

**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

Finance and Budget Committee

Thursday, July 28, 2011

11:00 a.m.

1. **Call to Order** Timothy Firestine, Chairperson
2. **June 2011 Financial Report (Attachment 1)** Yvette Downs
 - A. Operating Revenues & Expenditures
 - B. Cash Reserves & Investments
 - C. Capital Disbursements Summary
3. **Investment Report and Market Outlook (Attachment 2)** Robert Hunt
4. **FY 2013 Proposed Budget Update** George Hawkins and Olu Adebo
5. **Executive Session**
6. **Action Item**
 - A. **Approval for legal services contract - Beveridge & Diamond, P.C. (Attachment 3)**
7. **Agenda for September 22nd Committee Meeting (Attachment 4)** Timothy Firestine
8. **Adjournment**

FOLLOW-UP ITEMS – Finance & Budget Committee (Meeting held June 23, 2011)

1. Staff will follow up consumption trends for the D.C. Housing receipts. **(Mr. Bardin) Status:** See Attachment 5
2. Determine if there are opportunities for revising the existing small PI customer contracts/agreements. **(Mr. Bardin) Status:** Verbal report will be provided by the General Counsel at the Committee Meeting in July.
3. General Counsel should provide an explanation of the legal basis for charges by COG. **(Mr. Bardin) Status:** Verbal report will be provided by the General Counsel at the Committee Meeting in July.
4. Staff should look into the reasons for lower Clean Rivers IAC receipts in the DC Housing Authority and Multi-Family categories, and apprise the Committee in a month or two **(Mr. Bardin) Status:** To be discussed during the Committee meeting
5. Include a write-up to be included in next month's committee package that reflects Mr. Adebo's explanation on the Investment Performance Report **(Mr. Bardin) Status:** See Attachment 2.

6. Provide a one-page summary in the next Board package to bring all Board members up-to-date with the information regarding Cost Allocations on DC Retail Rate Payers and Suburban Areas **(Mr. Bardin) Status:** GM update completed.



June 2011 FINANCIAL REPORT

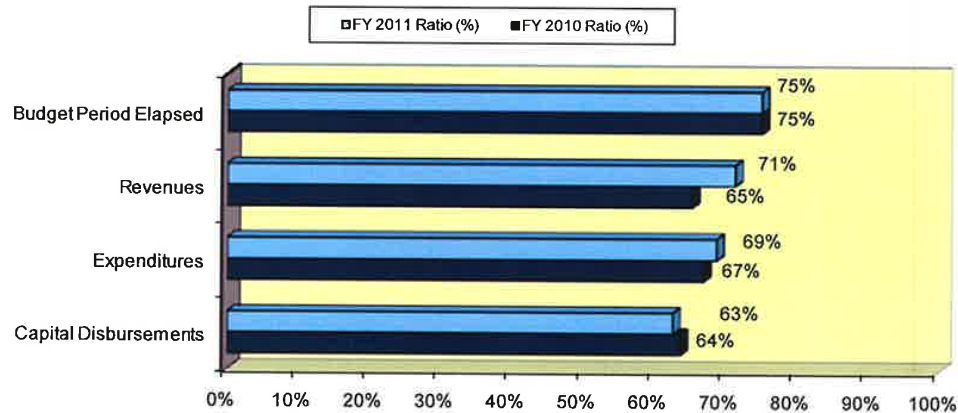
FY 2011 FINANCIAL PERFORMANCE

At the end of June, with 75 percent of the fiscal year completed, we are on track with budgetary expectations. We anticipated on completing the fiscal year within 99 percent of projected revenues and under budget for operating expenses and capital disbursements. The table below summarizes detailed information as discussed later in this report.

**Financial Performance
As of June 30, 2011
(\$ in millions)**

	Approved	Revised Budget	YTD Budget	YTD Actual	Variance		Projection	% Revised Budget
					Favorable (Unfavorable)	75% of Budget		
Revenues (Receipts)*	\$395.9	\$399.1	\$299.3	\$283.9	(\$15.4)	-5.2%	\$396.1	99.2%
Expenditures*	\$408.1	\$403.3	\$302.5	\$277.1	\$25.4	8.5%	\$384.5	95.3%
Capital Disbursements	\$383.7	\$325.2	\$237.7	\$203.5	\$34.2	14.5%	\$302.3	93.0%

* Straight-lined (9/12 of revised budget)



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

FY 2011 120-day Operating Reserve Objective	\$125.5
Actual Average Daily Balances	\$140.3
Difference	\$14.8

OPERATING REVENUES & RECEIPTS

At the end of June 2011, cash receipts totaled \$283.9 million, or 71.1 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. We expect to end the fiscal year within 99 percent of projected revenues. The table below provides a summary of operating receipts at the end of June.

REVENUE VARIANCE BY CATEGORY
(In millions)
As of June 30, 2011

Revenue Category	FY 2011 Budget	Year-to-Date Budget	Actual Received	Variance		Actual % of Budget	Year End Projections	Variance Proj v. Bud	Percent
				Favorable	(Unfavorable)				
Residential, Commercial, and Multifamily	201.5	151.1	149.1	(2.0)	-1.3%	74%	201.4	-0.1	100.0%
Federal	44.9	33.7	33.5	(0.1)	-0.4%	75%	44.9	0.0	100.0%
District Government	9.7	7.3	6.9	(0.4)	-5.2%	71%	9.1	(0.6)	93.8%
DC Housing Authority	6.5	4.9	4.2	(0.7)	-13.7%	65%	5.6	(0.9)	86.2%
Customer Metering Fee	10.8	8.1	7.2	(0.9)	-11.1%	67%	9.8	(1.0)	90.7%
Wholesale	68.8	51.6	51.7	0.1	0.3%	75%	69.3	0.5	100.7%
Right-of-Way Fee/PILOT	22.0	16.5	15.9	(0.6)	-3.5%	72%	21.6	(0.4)	98.2%
Sub-Total (before Other Revenues)	\$364.2	\$273.1	\$268.5	(4.5)	-1.7%	74%	\$361.7	(\$2.5)	99.3%
Other Revenue without RSF									
IMA Indirect Cost Reimb. For Capital Projects	4.0	3.0	0.0	(3.0)	-100.0%	0.0%	4.0	0.0	100.0%
DC Fire Protection Fee	13.3	10.0	7.8	(2.1)	-20.9%	58.9%	13.3	0.0	99.8%
Stormwater (MS4)	0.8	0.6	0.5	(0.1)	-23.2%	57.6%	0.8	0.0	100.0%
Interest	0.8	0.6	1.0	0.4	65.4%	124.1%	0.7	-0.1	85.5%
Developer Fees (Water & Sewer)	3.0	2.3	4.2	2.0	96.7%	140.0%	3.0	0.0	100.0%
Others	3.5	2.6	1.8	(0.8)	-30.4%	52.2%	3.1	(0.4)	89.6%
Sub-Total	\$25.4	\$19.1	\$15.3	(3.7)	-19.5%	60.4%	\$24.9	-\$0.5	97.8%
Rate Stabilization Fund Transfer	\$9.5	\$7.1		(7.1)	-100.0%	0.0%	\$9.5	\$0.0	100.0%
Other Revenue Sub-Total	\$34.9	\$26.2	\$15.3	(10.8)	-41.4%	43.9%	\$34.4	-\$0.5	98.4%
Grand Total	\$399.1	\$299.3	\$283.9	(15.4)	-5.2%	71.1%	\$396.1	(\$3.0)	99.2%

Discussion of Relevant Variance

In general, revenues are on target with 71.1 percent of the total revenues received through 75 percent of the year completed.

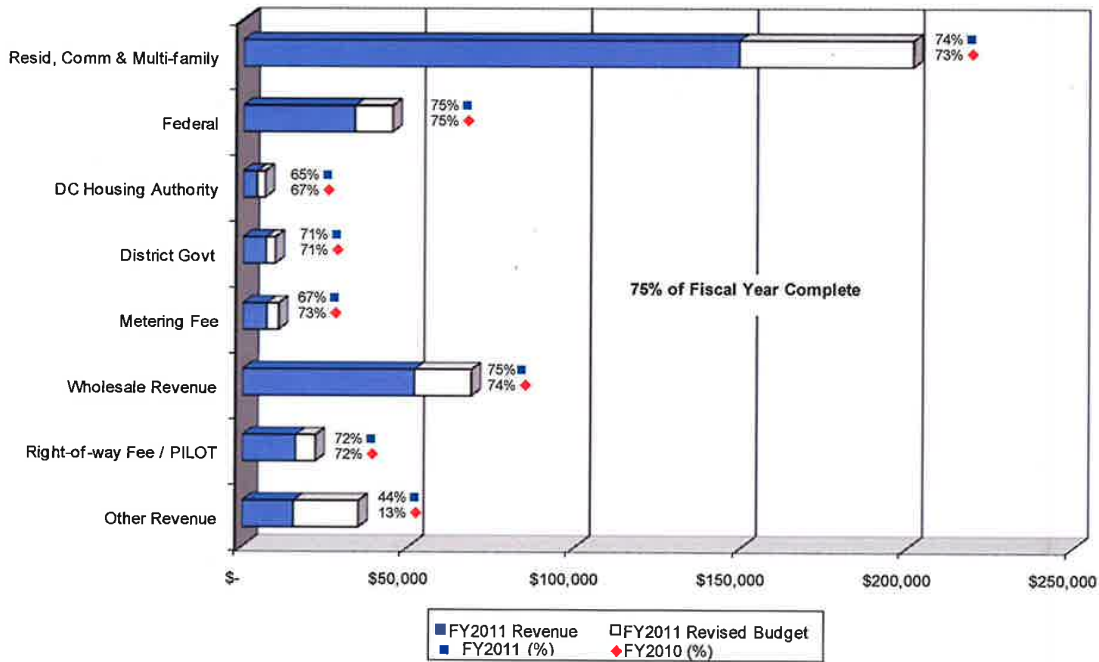
The largest variance of note in revenues exists in the category of Other Revenue. Other Revenue receipts are lower than the straight-lined budget at \$15.3 million or 41.4 percent of the budgeted category primarily due to the Rate Stabilization Fund transfer, which is anticipated in the fourth quarter of the fiscal year. The IMA indirect cost reimbursement for capital projects receipts are \$3.0 million lower than year-to-date budget. The entire budgeted amount will be billed and received in the fourth quarter. We anticipate ending the fiscal year slightly under budget.

D.C. Housing Authority's actual receipts through June total \$4.2 million or 64.6 percent of the revised FY 2011 budget. This is due to lower than anticipated consumption. We have been

reviewing the accounts within this category and a preliminary summary will be provided to the Finance and Budget Committee.

Receipts for the Customer Metering fee in the first nine months of the year total \$8.1 million or 66.7 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. June receipts alone were 9.0 percent of the yearly budget and appear to be much closer aligned to expectations. We anticipated ending the fiscal year slightly under budget.

**FY 2011
OPERATING RECEIPTS BY CUSTOMER CATEGORY
As of June 30, 2011**



**BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY
June 30, 2011
(\$ in 000's)**

Customer Category	Water	Sewer	Clean Rivers		Total
			IAC	Metering Fee	
Residential	16,770	25,260	3,344	3,384	48,758
Commercial	26,682	33,302	4,222	2,214	66,420
Multi-family	15,417	22,838	1,250	805	40,309
Federal	14,142	17,496	1,911	378	33,927
District Govt	2,450	3,555	877	279	7,161
DC Housing Authority	1,616	2,413	156	93	4,278
Total:	77,076	104,864	11,760	7,154	200,854

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
June 30, 2011
(\$ in 000's)**

Customer Category	FY 2011 Budget	Year-to-Date Budget	Actual Received	Variance		Actual % of Budget
				Favorable	(Unfavorable)	
Residential	4,047	3,035	3,344	309	10%	83%
Commercial	5,158	3,869	4,222	354	9%	82%
Multi-family	1,752	1,314	1,250	(65)	-5%	71%
Federal	2,548	1,911	1,911	0	0%	75%
District Govt	1,182	886	877	(9)	-1%	74%
DC Housing Authority	213	160	156	(4)	-3%	73%
Total:	14,900	11,175	11,760	585	5%	79%

OPERATING EXPENDITURES

At the end of June, with approximately 75 percent of the fiscal year completed, operating expenditures totaled \$277.1 million (including debt service and the right of way and PILOT fees). This is approximately 69 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 budget.

EXPENDITURE VARIANCE BY CATEGORY
 (\$ in 000's)
 As of June 30, 2011

	Board Revised Budget	YTD Budget	YTD as of 06/30/2011	FY 2011 YTD Variance Favorable/(Unfavorable)		Percent of Budget	Preliminary Year-End Projection	Projection Percent of Budget	Year-End Variance	FY 2012 Board Revised Budget
				\$\$	%					
Personnel Services	105,292	78,969	76,030	2,939	3.7%	72%	102,569	97%	2,723	111,114
Contractual Services	79,114	59,336	47,506	11,829	19.9%	60%	74,470	94%	4,644	79,745
Water Purchases	33,000	24,750	21,553	3,197	12.9%	65%	29,175	88%	3,825	31,517
Chemicals and Supplies	29,234	21,926	19,633	2,292	10.5%	67%	28,213	97%	1,021	29,946
Utilities	34,938	26,204	24,370	1,833	7.0%	70%	32,188	92%	2,750	37,447
Small Equipment	1,095	821	493	328	40.0%	45%	852	78%	243	995
Subtotal O & M Expenditures	282,674	212,005	189,586	22,419	10.6%	67%	267,467	95%	15,206	290,765
Debt Service	98,726	74,045	71,064	2,981	4.0%	72%	95,044	96%	3,682	102,613
Payment in Lieu of Taxes	16,882	12,662	12,662	-	0.0%	75%	16,882	100%	-	16,882
Right of Way	5,100	3,825	3,825	-	0.0%	75%	5,100	100%	-	5,100
Total O & M Expenditures	403,382	302,536	277,136	25,400	8.5%	69%	384,493	95%	18,888	415,360
Personnel Services Charged to Capital Projects	(11,000)	(8,250)	(7,943)	307	-3.7%	72%	(10,716)	97%	(284)	(14,000)
Total Net Operating Expenditures	392,382	294,286	269,194	25,091	8.5%	69%	373,777	95%	18,604	401,360

Note: Actuals include accruals

Discussion

Personnel services (\$105.3 million annual budget; 37.2 percent of O&M budget) – At the end of June, personnel costs total \$76.0 million or 72 percent of budget. Of the 1,137 positions budgeted (1,165 positions authorized), a total of 1,026 positions were filled at the end of June. Overtime spending totals \$4.1 million of the annual budget of \$5.0 million, or 7 percent of regular payroll costs. Spending for overtime is typically higher during the winter months due to emergency response to water main breaks, snow removal, after-hour infrastructure repairs and other winter-weather related issues. We expect to end the fiscal year at 97 percent of budget in this category.

Contractual services (\$79.1 million annual budget; 28.0 percent of O&M budget) – At the end of June, contractual services expenditures total \$47.5 million or 60 percent of budget. We expect to end the fiscal year at 94 percent of the revised operating budget in this category due to projected underspending in various contractual line items throughout DC Water.

Water Purchases (\$33.0 million annual budget; 11.7 percent of O&M budget) – At the end of June, water purchases incurred total \$21.5 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 early FY 2012. We expect to end the fiscal year at 88 percent of the revised operating budget in this category.

