

**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

Finance and Budget Committee

Thursday, June 23, 2011

11:00 a.m.

1. **Call to Order** David J. Bardin, Acting Chairperson
2. **May 2011 Financial Report (Attachment 1)**..... Yvette Downs
 - A. Operating Revenues & Expenditures
 - B. Cash Reserves & Investments
 - C. Capital Disbursements Summary
3. **FY 2012 Revised Budget**..... George Hawkins and Olu Adebayo
 - A. FY 2012 Revised Operating Budget Proposal (**Attachment 2**)
 - B. FY 2013 Proposed Budget Status Update
4. **Insurance Update (Attachment 3)** Tanya DeLeon
5. **Cost Allocations on DC Retail Rate Payers and Suburban Areas Update** George Hawkins
6. **Action Items**
 - A. FY 2012 Revised Operating Budget (**Attachment 4-A**)
 - B. FY 2011 Rate Stabilization Fund Transfer and PayGo (**Attachment 4-B**)
 - C. Approval for electricity generation & transmission services Contract – HESS (**Attachment 5**)
7. **Agenda for July 28th Committee Meeting**..... David J. Bardin
8. **Adjournment**

FOLLOW-UP ITEMS – Finance & Budget Committee (Meeting held May 26, 2011)

1. Staff will follow up consumption trends for the D.C. Housing receipts. (**Mr. Bardin**) **Status:** TBD
2. Provide progress report on the operating and capital cost allocations between DC Retail Rate payers and the suburban areas. (**Mr. Bardin**) **Status:** See agenda.
3. Determine if there are opportunities for revising the existing small PI customer contracts/agreements. (**Mr. Bardin**) **Status:** TBD
4. Incorporate the IAC revenue budget within the revenue report so that comparison of budget to actual can be made. (**Mr. Bardin**) **Status:** See Attachment 1
5. General Counsel should provide an explanation of the legal basis for charges by COG. (**Mr. Bardin**) **Status:** TBD

ATTACHMENT 1



**MAY 2011
FINANCIAL REPORT**

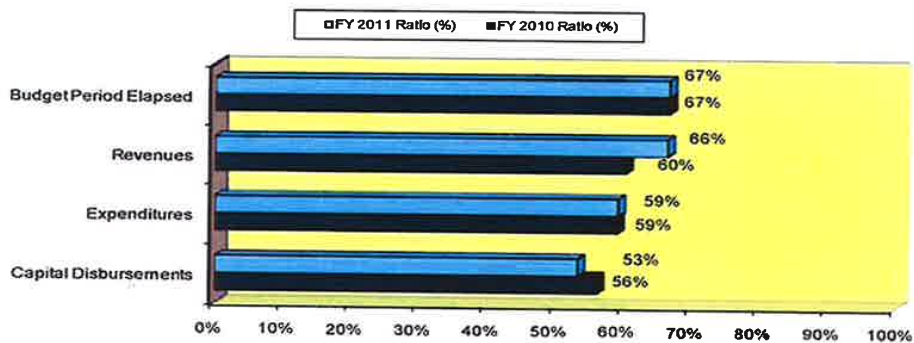
FY 2011 FINANCIAL PERFORMANCE

At the end of May, with approximately 67 percent of the fiscal year completed, we are on track with budgetary expectations. The table below summarizes detailed information as discussed later in this report.

**Financial Performance
As of May 31, 2011
(\$ in millions)**

	Approved	Revised Budget	YTD Budget	YTD	Variance		Projection	% Revised Budget
				Actual	Favorable (Unfavorable)	% of Budget		
Revenues (Receipts)*	\$395.9	\$399.1	\$266.1	\$264.9	(\$1.2)	-0.5%	\$396.1	99.2%
Expenditures*	\$408.1	\$403.3	\$268.9	\$238.6	\$30.3	11.4%	\$384.5	95.3%
Capital Disbursements	\$383.7	\$325.2	\$208.4	\$173.1	\$35.3	17.0%	\$302.3	93.0%

* Straight-lined (8/12 of revised budget)



**120-day Operating Reserve Analysis
(\$ in millions)**

FY 2011 120-day Operating Reserve Objective	\$125.5
Actual Average Daily Balances	\$139.6
Difference	\$14.1

OPERATING REVENUES & RECEIPTS

At the end of May 2011, cash receipts totaled \$264.9 million, or 66.4 percent of the revised FY 2011 budget. Several categories of customers make payments on a quarterly basis, including the federal and District governments, and wholesale customers. The table below provides a summary of operating receipts at the end of May.

**REVENUE VARIANCE BY CATEGORY
(In millions)
As of May 31, 2011**

Revenue Category	FY 2011 Budget	Year-to-Date Budget	Actual Received	Variance Favorable	Variance (Unfavorable)	Actual % of Budget	Year End Projections	Variance Proj v. Bud	Percent
Residential, Commercial, and Multifamily	201.5	134.3	133.1	(1.2)	-0.9%	66.1%	201.4	-0.1	100.0%
Federal	44.9	29.9	33.5	3.6	12.0%	74.7%	44.9	0.0	100.0%
District Government	9.7	6.5	6.9	0.4	6.7%	71.2%	9.1	(0.6)	93.8%
DC Housing Authority	6.5	4.3	3.7	(0.6)	-14.4%	56.9%	5.6	(0.9)	86.2%
Customer Metering Fee	10.8	7.2	6.4	(0.8)	-11.1%	59.3%	9.8	(1.0)	90.7%
Wholesale	68.8	45.9	52.3	6.5	14.1%	76.0%	69.3	0.5	100.7%
Right-of-Way Fee/PILOT	22.0	14.7	14.6	(0.0)	-0.3%	66.4%	21.6	(0.4)	98.2%
Sub-Total (before Other Revenues)	\$364.2	\$242.8	\$250.5	7.8	3.2%	68.8%	\$361.7	(\$2.5)	99.3%
Other Revenue without RSF									
IMA Indirect Cost Reimb. For Capital Projects	4.0	2.7	0.0	(2.7)	-100.0%	0.0%	4.0	0.0	100.0%
DC Fire Protection Fee	13.3	8.9	7.8	(1.0)	-11.0%	58.9%	13.3	0.0	99.8%
Stormwater (MS4)	0.8	0.5	0.5	(0.1)	-15.1%	56.6%	0.8	0.0	100.0%
Interest	0.8	0.5	0.5	(0.0)	-5.7%	62.9%	0.7	-0.1	85.5%
Developer Fees (Water & Sewer)	3.0	2.0	3.9	1.9	95.0%	130.0%	3.0	0.0	100.0%
Others	3.5	2.3	1.6	(0.7)	-31.4%	45.7%	3.1	(0.4)	88.6%
Sub-Total	\$25.4	\$16.9	14.3	(2.6)	-15.6%	56.3%	\$24.9	-\$0.5	97.8%
Rate Stabilization Fund Transfer	\$9.5	6.3		(6.3)	-100.0%	0.0%	\$9.5	\$0.0	100.0%
Other Revenue Sub-Total	\$34.9	\$23.3	14.3	(9.0)	-38.6%	41.0%	\$34.4	-\$0.5	98.4%
Grand Total	\$399.1	\$266.1	\$264.9	(1.2)	-0.5%	66.4%	\$396.1	(\$3.0)	99.2%

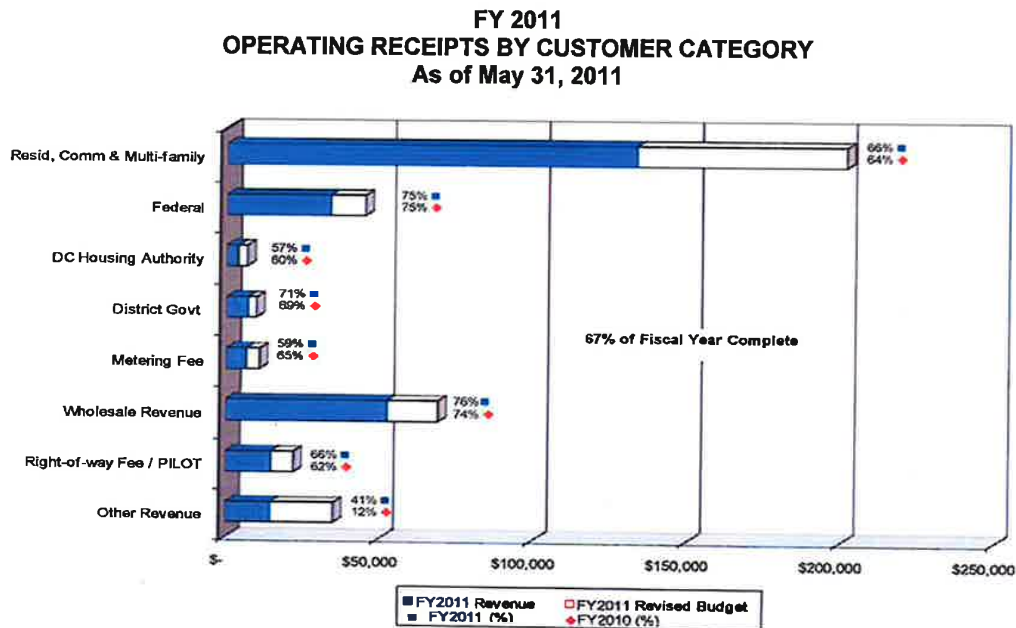
Discussion of Relevant Variance

In general, revenues are on target with 66.4 percent of the total revenues received through 67 percent of the year completed. We anticipate completing the fiscal year within 99 percent of the revised budget.

The largest variance of note in revenues exists in the category of Other Revenue. Other Revenue receipts are lower than the straight-lined budget at \$14.3 million or 41 percent of the budgeted category primarily due to the Rate Stabilization Fund transfer. The Rate Stabilization Fund transfer is anticipated in the fourth quarter of the fiscal year. The IMA indirect cost reimbursement for capital projects receipts are \$2.7 million lower than year-to-date budget. The entire budgeted amount will be billed and received in the fourth quarter.

D.C. Housing Authority's actual receipts through May total \$3.7 million or 57 percent of the revised FY 2011 budget. This is due to lower than anticipated consumption. We will continue to monitor this category for variations in trends.

Receipts for the Customer Metering fee in the first eight months of the year total \$7.2 million or 59.3 percent of the revised FY 2011 budget. In October 2010, the Customer Metering fee was increased for all meter sizes and higher revenues have been anticipated for FY 2011. A review of trends indicates this to be true. However, there is a lag between billing the new fee and collection of the new fee that contributes to the variance in this revenue category. Current trends are aligned with monthly expectations.



**BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY
May 31, 2011
(\$ in 000's)**

Customer Category	Water	Sewer	Clean Rivers		Total
			IAC	Metering Fee	
Residential	15,038	22,651	2,967	2,973	43,628
Commercial	23,793	29,629	3,774	1,946	59,142
Multi-family	13,752	20,373	1,110	707	35,942
Federal	14,142	17,496	1,911	378	33,927
District Govt	2,450	3,555	877	279	7,161
DC Housing Authority	1,439	2,150	138	82	3,809
Total:	70,615	95,853	10,777	6,365	183,610

Note: The breakdown of Collections into Residential, Commercial, & Multi-family and Water and sewer is approximate as it is based on percentages of historical data and does not take into account adjustments and timing differences

**Clean Rivers IAC – Actual vs Budget
May 31, 2011
(\$ in 000's)**

Customer Category	FY 2011 Budget	Year-To-Date Budget	Actual Received	Variance		Actual % of Budget
				Favorable	(Unfavorable)	
Residential	4,047	2,698	2,967	269	10%	73%
Commercial	5,158	3,439	3,774	335	10%	73%
Multi-family	1,752	1,168	1,110	(58)	-5%	63%
Federal	2,548	1,699	1,911	212	13%	75%
District Govt	1,182	788	877	89	11%	74%
DC Housing Authority	213	142	138	(4)	-3%	65%
Total:	14,900	9,933	10,777	844	8%	72%

OPERATING EXPENDITURES

At the end of May, with approximately 67 percent of the fiscal year completed, operating expenditures totaled \$238.6 million (including debt service and the right of way and PILOT fees). This is approximately 59 percent of the FY 2011 revised budget, which totals \$403.4 million. These numbers include estimated incurred but unpaid invoices. We anticipate completing the fiscal year at approximately 95 percent of the FY 2011 revised budget.

EXPENDITURE VARIANCE BY CATEGORY
 (\$ in 000's)
 As of May 31, 2011

	Board Revised Budget	YTD Budget	YTD as of 05/31/2011	FY 2011			Preliminary Projection			FY 2012 Board Approved Budget
				Favorable/(Unfavorable) \$	%	Percent of Budget	Year-End Projection	Percent of Budget	Year-End Variance	
Personnel Services	105,292	70,195	67,199	2,995	4.3%	64%	102,569	97%	2,723	113,354
Contractual Services	79,114	52,743	41,669	11,074	21.0%	53%	74,470	94%	4,644	78,826
Water Purchases	33,000	22,000	16,714	5,286	24.0%	51%	29,175	88%	3,825	33,000
Chemicals and Supplies	29,234	19,489	15,886	3,603	18.5%	54%	28,213	97%	1,021	29,946
Utilities	34,938	23,292	20,133	3,159	13.6%	58%	32,188	92%	2,750	37,447
Small Equipment	1,095	730	331	399	54.6%	30%	852	78%	243	995
Subtotal O & M Expenditures	282,674	188,449	161,933	26,516	14.1%	57%	267,467	95%	15,206	293,569
Debt Service	98,726	65,817	62,056	3,781	5.7%	63%	95,044	96%	3,682	105,387
Payment in Lieu of Taxes	16,882	11,255	11,255	-	0.0%	67%	16,882	100%	-	18,301
Right of Way	5,100	3,400	3,400	-	0.0%	67%	5,100	100%	-	5,100
Total O & M Expenditures	403,382	268,921	238,644	30,277	11.4%	59%	384,493	95%	18,888	422,357
Personnel Services Charged to Capital Projects	(11,000)	(7,333)	(7,020)	313	-4.3%	64%	(10,716)	97%	(284)	(16,000)
Total Net Operating Expenditures	392,382	261,587	231,624	29,963	11.5%	59%	373,777	95%	18,604	406,357

Note: Actuals include accruals

Discussion

Personnel services (\$105.3 million annual budget; 37.2 percent of O&M budget) – At the end of May, personnel costs total \$67.2 million or 64 percent of budget. Of the 1,137 positions budgeted (1,165 positions authorized), 1,023 positions were filled at the end of May. Overtime spending totals \$3.8 million of the annual budget of \$5.0 million, or 8 percent of regular payroll costs. We will continue to monitor and report overtime activities and risks.

Water Purchases (\$33.0 million annual budget; 11.7 percent of O&M budget) – At the end of May, water purchases incurred total \$16.7 million. The current variance in this category reflects several items including the timing of billings, seasonal variation on water demand (and thus chemical costs), the federal freeze in employee salaries and delay in the operations of the hypochlorite project, which is now projected to begin in FY 2012. It is anticipated that this category will be under budget at the end of the fiscal year.

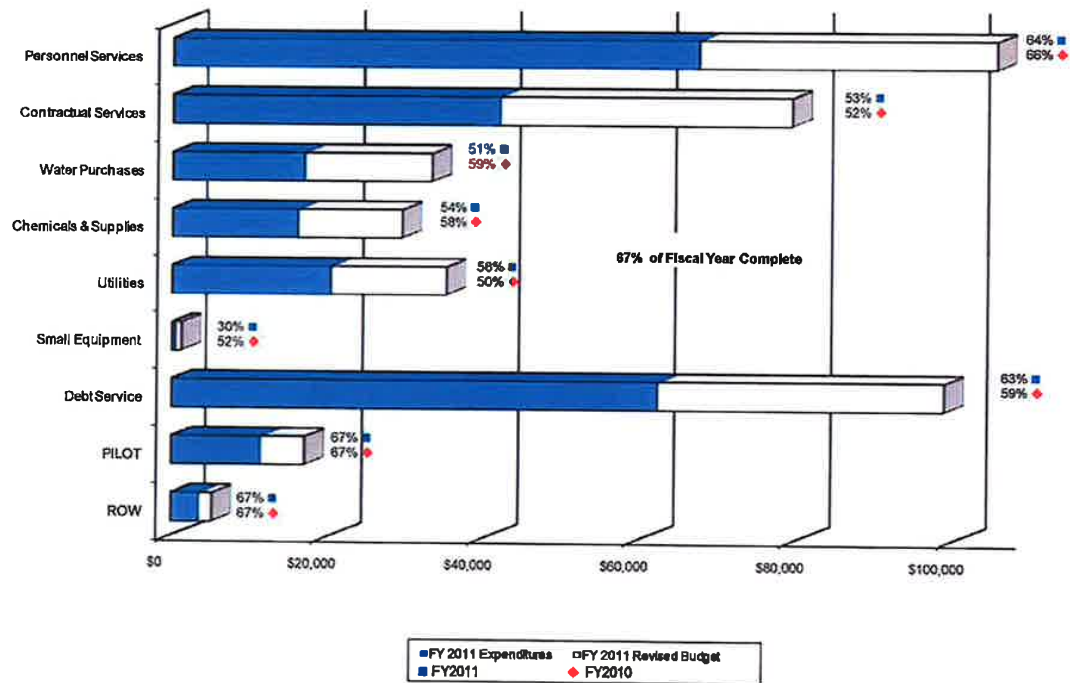
Chemicals and Supplies (\$29.2 million annual budget; 10.3 percent of O&M budget) – At the end of May, chemical and supplies costs total \$15.9 million or 54 percent of budget. We have experienced a rise in certain chemical costs primarily due to increase in world oil prices. While we have fixed market prices for most of our chemicals, the price of fuel could trigger adjustments for chemicals, if the oil market changed substantially. We will continue to monitor the market and report to the Committee accordingly.

Utilities (34.9 million annual budget; 12.4 percent of O&M budget) – At the end of May, utilities expenditures total \$20.1 million or 58 percent of the budget. Later in the report is additional information concerning actual performance in this category.

