



## DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

### Board of Directors

*Finance and Budget Committee*

*Thursday, September 26, 2013*

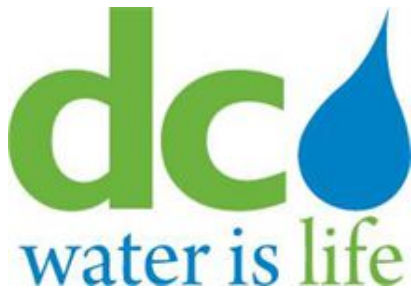
11:00 a.m.

1. **Call to Order** ..... Timothy L. Firestine, Chairperson
2. **August 2013 Financial Report (Attachment 1)** ..... Gail Alexander-Reeves and Robert Hunt
  - A. Operating Revenues & Expenditures
  - B. Capital Disbursements Summary
  - C. Cash Reserves & Investments
  - D. **Investment Report**
3. **CIP Quarterly Update (Attachment 2)** ..... Dave McLaughlin
4. **Disposal of Inventory** ..... Katy Chang
  - A. **Action Items** ..... Timothy L. Firestine
  - B. **Recommendation for Disposal of Inventory (Attachment 3)**
  - C. **Approval for Extension of Electricity Generation & Transmission Services Contract – HESS (Attachment 4)**
  - D. **Approval for Legal Services – Beveridge & Diamond, PC (Attachment 5)**
5. **Other Business**
6. **Agenda for October Committee Meeting (Attachment 6)** ..... Timothy L. Firestine
7. **Executive Session**
  - A. Review of the fiscal impact of the Union Compensation Agreement
8. **Adjournment**

***FOLLOW-UP ITEMS – Finance & Budget Committee (Meeting held May 23, 2013). There were no Follow-up Items from the meeting held July 25, 2013.***

1. Provide the Committee with a review of labor charges to the capital program. **(Mr. Firestine) Status:** *See page 4 of the Financial Report.*
2. Include KPI charts by critical project milestone along with the current KPI charts by project in future quarterly capital reports. **(Mr. Seamon) Status:** *See Attachment 2*

## ATTACHMENT 1



## August 2013 FINANCIAL REPORT

### FY 2013 FINANCIAL PERFORMANCE

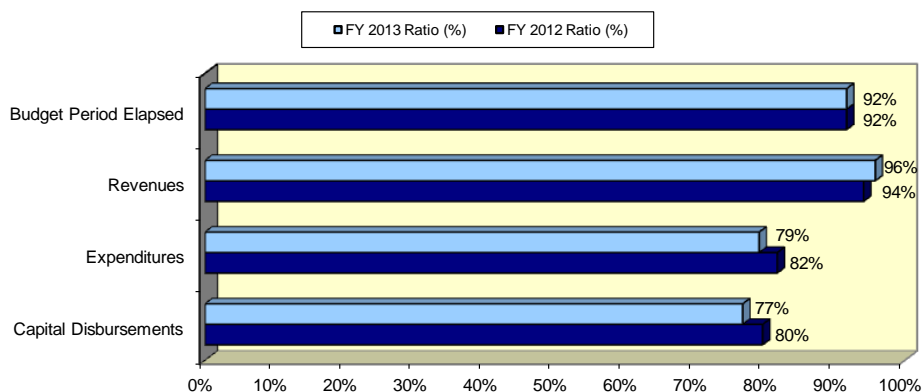
At the end of August, with approximately 92 percent of the fiscal year completed, we are on track with budgetary expectations, with the exception of major under spending in Capital Disbursements as reported in prior months and discussed later in this report.

We anticipate completing the fiscal year with 101 percent of projected revenues and under spending for operating expenses and capital disbursements at 90 percent and 85 percent respectively. The table below summarizes detailed information as discussed later in this report. This report also updates the preliminary year-end projections.

#### Financial Performance As of August 31, 2013 (\$ in millions)

	Approved	Revised Budget	YTD Budget	YTD	Variance		% Revised Budget	Year-End Projection
				Actual	Favorable (Unfavorable)			
Revenues (Receipts)*	\$460.2	\$447.5	\$410.2	\$428.5	\$18.4	4.5%	101%	\$454.0
Expenditures*	\$456.8	\$440.3	\$403.6	\$348.6	\$55.0	14%	90%	\$395.3
Capital Disbursements	\$665.7	\$644.3	\$594.7	\$494.9	\$99.8	17%	85%	\$547.6

\* Straight-lined (11/12 of revised budget)



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

FY 2013 120-day Operating Reserve Objective	\$125.5
Actual Average Daily Balances	\$169.4
Difference	\$43.9

## OPERATING REVENUES & RECEIPTS

At the end of August 2013, cash receipts totaled \$428.5 million, or 95.8 percent of the Revised FY 2013 budget. We anticipate completing the fiscal year with 101.4 percent of the revised budget.

Several categories of customers make payments on a quarterly basis, including the federal and District governments, and wholesale customers. The table below provides a summary of operating receipts at the end of August.

### REVENUE VARIANCE BY CATEGORY (\$ in 000's) As of August 31, 2013

Revenue Category	FY 2013 Revised Budget	Year-to-Date Budget	Actual Received	Variance (Favorable      Unfavorable)		Actual % of Budget	Year End Projections	Variance Proj v. Bud	Percent of Budget
Residential, Commercial, and Multi-family	236.2	216.5	232.9	16.4	7.6%	98.6%	247.6	11.4	104.8%
Federal	52.8	48.4	52.6	4.2	8.7%	99.6%	52.8	0.0	100.0%
District Government	12.0	11.0	7.0	(4.0)	-36.4%	58.3%	6.4	(5.6)	53.3%
DC Housing Authority	6.3	5.8	5.2	(0.6)	-10.0%	82.9%	6.1	(0.2)	96.8%
Customer Metering Fee	10.8	9.9	10.3	0.4	4.0%	95.2%	11.0	0.2	102.0%
Wholesale	75.2	68.9	73.0	4.1	5.9%	97.1%	74.8	(0.4)	99.5%
Right-of-Way Fee/PILOT	22.1	20.3	20.7	0.5	2.5%	93.8%	21.8	(0.3)	99.0%
<b>Subtotal (before Other Revenues)</b>	<b>\$415.4</b>	<b>\$380.8</b>	<b>\$401.7</b>	<b>\$21.0</b>	<b>5.5%</b>	<b>96.7%</b>	<b>\$420.5</b>	<b>\$5.1</b>	<b>101.2%</b>
Other Revenue without RSF									
IMA Indirect Cost Reimb. For Capital Projects	6.0	5.5	8.9	3.4	61.8%	148.8%	8.9	2.9	148.3%
DC Fire Protection Fee	6.9	6.3	6.9	0.6	9.5%	99.7%	6.9	0.0	100.0%
Stormwater (MS4)	1.0	0.9	0.9	0.0	0.0%	94.1%	0.8	(0.2)	80.0%
Interest	0.7	0.6	0.7	0.1	16.6%	100.0%	0.8	0.1	114.3%
Developer Fees (Water & Sewer)	8.0	7.3	6.3	(1.0)	-13.7%	78.8%	7.4	(0.6)	92.5%
Others	2.9	2.7	3.1	0.4	14.8%	106.9%	2.1	(0.8)	72.4%
<b>Subtotal</b>	<b>\$25.5</b>	<b>\$23.4</b>	<b>\$26.8</b>	<b>3.4</b>	<b>14.4%</b>	<b>105.3%</b>	<b>\$26.9</b>	<b>\$1.4</b>	<b>105.5%</b>
Rate Stabilization Fund Transfer	\$6.5	\$6.0	\$0.0	(6.0)	-100.0%	0.0%	\$6.5	\$0.0	100.0%
<b>Other Revenue Subtotal</b>	<b>\$32.0</b>	<b>\$29.4</b>	<b>\$26.8</b>	<b>(2.6)</b>	<b>-8.8%</b>	<b>83.7%</b>	<b>\$33.4</b>	<b>\$1.4</b>	<b>104.4%</b>
<b>Grand Total</b>	<b>\$447.5</b>	<b>\$410.2</b>	<b>\$428.5</b>	<b>18.4</b>	<b>4.5%</b>	<b>95.8%</b>	<b>\$454.0</b>	<b>\$6.4</b>	<b>101.4%</b>

### Discussion of Relevant Variance

The District Government's actual receipts through August total \$7.0 million or 58.3 percent of the Revised FY 2013 budget. The District Government fourth quarter payment of \$2.36 million was received in July. The District Government had disputed consumption on large account (St. Elizabeth's Hospital) and withheld a portion of quarterly payment while the account was being investigated. The dispute has been resolved and DC Water has adjusted the District Government's bill by crediting \$2.26 million in November 2012 (FY 2013) and \$0.48 million in January 2013, which resulted in lower receipt as compared to budget.

The DC Housing Authority's actual receipts through August total \$5.2 million or 82.9 percent of the Revised FY 2013 budget. The shortfall is due to not receiving the \$611,536.89 bill amount for the month of July 2013. The payment is expected in September 2013 and will be reflected in the next months' report.

Other Revenue receipts are lower than the straight-lined budget at \$26.8 million or 83.7 percent of the budgeted category primarily due to transfer of Rate Stabilization Fund. The Rate Stabilization Fund transfer is anticipated in the fourth quarter of the fiscal year.

**BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY**  
**(\$ in 000's)**  
**As of August 31, 2013**

<b>Customer Category</b>	<b>Water</b>	<b>Sewer</b>	<b>Clean Rivers IAC</b>	<b>Metering Fee</b>	<b>Total</b>
Residential	26,543	32,310	11,571	4,576	75,000
Commercial	45,681	46,964	14,845	3,112	110,602
Multi-family	23,114	27,575	4,285	1,079	56,053
Federal	21,844	20,737	9,984	940	53,504
District Govt	1,781	2,176	3,085	455	7,496
DC Housing Authority	2,122	2,562	511	124	5,320
<b>Total:</b>	<b>121,084</b>	<b>132,324</b>	<b>44,280</b>	<b>10,287</b>	<b>307,976</b>

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

**Clean Rivers IAC – Actual vs. Budget**  
**(\$ in 000's)**  
**As of August 31, 2013**

<b>Customer Category</b>	<b>FY2013 Budget</b>	<b>Year-To-Date Budget</b>	<b>Actual Received</b>	<b>Variance Favorable / &lt;Unfavorable&gt;</b>	<b>Variance % of YTD Budget</b>	<b>Actual % of Budget</b>
Residential	11,883	10,893	11,571	679	6%	97%
Commercial	13,905	12,746	14,845	2,099	16%	107%
Multi-family	4,665	4,276	4,285	9	0%	92%
Federal	9,984	9,152	9,984	832	9%	100%
District Govt	3,145	2,883	3,085	202	7%	98%
DC Housing Authority	547	501	511	10	2%	93%
<b>Total:</b>	<b>44,129</b>	<b>40,452</b>	<b>44,280</b>	<b>3,829</b>	<b>9%</b>	<b>100%</b>

## OPERATING EXPENDITURES

At the end of August, with approximately 92 percent of the fiscal year completed, operating expenditures (including debt service and the right of way and PILOT fees) totaled \$348.6 million, or 79 percent of the Revised FY 2013 budget of \$440.3 million. These numbers include estimated incurred but unpaid invoices. We anticipate ending the fiscal year at approximately 90 percent of the total O&M budget.

The FY 2013 closeout process is underway, which includes finalizing a number of GAAP-related accruals. Over the next several months, we will update our actual FY 2013 spending accordingly.

### Comparative Statement of Expenditures As of August 31, 2013 (\$ in 000's)

	Board Revised Budget	YTD Budget	YTD as of 08/31/2013	FY 2013 YTD Variance		Percent of Budget	Preliminary Year-End Projections	Projection Percent of Budget	Year-End Variance	FY 2014 Revised Budget
				Favorable/(Unfavorable) \$	%					
Personnel Services	116,609	106,892	101,739	5,152	4.8%	87%	115,964	99%	645	119,765
Contractual Services	82,350	75,488	57,499	17,988	23.8%	70%	65,389	79%	16,961	76,044
Water Purchases	31,513	28,887	24,770	4,117	14.3%	79%	26,900	85%	4,613	27,991
Chemicals and Supplies	31,360	28,747	24,402	4,345	15.1%	78%	27,391	87%	3,969	30,909
Utilities	34,185	31,336	22,679	8,657	27.6%	66%	25,063	73%	9,122	30,715
Small Equipment	993	910	936	(26)	-2.8%	94%	1,180	119%	(187)	993
<b>Subtotal O &amp; M Expenditures</b>	<b>297,009</b>	<b>272,260</b>	<b>232,026</b>	<b>40,234</b>	<b>14.8%</b>	<b>78%</b>	<b>261,888</b>	<b>88%</b>	<b>35,122</b>	<b>286,416</b>
Debt Service	121,330	111,219	96,450	14,769	13.3%	79%	111,419	92%	9,911	130,120
Payment in Lieu of Taxes	16,882	15,475	15,475	-	0.0%	92%	16,882	100%	-	20,081
Right of Way	5,100	4,675	4,675	-	0.0%	92%	5,100	100%	-	5,100
<b>Total O &amp; M Expenditures</b>	<b>440,321</b>	<b>403,630</b>	<b>348,627</b>	<b>55,003</b>	<b>13.6%</b>	<b>79%</b>	<b>395,289</b>	<b>90%</b>	<b>45,033</b>	<b>441,717</b>
Personnel Services Charged to Capital Projects	(16,690)	(15,299)	(12,727)	2,572	16.8%	76%	(14,802)	89%	(1,888)	(12,960)
<b>Total Net Operating Expenditures</b>	<b>423,631</b>	<b>388,330</b>	<b>335,899</b>	<b>52,431</b>	<b>13.5%</b>	<b>79%</b>	<b>380,487</b>	<b>90%</b>	<b>43,145</b>	<b>428,757</b>

Note: Actuals include accruals

## Discussion

*Personnel services (\$116.6 million annual budget; 39.3 percent of O&M budget)* – At the end of August, personnel costs total \$101.7 million or 87 percent of budget. Of the 1,212 positions budgeted (1,243 positions authorized), 1,073 positions were filled at the end of August. Overtime spending totals \$5.5 million of the annual budget of \$5.2 million, or 7.6 percent of regular payroll costs. Overtime costs to date continue to trend higher than budget and the same period last year due to the impact of the open sinkhole at the intersection of 14th and F Streets NW, Hurricane Sandy, emergency response to water main breaks caused by the fluctuation in temperature, support to the District for snow removal and the Presidential Inauguration. We will continue to monitor and report overtime activities and risks. We expect to end the year at approximately 99 percent of the budget in total personnel services.

*Personnel Services Charged to Capital (Follow-Up Item)* – The Revised FY 2013 budget for Personnel Services Charged to Capital was estimated at \$16.7M. In April 2013, a working team comprised of staff from Budget, Accounting and Engineering departments reviewed the current personnel services spending for the various capital projects to assess charges. It was determined that a portion of personnel cost was incorrectly classified as operating. As a part of the year-end closing process, the accounting group will reclassify total costs estimated at \$3.4M from operating to capital expenditures. These costs have been included in the year-end estimated projections. Human Capital Management has updated default job codes in order to

capture capital expenditures through the normal payroll process. Staff will be working on developing a Service Level Agreement (SLA) to ensure periodic reviews and proper classification.

*Contractual Services (\$82.4 million annual budget; 27.7 percent of O&M budget)* – At the end of August, contractual services expenditures total \$57.5 million or 70 percent of budget. The year-to-date savings are primarily due to lower contract award prices for biosolids hauling, coupled with lower solids production from reduced flows and improved processes, and lower than anticipated spending for legal, paving/emergency repairs, claims, Green LID program, IT support services and various contractual service line items in Maintenance services. We anticipate ending the fiscal year at approximately 79 percent of the budget in this category.

*Water Purchases (\$31.5 million annual budget; 10.6 percent of O&M budget)* – At the end of August, water purchases incurred total \$24.8 million or 79 percent of budget. The current variance in this category is attributable to hiring delays and lower than anticipated water demand at the Washington Aqueduct. We anticipate ending the fiscal year at approximately 85 percent in this category.

