



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

Finance and Budget Committee

Thursday, July 25, 2013

11:00 a.m.

1. **Call to Order** Timothy L. Firestine, Chairperson
2. **June 2013 Financial Report (Attachment 1)** Gail Alexander-Reeves and Robert Hunt
 - A. Operating Revenues & Expenditures
 - B. Capital Disbursements Summary
 - C. Cash Reserves & Investments
 - D. **Investment Report**
3. **Series 2013A Bond Sale Update** Mark Kim & Dan Hartman, PFM
4. **Revised Master Plan Update (Attachment 2)** Leonard Benson
5. **Clean Rivers Project Update (Attachment 3)** Carlton Ray
6. **Action Item (Attachment 4)** Timothy L. Firestine
 - A. **Fact Sheet**
7. **Other Business**
8. **Agenda for September Committee Meeting (Attachment 5)** Timothy L. Firestine
9. **Executive Session**
10. **Adjournment**

FOLLOW-UP ITEMS – Finance & Budget Committee (Meeting held June 27, 2013)

1. Provide the Committee with a status update on the concrete quality issues of the tunnel shaft. **(Mr. Firestine) Status:** *See Attachment 3.*
2. Provide the Committee with an explanation of the basis of the settlement for St. Elizabeth's account. **(Mr. Firestine) Status:** *Discussed at the last Committee meeting and revenues currently reflect this adjustment.*
3. Provide the Committee with a review of labor charges to the capital program. **(Mr. Firestine) Status:** *See page 5 of the Financial Report.*



**June 2013
FINANCIAL REPORT**

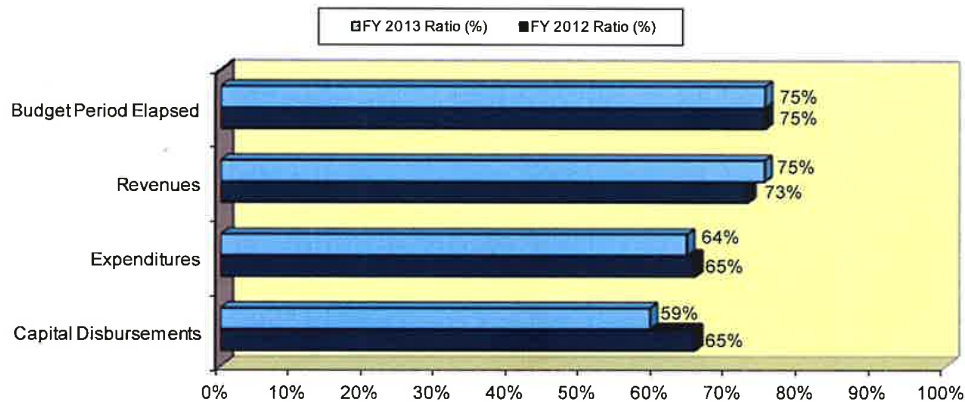
FY 2013 FINANCIAL PERFORMANCE

At the end of June, with 75 percent of the fiscal year completed, we are on track with budgetary expectations, with the exception of major under spending in Capital Disbursements as reported in prior months and discussed later in this report. The table below summarizes detailed information provided in the report.

**Financial Performance
As of June 30, 2013
(\$ in millions)**

	Approved	Revised Budget	YTD Budget	YTD		Variance Favorable (Unfavorable)	% Revised Budget	Year-End Projection
				Actual	75% of Budget			
Revenues (Receipts)*	\$460.2	\$447.5	\$335.6	\$335.4	(\$0.2)	-0.1%	75%	\$454.0
Expenditures*	\$456.8	\$440.3	\$330.2	\$283.2	\$47.0	14%	64%	\$399.9
Capital Disbursements	\$665.7	\$644.3	\$491.7	\$381.4	\$110.2	22%	59%	\$549.1

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



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

FY 2013 120-day Operating Reserve Objective	\$125.5
Actual Average Daily Balances	\$170.7
Difference	\$45.2

OPERATING REVENUES & RECEIPTS

At the end of June 2013, cash receipts totaled \$335.4 million, or 74.9 percent of the revised FY 2013 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 June.

REVENUE VARIANCE BY CATEGORY
 (\$ in 000's)
 As of June 30, 2013

Revenue Category	FY 2013 Revised Budget	Year-to-Date Budget	Actual Received	Variance		Actual % of Budget	Year End Projections	Variance Proj. v. Bud	Percent of Budget
				Favorable	(Unfavorable)				
Residential, Commercial, and Multi-family	236.2	177.2	184.5	7.3	4.1%	78.1%	247.6	11.4	104.8%
Federal	52.8	39.6	39.4	(0.2)	-0.5%	74.6%	52.8	0.0	100.0%
District Government	12.0	9.0	4.7	(4.3)	-47.8%	39.2%	6.4	(5.6)	53.1%
DC Housing Authority	6.3	4.7	4.7	0.0	0.0%	75.0%	6.1	(0.2)	97.3%
Customer Metering Fee	10.8	8.1	8.3	0.2	2.5%	76.9%	11.0	0.2	102.2%
Wholesale	75.2	56.4	54.4	(2.0)	-3.6%	72.3%	74.8	(0.4)	99.4%
Right-of-Way Fees/PILOT	22.2	16.7	16.4	(0.3)	-1.8%	73.9%	21.8	(0.4)	96.3%
Subtotal (before Other Revenues)	\$415.5	\$311.6	\$312.3	\$0.7	0.2%	75.1%	\$420.5	\$5.0	101.2%
Other Revenue without RSF									
IMA Indirect Cost Reimb. For Capital Projects	6.0	4.5	8.9	4.4	98.4%	148.3%	8.9	2.9	148.8%
DC Fire Protection Fee	6.9	5.2	4.9	(0.3)	-5.3%	71.0%	6.9	0.0	100.0%
Stormwater (MS4)	1.0	0.8	0.7	(0.1)	-12.3%	70.8%	0.8	(0.2)	83.6%
Interest	0.7	0.5	0.7	0.2	42.8%	100.0%	0.8	0.1	115.8%
Developer Fees (Water & Sewer)	8.0	6.0	5.3	(0.7)	-11.5%	66.3%	7.4	(0.6)	92.8%
Others	2.9	2.2	2.7	0.5	22.8%	93.1%	2.1	(0.8)	71.4%
Subtotal	\$25.5	\$19.1	\$23.1	4.0	21.2%	90.9%	\$26.9	\$1.5	105.7%
Rate Stabilization Fund Transfer	\$6.5	\$4.9	\$0.0	(4.9)	-100.0%	0.0%	\$6.5	\$0.0	100.0%
Other Revenue Subtotal	\$32.0	\$24.0	\$23.1	(0.9)	-3.8%	72.2%	\$33.4	\$1.5	104.6%
Grand Total	\$447.5	\$335.6	\$335.4	(0.2)	-0.1%	74.9%	\$454.0	\$6.4	101.4%

Discussion of Relevant Variance

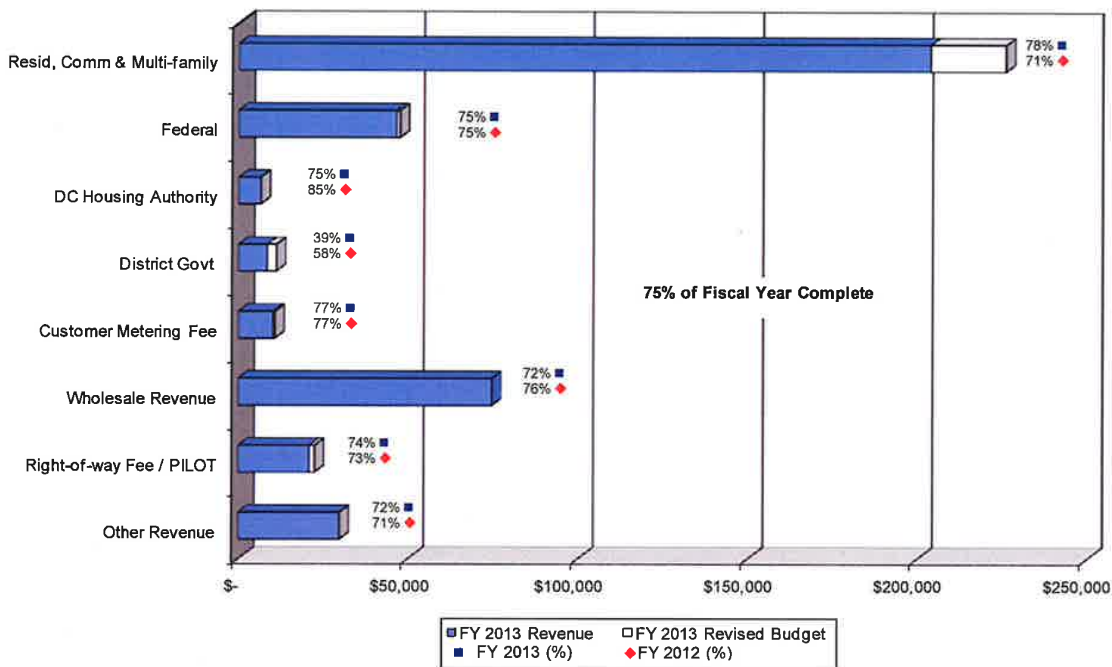
In general, revenues are on target with 74.9 percent of the total revenues received through 75 percent of the year completed. We anticipate completing the fiscal year with 101.4 percent of the revised budget.

The District Government's actual receipts for the three quarters total \$4.7 million or 39.2 percent of the revised FY 2013 budget. The District Government third quarter payment will be received in the month of July. The District Government had disputed consumption on large account (St. Elizabeth's Hospital) and withheld a portion of quarterly payment while the account was being investigated. The dispute has been resolved and DC Water has adjusted the District Government's bill by crediting \$2.26 million in November 2012 (FY 2013) and \$0.48 million in January 2013 which resulted in lower receipt as compared to budget.

The Wholesale customers' actual receipts to date total \$54.4 million or 72.3 percent of the revised FY 2013 budget. The wholesale customers made quarterly payment in May of \$1.4 million of which \$.05 million was a credit owed to Loudoun for the FY 2012 Operating Settlement.

Other Revenue receipts are lower than the straight-lined budget at \$23.1 million or 72.2 percent of the budgeted category primarily due to transfer of Rate Stabilization Fund. The Rate Stabilization Fund transfer is anticipated in the fourth quarter of the fiscal year.

**FY 2013
OPERATING RECEIPTS BY CUSTOMER CATEGORY
As of June 30, 2013**



BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY
 (\$ in 000's)
 As of June 30, 2013

Customer Category	Water	Sewer	Clean Rivers		Total
			IAC	Metering Fee	
Residential	\$21,049	\$25,622	\$9,439	\$3,741	\$59,851
Commercial	35,709	36,747	12,128	2,548	87,131
Multi-family	18,372	21,917	3,498	883	44,671
Federal	16,383	15,553	7,488	705	40,128
District Govt	1,085	1,326	2,268	342	5,022
DC Housing Authority	1,930	2,330	415	102	4,777
Total:	\$94,527	\$103,496	\$35,237	\$8,320	\$241,580

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
 (\$ in 000's)
 As of June 30, 2013

Customer Category	FY 2013 Budget	Year-To-Date Budget	Actual Received	Variance	Variance % of YTD Budget	Actual % of Budget
				Favorable / <Unfavorable>		
Residential	\$11,883	\$8,912	\$9,439	\$527	6%	79%
Commercial	13,905	10,429	12,128	1,699	16%	87%
Multi-family	4,665	3,499	3,498	0	0%	75%
Federal	9,984	7,488	7,488	0	0%	75%
District Govt	3,145	2,359	2,268	(91)	-4%	72%
DC Housing Authority	547	410	415	5	1%	76%
Total:	\$44,129	\$33,097	\$35,237	\$2,140	6%	80%

OPERATING EXPENDITURES

At the end of June, with 75 percent of the fiscal year completed, operating expenditures (including debt service and the right of way and PILOT fees) totaled \$283.2 million, or 64 percent of the FY 2013 Board-revised budget of \$440.3 million. These numbers include estimated incurred but unpaid invoices.

**Comparative Statement of Expenditures
As of June 30, 2013
(000's)**

	Board Revised Budget	YTD Budget	YTD as of 06/30/2013	FY 2013 YTD Variance		Percent of Budget	Preliminary Year-End Projections	Projection Percent of Budget	Year-End Variance
				Favorable/(Unfavorable) \$\$	%				
Personnel Services	116,609	87,457	84,419	3,038	3.5%	72%	115,511	99%	1,098
Contractual Services	82,350	61,763	46,427	15,336	24.8%	56%	67,793	82%	14,557
Water Purchases	31,513	23,635	19,486	4,149	17.6%	62%	27,176	86%	4,337
Chemicals and Supplies	31,360	23,520	18,606	4,914	20.9%	59%	28,073	90%	3,287
Utilities	34,185	25,639	18,320	7,319	28.5%	54%	26,898	79%	7,287
Small Equipment	993	745	885	(140)	-18.8%	89%	1,054	106%	(61)
Subtotal O & M Expenditures	297,009	222,759	188,141	34,617	15.5%	63%	266,504	90%	30,506
Debt Service	121,330	90,998	78,579	12,419	13.6%	65%	111,419	92%	9,911
Payment in Lieu of Taxes	16,882	12,662	12,662	-	0.0%	75%	16,882	100%	-
Right of Way	5,100	3,825	3,825	-	0.0%	75%	5,100	100%	-
Total O & M Expenditures	440,321	330,243	283,207	47,036	14.2%	64%	399,905	91%	40,417
Personnel Services Charged to Capital Projects	(16,690)	(12,518)	(8,244)	4,273	34.1%	49%	(10,706)	64%	(5,984)
Total Net Operating Expenditures	423,631	317,725	274,962	42,763	13.5%	65%	389,198	92%	34,434

Note: Actuals include accruals

Discussion

Personnel services (\$116.6 million annual budget; 39.3 percent of O&M budget) – At the end of June, personnel costs total \$84.4 million or 72 percent of budget. These expenditures are exclusive of the bonus payments to Union employees for FY 2011 and FY 2012 which were absorbed within prior year accruals but impacted cash outflow. Of the 1,212 positions budgeted (1,243 positions authorized), 1,066 positions were filled at the end of June. Overtime spending totals \$4.6 million of the annual budget of \$5.2 million, or 7.6 percent of regular payroll costs. Overtime costs to date continue to trend higher than the level of spending for the same period last year due to the impact of the open sinkhole at the intersection of 14th and F Streets NW, Hurricane Sandy, emergency response to water main breaks caused by the fluctuation in temperature, support to the District for snow removal and the Presidential Inauguration. We will continue to monitor and report overtime activities and risks.

Personnel Services Charged to Capital (response to Committee’s inquiry at the April meeting): The significant variance between the budgeted and projected personnel services costs charged to capital projects is attributable in part to hiring delays within the engineering and Water Services departments. A working team, comprised of staff from Budget, Accounting and Engineering departments, continue to review the current personnel services spending for the various capital projects to assess charges and reclassify expenditures from operating to capital by the end of the fiscal year as appropriate. Final results of this process will be reported back to the Committee.

Contractual Services (\$82.4 million annual budget; 27.7 percent of O&M budget) – At the end of June, contractual services expenditures total \$46.4 million or 56 percent of budget and at the same level of spending for the same period last year. The year-to-date saving are primarily due

to lower contract award prices for biosolids hauling, coupled with lower solids production from reduced flows and improved processes, and lower than anticipated spending for legal, paving/emergency repair, claims, Green LID program and IT support services.

Water Purchases (\$31.5 million annual budget; 10.6 percent of O&M budget) – At the end of June, water purchases incurred total \$19.5 million or 62 percent of budget. The current variance in this category is attributable to hiring delays and lower than anticipated water demand at the Washington Aqueduct.

Chemicals and Supplies (\$31.2 million annual budget; 10.6 percent of O&M budget) – At the end of June, chemical and supplies costs total \$18.6 million or 59 percent of budget. We continue to experience lower than anticipated spending on major chemicals, including ferric chloride, caustic soda (sodium hydroxide), various polymer and sodium hypochlorite resulting from lower flows. However, spending on major chemicals will increase if we continue to experience the unusual rainfall and plant flows experienced in the month of June.

