



MASSACHUSETTS WATER RESOURCES AUTHORITY
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RATE RELIEF

A periodic report from the Massachusetts Water Resources Authority

WELCOME TO RATE RELIEF

All over America, the costs of providing clean, safe drinking water and environmentally sound sewage treatment are creating a crisis of affordability. The problem is especially acute for customers of the Massachusetts Water Resources Authority, which is modernizing water and sewer systems to comply with environmental requirements and a federal court order. The MWRA, which provides water and sewer services to 2.5 million people and 5,500 businesses, is launching this publication to help provide information about escalating water/sewer fees, efforts to provide rate relief and suggestions as to how customers can become involved in finding solutions. *Rate Relief* will provide up-to-date reports on activities of the MWRA and others to increase the level of state and federal funding and other rate relief steps necessitated by the new Deer Island sewerage plant for Boston Harbor, Safe Drinking Water Act compliance projects and other important regional water and sewer infrastructure needs. We at MWRA recognize that rate relief is our most important priority. By sharing all of our efforts to slow rate growth, we hope to speed our mission of improving the environment and contributing to economic development.

Douglas B. MacDonald
Executive Director

WHY THE HIGH COST?

In this first issue, *Rate Relief* explains the basis for MWRA water and sewer charges, and the reasons for the increases.

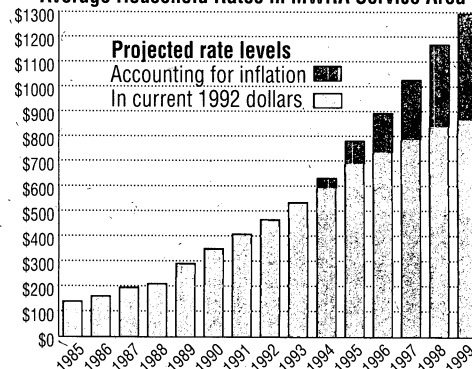
Ratepayers in the MWRA communities paid artificially low fees for water and sewer services for many years because the pipes, pumping stations and treatment plants were not being sufficiently maintained and upgraded. For 20 years before the MWRA was founded, the MDC spent an average of only \$11 million a year on capital investment in the basic water and wastewater infrastructure for its service area. By contrast in 1993, the MWRA will spend \$781 million on rebuilding its service delivery system. Rates that were among the nation's lowest in 1986 (\$140 per year for the average household) have now risen to among the highest (\$535 per year). Without rate relief, rates are projected to climb to \$864 in today's dollars or \$1,296 by 1999 when the effect of inflation decreases the purchasing power of the dollar.

The MWRA raises money to fund capital projects by issuing bonds (\$1.9 billion

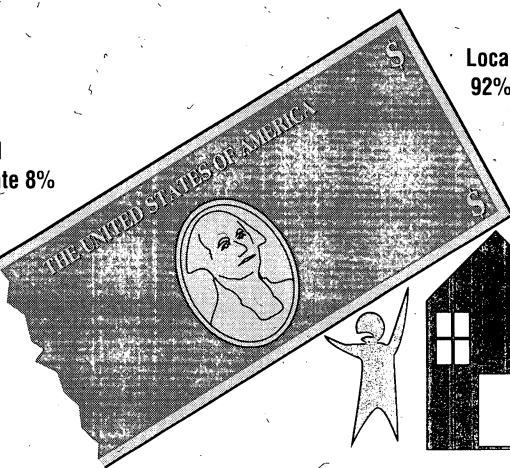
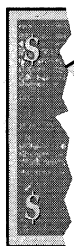
to date) to institutional and individual lenders.

Debt service on the bonds (recurring payments of interest and principal to pay off the bonds) to finance MWRA projects has become the biggest single item in the budget. New debt service will be added because, altogether between 1993 and 1999, the MWRA plans to spend \$3.2 billion on the Boston Harbor Project and other wastewater improvements and \$1.2 billion on waterworks. Debt service will grow from \$174 million in 1993 to \$573 million in 1999.

Average Household Rates in MWRA Service Area



Federal and State 8%

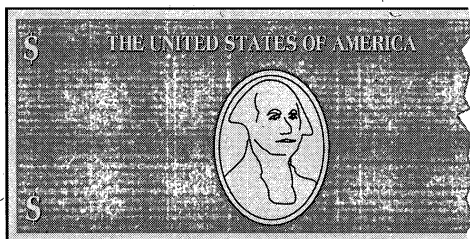


Local 92%

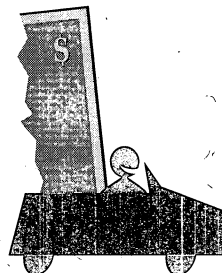
Boston Harbor Project

Because the court ordered Boston Harbor Project began after federal funding for Clean Water Act projects expired, an estimated 92% of the project will be paid for by ratepayers unless more sources of funding become available. This figure contrasts sharply with the Central Artery/Third Harbor Tunnel Project: An estimated 87% of the cost of artery construction will come from federal funding and only 13% from state taxes.

State 13%



Federal 87%

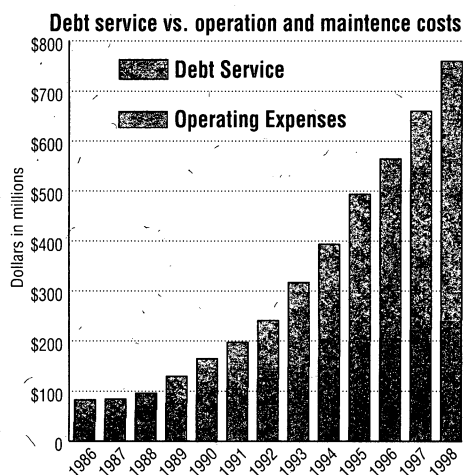


Central Artery Project



WHAT WE'RE DOING

Rate affordability is the Authority's most pressing priority. The MWRA is working with the state's Washington delegation and with state lawmakers to pass rate relief legislation, and has joined coalitions of other communities with the same goal. We are asking members of the business community, environmental organizations and other constituent groups to support our efforts to control the growth of rates. We support the MWRA Advisory Board's aggressive efforts to educate our elected officials about the importance of rate relief, including formation of an MWRA caucus at the State House. We are also communicating with the Clinton/Gore transition team to make sure water projects are included in any plans to jump-start the economy.

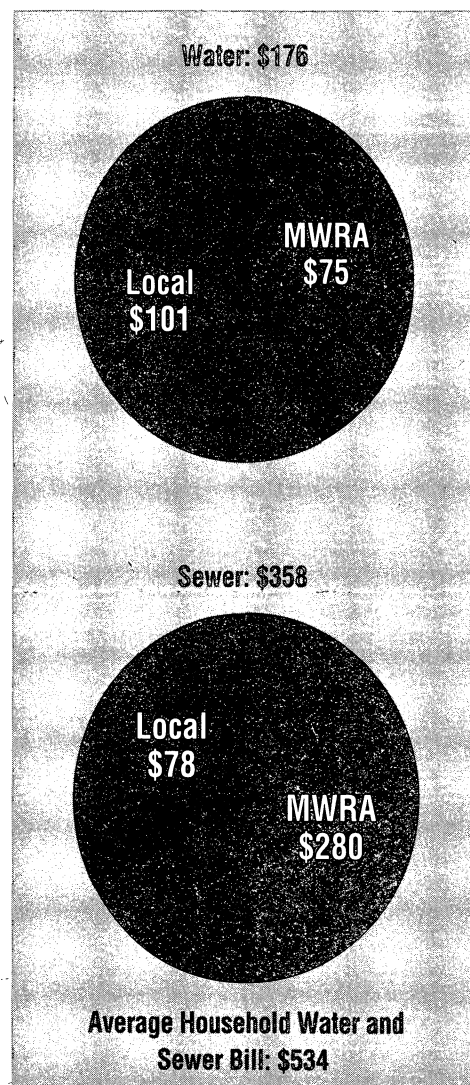


FIGURING YOUR BILL

The MWRA provides wholesale water and sewer services to 61 cities and towns. The communities, in turn, distribute water from MWRA regional supplies to homes and businesses and then pipe sewage and street runoff to MWRA interceptors to be taken to sewage treatment plants.

The MWRA's water bill to your community is based on the metered amount of water supplied to the town. The sewer charges are calculated on the population of a community plus the "population equivalents" of industry—a method used to estimate how much sewage or wastewater comes from large users such as office buildings, industries, hospitals and universities. A committee of the MWRA Advisory Board is studying whether changes ought to be considered for the Authority's sewer rate methodology.

The bill you get from your community includes costs of both the MWRA regional system and the expenses for the operations, maintenance and rehabilitation services provided by your city or town. Rates and billing frequency vary from community to community. Some offer discount rates to the elderly. Most communities base both the water and sewer portion of the retail bill on the amount of water they supply to a home or business. Call the number on your bill if you have questions about your bill or specific local services.



COMING NEXT TIME

We'll tell you how to participate in efforts to support rate relief legislation pending in Massachusetts and Washington. Rate Relief will suggest ways that you and your community can get involved.

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RATE RELIEF STRATEGY

(1) Manage MWRA Spending

The MWRA must ensure that its operating and capital costs are kept to a minimum and that public trust is maintained so every ratepayer dollar will truly add to the value of water and sewer services. The Advisory Board is currently conducting a thorough independent review of both the MWRA's Current Expense Budget and three-year Capital Improvement Program. Through cost-savings and schedule changes, the MWRA has already revised its capital spending projections down by \$1.3 billion.

(2) Increase Federal Funding for Clean Water Act and Safe Drinking Water Act Mandates

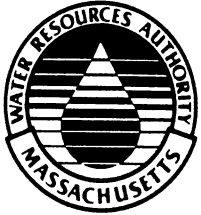
We will target \$200 million in grant funding for the Boston Harbor Project in the federal FY 1994 budget appropriations process. We also need long-term financing for clean water projects through new Clean Water and Safe Drinking Water Act grant programs, and at least one third of any new economic stimulus package for water infrastructure projects.

(3) Obtain State Debt Service Assistance

The key to immediate rate relief is state debt service assistance which can be applied directly toward offsetting the ratepayers' costs of capital borrowing for water and sewer projects. Legislation has been filed for the 1993 session to provide this funding for MWRA projects and others throughout the Commonwealth. The MWRA is calling for state rate relief for MWRA customers in the amount of \$20 million in FY 1994, \$30 million in FY 1995, and \$40 million in FY 1996.

(4) Fund a New Aqueduct with State Assistance

Greater Boston is one of the only metropolitan areas in the country with a single major supply aqueduct for potable water--the Hultman Aqueduct. A vital, but expensive, new tunnel is currently planned to provide redundant service. Construction of the second aqueduct is an essential economic life insurance policy for all of Massachusetts. Therefore the Commonwealth should fund at least 75% of this capital outlay, beginning in FY 1995.



RATE RELIEF

Federal funding for clean water mandates

The MWRA's Boston Harbor Project to construct new sewage treatment facilities on Deer Island is the largest public works project in New England. Financing its multi-billion cost, along with other water and sewer infrastructure projects, has imposed major rate increases on the more than two million people served by the MWRA water and sewer system.

Federal environmental laws require MWRA to build this and other expensive projects. Communities elsewhere in the United States received as much as 75% federal grant funding for compliance with federal secondary treatment requirements and state water quality standards. The federal government has committed about 8% of the costs of the federally mandated water and sewer projects.

MWRA's ratepayers must have more help in bearing the cost of these projects to avoid a crisis of affordability. The MWRA is proposing a three-pronged approach to federal funding for rate relief:

1. *\$200 million in targeted FY 1994 funding for the Boston Harbor Project.*

The MWRA will continue to work with our Congressional delegation to secure special federal appropriations for the Boston Harbor Project. Together with other coastal dischargers in similar positions, we will argue for targeted dollars to follow through on the nation's commitment to implement secondary treatment mandates. The MWRA will work for a doubling of previous annual federal grant appropriations in the FY'94 budget: \$200 million dedicated to the Boston Harbor Project.

2. *Long-term financing for clean water.*

Clean water is a national priority, as evidenced by the many federal mandates governing drinking water and wastewater treatment projects. Reauthorization of the Clean Water Act and the Safe Drinking Water Act present important opportunities to develop creative solutions to the country's long-term clean water funding needs. One such idea has been the creation of a dedicated trust fund for water projects. Whatever the mechanism, the MWRA is advocating at least \$1.6 billion in federal capital assistance to avoid crippling local rate levels in the future. The State Revolving Loan Fund was a good start, but only a grant program can avert a crisis of affordability for water and sewer ratepayers nationwide. In addition, guidelines governing federal spending should be re-examined to provide maximum rate relief while ensuring that important environmental and public health projects are completed.

3. *Economic stimulus package.*

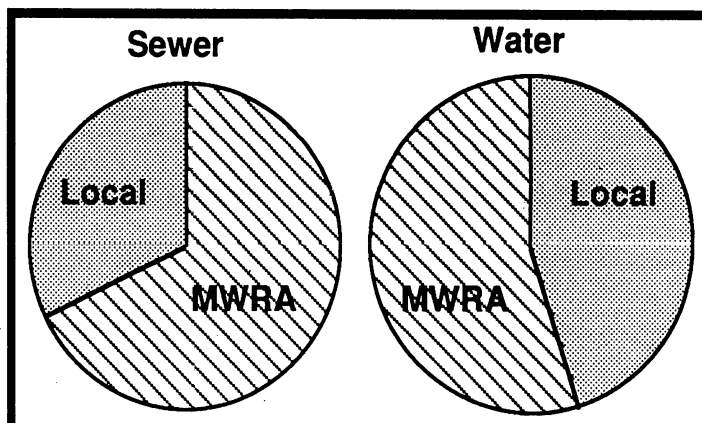
If the new administration proposes a stimulus package designed to "jump-start" the economy through spending on infrastructure projects, clean water projects must be part of the mix. The MWRA has over \$100 million in "ready-to-go" water and sewer projects which could put Americans to work now remedying the decades of neglect of our water supply and sewerage infrastructure. The communities we serve have another \$100 million in local projects on the drawing board. At least one-third of any federal infrastructure package should be targeted for clean water projects.



HOW MWRA RATES ARE DETERMINED

The Massachusetts Water Resources Authority (MWRA) is a wholesale supplier of water and sewer services to 61 cities and towns. The MWRA bills these municipalities, and municipal officials, in turn, bill homeowners and businesses. A portion of each homeowner and business bill represents the municipality's local costs, and the balance covers MWRA operating costs, including debt service on borrowing for capital projects.

The MWRA's wholesale charges for water are based on metered water use. MWRA water system costs are divided by the total number of gallons sold to communities to get an average unit cost. This unit cost is multiplied by each municipality's metered water use to get the total water bill for each municipality.



The MWRA's wholesale charges for sewer service are based on a population and population equivalent (P&PE) methodology. This methodology considers both the actual number of people in each municipality as well as a "people equivalent" for each large commercial/industrial facility. Sewer charges therefore account for every individual's sewer use and each large facility's significant contributions of wastewater volume and suspended solids. The P&PE methodology conforms to the Environmental Protection Agency's user charge requirements.

Retail rates vary because each community establishes water and sewer rates independently. Several factors are taken into consideration at the local level, including accounting and budgeting systems, local infrastructure rehabilitation needs, local rate design and policy differences. For more information on this portion of their bills, ratepayers should contact their local public works departments or water and sewer commissions.

The MWRA is working with its Advisory Board on study which will develop information which the MWRA Board of Directors may use in considering whether, and how MWRA's sewer rate formula might be revised. Any revision would have to conform to EPA regulations and the Authority's Enabling Act.



RATE RELIEF

Ratepayer costs of meeting federal mandates

The MWRA capital investment program for the years 1986 to 1999 for new and rehabilitated wastewater and water supply facilities to meet public health and environmental protection goals is estimated at over \$5.7 billion¹. The wastewater portion of that total is now estimated at \$4.8 billion², mostly required for new sewage treatment facilities to achieve compliance with the Clean Water Act. The waterworks portion, which includes facilities for compliance with the Safe Drinking Water Act, is projected to be over \$800 million³. These costs are mostly financed by MWRA's bond borrowing. For every \$100 million to be financed from MWRA's bonds, ratepayers over the next 30 years will spend \$266 million to repay the debt with interest.

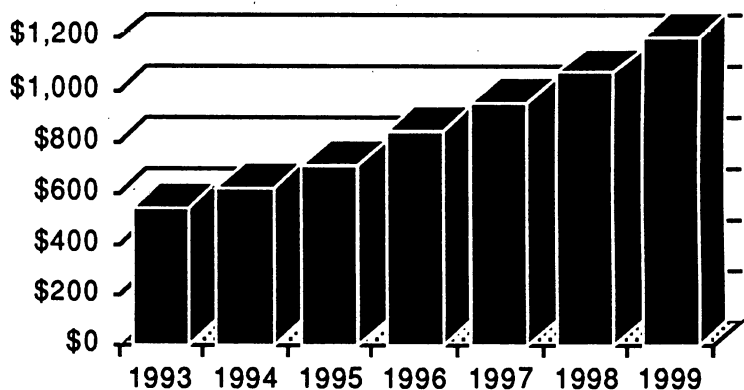
Additional expenses falling directly on MWRA communities will also be required to bring local water and sewer systems up to today's standards and to operate facilities throughout the MWRA and community systems. While approximately 80% of project costs are mandated by federal law, non-mandated projects are far from expendable--cutting or deferring these projects would risk disastrous consequences for our water and sewer systems.

These payment burdens are already driving up water and sewer rates and are having a major impact on families and businesses in MWRA area communities. MWRA wholesale water and sewer rates have already increased more than 500% since 1985⁴. Although the costs of building and operating water infrastructure facilities are up all over the country, it is unlikely that ratepayers in any other major metropolitan area will face increases as steep as those projected for the MWRA service area.

In the Boston area, the average household pays an average of \$545 during FY'93, compared with an average for 25 major metropolitan areas of \$313.

Without rate relief current projections for FY'99 for the average household in the service area are approximately \$350 for water service and \$850 for sewer service for a total of approximately \$1,200. A more realistic funding strategy must be achieved to avoid a crisis of affordability in completing important environmental and public health protection projects.

Projected Household Water and Sewer Bills
(with inflation factor)



¹ \$5.2 billion adjusted to account for inflation; based on latest capital budget projections.

² \$4.5 billion adjusted to account for inflation; based on latest capital budget projections.

³ \$711 million adjusted to account for inflation; based on latest capital budget projections.

⁴ This wholesale increase translates into an average household increase at the retail level of 289% since 1985.

Federal and State Funding to Date

Funding from the EPA wastewater construction program--the federal centerpiece to support local government compliance with Clean Water Act standards--has had a dramatic impact in making national water quality improvements through construction of projects elsewhere like those now being built in Boston. The program provided federal grant funding up to 75% of project costs to municipalities from 1973 through 1990. Special federal appropriations for 1992 and 1993 also funded special grants to a number of municipalities with major secondary treatment needs, including the MWRA, Seattle, Baltimore, San Diego, New York and Los Angeles.

In 1987, the federal government began a phase-out of most grants and, in their place, began to provide seed money for State Revolving Fund (SRF) loans to municipalities. Congress appropriated \$1.9 billion nationwide for the SRF loan program in FY'92 and again in FY'93. The MWRA's (1986-1999) capital costs are shown below in relation to federal and state participation and ratepayer bond financing burdens.

	Total Planned Expenditures (FY'86-'99)	Federal Commitment to Date	State Commitment to Date	Ratepayer Share
Federal Environmental Mandates				
Wastewater Projects	\$4,373	\$372	\$53	\$3,948
Waterworks Projects	\$123	\$0	\$0	\$123
Total	\$4,496	\$372	\$53	\$4,071
Other Public Health & Infrastructure				
Wastewater Projects	\$474	\$100	\$99	\$275
Waterworks Projects	\$730	\$0	\$1	\$729
Total	\$1,204	\$100	\$100	\$1,004
Grand Total	\$5,700	\$472	\$153	\$5,075

(all costs in millions)

Grant funding is far preferable to SRF loans or bond financing of MWRA projects. Here's why: Assume \$100 million is needed for an MWRA project. Financing that investment with bonds costs the ratepayers \$266 million in principal and interest over 30 years, or nearly \$9 million per year. The same \$100 million paid by an SRF loan at 3.5% interest costs the ratepayers \$140 million over 20 years, or about \$7 million per year. Therefore the SRF saves the ratepayers about \$2 million per year over bond financing. A grant, however, relieves the ratepayers from the entire debt service burden on that same \$100 million.



MWRA "READY-TO-GO"

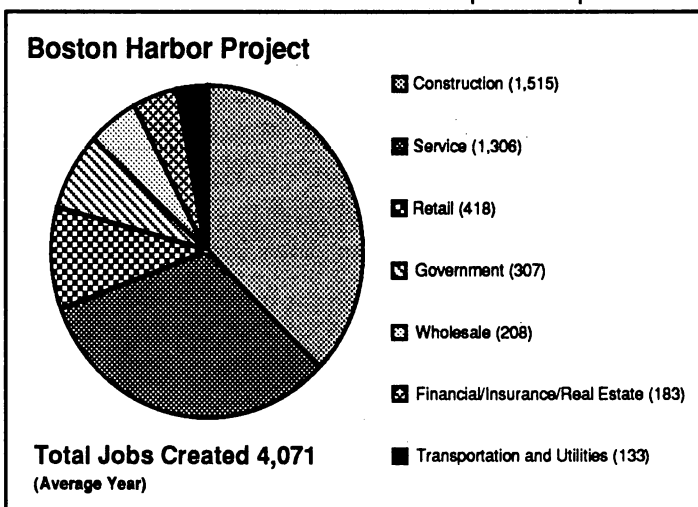
The role of water projects in America's economic recovery

Construction of wastewater and water facilities is among the highest generators of jobs and other economic benefits of all infrastructure construction categories. Studies estimate that each \$1 billion in sewer and water improvements generates over 57,000 direct and indirect jobs. By comparison, total job creation by highway and road construction is estimated to be approximately 34,000* for the same \$1 billion.

The Massachusetts Water Resources Authority and the communities it serves have over \$200 million in ready-to-go water and wastewater construction projects for which additional grant funding could be used during the next 12 months. Thousands of jobs would be created and critical environmental infrastructure projects would be completed in eastern Massachusetts. Over 1,500 workers are already building new wastewater facilities as part of the Boston Harbor Project.

Of all infrastructure projects, wastewater and drinking water facilities construction is the most critical to society because of its importance to public health and environmental protection. These facilities also make major contributions to public and private productivity. Investments in water and wastewater facilities improves private profitability and increases wages, which in turn yield higher tax revenues to government. The private economy directly benefits from public investment in water infrastructure, creating a climate of increased competitiveness for American industry.**

Attached are lists of MWRA water and sewer projects "ready-to-go" if federal infrastructure funding becomes available under an economic stimulus package.



The Boston Harbor Project has already created over 4,000 direct and indirect jobs.

* A Report on Clean Water Investment and Job Creation, prepared for the National Utility Contractors Association by Apogee Research, Inc., March 30, 1992.

** America's Environment Infrastructure: A Water and Wastewater Investment Study, Apogee Research Inc. for the Clean Water Council, December 1990.

