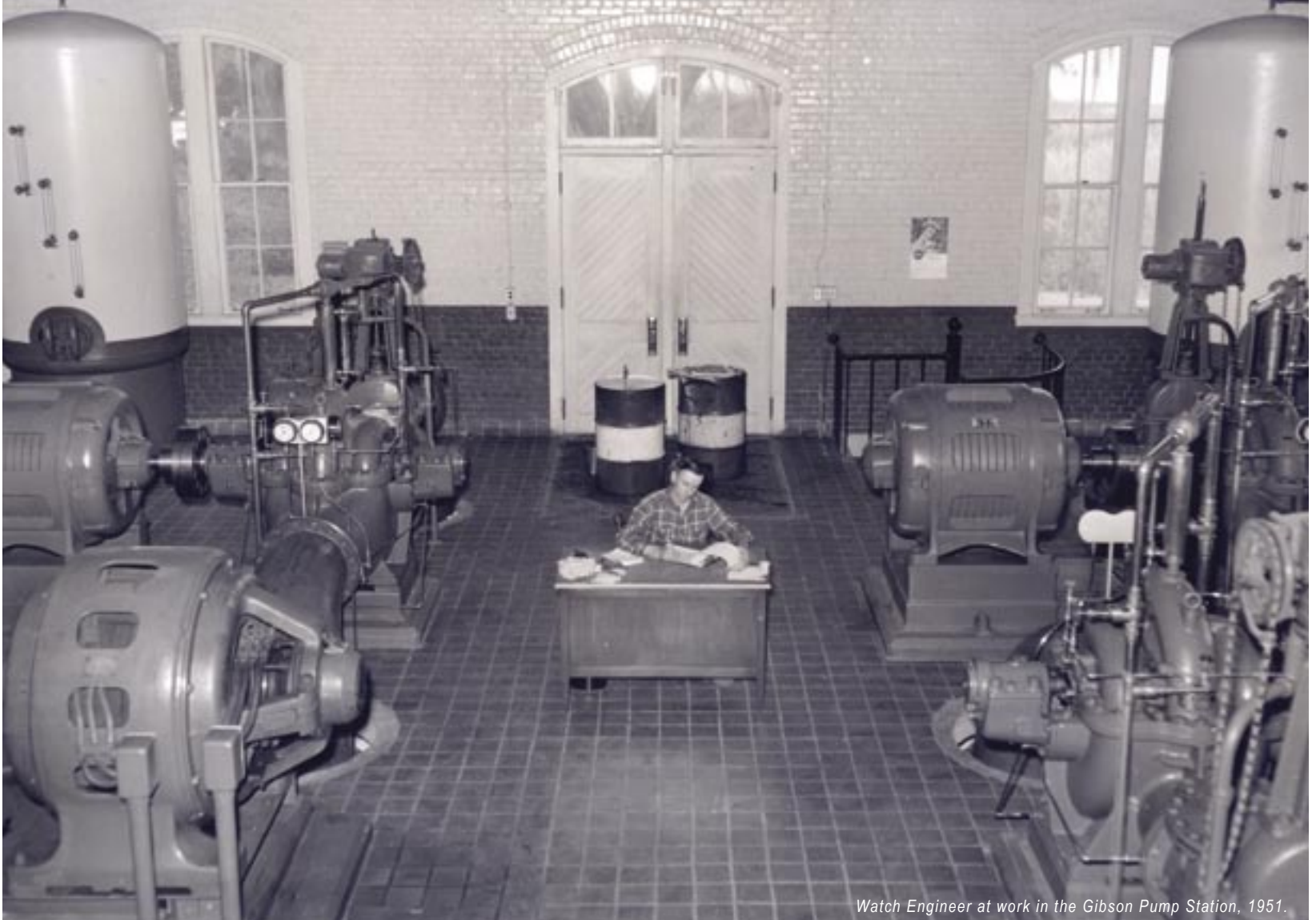


A CENTURY OF PROGRESS

Protecting public health and the environment, 1903 - 2004



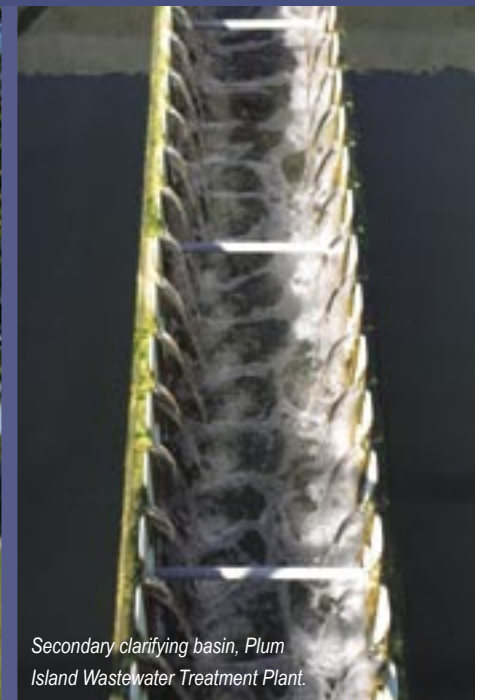
Watch Engineer at work in the Gibson Pump Station, 1951.

