

## DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

### Board of Directors

*Finance and Budget Committee*

*Thursday, April 28, 2011*

11:00 a.m.

5000 Overlook Avenue, SW  
Washington, DC 20032

1. **Call to Order** ..... Timothy Firestine, Chairperson
2. **March 2011 Financial Report (Attachment 1)** ..... Yvette Downs
  - A. Operating Revenues & Expenditures
  - B. Cash Reserves & Investments
  - C. Capital Disbursements Summary
3. **Investment Portfolio Review (Attachment 2)** ..... Robert Hunt
4. **Agenda for May 26th Committee Meeting** ..... Timothy Firestine
5. **Action Items**
6. **DC Water Funded Grants/Research Projects** ..... George Hawkins
7. **Adjournment**

#### ***FOLLOW-UP ITEMS – Finance & Budget Committee (Meeting held March 24, 2011)***

1. Review of alternative approach on the settlement process for the Fire Protection Fee if to be estimated quarterly with a true-up at the end of the year. **(Mr. Bardin) Status:** Need further clarification at meeting in April.
2. Staff was requested to revise the breakdown of retail receipts chart to include information on IAC, metering fee PILOT and ROW as well as volumetric sewer. **(Mr. Bardin) Status:** See report page 4.
3. Provide details regarding payments to the Metropolitan Washington Council of Governments (COG) and if those payments are being properly allocated within the cash flow data between retail and wholesale customers. **(Mr. Bardin) Status:** See Attachment 3.
4. Provide progress report on the operating and capital cost allocations between DC Retail Rate payers and the suburban areas. **(Mr. Bardin) Status:** Need further clarification at meeting in April.
5. Update on the follow up item for settlement/billing process for the small PI customers to the April 28<sup>th</sup> Finance and Budget committee. **(Mr. Bardin) Status:** See Attachment 4.



## MARCH 2011 FINANCIAL REPORT

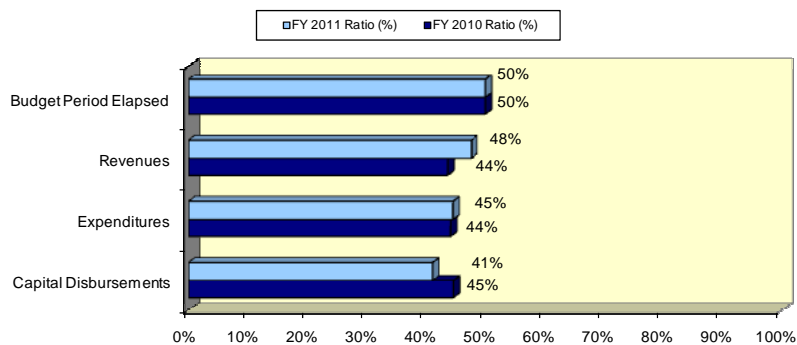
### FY 2011 FINANCIAL PERFORMANCE

At the end of March, with 50 percent of the fiscal year completed, we are on track with budgetary expectations. The FY 2011 mid-year budget review process is well underway. Based on these reviews, in May staff will provide the Committee and Board with FY 2011 projections for revenues, operating expenses, capital disbursements. The table below summarizes detailed information as discussed later in this report.

#### Financial Performance As of March 31, 2011 (\$ in millions)

	Approved	Revised Budget	YTD Budget	YTD	Variance		% Revised Budget
				Actual	Favorable (Unfavorable)	50% of Budget	
Revenues (Receipts)*	\$395.9	\$399.1	\$199.6	\$189.9	(\$9.7)	-4.8%	47.6%
Expenditures*	\$408.1	\$403.3	\$201.7	\$179.7	\$22.0	11.0%	44.6%
Capital Disbursements	\$383.7	\$325.2	\$161.5	\$133.5	\$28.0	17.3%	41.1%

\* Straight-lined (6/12 of revised budget)



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

FY 2011 120-day Operating Reserve Objective	\$125.5
Actual Average Daily Balances	\$138.4
Difference	\$12.9

**OPERATING REVENUES & RECEIPTS**

At the end of March 2011, cash receipts totaled \$189.9 million, or 47.6 percent of the revised FY 2011 budget. Several categories of customers make payments on a quarterly basis, including the federal and District governments, and wholesale customers. The table below provides a summary of operating receipts at the end of March.

**REVENUE VARIANCE BY CATEGORY  
(In millions)  
As of March 31, 2011**

Revenue Category	FY 2011 Budget	Year-to-Date Budget	Actual Received	Variance Favorable (Unfavorable)		Actual % of Budget
Residential, Commercial, and Multifamily	201.5	100.8	100.8	0.0	0.0%	50.0%
Federal	44.9	22.5	21.9	(0.6)	-2.4%	48.8%
District Government	9.7	4.9	4.9	0.0	0.0%	50.4%
DC Housing Authority	6.5	3.2	2.8	(0.4)	-13.6%	43.1%
Customer Metering Fee	10.8	5.4	4.5	(0.9)	-16.7%	41.7%
Wholesale	68.8	34.4	34.0	(0.4)	-1.0%	49.5%
Right-of-Way Fee/PILOT	22.0	11.0	10.9	(0.1)	-0.9%	49.5%
<b>Sub-Total (before Other Revenues)</b>	<b>\$364.2</b>	<b>\$182.1</b>	<b>\$179.8</b>	<b>-\$2.3</b>	<b>-1.2%</b>	<b>49.4%</b>
Other Revenue without RSF						
IMA Indirect Cost Reimb. For Capital Projects	4.0	2.0	0.0	(2.0)	-100.0%	0.0%
DC Fire Protection Fee	13.3	6.6	6.2	(0.4)	-6.7%	46.2%
Stormwater (MS4)	0.8	0.4	0.0	(0.4)	-100.0%	0.0%
Interest	0.8	0.4	0.5	0.1	29.2%	64.6%
Developer Fees (Water & Sewer)	3.0	1.5	2.8	1.3	86.8%	93.4%
Others	3.5	1.8	0.6	(1.2)	-67.0%	16.5%
<b>Sub-Total</b>	<b>\$25.4</b>	<b>\$12.7</b>	<b>10.1</b>	<b>(2.6)</b>	<b>-20.8%</b>	<b>39.6%</b>
Rate Stabilization Fund Transfer	\$9.5	4.8		(4.8)	-100.0%	0.0%
<b>Other Revenue Sub-Total</b>	<b>\$34.9</b>	<b>\$17.5</b>	<b>10.1</b>	<b>(7.4)</b>	<b>-42.4%</b>	<b>28.8%</b>
<b>Grand Total</b>	<b>\$399.1</b>	<b>\$199.6</b>	<b>\$189.9</b>	<b>(9.7)</b>	<b>-4.8%</b>	<b>47.6%</b>

**Discussion of Relevant Variance**

In general, revenues are on target with 47.6 percent of the total revenues received through 50 percent of the year completed.

The largest variance of note in revenues exists in the category of Other Revenue. Other Revenue receipts are lower than the straight-lined budget at \$10.1 million or 28.8 percent of the budgeted category primarily due to the Rate Stabilization Fund transfer. The Rate Stabilization Fund transfer is anticipated in the fourth quarter of the fiscal year.

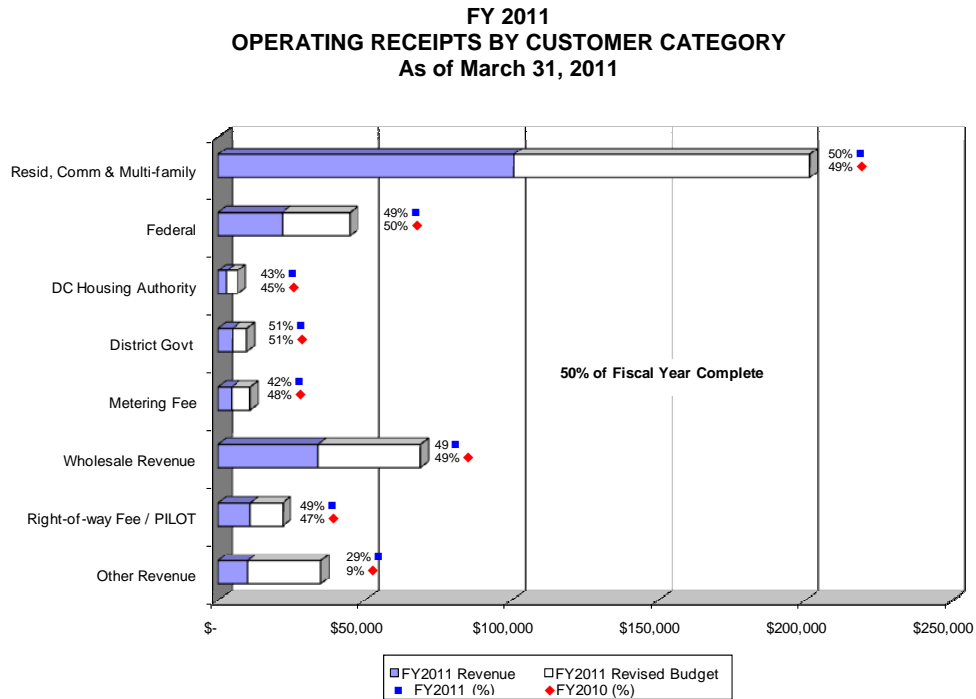
The IMA indirect cost reimbursement for capital projects receipts are \$2.0 million lower than year-to-date budget. The entire budgeted amount will be billed and received in the fourth quarter.

At the end of March, payments from Wholesale Customers total \$34 million or approximately 49.5 percent of the budget. The variance in this category is mainly attributable to payments from small PI customers who pay based on flows.

D.C. Housing Authority's actual receipts through March total \$2.8 million or 43.1 percent of the revised FY 2011 budget. This is due to lower than anticipated consumption. We will continue to monitor this category for variations in trends.

Receipts for the Customer Metering fee in the first six months of the year total \$4.5 million or 41.7 percent of the revised FY 2011 budget. In October 2010, the Customer Metering fee was increased for all meter sizes and higher revenues have been anticipated for FY 2011. A review of trends indicates this to be true. However, there is a lag between billing and collection of the new fee, which contributes to the variance in this revenue category. March receipts alone were 7.4 percent of the yearly budget and appear to be much closer aligned to expectations.

The variance in federal payments is attributable to the ongoing issue related to FY 2011 federal appropriations. However, it should be noted that the federal government has been currently operating under a continuing resolution that maintains spending at the FY 2010 levels. Federal payments have been received to date in accordance with available Congressional appropriations.



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

Customer Class	Water	Sewer	Clean Rivers		Total
			IAC	Metering Fee	
Residential	11,493	17,311	2,147	2,148	33,098
Commercial	18,160	22,485	2,661	1,401	44,707
Multi-family	10,394	15,397	800	512	27,102
Federal	9,220	11,406	1,274	252	22,152
District Govt	1,768	2,566	559	165	5,057
DC Housing Authority	1,082	1,616	103	59	2,859
<b>Total:</b>	<b>52,116</b>	<b>70,780</b>	<b>7,543</b>	<b>4,536</b>	<b>134,976</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

**OPERATING EXPENDITURES**

At the end of March, with approximately 50 percent of the fiscal year completed, operating expenditures totaled \$179.7 million (including debt service and the right of way and PILOT fees). This is approximately 45 percent of the FY 2011 revised budget, which totals \$403.4 million. These numbers include estimated incurred but unpaid invoices.

**Expenditure Variance by Category**  
(in millions)  
As of March 31, 2011

	FY 2011						FY 2012
	Board Revised Budget	YTD Budget	YTD as of 03/31/2011	YTD Variance Favorable/(Unfavorable)		Percent of Budget	Board Approved Budget
				\$	%		
Personnel Services	105,292	52,646	51,116	1,530	2.9%	49%	113,354
Contractual Services	79,114	39,557	30,703	8,854	22.4%	39%	78,826
Water Purchases	33,000	16,500	12,352	4,148	25.1%	37%	33,000
Chemicals and Supplies	29,234	14,617	12,050	2,567	17.6%	41%	29,946
Utilities	34,938	17,469	15,537	1,932	11.1%	44%	37,447
Small Equipment	1,095	548	246	301	55.0%	22%	995
<b>Subtotal O &amp; M Expenditures</b>	<b>282,674</b>	<b>141,337</b>	<b>122,003</b>	<b>19,333</b>	<b>13.7%</b>	<b>43%</b>	<b>293,569</b>
Debt Service	98,726	49,363	46,729	2,634	5.3%	47%	105,387
Payment in Lieu of Taxes	16,882	8,441	8,441	-	0.0%	50%	18,301
Right of Way	5,100	2,550	2,550	-	0.0%	50%	5,100
<b>Total O &amp; M Expenditures</b>	<b>403,382</b>	<b>201,691</b>	<b>179,723</b>	<b>21,967</b>	<b>11.0%</b>	<b>45%</b>	<b>422,357</b>
Personnel Services Charged to Capital Projects	(11,000)	(5,500)	(5,340)	(160)	2.9%	49%	(16,000)
<b>Total Net Operating Expenditures</b>	<b>392,382</b>	<b>196,191</b>	<b>174,383</b>	<b>21,807</b>	<b>11.1%</b>	<b>44%</b>	<b>406,357</b>

Note: Actuals include accruals

**Discussion**

*Personnel services (\$105.3 million annual budget; 37.2 percent of O&M budget)* – At the end of March, personnel costs total \$51.1 million or 49 percent of budget. Of the 1,137 positions budgeted (1,165 positions authorized), 1,018 positions were filled at the end of March. Overtime spending totals \$2.8 million of the annual budget of \$5.0 million, or 8 percent of regular payroll costs. Spending in this category is typically higher during the winter months due to emergency response to water main breaks, snow removal, after-hour infrastructure repairs and other winter-weather related issues. Management continues to monitor and report overtime activities and risks.

*Water Purchases (\$33.0 million annual budget; 11.7 percent of O&M budget)* – At the end of March, water purchases incurred total \$12.4 million. The current variance in this category reflects several items including the timing of billings, seasonal variation on water demand (and thus chemical costs), the federal freeze in employee salaries and delay in the operations of the hypochlorite project which is now projected to begin in early FY 2012. We will continue to monitor the operations and expenses in this category.

