

Public Utilities Commission of the
City and County of San Francisco

Wastewater Enterprise

Annual Disclosure Report

For Fiscal Year Ending
June 30, 2008





SAN FRANCISCO PUBLIC UTILITIES COMMISSION

1155 Market St., 11th Floor, San Francisco, CA 94103 • Tel. (415) 554-3155 • Fax (415) 554-3161 • TTY (415) 554.3488



March 30, 2009

VIA E-MAIL: DisclosureUSA.org

GAVIN NEWSOM
MAYOR

ANN MOLLER CAEN
PRESIDENT

F.X. CROWLEY
VICE-PRESIDENT

FRANCESCA VIETOR
COMMISSIONER

JULIET ELLIS
COMMISSIONER

ED HARRINGTON
GENERAL MANAGER

Dear Investors and Interested Parties:

We are pleased to present the Annual Disclosure Report for fiscal year ending June 30, 2008 for the Public Utilities Commission of the City and County of San Francisco (SFPUC), Wastewater Enterprise. This filing relates to the following associated base CUSIP number:

SFPUC Wastewater Enterprise 797709

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, March 30, 2009. 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. Other than as set forth in the Continuing Disclosure Agreement, SFPUC has not agreed to notify the secondary market of subsequent changes to the information in this Annual Disclosure Report.

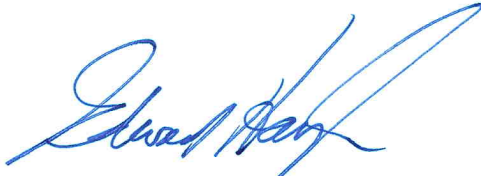
The filing of this Report does not constitute or imply any representation (1) that any or all of the information provided is material to investors, (2) regarding any other financial, operating or other information relating to the security for the referenced securities, (3) that no changes, circumstances or events have occurred which may have a bearing on the security for the referenced securities or an investor's decision to buy, sell, or hold the referenced securities.

Any statements regarding the referenced securities, other than a statement made by the City in an official release or subsequent notice or annual report, published in a financial newspaper of general circulation and/or filed with the Municipal Securities Rulemaking Board or the NRMSIRs, are not authorized by the SFPUC. The SFPUC shall not be responsible for the accuracy, completeness, or fairness of any such unauthorized statement.

If you have any questions regarding this Annual Disclosure Report, please contact Todd Rydstrom, Assistant General Manager, Business Services and Chief Financial Officer, at (415) 554-3155 or by e-mail at trydstrom@sflower.org.

Sincerely,

Sincerely,



Edward M. Harrington
General Manager

Enclosure

CC: José Cisneros, Treasurer
Ben Rosenfield, 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

Gavin Newsom, Mayor

Board of Supervisors

David Chiu, President

Michela Alioto-Pier
John Avalos
David Campos
Carmen Chu
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Bevan Dufty
Sean Elsbernd
Eric Mar
Sophie Maxwell
Ross Mirkarimi

Dennis J. Herrera, City Attorney

José Cisneros, Treasurer

Public Utilities Commission

Ann Moller Caen, President

F.X. Crowley, Vice President

Francesca Vietor, Commissioner

Juliet Ellis, Commissioner

City and County Officials

Edwin M. Lee, City Administrator

Ben Rosenfield, Controller

Public Utilities Commission Staff

Edward M. Harrington, General Manager

Michael Carlin, Deputy General Manager & Chief Operating Officer

Tommy Moala, Assistant General Manager, Wastewater

Barbara Hale, Assistant General Manager, Power

Harlan Kelly, Jr., Assistant General Manager, Infrastructure

Ellen Levin, Acting Assistant General Manager, Water

Todd Rydstrom, Assistant General Manager, Business Services & Chief Financial Officer

Laura Spanjian, Assistant General Manager, External Affairs

Wastewater Annual Disclosure Report
Fiscal Year Ended June 30, 2008

The San Francisco Public Utilities Commission (SFPUC) hereby provides this Annual Disclosure Report for the fiscal year ending June 30, 2008 in connection with obligations undertaken pursuant to Continuing Disclosure Certificates for revenue bonds issued by SFPUC's Wastewater Enterprise, as provided in the table below. Audited Financial Statements for the years ending June 30, 2007 and June 30, 2008 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 Clean Water Revenue Bonds, 2003 Refunding Series A	\$396,270	January 28, 2003	January 14, 2003	US Bank	Continuing Disclosure Certificate, January 28, 2003

For the convenience of bondholders, the following table provides CUSIP numbers for revenue bonds outstanding as of June 30, 2008. No assurance as to the accuracy or completeness of such CUSIP numbers is given. The base CUSIP number for these bonds is

