

DISTRICT OF COLUMBIA  
WATER AND SEWER AUTHORITY

Board of Directors

Finance and Budget Committee

Thursday, December 22, 2011

11:00 a.m.

- 1. **Call to Order**..... Timothy L. Firestine, Chairperson
- 2. **November 2011 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. **FY 2013 Proposed Budget Discussion (Attachment 2)**.....George Hawkins  
Olu Adebo
- 4. **FY 2012 Financing Plan**..... Olu Adebo
- 5. **Action Items (Attachments 3A-3E)** ..... Olu Adebo

Recommendation for Approval of the Proposed 2013 Budget

- Action Item 3A** Fiscal Year 2013 Proposed Operating Budget
- Action Item 3B:** Fiscal Year 2011 – 2020 Ten Year Financial Plan
- Action Item 3C:** Fiscal Year 2011 – 2020 Capital Improvement Program (Lifetime & Cash)
- Action Item 3D:** Fiscal Year 2013 Capital Authority Request
- Action Item 3E:** Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing

- 6. **Agenda for January Committee Meeting (Attachment 4)**..... Timothy L. Firestine
- 7. **Adjournment**

**FOLLOW-UP ITEMS – Finance & Budget Committee (Meeting held November 23, 2011)**

- 1. What is the difference between the FY 2012 approved and revised operating revenues? **(Mr. Firestine) Status:** Response provided in letter to Board dated December 9, 2011. (See Attachment 2)
- 2. Compile and provide written responses to all the FY 2013 budget-related questions from the November 23, 2011 meeting to be forwarded to all Board members. **Status:** Response provided in letter to Board dated December 9, 2011. (See Attachment 2).
- 3. Provide list of work done since its inception and existing transaction list by the small business enterprise firm as well as all joint-ventures (transactions and enterprises) undertaken in the past five years with the principal firm. **(Ms. Nancoo) Status:** Information already provided.



## NOVEMBER 2011 FINANCIAL REPORT

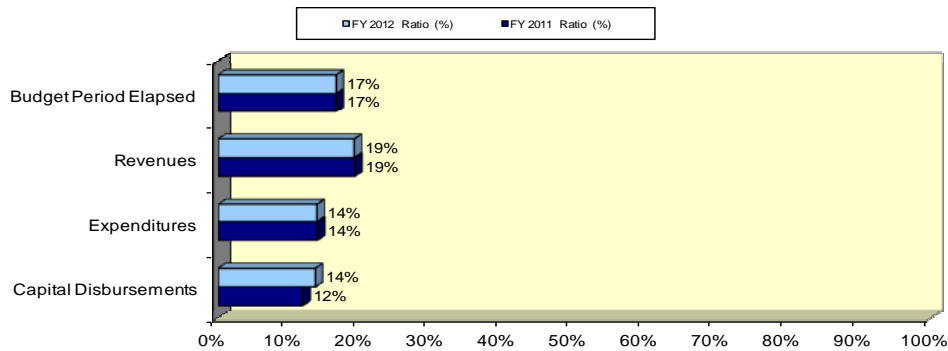
### FY 2012 FINANCIAL PERFORMANCE

The table below summarizes the first two months of FY 2012. At this early stage in the fiscal year, we are on track with budgetary expectations. Detailed information is discussed throughout this report.

#### Financial Performance As of November 30, 2011 (\$ in millions)

	Approved	Revised Budget	YTD Budget	YTD	Variance		% Revised Budget
				Actual	Favorable (Unfavorable)		
Revenues (Receipts)*	\$412.2	\$426.4	\$71.1	\$82.0	\$10.9	15.4%	19.2%
Expenditures*	\$422.4	\$415.4	\$69.2	\$57.9	\$11.3	16.4%	13.9%
Capital Disbursements	\$555.8	\$531.7	\$87.7	\$72.9	\$14.8	16.9%	13.7%

\* Straight-lined (2/12 of revised budget)



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

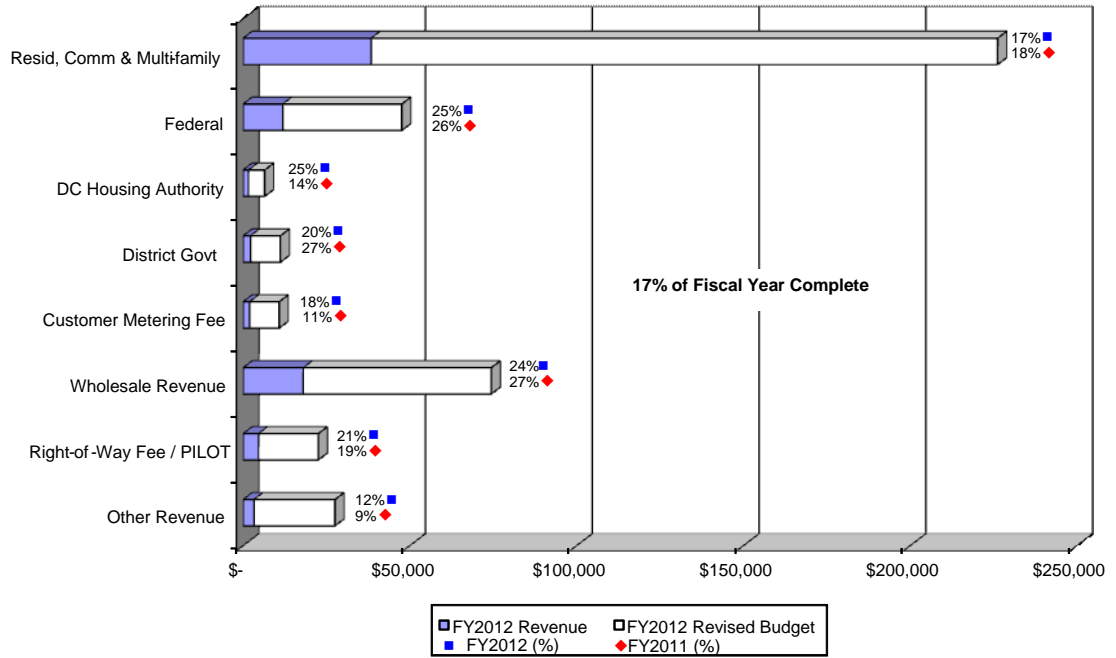
FY 2012 120-day Operating Reserve Objective	\$125.5
Actual Average Daily Balances	\$163.5
Difference	\$38.0

**OPERATING REVENUES & RECEIPTS**

At the end of November 2011, cash receipts totaled \$82.0 million, or 19 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. As previously reported, the federal government is still working under a Continuing Resolution at the FY 2011 levels. The table below provides a summary of operating receipts at the end of November.

<b>REVENUE VARIANCE BY CATEGORY</b>			
(\$ in millions)			
As of November 30, 2011			
Revenue Category	FY 2012 Revised Budget	Actual Received	Actual % of Budget
Residential, Commercial, and Multifamily	226.2	38.4	17.0%
Federal	47.5	11.9	25.1%
District Government	11.1	2.2	19.8%
DC Housing Authority	6.4	1.6	25.0%
Customer Metering Fee	10.8	1.9	17.6%
Wholesale	74.4	18.0	24.2%
Right-of-Way Fee/PILOT	22.5	4.6	20.4%
<b>Subtotal (before Other Revenues)</b>	<b>\$398.9</b>	<b>\$78.6</b>	<b>19.7%</b>
Other Revenue without RSF			
IMA Indirect Cost Reimb. For Capital Projects	4.0	0.0	0.0%
DC Fire Protection Fee	6.2	1.6	25.8%
Stormwater (MS4)	1.1	0.0	0.0%
Interest	0.8	0.2	25.3%
Developer Fees (Water & Sewer)	6.0	0.7	10.9%
Others	2.9	0.9	31.2%
<b>Subtotal</b>	<b>\$21.0</b>	<b>\$3.4</b>	<b>16.0%</b>
Rate Stabilization Fund Transfer	\$6.5	\$0.0	0.0%
<b>Other Revenue Subtotal</b>	<b>\$27.5</b>	<b>\$3.4</b>	<b>12.2%</b>
<b>Grand Total</b>	<b>\$426.4</b>	<b>\$82.0</b>	<b>19.2%</b>

**FY 2012  
OPERATING RECEIPTS BY CUSTOMER CATEGORY  
As of November 30, 2011**



**BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY  
November 30, 2011  
(\$ in 000's)**



Customer Category	Water	Sewer	Clean Rivers IAC	Metering Fee	Total
Residential	4,658	5,740	1,132	824	12,354
Commercial	7,748	7,984	1,432	546	17,710
Multi-family	4,219	5,074	420	195	9,909
Federal	5,175	5,196	1,513	237	12,120
District Govt	842	1,033	338	115	2,327
DC Housing Authority	701	860	50	22	1,634
<b>Total:</b>	<b>23,343</b>	<b>25,886</b>	<b>4,885</b>	<b>1,940</b>	<b>56,055</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

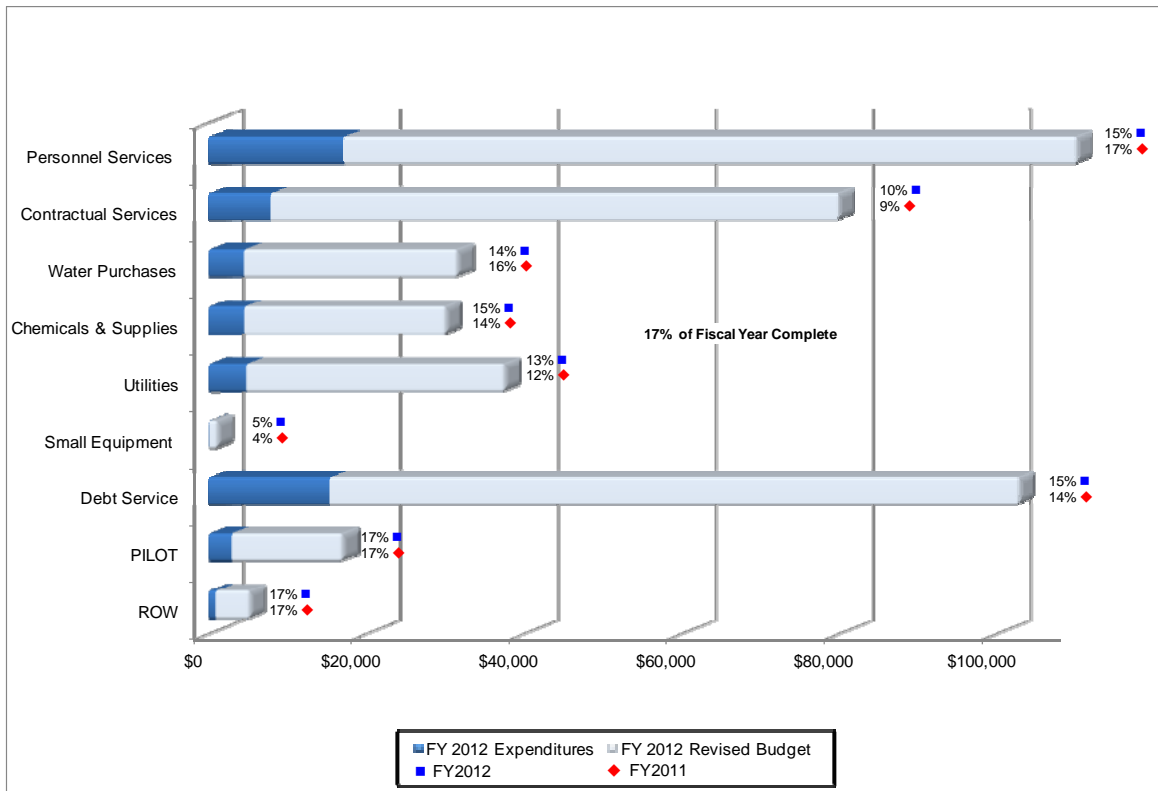
**Clean Rivers IAC – Actual vs Budget  
November 30, 2011  
(\$ in 000's)**