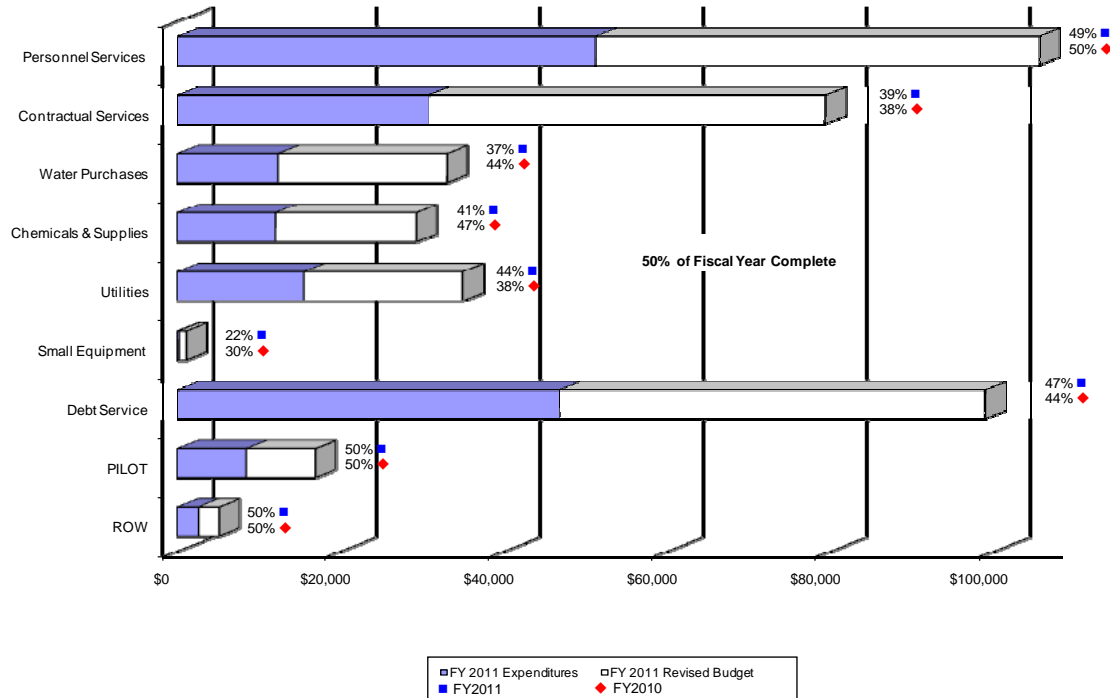
*Chemicals and Supplies (\$29.2 million annual budget; 10.3 percent of O&M budget)* – At the end of March, chemical and supplies costs total \$12.1 million or 41 percent of budget. We continue to experience a rise in certain chemical costs primarily due to increase in world oil prices. While we have fixed market prices for most of our chemicals, some suppliers for the

major chemicals, including methanol, ferric chloride and caustic soda (sodium hydroxide), are requesting substantial price increases to defray their costs. The unit prices for these chemicals may change through the fiscal year as contract options are exercised. We will continue to monitor the market and report to the Committee accordingly.

*Utilities (34.9 million annual budget; 12.4 percent of O&M budget)* – Additional information concerning actual performance in this category can be found later in this report.

*Payment in Lieu of Taxes – (\$16.9 million annual budget)* – Payments and accrued expenses for the District's PILOT fee totaled \$8.4 million. Actual payment differs due to previous Board direction and resulting offsets associated with the Fire Protection fee.

**FY 2011 Operating Expenditures  
by Category  
(\$ in 000's)  
As of March 31, 2011**





**CAPITAL SPENDING**

For the month of March 2011 disbursements totaled \$28.3 million, with year-to-date disbursements totaling \$133.5 million, or 41 percent of the FY 2011 Revised (Annual) disbursements budget. Planned capital disbursements through March 2011 were \$161.5 million, or 50 percent of the revised FY 2011 disbursements budget.

**Capital Disbursements Variance  
(\$ in 000's)  
As of March 31, 2011**

Description	FY 2011 Revised Disbursements Budget		Actual Disbursements			% of FY 2011 Revised Disbursements Budget	
	Annual	YTD	Oct. -'10 to Feb. -'11	MAR. -'11	<sup>1</sup> YTD	Variance Compared to Plan	Percent of Annual Budget
Total Wastewater Treatment	133,128	58,061	38,990	10,562	49,552	15%	37%
Total Sanitary Sewer	33,996	13,992	9,525	2,698	12,223	13%	36%
Total Combined Sewer Overflow	76,084	48,006	30,400	8,196	38,597	20%	51%
Total Stormwater	3,491	1,781	853	200	1,053	41%	30%
Total Water	50,612	25,192	19,319	4,515	23,835	5%	47%
Washington Aqueduct	10,449	5,735	2,508	1,393	3,902	32%	37%
Capital Equipment	17,462	8,731	3,610	703	4,313	51%	25%
<b>Total Capital Projects</b>	<b>\$ 325,222</b>	<b>\$ 161,498</b>	<b>\$ 105,206</b>	<b>\$ 28,269</b>	<b>\$ 133,475</b>	<b>17%</b>	<b>41%</b>

## **Discussion**

Projects in the Wastewater Treatment service area led the disbursements at \$10.6 million followed by projects in the Combined Sewer Overflow service area at \$8.2 million. Disbursements for the Water service area totaled \$4.5 million, followed by disbursements for the Sanitary Sewer and remittance to the Washington Aqueduct at \$2.7 million and \$1.4 million, respectively. Capital Equipment service area disbursements totaled \$0.7 million, while those for the Stormwater service area were only \$0.2 million.

In the Wastewater area (Blue Plains), the Plantwide Projects Program registered the highest disbursements, \$3.3 million; primarily for the Process Computer Control System project, the Instrumentation, Control & Electric---EPMC support and programming for new upgraded facilities throughout Blue Plains, and the 'Miscellaneous' Project activities undertaken at Blue Plains. Enhanced Nitrogen Removal Facilities Program (formerly, BTN - the Total Nitrogen Program) disbursements came in next, also at \$3.3 million; almost 95 percent which was for the Nitrogen Removal Facilities, and the Enhanced Clarification Facilities projects. The Solids Processing program registered disbursements of \$2.7 million: more than 90 percent of this was attributable to the New Digestion Facilities and the Centrifuge Thickener Facility projects, and Program Management, costs. The Liquid Processing Program disbursements of \$1.2 million were mainly attributable to the Nitrification / Denitrification Facilities and the Biological Nutrient Removal projects, and Program Management costs. The variance in spending relates primarily to the OCIP accrual of \$7.7 million.

In the Combined Sewer Overflow (CSO) service area, \$5.2 million was disbursed under the 'Combined Sewer Projects' Program: more than 90% of this was for the 'Nine Minimum Control' group of projects, e.g., Outfall Sewer Rehabilitation, Rock Creek CSO projects, and the Poplar Point Pumping Station project. \$0.35 million was disbursed on the Combined Sewers under Buildings project that will rehabilitate the 'high-priority' combined sewers under buildings, citywide. Disbursements for the D.C. Clean Rivers Project (aka Long Term Control Plan, or LTCP) amounted to \$2.8 million, almost all of which was for the Anacostia LTCP Projects. Program Management related disbursements totaled \$0.2 million. The \$9.4 million spending variance in this service area is attributable to shifting of start-dates for some projects, and an accrual of approximately \$3 million for OCIP.

In the Water Service area, Water Distribution (Systems) program disbursements totaled \$1.7 million, most of which was for the various Small Diameter Watermain Rehab and Large Valve Replacement contracts, and Fire Hydrant Replacement Program project. Water On-Going Projects Program disbursements, \$1.2 million, were primarily for the (Annual) DWS Water Projects. \$0.5 million was disbursed for the Water Storage Facility Upgrades projects, under the Water Storage Facilities Program. \$0.3 million was disbursed for the AMR – Future Meter Replacements project, while another \$0.2 million was disbursed for the Water Lead Program. The variance in this service area continues to be the result of delayed disbursements related to the close out of two small diameter water main replacement projects (MV & MW) and the temporary suspension of work on small diameter water main rehab project N8.

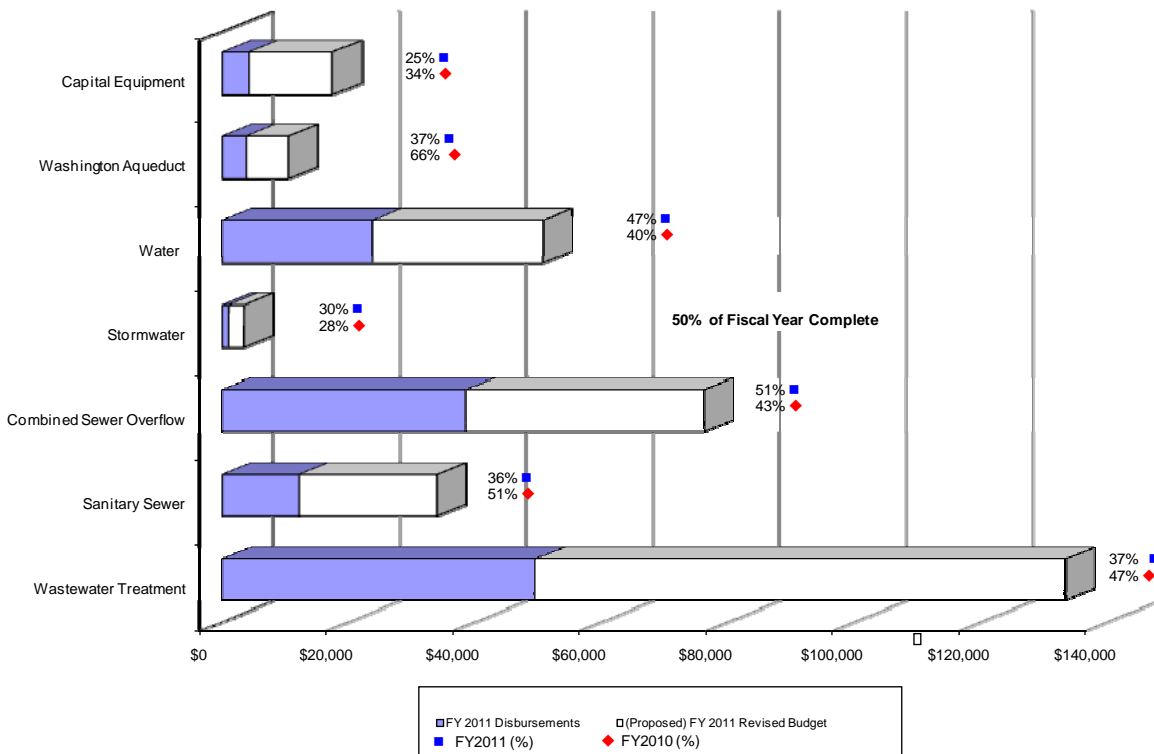
Disbursements for Sanitary Interceptor/Trunk Force Sewers program amounted to almost \$1.2 million, primarily for the Sanitary Sewers under Buildings 1, Potomac Sewer System Rehabilitation, and the Future Sewer Systems Upgrades projects. The 'Sewer On-going Projects' program disbursements of \$0.7 million were mostly for DSS Sanitary Sewer projects. The Sanitary Sewer Program Management related disbursements amounted to \$0.5 million.

A total of \$1.4 million was remitted to the Washington Aqueduct for First High Reservoir improvements, and Sample Line Replacements at the Dalecarlia and McMillan Plants.

Capital Equipment service area disbursements totaled \$0.4 million, mainly for the Infrastructure Asset Management System, Financial Management System, and the Document Imaging System projects managed by the Information Technology department. Other significant disbursements were associated with Fire Hydrants / Valves replacements by the Department of Water Services. Underspending in this area is mainly related to IT projects.

Stormwater service area disbursements were relatively low, at \$0.2 million---primarily attributable to Future Stormwater projects and Program Management costs.

**FY 2011 Capital Disbursements Compared to Plan  
By Service Area  
(\$ in 000's)  
As of March 31, 2011**



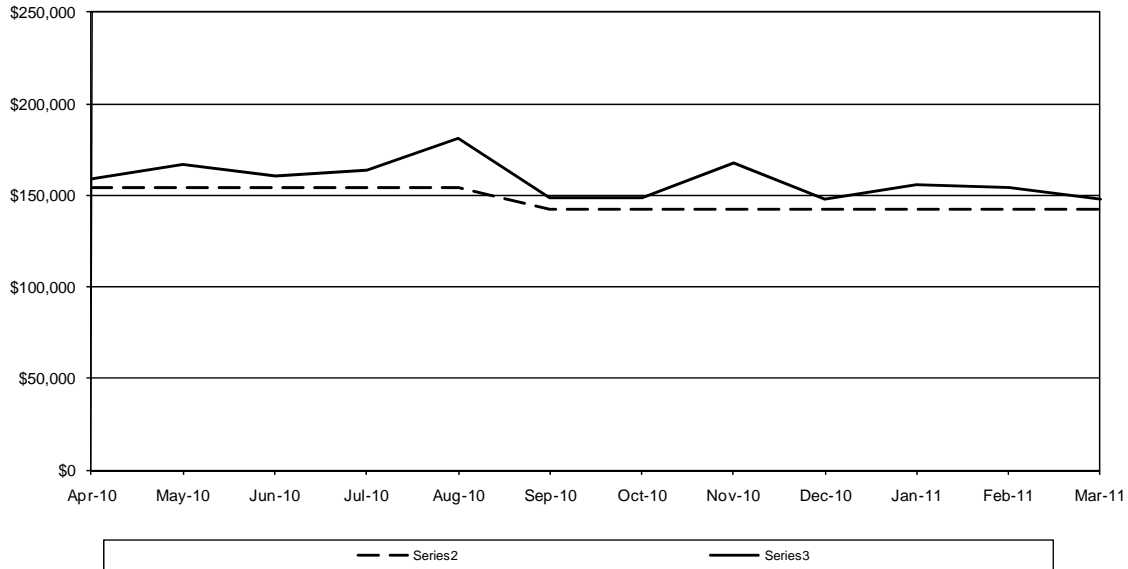
**CASH AND INVESTMENT BALANCES**

At the end of March, our operating reserve balance was \$131.1 million as compared to the FY 2011 operating reserve level objective of \$125.5 million. The following table provides a summary of all cash and investment account balances.

