



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

Finance and Budget Committee

Thursday, March 29, 2012

11:00 a.m.

1. **Call to Order** Timothy L. Firestine, Chairperson
2. **February 2012 Financial Report (Attachment 1)** Yvette Downs and Robert Hunt
 - A. Operating Revenues & Expenditures
 - B. Cash Reserves & Investments
 - C. Capital Disbursements Summary
 - D. [Investment Report](#)
3. **FY 2012 Financing Outcome Summary (Attachment 2)** Robert Hunt
4. **Credit and Collections Review (Attachment 3)** Charles Kiely
5. **Action Items** Yvette Downs
 - A. [Insurance Broker \(Attachment 4\)](#)
 - AON Risk Services, Inc. of Washington DC
 - Alliant Insurance Service, Inc.
 - Wells Fargo Insurance
6. **Agenda for April Committee Meeting (Attachment 5)** Timothy L. Firestine
7. **Adjournment**

FOLLOW-UP ITEMS – Finance & Budget Committee (Meeting held February 23, 2012)

1. Staff to provide actual claims and cost to date on each of the programs under ROCIP. **(Mr. Firestine) Status:** [See Attachment 6](#)
2. Staff to provide the division between water and sewer capital projects for the new debt. **(Mr. Wynkoop) Status:**

ATTACHMENT 1



FEBRUARY 2012 FINANCIAL REPORT

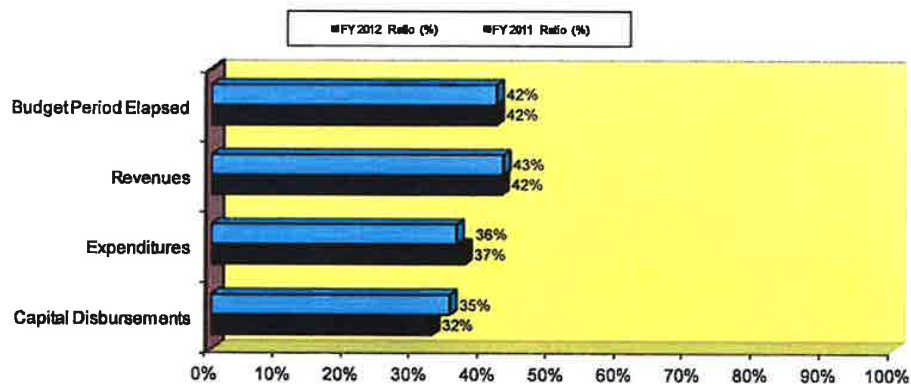
FY 2012 FINANCIAL PERFORMANCE

At the end of February, with approximately 42 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 February 29, 2012
(\$ in millions)

	Approved	Revised Budget	YTD Budget	YTD Actual	Variance Favorable (Unfavorable)		% Revised Budget
				42% of Budget			
Revenues (Receipts)*	\$412.2	\$426.4	\$177.7	\$181.9	\$4.2	2.4%	42.6%
Expenditures*	\$422.4	\$415.4	\$173.1	\$148.9	\$24.2	14.0%	35.8%
Capital Disbursements	\$555.8	\$531.7	\$206.5	\$185.5	\$21.0	10.2%	34.9%

* Straight-lined (5/12 of revised budget)



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

FY 2012 120-day Operating Reserve Objective	\$125.5
Actual Average Daily Balances	\$159.9
Difference	\$34.4

OPERATING REVENUES & RECEIPTS

At the end of February 2012, cash receipts totaled \$181.9 million, or 42.6 percent of the revised FY 2012 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 February.

REVENUE VARIANCE BY CATEGORY (In millions) As of February 29, 2012

Revenue Category	FY 2012 Revised Budget	Year-to- Date Budget	Actual Received	Variance Favorable (Unfavorable)	Actual % of Budget	
Residential, Commercial, and Multi-family	226.2	94.2	90.9	(3.3)	-3.5%	40.2%
Federal	47.5	19.8	23.4	3.6	18.0%	49.2%
District Government	11.1	4.6	4.3	(0.3)	-6.8%	38.9%
DC Housing Authority	6.4	2.7	3.5	0.8	31.8%	54.9%
Customer Metering Fee	10.8	4.5	4.7	0.2	4.0%	43.3%
Wholesale	74.4	31.0	37.0	6.0	19.4%	49.8%
Right-of-Way Fee/PILOT	22.5	9.4	9.8	0.4	4.7%	43.6%
Subtotal (before Other Revenues)	\$398.9	\$166.2	\$173.6	\$7.4	4.5%	43.5%
Other Revenue without RSF						
IMA Indirect Cost Reimb. For Capital Projects	4.0	1.7	0.0	(1.7)	-100.0%	0.0%
DC Fire Protection Fee	6.2	2.6	3.1	0.5	19.5%	50.0%
Stormwater (MS4)	1.1	0.5	0.4	(0.1)	-19.3%	33.6%
Interest	0.8	0.3	0.6	0.3	78.3%	70.5%
Developer Fees (Water & Sewer)	6.0	2.5	3.2	0.7	28.3%	53.5%
Others	2.9	1.2	1.1	(0.1)	-11.4%	36.9%
Subtotal	\$21.0	\$8.8	\$8.3	(0.5)	-5.3%	39.5%
Rate Stabilization Fund Transfer	\$6.5	\$2.7	\$0.0	(2.7)	-100.0%	0.0%
Other Revenue Subtotal	\$27.5	\$11.5	\$8.3	(3.2)	-27.6%	30.2%
Grand Total	\$426.4	\$177.7	\$181.9	\$4.2	2.4%	42.6%

Discussion of Relevant Variance

In general revenues are on target with the exception of Residential, Commercial, Multi-Family, Federal, District Government, DC Housing Authority and Other Revenues.

Receipts for Residential, Commercial and Multi-Family categories in February were \$18.0 million, and cumulative receipts totaled \$90.9 million, or 40.2 percent of the revised FY 2012 budget. The consumption is generally lower in winter months whereas the year-to-date budget is based on straight-line basis. The receipts are expected to increase in the future months and are projected to meet target.

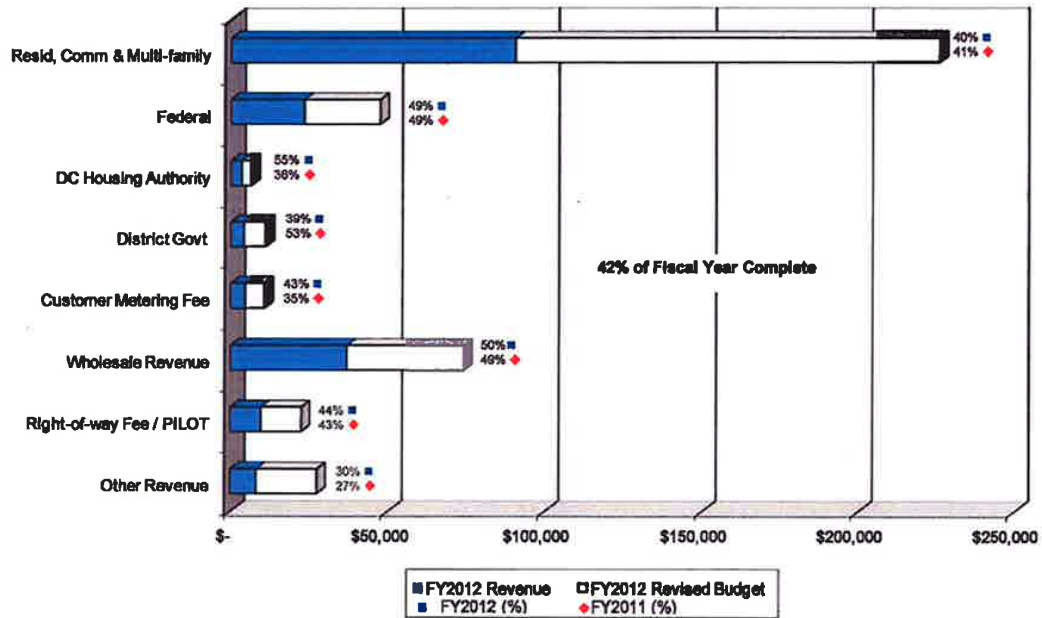
Receipts for the Federal payment are \$23.4 million or 49.2 percent of the annual budget. A total of \$540,789 remains unpaid from the second quarterly payment. The balance pertains to Joint Based Anacostia Bolling and National Geospatial Agencies. The staff is coordinating with U.S. Treasury to collect the payment.

The District Government actual receipts for the first two quarters total \$4.3 million or 38.9 percent of budget. The District Government has disputed consumption on a large account, withholding a portion of their quarterly payment while the account is being investigated. Staff is meeting with the officials to complete the review.

DC Housing Authority's actual receipts total \$3.5 million or 54.9 percent of the revised budget. The receipt for the month of February 2012 was \$0.49 million. The receipt for the month of January 2012 was \$1.0 million, which represented the payment for two months billings (November and December). Since the fourth quarter of 2011, DC Housing Authority was behind on their payments by a month due to significant turnover within their Accounts Payable Department. They have now caught up with their payment schedule. DC Water, therefore, has received one additional payment this year, not anticipated within the FY 2012 revised budget.

Other Revenue receipts are lower than the straight-lined budget at \$8.3 million or 30.2 percent of the budgeted category primarily due to IMA Indirect Cost Reimbursement and transfer of Rate Stabilization Fund. The IMA indirect capital reimbursement is not anticipated to be received until the fourth quarter of the fiscal year. The Rate Stabilization Fund transfer is anticipated in the fourth quarter of the fiscal year.

**FY 2012
OPERATING RECEIPTS BY CUSTOMER CATEGORY
As of February 29, 2012**



BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY
February 29, 2012
(\$ in 000's)

Customer Category	Water	Sewer	Clean Rivers IAC	Metering Fee	Total
Residential	11,118	13,699	3,326	2,067	30,209
Commercial	17,396	17,813	4,048	1,364	40,622
Multi-family	10,096	12,142	1,218	487	23,943
Federal	10,145	10,186	3,026	474	23,831
District Govt	1,512	1,855	948	232	4,547
DC Housing Authority	1,512	1,855	149	56	3,572
Total:	51,778	57,549	12,715	4,680	126,723

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
February 29, 2012
(\$ in 000's)

Customer Category	FY 2012 Budget	Year-To-Date Budget	Actual Received	Variance Favorable / <Unfavorable>	Variance % of YTD Budget	Actual % of Budget
Residential	8,178	3,407	3,326	(81)	-2%	41%
Commercial	9,714	4,048	4,048	1	0%	42%
Multi-family	3,235	1,348	1,218	(130)	-10%	38%
Federal	6,052	2,521	3,026	504	20%	50%
District Govt	2,131	888	948	60	7%	44%
DC Housing Authority	380	158	149	(9)	-6%	39%
Total:	29,690	12,371	12,715	345	3%	43%

OPERATING EXPENDITURES

At the end of February, with approximately 42 percent of the fiscal year completed, operating expenditures (including debt service and the right of way and PILOT fees) totaled \$148.9 million, or 36 percent of the FY 2012 Board-revised budget of \$415.4 million. These numbers include estimated incurred but unpaid invoices.

EXPENDITURE VARIANCE BY CATEGORY (\$ in 000's) As of February 29, 2012

	Board Revised Budget	YTD as of 02/29/2012	FY 2012			FY 2013 Board Approved Budget
			YTD Variance Favorable/(Unfavorable)		Percent of Budget	
			\$	%		
Personnel Services	111,114	42,895	3,403	7.3%	39%	117,796
Contractual Services	79,747	25,482	7,746	23.3%	32%	82,350
Water Purchases	31,517	10,769	2,383	18.0%	34%	32,523
Chemicals and Supplies	29,947	9,885	2,593	20.8%	33%	31,360
Utilities	37,446	11,900	3,702	23.7%	32%	38,047
Small Equipment	995	275	139	33.6%	28%	993
Subtotal O & M Expenditures	290,765	101,208	19,947	16.5%	35%	303,069
Debt Service	102,613	38,571	4,185	9.8%	38%	129,392
Payment in Lieu of Taxes	16,882	7,034	-	0.0%	42%	19,215
Right of Way	5,100	2,125	-	0.0%	42%	5,100
Total O & M Expenditures	415,360	148,938	24,132	14.0%	36%	456,775
Personnel Services Charged to Capital Projects	(14,000)	(5,405)	429	-7.3%	39%	(16,690)
Total Net Operating Expenditures	401,360	143,532	23,703	14.2%	36%	440,085

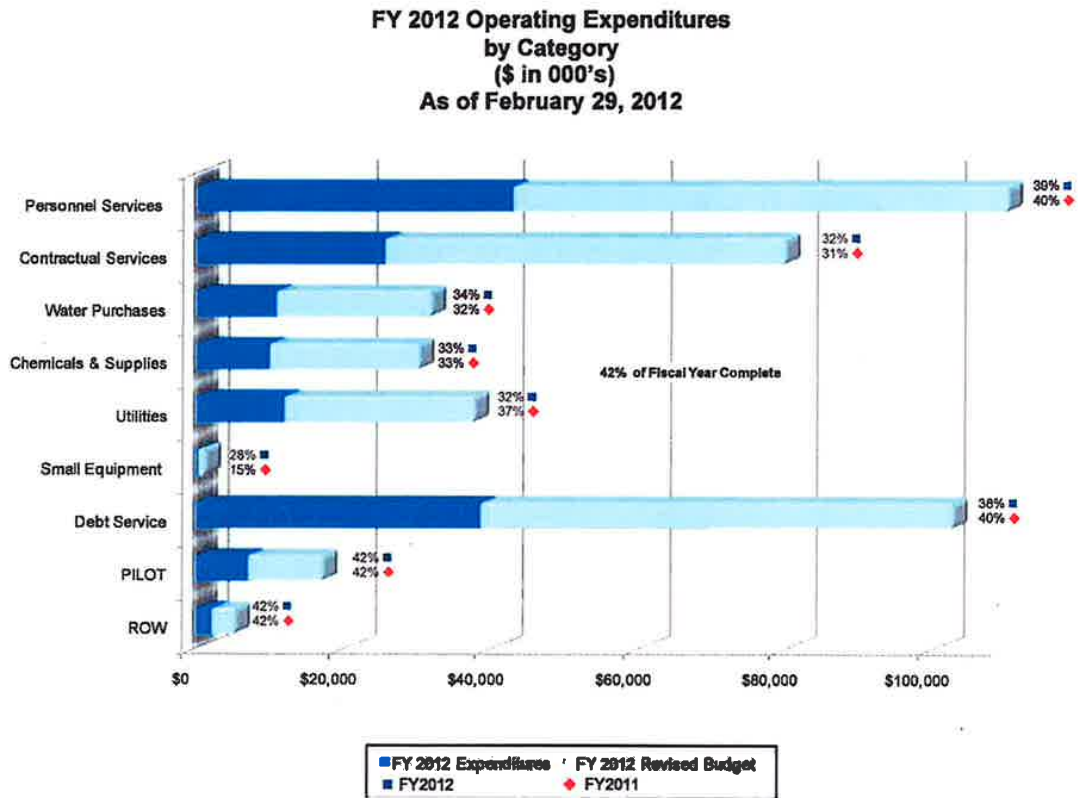
Note: Actuals include accruals

Discussion

Personnel Services (\$111.1 million annual budget; 38.2 percent of O&M budget) – At the end of February, personnel costs total \$42.9 million or 39 percent of budget. Of the 1,171 positions budgeted (1,202 positions authorized), 1,046 positions were filled at the end of February. Overtime spending totals \$2.0 million of the annual budget of \$5.0 million, or 6 percent of regular payroll costs and is below the level of spending for the same period last year. We will continue to monitor and report overtime activities and risks.

Utilities (\$37.4 million annual budget; 12.9 percent of O&M budget) – Additional information concerning actual performance in this category can be found later in this report.

Payment in Lieu of Taxes – (\$16.9 million annual budget) – Payments and accrued expenses for the District's PILOT fee totaled \$5.6 million. Actual payment differs due to previous Board direction and resulting offsets associated with the Fire Protection fee.



CAPITAL SPENDING

For the month of February 2012, actual disbursements totaled \$43.6 million, with year-to-date disbursements totaling \$185.5 million or 35 percent of the FY 2012 Revised disbursements budget. Planned capital disbursements through February 2012 were \$206.5 million, or 39 percent of the FY 2012 Revised disbursements budget.

Capital Disbursements Variance
 (\$ in 000's)
 As of February 29, 2012

Description	FY 2012 Revised Disbursements Budget		Actual Disbursements		% of FY 2012 Revised Disbursements Budget	
	Annual	YTD	FEB. '12	¹ YTD	Variance Compared to Plan	Percent of Annual Budget
Wastewater Treatment	\$275,845	\$99,598	\$23,499	\$97,585	2%	35%
Sanitary Sewer	39,922	14,915	1,533	8,064	46%	20%
Combined Sewer Overflow	132,016	56,960	14,096	52,774	7%	40%
Stormwater	2,775	882	136	1,838	-108%	66%
Water	54,461	24,752	3,415	17,025	31%	31%
Washington Aqueduct	11,373	3,000	0	917	69%	8%
Capital Equipment	15,349	6,396	923	7,327	-15%	48%
Total Capital Projects	\$ 531,741	\$206,503	\$ 43,601	\$ 185,529	10%	35%

Discussion

The spending variance between FY 2012 Revised Disbursements Budget and Actual, on a year-to-date basis, was reduced by \$7 million from January to February. This was primarily the result of increased spending for the Enhanced Nitrogen Removal Facilities (ENRF) and Clean Rivers projects.

The Wastewater Treatment Service Area is achieving approximately 98% of the estimated year-to-date spend levels. This is the net result of the referenced spending for the ENRF being ahead of schedule, while spending in the Liquid Processing and Plantwide Programs is behind schedule. With regards to the Liquids Processing Program, there are four projects that comprise

the majority of the under-spending: Project BG – Dual Purpose Rehabilitation; Project BR – Nitrification/Denitrification Facilities; Project BT – Filtration/Disinfection Facilities Phase II; and Project TQ – 504H3 Nitrification Facility. Spending for the Liquid Process Program is targeted to be at more than 90% of the Revised FY 2012 budget and the reduced spending will not impact any of the critical aspects of the projects. In the Plantwide Program, the Process Computer and Control Systems (Projects GP and TA) account for the majority of the year-to-date under-spending, but is forecasted to recover during the balance of FY 2012.

The Sanitary Sewer Service Area continues to experience year-to-date reduced spending and is not expected to recover in FY 2012. As indicated last month, this is the result of a reprioritization that will result in additional inspection work being done to refine project scopes, prior to the awarding of construction contracts.

In the Combined Sewer Overflow Service Area, the previously reported under spending in the Clean Rivers Project has recovered on a year-to-date basis and is forecasted to be on target for the remaining of FY 2012. However, the under spending in the Combined Sewer Projects Program will continue for the remainder of FY 2012 due to the closeout process related to the Outfall Sewer Rehabilitation (Project D2) and the Main & O Pump Station (Project K1). With regards to the D2 Project, it is estimated that there will be a reduction of approximately \$3 million from the original estimate as a result of the sewer being in better condition than was assumed during the design phase. As for Project K1, there was an outstanding claim that has been favorably resolved, resulting in a reduction of \$1.5 million in the estimated costs.