2004 Annual Report

Commissioners of Public Works
of the City of Charleston, SC



Original pump station building, now the Hanahan Water Treatment Plant administrative building.



*Secondary clarifying basin, Plum
Island Wastewater Treatment Plant.*

Message from the Board of Commissioners



Howard F. Burky
Chairman



Thomas B. Pritchard
Vice-chairman



David E. Rivers
Commissioner



Louis L. Waring
Charleston City Council



Joseph P. Riley, Jr.
Mayor, City of Charleston

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It is with great pleasure that we present to you our first-ever annual report, which we hope is successful in telling you at least a small part of our story over this past century. We believe it is a story worth telling to our valued customers and friends.

It has been said that you never know the worth of water until the well runs dry. For the large majority of Americans, safe drinking water and wastewater treatment are often taken for granted. But it is not this way in other parts of the world. According to the Stockholm Water Foundation, at least one billion people must walk three hours or more each day just to obtain water. Historic records show that more American soldiers died in the Civil War from waterborne diseases, such as cholera and typhoid fever, than in combat. So, although water and wastewater service has become an expectation

for many Americans, it is still a relatively modern concept that many people in the world do not enjoy.

In 1917, the Commissioners of Public Works of the City of Charleston was formed to provide water service to the citizens of Charleston. As the population expanded, CPW began providing water service to areas outside the city limits, and today, CPW provides safe, clean water to more than 400,000 people in the tri-county area. In 1970, CPW built the Plum Island Water Pollution Control Facility to begin treating wastewater, and today, the Plum Island plant provides efficient and effective wastewater treatment service to the City of Charleston and the towns of Hollywood, Folly Beach, Meggett, and the Public Service Districts of James Island and St. Andrews.

Since 1917, CPW has seen many changes in regulations, economic development, and population growth. Through all these changes, CPW has acted as a responsible community partner by improving our quality of life, providing infrastructure for economic development, and protecting the environment. As we strive to become a best-in-class utility, we remain fully dedicated to these causes.

Message from the Officers



Kin Hill, John Cook, Dorothy Harrison, William (Billy) Koopman

Dear Friends,

The Greater Charleston Community has a long and proud history of concern for the natural environment and safe, clean drinking water. Over the last 100 years, CPW's water and wastewater services have eradicated public health problems and improved the environment and quality of life in the City of Charleston.

Just forty years ago, before the existence of wastewater treatment, the Charleston Harbor was dangerously polluted and struggling to sustain the life it contained. Today, the Harbor is a thriving aquatic environment and a popular tourist destination. This dramatic transformation is a testament to the vital importance of wastewater treatment to the protection of public health and the environment.

It is this progress—the contrast between then and now—that we hope to communicate in this inaugural annual report. We have come a long way since our predecessor, the Charleston Light and Water

Company, established the city's modern public water system in 1903. In 1917, when the company's assets were transferred to CPW, we served only 7,000 water taps; today, CPW provides safe drinking water to nearly 100,000 accounts and sewer service to some 41,000 accounts. And we're still growing: in 2004, we installed more than 3,000 new services—the highest number in more than a decade. As our customer base continues to grow, we are utilizing new technology to increase efficiency, performing more work with less manpower.

As we look back on the progress of years past, we must prepare for future challenges. The war on terrorism presents a new and unique threat to our water supply that demands homeland security measures. Yet another challenge is the industry-wide concern for aging infrastructure and the tremendous cost burden associated with extensive capital improvements. One example is our aging wastewater tunnel system, which CPW is replacing through a \$120 million, five-phased project that will provide safe, efficient sewer service to

the citizens of Charleston for the next 100 years.

Our associates are prepared to meet the challenges to come, and as we continually improve our operations, we are motivated and encouraged by CPW's rich history of progress and innovation. We hope you, too, can appreciate this progress, knowing that we continue to work hard to provide the best possible service to our customers and community for generations to come.

Sincerely,

A handwritten signature in black ink, which appears to read "William E. Koopman". The signature is written in a cursive, flowing style.