*Chemicals and Supplies (\$31.2 million annual budget; 10.6 percent of O&M budget)* – At the end of August, chemical and supplies costs total \$24.4 million or 78 percent of budget. We continue to experience lower than anticipated spending on major chemicals, including ferric chloride, caustic soda (sodium hydroxide), various polymer and sodium hypochlorite resulting from lower flows which was budgeted at 290 MGD and averaging 278 MGD through August 2013. We continue to monitor the market and currently anticipate completing the fiscal year within budget for this category at approximately 87 percent.

*Utilities (\$34.2 million annual budget; 11.5 percent of O&M budget)* – At the end of August, utilities expenditures total \$22.7 million or 66 percent of the budget. Additional information concerning actual performance in this category can be found later in this report.

*Small Equipment (\$1 million annual budget; 0.3 percent of O&M budget)* – At the end August, expenditures are slightly above the straight-line budget at 94 percent due to additional equipment (pumps, valves, valve actuators, and other motor parts) purchased to meet needed maintenance repairs. We expect to end the year at approximately 119 percent of the budget in this category.

*Debt Service (\$121.3 million annual budget)* – At the end of August, debt service expenditures total \$96.5 million or 79 percent of budget. The current variance in this category is due to the successfully renegotiated Letters of Credit and lower than anticipated interest rates on the Securities Industry and Financial Markets Association (SIFMA) Notes and Commercial Paper.

*Payment in Lieu of Taxes – (\$16.9 million annual budget)* – Payments and accrued expenses for the District's PILOT fee totaled \$15.5 million or 92 percent of budget. Actual payment differs due to previous Board direction and resulting offsets associated with the Fire Protection Fee. We anticipate ending the year at 100 percent of the respective budgets for both PILOT and ROW.

## CAPITAL SPENDING

For the month of August 2013, actual disbursements totaled \$48.2 million, with year-to-date disbursements totaling \$494.9 million, or 77 percent of the FY 2013 Revised Disbursements budget. Planned capital disbursements through August 2013 were \$594.7 million, or 92 percent of the FY 2013 Revised Disbursement budget. We anticipate to end the fiscal year at 85 percent of the FY 2013 Revised Disbursement budget.

### Capital Disbursements Variance (\$ in 000's) As of August 31, 2013

Description	FY 2013 Revised Disbursements Budget		Actual Disbursements			% of FY 2013 Revised Disbursements Budget		FY 2013 Projected Disbursements Budget	
	Annual	YTD	Oct. '12 to Jul '13	August '13	YTD	Variance Compared to Plan	Percent of Annual Budget	Amount	Percent of Annual Budget
Wastewater Treatment	\$358,543	\$331,932	257,992	\$30,820	\$288,812	13%	81%	\$316,696	88%
Sanitary Sewer	29,084	26,476	20,157	1,020	21,177	20%	73%	23,987	82%
Combined Sewer Overflow	163,509	152,473	105,064	10,524	115,588	24%	71%	130,774	80%
Stormwater	3,252	3,026	3,044	106	3,150	-4%	97%	3,241	100%
Water	60,858	55,973	42,330	3,056	45,386	19%	75%	50,252	83%
Washington Aqueduct	10,598	7,949	4,471	1,453	5,924	25%	56%	5,924	56%
Capital Equipment	18,422	16,840	13,672	1,225	14,897	12%	81%	16,761	91%
<b>Total Capital Projects</b>	<b>\$644,265</b>	<b>\$594,668</b>	<b>\$446,731</b>	<b>\$ 48,204</b>	<b>\$494,935</b>	<b>17%</b>	<b>77%</b>	<b>\$547,635</b>	<b>85%</b>

\* Actuals - Oct. 2012 through Aug. 2013, and Projections for Sept.

## Discussion

The disbursement-variance pattern remains consistent with prior month's trends, with most of the spending variance between the FY 2013 Revised Disbursements Budget and Actual Disbursements (YTD), being attributable to three Service Areas: Wastewater Treatment, Combined Sewer Overflow, and Water. This pattern has been observed though out FY 2013 and spending is not anticipated to recover this fiscal year. Although all programs remain on schedule and there is no significant delay in completion dates.

The *Wastewater Treatment Service Area* disbursements have been lower than budgeted, especially, for the Enhanced Nitrogen Removal Facilities (ENRF) Program. The shortfall in ENRF Program disbursements spans over major projects in the Program, including the Wet Weather Peak Mitigation, Enhanced Clarification Facilities, Centrate Treatment Facilities and the Nitrogen Removal Facilities projects. Under spending for these projects continue to be a result of procurement of equipment associated with the construction contracts. Currently, there has been no impact on the schedule of the project and the spending is not expected to recover in this fiscal year. We expect to end the fiscal year at 88 percent of disbursement budget.



As previously reported, spending in the *Clean Rivers Projects (a.k.a. Long Term Control Plan)* has been lower than budget mainly due to schedule delays associated with concrete quality issues on the Wet Weather Peak Mitigation, and Poplar Point shaft diaphragm walls. Although remediation plans are in place to mitigate impact to the critical path and will meet the consent decree of the project, spending is currently not anticipated to fully recover in this fiscal year. Spending in this service area is anticipated to increase as the tunnel boring machine is fully assembled and work commences starting FY 2014. We expect to end the fiscal year at 80 percent of the budget.

The shortfall in disbursements in the *Sanitary Sewer Service Area* is primarily due to the increased in-house sewer lateral rehabilitation for the Sanitary Ongoing Program.

In the *Water Service Area*, DDOT, and Water On-Going Programs are responsible for majority of the year-to-date under-spending. The primary reason for the shortfall on the DDOT Program is due to delayed invoicing. The restructuring of the paving contract bid items and better management of the contract have contributed to lower spending in the Water On-Going Program. Additionally, lower than anticipated water main breaks and increased in house valve operations are also responsible for the disbursement shortfalls. The new Customer Information System (CIS) projected for implementation starting in FY 2013 has been delayed pending further review by our new CIO and the Executive Team. We expect to end at 82 percent of the planned disbursement budget.

The under-spending in the *Washington Aqueduct* is attributable to hiring delays and not expected to recover during the year. We anticipated ending the fiscal year at 56 percent of the budget.

*Capital expenditure* is anticipated to end at 91 percent of the fiscal disbursement budget for the service area.

## CASH AND INVESTMENT BALANCES

At the end of August, our operating reserve balance was \$162.6 million as compared to the FY 2013 operating reserve level objective of \$125.5 million. The following table provides a summary of all cash and investment account balances.

**Cash Balances**  
**As of July 31, 2013**  
(\$ in millions)

Rate Stabilization Fund Account (RSF)	\$27.9
Operating Reserve Accounts	162.6
DC PILOT Fund	<u>14.5</u>
<b>Operating Cash Balance Including RSF</b>	<b>205.0</b>
Debt Service Reserve - Series 98	23.4
Capitalize Interest - Series 10	3.0
Bond Construction Fund - Series 12	34.6
Bond Construction Fund - Series 13	298.9
CSO LTCP Appropriations Account	<u>36.9</u>
<b>Total All Funds</b>	<b>\$601.8</b>

## Overall Portfolio Performance

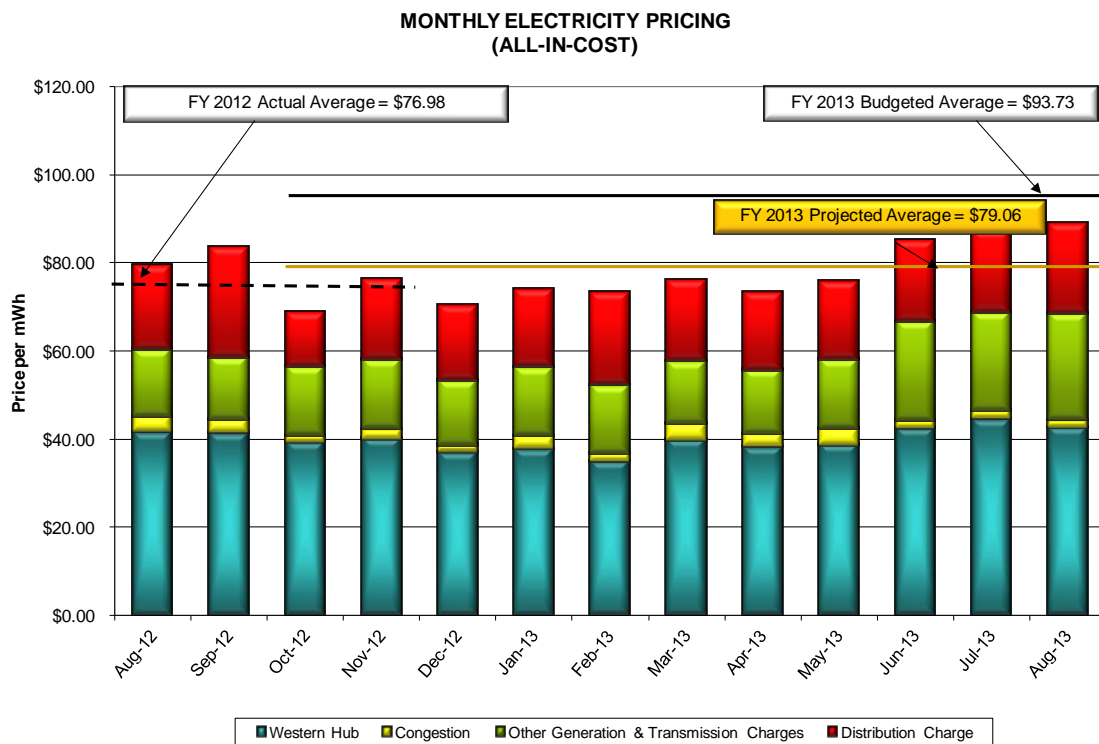
At the end of August, DC Water's total investment portfolio performed well and complied with the Authority's Investment Policy. Returns exceeded the established benchmarks for short term (less than one year) and core (one plus years) funds. Operating funds interest income for August (on a cash basis) was \$26,500 with year-to-date totals of \$585,299 as compared to the budget of \$539,336 for the year. A detailed investment performance report is attached.

## OTHER STATUS REPORTS

### ELECTRICITY

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

Electricity market conditions continue to be significantly below prior years' experience. The chart below depicts the all-in-cost for the electricity purchased by the Authority. As indicated in the chart, electricity prices generally increase during the winter and summer peak months. The average all-in-cost paid for August 2013 was \$88.99/mWh with the year-to-date average price of \$77.22/mWh.



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

## Electricity Costs

The Revised FY 2013 electricity budget of \$25.2 million represents 78 percent of the total utilities budget and assumes an average all-in-cost of \$93.73/mWh.

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

	All-In-Cost (\$/mWh)		
	Unit Price		
	Standard Offer Service (S.O.S.)	Spot Market	Actual <sup>1</sup>
Oct-12	\$124.80	66.56	68.75
Nov-12	\$123.11	76.60	76.40
Dec-12	\$126.49	63.91	70.44
Jan-13	\$128.31	70.18	73.98
Feb-13	\$123.38	73.20	73.20
Mar-13	\$126.61	76.17	76.17
Apr-13	\$128.06	73.30	73.30
May-13	\$127.45	75.77	75.77
Jun-13	\$127.95	78.64	85.19
Jul-13	\$126.94	89.62	87.17
Aug-13	\$127.39	80.27	88.99
YTD Average	\$126.57	\$74.93	\$77.22

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

Electricity Budget (\$000)			
Amount		Variance	
Budgeted	Actual	Budgeted vs Actual	
Oct-12	\$1,878	\$1,473	\$405
Nov-12	\$1,827	\$1,559	\$268
Dec-12	\$2,278	\$1,401	\$876
Jan-13	\$2,492	\$1,757	\$735
Feb-13	\$2,054	\$1,698	\$356
Mar-13	\$1,905	\$1,802	\$103
Apr-13	\$1,756	\$1,514	\$242
May-13	\$1,795	\$1,535	\$260
Jun-13	\$2,150	\$1,652	\$498
Jul-13	\$2,449	\$2,011	\$439
Aug-13	\$2,432	\$1,906	\$526
YTD Total	\$23,016	\$18,308	\$4,709
Remainder	\$2,206		
Total Budget	\$25,223		

Overall, the FY 2013 electricity expenditure is tracking favorably to budget. We expect to end the fiscal year at approximately 75 percent of the electricity budget with the significant savings mainly attributable to lower than anticipated market prices for electricity and the adopted block purchasing strategy.

## Existing Electricity Contract Extension

DC Water's current energy procurement contract with HESS Corporation for electric generation services is scheduled to terminate on January 31, 2014. As a safety net, the Committee is being asked to approve the extension of our existing contract through September 2014. This would allow staff to lock additional loads of electricity at lower rates during the off peak season (December to January).

### **New Electricity Service Contract**

Staff is working to source a new contract for Board's approval prior to termination of the existing contract. Once approved, additional electricity block purchases would be performed. The RFP for the new solicitation was released on August 6, 2013 and proposals were received on September 9, 2013. An evaluation Panel is reviewing the proposals and will recommend a vendor for Committee review and action at their October 24, 2013 meeting. Board consideration is planned for November 7, 2013.

## RETAIL & WHOLESALE ACCOUNTS RECEIVABLE

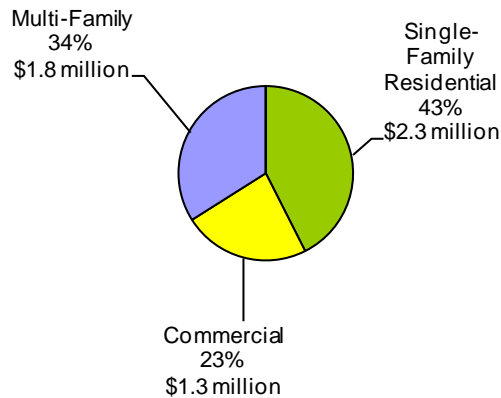
The following tables and chart show retail and wholesale accounts receivable over 90 days including a breakdown by customer class.

### Delinquent Accounts Receivable Greater Than 90 Days by Customer August 31, 2013

	RETAIL		TOTAL	
	Greater than 90 Days		Greater than 90 Days	
	\$ in millions	# of accounts	\$ in millions	# of accounts
September 30, 2008	\$6.1	15,635	\$6.1	15,635
September 30, 2009	\$4.9	10,211	\$4.9	10,211
September 30, 2010	\$5.1	13,441	\$5.1	13,441
September 30, 2011	\$5.5	13,039	\$5.5	13,039
September 30, 2012	\$5.5	13,063	\$5.5	13,063
October 31, 2012	\$5.7	12,537	\$5.7	12,537
November 30, 2012	\$5.8	12,876	\$5.8	12,876
December 31, 2013	\$6.0	13,480	\$6.0	13,480
January 31, 2013	\$5.9	12,700	\$5.9	12,700
February 28, 2013	\$5.8	12,269	\$5.8	12,269
March 31, 2013	\$5.7	12,077	\$5.7	12,077
April 30, 2013	\$5.8	11,638	\$5.8	11,638
May 31, 2013	\$5.6	11,455	\$5.6	11,455
June 30, 2013	\$5.7	12,505	\$5.7	12,505
July 31, 2013	\$5.7	12,237	\$5.7	12,237
August 31, 2013	\$5.4	12,059	\$5.4	12,059

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

### Retail Accounts Greater Than 90 Days by Customer Class August 31, 2013



**Delinquent Accounts Receivable  
Greater Than 90 Days by Customer  
August 31, 2013**

	<i>Number of Accounts</i>			<i>Month of August (All Categories)</i>							
				<i>Active</i>		<i>Inactive</i>		<i>Total Delinquent</i>			
	<i>W &amp; S a/c</i>	<i>Impervious Only a/c</i>	<i>Total No. of a/c</i>	<i>No. of a/c</i>	<i>Amount (\$)</i>	<i>No. of a/c</i>	<i>Amount (\$)</i>	<i>No. of a/c July</i>	<i>Amount (\$)</i>	<i>No. of a/c August</i>	<i>Amount (\$)</i>
<b>Commercial</b>	11,953	3,351	15,304	1,460	1,103,922.58	148	153,004.35	1,637	1,554,559.93	1,608	1,256,926.93
<b>Multi-family</b>	7,368	423	7,791	720	1,639,666.29	155	179,355.48	876	1,821,681.93	875	1,819,021.77
<b>Single-Family Residential</b>	104,400	3,074	107,474	7,552	1,610,132.18	2,024	667,902.41	9,724	2,288,100.93	9,576	2,278,034.59
<b>Total</b>	123,721	6,848	130,569	9,732	4,353,721.05	2,327	1,000,262.24	12,237	5,664,342.79	12,059	5,353,983.29

Notes: Including in the above \$4.35m (or 9,732 accounts) of the DC Water Over 90 days delinquent accounts, \$982,730.97 (or 2,605 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.