Chemicals and Supplies (\$29.2 million annual budget; 10.3 percent of O&M budget) – At the end of June, chemical and supplies costs total \$19.6 million or 67 percent of budget. We continue to experience a rise in certain chemical costs primarily due to increase in world oil prices. We have bid or exercised available option years, where appropriate, on all our major chemical contracts for FY 2011 and we are evaluating one remaining request for economic market adjustment (sodium hydroxide). While there is risk that this particular item may be higher than anticipated at year-end, there is underspending in other areas of this category. We still expect to end the fiscal year within the revised operating budget in this category.

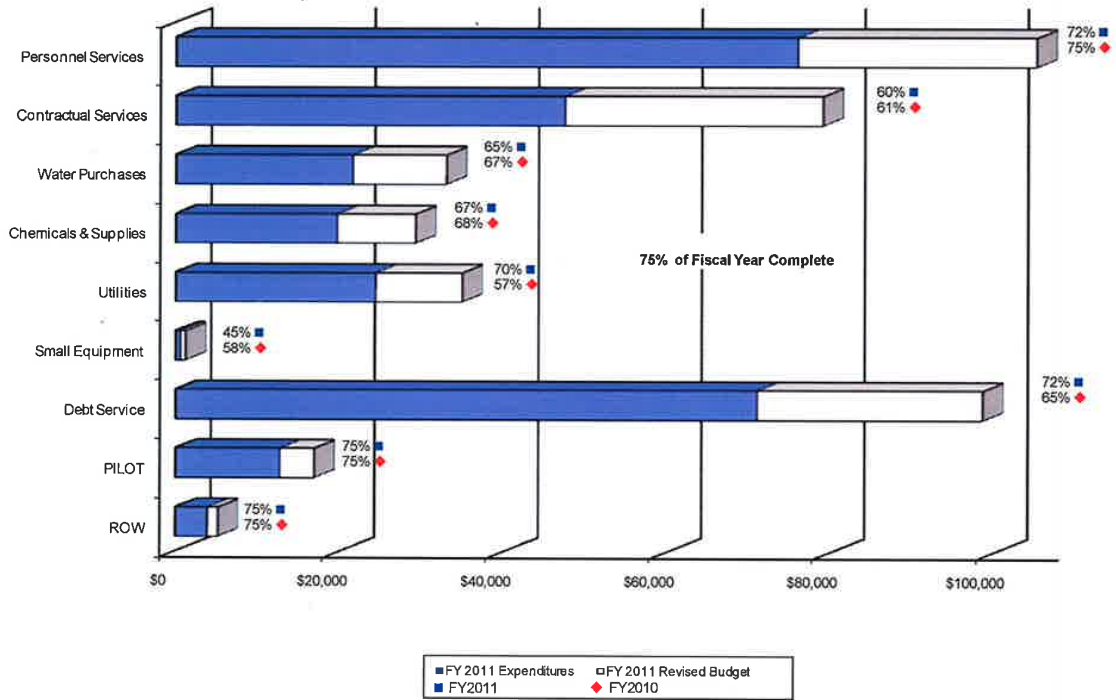
Utilities (\$34.9 million annual budget; 12.4 percent of O&M budget) – At the end of June, utilities expenditures total \$24.4 million or 70 percent of the budget. Later in the report is additional information concerning actual performance in this category. We expect to end the fiscal year at 92 percent of the revised operating budget for utilities.

Debt Service (\$98.7 million annual budget) – At the end of June, debt service expenditures total \$71.1 million or 72 percent of the budget. We expect to end the fiscal year at 96 percent of the revised operating budget in this category. This is primarily due to lower interest rates and lower than anticipated capital equipment spending.

Payment in Lieu of Taxes – (\$16.9 million annual budget) – Payments and accrued expenses for the District's PILOT fee totaled \$12.7 million. Actual payment differs due to previous Board direction and resulting offsets associated with the Fire Protection fee. We expect to end the fiscal year at 100 percent of the revised operating budget in this category.

Right of Way (\$5.1 million annual budget) – Expenditures and accruals for the District's ROW fee totaled \$3.8 million at the end of June. We expect to end the fiscal year at 100 percent of the revised operating budget in this category.

**FY 2011 Operating Expenditures
by Category
(\$ in 000's)
As of June 30, 2011**



CAPITAL SPENDING

For the month of June 2011, disbursements totaled \$30.4 million, with year-to-date disbursements totaling \$203.5 million, or 63 percent of the FY 2011 Revised (Annual) disbursements budget. Planned capital disbursements through June 2011 were \$237.7 million, or 73 percent of the FY 2011 Revised disbursements budget.

**Capital Disbursements Variance
(Dollars in thousands)
As of June 30, 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 May. '11	June. - '11	' YTD	Variance Compared to Plan	Percent of Annual Budget	Amount	Percent of Annual Budget
Wastewater Treatment	133,128	89,949	66,048	11,685	77,733	14%	58%	126,052	95%
Sanitary Sewer	33,996	23,443	15,901	3,125	19,027	19%	56%	22,676	67%
Combined Sewer Overflow	76,084	62,590	48,683	7,869	56,551	10%	74%	81,442	107%
Stormwater	3,491	2,606	1,066	331	1,396	46%	40%	1,952	56%
Water	50,612	38,710	31,336	3,658	34,994	10%	69%	47,049	93%
Washington Aqueduct	10,449	7,354	3,902	3,007	6,909	6%	66%	10,407	100%
Capital Equipment	17,462	13,096	6,207	685	6,892	47%	39%	12,698	73%
Total Capital Projects	\$ 325,222	\$237,748	\$ 173,142	\$ 30,360	\$203,502	14%	63%	\$302,275	93%

Discussion

The spending variance in the Wastewater Treatment area continues to relate 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 Plantwide Program, and projects in the Enhanced Nitrogen Removal Facilities Program (ENRF). The ENRF project is still scheduled to be completed on time. The spending variance in the CSO Service area continues to be 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 mainly the result of delayed disbursements for a number of projects in the small diameter watermain replacement program. Underspending in the Capital Equipment area is still mainly related to IT projects. It is anticipated ending the fiscal year within the planned disbursement levels and with significant progress on a number of large mandated contracts.

Projects in the Wastewater Treatment service area led the disbursements at \$11.7 million followed by projects in Combined Sewer Overflow service area at \$7.9 million. Disbursements for the Water Service area totaled \$3.7 million, followed by disbursements for the Sanitary

Sewer, and the Washington Aqueduct service areas at \$3.1 million and \$3 million, respectively. Capital Equipment and Stormwater service area disbursements were \$0.7 million and \$0.3 million, respectively.

Wastewater Treatment (Blue Plains): the Solids Processing program had the highest disbursements, \$6.1 million; primarily for the Area Substation No. 6, Centrifuge Thickner Facility and the New Digestion Facilities projects. Enhanced Nitrogen Removal Facilities Program (formerly, BTN - the Total Nitrogen Program) disbursements came in next, at \$4.3 million, over 90 percent which was for the Nitrogen Removal Facilities. Plant-wide program disbursements occurred mainly for the Instrumentation, Control & Electric (EPMC), and the Wastewater Treatment Plant (WWTP) Flood Protection projects.

Combined Sewer Overflow (CSO) service area: 'Combined Sewer Projects' Program disbursements of \$4.4 million, of which over 97 percent was for the 'Nine Minimum Control' group of projects, e.g., Main & 'O' St Pump Stations, Outfall Sewer Rehabilitation and the Rock Creek CSO projects. We disbursed a total of \$3.4 million under the D.C. Clean Rivers Project (aka Long Term Control Plan, or LTCP), most of it for the Anacostia LTCP projects.

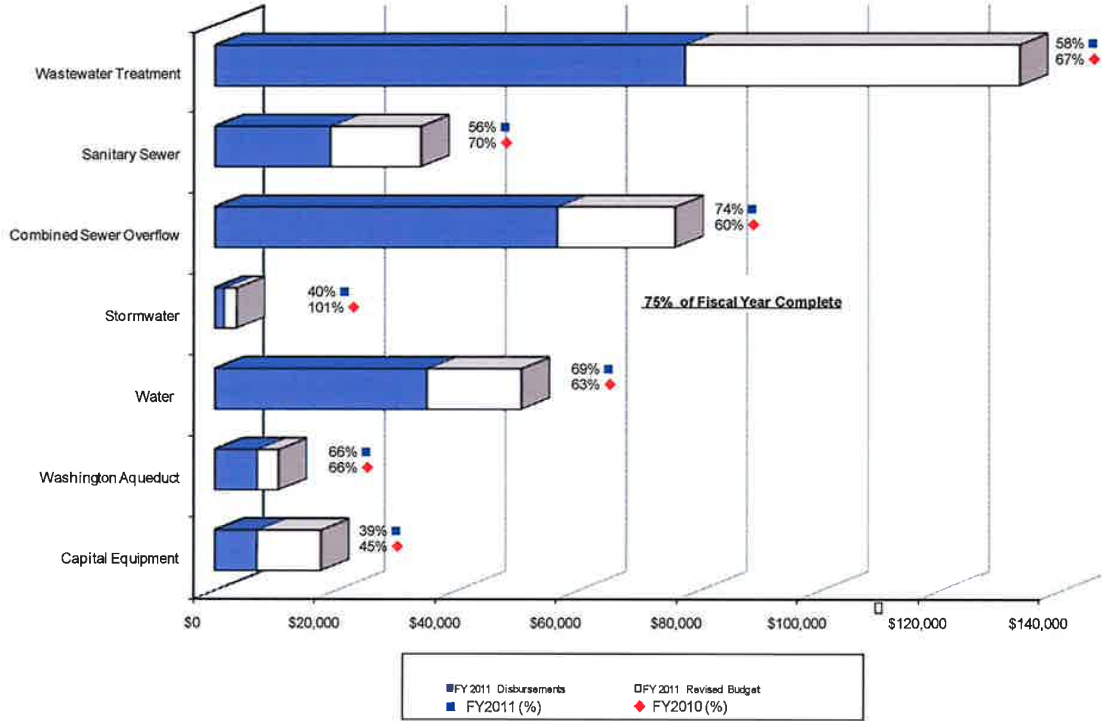
Water Service area: Water Distribution (Systems) program disbursements totaled \$1.6 million. This was mainly for the Crosstown Water Main Rehabilitation, Large Valve Replacement, and Fire Hydrant Replacement (Phase II) projects. Program Management related disbursements amounted to \$0.8 million. Water On-going Projects Program disbursements, \$0.5 million, were almost entirely for the FY 2011 DWS Water Projects.

Sanitary Sewer Service area: Disbursements for Sanitary Interceptor/Trunk Force Sewers program amounted to almost \$2 million, primarily for the Potomac Sewer System Rehabilitation, and the Future Sewer Systems Upgrades projects. The 'Sewer On-going Projects' Program also had almost \$1 million disbursements, primarily for the FY 2011 DSS Sanitary Sewer projects.

Washington Aqueduct: Disbursements totaled \$3 million for the Residuals Collection & Treatment Facility, and the Hypochlorite System & Associated Facilities (Dalecarlia) projects, among others.

Capital Equipment service area: Disbursements within this area were made for Fleet Management, Infrastructure Asset Management System project, and the Pump Rebuild/Replacement project.

**FY 2011 Capital Disbursements Compared to Plan
By Service Area
(\$ in 000's)
As of June 30, 2011**



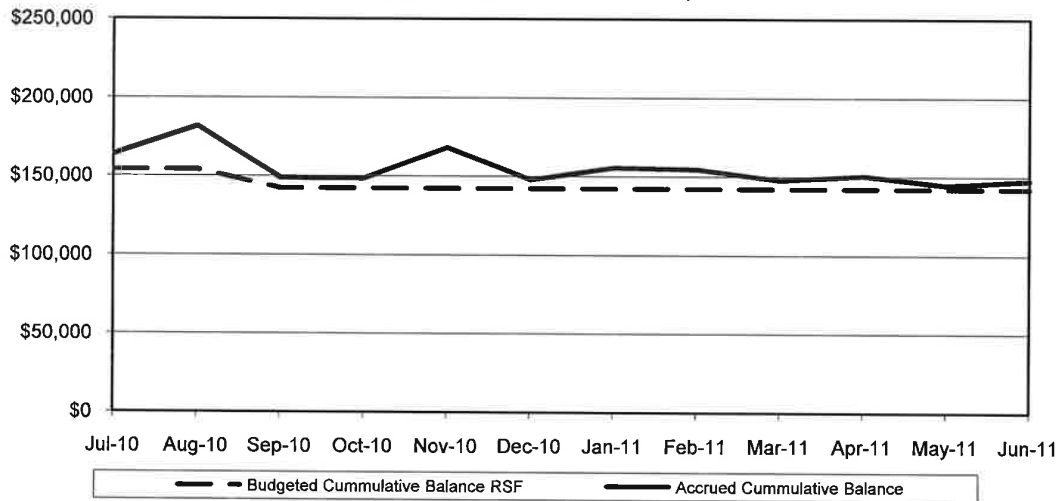
CASH AND INVESTMENT BALANCES

At the end of June, our operating reserve balance was \$128.3 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 June 30, 2011
(\$ in millions)**

Rate Stabilization Fund Account (RSF)	\$16.7
Operating Reserve Accounts	<u>128.3</u>
Operating Cash Balance Including RSF	145.0
Debt Service Reserve - Series 98	24.0
Bond Construction Fund - Series 10	187.5
Capital Interest Fund - Series 10	9.1
CSO LTCP Appropriations Account	<u>73.1</u>
Total All Funds	\$438.7

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



Overall Portfolio Performance

As of June, 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 June on a cash basis was \$244,954, and year-to-date income is \$759,696 as compared to the budget of \$542,519 for the year. A full update will be provided to the Finance and Budget Committee in July 2011.

Financial Advisory Services

The current contract for financial advisory services expires November 19, 2011. The current vendors providing financial advisory services for DC Water are Public Financial Management (PFM) and P. G. Corbin, Inc. On June 30, 2011, DC Water issued a Request for Proposal for Financial Advisory Services (RFP) with responses due July 29, 2011. The RFP was mailed to sixteen (16) firms and advertised in The Bond Buyer to attract the widest pool of potential vendors. Following review of the responses and interview of prospective vendors, staff will make a recommendation to the Finance and Budget Committee at its October meeting.

U.S. Economic Crisis – Debt Ceiling/Downgrade

As a result of the U.S. Government's struggle to raise the government debt ceiling the major credit rating agencies have placed U.S. Government debt on Credit Watch with negative implications. Failure to raise the debt ceiling and a credible plan to address future budget deficits could result in a downgrade of U.S. Government debt from AAA to AA or lower.