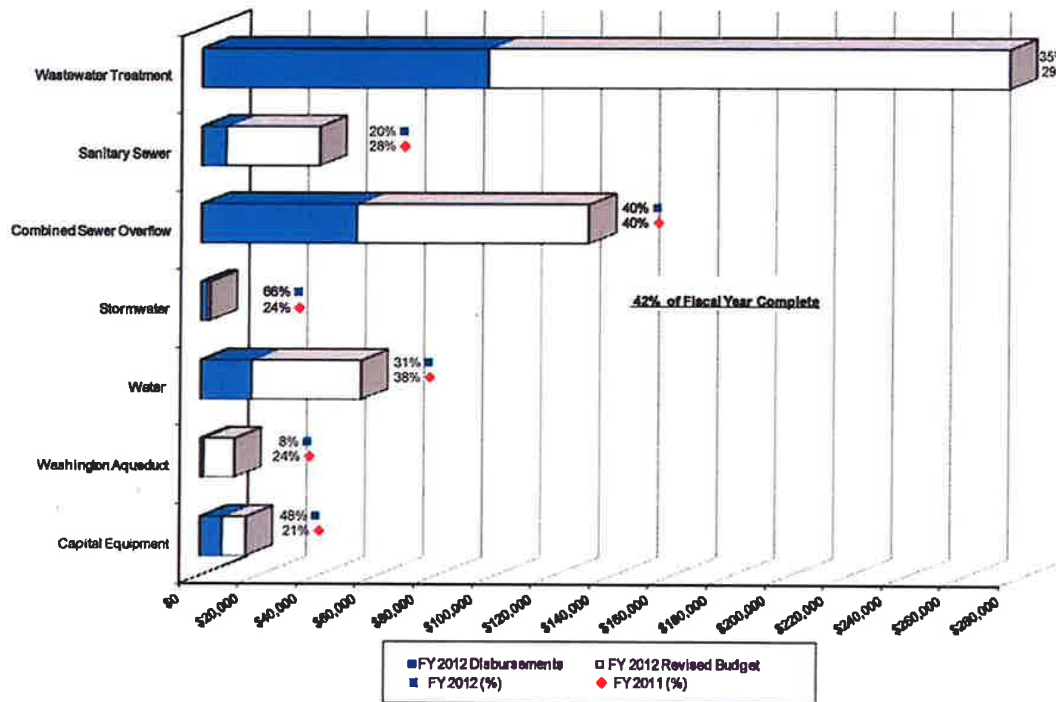
The Stormwater Service Area continues to spend ahead of schedule but is estimated to be somewhat under budget for FY 2012.

The Water Service Area continues to under spend, primarily in the Water Distribution, Pumping and Lead Program. Spending in the Water Distribution Program is expected to recover through the balance of FY 2012. However, spending is not anticipated to recover in the Lead Program Area. With regards to the Pumping Program, the reduction is in the Upgrades to Ft. Reno Pump Station (Project AY) and Rehabilitation of Bryant St. Pump Station (Project M6). At Ft. Reno there are design changes as well as a coordination issue with Pepco. Depending on the timing of the resolutions of these items, the spending may recover during FY 2012. There are a number of items impacting the spending at the Bryant St. Pump Station (painting, change order for the hydraulic loop, scada,, etc.) none of which are critical to the project but the spending is not anticipated to recover in FY 2012.

The Washington Aqueduct's billings have been below what was originally budgeted, but the Aqueduct staff has indicated that the billings will recover over the third and fourth quarter of FY 2012.

Capital Equipment spending was estimated on a pro rata basis for the fiscal year and is slightly ahead at the end of February.

**FY 2012 Capital Disbursements Compared to Plan
By Service Area
(\$ in 000's)
As of February 29, 2012**



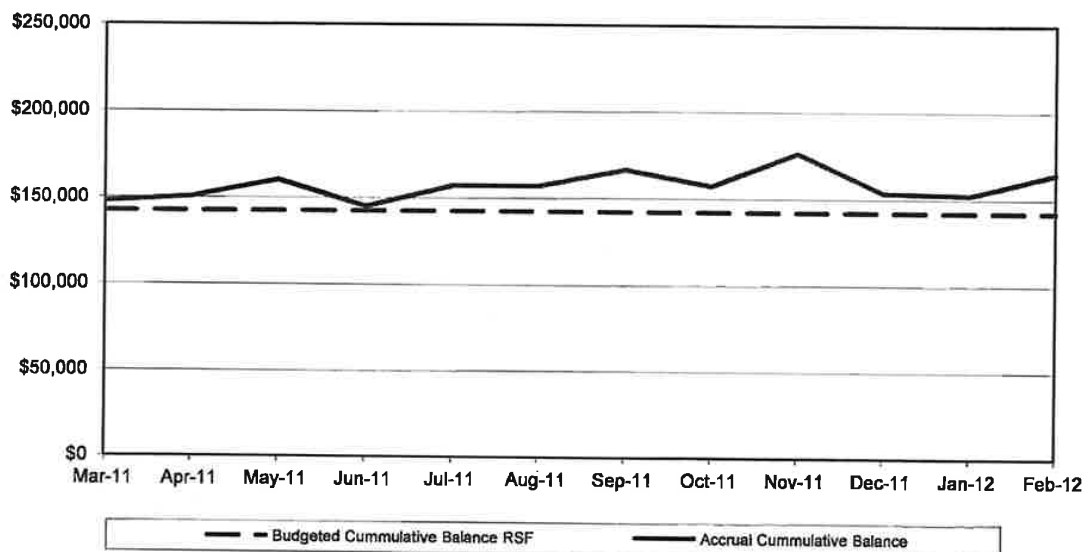
CASH AND INVESTMENT BALANCES

At the end of February, our operating reserve balance was \$148.2 million as compared to the FY 2012 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 February 29, 2012 (\$ in millions)

Rate Stabilization Fund Account (RSF)	\$16.7
Operating Reserve Accounts	148.2
DC PILOT Fund	10.0
Operating Cash Balance Including RSF	174.9
Debt Service Reserve - Series 98	24.3
Bond Construction Fund - Series 10	87.8
Capital Interest Fund - Series 10	7.6
CSO LTCP Appropriations Account	65.3
Total All Funds	\$359.9

FY 2012 Operating Cash Balances (\$ in 000's) (Operating Reserve and RSF)



Overall Portfolio Performance

As of February 2012, DC Water's total investment portfolio continues to perform well and complies 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 February (**on a cash basis**) was \$71,581 with year-to-date totals of \$452,837 as compared to the budget of \$535,376 for the year. A detailed investment performance report is attached.

2012 Bond Issuance

DC Water successfully sold \$440,645,000 in Subordinate Lien Revenue Bonds on March 14 (Series A – fixed rate, new money = \$177,430,000, Series B – SIFMA Index variable rate = \$100,000,000, - initial rates on SIFMA Index notes is the Index plus 48 basis points for the three year bonds and SIFMA plus 58 basis points for the four year bonds. Series C – fixed rate, refunding of Series 2003 bonds = \$163,215,000). The All-in TIC- total cost of borrowing including the cost of issuance and underwriting fees was 3.287%. The refunding of the 2003 bonds resulted in present value savings of \$17.8 million or 9.7% of refunded par. By fully refunding the entire series, DC Water eliminates expense for a letter of credit for the debt service reserve, which resulted in an additional \$2.6 million of present value savings. Gross savings for the refunding is \$25.48 million.

Prior to issuance, DC Water met with all three bond-rating agencies. As a result, Standard & Poor's upgraded DC Waters' senior lien debt from AA to AA+. Moody's Investors Service and Fitch Ratings reaffirmed the existing senior lien ratings of Aa2 and AA respectively. This upgrade by Standard & Poor's is estimated to have saved DC Water approximately 2 – 3 basis points (up to \$1.5 million of present value debt service savings).

The bonds were marketed very aggressively by the senior bankers and co-managers. DC Water purchased print ads in local newspapers including: the Washington Post; Express; Capital Business; and the Current newspapers. For the first time we also utilized online advertising, using Bloomberg.com and WashingtonPost.com.

Initial plans called for a two day sale period. DC Water bonds are highly sought after by both retail and institutional investors. As a result of a large amount of early orders, the sale was accelerated to accommodate both retail and institutional investors in a single day.

Closing on the bond sale is scheduled for March 22, 2012.

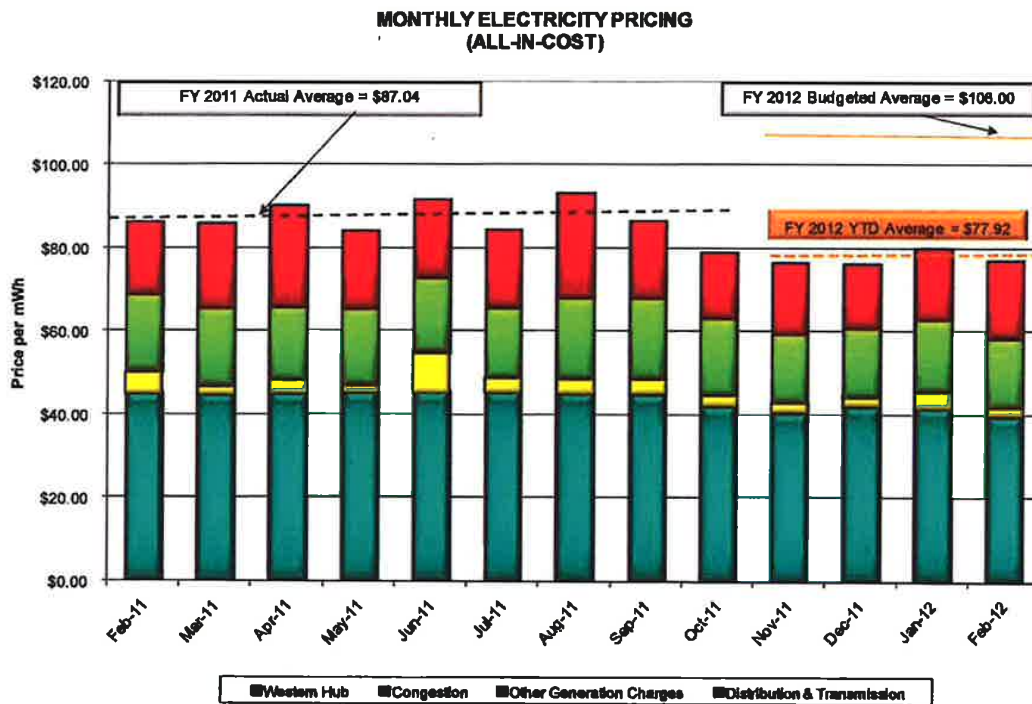
OTHER STATUS REPORTS

ELECTRICITY

As of March 2, 2012, we have purchased approximately 79 percent, or 23MW, of the Authority's electric load at annual Western Hub average unit price of \$43.67/mWh. For FY 2013, staff has purchased approximately 69 percent, or 20MW, of the Authority's electric load through January 31 at Western Hub average unit price of \$39.98/mWh.

Current electricity market conditions have been significantly below prior years' experience. Staff continues to monitor the futures market with intent to purchase additional electric loads for FY 2013 if market conditions are appropriate and in line with budget assumptions.

The chart below 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 February 2012 was \$77.27/mWh, with the year-to-date average at \$77.92/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) Prices include accruals for invoices not yet received.

Electricity Costs

The revised FY 2012 electricity budget of \$29.2 million represents 78 percent of the total utilities budget and assumes an average all-in-cost of \$106.00/mWh.

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

	All-In-Cost (\$/mWh)		
	Unit Price		
	Standard Offer Service (S.O.S.)	Spot Market	Actual ¹
Oct-11	\$127.19	73.72	79.16
Nov-11	\$128.01	70.67	76.70
Dec-11	\$130.39	67.97	76.44
Jan-12	\$128.32	71.41	80.00
Feb-12	\$128.47	67.54	77.27
YTD Average	\$127.68	\$70.26	\$77.92
¹ Actual prices are inclusive of the price mix of monthly block purchases and spot market unit prices.			

	Electricity Budget (\$000)		
	Amount		Variance
	Budgeted	Actual	Budgeted vs Actual
Oct-11	\$1,943	\$1,103	\$840
Nov-11	\$1,933	\$1,641	\$292
Dec-11	\$2,475	\$1,509	\$966
Jan-12	\$2,474	\$1,740	\$734
Feb-12	\$2,515	\$1,621	\$893
YTD Total	\$11,340	\$7,616	\$3,725
Remainder	\$17,877		
Total Budget	\$29,218		

Overall, the FY 2012 electricity expenditure is tracking favorably to budget.

RETAIL & WHOLESALE ACCOUNTS RECEIVABLE

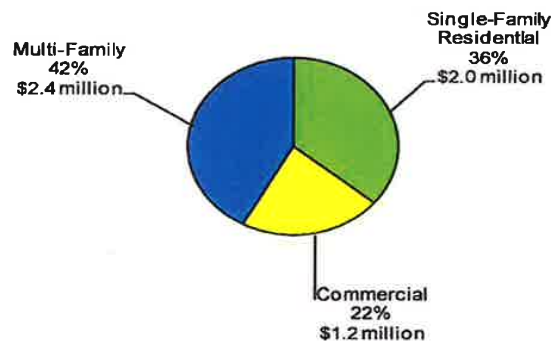
The following tables and chart show retail and wholesale accounts receivable over 90 days including a breakdown by customer class. A more detailed update and credit and collection activity will be provided at the March meeting of the Finance and Budget committee.

Delinquent Accounts Receivable Greater Than 90 Days by Customer February 29, 2012

	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
September 30, 2006	\$7.4	14,762	\$0.0	0	\$7.4	14,762
September 30, 2007	\$7.1	14,917	\$0.0	0	\$7.1	14,917
September 30, 2008	\$6.1	15,635	\$0.0	0	\$6.1	15,635
September 30, 2009	\$4.9	10,211	\$0.0	0	\$4.9	10,211
September 30, 2010	\$5.1	13,441	\$0.0	0	\$5.1	13,441
September 30, 2011	\$5.5	13,039	\$0.0	0	\$5.5	13,039
October 31, 2011	\$5.5	12,831	\$0.0	0	\$5.5	12,831
November 30, 2011	\$5.4	12,629	\$0.0	0	\$5.4	12,629
December 31, 2011	\$5.6	13,549	\$0.0	0	\$5.6	13,549
January 31, 2012	\$5.6	13,541	\$0.0	0	\$5.6	13,541
February 29, 2012	\$5.6	12,938	\$0.0	0	\$5.6	12,938

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

Retail Accounts Greater Than 90 Days by Customer Class February 29, 2012



**Delinquent Accounts Receivable
Greater Than 90 Days by Customer
February 29, 2012**

	Number of Accounts			Month of February (All Categories)				Total Delinquent			
	W & S a/c	Impervious Only a/c	Total No. of a/c	Active		Inactive		No. of a/c Jan.	Amount (\$)	No. of a/c Feb.	Amount (\$)
				No. of a/c	Amount (\$)	No. of a/c	Amount (\$)				
Commercial	11,817	3,408	15,225	1,817	1,069,726.27	148	154,927.38	1,960	1,249,119.32	1,965	1,224,853.65
Multi-family	7,378	489	7,867	957	2,097,881.38	137	248,879.28	1,115	2,290,470.16	1,084	2,346,760.64
Single-Family Residential	103,925	3,107	107,032	8,241	1,341,588.25	1,638	664,809.74	10,468	2,078,189.90	9,879	2,008,397.99
Total	123,120	6,984	130,104	11,015	4,509,195.88	1,923	1,068,616.40	13,541	5,617,778.38	12,938	5,577,812.28

-Included in the above \$4.51m (or 11,015 accounts) of the DC Water Over 90 days delinquent accounts, \$625,512.23 (or 3,171 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.

FOLLOW-UP ITEMS

The following request was raised in the February 23rd meeting of the Finance & Budget Committee: Staff to provide the division between water and sewer capital projects for the new debt.

Response

Debt issuance is based upon the most recent Board approved CIP. The only specific service area consideration for the new debt is related to the deferred financing on the Digester Project within the wastewater area. The amount financed for the Digester Project within this 2012 issuance was \$50 million.

Series 2012A, 2012B-1 and 2012 B-2 were issued to pay a portion of the costs of capital improvements to the System. The Series 2012 B-1 specifically identified \$50M for the digester project. All other funds from Series 2012A and 2012B-2 will be used for various projects in the most recent Board approved CIP. The Series 2012C was issued to refund the outstanding Series 2003 bonds.

