

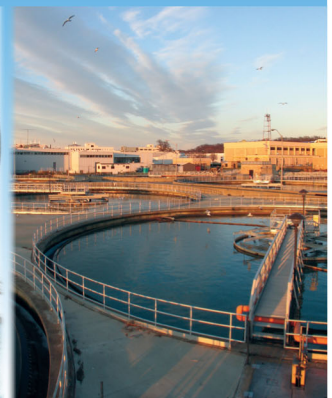


District of Columbia
Water and Sewer Authority

dcwasa

serving the public • protecting the environment

2007 annual report





“The work that we do, advancing an agenda as it is handed to us on a regulatory basis, places us at the pinnacle of environmental stewardship.”

Jerry N. Johnson
DC WASA General Manager



In its short 11-year history, the District of Columbia Water and Sewer Authority (DC WASA) has built a reputation as a model of regional and community partnerships and as a leader in investment and research to protect our water resources. The diversity of the Board of Directors, in background and profession, supports a long-standing commitment to effectively address regulatory and environmental challenges that are regional in nature. Moreover, strong financial performance and responsiveness to customer and community needs have positioned DC WASA on a steady course toward its vision of becoming *the* water and wastewater industry leader.



dcwasa

2007 annual report

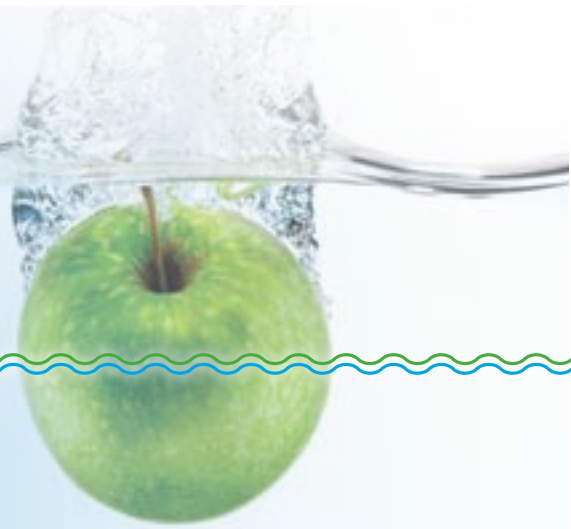


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Mission, Vision and Values

Mission

The mission of DC WASA is to serve all its customers with outstanding service by providing reliable and cost-effective water and wastewater services in accordance with best practices.

Vision

DC WASA provides world-class water and wastewater services as a leading environmental steward.

Values

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

A Regional Approach to Providing Critical Water and Sewer Services

From its inception in 1938 until 1996, the District of Columbia Water and Sewer Utility Administration was a part of the DC government. In 1996, a change in District and federal law created the District of Columbia Water and Sewer Authority (DC WASA), an independent Authority of the District of Columbia government. DC WASA distributes drinking water and provides wastewater collection and wastewater treatment services for a population of more than 500,000 in the District of Columbia. DC WASA also provides wholesale wastewater treatment services for a population of nearly 1.6 million in surrounding counties in Maryland and Virginia. The Authority develops its own budget, which is incorporated into the District's budget and then forwarded to Congress. At the end of fiscal year (FY) 2007, DC WASA had net assets of \$980.9 million and operating revenues of \$306.5 million.

DC WASA is governed by an 11-member Board of Directors composed of representatives from each service area. The Board establishes policy and approves the budget, while DC WASA's daily operations are administered by a General Manager who reports to the Board. As an independent authority, its organizational structure enables DC WASA to respond quickly to changes in the industry to create its own regulations and policies for procurement, human resources, and finances, to negotiate its own contracts and labor agreements, and to sell bonds. The Authority's Board of Directors establishes rates, fees, and other charges for service. These revenues, along with federal grant monies and bond sales, are used to pay for operating costs and water and sewer system improvements.

DC WASA provides retail water and wastewater services to its residential and commercial customers in the District. Wholesale wastewater treatment is provided to areas of Montgomery and Prince George's counties in Maryland, and in Fairfax and Loudoun counties, as well as the Town of Vienna, in Virginia. The suburban jurisdictions pay the full cost for their use of DC WASA facilities and services based on a funding formula. The Blue Plains Advanced Wastewater Treatment Plant, located on the Potomac River, is the largest advanced wastewater treatment facility of its kind in the world. The U.S. Army Corps of Engineers Washington Aqueduct treats water from the Potomac River and sells it wholesale to DC WASA for distribution in the District.

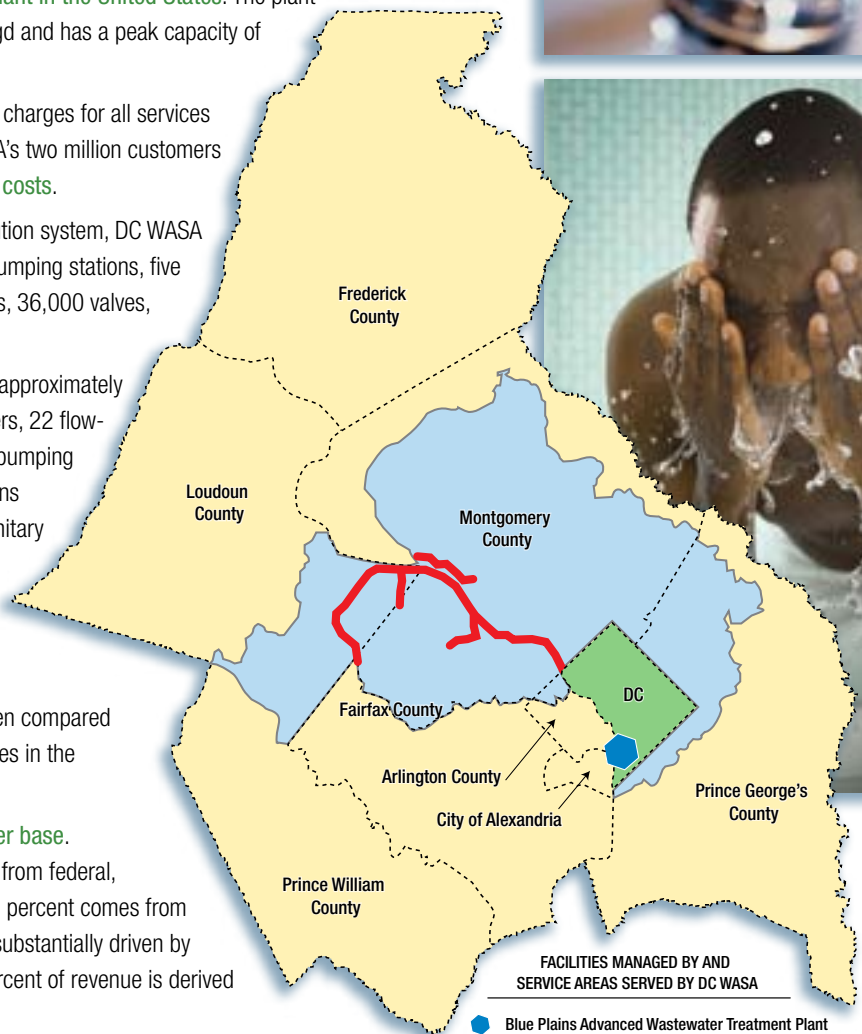
Since its creation, DC WASA has become a model for regional cooperation in providing critical public services 24 hours a day in a heavily regulated environment. This Annual Report offers highlights of operational and financial accomplishments in FY 2007: October 1, 2006 through September 30, 2007.



DC WASA Facts-At-A-Glance

DC WASA is an independent water and sewer authority of District government that provides drinking water, wastewater collection, and treatment to more than 580,000 residential, commercial, and governmental customers in the District of Columbia, and it also collects and treats wastewater for 1.6 million customers in Montgomery and Prince George's counties in Maryland and in Fairfax and Loudoun counties in Virginia. The following are facts about DC WASA's service area and operations.

- ◆ Approximately **920 employees** work at various facilities throughout the District.
- ◆ DC WASA's service area covers approximately **725 square miles**.
- ◆ DC delivers water to more than 130,000 locations in Washington, DC, and **provides nearly 135 million gallons of drinking water a day (mgd)** for use by individuals and businesses.
- ◆ DC WASA operates the Blue Plains Advanced Wastewater Treatment Plant, which is **the largest advanced wastewater treatment plant in the United States**. The plant covers 150 acres with a capacity of 370 mgd and has a peak capacity of 1.076 billion gallons per day.
- ◆ DC WASA establishes rates, fees, and other charges for all services provided. **The fees collected** from DC WASA's two million customers **generate the revenue to pay for operating costs**.
- ◆ **To distribute water** and support the distribution system, DC WASA operates nearly 1,300 miles of pipes, five pumping stations, five reservoirs, four elevated water storage tanks, 36,000 valves, and 9,100 hydrants.
- ◆ **To collect wastewater**, DC WASA operates approximately 1,800 miles of sanitary and combined sewers, 22 flow-metering stations, nine off-site wastewater pumping stations, and 16 stormwater pumping stations within the District of Columbia. Separate sanitary and stormwater sewers serve two-thirds of the city. In the older portion of the system, primarily in the downtown area, combined sewers are in service.
- ◆ DC WASA **rates are highly competitive** when compared to water and wastewater rates in similar cities in the Mid-Atlantic region.
- ◆ DC WASA has **an unusually stable customer base**. More than 38 percent of its revenue comes from federal, municipal, and county governments, and 40 percent comes from commercial entities whose businesses are substantially driven by the regional economy. The remaining 17 percent of revenue is derived from residential customers in the District.





Fiscal year 2007

marked the 11th year that the District of Columbia Water and Sewer Authority (DC WASA) has served the public and protected the environment. The Authority has responded aggressively to challenges over the past year by strengthening the organization's ability to fulfill its mission and by increasing transparency through aggressive outreach and information exchange. The citizens served by the District of Columbia Water and Sewer Authority rely on us to provide essential services 24 hours a day, seven days a week, 365 days per year. It is a responsibility that I and the Board of Directors take seriously and pledge to fulfill.

We will at all times honor our commitment to the citizens we serve. DC WASA has celebrated 11 years as an independent agency of the District of Columbia, marking significant achievements. It reversed the deterioration and stabilized much of the infrastructure and systems at the Blue Plains Advanced Wastewater Treatment Plant. The Authority turned around a bleak financial position to achieve an AA- bond rating, reduced delinquent accounts, and automated much of its operations, including meter reading and asset management. Though continued infrastructure improvements are necessary, the Board understands that now is the time for DC WASA to transition from concentrating on internal systems to becoming a more outwardly focused organization with appropriate Board oversight.

We will lead with an emphasis on measurable progress within a climate of increased accountability. We commit to support the General Manager and DC WASA staff with disciplined policy guidance aligned with our strategic plan. We must be sufficiently flexible to adjust priorities and redirect resources within the context of our long-range plans to address current issues with the highest impact on the safety and health of our customers. We must be receptive to allowing differing points of view to inform our work.

Two important goals I envision for the Board are infusing a sense of urgency in our activities and further strengthening our responsiveness to our customers. Through turnover in its membership, today's DC WASA Board has many new faces. These individuals bring new perspectives, additional expertise, and fresh energy to accomplish these goals.

A Message from the Chairman

"My colleagues on the Board, senior executives from the District and suburban jurisdictions, are committed to leading a results-oriented operation."

We will be forward-looking, deliberate, and thoughtful. To protect the health and safety of, and to earn the confidence of, our customers and the public, we pledge to address promptly emerging trends as well as current issues requiring immediate actions.

A vital part of our mission is providing for the safety of the citizens of the District. Addressing issues concerning fire hydrants and the adequacy of water mains proved challenging at times for both DC WASA and DC Fire and Emergency Medical Services. A commitment to collaboration provided for a renewed relationship focused on improved communication and coordinated efforts to upgrade and improve systems for emergency services. We worked together to prepare for the 2008 hydrant inspection and assessment program. DC WASA is responsible for the maintenance of more than 9,000 public hydrants and has committed \$25 million to a program to replace 3,500 hydrants over the next five years.

We will be committed to good governance and intend to put in motion best practices in terms of committee work, open debate, and accessibility. As an example, the Board adopted a Public Information Policy this past year to institutionalize accessibility and transparency and to provide timely, accurate information to the public, our customers, our partners in government, and the media. This approach is evidenced in the Board's inclusion of broad, citywide public input in its decision to review the schedule and pace of DC WASA's accelerated lead service pipeline replacement program.

We will continue to strive to institutionalize attentiveness to the human side of our work: the customers we serve and the staff we employ are our families and our neighbors and our friends. We must ensure that our interactions are carried out with honesty, openness, empathy, and urgency.