**Cash Balances  
As of March 31, 2011  
(\$ in millions)**

Rate Stabilization Fund Account (RSF)	\$ 16.7
Operating Reserve Accounts	131.1
<b>Operating Cash Balance Including RSF</b>	<b>147.8</b>
Debt Service Reserve - Series 98	23.9
Bond Construction Fund - Series 10	218.1
Capital Interest Fund - Series 10	10.4
CSO LTCP Appropriations Account	77.8
<b>Total All Funds</b>	<b>\$478.0</b>

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



*Overall Portfolio Performance*

As of March, DC Water's total investment portfolio continues to perform well and is in compliance with the Authority's Investment Policy. Returns continue to exceed the established benchmarks for short term (less than one year) and core (one plus years) funds. Interest income for March on a cash basis was \$71,860, year to date income is \$410,037 compared to the budget of \$542,519 for the year.

Beginning with this reporting period newly formatted reports will be sent to the Board each month. (See Attachment 2). Semi-annually (as of April and October) a complete review will be prepared including economic commentary, portfolio recap, analysis, and detailed reporting by fund as well as individual holdings. On a monthly basis a shorter version listing the total portfolio, earnings, portfolio performance versus the benchmarks, previous period transactions and a statement of compliance will be prepared. In addition to providing more detailed investment reports and benchmarking investment information Public Financial Management (PFM), DC Water's financial advisors, have also been retained to advise staff on investment strategy, credit evaluation, cash flow analysis and Investment Policy Review.

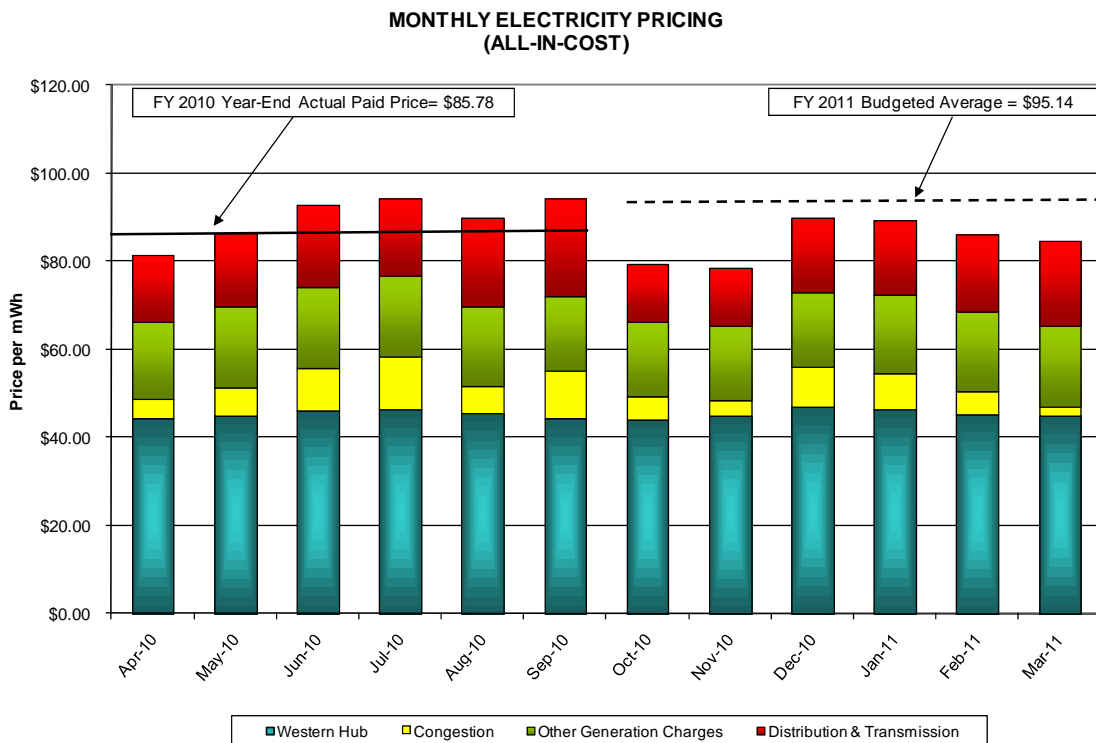
## OTHER STATUS REPORTS

### ELECTRICITY PROCUREMENT STRATEGY

The overall objective of our procurement strategy is to mitigate DC Water's exposure to daily electricity spot market prices in the deregulated electricity market. In view of the above, staff has adopted the strategy to purchase long and short term blocks of electricity at a mix of Western Hub future market prices with the unlocked portions floating at spot market prices.

In line with this strategy and the Board's directive, we have locked approximately 90 percent or 27MW of the Authority's monthly electricity load for FY 2011 at the Western Hub price of \$45.39/mWh. Staff continues to monitor the consumption trend and electricity market closely with intent to lock in the remaining 10 percent of the Authority's electricity load.

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 March 2011 was \$84.81/mWh, with the year-to-date average at \$84.69/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) March FY 2011 prices include accruals for invoices not yet received.

**ELECTRICITY COSTS**

The revised FY 2011 electricity budget of \$26.9 million represents 77 percent of the total utilities budget and assumes an average all-in-cost of \$95.14/mWh.

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

<b>All-In-Cost (\$/mWh)</b>			
<b>Unit Price</b>			
	Standard Offer Service (S.O.S.)	Spot Market	Actual <sup>1</sup>
Oct-10	\$158.24	\$70.98	\$79.34
Nov-10	\$152.48	\$71.55	\$78.62
Dec-10	\$155.93	\$99.91	\$89.97
Jan-11	\$153.78	\$95.53	\$89.28
Feb-11	\$152.84	\$85.25	\$86.10
Mar-11	\$154.33	\$79.84	\$84.81
<b>YTD Average</b>	<b>\$154.60</b>	<b>\$83.84</b>	<b>\$84.69</b>

<b>Electricity Budget (\$000)</b>			
	<b>Amount</b>		<b>Variance</b>
	Budgeted	Actual	Budgeted vs Actual
Oct-10	\$2,478	\$1,709	\$769
Nov-10	\$2,187	\$1,641	\$546
Dec-10	\$2,388	\$2,120	\$268
Jan-11	\$2,386	\$2,133	\$253
Feb-11	\$1,877	\$1,832	\$45
Mar-11	\$1,968	\$1,828	\$140
<b>YTD Total</b>	<b>\$13,284</b>	<b>\$11,263</b>	<b>\$2,021</b>
Remainder	\$13,639		
<b>Total Budget</b>	<b>\$26,923</b>		

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

The current purchasing strategy is tracking favorably to the FY 2011 budget.

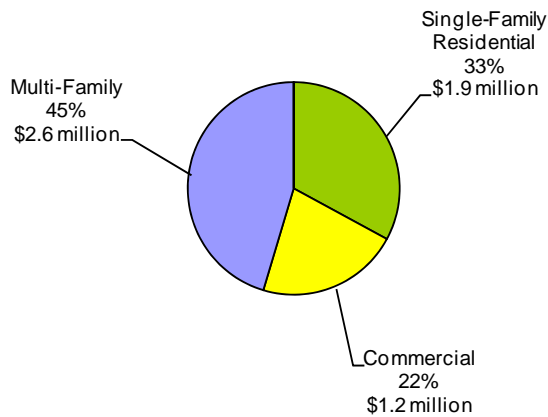
**RETAIL & WHOLESALE ACCOUNTS RECEIVABLE**

	RETAIL		WHOLESALE		TOTAL	
	Greater than 90 Days		Greater than 90 Days		Greater than 90 Days	
	\$ in millions	# of accounts	\$ in millions	# of accounts	\$ in millions	# of accounts
December 31, 2005	\$10.6	14,613	\$31.7	4	\$42.3	14,617
December 31, 2006	\$7.2	15,101	\$0.0	0	\$7.2	15,101
December 31, 2007	\$6.3	16,101	\$0.0	0	\$6.3	16,101
December 31, 2008	\$6.1	16,345	\$0.0	0	\$6.1	16,345
December 31, 2009	\$5.2	15,469	\$0.0	0	\$5.2	15,469
December 31, 2010	\$5.4	14,107	\$0.0	0	\$5.4	14,107
January 31, 2011	\$5.7	14,369	\$0.0	0	\$5.7	14,369
February 28, 2011	\$5.9	14,217	\$0.0	0	\$5.9	14,217
March 31, 2011	\$5.7	13,633	\$0.0	0	\$5.7	13,633

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

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  
March 31, 2011**





**Delinquent Accounts Receivable  
Greater Than 90 Days by Customer  
March 31, 2011**

	<i>Number of Accounts</i>			<i>Month of March (All Categories)</i>				<i>Total Delinquent</i>			
				<i>Active</i>		<i>Inactive</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 Feb.</i>	<i>Amount (\$)</i>	<i>No. of a/c Mar.</i>	<i>Amount (\$)</i>
<b>Commercial</b>	11,657	3,450	15,107	1,954	1,081,294.81	127	157,910.94	2,132	1,200,158.61	2,081	1,239,205.75
<b>Multi-family</b>	7,395	494	7,889	1,118	2,215,083.17	95	371,887.25	1,285	2,695,917.59	1,213	2,586,970.42
<b>Single-Family Residential</b>	103,614	3,179	106,793	9,095	1,279,038.00	1,244	597,934.99	10,800	1,963,522.11	10,339	1,876,972.99
<b>Total</b>	<b>122,666</b>	<b>7,123</b>	<b>129,789</b>	<b>12,167</b>	<b>4,575,415.98</b>	<b>1,466</b>	<b>1,127,733.18</b>	<b>14,217</b>	<b>5,859,598.31</b>	<b>13,633</b>	<b>5,703,149.16</b>

Notes:

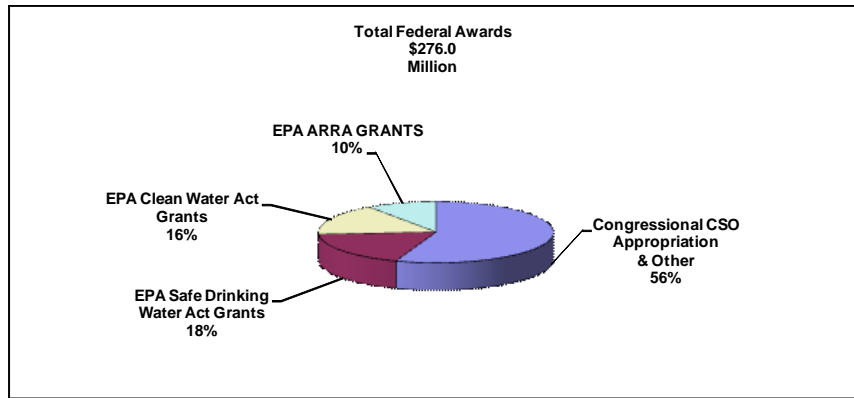
-Included in the above \$4.58m (or 12,167 accounts) of the DC Water Over 90 days delinquent accounts, \$480,584.93 (or 3,440 accounts) represents Impervious only Accounts over 90 days delinquent.

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

**GRANTS REPORT**

The Authority receives grants to fund a portion of its capital costs from the U.S. Environmental Protection Agency (EPA) under two acts, the Clean Water Act of 1972 and the Safe Drinking Water Act of 1974. DC Water also receives a limited amount of EPA grant funding for certain operating functions. Additionally, we have now received \$10 million (including \$4.9 million received on February 2, 2011 as part of the continuing resolution) federal appropriations for CSO projects.

As of March 2011, including the CSO appropriation, DC Water has a total of \$292.7 million awarded in federal funds for active projects.



Thus far, we have not received any additional information on the EPA FY 2011 funding due to Continuing Resolution.

For fiscal year 2010, DC Water’s total EPA grant funding included:

- \$13.6 million under the Safe Drinking Water Act plus \$0.3 million of deobligated surplus funds.
- \$10.1 million under the Clean Water Act plus \$7.6 million of deobligated surplus funds.

DC Water has received six American Recovery and Reinvestment Act of 2009 (ARRA) Safe Drinking Water grants totaling \$19.5 million and \$4.5 million for Clean Water grants. We were required to have all funds under contract by February 17, 2010 and DC Water met the deadline. DC Water also entered into a Memorandum of Understanding with the DC Department of Environment for an additional \$935,000 in ARRA funds (all funds have been expended); and through March 31, ARRA reimbursements total \$7.2million.

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

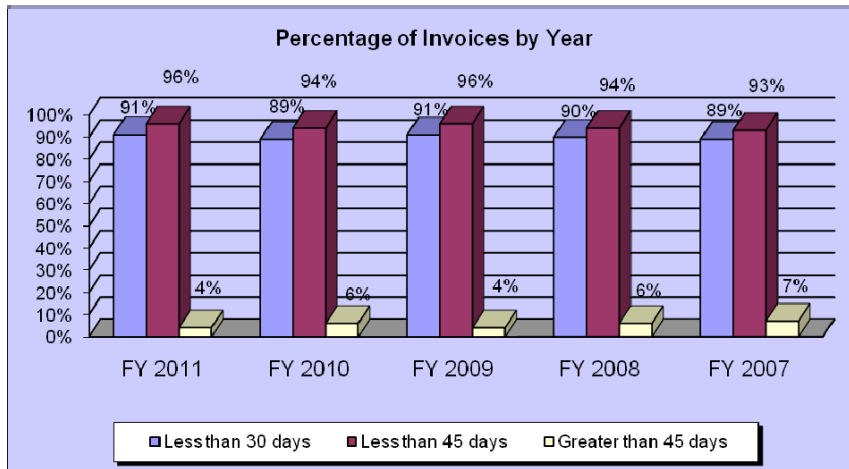
The cumulative federal appropriation for CSO increased to \$150.6 million with the additional appropriation of \$4.8 million in the continuing resolution received on February 2, 2011. The cumulative life-to-date cash disbursement for the CSO appropriation is \$93.0 million through March 31.

