Public Utilities Commission of the
City and County of San Francisco

Water Enterprise

Annual Disclosure Report

For Fiscal Year Ended
June 30, 2007

SFPUC
WATER
WASTEWATER
POWER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION

FINANCIAL SERVICES
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SUSAN LEAL
GENERAL MANAGER

March 20, 2008

VIA E-MAIL: DisclosureUSA.org (copy to follow via U.S. Mail)

Dear Friends and Interested Parties:

We are pleased to present the Annual Disclosure Report for fiscal year ending June 30, 2007 for the Public Utilities Commission of the City and County of San Francisco (SFPUC), Water Enterprise. This filing relates to the following associated base CUSIP number:

SFPUC Water Enterprise 79765R

This Annual Disclosure Report is being provided by the SFPUC in connection with our undertaking entered into in accordance with Rule 15c2-12, promulgated by the U.S. Securities Exchange Commission. The information provided in this Annual Disclosure Report speaks only as of its date and is subject to change without notice. The delivery of this Annual Disclosure Report may not, under any circumstances, create an implication that there has been no other change to the information provided in any final official statement. SFPUC has not agreed to notify the secondary market of subsequent changes to the information in this Annual Disclosure Report.

If you have any questions regarding this Annual Disclosure Report, please contact Joseph Yew, Finance Director, SFPUC, at (415) 487-5256 or by e-mail at jyew@sfwater.org.

Sincerely,

Susan Leal
General Manager

Enclosure

CC: José Cisneros, Treasurer
Edward M. Harrington, Controller
Dennis J. Herrera, City Attorney
Nadia Sesay, Director, Office of Public Finance
Angela Calvillo, Clerk of the Board of Supervisors

City and County of San Francisco

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Chris Daly
Bevan Dufty
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Carmen Chu
Sophie Maxwell
Jake McGoldrick
Ross Mirkarimi
Gerardo Sandoval

City and County Officials

Edwin M. Lee, City Administrator
Dennis J. Herrera, City Attorney
Edward M. Harrington, Controller
José Cisneros, Treasurer

Public Utilities Commission

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E. Dennis Normandy, Vice President
Ambassador Richard Sklar, Commissioner
David Hochschild, Commissioner
F.X. Crowley, Commissioner

Public Utilities Commission Staff

Susan Leal, General Manager
Tony Irons, Deputy General Manager
Michael Carlin, Assistant General Manager, Water
Tommy Moala, Acting Assistant General Manager, Wastewater
Barbara Hale, Assistant General Manager, Power
Harlan Kelly, Jr., Assistant General Manager, Infrastructure
Scott MacDonald, Assistant General Manager, Business and Financial Services
Laura Spanjian, Assistant General Manager, External Affairs

Current as of March 20, 2008

The San Francisco Public Utilities Commission (SFPUC) hereby provides this Annual Disclosure Report for the fiscal year ending June 30, 2007 in connection with obligations undertaken pursuant to Continuing Disclosure Certificates for revenue bonds issued by SFPUC's Water Enterprise, as provided in the table below. Audited Financial Statements for the years ending June 30, 2006 and June 30, 2007 are submitted separately.

Name of Bonds	***Original Par ($000s)***	***Dated Date***	***Official Statement Date***	***Trustee***	***Source of Undertaking***
Public Utilities Commission of the City and County of San Francisco Water Revenue Bonds, 1991					n/a
Public Utilities Commission of the City and County of San Francisco Water Revenue Bonds, 1996 Series A	$131,470	December 19, 1996	December 3, 1996	First Trust of California	Continuing Disclosure Certificate, December 19, 1996
Public Utilities Commission of the City and County of San Francisco Water Revenue Bonds, 2001 Series A	$140,000	August 7, 2001	July 1, 2001	US Bank	Continuing Disclosure Certificate, August 7, 2001
Public Utilities Commission of the City and County of San Francisco Water Revenue Bonds, 2002 Series A	$164,000	August 8, 2002	July 10, 2002	US Bank	Continuing Disclosure Certificate, August 8, 2002
Public Utilities Commission of the City and County of San Francisco Water Revenue Bonds, 2002 Refunding Series B	$85,260	August 8, 2002	July 10, 2002	US Bank	Continuing Disclosure Certificate, August 8, 2002
Public Utilities Commission of the City and County of San Francisco Water Revenue Bonds, 2006 Series A	$507,815	March 15, 2006	February 28, 2006	US Bank	Continuing Disclosure Certificate, March 15, 2006
Public Utilities Commission of the City and County of San Francisco Water Revenue Bonds, 2006 Refunding Series B	$110,065	March 15, 2006	February 28, 2006	US Bank	Continuing Disclosure Certificate, March 15, 2006
Public Utilities Commission of the City and County of San Francisco Water Revenue Bonds, 2006 Series C	$48,730	August 3, 2006	July 19, 2006	US Bank	Continuing Disclosure Certificate, August 3, 2006