We will commit to ensuring that rates and charges each customer pays will be fair, with any required rate increases phased in predictably and gradually over time to avoid "rate shock." A rate stabilization fund was established in 1997 and has been funded annually to mitigate rate spikes. Also in fiscal year 2007, the Board called for development of an equitable method of charging District residents and businesses to recover the tremendous cost of a federally mandated combined sewer overflow (CSO) control project.

DC WASA will continue to assist those who can least afford rate increases with programs such as *SPLASH* (Serving People by Lending a Supporting Hand), which enables customers to donate funds to assist the less fortunate in paying their water and sewer

bills. In addition, DC WASA's Customer Assistance Program provides eligible customers with discounts on their water bills.

We will continue to find and fund methods, systems, and infrastructure that protect our waterways. Our mission includes the responsibility to be good environmental stewards. To that end, DC WASA works in several ways to reduce pollution in our local waterways. The \$2.1 billion combined sewer overflow program, reached by consent decree, is now closer to construction. The 20-year project will create huge tunnels to hold wastewater and storm water from the combined sewer system that can overflow into the local waterways during rainstorms.

In April, the Board approved a \$101 million contract to replace, rehabilitate, and upgrade certain facilities at the Blue Plains wastewater treatment plant to sustain DC WASA's voluntary 40 percent reduction in levels in nitrogen, a key pollutant in the watershed. To reduce levels further to meet the new limit set by the U.S. Environmental Protection Agency (EPA) to protect the Chesapeake Bay, the Board authorized \$950 million for treatment additions at Blue Plains.

DC WASA is a worldwide leader in environmental science, with numerous research projects under way. DC WASA is also seeking ways to increase Low Impact Development (LID), such as using porous pavers in new construction projects and adding rain gardens to absorb storm water runoff. We will continue to incorporate research, modern technologies, and best practices into future projects to enhance our operations and protect the environment.

This report provides an overview of DC WASA's accomplishments, financial performance, and operational achievements for fiscal year 2007, though it clearly does not convey the full spectrum of DC WASA operations. I believe DC WASA values excellence, is constantly evolving, and seeks ways to improve its operations for the residents of the District of Columbia and other stakeholders in the region. I would like to thank my colleagues on the Board, the General Manager, and the dedicated staff who work hard toward making DC WASA a world-class organization.

Sincerely,



Robin B. Martin
Chairman

The Strategic Plan – A vision for the future and a course to follow

Board of Directors

The District of Columbia Water and Sewer Authority Board of Directors has developed a Strategic Plan with input from DC WASA staff members, and key stakeholders. The 2005-2007 Strategic Plan guides the organization toward achieving its vision, while providing management maximum flexibility to innovate and lead the organization. Goals, objectives, and activities contained in the plan address four specific focus areas identified by the Board.

Four Strategic Focus Areas

Customer and Community Service

DC WASA is committed to understanding, serving, and responding to the needs of its diverse customers and stakeholders. DC WASA will utilize state-of-the-art technology to monitor, measure, inform, and address customer expectations, and reach out to improve relationships with stakeholders and the public.

Organizational Effectiveness

DC WASA will ensure the effectiveness of the organization by creating and maintaining a safe, productive, highly competent, diverse workforce. DC WASA will, through partnerships with stakeholders, maintain a professional, well-functioning, ethical work environment and culture.

Environmental Quality and Operations

DC WASA will provide excellent environmental stewardship, meet and surpass regulatory standards, and manage the Authority's infrastructure effectively.

Finance and Budget

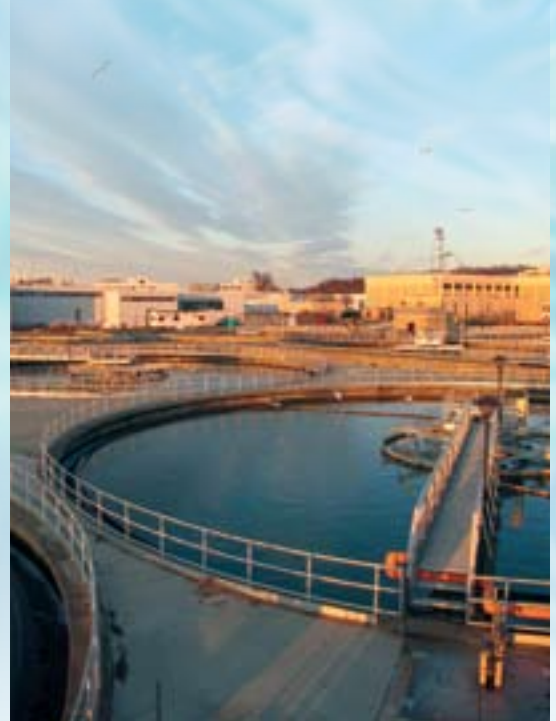
DC WASA will maintain a sound financial position by optimizing operational and capital programs and by exploring additional revenue sources while maintaining fair and equitable rates.



Robin B. Martin
Chairman, Principal Member
District of Columbia

DC WASA Board of Directors — FY 2007

DC WASA is governed by a Board of Directors consisting of 11 principal and 11 alternate members. The Board is composed of six District of Columbia representatives, two each from Montgomery and Prince George's counties in Maryland, and one from Fairfax County in Virginia.





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



Anthony H. Griffin
Principal Member
Fairfax County, VA



Joseph Cotruvo
Alternate Member
District of Columbia



Kenneth Davis
Alternate Member
District of Columbia



Howard C. Gibbs
Alternate Member
District of Columbia



Brenda Richardson
Alternate Member
District of Columbia



Steven McLendon
Alternate Member
District of Columbia



Paivi Spoon
Alternate Member
Prince George's County, MD



Chris Akinbobola
Alternate Member,
Prince George's County, MD



David W. Lake
Alternate Member
Montgomery County, MD



Paul Folkers
Alternate Member
Montgomery County, MD



Robert Stalzer
Alternate Member
Fairfax County, VA

Howard Croft
(not pictured)
Alternate Member
District of Columbia

Vacant
Principal Member
Montgomery County, MD



From its creation just 11 years ago,

DC WASA has evolved into a technologically advanced and forward-thinking organization, with a commitment to protecting the environment, providing superior customer service, and upgrading the aging infrastructure it inherited. DC WASA is guided by a Strategic Plan that was developed under the leadership of the Board of Directors and is carried out by a talented and dedicated staff.

Following are highlights of our accomplishments in FY 2007 as we continue to improve our facilities and infrastructure, our services, and our teams—all to benefit the citizens we serve.

Financial Performance: DC WASA continued its strong financial performance in FY 2007, ending the fiscal year with revenues exceeding expenses (change in net assets) by \$46.1 million. Operating cash receipts surpassed budget by \$2.3 million, and operating expenditures were under budget at the end of the fiscal year by more than \$28 million. DC WASA maintained cash reserves in excess of six months of operating expenses (or \$111.3 million) and contributed \$10 million to the Rate Stabilization Fund, raising the balance to \$68.5 million. The balance in the Rate Stabilization Fund will be used in future years to smooth out peaks in rate increases. DC WASA also maintained an AA- category bond rating. In June 2007, DC WASA issued \$218.7 million in tax-exempt bonds to finance the cost of improvements to the water and wastewater systems of the Authority and \$59.0 million in taxable bonds to finance improvements to the Washington Aqueduct. DC WASA has also been steadily improving on collections of delinquent accounts receivable (ARs) and celebrated an all-time low in delinquent retail ARs (over 90 days) of \$7.1 million (two percent of total revenue) at the end of FY 2007, as compared to more than \$26 million just five years ago.

Customer Service: DC WASA is committed to a *customer first* approach. To that end, we've completed 99 percent of the installations for our Automated Meter Reading (AMR) program, which allows DC WASA to bill customers for actual, and not estimated, water usage. A relatively new service that the AMR

A Message from the General Manager

“DC WASA is a model for successful regional cooperation, operating around business principles that have served the Authority and its customers well.”

enables is a customer notification system for high water usage, which might indicate a leak or plumbing problem. The notification system, called High Usage Notification Alert (HUNA), sends an e-mail alert or phone call to customers before they receive a bill, giving them the opportunity to correct the problem before it becomes too costly. Functions, languages, and customer options on the instant voice recognition system have been expanded. New guides for customer services, sewer backup prevention, water conservation, and landscaping have been published. Radio spots and video targeting environmental protection have been aired.

Capital Improvements: The Authority spent \$191.3 million last year on capital projects. During FY 2007, we conducted a sewer system assessment that was used to develop a facility upgrade plan for the District sewer system. We completed the majority of the initial facility planning for the Long Term Control Plan, the 20-year plan to build three large-scale tunnels and a system to store overflows from rainstorms until they can be conveyed to Blue Plains for treatment. We are investing approximately \$85.5 million in water system improvements east of the Anacostia River to improve water pressures, replace old cast iron water mains with new ductile iron pipe, replace an old water pumping station originally constructed in 1913, and construct a new elevated water storage facility. Other major capital projects include the ongoing rehabilitation of pumping stations and our fire hydrant upgrade program. The hydrant program aims to replace nearly 3,500 of the District's public hydrants (approximately 40 percent of the District's hydrants) over a five-year period. In FY 2007, DC WASA replaced 803 hydrants and repaired 1,614 hydrants. Within the Blue Plains Advanced Wastewater Treatment Plant, we began construction on a \$104 million nitrification–denitrification facility upgrade. We also began major upgrades to the filtration facility, which is responsible for filtration and disinfection.

Water Quality: DC WASA continues to champion water quality for the District. For more than two years, lead levels in drinking water found in some homes have been on a continuous decline and meet all federal guidelines. In FY 2007, we replaced more than 3,500 lead water services in public space with new copper pipe. We also cleaned and inspected the two Fort Stanton underground reservoirs and replaced a 20-inch main along Martin Luther King Jr. Boulevard, SE.

Employee Relations: DC WASA continued to invest in employees in FY 2007 by funding \$1.26 million for skills training in the areas of safety, technology, government regulations, and professional and career development. WASA Reads, the Authority's adult literacy program, provides employees with basic skills training in


reading, writing, and arithmetic through the use of adult work-related material and text. The Wellness Program offers workshops on a variety of health topics, fitness programs, and retirement and investment counseling.

Government, Public and Community Relations: DC WASA continues to strengthen its relationships at all levels of government and the Washington metropolitan community. The financing of environmental initiatives is one of the Authority's highest priorities. We have worked very closely with the Mayor's Office, the Office of Management and Budget, and the House and Senate appropriations committees to ensure there is an understanding of the importance of continued financial contributions toward the reduction of combined sewer overflows. We continue to work toward improving the quality of life for residents through community-based programs and education. With our Customer Assistance Program (CAP), we have provided eligible customers a discount on their monthly water bills. We also participated in JUDD (Joint Utility Discount Day) a joint initiative with other District utilities to provide low-income customers with discounts on their utility bills. More than 4,000 District residents applied for assistance. Another program, SPLASH (Serving the Public by Lending a Supporting Hand), enables customers to donate funds to assist persons who are facing service disruption for nonpayment of their water and sewer bills. Last year, DC WASA was able to provide approximately \$70,000 in assistance through SPLASH.

DC WASA's wastewater treatment plant operation at Blue Plains has gained a reputation nationally and internationally as a result of our innovations and excellent record of compliance with federal regulations. In addition, DC WASA continues to collaborate with research foundations, other wastewater treatment plants, and universities on wastewater and biosolids research projects. These collaborative projects allow DC WASA to expand research capabilities and to improve existing or developing processes.

This year, I have been pleased to welcome the vision and leadership of our new Board Chairman, Robin B. Martin. We also welcomed several new board members, whose energy, experience, and commitment are helping shape the future of DC WASA. We look forward to continued progress in our quest for world-class status.

Sincerely,



Jerry N. Johnson
General Manager



Financial Performance

“With effective management, DC WASA will maintain a stable financial position that is the basis for excellent credit ratings, lower interest costs, and moderate rate adjustments as necessary.”

DC WASA Board of Directors

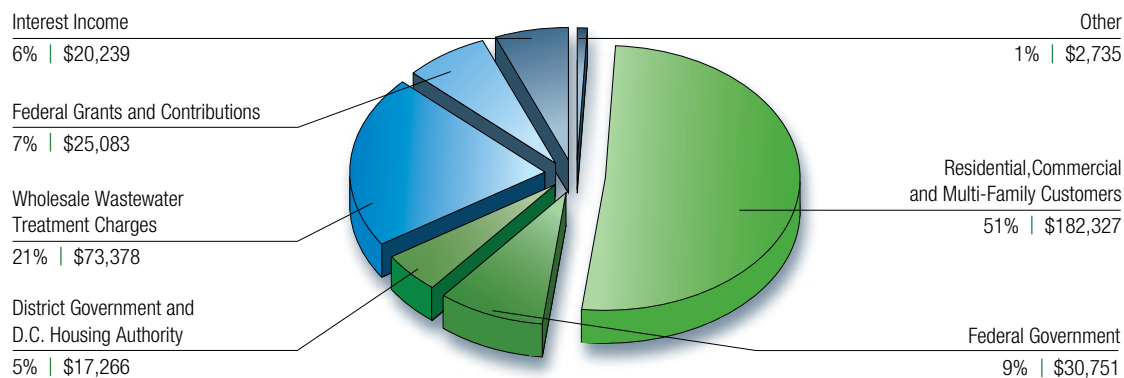
The end of FY 2007 marked DC WASA's 11th year in operation as an independent agency. The Authority and its management continue to build on the success of the first decade by adhering to the framework of prudent financial policies adopted by the Board of Directors in the early years. The following are highlighted financial accomplishments in FY 2007.