**ACCOUNTS PAYABLE PERFORMANCE**

During the first six months of FY 2011, a total of 5,280 invoices were processed and paid compared to 5,462 in FY 2010 (as shown in the table below) and with a dollar value of \$183.9 million as compared to \$183.8 million for FY 2010. Year to date, approximately 91 percent of the invoices were paid within 30 days compared to 89 percent paid within 30 days during FY 2010. The percentages for January through March 2011 were 87.8 percent, 91.9 percent and 93.0 percent respectively. The Authority’s goal is to pay 97 percent of all undisputed invoices within 30 days.

Accounts Payable Performance FY 2011 v. FY 2010				
Days	FY 2011		FY 2010	
	Number	Percent	Number	Percent
Less than 30	4,631	91%	4,616	89%
Less than 45	4,882	96%	4,859	94%
Greater than 45	205	4%	328	6%
<b>Subtotal</b>	<b>5,087</b>	<b>100%</b>	<b>5,187</b>	<b>100%</b>
Retainage/Dispute	193		275	
<b>Total</b>	<b>5,280</b>		<b>5,462</b>	

The chart below shows historical performance for fiscal year 2007 through fiscal year 2011.



Starting May, the Authority will include this matrix in the General Manager’s dashboard and report on a monthly basis.

**D.C. WATER AND SEWER AUTHORITY**  
**FY 2011 CASH FLOW SUMMARY**  
 through 3/31/11  
 (\$ in 000's)

	Annual Budget Cash Basis	YTD 50% Of Cash Budget	YTD Actual Cash Oct 1, 2010 - Mar. 31, 2011	Variance Favorable (Unfavorable)	
<b>OPERATING BUDGET</b>					
<b>Cash Provided</b>					
Retail	273,374	136,687	134,976	(1,711)	-1%
Wholesale	68,825	34,413	34,040	(373)	-1%
Other	47,133	23,566	20,818	(2,749)	-12%
Transfer from Rate Stabilization Fund	9,500	4,750		(4,750)	-100%
<b>Total Cash Provided</b>	<b>398,832</b>	<b>199,416</b>	<b>189,834</b>	<b>(9,582)</b>	<b>-5%</b>
<b>Operating Cash Used</b>					
Personnel Services	94,265	47,133	45,364	1,768	4%
Contractual Services	79,114	39,557	34,327	5,230	13%
Chemicals & Supplies	29,234	14,617	14,505	112	1%
Utilities	34,965	17,483	14,672	2,810	16%
Water Purchases	33,000	16,500	13,339	3,161	19%
Small Equipment	1,095	548	545	3	1%
<b>Total Operating Cash Used</b>	<b>271,673</b>	<b>135,837</b>	<b>122,752</b>	<b>13,085</b>	<b>10%</b>
<b>Other Cash Used</b>					
Debt Service	96,334	48,167	46,729	1,438	3%
Payment In Lieu of Taxes/Right of Way	30,748	15,374	11,054	4,321	28%
<b>Total Other Cash Used</b>	<b>127,082</b>	<b>63,541</b>	<b>57,782</b>	<b>5,759</b>	<b>9%</b>
<b>Total Cash Used</b>	<b>398,755</b>	<b>199,378</b>	<b>180,534</b>	<b>18,843</b>	<b>9%</b>
<b>Net Cash Provided (Used) by Operating Act.</b>	<b>77</b>	<b>38</b>	<b>9,299</b>	<b>9,261</b>	
<b>CAPITAL BUDGET</b>					
<b>Cash Provided</b>					
Debt Proceeds	166,497	83,248	76,702	(6,547)	-8%
Capital Equipment Financing	8,000	4,000		(4,000)	-100%
EPA Grants	33,445	16,723	5,207	(11,516)	-69%
CSO Grants	25,108	12,554	8,697	(3,857)	-31%
Interest Income	286	143	245	102	71%
Wholesale Capital Contributions	89,421	44,711	34,688	(10,023)	-22%
<b>Total Cash Provided</b>	<b>322,757</b>	<b>161,378</b>	<b>125,538</b>	<b>(35,841)</b>	<b>-22%</b>
<b>Cash Used</b>					
WASA Capital Program	314,773	157,387	129,573	27,813	18%
Washington Aqueduct Projects	10,449	5,225	3,902	1,323	25%
<b>Total Cash Used</b>	<b>325,222</b>	<b>162,611</b>	<b>133,475</b>	<b>29,136</b>	<b>18%</b>
<b>Net Cash/PAYGO Provided (Used) by Cap. Act.</b>	<b>(2,465)</b>	<b>(1,233)</b>	<b>(7,937)</b>	<b>(6,704)</b>	
<b>Beginning Balance, October 1 (Net of Rate Stab. Fund)</b>	<b>131,996</b>	<b>65,998</b>	<b>131,996</b>		
Plus (Less) Operating Surplus	77	38	9,299		
Wholesale Customer Refunds from Prior Years	(5,053)	(2,527)	0		
Interest Earned From Bond Reserve	277	138	119		
Transfer to Rate Stabilization Fund	(1,000)	(500)	0		
Prior Year Federal Billing Reconciliation	1,669	834	834		
Cash Used for Capital	(2,465)	(1,233)	(7,937)		
<b>Balance Attributable to O&amp;M Reserve</b>	<b>125,500</b>	<b>62,750</b>	<b>131,136</b>		
<b>OTHER CASH RESERVES</b>					
	<b>Current Balance</b>				
Rate Stabilization Fund	16,700				
CSO Long-Term Control Plan Appropriation	77,805				

**Comparative Statement of Expenditures**  
as of March 31, 2011  
(\$000's)

	FY 2011						FY 2012
	Board Revised Budget	YTD Budget	YTD as of 03/31/2011	YTD Variance Favorable/(Unfavorable)		Percent of Budget	Board Approved Budget
				\$\$	%		
Personnel Services	105,292	52,646	51,116	1,530	2.9%	49%	113,354
Contractual Services	79,114	39,557	30,703	8,854	22.4%	39%	78,826
Water Purchases	33,000	16,500	12,352	4,148	25.1%	37%	33,000
Chemicals and Supplies	29,234	14,617	12,050	2,567	17.6%	41%	29,946
Utilities	34,938	17,469	15,537	1,932	11.1%	44%	37,447
Small Equipment	1,095	548	246	301	55.0%	22%	995
<b>Subtotal O &amp; M Expenditures</b>	<b>282,674</b>	<b>141,337</b>	<b>122,003</b>	<b>19,333</b>	<b>13.7%</b>	<b>43%</b>	<b>293,569</b>
Debt Service	98,726	49,363	46,729	2,634	5.3%	47%	105,387
Payment in Lieu of Taxes	16,882	8,441	8,441	-	0.0%	50%	18,301
Right of Way	5,100	2,550	2,550	-	0.0%	50%	5,100
<b>Total O &amp; M Expenditures</b>	<b>403,382</b>	<b>201,691</b>	<b>179,723</b>	<b>21,967</b>	<b>11.0%</b>	<b>45%</b>	<b>422,357</b>
Personnel Services Charged to Capital Projects	(11,000)	(5,500)	(5,340)	(160)	2.9%	49%	(16,000)
<b>Total Net Operating Expenditures</b>	<b>392,382</b>	<b>196,191</b>	<b>174,383</b>	<b>21,807</b>	<b>11.1%</b>	<b>44%</b>	<b>406,357</b>

Note: Actuals include accruals

FY 2011 Overtime  
Budget vs Actual  
Period Ended March

Department	FY 2010				FY 2011						
	Annual Budget	Percent of Budget Expended	Actual	Actual to Budget \$ Variance	Annual Budget	Percent of Annual Budget Expended	FY 2011 Year-to-Date				YTD Overtime as % of YTD Regular
							Straight-Line Budget 10/01/10 - 04/09/11	Actual 10/01/10 - 04/09/11	Actual to Straight-Line Budget Variance	Percentage YTD Straight-Line Budget Expended	
Office of the Secretary	3,000	141%	4,230	(1,230)	4,000	24%	1,574	961	613	61%	1%
General Manager	20,000	45%	9,051	10,949	15,000	2%	10,495	281	10,213	3%	0%
General Counsel	2,000	56%	1,110	890	2,000	71%	1,049	1,423	(373)	136%	0%
Public Affairs	2,000	39%	787	1,213	2,000	29%	1,049	584	465	56%	0%
Internal Audit	-	-	-	-	-	0%	0	0	0	0%	0%
Information Technology	25,000	107%	26,785	(1,785)	25,000	29%	13,118	7,213	5,905	55%	1%
Procurement/Material Mgmt	40,000	61%	24,241	15,759	30,000	60%	20,989	17,929	3,060	85%	1%
Customer Service	260,000	85%	220,601	39,399	250,000	39%	136,429	98,226	38,203	72%	3%
Finance & Budget	35,000	61%	21,208	13,792	30,000	87%	18,365	19,950	(1,585)	109%	1%
Risk Management	1,000	3%	32	968	1,000	9%	525	94	431	18%	0%
Assistant General Manager	1,000	61%	607	393	1,000	0%	525	0	525	0%	0%
Human Resources	10,000	33%	3,347	6,653	5,000	43%	5,247	2,163	3,084	41%	0%
Safety & Security	2,000	31%	628	1,372	2,000	8%	1,049	154	895	15%	0%
Facilities Management	150,000	168%	251,635	(101,635)	150,000	94%	78,709	140,679	(61,971)	179%	8%
Water / Sewer Pump Maintenance	200,000	62%	124,619	75,381	200,000	25%	104,945	50,115	54,830	48%	6%
Engineering Services	500,000	116%	582,418	(82,418)	549,960	61%	262,363	336,434	(74,071)	128%	6%
Water Services	1,000,000	138%	1,379,488	(379,488)	1,080,000	66%	524,725	714,897	(190,171)	136%	13%
Long-Term Control Plan	1,000	91%	910	90	10,000	19%	525	1,854	(1,329)	353%	0%
Sewer Services	900,000	134%	1,204,082	(304,082)	900,000	70%	472,253	629,826	(157,573)	133%	13%
Wastewater Treatment	950,000	116%	1,100,335	(150,335)	956,000	48%	498,489	459,119	39,370	92%	10%
Maintenance Services	800,000	119%	950,854	(150,854)	800,000	62%	419,780	494,780	(75,000)	118%	11%
Permits	1,000	0%	0	1,000	1,000	26%	525	256	269	49%	0%
Fleet Services	1,000	127%	1,268	(268)	1,000	17%	525	167	358	32%	0%
<b>Total WASA</b>	<b>\$4,904,000</b>	<b>120%</b>	<b>\$5,908,237</b>	<b>\$ (1,004,237)</b>	<b>\$5,014,960</b>	<b>59%</b>	<b>\$2,573,253</b>	<b>\$2,977,106</b>	<b>-\$403,853</b>	<b>116%</b>	<b>8%</b>

Notes:

- (1) "Budget 10/01/10 - 04/09/11" reflects annual budget straight-lined
- (2) "% YTD Budget Expended" reflects variance between straight-lined budget to-date and actual overtime



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

Capital Projects  
FY 2011 Disbursements Analysis  
as of March 31, 2011  
(dollars in thousands)

Description	FY 2011 Revised Disbursements Budget		Actual Disbursements			% of FY 2011 Revised Disbursements Budget		Commitments Balance
	Annual	YTD	Oct. -'10 to Feb. -'11	MAR. -'11	<sup>1</sup> YTD	Annual	YTD	
<b>Wastewater Treatment</b>								
Liquid Processing Projects	12,660	6,841	6,569	1,240	7,809	62%	114%	28,324
Plantwide Projects	22,894	14,477	6,861	3,333	9,993	44%	69%	20,673
Solids Processing Projects	45,849	16,860	15,443	2,674	18,117	40%	107%	49,839
Enhanced Nitrogen Removal Facilities (formerly Total Nitrogen Program)	51,725	19,883	10,318	3,315	13,633	26%	69%	199,992
<b>Total Wastewater Treatment</b>	<b>133,128</b>	<b>58,061</b>	<b>38,990</b>	<b>10,562</b>	<b>49,552</b>	<b>37%</b>	<b>85%</b>	<b>298,828</b>
<b>Sanitary Sewer</b>								
Sanitary Collection Sewers	1,293	833	996	216	1,212	94%	146%	944
Sanitary On-Going Projects	10,281	3,639	3,446	740	4,186	41%	115%	5,051
Sanitary Pumping Facilities	681	308	75	16	91	13%	30%	469
Sanitary Sewer Program Management	7,328	3,383	2,181	479	2,660	36%	79%	3,931
Sanitary Interceptor/Trunk Force Sewers	14,413	5,829	2,828	1,246	4,074	28%	70%	17,484
<b>Total Sanitary Sewer</b>	<b>33,996</b>	<b>13,992</b>	<b>9,625</b>	<b>2,698</b>	<b>12,223</b>	<b>36%</b>	<b>87%</b>	<b>27,878</b>
<b>Combined Sewer Overflow</b>								
CSO Program Management	3,480	1,396	825	174	999	29%	72%	275
Combined Sewer Projects	28,669	23,348	19,584	5,178	24,762	86%	106%	21,047
Long Term Control Plan	43,935	23,262	9,991	2,844	12,836	29%	55%	36,739
<b>Total Combined Sewer Overflow</b>	<b>76,084</b>	<b>48,006</b>	<b>30,400</b>	<b>8,196</b>	<b>38,697</b>	<b>51%</b>	<b>80%</b>	<b>58,060</b>
<b>Stormwater</b>								
Stormwater Local Drainage	11	5	0	0	0	0%	0%	239
Stormwater On-Going Program	841	155	0	0	0	0%	0%	112
Stormwater Pumping Facilities	-	0	0	0	0			0
DDOT Stormwater Program	35	21	0	0	0	0%	0%	0
Stormwater Research and Program Management	1,157	717	211	81	292	25%	41%	737
Stormwater Trunk/Force Sewers	1,446	883	642	120	762	53%	86%	767
<b>Total Stormwater</b>	<b>3,491</b>	<b>1,781</b>	<b>853</b>	<b>200</b>	<b>1,053</b>	<b>30%</b>	<b>59%</b>	<b>1,856</b>
<b>Water</b>								
Water Distribution Systems	26,301	14,970	9,111	1,695	10,806	41%	72%	30,769
Water On-Going Projects	6,260	931	3,442	1,164	4,606	74%	495%	3,781
Water Pumping Facilities	5,568	2,640	446	275	721	13%	27%	5,644
DDOT Water Projects	-	0	1,724	25	1,749			6,602
Water Storage Facilities	2,577	1,322	195	498	693	27%	52%	1,944
Water Projects Program Management	3,963	2,051	1,859	342	2,201	56%	107%	16,491
Water Lead Program	3,323	1,968	1,424	207	1,632	49%	83%	7,459
AMR Installation / Replacement	2,619	1,310	1,117	309	1,426	54%	109%	1,319
<b>Total Water</b>	<b>50,612</b>	<b>25,192</b>	<b>19,319</b>	<b>4,615</b>	<b>23,835</b>	<b>47%</b>	<b>95%</b>	<b>74,009</b>
Washington Aqueduct	10,449	5,735	2,508	1,383	3,902	37%	68%	
Capital Equipment	17,462	8,731	3,610	703	4,313	25%	49%	7,961
<b>Total Capital Projects</b>	<b>325,222</b>	<b>161,498</b>	<b>105,206</b>	<b>28,269</b>	<b>133,475</b>	<b>41%</b>	<b>83%</b>	<b>468,593</b>

