



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

Finance and Budget Committee

Friday, November 20, 2015

11:00 a.m.

1. **Call to Order**.....Timothy L. Firestine, Chairperson
2. **October 2015 Financial Report (Attachment 1)** Mark Kim
3. **FY 2015 Net Income – Budget vs. Actual (Attachment 2)** Mark Kim
4. **FY 2017 Proposed Budget (Attachment 3)**..... Mark Kim
5. **Digester Project Update (Attachment 4)** Leonard Benson and Mark Kim
6. **Action Items**..... Timothy L. Firestine
 - A. **Recommendation for Approval of the FY 2017 Proposed Budget (Attachment 5)**
Action Item 5A: Fiscal Year 2017 Proposed Operating Budget
Action Item 5B: Fiscal Year 2016 – 2025 Ten Year Financial Plan
Action Item 5C: Fiscal Year 2016 – 2025 Capital Improvement Program and Lifetime Budget
Action Item 5D: Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing
 - B. **Recommendation for FY 2015 Rate Stabilization Fund (Attachment 6)**
Action Item 6A: Transfer of Funds to the Rate Stabilization Fund
7. **Agenda for December Committee Meeting (Attachment 7)** Timothy L. Firestine
8. **Executive Session***
9. **Adjournment**

FOLLOW-UP ITEMS – There were no Follow-up Items from the meeting held October 22, 2015.

1. Provide an update on the Digester project and fiscal impact analysis. **(Chairperson Firestine)**
Status: *Will be provided during Agenda Item 5 at the meeting.*

* The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); contract negotiations under D.C. Official Code § 2-575(b)(1); legal, confidential or privileged matters under D.C. Official Code § 2-575(b)(4); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10); proprietary matters under D.C. Official Code § 2-575(b)(11); decision in an adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14), and other matters provided in the Act.



Fiscal Year 2015

Monthly Financial Report

Period Ending October 31, 2015

DEPARTMENT OF FINANCE, ACCOUNTING & BUDGET

Mark Kim, Chief Financial Officer

Gail Alexander-Reeves, Director, Budget

Robert Hunt, Director, Finance

Syed Khalil, Manager, Financial Planning & Revenues

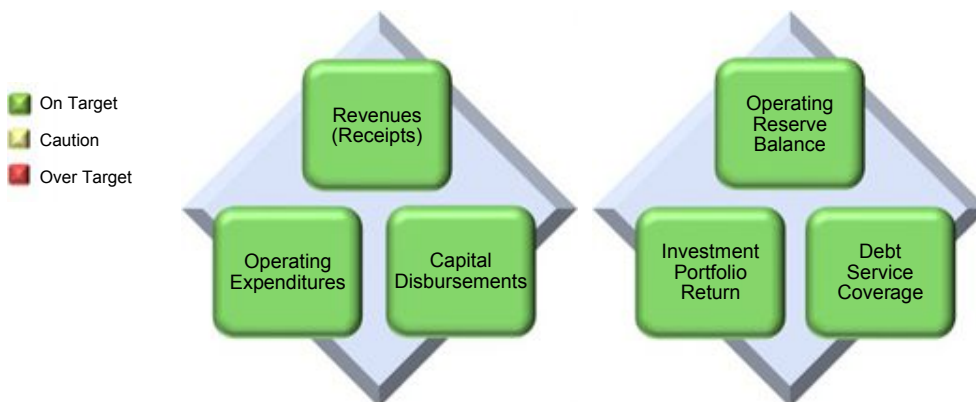
John Madrid, Controller

Monthly Financial Report

OCTOBER 2015

EXECUTIVE SUMMARY

The table below summarizes the first month of FY 2016 with approximately 8.3 percent of the fiscal year completed. At this early stage in FY 2016, we are on track with budgetary expectations and targeted performance metrics.



(\$ in millions)

	Budget	YTD Budget	Actual	Variance Favorable (Unfavorable)		Actual % Budget
Revenues (Receipts)	\$580.5	\$48.4	\$57.1	\$8.7	18.0%	10%
Expenditures	\$541.6	\$45.13	\$35.6	\$9.5	21.1%	7%
Capital Disbursements	\$549.0	\$47.6	\$71.7	(\$24.1)	(50.7%)	13%

* Straight-lined (1/12 of revised budget)

Highlights:

- Budget reviews by Committees and board adoption anticipated in December
- Effective October 1, 2015, DC Water implemented a new rate structure and a new monthly, fixed Water System Replacement fee
- In December, DC Water intends to close a new Extendable Municipal Commercial Paper (EMCP) program. The EMCP program is authorized at a level of \$100 million. EMCP is a cost effective means of finance in that it does not require the Authority to purchase a letter of credit from a bank to support the paper
- In November, DC Water intends to enter into a Forward Purchase Agreement (FPA) with Barclay's Bank. The FPA will allow DC Water to exchange a portion of the cash set aside with the trustee for debt service to Barclays Bank in return for specified liquid securities that mature on or before the payment date to the bondholders. The rate of return earned on the securities is expected to yield a significant increase over current earnings. The term of the final agreement is expected to be set at between five and seven years.

Mark T. Kim, Chief Financial Officer

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Fiscal Year-to-Date
As of October 31, 2015

Operating Revenues (\$000's)

	A	B*	C	D = C/A	E = C - B	F = E/B
	FY 2016	YTD	YTD	ACTUAL %	VARIANCE \$	VARIANCE %
Category	BUDGET	BUDGET	ACTUAL	BUDGET	Fav/(Unfav)	Fav/(Unfav)
Res. / Comm. / Multi.	\$311,897	\$25,991	\$29,778	9.5%	\$3,787	14.6%
Federal	62,989	5,249	14,910	23.7%	9,661	184.0%
Municipal (DC Govt.)	15,175	1,265	2,504	16.5%	1,239	98.0%
DC Housing	8,083	674	1,446	17.9%	772	114.7%
Metering Fee	10,776	898	1,087	10.1%	189	21.0%
Water System Replacement Fee (WSRF)	40,000	3,333	0	0.0%	(3,333)	(100.0%)
Wholesale	79,458	6,622	3,525	4.4%	(3,097)	(46.8%)
PILOT/ROW	20,584	1,715	2,714	13.2%	999	58.2%
All Other	31,553	2,629	1,124	3.6%	(1,505)	(57.3%)
TOTAL	\$580,514	\$48,376	\$57,088	9.8%	\$8,712	18.0%

*Straight-lined (1/12 of revised budget)

VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At this early stage of FY 2016, cash receipts are within budget. At the end of October 2015, cash receipts totaled \$57.1 million, or 9.8 percent of the revised FY 2015 budget. Several categories of customers make payments on a quarterly basis, including the Federal Government (which made their first quarterly payment in October), and wholesale customers (scheduled to make their first quarter payment in November).

Monthly Financial Report

Fiscal Year-to-Date
As of October 31, 2015

Operating Expenditures (\$000's)

	A	B*	C	D = C/A	E = B - C	F = E/B
	FY 2016	YTD	YTD	ACTUAL %	VARIANCE \$	VARIANCE %
Category	BUDGET	BUDGET	ACTUAL	BUDGET	Fav/(Unfav)	Fav/(Unfav)
Personnel	\$140,034	\$11,670	\$11,502	8.2%	\$168	1.4%
Contractual Services	79,244	6,604	4,015	5.1%	2,589	39.2%
Water Purchases	30,740	2,562	2,367	7.7%	195	7.6%
Supplies & Chemicals	35,951	2,996	2,289	6.4%	707	23.6%
Utilities	35,018	2,918	2,089	6.0%	829	28.4%
Small Equipment	1,465	122	66	4.5%	56	45.9%
SUBTOTAL O&M	\$322,452	\$26,871	\$22,328	6.9%	\$4,543	16.9%
Debt Service	174,766	14,564	11,551	6.6%	3,013	20.7%
PILOT/ROW	20,744	1,729	1,729	8.3%	(0)	(0.0%)
Cash Financed Capital Improvements	23,644	1,970	0	0.0%	1,970	100.0%
TOTAL OPERATING	\$541,606	\$45,134	\$35,608	6.6%	\$9,526	21.1%
Capital Labor	(18,993)	(1,583)	(1,474)	7.8%	(109)	6.9%
TOTAL NET OPERATING	\$522,613	\$43,551	\$34,134	6.5%	\$9,417	21.6%

*Straight-lined (1/12 of revised budget)

VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

Total Operating expenditures for this period are in line with expectations. For this period, operating expenditures (including debt services and the right of way and PILOT fees) totaled 35.6 million or 6.6 percent of the FY 2016 Board-approved budget of \$542 million.

These numbers include estimated incurred but unpaid invoices and are subject to revision in subsequent months. The FY 2015 closeout process continues, which entails finalizing a number of GAAP-related accruals.

Utilities – We have 15MW of the Authority's FY 2016 electricity load locked at an average Western Hub unit price of \$40.43/MWh.

Monthly Financial Report

Fiscal Year-to-Date
As of October 31, 2015

Capital Disbursements (\$000's)

	A	B	C	D = C/A	E = B - C	F = E/B
	FY 2016	YTD	YTD	ACTUAL %	VARIANCE \$	VARIANCE %
Service Area	BUDGET	BUDGET	ACTUAL	BUDGET	Fav/(Unfav)	Fav/(Unfav)
Non Process Facilities	\$9,309	\$776	\$523	5.6%	\$252	32.5%
Wastewater	168,637	14,053	25,472	15.1%	(11,419)	(81.3%)
Combined Sewer Overflow	223,105	18,592	24,125	10.8%	(5,533)	(29.8%)
Stormwater	1,263	105	44	3.5%	61	58.1%
Sanitary Sewer	34,786	2,899	7,182	20.6%	(4,283)	(147.8%)
Water	61,878	5,156	11,824	19.1%	(6,668)	(129.3%)
SUBTOTAL: CAPITAL PROJECTS	\$498,977	\$41,581	\$69,172	13.9%	(\$27,590)	(66.4%)
Capital Equipment	39,226	3,269	2,510	6.4%	759	23.2%
Washington Aqueduct	10,838	2,709	-	0.0%	2,709	100.0%
SUBTOTAL: ADD'L CAPITAL PROGRAMS	\$50,063	\$5,978	\$2,510	5.0%	3,468	58.0%
TOTAL	\$549,040	\$47,560	\$71,682	13.1%	(\$24,122)	(50.7%)

VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of October 2015, capital disbursements are \$71.7 million or 13.1 percent of the revised FY 2016 budget. Higher than planned disbursements are mainly attributable to additional vendor payments that were processed for year-end.

Capital Projects - Project performance will be reviewed in detail as part of the quarterly CIP update by DETS at the February 2016 Environmental Quality and Sewerage Services Committee meeting.

Capital Equipment - Lower than planned disbursements are driven by the unspent reserve funds in the Office of the CFO to accommodate requests for projects Authority-wide.

Washington Aqueduct (WAD) - Lower disbursements represents WAD's plan to postpone wholesale customer billing until 2nd quarter to draw down the pre-paid balances currently in escrow and US Treasury accounts.

Monthly Financial Report

Fiscal Year-to-Date
As of October 31, 2015

Cash Investments and Insurance (\$ in millions)

Cash Balances

Rate Stabilization Fund Account (RSF)	\$32.5
DC Insurance Reserve	1.0
Operating Reserve Accounts	143.3

Operating Cash Balance Including RSF \$176.8

Debt Service Reserve - Series 1998	23.6
Bond Fund- Construction Fund 2014A	67.6
Bond Fund- Construction Fund 2015A	115.7
Bond Fund- Construction Fund 2015B	195.4

Total All Funds \$579.1

OVERALL PORTFOLIO PERFORMANCE

- The operating reserve balance was \$143.3 million as compared to the operating reserve level objective of \$125.5 million for FY 2016
- Average cash balance for the month of October was \$153.0 million
- Total investment portfolio was in compliance with the Authority's Investment Policy
- Returns exceeded the established benchmarks for short term (less than one year) and core (one plus years) funds
- Operating funds interest income for October (on a cash basis) was \$17,482
- A detailed investment performance report is attached

Monthly Financial Report

Fiscal Year-to-Date
As of October 31, 2015

Cash Flow Summary (\$000's)

	Annual Budget Cash Basis	YTD 8% Cash Budget	YTD Actual Cash Oct. 1, 2015 - Oct. 31, 2015	Variance Favorable (Unfavorable)	
OPERATING BUDGET					
Cash Provided					
Retail	\$448,920	\$37,410	\$49,724	\$12,314	33%
Wholesale	79,458	6,621	3,525	(3,096)	-47%
Other	51,890	4,324	3,838	(486)	-11%
Total Cash Provided	580,268	48,356	57,088	8,732	18%
Operating Cash Used					
Personnel Services	121,041	10,087	9,829	258	3%
Contractual Services	79,243	6,604	9,025	(2,422)	-37%
Chemicals & Supplies	35,951	2,996	4,518	(1,522)	-51%
Utilities	35,018	2,918	3,559	(641)	-22%
Water Purchases	30,740	2,562	2,724	(163)	-6%
Small Equipment	1,465	122	44	78	64%
Total Operating Cash Used	303,458	25,288	29,699	(4,411)	-17%
Defeasance D.S./Cash Financed Capital Construction	23,475	1,956		1,956	100%
Other Cash Used					
Debt Service	157,640	13,137	11,500	1,637	12%
Payment In Lieu of Taxes/Right of Way	20,744	1,729		1,729	100%
Total Other Cash Used	178,384	14,865	11,500	3,366	23%
Total Cash Used	505,317	42,110	41,199	911	2%
Net Cash Provided (Used) by Operating Act.	74,950	6,246	15,889	9,643	
CAPITAL BUDGET					
Cash Provided					
Debt Proceeds	238,487	19,874	31,201	11,327	57%
EPA Grants	27,244	2,270	1,419	(851)	-37%
CSO Grants	14,000	1,167		(1,167)	-100%
Transfer from Operations	82,548	6,879			
Interest Income	998	83	1	(82)	-99%
Wholesale Capital Contributions	126,693	10,558	8,521	(2,037)	-19%
Total Cash Provided	489,969	40,831	41,141	311	1%
Cash Used					
DC Water Capital Program	538,204	44,850	71,682	(26,832)	-60%
Washington Aqueduct Projects	10,838	903		903	100%
Total Cash Used	549,042	45,754	71,682	(25,929)	-57%
Net Cash/PAYGO Provided (Used) by Cap. Act.	(\$59,073)	(\$4,923)	(\$30,541)	(\$25,618)	
Beginning Balance, October 1 (Net of Rate Stab. Fund) Projected					
Plus (Less) Operating Surplus	\$160,055		\$160,055		
Wholesale Customer Refunds from Prior Years	74,950	6,246	15,889		
Interest Earned From Bond Reserve	(5,500)	(458)			
Transfer to Rate Stabilization Fund	247	21			
Prior Year Federal Billing Reconciliation	(19,000)	(1,583)			
DC Fleet Payment	(11,679)	(973)	(2,920)		
Cash Used for Capital			819		
Balance Attributable to O&M Reserve	(59,073)	(4,923)	(30,541)		
	\$140,000		\$143,302		
OTHER CASH RESERVES					
Rate Stabilization Fund	Current	Balance			
DC Insurance Reserve	\$32,450				
	1,039				

Monthly Financial Report

APPENDIX

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Monthly Financial Report

Fiscal Year-to-Date
As of October 31, 2015

Operating Revenues Detail

(\$ in millions)

Revenue Category	Budget	YTD Budget	YTD Actual	Variance Favorable / (Unfavorable)		YTD % of Budget
Residential, Commercial, and Multi-family	\$311.9	\$26.0	\$29.8	\$3.8	14.6%	9.5%
Federal	63.0	5.2	14.9	9.7	184.1%	23.7%
District Government	15.2	1.3	2.5	1.2	98.0%	16.1%
DC Housing Authority	8.1	0.7	1.5	0.8	114.6%	18.0%
Customer Metering Fee	10.8	0.9	1.1	0.2	21.0%	10.1%
Water System Replacement Fee (WSRF)	40	3.3	0.0	(3.3)	-100.0%	0.0%
Wholesale	79.5	6.6	3.5	(3.1)	-46.8%	4.4%
Right-of-Way Fee/PILOT	20.6	1.7	2.7	1.0	58.2%	13.2%
Subtotal (before Other Revenues)	\$548.9	\$45.7	\$56.0	\$10.2	22.3%	10.2%
Other Revenue without RSF						
IMA Indirect Cost Reimb. For Capital Projects	8.0	0.7	0.0	(0.7)	-100.0%	0.0%
DC Fire Protection Fee	10.8	0.9	0.0	(0.9)	-100.0%	0.2%
Stormwater (MS4)	1.0	0.1	0.2	0.1	100.0%	20.0%
Interest	1.3	0.1	0.0	(0.1)	-100.0%	0.0%
Developer Fees (Water & Sewer)	7.5	0.6	0.4	(0.2)	-33.3%	5.3%
Others	2.9	0.2	0.5	0.3	150.0%	17.2%
Subtotal	\$31.6	\$2.6	\$1.1	(\$1.5)	-57.4%	3.5%
Rate Stabilization Fund Transfer	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%
Other Revenue Subtotal	\$31.55	\$2.6	\$1.1	(\$1.5)	-57.7%	3.5%
Grand Total	\$580.5	\$48.4	\$57.1	\$8.7	18.0%	9.8%

BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY
(\$ in 000's)

Customer Category	FY2016 Budget	Year-To-Date Budget	Actual Received	Variance Favorable / <Unfavorable>	Variance % of YTD Budget	Actual % of Budget
Residential	\$26,086	\$2,174	\$2,101	(\$73)	-3%	8%
Commercial	30,532	2,544	2,687	143	6%	9%
Multi-family	10,202	850	855	5	1%	8%
Federal	18,739	1,562	4,685	3,123	200%	25%
District Govt	8,357	696	(1,639)	(2,335)	-335%	-20%
DC Housing Authority	1,221	102	86	(15)	-15%	7%
Total:	\$95,137	\$7,928	\$8,776	\$847	11%	9%

Customer Category	Water	Sewer	Clean Rivers IAC	Metering Fee	Total
Residential	\$2,807	\$3,417	\$2,101	\$426	\$8,751
Commercial	5,876	6,061	2,687	325	14,949
Multi-family	2,724	3,249	855	91	6,919
Federal	5,246	4,980	4,685	198	15,108
District Govt	1,864	2,278	(1,639)	36	2,540
DC Housing Authority	616	744	86	11	1,457
Total:	\$19,132	\$20,730	\$8,776	\$1,087	\$49,724

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

Monthly Financial Report

Fiscal Year-to-Date
As of October 31, 2015

Retail Accounts Receivable (Delinquent Accounts)

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

Greater Than 90 Days by Month

	\$ in millions	# of accounts
September 30, 2012	\$5.5	13,063
September 30, 2013	\$4.9	11,920
September 30, 2014	\$5.3	12,442
September 30, 2015	\$6.5	11,981
October 31, 2015	\$7.1	11,737

Greater Than 90 Days by Customer

	Number of Accounts			Month of September (All Categories)				Total Delinquent			
	W & S a/c	Impervious Only a/c	Total No. of a/c	Active		Inactive					
				No. of a/c	Amount (\$)	No. of a/c	Amount (\$)	No. of a/c Sept.	Amount (\$)	No. of a/c Oct.	Amount (\$)
Commercial	10,800	3,290	14,090	1,002	2,069,252	169	127,251	1,323	\$ 1,495,500	1,171	\$ 2,196,503
Multi-family	8,150	448	8,598	651	1,545,472	163	87,688	843	1,661,224	814	\$ 1,633,160
Single-Family Residential	105,737	3,301	109,038	7,401	2,667,039	2,351	648,495	9,815	3,325,590	9,752	\$ 3,315,534
Total	124,687	7,039	131,726	9,054	\$ 6,281,763	2,683	\$ 863,434	11,981	\$ 6,482,314	11,737	\$ 7,145,197

Notes: Included in the above \$6.28M (or 9,054 accounts) of the DC Water Over 90 days delinquent accounts, \$2,010,567.23 (or 1,872 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.