Debt Service (98.7 million annual budget) – At the end of May, debt service expenditures total \$62.1 million or 63 percent of the budget.

Payment in Lieu of Taxes – (\$16.9 million annual budget) – Payments and accrued expenses for the District's PILOT fee totaled \$11.3 million. Actual payment differs due to previous Board direction and resulting offsets associated with the Fire Protection fee.

**FY 2011 Operating Expenditures
by Category
(\$ in 000's)
As of May 31, 2011**



CAPITAL SPENDING

For the month of May 2011, disbursements totaled \$16.6 million, with year-to-date disbursements totaling \$173.1 million, or 53 percent of the FY 2011 Revised (Annual) disbursements budget. Planned capital disbursements through May 2011 were \$208.4 million, or 64 percent of the FY 2011 Revised disbursements budget.

Capital Disbursements Variance (dollars in thousands) As of May 31, 2011

Description	FY 2011 Revised Disbursements Budget		Actual Disbursements			% of FY 2011 Revised Disbursements Budget		FY 2011 Projected Disbursements Budget	
	Annual	YTD	Oct. '10 to Apr. '11	May. '11	1 YTD	Variance Compared to Plan	Percent of Annual Budget	Amount	Percent of Annual Budget
Wastewater Treatment	133,128	76,817	58,396	7,652	66,048	14%	50%	126,052	95%
Sanitary Sewer	33,996	20,215	14,608	1,294	15,901	21%	47%	22,676	67%
Combined Sewer Overflow	76,084	58,168	46,087	2,596	48,683	16%	64%	81,442	107%
Stormwater	3,491	2,346	1,066	0	1,066	55%	31%	1,952	56%
Water	50,612	33,493	27,386	3,951	31,336	6%	62%	47,049	93%
Washington Aqueduct	10,449	5,735	3,902	0	3,902	32%	37%	10,407	100%
Capital Equipment	17,462	11,641	5,140	1,067	6,207	47%	36%	12,698	73%
Total Capital Projects	\$ 325,222	\$208,415	\$ 156,583	\$ 16,559	\$173,142	17%	53%	\$302,275	93%

Discussion

The variance in spending in the Wastewater Treatment Service area relates primarily to the OCIP accrual of \$7.7 million and a lag in the start dates for a number of Facility-department projects in the Plant-wide Program, and projects in the Enhanced Nitrogen Removal Facilities Program (ENRF). With regards to the Facility related projects, it is anticipated that most of the scheduled spending will now occur in FY 2012. The ENRF project is still scheduled to be completed on time. The spending variance in the Combined Sewer Overflow service area is attributable to the delay in the execution of a MOU with the District Government, delayed invoicing due to late approval of the Program Manager's work-plan, and an accrual of approximately \$3 million for OCIP. The variance in the Water service area continues to be the result of delayed disbursements related to the close-out of two small diameter watermain replacement projects (MV & MW) and the temporary suspension of work on small diameter water main rehabilitation project N8. Underspending in the Capital Equipment area is mainly related to IT projects. It is anticipated that IT will be approximately \$5.0 million under their budgeted FY 2011 levels.

Projects in the Wastewater Treatment service area led the disbursements at \$7.7 million followed by projects in the Water service area at \$4 million. Disbursements for the Combined

Sewer Overflow service area totaled \$2.6 million, followed by disbursements for the Sanitary Sewer and Capital Equipment service areas at \$1.3 million and \$1.1 million, respectively.

Wastewater Treatment (Blue Plains): the Solids Processing program registered the highest disbursements, \$4.2 million; primarily for the New Digestion Facilities project, and Project Management costs. Enhanced Nitrogen Removal Facilities Program (formerly, BTN - the Total Nitrogen Program) disbursements came in next, at \$2.1 million; over 80 percent of which was for the Nitrogen Removal Facilities, and the Blue Plains Tunnel Site Preparation projects.

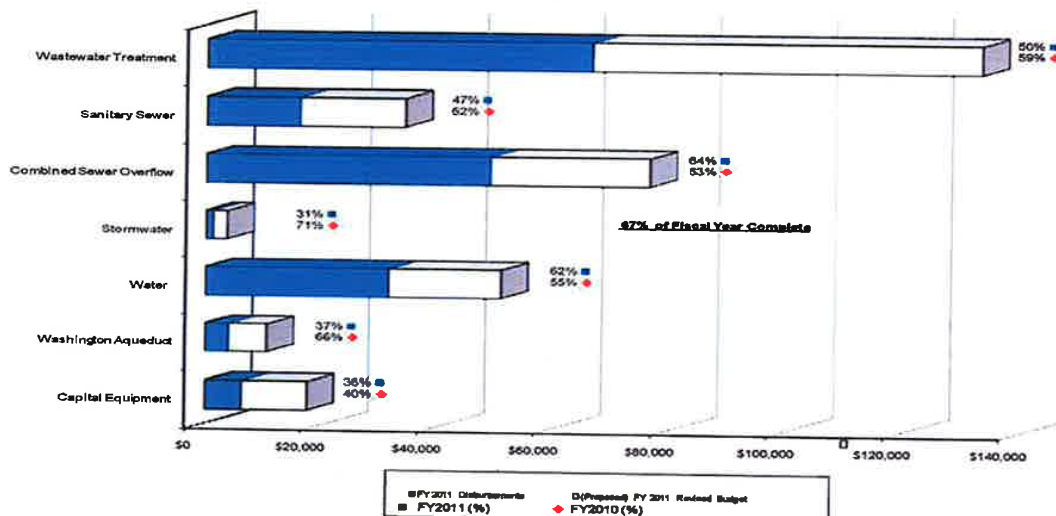
Water Service area: Water Distribution (Systems) program disbursements totaled \$2.4 million, majority of which was for the various Small Diameter Watermain Rehab contracts, and Fire Hydrant Replacement projects. Water On-Going Projects Program disbursements, \$0.8 million, were primarily for the (Annual) DWS Water Projects

Combined Sewer Overflow (CSO) service area: 'Combined Sewer Projects' Program disbursements of \$1.5 million—over 80 percent of which was for the 'Nine Minimum Control's group of projects, e.g., Main & 'O" St Pump Stations, Rock Creek CSO projects Outfall Sewer Rehabilitation, and the Poplar Point Pumping Station projects. A total of \$1.1 million was disbursed under the D.C. Clean Rivers Project (aka Long Term Control Plan, or LTCP), entirely for the Anacostia LTCP Projects.

Sanitary Sewer Service area: disbursements for Sanitary Interceptor/Trunk Force Sewers program amounted to \$0.7 million, primarily for the Future Sewer Systems Upgrades, and the Potomac Sewer System Rehabilitation projects. The 'Sewer On-going Projects' program disbursements of \$0.5 million--all for the (Annual) DSS Sanitary Sewer projects

Capital Equipment service area: disbursements totaled \$1.1 million. Significant disbursements under this area were made for the Maximo-support for Wastewater, Infrastructure Asset Management System, the Document Imaging System, and other projects managed by the Information Technology department.

**FY 2011 Capital Disbursements Compared to Plan
By Service Area
(\$ in 000's)
As of May 31, 2011**

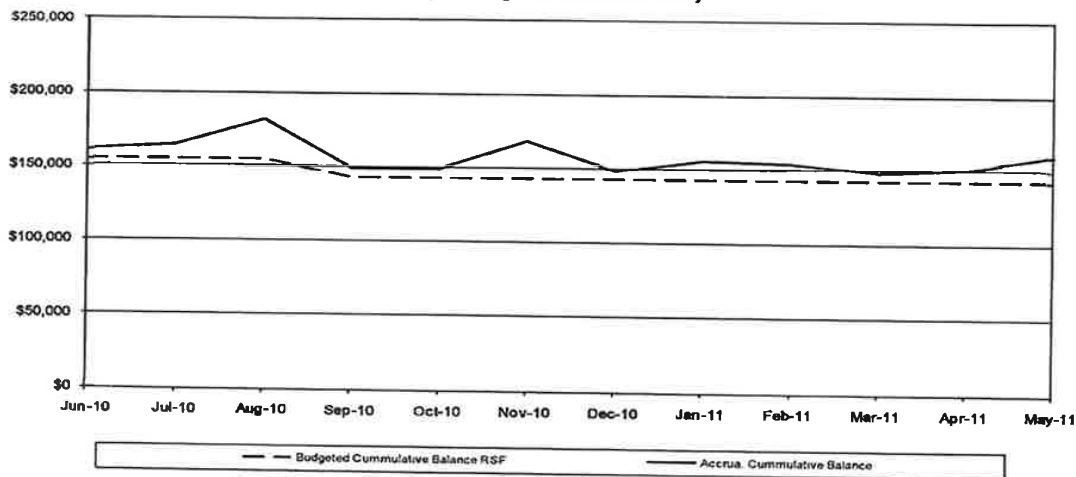


CASH AND INVESTMENT BALANCES

At the end of May, our operating reserve balance was \$143.4 million as compared to the FY 2011 operating reserve level objective of \$125.5 million. The following table provides a summary of all cash and investment account balances.

Cash Balances	
As of May 31, 2011	
(\$ in millions)	
Rate Stabilization Fund Account (RSF)	\$16.7
Operating Reserve Accounts	<u>143.4</u>
Operating Cash Balance Including RSF	160.1
Debt Service Reserve - Series 98	24.0
Bond Construction Fund - Series 10	210.6
Capital Interest Fund - Series 10	10.4
CSO LTCP Appropriations Account	<u>70.0</u>
Total All Funds	\$475.1

FY 2011 Operating Cash Balances
(\$ in 000's)
(Operating Reserve and RSF)



Overall Portfolio Performance

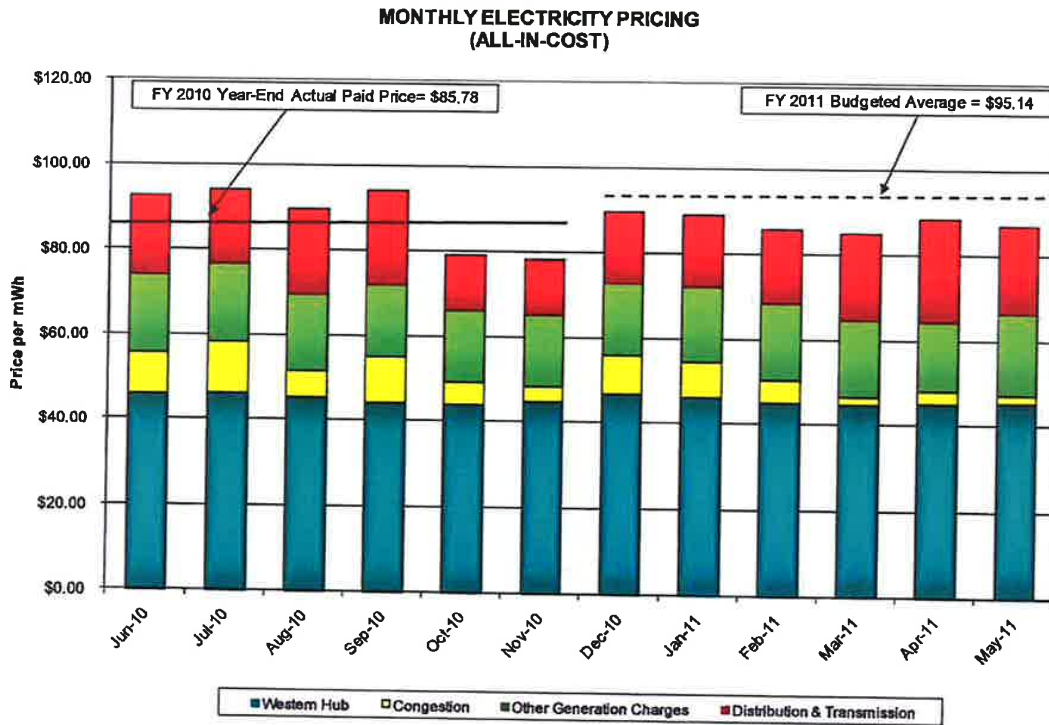
As of May, DC Water's total investment portfolio continues to perform well and is in compliance with the Authority's Investment Policy. Returns continue to exceed the established benchmarks for short term (less than one year) and core (one plus years) funds. Interest income for May on a cash basis was \$20,873, and year-to-date income is \$514,742 as compared to the budget of \$542,519 for the year. See Investment Report – May 2011 attached to this report.

OTHER STATUS REPORTS

The overall objective of our procurement strategy is to mitigate DC Water's exposure to daily electricity spot market prices in the deregulated electricity market. In view of the above, staff has adopted the strategy to purchase long and short term blocks of electricity at a mix of Western Hub future market prices with the unlocked portions floating at spot market prices.

In line with this strategy and the Board's directive, we have locked approximately 90 percent or 27MW of the Authority's monthly electricity load for FY 2011 at the Western Hub price of \$45.39/mWh. Staff continues to monitor the consumption trend and electricity market closely with intent to lock in the remaining 10 percent of the Authority's electricity load.

The chart, which follows, depicts the all-in-cost for the electricity purchased by the Authority. As indicated in the chart, electricity prices generally increase during the winter and summer peak months. The average all-in-cost paid for May 2011 was \$87.42/mWh, with the year-to-date average at \$85.59/mWh.



Notes: A) Other generation charges include the capacity charges, loss factor adjustments, ancillary costs, and other adder (administrative) fees associated with electricity procurement over the spot market
 B) May FY 2011 prices include accruals for invoices not yet received.

ELECTRICITY COSTS

The revised FY 2011 electricity budget of \$26.9 million represents 77 percent of the total utilities budget and assumes an average all-in-cost of \$95.14/mWh.

The current purchasing strategy can be compared to two benchmarks: the Standard Offer Service (S.O.S.) and Pepco DC Zone spot market prices. As indicated in the chart below, DC Water average year-to-date actual prices are slightly higher than the spot market average prices but significantly below the S.O.S. prices.

	All-In-Cost (\$/mWh)			Electricity Budget (\$000)		
	Unit Price			Amount		Variance
	Standard Offer Service (S.O.S.)	Spot Market	Actual ¹	Budgeted	Actual	Budgeted vs Actual
Oct-10	\$158.24	\$70.98	\$79.34	\$2,478	\$1,709	\$769
Nov-10	\$152.48	\$71.55	\$78.62	\$2,187	\$1,641	\$546
Dec-10	\$155.93	\$99.91	\$89.97	\$2,388	\$2,120	\$268
Jan-11	\$153.78	\$95.53	\$89.28	\$2,386	\$2,133	\$253
Feb-11	\$154.33	\$85.25	\$86.10	\$1,877	\$1,832	\$45
Mar-11	\$148.46	\$80.44	\$85.32	\$1,968	\$1,883	\$85
Apr-11	\$152.35	\$87.05	\$86.66	\$1,896	\$1,842	\$54
May-11	\$152.85	\$90.14	\$87.42	\$1,976	\$1,829	\$147
YTD Average	\$153.55	\$85.11	\$85.59	\$17,156	\$14,989	\$2,167
				Remainder	\$9,767	
				Total Budget	\$26,923	

¹ Actual prices are inclusive of the price mix of monthly block purchases and spot market unit prices.

The current purchasing strategy is tracking favorably to the fiscal year.

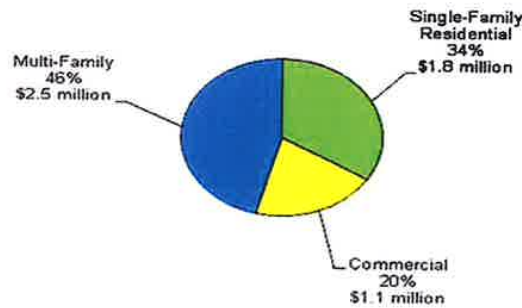
RETAIL & WHOLESALE ACCOUNTS RECEIVABLE

The following tables and chart show retail and wholesale accounts receivable over 90 days including a breakdown by customer class.

Delinquent Accounts Receivable Greater Than 90 Days by Customer May 31, 2011

	RETAIL		WHOLESALE		TOTAL	
	Greater than 90 Days		Greater than 90 Days		Greater than 90 Days	
	\$ in millions	# of accounts	\$ in millions	# of accounts	\$ in millions	# of accounts
December 31, 2005	\$10.6	14,613	\$31.7	4	\$42.3	14,617
December 31, 2006	\$7.2	15,101	\$0.0	0	\$7.2	15,101
December 31, 2007	\$6.3	16,101	\$0.0	0	\$6.3	16,101
December 31, 2008	\$6.1	16,345	\$0.0	0	\$6.1	16,345
December 31, 2009	\$5.2	15,469	\$0.0	0	\$5.2	15,469
December 31, 2010	\$5.4	14,107	\$0.0	0	\$5.4	14,107
January 31, 2011	\$5.7	14,369	\$0.0	0	\$5.7	14,369
February 28, 2011	\$5.9	14,217	\$0.0	0	\$5.9	14,217
March 31, 2011	\$5.7	13,633	\$0.0	0	\$5.7	13,633
April 30, 2011	\$5.3	13,134	\$0.0	0	\$5.3	13,134
May 31, 2011	\$5.4	12,576	\$0.0	0	\$5.4	12,576

*In June 09 the Authority wrote off approximately \$1.3M of bad debt



Delinquent Accounts Receivable Greater Than 90 Days by Customer May 31, 2011

	Number of Accounts			Month of May (All Categorized)				Total Delinquent			
	W AS a/c	Impervious Only a/c	Total No. of a/c	Active		Inactive		No. of a/c Ag'd.	Amount (\$)	No. of a/c May	Amount (\$)
				No. of a/c	Amount (\$)	No. of a/c	Amount (\$)				
Commercial	11,688	3,441	15,126	1,435	933,478.13	135	154,308.72	1,582	1,018,071.68	1,570	1,067,784.85
Multi-family	7,400	480	7,880	1,024	2,140,482.48	80	338,383.57	1,108	2,488,865.73	1,128	2,478,878.05
Single-Family Residential	163,682	3,126	166,808	8,545	1,188,766.54	1,338	636,877.73	16,117	1,822,104.37	8,988	1,325,644.27
Total	122,777	7,086	129,832	11,004	4,262,725.16	1,572	1,129,580.02	13,194	3,347,860.70	12,676	3,392,396.18

Notes:
 -Included in the above \$4.26m (or 11,004 accounts) of the DC Water Over 90 days delinquent accounts, \$417,799.27 (or 2,519 accounts) represents Impervious only Accounts over 90 days delinquent
 -Reportable delinquencies do not include balances associated with long-standing disputes between DC Water and two large commercial customers

2011 INSURANCE RENEWALS STATUS UPDATE

The Authority is on track to renew its Property & Equipment, Excess Auto/General Liability, Workers' Compensation, Public Officials' Liability, Crime and Fiduciary insurance coverages on July 1. We have received proposals and are in the process of reviewing and negotiating final terms. We will have a verbal update for the Finance & Budget Committee meeting. We had preliminarily budgeted for a 14 percent increase in total premium costs, primarily due to increased operating exposures. Based on proposals received, we should be within this range.

