



**DISTRICT OF COLUMBIA  
WATER AND SEWER AUTHORITY**

**Board of Directors**

*Finance and Budget Committee*

*Thursday, April 26, 2012*

11:00 a.m.

1. **Call to Order** ..... Timothy L. Firestine, Chairperson
2. **March 2012 Financial Report (Attachment 1)** ..... Yvette Downs and Robert Hunt
  - A. Operating Revenues & Expenditures
  - B. Cash Reserves & Investments
  - C. Capital Disbursements Summary
  - D. **Investment Report**
3. **Customer Service Lease Expiration** ..... Charles Kiely
4. **Action Items** ..... Yvette Downs
  - A. **Customer Service Lease (Attachment 2)**
5. **Agenda for May Committee Meeting (Attachment 3)** ..... Timothy L. Firestine
6. **Other Business** ..... Yvette Downs
  - A. Wholesale Customer Tour & Briefing - June 11, 2012
7. **Adjournment**

***FOLLOW-UP ITEMS – Finance & Budget Committee (There were no Follow-up Items from the Meeting held March 29, 2012)***



## March 2012 FINANCIAL REPORT

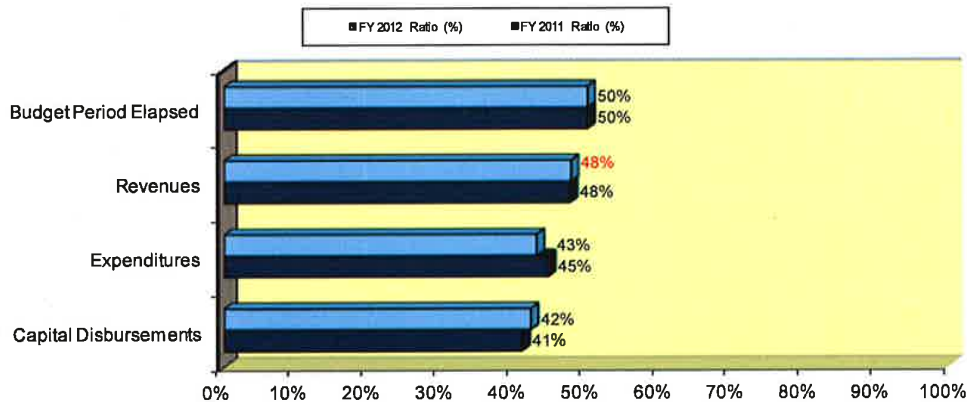
### FY 2012 FINANCIAL PERFORMANCE

At the end of March, with 50 percent of the fiscal year completed, we are on track with budgetary expectations. The table below summarizes detailed information as discussed later in this report.

#### Financial Performance As of March 31, 2012 (\$ in millions)

	Approved	Revised Budget	YTD Budget	YTD	Variance		% Revised Budget
				Actual	Favorable (Unfavorable)		
Revenues (Receipts)*	\$412.2	\$426.4	\$213.2	\$203.6	(\$9.6)	-4.5%	47.7%
Expenditures*	\$422.4	\$415.4	\$207.7	\$178.6	\$29.1	14.0%	43.0%
Capital Disbursements	\$555.8	\$531.7	\$256.6	\$224.5	\$32.1	12.5%	42.2%

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



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

FY 2012 120-day Operating Reserve Objective	\$125.5
Actual Average Daily Balances	\$159.4
Difference	\$33.9

**OPERATING REVENUES & RECEIPTS**

At the end of March 2012, cash receipts totaled \$203.6 million, or 47.7 percent of the revised FY 2012 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, 2012**

Revenue Category	FY 2012 Revised Budget	Year-to- Date Budget	Actual Received	Variance		Actual % of Budget
				Favorable	(Unfavorable)	
Residential, Commercial, and Multi-family	226.2	113.1	108.4	(4.7)	-4.2%	47.9%
Federal	47.5	23.8	23.4	(0.4)	-1.7%	49.2%
District Government	11.1	5.6	4.3	(1.2)	-22.3%	38.9%
DC Housing Authority	6.4	3.2	4.0	0.8	25.2%	62.6%
Customer Metering Fee	10.8	5.4	5.5	0.1	1.5%	50.8%
Wholesale	74.4	37.2	37.0	(0.2)	-0.4%	49.8%
Right-of-Way Fee/PILOT	22.5	11.3	11.1	(0.1)	-0.9%	49.5%
<b>Subtotal (before Other Revenues)</b>	<b>\$398.9</b>	<b>\$199.5</b>	<b>\$193.7</b>	<b>(\$5.7)</b>	<b>-2.9%</b>	<b>48.6%</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	6.2	3.1	3.1	0.0	-0.4%	50.0%
Stormwater (MS4)	1.1	0.6	0.4	(0.2)	-32.7%	33.6%
Interest	0.8	0.4	0.7	0.3	78.5%	85.4%
Developer Fees (Water & Sewer)	6.0	3.0	4.5	1.5	51.1%	75.5%
Others	2.9	1.5	1.2	(0.2)	-16.3%	41.9%
<b>Subtotal</b>	<b>\$21.0</b>	<b>\$10.5</b>	<b>\$9.9</b>	<b>(0.6)</b>	<b>-5.9%</b>	<b>47.1%</b>
Rate Stabilization Fund Transfer	\$6.5	\$3.3	\$0.0	(3.3)	-100.0%	0.0%
<b>Other Revenue Subtotal</b>	<b>\$27.5</b>	<b>\$13.8</b>	<b>\$9.9</b>	<b>(3.9)</b>	<b>-28.2%</b>	<b>35.9%</b>
<b>Grand Total</b>	<b>\$426.4</b>	<b>\$213.2</b>	<b>\$203.6</b>	<b>-\$9.6</b>	<b>-4.5%</b>	<b>47.7%</b>

**Discussion of Relevant Variance**

Receipts for Residential, Commercial and Multi-Family categories in March were \$17.5 million, and cumulative receipts totaled \$108.4 million, or 47.9 percent of the revised FY 2012 budget. The consumption is generally lower in winter months whereas the year-to-date budget is based on straight-line basis. Staff will continue to monitor and report receipts for these categories.

Receipts for the Federal payment totaled \$23.4 million or 49.2 percent of the annual budget. A total of \$540,789 remains unpaid from the second quarterly payment. The balance pertains to Joint Based Anacostia Bolling and National Geospatial Agencies. The staff is coordinating with U.S. Treasury and Office of Management and Budget (OMB) to collect the payment.

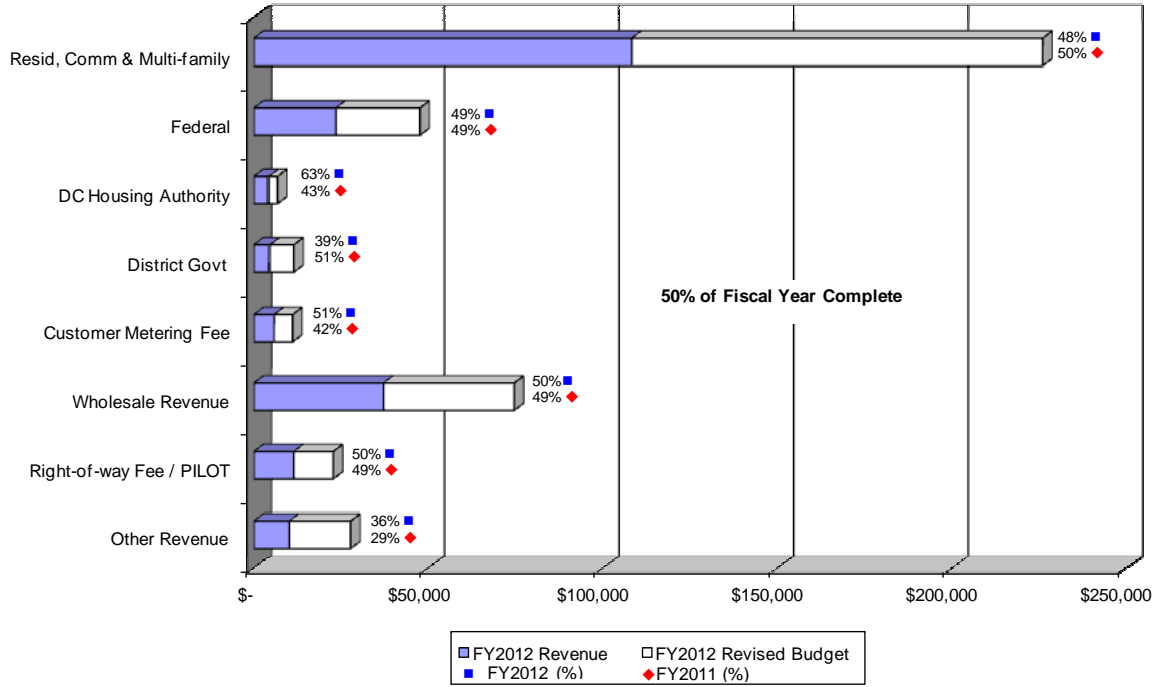
The District Government actual receipts for the first two quarters total \$4.3 million or 38.9 percent of the revised FY 2012 budget. The District Government has disputed consumption on a large account, withholding a portion of their quarterly payment while the account is being investigated. Staff is meeting with the officials to complete the review. A good faith payment of approximately \$494K was received in April 2012 and will be reflected in the next monthly report.

DC Housing Authority's actual receipts total \$4.0 million or 62.6 percent of the revised budget. The receipt for the month of March 2012 was \$0.49 million. Since the fourth quarter 2011, DC Housing Authority was behind on their payments by a month due to significant turnover within their Accounts Payable Department. They have now caught up with their payment schedule. DC Water, therefore, has received one additional payment this year, not anticipated within the FY 2012 revised budget.

At the end of March, payments from Wholesale Customers total \$37 million or approximately 49.8 percent of the budget. Dulles was behind on their first quarter payment which was not received until April 2012, and will be reflected in the next monthly finance report.

Other Revenue receipts are lower than the straight-lined budget at \$9.9 million or 35.9 percent of the budgeted category primarily due to IMA Indirect Cost Reimbursement and transfer of Rate Stabilization Fund. The IMA indirect capital reimbursement is not anticipated to be received until the fourth quarter of the fiscal year. The Rate Stabilization Fund transfer is anticipated in the fourth quarter of the fiscal year.

**FY 2012  
OPERATING RECEIPTS BY CUSTOMER CATEGORY  
As of March 31, 2012**



**BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY  
(\$ in 000's)  
March 31, 2012**

Customer Category	Water	Sewer	Clean Rivers		Total
			IAC	Metering Fee	
Residential	13,333	16,428	4,054	2,481	36,296
Commercial	20,637	21,155	4,923	1,645	48,361
Multi-family	11,956	14,379	1,489	584	28,408
Federal	10,145	10,186	3,026	474	23,831
District Govt	1,512	1,855	948	232	4,547
DC Housing Authority	1,717	2,106	182	67	4,073
<b>Total:</b>	<b>59,300</b>	<b>66,110</b>	<b>14,623</b>	<b>5,483</b>	<b>145,516</b>

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

**Clean Rivers IAC – Actual vs. Budget  
March 31, 2012  
(\$ in 000's)**

Customer Category	FY2012 Budget	Year-To-Date Budget	Actual Received	Variance		Actual % of Budget
				Favorable / <Unfavorable>	Variance % of YTD Budget	
Residential	8,178	4,089	4,054	(35)	-1%	50%
Commercial	9,714	4,857	4,923	66	1%	51%
Multi-family	3,235	1,618	1,489	(129)	-8%	46%
Federal	6,052	3,026	3,026	0	0%	50%
District Govt	2,131	1,065	948	(117)	-11%	44%
DC Housing Authority	380	190	182	(8)	-4%	48%
<b>Total:</b>	<b>29,690</b>	<b>14,845</b>	<b>14,623</b>	<b>(222)</b>	<b>-1%</b>	<b>49%</b>

**OPERATING EXPENDITURES**

At the end of March, with 50 percent of the fiscal year completed, operating expenditures (including debt service and the right of way and PILOT fees) totaled \$178.6 million, or 43 percent of the FY 2012 Board-revised budget of \$415.4 million. These numbers include estimated incurred but unpaid invoices.

**EXPENDITURE VARIANCE BY CATEGORY**  
 (\$ in 000's)  
 As of March 31, 2012

	FY 2012					FY 2013	
	Board Revised Budget	YTD Budget	YTD as of 03/31/2012	YTD Variance Favorable/(Unfavorable)		Board Approved Budget	
				\$	%		
Personnel Services	111,114	55,557	51,663	3,894	7.0%	46%	117,796
Contractual Services	79,747	39,874	30,553	9,321	23.4%	38%	82,350
Water Purchases	31,517	15,759	12,971	2,788	17.7%	41%	32,523
Chemicals and Supplies	29,947	14,974	12,083	2,891	19.3%	40%	31,360
Utilities	37,446	18,723	13,809	4,914	26.2%	37%	38,047
Small Equipment	995	498	423	75	15.0%	43%	993
<b>Subtotal O &amp; M Expenditures</b>	<b>290,765</b>	<b>145,384</b>	<b>121,501</b>	<b>23,883</b>	<b>16.4%</b>	<b>42%</b>	<b>303,069</b>
Debt Service	102,613	51,307	46,078	5,228	10.2%	45%	129,392
Payment in Lieu of Taxes	16,882	8,441	8,441	-	0.0%	50%	19,215
Right of Way	5,100	2,550	2,550	-	0.0%	50%	5,100
<b>Total O &amp; M Expenditures</b>	<b>415,360</b>	<b>207,682</b>	<b>178,570</b>	<b>29,111</b>	<b>14.0%</b>	<b>43%</b>	<b>456,775</b>
Personnel Services Charged to Capital Projects	(14,000)	(7,000)	(6,509)	491	-7.0%	46%	(16,690)
<b>Total Net Operating Expenditures</b>	<b>401,360</b>	<b>200,682</b>	<b>172,061</b>	<b>28,621</b>	<b>14.3%</b>	<b>43%</b>	<b>440,085</b>

Note: Actuals include accruals

**Discussion**

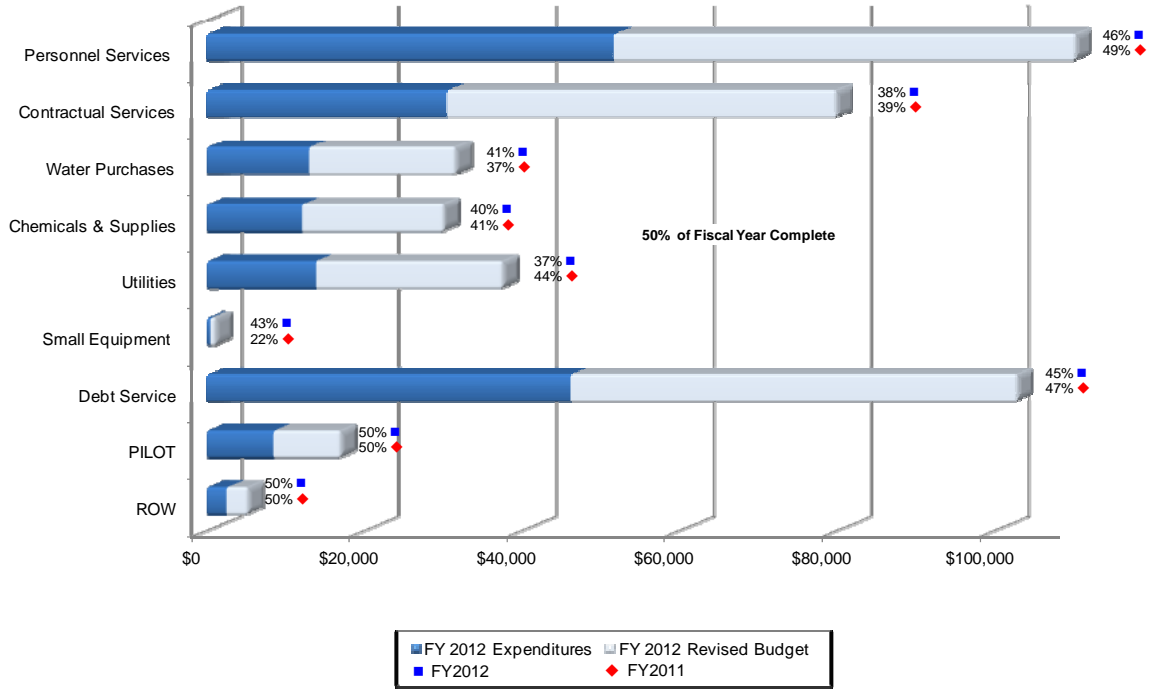
*Personnel Services (\$111.1 million annual budget; 38.2 percent of O&M budget)* – At the end of March, personnel costs total \$51.7 million or 46 percent of budget. Of the 1,171 positions budgeted (1,202 positions authorized), 1,043 positions were filled at the end of March. Overtime spending totals \$2.4 million of the annual budget of \$5.0 million, or 6 percent of regular payroll costs and remains below the level of spending for the same period last year. We will continue to monitor and report overtime activities and risks.