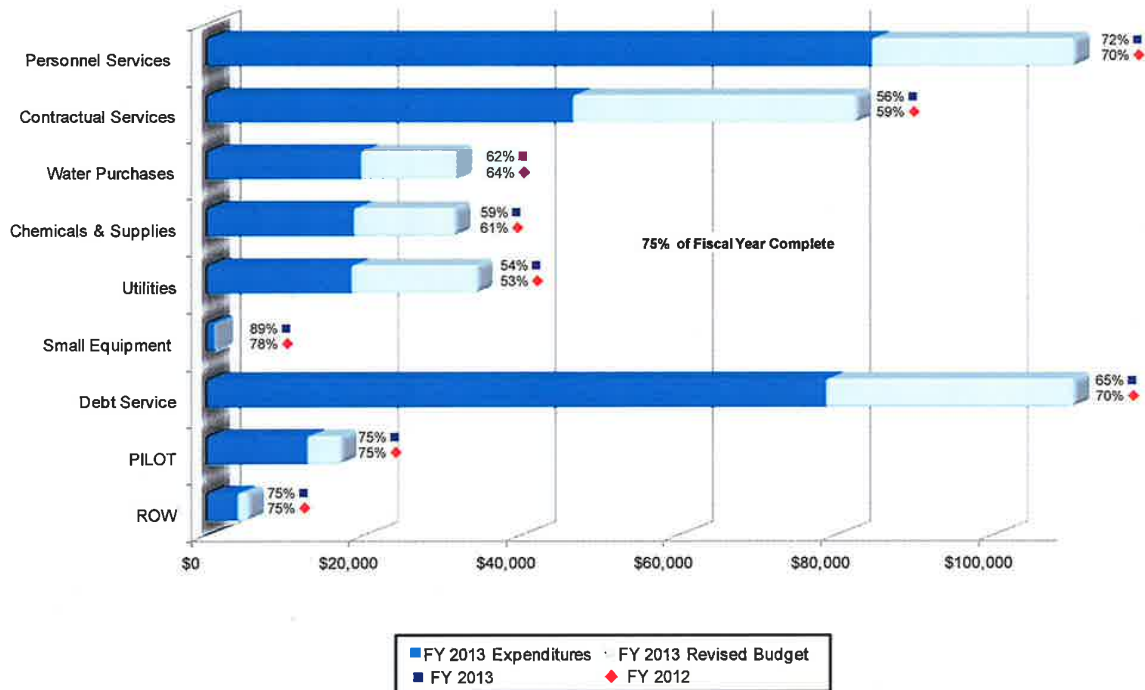
Utilities (\$34.2 million annual budget; 11.5 percent of O&M budget) – At the end of June, utilities expenditures total \$18.3 million or 54 percent of the budget. Additional information concerning actual performance in this category can be found later in this report.

Small Equipment (\$1 million annual budget; 0.3 percent of O&M budget) – At the end June, expenditures are slightly above the straight-line budget at 89 percent due to additional equipment (pumps, valves, valve actuators, and other motor parts) purchased to meet needed maintenance repairs.

Debt Service (\$121.3 million annual budget) – At the end of June, debt service expenditures total \$78.6 million or 65 percent of the budget. The current variance in this category is due to the successfully renegotiated Letters of Credit and lower than anticipated interest rates on the SIFMA Notes and Commercial Paper.

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.

**FY 2013 Operating Expenditures
by Category
(\$ in 000's)
As of June 30, 2013**



CAPITAL SPENDING

For the month of June 2013, actual disbursements totaled \$41.3 million, with year-to-date disbursements totaling \$381.4 million, or 59 percent of the FY 2013 Revised Disbursements Budget. Planned capital disbursements through June 2013 were \$491.7 million, or 76 percent of the FY 2013 Revised Disbursement Budget.

**Capital Disbursements Variance
(\$ in 000's)
As of June 30, 2013**

Description	FY 2013 Revised Disbursements Budget		Actual Disbursements			% of FY 2013 Revised Disbursements Budget		FY 2013 Projected Disbursements Budget	
	Annual	YTD	Oct. '12 to May '13	June - '13	YTD	Variance Compared to Plan	Percent of Annual Budget	Amount	Percent of Annual Budget
Wastewater Treatment	\$358,543	\$275,600	198,859	\$16,767	\$215,626	22%	60%	\$313,823	88%
Sanitary Sewer	29,084	20,335	14,753	719	15,473	24%	53%	24,615	85%
Combined Sewer Overflow	163,509	126,733	78,892	14,682	93,574	26%	57%	138,074	84%
Stormwater	3,252	2,517	2,270	0	2,267	10%	70%	2,846	88%
Water	60,858	44,859	31,362	6,342	37,704	16%	62%	45,979	76%
Washington Aqueduct	10,598	7,950	4,471	0	4,471	44%	42%	7,418	70%
Capital Equipment	18,422	13,675	9,487	2,833	12,319	10%	67%	16,332	89%
Total Capital Projects	\$644,265	\$491,668	\$340,093	\$ 41,343	\$381,435	22%	59%	\$549,087	85%

Discussion

The disbursement-variance pattern remains similar to what was reported in previous months, with almost 90 percent of the spending variance between the FY 2013 Revised Disbursements Budget and Actual Disbursements, on a year-to-date basis, being attributable to three Service Areas: Wastewater Treatment, Combined Sewer Overflow and Water.

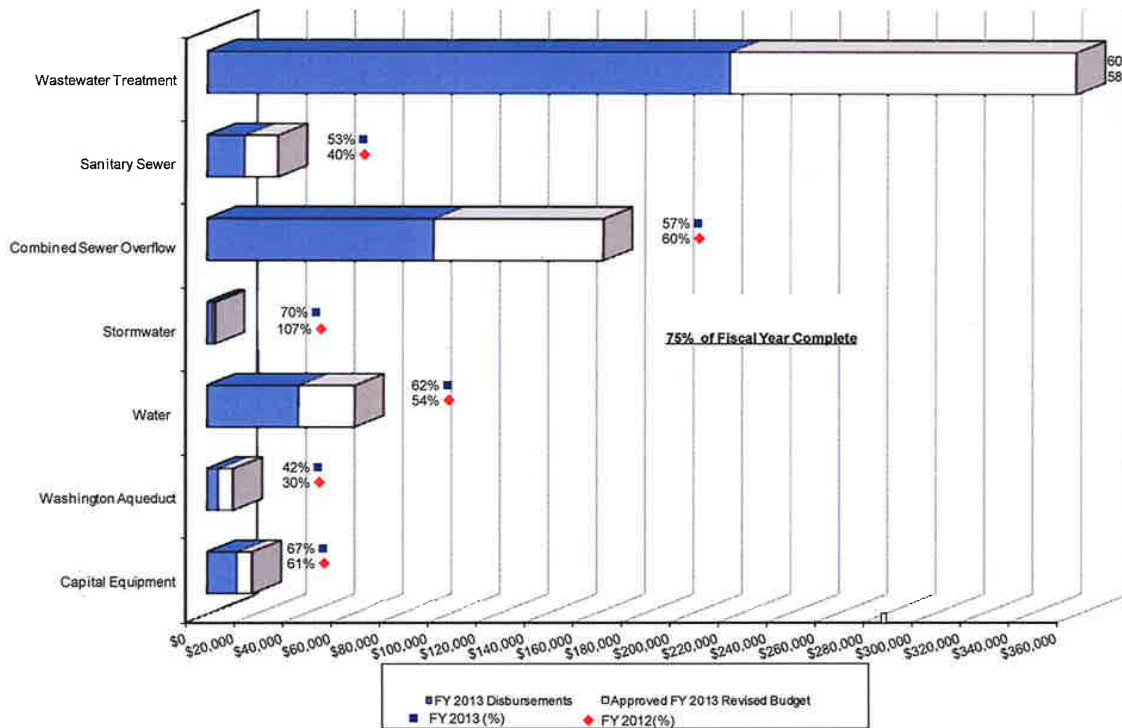
The Wastewater Treatment Service Area disbursements have been lower than budgeted, especially, for the Enhanced Nitrogen Removal Facilities (ENRF) Program. The shortfall in ENRF Program disbursements spans most major projects in the Program, including the Wet Weather Peak Mitigation (aka Blue Plains Tunnel – ‘EG’), Enhanced Clarification Facilities (‘E8’), Centrate Treatment Facilities (‘EE’) and the Nitrogen Removal Facilities (‘E9’) projects. Shortfall in spending for project E9 continues to be, partly, the result of a later- than-expected procurement of equipment associated with the second construction contract. There has been no impact on the schedule of the project, and the spending is expected to recover in this fiscal year. The spending shortfall for project E8 is due to costs that were projected at higher amounts, but later revised downwards; spending is not expected to recover in this fiscal year. Director of Clean Rivers, Mr. Carlton Ray, will provide a more detailed overview at the meeting.

As reported, spending in the Clean Rivers Projects (project CY and others) has been lower than budgeted mainly due to schedule delays associated with concrete quality issues on the Wet Weather Peak Mitigation (aka Blue Plains Tunnel project 'EG'), and Poplar Point shaft diaphragm walls. A recovery plan to mitigate the delays, by adding one work day per week during the tunneling operations, is anticipated to begin this summer. Although remediation plans are in place to mitigate impact to the critical path and will meet the consent decree of the project, spending is currently not anticipated to fully recover in this fiscal year.

In the Water Service Area, DDOT, and Water On-Going Programs are responsible for majority of the year-to-date underspending. The primary reason for the shortfall on the DDOT Program is delayed invoicing. Restructuring of the paving contract bid items and better management of the contract have contributed to lower spending in the Water On-Going Program.

The Washington Aqueduct disbursements are running behind schedule based due to Human Resources contracting issues. These resulted in engineering manpower shortages and the lack of access to A-E services.

**FY 2013 Capital Disbursements Compared to Plan
By Service Area
(\$ in 000's)
As of June 30, 2013**

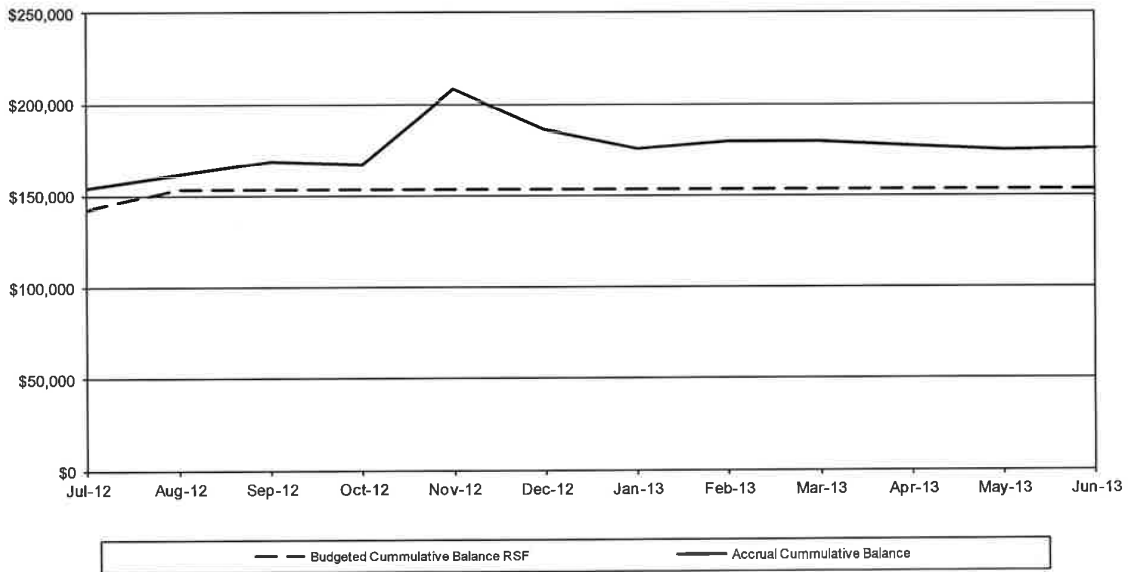


CASH AND INVESTMENT BALANCES

At the end of June, our operating reserve balance was \$147.6 million as compared to the FY 2013 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, 2013	
(\$ in millions)	
Rate Stabilization Fund Account (RSF)	\$27.9
Operating Reserve Accounts	147.6
DC PILOT Fund	<u>14.5</u>
Operating Cash Balance Including RSF	190.0
Debt Service Reserve - Series 98	23.4
Bond Construction Fund - Series 10	16.5
Bond Construction Fund - Series 12	63.5
CSO LTCP Appropriations Account	<u>44.6</u>
Total All Funds	\$338.0

FY 2013 Operating Cash Balances
 (\$ in 000's)
 (Operating Reserve and RSF)



Overall Portfolio Performance

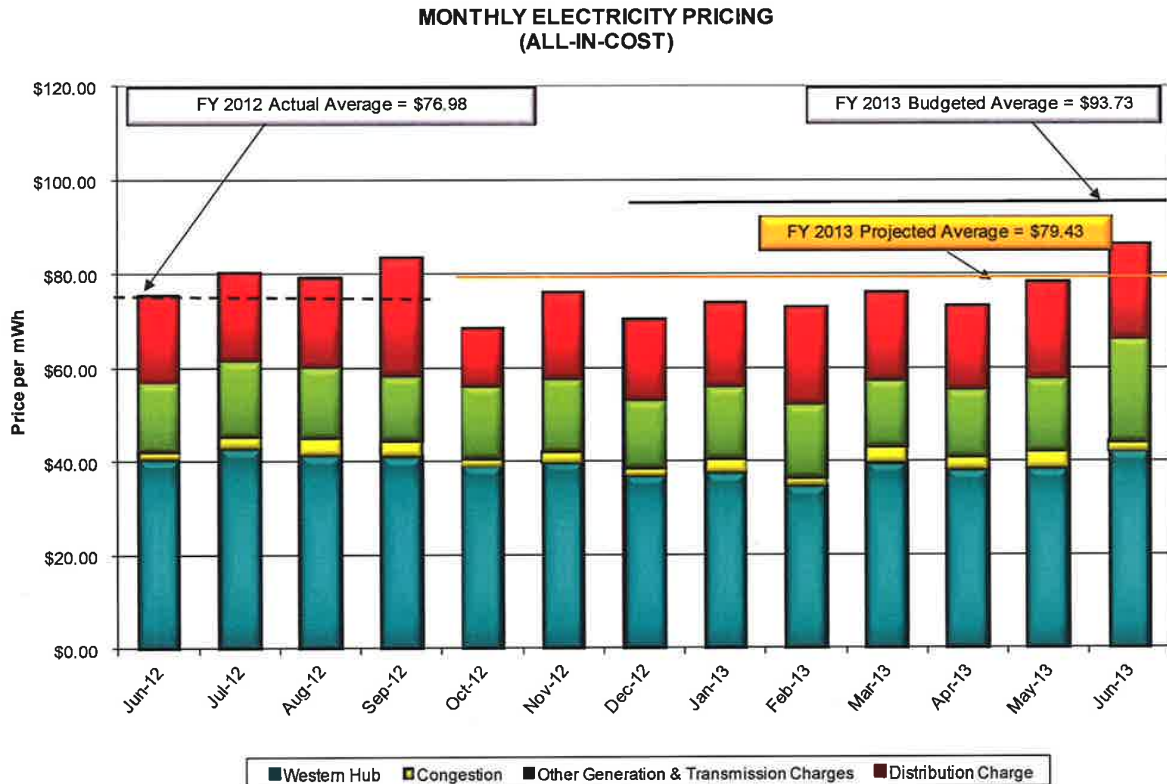
At the end of June, DC Water's total investment portfolio performed well and complied with the Authority's Investment Policy. Returns exceeded the established benchmarks for short term (less than one year) and core (one plus years) funds. Interest income for June (on a cash basis) was \$17,683, with year-to-date totals of \$556,593 as compared to the budget of \$539,336 for the year. A detailed investment performance report is attached.

OTHER STATUS REPORTS

ELECTRICITY

In line with the adopted electricity purchase strategy, for the remainder of FY 2013, we have purchased approximately 83 percent, or 25MW, of the Authority's monthly electric load at the Western Hub average unit price of \$43.84/mWh. For FY 2014, we have locked approximately 67 percent, or 20MW, of the monthly electric load from October 1, 2013 through January 31, 2014 at the Western Hub unit price of \$43.50/mWh.

Electricity market conditions continue to be significantly below prior years' experience. 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 June 2013 was \$79.91/mWh with the year-to-date average price of \$75.22/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 2013 electricity budget of \$25.2 million represents 78 percent of the total utilities budget and assumes an average all-in-cost of \$93.73/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 slightly higher than the spot market price and significantly below the S.O.S. price.