William E. Koopman, General Manager

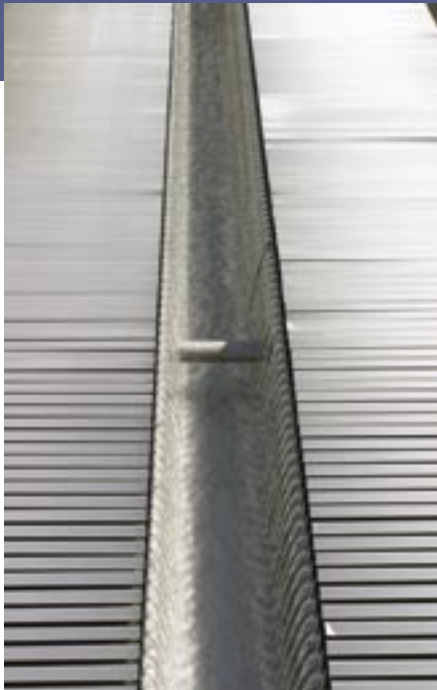
On Behalf of

John B. Cook, P.E., Asst. General Manager

Kin Hill, P.E., Director of Operations

Dorothy G. Harrison, Director of Administrative Services

A Progressive Utility



Settling plates at the Hanahan Water Treatment Plant.

Who we are

CPW is a publicly owned utility governed by a five-member board of Commissioners. Three members are elected at-large from the City of Charleston, and the Mayor of Charleston and the chairman of the City's Committee on Water Supply serve in ex-officio capacities. The Commissioners are voluntary public servants who do not receive compensation for their services.

The Board acts as an oversight and policy-making body and has full authority to approve contracts, purchase property, and authorize rate adjustments. A staff of 420 associates carries out CPW's daily operations.

CPW does not receive tax revenues to fund operations—all costs are funded by the sale of water and wastewater services, impact fees, and the sale of revenue bonds.

What we do

CPW provides water and wastewater service to more than 400,000 people, including wholesale service to several municipalities in the Greater Charleston area. CPW operates one water treatment plant, two wastewater treatment facilities, numerous water storage tanks and pump stations, and thousands of miles of water and sewer mains.

A nationally recognized leader in the water and wastewater industry, CPW was the first water and wastewater utility in the nation to earn registration under the International Organization for Standardization (ISO) through the implementation of an Environmental Management System. CPW's Hanahan Water Treatment

Plant, the largest capacity water plant in the state, is a member of the prestigious Partnership for Safe Water—a voluntary program for utilities that choose to exceed national regulatory standards for water treatment. Our Plum Island Wastewater Treatment Plant is the recipient of the Association of Metropolitan Sewerage Agencies' (AMSA) Platinum Award for perfect permit compliance for five consecutive years.

Our Business Philosophy

At CPW, our business philosophy is simple: we strive to provide the best possible service at an affordable cost. Central to that effort is the concept of continual improvement of the environment and public health, which we accomplish through benchmarking, research, and innovative problem solving. We recognize the importance of providing educational and networking opportunities to our associates through job training, continuing education programs, and participation in industry organizations.

Through strategic planning and the implementation of effective management systems, we have increased efficiency, improved service, and grown in our role as a responsible member of the Charleston community. Above all, we recognize our obligation to operate in the best interest of our ratepayers, and to preserve the community's water resources for the benefit of generations to come.



Secondary clarifying basins at the Plum Island Wastewater Treatment Plant.

A History of Progress



The original Hanahan Steam Pumping Station, pictured here in 1905. The building was refurbished in the 1980s and now houses the plant's administrative offices and laboratory.



Construction of the Plum Island Wastewater Treatment Plant , 1968.

Water supply

Since the first settlers arrived in the Lowcountry in the late 1600's, the availability of clean, safe drinking water has played an important role in shaping the growth and development of the Lowcountry. In fact, early settlers relocated from the original Charles Towne settlement on the west banks of the Ashley River to the City's current location on the Peninsula in part because of the more abundant water supply.

Charleston's modern public water system began with the drilling of deep artesian wells, which provided an abundant source of clean drinking water through the last quarter of the nineteenth century. But by the early 1900s, the wells proved inadequate to serve the demands of the growing population, and the City began looking for another water supply. Then, in 1903, in an effort to land a naval shipyard in Charleston, the City contracted the Charleston Light & Water Company to build the Goose Creek Reservoir and a pumping station. In addition to providing a plentiful supply of water to the shipyard, the City believed the reservoir could provide the citizens of Charleston with drinking water. So in 1917, the City purchased the reservoir and pumping station for \$1.36 million and established the Commissioners of Public Works to operate the public water system.