Monthly Financial Report

Fiscal Year-to-Date
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Capital Disbursements Detail by Program (\$000's)

Service Areas	Budget		Actual		Variance		
	Annual	YTD	Oct. 2015	YTD	YTD % Budget	YTD \$ Fav/(Unfav)	YTD % Fav/(Unfav)
NON PROCESS FACILITIES							
Facility Land Use	\$9,309	\$776	\$523	\$523	5.6%	\$252	32.5%
Subtotal	9,309	776	523	523	5.6%	252	32.5%
WASTEWATER TREATMENT							
Liquid Processing	16,193	1,349	1,354	1,354	8.4%	(5)	(0.4%)
Plantwide	15,798	1,317	2,229	2,229	14.1%	(913)	(69.3%)
Solids Processing	28,652	2,388	7,528	7,528	26.3%	(5,140)	(215.3%)
Enhanced Nitrogen Removal Facilities	107,994	8,999	14,361	14,361	13.3%	(5,362)	(59.6%)
Subtotal	168,637	14,053	25,472	25,472	15.1%	(11,419)	(81.3%)
COMBINED SEWER OVERFLOW							
D.C. Clean Rivers	212,012	17,668	22,767	22,767	10.7%	(5,100)	(28.9%)
Program Management	1,832	153	340	340	18.5%	(187)	(122.5%)
Combined Sewer	9,261	772	1,018	1,018	11.0%	(247)	(31.9%)
Subtotal	223,105	18,592	24,125	24,125	10.8%	(5,533)	(29.8%)
STORMWATER							
Local Drainage	223	19	0	0	0.0%	19	100.0%
On-Going	459	38	16	16	3.5%	22	58.3%
Pumping Facilities	0	0	0	0	0.0%	0	0.0%
DDOT	18	1	0	0	0.0%	1	100.0%
Research and Program Management	256	21	28	28	11.0%	(7)	(31.5%)
Trunk/Force Sewers	307	26	0	0	0.0%	26	100.0%
Subtotal	1,263	105	44	44	3.5%	61	58.1%
SANITARY SEWER							
Collection Sewers	4,190	349	12	12	0.3%	337	96.5%
On-Going	7,463	622	3,736	3,736	50.1%	(3,114)	(500.7%)
Pumping Facilities	2,267	189	203	203	8.9%	(14)	(7.2%)
Program Management	6,742	562	1,031	1,031	15.3%	(469)	(83.5%)
Interceptor/Trunk Force Sewers	14,124	1,177	2,201	2,201	15.6%	(1,024)	(87.0%)
Subtotal	34,786	2,899	7,182	7,182	20.6%	(4,283)	(147.8%)
WATER							
Distribution Systems	35,667	2,972	5,667	5,667	15.9%	(2,695)	(90.7%)
Lead Program	1,575	131	139	139	8.8%	(8)	(6.1%)
On-Going	5,105	425	1,686	1,686	33.0%	(1,261)	(296.3%)
Pumping Facilities	3,833	319	1,152	1,152	30.1%	(833)	(260.7%)
DDOT	893	74	0	0	0.0%	74	99.6%
Storage Facilities	9,515	793	2,212	2,212	23.2%	(1,419)	(179.0%)
Program Management	5,288	441	967	967	18.3%	(526)	(119.5%)
Subtotal	61,878	5,156	11,824	11,824	19.1%	(6,668)	(129.3%)
Capital Projects	\$498,977	\$41,581	\$69,172	\$69,172	13.9%	(\$27,590)	(66.4%)
CAPITAL EQUIPMENT	39,226	3,269	2,510	2,510	6.4%	759	23.2%
WASHINGTON AQUEDUCT	10,838	2,709	0	0	0.0%	2,709	100.0%
Additional Capital Programs	\$50,063	\$5,978	\$2,510	\$2,510	5.0%	\$3,468	58.0%
Total	\$549,040	\$47,560	\$71,682	\$71,682	13.1%	(\$24,122)	(50.7%)



DC Water

Investment Performance Report –October 2015



**DC Water
Finance Division
Economic Update**

ECONOMIC COMMENTARY

- U.S. Gross Domestic Product (“GDP”) increased by 1.5% during the 3rd quarter.
- In October, the U.S. economy posted one of the largest gains in payroll for the year with an addition of 271,000 jobs. This addition was well above estimates of 185,000 for the month. The unemployment rate fell to 5.0%, a seven year low.
- The Federal Open Market Committee (“FOMC”) decided against increasing the fed funds target rate at its October meeting. The FOMC did leave the possibility of a December rate hike open stating that they will “assess progress—both realized and expected—toward its objectives of maximum employment and 2% inflation.” With the release of the strong October employment report, the probability of a December rate hike increased from 56% to 70%.

PORTFOLIO RECAP

- The portfolio is diversified among Bank Deposits, U.S. Treasuries, Federal Agencies, Commercial Paper, Negotiable CDs, Corporate Notes/Bonds, Municipal Bonds, FDIC Insured CDs, and SEC registered money market funds.
- The overall yield-to-maturity on cost of the portfolio is 0.44%.

Operating Reserve Accounts

- During the month, PFM completed two extension trades. We sold \$2.7 million of 8-month U.S. Treasuries and purchased 3-year U.S. Treasuries picking up 0.70% of additional yield.
- We also sold \$1.2 million of 9-month Wells Fargo corporate notes in favor of 3¼-year Wells Fargo corporate notes. This trade will generate 1.11% of additional yield.

2014A Construction Fund

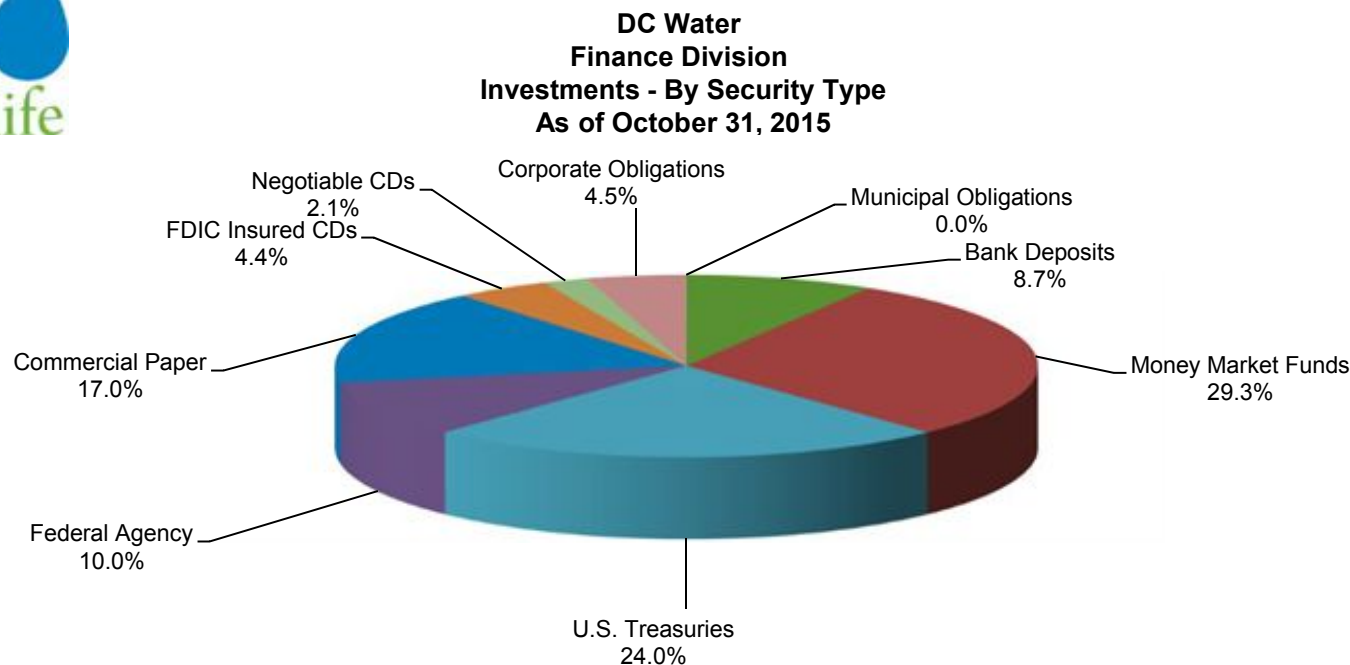
- During the month, PFM purchased \$51.5 million of 3- to 6-month commercial paper at an average yield of 0.29%. Issuers included Bank of Tokyo Mitsubishi UFJ, Rabobank, and Credit Agricole.

2015A Construction Fund

- The 2015A Construction Fund account was opened in October. PFM purchased \$32.4 million of 10-12 month U.S. Treasuries at an average yield of 0.44% and \$38.8 million of 1 ¼-year Federal Agencies at an average yield of 0.56%.

2015B Construction Fund

- The 2015B Construction Fund account was also opened in October. PFM purchased \$45 million of 5- to 8-month commercial paper at an average yield of 0.44% and \$51.4 million of 7- to 12-month U.S. Treasuries at an average yield of 0.42%.

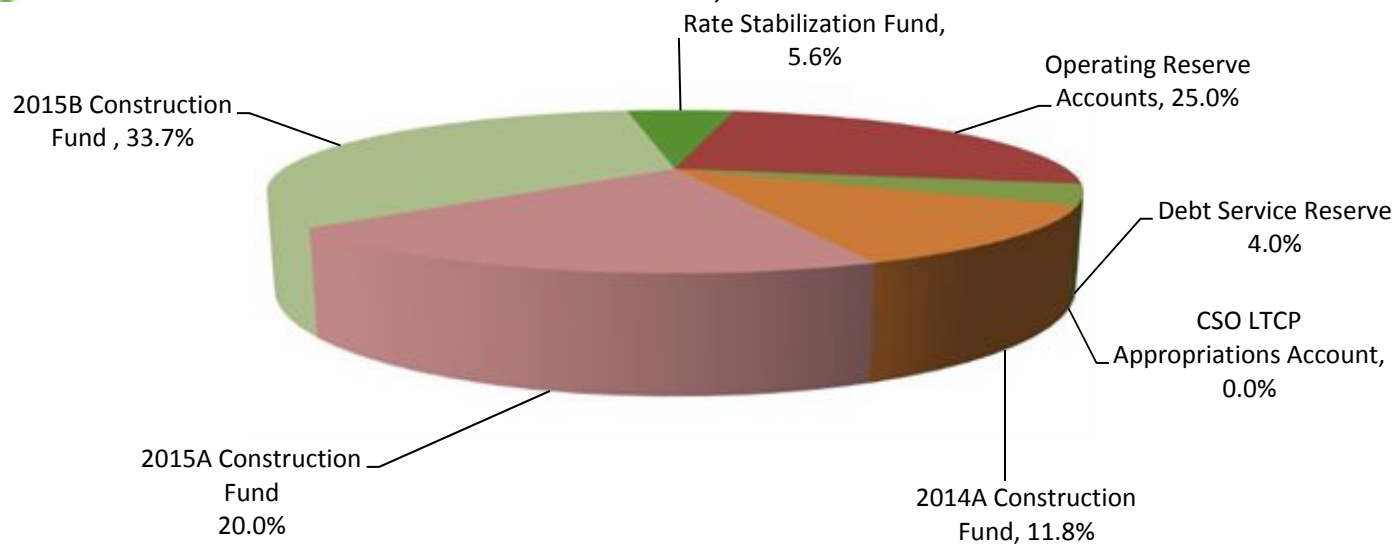


Security Type	Accrued Interest	Allocation	By Policy
Bank Deposits	50,947,414	8.7%	100.0%
Money Market Funds	169,680,124	29.3%	100.0%
U.S. Treasuries	138,883,432	24.0%	100.0%
Federal Agency	57,973,085	10.0%	80.0%
Commercial Paper	98,152,072	16.9%	35.0%
FDIC Insured CDs	25,306,376	4.4%	30.0%
Negotiable CDs	12,024,559	2.1%	30.0%
Corporate Obligations	26,332,418	4.5%	30.0%
Municipal Obligations	120,109	0.0%	20.0%
Total	\$ 579,419,590	100.0%	

Investment Performance Report – October 2015



**DC Water
Finance Division
Investment Analysis – By Fund
As of October 31, 2015**



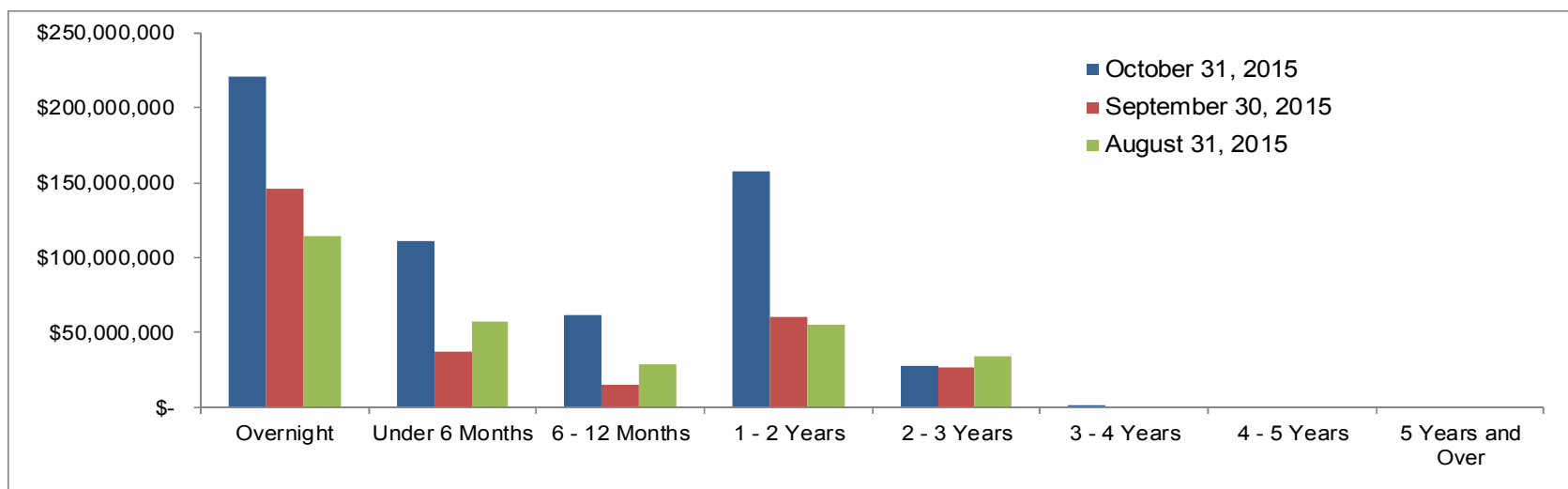
Fund Name	Book Value + Accrued Interest	Yield-to- Maturity at Cost	Effective Duration (years)	Weighted Average Maturity (days)
Rate Stabilization Fund	\$ 32,450,000	0.63%	0.00	1.0
Operating Reserve Accounts	\$ 144,652,236	0.83%	1.08	396.6
Debt Service Reserve	\$ 23,455,268	0.56%	1.07	397.4
CSO LTCP Appropriations Account	\$ 884	0.90%	0.00	1.0
2014A Construction Fund	\$ 67,605,776	0.22%	0.22	82.2
2015A Construction Fund	\$ 115,870,751	0.32%	0.74	275.0
2015B Construction Fund	\$ 195,384,674	0.22%	0.36	131.2
Total	\$ 579,419,590	0.43%	0.61	224.0

Investment Performance Report – October 2015



DC Water
Finance Division
Investment Analysis – By Maturity

Maturity Distribution	October 31, 2015	September 30, 2015	August 31, 2015
Overnight \$	220,627,538.39 \$	145,657,069.51 \$	114,034,522.67
Under 6 Months	111,342,939.64	37,134,351.18	57,027,013.48
6 - 12 Months	61,174,880.80	14,921,805.28	28,477,314.20
1 - 2 Years	157,704,099.31	60,558,275.13	54,632,716.76
2 - 3 Years	27,447,183.96	26,565,508.62	34,230,008.80
3 - 4 Years	1,122,948.12	-	-
4 - 5 Years	-	-	-
5 Years and Over	-	-	-
Totals \$	579,419,590.22 \$	284,837,009.72 \$	288,401,575.91



Investment Performance Report – October 2015



**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		45,859,468.31	7.9%	100.0%	Yes
Capital One Bank		5,087,945.74	0.9%	100.0%	Yes
Sub-Total Bank Deposits		50,947,414.05	8.8%	100.0%	Yes
Money Market Mutual Funds					
Wells Fargo Treasury Plus MMF	AAAm	159,496,434.61	27.5%	50.0%	Yes
Federated Government MMF	AAAm	10,183,689.73	1.8%	50.0%	Yes
Sub-Total Money Market Mutual Funds		169,680,124.34	29.3%	100.0%	Yes
U.S. Treasuries					
Treasury Note	AA+ / Aaa	138,883,432.28	24.0%	100.0%	Yes
Sub-Total Treasuries		138,883,432.28	24.0%	100.0%	Yes
Federal Agencies					
Fannie Mae	AA+ / Aaa	4,522,289.04	0.8%	40.0%	Yes
Federal Home Loan Bank	AA+ / Aaa	13,407,074.92	2.3%	40.0%	Yes
Freddie Mac	AA+ / Aaa	40,043,720.55	6.9%	40.0%	Yes
Sub-Total Federal Agencies		57,973,084.51	10.0%	80.0%	Yes
Commercial Paper					
Bank Of Tokyo Mitsubishi UFJ	A-1 / P-1	20,476,090.89	3.5%	5.0%	Yes
BNP Paribas NY Branch	A-1 / P-1	18,978,287.18	3.3%	5.0%	Yes
Credit Agricole CIB NY Comm Paper	A-1 / P-1	18,993,582.18	3.3%	5.0%	Yes
JP Morgan Securities LLC	A-1 / P-1	20,732,590.96	3.6%	5.0%	Yes
Rabobank Nederland NV NY	A-1 / P-1	18,971,521.09	3.3%	5.0%	Yes
Sub-Total Commercial Paper		98,152,072.30	16.9%	35.0%	Yes
FDIC Insured Certificates of Deposit					
CDARS - Placed by Industrial Bank	NR / NR	15,190,422.57	2.6%	5.0%	Yes
CDARS - Placed by City First Bank	NR / NR	10,115,953.28	1.7%	5.0%	Yes
Sub-Total FDIC-Insured Certificates of Deposit		25,306,375.85	4.4%	30.0%	Yes

Investment Performance Report – October 2015



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

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
Negotiable Certificates of Deposit					
BNP Paribas NY Branch	A-1 / P-1	1,806,608.00	0.3%	5.0%	Yes
Canadian Imperial Bank NY	A-1 / P-1	1,801,262.50	0.3%	5.0%	Yes
Credit Suisse NY	A-1 / P-1	1,802,747.00	0.3%	5.0%	Yes
HSBC Bank USA NA	A-1+ / P-1	1,803,344.00	0.3%	5.0%	Yes
Nordea Bank Finland NY	AA- / Aa3	1,808,970.00	0.3%	5.0%	Yes
Rabobank Nederland NV	A-1 / P-1	1,800,535.00	0.3%	5.0%	Yes
US Bank NA Cincinnati	AA- / A1	1,201,092.98	0.2%	5.0%	Yes
Sub-Total Negotiable Certificates of Deposit		12,024,559.48	2.1%	30.0%	Yes
Corporate Obligations					
ANZ Banking Group Ltd.	AA- / Aa2	1,760,337.55	0.3%	5.0%	Yes
Bank of Montreal	A+ / Aa3	1,757,854.12	0.3%	5.0%	Yes
Bank of New York Mellon	A+ / A1	1,812,018.92	0.3%	5.0%	Yes
Bank of Nova Scotia	A+ / Aa2	1,811,161.33	0.3%	5.0%	Yes
Cisco Systems Inc.	AA- / A1	1,559,287.79	0.3%	5.0%	Yes
Chevron	AA / Aa1	1,791,554.49	0.3%	5.0%	Yes
Exxon Mobil	AAA / Aaa	1,803,588.75	0.3%	5.0%	Yes
General Electric Capital Corporation	AA+ / A1	1,841,952.42	0.3%	5.0%	Yes
IBM	AA- / Aa3	2,250,775.51	0.4%	5.0%	Yes
Merck & Co.	AA / A2	735,031.64	0.1%	5.0%	Yes
Royal Bank of Canada	AA- / Aa3	1,751,243.11	0.3%	5.0%	Yes
Toronto Dominion Bank NY	AA- / Aa1	1,999,888.65	0.3%	5.0%	Yes
Toyota Motor Credit Corp	AA- / Aa3	1,530,625.76	0.3%	5.0%	Yes
US Bank	AA- / A1	552,328.74	0.1%	5.0%	Yes
Walmart Stores Inc.	AA / Aa2	834,998.03	0.1%	5.0%	Yes
Wells Fargo & Company Notes	A+ / A2	1,122,948.12	0.2%	5.0%	Yes
Westpac Banking	AA- / Aa2	1,416,823.48	0.2%	5.0%	Yes
Sub-Total Corporate Obligations		26,332,418.41	4.5%	30.0%	Yes
Municipal Obligations					
Mississippi State	AA / Aa2	120,109.00	0.0%	5.0%	Yes
Sub-Total Municipal Obligations		120,109.00	0.0%	20.0%	Yes
Grand Total		\$ 579,419,590.22	100.0%		

Investment Performance Report – October 2015



**DC Water
Finance Division
Book Value Performance
As of October 31, 2015**

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	0.05%	0.63%	0.15%	0.59%	0.27%	0.55%	0.55%
Operating Reserve Accounts	0.07%	0.87%	0.21%	0.83%	0.41%	0.81%	0.77%
Total Debt Service Reserve	0.05%	0.55%	0.14%	0.56%	0.39%	0.78%	0.64%
2014A Construction Fund	0.00%	0.03%	0.01%	0.05%	0.05%	0.10%	0.14%
Short-Term	0.03%	0.30%	0.09%	0.35%	0.17%	0.34%	0.33%
Merrill Lynch 3-Month Treasury Index (Book Value) ¹	0.00%	0.04%	0.00%	0.02%	0.01%	0.02%	0.02%
Core (1+ Years)	0.06%	0.72%	0.22%	0.87%	0.44%	0.88%	0.80%

- (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.