	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-12	\$124.80	66.56	68.75	\$1,878	\$1,473	\$405
Nov-12	\$123.11	76.60	76.40	\$1,827	\$1,550	\$277
Dec-12	\$126.49	63.91	70.44	\$2,278	\$1,401	\$876
Jan-13	\$128.31	70.18	73.98	\$2,492	\$1,757	\$735
Feb-13	\$123.38	73.20	73.20	\$2,054	\$1,698	\$356
Mar-13	\$126.61	76.17	76.17	\$1,905	\$1,802	\$103
Apr-13	\$128.06	73.30	73.30	\$1,756	\$1,514	\$242
May-13	\$126.26	78.28	78.28	\$1,795	\$1,593	\$202
Jun-13	\$127.17	79.91	86.40	\$2,150	\$1,918	\$232
YTD Average	\$126.02	\$73.12	\$75.22	\$18,135	\$14,707	\$3,428
				Remainder	\$7,088	
				Total Budget	\$25,223	

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

Overall, the FY 2013 electricity expenditure is tracking favorably to budget. We expect to end the fiscal year at approximately 81 percent of the electricity budget with the significant savings mainly attributable to lower than anticipated market prices for electricity and the adopted block purchasing strategy.

Electricity Service Contract Update

DC Water’s current energy procurement contract with the HESS Corporation for electric generation services is scheduled to terminate on January 1, 2014. Staff is working to source a new contract for Board’s approval prior to termination of the existing contract. Once approved, additional electricity block purchases would be performed in accordance with the Authority’s energy procurement strategy.

RETAIL & WHOLESALE ACCOUNTS RECEIVABLE

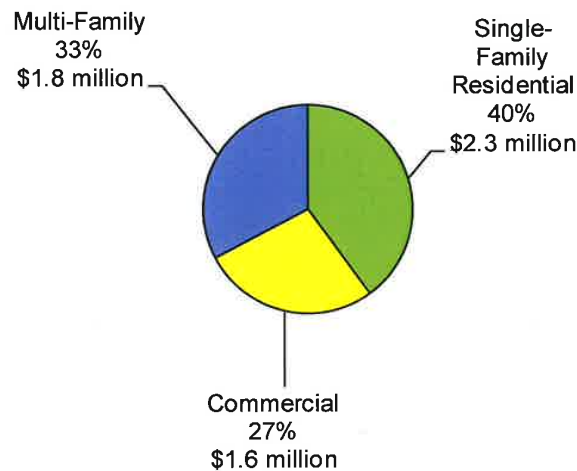
The following tables and chart show retail and wholesale accounts receivable over 90 days including a breakdown by customer class.

**Delinquent Accounts Receivable
Greater Than 90 Days by Customer
June 30, 2013**

	RETAIL		TOTAL	
	Greater than 90 Days		Greater than 90 Days	
	\$ in millions	# of accounts	\$ in millions	# of accounts
September 30, 2008	\$6.1	15,635	\$6.1	15,635
September 30, 2009	\$4.9	10,211	\$4.9	10,211
September 30, 2010	\$5.1	13,441	\$5.1	13,441
September 30, 2011	\$5.5	13,039	\$5.5	13,039
September 30, 2012	\$5.5	13,063	\$5.5	13,063
October 31, 2012	\$5.7	12,537	\$5.7	12,537
November 30, 2012	\$5.8	12,876	\$5.8	12,876
December 31, 2013	\$6.0	13,480	\$6.0	13,480
January 31, 2013	\$5.9	12,700	\$5.9	12,700
February 28, 2013	\$5.8	12,269	\$5.8	12,269
March 31, 2013	\$5.7	12,077	\$5.7	12,077
April 30, 2013	\$5.8	11,638	\$5.8	11,638
May 31, 2013	\$5.6	11,455	\$5.6	11,455
June 30, 2013	\$5.7	12,505	\$5.7	12,505

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

**Retail Accounts
Greater Than 90 Days by Customer Class
June 30, 2013**



**Delinquent Accounts Receivable
Greater Than 90 Days by Customer
June 30, 2013**

	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	11,905	3,348	15,253	1,511	1,430,099.42	152	135,479.06	1,328	1,537,629.16	1,663	1,585,578.48
Multi-family	7,363	438	7,801	779	1,688,022.02	158	184,316.66	910	1,866,646.74	937	1,872,338.68
Single-Family Residential	104,251	3,136	107,387	7,907	1,637,399.12	1,998	850,980.09	9,217	2,209,180.69	9,905	2,288,379.21
Total	123,519	6,922	130,441	10,197	4,755,520.56	2,308	970,775.81	11,455	5,613,456.59	12,505	5,726,296.37

Notes: Including in the above \$4.76m (or 10,197 accounts) of the DC Water Over 90 days delinquent accounts, \$1,067,024.46 (or 2,705 accounts) represents Impervious only accounts over 90 days delinquent.

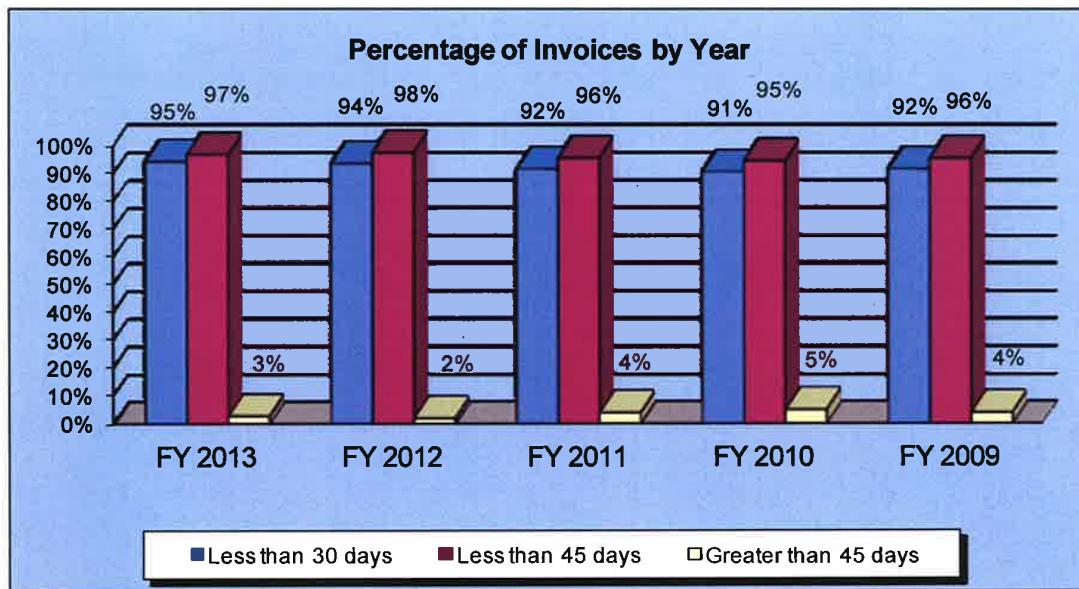
-Reportable delinquencies do not include balances associated with a long standing dispute between DC Water and a large commercial customer.

ACCOUNTS PAYABLE PERFORMANCE

During the first nine months of FY 2013, a total of 8,602 invoices were processed and paid compared to 8,685 for the same period in FY 2012 (as shown in the table below) and with a dollar value of \$439.8 million compared to \$386.5 million for FY 2012. For FY 2013 year-to-date, approximately 95 percent of the invoices, less retainage and disputes, were paid within 30 days compared to 94 percent paid within 30 days during FY 2012. The percentages for April, May and June were 94.9% 97.8% and 92.5% respectively. The Authority's goal is to pay 97 percent of all undisputed invoices within 30 days.

Accounts Payable Performance FY 2013 v. FY 2012				
Days	FY 2013		FY 2012	
	Number	Percent	Number	Percent
Less than 30	7,801	95%	7,424	94%
Less than 45	8,011	97%	7,673	98%
Greater than 45	231	3%	193	2%
Subtotal	8,242	100%	7,866	100%
Retainage/Dispute	360		819	
Total	8,602		8,685	

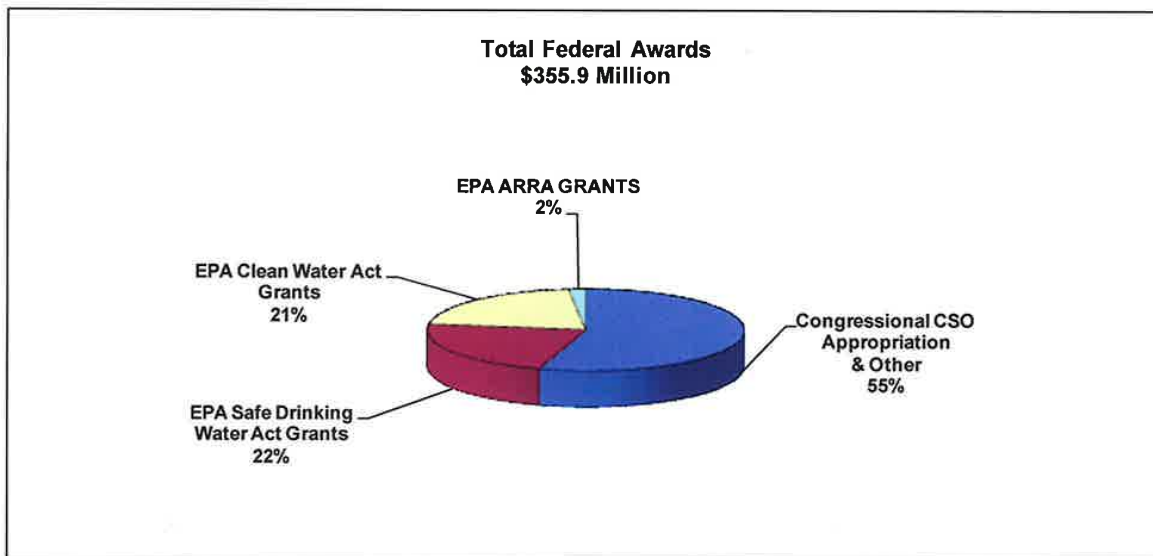
The chart below shows year-to-date historical performance for fiscal year 2009 through fiscal year 2013.



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 fourteen Congressional CSO appropriations (including \$14.2 million) received on May 15, 2013.

As of June 30, 2013, including the CSO appropriation, DC Water has a total of \$355.9 million awarded in federal funds for active projects.



DC Water is being affected by sequestration through a reduction in the amount of EPA funding allotted to the District for Clean Water from \$7.1 million to \$6.5 million and for Safe Drinking Water from \$8.9 to \$8.4 million. Of the eight grants scheduled for closing in FY 2013, two was closed this quarter for a total of six this fiscal year and two more draft closings have been submitted to the Army Corps of Engineers for review.

The cumulative federal appropriation for CSO increased to \$182.8 million with the additional appropriation of \$14.2 million on May 15, 2013. The cumulative life-to-date cash disbursement for the CSO appropriation is \$158.2 million through June 30. Based on the projected FY 2013 and FY 2014 capital spending on the Clean Rivers' projects and no additional funding, all remaining CSO funds are projected to be depleted by the end of FY 2014.

INSURANCE RENEWAL 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, 2013. We anticipated a 16% increase in total premiums due to the worsening insurance market following Hurricane Sandy and the Authority's increased operating exposures. For example year-to-year property values, payroll and operating budgets are up 3%, 4% and 8% respectively. Actual insurance costs are up 7%.

Due to the Authority's growth and volume of transactions, management has elected to increase Theft and Crime coverage limits from \$5 million to \$10 million. Other coverages remain generally comparable to expiring coverages. We are pleased with the result, particularly with the ability to maintain the same levels of flood coverage, which has become increasingly challenging following Hurricane Sandy.

**D.C. WATER AND SEWER AUTHORITY
FY 2013 CASH FLOW SUMMARY
through 6/30/13
(\$ in 000's)**

	Annual Budget Cash Basis	YTD 75% Cash Budget	YTD Actual Cash Oct. 1, 2012 - Jun. 30, 2013	Annual Budget Variance Favorable (Unfavorable)		FY 2013 Year End Projection
OPERATING BUDGET						
Cash Provided						
Retail	318,168	238,626	241,580	2,954	1%	324,005
Wholesale	75,195	56,396	53,505	(2,892)	-5%	74,737
Other	47,497	35,622	39,358	3,736	10%	48,690
Transfer from Rate Stabilization Fund	6,500	4,875		(4,875)	-100%	6,500
Total Cash Provided	447,359	335,520	334,442	(1,077)	0%	463,932
Operating Cash Used						
Personnel Services	99,919	74,939	75,433	(494)	-1%	104,805
Contractual Services	82,350	61,763	53,350	8,413	14%	67,793
Chemicals & Supplies	31,360	23,520	20,883	2,637	11%	28,073
Utilities	34,185	25,639	14,328	11,311	44%	26,898
Water Purchases	31,513	23,635	19,915	3,719	16%	27,176
Small Equipment	993	745	707	37	5%	1,054
Total Operating Cash Used	280,320	210,240	184,616	25,624	12%	255,799
Other Cash Used						
Debt Service	116,179	87,134	78,579	8,556	10%	111,419
Payment in Lieu of Taxes/Right of Way	21,982	16,487	13,136	3,351	20%	17,514
Total Other Cash Used	138,161	103,621	91,715	11,906	11%	128,933
Total Cash Used	418,481	313,861	276,331	37,530	12%	384,732
Net Cash Provided (Used) by Operating Act.	28,878	21,659	58,111	36,453		69,200
CAPITAL BUDGET						
Cash Provided						
Debt Proceeds	320,582	240,437	166,998	(73,438)	-31%	259,806
Capital Equipment Financing	10,799	8,099		(8,099)	-100%	10,799
EPA Grants	32,424	24,318	24,164	(154)	-1%	32,424
CSO Grants	30,000	22,500	17,795	(4,705)	-21%	25,295
Interest Income	303	227	197	(31)	-14%	201
Wholesale Capital Contributions	225,614	169,211	131,475	(37,735)	-22%	196,019
Total Cash Provided	619,723	464,792	340,629	(124,163)	-27%	524,544
Cash Used						
DC Water Capital Program	633,668	475,251	374,144	101,107	21%	541,669
Washington Aqueduct Projects	10,598	7,949	4,471	3,477	44%	7,418
Total Cash Used	644,266	483,200	378,615	104,584	22%	549,087
Net Cash/PAYGO Provided (Used) by Cap. Act.	(24,543)	(18,407)	(37,986)	(19,578)		(24,543)
Beginning Balance, October 1 (Net of Rate Stab. Fund) Projected						
Plus (Less) Operating Surplus	140,251		140,251			140,251
Wholesale Customer Refunds from Prior Years	28,878	21,659	58,111			69,200
Interest Earned From Bond Reserve	(5,800)	(4,350)	(5,800)			(5,800)
Transfer to Rate Stabilization Fund	120	90	119			41
Prior Year Federal Billing Reconciliation	(4,100)	(3,075)				(4,100)
PILOT Reserve Fund	(5,105)	(3,829)	(3,829)			(5,105)
Customer Rebate	(4,200)	(3,150)	(3,298)			(3,298)
Cash Used for Capital	(24,543)	(18,407)	(37,986)			(24,543)
Balance Attributable to O&M Reserve	125,500		147,567			166,645
OTHER CASH RESERVES						
Rate Stabilization Fund						27,950
CSO Long-Term Control Plan Appropriation						44,626
DC PILOT Reserve Fund						14,479

Finance and Budget Committee - 2. June 2013 Financial Report (Attachment 1) - Gail Alexander-Reeves and Robert Hunt

