into the Anacostia and Potomac rivers and Rock Creek. These discharges cause serious water pollution problems because they can contain bacteria, chemicals and debris. There are 10 CSO outfall (discharge) locations on the Potomac River, 15 on the Anacostia, and 28 along Rock Creek and its tributaries.

Earlier CSO control projects nearly completed

At the end of FY 2008, CSOs in the District were significantly reduced, as DC WASA neared the end of a \$140 million program to eliminate approximately 40 percent of the overflows by 2009. Projects in this program included inflatable dams to catch and store overflows during rain storms; tide gates to keep river water from flowing into the sewer system; sewer separation to eliminate CSO outfalls; and pumping station construction and rehabilitation to increase flow capacity.

CSO warning lights alert public of overflow events

In FY 2008, DC WASA completed the installation of CSO warning lights for both the Potomac and Anacostia rivers to notify the

public during and after a CSO has occurred. In overflow events, a red light will come on and stay on until the event ends. At that point, an orange caution light will come on and remain on for 24 hours.

Massive construction projects help protect health of District waterways

DC WASA is spending \$2.2 billion on a 20-year Long Term Control Plan that will reduce the number of overflows into local waterways, during rainstorms, from the District’s combined sewer system. The plan includes: pumping station improvements; sewer separation; and the construction of huge underground tunnels, along the Potomac and Anacostia rivers and Rock Creek, to collect and retain overflows until they can be treated at Blue Plains. When completed in 2025, sewer overflows will be reduced by 96 percent overall and 98 percent in the Anacostia alone.

The lion’s share of the cost is earmarked for the first part of the project – the Anacostia River Projects. Totalling nearly 13 miles, the Anacostia tunnel system has three primary sections (which are indicated by the yellow, red and purple lines in the aerial photograph shown on this page). Project design begins in FY 2009, and underground tunneling starts in mid-2011.

Design work and construction activity is underway to eliminate 13 CSO outfalls by either sewer separation or consolidation. These 13 were selected based on their location near public use areas, such as the Georgetown waterfront and the Anacostia marina. There are four along the Anacostia River, five along the Potomac and four along Rock Creek.



TOP: To reduce 98 percent of the CSOs in the Anacostia River, the proposed tunnel route extends from Blue Plains at the southern tip of DC north to west of New York Avenue.

BOTTOM: DC WASA is investing billions in projects and technology to help protect the Chesapeake Bay.

Organizational **EFFECTIVENESS**



BOTTOM LEFT: In FY 2008, 51 students from 20 colleges and universities participated in DC WASA's Internship Program, including international students from Serbia, China, India, Pakistan, Nigeria, Thailand, and South America. Students pursued academic programs ranging from two-year undergraduate to doctoral degrees.

BOTTOM RIGHT: DC WASA continues to host delegations from utilities and organizations from around the world. Here, DC WASA receives a token of appreciation from the leader of a Beijing water company study group.

“DC WASA has made significant progress in recent years towards being a high-performance water and sewer utility. This conclusion considers both the efficiency of the Authority as well as its effectiveness.”

— Independent Comprehensive Budget Review: April 2008
URS Corporation & Amawalk Consultant Group LLC.



DC WASA receives high marks for operations and financial performance

In FY 2008, DC WASA received positive appraisals from both an independent budget review and from three principal credit rating agencies.

An April 2008, Independent Budget Review of the Authority's operating and capital budgets and 10-year financial plan provided an overall assessment of operations and performance. Successes highlighted in the 85-page report include: the operation of the largest advanced wastewater treatment plant in the world with one of the lowest staffing ratios among large cities; an automated meter reading system and accompanying customer service practices that are among the best in the industry; a revenue collection rate that rivals the performance of investor-owned water utilities; and strong credit ratings from the major bond rating agencies enabling DC WASA to borrow funds at attractive rates.

On the financial front, Standard and Poor's upgraded DC WASA's double-A category credit rating, while two other agencies, Moody's Investors Service and Fitch Ratings, reaffirmed their double-A ratings. These agencies noted DC WASA's strength of management, including long-term financial planning, ample cash balances, stable service area, track record of implementing rate increases as needed, and diverse customer base as major positives. Customers benefit from positive ratings because, with lower interest rates on bonds, the cost of borrowing is reduced and the utility does not have to recover as much through rate increases.

Board updates Strategic Plan

During the year, the Board approved its 2008 – 2013 Strategic Plan, “A Guide for Measurable Progress and Achievement,” which provides a roadmap to success in meeting the organizational mission and achieving its goals. The Strategic Plan identifies five *Critical Success Factors*: Environmental Stewardship; Customer Confidence and Communications; Operating Excellence; Financial Integrity; and High Perform-

ing Workforce. These factors are the basis for the plan's objectives that the Board will use to measure organizational progress over the next five years.

DC WASA is “go-to” utility for national focus on infrastructure and the environment

In FY 2008, DC WASA participated in the filming of two national television productions – a Public Broadcasting System (PBS) production, *Liquid Assets* and a History Channel production, *Cities of the Underworld*. The PBS *Liquid Assets* film crew interviewed DC WASA General Manager Jerry N. Johnson on the complexity, operations and challenges of a water and sewer system serving the nation's capital. The program aims to raise public awareness of the importance and condition of the country's aging underground infrastructure. Other cities participating included Atlanta, New York, Las Vegas, Los Angeles, Pittsburgh, Boston, Philadelphia and Milwaukee. A History Channel production company joined the DC WASA sewer services crew for a late-night filming of the huge, historic Tiber Creek sewer that runs underneath the Capitol grounds. The national production uncovers the archaeological and cultural history lying beneath cities around the world, including Rome, Paris, Tokyo and London.

