



**DISTRICT OF COLUMBIA  
WATER AND SEWER AUTHORITY**

**Board of Directors**

*Finance and Budget Committee*

*Thursday, March 26, 2015*

11:00 a.m.

1. **Call to Order**..... Timothy L. Firestine, Chairperson
2. **February 2015 Financial Report (Attachment 1)**..... Gail Alexander-Reeves and Robert Hunt
  - A. Operating Revenues & Expenditures
  - B. Capital Disbursements Summary
  - C. Cash Reserves & Investments
  - D. **Investment Report**
3. **Series 2015A Refunding Transaction Update**..... Mark Kim
4. **Biosolids Management Program Status Update (Attachment 2)**..... Len Benson
5. **Agenda for April Committee Meeting (Attachment 3)** ..... Timothy L. Firestine
6. **Executive Session\***
7. **Adjournment**

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

\* 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 February 28, 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

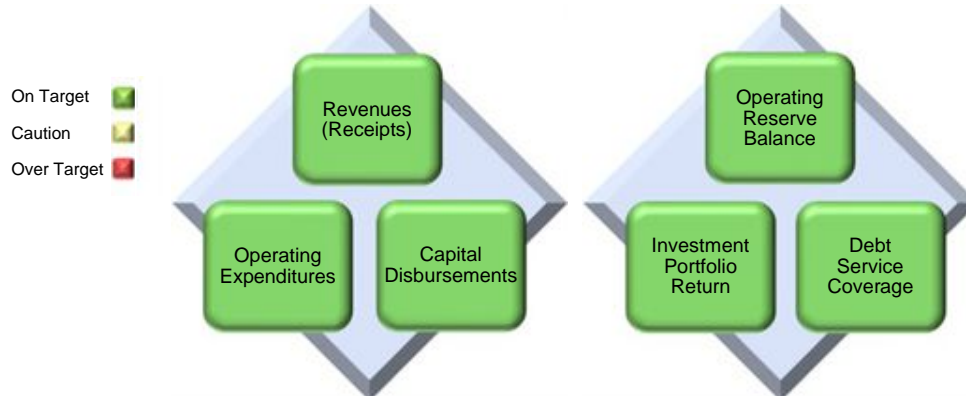
**John Madrid**, Controller

Monthly Financial Report

FEBRUARY 2015

EXECUTIVE SUMMARY

For this reporting period, with approximately 42 percent of the FY completed, we are on track with budgetary expectations and targeted performance metrics. The table below summarizes detailed information provided in the report.



(\$ in millions)

	Revised Budget	YTD Budget	YTD Actual	Variance Favorable (Unfavorable)		% Revised Budget
Revenues (Receipts)*	\$542.6	\$226.1	\$239.0	\$12.9	5.7%	44%
Expenditures*	\$516.0	\$215.0	\$183.6	\$31.4	14.6%	36%
Capital Disbursements	\$625.3	\$261.6	\$243.2	\$18.4	7.0%	39%

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

Highlights:

- Debt Refinancing Update – Pricing and sale scheduled for February 18, 2015 has been postponed indefinitely based on market conditions
- The following items were recommended to the full Board by the DC Retail Water and Sewer Rates Committee:
  - Proposed Fire Protection Fee for FY 2015 – FY 2017
  - Development Impact Fee effective October 1, 2015 (FY 2016)
- DC Water Town Hall Meetings are scheduled to begin in April
- Development and publication of the Approved FY 2016 Budget Books are underway

Mark T. Kim, Chief Financial Officer

## Monthly Financial Report

Fiscal Year-to-Date  
As of February 28, 2015

### Operating Revenues (\$000's)

Category	A	B*	C	D = C/A	E = C - B	F = E/B
	FY 2015 BUDGET	YTD BUDGET	YTD ACTUAL	YTD % BUDGET	YTD \$ Fav/(Unfav)	YTD % Fav/(Unfav)
Res. / Comm. / Multi.	\$291,347	\$121,395	\$116,775	40.1%	(\$4,619)	(3.8%)
Federal	58,695	24,456	30,282	51.6%	5,826	23.8%
Municipal (DC Govt.)	15,735	6,556	5,191	33.0%	(1,365)	(20.8%)
DC Housing	7,472	3,113	3,224	43.2%	111	3.6%
Metering Fee	10,776	4,490	4,727	43.9%	237	5.3%
Wholesale	81,365	33,902	36,717	45.1%	2,815	8.3%
PILOT/ROW	20,547	8,561	9,605	46.7%	1,043	12.2%
All Other	56,706	23,627	32,513	57.3%	8,885	37.6%
<b>TOTAL</b>	<b>\$542,643</b>	<b>\$226,101</b>	<b>\$239,034</b>	<b>44.1%</b>	<b>\$12,933</b>	<b>5.7%</b>

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

### VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of February 2015, cash receipts totaled \$239.0 million, or 44.1 percent of the revised FY 2015 budget. Several categories of customers make payments on a quarterly basis, including the Federal and wholesale customers.

Residential, Commercial and Multi-Family – Receipts for this category are slightly lower at 116.8 million or 40.1 percent of the revised budget. The lower receipts are on account of slightly lower consumption as compared to budget.

District Government – Receipts are lower at \$5.2 million or 33.0 percent of the revised budget. The short payment is due to DC Government disputing the Clean Rivers Impervious Surface Area Charges (CRIAC) associated with RFK Stadium. The Customer Care staff is holding discussions with the District to resolve the issue.

Other Revenue – Receipts are higher than the straight-lined budget at \$32.5 million or 57.3 percent of the budgeted category primarily due to onetime contribution of \$15 million reflecting 50 percent of the reserves in the PILOT Fund as agreed to by the District Government as per PILOT MOU dated September 4, 2014.

## Monthly Financial Report

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### Operating Expenditures (\$000's)

Category	A	B*	C	D = C/A	E = B - C	F = E/B
	FY 2015 BUDGET	YTD BUDGET	YTD ACTUAL	YTD % BUDGET	YTD \$ Fav/(Unfav)	YTD % Fav/(Unfav)
Personnel	\$135,544	\$56,477	\$54,463	40.2%	\$2,014	3.6%
Contractual Services	76,944	32,060	25,216	32.8%	6,844	21.3%
Water Purchases	28,831	12,013	10,947	38.0%	1,065	8.9%
Supplies & Chemicals	36,187	15,078	12,248	33.8%	2,830	18.8%
Utilities	30,416	12,673	12,626	41.5%	47	0.4%
Small Equipment	1,028	428	267	26.0%	161	37.6%
<b>SUBTOTAL O&amp;M</b>	<b>\$308,950</b>	<b>\$128,729</b>	<b>\$115,768</b>	<b>37.5%</b>	<b>\$12,961</b>	<b>10.1%</b>
Debt Service	160,264	66,777	59,335	37.0%	7,441	11.1%
PILOT/ROW	26,687	11,120	8,500	31.9%	2,620	23.6%
Cash Financed Capital Improvements	20,058	8,358	0	0.0%	8,358	100.0%
<b>TOTAL OPERATING</b>	<b>\$515,959</b>	<b>\$214,983</b>	<b>\$183,603</b>	<b>35.6%</b>	<b>\$31,379</b>	<b>14.6%</b>
Capital Labor	(17,266)	(7,194)	(7,859)	45.5%	665	(9.2%)
<b>TOTAL NET OPERATING</b>	<b>\$498,693</b>	<b>\$207,789</b>	<b>\$175,744</b>	<b>35.2%</b>	<b>\$32,045</b>	<b>15.4%</b>

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

### VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of February 2015, with approximately 42 percent of the fiscal year completed, operating expenditures totaled \$183.6 million, or 35.6 percent of the FY 2015 Board-revised budget of \$516.0 million. These numbers include estimated, incurred but unpaid, invoices and are subject to revision in subsequent months.

Personnel Services – The YTD spending is consistent with expectation and reflects an increase in hiring efforts to reduce authority-wide vacancies. Of the 1222 positions budgeted (1260 positions authorized), 1100 positions were filled and 160 authorized positions were vacant. Overtime spending totals \$3.2 million of the annual budget of \$6.1 million, or 8.2 percent of regular payroll costs. Overtime costs to date continue to trend higher than budget primarily due to emergency responses related to infrastructure repairs, maintenance and water main breaks and snow removal. We will continue to monitor and report overtime activities and associated risks to budget.

Contracts - Underspending is attributable to various contracts throughout the Authority. This includes the impact of the delayed \$4 million PEPSCO contract to operate the CHP Project and lag in contract ratification and invoices for other operational and maintenance contracts. We anticipate spending to increase as we progress into the fiscal year.

Supplies & Chemicals – YTD underspending in chemicals is mainly attributable to lower process demand for major chemicals including methanol, sodium hydroxide and polymer in addition to lower than budgeted unit price for methanol due to current pricing structure in the contract (Budget = \$0.246; YTD average = \$0.184 per pound).

Utilities (Electricity) – There is no significant variation to budget with minimal impact arising from the Siberian Express during the cold winter season due to hedged load for this period. We have 20MW or approximately 67 percent of the Authority's electricity load locked at an average Western Hub unit price of \$45.92/MWh for the remainder of the year, 15MW at \$40.43/MWh for FY 2016 and 5MW at \$37.35/MWh for FY 2017. Staff continues to work with Con Edison, our energy service provider to keep abreast of markets and pricing, in an effort to take advantage of opportunities to lock future loads.

Debt Service – YTD underspending is primarily due to lower interest rates on existing debt and the issuance of additional debt later in the fiscal year.

Payment In Lieu of Taxes (PILOT) – YTD expenditures of \$6.4 million is based on the current MOU with the District which totals \$15.3 million.

## Monthly Financial Report

Fiscal Year-to-Date  
As of February 28, 2015

### Capital Disbursements (\$000's)

Service Area	A	B	C	D = C/A	E = B - C	F = E/B
	FY 2015 BUDGET	YTD BUDGET	YTD ACTUAL	YTD % BUDGET	YTD \$ Fav/(Unfav)	YTD % Fav/(Unfav)
Wastewater	\$206,260	\$91,142	\$88,749	43.0%	\$2,394	2.6%
Sanitary Sewer	40,258	15,049	12,870	32.0%	2,179	14.5%
Combined Sewer Overflow	271,101	111,972	107,567	39.7%	4,405	3.9%
Stormwater	2,559	1,277	353	13.8%	925	72.4%
Water	65,006	24,573	22,532	34.7%	2,041	8.3%
<b>SUBTOTAL: CAPITAL PROJECTS</b>	<b>\$585,183</b>	<b>\$244,013</b>	<b>\$232,070</b>	<b>39.7%</b>	<b>\$11,943</b>	<b>4.9%</b>
Capital Equipment	22,191	9,246	3,959	17.8%	5,287	57.2%
AMR/CIS	7,900	3,292	1,171	14.8%	2,120	64.4%
Washington Aqueduct	10,000	5,000	5,955	59.5%	(955)	(19.1%)
<b>SUBTOTAL: ADD'L CAPITAL PROGRAMS</b>	<b>\$40,091</b>	<b>\$17,538</b>	<b>\$11,085</b>	<b>27.6%</b>	<b>\$6,453</b>	<b>36.8%</b>
<b>TOTAL</b>	<b>\$625,274</b>	<b>\$261,551</b>	<b>\$243,155</b>	<b>38.9%</b>	<b>\$18,396</b>	<b>7.0%</b>

### VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At end of February 2015, capital disbursements are \$243.2 million or 38.9 percent of the revised FY 2015 budget.

Wastewater Treatment - Slightly favorable spending attributable to Filtrate Treatment Facilities, where activities were decreased as a result of previously undocumented underground utilities encountered during site preparation. This discovery delayed the mass excavation start in previous months, but the project has begun to recover. It is anticipated the contract will be complete within budget. This favorable position is offset by higher than planned disbursements in the Blue Plains Tunnel project due to a concrete shaft liner replacement. As this project is nearing completion, spending is anticipated to slow down for the remainder of the year.

Sanitary Sewer - Favorable position is driven by underspending in program management and sewer inspection programs as there have been fewer issues identified.

Combined Sewer Overflow - Slightly favorable spending related to Blue Plains Tunnel project nearing completion summer 2015.

Water - Lower than anticipated spending is attributable to irregular billing for the large diameter water main repair project.

Capital Equipment - The favorable position is driven by the unspent reserve funds in the Office of the CFO to accommodate requests for projects Authority-wide, if needed.

AMR/CIS - Lower than anticipated spending for Automated Meter Reading (AMR) and Customer Information and Billing System (CIS) is related to the timing of the projects. Both anticipate heavier spending in the latter half of the fiscal year for meters, aerial photographs of impervious surfaces, and technical/evaluation services for the CIS Request for Proposal.