**D.C. WATER AND SEWER AUTHORITY
FY 2012 CASH FLOW SUMMARY
As of February 29, 2012
(\$ in 000's)**

	Annual Budget Cash Basis	YTD 42% Of Cash Budget	YTD Actual Cash Oct. 1, 2011 - Feb. 29, 2012	Variance Favorable (Unfavorable)	
OPERATING BUDGET					
Cash Provided					
Retail	324,549	136,311	126,723	(9,587)	-7%
Wholesale	74,361	31,231	37,020	5,788	19%
Other	20,750	8,715	18,005	9,290	107%
Transfer from Rate Stabilization Fund	6,500	2,730		(2,730)	-100%
Total Cash Provided	428,161	178,987	181,748	2,761	2%
Operating Cash Used					
Personnel Services	97,114	40,788	39,391	1,396	3%
Contractual Services	79,746	33,493	28,501	4,992	15%
Chemicals & Supplies	29,946	12,577	12,184	393	3%
Utilities	37,447	15,728	9,425	6,303	40%
Water Purchases	31,517	13,237	11,758	1,479	11%
Small Equipment	995	418	378	40	10%
Total Operating Cash Used	276,766	116,241	101,637	14,604	13%
Other Cash Used					
Debt Service	100,776	42,326	38,571	3,755	9%
Payment In Lieu of Taxes/Right of Way	22,365	9,393	8,757	636	7%
Total Other Cash Used	123,141	51,719	47,328	4,391	8%
Total Cash Used	399,906	167,960	148,965	18,995	11%
Net Cash Provided (Used) by Operating Act.	26,255	11,027	32,783	21,756	
CAPITAL BUDGET					
Cash Provided					
Debt Proceeds	259,307	108,909	45,050	(63,859)	-59%
Capital Equipment Financing	8,184	3,437		(3,437)	-100%
EPA Grants	26,455	10,691	9,102	(1,589)	-15%
CSO Grants	31,332	13,159	11,194	(1,965)	-15%
Interest Income	93	39	149	110	280%
Wholesale Capital Contributions	175,242	73,602	85,773	12,171	17%
Total Cash Provided	499,613	209,838	151,269	(58,589)	-28%
Cash Used					
WASA Capital Program	521,292	218,943	184,612	34,331	16%
Washington Aqueduct Projects	10,449	4,389	917	3,472	79%
Total Cash Used	531,741	223,331	185,529	37,803	17%
Net Cash/PAYGO Provided (Used) by Cap. Act.	(32,128)	(13,494)	(34,260)	(20,766)	
Beginning Balance, October 1 (Net of Rate Stab. Fund)					
Plus (Less) Operating Surplus	150,035		150,035		
Wholesale Customer Refunds from Prior Years	26,255	11,027	32,783		
Interest Earned From Bond Reserve	(5,250)	(2,205)	0		
Transfer to Rate Stabilization Fund	256	107	105		
Prior Year Federal Billing Reconciliation	(12,250)	(5,145)	0		
Prior Year Federal Billing Reconciliation	(1,000)	(420)	(500)		
Cash Used for Capital	(32,546)	(13,669)	(34,260)		
Balance Attributable to O&M Reserve	125,500	52,710	148,163		
OTHER CASH RESERVES					
Rate Stabilization Fund	Current				
CSO Long-Term Control Plan Appropriation	Balance				
DC PILOT Reserve Fund	16,700				
	65,274				
	10,002				

Finance and Budget Committee Meeting - 2. February 2012 Financial Report (Attachment 1) - Yvette Downs and Robert Hunt

**FY 2012 Overtime
Budget vs Actual
Period Ended February 29, 2012**

Department	FY 2011				FY 2012						
	Annual Budget	Actual	Percent of Budget Expended	Actual to Budget \$ Variance	Annual Budget	Percent of Annual Budget Expended	FY 2012 Year-to-Date				
							Straight-Line Budget 10/01/11 - 02/29/12	Actual 10/01/11 - 02/29/12	Actual to Straight-Line Budget Variance	Percentage YTD Straight-Line Budget Expended	YTD Overtime as % of YTD Regular
Office of the Secretary	4,000	1,854	46%	2,146	4,000	17%	1,667	661	1,006	40%	1%
General Manager	15,000	871	4%	14,329	13,000	5%	5,417	649	4,768	12%	0%
General Counsel	2,000	2,731	137%	(731)	2,000	24%	833	483	350	58%	0%
External Affairs	2,000	2,703	135%	(703)	2,000	9%	833	177	657	21%	0%
Internal Audit	-	-	0%	-	-	0%	0	0	0	0%	0%
Information Technology	25,000	15,471	62%	9,529	24,000	39%	10,003	9,413	590	94%	1%
Procurement	30,000	24,545	82%	5,455	30,000	29%	12,500	8,557	3,943	68%	1%
Customer Service	250,000	188,688	75%	61,312	240,000	25%	100,000	59,286	40,714	59%	2%
Finance & Budget	30,000	28,140	94%	1,860	30,000	37%	12,500	11,178	1,322	89%	1%
Risk Management	1,000	94	9%	906	1,000	0%	417	0	417	0%	0%
Assistant General Manager	1,000	222	22%	778	1,000	36%	417	357	60	86%	0%
Human Capital Management	5,000	2,852	57%	2,148	5,000	17%	2,083	853	1,230	41%	0%
Occupational Safety & Health	2,000	154	8%	1,846	2,000	15%	833	294	540	35%	0%
Facilities & Security	150,000	203,883	136%	(53,883)	150,000	56%	62,500	84,638	(22,138)	135%	5%
Water / Sewer Pump Maintenance	200,000	110,681	55%	89,319	200,000	20%	83,333	39,926	43,407	48%	5%
Engineering & Technical Services	549,960	611,204	111%	(61,244)	548,481	47%	228,534	258,605	(30,071)	113%	6%
Water Services	1,080,000	1,111,758	103%	(31,758)	1,080,000	32%	450,000	345,407	104,593	77%	7%
Clean Rivers	10,000	3,745	37%	6,255	25,000	6%	10,417	1,584	8,833	15%	0%
Sewer Services	900,000	1,063,680	118%	(163,680)	900,000	41%	375,000	370,897	4,103	99%	9%
Wastewater Treatment	956,000	1,010,473	106%	(54,473)	956,000	47%	398,333	448,902	(50,569)	113%	13%
Maintenance Services	800,000	880,595	110%	(80,595)	800,000	39%	333,333	310,926	22,408	93%	9%
Permit Operations	1,000	1,503	150%	(503)	2,500	40%	1,042	1,007	35	97%	0%
Fleet Management	1,000	926	93%	74	1,000	7%	417	66	350	16%	0%
Total DC WATER	\$5,014,960	\$5,266,573	105%	-\$251,613	\$5,016,987	39%	\$2,090,411	\$1,953,866	\$136,545	93%	6%

Notes:

- (1) "Budget 10/01/11 - 02/29/12 " reflects annual budget straight-lined
- (2) " % YTD Budget Expended" reflects variance between straight-lined budget-to-date and actual overtime
- (3) "Actual 10/01/11 thru, 02/29/12" includes 4 days accruals for February
- (4) YTD payroll does not include fringe benefits

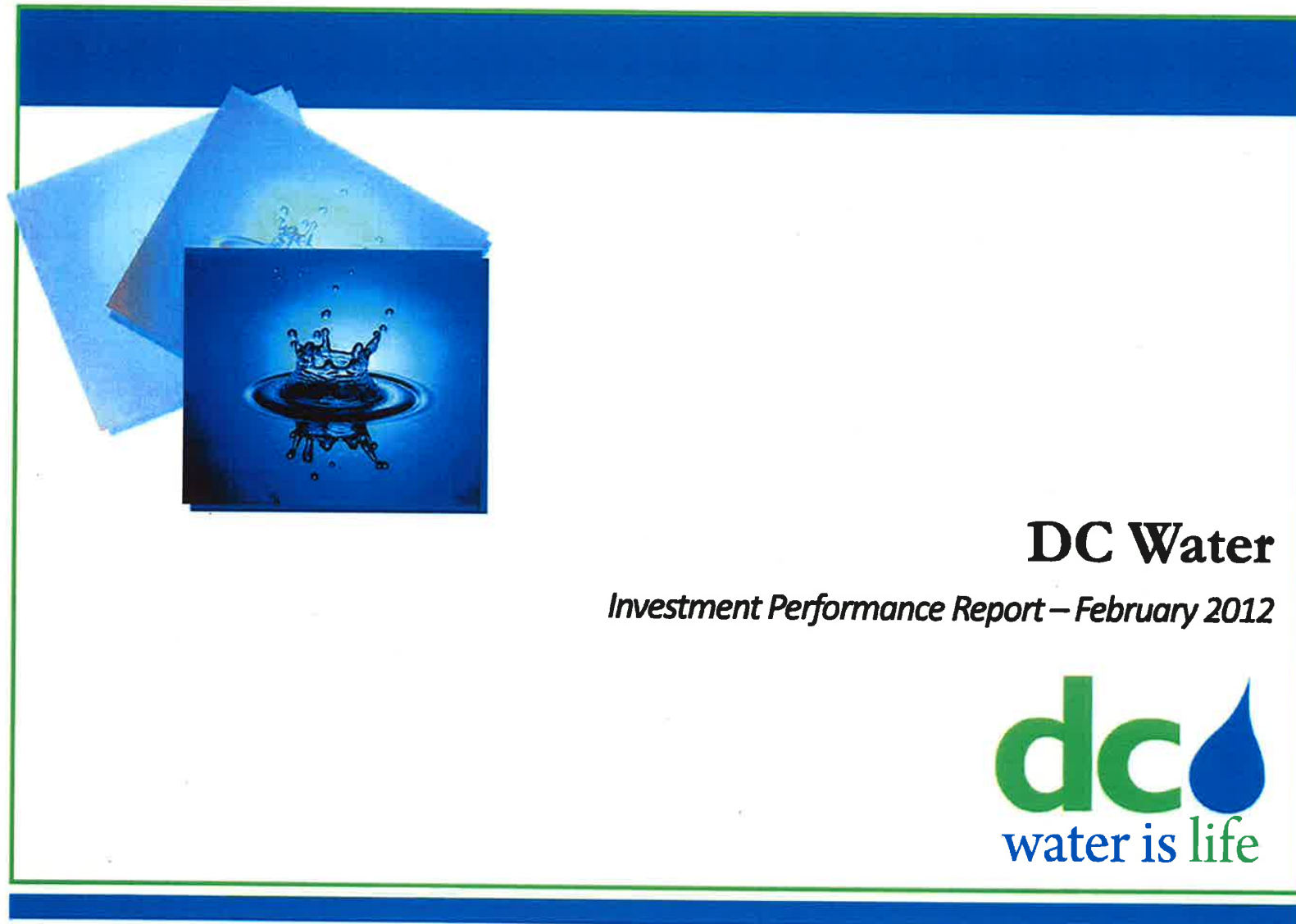
Finance and Budget Committee Meeting - 2. February 2012 Financial Report (Attachment 1) - Yvette Downs and Robert Hunt

Capital Projects
FY 2012 Disbursements Analysis
As of February 29, 2012
(\$ in 000's)

Description	FY 2012 Revised Disbursements Budget					% of FY 2012 Revised Disbursements Budget		Commitments
	Annual	YTD	Oct. '11 to Jan. '12	FEB. '12	1 YTD	Annual	YTD	
							42% of Fiscal Year Completed	
Wastewater Treatment								
Liquid Processing Projects	\$23,263	\$9,500	5,034	\$1,392	\$6,426	28%	68%	44,608
Plantwide Projects	18,018	9,239	5,341	569	5,910	33%	64%	26,664
Solids Processing Projects	119,295	40,252	28,624	9,204	37,828	32%	94%	309,817
Enhanced Nitrogen Removal Facilities (formerly Total Nitrogen Program)	115,269	40,607	35,087	12,335	47,422	41%	117%	279,317
Total Wastewater Treatment	275,845	99,598	74,086	23,499	97,585	35%	98%	660,407
Sanitary Sewer								
Sanitary Collection Sewers	2,140	1,033	173	224	397	19%	38%	2,489
Sanitary On-Going Projects	16,081	4,961	1,979	514	2,493	16%	50%	10,840
Sanitary Pumping Facilities	659	425	119	10	129	20%	30%	700
Sanitary Sewer Program Management	6,880	3,246	1,048	117	1,165	17%	36%	19,095
Sanitary Interceptor/Trunk Force Sewers	14,162	5,250	3,212	668	3,880	27%	74%	20,883
Total Sanitary Sewer	39,922	14,915	6,531	1,533	8,064	20%	54%	54,007
Combined Sewer Overflow								
CSO Program Management	1,590	989	734	94	828	52%	84%	12,967
Combined Sewer Projects	14,504	10,807	4,376	1,354	5,732	40%	53%	11,371
D.C. Clean Rivers Project (aka Long-Term Control Plan)	115,922	45,164	33,566	12,648	46,214	40%	102%	278,100
Total Combined Sewer Overflow	132,016	56,960	38,678	14,096	52,774	40%	93%	302,438
Stormwater								
Stormwater Local Drainage	17	10	0	0	0	0%	0%	239
Stormwater On-Going Program	731	137	1,082	0	1,082	148%	790%	502
Stormwater Pumping Facilities	-	-	0	0	0			0
DDOT Stormwater Program	2	-	0	0	0	0%		0
Stormwater Research and Program Management	499	358	233	1	234	47%	65%	1,392
Stormwater Trunk/Force Sewers	1,527	376	387	135	522	34%	139%	1,638
Total Stormwater	2,775	882	1,702	136	1,838	66%	208%	3,771
Water								
Water Distribution Systems	23,024	10,526	6,999	1,223	8,222	36%	78%	40,105
Water On-Going Projects	8,239	3,433	2,334	946	3,280	40%	96%	3,158
Water Pumping Facilities	5,327	1,908	143	78	221	4%	12%	6,240
DDOT Water Projects	4,002	1,898	1,855	255	2,110			7,920
Water Storage Facilities	2,083	920	921	138	1,059	51%	115%	837
Water Projects Program Management	4,109	1,771	926	252	1,178	29%	66%	12,643
Water Lead Program	4,801	3,097	402	130	532	11%	17%	6,855
AMR Installation / Replacement	2,876	1,198	30	394	424	15%	35%	1,800
Total Water	54,461	24,752	13,610	3,415	17,025	31%	69%	79,557
Washington Aqueduct	11,373	3,000	917	0	917	8%	31%	
Capital Equipment	15,349	6,395	6,404	923	7,327	48%	115%	5,597
Total Capital Projects	\$531,741	\$206,503	141,928	\$43,601	\$185,529	35%	90%	1,105,778

Notes:

¹ Includes actual OCIP related disbursements of \$288,995.50



Investment Performance Report - February 2012

**DC Water
Finance Division
Economic Update**

ECONOMIC COMMENTARY

- On February 29, the U.S. Department of Commerce reported a 3.0% GDP growth rate in the fourth quarter of 2011, slightly better than the preliminary estimate.
- In February, the European Central Bank reported that it will provide an additional \$700 billion in loans to struggling nations. In addition, Germany cautiously agreed to an additional \$147 billion rescue package, approximately a quarter of the total Greek bailout.
- Fuel prices have reached a record high for winter months, increasing \$0.40 since the end of 2011. As a result, real income has decreased, causing consumers to curb their consumption.
- During the month, yields increased across the board, with the largest increase seen on the 5-year Treasury note. Yields on the 2-year Treasury note rose by 0.07% to 0.30% at month end.

PORTFOLIO RECAP

- The portfolio is diversified among Bank Deposits, Commercial Paper, Federal Agencies, FDIC Insured CDs, and SEC registered money market funds.
- The overall yield-to-cost of the portfolio is 0.57%.
- The portfolio is in compliance with the Authority's Investment Policy.

2010A Construction Fund

- In February, the Authority purchased \$10 million of 3 month commercial paper at an average yield of 0.15%.

Operating Reserve Fund

- The Authority purchased \$20 million of 3 month commercial paper at an average yield of 0.26%.

CSO LTCP Appropriations

- The Authority purchased \$10 million of 3 month commercial paper at an average yield of 0.35%.

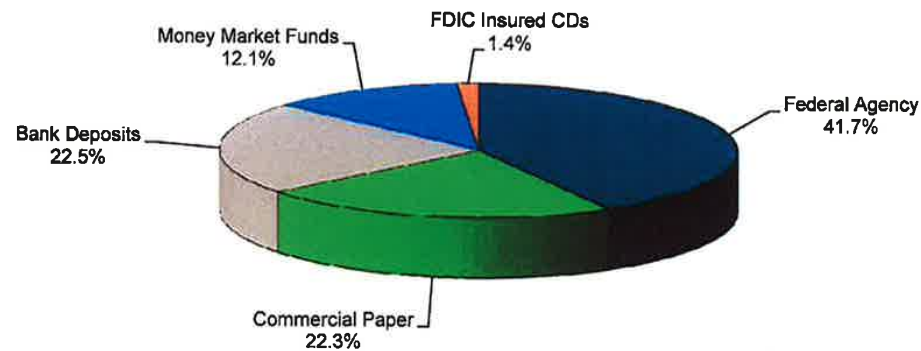
Rate Stabilization

- The Authority purchased \$10 million of 4 month commercial paper at an average yield of 0.22%.



Investment Performance Report - February 2012

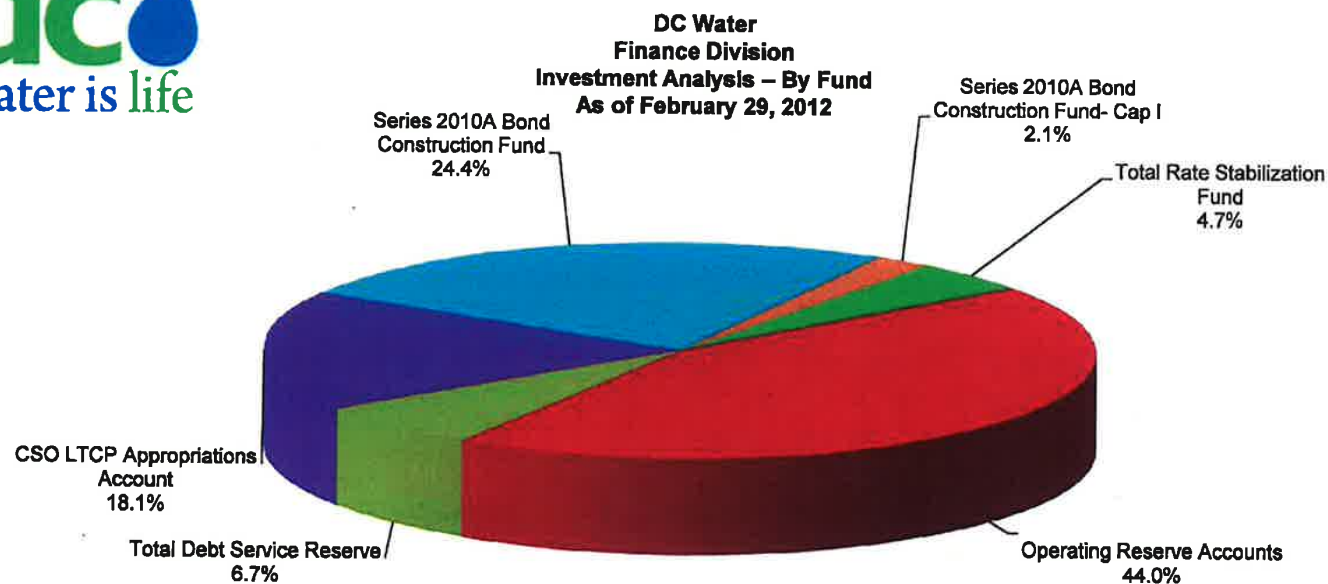
DC Water
Finance Division
Investments - By Security Type
As of February 29, 2012



Security Type	Book Value + Accrued Interest	Asset Allocation	Permitted By Policy
Bank Deposits	\$ 80,743,745	22.5%	100.0%
Money Market Funds	43,286,029	12.1%	100.0%
Bankers Acceptances	-	0.0%	40.0%
Commercial Paper	79,962,774	22.3%	35.0%
U.S. Treasuries	-	0.0%	100.0%
Federal Agency	149,600,771	41.7%	80.0%
FDIC Insured CDs	5,003,356	1.4%	30.0%
Municipal Obligations	-	0.0%	20.0%
Total	\$ 358,596,674	100.0%	