INVESTING IN TRAINING AND DEVELOPMENT

DC WASA continues to invest in employees and in incentives to recruit and retain employees. In FY 2008, DC WASA allocated \$2.3 million for skills training in safety, technology, government regulations, and professional and career development. DC WASA is committed to ensuring a skilled, safe and competent workforce.

In support of various internal improvement program efforts, certification training continues for the departments of maintenance, water and sewer services. Other training opportunities include:



LEFT: The DC WASA wellness program includes seminars and workshops on health topics, health screenings, and fitness and nutrition programs.

RIGHT: The Blue Plains wastewater treatment plant is one of the most complex industrial sites in the city. DC WASA and the District fire department have a joint awareness training program for all first-responders to the Blue Plains facility.

- Basic skills and technical training classes, including an adult literacy program
- Self-managed career development programs with workshops with online components
- Refresher training on DC WASA policies to ensure a safe work environment and provide quality services
- Succession planning and executive development programs for executive and key senior staff

Wastewater Treatment Operator Trainee Program

To fill vacancies in the Department of Wastewater Treatment, this program prepares participants for certification testing through classroom and on-the-job training for practical experience in the wastewater treatment field.

Engineering Management Training Program

This program is designed to develop a pool of qualified and diverse candidates for future vacancies in the engineering and technical services department. Six graduates from Howard University, the University of Virginia and the University of Pennsylvania, with majors in civil, mechanical and environmental engineering, began projects in the operations departments to gain hands-on experience.

Succession Planning/Executive Development Programs

To ensure continuity in leadership for executive and key senior staff positions, DC WASA has designed a succession planning and executive development program. An additional component involves the identification of critical positions that, if left vacant for an extended period for time, would result in a grave impact on the Authority's operations and services and the environment.

As part of its succession planning effort, DC WASA completed knowledge capture workshops in the water, wastewater and engineering and technical services departments. These workshops capture tacit knowledge of critical operations from employees who are eligible to retire

and identify competences that are essential for effective management and business continuity.

Summer interns gain valuable experience in 10th year of program

Young men and women eager to get a jump on their careers participated in DC WASA's 2008 Summer Internship Program. During the 10-week internship, students from universities and colleges across the country complete a variety of assignments and special projects in areas that include environmental science, research and law, water and sewer services, engineering, information technology, finance and more. Exposure to careers and opportunities at DC WASA has proven to be a successful recruitment tool. In addition to tackling work assignments, the interns were busy with community service projects and professional development training.

ENSURING A HEALTHY WORK ENVIRONMENT

Labor-Management Partnerships

Currently there are departmental labor-management partnerships in maintenance services, sewer services, facilities and security and safety. The continuing focus is on improving productivity and developing on-the-job multi-skill training. The employees learn additional skills that could be useful for career advancement.

The safety director meets with managers and employees each month to address issues and share concerns. The result of these labor and management partnerships is a continuous improvement in communications, operations and the workplace environment.

Recognition of Administrative Professionals is an annual event at DC WASA

Each year, National Administrative Professionals Week is recognized the last full week in April. In 2008, DC

LEFT: DC WASA hosts Green DC press conference on "green" infrastructure to protect the environment.

RIGHT: Foreign tour group visits Blue Plains and joins a discussion on programs in human resources.



WASA hosted its 4th Annual Administrative Professionals Conference to recognize the outstanding contributions of the Authority's diverse administrative support staff and to offer professional development opportunities. The theme for the 2008 day-long event was "Moving Forward Through Effective Communication."

Fleet management protects the environment

Because DC WASA is committed to protecting the health of the environment, a number of agency vehicles use alternative fuels such as E85, natural gas and electricity. Since the introduction of Ultra Sulfur Diesel in 2006, the emissions from DC WASA diesel powered vehicles have been drastically reduced.

EMBRACING TECHNOLOGY FOR OPERATIONS AND SERVICE TO CUSTOMERS

At DC WASA, the focus of all technology initiatives is on improving both organizational effectiveness and the quality of services provided to customers. DC WASA continues to

implement the newly revised Information Technology Strategic Plan. This plan outlines a vision for the delivery of information technology services and a methodology for prioritization of all technology projects (which includes an assessment of cost savings and productivity growth).

Website enhancements are never-ending

The website, www.dcwasa.com, has been a major success and was redesigned in FY 2008

to provide a user interface that enables customers to more easily and quickly find information. Work on the website is

a continuous improvement process to provide visitors with information that is current and consistent and presented with the "best-in-class" web technologies.

Interactive voice response technology expands services

Through DC WASA's enhanced interactive voice response (IVR) system, customers can pay their bill using either a checking or savings account. This system also assists with calling campaigns that provide important information to customers. For example, IVR was used to alert customers about changes to the Automated Meter Reading system. IVR technology also enables DC WASA to communicate effectively with multi-lingual customers, with over 100 languages available.

Water and sewer system assets are protected by Supervisory Control and Data Acquisition (SCADA) technology

DC WASA uses SCADA to collect data on the status of water and sewer systems from various sensors. This data is sent to redundant control centers where operators monitor the system. DC WASA began its SCADA replacement and upgrade project in FY 2007 for the water system. By the end of FY 2008, DC WASA had integrated nine water distribution facilities and an interconnection with the Washington Aqueduct (water supplier) into the new system. Also added were the new Anacostia Pumping Station, three sewer pumping stations, four storm water pump stations and nine sewer fabric dam facilities.