Customer Category	FY 2012 Budget	Year-To-Date Budget	Actual Received	Variance Favorable / <Unfavorable>	Variance % of YTD Budget	Actual % of Budget
Residential	8,178	1,363	1,132	(231)	-17%	14%
Commercial	9,714	1,619	1,432	(187)	-12%	15%
Multi-family	3,235	539	420	(119)	-22%	13%
Federal	6,052	1,009	1,513	504	50%	25%
District Govt	2,131	355	338	(18)	-5%	16%
DC Housing Authority	380	63	50	(13)	-21%	13%
<b>Total:</b>	<b>29,690</b>	<b>4,948</b>	<b>4,885</b>	<b>(63)</b>	<b>-1%</b>	<b>16%</b>

**OPERATING EXPENDITURES**

Total operating expenditures, at the end of November, are in line with expectations at this early stage in fiscal year 2012. At the end of November, operating expenditures (including debt service and the right of way and PILOT fees) totaled \$57.9 million, or 14 percent of the FY 2012 Board-revised budget of \$415.4 million. These numbers include estimated incurred but unpaid invoices.

**FY 2012 Operating Expenditures  
by Category  
(\$ in 000's)  
As of November 30, 2011**



**CAPITAL SPENDING**

For the month of November 2011, actual disbursements totaled \$29.5 million, with year-to-date disbursements totaling \$72.9 million or 14 percent of the FY 2012 (Proposed) Revised disbursements budget. Comparatively, planned capital disbursements through November 2011 were \$87.7 million, or 17 percent of the (Proposed) FY 2012 Revised disbursements budget.

**Capital Disbursements Variance**  
 (\$ in 000's)  
 As of November 30, 2011

Description	FY 2012 Revised Disbursements Budget		Actual Disbursements		% of FY 2011 Revised Disbursements Budget	
	Annual	YTD	NOV. -'11	YTD	Variance Compared to Plan	Percent of Annual Budget
Wastewater Treatment	\$275,845	\$38,270	\$15,530	\$42,482	-11%	15%
Sanitary Sewer	39,922	6,990	1,445	4,043	42%	10%
Combined Sewer Overflow	132,016	28,026	6,326	12,613	55%	10%
Stormwater	2,775	431	342	571	-32%	21%
Water	54,461	11,428	4,047	8,211	28%	15%
Washington Aqueduct	11,373	0	0	0		0%
Capital Equipment	15,349	2,558	1,784	5,025	-96%	33%
<b>Total Capital Projects</b>	<b>\$ 531,741</b>	<b>\$ 87,704</b>	<b>\$ 29,473</b>	<b>\$ 72,944</b>	<b>17%</b>	<b>14%</b>

**Discussion**

The variance of \$14.8 million between the FY 2012 Revised Disbursements Budget as compared to the actual year-to-date disbursements is primarily related to the Combined Sewer Overflow Service Area. Specifically, a delay in the closeout and payment of retainage for the Outfall Sewer Rehabilitation (Project D2) and the Main & O Pump Stations (Project K1), as well as the pending approval related to the detailed schedule necessary to facilitate the payment for work performed for the Blue Plains Tunnel construction contract resulted in reduced disbursements for the first two months of the fiscal year. It is anticipated that the budgeted disbursements will catch-up over the remaining months.

*Wastewater Treatment (Blue Plains):* the Enhanced Nitrogen Removal Facilities program had the highest disbursements, \$8.4 million, driven, primarily by a payment towards both ENR North and Nitrogen Removal Facilities. Under the Solids program, \$4 million was disbursed primarily for projects AM (Solids Processing Program Management-- \$1 million) and XA (New Digestion

Facilities--\$1.8 million). Plantwide Program disbursements of \$1.7 million were for the Process Computer Control System, Instrumentation & Control & Electrical Program Management and Non-Original Equipment Manufacturer (OEM) Programmable Logic Controllers (PLC) Interfaces/Replacements projects.

*Combined Sewer Overflow (CSO) service area:* D.C. Clean Rivers Project (aka Long Term Control Plan, or LTCP) disbursements were \$4.5 million, almost all of which was for the Anacostia LTCP Projects. 'Combined Sewer Projects' Program disbursements, at \$1.8 million, were primarily for the Outfall Sewer Rehabilitation and Potomac Pumping Station-Phase III Rehab projects.

*Water Service area:* Water Projects Program Management disbursed \$0.9 for Program Management. Water Distribution (Systems) program disbursements totaled \$0.9 million—mainly for the Small Diameter Watermain Rehabilitation and Large Valve Replacements contracts. DDOT Water Projects Program disbursements totaled at \$0.8 million, mainly attributable to the FY 2011 DDOT Water projects. Water On-Going Projects Program disbursements, \$0.7 million, were entirely for the FY 2011 (annual) DWS Water Projects.

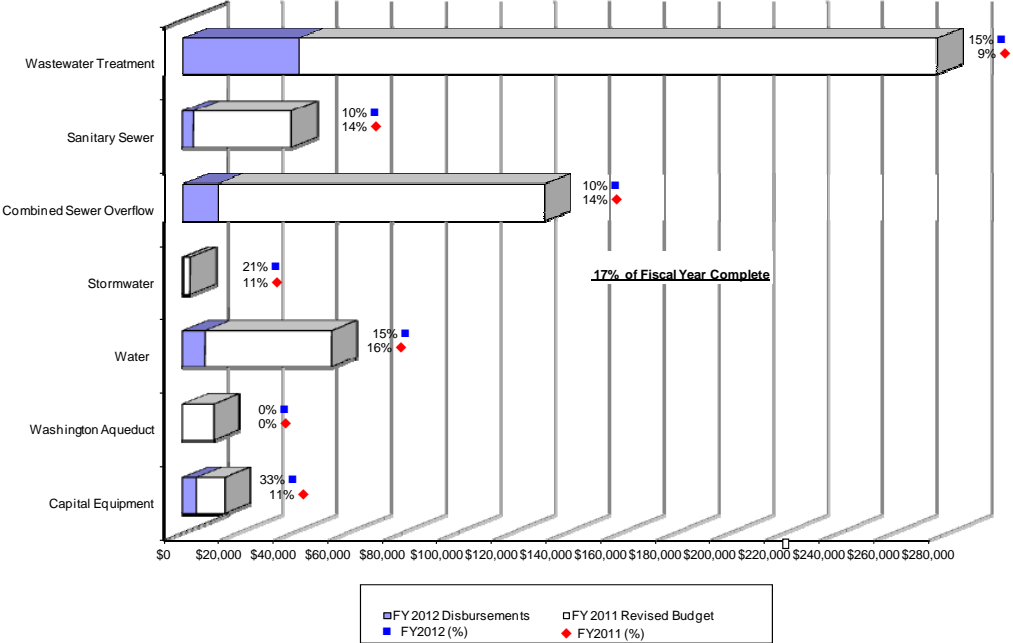
*Capital Equipment service area:* disbursements totaled \$1.8 million--significant disbursements under this area were made for Software Applications, Infrastructure Asset Management System, Enterprise Backup Solution, Telephone Renewal, and Fleet Management.

*Sanitary Sewer Service area:* disbursements for Sanitary Interceptor/Trunk Force Sewers at, \$0.8 million were primarily for the Potomac Sewer System Rehabilitation and the Future Sewer Systems Upgrades projects. Program Management related disbursements amounted to \$0.3 million while Sanitary On-Going disbursed \$0.3 million entirely on FY 2011 – DSS Sanitary Sewer Projects.

*Stormwater Service area:* disbursements of \$0.3 million were primarily for Stormwater On-Going and Stormwater Trunk Force Sewers.

#### **FY 2012 Capital Disbursements Compared to Plan**

**By Service Area  
(\$ in 000's)  
As of November 30, 2011**



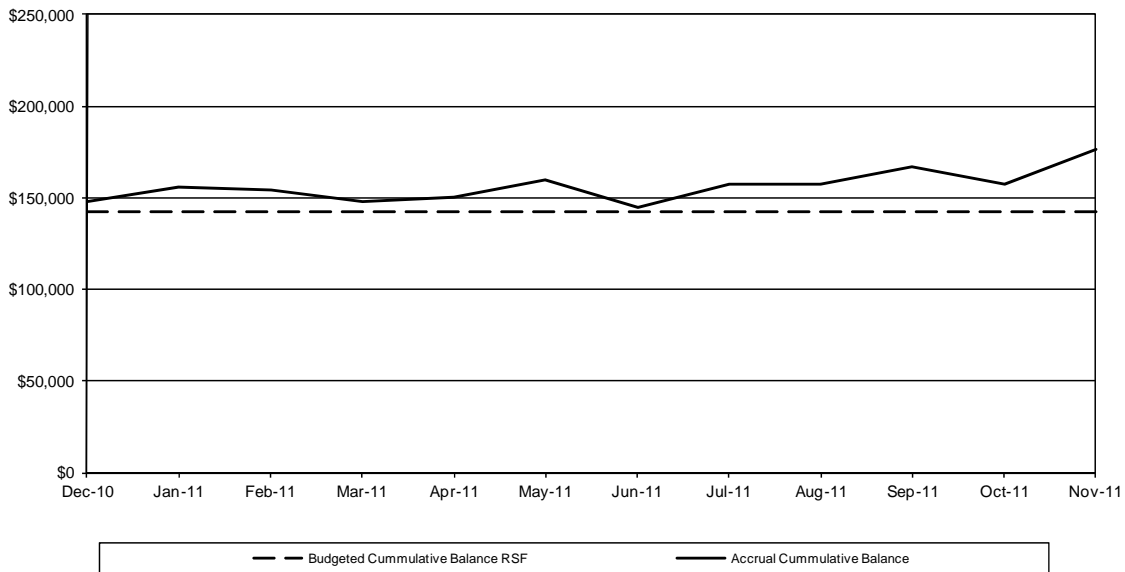
**CASH AND INVESTMENT BALANCES**

At the end of November, our operating reserve balance was \$159.9 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 November 30, 2011  
(\$ in millions)**

Rate Stabilization Fund Account (RSF)	\$16.7
Operating Reserve Accounts	159.9
DC PILOT Fund	10.0
<b>Operating Cash Balance Including RSF</b>	<b>186.6</b>
Debt Service Reserve - Series 98	24.2
Bond Construction Fund - Series 10	119.7
Capital Interest Fund - Series 10	7.6
CSO LTCP Appropriations Account	55.9
<b>Total All Funds</b>	<b>\$394.0</b>

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



### **Overall Portfolio Performance**

As of November 2011, 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 November (**on a cash basis**) was \$40,018, with year-to-date totals of \$154,474 as compared to the budget of \$535,376 for the year.