	Annual Budget	YTD 92%	YTD Actual Cash Oct. 1, 2012 - Aug. 31, 2013	Annual Budget Variance Favorable (Unfavorable)	FY 2013 Year End	
	Cash Basis	Cash Budget				Projection
<b>OPERATING BUDGET</b>						
<b>Cash Provided</b>						
Retail	318,168	291,654	307,976	16,322	6%	324,005
Wholesale	75,195	68,929	73,030	4,101	6%	74,737
Other	47,497	43,538	47,416	3,878	9%	48,690
Transfer from Rate Stabilization Fund	6,500	5,958		(5,958)	-100%	6,500
<b>Total Cash Provided</b>	<b>447,359</b>	<b>410,079</b>	<b>428,422</b>	<b>18,343</b>	<b>4%</b>	<b>453,932</b>
<b>Operating Cash Used</b>						
Personnel Services	99,919	91,592	95,202	(3,610)	-4%	104,805
Contractual Services	82,350	75,488	69,226	6,262	8%	67,793
Chemicals & Supplies	31,360	28,747	26,467	2,280	8%	28,073
Utilities	34,185	31,336	20,179	11,157	36%	26,898
Water Purchases	31,513	28,887	24,696	4,191	15%	27,176
Small Equipment	993	910	884	26	3%	1,054
<b>Total Operating Cash Used</b>	<b>280,320</b>	<b>256,960</b>	<b>236,654</b>	<b>20,306</b>	<b>8%</b>	<b>255,799</b>
<b>Other Cash Used</b>						
Debt Service	116,179	106,498	96,450	10,047	9%	111,419
Payment In Lieu of Taxes/Right of Way	21,982	20,150	17,514	2,636	13%	17,514
<b>Total Other Cash Used</b>	<b>138,161</b>	<b>126,648</b>	<b>113,965</b>	<b>12,683</b>	<b>10%</b>	<b>128,933</b>
<b>Total Cash Used</b>	<b>418,481</b>	<b>383,608</b>	<b>350,618</b>	<b>32,989</b>	<b>9%</b>	<b>384,732</b>
<b>Net Cash Provided (Used) by Operating Act.</b>	<b>28,878</b>	<b>26,472</b>	<b>77,804</b>	<b>51,332</b>		<b>69,200</b>
<b>CAPITAL BUDGET</b>						
<b>Cash Provided</b>						
Debt Proceeds	320,582	293,867	209,225	(84,642)	-29%	249,806
Capital Equipment Financing	10,799	9,899		(9,899)	-100%	10,799
EPA Grants	32,424	29,722	31,373	1,651	6%	32,424
CSO Grants	30,000	27,500	25,563	(1,937)	-7%	25,295
Interest Income	303	278	198	(80)	-29%	201
Wholesale Capital Contributions	225,614	206,813	184,402	(22,411)	-11%	196,019
<b>Total Cash Provided</b>	<b>619,723</b>	<b>568,079</b>	<b>450,762</b>	<b>(117,318)</b>	<b>-21%</b>	<b>514,544</b>
<b>Cash Used</b>						
DC Water Capital Program	633,668	580,862	486,253	94,609	16%	541,669
Washington Aqueduct Projects	10,598	9,715	5,924	3,791	39%	7,418
<b>Total Cash Used</b>	<b>644,266</b>	<b>590,577</b>	<b>492,177</b>	<b>98,400</b>	<b>17%</b>	<b>549,087</b>
<b>Net Cash/PAYGO Provided (Used) by Cap. Act.</b>	<b>(24,543)</b>	<b>(22,498)</b>	<b>(41,416)</b>	<b>(18,918)</b>		<b>(34,543)</b>
<b>Beginning Balance, October 1 (Net of Rate Stab. Fund) Projected</b>	140,251		140,251			140,251
Plus (Less) Operating Surplus	28,878	26,472	77,804			69,200
Wholesale Customer Refunds from Prior Years	(5,800)	(5,317)	(5,800)			(9,700)
Interest Earned From Bond Reserve	120	110	125			41
Transfer to Rate Stabilization Fund	(4,100)	(3,758)				(7,500)
Prior Year Federal Billing Reconciliation	(5,105)	(4,680)	(5,105)			(5,105)
PILOT Reserve Fund						(7,900)
Customer Rebate	(4,200)	(3,850)	(3,298)			(3,298)
Cash Used for Capital	(24,543)	(22,498)	(41,416)			(34,543)
<b>Balance Attributable to O&amp;M Reserve</b>	<b>125,500</b>		<b>162,560</b>			<b>141,445</b>
<b>OTHER CASH RESERVES</b>	<b>Current Balance</b>					
Rate Stabilization Fund	27,950					
CSO Long-Term Control Plan Appropriation	36,875					
DC PILOT Reserve Fund	14,479					



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

**FY 2013 Overtime  
Budget vs Actual  
Period Ended August 31, 2013**

Department	FY 2012				FY 2013						
	Annual Budget	Actual	Percent of Budget Expended	Actual to Budget \$ Variance	Annual Budget	Percent of Annual Budget Expended	FY 2013 Year-to-Date				
							Straight-Line Budget 10/01/12 - 08/31/13	Actual 10/01/12 - 08/31/13	Actual to Straight-Line Budget Variance	Percentage YTD Straight-Line Budget Expended	YTD Overtime as % of YTD Regular
Office of the Secretary	4,000	2,729	68%	1,271	4,000	48%	3,604	1,919	1,686	53%	1%
General Manager	13,000	1,493	11%	11,507	10,000	15%	9,011	1,540	7,471	17%	0%
General Counsel	2,000	619	31%	1,381	2,000	0%	1,802	0	1,802	0%	0%
External Affairs	2,000	1,090	54%	910	2,000	56%	1,802	1,128	675	63%	0%
Internal Audit	-	-	0%	-	-	0%	0	0	0	0%	0%
Information Technology	24,006	23,207	97%	799	20,000	84%	18,022	16,829	1,193	93%	2%
Procurement	30,000	15,792	53%	14,208	30,000	178%	27,033	53,436	(26,403)	198%	2%
Customer Service	240,000	178,495	74%	61,505	240,000	86%	216,264	205,499	10,765	95%	3%
Finance & Budget	30,000	18,725	62%	11,275	30,000	108%	27,033	32,399	(5,366)	120%	1%
Risk Management	1,000	132	13%	868	1,000	3%	901	35	866	4%	0%
Assistant General Manager	1,000	1,040	104%	(40)	1,000	154%	901	1,537	(636)	171%	1%
Human Capital Management	5,000	26,255	525%	(21,255)	5,000	72%	4,505	3,588	918	80%	0%
Occupational Safety & Health	2,000	924	46%	1,076	2,000	20%	1,802	396	1,406	22%	0%
Facilities & Security	150,000	190,193	127%	(40,193)	200,000	119%	180,220	238,327	(58,108)	132%	7%
Water / Sewer Pump Maintenance	200,000	142,036	71%	57,964	200,000	71%	180,220	142,803	37,417	79%	7%
Engineering & Technical Services	548,481	780,106	142%	(231,625)	680,000	102%	612,747	693,964	(81,217)	113%	6%
Water Services	1,080,000	880,798	82%	199,202	1,080,000	100%	973,187	1,080,733	(107,547)	111%	11%
Clean Rivers	25,000	2,333	9%	22,667	5,000	137%	4,505	6,841	(2,335)	152%	1%
Sewer Services	900,000	874,742	97%	25,258	900,000	136%	810,989	1,224,205	(413,216)	151%	14%
Wastewater Treatment - Operations	956,000	1,092,676	114%	(136,676)	847,209	115%	763,419	976,288	(212,869)	128%	13%
Process Engineering	0	0	-	-	195,000	35%	175,714	67,478	108,237	38%	4%
Maintenance Services	800,000	717,769	90%	82,231	700,000	112%	630,769	787,208	(156,439)	125%	13%
Permit Operations	2,500	1,803	72%	697	11,000	21%	9,912	2,256	7,656	23%	0%
Fleet Management	1,000	808	81%	192	1,000	179%	901	1,794	(893)	199%	0%
<b>Total DC WATER</b>	<b>\$5,016,987</b>	<b>\$4,953,761</b>	<b>99%</b>	<b>\$63,225</b>	<b>\$5,166,209</b>	<b>107%</b>	<b>\$4,655,265</b>	<b>\$5,540,203</b>	<b>(\$884,938)</b>	<b>119%</b>	<b>7.6%</b>

**Notes:**

- (1) "Budget 10/01/12 - 08/31/13 " reflects annual budget straight-lined
- (2) " % YTD Budget Expended" reflects variance between straight-lined budget to-date and actual overtime
- (3) "Actual 10/01/12 thru. 08/31/13" includes 7 days estimated/accrued from 08/24/13 to 08/31/13
- (4) YTD payroll does not include fringe benefits

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

**Capital Projects**  
FY 2013 Disbursements Analysis  
As of August 31, 2013  
(Dollars in thousands)

Service Areas	Approved FY 2013 Revised Disbursements Budget		*Projected FY 2013 Disbursements Budget	Actual Disbursements			% of Approved FY 2013 Revised Disbursements Budget		Commitments
	Annual	YTD	Annual	Oct. -'12 to Jul -'13	August -'13	<sup>1</sup> YTD	Annual	YTD	
<b>Wastewater Treatment</b>								92% of Fiscal Year Completed	
Liquid Processing Projects	\$23,884	\$21,973	\$19,921	\$15,949	2,104	\$18,053	76%	82%	38,911
Plantwide Projects	27,128	\$25,124	\$30,068	22,859	4,628	27,487	101%	109%	89,187
Solids Processing Projects	159,690	\$144,916	\$154,942	126,604	15,056	141,660	89%	98%	215,375
Enhanced Nitrogen Removal Facilities (formerly Total Nitrogen Program)	<u>147,842</u>	<u>\$139,919</u>	<u>\$111,765</u>	<u>92,580</u>	9,032	<u>101,612</u>	<u>69%</u>	<u>73%</u>	<u>303,284</u>
<b>Total Wastewater Treatment</b>	<b>358,543</b>	<b>331,932</b>	<b>316,696</b>	<b>257,992</b>	<b>30,820</b>	<b>288,812</b>	<b>81%</b>	<b>87%</b>	<b>646,757</b>
<b>Sanitary Sewer</b>									
Sanitary Collection Sewers	858	\$789	596	407	144	551	64%	70%	2,261
Sanitary On-Going Projects	10,544	\$9,536	6,345	5,363	131	5,494	52%	58%	9,523
Sanitary Pumping Facilities	679	\$657	830	765	2	768	113%	117%	96
Sanitary Sewer Program Management	4,229	\$3,894	4,958	3,749	435	4,183	99%	107%	11,817
Sanitary Interceptor/Trunk Force Sewers	<u>12,774</u>	<u>\$11,600</u>	<u>\$11,257</u>	<u>9,871</u>	<u>308</u>	<u>10,179</u>	<u>80%</u>	<u>88%</u>	<u>11,398</u>
<b>Total Sanitary Sewer</b>	<b>29,084</b>	<b>26,476</b>	<b>23,987</b>	<b>20,156</b>	<b>1,020</b>	<b>21,177</b>	<b>73%</b>	<b>80%</b>	<b>35,095</b>
<b>Combined Sewer Overflow</b>									
CSO Program Management	1,634	\$1,472	2,619	2,001	207	2,208	135%	150%	9,590
Combined Sewer Projects	8,955	\$8,067	5,756	4,345	650	4,995	56%	62%	16,763
D.C. Clean Rivers Project (aka Long-Term Control Plan)	<u>152,920</u>	<u>\$142,935</u>	<u>\$122,400</u>	<u>98,718</u>	<u>9,667</u>	<u>108,385</u>	<u>71%</u>	<u>76%</u>	<u>494,201</u>
<b>Total Combined Sewer Overflow</b>	<b>163,509</b>	<b>152,473</b>	<b>130,774</b>	<b>105,064</b>	<b>10,524</b>	<b>115,588</b>	<b>71%</b>	<b>76%</b>	<b>520,554</b>
<b>Stormwater</b>									
Stormwater Local Drainage	28	\$18	-	0	0	0	0%	0%	265
Stormwater On-Going Program	812	\$756	1,227	1,188	8	1,196	147%	158%	481
Stormwater Pumping Facilities	-	\$0	-	0	0	0	-	-	-
DDOT Stormwater Program	2	\$1	-	0	-	0	0%	-	-
Stormwater Research and Program Management	289	\$262	1,370	1,259	79	1,337	463%	510%	652
Stormwater Trunk/Force Sewers	<u>2,120</u>	<u>\$1,989</u>	<u>\$644</u>	<u>598</u>	<u>19</u>	<u>617</u>	<u>29%</u>	<u>31%</u>	<u>275</u>
<b>Total Stormwater</b>	<b>3,252</b>	<b>3,026</b>	<b>3,241</b>	<b>3,044</b>	<b>106</b>	<b>3,150</b>	<b>97%</b>	<b>104%</b>	<b>1,673</b>
<b>Water</b>									
Water Distribution Systems	25,445	\$23,292	26,057	22,303	1,820	24,122	95%	104%	36,222
Water On-Going Projects	10,321	\$9,667	6,627	5,747	286	6,033	58%	62%	5,394
Water Pumping Facilities	3,226	\$2,919	4,906	3,310	656	3,967	123%	136%	12,400
DDOT Water Projects	5,791	\$5,363	1,838	1,828	9	1,837	32%	34%	7,792
Water Storage Facilities	1,353	\$1,166	1,530	1,326	65	1,391	103%	119%	1,263
Water Projects Program Management	4,332	\$3,948	3,688	3,254	0	3,254	75%	82%	6,473
Water Lead Program	1,860	\$1,799	2,224	2,146	42	2,188	118%	122%	4,084
AMR Installation / Replacement	<u>8,529</u>	<u>\$7,818</u>	<u>\$3,382</u>	<u>2,415</u>	<u>178</u>	<u>2,593</u>	<u>30%</u>	<u>33%</u>	<u>1,145</u>
<b>Total Water</b>	<b>60,858</b>	<b>55,973</b>	<b>50,252</b>	<b>42,330</b>	<b>3,056</b>	<b>45,386</b>	<b>75%</b>	<b>81%</b>	<b>74,773</b>
<b>Washington Aqueduct</b>	<b>10,598</b>	<b>7,949</b>	<b>5,924</b>	<b>4,471</b>	<b>1,453</b>	<b>5,924</b>	<b>56%</b>	<b>75%</b>	<b>-</b>
<b>Capital Equipment</b>	<b>18,422</b>	<b>16,840</b>	<b>16,761</b>	<b>13,672</b>	<b>1,225</b>	<b>14,897</b>	<b>81%</b>	<b>88%</b>	<b>9,774</b>
<b>Total Capital Projects</b>	<b>\$644,265</b>	<b>\$594,668</b>	<b>547,635</b>	<b>\$446,731</b>	<b>\$48,204</b>	<b>\$494,935</b>	<b>77%</b>	<b>83%</b>	<b>1,288,626</b>

Actuals - Oct. 2012 through Aug. 2013, and Projections for Sep.