Investment Performance Report – October 2015



**DC Water
Finance Division
Portfolio Holdings by Fund**

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
<u>Rate Stabilization Fund</u>										
TD BANK BANK DEPOSIT		\$ 22,450,000		11/1/2015		0.90%	\$ 22,450,000	\$ 22,450,000	\$ 22,450,000	
FEDERATED GOVERNMENT MONEY MARKET FUND		10,000,000		11/1/2015		0.01%	10,000,000	10,000,000	10,000,000	
										\$ 32,450,000.00
<u>Operating Reserve Accounts</u>										
TD BANK BANK DEPOSIT		\$ 23,408,584		11/1/2015		0.90%	\$ 23,408,584	\$ 23,408,584	\$ 23,408,584	
CAPITAL ONE BANK		5,087,946		11/1/2015		0.50%	5,087,946	5,087,946	5,087,946	
FEDERATED GOVERNMENT MONEY MARKET FUND		183,690		11/1/2015		0.01%	183,690	183,690	183,690	
INDUSTRIAL BANK CDARS		5,024,994	0.400	11/12/2015	11/13/2014	0.40%	5,024,994	5,044,493	5,044,493	
CITY FIRST BK OF WASHINGTON, DC (CDARS)		5,019,985	0.300	11/12/2015	11/13/2014	0.30%	5,019,985	5,034,595	5,034,595	
BNP PARIBAS NY BRANCH CERT DEPOS	05574RSY2	1,800,000	0.560	12/4/2015	3/10/2015	0.56%	1,800,000	1,807,188	1,806,608	
INDUSTRIAL BANK CDARS		2,545,282	0.750	1/21/2016	1/23/2014	0.75%	2,545,282	2,579,260	2,579,260	
INDUSTRIAL BANK CDARS		2,539,450	0.450	1/21/2016	1/22/2015	0.45%	2,539,450	2,548,363	2,548,363	
CITY FIRST BK OF WASHINGTON, DC (CDARS)		2,530,097	0.400	3/17/2016	3/20/2014	0.40%	2,530,097	2,546,528	2,546,528	
CITY FIRST BK OF WASHINGTON, DC (CDARS)		2,530,097	0.300	3/17/2016	3/19/2015	0.30%	2,530,097	2,534,830	2,534,830	
JP MORGAN SECURITIES LLC COMM PAPER	46640PDV2	1,800,000	-	4/29/2016	8/3/2015	0.62%	1,791,630	1,796,333	1,794,420	
CREDIT SUISSE NEW YORK CERT DEPOS	22549VX73	1,800,000	0.670	5/6/2016	8/11/2015	0.67%	1,800,000	1,804,055	1,802,747	
US TREASURY NOTES	912828WQ9	1,000,000	0.500	6/30/2016	7/15/2014	0.46%	1,000,820	1,002,544	1,001,963	
US TREASURY NOTES	912828QX1	3,035,000	1.500	7/31/2016	7/15/2014	0.50%	3,096,767	3,071,401	3,069,154	
HSBC BANK USA NA CD	40428AC54	1,800,000	0.880	8/15/2016	2/13/2015	0.88%	1,800,000	1,805,882	1,803,344	
FHLB NOTES	3130A2T97	1,595,000	0.500	9/28/2016	8/7/2014	0.61%	1,591,411	1,596,685	1,594,203	
INDUSTRIAL BANK CDARS		5,017,482	0.350	10/13/2016	10/15/2015	0.35%	5,017,482	5,018,307	5,018,307	
US TREASURY NOTES	912828WF3	4,600,000	0.625	11/15/2016	7/15/2014	0.64%	4,598,563	4,620,531	4,612,642	
US TREASURY NOTES	912828MD9	4,225,000	3.250	12/31/2016	11/24/2014	0.61%	4,457,375	4,405,501	4,400,290	
US TREASURY NOTES	912828RX0	5,000,000	0.875	12/31/2016	11/21/2014	0.60%	5,029,102	5,036,357	5,030,839	
US TREASURY NOTES	912828RX0	3,075,000	0.875	12/31/2016	12/9/2014	0.69%	3,086,531	3,097,359	3,090,598	
GENERAL ELEC CAP CORP GLOBAL NOTES	36962G5N0	1,200,000	2.900	1/9/2017	7/15/2014	1.03%	1,254,912	1,237,841	1,237,284	
US BANK CORP NOTE (CALLABLE)	90331HMC4	550,000	1.100	1/30/2017	11/26/2014	0.98%	551,430	552,797	552,329	
US TREASURY NOTES	912828SC5	3,500,000	0.875	1/31/2017	7/14/2014	0.72%	3,513,945	3,523,279	3,514,600	
US TREASURY NOTES	912828SM3	100,000	1.000	3/31/2017	10/6/2014	0.80%	100,488	100,656	100,366	
CANADIAN IMPERIAL BANK NY YCD	13606JYY9	1,800,000	1.010	4/6/2017	4/10/2015	1.01%	1,800,000	1,796,700	1,801,263	
RABOBANK NEDERLAND NV CERT DEPOS	21684BXH2	1,800,000	1.070	4/21/2017	4/27/2015	1.07%	1,800,000	1,797,421	1,800,535	
FNMA NOTES	3135G0JA2	4,500,000	1.125	4/27/2017	11/21/2014	0.80%	4,535,370	4,530,033	4,522,289	
TORONTO DOMINION BANK NY CORP NT	89114QAQ1	1,200,000	1.125	5/2/2017	7/15/2014	1.14%	1,199,628	1,206,506	1,206,514	
TORONTO DOMINION BANK NY CORP NT	89114QAQ1	790,000	1.125	5/2/2017	11/26/2014	1.21%	788,317	794,283	793,375	
NORDEA BANK FINLAND NY CD	65558LFA5	1,800,000	1.150	5/26/2017	5/29/2015	1.15%	1,800,000	1,806,027	1,808,970	
FHLB GLOBAL NOTES	3130A5EP0	1,775,000	0.625	5/30/2017	5/15/2015	0.67%	1,773,527	1,778,001	1,778,510	
ANZ BANKING GROUP LTD CORP NOTES	05253JAF8	1,200,000	1.250	6/13/2017	10/30/2014	1.15%	1,203,084	1,205,710	1,207,666	
ANZ BANKING GROUP LTD CORP NOTES	05253JAF8	550,000	1.250	6/13/2017	11/26/2014	1.25%	550,055	552,617	552,671	
US TREASURY NOTES	912828TB6	1,850,000	0.750	6/30/2017	11/3/2014	0.79%	1,848,121	1,857,397	1,853,497	
BANK OF MONTREAL CORP NOTES (CALLABLE)	06366RVD4	1,200,000	1.300	7/14/2017	7/15/2014	1.27%	1,201,116	1,206,867	1,205,263	
BANK OF MONTREAL CORP NOTES (CALLABLE)	06366RVD4	550,000	1.300	7/14/2017	11/26/2014	1.25%	550,726	553,148	552,591	
FREDDIE MAC GLOBAL NOTES	3137EADJ5	1,015,000	1.000	7/28/2017	8/14/2014	1.00%	1,014,932	1,021,852	1,017,582	
US TREASURY NOTES	912828NR7	150,000	2.375	7/31/2017	7/18/2014	0.97%	156,311	155,273	154,554	
US TREASURY NOTES	912828TG5	3,260,000	0.500	7/31/2017	2/4/2015	0.63%	3,249,685	3,254,313	3,256,862	
US TREASURY NOTES	912828TG5	100,000	0.500	7/31/2017	2/10/2015	0.84%	99,164	99,826	99,534	
US BANK NA CINCINNATI (CALLABLE) CD	90333VPF1	1,200,000	1.375	9/11/2017	9/11/2014	1.41%	1,198,068	1,201,730	1,201,093	
MS ST TXBL GO BONDS	605581FX0	120,000	1.090	10/1/2017	2/18/2015	1.09%	120,000	119,991	120,109	
ROYAL BANK OF CANADA CORP NOTES	78010U4A2	1,200,000	1.400	10/13/2017	10/15/2014	1.41%	1,199,820	1,199,089	1,200,722	

Investment Performance Report – October 2015



**DC Water
Finance Division
Portfolio Holdings by Fund**

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
<u>Operating Reserve Accounts</u>										
ROYAL BANK OF CANADA CORP NOTES	78010U4A2	550,000	1.400	10/13/2017	11/26/2014	1.39%	550,198	549,583	550,521	
CHEVRON CORP NOTE	166764AL4	885,000	1.345	11/15/2017	11/18/2014	1.35%	885,000	893,669	890,489	
CHEVRON CORP (CALLABLE) GLOBAL NOTES	166764AA8	900,000	1.104	12/5/2017	11/26/2014	1.26%	895,743	904,485	901,066	
GENERAL ELECTRIC CO NOTES	369604BC6	550,000	5.250	12/6/2017	11/26/2014	1.45%	611,727	605,244	604,668	
TOYOTA MOTOR CREDIT CORP NOTE	89236TCA1	590,000	1.450	1/12/2018	1/12/2015	1.50%	589,192	593,642	591,995	
WESTPAC BANKING CORP NOTES	961214BZ5	1,400,000	1.600	1/12/2018	4/29/2015	1.27%	1,412,306	1,410,025	1,416,823	
IBM CORP NOTES	459200HZ7	2,250,000	1.125	2/6/2018	2/6/2015	1.23%	2,243,138	2,250,617	2,250,776	
WAL MART STORES INC. CORP NOTES	931142CJ0	750,000	5.800	2/15/2018	6/12/2015	1.30%	838,382	838,902	834,998	
EXXON MOBIL CORP NOTES	30231GAL6	1,800,000	1.305	3/6/2018	3/6/2015	1.31%	1,800,000	1,813,190	1,803,589	
US TREASURY NOTES	912828UU2	2,200,000	0.750	3/31/2018	2/27/2015	1.04%	2,180,578	2,193,536	2,186,219	
US TREASURY NOTES	912828UU2	4,400,000	0.750	3/31/2018	3/27/2015	1.00%	4,368,031	4,387,072	4,377,197	
MERCK & CO GLOBAL NOTES	58933YAG0	731,000	1.300	5/18/2018	3/27/2015	1.31%	730,664	736,951	735,032	
BANK OF NEW YORK MELLON CORP (CALLABLE)	06406HDB2	1,800,000	1.600	5/22/2018	5/29/2015	1.60%	1,799,838	1,814,538	1,812,019	
BANK OF NOVA SCOTIA CORP NOTE (CALLABLE)	064159GM2	1,800,000	1.700	6/11/2018	6/11/2015	1.72%	1,799,154	1,811,531	1,811,161	
CISCO SYSTEMS INC CORP NOTE	17275RAU6	1,550,000	1.650	6/15/2018	6/17/2015	1.66%	1,549,737	1,572,039	1,559,288	
TOYOTA MOTOR CREDIT CORP	89236TCP8	935,000	1.550	7/13/2018	7/13/2015	1.58%	934,205	943,734	938,631	
US TREASURY NOTES	912828VQ0	1,975,000	1.375	7/31/2018	7/6/2015	1.11%	1,990,893	2,002,642	1,996,117	
US TREASURY NOTES	912828RH5	2,700,000	1.375	9/30/2018	10/9/2015	0.94%	2,734,594	2,730,246	2,737,118	
WELLS FARGO & COMPANY NOTES	94974BFQ8	1,103,000	2.150	1/15/2019	10/7/2015	1.77%	1,116,225	1,121,106	1,122,948	
										\$ 144,652,236.01
<u>Debt Service Reserve</u>										
WELLS FARGO TREASURY PLUS MMF		\$ 217,943		11/1/2015		0.01%	\$ 217,943	\$ 217,943	\$ 217,943	
WELLS FARGO GOVERNMENT MMF		\$ -		11/1/2015		0.01%	\$ -	\$ -	\$ -	
FHLB NOTES	313375RN9	10,000,000	1.000	3/11/2016	5/22/2013	0.43%	10,158,100	10,040,649	10,034,361	
US TREASURY NOTES	912828MV9	6,538,000	3.250	3/31/2017	6/29/2015	0.56%	6,844,213	6,800,223	6,803,419	
US TREASURY NOTES	912828PA2	6,257,000	1.875	9/30/2017	6/29/2015	0.76%	6,412,692	6,401,845	6,399,544	
										\$ 23,455,268.21
<u>CSO LTCP Appropriations Account</u>										
TD BANK BANK DEPOSIT		\$ 884		11/1/2015		0.90%	\$ 884	\$ 884	\$ 884	
										\$ 884.49
<u>2014A Construction Fund</u>										
WELLS FARGO TREASURY PLUS MMF		\$ 16,155,406		11/1/2015		0.01%	\$ 16,155,406	\$ 16,155,406	\$ 16,155,406	
BANK OF TOKYO MITSUBISHI UFJ COMM PAPER	06538BA45	7,500,000	-	1/4/2016	10/30/2015	0.25%	7,496,563	7,496,618	7,496,667	
CREDIT AGRICOLE CIB NY COMM PAPER	22533TA48	19,000,000	-	1/4/2016	10/30/2015	0.19%	18,993,382	18,992,552	18,993,582	
BANK OF TOKYO MITS UFJ LTD COMM PAPER	06538BD18	6,000,000	-	4/1/2016	10/30/2015	0.45%	5,988,450	5,988,654	5,988,600	
RABOBANK NEDERLAND NV NY COMM PAPER	21687AD18	19,000,000	-	4/1/2016	10/30/2015	0.36%	18,971,146	18,968,061	18,971,521	
										\$ 67,605,776.28
<u>2015A Construction Fund</u>										
WELLS FARGO TREASURY PLUS MMF		\$ 44,347,199		11/1/2015		0.01%	\$ 44,347,199	\$ 44,347,199	\$ 44,347,199	
US TREASURY NOTES	912828RF9	6,450,000	1.000	8/31/2016	10/30/2015	0.39%	6,482,754	6,491,308	6,493,525	
US TREASURY NOTES	912828H29	25,900,000	0.625	12/31/2016	10/30/2015	0.46%	25,949,574	25,991,634	26,003,890	
FHLMC NOTES	3137EADT3	38,800,000	0.875	2/22/2017	10/30/2015	0.56%	38,961,408	39,009,756	39,026,138	
										\$ 115,870,751.22
<u>2015B Construction Fund</u>										
WELLS FARGO TREASURY PLUS MMF		\$ 98,775,886		11/1/2015		0.01%	\$ 98,775,886	\$ 98,775,886	\$ 98,775,886	
BANK OF TOKYO MITSUBISHI COMM PAPER	06538BC19	7,000,000	-	3/1/2016	10/30/2015	0.39%	6,990,673	6,991,005	6,990,824	
BNP PARIBAS NY BRANCH COMM PAPER	09659BC16	19,000,000	-	3/1/2016	10/30/2015	0.34%	18,977,928	18,976,896	18,978,287	
US TREASURY NOTES	912828WM8	7,000,000	0.375	5/31/2016	10/30/2015	0.30%	7,003,008	7,012,319	7,014,025	

Investment Performance Report – October 2015



**DC Water
Finance Division
Portfolio Holdings by Fund**

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
<u>2015B Construction Fund</u>										
JP MORGAN SECURITIES LLC COMM PAPER	46640PF16	19,000,000	-	6/1/2016	10/30/2015	0.55%	18,937,590	18,948,377	18,938,171	
US TREASURY NOTES	912828RJ1	14,350,000	1.000	9/30/2016	10/30/2015	0.41%	14,427,355	14,435,229	14,439,442	
US TREASURY NOTES	912828RU6	30,000,000	0.875	11/30/2016	10/30/2015	0.45%	30,138,281	30,237,801	30,248,038	
										\$ 195,384,674.01
							\$ 579,158,544.65	\$ 579,484,783.64	\$ 579,419,590.22	\$ 579,419,590.22

Investment Performance Report – October 2015



**DC Water
Finance Division
Security Purchases
Last 6 Months**

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<u>Operating Reserve Accounts</u>							
3130A5EP0	FHLB GLOBAL NOTES	1,775,000.00	0.63	5/30/2017	5/15/2015	0.67	1,773,526.75
06406HDB2	BANK OF NEW YORK MELLON CORP (CALLABLE)	1,800,000.00	1.60	5/22/2018	5/29/2015	1.60	1,799,838.00
65558LFA5	NORDEA BANK FINLAND NY CD	1,800,000.00	1.15	5/26/2017	5/29/2015	1.15	1,800,000.00
064159GM2	BANK OF NOVA SCOTIA CORP NOTE (CALLABLE)	1,800,000.00	1.70	6/11/2018	6/11/2015	1.72	1,799,154.00
931142CJ0	WAL MART STORES INC. CORP NOTES	750,000.00	5.80	2/15/2018	6/12/2015	1.30	852,519.75
17275RAU6	CISCO SYSTEMS INC CORP NOTE	1,550,000.00	1.65	6/15/2018	6/17/2015	1.66	1,549,736.50
912828VQ0	US TREASURY NOTES	2,900,000.00	1.38	7/31/2018	7/6/2015	1.11	2,940,519.64
89236TCP8	TOYOTA MOTOR CREDIT CORP	935,000.00	1.55	7/13/2018	7/13/2015	1.58	934,205.25
46640PDV2	JP MORGAN SECURITIES LLC COMM PAPER	1,800,000.00	-	4/29/2016	8/3/2015	0.63	1,791,630.00
22549VX73	CREDIT SUISSE NEW YORK CERT DEPOS	1,800,000.00	0.67	5/6/2016	8/11/2015	0.68	1,800,000.00
94974BFQ8	WELLS FARGO & COMPANY NOTES	1,103,000.00	2.15	1/15/2019	10/7/2015	1.77	1,121,626.61
912828RH5	US TREASURY NOTES	2,700,000.00	1.38	9/30/2018	10/9/2015	0.94	2,735,506.66
RE0908369	INDUSTRIAL BANK CDARS	5,017,482.34	0.35	10/13/2016	10/15/2015	0.35	5,017,482.34
<u>Total Debt Service Reserve</u>							
912828MV9	US TREASURY NOTES	6,538,000.00	3.25	3/31/2017	6/29/2015	0.56	6,896,463.77
912828PA2	US TREASURY NOTES	6,257,000.00	1.88	9/30/2017	6/29/2015	0.76	6,441,540.63
<u>2014A Construction Fund</u>							
22533UUD3	CREDIT AGRICOLE CIB NY COMM PAPER	12,000,000.00	-	7/13/2015	5/1/2015	0.15	11,996,350.00
06538CVU2	BANK OF TOKYO MITS UFJ LTD COMM PAPER	6,000,000.00	-	8/28/2015	6/12/2015	0.23	5,997,048.33
36959JWB5	GENERAL ELEC CAP CORP COMM PAPER	6,000,000.00	-	9/11/2015	6/12/2015	0.19	5,997,118.33
89233HWG5	TOYOTA MOTOR CREDIT CORP COMM PAPER	6,000,000.00	-	9/16/2015	6/12/2015	0.21	5,996,640.00
09659CWB0	BNP PARIBAS NY BRANCH COMM PAPER	6,000,000.00	-	9/11/2015	6/29/2015	0.24	5,997,040.00
06538BA45	BANK OF TOKYO MITSUBISHI UFJ COMM PAPER	7,500,000.00	-	1/4/2016	10/30/2015	0.25	7,496,562.50
06538BD18	BANK OF TOKYO MITS UFJ LTD COMM PAPER	6,000,000.00	-	4/1/2016	10/30/2015	0.46	5,988,450.00
21687AD18	RABOBANK NEDERLAND NV NY COMM PAPER	19,000,000.00	-	4/1/2016	10/30/2015	0.36	18,971,146.39
22533TA48	CREDIT AGRICOLE CIB NY COMM PAPER	19,000,000.00	-	1/4/2016	10/30/2015	0.19	18,993,381.67
<u>2015A Construction Fund</u>							
3137EADT3	FHLMC NOTES	38,800,000.00	0.88	2/22/2017	10/30/2015	0.56	39,025,535.78
912828H29	US TREASURY NOTES	25,900,000.00	0.63	12/31/2016	10/30/2015	0.46	26,003,239.30
912828RF9	US TREASURY NOTES	6,450,000.00	1.00	8/31/2016	10/30/2015	0.39	6,493,385.78
<u>2015A Construction Fund</u>							
912828RJ1	US TREASURY NOTES	14,350,000.00	1.00	9/30/2016	10/30/2015	0.41	14,439,117.76
912828RU6	US TREASURY NOTES	30,000,000.00	0.88	11/30/2016	10/30/2015	0.45	30,247,297.64
912828WM8	US TREASURY NOTES	7,000,000.00	0.38	5/31/2016	10/30/2015	0.30	7,013,909.45
06538BC19	BANK OF TOKYO MITSUBISHI COMM PAPER	7,000,000.00	-	3/1/2016	10/30/2015	0.40	6,990,672.50
09659BC16	BNP PARIBAS NY BRANCH COMM PAPER	19,000,000.00	-	3/1/2016	10/30/2015	0.35	18,977,928.33
46640PF16	JP MORGAN SECURITIES LLC COMM PAPER	19,000,000.00	-	6/1/2016	10/30/2015	0.56	18,937,590.32

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

Investment Performance Report – October 2015



**DC Water
Finance Division
Security Sales
Last 6 Months**

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<u>Operating Reserve Accounts</u>							
912828MD9	US TREASURY NOTES	1,775,000.00	3.25	12/31/2016	5/15/2015	0.47	1,876,318.95
912828QF0	US TREASURY NOTES	1,775,000.00	2.00	4/30/2016	5/29/2015	0.27	1,806,017.28
912828QF0	US TREASURY NOTES	1,075,000.00	2.00	4/30/2016	5/29/2015	0.26	1,093,869.09
912828QP8	US TREASURY NOTES	550,000.00	1.75	5/31/2016	5/29/2015	0.30	562,751.81
912828QP8	US TREASURY NOTES	1,775,000.00	1.75	5/31/2016	6/11/2015	0.31	1,800,617.16
912828TG5	US TREASURY NOTES	850,000.00	0.50	7/31/2017	6/12/2015	0.79	846,370.03
912828TG5	US TREASURY NOTES	310,000.00	0.50	7/31/2017	6/17/2015	0.81	308,576.44
912828TG5	US TREASURY NOTES	1,240,000.00	0.50	7/31/2017	6/17/2015	0.81	1,234,305.79
912828QP8	US TREASURY NOTES	2,675,000.00	1.75	5/31/2016	7/6/2015	0.30	2,714,400.41
912828VQ0	US TREASURY NOTES	925,000.00	1.38	7/31/2018	7/13/2015	0.94	942,795.31
912828WQ9	US TREASURY NOTES	450,000.00	0.50	6/30/2016	8/3/2015	0.30	451,016.47
912828WQ9	US TREASURY NOTES	600,000.00	0.50	6/30/2016	8/11/2015	0.35	601,115.83
94974BFL9	WELLS FARGO & COMPANY	1,200,000.00	1.25	7/20/2016	10/7/2015	0.66	1,208,752.33
912828WQ9	US TREASURY NOTES	2,650,000.00	0.50	6/30/2016	10/9/2015	0.24	2,658,708.82
<u>Total Debt Service Reserve</u>							
912828QX1	US TREASURY NOTES	3,550,000.00	1.50	7/31/2016	6/29/2015	0.36	3,615,876.80
912828QX1	US TREASURY NOTES	1,200,000.00	1.50	7/31/2016	6/29/2015	0.36	1,222,268.22
912828TG5	US TREASURY NOTES	3,600,000.00	0.50	7/31/2017	6/29/2015	0.70	3,592,502.59
313384KQ1	FEDERAL HOME LOAN BANKS DISC NOTE	4,900,000.00	-	8/19/2015	6/29/2015	0.06	4,899,618.21
<u>2014A Construction Fund</u>							
3130A45M0	FHLB NOTES	12,000,000.00	0.13	9/11/2015	6/12/2015	0.11	12,005,963.33
3134G3ZA1	FREDDIE MAC GLOBAL NOTES	6,000,000.00	0.50	8/28/2015	6/12/2015	0.11	6,013,826.67
3130A45M0	FHLB NOTES	6,000,000.00	0.13	9/11/2015	6/29/2015	0.11	6,003,230.00