FY 2013 Overtime
Budget vs Actual
Period Ended June 30, 2013

Department	FY 2012				FY 2013						
	Annual Budget	Actual	Percent of Budget Expended	Actual to Budget \$ Variance	Annual Budget	Percent of Annual Budget Expended	FY 2013 Year-to-Date				YTD Overtime as % of YTD Regular
							Straight-Line Budget 10/01/12 - 06/30/13	Actual 10/01/12 - 06/30/13	Actual to Straight-Line Budget Variance	Percentage YTD Straight-Line Budget Expended	
Office of the Secretary	4,000	2,729	68%	1,271	4,000	48%	2,989	1,919	1,070	64%	1%
General Manager	13,000	1,493	11%	11,507	10,000	10%	7,473	1,009	6,463	14%	0%
General Counsel	2,000	619	31%	1,381	2,000	0%	1,495	0	1,495	0%	0%
External Affairs	2,000	1,090	54%	910	2,000	47%	1,495	946	548	63%	0%
Internal Audit	-	-	0%	-	-	0%	0	0	0	0%	0%
Information Technology	24,006	23,207	97%	799	20,000	82%	14,945	16,325	(1,380)	109%	2%
Procurement	30,000	15,792	53%	14,208	30,000	148%	22,418	44,390	(21,972)	198%	2%
Customer Service	240,000	178,495	74%	61,505	240,000	75%	179,341	179,624	(284)	100%	3%
Finance & Budget	30,000	18,725	62%	11,275	30,000	98%	22,418	29,302	(6,884)	131%	1%
Risk Management	1,000	132	13%	868	1,000	3%	747	35	712	5%	0%
Assistant General Manager	1,000	1,040	104%	(40)	1,000	154%	747	1,537	(789)	206%	1%
Human Capital Management	5,000	26,255	525%	(21,255)	5,000	55%	3,736	2,766	970	74%	0%
Occupational Safety & Health	2,000	924	46%	1,076	2,000	1%	1,495	24	1,470	2%	0%
Facilities & Security	150,000	190,193	127%	(40,193)	200,000	115%	149,451	229,042	(79,591)	153%	8%
Water / Sewer Pump Maintenance	200,000	142,036	71%	57,964	200,000	64%	149,451	128,140	21,311	86%	8%
Engineering & Technical Services	548,481	780,106	142%	(231,625)	680,000	84%	508,132	571,602	(63,470)	112%	6%
Water Services	1,080,000	880,798	82%	199,202	1,080,000	81%	807,033	876,860	(69,827)	109%	11%
Clean Rivers	25,000	2,333	9%	22,667	5,000	108%	3,736	5,420	(1,684)	145%	1%
Sewer Services	900,000	874,742	97%	25,258	900,000	115%	672,527	1,031,382	(358,855)	153%	14%
Wastewater Treatment - Operations	956,000	1,092,676	114%	(136,676)	847,209	94%	633,079	798,323	(165,244)	126%	13%
Process Engineering	0	0	-	-	195,000	24%	145,714	47,694	98,020	33%	4%
Maintenance Services	800,000	717,769	90%	82,231	700,000	88%	523,077	619,047	(95,970)	118%	12%
Permit Operations	2,500	1,803	72%	697	11,000	20%	8,220	2,219	6,001	27%	0%
Fleet Management	1,000	808	81%	192	1,000	168%	747	1,681	(934)	225%	0%
Total DC WATER	\$5,016,987	\$4,953,761	99%	\$63,225	\$5,166,209	89%	\$3,860,464	\$4,589,287	-\$728,823	119%	7.6%

Notes:

- (1) "Budget 10/01/12 - 06/30/13 " reflects annual budget straight-lined
- (2) " % YTD Budget Expended" reflects variance between straight-lined budget to-date and actual overtime
- (3) YTD payroll does not include fringe benefits

Finance and Budget Committee - 2. June 2013 Financial Report (Attachment 1) - Gail Alexander-Reeves and Robert Hunt

Capital Projects
 FY 2013 Disbursements Analysis
 As of June 30, 2013
 (Dollars in thousands)

Description	Approved FY 2013 Revised Disbursements Budget		Projected FY 2013 Disbursements Budget	Actual Disbursements			% of Approved FY 2013 Revised Disbursements Budget		Commitments
	Annual	YTD		Annual	Oct. '12 to May '13	June '13	¹ YTD	Annual	
Wastewater Treatment								75% of Fiscal Year Completed	
Liquid Processing Projects	\$23,884	\$18,206	\$20,389	\$14,184	1,335	\$15,520	65%	85%	118,412
Plantwide Projects	27,128	20,156	23,841	13,249	1,588	14,838	55%	74%	285,686
Solids Processing Projects	159,690	118,181	139,194	100,150	8,308	108,458	68%	92%	1,910,105
Enhanced Nitrogen Removal Facilities (formerly Total Nitrogen Program)	147,842	119,057	130,599	71,276	5,535	76,811	52%	65%	484,341
Total Wastewater Treatment	358,543	275,600	313,823	198,859	16,767	215,626	60%	78%	2,798,544
Sanitary Sewer									
Sanitary Collection Sewers	858	635	689	392	9	400	47%	63%	6,368
Sanitary On-Going Projects	10,544	6,057	6,721	3,352	540	3,892	37%	64%	19,642
Sanitary Pumping Facilities	879	649	735	354	0	355	52%	55%	295
Sanitary Sewer Program Management	4,229	3,648	4,759	3,582	50	3,631	86%	100%	36,766
Sanitary Interceptor/Trunk Force Sewers	12,774	9,346	11,711	7,073	120	7,193	56%	77%	
Total Sanitary Sewer	29,084	20,335	24,615	14,753	719	15,472	53%	76%	63,071
Combined Sewer Overflow									
CSO Program Management	1,634	1,139	1,567	1,333	0	1,333	82%	117%	30,097
Combined Sewer Projects	8,955	6,393	6,106	2,631	777	3,408	38%	53%	54,652
D.C. Clean Rivers Project (aka Long-Term Control Plan)	152,920	119,201	130,401	74,928	13,904	88,833	58%	75%	1,348,606
Total Combined Sewer Overflow	163,509	126,733	138,074	78,892	14,682	93,573	57%	74%	1,433,555
Stormwater									
Stormwater Local Drainage	28	10	16	0	0	0	0%	0%	795
Stormwater On-Going Program	812	566	534	412	0	412	51%	73%	1,467
Stormwater Pumping Facilities	-	-	-	0	0	0	0	0	0
DDOT Stormwater Program	2	-	0	0	0	0	0%	0%	0
Stormwater Research and Program Management	289	210	1,279	1,260	0	1,259	436%	599%	2,253
Stormwater Trunk/Force Sewers	2,120	1,731	1,017	598	0	598	28%	35%	828
Total Stormwater	3,252	2,517	2,846	2,270	0	2,269	70%	90%	5,343
Water									
Water Distribution Systems	25,445	18,830	23,315	17,052	4,291	21,342	84%	113%	96,238
Water On-Going Projects	10,321	8,024	7,081	4,934	408	5,342	52%	67%	17,481
Water Pumping Facilities	3,226	2,328	2,367	1,564	626	2,191	66%	94%	39,482
DDOT Water Projects	5,791	4,429	1,035	1,040	464	1,504			60,422
Water Storage Facilities	1,353	748	1,139	902	81	983	73%	131%	3,887
Water Projects Program Management	4,332	3,145	3,517	2,408	425	2,832	65%	90%	22,168
Water Lead Program	1,860	1,689	2,227	1,550	47	1,598	86%	96%	9,300
AMR Installation / Replacement	8,529	5,686	5,298	1,910	0	1,910	22%	34%	0
Total Water	60,858	44,859	45,979	31,362	6,342	37,704	62%	84%	249,010
Washington Aqueduct	10,598	7,950	7,418	4,471	0	4,471	42%	56%	0
Capital Equipment	18,422	13,675	16,332	9,487	2,833	12,319	67%	90%	7,626
Total Capital Projects	\$644,265	\$491,668	549,087	\$340,094	\$41,343	\$381,435	59%	78%	4,557,148

* Actuals - Oct. 2012 through Jun. 2013, and Projections for July through Sep.

¹ Includes actual OCIP related disbursements of \$5,463,718

**DC WATER
LISTING OF EPA/MISC OPEN GRANTS
JUNE 30, 2013**

		Total EPA		Federal	Cumulative		Cumulative	
		Allowable	% of	Grant	Federal	Current	Federal	Remaining
Name	Period	Project	Federal	Award	Expenditures	Quarter	Expenditures	Federal
		Budget	Funding	Amount	as of 03/31/13	Expenditures	as of 06/30/13	Balance
<u>CLEAN WATER ACT GRANTS</u>								
Nitrification Facilities Upgrade	9/04 - 12/15	\$51,858,033	55%	\$28,521,918	22,939,100	732,400	23,671,500	4,850,418
Filtration and Disinfection Facility Upgrade Phase 2	9/06 - 09/13	9,872,426	55%	5,429,834	4,887,700	542,134	5,429,834	0
Raw Wastewater Pump Station 1 Upgrade	09//08 - 08/13	3,834,893	55%	2,109,191	1,581,900		1,581,900	527,291
Biological Sludge Thickening Facility Rehabilitation	8/10 - 12/13	14,060,069	55%	7,733,038	6,921,900		6,921,900	811,138
Area Substation 6	9/10 - 12/13	6,829,465	53%	3,626,566	3,051,700	166,000	3,217,700	408,866
Rehabilitation of Sewers, Various Locations Companion	9/10 - 12/13	447,397	23%	101,752	33,600	900	34,500	67,252
Blue Plains Enhanced Nitrogen Removal Facilities	5/12/- 9/17	27,327,655	55%	15,030,210	6,112,700	2,138,100	8,250,800	6,779,410
Blue Plains Enhanced Nitrogen Removal -North	9//12- 7/17	8,921,952	55%	4,907,074				
Rock Creek Combined Sewer Separation	5/06 - 12/12	2,743,336	55%	1,508,835	700,500	808,335	1,508,835	0
Filtration/Disinfection Facilities Upgrade, Phase 3	11/10 - 11/13	2,116,364	55%	1,164,000	1,046,000		1,046,000	118,000
Nit/Denit Sedimentation Basin Replacement Actuators	7/11 - 4/14	529,144	55%	291,000		245,700	245,700	45,300
TOTAL OPEN CLEAN WATER ACT GRANTS		\$ 128,540,734		\$ 70,423,418	\$ 47,275,100	\$ 4,633,569	\$ 51,908,669	\$ 13,607,675
<u>SAFE-DRINKING WATER GRANTS</u>								
Large Valve Replacements, Contract 7	09/08 - 09/13	\$3,458,000	80%	\$2,766,400	1,544,800		1,544,800	1,221,600
Large Valve Replacements, Contract 9	12/11 - 08/14	2,697,597	80%	2,158,077		710,600	710,600	1,447,477
Large Valve Replacements, Contract 10	2/13 - 9/15	2,020,300	80%	1,616,240				
Small Diameter Water Main Replacements 2008	09/08 - 06/13	12,560,176	80%	8,548,141	6,346,600		6,346,600	2,201,541
Small Diameter Water Main Replacements for 2010	9/10 - 12/13	2,648,917	80%	657,700	545,300		545,300	112,400
Cross-Town Tunnel Water Main Rehabilitation	6/11 - 5/13	6,064,214	80%	4,851,371	833,700	2,494,900	3,328,600	1,522,771
Small Diameter Water Main Rehabilitation Contract	6/11 - 5/14	14,978,250	80%	11,982,600	7,233,400	2,589,900	9,823,300	2,159,300
Small Diameter Water Main Replacements Contract 8	9/12 - 3/16	14,286,216	80%	11,428,974				11,428,974
Anacostia Pumping Station Replacement	08/07 - 06/13	21,988,000	80%	14,590,400	14,212,600		14,212,600	377,800
Fort Reno Pumping Station Rehabilitation & Upgrade	9/10 - 12/14	7,300,000	80%	3,007,480	423,300	123,100	546,400	2,461,080
16th & Alaska Pumping Station Upgrades	6/12 - 9/14	1,420,000	80%	1,136,000				1,136,000
Storage Facility Upgrades - Contract 2	6/12 - 03/15	1,900,000	80%	1,520,000				1,520,000
Bryant Street Pumping Discharge Piping Replacement	9/10 - 4/14	10,180,000	80%	8,144,000		490,200	490,200	7,653,800
Steel Water Mains, Contract 1	7/12 - 1/14	3,143,507	80%	2,514,805		156,400	156,400	2,358,405
TOTAL SAFE DRINKING WATER GRANTS		\$ 104,645,177		\$ 74,922,188	\$ 31,139,700	\$ 6,565,100	\$ 37,704,800	\$35,601,148
TOTAL EPA GRANTS (SRF)		\$ 233,185,911		\$ 145,345,606	\$ 78,414,800	\$ 11,198,669	\$ 89,613,469	\$ 49,208,823

**DC WATER
LISTING OF EPA/MISC OPEN GRANTS
JUNE 30, 2013**

Name	Period	Total EPA Allowable Project Budget	% of Federal Funding	Federal Grant Award Amount	Cumulative Federal Expenditures as of 03/31/13	Current Quarter Expenditures	Cumulative Federal Expenditures as of 06/30/13	Remaining Federal Balance
<u>ARRA FUNDING--SAFE DRINKING WATER</u>								
Small Diameter Distrib. Main Rehab., Contract 6	12/09 - 6/13	5,789,629	100%	5,789,629	5,238,800	550,829	5,789,629	0
TOTAL ARRA SAFE DRINKING GRANTS		\$ 19,500,000		\$5,789,629	\$5,238,800	\$550,829	\$5,789,629	\$0
<u>ARRA FUNDING CLEAN WATER GRANTS</u>								
TOTAL ARRA CLEAN WATER GRANTS		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
GRAND TOTAL ARRA GRANTS		\$ 25,295,442		\$ 5,789,629	\$ 5,238,800	\$ 550,829	\$ 5,789,629	\$ -
GRAND TOTAL ALL EPA GRANTS		\$ 258,481,353		\$ 151,135,235	\$ 83,653,600	\$ 11,749,498	\$ 95,403,098	\$ 49,208,823
MISC. GRANTS								
DC Office of Deputy Mayor for Planning & Economic Dev.	12/07 - 05/09		50%	1,100,000	721,712		721,712	378,288
DC Dept. Parks & Rec., DDOE and DCWASA	06/06 - 06/10		48%	1,094,000	223,273		223,273	870,727
BOLD = NEW GRANTS								

DC WATER
LISTING OF CSO CONGRESSIONAL FUNDING AND PROJECTS
JUNE 30, 2013

Footnote	Name	Period	Federal Award Amount	Cumulative Federal Expenditures as of 03/31/13	Current Quarter Expenditures	Cumulative Federal Expenditures as of 06/30/13	Remaining Federal Balance
1	<u>CONGRESSIONAL CSO APPROPRIATION BUDGET</u>	02/03 -					
	<u>LTCP Projects</u>						
	Anacostia CSS LTCP - Facility Plan Phase		78,081,378	69,027,956	7,560,211	76,588,167	1,493,211
	Potomac CSS LTCP Facility Plan		1,753,000	431,132		431,132	1,321,868
	CSO LTCP Rock Creek Projects		1,753,000	156,729		156,729	1,596,271
	CSO Sewer Instrumentation & Control		25,000	15,950		15,950	9,050
	Total LTCP Projects		81,612,378	69,631,767	7,560,211	77,191,978	4,420,400
	<u>Program Management</u>						
	CSO Program Management		3,457,000	460,280		460,280	2,996,720
	CSO Long Term Control Plan		5,120,155	251,439		251,439	4,868,716
	Total Program Management		8,577,155	711,719		711,719	7,865,436
	<u>Nine Minimum Control Projects</u>						
	WASA Low Impact Development Projects		1,500,000	155,999		155,999	1,344,001
	Potomac Pumping Station Rehabilitation		5,112,500	5,045,455		5,045,455	67,045
	Rock Creek CSO Projects		5,100,194	5,111,643	78,631	5,190,274	(90,080)
	CSO Nine Minimum Control Projects		575,000	574,226		574,226	774
	Outfall Sewer Rehabilitation		19,865,787	19,696,724		19,696,724	169,063
	Potomac Pumping Station Phase III		7,469,599	332,333	129,205	461,538	7,008,061
	Swirl Facilitation Rehabilitation		1,830,000	159,793		159,793	1,670,207
	CSO Fabridam Replacement		4,479,579	4,479,579		4,479,579	0
	Main and O Pumping Station		37,838,285	35,750,103		35,750,103	2,088,182
	East Side Pumping Station		7,792,966	7,761,444		7,761,444	31,522
	Poplar Point Pumping Station		878,000	877,143		877,143	857
	Dry Weather Overflow Elimination		154,912	154,912		154,912	0
	CSO Wet Weather Water Quality Monitoring		24,657	24,657		24,657	0
	Total Nine Minimum Control Projects		92,621,479	80,124,011	207,836	80,331,847	12,289,632
	TOTAL CSO APPROPRIATION		\$182,811,012	\$150,467,497	\$7,768,047	\$158,235,544	\$24,575,468

DC WATER
LISTING OF CSO CONGRESSIONAL FUNDING AND PROJECTS
JUNE 30, 2013

Footnote	Name	Period	Federal Award Amount	Cumulative Federal Expenditures as of 03/31/13	Current Quarter Expenditures	Cumulative Federal Expenditures as of 06/30/13	Remaining Federal Balance
<u>Cash Reconciliation</u>							
							7,768,047
							<u>12,282,683</u>
							44,626,198
							\$44,626,198

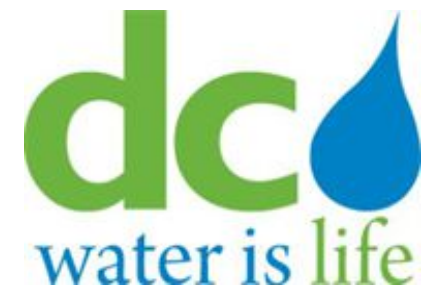
FOOTNOTES

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
	Appropriation on December 14, 2011	2,378,068
	Appropriation on January 16, 2012	12,621,932
	Appropriation on May 15, 2013	14,215,410
	Total Appropriation	182,811,012



DC Water

Investment Performance Report – June 2013



DC Water
Finance Division
Economic Update

ECONOMIC COMMENTARY

- Concerns about when the Fed might scale back its bond purchasing programs roiled the markets during June. After the Federal Open Market Committee's June 18-19 meeting, Federal Reserve Chairman Ben Bernanke stated that the Fed would start reducing its bond purchases if the economy continues to strengthen.
- Volatility in the bond market surged in June to its highest level since December 2011. During June, the yield on 3-year U.S. Treasury notes rose from 0.49% to 0.68%.
- The June employment report showed the economy adding 195,000 new jobs. The unemployment rate was unchanged at 7.6%.
- The U.S. economy grew at a 1.8% rate during the first quarter of 2013. Second quarter growth is projected at around 1%.