### **2012 Bond Issuance**

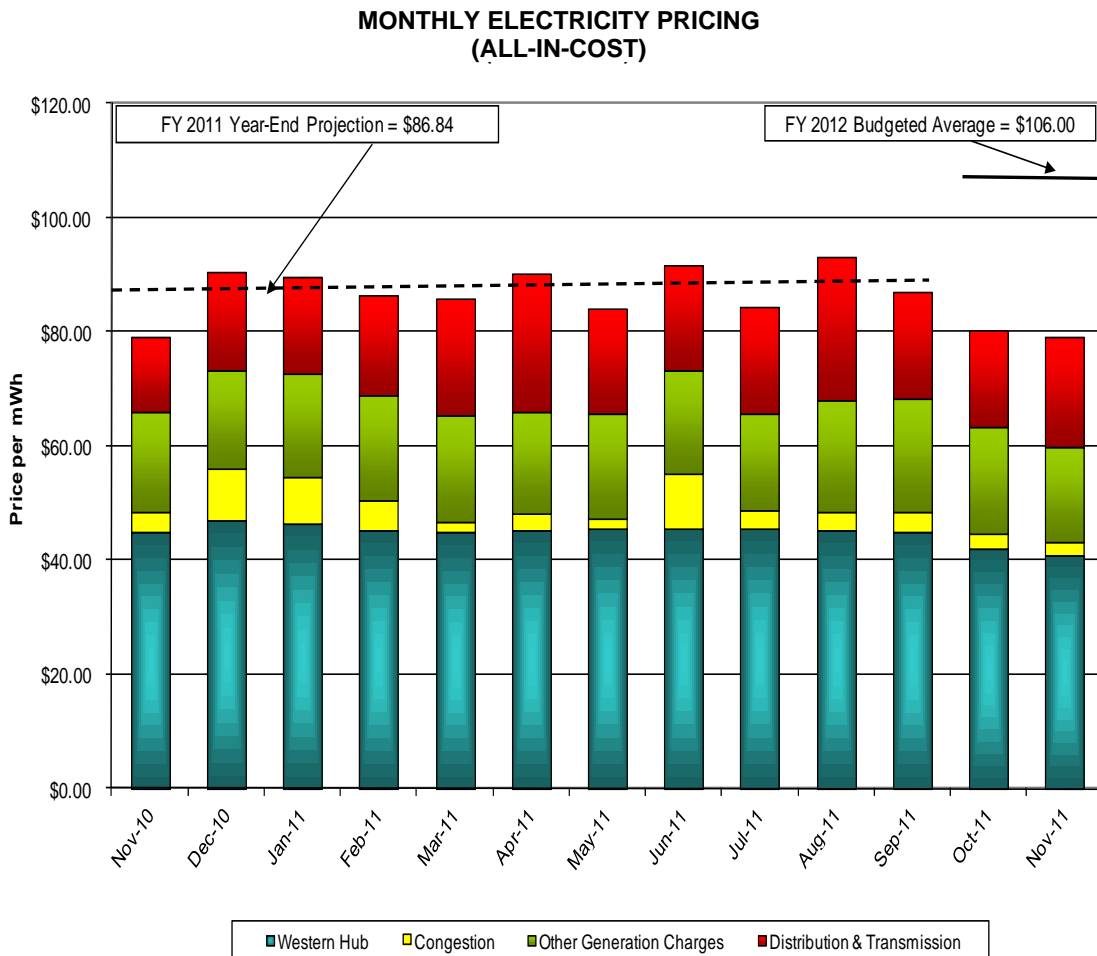
In order to provide continued financing for our capital program DC Water is planning to issue \$300 million in revenue bonds during March 2012. A working group consisting of DC Water staff, financial advisors, bond counsel and underwriters has been established. This working group will meet periodically to plan and prepare documentation for review by the Finance and Budget Committee and the full Board.

## OTHER STATUS REPORTS

### ELECTRICITY

In line with the adopted block strategy and Board's directive, we have purchased approximately 69 percent, or 21MW, of our electricity load at Western Hub price of \$44.42/mWh. Staff continues to monitor the futures market with intent to lock up to 100 percent of DC Water's electricity load when appropriate.

The average all-in-cost estimated for November 2011 was \$79.13/mWh. As indicated in the chart, electricity prices generally increase during the winter and summer peak months.



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) November 2011 prices include accruals for invoices not yet received.



**Electricity Costs**

The revised FY 2012 electricity budget of \$29.2 million represents approximately 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>Unit Price</b>			
	Standard Offer Service (S.O.S.)	Spot Market	Actual <sup>1</sup>
Oct-11	\$127.42	75.00	80.43
Nov-11	\$126.42	72.99	79.13
<b>YTD Average</b>	<b>\$126.92</b>	<b>\$74.00</b>	<b>\$79.78</b>

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

<b>Electricity Budget (\$000)</b>			
	<b>Amount</b>		<b>Variance</b>
	Budgeted	Actual	Budgeted vs Actual
Oct-11	\$1,943	\$1,565	\$378
Nov-11	\$1,933	\$1,695	\$238
<b>YTD Total</b>	<b>\$3,876</b>	<b>\$3,260</b>	<b>\$616</b>
Remainder	\$25,342		
<b>Total Budget</b>	<b>\$29,218</b>		

Overall, the FY 2012 electricity expenditure is tracking favorably to budget.

**RETAIL & WHOLESALE ACCOUNTS RECEIVABLE**

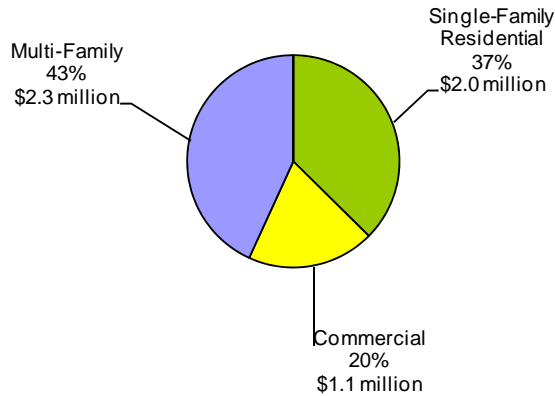
The following tables and chart show retail and wholesale accounts receivable over 90 days including a breakdown by customer class.

**Delinquent Accounts Receivable  
Greater Than 90 Days by Customer  
November 30, 2011**

	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

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

**Retail Accounts  
Greater Than 90 Days by Customer Class  
November 30, 2011**



**Delinquent Accounts Receivable  
Greater Than 90 Days by Customer  
November 30, 2011**

	Number of Accounts			Month of November (All Categories)				Total Delinquent			
				Active		Inactive		a/c Oct.		a/c Nov.	
	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	Amount (\$)	No. of a/c	Amount (\$)
Commercial	11,795	3,407	15,202	1,303	916,171.30	134	134,242.47	1,659	1,028,682.17	1,437	1,050,413.77
Multi-family	7,398	476	7,874	963	2,110,323.01	124	224,381.67	1,097	2,521,092.27	1,087	2,334,704.68
Single-Family Residential	103,981	3,032	107,013	8,484	1,287,526.38	1,621	735,641.14	10,075	1,994,661.63	10,105	2,023,167.52
<b>Total</b>	<b>123,174</b>	<b>6,915</b>	<b>130,089</b>	<b>10,750</b>	<b>4,314,020.69</b>	<b>1,879</b>	<b>1,094,265.28</b>	<b>12,831</b>	<b>5,544,436.07</b>	<b>12,629</b>	<b>5,408,285.97</b>

-Included in the above \$4.31m (or 10,750 accounts) of the DC Water Over 90 days delinquent accounts, \$478,934.48 (or 2,223 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.

**FY 2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND AUDIT RESULTS**

DC Water's fiscal year ended with operating income of \$89.0 million and strong cash and investment balance of \$182.7 million and established 2011 as a robust baseline year upon which the Authority positively launches forward with several major projects in January 2012.

Our fiscal year 2011 financial audit was completed on December 16, 2011. The Authority received its fifteenth unqualified audit opinion from DC Water's external auditors Thompson, Cobb, Bazilio & Associates, PC (TCBA) with no audit adjustments. The CAFR will be distributed to all Board members by January 31, 2012 and posted on the DC Water website. The external auditors will brief the Audit Committee at their meeting on December 22, 2011. The Report of Control Deficiencies in Internal Control issued by TCBA is currently under discussion with a meeting between management and TCBA to discuss and finalize in February 2012.

The Authority's A-133 audit related to DC Water's federal programs is scheduled for completion on February 3, 2012. We currently expect to receive an unqualified audit opinion from TCBA with no material or significant deficiencies cited.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to DC Water for its comprehensive annual financial report for the fiscal year ended September 30, 2010. DC Water has received this GFOA Award for every year of its existence. We plan to submit application for consideration of a similar award for the fiscal year 2011.