Property insurance is expected to remain with the Public Entity Property Insurance Program (PEPIP), which is a group purchase arrangement underwritten by a syndication of reputable insurance companies. The program is bid as a whole every year by the purchasing group.

Excess Workers' Compensation insurance is expected to change from Chartis (formerly AIG) to Safety National. Additional quotes were received but Safety National appears the most competitive. The incumbent insurer, Chartis, has broadly decided to exit the excess workers compensation market due to lack of profitability. The decision is not specific to the Authority. Historical bidding results showed Chartis to provide far lower pricing than the competition. The Authority's cost will increase this year as a result of their departure from the market.

Public Officials' Liability insurance is expected to remain with RSUI Indemnity Company (first \$10 million) and Allied World Assurance Company (next \$10 million) with slightly improved terms and conditions.

Excess Auto/General Liability insurance is expected to remain with the Alliant National Municipal Liability (ANML) and Catastrophe Liability Insurance Program (CLIP) group purchase programs for a total of \$100 million limit. Premium increases are generally in line with exposure increases. The coverage applies excess of the Authority's \$1 million retention for automobile, premises, and employment practices liability. Additionally this coverage provides excess protection over the \$20 million Public Officials' Liability policies.

Renewal proposals were received from Travelers Insurance for Crime and Fiduciary Liability insurance with as expiring coverage and mild premium increases. An alternate Fiduciary Liability proposal potentially affords mild savings and its coverage terms are being evaluated.

All of the Authority's insurers continue to have "A-" or better ratings from A.M. Best. rating agency.

**D.C. WATER AND SEWER AUTHORITY
FY 2011 CASH FLOW SUMMARY
through 6/31/11
(\$ in 000's)**

	Annual Budget Cash Basis	YTD 67% Of Cash Budget	YTD Actual Cash Oct 1, 2010 - May 31, 2011	Variance Favorable (Unfavorable)
OPERATING BUDGET				
Cash Provided				
Retail	273,374	182,258	183,810	1,351
Wholesale	88,825	45,888	52,281	6,395
Other	47,133	31,423	28,903	(2,520)
Transfer from Rate Stabilization Fund	9,500	6,334		(6,334)
Total Cash Provided	398,832	265,901	264,794	(1,107)
Operating Cash Used				
Personnel Services	94,265	62,846	62,320	526
Contractual Services	79,114	52,745	47,808	4,938
Chemicals & Supplies	29,234	19,490	18,298	1,193
Utilities	34,985	23,311	18,953	4,358
Water Purchases	33,000	22,001	17,372	4,629
Small Equipment	1,085	730	684	46
Total Operating Cash Used	271,673	181,124	166,435	16,669
Other Cash Used				
Debt Service	96,334	64,226	62,056	2,169
Payment In Lieu of Taxes/Right of Way	30,748	20,500	16,239	4,261
Total Other Cash Used	127,082	84,726	78,296	6,430
Total Cash Used	398,755	266,850	243,731	22,119
Net Cash Provided (Used) by Operating Act.	77	51	21,063	21,012
CAPITAL BUDGET				
Cash Provided				
Debt Proceeds	166,497	111,003	84,179	(26,824)
Capital Equipment Financing	8,000	5,334		(5,334)
EPA Grants	33,445	22,298	10,121	(12,177)
CSO Grants	25,108	16,740	16,480	(250)
Interest Income	286	191	268	77
Wholesale Capital Contributions	89,421	59,617	54,104	(5,423)
Total Cash Provided	322,757	216,182	166,260	(49,931)
Cash Used				
WASA Capital Program	314,773	209,859	169,240	40,619
Washington Aqueduct Projects	10,449	6,966	3,902	3,085
Total Cash Used	325,222	216,826	173,142	43,684
Net Cash/PAYGO Provided (Used) by Cap. Act.	(2,468)	(1,644)	(7,891)	(6,248)
Beginning Balance, October 1 (Net of Rate Stab. Fund)				
Plus (Less) Operating Surplus	131,998	88,002	131,998	
Wholesale Customer Refunds from Prior Years	77	51	21,063	
Interest Earned From Bond Reserve	(6,053)	(3,369)	0	
Transfer to Rate Stabilization Fund	277	185	179	
Prior Year Federal Billing Reconciliation	(1,000)	(667)	0	
Cash Used for Capital	1,869	1,113	1,252	
Balance Attributable to O&M Reserve	(2,465)	(1,644)	(7,891)	
	126,600	83,671	143,421	
OTHER CASH RESERVES				
	Current Balance	Budget Year End		
Rate Stabilization Fund	16,700	8,200		
CSO Long-Term Control Plan Appropriation	70,020			

**Comparative Statement of Expenditures
as of May 31, 2011
(\$000's)**

	FY 2011						FY 2012
	Board Revised Budget	YTD Budget	YTD as of 05/31/2011	YTD Variance Favorable/(Unfavorable)		Percent of Budget	Board Approved Budget
				\$	%		
Personnel Services	105,292	70,195	67,199	2,995	4.3%	64%	113,354
Contractual Services	79,114	52,743	41,669	11,074	21.0%	53%	78,828
Water Purchases	33,000	22,000	16,714	5,286	24.0%	51%	33,000
Chemicals and Supplies	29,234	19,489	15,886	3,603	18.5%	54%	29,948
Utilities	34,938	23,292	20,133	3,159	13.6%	58%	37,447
Small Equipment	1,095	730	331	399	54.6%	30%	995
Subtotal O & M Expenditures	282,674	188,449	161,933	26,516	14.1%	57%	293,589
Debt Service	98,726	65,817	62,056	3,761	5.7%	63%	105,387
Payment in Lieu of Taxes	16,882	11,255	11,255	-	0.0%	67%	18,301
Right of Way	5,100	3,400	3,400	-	0.0%	67%	5,100
Total O & M Expenditures	403,382	268,921	238,644	30,277	11.4%	59%	422,357
Personnel Services Charged to Capital Projects	(11,000)	(7,333)	(7,020)	313	-4.3%	64%	(16,000)
Total Net Operating Expenditures	392,382	261,587	231,624	29,963	11.5%	59%	406,357

Note: Actuals include accruals

Finance and Budget Committee Meeting - 2. May 2011 Financial Report (Attachment 1) - Yvette Downs

FY 2011 Overtime
Budget vs Actual
Period Ended May

Department	FY 2010				FY 2011							
	Annual Budget	Percent of Budget Expended	Actual	Actual to Budget \$ Variance	Annual Budget	Percent of Annual Budget Expended	FY 2011 Year-to-Date					
							Straight-Line Budget 10/01/10 - 06/04/11	Actual 10/01/10 - 06/04/11	Actual to Straight-Line Budget Variance	Percentage YTD Straight-Line Budget Expended	YTD Overtime as % of YTD Regular	
Office of the Secretary	3,000	141%	4,230	(1,230)	4,000	32%	2,038	1,279	757	63%	1%	
General Manager	20,000	45%	9,051	10,949	15,000	3%	13,571	498	13,074	4%	0%	
General Counsel	2,000	56%	1,110	890	2,000	128%	1,357	2,557	(1,200)	188%	0%	
Public Affairs	2,000	36%	787	1,213	2,000	75%	1,357	1,493	(136)	110%	0%	
Internal Audit	-	-	-	-	-	0%	0	0	0	0%	0%	
Information Technology	25,000	107%	26,785	(1,785)	25,000	40%	16,984	9,902	7,083	58%	1%	
Procurement/Material Mgmt	40,000	81%	24,241	15,759	30,000	67%	27,143	20,152	8,991	74%	1%	
Customer Service	280,000	85%	220,801	39,399	250,000	53%	176,429	132,483	43,946	75%	3%	
Finance & Budget	35,000	61%	21,208	13,792	30,000	82%	23,750	24,573	(823)	103%	1%	
Risk Management	1,000	3%	32	968	1,000	9%	679	94	584	14%	0%	
Assistant General Manager	1,000	61%	607	393	1,000	0%	679	0	679	0%	0%	
Human Resources	10,000	33%	3,347	6,653	6,000	49%	6,786	2,425	4,361	36%	0%	
Safety & Security	2,000	31%	628	1,372	2,000	8%	1,357	154	1,203	11%	0%	
Facilities Management	150,000	188%	251,635	(101,635)	150,000	108%	101,786	162,113	(60,327)	158%	8%	
Water / Sewer Pump Maintenance	200,000	82%	124,819	75,381	200,000	32%	135,714	63,944	71,770	47%	8%	
Engineering Services	500,000	116%	582,418	(82,418)	549,980	81%	338,286	448,027	(108,741)	132%	7%	
Water Services	1,000,000	136%	1,379,488	(379,488)	1,080,000	78%	678,571	842,781	(164,210)	124%	13%	
Long-Term Control Plan	1,000	91%	910	90	10,000	27%	679	2,866	(1,987)	393%	0%	
Sewer Services	900,000	134%	1,204,082	(304,082)	800,000	90%	610,714	813,317	(202,603)	133%	14%	
Wastewater Treatment	950,000	116%	1,100,335	(150,335)	956,000	72%	644,643	685,120	(40,477)	106%	13%	
Maintenance Services	800,000	119%	950,854	(150,854)	800,000	77%	542,857	619,501	(76,644)	114%	11%	
Permits	1,000	0%	0	1,000	1,000	74%	679	744	(65)	110%	0%	
Fleet Services	1,000	127%	1,268	(268)	1,000	62%	679	620	59	91%	0%	
Total WASA	\$4,904,000	120%	\$5,908,237	\$ (1,004,237)	\$5,014,960	76%	\$3,327,714	\$3,834,443	-\$506,729	116%	8%	

Notes:

(1) "Budget 10/01/10 - 06/04/11" reflects annual budget straight-lined

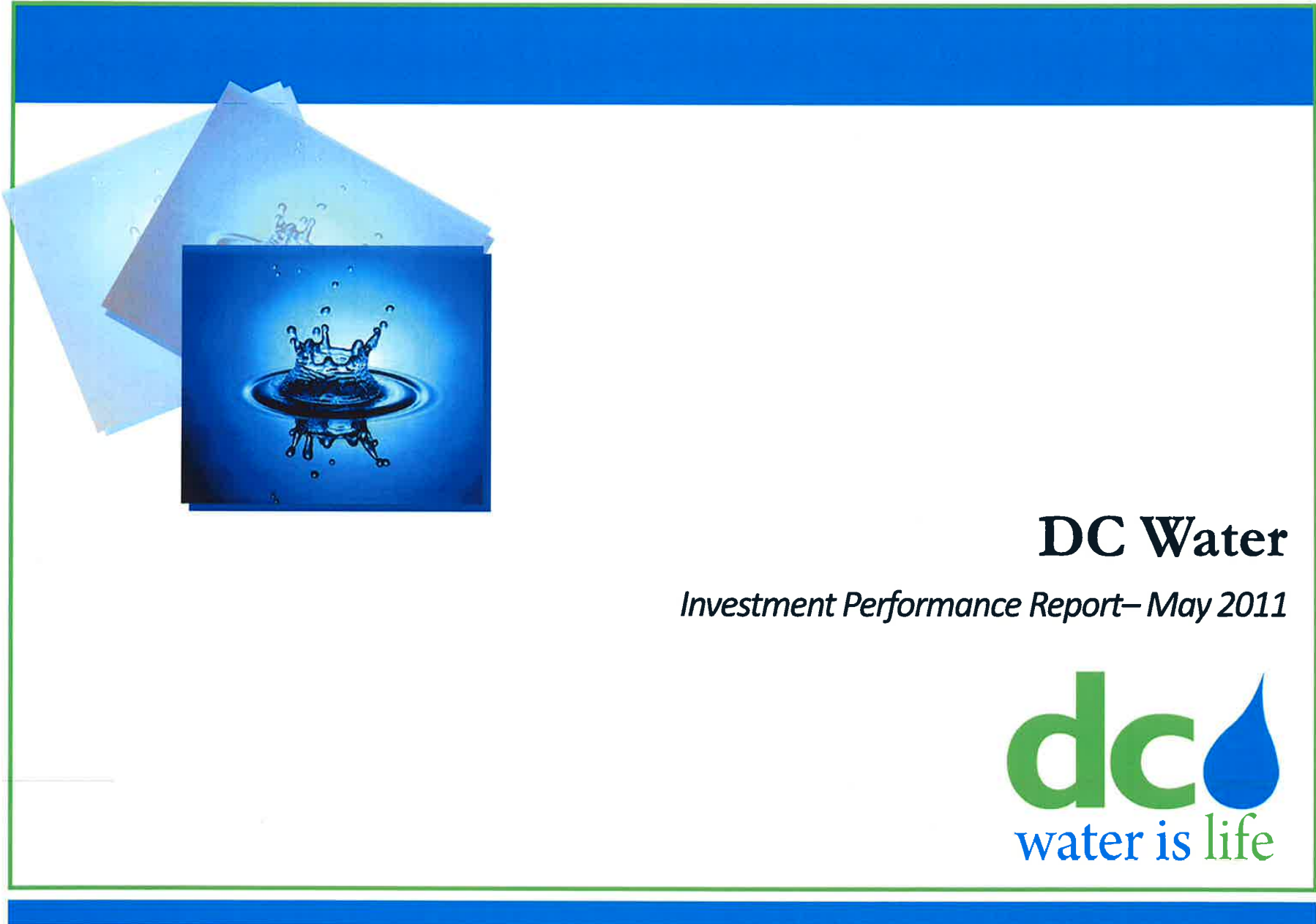
(2) "% YTD Budget Expended" reflects variance between straight-lined budget to-date and actual overtime

Capital Projects
FY 2011 Disbursements Analysis
 As of May 31, 2011
 (dollars in thousands)


Description	FY 2011 Revised Disbursements Budget		Actual Disbursements			% of FY 2011 Revised Disbursements Budget		Commitments Balance
	Annual	YTD	Oct. '10 to Apr. '11	May. '11	¹ YTD	Annual	YTD	
Wastewater Treatment								
Liquid Processing Projects	12,660	8,079	8,242	459	8,700	69%	106%	43,996
Plantwide Projects	22,894	17,105	10,890	989	11,980	52%	70%	20,749
Solids Processing Projects	45,849	23,589	22,513	4,152	26,665	58%	113%	54,227
Enhanced Nitrogen Removal Facilities (formerly Total Nitrogen Program)	<u>51,725</u>	<u>28,044</u>	<u>16,651</u>	<u>2,052</u>	<u>18,703</u>	<u>38%</u>	<u>67%</u>	<u>342,451</u>
Total Wastewater Treatment	133,128	76,817	56,396	7,652	66,048	50%	80%	481,413
Sanitary Sewer								
Sanitary Collection Sewers	1,293	995	1,444	88	1,531	118%	154%	756
Sanitary On-Going Projects	10,281	5,813	4,662	486	5,147	50%	89%	4,896
Sanitary Pumping Facilities	681	398	101	10	111	16%	28%	833
Sanitary Sewer Program Management	7,328	4,743	2,851	0	2,851	39%	80%	21,242
Sanitary Interceptor/Trunk Force Sewers	<u>14,413</u>	<u>8,286</u>	<u>5,550</u>	<u>710</u>	<u>6,261</u>	<u>43%</u>	<u>76%</u>	<u>15,457</u>
Total Sanitary Sewer	33,986	20,215	14,608	1,294	15,901	47%	78%	42,725
Combined Sewer Overflow								
CSO Program Management	3,480	2,059	1,045	0	1,045	30%	51%	12,609
Combined Sewer Projects	28,869	25,106	27,242	1,488	28,729	100%	114%	20,705
Clean Rivers Project (aka Long-Term Control Plan)	<u>43,835</u>	<u>31,003</u>	<u>17,800</u>	<u>1,109</u>	<u>18,910</u>	<u>43%</u>	<u>61%</u>	<u>298,825</u>
Total Combined Sewer Overflow	76,084	58,168	46,087	2,696	48,683	64%	84%	273,139
Stormwater								
Stormwater Local Drainage	11	7	0	0	0	0%	0%	239
Stormwater On-Going Program	841	320	0	0	0	0%	0%	547
Stormwater Pumping Facilities	-	0	0	0	0	0%	0%	0
DDOT Stormwater Program	35	26	0	0	0	0%	0%	0
Stormwater Research and Program Management	1,157	907	302	0	302	26%	33%	1,971
Stormwater Trunk/Force Sewers	<u>1,445</u>	<u>1,086</u>	<u>763</u>	<u>0</u>	<u>763</u>	<u>53%</u>	<u>70%</u>	<u>2,270</u>
Total Stormwater	3,481	2,346	1,066	0	1,066	31%	48%	5,028
Water								
Water Distribution Systems	26,301	16,517	12,024	2,435	14,459	55%	78%	27,262
Water On-Going Projects	6,260	2,880	5,202	781	5,983	96%	208%	4,136
Water Pumping Facilities	5,568	3,461	1,304	102	1,406	25%	40%	5,853
DDOT Water Projects	-	0	1,856	0	1,856	0%	0%	9,070
Water Storage Facilities	2,577	1,674	735	114	849	33%	51%	2,236
Water Projects Program Management	3,863	2,682	2,544	342	2,886	73%	107%	16,178
Water Lead Program	3,323	2,503	1,889	31	1,921	58%	77%	8,466
AMR Installation / Replacement	<u>2,819</u>	<u>1,746</u>	<u>1,832</u>	<u>145</u>	<u>1,977</u>	<u>75%</u>	<u>113%</u>	<u>848</u>
Total Water	50,612	33,483	27,386	3,851	31,336	62%	84%	72,046
Washington Aqueduct	10,449	5,735	3,902	0	3,902	37%	69%	
Capital Equipment	17,482	11,641	5,140	1,067	6,207	36%	53%	7,876
Total Capital Projects	325,222	208,415	156,583	16,859	173,142	53%	83%	862,227