PORTFOLIO RECAP

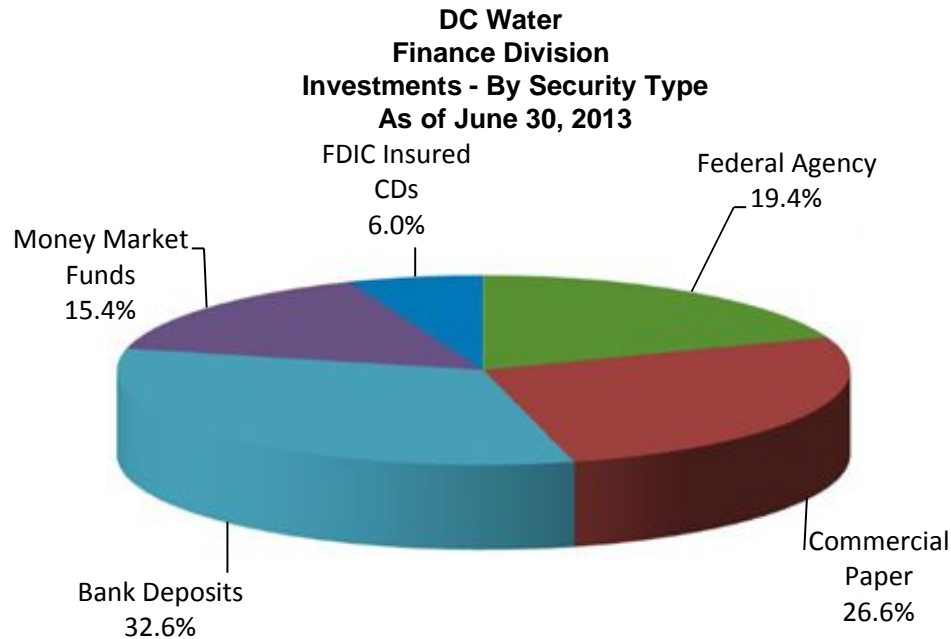
- The portfolio is diversified among Bank Deposits, Commercial Paper, Federal Agencies, FDIC Insured CDs, and SEC registered money market funds.
- The overall yield-to-cost of the portfolio is 0.46%.
- The portfolio is in compliance with the Authority's Investment Policy.

Operating Reserve Fund

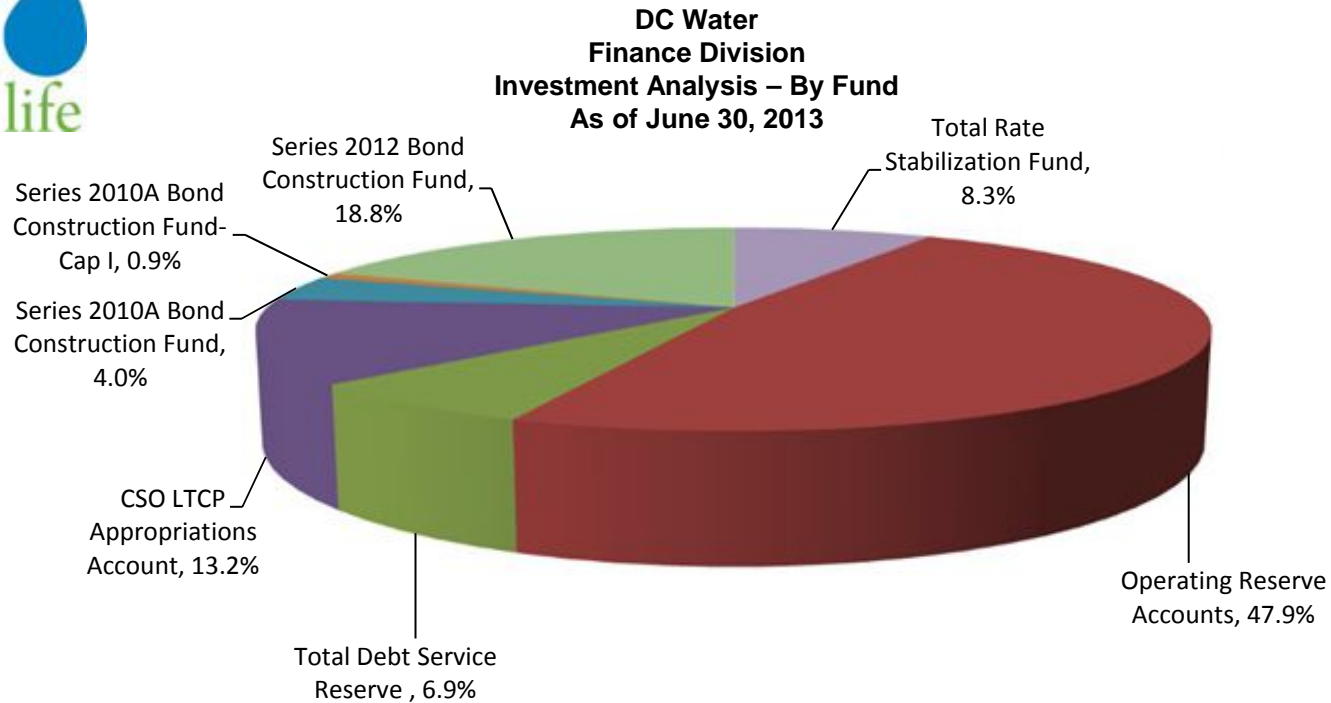
- The Authority purchased \$10 million of 3 month Commercial Paper at a yield of 0.21%.

Total Rate Stabilization Fund

- The Authority purchased \$10 million of 3 month Commercial Paper at a yield of 0.21%.



Security Type	Book Value + Accrued Interest	Asset Allocation	Permitted By Policy
Bank Deposits	\$ 110,209,202	32.6%	100.0%
Money Market Funds	52,068,451	15.4%	100.0%
Bankers Acceptances	-		40.0%
Commercial Paper	89,976,785	26.6%	35.0%
U.S. Treasuries	-	0.0%	100.0%
Federal Agency	65,398,022	19.4%	80.0%
FDIC Insured CDs	20,118,627	6.0%	30.0%
Municipal Obligations	-	0.0%	20.0%
Total	\$ 337,771,087	100.0%	

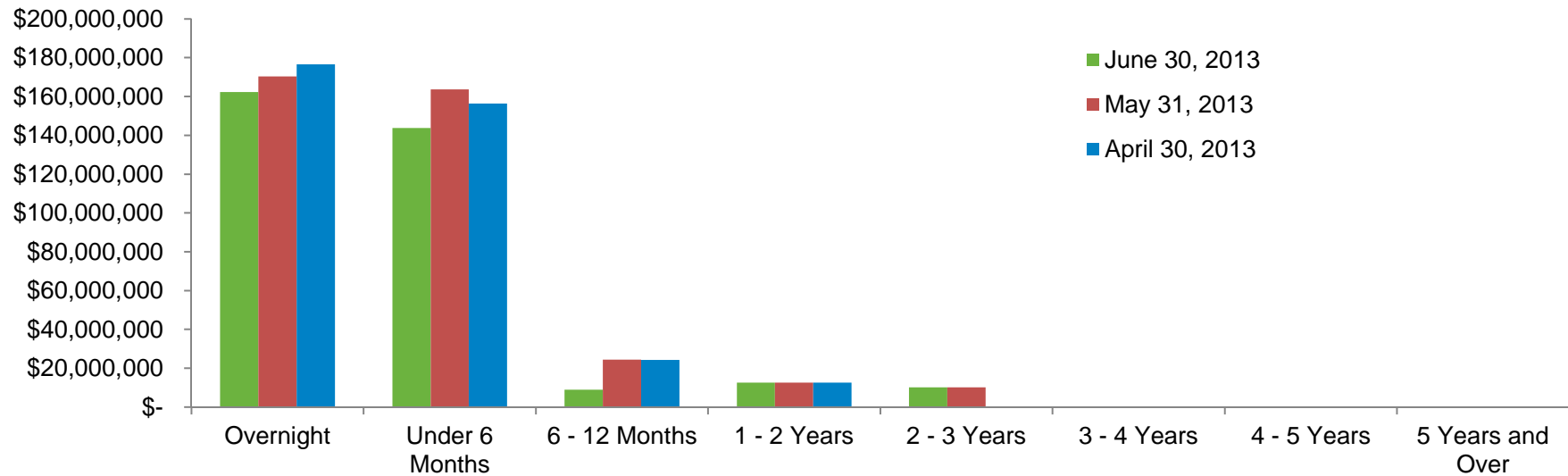


Fund Name	Book Value + Accrued Interest	Yield-to- Maturity at Cost	Effective Duration (years)	Weighted Average Maturity (days)
Total Rate Stabilization Fund	\$ 27,950,350	0.65%	0.09	31.8
Operating Reserve Accounts	\$ 161,839,644	0.66%	0.19	69.1
Total Debt Service Reserve	\$ 23,449,102	0.44%	1.60	591.6
Series 2010A Bond Construction Fund	\$ 13,360,737	0.10%	0.05	19.0
Series 2010A Bond Construction Fund- Cap I	\$ 3,055,016	0.99%	0.44	160.6
Total CSO LTCP Appropriations Account	\$ 44,636,663	0.30%	0.05	17.6
2012 Bond Construction Fund	\$ 63,479,575	0.01%	0.02	8.7
Total	\$ 337,771,087	0.46%	0.23	83.0



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

Maturity Distribution	June 30, 2013	May 31, 2013	April 30, 2013
Overnight \$	162,277,653.63 \$	170,355,156.38 \$	176,581,268.05
Under 6 Months	143,807,497.94	163,623,374.58	156,395,586.34
6 - 12 Months	8,975,789.43	24,361,838.44	24,343,733.16
1 - 2 Years	12,527,564.03	12,522,412.61	12,517,130.90
2 - 3 Years	10,182,581.66	10,178,920.52	-
3 - 4 Years	-	-	-
4 - 5 Years	-	-	-
5 Years and Over	-	-	-
Totals \$	337,771,086.69 \$	381,041,702.53 \$	369,837,718.45





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

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
Bank Deposits					
TD Bank		100,131,274.75	29.6%	100.0%	Yes
Premier Bank		5,032,458.46	1.5%	100.0%	Yes
Capital One Bank		5,045,469.18	1.5%	100.0%	Yes
Sub-Total Bank Deposits		110,209,202.39	32.6%	100.0%	Yes
Money Market Mutual Funds					
American Beacon MMF	AAAm	1,483,639.46	0.4%	50.0%	Yes
Williams Capital Money Market Fund	AAAm	2,500,437.37	0.7%	50.0%	Yes
Merrill Lynch MMF	AAAm	1,185,375.71	0.4%	50.0%	Yes
Wells Fargo Advantage Treasury Plus	AAAm	3,369,315.04	1.0%	50.0%	Yes
Wells Fargo Government MMF	AAAm	43,529,683.66	12.9%	50.0%	Yes
Sub-Total Money Market Mutual Funds		52,068,451.24	15.4%	100.0%	Yes
Certificates of Deposit					
CDARs - Placed by Industrial Bank	NR / NR	15,095,347.57	4.5%	30.0%	Yes
CDARs - Placed by City First Bank	NR / NR	5,023,279.39	1.5%	30.0%	Yes
Sub-Total Certificates of Deposit		20,118,626.96	6.0%	30.0%	Yes
Commercial Paper					
Bank Of Nova Scotia Ny Comm Paper	A-1 / P-1	9,999,959.70	3.0%	5.0%	Yes
Fcar Owner Trust Comm Paper	A-1+ / P-1	9,995,911.10	3.0%	5.0%	Yes
General Elec Cap Corp Comm Paper	A-1+ / P-1	9,996,488.90	3.0%	5.0%	Yes
Jp Morgan Chase & Co Comm Paper	A-1 / P-1	9,998,800.00	3.0%	5.0%	Yes
Mizuho Funding Llc Comm Paper	A-1 / P-1	9,995,100.00	3.0%	5.0%	Yes
Nestle Finance Intl Ltd Comm Paper	A-1+ / P-1	9,999,133.30	3.0%	5.0%	Yes
Sumitomo Trust Ny Comm Paper	A-1 / P-1	9,994,983.30	3.0%	5.0%	Yes
Union Bank Na Comm Paper	A-1 / P-1	9,998,450.00	3.0%	5.0%	Yes
University Of California Comm Paper	A-1+ / P-1	9,997,958.30	3.0%	5.0%	Yes
Sub-Total Commercial Paper		89,976,784.60	26.6%	35.0%	Yes
Federal Agencies					
Fannie Mae	AA+ / Aaa	2,809,715.56	0.8%	40.0%	Yes
Freddie Mac	AA+ / Aaa	22,209,728.59	6.6%	40.0%	Yes
Federal Home Loan Bank	AA+ / Aaa	40,378,577.35	12.0%	40.0%	Yes
Sub-Total Federal Agencies		65,398,021.50	19.4%	100.0%	Yes
Total		\$ 337,771,086.69	100.0%		



**DC Water
Finance Division
Book Value Performance
As of June 30, 2013**

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

	Trailing 1 Months		Trailing 3 Months		Trailing 6 Months		Trailing 12 Months
	Periodic	Annualized	Periodic	Annualized	Periodic	Annualized	
Total Rate Stabilization Fund	0.04%	0.44%	0.08%	0.32%	0.14%	0.29%	0.44%
Operating Reserve Accounts	0.04%	0.44%	0.08%	0.33%	0.18%	0.37%	0.42%
Total Debt Service Reserve	0.04%	0.45%	0.09%	0.34%	0.15%	0.31%	0.39%
Total CSO LTCP Appropriations Account	0.01%	0.15%	0.04%	0.15%	0.06%	0.12%	0.13%
2010A Construction Fund	0.01%	0.10%	0.02%	0.09%	0.03%	0.06%	0.06%
2010A Capitalized Interest Fund	0.08%	1.04%	0.26%	1.03%	0.47%	0.94%	0.89%
2012 Construction Fund	0.00%	0.04%	0.01%	0.05%	0.03%	0.05%	0.07%
Short-Term	0.04%	0.46%	0.10%	0.40%	0.18%	0.37%	0.34%
Merrill Lynch 3-Month Treasury Index (Book Value) ¹	0.00%	0.04%	0.01%	0.05%	0.03%	0.06%	0.08%
Core (1+ Years)	0.04%	0.47%	0.12%	0.48%	0.25%	0.51%	0.67%
Merrill Lynch 1-3 Year Treasury Index (Book Value) ²	0.03%	0.31%	0.06%	0.26%	0.13%	0.26%	0.27%

- (1) The Merrill Lynch 3-Month Treasury Bill is an unmanaged index tracking the on-the-run 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 3-Month Treasury Bill 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.