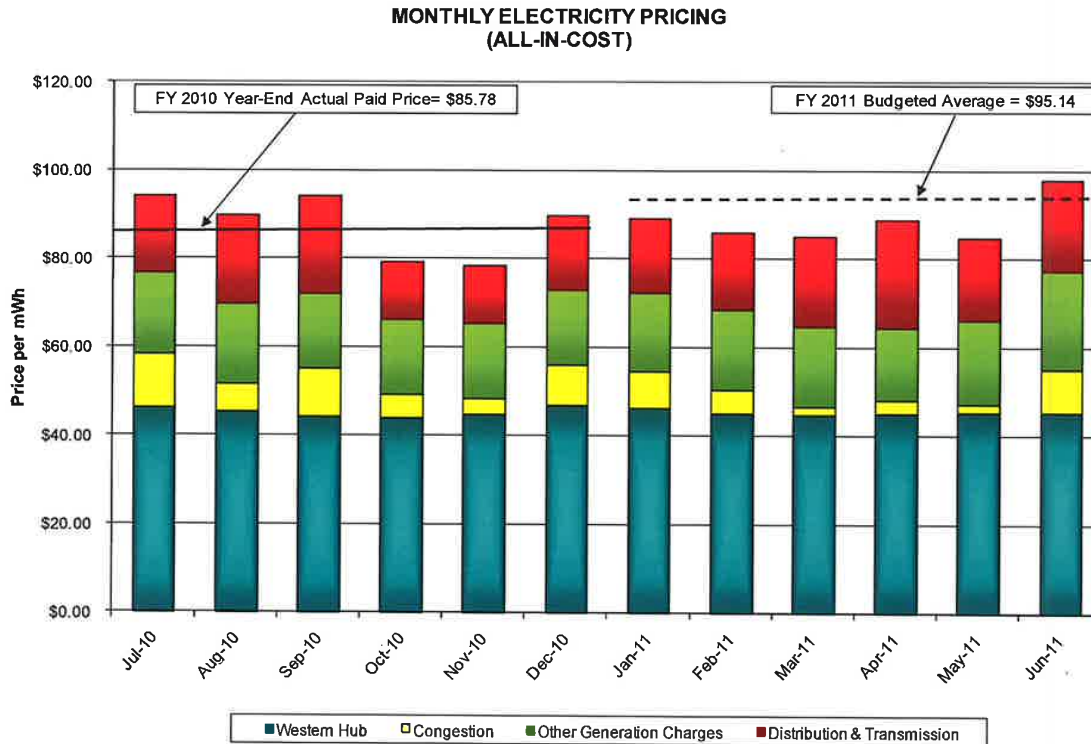
Staff continues to consult with our financial advisors and bond underwriters regarding the affect of a possible downgrade of U.S. Government debt from its AAA rating on our investment portfolio, outstanding debt and future issuances.

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 for opportunities to lock in any portion of 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 June 2011 was \$97.99/mWh, with the year-to-date average at \$86.73/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) June 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 lower than the spot market average prices and 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	\$151.86	\$80.38	\$85.26	\$1,968	\$1,872	\$97
Apr-11	\$149.94	\$87.36	\$88.97	\$1,896	\$1,856	\$40
May-11	\$159.36	\$87.75	\$85.06	\$1,976	\$1,783	\$193
Jun-11	\$156.13	\$102.30	\$97.99	\$2,146	\$2,010	\$136
YTD Average	\$154.67	\$86.78	\$86.73	\$19,302	\$16,955	\$2,347
				Remainder	\$7,621	
				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 FY 2011 budget. Staff is working on the extension of the existing Hess contract (as approved by the Board in July 2011) in order to continue the purchasing strategy for upcoming FY 2012.

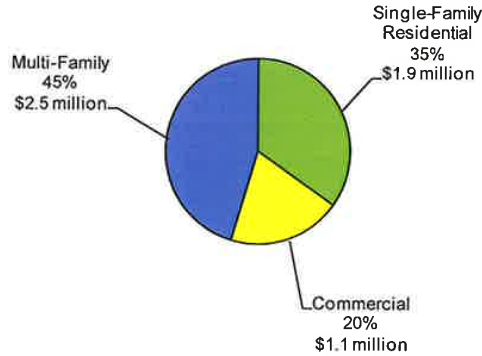
RETAIL & WHOLESALE ACCOUNTS RECEIVABLE

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
June 30, 2011**

	RETAIL Greater than 90 Days		WHOLESALE Greater than 90 Days		TOTAL 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
June 30, 2011	\$5.5	13,502	\$0.0	0	\$5.5	13,502

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



**Delinquent Accounts Receivable
Greater Than 90 Days by Customer
June 30, 2011**

	Number of Accounts			Month of June (All Categories)				Total Delinquent			
	W & S a/c	Impervious Only a/c	Total No. of a/c	Active		Inactive		No. of a/c May	Amount (\$)	No. of a/c June	Amount (\$)
				No. of a/c	Amount (\$)	No. of a/c	Amount (\$)				
Commercial	11,696	3,433	16,129	1,907	943,053.14	138	153,826.74	1,570	1,087,784.85	2,045	1,096,879.88
Multi-family	7,399	488	7,887	1,073	2,173,740.01	101	331,209.37	1,123	2,478,878.06	1,174	2,504,948.38
Single-Family Residential	103,720	3,104	106,824	8,900	1,273,282.14	1,383	644,472.42	9,883	1,825,644.27	10,283	1,917,754.56
Total	122,814	7,026	129,839	11,880	4,390,075.29	1,622	1,129,608.63	12,676	5,392,306.18	13,602	5,519,683.82

Notes:

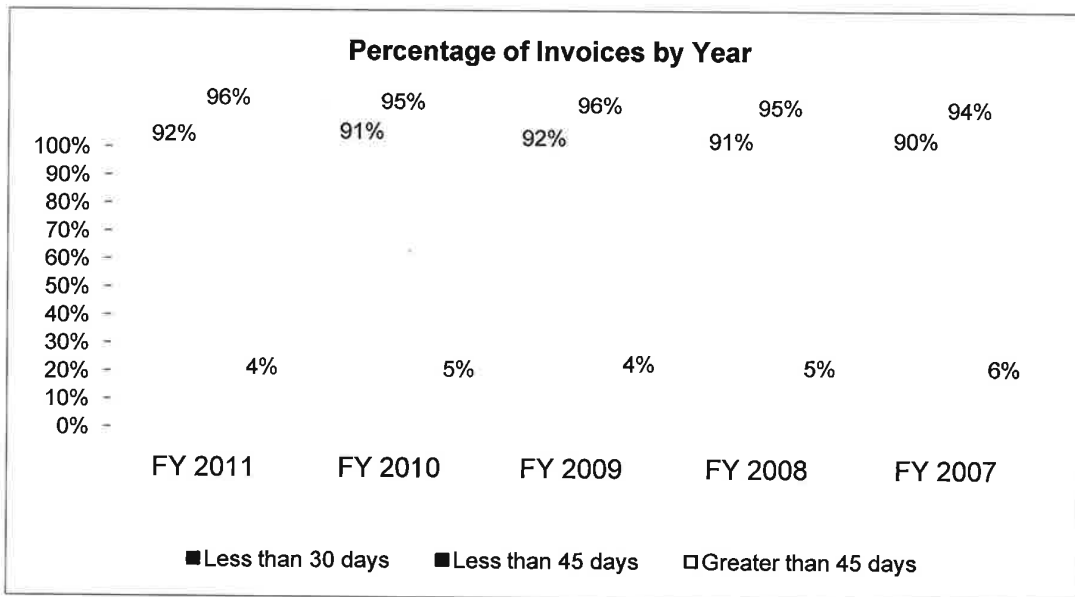
-Included in the above \$4.39m (or 11,880 accounts) of the DC Water Over 90 days delinquent accounts, \$552,951.01 (or 3,326 accounts) represents Impervious only Accounts over 90 days delinquent.

-Reportable delinquencies do not include balances associated with long-standing disputes between DC Water and two large commercial customers.

ACCOUNTS PAYABLE PERFORMANCE

During the first nine months of FY 2011, a total of 8,219 invoices were processed and paid compared to 8,406 in FY 2010 (as shown in the table below) and with a dollar value of \$277.2 million compared to \$268.5 million for FY 2010. Year to date, approximately 92 percent of the invoices were paid within 30 days compared to 91 percent paid within 30 days during FY 2010. The percentages for April through June 2011 were 93.1%, 96.1% and 94.5%, respectively. The Authority's goal is to pay 97 percent of all undisputed invoices within 30 days.

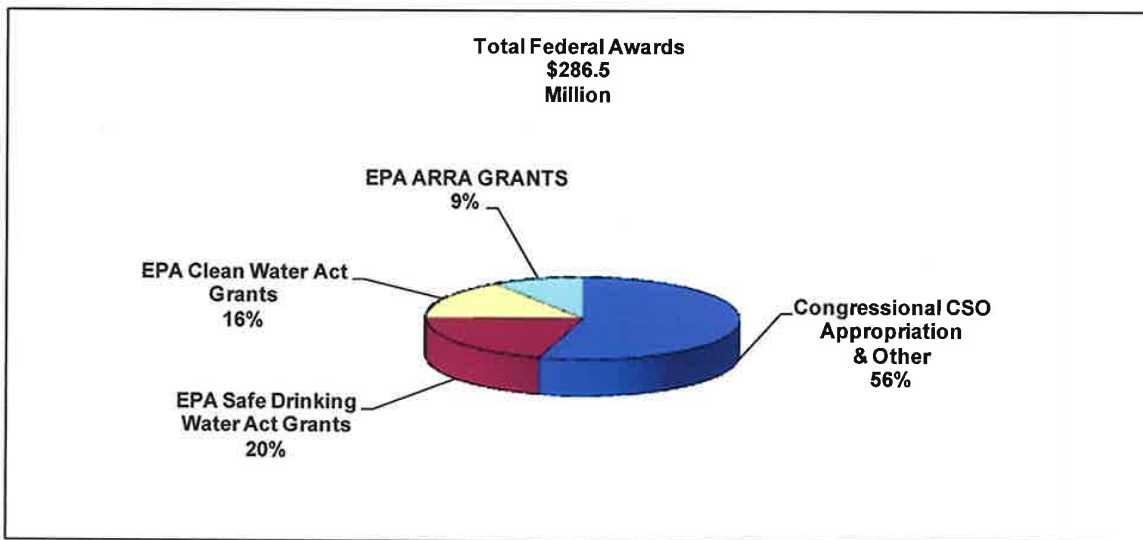
Accounts Payable Performance FY 2011 v. FY 2010				
Days	FY 2011		FY 2010	
	Number	Percent	Number	Percent
Less than 30	7,326	92%	7,301	91%
Less than 45	7,658	96%	7,653	95%
Greater than 45	278	4%	395	5%
Subtotal	7,936	100%	8,048	100%
Retainage/Dispute	283		358	
Total	8,219		8,406	



GRANTS REPORT

The Authority receives grants to fund a portion of its capital costs from the U.S. Environmental Protection Agency (EPA) under two acts, the Clean Water Act of 1972 and the Safe Drinking Water Act of 1974. DC Water also receives a limited amount of EPA grant funding for certain operating functions. Additionally, we have now received eleven (including \$2.9 million received on June 8, 2011 as part of the continuing resolution) federal appropriations for CSO projects.

As of June 2011, including the CSO appropriation, DC Water has a total of \$286.5 million awarded in federal funds for active projects.



We have received notification on the EPA FY 2011 funding for the District of Columbia as follows:

- \$9.3 million under the Safe Drinking Water Act
- \$7.2 million under the Clean Water Act of which 20 percent is to be used for green projects.

While all of the Safe Drinking Water Act funding will be available to DC Water, we are working with the District Department of the Environment (DDOE) to determine how much (if any) of the \$7.2 million Clean Water Act funds will be awarded for DC Water projects.

DC Water has received six American Recovery and Reinvestment Act of 2009 (ARRA) Safe Drinking Water grants totaling \$19.5 million and \$4.5 million for Clean Water grants. We were required to have all funds under contract by February 17, 2010 and DC Water met the deadline. DC Water also entered into a MOU with the DC Department of Environment for an additional \$935,000 in ARRA funds (all funds have been expended); and through March 31, ARRA reimbursements total \$10.5 million.

Four EPA Safe Drinking Water grants and one Clean Water grant are scheduled for closing this fiscal year.

The cumulative federal appropriation for CSO increased to \$153.5 million with the additional appropriation of \$2.9 million on June 8, 2011. The cumulative life-to-date cash disbursement for the CSO appropriation is \$104.7 million through June 30.

2011 INSURANCE RENEWALS STATUS UPDATE

The Authority successfully renewed its Property & Equipment, Excess Auto/General Liability, Workers' Compensation, Public Officials' Liability, Crime and Fiduciary insurance coverages on July 1. We had preliminarily budgeted for a 14 percent increase in total premium costs, primarily due to increased operating exposures. Actual premium costs represent a 7 percent increase. All incumbent carriers remain on the renewal program.

**D.C. WATER AND SEWER AUTHORITY
FY 2011 CASH FLOW SUMMARY
through 6/30/11
(\$ in 000's)**

	Annual Budget Cash Basis	YTD 75% Of Cash Budget	YTD Actual Cash Oct 1, 2010 - Jun 30, 2011	Variance Favorable (Unfavorable)	FY11 Year End Projection
OPERATING BUDGET					
Cash Provided					
Retail	273,374	205,030	200,854	(4,177)	270,797
Wholesale	68,825	51,619	51,711	92	69,280
Other	47,133	35,349	31,120	(4,229)	48,659
Transfer from Rate Stabilization Fund	9,500	7,125		(7,125)	9,500
Total Cash Provided	398,832	299,124	283,688	(16,438)	396,118
Operating Cash Used					
Personnel Services	94,265	70,699	69,981	718	91,842
Contractual Services	79,114	59,336	52,426	6,909	74,811
Chemicals & Supplies	29,234	21,926	20,399	1,526	28,213
Utilities	34,965	26,224	20,593	5,631	32,614
Water Purchases	33,000	24,750	19,449	5,301	29,176
Small Equipment	1,095	821	876	(55)	852
Total Operating Cash Used	271,673	203,766	183,726	20,030	257,608
Other Cash Used					
Debt Service	96,334	72,250	71,064	1,186	92,189
Payment In Lieu of Taxes/Right of Way	30,748	23,061	16,239	6,822	30,748
Total Other Cash Used	127,082	95,312	87,303	8,008	122,937
Total Cash Used	398,755	299,066	271,028	28,038	380,446
Net Cash Provided (Used) by Operating Act.	77	68	12,668	12,800	15,671
CAPITAL BUDGET					
Cash Provided					
Debt Proceeds	166,497	124,872	107,295	(17,578)	166,321
Capital Equipment Financing	8,000	6,000		(6,000)	6,100
EPA Grants	33,445	25,084	11,113	(13,971)	18,415
CSO Grants	25,108	18,831	16,490	(2,341)	25,108
Interest Income	266	215	407	192	350
Wholesale Capital Contributions	89,421	67,066	54,194	(12,872)	83,541
Total Cash Provided	322,767	242,067	189,497	(62,670)	299,836
Cash Used					
WASA Capital Program	314,773	236,080	196,593	39,487	291,868
Washington Aqueduct Projects	10,449	7,837	6,909	928	10,407
Total Cash Used	326,222	243,917	203,502	40,415	302,276
Net Cash/PAYGO Provided (Used) by Cap. Act.	(2,465)	(1,849)	(14,004)	(12,166)	(2,440)
Beginning Balance, October 1 (Net of Rate Stab. Fund)	131,996	98,997	131,996		131,996
Plus (Less) Operating Surplus	77	58	12,658		15,671
Wholesale Customer Refunds from Prior Years	(5,053)	(3,790)	(3,861)		(3,880)
Interest Earned From Bond Reserve	277	208	257		131
Transfer to Rate Stabilization Fund	(1,000)	(750)	0		(1,000)
Prior Year Federal Billing Reconciliation	1,669	1,252	1,252		1,669
Cash Used for Capital	(2,465)	(1,849)	(14,004)		(2,440)
Balance Attributable to O&M Reserve	126,600	94,126	128,298		142,147
OTHER CASH RESERVES					
Rate Stabilization Fund	16,700				
CSO Long-Term Control Plan Appropriation	73,085				

Comparative Statement of Expenditures
as of June 30, 2011
(\$000's)