*Water Purchases (\$31.5 million annual budget; 10.8 percent of O&M budget)* – At the end of March, water purchases incurred total \$13.0 million. The current variance in this category is attributable to hiring delays and lower than anticipated water demand at the Washington Aqueduct.

*Utilities (\$37.4 million annual budget; 12.9 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 2012 Operating Expenditures  
by Category  
(\$ in 000's)  
As of March 31, 2012**





**CAPITAL SPENDING**

For the month of March 2012, actual disbursements totaled \$38.9 million, with year-to-date disbursements totaling \$224.5 million or 42 percent of the FY 2012 Revised disbursements budget. Planned capital disbursements through March 2012 were \$256.6 million, or 48 percent of the FY 2012 Revised disbursements budget.

**Capital Disbursements Variance  
(\$ in 000's)  
As of March 31, 2012**

Description	FY 2012 Revised Disbursements Budget		Actual Disbursements		% of FY 2012 Revised Disbursements Budget	
	Annual	YTD	MAR. -'12	<sup>1</sup> YTD	Variance Compared to Plan	Percent of Annual Budget
Wastewater Treatment	\$275,845	\$125,501	\$20,844	\$118,428	6%	43%
Sanitary Sewer	39,922	18,621	2,596	10,660	43%	27%
Combined Sewer Overflow	132,016	67,747	7,821	60,595	11%	46%
Stormwater	2,775	1,137	388	2,226	-96%	80%
Water	54,461	28,930	4,191	21,216	27%	39%
Washington Aqueduct	11,373	7,000	2,519	3,436	51%	30%
Capital Equipment	15,349	7,674	626	7,952	-4%	52%
<b>Total Capital Projects</b>	<b>\$ 531,741</b>	<b>\$256,610</b>	<b>\$ 38,984</b>	<b>\$ 224,513</b>	<b>13%</b>	<b>42%</b>

**Discussion**

The spending variance between FY 2012 Revised Disbursements Budget and Actual, on a year-to-date basis, increased by \$11 million from February to March. This was primarily the result of decreased spending in March for Solids Processing Projects, continued underspending in the Sanitary Sewer Service Area and the Clean Rivers projects.

Spending in the Wastewater Treatment Service Area was at 94 percent through March as compared to 98 percent as of February 2012, with the reduction in spending primarily associated with the lag in contract award for two contracts for the New Digestion Facilities (Project XA). Overall spending in the Wastewater Treatment area is anticipated to recover

during the remainder of FY 2012. Spending for the Enhanced Nitrogen Removal Facility (ENRF) continues ahead of schedule, while spending in the Liquid Process and Plantwide Programs continues to lag behind the budgeted amounts. With regards to the Liquids Processing Program, there are four projects that continue to comprise the majority of the under-spending: Project BG – Dual Purpose Rehabilitation; Project BR – Nitrification/Denitrification Facilities; Project BT – Filtration/Disinfection Facilities Phase II; and Project TQ – 504H3 Nitrification Facility. Spending for the Liquid Process Program is still targeted to be approximately 90 percent of the Revised FY 2012 budget and the reduced spending will not impact any of the critical aspects of the projects. In the Plantwide Program, the Process Computer and Control Systems (Projects GP and TA) still accounts for the majority of the year-to-date under-spending, but is still forecasted to recover during the balance of FY 2012.

The Sanitary Sewer Service Area continues to experience year-to-date reduced spending and recovery is not projected to occur in FY 2012. As indicated in previous months, this is the result of a reprioritization that will result in additional inspection work being done to refine project scopes, prior to the awarding of construction contracts.

In the Combined Sewer Overflow Service Area, there was a decrease in spending for March related to the Clean Rivers Project. However, there is no impact on project progress and spending should be on target for the remaining of FY 2012. However, as indicated last month, the under spending in the Combined Sewer Projects Program will continue for the remainder of FY 2012 due to a delayed closeout process related to the Outfall Sewer Rehabilitation (Project D2) and the Main & O Pump Station (Project K1). It is anticipated that there will be reductions in costs of \$3 million and \$1.5 million, respectively for these projects when close out is completed.

The Stormwater Service Area continues to spend ahead of schedule but is estimated to come under budget for FY 2012.

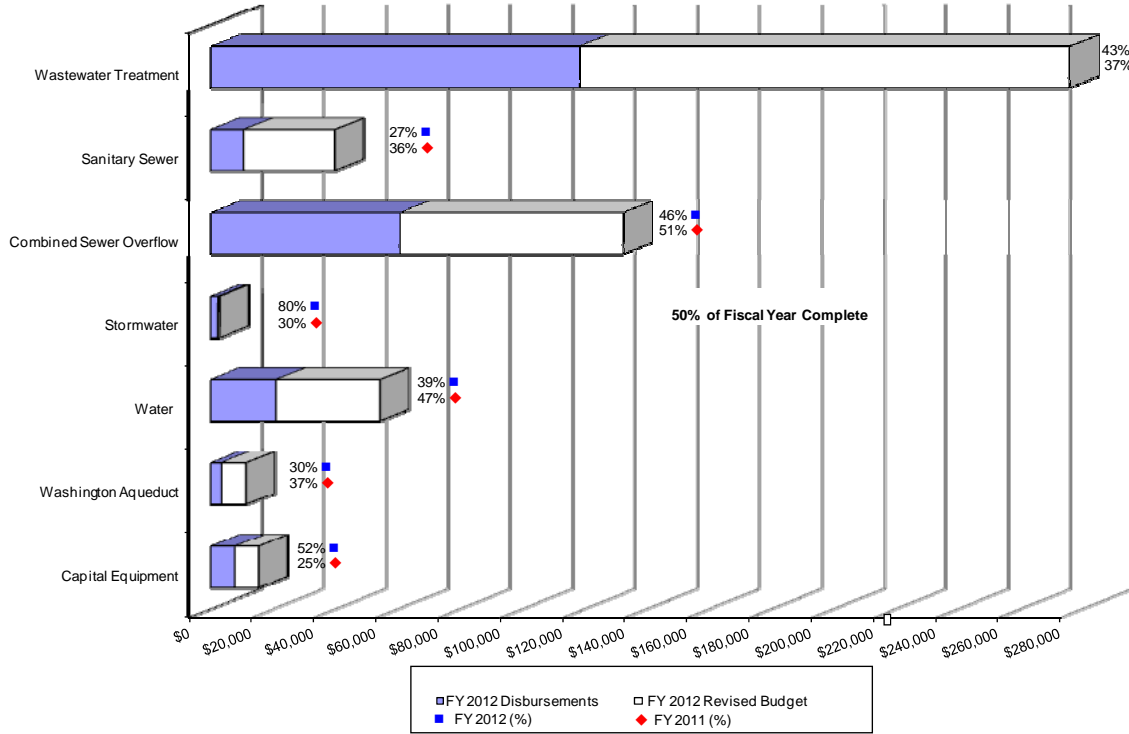
The Water Service Area under spending at \$7.7 million continues at the same level as reported in February. The primary drivers continue to be the Water Distribution, Pumping and Lead Programs. Spending in the Water Distribution Program is still expected to recover through the balance of FY 2012. However, spending is still not anticipated to recover in the Lead Program. With regards to the Pumping Program, the reduced spending continues in the Upgrades to Ft. Reno Pump Station (Project AY) and Rehabilitation of Bryant St. Pump Station (Project M6). As indicated previously, concerning Ft. Reno there are design changes as well as a coordination issue with Pepco. Depending on the timing of the resolutions of these items, the spending may recover during FY 2012. There continues to be a number of items impacting the spending at the Bryant St. Pump Station (painting, change order for the hydraulic loop, scada,, etc.) none of which are critical to the project but the spending is not anticipated to recover in FY 2012.

The Washington Aqueduct's billings remain below what was originally budgeted, but the Aqueduct staff has indicated that the billings will recover over the third and fourth quarter of FY 2012.

Capital Equipment spending was estimated on a pro rata basis for the fiscal year and continues to be slightly ahead at the end of March.

A briefing on the activities and status of the Capital Improvement Program during the second quarter will be provided to the Finance and Budget Committee at the May 2012 meeting.

**FY 2012 Capital Disbursements Compared to Plan  
By Service Area  
(\$ in 000's)  
As of March 31, 2012**



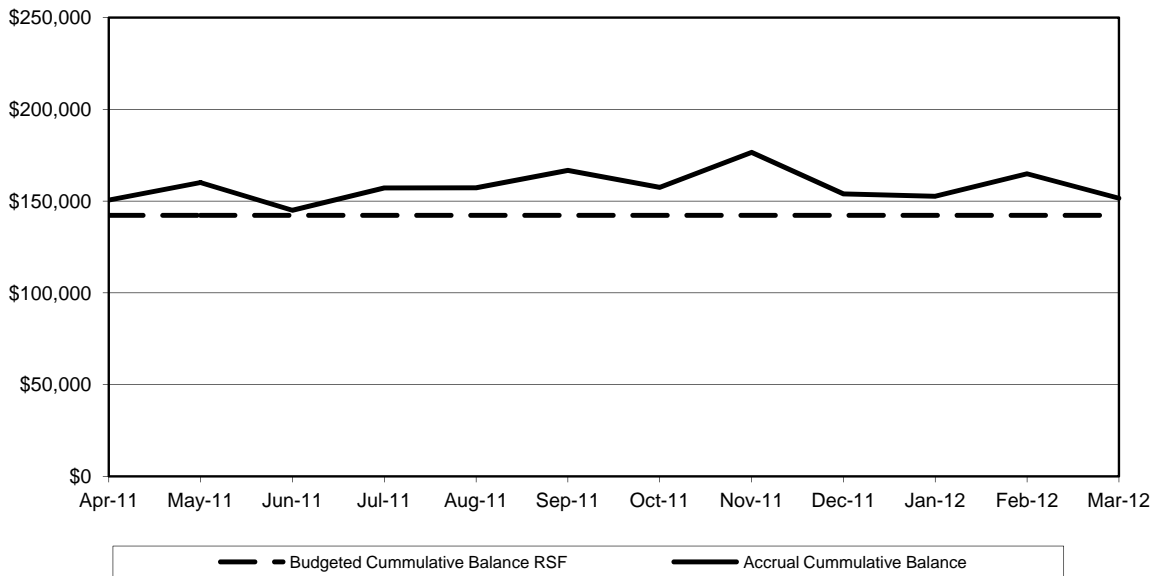
**CASH AND INVESTMENT BALANCES**

At the end of March, our operating reserve balance was \$134.8 million as compared to the FY 2012 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, 2012  
(\$ in millions)**

Rate Stabilization Fund Account (RSF)	\$16.7
Operating Reserve Accounts	134.8
DC PILOT Fund	10.0
<b>Operating Cash Balance Including RSF</b>	<b>161.5</b>
Debt Service Reserve - Series 98	24.0
Bond Construction Fund - Series 10	60.3
Capital Interest Fund - Series 10	6.1
Bond Construction Fund - Series 12	203.0
Bond Construction Fund - Series B 1	52.4
Bond Construction Fund - Series B 2	47.0
CSO LTCP Appropriations Account	65.3
<b>Total All Funds</b>	<b>\$619.6</b>

**FY 2012 Operating Cash Balances  
(\$ in 000's)  
(Operating Reserve and RSF)**



### **Overall Portfolio Performance**

As of March 2012, DC Water's total investment portfolio continues to perform well and complies 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 \$3,300 with year-to-date totals of \$456,218 as compared to the budget of \$535,376 for the year. A detailed investment performance report is attached.

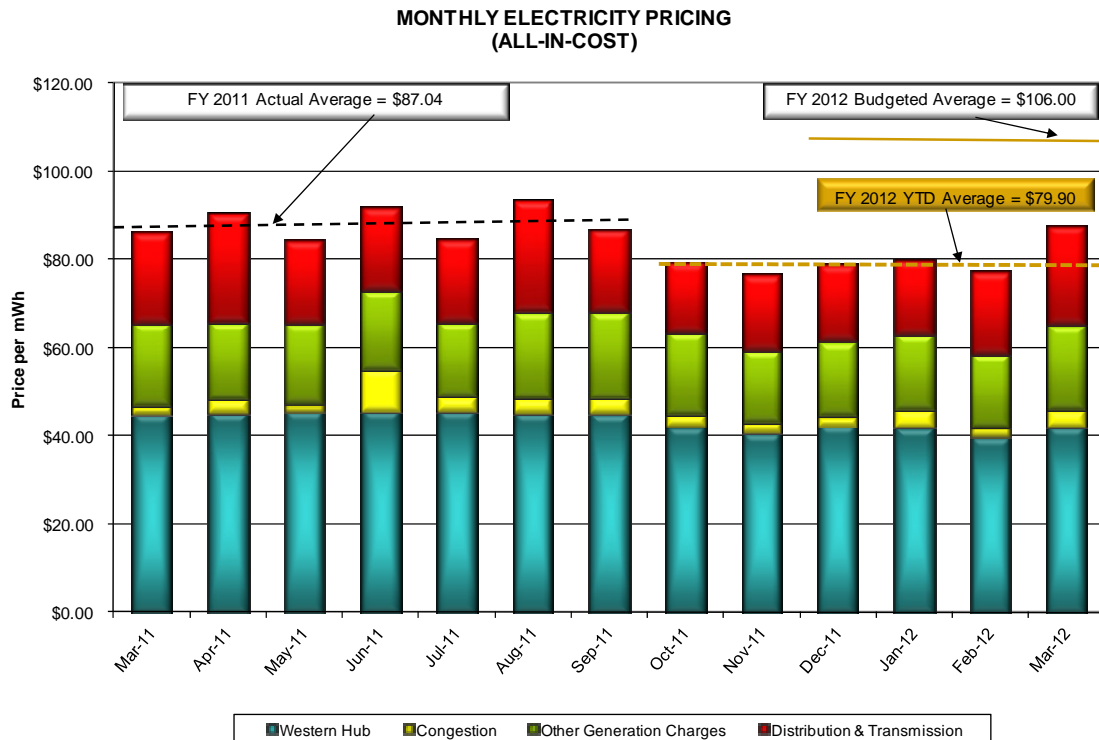
## OTHER STATUS REPORTS

### ELECTRICITY

As of March 2012, we have purchased approximately 79 percent, or 23MW, of the Authority's electric load at annual Western Hub average unit price of \$43.67/mWh. For FY 2013, staff has purchased approximately 69 percent, or 20MW, of the authority's electric load through January 31 at Western Hub average unit price of \$39.98/mWh.