MWRA "Ready-To-Go" Water and Sewer Infrastructure Improvement Projects

Sewer Projects

	<u>Cost</u>	<u>Award Date</u>
Quincy Force Main	\$ 1,832,000	January, 1993
New Neponset Valley C1	7,700,000	May, 1993
Framingham Sewer Rehab	4,250,000	April, 1993
Alewife Brook Pumping Station	745,000	October, 1993
North Metropolitan Sewer	11,968,000	December, 1993
Remote Headworks C1	107,000	February, 1993
Remote Headworks C2	480,000	April, 1993
Residuals Management Landfill C1	11,059,000	March, 1993
Cottage Farm HVAC	250,000	January, 1993
Infiltration/Inflow Control	16,000,000	May, 1993
Fore River Buildings 15 & 16	53,000	May, 1993
Fore River Building 19	1,820,000	January, 1993
Community Infiltration/Inflow Control	2,000,000	September, 1993

Water Projects

Dam Control Valve Replacement	651,000	July, 1993
Southern Service Improvements - Hyde Park Pipe	3,105,000	August, 1993
Southern Service Improvements - Newton Pump	1,382,000	November, 1993
Heath Hill Road/Rte. 9 - Section 52	1,240,000	May, 1993
Lexington Street pump Station	1,688,000	November, 1993
Spot Pond Pump Station	11,502,000	November, 1993
Northern Low Service - Medford	907,000	September, 1993
Northern High - Lynn - Summer Street	3,877,000	February, 1993
Central Monitoring C1	5,200,000	April, 1993
Central Monitoring C2	5,261,000	June, 1993
Rehab of Existing Facilities - Hyde Park Pump	368,000	January, 1993
MWRA Valve Replacement	7,000,000	December, 1993

TOTAL

\$100,445,000

Community "Ready-To-Go" Water and Sewer Infrastructure Improvement Projects*

<u>Community</u>	<u>Water Projects</u>	<u>Sewer Projects</u>	<u>Total</u>
Arlington	1,603,081	1,700,000	3,303,081
Bedford	1,225,000		1,225,000
Boston	26,376,800	1,632,500	28,009,300
Brookline	5,600,000	1,600,000	7,200,000
Cambridge	1,177,500		1,177,500
Canton	5,050,000	1,050,000	6,100,000
Everett	525,000	2,300,000	2,825,000
Malden	7,350,000	5,500,000	12,850,000
Marblehead	734,570		734,570
Melrose	1,236,806		1,236,806
Milton	2,638,200		2,638,200
Needham	620,000	2,425,000	3,045,000
Newton	376,000		376,000
Norwood	975,000		975,000
Peabody	1,780,000		1,780,000
Quincy	2,002,000	1,848,000	3,850,000
Randolph	215,000		215,000
Saugus	14,315,000		14,315,000
Somerville	750,000	980,000	1,730,000
Stoneham	325,800		325,800
Stoughton		811,750	811,750
Swampscott	11,903,825		11,903,825
Wakefield	442,000	80,000	522,000
Weston	505,000		505,000
Westwood		5,500,000	5,500,000
Wilbraham	233,000		233,000
Winchester	6,117,690		6,117,690
Winthrop	1,280,000		1,280,000
TOTAL	95,357,272	25,427,250	120,784,522

* compiled from an informal survey of MWRA Advisory Board members on 1/21/93

(2/3/93)

The Boston Globe

MONDAY, FEBRUARY 8, 1993

Paying the water bill

The Massachusetts congressional delegation is moving smartly on efforts to provide federal relief for the region's sharply rising water and sewer rates. But the increases threaten the state's economic prospects, and Gov. Weld must provide some state assistance.

The federal relief measure would provide \$200 million for the next five years. According to calculations by the Massachusetts Water Resources Authority, the aid would begin to have a modest effect on rate increases in two years' time and by the fifth year would cut rate increases by \$100 a year to the average household – from \$1,207 to \$1,110. The current household average is \$545.

But it is becoming clear that the rising water and sewer rates are not a problem just for homeowners but could cripple the state's economy. For years, the availability of high-quality, low-cost water was one of the factors that made Massachusetts attractive for businesses.

Among 15 major American cities, the Boston-area household rate of \$180 ranked it near the bottom as recently as 1986. Boston is now in first place, just ahead of Houston, with its competitive economic edge long since lost.

Weld has been urged to add \$20 million to his current budget request – with \$30 million to follow next year and \$40 million the year after – to provide debt service assistance for the MWRA and rate relief for householders.

The importance of state assistance is that it would have an immediate impact on rate increases, unlike the federal assistance, which would not kick in for two years. The MWRA calculates that \$20 million from the state would hold next year's rates to \$600, a saving of \$23 from current projections.

The Legislature is likely to consider rate relief measures on its own, but Gov. Weld, with his concerns about economic development and job creation, should take the lead.

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Quincy Daily Ledger, 1890

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Editorials

Ratepayers get deserved break

Thousands of water and sewer customers in the Massachusetts Water Resources Authority district are finally getting a break. After watching water and sewer bills go from the lowest in the country to the highest, every little bit helps.

The authority wisely has reviewed its projects and timetables and concluded it can save \$1.3 billion for ratepayers by postponing some elements of the massive project and scaling down others. Authority Director Douglas MacDonald also hopes to take advantage of a changing political climate to wring more money from the state and federal governments to help reduce rates further.

The \$1.3 billion saving translates into a reduction of \$71 a year by 1999, when the typical family of four will pay \$1,205 instead of the predicted \$1,276. Average water and sewer rates for authority customers are now \$535.

Governor Weld has indicated he is sympathetic to the idea of having the state kick in toward the cost of the cleanup. More leadership is needed at the State House to convince lawmakers that the benefits of the harbor cleanup reach far beyond the shoreline of Greater Boston.

The tourist potential of the harbor has been only partially realized, and

increased tourist spending means millions more sales tax dollars pouring into the state's general fund. MacDonald said a \$25 million grant from the state next fiscal year would reduce an expected 18.9 percent rate hike to less than 10 percent.

Leading members of the state's congressional delegation, meanwhile, have opened the throttle on their campaign to increase the federal share of the cleanup, which now stands at 8 percent. Sen. John Kerry has proposed a \$200 million per year federal share for the next five years. And Reps. Gerry Studds, D-Cohasset, and Joseph Moakley, D-South Boston, both influential House committee chairmen, intend to push the issue. During the transition President Clinton told state Democrats he believes Massachusetts deserves more aid for the cleanup.

Having influential friends in Washington does not automatically mean more federal money, especially when Clinton and the Congress are on notice to cut spending and try to shrink the deficit. But Massachusetts has a compelling case on the cleanup funding issue. Until policy in Washington changed, the federal government spent billions funding water and sewage treatment plants around the nation. All Massachusetts wants is its fair share.

Editorial

WCVB TV BOSTON, CHANNEL 5

Editorial Department

5 TV Place, Needham Heights MA 02194 2303

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Title: Curbing Water Bill Increases
Presented By: Marjorie Arons-Barron, Editorial Director
Broadcast: January 28: 6:57 AM; 12:28 PM; 6:55 PM

Reference:

14-93

The Massachusetts Water Resources Authority is cleaning up Boston Harbor, but it's cleaning out our pocketbooks. It's under court order to stop pollution from going into the harbor, and federal money to do that has dried up. A decade ago when it was available, we were foolishly fighting the mandate. Now the ratepayers are stuck for a multi-billion dollar project. That's why every reasonable effort to trim costs must be pursued.

MIT Engineering Professor Donald Harlemann urges scaling back the federally mandated secondary treatment plant on Deer Island. In a report done for the Pioneer Institute, the professor asserts that so-called chemical enhancement would save both space and, more importantly, money...as much as \$200 million dollars. Water Authority officials doubt it will do enough to meet federal requirements. They are working with Professor Harlemann on improving the combined sewer overflows, the place where storm flow overruns the sewer system.

Given the costs, the Water Authority should heed the Professor's proposals. But, in the long run, the only help for rate shock may have to come from the state and federal governments. They will have to view such water projects as essential to the economic lifeblood of Massachusetts, not as a burden to be borne solely by those who turn on the taps in their homes and offices.

REVISED

MWRA's Capital Projects Expenditures FY 1986-1999*

(In millions of dollars)

REVISED

Wastewater System Projects	Cost**
"Fast Track" Improvements	\$ 119
New Deer Island Plant	3,519
Residuals Management	171
Overflow Screening/Chlorination	16
BHP Subtotal	\$ 3,825
Wastewater Pipes and Pumping	474
Clinton Treatment Plant	37
Subtotal before CSO	\$ 4,336
Combined Sewer Overflows	511
Wastewater Total	\$ 4,847

Waterworks System Projects	Cost**
New Aqueduct and Improvements	\$ 315
Water Pipes and Pumping	372
Filtration Plant and SDWA	123
Water Supply	43
Waterworks Total	\$ 853

MWRA System Summary	Cost**
Wastewater Total	\$ 4,847
Waterworks Total	\$ 853
Grand Total	\$5.7 billion

* As of 2/1/93, based on proposed FY94-96 Capital Improvement Program.
Difference from previous projections due to cost savings and scheduling changes

**Adjusted to account for inflation

MWRA's Capital Projects Expenditures FY 1986-1999

In millions of dollars

Wastewater System Projects	Cost*
"Fast Track" Improvements	\$ 119
New Deer Island Plant	3,679
Residuals Management	182
Overflow Screening/Chlorination	16
BHP Subtotal	\$ 3,996
Wastewater Pipes and Pumping	581
Clinton Treatment Plant	37
Subtotal before CSO	\$ 4,614
Combined Sewer Overflows	771
Wastewater Total	\$ 5,385

Waterworks System Projects	Cost*
New Aqueduct and Improvements	\$ 387
Water Pipes and Pumping	395
Filtration Plant and SDWA	794
Water Supply	33
Waterworks Total	\$ 1,609

MWRA System Summary	Costs*
Wastewater Total	\$ 5,385
Waterworks Total	\$ 1,609
Grand Total	\$ 7 billion

*Adjusted to account for inflation

MWRA Rate Relief Strategies

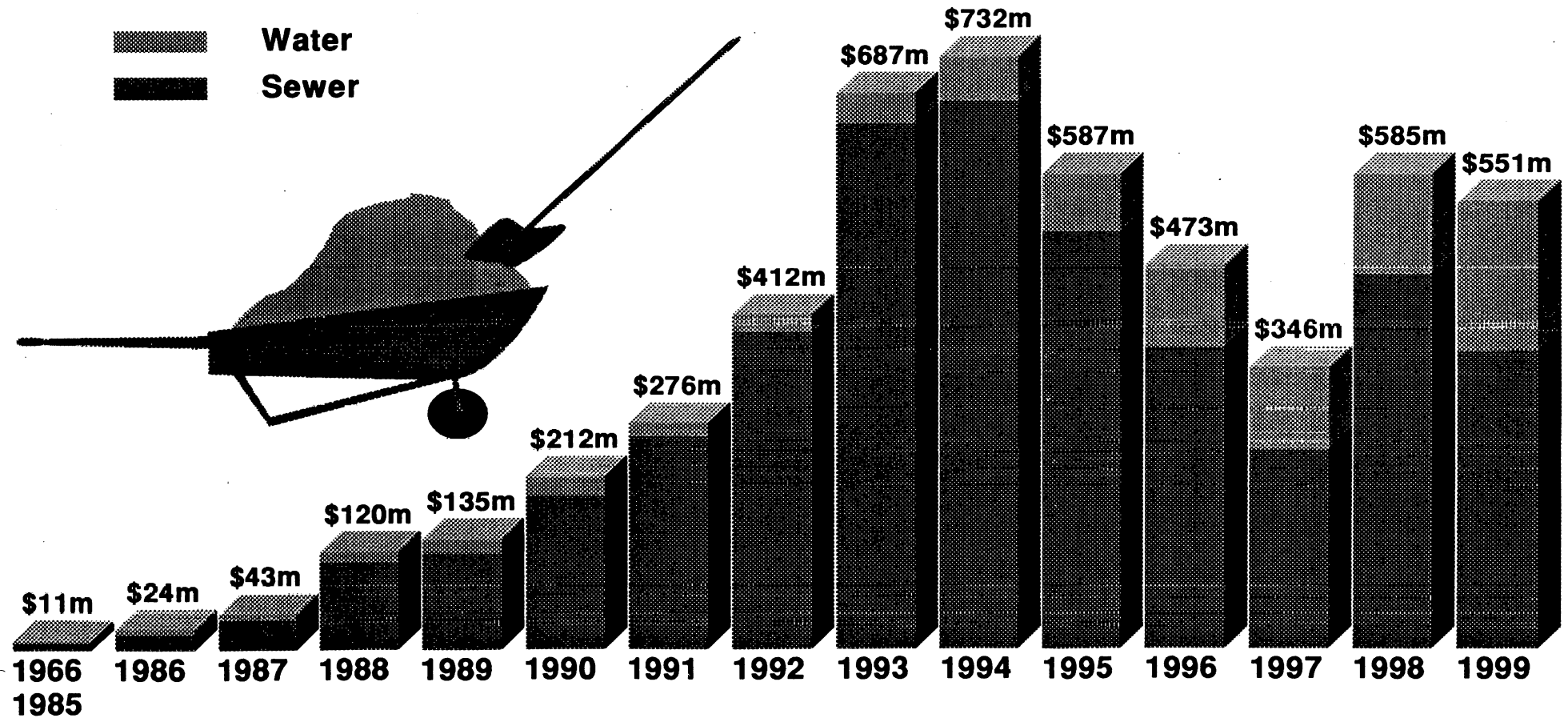
Impact on average household water and sewer rates

		Fall 1992 Projections	FY'94 Proposed Budget	With \$200M Annual Federal Assistance Beginning FY'94	With State Debt Service Assistance FY'94 - \$20M FY'95 - \$30M FY'96 - \$40M	With 75% Capital Assistance for New Aqueduct Beginning FY'95
Household Charge <i>(with inflation)</i>	FY'93	\$545	\$545	\$545	\$545	\$545
	FY'94	\$632	\$623	\$623	\$600	\$600
	FY'95	\$783	\$713	\$703	\$669	\$668
	FY'96	\$894	\$838	\$809	\$764	\$758
	FY'97	\$1,028	\$947	\$897	\$851	\$840
	FY'98	\$1,170	\$1,068	\$995	\$949	\$931
	FY'99	\$1,296	\$1,207	\$1,110	\$1,065	\$1,039

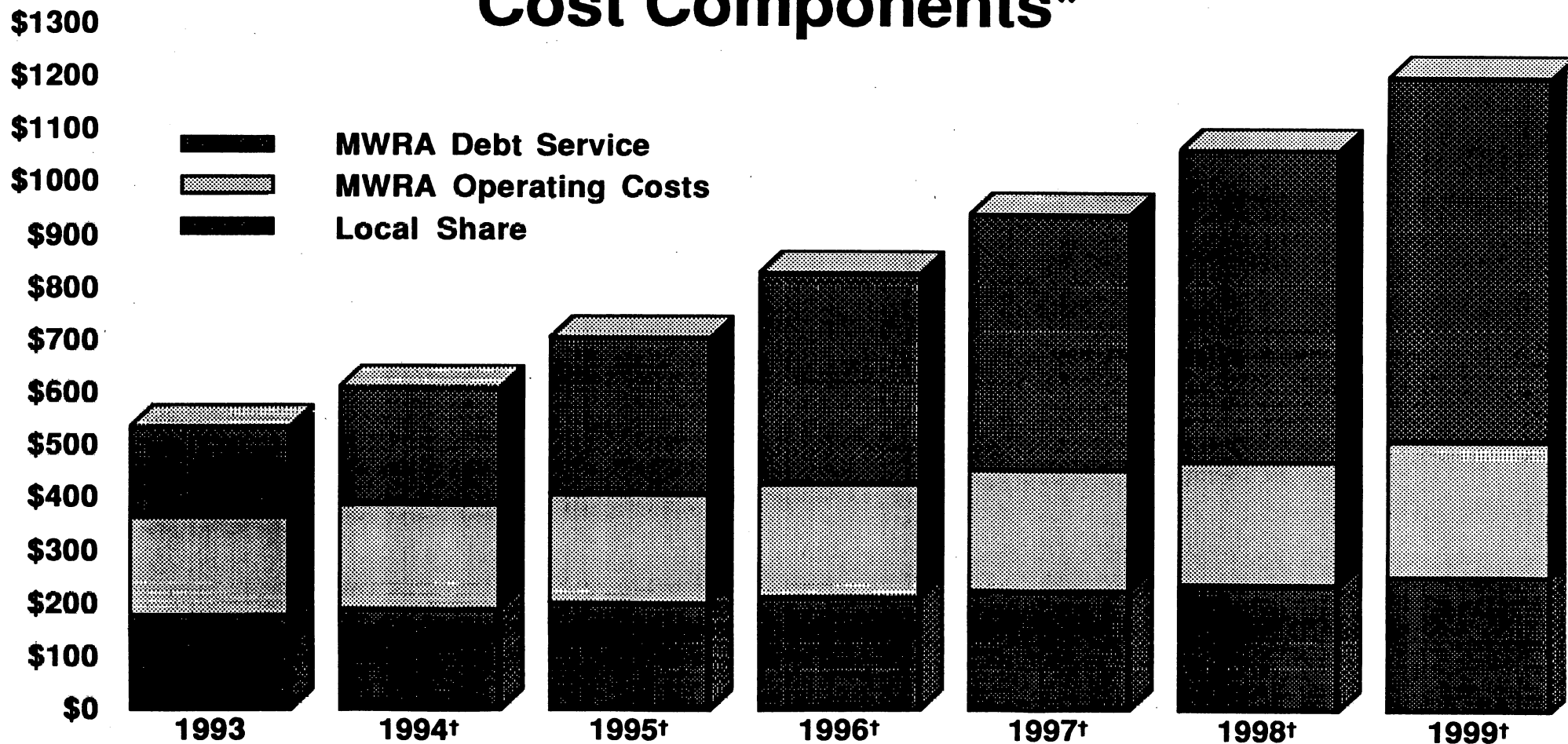
STRATEGIES FOR MWRA RATE RELIEF

			(1)	(2)	(3)	(4)
		Fall, 1992 Projections	FY'94 Proposed Budgets	With \$200M Annual Federal Assistance Beginning FY'94	With State Debt Service Assistance FY'94-\$20M FY'95-\$30M FY'96-99 - \$40M	With 75% Capital Assistance for New Aqueduct Beginning FY'95
MWRA RATE REVENUE REQUIREMENTS (000)	FY93	\$290,504	\$290,504	\$290,504	\$290,504	\$290,504
	FY94	361,229	345,453	345,453	325,453	325,453
	FY95	475,578	413,283	404,901	374,901	374,178
	FY96	556,538	506,826	482,369	442,369	438,541
	FY97	654,943	586,126	542,530	502,530	494,532
	FY98	759,297	675,574	611,375	571,375	558,357
	FY99	849,967	777,126	692,484	652,484	633,969
	Total	\$3,948,056	\$3,594,892	\$3,369,616	\$3,159,616	\$3,115,534
WHOLESALE RATE INCREASE	FY93	19.4%	19.4%	19.4%	19.4%	19.4%
	FY94	24.3%	18.9%	18.9%	12.0%	12.0%
	FY95	31.7%	19.6%	17.2%	15.2%	15.0%
	FY96	17.0%	22.6%	19.1%	18.0%	17.2%
	FY97	17.7%	15.6%	12.5%	13.6%	12.8%
	FY98	15.9%	15.3%	12.7%	13.7%	12.9%
	FY99	11.9%	15.0%	13.3%	14.2%	13.5%
	Cumulative	249.4%	219.4%	184.6%	168.2%	160.6%
MWRA DEBT ISSUED (000)	FY93	\$475,000	\$0	\$0	\$0	\$0
	FY94	549,200	650,000	650,000	650,000	650,000
	FY95	738,500	362,500	223,600	223,600	207,400
	FY96	798,200	548,300	377,900	377,900	341,600
	FY97	930,200	529,000	324,400	324,400	278,400
	FY98	938,500	773,800	562,300	562,300	508,200
	FY99	623,100	817,100	609,400	609,400	551,400
	Total	\$5,052,700	\$3,680,700	\$2,747,600	\$2,747,600	\$2,537,000
AVERAGE HOUSEHOLD BILL	FY93	\$545	\$545	\$545	\$545	\$545
	FY94	632	623	623	600	600
	FY95	783	713	703	669	668
	FY96	894	838	809	764	758
	FY97	1,028	947	897	851	840
	FY98	1,170	1,068	995	949	931
	FY99	1,296	1,207	1,110	1,065	1,039
	Total	\$6,348	\$5,941	\$5,682	\$5,443	\$5,381

MWRA Capital Spending (1966-1999)



MWRA Service Area Average Household Water & Sewer Bills (1993-1999) Cost Components*

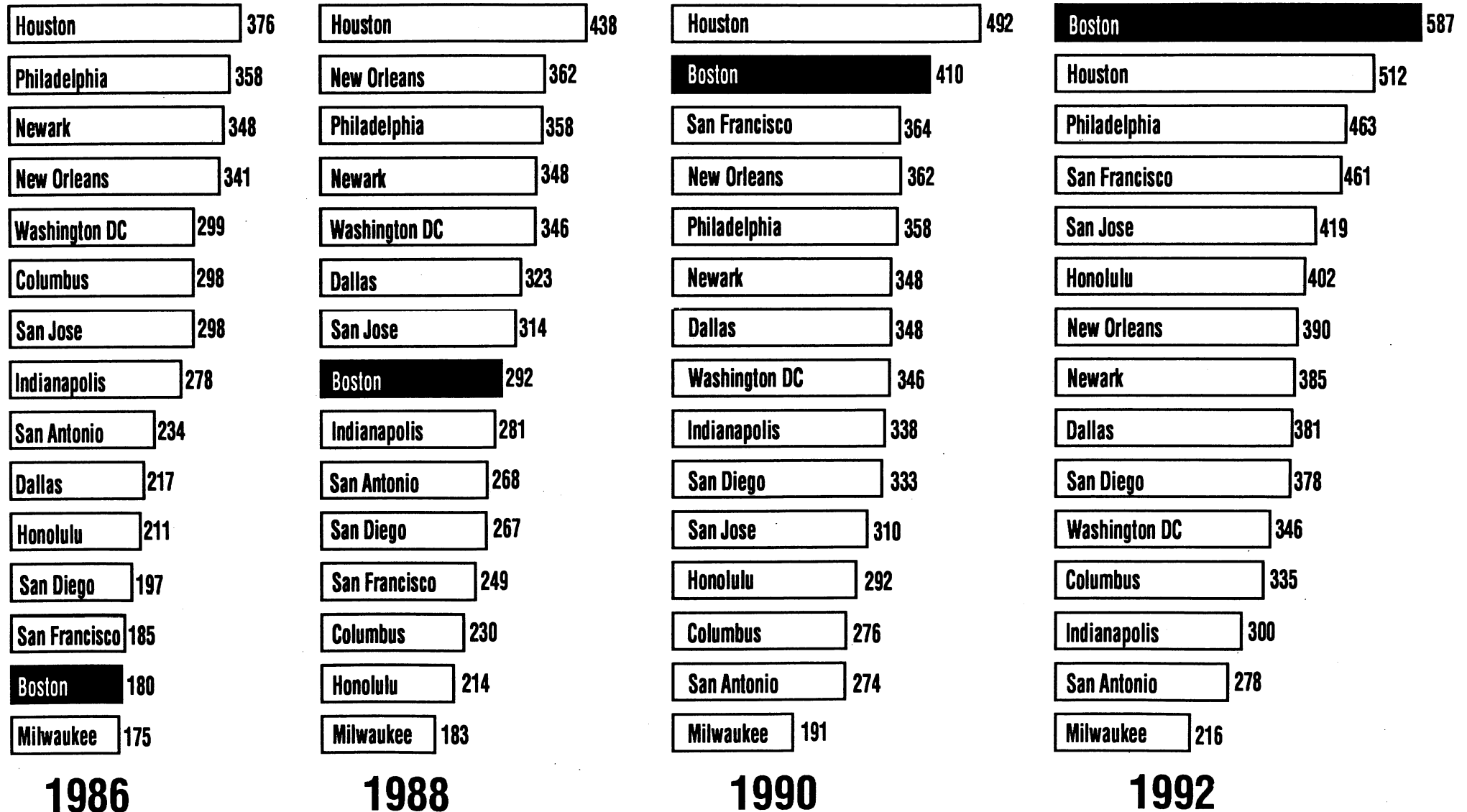


*Inflation impact computed as 7% per annum increase in future year construction costs and 6% per annum increase in future year operating costs.

