



Flowing Forward

WASHINGTON SUBURBAN SANITARY COMMISSION

2002 Annual Report

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WSSC PURPOSE

Keep people and fish healthy and happy.

WSSC MISSION

We are entrusted by our community to provide safe and reliable water, life’s most precious resource,
and return clean water to our environment, all in a financially responsible manner.

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Flowing forward ... For more than 84 years, the employees of the Washington Suburban Sanitary Commission (WSSC) have been devoted to providing you with life's most precious resource – safe, reliable water. We further work to protect your health as well as the environment by cleaning your wastewater. And thanks to innovative, forward-thinking approaches as to how we do our jobs, WSSC employees are performing these valuable services more efficiently, which means stable rates for you.

Following the events of 9/11, the importance of a safe and reliable water resource – a resource sometimes overlooked – cannot be overstated. The initial or first responders understand better than anyone else the critical role of water in emergency situations. Ours is an infrastructure that requires protection. In recognition of this, the Commission in 2002 embarked on a comprehensive capital improvement plan to enhance the security of our employees and facilities to ensure that water and wastewater treatment are available in emergencies.

As Commission Chair, I am proud of the hard-working, talented men and women of WSSC. In 2002, we once again produced water that met, or did better than, strict U.S. Environmental Protection Agency standards. I admire their dedication to providing you with the quality water and excellent services you deserve. Please read on to learn more about WSSC and our commitment to your satisfaction.

Manuel R. Geraldo, Commission Chair

WSSC Commissioners (*Left to Right*): Manuel R. Geraldo, Chair, Prince George's County; W. Gregory Wims, Vice-Chair, Montgomery County; Artis G. Hampshire-Cowan, Prince George's County; Kevin P. Maloney, Montgomery County; Gregory K. Wells, Prince George's County; and Jinhee Kim Wilde, Montgomery County



Flowing forward ... That's how we usually see water or choose to remember it – cascading serenely under nature's balanced conditions or crashing forcefully with primitive purpose.

Water can also be slow and unchanging. Such a description could be used to characterize our company not so long ago. Some observers said that's basically what most people would expect from a public water and wastewater utility. At WSSC, we decided that was unacceptable.

So we've been reinventing ourselves. Teams of employees have reignited our spirit of innovation and found ways to operate more efficiently as we provide the superior water quality and services you deserve. Uniting with the communities we serve and safeguarding your water and the environment have become more important than ever before. We continue to improve our bottom line through our strategic fiscal plan, resulting in a fifth fiscal year in a row without a rate increase and repeat AAA bond ratings, all while embarking on unprecedented infrastructure upgrades.

As we evolve as a company, we remain steadfast in our primary responsibility of providing you with safe, reliable water. We are prepared for the inevitable challenges to our resiliency as we continue working to be the best in our industry. Your trust is our motivation for continuously improving – flowing forward – with sustained progress.

John R. Griffin, General Manager



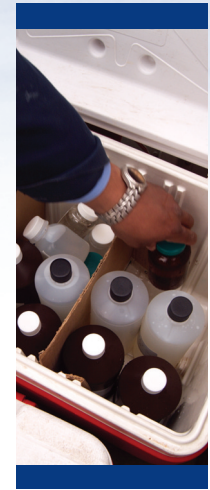
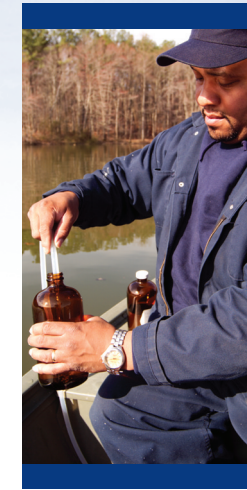
*WSSC's commitment to quality
shows that they understand what their
customers* **deserve** *— safe,
clean water.*

— James G. Jacomino, WSSC Customer, Prince George's County

Our 1,500 employees focus on one main objective every day – providing you with the safe water and quality services you deserve. In many ways, meeting your needs today and tomorrow started well before yesterday. That's because we work closely with Prince George's and Montgomery Counties to be prepared for future growth. You can rely on our ability to supply clean water, even in times of drought, because of the Potomac River's flow and our 30 billion gallon reservoir system. We maintain an intricate network of treatment facilities, pipes, and pumping stations to provide safe drinking water as well as collect and process your wastewater to protect your health and our environment.

Whether it's round-the-clock water sampling or ensuring our 38,000 fire hydrants will reliably work should fire ever threaten, we operate with your health and well-being in mind.

In addition to making water available at the turn of a faucet, we're trying to be more accessible to you and to make information more readily available. Call us or visit our website, wsscwater.com – available in English and Spanish – anytime. While we'd love to hear from you, our overall goal is to provide such excellent customer care, you don't have to contact us. But if you do, it's our privilege to give you the service you deserve.