Notes:

<sup>1</sup> Includes actual OCIP related disbursements of \$338,611.53

**DC WATER AND SEWER AUTHORITY  
LISTING OF EPA/MISC OPEN GRANTS  
MARCH 31, 2011**

Name	Period	Total EPA Allowable Project Budget	% of Federal Funding	Federal Grant Award Amount	Cumulative Federal Expenditures as of 12/31/10	Current Quarter Expenditures	Cumulative Federal Expenditures as of 12/31/10	Remaining Federal Balance
<b><u>CLEAN WATER ACT GRANTS</u></b>								
Nitrification Facilities Upgrade	9/04 - 02/13	41,253,359	55.00%	22,689,347	18,091,800		18,091,800	4,597,547
Filtration and Disinfection Facility Upgrade Phase 2	9/06 - 09/12	9,872,426	55.00%	5,429,834	4,887,700		4,887,700	542,134
Raw Wastewater Pump Station 1 Upgrade	9/06 - 12/11	3,834,893	55.00%	2,109,191	1,581,900		1,581,900	527,291
Biological Sludge Thickening Facility Rehabilitation	09/08 - 06/12	14,060,069	55.00%	7,733,038	5,252,300		5,252,300	2,480,738
Area Substation 6	8/10 - 06/13	6,829,465	53.11%	3,626,566			0	3,626,566
Rehabilitation of Sewers, Various Locations Companion	9/10 - 12/13	447,397	22.74%	101,752			0	101,752
Anacostia Combined Sewer System Separation (VA/HUD)	07/02 - 09/11	3,174,545	55.00%	1,746,000	965,700		965,700	780,300
Rock Creek Combined Sewer Separation	05/06 - 11/11	1,576,909	55.00%	867,300	700,500		700,500	166,800
Filtration/Disinfection Facilities Upgrade, Phase 3	11/10 - 11/13	2,116,364	55.00%	1,164,000				
<b>TOTAL OPEN CLEAN WATER ACT GRANTS</b>		<b>\$ 83,165,427</b>		<b>\$ 45,467,028</b>	<b>\$ 31,479,900</b>	<b>\$ -</b>	<b>\$ 31,479,900</b>	<b>\$13,987,128</b>
<b><u>SAFE-DRINKING WATER GRANTS</u></b>								
Large Valve Replacements, Contract 6	08/07 - 09/11	5,180,000	80.00%	\$4,144,000	\$3,022,000		\$3,022,000	\$1,122,000
Large Valve Replacements, Contract 7	09/08 - 09/13	3,458,000	80.00%	2,766,400			0	2,766,400
Small Diameter Water Main Replacements 2008	09/08 - 03/12	12,560,176	80.00%	10,048,141	4,685,500		4,685,500	5,362,641
Anacostia Pumping Station Replacement	08/07 - 06/11	21,988,000	80.00%	17,590,400	14,993,800		14,993,800	2,596,600
Bryant Street Pumping Discharge Piping Replacement	9/10 - 4/14	10,180,000	80.00%	8,144,000			0	8,144,000
Fort Reno Pumping Station Rehabilitation & Upgrade	9/10 - 8/12	7,300,000	80.00%	5,840,000			0	5,840,000
Small Diameter Water Main Replacements for 2010	9/10 - 9/11	2,648,917	80.00%	2,119,134			0	2,119,134
<b>TOTAL SAFE DRINKING WATER GRANTS</b>		<b>\$ 63,315,093</b>		<b>\$ 50,652,074</b>	<b>\$22,701,300</b>	<b>\$0</b>	<b>\$ 22,701,300</b>	<b>\$ 27,950,774</b>
<b>TOTAL EPA GRANTS (SRF)</b>		<b>\$ 146,480,520</b>		<b>\$ 96,119,103</b>	<b>\$ 54,181,200</b>	<b>\$ -</b>	<b>\$ 54,181,200</b>	<b>\$41,937,903</b>



**DC WATER AND SEWER AUTHORITY  
LISTING OF EPA/MISC OPEN GRANTS  
MARCH 31, 2011**

Name	Period	Total EPA Allowable Project Budget	% of Federal Funding	Federal Grant Award Amount	Cumulative Federal Expenditures as of 12/31/10	Current Quarter Expenditures	Cumulative Federal Expenditures as of 12/31/10	Remaining Federal Balance
<b>ARRA FUNDING--SAFE DRINKING WATER</b>								
Small Valve Replacements Contract 5	10/09 - 09/11	\$ 451,150	100.00%	\$451,150	\$205,500	\$140,000	\$345,500	\$105,650
Large Valve Replacement Contract 8	12/09 - 7/11	1,997,348	100.00%	1,997,348	369,500	250,800	620,300	1,377,048
Small Diameter Distrib. Main Rehab., Contract 6	12/09 - 7/11	5,789,629	100.00%	5,789,629	466,000	541,000	1,007,000	4,782,629
Small Diameter Water Main Replacements 2010	12/09 - 9/11	7,164,058	100.00%	7,164,058	801,900	228,400	1,030,300	6,133,758
Rock Creek Water Main Replacement	3/09 - 11/11	2,471,135	100.00%	2,471,135	1,339,400	108,000	1,447,400	1,023,735
Fort Stanton Site Work & Joint Seals	9/09 - 05/12	1,626,680	100.00%	1,626,680	155,500		155,500	1,471,180
<b>TOTAL ARRA SAFE DRINKING GRANTS</b>		<b>\$ 19,500,000</b>		<b>\$19,500,000</b>	<b>\$3,337,800</b>	<b>\$1,268,200</b>	<b>\$4,606,000</b>	<b>\$14,894,000</b>
<b>ARRA FUNDING CLEAN WATER GRANTS</b>								
Watts Branch Sewer Rehab, Phase 2	10/09 - 12/12	\$ 680,511		\$680,511	\$293,100	\$238,500	\$531,600	\$148,911
Rehabilitation of Sewers, Various Locations	02/10 - 10/12	\$ 3,558,379		3,558,379	395,400	244,200	\$639,600	2,918,779
Rehabilitation of Sewers, Various Locations/MOU-DDOE	02/10 - 10/12	\$ 935,000		935,000	395,439	539,561	\$935,000	0
Additional Tide Gate Improvements	08/09 - 09/11	\$ 621,552		621,552	518,200		518,200	103,352
<b>TOTAL ARRA CLEAN WATER GRANTS</b>		<b>\$ 5,795,442</b>		<b>\$5,795,442</b>	<b>\$1,602,139</b>	<b>\$1,022,261</b>	<b>\$2,624,400</b>	<b>\$3,171,042</b>
<b>GRAND TOTAL ARRA GRANTS</b>		<b>\$ 25,295,442</b>		<b>\$ 25,295,442</b>	<b>\$ 4,939,939</b>	<b>\$ 2,290,461</b>	<b>\$ 7,230,400</b>	<b>\$ 18,065,042</b>
<b>GRAND TOTAL ALL EPA GRANTS</b>		<b>\$ 171,775,962</b>		<b>\$121,414,545</b>	<b>\$ 59,121,139</b>	<b>\$ 2,290,461</b>	<b>\$ 61,411,600</b>	<b>\$ 60,002,945</b>
<b>MISC. GRANTS</b>								
DC Office of Deputy Mayor for Planning & Economic Dev.	12/07 - 05/09		50.00%	1,100,000	251,373		251,373	848,627
DC Dept. Parks & Rec., DDOE and DCWASA	06/06 - 06/10		48.00%	921,000	233,226		233,226	687,774
FTSS-DDOE,DCOP, GSA,SI, DCHSEMA/DCWASA	10/09 - 3/10			545,000	424,903	29,352	454,255	90,745
<b>BOLD = NEW GRANTS</b>								

DC WATER AND SEWER AUTHORITY  
LISTING OF CSO CONGRESSIONAL FUNDING AND PROJECTS  
AS OF  
MARCH 31, 2011

Footnote	Name	Period	Federal Award Amount	Cumulative Federal Expenditures as of 12/31/10	Current Quarter Expenditures	Cumulative Federal Expenditures as of 03/31/11	Remaining Federal Balance
1	<b><u>CONGRESSIONAL CSO APPROPRIATION BUDGET</u></b>	02/03 -					
	<b><u>LTCP Projects</u></b>						
	Anacostia CSS LTCP - Facility Plan Phase		29,250,753	21,859,697	2,327,881	24,187,578	5,063,175
	Potomac CSS LTCP Facility Plan		1,753,000	264,653	46,366	311,019	1,441,981
	CSO LTCP Rock Creek Projects		1,753,000	106,906	18,331	125,237	1,627,763
	<b>Total LTCP Projects</b>		<b>32,756,753</b>	<b>22,231,256</b>	<b>2,392,578</b>	<b>24,623,834</b>	<b>8,132,919</b>
	<b><u>Program Management</u></b>						
	CSO Program Management		400,000	234,081		234,081	165,919
	CSO Long Term Control Plan		5,120,155	251,439		251,439	4,868,716
	<b>Total Program Management</b>		<b>5,520,155</b>	<b>485,520</b>		<b>485,520</b>	<b>5,034,635</b>
	<b><u>Nine Minimum Control Projects</u></b>						
	WASA Low Impact Development Projects		1,500,000	155,914	0	155,914	1,344,086
	Potomac Pumping Station Rehabilitation		8,737,500	4,993,283	2,022	4,995,305	3,742,195
	Rock Creek CSO Projects		3,630,000	2,356,093	898,033	3,254,126	375,874
	CSO Nine Minimum Control Projects		575,000	574,226	0	574,226	774
	Outfall Sewer Rehabilitation		15,000,000	8,298,773	3,346,323	11,645,096	3,354,904
	Potomac Pumping Station Phase III		14,491,000	22,589	2,242	24,831	14,466,169
	Swirl Facilitation Rehabilitation		1,830,000	55,697	0	55,697	1,774,303
	CSO Fabridam Replacement		5,175,450	4,479,579	0	4,479,579	695,871
	Main and O Pumping Station		37,838,285	32,692,589	1,130,836	33,823,425	4,014,860
	East Side Pumping Station		9,227,822	7,761,444	0	7,761,444	1,466,378
	Poplar Point Pumping Station		3,178,000	833,782	20,783	854,565	2,323,435
	Dry Weather Overflow Elimination		5,690,636	154,912	0	154,912	5,535,724
	CSO Wet Weather Water Quality Monitoring		475,000	24,657	0	24,657	450,343
	<b>Total Nine Minimum Control Projects</b>		<b>107,348,692</b>	<b>62,403,538</b>	<b>5,400,239</b>	<b>67,803,777</b>	<b>39,544,915</b>
	<b>TOTAL CSO APPROPRIATION</b>		<b>\$145,625,600</b>	<b>\$85,120,314</b>	<b>\$7,792,817</b>	<b>\$92,913,131</b>	<b>\$52,712,469</b>

DC WATER AND SEWER AUTHORITY  
 LISTING OF CSO CONGRESSIONAL FUNDING AND PROJECTS  
 AS OF  
 MARCH 31, 2011

Footnote	Name	Period	Federal Award Amount	Cumulative Federal Expenditures as of 12/31/10	Current Quarter Expenditures	Cumulative Federal Expenditures as of 03/31/11	Remaining Federal Balance
							7,792,817
							4,986,000
							12,313,903
							<b>\$77,805,189</b>

Plus Unreimbursed 2nd Quarter Expenditures  
**Plus Appropriation received February 2, 2011**  
 Interest Earned  
**Grand Total CSO Remaining Balance**

**FOOTNOTES**

<b>1</b>	Appropriation on February 20, 2003	\$49,675,000
	Appropriation on January 22, 2004	29,823,000
	Appropriation on November, 2004	4,800,000
	Less Federal Recission	(38,400)
	Appropriation on December 15, 2005	7,000,000
	Less Federal Recission	(70,000)
	Appropriation on April 5, 2007 (\$7,000,000 less recission)	7,000,000
	Less Federal Recission	(70,000)
	Appropriation on March 25, 2008	8,000,000
	Appropriation on April 3, 2009	16,000,000
	Appropriation on February 17, 2010	20,000,000
	Appropriation on November 3, 2010	3,506,000
	<b>Total Appropriation</b>	<b>145,625,600</b>



DC Water  
Finance Division  
Economic Update

**ECONOMIC COMMENTARY**

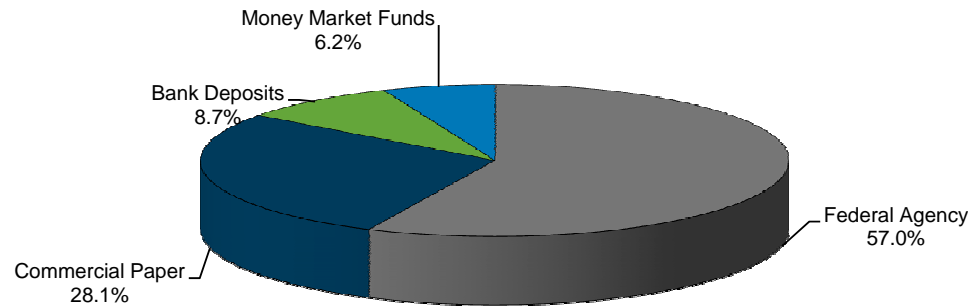
- The U.S. economy continues to be on the path of economic recovery with manufacturing, labor markets, corporate earnings, stocks, and retail sales strengthening. The natural disaster in Japan and political turmoil in North Africa and the Middle East created some market volatility, but the overall direction of the market remained positive. By quarter end, interest rates had moved slightly higher in anticipation of continued economic growth.
- The Federal Reserve has completed over 60% of its anticipated \$600 billion of U.S. Treasury purchases under the second round of quantitative easing (QE2). No change in Fed policy is anticipated in the near term, but economists are forecasting an increase in the Fed Funds Target Rate by the fourth quarter of 2011.
- On April 18<sup>th</sup>, Standard & Poor's placed the U.S. Government on negative credit outlook.
- The yield curve remains steeply sloped. At current levels, we believe that investors are well compensated for the incremental market and interest rate risk in the 2 to 3 year maturity range.
- U.S. Treasuries offer value because spreads between Federal Agencies and U.S. Treasuries are quite narrow.