Information security program manages risk

During FY 2008, DC WASA continued to formally implement (and document) a comprehensive risk management process that will enable DC WASA to identify, analyze, prioritize and manage business risks. This work continues in FY 2009, and the output will be a risk report that provides assurance to stakeholders that appropriate controls are in place for mitigating risk.



Industry and **ENVIRONMENTAL RESEARCH**



DC WASA is a nationally recognized research leader in the industry. The Authority partners with a number of national foundations and universities to study wastewater treatment, biosolids management and water quality issues.



Project collaborations enable DC WASA to expand its research capacity, address its technology needs and contribute to the development of the next generation of wastewater and water treatment engineers and environmental scientists. Blue Plains continues to take a lead in conducting cutting-edge research in wastewater treatment and biosolids management.

BLUE PLAINS IS A LEADER IN CUTTING-EDGE RESEARCH IN WASTEWATER TREATMENT AND BIOSOLIDS MANAGEMENT

During FY 2008, the Department of Wastewater Treatment conducted and coordinated research in several areas including: thermal hydrolysis, alternate substrates for denitrification, post denitrification, bioaugmentation and phosphorus removal.

- DC WASA has several projects in association with the Water Environment Research Foundation (WERF). One involves evaluating methods to optimize chemical phosphorus removal. Another project is evaluating sources and mitigation strategies for greenhouse gas emissions from biological processes. A third project looks at strategies to reduce odors and fecal coliforms in digested biosolids. A fourth project is analyzing alternate indicators for pathogen destruction in biosolids.
- Along with research partners at the George Washington and Virginia Tech universities, DC WASA is conducting laboratory-scale testing of thermophilic digestion and thermal and enzymic hydrolysis to understand methods to achieve Class A biosolids and reduce the required size of an anaerobic digestion facility at Blue Plains.
- DC WASA, in cooperation with Howard University, is leading research to understand the bioavailability of organic nitrogen from wastewater effluents.
- DC WASA evaluated a new technology to efficiently treat and remove high-strength ammonia from recycle streams without external carbon. Several joint workshops and published papers are planned for national conferences.
- In cooperation with utilities in Maryland and Virginia, DC WASA is evaluating alternate carbon sources for

denitrification. The testing is coordinated through faculty and students from George Washington University, the University of Cincinnati and Virginia Military Institute.

- DC WASA is also working to optimize many of its current processes for the enhanced nutrient removal program. Research is underway to optimize the secondary process for new, more energy efficient aeration and to accomplish bioaugmentation.
- In association with Metropolitan Washington Council of Governments (MWCOCG) and University of Maryland, DC WASA is initiating a program to evaluate the expected benefits to Potomac River and Chesapeake Bay water quality in response to nutrient reductions at Blue Plains.
- DC WASA is leading a large International Water Association task group to develop scientific methodology for the design and operation of wastewater treatment plants based on risk and uncertainty analysis.
- DC WASA has a cutting-edge collaborative research program with University of Maryland (College Park) and USDA's Environmental Management and Byproducts Utilization Laboratory. This program evaluates several aspects of biosolids recycling and the effect of biosolids applied to agricultural land.

ONGOING RESEARCH AIMS TO ENSURE DRINKING WATER QUALITY THROUGH PROTECTION AND DETECTION

DC WASA continues to participate on the national research front to enhance drinking water quality. During FY 2008, DC WASA collaborated with national experts to focus on studying the effects that older plumbing in local residential homes can have on water quality.

- DC WASA is studying, with the American Water Works Association Research Foundation (AWWARF), the impact of partial lead service line replacement and galvanic corrosion on drinking water quality.
- In coordination with EPA and other water utilities, DC WASA is determining the feasibility of online biological and chemical monitoring for contaminants introduced in the water distribution system.

AWARDS and RECOGNITION



ABOVE: Chief of Information Technology Mujib Lodhi receives "CIO Top 100 Award" from CIO Magazine Editor-in-Chief Abbie Lundberg.

DC WASA IS A NATIONAL LEADER IN WATER UTILITY MANAGEMENT FOR OPERATIONAL AND STRATEGIC EXCELLENCE



DC WASA received the *2008 Platinum Award for Utility Excellence* from the Association of Metropolitan Water Agencies (AMWA). DC WASA was among only 11 utilities in the country to receive the award. The Authority, presented with the *Platinum Award for Sustained Competitive Achievement* in 2006 and the *Gold Award for Competitive Achievement* in 2003, won this new award for sustained achievements in strategic planning, operations, finance, technology, human resources and communications. In addition to customer service and technology improvements, DC WASA's peer reviewed research and career development programs help make it one of the top water utilities in the nation.

DC WASA RECOGNIZED BY CIO MAGAZINE AS "TOP 100"

DC WASA received the *CIO Top 100 Award* from *CIO Magazine* for creating business value using innovative technology. The Authority was selected for the award based on the HUNA (High Usage Notification Alert) system, the water use tracking and alert system. The technology, a first in the utility industry, was created jointly with the information technology and customer service departments and is so unique that it has been copyrighted.

DC WASA RECEIVED GOLD PEAK PERFORMANCE AWARD FOR SEVENTH CONSECUTIVE TERM

DC WASA has received the *Gold Peak Performance Award* from the National Association of Clean Water Agencies (NACWA) recognizing the Blue Plains Advanced Wastewater Treatment Plant's federal operating permit compliance record for 2007.

DC WASA RECEIVED DISTINGUISHED BUDGET PRESENTATION AWARD IN 2008

The Government Finance Officers Association (GFOA) acknowledged DC WASA's excellence in budget presentation

for its 2007 Budget Book. The award recognizes DC WASA's budget book for reflecting "both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's recommended practices on budgeting."