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	\$ 17,955,367		7/1/2013		0.90%	\$ 17,955,367	\$ 17,955,367	\$ 17,955,367	
SUMITOMO TRUST NY COMM PAPER	10,000,000	-	9/25/2013	6/25/2013	0.21%	9,994,633	9,994,080	9,994,983	
									\$ 27,950,349.97
Operating Reserve Accounts									
TD BANK BANK DEPOSIT	\$ 74,052,061		7/1/2013		0.90%	\$ 74,052,061	\$ 74,052,061	\$ 74,052,061	
CAPITAL ONE BANK	5,045,469		7/1/2013		0.50%	5,045,469	5,045,469	5,045,469	
WILLIAMS CAPITAL MONEY MARKET FUND	2,500,437		7/1/2013		0.00%	2,500,437	2,500,437	2,500,437	
UNION BANK NA COMM PAPER	10,000,000	-	8/1/2013	4/3/2013	0.18%	9,994,000	9,999,080	9,998,450	
FHLB NOTES	10,000,000	0.750	8/28/2013	5/18/2011	0.72%	10,008,025	10,034,858	10,025,872	
FCAR OWNER TRUST COMM PAPER	10,000,000	-	9/3/2013	4/3/2013	0.23%	9,990,225	9,996,000	9,995,911	
GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	9/18/2013	5/21/2013	0.16%	9,994,667	9,997,400	9,996,489	
MIZUHO FUNDING LLC COMM PAPER	10,000,000	-	9/23/2013	6/25/2013	0.21%	9,994,750	9,994,320	9,995,100	
INDUSTRIAL BANK CDARS	5,000,000	0.600	10/17/2013	10/18/2012	0.60%	5,000,000	5,021,041	5,021,041	
FHLB TAP BONDS	10,000,000	3.125	12/13/2013	5/19/2011	0.99%	10,675,134	10,149,615	10,111,227	
INDUSTRIAL BANK CDARS	2,512,497	0.620	1/23/2014	1/24/2013	0.62%	2,512,497	2,519,334	2,519,334	
INDUSTRIAL BANK CDARS	2,500,000	0.900	1/27/2014	1/26/2012	0.90%	2,500,000	2,532,178	2,532,178	
CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,000	0.600	3/23/2014	3/23/2012	0.60%	2,500,000	2,519,076	2,519,076	
INDUSTRIAL BANK CDARS	5,000,000	0.650	10/16/2014	10/18/2012	0.65%	5,000,000	5,022,795	5,022,795	
CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,000	0.600	3/19/2015	3/21/2013	0.60%	2,500,000	2,504,203	2,504,203	
									\$ 161,839,643.86
Total Debt Service Reserve									
MERRILL LYNCH MMF	1,185,376		7/1/2013		0.06%	1,185,376	1,185,376	1,185,376	
WELLS FARGO GOVERNMENT MMF	2,022,248		7/1/2013		0.01%	2,022,248	2,022,248	2,022,248	
FHLB TAP BONDS	5,000,000	3.125	12/13/2013	5/25/2011	0.87%	5,354,034	5,074,808	5,058,330	
FEDERAL HOME LOAN BANK GLOBAL NOTES	5,000,000	0.250	2/20/2015	1/30/2013	0.30%	4,995,000	4,997,484	5,000,566	
FHLB NOTES	10,000,000	1.000	3/11/2016	5/22/2013	0.43%	10,158,100	10,129,056	10,182,582	
									\$ 23,449,102.13
Series 2010A Bond Construction Fund									
WELLS FARGO ADVANTAGE TREASURY PLUS	\$ 3,361,604		7/1/2013		0.01%	\$ 3,361,604	\$ 3,361,604	\$ 3,361,604	
NESTLE FINANCE INTL LTD COMM PAPER	10,000,000	-	7/25/2013	3/26/2013	0.13%	9,995,631	9,999,500	9,999,133	
									\$ 13,360,736.89
Series 2010A Bond Construction Fund- Cap 1									
WELLS FARGO GOVERNMENT MMF	\$ 237,589		7/1/2013		0.01%	\$ 237,589	\$ 237,589	\$ 237,589	
WELLS FARGO ADVANTAGE TREASURY PLUS	7,711		7/1/2013		0.01%	7,711	7,711	7,711	
FNMA NOTES	1,400,000	1.125	9/30/2013	3/16/2011	0.97%	1,412,681	1,407,387	1,404,514	
FNMA NOTES (EX-CALLABLE)	1,400,000	1.250	3/14/2014	3/16/2011	1.19%	1,402,617	1,415,420	1,405,201	
									\$ 3,055,015.74
Total CSO LTCP Appropriations Account									
TD BANK BANK DEPOSIT	\$ 8,123,847		7/1/2013		0.90%	\$ 8,123,847	\$ 8,123,847	\$ 8,123,847	
PREMIER BANK DEPOSIT	5,032,458		7/1/2013		0.24%	5,032,458	5,032,458	5,032,458	
AMERICAN BEACON MMF	1,483,639		7/1/2013		0.02%	1,483,639	1,483,639	1,483,639	
BANK OF NOVA SCOTIA NY COMM PAPER	10,000,000	-	7/2/2013	3/26/2013	0.15%	9,996,053	9,999,930	9,999,960	
JP MORGAN CHASE & CO COMM PAPER	10,000,000	-	7/25/2013	3/26/2013	0.18%	9,993,950	9,999,450	9,998,800	
UNIVERSITY OF CALIFORNIA COMM PAPER	10,000,000	-	8/19/2013	5/21/2013	0.15%	9,996,250	9,996,250	9,997,958	
									\$ 44,636,662.88
Series 2012 Bond Construction Fund									
WELLS FARGO GOVERNMENT MMF	\$ 41,269,847		7/1/2013		0.01%	\$ 41,269,847	\$ 41,269,847	\$ 41,269,847	
FHLMC DISC NOTE	22,210,000	-	7/23/2013	5/31/2013	0.02%	22,209,346	22,209,324	22,209,729	
									\$ 63,479,575.22
						\$ 338,455,246.24	\$ 337,790,242.18	\$ 337,771,086.69	\$ 337,771,086.69



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	64105RUR9	NESTLE FINANCE INTL LTD COMM PAPER	10,000,000	-	07/25/13	03/26/13	0.132	\$ 9,995,630.56
DC WASA OPERATING RESERVE ACCOUNTS	91411SR93	UNIVERSITY OF CALIFORNIA COMM PAPER	7,520,000	-	04/09/13	01/14/13	0.162	\$ 7,517,159.11
DC WASA OPERATING RESERVE ACCOUNTS	RE0962176	INDUSTRIAL BANK CDARS	2,512,497	0.620	01/23/14	01/24/13	0.629	\$ 2,512,497.09
DC WASA OPERATING RESERVE ACCOUNTS	9497F0TE2	WELLS FARGO & COMPANY COMM PAPER	15,000,000	-	06/14/13	02/26/13	0.122	\$ 14,994,600.00
DC WASA OPERATING RESERVE ACCOUNTS	RE1000216	CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,000	0.600	03/19/15	03/21/13	0.606	\$ 2,500,000.00
DC WASA OPERATING RESERVE ACCOUNTS	19121ATS0	COCA-COLA COMPANY COMM PAPER	10,000,000	-	06/26/13	04/03/13	0.122	\$ 9,997,200.00
DC WASA OPERATING RESERVE ACCOUNTS	3024A6W32	FCAR OWNER TRUST COMM PAPER	10,000,000	-	09/03/13	04/03/13	0.233	\$ 9,990,225.00
DC WASA OPERATING RESERVE ACCOUNTS	90526MV12	UNION BANK NA COMM PAPER	10,000,000	-	08/01/13	04/03/13	0.183	\$ 9,994,000.00
DC WASA OPERATING RESERVE ACCOUNTS	36959HWJ2	GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	09/18/13	05/21/13	0.162	\$ 9,994,666.67
DC WASA OPERATING RESERVE ACCOUNTS	60688FWP0	MIZUHO FUNDING LLC COMM PAPER	10,000,000	-	09/23/13	06/25/13	0.213	\$ 9,994,750.00
DC WASA TOTAL CSO LTCP APPROPRIATIONS	313589CZ4	FANNIE MAE DISC NOTE	10,000,000	-	03/13/13	01/31/13	0.031	\$ 9,999,646.94
DC WASA TOTAL CSO LTCP APPROPRIATIONS	06416JU27	BANK OF NOVA SCOTIA NY COMM PAPER	10,000,000	-	07/02/13	03/26/13	0.147	\$ 9,996,052.78
DC WASA TOTAL CSO LTCP APPROPRIATIONS	4662J0UR1	JP MORGAN CHASE & CO COMM PAPER	10,000,000	-	07/25/13	03/26/13	0.183	\$ 9,993,950.00
DC WASA TOTAL CSO LTCP APPROPRIATIONS	91411SVK3	UNIVERSITY OF CALIFORNIA COMM PAPER	10,000,000	-	08/19/13	05/21/13	0.152	\$ 9,996,250.00
DC WASA TOTAL DEBT SERVICE RESERVE	313381YP4	FEDERAL HOME LOAN BANK GLOBAL NOTES	5,000,000	0.250	02/20/15	01/30/13	0.299	\$ 4,995,173.61
DC WASA TOTAL DEBT SERVICE RESERVE	313375RN9	FHLB NOTES	10,000,000	1.000	03/11/16	05/22/13	0.432	\$ 10,177,822.22
DC WASA RATE STABILIZATION FD	07286MSM4	BAYLOR UNIVERSITY COMM PAPER	10,000,000	-	05/21/13	01/14/13	0.152	\$ 9,994,708.33
DC WASA RATE STABILIZATION FD	86562KTQ7	SUMITOMO MITSUI BANK NY COMM PAPER	10,000,000	-	06/24/13	03/26/13	0.223	\$ 9,994,500.00
DC WASA RATE STABILIZATION FD	86563GWR9	SUMITOMO TRUST NY COMM PAPER	10,000,000	-	09/25/13	06/25/13	0.213	\$ 9,994,633.33
DC WASA 2012 CONSTRUCTION FUND	313589CZ4	FANNIE MAE DISC NOTE	20,000,000	-	03/13/13	01/30/13	0.025	\$ 19,999,416.67
DC WASA 2012 CONSTRUCTION FUND	9127957M7	US TREASURY BILL	25,000,000	-	03/21/13	01/31/13	0.031	\$ 24,998,945.14
DC WASA 2012 CONSTRUCTION FUND	3137EACJ6	FHLMC GLOBAL NOTES	25,000,000	1.625	04/15/13	02/26/13	0.123	\$ 25,198,891.61
DC WASA 2012 CONSTRUCTION FUND	60688FTR0	MIZUHO FUNDING LLC COMM PAPER	10,000,000	-	06/25/13	03/26/13	0.233	\$ 9,994,186.11
DC WASA 2012 CONSTRUCTION FUND	313385HB5	FEDERAL HOME LOAN BANKS DISC NOTE	10,000,000	-	06/19/13	03/26/13	0.081	\$ 9,998,111.11
DC WASA 2012 CONSTRUCTION FUND	313397GE5	FREDDIE MAC DISC NOTE	25,000,000	-	05/29/13	03/26/13	0.081	\$ 24,996,444.44
DC WASA 2012 CONSTRUCTION FUND	313397JM4	FHLMC DISC NOTE	22,210,000	-	07/23/13	05/31/13	0.020	\$ 22,209,346.04

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



**DC Water
Finance Division
Upcoming Transaction Cash Flows
Next 30 Days**

DATE	TRANSACTION	CUSIP	DESCRIPTION	COUPON	MATURITY DATE	PAR VALUE/SHARES	PRINCIPAL	INTEREST	TOTAL
<u>Series 2010A Bond Construction Fund- Cap I</u>									
07/25/13	MATURITY	64105RUR9	NESTLE FINANCE INTL LTD COMM PAPER		07/25/13	10,000,000	9,995,630.56	4,369.44	10,000,000.00
<u>Series 2012 Bond Construction Fund</u>									
07/23/13	MATURITY	313397JM4	FHLMC DISC NOTE		07/23/13	22,210,000	22,209,346.04	653.96	22,210,000.00
<u>Total CSO LTCP Appropriations Account</u>									
07/02/13	MATURITY	06416JU27	BANK OF NOVA SCOTIA NY COMM PAPER		07/02/13	10,000,000	9,996,052.78	3,947.22	10,000,000.00
07/25/13	MATURITY	4662JOUR1	JP MORGAN CHASE & CO COMM PAPER		07/25/13	10,000,000	9,993,950.00	6,050.00	10,000,000.00

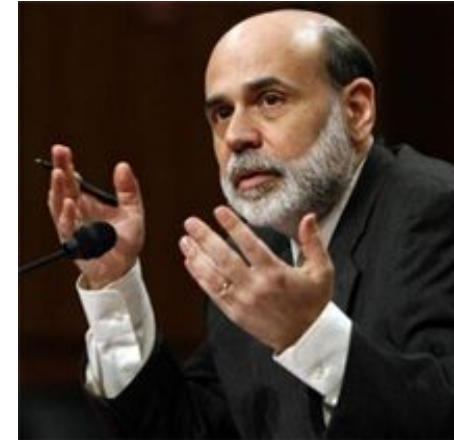


Appendix: Economic Update

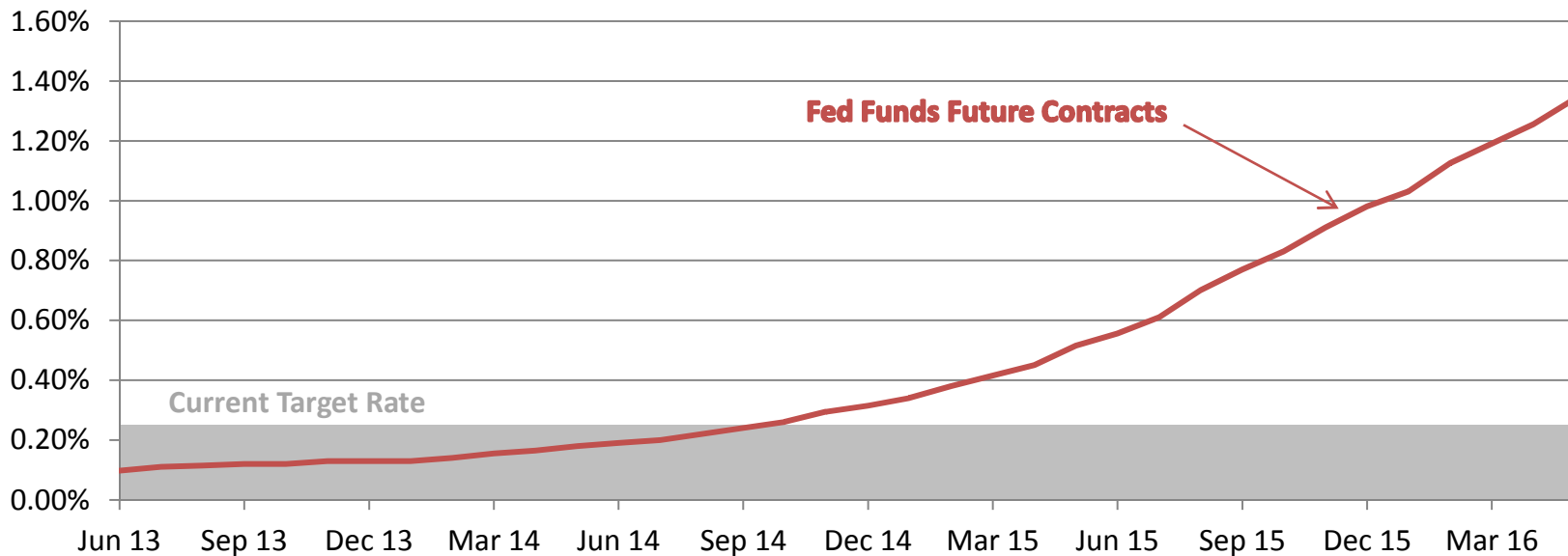


Federal Reserve Statement

- Federal Reserve Chairman Ben Bernanke stated the Federal Open Market Committee’s intentions to taper asset purchases. Tapering could begin as early as this fall if economic data continues to suggest further improvements in-line with projections.
- Fed Funds Future contracts suggest the first increase in the target Federal Funds Rate could occur in 2015.