	FY 2011						FY 2012			
	Board Revised Budget	YTD Budget	YTD as of 06/30/2011	YTD Variance Favorable/(Unfavorable)		Percent of Budget	Preliminary Year-End Projection	Projection Percent of Budget	Year-End Variance	Board Revised Budget
			\$S	%						
Personnel Services	105,292	78,969	76,030	2,939	3.7%	72%	102,569	97%	2,723	111,114
Contractual Services	79,114	59,336	47,506	11,829	19.9%	60%	74,470	94%	4,644	79,745
Water Purchases	33,000	24,750	21,553	3,197	12.9%	65%	29,175	88%	3,825	31,517
Chemicals and Supplies	29,234	21,928	19,633	2,292	10.5%	67%	28,213	97%	1,021	29,946
Utilities	34,938	26,204	24,370	1,833	7.0%	70%	32,188	92%	2,750	37,447
Small Equipment	1,095	821	493	328	40.0%	45%	852	78%	243	995
Subtotal O & M Expenditures	282,674	212,005	189,586	22,419	10.6%	67%	267,467	95%	15,206	290,765
Debt Service	98,728	74,045	71,064	2,981	4.0%	72%	95,044	96%	3,882	102,613
Payment in Lieu of Taxes	16,882	12,662	12,662	-	0.0%	75%	16,882	100%	-	16,882
Right of Way	5,100	3,825	3,825	-	0.0%	75%	5,100	100%	-	5,100
Total O & M Expenditures	403,382	302,536	277,136	25,400	8.5%	69%	384,493	95%	18,888	415,360
Personnel Services Charged to Capital Projects	(11,000)	(8,250)	(7,943)	307	-3.7%	72%	(10,716)	97%	(284)	(14,000)
Total Net Operating Expenditures	392,382	294,286	269,194	25,091	8.5%	69%	373,777	95%	18,604	401,360

Note: Actuals include accruals

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

FY 2010 Overtime
Budget vs Actual
Period Ended June 2010

Department	FY 2009				FY 2010						
	Annual Budget	Percent of Budget Expended	Actual	Actual to Budget \$ Variance	Annual Budget	Percent of Annual Budget Expended	Straight-Line Budget 10/01/09 - 07/03/10	Actual 10/31/09 - 07/03/10	Actual to Straight-Line Budget Variance	Percentage YTD Straight-Line Budget Expended	YTD Overtime as % of YTD Regular
Office of the Secretary	4,000	106%	4,230	(230)	3,000	114%	2,269	3,416	(1,147)	151%	2%
General Manager	25,000	65%	16,219	8,781	20,000	45%	15,128	9,051	6,078	60%	1%
General Counsel	2,000	168%	3,366	(1,366)	2,000	46%	1,513	912	601	60%	0%
Public Affairs	2,000	34%	682	1,318	2,000	39%	1,513	787	726	52%	0%
Internal Audit	-	-	19	(19)	-	-	0	0	0	0%	0%
Information Technology	30,000	93%	27,800	2,200	25,000	84%	18,910	20,885	(1,975)	110%	2%
Procurement/Material Mgmt	50,000	39%	19,257	30,743	40,000	36%	30,256	14,561	15,696	48%	1%
Customer Service	260,000	122%	316,250	(56,250)	260,000	67%	196,667	174,266	22,401	89%	3%
Finance & Budget	40,000	39%	15,673	24,327	35,000	43%	26,474	15,181	11,293	57%	0%
Risk Management	1,000	3%	35	965	1,000	3%	756	32	724	4%	0%
Assistant General Manager	1,000	147%	1,470	(470)	1,000	61%	756	607	149	80%	0%
Human Resources	10,000	89%	8,867	1,133	10,000	23%	7,564	2,279	5,286	30%	0%
Safety & Security	1,000	145%	1,446	(446)	2,000	24%	1,513	477	1,036	32%	0%
Facilities Management	150,000	87%	130,553	19,447	150,000	122%	113,462	182,627	(69,166)	161%	6%
Water / Sewer Pump Maintenance	13,400	704%	94,375	(80,975)	200,000	57%	151,282	113,540	37,742	75%	6%
Engineering Services	400,000	113%	452,864	(52,864)	500,000	83%	378,205	415,721	(37,515)	110%	5%
Water Services	1,500,000	86%	1,289,890	210,110	1,000,000	101%	756,410	1,007,725	(251,315)	133%	10%
Long-Term Control Plan	-	0%	-	-	1,000	0%	756	0	756	0%	0%
Sewer Services	920,000	98%	903,492	16,508	900,000	109%	680,769	983,600	(302,831)	144%	11%
Wastewater Treatment	1,000,000	97%	969,624	30,376	950,000	88%	718,590	839,128	(120,538)	117%	11%
Maintenance Services	1,186,600	89%	1,059,569	127,031	800,000	96%	605,128	764,451	(159,322)	126%	9%
Permits	-	0%	-	-	1,000	0%	756	0	756	0%	0%
Fleet Services	1,000	54%	539	461	1,000	126%	756	1,264	(508)	167%	0%
Total WASA	\$ 5,697,000	95%	\$ 5,316,220	\$ 80,887	\$4,904,000	93%	\$3,709,436	\$4,550,509	-\$841,074	123%	7%

Notes:

- (1) "Budget 10/01/09 - 07/03/10" reflects annual budget straight-lined
- (2) "% YTD Budget Expended" reflects variance between straight-lined budget to-date and actual overtime
- (3) "Actual 10/01/09 thru 07/03/10" includes 3 days of July

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

Capital Projects
FY 2011 Disbursements Analysis
As of June 30, 2011
(dollars in thousands)

Description	FY 2011 Revised Disbursements Budget		Annual - Projected	Actual Disbursements			% of FY 2011 Revised Disbursements Budget		Commitments Balance
	Annual	YTD		Oct. -'10 to May. -'11	June. -'11	¹ YTD	Annual	YTD	
Wastewater Treatment									
Liquid Processing Projects	12,660	8,768	14,453	8,700	605	9,306	74%	106%	45,345
Plantwide Projects	22,894	18,507	19,008	11,980	675	12,655	55%	68%	20,606
Solids Processing Projects	45,849	29,528	51,461	26,665	6,115	32,781	71%	111%	257,443
Enhanced Nitrogen Removal Facilities (formerly Total Nitrogen Program)	51,725	33,146	41,130	18,703	4,289	22,992	44%	69%	333,237
Total Wastewater Treatment	133,128	89,949	126,052	66,048	11,685	77,733	58%	86%	656,631
Sanitary Sewer									
Sanitary Collection Sewers	1,293	1,070	2,042	1,531	0	1,531	118%	143%	1,556
Sanitary On-Going Projects	10,281	6,974	7,316	5,147	993	6,140	60%	88%	4,105
Sanitary Pumping Facilities	681	482	437	111	8	120	18%	25%	616
Sanitary Sewer Program Management	7,328	5,412	3,447	2,651	129	2,980	41%	55%	22,842
Sanitary Interceptor/Trunk Force Sewers	14,413	9,505	9,434	6,261	1,995	8,256	57%	87%	14,000
Total Sanitary Sewer	33,996	23,443	22,676	15,901	3,125	19,027	56%	81%	43,119
Combined Sewer Overflow									
CSO Program Management	3,480	2,391	1,977	1,045	20	1,065	31%	45%	13,898
Combined Sewer Projects	28,669	26,028	40,315	28,728	4,407	33,135	116%	127%	16,621
Clean Rivers Project (aka Long-Term Control Plan)	43,935	34,171	39,150	18,910	3,441	22,351	51%	65%	236,330
Total Combined Sewer Overflow	76,084	62,590	81,442	48,683	7,869	56,551	74%	90%	266,848
Stormwater									
Stormwater Local Drainage	11	8	1	0	0	0	0%	0%	239
Stormwater On-Going Program	841	432	7	0	0	0	0%	0%	547
Stormwater Pumping Facilities	-	0	0	0	0	0			0
DDOT Stormwater Program	35	29	0	0	0	0	0%	0%	0
Stormwater Research and Program Management	1,157	955	661	302	155	457	40%	47%	2,021
Stormwater Trunk/Force Sewers	1,446	1,172	1,283	763	176	939	65%	80%	2,239
Total Stormwater	3,491	2,606	1,952	1,066	331	1,396	40%	54%	5,047
Water									
Water Distribution Systems	26,301	21,615	21,570	14,459	1,551	16,010	61%	74%	25,359
Water On-Going Projects	6,260	3,603	7,394	5,983	547	6,530	104%	181%	6,269
Water Pumping Facilities	5,568	3,888	2,265	1,406	69	1,475	26%	38%	5,789
DDOT Water Projects	-	0	3,089	1,856	0	1,856			9,070
Water Storage Facilities	2,577	1,848	2,228	849	137	985	38%	53%	2,132
Water Projects Program Management	3,963	3,006	4,233	2,886	832	3,718	94%	124%	15,339
Water Lead Program	3,323	2,786	2,997	1,921	273	2,193	66%	79%	6,159
AMR Installation / Replacement	2,619	1,964	3,273	1,977	249	2,226	85%	113%	568
Total Water	50,612	38,710	47,049	31,336	3,658	34,994	69%	90%	70,686
Washington Aqueduct	10,448	7,354	10,407	3,902	3,007	6,909	66%	94%	
Capital Equipment	17,462	13,096	12,698	6,207	685	6,892	39%	53%	7,851
Total Capital Projects	325,222	237,748	302,275	173,142	30,360	203,502	63%	86%	1,052,182

Notes:

¹ Includes actual OCIP related disbursements of \$411,719.29

**DC WATER AND SEWER AUTHORITY
LISTING OF EPA/MISC OPEN GRANTS
JUNE 30, 2011**

Name	Period	Total EPA Allowable Project Budget	% of Federal Funding	Federal Grant Award Amount	Cumulative Federal Expenditures as of 3/31/11	Current Quarter Expenditures	Cumulative Federal Expenditures as of 6/30/11	Remaining Federal Balance
<u>CLEAN WATER ACT GRANTS</u>								
Nitrification Facilities Upgrade	9/04 - 02/13	41,253,359	55.00%	22,689,347	18,091,800		18,091,800	4,597,547
Filtration and Disinfection Facility Upgrade Phase 2	9/06 - 09/12	9,872,426	55.00%	5,429,834	4,887,700		4,887,700	542,134
Raw Wastewater Pump Station 1 Upgrade	9/06 - 12/11	3,834,893	55.00%	2,109,191	1,581,900		1,581,900	527,291
Biological Sludge Thickening Facility Rehabilitation	09//08 - 06/12	14,060,069	55.00%	7,733,038	5,252,300	1,010,800	6,263,100	1,469,938
Area Substation 6	8/10 - 06/13	6,829,465	53.11%	3,626,566		504,900	504,900	3,121,666
Rehabilitation of Sewers, Various Locations Companion	9/10 - 12/13	447,397	22.74%	101,752			0	101,752
Anacostia Combined Sewer System Separation (VA/HUD)	07/02 - 09/11	3,174,545	55.00%	1,746,000	965,700		965,700	780,300
Rock Creek Combined Sewer Separation	05/06 - 11/11	1,576,909	55.00%	867,300	700,500		700,500	166,800
Filtration/Disinfection Facilities Upgrade, Phase 3	11/10 - 11/13	2,116,364	55.00%	1,164,000				
TOTAL OPEN CLEAN WATER ACT GRANTS		\$ 83,165,427		\$ 45,467,028	\$ 31,479,900	\$ 1,515,700	\$ 32,995,600	\$12,471,428
<u>SAFE-DRINKING WATER GRANTS</u>								
Large Valve Replacements, Contract 6	08/07 - 09/11	5,180,000	80.00%	\$4,144,000	\$3,022,000		\$3,022,000	\$1,122,000
Large Valve Replacements, Contract 7	09/08 - 09/13	3,458,000	80.00%	2,766,400			0	2,766,400
Small Diameter Water Main Replacements 2008	09/08 - 03/12	12,560,176	80.00%	10,048,141	4,685,500	1,099,000	5,784,500	4,263,641
Anacostia Pumping Station Replacement	08/07 - 06/11	21,988,000	80.00%	17,590,400	14,993,800		14,993,800	2,596,600
Bryant Street Pumping Discharge Piping Replacement	9/10 - 4/14	10,180,000	80.00%	8,144,000			0	8,144,000
Fort Reno Pumping Station Rehabilitation & Upgrade	9/10 - 8/12	7,300,000	80.00%	5,840,000			0	5,840,000
Small Diameter Water Main Replacements for 2010	9/10 - 9/11	2,648,917	80.00%	2,119,134			0	2,119,134
Cross-Town Tunnel Water Main Rehabilitation	6/11 - 9/12	6,064,214	80.00%	4,851,371				4,851,371
Small Diameter Water Main Rehabilitation Contract	6/11 - 5/14	3,393,250	80.00%	2,714,600				2,714,600
TOTAL SAFE DRINKING WATER GRANTS		\$ 63,315,093		\$ 58,218,046	\$22,701,300	\$1,099,000	\$ 23,800,300	\$34,417,746
TOTAL EPA GRANTS (SRF)		\$ 146,480,520		\$103,685,074	\$ 54,181,200	\$ 2,614,700	\$ 56,795,900	\$46,889,174

**DC WATER AND SEWER AUTHORITY
LISTING OF EPA/MISC OPEN GRANTS
JUNE 30, 2011**

Name	Period	Total EPA Allowable Project Budget	% of Federal Funding	Federal Grant Award Amount	Cumulative Federal Expenditures as of 3/31/11	Current Quarter Expenditures	Cumulative Federal Expenditures as of 6/30/11	Remaining Federal Balance
<u>ARRA FUNDING--SAFE DRINKING WATER</u>								
Small Valve Replacements Contract 5	10/09 - 09/11	\$ 451,150	100.00%	\$451,150	\$345,500		\$345,500	\$105,650
Large Valve Replacement Contract 8	12/09 - 7/11	1,997,348	100.00%	1,997,348	620,300	515,700	1,136,000	861,348
Small Diameter Distrib. Main Rehab., Contract 6	12/09 - 7/11	5,789,629	100.00%	5,789,629	1,007,000		1,007,000	4,782,629
Small Diameter Water Main Replacements 2010	12/09 - 9/11	7,164,058	100.00%	7,164,058	1,030,300	1,992,100	3,022,400	4,141,658
Rock Creek Water Main Replacement	3/09 - 11/11	2,471,135	100.00%	2,471,135	1,447,400	11,400	1,458,800	1,012,335
Fort Stanton Site Work & Joint Seals	9/09 - 05/12	1,626,680	100.00%	1,626,680	155,500	130,800	286,300	1,340,380
TOTAL ARRA SAFE DRINKING GRANTS		\$ 19,500,000		\$19,500,000	\$4,606,000	\$2,650,000	\$7,256,000	\$12,244,000
<u>ARRA FUNDING CLEAN WATER GRANTS</u>								
Watts Branch Sewer Rehab, Phase 2	10/09 - 12/12	\$ 680,511		\$680,511	\$531,600	\$81,800	\$613,400	\$67,111
Rehabilitation of Sewers, Various Locations	02/10 - 10/12	\$ 3,558,379		3,558,379	639,600	559,000	\$1,198,600	2,359,779
Rehabilitation of Sewers, Various Locations/MOU-DDOE	02/10 - 10/12	\$ 935,000		935,000	935,000		\$935,000	0
Additional Tide Gate Improvements	08/09 - 09/11	\$ 621,552		621,552	518,200		518,200	103,352
TOTAL ARRA CLEAN WATER GRANTS		\$ 5,795,442		\$5,795,442	\$2,624,400	\$640,800	\$3,265,200	\$2,530,242
GRAND TOTAL ARRA GRANTS		\$ 25,295,442		\$ 25,295,442	\$ 7,230,400	\$ 3,290,800	\$ 10,521,200	\$ 14,774,242
GRAND TOTAL ALL EPA GRANTS		\$ 171,775,962		\$128,980,516	\$ 61,411,600	\$ 5,905,500	\$ 67,317,100	\$ 61,663,416
MISC. GRANTS								
DC Office of Deputy Mayor for Planning & Economic Dev.	12/07 - 05/09		50.00%	1,100,000	251,373		251,373	848,627
DC Dept. Parks & Rec., DDOE and DCWASA	06/06 - 06/10		48.00%	921,000	233,226		233,226	687,774
FTSS-DDOE, DCOP, GSA, SI, DCHSEMA/DCWASA	10/09 - 3/10			545,000	454,255	30,397	484,652	60,348
BOLD = NEW GRANTS								