DC WASA EARNS CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

In 2008, DC WASA received the GFOA *Certificate of Achievement for Excellence* in Financial Reporting for FY 2007 CAFR (Comprehensive Annual Financial Report). The GFOA established this award in 1945 to encourage development of comprehensive annual financial reports that evidence the spirit of transparency and full disclosure, and to recognize individual governments that succeed in achieving that goal.

ANNUAL REPORT AWARDED 2008 MARCOM CREATIVE GOLD AWARD

The Gold industry award was presented by the Association of Marketing and Communications Professionals, for the *DC WASA 2007 Annual Report*. The publication was judged in an international competition on concept, design and copywriting of communication programs and materials.

DC WASA ACKNOWLEDGED FOR SUPPORT OF MILITARY GUARD AND RESERVES

The Employer Support of the Guard and Reserve (ESGR), an arm of the Office of the Secretary of Defense, recognized DC WASA staff in Sewer Services with the *Patriot's Award* for continued support of employees who serve in the National Guard and Reserves. ESGR aims to develop and promote a culture in which all U.S. employers support and value the military service of their employees.

FLEET MANAGEMENT RECOGNIZED

DC WASA Fleet Management has received the *2008 Certificate of Achievement* from the **100 Best Fleets in North America® Program** for consistently meeting its Standards of Excellence.

FINANCE and BUDGET*

TOTAL REVENUES

Total revenues (including federal grants and contributions) were \$378.1 million in fiscal year 2008, an increase of \$26.3 million, or 7.5 percent over fiscal year 2007. This is primarily due to increases of \$17.1 million from federal grants, \$9.5 million in wholesale wastewater treatment charges, and \$6.3 million in federal government and retail customers. These increases were off-set by a decrease of \$6.7 million in interest income.

DIVERSITY AND STABILITY OF OPERATING REVENUES

The Authority's operating revenue base is very diverse, including established customers such as the federal government, the District government, surrounding jurisdictions in Maryland and Virginia, and commercial and residential customers within the District.

EXPENSES

Operating expenses increased by \$23.7 million, or 9.2 percent in fiscal year 2008, primarily due to a \$5.6 million increase in utilities and rent, \$5.1 million increase in depreciation expense, \$4.9 million increase in personnel services, \$4.3 million increase in chemical, supplies and small equipment purchases, \$3.0 million increase in contractual services, and \$1.7 million in water purchases expense.

UTILITY PLANT

At the end of fiscal year 2008, the Authority had \$2.4 billion invested in a broad range of capital assets (utility plant), including its wastewater collection, wastewater treatment and water distribution systems. This amount represents a net increase of nearly \$202.4 million, or 9.3 percent over last year due to continued capital spending in accordance with the capital improvement program.

* Source: DC WASA Comprehensive Annual Financial Report – Fiscal Year 2008



“The Authority, in its twelfth year, continued its annual tradition of building on a strong financial foundation. As in each prior year, we again met or exceeded all of our financial targets...”

Olu Adebo
Chief Financial Officer

THOMPSON, COBB, BAZILIO & ASSOCIATES, P.C.
Certified Public Accountants and Management, Systems and Financial Consultants

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Independent Auditor's Report

Board of Directors
District of Columbia Water and Sewer Authority:

We have audited the accompanying statements of net assets of the District of Columbia Water and Sewer Authority (the Authority) a component unit of the District of Columbia as of September 30, 2008 and 2007, and the related statements of revenues, expenses and change in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2008 and 2007, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages thirty-seven through forty-seven is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted by the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Washington, DC
December 19, 2008

Thompson, Cobb, Bazilio & Associates, P.C.

STATEMENTS OF NET ASSETS September 30, 2008 and 2007 (In thousands)

ASSETS	2008	2007
Current assets:		
Cash and cash equivalents (note 3)	\$ 89,614	\$ 162,611
Investments (note 3)	99,438	29,632
Customer receivables, net of allowance for doubtful accounts of \$7,885 in 2008 and \$8,246 in 2007 (note 7)	33,323	37,862
Due from Federal government (note 6)	91,418	19,827
Due from District government (note 13)	4,662	5,092
Due from other jurisdictions (note 8)	15,525	13,546
Due from stormwater fund (note 13)	189	455
Inventory	8,187	7,260
Prepaid assets	576	278
Total current assets	342,932	276,563
Noncurrent assets:		
Restricted assets (note 3):		
Cash and cash equivalents	87,336	313,829
Investments	39,762	19,751
Total restricted cash equivalents and investments	127,098	333,580
Utility plant (note 4):		
In-service	2,789,181	2,441,054
Less accumulated depreciation	(804,729)	(758,224)
Net utility plant in service	1,984,452	1,682,830
Construction in progress	394,332	493,505
Net utility plant	2,378,784	2,176,335
Other noncurrent assets:		
Due from other jurisdictions, net of allowance for doubtful accounts of \$325 in 2008 and \$2,590 in 2007 (note 8)	8,542	6,130
Purchased capacity, net of accumulated amortization of \$47,475 in 2008 and \$44,158 in 2007 (note 5)	151,461	147,416
Total other noncurrent assets	160,003	153,546
Total noncurrent assets	2,665,885	2,663,461
TOTAL ASSETS	3,008,817	2,940,024
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	80,292	71,353
Compensation payable (note 9)	12,160	10,601
Accrued interest	24,056	15,800
Due to jurisdictions	4,283	7,660
Deferred revenue	22,243	24,553
Commercial paper note payable (note 11)	44,000	—
Current maturities of long-term debt (note 10)	14,002	13,956
Total current liabilities	201,036	143,923
Noncurrent liabilities:		
Deferred revenue	746,928	699,521
Deferred revenue - combined sewer overflow	51,099	55,199
Other liabilities (note 12)	20,485	20,567
Long-term debt excluding current maturities (note 10)	968,522	1,039,924
Total noncurrent liabilities	1,787,034	1,815,211
TOTAL LIABILITIES	1,988,070	1,959,134
NET ASSETS		
Invested in utility plant, net of related debt	764,291	777,968
Restricted for:		
Debt service	32,122	44,802
Capital projects	10,199	9,170
Unrestricted	214,135	148,950
TOTAL NET ASSETS	\$ 1,020,747	\$ 980,890