**PORTFOLIO RECAP**

- The portfolio is diversified among Bank Deposits, Commercial Paper, Federal Agencies and an SEC registered money market fund.
- During the 1<sup>st</sup> quarter (October – December), the Authority purchased \$55 million of securities including: \$25 million of 3 to 4 month commercial paper at an average yield of 0.25%. The Authority also purchased \$30 million of 1 to 2 year Federal Agencies at an average yield of 0.50%.
- During the 2<sup>nd</sup> quarter, PFM was engaged. The Authority purchased \$392.9 million of fixed-income securities with an average maturity of 7 months and average yield of 0.32%. Compared to leaving funds invested in bank deposits, these purchases will enhance the District's investment earnings.
  - In January, the Authority structured a laddered portfolio for the 2010A Construction Fund to meet the projected disbursement schedule.
  - In March, the Authority purchased \$8.4 million of 6 month to 3 year Federal Agencies at an average yield of 0.62% to meet debt service payments in the Capitalized Interest Account.
- The portfolio is in compliance with the Authority's Investment Policy.



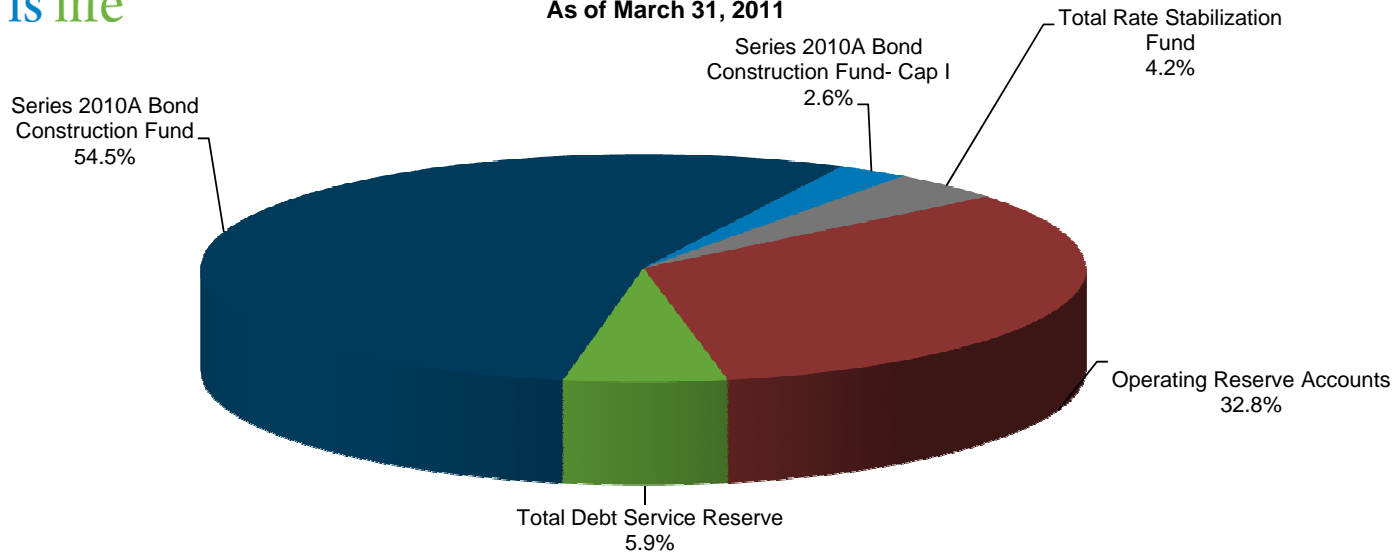
**DC Water  
Finance Division  
Investments - By Security Type  
As of March 31, 2011**



Security Type	Book Value + Accrued Interest	Asset Allocation	Permitted By Policy
Bank Deposits	\$ 41,553,076	8.7%	100.0%
Money Market Funds	29,465,318	6.2%	100.0%
Bankers Acceptances	-	0.0%	40.0%
Commercial Paper	134,378,912	28.1%	35.0%
U.S. Treasuries	-	0.0%	100.0%
Federal Agency	272,240,808	57.0%	100.0%
Negotiable CDs	-	0.0%	30.0%
Municipal Obligations	-	0.0%	20.0%
<b>Total</b>	<b>\$ 477,638,114</b>	<b>100.0%</b>	



**DC Water  
Finance Division  
Investment Analysis – By Fund  
As of March 31, 2011**



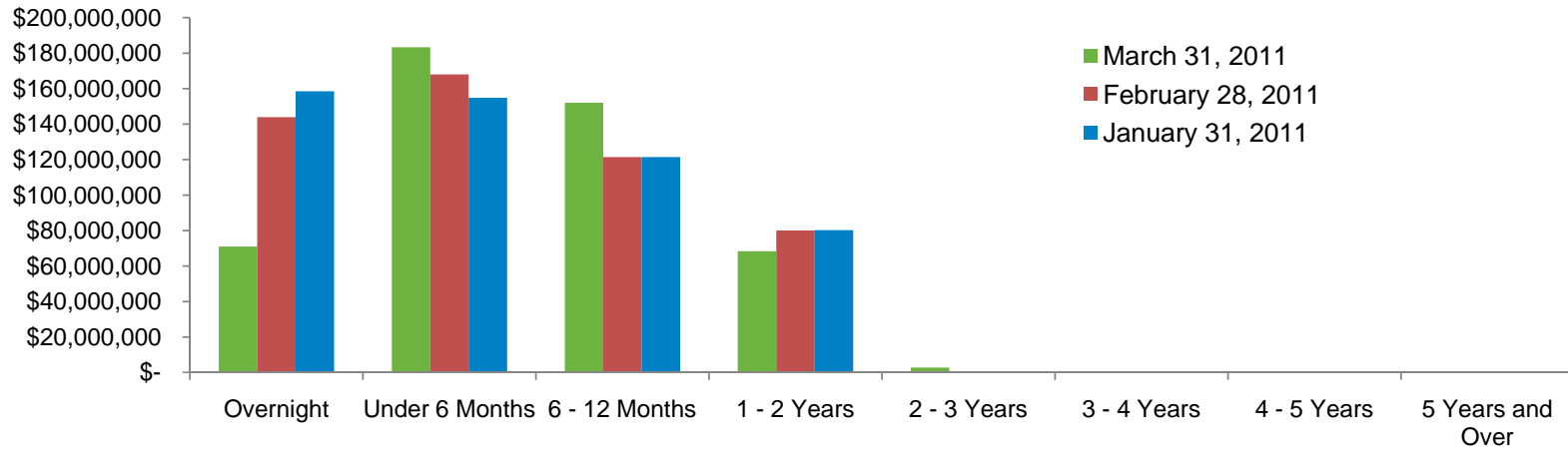
<b>Fund Name</b>	<b>Book Value + Accrued Interest</b>	<b>Yield-to- Maturity at Cost</b>	<b>Effective Duration (years)</b>	<b>Weighted Average Maturity (days)</b>
Total Rate Stabilization Fund	\$ 16,703,160	0.25%	0.13	46.2
Operating Reserve Accounts	131,062,434	0.48%	0.46	220.7
Total Debt Service Reserve	23,776,411	0.70%	0.91	413.3
Series 2010A Bond Construction Fund	218,019,346	0.29%	0.48	174.9
Series 2010A Bond Construction Fund- Cap I	10,362,855	0.52%	1.40	519.9
Total CSO LTCP Appropriations Account	77,713,908	0.32%	0.45	178.7
<b>Total</b>	<b>\$ 477,638,114</b>	<b>0.37%</b>	<b>0.49</b>	<b>202.9</b>

Investment Performance Report- March 2011



DC Water  
Finance Division  
Investment Analysis – By Maturity

Maturity Distribution	March 31, 2011	February 28, 2011	January 31, 2011
Overnight \$	71,018,394.55 \$	143,980,979.40 \$	158,523,297.54
Under 6 Months	183,338,883.53	168,048,130.09	154,837,094.08
6 - 12 Months	152,067,420.77	121,468,093.99	121,443,136.21
1 - 2 Years	68,404,727.85	80,111,668.33	80,286,679.32
2 - 3 Years	2,808,687.10	-	-
3 - 4 Years	-	-	-
4 - 5 Years	-	-	-
5 Years and Over	-	-	-
<b>Totals \$</b>	<b>477,638,113.80 \$</b>	<b>513,608,871.81 \$</b>	<b>515,090,207.15</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>					
Adams National Bank		5,007,957.89	1.0%	100.0%	Yes
TD Bank		\$ 36,545,118.17	7.7%	100.0%	Yes
<b>Sub-Total Money Market Mutual Funds</b>		<b>41,553,076.06</b>	<b>8.7%</b>	100.0%	Yes
<b>Money Market Mutual Funds</b>					
American Beacon MMF	AAAm	11,480,835.31	2.4%	50.0%	Yes
Federated U.S. Treasury Cash Reserves	AAAm	-	0.0%	50.0%	Yes
Merrill Lynch MMF	AAAm	3,498,585.36	0.7%	50.0%	Yes
Wells Fargo Advantage Treasury Plus	AAAm	13,135,474.76	2.8%	50.0%	Yes
Wells Fargo Government MMF	AAAm	1,350,423.06	0.3%	50.0%	Yes
<b>Sub-Total Money Market Mutual Funds</b>		<b>29,465,318.49</b>	<b>6.2%</b>	100.0%	Yes
<b>Commercial Paper</b>					
Abbey Natl N America	A-1+ / P-1	11,481,636.82	2.4%	5.0%	Yes
Credit Agricole NA	A-1+ / P-1	11,486,241.66	2.4%	5.0%	Yes
Dexia Delaware LLC	A-1 / P-1	4,996,319.45	1.0%	5.0%	Yes
Deutsche Bank Finl Llc Comm Paper	A-1 / P-1	4,995,076.20	1.0%	5.0%	Yes
Fcar Owner Trust Ii Comm Paper	A-1+ / P-1	9,990,791.67	2.1%	5.0%	Yes
General Electric	A-1+ / P-1	4,996,645.83	1.0%	5.0%	Yes
HSBC	A-1 / P-1	14,990,831.98	3.1%	5.0%	Yes
ING (US) Funding	A-1 / P-1	11,491,361.80	2.4%	5.0%	Yes
Intesa Funding	A-1 / P-1	9,992,033.35	2.1%	5.0%	Yes
Natixis Comm Paper	A-1 / P-1	9,988,486.12	2.1%	5.0%	Yes
Nordea North America	A-1+ / P-1	4,999,550.00	1.0%	5.0%	Yes
Northwest Natural Gas Comm Paper	A-1 / P-1	4,994,500.00	1.0%	5.0%	Yes
Rabobank Usa Fin Corp	A-1+ / P-1	9,996,977.80	2.1%	5.0%	Yes
Societe Generale NA	A-1 / P-1	9,987,403.48	2.1%	5.0%	Yes
Sumitomo Capital	A-1 / P-1	4,995,291.67	1.0%	5.0%	Yes
UBS	A-1 / P-1	4,995,763.89	1.0%	5.0%	Yes
<b>Sub-Total Commercial Paper</b>		<b>134,378,911.72</b>	<b>28.1%</b>	35.0%	Yes
<b>Federal Agencies</b>					
Fannie Mae	AAA / Aaa	62,797,327.01	13.1%	40.0%	Yes
Freddie Mac	AAA / Aaa	92,108,264.34	19.3%	40.0%	Yes
Federal Home Loan Bank	AAA / Aaa	117,335,216.18	24.6%	40.0%	Yes
Federal Farm Credit Bank	AAA / Aaa	-	0.0%	40.0%	Yes
<b>Sub-Total Federal Agencies</b>		<b>272,240,807.53</b>	<b>57.0%</b>	100.0%	Yes
<b>Total</b>		<b>\$ 477,638,113.80</b>	<b>100.0%</b>		

## Proposed new monthly report format



Investment Performance Report- March 2011

DC Water  
Finance Division  
Book Value Performance  
As of March 31, 2011

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

	Trailing 1 Months		Trailing 3 Months		Trailing 6 Months		Trailing 12 Months	WAM* (days)	WAM* (years)
	Periodic	Annualized	Periodic	Annualized	Periodic	Annualized			
Total Rate Stabilization Fund	0.02%	0.26%	0.04%	0.15%	0.06%	0.12%	0.18%	46.2	0.13 years
Operating Reserve Accounts	0.04%	0.47%	0.08%	0.34%	0.14%	0.29%	0.35%	220.7	0.60 years
Total Debt Service Reserve	0.05%	0.64%	0.15%	0.61%	0.27%	0.54%	0.70%	413.3	1.13 years
Total CSO LTCP Appropriations Account	0.03%	0.37%	0.05%	0.21%	0.14%	0.28%	0.27%	178.7	0.49 years
2010A Construction Fund	0.02%	0.27%	0.06%	0.23%	0.07%	0.15%	n/a	174.9	0.48 years
2010A Capitalized Interest Fund	0.02%	0.26%	0.04%	0.15%	0.05%	0.11%	n/a	519.9	1.42 years
<b>Short-Term</b>	<b>0.03%</b>	<b>0.32%</b>	<b>0.05%</b>	<b>0.22%</b>	<b>0.10%</b>	<b>0.20%</b>	<b>0.26%</b>		
Merrill Lynch 3-Month Treasury Index <sup>1</sup>	0.03%	0.31%	0.05%	0.20%	0.09%	0.18%	0.16%	90.0	0.25 years
<b>Core (1+ Years)</b>	<b>0.06%</b>	<b>0.68%</b>	<b>0.17%</b>	<b>0.71%</b>	<b>0.40%</b>	<b>0.80%</b>	<b>0.94%</b>		
Merrill Lynch 1-3 Year Treasury Index <sup>2</sup>	-0.05%	-0.55%	0.03%	0.13%	-0.12%	-0.23%	1.67%	-	1.78 years

- (1) The Merrill Lynch 3-Month Treasury Bill is an unmanaged index tracking the on-the-run 3-month Treasury Bill. The index is produced and maintained by Merrill Lynch & Co. Performance for this index is shown on a total return basis.
- (2) The Merrill Lynch 1-3 Year Treasury Index is an unmanaged index tracking a basket of U.S. Treasuries with 1 to 3 year maturities. The index is produced and maintained by Merrill Lynch & Co. Performance for this index is shown on a total return basis.
- (3) Performance prior to February 2011 provided by the Authority.