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

Investment Performance Report – October 2015



**DC Water
Finance Division
Security Maturities
Last 6 Months**

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<u>Operating Reserve Accounts</u>							
69349KV31	PNC BANK NA COMM PAPER	1,225,000.00	-	8/3/2015	8/3/2015	0.00	1,225,000.00
17304UYB0	CITIBANK NA FLOATING CERT DEPOS	1,200,000.00	0.42	8/11/2015	8/11/2015	0.00	1,200,000.00
RE0908153	INDUSTRIAL BANK CDARS	5,000,000.00	0.35	10/15/2015	10/15/2015	0.00	5,017,500.00
<u>2014A Construction Fund</u>							
313379ER6	FEDERAL HOME LOAN BANK BONDS	12,235,000.00	0.50	6/12/2015	6/12/2015	0.00	12,235,000.00
313379ER6	FEDERAL HOME LOAN BANK BONDS	2,345,000.00	0.50	6/12/2015	6/12/2015	0.00	2,345,000.00
3133XWNB1	FHLB TAP BONDS	6,000,000.00	2.88	6/12/2015	6/12/2015	0.00	6,000,000.00
3133XWNB1	FHLB TAP BONDS	8,955,000.00	2.88	6/12/2015	6/12/2015	0.00	8,955,000.00
3135G0LN1	FANNIE MAE GLOBAL NOTES	6,000,000.00	0.50	7/2/2015	7/2/2015	0.00	6,000,000.00
3134G4TH1	FHLMC NOTES	24,000,000.00	0.30	7/8/2015	7/8/2015	0.00	24,000,000.00
22533UUD3	CREDIT AGRICOLE CIB NY COMM PAPER	12,000,000.00	-	7/13/2015	7/13/2015	0.00	12,000,000.00
31398AU34	FNMA NOTES	24,450,000.00	2.38	7/28/2015	7/28/2015	0.00	24,450,000.00
3130A2WK8	FHLB AGENCY NOTES	16,950,000.00	0.13	8/28/2015	8/28/2015	0.00	16,950,000.00
3134G3ZA1	FREDDIE MAC GLOBAL NOTES	2,000,000.00	0.50	8/28/2015	8/28/2015	0.00	2,000,000.00
06538CVU2	BANK OF TOKYO MITS UFJ LTD COMM PAPER	6,000,000.00	-	8/28/2015	8/28/2015	0.00	6,000,000.00
3130A45M0	FHLB NOTES	17,000,000.00	0.13	9/11/2015	9/11/2015	0.00	17,012,891.67
09659CWB0	BNP PARIBAS NY BRANCH COMM PAPER	6,000,000.00	-	9/11/2015	9/11/2015	0.00	6,000,000.00
36959JWB5	GENERAL ELEC CAP CORP COMM PAPER	6,000,000.00	-	9/11/2015	9/11/2015	0.00	6,000,000.00
89233HWG5	TOYOTA MOTOR CREDIT CORP COMM PAPER	6,000,000.00	-	9/16/2015	9/16/2015	0.00	6,000,000.00
<u>2014B Construction Fund</u>							
06538CSV4	BANK OF TOKYO MITSUBISHI LTD COMM PAPER	16,000,000.00	-	5/29/2015	5/29/2015	0.00	16,000,000.00
0556N1T86	BNP PARIBAS FINANCE INC COMM PAPER	16,000,000.00	-	6/8/2015	6/8/2015	0.00	16,000,000.00

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
11/02/15	INTEREST	89114QAQ1	TORONTO DOMINION BANK NY CORP NT	1.125	05/02/17	790,000.00	0.00	4,443.75	4,443.75
11/02/15	INTEREST	89114QAQ1	TORONTO DOMINION BANK NY CORP NT	1.125	05/02/17	1,200,000.00	0.00	6,750.00	6,750.00
11/12/15	MATURITY	RE0908161	INDUSTRIAL BANK CDARS	0.400	11/12/15	5,024,994.00	5,024,994.20	20,099.98	5,045,094.18
11/12/15	MATURITY	RE0908179	CITY FIRST BK OF WASHINGTON, DC (CDARS)	0.300	11/12/15	5,019,985.00	5,019,985.06	15,059.96	5,035,045.02
11/15/15	INTEREST	166764AL4	CHEVRON CORP NOTE	1.345	11/15/17	885,000.00	0.00	5,951.63	5,951.63
11/15/15	INTEREST	912828WF3	US TREASURY NOTES	0.625	11/15/16	4,600,000.00	0.00	14,375.00	14,375.00
11/18/15	INTEREST	58933YAG0	MERCK & CO GLOBAL NOTES	1.300	05/18/18	731,000.00	0.00	4,751.50	4,751.50
11/22/15	INTEREST	06406HDB2	BANK OF NEW YORK MELLON CORP (CALLABLE)	1.600	05/22/18	1,800,000.00	0.00	13,840.00	13,840.00
11/26/15	INTEREST	65558LFA5	NORDEA BANK FINLAND NY CD	1.150	05/26/17	1,800,000.00	0.00	10,407.50	10,407.50
11/30/15	INTEREST	3130A5EP0	FHLB GLOBAL NOTES	0.625	05/30/17	1,775,000.00	0.00	5,546.88	5,546.88



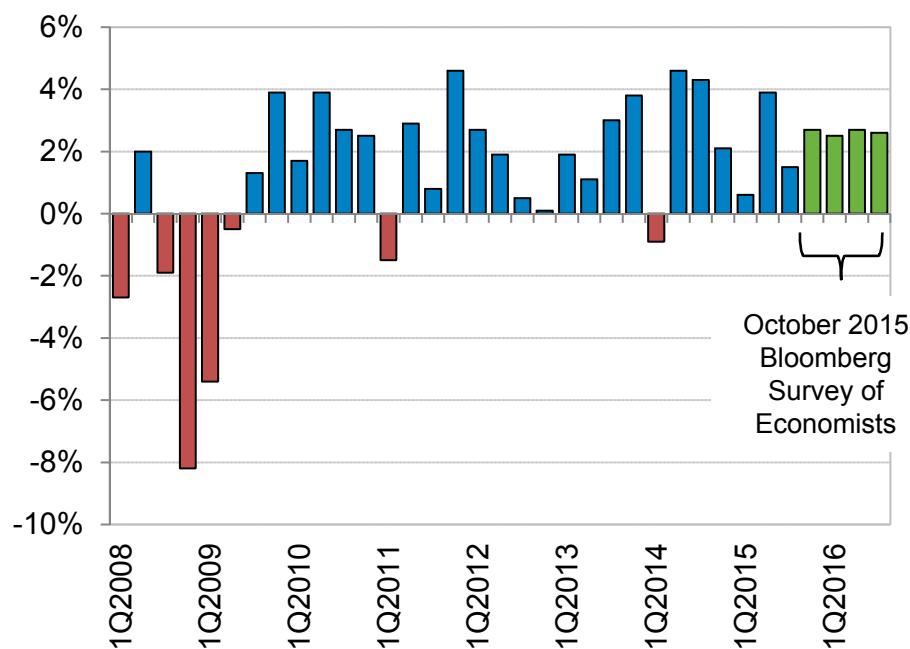
Appendix: Economic Update



Gross Domestic Product

- Third quarter gross domestic product (GDP) was released showing growth of only 1.5%.
- As Consumer Confidence has rebounded from its depths during the recession, so has spending.

Gross Domestic Product
January 2008 – September 2016 (Projected)



University of Michigan Consumer Confidence
January 2007 – September 2015



Source: Bloomberg

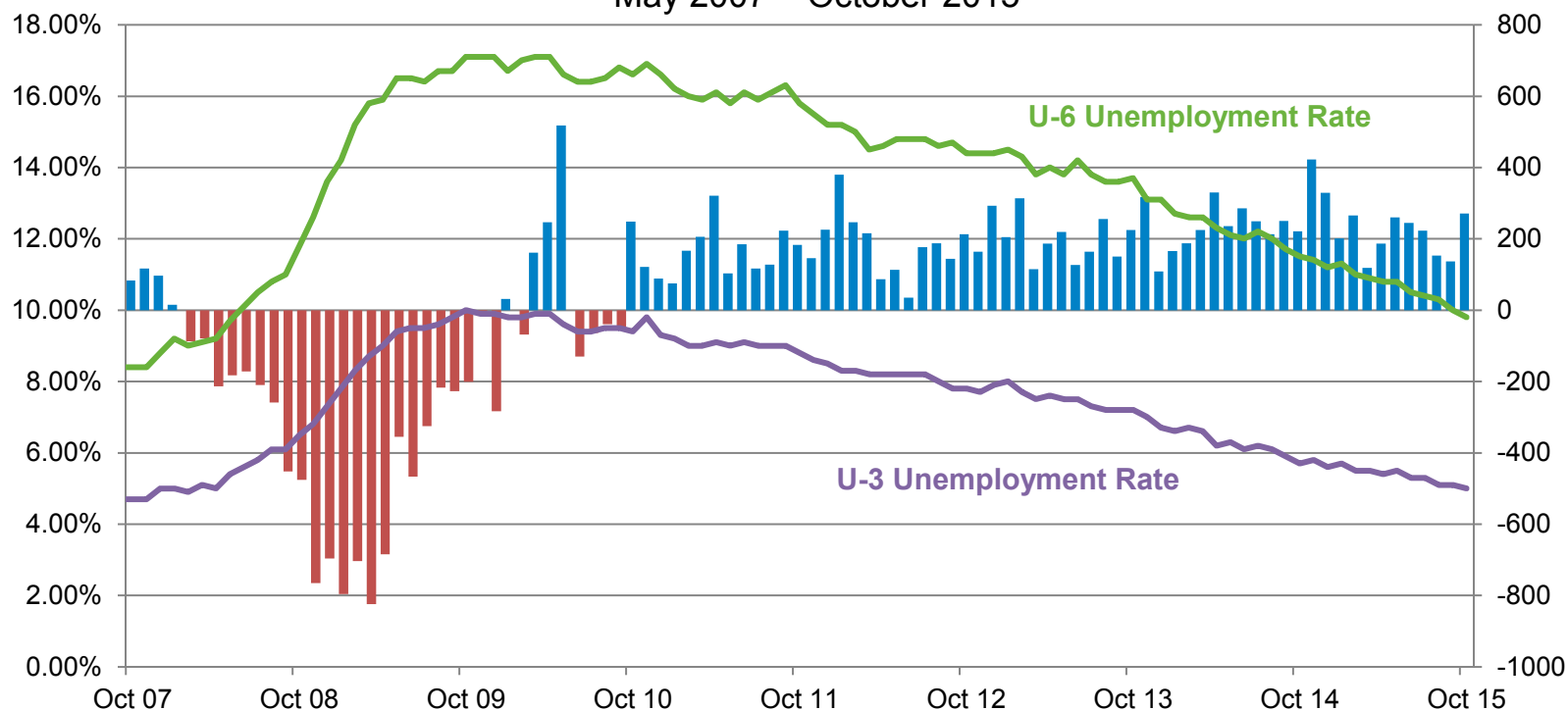


Employment Growth – Well Above Expectations

- In October, the U.S economy added 271,000 jobs, the largest gain this year and well above the estimate of 185,000 for the month.
- The unemployment rate fell to a seven-year low of 5.0%.

Unemployment vs. Non-Farm Payrolls

May 2007 – October 2015



Source: Bloomberg



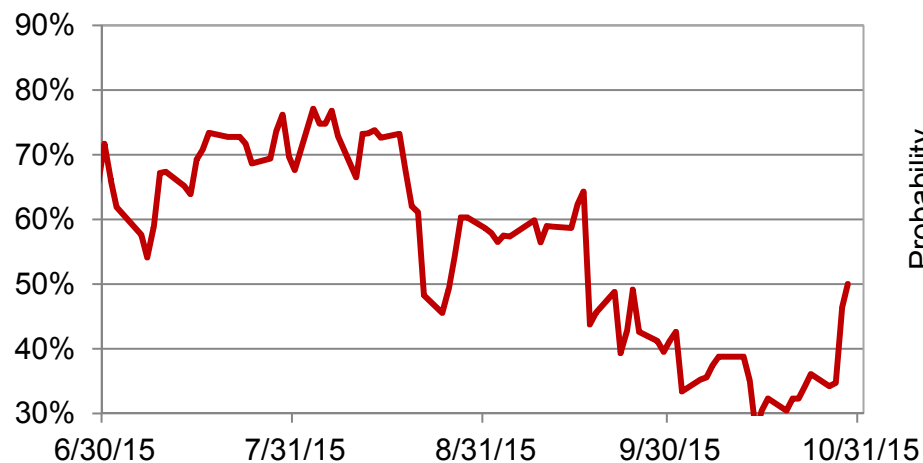
FOMC Statement and Outlook

October

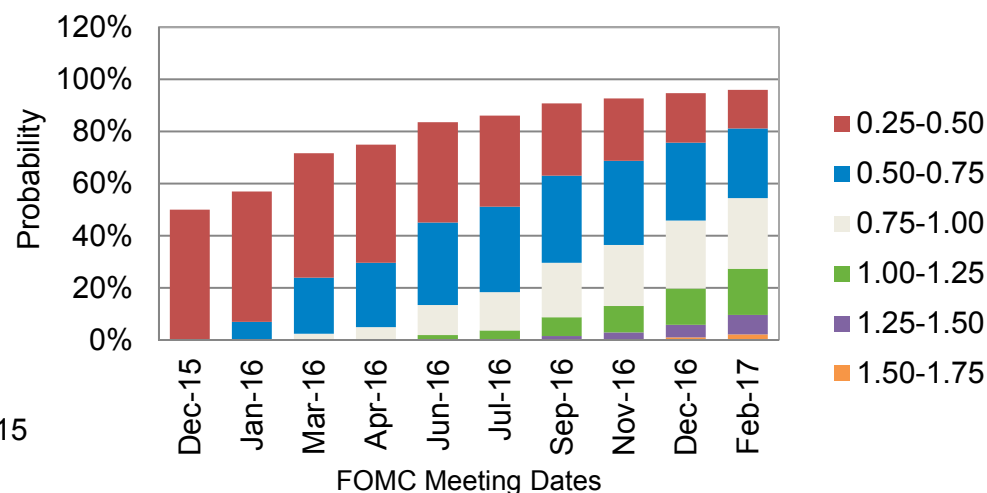
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- The current 0 – 0.25% target range for the federal funds rate remains appropriate ...the Committee will **assess progress - both realized and expected - toward its objective** of maximum employment at 2% inflation.
- Committee anticipates that it will be **appropriate to raise the target range for the federal funds rate** when it has seen further improvements in the labor market and is **reasonably confident that inflation will move back to its 2% objective over the medium term.**

Probability of December Rate Hike



Current Outlook for Fed Funds Target Range

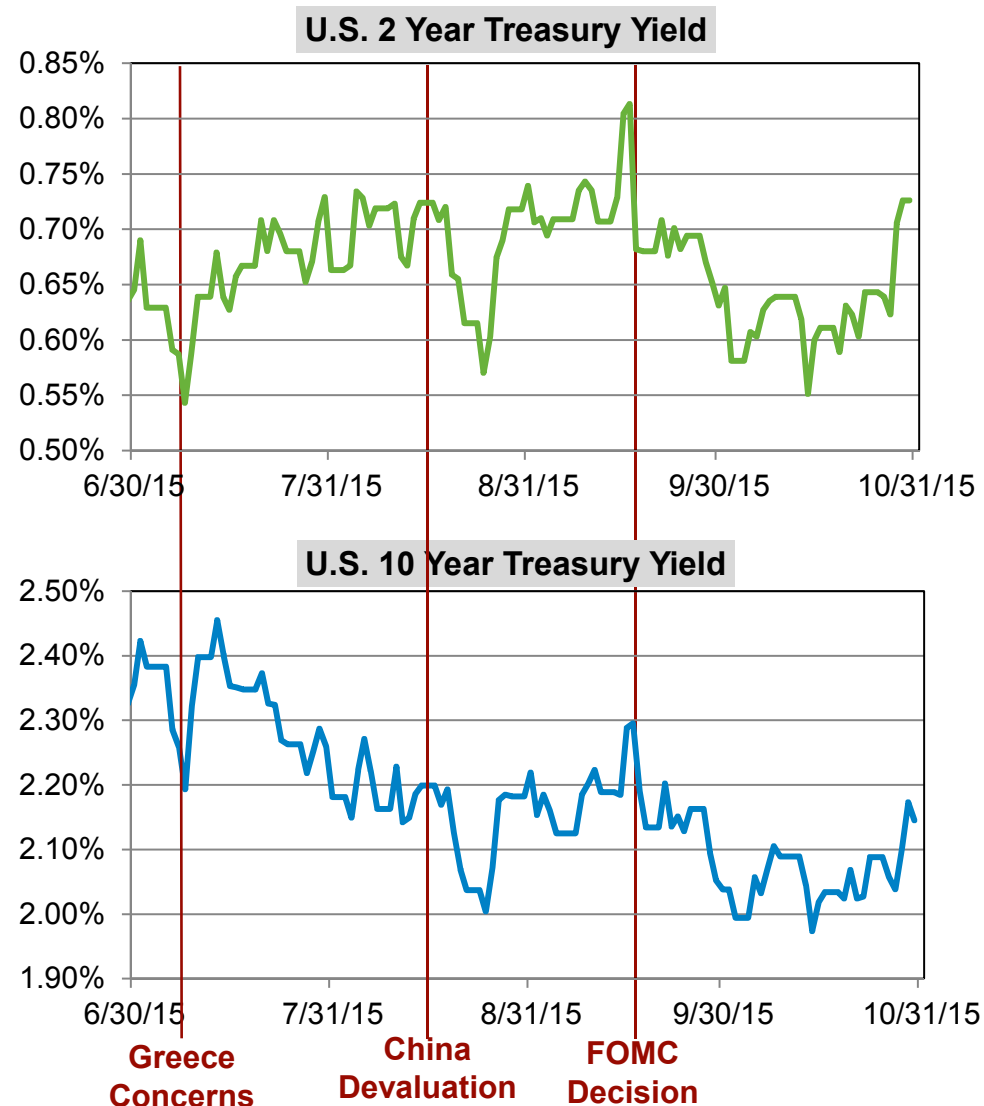


Source: Federal Reserve and Bloomberg



Drivers of Yield Changes in the 3rd Quarter

- The three major headlines throughout the quarter – Greece debt woes, China growth scare, and FOMC’s “no hike” decision – impacted the yield curve differently.
- Short and intermediate maturities were most impacted by changing FOMC expectations. Longer maturities were driven by slowing global growth and inflation expectations.