<sup>1</sup> Includes actual OCIP related disbursements of \$6,884,168.71



# DC Water

*Investment Performance Report – August 2013*



**DC Water  
Finance Division  
Economic Update**

## **ECONOMIC COMMENTARY**

- The Federal Open Market Committee (FOMC) acknowledged economic improvements but expressed concerns about the modest pace of growth and declining inflation. The majority of economists expect the FOMC to begin tapering in September.
- Second-quarter gross domestic product (GDP) was revised upward from an initial estimate of 1.7% to 2.5%, with stronger exports and business investment offsetting cuts in government spending.
- The U.S. economy added 169,000 jobs in August, fewer than expected. The national unemployment rate fell to 7.3% reflecting a decline in labor force participation.
- Interest rate changes whipsawed the market as the five-year Treasury yields rose 0.40% mid-month, climbing from an intraday low of 1.33% on August 12 to an intraday high of 1.73% on August 23 before finishing the month at 1.64%.

## **PORTFOLIO RECAP**

- The portfolio is diversified among Bank Deposits, Commercial Paper, Federal Agencies, Treasury Notes, FDIC Insured CDs, and SEC registered money market funds.
- The overall yield-to-cost of the portfolio is 0.27%.
- The portfolio is in compliance with the Authority's Investment Policy.

### **2013A Construction Fund**

- The 2013A Construction Fund was established during early August.
- The Authority purchased \$238 million of U.S. Treasuries, Federal Agencies, and commercial paper.

### **Operating Reserve Account**

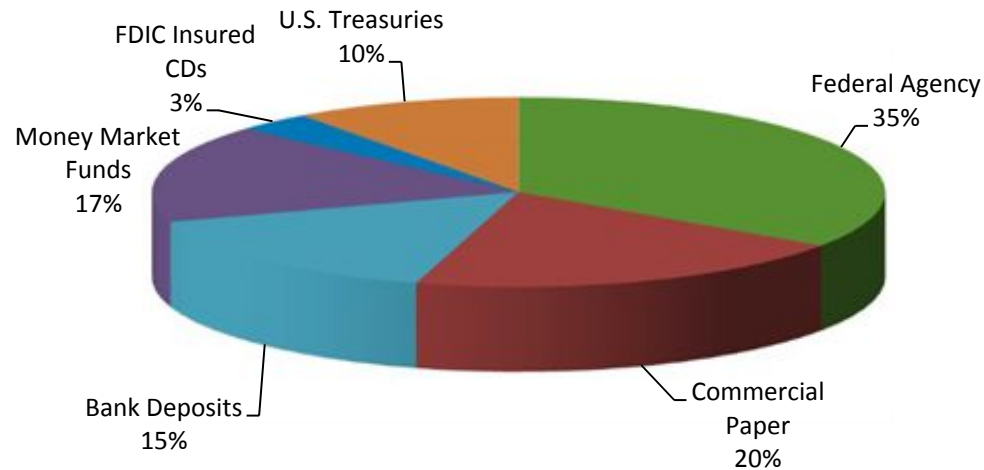
- The Authority purchased \$40 million of 2 to 6 month commercial paper with an average yield of 0.21%.
- The Authority purchased \$15 million of 3-month Federal Agency discount notes with a yield of 0.07%.

### **Total CSO LTCP Appropriations Account**

- The Authority purchased \$10 million of 4-month U.S. Treasuries with a yield of 0.06%.
- The Authority purchased \$10 million of 4-month commercial paper with a yield of 0.22%.



**DC Water  
Finance Division  
Investments - By Security Type  
As of August 31, 2013**

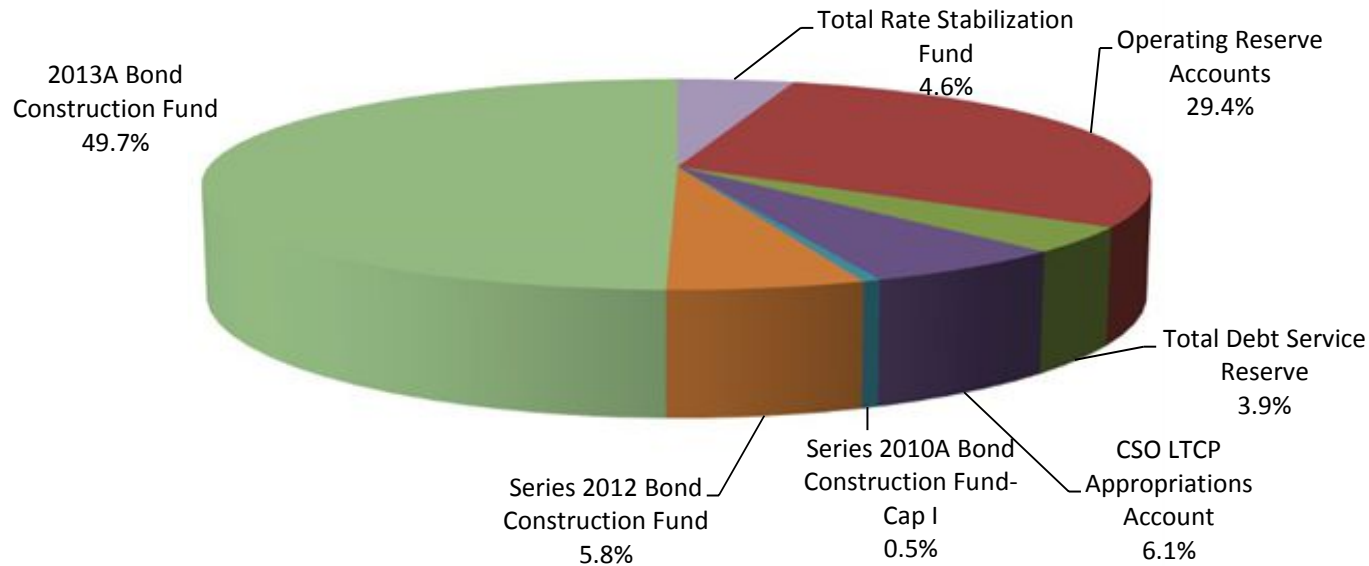


Security Type	Book Value + Accrued Interest	Asset Allocation	Permitted By Policy
Bank Deposits	\$ 92,507,457	15.4%	100.0%
Money Market Funds	100,698,629	16.7%	100.0%
Bankers Acceptances	-	0.0%	40.0%
Commercial Paper	119,945,828	19.9%	35.0%
U.S. Treasuries	60,513,358	10.1%	100.0%
Federal Agency	207,994,905	34.6%	80.0%
FDIC Insured CDs	20,140,830	3.3%	30.0%
Municipal Obligations	-	0.0%	20.0%
<b>Total</b>	<b>\$ 601,801,006</b>	<b>100.0%</b>	

## Investment Performance Report – August 2013



**DC Water  
Finance Division  
Investment Analysis – By Fund  
As of August 31, 2013**



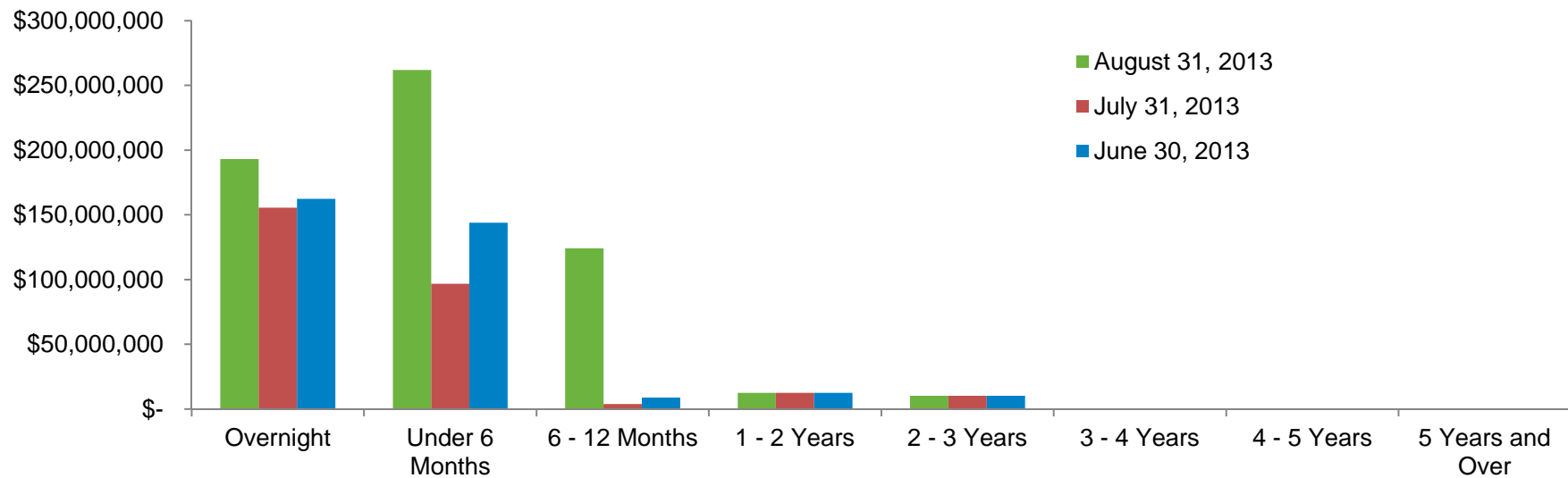
Fund Name	Book Value + Accrued Interest	Yield-to- Maturity at Cost	Effective Duration (years)	Weighted Average Maturity (days)
Total Rate Stabilization Fund	\$ 27,953,967	0.65%	0.03	9.6
Operating Reserve Accounts	\$ 176,893,383	0.51%	0.19	68.5
Total Debt Service Reserve	\$ 23,466,323	0.44%	1.45	537.9
Series 2010A Bond Construction Fund- Cap I	\$ 3,060,202	0.99%	0.28	103.6
Total CSO LTCP Appropriations Account	\$ 36,875,917	0.36%	0.18	65.5
2012 Bond Construction Fund	\$ 34,613,918	0.01%	0.00	1.0
2013A Bond Construction Fund	\$ 298,937,297	0.09%	0.39	142.8
<b>Total</b>	<b>\$ 601,801,006</b>	<b>0.27%</b>	<b>0.32</b>	<b>117.1</b>

Investment Performance Report – August 2013



DC Water  
Finance Division  
Investment Analysis – By Maturity

Maturity Distribution	August 31, 2013	July 31, 2013	June 30, 2013
Overnight \$	193,206,085.07 \$	155,451,088.74 \$	162,277,653.63
Under 6 Months	261,789,372.33	96,686,042.02	143,807,497.94
6 - 12 Months	124,083,767.51	3,926,999.39	8,975,789.43
1 - 2 Years	12,531,877.55	12,532,845.74	12,527,564.03
2 - 3 Years	10,189,903.92	10,186,242.79	10,182,581.66
3 - 4 Years	-	-	-
4 - 5 Years	-	-	-
5 Years and Over	-	-	-
<b>Totals \$</b>	<b>601,801,006.38 \$</b>	<b>278,783,218.68 \$</b>	<b>337,771,086.69</b>



## Investment Performance Report – August 2013



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

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
<b>Bank Deposits</b>					
TD Bank		82,424,883.60	13.7%	100.0%	Yes
Premier Bank		5,032,885.91	0.8%	100.0%	Yes
Capital One Bank		5,049,686.99	0.8%	100.0%	Yes
<b>Sub-Total Bank Deposits</b>		<b>92,507,456.50</b>	<b>15.4%</b>	100.0%	Yes
<b>Money Market Mutual Funds</b>					
American Beacon MMF	AAAm	1,483,658.25	0.2%	50.0%	Yes
Williams Capital Money Market Fund	AAAm	2,500,523.22	0.4%	50.0%	Yes
Merrill Lynch MMF	AAAm	1,185,421.62	0.2%	50.0%	Yes
Wells Fargo Advantage Treasury Plus	AAAm	7,715.55	0.0%	50.0%	Yes
Wells Fargo Government MMF	AAAm	95,521,309.93	15.9%	50.0%	Yes
<b>Sub-Total Money Market Mutual Funds</b>		<b>100,698,628.57</b>	<b>16.7%</b>	100.0%	Yes
<b>Certificates of Deposit</b>					
CDARs - Placed by Industrial Bank	NR / NR	15,112,468.72	2.5%	30.0%	Yes
CDARs - Placed by City First Bank	NR / NR	5,028,361.50	0.8%	30.0%	Yes
<b>Sub-Total Certificates of Deposit</b>		<b>20,140,830.22</b>	<b>3.3%</b>	30.0%	Yes
<b>Commercial Paper</b>					
Baker Hughes Inc Comm Paper	A-1 / P-1	9,998,655.60	1.7%	5.0%	Yes
Bank Of Nova Scotia Ny Comm Paper	A-1 / P-1	9,998,711.10	1.7%	5.0%	Yes
Coca-Cola Company Comm Paper	A-1+ / P-1	9,994,750.00	1.7%	5.0%	Yes
Deutsche Bank Finl Llc Comm Paper	A-1 / P-1	9,992,850.00	1.7%	5.0%	Yes
Fcar Owner Trust Comm Paper	A-1+ / P-1	9,999,872.20	1.7%	5.0%	Yes
General Elec Cap Corp Comm Paper	A-1+ / P-1	9,999,244.40	1.7%	5.0%	Yes
Hsbc Usa Inc Comm Paper	A-1 / P-1	9,990,550.00	1.7%	5.0%	Yes
Ing (Us) Funding Llc Comm Paper	A-1 / P-1	9,985,511.10	1.7%	5.0%	Yes
Mizuho Funding Llc Comm Paper	A-1 / P-1	9,998,716.70	1.7%	5.0%	Yes
Sumitomo Trust Ny Comm Paper	A-1 / P-1	9,998,600.00	1.7%	5.0%	Yes
Union Bank Na Comm Paper	A-1 / P-1	9,996,600.00	1.7%	5.0%	Yes
Wells Fargo & Company Comm Paper	A-1 / P-1	9,991,766.70	1.7%	5.0%	Yes
<b>Sub-Total Commercial Paper</b>		<b>119,945,827.80</b>	<b>19.9%</b>	35.0%	Yes
<b>Federal Agencies</b>					
Fannie Mae	AA+ / Aaa	42,803,336.97	7.1%	40.0%	Yes
Federal Home Loan Bank	AA+ / Aaa	145,202,623.59	24.1%	40.0%	Yes
Freddie Mac	AA+ / Aaa	19,988,944.40	3.3%	40.0%	Yes
<b>Sub-Total Federal Agencies</b>		<b>207,994,904.96</b>	<b>34.6%</b>	100.0%	Yes
<b>U.S. Treasuries</b>					
Treasury Note	AA+ / Aaa	60,513,358.33	10.1%	100.0%	Yes
<b>Sub-Total Treasuries</b>		<b>60,513,358.33</b>	<b>10.1%</b>	100.0%	Yes
<b>Total</b>		<b>\$ 601,801,006.38</b>	<b>100.0%</b>		



## Investment Performance Report – August 2013



**DC Water  
Finance Division  
Book Value Performance  
As of August 31, 2013**

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

	Trailing 1 Months		Trailing 3 Months		Trailing 6 Months		Trailing 12 Months
	Periodic	Annualized	Periodic	Annualized	Periodic	Annualized	
Total Rate Stabilization Fund	0.06%	0.66%	0.15%	0.58%	0.21%	0.42%	0.40%
Operating Reserve Accounts	0.04%	0.43%	0.11%	0.45%	0.20%	0.39%	0.40%
Total Debt Service Reserve	0.04%	0.43%	0.11%	0.44%	0.18%	0.36%	0.37%
Total CSO LTCP Appropriations Account	0.01%	0.14%	0.03%	0.13%	0.07%	0.14%	0.13%
2010A Capitalized Interest Fund	0.08%	1.00%	0.25%	1.02%	0.49%	0.97%	0.93%
2012 Construction Fund	0.00%	0.01%	0.01%	0.02%	0.02%	0.04%	0.06%
<b>Short-Term</b>	<b>0.02%</b>	<b>0.26%</b>	<b>0.11%</b>	<b>0.42%</b>	<b>0.20%</b>	<b>0.40%</b>	<b>0.36%</b>
Merrill Lynch 3-Month Treasury Index (Book Value) <sup>1</sup>	0.00%	0.03%	0.01%	0.04%	0.03%	0.06%	0.07%
<b>Core (1+ Years)</b>	<b>0.04%</b>	<b>0.47%</b>	<b>0.12%</b>	<b>0.47%</b>	<b>0.24%</b>	<b>0.48%</b>	<b>0.61%</b>
Merrill Lynch 1-3 Year Treasury Index (Book Value) <sup>2</sup>	0.03%	0.32%	0.08%	0.33%	0.14%	0.29%	0.28%