The notes to the basic financial statements are an integral part of these financial statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS

Years Ended September 30, 2008 and 2007 (In thousands)

	2008	2007
Operating revenues:		
Water and wastewater user charges:		
Residential, commercial and multi-family customers	\$ 183,553	\$ 182,327
Federal government	35,888	30,751
District government and D.C. Housing Authority (note 13)	16,193	17,266
Charges for wholesale wastewater treatment	82,854	73,378
Other	3,846	2,735
Total operating revenues	322,334	306,457
Operating expenses:		
Personnel services	75,838	70,956
Contractual services	55,127	52,116
Chemicals, supplies and small equipment	28,816	24,510
Utilities and rent	37,843	32,238
Depreciation and amortization	54,418	49,355
Water purchases	25,746	24,042
Other	3,603	4,452
Total operating expenses	281,391	257,669
Operating income	40,943	48,788
Non-operating revenues (expenses):		
Interest income	13,573	20,239
Payment in lieu of taxes and right of way fee (note 13)	(17,525)	(17,514)
Interest expense and fiscal charges	(39,342)	(30,524)
Total non-operating revenues (expenses)	(43,294)	(27,799)
Income before Federal grants and contributions	(2,351)	20,989
Federal grants and contributions	42,208	25,083
Change in net assets	39,857	46,072
Total net assets, beginning of year	980,890	934,818
TOTAL NET ASSETS, ENDING OF YEAR	\$ 1,020,747	\$ 980,890

The notes to the basic financial statements are an integral part of these financial statements.



STATEMENTS OF CASH FLOWS Years Ended September 30, 2008 and 2007 (In thousands)

	2008	2007
Cash flows from operating activities:		
Cash received from customers	\$ 305,338	\$ 289,123
Cash paid to suppliers for goods and services	(154,999)	(137,745)
Cash paid to employees for services	(75,017)	(71,188)
Net cash provided by operating activities	75,322	80,190
Cash flows from capital and related financing activities:		
Proceeds from issuance of revenue bonds	296,119	290,000
Proceeds from issuance of commercial paper	44,000	30,000
Repayments of commercial paper	—	(30,000)
Proceeds from other jurisdictions	61,454	33,714
Repayments of bond principal and notes payable to Federal and District governments	(367,956)	(7,556)
Acquisition of utility plant and purchased capacity	(304,754)	(176,687)
Payments of interest and fiscal charges	(46,604)	(35,850)
Contributions of capital from Federal government	35,106	14,813
Net cash (used in) provided by capital and related financing activities	(282,635)	118,434
Cash flows from non-capital financing activities:		
Transfers out (payment in lieu of taxes and right of way fee)	(17,525)	(17,514)
Net cash used by non-capital financing activities	(17,525)	(17,514)
Cash flows from investing activities:		
Cash received for interest	15,164	20,442
Investment purchases	(416,861)	(403,447)
Investment maturities	327,045	549,876
Net cash (used in) provided by investing activities	(74,652)	166,871
Net (decrease) increase in cash and cash equivalents	(299,490)	347,981
Cash and cash equivalents (including restricted) at beginning of year	476,440	128,459
Cash and cash equivalents (including restricted) at end of year	\$ 176,950	\$ 476,440
Operating income	\$ 40,943	\$ 48,788
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	54,418	49,355
Change in operating assets and liabilities:		
Decrease (increase) in customer and other receivables	3,929	(4,289)
(Increase) decrease in inventory	(1,225)	63
(Decrease) increase in payables and accrued liabilities	(5,463)	177
Decrease in deferred revenue	(17,280)	(13,904)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 75,322	\$ 80,190