D.C. WATER AND SEWER AUTHORITY  
 FY 2012 CASH FLOW SUMMARY  
 through 11/30/11  
 (\$ in 000's)

	Annual Budget Cash Basis	YTD 16% Of Cash Budget	YTD Actual Cash Oct. 1, 2011 - Nov 30, 2011	Variance Favorable (Unfavorable)	
<b>OPERATING BUDGET</b>					
<b>Cash Provided</b>					
Retail	324,549	54,070	56,055	1,985	4%
Wholesale	74,361	12,388	18,044	5,656	46%
Other	20,750	3,457	7,874	4,417	128%
Transfer from Rate Stabilization Fund	6,500	1,083		(1,083)	-100%
<b>Total Cash Provided</b>	<b>426,161</b>	<b>70,998</b>	<b>81,973</b>	<b>10,975</b>	<b>15%</b>
<b>Operating Cash Used</b>					
Personnel Services	97,114	16,179	16,000	179	1%
Contractual Services	79,746	13,286	12,138	1,147	9%
Chemicals & Supplies	29,946	4,989	5,385	(396)	-8%
Utilities	37,447	6,239	3,713	2,526	40%
Water Purchases	31,517	5,251	5,033	218	4%
Small Equipment	995	166	713	(547)	-330%
<b>Total Operating Cash Used</b>	<b>276,765</b>	<b>46,109</b>	<b>42,981</b>	<b>3,128</b>	<b>7%</b>
<b>Other Cash Used</b>					
Debt Service	100,776	16,789	15,394	1,395	8%
Payment In Lieu of Taxes/Right of Way	22,365	3,726	4,379	(653)	-18%
<b>Total Other Cash Used</b>	<b>123,141</b>	<b>20,515</b>	<b>19,773</b>	<b>743</b>	<b>4%</b>
<b>Total Cash Used</b>	<b>399,906</b>	<b>66,624</b>	<b>62,754</b>	<b>3,870</b>	<b>6%</b>
<b>Net Cash Provided (Used) by Operating Act.</b>	<b>26,255</b>	<b>4,374</b>	<b>19,219</b>	<b>14,845</b>	
<b>CAPITAL BUDGET</b>					
<b>Cash Provided</b>					
Debt Proceeds	259,307	43,201	13,494	(29,706)	-69%
Capital Equipment Financing	8,184	1,363		(1,363)	-100%
EPA Grants	25,455	4,241	2,391	(1,850)	-44%
CSO Grants	31,332	5,220	5,599	379	7%
Interest Income	93	16		(15)	-98%
Wholesale Capital Contributions	175,242	29,195	42,298	13,103	45%
<b>Total Cash Provided</b>	<b>499,613</b>	<b>83,236</b>	<b>63,783</b>	<b>(19,452)</b>	<b>-23%</b>
<b>Cash Used</b>					
WASA Capital Program	521,292	86,847	72,944	13,903	16%
Washington Aqueduct Projects	10,449	1,741		1,741	100%
<b>Total Cash Used</b>	<b>531,741</b>	<b>88,588</b>	<b>72,944</b>	<b>15,644</b>	<b>18%</b>
<b>Net Cash/PAYGO Provided (Used) by Cap. Act.</b>	<b>(32,128)</b>	<b>(5,352)</b>	<b>(9,161)</b>	<b>(3,808)</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	4,374	19,219		
Interest Earned From Bond Reserve	(5,250)	(875)	0		
Transfer to Rate Stabilization Fund	256	43	26		
Prior Year Federal Billing Reconciliation	(12,250)	(2,041)	0		
Cash Used for Capital	(1,000)	(167)	(250)		
<b>Balance Attributable to O&amp;M Reserve</b>	<b>(32,546)</b>	<b>(5,422)</b>	<b>(9,161)</b>		
	<b>125,500</b>	<b>20,908</b>	<b>159,870</b>		
<b>OTHER CASH RESERVES</b>					
	<b>Current Balance</b>				
Rate Stabilization Fund	16,700				
CSO Long-Term Control Plan Appropriation	55,856				
DC PILOT Reserve Fund	10,001				

**Comparative Statement of Expenditures**

as of November 30, 2011

(\$000's)

	FY 2011			FY 2012			FY 2013
	Board Revised Budget	Projected 09/30/2011	Percent of Budget	Board Revised Budget	YTD as of 11/30/2011	Percent of Budget	Proposed Budget
Personnel Services	105,292	102,800	98%	111,114	17,122	15%	117,796
Contractual Services	79,114	71,214	90%	79,747	7,902	10%	82,350
Water Purchases	33,000	27,170	82%	31,517	4,465	14%	32,523
Chemicals and Supplies	29,234	26,524	91%	29,947	4,529	15%	31,360
Utilities	34,938	29,517	84%	37,446	4,757	13%	38,047
Small Equipment	1,095	702	64%	995	49	5%	993
<b>Subtotal O &amp; M Expenditures</b>	<b>282,674</b>	<b>257,928</b>	<b>91%</b>	<b>290,765</b>	<b>38,825</b>	<b>13%</b>	<b>303,069</b>
Debt Service	98,726	92,068	93%	102,613	15,394	15%	129,392
Payment in Lieu of Taxes	16,882	16,882	100%	16,882	2,814	17%	19,215
Right of Way	5,100	5,100	100%	5,100	850	17%	5,100
<b>Total O &amp; M Expenditures</b>	<b>403,382</b>	<b>371,978</b>	<b>92%</b>	<b>415,360</b>	<b>57,883</b>	<b>14%</b>	<b>456,775</b>
Personnel Services Charged to Capital Projects	(11,000)	(10,740)	98%	(14,000)	(2,157)	15%	(16,690)
<b>Total Net Operating Expenditures</b>	<b>392,382</b>	<b>361,239</b>	<b>92%</b>	<b>401,360</b>	<b>55,725</b>	<b>14%</b>	<b>440,085</b>

Note: Actuals include accruals

Percent of fiscal year complete: 17%

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

**FY 2012 Overtime  
Budget vs Actual  
Period Ended November 30, 2011**

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				
							Straight-Line Budget 10/01/11 - 12/03/11	Actual 10/01/11 - 12/03/11	Actual to Straight-Line Budget Variance	Percentage YTD Straight-Line Budget Expended	YTD Overtime as % of YTD Regular
Office of the Secretary	4,000	1,854	46%	2,146	4,000	4%	699	177	523	25%	1%
General Manager	15,000	671	4%	14,329	13,000	0%	2,273	0	2,273	0%	0%
General Counsel	2,000	2,731	137%	(731)	2,000	24%	350	483	(133)	138%	0%
External Affairs	2,000	2,703	135%	(703)	2,000	4%	350	88	261	25%	0%
Internal Audit	-	-	0%	-	-	0%	0	0	0	0%	0%
Information Technology	25,000	15,471	62%	9,529	24,006	16%	4,198	3,875	323	92%	1%
Procurement	30,000	24,545	82%	5,455	30,000	15%	5,246	4,587	659	87%	1%
Customer Service	250,000	188,688	75%	61,312	240,000	11%	41,967	27,228	14,739	65%	2%
Finance & Budget	30,000	28,140	94%	1,860	30,000	27%	5,246	8,171	(2,925)	156%	1%
Risk Management	1,000	94	9%	906	1,000	0%	175	0	175	0%	0%
Assistant General Manager	1,000	222	22%	778	1,000	18%	175	175	(0)	100%	0%
Human Capital Management	5,000	2,852	57%	2,148	5,000	0%	874	21	854	2%	0%
Occupational Safety & Health	2,000	154	8%	1,846	2,000	0%	350	0	350	0%	0%
Facilities & Security	150,000	203,883	136%	(53,883)	150,000	28%	26,230	41,762	(15,533)	159%	6%
Water / Sewer Pump Maintenance	200,000	110,681	55%	89,319	200,000	9%	34,973	17,202	17,771	49%	5%
Engineering & Technical Services	549,960	611,204	111%	(61,244)	548,481	22%	95,909	118,397	(22,488)	123%	6%
Water Services	1,080,000	1,111,758	103%	(31,758)	1,080,000	13%	188,852	142,364	46,488	75%	7%
Clean Rivers	10,000	3,745	37%	6,255	25,000	3%	4,372	762	3,610	17%	0%
Sewer Services	900,000	1,063,680	118%	(163,680)	900,000	19%	157,377	174,996	(17,619)	111%	10%
Wastewater Treatment	956,000	1,010,473	106%	(54,473)	956,000	19%	167,169	182,866	(15,697)	109%	13%
Maintenance Services	800,000	880,595	110%	(80,595)	800,000	16%	139,891	126,334	13,556	90%	8%
Permit Operations	1,000	1,503	150%	(503)	2,500	15%	437	363	74	83%	0%
Fleet Management	1,000	926	93%	74	1,000	7%	175	66	108	38%	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>17%</b>	<b>\$877,287</b>	<b>\$849,918</b>	<b>\$27,369</b>	<b>97%</b>	<b>6%</b>

**Notes:**

- (1) "Budget 10/01/11 - 12/03/11 " 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. 12/03/11" includes 3 days in December
- (4) YTD payroll does not include fringe benefits