Notes:

¹ Includes actual OCIP related disbursements of \$363,129.90



DC Water
Investment Performance Report– May 2011

dc 
water is life



Investment Performance Report- May 2011

DC Water
Finance Division
Book Value Performance
As of May 31, 2011

The portfolio is in compliance with the Authority's Investment Policy

	Trailing 1 Months		Trailing 3 Months		Trailing 6 Months		Trailing 12 Months	WAM* (days)	WAM* (years)
	Periodic	Annualized	Periodic	Annualized	Periodic	Annualized			
Total Rate Stabilization Fund	0.02%	0.27%	0.07%	0.26%	0.09%	0.18%	0.19%	43.2	0.12 years
Operating Reserve Accounts	0.04%	0.52%	0.14%	0.58%	0.21%	0.42%	0.38%	315.6	0.86 years
Total Debt Service Reserve	0.05%	0.64%	0.17%	0.66%	0.32%	0.65%	0.68%	494.3	1.35 years
Total CSO LTCP Appropriations Account	0.03%	0.36%	0.10%	0.41%	0.16%	0.31%	0.30%	154.3	0.42 years
2010A Construction Fund	0.02%	0.28%	0.07%	0.28%	0.10%	0.21%	n/a	130.9	0.36 years
2010A Capitalized Interest Fund	0.04%	0.51%	0.09%	0.34%	0.10%	0.20%	n/a	469.7	1.29 years
Short-Term	0.03%	0.30%	0.08%	0.31%	0.11%	0.22%	0.26%		
Merrill Lynch 3-Month Treasury Index (Book Value) ¹	0.00%	0.04%	0.02%	0.09%	0.06%	0.12%	0.13%	90.0	0.25 years
Core (1+ Years)	0.07%	0.82%	0.20%	0.79%	0.38%	0.77%	0.88%		
Merrill Lynch 1-3 Year Treasury Index (Book Value) ²	0.05%	0.57%	0.16%	0.65%	0.29%	0.59%	0.56%	-	1.78 years

- (1) The Merrill Lynch 3-Month Treasury Bill is an unmanaged index tracking the on-the-run 3-month Treasury Bill. The index is produced and maintained by Merrill Lynch & Co. Performance for this index is shown on a book value basis.
- (2) The Merrill Lynch 1-3 Year Treasury Index is an unmanaged index tracking a basket of U.S. Treasuries with 1 to 3 year maturities. The index is produced and maintained by Merrill Lynch & Co. Performance for this index is shown on a book value basis.
- (3) Performance prior to February 2011 provided by the Authority.

*Weighted average maturity

Investment Performance Report- May 2011



DC Water
Finance Division
Portfolio Holdings by Fund

DESCRIPTION	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
Total Rate Stabilization Fund									
TD BANK BANK DEPOSIT	\$ 1,713,542		6/1/2011		0.15%	\$ 1,713,542	\$ 1,713,542	\$ 1,713,542	
RABOBANK USA FIN CORP COMM PAPER	5,000,000	-	6/3/2011	2/7/2011	0.30%	4,995,167	4,999,975	4,999,917	
DEUTSCHE BANK FINL LLC COMM PAPER	5,000,000	-	6/28/2011	3/15/2011	0.40%	4,994,125	4,999,315	4,998,489	
GENERAL ELEC CAP SVCS COMM PAPER	5,000,000	-	9/21/2011	5/24/2011	0.17%	4,997,167	4,997,285	4,997,356	
									\$ 16,709,303.16
Operating Reserve Accounts									
TD BANK BANK DEPOSIT	\$ 18,601,000		6/1/2011		0.15%	\$ 18,601,000.42	\$ 18,601,000	\$ 18,601,000	
FEDERATED U.S. TREASURY CASH RESERVES	\$ -		6/1/2011		0.00%	-	-	-	
NATIXIS COMM PAPER	5,000,000	-	6/10/2011	2/7/2011	0.43%	4,992,654	4,999,820	4,999,463	
ABBAY NATL N AMERICA LLC COMM PAPER	5,000,000	-	6/13/2011	2/7/2011	0.48%	4,991,600	4,999,750	4,999,200	
FCAR OWNER TRUST II COMM PAPER	5,000,000	-	6/13/2011	2/7/2011	0.40%	4,993,000	4,999,750	4,999,333	
INTESA FUNDING COMM PAPER	5,000,000	-	6/30/2011	2/7/2011	0.46%	4,990,864	4,999,125	4,998,147	
SUMITOMO CORP OF AMERICA COMM PAPER	5,000,000	-	7/12/2011	3/21/2011	0.30%	4,995,292	4,998,855	4,998,292	
NATIXIS COMM PAPER	5,000,000	-	7/19/2011	3/21/2011	0.44%	4,992,667	4,998,620	4,997,067	
NORTHWEST NATURAL GAS COMM PAPER	5,000,000	-	7/20/2011	1/26/2011	0.36%	4,991,250	4,998,590	4,997,550	
UBS FINANCE DELAWARE LLC COMM PAPER	5,000,000	-	7/29/2011	3/29/2011	0.25%	4,995,764	4,998,610	4,997,986	
BANCO BILBAO COMM PAPER	5,000,000	-	8/12/2011	5/13/2011	0.45%	4,994,313	4,994,595	4,995,500	
SANTANDER SA COMM PAPER	5,000,000	-	8/19/2011	5/12/2011	0.39%	4,994,638	4,997,700	4,995,721	
DEXIA DELAWARE LLC COMM PAPER	5,000,000	-	8/24/2011	4/26/2011	0.49%	4,991,833	4,997,130	4,994,283	
FHLB NOTES	10,000,000	0.625	1/13/2012	12/16/2010	0.37%	10,053,892	10,043,678	10,039,649	
FHLMC DISC NOTE	10,000,000	-	1/20/2012	1/26/2011	0.30%	9,970,582	9,989,161	9,980,907	
FHLMC NOTES	10,000,000	1.000	8/28/2012	7/27/2010	0.73%	10,068,578	10,109,578	10,058,656	
FNMA NOTES (CALLABLE)	10,000,000	0.550	12/27/2012	3/8/2011	0.69%	9,985,347	10,026,698	10,001,279	
FHLB NOTES	10,000,000	0.750	8/28/2013	5/18/2011	0.72%	10,008,025	10,029,285	10,010,614	
FHLB TAP BONDS	10,000,000	3.125	12/13/2013	5/19/2011	0.99%	10,675,134	10,732,163	10,678,649	
FHLB NOTES (CALLABLE)	9,000,000	2.000	4/25/2014	4/27/2011	1.49%	9,134,740	9,153,612	9,139,054	
									\$ 143,482,350.70
Total Debt Service Reserve									
WELLS FARGO GOVERNMENT MMF	\$ 164,252		6/1/2011		0.01%	\$ 164,252	\$ 164,252	\$ 164,252	
MERRILL LYNCH MMF	3,499,563		6/1/2011		0.06%	3,499,563	3,499,563	3,499,563	
FHLB TAP BONDS	4,600,000	5.000	3/9/2012	6/22/2010	0.76%	4,997,236	4,821,089	4,802,233	
FHLMC NOTES	10,000,000	0.515	11/26/2012	11/22/2010	0.64%	9,981,294	10,022,415	9,982,210	
FHLB TAP BONDS	5,000,000	3.125	12/13/2013	5/25/2011	0.87%	5,354,034	5,366,082	5,354,809	
									\$ 23,803,066.74

Investment Performance Report- May 2011



DC Water
Finance Division
Portfolio Holdings by Fund

DESCRIPTION	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
Series 2010A Bond Construction Fund									
WELLS FARGO ADVANTAGE TREASURY PLUS	\$ -		6/1/2011		0.01%	\$ -	\$ -	\$ -	
WELLS FARGO GOVERNMENT MMF	19,725,370		6/1/2011		0.01%	19,725,370	19,725,370	19,725,370	
SOCIETE GENERALE NA COMM PAPER	5,000,000	-	6/1/2011	1/24/2011	0.41%	4,992,711	4,999,985	5,000,000	
FHLB NOTES	22,000,000	0.670	6/14/2011	1/25/2011	0.19%	22,056,647	22,071,747	22,070,992	
CREDIT AGRICOLE NA COMM PAPER	5,000,000	-	7/14/2011	3/11/2011	0.32%	4,994,444	4,998,965	4,998,089	
HSBC FINANCE CORP COMM PAPER	5,000,000	-	7/15/2011	3/11/2011	0.29%	4,994,925	4,998,750	4,998,228	
ING (US) FUNDING LLC COMM PAPER	6,500,000	-	7/15/2011	1/24/2011	0.39%	6,487,888	6,498,375	6,496,902	
ABBEY NATL N AMERICA LLC COMM PAPER	6,500,000	-	7/25/2011	1/24/2011	0.65%	6,478,640	6,497,745	6,493,663	
CREDIT AGRICOLE NA COMM PAPER	6,500,000	-	7/25/2011	1/24/2011	0.44%	6,485,541	6,498,245	6,495,710	
FHLMC DISC NOTE	8,500,000	-	9/15/2011	1/25/2011	0.21%	8,488,447	8,497,256	8,494,744	
INTESA FUNDING COMM PAPER	5,000,000	-	9/19/2011	5/20/2011	0.38%	4,993,561	4,994,695	4,994,194	
DEXIA DELAWARE LLC COMM PAPER	5,000,000	-	9/23/2011	5/20/2011	0.47%	4,991,775	4,995,610	4,992,558	
FHLMC DISC NOTE	28,000,000	-	10/14/2011	1/26/2011	0.23%	27,953,310	27,986,835	27,975,850	
FHLB NOTES	37,000,000	0.320	12/9/2011	1/26/2011	0.28%	37,027,008	37,083,875	37,063,514	
FNMA GLOBAL NOTES	27,500,000	2.000	1/9/2012	1/26/2011	0.30%	27,969,272	28,012,432	27,998,822	
FHLMC NOTES	22,500,000	1.720	3/14/2012	1/26/2011	0.37%	22,985,250	22,843,303	22,821,075	
									\$ 210,619,710.14
Series 2010A Bond Construction Fund- Cap I									
WELLS FARGO ADVANTAGE TREASURY PLUS	\$ 890,395		6/1/2011		0.01%	\$ 890,395	\$ 890,395	\$ 890,395	
WELLS FARGO GOVERNMENT MMF	925,118		6/1/2011		0.01%	925,118	925,118	925,118	
FHLMC DISC NOTE	1,400,000	-	9/23/2011	3/16/2011	0.16%	1,398,812	1,399,495	1,399,291	
FHLMC GLOBAL NOTES	1,400,000	2.125	3/23/2012	3/16/2011	0.27%	1,440,656	1,426,673	1,426,596	
FHLB GLOBAL BONDS	1,400,000	1.625	9/26/2012	3/16/2011	0.43%	1,436,191	1,427,861	1,426,094	
FHLB TAP BONDS	1,400,000	3.875	3/8/2013	3/16/2011	0.70%	1,488,359	1,497,156	1,490,529	
FNMA NOTES	1,400,000	1.125	9/30/2013	3/16/2011	0.97%	1,412,681	1,416,574	1,407,648	
FNMA NOTES (EX-CALLABLE)	1,400,000	1.250	3/14/2014	3/16/2011	1.19%	1,402,617	1,417,002	1,403,743	
									\$ 10,369,412.92
Total CSO LTCP Appropriations Account									
TD BANK BANK DEPOSIT	\$ 2,973,567		6/1/2011		0.15%	\$ 2,973,567	\$ 2,973,567	\$ 2,973,567	
ADAMS NATIONAL BANK	5,011,602		6/1/2011		0.26%	5,011,602	5,011,602	5,011,602	
AMERICAN BEACON MMF	11,481,123		6/1/2011		0.02%	11,481,123	11,481,123	11,481,123	
GENERAL ELECTRIC CO COMM PAPER	5,000,000	-	6/30/2011	3/7/2011	0.21%	4,996,646	4,999,585	4,999,154	
HSBC USA INC COMM PAPER	5,000,000	-	6/30/2011	3/7/2011	0.28%	4,995,528	4,999,250	4,998,872	
FORD MOTOR CREDIT CO COMM PAPER	5,000,000	-	7/5/2011	3/21/2011	0.35%	4,994,847	4,999,235	4,998,347	
SOCIETE GENERALE NA COMM PAPER	5,000,000	-	8/19/2011	3/21/2011	0.44%	4,990,877	4,997,365	4,995,227	
FHLB TAP BONDS	10,000,000	1.125	3/9/2012	6/21/2010	0.84%	10,080,075	10,093,625	10,047,399	
FHLB GLOBAL BONDS	10,000,000	2.250	4/13/2012	3/7/2011	0.32%	10,301,743	10,202,630	10,196,887	
FHLB TAP BONDS	10,000,000	1.375	6/8/2012	11/22/2010	0.50%	10,197,461	10,177,996	10,154,935	
									\$ 69,857,113.62
						\$ 475,160,638.81	\$ 475,290,676.75	\$ 474,840,957.28	\$ 474,840,957.28



Investment Performance Report- May 2011

DC Water
Finance Division
Security Transactions
Last 6 Months (Page 1 of 2)

ACCOUNT	CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
Purchases								
DC WASA 2010A CONSTRUCTION FUND	74977LRC3	RABOBANK USA FIN CORP COMM PAPER	5,000,000	-	04/12/11	01/24/11	0.264	\$ 4,997,183.33
DC WASA 2010A CONSTRUCTION FUND	6555P1RD1	NORDEA NORTH AMERICAL INC COMM P	5,000,000	-	04/13/11	01/24/11	0.274	\$ 4,997,037.50
DC WASA 2010A CONSTRUCTION FUND	4042F1RF8	HSBC FINANCE CORP COMM PAPER	5,000,000	-	04/15/11	01/24/11	0.244	\$ 4,997,300.00
DC WASA 2010A CONSTRUCTION FUND	4611K1SD8	INTESA FUNDING COMM PAPER	5,000,000	-	05/13/11	01/24/11	0.386	\$ 4,994,247.22
DC WASA 2010A CONSTRUCTION FUND	2521E1SQ9	DEXIA DELAWARE LLC COMM PAPER	5,000,000	-	05/24/11	01/24/11	0.508	\$ 4,991,666.67
DC WASA 2010A CONSTRUCTION FUND	83365ST11	SOCIETE GENERALE NA COMM PAPER	5,000,000	-	06/01/11	01/24/11	0.416	\$ 4,992,711.11
DC WASA 2010A CONSTRUCTION FUND	4497W1UF1	ING (US) FUNDING LLC COMM PAPER	6,500,000	-	07/15/11	01/24/11	0.396	\$ 6,487,888.33
DC WASA 2010A CONSTRUCTION FUND	0027A1UR8	ABBEY NATL N AMERICA LLC COMM PAPI	6,500,000	-	07/25/11	01/24/11	0.661	\$ 6,478,640.28
DC WASA 2010A CONSTRUCTION FUND	22532CUR3	CREDIT AGRICOLE NA COMM PAPER	6,500,000	-	07/25/11	01/24/11	0.447	\$ 6,485,541.11
DC WASA 2010A CONSTRUCTION FUND	31359MF40	FNMA GLOBAL BENCHMARK NOTES	11,541,000	4.500	02/15/11	01/25/11	0.152	\$ 11,799,674.43
DC WASA 2010A CONSTRUCTION FUND	313384BY4	FHLB DISC NOTE	26,459,000	-	02/16/11	01/25/11	0.133	\$ 26,456,881.81
DC WASA 2010A CONSTRUCTION FUND	3133XWCP2	FHLB NOTES	22,000,000	0.670	06/14/11	01/25/11	0.186	\$ 22,056,647.41
DC WASA 2010A CONSTRUCTION FUND	313396LT8	FHLMC DISC NOTE	8,500,000	-	09/15/11	01/25/11	0.213	\$ 8,488,447.08
DC WASA 2010A CONSTRUCTION FUND	313396MY6	FHLMC DISC NOTE	28,000,000	-	10/14/11	01/26/11	0.234	\$ 27,953,310.00
DC WASA 2010A CONSTRUCTION FUND	313371XJ0	FHLB NOTES	37,000,000	0.320	12/09/11	01/26/11	0.284	\$ 37,027,008.20
DC WASA 2010A CONSTRUCTION FUND	31398AUU4	FNMA GLOBAL NOTES	27,500,000	2.000	01/09/12	01/26/11	0.304	\$ 27,969,272.22
DC WASA 2010A CONSTRUCTION FUND	3128X8Q62	FHLMC NOTES	22,500,000	1.720	03/14/12	01/26/11	0.369	\$ 22,985,250.00
DC WASA 2010A CONSTRUCTION FUND	313384CX5	FHLB DISC NOTE	11,541,000	-	03/11/11	02/15/11	0.114	\$ 11,540,138.27
DC WASA 2010A CONSTRUCTION FUND	313384DK2	FHLB DISC NOTE	20,000,000	-	03/23/11	02/16/11	0.107	\$ 19,997,958.33
DC WASA 2010A CONSTRUCTION FUND	22532CUE2	CREDIT AGRICOLE NA COMM PAPER	5,000,000	-	07/14/11	03/11/11	0.325	\$ 4,994,444.44
DC WASA 2010A CONSTRUCTION FUND	4042F1UF4	HSBC FINANCE CORP COMM PAPER	5,000,000	-	07/15/11	03/11/11	0.294	\$ 4,994,925.00
DC WASA 2010A CONSTRUCTION FUND	4611K1WK7	INTESA FUNDING COMM PAPER	5,000,000	-	09/19/11	05/20/11	0.386	\$ 4,993,561.11
DC WASA 2010A CONSTRUCTION FUND	2521E1WP6	DEXIA DELAWARE LLC COMM PAPER	5,000,000	-	09/23/11	05/20/11	0.477	\$ 4,991,775.00
DC WASA OPERATING RESERVE ACCOUNTS	4497W1RV0	ING (US) FUNDING LLC COMM PAPER	5,000,000	-	04/29/11	11/22/10	0.325	\$ 4,992,977.80
DC WASA OPERATING RESERVE ACCOUNTS	36959JPU1	GENERAL ELEC CAP CORP COMM PAPEF	5,000,000	-	02/28/11	11/30/10	0.203	\$ 4,997,500.00
DC WASA OPERATING RESERVE ACCOUNTS	89233HPU2	TOYOTA MOTOR CREDIT CORP COMM P	5,000,000	-	02/28/11	11/30/10	0.213	\$ 4,997,375.00
DC WASA OPERATING RESERVE ACCOUNTS	4662J1QG8	JP MORGAN CHASE & CO COMM PAPER	5,000,000	-	03/16/11	12/16/10	0.193	\$ 4,997,625.00
DC WASA OPERATING RESERVE ACCOUNTS	86561BQV0	SUMITOMO CORP OF AMERICA COMM PA	5,000,000	-	03/29/11	12/16/10	0.264	\$ 4,996,280.56
DC WASA OPERATING RESERVE ACCOUNTS	17307SQX3	CITIGROUP FUNDING INC COMM PAPER	5,000,000	-	03/31/11	12/16/10	0.274	\$ 4,996,062.50
DC WASA OPERATING RESERVE ACCOUNTS	3133706G8	FHLB NOTES	10,000,000	0.625	01/13/12	12/16/10	0.370	\$ 10,053,891.60
DC WASA OPERATING RESERVE ACCOUNTS	66765FUL4	NORTHWEST NATURAL GAS COMM PAPE	5,000,000	-	07/20/11	01/26/11	0.366	\$ 4,991,250.00
DC WASA OPERATING RESERVE ACCOUNTS	313396SA2	FHLMC DISC NOTE	10,000,000	-	01/20/12	01/26/11	0.300	\$ 9,970,581.94

Securities highlighted in **blue font** denote trades executed during the current month.