Investment Performance Report - February 2012



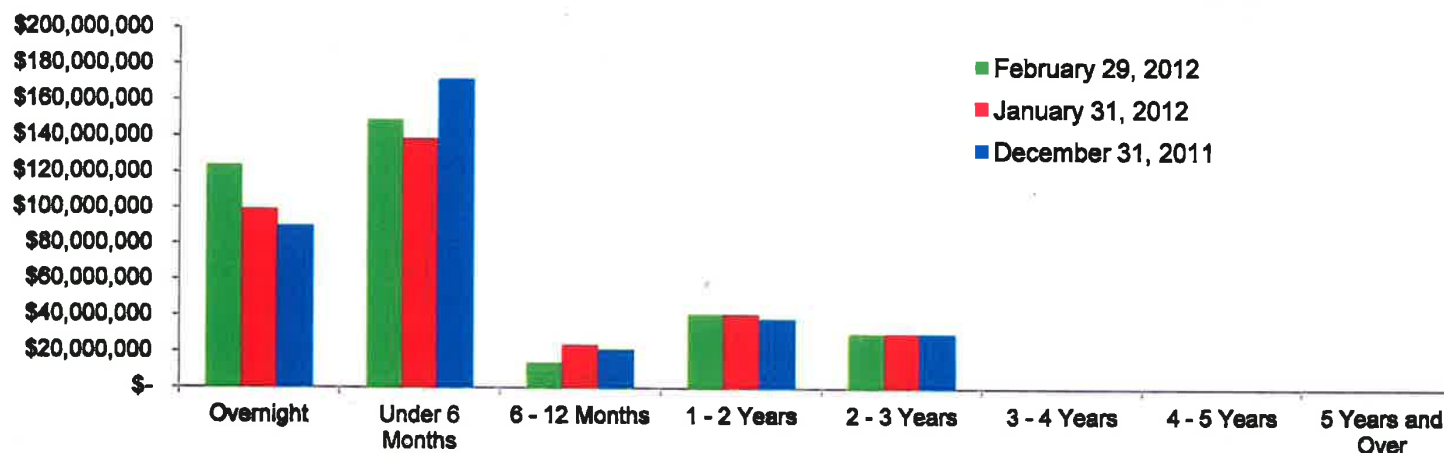
Fund Name	Book Value + Accrued Interest	Yield-to- Maturity at Cost	Effective Duration (years)	Weighted Average Maturity (days)
Total Rate Stabilization Fund	\$ 16,700,061	0.55%	0.20	72.2
Operating Reserve Accounts	157,920,621	0.83%	0.63	325.2
Total Debt Service Reserve	23,913,135	0.62%	0.70	258.2
Series 2010A Bond Construction Fund	87,570,982	0.16%	0.06	22.7
Series 2010A Bond Construction Fund- Cap I	7,577,114	0.67%	0.98	362.1
Total CSO LTCP Appropriations Account	64,914,761	0.48%	0.13	48.3
Total	\$ 358,596,674	0.57%	0.39	185.7



Investment Performance Report - February 2012

DC Water
Finance Division
Investment Analysis – By Maturity

Maturity Distribution	February 29, 2012	January 31, 2012	December 31, 2011
Overnight \$	124,029,773.49 \$	99,410,275.33 \$	90,179,102.32
Under 6 Months	149,014,483.48	138,748,503.55	171,525,703.67
6 - 12 Months	13,924,902.34	23,976,032.87	21,463,890.75
1 - 2 Years	41,095,236.70	41,068,402.83	38,542,986.76
2 - 3 Years	30,532,278.48	30,512,863.12	30,493,447.65
3 - 4 Years	-	-	-
4 - 5 Years	-	-	-
5 Years and Over	-	-	-
Totals \$	358,596,674.47 \$	333,716,077.70 \$	352,205,131.15





Investment Performance Report - February 2012

**DC Water
Finance Division
Investments – Issuer Allocation**

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Compliance with Limit Investment Policy
Bank Deposits				
TD Bank		\$ 70,711,687.27	19.7%	100.0% Yes
Premier Bank		5,020,004.07	1.4%	100.0% Yes
Capital One Bank		5,012,053.42	1.4%	100.0% Yes
Sub-Total Bank Deposits		80,743,744.76	22.5%	100.0% Yes
Money Market Mutual Funds				
American Beacon MMF	AAAm	1,482,022.07	0.4%	50.0% Yes
Williams Capital Money Market Fund	AAAm	2,500,071.45	0.7%	50.0% Yes
Merrill Lynch MMF	AAAm	3,500,330.19	1.0%	50.0% Yes
Wells Fargo Advantage Treasury Plus	AAAm	25,362,219.63	7.1%	50.0% Yes
Wells Fargo Government MMF	AAAm	10,441,385.39	2.9%	50.0% Yes
Sub-Total Money Market Mutual Funds		43,286,028.73	12.1%	100.0% Yes
Certificates of Deposit				
CDARs - Placed by Industrial Bank	NR / NR	5,003,356.16	1.4%	30.0% Yes
Sub-Total Certificates of Deposit		5,003,356.16	1.4%	30.0% Yes
Commercial Paper				
Bank Of Nova Scotia Ny Comm Paper	A-1+ / P-1	9,998,166.70	2.8%	5.0% Yes
Caterpillar Fin Serv Crp Comm Paper	A-1 / P-1	9,999,722.20	2.8%	5.0% Yes
General Elec Cap Corp Comm Paper	A-1+ / P-1	9,992,727.80	2.8%	5.0% Yes
JP Morgan Chase & Co Comm Paper	A-1 / P-1	4,998,270.85	1.4%	5.0% Yes
Mizuho Funding Llc Comm Paper	A-1 / P-1	14,990,577.75	4.2%	5.0% Yes
Sumitomo Corp Of America Comm Paper	A-1 / P-1	9,990,933.30	2.8%	5.0% Yes
Toyota Motor Credit Corp Comm Paper	A-1+ / P-1	9,996,291.70	2.8%	5.0% Yes
Union Bank Na Comm Paper	A-1 / P-1	9,996,083.30	2.8%	5.0% Yes
Sub-Total Commercial Paper		79,962,773.60	22.3%	35.0% Yes
Federal Agencies				
Fannie Mae	AA+ / Aaa	12,833,068.68	3.6%	40.0% Yes
Freddie Mac	AA+ / Aaa	64,157,614.98	17.9%	40.0% Yes
Federal Home Loan Bank	AA+ / Aaa	72,610,087.56	20.2%	40.0% Yes
Federal Farm Credit Bank	AA+ / Aaa	-	0.0%	40.0% Yes
Sub-Total Federal Agencies		149,600,771.22	41.7%	80.0% Yes
Total		\$ 358,596,674.47	100.0%	



Investment Performance Report - February 2012

**DC Water
Finance Division
Book Value Performance
As of February 29, 2012**

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	0.04%	0.56%	0.14%	0.56%	0.31%	0.63%	0.53%	72.2	0.20 years
Operating Reserve Accounts	0.05%	0.66%	0.15%	0.60%	0.29%	0.58%	0.58%	325.2	0.89 years
Total Debt Service Reserve	0.05%	0.64%	0.15%	0.62%	0.31%	0.62%	0.63%	258.2	0.71 years
Total CSO LTCP Appropriations Account	0.03%	0.43%	0.10%	0.42%	0.23%	0.47%	0.43%	48.3	0.13 years
2010A Construction Fund	0.01%	0.17%	0.06%	0.20%	0.11%	0.22%	0.25%	22.7	0.06 years
2010A Capitalized Interest Fund	0.06%	0.71%	0.17%	0.70%	0.33%	0.67%	0.56%	362.1	0.99 years
Short-Term	0.04%	0.49%	0.12%	0.47%	0.25%	0.50%	0.43%		
Merrill Lynch 3-Month Treasury Index (Book Value) ¹	0.00%	0.05%	0.01%	0.03%	0.01%	0.02%	0.05%	90.0	0.25 years
Core (1+ Years)	0.08%	0.97%	0.23%	0.93%	0.46%	0.92%	0.89%		
Merrill Lynch 1-3 Year Treasury Index (Book Value) ²	0.02%	0.22%	0.06%	0.25%	0.13%	0.25%	0.40%	-	1.80 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 - February 2012

**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	\$ 6,707,333		3/1/2012		1.05%	\$ 6,707,333	\$ 6,707,333	\$ 6,707,333	
GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	8/28/2012	2/29/2012	0.22%	9,992,667	9,992,330	9,992,728	
									\$ 16,700,061.10
Operating Reserve Accounts									
TD BANK BANK DEPOSIT	\$ 55,799,045		3/1/2012		1.05%	\$ 55,799,045	\$ 55,799,045	\$ 55,799,045	
CAPITAL ONE BANK	5,012,053		3/1/2012		0.50%	5,012,053	5,012,053	5,012,053	
WILLIAMS CAPITAL MONEY MARKET FUND	2,500,071		3/1/2012		0.01%	2,500,071	2,500,071	2,500,071	
FCAR OWNER TRUST COMM PAPER	5,000,000	-	5/15/2012	2/22/2012	0.24%	4,997,233	4,997,395	4,997,500	
FCAR OWNER TRUST COMM PAPER	5,000,000	-	5/15/2012	2/22/2012	0.26%	4,997,003	4,997,395	4,997,292	
MIZUHO FUNDING LLC COMM PAPER	5,000,000	-	5/22/2012	2/22/2012	0.37%	4,995,375	4,995,860	4,995,786	
JP MORGAN CHASE & CO COMM PAPER	5,000,000	-	5/23/2012	2/22/2012	0.15%	4,998,104	4,997,855	4,998,271	
FHLMC NOTES	10,000,000	1.000	8/28/2012	7/27/2010	0.73%	10,068,578	10,043,143	10,014,060	
INDUSTRIAL BANK CDARS	2,500,000	0.500	1/27/2013	1/26/2012	0.50%	2,500,000	2,501,199	2,501,199	
FHLB NOTES	10,000,000	0.750	8/28/2013	5/18/2011	0.72%	10,008,025	10,084,475	10,026,877	
FREDDIE MAC (CALLABLE) GLOBAL NOTES	10,000,000	0.500	10/18/2013	10/18/2011	0.56%	9,987,200	10,022,872	10,008,027	
FHLB TAP BONDS	10,000,000	3.125	12/13/2013	5/19/2011	0.99%	10,675,134	10,555,808	10,444,122	
INDUSTRIAL BANK CDARS	2,500,000	0.900	1/27/2014	1/26/2012	0.90%	2,500,000	2,502,158	2,502,158	
FHLB NOTES (CALLABLE)	9,000,000	2.000	4/25/2014	4/27/2011	1.49%	9,134,740	9,087,282	9,083,198	
FHLMC NOTES (CALLABLE)	10,000,000	0.875	11/14/2014	11/18/2011	0.87%	10,000,972	10,046,147	10,026,007	
FNMA NOTES (CALLABLE)	10,000,000	0.800	11/21/2014	11/21/2011	0.83%	9,992,000	10,025,732	10,014,955	
									\$ 157,920,621.37
Total Debt Service Reserve									
WELLS FARGO GOVERNMENT MMF	\$ 461,279		3/1/2012		0.01%	\$ 461,279	\$ 461,279	\$ 461,279	
MERRILL LYNCH MMF	3,500,330		3/1/2012		0.06%	3,500,330	3,500,330	3,500,330	
FHLB TAP BONDS	4,600,000	5.000	3/9/2012	6/22/2010	0.78%	4,997,236	4,714,875	4,714,207	
FHLMC NOTES	10,000,000	0.515	11/26/2012	11/22/2010	0.64%	9,981,284	10,036,820	10,004,405	
FHLB TAP BONDS	5,000,000	3.125	12/13/2013	5/25/2011	0.87%	5,354,034	5,277,904	5,232,914	
									\$ 23,913,135.42



Investment Performance Report - February 2012

**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
<u>Series 2010A Bond Construction Fund</u>									
WELLS FARGO ADVANTAGE TREASURY PLUS	\$ 9,742,517		3/1/2012		0.01%	\$ 9,742,517	\$ 9,742,517	\$ 9,742,517	
WELLS FARGO GOVERNMENT MMF	25,145,888		3/1/2012		0.01%	25,145,888	25,145,888	25,145,888	
FHLMC NOTES	22,500,000	1.720	3/14/2012	1/28/2011	0.37%	22,985,250	22,682,508	22,690,479	
CATERPILLAR FIN SERV CRP COMM PAPER	10,000,000	-	3/28/2012	1/17/2012	0.04%	9,999,233	9,998,840	9,999,722	
UNION BANK NA COMM PAPER	10,000,000	-	4/17/2012	1/17/2012	0.30%	9,992,417	9,995,730	9,996,083	
TOYOTA MOTOR CREDIT CORP COMM PAPER	10,000,000	-	5/29/2012	2/29/2012	0.15%	9,996,250	9,994,250	9,996,292	
									\$ 87,570,981.58
<u>Series 2010A Bond Construction Fund- Cap 1</u>									
WELLS FARGO ADVANTAGE TREASURY PLUS	\$ 237,589		3/1/2012		0.01%	\$ 237,589	\$ 237,589	\$ 237,589	
WELLS FARGO GOVERNMENT MMF	216,331		3/1/2012		0.01%	216,331	216,331	216,331	
FHLMC GLOBAL NOTES	1,400,000	2.125	3/23/2012	3/18/2011	0.27%	1,440,656	1,414,754	1,414,638	
FHLB GLOBAL BONDS	1,400,000	1.625	9/26/2012	3/18/2011	0.43%	1,436,191	1,421,335	1,419,299	
FHLB TAP BONDS	1,400,000	3.875	3/8/2013	3/18/2011	0.70%	1,488,359	1,477,939	1,471,143	
FNMA NOTES	1,400,000	1.125	9/30/2013	3/18/2011	0.97%	1,412,681	1,423,795	1,409,995	
FNMA NOTES (EX-CALLABLE)	1,400,000	1.250	3/14/2014	3/18/2011	1.19%	1,402,617	1,431,376	1,408,118	
									\$ 7,577,113.96
<u>Total CSO LTCP Appropriations Account</u>									
TD BANK BANK DEPOSIT	\$ 8,205,309		3/1/2012		1.05%	\$ 8,205,309	\$ 8,205,309	\$ 8,205,309	
PREMIER BANK DEPOSIT	5,020,004		3/1/2012		0.24%	5,020,004	5,020,004	5,020,004	
AMERICAN BEACON MMF	1,482,022		3/1/2012		0.03%	1,482,022	1,482,022	1,482,022	
FHLB TAP BONDS	10,000,000	1.125	3/8/2012	8/21/2010	0.84%	10,080,075	10,055,980	10,054,378	
FHLB GLOBAL BONDS	10,000,000	2.250	4/13/2012	3/7/2011	0.32%	10,301,743	10,111,080	10,108,731	
BANK OF NOVA SCOTIA NY COMM PAPER	10,000,000	-	4/30/2012	1/17/2012	0.11%	9,996,822	9,997,600	9,998,167	
SUMITOMO CORP OF AMERICA COMM PAPER	10,000,000	-	8/5/2012	2/28/2012	0.34%	9,990,744	9,985,960	9,990,933	
FHLB TAP BONDS	10,000,000	1.375	8/8/2012	11/22/2010	0.50%	10,197,461	10,065,491	10,055,218	
									\$ 64,914,761.16
						\$ 358,929,868.62	\$ 358,975,762.85	\$ 358,596,674.47	\$ 358,596,674.47



Investment Performance Report - February 2012

DC Water
Finance Division
Security Transactions
Last 6 Months

ACCOUNT	CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
Purchases								
DC WASA 2010A CONSTRUCTION FUND	86561AAS6	SUMITOMO CORP OF AMERICA COMM PAPER	10,000,000	-	01/28/12	10/18/11	0.386	\$ 9,989,444.44
DC WASA 2010A CONSTRUCTION FUND	02685JBN0	AMERICAN HONDA FINANCE COMM PAPER	10,000,000	-	02/22/12	11/17/11	0.172	\$ 9,995,419.44
DC WASA 2010A CONSTRUCTION FUND	88233GBV7	TOYOTA MOTOR CREDIT CORP COMM PAPER	10,000,000	-	02/29/12	11/21/11	0.142	\$ 9,996,111.11
DC WASA 2010A CONSTRUCTION FUND	14912DCS8	CATERPILLAR FIN SERV CRP COMM PAPER	10,000,000	-	03/28/12	01/17/12	0.041	\$ 9,999,233.33
DC WASA 2010A CONSTRUCTION FUND	90628MDH7	UNION BANK NA COMM PAPER	10,000,000	-	04/17/12	01/17/12	0.304	\$ 9,992,416.87
DC WASA 2010A CONSTRUCTION FUND	89233GEV4	TOYOTA MOTOR CREDIT CORP COMM PAPER	10,000,000	-	05/29/12	02/29/12	0.162	\$ 9,996,260.00
DC WASA OPERATING RESERVE ACCOUNTS	3134G2W73	FREDDIE MAC (CALLABLE) GLOBAL NOTES	10,000,000	0.500	10/18/13	10/18/11	0.565	\$ 9,987,200.00
DC WASA OPERATING RESERVE ACCOUNTS	45778NBF0	NOVA HEALTH SYSTEMS COMM PAPER	4,750,000	-	02/15/12	11/17/11	0.183	\$ 4,747,862.50
DC WASA OPERATING RESERVE ACCOUNTS	7426M8BV8	PRIVATE EXPORT FUND COMM PAPER	5,000,000	-	02/29/12	11/17/11	0.132	\$ 4,998,122.22
DC WASA OPERATING RESERVE ACCOUNTS	3134G24Y5	FHLMC NOTES (CALLABLE)	10,000,000	0.875	11/14/14	11/18/11	0.875	\$ 10,000,972.22
DC WASA OPERATING RESERVE ACCOUNTS	3135G0FT5	FNMA NOTES (CALLABLE)	10,000,000	0.800	11/21/14	11/21/11	0.827	\$ 9,992,000.00
DC WASA OPERATING RESERVE ACCOUNTS	68844CBG8	NORTHWEST UNIVERSITY COMM PAPER	5,000,000	-	02/16/12	11/21/11	0.152	\$ 4,998,187.50
DC WASA OPERATING RESERVE ACCOUNTS	7426M2BM2	PRIVATE EXPORT FUND COMM PAPER	5,000,000	-	02/21/12	11/22/11	0.112	\$ 4,998,609.72
DC WASA OPERATING RESERVE ACCOUNTS	RED854415	INDUSTRIAL BANK CDARS	2,500,000	0.500	01/27/13	01/26/12	0.507	\$ 2,500,000.00
DC WASA OPERATING RESERVE ACCOUNTS	RED854423	INDUSTRIAL BANK CDARS	2,500,000	0.900	01/27/14	01/26/12	0.913	\$ 2,500,000.00
DC WASA OPERATING RESERVE ACCOUNTS	3024A6EF5	FCAR OWNER TRUST COMM PAPER	5,000,000	-	05/15/12	02/22/12	0.244	\$ 4,997,233.33
DC WASA OPERATING RESERVE ACCOUNTS	3024A6EF5	FCAR OWNER TRUST COMM PAPER	5,000,000	-	05/15/12	02/22/12	0.264	\$ 4,997,002.78
DC WASA OPERATING RESERVE ACCOUNTS	4662J0EP3	JP MORGAN CHASE & CO COMM PAPER	5,000,000	-	05/23/12	02/22/12	0.152	\$ 4,998,104.17
DC WASA OPERATING RESERVE ACCOUNTS	60688FEN5	MIZUHO FUNDING LLC COMM PAPER	5,000,000	-	05/22/12	02/22/12	0.376	\$ 4,995,375.00
DC WASA TOTAL CSO LTCP APPROPRIATIONS	68844CAA2	NORTHWEST UNIVERSITY COMM PAPER	5,000,000	-	01/10/12	10/18/11	0.132	\$ 4,998,463.33
DC WASA TOTAL CSO LTCP APPROPRIATIONS	08416JDA0	BANK OF NOVA SCOTIA NY COMM PAPER	10,000,000	-	04/30/12	01/17/12	0.112	\$ 9,996,822.22
DC WASA TOTAL CSO LTCP APPROPRIATIONS	86561AF51	SUMITOMO CORP OF AMERICA COMM PAPER	10,000,000	-	06/06/12	02/28/12	0.345	\$ 9,990,744.46
DC WASA RATE STABILIZATION FD	36959HEV8	GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	02/29/12	10/18/11	0.233	\$ 9,991,438.89
DC WASA RATE STABILIZATION FD	36959HFU5	GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	06/28/12	02/29/12	0.223	\$ 9,992,666.87