† Based on proposed FY 1994 Current Expense Budget projected as of January 20, 1993.

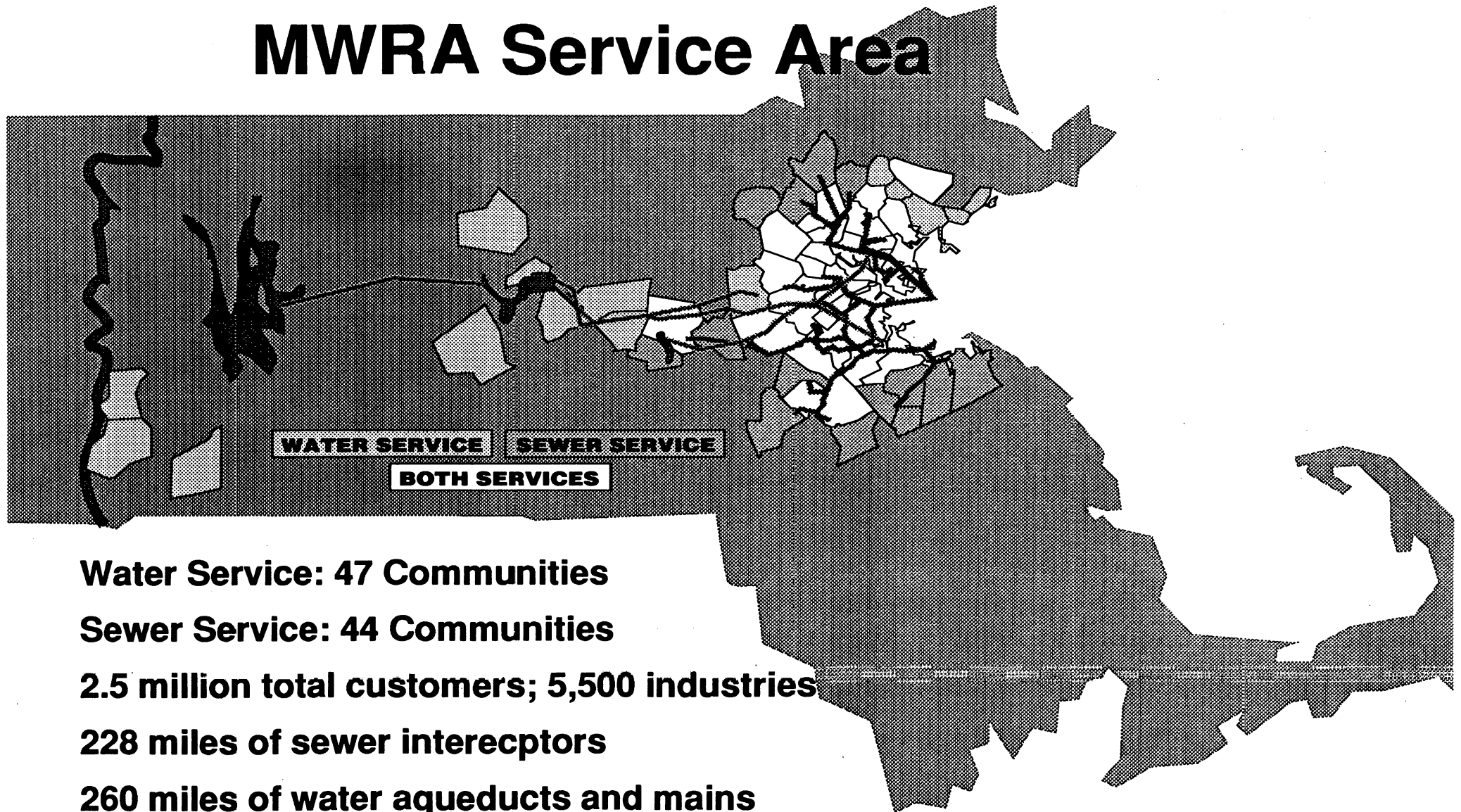
Comparative Annual Household Water and Sewer Cost for Major U.S. Cities

(National Average is currently between \$300 - \$350)

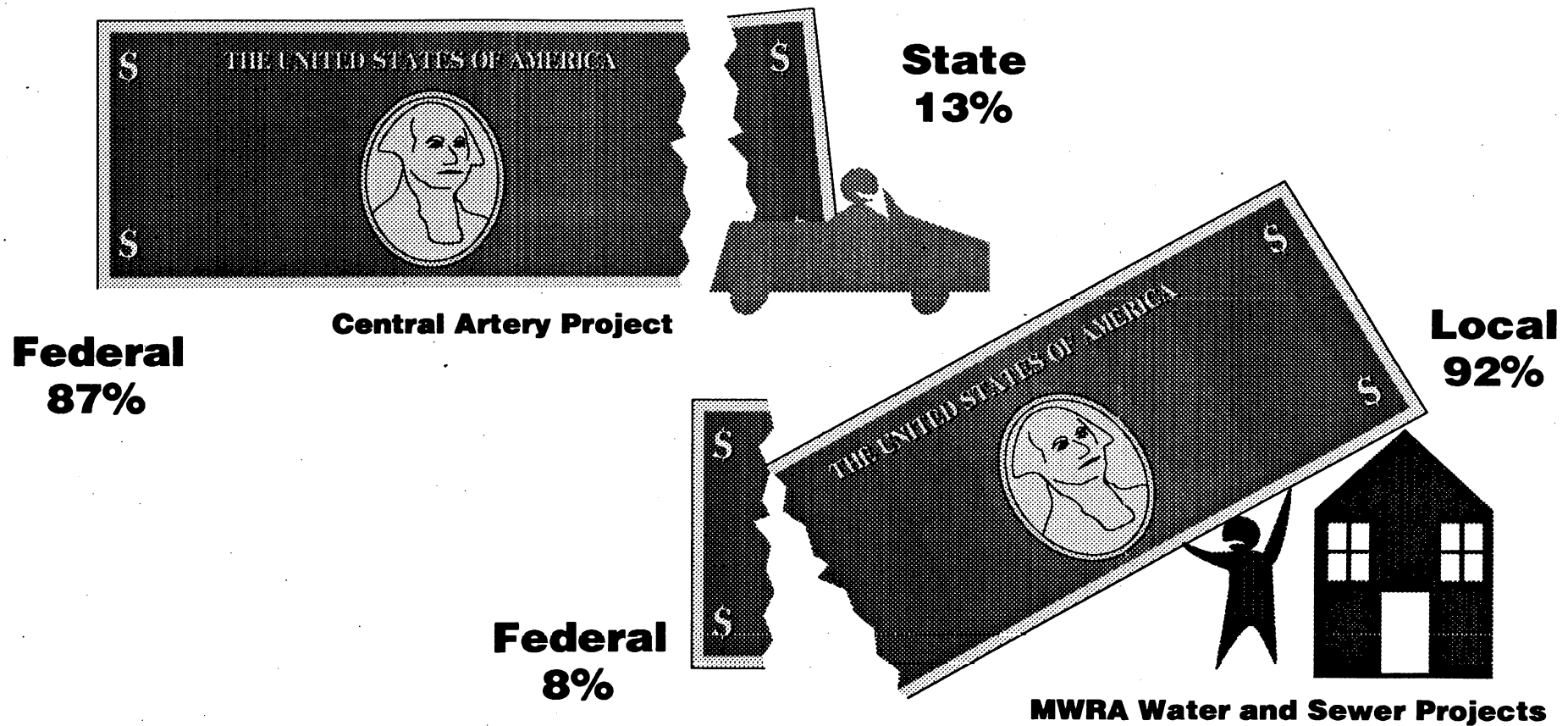


Assumed household water/sewage usage of 90,000 gallons per household per year • Source of Data—Ernst & Young Annual Rate Surveys 1986, 1988, 1990 and 1992

MWRA Service Area

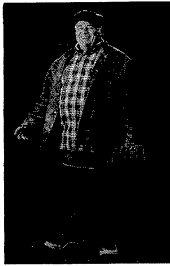


Federal and Local Funding: Central Artery vs. MWRA



Y F. ATKINSON CONSTRUCTION CO. • AUBREY CONSULTING, INC. • BATTELLE OCEAN SCIENCES • CON-TEST, INC. • DEC-TAM CORP. • GENERAL & MARINE CONSTRUCTION • C.R.C. Co., INC. • BARRIENTOS &

SOC., INC. • CHISHOLM WASHINGTON ARCHITECTS • SYSTEM BUILDERS, INC. •

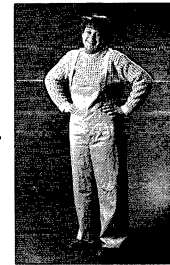


THE MASSACHUSETTS WATER RESOURCES AUTHORITY • STULL & LEE, INC. • TSO ASSOC., INC. •

DI/KOBUS & ASSOC., INC. • BRYANT ASSOC., INC. • COAST AND HARBOR ASSOC. • KSK ENGINEERING CORP. • HEALY, S.A. CO. • SANTHANAM ASSOC. • SCIABA CONSTRUCTION CORP. • BUCK, SMITH &

AVOY ARCHITECTS, INC. • SAR ENGINEERING, INC. • SYNETICS, INC. • T.Y. LIN INTERNATIONAL • WEBSTER ENGINEERING CO., INC. • ASEC CORP. • COAST LINE ENGINEERING • CULLINAN ENGINEERING

INC. • DMC ENGINEERING, INC. • HDR ENGINEERING, INC. • LENZ ENGINEERING • MISTRY ASSOC., INC. • PARSONS



BRINCKERHOFF QUADE & DOUGLAS • R.W. BECK & ASSOC., INC. •

1992 ANNUAL REPORT

RLISLE ENGINEERING MANAGEMENT, INC. • DKI GROUP ENGINEERS, INC. • ENSR CONSULTING AND ENGINEERING, INC. • FAILURE ANALYSIS ASSOC. • TOWN PRINTING INC. • BARLETTA-O'CONNELL, AJV •

I CONSULTANTS INC. • H2O



ENGINEERING CONSULTANT ASSOC., INC. • FINLEY, EWELL & PARTNERS, INC. • HOYLE, TANNER & ASSOC., INC. • JACOBS ASSOC. • METCALF & EDDY • ODOR

WORKING TOGETHER/CREATING A DIFFERENCE

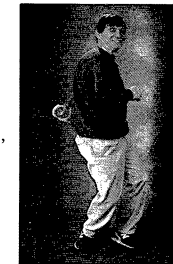
ENCE & ENGINEERING • V & A CONSULTING ENGINEERS • WEHRAN ENGINEERING CORP. • NEW ENGLAND ELECTRICAL TESTING ENGINEERS, INC. • RICHARD W. REID ELECTRICAL CO. • ANEPTK CORP. •

KER ENVIRONMENTAL • COOPERS & LYBRAND • WGP ENGINEERING, INC. • D & C CONSTRUCTION • BUCHART HORN, INC. • CAMP DRESSER & MCKEE INC. • FAY, SPOFFORD & THORNDIKE • GREEN

INTERNATIONAL AFFILIATES, INC. • HMM ASSOC., INC. • CH2M HILL • BARLETTA ENGINEERING CORP. • HYDRAULIC & WATER RESOURCES ENGINEERS, INC. • LARSEN ENGINEERS • PEER CONSULTANTS •

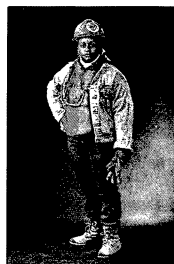
WHITMAN & HOWARD • ASAF & ASSOC. • MERRILL LYNCH & CO. • GEOTEST ENGINEERING, INC. • GOLDMAN, SACHS & CO. • MALCOLM PIRNIE INC. • GZA REMEDIATION INC. • GEOENVIRONMENTAL, INC.

MAGER-RICHTER GEOSCIENCE, INC. • SVERDRUP CORP. • HALEY & ALDRICH, INC. • ROGERS RADIATOR • NTH CONSULTANTS, LTD. • TSIANG ENGINEERING, INC. • WEIDLINGER ASSOC. • LAZAR



RERES & CO. • ACENTECH, INC. • B & B ACOUSTICAL CONSTRUCTION, INC. • CAVANAUGH TOCCI ASSOC., INC. • NICHOLSON CONSTRUCTION CO. • CHEVIOT CORP. • BEAR, STEARNS & CO. INC. • SA

ONTRACTING • BALDWIN CRANE • PHILADELPHIA TRAMRAIL CO. • WELLESLEY CRANE SERVICE CO., INC. • A.T. DISMANTLING CO. • S & S CONSTRUCTION CONTRACTORS CORPORATE CO. • REYNOL

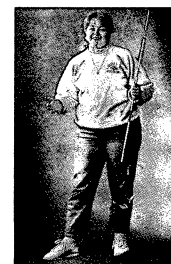


ROTHERS • COOMBS, S.C. ELECTRIC, INC. • FISCHBACH CORP. • MASSACHUSETTS BAY ELECTRICAL CORP. • HNTB, INC. • MODERN GLASS & ALUMINUM,, INC. • MASSACHUSETTS ELECTRIC

A STRONGER ECONOMY

ONSTRUCTION CO. • LIN ASSOC., INC. • MON YOUGH ELECTRIC, INC. • RICHARDSON ELECTRICAL CORP. • HAVENS AND EMERSON, INC. • SULLIVAN & McLAUGHLIN • JOHN B. CRUZ CONSTRUCTION CO., INC.

ERINI CORP. • M.R. BEAL & CO. • ASBESTOS ABATEMENT • METRO BOSTON CONTRACTING CO., INC. • NORTH AMERICAN SITE DEVELOPERS, INC. • GUST K. NEWBERG CONSTRUCTION CO.



A CLEANER ENVIRONMENT

REMENT CONSTRUCTORS, INC. • HARCO TECHNOLOGIES CORP. • ALBERT J. WELCH CORP. • BOSTON EPOXY FLOORING CO., INC. • EMA SERVICES, INC. • DEPAOLI MOSAIC CO. • MERRIMAC TILE CO., INC.

EW ENGLAND DECKS AND FLOORS, INC. • ALCO ENGINEERING, INC. • EAGLE CONTROL CORP. • A.F. UNDERHILL INC. • LAND & SEA CONTRACTING CO., INC. • REV-LYN CONTRACTING CO. • DEPENDAB

MASONRY • EMPIRE MASONRY CORP. • METROPOLITAN MASONRY, INC. • BERKEL & CO. CONTRACTORS, INC. • COLLINS CO. • DOWD PLUMBING • MORGAN STANLEY & CO. • EXPRESS PLUMBING & HEATING • M



IT HAS BEEN SAID THAT A PICTURE IS WORTH A THOUSAND WORDS. IT HAS ALSO BEEN SAID THAT AN ANNUAL REPORT IS THE ONLY BOOK THAT IS READ MORE BEFORE IT IS PRINTED THAN AFTERWARD. WELCOME TO THE MASSACHUSETTS WATER RESOURCES AUTHORITY'S 1992 ANNUAL REPORT—A SMALL BOOK THAT IS MOSTLY PICTURES FEATURING PEOPLE WHOM WE BELIEVE TELL OUR STORY THIS YEAR BETTER AND MORE POWERFULLY THAN OUR OWN WORDS EVER COULD.

THEIR STORIES REPRESENT THE EMERGING RESULTS OF A MASSIVE TEAM EFFORT TO REVITALIZE THE REGION'S WATER AND SEWER SYSTEMS. THE TEAM EXTENDS WELL BEYOND THE MWRA'S 1,700 HARDWORKING, TALENTED EMPLOYEES. IT INCLUDES PUBLIC OFFICIALS AND LOCAL CITIZENS WHO AID US IN OUR WORK. IT ALSO INCLUDES MANY THOUSANDS OF PEOPLE WHO WORK FOR A WIDE VARIETY OF COMPANIES WHO HELP US WITH OUR PROJECTS. BY RANDOMLY LISTING MANY OF THOSE COMPANIES THROUGHOUT THE PAGES OF THIS REPORT, WE RECOGNIZE THEIR CONTRIBUTION AND COMMITMENT, AND WE INVITE EVERYONE TO SHARE IN THE PRIDE OF OUR SUCCESSSES.

SUCCESS FOR MWRA'S PROGRAMS COMES IN MANY FORMS. IT'S A HARBOR THAT IS CLEANER TODAY THAN IT HAS BEEN IN GENERATIONS. IT'S DRAMATICALLY FEWER SUMMERTIME HARBOR BEACH CLOSINGS. IT'S HEALTHIER WINTER FLOUNDER. IT'S THE GUARANTEE THAT MUNICIPAL WATER IS SAFE AND ABUNDANT. IT'S THE ABILITY OF THE REGION'S WATER AND SEWER INFRASTRUCTURE TO ACCOMMODATE GROWTH. IT'S SUPPORT FOR THOUSANDS OF CONSTRUCTION JOBS ON OUR PROJECTS. IN SHORT, SUCCESS FOR THE MWRA MEANS CREATING A POSITIVE DIFFERENCE IN THE LIVES OF MASSACHUSETTS CITIZENS.

BUT IT'S MORE STILL. SUCCESS ALSO MUST MEAN HOLDING THE LINE ON RISING WATER AND SEWER BILLS—WORKING TO KEEP RATES AFFORDABLE FOR 2.5 MILLION PEOPLE AND 5,500 INDUSTRIES IN THE 61 MASSACHUSETTS CITIES AND TOWN THAT WE SERVE. IN 1992, THE MWRA BEGAN TO TAKE A HARD NEW LOOK AT WAYS TO CONTROL COSTS TO ITS RATEPAYERS.

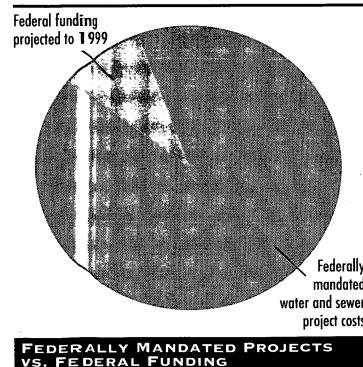
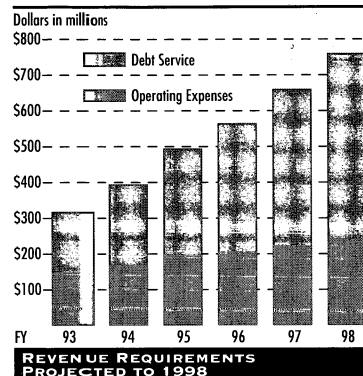
IT IS A STEEP CHALLENGE. EIGHTY PERCENT OR MORE OF OUR PROJECT COSTS ARE MANDATED BY FEDERAL LAW AND ARE DRIVEN BY A COURT-ORDERED SCHEDULE. CUTBACKS IN FEDERAL AND STATE FUNDING HAVE PUT THE BURDEN OF PAYING FOR THESE MANDATED PROJECTS SQUARELY ON THE BACKS OF OUR RATEPAYERS. RATES CONTINUE TO BE DRIVEN UP—MOSTLY BECAUSE OF THE INCREASING DEBT SERVICE TO SUPPORT OUR BOND-FINANCED INVESTMENT IN NEW AND REHABILITATED INFRASTRUCTURE. (SEE CHARTS ON THIS PAGE.) ON THE OTHER HAND, MWRA PROJECTS THAT ARE NOT REQUIRED BY LEGAL MANDATES ARE FAR FROM EXPENDABLE; IN FACT, THEY ARE MORE CRITICAL IN NATURE THAN MUCH OF THE MANDATED WORK AND SIMPLY CANNOT BE CUT OR DEFERRED WITHOUT RISKING DISASTROUS CONSEQUENCES TO OUR WATER OR SEWER SYSTEMS. MWRA BELT-TIGHTENING IS IMPORTANT, BUT IT ALONE WON'T SOLVE THE PROBLEM.

SOMETHING FUNDAMENTAL HAS TO CHANGE. A NEW APPROACH IS NEEDED THAT BALANCES THE INTERESTS OF ELECTED OFFICIALS, REGULATORS, ENVIRONMENTALISTS AND RATEPAYERS. THE MWRA IS COMMITTED TO JOINING FORCES WITH ALL INTERESTED PARTIES TO DEVELOP EQUITABLE AND PRACTICAL PROGRAMS TO CONTROL WATER AND SEWER RATE INCREASES. THAT MEANS BUILDING ONLY WHAT NEEDS TO BE BUILT WHEN IT NEEDS TO BE BUILT—AND SCRUTINIZING THE SPENDING OF EVERY DOLLAR ALONG THE WAY. IT ALSO MEANS A GREATER STATE AND FEDERAL COMMITMENT TO THE RATEPAYERS OF THE REGION WHO ARE NOW-BEARING TOO MUCH OF THE BURDEN OF MEETING FEDERAL AND STATE ENVIRONMENTAL MANDATES.

WE INVITE YOU TO JOIN THAT EFFORT.

IN THE MEANTIME, PLEASE TAKE A MOMENT TO ENJOY THIS REPORT. WE'VE SACRIFICED A LOT OF SPECIFIC INFORMATION THIS YEAR IN THE HOPE OF LEAVING YOU WITH A STRONGER IMPRESSION ABOUT THE IMPORTANT CHANGES THAT THE MWRA IS CREATING IN MASSACHUSETTS. THAT DOESN'T MEAN THAT WE DON'T HAVE A LOT TO SAY. WE MOST CERTAINLY DO. IF YOU WANT MORE DETAILS, OR IF YOU WOULD LIKE MORE INFORMATION ON WHAT CAN BE DONE TO CURB WATER AND SEWER RATE INCREASES, PLEASE CALL US AT (617) 241-6057.

DOUGLAS B. MACDONALD
EXECUTIVE DIRECTOR



“THERE ARE DEFINITELY CHANGES GOING ON IN THE HAR-

BOR. THE FISH WE’VE BEEN TAKING IN WITHIN THE PAST

YEAR OR SO HAVE BEEN CLEAN AND HEALTHY. THEY DON’T

HAVE THE FIN ROT AND SORES THAT WE USED TO SEE. ALSO,

THERE ARE LARGE AMOUNTS OF MACKEREL, WHICH INDICATE

CLEAN WATER, AND HUNDREDS UPON THOUSANDS OF FRY

(MINNOWS). I HAVEN’T SEEN THAT MANY SINCE I WAS A KID.”