- (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 – August 2013



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

DESCRIPTION	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
<b><u>Total Rate Stabilization Fund</u></b>									
TD BANK BANK DEPOSIT	\$ 17,955,367		9/1/2013		0.90%	\$ 17,955,367	\$ 17,955,367	\$ 17,955,367	
SUMITOMO TRUST NY COMM PAPER	10,000,000	-	9/25/2013	6/25/2013	0.21%	9,994,633	9,998,890	9,998,600	
									\$ 27,953,966.67
<b><u>Operating Reserve Accounts</u></b>									
TD BANK BANK DEPOSIT	\$ 54,107,478		9/1/2013		0.90%	\$ 54,107,478	\$ 54,107,478	\$ 54,107,478	
CAPITAL ONE BANK	5,049,687		9/1/2013		0.50%	5,049,687	5,049,687	5,049,687	
WILLIAMS CAPITAL MONEY MARKET FUND	2,500,523		9/1/2013		0.00%	2,500,523	2,500,523	2,500,523	
FCAR OWNER TRUST COMM PAPER	10,000,000	-	9/3/2013	4/3/2013	0.23%	9,990,225	9,999,860	9,999,872	
GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	9/18/2013	5/21/2013	0.16%	9,994,667	9,999,630	9,999,244	
MIZUHO FUNDING LLC COMM PAPER	10,000,000	-	9/23/2013	6/25/2013	0.21%	9,994,750	9,998,960	9,998,717	
BAKER HUGHES INC COMM PAPER	10,000,000	-	10/15/2013	8/16/2013	0.11%	9,998,167	9,998,000	9,998,656	
INDUSTRIAL BANK CDARS	5,000,000	0.600	10/17/2013	10/18/2012	0.60%	5,000,000	5,026,137	5,026,137	
UNION BANK NA COMM PAPER	10,000,000	-	11/12/2013	8/16/2013	0.17%	9,995,844	9,995,500	9,996,600	
FHLB DISC NOTE	15,000,000	-	11/15/2013	8/16/2013	0.07%	14,997,346	14,997,621	14,997,813	
FHLB TAP BONDS	10,000,000	3.125	12/13/2013	5/19/2011	0.99%	10,675,134	10,152,258	10,127,902	
INDUSTRIAL BANK CDARS	2,512,497	0.620	1/23/2014	1/24/2013	0.62%	2,512,497	2,522,017	2,522,017	
INDUSTRIAL BANK CDARS	2,500,000	0.900	1/27/2014	1/26/2012	0.90%	2,500,000	2,536,000	2,536,000	
HSBC USA INC COMM PAPER	10,000,000	-	2/10/2014	8/26/2013	0.21%	9,990,200	9,986,380	9,990,550	
ING (US) FUNDING LLC COMM PAPER	10,000,000	-	2/11/2014	8/26/2013	0.32%	9,984,978	9,984,880	9,985,511	
CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,000	0.600	3/23/2014	3/23/2012	0.60%	2,500,000	2,521,603	2,521,603	
INDUSTRIAL BANK CDARS	5,000,000	0.650	10/16/2014	10/18/2012	0.65%	5,000,000	5,028,315	5,028,315	
CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,000	0.600	3/19/2015	3/21/2013	0.60%	2,500,000	2,506,758	2,506,758	
									\$ 176,893,383.16
<b><u>Total Debt Service Reserve</u></b>									
MERRILL LYNCH MMF	1,185,422		9/1/2013		0.06%	1,185,422	1,185,422	1,185,422	
WELLS FARGO GOVERNMENT MMF	2,028,532		9/1/2013		0.01%	2,028,532	2,028,532	2,028,532	
FHLB TAP BONDS	5,000,000	3.125	12/13/2013	5/25/2011	0.87%	5,354,034	5,076,129	5,065,662	
FEDERAL HOME LOAN BANK GLOBAL NOTES	5,000,000	0.250	2/20/2015	1/30/2013	0.30%	4,995,000	4,994,347	4,996,804	
FHLB NOTES	10,000,000	1.000	3/11/2016	5/22/2013	0.43%	10,158,100	10,138,432	10,189,904	
									\$ 23,466,323.25
<b><u>Series 2010A Bond Construction Fund- Cap I</u></b>									
WELLS FARGO GOVERNMENT MMF	\$ 237,589		9/1/2013		0.01%	\$ 237,589	\$ 237,589	\$ 237,589	
WELLS FARGO ADVANTAGE TREASURY PLUS	7,716		9/1/2013		0.01%	7,716	7,716	7,716	
FNMA NOTES	1,400,000	1.125	9/30/2013	3/16/2011	0.97%	1,412,681	1,407,702	1,406,780	
FNMA NOTES (EX-CALLABLE)	1,400,000	1.250	3/14/2014	3/16/2011	1.19%	1,402,617	1,416,524	1,408,118	
									\$ 3,060,202.25

## Investment Performance Report – August 2013



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

DESCRIPTION	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
<b><u>Total CSO LTCP Appropriations Account</u></b>									
TD BANK BANK DEPOSIT	\$ 10,362,039		9/1/2013		0.90%	\$ 10,362,039	\$ 10,362,039	\$ 10,362,039	
PREMIER BANK DEPOSIT	5,032,886		9/1/2013		0.24%	5,032,886	5,032,886	5,032,886	
AMERICAN BEACON MMF	1,483,658		9/1/2013		0.01%	1,483,658	1,483,658	1,483,658	
DEUTSCHE BANK FINL LLC COMM PAPER	10,000,000	-	12/27/2013	8/26/2013	0.22%	9,992,483	9,991,450	9,992,850	
US TREASURY NOTES	10,000,000	0.125	12/31/2013	8/26/2013	0.06%	10,002,344	10,004,090	10,004,484	
									\$ 36,875,916.64
<b><u>Series 2012 Bond Construction Fund</u></b>									
WELLS FARGO GOVERNMENT MMF	\$ 34,613,918		9/1/2013		0.01%	\$ 34,613,918	\$ 34,613,918	\$ 34,613,918	
									\$ 34,613,917.77
<b><u>2013A Bond Construction Fund</u></b>									
WELLS FARGO GOVERNMENT MMF	\$ 58,641,272		9/1/2013		0.01%	\$ 58,641,272	\$ 58,641,272	\$ 58,641,272	
US TREASURY NOTES	10,000,000	0.500	10/15/2013	8/8/2013	0.05%	10,008,396	10,024,069	10,024,422	
BANK OF NOVA SCOTIA NY COMM PAPER	10,000,000	-	10/29/2013	8/8/2013	0.08%	9,998,178	9,997,670	9,998,711	
FHLB DISC NOTE	20,000,000	-	10/30/2013	8/8/2013	0.05%	19,997,648	19,997,665	19,998,328	
FNMA DISC NOTE	20,000,000	-	12/23/2013	8/8/2013	0.07%	19,994,672	19,994,461	19,995,606	
US TREASURY NOTES	20,000,000	1.500	12/31/2013	8/8/2013	0.07%	20,112,888	20,144,319	20,145,562	
COCA-COLA COMPANY COMM PAPER	10,000,000	-	1/14/2014	8/8/2013	0.14%	9,993,817	9,996,540	9,994,750	
FNMA DISC NOTE	20,000,000	-	1/29/2014	8/8/2013	0.09%	19,991,687	19,991,645	19,992,833	
WELLS FARGO & COMPANY COMM PAPER	10,000,000	-	2/4/2014	8/8/2013	0.19%	9,990,500	9,985,910	9,991,767	
FHLMC DISC NOTE	20,000,000	-	3/19/2014	8/8/2013	0.10%	19,987,611	19,987,360	19,988,944	
US TREASURY NOTES	20,000,000	1.750	3/31/2014	8/8/2013	0.09%	20,213,307	20,336,328	20,338,891	
FHLB NOTES	32,500,000	0.150	4/23/2014	8/8/2013	0.14%	32,502,275	32,517,853	32,519,404	
FHLB GLOBAL BONDS	45,000,000	5.250	6/18/2014	8/8/2013	0.15%	46,974,150	47,302,958	47,306,807	
									\$ 298,937,296.64
						<b>\$ 601,916,913.82</b>	<b>\$ 601,764,346.02</b>	<b>\$ 601,801,006.38</b>	<b>\$ 601,801,006.38</b>

## Investment Performance Report – August 2013



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

ACCOUNT	CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<b>Purchases</b>								
DC WASA 2010A CONSTRUCTION FUND	64105RUR9	NESTLE FINANCE INTL LTD COMM PAPER	10,000,000	-	07/25/13	03/26/13	0.132	\$ 9,995,630.56
DC WASA OPERATING RESERVE ACCOUNTS	RE1000216	CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,000	0.600	03/19/15	03/21/13	0.606	\$ 2,500,000.00
DC WASA OPERATING RESERVE ACCOUNTS	19121ATS0	COCA-COLA COMPANY COMM PAPER	10,000,000	-	06/26/13	04/03/13	0.122	\$ 9,997,200.00
DC WASA OPERATING RESERVE ACCOUNTS	3024A6W32	FCAR OWNER TRUST COMM PAPER	10,000,000	-	09/03/13	04/03/13	0.233	\$ 9,990,225.00
DC WASA OPERATING RESERVE ACCOUNTS	90526MV12	UNION BANK NA COMM PAPER	10,000,000	-	08/01/13	04/03/13	0.183	\$ 9,994,000.00
DC WASA OPERATING RESERVE ACCOUNTS	36959HWJ2	GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	09/18/13	05/21/13	0.162	\$ 9,994,666.67
DC WASA OPERATING RESERVE ACCOUNTS	60688FWP0	MIZUHO FUNDING LLC COMM PAPER	10,000,000	-	09/23/13	06/25/13	0.213	\$ 9,994,750.00
DC WASA OPERATING RESERVE ACCOUNTS	05722LXF1	BAKER HUGHES INC COMM PAPER	10,000,000	-	10/15/13	08/16/13	0.112	\$ 9,998,166.67
DC WASA OPERATING RESERVE ACCOUNTS	90526MYC5	UNION BANK NA COMM PAPER	10,000,000	-	11/12/13	08/16/13	0.172	\$ 9,995,844.44
DC WASA OPERATING RESERVE ACCOUNTS	313385PG5	FHLB DISC NOTE	15,000,000	-	11/15/13	08/16/13	0.071	\$ 14,997,345.83
DC WASA OPERATING RESERVE ACCOUNTS	40427SBA6	HSBC USA INC COMM PAPER	10,000,000	-	02/10/14	08/26/13	0.213	\$ 9,990,200.00
DC WASA OPERATING RESERVE ACCOUNTS	4497W1BB1	ING (US) FUNDING LLC COMM PAPER	10,000,000	-	02/11/14	08/26/13	0.325	\$ 9,984,977.78
DC WASA TOTAL CSO LTCP APPROPRIATIONS	06416JU27	BANK OF NOVA SCOTIA NY COMM PAPER	10,000,000	-	07/02/13	03/26/13	0.147	\$ 9,996,052.78
DC WASA TOTAL CSO LTCP APPROPRIATIONS	4662J0UR1	JP MORGAN CHASE & CO COMM PAPER	10,000,000	-	07/25/13	03/26/13	0.183	\$ 9,993,950.00
DC WASA TOTAL CSO LTCP APPROPRIATIONS	91411SVK3	UNIVERSITY OF CALIFORNIA COMM PAPER	10,000,000	-	08/19/13	05/21/13	0.152	\$ 9,996,250.00
DC WASA TOTAL CSO LTCP APPROPRIATIONS	912828RW2	US TREASURY NOTES	10,000,000	0.125	12/31/13	08/26/13	0.057	\$ 10,004,279.89
DC WASA TOTAL CSO LTCP APPROPRIATIONS	25153JZT0	DEUTSCHE BANK FINL LLC COMM PAPER	10,000,000	-	12/27/13	08/26/13	0.223	\$ 9,992,483.33
DC WASA TOTAL DEBT SERVICE RESERVE	313375RN9	FHLB NOTES	10,000,000	1.000	03/11/16	05/22/13	0.432	\$ 10,177,822.22
DC WASA RATE STABILIZATION FD	86562KTQ7	SUMITOMO MITSUI BANK NY COMM PAPER	10,000,000	-	06/24/13	03/26/13	0.223	\$ 9,994,500.00
DC WASA RATE STABILIZATION FD	86563GWR9	SUMITOMO TRUST NY COMM PAPER	10,000,000	-	09/25/13	06/25/13	0.213	\$ 9,994,633.33
DC WASA 2012 CONSTRUCTION FUND	60688FTR0	MIZUHO FUNDING LLC COMM PAPER	10,000,000	-	06/25/13	03/26/13	0.233	\$ 9,994,186.11
DC WASA 2012 CONSTRUCTION FUND	313385HB5	FEDERAL HOME LOAN BANKS DISC NOTE	10,000,000	-	06/19/13	03/26/13	0.081	\$ 9,998,111.11
DC WASA 2012 CONSTRUCTION FUND	313397GE5	FREDDIE MAC DISC NOTE	25,000,000	-	05/29/13	03/26/13	0.081	\$ 24,996,444.44
DC WASA 2012 CONSTRUCTION FUND	313397JM4	FHLMC DISC NOTE	22,210,000	-	07/23/13	05/31/13	0.020	\$ 22,209,346.04
DC WASA 2013A CONSTRUCTION FUND	313382SH7	FHLB NOTES	32,500,000	0.150	04/23/14	08/08/13	0.140	\$ 32,516,493.75
DC WASA 2013A CONSTRUCTION FUND	3133X7FK5	FHLB GLOBAL BONDS	45,000,000	5.250	06/18/14	08/08/13	0.150	\$ 47,302,275.00
DC WASA 2013A CONSTRUCTION FUND	912828JW1	US TREASURY NOTES	20,000,000	1.500	12/31/13	08/08/13	0.067	\$ 20,144,681.88
DC WASA 2013A CONSTRUCTION FUND	912828KJ8	US TREASURY NOTES	20,000,000	1.750	03/31/14	08/08/13	0.095	\$ 20,337,624.14
DC WASA 2013A CONSTRUCTION FUND	912828PB0	US TREASURY NOTES	10,000,000	0.500	10/15/13	08/08/13	0.048	\$ 10,024,106.08
DC WASA 2013A CONSTRUCTION FUND	06416JXV0	BANK OF NOVA SCOTIA NY COMM PAPER	10,000,000	-	10/29/13	08/08/13	0.081	\$ 9,998,177.78
DC WASA 2013A CONSTRUCTION FUND	19121BAE9	COCA-COLA COMPANY COMM PAPER	10,000,000	-	01/14/14	08/08/13	0.142	\$ 9,993,816.67
DC WASA 2013A CONSTRUCTION FUND	9497F1B41	WELLS FARGO & COMPANY COMM PAPER	10,000,000	-	02/04/14	08/08/13	0.193	\$ 9,990,500.00
DC WASA 2013A CONSTRUCTION FUND	313385NQ5	FHLB DISC NOTE	20,000,000	-	10/30/13	08/08/13	0.052	\$ 19,997,648.33
DC WASA 2013A CONSTRUCTION FUND	313397UL3	FHLMC DISC NOTE	20,000,000	-	03/19/14	08/08/13	0.101	\$ 19,987,611.11
DC WASA 2013A CONSTRUCTION FUND	313589QW6	FNMA DISC NOTE	20,000,000	-	12/23/13	08/08/13	0.071	\$ 19,994,672.22
DC WASA 2013A CONSTRUCTION FUND	313589SK0	FNMA DISC NOTE	20,000,000	-	01/29/14	08/08/13	0.087	\$ 19,991,686.67