Current electricity market conditions have been significantly below prior years' experience. Staff continues to monitor the futures market with intent to purchase additional electric loads for FY 2013 if market conditions are appropriate and in line with budget assumptions.

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 2012 was \$87.62/mWh, with the year-to-date average at \$79.90/mWh.



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

**Electricity Costs**

The revised FY 2012 electricity budget of \$29.2 million represents 78 percent of the total utilities budget and assumes an average all-in-cost of \$106.00/mWh.

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

<b>All-In-Cost (\$/mWh)</b>				<b>Electricity Budget (\$000)</b>		
<b>Unit Price</b>				<b>Amount</b>		<b>Variance</b>
	Standard Offer Service (S.O.S.)	Spot Market	Actual <sup>1</sup>	Budgeted	Actual	Budgeted vs Actual
Oct-11	\$127.19	73.72	79.16	\$1,943	\$1,103	\$840
Nov-11	\$128.01	70.67	76.70	\$1,933	\$1,641	\$292
Dec-11	\$127.72	70.11	78.78	\$2,475	\$1,550	\$925
Jan-12	\$128.30	71.30	79.93	\$2,474	\$1,734	\$740
Feb-12	\$126.46	67.51	77.23	\$2,515	\$1,513	\$1,002
Mar-12	\$126.90	75.47	87.62	\$1,878	\$1,594	\$284
<b>YTD Average</b>	<b>\$127.43</b>	<b>\$71.46</b>	<b>\$79.90</b>	<b>\$13,218</b>	<b>\$9,135</b>	<b>\$4,083</b>
				Remainder	\$15,999	
				<b>Total Budget</b>	<b>\$29,218</b>	

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

Overall, the FY 2012 electricity expenditure to date continues to track favorably to budget.

**RETAIL & WHOLESALE ACCOUNTS RECEIVABLE**

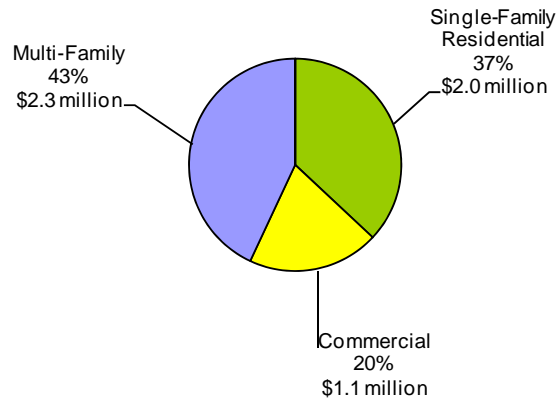
The following tables and chart show retail and wholesale accounts receivable over 90 days including a breakdown by customer class.

**Delinquent Accounts Receivable  
Greater Than 90 Days by Customer  
March 31, 2012**

	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
September 30, 2006	\$7.4	14,762	\$0.0	0	\$7.4	14,762
September 30, 2007	\$7.1	14,917	\$0.0	0	\$7.1	14,917
September 30, 2008	\$6.1	15,635	\$0.0	0	\$6.1	15,635
September 30, 2009	\$4.9	10,211	\$0.0	0	\$4.9	10,211
September 30, 2010	\$5.1	13,441	\$0.0	0	\$5.1	13,441
September 30, 2011	\$5.5	13,039	\$0.0	0	\$5.5	13,039
October 31, 2011	\$5.5	12,831	\$0.0	0	\$5.5	12,831
November 30, 2011	\$5.4	12,629	\$0.0	0	\$5.4	12,629
December 31, 2011	\$5.6	13,549	\$0.0	0	\$5.6	13,549
January 31, 2012	\$5.6	13,541	\$0.0	0	\$5.6	13,541
February 29, 2012	\$5.6	12,938	\$0.0	0	\$5.6	12,938
March 31, 2012	\$5.4	12,533	\$0.0	0	\$5.4	12,533

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

**Retail Accounts  
Greater Than 90 Days by Customer Class  
March 31, 2012**





**Delinquent Accounts Receivable  
Greater Than 90 Days by Customer  
March 31, 2012**

	Number of Accounts			Month of March (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 Feb.	Amount (\$)	No. of a/c Mar.	Amount (\$)
Commercial	11,812	3,424	15,236	1,740	937,620.14	153	149,134.12	1,965	1,224,653.65	1,893	1,086,754.26
Multi-family	7,367	465	7,832	929	2,099,329.60	143	240,728.97	1,094	2,346,760.64	1,072	2,340,058.57
Single-Family Residential	103,806	3,249	107,055	7,890	1,317,079.46	1,678	693,006.72	9,879	2,006,397.99	9,568	2,010,086.18
<b>Total</b>	<b>122,985</b>	<b>7,138</b>	<b>130,123</b>	<b>10,559</b>	<b>4,354,029.20</b>	<b>1,974</b>	<b>1,082,869.81</b>	<b>12,938</b>	<b>5,577,812.28</b>	<b>12,533</b>	<b>5,436,899.01</b>

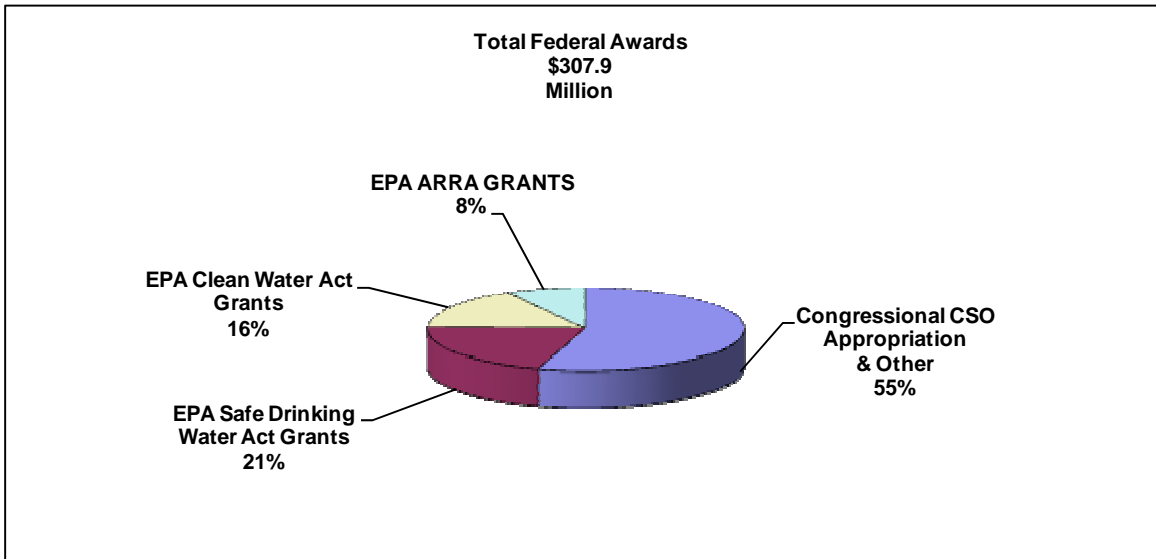
-Included in the above \$4.35m (or 10,559 accounts) of the DC Water Over 90 days delinquent accounts, \$650,907.84 (or 3,124 accounts) represents Impervious only Accounts over 90 days delinquent.

-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 thirteen (including \$12.6 million received on January 16, 2012).

As of March 2012, including the CSO appropriation, DC Water has a total of \$307.9 million awarded in federal funds for active projects



We have received notification on the EPA FY 2012 Safe Drinking Water funding for the District in the amount of \$8.9 million and \$6.9 million for Clean Water. Previously we were notified that the District's share of the FY 2012 Safe Drinking Water Appropriation would increase from 1 percent to 1.5 percent. The latest news is that we will continue to get the 1 percent. During the 2<sup>nd</sup> quarter of FY 2012, we closed one ARRA grant, thus, bringing the total to three closed ARRA grants.

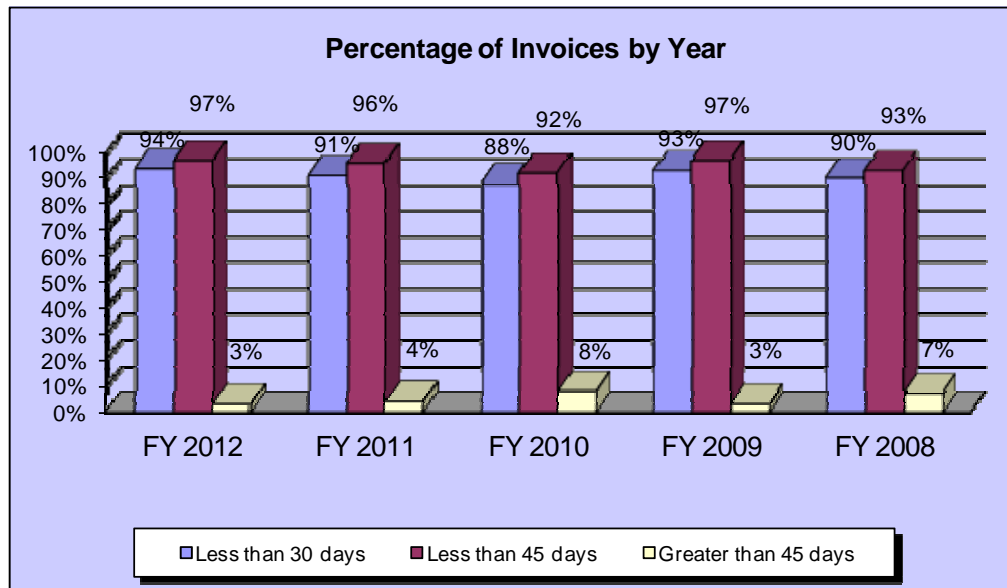
The cumulative federal appropriation for CSO increased to \$168.6 million with the additional appropriation of \$12.6 million on January 16, 2012. The cumulative life-to-date cash disbursement for the CSO appropriation is \$120.7 million through March 31.

**ACCOUNTS PAYABLE PERFORMANCE**

During the first six months of Fiscal Year 2012, a total of 5,148 invoices were processed and paid compared to 5,280 for the same period in FY 2011 (as shown in the table below) and with a dollar value of \$243.0 million compared to \$183.9 million for FY 2011. For FY 2012 year to date, approximately 94 percent of the invoices were paid within 30 days compared to 91 percent paid within 30 days during the same period in FY 2011. The percentages for January through March 2012 were 93.4, 95.0 and 94.6, respectively. The Authority's goal is to pay 97 percent of all undisputed invoices within 30 days.

Accounts Payable Performance FY 2012 v. FY 2011				
Days	FY 2012		FY 2011	
	Number	Percent	Number	Percent
Less than 30	4,829	94%	4,631	91%
Less than 45	4,993	97%	4,882	96%
Greater than 45	155	3%	205	4%
<b>Subtotal</b>	<b>5,148</b>	<b>100%</b>	<b>5,087</b>	<b>100%</b>
Retainage/Dispute	612		193	
<b>Total</b>	<b>5,760</b>		<b>5,280</b>	

The chart below shows historical performance for fiscal year 2008 through fiscal year 2012.



D.C. WATER AND SEWER AUTHORITY  
 FY 2012 CASH FLOW SUMMARY  
 As of March 31, 2012  
 (\$ in 000's)

	Annual Budget Cash Basis	YTD 50% Of Cash Budget	YTD Actual Cash Oct. 1, 2011 - Mar. 31, 2012	Variance Favorable (Unfavorable)	
<b>OPERATING BUDGET</b>					
<b>Cash Provided</b>					
Retail	324,549	162,275	145,516	(16,759)	-10%
Wholesale	74,361	37,180	37,044	(136)	0%
Other	20,750	10,375	20,805	10,429	101%
Transfer from Rate Stabilization Fund	6,500	3,250		(3,250)	-100%
<b>Total Cash Provided</b>	<b>426,161</b>	<b>213,080</b>	<b>203,365</b>	<b>(9,716)</b>	<b>-5%</b>
<b>Operating Cash Used</b>					
Personnel Services	97,114	48,557	49,293	(736)	-2%
Contractual Services	79,746	39,873	34,733	5,140	13%
Chemicals & Supplies	29,946	14,973	14,173	800	5%
Utilities	37,447	18,724	10,508	8,216	44%
Water Purchases	31,517	15,759	13,944	1,814	12%
Small Equipment	995	498	485	13	3%
<b>Total Operating Cash Used</b>	<b>276,765</b>	<b>138,383</b>	<b>123,136</b>	<b>15,246</b>	<b>11%</b>
<b>Other Cash Used</b>					
Debt Service	100,776	50,388	46,078	4,310	9%
Payment In Lieu of Taxes/Right of Way	22,365	11,182	8,757	2,425	22%
<b>Total Other Cash Used</b>	<b>123,141</b>	<b>61,570</b>	<b>54,836</b>	<b>6,735</b>	<b>11%</b>
<b>Total Cash Used</b>	<b>399,906</b>	<b>199,953</b>	<b>177,972</b>	<b>21,981</b>	<b>11%</b>
<b>Net Cash Provided (Used) by Operating Act.</b>	<b>26,255</b>	<b>13,127</b>	<b>25,393</b>	<b>12,265</b>	
<b>CAPITAL BUDGET</b>					
<b>Cash Provided</b>					
Debt Proceeds	259,307	129,654	72,299	(57,354)	-44%
Capital Equipment Financing	8,184	4,092		(4,092)	-100%
EPA Grants	25,455	12,728	14,773	2,045	16%
CSO Grants	31,332	15,666	11,194	(4,472)	-29%
Interest Income	93	47	150	103	221%
Wholesale Capital Contributions	175,242	87,621	85,773	(1,848)	-2%
<b>Total Cash Provided</b>	<b>499,613</b>	<b>249,807</b>	<b>184,189</b>	<b>(65,618)</b>	<b>-26%</b>
<b>Cash Used</b>					
WASA Capital Program	521,292	260,646	221,076	39,570	15%
Washington Aqueduct Projects	10,449	5,225	3,436	1,789	34%
<b>Total Cash Used</b>	<b>531,741</b>	<b>265,871</b>	<b>224,512</b>	<b>41,358</b>	<b>16%</b>
<b>Net Cash/PAYGO Provided (Used) by Cap. Act.</b>	<b>(32,128)</b>	<b>(16,064)</b>	<b>(40,324)</b>	<b>(24,260)</b>	
<b>Beginning Balance, October 1 (Net of Rate Stab. Fund)</b>					
Plus (Less) Operating Surplus	150,035		150,035		
Wholesale Customer Refunds from Prior Years	26,255	13,128	25,393		
Interest Earned From Bond Reserve	(5,250)	(2,625)	0		
Transfer to Rate Stabilization Fund	256	128	220		
Prior Year Federal Billing Reconciliation	(12,250)	(6,125)	0		
Cash Used for Capital	(1,000)	(500)	(500)		
<b>Cash Used for Capital</b>	<b>(32,546)</b>	<b>(16,273)</b>	<b>(40,324)</b>		
<b>Balance Attributable to O&amp;M Reserve</b>	<b>125,500</b>		<b>134,824</b>		
<b>OTHER CASH RESERVES</b>					
<b>Rate Stabilization Fund</b>				Current Balance	
Rate Stabilization Fund				16,700	
CSO Long-Term Control Plan Appropriation				65,253	
DC PILOT Reserve Fund				10,002	