Fed Funds Future Contracts
June 19, 2013



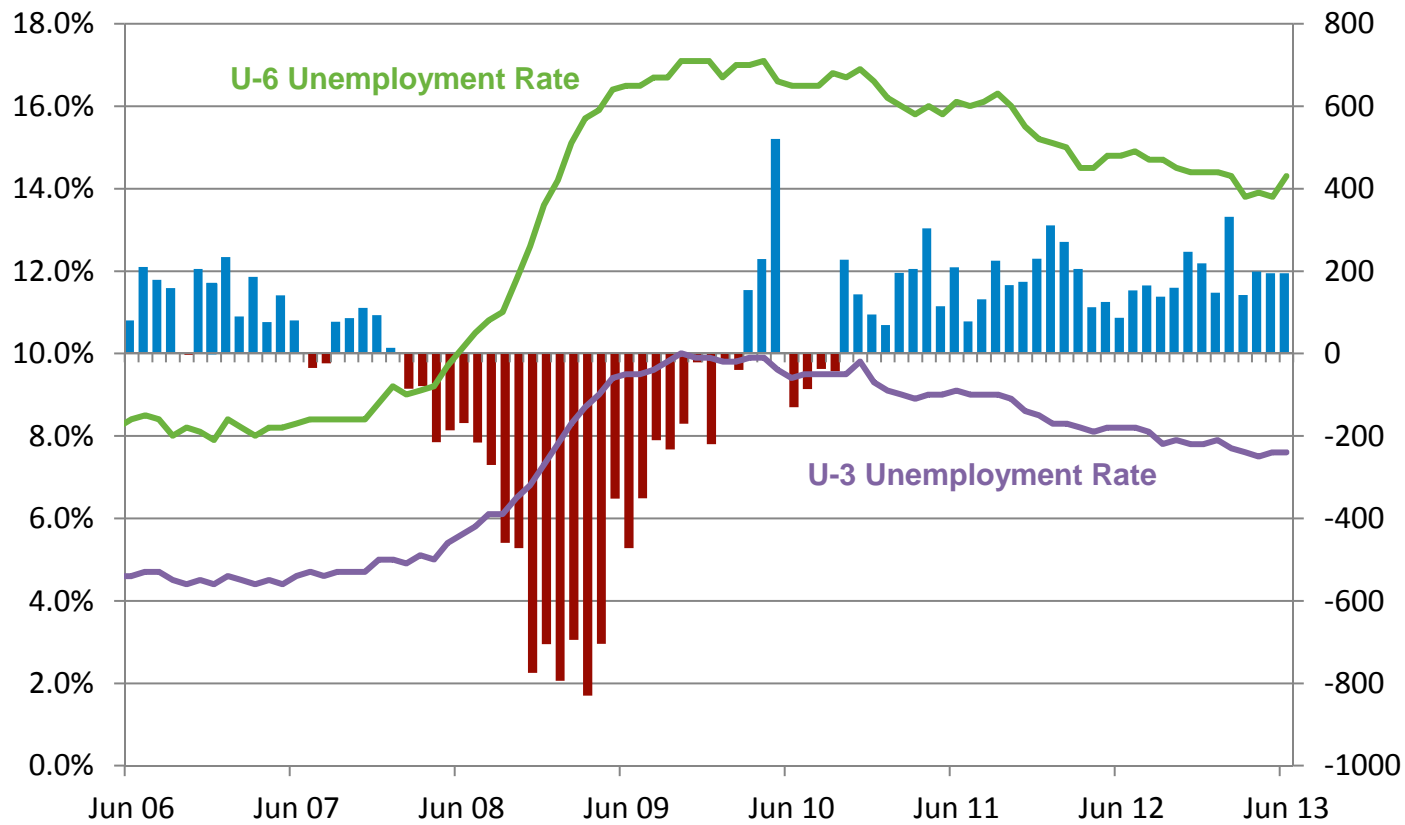
Source: Bloomberg



Job Growth Remains Consistent

- The U.S. economy added 195,000 jobs in June.
- The national unemployment rate was unchanged at 7.6%.

Unemployment vs. Non-Farm Payrolls
June 2006 – June 2013



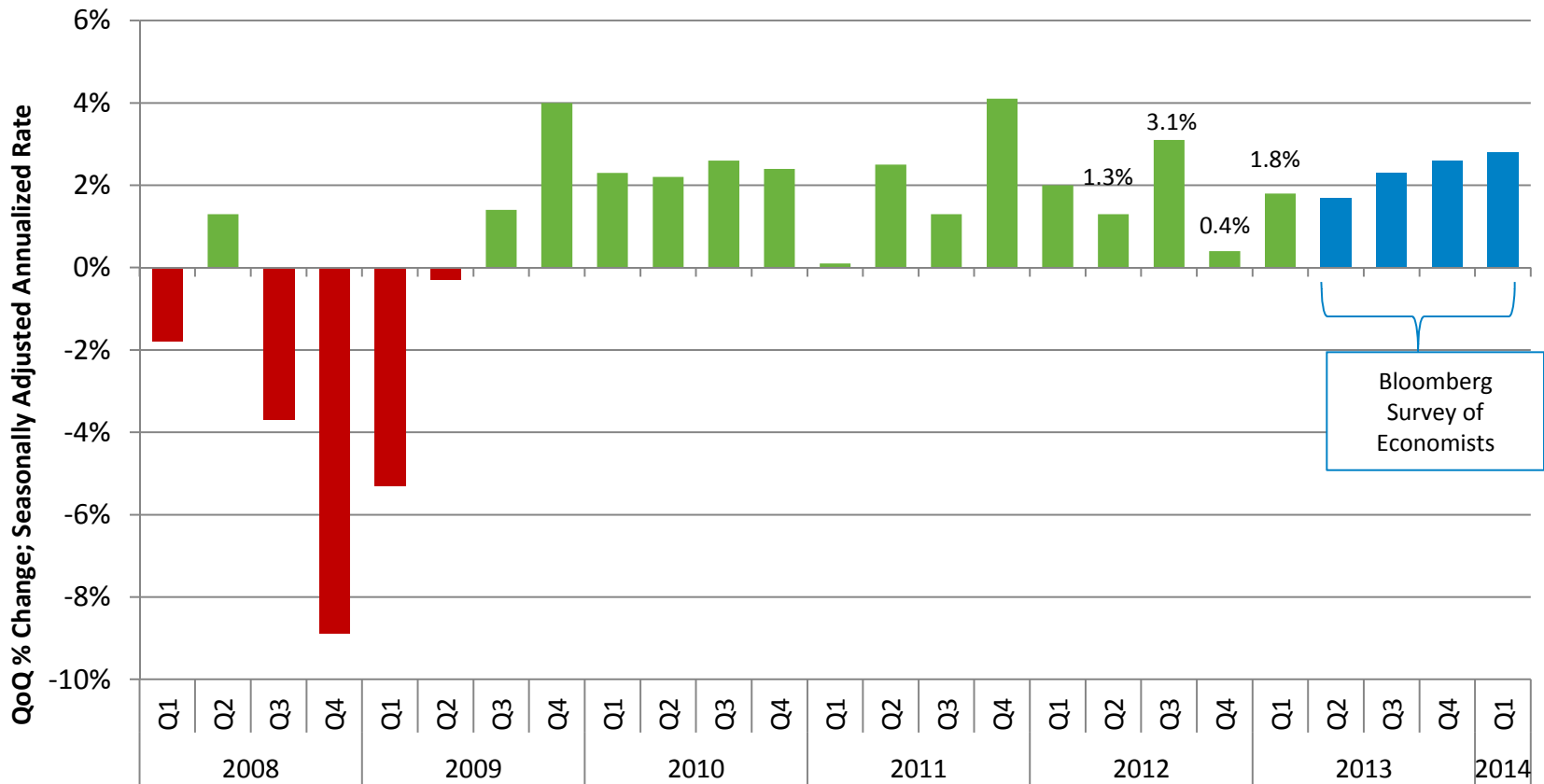
Source: Bloomberg



Moderate GDP Growth in the First Quarter

- Gross Domestic Product (GDP) growth in the first quarter was 1.8%, revised down from previous reports.

GDP Growth
March 2008 – March 2014 (projected)

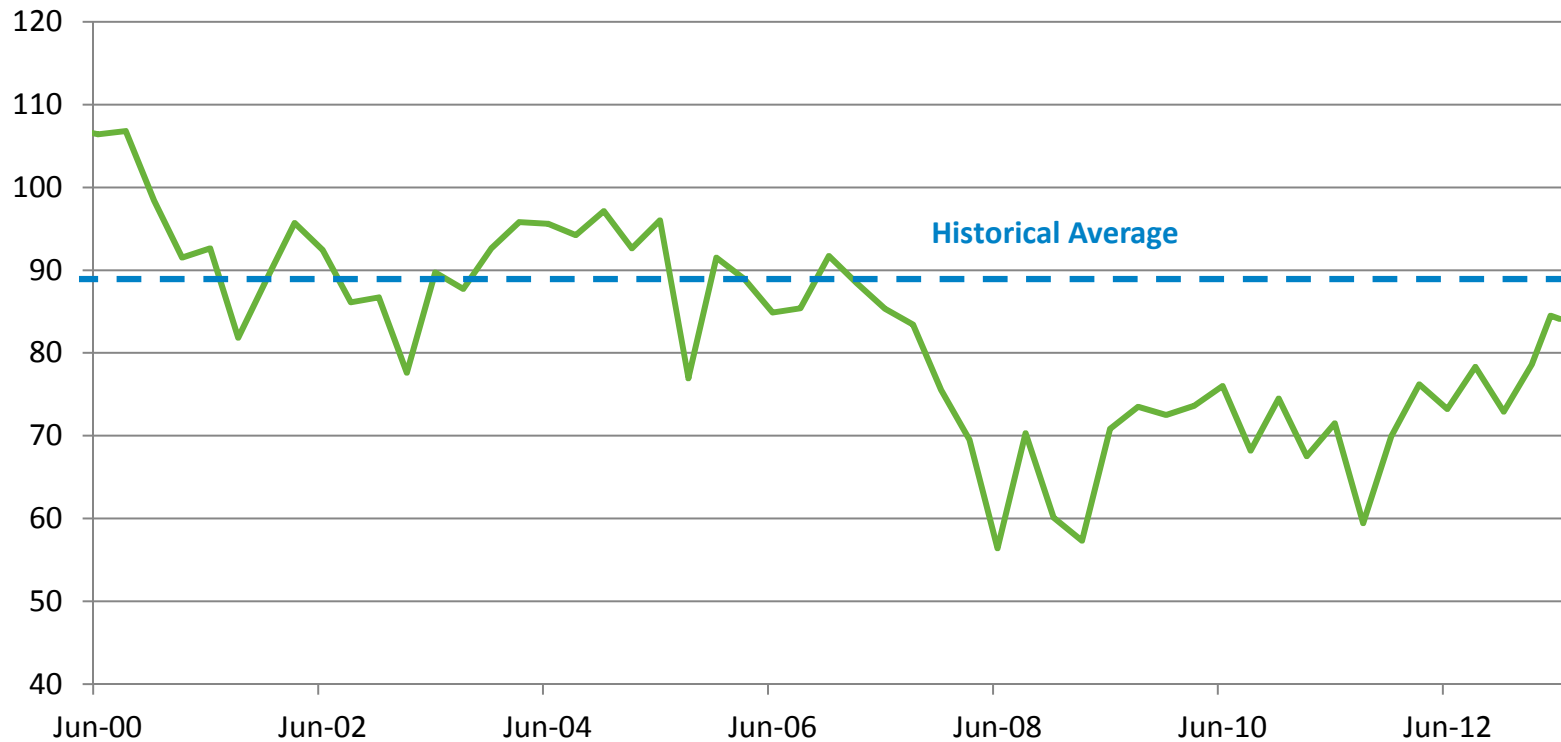


Source: Bloomberg



Improvement in Confidence Continues

University of Michigan Consumer Confidence
June 2000 – June 2013

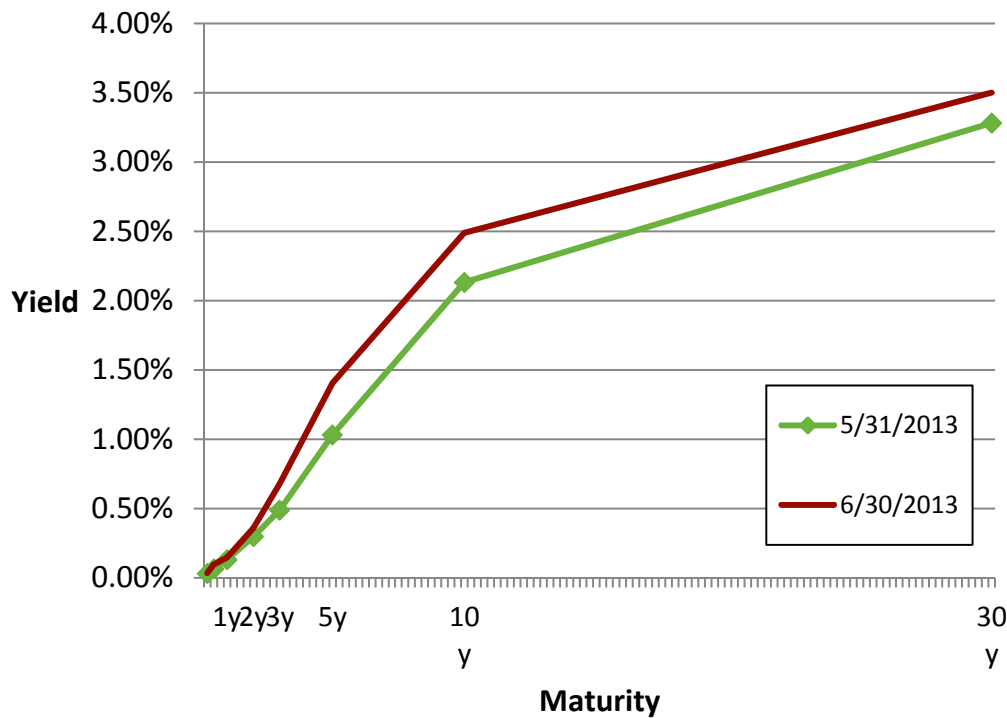


Source: Bloomberg



Yield Curve Shifted Upward in June

U.S. Treasury Yield Curve
May 31, 2013 versus June 30, 2013



	<u>5/31/2013</u>	<u>6/30/2013</u>	<u>Change</u>
3 month	0.03%	0.03%	0.01%
6 month	0.06%	0.09%	0.03%
1 year	0.13%	0.15%	0.02%
2 year	0.30%	0.36%	0.06%
3 year	0.49%	0.68%	0.19%
5 year	1.03%	1.40%	0.38%
10 year	2.13%	2.49%	0.36%
30 year	3.28%	3.50%	0.22%

Source: Bloomberg



Disclosure

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC (PFMAM) cannot guarantee its accuracy, completeness or suitability.

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District of Columbia Water and Sewer Authority
George S. Hawkins, General Manager

REVISED NON-PROCESS FACILITIES MASTER PLAN

Presented to the DC Water Board of Directors

***Finance and Budget Committee
Chairman, Timothy Firestine***

July 25, 2013



Update on the Revised Master Plan

NON-PROCESS FACILITIES MASTER PLAN

Revised - July 10, 2013

Approved by DC Water Board - September XX, 2013



Warehouse and Visitor's & Security Center

Prepared for:



By:





Update on the Revised Master Plan

Goals of the 2013 Non-Process Facilities Master Plan

Non-Process Facilities Master Plan Goals & Benefits

The Non-Process Facilities Master Plan should be viewed as a “living document”—something drafted with the ability to respond to change. As a result, many of the goals from the 2010 Master Facilities Plan are retained and combined with a host of new priorities to be addressed. The goals of the Non-Process Facilities Master Plan are listed below:

1. Optimize efficient use of existing DC Water land.
2. Optimize efficient use of existing DC Water facilities.
3. Introduce state-of-the-art material management technologies that will enhance inventory security, inventory storage and distribution, transportation, and reduce duplication and inefficiencies of human resources.
4. Implement Green Strategies and Sustainable Design within DC Water infrastructure and facility planning.
 - Emphasize stormwater management and energy alternatives/efficiencies while implementing Green Building policies .
 - Reduce risk from emergencies and potential climate change impacts at DC Water facilities whenever feasible.
 - Standardize fixtures and finishes across DC Water facilities.
5. Maximize flexibility throughout DC Water facilities for future treatment needs, distribution system operations, and innovative opportunities.



Update on the Revised Master Plan

Benefits of the Non-Process Facilities Master Plan

- Comports with the strategic plan of the DC Water Board of Directors, Blue Horizon 2020.
- Reserves space/facilities at Blue Plains for expansion of water treatment processes, allowing for safe and efficient use of the plant well into the future.
- Leverages nearly \$2M per year from not leasing space to offset debt service costs.
- Provides increased focus on engineering oversight and quality control at Blue Plains.
- Optimizes operational efficiencies and improve response time to customers. Reserve space and facilities for strategically placed Water & Sewer satellite field operations by consolidating all of Water & Sewer.
- Consolidates Administrative functions in one location, with full control over building design and operations.
- Limits risk exposure to Blue Plains, the largest industrial complex in the District of Columbia, to essential wastewater treatment and engineering personnel.
- Operational savings expected from higher performing facilities, green building efforts should reduce both water and energy consumption in non-process facilities.
- Consistency in the level of fixtures, finishes and furnishing to all departments, which improves morale and the feeling of unity =among DC Water personnel.
- Expands commuting options, optimizing existing Metro transit/bus routes by locating the majority of administrative personnel in a central DC location.