In the years since, CPW has found additional water sources in the Edisto River and the Bushy Park Reservoir, and has expanded the original Hanahan Steam Pumping Station into a state-of-the-art water treatment plant, enabling CPW to provide the City of Charleston and neighboring municipalities with an abundant source of clean, safe drinking water.

Wastewater Treatment

In the early 1960s, in the midst of the growing concern about water pollution, CPW took ownership of the City sewer system. Decades of dumping raw sewage and industrial waste into the Harbor culminated in massive fish kills that gained much publicity in the mid-1960s, resulting in state and federal legislation requiring municipalities to treat sewage before discharging it back into the environment.

With the construction of the Plum Island Wastewater Treatment Plant and a deep sewer tunnel system to connect sewer lines to the plant, CPW began treating wastewater in 1971, and in the years since has expanded and upgraded plant processes to produce an effluent that is cleaner than the receiving Harbor water. The dramatic improvement in water quality since 1970 is a testament to the critical need for wastewater treatment to protect the community's water environment.

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1668 First settlers arrive at Charlestowne Landing.

1823



The city begins drilling deep artesian wells to obtain clean drinking water.

1879 The Charleston Water Works Co. obtains a franchise to operate the City's public water system.

Improving Our Environment



Tidal waterways snake through the Lowcountry landscape.



In 1999, CPW became the first water and wastewater utility in the nation to earn certification under ISO 14001.

In 1999, CPW became the first water or wastewater utility in the country to attain registration under ISO 14001, the environmental management standard of the International Organization for Standardization (ISO).

What is an Environmental Management System?

An EMS is a management structure that addresses the immediate and long-term impacts of a company's products, services, and processes on the environment. ISO 14001 is recognized worldwide as a standard of excellence for an organization to allocate resources, assign responsibilities, and continually improve practices—all with the goal of enhancing the environment. It is the standard also recognized by the U.S. Environmental Protection Agency (EPA) as a means for the growing focus on prevention of pollution rather than pollution control, and EPA has recognized CPW as a leader in this field.

Benefits of an EMS

Implementation of an EMS has allowed CPW to increase cost effectiveness, environmental compliance, and efficiency while reducing hazard liabilities and promoting technological advances. Additionally, the effort and expertise required to earn certification demonstrates to our customers, stakeholders, and the community that we are committed to protecting the environment.

Recycling

CPW is committed to recycling everything from metal to paper and other waste products. In fact, CPW recycled some 28 million pounds of aquatic debris removed from the Goose Creek Reservoir by turning it into mulch. Another one million pounds of concrete from the demolition of the former St. Andrews wastewater treatment plants was used to help build an artificial reef off the coast of Kiawah Island.

1903



The Charleston Light & Water Co. builds the Goose Creek Reservoir and a pumping station to provide water to the naval ship yard.

1917

The City of Charleston purchases the Goose Creek Reservoir and Hanahan pumping station for \$1.3 million, and forms the Commissioners of Public Works to operate the City's water system.

1928



Construction begins on the 23-mile Edisto Tunnel to supply the Hanahan Plant with raw water from the Edisto River. The tunnel was completed in 1937.

Providing Safe Drinking Water



The sedimentation basins at CPW's Hanahan Water Treatment Plant.

CPW is proud to produce safe, clean drinking water that exceeds all state and federal regulatory requirements. Our Hanahan Water Treatment Plant, located on the banks of the Goose Creek Reservoir, treats water drawn from the Edisto River and Bushy Park Reservoir by coagulation, sedimentation, filtration, and disinfection before it is pumped into the water distribution system for delivery to customer taps. CPW produces an average of 50 million gallons of drinking water per day (mgd), but has a maximum permitted capacity of 118 mgd.

Partnership for Safe Water

CPW is a member of the prestigious Partnership for Safe Water, a voluntary program sponsored by the US Environmental Protection Agency, the American Water Works Association (AWWA), and other drinking water organizations for utilities dedicated to improving treatment processes beyond federal and state requirements. CPW is one of 240 utilities nationwide participating in the program, and in 2003, received the Director's Award for successfully completing Phase III of the program—the rigorous

self-evaluation process. Additionally, the EPA recognized CPW's compliance record, innovative practices, and environmental management excellence in 2000 with the Excellence Award for large water utilities in Region IV.

Laboratory

Our laboratory is certified by the South Carolina Department of Health and Environmental Control (DHEC) and is equipped with advanced instrumentation such as Gas and Ion Chromatographs, an Atomic Absorption Unit, and Total Organic Carbon analyzers to ensure our water is safe and meets all EPA guidelines. In 2004, CPW tested more than 46,000 samples for some 600 different compounds.