**Finance and Budget Committee Meeting - 2. March 2012 Financial Report (Attachment 1) - Yvette Downs and Robert Hunt**

**FY 2012 Overtime  
Budget vs Actual  
Period Ended March 31, 2012**

Department	FY 2011				FY 2012						
	Annual Budget	Actual	Percent of Budget Expended	Actual to Budget \$ Variance	Annual Budget	Percent of Annual Budget Expended	FY 2012 Year-to-Date				YTD Overtime as % of YTD Regular
							Straight-Line Budget 10/01/11 - 03/31/12	Actual 10/01/11 - 03/31/12	Actual to Straight-Line Budget Variance	Percentage YTD Straight-Line Budget Expended	
Office of the Secretary	4,000	1,854	46%	2,146	4,000	26%	1,934	1,052	882	54%	1%
General Manager	15,000	671	4%	14,329	13,000	8%	6,286	1,066	5,220	17%	0%
General Counsel	2,000	2,731	137%	(731)	2,000	24%	967	483	484	50%	0%
External Affairs	2,000	2,703	135%	(703)	2,000	11%	967	227	740	23%	0%
Internal Audit	-	-	0%	-	-	0%	0	0	0	0%	0%
Information Technology	25,000	15,471	62%	9,529	24,006	54%	11,607	12,894	(1,286)	111%	2%
Procurement	30,000	24,545	82%	5,455	30,000	43%	14,505	12,810	1,696	88%	1%
Customer Service	250,000	188,688	75%	61,312	240,000	34%	116,044	81,639	34,405	70%	2%
Finance & Budget	30,000	28,140	94%	1,860	30,000	40%	14,505	11,977	2,528	83%	1%
Risk Management	1,000	94	9%	906	1,000	2%	484	24	460	5%	0%
Assistant General Manager	1,000	222	22%	778	1,000	35%	484	350	133	72%	0%
Human Capital Management	5,000	2,852	57%	2,148	5,000	20%	2,418	1,009	1,409	42%	0%
Occupational Safety & Health	2,000	154	8%	1,846	2,000	15%	967	294	673	30%	0%
Facilities & Security	150,000	203,883	136%	(53,883)	150,000	63%	72,527	94,157	(21,629)	130%	5%
Water / Sewer Pump Maintenance	200,000	110,681	55%	89,319	200,000	24%	96,703	47,999	48,705	50%	5%
Engineering & Technical Services	549,960	611,204	111%	(61,244)	548,481	58%	265,200	315,659	(50,460)	119%	6%
Water Services	1,080,000	1,111,758	103%	(31,758)	1,080,000	38%	522,198	408,745	113,453	78%	7%
Clean Rivers	10,000	3,745	37%	6,255	25,000	7%	12,088	1,861	10,226	15%	0%
Sewer Services	900,000	1,063,680	118%	(163,680)	900,000	49%	435,165	436,980	(1,815)	100%	9%
Wastewater Treatment	956,000	1,010,473	106%	(54,473)	956,000	57%	462,242	546,406	(84,164)	118%	14%
Maintenance Services	800,000	880,595	110%	(80,595)	800,000	49%	386,813	388,615	(1,802)	100%	9%
Permit Operations	1,000	1,503	150%	(503)	2,500	59%	1,209	1,468	(260)	121%	0%
Fleet Management	1,000	926	93%	74	1,000	25%	484	250	233	52%	0%
<b>Total DC WATER</b>	<b>\$5,014,960</b>	<b>\$5,266,573</b>	<b>105%</b>	<b>-\$251,613</b>	<b>\$5,016,987</b>	<b>47%</b>	<b>\$2,425,796</b>	<b>\$2,365,965</b>	<b>\$59,831</b>	<b>98%</b>	<b>6%</b>

**Notes:**

- (1) "Budget 10/01/11 - 03/31/12 " reflects annual budget straight-lined
- (2) " % YTD Budget Expended" reflects variance between straight-lined budget to-date and actual overtime
- (3) "Actual 10/01/11 thru. 03/31/12" includes 7 days accruals for March.
- (4) YTD payroll does not include fringe benefits

**Finance and Budget Committee Meeting - 2. March 2012 Financial Report (Attachment 1) - Yvette Downs and Robert Hunt**

**Capital Projects**  
 FY 2012 Disbursements Analysis  
 As of March 31, 2012  
 (\$ in 000's)

Description	FY 2012 Revised Disbursements Budget		Actual Disbursements			% of FY 2012 Revised Disbursements Budget		Commitments
	Annual	YTD	Oct. -'11 to Feb. -'12	MAR. -'12	<sup>1</sup> YTD	Annual	YTD	
<b>Wastewater Treatment</b>							<i>50% of Fiscal Year Completed</i>	
Liquid Processing Projects	\$23,263	\$11,286	\$6,426	\$1,788	\$8,213	35%	73%	43,388
Plantwide Projects	18,018	10,880	5,910	2,716	8,625	48%	79%	27,034
Solids Processing Projects	119,295	52,245	37,828	4,385	42,213	35%	81%	309,674
Enhanced Nitrogen Removal Facilities (formerly Total Nitrogen Program)	<u>115,269</u>	<u>51,090</u>	<u>47,422</u>	<u>11,955</u>	<u>59,376</u>	52%	116%	<u>275,641</u>
<b>Total Wastewater Treatment</b>	<b>275,845</b>	<b>125,501</b>	<b>97,585</b>	<b>20,844</b>	<b>118,428</b>	<b>43%</b>	<b>94%</b>	<b>655,737</b>
<b>Sanitary Sewer</b>								
Sanitary Collection Sewers	2,140	1,182	397	105	502	23%	42%	2,341
Sanitary On-Going Projects	16,081	6,651	2,493	756	3,249	20%	49%	10,564
Sanitary Pumping Facilities	659	462	129	0	129	20%	28%	692
Sanitary Sewer Program Management	6,880	3,993	1,165	869	2,034	30%	51%	18,989
Sanitary Interceptor/Trunk Force Sewers	<u>14,162</u>	<u>6,333</u>	<u>3,880</u>	<u>866</u>	<u>4,746</u>	34%	75%	<u>19,633</u>
<b>Total Sanitary Sewer</b>	<b>39,922</b>	<b>18,621</b>	<b>8,064</b>	<b>2,596</b>	<b>10,660</b>	<b>27%</b>	<b>57%</b>	<b>52,220</b>
<b>Combined Sewer Overflow</b>								
CSO Program Management	1,590	1,080	828	125	953	60%	88%	12,967
Combined Sewer Projects	14,504	11,419	5,732	531	6,263	43%	55%	11,307
D.C. Clean Rivers Project (aka Long-Term Control Plan)	<u>115,922</u>	<u>55,248</u>	<u>46,214</u>	<u>7,164</u>	<u>53,378</u>	46%	97%	<u>272,597</u>
<b>Total Combined Sewer Overflow</b>	<b>132,016</b>	<b>67,747</b>	<b>52,774</b>	<b>7,821</b>	<b>60,595</b>	<b>46%</b>	<b>89%</b>	<b>296,871</b>
<b>Stormwater</b>								
Stormwater Local Drainage	17	12	0	0	0	0%	0%	239
Stormwater On-Going Program	731	186	1,082	0	1,082	148%	582%	402
Stormwater Pumping Facilities	-	-	0	0	0			0
DDOT Stormwater Program	2	-	0	0	0	0%		0
Stormwater Research and Program Management	499	379	234	6	240	48%	63%	1,392
Stormwater Trunk/Force Sewers	<u>1,527</u>	<u>559</u>	<u>522</u>	<u>382</u>	<u>904</u>	59%	162%	<u>1,336</u>
<b>Total Stormwater</b>	<b>2,775</b>	<b>1,137</b>	<b>1,838</b>	<b>388</b>	<b>2,226</b>	<b>80%</b>	<b>196%</b>	<b>3,369</b>
<b>Water</b>								
Water Distribution Systems	23,024	12,176	8,222	1,140	9,362	41%	77%	39,591
Water On-Going Projects	8,239	4,255	3,280	1,368	4,648	56%	109%	5,406
Water Pumping Facilities	5,327	2,280	221	509	730	14%	32%	6,007
DDOT Water Projects	4,002	2,209	2,110	0	2,110			7,920
Water Storage Facilities	2,083	1,049	1,059	421	1,480	71%	141%	820
Water Projects Program Management	4,109	2,110	1,178	376	1,554	38%	74%	12,349
Water Lead Program	4,801	3,412	532	286	818	17%	24%	7,173
AMR Installation / Replacement	<u>2,876</u>	<u>1,438</u>	<u>424</u>	<u>90</u>	<u>514</u>	18%	36%	<u>1,666</u>
<b>Total Water</b>	<b>54,461</b>	<b>28,930</b>	<b>17,025</b>	<b>4,191</b>	<b>21,216</b>	<b>39%</b>	<b>73%</b>	<b>80,931</b>
<b>Washington Aqueduct</b>	<b>11,373</b>	<b>7,000</b>	<b>917</b>	<b>2,519</b>	<b>3,436</b>	<b>30%</b>	<b>49%</b>	
<b>Capital Equipment</b>	<b>15,349</b>	<b>7,674</b>	<b>7,327</b>	<b>626</b>	<b>7,952</b>	<b>52%</b>	<b>104%</b>	<b>5,478</b>
<b>Total Capital Projects</b>	<b>\$531,741</b>	<b>\$256,610</b>	<b>\$185,529</b>	<b>\$38,984</b>	<b>\$224,513</b>	<b>42%</b>	<b>87%</b>	<b>1,094,605</b>

Notes:

<sup>1</sup> Includes actual OCIP related disbursements of \$401,077.79

DC WATER  
LISTING OF CSO CONGRESSIONAL FUNDING AND PROJECTS  
AS OF  
MARCH 31, 2012

Footnote	Name	Period	Federal Award Amount	Cumulative Federal Expenditures as of 12/31/11	Current Quarter Expenditures	Cumulative Federal Expenditures as of 03/31/12	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		49,272,154	36,157,988	4,179,802	40,337,790	8,934,364
	Potomac CSS LTCP Facility Plan		1,753,000	355,261		355,261	1,397,739
	CSO LTCP Rock Creek Projects		1,753,000	149,404		149,404	1,603,596
	<b>Total LTCP Projects</b>		<b>52,778,154</b>	<b>36,662,653</b>	<b>4,179,802</b>	<b>40,842,455</b>	<b>11,935,699</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		155,914	1,344,086
	Potomac Pumping Station Rehabilitation		8,737,500	5,027,628	17,827	5,045,455	3,692,045
	Rock Creek CSO Projects		4,776,214	4,471,703	257,095	4,728,798	47,416
	CSO Nine Minimum Control Projects		575,000	574,226		574,226	774
	Outfall Sewer Rehabilitation		22,970,002	19,407,732	257,419	19,665,151	3,304,851
	Potomac Pumping Station Phase III		9,469,599	184,296	41,199	225,495	9,244,104
	Swirl Facilitation Rehabilitation		1,830,000	61,425		61,425	1,768,575
	CSO Fabridam Replacement		4,479,579	4,479,579		4,479,579	0
	Main and O Pumping Station		37,838,285	35,548,040	117,517	35,665,557	2,172,728
	East Side Pumping Station		9,227,822	7,761,444		7,761,444	1,466,378
	Poplar Point Pumping Station		3,178,000	877,143		877,143	2,300,857
	Dry Weather Overflow Elimination		5,690,636	154,912		154,912	5,535,724
	CSO Wet Weather Water Quality Monitoring		24,657	24,657		24,657	0
	<b>Total Nine Minimum Control Projects</b>		<b>110,297,293</b>	<b>78,728,699</b>	<b>691,057</b>	<b>79,419,756</b>	<b>30,877,537</b>
	<b>TOTAL CSO APPROPRIATION</b>		<b>\$168,595,602</b>	<b>\$115,876,872</b>	<b>\$4,870,859</b>	<b>\$120,747,731</b>	<b>\$47,847,871</b>

DC WATER  
LISTING OF CSO CONGRESSIONAL FUNDING AND PROJECTS  
AS OF  
MARCH 31, 2012

Footnote	Name	Period	Federal Award Amount	Cumulative Federal Expenditures as of 12/31/11	Current Quarter Expenditures	Cumulative Federal Expenditures as of 03/31/12	Remaining Federal Balance
							4,870,859
							12,534,342
							<b>\$65,253,072</b>

Plus Unreimbursed 1st Quarter Expenditures

Interest Earned

**Grand Total CSO Remaining Balance**

**FOOTNOTES**

1	Appropriation on February 20, 2003	\$49,675,000
	Appropriation on January 22, 2004	29,823,000
	Appropriation on November, 2004	4,800,000
	Less Federal Recission	(38,400)
	Appropriation on December 15, 2005	7,000,000
	Less Federal Recission	(70,000)
	Appropriation on April 5, 2007 (\$7,000,000 less recission)	7,000,000
	Less Federal Recission	(70,000)
	Appropriation on March 25, 2008	8,000,000
	Appropriation on April 3, 2009	16,000,000
	Appropriation on February 17, 2010	20,000,000
	Appropriation on November 3, 2010	3,506,000
	Appropriation on February 2, 2011	4,986,000
	Appropriation on June 8, 2011	2,984,002
	Appropriation on December 14, 2011	2,378,068
	Appropriation on January 16, 2012	12,621,932
	<b>Total Appropriation</b>	<b>168,595,602</b>