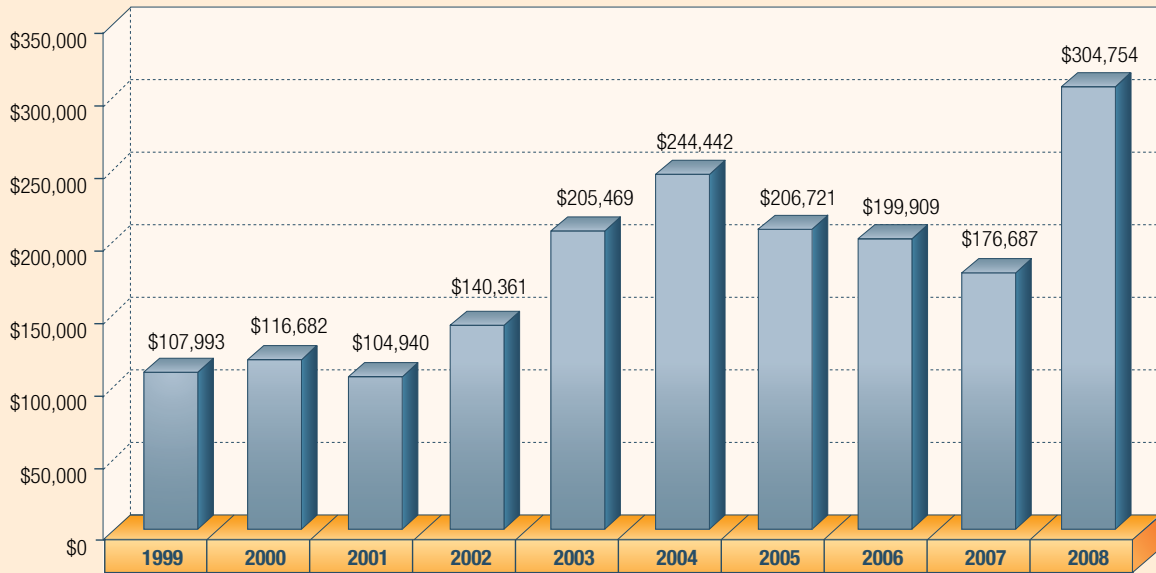
The notes to the basic financial statements are an integral part of these financial statements.

CHANGE IN NET ASSETS Fiscal Years 2002–2008 (In thousands)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
REVENUES							
Operating revenues:							
Residential, commercial and multi-family customers	\$ 148,134	\$ 147,870	\$ 159,165	\$ 166,045	\$ 174,159	\$ 182,327	\$ 183,553
Federal government	28,501	26,884	26,444	24,770	31,100	30,751	35,888
District government and DC Housing Authority	16,496	16,072	15,464	15,436	16,463	17,266	16,193
Charges for wholesale wastewater treatment	53,211	61,682	60,834	62,126	67,966	73,378	82,854
Other	2,387	3,287	2,427	4,366	3,845	2,735	3,846
Total Operating Revenues	248,729	255,795	264,334	272,743	293,533	306,457	322,334
Non-operating revenues:							
Interest income	6,825	3,090	3,472	12,612	16,091	20,239	13,573
TOTAL REVENUES	255,554	258,885	267,806	285,355	309,624	326,696	335,907
EXPENSES							
Operating expenses:							
Personnel services	62,162	64,091	62,449	64,038	66,942	70,956	75,838
Contractual services	59,166	63,065	61,491	54,156	49,970	52,116	55,127
Chemicals, supplies and small equipment	13,683	14,768	17,384	22,062	23,482	24,510	28,816
Utilities and rent	20,071	20,804	22,217	25,562	31,151	32,238	37,843
Depreciation and amortization	37,099	39,524	40,500	41,069	44,149	49,355	54,418
Water purchases	16,904	13,723	20,692	19,625	22,745	24,042	25,746
Other	—	—	3,955	3,679	4,218	4,452	3,603
Total operating expenses	209,085	215,975	228,688	230,191	242,657	257,669	281,391
Non-operating expenses							
Interest expense and fiscal charges	16,339	17,816	26,060	25,415	20,881	30,524	39,342
Payment in lieu of taxes and right of way fee	15,247	15,513	15,778	16,307	16,923	17,514	17,525
Total non-operating expenses	31,586	33,329	41,838	41,722	37,804	48,038	56,867
TOTAL EXPENSES	240,671	249,304	270,526	271,913	280,461	305,707	338,258
Income before Federal grants and contributions	14,883	9,581	(2,720)	13,442	29,163	20,989	(2,351)
Federal grants and contributions	18,848	39,626	31,455	34,578	24,927	25,083	42,208
Change in net assets	33,731	49,207	28,735	48,020	54,090	46,072	39,857
Net assets, beginning of year	721,035	754,766	803,973	832,708	880,728	934,818	980,890
NET ASSETS, END OF YEAR	\$ 754,766	\$ 803,973	\$ 832,708	\$ 880,728	\$ 934,818	\$ 980,890	\$ 1,020,747

Note: As a result of GASB 34 implementation in FY 2002, only seven years are presented.
Source: FY 2002 - 2008 Audited Statements of Revenues, Expenses and Change in Net Assets.

CAPITAL DISBURSEMENTS (Fiscal Years 1999–2008)



These disbursements include the Authority's share of Washington Aqueduct's capital disbursements, which in FY 1997–2002 were financed by U.S. Treasury. Source: FY 1999–2008 Audited Statements of Cash Flow