**Monthly Financial Report**

Fiscal Year-to-Date  
As of February 28, 2015

**Cash and Investments (\$ in millions)**

**Cash Balances**

Rate Stabilization Fund Account (RSF)	\$22.5
DC Insurance Reserve	1.0
Operating Reserve Accounts	<u>148.1</u>
<b>Operating Cash Balance Including RSF</b>	<b>\$171.6</b>
Debt Service Reserve - Series 1998	23.6
CSO LTCP Appropriations Account	27.4
Bond Fund- Construction Fund 2014A	226.1
Bond Fund- Construction Fund 2014B	<u>32.0</u>
Reserves and Bond Proceeds	309.1
<b>Total All Funds</b>	<b>\$480.7</b>

OVERALL PORTFOLIO PERFORMANCE

- The operating reserve balance was \$148.1 million as compared to the operating reserve level objective of \$125.5 million for FY 2015
- Average cash balance for the month of February was \$175.7 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 February (on a cash basis) was \$19,694; YTD total is \$518,527 and higher than the annual budget of \$511,652
- A detailed investment performance report is attached

Monthly Financial Report

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Cash Flow Summary (\$000's)

	Annual Budget Cash Basis	YTD 42% Cash Budget	YTD Actual Cash	Variance Favorable (Unfavorable)	
<b>OPERATING BUDGET</b>					
<b>Cash Provided</b>					
Retail	\$384,025	\$160,010	\$160,200	\$190	0%
Wholesale	81,365	33,902	36,717	2,815	8%
Other	69,634	29,014	42,066	13,052	45%
Transfer from Rate Stabilization Fund	7,500	3,125		(3,125)	-100%
<b>Total Cash Provided</b>	<b>542,524</b>	<b>226,052</b>	<b>238,983</b>	<b>12,932</b>	<b>6%</b>
<b>Operating Cash Used</b>					
Personnel Services	118,278	49,283	48,929	354	1%
Contractual Services	76,944	32,060	35,188	(3,128)	-10%
Chemicals & Supplies	36,187	15,078	14,980	98	1%
Utilities	30,416	12,673	8,056	4,617	36%
Water Purchases	28,831	12,013	11,322	691	6%
Small Equipment	1,028	428	309	120	28%
<b>Total Operating Cash Used</b>	<b>291,684</b>	<b>121,535</b>	<b>118,783</b>	<b>2,752</b>	<b>2%</b>
Defeasance D.S./Cash Financed Capital Improvements	20,229	8,429		8,429	100%
<b>Other Cash Used</b>					
Debt Service	163,242	68,018	59,335	8,682	13%
Payment In Lieu of Taxes/Right of Way	20,437	8,516	10,219	(1,703)	-20%
<b>Total Other Cash Used</b>	<b>183,680</b>	<b>76,533</b>	<b>69,554</b>	<b>6,979</b>	<b>9%</b>
<b>Total Cash Used</b>	<b>495,592</b>	<b>206,497</b>	<b>188,337</b>	<b>18,160</b>	<b>9%</b>
<b>Net Cash Provided (Used) by Operating Act.</b>	<b>46,931</b>	<b>19,555</b>	<b>50,647</b>	<b>31,092</b>	
<b>CAPITAL BUDGET</b>					
<b>Cash Provided</b>					
Debt Proceeds	281,590	117,329	50,656	(66,674)	-57%
EPA Grants	51,771	21,571	12,443	(9,128)	-42%
CSO Grants	22,200	9,250	18,899	9,649	104%
Interest Income	429	179	473	294	164%
Wholesale Capital Contributions	227,745	94,894	108,093	13,199	14%
<b>Total Cash Provided</b>	<b>583,735</b>	<b>243,223</b>	<b>190,563</b>	<b>(52,660)</b>	<b>-22%</b>
<b>Cash Used</b>					
DC Water Capital Program	615,275	256,365	237,200	19,165	7%
Washington Aqueduct Projects	10,000	4,167	5,956	(1,789)	-43%
<b>Total Cash Used</b>	<b>625,275</b>	<b>260,531</b>	<b>243,155</b>	<b>17,376</b>	<b>7%</b>
<b>Net Cash/PAYGO Provided (Used) by Cap. Act.</b>	<b>(\$41,540)</b>	<b>(\$17,308)</b>	<b>(\$52,592)</b>	<b>(\$35,284)</b>	
<b>Beginning Balance, October 1 (Net of Rate Stab. Fund) Projected</b>					
Plus (Less) Operating Surplus	\$157,642		\$157,642		
Wholesale Customer Refunds from Prior Years/ROW	46,931	19,555	50,647		
Interest Earned From Bond Reserve	(18,100)	(7,542)	(5,100)		
Transfer to Rate Stabilization Fund	120	50	51		
Prior Year Federal Billing Reconciliation	(5,053)	(2,105)	(2,526)		
Customer Rebate					
Cash Used for Capital	(41,540)	(17,308)	(52,592)		
<b>Balance Attributable to O&amp;M Reserve</b>	<b>\$140,000</b>		<b>\$148,121</b>		
<b>OTHER CASH RESERVES</b>					
<b>Rate Stabilization Fund</b>		<b>Current</b>			
<b>DC Insurance Reserve</b>		<b>Balance</b>			
		\$22,450			
		\$1,039			
<b>CSO Long-Term Control Plan Appropriation</b>		\$27,433			



**Monthly Financial Report**

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APPENDIX

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Operating Revenues Detail

(\$ in millions)

Revenue Category	Budget	YTD Budget	Actual	Variance Favorable / (Unfavorable)		Actual % of Budget
Residential, Commercial, and Multi-family	\$291.3	\$121.4	\$116.8	(\$4.6)	-3.8%	40.1%
Federal	58.69	24.5	30.3	5.8	23.8%	51.6%
District Government	15.7	6.6	5.2	(1.4)	-20.8%	33.0%
DC Housing Authority	7.5	3.1	3.2	0.1	3.6%	43.2%
Customer Metering Fee	10.8	4.5	4.7	0.2	5.3%	43.9%
Wholesale	81.36	33.9	36.7	2.8	8.3%	45.1%
Right-of-Way Fee/PILOT	20.6	8.6	9.6	1.0	12.2%	46.7%
<b>Subtotal (before Other Revenues)</b>	<b>\$485.9</b>	<b>\$202.4</b>	<b>\$206.5</b>	<b>\$4.0</b>	<b>1.9%</b>	<b>42.5%</b>
Other Revenue without RSF						
IMA Indirect Cost Reimb. For Capital Projects	10.0	4.1	0.0	(4.1)	-100.0%	0.0%
DC Fire Protection Fee	6.9	2.9	5.4	2.5	0.0%	77.8%
Stormwater (MS4)	1.0	0.4	0.4	0.0	0.0%	20.0%
Interest	0.6	0.3	0.5	0.3	150.0%	66.7%
Developer Fees (Water & Sewer)	7.7	3.2	3.0	(0.3)	0.0%	24.7%
Others	23.0	9.6	23.2	13.6	140.8%	100.7%
<b>Subtotal</b>	<b>\$49.2</b>	<b>\$20.6</b>	<b>\$32.5</b>	<b>\$11.9</b>	<b>57.5%</b>	<b>66.0%</b>
Rate Stabilization Fund Transfer	\$7.5	\$3.1	\$0.0	(\$3.1)	-100.0%	0.0%
<b>Other Revenue Subtotal</b>	<b>\$56.7</b>	<b>\$23.6</b>	<b>\$32.5</b>	<b>\$8.8</b>	<b>37.6%</b>	<b>57.3%</b>
<b>Grand Total</b>	<b>\$542.6</b>	<b>\$226.1</b>	<b>\$239.0</b>	<b>\$12.9</b>	<b>5.7%</b>	<b>44.1%</b>

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

Customer Category	Water	Sewer	Clean Rivers		Total
			IAC	Metering Fee	
Residential	12,394	15,087	8,927	2,105	38,512
Commercial	20,818	21,487	12,102	1,477	55,883
Multi-family	10,365	12,366	3,231	500	26,462
Federal	11,485	10,903	7,894	407	30,689
District Govt	1,083	1,324	2,785	181	5,372
DC Housing Authority	1,277	1,542	406	57	3,281
<b>Total:</b>	<b>57,422</b>	<b>62,708</b>	<b>35,343</b>	<b>4,727</b>	<b>160,200</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

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**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
October 31, 2014	\$5.4	12,034
November 30, 2014	\$5.6	12,261
December 31, 2014	\$6.5	13,180
January 31, 2015	\$6.5	13,111
February 28, 2015	\$6.2	13,132

**Greater Than 90 Days by Customer**

	Number of Accounts			Month of February (All Categories)				Total Delinquent				
				Active		Inactive						
	W & S a/c	Impervious Only a/c	Total No. of a/c	No. of a/c	Amount (\$)	No. of a/c	Amount (\$)	No. of a/c Jan.	Amount (\$)	No. of a/c Feb.	Amount (\$)	%
Commercial	12,115	3376	15,491	1,362	1,573,364	156	99,672	1,538	\$ 2,036,755	1,518	\$ 1,673,036	27%
Multi-family	7,333	411	7,744	740	1,515,674	147	63,821	868	1,507,974	887	\$ 1,579,495	26%
Single-Family Residential	104,773	3,337	108,110	8,453	2,369,658	2,274	595,115	10,705	2,974,804	10,727	\$ 2,964,773	48%
<b>Total</b>	<b>124,221</b>	<b>7,124</b>	<b>131,345</b>	<b>10,555</b>	<b>\$ 5,458,696</b>	<b>2,577</b>	<b>\$ 758,608</b>	<b>13,111</b>	<b>\$ 6,519,533</b>	<b>13,132</b>	<b>\$ 6,217,304</b>	<b>100%</b>

Notes: Included in the above \$5.46M (or 10,555 accounts) of the DC Water Over 90 days delinquent accounts, \$1,706,549.31 (or 2,496 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

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### Overtime by Department

Department	FY 2015			
	Budget	Actual	Actual % of Budget	% of Regular Pay
Office of the Board Secretary	\$4,000	\$5,004	125.1%	5.8%
General Manager	5,000	2,513	50.3%	0.4%
General Counsel	2,000	0	0.0%	0.0%
External Affairs	27,000	195	0.7%	0.0%
Internal Audit	0	0	0.0%	0.0%
Information Technology	20,000	2,345	11.7%	0.2%
Procurement	30,000	25,697	85.7%	2.8%
Customer Service	240,000	80,116	33.4%	2.4%
Finance, Accounting & Budget	30,000	17,477	58.3%	0.9%
Assistant General Manager - Support Services	1,030	613	59.5%	0.4%
Human Capital Management	5,000	978	19.6%	0.1%
Occupational Safety and Health	2,000	160	8.0%	0.0%
Facilities Management	200,000	173,499	86.7%	10.6%
Department of Security	0	81	0.0%	0.0%
Distribution and Conveyance System	553,000	341,132	61.7%	13.7%
Engineering and Technical Services	1,070,000	461,403	43.1%	6.5%
Water Services	960,000	712,776	74.2%	14.9%
Clean Rivers	5,000	0	0.0%	0.0%
Sewer Services	767,000	413,257	53.9%	12.9%
Wastewater Treatment - Operations	1,233,890	489,492	39.7%	11.9%
Wastewater Treatment - Process Engineering	100,000	23,469	23.5%	2.3%
Maintenance Services	800,000	502,552	62.8%	14.3%
Permit Operations	11,000	154	1.4%	0.0%
Fleet Management	2,000	1,295	64.8%	0.5%
<b>Total DC WATER</b>	<b>\$6,067,920</b>	<b>\$3,254,209</b>	<b>53.6%</b>	<b>8.2%</b>

**Notes:**

- FY 2015 actual includes accruals for seven days (02/22/15 - 02/28/15)
- Engineering and Technical Services department includes overtime that will be charged/transferred to capital projects

Monthly Financial Report

Fiscal Year-to-Date  
As of February 28, 2015

Capital Disbursements Detail by Program (\$000's)