\*Weighted average maturity



Investment Performance Report- March 2011

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>Total Rate Stabilization Fund</b>									
TD BANK BANK DEPOSIT	\$ 6,710,708		4/1/2011		0.10%	\$ 6,710,708	\$ 6,710,708	\$ 6,710,708	
RABOBANK USA FIN CORP COMM PAPER	5,000,000	-	6/3/2011	2/7/2011	0.30%	4,995,167	4,998,285	4,997,375	
DEUTSCHE BANK FINL LLC COMM PAPER	5,000,000	-	6/28/2011	3/15/2011	0.40%	4,994,125	4,996,430	4,995,076	
									\$ 16,703,159.53
<b>Operating Reserve Accounts</b>									
TD BANK BANK DEPOSIT	\$ 19,068,765		4/1/2011		0.10%	\$ 19,068,764.53	\$ 19,068,765	\$ 19,068,765	
FEDERATED U.S. TREASURY CASH RESERVES	\$ -		4/1/2011		0.00%	-	-	-	
FNMA NOTES (CALLED, OMD 4/13/2012)	6,900,000	1.250	4/13/2011	4/13/2010	1.25%	6,900,000	6,942,548	6,940,250	
FNMA GLOBAL NOTES	10,000,000	1.375	4/28/2011	4/9/2010	0.51%	10,152,493	10,068,148	10,064,930	
ING (US) FUNDING LLC COMM PAPER	5,000,000	-	4/29/2011	11/22/2010	0.32%	4,992,978	4,999,090	4,998,756	
NATIXIS COMM PAPER	5,000,000	-	6/10/2011	2/7/2011	0.43%	4,992,654	4,997,270	4,995,819	
ABBEY NATL N AMERICA LLC COMM PAPER	5,000,000	-	6/13/2011	2/7/2011	0.48%	4,991,600	4,996,440	4,995,133	
FCAR OWNER TRUST II COMM PAPER	5,000,000	-	6/13/2011	2/7/2011	0.40%	4,993,000	4,997,285	4,995,944	
INTESA FUNDING COMM PAPER	5,000,000	-	6/30/2011	2/7/2011	0.46%	4,990,864	4,995,305	4,994,250	
SUMITOMO CAPITAL	5,000,000	-	7/12/2011	3/21/2011	0.30%	4,995,292	4,995,292	4,995,292	
NATIXIS CP	5,000,000	-	7/19/2011	3/21/2011	0.45%	4,992,667	4,992,667	4,992,667	
NORTHWEST NATURAL GAS COMM PAPER	5,000,000	-	7/20/2011	1/26/2011	0.36%	4,991,250	4,994,990	4,994,500	
UBS	5,000,000	-	7/29/2011	3/29/2011	0.25%	4,995,764	4,995,764	4,995,764	
FHLB NOTES	10,000,000	0.625	1/13/2012	12/16/2010	0.37%	10,053,892	10,031,172	10,033,466	
FHLMC DISC NOTE	10,000,000	-	1/20/2012	1/26/2011	0.30%	9,970,582	9,979,042	9,975,908	
FHLMC NOTES	10,000,000	1.000	8/28/2012	7/27/2010	0.73%	10,068,578	10,066,771	10,046,490	
FNMA	10,000,000	0.550	12/27/2012	3/8/2011	0.56%	9,985,347	9,974,500	9,974,500	
FHLB	10,000,000	1.000	3/25/2013	3/28/2011	1.00%	10,000,833	10,000,000	10,000,000	
									\$ 131,062,434.44
<b>Total Debt Service Reserve</b>									
WELLS FARGO GOVERNMENT MMF	\$ 460,029		4/1/2011		0.03%	\$ 460,029	\$ 460,029	\$ 460,029	
MERRILL LYNCH MMF	3,498,585		4/1/2011		0.16%	3,498,585	3,498,585	3,498,585	
FHLB TAP BONDS	4,600,000	5.000	3/9/2012	6/22/2010	0.76%	4,997,236	4,814,100	4,796,160	
FNMA NOTES (CALLABLE)	5,000,000	1.300	5/25/2012	5/25/2010	1.19%	5,010,450	5,029,195	5,024,322	
FHLMC NOTES	10,000,000	0.515	11/26/2012	11/22/2010	0.64%	9,981,294	9,988,042	9,997,315	
									\$ 23,776,410.67



Investment Performance Report- March 2011

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>Series 2010A Bond Construction Fund</b>									
WELLS FARGO ADVANTAGE TREASURY PLUS	\$ -		4/1/2011		0.03%	\$ -	\$ -	\$ -	
WELLS FARGO GOVERNMENT MMF	12,210,422		4/1/2011		0.01%	12,210,422	12,210,422	12,210,422	
RABOBANK USA FIN CORP COMM PAPER	5,000,000	-	4/12/2011	1/24/2011	0.26%	4,997,183	4,999,765	4,999,603	
NORDEA NORTH AMERICAN INC COMM PAPER	5,000,000	-	4/13/2011	1/24/2011	0.27%	4,997,038	4,999,755	4,999,550	
HSBC FINANCE CORP COMM PAPER	5,000,000	-	4/15/2011	1/24/2011	0.24%	4,997,300	4,999,645	4,999,533	
INTESA FUNDING COMM PAPER	5,000,000	-	5/13/2011	1/24/2011	0.38%	4,994,247	4,998,240	4,997,783	
DEXIA DELAWARE LLC COMM PAPER	5,000,000	-	5/24/2011	1/24/2011	0.50%	4,991,667	4,998,035	4,996,319	
SOCIETE GENERALE NA COMM PAPER	5,000,000	-	6/1/2011	1/24/2011	0.41%	4,992,711	4,997,665	4,996,526	
FHLB NOTES	22,000,000	0.670	6/14/2011	1/25/2011	0.19%	22,056,647	22,067,992	22,064,161	
CREDIT AGRICOLE NA COMM PAPER	5,000,000	-	7/14/2011	3/11/2011	0.32%	4,994,444	4,995,845	4,995,378	
HSBC FINANCE CORP COMM PAPER	5,000,000	-	7/15/2011	3/11/2011	0.29%	4,994,925	4,995,335	4,995,771	
ING (US) FUNDING LLC COMM PAPER	6,500,000	-	7/15/2011	1/24/2011	0.39%	6,487,888	6,493,936	6,492,606	
ABBEY NATL N AMERICA LLC COMM PAPER	6,500,000	-	7/25/2011	1/24/2011	0.65%	6,478,640	6,489,815	6,486,503	
CREDIT AGRICOLE NA COMM PAPER	6,500,000	-	7/25/2011	1/24/2011	0.44%	6,485,541	6,493,656	6,490,864	
FHLMC DISC NOTE	8,500,000	-	9/15/2011	1/25/2011	0.21%	8,488,447	8,492,452	8,491,720	
FHLMC DISC NOTE	28,000,000	-	10/14/2011	1/26/2011	0.23%	27,953,310	27,968,417	27,964,938	
FHLB NOTES	37,000,000	0.320	12/9/2011	1/26/2011	0.28%	37,027,008	37,041,128	37,045,991	
FNMA GLOBAL NOTES	27,500,000	2.000	1/9/2012	1/26/2011	0.30%	27,969,272	27,981,980	27,984,638	
FHLMC NOTES	22,500,000	1.720	3/14/2012	1/26/2011	0.37%	22,985,250	22,809,200	22,807,038	
									\$ 218,019,346.08
<b>Series 2010A Bond Construction Fund- Cap I</b>									
WELLS FARGO ADVANTAGE TREASURY PLUS	\$ 890,395		4/1/2011		0.03%	\$ 890,395		\$ 890,395	
WELLS FARGO GOVERNMENT MMF	925,052		4/1/2011		0.01%	925,052		925,052	
FHLMC DISC NOTE	1,400,000	-	9/23/2011	3/16/2011	0.16%	1,398,812	1,398,662	1,398,911	
FHLMC GLOBAL NOTES	1,400,000	2.125	3/23/2012	3/16/2011	0.27%	1,440,656	1,424,408	1,425,945	
FHLB GLOBAL BONDS	1,400,000	1.625	9/26/2012	3/16/2011	0.43%	1,436,191	1,420,769	1,425,073	
FHLB TAP BONDS	1,400,000	3.875	3/8/2013	3/16/2011	0.70%	1,488,359	1,485,087	1,488,793	
FNMA NOTES	1,400,000	1.125	9/30/2013	3/16/2011	0.97%	1,412,681	1,398,452	1,405,375	
FNMA NOTES (EX-CALLABLE)	1,400,000	1.250	3/14/2014	3/16/2011	1.19%	1,402,617	1,393,791	1,403,312	
									\$ 10,362,855.00
<b>Total CSO LTCP Appropriations Account</b>									
TD BANK BANK DEPOSIT	\$ 10,765,645		4/1/2011		0.10%	\$ 10,765,645	\$ 10,765,645	\$ 10,765,645	
ADAMS NATIONAL BANK	5,007,958		4/1/2011		0.00%	5,007,958	5,007,958	5,007,958	
AMERICAN BEACON MMF	11,480,835		4/1/2011		0.08%	11,480,835	11,480,835	11,480,835	
GENERAL ELECTRIC	5,000,000	-	6/30/2011	3/7/2011	0.21%	4,996,646	4,996,646	4,996,646	
HSBC	5,000,000	-	6/30/2011	3/7/2011	0.28%	4,995,528	4,995,528	4,995,528	
FCAR OWNER TRUST CP	5,000,000	-	7/5/2011	3/21/2011	0.36%	4,994,847	4,994,847	4,994,847	
SOCIETE GEN	5,000,000	-	8/19/2011	3/21/2011	0.44%	4,990,877	4,990,877	4,990,877	
FHLB TAP BONDS	10,000,000	1.125	3/9/2012	6/21/2010	0.84%	10,080,075	10,078,885	10,033,336	
FHLB	10,000,000	2.250	4/13/2012	3/7/2011	0.32%	10,301,743	10,301,743	10,301,743	
FHLB TAP BONDS	10,000,000	1.375	6/8/2012	11/22/2010	0.50%	10,197,461	10,149,690	10,146,493	
									\$ 77,713,908.08
						\$ 478,092,471.68	\$ 475,907,526.78	\$ 477,638,113.80	\$ 477,638,113.80