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

**Capital Projects**  
 FY 2012 Disbursements Analysis  
 As of Nov. 30, 2011  
 (dollars in thousands)

Description	(Proposed) FY 2012 Revised Disbursements Budget		Actual Disbursements		% of FY 2012 Revised Disbursements Budget		Commitments
	Annual	YTD	NOV. -'11	<sup>1</sup> YTD	Annual	YTD	
<b>Wastewater Treatment</b>						<i>16% of Fiscal Year Completed</i>	
Liquid Processing Projects	\$23,263	\$4,337	\$1,321	\$2,108	9%	49%	48,796
Plantwide Projects	18,018	3,968	\$1,737	3,361	19%	85%	27,393
Solids Processing Projects	119,295	14,950	\$4,064	20,248	17%	135%	242,919
Enhanced Nitrogen Removal Facilities (formerly Total Nitrogen Program)	<u>115,269</u>	<u>15,015</u>	<u>\$8,408</u>	<u>16,765</u>	15%	112%	<u>314,156</u>
<b>Total Wastewater Treatment</b>	<b>275,845</b>	<b>38,270</b>	<b>15,530</b>	<b>42,482</b>	<b>15%</b>	<b>111%</b>	<b>633,264</b>
<b>Sanitary Sewer</b>							
Sanitary Collection Sewers	2,140	594	\$13	155	7%	26%	2,403
Sanitary On-Going Projects	16,081	1,796	\$251	1,187	7%	66%	14,053
Sanitary Pumping Facilities	659	178	\$53	109	17%	61%	710
Sanitary Sewer Program Management	6,880	1,714	\$297	938	14%	55%	20,987
Sanitary Interceptor/Trunk Force Sewers	<u>14,162</u>	<u>2,708</u>	<u>\$830</u>	<u>1,653</u>	12%	61%	<u>18,894</u>
<b>Total Sanitary Sewer</b>	<b>39,922</b>	<b>6,990</b>	<b>1,445</b>	<b>4,043</b>	<b>10%</b>	<b>58%</b>	<b>57,047</b>
<b>Combined Sewer Overflow</b>							
CSO Program Management	1,590	690	\$0	664	42%	96%	13,265
Combined Sewer Projects	14,504	7,604	\$1,803	3,092	21%	41%	14,468
D.C. Clean Rivers Project (aka Long-Term Control Plan)	<u>115,922</u>	<u>19,732</u>	<u>\$4,523</u>	<u>8,857</u>	8%	45%	<u>280,293</u>
<b>Total Combined Sewer Overflow</b>	<b>132,016</b>	<b>28,026</b>	<b>6,326</b>	<b>12,613</b>	<b>10%</b>	<b>45%</b>	<b>308,026</b>
<b>Stormwater</b>							
Stormwater Local Drainage	17	4	\$0	0	0%	0%	239
Stormwater On-Going Program	731	33	\$308	308	42%	932%	734
Stormwater Pumping Facilities	-	-	\$0	0			0
DDOT Stormwater Program	2	-	\$0	0	0%		0
Stormwater Research and Program Management	499	285	\$0	181	36%	64%	1,430
Stormwater Trunk/Force Sewers	<u>1,527</u>	<u>108</u>	<u>\$34</u>	<u>82</u>	5%	76%	<u>2,396</u>
<b>Total Stormwater</b>	<b>2,775</b>	<b>431</b>	<b>342</b>	<b>571</b>	<b>21%</b>	<b>132%</b>	<b>4,800</b>
<b>Water</b>							
Water Distribution Systems	23,024	4,504	\$890	3,101	13%	69%	38,475
Water On-Going Projects	8,239	1,312	\$734	1,345	16%	103%	5,771
Water Pumping Facilities	5,327	739	\$67	128	2%	17%	6,264
DDOT Water Projects	4,002	1,000	\$834	1,855	46%	185%	7,209
Water Storage Facilities	2,083	569	\$486	592	28%	104%	1,430
Water Projects Program Management	4,109	774	\$926	926	23%	120%	13,597
Water Lead Program	4,801	2,050	\$108	232	5%	11%	6,573
AMR Installation / Replacement	<u>2,876</u>	<u>479</u>	<u>\$0</u>	<u>30</u>	1%	6%	<u>1,856</u>
<b>Total Water</b>	<b>54,461</b>	<b>11,428</b>	<b>4,047</b>	<b>8,211</b>	<b>15%</b>	<b>72%</b>	<b>81,175</b>
<b>Washington Aqueduct</b>	<b>11,373</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>0%</b>		
<b>Capital Equipment</b>	<b>15,349</b>	<b>2,558</b>	<b>\$1,784</b>	<b>5,025</b>	<b>33%</b>	<b>196%</b>	<b>5,039</b>
<b>Total Capital Projects</b>	<b>\$531,742</b>	<b>\$87,704</b>	<b>\$29,473</b>	<b>\$72,944</b>	<b>14%</b>	<b>83%</b>	<b>1,089,350</b>

Notes:

<sup>1</sup> Includes actual OCIP related disbursements of \$67,149.70



**DC Water**  
*Investment Performance Report – November 2011*



dc water is life



Investment Performance Report - November 2011

DC Water  
Finance Division  
Economic Update

**ECONOMIC COMMENTARY**

- “Operation Twist” and the flight-to-quality from the European debt crisis has resulted in long-term rates remaining near record lows.
- Despite high levels of inventory and low mortgage rates, new home sales remain stagnant.
- GDP growth forecast for the 3<sup>rd</sup> quarter of 2011 was revised lower to 2.0%.
- The November employment report showed job creation of 120,000 new jobs. The unemployment rate was surprisingly lower at 8.6%. This decline is more attributable to individuals leaving the workforce by no longer actively looking for employment.

**PORTFOLIO RECAP**

- The portfolio is diversified among Bank Deposits, Commercial Paper, Federal Agencies and SEC registered money market funds.
- The overall yield-to-cost of the portfolio is 0.57%.
- The portfolio is in compliance with the Authority’s Investment Policy.

**2010A Construction Fund**

- In November, the Authority reinvested \$20 million into 3 month commercial paper at an average yield of 0.16%.

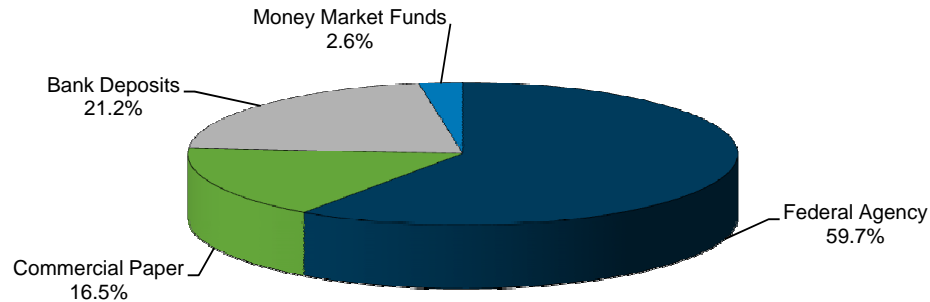
**Operating Reserve Fund**

- The Authority purchased \$19.75 million of 3 month commercial paper at an average yield of 0.14%.
- The Authority also purchased \$20 million in 3 year callable Federal Agency securities with an average yield of 0.85%.



Investment Performance Report - November 2011

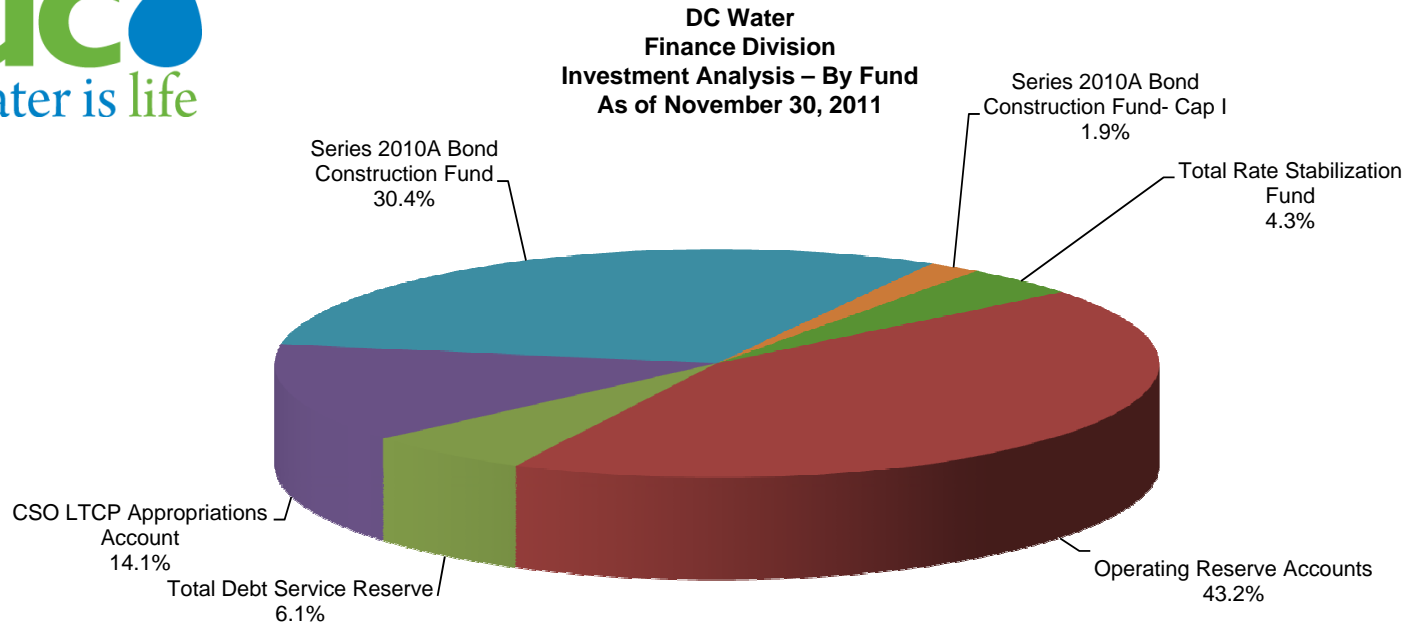
DC Water  
Finance Division  
Investments - By Security Type  
As of November 30, 2011



Security Type	Book Value + Accrued Interest	Asset Allocation	Permitted By Policy
Bank Deposits	\$ 83,246,178	21.2%	100.0%
Money Market Funds	10,064,881	2.6%	100.0%
Bankers Acceptances	-	0.0%	40.0%
Commercial Paper	64,723,910	16.5%	35.0%
U.S. Treasuries	-	0.0%	100.0%
Federal Agency	234,557,929	59.7%	80.0%
Negotiable CDs	-	0.0%	30.0%
Municipal Obligations	-	0.0%	20.0%
<b>Total</b>	<b>\$ 392,592,899</b>	<b>100.0%</b>	



Investment Performance Report - November 2011



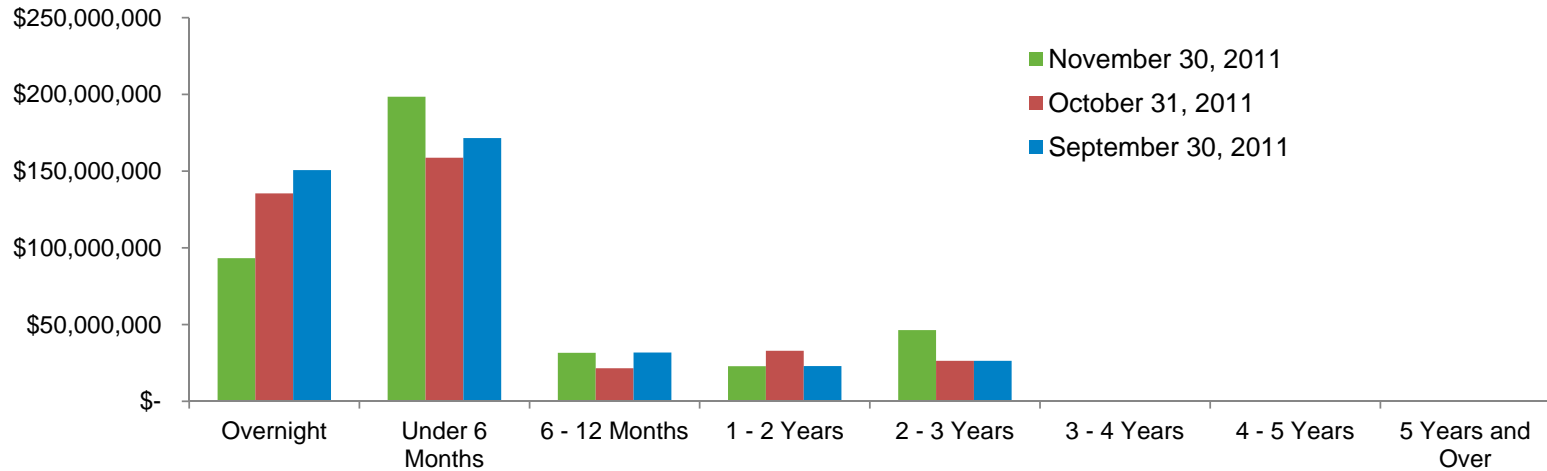
Fund Name	Book Value + Accrued Interest	Yield-to- Maturity at Cost	Effective Duration (years)	Weighted Average Maturity (days)
Total Rate Stabilization Fund	\$ 16,702,811	0.56%	0.15	54.9
Operating Reserve Accounts	169,696,744	0.76%	0.75	330.7
Total Debt Service Reserve	23,876,482	0.62%	0.90	336.4
Series 2010A Bond Construction Fund	119,225,355	0.29%	0.14	51.5
Series 2010A Bond Construction Fund- Cap I	7,564,000	0.67%	1.21	447.4
Total CSO LTCP Appropriations Account	55,527,506	0.60%	0.22	81.5
<b>Total</b>	<b>\$ 392,592,899</b>	<b>0.57%</b>	<b>0.48</b>	<b>201.5</b>