DC Water
Finance Division
Security Transactions
Last 6 Months (Page 2 of 2)

ACCOUNT	CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
Purchases								
DC WASA OPERATING RESERVE ACCOUNTS	6323A1TA4	NATIXIS COMM PAPER	5,000,000	-	06/10/11	02/07/11	0.437	\$ 4,992,654.17
DC WASA OPERATING RESERVE ACCOUNTS	0027A1TD1	ABBEEY NATL N AMERICA LLC COMM PAPI	5,000,000	-	06/13/11	02/07/11	0.488	\$ 4,991,600.00
DC WASA OPERATING RESERVE ACCOUNTS	3024A7TD2	FCAR OWNER TRUST II COMM PAPER	5,000,000	-	06/13/11	02/07/11	0.406	\$ 4,993,000.00
DC WASA OPERATING RESERVE ACCOUNTS	4611K1TW5	INTESA FUNDING COMM PAPER	5,000,000	-	06/30/11	02/07/11	0.467	\$ 4,990,863.89
DC WASA OPERATING RESERVE ACCOUNTS	31398A6J6	FNMA NOTES (CALLABLE)	10,000,000	0.550	12/27/12	03/08/11	0.693	\$ 9,985,347.22
DC WASA OPERATING RESERVE ACCOUNTS	86561BUC7	SUMITOMO CORP OF AMERICA COMM PA	5,000,000	-	07/12/11	03/21/11	0.305	\$ 4,995,291.67
DC WASA OPERATING RESERVE ACCOUNTS	6323A1UK0	NATIXIS COMM PAPER	5,000,000	-	07/19/11	03/21/11	0.447	\$ 4,992,666.67
DC WASA OPERATING RESERVE ACCOUNTS	313372UM4	FHLB NOTES (CALLED, OMD 3/25/2013)	10,000,000	1.000	05/25/11	03/28/11	1.000	\$ 10,000,833.33
DC WASA OPERATING RESERVE ACCOUNTS	90262DUV5	UBS FINANCE DELAWARE LLC COMM PAF	5,000,000	-	07/29/11	03/29/11	0.254	\$ 4,995,763.89
DC WASA OPERATING RESERVE ACCOUNTS	2521E1VQ5	DEXIA DELAWARE LLC COMM PAPER	5,000,000	-	08/24/11	04/26/11	0.498	\$ 4,991,833.33
DC WASA OPERATING RESERVE ACCOUNTS	313373CH3	FHLB NOTES (CALLABLE)	9,000,000	2.000	04/25/14	04/27/11	1.491	\$ 9,134,740.00
DC WASA OPERATING RESERVE ACCOUNTS	80280PGR2	SANTANDER SA COMM PAPER	5,000,000	-	08/19/11	05/12/11	0.396	\$ 4,994,637.50
DC WASA OPERATING RESERVE ACCOUNTS	05950YVC5	BANCO BILBAO COMM PAPER	5,000,000	-	08/12/11	05/13/11	0.457	\$ 4,994,312.50
DC WASA OPERATING RESERVE ACCOUNTS	313373S37	FHLB NOTES	10,000,000	0.750	08/28/13	05/18/11	0.716	\$ 10,008,025.36
DC WASA OPERATING RESERVE ACCOUNTS	3133XSP93	FHLB TAP BONDS	10,000,000	3.125	12/13/13	05/19/11	0.990	\$ 10,675,133.97
DC WASA TOTAL CSO LTCP APPROPRIATIONS	3133XWKU2	FHLB TAP BONDS	10,000,000	1.375	06/08/12	11/22/10	0.500	\$ 10,197,078.89
DC WASA TOTAL CSO LTCP APPROPRIATIONS	36959STW3	GENERAL ELECTRIC CO COMM PAPER	5,000,000	-	06/30/11	03/07/11	0.213	\$ 4,996,645.83
DC WASA TOTAL CSO LTCP APPROPRIATIONS	4042F1TW9	HSBC USA INC COMM PAPER	5,000,000	-	06/30/11	03/07/11	0.284	\$ 4,995,527.78
DC WASA TOTAL CSO LTCP APPROPRIATIONS	3133XTAW6	FHLB GLOBAL BONDS	10,000,000	2.250	04/13/12	03/07/11	0.320	\$ 10,301,743.34
DC WASA TOTAL CSO LTCP APPROPRIATIONS	3024A1U50	FORD MOTOR CREDIT CO COMM PAPER	5,000,000	-	07/05/11	03/21/11	0.355	\$ 4,994,847.22
DC WASA TOTAL CSO LTCP APPROPRIATIONS	83365SVK6	SOCIETE GENERALE NA COMM PAPER	5,000,000	-	08/19/11	03/21/11	0.442	\$ 4,990,877.08
DC WASA TOTAL DEBT SERVICE RESERVE	3134G1WT7	FHLMC NOTES	10,000,000	0.515	11/26/12	11/22/10	0.640	\$ 9,981,294.44
DC WASA TOTAL DEBT SERVICE RESERVE	3133XSP93	FHLB TAP BONDS	5,000,000	3.125	12/13/13	05/25/11	0.870	\$ 5,354,034.09
DC WASA RATE STABILIZATION FD	74977LT31	RABOBANK USA FIN CORP COMM PAPER	5,000,000	-	06/03/11	02/07/11	0.305	\$ 4,995,166.67
DC WASA RATE STABILIZATION FD	25153KTU1	DEUTSCHE BANK FINL LLC COMM PAPER	5,000,000	-	06/28/11	03/15/11	0.409	\$ 4,994,125.00
DC WASA RATE STABILIZATION FD	36959SWM1	GENERAL ELEC CAP SVCS COMM PAPEI	5,000,000	-	09/21/11	05/24/11	0.173	\$ 4,997,166.67
DC WASA CAPITALIZED INTEREST FD	313396MB6	FHLMC DISC NOTE	1,400,000	-	09/23/11	03/16/11	0.162	\$ 1,398,811.56
DC WASA CAPITALIZED INTEREST FD	3137EABY4	FHLMC GLOBAL NOTES	1,400,000	2.125	03/23/12	03/16/11	0.274	\$ 1,440,655.93
DC WASA CAPITALIZED INTEREST FD	3133XUUJ0	FHLB GLOBAL BONDS	1,400,000	1.625	09/26/12	03/16/11	0.430	\$ 1,436,191.11
DC WASA CAPITALIZED INTEREST FD	3133XQ2D3	FHLB TAP BONDS	1,400,000	3.875	03/08/13	03/16/11	0.700	\$ 1,488,358.64
DC WASA CAPITALIZED INTEREST FD	31398A2M3	FNMA NOTES	1,400,000	1.125	09/30/13	03/16/11	0.970	\$ 1,412,680.50
DC WASA CAPITALIZED INTEREST FD	31398A3K6	FNMA NOTES (EX-CALLABLE)	1,400,000	1.250	03/14/14	03/16/11	1.189	\$ 1,402,617.22

Securities highlighted in **blue font** denote trades executed during the current month.



ATTACHMENT 2
Revised 06/20/2011

Revised FY 2012 Budget Proposals

Finance and Budget Committee
June 23, 2011

Presented by:

George S. Hawkins
General Manager

Olu Adebo
Chief Financial Officer



AGENDA

- 💧 Purpose
- 💧 Budget Planning Calendar
- 💧 General Manager's Budget Overview
- 💧 Budget Summary
- 💧 PAYGO & RSF Recommendations
- 💧 Next Steps



PURPOSE

- 💧 Recommend the Revised FY 2012 Operating Budget
- 💧 Recommend FY 2012 Revenue Requirement
- 💧 Present FY 2011 PAYGO and Rate Stabilization Fund Recommendations



BUDGET CALENDAR



BUDGET PLANNING CALENDAR





GENERAL MANAGER'S BUDGET OVERVIEW



BUDGET DEVELOPMENT FOCUS

Budget Prioritization

- Health/Safety of our Employees & Customers
- Legal Requirements
- Board Directives
- Customer Service
- Efficiency

Technique/Approach

- Team Work
- Accountability
- Performance Management
- Communication
- Process Improvement
- Innovation/Creativity



GENERAL MANAGER'S FY 2012 REVISED BUDGET PROPOSAL

- 💧 Operating budget revised to \$416.5M
 - \$5.8M below the FY 2012 Board-approved budget of \$422.4M
 - ▣ Primarily from lower debt service cost, water purchase cost and personnel services cost (attributable to CIP support)
 - \$13.1M above FY 2011 Revised budget
- 💧 FY 2012 capital cash disbursements remain at the Board-approved level of \$555.8M
- 💧 Ten-Year CIP – unchanged at \$3.8B



GENERAL MANAGER'S FY 2012 REVISED BUDGET PROPOSAL – cont.

Reduced revenue requirement from \$412.2M to \$411.7M results in:

- 💧 Wholesale Revenue – unchanged
 - Reduced revenue requirement are mainly from retail cost savings (debt service and water purchase)
- 💧 Other Revenue – net increase of \$1.2M
 - Miscellaneous Fee – increase of \$1.5M
 - PILOT Revenue – decrease of \$0.3M
- 💧 Retail Revenue – decrease of \$3.8M
 - Revised combined water and sewer rate decrease of \$0.10 per Ccf from \$7.30 to \$7.20 per Ccf
 - Revised Clean Rivers (IAC) charge decrease of \$0.23 per ERU from \$6.87 to \$6.64 per ERU
 - Revised PILOT fee decrease of \$0.01 per Ccf from \$0.53 to \$0.52 per Ccf
 - ROW fee remains the same at \$0.15 per Ccf



BUDGET SUMMARY

- 💧 FY 2011 Financial Performance
- 💧 FY 2012 Revised Operating Budget
- 💧 FY 2012 Revenues



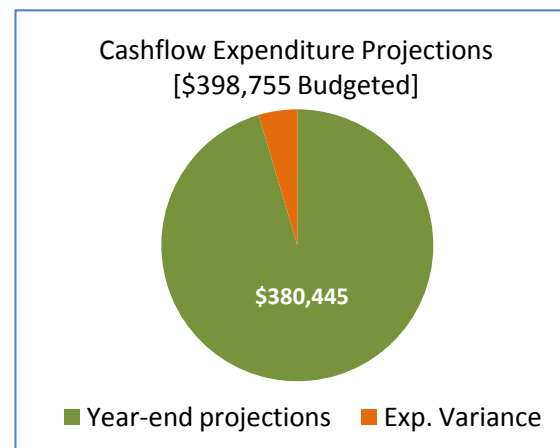
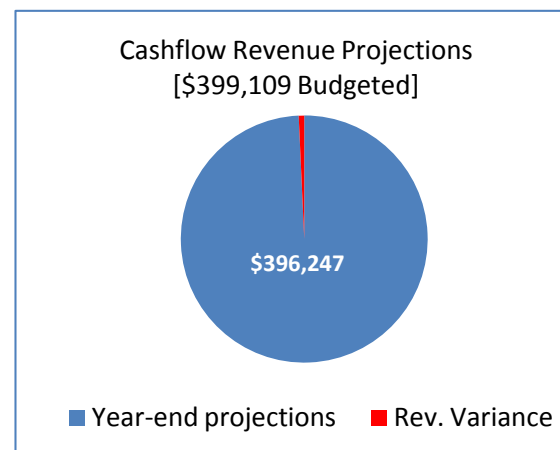
FY 2011 FINANCIAL PERFORMANCE



FY 2011 FINANCIAL PERFORMANCE (PROJECTIONS – CASH BASIS)

\$16.6M excess cash above the operating reserve requirement is anticipated at year-end

- 💧 FY 2011 revenues near budget (-0.7% projected)
 - IAC projected to be slightly above budget
 - Other Revenues are projected to be in line with the budget
 - Assumes full draw down of \$9.5M RSF
 - Assumes full collection of Fire Hydrant Fee
 - Metering Fee is slightly lower than budget due to time lag in billings and collections.
 - Wholesale Revenue is in line with budget.
- 💧 Operating cash used projected to be below budget:
 - Water purchases (\$3.8M)
 - Energy (\$2.4M)
 - Contractual Services (\$4.3M)
- 💧 Debt Service (\$4.1M)





REVISED FY 2012 OPERATING BUDGET



REVISED FY 2012 OPERATING BUDGET SUMMARY

(\$000's)

	FY 2012 Approved	FY 2012 Revised	Increase / (Decrease)	Percentage Change
Personnel Services	\$ 113,354	\$ 111,114	\$ (2,240)	-2.0%
Non-Personnel Services	180,215	179,651	(564)	-0.3%
Operations & Maintenance Expenditures	293,569	290,765	(2,804)	-1.0%
Debt Service	105,387	102,613	(2,774)	-2.6%
Payment in Lieu of Taxes	18,301	18,042	(259)	-1.4%
Right of Way Fee	5,100	5,100	-	0.0%
Total Operating Budget	\$ 422,357	\$ 416,520	\$ (5,837)	-1.4%
PS Charged to Capital Projects	(16,000)	(14,000)	(2,000)	
Net Operating Expenditures	\$ 406,357	\$ 402,520	\$ (3,837)	-0.9%
Authorized Positions	1,202	1,202	-	0.0%

Revised FY 2012 budget decreases by \$5.8M or 1.4 percent from the Board-approved FY 2012 budget



REVISED FY 2012 OPERATING BUDGET DETAIL

(\$000's)

	FY 2012 Approved Budget	FY 2012 Revised Budget	FY 2012 Increase (Decrease)	FY 2012 Percentage Change
Personnel Services	113,354	111,114	(2,240)	-2.0%
Contractual Services	78,826	79,746	920	1.2%
Water Purchases	33,000	31,517	(1,483)	-4.5%
Chemicals and Supplies	29,946	29,946	-	
Utilities	37,447	37,447	-	
Small Equipment	995	995	-	
Subtotal O & M Expenditures	293,569	290,765	(2,804)	-1.0%
Debt Service	105,387	102,613	(2,774)	-2.6%
Payment in Lieu of Taxes	18,301	18,042	(259)	-1.4%
Right of Way	5,100	5,100	-	
Total O & M Expenditures	422,357	416,520	(5,837)	-1.4%
Personnel Services Charged to Capital Projects	(16,000)	(14,000)	(2,000)	12.5%
Total Net Operating Expenditures	406,357	402,520	(3,837)	-0.9%



OPERATING BUDGET ASSUMPTIONS FOR REVISED FY 2012

Personnel Services

- No merit increases
- Increased benefits cost
 - 29.8 percent of regular pay or approximately 2 percent higher than the approved level to reflect actual trends
- Increased vacancy savings
 - Re-evaluation of timing for in-source hiring results in lower personnel projections
 - Savings are primarily in support of the capital program