Service Areas	Budget		Actual			Percent of Year to Date Budget
	Annual	YTD	Oct. 2014 - Jan. 2015	Feb. 2015	YTD	YTD %
<b>WASTEWATER TREATMENT</b>						
Liquid Processing Projects	\$20,566	\$8,568	\$6,183	\$1,084	\$7,268	15%
Plantwide Projects	18,322	9,005	5,776	1,208	6,984	22%
Solids Processing Projects	58,333	27,712	21,237	5,328	26,565	4%
Enhanced Nitrogen Removal Facilities	109,039	45,858	37,953	9,980	47,932	-5%
<b>Subtotal</b>	<b>206,260</b>	<b>91,142</b>	<b>71,148</b>	<b>17,600</b>	<b>88,749</b>	<b>3%</b>
<b>SANITARY SEWER</b>						
Sanitary Collection Sewers	5,933	1,153	359	45	404	65%
Sanitary On-Going Projects	8,256	3,186	4,956	445	5,401	-70%
Sanitary Pumping Facilities	1,377	647	419	72	491	24%
Sanitary Sewer Program Management	10,106	4,671	2,951	629	3,580	23%
Sanitary Interceptor/Trunk Force Sewers	14,586	5,392	2,237	757	2,993	44%
<b>Subtotal</b>	<b>40,258</b>	<b>15,049</b>	<b>10,922</b>	<b>1,948</b>	<b>12,870</b>	<b>14%</b>
<b>COMBINED SEWER OVERFLOW</b>						
CSO Program Management	4,423	3,226	2,958	505	3,464	-7%
Combined Sewer Projects	10,769	5,369	4,436	617	5,053	6%
D.C. Clean Rivers Project	255,909	103,377	85,309	13,741	99,051	4%
<b>Subtotal</b>	<b>271,101</b>	<b>111,972</b>	<b>92,704</b>	<b>14,863</b>	<b>107,567</b>	<b>4%</b>
<b>STORMWATER</b>						
Stormwater Local Drainage	28	12	198	1	198	-1541%
Stormwater On-Going Program	489	190	121	8	129	32%
Stormwater Pumping Facilities	-	-	-	-	-	-
DDOT Stormwater Program	27	6	-	-	-	-
Stormwater Research and Program Management	518	277	17	2	19	93%
Stormwater Trunk/Force Sewers	1,497	792	7	-	7	99%
<b>Subtotal</b>	<b>2,559</b>	<b>1,277</b>	<b>342</b>	<b>11</b>	<b>353</b>	<b>72%</b>
<b>WATER</b>						
Water Distribution Systems	33,291	11,923	8,350	2,021	10,372	13%
Water Lead Program	2,350	803	890	170	1,060	-32%
Water On-Going Projects	7,070	2,960	2,410	745	3,155	-7%
Water Pumping Facilities	6,074	2,743	3,122	88	3,210	-17%
DDOT Water Projects	2,121	942	148	0	148	84%
Water Storage Facilities	6,323	1,605	274	158	432	73%
Water Projects Program Management	7,777	3,597	3,595	561	4,155	-16%
<b>Subtotal</b>	<b>65,006</b>	<b>24,573</b>	<b>18,789</b>	<b>3,743</b>	<b>22,532</b>	<b>8%</b>
<b>Capital Projects</b>	<b>585,183</b>	<b>244,013</b>	<b>193,905</b>	<b>38,165</b>	<b>232,070</b>	<b>5%</b>
<b>CAPITAL EQUIPMENT and AMR/CIS</b>						
Capital Equipment	22,191	9,246	3,457	502	3,959	57%
Automated Meter Reading/Customer Information System	7,900	3,292	834	337	1,171	64%
<b>Subtotal</b>	<b>30,091</b>	<b>12,538</b>	<b>4,291</b>	<b>840</b>	<b>5,130</b>	<b>59%</b>
<b>WASHINGTON AQUEDUCT</b>	<b>10,000</b>	<b>5,000</b>	<b>3,932</b>	<b>2,023</b>	<b>5,955</b>	<b>-19%</b>
<b>Additional Capital Projects</b>	<b>40,091</b>	<b>17,538</b>	<b>8,222</b>	<b>2,863</b>	<b>11,085</b>	<b>37%</b>
<b>Total</b>	<b>\$625,274</b>	<b>\$261,551</b>	<b>\$202,128</b>	<b>\$41,028</b>	<b>\$243,155</b>	<b>7%</b>



# DC Water

*Investment Performance Report – February 2015*



**DC Water  
Finance Division  
Economic Update**

## ECONOMIC COMMENTARY

- U.S. Gross Domestic Product (“GDP”) growth for the fourth quarter of 2014 increased at an annual rate of 2.2%.
- In February, the U.S. economy added 295,000 jobs. The main drivers of recent employment gains has been increasing consumer confidence, falling gas prices, healthy corporate profits, and a rebound in hiring by small businesses. The unemployment rate decreased from 5.7% to 5.5%, the lowest the unemployment rate has been since May 2008.
- During her recent testimony before Congress, Federal Reserve (“Fed”) Chair Janet Yellen reiterated that the Fed will be “patient” when deciding whether to raise interest rates. The Fed will consider interest rate hikes on a “meeting-by-meeting” basis.
- Longer-term U.S. Treasury rates were volatile during February as the market is trying to anticipate the pace of interest rate increases.
- The European Central Bank’s (ECB’s) announced an asset purchase program to provide stimulus to a relatively weak European economy. After several weeks of uncertainty, Greece negotiated a four-month extension to its Eurozone-supported bailout package, temporarily easing tensions.

## PORTFOLIO RECAP

- The portfolio is diversified among Bank Deposits, Commercial Paper, U.S. Treasuries, Federal Agencies, FDIC Insured CDs, Negotiable CDs, Corporate Notes/Bonds, Municipal Bonds, and SEC registered money market funds.
- The overall yield-to-maturity on cost of the portfolio is 0.40%.
- The portfolio is in compliance with the Authority’s Investment Policy.

### Operating Reserve Accounts

- PFM extended the duration of the portfolio with the purchase of \$8.5 million of 2 ½- to 3-year U.S. Treasury Notes at an average yield of 0.82%.
- PFM also purchased \$2.25 million of 3-year IBM corporate notes at an average yield of 1.23%.
- An aberration occurred in the market where we were able to sell July 28, 2017, FHLMC Notes at a yield of 0.835% and purchase U.S. Treasury Notes with a maturity date of July 31, 2017, at a slightly higher yield of 0.842%. When spreads widen, we will look for opportunities to swap back into Federal Agency securities.

### Debt Service Reserve Fund

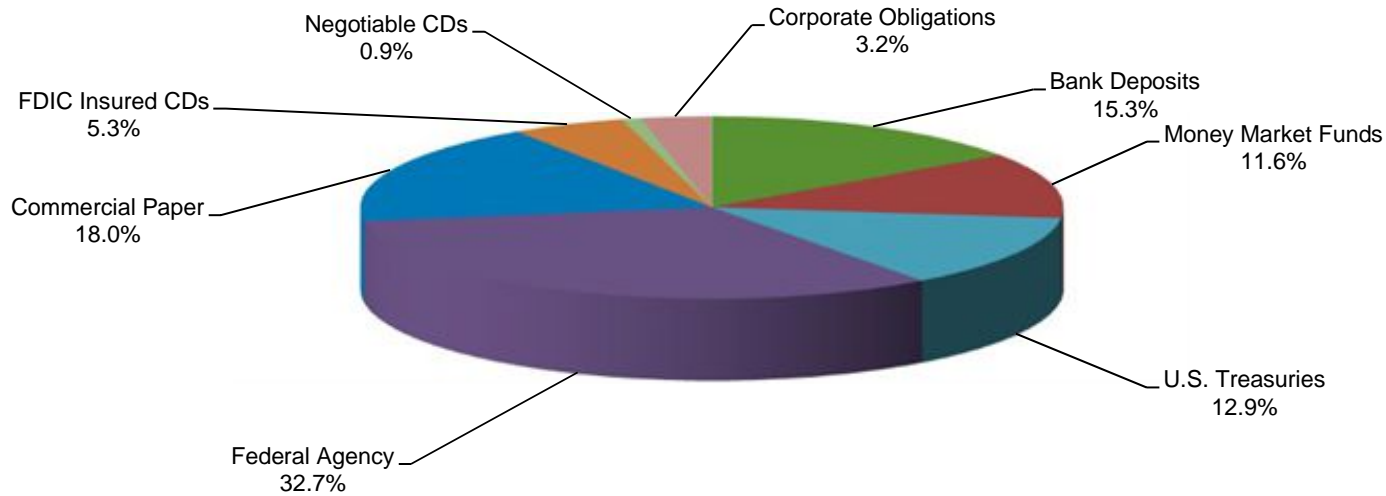
- PFM reinvested maturing funds in 6-month Federal Agencies at an average yield of 0.14%

### 2014A Construction Fund

- PFM purchased \$16 million of 4-month BNP Paribas Finance Inc. commercial paper and \$16 million of 4-month Bank of Tokyo Mitsubishi Ltd. commercial paper at an average yield of 0.25%.



**DC Water  
Finance Division  
Investments - By Security Type  
As of February 28, 2015**

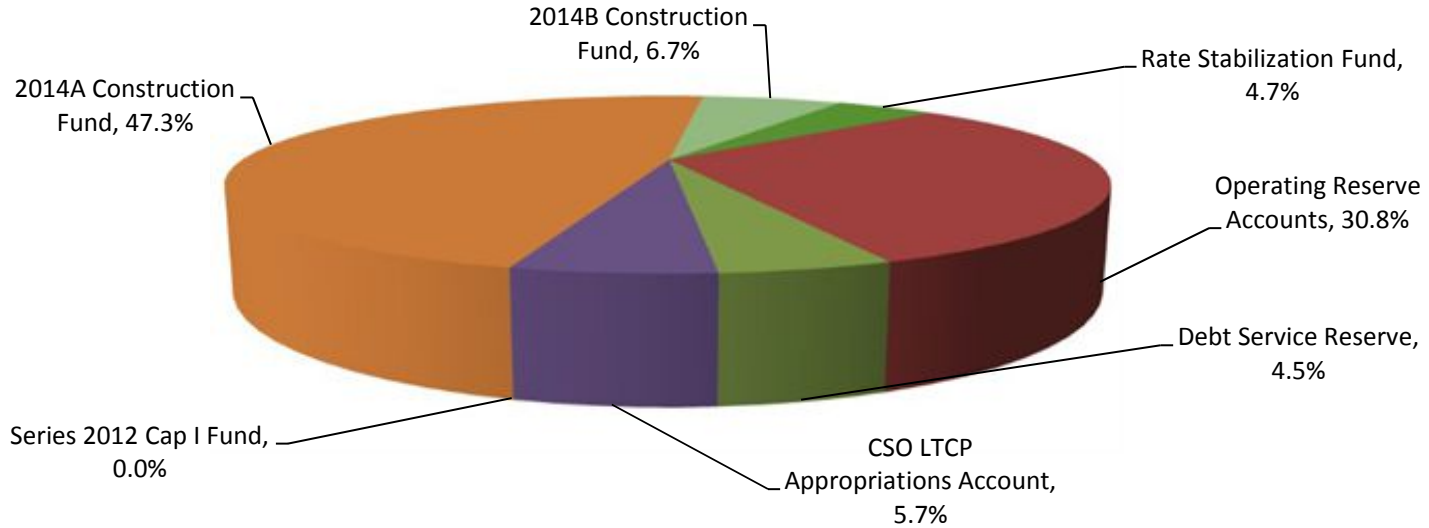


Security Type	Accrued Interest	Allocation	By Policy
Bank Deposits	73,915,792	15.3%	100.0%
Money Market Funds	55,765,062	11.6%	100.0%
U.S. Treasuries	62,184,531	12.9%	100.0%
Federal Agency	157,347,314	32.7%	80.0%
Commercial Paper	86,683,429	18.0%	35.0%
FDIC Insured CDs	25,257,701	5.3%	30.0%
Negotiable CDs	4,207,104	0.9%	30.0%
Corporate Obligations	15,510,203	3.2%	30.0%
Municipal Obligations	120,047	0.0%	20.0%
<b>Total</b>	<b>\$ 480,991,183</b>	<b>100.0%</b>	