Investment Performance Report - November 2011

DC Water  
Finance Division  
Investment Analysis – By Maturity

Maturity Distribution	November 30, 2011	October 31, 2011	September 30, 2011
Overnight \$	93,311,059.10 \$	135,448,576.09 \$	150,655,982.27
Under 6 Months	198,492,179.32	158,708,940.77	171,586,547.45
6 - 12 Months	31,563,362.89	21,564,135.42	31,761,083.39
1 - 2 Years	22,878,057.86	32,911,736.06	22,909,209.60
2 - 3 Years	46,348,239.68	26,332,064.48	26,404,294.39
3 - 4 Years	-	-	-
4 - 5 Years	-	-	-
5 Years and Over	-	-	-
<b>Totals \$</b>	<b>392,592,898.85 \$</b>	<b>374,965,452.82 \$</b>	<b>403,317,117.10</b>





Investment Performance Report - November 2011

**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		\$ 73,212,527.92	18.6%	100.0%	Yes
Premier Bank		5,017,872.96	1.3%	100.0%	Yes
Capital One Bank		5,015,777.11	1.3%	100.0%	Yes
<b>Sub-Total Money Market Mutual Funds</b>		<b>83,246,177.99</b>	<b>21.2%</b>	100.0%	Yes
<b>Money Market Mutual Funds</b>					
American Beacon MMF	AAA	1,481,923.00	0.4%	50.0%	Yes
Williams Capital Money Market Fund	AAA	2,500,028.18	0.6%	50.0%	Yes
Merrill Lynch MMF	AAA	3,499,978.33	0.9%	50.0%	Yes
Wells Fargo Advantage Treasury Plus	AAA	1,206,013.66	0.3%	50.0%	Yes
Wells Fargo Government MMF	AAA	1,376,937.94	0.4%	50.0%	Yes
<b>Sub-Total Money Market Mutual Funds</b>		<b>10,064,881.11</b>	<b>2.6%</b>	100.0%	Yes
<b>Commercial Paper</b>					
American Honda Finance Comm Paper	A-1 / P-1	9,996,080.60	2.5%	5.0%	Yes
General Elec Cap Corp Comm Paper	A-1+ / P-1	9,994,250.00	2.5%	5.0%	Yes
Inova Health Systems Comm Paper	A-1+ / P-1	4,748,195.00	1.2%	5.0%	Yes
Northwest University Comm Paper	A-1+ / P-1	9,997,673.65	2.5%	5.0%	Yes
Private Export Fund Comm Paper	A-1 / P-1	9,997,122.20	2.5%	5.0%	Yes
Sumitomo Corp Of America Comm Paper	A-1 / P-1	9,994,088.90	2.5%	5.0%	Yes
Toyota Motor Credit Corp Comm Paper	A-1+ / P-1	9,996,500.00	2.5%	5.0%	Yes
<b>Sub-Total Commercial Paper</b>		<b>64,723,910.35</b>	<b>16.5%</b>	35.0%	Yes
<b>Federal Agencies</b>					
Fannie Mae	AA+ / Aaa	40,570,719.70	10.3%	40.0%	Yes
Freddie Mac	AA+ / Aaa	74,111,379.89	18.9%	40.0%	Yes
Federal Home Loan Bank	AA+ / Aaa	119,875,829.81	30.5%	40.0%	Yes
Federal Farm Credit Bank	AA+ / Aaa	-	0.0%	40.0%	Yes
<b>Sub-Total Federal Agencies</b>		<b>234,557,929.40</b>	<b>59.7%</b>	80.0%	Yes
<b>Total</b>		<b>\$ 392,592,898.85</b>	<b>100.0%</b>		



Investment Performance Report - November 2011

DC Water  
Finance Division  
Book Value Performance  
As of November 30, 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	0.05%	0.56%	0.17%	0.69%	0.32%	0.64%	0.41%	54.9	0.15 years
Operating Reserve Accounts	0.05%	0.59%	0.14%	0.57%	0.29%	0.58%	0.50%	330.7	0.91 years
Total Debt Service Reserve	0.05%	0.63%	0.15%	0.62%	0.31%	0.62%	0.63%	336.4	0.92 years
Total CSO LTCP Appropriations Account	0.05%	0.61%	0.13%	0.51%	0.22%	0.44%	0.38%	81.5	0.22 years
2010A Construction Fund	0.02%	0.28%	0.06%	0.25%	0.13%	0.25%	0.23%	51.5	0.14 years
2010A Capitalized Interest Fund	0.05%	0.65%	0.16%	0.64%	0.30%	0.60%	0.40%	447.4	1.23 years
<b>Short-Term</b>	<b>0.04%</b>	<b>0.50%</b>	<b>0.13%</b>	<b>0.54%</b>	<b>0.23%</b>	<b>0.47%</b>	<b>0.34%</b>		
Merrill Lynch 3-Month Treasury Index (Book Value) <sup>1</sup>	0.00%	0.01%	0.00%	0.02%	0.02%	0.04%	0.08%	90.0	0.25 years
<b>Core (1+ Years)</b>	<b>0.07%</b>	<b>0.91%</b>	<b>0.23%</b>	<b>0.91%</b>	<b>0.45%</b>	<b>0.91%</b>	<b>0.84%</b>		
Merrill Lynch 1-3 Year Treasury Index (Book Value) <sup>2</sup>	0.02%	0.27%	0.06%	0.26%	0.17%	0.34%	0.46%	-	1.79 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



Investment Performance Report - November 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	\$ 6,708,561		12/1/2011		1.05%	\$ 6,708,561	\$ 6,708,561	\$ 6,708,561	
GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	2/29/2012	10/18/2011	0.23%	9,991,439	9,995,630	9,994,250	\$ 16,702,811.11
<b>Operating Reserve Accounts</b>									
TD BANK BANK DEPOSIT	\$ 52,720,909		12/1/2011		1.05%	\$ 52,720,909	\$ 52,720,909	\$ 52,720,909	
CAPITAL ONE BANK	5,015,777		12/1/2011		0.50%	5,015,777	5,015,777	5,015,777	
WILLIAMS CAPITAL MONEY MARKET FUND	2,500,028		12/1/2011		0.01%	2,500,028	2,500,028	2,500,028	
FHLB NOTES	10,000,000	0.625	1/13/2012	12/16/2010	0.37%	10,053,892	10,028,908	10,026,928	
FHLMC DISC NOTE	10,000,000	-	1/20/2012	1/26/2011	0.30%	9,970,582	9,999,475	9,995,903	
INOVA HEALTH SYSTEMS COMM PAPER	4,750,000	-	2/15/2012	11/17/2011	0.18%	4,747,863	4,747,863	4,748,195	
NORTHWEST UNIVERSITY COMM PAPER	5,000,000	-	2/16/2012	11/21/2011	0.15%	4,998,188	4,998,188	4,998,396	
PRIVATE EXPORT FUND COMM PAPER	5,000,000	-	2/21/2012	11/22/2011	0.11%	4,998,610	4,995,690	4,998,747	
PRIVATE EXPORT FUND COMM PAPER	5,000,000	-	2/29/2012	11/17/2011	0.13%	4,998,122	4,994,920	4,998,375	
FHLMC NOTES	10,000,000	1.000	8/28/2012	7/27/2010	0.73%	10,068,578	10,084,393	10,045,761	
FHLB NOTES	10,000,000	0.750	8/28/2013	5/18/2011	0.72%	10,008,025	10,063,135	10,008,958	
FREDDIE MAC (CALLABLE) GLOBAL NOTES	10,000,000	0.500	10/18/2013	10/18/2011	0.56%	9,987,200	9,992,022	9,993,933	
FHLB TAP BONDS	10,000,000	3.125	12/13/2013	5/19/2011	0.99%	10,675,134	10,643,103	10,574,544	
FHLB NOTES (CALLABLE)	9,000,000	2.000	4/25/2014	4/27/2011	1.49%	9,134,740	9,079,677	9,071,862	
FHLMC NOTES (CALLABLE)	10,000,000	0.875	11/14/2014	11/18/2011	0.87%	10,000,972	10,001,912	10,004,132	
FNMA NOTES (CALLABLE)	10,000,000	0.800	11/21/2014	11/21/2011	0.83%	9,992,000	9,990,132	9,994,296	\$ 169,696,744.11
<b>Total Debt Service Reserve</b>									
WELLS FARGO GOVERNMENT MMF	\$ 383,142		12/1/2011		0.01%	\$ 383,142	\$ 383,142	\$ 383,142	
MERRILL LYNCH MMF	3,499,978		12/1/2011		0.06%	3,499,978	3,499,978	3,499,978	
FHLB TAP BONDS	4,600,000	5.000	3/9/2012	6/22/2010	0.76%	4,997,236	4,713,458	4,705,282	
FHLMC NOTES	10,000,000	0.515	11/26/2012	11/22/2010	0.64%	9,981,294	10,028,875	9,988,417	
FHLB TAP BONDS	5,000,000	3.125	12/13/2013	5/25/2011	0.87%	5,354,034	5,321,552	5,299,663	\$ 23,876,482.29