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

## Investment Performance Report – August 2013



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

DATE	TRANSACTION	CUSIP	DESCRIPTION	COUPON	MATURITY DATE	PAR VALUE/SHARES	PRINCIPAL	INTEREST	TOTAL
<b>Total Rate Stabilization Fund</b>									
09/25/13	MATURITY	86563GWR9	SUMITOMO TRUST NY COMM PAPER		09/25/13	10,000,000	9,994,633.33	5,366.67	10,000,000
<b>Operating Reserve Accounts</b>									
09/03/13	MATURITY	3024A6W32	FCAR OWNER TRUST COMM PAPER		09/03/13	10,000,000	9,990,225.00	9,775.00	10,000,000
09/18/13	MATURITY	36959HWJ2	GENERAL ELEC CAP CORP COMM PAPER		09/18/13	10,000,000	9,994,666.67	5,333.33	10,000,000
09/23/13	MATURITY	60688FWP0	MIZUHO FUNDING LLC COMM PAPER		09/23/13	10,000,000	9,994,750.00	5,250.00	10,000,000
<b>Total Debt Service Reserve</b>									
09/11/13	INTEREST	313375RN9	FHLB NOTES	1.000	03/11/16	10,000,000	0.00	50,000.00	50,000
<b>DC WASA CAPITALIZED INTEREST FD</b>									
09/14/13	INTEREST	31398A3K6	FNMA NOTES (EX-CALLABLE)	1.250	03/14/14	1,400,000	0.00	8,750.00	8,750
09/30/13	MATURITY	31398A2M3	FNMA NOTES	1.125	09/30/13	1,400,000	1,400,000.00	7,875.00	1,407,875



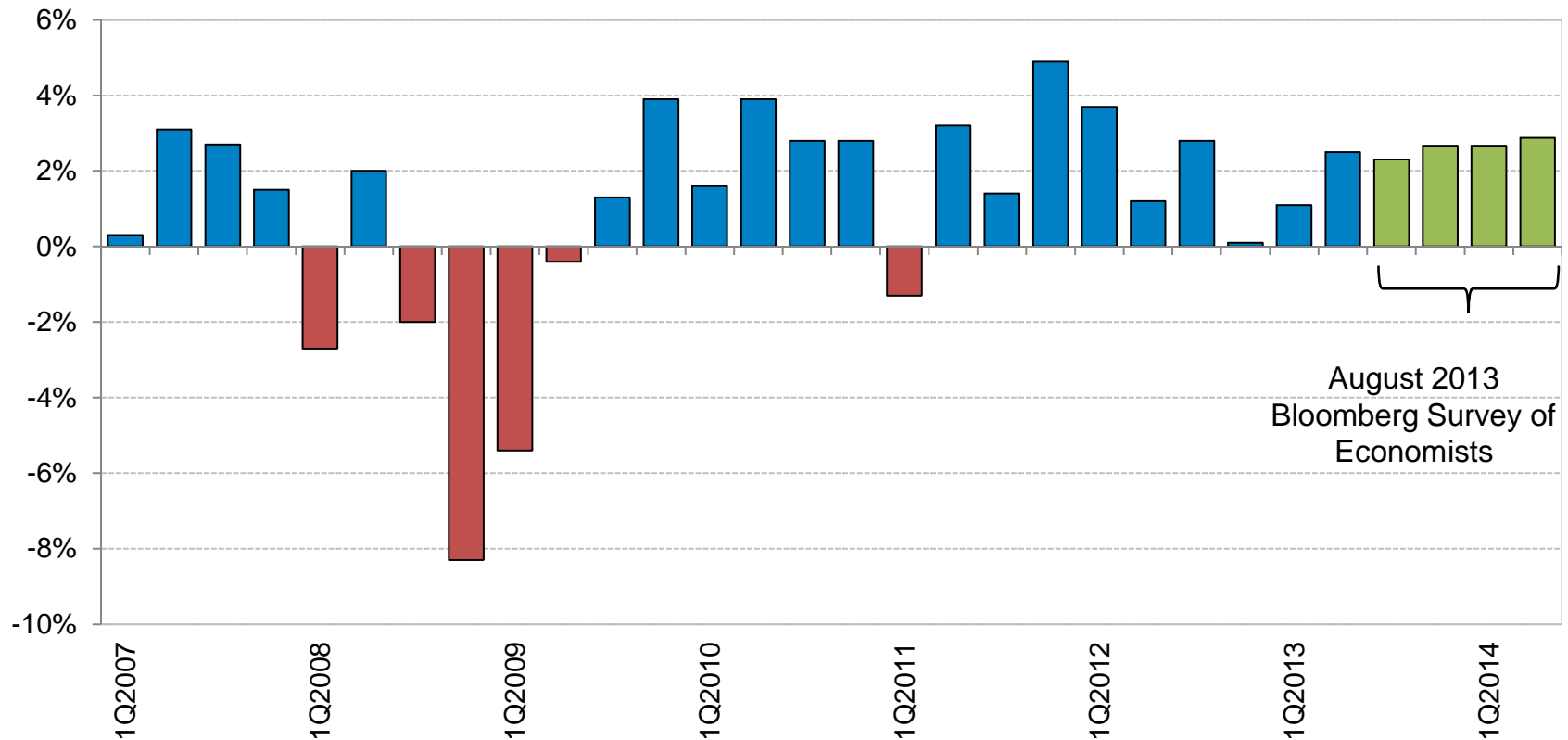
# Appendix: Economic Update



## Gross Domestic Product

- U.S. second quarter GDP grew more than expected at 2.5%.
- The Fed's most recently revised forecast for 2013 GDP growth is 2.6%.

**Gross Domestic Product Growth**  
January 2007 – June 2014 (projected)

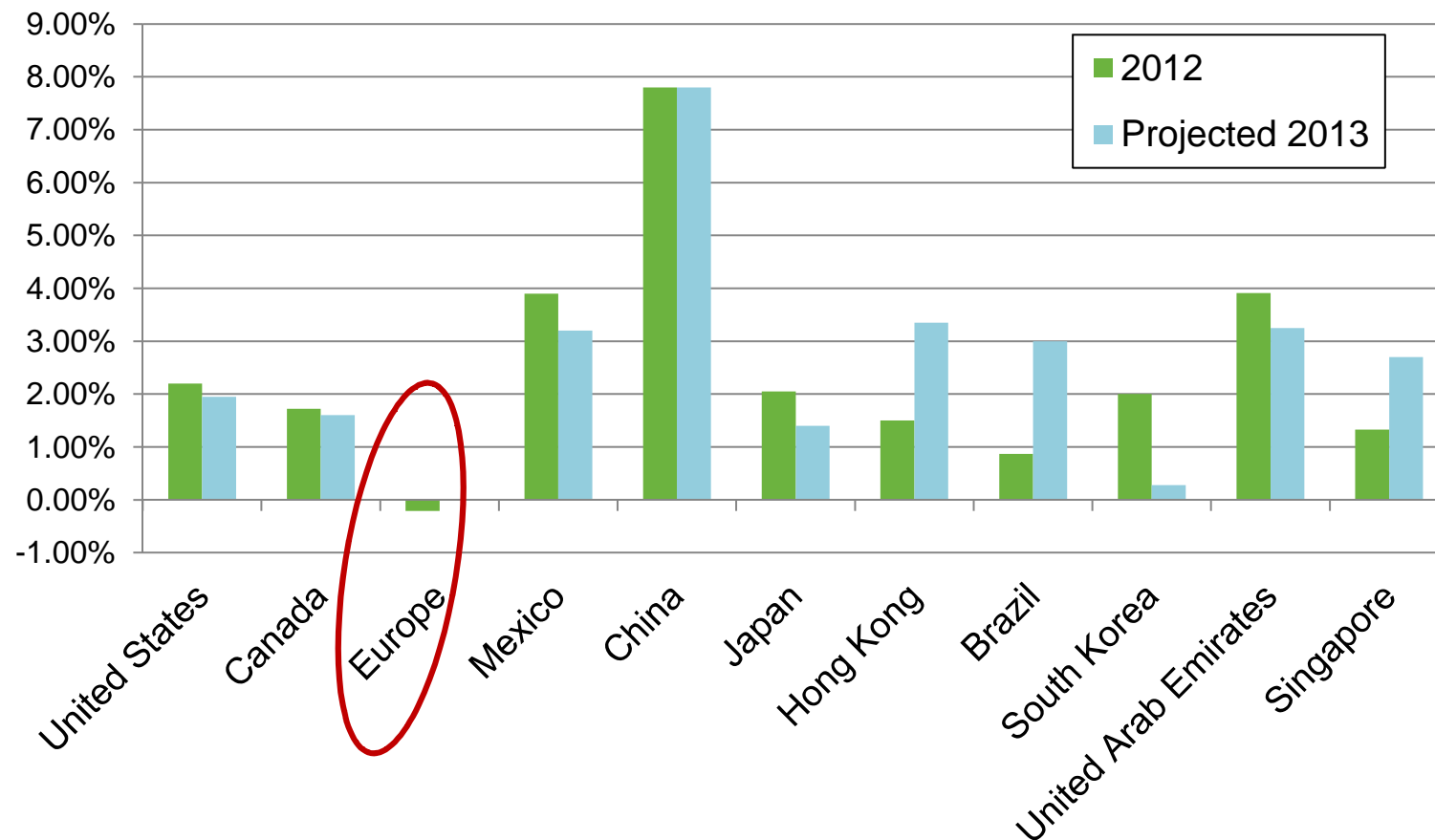


Source: Bloomberg



## World GDP is Slow

### 2012 GDP Growth vs. Projected 2013 GDP Growth U.S. Trading Partners



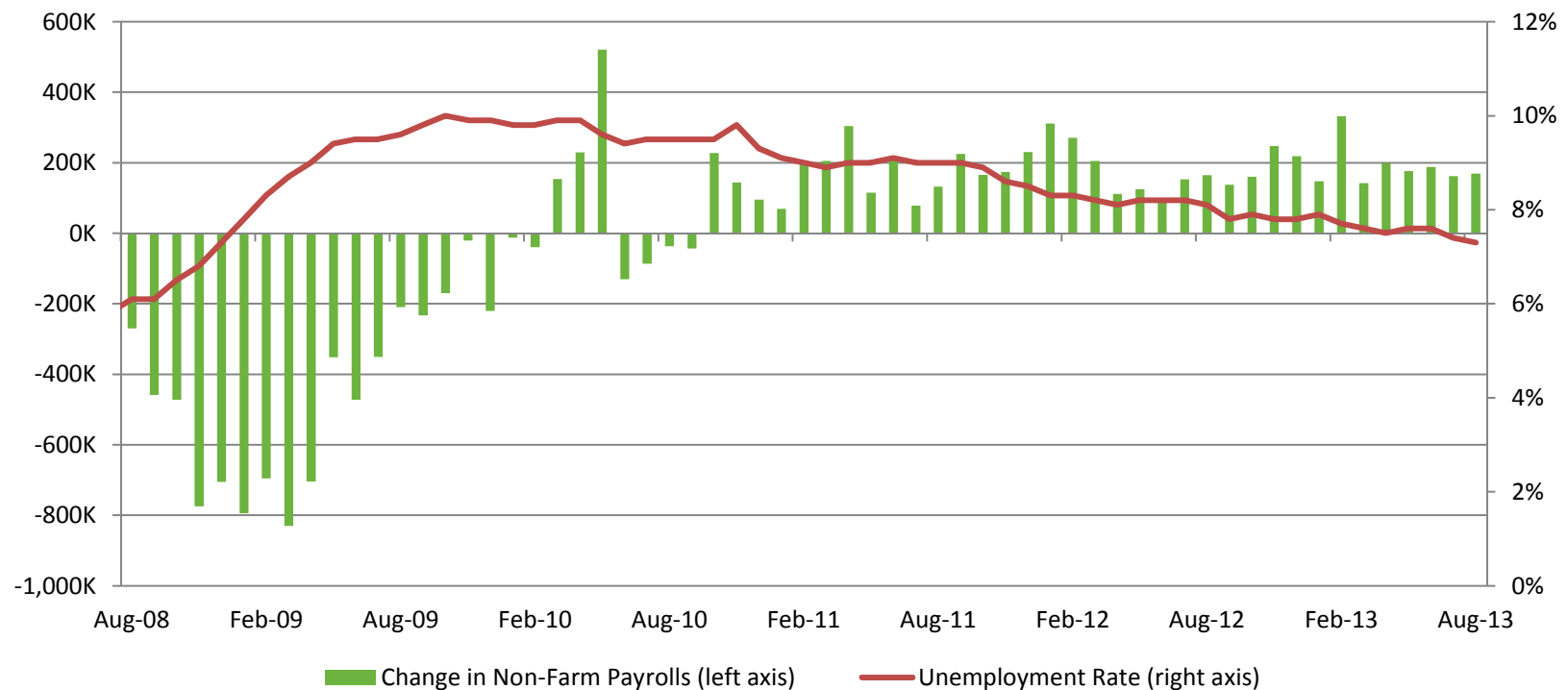




## Job Creation and Unemployment Rate

- Total non-farm payrolls in August fell short of survey expectations at 169,000.
- The unemployment rate fell to 7.3%, reflecting a decline in labor force participation.

**Change in Nonfarm Payrolls**



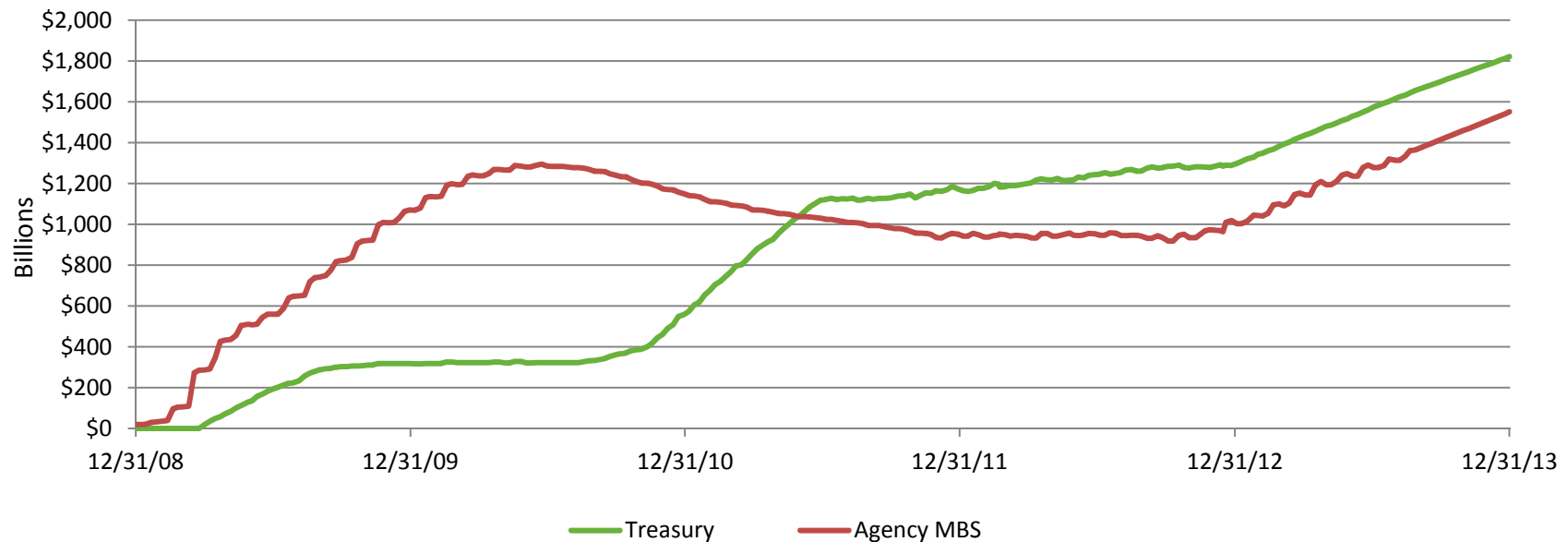
Source: Bloomberg



## Federal Reserve Policy Is Still Uncertain

- Minutes from the July 30-31 meeting of the Federal Open Market Committee (FOMC) reflected widespread support for reducing bond purchases later in the year if the U.S. economy continues to recover, but most FOMC members agreed that a change in policy was “not yet appropriate.”
- A highly accommodative stance on monetary policy will remain for a considerable amount of time after the asset purchase program ends.