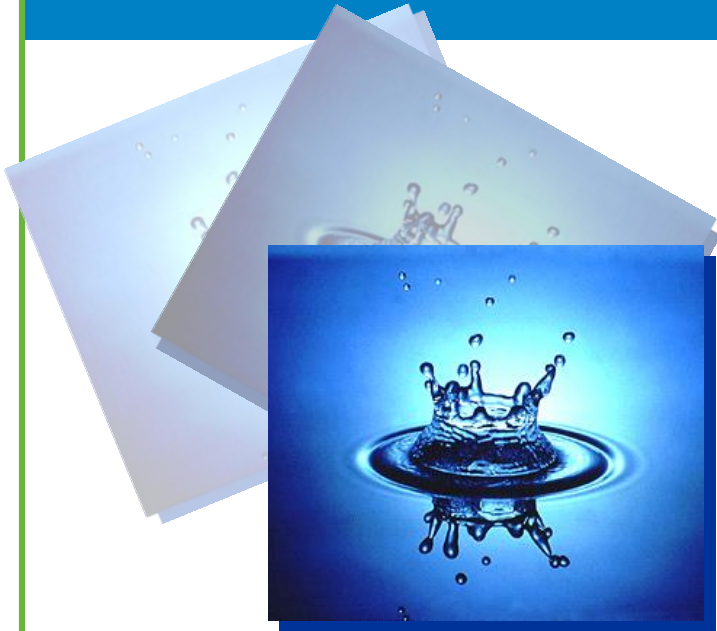


**DC WATER  
LISTING OF EPA/MISC OPEN GRANTS  
MARCH 31, 2012**

		<b>Total EPA Allowable</b>	<b>% of Federal Funding</b>	<b>Federal Grant Award Amount</b>	<b>Cumulative Federal Expenditures as of 12/31/11</b>	<b>Current Quarter Expenditures</b>	<b>Cumulative Federal Expenditures as of 03/31/12</b>	<b>Remaining Federal Balance</b>
<b>Name</b>	<b>Period</b>	<b>Project Budget</b>	<b>Federal Funding</b>	<b>Award Amount</b>	<b>Expenditures as of 12/31/11</b>	<b>Quarter Expenditures</b>	<b>Expenditures as of 03/31/12</b>	<b>Remaining Federal Balance</b>
<b><u>CLEAN WATER ACT GRANTS</u></b>								
Nitrification Facilities Upgrade	9/04 - 02/13	\$51,858,033	55%	\$28,521,918	18,710,400	3,162,300	21,872,700	6,649,218
Filtration and Disinfection Facility Upgrade Phase 2	9/06 - 09/12	9,872,426	55%	5,429,834	4,887,700		4,887,700	542,134
Raw Wastewater Pump Station 1 Upgrade	09//08 - 03/13	3,834,893	55%	2,109,191	1,581,900		1,581,900	527,291
Biological Sludge Thickening Facility Rehabilitation	8/10 - 06/13	14,060,069	55%	7,733,038	6,921,900		6,921,900	811,138
Area Substation 6	9/10 - 12/13	6,829,465	53%	3,626,566	1,907,200	345,500	2,252,700	1,373,866
Rehabilitation of Sewers, Various Locations Companion	9/10 - 12/13	447,397	23%	101,752			0	101,752
Rock Creek Combined Sewer Separation	5/06 - 12/12	2,743,336	55%	1,508,835	700,500		700,500	808,335
Filtration/Disinfection Facilities Upgrade, Phase 3	11/10 - 11/13	2,116,364	55%	1,164,000		87,400	87,400	1,076,600
Nit/Denit Sedimentation Basin Replacement Actuators	7/11 - 4/14	529,144	55%	291,000			0	291,000
<b>TOTAL OPEN CLEAN WATER ACT GRANTS</b>		<b>\$ 92,291,127</b>		<b>\$ 50,486,134</b>	<b>\$ 34,709,600</b>	<b>\$ 3,595,200</b>	<b>\$ 38,304,800</b>	<b>\$ 12,181,334</b>
<b><u>SAFE-DRINKING WATER GRANTS</u></b>								
Large Valve Replacements, Contract 7	09/08 - 09/13	\$3,458,000	80%	\$2,766,400		624,200	624,200	2,142,200
Large Valve Replacements, Contract 9	12/11 - 08/14	\$187,500	80%	150,000				
Small Diameter Water Main Replacements 2008	09/08 - 06/12	12,560,176	80%	10,048,141	6,214,800		6,214,800	3,833,341
Anacostia Pumping Station Replacement	08/07 - 09/12	21,988,000	80%	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%	8,144,000			0	8,144,000
Fort Reno Pumping Station Rehabilitation & Upgrade	9/10 - 8/12	7,300,000	80%	5,840,000			0	5,840,000
Small Diameter Water Main Replacements for 2010	9/10 - 6/12	2,648,917	80%	2,119,134			0	2,119,134
Cross-Town Tunnel Water Main Rehabilitation	6/11 - 9/12	6,064,214	80%	4,851,371		557,400	557,400	4,293,971
Small Diameter Water Main Rehabilitation Contract	6/11 - 5/14	14,978,250	80%	11,982,600			0	11,982,600
<b>TOTAL SAFE DRINKING WATER GRANTS</b>		<b>\$ 79,365,057</b>		<b>\$ 63,492,046</b>	<b>\$21,208,600</b>	<b>\$1,181,600</b>	<b>\$22,390,200</b>	<b>\$40,951,846</b>
<b>TOTAL EPA GRANTS (SRF)</b>		<b>\$ 171,656,184</b>		<b>\$ 113,978,180</b>	<b>\$ 55,918,200</b>	<b>\$ 4,776,800</b>	<b>\$ 60,695,000</b>	<b>\$ 53,133,180</b>

**DC WATER  
LISTING OF EPA/MISC OPEN GRANTS  
MARCH 31, 2012**

		<b>Total EPA Allowable</b>	<b>% of Federal Funding</b>	<b>Federal Award Amount</b>	<b>Cumulative Federal Expenditures as of 12/31/11</b>	<b>Current Quarter Expenditures</b>	<b>Cumulative Federal Expenditures as of 03/31/12</b>	<b>Remaining Federal Balance</b>
<b>Name</b>	<b>Period</b>	<b>Project Budget</b>	<b>Federal Funding</b>	<b>Award Amount</b>	<b>Expenditures as of 12/31/11</b>	<b>Quarter Expenditures</b>	<b>Expenditures as of 03/31/12</b>	<b>Remaining Federal Balance</b>
<b>ARRA FUNDING-SAFE DRINKING WATER</b>								
Small Valve Replacements Contract 5	10/09 - 09/11	\$ 451,150	100%	\$451,150	\$451,150		451,150	0
Large Valve Replacement Contract 8	12/09 - 12/12	1,997,348	100%	1,997,348	1,460,300	398,300	1,858,600	138,748
Small Diameter Distrib. Main Rehab., Contract 6	12/09 - 6/13	5,789,629	100%	5,789,629	1,503,300	2,265,400	3,768,700	2,020,929
Small Diameter Water Main Replacements 2010	12/09 - 6/12	7,164,058	100%	7,164,058	5,282,200	1,094,700	6,376,900	787,158
Rock Creek Water Main Replacement	3/09 - 11/11	2,471,135	100%	2,471,135	1,990,200	480,935	2,471,135	0
Fort Stanton Site Work & Joint Seals	9/09 - 05/12	1,626,680	100%	1,626,680	681,900	41,600	723,500	903,180
<b>TOTAL ARRA SAFE DRINKING GRANTS</b>		<b>\$ 19,500,000</b>		<b>\$19,500,000</b>	<b>\$11,369,050</b>	<b>\$4,280,935</b>	<b>\$15,649,985</b>	<b>\$3,850,015</b>
<b>ARRA FUNDING CLEAN WATER GRANTS</b>								
Watts Branch Sewer Rehab, Phase 2	10/09 - 12/12	\$ 680,511	100%	\$680,511	\$613,400		\$613,400	\$67,111
Rehabilitation of Sewers, Various Locations	02/10 - 10/12	3,558,379	100%	3,558,379	2,171,900	842,400	3,014,300	544,079
Rehabilitation of Sewers, Various Locations/MOU-DDOE	02/10 - 10/12	935,000	100%	935,000	935,000		935,000	0
Additional Tide Gate Improvements	08/09 - 09/11	621,552	100%	621,552	621,552		621,552	0
<b>TOTAL ARRA CLEAN WATER GRANTS</b>		<b>\$ 5,795,442</b>		<b>\$ 5,795,442</b>	<b>\$ 4,341,852</b>	<b>\$ 842,400</b>	<b>\$ 5,184,252</b>	<b>\$ 611,190</b>
<b>GRAND TOTAL ARRA GRANTS</b>		<b>\$ 25,295,442</b>		<b>\$ 25,295,442</b>	<b>\$ 15,710,902</b>	<b>\$ 5,123,335</b>	<b>\$ 20,834,237</b>	<b>\$ 4,461,205</b>
<b>GRAND TOTAL ALL EPA GRANTS</b>		<b>\$ 196,951,626</b>		<b>\$ 139,273,622</b>	<b>\$ 71,629,102</b>	<b>\$ 9,900,135</b>	<b>\$ 81,529,237</b>	<b>\$ 57,594,385</b>
<b>MISC. GRANTS</b>								
DC Office of Deputy Mayor for Planning & Economic De	12/07 - 05/09		50%	1,100,000	581,935		581,935	518,065
DC Dept. Parks & Rec., DDOE and DCWASA	06/06 - 06/10		48%	921,000	233,226		233,226	687,774
FTSS-DDOE,DCOP, GSA,SI, DCHSEMA/DCWASA	10/09 - 3/10			545,000	459,243		459,243	85,757
<b>BOLD = NEW GRANTS</b>								



# DC Water

*Investment Performance Report – March 2012*



DC Water  
Finance Division  
Economic Update

## ECONOMIC COMMENTARY

- During its March 13<sup>th</sup> meeting, the Federal Open Market Committee (FOMC) raised its economic outlook but left the target federal funds rate unchanged. Although another possible round of quantitative easing (QE3) has not been ruled out by the Federal Reserve, it is being viewed as unlikely.
- The Conference Board's Consumer Confidence index came in at 70.2 for March. Although consumer confidence is still weak, there is some optimism due to improvements in the jobs market and rising stock prices.
- Both Europe and China showed signs of economic activity cooling amid weaker manufacturing data. Europe's economy contracted in the fourth quarter of 2011, while China GDP growth target fell from 8.0% to 7.5%.
- Interest rates climbed higher in March with the 10-year Treasury Note reaching 2.37%. Rates rose as European debt issues were addressed with some temporary resolution.

## PORTFOLIO RECAP

- The portfolio is diversified among Bank Deposits, Commercial Paper, Federal Agencies, U.S. Treasuries, FDIC Insured CDs, and SEC registered money market funds.
- The overall yield-to-cost of the portfolio is 0.34%.
- The portfolio is in compliance with the Authority's Investment Policy.

### Operating Reserve Account

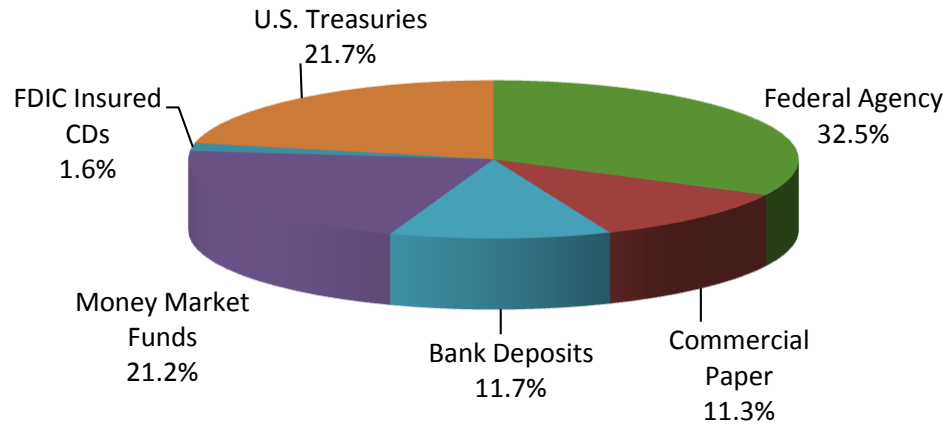
- In March, the Authority purchased \$5 million of 1 to 2 year certificates of deposit at an average yield of 0.55%.

### 2012 Construction Fund

- In March, the Authority purchased \$90 million of agency notes at an average yield of 0.10%.
- For some short-term maturities, yields on certain U.S. Treasury obligations were higher than Federal Agencies. The Authority purchased \$133.5 million of U.S. Treasury notes at an average yield of 0.15%.



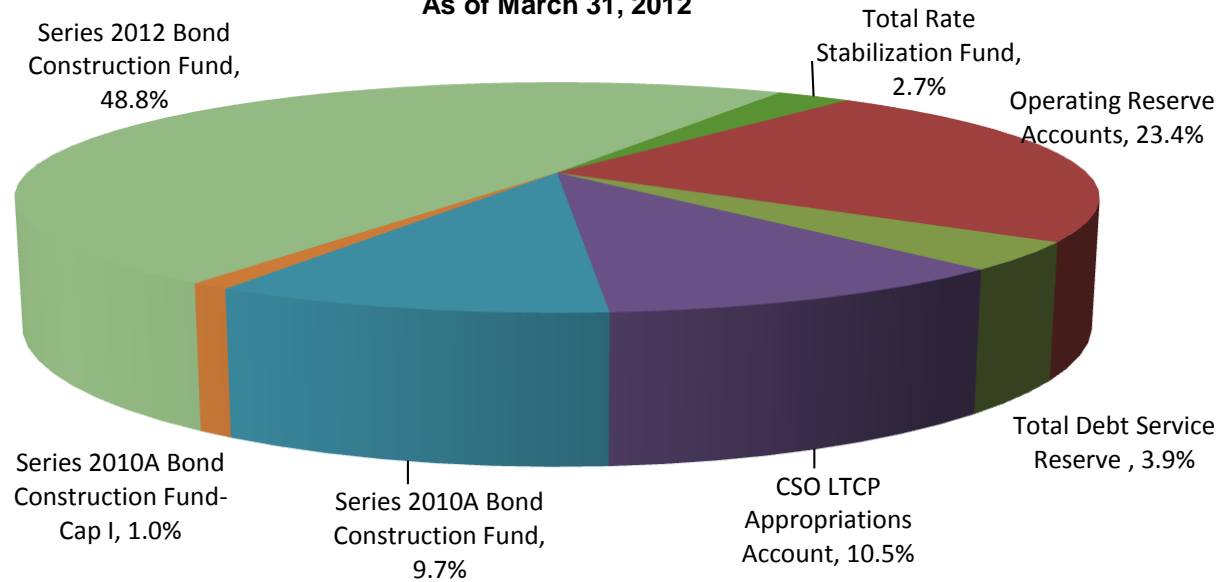
**DC Water  
Finance Division  
Investments - By Security Type  
As of March 31, 2012**



Security Type	Book Value + Accrued Interest	Asset Allocation	Permitted By Policy
Bank Deposits	\$ 72,463,786	11.7%	100.0%
Money Market Funds	131,184,588	21.2%	100.0%
Bankers Acceptances	-	0.0%	40.0%
Commercial Paper	69,977,087	11.3%	35.0%
U.S. Treasuries	134,279,872	21.7%	100.0%
Federal Agency	200,984,371	32.5%	80.0%
FDIC Insured CDs	10,007,005	1.6%	30.0%
Municipal Obligations	-	0.0%	20.0%
<b>Total</b>	<b>\$ 618,896,709</b>	<b>100.0%</b>	