DC Water  
Finance Division  
Security Transactions

ACCOUNT	CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<b>Purchases</b>								
DC WASA 2010A CONSTRUCTION FUND	74977LRC3	RABOBANK USA FIN CORP COMM PAPER	5,000,000	-	04/12/11	01/24/11	0.264	\$ 4,997,183.33
DC WASA 2010A CONSTRUCTION FUND	6555P1RD1	NORDEA NORTH AMERICA L INC COMM PAPER	5,000,000	-	04/13/11	01/24/11	0.274	\$ 4,997,037.50
DC WASA 2010A CONSTRUCTION FUND	4042F1RF8	HSBC FINANCE CORP COMM PAPER	5,000,000	-	04/15/11	01/24/11	0.244	\$ 4,997,300.00
DC WASA 2010A CONSTRUCTION FUND	4611K1SD8	INTESA FUNDING COMM PAPER	5,000,000	-	05/13/11	01/24/11	0.386	\$ 4,994,247.22
DC WASA 2010A CONSTRUCTION FUND	2521E1SQ9	DEXIA DELAWARE LLC COMM PAPER	5,000,000	-	05/24/11	01/24/11	0.508	\$ 4,991,666.67
DC WASA 2010A CONSTRUCTION FUND	83365ST11	SOCIETE GENERALE NA COMM PAPER	5,000,000	-	06/01/11	01/24/11	0.416	\$ 4,992,711.11
DC WASA 2010A CONSTRUCTION FUND	4497W1UF1	ING (US) FUNDING LLC COMM PAPER	6,500,000	-	07/15/11	01/24/11	0.396	\$ 6,487,888.33
DC WASA 2010A CONSTRUCTION FUND	0027A1UR8	ABBIEY NATL N AMERICA LLC COMM PAPER	6,500,000	-	07/25/11	01/24/11	0.661	\$ 6,478,640.28
DC WASA 2010A CONSTRUCTION FUND	22532CUR3	CREDIT AGRICOLE NA COMM PAPER	6,500,000	-	07/25/11	01/24/11	0.447	\$ 6,485,541.11
DC WASA 2010A CONSTRUCTION FUND	31359MF40	FNMA GLOBAL BENCHMARK NOTES	11,541,000	4.500	02/15/11	01/25/11	0.152	\$ 11,799,674.43
DC WASA 2010A CONSTRUCTION FUND	313384BY4	FHLB DISC NOTE	26,459,000	-	02/16/11	01/25/11	0.133	\$ 26,456,881.81
DC WASA 2010A CONSTRUCTION FUND	3133XWCP2	FHLB NOTES	22,000,000	0.670	06/14/11	01/25/11	0.186	\$ 22,056,647.41
DC WASA 2010A CONSTRUCTION FUND	313396LT8	FHLB DISC NOTE	8,500,000	-	09/15/11	01/25/11	0.213	\$ 8,488,447.08
DC WASA 2010A CONSTRUCTION FUND	313396MY6	FHLB DISC NOTE	28,000,000	-	10/14/11	01/26/11	0.234	\$ 27,953,310.00
DC WASA 2010A CONSTRUCTION FUND	313371XJ0	FHLB NOTES	37,000,000	0.320	12/09/11	01/26/11	0.284	\$ 37,027,008.20
DC WASA 2010A CONSTRUCTION FUND	31398AUU4	FNMA GLOBAL NOTES	27,500,000	2.000	01/09/12	01/26/11	0.304	\$ 27,969,272.22
DC WASA 2010A CONSTRUCTION FUND	3128X8Q62	FHLB NOTES	22,500,000	1.720	03/14/12	01/26/11	0.369	\$ 22,985,250.00
DC WASA 2010A CONSTRUCTION FUND	313384CX5	FHLB DISC NOTE	11,541,000	-	03/11/11	02/15/11	0.114	\$ 11,540,138.27
DC WASA 2010A CONSTRUCTION FUND	313384DK2	FHLB DISC NOTE	20,000,000	-	03/23/11	02/16/11	0.107	\$ 19,997,958.33
DC WASA 2010A CONSTRUCTION FUND	22532CUE2	CREDIT AGRICOLE NA COMM PAPER	5,000,000	-	07/14/11	03/11/11	0.325	\$ 4,994,444.44
DC WASA 2010A CONSTRUCTION FUND	4042F1UF4	HSBC FINANCE CORP COMM PAPER	5,000,000	-	07/15/11	03/11/11	0.294	\$ 4,994,925.00
DC WASA OPERATING RESERVE ACCOUNTS	66765FUL4	NORTHWEST NATURAL GAS COMM PAPER	5,000,000	-	07/20/11	01/26/11	0.366	\$ 4,991,250.00
DC WASA OPERATING RESERVE ACCOUNTS	313396SA2	FHLB DISC NOTE	10,000,000	-	01/20/12	01/26/11	0.300	\$ 9,970,581.94
DC WASA OPERATING RESERVE ACCOUNTS	6323A1TA4	NATIXIS COMM PAPER	5,000,000	-	06/10/11	02/07/11	0.437	\$ 4,992,654.17
DC WASA OPERATING RESERVE ACCOUNTS	0027A1TD1	ABBIEY NATL N AMERICA LLC COMM PAPER	5,000,000	-	06/13/11	02/07/11	0.488	\$ 4,991,600.00
DC WASA OPERATING RESERVE ACCOUNTS	3024A7TD2	FCAR OWNER TRUST II COMM PAPER	5,000,000	-	06/13/11	02/07/11	0.406	\$ 4,993,000.00
DC WASA OPERATING RESERVE ACCOUNTS	4611K1TW5	INTESA FUNDING COMM PAPER	5,000,000	-	06/30/11	02/07/11	0.467	\$ 4,990,863.89
DC WASA OPERATING RESERVE ACCOUNTS	31398A6J6	FNMA NOTES (CALLABLE)	10,000,000	0.550	12/27/12	03/08/11	0.693	\$ 9,985,347.22
DC WASA OPERATING RESERVE ACCOUNTS	86561BUC7	SUMITOMO CORP OF AMERICA COMM PAPER	5,000,000	-	07/12/11	03/21/11	0.305	\$ 4,995,291.67
DC WASA OPERATING RESERVE ACCOUNTS	6323A1UK0	NATIXIS COMM PAPER	5,000,000	-	07/19/11	03/21/11	0.447	\$ 4,992,666.67
DC WASA OPERATING RESERVE ACCOUNTS	313372UM4	FHLB NOTES (CALLABLE)	10,000,000	1.000	03/25/13	03/28/11	1.000	\$ 10,000,833.33
DC WASA OPERATING RESERVE ACCOUNTS	90262DUV5	UBS FINANCE DELAWARE LLC COMM PAPER	5,000,000	-	07/29/11	03/29/11	0.254	\$ 4,995,763.89
DC WASA TOTAL CSO LTCP APPROPRIATIONS	36959STW3	GENERAL ELECTRIC CO COMM PAPER	5,000,000	-	06/30/11	03/07/11	0.213	\$ 4,996,645.83
DC WASA TOTAL CSO LTCP APPROPRIATIONS	4042F1TW9	HSBC USA INC COMM PAPER	5,000,000	-	06/30/11	03/07/11	0.284	\$ 4,995,527.78
DC WASA TOTAL CSO LTCP APPROPRIATIONS	3133XTAW6	FHLB GLOBAL BONDS	10,000,000	2.250	04/13/12	03/07/11	0.320	\$ 10,301,743.34
DC WASA TOTAL CSO LTCP APPROPRIATIONS	3024A1US0	FORD MOTOR CREDIT CO COMM PAPER	5,000,000	-	07/05/11	03/21/11	0.355	\$ 4,994,847.22
DC WASA TOTAL CSO LTCP APPROPRIATIONS	83365SVK6	SOCIETE GENERALE NA COMM PAPER	5,000,000	-	08/19/11	03/21/11	0.442	\$ 4,990,877.08
DC WASA RATE STABILIZATION FD	74977LT31	RABOBANK USA FIN CORP COMM PAPER	5,000,000	-	06/03/11	02/07/11	0.305	\$ 4,995,166.67
DC WASA RATE STABILIZATION FD	25153KTU1	DEUTSCHE BANK FINL LLC COMM PAPER	5,000,000	-	06/28/11	03/15/11	0.409	\$ 4,994,125.00
DC WASA CAPITALIZED INTEREST FD	313396MB6	FHLB DISC NOTE	1,400,000	-	09/23/11	03/16/11	0.162	\$ 1,398,811.56
DC WASA CAPITALIZED INTEREST FD	3137EABY4	FHLB GLOBAL NOTES	1,400,000	2.125	03/23/12	03/16/11	0.274	\$ 1,440,655.93
DC WASA CAPITALIZED INTEREST FD	3133XUJU0	FHLB GLOBAL BONDS	1,400,000	1.625	09/26/12	03/16/11	0.430	\$ 1,436,191.11
DC WASA CAPITALIZED INTEREST FD	3133XQ2D3	FHLB TAP BONDS	1,400,000	3.875	03/08/13	03/16/11	0.700	\$ 1,488,358.64
DC WASA CAPITALIZED INTEREST FD	31398A2M3	FNMA NOTES	1,400,000	1.125	09/30/13	03/16/11	0.970	\$ 1,412,680.50
DC WASA CAPITALIZED INTEREST FD	31398A3K6	FNMA NOTES (EX-CALLABLE)	1,400,000	1.250	03/14/14	03/16/11	1.189	\$ 1,402,617.22



**DISTRICT OF COLUMBIA  
WATER AND SEWER AUTHORITY**

**Board of Directors**

*Finance and Budget Committee*

*Thursday, May 26, 2011*

11:00 a.m.

5000 Overlook Avenue, SW  
Washington, DC 20032

<b>Call to Order</b>	Chairman
<b>April 2011 Financial Report</b>	Director of Finance & Budget
<b>FY 2012 Revised Budget Proposal</b>	General Manager
<b>Agenda for June 23, 2011 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)

**OPERATING AND CAPITAL BUDGET FOR  
THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS**

<b>Year</b>	<b>**Actuals</b>
<b>2007</b>	\$591,570
<b>2008</b>	\$578,379
<b>2009</b>	\$543,394
<b>2010</b>	\$564,076

**\*\*Notes:**

- 1 All COG Capital & Operating charges are administered by the Department of Engineering.
- 2 Costs are audited each year and allocated in accordance with applicable IMA allowances.
- 3 DC Water pays on average approximately \$550,000 to COG for various activities. Staff will provide further detail at the May committee meeting; to include most recent payments made.



**SETTLEMENT AND BILLING PROCESS FOR SMALL PI CUSTOMERS****Follow – Up Item #5****Background**

DC Water (the “Authority”) provides wastewater services to retail customers in the District and wholesale customers in Montgomery and Prince George’s counties in Maryland, and Fairfax and Loudoun counties in Virginia. In addition, the Authority provides wholesale wastewater services to the Town of Vienna (“Vienna”), the Dulles International Airport (“Dulles”), the National Park Service (“NPS”), and the Department of the Navy (“Navy”). These customers (the “Small PI Customers”) obtain service and make payments pursuant to separate but similar agreements (the “Agreements”) signed in the 1960s. Their respective wastewater flows are transmitted via the Potomac Interceptor (PI) from their locations in Maryland and Virginia for treatment at the Authority’s Blue Plains Wastewater Treatment Plant. In return for these services, the Small PI Customers pay a proportionate share of the Authority’s capital and operating costs on a rate per million gallons of wastewater basis. Under the Agreements, the Small PI Customers’ rates are to be adjusted at three-year or greater intervals, with necessary billing reconciliations at any time.

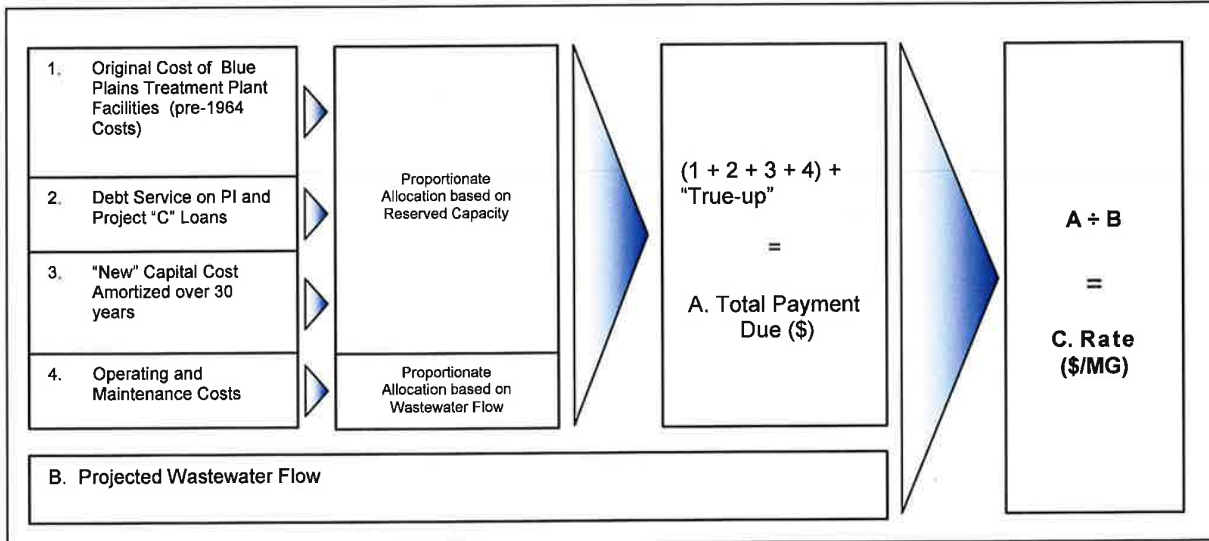
**Rate Methodology**

Each PI customer is required to pay the Authority for a proportionate share of capital costs based on its capacity allocation, and a proportionate share of operating and maintenance costs based on actual wastewater flow. This same principle applies to the Authority’s other wholesale customers, the key distinction being that the Small PI Customers’ rate methodology allows for a protracted recovery of capital costs.

Figure 2, which follows, summarizes the four basic cost components and the methodology used to arrive at the Small PI Customers’ wastewater rate. Rates are to be set no more frequently than once every three years and billings prepared quarterly based on estimated or measured wastewater flow.

The first three cost items represent proportionate sharing of capital costs and are related to transmission and treatment capacity reserved for each customer. The fourth cost item represents proportionate sharing of operating and maintenance costs and is related to the actual use of transmission and treatment capacity as measured by wastewater flow. Together these four cost items constitute the amount due from each of the Small PI customer. Once this amount is determined, it is divided by expected wastewater flow to produce a unit rate. Providing that costs are accurately determined and wastewater flow is accurately projected, application of this rate will justly recover the amounts due at the end of the year. With deviations in actual costs and actual wastewater flow, annual billing reconciliations become necessary.

**Figure 2: Summary of Rate Methodology**



Cost Item 1, the *Original Cost of Blue Plains Facilities*, recovers a share of the costs incurred in building the Blue Plains plant prior to the connection of the Potomac Interceptor (PI). It captures the cost of "purchasing" a dedicated share of the in-place capacity at Blue Plains at the time the PI was completed. The PI was completed in 1964. Starting in 2003, there is no outstanding balance on this cost item.

Cost Item 2, the *Debt Service on PI and Project "C" Loans*, recovers a share of the debt service associated with loans used to construct the PI and the Project "C" sewer. Debt service responsibility is assigned to each customer according to allocated capacity.

Cost Item 3, *New Capital Costs Amortized over Thirty Years*, recovers a share of the capital costs incurred subsequent to the completion of the PI for expanding or improving Authority facilities that transmit and/or treat wastewater flows from the PI. The amount due from each customer is determined according to capacity allocation and recovered over a thirty-year amortization period.

Cost Item 4, *Operating and Maintenance Costs*, recovers a share of the operating and maintenance costs incurred in transmitting and treating wastewater flows from the PI. Each customer pays a portion of the operating and maintenance costs based on its share of wastewater flow.

**Billing Process**

- Cost of Service:
  - Cost of Service performed every three years
  - Settlement of Small PI Customers over/under payments
  - Establish new rates (per mg) for Small PI Customers every three years
- Billings:
  - Small PI Customers are billed quarterly