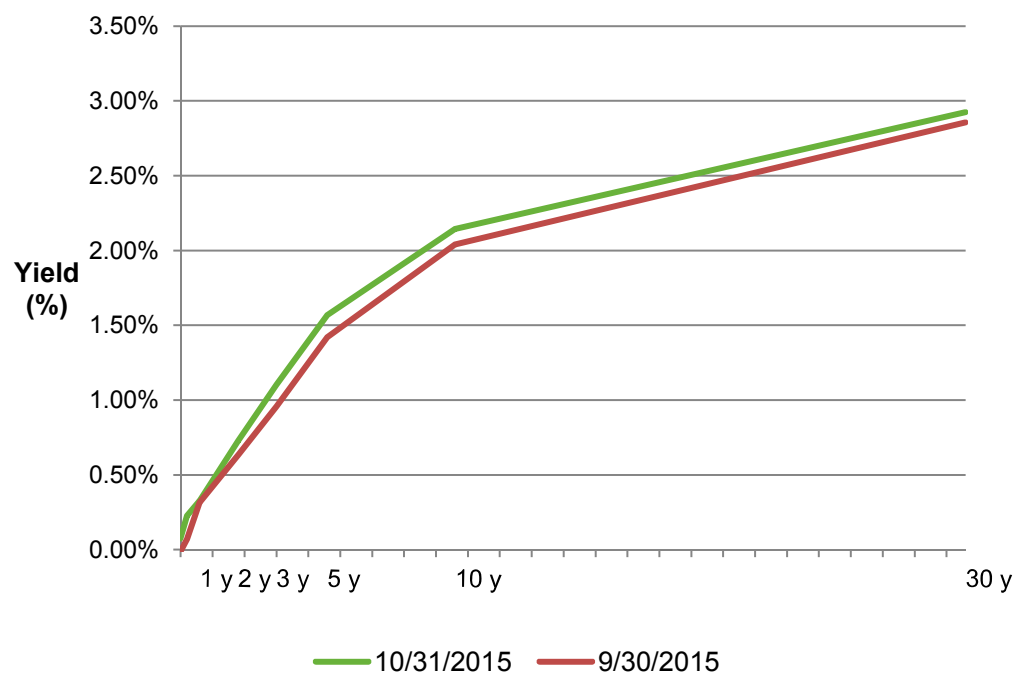


Source: Bloomberg



Interest Rates Rose Slightly in October

U.S. Treasury Yield Curve
October 31, 2015 vs. September 30, 2015



	9/30/2015	10/31/2015	Change
3 month	-0.02%	0.07%	0.09%
6 month	0.07%	0.23%	0.16%
1 year	0.31%	0.32%	0.01%
2 year	0.63%	0.73%	0.10%
3 year	0.96%	1.10%	0.14%
5 year	1.42%	1.57%	0.15%
10 year	2.04%	2.14%	0.10%
30 year	2.85%	2.92%	0.07%

Source: Bloomberg



Disclosure

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FY2015 Net Income – Budget vs. Actual

	Board Approved FY2015 Financial Plan	FY2015 Actual*
Total Revenue	542,643,172	546,095,590
Total Expense	475,363,789	434,594,969
CFCI	20,058,317	20,058,317
Operating Income	47,221,066	91,442,304
Other Transfers/Credits	(23,152,805)	(7,535,721)
Net Income	24,068,261	83,906,583
Beginning Cash Balance over Target	17,642,005	17,642,005
Transfer to CIP	(41,710,266)	(41,710,266)
Surplus	-	59,838,322
Recommendation:		
Transfer to RSF		(17,500,000)
Balance to Paygo		(22,283,565)
Ending Cash Balance over Target		(20,054,757)

* Preliminary unaudited year-end projections, subject to change



Proposed FY 2017 Budget

Presentation to the Finance & Budget Committee, November 20, 2015

District of Columbia Water and Sewer Authority



Blue Plains Advanced Wastewater Treatment Plant



Proposed FY 2017 Budget Overview

CIP Budget

- 10-Year Disbursement - \$3.66B
- FY 2017 Disbursement - \$472.2M
- Lifetime Budget - \$10.4B

Operating Budget

- Total Operating Budget - \$535.8M
 - Operations & Maintenance - \$321.4M
 - Debt Service - \$169.3M
 - CFCI - \$24.0M
 - PILOT/ROW - \$21.1M

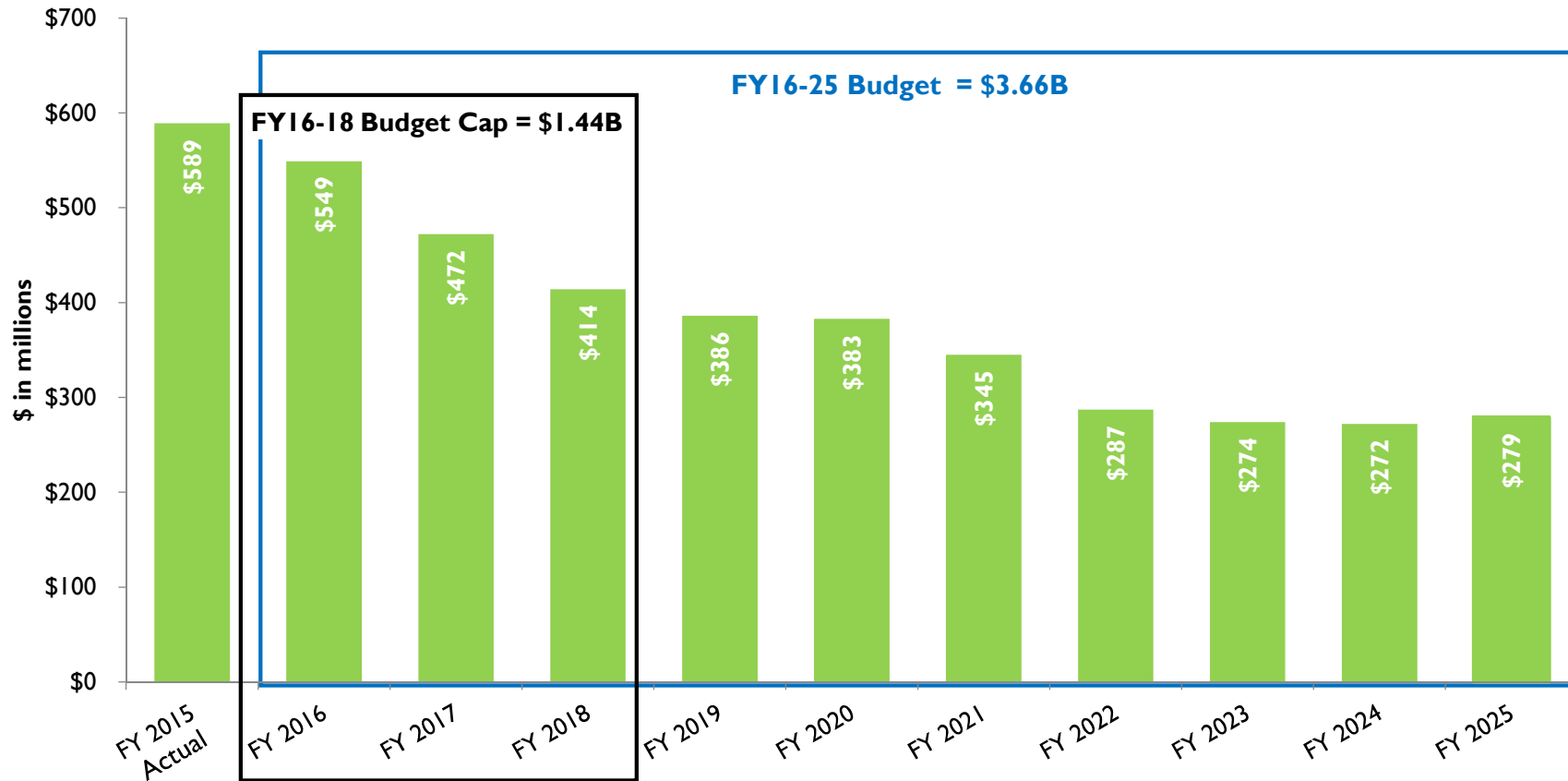


10-Year Capital Improvement Program: Disbursement & Lifetime

FY 2016 - FY 2025 Disbursement Plan												
Service Area (\$000's)	FY 2016 Revised	FY 2017 Proposed	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	10-Year Total	Lifetime Budget
Non Process Facilities	\$ 9,309	\$ 28,613	\$ 13,048	\$ 6,979	\$ 1,588	\$ 1,684	\$ 7,002	\$ 2,475	\$ 668	\$ 2	\$ 71,368	\$ 139,297
Wastewater Treatment	168,637	117,814	112,562	79,528	70,980	62,014	53,700	46,753	35,028	50,142	797,159	3,066,979
Combined Sewer Overflow	223,105	151,125	148,159	145,945	169,272	146,994	95,429	89,666	84,037	76,648	1,330,380	3,174,995
Stormwater	1,263	1,430	2,902	2,011	745	2,022	6,318	1,256	1,797	1,650	21,396	84,898
Sanitary Sewer	34,786	61,144	54,102	53,215	62,566	51,543	42,443	45,439	50,498	52,201	507,937	1,429,216
Water	61,878	62,537	44,909	60,975	56,201	59,170	61,158	68,675	80,703	79,790	635,995	1,847,670
Capital Projects	498,977	422,663	375,682	348,654	361,353	323,426	266,052	254,263	252,731	260,434	3,364,235	9,743,055
Capital Equipment	39,226	38,737	27,127	26,289	10,401	10,035	9,413	9,119	8,896	8,915	188,156	205,861
Washington Aqueduct	10,838	10,838	10,838	10,888	11,018	11,199	11,184	11,054	10,816	9,537	108,209	108,209
Additional Capital Programs	50,063	49,575	37,964	37,177	21,419	21,234	20,597	20,173	19,712	18,452	296,365	314,070
Labor												352,774
Total CIP	\$ 549,040	\$472,238	\$413,646	\$385,831	\$382,772	\$344,660	\$286,649	\$274,436	\$272,442	\$278,886	\$3,660,600	\$ 10,409,899



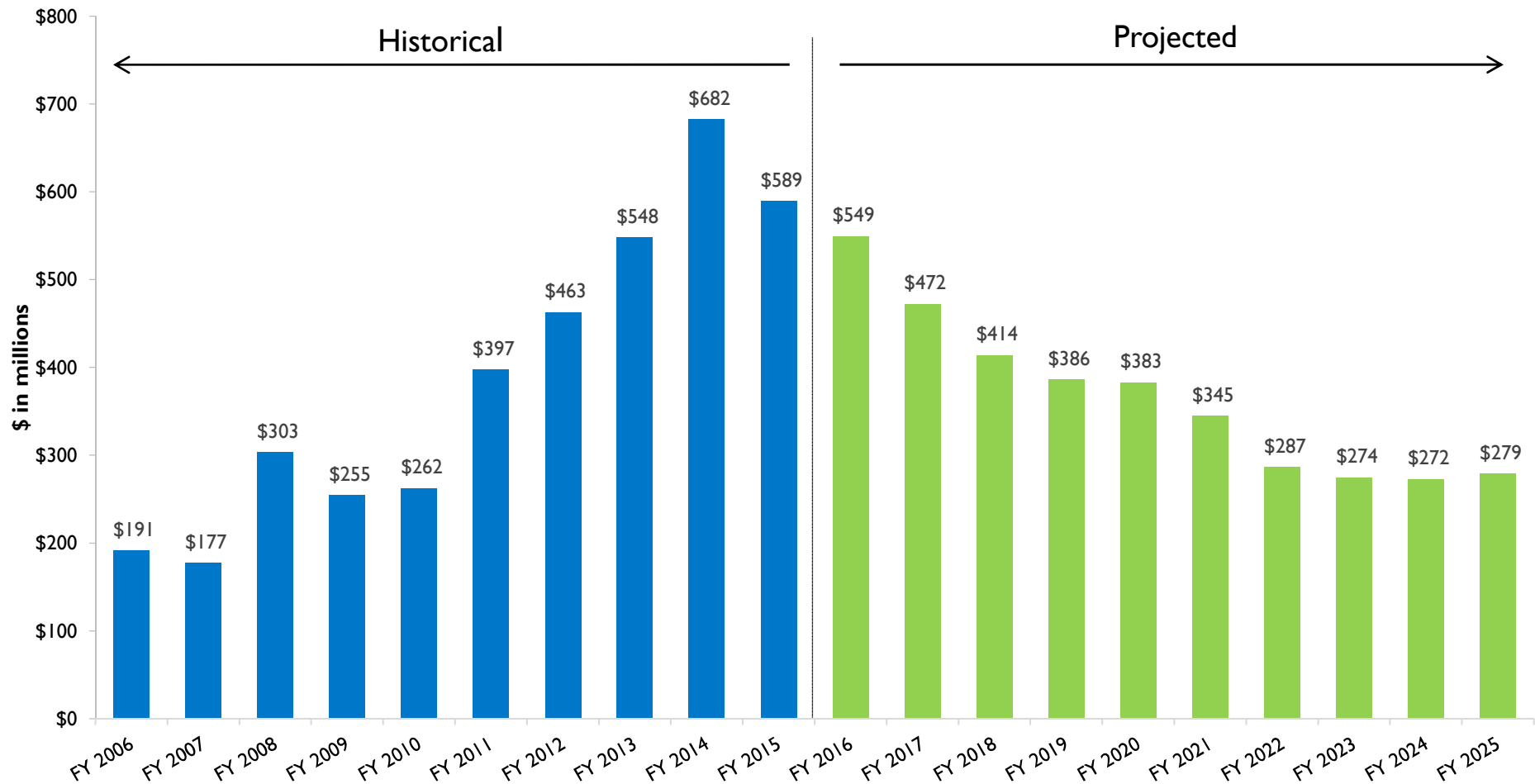
10-Year Capital Disbursement Plan



- 💧 Maintained FY 2016 budget at prior Board-approved level of \$549.0M
- 💧 Increased FY 2017 \$30.1M from \$442.1M to \$472.2M
- 💧 Increased FY 2018 \$40.5M from \$373.1M to \$413.6M
- 💧 Established a new 3-year “rolling cap” of \$1.44B with no further revisions to FY 2017



20-Year Capital Disbursements



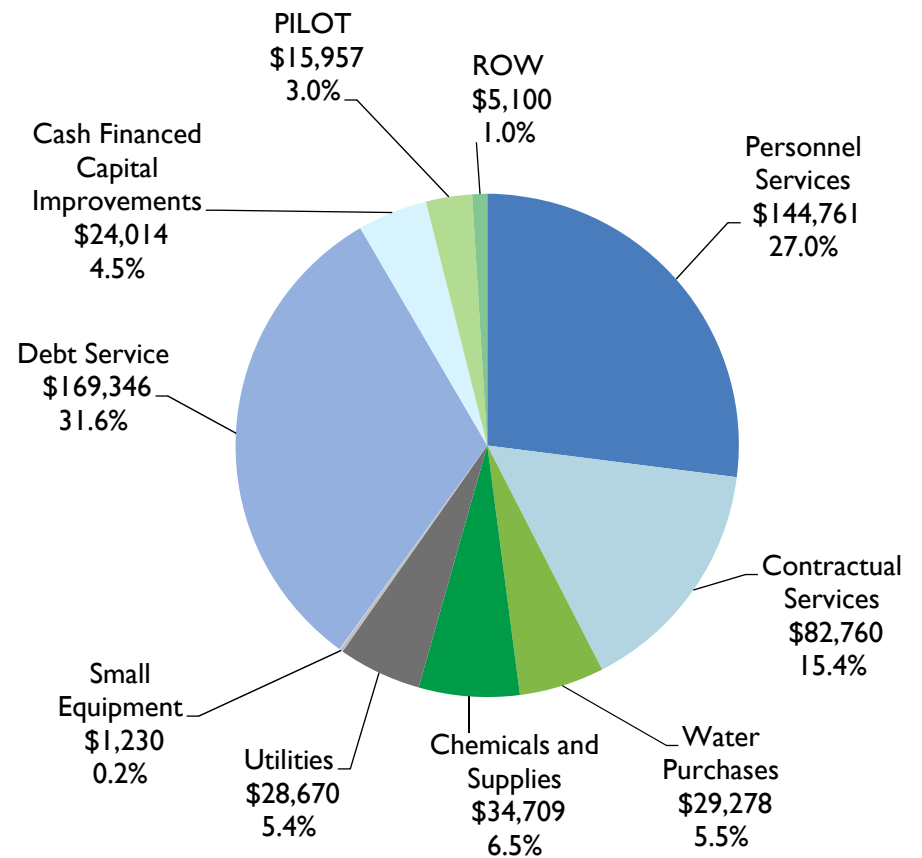
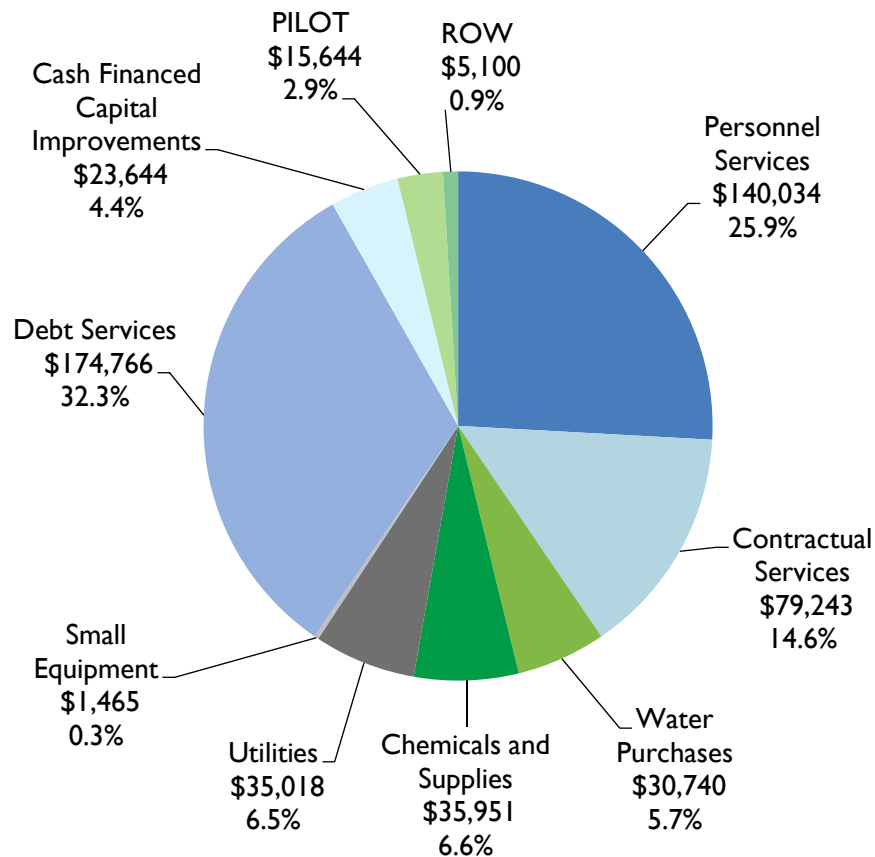


FY 2016 vs. FY 2017 Expenditure Budgets

Approved FY 2016
\$541,605

(\$000's)

Proposed FY 2017
\$535,825





Key Drivers: Personnel Services

- 💧 **Personnel Services** – Increase of \$4.7M is mainly for projected payroll increase due to hiring efforts, overtime and health benefits costs. Excludes merit and bonus pay
- 💧 **Headcount** – No increase to the Board-authorized headcount until single-digit vacancy rate is achieved

	Actual			Approved	Proposed
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Authorized	1,243	1,260	1,260	1,260	1,260
Filled	1,080	1,081	1,127		
Vacant	163	179	133		
Vacancy Rate	13%	14%	11%		

- 💧 **Benefits** – Increase attributable to health costs consistent with industry trends

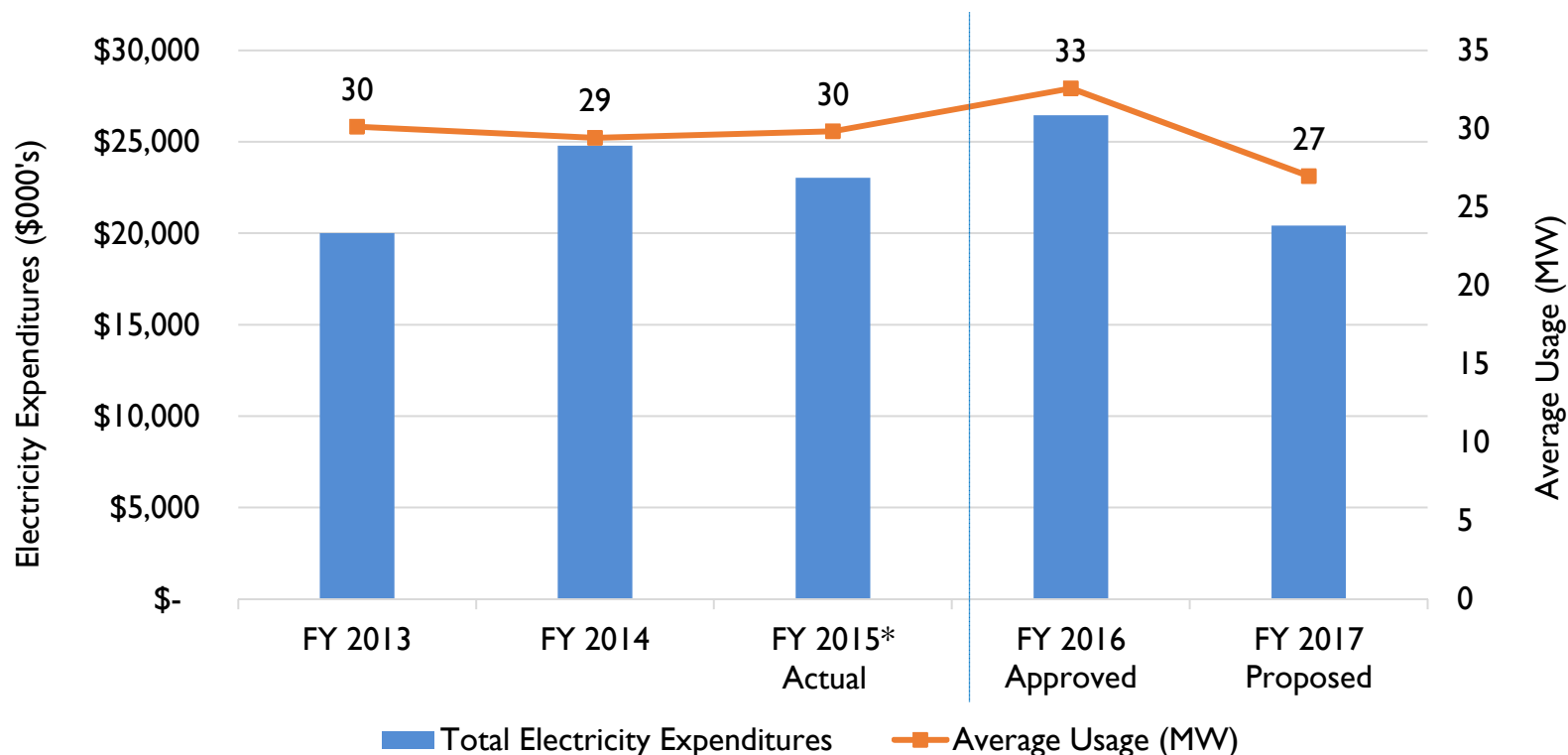
	Actual			Approved	Proposed
	FY 2013	FY 2014	FY 2015*	FY 2016	FY 2017
Life Insurance	0.1%	0.1%	0.1%	0.1%	0.1%
Health	11.6%	12.6%	12.8%	14.1%	15.4%
Dental	0.5%	0.5%	0.5%	0.5%	0.5%
Optical	0.1%	0.1%	0.1%	0.2%	0.2%
Retirement	8.9%	9.6%	9.6%	9.7%	9.4%
Employment Taxes	6.2%	6.5%	6.7%	6.5%	7.1%
Total Benefits (as a % of regular salary)	27.5%	29.4%	29.8%	31.1%	32.8%

* Actual result is subject to change after completion of year-end financial audit