**DC Water  
Finance Division  
Investment Analysis – By Fund  
As of March 31, 2012**

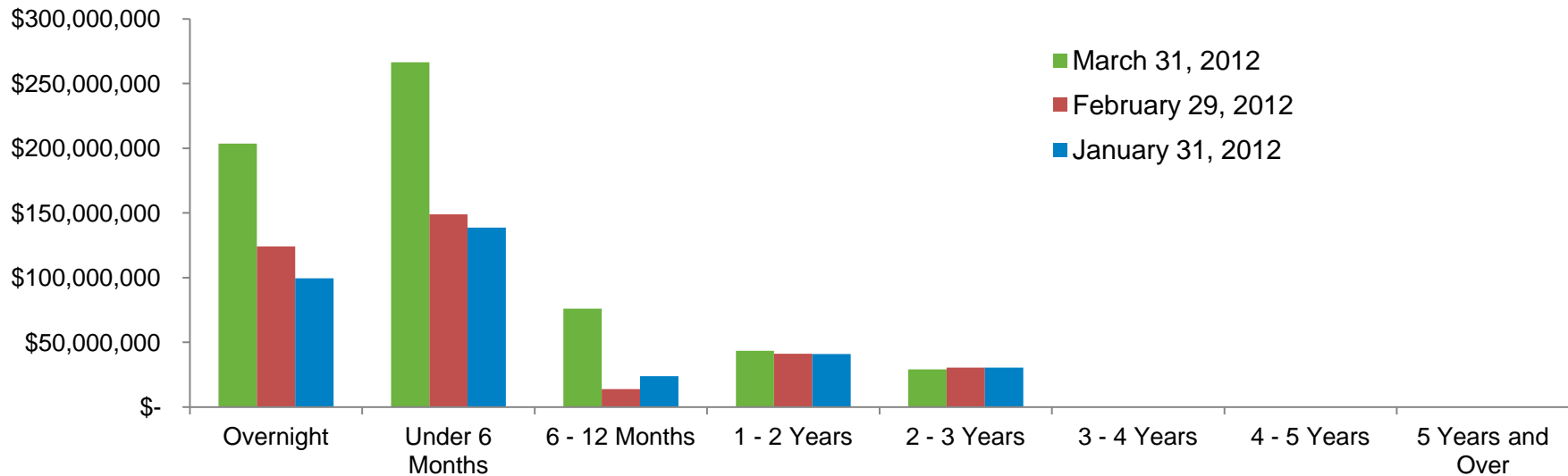


Fund Name	Book Value + Accrued Interest	Yield-to- Maturity at Cost	Effective Duration (years)	Weighted Average Maturity (days)
Total Rate Stabilization Fund	\$ 16,701,956	0.55%	0.15	53.7
Operating Reserve Accounts	\$ 144,633,191	0.79%	0.70	353.5
Total Debt Service Reserve	\$ 23,923,488	0.47%	0.64	236.9
Series 2010A Bond Construction Fund	\$ 60,328,621	0.08%	0.04	13.3
Series 2010A Bond Construction Fund- Cap I	\$ 6,055,265	0.77%	1.13	415.2
Total CSO LTCP Appropriations Account	\$ 64,930,103	0.51%	0.08	27.9
2012 Bond Construction Fund	\$ 302,324,085	0.10%	0.32	118.5
<b>Total</b>	<b>\$ 618,896,709</b>	<b>0.34%</b>	<b>0.37</b>	<b>159.4</b>



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

Maturity Distribution	March 31, 2012	February 29, 2012	January 31, 2012
Overnight \$	203,648,373.81 \$	124,029,773.49 \$	99,410,275.33
Under 6 Months	266,415,363.91	149,014,483.46	138,748,503.55
6 - 12 Months	76,147,337.84	13,924,902.34	23,976,032.87
1 - 2 Years	43,543,515.48	41,095,236.70	41,068,402.83
2 - 3 Years	29,142,117.56	30,532,278.48	30,512,863.12
3 - 4 Years	-	-	-
4 - 5 Years	-	-	-
5 Years and Over	-	-	-
<b>Totals \$</b>	<b>618,896,708.60 \$</b>	<b>358,596,674.47 \$</b>	<b>333,716,077.70</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		\$ 62,428,745.02	10.1%	100.0%	Yes
Premier Bank		5,021,001.19	0.8%	100.0%	Yes
Capital One Bank		5,014,039.45	0.8%	100.0%	Yes
<b>Sub-Total Bank Deposits</b>		<b>72,463,785.66</b>	<b>11.7%</b>	<b>100.0%</b>	<b>Yes</b>
<b>Money Market Mutual Funds</b>					
American Beacon MMF	AAAm	1,482,149.70	0.2%	50.0%	Yes
Williams Capital Money Market Fund	AAAm	2,500,081.68	0.4%	50.0%	Yes
Merrill Lynch MMF	AAAm	3,500,769.96	0.6%	50.0%	Yes
Wells Fargo Advantage Treasury Plus	AAAm	38,375,030.23	6.2%	50.0%	Yes
Wells Fargo Government MMF	AAAm	85,326,556.58	13.8%	50.0%	Yes
<b>Sub-Total Money Market Mutual Funds</b>		<b>131,184,588.15</b>	<b>21.2%</b>	<b>100.0%</b>	<b>Yes</b>
<b>Certificates of Deposit</b>					
CDARs - Placed by Industrial Bank	NR / NR	5,006,328.76	0.8%	30.0%	Yes
CDARs - Placed by City First Bank	NR / NR	5,000,676.23	0.8%	30.0%	Yes
<b>Sub-Total Certificates of Deposit</b>		<b>10,007,004.99</b>	<b>1.6%</b>	<b>30.0%</b>	<b>Yes</b>
<b>Commercial Paper</b>					
Bank Of Nova Scotia Ny Comm Paper	A-1+ / P-1	9,999,113.90	1.6%	5.0%	Yes
FCAR Owners Trust	A-1+ / P-1	9,996,944.45	1.6%	5.0%	Yes
General Elec Cap Corp Comm Paper	A-1+ / P-1	9,994,622.20	1.6%	5.0%	Yes
JP Morgan Chase & Co Comm Paper	A-1 / P-1	4,998,916.65	0.8%	5.0%	Yes
Mizuho Funding Llc Comm Paper	A-1 / P-1	4,997,379.15	0.8%	5.0%	Yes
Sumitomo Corp Of America Comm Paper	A-1 / P-1	9,993,861.10	1.6%	5.0%	Yes
Toyota Motor Credit Corp Comm Paper	A-1+ / P-1	9,997,583.30	1.6%	5.0%	Yes
Union Bank Na Comm Paper	A-1 / P-1	9,998,666.70	1.6%	5.0%	Yes
<b>Sub-Total Commercial Paper</b>		<b>69,977,087.45</b>	<b>11.3%</b>	<b>35.0%</b>	<b>Yes</b>
<b>Federal Agencies</b>					
Fannie Mae	AA+ / Aaa	25,295,343.87	4.1%	40.0%	Yes
Freddie Mac	AA+ / Aaa	65,065,630.46	10.5%	40.0%	Yes
Federal Home Loan Bank	AA+ / Aaa	110,623,396.42	17.9%	40.0%	Yes
Federal Farm Credit Bank	AA+ / Aaa	-	0.0%	40.0%	Yes
<b>Sub-Total Federal Agencies</b>		<b>200,984,370.75</b>	<b>32.5%</b>	<b>100%</b>	<b>Yes</b>
<b>Treasuries</b>					
Treasury Note	AA+ / Aaa	134,279,871.60	21.7%	100.0%	Yes
<b>Sub-Total Treasuries</b>		<b>134,279,871.60</b>	<b>86.6%</b>	<b>80.0%</b>	<b>No</b>
<b>Total</b>		<b>\$ 618,896,708.60</b>	<b>132.5%</b>		





**DC Water  
Finance Division  
Book Value Performance  
As of March 31, 2012**

*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	0.05%	0.56%	0.14%	0.56%	0.30%	0.61%	0.55%	53.7	0.15 years
Operating Reserve Accounts	0.05%	0.63%	0.15%	0.62%	0.30%	0.60%	0.60%	353.5	0.97 years
Total Debt Service Reserve	0.04%	0.51%	0.14%	0.58%	0.30%	0.60%	0.62%	236.9	0.65 years
Total CSO LTCP Appropriations Account	0.03%	0.33%	0.10%	0.39%	0.22%	0.43%	0.42%	27.9	0.08 years
2010A Construction Fund	0.01%	0.12%	0.04%	0.16%	0.10%	0.20%	0.23%	13.3	0.04 years
2010A Capitalized Interest Fund	0.06%	0.68%	0.17%	0.70%	0.34%	0.68%	0.60%	415.2	1.14 years
2012 Construction Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	118.5	0.32 years
<b>Short-Term</b>	<b>0.02%</b>	<b>0.26%</b>	<b>0.10%</b>	<b>0.40%</b>	<b>0.23%</b>	<b>0.45%</b>	<b>0.42%</b>		
Merrill Lynch 3-Month Treasury Index (Book Value) <sup>1</sup>	0.01%	0.08%	0.01%	0.05%	0.02%	0.03%	0.04%	90.0	0.25 years
<b>Core (1+ Years)</b>	<b>0.08%</b>	<b>0.90%</b>	<b>0.23%</b>	<b>0.92%</b>	<b>0.46%</b>	<b>0.91%</b>	<b>0.90%</b>		
Merrill Lynch 1-3 Year Treasury Index (Book Value) <sup>2</sup>	0.03%	0.31%	0.07%	0.27%	0.14%	0.27%	0.37%	-	1.82 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 book value 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 book value basis.

(3) Performance prior to February 2011 provided by the Authority.

\*Weighted average maturity



DC Water  
Finance Division  
Portfolio Holdings by Fund

DESCRIPTION	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
<b><u>Total Rate Stabilization Fund</u></b>									
TD BANK BANK DEPOSIT	\$ 6,707,333		4/1/2012		1.05%	\$ 6,707,333	\$ 6,707,333	\$ 6,707,333	
GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	6/28/2012	2/29/2012	0.22%	9,992,667	9,996,000	9,994,622	\$ 16,701,955.50
<b><u>Operating Reserve Accounts</u></b>									
TD BANK BANK DEPOSIT	\$ 37,458,261		4/1/2012		1.05%	\$ 37,458,261	\$ 37,458,261	\$ 37,458,261	
CAPITAL ONE BANK	5,014,039		4/1/2012		0.50%	5,014,039	5,014,039	5,014,039	
WILLIAMS CAPITAL MONEY MARKET FUND	2,500,082		4/1/2012		0.01%	2,500,082	2,500,082	2,500,082	
FCAR OWNER TRUST COMM PAPER	5,000,000	-	5/15/2012	2/22/2012	0.24%	4,997,233	4,998,590	4,998,533	
FCAR OWNER TRUST COMM PAPER	5,000,000	-	5/15/2012	2/22/2012	0.26%	4,997,003	4,998,590	4,998,411	
MIZUHO FUNDING LLC COMM PAPER	5,000,000	-	5/22/2012	2/22/2012	0.37%	4,995,375	4,998,225	4,997,379	
JP MORGAN CHASE & CO COMM PAPER	5,000,000	-	5/23/2012	2/22/2012	0.15%	4,998,104	4,998,680	4,998,917	
FHLMC NOTES	10,000,000	1.000	8/28/2012	7/27/2010	0.73%	10,068,578	10,043,617	10,020,151	
INDUSTRIAL BANK CDARS	2,500,000	0.500	1/27/2013	1/26/2012	0.50%	2,500,000	2,502,260	2,502,260	
CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,000	0.500	3/23/2013	3/23/2012	0.50%	2,500,000	2,500,307	2,500,307	
FHLB NOTES	10,000,000	0.750	8/28/2013	5/18/2011	0.72%	10,008,025	10,088,025	10,032,850	
FREDDIE MAC (CALLABLE) GLOBAL NOTES	10,000,000	0.500	10/18/2013	10/18/2011	0.56%	9,987,200	10,026,649	10,012,724	
FHLB TAP BONDS	10,000,000	3.125	12/13/2013	5/19/2011	0.99%	10,675,134	10,559,620	10,452,720	
INDUSTRIAL BANK CDARS	2,500,000	0.900	1/27/2014	1/26/2012	0.90%	2,500,000	2,504,068	2,504,068	
CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,000	0.600	3/23/2014	3/23/2012	0.60%	2,500,000	2,500,369	2,500,369	
FHLB NOTES (CALLABLE)	9,000,000	2.000	4/25/2014	4/27/2011	1.49%	9,134,740	9,088,575	9,086,977	
FHLMC NOTES (CALLABLE)	10,000,000	0.875	11/14/2014	11/18/2011	0.87%	10,000,972	10,051,669	10,033,299	
FNMA NOTES (CALLABLE)	10,000,000	0.800	11/21/2014	11/21/2011	0.83%	9,992,000	10,042,789	10,021,842	\$ 144,633,190.96
<b><u>Total Debt Service Reserve</u></b>									
WELLS FARGO GOVERNMENT MMF	\$ 5,176,283		4/1/2012		0.01%	\$ 5,176,283	\$ 5,176,283	\$ 5,176,283	
MERRILL LYNCH MMF	3,500,770		4/1/2012		0.06%	3,500,770	3,500,770	3,500,770	
FHLMC NOTES	10,000,000	0.515	11/26/2012	11/22/2010	0.64%	9,981,294	10,038,382	10,009,734	
FHLB TAP BONDS	5,000,000	3.125	12/13/2013	5/25/2011	0.87%	5,354,034	5,279,810	5,236,701	\$ 23,923,488.17