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



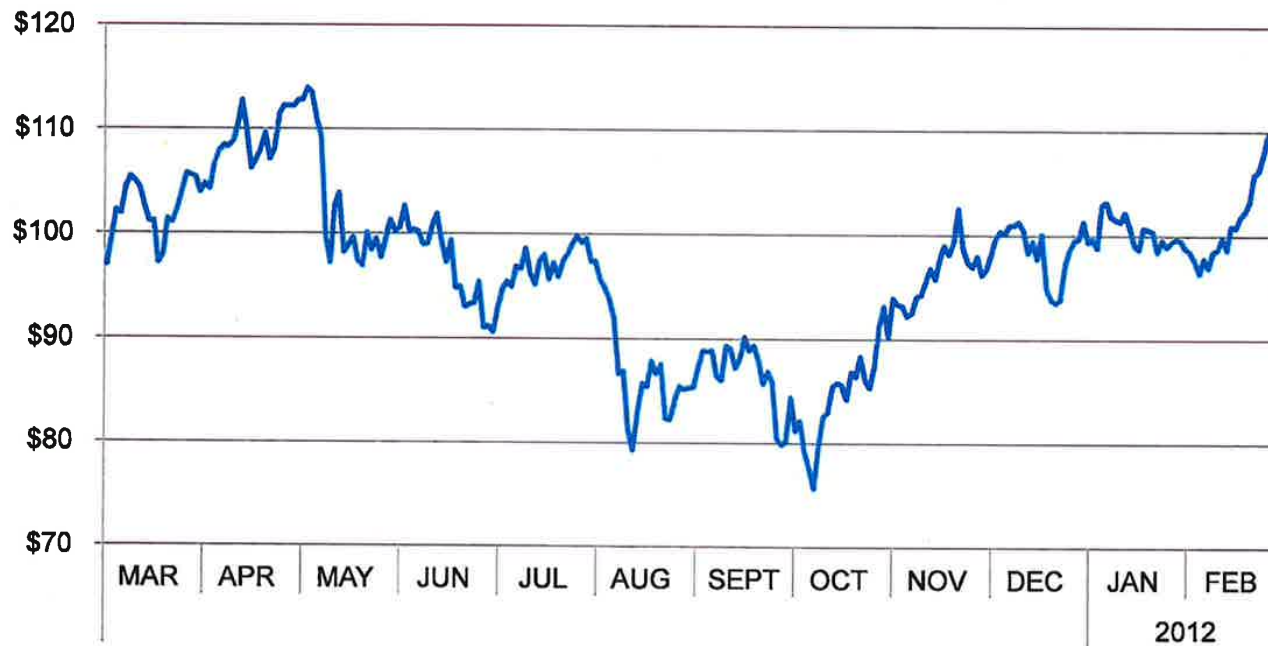
Appendix: Economic Update



Oil Above \$100 A Barrel Creates A Drag On Growth

- Since the beginning of 2012, the average price of a barrel of oil has been \$101.09, a 13% or \$11 increase compared to the same period last year.
- Every \$10 rise in the price of a barrel of oil subtracts about 0.3% from GDP.

Crude Oil (West Texas Intermediate)



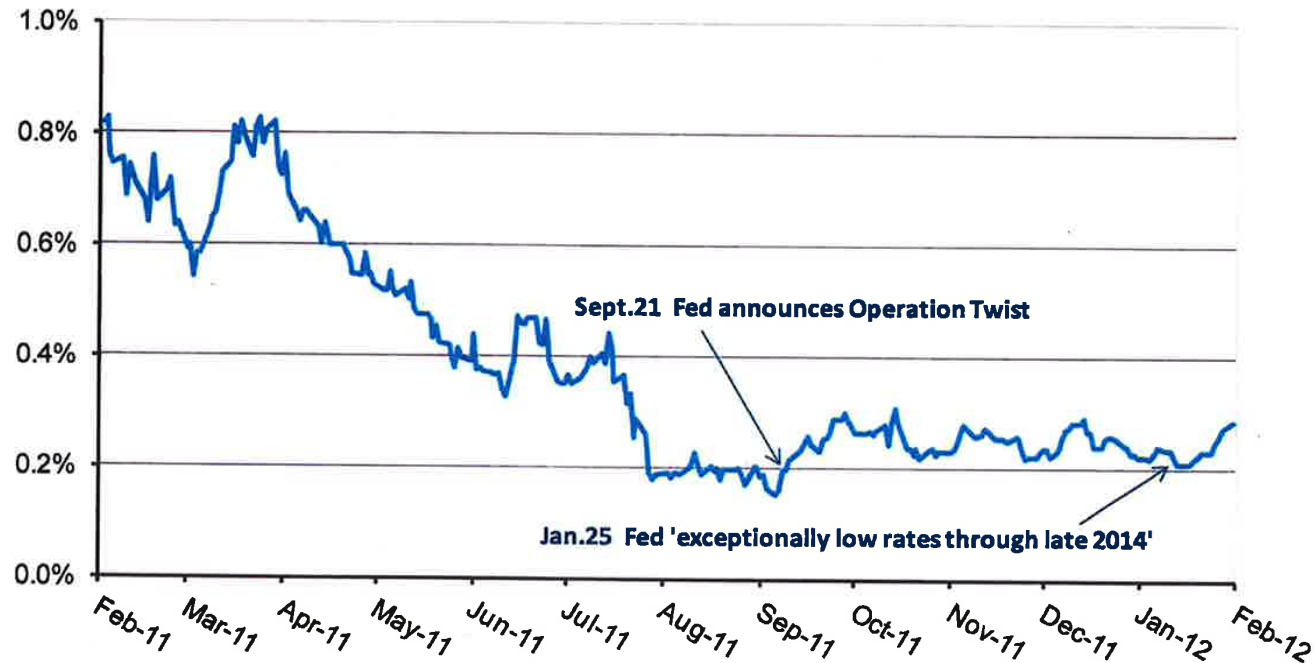
Source: Bloomberg



Global Demand For Safety Outstripping Supply

- Despite the Federal Reserve's commitment to exceptionally low levels for the federal funds target rate through late 2014, yields on 2 year U.S. Treasuries have inched higher.

2-Year U.S. Treasury Yield



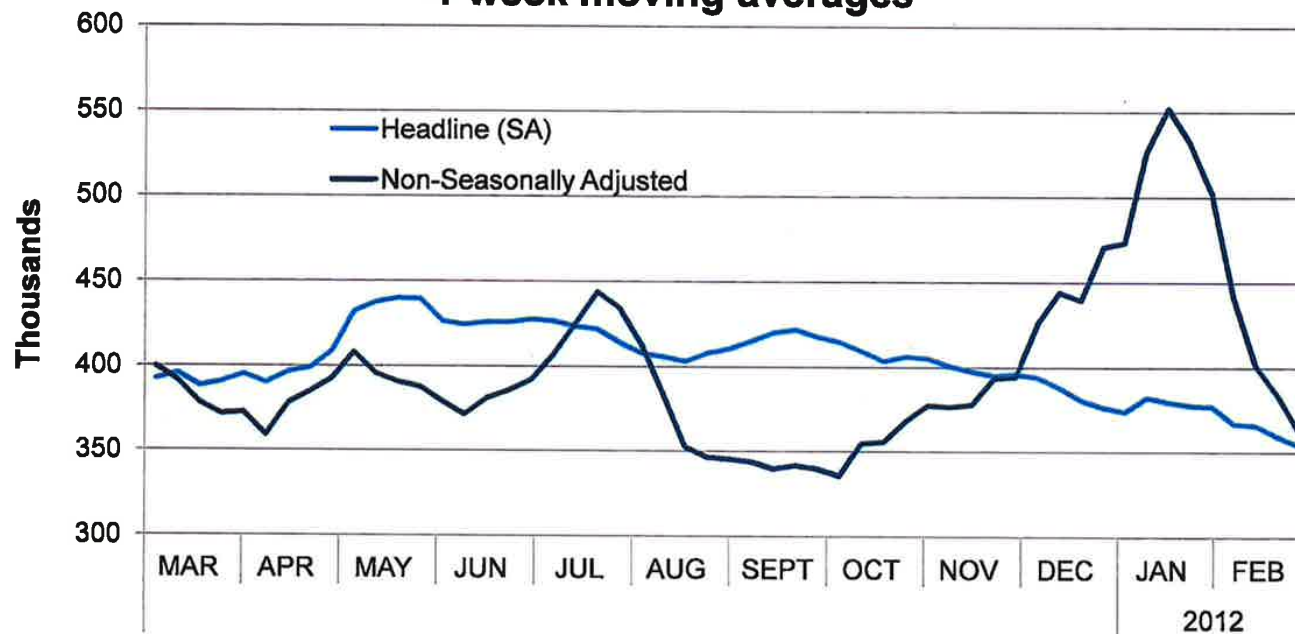
Source: Bloomberg



Weekly Jobless Claims Trending Lower Since September

- The 4-week moving average now stands at 354,000. More importantly, the four week moving average continued to trend down, which may point toward stronger growth in monthly payrolls

Initial Jobless Claims 4-week moving averages

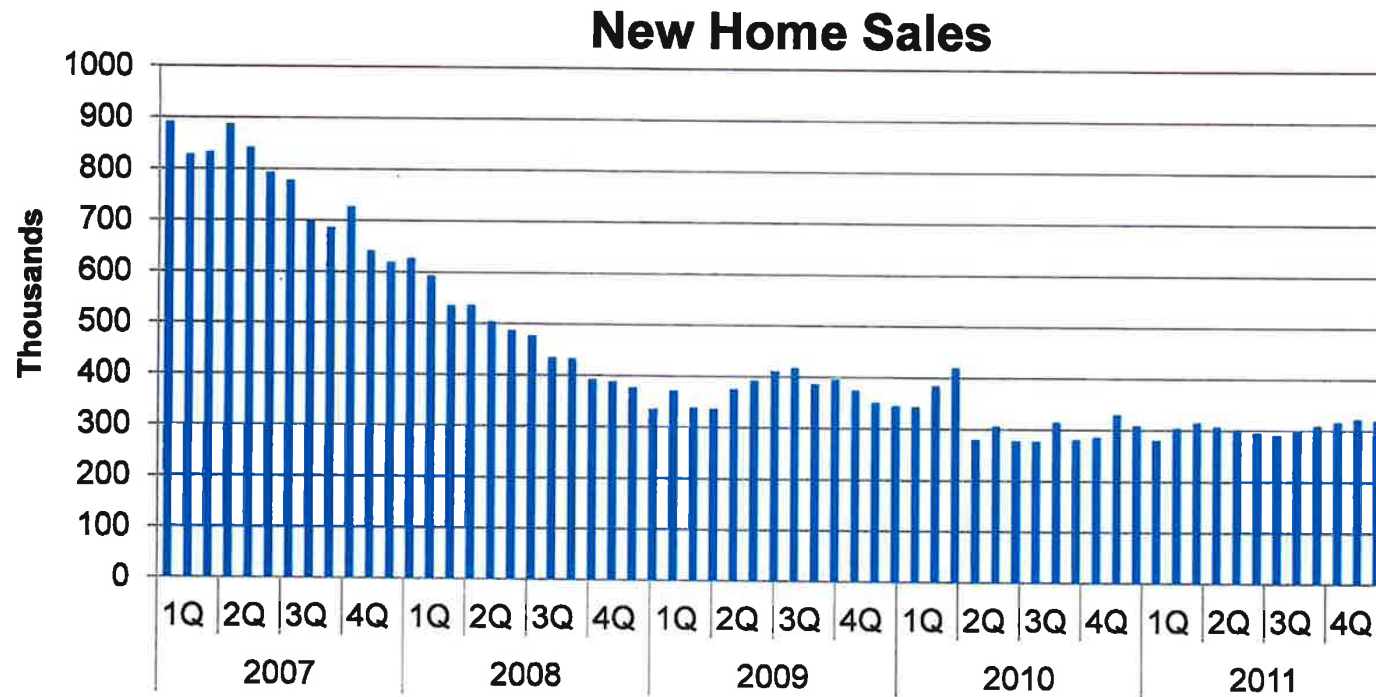


Source: Bloomberg



New Home Sales Set To Increase In 2012

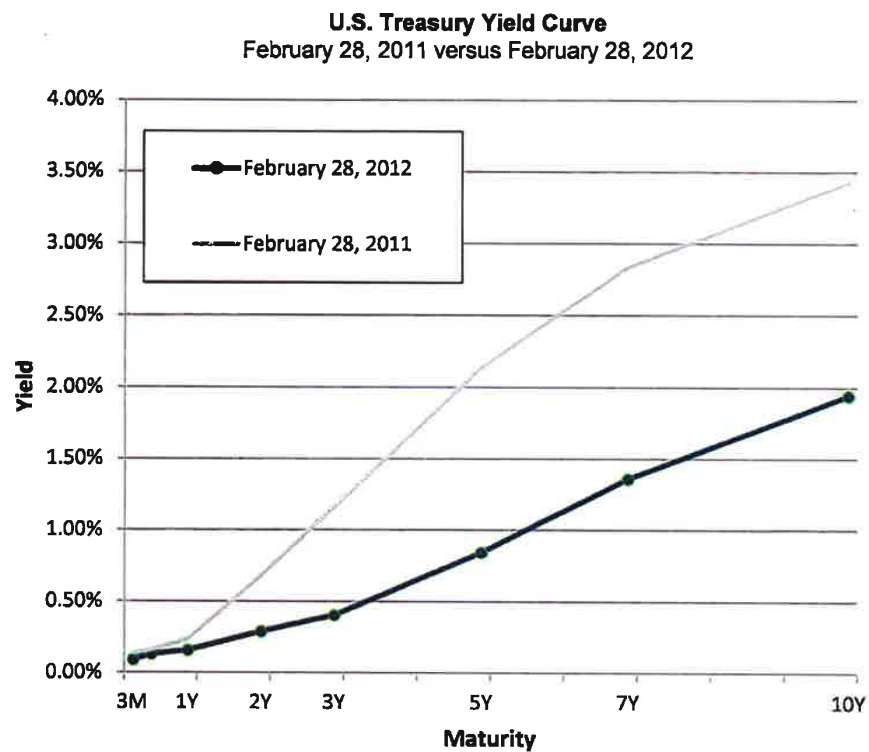
- 2011 was the lowest number of sales (302,000) since records began in 1963.
- Toll Brothers reporting that orders are up so far in 2012.



Source: Bloomberg



Yield Curve Flattens As Fed Policy Holds Rates Down



Historic Rates			
	2/28/11	2/28/12	Change
3 month	0.13%	0.09%	-0.04%
6 month	0.16%	0.13%	-0.03%
1 year	0.24%	0.16%	-0.08%
2 year	0.68%	0.29%	-0.39%
3 year	1.16%	0.40%	-0.76%
5 year	2.14%	0.84%	-1.30%
10 year	3.43%	1.94%	-1.48%

Source: Bloomberg



Budget & Finance Committee Briefing

2012 Bond Issuance Summary

March 29, 2012

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Results of Refunding	9
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Series 2012 Bonds Transaction Highlights



❑ *DC Water achieved a number of significant accomplishments in the 2012 Bonds sale*

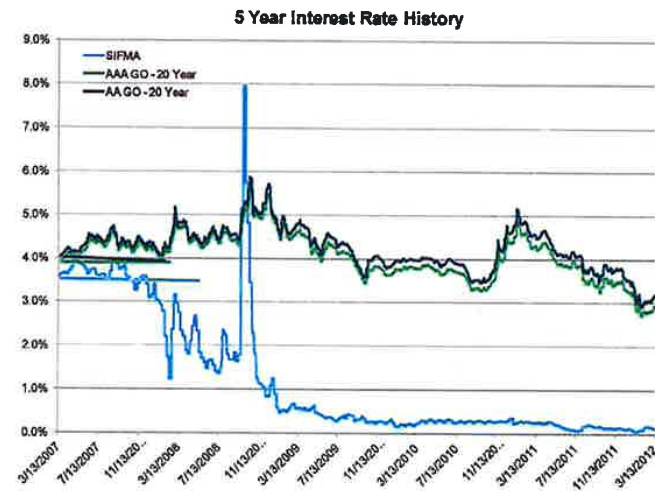
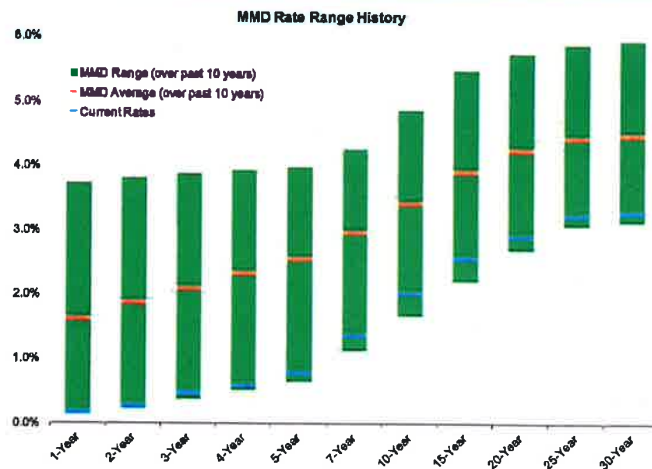
- Lowest long-term financing cost of any bond issue in its history with combination of fixed rate and variable rate (SIFMA Index mode) bonds
- Refinancing component achieved over \$25.4 million of gross savings and \$17.8 million of present value savings, equating to \$1.2 million annually
- Rating upgrade by Standard & Poor's that elevated senior lien to AA+ and subordinate lien to AA, making it one of the highest rated large water/wastewater systems in the country
- Successfully introduced asset-liability matching program with issuance of SIFMA index notes, with expectation of more than \$3 million of annual benefit, given initial average rates of 0.69%
- Investor outreach program was successful, achieving broad distribution to retail and institutional investors at very aggressive interest rates

Historical Tax-Exempt Interest Rates

MMD Rate Position



The AAA MMD Benchmark rates, as well as short-term rates, are near all-time lows across the curve