797709

Maturity October 1	Wastewater 2003 Refunding Series A
2008	AC6
2009	AD4
2010	AE2
2011	AF9
2012	AG7
2013	AH5
2014	AJ1
2015	AK8
2016	AL6
2017	AM4
2018	AN2
2019	AP7
2020	AQ5
2021	AR3
2022	AS1
2023	AT9
2024	AU6
2025	AV4

**SFPUC Wastewater Enterprise
Senior State Loans Repayment Obligations
and 2003 Bonds Debt Service Schedule¹**

Fiscal Year Ending June 30	Senior State Loans Repayment Obligations	2003 Bonds Debt Service			Combined Repayment Obligations And Debt Service
		Interest	Principal	Total	
		2009	16,505,199.52	14,645,925.00	
2010	16,505,199.52	13,182,700.00	37,130,000.00	50,312,700.00	66,817,899.52
2011	16,503,560.13	11,826,750.00	26,320,000.00	38,146,750.00	54,650,310.13
2012	10,982,878.69	10,958,850.00	22,010,000.00	32,968,850.00	43,951,728.69
2013	9,421,497.44	9,941,275.00	23,095,000.00	33,036,275.00	42,457,772.44
2014	9,040,461.34	8,754,025.00	24,395,000.00	33,149,025.00	42,189,486.34
2015	6,287,512.45	7,467,162.50	25,790,000.00	33,257,162.50	39,544,674.95
2016	5,267,635.74	6,072,893.75	27,325,000.00	33,397,893.75	38,665,529.49
2017	3,619,137.60	5,102,312.50	11,920,000.00	17,022,312.50	20,641,450.10
2018	1,751,426.36	4,518,918.75	12,575,000.00	17,093,918.75	18,845,345.11
2019	1,751,426.36	3,839,306.25	13,315,000.00	17,154,306.25	18,905,732.61
2020	1,751,426.36	3,119,137.50	14,120,000.00	17,239,137.50	18,990,563.86
2021	1,751,426.41	2,355,787.50	14,960,000.00	17,315,787.50	19,067,213.91
2022	-	1,567,212.50	15,835,000.00	17,402,212.50	17,402,212.50
2023	-	796,212.50	15,005,000.00	15,801,212.50	15,801,212.50
2024	-	359,100.00	2,610,000.00	2,969,100.00	2,969,100.00
2025	-	231,918.75	2,745,000.00	2,976,918.75	2,976,918.75
2026	-	83,362.50	3,510,000.00	3,593,362.50	3,593,362.50
Total	\$101,138,787.92	\$104,822,850.00	\$328,325,000.00	\$433,147,850.00	\$534,286,637.92

¹ Subordinate Debt: The Wastewater Enterprise maintains a \$150 million commercial paper program, which is subordinate to outstanding revenue bonds and senior state loans. As of March 30, 2009, \$100 million of commercial paper was outstanding.

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

**SFPUC Wastewater Enterprise
Summary of Sewer Accounts and Billing by User Type
Fiscal Year Ending June 30, 2008**

<u>User Type</u>	<u>Active Accounts</u>	<u>Billings (000s)²</u>	<u>Billings as Percent of Total</u>
Multi-Family Residential	38,607	\$59,682	31.0%
Single Family Residential	110,517	44,944	23.4%
<i>Subtotal Residential</i>	149,124	104,626	54.4%
Commercial	20,887	73,799	38.4%
Municipal Customers	1,775	7,005	3.6%
Special District	5	5,490	2.9%
Industrial	103	843	0.4%
Miscellaneous	23	502	0.3%
Suburban	17	2	0.0%
Total	171,934	\$192,267	100.0%

² Billings shown on a cash basis; revenues are on accrual basis in accordance with GAAP.

**SFPUC Wastewater Enterprise
Historical Sewer Rates
(Per Hundred Cubic Feet of Water Consumption)**

Fiscal Year Ending June 30,	Schedule A				Schedule B and C	
	Lifeline Rate ³		Regular Residential Rate		Non-Residential Rate ⁴ (Avg Effective Rate)	
	Rate (\$/Ccf)	% Increase	Rate (\$/Ccf)	% Increase	Rate (\$/Ccf)	% Increase
1996	1.77	5.35	4.58	8.53	5.00	0.00
1997	1.86	5.08	4.83	5.46	5.35	7.00
1998	1.86	0.00	4.83	0.00	5.35	0.00
1999	1.86	0.00	4.83	0.00	5.35	0.00
2000	1.86	0.00	4.83	0.00	5.35	0.00
2001	1.86	0.00	4.83	0.00	5.35	0.00
2002	1.86	0.00	4.83	0.00	5.35	0.00
2003	1.86	0.00	4.83	0.00	5.35	0.00
2004	1.86	0.00	4.83	0.00	5.35	0.00
2005	2.15	15.59	5.37	11.18	5.82	8.79

Note: On July 1, 2005 (FY 2005-2006), the SFPUC changed its basis of billing from water units to discharge units and implemented a three-tiered rate structure for residential customers to promote conservation. In addition, Schedules B and C were combined.