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

DESCRIPTION	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
<b><u>Series 2010A Bond Construction Fund</u></b>									
WELLS FARGO ADVANTAGE TREASURY PLUS	\$ 2,117,640		4/1/2012		0.01%	\$ 2,117,640	\$ 2,117,640	\$ 2,117,640	
WELLS FARGO GOVERNMENT MMF	38,214,731		4/1/2012		0.01%	38,214,731	38,214,731	38,214,731	
UNION BANK NA COMM PAPER	10,000,000	-	4/17/2012	1/17/2012	0.30%	9,992,417	9,998,930	9,998,667	
TOYOTA MOTOR CREDIT CORP COMM PAPER	10,000,000	-	5/29/2012	2/29/2012	0.15%	9,996,250	9,997,170	9,997,583	
									\$ 60,328,621.24
<b><u>Series 2010A Bond Construction Fund- Cap I</u></b>									
WELLS FARGO ADVANTAGE TREASURY PLUS	\$ 237,589		4/1/2012		0.01%	\$ 237,589	\$ 237,589	\$ 237,589	
WELLS FARGO GOVERNMENT MMF	160,299		4/1/2012		0.01%	160,299	160,299	160,299	
FHLB GLOBAL BONDS	1,400,000	1.625	9/26/2012	3/16/2011	0.43%	1,436,191	1,410,227	1,408,431	
FHLB TAP BONDS	1,400,000	3.875	3/8/2013	3/16/2011	0.70%	1,488,359	1,450,978	1,444,864	
FNMA NOTES	1,400,000	1.125	9/30/2013	3/16/2011	0.97%	1,412,681	1,416,401	1,403,256	
FNMA NOTES (EX-CALLABLE)	1,400,000	1.250	3/14/2014	3/16/2011	1.19%	1,402,617	1,423,567	1,400,826	
									\$ 6,055,264.88
<b><u>Total CSO LTCP Appropriations Account</u></b>									
TD BANK BANK DEPOSIT	\$ 18,263,151		4/1/2012		1.05%	\$ 18,263,151	\$ 18,263,151	\$ 18,263,151	
PREMIER BANK DEPOSIT	5,021,001		4/1/2012		0.24%	5,021,001	5,021,001	5,021,001	
AMERICAN BEACON MMF	1,482,150		4/1/2012		0.10%	1,482,150	1,482,150	1,482,150	
FHLB GLOBAL BONDS	10,000,000	2.250	4/13/2012	3/7/2011	0.32%	10,301,743	10,111,410	10,111,423	
BANK OF NOVA SCOTIA NY COMM PAPER	10,000,000	-	4/30/2012	1/17/2012	0.11%	9,996,822	9,999,060	9,999,114	
SUMITOMO CORP OF AMERICA COMM PAPER	10,000,000	-	6/5/2012	2/28/2012	0.34%	9,990,744	9,993,000	9,993,861	
FHLB TAP BONDS	10,000,000	1.375	6/8/2012	11/22/2010	0.50%	10,197,461	10,065,600	10,059,403	
									\$ 64,930,103.16
<b><u>Series 2012 Bond Construction Fund</u></b>									
WELLS FARGO GOVERNMENT MMF	77,795,044		4/1/2012		0.01%	\$ 77,795,044	\$ 77,795,044	\$ 77,795,044	
FHLB DISC NOTE	50,000,000	-	6/20/2012	3/27/2012	0.09%	49,989,965	49,989,486	49,990,556	
FHLB DISC NOTE	2,800,000	-	6/20/2012	3/27/2012	0.09%	2,799,438	2,799,411	2,799,471	
FNMA GLOBAL NOTES	12,405,000	1.125	7/30/2012	3/27/2012	0.13%	12,469,240	12,468,256	12,469,420	
FHLMC DISC NOTE	25,000,000	-	8/27/2012	3/30/2012	0.10%	24,989,583	24,986,386	24,989,722	
US TREASURY NOTES	25,000,000	0.375	8/31/2012	3/27/2012	0.14%	25,025,391	25,030,602	25,032,734	
US TREASURY NOTES	49,500,000	0.375	9/30/2012	3/27/2012	0.15%	49,558,008	49,552,730	49,556,965	
US TREASURY NOTES	34,500,000	1.375	10/15/2012	3/27/2012	0.15%	34,945,706	34,942,740	34,946,420	
US TREASURY NOTES	24,500,000	1.125	12/15/2012	3/27/2012	0.18%	24,743,133	24,741,145	24,743,753	
									\$ 302,324,084.69
						<b>\$ 619,566,482.40</b>	<b>\$ 619,241,698.05</b>	<b>\$ 618,896,708.60</b>	<b>\$ 618,896,708.60</b>

Investment Performance Report - March 2012



DC Water  
Finance Division  
Security Transactions  
Last 6 Months

ACCOUNT	CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<b>Purchases</b>								
DC WASA 2010A CONSTRUCTION FUND	86561AAS6	SUMITOMO CORP OF AMERICA COMM PAPER	10,000,000	-	01/26/12	10/18/11	0.386	\$ 9,989,444.44
DC WASA 2010A CONSTRUCTION FUND	02665JBN9	AMERICAN HONDA FINANCE COMM PAPER	10,000,000	-	02/22/12	11/17/11	0.172	\$ 9,995,419.44
DC WASA 2010A CONSTRUCTION FUND	89233GBV7	TOYOTA MOTOR CREDIT CORP COMM PAPER	10,000,000	-	02/29/12	11/21/11	0.142	\$ 9,996,111.11
DC WASA 2010A CONSTRUCTION FUND	14912DCS6	CATERPILLAR FIN SERV CRP COMM PAPER	10,000,000	-	03/26/12	01/17/12	0.041	\$ 9,999,233.33
DC WASA 2010A CONSTRUCTION FUND	90526MDH7	UNION BANK NA COMM PAPER	10,000,000	-	04/17/12	01/17/12	0.304	\$ 9,992,416.67
DC WASA 2010A CONSTRUCTION FUND	89233GEV4	TOYOTA MOTOR CREDIT CORP COMM PAPER	10,000,000	-	05/29/12	02/29/12	0.152	\$ 9,996,250.00
DC WASA OPERATING RESERVE ACCOUNTS	45778NBF0	INOVA HEALTH SYSTEMS COMM PAPER	4,750,000	-	02/15/12	11/17/11	0.183	\$ 4,747,862.50
DC WASA OPERATING RESERVE ACCOUNTS	66844CBG8	NORTHWEST UNIVERSITY COMM PAPER	5,000,000	-	02/16/12	11/21/11	0.152	\$ 4,998,187.50
DC WASA OPERATING RESERVE ACCOUNTS	7426M2BM2	PRIVATE EXPORT FUND COMM PAPER	5,000,000	-	02/21/12	11/22/11	0.112	\$ 4,998,609.72
DC WASA OPERATING RESERVE ACCOUNTS	7426M4BV8	PRIVATE EXPORT FUND COMM PAPER	5,000,000	-	02/29/12	11/17/11	0.132	\$ 4,998,122.22
DC WASA OPERATING RESERVE ACCOUNTS	3024A6EF5	FCAR OWNER TRUST COMM PAPER	5,000,000	-	05/15/12	02/22/12	0.244	\$ 4,997,233.33
DC WASA OPERATING RESERVE ACCOUNTS	3024A6EF5	FCAR OWNER TRUST COMM PAPER	5,000,000	-	05/15/12	02/22/12	0.264	\$ 4,997,002.78
DC WASA OPERATING RESERVE ACCOUNTS	60688FEN5	MIZUHO FUNDING LLC COMM PAPER	5,000,000	-	05/22/12	02/22/12	0.376	\$ 4,995,375.00
DC WASA OPERATING RESERVE ACCOUNTS	4662JOEP3	JP MORGAN CHASE & CO COMM PAPER	5,000,000	-	05/23/12	02/22/12	0.152	\$ 4,998,104.17
DC WASA OPERATING RESERVE ACCOUNTS	RE0854415	INDUSTRIAL BANK CDARS	2,500,000	0.500	01/27/13	01/26/12	0.507	\$ 2,500,000.00
<b>DC WASA OPERATING RESERVE ACCOUNTS</b>	<b>RE0857798</b>	<b>CITY FIRST BK OF WASHINGTON, DC (CDARS)</b>	<b>2,500,000</b>	<b>0.500</b>	<b>03/23/13</b>	<b>03/23/12</b>	<b>0.507</b>	<b>\$ 2,500,000.00</b>
DC WASA OPERATING RESERVE ACCOUNTS	3134G2W73	FREDDIE MAC (CALLABLE) GLOBAL NOTES	10,000,000	0.500	10/18/13	10/18/11	0.565	\$ 9,987,200.00
DC WASA OPERATING RESERVE ACCOUNTS	RE0854423	INDUSTRIAL BANK CDARS	2,500,000	0.900	01/27/14	01/26/12	0.913	\$ 2,500,000.00
<b>DC WASA OPERATING RESERVE ACCOUNTS</b>	<b>RE0857806</b>	<b>CITY FIRST BK OF WASHINGTON, DC (CDARS)</b>	<b>2,500,000</b>	<b>0.600</b>	<b>03/23/14</b>	<b>03/23/12</b>	<b>0.608</b>	<b>\$ 2,500,000.00</b>
DC WASA OPERATING RESERVE ACCOUNTS	3134G24Y5	FHLMC NOTES (CALLABLE)	10,000,000	0.875	11/14/14	11/18/11	0.875	\$ 10,000,972.22
DC WASA OPERATING RESERVE ACCOUNTS	3135G0FT5	FNMA NOTES (CALLABLE)	10,000,000	0.800	11/21/14	11/21/11	0.827	\$ 9,992,000.00
DC WASA TOTAL CSO LTCP APPROPRIATIONS	66844CAA2	NORTHWEST UNIVERSITY COMM PAPER	5,000,000	-	01/10/12	10/18/11	0.132	\$ 4,998,483.33
DC WASA TOTAL CSO LTCP APPROPRIATIONS	06416JDW0	BANK OF NOVA SCOTIA NY COMM PAPER	10,000,000	-	04/30/12	01/17/12	0.112	\$ 9,996,822.22
DC WASA TOTAL CSO LTCP APPROPRIATIONS	86561AF51	SUMITOMO CORP OF AMERICA COMM PAPER	10,000,000	-	06/05/12	02/28/12	0.345	\$ 9,990,744.45
DC WASA RATE STABILIZATION FD	36959HBV8	GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	02/29/12	10/18/11	0.233	\$ 9,991,438.89
DC WASA RATE STABILIZATION FD	36959HFU6	GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	06/28/12	02/29/12	0.223	\$ 9,992,666.67
<b>DC WASA 2012 CONSTRUCTION FUND</b>	<b>313384YJ2</b>	<b>FHLB DISC NOTE</b>	<b>50,000,000</b>	<b>-</b>	<b>06/20/12</b>	<b>03/27/12</b>	<b>0.086</b>	<b>\$ 49,989,965.28</b>
<b>DC WASA 2012 CONSTRUCTION FUND</b>	<b>313384YJ2</b>	<b>FHLB DISC NOTE</b>	<b>2,800,000</b>	<b>-</b>	<b>06/20/12</b>	<b>03/27/12</b>	<b>0.086</b>	<b>\$ 2,799,438.06</b>
<b>DC WASA 2012 CONSTRUCTION FUND</b>	<b>31398AT77</b>	<b>FNMA GLOBAL NOTES</b>	<b>12,405,000</b>	<b>1.125</b>	<b>07/30/12</b>	<b>03/27/12</b>	<b>0.130</b>	<b>\$ 12,469,239.67</b>
<b>DC WASA 2012 CONSTRUCTION FUND</b>	<b>313396D67</b>	<b>FHLMC DISC NOTE</b>	<b>25,000,000</b>	<b>-</b>	<b>08/27/12</b>	<b>03/30/12</b>	<b>0.101</b>	<b>\$ 24,989,583.33</b>
<b>DC WASA 2012 CONSTRUCTION FUND</b>	<b>912828PH7</b>	<b>US TREASURY NOTES</b>	<b>25,000,000</b>	<b>0.375</b>	<b>08/31/12</b>	<b>03/27/12</b>	<b>0.137</b>	<b>\$ 25,032,269.03</b>
<b>DC WASA 2012 CONSTRUCTION FUND</b>	<b>912828NX4</b>	<b>US TREASURY NOTES</b>	<b>49,500,000</b>	<b>0.375</b>	<b>09/30/12</b>	<b>03/27/12</b>	<b>0.146</b>	<b>\$ 49,648,791.62</b>
<b>DC WASA 2012 CONSTRUCTION FUND</b>	<b>912828LR9</b>	<b>US TREASURY NOTES</b>	<b>34,500,000</b>	<b>1.375</b>	<b>10/15/12</b>	<b>03/27/12</b>	<b>0.150</b>	<b>\$ 34,945,706.01</b>
<b>DC WASA 2012 CONSTRUCTION FUND</b>	<b>912828MB3</b>	<b>US TREASURY NOTES</b>	<b>24,500,000</b>	<b>1.125</b>	<b>12/15/12</b>	<b>03/27/12</b>	<b>0.183</b>	<b>\$ 24,743,133.01</b>

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

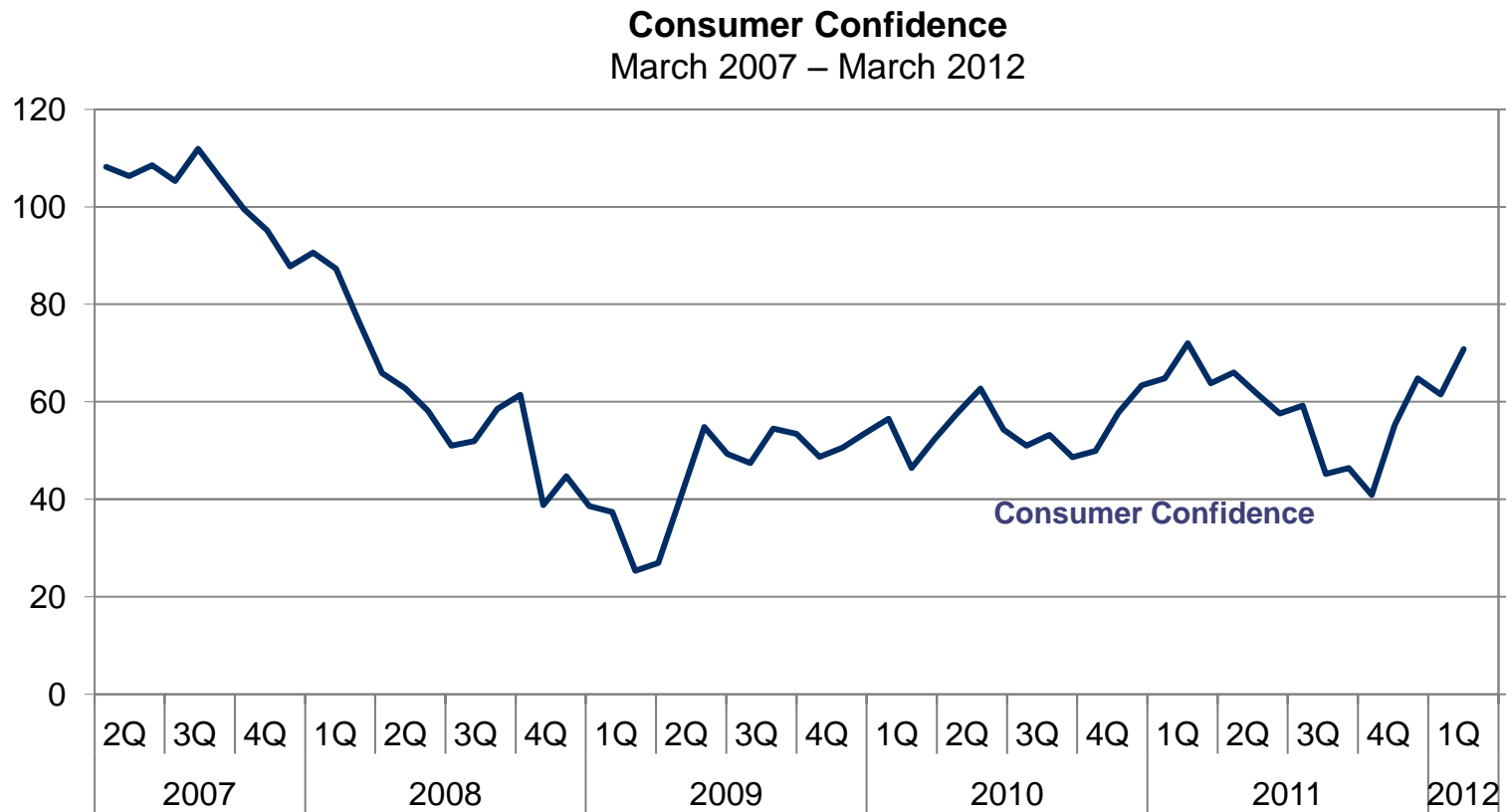


# Appendix: Economic Update



## Consumer Confidence is Improving, but Remains Weak

- Consumer confidence holds above 70 in March after February’s big jump to 71.6.
- Consumer spending in January eased a little to 3.8% year-over-year.