Preparing for future regulations

CPW continues to study disinfection process improvements that will ensure compliance with future EPA regulations. Currently, the plant uses chloramines, a combination of chlorine and ammonia, for disinfection, but CPW staff is working with consulting engineers to determine if chlorine dioxide may be used as the

primary disinfectant. One advantage of using chlorine dioxide is the reduction of disinfectant by-product formation.

Homeland security

In compliance with the Bioterrorism Act passed by Congress after 9/11, CPW completed a Vulnerability Assessment in March 2003 and plans to spend \$7.5 million on such security improvements as increased monitoring for toxic chemicals and additional advanced site security at our various facilities. CPW maintains detailed emergency response plans and our Supervisory Control and Data Acquisition (SCADA) computer system provides real-time monitoring and control operations for the plant and water distribution system.

1945



The Hanahan plant undergoes a major expansion, including the addition of a new filter plant and pump building.

1954



Completion of a seven-mile tunnel from the new Bushy Park Reservoir at Foster Creek to the Goose Creek Reservoir provides CPW with another raw water source. The tunnel was named for Francis McDowell, CPW's second Manager/Engineer.

Delivering Clean Water to Our Customers



Chemist Gina Anderson runs a sample at CPW's DHEC-certified laboratory.



UDF Foreman Chris Dorn flushes a water main.

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CPW's Water Distribution Department manages the delivery of drinking water to nearly 100,000 accounts. The distribution system includes 1,500 miles of water mains ranging in size from two inches to 54 inches in diameter, seven pump stations, and four distribution storage tanks. New technology, such as a computerized hydraulic model of the distribution system, is enabling our engineers to more accurately determine new infrastructure needs and reduce vulnerability to chemical contamination.

Focusing on preventative maintenance

CPW's aggressive water main repair and replacement program has effectively lowered the number of water main leaks and breaks, which reduces corrective maintenance expenses and helps prevent service interruptions. In 2004, crews replaced more than 15,000 linear feet of water mains.

In order to keep water mains in peak operating condition, CPW has a crew dedicated to unidirectional flushing (UDF), a process of "cleaning" water mains by systematically flushing fire hydrants to increase velocity and flush out any sediment build-up inside the mains.

Ensuring superior fire protection

CPW works closely with fourteen area fire departments to ensure optimum fire protection in the tri-county area. CPW's close coordination with the City of Charleston Fire Department helped earn the agency the highest possible national ranking (Class I) from the Insurance Services Office for fire protection. To earn this distinction, a fire protection agency must have dependable water service, sufficient fire hydrant flow rates, and demonstrate coordination with its water provider. Charleston is

one of only 27 municipalities nationwide to earn a Class I rating, which helps keep residential and commercial fire insurance rates to a minimum.

A leader in cross connection control

In order to prevent contamination through cross connections, all new services are required to be equipped with backflow prevention devices. Several CPW staff members are dedicated to investigating and eliminating potential cross connections. Since this program began more than twenty years ago, it has become a national model for cross connection control programs and CPW has not had a single documented backflow incident resulting in contamination of the water distribution system.

1961 CPW assumes operation of the City's sewer system.

1963 The SC legislature passes the "Charleston harbor pollution law," requiring municipalities to begin treating wastewater by 1970.

1968



CPW begins construction of the Plum Island Pollution Control Plant and a deep sewer tunnel system. The plant went on-line in 1970.

Returning Clean Water to the Environment



Wastewater effluent is disinfected in the chlorine contact tank before being released into the Charleston Harbor.

CPW's Plum Island and Daniel Island wastewater treatment plants clean an average of 22 million gallons and 300,000 gallons of wastewater a day, respectively. Both plants consistently produce high quality effluent that exceeds regulatory requirements, and play a major role in protecting the quality of our watershed. In fact, Plum Island has received the Association of Metropolitan Sewerage Agencies (AMSA) Platinum Award for perfect permit compliance for the last five years. CPW is also the recipient of AMSA's Excellence in Management Award for progressive management initiatives.

The treatment process

CPW's wastewater treatment plants clean polluted water by speeding up the biological process in which naturally occurring microorganisms grow and digest pollutants in the water. The plant staff continuously monitors each step of the treatment process to ensure it is effective and efficient. The treated water is test-

ed daily to verify that clean water is being discharged into the Harbor and that it meets or exceeds the requirements set by the state Department of Health and Environmental Control.