Financial Accomplishments

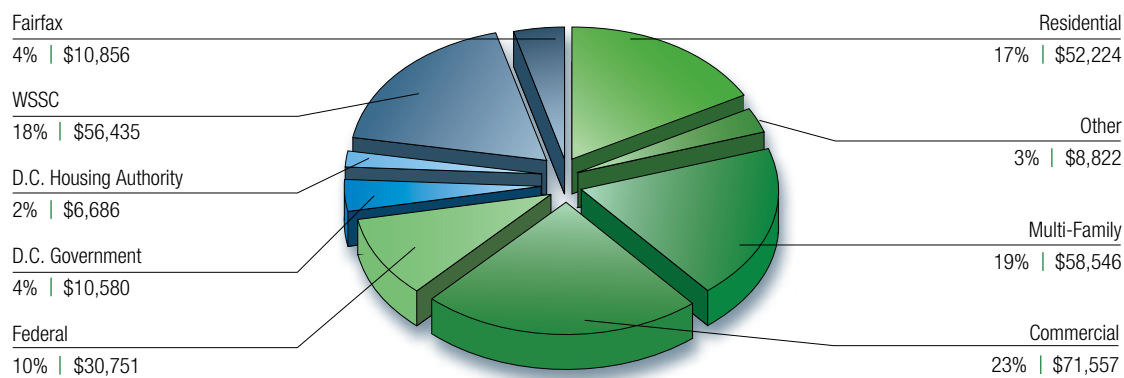
- ◆ In June 2007, the Authority issued \$277.7 million of subordinated lien public utility revenue bonds (Series 2007A and 2007B). Proceeds were used to refund \$30 million in outstanding commercial paper, and the balance was used to fund various capital projects and closing costs.
- ◆ The Authority contributed \$10.0 million to the rate stabilization fund at the end of FY 2007, raising the balance to \$68.5 million. The rate stabilization fund will be used in the future to smooth out peak rate increases at the Authority's discretion and in accordance with the Board's policy of gradual and predictable rate increases.
- ◆ The Authority received \$7.0 million in additional appropriation from the U.S. government to be used, with matching funds, for capital projects aimed at reducing combined sewer overflows (CSOs). This raised the total federal appropriation to \$98.2 million through the end of FY 2007.
- ◆ DC WASA's bond ratings remained at the AA level, the second highest rating category available to state and local issuers, thus helping reduce the interest rates we pay on our debt borrowings and resulting in lower bills to our customers.
- ◆ The Authority received its 11th consecutive unqualified audit opinion on its financial statements in FY 2007.
- ◆ Residential, commercial, and multi-family customer receivables over 90 days including bad debt continued on its downward trend, declining to \$7.1 million at the end of FY 2007 from \$7.4 million at the end of fiscal year 2006. This reduction is largely due to the comprehensive Arrears Management Program that was implemented in FY 2004. This program emphasizes improved performance in the daily administration of accounts receivable management through activities such as stepped-up collection efforts, more systematic field service collections, and the Dialing for Dollars program.
- ◆ In FY 2007, the Authority successfully renewed all of its insurance coverage's and added terrorism coverage, all at a cost of seven percent less than the prior fiscal year. The use of multiple, qualified brokers improved competition and rendered favorable results in the cost of property and associated insurance coverage.



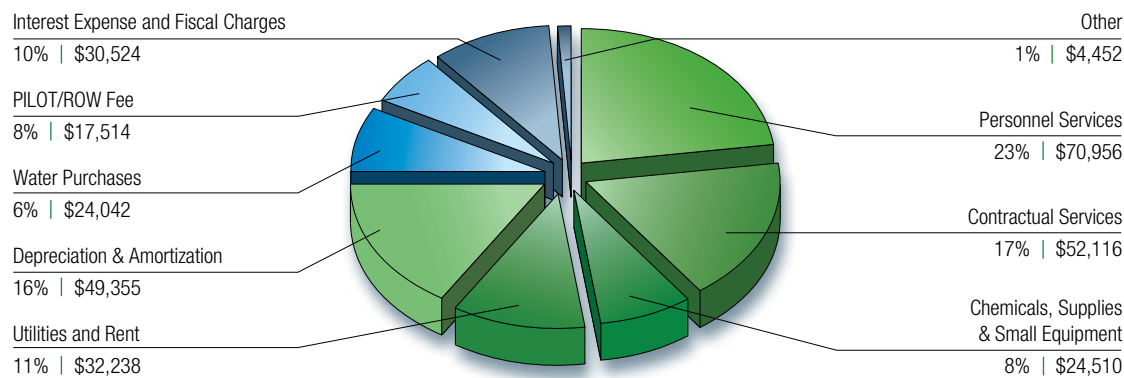
FY 2007 Total Revenues (\$ in thousands)

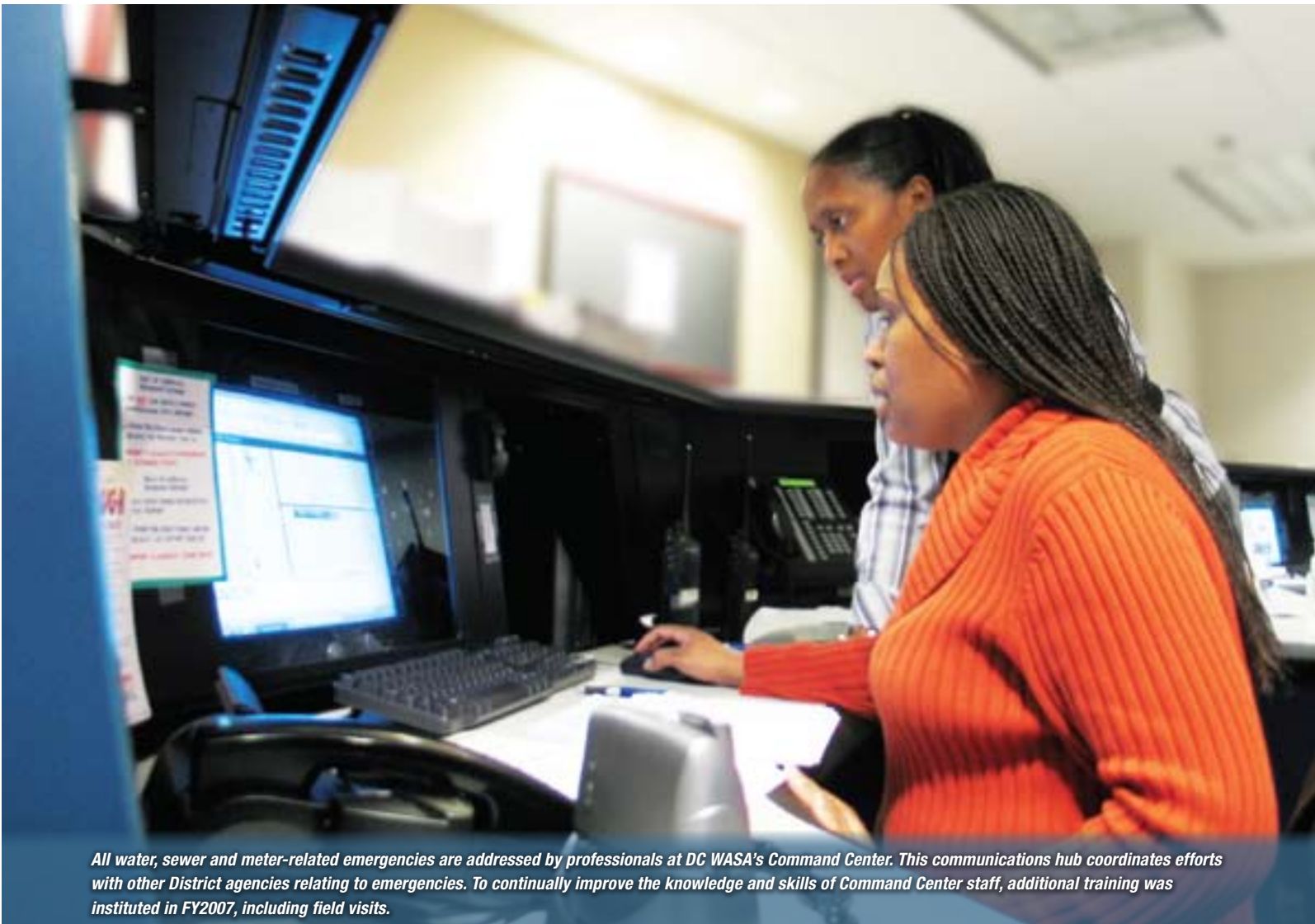


FY 2007 Operating Revenue by Source (\$ in thousands)



FY 2007 Total Expenses (\$ in thousands)





All water, sewer and meter-related emergencies are addressed by professionals at DC WASA's Command Center. This communications hub coordinates efforts with other District agencies relating to emergencies. To continually improve the knowledge and skills of Command Center staff, additional training was instituted in FY2007, including field visits.

Community and Consumer Services

"...using state-of-the-art technology to monitor, measure, and meet customer expectations and reaching out to improve relationships with stakeholders and the public."

DC WASA Board of Directors





Meeting customer needs on a daily basis

In addition to providing critical water and sewer services, DC WASA places a strong emphasis on customer needs and customers in need. Using advances in technology, a number of customer services have been enhanced, from answering simple bill inquiries and automating payment notification to monitoring water consumption and addressing system emergencies. For individuals and families who are in need or facing unexpected financial difficulties, DC WASA offers several assistance programs to help eligible customers pay their water and sewer bill.

Automated Meter Reading (AMR) project is nearly complete

Since 2002, DC WASA has been installing new meters that leverage radio frequency and cell phone technologies to send daily water usage information from the meter to DC WASA. By using this Automated Meter Reading (AMR) system, customer bills are based on actual usage rather than an estimate. At the end of FY 2007, the installation was 99 percent complete, with fewer than 1,400 residential and commercial meters left to install the following year.

High water bill alert adds customer value to AMR features

The AMR tracking system monitors daily water use and, with technology developed by DC WASA, can also notify customers of unusual spikes in consumption, which may be an indicator of a leak or other plumbing problem. Using its High Usage Notification Alert (HUNA) program, DC WASA set parameters for normal daily consumption. If a customer has four days of increased usage beyond the norm, DC WASA will contact the customer. The program originally rolled out last year with only an e-mail alert. Later, an automated telephone voice alert was added for those without Internet access. FY 2007 was the first full year that both alert methods were operational.

Bill payment assistance services are paying off

To help customers make timely bill payments, DC WASA provides friendly *payment reminders* by telephone to customers who may have forgotten to pay their current bill within 30 days. This

automated service, introduced in FY 2007, reduces WASA's collection actions and helps delinquent customers faced with service cutoff. DC WASA's Utility Discount Program provides income-eligible customers with a discount of 400 cubic feet (4Ccf) per month on their water bills. In FY 2007, *3,474 customers received this discount*. Another DC WASA program, *SPLASH (Serving People by Lending a Supporting Hand)* enables customers and the community to donate funds to assist the less fortunate pay their water and sewer bill. In FY 2007, SPLASH contributions provided more than \$70,000 in payment assistance. Beginning this year, SPLASH, which was previously managed by the Salvation Army, has been administered by the Greater Washington Urban League.

Keeping customers and the public informed and engaged

DC WASA uses a wide variety of communication vehicles to educate and work with customers and the broader public on programs and issues ranging from new rate structures to environmental protection efforts to construction projects. Monthly customer newsletters and other publications, website postings, televised hearings, community meetings, special events, expos and fairs, media briefings, and paid advertisements are used to communicate effectively with the public. In FY 2007, public affairs staff members participated in *more than 54 community meetings and events*—ranging from neighborhood and city council meetings to Sewer Science classes and energy fairs.

DC WASA expanded its website, www.dcwasa.com, with content updates and additional pages, features, and customer service options. The monthly customer newsletter, *What's on Tap*, continues to be an effective, widely read communication vehicle with "news you can use" about water, sewer and customer services, major infrastructure projects, drinking water quality, District government services and other subjects. The first-ever *Guide to Customer Services*, published this year, gives new customers valuable information on establishing and terminating service, contacting DC WASA, understanding and paying their bill, water conservation, how to terminate service and customer



DC WASA co-sponsored Joint Utility Discount Day (JUDD) in partnership with District gas, electric, and telephone utilities so families and individuals in need can apply for discounts on all their utility bills at one time, in one place.