Debt Service

- Delay of planned long-term debt issuance till late FY 2012

Non-Personnel Services

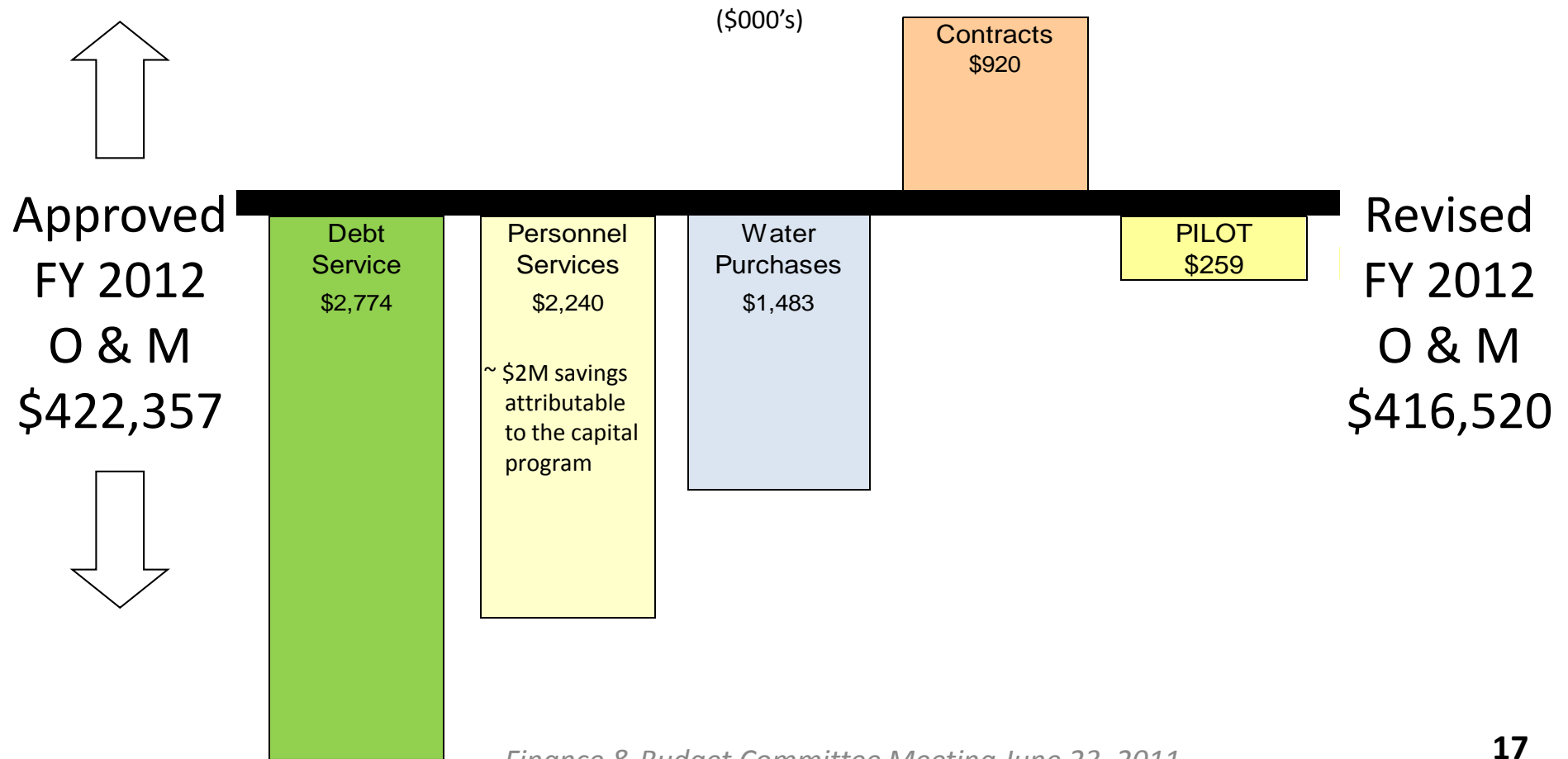
- Water Purchases (-\$1.5M)
 - Assumes lower expenditures in FY 2012 due to lower cost of operations at the Washington Aqueduct attributable to pay freezes and project delays
- Increased contractual services (\$0.9M)
 - Janitorial services, carryover of LID and energy quickwins

PILOT

- Lower projected expenditure tied to reduced retail rate proposal



FY 2012 APPROVED v FY 2012 REVISED BUDGET COMPARISON - \$5.8M DECREASE





FY 2012 REVENUES



OPERATING REVENUES SUMMARY

(\$000's)

	FY 2012 Approved	FY 2012 Revised	Increase (Decrease)	Percentage Change
Retail Revenue	\$298,080	\$294,315	\$ (3,765)	-1.3%
Wholesale Revenue				
LCSA + PI	7,430	7,430	-	0.0%
WSSC	51,168	51,168	-	0.0%
Fairfax County	12,841	12,841	-	0.0%
Total Wholesale Revenue	71,439	71,439	-	0.0%
Other Revenue	42,702	43,943	1,241	2.9%
Rate Stabilization Fund	-	2,000	2,000	
TOTAL REVENUE	\$412,222	\$411,698	\$ (524)	-0.1%



REVENUE ASSUMPTIONS FOR REVISED FY 2012

- 💧 Consumption assumption
 - DC Housing Authority projected to be lower by 100K Ccf
- 💧 ERU assumption
 - Number of ERUs for FY 2012 increased from 387,690 to 401,000, based on current experience
- 💧 RSF assumptions
 - FY 2012 utilization - \$2.0M
 - FY 2012 remaining balance - \$18.2M
- 💧 Miscellaneous revenue and fee changes
 - Effective FY 2012, the Board has currently proposed increases in various miscellaneous fees and charges. If fully adopted, we anticipate an additional \$1.5M in this category
- 💧 PI settlement (Town of Vienna)
 - Ongoing negotiations to resolve outstanding disputes. Revenue/rate impact is negligible
- 💧 Howard University/Soldiers' Home
 - Ongoing negotiations
 - No additional revenues assumed in FY 2012



REVISED FY 2012 RETAIL RATES AND FEE PROPOSAL

💧 Combined Water and Sewer rate increase of \$0.31 per Ccf:

- Water - \$3.10 per Ccf to \$3.24 per Ccf
 - Sewer - \$3.79 per Ccf to \$3.96 per Ccf
- } 4.5 % Increase

💧 Clean Rivers Impervious Surface Area Charge (IAC):

- \$3.45 per ERU per month to \$6.64 per ERU per month

💧 DC Government Charges¹:

- PILOT/ROW Fee increase from \$0.63 to \$0.67 per Ccf

💧 Miscellaneous Fees – Additional \$1.5M projected in FY 2012

¹ This fee recovers the full cost of the Payment in Lieu of Taxes fee charged by the District of Columbia government



FY 2012 PROPOSED RETAIL RATE AND FEES

	FY 2011	FY 2012 Proposal	FY 2012 Revised	FY 2012 Variance Inc. / (Dec.)	Units of Measurement
Water	\$3.10	\$3.29	\$3.24	(\$0.05)	per Ccf
Sewer	\$3.79	\$4.01	\$3.96	(\$0.05)	per Ccf
Monthly Clean Rivers Impervious Area Surface Charge	\$3.45	\$6.87	\$6.64	(\$0.23)	per ERU
PILOT	\$0.49	\$0.53	\$0.52	(\$0.01)	per Ccf
ROW	\$0.14	\$0.15	\$0.15	-	per Ccf
Miscellaneous Fees		SEE NEXT SLIDES			various



ADJUSTMENTS TO MISCELLANEOUS FEES IN FY 2012

💧 Engineering Reviews, Sale of Documents, Maps and Manuals

Engineering Review	
<i>Large Project Permit Review Fees (public main greater than 2 inches)</i>	
Availability Letter (Large Commercial)	\$500
Large Permits Fast Track (15 working days review per submission)	\$10,000
Large Permit Basic	\$7,500
Large Permits Submissions (Excessive Submission: 4 or more)	\$1,000
Foundation to Grade - Large Commercial	\$1,000
Approved Project Plan Revision (Project Scope/Design Change)	\$1,000
Approved Plan Revision (Field Conditions)	\$250
Large Project Sheeting and Shoring (Large Commercial)	\$1,000
Raze Permits	\$150
Abandonment Waiver Request	\$500
<i>Small Project Permit Review Fees (public main less than 2 inches)</i>	
Availability Letter (Small)	\$125
Small Residential	\$300
New Home from a Large Project Subdivision (10 or more units)	\$150
Small Commercial (multi-family, apartments, store, etc)	\$2,500



ADJUSTMENTS TO MISCELLANEOUS FEES IN FY 2012- cont.

- Engineering Reviews, Sale of Documents, Maps and Manuals - cont.

Small Sheet and Shore	\$500
Sale of Manuals	
Design Manuals	\$60.00
Revisions/Updates	\$25.00
Construction Standard Details	\$35.00
Revisions/Updates	\$10.00
Construction General Conditions & Standard Specifications	\$25.00
Revisions/Updates	\$5.00
Fee for WASA Pipeline Design Manual	\$75.00
Revisions/Updates	\$30.00
Preparing As-Built Drawings	\$215.00
Reproduction of Maps and Technical Documents (Charge per Sheet)	
Xerographic	\$2.50
Vellum	\$4.00
Mylar	\$5.50
Standard Photocopying (Charge Per Page) - For Legal and Letter Size Paper	\$0.25
Electronic Version of Water/Sewer Counter and As-Built Maps per project	\$100.00
Updates of Electronic Version of Water/Sewer Counter and As Built Maps per project	\$25.00



ADJUSTMENTS TO MISCELLANEOUS FEES IN FY 2012 – cont.

Pretreatment Fees

Waste Hauling - Annual Fee per Vehicle	
Vehicles 0 - 49 gallons	\$160.00
Vehicles 50 - 799 gallons	\$2,265.00
Vehicles 800 - 1,499 gallons	\$6,170.00
Vehicles 1,500 gallons or more	\$14,640.00
Industrial User Permitting Fee	
Permit Initial Fee	\$2,000.00
Permit Renewal Fee	\$600.00
Industrial User Annual Compliance Fees	
Significant or Non-Significant Categorical Industrial User	
1 Outfall	\$2,500.00
2 or more Outfalls	\$3,500.00
Significant Non-Categorical Industrial User	
1 Outfall	\$2,500.00
2 or more Outfalls	\$3,500.00
Non-Significant Non-Categorical User	
1 Outfall	\$550.00
2 or more Outfalls	\$700.00



**MANAGEMENT'S
RECOMMENDATIONS
FOR PAYGO AND RSF**



PAYGO AND RSF RECOMMENDATIONS

Management recommends use of the estimated excess FY 2011 year-end cash balance of \$16.6M as follows:

- Wholesale Customers – Refund of approximately \$2.9M
- Transfer to Rate Stabilization Fund – \$7.0M (or half of retail share of excess)



PAYGO AND RSF RECOMMENDATIONS – cont.

- 💧 Other – The remaining balance of \$6.6M should be left in operating reserves pending management’s recommendation and policy formulation for other use of excess funds, such as
 - DC jobs training program
 - Innovation fund
 - Watershed Pilot Program
 - Employee merit increase, etc

- 💧 PAYGO – Any excess cash over current projection should be used to fund additional PAYGO for FY 2011



NEXT STEPS

- 💧 Committee Recommendations – June
- 💧 Board Adoption – July
 - Revised FY 2012 operating budget
 - Final FY 2012 retail rates and fees
 - Recommended PAYGO and RSF action items

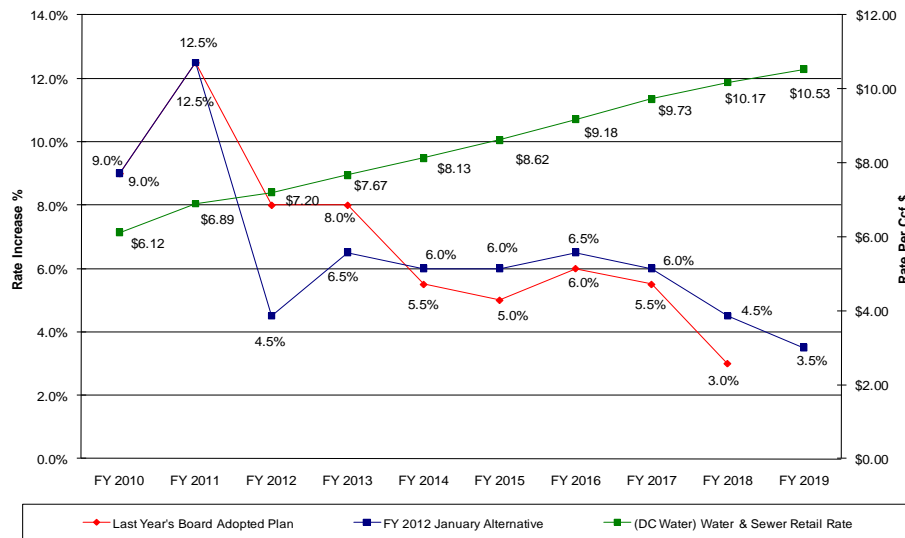


APPENDIX



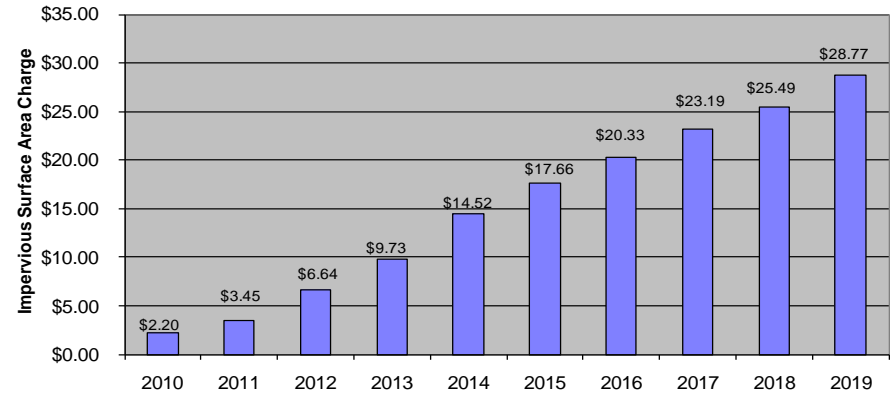
FY 2012 PROPOSED RETAIL RATE CHANGES

Water & Sewer Rates



- 💧 Proposed \$0.31 increase per Ccf {\$0.42 per 1,000 gallons} in FY 2012
 - Combined Water and Sewer rate of \$7.20 per Ccf {\$9.62 per 1,000 gallons}
- 💧 Rate increase ranging from 3.5% to 12.5%

Impervious Area Charge (IAC)



- 💧 Proposed IAC monthly rate increases ranging from \$6.64 to \$28.77 per ERU
 - Annual revenues ranging from \$8.0 million to \$133.8 million
- 💧 Proposed PILOT increase of \$0.03 per Ccf {\$0.04 per 1,000 gallons}
- 💧 Proposed ROW increase of \$0.01 per Ccf {\$0.01 per 1,000 gallons}



FY 2010 – FY 2019 PROJECTED AVERAGE RESIDENTIAL MONTHLY BILL

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
	Units										
DC Water Retail Rates (1)	Ccf	\$40.94	\$ 46.09	\$ 48.17	\$ 51.31	\$ 54.39	\$ 57.67	\$ 61.41	\$ 65.09	\$ 68.04	\$ 70.45
DC Water IAC	ERU	2.20	3.45	6.64	9.73	14.52	17.66	20.33	23.19	25.49	28.77
DC Water Customer Metering Fee		2.01	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86
Subtotal DC Water Rates & Charges		\$45.15	\$ 53.40	\$ 58.67	\$ 64.90	\$ 72.77	\$ 79.19	\$ 85.60	\$ 92.14	\$ 97.39	\$ 103.08
Percent Increase in DC Water Portion of Bill		10.7%	18.3%	9.9%	10.6%	12.1%	8.8%	8.1%	7.6%	5.7%	5.8%
District of Columbia PILOT (1)	Ccf	\$ 2.87	\$ 3.28	\$ 3.48	\$ 3.68	\$ 3.88	\$ 4.09	\$ 4.35	\$ 4.62	\$ 4.82	\$ 5.02
District of Columbia Right of Way Fee (1)	Ccf	0.94	0.94	1.00	1.07	1.14	1.20	1.27	1.34	1.41	1.47
District of Columbia PILOT/ROW Fee		3.81	4.22	4.48	4.75	5.02	5.29	5.62	5.96	6.23	6.49
District of Columbia Stormwater Fee (2)	ERU	2.57	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.38	\$ 6.89	\$ 7.15	\$ 7.42	\$ 7.69	\$ 7.96	\$ 8.29	\$ 8.63	\$ 8.90	\$ 9.16
Total Amount Appearing on DC Water Bill		\$51.53	\$ 60.29	\$ 65.82	\$ 72.32	\$ 80.46	\$ 87.15	\$ 93.89	\$ 100.77	\$ 106.29	\$ 112.24
Increase / Decrease Over Prior Year		\$ 4.70	\$ 8.76	\$ 5.53	\$ 6.50	\$ 8.14	\$ 6.69	\$ 6.74	\$ 6.88	\$ 5.52	\$ 5.95
Percent Increase in Total Bill		10.0%	17.0%	9.2%	9.9%	11.3%	8.3%	7.7%	7.3%	5.5%	5.6%

(1) Assumes average monthly consumption of 6.69 Ccf, or (5,004 gallons).

(2) District Department of Environment stormwater fee of \$2.67 effective November 1, 2010



AVERAGE RESIDENTIAL MONTHLY BILL

FY 2010 – FY 2012

	FY 2010	FY 2011	Feb. 2011 Proposed FY 2012	Jun. 2011 Revised FY 2012
Total Amount Appearing on DC Water Bill	\$ 51.53	\$ 60.29	\$ 66.79	\$ 65.82
DC Water Water & Sewer Retail Rates (1)	\$ 40.94	\$ 46.09	\$ 48.84	\$ 48.17
Clean Rivers IAC	2.20	3.45	6.87	6.64
DC Water Customer Metering Fee	2.01	3.86	3.86	3.86
Subtotal DC Water Rates & Charges	\$ 45.15	\$ 53.40	\$ 59.57	\$ 58.67
District of Columbia PILOT Fee	\$ 2.87	\$ 3.28	\$ 3.55	\$ 3.48
District of Columbia Right of Way Fee	0.94	0.94	1.00	1.00
District of Columbia Stormwater Fee	2.57	2.67	2.67	2.67
Subtotal District of Columbia Charges	\$ 6.38	\$ 6.89	\$ 7.22	\$ 7.15
(1) Assumes average monthly consumption of 6.69 Ccf, or 5,004 gallons.				