Improving plant operations

The implementation of an Environmental Management System (EMS) has precipitated improvements in almost every aspect of plant operations. By considering the full impact of the treatment plant on the environment, Charleston CPW has made improvements in areas of effluent quality, plant safety, chemical handling, and spill control. For example, the plant no longer uses gaseous chlorine to disinfect the treated wastewater. Instead, high-strength bleach, which is made on-site from salt and water, is used to kill any disease-causing organisms in the treated water. This change eliminates the possibility of a chlorine gas leak, which could cause harm to residents and wildlife near the plant. Other improvements include the implementation of

the Supervisory Control and Data Acquisition (SCADA) computer system, which allows operators to monitor plant performance from a central location and make necessary adjustments for optimum treatment. In addition, CPW has replaced outdated belt presses used to remove excess water from the sludge removed during the treatment process. New rotary press machinery will remove more water from the sludge, resulting in lower landfill disposal costs, reduced energy costs, and lower maintenance costs.

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1968



CPW celebrates the installation of its 50,000th water meter.

1972

Congress passes the Clean Water Act.

1974

Congress passes the Safe Drinking Water Act.

Safe, Efficient Wastewater Collection



Monitoring operations at the Plum Island Plant using the SCADA system.



Vactor truck (top). Inspecting a sewer line using a remote-controlled video camera (bottom).

The safe, efficient collection of wastewater is vital to the protection of public health and the environment. CPW's sewer system collects more than 22 million gallons of wastewater every day for transport to the Plum Island and Daniel Island treatment plants. Our Wastewater Collection Department manages some 460 miles of sewer lines, 185 pump stations, and 8,500 manholes. In order to prevent wastewater from escaping into the environment and storm water from flooding the system, crews continually inspect the system for cracked manholes, damaged pipes, and improper connections. Identifying and eliminating sources of infiltration (groundwater) and inflow (rainwater) help prevent sewer system overflows while lowering flows at the treatment plants, thereby reducing treatment costs.

Inspecting sewer lines

Using remote, closed-circuit video cameras, CPW systematically inspects sewer lines to gather information on pipe conditions. This information is used to prioritize repair work and document details about the collection system.

Preparing for CMOM

The Environmental Protection Agency (EPA) has established a "best management practices" program for wastewater collection operations, titled *Capacity, Management, Operation & Maintenance* (CMOM). This program encourages utilities to establish comprehensive programs to ensure continued capacity, best management practices, proper operations, and proactive maintenance of facilities. CPW's staff has worked to strategically plan and prepare for this "best-in-class" program.

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1985



CPW moves into its new administrative office building on St. Philip Street, after nearly 70 years in the historic Middleton-Pinckney mansion at 14 George Street.

1992

As the US EPA prepares to promulgate the new Lead and Copper Rule, CPW is found to have the highest lead levels in the nation (due to a high percentage of historic homes). After an extensive in-house study, CPW begins using orthophosphate to prevent lead leaching, and within two years, is in compliance with the Rule.

Preparing for the Future



Breaking ground on the Peninsula Sewer Tunnel System, February 2004.

As the Charleston area continues to grow, so does the demand for CPW services. In order to continue to provide the highest level of service, our water and wastewater infrastructure must be extended, upgraded, and improved to meet the demands of current and future growth. CPW's Design and Construction Department is charged with planning, design, and construction management associated with capital improvement projects. Master planning for capital improvement needs and long-term ratemaking is a critical aspect of this work.

Wastewater Tunnel Replacement Project

CPW is in the midst of one of the largest and most complex projects in our history—replacing the deep sewer tunnel system in downtown and West Ashley. The tunnel system was built in the late 1960s to collect untreated wastewater from near-surface sewer lines and transport it to the Plum Island plant for treatment. Over time, corrosion has weakened the tunnel structure, producing holes in the carrier pipe and causing numerous cave-ins; repairs completed by divers proved to be costly and dangerous, so in 2001, CPW joined with the US Army Corps of Engineers and consulting engineers to replace the entire tunnel system. CPW completed Phase I in 2002 and began construction on Phase II in March 2004. Once complete, the new tunnel system will guarantee safe, efficient wastewater service and protection of the environment for the next 100 years.

Sampling of 2004 Capital Projects

- Geographic Information System (GIS) development
- Daniel Island water main extensions
- Azalea Avenue and Dorchester Road water main improvements
- Grimball Road storage tank pump improvements
- Hanahan Plant security improvements
- New sedimentation basins, Hanahan Plant
- Residuals handling buildings with centrifuges, Hanahan Plant
- Wastewater pump station improvements
- Sodium hypochlorite disinfection equipment, Plum Island plant
- Centrifuge and Rotary presses for sludge dewatering, Plum Island plant
- New solids handling building with rotary presses, Daniel Island plant
- Daniel Island plant expansion
- Sewer system infiltration & inflow abatement (smoke testing, repairs)

1993



The 0.25 mgd Daniel Island Wastewater Treatment Plant goes on-line.

