To fulfill our promise as a public service organization, our technical leadership must be coupled with new standards of service to our customers and our community. The following four themes are central to our strategy.

### Mission
To provide our customers with a sustainable water supply and the highest quality water services to enhance the vitality of El Paso.

### Vision
We are an international model for water resource innovation, respected and trusted by our customers for our leadership in delivering sustainable water services to a thriving El Paso community.

### Strategic Focus
- Exceptional Service
- Innovative Resource Management
- Organizational Excellence
- Talent Growth
Two years into the roll out of our Strategic Plan, we are seeing both the organizational focus and desired outcomes that will enable El Paso Water to achieve our mission to provide our customers a sustainable water supply and the highest quality water services to enhance the vitality of El Paso.

We made strides in 2018 to deliver progress in the four foundational theme areas of our Plan.

**Exceptional service:** We had a strong year of production and delivery of quality drinking water, provided reliable wastewater treatment and improved stormwater services through the addition of new flood management structures. Our annual customer survey shows that customers have a high level of satisfaction and confidence in both our water quality and reliability. We continue to make improvements in our customer service operation and communication with our customers.

**Innovative resource management:** We began the initial phase of our desalination expansion, completed a significant milestone in the design of our Advanced Water Purification Facility, and finalized the feasibility study for our Aquifer Storage and Recovery project. We took actions to mitigate a potential drought and expanded infrastructure to serve our growing community.

**Organizational excellence:** We received awards for financial reports and plant operations. We introduced new safety and security initiatives, launched a new energy management program and made strides in technology and automation that have produced efficiencies.

**Talent growth:** While the water sector nationwide and we have braced ourselves for a wave of Baby Boom retirements, the utility has seen a smooth transition with a healthy number of promotions, and talented new hires step in as retirements continue. We have increased cross-training, continued to develop our future leaders through a Dale Carnegie partnership, and continued improvements to our organizational culture through employee-led initiatives, such as our United Way and Charity of Choice programs.

In this annual report, we have taken a different approach and highlighted a few of our numbers, statistics and achievements in these four areas.

El Paso Water is well positioned with a strong Public Service Board and a solid leadership team to continue to build upon the momentum underway.

John E. Balliew, P.E.
President/CEO
KEY STATISTICS

235,768
CUSTOMERS SERVED
(POPULATION of 800,000)

2,706
MILES OF WATER LINES

2,317
MILES OF WASTEWATER LINES

$2.162
BILLION IN ASSETS
## Exceptional Service

**Delivering Quality, Reliable, Affordable Water Services**

<table>
<thead>
<tr>
<th>2 Billion Gallons</th>
<th>45,000</th>
<th>370,000</th>
</tr>
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<tbody>
<tr>
<td>of reclaimed water to industrial customers, parks and irrigators</td>
<td>WATER QUALITY samples from our water treatment plants and distribution systems</td>
<td>WATER QUALITY tests</td>
</tr>
<tr>
<td>38 Billion Gallons</td>
<td>21 Billion Gallons</td>
<td>96.5%</td>
</tr>
<tr>
<td>WATER PRODUCED</td>
<td>OF TREATED WASTEWATER</td>
<td>ACCURACY OF METER READINGS</td>
</tr>
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</table>

### Serving our Customers and Community

- **383,410 Calls Received**
- **32,000 Monthly Average**
- Phase II upgrade for phone technology system.
- Continued ReadyOne call overflow contract.

### Improving Communication with Customers

- **Introduced Nextdoor**
  - Social Media app for neighborhood outreach
- **Construction Project Outreach on 20 Projects**
- **Public Service Campaigns**
  - Turn Around, Don’t Drown
  - Report Illegal Dumping
  - Protect your Pipes
  - Defend your Drains
- **Reached 8,000** teachers and students through field trips, classroom presentations and Tech₂O events.

### Customer Confidence

<table>
<thead>
<tr>
<th>Safe, Quality Water</th>
<th>Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017: 70%</td>
<td>2017: 89%</td>
</tr>
<tr>
<td>2018: 74%</td>
<td>2018: 90%</td>
</tr>
</tbody>
</table>

### Water Quality Tests

- 45,000 water quality samples from our water treatment plants and distribution systems
- 370,000 water quality tests

### Reclaimed Water

- 3.83 billion gallons of reclaimed water to industrial customers, parks and irrigators
- 96.5% accuracy of meter readings
## Innovative Resource Management

### Securing our Future Water Supply

| 30% Completed Design of the Advanced Water Purification Facility |
| 6 Wells Drilled (Standard) |
| 7 Wells Drilled for Drought Resolution |

Well-drilling for drought-preparedness

Purchases of land and water rights for Dell City Importation project.