WITH THE NUT ISLAND



TILLINGHAST • P.J. RILEY & Co., INC. • CAROL R. JOHNSON & ASSOC., INC. • MARY SMIT

ASSOC. P. C. • JOHN W. EGAN INC. • FOLEY, HOAG & ELIOT • MORGAN, LEWIS & BOCKIUS

PALMER & DODGE • SUTTON CORP. • PEABODY & BROWN • SMITH, MCNULTY & KEARNEY

BOSTON GRAVING DOCK CORP. • FOX, SHELBY CO. • DIESEL POWER, INC. • NORTHEA

SECURITY, INC. • STRAUGHTER ASSOC. • AQUA-TERRE SYSTEMS MANUALS, INC.

ENVIROSCIENCE, INC. • ALDEN RESEARCH LABORATORY, INC. • ALPHA ANALYTICAL LABS

ENERGY & ENVIRONMENTAL ENGINEERING, INC. • HYDRO RESEARCH SCIENCE, INC.

LAPPIN BROTHERS, INC. • PAUL LU, C.K. & ASSOC. • L.P. LARSON CORP. • ODOR SCIEN

& ENGINEERING • ROENFELD CONCRETE • REVET ANALYTICAL LABORATORY • THOMPSON

TERI BOYD, CO-OWNER, HARVEY'S WHARF FISHING LIVERY
QUINCY, MASSACHUSETTS

WASTEWATER TREATMENT PLANT AND THE BOSTON SKYLINE ON THE HORIZON. TERI BOYD PULLS A FISH FROM THE HARBOR. LICHTNER CO., INC. • ECONOMIC DEVELOPMENT AND INDUSTRIAL CORP. • SELTZER ASSO

"I'VE BEEN OUT HERE ALL MY LIFE AND CAN SEE A DIFFER-

ENCE JUST LOOKING AT THE WATER. IT LOOKS MUCH CLEANER.

COLIFORM COUNTS USED TO BE HIGHER AND WE GOT SHUT

DOWN A LOT. THE COUNTS ARE GOING DOWN NOW, AND WE'VE

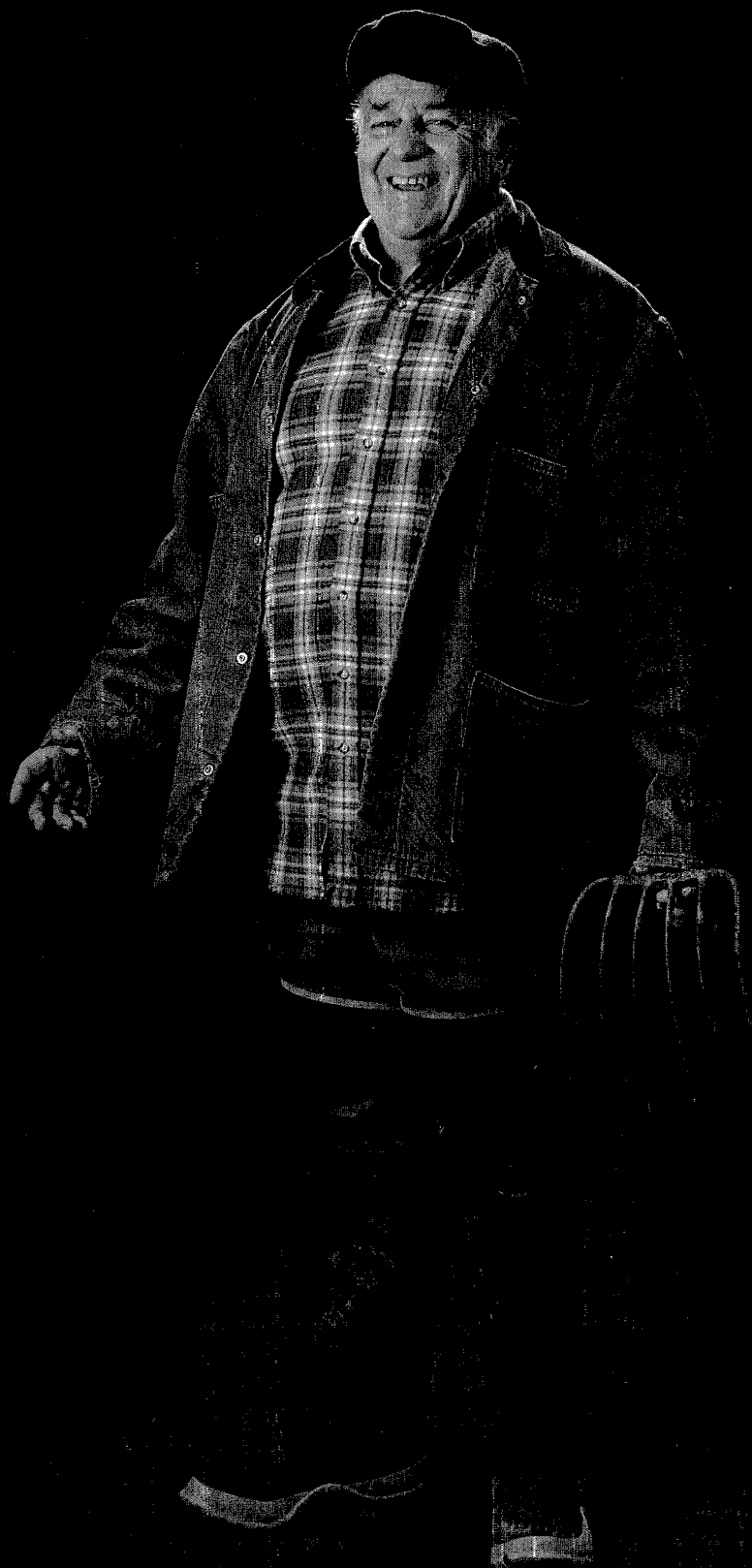
GOT PEOPLE WORKING IN PLACES WE COULDN'T DIG 2 OR 3

YEARS AGO. BUT I CAN TELL YOU SPECIFIC PLACES WHERE

SEWAGE STILL OVERFLOWS, AND THOSE HAVE TO BE CON-

TROLLED. THERE COULD BE A LOT MORE WORK FOR A LOT OF

PEOPLE IF THOSE PLACES WERE CLEANED TOO."











CONTRACTING CO. • RIZZO ASSOCIATES • UNIVERSAL ENGINEERING CORP. • BROAD

ELECTRICAL • WALSH CONSTRUCTION CO. OF ILLINOIS • NEXT STEP ADVENTURE

ZENONE INC. • ADVANCE PROTECTION SYSTEMS • ALLITE ELECTRIC SUPPLY •

GILLESPIE & ASSOC • ANALYTAB PRODUCTS • RICHARD D. KIMBALL CO. • APPL

RESEARCH • UNIFIRST CORP. • ARTHUR LAMB INC. • SEA CONSULTANTS • ASSOCIA

MEASUREMENTS • ATLANTIC TRACY INC. • SUSAN KOHLER GRAY • ALUMINUM & GU

CONCEPTS, INC. • AUTOMOTIVE TRANSPORTATION SERVICES • AW CHESTERTON C

BALCO CO., INC. • PEABODY CONSTRUCTION CO. INC. • RESOLUTIONS • BAY STATE I

WORKS INC. • RJ SANDERS INC. • ROWE CONSTRUCTION CO. • BAY STATE SYSTEM

JENNIFER KELLY, ENVIRONMENTAL EDUCATOR
HARBOR EXPLORATIONS

THE EDUCATIONAL RESEARCH VESSEL ENVIROLAB III WITH STUDENTS FROM CAMBRIDGE RINGE AND LATIN HIGH SCHOOL.

FORMS • WILLIAM C. FINN ASSOC. INC. • ADS ENVIRONMENTAL SERVICES INC. • PRO

“I SENT THE MWRA PICTURES OF ECHO BRIDGE SHOWING

GRAFFITI, MISSING GUARD POSTS, RUSTED METAL PIPES AND

CRACKS IN THE SIDEWALK. I THOUGHT IF THE BRIDGE WAS

CLEANED UP IT WOULD BE GOOD FOR THE ENVIRONMENT AND

IT WOULD PREVENT SOMEONE FROM GETTING HURT. I’M GLAD

THEY FIXED THE BRIDGE AND I’M GLAD I WROTE THE LETTER.

IT SHOWS THAT KIDS CAN MAKE A DIFFERENCE TOO.”



PAUL MAZZA DIGS FOR CLAMS AT THE HINGHAM BATHING BEACH.

CO. • SIERRA MONITOR CORP. • BUNCE INDUSTRIES, INC. • RH WHITE CONSTRUCTION

INC. • ICON EQUIPMENT DISTRIBUTORS, INC. • WON-DOOR CORP. • ICOS BOSTON

PATENT SCAFFOLDING CO. • CONVERSE CONSTRUCTION CO., INC. • RICH GLASS CO. INC.

DOREL STEEL ERECTION CORP. • RICHARD W. REID ELECTRICAL CO. • JON-SON, N

STEEL ERECTORS, INC. • RYAN IRON WORKS, INCORPORATED • ALPHA ENVIRONMENTAL

SERVICES, INC. • E.D.P. TECHNOLOGIES, INC. • HOWELL STEEL SERVICE, INC. • JONES

ATTWOOD, INC. • MID-AMERICA PIPE FABRICATORS & SUPPLY CO. • PARAMOUNT

FABRICATORS • RUSCO STEEL CO. • TIDEWATER EQUIPMENT CORP. • ATLAS ELEVATOR CO.

INC. • DOVER ELEVATOR CO. • PAYNE ELEVATOR CO. • M.J. DALY & SONS, INC. • E

PAUL MAZZA, MASTER CLAMMER
WEYMOUTH, MASSACHUSETTS

COAST FIREPROOFING CO., INC. • DENNIS K. BURKE INC. • GARRITY OIL CO., INC. • J

“DURING THE PAST FOUR OR FIVE YEARS IT’S BEEN VERY DIF-

FICULT TO FIND WORK IN CONSTRUCTION, BUT THE BOSTON

HARBOR PROJECT IS PROVIDING A LOT OF JOBS FOR A LOT

OF DIFFERENT TRADESPEOPLE. AS A LIFE-LONG RESIDENT OF

BOSTON, I ALSO FEEL LIKE I’M DOING SOMETHING FOR THE

CITY OUT HERE, AND LOOK FORWARD TO TAKING MY NIECES

AND NEPHEWS TO A CLEAN BOSTON BEACH SOME DAY AND

SAYING ‘I HELPED DO THIS.’”







LYNDA BOLT IS ONE OF MORE THAN 1,800 PEOPLE WORKING AT DEER ISLAND—THE SITE OF THE BOSTON HARBOR PROJECT.

• TECHNAFLOW, INC. • UNDERSEA SYSTEMS • ZANI TILE CO., INC. • GEORGE HYMAN

INSITUFORM OF NEW ENGLAND INC. • LANE & CO. INC. • JANE C. EDMONDS & ASSOC. •

C ENERCOM • WILLIAMS MOBILE OFFICES • ALBANESE BROTHERS INC. • RICHARD

TRUCKING • BLACK & VEATCH • VERMEULENS, INC. • CLEAN HARBORS • BRUCE CAMPB

& ASSOC. INC. • COMPREHENSIVE ENVIRONMENTAL INC. • WILDECA CORP. • COLQU

MEACHAM • DIGITAL PLANNERS INC. • F. RILEY CONSTRUCTION CO. INC. • DANIEL DEN

CO. • SOUTH SHORE OIL CO. • VERTICAL TRANSPORTATION SERVICE, INC. • FL

ENVIRONMENTAL SERVICES INC. • TRICIL ENVIRONMENTAL RESPONSE, INC. • FOSTER CO

J.M. CASHMAN INC. • RICHMOND HARDWARE • DER INC. • FRANKLIN INSTITUTE OF BOST

LYNDA BOLT, LABORER, PERINI CONSTRUCTION CORPORATION
BOSTON HARBOR PROJECT

• G & W ASSOC. INC. • WOMEN IN BUILDING TRADES, INC. • ROVING OIL CAN INC

DRESTEST CORP. • GA WILLIAMS • DICK CORP. • GCG ASSOC. INC. • FREDERIC R. HARRIS INC. • HAUGHEY GROUP • HEATH CONSULTANTS • J. MARCHESI & SONS INC. • A-1 EXTERMINATORS • J

“THE KEY TO A HEALTHY ENVIRONMENT IS MORE THAN JUST

RNARDIN • KLEIN AND HOFFMAN • SALEM GLASS CO. • BROCKTON EXCAVATING CONTRACTOR • LV MAWN CORP. • MAJOR CONSTRUCTION MANAGEMENT CORP. • BROWNING FERRIS INDUSTRIES • REPUB

LAYING PIPES OR BUILDING TREATMENT PLANTS. IT’S ABOUT

UMBING SUPPLY CO. INC. • MASS. INSTITUTE OF TECHNOLOGY • AK ENGINEERING • CAPITAL ACCESS CORP. • DELTA DENTAL • METROPOLITAN AREA PLANNING COUNCIL • REV LYN CONTRACTING

INDIVIDUAL CHOICES BASED ON EXPERIENCE AND AWARE-

PERIAL GLASS • APPLIED GEOGRAPHICS • CHARLTON WELL CO. INC. • MOORE & KLING INC. • NATIONAL COALITION BUILDING • ARCHETYPE ARCHITECTURE INC. • NE INTERSTATE ENVIRONMENTAL

NESS. THAT’S WHY IT’S VITAL THAT KIDS UNDERSTAND THEIR

SOURCE DEVELOPMENT COMPUTERS • CENTORR-VACUUM INDUSTRIES INC. • TRAINING CENTER • NEECE, CATOR, BARNICLE AND ASSOC. • DEANGELIS IRON WORK INC. • NEW ENGLAND AQUARIUM • CA

CONNECTION TO BOSTON HARBOR AND HOW THEIR ACTIONS

RP. • COMPUTER SCIENCE CORP. • RESPOND SYSTEMS • NEW ENGLAND WATER WORKS ASSOC. • RELIANCE SYSTEMS INC. • OCCUHEALTH INC. • NORTHEASTERN UNIVERSITY • OMNI HEALTH SYSTEMS IN

AT HOME IMPACT IT’S HEALTH. FOSTERING THIS KIND OF

RESPONSIVE TECHNOLOGY INC. • P. CALIACCO CORP. • MASSASOIT COMMUNITY COLLEGE • PEER CONSULTANTS • ENVIRONMENTAL RESOURCE ASSOC. INC. • RENNER TOOL & SUPPLY • PEQUOD ASSOC

AWARENESS NOW HELPS ENSURE THE LONG TERM HEALTH

D CORP. • PERINI/EASTERN JV • GEI CONSULTANTS • POWELL ADVERTISING & DESIGN INC. • GENERAL PHYSICS CORP. • PRESSURE CONCRETE CO. • HYDRA-STOP INC. • PROLOG PARTNERSHIP • R

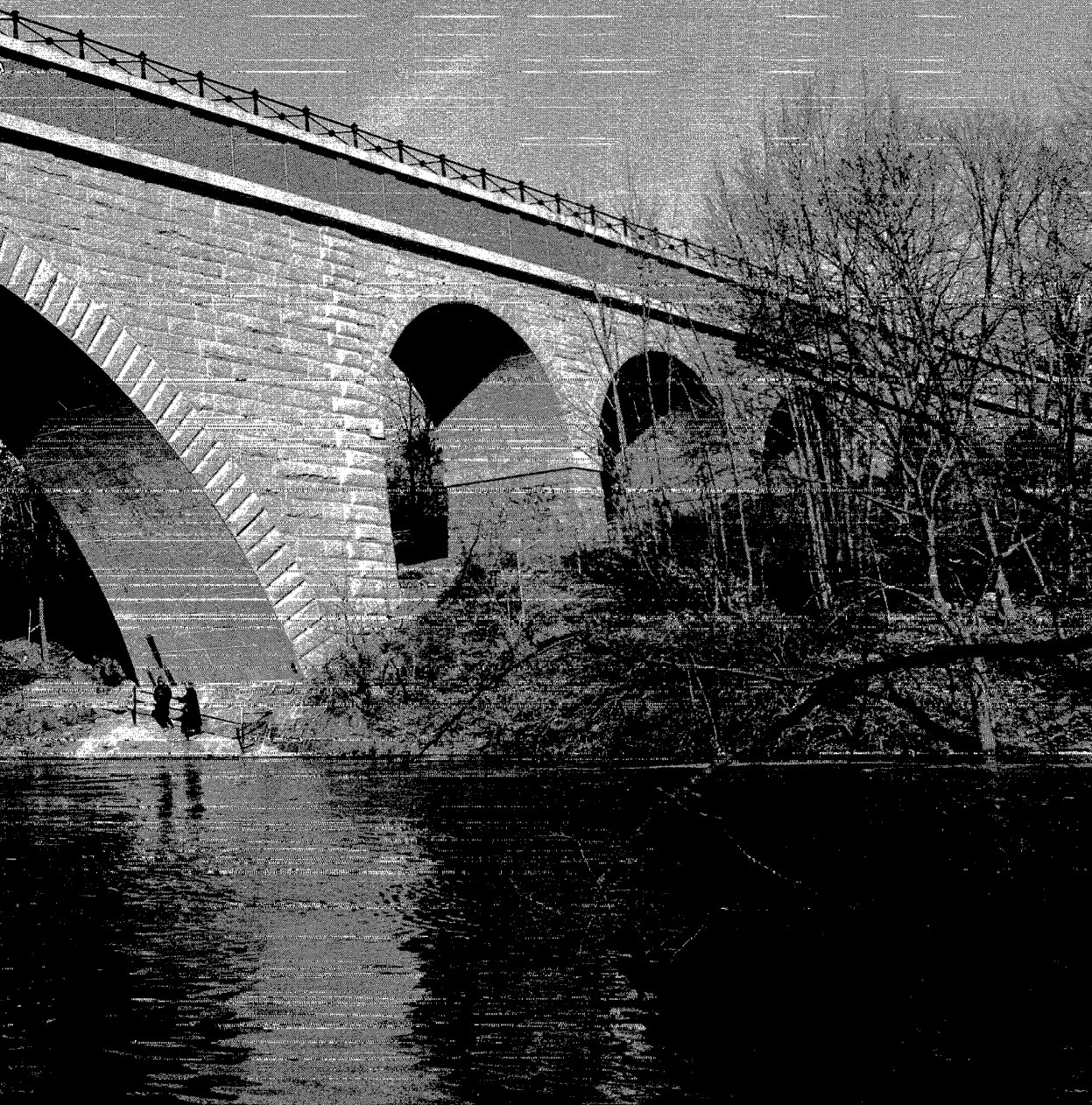
OF OUR ENVIRONMENT.”

ERGY SERVICES INC. • REYNOLDS BROTHERS INC. • FREDERICKSEAL INC. • GEOTECHNICAL GROUP INC. • ROY F. WESTON INC. • AIRCO NEW ENGLAND • SAE AMERICAN NORTHEAST INC. • SCHAF

IGN • AIF PLASTICS • HEC ENERGY SERVICES INC. • SISCO CORP. • TAYLOR OIL NORTHEAST • JM CASHMAN INC. • TECH ENVIRONMENTAL INC. • ADVANCED ENGINE TECHNOLOGY CORP • J.F. WH







ECHO BRIDGE CARRIES THE SUDBURY "BACK UP" AQUEDUCT OVER THE CHARLES RIVER AT NEWTON FALLS.

RYERSON & SONS INC. • F & M EMERGENCY GENERATOR • GENERAL PHOTOGRAPHY

SUPPLY CO. • COOPER ENERGY SERVICES GROUP • GOUDREAU & GROSSI • HAYEN PUMP

MACHINERY • COLMAR BELTING CO. • HERITAGE CONSTRUCTION & SUPPLY • EH PERKINS

SUBSIDIARIES • HOADLEY & SONS • CM CLEANING CO. INC. • HYPERKINETIX INC.

INDUSTRIAL SAFETY & SUPPLY • CONSOLIDATED WASTE SERVICES INC. • INGERSOLL RAND

CO. • EASTON ELECTRONICS • INSTANT ALARM & SIGNAL CO. INC. • INTERNATIONAL

MANAGEMENT • J & R ENGINEERED PRODUCTS INC. • JWC ENVIRONMENTAL INC. • LAIDL

WASTE SYSTEMS • ELECTRONIC ENVIRONMENT CORP. • SA HEALY/MODERN CONTINENTAL

LAMCO CHEMICAL CO. INC. • COMPUCOM SYSTEMS • LYNN LADDER AND SCAFFOLDING •

JULIE SILVERSTEIN, 5TH GRADER
NEEDHAM, MASSACHUSETTS

HYDE CONSTRUCTION INC. • SOS CORP. • MASS ENGINEERING CO. INC. • RUSSELECTRIC

BRIDGE ELECTRIC MOTOR SERVICE • MECHANICAL MANAGEMENT INC. • RUBIN HARDWARE CO. INC. • ELECTRONIC DATA SYSTEMS CORP. • RJN ENVIRONMENTAL ASSOC. INC. • MEDIA VALVE CO. INC.

“THE MWRA RETROFITTED OUR HOME WITH THREE WATER

LE CORP. • CHEMCOM INCORPORATED • MERRITT WELDING • TRIMONT BITUMINOUS • JOINER ASSOC. INC. • RV BUSINESS FORMS • KOWO CONTRACTING CO. • RM BRADLEY INC. • L & C BARRICADES

SAVING DEVICES. WE HAD THEM PUT IN A FAUCET AERATOR,

S BAY ELECTRICAL • ENERGY MACHINERY INC. • UNITED WELDING & TECHNOLOGY • MASS INDUSTRIAL SUPPLY • ENTERPRISE ENGINE SERVICES • MASS ENVELOPE CO. • ROBERT ABLE & CO. INC.

A LOW FLOW SHOWER HEAD AND A TOILET DAM. TO US, THE

LEY COURT REPORTING • GEORGE CALDWELL CO. • MASS MEDICAL SERVICE • EASTERN FIRE & SAFETY INC. • MILLIPORE CORP. • ROBI TOOLS • CONSOLIDATED INC. • MINERAL OPTICS LAB. • NATION

DEVICES REPRESENT A WAY TO CONTROL RISING WATER

E PROTECTION ASSOC. • JONES CHEMICAL CO. • GRAYBAR TELCOM • LANIER VOICE PRODUCTS • CRYSTAL CHEMICAL & PACKING CO. • LAWRENCE PUMP & ENGINE DIV. • MAHON CABLE CO. • ROBE

BILLS FROM OUR END OF THE TAP. BUT WE ALSO FEEL

INEERING & MACHINING INC. • GORHAM FIRE EQUIPMENT • DIGITAL PLANNERS INC. • MAJOR ELECTRIC SUPPLY CO. • CSG TECHNOLOGIES • MASS CORRECTIONAL INDUSTRIES • ENVIRONMENT

GOOD THAT OUR FAMILY IS DOING ITS PART TO CONSERVE

DEVELOPMENT CORP. • MASS HARDWARE & SUPPLY • HYDRO-DYNE INC. • MASS SAFETY SUPPLY • FLEET ELECTRIC SERVICE, INC. • METROPOLITAN PIPE & SUPPLY CO. • HANDHELD PRODUCTS • METTL

FOR THE FUTURE.”