- 💧 FY 2012 Proposed Water & Sewer volumetric rate increase of 4.5%
- 💧 PILOT/ROW fee increase of 6.3%



AVERAGE CAP CUSTOMER MONTHLY BILL FY 2010 – FY 2012

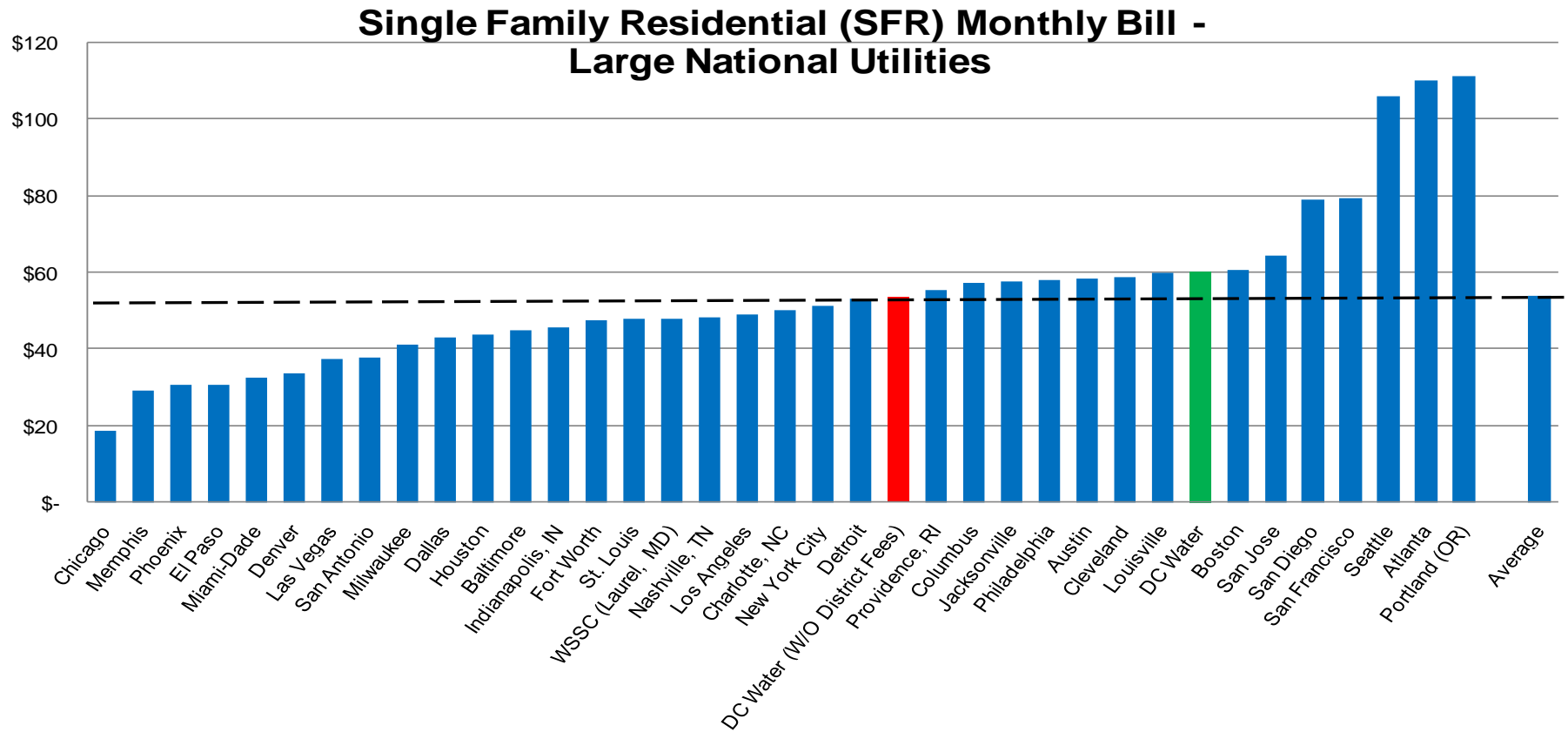
	FY 2010	FY 2011	Feb. 2011 Proposed FY 2012	Jun. 2011 Revised FY 2012
Total Amount Appearing on DC Water Bill After CAP Discount	\$ 27.05	\$ 30.21	\$ 34.87	\$ 34.32
Less: CAP Discount (4Ccf per month)	\$ (24.48)	\$ (30.08)	\$ (31.92)	\$ (31.50)
Amount Appearing on DC Water Bill Prior to CAP Discount	\$ 51.53	\$ 60.29	\$ 66.79	\$ 65.82
DC Water Water & Sewer Retail Rates (1)	\$ 40.94	\$ 46.09	\$ 48.84	\$ 48.17
IAC	2.20	3.45	6.87	6.64
DC Water Customer Metering Fee	2.01	3.86	3.86	3.86
Subtotal DC Water Rates & Charges	\$ 45.15	\$ 53.40	\$ 59.57	\$ 58.67
District of Columbia PILOT Fee	\$ 2.87	\$ 3.28	\$ 3.55	\$ 3.48
District of Columbia Right of Way Fee	0.94	0.94	1.00	1.00
District of Columbia Stormwater Fee	2.57	2.67	2.67	2.67
Subtotal District of Columbia Charges	\$ 6.38	\$ 6.89	\$ 7.22	\$ 7.15

(1) Assumes average monthly consumption of 6.69 Ccf, or 5,004 gallons.

- 💧 The average CAP customer bill would be 48% less than the average non CAP customer



DC WATER RETAIL RATES ARE COMPARABLE TO OTHER UTILITIES





FY 2011 PROJECTED REVENUES VARIANCE

	FY 2011 Revised	FY 2011 Projection	Increase (Decrease)	Percentage Change
Retail Revenue	\$273,374	\$270,797	(2,577)	-0.9%
Wholesale Revenue			-	
LCSA + PI	7,263	7,698	435	6.0%
WSSC	49,192	49,192	-	0.0%
Fairfax County	12,370	12,370	-	0.0%
Total Wholesale Revenue	68,825	69,260	435	0.6%
Other Revenue	47,409	46,690	(719)	-1.5%
Rate Stabilization Fund	9,500	9,500	-	0.0%
TOTAL REVENUE	\$399,108	\$396,247	\$ (2,861)	-0.7%



FY 2011 OPERATING EXPENDITURE BUDGET PERFORMANCE (PROJECTIONS)

FY 2011 revised operating budget is projected to have approximately \$18.9M (or 5 %) under-spending by the end of the fiscal year.

(\$'000s)

	Board Revised Budget	Preliminary Projection		
		Year-End Projection	Percent of Budget	Year-End Variance
Personnel Services	105,292	102,569	97%	2,723
Contractual Services	79,114	74,470	94%	4,644
Water Purchases	33,000	29,175	88%	3,825
Chemicals and Supplies	29,234	28,213	97%	1,021
Utilities	34,938	32,188	92%	2,750
Small Equipment	1,095	852	78%	243
Subtotal O & M Expenditures	282,674	267,467	95%	15,206
Debt Service	98,726	95,044	96%	3,682
Payment in Lieu of Taxes	16,882	16,882	100%	-
Right of Way	5,100	5,100	100%	-
Total O & M Expenditures	403,382	384,493	95%	18,888
Personnel Services Charged to Capital Projects	(11,000)	(10,716)	97%	(284)
Total Net Operating Expenditures	392,382	373,777	95%	18,604



FY 2011 OPERATING EXPENDITURE VARIANCE EXPLANATION

Personnel Services - \$2.7M

- Anticipated savings from lower than budgeted vacancy funding offset by increased benefits cost and overtime

Contractual Services - \$4.6M

- Projected savings from various professional services, claims, consulting services and delayed spending on the LID program; offset by budget overrun for general counsel litigation matters

Chemicals & Supplies - \$1M

- Anticipated savings mainly from parts and custodial supplies
- Chemicals currently running close to budget

Utilities - \$2.8M

- Projected savings in electricity due to lower unit prices and decreased consumption; offset by increased fuel and natural gas expenditure

Water Purchases - \$3.8M

- Savings primarily due to the federal freeze in employee salaries, coupled with delay in the operations of the sodium hypochlorite project which is now projected to start in early FY 2012

Debt Service - \$3.7M

- Savings primarily due to favorable interest on bond issuance and lower interest on outstanding commercial paper



FY 2011 CAPITAL BUDGET PERFORMANCE (CASH DISBURSEMENT BASIS)

FY 2011 capital, cash disbursement basis, is projected at approximately 93 percent by the end of the fiscal year.

(\$'000s)

Description	Annual - Baseline	Annual - Projected	Projection Percent of Budget	Year-End Variance
Total Wastewater Treatment	133,128	126,052	95%	7,076
Total Sanitary Sewer	33,996	22,676	67%	11,320
Total Combined Sewer Overflow	76,084	81,442	107%	(5,358)
Total Stormwater	3,490	1,952	56%	1,538
Total Water	50,611	47,049	93%	3,562
Washington Aqueduct	10,449	10,407	100%	42
Capital Equipment	17,462	12,698	73%	4,764
Total Capital Projects	325,222	302,275	93%	22,943



FY 2011 CIP (CASH DISBURSEMENT) VARIANCE EXPLANATION

Wastewater Treatment - \$7.1M

- Decreased spending on the Enhanced Nitrogen Removal Facilities (\$10.6M) related to lower bid prices and delayed construction start date
- Lower spending on Plantwide projects (\$3M) by the Facilities Department due to a lag in the start of some projects
- Increased spending in the Solids Processing area related to Area Substation No. 6 (\$2.8M) and New Digestion Facilities (\$2.7M)

Sanitary Sewer - \$11.3M

- Reduced spending primarily in Sanitary On-Going Projects (\$3M), Sanitary Interceptor/Trunk Force Sewers (\$5M) and Program Management (\$3.9M)

Combined Sewer Overflow – (\$5.4M)

- Increased spending on the Outfall Sewer Rehabilitation project (\$9.9M) and the Rock Creek CSO projects (\$1.8M)
- Reduced spending related to the delay in the execution of MOU's for the Clean Rivers Project (\$4.5M)



FY 2011 CIP (CASH DISBURSEMENT) VARIANCE EXPLANATION

– cont.

Water - \$3.6M

- Reduced spending primarily related to the closeout of some replacement projects and the temporary suspension of work on a rehabilitation project offset by increased spending in the Water On-Going area due to higher restoration costs associated with main breaks this winter

Capital Equipment - \$4.8M

- Primarily related to delay in IT projects (\$5.0M)



Insurance Update

7/1 Insurance Renewals

June 23, 2011

Presenter: Tanya DeLeon, Risk Manager



Purpose: Inform/Educate

- **The Authority's insurance policies are written for a one year term and renew on July 1. We are on track to successfully renew.**
- **The dollar value of each policy is within the GM's** authority. However, it has been our practice to update the committee since it has been an area of interest.
- The intent of this presentation is to inform regarding the **Authority's insurance program and provide the opportunity** to ask questions.



Renewal Process / Outcome

- **The Authority's procurement strategy maximizes** competition and market access by involving multiple brokers.
- In the FY11 budget, the Authority estimated an approximate 14% increase in total premium due to:
 - Increased exposure rating bases
 - Recent large claims
- The actual overall result is estimated to be a 9% increase.



Market Overview

- Recent years have seen premium rate reductions and softening (improvement) of terms
- The tide appears to be turning due to recent catastrophes and renewed fears
 - 2011 will be worst 1st Quarter in reinsurance market history
 - Sendai Japan EQ industry losses still in flux (est. \$10-\$50B)
 - Other international large catastrophe losses (New Zealand, Chile, Australia) weighing on market
 - **In U.S. we've seen devastating Tornado Outbreaks, Mississippi River Floods**
 - **Bin Laden's death and retaliation concerns**
- Generally insurers are still digesting, but are presently offering flat to +5% rate renewals.
- Competitive options for water and sewer districts continue to be limited.



Our Rating Base Increases (in Millions)

Rating Base	FY10	FY11	Chg
Property Replacement Cost Values	\$1,814	\$1,971	+9% Note 1
Payroll	\$70.4	\$72.8	+3%
Operating Budget	\$346.8 actual	\$403.4 revised	+16%

Note 1: An independent firm conducted an appraisal of the Blue Plains facility, which resulted in an increase in its replacement cost value from \$1.3B to \$1.6B. This had the effect of increasing our overall property values by 18%. However, the Authority negotiated with our insurers to phase in the increase over two years. 2011 is the second of the two.



Program Summary – Jul 1, 2011-12 (Preliminary)

Coverage	Main Limit	Main Deductible / Retention	Insurer	2010 Annual Premium (000)	2011 Annual Premium (000)
Property incl. Boiler & Machinery	\$1 Bil per occurrence \$100 Mil annual Flood \$25 Mil ann.–100 Yr Flood	\$1 Mil	Public Entity Property Ins. Program (PEPIP)*	\$625	\$682
Equipment	incl. above	\$10,000	same as above	incl. above	incl. above
Excess Workers' Compensation (WC) and Employers' Liability (EL)	Full benefits due under WC law; \$3 Mil Employers' Liability	\$1 Mil / accident or disease	Safety National	Chartis (AIG) \$260	Safety Nat'l \$319
Public Officials' Liability (POL)	\$20 Mil	\$250,000	RSUI and AWAC	\$129	\$110
Excess Liability (excess of GL, AL and POL, EPL)	\$100 Mil	\$1 Mil General Liability (GL) and Automobile Liability (AL)	Alliant National Municipal Liability (ANML) and Catastrophe Liability Ins. Program (CLIP)*	\$864	\$942 Est.
Crime & Fidelity	\$5 Mil	\$50,000	Travelers	\$ 15.3	\$15.8
Fiduciary Liability	\$3 Mil	\$10,000	Travelers	\$11.3	\$11.4
TOTAL				\$1,905	Est. \$2,081 (+9%)

* Group Purchasing programs involving public entities throughout the country and a broad syndication of insurers.

** All premiums include broker placement fees/commissions.

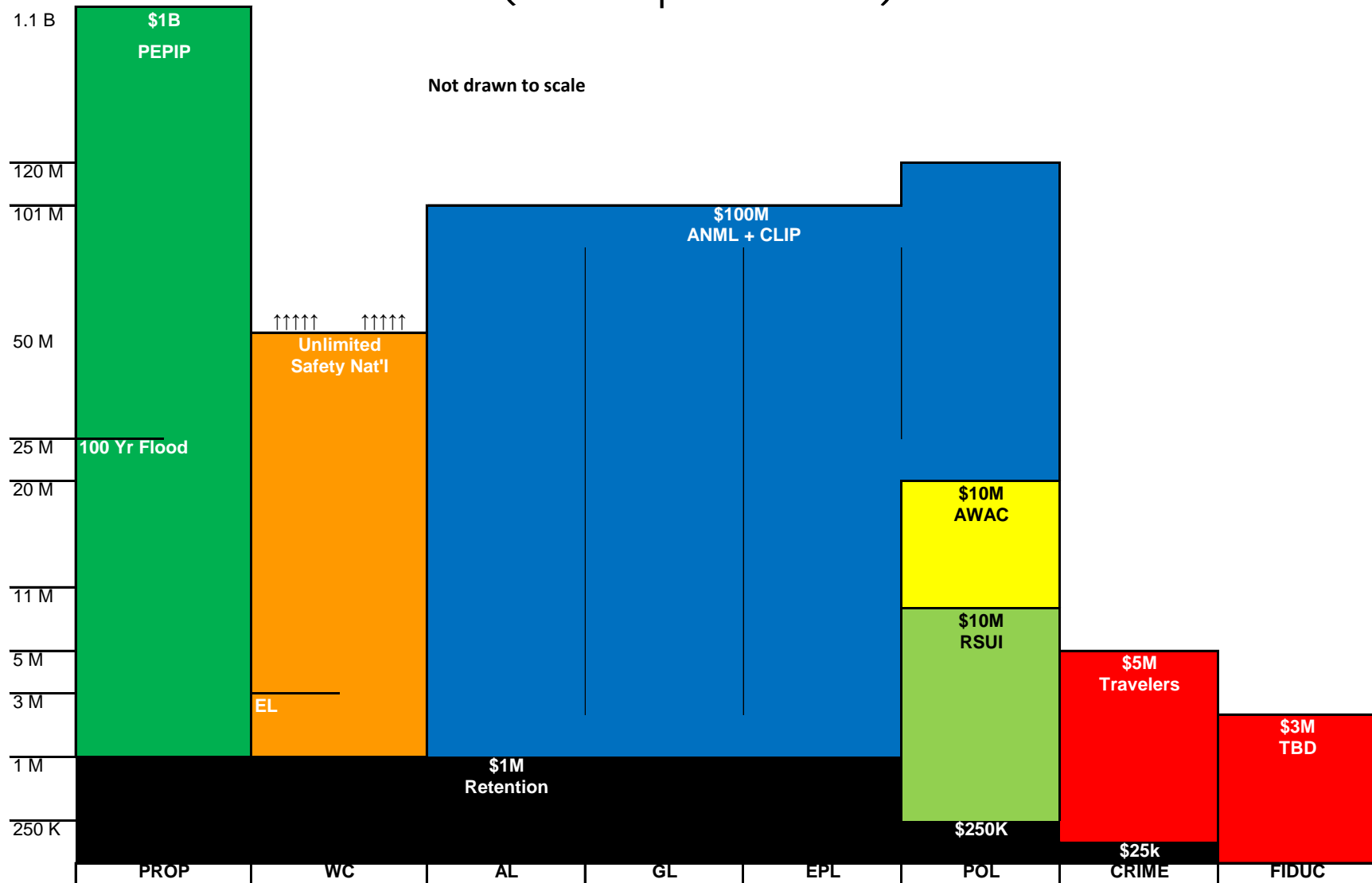


Insurance Coverages Purchased

Coverage	Scope
Property incl. Boiler & Machinery	Provides blanket "all risk" coverage for direct physical damage to WASA structures, buildings and contents.
Equipment	Provides "all risk" coverage for direct physical damage to specified equipment.
Excess Workers Compensation (WC)	Provides excess statutory workers' compensation benefits over self-funded levels.
Employers Liability (EL)	Provides protection for liabilities that WASA may have resulting from employee injuries that are not covered under workers compensation law. Very rare in DC.
Public Officials Liability (POL)	Provides reimbursement protection for wrongful acts (excl. bodily injury and property damage) that are actually or allegedly caused by WASA directors, officers and employees within the course of their duties.
Employment Practices Liability (EPL)	Provides protection for claims of discrimination, harassment, or wrongful termination.
Umbrella / Excess Liability	Provides protection for bodily injury, property damage, and personal injuries to third parties arising out of WASA operations (GL) including use of automobiles (AL) in excess of self-funded levels. Beginning in 2009, also applies excess of public officials (POL) and employment practices liability (EPL).
Crime & Fidelity	Employee dishonesty coverage and miscellaneous crime coverages.
Fiduciary Liability	Provides protection for wrongful acts that actually or allegedly are caused by trustees and employees of the DCWASA sponsored Employee Benefit Plans.