1998



CPW's Water Distribution Department earns ISO 14001 certification, and a year later, the entire utility becomes the first water and wastewater utility in the nation to earn certification.

Serving Our Customers and Our Community



Students learn about wastewater treatment at a CPW booth during an educational festival.



Plum Island Maintenance Supervisor Al Johnson speaks with high school students at a career fair.

Central to our mission of protecting public health and the environment is providing our ratepayers with convenient and responsive customer service. CPW began accepting online bill payments in 2003, and our call center implemented a powerful new phone system in 2004, which has reduced hold times and enabled more targeted customer service.

Automated Meter Reading

In 2003, CPW began pilot testing Automated Meter Reading (AMR) equipment, which automatically sends meter reads to a vehicle-mounted laptop computer. This technology allows meter readers to obtain readings by simply driving by customer homes and businesses. Pilot testing of 2,000 AMR units resulted in more accurate reads while also increasing productivity and revenue. CPW is planning another phase of pilot testing, and is researching the potential uses of more advanced AMR features, including remote-read technology.

Good Neighbor Program

CPW has partnered with the Charleston County Human Services Commission to help low-income families pay their water bill. The program is funded by customer donations and administered by the Human Services Commission.

Community Outreach

To educate our customers about their drinking water and how they can help protect our water resources, CPW participates in numerous community events, school career days, and other educational events. In addition, CPW participates in the annual Trident United Way fundraising campaign, the annual Day of Caring, and the American Heart Association Run/Walk.

1998



CPW begins replacing the sewer tunnel system, originally built in 1968, because of severe deterioration inside the tunnel.

2000

CPW receives the EPA Region IV Safe Drinking Water Act Excellence Award.

2004

CPW earns the Partnership for Safe Water's prestigious Director's Award for exceeding regulatory requirements.

The People Behind Our Progress



Senior Systems Operator Joel Larkin keeps watch over CPW's network in the Computer Room; Cross Connection Inspector Randy Hunt checks a backflow preventor, and Customer Service Supervisor Myra Miller-Davis helps a customer from the Call Center.

Our knowledgeable and dedicated associates are CPW's most vital asset. Our administrative staff, which includes more than 200 associates in our customer service, finance, accounting, purchasing, human resources, internal auditing, information services, engineering, operations support, inventory, and meter reading and service departments, provide vital support services that enable our operational departments to provide quality and efficient service to our customers.

Risk Management and Safety

CPW is committed to ensuring the safety and health of all associates. Our safety and health program includes a Drug Free Workplace Program, a Health and Wellness Program, Department of Transportation (DOT) Drivers Program, and a Safety Committee. The Safety Committee meets once a month to review company-wide safety and health issues such as monthly safety inspections, safety training, and incentive awards. CPW has twice received the SC Department of Labor, Licensing, and Regulation **Safety Achievement Award** for one million work hours with no lost time injuries (1996 and 1998).

Improving Performance through Knowledge Sharing

At CPW, we believe in pursuing continual improvement through benchmarking, research, and industry involvement. CPW associates are actively involved in professional organizations, including the American Water Works Association, the Association of Metropolitan Sewerage Agencies, the Water Environment Federation, and many more. These organizations and their respective publications serve as forums for the exchange of ideas and methods that can help improve efficiency and treatment processes. CPW places emphasis on research and innovation, and our associates have led or participated in several grant-funded research projects, including an ongoing project with a major university and research firm to develop an early warning system for water distribution networks.

J. Ross Hanahan, CPW's first Chairman, served on the Commission from 1917 to 1923. Mr. Hanahan helped negotiate the City's purchase of the Goose Creek Reservoir and pumping station. In honor of his efforts, the pumping station was named for Mr. Hanahan.



James E. Gibson, CPW's first Manager/Engineer, led the Commission from 1917 through 1947. Among Mr. Gibson's many achievements was the design and construction of the Edisto Tunnel to provide CPW with a new water source.

Financials

Comprehensive Annual Financial Report

More detailed financial information is available in CPW's Comprehensive Annual Financial Report (CAFR), for which CPW has received the Government Finance Officers Association's (GFOA's)

Certificate of Achievement for Excellence in Financial Reporting for the last 16 years. This report is available online at www.charlestoncpw.com.