### Expanding our System to Serve our Growing City

| 3 Million Gallons of New Storage |
| 7.5 Million Gallons New Construction |
| New Pipelines |

- North 2 Elevated Water Tank serving the Northeast
- Ranchos Real Water Tank
- Vista del Este Water Tank
- Franklin East Water Tank
- Borderland Strahan (Phase 1) line on Westside
- Montana East extension

### Improving Reliability through Rehabilitation

| 2 Water Tanks Reconstructed |
| Rehabilitation Projects at Wastewater Plants |
| Emergency Backup Power for Water Systems Phase 4 |
| 2 Pipeline Replacements |
| 3 Lift Station Reconstructions |

### Enhancing Stormwater System for Flood Control

| 5 Under Construction Flood Storage Projects |
| 4 Completed Storage and Conveyance Construction Projects |
ORGANIZATIONAL EXCELLENCE

Excelling in Financial Management

AA+ S&P and FITCH BOND RATINGS

$19 MILLION FEDERAL AND STATE FUNDING

(Notifications of funding)

- External financial audit completed with no findings.
- Maintained debt service coverage above what is required.

Demonstrating Best Practices in Business Systems

55% GOODS AND SERVICES PURCHASED

Met target for supplier diversity from small, local minority or women owned businesses.

95% INSTRUMENTATION SYSTEM RELIABILITY

99.99%

Telephone and network systems uptime during normal business hours.

Excellence in Operations

18,000 METERS REPLACED

COMPLETED INITIAL PHASE OF ENERGY MASTER PLAN

- Met all Safe Drinking Water Act and TCEQ environmental standards.
- Assessed, rehabilitated or replaced 20% of system equipment, consistent with asset management system.

270,000 LINEAR FEET OF WASTEWATER LINES INSPECTED

4.2 MILLION LINEAR FEET OF WASTEWATER LINES CLEANED

Winning Awards

FINANCIAL MANAGEMENT
Distinguished Budget Presentation Award
Award for Financial Reporting Achievement

OPERATIONS
Partnership for Safe Water - Director’s Award
Jonathan Rogers Water Plant
Robertson/Umbenhauer Water Plant

NACWA Platinum 5 Performance Award
Fred Hervey Water Reclamation Plant

NACWA Silver Peak Performance Award
Haskell R. Street Wastewater Plant
John T. Hickerson Wastewater Plant
Roberto R. Bustamante Wastewater Plant
## TALENT GROWTH

### Recruiting and Attracting Talent

<table>
<thead>
<tr>
<th>127 EMPLOYEES HIRED</th>
</tr>
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<tbody>
<tr>
<td>Participated in a city-wide review of positions, descriptions and compensation to assess changes needed to be consistent with the market.</td>
</tr>
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</table>

### Developing Tomorrow’s Leaders

<table>
<thead>
<tr>
<th>126 EMPLOYEES PROMOTED</th>
<th>60 COMPLETED DALE CARNEGIE LEADERSHIP TRAINING</th>
<th>5 DEGREES EARNED</th>
</tr>
</thead>
</table>

### Improving Knowledge and Skills

<table>
<thead>
<tr>
<th>34 EMPLOYEES EARNED TCEQ &quot;A&quot; WATER AND WASTEWATER OPERATOR LICENSES</th>
<th>388 EMPLOYEES TOOK TEEX TRAINING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaborated with the Texas Engineering Extension Service (TEEX) to offer a wide range of water, wastewater and safety classes at the TecH₂O Learning Center.</td>
<td></td>
</tr>
</tbody>
</table>

### Engaging Employees

- Through strategic planning, significant progress has been made to increase collaboration between the plants and field offices.
- Conducted annual employee survey and shared results with management to identify opportunities for improvements.

### Charity of Choice

- Charity of Choice: Assistance League Operation School Bell: $47K RAISED
- United Way: $85K RAISED
Preserving and protecting our land and water natural resources and demonstrating accountability to ratepayers through careful financial stewardship.

Delivering quality, timely, professional service and acting in a way that supports the well-being of customers and the betterment of the community.

Being honest and ethical in every action and decision, doing the right thing even if nobody is watching, acting in a transparent way.

Pursuing new processes, technologies and solutions to improve how we operate and better serve our customers and community.
Setting high expectations for ourselves and our teams, continuously improving skills and performance; striving to achieve the best results.

Acting to protect public safety and the personal safety of our employees and contractors in everything we do.

Respecting the ideas and contributions of individuals and teams; encouraging collaboration and communication, openly supporting coaching and feedback.