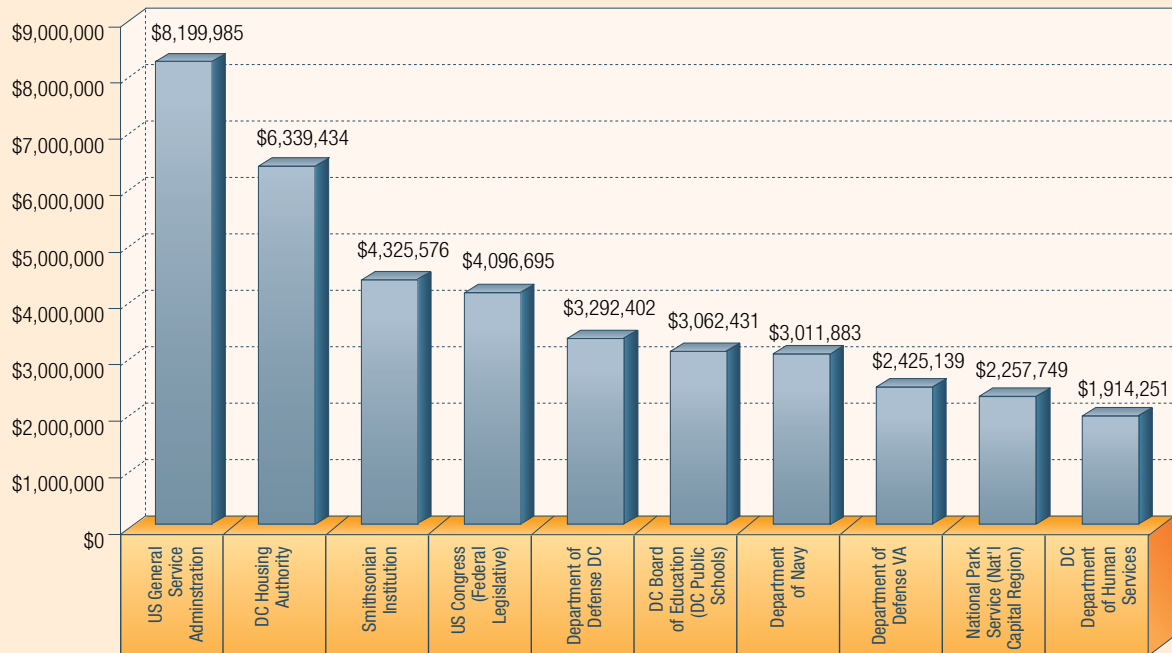
NUMBER AND TYPES OF CUSTOMER ACCOUNTS (as of September 30, 2008)

TYPE OF ACCOUNTS	FY2008
Retail Accounts	
Residential	103,674
Commercial ^(A)	18,528
Governmental	
Federal	533
District of Columbia	590
DC Housing Authority	1,218
Total Retail Accounts	124,543
WASA	30
Washington Aqueduct	2
Wholesale	7
Total Number of Accounts	124,582

*(A) Included in commercial accounts are exempt accounts
Source: DC WASA Department of Customer Service*

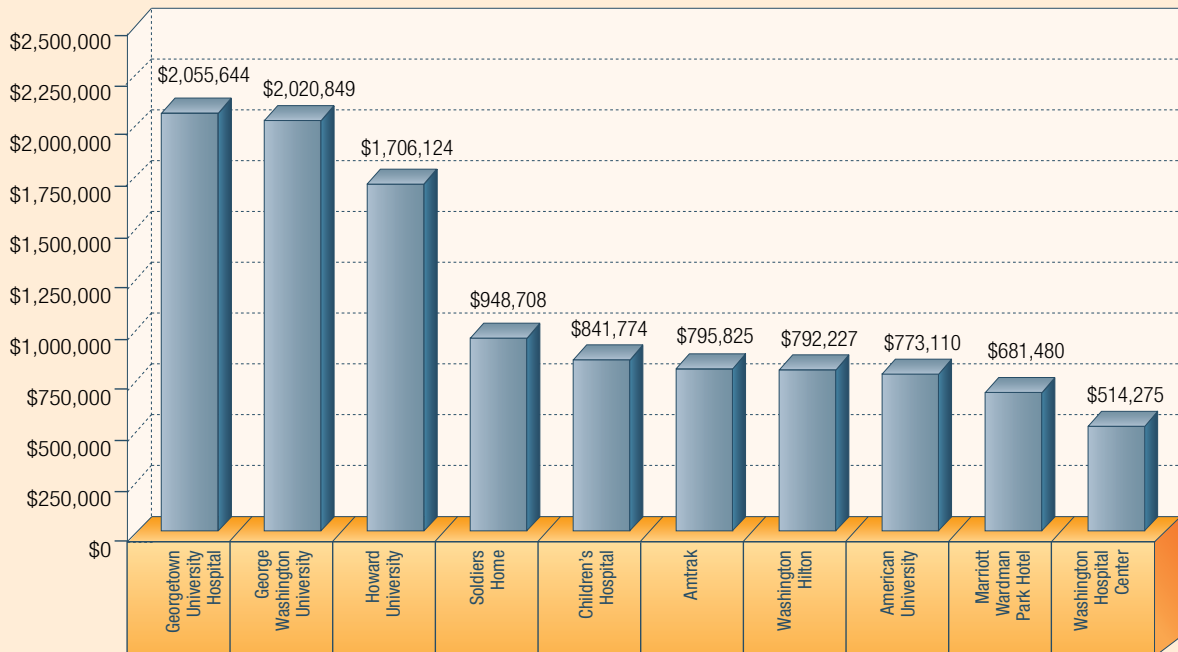


LARGEST GOVERNMENT CUSTOMER ACCOUNTS (Fiscal Year 2008)



Source: DC WASA Department of Customer Service

LARGEST COMMERCIAL CUSTOMER ACCOUNTS (Fiscal Year 2008)



Source: DC WASA Department of Customer Service

HISTORY OF RETAIL WATER AND SEWER FEES AND RATES PER Ccf ¹ (Fiscal Years 1980–2008)