**DC Water  
Finance Division  
Investment Analysis – By Fund  
As of February 28, 2015**

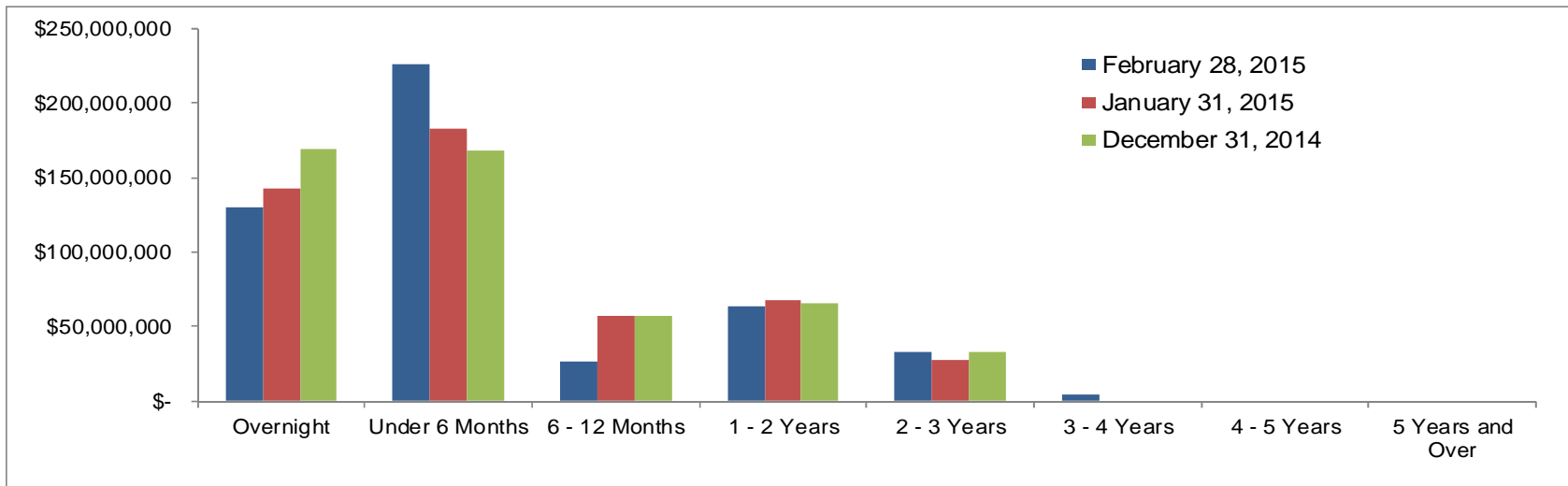


Fund Name	Book Value + Accrued Interest	Yield-to- Maturity at Cost	Effective Duration (years)	Weighted Average Maturity (days)
Rate Stabilization Fund	\$ 22,450,000	0.50%	0.00	1.0
Operating Reserve Accounts	\$ 149,602,340	0.69%	1.19	440.6
Debt Service Reserve	\$ 23,610,786	0.47%	1.19	437.8
CSO LTCP Appropriations Account	\$ 27,431,290	0.90%	0.00	1.0
Series 2012 Cap I Fund	\$ 40,645	0.01%	0.00	1.0
2014A Construction Fund	\$ 225,820,555	0.16%	0.22	81.8
2014B Construction Fund	\$ 32,035,568	0.25%	0.26	94.8
<b>Total</b>	<b>\$ 480,991,183</b>	<b>0.40%</b>	<b>0.55</b>	<b>203.4</b>



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

Maturity Distribution	February 28, 2015	January 31, 2015	December 31, 2014
Overnight \$	129,680,854.07 \$	142,715,000.11 \$	169,425,535.05
Under 6 Months	225,511,715.43	182,778,504.66	167,618,555.04
6 - 12 Months	26,292,448.85	57,123,638.86	57,096,825.67
1 - 2 Years	62,966,882.74	67,944,393.07	65,239,967.68
2 - 3 Years	32,562,004.79	27,933,983.20	33,075,096.23
3 - 4 Years	3,977,277.19	-	-
4 - 5 Years	-	-	-
5 Years and Over	-	-	-
<b>Totals \$</b>	<b>480,991,183.07 \$</b>	<b>478,495,519.90 \$</b>	<b>492,455,979.67</b>





**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		68,838,428.93	14.3%	100.0%	Yes
Capital One Bank		5,077,362.72	1.1%	100.0%	Yes
<b>Sub-Total Bank Deposits</b>		<b>73,915,791.65</b>	<b>15.4%</b>	100.0%	Yes
<b>Money Market Mutual Funds</b>					
Wells Fargo Treasury Plus MMF	AAAm	45,728,741.07	9.5%	50.0%	Yes
Federated Government MMF	AAAm	10,036,321.35	2.1%	50.0%	Yes
<b>Sub-Total Money Market Mutual Funds</b>		<b>55,765,062.42</b>	<b>11.6%</b>	100.0%	Yes
<b>U.S. Treasuries</b>					
Treasury Note	AA+ / Aaa	62,184,531.05	12.9%	100.0%	Yes
<b>Sub-Total Treasuries</b>		<b>62,184,531.05</b>	<b>12.9%</b>	100.0%	Yes
<b>Federal Agencies</b>					
Fannie Mae	AA+ / Aaa	55,780,308.20	11.6%	40.0%	Yes
Federal Home Loan Bank	AA+ / Aaa	68,518,631.09	14.2%	40.0%	Yes
Freddie Mac	AA+ / Aaa	33,048,374.49	6.9%	40.0%	Yes
<b>Sub-Total Federal Agencies</b>		<b>157,347,313.78</b>	<b>32.7%</b>	80.0%	Yes
<b>Commercial Paper</b>					
Bank of Tokyo Mitsubishi	A-1 / P-1	17,489,579.38	3.6%	5.0%	Yes
BNP Paribas Finance Inc	A-1 / P-1	17,737,802.21	3.7%	5.0%	Yes
J.P. Morgan Securities LLC	A-1 / P-1	16,742,211.25	3.5%	5.0%	Yes
PNC Bank NA	A-1 / P-1	1,223,523.19	0.3%	5.0%	Yes
Rabobank USA Fin Corp	A-1 / P-1	16,743,216.25	3.5%	5.0%	Yes
Toyota Motor Credit Corp	A-1+ / P-1	16,747,096.72	3.5%	5.0%	Yes
<b>Sub-Total Commercial Paper</b>		<b>86,683,429.00</b>	<b>18.0%</b>	35.0%	Yes



DC Water  
Finance Division  
Investments – Issuer Allocation

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
<b>FDIC Insured Certificates of Deposit</b>					
CDARS - Placed by Industrial Bank	NR / NR	15,144,683.75	3.1%	5.0%	Yes
CDARS - Placed by City First Bank	NR / NR	10,113,017.35	2.1%	5.0%	Yes
<b>Sub-Total FDIC-Insured Certificates of Deposit</b>		<b>25,257,701.10</b>	<b>5.3%</b>	<b>30.0%</b>	<b>Yes</b>
<b>Negotiable Certificates of Deposit</b>					
Citibank NA	A-1 / P-1	1,200,239.01	0.2%	5.0%	Yes
HSBC Bank USA NA	A-1+ / P-1	1,800,704.00	0.4%	5.0%	Yes
US Bank NA Cincinnati	AA- / Aa3	1,206,161.11	0.3%	5.0%	Yes
<b>Sub-Total Negotiable Certificates of Deposit</b>		<b>4,207,104.12</b>	<b>0.9%</b>	<b>30.0%</b>	<b>Yes</b>
<b>Corporate Obligations</b>					
ANZ Banking Group Ltd.	AA- / Aa2	1,757,486.23	0.4%	5.0%	Yes
Bank of Montreal	A+ / Aa3	1,754,503.84	0.4%	5.0%	Yes
Chevron	AA / Aa1	1,786,888.42	0.4%	5.0%	Yes
General Electric Capital Corporation	AA+ / A1	1,859,448.77	0.4%	5.0%	Yes
IBM	AA- / Aa3	2,245,051.75	0.5%	5.0%	Yes
Royal Bank of Canada	AA- / Aa3	1,759,279.15	0.4%	5.0%	Yes
Toronto Dominion Bank NY	AA- / Aa1	1,995,612.76	0.4%	5.0%	Yes
Toyota	AA- / Aa3	590,392.12	0.1%	5.0%	Yes
Wells Fargo & Company	A+ / A2	1,209,765.80	0.3%	5.0%	Yes
US Bank	AA- / Aa3	551,773.88	0.1%	5.0%	Yes
<b>Sub-Total Corporate Obligations</b>		<b>15,510,202.72</b>	<b>3.2%</b>	<b>30.0%</b>	<b>Yes</b>
<b>Municipal Obligations</b>					
Mississippi State		120,047.23	0.0%	5.0%	Yes
<b>Sub-Total Municipal Obligations</b>		<b>120,047.23</b>	<b>0.0%</b>	<b>20.0%</b>	<b>Yes</b>
<b>Grand Total</b>		<b>\$ 480,991,183.07</b>	<b>100.0%</b>		



**DC Water  
Finance Division  
Book Value Performance  
As of February 28, 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	0.04%	0.50%	0.15%	0.62%	0.28%	0.57%	0.55%
Operating Reserve Accounts	0.07%	0.90%	0.17%	0.71%	0.34%	0.69%	0.52%
Total Debt Service Reserve	0.04%	0.51%	0.13%	0.52%	0.25%	0.51%	0.43%
2014A Construction Fund	0.01%	0.18%	0.04%	0.18%	0.09%	0.18%	n/a
2014B Construction Fund	0.02%	0.24%	0.02%	0.08%	0.03%	0.07%	n/a
<b>Short-Term</b>	<b>0.03%</b>	<b>0.34%</b>	<b>0.07%</b>	<b>0.30%</b>	<b>0.17%</b>	<b>0.35%</b>	<b>0.38%</b>
Merrill Lynch 3-Month Treasury Index (Book Value) <sup>1</sup>	0.00%	0.01%	0.00%	0.02%	0.01%	0.02%	0.03%
<b>Core (1+ Years)</b>	<b>0.05%</b>	<b>0.69%</b>	<b>0.17%</b>	<b>0.68%</b>	<b>0.32%</b>	<b>0.65%</b>	<b>0.58%</b>
Merrill Lynch 1-3 Year Treasury Index (Book Value) <sup>2</sup>	0.04%	0.46%	0.13%	0.54%	0.27%	0.54%	0.48%

- (1) The Merrill Lynch 3-Month Treasury Bill is an unmanaged index tracking the on-the-run Treasury Bill. The Index is produced and maintained by Merrill Lynch & Co. Performance for this index is shown on a book value basis.
- (2) The Merrill Lynch 3-Month Treasury Bill is an unmanaged index tracking a basket of U.S. Treasuries with 1 to 3 year maturities. The Index is produced and maintained by Merrill Lynch & Co. Performance for this index is shown on a book value basis.