Insurance Program Chart (Prospective)





Renewal Calendar and Status

Jan	Began Preparing Applications	<input checked="" type="checkbox"/>
	Finalized Renewal Strategy	<input checked="" type="checkbox"/>
Feb-Mar	Authorized Brokers to Approach Carriers	<input checked="" type="checkbox"/>
	Provided Applications and Underwriting Data	<input checked="" type="checkbox"/>
April-May	Respond to Underwriters' Questions	<input checked="" type="checkbox"/>
June	Receive Quotes	<input checked="" type="checkbox"/>
	Review, Clarify, Negotiate	<input type="checkbox"/>
July 1	Insurance Policies renew	<input type="checkbox"/>



Appendix I – Background

- 1998 • Began purchasing insurance. Prior to 1996, WASA was part of the **District's program.**
- 2001 • Became self-insurer for workers compensation
- 2002 • 9/11 impacts on insurance market, particularly workers compensation
• Had independent program review conducted.
- 2003 • **Purchased broadened public officials' liability coverage .**
• Purchased employment practices liability coverage for the Authority.
- 2004 • **Lead controversy first surfaced, public officials' coverage/premium impacts.**
• Rolling Owner Controlled Insurance Program (ROCIP) implemented.
- 2005 • **Regained ground on public officials' coverage.**
- 2006 • H. Katrina impacts on insurance market, particularly property with flood exposure. Increased property deductible from \$250k to \$1m for cost savings. **Regained ground on workers' compensation coverage (full limits) and public officials' liability pricing.**



Appendix I – Background (cont.)

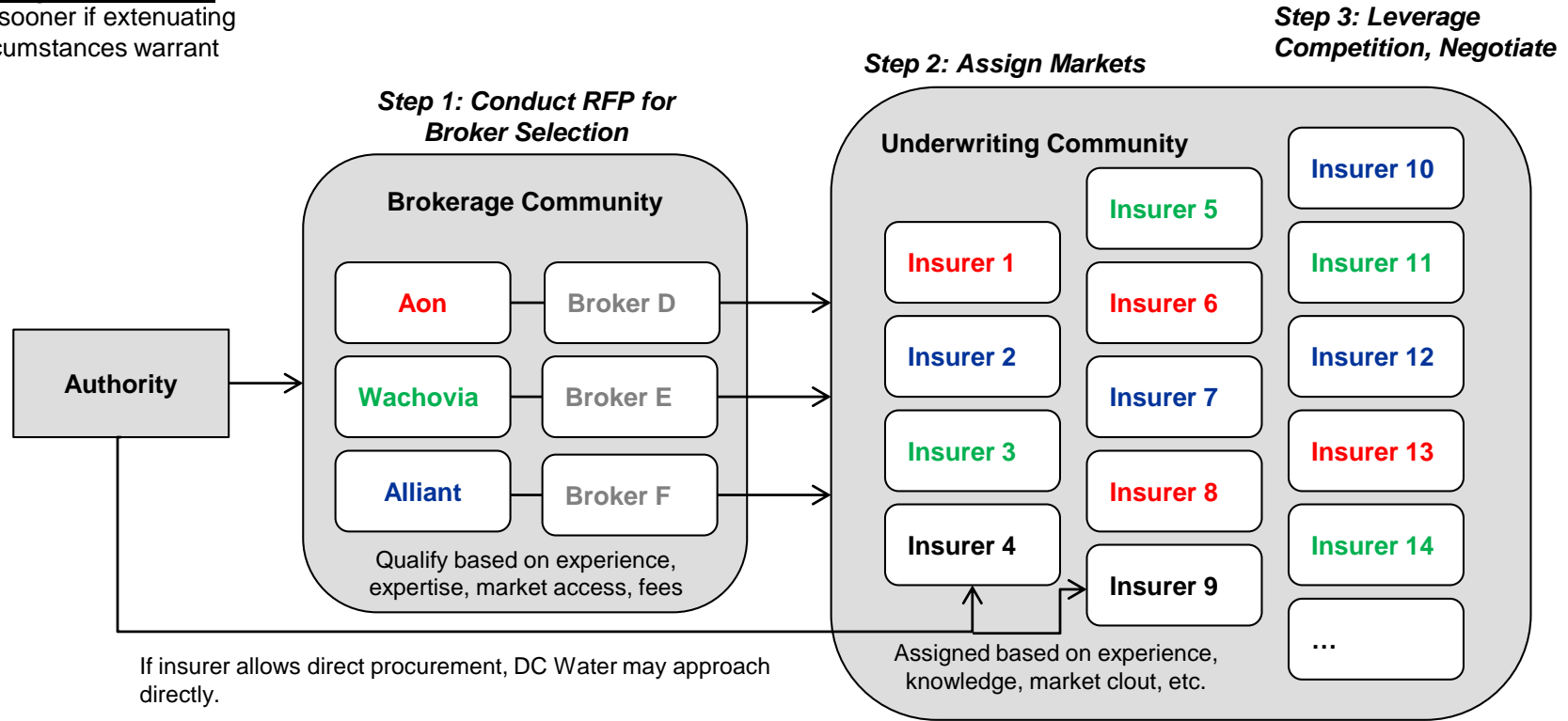
- 2007
 - Conducted Broker RFQ process and qualified 3 brokers to access **insurance markets that don't allow direct procurement.**
 - Competitively bid all insurance lines.
 - Changed property and equipment insurance carrier. Generally increased coverage and decreased cost.
- 2008
 - Remained with same carriers. Increased property limit from \$500M to \$1B and high hazard flood from \$10M to \$25M. Increased Employment Practices retention from \$250K to \$1M for premium savings.
- 2009
 - Change in Umbrella/Excess Liability and Employment Practices Liability carriers. Increased limits for Public Officials Liability from \$20M to \$120M as part of overall program purchase.
 - Renewed ROCIP (ROCIP II) in three to five year program.
- 2010
 - Remained with same carriers. Obtained options for increased flood coverage given FEMA flood zone changes but elected to remain at \$25M for 100 year zones due to sizable cost.



Appendix II - Procurement Approach

Every 5 Years – Last Done in 2007

Or sooner if extenuating circumstances warrant



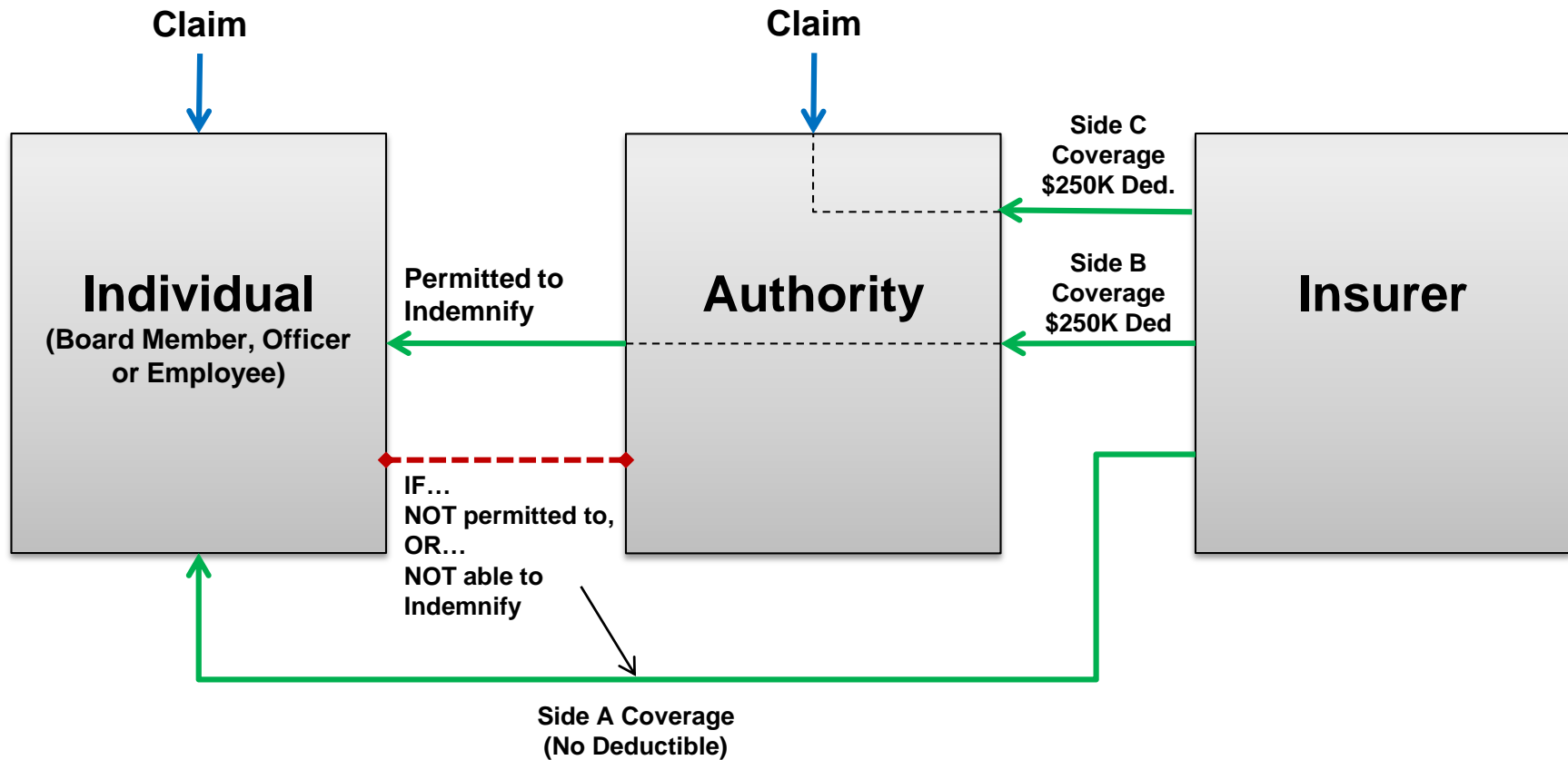
Serves Public Interests: Maximizes Competition with Competent Broker Firms Requires Demonstration of Marketing Skill Preserves Options

Interim Years (2008-Present)

Multi-year insurance contracts are not available in the present insurance market. On each annual policy renewal, a particular line of coverage is typically handled by the incumbent broker. That broker is generally granted full access to the market and asked to recommend a marketing strategy for the year, which the Authority must approve. However, the Authority reserves the right to use a multi-broker, assigned-market competitive process like the above in the interim years if challenging situations warrant. The Authority uses its independent insurance consultant as well as conduct its own due diligence to establish expectations.



Appendix III - **How Public Officials'** (D&O) Liability Coverage Works



**FINANCE & BUDGET COMMITTEE
PROPOSED FY 2012 REVISED BUDGET ACTION ITEM**

ACTION ITEM 4-A: Revised FY 2012 Operating Budget

The Revised FY 2012 operating budget to be considered by the Board of Directors totals \$416,520,000, which is below the originally approved budget.

FY 2012

Operations & Maintenance Expenditures	\$290,765,000
Debt Service	102,613,000
Payment In Lieu of Taxes	18,042,000
Right of Way Fee	5,100,000
Subtotal (Debt Service / PILOT / ROW)	\$125,755,000
Revised FY 2012 Operating Budget	<u><u>\$416,520,000</u></u>

* Also see Attachment 4-A Detail

ATTACHMENT 4-A Detail

Proposed FY 2012 Revised Operating Budget

	FY 2012 Approved Budget	FY 2012 Revised Budget	FY 2012 Increase (Decrease)	FY 2012 Percentage Change
Personnel Services	113,354	111,114	(2,240)	-2.0%
Contractual Services	78,826	79,746	920	1.2%
Water Purchases	33,000	31,517	(1,483)	-4.5%
Chemicals and Supplies	29,946	29,946	-	
Utilities	37,447	37,447	-	
Small Equipment	995	995	-	
Subtotal O & M Expenditures	293,569	290,765	(2,804)	-1.0%
Debt Service	105,387	102,613	(2,774)	-2.6%
Payment in Lieu of Taxes	18,301	18,042	(259)	-1.4%
Right of Way	5,100	5,100	-	
Total O & M Expenditures	422,357	416,520	(5,837)	-1.4%
Personnel Services Charged to Capital Projects	(16,000)	(14,000)	(2,000)	12.5%
Total Net Operating Expenditures	406,357	402,520	(3,837)	-0.9%

**FINANCE & BUDGET COMMITTEE
PROPOSED FY 2011 OPERATING FUND TRANSFER TO THE RATE
STABILIZATION FUND**

ACTION ITEM 4-B: FY 2011 Transfer to the Rate Stabilization Fund

The FY 2011 amount to be considered by the Board of Directors for transfer from the Authority's Operating Fund to the Rate Stabilization Fund, in accordance with Resolution #10-88, totals eight million dollars (\$8,000,000). This transfer is to be no later than September 1, 2011.

**DC WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

**ELECTRICITY GENERATION & TRANSMISSION SERVICES
(JOINT USE)**

Approval to extend the contract in the amount of \$22,000,000 to Hess Corporation for electricity generation and transmission services for an additional term of 12 months and modify the contract amount by \$22,000,000. The original contract amount was \$112,000,000 for a term of five years.

CONTRACT/SUB/VENDOR INFORMATION

PRIME:	SUBS:	PARTICIPATION:
Hess Corporation 1 Hess Plaza Woodbridge, NJ 07095	None	

DESCRIPTION AND PURPOSE

Original Contract Value:	\$112,000,000.00
Original Contract Dates:	February 1, 2006 to January 31, 2011
No. of Option Years in Contract:	Automatic one-year rolling extensions
Modification #001 Value:	\$25,000,000
Modification #001 Dates:	January , 2011 to January 31, 2012
Modification #002 Value:	\$22,000,000
Modification #002 Dates:	February 1, 2012 to January 31, 2013

Purpose of the Contract:

Provide DC Water with approximately 320,000 megawatt hours (MWH) of electricity annually at various wastewater treatment, water and sewer facilities including:

- Blue Plains
- Anacostia Water Pumping Station
- Bryant St. Water Pumping Station
- Main & O St. Sewer Pumping Station
- Potomac Sewer Pumping Station
- Eastside Sewer Pumping Station
- Swirl Facility

Contract Scope:

The scope of services for the proposed contract extension is the same as the existing contract. DC Water will have the ability to lock in blocks of power at a fixed price when futures pricing meets budget targets. To the degree that DC Water does not lock in blocks, pricing will be established each day at market rates with direct pass-through of all costs. This contract is for electricity generation and transmission and does not include distribution services incurred under approved PEPCO (Potomac Electric Power Company) Tariffs. The dollar value of the contract is based on current twelve-month market prices plus approximately ten percent to accommodate potential price volatility. The proposed contract modification includes an enhanced process for block power purchases that gives DC Water access to the wholesale market and provides more transparency in reviewing the bids from wholesalers.

Price Modifications:

- None

Spending Previous Years:

- Cumulative Contract Value: \$137,000,000
- Cumulative Contract Spending (through 05/31/2011): \$116,860,486

Contractor's Past Performance:

- Contractor has performed satisfactorily.

PROCUREMENT INFORMATION

Contract Type:	Unit Price	Award Based On:	Highest Ranking Score
Commodity:	Services	Contract Number:	WAS-05-026-AA-VW
Contractor Market:	Open Market		


BUDGET INFORMATION

Funding:	Operating	Departments:	Wastewater Treatment; Sewer Services; and Water Services
Service Areas:	DCWater - Wastewater Treatment, Water Services & Sewer Services	Department Heads:	Aklile Tesfaye Chuck Sweeney Cuthbert Braveboy
Project:	Electricity Generation and Transmission Services		


ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	46.19%	\$10,161,800.00
Washington Suburban Sanitary Commission	39.67%	\$8,727,400.00
Fairfax County	9.14%	\$2,010,800.00
Loudoun County	4.46%	\$981,200.00
Potomac Interceptor	0.54%	\$118,800.00
Total Estimated Dollar Amount	100.00%	\$22,000,000.00

NOTE: The facilities that will receive electricity generation and transmission services under this contract are both joint use and non-joint use. For Board approval purposes, the user shares shown above are based on Blue Plains user shares because approximately 90 percent of DC Water's power usage occurs at Blue Plains. Actual costs will be directly charged to participating facilities, and each user will pay its proportionate share of the respective facility.


 Yvette Downs _____ 6/16/11
 Director, Finance and Budget Date


 Rosalind R. Inge _____ 6/16/11
 Director of Procurement Date


 Olu Adebo _____ 6/16/11
 Chief Financial Officer Date

 George S. Hawkins _____
 General Manager Date



D.C. WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS
FINANCE AND BUDGET
COMMITTEE MEETING

Thursday, July 28, 2011; 11:00 a.m.
Blue Plains Wastewater Treatment Plant
5000 Overlook Avenue, SW, DC
AGENDA

Call to Order	Chairman
June 2011 Financial Report	Director of Finance & Budget
Agenda for September 22nd Committee Meeting	Chairman
Adjournment	Chairman

*Detailed agenda can be found on DC Water's website at www.dewater.com/about/board_agendas.cfm