Summary of Current v Historical (10 year) MMD Rates											
Statistic	1-Year	2-Year	3-Year	4-Year	5-Year	7-Year	10-Year	15-Year	20-Year	25-Year	30-Year
Current	0.18%	0.27%	0.48%	0.59%	0.79%	1.38%	2.02%	2.57%	2.92%	3.24%	3.29%
Average	1.62%	1.88%	2.10%	2.33%	2.56%	2.97%	3.42%	3.91%	4.25%	4.44%	4.48%
Spread to Average	-144 bps	-161 bps	-162 bps	-174 bps	-177 bps	-159 bps	-140 bps	-134 bps	-133 bps	-120 bps	-119 bps
Min	0.18%	0.26%	0.38%	0.52%	0.65%	1.13%	1.67%	2.21%	2.70%	3.08%	3.14%
Max	3.73%	3.81%	3.88%	3.93%	3.98%	4.26%	4.86%	5.47%	5.74%	5.88%	5.94%

Historical Tax-Exempt Interest Rates

MMD Rate Progression



❑ *MMD rates have tightened after reaching record lows in early February*

MMD	1Y Prior 3/13/11	6M Prior 9/13/11	3M Prior 12/13/11	1M Prior 2/13/12	3/9/12	3/12/12	3/13/12	3/14/12	3/19/12
1-Year	0.38%	0.22%	0.25%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%
2-Year	0.70%	0.30%	0.36%	0.29%	0.27%	0.27%	0.27%	0.30%	0.36%
3-Year	1.02%	0.38%	0.58%	0.45%	0.48%	0.48%	0.48%	0.51%	0.56%
4-Year	1.49%	0.54%	0.86%	0.57%	0.59%	0.59%	0.59%	0.66%	0.78%
5-Year	1.76%	0.87%	0.95%	0.66%	0.79%	0.79%	0.79%	0.89%	0.97%
6-Year	2.03%	1.13%	1.07%	0.96%	1.11%	1.11%	1.11%	1.24%	1.35%
7-Year	2.31%	1.40%	1.29%	1.21%	1.40%	1.38%	1.38%	1.51%	1.61%
8-Year	2.55%	1.67%	1.52%	1.46%	1.67%	1.64%	1.65%	1.78%	1.88%
9-Year	2.78%	1.90%	1.78%	1.67%	1.89%	1.86%	1.87%	2.00%	2.11%
10-Year	3.00%	2.07%	1.96%	1.83%	2.05%	2.02%	2.04%	2.17%	2.28%
11-Year	3.22%	2.25%	2.13%	1.94%	2.19%	2.17%	2.19%	2.31%	2.42%
12-Year	3.40%	2.43%	2.32%	2.03%	2.30%	2.29%	2.31%	2.41%	2.52%
13-Year	3.58%	2.62%	2.50%	2.12%	2.40%	2.39%	2.41%	2.51%	2.62%
14-Year	3.74%	2.76%	2.66%	2.23%	2.50%	2.49%	2.51%	2.61%	2.72%
15-Year	3.86%	2.89%	2.79%	2.32%	2.58%	2.57%	2.59%	2.69%	2.80%
16-Year	3.95%	3.00%	2.91%	2.41%	2.65%	2.64%	2.66%	2.76%	2.87%
17-Year	4.04%	3.10%	3.02%	2.50%	2.72%	2.71%	2.73%	2.83%	2.93%
18-Year	4.13%	3.20%	3.12%	2.60%	2.79%	2.78%	2.80%	2.89%	2.99%
19-Year	4.22%	3.29%	3.22%	2.70%	2.86%	2.85%	2.87%	2.95%	3.04%
20-Year	4.30%	3.38%	3.31%	2.80%	2.93%	2.92%	2.94%	3.02%	3.10%
21-Year	4.40%	3.47%	3.40%	2.90%	3.00%	2.99%	3.01%	3.09%	3.16%
22-Year	4.50%	3.54%	3.47%	3.00%	3.07%	3.06%	3.08%	3.16%	3.23%
23-Year	4.59%	3.61%	3.54%	3.09%	3.14%	3.13%	3.15%	3.23%	3.29%
24-Year	4.66%	3.63%	3.60%	3.16%	3.21%	3.19%	3.21%	3.29%	3.35%
25-Year	4.71%	3.63%	3.63%	3.20%	3.26%	3.24%	3.26%	3.35%	3.41%



Source: Thomson Reuters

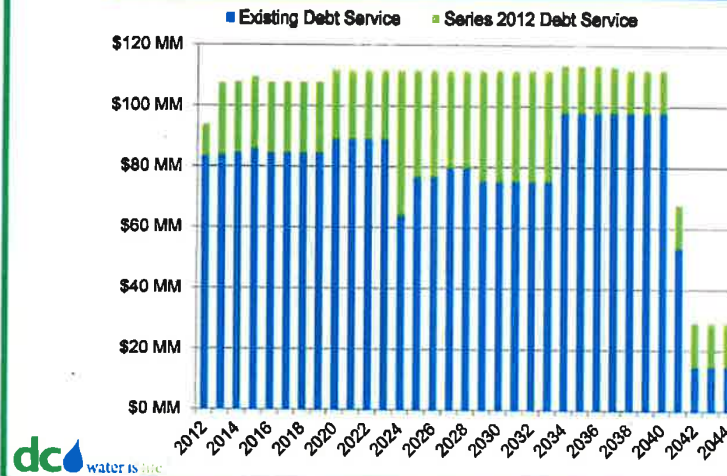
Series 2012 Financing Summary



\$440,645,000 Public Utility Subordinate Lien Revenue Bonds, Series 2010A, B & C

- **Sale Date:** March 13, 2012
- **Par Amount:** \$440.645 million
- **Purpose:** New Money & Refunding
- **Term:** 32 years
- **Tax Status:** Tax-Exempt
- **Debt Structure:** Level Wrapped Structure
- **Capitalized interest on \$50MM for digester financing**

Series 2012 Annual Debt Service (\$MM)



	Fixed Rate (New Money)	SIFMA Notes (New Money)	Fixed Rate (Refunding)
Series	2012A	2012B	2012C
Par Amount (\$)	177,430,000	100,000,000	163,215,000
Proceeds (\$)	204,098,791	100,000,000	189,835,684
Debt Service in Years	2013 - 2038	2012 - 2045	2013 - 2034
Average Life (years)	15.32	29.17	17.20
All-In-TIC*	3.55%	B-1: SIFMA +48 bps B-2: SIFMA +58 bps	3.63%
Average Annual Debt Service*	12,202,600	Variable	14,091,961
Average Annual Savings	N/A	N/A	1,158,073

Series 2012 Rating Results



■ DC Water undertook a successful effort to upgrade its bond ratings, with S&P providing an upgrade on the senior and subordinate lien

- The rating results for the 2012 subordinate lien transaction were as follows:
 - Fitch: AA- (AA senior and AA- subordinate lien ratings affirmed with stable outlook)
 - Moody's: Aa3 (Aa2 senior and Aa3 subordinate lien rating affirmed with stable outlook)
 - Standard & Poor's: AA (Upgraded to AA+ senior and AA Subordinate lien rating with stable outlook)
- The S&P rating upgrade was predicated upon continued strong financial results, ability to implement the capital plan, and strong comparative financials to peers
- The rating benefit of the AA subordinate lien rating was estimated at approximately 3 basis points in the financing – worth approximately \$2.53 million in gross debt service
- Moody's raised some concerns on SIFMA notes, but DC Water's conservative policies and structure, as discussed with the Finance Committee, addressed these issues



Results of SIFMA Note and Fixed Rate Deals



Series 2012A&C			
Spreads to MMD	3/9	3/12	3/13 (Sale)*
1-Year	25 bps	25 bps	14 bps
2-Year	35 bps	35 bps	23 bps
3-Year	45 bps	40 bps	33 bps
4-Year	50 bps	45 bps	37 bps
5-Year	52 bps	48 bps	44 bps
6-Year	55 bps	50 bps	49 bps
7-Year	55 bps	53 bps	50 bps
8-Year	55 bps	55 bps	49 bps
9-Year	55 bps	55 bps	47 bps
10-Year	55 bps	55 bps	47 bps
11-Year	58 bps	58 bps	49 bps
12-Year	58 bps	58 bps	53 bps
13-Year	58 bps	58 bps	52 bps
14-Year	58 bps	58 bps	51 bps
15-Year	58 bps	58 bps	51 bps
16-Year	58 bps	58 bps	51 bps
17-Year	55 bps	55 bps	51 bps
18-Year	55 bps	55 bps	49 bps
19-Year	55 bps	55 bps	46 bps
20-Year	55 bps	55 bps	44 bps
21-Year	55 bps	55 bps	42 bps
22-Year	-	-	-
23-Year	-	-	-
24-Year	-	-	-
25-Year	50 bps	50 bps	38 bps

Series 2012B-1 & B-2				
Spreads to SIFMA	3/8	3/12	3/13 (Morning)	3/13 (Sale)
B-1	65 bps	55 bps	53 bps	48 bps
B-2	80 bps	65 bps	63 bps	58 bps



* Spread to of 3/12 MMD.

Series 2012 Pricing Comparisons – Week of March 5th and 12th



Issuer	DC Water (Series 2012A)*	San Antonio Water*	Broward County, FL	New York Water Finance Authority	New York Thruway Authority**
Ratings	Aa3/AA/AA-	Aa2/AA-/AA	Aa2/AA/AA+	Aa2/AA+/AA+	-/AA/AA
Par Amount	177.4mm	31.9mm	\$251.5mm	\$522.5mm	780.5mm
Sale Date	3/13/12	3/13/12	3/9/12	3/7/12	3/14/12
Call Option	10YC	10YR	10YR	10YR	10YR
Maturity					
2013	14	6	17		(5)
2014	23	24	20		17
2015	33	34	29		20
2016	37	39	30		23
2017	44	45	38		25
2018	49	49	45		27
2019	50	55	48	22	32
2020	48	53	48	23	36
2021	46	55	47	24	37
2022	45	53	47	24	37
2023	47		48	24	38
2024	51		48		45
2025	50		52		45
2026	49		51		45
2027	49		54		45
2028	49		47	40	45
2029	49		47	45	45
2030	47		47	44	46
2031	44		52	47	45
2032	42		47		48
2033	40				
2034				50	
2035					
2036					
2037	36		42		



* Spread to 3/13 MMD.

** Spread to 3/14 MMD.

Results of Refunding



□ The refinancing produced significant cash flow savings to DC Water

Savings Summary	
Total Debt Service Savings	\$25,477,600
Total NPV Savings	\$17,842,677
Average Annual Debt Service Savings	\$1,158,073
Years with Savings	2012-2033
Net Present Value (NPV) Savings	\$17,842,677
Savings as a % of Refunded Par	10.12%
Refunded Par Amount	\$176,220,000

- The elimination of needing a DSRF surety also saved DC Water at least \$160,000 for the next few years and relieved the administrative burden of the required DSRF surety

Investor Distribution



DC Water undertook a number of efforts, including an investor meeting in New York, to provide specific updates on the credits to institutional investors

Series 2012A Investor Breakdown

Investor	Orders	Category	Investor	Orders	Category
Appleton Partners	13,210	Bank Tst/Inv Adv/Ret/SMA	Marshall & Ilsley Trust Co	1,000	Bank Tst/Inv Adv/Ret/SMA
Atlantic Trust Company	200	Trust Department	MD Sass	2,310	Bank Tst/Inv Adv/Ret/SMA
Bessemer Trust	625	Trust Department	Metropolitan Life Ins	5,000	Insurance Company
Blackrock/MLAM	49,040	Mutual Fund	Neuberger Berman	6,305	Bank Tst/Inv Adv/Ret/SMA
BofA	4,445	Bank Tst/Inv Adv/Ret/SMA	New England Asset Mgmt	33,980	Insurance Company
Capital Research	5,000	Bond Fund	Norwest Trust	3,315	Trust Department
Chevy Chase Savings Bk	1,000	Bank Tst/Inv Adv/Ret/SMA	Nuveen Asset Mgmt	33,250	Bond Fund
Chilton Financial	3,500	Bank Tst/Inv Adv/Ret/SMA	Offit Capital Advisors	2,000	Bank Tst/Inv Adv/Ret/SMA
Citibank Arb	15,000	Arbitrage Account	Prime Advisors	1,800	Money Manager
Columbia Mgmt Group	400	Bank Tst/Inv Adv/Ret/SMA	RMR Asset Mgmt	250	Bank Tst/Inv Adv/Ret/SMA
Deutsche Arbitrage	6,005	Arbitrage Account	Samson Capital Mgmt	7,580	Bank Tst/Inv Adv/Ret/SMA
Eagle Asset Mgmt	3,000	Money Manager	Smith Affiliated Capital	250	Bank Tst/Inv Adv/Ret/SMA
Eaton Vance	6,570	Bond Fund	Standish Mellon Ast Mgmt	9,595	Insurance Company
Franklin Fund	47,315	Mutual Fund	Sterling Capital Mgmt	9,295	Bank Tst/Inv Adv/Ret/SMA
Gannett Company, Inc	13,980	Bank Tst/Inv Adv/Ret/SMA	UBS Global Asset Mgmt	12,990	Bank Tst/Inv Adv/Ret/SMA
Gannett Welsh & Kotler	13,290	Bank Tst/Inv Adv/Ret/SMA	US Trust Corporation	11,775	Trust Department
Goldman Sachs Ast Mgmt	4,930	Bank Tst/Inv Adv/Ret/SMA	Vanguard Group	66,275	Bond Fund
High Grade Invest Serv	1,000	Bank Tst/Inv Adv/Ret/SMA	Wells Capital Mgmt	125	Bank Tst/Inv Adv/Ret/SMA
HSBC Asset Mgmt	1,000	Bank Tst/Inv Adv/Ret/SMA	Wells Fargo Bank Trust	1,720	Bank Tst/Inv Adv/Ret/SMA
JP Morgan Asset Mgmt	74,660	Bank Tst/Inv Adv/Ret/SMA	Western Asset Mgmt	4,905	Bond Fund

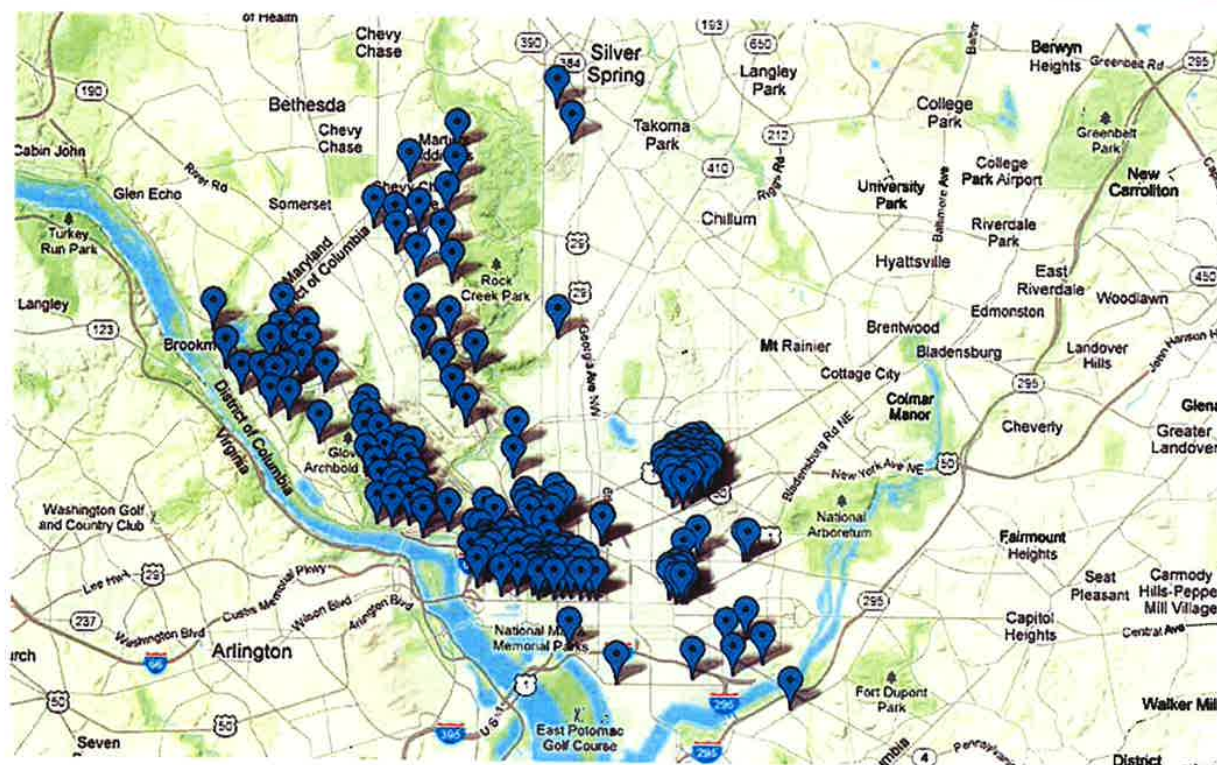
Series 2012C Investor Breakdown

Investor	Orders	Category	Investor	Orders	Category
AIG Group	40,000	Insurance Company	Metropolitan Life Ins	10,000	Insurance Company
Citibank Arb	23,575	Arbitrage Account	New England Asset Mgmt	27,675	Insurance Company
Delaware Mgmt Co	12,675	Bond Fund	Prime Advisors	11,535	Money Manager
Deutsche NY Arb	87,530	Arbitrage Account	Standish Mellon Ast Mgmt	10,985	Bank Tst/Inv Adv/Ret/SMA
Edward D. Jones	250	Bank Tst/Inv Adv/Ret/SMA	Vanguard Group	56,275	Bond Fund
JP Morgan Asset Mgmt	154,135	Bank Tst/Inv Adv/Ret/SMA	Wells Fargo Bank Trust	400	Bank Tst/Inv Adv/Ret/SMA

Investor Distribution



- ❑ *DC Water undertook a number of efforts, including an investor meeting in New York, to provide specific updates on the credits to institutional investors*