For the convenience of bondholders, the following table provides CUSIP numbers for revenue bonds outstanding as of September 30, 2006. No assurance as to the accuracy or completeness of such CUSIP numbers is given. The base CUSIP number for these bonds is

79765R

Maturity November 1	***2001 Series A***	***2002 Series A***	***2002 Series B***	***2006 Series A***	***2006 Series B***	***2006 Series C***
2007	FJ3	GQ6	HW2	JJ9	KJ7	MZ9
2008	FK0	GR4	HX0	JK6	KK4	NA3
2009	FL8	GS2	HY8	JL4	KL2	NB1
2010	FM6	GT0	HZ5	JM2	KM0	NC9
2011	FN4	GU7	JA8	JN0	KN8	ND7
2012	FP9	GV5	JB6	JP5	KP3	NE5
2013	FQ7	GW3	JC4	JQ3	KQ1	NF2
2014	FR5	GX1	JD2	JR1	KR9	NG0
2015	FS3	GY9	JE0	JS9	KS7	NH8
2016	FT1	GZ6		JT7	KT5	NJ4
2017	FU8	HA0		JU4	KU2	NK1
2018	FV6	HB8		JV2	KV0	NL9
2019	FW4	HC6		JW0	KW8	NM7
2020	FX2	HD4		JX8	KX6	NN5
2021	FY0	HE2		JY6	KY4	NP0
2022		HF9		JZ3	KZ1	NQ8
2023		HG7		KA6	LA5	NR6
2024	GB9			KB4	LB3	NS4
2025		HJ1		KC2	LC1	NT2
2026		HK8		KD0	LD9	NU9
2027	GE3	HL6		KE8		
2028						
2029						
2030						
2031	GJ2			KF5		
2032		HR3				
2033				KG3		
2034						
2035						
2036				KH1		
2037						

The following tables are provided pursuant to the Continuing Disclosure Certificates executed in connection with the SFPUC's Water Revenue Bonds.

SFPUC Water Enterprise
Historical Water Sales (MGD)
(Fiscal Years Ended June 30)

	2003	***2004***	***2005***	***2006***	***2007***	***2007 % of Total***
Retail Customers						
Residential	47.3	48.1	46.1	46.1	45.5	
Commercial	20.5	21.2	20.1	20.1	20.0	
Industrial	0.4	0.3	0.3	0.2	0.2	
Docks & Shipping	0.1	0.1	0.1	0.1	0.1	
Municipal	4.8	4.9	4.4	1.1	1.0	
Suburban	4.1	4.9	4.6	3.9	4.5	
Subtotal	77.2	79.5	75.6	71.5	71.3	28.9%
Wholesale Customers						
CA Water Service	34.9	38.6	34.7	34.6	37.9	
Hayward Municipal Water	17.7	19.7	18.5	17.9	18.2	
City of Palo Alto	12.7	13.4	12.1	11.8	13.0	
City of Redwood City	8.9	12.2	11.1	10.8	11.7	
Alameda County Water	12.4	12.3	10.8	10.6	13.8	
City of Mountain View	11.4	11.0	10.5	10.1	10.8	
City of Sunnyvale	10.6	9.9	8.8	9.3	9.4	
City of Milpitas	6.3	6.6	6.9	6.5	6.9	
Estero Muni Imp District	6.7	7.1	6.7	5.1	5.6	
City of Daly City	5.3	5.6	5.2	6.2	6.2	
Other Wholesale Customers	47.0	45.2	42.1	40.6	42.3	
Subtotal	173.9	181.6	167.4	163.5	175.8	71.1%
Total	251.1	261.1	243.0	237.9	247.1	100.0%

SFPUC Water Enterprise
Historical Water Rate Increases (Decreases)

Percentage Change as of July	***Retail Rates***	***Wholesale Rates***
1997	0.0	0.0
1998	0.0	(13.0)
1999	0.0	35.0
2000	0.0	4.4
2001	8.7	2.8
2002	8.6	0.0
2003	0.0	25.7
2004	0.0	2.7
2005	15.0	(9.4)
2006	15.0	18.8
2007	15.0	6.3

SFPUC Water Enterprise
Summary of Water Accounts and Billing by User Type

User Type	Active Accounts as of June 30, 2007	2006-2007 Billings[1]	Billings as Percent of Total
Retail:			
Single Family Residential	110,195	$26,027,880,80	12.80%
Multi-Family Residential	38,943	33,973,078.35	16.70
Industrial	105	298,140.98	0.15
Commercial	20,898	30,347,989.80	14.92
Municipal Customers	420	3,102,990.67	1.53
Docks and Ships	1	88,083.31	0.04
Building and Construction	221	284,549.65	0.14
Subtotal Retail	170,783	94,122,713.56	46.28
Wholesale:	79	109,264,416.96	53.72
Total	170,862	$203,387,130.52	100%

[1] Billings shown on a cash basis; revenues shown in table below are on accrual basis in accordance with GAAP.