As a WSSC environmental engineer and customer, I'm proud of our efforts to comply with or go beyond EPA guidelines for providing **safe** *drinking water.*

– Plato Chen, WSSC Customer and Employee, Prince George's County

From real-time testing for water contaminants at our treatment plants, to quality checks throughout our distribution system, to source water sampling at our reservoirs, WSSC performed more than a half million tests last year to ensure water safety. Actually, we usually do more tests than the U.S. Environmental Protection Agency (EPA) requires, and we've never violated a drinking water quality standard in our history.

Since cleaner water starts at the source, we're involved with a number of watershed protection efforts to help reduce pollution from the land before it ever makes it to one of our treatment plants. In 2002, a Source Water Assessment was completed for our Potomac Water Filtration Plant. It found that a submerged channel intake would allow us to access a cleaner, more stable source water supply. Additional study of this proposal is slated to begin mid-2003.

We further safeguard your water and the environment by minimizing sewer overflows, investigating hazardous spills into the sewer system and inspecting industrial and commercial establishments to ensure compliance with discharge regulations. We optimize the latest phosphorus and nitrogen removal technology at our wastewater treatment plants, and in 2002 we prevented nearly 10 million pounds of these harmful nutrients from entering our waterways and the Chesapeake Bay.



*WSSC crews quickly responded to the water main break and were able to **restore** my service that same day. Thank you for working so hard for us. We appreciate all you do.*

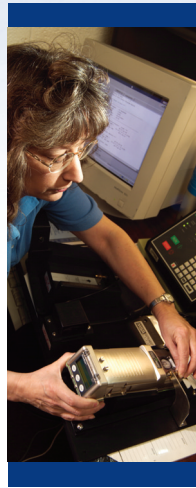
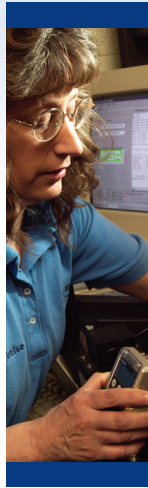
– Valerie Harding, WSSC Customer, Montgomery County



Upgrading and replacing our infrastructure and facilities are part of an aggressive plan to enhance our services to you. We will invest more than \$250 million over the next six years to replace and reconstruct nearly 300 miles of water and sewer mains in Montgomery and Prince George's Counties. As identified through a recently completed reliability study, we're making millions in upgrades at our Potomac Water Filtration Plant (WFP) to improve operations and dependability. We're also in the midst of major efficiency enhancements to our Patuxent WFP.

However, with more than 10,300 miles of pipe in our underground water and wastewater infrastructure and 1.6 million customers, problems can come up from time to time. And when an interruption does occur, we're committed to fixing it and restoring service as soon as possible. We repaired 1,673 water main breaks in 2002, with half the staff of several years ago. Thanks to improved business practices and good, old-fashioned elbow grease, we're working smarter and saving you money in the form of stabilized rates. Last year, we also made great strides in minimizing customer inconvenience during water and sewer emergencies, and delivered 12,686 gallons of water while repairs were being made.

You can count on us to meet your needs today and well beyond tomorrow. But when the unexpected happens, expect us to work around the clock to restore your service.



Particular emphasis is being paid to changing organizational culture to
value *efficiency and reduce debt, while maintaining consistently high environmental and maintenance standards.*

— Fitch Ratings, New York, NY

Thanks to our ongoing efforts to control expenses, improve productivity and generate additional revenues, we entered our fifth consecutive fiscal year without a rate increase and maintained our coveted AAA bond ratings. We continue to strive for efficiency and innovation while placing the utmost value on the safety of our employees and customers.

Whether repairing a 10-foot diameter water main or inspecting a deep underground vault, we invest in the latest training and cutting-edge technology to keep our employees safe. The Portable Atmosphere Monitoring Instrument (pictured above) optimizes underground inspections while ensuring that the air is safe to breathe for our crews.

We were one of the first water/wastewater utilities in the nation to complete the U.S. Environmental Protection Agency's vulnerability assessment of potential security issues, resulting in enhancements to our already strong foundation of security programs to prevent and/or provide early detection of a physical, chemical or biological attack on our systems. The value we place on health and safety is further evident in our water quality laboratory — a state-of-the-art facility where we test water for nearly 200 substances as well as perform water analysis on a contract basis for county governments and others, helping to generate revenue and stabilize your rates.