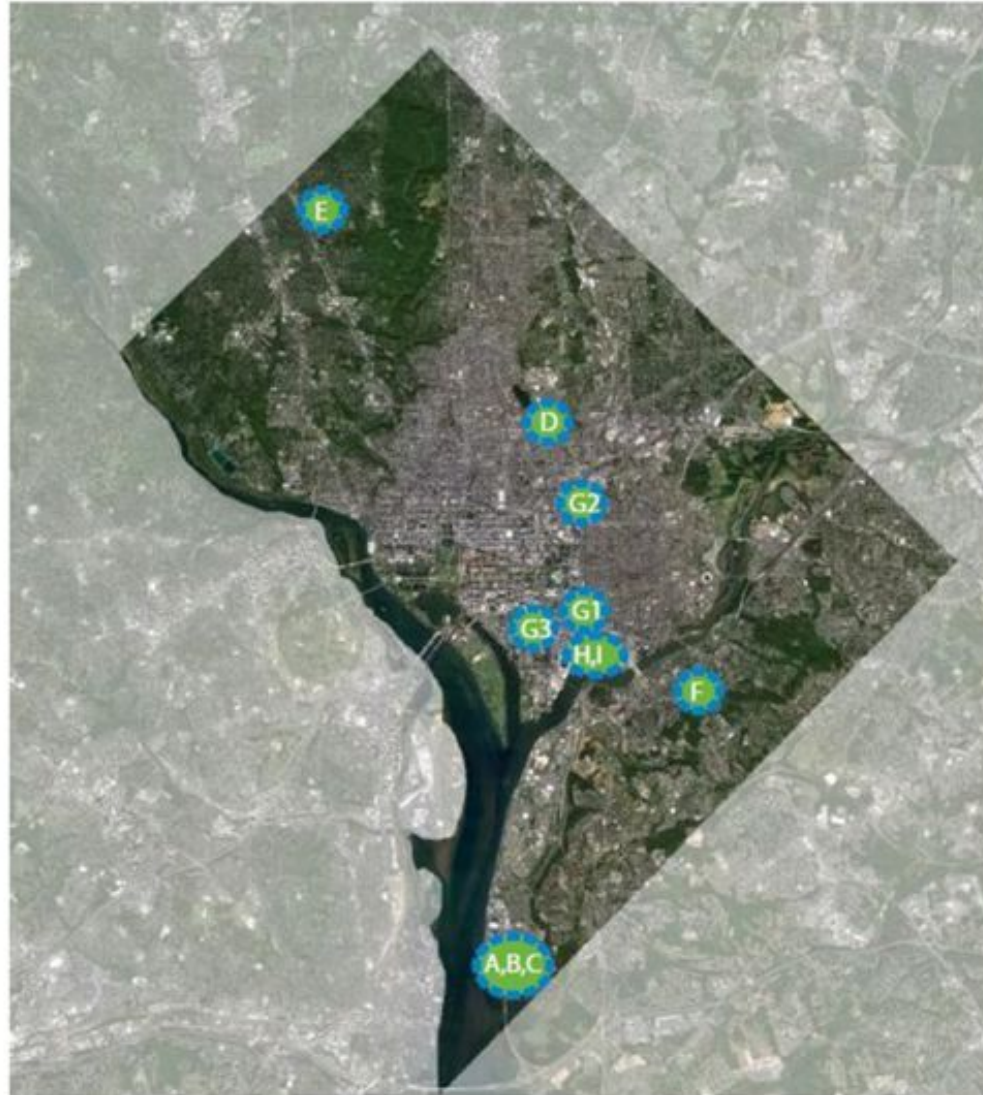


Update on the Revised Master Plan

DC WATER FACILITIES

DC Water Sites

- A) Blue Plains, Central Maintenance Facility (CMF)
Page 9
- B) Blue Plains, Central Operations Facility (COF)
Page 11
- C) Warehouse and Visitor's & Security Center
Page 13
- D) Bryant Street Pump Station
Page 16
- E) Fort Reno Pump Station
Page 18
- F) Anacostia Pump Station
Page 20
- G1) 80 M Street, SE
Page 22
- G2) 810 First Street, NE
Page 22
- G3) 1100 Fourth Street, SW
Page 22
- H) Main and O Street Campus - *Existing Site Conditions*
Page 24
- I) Main and O Street Campus - *Proposed*
Page 26



District of Columbia Aerial Map



Update on the Revised Master Plan

Blue Plains Advanced Wastewater Treatment Plant | Proposed Site Plan





Update on the Revised Master Plan

I. Main and O Street Campus | Proposed Site Plan



#	Facility/Project
1	Main Pump Station
2	Administrative Headquarters Building atop O Street Pump Station
3	Sewer Services Garage
4	Sewer Services Building 1
5	Sewer Services Building 2
6	Material Bins
7	Salt Hoppers
8	Boat Building
9	Unused boat slip, filled



Update on the Revised Master Plan

Consolidation of Personnel in the new Headquarters Administration Building

Department/Division	Current Location
Human Capital Management	COF
Facilities (Mailroom & Copy Center only)	COF
Procurement	COF
Secretary to the Board + Board of Directors	COF
Office of the General Manager	COF
Internal Audit	COF
General Counsel	COF
External Affairs	COF
Finance & Budget + Risk Management	COF
Information Technology	IT Building & COF
Customer Care and Operations (Water and Sewer Planning and Engineering)	Bryant Street, Main & O Street
Customer Service Department and Command Center	80 M Street



Update on the Revised Master Plan

Enhanced Financial Viability – Capital Budget

REVISED 2013 MASTER PLAN PROPOSAL			Funding Chg from Needs Analysis	% Cost Allocation** (pending final reconciliation)				Approximate Cost Per User based on Revised Proposal	
Activity Group	Project Name	Amount in Proposed CIP		District	WSSC	Fairfax	Loudon / PI	District	Wholesale
DD	Main & O Pump Sta. Development	\$1,000,000	\$0	100.00%	0.00%	0.00%	0.00%	\$1,000,000	\$0
DS	New DC Water Headquarters (inc. \$3M for envelope upgrades to O Street P.S.)	\$63,000,000	\$62,540,000	80% - 88%	12% - 20%			\$50,400,000 - \$55,440,000	\$7,560,000 - \$12,600,000
HC	New Warehouse Facility (inc. visitor & security center)	\$16,361,600	\$0	41.22%	45.84%	8.38%	4.56%	\$6,744,252	\$9,617,348
HD	Anacostia PS Field Ops Facility - East	\$3,000,000	(\$2,980,500)	100.00%	0.00%	0.00%	0.00%	\$3,000,000	\$0
HK	CMF Renovations & Consolidation (FY16 \$)	\$3,000,000	(\$1,032,000)	68.35%	24.75%	4.53%	2.37%	\$2,050,500	\$949,500
HG	New Sewer/Field Ops Facility	\$0	(\$9,434,000)					\$0	\$0
HH	New Fleet Facility	\$0	(\$9,669,000)					\$0	\$0
HJ	COF Renovations: Existing Structure (FY16 \$)	\$5,100,000	(\$36,900,000)	58% - 78%	22% - 42%			\$2,958,000 - \$3,978,000	\$1,122,000 - \$2,142,000
HE	Bryant, Field Ops Facility - Central (FY16 \$)	\$3,000,000	(\$10,546,000)	100.00%	0.00%	0.00%	0.00%	\$3,000,000	\$0
HF	Ft Reno Field Ops Facility - West (FY16 \$)	\$2,966,000	\$0	100.00%	0.00%	0.00%	0.00%	\$2,966,000	\$0
TOTAL REVISED MASTER PLAN CIP =		\$97,427,600	-\$8,021,500	TOTAL COSTS BASED ON REVISED PROPOSAL =				\$72,118,752 - \$78,178,752	\$19,248,848 - \$25,308,848



Update on the Revised Master Plan

Commitment to Blue Horizon 2020

- GOAL 4 Enhance customer/stakeholder confidence, communications, and perception:**
The Administrative Headquarters being centrally located greatly increases opportunities for DC Water to communicate and interact with our customers and the community.
- GOAL 5 Assure financial sustainability and integrity:**
Leverages up to \$2M per year from rent to support debt service, while freeing up vital space at Blue Plains to support future treatment processes, which ensures greater financial integrity in the long-term.
- GOAL 6 Assure safety and security:**
Highlights the facilities that are publically accessible and safe for visitors, thus allowing DC Water to concentrate security resources on critical needs and infrastructure.
- GOAL 8 Optimally manage Infrastructure:**
Represents a major forward step by standardizing non-process facilities, thus eliminating a number of facilities maintenance challenges and reducing energy costs.
- GOAL 9 Enhance operating excellence through innovation, sustainability, and adoption of best practices:**
Long-term sustainability and adoption of facilities best practices will directly enhance operating excellence.



Update on the Revised Master Plan

Next Steps

- Approval of the Sense of the Board resolution to approve the Non-Process Facilities Master Plan, Revised July 10, 2013 in accordance with the Management Proposal
- DC Water to begin public outreach to various stakeholders throughout the community, such as Council, ANCs, and the Capitol Riverfront BID, as well as District agencies
- Provide updates to DC Water Board Committees as requested, at a minimum annually, with a full revision of the Non-Process Facilities Master Plan formally submitted every 5 years for review



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY | 5000 OVERLOOK AVENUE, SW | WASHINGTON, DC 20032

Memorandum

Date: July 11, 2013

Subject: Division A – Blue Plains Tunnel
BPT-DS&SS Shaft Concrete Issues

Prepared by: Carlton Ray, Director, DC Clean Rivers Project

To: Finance & Budget Committee

CC: Christopher Allen, Leonard Benson

Background

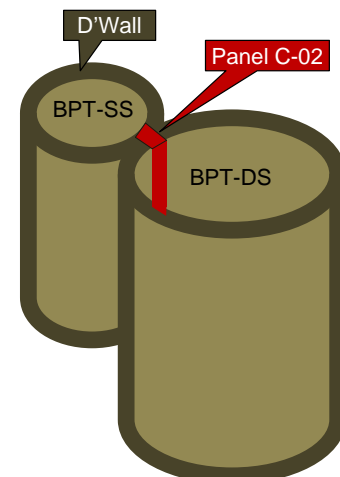
Diaphragm walls (D'Walls or slurry walls) are constructed one panel at a time by (1) excavating a deep trench filled with bentonite slurry, (2) lowering a steel reinforcing cage into the trench, and (3) pouring concrete down through tremie pipes to displace the slurry from bottom to top, leaving behind a high-strength reinforced concrete wall. A total of (45) panels were constructed to complete the D'Walls for the BPT-DS&SS shafts. All panels except the following were constructed in conformance with the design requirements.

Panel C-02: Lost Tremie Pipe Seal

Non-Conformance: during concrete placement in the center wall Panel C-02 the tremie pipes were withdrawn too quickly, causing the fresh concrete to mix with – and become contaminated by – the bentonite slurry in the trench. This contamination reduced the strength of the concrete in the panel.

Corrective Action: during shaft excavation Panel C-02 was chipped out and poured back with high-strength concrete in 7-10 foot lifts from both sides of the center wall. This required both shafts to be excavated at the same rate, 7-10 ft. at a time, keeping pace with each lift of the Panel C-02 repair. The completed repairs enable the D'Walls to perform as designed.

Current Status: Shaft excavation and repairs to Panel C-02 are complete down to the temporary base slabs, used to launch the tunnel boring machine. The slow rate of shaft excavation in order to keep pace with the lift-by-lift concrete repairs resulted in an approximate 4-month delay to the project critical path, most of which has since been mitigated through schedule recovery efforts. The remaining portion of Panel C-02 below the temporary slabs will be exposed for inspection this fall, when excavation in the DS shaft resumes in order to reach the depth of the permanent base slab.



BPT-DS&SS Shaft Concrete Issues

July 11, 2013

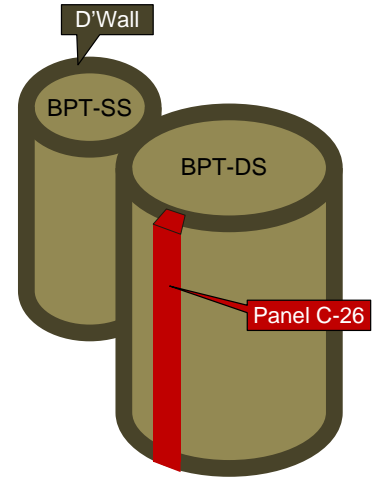
Page 2 of 2

Panel C-26: Low Concrete Strength

Non-Conformance: to accommodate for out-of-tolerance verticality (alignment) of Panel C-26, a 10,000 PSI concrete mix design was developed specifically for this panel's tremie concrete placement. While batching this special mix for placement, incorrect quantities of admixtures were used that did not comply with the mix design requirements. The incorrect admixtures reduced the strength of the concrete in the panel. This error was not discovered until after the placement when low cylinder breaks prompted a detailed review of the concrete batch tickets.

Corrective Action: the design-builder took additional core samples from Panel C-26 during initial stages of shaft excavation. The Engineer of Record performed an in-depth analysis and modeled the core results and concluded that the panel as constructed would safely withstand the forces during shaft excavation down to the temporary slabs. Shaft excavation proceeded unrestricted to this depth as described in the summary of Panel C-02 above. This non-conformance did not result in any additional critical-path delay.

Current Status: DC Water is currently reviewing the Engineer of Record's analysis of the forces anticipated during shaft excavation down to the permanent base slab, as well as the panel's ability to achieve the 100-year design life.



Recovery Schedule

To mitigate the above delay the design-builder will implement a 6 days/week tunneling schedule (up from 5 days/week) for a portion of the tunnel alignment and re-sequence the BPT-SS shaft cast-in-place concrete liner work to be concurrent with TBM setup and launch.

FACT SHEET: SENSE OF THE BOARD RESOLUTION TO APPROVE THE NON-PROCESS FACILITIES MASTER PLAN, REVISED JULY 10, 2013

SCOPE

The Non-Process Facilities Master Plan pertains to those sites delineated as “non-process facilities,” which means the following:

- The facilities are all permanent, occupied structures (no trailers or pump stations)
- The facilities contain no wastewater treatment processes
- The facilities represent where our employees have their workplaces, or conduct business on a daily basis
- The facilities are generally accessible to the public and stakeholders, or could be available for tours/educational opportunities, under certain conditions

GOALS

The Non-Process Facilities Master Plan goals reflect DC Water’s continued commitment to being a “World-Class Utility” – the safest, most sustainable, and efficient water utility in the world.

1. Optimize efficient use of existing DC Water land
2. Optimize efficient use of existing DC Water facilities
3. Introduce state-of-the-art material management technologies that will enhance inventory security, inventory storage and distribution, transportation, and reduce duplication and inefficiencies of human resources
4. Implement green strategies and sustainable design within DC Water infrastructure and facility planning.
 - Emphasize stormwater management and energy alternatives/efficiencies while implementing Green Building policies
 - Reduce risk from emergencies and potential climate change impacts at DC Water facilities whenever feasible
 - Standardize fixtures and finishes across DC Water facilities
5. Maximize flexibility throughout DC Water facilities for future treatment needs, distribution system operations, and innovative opportunities

REVISION & APPROVAL SCHEDULE

The Non-Process Facilities Master Plan presents DC Water with a creative, logical, and efficacious plan for the future. The facility-specific objectives and proposed modifications prescribe the means to achieve DC Water’s goals. However, like all plans, this master plan is subject to the influence of the un-planned. In response, the Non-Process Facilities Master Plan will be used as a “living document” – something with the ability to respond to change in the environment, technology, economy, or demographics.

DC Water will implement the Non-Process Facilities Master Plan, Revised July 10, 2013 in accordance with staff recommendations, to submit annual updates and undertake a formal Board review and approval process every five (5) years to ensure the Non-Process Facilities Master Plan meets the expanding and changing needs of DC Water.



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

Thursday, September 26, 2013; 11:00 a.m.
Blue Plains Wastewater Treatment Plant
5000 Overlook Avenue, SW, DC
AGENDA

Call to Order	Chairman
August 2013 Financial Report	Director of Finance & Budget
Action Items	Chairman
Agenda for October Committee Meeting	Chairman
Adjournment	Chairman

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