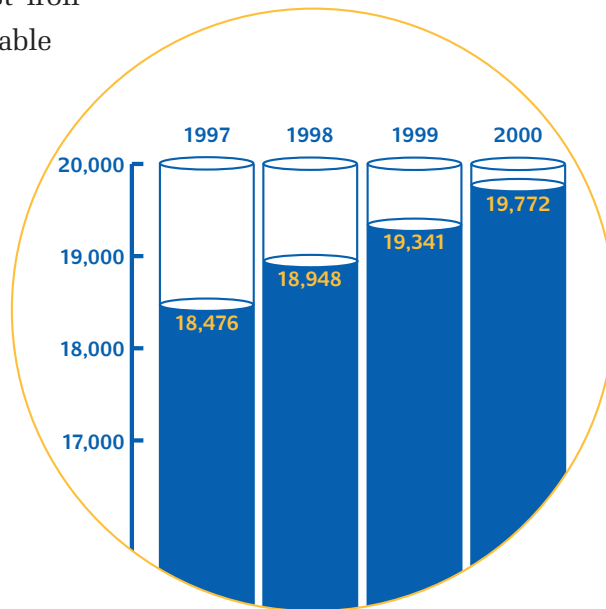


Maintenance and Emergency Services

The reliability of service provided by the Authority depends on its maintenance and emergency services personnel. They work around the clock to keep water treatment plants, pump stations, service facilities, and vehicles operating efficiently.

During the year, the Authority continued its comprehensive annual hydrant flushing program, which included inspecting the integrity and reliability of 15,730 fire hydrants. A total of 306 water main breaks in its system of 2,980 miles of water mains were repaired, and more than \$1 million of old cast iron water pipe was replaced with reliable ductile iron pipe.

The Authority renovated and overhauled major pumps at critical pump stations, overhauled hydropower generators at its dam in Occoquan, and replaced over six miles of aeration lines in the Occoquan Reservoir. Last fall, excessive amounts of vegetation clogging the Potomac River shoreline intake were removed.



Hydrants in Service



The reliability of service provided by the Authority depends on its maintenance and emergency services personnel.

Finance

On May 24, 2000, the Authority became the only independent public water agency in the United States assigned a triple A bond rating—the highest bond rating possible. Standard & Poor’s assigned the new rating in anticipation of the Authority’s issuance of \$51 million in revenue bonds in June. Additionally, the Authority’s \$330 million in outstanding debt was upgraded to triple A.

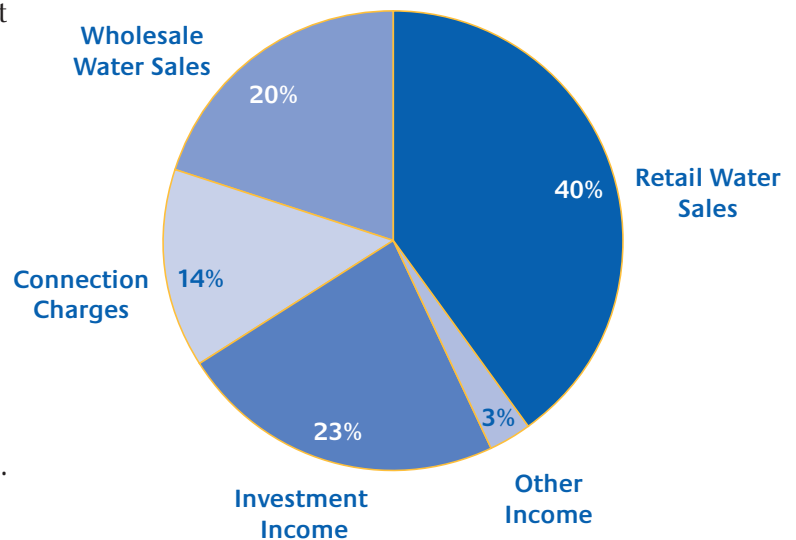
According to Standard & Poor’s, the rating upgrade from double A reflected “an ongoing record of solid financial management and a manageable capital improvement program, which is projected to be less than 20 percent debt financed.” The rating agency also cited the strong economic base of the Authority’s service area and low water rates as additional reasons for the upgrade.

Each year, the Authority performs a review of existing rates using methodologies developed during a comprehensive, independent study conducted in 1997.

These methodologies were developed to ensure the accuracy and fairness of the Authority’s rates. As a result, the Authority increased the commodity charge by five cents. Even with this increase, Authority rates remain the lowest in the region.

Total Water Sales Revenue:

\$65,300,000



2000 Revenue Components
(As a Percentage of Total Income)