(Per Hundred Cubic Feet of Wastewater Discharge)

Fiscal Year Ending June 30,	Schedule A						Schedule B (Based on Domestic Strength)	
	Regular Residential Rate						Non-Residential Rate	
	Tier 1: First 3 Ccf		Tier 2: 4-5 Ccf		Tier 3: 6+ Ccf			
	Rate (\$/Ccf)	% Increase	Rate (\$/Ccf)	% Increase	Rate (\$/Ccf)	% Increase	Rate (\$/Ccf)	% Increase
2006	2.54	6.33	6.36	6.60	7.27	21.85	7.31	13.00
2007	2.88	13.40	7.19	13.10	8.22	13.10	8.26	13.00
2008 ⁵	3.14	8.00	7.84	8.00	8.96	8.00	8.80	6.50
2009	3.42	9.00	8.55	9.00	9.77	9.00	9.60	9.00

³ First 300 cubic feet (3 Ccf) of water consumption per dwelling unit per month billed at the lifeline rate and all excess use at the regular residential rate.

⁴ Reflects adopted rates.

⁵ Adjustment effective July 14, 2007.

**SFPUC Wastewater Enterprise
Historical Revenues, Operating and Maintenance Expenses and Debt Service Coverage
For Fiscal Years Ending June 30
(\$000s)**

	2004	2005	2006	2007	2008
Operating and Investment Revenues					
Sewer Service Charges	\$133,160	\$144,348	\$159,281	\$176,344	\$187,810
Other Revenues	4,646	4,540	5,422	5,692	6,181
Investing Activities	1,036	3,093	5,385	5,749	4,099
Capacity Fees ⁶	0	0	430	11,375	8,558
Total Revenue	\$138,842	\$151,981	\$170,518	\$199,160	\$206,648
Operating and Maintenance Expenses					
Salary and Fringe Benefits	\$37,221	\$37,782	\$44,798	\$58,789	\$69,383
Contractual Services	5,802	6,227	7,962	11,536	11,973
Materials and Supplies	7,142	8,283	8,565	9,526	9,539
Depreciation and Amortization	38,094	37,800	37,228	36,683	38,758
General and Administrative ⁷	20,294	22,249	13,725	4,143	1,719
Services of Other PUC or Other Departments	20,572	23,234	24,105	28,010	26,021
Other	791	3,715	4,571	2,913	7,852
Total O&M Expense	\$129,916	\$139,290	\$140,954	\$151,600	\$165,245
Operating and Investment Income	\$8,926	\$12,691	\$29,564	\$47,560	\$41,403
Coverage Calculation⁸					
+ Operating and Investment Income	8,926	12,691	29,134	47,560	41,403
+ Adjustment to Investing Activities ⁹	535	(256)	(361)	(959)	1,297
+ Depreciation and Non-Cash Expenses	38,304	39,504	38,643	37,461	40,395
+ Changes in Working Capital	4,538	3,192	(4,288)	(2,461)	6,223
+ SRF Loan Payments	(20,132)	(19,608)	(20,134)	(20,131)	(16,505)
= "Net Revenue"	32,171	35,523	43,424	61,470	72,813
+ Other Available Funds ¹⁰	31,684	14,392	21,497	35,691	22,931
Funds Available for Bond Debt Service	63,855	49,915	64,921	97,161	95,744
Revenue Bond Debt Service	\$18,506	\$17,742	\$17,219	\$50,712	\$51,659
Revenue Bond Debt Service Coverage (DSC) ¹¹	3.45x	2.81x	3.77x	1.92x	1.85x
Revenue Bond DSC as stated in previous years	2.80x	2.75x	3.47x	1.81x	n/a

⁶ Capacity Fees were reported as nonoperating revenue for the fiscal years presented above; implemented in 2006.

⁷ The decrease in G&A beginning in 2007 results from a reallocation of overhead expenses to various expense categories.

⁸ The Indenture defines Net Revenue on a cash basis.

⁹ Adjustment to Investing Activities and Revenue to a cash basis.

¹⁰ As per the Indenture, in addition to current year cash flow, the coverage calculation permits the inclusion of all funds not budgeted to be spent in such 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.

¹¹ Changes to prior year include addition of Capacity Fees, impacts on Changes in Working Capital in 2006, and addition of Other Available Funds legally available to pay debt service not previously identified.

Subsequent Event

a. **Wastewater Commercial Paper**

In February 2007, the SFPUC established a \$150,000,000 Commercial Paper Program for the Wastewater Enterprise. As of March 30, 2009, \$100,000,000 was outstanding.