DC Water  
Finance Division  
Portfolio Holdings by Fund

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
<b>Rate Stabilization Fund</b>										
TD BANK BANK DEPOSIT		\$ 12,450,000		3/1/2015		0.90%	\$ 12,450,000	\$ 12,450,000	\$ 12,450,000	
FEDERATED GOVERNMENT MONEY MARKET FUND		10,000,000		3/1/2015		0.01%	10,000,000	10,000,000	10,000,000	
										\$ 22,450,000.00
<b>Operating Reserve Accounts</b>										
TD BANK BANK DEPOSIT		\$ 28,957,139		3/1/2015		0.90%	\$ 28,957,139	\$ 28,957,139	\$ 28,957,139	
CAPITAL ONE BANK		5,077,363		3/1/2015		0.50%	5,077,363	5,077,363	5,077,363	
FEDERATED GOVERNMENT MONEY MARKET FUND		36,321		3/1/2015		0.01%	36,321	36,321	36,321	
CITY FIRST BK OF WASHINGTON, DC (CDARS)		2,519,265	0.600	3/19/2015	3/21/2013	0.60%	2,519,265	2,548,745	2,548,745	
BANK OF TOKYO MITSUBISHI UFJ COMM PAPER	06538CRU7	1,500,000	-	4/28/2015	11/24/2014	0.22%	1,498,579	1,499,475	1,499,468	
BNP PARIBAS FINANCE INC COMM PAPER	0556N1SU8	1,750,000	-	5/28/2015	11/24/2014	0.28%	1,747,482	1,748,906	1,748,802	
PNC BANK NA COMM PAPER	69349KV31	1,225,000	-	8/3/2015	11/24/2014	0.28%	1,222,599	1,223,457	1,223,523	
CITIBANK NA FLOATING CERT DEPOS	17304UYB0	1,200,000	0.398	8/11/2015	8/14/2014	0.37%	1,200,000	1,199,915	1,200,239	
INDUSTRIAL BANK CDARS		5,000,000	0.350	10/15/2015	10/16/2014	0.35%	5,000,000	5,006,575	5,006,575	
INDUSTRIAL BANK CDARS		5,024,994	0.400	11/12/2015	11/13/2014	0.40%	5,024,994	5,031,024	5,031,024	
CITY FIRST BK OF WASHINGTON, DC (CDARS)		5,019,985	0.300	11/12/2015	11/13/2014	0.30%	5,019,985	5,024,503	5,024,503	
US TREASURY NOTES	912828PM6	1,100,000	2.125	12/31/2015	7/14/2014	0.24%	1,130,164	1,121,148	1,121,099	
INDUSTRIAL BANK CDARS		2,545,282	0.750	1/21/2016	1/23/2014	0.75%	2,545,282	2,566,428	2,566,428	
INDUSTRIAL BANK CDARS		2,539,450	0.450	1/21/2016	1/22/2015	0.45%	2,539,450	2,540,657	2,540,657	
FEDERAL HOME LOAN BANK GLOBAL NOTES	3130A0SD3	5,000,000	0.375	2/19/2016	7/11/2014	0.34%	5,002,550	5,004,210	5,002,163	
CITY FIRST BK OF WASHINGTON, DC (CDARS)		2,530,097	0.400	3/17/2016	3/20/2014	0.40%	2,530,097	2,539,770	2,539,770	
US TREASURY NOTES	912828QF0	3,250,000	2.000	4/30/2016	7/15/2014	0.39%	3,343,438	3,333,678	3,332,534	
US TREASURY NOTES	912828QP8	5,000,000	1.750	5/31/2016	11/21/2014	0.32%	5,108,789	5,107,420	5,111,104	
US TREASURY NOTES	912828WQ9	5,000,000	0.500	6/30/2016	7/15/2014	0.46%	5,004,102	5,010,003	5,006,941	
WELLS FARGO & COMPANY	94974BFL9	1,200,000	1.250	7/20/2016	7/16/2014	0.76%	1,211,664	1,208,620	1,209,766	
US TREASURY NOTES	912828QX1	3,035,000	1.500	7/31/2016	7/15/2014	0.50%	3,096,767	3,083,699	3,081,616	
HSBC BANK USA NA CD	40428AC54	1,800,000	0.880	8/15/2016	2/13/2015	0.88%	1,800,000	1,813,464	1,800,704	
FHLB NOTES	3130A2T97	1,595,000	0.500	9/28/2016	8/7/2014	0.61%	1,591,411	1,596,498	1,595,745	
US TREASURY NOTES	912828WF3	4,600,000	0.625	11/15/2016	7/15/2014	0.64%	4,598,563	4,615,245	4,607,369	
US TREASURY NOTES	912828MD9	6,000,000	3.250	12/31/2016	11/24/2014	0.61%	6,330,000	6,324,820	6,320,714	
US TREASURY NOTES	912828RX0	5,000,000	0.875	12/31/2016	11/21/2014	0.60%	5,029,102	5,036,156	5,032,589	
US TREASURY NOTES	912828RX0	3,075,000	0.875	12/31/2016	12/9/2014	0.69%	3,086,531	3,097,236	3,089,737	
GENERAL ELEC CAP CORP GLOBAL NOTES	36962G5N0	1,200,000	2.900	1/9/2017	7/15/2014	1.03%	1,254,912	1,249,820	1,246,184	
US BANK CORP NOTE (CALLABLE)	90331HMC4	550,000	1.100	1/30/2017	11/26/2014	0.98%	551,430	551,810	551,774	
US TREASURY NOTES	912828SC5	3,500,000	0.875	1/31/2017	7/14/2014	0.72%	3,513,945	3,520,772	3,512,990	
US TREASURY NOTES	912828SM3	1,850,000	1.000	3/31/2017	10/6/2014	0.80%	1,859,033	1,870,588	1,865,312	
FNMA NOTES	3135G0JA2	4,500,000	1.125	4/27/2017	11/21/2014	0.80%	4,535,370	4,553,366	4,548,805	
TORONTO DOMINION BANK NY CORP NT	89114QAQ1	1,200,000	1.125	5/2/2017	7/15/2014	1.14%	1,199,628	1,204,880	1,204,177	
TORONTO DOMINION BANK NY CORP NT	89114QAQ1	790,000	1.125	5/2/2017	11/26/2014	1.21%	788,317	793,213	791,436	
ANZ BANKING GROUP LTD CORP NOTES	05253JAF8	1,200,000	1.250	6/13/2017	10/30/2014	1.15%	1,203,084	1,203,822	1,205,946	
ANZ BANKING GROUP LTD CORP NOTES	05253JAF8	550,000	1.250	6/13/2017	11/26/2014	1.25%	550,055	551,752	551,540	
US TREASURY NOTES	912828TB6	1,850,000	0.750	6/30/2017	11/3/2014	0.79%	1,848,121	1,851,143	1,850,650	
BANK OF MONTREAL CORP NOTES (CALLABLE)	06366RVD4	1,200,000	1.300	7/14/2017	7/15/2014	1.27%	1,201,116	1,202,074	1,202,916	
BANK OF MONTREAL CORP NOTES (CALLABLE)	06366RVD4	550,000	1.300	7/14/2017	11/26/2014	1.25%	550,726	550,951	551,587	
FREDDIE MAC GLOBAL NOTES	3137EADJ5	1,015,000	1.000	7/28/2017	8/14/2014	1.00%	1,014,932	1,018,826	1,015,876	
US TREASURY NOTES	912828NR7	150,000	2.375	7/31/2017	7/18/2014	0.97%	156,311	155,934	155,330	
US TREASURY NOTES	912828TG5	310,000	0.500	7/31/2017	7/31/2014	1.02%	305,217	307,823	306,255	
US TREASURY NOTES	912828TG5	4,500,000	0.500	7/31/2017	2/4/2015	0.63%	4,485,762	4,468,403	4,487,957	
US TREASURY NOTES	912828TG5	950,000	0.500	7/31/2017	2/10/2015	0.84%	942,059	943,330	942,606	



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
<b>Operating Reserve Accounts</b>										
US BANK NA CINCINNATI (CALLABLE) CD	90333VPF1	1,200,000	1.375	9/11/2017	9/11/2014	1.41%	1,198,068	1,201,178	1,206,161	
MS ST TXBL GO BONDS	605581FX0	120,000	1.090	10/1/2017	2/18/2015	1.09%	120,000	119,835	120,047	
ROYAL BANK OF CANADA CORP NOTES	78010U4A2	1,200,000	1.400	10/13/2017	10/15/2014	1.41%	1,199,820	1,209,149	1,206,189	
ROYAL BANK OF CANADA CORP NOTES	78010U4A2	550,000	1.400	10/13/2017	11/26/2014	1.39%	550,198	554,193	553,090	
CHEVRON CORP NOTE	166764AL4	885,000	1.345	11/15/2017	11/18/2014	1.35%	885,000	895,312	888,406	
CHEVRON CORP (CALLABLE) GLOBAL NOTES	166764AA8	900,000	1.104	12/5/2017	11/26/2014	1.26%	895,743	902,140	898,483	
GENERAL ELECTRIC CO NOTES	369604BC6	550,000	5.250	12/6/2017	11/26/2014	1.45%	611,727	617,109	613,264	
TOYOTA MOTOR CREDIT CORP NOTE	89236TCA1	590,000	1.450	1/12/2018	1/12/2015	1.50%	589,192	595,246	590,392	
IBM CORP NOTES	459200HZ7	2,250,000	1.125	2/6/2018	2/6/2015	1.23%	2,243,138	2,243,536	2,245,052	
US TREASURY NOTES	912828UU2	4,000,000	0.750	3/31/2018	2/27/2015	1.04%	3,964,688	3,975,339	3,977,277	\$ 149,602,339.73
<b>Debt Service Reserve</b>										
WELLS FARGO TREASURY PLUS MMF		\$ 26,303		3/1/2015		0.01%	\$ 26,303	\$ 26,303	\$ 26,303	
FEDERAL HOME LOAN BANKS DISC NOTE	313384KQ1	5,100,000	-	8/19/2015	2/20/2015	0.14%	5,096,430	5,096,544	5,096,609	
FHBL NOTES	313375RN9	10,000,000	1.000	3/11/2016	5/22/2013	0.43%	10,158,100	10,114,942	10,105,423	
US TREASURY NOTES	912828QX1	3,550,000	1.500	7/31/2016	7/24/2014	0.51%	3,620,445	3,606,962	3,603,873	
US TREASURY NOTES	912828QX1	1,200,000	1.500	7/31/2016	9/17/2014	0.52%	1,221,844	1,219,255	1,218,052	
US TREASURY NOTES	912828TG5	3,600,000	0.500	7/31/2017	7/24/2014	0.98%	3,549,094	3,574,723	3,560,527	\$ 23,610,785.76
<b>CSO LTCP Appropriations Account</b>										
TD BANK BANK DEPOSIT		\$ 27,431,290		3/1/2015		0.90%	\$ 27,431,290	\$ 27,431,290	\$ 27,431,290	\$ 27,431,289.77
<b>Series 2012 Cap I Fund</b>										
WELLS FARGO TREASURY PLUS MMF		\$ 40,645		3/1/2015		0.01%	\$ 40,645	\$ 40,645	\$ 40,645	\$ 40,644.67
<b>2014A Construction Fund</b>										
WELLS FARGO TREASURY PLUS MMF		\$ 45,605,337		3/1/2015		0.01%	\$ 45,605,337	\$ 45,605,337	\$ 45,605,337	
TOYOTA MOTOR CREDIT CORP COMM PAPER	89233HQT4	16,750,000	-	3/27/2015	7/31/2014	0.24%	16,723,312	16,748,727	16,747,097	
FNMA GLOBAL BENCHMARK NOTES	31359MA45	20,000,000	5.000	4/15/2015	7/31/2014	0.15%	20,684,120	20,494,498	20,496,312	
JP MORGAN SECURITIES LLC COMM PAPER	46640QRQ6	16,750,000	-	4/24/2015	7/31/2014	0.31%	16,711,489	16,744,774	16,742,211	
RABOBANK USA FIN CORP COMM PAPER	74977LRQ2	16,750,000	-	4/24/2015	8/1/2014	0.27%	16,716,584	16,745,444	16,743,216	
FEDERAL HOME LOAN BANK BONDS	313379ER6	12,235,000	0.500	6/12/2015	7/30/2014	0.17%	12,270,200	12,261,491	12,259,824	
FEDERAL HOME LOAN BANK BONDS	313379ER6	2,345,000	0.500	6/12/2015	7/31/2014	0.17%	2,351,623	2,350,077	2,349,725	
FHBL TAP BONDS	3133XWNB1	6,000,000	2.875	6/12/2015	7/30/2014	0.17%	6,140,616	6,083,496	6,083,390	
FHBL TAP BONDS	3133XWNB1	8,955,000	2.875	6/12/2015	7/31/2014	0.17%	9,164,205	9,079,618	9,079,463	
FANNIE MAE GLOBAL NOTES	3135G0LN1	6,000,000	0.500	7/2/2015	8/1/2014	0.19%	6,016,950	6,012,459	6,011,116	
FHLMC NOTES	3134G4TH1	24,000,000	0.300	7/8/2015	7/30/2014	0.20%	24,022,994	24,018,664	24,019,244	
FNMA NOTES	31398AU34	24,450,000	2.375	7/28/2015	1/21/2015	0.16%	24,730,931	24,722,228	24,724,075	
FHBL AGENCY NOTES	3130A2WK8	16,950,000	0.125	8/28/2015	1/21/2015	0.17%	16,945,237	16,948,516	16,946,291	
FREDDIE MAC GLOBAL NOTES	3134G3ZA1	8,000,000	0.500	8/28/2015	1/21/2015	0.17%	8,015,840	8,011,295	8,013,254	\$ 225,820,555.18
<b>2014B Construction Fund</b>										
WELLS FARGO TREASURY PLUS MMF		\$ 56,457		3/1/2015		0.01%	\$ 56,457	\$ 56,457	\$ 56,457	
BANK OF TOKYO MITSUBISHI LTD COMM PAPER	06538CSV4	16,000,000	-	5/29/2015	2/4/2015	0.25%	15,987,333	15,989,856	15,990,111	
BNP PARIBAS FINANCE INC COMM PAPER	0556N1T86	16,000,000	-	6/8/2015	2/4/2015	0.25%	15,986,222	15,988,272	15,989,000	\$ 32,035,567.96
							\$ 481,192,825.15	\$ 481,086,900.98	\$ 480,991,183.07	\$ 480,991,183.07





