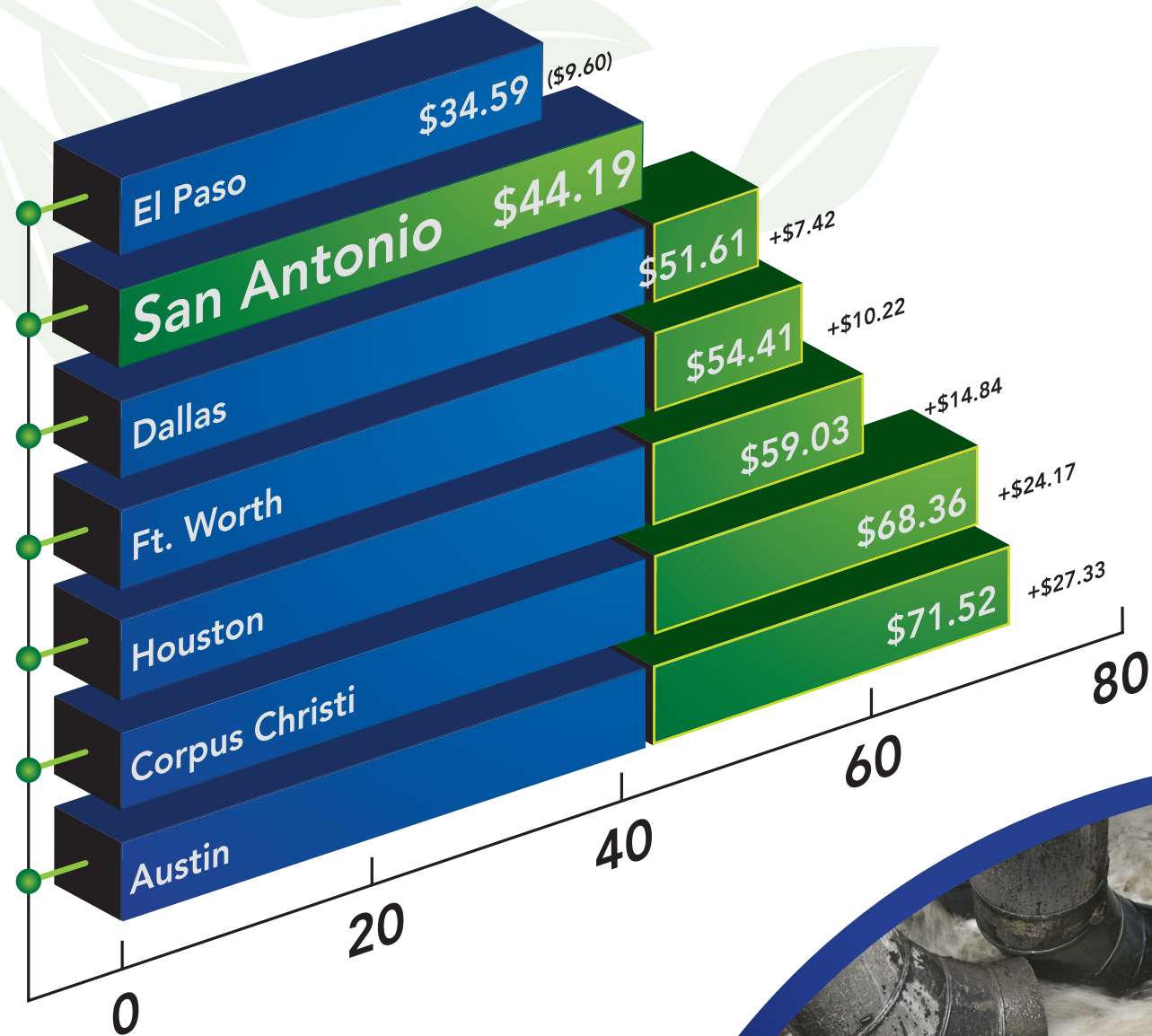


Cost of Service - Texas Residential Bill Comparison

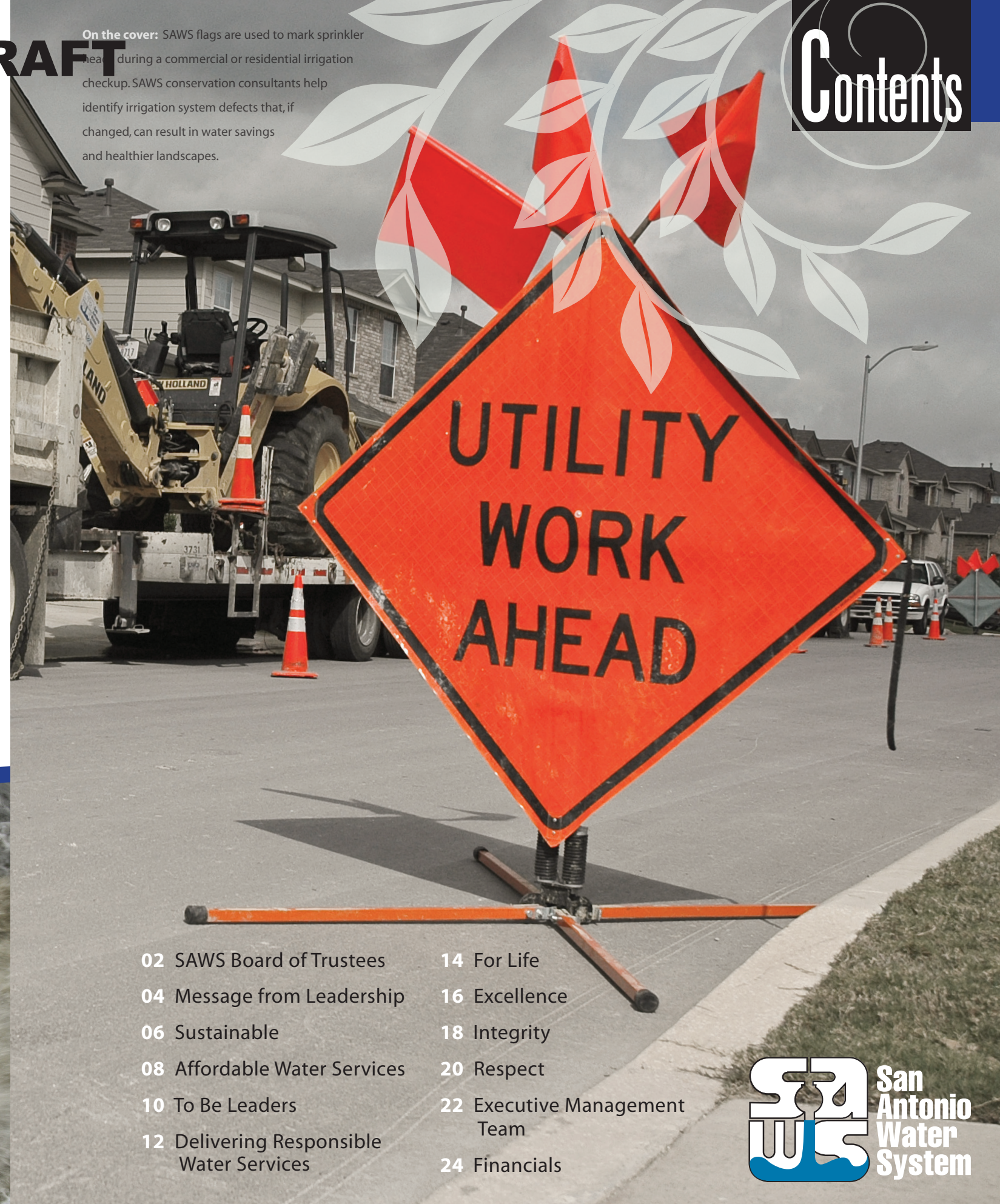


Average based on 7,788 gallons water/ 6,178 gallons sewer usage.
 Rates as of December 2009.
 Excludes City of San Antonio Stormwater fee.