High Use Notification Alert (HUNA) technology notifies customers about unusually high water use by e-mail or telephone.

rights and responsibilities. This guide was also distributed to all 123,000-plus existing customers. In addition, DC WASA published *A Guide to Preventing Sewer Backups and Flooding* with important instructions and emergency phone numbers. A new brochure describing the High Use Notification Alert (HUNA) system for customers includes step-by-step instructions for setting up e-mail notification or a telephone alert.

Strengthening the community through partnerships and support

Several partnerships with local agencies, environmental groups, and volunteer initiatives have been developed to raise awareness of the Authority's role in improving the quality of life in the area it serves. Moreover, DC WASA supports a number of community causes through a significant amount of personal resources – time and money – that employees donate to the community.

- ◆ In May 2007, DC WASA staff participated in the **Ward Eight Cleanup** kickoff event and supervised and instructed volunteers on standards for fire hydrant painting.
- ◆ Employees participated in the fifth annual **Bread for the Soul** campaign by donating more than 350 toys and books. DC WASA also assembled and delivered food baskets to 76 families, including 146 children, living with HIV/AIDS in the District.
- ◆ In 2007, DC WASA raised more than \$40,000 for the **One Fund**, the District's only charitable fundraiser that supports a range of nonprofit organizations in the Washington, DC, area. This year's total was the largest amount raised by the Authority since the organization began participating.
- ◆ In June 2007, approximately 70 employees and family members participated in the annual **Susan G. Komen Breast Cancer 5K Walk**, supporting the foundation and its fight
- ◆ The popularity of the Sewer Science Program continues to grow. DC WASA provided **Sewer Science lessons to more than 400 students in DC public schools** in 2007. The *Sewer Science Program* uses an interactive mini-wastewater treatment plant model to teach about wastewater, the processes involved in treating it, and how it is recycled back into the Potomac River. The lab is free of charge, and all materials, such as workbooks, are included.
- ◆ DC WASA participated in the District's version of National Earth Day, called **GreenDC Week**, with a day-long conservation exhibit at Freedom Plaza, focusing on environmental issues and conservation. In addition, DC WASA aided the Anacostia River cleanup effort that weekend by providing a skimmer boat that the Authority uses to remove tons of trash from local waterways monthly.



In the Sewer Science class, high school students make and treat their own "wastewater" with the same testing techniques used by technicians at Blue Plains wastewater treatment plant.



DC WASA helps brighten the holidays! More than 70 DC WASA and DC Public Works employees and volunteers took part in the annual Bread for the Soul event.

against breast cancer. In the weeks leading up to the walk, DC WASA raised more than \$3,000 in donations.

- DC WASA took part in the **2006 AIDS Walk Washington** in October 2006. The Whitman-Walker Clinic produces and benefits from the annual 5K walkathon. DC WASA employees contributed more than \$1,600, and 12 staff members and their families participated in the walk.
- This year, DC WASA provided materials and labor to landscape the grounds at **Girls and Boys Town** emergency foster care shelter. DC WASA's summer interns performed the landscaping to beautify the campus. In addition, during the Christmas holiday, employees donated gifts to 13 children at the residential homes and emergency shelter, as part of the Secret Santa program.
- Through its summer jobs program, DC WASA provides valuable work experiences to a number of individuals at the **Covenant House Washington**. These individuals receive mentoring, special self-help sessions, access to DC WASA training classes, and pay. The program has been expanded to have Covenant House program participants work at the Authority beyond the summer as temporary employees.
- More than \$1,900 was raised by DC WASA employees to support **US TOO International**, a nonprofit charitable organization providing help to **prostate cancer** patients, survivors, and their families.

The annual report, water quality report, website, brochures, and public presentations are effective tools for increasing customer and stakeholder awareness and understanding of operations and issues associated with the critically important services that DC WASA provides.





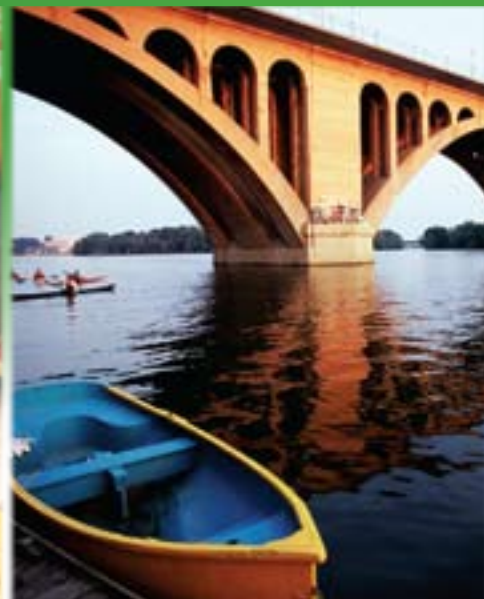
Water quality samples are taken at various points along the distribution system.

District drinking water is tested daily for chemical and biological parameters.

Operations and Environmental Quality and Stewardship

"With a commitment to responsible environmental stewardship, we are investing in the underground and aboveground infrastructure that the public depends on for reliable services every day"

*Jerry N. Johnson
DC WASA General Manger*



(Far left) The replacement of defective valves in the distribution system is critical. Fully functioning valves are essential to isolating parts of the system to accommodate flushing, repairs, and construction projects.

(Near left) The Key Bridge over the Potomac River



Water Services – Reliability and Quality

Beneath the city streets lies a labyrinth of pipes and valves that make up the District's water distribution system. This system totals 1,300 miles in length and includes 36,000 valves, five pumping stations, eight storage facilities, and more than 9,000 hydrants. DC WASA purchases treated water from the U.S. Army Corps of Engineers Washington Aqueduct and distributes it to approximately 130,000 metered locations in the District, supplying on average more than 110 million gallons per day (mgd).

Most (about 87 percent) of the District's water system is made out of cast-iron pipes, some of which are more than 100 years old and, like much of the country's aging infrastructure, need serious attention. Since its creation in 1996, DC WASA has made significant progress in stabilizing the city's water infrastructure, but there is much more to be done. In its 10-year Capital Improvement Program (CIP), the Authority plans to spend more than \$600 million on water system improvements. Included in this work are small, large, and transmission mains; valves; fire hydrants; pumping stations; and lead service line replacements. The CIP also includes the Authority's share of Washington Aqueduct projects.

Improvements East of the Anacostia address water pressure

The Authority is investing more than \$85 million in water system improvements east of the Anacostia River to resolve water pressure issues that have historically been a problem in that area of the city. Old cast-iron mains are being replaced with new ductile iron pipe; a pumping station originally built in 1913 is being replaced with a new fully automated station; a new elevated storage facility will be constructed; and public lead service lines are being replaced. In FY 2007, DC WASA completed the design and began construction of small diameter water main replacements in some neighborhoods. Water system improvements are scheduled for completion in 2010.

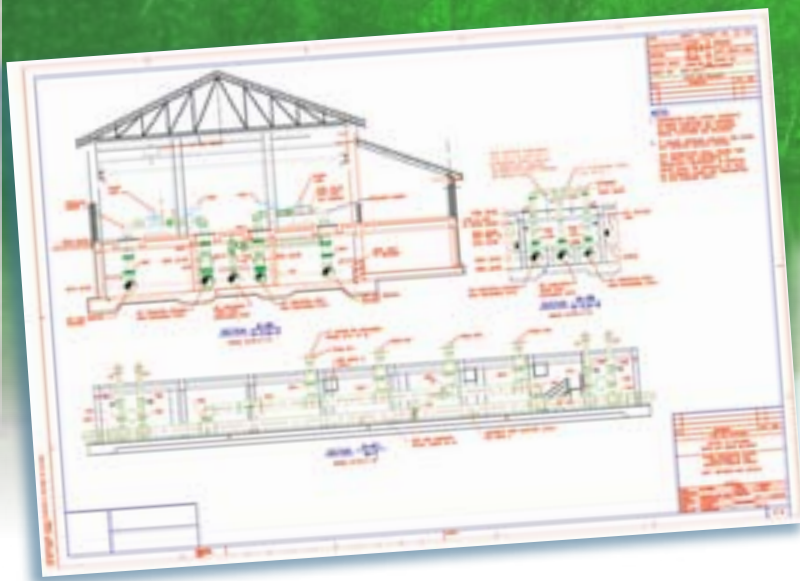
Fire hydrant program aims to modernize and standardize

In FY 2007, the Authority committed \$26.5 million to replace nearly 3,500 of the District's 9,086 public fire hydrants over the next five years. For well over a year, DC WASA has worked closely with the District Department of Fire and Emergency Medical Services (FEMS) on a plan to upgrade and standardize the city's inventory of aging hydrants. The Hydrant Upgrade Program is specifically designed to reduce the number of hydrant manufacturers in the inventory from nine to two and to transition the hydrants to meet National Fire Protection Association standards for hose connections. Through the program, FEMS inspects hydrants twice a year, and DC WASA manages hydrant maintenance and replacement. In FY 2007, 803 hydrants were replaced and 1,614 repaired. The public can access information on the condition and status of a particular hydrant online or by phone.

The accelerated lead service replacement (LSR) program is on target and under review

DC WASA replaced more than 3,700 lead services in public space, surpassing its FY 2007 goal of 3,350, while staying within the budgeted capital expenditures for the year. Under the accelerated LSR program, the goal is to replace all known public lead lines with copper pipe by 2016. More than 14,000 of the estimated 34,000 lead service lines in public space have been replaced through FY 2007, and more than 2,700 customers have had private side lead service pipe replacements. Partnerships formed with Wachovia Bank and the District Department of Housing and Community Development provide funding assistance to encourage eligible property owners to replace the portion of the lead pipe on their property.

The accelerated LSR program began in 2004 when elevated lead levels were found in tap water at many District homes. A change in water chemistry that year successfully lowered the amount of lead leaching from these pipes, and for the past two and a half years, lead levels in District drinking water have met federal standards under the Safe Drinking Water Act. The current program has a price tag of approximately \$438 million to complete in the next nine years. In FY 2008, the Board of Directors will conduct



(Left) Rendering of the new \$33 million, fully automated Anacostia Pumping Station under construction to replace the existing 1913 vintage pumping station; construction is scheduled for completion in FY 2009.



(Right) DC WASA Sewer Services crew working on Independence Avenue, SE.

its biennial review of the program and timetable, with particular consideration of the cost and other infrastructure needs. Public input in this review will have a large role in the Board's decision on whether to modify the pace of the LSR program.

Drinking water quality is a top priority

The quality of water is affected as it flows through the distribution system. DC WASA undertakes a number of programs to protect, maintain, and enhance water quality.

- ◆ In addition to publishing the **annual Drinking Water Quality Report**, DC WASA expanded the **water quality section of its website** with additional information on water quality, conservation, and programs. Water quality sampling information is updated on the site monthly.
- ◆ Personnel from the Drinking Water and Cross Connection programs formed an **investigative team to protect public health and the distribution system**. In FY 2007, this new team responded to drinking water quality emergencies in residential and commercial buildings and quickly identified cross connections, backflow incidents, and poor plumbing practices created by the customer.
- ◆ Purchased this year were two new vans outfitted as **mobile water quality laboratories** to respond quickly to customer water quality concerns and emergencies.
- ◆ Known **"dead ends" in the water distribution system were eliminated**. Water quality is improved by removing the potential for stagnant water to accumulate at the ends of water mains. This project, which began in years past, was completed in FY 2007.

Wastewater Collection System – Sewer Services and Upgrades

DC WASA's wastewater collection system is composed of 1,800 miles of sewer lines that serve the District - from large interceptor sewers, to smaller collection sewers and the laterals on public space that run to residential and commercial properties. The sewers range from eight inches in diameter to 27-foot arch sewers, and they are generally constructed of vitrified clay, brick, and concrete. The collection system also includes 22 flow metering stations, nine off-site wastewater pumping stations, and 16 storm water pumping stations.

Approximately two-thirds of the District is served by separate sanitary and storm sewers. A combined sanitary and storm water system covers the remaining third of the city and is prevalent in the downtown area and older parts of the District. DC WASA also operates the 50-mile-long Potomac Interceptor, which conveys sanitary wastewater from parts of Maryland and Virginia to Blue Plains for treatment.

Sewer system evaluation is the first in decades

In FY 2007, DC WASA entered the fifth year of a five-year evaluation of 80 miles of critical sewer system infrastructure, the first since a cursory review in the 1950s. This Sewer System Assessment is designed to determine the system's condition, to verify adequate capacity, and to develop new capital projects, as necessary. The result is a comprehensive facilities plan for the sewer system to address previously unidentified infrastructure problems that could directly affect customers or the environment if left unattended.



(Left) Stormwater pipe upgrades improve drainage of new development in the District.