DC Water  
Finance Division  
Security Purchases  
Last 6 Months

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<b>Operating Reserve Accounts</b>							
RE0908153	INDUSTRIAL BANK CDARS	5,000,000.00	0.35	10/15/2015	10/16/2014	0.35	5,000,000.00
RE0908161	INDUSTRIAL BANK CDARS	5,024,994.20	0.40	11/12/2015	11/13/2014	0.41	5,024,994.20
RE0908179	CITY FIRST BK OF WASHINGTON, DC (CDARS)	5,019,985.06	0.30	11/12/2015	11/13/2014	0.30	5,019,985.06
RE0908229	INDUSTRIAL BANK CDARS	2,539,450.42	0.45	1/21/2016	1/22/2015	0.46	2,539,450.42
912828PA2	US TREASURY NOTES	2,650,000.00	1.88	9/30/2017	9/4/2014	1.04	2,737,771.07
90333VPF1	US BANK NA CINCINNATI (CALLABLE) CD	1,200,000.00	1.38	9/11/2017	9/11/2014	1.41	1,198,068.00
912828SM3	US TREASURY NOTES	1,850,000.00	1.00	3/31/2017	10/6/2014	0.80	1,859,338.15
78010U4A2	ROYAL BANK OF CANADA CORP NOTES	1,200,000.00	1.40	10/13/2017	10/15/2014	1.41	1,199,820.00
05253JAF8	ANZ BANKING GROUP LTD CORP NOTES	1,200,000.00	1.25	6/13/2017	10/30/2014	1.15	1,208,792.33
912828TB6	US TREASURY NOTES	1,850,000.00	0.75	6/30/2017	11/3/2014	0.79	1,852,871.77
166764AL4	CHEVRON CORP NOTE	885,000.00	1.35	11/15/2017	11/18/2014	1.35	885,000.00
3135G0JA2	FNMA NOTES	4,500,000.00	1.13	4/27/2017	11/21/2014	0.80	4,538,745.00
912828QP8	US TREASURY NOTES	5,000,000.00	1.75	5/31/2016	11/21/2014	0.32	5,150,387.42
912828RX0	US TREASURY NOTES	5,000,000.00	0.88	12/31/2016	11/21/2014	0.60	5,046,221.13
912828MD9	US TREASURY NOTES	6,000,000.00	3.25	12/31/2016	11/24/2014	0.61	6,407,894.02
0556N1SU8	BNP PARIBAS FINANCE INC COMM PAPER	1,750,000.00	-	5/28/2015	11/24/2014	0.28	1,747,481.94
06538CRU7	BANK OF TOKYO MITSUBISHI UFJ COMM PAPER	1,500,000.00	-	4/28/2015	11/24/2014	0.22	1,498,579.17
69349KV31	PNC BANK NA COMM PAPER	1,225,000.00	-	8/3/2015	11/24/2014	0.28	1,222,599.00
90331HMC4	US BANK CORP NOTE (CALLABLE)	550,000.00	1.10	1/30/2017	11/26/2014	0.98	553,379.44
05253JAF8	ANZ BANKING GROUP LTD CORP NOTES	550,000.00	1.25	6/13/2017	11/26/2014	1.25	553,167.85
06366RVD4	BANK OF MONTREAL CORP NOTES (CALLABLE)	550,000.00	1.30	7/14/2017	11/26/2014	1.25	553,347.67
166764AA8	CHEVRON CORP (CALLABLE) GLOBAL NOTES	900,000.00	1.10	12/5/2017	11/26/2014	1.26	900,462.60
369604BC6	GENERAL ELECTRIC CO NOTES	550,000.00	5.25	12/6/2017	11/26/2014	1.45	625,361.92
78010U4A2	ROYAL BANK OF CANADA CORP NOTES	550,000.00	1.40	10/13/2017	11/26/2014	1.39	551,074.94
89114QAQ1	TORONTO DOMINION BANK NY CORP NT	790,000.00	1.13	5/2/2017	11/26/2014	1.21	788,909.80
912828RX0	US TREASURY NOTES	3,075,000.00	0.88	12/31/2016	12/9/2014	0.69	3,098,375.85
89236TCA1	TOYOTA MOTOR CREDIT CORP NOTE	590,000.00	1.45	1/12/2018	1/12/2015	1.50	589,191.70
912828TG5	US TREASURY NOTES	4,500,000.00	0.50	7/31/2017	2/4/2015	0.63	4,486,010.34
459200HZ7	IBM CORP NOTES	2,250,000.00	1.13	2/6/2018	2/6/2015	1.23	2,243,137.50
912828TG5	US TREASURY NOTES	950,000.00	0.50	7/31/2017	2/10/2015	0.84	942,189.81
40428AC54	HSBC BANK USA NA CD	1,800,000.00	0.88	8/15/2016	2/13/2015	0.60	1,800,000.00
605581FX0	MS ST TXBL GO BONDS	120,000.00	1.09	10/1/2017	2/18/2015	1.09	120,000.00
912828UU2	US TREASURY NOTES	4,000,000.00	0.75	3/31/2018	2/27/2015	1.04	3,977,050.14
<b>Total Debt Service Reserve</b>							
912828QX1	US TREASURY NOTES	1,200,000.00	1.50	7/31/2016	9/17/2014	0.52	1,224,191.58
313384KQ1	FEDERAL HOME LOAN BANKS DISC NOTE	5,100,000.00	-	8/19/2015	2/20/2015	0.14	5,096,430.00

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





DC Water  
Finance Division  
Security Purchases  
Last 6 Months

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<b>2014A Construction Fund</b>							
3130A2WK8	FHLB AGENCY NOTES	16,950,000.00	0.13	8/28/2015	1/21/2015	0.17	16,953,653.20
3134G3ZA1	FREDDIE MAC GLOBAL NOTES	8,000,000.00	0.50	8/28/2015	1/21/2015	0.17	8,031,728.89
31398AU34	FNMA NOTES	24,450,000.00	2.38	7/28/2015	1/21/2015	0.16	25,009,983.10
<b>2014B Construction Fund</b>							
<b>0556N1T86</b>	<b>BNP PARIBAS FINANCE INC COMM PAPER</b>	<b>16,000,000.00</b>	<b>-</b>	<b>6/8/2015</b>	<b>2/4/2015</b>	<b>0.25</b>	<b>15,986,222.22</b>
<b>06538CSV4</b>	<b>BANK OF TOKYO MITSUBISHI LTD COMM PAPER</b>	<b>16,000,000.00</b>	<b>-</b>	<b>5/29/2015</b>	<b>2/4/2015</b>	<b>0.25</b>	<b>15,987,333.33</b>

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

Investment Performance Report –February 2015



DC Water  
Finance Division  
Security Sales  
Last 6 Months

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<b>Operating Reserve Accounts</b>							
3134G3ZA1	FREDDIE MAC GLOBAL NOTES	2,725,000.00	0.50	8/28/2015	9/4/2014	0.20	2,733,320.33
912828SS0	US TREASURY NOTES	1,200,000.00	0.88	4/30/2017	9/11/2014	0.92	1,202,417.12
912828WB2	US TREASURY NOTES	550,000.00	0.25	10/31/2015	10/6/2014	0.13	551,324.56
0556N1LC5	BNP PARIBAS FINANCE INC COMM PAPER	1,200,000.00	-	11/12/2014	10/6/2014	0.14	1,199,827.33
912828PA2	US TREASURY NOTES	1,175,000.00	1.88	9/30/2017	10/15/2014	0.94	1,207,944.99
912828SS0	US TREASURY NOTES	1,300,000.00	0.88	4/30/2017	10/30/2014	0.65	1,312,918.31
86562YFF6	SUMITOMO MITSUI BANK NY CERT DEPOS	1,200,000.00	0.22	11/7/2014	11/3/2014	0.13	1,200,884.66
06538CNC1	BANK OF TOKYO MITSUBISHI COMM PAPER	500,000.00	-	1/12/2015	11/3/2014	0.19	499,815.28
912828PA2	US TREASURY NOTES	885,000.00	1.88	9/30/2017	11/18/2014	0.98	909,669.90
06538CNC1	BANK OF TOKYO MITSUBISHI COMM PAPER	700,000.00	-	1/12/2015	12/9/2014	0.19	699,874.39
46640QR78	JP MORGAN SECURITIES LLC COMM PAPER	1,200,000.00	-	4/7/2015	12/9/2014	0.24	1,199,048.00
74977LPH4	RABOBANK USA FIN CORP COMM PAPER	1,200,000.00	-	2/17/2015	12/9/2014	0.19	1,199,556.67
912828PA2	US TREASURY NOTES	350,000.00	1.88	9/30/2017	1/12/2015	0.93	360,679.69
<b>912828WB2</b>	<b>US TREASURY NOTES</b>	<b>4,450,000.00</b>	<b>0.25</b>	<b>10/31/2015</b>	<b>2/4/2015</b>	<b>0.13</b>	<b>4,456,774.50</b>
<b>912828NR7</b>	<b>US TREASURY NOTES</b>	<b>1,100,000.00</b>	<b>2.38</b>	<b>7/31/2017</b>	<b>2/6/2015</b>	<b>0.68</b>	<b>1,146,151.76</b>
<b>912828NR7</b>	<b>US TREASURY NOTES</b>	<b>825,000.00</b>	<b>2.38</b>	<b>7/31/2017</b>	<b>2/6/2015</b>	<b>0.68</b>	<b>859,613.82</b>
<b>912828PA2</b>	<b>US TREASURY NOTES</b>	<b>240,000.00</b>	<b>1.88</b>	<b>9/30/2017</b>	<b>2/6/2015</b>	<b>0.76</b>	<b>248,560.41</b>
<b>3137EADJ5</b>	<b>FREDDIE MAC GLOBAL NOTES</b>	<b>750,000.00</b>	<b>1.00</b>	<b>7/28/2017</b>	<b>2/10/2015</b>	<b>0.83</b>	<b>753,273.21</b>
<b>3137EADJ5</b>	<b>FREDDIE MAC GLOBAL NOTES</b>	<b>200,000.00</b>	<b>1.00</b>	<b>7/28/2017</b>	<b>2/10/2015</b>	<b>0.83</b>	<b>200,872.86</b>
<b>912828QF0</b>	<b>US TREASURY NOTES</b>	<b>1,750,000.00</b>	<b>2.00</b>	<b>4/30/2016</b>	<b>2/13/2015</b>	<b>0.33</b>	<b>1,795,357.01</b>
<b>912828PM6</b>	<b>US TREASURY NOTES</b>	<b>3,900,000.00</b>	<b>2.13</b>	<b>12/31/2015</b>	<b>2/27/2015</b>	<b>0.22</b>	<b>3,975,739.25</b>
<b>2014A Construction Fund</b>							
313385J98	FEDERAL HOME LOAN BANKS DISC NOTE	30,000,000.00	-	10/10/2014	9/23/2014	0.01	29,999,929.17
313396AN3	FREDDIE MAC DISC NOTE	2,050,000.00	-	1/13/2015	10/3/2014	0.05	2,049,709.58
313396AP8	FREDDIE MAC DISC NOTE	925,000.00	-	1/14/2015	10/3/2014	0.05	924,867.67
313588AP0	FANNIE MAE DISC NOTE	5,274,000.00	-	1/14/2015	10/3/2014	0.05	5,273,320.97
313588AP0	FANNIE MAE DISC NOTE	946,000.00	-	1/14/2015	10/3/2014	0.05	945,878.20
313588AP0	FANNIE MAE DISC NOTE	12,231,000.00	-	1/14/2015	10/3/2014	0.05	12,229,425.26
313589T37	FANNIE MAE DISC NOTE	35,000,000.00	-	12/15/2014	10/3/2014	0.05	34,996,451.39
<b>2014B Construction Fund</b>							
313385J98	FEDERAL HOME LOAN BANKS DISC NOTE	15,000,000.00	-	10/10/2014	10/3/2014	0.03	14,999,924.17
313588AP0	FANNIE MAE DISC NOTE	5,000,000.00	-	1/14/2015	10/3/2014	0.05	4,999,356.25
313588AP0	FANNIE MAE DISC NOTE	5,000,000.00	-	1/14/2015	10/3/2014	0.05	4,999,356.25
313589T37	FANNIE MAE DISC NOTE	20,000,000.00	-	12/15/2014	10/3/2014	0.05	19,997,972.22

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



DC Water  
Finance Division  
Security Maturities  
Last 6 Months

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<b>Operating Reserve Accounts</b>							
RE0937269	INDUSTRIAL BANK CDARS	5,000,000.00	0.65	10/16/2014	10/16/2014	0.00	5,064,821.92
RE1002089	INDUSTRIAL BANK CDARS	5,030,006.63	0.35	10/16/2014	10/16/2014	0.00	5,047,807.26
RE0907890	CITY FIRST BK OF WASHINGTON, D.C (CDARS)	5,000,000.00	0.40	11/13/2014	11/13/2014	0.00	5,020,000.00
RE0907908	INDUSTRIAL BANK CDARS	5,000,000.00	0.50	11/13/2014	11/13/2014	0.00	5,025,000.00
RE0907981	INDUSTRIAL BANK CDARS	2,528,079.57	0.45	1/22/2015	1/22/2015	0.00	2,539,455.93
<b>Total Debt Service Reserve</b>							
<b>313381YP4</b>	<b>FEDERAL HOME LOAN BANK GLOBAL NOTES</b>	<b>5,000,000.00</b>	<b>0.25</b>	<b>2/20/2015</b>	<b>2/20/2015</b>	<b>0.00</b>	<b>5,000,000.00</b>
<b>2014A Construction Fund</b>							
06538CMV8	BANK OF TOKYO MITSU UFJ LTD COMM PAPER	16,750,000.00	-	12/30/2014	12/30/2014	0.00	16,750,000.00
31344UX0	FHLMC NOTES	3,500,000.00	4.50	1/15/2015	1/15/2015	0.00	3,500,000.00
0556N1NU3	BNP PARIBAS FINANCE INC COMM PAPER	16,750,000.00	-	1/28/2015	1/28/2015	0.00	16,750,000.00
13607FNU6	CANADIAN IMPERIAL HOLDING COMM PAPER	16,750,000.00	-	1/28/2015	1/28/2015	0.00	16,750,000.00
<b>36959JPR8</b>	<b>GENERAL ELEC CAP CORP COMM PAPER</b>	<b>16,750,000.00</b>	<b>-</b>	<b>2/25/2015</b>	<b>2/25/2015</b>	<b>0.00</b>	<b>16,750,000.00</b>