TRUMENT CORP. • HELCO SAFETY EQUIPMENT • MILL VALLEY SPLICING INC. • NEW ENGLAND BOLT CO. • HEWLETT PACKARD INC. • NORTHEAST DATA PROCESSING SUPPLY • O'CONNOR ASSOC. • PJ RIL

O. • CLEAN HARBOR OF KINGSTON INC. • PIPELINE TAPPING SERVICE • DRESSER RAND INDUSTRIES • ROTMAN ELECTRIC CO. INC. • SAFETY INC. • ROGERS INSULATION SPECIALIST • ZAMPE

RACTORIES INC. • CUSTODIAL SYSTEMS • SPAULDING CO. INC. • NEW ENGLAND TIME & SYSTEM • C/P UTILITIES SERVICES CO. • PUBLIC WORKS SUPPLY CO. • RH WHITE CONSTRUCTION • THE MAH





THE CHANGS ARE



ONE OF MORE THAN 200,000 FAMILIES WHO VOLUNTARILY PARTICIPATED IN THE MWRA'S OPERATION WATERSENSE PROGRAM.

CORP. • YELLOW SPRINGS INSTRUMENTS INC. • RALPH PILL ELECTRICAL CO. • MI

WELDING SUPPLY CO. • REVET ENVIRONMENTAL & ANALYTICA • SAFETY KLEEN CO

CAMBRIDGE STREET METAL CO. • SCALA ELECTRONIC CORP. • US SEAL-COAT, INC. • T

HYDRAULICS • DRESSER PUMP • SCIENTIFIC SPEC. SERVICE INC. • NEW PIG CORP. • C

PARMER INSTRUMENT CO. • NORTHEAST CHEM DRY • O'BRIEN & SONS INC. • SUPER D

PRINTING • ORLANDO TRUCKING, INC. • PARCO ENGINEERING CORP. • C

ENVIRONMENTAL SERVICES • ENERGY MANAGEMENT & CONTROL CO. • PERST

ANALYTICAL INC. • SHIRLEY HARDWARE • PFEIFFER & CO. • CIPOLLINE SHEET MET

PITOMETER ASSOC. • RACO ENERGY CO. • DORIS WONG ASSOC. INC. • RESOU

PONCHO CHANG, RATEPAYER
BROOKLINE, MASSACHUSETTS

CONSERVATION INC. • DRESSER RAND STEAM TURBINE • RICHMOND HARDWAR

MBING • SAFETY SOURCE NORTHEAST • DIRECT SAFETY CO. • SEA TOW SERVICES MASS BAY INC. • SNAP ON TOOL CORP. • HYDRON INC. • SOFTWARE SYSTEMS INC. • NOVACAD INC. • SPECIALIZ

“SOME BAKERIES HAVE TO COMPENSATE CHEMICALLY FOR

DUCTS CO. • STREETER EQUIPMENT CO. • TEKTRONIC, INC. • ROSS VALVE MFG. CO. • TELEDYNE ENGINEERING SERVICES • TRIUMVIRATE ENVIRONMENTAL INC. • WASTE MANAGEMENT OF BOSTON

LACK OF WATER QUALITY. SOME EVEN HAVE TO BUY BOT-

ERLESS ELECTRIC SUPPLY INC. • POWER PRODUCTS INC. • WOBURN CONCRETE PRODUCTS • TURNER STEEL CO. • US PIPE & FOUNDRY • VIGOR DIESEL INJECTION • WESCO WELDERS SUPPLY CO. • STA

TLED WATER TO COOK WITH BECAUSE LOCAL WATER IS SO

EMICAL MFG. CO. • PRIMARY FLOW SIGNAL INC. • STILES CO. INC. • UNITED DIVERS • APT PRODUCTS INC. • CARL HEINRICH • PEABODY PAPER & INDUSTRIAL • GRANITE LOCK CO • AMERIC

BAD. BUT OUR BAGELS ARE COOKED IN SOME OF THE BEST

PHYSICAL UNION • C D MERRITT WELDING CO • AMERICOM INC. • PRO TOOL & SUPPLY • APPLE COMPUTER INC. • ARATEX SERVICE • PRECISION HYDRAULIC INC. • ARTHUR CO. • POWERS & RAICHE IN

WATER IN THE COUNTRY. MIND YOU, THEY'RE A SUPERIOR

TLANTIC INDUSTRIAL SUPPLY CO • CITIZEN SECURITY • PAYETTE ASSOCIATES • ROYAL LABEL CO. • ATLAS ELEVATOR • PROGRESS PALLET CO. INC. • BAY STATE MOVING SYSTEMS • CENTRAL CEILING

PRODUCT TO BEGIN WITH, BUT THE FINISHED PRODUCT IS

NETWORKS DESIGN GROUP • BORDEN & REMINGTON • BOSTON GAS CO • CHESSEL CORP • MELO & SONS • AMERICAN SIGMA • PLUMB HOUSE INC. • BOSTON PHOTO LAB • PAULSON STAIR FABRICATO

UNDOUBTEDLY ENHANCED BY THE SUPERIOR WATER WE

• A. ROTONDO & SONS • CARL LUEDERE & CO. • A.J. ABRAMS CO • PRIDE PRINTERS INC. • AIR BALANCER INC. • COPLEY SYSTEMS • PIPING SPECIALTIES • PK SAFETY EQUIPMENT CO. • AMERIC

HAVE TO WORK WITH.”

EVATOR CO. • PLAYBACK • MICRO CONCEPTS INC. • BEACON BUSINESS FORMS • CORPORATE SOFTWARE • PERFECTION AUTO REPAIR • DLP INDUSTRIES • EMBREE & WHITE • ATLANTIC GRAPHIC SERVIC

ARUS CHEMICAL CO • PLYMOUTH PAPER CO. • COLLINS OVERHEAD DOOR • BRIGGS ASSOCIATED, INC. • COMM TRACT CORP • BRAKE & CLUTCH • DRAPER PRINTING • PRECISION TANKER SERVICES INC







RICHARD KATZ DRAINS A DOZEN BAGELS AT HIS POPULAR CHELSEA BAKERY.

CONTE CONSTRUCTION • PROGRAMMABLE DEVICES • ANALYTICAL MEASUREMENT

DEERFIELD DATA SYSTEMS • PETOCOLANE GAS SERVICE • BOSTON OFFICE SUPPLIE

DONNEGAN SYSTEMS INC. • EAGLE ELECTRIC CO • ATLANTIC BATTERY • POWELL STON

GRAVEL INC. • BGI INC. • PNEUMATIC SPECIALTIES INC. • EASTERN WHOLESALE FENCE

• AIR ENERGY INC. • POLARIS CORP • ENERGY EFFICIENT INTERIORS • CAR POOL IN

CASEY & DENNIS EQUIPMENT CORP • API ANALYTAB PRODUCTS • CHOICE SYSTE

INSTALLATION • POWER EQUIPMENT SALES CO., INC. • BOWER AMMONIA • CURTIS NEW

CORP • PJ DIONNE CO. • ALLOY FABRICATORS OF N.E. • CYN OIL CO. • DAY ASSOCIA

INC. • PRECISION FABRICATING CORP • BK PRECISION • PATH ASSOCIATES OF NATION

RICHARD KATZ, OWNER, KATZ BAGELS
CHELSEA, MASSACHUSETTS

DURANT PAINT INC. • PORTLAND PIPE & FITTING CO. • EASTMAN KODAK CO. • AOX COR

Y STATE GLASS/BOSTON MIRROR • PJ GEAR & SON INC. • EVERETT FENCE CO. • PLR MECHANICAL INC. • FALLON WILLIAMS SERVICE • ACL SERICES LTD • ALPKEM CORP. • MENINO CONSTRUCTION C

“WE WASH HALF-A-MILLION PIECES OF LINEN A WEEK FROM

. • FOULSHAM’S • PEABODY NE INC. • BARKER LUMBAR • GRAYBAR ELECTRIC CO. INC. • CYCLE SOLVE CORP. • GREEN’S STATIONARY • DIGITAL EQUIPMENT CORP • ALAN’S LOCKSMITH CO. • EASTE

RESTAURANTS IN THE BOSTON AREA AND THE MWRA REGU-

CKAGING CO. • C & J EQUIPMENT • PAUL’S TRANSMISSION & REPAIR • HARBOR TOOL CO. • APPLIED IMAGE, INC. • HAZMAT SAFETY EQUIPMENT • ARTHUR INDUSTRIES INC. • PAULINI LOAM CORP

LATES OUR DISCHARGES. THEY’VE ALWAYS BEEN RECEPTIVE

ERITAGE INDUSTRIAL SUPPLIES • I. ANDLER & SONS INCORPORATED • IDEAL FENCE • COSTAL OIL NEW ENGLAND INC. • A.A. WILL MATERIALS CORP • OSTROW ELECTRIC CO., INC. • MORGAN GRAMP

TO OUR NEEDS AS A BUSINESS—REVIEWING OUR EQUIPMENT

USTRIAL SCIENTIFIC • PCL DEWATERING INC. • BOSTON EDISON • MEDIA RECOVERY • AMERICAN FENCE INC. • INFORMATION TECHNOLOGY INC. • ARCHITECTURAL GRAPHICS & SIGNS • INTERSTATE BOL

AND FINDING THE MOST ECONOMICAL WAY FOR US TO MEET

SOLUTE TOOL • CHI COR • ORION EMERGENCY SERVICES INC. • BOWMAN DISTRIBUTION • J.L. HAMMET CO. • GENERAL BINDING CORP. • EVANS & FAULKNER • COLDAR BUSINESS SERVICES • AMERIC

COMPLIANCE CRITERIA. BECAUSE OF THIS COOPERATIVE

TER WORKS ASSOC • MCCOY FENCE INC. • EXECUTIVE GLASS • MCQUAY SERVICES • F.M. FIRE CONTROL CO. INC. • P GIOIOSIO & SONS • GENERAL FIRE EXTINGUISHERS • MEDI RENTS • PAGE SHE

SPIRIT, THE PRESIDENT OF MORGAN SERVICES HAS COMMIT-

TAL INC. • GENIUM PUBLISHING CORP. • MCGILL HOSE & COUPLING INC. • GRANITE AUTO ELECTRIC • MCO CORP • JOHN H MCCARTHY ASSOCIATES • GRANT STEEL CO., INC. • HARRISON PUBLISH

TED TO AN EXPANSION OF THIS ROXBURY PLANT.”

USE INC. • MIDLAND SUPPLY INC. • INDUSTRIAL WASTE & PAPER CO. • MELROSE PAINT • J & M MACHINE • GLIDDEN CO. OF NATICK • J.F. WHITE/PKF-MARK III • McDONALD CO • J.J. SULLIV

UMBING & HEAT • ORE INTERNATIONAL INCORPORATED • MCDEVITT MACK SALES & SERVICE • JACK YOUNG CO. • ETA ASSOCIATES • MODERN ART SIGN CO • PAM LYN TRUCKING • JET-LINE SERVICE





EUGENIO PICA INSPECTS A LOAD OF LAUNDRY AT



FIDELITY PRESS • P & L PUBLICATIONS • FISCHER SCIENTIFIC • MCGINLEY HAR

ASSOCIATES • PACER ELECTRONICS • MCGRATH HARDWARE INC. • PAPPY'S ELECTRIC IN

FLOORS INCORPORATED OF N.E. • ME CARR CPA • KENDALL BOILER OF CAMBRIDGE

PAISLEY MAINTENANCE INC. • ORLANDO TRUCKING CO. • FOLEY CHRYSLER PLYMOUTH I

• LAPPEN AUTO SUPPLY • MEADE MCGRATH FENCE CO., INC. • PAGE ELECTRICAL SERV

• FOTO BEAM BROOKSIDE • FRANK I. ROUNDS CO. • MALDEN LOCK • FULLWELL PRODUC

INC. • PAINT PRO • GELCO SPACE • LOGAN STAMP WORKS INC. • GEORGE T JOHNSON CO

McKEARNEY ASSOCIATES • GRANITE CITY ELECTRIC • METROPOLITAN TELEPHONE CO., I

• GRAPHIC CONTROLS CORP. • MASONRY RESTORATION INC. • LINDEN & MALDEN CEM

GORDON WILLIAMS, GENERAL MANAGER, MORGAN LINEN AND UNIFORM
ROXBURY, MASSACHUSETTS

MORGAN LINEN AND UNIFORM, WHICH HAS BEEN AT THIS ROXBURY LOCATION FOR OVER 90 YEARS AND EMPLOYS 125 PEOPLE. BLOCK CO. • McNALLY SUPPLY INC. • HANSON PRINTING CO. INC. • McLAUGH

MWRA MAJOR CAPITAL PROJECTS

	1984	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	TOTAL
1 LOCAL SOURCES OF SUPPLY Continued to identify alternate local water supplies.						●	●	●	●	●	●	●	●	●	●	●	(Millions) \$6.5
2 RESERVOIR RISK ASSESSMENT Continued study of potential pollution sources within Quabbin and Wachusett watersheds.							●	●	●								\$0.6
3 SAFE DRINKING WATER ACT COMPLIANCE Continued planning for construction of water storage, disinfection and treatment facilities to comply with federal law.					●	●	●	●	●	●	●	●	●	●	●	▲	\$490.8
4 WINSOR DAM HYDROGENERATOR Continued design of modifications to maximize power generation capabilities.						●	●	●	●	●	●	●	●	▲	▲		\$1.2
5 WACHUSETT DAM CONTROL VALVE Continued planning and design for replacement of 85-year-old valves in Wachusett Dam.							●	●	●	▲	▲						\$6
6 OAKDALE POWER STATION Completed the repair of the hydroelectric generator which controls reservoir elevation.				●	●	●	▲	■									\$1.0
7 SLUICE GATE REHABILITATION Continued construction to replace inoperable sluice gates at reservoir intakes.				●	●	●	●	▲	▲	▲	▲	▲	▲				\$4.9
8 HULTMAN-WESTON AQUEDUCT Completed construction of aqueduct modification. Completed pipeline replacement and meter improvements.	●	●	●	▲	▲	■											\$5.6
9 TRANSMISSION MAINTENANCE FACILITY Continued construction of a new centralized water system maintenance headquarters.						●	●	▲	▲	▲							\$4.7
10 AQUEDUCT SYSTEM IMPROVEMENTS Continued design for construction of a tunnel to provide a back-up for the Hultman Aqueduct.	●	●	●	●	●	●	●	●	●	●	●	▲	▲	▲	▲	▲	\$340.2
11 ECHO BRIDGE REHABILITATION Continued rehabilitation of 1870s aqueduct bridge.				●	●	●	●	▲	▲	▲	▲	▲					\$0.4
12 WESTON RESERVOIR CHLORINATION FACILITY Continued rehabilitation of chlorination facility.						●	●	▲	▲	▲							\$2.2
13 WATER DISTRIBUTION SYSTEM MASTER PLAN Continued study designed to provide database and recommendations for a distribution system master plan.	●	●	●	●	●	●	●	●	●	●							\$1.2
14 WATER METER MODERNIZATION Continued rehabilitation of 139 meters which will provide accurate information on each community's water use.	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲			\$13.3
15 BLOW-OFF VALVE REPLACEMENT Continued design to reconfigure blow off valves to maintain water quality and eliminate cross connections.						●	●	●	●	●	▲	▲	▲	▲	▲	▲	\$8.3
16 BOSTON LOW SERVICE PIPE Continued design for rehabilitation of pipes serving downtown Boston and surrounding areas.	●	●	●	●	●	●	●	●	●	●	▲	▲	▲				\$11.8
17 NONANTUM ROAD PIPE REPLACEMENT Continued design for rehabilitation of pipes serving Newton and Watertown.				●	●	●	●	●	●	●	▲	▲					\$6.0
18 SOUTHERN SERVICE IMPROVEMENTS Continued rehabilitation of Newton Street pump station.					●	●	▲	▲	▲	▲	▲	▲					\$14.0
19 HEATH HILL ROAD AND RTE. 9 PIPE Continued design to replace old, corroded pipeline.						●	●	●	●	▲	▲	▲	▲				\$6.9
20 COMMONWEALTH AVE. PUMP STATION Continued design of pumping upgrades to ensure reliable water delivery to Newton.					●	●	▲	▲	▲	▲	▲	▲	▲				\$6.2
21 LEXINGTON ST. PUMP STATION Continued construction to upgrade pumping capacity.					●	●	▲	▲	▲	▲	▲	▲					\$2.7
22 SPOT POND PUMP STATION Began second phase design of rehabilitation of 1905 pump station.					●	●	▲	▲	▲	▲	▲	▲	▲	▲			\$37.1
23 NORTHERN LOW SERVICE PIPELINE Continued design of repairs for badly corroded pipeline in Medford and Chelsea.					●	●	●	●	●	▲	▲	▲	▲				\$5.0
24 NORTHERN HIGH SERVICE - LYNN Continued construction to upgrade service by replacing old, undersized pipes and valves.					●	▲	▲	▲	▲	▲	▲	▲					\$15.8
25 NORTHERN HIGH SERVICE - SECTION 27 & 71 Began design for replacing old, corroded pipes.									●	●	▲	▲	▲	▲			\$4.4
26 NORTHERN HIGH SERVICE - REVERE & MALDEN Began construction on improvements to ensure sufficient water pressure.					●	●	●	●	▲	▲	▲	▲	▲	▲			\$20.9
27 CENTRAL MONITORING SYSTEM Continued design of a remote monitoring system to efficiently measure system flows and water pressure.	●	●	●	●	●	●	●	●	●	▲	▲	▲					\$18.3
28 DOMESTIC DEVICE RETROFIT PROGRAM Continued to install free water-saving devices throughout the service area.			●	●	●	●	▲	▲	▲	▲							\$13.3
29 CHESTNUT HILL PUMP STATION Continued design of a building rehabilitation that will house a testing lab.					●	●	●	●	●	▲	▲	▲					\$16.2

	1984	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	TOTAL
30 SEWER SYSTEM METERING Continued installation of meters to accurately measure sewage flows.				●	●	▲	▲	▲	▲	▲							\$7.2
31 QUINCY PUMP FACILITIES Began construction for short-term and long-term improvements to three pump stations.				●	●	●	●	●	▲	▲	▲	▲	▲	▲	▲	▲	\$19.3
32 HINGHAM PUMP STATION Completed construction for rehabilitation of pump station to prevent overflows into Back River.	●	●	●	●	●	●	●	▲	■								\$3.1
33 BRAINTREE/WEYMOUTH RELIEF FACILITIES Continued planning for new relief facilities and pump station to serve South Shore communities.	●	●	●	●	●	●	●	●	●	●	●	●	●	▲	▲	▲	\$136.6
34 NEW NEPONSET VALLEY RELIEF Continued design of a major pump station and relief sewers to increase system capacity.	●	●	●	●	●	●	●	●	●	▲	▲	▲	▲	▲			\$40.4
35 WELLESLEY EXTENSION SEWER Continued construction of 7.5 miles of pipeline to increase system capacity and prevent pollution of Charles River.	●	●	●	●	●	▲	▲	▲	▲	▲	▲						\$72.2
36 FRAMINGHAM EXTENSION RELIEF Continued design of 22 million gallons-per-day pump station and rehabilitation of Framingham Extension Sewer.	●	●	●	●	●	●	●	●	●	▲	▲	▲	▲	▲			\$46.7
37 CUMMINGSVILLE BRANCH SEWER Began facilities planning to relieve overburdened sewer serving Winchester, Woburn and Burlington.									●	●	●						\$0.7
38 ALEWIFE BROOK PARKWAY PUMP STATION Continued replacement of pumping and screening equipment to ensure reliable pumping.					●	●	●	▲	▲	▲							\$1.02
39 EAST BOSTON PUMP STATION Continued construction to replace 1898 East Boston Pump Station, Chelsea Screenhouse and Winthrop Terminal.	●	●	▲	▲	▲	▲	▲	▲	▲								\$46.7
40 CHARLESTOWN PUMP STATION Continued construction of 93 million gallons-per-day pump station to replace 1895 facility.	●	●	●	●	●	●	▲	▲	▲								\$34.4
41 DEER ISLAND REMOTE HEADWORKS Continued improvements at three facilities that screen out larger debris before flow reaches Deer Island treatment plant.							●	●	●	▲	▲						\$0.6
42 NUT ISLAND INTERMEDIATE UPGRADE Continued improvements to ensure uninterrupted service until new Deer Island facility is complete.				●	●	▲	▲	▲	▲								\$1.3
43 CLINTON WASTEWATER TREATMENT Continued construction to upgrade sewage treatment plant to improve water quality of discharges into the Nashua River.	●	●	●	●	●	▲	▲	▲	▲								\$40.0
44 OFF ISLAND RESIDUALS MANAGEMENT FACILITIES Continued construction of facilities to process and dispose of wastewater treatment plant sludge.		●	●	●	●	●	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	\$176.7
45 COMBINED SEWER OVERFLOWS Continued CSO planning. Completed initial facilities plan. Began procurement of final planning contracts.					●	●	●	●	●	●	●	●	●	▲	▲	▲	\$1,380.0
46 COTTAGE FARM HVAC Continued improvements to ventilation and odor control equipment at Cambridge facility.								●	●	▲							\$0.2
47 PRIMARY TREATMENT PLANT Continued construction of primary plant on Deer Island to improve treatment and increase capacity.		●	●	●	●	●	▲	▲	▲	▲	▲	▲					\$577.6
48 DEER ISLAND SECONDARY PLANT Continued design of plant that will increase the level of treatment to meet federal standards.		●	●	●	●	●	●	●	●	▲	▲	▲	▲	▲	▲	▲	\$765.9
49 INTER-ISLAND TUNNEL AND SHAFT Continued construction of tunnel to carry sewage from Nut Island to Deer Island for treatment.		●	●	●	●	●	●	▲	▲	▲	▲	▲					\$96.1
50 EFFLUENT OUTFALL TUNNEL Continued construction of outfall tunnel and diffusers to carry and disperse treated sewage 9.5 miles out into Mass. Bay.		●	●	●	●	●	▲	▲	▲	▲	▲	▲					\$379.6
51 WATER TRANSPORTATION FACILITIES Continued transportation of construction materials and personnel to Deer Island.		●	●	●	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	\$255.6
52 SITE FACILITIES Continued construction of site support facilities on Deer Island.			●	●	●	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	\$293.4
53 PERMANENT UTILITIES Continued construction of electric switch gear and Deer Island utilities.			●	●	●	▲	▲	▲	▲	▲	▲	▲	▲	▲			\$181.4
54 ON ISLAND RESIDUALS FACILITIES Continued construction of primary egg-shaped digesters and sludge thickeners.			●	●	●	●	●	▲	▲	▲	▲	▲	▲	▲	▲	▲	\$470.3

NUMBERS REFERS TO POSITION ON MAP ON NEXT PAGE.