Condensed Financial Statements			
Condensed Balance Sheet			
	2004	2003	2002
Assets			
Current assets and restricted assets	\$ 203,882,674	\$ 223,016,869	\$ 146,368,165
Noncurrent assets:			
Capital assets, net of depreciation	522,747,248	446,979,397	436,102,200
Construction in progress	65,715,600	103,919,230	83,559,202
Other Assets	4,038,228	4,344,399	3,858,681
Total Assets	\$ 796,383,750	\$ 778,259,895	\$ 669,888,248
Liabilities			
Current liabilities	\$ 9,046,288	\$ 8,923,130	\$ 11,290,780
Liabilities payable from restricted asset	18,584,944	17,664,307	17,722,872
Noncurrent Liabilities	354,673,474	364,571,933	282,615,443
Total Liabilities	\$ 382,304,706	\$ 391,159,370	\$ 311,629,095
Net assets			
Invested in capital assets, net of related debt	\$ 275,574,087	\$ 255,136,560	\$ 228,861,643
Restricted for capital projects, debt service and other purposes	30,097,599	32,157,841	28,834,353
Unrestricted	108,407,358	99,806,124	100,563,157
Total Net Assets	\$ 414,079,044	\$ 387,100,525	\$ 358,259,153
Total Liabilities and Net Assets	\$ 796,383,750	\$ 778,259,895	\$ 669,888,248

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Condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets			
	2004	2003	2002
Operating Revenue			
Water, sales and service	\$ 39,838,444	\$ 36,475,111	\$ 37,370,319
Wastewater, sales and service	29,915,409	27,469,715	27,287,040
Other operating revenues	3,171,318	2,914,558	2,767,463
Total Operating Revenues	72,925,171	66,859,384	67,424,822
Operating Expenses			
Expenses before depreciation	37,006,571	35,485,438	35,255,231 *
Depreciation	13,221,294	12,337,544	12,018,947
Total Operating Expenses	50,227,865	47,822,982	47,274,178
Operating Income	22,697,306	19,036,402	20,150,644
Non-operating Revenue (Expenses), Net	(13,045,959)	(12,508,653)	(11,402,668) *
Income before Contributions	9,651,347	6,527,749	8,747,976

Capital Contributions

Cash (impact, tap and engineering fees)	12,320,978	13,950,719	8,399,917
Grant reimbursements	-	113,756	247,446
Contributed systems	6,763,186	8,249,148	18,176,400
	<u>19,084,164</u>	<u>22,313,623</u>	<u>26,823,763</u>
Extraordinary Item	<u>(1,756,992)</u>	<u>-</u>	<u>-</u>
Increase in Net Assets	26,978,519	28,841,372	35,571,739
Beginning Net Assets	<u>387,100,525</u>	<u>358,259,153</u>	<u>322,687,414</u>
Ending Net Assets	<u>\$ 414,079,044</u>	<u>\$ 387,100,525</u>	<u>\$ 358,259,153</u>

Selected Data for Analysis

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Employees at year end	422	422	423
Active Customer accounts at year end:			
Water	95,674	93,108	90,104
Wastewater	41,543	41,284	39,469
<u>Water sales and service</u>	\$ 39,838,444	\$ 36,475,111	\$ 37,370,319
<u>Wastewater sales and service</u>	\$ 29,915,409	\$ 27,469,715	\$ 27,287,040
<u>Average per employee:</u>			
Total operating revenues	\$ 172,808	\$ 158,435	\$ 159,397
Total operating expenses	\$ 119,023	\$ 113,325	\$ 111,759
<u>Ratio of Operating Revenues to:</u>			
Operating expenses	1.45	1.40	1.43
Operating expenses net of depreciation	1.97	1.88	1.91
Total assets	0.09	0.09	0.10
<u>Debt related ratio:</u>			
Liabilities to net worth	0.92	1.01	0.87
<u>Liquidity ratio:</u>			
Current ratio	7.38	8.39	5.04
<u>Profitability Ratios:</u>			
Return on assets	3.39%	3.70%	5.31%
<u>Debt service coverage</u>	216%	194%	185%

* Transfers to primary government were reclassified as an operating expense and noted as an intergovernmental fee.



Commissioners of Public Works of the City of Charleston, SC

103 St. Philip Street • P.O. Box B • Charleston, SC 29402 • (843) 727-6800
www.charlestoncpw.com

Elegant landscaping at the Hanahan Water Treatment Plant, 1939.

Edisto Tunnel bid opening, 1928.



Hanahan, 1920.



Original steam pump, c. 1920.



Inside original sewer tunnel, 1970.