**DC WATER AND SEWER AUTHORITY
LISTING OF CSO CONGRESSIONAL FUNDING AND PROJECTS
AS OF
JUNE 30, 2011**

Footnote	Name	Period	Federal Award Amount	Cumulative Federal Expenditures as of 03/31/11	Current Quarter Expenditures	Cumulative Federal Expenditures as of 06/30/11	Remaining Federal Balance
1	<u>CONGRESSIONAL CSO APPROPRIATION BUDGET</u>	02/03 -					
	<u>LTCP Projects</u>						
	Anacostia CSS LTCP - Facility Plan Phase		29,250,753	24,187,578	3,166,663	27,354,241	1,896,512
	Potomac CSS LTCP Facility Plan		1,753,000	311,019	10,759	321,778	1,431,222
	CSO LTCP Rock Creek Projects		1,753,000	125,237	10,759	135,996	1,617,004
	Total LTCP Projects		32,756,753	24,623,834	3,188,181	27,812,015	4,944,738
	<u>Program Management</u>						
	CSO Program Management		400,000	234,081		234,081	165,919
	CSO Long Term Control Plan		5,120,155	251,439		251,439	4,868,716
	Total Program Management		5,520,155	485,520		485,520	5,034,635
	<u>Nine Minimum Control Projects</u>						
	WASA Low Impact Development Projects		1,500,000	155,914	0	155,914	1,344,086
	Potomac Pumping Station Rehabilitation		8,737,500	4,995,305	4,374	4,999,679	3,737,821
	Rock Creek CSO Projects		3,630,000	3,254,126	319,390	3,573,516	56,484
	CSO Nine Minimum Control Projects		575,000	574,226		574,226	774
	Outfall Sewer Rehabilitation		22,970,002	11,645,096	6,532,209	18,177,305	4,792,697
	Potomac Pumping Station Phase III		14,491,000	24,831	13,968	38,799	14,452,201
	Swirl Facilitation Rehabilitation		1,830,000	55,697		55,697	1,774,303
	CSO Fabridam Replacement		5,175,450	4,479,579		4,479,579	695,871
	Main and O Pumping Station		37,838,285	33,823,425	1,711,175	35,534,600	2,303,685
	East Side Pumping Station		9,227,822	7,761,444		7,761,444	1,466,378
	Poplar Point Pumping Station		3,178,000	854,565		854,565	2,323,435
	Dry Weather Overflow Elimination		5,690,636	154,912	0	154,912	5,535,724
	CSO Wet Weather Water Quality Monitoring		475,000	24,657	0	24,657	450,343
	Total Nine Minimum Control Projects		115,318,694	67,803,777	8,581,116	76,384,893	38,933,801
	TOTAL CSO APPROPRIATION		\$153,595,602	\$92,913,131	\$11,769,297	\$104,682,428	\$48,913,174

DC WATER AND SEWER AUTHORITY
LISTING OF CSO CONGRESSIONAL FUNDING AND PROJECTS
AS OF
JUNE 30, 2011

Footnote	Name	Period	Federal Award Amount	Cumulative Federal Expenditures as of 03/31/11	Current Quarter Expenditures	Cumulative Federal Expenditures as of 06/30/11	Remaining Federal Balance
							11,769,294
							12,407,480
							\$73,089,948

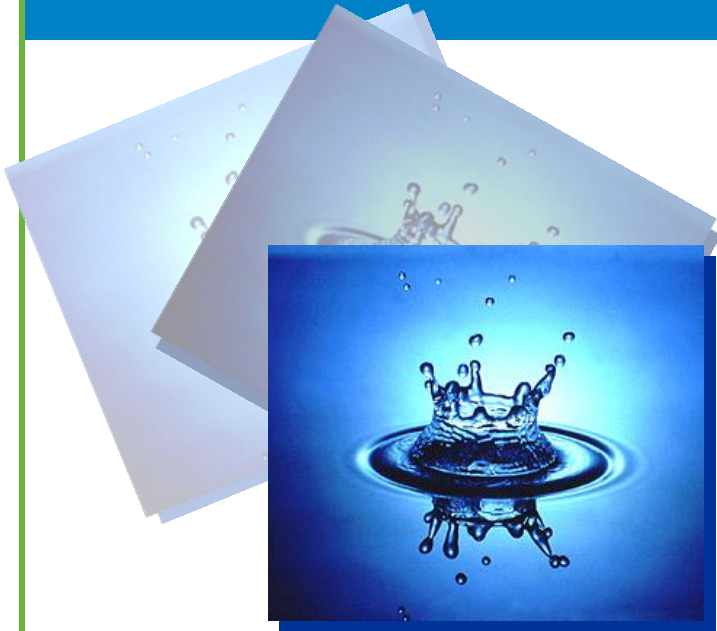
Plus Unreimbursed 3rd Quarter Expenditures

Interest Earned

Grand Total CSO Remaining Balance

FOOTNOTES

1	Appropriation on February 20, 2003	\$49,675,000
	Appropriation on January 22, 2004	29,823,000
	Appropriation on November, 2004	4,800,000
	Less Federal Recission	(38,400)
	Appropriation on December 15, 2005	7,000,000
	Less Federal Recission	(70,000)
	Appropriation on April 5, 2007 (\$7,000,000 less recission)	7,000,000
	Less Federal Recission	(70,000)
	Appropriation on March 25, 2008	8,000,000
	Appropriation on April 3, 2009	16,000,000
	Appropriation on February 17, 2010	20,000,000
	Appropriation on November 3, 2010	3,506,000
	Appropriation on February 2, 2011	4,986,000
	Appropriation on June 8, 2011	2,984,002
	Total Appropriation	153,595,602



DC Water

Investment Performance Report— June 2011



DC Water
Finance Division
Economic Update

ECONOMIC COMMENTARY

- Interest rates continued their downward slide in June. The yield on the 2-year U.S. Treasury Note declined from 0.47% to a low of 0.33% before rebounding to 0.46%.
- The economy generated a meager 18,000 jobs during the month of June, significantly below economists' estimates of job growth of 105,000. The unemployment rate ticked higher to 9.2%.
- On June 22nd, the Federal Open Market maintained the target federal funds rate at 0% to ¼% and reiterated that conditions warrant low levels on rates for an "extended period."
- Consumer confidence declined from a level of 60.8 to 58.5 in June.

PORTFOLIO RECAP

- The portfolio is diversified among Bank Deposits, Commercial Paper, Federal Agencies and SEC registered money market funds.
- The overall yield-to-cost of the portfolio is 0.38%.
- The portfolio is in compliance with the Authority's Investment Policy.

2010A Construction Fund

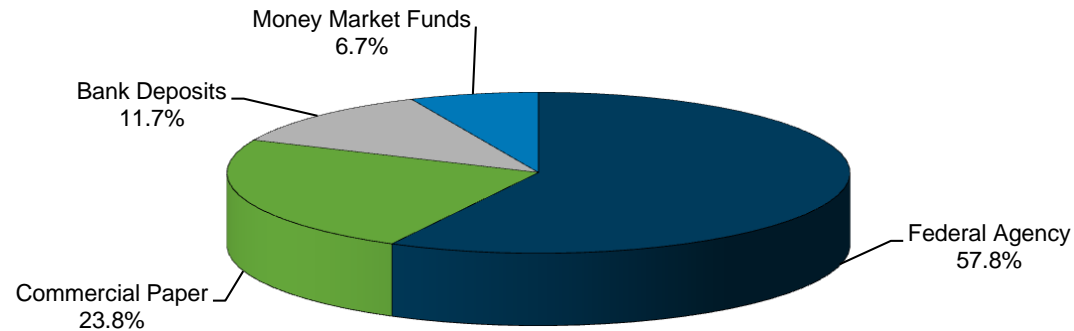
- In June, the Authority reinvested \$10 million into 2 month federal agency discount notes at an average yield of 0.06%.

Operating Reserve Fund

- The Authority purchased \$15 million of 3 to 4 month commercial paper at an average yield of 0.29%.



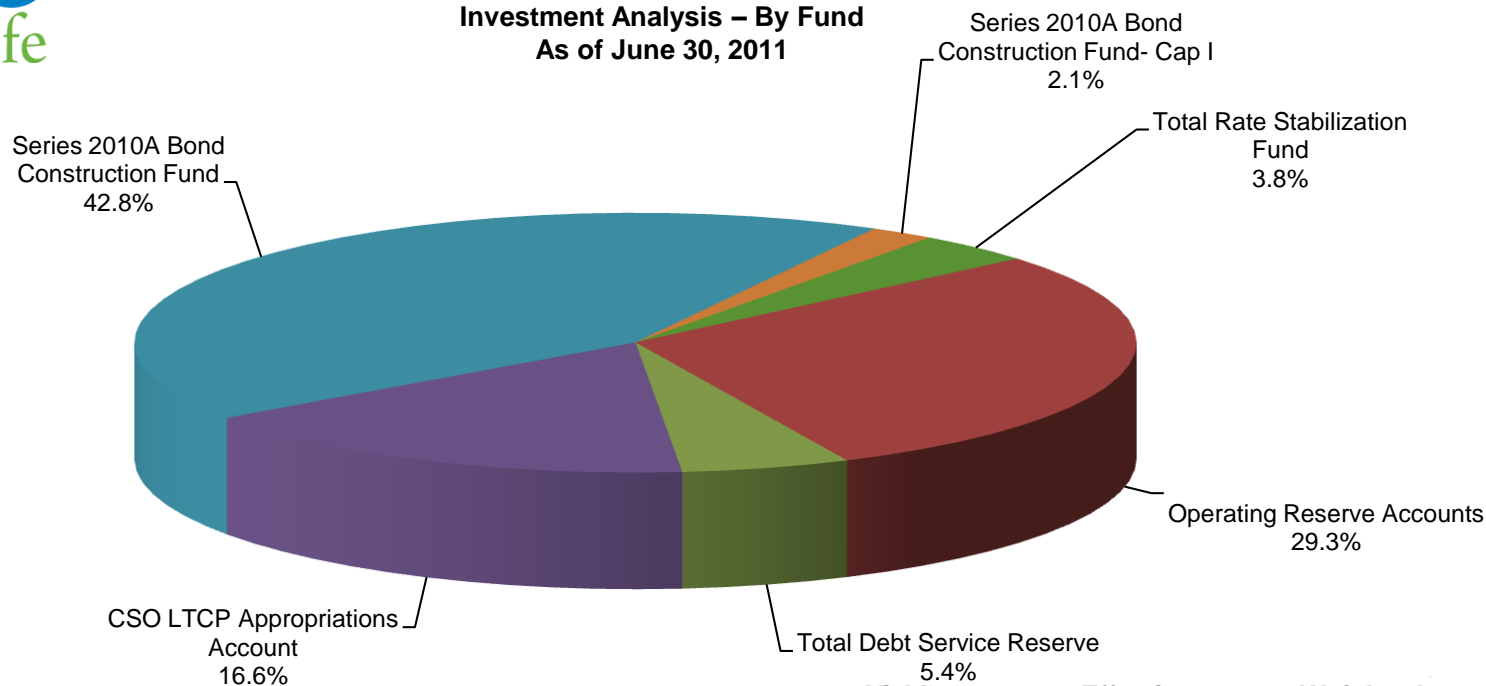
**DC Water
Finance Division
Investments - By Security Type
As of June 30, 2011**



Security Type	Book Value + Accrued Interest	Asset Allocation	Permitted By Policy
Bank Deposits	\$ 51,174,507	11.7%	100.0%
Money Market Funds	29,336,278	6.7%	100.0%
Bankers Acceptances	-	0.0%	40.0%
Commercial Paper	104,455,695	23.8%	35.0%
U.S. Treasuries	-	0.0%	100.0%
Federal Agency	253,081,163	57.8%	100.0%
Negotiable CDs	-	0.0%	30.0%
Municipal Obligations	-	0.0%	20.0%
Total	\$ 438,047,644	100.0%	



**DC Water
Finance Division
Investment Analysis – By Fund
As of June 30, 2011**

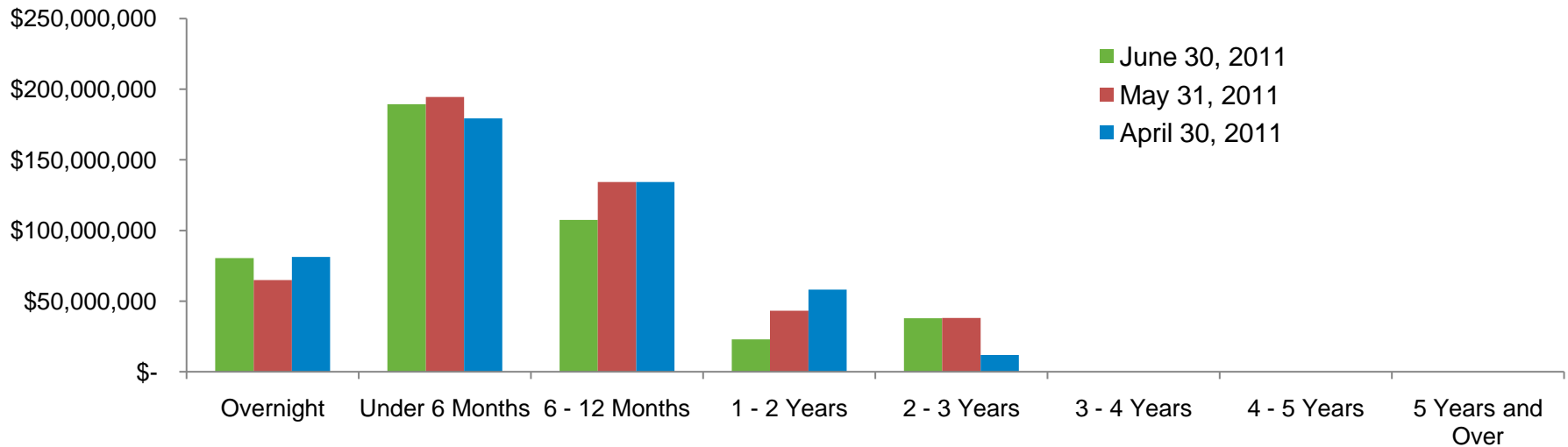


Fund Name	Book Value + Accrued Interest	Yield-to- Maturity at Cost	Effective Duration (years)	Weighted Average Maturity (days)
Total Rate Stabilization Fund	\$ 16,700,897	0.16%	0.07	25.5
Operating Reserve Accounts	128,191,988	0.51%	0.66	292.5
Total Debt Service Reserve	23,815,103	0.62%	1.25	466.1
Series 2010A Bond Construction Fund	187,410,287	0.29%	0.33	122.1
Series 2010A Bond Construction Fund- Cap I	9,068,303	0.59%	1.37	509.0
Total CSO LTCP Appropriations Account	72,861,065	0.34%	0.34	127.1
Total	\$ 438,047,644	0.38%	0.49	195.9