PLANNING/DESIGN

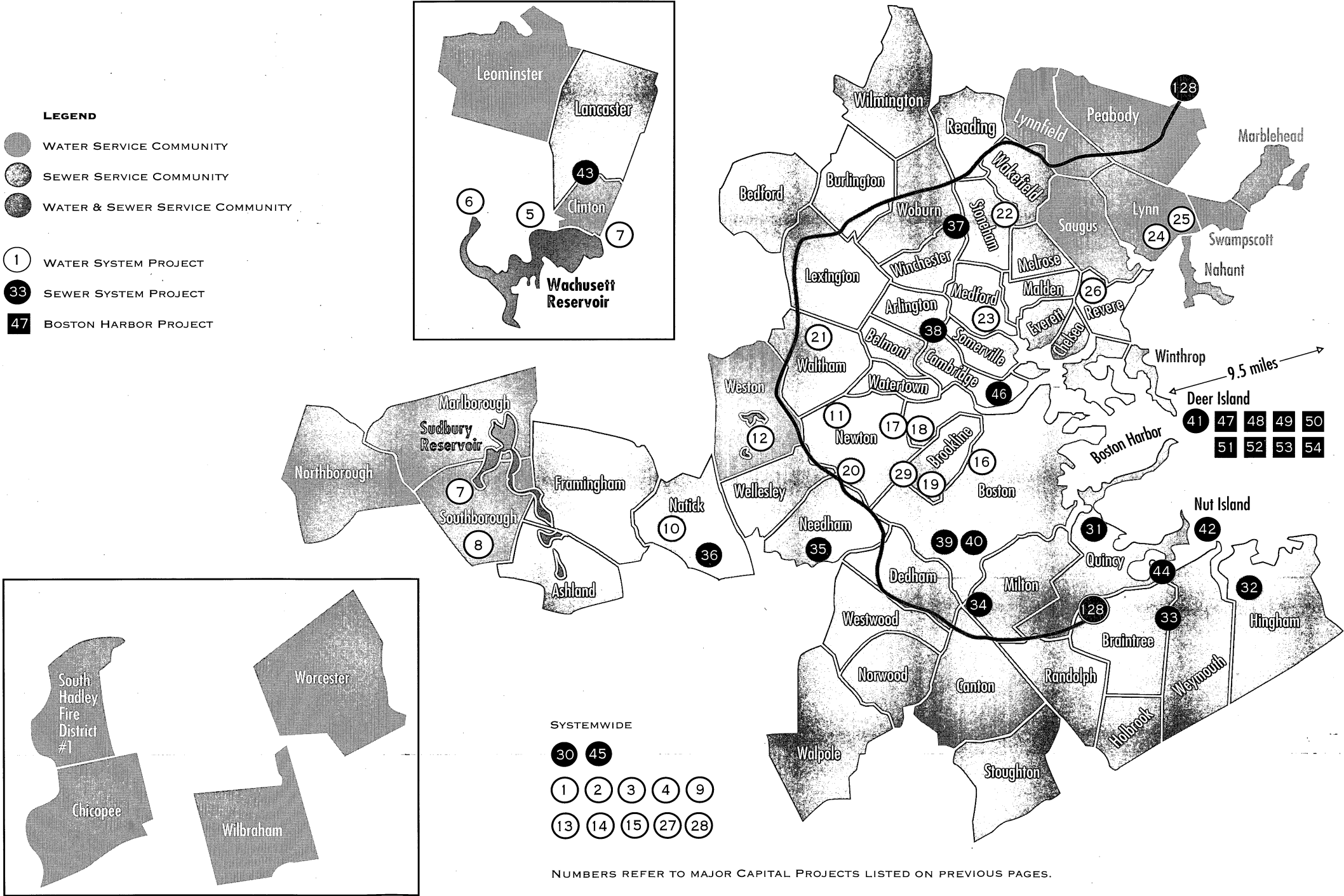


CONSTRUCTION



COMPLETION

MWRA SERVICE AREA & MAJOR CAPITAL PROJECTS



REPORT OF INDEPENDENT ACCOUNTANTS

TO THE BOARD OF DIRECTORS OF THE
MASSACHUSETTS WATER RESOURCES AUTHORITY:

WE HAVE AUDITED THE ACCOMPANYING BALANCE SHEET OF THE MASSACHUSETTS WATER RESOURCES AUTHORITY (THE "AUTHORITY") AS OF JUNE 30, 1992, AND THE RELATED STATEMENTS OF OPERATIONS AND CHANGES IN RETAINED EARNINGS, CHANGES IN FUND EQUITY, AND CASH FLOWS FOR THE YEAR THEN ENDED. THESE FINANCIAL STATEMENTS ARE THE RESPONSIBILITY OF THE AUTHORITY'S MANAGEMENT. OUR RESPONSIBILITY IS TO EXPRESS AN OPINION ON THESE FINANCIAL STATEMENTS BASED ON OUR AUDIT. WE PREVIOUSLY AUDITED AND REPORTED UPON THE AUTHORITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1991, WHICH ARE INCLUDED IN CONDENSED FORM FOR COMPARATIVE PURPOSES ONLY.

WE CONDUCTED OUR AUDIT IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AND GOVERNMENT AUDITING STANDARDS. THOSE STANDARDS REQUIRE THAT WE PLAN AND PERFORM THE AUDIT TO OBTAIN REASONABLE ASSURANCE ABOUT WHETHER THE FINANCIAL STATEMENTS ARE FREE OF MATERIAL MISSTATEMENT. AN AUDIT INCLUDES EXAMINING, ON A TEST BASIS, EVIDENCE SUPPORTING THE AMOUNTS AND DISCLOSURES IN THE FINANCIAL STATEMENTS. AN AUDIT ALSO INCLUDES ASSESSING THE ACCOUNTING PRINCIPLES USED AND SIGNIFICANT ESTIMATES MADE BY MANAGEMENT, AS WELL AS EVALUATING THE OVERALL FINANCIAL STATEMENT PRESENTATION. WE BELIEVE THAT OUR AUDIT PROVIDES A REASONABLE BASIS FOR OUR OPINION.

IN OUR OPINION, THE FINANCIAL STATEMENTS REFERRED TO ABOVE PRESENT FAIRLY, IN ALL MATERIAL RESPECTS, THE FINANCIAL POSITION OF THE MASSACHUSETTS WATER RESOURCES AUTHORITY AS OF JUNE 30, 1992 AND THE RESULTS OF ITS OPERATIONS AND ITS CASH FLOWS FOR THE YEAR THEN ENDED IN CONFORMITY WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

OUR AUDIT WAS CONDUCTED FOR THE PURPOSE OF FORMING AN OPINION ON THE BASIC FINANCIAL STATEMENTS TAKEN AS A WHOLE. THE SUPPLEMENTAL SCHEDULE OF FUNDS AND ACCOUNTS ESTABLISHED BY THE GENERAL REVENUE BOND RESOLUTION FOR THE YEAR ENDED JUNE 30, 1992 IS PRESENTED FOR PURPOSES OF ADDITIONAL ANALYSIS AND IS NOT A REQUIRED PART OF THE BASIC FINANCIAL STATEMENTS. SUCH INFORMATION HAS BEEN SUBJECTED TO THE AUDITING PROCEDURES APPLIED IN THE AUDIT OF THE BASIC FINANCIAL STATEMENTS AND, IN OUR OPINION, IS FAIRLY STATED, IN ALL MATERIAL RESPECTS, IN RELATION TO THE BASIC FINANCIAL STATEMENTS TAKEN AS A WHOLE.

Coopers & Lybrand

BOSTON, MASSACHUSETTS

AUGUST 27, 1992

BALANCE SHEET

JUNE 30, 1992 (WITH COMPARATIVE TOTALS AT JUNE 30, 1991)
(IN THOUSANDS)

ASSETS	SEWER	WATER	1992 TOTAL	1991 TOTAL
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS (NOTES B, D AND E)	\$ 26,606	\$ 14,873	\$ 41,479	\$ 51,496
SHORT-TERM INVESTMENTS (NOTE D)	12,540	7,143	19,683	2,400
ACCOUNTS RECEIVABLE	12	388	400	374
MATERIALS AND SUPPLIES	4,369	1,406	5,775	6,461
TOTAL CURRENT ASSETS	43,527	23,810	67,337	60,731
RESTRICTED ASSETS:				
CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS (NOTES B, D AND E)	930,153	104,573	1,034,726	322,816
INTEREST RECEIVABLE	2,285	263	2,548	991
GRANTS RECEIVABLE:				
BILLED	18,929	5,176	24,105	14,346
UNBILLED	15,915		15,915	17,574
TOTAL RESTRICTED ASSETS	967,282	110,012	1,077,294	355,727
PROPERTY, PLANT AND EQUIPMENT (NOTES B AND G):				
PROPERTY, PLANT AND EQUIPMENT	1,126,708	1,708,689	2,835,397	2,644,155
LESS ACCUMULATED DEPRECIATION	(208,657)	(182,299)	(390,956)	(313,236)
	918,051	1,526,390	2,444,441	2,330,919
CONSTRUCTION IN PROGRESS (NOTE K)	742,164	44,409	786,573	566,921
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,660,215	1,570,799	3,231,014	2,897,840
OTHER ASSETS	1,921	190	2,111	2,518
TOTAL ASSETS	\$2,672,945	\$1,704,811	\$4,377,756	\$3,316,816
LIABILITIES	SEWER	WATER	1992 TOTAL	1991 TOTAL
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 16,003	\$ 5,866	\$ 21,869	\$ 12,549
TOTAL CURRENT LIABILITIES	16,003	5,866	21,869	12,549
PAYABLE FROM RESTRICTED ASSETS:				
ACCOUNTS PAYABLE FOR CONSTRUCTION	56,980	5,177	62,157	53,344
RETAINAGE ON CONSTRUCTION IN PROGRESS	23,443	2,211	25,654	15,929
ACCRUED INTEREST ON BONDS PAYABLE	26,816	2,759	29,575	14,846
CURRENT PORTION OF LONG-TERM DEBT (NOTE E)	62,248	34,515	96,763	17,479
RESERVES (NOTES B, C AND D)	47,302	24,301	71,603	58,411
DEFERRED CREDITS (NOTES B AND C)	51,465	18,009	69,474	59,105
TOTAL PAYABLE FROM RESTRICTED ASSETS	268,254	86,972	355,226	219,114
COMMITMENTS AND CONTINGENCIES (NOTES K AND L)				
LONG-TERM DEBT, LESS CURRENT PORTION (NOTE E)	1,615,392	164,494	1,779,886	852,589
TOTAL LIABILITIES	1,899,649	257,332	2,156,981	1,084,252
FUND EQUITY				
CONTRIBUTED CAPITAL (NOTE B)	773,296	1,447,479	2,220,775	2,232,564
TOTAL LIABILITIES AND FUND EQUITY	\$2,672,945	\$1,704,811	\$4,377,756	\$3,316,816

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

STATEMENT OF OPERATIONS AND CHANGES IN RETAINED EARNINGS

FOR THE YEAR ENDED JUNE 30, 1992 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1991)
(IN THOUSANDS)

	SEWER	WATER	1992 TOTAL	1991 TOTAL
OPERATING REVENUES (NOTE E):				
CUSTOMER SERVICES	\$ 185,708	\$ 59,638	\$ 245,346	\$ 186,628
OTHER	2,113	66	2,179	1,799
	<u>187,821</u>	<u>59,704</u>	<u>247,525</u>	<u>188,427</u>
OPERATING EXPENSES:				
OPERATIONS	50,592	27,639	78,231	62,828
MAINTENANCE	6,001	1,488	7,489	7,398
PAYMENTS IN LIEU OF TAXES (NOTES I)		2,171	2,171	1,986
ENGINEERING AND GENERAL AND ADMINISTRATIVE	45,000	13,701	58,701	47,399
	<u>101,593</u>	<u>44,999</u>	<u>146,592</u>	<u>119,611</u>
INCOME FROM OPERATIONS BEFORE DEPRECIATION	86,228	14,705	100,933	68,816
DEPRECIATION (NOTE B)	50,997	28,427	79,424	73,761
OPERATING INCOME (LOSS)	<u>35,231</u>	<u>(13,722)</u>	<u>21,509</u>	<u>(4,945)</u>
REGULATORY ACCOUNTING PROVISIONS (NOTES B, C AND D):				
RESERVES RECOVERED THROUGH RATES	(10,462)	(2,730)	(13,192)	(13,873)
CHANGE IN DEFERRED CREDITS	(8,294)	(2,074)	(10,368)	(4,936)
NONOPERATING INCOME AND EXPENSES:				
INTEREST INCOME	26,478	5,328	31,806	37,819
INTEREST EXPENSE (NOTE F)	(75,267)	(9,828)	(85,095)	(66,570)
NET LOSS	<u>(32,314)</u>	<u>(23,026)</u>	<u>(55,340)</u>	<u>(52,505)</u>
PLUS DEPRECIATION ON PROPERTY, PLANT AND EQUIPMENT FUNDED BY CAPITAL CONTRIBUTIONS (NOTE B)	<u>32,314</u>	<u>23,026</u>	<u>55,340</u>	<u>52,505</u>
CHANGE IN RETAINED EARNINGS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

STATEMENT OF CHANGES IN FUND EQUITY

FOR THE YEAR ENDED JUNE 30, 1992
(IN THOUSANDS)

	SEWER	WATER	TOTAL
FUND EQUITY AS OF JUNE 30, 1991	\$792,408	\$1,440,156	\$2,232,564
GRANTS IN AID OF CONSTRUCTION (NOTE B)	43,551		43,551
TRANSFER OF GRANTS RECEIVED FROM SEWER FUND TO WATER FUND (NOTE G)	(30,349)	30,349	
LESS DEPRECIATION ON PROPERTY, PLANT AND EQUIPMENT FUNDED BY CAPITAL CONTRIBUTIONS (NOTE B)	(32,314)	(23,026)	(55,340)
FUND EQUITY AS OF JUNE 30, 1992	<u>\$773,296</u>	<u>\$1,447,479</u>	<u>\$2,220,775</u>

FINANCIAL PAGES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 1992 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1991)
(IN THOUSANDS)

	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
CASH RECEIVED FROM CUSTOMERS	\$245,320	\$187,153
CASH PAID TO SUPPLIERS FOR GOODS AND SERVICES	(70,944)	(65,610)
CASH PAID TO EMPLOYEES FOR SERVICES	(64,734)	(58,489)
OTHER OPERATING REVENUE	2,179	1,799
	<u>111,821</u>	<u>64,853</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
PROCEEDS FROM SALE OF REVENUE BONDS AND FROM LOANS	1,013,249	
CAPITAL GRANTS FOR CONSTRUCTION	35,451	56,707
REPAYMENT OF DEBT	(10,050)	(9,847)
INTEREST PAID ON DEBT	(66,984)	(78,959)
PLANT EXPENDITURES	(394,652)	(276,909)
	<u>577,014</u>	<u>(309,008)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
PURCHASES OF SHORT-TERM INVESTMENTS	(446,903)	(110,569)
SALES AND MATURITIES OF SHORT-TERM INVESTMENTS	39,962	340,871
INCREASE IN RESTRICTED CASH AND CASH EQUIVALENTS, NET	(322,252)	(13,107)
INTEREST RECEIVED	30,341	47,050
	<u>(698,852)</u>	<u>264,245</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,017)	20,090
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	51,496	31,406
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 41,479</u>	<u>\$ 51,496</u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES:		
OPERATING INCOME (LOSS)	\$21,509	\$(4,945)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO CASH FLOWS:		
DEPRECIATION	79,424	73,761
DECREASE IN OTHER ACCOUNTS, NET	1,568	1,433
(DECREASE) INCREASE IN ACCOUNTS PAYABLE	9,320	(5,396)
CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$111,821</u>	<u>\$ 64,853</u>

NOTES TO FINANCIAL STATEMENTS

A. ORGANIZATION:

THE MASSACHUSETTS WATER RESOURCES AUTHORITY (THE "AUTHORITY") WAS ESTABLISHED IN JANUARY 1985 PURSUANT TO CHAPTER 372 (THE "ENABLING ACT") OF THE ACT OF 1984 OF THE COMMONWEALTH OF MASSACHUSETTS (THE "COMMONWEALTH"). THE AUTHORITY, A SUCCESSOR AGENCY TO CERTAIN FUNCTIONS OF THE METROPOLITAN DISTRICT COMMISSION (THE "MDC"), IS A PUBLIC INSTRUMENTALITY AND, EFFECTIVE JULY 1, 1985, PROVIDES WATER SUPPLY SERVICES AND SEWAGE COLLECTION, TREATMENT AND DISPOSAL SERVICES TO AREAS OF THE COMMONWEALTH.

B. ACCOUNTING POLICIES:

THE ACCOUNTING POLICIES OF THE AUTHORITY CONFORM TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AS APPLICABLE TO GOVERNMENT ENTERPRISES. THE FOLLOWING IS A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF PRESENTATION

THE AUTHORITY IS REQUIRED BY THE ENABLING ACT TO ESTABLISH USER RATES FOR ITS WATER AND SEWER SERVICES WHICH PROVIDE SUFFICIENT FUNDS TO RECOVER THE COSTS OF OPERATIONS (EXCLUDING DEPRECIATION), DEBT SERVICE, MAINTENANCE, REPLACEMENTS AND IMPROVEMENTS TO ITS FACILITIES, AND APPROPRIATE RESERVES. ACCORDINGLY, THE AUTHORITY'S FINANCIAL STATEMENTS ARE REPORTED ON THE ACCRUAL BASIS OF ACCOUNTING AS SPECIFIED BY THE GOVERNMENT ACCOUNTING STANDARDS BOARD'S REQUIREMENTS FOR AN ENTERPRISE FUND.

IN ORDER TO COMPLY WITH THE INTERNAL AND EXTERNAL LIMITATIONS AND LEGAL RESTRICTIONS PLACED UPON THE USE OF AVAILABLE RESOURCES, THE AUTHORITY EMPLOYS PRINCIPLES OF FUND ACCOUNTING WHICH REQUIRE THAT RESOURCES BE CLASSIFIED INTO VARIOUS FUNDS THAT ARE IN ACCORDANCE WITH SPECIFIC ACTIVITIES OR OBJECTIVES.

IN ADDITION, THE AUTHORITY HAS ADOPTED THE PROVISIONS OF THE FINANCIAL ACCOUNTING STANDARDS BOARD'S STATEMENT NO. 71, "ACCOUNTING FOR THE EFFECTS OF CERTAIN TYPES OF REGULATION," TO PROVIDE A BETTER MATCHING OF REVENUES AND EXPENSES. THE EFFECT OF THIS POLICY HAS BEEN TO DEFER CERTAIN COSTS, WHICH WILL BE RECOVERED THROUGH FUTURE REVENUES IN ACCORDANCE WITH THE AUTHORITY'S RATE MODEL, AND TO RECORD DEFERRED CREDITS FOR CERTAIN RESERVES REQUIRED TO BE COLLECTED THROUGH RATES AND FOR THE CURRENT RECOVERY OF COSTS EXPECTED TO BE INCURRED IN THE FUTURE. THE EFFECTS OF THE AUTHORITY'S ACCOUNTING POLICIES UNDER STATEMENT NO. 71 ARE DISCUSSED FURTHER IN NOTE C.

2. PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT CONSISTS PRINCIPALLY OF PLANT AND PIPELINES IN THE AUTHORITY'S SEWERAGE AND WATERWORKS SYSTEMS.

PROPERTY, PLANT AND EQUIPMENT TRANSFERRED TO THE AUTHORITY ON JULY 1, 1985 WAS RECORDED AT ITS ESTIMATED FAIR MARKET VALUE OF \$2,331,465,000 (INCLUDING CERTAIN CONSTRUCTION PROJECTS WHICH WERE IN PROGRESS AS OF JULY 1, 1985) BASED UPON AN APPRAISAL PERFORMED BY VALUATION SPECIALISTS. PROPERTY, PLANT AND EQUIPMENT ACQUIRED OR CONSTRUCTED SINCE JULY 1, 1985 IS STATED AT HISTORICAL COST, AND INCLUDES THE EXPENDITURE OF CAPITAL GRANTS IN AID OF CONSTRUCTION.

BETTERMENTS AND MAJOR RENEWALS ARE CAPITALIZED AND INCLUDED IN PROPERTY, PLANT AND EQUIPMENT ACCOUNTS, WHILE EXPENDITURES FOR MAINTENANCE AND REPAIRS ARE CHARGED TO EXPENSE WHEN INCURRED. THE COST OF DEPRECIABLE ASSETS AND RELATED ACCUMULATED DEPRECIATION ARE ELIMINATED FROM THE ACCOUNTS WHEN THEY ARE RETIRED OR OTHERWISE DISPOSED.

PURSUANT TO THE ENABLING ACT, OWNERSHIP OF THE REAL PROPERTY OF THE MDC SEWER AND WATERWORKS SYSTEMS WAS NOT TRANSFERRED FROM THE COMMONWEALTH TO THE AUTHORITY; HOWEVER, THE AUTHORITY HAS THE RIGHT TO USE, IMPROVE, MAINTAIN AND MANAGE THAT PROPERTY. IN ADDITION, OWNERSHIP OF THE REAL AND PERSONAL PROPERTY OF THE WATERSHED SYSTEM REMAINS WITH THE COMMONWEALTH; HOWEVER, THE AUTHORITY HAS THE RIGHT TO UTILIZE THE WATER THEREFROM FOR WATER SUPPLY PURPOSES (SEE NOTE L).

3. DEPRECIATION

THE AUTHORITY PROVIDES FOR DEPRECIATION BY USE OF THE STRAIGHT-LINE METHOD. DEPRECIATION IS INTENDED TO DISTRIBUTE THE COST OF DEPRECIABLE PROPERTIES, INCLUDING THOSE FINANCED BY CAPITAL GRANTS IN AID OF CONSTRUCTION, OVER THE FOLLOWING ESTIMATED AVERAGE USEFUL LIVES:

	YEARS
PLANT AND EQUIPMENT, WATER AND SEWERAGE SYSTEM	5-100
MOTOR VEHICLES AND EQUIPMENT	5
FURNITURE AND FIXTURES	7
LEASEHOLD IMPROVEMENTS	3-5

4. REVENUE RECOGNITION

THE AUTHORITY RECOGNIZES REVENUE AS AMOUNTS BECOME COLLECTIBLE FROM ITS CUSTOMERS FOR WATER AND SEWER SERVICES PROVIDED. THE MAJORITY OF THE AUTHORITY'S BILLINGS TO CITIES AND TOWNS ARE SUBJECT TO, IN THE EVENT OF NONPAYMENT, THE LOCAL AID INTERCEPT ALLOWED BY THE ENABLING ACT.

5. CONTRIBUTED CAPITAL

NONREFUNDABLE CONTRIBUTIONS OF CAPITAL (INCLUDING THE INITIAL CAPITAL CONTRIBUTION DISCUSSED IN NOTE B.2.) OR GRANTS FROM GOVERNMENTAL AGENCIES AND OTHERS FOR CONSTRUCTION PURPOSES ARE INCLUDED IN CONTRIBUTED CAPITAL. DEPRECIATION EXPENSE ON PROPERTY, PLANT AND EQUIPMENT FUNDED BY CAPITAL CONTRIBUTIONS AND GRANTS IS CHARGED TO CONTRIBUTED CAPITAL.

6. MATERIALS AND SUPPLIES

MATERIALS AND SUPPLIES ARE VALUED AT COST USING THE FIRST-IN, FIRST-OUT (FIFO) INVENTORY METHOD. MATERIALS AND SUPPLIES INVENTORY TRANSFERRED TO THE AUTHORITY ON JULY 1, 1985 WERE RECORDED AT THE FAIR MARKET VALUE AS DETERMINED BY AN INDEPENDENT APPRAISAL.