### Federal Reserve Holdings of Treasury and Agency MBS Securities



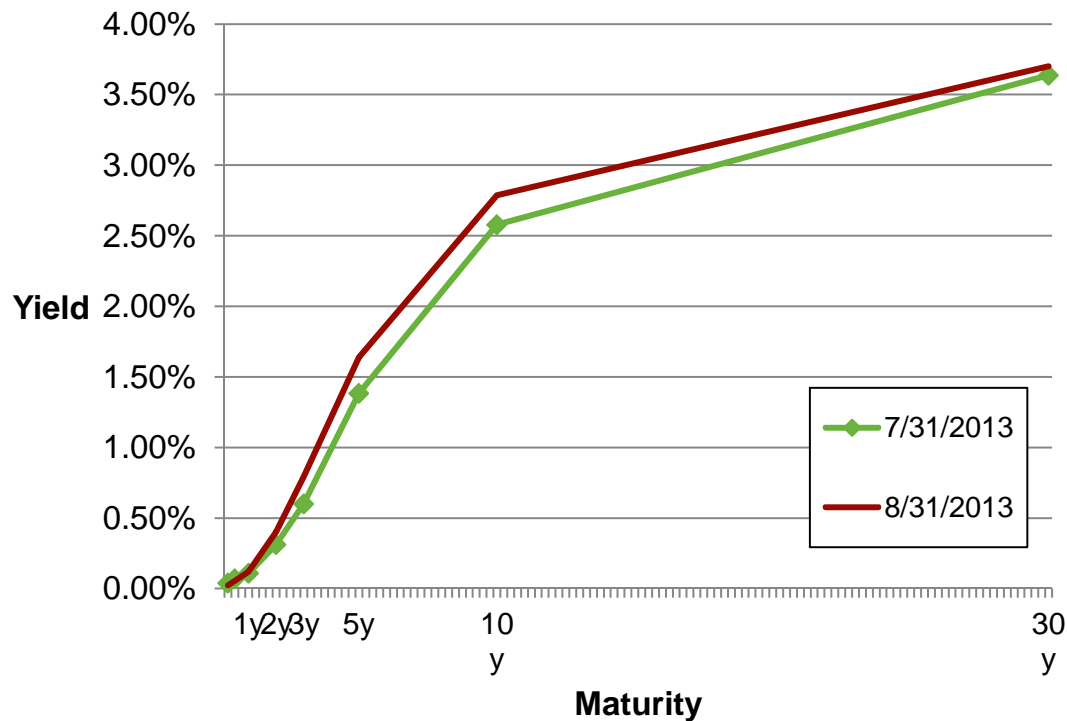
Source: Bloomberg



## Yield Curve Steepened During August

### U.S. Treasury Yield Curve

July 31, 2013 versus August 31, 2013



	7/31/2013	8/31/2013	Change
3 month	0.04%	0.02%	-0.02%
6 month	0.07%	0.05%	-0.02%
1 year	0.11%	0.12%	0.01%
2 year	0.31%	0.40%	0.09%
3 year	0.60%	0.79%	0.19%
5 year	1.38%	1.64%	0.26%
10 year	2.58%	2.79%	0.21%
30 year	3.64%	3.70%	0.06%

Source: Bloomberg



## Disclosure

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

*PFMAM makes judgmental evaluations before recommending specific investment opportunities. In making these evaluations, PFMAM uses its best efforts to review sources of information that it has found to be valuable, accurate and reliable, but it may not survey all sources of publicly available information.*

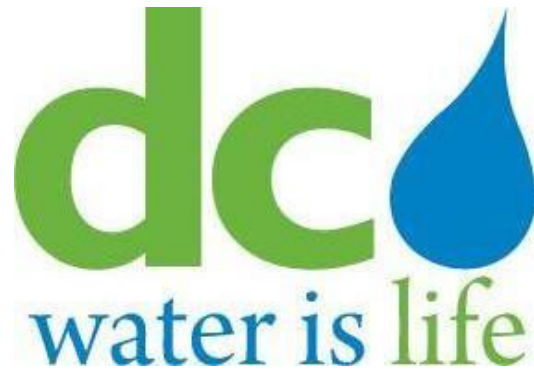
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*Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.*

# **District of Columbia Water and Sewer Authority**

## **Capital Improvement Program Report**



**FY-2013 3<sup>rd</sup> Quarter  
April 1<sup>st</sup> through June 30<sup>th</sup>, 2013**

**Board of Director**

**Finance and Budget Committee**

**George S. Hawkins, General Manager**

**Mark Kim, Chief Financial Officer**

**September 2013**

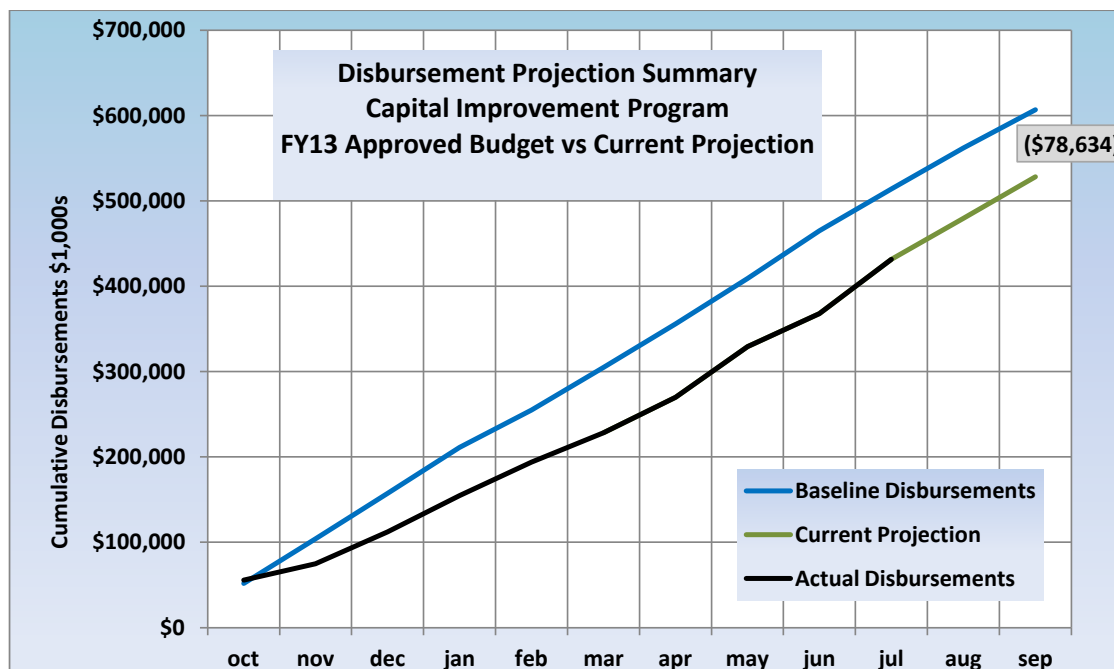


## Capital Improvement Program Report 3<sup>rd</sup> Quarter FY2013

### Program Performance

Current projected program disbursements through the end of the fiscal year compared with the approved FY13 projection is shown in the chart below:

### Disbursement Projections Summary



Current projected CIP disbursements are \$528,083,000 through the end of July, which represents 87% of the baseline disbursement projections of \$606,716,000. Current disbursement projections within the service areas are as follows: Wastewater Service Area – \$311,200,000 (87%), CSO Service Area – \$142,624,000 (87%), Stormwater Service Area – \$2,626,000 (81%), Sanitary Sewer Service Area – \$24,280,000 (83%) and Water Service Area – \$47,354,000 (90%).

The Wastewater Treatment Service Area disbursements have been lower than forecast for all Programs in this Service Area, but most notably in the Enhanced Nitrogen Removal Facilities (ENRF), and Solids Processing Programs. The Solids Processing Program disbursement shortfall is due to revised disbursement plans for the Digester Project (Project XA, \$16.5M), which remains on schedule; however, the shortfall is currently not anticipated to recover this fiscal year. The majority of the disbursement shortfall in the ENRF program relates to the Wet Weather Peak Mitigation (Blue Plains Tunnel, Project EG, \$19.8M) for the reasons stated below.



## Capital Improvement Program Report 3<sup>rd</sup> Quarter FY2013

As reported previously disbursements in the Clean Rivers Program have been lower than forecasted mainly due to schedule delays associated with concrete quality issues on the Blue Plains Tunnel, and Poplar Point shaft diaphragm walls. Although the quality issues have been rectified, these delays hindered progress on the shafts and follow-up tunneling work. A recovery plan is in place to mitigate the delays by adding 1 work day per week during the tunneling operations. Additionally, the disbursements are impacted by transfer of critical CSO 019 Overflow Structure and Diversion Chamber work to a subsequent contract (Anacostia River Tunnel). Although remediation plans are in place to mitigate impact to the critical path and to meet the consent decree of the project, it is currently anticipated that Clean Rivers Program disbursements will be \$19 million less than planned at fiscal year end.

The majority of the disbursement shortfall in the Sanitary Sewer Service Area is primarily due to the Sanitary Ongoing Program. The Department of Sewer Services ongoing projects disbursement shortfall (\$3.2M) is primarily a result of increased in-house sewer lateral rehabilitation.

The Water Service Area disbursement shortfall is primarily driven by the Water On-going (\$2.9M), and DDOT Water (\$4.4M) programs. Lower than anticipated water main breaks and increased in house valve operation are responsible for the Water On-going program disbursement shortfall. This area is not expected to recover this fiscal year. Revised disbursement plans for projects within the Water Distribution program are contributing to the disbursement shortfall. Disbursement shortfall in the DDOT program is due to slow invoicing by DDOT. This program will recover slightly, but not fully this fiscal year.

### **Priority 1 Projects (Court Ordered, Stipulated Agreements, etc)**

On July 11, 2008, DC Water issued notification advising of two issues that had the potential to delay achieving certification of Firm Pumping Capacity at Potomac Pumping Station. One issue, related to a failure of one new electric motor, was resolved, and all new pumping equipment was placed in service prior to the September 1, 2008, Consent Decree compliance date. The second issue, related to performance of the new pumping units under certain conditions, is being resolved. A new impeller design has been developed that appears to provide the required capacity. Installation of new impellers is anticipated to be completed by October 2013. Monthly updates are provided to the Environmental Quality and Sewerage Services Committee and to the parties to the Consent Decree.

All other priority 1 projects are on schedule and within budget.



## Capital Improvement Program Report 3<sup>rd</sup> Quarter FY2013

### **Large Contract Actions Anticipated – 6 Month Look-Ahead**

Project EE – Filtrate Treatment Facility

Construction Contract (\$50M - \$70M), EQ&SS Dec, BOD Jan

Project CY – Division P, First Street NW Branch Tunnel

Design-Build Contract (\$120M - \$140M), EQ&SS Sep, BOD Oct

Project O1 – Small Diameter Watermain Replacement 9a

Construction Contract (\$5M - \$10M), WQ&WS Sep, BOD Oct

Project O1 – Small Diameter Watermain Replacement 9b

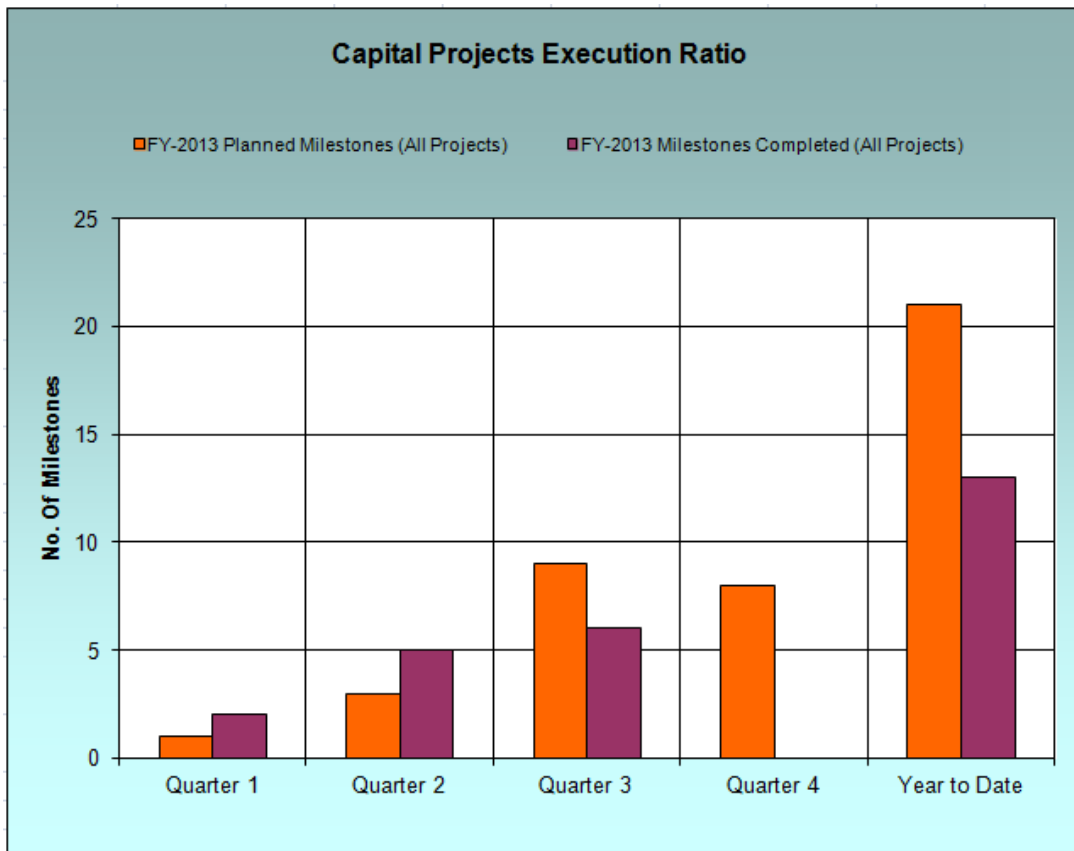
Construction Contract (\$5M - \$10M), WQ&WS Dec, BOD Jan



## Capital Improvement Program Report 3<sup>rd</sup> Quarter FY2013

### Key Performance Indicators, Capital Program

Key performance indicators related to the Capital Improvement Program are shown below.

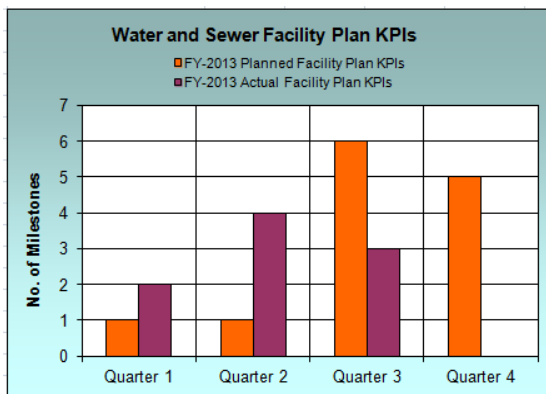


Note: Capital Projects Execution Ratio measures the completion of critical project milestones for large capital projects during the fiscal year. Critical project milestones include: Design Starts, Construction Starts and Construction Substantial Completions.

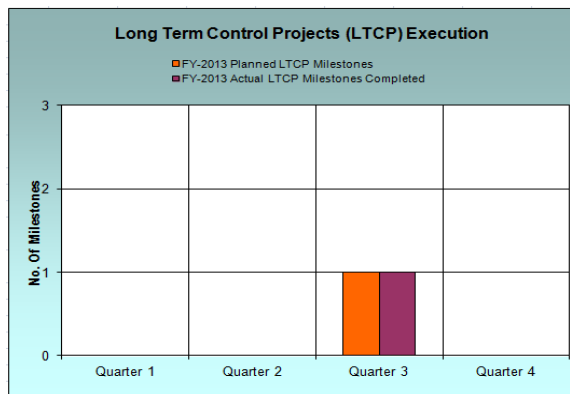
For the 3<sup>rd</sup> Quarter, all planned Key Performance Indicators were achieved.