The existing sewer system dates back to 1810. (Right) Building a sewer overflow at 14th Street and Piney Branch, NW, on December 8, 1893.

- ◆ An average of approximately **\$6 million in annual funding** is included in the CIP for construction projects that will be recommended in the comprehensive assessment.
- ◆ During FY 2007, **DC WASA conducted an assessment of the outfall sewers**, the large-diameter sewers that receive discharges from the major pumping stations and convey flow to the Blue Plains plant. These outfall repairs will cost upwards of \$30 million to comply with operating standards associated with a combined sewer overflow (CSO) federal consent decree.

Sewer projects include replacement or rehabilitation of the system

Projects in the existing sanitary sewer service area include the replacement and rehabilitation of the system, as well as extensions to accommodate development and growth.

- ◆ Community outreach and education began in FY 2007 to encourage residential and business property owners to participate in a federally mandated project to **separate the combined sewer system** feeding CSO outfall 006 in the District's historic Anacostia area. The separation of storm and sanitary sewers will eliminate untreated wastewater overflows into the Anacostia River from this outfall location.
- ◆ DC WASA has designed **tide gate replacements for outfall structures** to prevent the river from flowing into the combined sewer system during high tides. A previous project, now completed, constructed the most critical tide gate replacements, which are those at the lowest elevations. The current project, which should be completed in 2008, is for the higher elevations.
- ◆ DC WASA continues to adjust plans to install a permanent odor control system that includes a **forced air/activated carbon**

filter system for the Potomac Interceptor. Called the Potomac Interceptor Permanent Odor Controls, this \$13 million project involves coordination with the National Park Service and zoning changes for the two odor-control buildings sited in Northern Virginia. The design was completed in 2006; however, significant revisions related to road closure and parking lot issues have delayed the start. A **reconstruction of portions of the interceptor** in Fairfax and Loudoun counties is expected to begin in 2008.

- ◆ Design work has been completed to **rehabilitate the sewer infrastructure in Georgetown**. Sinkholes started to appear in the area in 2005, and immediate repairs were made as needed. A comprehensive investigation, however, uncovered numerous structural defects in the aging sanitary sewer system. Construction on a \$1 million project to upgrade the system begins in 2008.
- ◆ DC WASA cleaned and inspected approximately 20,000 feet of sanitary sewer in **the Anacostia Main Interceptor (AMI) during FY 2007**. The sewers were cleared of approximately 50 percent blockage from grease and debris.
- ◆ Design for the **Pope Branch sewer rehabilitation project** began in FY 2007. The sewer reconstruction and stream restoration is a cooperative effort with several District departments – the DC Department of the Environment and the Department of Parks and Recreation – with construction anticipated in late 2008. Both this project and the **Watts Branch sewer rehabilitation** project are excellent examples of interagency cooperation in addressing two key problems at the same time; the degradation of the streams and the replacement of aging and exposed pipes.



Operators at Blue Plains sludge pumping station are changing the flow direction by turning large overhead valves connected to chains.

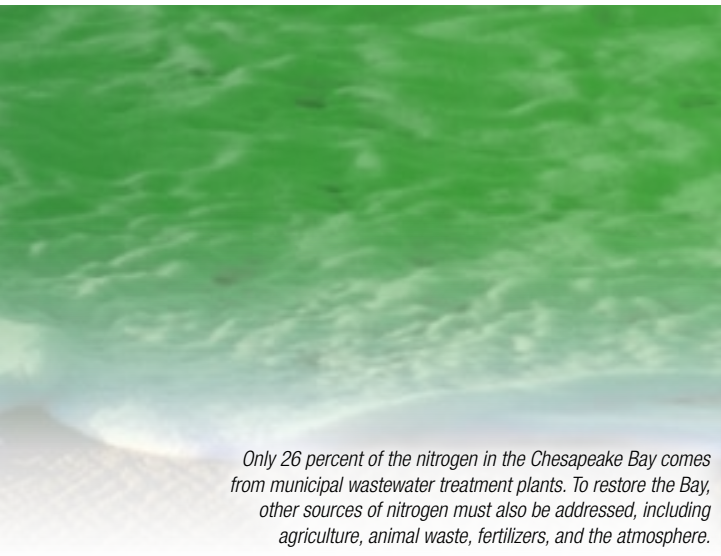
Wastewater Services – Treatment and Recycling

Wastewater collected from the District of Columbia sewer system and from the Maryland and Virginia suburbs is delivered to the Blue Plains Advanced Wastewater Treatment Plant. Blue Plains is the largest facility of its type in the United States, with a rated annual average day capacity of 370 mgd and a peak wet weather capacity of more than one billion gallons per day.

Although other metropolitan areas have facilities with larger capacities, none of these provide the high level of treatment that Blue Plains does with its nitrification-denitrification and filtration process. Consistent with the high level of treatment provided, the plant's federal operating permit contains the most stringent effluent discharge (treated wastewater returned to the Potomac River) requirements of any plant of its size. The wastewater treatment processes at Blue Plains consist of preliminary treatment, secondary treatment, nitrification-denitrification, effluent filtration, chlorination-dechlorination, and post-aeration. Each day more than 1,200 wet tons of nutrient-rich biosolids, the treated residue left over from the sewage treatment process, are recycled as an agricultural soil supplement.

Efforts are intensified to protect the Potomac River and Chesapeake Bay

In FY 2007, the DC WASA Board gave the green light to projects at Blue Plains that will have a significant effect on an ongoing program to reduce nitrogen levels discharged into the Potomac River. The Potomac is a tributary to the Chesapeake Bay, and nitrogen is a key pollutant that causes the depletion of oxygen that fish and other aquatic life need to thrive. This year, a \$900 million plant upgrade was approved to further reduce nitrogen levels to meet the limit set by the U.S. Environmental Protection Agency (US EPA) in its modification of the Blue Plains operating permit. The new limit requires a reduction of total nitrogen (TN) from the plant from 8.5 million pounds per year to 4.7 million. The cost will be shared by Maryland, Virginia, and the District (40 percent). DC WASA is working closely with US EPA and environmental engineers and advocates to design a cost-effective, environmentally responsive process for meeting the new effluent limit for TN while controlling CSOs.



Only 26 percent of the nitrogen in the Chesapeake Bay comes from municipal wastewater treatment plants. To restore the Bay, other sources of nitrogen must also be addressed, including agriculture, animal waste, fertilizers, and the atmosphere.

Major projects at Blue Plains are now in service

Several upgrade projects at Blue Plains were completed and placed in service in FY 2007. These include:

- ◆ Additional Chemical Systems and Transmission Improvements – Phase 2
- ◆ Filtration and Disinfection Facility Upgrade
- ◆ Electrical Power System Additions – Switchgear Replacement at Main Substation
- ◆ Additional Dewatering Facilities
- ◆ Secondary Treatment Facility Upgrades – Phase 2
- ◆ East Grit Facility Upgrade
- ◆ West Grit and Screen Facility Upgrade

The first phases of upgrades to four (of the five) liquid treatment processes are now in service. In tandem with this upgrade, the **Computer Control System** has been tied in to monitor and control the processes and equipment. Additional capital activities in the liquid treatment process include the upgrades to the nitrification-denitrification process, adding the permanent blower system for air-water wash of the effluent filters, and an upgrade to a raw wastewater pump station.

DC WASA is a nationally recognized leader in biosolids management

DC WASA's Biosolids Management Program is nationally certified by the prestigious National Biosolids Partnership (NBP), a nonprofit alliance formed in 1997 to promote environmentally sound and accepted biosolids management practices. This certification positioned the program as the first on the East Coast and only the fifth nationally to receive such a distinction. Once wastewater is processed, the solids that settle at the bottom of the tank are collected and undergo a series of chemical treatments and biological transformations. The complex organic molecules decompose, killing most of the pathogens. Five days a week, about 60 truckloads per day of biosolids are hauled from Blue Plains and reused through a diverse land application program that improves the soil for agricultural production. In FY 2007, exploratory work continued on more end-use options for biosolids, including composting.



In the plant's dewatering grit chamber, vibration and oil analyses determine the amount of wear on the pumps.



(Left) A 30 percent CSO reduction had been achieved at the end of FY 2007.



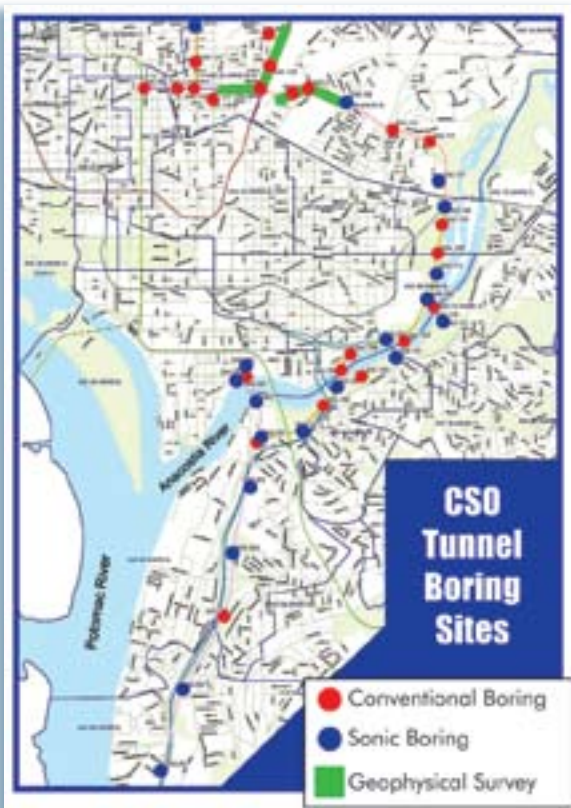
Combined Sewer Overflow Control – Environmental Protection

Nearly a third of the District, mostly downtown and the older parts of the city, is served by a combined sewer system built in the 1870s to carry both sewage and stormwater in one pipe to be discharged into local bodies of water and then in later years carried to the treatment plant. During dry weather, sewage from homes and businesses is carried to the treatment plant at Blue Plains. During certain excessive wet weather conditions, the capacity of a combined sewer may be exceeded. When this occurs, the overflows act as a safety valve to prevent backups of untreated wastewater into homes and business and flooded streets. The excess flow, a dilute mixture of wastewater and stormwater run-off, is discharged at various outfalls along the Anacostia and Potomac rivers and in Rock Creek. The District is not alone in its need to address combined sewer overflows (CSOs). CSOs affect 1,100 other cities in the United States.

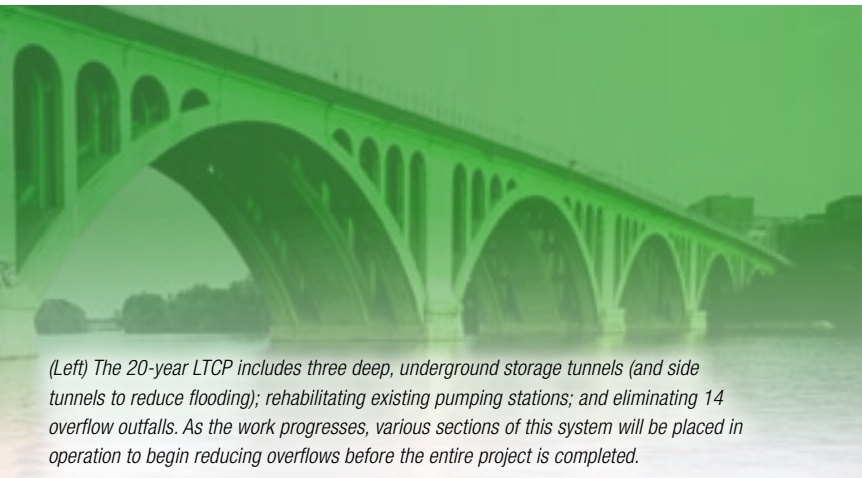
Although river water quality is affected by many sources including stormwater run-off from commercial, industrial, and agricultural sites, many of which are upstream and outside of the District, DC WASA is committed to improving the quality of local waterways by reducing CSOs. By the end of 2008, DC WASA will have spent \$140 million to reduce CSOs by 40 percent in local waterways annually. Under the terms of a 2004 agreement with the federal government, the Authority's 20-year, \$2.1 billion Long-Term Control Plan (LTCP) will reduce CSOs by 96 percent overall and 98 percent on the Anacostia River alone by 2025. Included in the plan is the construction of huge underground tunnels to hold overflows (until they can be conveyed to Blue Plains for treatment) and the elimination of 14 of the CSO discharge outfalls along the rivers near public areas.

Drilling and soil testing begin for Anacostia River tunnels

In several District neighborhoods during the year, DC WASA began sampling layers of soil and measuring groundwater levels by taking soil borings at various locations



The dots on the map represent the locations where soil borings have been taken to determine the route for the Anacostia River tunnels. Routes under consideration will take the 12- to 23-foot-diameter tunnels beneath the Anacostia River and the Metro subway system.