Investment Performance Report - November 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	\$ 756,474		12/1/2011		0.01%	\$ 756,474	\$ 756,474	\$ 756,474	
WELLS FARGO GOVERNMENT MMF	989,691		12/1/2011		0.01%	989,691	989,691	989,691	
FHLB NOTES	37,000,000	0.320	12/9/2011	1/26/2011	0.28%	37,027,008	37,058,197	37,056,865	
FNMA GLOBAL NOTES	27,500,000	2.000	1/9/2012	1/26/2011	0.30%	27,969,272	27,772,357	27,766,092	
SUMITOMO CORP OF AMERICA COMM PAPER	10,000,000	-	1/26/2012	10/18/2011	0.38%	9,989,444	9,994,080	9,994,089	
AMERICAN HONDA FINANCE COMM PAPER	10,000,000	-	2/22/2012	11/17/2011	0.17%	9,995,419	9,988,850	9,996,081	
TOYOTA MOTOR CREDIT CORP COMM PAPER	10,000,000	-	2/29/2012	11/21/2011	0.14%	9,996,111	9,994,360	9,996,500	
FHLMC NOTES	22,500,000	1.720	3/14/2012	1/26/2011	0.37%	22,985,250	22,687,648	22,669,564	
									\$ 119,225,355.32
<b>Series 2010A Bond Construction Fund- Cap I</b>									
WELLS FARGO ADVANTAGE TREASURY PLUS	\$ 237,322		12/1/2011		0.01%	\$ 237,322	\$ 237,322	\$ 237,322	
WELLS FARGO GOVERNMENT MMF	216,322		12/1/2011		0.01%	216,322	216,322	216,322	
FHLMC GLOBAL NOTES	1,400,000	2.125	3/23/2012	3/16/2011	0.27%	1,440,656	1,414,390	1,413,670	
FHLB GLOBAL BONDS	1,400,000	1.625	9/26/2012	3/16/2011	0.43%	1,436,191	1,419,855	1,417,776	
FHLB TAP BONDS	1,400,000	3.875	3/8/2013	3/16/2011	0.70%	1,488,359	1,475,529	1,468,577	
FNMA NOTES	1,400,000	1.125	9/30/2013	3/16/2011	0.97%	1,412,681	1,421,241	1,406,589	
FNMA NOTES (EX-CALLABLE)	1,400,000	1.250	3/14/2014	3/16/2011	1.19%	1,402,617	1,427,437	1,403,743	
									\$ 7,563,999.90
<b>Total CSO LTCP Appropriations Account</b>									
TD BANK BANK DEPOSIT	\$ 13,783,058		12/1/2011		1.05%	\$ 13,783,058	\$ 13,783,058	\$ 13,783,058	
PREMIER BANK DEPOSIT	5,017,873		12/1/2011		0.24%	5,017,873	5,017,873	5,017,873	
AMERICAN BEACON MMF	1,481,923		12/1/2011		0.03%	1,481,923	1,481,923	1,481,923	
NORTHWEST UNIVERSITY COMM PAPER	5,000,000	-	1/10/2012	10/18/2011	0.13%	4,998,483	4,999,250	4,999,278	
FHLB TAP BONDS	10,000,000	1.125	3/9/2012	6/21/2010	0.84%	10,080,075	10,052,965	10,033,312	
FHLB GLOBAL BONDS	10,000,000	2.250	4/13/2012	3/7/2011	0.32%	10,301,743	10,108,050	10,100,654	
FHLB TAP BONDS	10,000,000	1.375	6/8/2012	11/22/2010	0.50%	10,197,461	10,127,376	10,111,409	
									\$ 55,527,506.12
						\$ 393,989,738.72	\$ 392,931,577.66	\$ 392,592,898.85	\$ 392,592,898.85





Investment Performance Report - November 2011

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	25153KV F1	DEUTSCHE BANK FINL LLC COMM PAPER	5,000,000	-	08/15/11	07/14/11	0.081	\$ 4,999,644.44
DC WASA 2010A CONSTRUCTION FUND	313384KX6	FHLMC DISC NOTE	10,000,000	-	08/26/11	06/14/11	0.061	\$ 9,998,783.33
DC WASA 2010A CONSTRUCTION FUND	86561AA S6	SUMITOMO CORP OF AMERICA COMM PAPER	10,000,000	-	01/26/12	10/18/11	0.386	\$ 9,989,444.44
<b>DC WASA 2010A CONSTRUCTION FUND</b>	<b>02665JBN9</b>	<b>AMERICAN HONDA FINANCE COMM PAPER</b>	<b>10,000,000</b>	<b>-</b>	<b>02/22/12</b>	<b>11/17/11</b>	<b>0.172</b>	<b>\$ 9,995,419.44</b>
<b>DC WASA 2010A CONSTRUCTION FUND</b>	<b>89233GBV7</b>	<b>TOYOTA MOTOR CREDIT CORP COMM PAPER</b>	<b>10,000,000</b>	<b>-</b>	<b>02/29/12</b>	<b>11/21/11</b>	<b>0.142</b>	<b>\$ 9,996,111.11</b>
DC WASA OPERATING RESERVE ACCOUNTS	86561BW76	SUMITOMO CORP OF AMERICA COMM PAPER	5,000,000	-	09/07/11	06/14/11	0.213	\$ 4,997,520.83
DC WASA OPERATING RESERVE ACCOUNTS	0027A1WL9	ABBEEY NATL N AMERICA LLC COMM PAPER	5,000,000	-	09/20/11	06/14/11	0.376	\$ 4,994,963.89
DC WASA OPERATING RESERVE ACCOUNTS	6323A1XB7	NATIXIS COMM PAPER	5,000,000	-	10/11/11	07/06/11	0.284	\$ 4,996,227.78
DC WASA OPERATING RESERVE ACCOUNTS	6323A1XC5	NATIXIS US FIN COMM PAPER	5,000,000	-	10/12/11	06/14/11	0.289	\$ 4,995,250.00
<b>DC WASA OPERATING RESERVE ACCOUNTS</b>	<b>45778NBF0</b>	<b>INOVA HEALTH SYSTEMS COMM PAPER</b>	<b>4,750,000</b>	<b>-</b>	<b>02/15/12</b>	<b>11/17/11</b>	<b>0.183</b>	<b>\$ 4,747,862.50</b>
<b>DC WASA OPERATING RESERVE ACCOUNTS</b>	<b>66844CBG8</b>	<b>NORTHWEST UNIVERSITY COMM PAPER</b>	<b>5,000,000</b>	<b>-</b>	<b>02/16/12</b>	<b>11/21/11</b>	<b>0.152</b>	<b>\$ 4,998,187.50</b>
<b>DC WASA OPERATING RESERVE ACCOUNTS</b>	<b>7426M2BM2</b>	<b>PRIVATE EXPORT FUND COMM PAPER</b>	<b>5,000,000</b>	<b>-</b>	<b>02/21/12</b>	<b>11/22/11</b>	<b>0.112</b>	<b>\$ 4,998,609.72</b>
<b>DC WASA OPERATING RESERVE ACCOUNTS</b>	<b>7426M4BV8</b>	<b>PRIVATE EXPORT FUND COMM PAPER</b>	<b>5,000,000</b>	<b>-</b>	<b>02/29/12</b>	<b>11/17/11</b>	<b>0.132</b>	<b>\$ 4,998,122.22</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
<b>DC WASA OPERATING RESERVE ACCOUNTS</b>	<b>3134G24Y5</b>	<b>FHLMC NOTES (CALLABLE)</b>	<b>10,000,000</b>	<b>0.875</b>	<b>11/14/14</b>	<b>11/18/11</b>	<b>0.875</b>	<b>\$ 10,000,972.22</b>
<b>DC WASA OPERATING RESERVE ACCOUNTS</b>	<b>3135G0FT5</b>	<b>FNMA NOTES (CALLABLE)</b>	<b>10,000,000</b>	<b>0.800</b>	<b>11/21/14</b>	<b>11/21/11</b>	<b>0.827</b>	<b>\$ 9,992,000.00</b>
DC WASA TOTAL CSO LTCP APPROPRIATIONS	86561BX75	SUMITOMO CORP OF AMERICA COMM PAPER	5,000,000	-	10/07/11	07/07/11	0.193	\$ 4,997,572.22
DC WASA TOTAL CSO LTCP APPROPRIATIONS	3024A7XH8	FCAR OWNER TRUST COMM PAPER	5,000,000	-	10/17/11	07/06/11	0.193	\$ 4,997,281.94
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 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

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

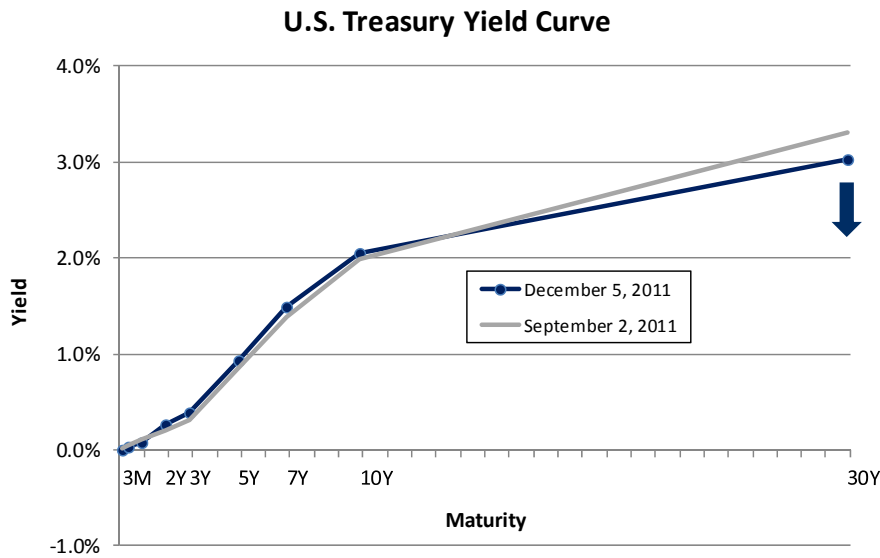


# Appendix: Economic Update



## The Fed's "Operation Twist" Targets Lower Long-Term Rates

- The Fed plans to purchase \$400 billion of bonds with maturities longer than 6 years and sell an equal amount of bonds with maturities less than 3 years.