## Capital Improvement Program Report 3<sup>rd</sup> Quarter FY2013

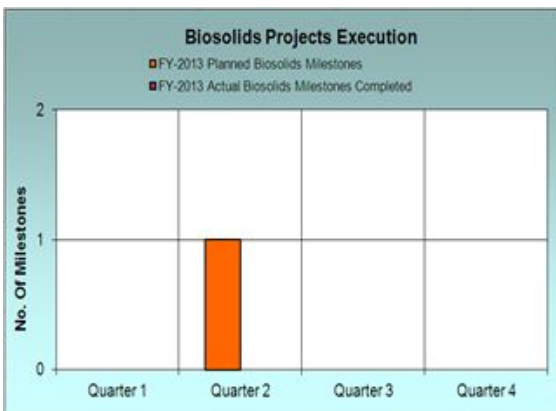
Key Performance Indicators by program area: Water and Sewer Facility Plan, Long term Control Plan,  
Biosolids Projects and Enhanced Nutrient Removal (ENR) Projects



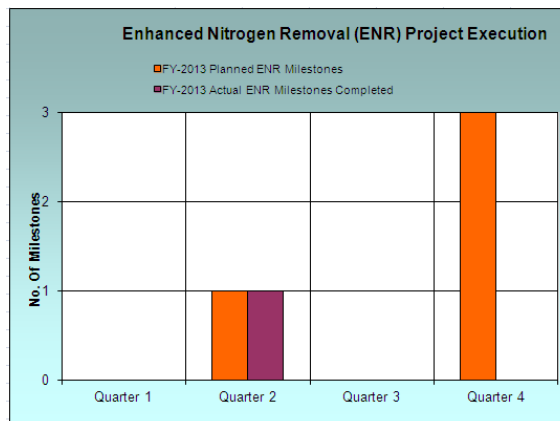
Note: Water and Sewer Facility Plan KPIs measure the completion of critical project milestones for projects developed through either the Water or the Sewer Facility Plan.



Note: LTCP Project Execution measures the completion of critical project milestones for the LTCP projects during the fiscal year. Critical project milestones include all those required to meet Consent Decree dates.



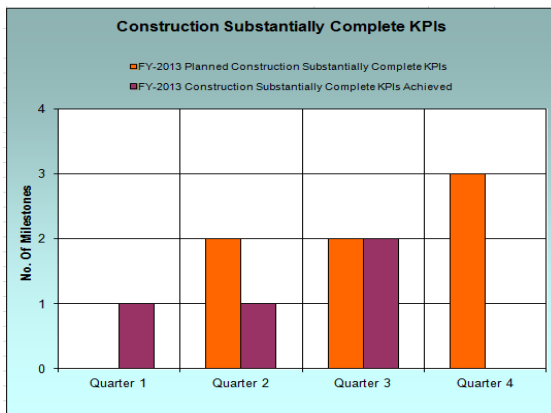
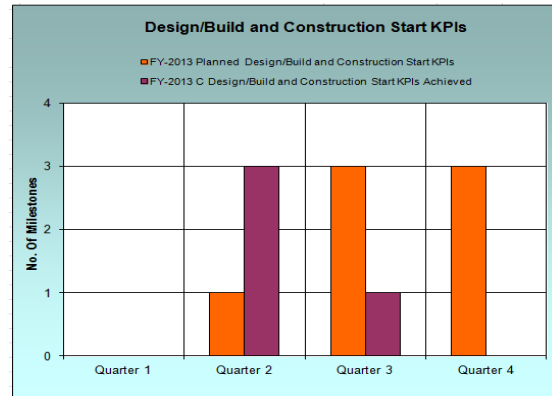
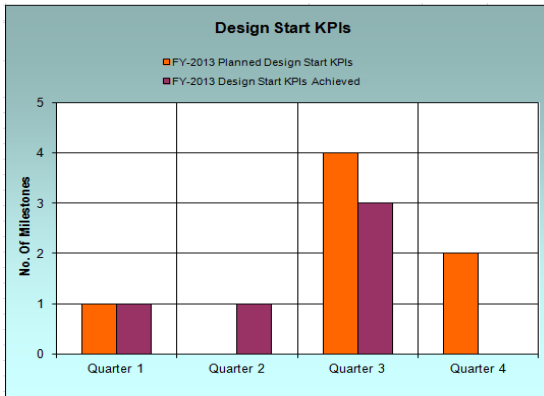
Note: Biosolids Project Execution measures the completion of critical project milestones for the Biosolids projects during the fiscal year.



Note: Enhanced Nitrogen Removal Execution measures the completion of critical project milestones for the Enhanced Nitrogen Removal (ENR) projects during the fiscal year.

## Capital Improvement Program Report 3<sup>rd</sup> Quarter FY2013

Key Performance Indicators by category: Design Start, Construction Start and Construction Substantial Completion



## Capital Improvement Program Report 3<sup>rd</sup> Quarter FY2013

For FY13, the following KPI Milestones will be monitored:

Qtr.	Project	Job Name	KPI Name	KPI Achieved?
1 <sup>st</sup>	S503	Large Dia. Water Main Internal Repairs 3	Design Start Milestone	Y
2 <sup>nd</sup>	BI01	Enhanced Nitrogen Removal (ENR) North	Construction Start Milestone	Y
2 <sup>nd</sup>	S305	Large Valve Replacement - Contract #7	Construction Substantial Completion	Y
2 <sup>nd</sup>	XA12	Biosolids Final Dewatering	Construction Substantial Completion Milestone Contract 1C	N
3 <sup>rd</sup>	CV01	Laboratory Upgrades	Construction Substantial Completion Milestone	Y
3 <sup>rd</sup>	CY12	Div H - Anacostia River Tunnel	Consent Decree Award of Construction Contract	Y
3 <sup>rd</sup>	G800	Small Local Sewer Rehab 2	Design Start Milestone	Y
3 <sup>rd</sup>	GU01	Crosstown Water Main Rehab	Construction Substantial Completion	Y
3 <sup>rd</sup>	O001	Small Dia. Watermain Rehab 8-1	Construction Start Milestone	Y( 2 <sup>nd</sup> Q)
3 <sup>rd</sup>	O201	Small Dia. Watermain Rehab 10	Design Start Milestone	Y( 2 <sup>nd</sup> Q)
3 <sup>rd</sup>	BZ03	Large Valve Replacements 10	Construction Start Milestone	Y( 2 <sup>nd</sup> Q)
3 <sup>rd</sup>	I802	Large Valve Replacements 12	Design Start Milestone	Y
3 <sup>rd</sup>	FA06	Storage Facilities Upgrades - Contract 3	Design Start Milestone	Y
4 <sup>th</sup>	BR04	Nitrification RAS Piping Rehabilitation	Construction Start Milestone - Structural Repairs	
4 <sup>th</sup>	E801	Enhanced Clarification Facilities	Design/Build Start Milestone	
4 <sup>th</sup>	G601	Sanitary SUB Rehab and Repair Phase 2	Design Start Milestone	
4 <sup>th</sup>	G700	Rehab/Repair Combined Sewers Under Buildings	Construction Substantial Completion	Y (1 <sup>st</sup> Q)
4 <sup>th</sup>	J101	Oxon Run Sewer Rehabilitation	Design Start Milestone	
4 <sup>th</sup>	N702	Potomac Sewer - Odor Remedy (DC & MD Sites)	Construction Substantial Completion	
4 <sup>th</sup>	DN16	Sewer Inspection & Cleaning Contract #10	Inspection Start Milestone (NTP)	
4 <sup>th</sup>	E902	Site Work/Dewatering Project - Contract 1	Construction Substantial Completion	

Note: The 4<sup>th</sup> quarter Design Start Milestone for FV01 – Rehab of Lower East Side Interceptor was removed. Work required to rehabilitate the most critical sections of this sewer was incorporated into the Clean Rivers M St. Diversion Sewer Project.

## ATTACHMENT 3

## RECOMMENDATION FOR DISPOSAL OF OBSOLETE INVENTORY

9/17/13

**Action Requested:**

Board approval of action to dispose \$ 1.1 million of Blue Plains obsolete inventory.

**Background:**

The Material Management branch of the Department of Procurement maintains and operates a warehouse at Blue Plains that stores maintenance materials and capital replacement parts.

As part of the DC Water overall Material Management Project Plan, staff from Water Services, Sewer Services, Procurement and Engineering conducted a thorough review of the existing inventory items at the Blue Plains warehouse. The review included the identification of obsolete items and associated equipment no longer in use by operations. This process included a quality assurance review by personnel from the Office of the Chief Financial Officer and independent consultants.

There is a need for an expedited disposal because warehouse operations at Blue Plains will soon be moving to its new location. The obsolete items in the current warehouse would incur a substantial duplication of costs if they were to be re-shelved in the new warehouse.

**Summary of the Disposition:**

Based on inventory records and the physical inspection, 262 items with an inventory value of approximately \$1.1 Million were determined to be obsolete.

<u>Number of Items</u>	<u>Inventory Value</u>
262	\$1,129,314.67

Disposal of the items was approved by:

- General Manager;
- Chief Financial Officer;
- Acting Director of Procurement;
- AGM of Blue Plains; and
- AGM of Customer Care and Operations.

## ATTACHMENT 4

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY  
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

**ACTION REQUESTED**

**GOODS AND SERVICES CONTRACT MODIFICATION:**

**Electricity Generation & Transmission Services  
(Joint-Use)**

Approval to execute a modification in the amount of \$17,475,795.00 for an eight month contract extension.

**CONTRACTOR/SUB/VENDOR INFORMATION**

<b>PRIME:</b> Hess Corporation 1 Hess Plaza Woodbridge, NJ 07095	<b>SUBS:</b> N/A	<b>PARTICIPATION:</b> N/A
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**DESCRIPTION AND PURPOSE**

Original Contract Value:	\$112,000,000.00
Original Contract Dates:	02-01-2006—01-31-2011
No. of Option Years in Contract:	0
Option Year Values:	N/A
Option Year Dates:	N/A
Contract Modification Value:	\$73,300,000.00
Contract Modification Dates:	02-01-2011—01-31-2013
This Contract Modification Value:	\$17,475,795.00
This Contract Modification Dates:	02-01-2014—09-30-2014

**Purpose of the Contract:**

To contract for the provision of 320,000 megawatt hours of electricity annually at various wastewater treatment, water and sewer facilities including:

Blue Plains;  
Anacostia Water Pumping Station;  
Main & O Street Sewer Pumping Station;  
Potomac Sewer Pumping Station;  
Eastside Sewer Pumping Station; and  
Swirl Facility

**Contract Scope:**

This contract is for electricity generation and transmission and does not include distribution services incurred under approved Potomac Electric Power Company (PEPCO) tariffs. DC Water will have the ability to lock in blocks of power at a fixed price when future pricing meets budget targets. To the degree that DC Water does not lock in blocks, pricing will be established each day at market rates with direct pass through of all costs.

**Spending Previous Year:**

Cumulative Contract Value:	02-01-2006 to 01-31-2014—\$184,300,000.00
Cumulative Contract Spending:	02-01-2006 to 08-31-2013—\$150,096,109.00

**Contractor's Past Performance:**

The contractor's past performance has been satisfactory.

## PROCUREMENT INFORMATION

<b>Contract Type:</b>	Fixed Price	<b>Award Based On:</b>	Highest Ranking Score
<b>Commodity:</b>	Electricity (Energy) Generation Services	<b>Contract Number:</b>	WAS-05-026-AA-VW
<b>Contractor Market:</b>	Open Market		

## BUDGET INFORMATION

<b>Funding:</b>	Operating	<b>Department:</b>	WWT, Water and Sewer Services
<b>Service Area:</b>	DC Water wide	<b>Department Head:</b>	Aklile Tesfaye Cuthbert Braveboy and Charles Sweeney

## ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	43.67%	\$ 7,631,680
Washington Suburban Sanitary Commission	41.71%	\$ 7,289,153
Fairfax County	10.07%	\$ 1,759,813
Loudoun County	3.91%	\$ 683,304
Potomac Interceptor	0.64%	\$ 111,845
<b>TOTAL ESTIMATED DOLLAR AMOUNT</b>	<b>100.00%</b>	<b>\$ 17,475,795</b>

 9-18-13  
Date

Katy Chang  
Acting Director of Procurement

 9-18-13  
Date

Gail Alexander-Reeves  
Acting Director of Finance & Budget

 9-18-13  
Date

Mark Kim  
Chief Financial Officer, Chief Finance Office

\_\_\_\_\_  
George S. Hawkins  
General Manager

Date

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY  
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

**ACTION REQUESTED**

**GOODS AND SERVICES CONTRACT MODIFICATION:**

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

Approval to execute a modification for legal services in the amount of \$2,900,000.00.

**CONTRACTOR/SUB/VENDOR INFORMATION**

<b>PRIME:</b> Beveridge & Diamond, PC 1350 I Street, NW Suite 700 Washington, DC 20005	<b>SUBS:</b> N/A	<b>PARTICIPATION:</b> N/A
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**DESCRIPTION AND PURPOSE**

Original Contract Value: \$999,000.00  
 Original Contract Dates: 10-01-2012—09-30-2013  
 No. of Option Years in Contract: N/A  
 This Contract Modification Value: \$2,900,000.00  
 This Contract Modification Dates: 10-01-2012—09-30-2014

**Purpose of the Contract:**

To contract for the provision of legal services for the District of Columbia Water and Sewer Authority's General Counsel.

**Contract Scope:**

To provide legal services in lead litigation and environmental matters.

**Spending Previous Year:**

Cumulative Contract Value: 10-01-2012 to 09-31-2013—\$999,000.00  
 Cumulative Contract Spending: 10-01-2012 to 08-31-2013—\$694,470.36

**Contractor's Past Performance:**

The contractor's past performance has been satisfactory.

Note: The purchase order was issued in the amount of \$999,000.00. Invoices in the amount of \$694,470.36 has been processed for payment. There is a remaining balance of \$300,427.18 pending payment. Approximately, \$300,000 more in expenditures are expected for Fiscal Year 2013. Also, the department is requesting \$1,600,000.00 for Fiscal Year 2014 legal services.



**PROCUREMENT INFORMATION**

<b>Contract Type:</b>	Labor Hour	<b>Award Based On:</b>	Non-Competitive
<b>Commodity:</b>	Legal Services	<b>Contract Number:</b>	Not Applicable
<b>Contractor Market:</b>	Not Applicable		

**BUDGET INFORMATION**

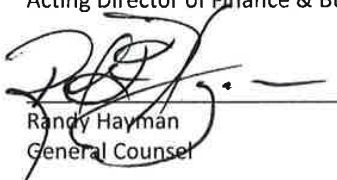
<b>Funding:</b>	Operations	<b>Department:</b>	General Counsel
<b>Service Area:</b>	DC Water wide	<b>Department Head:</b>	Randy Hayman

**ESTIMATED USER SHARE INFORMATION**

User	Share %	Dollar Amount
District of Columbia	81.85%	\$2,373,650.00
Washington Suburban Sanitary Commission	13.24%	\$ 383,960.00
Fairfax County	3.36%	\$ 97,440.00
Loudoun County	1.33%	\$ 38,570.00
Potomac Interceptor	.22%	\$ 6,380.00
<b>TOTAL ESTIMATED DOLLAR AMOUNT</b>	<b>100.00%</b>	<b>\$2,900,000.00</b>

 9-18-13  
 Katy Chang Date  
 Acting Director of Procurement

 9-18-13  
 Gail Alexander-Reeves Date  
 Acting Director of Finance & Budget

 9/18/13  
 Randy Hayman Date  
 General Counsel

\_\_\_\_\_  
 George S. Hawkins Date  
 General Manager



**ATTACHMENT 6**

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

Thursday, October 24, 2013; 11:00 a.m.  
Blue Plains Wastewater Treatment Plant  
5000 Overlook Avenue, SW, DC  
**AGENDA**

<b>Call to Order</b>	Chairman
<b>September 2013 Financial Report</b>	Director of Finance & Budget
<b>Action Items</b>	Chairman
<b>Agenda for November Committee Meeting</b>	Chairman
<b>Adjournment</b>	Chairman

\*Detailed agenda can be found on DC Water's website at [www.dewater.com/about/board\\_agendas.cfm](http://www.dewater.com/about/board_agendas.cfm)