(Left) The 20-year LTCP includes three deep, underground storage tunnels (and side tunnels to reduce flooding); rehabilitating existing pumping stations; and eliminating 14 overflow outfalls. As the work progresses, various sections of this system will be placed in operation to begin reducing overflows before the entire project is completed.

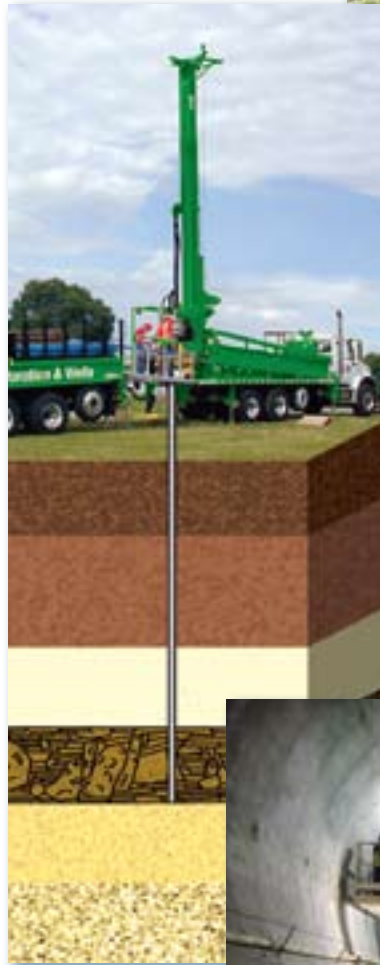


(Right) DC WASA skimmer boats work the Anacostia and Potomac rivers, capturing and removing upwards of 400 tons of trash and debris annually.

in streets, sidewalks, and other public spaces. These borings help determine the routes for the deep, subway-size underground tunnels constructed to hold CSOs and to reduce the amount of pollution entering the Anacostia River. The next step is to take borings from the bed of the Anacostia River from a barge-mounted drill rig at various locations near the 11th Street Bridge and north of the CSX railroad bridge.

Clean River Action – a plan to help protect the Anacostia River

Clean River Action is part of the long-term plan to control CSOs in the Anacostia River. The plan involves rehabilitating pumping stations, building storage tunnels, consolidating three outfalls near the Anacostia Marina, and separating the combined sewer in homes in the Fort Stanton drainage area east of the river. Many homes in the area bordered by Good Hope Road to the North, W Street to the south, 13th Street to the east, and Shannon Place to the west have a combined sewer for both their sanitary wastewater and stormwater run-off. To help eliminate sewer overflows during rainy weather, approximately 100 of these property owners have been invited to join Clean River Action and have their sewers separated. The Authority will pay all sewer separation costs. In addition to the sewer work, DC WASA will install new water mains and replace lead pipes and fire hydrants on the affected blocks. Work is scheduled to begin in spring 2008. A similar program will be implemented in the Rock Creek area in 2010, and sewer separation has already been completed in the District's Luzon Valley area.



DC WASA has installed signs at 15 outfall locations along the Anacostia River; truck-mounted drilling equipment gathers information on ground conditions for tunnel construction; CSO control involves the construction of miles of subway-size tunnels 150 to 250 feet underground.





DC WASA Summer Internship Program – the next generation of environmental scientists and engineers

Organizational Effectiveness

“As a provider of essential public services in the nation’s capital, we are investing billions of dollars in infrastructure. But it’s our investment in human resources and technology that allows us to serve the public and our customers effectively.”

*Jerry N. Johnson
DC WASA General Manager*





Human resource development and effective employee relations are essential to success

DC WASA continues to invest in its employees by funding training and development activities to build skills in operations, safety, and technology. Moreover, professional development is encouraged through organization-wide training in leadership, communication, supervisory and managerial skill building, and administrative services. In FY 2007, \$1.7 million was budgeted for training.

The Engineering Management Training Program is implemented

A new Engineering Management Training Program won approval in FY 2007 for the recruitment of six recent college undergraduates in engineering. These recruits will serve a two-year term as temporary employees with health benefits while in the management training program. They will undergo four rotations of approximately six months each in Engineering, Water Services, Sewer Services, and Maintenance Operations. At the conclusion of the program, they may be offered a full-time position with DC WASA. During the year, candidate selection began and should be completed in early FY 2008.

DC WASA launches a wastewater treatment plant Certified Operator Trainee Program

DC WASA established an Operator Trainee Program in FY 2007 to encourage personnel to pursue certification in wastewater treatment. Certifying additional staff members will also improve operational efficiency at the Blue Plains plant. This two-year program integrates safety, applied science, basic equipment, and duty station training while preparing trainees to pass the ABC Certification Level I and Level II exams. Nine wastewater treatment operator trainees have enrolled and, at the end of FY 2007, were preparing to take the ABC Certification Class I exam.

Internship Program builds careers for the next generation

In FY 2007, 32 interns from 18 colleges and universities participated in DC WASA's Internship Program, studying engineering, computer science, biology, finance, and business. *For the ninth year in a row, the internship class reflected a diversity of nationalities from countries around the world, including Rwanda, Turkey, Nigeria, Nepal, Brazil, Ethiopia and the United States.*

In addition to meaningful work assignments, the interns were exposed to environmental issues along the Anacostia and Potomac rivers, completed a community service activity at the Boys and Girls Town of Washington, and participated in several professional development activities. DC WASA offers summer internships for undergraduate and graduate students. A select number of upperclassmen may remain in the year-round internship program.

WASA Reads improves employee skills and success

Using work-related materials, more than 80 percent of the employees who have participated in *WASA Reads* have improved their reading, writing, and math skills to the next grade level. Employees participate in the program on a shared-time basis: one hour of personal time and one hour of work time.

DC WASA supports employee wellness, labor relations, and communication

- ◆ The **Employee Wellness Program** includes health screenings and seminars on health and nutrition; it also provides discounts for area health clubs.
- ◆ **Collective bargaining agreements** for compensation and working conditions for each of the five bargaining units expired in September 2007. Compensation agreements have been reached, and negotiations on working conditions continue.
- ◆ DC WASA continues to participate in the **District Labor-Management Partnership** with a focus on improving productivity and developing on-the-job, multi-skill training.



(Left) This Central Control Room at Blue Plains controls and monitors the processes and equipment at the wastewater treatment plant.



(Right) Engineering, water services, and sewer services personnel attended six days of hands-on training on new WASA GIS-based infrastructure information and mapping system.

- ◆ Through DC WASA's investment manager, Fidelity, the Authority provides **individual investment counseling and retirement seminars**. Retirement counseling is offered by a consultant for employees who participate in the Civil Service Retirement System (CSRS).
- ◆ In FY 2007, DC WASA increased the employer matching contribution into the Employee Retirement Plan from three percent to five percent of base salary, for non-union employees hired after October 1987. This additional match was implemented to recognize the need for additional savings for future retirees' medical costs. DC WASA also implemented a **retirement health savings plan** for non-represented employees hired after 1987. This plan lets employees save for healthcare expenses on a tax-free basis.
- ◆ During the year, DC WASA began to address significant issues raised in the 2006 Employee Climate Survey with multiple employee meetings by department. Communications plans became a required component in all department work plans. **New employee information tools** were put in service, including large plasma monitors with important announcements, at all facilities, and features were added to the employee kiosks for access to individual payroll information and DC WASA-wide e-mails.

Organizational improvement and technology are keys to success

DC WASA implements new program to manage electricity costs

Electricity represents a significant portion (12 percent) of DC WASA's operating costs, and prices continue to rise. Following the deregulation of the electricity market, DC WASA entered a five-year contract providing access to the wholesale market and locking in blocks of power at a fixed price when futures pricing meets Authority budget targets.

Owner-controlled insurance program offers opportunities and savings

In FY 2004, DC WASA implemented a rolling owner-controlled insurance program (ROCIP) through which DC WASA procures insurance for most of the contractors working on construction projects at Blue Plains and offsite locations. At the end of FY 2007, 49 projects and 92 contractors were enrolled in the program. ROCIP not only helps contractors with insufficient insurance coverage participate in DC WASA projects, but also provides broader coverage, enhanced safety, and loss control. This program has resulted in increased minority participation, fewer claims, and a cost savings of \$900 million to date.

Information technology enables DC WASA to operate more effectively and to better serve customers

- ◆ In FY 2007, DC WASA continued implementation of its Total Enterprise Asset Management System (TEAMS), which integrates DC WASA's systems and facilities for customer information, facility operations, finance, records, and document management. TEAMS improves both the management



DC WASA invests significant time and money in developing and providing comprehensive safety and training programs. (Right) DC WASA and firefighters go over response plans to manage an unexpected incident or emergency at Blue Plains.

The Employee Wellness Program includes seminars and workshops on a variety of health topics, workplace health screenings, fitness tests, and participation in exercise activities and weight-loss programs.



and maintenance of the water and sewer infrastructure. This system represents a significant improvement in the automation and business process improvements for infrastructure management and the maintenance life cycle.

- ◆ A geographical information system (GIS) is integral to successfully implementing TEAMS, because it offers integrated technology that will provide historical data by locations. This information is useful to various departments for timely response to customer inquiries and requests for service. GIS and DC WASA's inventory management system (Maximo) will be combined so that users can look up an asset in Maximo and then view the geographical location of that asset with the click of a button. GIS implementation began in FY 2006 and continued during FY 2007.
- ◆ In FY 2007, DC WASA developed a tool based on Google Earth® to allow the Fire and Emergency Medical Services (FEMS) to see the status of public fire hydrants around the city. FEMS can easily see, on a map format, which hydrants are out of service, their location, and in-service hydrants in the proximate area. A simplified version of this tool will be available to the general public through DC WASA's website in FY 2008.
- ◆ DC WASA began its Supervisory Control and Data Acquisition (SCADA) Replacement Project this year. The nine DC WASA water distribution facilities and the Washington Aqueduct (via McMillan Reservoir) have been incorporated into the new system. Training was completed in FY 2007 for operators on the use of SCADA to manage all water distribution and pumping operations. In FY 2008, DC WASA will replace the SCADA for nine sewer pumping stations and other sewer related facilities to manage the entire sanitary sewer, storm sewer, and combined sewer operations.





At DC WASA, 10 local university students, from graduate programs at Howard University, George Washington University, Virginia Tech and the University of Maryland, are researching denitrification. (Above: A wastewater treatment physical scientist is explaining a lab procedure to an intern.)

Research Partnerships



New, state-of-the-art enclosed storage facility in Cumberland, Virginia, in which biosolids from DC WASA are stored when cold or inclement weather prevents their application in fields as a soil supplement.



Using technology, DC WASA is testing software that monitors fish breathing patterns and movements to detect potential events that may contaminate drinking water. (Above: Water quality technician observes movement of fish in monitoring project.)



Research collaborations advance technology and safety

DC WASA is a nationally recognized research leader in the industry. The Authority partners with a number of national research foundations and universities on wastewater, biosolids, and water quality management research. These collaborative projects allow DC WASA to expand research capacity and to 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

- ◆ Through sponsorship of the Water Environment Research Foundation (WERF), DC WASA is participating in several projects, including **nutrient removal, solids processing technologies, biosolids management, plant automation, and plant security**. DC WASA's General Manager serves on WERF's Board of Directors, and DC WASA staff members serve on project advisory committees addressing health and safety and management issues.
- ◆ DC WASA, in cooperation with Howard University and utilities in Maryland and Virginia, is leading research to understand the **bioavailability of organic nitrogen** from wastewater effluents.
- ◆ Along with research partners at the Virginia Polytechnic Institute and State University (Virginia Tech) and George Washington University, DC WASA is conducting laboratory scale testing of **thermophilic digestion and enzymic hydrolysis** to understand methods to achieve Class A biosolids. This information will also be part of the evaluation of reducing the required size of an anaerobic digestion facility.
- ◆ DC WASA, in cooperation with the New York City Department of Environmental Protection and the Alexandria Sanitation Authority, is evaluating a new technology to efficiently **treat and remove high-strength ammonia** from recycle streams without external carbon. Three pilot units are being used for testing in association with the University of Innsbruck (Austria), Virginia Tech, Columbia University, and City College of New York. 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. Carbon sources include methanol, ethanol, acetic acid, sugar, glycerol, and proprietary chemicals. The testing is coordinated through faculty and students from the George Washington University, the University of Cincinnati, and Virginia Military Institute.
- ◆ DC WASA is initiating pilot programs at Blue Plains to **evaluate ballasted flocculation**, a new technology for treatment of excess storm flows.
- ◆ DC WASA is initiating pilot tests to evaluate the appropriateness of using **moving bed bioreactor technology** to meet the new permit limit for total nitrogen discharge from Blue Plains.
- ◆ DC WASA, in cooperation with the City of Toronto, is evaluating **anaerobic digestion** processes to enhance digester gas formation and reduce biosolids inventory.
- ◆ DC WASA is evaluating **optimization of chemical phosphorus addition**.
- ◆ DC WASA, in cooperation with the City of Salzburg, Austria, is evaluating **bioaugmentation of seed nitrification and denitrification organisms** to more effectively use process capacity in a two-stage plant.