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On the cover: SAWS flags are used to mark sprinkler heads during a commercial or residential irrigation checkup. SAWS conservation consultants help identify irrigation system defects that, if changed, can result in water savings and healthier landscapes.



02 SAWS Board of Trustees	14 For Life
04 Message from Leadership	16 Excellence
06 Sustainable	18 Integrity
08 Affordable Water Services	20 Respect
10 To Be Leaders	22 Executive Management Team
12 Delivering Responsible Water Services	24 Financials



Drought Restrictions

Summer hadn't even officially started and Stage Two drought restrictions set in by June 15, reducing the once-a-week watering hours schedule. Reminding San Antonians that the long, hot summer was still ahead, further declines in the aquifer levels were expected.

Water Management Plan

SAWS also presented a 50-Year Water Management Plan that underscores the proven success of conservation, recycled water and underground storage programs to effectively manage the Edwards Aquifer and other supplies. Under the plan, staff will continue to develop other water sources, including desalination, for further diversification.

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Carrizo Aquifer Well

During the driest 22-month period on record, the Edwards Aquifer level rebounded during weekends because area residents were diligent in following one-day-a-week watering rules, avoiding Stage Three restrictions. To manage the drought, SAWS began pumping 20 million gallons of Carrizo Aquifer water daily at the Twin Oaks Aquifer Storage & Recovery site to help bolster our other water resources.



SAWS used creative messaging in texting shorthand to inform the community about water conservation.



Solar Power at J-17

To ensure the utility remains a good steward of the environment while saving ratepayers money, SAWS installed a solar power system at the J-17 well site, which for years has measured San Antonio's official aquifer level each day.



Newly installed solar power system cuts energy costs for SAWS.

Record Drought

Drought management took center stage throughout 2009. San Antonio City Council approved raising drought triggers by 10 feet as part of a long-term water management program.

The long dry spell triggered drought restrictions on April 10, moving San Antonio into Stage One. Citizens soon would learn that by working together to minimize watering efforts, the drought could be effectively managed.

Home Checkups

As a national leader in conservation, SAWS offers residential and commercial customers one-on-one consultations with our team of conservation experts who identify irrigation system modifications that result in water savings and healthier landscapes



Enterprise Software Project Moves Forward

Following the successful launch of work order, permitting, finance and human resources systems in 2007 and 2008, the utility's enterprise software phase-in continued in earnest. During the year, both a delay in software delivery for the customer information system and related vendor restructuring resulted in extended timelines. Both the customer information system and permitting phase two are scheduled to launch in 2010. While the setback does increase program costs in the near-term, the projected long-term cost of ownership remains well below industry average.



SAWS crews have ready access to street assets, maps and work orders via innovative enterprise software.

Charting the Course

SAWS President/CEO Robert R. Puente charted a new course for San Antonio in water management. Navigating through the worst drought in half a century, SAWS never before had been tested on its ability to provide essential, life-sustaining services.

Our supply was tested. Our customer service was tested. Our drought ordinance was tested. Indeed, our entire community's tolerance of drought was tested. And we passed.



President/CEO Robert R. Puente discusses long-term water management at a presentation at the Pearl Stable.

Delivering Responsible Water Services

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Responsible water services means delivering water within our customer's terms, balancing their needs and our pledge to be a good steward of water resources.

How to Prevent Sewer Overflows

Power outages at lift stations can cause sewer overflows. But SAWS solved this problem with the installation of diesel-powered emergency generators at key lift stations.

To help reduce sanitary sewer overflows, SAWS work crews receive ongoing, in-depth operator training to ensure consistent equipment use and emergency response procedures throughout the workforce.

SAWS also implemented a proactive line cleaning maintenance program, concentrating cleaning operations on assets that previously had blockages. Last year, SAWS in-house crews exceeded their goal, cleaning 4,084,350 feet (774 miles) of sewer lines. Contractors were able to clean 1.8 million feet more. So far, 20 percent of the sewer system has been cleaned.

Besides the drought, SAWS also battled the Grease Monster with a new restaurant program that urges commercial kitchens to dispose of grease properly.