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



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

DATE	TRANSACTION	CUSIP	DESCRIPTION	COUPON	MATURITY DATE	PAR VALUE/SHARES	PRINCIPAL	INTEREST	TOTAL
<u>Operating Reserve Accounts</u>									
03/11/15	INTEREST	313375RN9	FHLB NOTES	1.000	03/11/16	10,000,000.00	0.00	50,000.00	50,000.00
03/11/15	INTEREST	90333VPF1	US BANK NA CINCINNATI (CALLABLE) CD	1.375	09/11/17	1,200,000.00	0.00	8,250.00	8,250.00
03/19/15	MATURITY	RE1000216	CITY FIRST BK OF WASHINGTON, DC (CDARS)	0.600	03/19/15	2,519,265.00	2,519,265.07	30,231.18	2,549,496.25
03/27/15	MATURITY	89233HQT4	TOYOTA MOTOR CREDIT CORP COMM PAPER	0.000	03/27/15	16,750,000.00	16,723,311.67	26,688.33	16,750,000.00
03/28/15	INTEREST	3130A2T97	FHLB NOTES	0.500	09/28/16	1,595,000.00	0.00	3,987.50	3,987.50



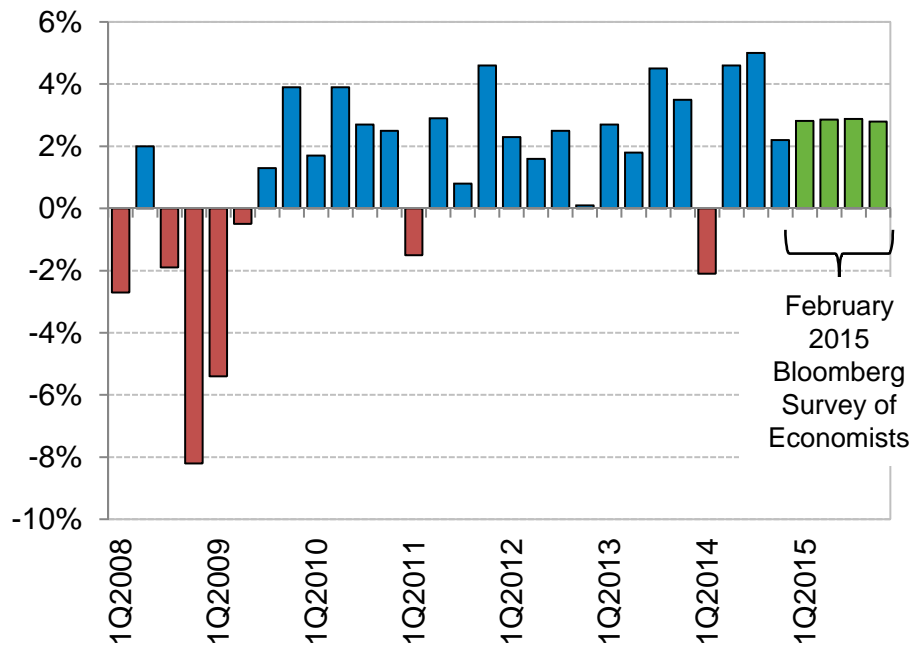
# Appendix: Economic Update



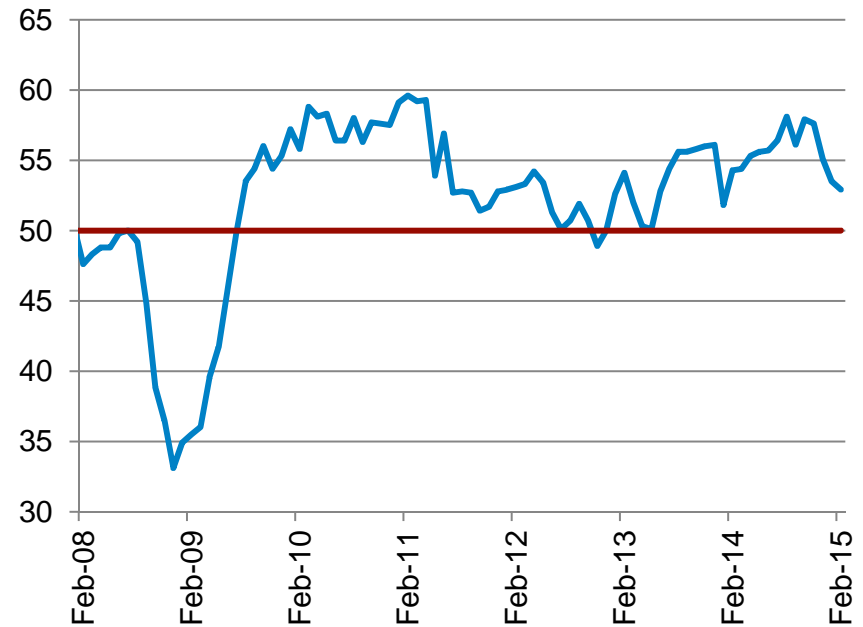
## Gross Domestic Product

- Fourth quarter U.S. Gross Domestic Product (“GDP”) was revised downward from an annual increase of 2.6% to an annual rate of 2.2%.
- The Institute for Supply Management Manufacturing Index fell slightly from January to February but still indicates expansion in the manufacturing sector.

**Gross Domestic Product  
January 2008 – December 2015 (Projected)**



**ISM Manufacturing Index  
February 2008– February 2015**

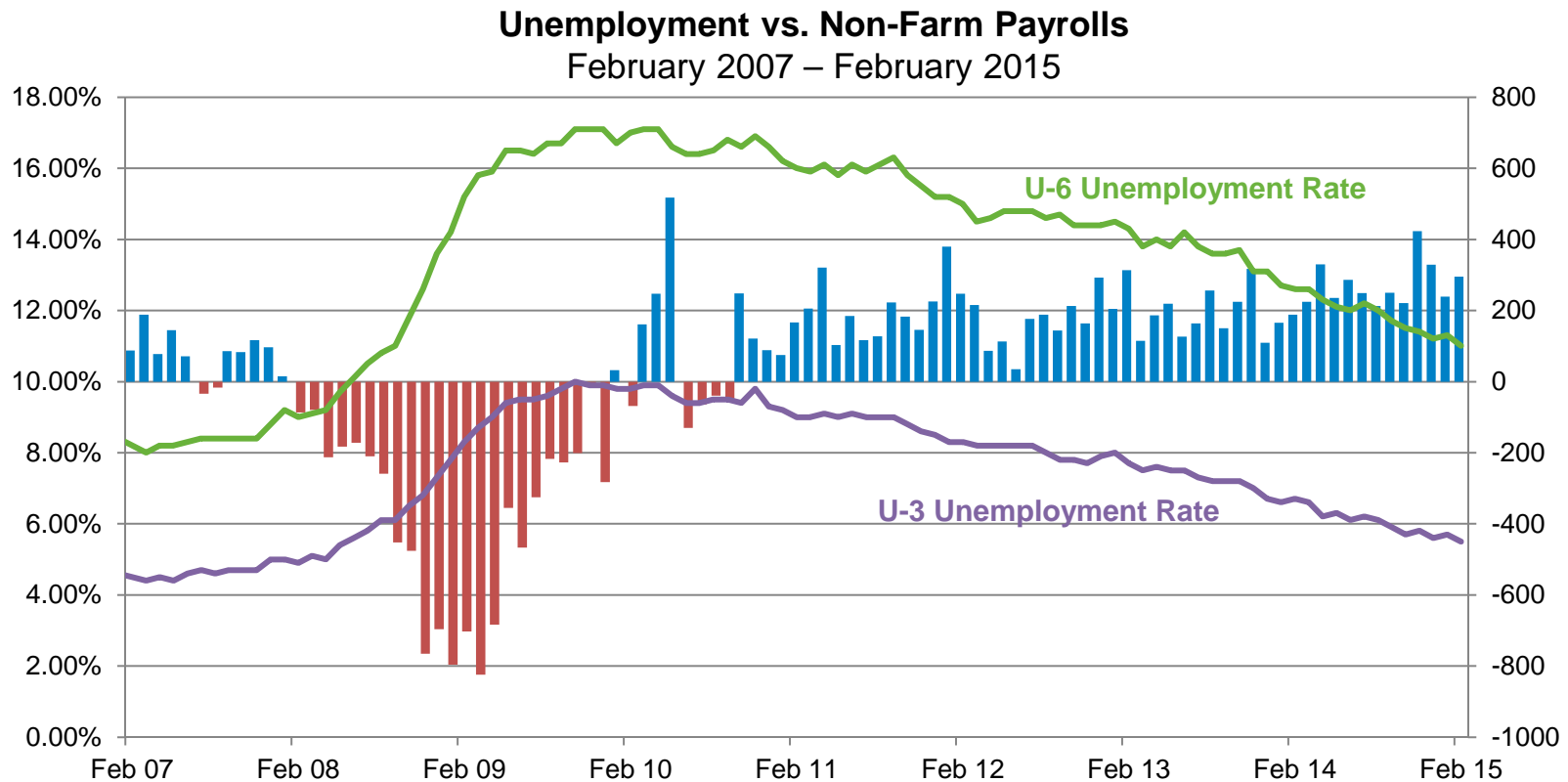


Source: Bloomberg



## Employment Continues to Grow In January

- In February, the U.S. economy added 295,000 jobs, making it the 53rd straight month of employment gains.
- The unemployment rate decreased from 5.7% to 5.5%, the lowest the unemployment rate has been since May 2008.

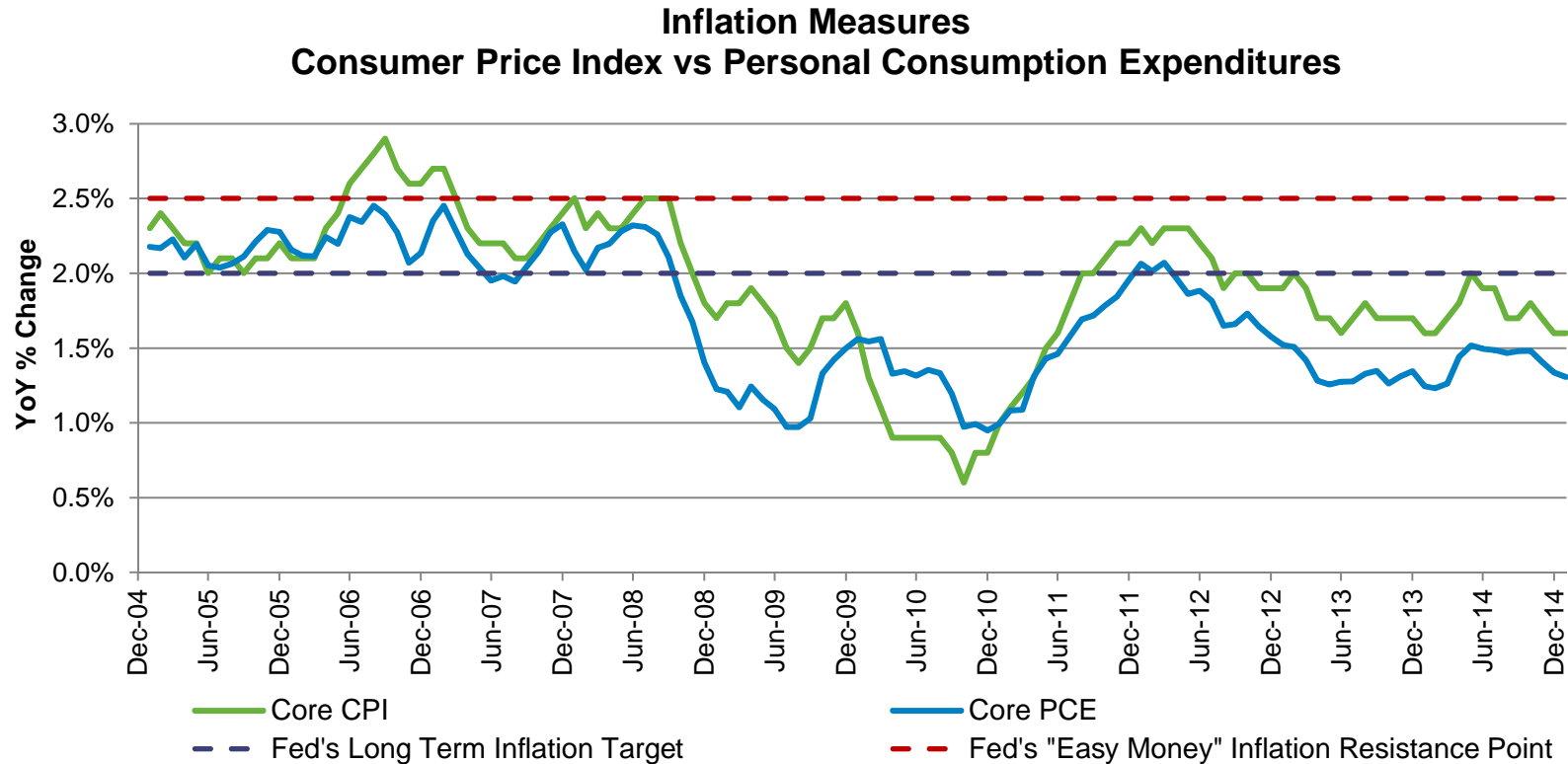


Source: Bloomberg



## Inflation Remains Muted

- The personal consumption expenditures (PCE) price index, the Fed’s preferred gauge of core inflation, continues to undershoot the 2% target; it advanced 1.3% year-over-year in January, slightly below the December reading.
- The Core Consumer Price Index (CPI) registered 1.6% year-over-year growth in January .