Research is ongoing to ensure drinking water quality through protection and detection

- ◆ DC WASA Water Quality personnel are studying the effect of **partial lead service line replacement** and galvanic corrosion on drinking water quality. The research is conducted under the auspices of the American Water Works Association Research Foundation (AWWARF).
- ◆ The AWWARF project also analyzes the effects on water quality of **changes in disinfectant** chemicals.
- ◆ In coordination with other municipal 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



Following the previous year's industry recognition with the *Platinum Award for Sustained Competitive Achievement*, DC WASA continued its high-level performance in operations and fiscal management in FY 2007.

General Manager Jerry N. Johnson admires vase engraved with the DC WASA logo, presented as a gift at his 10-year anniversary celebration.



DC WASA awarded *Gold Peak Performance Award* for sixth straight term

DC WASA received the prestigious *Gold Peak Performance Award* from the National Association of Clean Water Agencies (NACWA), formerly the Association of Metropolitan Sewerage Agencies (AMSA). This recognition added to six Gold and three Silver awards received in the previous years. This award was presented for outstanding plant effluent quality and compliance with the federal National Pollutant Discharge Elimination System (NPDES) operating permit requirements for Blue Plains.

Biosolids Program awarded *Platinum Tier 4 Status*

The biosolids program successfully completed the interim audit for the National Biosolids Partnership Environmental Management System (NBP EMS). The third-party auditors finalized their report and forwarded a copy commending DC WASA for its progress. In conjunction, the National Biosolids Partnership (NBP) awarded DC WASA Platinum Tier 4 Status in the program, signifying the highest level of commitment and achievement.

Customer Service technology wins 2007 *Metering Awards Program for Best Use of Metering as a Customer Care Tool*

This award for the Customer Service Department was presented by VPN Global AMI Utility Peer Group for DC WASA's High Use Notification Alert (HUNA) technology. This award, from an international panel of utility professionals, is a significant honor.

***Distinguished Budget Presentation Award* received**

This award, from the Government Finance Officers Association (GFOA), recognized DC WASA for its FY 2006 Operating and Capital budgets. This is the third consecutive year that the Authority has received the GFOA award for its proficiency and style in budget presentation.

DC WASA earns *Certificate of Achievement in Financial Reporting*

The GFOA presented the Finance and Budget Department with the Certificate of Achievement in Financial Reporting for DC WASA's *FY 2006 Comprehensive Annual Financial Report*. This certificate represents prestigious national recognition of the Authority's conformance with the highest standards in the preparation of financial reports.

Award recognizes DC WASA for *professional development support*

DC WASA was recognized at the 36th Joint Conference of the Chesapeake Water Environment Association and the Delaware, Maryland, District of Columbia branch of the Water and Waste Operators Association (WWOA) with an award for continued support. DC WASA generously allocates time for staff members to attend important training seminars presented by WWOA on environmental, health, and safety topics.

DC WASA board recognizes *a decade of leadership*

On July 5, 2007, during the 123rd meeting of the DC WASA Board of Directors, General Manager Jerry N. Johnson received the Board's sincere appreciation and congratulations for the 10 years of service and leadership that he has provided to the Authority, its employees, and its customers.





Finance and Budget ^{*}

“DC WASA’s financial accomplishments are due in large part to the leadership of the Board of Directors in the development and adherence to sound financial policies.”

Olu Adebo, Acting Chief Financial Officer

Total Revenues

Total revenues (including federal grants and contributions) were \$351.8 million in fiscal year 2007, an increase of \$17.2 million, or 5.1 percent over fiscal year 2006. This rise is primarily due to increases of \$8.2 million from retail customers, \$5.4 million in water and wastewater user charges, and \$4.1 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 \$15.0 million, or 6.2 percent in fiscal year 2007, primarily due to a \$4.0 million increase in personnel services; \$2.1 million increase in contractual services, \$1.3 million in water purchases expense; \$5.2 million increase in depreciation expense; \$1.0 million increase in chemical, supplies and small equipment purchases; and \$1.1 million increase in utilities and rent.

Utility Plant

At the end of FY 2007, the Authority had \$2.2 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 \$132.8 million, or 6.5 percent over last year, resulting from continued capital spending in accordance with the capital improvement program.

** Source: DC WASA Comprehensive Annual Financial Report – Fiscal Year 2007*



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, 2007 and 2006, 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 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.

The Management's Discussion and Analysis on pages two through twelve is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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.

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, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Washington, DC
December 21, 2007

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

Statements of Net Assets

September 30, 2007 and 2006 (In thousands)

ASSETS	2007	2006
Current assets:		
Cash and cash equivalents (note 3)	\$ 162,611	\$ 44,980
Investments (note 3)	29,632	146,978
Customer receivables, net of allowance for doubtful accounts of \$8,246 in 2007 and \$8,045 in 2006 (note 7)	37,862	33,693
Due from Federal government (note 6)	19,827	20,113
Due from District government (note 13)	5,092	7,584
Due from other jurisdictions (note 8)	13,546	9,987
Due from stormwater fund (note 13)	455	343
Inventory	7,260	7,369
Prepaid assets	278	232
Total current assets	276,563	271,279
Noncurrent assets:		
Restricted assets (note 3):		
Cash and cash equivalents	313,829	83,479
Investments	19,751	48,834
Total restricted cash equivalents and investments	333,580	132,313
Utility plant (note 4):		
In-service	2,441,054	2,228,920
Less accumulated depreciation	(758,224)	(712,111)
Net utility plant in service	1,682,830	1,516,809
Construction in progress	493,505	526,713
Net utility plant	2,176,335	2,043,522
Other noncurrent assets:		
Due from other jurisdictions, net of allowance for doubtful accounts of \$2,590 in 2007 and \$2,582 in 2006 (note 8)	6,130	7,998
Purchased capacity, net of accumulated amortization of \$44,159 in 2007 and \$40,917 in 2006 (note 5)	147,416	149,112
Total other noncurrent assets	153,546	157,110
Total noncurrent assets	2,663,461	2,332,945
Total Assets	2,940,024	2,604,224
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	71,353	79,120
Compensation payable (note 9)	10,601	7,726
Accrued interest	15,800	12,312
Due to jurisdictions	7,660	6,916
Deferred revenue	24,553	24,766
Current maturities of long-term debt (note 10)	13,956	7,555
Total current liabilities	143,923	138,395
Noncurrent liabilities:		
Deferred revenue	699,521	680,066
Deferred revenue - Combined Sewer Overflow	55,199	65,130
Other liabilities (note 12)	20,567	21,828
Long-term debt excluding current maturities (note 10)	1,039,924	763,987
Total noncurrent liabilities	1,815,211	1,531,011
Total liabilities	1,959,134	1,669,406
NET ASSETS		
Invested in utility plant, net of related debt	777,968	749,965
Restricted for:		
Debt service	44,802	39,730
Capital projects	9,170	5,158
Unrestricted	148,950	139,965
Total net assets	\$ 980,890	\$ 934,818

The notes to the basic financial statements are an integral part of these financial statements.
Information source and notes: DC WASA FY 2007 Comprehensive Annual Financial Report

Statements of Revenues, Expenses and Change in Net Assets

Years Ended September 30, 2007 and 2006 (In thousands)

	2007	2006
Operating revenues:		
Water and wastewater user charges:		
Residential, commercial and multi-family customers	\$ 182,327	\$ 174,159
Federal government	30,751	31,100
District government and DC Housing Authority (note 13)	17,266	16,463
Charges for wholesale wastewater treatment	73,378	67,966
Other	2,735	3,845
Total operating revenues	306,457	293,533
Operating expenses:		
Personnel services	70,956	66,942
Contractual services	52,116	49,970
Chemicals, supplies and small equipment	24,510	23,482
Utilities and rent	32,238	31,151
Depreciation and amortization	49,355	44,149
Water purchases	24,042	22,745
Other	4,452	4,218
Total operating expenses	257,669	242,657
Operating income	48,788	50,876
Non-operating revenues (expenses):		
Interest income	20,239	16,091
Payment in lieu of taxes and right of way fee (note 13)	(17,514)	(16,923)
Interest expense and fiscal charges	(30,524)	(20,881)
Total non-operating revenues (expenses)	(27,799)	(21,713)
Income before Federal grants and contributions	20,989	29,163
Federal grants and contributions	25,083	24,927
Change in net assets	46,072	54,090
Total net assets, beginning of year	934,818	880,728
Total net assets, ending of year	\$ 980,890	\$ 934,818

The notes to the basic financial statements are an integral part of these financial statements.
Information source and notes: DC WASA FY 2007 Comprehensive Annual Financial Report

Statements of Cash Flows

Years Ended September 30, 2007 and 2006 (In thousands)

	2007	2006
Cash flows from operating activities:		
Cash received from customers	\$ 289,123	\$ 289,388
Cash paid to suppliers for goods and services	(137,745)	(128,615)
Cash paid to employees for services	(71,188)	(69,388)
Net cash provided by operating activities	80,190	91,385
Cash flows from capital and related financing activities:		
Proceeds from issuance of revenue bonds	290,000	—
Proceeds from issuance of commercial papers	30,000	—
Repayments of commercial papers	(30,000)	—
Proceeds from other jurisdictions	33,714	61,226
Repayments of bond principal and notes payable to Federal and District government	(7,556)	(8,757)
Acquisition of utility plant and purchased capacity	(176,687)	(199,909)
Payments of interest and fiscal charges	(35,850)	(34,466)
Contributions of capital from Federal government	14,813	24,765
Net cash provided by (used in) capital and related financing activities	118,434	(157,141)
Cash flows from non-capital financing activities:		
Transfers-Out (payment in lieu of taxes and right of way fee)	(17,514)	(16,923)
Net cash used by non-capital financing activities	(17,514)	(16,923)
Cash flows from investing activities:		
Cash received for interest	20,442	15,318
Investment purchases	(403,447)	(436,544)
Investment maturities	549,876	325,495
Net cash provided by (used in) investing activities	166,871	(95,731)
Net decrease in cash and cash equivalents	347,981	(178,410)
Cash and cash equivalents (including restricted) at beginning of year	128,459	306,869
Cash and cash equivalents (including restricted) at end of year	\$ 476,440	\$ 128,459
Operating income	\$ 48,788	\$ 50,876
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	49,355	44,149
Change in operating assets and liabilities:		
(Increase) decrease in customer and other receivables	(4,289)	13,839
Decrease (increase) in inventory	63	(45)
Increase (decrease) in payables and accrued liabilities	177	(962)
Decrease in deferred revenue	(13,904)	(16,472)
Net cash provided by operating activities	\$ 80,190	\$ 91,385

The notes to the basic financial statements are an integral part of these financial statements.
Information source and notes: DC WASA FY 2007 Comprehensive Annual Financial Report

Change in Net Assets

Fiscal Years 2002–2007 (In thousands)

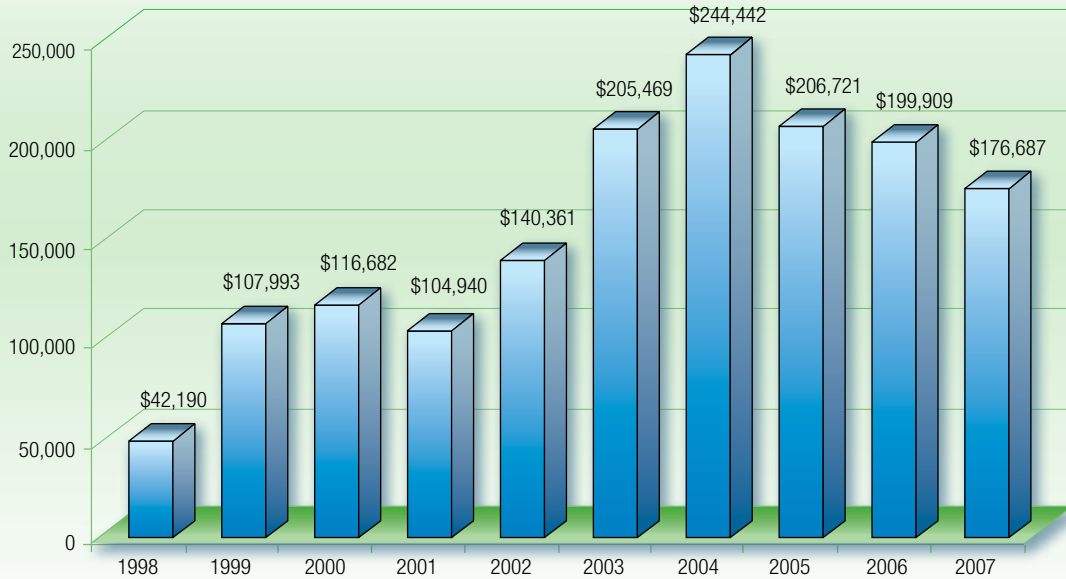
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
REVENUES						
Operating revenues:						
Residential, commercial and multi-family customers	\$ 148,134	\$ 147,870	\$ 159,165	\$ 166,045	\$ 174,159	\$ 182,327
Federal government	28,501	26,884	26,444	24,770	31,100	30,751
District government and DC Housing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

Note: As a result of GASB 34 implementation in FY 2002, only six years are presented.
Source: FY 2002 - 2007 Audited Statements of Net Assets.