Environmental 'Trifecta'

SAWS is the only major U.S. utility to beneficially use all three treatment process residuals. SAWS generates recycled water, organic biosolids and methane gas – dubbed the renewable, recyclable "trifecta." Efforts include use of up to 35,000 acre-feet per year of recycled water, 140,000 tons of biosolids and 900,000 cubic feet of methane gas per day, scheduled for retail distribution by July 2010. By the end of 2009, SAWS also far exceeded its goal of production with 98 percent beneficial biosolids use.



Excellence in Water Quality

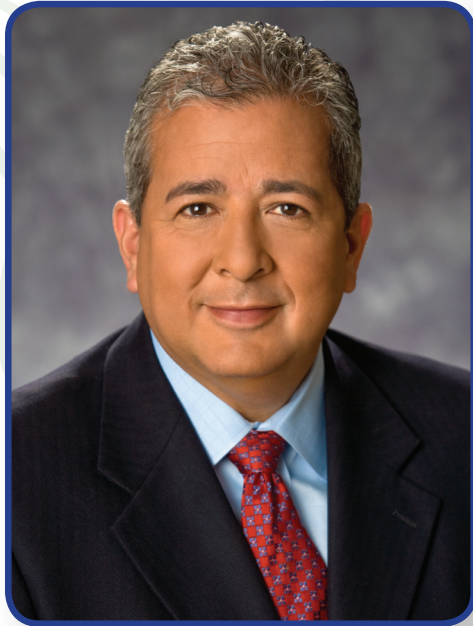
Protecting our drinking water supplies, streams and rivers is a vital part of SAWS' overall responsibilities. Implementing programs to support aquifer protection and environmental compliance, SAWS addresses and resolves water quality issues and concerns to ensure compliance with federal requirements. Sampling, monitoring and enforcement are some of the many services SAWS performs to prevent environmental pollution and educate business and residential communities on protection.



SAWS lab technicians test water samples every day.

Executive Management Team

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Robert R. Puente
President / Chief Executive Officer

Doctor of Jurisprudence
The University of Texas School of Law

Bachelor of Arts, Political Science
St. Mary's University



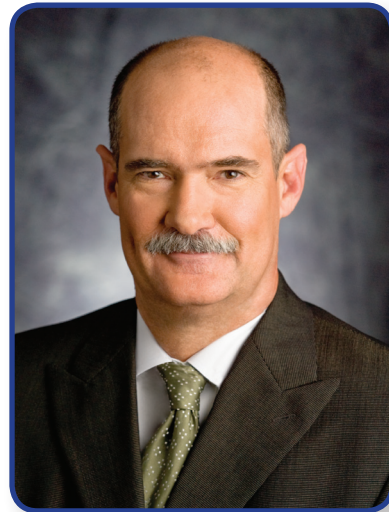
Jerry Bailey, P.H.R.
Vice President of Human Resources



Michael S. Brinkmann
Vice President of Operation Services



Gregorio Flores III
Vice President of Public Affairs



Steven M. Clouse
Senior Vice President &
Chief Operating Officer

Master of Public Administration
Webster University

Bachelor of Science, Aquatic Biology
Southwest Texas State University



Douglas P. Evanson, C.P.A.
Senior Vice President &
Chief Financial Officer

Master of Business Administration
University of Missouri – Kansas City

Bachelor of Business Administration
and Accounting, *University of Kansas*



Kelley Neumann, P.E.
Senior Vice President of
Strategic Resources

Master of Public Administration
The University of Texas at San Antonio

Bachelor of Science, Civil Engineering
The University of Texas at Austin



Stacey Isenberg, C.P.A.
Vice President of Customer Service



Valentin T. Ruiz Jr., P.E.
Vice President of Distribution &
Collection Operations



Frank Stenger-Castro
Vice President & General Counsel



Stephanie Bocanegra Suarez
Chief Of Staff

SAWS has assembled a highly qualified and diverse executive management team. With a combined experience of nearly 100 years, together, these high-performing professionals focus SAWS on major areas of improvement and growth, operational efficiencies, work culture and on the well-being of our customers and community.