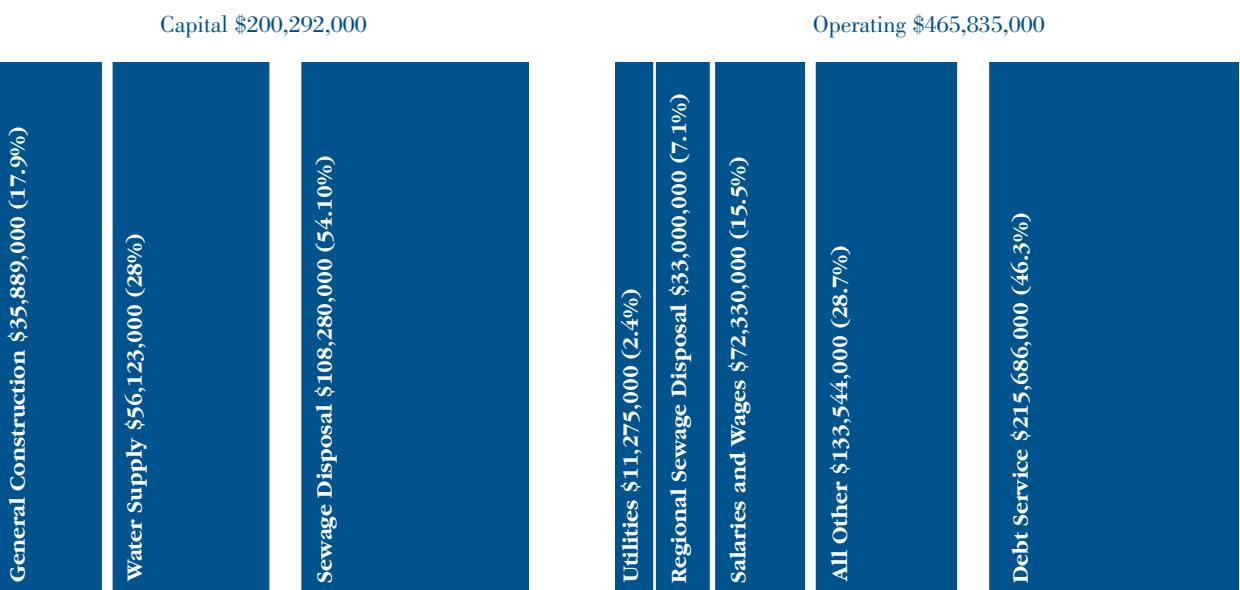
We are excited to **unite**
with WSSC on a great new idea for
teaching our students how to become
environmental stewards.

—Leo Plourde, Principal of Scotchtown Hills Elementary School, Prince George's County

Teaching children how to protect our valuable watersheds helps ensure that safe water resources will be here for generations to come. The Green Schools Mentoring Partnership works with 43 schools in and around the Patuxent Reservoir's watershed to bring environmental learning opportunities into classrooms, such as growing aquatic grasses to absorb polluted runoff. Our participation in the partnership is one of the many ways we unite with the communities we serve to preserve our drinking water sources.

In 2002, we stepped-up our customer outreach activities to meet with various municipalities to discuss upcoming projects or just to answer service-related questions. We also seek customer input on our initiatives through our Environmental Advisory Committee and Customer Advisory Board. A recently completed Customer Satisfaction Survey showed 70 to 80 percent of our customers were satisfied to very satisfied with WSSC products and services. There's always room to improve, and we're working on a plan to better meet the needs of our customers to boost those statistics.

WSSC employees are united in service through our vast volunteer efforts from helping to rebuild homes and dreams with the *Christmas in April/Rebuilding Together* program to fundraising for needy families who need assistance with their water bills as part of our *Water Fund*.



Financials & Facts

WASHINGTON SUBURBAN SANITARY COMMISSION

2002 Fiscal Year

The foundation of our fiscal plan is a budget process that focuses on rate stabilization and ensures we will continue to provide safe drinking water, guarantee reliable service and safeguard the environment – all in a financially responsible manner. Fiscal Year (FY) 2003 is the fifth year in a row with no increases in water and sewer rates.

The FY '03 Approved Operating Budget of \$465.8 million represents an increase of \$1.9 million (0.4 percent) over the FY '02 Approved Budget of \$463.9 million. The FY '03 Approved Capital Budget of \$200.3 million represents an increase of \$6.2 million (3.2 percent) from the FY '02 Approved Budget of \$194.1 million.

WSSC's annual financial statements again received a “clean” audit opinion by independent Certified Public Accountants.

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- Established in 1918 by the Maryland General Assembly to serve Maryland's Montgomery and Prince George's Counties, suburbs of Washington, D.C.
- 1.6 million customers
- 1,500 employees
- Among the 10 largest water and wastewater utilities in the nation
- 1,000-square mile service area
- 10,300 miles of water and sewer mains
- 38,000 fire hydrants
- Average daily water production – 167 million gallons per day (MGD)
- Average daily wastewater treated – 181 MGD
- Raw water storage 14 billion gallons
- 2 water filtration plants; 6 wastewater treatment plants; 2 water storage reservoirs; 54 water storage tanks; 14 water pumping stations; 41 wastewater pumping stations; and 4 maintenance centers



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