Capital Disbursements

Fiscal Years 1998–2007



Note: 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 1998-2007 Audited Statements of Cash Flows.

Number and Types of Customer Accounts

As of September 30, 2007

TYPE OF ACCOUNTS	2007
Retail Accounts	
Residential	103,263
Commercial ^(A)	18,513
Governmental	
Federal	531
District of Columbia	589
DC Housing Authority	1,175
Total Retail Accounts	124,071
WASA	30
Washington Aqueduct	1
Wholesale	7
Total Number of Accounts	124,109

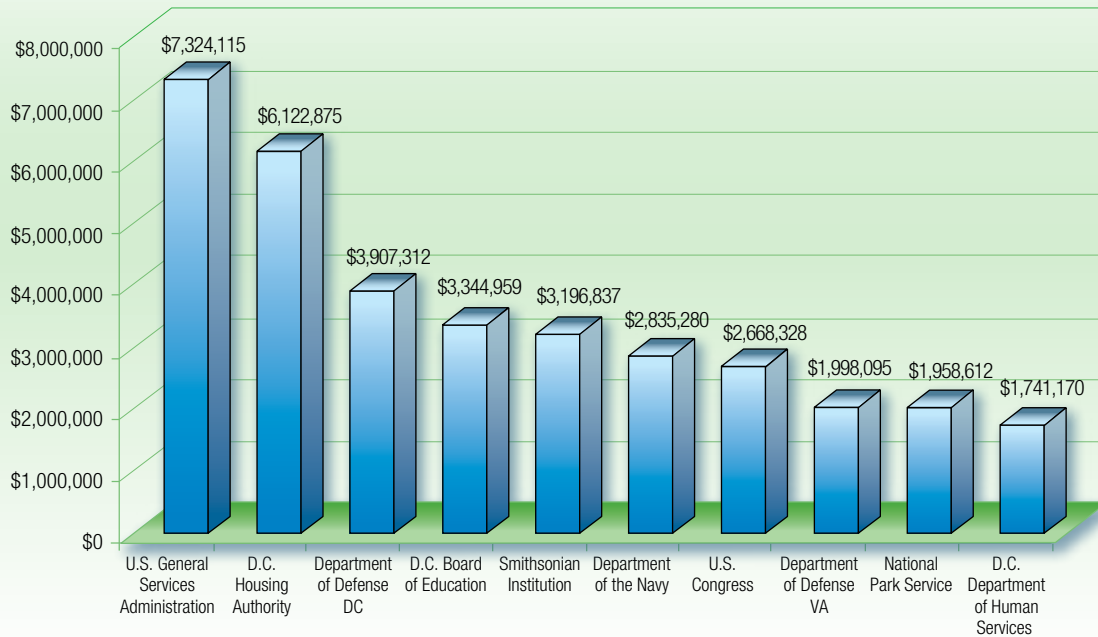
^(A) Included in commercial accounts are exempt accounts

Source: D.C. Water and Sewer Authority Department of Customer Service



Largest Government Customer Accounts

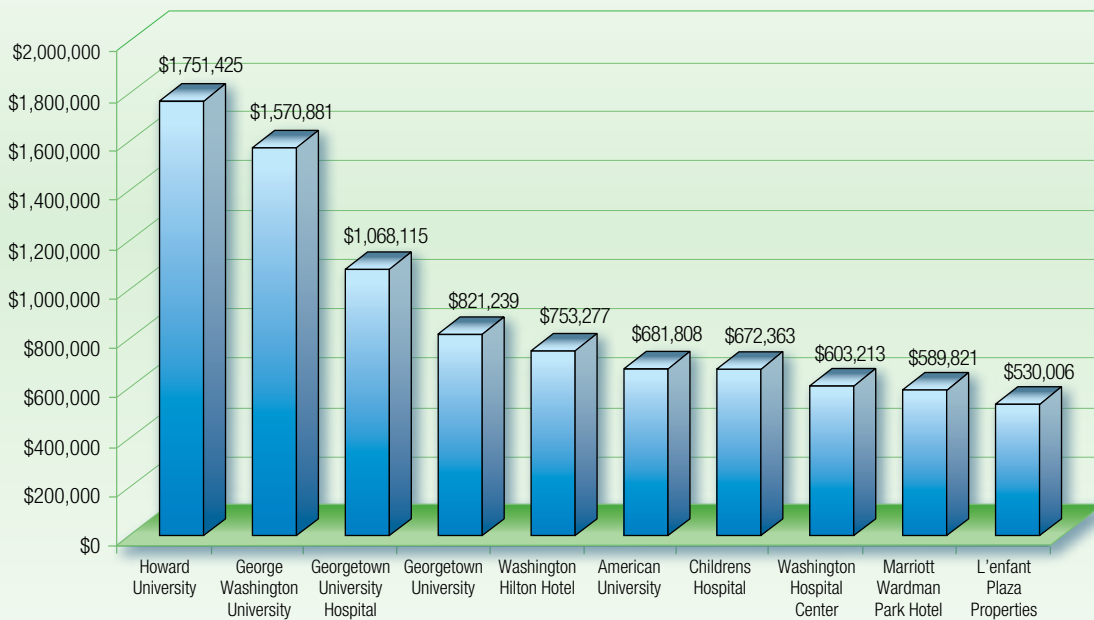
Fiscal Year 2007



Source: D.C. Water and Sewer Authority Department of Customer Service.

Largest Commercial Customer Accounts

Fiscal Year 2007



Source: D.C. Water and Sewer Authority Department of Customer Service.

History of Retail Water and Sewer Rates Per Ccf

Fiscal Years 1980–2007

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

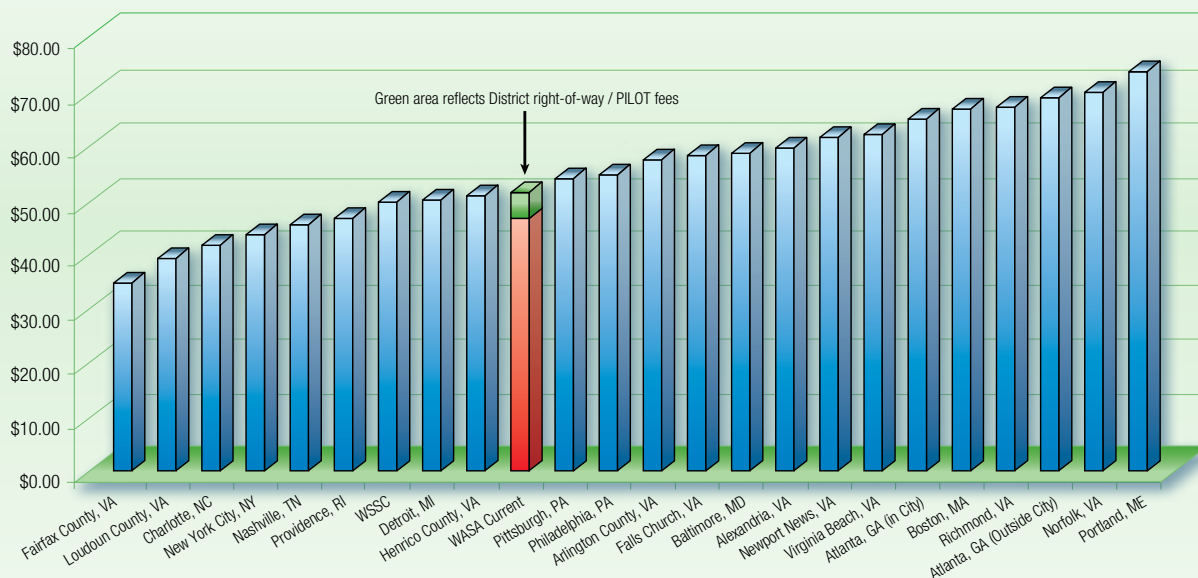
¹ All rates are for one hundred cubic feet (1 Ccf) consumption with the exception of the flat metering fee, which became effective on October 1, 2002.

² Average residential customer consumption is 8.33 Ccf per month.

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

Residential Water and Sewer Bill Comparisons Monthly Basis

As of September 30, 2007 ¹



¹ This analysis is based on 5/8" meters and 8.33 Ccf (hundred cubic feet) per month consumption (25 Ccf per quarter) for residential customers.

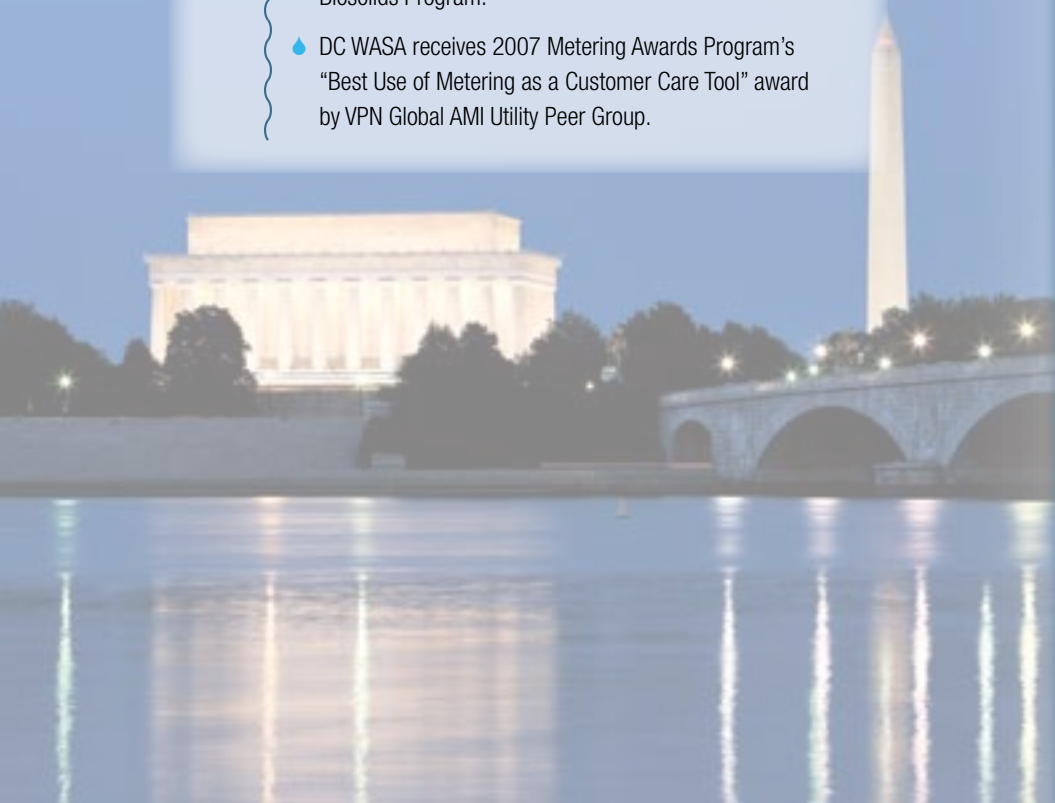
Source: D.C. Water and Sewer Authority Department of Finance & Budget.

Accomplishments - a Fiscal Year 2007 Snapshot

Below are some highlighted achievements during the year

2007

- ◆ DC WASA conducts a sewer system assessment, the first since 1957, to develop a facility plan for the entire District sewer system.
- ◆ DC WASA begins a \$85 million project for water system improvements east of the Anacostia River to improve water pressures, replace old cast iron water mains with new ductile iron pipe, replace aging water pumping station originally constructed in 1913 and construct a new elevated water storage facility.
- ◆ Construction begins on a \$104 million nitrification/denitrification facility upgrade within the Blue Plains Advanced Wastewater Treatment Plant.
- ◆ DC WASA awarded Gold Peak Performance Award (for sixth straight term) by the National Association of Clean Water Agencies (NACWA) for outstanding plant effluent quality and compliance with the federal National Pollutant Discharge Elimination System (NPDES) permit requirements.
- ◆ DC WASA achieves Platinum Tier 4 Status from the National Biosolids Partnership Environmental Management System (NBP EMS) for DC WASA's Biosolids Program.
- ◆ DC WASA receives 2007 Metering Awards Program's "Best Use of Metering as a Customer Care Tool" award by VPN Global AMI Utility Peer Group.





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**District of Columbia
Water and Sewer Authority**