Attachment 3

CREDIT AND COLLECTIONS

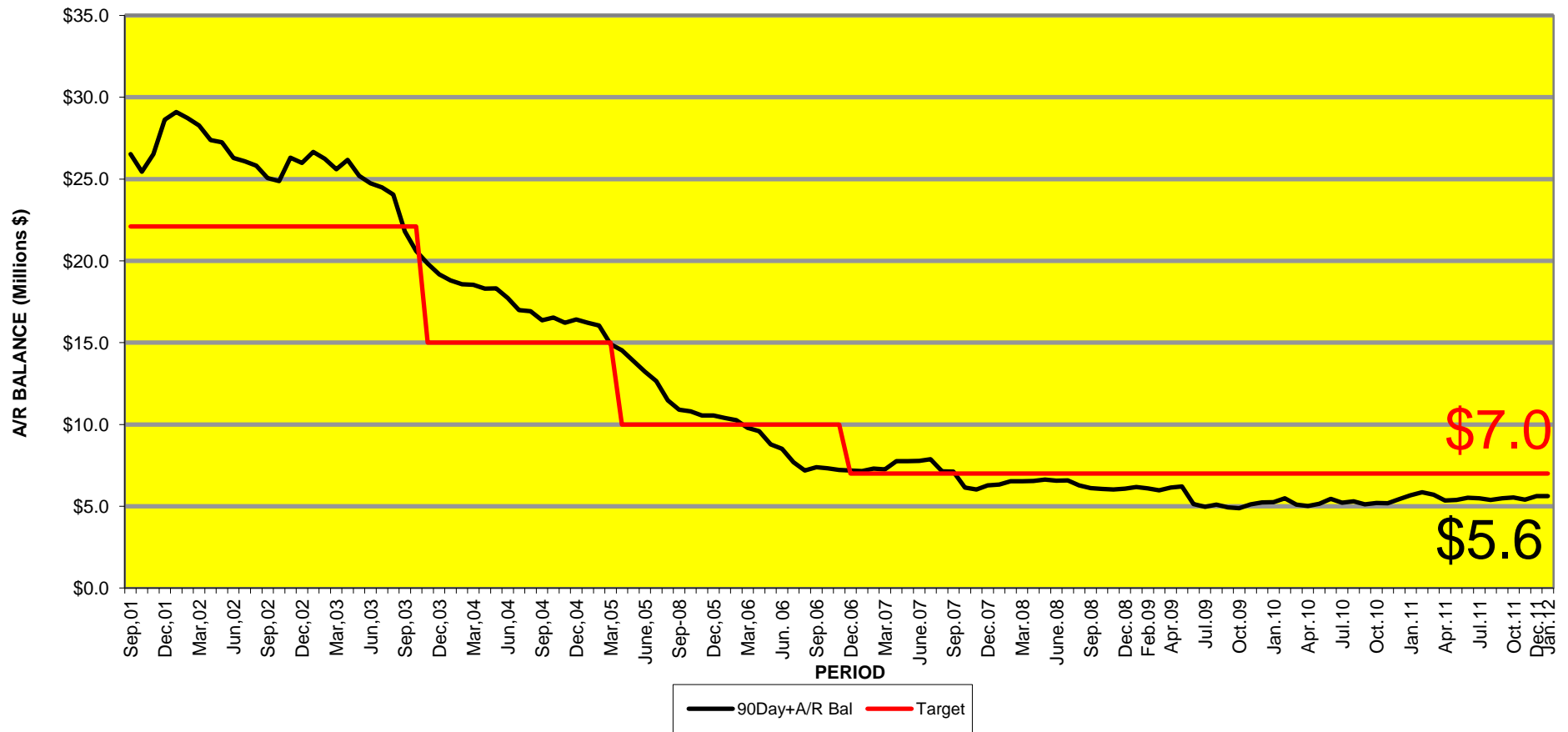
Presented to the
Finance and Budget Committee

Charles Kiely
March 29, 2012



DC Water Collection History 90-Day Receivables*

Accounts Receivable & Bad Debt vs. Target



* Active and inactive services



Background

- In the last 10 years, DC Water has reduced its 90 day delinquent customer accounts receivable by more than 80% from almost \$30 million to less than \$6 million.
- This was achieved through a combination of strategies focused on providing customers accurate timely bills, friendly reminders, reasonable payment terms, and payment assistance where needed. We also used disconnection when other efforts failed, and legal action when necessary.
- Since October 2009, the arrears have ranged from \$4.9 to \$5.8 million, and have been managed even through rate increases.
- Arrears typically are higher in the summer, due to higher consumption, and again in the winter due to curtailed collection and shutoff activities.
- Supporting this is training and supervision that focuses on respectful, polite, and professional collection techniques for our staff.



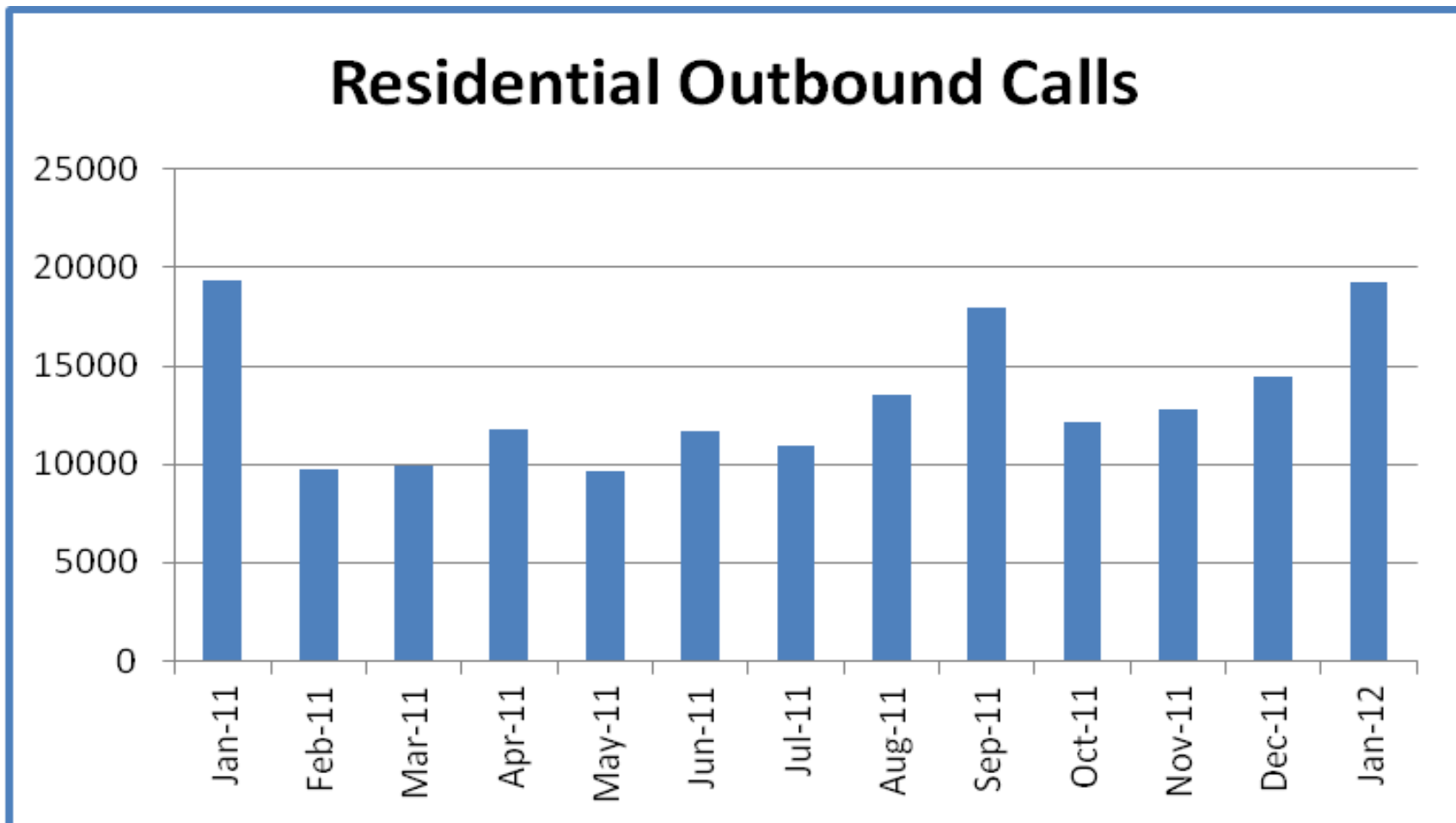
Arrears Management

Our arrears management plan includes technology and other tools to control arrears:

- Reminder Notices
- Outbound calling – Dialing for Dollars
- Automatic lien process
- Tax Sale
- Disconnections
- Payment plans
- Budget billing
- Receivership
- Service Level Agreements with Meter and Legal services



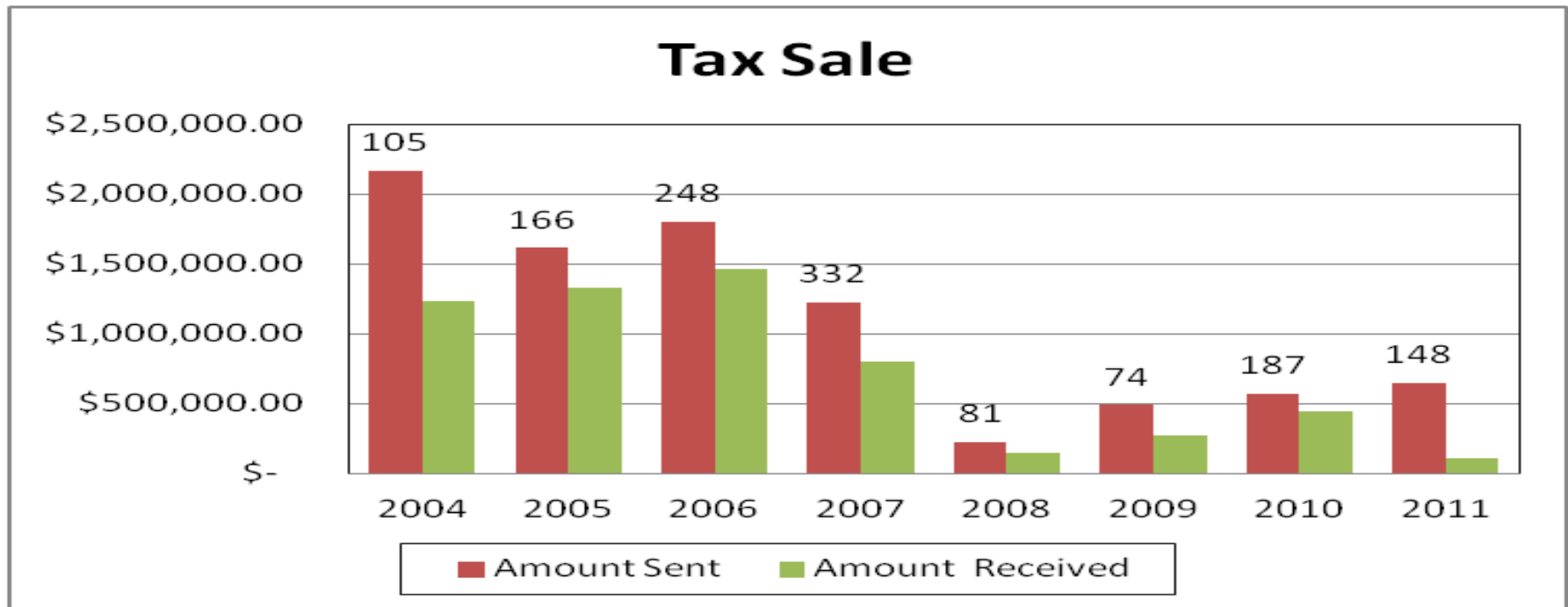
Collection Tools: Residential Collection Calls





Collection Tools: Tax Sale

From 2004-2007, as our arrears decreased, the inventory of accounts to send to tax sale declined. In 2008, when the lending markets and property values had greater uncertainty we saw fewer people willing to bid on tax sale properties. These liens may not be redeemed for several years.



The amount received is related to the FY year in which payment was received; however, there is some overlap



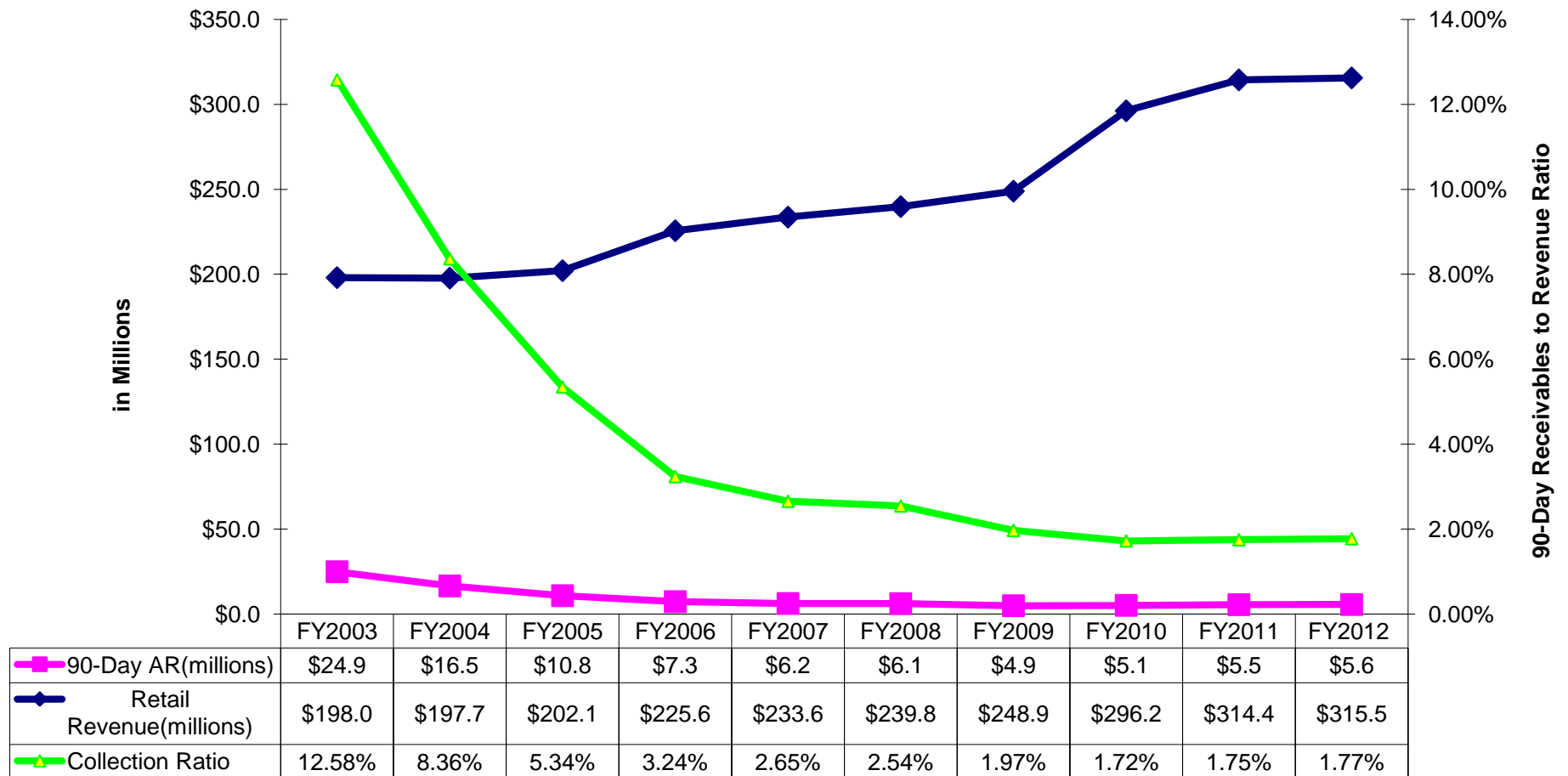
Collection Tools: Recent one year period

• Reminder Notices	319,602
• Shut off Notices	34,708
• Shut offs	10,307
• Intent to Lien Notices	2,355
• Liens	1,163



90-Days Receivable to Revenue Trend

Accounts Receivables vs Retail Revenue Analysis



Note – FY 2012 is projected based on first quarter revenue

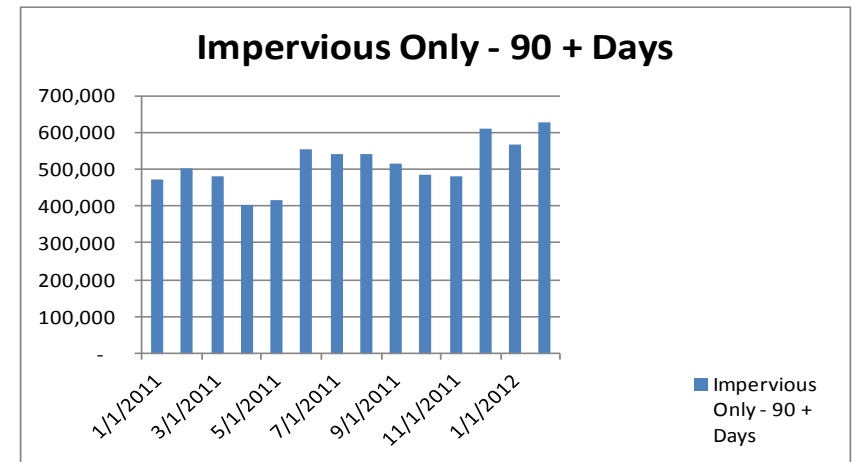
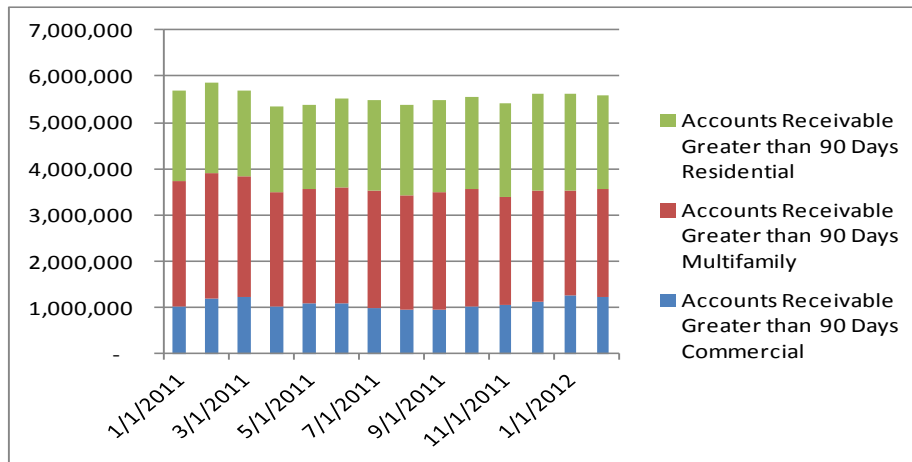


Accounts Receivable Collection Challenges

- **Multi-Family accounts:** currently multi-family accounts are not shut off when they are eligible for disconnection. Instead, we use receivership and subsequent tax sale. These are worth about half of the chronic \$5.5 - \$5.8 million in 90 day arrears, and are concentrated in about 50 properties.
- **Slower property turnover and limited refinancing to clear liens**
- **Impervious Only accounts:** We cannot shutoff these properties, so we use liens instead. They are worth about 10% of chronic arrears, and may increase as the Clean Rivers/Impervious Area Charge rises.
- **Other difficult to resolve high balance cases:** Places of worship, foreign embassies, condominium complexes with insufficient dues collections, abandoned properties with pending litigation issues or building code violations.



90 day arrears variance



The relative scale of arrears among different customer categories remains largely the same, with the exception of impervious only accounts which are steadily growing.