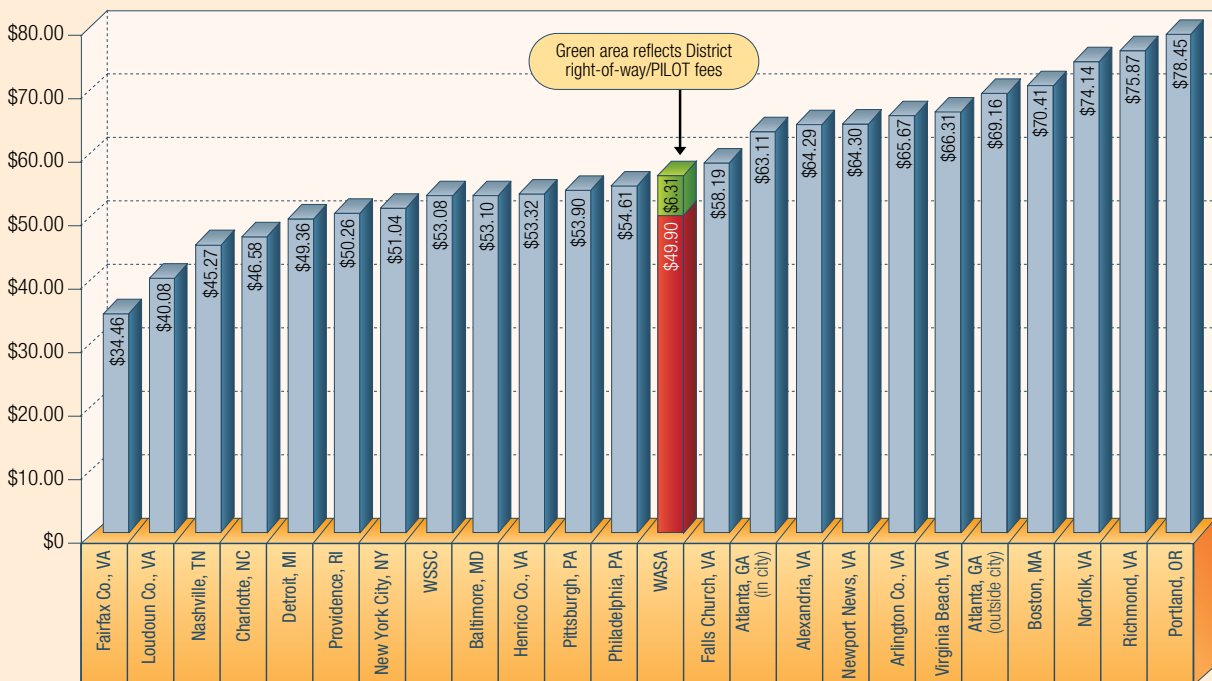
FISCAL YEARS	METERING FEE	DISTRICT PUBLIC SPACE OCCUPANCY FEE - PILOT	WATER CONSUMPTION RATE	SEWER CONSUMPTION RATE	COMBINED CONSUMPTION RATE	AVERAGE MONTHLY BILL ²
1980-1983	\$ —	\$ —	\$ 0.460	\$ 0.677	\$ 1.137	\$ 9.471
1984	—	—	0.537	0.998	1.535	12.787
1985	—	—	0.698	1.297	1.995	16.618
1986	—	—	0.873	1.621	2.494	20.775
1987-1996	—	—	1.004	1.864	2.868	23.890
1997	—	—	1.380	2.710	4.090	34.070
1998	—	—	1.380	2.710	4.090	34.070
1999	—	—	1.380	2.710	4.090	34.070
2000	—	—	1.576	2.710	4.286	35.702
2001-2002	—	—	1.786	2.710	4.496	37.452
2003 ¹	2.010	0.360	1.690	2.570	4.260	40.490
2004	2.010	0.360	1.740	2.630	4.370	41.410
2005	2.010	0.360	1.830	2.760	4.590	43.240
2006	2.010	0.420	1.930	2.910	4.840	45.830
2007	2.010	0.440	2.030	3.060	5.090	48.080
2008	2.010	0.470	2.140	3.230	5.370	50.660

¹ All rates are for one hundred cubic feet (1 Ccf) consumption with the exception of the flat metering fee, which became effective on October 1, 2002.

² Average residential customer consumption is 8.33 Ccf per month.

Source: D.C. Water and Sewer Authority Department of Finance & Budget

WASA'S RETAIL RATES COMPARISON TO OTHER UTILITIES (September 2007)



HIGHLIGHTED ACCOMPLISHMENTS in Fiscal Year 2008

- The DC WASA Board of Directors strengthened the Strategic Plan that guides the organization toward becoming a world-class leader in the industry. The revised plan identifies *Critical Success Factors* for an even firmer foundation for world-class performance.
- In FY 2008, DC WASA's financial performance received positive appraisals from both an independent budget review and from three principal credit rating agencies.
- DC WASA makes annual contributions to a Rate Stabilization Fund for use to offset spikes in planned, future rate increases. At the end of FY 2008, the fund totaled \$43.6 million.
- DC WASA is among only 11 utilities nationwide to receive the Association of Metropolitan Water Agencies (AMWA) Platinum Award (2008) recognition as *A National Leader in Water Utility Management for Operational and Strategic Excellence*.
- DC WASA was one of only five utilities named by *CIO* magazine to its annual list of Top 100 organizations that “exemplify the highest level of operational and strategic excellence in information technology (IT).”
- DC WASA continues to manage one of the largest capital improvement programs in the region, with more than \$300 million in capital expenditures in FY 2008 (part of the \$3.2 billion, 10-year program).
- Rehabilitation of the very aged sanitary sewer system in Georgetown is underway. The project includes construction and rehabilitation of approximately 2,600 feet of the existing sanitary sewer system using trenchless technologies to limit the impact to the neighborhood.
- DC WASA is a leader in working to protect the Chesapeake Bay by voluntarily reducing nitrogen levels by 75 percent since 1987, far exceeding the goals established by the Chesapeake Bay agreements in 1987 and 2000.





District of Columbia
Water and Sewer Authority

essential to **LIFE.**



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SERVING THE PUBLIC • **PROTECTING** THE ENVIRONMENT