SFPUC Water Enterprise
Outstanding Indebtedness as of June 30, 2007

Name of Bonds	***Purpose***	***Outstanding Principal ($000s)***
Public Utilities Commission of the City and County of San Francisco Water Revenue Bonds, 1991	Repair and replacement of water facilities	$3,155
Public Utilities Commission of the City County of San Francisco Water Reven Bonds, 1996 Series A	Refunding a portion of the 1991 Bonds; replacements and reconstruction of water system; treatment plant improvements	0
Public Utilities Commission of the City and County of San Francisco Water Revenue Bonds, 2001 Series A	System Reliability Project and Safe Water Project	83,115
Public Utilities Commission of the City and County of San Francisco Water Revenue Bonds, 2002 Series A	System Reliability Project and Safe Water Project	153,570
Public Utilities Commission of the City and County of San Francisco Water Revenue Bonds, 2002 Refunding Series B	Refunded 1992 Bonds	63,495
Public Utilities Commission of the City and County of San Francisco Water Revenue Bonds, 2006 Series A	Water System Improvement Program	507,815
Public Utilities Commission of the City and County of San Francisco Water Revenue Bonds, 2006 Refunding Series B	Refunded part of 1996 Bonds and 2001 Bonds	110,065
Public Utilities Commission of the City and County of San Francisco Water Revenue Bonds, 2006 Refunding Series C		48,020
Total		***$969,235***[2]

[2] Subordinate Debt: The Water Enterprise maintains a $250 million commercial paper program, which is subordinate to the outstanding revenue bonds. As of June 30, 2006, there was no outstanding commercial paper.

SFPUC Water Enterprise
Historical Revenues, O&M Expenses and Debt Service Coverage
Fiscal Years Ending June 30

	2003	***2004***	***2005***	***2006***	***2007***
Operating and Investment Revenues					
Water Sales	$157,727	$156,660	$173,884	$189,603	$202,787
Rental Income	8,611	8,451	7,898	8,763	9,929
Other Revenues	3,915	3,149	3,053	3,467	3,815
Investing Activities[3]	11,022	11,977	7,522	10,393	24,335
Total Revenue	$181,275	$180,237	$192,357	$212,226	230,937
Operating and Maintenance Expense					
Labor and Fringe Benefits	$50,859	$54,627	$53,683	$58,452	$87,200
Contractual Services	5,168	5,438	5,235	5,767	12,437
Material and Supplies	6,842	8,124	8,293	10,137	10,661
Depreciation	31,430	35,110	40,112	41,877	43,895
General and Administrative	22,685	28,863	28,376	32,930	4,523
Services of Other Departments	30,496	31,561	32,146	31,553	33,242
Environmental Clean Up	1,200	0	0	0	0
Other	18,843	23,655	8,608	6,218	10,540
Total O&M Expense	$167,523	$187,378	$176,453	$186,934	$202,498
Operating and Investment Income	$13,752	($7,141)	$15,904	$25,292	$28,439
Coverage Calculation[4]					
+Operating and Investment Income	$13,752	($7,141)	$15,904	$25,292	$28,439
+Depreciation & Non-Cash Expenses	$34,945	$57,843	$48,552	$46,286	$52,631
+Changes in Working Capital	($3,599)	($2,377)	($9,619)	($26,441)	$2,814
="Net Revenue"	$45,098	$48,325	$54,837	$45,137	$83,884
+Other Available Funds[5]	$58,401	$40,386	$92,221	$64,180	$53,932
Funds Available for Revenue Bond Debt Service	$103,499	$88,711	$147,058	$109,317	$137,816
Revenue Bond Debt Service	$33,444	$37,401	$37,713	$36,919	$64,639
Revenue Bond Debt Service Coverage	3.09X	2.37x	3.90x	2.96x	2.13X

[3] Includes cash receipts on invested funds.
[4] The Indenture defines "Net Revenue" on a cash basis.
[5] As per the Indenture, in addition to current year cash flow, the coverage calculation permits the inclusion of funds not budgeted to be spent in the next 12 months and legally available to pay debt service. Sources: City Controller financial accounting system, FAMIS, and San Francisco Public Utilities Commission, audited financial statements.