Key Drivers: Utility Costs

- 💧 **Utilities** – \$6.3M decrease mainly for electricity (assumes authority-wide usage of 27MW, net of Combined Heat & Power (CHP) electric generation of 7.2 MW)
- 💧 **Purchase Strategy** – To ensure greater budget certainty and take advantage of the decline in the energy prices, 17 MW and 10 MW have been hedged in FY 2017 and FY 2018 respectively

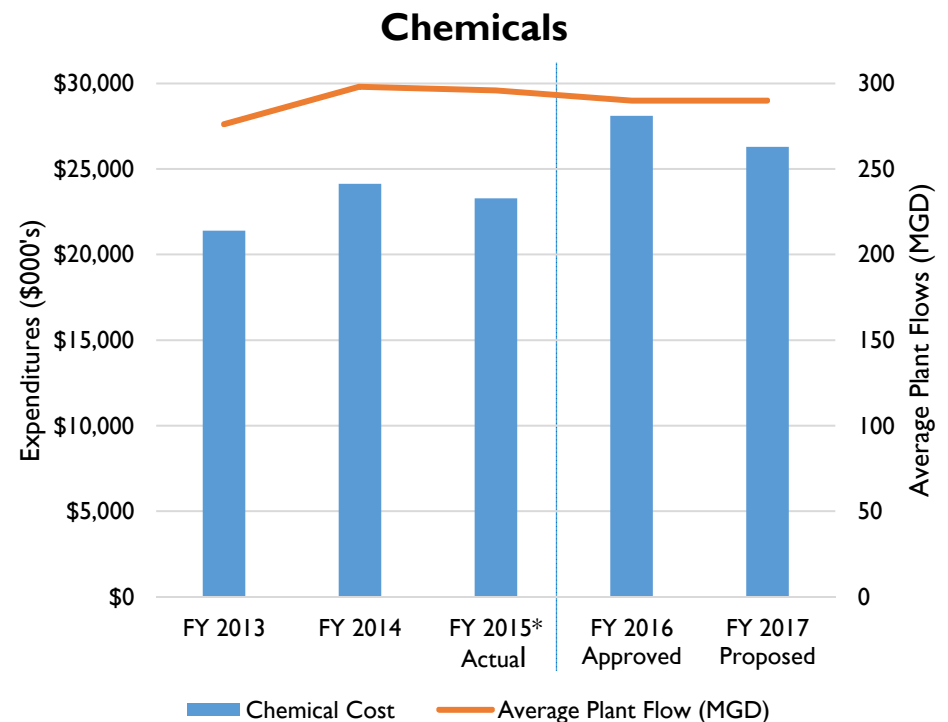
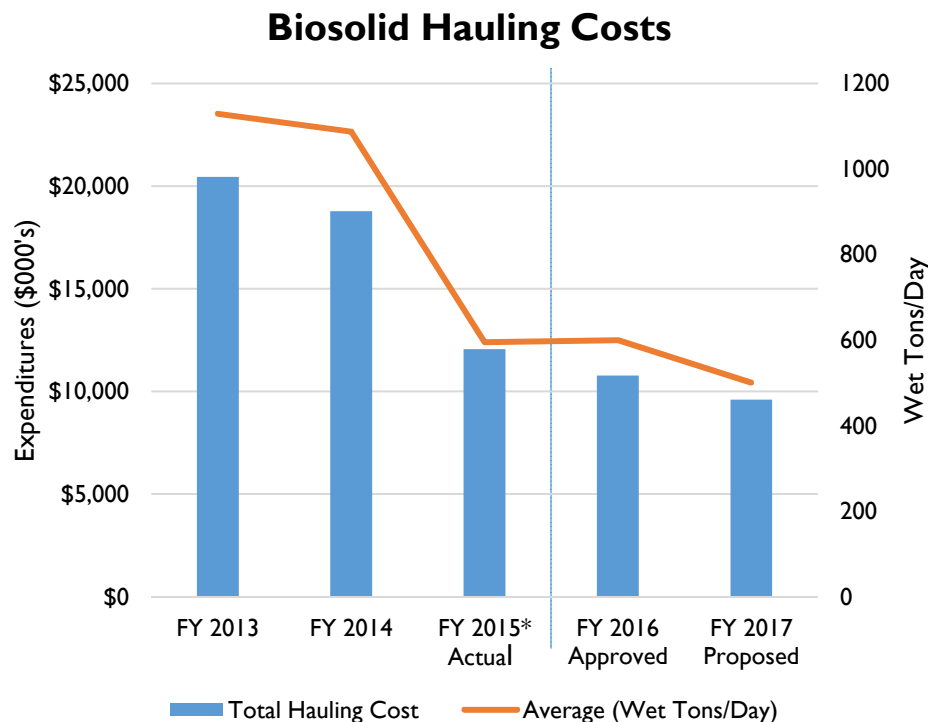


* Actual result is subject to change after completion of year-end financial audit



Key Drivers: Contracts & Chemicals Costs

- Contracts** – \$3.5M net increase for various professional and maintenance services including software matrix, claims costs and DC Water Works program; offset by decrease in biosolids hauling costs (assumes 500 wet tons/day). Reduction in Biosolids volume effective Feb. 2015
- Chemicals & Supplies** – \$1.2M net decrease due to reduction in use of lime and polymer attributable to new processes. Increase in supplies due to impact of new safety requirements for fire retardant uniforms consistent with the Unions' working conditions requirements

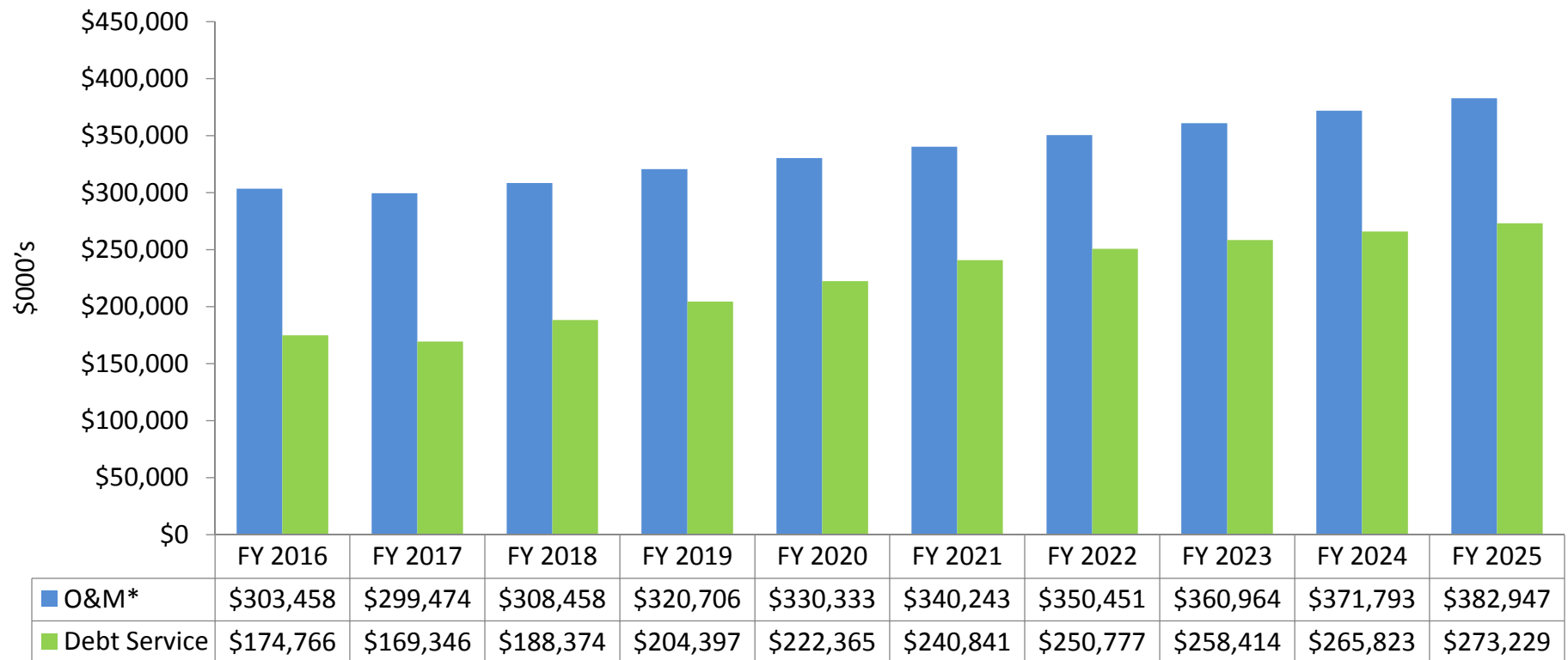


* Actual result is subject to change after completion of year-end financial audit



Key Drivers: Debt Service

- Debt Service** – Net decrease of \$5.4M mainly due to no issuance of revenue bonds during FY 2016



* O&M excludes Capital Labor Charges

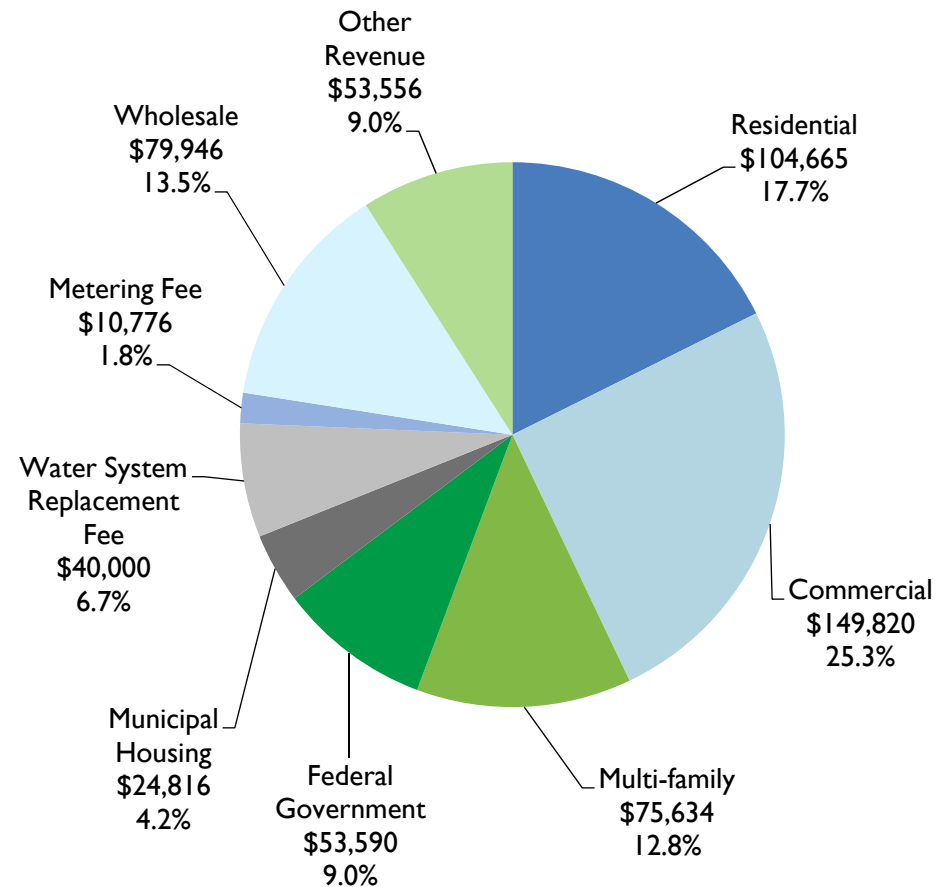
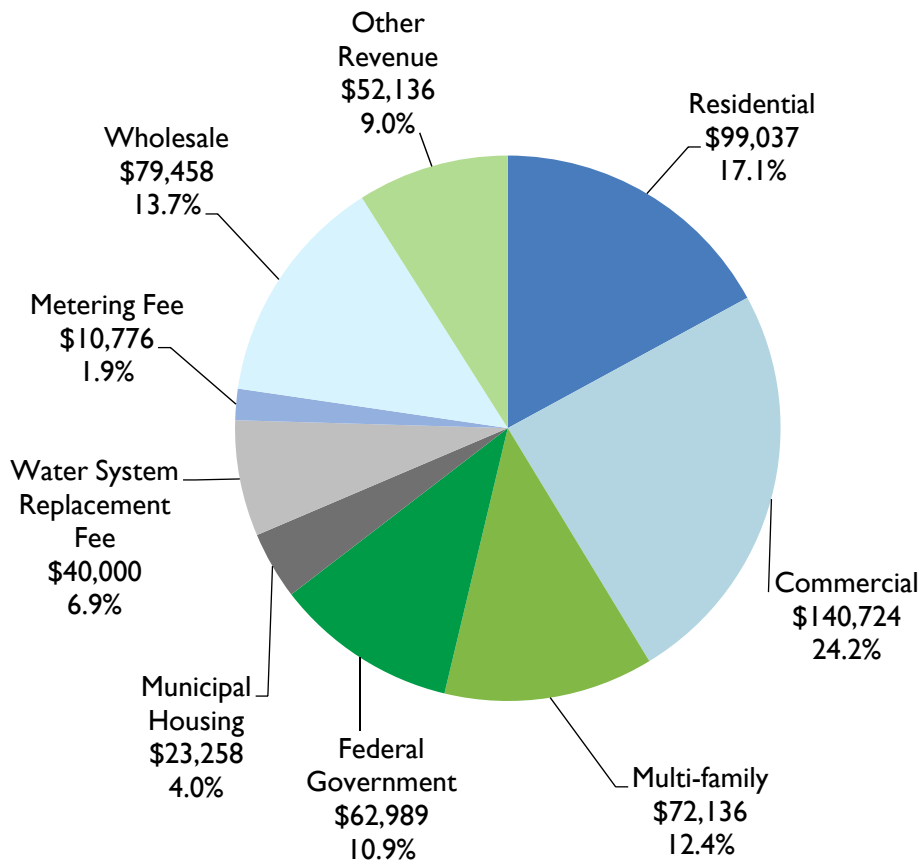


FY 2016 vs. FY 2017 Operating Revenues

Approved FY 2016
\$580,514

(\$000's)

Proposed FY 2017
\$592,803





Revenue Comparison by Customer Class

- 💧 Total revenue is projected to increase by \$12.3M or 2.1%
- 💧 Retail revenue is projected to increase by \$10.4M or 2.3%
- 💧 Wholesale revenue is projected to increase by \$0.5M or 0.6%

(\$000's)	Approved	Proposed	Increase/(Decrease)	
	FY 2016	FY 2017	\$	%
Retail Revenue	\$448,920	\$459,301	\$10,381	2.3%
Wholesale Revenue				
Potomac Interceptor (PI)	1,960	1,960	-	-
Loudoun County Sanitation Authority (LCSA)	5,528	5,574	46	0.8%
Washington Suburban Sanitary Commission (WSSC)	57,869	58,204	335	0.6%
Fairfax County	14,101	14,208	107	0.8%
Total Wholesale Revenue	79,458	79,946	488	0.6%
Other Revenue	52,136	53,556	1,420	2.7%
Rate Stabilization Fund	-	-	-	-
Total Revenues	\$580,514	\$592,803	\$12,289	2.1%



IMA Billing Methodology

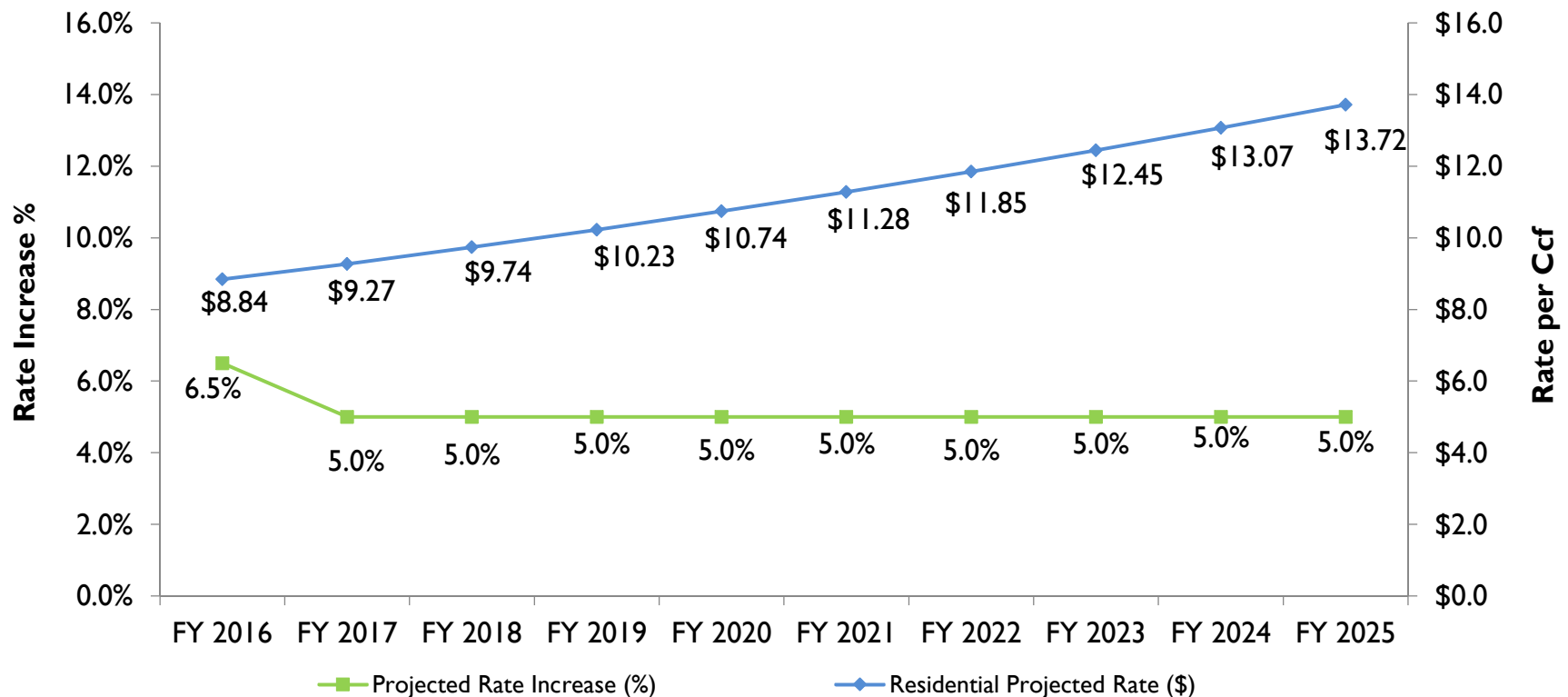
- 💧 Historically, estimated Inter Municipal Agreement (IMA) operating costs were determined by allocating the operating budget to IMA participants based on proportionate flows
 - Resulted in average overestimated charges in years FY 2011 – FY 2013 of \$7.8 million

- 💧 Revised Methodology – Tighter Operating Budgets
 - Removed excess contingency funding in Authority-wide budget
 - Resulted in overestimated charges in FY 2014 of \$1.7 million
 - Incorporated 3-year average of actuals where applicable, budget adjustments, and departmental re-organizations for IMA estimated billing



Financial Plan – Projected Water & Sewer Rates

- Combined water and sewer rate is projected to increase by 55% from \$8.84 per Ccf in FY 2016 to \$13.72 in FY 2025
- Annual rate increase of 5% for FY 2017 to FY 2025

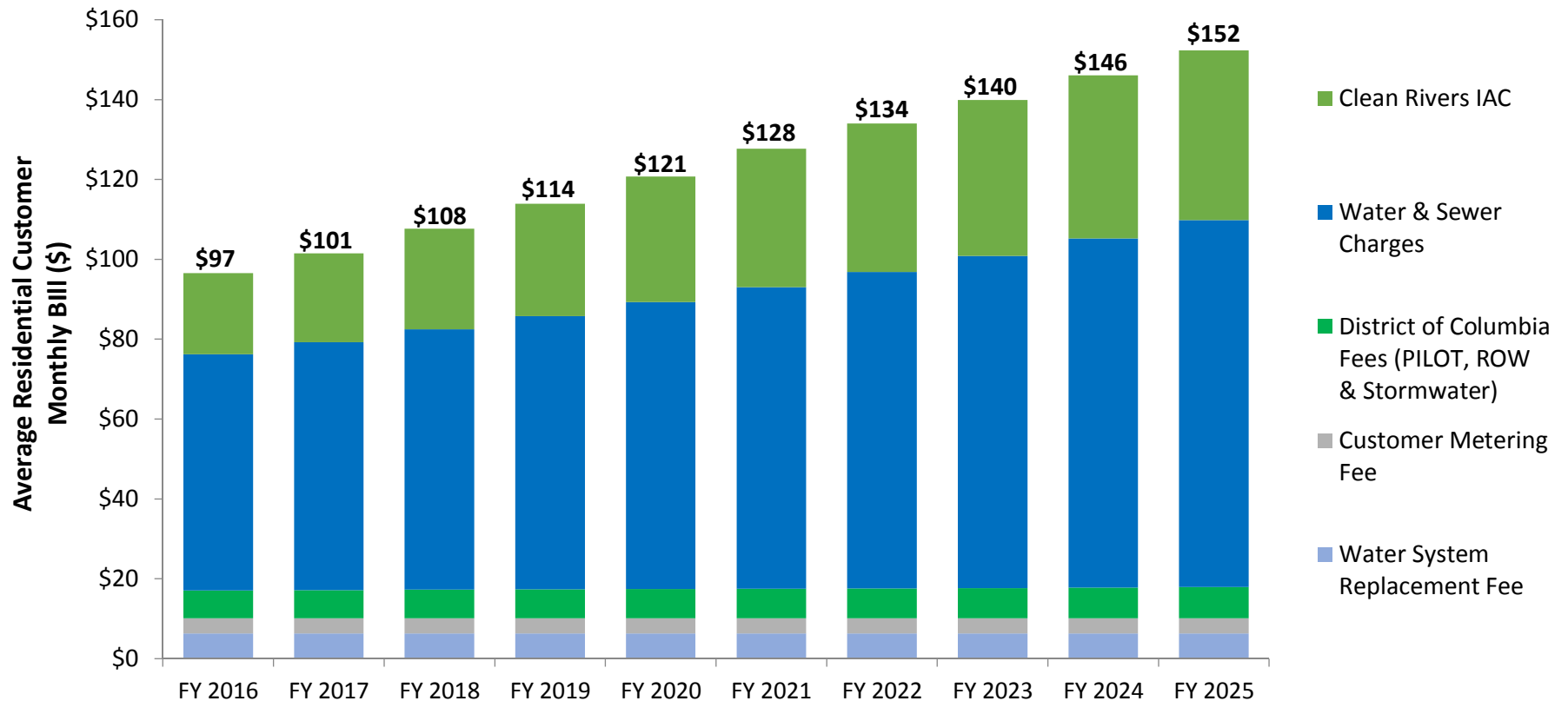


* Rates shown above reflect weighted water and sewer rates for the Residential customer category