7. CASH AND CASH EQUIVALENTS

THE AUTHORITY'S POLICY IS TO TREAT INVESTMENTS WITH A MATURITY DATE OF THREE MONTHS OR LESS WHEN PURCHASED AS CASH EQUIVALENTS. RESTRICTED CASH AND CASH EQUIVALENTS ARE COMBINED WITH INVESTMENTS ON THE BALANCE SHEET, AND SHOWN SEPARATELY ON THE STATEMENT OF CASH FLOWS AS INVESTING ACTIVITY.

C. DEFERRED CREDITS:

THE AUTHORITY IS REQUIRED TO ESTABLISH RATES FOR ITS SERVICES, SUFFICIENT TO RECOVER THE COSTS OF OPERATIONS (EXCLUDING DEPRECIATION), DEBT SERVICE, MAINTENANCE, REPLACEMENTS AND IMPROVEMENTS TO ITS SYSTEMS AND APPROPRIATE RESERVES. WHILE THE AUTHORITY IS AUTHORIZED TO RECOVER ALL SUCH COSTS THROUGH RATES CHARGED TO ITS USERS, NOT ALL COSTS ARE RECOVERED AT THE SAME TIME AS THEY ARE INCURRED UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES. IN ACCORDANCE WITH FINANCIAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 71, THE AUTHORITY HAS DEFERRED CERTAIN REVENUES AND COSTS WHICH WILL BE RECOGNIZED AS INCOME OR RECOVERED THROUGH FUTURE RATES AS APPROPRIATE.

NETTED WITHIN DEFERRED CREDITS ARE OPERATING EXPENSES AMOUNTING TO \$1,295,000 AND \$11,345,000 AT JUNE 30, 1992 AND 1991, RESPECTIVELY, INCURRED BY THE SEWER DIVISION IN THE FISCAL YEAR ENDED JUNE 30, 1985, PRIOR TO THE AUTHORITY OBTAINING FULL AUTHORITY AND RESPONSIBILITY FOR OPERATIONS. THESE COSTS WERE CHARGED TO THE AUTHORITY UNDER THE ENABLING ACT, AND ARE DEFERRED PENDING RECOVERY THROUGH RATES. THE BALANCE OF THE DEFERRED CREDITS RESULTS PRIMARILY FROM DIFFERENCES BETWEEN BUDGETED AND ACTUAL REVENUES AND EXPENSES, INCLUDING DEPRECIATION ON PROPERTY, PLANT AND EQUIPMENT NOT FINANCED BY GRANTS OR CAPITAL CONTRIBUTIONS, WHICH IS RECOVERED THROUGH RATES AS DEBT SERVICE. THE INTEREST INCOME ON BORROWED FUNDS IS USED TO REDUCE DEBT SERVICE FOR ACQUISITION OF FIXED ASSETS, AND IS RECOGNIZED AS A CREDIT IN THE STATEMENT OF OPERATIONS IN CONJUNCTION WITH THE DEPRECIATION OF ASSOCIATED FIXED ASSETS. THE AMOUNT REFLECTED IN RECOVERY FOR RATE STABILIZATION REPRESENTS THE AMOUNT DETERMINED BY THE BOARD OF DIRECTORS TO BE UTILIZED IN A SUBSEQUENT YEAR TO REDUCE CUSTOMER BILLINGS.

A DETAIL OF THE ACTIVITY IN THIS ACCOUNT FOR THE FISCAL YEARS 1992 AND 1991 IS AS FOLLOWS (IN THOUSANDS):

	SEWER	WATER	TOTAL
BALANCE, JUNE 30, 1990	\$(39,948)	\$(14,221)	\$(54,169)
DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT NOT FINANCED BY GRANTS OR CAPITAL CONTRIBUTIONS	16,123	5,133	21,256
AMORTIZATION OF 1985 OPERATING COSTS	(2,385)		(2,385)
RECOVERY OF DEBT SERVICE IN EXCESS OF INTEREST EXPENSE	(8,398)	(3,663)	(12,061)
RATE STABILIZATION:			
CURRENT YEAR RECOVERY	(73)	(1,264)	(1,337)
CURRENT YEAR USAGE	7,480		7,480
INTEREST INCOME ON BORROWED FUNDS AND OTHER	(15,970)	(1,919)	(17,889)
BALANCE, JUNE 30, 1991	(43,171)	(15,934)	(59,105)
DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT NOT FINANCED BY GRANTS OR CAPITAL CONTRIBUTIONS	18,683	5,401	24,084
AMORTIZATION OF 1985 OPERATING COSTS	(10,050)		(10,050)
RECOVERY OF DEBT SERVICE IN EXCESS OF INTEREST EXPENSE	(9,194)	(6,962)	(16,156)
RATE STABILIZATION:			
CURRENT YEAR RECOVERY	(6,631)	(3,369)	(10,000)
CURRENT YEAR USAGE	7,616	708	8,324
INTEREST INCOME ON BORROWED FUNDS AND OTHER, NET	(8,718)	2,147	(6,571)
BALANCE, JUNE 30, 1992	\$(51,465)	\$(18,009)	\$(69,474)

THE BALANCE IN THE RATE STABILIZATION RESERVE, WHICH IS INCLUDED IN THE DEFERRED CREDITS, WAS \$11,337,000 AND \$9,661,000 AT JUNE 30, 1992 AND 1991, RESPECTIVELY.

D. OPERATING RESERVES AND RESTRICTED ASSETS:

CERTAIN ACCOUNTS AND FUNDS ARE REQUIRED TO BE MAINTAINED AND ARE PLEDGED AS COLLATERAL UNDER THE AUTHORITY'S GENERAL AND SUPPLEMENTAL BOND RESOLUTIONS. THESE ACCOUNTS AND FUNDS MUST BE EXPENDED IN ACCORDANCE WITH THE PROVISIONS OF THE RESOLUTIONS. FUNDS ESTABLISHED AND AVAILABLE FOR WORKING CAPITAL (CURRENT ASSETS) AND OTHER PURPOSES (RESTRICTED ASSETS) WERE AS FOLLOWS (IN THOUSANDS):

FUND DESCRIPTION	SEWER	WATER	1992	1991
			TOTAL	TOTAL
CURRENT ASSETS:				
OPERATING	\$ 22,689	\$ 13,431	\$36,120	\$ 32,336
OPERATING RESERVE	16,457	8,585	25,042	21,560
	<u>\$ 39,146</u>	<u>\$ 22,016</u>	<u>\$61,162</u>	<u>\$ 53,896</u>
RESTRICTED ASSETS:				
CONSTRUCTION	\$674,547	\$ 56,406	\$ 730,953	\$154,442
DEBT SERVICE RESERVES	134,785	14,300	149,085	71,044
DEBT SERVICE	53,822	5,561	59,383	24,587
REVENUE	18,265	6,134	24,399	20,730
COMBINED RESTRICTED RESERVES	33,932	20,659	54,591	44,455
COMMUNITY OBLIGATION AND REVENUE ENHANCEMENT	9,551	1,226	10,777	6,879
GENERAL	5,093	268	5,361	
REBATE				363
OTHER	158	19	177	316
	<u>\$930,153</u>	<u>\$104,573</u>	<u>\$1,034,726</u>	<u>\$322,816</u>

AT JUNE 30, 1992, THE COMBINED RESTRICTED RESERVES INCLUDE \$33,001,000 RENEWAL AND REPLACEMENT, \$9,092,000 INSURANCE, AND \$12,498,000 RATE STABILIZATION RESERVES. THE AUTHORITY HAS RESTRICTED CASH OF \$4,750, 000 FOR WORKERS' COMPENSATION CLAIMS.

THE AUTHORITY IS AUTHORIZED BY ITS ENABLING ACT TO INVEST IN OBLIGATIONS OF THE U.S. TREASURY, ITS AGENCIES AND INSTRUMENTALITIES, IN BONDS OR NOTES OF PUBLIC AGENCIES OR MUNICIPALITIES, IN BANK TIME DEPOSITS, AND IN REPURCHASE AGREEMENTS. THESE INVESTMENTS ARE RECORDED AT AMORTIZED COST, WHICH APPROXIMATES MARKET, AND EARN INTEREST AND DIVIDENDS AT PREVAILING RATES.

THE FUNDS CONSIST OF THE FOLLOWING CASH AND SHORT-TERM INVESTMENTS (IN THOUSANDS):

	CARRYING VALUE	
	CURRENT	RESTRICTED
MONEY MARKET ACCOUNTS	\$41,479	\$ 541,047
DEPOSITS		146
U.S. GOVERNMENT SECURITIES	19,683	335,303
GUARANTEED INCOME CONTRACTS		158,230
	<u>\$61,162</u>	<u>\$1,034,726</u>

DEPOSITS ARE COVERED BY FEDERAL DEPOSITORY INSURANCE CORPORATION (FDIC) FOR APPROXIMATELY \$300,000. U.S. GOVERNMENT SECURITIES ARE GUARANTEED BY THE U.S. GOVERNMENT. EXCEPT FOR THE OPERATING AND DEPOSIT ACCOUNTS IN CURRENT ASSETS WHICH ARE HELD DIRECTLY BY THE AUTHORITY, ALL CASH AND SHORT-TERM INVESTMENTS ARE HELD ON BEHALF OF THE AUTHORITY BY THE AUTHORITY'S TRUSTEE.

RESERVES FUNDED THROUGH OPERATIONS RELATED TO THE ESTABLISHMENT OF THE ABOVE ACCOUNTS AND FUNDS WERE AS FOLLOWS (IN THOUSANDS):

RESERVES	SEWER	WATER	1992	1991
			TOTAL	TOTAL
RENEWAL AND REPLACEMENT	\$16,817	\$10,184	\$27,001	\$21,334
INSURANCE RESERVE	4,546	4,546	9,092	7,728
OPERATING RESERVE	16,388	8,345	24,733	22,468
COMMUNITY OBLIGATION AND REVENUE ENHANCEMENT RESERVE	9,551	1,226	10,777	6,881
	<u>\$47,302</u>	<u>\$24,301</u>	<u>\$71,603</u>	<u>\$58,411</u>

A RENEWAL AND REPLACEMENT RESERVE OF \$6,000,000 THAT WAS ESTABLISHED THROUGH GRANT RECEIPTS TRANSFERRED FROM THE COMMONWEALTH IS INCLUDED IN CONTRIBUTED CAPITAL.

E. NOTES PAYABLE AND LONG-TERM DEBT:

LONG-TERM DEBT AT JUNE 30, 1992 CONSISTED OF THE FOLLOWING (IN THOUSANDS):

GENERAL REVENUE BONDS:	
1990 SERIES A, 6 1/5% TO 7 5/8%, DUE 1993 TO 2020	\$ 825,508
1991 SERIES A, 5 1/10% TO 6 7/8%, DUE 1992 TO 2021	300,000
1992 SERIES A, 3 9/10% TO 6 3/4%, DUE 1993 TO 2022	717,590
SERIES 1991 SA, 0% TO 3 1/2%, DUE 1992 TO 2012	66,606
PRINCIPAL REIMBURSABLE TO THE COMMONWEALTH	79,656
	<u>1,989,360</u>
LESS UNAMORTIZED ISSUANCE AND DISCOUNT COSTS	(112,711)
LESS CURRENT PORTION PAYABLE FROM RESTRICTED ASSETS	(96,763)
LONG-TERM DEBT, NET	<u>\$1,779,886</u>

THE GENERAL AND SUPPLEMENTAL BOND RESOLUTIONS CONTAIN VARIOUS REQUIREMENTS RELATING TO THE AUTHORITY AND ALSO REQUIRE CERTAIN FUNDS AND ACCOUNTS TO BE ESTABLISHED AND MAINTAINED (NOTES C AND D), THE EXPENDITURES OF WHICH ARE RESTRICTED TO VARIOUS OPERATING, DEBT SERVICE, CAPITAL EXPENDITURE, AND REPAIR AND REPLACEMENT PURPOSES. THE AUTHORITY IS REQUIRED TO ESTABLISH WATER AND SEWER RATES AND CHARGES AT A LEVEL SUFFICIENT TO PROVIDE, AMONG OTHER THINGS, PRIMARY AND SUPPLEMENTAL DEBT SERVICE COVERAGE RATIOS OF 120% AND 10%, RESPECTIVELY. FOR THE YEAR ENDED JUNE 30, 1992, THE AUTHORITY HAD PRIMARY AND SUPPLEMENTAL DEBT SERVICE COVERAGE RATIOS OF 129% AND 10%, RESPECTIVELY.

AS OF JULY 1, 1985, THE AUTHORITY ASSUMED RESPONSIBILITY TO REPAY THE COMMONWEALTH FOR ALL PRINCIPAL AND INTEREST PAYMENTS RELATED TO \$141,703,000 OF DEBT ISSUED BY THE COMMONWEALTH IN CONNECTION WITH THE MDC SEWER AND WATERWORKS PRIOR TO JULY 1, 1985. THE COMMONWEALTH'S DEBT CONSISTS OF APPROXIMATELY 140 DIFFERENT DEBT INSTRUMENTS, WITH VARYING INTEREST RATES AND MATURITY DATES, AND THE AUTHORITY'S SHARE OF PRINCIPAL PAYABLE AMOUNTED TO APPROXIMATELY \$79,656,000 AT JUNE 30, 1992.

AMENDED LEGISLATION, ENACTED ON JULY 20, 1992, PROVIDES FOR PAYMENT TO THE COMMONWEALTH IN FISCAL YEAR 1993 OF THE FOREGOING OBLIGATION, INCLUDING INTEREST, AGGREGATING \$80 MILLION (SEE NOTE L FOR FURTHER INFORMATION).

ON FEBRUARY 15, 1990, THE AUTHORITY SOLD 1990 SERIES A GENERAL REVENUE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF \$836,312,000. THE BONDS MATURE IN VARYING AMOUNTS AS FOLLOWS: SERIAL BONDS FROM 1991 TO 2005 (\$225,405,000); CAPITAL APPRECIATION BONDS IN 2006 (\$7,932,000); AND TERM BONDS IN VARIOUS MATURITIES FROM 2009 TO 2020 (\$602,975,000). COMMENCING IN APRIL 2000, THE AUTHORITY MAY REDEEM ANY BONDS DUE THEREAFTER (EXCEPT THE CAPITAL APPRECIATION BONDS) AT REDEMPTION PRICES RANGING FROM 100% TO 102% OF THE PRINCIPAL AMOUNT.

ON NOVEMBER 4, 1991, THE AUTHORITY SOLD 1991 SERIES A GENERAL REVENUE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF \$300,000,000. THE BONDS MATURE IN VARYING AMOUNTS AS FOLLOWS: SERIAL BONDS FROM 1992 TO 2005 (\$75,370,000); AND TERM BONDS IN VARIOUS MATURITIES FROM 2011 TO 2021 (\$224,630,000). COMMENCING IN DECEMBER 2001, THE AUTHORITY MAY REDEEM ANY BONDS DUE THEREAFTER AT REDEMPTION PRICES RANGING FROM 100% TO 102% OF THE PRINCIPAL AMOUNT.

ON DECEMBER 18, 1991, THE AUTHORITY SOLD GENERAL REVENUE BONDS (MWPAT SUBORDINATED), SERIES 1991 SA (SRF BONDS), IN THE PRINCIPAL AMOUNT OF \$73,165,000. THE SRF BONDS SECURE THE LOANS, MADE TO THE AUTHORITY BY THE MASSACHUSETTS WATER POLLUTION ABATEMENT TRUST (MWPAT) TO FUND DESIGNATED WATER POLLUTION ABATEMENT PROJECTS OF THE AUTHORITY. AS OF JUNE 30, 1992, AN AGGREGATE AMOUNT OF \$66,606,000 HAD BEEN RECEIVED BY THE AUTHORITY UNDER THESE AGREEMENTS, AND VARYING AMOUNTS OF INTEREST AND PRINCIPAL ARE PAYABLE SEMIANNUALLY OVER A TWENTY-YEAR PERIOD COMMENCING AUGUST 1, 1992. FEDERAL AND STATE SUBSIDIES FOR PURPOSES OF OFFSETTING DEBT SERVICE PAYMENTS, AGGREGATING \$29,600,000, WILL BE RECOGNIZED AS CAPITAL GRANTS IN AID OF CONSTRUCTION AS PAYMENTS ARE MADE OVER THE TERM OF THE LOANS.

ON APRIL 8, 1992, THE AUTHORITY SOLD 1992 SERIES A GENERAL REVENUE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF \$717,590,000. THESE BONDS MATURE IN VARYING AMOUNTS AS FOLLOWS: SERIAL BONDS FROM 1993 TO 2010 (\$156,505,000); AND TERM BONDS IN VARIOUS MATURITIES FROM 2012 TO 2022 (\$561,085,000). COMMENCING IN 2002, THE AUTHORITY MAY REDEEM ANY BONDS DUE THEREAFTER (EXCEPT THE TERM BONDS MATURING IN 2019) AT REDEMPTION PRICES RANGING FROM 100% TO 102% OF THE PRINCIPAL AMOUNT.

INTEREST IS PAYABLE SEMIANNUALLY ON THE GENERAL REVENUE BONDS, EXCEPT ON THE CAPITAL APPRECIATION BONDS ON WHICH INTEREST IS PAYABLE UPON MATURITY. THE 1990, 1991, AND 1992 SERIES A GENERAL REVENUE BONDS ARE COLLATERALIZED EQUALLY AND RATABLY BY A LIEN AND PLEDGE ON SUBSTANTIALLY ALL OF THE AUTHORITY'S CASH AND REVENUES, EXCEPT THE OPERATING FUND. THE DISCOUNT AND THE COST OF ISSUING THE GENERAL REVENUE BONDS ARE BEING AMORTIZED OVER THE LIVES OF THE RESPECTIVE ISSUES.

THE AMOUNTS OF LONG-TERM DEBT PAYABLE IN THE FISCAL YEARS ENDED JUNE 30, 1993, 1994, 1995, 1996 AND 1997 ARE APPROXIMATELY \$96,762,000, \$26,540,000, \$27,870,000, \$29,380,000, AND \$31,040,000, RESPECTIVELY.

THE AUTHORITY HAS ENTERED INTO INTEREST RATE SWAP AGREEMENTS TO REDUCE THE IMPACT OF CHANGES IN INTEREST RATES ON ITS LONG-TERM DEBT. ONE INTEREST RATE SWAP MATURES IN OCTOBER 2000, FOR WHICH THE NOTIONAL AMOUNT IS \$90,000,000. THE AUTHORITY HAS ALSO ENTERED INTO A FUTURE INTEREST RATE SWAP, EFFECTIVE IN 1994 AND MATURING IN AUGUST 2000, FOR WHICH THE NOTIONAL AMOUNT IS \$78,000,000. UNDER BOTH OF THE AFOREMENTIONED INTEREST RATE SWAPS, THE AUTHORITY PAYS VARIABLE INTEREST RATES, BASED ON KENNEY INFORMATION SERVICES INDEX, AND RECEIVES INTEREST AT A FIXED RATE OF 7.56%. THE DIFFERENTIAL TO BE PAID OR RECEIVED IS RECOGNIZED CURRENTLY AS INTEREST RATES CHANGE AND THE COST OF THE AGREEMENTS IS RECOGNIZED OVER THE LIFE OF THE AGREEMENTS. ON FEBRUARY 1, 1991, THE AUTHORITY ENTERED INTO AN AGREEMENT TO AMEND THE

EXISTING INTEREST RATE SWAP AGREEMENT TO PAY INTEREST AT A FIXED RATE OF 5.86% THROUGH JULY 1, 1992. THEREAFTER THE ORIGINAL AGREEMENT TAKES EFFECT.

F. CAPITALIZED INTEREST:

DURING FISCAL 1992 AND 1991, NONE OF THE AUTHORITY'S INTEREST EXPENSE WAS CAPITALIZED, IN ACCORDANCE WITH ITS CURRENT POLICY OF RECOVERING SUCH COSTS THROUGH RATES AS INCURRED.

G. PROPERTY, PLANT AND EQUIPMENT:

PROPERTY, PLANT AND EQUIPMENT CONSISTED OF THE FOLLOWING AT JUNE 30, 1992 (IN THOUSANDS):

LAND	\$ 44,033
PLANT AND EQUIPMENT, WATER AND SEWERAGE SYSTEM	2,752,448
MOTOR VEHICLES AND EQUIPMENT	6,433
FURNITURE AND FIXTURES	30,520
LEASEHOLD IMPROVEMENTS	1,963
	<u>2,835,397</u>
LESS ACCUMULATED DEPRECIATION	(390,956)
NET PROPERTY, PLANT AND EQUIPMENT	<u>\$2,444,441</u>

UPON COMPLETION OF THE CLINTON TREATMENT PLANT, THE FACILITY, GRANTS-IN-AID OF CONSTRUCTION, AND OTHER RELATED ACCOUNTS WERE TRANSFERRED FROM THE SEWER FUND TO THE WATER FUND BECAUSE THE WATER FUND IS RESPONSIBLE FOR THE PLANT'S ONGOING OPERATIONS AND MAINTENANCE.

H. LEASES:

THE AUTHORITY LEASES ELECTRICAL POWER ASSETS, OFFICE SPACE IN BOSTON AND OTHER PROPERTY UNDER LONG-TERM OPERATING LEASES. FUTURE MINIMUM RENTAL PAYMENTS REQUIRED UNDER OPERATING LEASES HAVING INITIAL OR REMAINING NONCANCELABLE LEASE TERMS IN EXCESS OF ONE YEAR ARE AS FOLLOWS (IN THOUSANDS):

YEAR ENDING JUNE 30	
1993	\$ 9,916
1994	15,054
1995	15,425
1996	15,275
1997	15,474
THEREAFTER	<u>189,292</u>
	<u>\$ 260,436</u>

THE ABOVE AMOUNTS INCLUDE AGGREGATE FUTURE MINIMUM RENTAL PAYMENTS OF \$214,356,000 FOR TWO 25-YEAR AGREEMENTS TO LEASE FACILITIES, A SUBMARINE TRANSMISSION CABLE AND ELECTRIC GENERATION EQUIPMENT TO PROVIDE ELECTRICAL POWER TO THE AUTHORITY'S DEER ISLAND FACILITY. THE AUTHORITY IS REQUIRED TO COMMENCE RENTAL PAYMENTS ON ELECTRIC GENERATION EQUIPMENT IN FISCAL YEAR 1994, AFTER INSTALLATION. IN THE EVENT OF EARLY TERMINATION, DUE TO THE SPECIFIED CONDITIONS IN THE LEASE, THE AUTHORITY WOULD PAY A ONE-TIME FEE OF \$625,000 AND ANY ADDITIONAL COSTS INCURRED BY THE LESSEE TO INSTALL THE EQUIPMENT.

RENTAL EXPENSE WAS APPROXIMATELY \$9,515,000 AND \$9,843,000 IN FISCAL YEARS 1992 AND 1991, RESPECTIVELY.

THE AUTHORITY HAS THE OPTION TO EXTEND THE LEASE AGREEMENTS ON THE BOSTON OFFICES FOR A SUBSEQUENT FIVE-YEAR PERIOD AT COSTS RANGING FROM THE CURRENT MARKET RENT AT THE EXTENSION DATE TO AN 18% INCREASE.