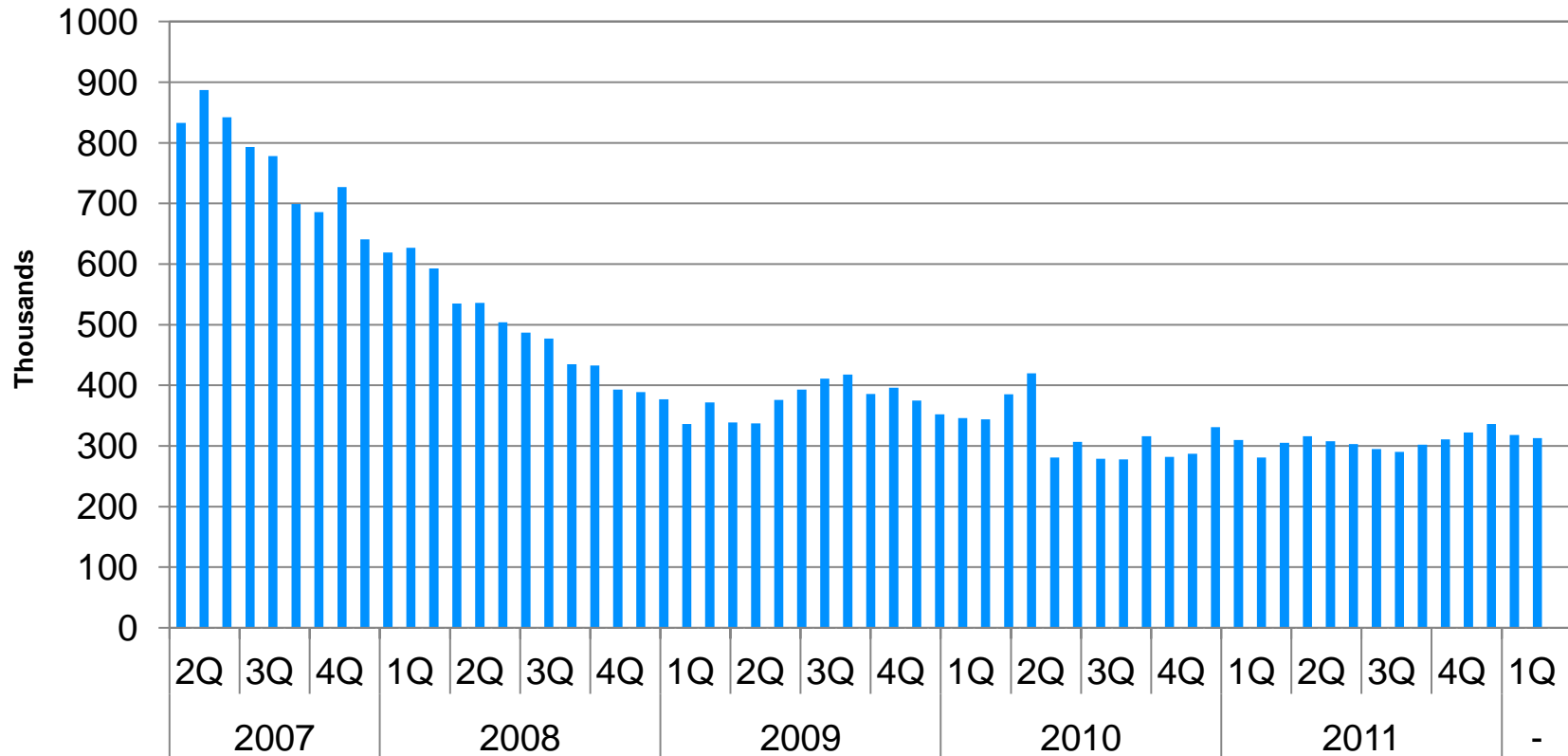
Source: Bloomberg



## New Home Sales Set To Increase In 2012

- The Homebuilder Confidence Index is at the highest level since 2007.
- Housing Starts have been on an uptrend for one year now.

**New Home Sales**  
March 2007 – February 2012



Source: Bloomberg

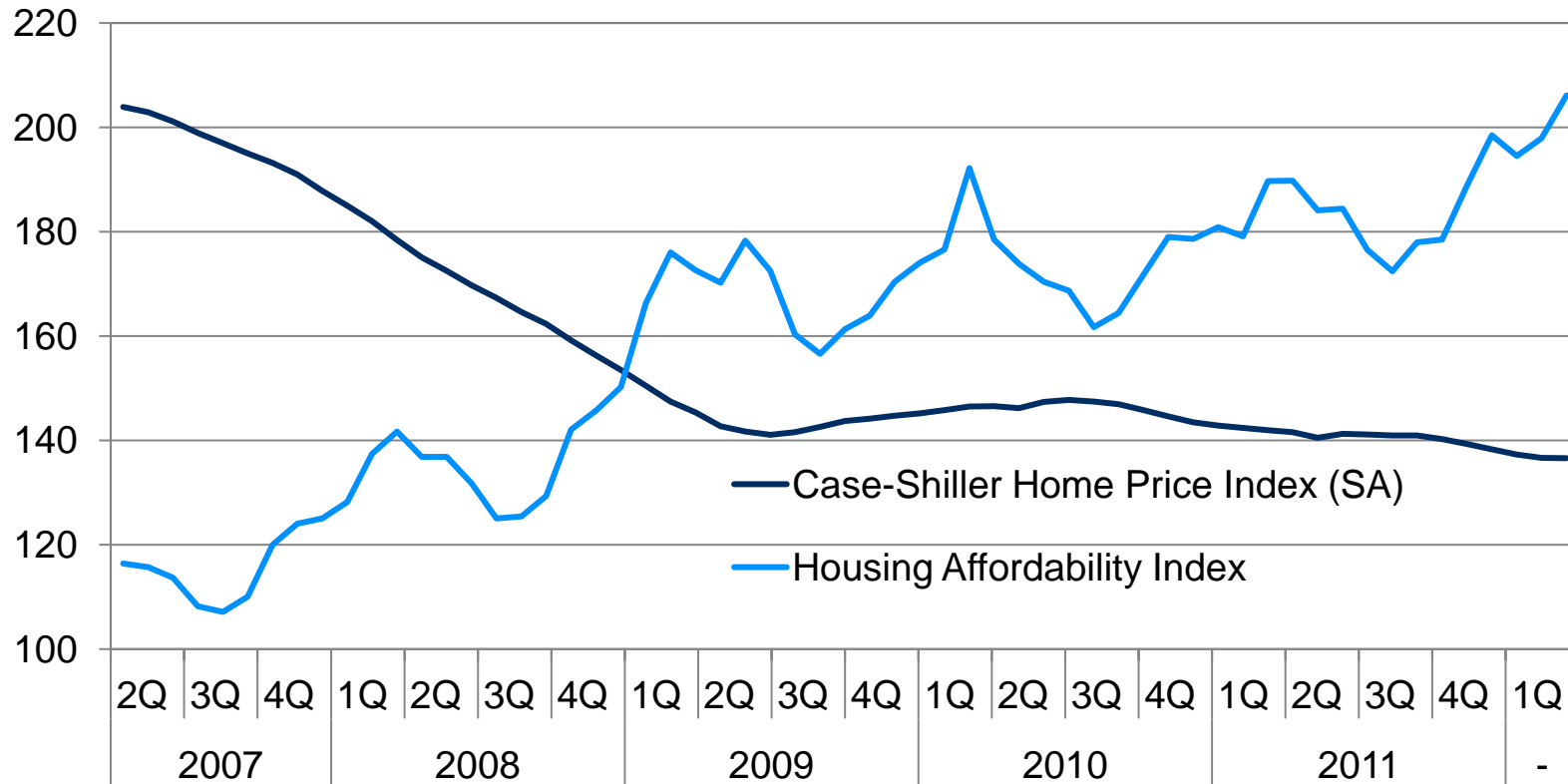


## Lower Prices Make Homes More Affordable

- Since the housing market peaked in 2006, falling home prices combined with low mortgage rates have greatly increased buyer affordability.
- Home sales have been suppressed because of high unemployment, stagnating household incomes, strict lending standards, and consumer debt.

### Housing Affordability vs. Case-Shiller Price Index

March 2007 – February 2012



Source: Bloomberg





## 2-Year U.S. Treasury Note

- In mid-March, interest rates rose with the 2-Year U.S. Treasury Note reaching 0.41% after 7 months of rates being below 0.33%.

**2-Year Yields**  
April 2011 – March 2012

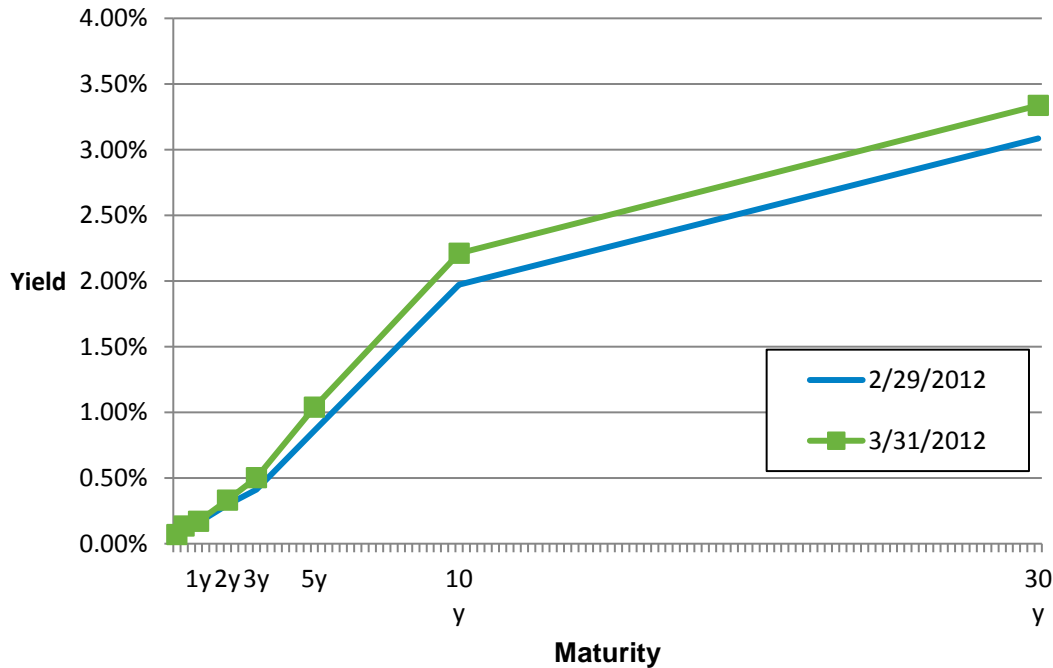


Source: Bloomberg



# Yield Curve Steepens with Growth in Long-Term Yields

**U.S. Treasury Yield Curve**  
February 29, 2012 versus March 31, 2012



	2/29/2012	3/31/2012	Change
3 month	0.08%	0.07%	-0.01%
6 month	0.13%	0.13%	0.00%
1 year	0.16%	0.17%	0.01%
2 year	0.30%	0.33%	0.04%
3 year	0.41%	0.50%	0.09%
5 year	0.86%	1.04%	0.18%
10 year	1.97%	2.21%	0.24%
30 year	3.09%	3.34%	0.25%

Source: Bloomberg

**DC WATER AND SEWER AUTHORITY  
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

**ACTION REQUESTED**

**GOODS AND SERVICES:**

**LEASE FOR 80 M STREET SE**

**(NON-JOINT USE)**

Approval to execute a lease for office space on the 7<sup>th</sup> floor of 80 M Street, SE., in the amount of \$5,600,000.

**CONTRACTOR/SUB/VENDOR INFORMATION**

<b>PRIME:</b> Wells Real Estate Investment Trust II 6200 The Corners Parkway Norcross, GA 30092	<b>SUBS:</b> Not Applicable	<b>PARTICIPATION:</b> Not Applicable
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**DESCRIPTION AND PURPOSE**

Contract Value, Not-To-Exceed:	\$5,600,000.00
Contract Time:	July 1, 2012 – February 28, 2020
No. of Years in Contract:	7 years 5 mos. – to Full Term
	Option to Terminate after 4 years
Rent Start Date	October 1, 2012

**Purpose of the Contract:**

To provide approximate 15,883 square feet of rentable space for use by the Customer Services Department. The current lease for the 11<sup>th</sup> floor at 810 First Street, NE expires October 31, 2012.

**Contract Scope:**

- Lease of 15,883 square feet will replace current lease at 810 First Street for 18,364 square feet.
- Lease period to full term is 7 years 5 months; however, the lease may be terminated without rental obligation after 4 years, with one (1) year notice, if DC Water elects to relocate in the future.

**Special Circumstances:**

- Search was made of available lease space, wherein landlord was willing to undertake tenant finishes, or provide tenant finish allowance.
- 80 M Street SE was selected as most attractive lease with a convenient location to "O" Street facility (back-up command center); easy Metro access.
- First year rent is \$44.50 per square foot.
- The not-to-exceed amount of \$5,600,000 includes the base rent, estimated annual operating cost and annual increases for rent during the full-term of the lease.
- The market rate rent for Class A buildings in the area of the Ballpark (80 M Street SE) is \$45-\$50 a square foot; for the District Class A building rent is \$45-\$75.

**PROCUREMENT INFORMATION**

<b>Contract Type:</b>	Lease Agreement	<b>Award Based On:</b>	Lease negotiations
<b>Commodity:</b>	Lease	<b>Contract Number:</b>	WAS-12-042-AA-RA
<b>Contractor Market:</b>			

**BUDGET INFORMATION**

<b>Funding:</b>	Operations	<b>Department:</b>	Customer Services
<b>Service Area:</b>		<b>Department Head:</b>	Charles Kiely
<b>Project:</b>	80 M Street SE		

**USER SHARE INFORMATION**

User - Operating	Share %	Dollar Amount
District of Columbia	100%	\$ 5,600,000.00
Washington Suburban Sanitary Commission	0%	\$ 0
Fairfax County	0%	\$ 0
Loudoun County	0%	\$ 0
Others	0%	\$ 0
<b>Total Estimated Dollar Amount</b>	<b>100.00%</b>	<b>\$ 5,600,000.00</b>

 4/18/12  
 Yvette Downs Date  
 Director of Finance & Budget

 4/18/12  
 Rosalind R. Inge Date  
 Director of Procurement

 4/18/12  
 Charles Kiely Date  
 Assistant General Manager  
 Consumer Services

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



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

Thursday, May 24, 2012; 11:00 a.m.  
Blue Plains Wastewater Treatment Plant  
5000 Overlook Avenue, SW, DC  
AGENDA

<b>Call to Order</b>	Chairman
<b>April 2012 Financial Report</b>	Director of Finance & Budget
<b>Action Items</b>	Chairman
<b>Agenda for June 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)