Financial Plan – Projected Customer Bills

- The average residential customer monthly bill is projected to increase by 57% from \$97 in FY 2016 to \$152 in FY 2025





Budget Risks and Considerations

Operational Risks

- Collective bargaining agreement (expired September 30, 2015)
- Overtime to meet emergency and understaffing needs
- Higher plant flows and biosolids production

Financing Risks

- Credit ratings
- Market access
- Interest rates



Appendix



Ten Year Capital Improvement Program

Cash disbursements from FY 2016 - FY 2025, \$ in thousands

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	10 Yr Total
NON PROCESS FACILITIES											
Facility Land Use	9,309	28,613	13,048	6,979	1,588	1,684	7,002	2,475	668	2	71,368
Subtotal	\$9,309	\$28,613	\$13,048	\$6,979	\$1,588	\$1,684	\$7,002	\$2,475	\$668	\$2	\$71,368
WASTEWATER TREATMENT											
Liquid Processing	16,193	23,871	33,857	38,248	20,311	18,334	21,093	9,546	4,208	9,838	195,499
Plantwide	15,798	16,207	17,013	22,534	36,598	26,048	28,560	34,936	24,521	16,636	238,853
Solids Processing	28,652	5,130	8,247	12,912	10,154	16,684	3,448	1,019	780	507	87,531
Enhanced Nitrogen Removal Facilities	107,994	72,606	53,445	5,834	3,917	947	600	1,252	5,520	23,161	275,277
Subtotal	\$168,637	\$117,814	\$112,562	\$79,528	\$70,980	\$62,014	\$53,700	\$46,753	\$35,028	\$50,142	\$797,159
COMBINED SEWER OVERFLOW											
D.C. Clean Rivers	212,012	141,323	130,177	124,526	158,111	135,594	82,990	82,447	77,753	62,581	1,207,515
Program Management	1,832	2,844	3,033	2,333	2,593	2,404	3,890	4,359	3,060	1,846	28,195
Combined Sewer	9,261	6,958	14,950	19,086	8,567	8,996	8,549	2,860	3,224	12,220	94,671
Subtotal	\$223,105	\$151,125	\$148,159	\$145,945	\$169,272	\$146,994	\$95,429	\$89,666	\$84,037	\$76,648	\$1,330,380
STORMWATER											
Local Drainage	223	66	822	290	8	63	608	265	844	1,024	4,214
On-Going	459	438	390	455	487	535	693	698	744	463	5,361
Pumping Facilities	-	126	774	964	78	1,280	4,787	23	-	-	8,031
DDOT	18	10	26	-	-	-	-	-	-	-	54
Research and Program Management	256	179	194	158	172	145	230	269	210	163	1,977
Trunk/Force Sewers	307	611	696	144	-	-	-	-	-	-	1,758
Subtotal	\$1,263	\$1,430	\$2,902	\$2,011	\$745	\$2,022	\$6,318	\$1,256	\$1,797	\$1,650	\$21,396
SANITARY SEWER											
Collection Sewers	4,190	6,318	7,629	7,108	8,140	17,982	17,299	17,894	21,345	22,394	130,300
On-Going	7,463	9,299	8,734	7,223	6,334	7,421	7,749	8,139	8,440	8,637	79,440
Pumping Facilities	2,267	1,743	1,800	795	165	1,378	151	229	-	-	8,528
Program Management	6,742	12,269	10,382	6,036	5,827	4,840	6,521	7,442	6,756	5,278	72,092
Interceptor/Trunk Force Sewers	14,124	31,514	25,556	32,053	42,099	19,921	10,723	11,736	13,958	15,893	217,577
Subtotal	\$34,786	\$61,144	\$54,102	\$53,215	\$62,566	\$51,543	\$42,443	\$45,439	\$50,498	\$52,201	\$507,937
WATER											
Distribution Systems	35,667	32,929	25,610	38,203	38,356	36,401	42,808	51,372	57,333	63,136	421,815
Lead Program	1,575	1,171	870	1,547	2,114	2,507	2,885	3,190	3,129	3,633	22,622
On-Going	5,105	7,116	5,306	6,310	5,931	5,716	5,799	5,879	6,171	6,338	59,672
Pumping Facilities	3,833	5,083	4,211	2,454	2,105	747	735	1,824	8,468	1,510	30,970
DDOT	893	627	389	-	-	-	-	-	-	-	1,909
Storage Facilities	9,115	9,115	3,427	7,420	3,779	7,582	2,459	2,188	1,343	557	47,387
Program Management	5,288	6,495	5,096	5,042	3,916	6,218	6,471	4,221	4,259	4,616	51,621
Subtotal	\$61,878	\$62,537	\$44,909	\$60,975	\$56,201	\$59,170	\$61,158	\$68,675	\$80,703	\$79,790	\$635,995
CAPITAL PROJECTS	\$498,977	\$422,663	\$375,682	\$348,654	\$361,353	\$323,426	\$266,052	\$254,263	\$252,731	\$260,434	\$3,364,235
CAPITAL EQUIPMENT	39,226	38,737	27,127	26,289	10,401	10,035	9,413	9,119	8,896	8,915	188,156
WASHINGTON AQUEDUCT	10,838	10,838	10,838	10,888	11,018	11,199	11,184	11,054	10,816	9,537	108,209
ADDITIONAL CAPITAL PROGRAMS	\$50,063	\$49,575	\$37,964	\$37,177	\$21,419	\$21,234	\$20,597	\$20,173	\$19,712	\$18,452	\$296,365
TOTAL 10-YEAR CIP BUDGETS	\$549,040	\$472,238	\$413,646	\$385,831	\$382,772	\$344,660	\$286,649	\$274,436	\$272,442	\$278,886	\$3,660,600



Major Initiatives Funded in Current CIP

- 💧 DC Clean Rivers (Total = \$1,208M)
 - Northeast Boundary Tunnel (\$506M)
 - Potomac LTCP Projects (\$237M)
 - Rock Creek LTCP Projects (\$72M)

}

Grey Infrastructure (\$180M)

Green Infrastructure (\$129M)
- 💧 Water Pipe Program (\$421M)
 - Small Diameter Water mains (1% replacement) (\$299M)
 - Large Valve Replacements (\$29M)
 - Large Diameter Water Mains (\$93M)
- 💧 Water Pump Stations and Storage Rehab (\$78M)
 - St. Elizabeth Water Tank (\$15M)
 - 2nd High Water Storage (\$10M)
 - Bryant St Pump Station (\$13M)

(\$'s – Projected FY 2016 - FY 2025 Disbursements)



Major Initiatives Funded in Current CIP (cont.)

- 💧 Sewer Pipe Program (\$374M)
 - Sewer Restoration Program (\$148M)
 - Creek Bed Sewer Rehab (\$43M)
 - Major Facility Plan Sewer Rehabs (\$183M)
 - Potomac Interceptor (\$43M)
- 💧 Sewer Pump Stations Rehab (\$67M)
 - Potomac Pump Station (\$10M)
 - Main and O Street Pump Station (\$48M)
- 💧 Wastewater Blue Plains (\$797M)
 - Enhanced Clarification Facility (\$97M)
 - Tunnel Dewatering Pump Station (\$18M = ENR allocation)
 - Division D Bolling Overflow and Diversion (\$31M)
 - Filtrate Treatment Facility (\$46M)
- 💧 Headquarters Building (\$55M)

(\$'s – Projected Disbursements)



Unfunded Projects

Below the Line Projects are not included in the Proposed 10-year Cash Disbursements or Lifetime Budget

💧 Blue Plains (\$229M) - for example:

- Full Plant Deammonification (\$45M)
- Various Plantwide Rehabilitation Projects (\$33M)
- End of useful life rebuild projects (\$71M)

💧 Planned Sewer Projects (\$290M) – for example:

- Rehab Northeast Boundary Sewer Phase 2 (\$45M)
- Tiber Creek Sewer Lining Ph I (\$40M)
- Rehab of Influent Sewers (\$81M)
- Rehab of Anacostia Force Main (\$16M)

💧 Planned Water Projects (\$91M) – for example:

- 1 MG 4th High East Storage Tank (\$8M)
- Large Valve Replacements (\$18M)

(\$'s – Projected Disbursements)



CIP Risks/Sensitivities

Regulatory/Consent Decree:

- MS4 Regulations/Policy - Not in plan. \$'s unknown
- DC Clean Rivers Green Infrastructure Consent Decree (GI CD) Modification – Public comment period over with EPA
- DC Clean Rivers Potomac River and Rock Creek Basin, both green and grey do not include risk allowance
- Blue Plains NPDES Permit renewal 2015 review ongoing
- Chesapeake Bay Total Maximum Daily Loads (TMDL) 2017 mid term assessment
- TMDL – E. coli

Other Risks/Sensitivities:

- Pepco DC Power Line Undergrounding (DC PLUG)
- Blue Plains Odor Control
- FY 2016 Water and Sewer Facility Plan updates likely to identify additional needs
- Ramped up condition assessment on large sewers
- Determination of responsibility for storm water pumping stations

FY 2016 - FY 2025 CIP: Additional Capital Programs

Capital Equipment (\$188.2M)

- IT/Executive Steering Committee working to prioritize IT initiatives
- To right-size budgets within operating departments, allocation reduced closer to historical spending average
- Authority-wide reserve fund of \$40.7M for FY 2016 - FY 2025, to support operating departments with additional funding (if required)

Washington Aqueduct (\$108.2M)

- Budget represents approximately 72% of Washington Aqueduct's total 10-year CIP
- Project progress has been slow due to loss of talented engineering staff and unexpected project delays
 - Project expenditures expected to increase in the 2nd quarter of FY 2016
 - Billing will be suspended for a least 3 quarters to use prepaid, uncommitted funds from escrow/US Treasury account



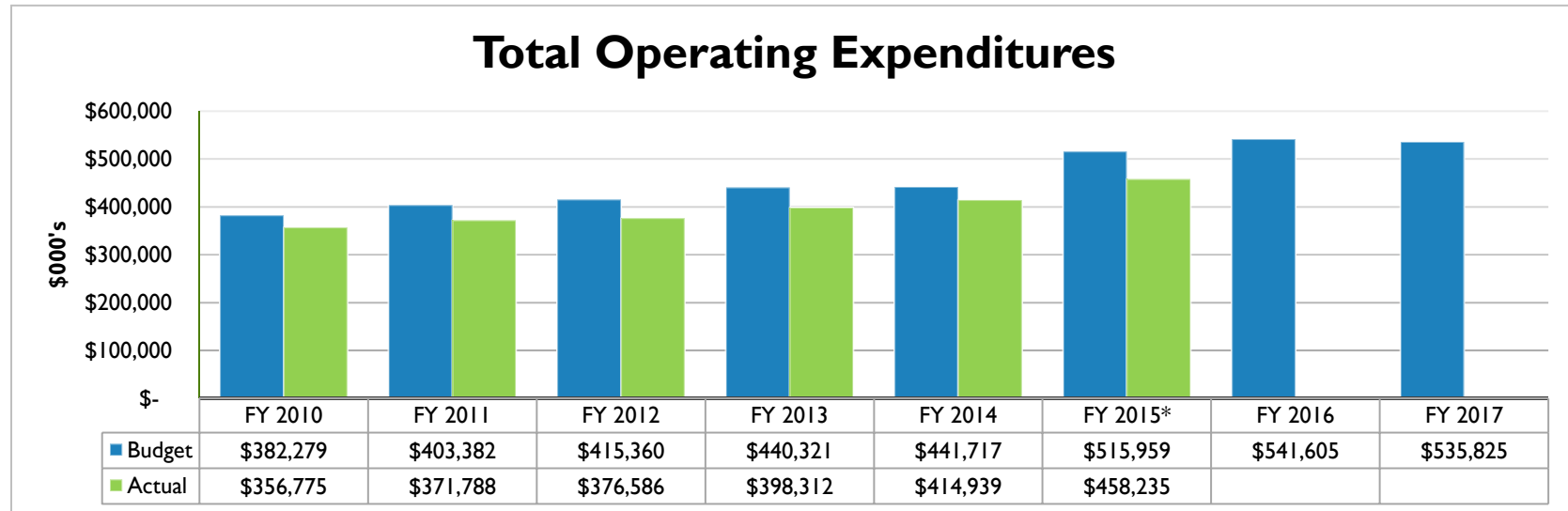
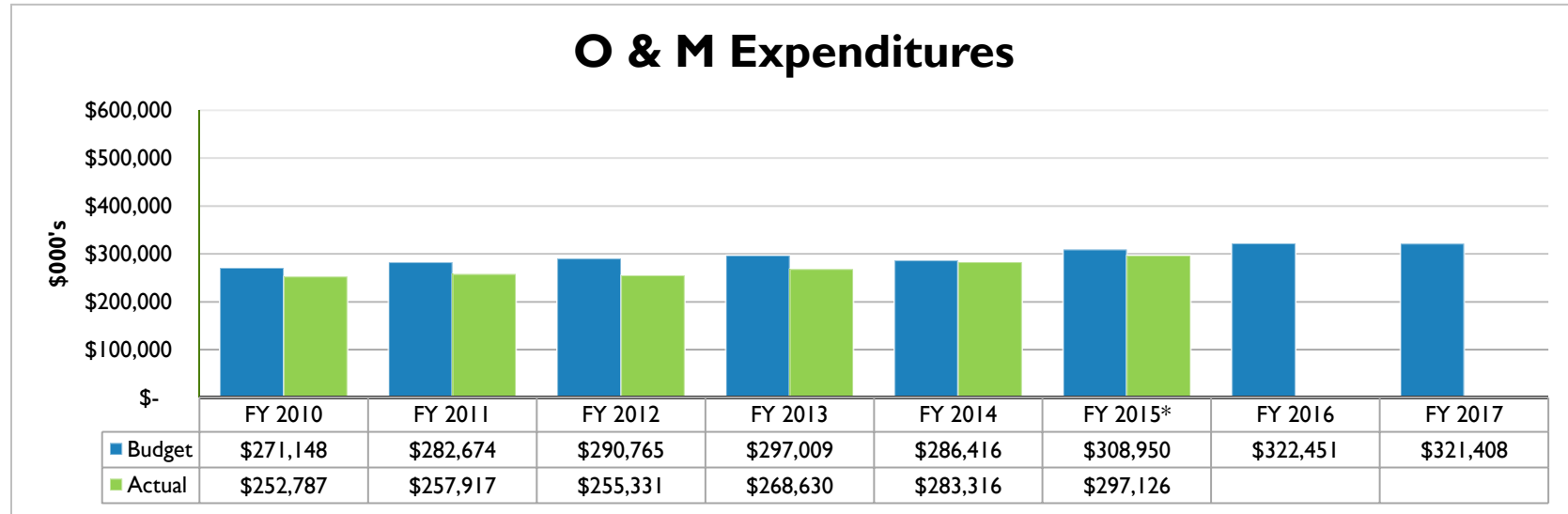
Historical & Projected Operating Expenditure

(\$000's)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017
	Actuals						Revised	Projections	Approved	Proposed
Authorized Headcount	1124	1124	1165	1202	1243	1260	1260	1260	1260	1260
Filled/Budgeted Headcount	1000	1004	1032	1051	1080	1081	1222	1114	1260	1260
Salary	\$ 74,803	\$ 79,234	\$ 82,220	\$ 85,107	\$ 94,473	\$ 98,864	\$ 106,685	\$ 105,531	\$ 108,392	\$ 110,664
Benefits	16,954	18,958	20,926	22,227	24,094	26,892	28,860	28,733	31,642	34,096
Total Personnel Services	91,757	98,192	103,146	107,335	118,567	125,756	135,544	134,263	140,034	144,761
Chemicals	22,222	21,779	21,042	21,359	21,401	24,141	27,395	23,296	28,106	26,288
Supplies	5,559	4,945	5,370	5,385	5,719	6,577	8,791	8,036	7,845	8,422
Utilities	32,813	29,929	29,429	26,786	26,098	29,939	30,416	31,261	35,018	28,670
Contractual Services	64,513	69,498	71,067	64,939	68,430	68,178	76,944	70,535	79,244	82,760
Water Purchases	25,371	27,587	27,170	28,389	27,223	28,407	28,831	29,200	30,740	29,278
Small Equipment	526	858	694	1,139	1,192	317	1,028	536	1,465	1,230
Total Non-Personnel Services	151,004	154,596	154,772	147,997	150,063	157,559	173,406	162,864	182,417	176,647
Total O&M Expenses	\$ 242,761	\$ 252,787	\$ 257,917	\$ 255,332	\$ 268,630	\$ 283,316	\$ 308,950	\$ 297,127	\$ 322,451	\$ 321,408
Debt Service	74,777	83,514	91,888	99,272	107,700	120,165	160,264	140,671	174,766	169,346
Payment in Lieu of Taxes	14,083	15,374	16,882	16,882	16,882	6,358	21,587	15,337	15,644	15,957
Right of Way	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100
Cash Financed Capital Improvement	-	-	-	-	-	-	20,058	-	23,644	24,014
Total Debt Service/PILOT/ROW/C	93,960	103,988	113,870	121,254	129,682	131,624	207,009	161,108	219,154	214,417
Total Operating Expenditures	\$ 336,721	\$ 356,775	\$ 371,788	\$ 376,586	\$ 398,312	\$ 414,939	\$ 515,959	\$ 458,235	\$ 541,605	\$ 535,825
Less: PS charged to Capital Projects	(9,509)	(9,982)	(9,906)	(9,550)	(14,659)	(17,289)	(17,266)	(18,741)	(18,993)	(21,934)
Total Net Operating Expenditures	\$ 327,212	\$ 346,793	\$ 361,882	\$ 367,036	\$ 383,653	\$ 397,650	\$ 498,693	\$ 439,494	\$ 522,612	\$ 513,891

* Actual result is subject to change after completion of year-end financial audit.



Historical & Projected Operating Budget Performance



* Actual result is subject to change after completion of year-end financial audit.