I. PAYMENTS IN LIEU OF TAXES:

THE ENABLING ACT AUTHORIZES AND DIRECTS THE AUTHORITY TO PAY TO THE MDC DIVISION OF WATERSHED MANAGEMENT AN AMOUNT FOR PAYMENT TO EACH CITY OR TOWN IN WHICH LAND OF THE QUABBIN WATERSHED AND WARE RIVER WATERSHED IS LOCATED. EACH SUCH PAYMENT IS EQUAL TO THE AMOUNT WHICH THE RESPECTIVE CITY OR TOWN WOULD RECEIVE IN PROPERTY TAXES, BASED UPON THE FAIR VALUE OF SUCH LAND IF SUCH LAND WERE NOT TAX-EXEMPT.

J. RETIREMENT BENEFITS:

ALL MDC PERSONNEL WHO BECAME EMPLOYEES OF THE AUTHORITY ON JULY 1, 1985, AND WERE MEMBERS OF THE STATE EMPLOYEES RETIREMENT SYSTEM, RETAINED THEIR MEMBERSHIP IN THAT SYSTEM. THE AUTHORITY IS NOT LIABLE FOR RETIREMENT ALLOWANCES PAID TO OR ON ACCOUNT OF THESE EMPLOYEES. FUNDING OF THE PENSION LIABILITY OF THE STATE EMPLOYEES RETIREMENT SYSTEM IS THE OBLIGATION OF THE COMMONWEALTH AND IS ON A "PAY AS YOU GO" METHOD. EMPLOYEES COVERED BY THIS PLAN BECOME 100% VESTED AFTER 10 YEARS OF SERVICE. THE AUTHORITY'S COVERED PAYROLL FOR MEMBERS OF THIS PLAN FOR THE YEAR ENDED JUNE 30, 1992 WAS \$15,408,000. TOTAL COVERED PAYROLL FOR ALL AUTHORITY EMPLOYEES WAS \$59,949,000 FOR THE YEAR ENDED JUNE 30, 1992.

THE ENABLING ACT PROVIDED FOR THE ESTABLISHMENT OF THE "MASSACHUSETTS WATER RESOURCES AUTHORITY EMPLOYEES' RETIREMENT SYSTEM" (THE "PLAN"), A CONTRIBUTORY RETIREMENT SYSTEM THAT IS SEPARATE FROM THE STATE EMPLOYEES RETIREMENT SYSTEM. THE PLAN IS A DEFINED BENEFIT

PENSION PLAN COVERING THOSE EMPLOYEES NOT EMPLOYED BY THE MDC PRIOR TO JULY 1, 1985. THE AUTHORITY'S COVERED PAYROLL FOR MEMBERS OF THE PLAN FOR THE YEARS ENDED JUNE 30, 1992 AND 1991 WAS \$44,541,000 AND \$36,912,000, RESPECTIVELY. CONTRIBUTIONS MADE BY EMPLOYEES ARE BASED UPON A PERCENTAGE OF EMPLOYEE BASE PAY (5% FOR EMPLOYEES HIRED BEFORE DECEMBER 31, 1974, 7% FOR EMPLOYEES HIRED BETWEEN JANUARY 1, 1975 AND DECEMBER 31, 1983, AND 8% FOR EMPLOYEES HIRED AFTER DECEMBER 31, 1983). ADDITIONALLY, CERTAIN EMPLOYEES EARNING IN EXCESS OF \$30,000 CONTRIBUTE AN EXTRA 2% OF THEIR SALARY EFFECTIVE JANUARY 1, 1989. EMPLOYEES RECEIVE FULL PAYMENT OF CONTRIBUTIONS UPON WITHDRAWAL FROM THE PLAN AND 50% OF INTEREST EARNED FOR EMPLOYEES WITH FIVE TO NINE YEARS OF SERVICE OR 100% OF INTEREST EARNED IF 10 OR MORE YEARS OF SERVICE (EMPLOYEES WITH LESS THAN FIVE YEARS OF SERVICE DO NOT RECEIVE EARNED INTEREST). UNDER THE PROVISIONS OF THE PLAN, PENSION BENEFITS VEST AFTER 10 YEARS OF FULL-TIME EMPLOYMENT. AN EMPLOYEE MAY RETIRE AFTER 20 YEARS OF SERVICE OR AT AGE 55 AND COMPLETION OF 10 YEARS OF SERVICE. AT AGE 65, ANNUAL PENSION BENEFITS EQUAL 2 1/2% OF THE EMPLOYEES AVERAGE REGULAR COMPENSATION EARNED DURING THE LAST THREE YEARS OF EMPLOYMENT OR ANY THREE CONSECUTIVE YEARS WHEN COMPENSATION WAS HIGHER, MULTIPLIED BY EACH YEAR OF CREDITABLE SERVICE. THE BENEFIT IS REDUCED IF RETIREMENT OCCURS BEFORE AGE 65 OR IF SURVIVOR'S BENEFITS ARE ELECTED. THE PLAN ALSO PROVIDES DEATH AND DISABILITY BENEFITS. ORDINARY DISABILITY REQUIRES 10 YEARS OF SERVICE AND THE EMPLOYEE MUST BE UNDER AGE 55.

PRESENTED BELOW IS THE TOTAL "PENSION BENEFIT OBLIGATION", WHICH IS A STANDARDIZED DISCLOSURE MEASURE ESTABLISHED BY THE GOVERNMENT ACCOUNTING STANDARD BOARD STATEMENT NO. 5. THE STANDARD MEASUREMENT IS OF THE PRESENT VALUE OF PENSION BENEFITS, ADJUSTED FOR THE EFFECTS OF PROJECTED SALARY INCREASES, ESTIMATED TO BE PAYABLE IN THE FUTURE AS A RESULT OF EMPLOYEE SERVICES TO DATE. THE MEASURE IS THE ACTUARIAL PRESENT VALUE OF CREDITED PROJECTED BENEFITS AND IS INTENDED TO HELP ASSESS THE PLAN'S FUNDING STATUS ON A GOING-CONCERN BASIS, ASSESS PROGRESS MADE IN ACCUMULATING SUFFICIENT ASSETS TO PAY BENEFITS WHEN DUE, AND MAKE COMPARISONS AMONG OTHER PUBLIC EMPLOYEES RETIREMENT SYSTEMS PLANS. BECAUSE THE STANDARDIZED MEASURE IS USED ONLY FOR DISCLOSURE PURPOSES BY THE AUTHORITY, THE MEASUREMENT IS INDEPENDENT OF ANY ACTUARIAL FUNDING METHOD THAT MAY BE USED TO DETERMINE CONTRIBUTIONS TO THE PLAN.

THE SIGNIFICANT ACTUARIAL ASSUMPTIONS USED TO DETERMINE THE STANDARDIZED MEASURE OF THE PENSION BENEFIT OBLIGATION AT JANUARY 1, 1992 ARE AS FOLLOWS:

- ASSUMED RATE OF RETURN ON INVESTMENTS OF 8.5% PER ANNUM
- SALARY ESCALATION OF 5.5% PER ANNUM
- NO POST RETIREMENT BENEFIT INCREASES

AT JANUARY 1, 1992, THE DATE OF THE MOST RECENT ACTUARY VALUATION, THE STANDARDIZED MEASURE OF THE PENSION BENEFIT OBLIGATION IS AS FOLLOWS:

	JANUARY 1, 1992	JANUARY 1, 1989 (COMPARISON TOTALS)
PENSION BENEFIT OBLIGATION:		
RETIREES AND BENEFICIARIES CURRENTLY RECEIVING BENEFITS AND TERMINATED EMPLOYEES ENTITLED TO BENEFITS BUT NOT YET RECEIVING THEM	\$ 431,000	
CURRENT EMPLOYEES:		
EMPLOYEE-FINANCED	12,259,000	
EMPLOYER-FINANCED VESTED	571,000	
EMPLOYER-FINANCED NONVESTED	3,362,000	
TOTAL PENSION BENEFIT OBLIGATION	16,623,000	\$3,217,000
MARKET VALUE OF NET ASSETS AVAILABLE FOR BENEFITS	14,726,000	3,450,000
UNFUNDED (ASSETS IN EXCESS OF) PENSION BENEFIT OBLIGATION	\$ 1,897,000	\$ (233,000)

THE ACTUARIAL ASSUMPTION FOR RATE OF RETURN ON INVESTMENTS WAS CHANGED TO 8.5% IN THE CURRENT CALCULATION FROM 8.0% USED IN THE JANUARY 1, 1989 CALCULATION AND THE SALARY ESCALATION WAS CHANGED TO 5.5% PER ANNUM FROM 6%. THESE CHANGES REDUCED THE PENSION BENEFIT OBLIGATION BY APPROXIMATELY \$2.5 MILLION.

TOTAL EMPLOYEE CONTRIBUTIONS TO THE PLAN WERE \$3,754,000 AND \$3,320,000 FOR THE YEARS ENDED JUNE 30, 1992 AND 1991, RESPECTIVELY. THE RETIREMENT BOARD IS EVALUATING ACTUARIAL COST METHODS AND ASSUMPTIONS FOR PURPOSES OF FORMULATING A FUNDING PLAN. THE AUTHORITY'S \$908,000 PREPAID CONTRIBUTION IN FISCAL 1990 (NOT ACTUARIALLY DETERMINED) WAS CHARGED TO OPERATING EXPENSES IN FISCAL 1992, TOGETHER WITH A \$1,897,000 ACCRUAL FOR THE UNFUNDED PENSION BENEFIT OBLIGATION AS DETERMINED BY THE STANDARDIZED MEASURE.

NET ASSETS AVAILABLE FOR BENEFITS WERE 89% OF THE STANDARDIZED MEASURE OF PENSION BENEFIT OBLIGATION AT JANUARY 1, 1992, COMPARED TO 107% AT JANUARY 1, 1989. THE DIFFERENCE BETWEEN NET ASSETS AND THE PENSION BENEFIT OBLIGATION UNDER THE STANDARDIZED MEASURE AS A PERCENTAGE OF THE AUTHORITY'S ANNUAL COVERED PAYROLL AT JANUARY 1, 1992 AND 1989 WAS (4.3%) AND 1.0%, RESPECTIVELY. TEN-YEAR HISTORICAL INFORMATION FOR THE PLAN IS NOT AVAILABLE.

THE AUTHORITY'S POLICY IS TO PROVIDE CERTAIN HEALTH CARE AND LIFE INSURANCE BENEFITS FOR RETIRED EMPLOYEES. SUBSTANTIALLY ALL OF THE AUTHORITY'S EMPLOYEES MAY BECOME ELIGIBLE FOR THOSE BENEFITS IF THEY REACH NORMAL RETIREMENT AGE WHILE WORKING FOR THE AUTHORITY. THOSE AND SIMILAR BENEFITS FOR ACTIVE EMPLOYEES ARE PROVIDED THROUGH AN INSURANCE COMPANY WHOSE PREMIUMS ARE BASED ON THE BENEFITS PAID DURING THE YEAR. PREMIUMS FOR RETIRED EMPLOYEES WERE IMMATERIAL IN FISCAL 1992.

K. COMMITMENTS AND CONTINGENCIES:

A MAJOR CAPITAL IMPROVEMENT PROGRAM IS CURRENTLY IN PROGRESS. AS PART OF THIS PROGRAM, THE AUTHORITY HAS ENTERED INTO A NUMBER OF CONTRACTS FOR THE DESIGN AND CONSTRUCTION OF FACILITIES. COMMITMENTS UNDER THESE CONTRACTS AGGREGATED APPROXIMATELY \$1.1 BILLION AT JUNE 30, 1992.

DUE TO VARIOUS STATE AND FEDERAL LAWSUITS, THE AUTHORITY IS REQUIRED, BY A DECISION OF A FEDERAL DISTRICT COURT, TO COMPLY WITH A DETAILED SCHEDULE OF ACTIONS TO ACHIEVE AND MAINTAIN COMPLIANCE WITH THE REQUIREMENTS OF THE CLEAN WATER ACT. THE SCHEDULE ESTABLISHES, AMONG OTHER THINGS, A TIMETABLE OF TARGET DATES FOR THE COMPLETION OF CERTAIN STEPS, INCLUDING THE CONSTRUCTION OF NEW PRIMARY TREATMENT FACILITIES COMMENCING DECEMBER 1990 AND FINISHING BY JULY 1995, AND THE CONSTRUCTION OF SECONDARY TREATMENT FACILITIES DURING 1995 TO BE COMPLETED DURING 1999. OTHER MATTERS ARE STILL OUTSTANDING. MANAGEMENT BELIEVES THAT THE AUTHORITY IS IN SUBSTANTIAL COMPLIANCE WITH THE SCHEDULE REQUIREMENTS.

AS A RESULT OF A FINDING OF LIABILITY FOR A CLEAN WATER ACT VIOLATION BY THE MDC'S SEWERAGE OPERATIONS, A SUBSTANTIAL PART OF THE AUTHORITY'S CONSTRUCTION PROGRAMS HAVE BECOME OR MAY BECOME SUBJECT TO COURT SUPERVISION. IN ADDITION, THE COURT HAS RESERVED THE RIGHT TO ORDER FURTHER REMEDIAL ACTION AND ASSESS PENALTIES. THE AUTHORITY CANNOT PREDICT WHETHER PENALTIES WILL BE REQUESTED BY LITIGANTS OR ASSESSED BY THE COURTS IN THE FUTURE. NO PENALTIES HAVE BEEN ASSESSED TO DATE.

ON FEBRUARY 27, 1987, THE AUTHORITY ACCEPTED RESPONSIBILITY AND LEGAL LIABILITY FOR UNDERTAKING MEASURES TO CONTROL DISCHARGES FROM COMBINED SEWER OVERFLOWS (CSOs) INTO BOSTON HARBOR AND ADJACENT WATERS. THE AUTHORITY DID NOT ACCEPT ANY LIABILITY FOR ANY FAILURE BY ANYONE TO UNDERTAKE ANY SUCH MEASURES PRIOR TO THAT DATE. ON AUGUST 20, 1987, THE FEDERAL DISTRICT COURT ENTERED AN ORDER FOR THE FIRST COMBINED SEWER OVERFLOW SCHEDULE, WHICH PROVIDES IN SOME DETAIL FOR IMPLEMENTATION OF SHORT-TERM CONTROLS FOR CSO DISCHARGES AND PLANNING FOR LONG-TERM CONTROLS. TO DATE, THE AUTHORITY IS IN SUBSTANTIAL COMPLIANCE WITH THIS SCHEDULE. IN FISCAL 1991, THE AUTHORITY'S RECOMMENDED PLAN FOR THE LONG-TERM CONTROL OPTIONS, AGGREGATING \$1.2 BILLION, WAS APPROVED BY THE FEDERAL DISTRICT COURT AND REGULATORY AGENCIES.

THE AUTHORITY'S OPERATING AND CONSTRUCTION PLANS ARE DESIGNED TO COMPLY WITH THE FEDERAL DISTRICT COURT'S SCHEDULE OF ACTIONS. THE AUTHORITY ANTICIPATES CAPITAL EXPENDITURES OF APPROXIMATELY \$6 BILLION FROM FISCAL 1990 TO 1999, INCLUDING THOSE PROJECTS REQUIRED TO COMPLY WITH THE FEDERAL DISTRICT COURT'S SCHEDULE. THESE CAPITAL EXPENDITURES HAVE BEEN FORECASTED BASED UPON CERTAIN PRELIMINARY ASSUMPTIONS AND ESTIMATES, WHICH MAY CHANGE SIGNIFICANTLY AS DESIGN AND CONSTRUCTION OF THE NECESSARY FACILITIES PROCEED. FUNDING IS EXPECTED TO COME FROM VARIOUS FEDERAL AND STATE GRANTS, AS AVAILABLE AND APPROVED, AND FROM THE AUTHORITY'S DEBT PROCEEDS. AS OF AUGUST 27, 1992, THE FEDERAL GOVERNMENT HAS AUTHORIZED \$180 MILLION IN GRANTS TO THE AUTHORITY FOR THE CLEANUP OF BOSTON HARBOR OF WHICH \$80 MILLION HAS BEEN APPROPRIATED AS OF THAT DATE. FROM 1988 TO 1992, THE COMMONWEALTH IS AUTHORIZED TO RECEIVE APPROXIMATELY \$332 MILLION (\$83 MILLION ANNUALLY) OF FEDERAL FUNDS FOR LOANS FROM STATE REVOLVING LOAN FUND, BUT APPROPRIATIONS BY CONGRESS FOR THESE YEARS AGGREGATED ONLY \$261 MILLION. AUTHORIZED AMOUNTS, SUBJECT TO APPROPRIATION, ARE \$66 MILLION AND \$19 MILLION FOR 1993 AND 1994, RESPECTIVELY. IN DECEMBER 1991, THE AUTHORITY ENTERED INTO AGREEMENTS TO BORROW \$73 MILLION FROM THE MASSACHUSETTS WATER POLLUTION ABATEMENT TRUST (SEE NOTE E ABOVE) THROUGH THE STATE REVOLVING LOAN FUND, OF WHICH APPROXIMATELY \$67 MILLION WAS FUNDED BY THE FEDERAL FUNDS APPROPRIATED BETWEEN 1989 AND 1992. THE BALANCE OF THOSE FUNDS, IN ADDITION TO ANY FUNDS APPROPRIATED IN 1993 AND 1994, WILL BE AVAILABLE TO FUND ELIGIBLE PROJECTS OF THE AUTHORITY OR OTHER PUBLIC ENTITIES THROUGHOUT THE COMMONWEALTH.

THE AUTHORITY IS ALSO A DEFENDANT, OR MAY BE DERIVATIVELY A DEFENDANT, IN SEVERAL LEGAL ACTIONS ARISING OUT OF THE OPERATIONS OF THE WATER AND SEWER SYSTEMS. IT IS THE OPINION OF MANAGEMENT THAT NO MATERIAL ADVERSE ASSESSMENTS WILL RESULT FROM THESE ACTIONS.

L. SUBSEQUENT EVENT:

ON JULY 20, 1992, LEGISLATION, RELATING TO THE FISCAL 1993 BUDGET OF THE COMMONWEALTH, WAS ENACTED, AND PROVIDED, AMONG OTHER THINGS, THAT THE AUTHORITY SHALL PAY THE COMMONWEALTH, ON OR BEFORE SEPTEMBER 30, 1992, AN AMOUNT OF \$80 MILLION IN CONSIDERATION FOR THE COSTS BORNE BY THE COMMONWEALTH ON BEHALF OF THE AUTHORITY AND ITS PREDECESSOR AGENCY, THE MDC, INCLUDING, BUT NOT LIMITED TO, THE PAYMENT OF INTEREST AND PRINCIPAL ON DEBT ISSUED AND CHARGED TO THE MDC (INCLUDED IN DEBT, SEE NOTE E). THE LEGISLATION ALSO REQUIRES THE AUTHORITY TO PAY 100% OF THE OPERATING COSTS AND OTHER AUTHORIZED CHARGES OF THE MDC WATERSHED DIVISION. IN ADDITION, THE LEGISLATION REPEALED THE REQUIREMENT, ENACTED UNDER LEGISLATION RELATING TO THE FISCAL 1992 BUDGET OF THE COMMONWEALTH, FOR THE AUTHORITY TO PAY THE COMMONWEALTH \$120 MILLION; AND A FEE TO BE DETERMINED ANNUALLY, AND NOT TO EXCEED \$.00015 PER GALLON FOR WATER DELIVERED FROM THE WATERSHED LANDS TO THE AUTHORITY.

SUPPLEMENTAL SCHEDULE OF FUNDS AND ACCOUNTS ESTABLISHED
BY THE GENERAL REVENUE BOND RESOLUTION

FOR THE YEAR ENDED JUNE 30, 1992

	CONSTRUCTION	REVENUE	DEBT SERVICE	COMBINED RESERVES	TOTAL
BALANCE AT JUNE 30, 1991	\$154,454	\$ 21,034	\$102,873	\$ 44,455	\$322,816
PROCEEDS FROM:					
SALE OF REVENUE BONDS	866,079		80,564		946,643
MWPAT LOANS	66,606				66,606
CASH RECEIVED FROM CUSTOMERS		247,499			247,499
INTEREST INCOME	11,560	5,757	10,543	1,252	29,112
GRANT RECEIPTS	35,451				35,451
OTHER RECEIPTS	2,978	253			3,231
CONSTRUCTION PAYMENTS	(394,652)				(394,652)
DEBT SERVICE PAYMENTS			(77,034)		(77,034)
OTHER COMMONWEALTH PAYMENTS		(7,092)			(7,092)
COST OF ISSUANCE PAYMENTS	(2,675)				(2,675)
INTERFUND TRANSFERS	(8,839)	(102,282)	102,236	8,885	
TRANSFERS FROM (TO) OPERATING ACCOUNT	7	(135,249)	63		(135,179)
BALANCE AT JUNE 30, 1992	\$730,969	\$ 29,920	\$219,245	\$54,592	\$1,034,726

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John J. Carroll



Robert J. Ciolek



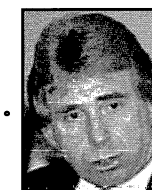
Samuel G. Mygatt



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Joseph A. MacRitchie



Walter J. Ryan, Jr.



Norman P. Jacques



Thomas E. Reilly, Jr.



Lorraine M. Downey

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THE MASSACHUSETTS WATER RESOURCES AUTHORITY • PARTS SERVICE INSTALLA

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THE MWRA WISHES TO ACKNOWLEDGE THE FOLLOWING FOR THEIR ASSISTANCE:

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MASSACHUSETTS WATER RESOURCES AUTHORITY

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Facsimile: (617) 241-6070

February 8, 1993

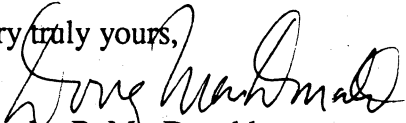
Dear Friend:

As anyone who lives in the Boston metropolitan area is aware, the skyrocketing cost of water and sewer rates has become an increasingly important public policy issue. Federal environmental mandates, coupled with the need to modernize water and sewer infrastructure after decades of neglect, have driven rates up dramatically. Because of the phase-out of federal construction grant assistance, the burden of financing these projects has fallen squarely on the backs of ratepayers.

The MWRA takes seriously its obligations to complete the public health and environmental protection projects that are vital to our economy and our quality of life. But we are equally committed to making sure our work is cost-effective and affordable. Therefore, we are launching a "Rate Relief Campaign," which is outlined in the enclosed materials. We'll be working hard over the coming months, alongside local, state and federal officials and interested constituent groups, to advocate for the ratepayers' agenda.

We hope you will spread the word, and join us in this important effort. If you need more information, please call us at 241-6057. Thanks.

Very truly yours,


Douglas B. MacDonald
Executive Director





CITY OF CAMBRIDGE
CAMBRIDGE, MASSACHUSETTS 02139

TEL. 349-4300
FAX. 349-4307

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

March 1, 1993

To The Honorable, The City Council:

In response to Calendar Item #2, dated 2/1/93, regarding a request by the City Council for the Massachusetts Water Resources Authority to appear before the City Council to discuss the water and sewer rates and to explain the formula used, please be advised that Mr. Douglas B. MacDonald, Executive Director of the MWRA has agreed to meet with the Council on March 29, 1993 at 7:00 p.m.

Very truly yours,

Robert W. Healy
City Manager

RWH/mev

Consent Agenda # 13

F 51

Executive Director of the MWRA appearing before the City Council to discuss the water and sewer rates and to explain the formula used on March 29, 1993 at 7:00 p. m.

In City Council,

March 1, 1993

*Placed on file
3/29/93 Hearing held.*