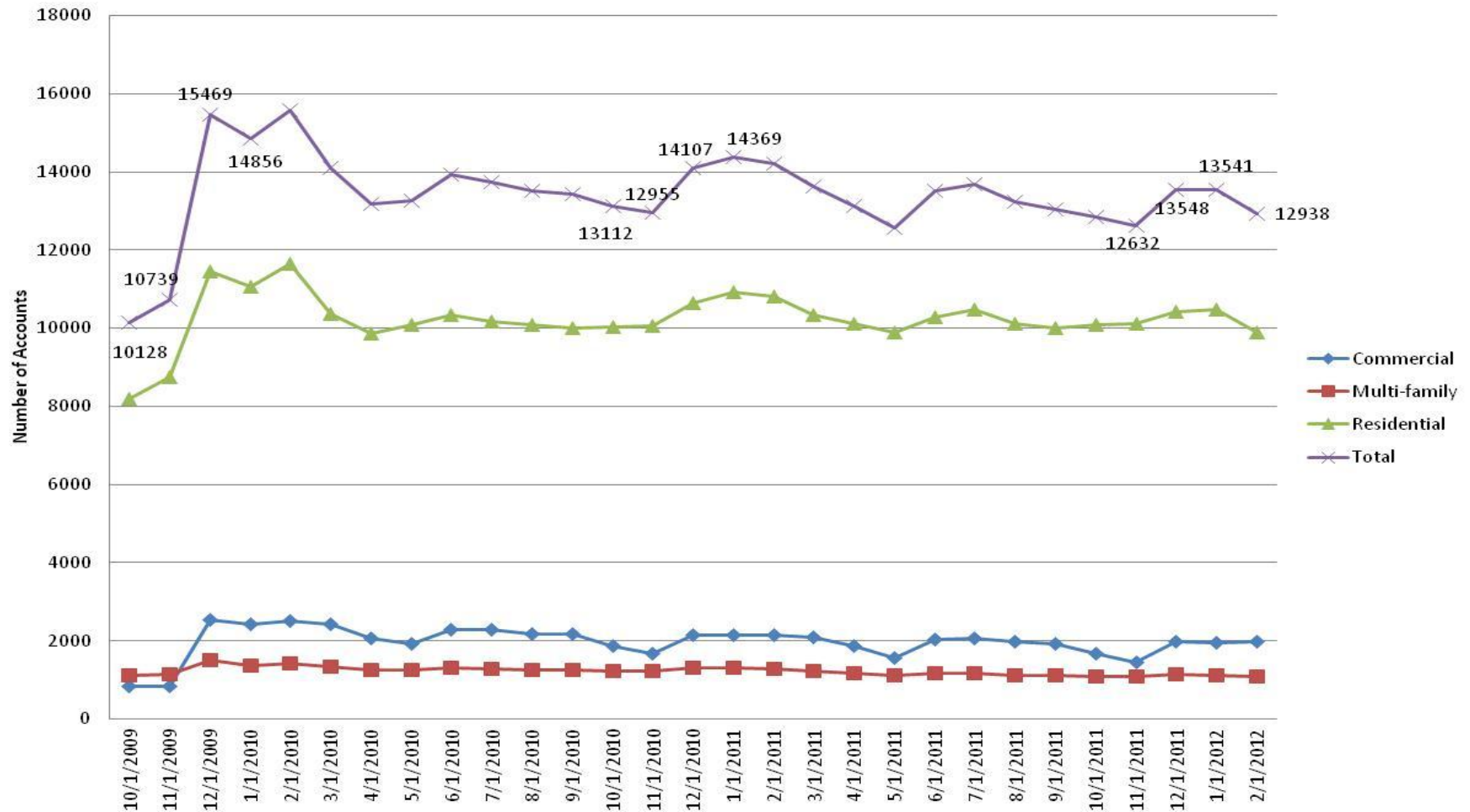
Multifamily properties remain the largest component of chronic arrears, for a relatively small number of properties (about 1,100). Of these, just 54 properties are responsible for \$1.4 million in arrears. Most of these are vacant awaiting tax sale, or occupied and in receivership.

The credit department monitors the top 250 accounts every week to make sure every possible action is taken to collect up to and including tax sale. Some of these are properties that are sensitive, such as a hospital, a private housing apartment development for low income residents, several tenant-purchased cooperatives, Embassies, churches and social service organizations. These tend to turn over and get paid more slowly than commercial accounts.



Delinquent Accounts Comparison

(Oct 2009 to Feb 2012)



ATTACHMENT 4



Resolution:
Property & Casualty Insurance
Brokerage Contracts

March 29, 2012

Presenter: Tanya DeLeon, Risk Manager



Background

- The Authority's procurement strategy maximizes competition and market access by involving multiple insurance brokers.
- The Authority conducted an RFP process to qualify insurance brokers for participation in the 2012-2017 broker pool (base plus 4 option years).
- There were four (4) total respondents, three (3) of which were qualified through the procurement process.
- Evaluation included experience/stability of firm, qualifications of assigned team, technical approach and cost proposals.



Background (Cont.)

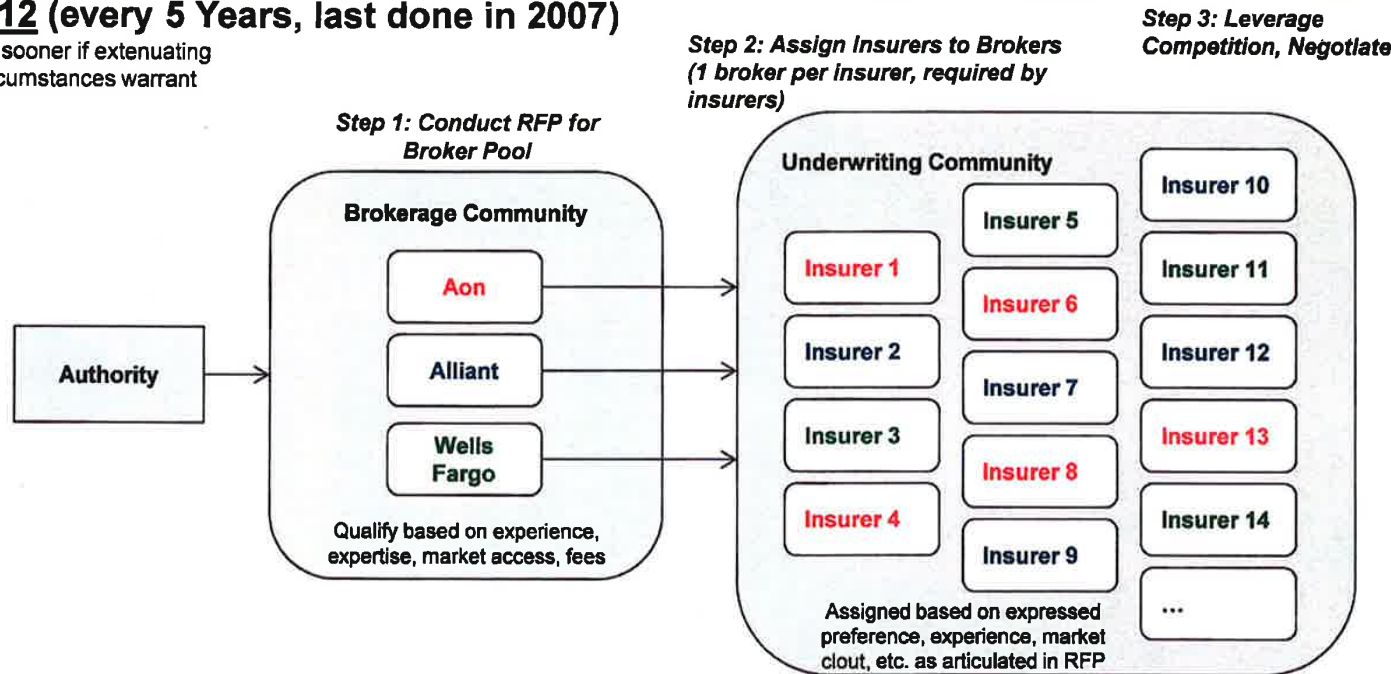
- Qualified brokers will compete for the Authority's July 1, 2012 insurance renewal.
- Successful award is based upon the broker obtaining the best quote based on cost, coverage, and stability of insurance provider.
- Brokers only receive compensation if they deliver successful proposals. Further details on competitive process follow.
- It is envisioned that the successful broker will continue handling those areas of insurance for the remainder of the five years.



Insurance Renewal Approach

2012 (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 (2013-17)

Multi-year insurance contracts are rarely available in the 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.



Renewal Calendar and Status

Mar	Began Preparing Applications	<input checked="" type="checkbox"/>
	Finalize Broker Pool Qualification	<input checked="" type="checkbox"/>
Apr	Authorize Brokers to Approach Carriers	<input type="checkbox"/>
	Provide Applications and Underwriting Data	<input type="checkbox"/>
Apr-Jun	Respond to Underwriters' Questions	<input type="checkbox"/>
Jun	Receive Quotes	<input type="checkbox"/>
	Review, Clarify, Negotiate	<input type="checkbox"/>
Jul 1	Insurance Policies renew	<input type="checkbox"/>



Appendix I

Program Summary – Jul 1, 2011-12

Coverage	Main Limit	Main Deductible / Retention	Insurer	Premium** (thousand)
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)*	\$682
Equipment	incl. above	\$10,000	same as 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	Safety Nat'l \$319
Public Officials' Liability (POL)	\$20 Mil	\$250,000	RSUI and AWAC	\$111
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)*	\$893
Crime & Fidelity	\$5 Mil	\$50,000	Travelers	\$19
Fiduciary Liability	\$3 Mil	Nil	Travelers	\$11
TOTAL				\$2,035

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

** All premiums include broker placement fees/commissions.



Appendix I (cont.) Insurance Coverages

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.

7

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

ACTION REQUESTED

GOODS AND SERVICES CONTRACT:

**Property and Casualty Insurance Brokerage Services
(Joint Use)**

Approval to execute a contract in the amount of \$90,200 for a base period of one year to provide Property and Casualty Insurance Brokerage Services.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: AON RISK SERVICES, INC. OF WASHINGTON D.C. 1120 20 TH STREET, NW, SUITE 600 WASHINGTON, DC 20036	SUBS: N/A	PARTICIPATION: N/A
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DESCRIPTION AND PURPOSE

Base Period Contract Value:	\$90,200
Base Year Contract Period:	365 Days (1 Year)
Number of Option Years:	4
Anticipated Contract Start Date:	05-03-2012
Anticipated Contract Completion Date:	05-02-2013
Proposal Closing Date:	03-05-2012
Proposals Received:	4
Proposal Range:	\$90,200 - \$190,000
Preference Points Received:	0

Purpose of the Contract:

To provide Property and Casualty Insurance Brokerage Services as required by DC Water's Risk Management department.

Contract Scope:

To provide qualified insurance brokers to potentially market and service the Authority's Property and Casualty Insurance policies, ensuring compliance with DC Water mandates.

Note: The cost for year one (1) is \$90,200. Cumulative costs for option years one (1) through four (4) are \$360,800.

This was a Request for Proposal (RFP). Contracts will be awarded to three (3) vendors. Aon Risk Services, Inc. of Washington, D.C. is the highest rated vendor of the three (3). The names of all qualified vendors submitting proposals are listed below.

Proposals Received:

Alliant Insurance Service, Inc.
AON Risk Services, Inc. of Washington D.C.
Wells Fargo Insurance Services USA Inc
Willis of Maryland, Inc.

PROCUREMENT INFORMATION

Contract Type:	Fixed Price	Award Based On:	Highest Rating
Commodity:	Goods & Services	Contract Number:	WAS-12-019-AA-SS
Contractor Market:	Open Market with preference		

BUDGET INFORMATION

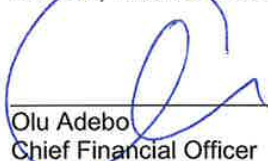
Funding:	Operating	Department:	Finance and Budget
Service Area:	DC Water Wide	Department Head:	Olu Adebo

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	81.45%	\$73,467.90
Washington Suburban Sanitary Commission	13.49%	\$12,167.98
Fairfax County	3.26%	\$2,940.52
Loudoun County & Potomac Interceptor	1.61%	\$1,452.22
Others	0.19%	\$171.38
Total Estimated Dollar Amount	100.00%	\$90,200.00

 13/22/12
 Rosalind R. Inge Date
 Director of Procurement

 13/22/12
 Yvette Downs Date
 Director, Finance & Budget

 13/23/12
 Olu Adebo Date
 Chief Financial Officer

_____/_____
 George S. Hawkins Date
 General Manager

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

ACTION REQUESTED

GOODS AND SERVICES CONTRACT:

**Property and Casualty Insurance Brokerage Services
(Joint Use)**

Approval to execute a contract in the amount of \$134,000 for a base period of one year to provide Property and Casualty Insurance Brokerage Services.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: ALLIANT INSURANCE SERVICE, INC. 100 PINE STREET, 11TH FLOOR SAN FRANCISCO, CA 94111	SUBS: N/A	PARTICIPATION: N/A
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DESCRIPTION AND PURPOSE

Base Period Contract Value:	\$134,000
Base Year Contract Period:	365 Days (1 Year)
Number of Option Years:	4
Anticipated Contract Start Date:	05-03-2012
Anticipated Contract Completion Date:	05-02-2013
Proposal Closing Date:	03-05-2012
Proposals Received:	4
Proposal Range:	\$90,200 - \$190,000
Preference Points Received:	0

Purpose of the Contract:

To provide Property and Casualty Insurance Brokerage Services as required by DC Water's Risk Management department.

Contract Scope:

To provide qualified insurance brokers to potentially market and service the Authority's Property and Casualty Insurance policies, ensuring compliance with DC Water mandates.

Note: The cost for year one (1) is \$134,000. Cumulative costs for option years one (1) through four (4) are \$536,000.

This was a Request for Proposal (RFP). Contracts will be awarded to three (3) vendors. Alliant Insurance Services is the second highest rated vendor of the three (3). The names of all qualified vendors submitting proposals are listed below.

Proposals Received:

Alliant Insurance Service, Inc.
AON Risk Services, Inc. of Washington D.C.
Wells Fargo Insurance Services USA Inc.
Willis of Maryland, Inc.

PROCUREMENT INFORMATION

Contract Type:	Fixed Price	Award Based On:	Second Highest Rating
Commodity:	Goods & Services	Contract Number:	WAS-12-019-AB-SS
Contractor Market:	Open Market with preference		

BUDGET INFORMATION

Funding:	Operating	Department:	Finance and Budget
Service Area:	DC Water Wide	Department Head:	Olu Adebo

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	81.45%	\$109,143.00
Washington Suburban Sanitary Commission	13.49%	\$18,076.60
Fairfax County	3.26%	\$4,368.40
Loudoun County & Potomac Interceptor	1.61%	\$2,157.40
Others	.19%	\$254.60
Total Estimated Dollar Amount	100.00%	\$134,000.00

 3/22/12
 Rosalind R. Inge Date
 Director of Procurement

 3/23/12
 Yvette Downs Date
 Director, Finance & Budget

 3/23/12
 Olu Adebo Date
 Chief Financial Officer

_____/_____
 George S. Hawkins Date
 General Manager

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

ACTION REQUESTED

GOODS AND SERVICES CONTRACT:

**Property and Casualty Insurance Brokerage Services
(Joint Use)**

Approval to execute a contract in the amount of \$190,000 for a base period of one year to provide Property and Casualty Insurance Brokerage Services.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: WELLS FARGO INSURANCE SERVICES USA INC. 1401 H STREET NW, SUITE 750 WASHINGTON, DC 20005	SUBS: N/A	PARTICIPATION: N/A
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DESCRIPTION AND PURPOSE

Base Year Contract Value:	\$190,000
Base Year Contract Period:	365 Days (1 Year)
Number of Option Years:	4
Anticipated Contract Start Date:	05-03-2012
Anticipated Contract Completion Date:	05-02-2013
Proposal Closing Date:	03-05-2012
Proposals Received:	4
Proposal Range:	\$90,200 - \$190,000
Preference Points Received:	0

Purpose of the Contract:

To provide Property and Casualty Insurance Brokerage Services as required by DC Water's Risk Management department.

Contract Scope:

To provide qualified insurance brokers to potentially market and service the Authority's Property and Casualty Insurance policies, ensuring compliance with DC Water mandates.

Note: The cost for year one (1) is \$190,000. Cumulative costs for option years one (1) through four (4) are \$760,000.00.

This was a Request for Proposal (RFP). Contracts will be awarded to three (3) vendors. Wells Fargo Insurance Services is the third highest rated vendor of the three (3). The names of all qualified vendors submitting proposals are listed below.

Proposals Received:

Alliant Insurance Service, Inc.
AON Risk Services, Inc. of Washington D.C.
Wells Fargo Insurance Services USA Inc
Willis of Maryland, Inc.

PROCUREMENT INFORMATION

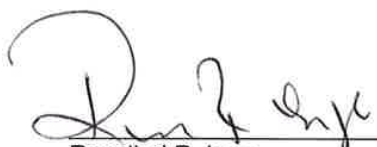
Contract Type:	Fixed Price	Award Based On:	Third Highest Rating
Commodity:	Goods & Services	Contract Number:	WAS-12-019-AC-SS
Contractor Market:	Open Market with preference		

BUDGET INFORMATION


Funding:	Operating	Department:	Finance and Budget
Service Area:	DC Water Wide	Department Head:	Olu Adebo

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	81.45%	\$154,755.00
Washington Suburban Sanitary Commission	13.49%	\$25,631.00
Fairfax County	3.26%	\$6,194.00
Loudoun County & Potomac Interceptor	1.61%	\$3,059.00
Others	0.19%	\$361.00
Total Estimated Dollar Amount	100.00%	\$190,000.00

 3/22/12
 Rosalind R. Inge Date
 Director of Procurement

 3/22/12
 Yvette Downs Date
 Director, Finance & Budget

 3/23/12
 Olu Adebo Date
 Chief Financial Officer

 /
 George S. Hawkins Date
 General Manager



ATTACHMENT 5

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

**Thursday, April 26, 2012; 11:00 a.m.
Blue Plains Wastewater Treatment Plant
5000 Overlook Avenue, SW, DC
AGENDA**

Call to Order	Chairman
March 2012 Financial Report	Director of Finance & Budget
Action Items	Chairman
Agenda for May Committee Meeting	Chairman
Adjournment	Chairman

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

ATTACHMENT 6

Insurance Claims at a Glance

ROCIP Insurance Claims	As of February 2012	
	ROCIP 1	ROCIP 2
General Liability (GL) Losses	468	31
OPEN	15	10
CLOSED	453	21
<i>Paid General Liability Losses</i>	\$ 1,631,583	\$ 24,376
Reserved General Liability Losses	\$ 1,314,205	\$ 28,000
Total Incurred (Paid and Reserved)	\$ 2,945,788	\$ 52,376
Workers Compensation (WC) Losses	113	17
OPEN	8	4
CLOSED	105	13
<i>Paid Workers Compensation Losses</i>	\$ 983,400	\$ 88,413
Reserved Workers Compensation Losses	\$ 728,063	\$ 97,955
Total Incurred (Paid and Reserved)	\$ 1,711,463	\$ 186,368
Total Incurred (WC and GL)	\$ 4,657,251	\$ 238,744
Total Expected Losses (WC and GL)	\$ 4,288,000	\$ 7,258,571

ROCIP I claims paid to date - \$2,614,983; number of claims – 581 (468 general liability and 113 workers' compensation)
 ROCIP II claims paid to date - \$112,789; number of claims – 48 (31 general liability and 17 workers' compensation)

1