**DC Water
Finance Division
Investment Analysis – By Maturity**

Maturity Distribution	June 30, 2011	May 31, 2011	April 30, 2011
Overnight \$	80,510,785.74 \$	64,985,531.04 \$	81,330,728.19
Under 6 Months	189,344,760.94	194,370,123.94	179,345,138.90
6 - 12 Months	107,436,730.86	134,377,080.87	134,335,466.16
1 - 2 Years	22,970,276.82	43,113,703.86	58,155,554.42
2 - 3 Years	37,785,089.43	37,994,517.57	11,944,043.88
3 - 4 Years	-	-	-
4 - 5 Years	-	-	-
5 Years and Over	-	-	-
Totals \$	438,047,643.79 \$	474,840,957.28 \$	465,110,931.55





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

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
Bank Deposits					
Premier Bank		5,011,601.71	1.1%	100.0%	Yes
TD Bank		\$ 46,162,905.71	10.5%	100.0%	Yes
Sub-Total Money Market Mutual Funds		51,174,507.42	11.7%	100.0%	Yes
Money Market Mutual Funds					
American Beacon MMF	AAA	11,481,345.58	2.6%	50.0%	Yes
Federated U.S. Treasury Cash Reserves	AAA	-	0.0%	50.0%	Yes
Merrill Lynch MMF	AAA	3,499,388.10	0.8%	50.0%	Yes
Wells Fargo Advantage Treasury Plus	AAA	13,875,575.72	3.2%	50.0%	Yes
Wells Fargo Government MMF	AAA	479,968.92	0.1%	50.0%	Yes
Sub-Total Money Market Mutual Funds		29,336,278.32	6.7%	100.0%	Yes
Commercial Paper					
Abbey National	A-1+ / P-1	11,493,020.86	2.6%	5.0%	Yes
Banco Bilbao Comm Paper	A-1+ / P-1	4,997,375.00	1.1%	5.0%	Yes
Credit Agricole Na Comm Paper	A-1 / P-1	11,497,515.56	2.6%	5.0%	Yes
Dexia Delaware Llc Comm Paper	A-1 / P-1	9,990,841.65	2.3%	5.0%	Yes
FORD Motor Credit	A-1+ / P-1	4,999,805.55	1.1%	5.0%	Yes
General Elec Cap Svcs Comm Paper	A-1+ / P-1	4,998,063.90	1.1%	5.0%	Yes
HSBC	A-1 / P-1	4,999,436.10	1.1%	5.0%	Yes
Ing (Us) Funding Llc Comm Paper	A-1 / P-1	6,499,014.15	1.5%	5.0%	Yes
Intesa Funding Comm Paper	A-1 / P-1	4,995,777.80	1.1%	5.0%	Yes
Natixis Comm Paper	A-1 / P-1	9,994,822.90	2.3%	5.0%	Yes
Northwest Natural Gas Comm Paper	A-1 / P-1	4,999,050.00	1.1%	5.0%	Yes
Santander Sa Comm Paper	A-1+ / P-1	4,997,345.85	1.1%	5.0%	Yes
Societe Generale Na Comm Paper	A-1 / P-1	4,997,039.60	1.1%	5.0%	Yes
Sumitomo Corp Of America Comm Paper	A-1 / P-1	9,997,558.30	2.3%	5.0%	Yes
UBS	A-1 / P-1	4,999,027.80	1.1%	5.0%	Yes
Sub-Total Commercial Paper		104,455,695.02	23.8%	35.0%	Yes
Federal Agencies					
Fannie Mae	AAA / Aaa	30,819,899.35	7.0%	40.0%	Yes
Freddie Mac	AAA / Aaa	102,166,647.94	23.3%	40.0%	Yes
Federal Home Loan Bank	AAA / Aaa	120,094,615.74	27.4%	40.0%	Yes
Federal Farm Credit Bank	AAA / Aaa	-	0.0%	40.0%	Yes
Sub-Total Federal Agencies		253,081,163.03	57.8%	100.0%	Yes
Total		\$ 438,047,643.79	100.0%		



**DC Water
Finance Division
Book Value Performance
As of June 30, 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%	0.18%	0.06%	0.24%	0.09%	0.19%	0.19%	25.5	0.07 years
Operating Reserve Accounts	0.06%	0.73%	0.16%	0.66%	0.25%	0.50%	0.41%	292.5	0.80 years
Total Debt Service Reserve	0.05%	0.62%	0.16%	0.65%	0.31%	0.63%	0.63%	466.1	1.28 years
Total CSO LTCP Appropriations Account	0.03%	0.36%	0.10%	0.40%	0.15%	0.31%	0.31%	127.1	0.35 years
2010A Construction Fund	0.02%	0.29%	0.07%	0.28%	0.13%	0.25%	n/a	122.1	0.33 years
2010A Capitalized Interest Fund	0.04%	0.54%	0.11%	0.43%	0.14%	0.29%	n/a	509.0	1.39 years
Short-Term	0.02%	0.30%	0.07%	0.30%	0.13%	0.26%	0.26%		
Merrill Lynch 3-Month Treasury Index (Book Value) ¹	0.00%	0.05%	0.02%	0.06%	0.05%	0.10%	0.12%	90.0	0.25 years
Core (1+ Years)	0.07%	0.90%	0.21%	0.86%	0.39%	0.79%	0.86%		
Merrill Lynch 1-3 Year Treasury Index (Book Value) ²	0.04%	0.44%	0.14%	0.58%	0.29%	0.59%	0.53%	-	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



**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>Total Rate Stabilization Fund</u>									
TD BANK BANK DEPOSIT	\$ 11,702,833		7/1/2011		0.15%	\$ 11,702,833	\$ 11,702,833	\$ 11,702,833	
GENERAL ELEC CAP SVCS COMM PAPER	5,000,000	-	9/21/2011	5/24/2011	0.17%	4,997,167	4,998,790	4,998,064	\$ 16,700,897.23
<u>Operating Reserve Accounts</u>									
TD BANK BANK DEPOSIT	\$ 18,433,228		7/1/2011		0.15%	\$ 18,433,227.69	\$ 18,433,228	\$ 18,433,228	
FEDERATED U.S. TREASURY CASH RESERVES	\$ -		7/1/2011		0.00%	-	-	-	
SUMITOMO CORP OF AMERICA COMM PAPER	5,000,000	-	7/12/2011	3/21/2011	0.30%	4,995,292	4,999,780	4,999,542	
NATIXIS COMM PAPER	5,000,000	-	7/19/2011	3/21/2011	0.44%	4,992,667	4,999,610	4,998,900	
NORTHWEST NATURAL GAS COMM PAPER	5,000,000	-	7/20/2011	1/26/2011	0.36%	4,991,250	4,999,590	4,999,050	
UBS FINANCE DELAWARE LLC COMM PAPER	5,000,000	-	7/29/2011	3/29/2011	0.25%	4,995,764	4,999,440	4,999,028	
BANCO BILBAO COMM PAPER	5,000,000	-	8/12/2011	5/13/2011	0.45%	4,994,313	4,997,590	4,997,375	
SANTANDER SA COMM PAPER	5,000,000	-	8/19/2011	5/12/2011	0.39%	4,994,638	4,997,110	4,997,346	
DEXIA DELAWARE LLC COMM PAPER	5,000,000	-	8/24/2011	4/26/2011	0.49%	4,991,833	4,998,420	4,996,325	
SUMITOMO CORP OF AMERICA COMM PAPER	5,000,000	-	9/7/2011	6/14/2011	0.21%	4,997,521	4,997,875	4,998,017	
ABBAY NATL N AMERICA LLC COMM PAPER	5,000,000	-	9/20/2011	6/14/2011	0.37%	4,994,964	4,996,270	4,995,838	
NATIXIS US FIN COMM PAPER	5,000,000	-	10/12/2011	6/14/2011	0.29%	4,995,250	4,996,260	4,995,923	
FHLB NOTES	10,000,000	0.625	1/13/2012	12/16/2010	0.37%	10,053,892	10,046,367	10,042,740	
FHLMC DISC NOTE	10,000,000	-	1/20/2012	1/26/2011	0.30%	9,970,582	9,991,540	9,983,365	
FHLMC NOTES	10,000,000	1.000	8/28/2012	7/27/2010	0.73%	10,068,578	10,108,341	10,064,739	
FHLB NOTES	10,000,000	0.750	8/28/2013	5/18/2011	0.72%	10,008,025	10,043,985	10,016,588	
FHLB TAP BONDS	10,000,000	3.125	12/13/2013	5/19/2011	0.99%	10,675,134	10,600,765	10,531,125	
FHLB NOTES (CALLABLE)	9,000,000	2.000	4/25/2014	4/27/2011	1.49%	9,134,740	9,156,417	9,142,861	\$ 128,191,988.41
<u>Total Debt Service Reserve</u>									
WELLS FARGO GOVERNMENT MMF	\$ 242,380		7/1/2011		0.01%	\$ 242,380	\$ 242,380	\$ 242,380	
MERRILL LYNCH MMF	3,499,388		7/1/2011		0.05%	3,499,388	3,499,388	3,499,388	
FHLB TAP BONDS	4,600,000	5.000	3/9/2012	6/22/2010	0.76%	4,997,236	4,820,430	4,805,269	
FHLMC NOTES	10,000,000	0.515	11/26/2012	11/22/2010	0.64%	9,981,294	10,022,837	9,987,536	
FHLB TAP BONDS	5,000,000	3.125	12/13/2013	5/25/2011	0.87%	5,354,034	5,300,383	5,280,530	\$ 23,815,103.20



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	\$ -		7/1/2011		0.01%	\$ -	\$ -	\$ -	
WELLS FARGO GOVERNMENT MMF	13,603,248		7/1/2011		0.03%	13,603,248	13,603,248	13,603,248	
CREDIT AGRICOLE NA COMM PAPER	5,000,000	-	7/14/2011	3/11/2011	0.32%	4,994,444	4,999,790	4,999,422	
HSBC FINANCE CORP COMM PAPER	5,000,000	-	7/15/2011	3/11/2011	0.29%	4,994,925	4,999,710	4,999,436	
ING (US) FUNDING LLC COMM PAPER	6,500,000	-	7/15/2011	1/24/2011	0.39%	6,487,888	6,499,623	6,499,014	
ABBAY NATL N AMERICA LLC COMM PAPER	6,500,000	-	7/25/2011	1/24/2011	0.65%	6,478,640	6,499,350	6,497,183	
CREDIT AGRICOLE NA COMM PAPER	6,500,000	-	7/25/2011	1/24/2011	0.44%	6,485,541	6,499,415	6,498,093	
FHLMC DISC NOTE	10,000,000	-	8/26/2011	6/14/2011	0.06%	9,998,783	9,999,080	9,999,067	
FHLMC DISC NOTE	8,500,000	-	9/15/2011	1/25/2011	0.21%	8,488,447	8,498,612	8,496,232	
INTESA FUNDING COMM PAPER	5,000,000	-	9/19/2011	5/20/2011	0.38%	4,993,561	4,996,490	4,995,778	
DEXIA DELAWARE LLC COMM PAPER	5,000,000	-	9/23/2011	5/20/2011	0.47%	4,991,775	4,997,130	4,994,517	
FHLMC DISC NOTE	28,000,000	-	10/14/2011	1/26/2011	0.23%	27,953,310	27,991,916	27,981,217	
FHLB NOTES	37,000,000	0.320	12/9/2011	1/26/2011	0.28%	37,027,008	37,039,278	37,013,073	
FNMA GLOBAL NOTES	27,500,000	2.000	1/9/2012	1/26/2011	0.30%	27,969,272	28,019,930	28,005,914	
FHLMC NOTES	22,500,000	1.720	3/14/2012	1/26/2011	0.37%	22,985,250	22,839,958	22,828,093	
									\$ 187,410,287.20
Series 2010A Bond Construction Fund- Cap I									
WELLS FARGO ADVANTAGE TREASURY PLUS	\$ 237,589		7/1/2011		0.01%	\$ 237,589	\$ 237,589	\$ 237,589	
WELLS FARGO GOVERNMENT MMF	272,327		7/1/2011		0.03%	272,327	272,327	272,327	
FHLMC DISC NOTE	1,400,000	-	9/23/2011	3/16/2011	0.16%	1,398,812	1,399,722	1,399,477	
FHLMC GLOBAL NOTES	1,400,000	2.125	3/23/2012	3/16/2011	0.27%	1,440,656	1,426,474	1,426,922	
FHLB GLOBAL BONDS	1,400,000	1.625	9/26/2012	3/16/2011	0.43%	1,436,191	1,427,670	1,426,604	
FHLB TAP BONDS	1,400,000	3.875	3/8/2013	3/16/2011	0.70%	1,488,359	1,497,435	1,491,397	
FNMA NOTES	1,400,000	1.125	9/30/2013	3/16/2011	0.97%	1,412,681	1,419,528	1,408,784	
FNMA NOTES (EX-CALLABLE)	1,400,000	1.250	3/14/2014	3/16/2011	1.19%	1,402,617	1,420,411	1,405,201	
									\$ 9,068,302.60
Total CSO LTCP Appropriations Account									
TD BANK BANK DEPOSIT	\$ 16,026,845		7/1/2011		0.15%	\$ 16,026,845	\$ 16,026,845	\$ 16,026,845	
ADAMS NATIONAL BANK	5,011,602		7/1/2011		0.25%	5,011,602	5,011,602	5,011,602	
AMERICAN BEACON MMF	11,481,346		7/1/2011		0.03%	11,481,346	11,481,346	11,481,346	
FORD MOTOR CREDIT CO COMM PAPER	5,000,000	-	7/5/2011	3/21/2011	0.35%	4,994,847	4,999,915	4,999,806	
SOCIETE GENERALE NA COMM PAPER	5,000,000	-	8/19/2011	3/21/2011	0.44%	4,990,877	4,998,590	4,997,040	
FHLB TAP BONDS	10,000,000	1.125	3/9/2012	6/21/2010	0.84%	10,080,075	10,092,200	10,054,431	
FHLB GLOBAL BONDS	10,000,000	2.250	4/13/2012	3/7/2011	0.32%	10,301,743	10,200,820	10,199,605	
FHLB TAP BONDS	10,000,000	1.375	6/8/2012	11/22/2010	0.50%	10,197,461	10,107,025	10,090,393	
									\$ 72,861,065.15
						\$ 438,688,122.48	\$ 438,452,655.61	\$ 438,047,643.79	\$ 438,047,643.79



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 PAPER	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 PAPER	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 2010A CONSTRUCTION FUND	313384KX6	FHLMC DISC NOTE	10,000,000	-	08/26/11	06/14/11	0.061	\$ 9,998,783.33
DC WASA OPERATING RESERVE ACCOUNTS	66765FUL4	NORTHWEST NATURAL GAS COMM PAPER	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
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	ABBEY NATL N AMERICA LLC COMM PAPER	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 (CALLED, OMD 12/27/2012)	10,000,000	0.550	06/27/11	03/08/11	0.693	\$ 9,985,347.22
DC WASA OPERATING RESERVE ACCOUNTS	86561BUC7	SUMITOMO CORP OF AMERICA COMM PAPER	5,000,000	-	07/12/11	03/21/11	0.305	\$ 4,995,291.67

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	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 PAPER	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 OPERATING RESERVE ACCOUNTS	86561BW76	SUMITOMO CORP OF AMERICA COMM PAPER	5,000,000	-	09/07/11	06/14/11	0.213	\$ 4,997,520.83
DC WASA OPERATING RESERVE ACCOUNTS	0027A1WL9	ABBEY NATL N AMERICA LLC COMM PAPER	5,000,000	-	09/20/11	06/14/11	0.376	\$ 4,994,963.89
DC WASA OPERATING RESERVE ACCOUNTS	6323A1XC5	NATIXIS US FIN COMM PAPER	5,000,000	-	10/12/11	06/14/11	0.289	\$ 4,995,250.00
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	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 PAPER	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.