Proposed FY 2017 & FY 2018 Rates, Charges & Fees

	Units	Approved FY 2016	Proposed FY 2017	Proposed FY 2018	Incr. /(Decr.) FY 2017		Incr. /(Decr.) FY 2018	
					\$	%	\$	%
DC Water Retail Rates – Water:								
Residential – Lifeline (0- 4 Ccf)	Ccf	\$3.08	\$3.23	\$3.39	\$0.15	5.0%	\$0.16	5.0%
Residential – (> 4 Ccf)	Ccf	3.87	4.06	4.26	0.19	5.0	0.20	5.0
Multi-family	Ccf	3.45	3.62	3.80	0.17	5.0	0.18	5.0
Non-Residential	Ccf	3.99	4.19	4.40	0.20	5.0	0.21	5.0
DC Water Retail Rates – Sewer	Ccf	5.44	5.71	6.00	0.27	5.0	0.29	5.0
DC Water Clean Rivers IAC	ERU	20.30	22.24	25.18	1.94	9.6	2.94	13.2
DC Water Customer Metering Fee	5/8”	3.86	3.86	3.86	-	-	-	-
DC Water System Replacement Fee	5/8”	6.30	6.30	6.30	-	-	-	-
District of Columbia PILOT Fee	Ccf	0.47	0.48	0.49	0.01	2.0	0.01	2.0
District of Columbia Right of Way Fee	Ccf	0.17	0.17	0.18	-	-	0.01	1.0
District of Columbia Stormwater Fee	ERU	2.67	2.67	2.67	-	-	-	-



Biosolids Management Program: Fiscal Impact Analysis - Update

Presented to Finance & Budget Committee
November 20, 2015



Agenda

- Program Background
- Program Benefits
- Construction Projects Status
- Commissioning and Performance Status
- Operational Budget Assumptions & Fiscal Impact



Program Background

- In 2008, the Biosolids Management Plan (BMP) update identified Thermal Hydrolysis Process (THP) and digestion as the most effective solution for biosolids management at DC Water
- The program benefits:
 - Hedging against Class B biosolids land application restrictions
 - Hedge against electricity cost uncertainty
 - Reliable supplemental power providing up to 1/3 of the energy use at Blue Plains
 - Generation of Class A biosolids increases diversity of product use by expanding markets which provides greater sustainability
 - Approx. 50% Reduction in quantity of biosolids and disposal costs
 - Reduction of operating power costs
 - Avoids substantial upgrades to the Lime Stabilization process facilities:
 - There was No “Do Nothing” alternative examined



Program Benefits

- The program estimated financial benefits are in the following areas of operations:
 - Hauling costs through reduction in volume **☑ Complete**
 - Chemical Costs: Discontinue use of lime stabilization **☑ Complete**
 - Electricity: on-site power generation with a net installed capacity of 10 MW **☑ Complete**



Construction Project Status

Biosolids Program - Major Components

- Main Process Train 99% complete
 - Seeding of digesters on 09/30/2014
 - Cambi start-up on 10/14/2014
 - All biosolids through new Facilities as of 02/16/2015

- Combined Heat and Power 98% complete
 - Steam production started for CAMBI on Temporary boilers on 02/26/2014
 - CHP generation started in June 2015

- Final Dewatering Facilities 95% complete
 - Started receiving THP digested sludge on 11/25/2014
 - All BFPs were ready to receive Class A as of 03/02/2015



Commissioning and Performance Status

- THP and Digestion Facilities are in full operation and performance tests are ongoing
- Reached Class A quality in Feb 2015
 - Certification pending
- Belt press facility is fully commissioned
- CHP is being commissioned
 - Gas turbine operation began in June
 - 3 turbines, 1 duct burner typically in service over the past 3 months
 - Producing about 6 MW of power under current conditions
 - Lower than expected solids loading due to less growth than predicted and seasonal variability
 - Performance testing is ongoing and optimization to follow
 - Variability of turbine performance based on humidity and temperature in addition to impact of loading on performance





Commissioning and Performance Status

- The digesters have been exceeding the expected process performance:
 - Better Volatile Solids destruction: up to 61% versus 55-58% in design
 - Better dewaterability: up to 31.5% versus 29-30% in design
 - Lower polymer dosages than expected 12-16 lbs/DT versus 20-30 lbs/DT in design
 - Better biosolids product
 - Low odor
 - Better granularity for mixing
- Optimization Opportunities – starting spring 2016
 - Develop baseline operational info (first two calendar years)
 - Fully train Operations and Maintenance Staff
 - Optimize flocculant polymer dosing to reduce Nitrogen in recycle
 - Test additional coagulant polymers for better bid price
 - Optimize CHP operations: potential for Natural Gas Blending



Operating Budget Assumptions: Wastewater Treatment - Operations

(\$000's)	FY 2015 Approved Budget	FY 2015 Year-End Projections ³	FY 2016 Approved Budget ⁴	FY 2017 Proposed Budget	Inc./ (Dec.) FY 2017 vs FY 2016
Budget Development Timelines	CY 2013 Fall/Winter	CY 2015 Summer	CY 2014 Fall/Winter	CY 2015 Fall	
Total Expenditure – WWT - Operations	\$82,415	\$77,136	\$86,972	\$80,466	(\$6,506)
Major Expenditure Line Items (including Digesters)					
Chemicals ⁽¹⁾	\$27,260	\$23,223	\$27,688	\$25,895	(\$1,793)
Electricity Cost ⁽¹⁾ - Average Usage ⁽²⁾ (MW)	\$19,073 <i>26MW</i>	\$19,495 <i>25MW</i>	\$22,599 <i>29MW</i>	\$17,089 <i>23MW</i>	(\$5,510) <i>(7MW)</i>
CHP O&M Fee	\$4,000	\$-	\$4,000	\$4,000	\$-
Hauling Cost - Average Wet Tons/Day	\$11,213 <i>647</i>	\$12,065 <i>595</i>	\$10,783 <i>600</i>	\$9,600 <i>500</i>	(\$1,183) <i>(100)</i>
Subtotal	\$61,546	\$54,783	\$65,070	\$56,584	(\$8,486)

(1) This represents the total chemical and electricity costs for operations of the various WWT facilities, inclusive of the Digesters

(2) FY 2017 usage assumes net on-site generation of 7.2MW from the CHP and additional 1.6MW for the FTF coming online in FY 2017

(3) Subject to change after completion of year-end financial audit

(4) Reflects Board adoption on February 5, 2015. Excludes the impact of the Digesters' project, estimated at \$10.8 million pending completion of the acceptance testing period by contractor. The projected FY 2016 IMA customers' bill adjusted for proportionate share of projected savings in electricity



Fiscal Impact – Operating

- FY 2016
 - Expenditure & Revenue Budgets – Net zero impact
 - No revisions to the board-approved operating budgets for the estimated savings (approx. \$10.8M)
 - Wholesale Revenues
 - Projected customers' bills adjusted for proportionate share of the estimated savings from electricity (approx. \$6.7M)
- FY 2017
 - Budget proposals reflect operational efficiencies from the digester project
 - Wholesale Revenues based on the revised billing estimation methodology

ATTACHMENT 5

FINANCE & BUDGET COMMITTEE

ACTION ITEMS

FY 2017 BUDGET

**FINANCE AND BUDGET COMMITTEE
FISCAL YEAR 2017 PROPOSED OPERATING BUDGET ACTION ITEM**

ACTION ITEM 5A: Proposed FY 2017 Operating Budget

The Proposed FY 2017 Operating Budget to be considered by the Board of Directors totals \$535,825,000.

Operations & Maintenance Expenditures	\$321,408,000
Debt Service	169,346,000
Cash Financed Capital Improvements (CFCI)	24,014,000
Payment In Lieu of Taxes (PILOT)	15,957,000
Right of Way Fee (ROW)	5,100,000
Subtotal (Debt Service/CFCI/PILOT/ROW)	\$214,417,000
Proposed FY 2017 Operating Budget	<u>\$535,825,000</u>

**FINANCE AND BUDGET COMMITTEE
FISCAL YEAR 2016 – 2025 TEN-YEAR FINANCIAL PLAN ACTION ITEM**

ACTION ITEM 5B: FY 2016 – FY 2025 Financial Plan

1. Attached is a summary of the 10-year Financial Plan, which is based on the following key assumptions for FY 2017 and FY 2018:

FY 2017

- Operating receipts totaling \$592.8 million, an increase of \$12.3 million over FY 2016 funded through;
 - Retail Revenue – increase of \$10.4 million
 - Wholesale Revenue – increase of \$0.5 million
 - Other Revenue – increase of \$1.4 million
- Operating disbursements of \$513.9 million in FY 2017; and
- A ten-year capital improvement plan (FY 2016 – FY 2025) of \$3.66 billion on a cash disbursement basis.

FY 2018

- Operating receipts totaling \$618.7 million, an increase of \$25.9 million over FY 2017 funded through;
 - Retail Revenue – increase of \$25.5 million
 - Wholesale Revenue – increase of \$2.4 million
 - Other Revenue – decrease of (\$2.0) million
- Operating disbursements of \$543.5 million in FY 2018; and
- A ten-year capital improvement plan (FY 2016 – FY 2025) of \$3.66 billion on a cash disbursement basis.

The FY 2016 – FY 2025 Financial Plan is projected to meet the Board's policy requirement of senior debt coverage of 140 percent and an operating reserve of 120 days of budgeted operations and maintenance costs with the objective of maintaining at least \$125.5 million in operating reserves.

District of Columbia Water & Sewer Authority
FY 2016 – 2025 Financial Plan
(In 000's)

OPERATING	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<i>Retail*</i>	469,504	480,278	506,124	532,993	561,367	590,311	616,271	640,056	663,883	687,688
<i>Wholesale*</i>	79,458	79,946	82,344	84,814	87,359	89,979	92,679	95,459	98,323	101,273
<i>Other</i>	31,553	32,580	30,217	32,107	33,398	37,087	39,695	40,220	40,571	41,405
<i>RSF</i>	-	-	-	-	-	-	-	-	-	-
Operating Receipts (1)	\$ 580,514	\$ 592,803	\$ 618,685	\$ 649,914	\$ 682,123	\$ 717,378	\$ 748,644	\$ 775,735	\$ 802,777	\$ 830,366
Operating Expenses	(324,202)	(320,531)	(329,834)	(342,414)	(352,367)	(362,616)	(373,168)	(384,034)	(395,223)	(406,743)
Debt Service	(157,640)	(169,346)	(188,374)	\$ (204,397)	\$ (222,365)	\$ (240,841)	\$ (250,777)	\$ (258,414)	\$ (265,823)	\$ (273,229)
Cash Financed Capital Improvement (CFCI)	\$ (23,475)	\$ (24,014)	\$ (25,306)	\$ (26,650)	\$ (28,068)	\$ (29,516)	\$ (30,814)	\$ (32,003)	\$ (33,194)	\$ (34,384)
Net Revenues After Debt Service	\$ 75,197	\$ 78,912	\$ 75,170	\$ 76,454	\$ 79,323	\$ 84,405	\$ 93,886	\$ 101,284	\$ 108,536	\$ 116,010
Operating Reserve-Beg Balance	160,055	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(17,179)	(24,201)	(4,752)	-	-	-	-	-	-	-
Customer Rebate	-	-	-	-	-	-	-	-	-	-
Transfers To RSF	(19,000)	-	(9,000)	(5,000)	(5,000)	(4,000)	(7,000)	(9,000)	(19,000)	(12,000)
Transfers To DC PILOT Fund	-	-	-	-	-	-	-	-	-	-
Pay-Go Financing	(59,073)	(54,711)	(61,419)	(71,454)	(74,323)	(80,405)	(86,886)	(92,284)	(89,536)	(102,194)
Operating Reserve - Ending Balance	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 141,816
Rate Stabilization Fund Balance RSF (2)	\$ (51,450)	\$ (51,450)	\$ (60,450)	\$ (65,450)	\$ (70,450)	\$ (74,450)	\$ (81,450)	\$ (90,450)	\$ (109,450)	\$ (121,450)
Senior Debt Service Coverage	462%	430%	406%	442%	460%	452%	473%	470%	551%	582%
Combined Debt Service Coverage	153%	159%	157%	159%	156%	155%	156%	157%	155%	159%
Actual/Projected Water/Sewer Rate Increases	6.5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
*Operating Receipts \$ Increase/Decrease										
Retail	65,394	10,774	25,846	26,869	28,374	28,944	25,960	23,785	23,827	23,806
Wholesale	(1,772)	488	2,398	2,470	2,544	2,621	2,699	2,780	2,864	2,950
*Operating Receipts % Increase/Decrease										
Retail	16.2%	2.3%	5.4%	5.3%	5.3%	5.2%	4.4%	3.9%	3.7%	3.6%
Wholesale	-2.2%	0.6%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

(1) Includes interest earnings on senior lien revenue bonds' debt service reserve fund

(2) FY 2016 planned transfer of \$19.0 million to Rate Stabilization Fund will bring the total fund balance to \$51.45 million

District of Columbia Water & Sewer Authority
FY 2016 - FY 2025 Average Residential Customer Monthly Bill

	Units	Current FY 2016	Proposed FY 2017	Proposed FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
DC Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 59.12	\$ 62.04	\$ 65.16	\$ 68.41	\$ 71.86	\$ 75.45	\$ 79.26	\$ 83.28	\$ 87.43	\$ 91.80
DC Water Clean Rivers IAC	ERU	20.30	22.24	25.18	28.19	31.43	34.67	37.16	39.06	40.84	42.49
DC Water Customer Metering Fee	5/8"	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86
DC Water Water System Replacement Fee ⁽³⁾	5/8"	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 89.58	\$ 94.44	\$ 100.50	\$ 106.76	\$ 113.45	\$ 120.28	\$ 126.58	\$ 132.50	\$ 138.43	\$ 144.45
Increase / Decrease		\$ 11.30	\$ 4.86	\$ 6.06	\$ 6.26	\$ 6.69	\$ 6.83	\$ 6.30	\$ 5.92	\$ 5.93	\$ 6.02
District of Columbia PILOT ⁽¹⁾	Ccf	\$ 3.14	\$ 3.21	\$ 3.28	\$ 3.35	\$ 3.41	\$ 3.48	\$ 3.55	\$ 3.61	\$ 3.68	\$ 3.75
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	1.14	1.14	1.20	1.20	1.20	1.20	1.20	1.20	1.27	1.27
District of Columbia Stormwater Fee ⁽²⁾	ERU	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.95	\$ 7.02	\$ 7.15	\$ 7.22	\$ 7.28	\$ 7.35	\$ 7.42	\$ 7.48	\$ 7.62	\$ 7.69
Total Amount Appearing on DC Water Bill		\$ 96.53	\$ 101.46	\$ 107.65	\$ 113.98	\$ 120.73	\$ 127.63	\$ 134.00	\$ 139.98	\$ 146.05	\$ 152.14
Increase / Decrease Over Prior Year		\$ 11.36	\$ 4.93	\$ 6.19	\$ 6.33	\$ 6.75	\$ 6.90	\$ 6.37	\$ 5.98	\$ 6.07	\$ 6.09
Percent Increase in Total Bill		13.3%	5.1%	6.1%	5.9%	5.9%	5.7%	5.0%	4.5%	4.3%	4.2%

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

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

(3) DC Water "Water System Replacement Fee" of \$6.30 effective October 1, 2015

***District of Columbia Water & Sewer Authority
Retail Rates, Charges and Fees***

	Units	Current FY 2016	Proposed FY 2017	Proposed FY 2018
DC Water Retail Rates Water (Residential Lifeline 0 - 4 Ccf)	Ccf	\$ 3.08	\$ 3.23	\$ 3.39
DC Water Retail Rates Water (Residential > 4 Ccf)	Ccf	\$ 3.87	\$ 4.06	\$ 4.26
DC Water Retail Rates Water (Multi-Family)	Ccf	\$ 3.45	\$ 3.62	\$ 3.80
DC Water Retail Rates Water (Non-Residential)	Ccf	\$ 3.99	\$ 4.19	\$ 4.40
DC Water Retail Rates Sewer	Ccf	\$ 5.44	\$ 5.71	\$ 6.00
DC Water Clean Rivers IAC	ERU	\$ 20.30	\$ 22.24	\$ 25.18
DC Water Customer Metering Fee	5/8"	\$ 3.86	\$ 3.86	\$ 3.86
DC Water Water System Replacement Fee	5/8"	\$ 6.30	\$ 6.30	\$ 6.30
District of Columbia PILOT Fee	Ccf	\$ 0.47	\$ 0.48	\$ 0.49
District of Columbia Right of Way Fee	Ccf	\$ 0.17	\$ 0.17	\$ 0.18
District of Columbia Stormwater Fee	ERU	\$ 2.67	\$ 2.67	\$ 2.67

**FINANCE AND BUDGET COMMITTEE
FISCAL YEAR 2016 – 2025 PROPOSED CAPITAL IMPROVEMENT
PROGRAM AND LIFETIME BUDGET
ACTION ITEM**

ACTION ITEM 5C: FY 2016 – FY 2025 Proposed Capital Improvement Program (10-Year Disbursement Plan and Lifetime Budget)

DC Water presents its capital improvement program on two different bases:

- a. **10-Year Disbursement Plan** – The cash disbursement-based capital plan is utilized to forecast the timing and amount of capital financing, which is the primary basis for projected retail rate increases. As shown in Attachment A-1, the Board of Directors will be asked to approve a 10-year disbursement plan of \$3.66 billion.
- b. **Lifetime Budget** – The project lifetime budget reflects the total costs of each project active during the 10-year planning period. These costs include historical and projected spending, project contingencies, and labor (listed as separate line item). As shown in Attachment A-1, the Board of Directors will be asked to approve a lifetime budget of \$10.4 billion.

Finance and Budget Committee - 6. Action Items

10-Year Disbursement Plan & Lifetime Budget

Attachment A-1

\$ in thousands

	FY 2016 - FY 2025 Disbursement Plan											Lifetime Budget
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	10-Yr Total	
NON PROCESS FACILITIES												
Facility Land Use	\$9,309	\$28,613	\$13,048	\$6,979	\$1,588	\$1,684	\$7,002	\$2,475	\$668	\$2	\$71,368	\$139,297
Subtotal	9,309	28,613	13,048	6,979	1,588	1,684	7,002	2,475	668	2	71,368	139,297
WASTEWATER TREATMENT												
Liquid Processing	16,193	23,871	33,857	38,248	20,311	18,334	21,093	9,546	4,208	9,838	195,499	808,430
Plantwide	15,798	16,207	17,013	22,534	36,598	26,048	28,560	34,936	24,521	16,636	238,853	496,407
Solids Processing	28,652	5,130	8,247	12,912	10,154	16,684	3,448	1,019	780	507	87,531	722,944
Enhanced Nitrogen Removal Facilities	107,994	72,606	53,445	5,834	3,917	947	600	1,252	5,520	23,161	275,277	1,039,198
Subtotal	168,637	117,814	112,562	79,528	70,980	62,014	53,700	46,753	35,028	50,142	797,159	3,066,979
COMBINED SEWER OVERFLOW												
D.C. Clean Rivers	212,012	141,323	130,177	124,526	158,111	135,594	82,990	82,447	77,753	62,581	1,207,515	2,771,514
Program Management	1,832	2,844	3,033	2,333	2,593	2,404	3,890	4,359	3,060	1,846	28,195	64,563
Combined Sewer	9,261	6,958	14,950	19,086	8,567	8,996	8,549	2,860	3,224	12,220	94,671	338,918
Subtotal	223,105	151,125	148,159	145,945	169,272	146,994	95,429	89,666	84,037	76,648	1,330,380	3,174,995
STORMWATER												
Local Drainage	223	66	822	290	8	63	608	265	844	1,024	4,214	16,636
On-Going	459	438	390	455	487	535	693	698	744	463	5,361	12,415
Pumping Facilities	0	126	774	964	78	1,280	4,787	23	0	0	8,031	25,000
DDOT	18	10	26	0	0	0	0	0	0	0	54	3,237
Research and Program Management	256	179	194	158	172	145	230	269	210	163	1,977	12,013
Trunk/Force Sewers	307	611	696	144	0	0	0	0	0	0	1,758	15,597
Subtotal	1,263	1,430	2,902	2,011	745	2,022	6,318	1,256	1,797	1,650	21,396	84,898
SANITARY SEWER												
Collection Sewers	4,190	6,318	7,629	7,108	8,140	17,982	17,299	17,894	21,345	22,394	130,300	338,534
On-Going	7,463	9,299	8,734	7,223	6,334	7,421	7,749	8,139	8,440	8,637	79,440	209,243
Pumping Facilities	2,267	1,743	1,800	795	165	1,378	151	229	0	0	8,528	34,759
Program Management	6,742	12,269	10,382	6,036	5,827	4,840	6,521	7,442	6,756	5,278	72,092	133,321
Interceptor/Trunk Force Sewers	14,124	31,514	25,556	32,053	42,099	19,921	10,723	11,736	13,958	15,893	217,577	713,359
Subtotal	34,786	61,144	54,102	53,215	62,566	51,543	42,443	45,439	50,498	52,201	507,937	1,429,216
WATER												
Distribution Systems	35,667	32,929	25,610	38,203	38,356	36,401	42,808	51,372	57,333	63,136	421,815	1,087,947
Lead Program	1,575	1,171	870	1,547	2,114	2,507	2,885	3,190	3,129	3,633	22,622	208,640
On-Going	5,105	7,116	5,306	6,310	5,931	5,716	5,799	5,879	6,171	6,338	59,672	135,714
Pumping Facilities	3,833	5,083	4,211	2,454	2,105	747	735	1,824	8,468	1,510	30,970	178,399
DDOT	893	627	389	0	0	0	0	0	0	0	1,909	33,933
Storage Facilities	9,515	9,115	3,427	7,420	3,779	7,582	2,459	2,188	1,343	557	47,387	101,834
Program Management	5,288	6,495	5,096	5,042	3,916	6,218	6,471	4,221	4,259	4,616	51,621	101,203
Subtotal	61,878	62,537	44,909	60,975	56,201	59,170	61,158	68,675	80,703	79,790	635,995	1,847,670
CAPITAL PROJECTS	498,977	422,663	375,682	348,654	361,353	323,426	266,052	254,263	252,731	260,434	3,364,235	9,743,055
CAPITAL EQUIPMENT	39,226	38,737	27,127	26,289	10,401	10,035	9,413	9,119	8,896	8,915	188,156	205,861
WASHINGTON AQUEDUCT	10,838	10,838	10,838	10,888	11,018	11,199	11,184	11,054	10,816	9,537	108,209	108,209
ADDITIONAL CAPITAL PROGRAMS	50,063	49,575	37,964	37,177	21,419	21,234	20,597	20,173	19,712	18,452	296,365	314,070
LABOR												352,774
TOTAL CAPITAL BUDGETS	\$549,040	\$472,238	\$413,646	\$385,831	\$382,772	\$344,660	\$286,649	\$274,436	\$272,442	\$278,886	\$3,660,600	\$10,409,899

**FINANCE AND BUDGET COMMITTEE
INTENT TO REIMBURSE CAPITAL EXPENDITURES WITH PROCEEDS
OF A BORROWING ACTION ITEM**

ACTION ITEM 5D: Capital Projects Reimbursement Resolution

The Board will be asked to approve a reimbursement resolution, which would allow for reimbursement of eligible capital project expenditures from bond proceeds. The action under consideration is to utilize the proceeds of tax-exempt bonds, taxable bonds or notes (the “bonds”) or other debt in an amount not currently expected to exceed \$443,000,000 to pay the costs of capital projects. These costs include amounts heretofore unreimbursed pursuant to Resolution 15-20 of the Board adopted on February 5, 2015, plus amounts projected to be reimbursed during Fiscal Years 2016 - 2017.

EXHIBIT A – LIST OF PROJECTS

Blue Plains System
Non Process Facilities
Sanitary Sewer System
Combined Sewer System
DC Clean Rivers
Stormwater Sewer System
Water Pumping, Distribution and Storage
Metering and Capital Equipment
Washington Aqueduct

ATTACHMENT 6

FINANCE & BUDGET COMMITTEE

ACTION ITEM

**RECOMMENDATION FOR FY 2015
RATE STABILIZATION FUND**

**FINANCE & BUDGET COMMITTEE
FY 2015 TRANSFER OF EXCESS FUNDS
TO THE RATE STABILIZATION FUND**

ACTION ITEM 6A: Approval of transfer of funds from the operating account to the Rate Stabilization Fund.

The Board will be asked to approve a resolution to approve the transfer of excess FY 2015 operating funds to the Rate Stabilization Fund in the amount of seventeen million five hundred thousand dollars (\$17,500,000).



ATTACHMENT 7

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

**Friday, December 18, 2015; 9:30 a.m.
Blue Plains Wastewater Treatment Plant
5000 Overlook Avenue, SW, DC
AGENDA**

Call to Order	Chairman
November 2015 Financial Report	Chief Financial Officer
Agenda for January Committee Meeting	Chairman
Adjournment	Chairman

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