Source: Bloomberg

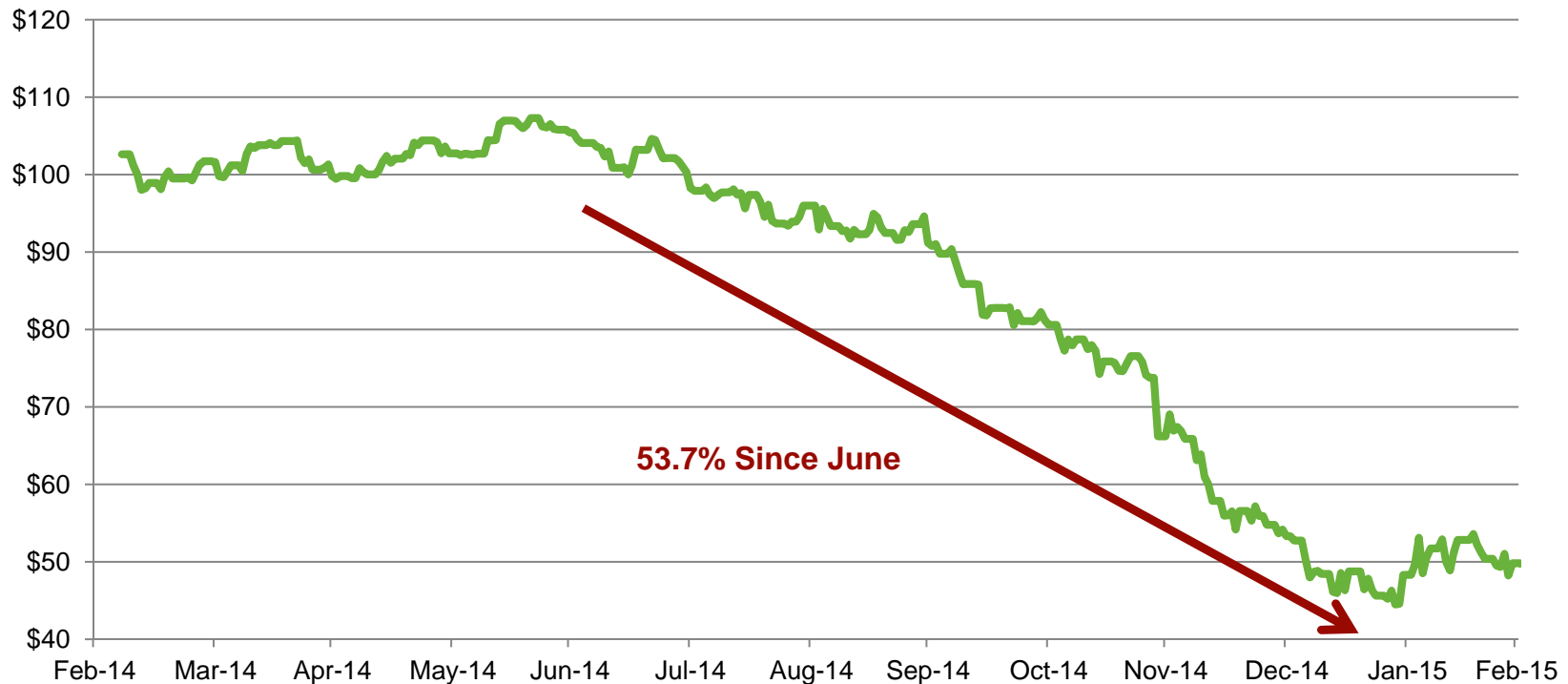




## Oil Prices Stabilized at Low Levels in February

- Since June, the price of oil has fallen to five-year lows and is currently hovering around the \$50 range as strong supply growth continues to outpace weakening global demand.
- Lower fuel prices have brought forth a decline of employment in the energy industry but this has been offset by gains in other industries.

### Crude Oil Futures

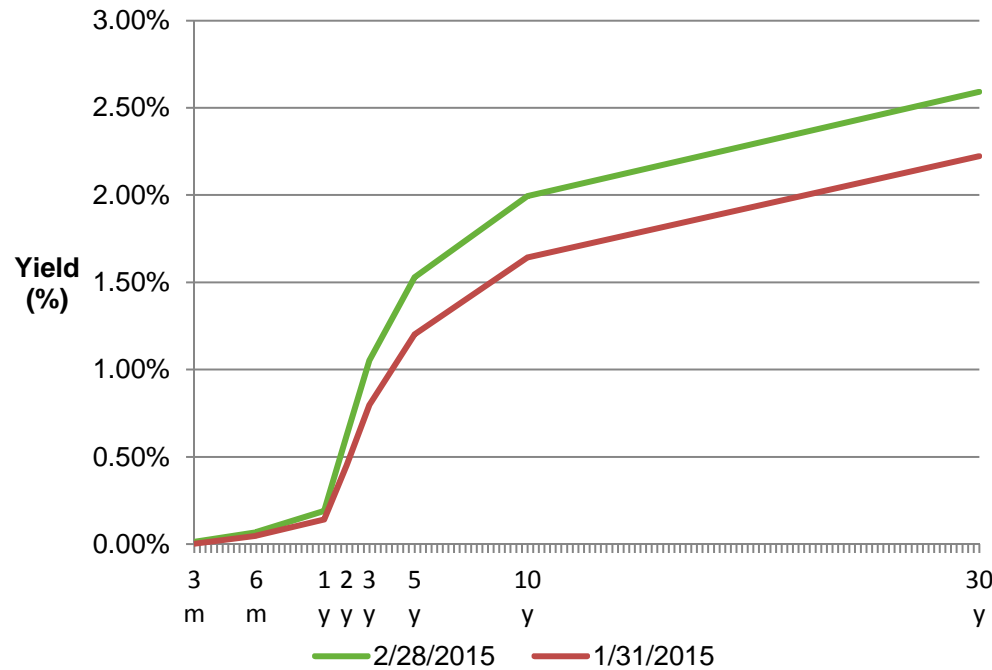


Source: Bloomberg NYMEX West Texas Intermediate Crude Oil Futures



# Interest Rates Increased in February

**U.S. Treasury Yield Curve**  
February 28, 2015 vs. January 31, 2015



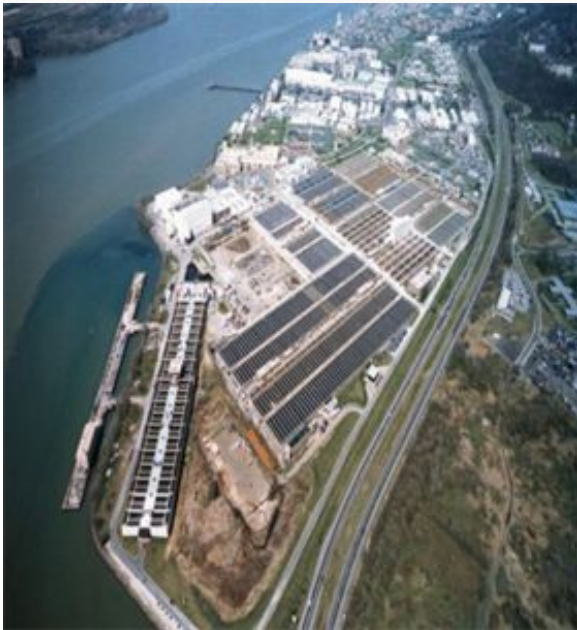
	<u>1/31/2015</u>	<u>2/28/2015</u>	<u>Change</u>
3 month	0.00%	0.01%	0.01%
6 month	0.05%	0.07%	0.02%
1 year	0.14%	0.19%	0.05%
2 year	0.45%	0.62%	0.17%
3 year	0.80%	1.05%	0.25%
5 year	1.20%	1.53%	0.33%
10 year	1.64%	1.99%	0.35%
30 year	2.22%	2.59%	0.37%

Source: Bloomberg



## Disclosure

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DISTRICT OF COLUMBIA  
WATER AND SEWER AUTHORITY

Biosolids Management Program  
Status Update  
March 2015

**Presented to Finance and Budget Committee  
03/26/2015**



# Outline

1. Biosolids program overview
  - a) Program background
  - b) Program benefits
2. Project status and schedule update
3. Impacts of project delays on FY 2015 budget



## Biosolids 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





## Biosolids Program Benefits

- Benefits
  - Approx. 50% Reduction in quantity of biosolids and disposal costs
  - Generation of Class A biosolids which provides greater sustainability by:
    - ✓ Hedging against Class B biosolids land application restrictions
    - ✓ Increases diversity of product use by expanding markets
  - Hedge against electricity cost uncertainty
    - ✓ Reliable supplemental power providing up to 1/3 of the energy use at Blue Plains
    - ✓ Reduction of operating power costs





## Program Status

- Biosolids Program - Major Components
  - Main Process Train 96% 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 93% complete
    - ✓ Steam production started on Temporary boilers on 02/26/2014
    - ✓ Aux Boiler providing steam on NG on 02/16/2015
  - Final Dewatering Facilities 92% complete
    - ✓ Started receiving THP digested sludge on 11/25/2014
    - ✓ All Belt Filter Presses (BFPs) were ready as of 03/02/2015







**Combustion Turbines**



**Auxiliary Boiler**



**Solids Screens**





**Lime stabilized Class B biosolids**



**Thermally hydrolyzed Class A biosolids**



## Schedule Update

- In February 2015, program milestones accomplished:
  - Biosolids reached Class A coliform levels on mid February 2015
  - Reduction of 50% of biosolids
  - Reduction of operational costs including chemicals reduction
- Slippage in the seeding date for the digesters
  - Main driver for delays in operational savings
  - From 03/01/2014 to 09/30/2014
- Impact on FY 2015 budget reduced due to contractors' efforts to get the facility operational



## Project Assumptions & Operational Impacts

- Project Assumption - Expectation was that the new biosolids facilities would be fully operational (and related savings achieved) for the full term of FY 2015 (October 2014 onwards)

	<b>NO Delays assumptions</b>	<b>Actual assumptions with delays</b>
Hauling	All biosolids through new facilities	5 months ramp up period while lime dewatering was operating
Chemicals	<ul style="list-style-type: none"> <li>• All biosolids through new facilities</li> <li>• No lime additions or post dewatering polymer</li> </ul>	<ul style="list-style-type: none"> <li>• 5 months ramp up period with lime additions and post dewatering</li> <li>• Unexpected savings from lower dosage in polymer usage at                             <ul style="list-style-type: none"> <li>- Pre-dewatering (8 lbs/dt vs 10lbs/dt)</li> <li>- Belt Filter Presses (BFPs) for the digested biosolids (14 lbs/dt vs 20 lbs/dt)</li> </ul> </li> </ul>
Electricity	<ul style="list-style-type: none"> <li>• Generation of 7.8 MW</li> </ul>	<ul style="list-style-type: none"> <li>• No beneficial use for power generation from Digester Gas</li> </ul>



## Fiscal Impacts of Project Delays

### **NO negative impact anticipated on the FY 2015 budget**

- Projected remaining contingency in the operating budget is estimated at \$2.8M (approximately 3% of Wastewater Treatment's operating budget)
- Approved FY 2015 budget assumptions:
  - Hauling Costs - Full operations of the new facilities and 50% volume reduction in biosolids and hauling costs
  - Chemical Costs - Reduction of chemicals due to volume reduction of biosolids
  - Electricity Costs - No power generation
    - » No contractual power production guaranteed since the first year is a ramp up period
  - CHP Operational Fee- Full operations by the contractor
- Power production from Turbines projected for June 2015 with full production in July 2015
- **Construction delays have No impacts on Approved FY 2016 budget**



# Questions



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

Thursday, April 23, 2015; 11:00 a.m.  
Blue Plains Wastewater Treatment Plant  
5000 Overlook Avenue, SW, DC  
AGENDA

<b>Call to Order</b>	Chairman
<b>March 2015 Financial Report</b>	Budget Director, Finance Director
<b>Agenda for May 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)