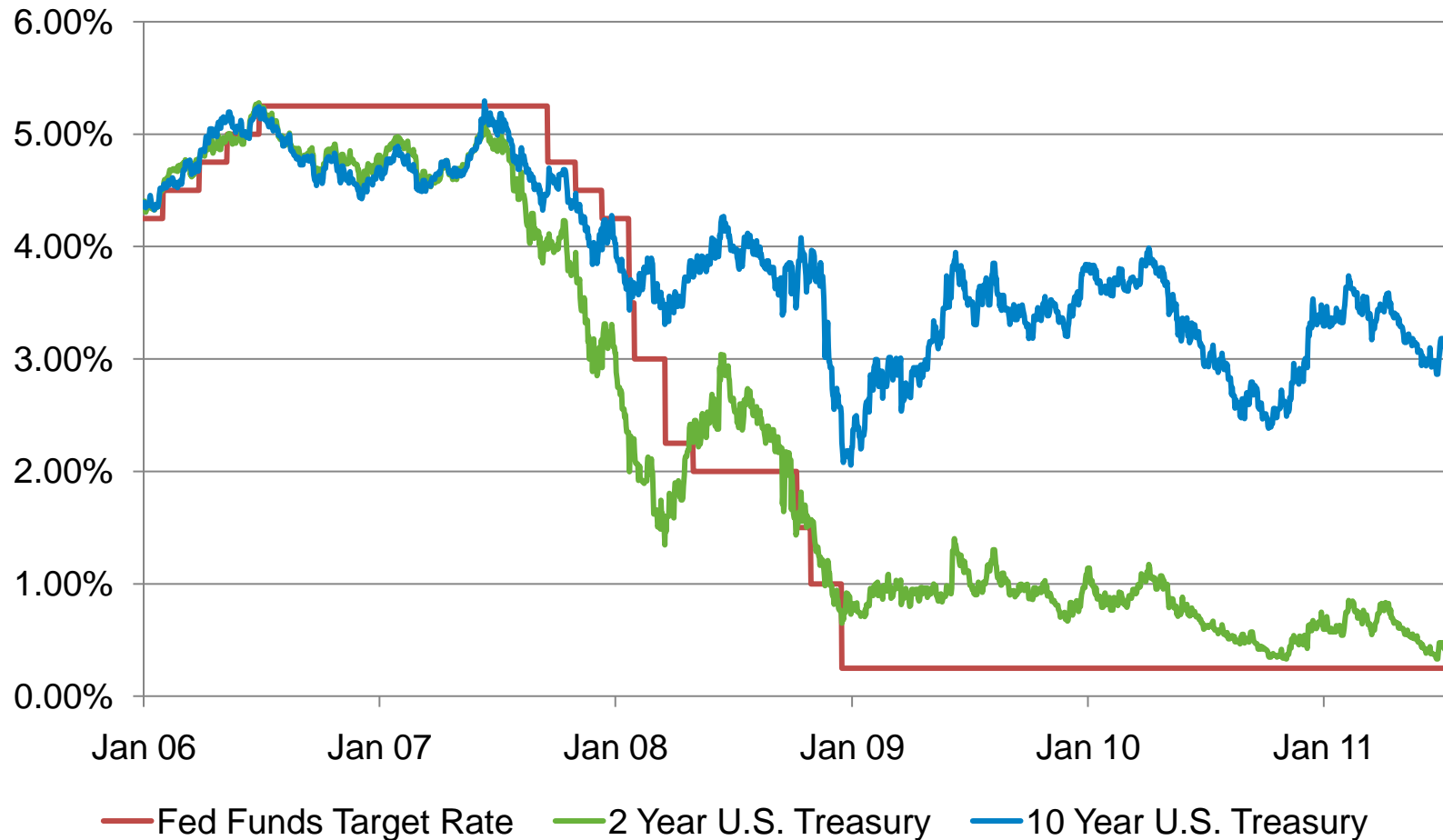


Appendix: Interest Rate Update



Economic Troubles Keep Interest Rates Low

Yields of Various Maturities
January 1, 2006 to July 12, 2011

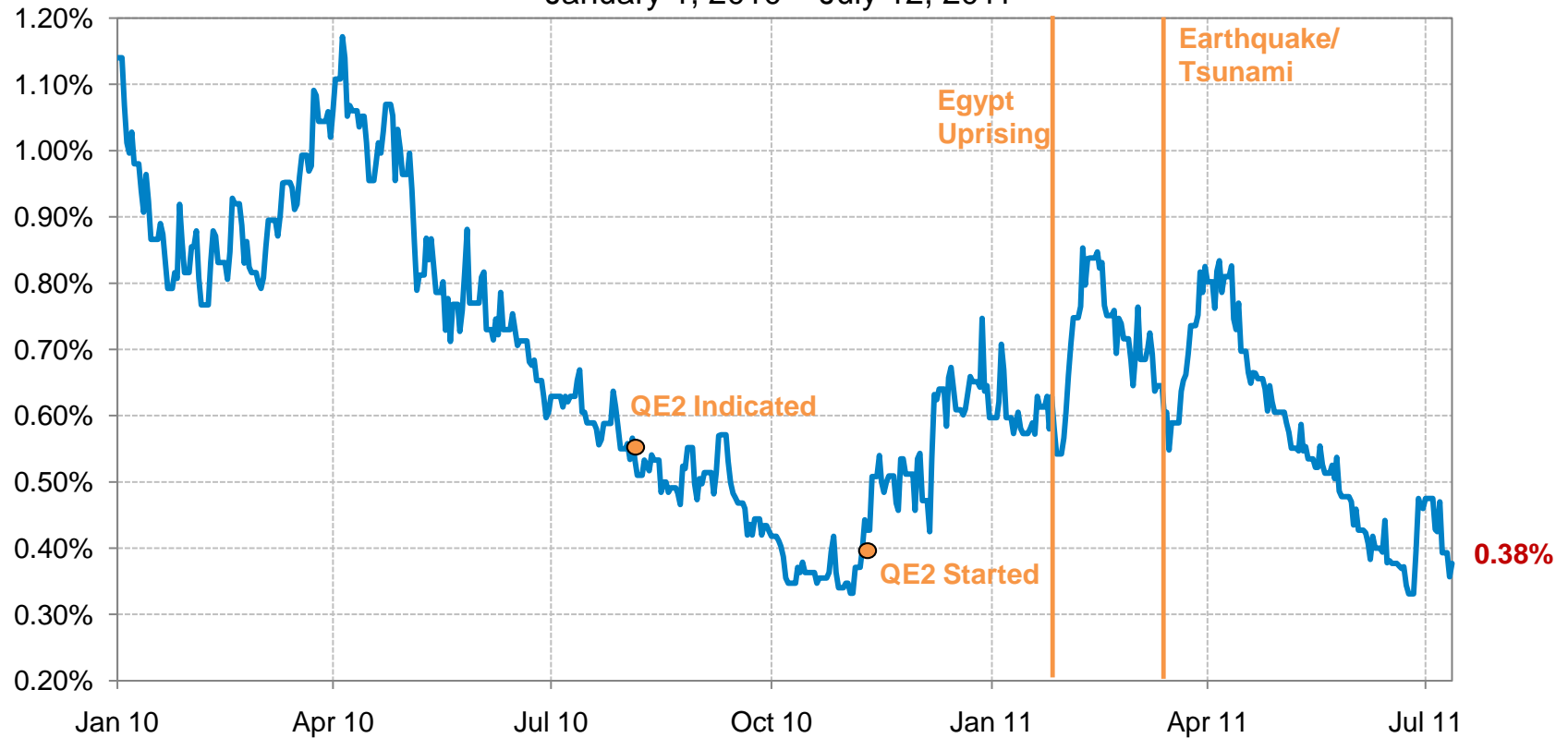


Source: Bloomberg



Two Year Treasury

Yield on the 2-Year Treasury Note
January 1, 2010 – July 12, 2011



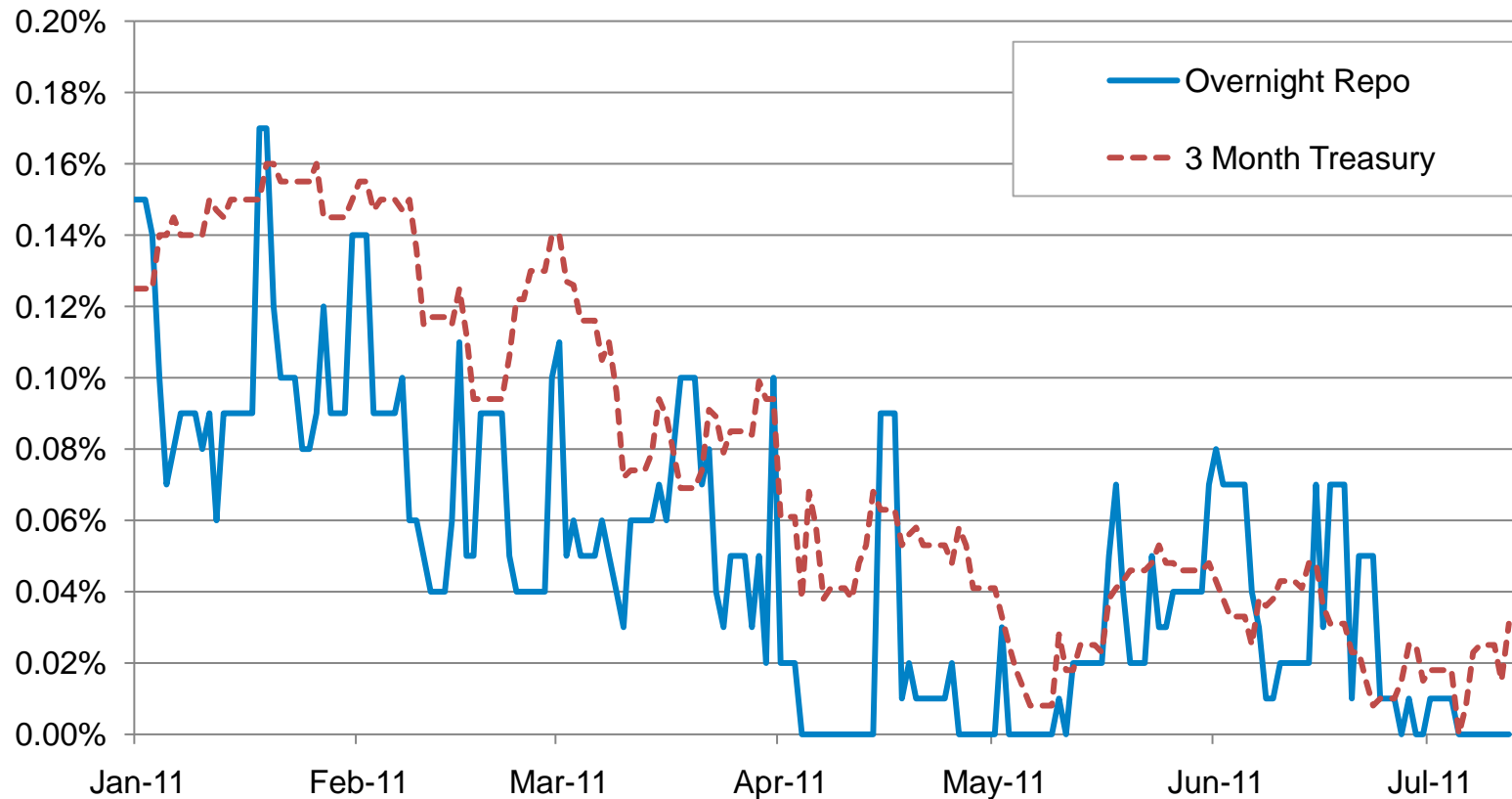
Source: Bloomberg



Short Term Rates Are Exceptionally Low

3-Month U.S. Treasury Bill and Overnight Gov't Repo Yields

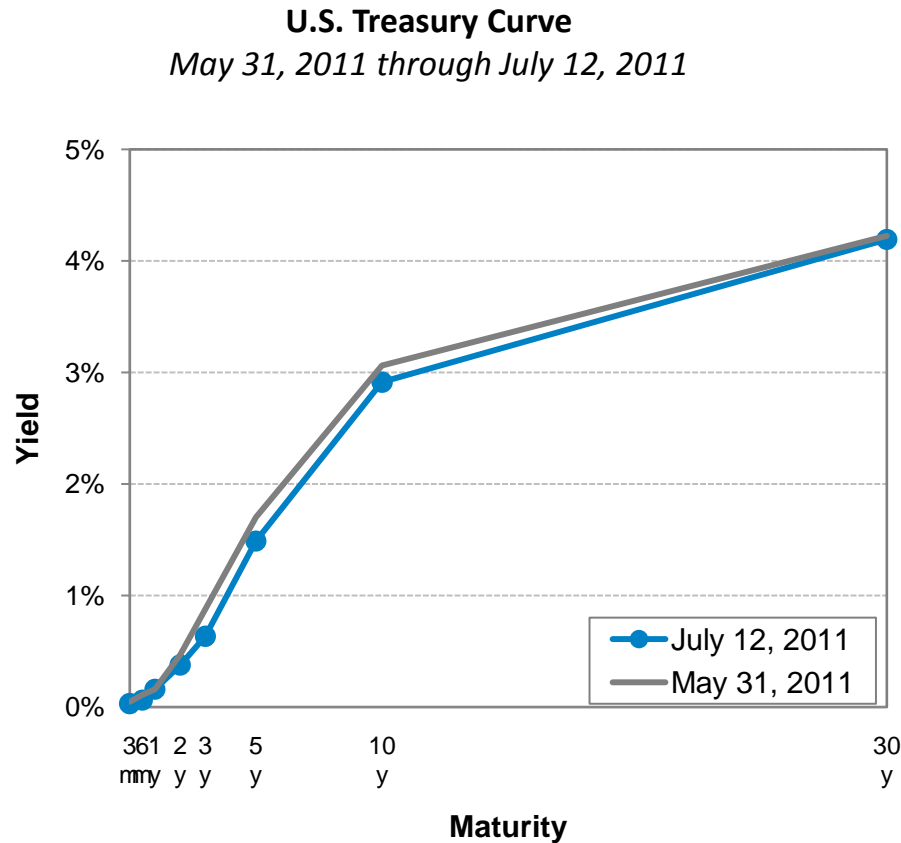
December 31, 2010 through July 12, 2011



Source: Bloomberg



Short Term Rates Are Exceptionally Low

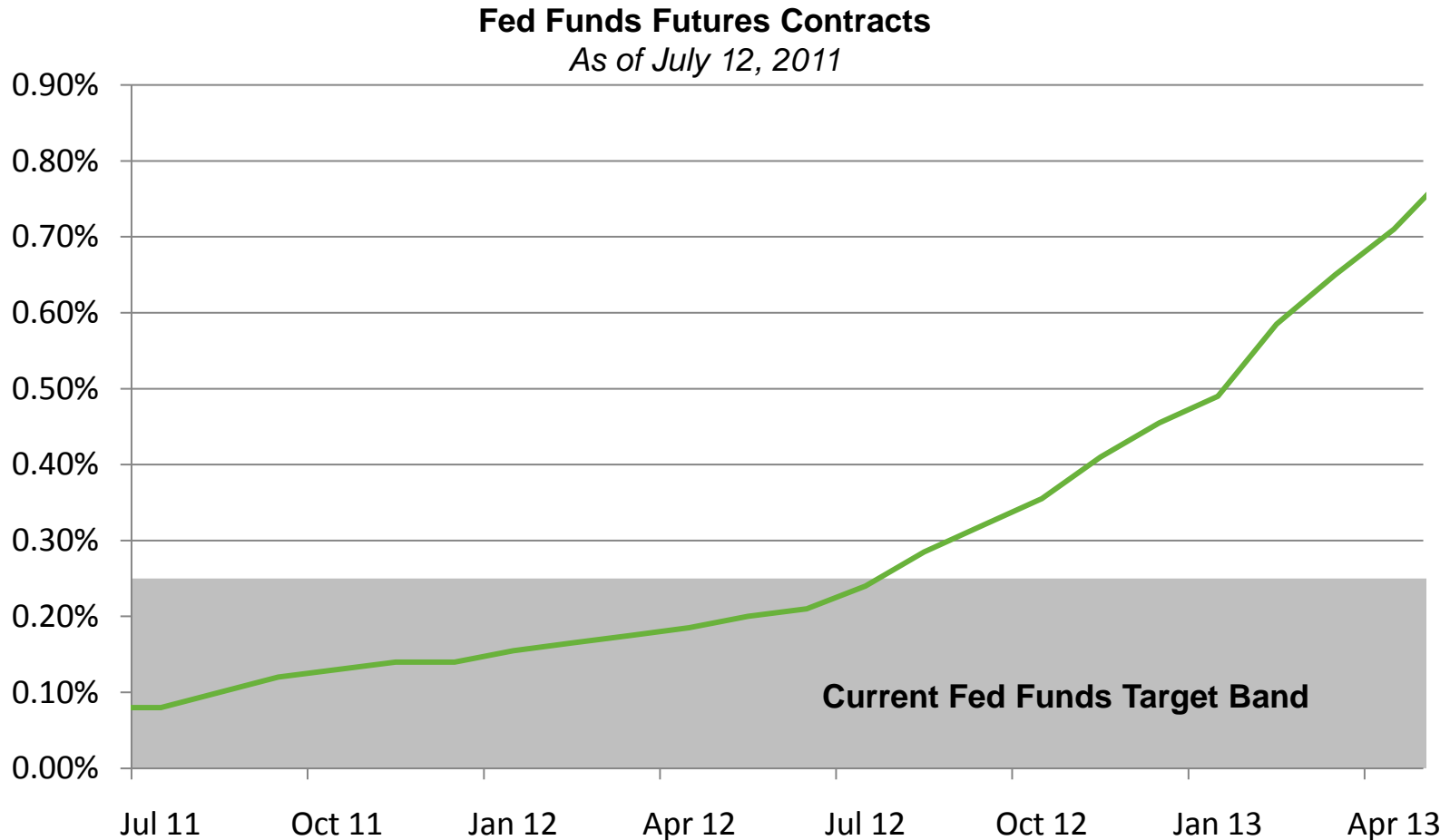


	<u>5/31/11</u>	<u>7/12/11</u>	<u>Change</u>
3 month	0.05%	0.03%	- 0.02%
6 month	0.11%	0.06%	- 0.05%
1 year	0.16%	0.16%	+ 0.00%
2 year	0.47%	0.38%	- 0.09%
3 year	0.78%	0.64%	- 0.15%
5 year	1.70%	1.49%	- 0.21%
10 year	3.06%	2.91%	- 0.15%
30 year	4.23%	4.19%	- 0.03%

Source: Bloomberg



Short-Term Rate Expectation

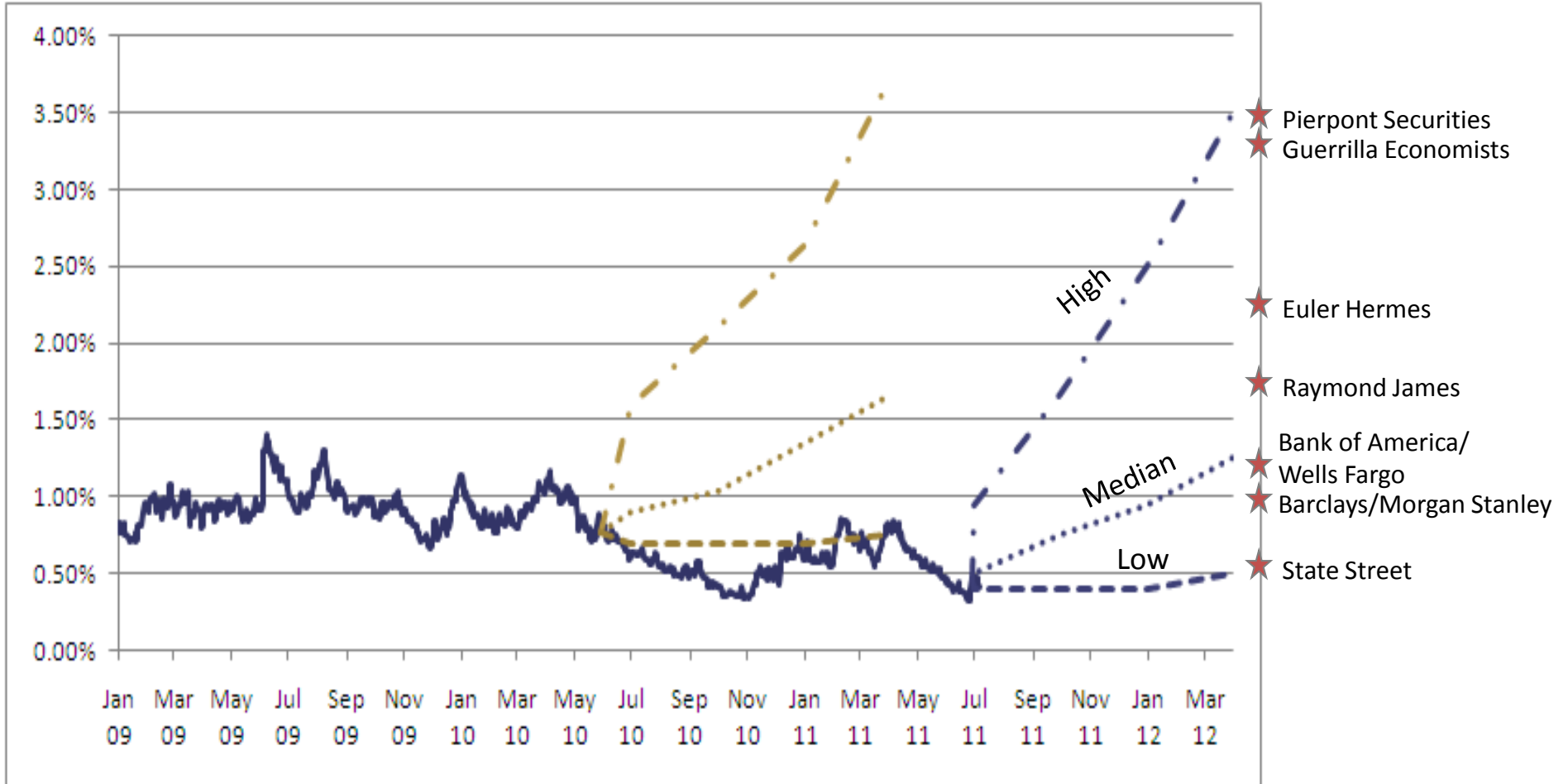


Source: Bloomberg



Economists' Forecasts Vary Widely

2-Year U.S. Treasury Note Yield Forecasts
January 1, 2009 to June 30, 2012 (Projected)



Source: June 2010 & June 2011 Bloomberg Survey of Economists



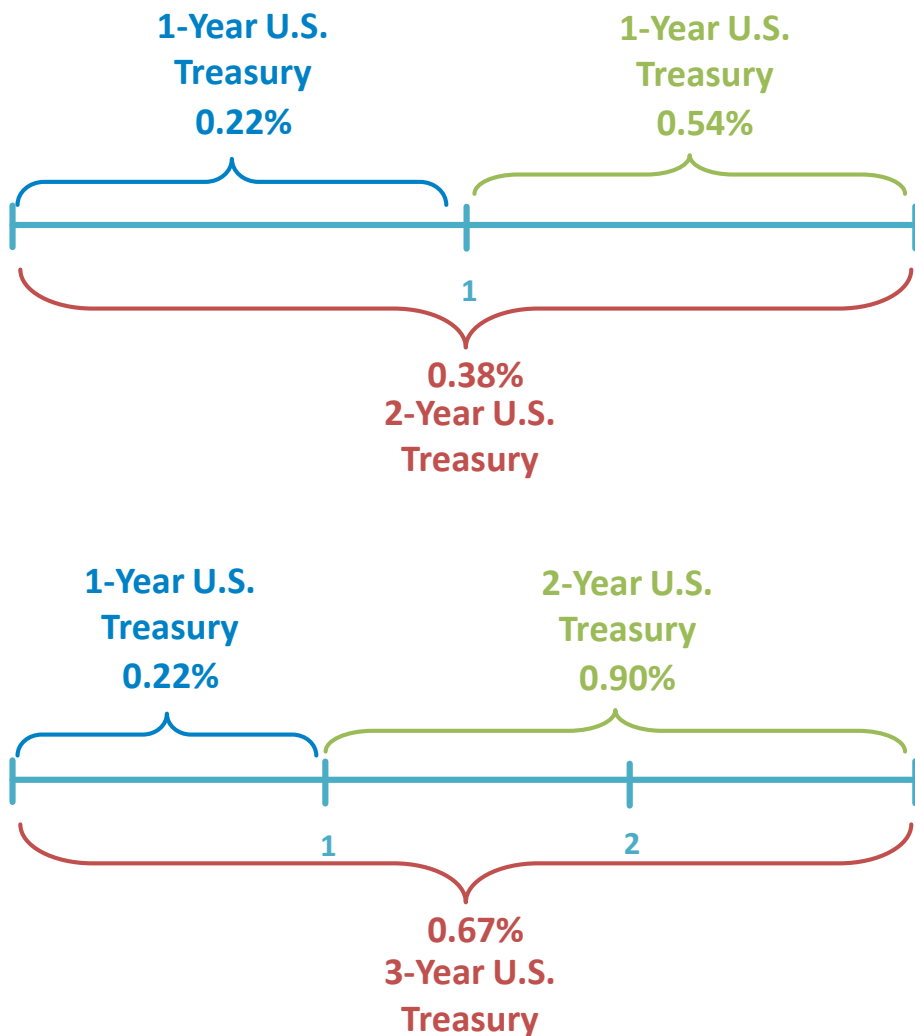
Longer-Term Rates Have Value

Maturity	U.S. Treasuries	Federal Agency	AA Corporate Notes
1 year	0.22%	0.25%	0.71%
2 years	0.38%	0.51%	1.11%
3 years	0.67%	0.88%	1.49%
4 years	1.07%	1.36%	2.04%
5 years	1.49%	1.77%	2.45%
10 Years	2.91%	3.05%	4.09%

Source: Bloomberg, as of 7/12/2011



Steep Yield Curve Offers Value



Source: Bloomberg

U.S. Treasury Yields

	<u>Today</u>	<u>Break-Even Rate</u>	<u>Change</u>
3 month	0.03%	n/a	n/a
6 month	0.09%	n/a	n/a
1 year	0.22%	0.54%	0.32%
2 year	0.38%	0.90%	0.52%
3 year	0.67%	1.35%	0.68%
4 year	1.07%	1.80%	0.74%
5 year	1.49%	2.23%	0.74%
10 year	2.91%	3.21%	0.44%

* Rates as of July 12, 2011

** Break-even rate is the rate required for the remaining term after the passage of 1 year assuming funds are initially invested for a year at 0.23%.

Revised 07/27/2011

ATTACHMENT 3

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

ACTION REQUESTED

GOODS AND SERVICES CONTRACT MODIFICATION:

**Legal Services
(Joint Use – Indirect Cost)**

Approval to expend additional funds with Beveridge & Diamond, PC for legal services. DC Water has expended \$5,406,047.51 from the inception of the Agreement and must obtain Board approval to expend an additional \$3 million dollars. The agreement value with this modification will be \$8,406,047.51.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME:	SUBS:	PARTICIPATION:
Beveridge & Diamond, P.C. 1350 I Street, N.W., Suite 700 Washington, D.C. 20005		

DESCRIPTION AND PURPOSE

Original Contract Value:	Not Applicable
Original Agreement Date:	July 2000
Value of this Modification :	\$3,000,000.00
Cumulative Mod. Value, including this Mod.:	\$8,406,047.51

Purpose of the Contract:

- To provide legal services as assigned, that includes several environmental matters and litigation.

Previous Change Order Scope:

- No change in scope.

Current Change Order Scope:

- Request additional funds to complete the legal services for fiscal year 2011 and to perform fiscal year 2012 legal services.

Contractor's Past Performance:

- Contractor's performance has been satisfactory.

PROCUREMENT INFORMATION

Contract Type:	Fixed Labor Rate	Award Based On:	Non-Competitive.
Commodity:	Services	Contract Number:	N/A
Contractor Market:	N/A		

BUDGET INFORMATION

Funding:	Operations	Department:	General Counsel
Service Area:		Department Head:	Randy Hayman

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	81.49%	\$2,444,700 .00
Washington Suburban Sanitary Commission	13.49%	\$ 404,700 .00
Fairfax County	3.26%	\$ 97,800 .00
Loudoun County & Potomac Interceptor	1.61%	\$ 48,300 .00
Others	.19%	\$ 5,700.00
Total Estimated Dollar Amount	100.00%	\$ 3,000,000.00

 7/21/11
 _____ Date
 Yvette Downs
 Director of Finance & Budget

 7/21/11
 _____ Date
 Rosalind R. Inge
 Director of Procurement

 7/21/11
 _____ Date
 Randy Hayman
 General Counsel

 George S. Hawkins
 General Manager

_____ Date



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

Thursday, September 22, 2011; 11:00 a.m.
Blue Plains Wastewater Treatment Plant
5000 Overlook Avenue, SW, DC
AGENDA

Call to Order	Chairman
August 2011 Financial Report	Director of Finance & Budget
Agenda for October 27th Joint Committee Meeting	Chairman
Adjournment	Chairman

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

DC Housing Authority Consumption Trends

[Status of review as requested in the April 2011 Committee meeting]

There are 1241 DC Water accounts as of June 30, 2011 under the DC Housing Authority (DCHA) group billing. Many of these accounts have multiple meters serving the same housing development complex. DCHA tracks a list of 76 developments or facilities for which they pay for water services directly. Of these 76 facilities, the annual consumption has declined from 1,311,268 ccfs in FY 2006 to 939,533 ccfs in FY 2010 (an average of 5% a year compared to general water consumption declines of 1% assumed in the financial plan). In response, the consumption trends and use are under review by DC Water. Staff has met with DCHA representatives and initiated field inspections of various facilities in an effort to identify root causes and trends to confirm consumption decline, which will assist in future revenue forecasting.

As recently reported, during meetings with DCHA and as noted on their website, a \$26M Energy Capital Improvement Program (ECIP) was initiated in FY 2008, which included major water efficiency upgrades. These upgrades were conducted on 34 of the 76 identified properties. The ECIP improvements largely consisted of energy efficient low-flow aerators, showerheads and toilet replacements. Additionally, leaks have been repaired by DCHA as an effort to further reduce waste in water consumption. This program is coming to an end and will be completed by late summer 2011. As the ECIP approaches its final stages, DCHA reports a 28% reduction in water consumption for the 34 properties included within the 3 year construction phase (2008, 2009 and 2010).

Also, in the 2011 fall season, DCHA will implement an awareness program to further assist residents with conservation efforts related to electricity and water.