	<u>9/2/11</u>	<u>12/5/11</u>	<u>Change</u>
3 month	0.02%	-0.01%	-0.02%
6 month	0.05%	0.03%	-0.02%
1 year	0.10%	0.08%	-0.02%
2 year	0.20%	0.26%	0.06%
3 year	0.31%	0.39%	0.08%
5 year	0.86%	0.94%	0.08%
10 year	1.99%	2.04%	0.06%
30 year	3.30%	3.03%	-0.27%

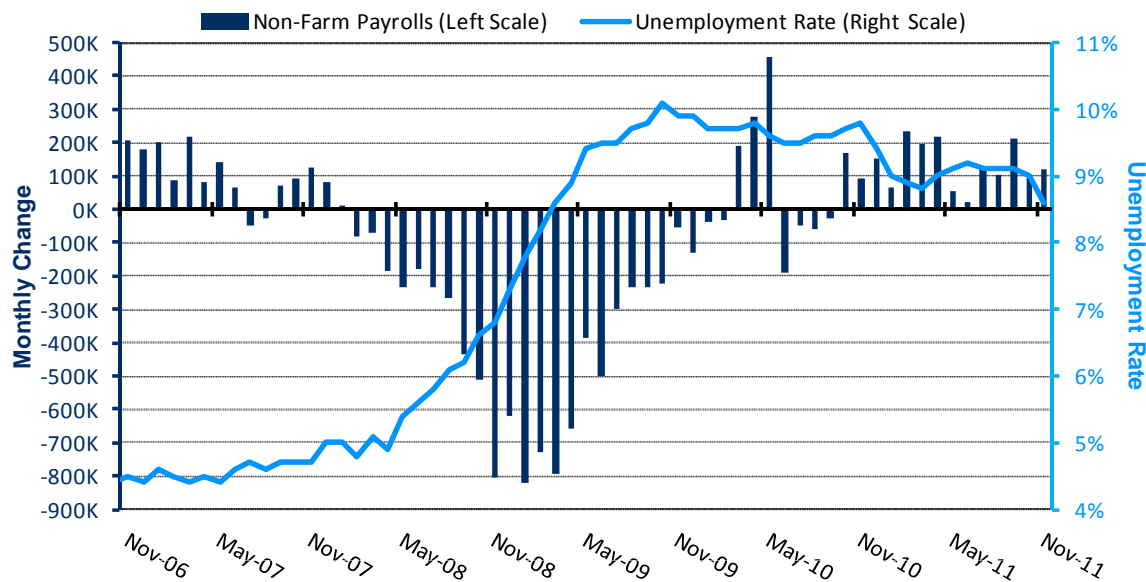
Source: Bloomberg



## Job Creation Continues Its Steady Pace

- Non-farm payrolls increased by 120,000 jobs in November, close to the 2011 monthly average of 133,000.
- The unemployment rate fell to 8.6% as more than 300,000 people dropped out of the labor force.

### Non-Farm Payrolls vs. Unemployment Rate

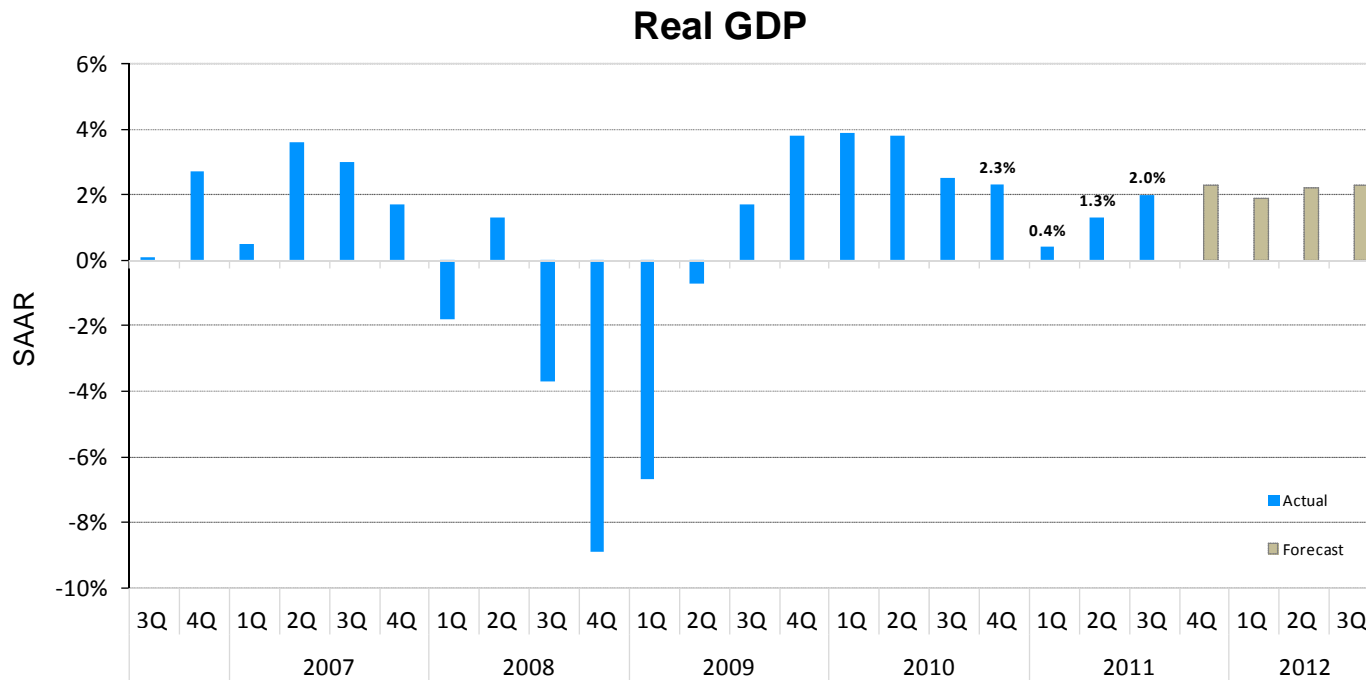


Source: Bloomberg



## GDP Growth Recovers in Q3

- Third quarter GDP was revised lower mainly due to an adjustment in inventory.
- Economists have been raising their 4<sup>th</sup> quarter GDP.

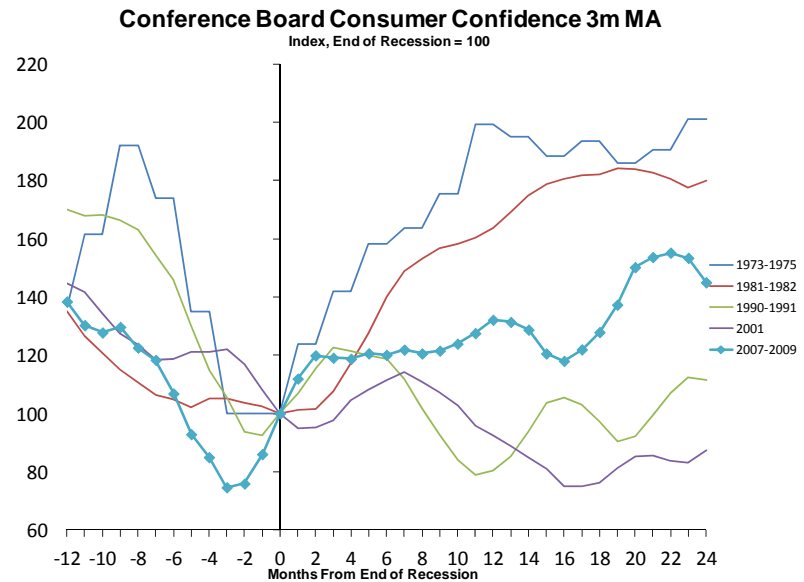
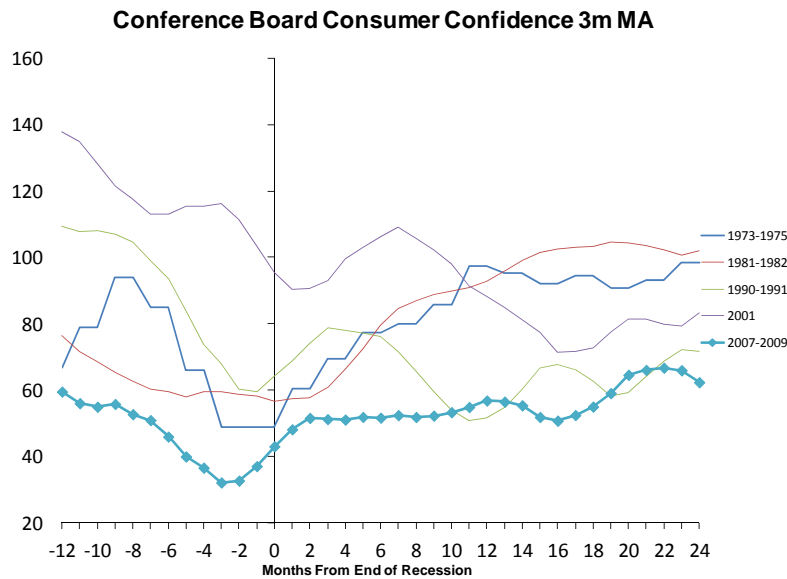


Source: Bloomberg



## Consumer Confidence Trending Downward

- Over the last 3 business cycles, consumer confidence has been trending downward.
- Indexing consumer confidence to the end of the recession paints a more positive picture of the current recovery.

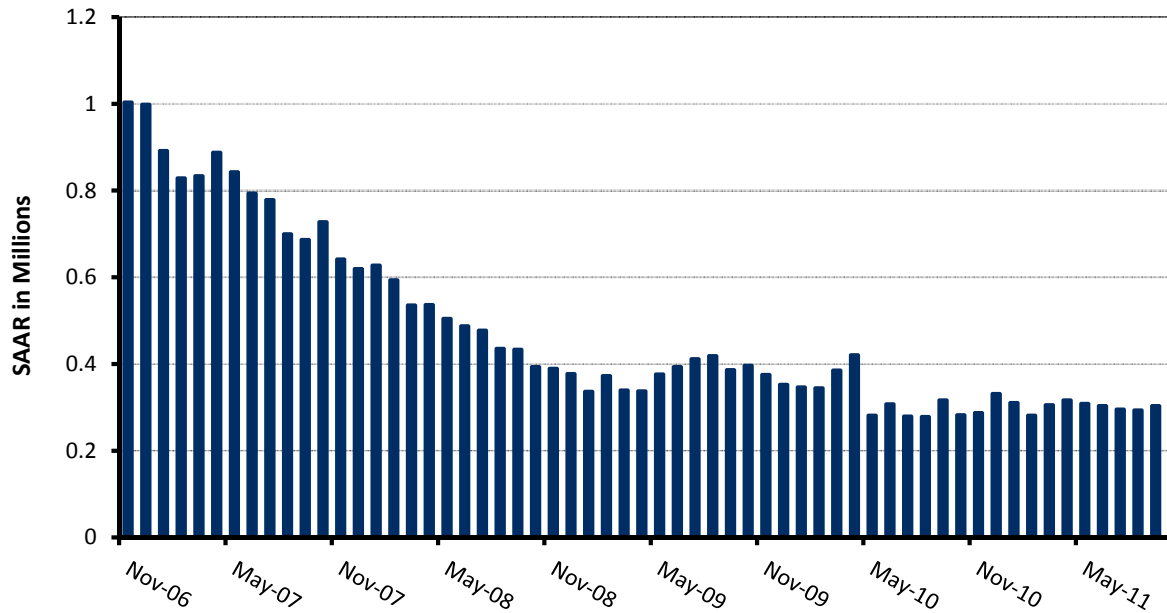




## New Home Sales Remain Low

- Increased foreclosure rates, tight credit conditions and stagnating household income continue to depresses new home sales.

US New Single Family Home Sales

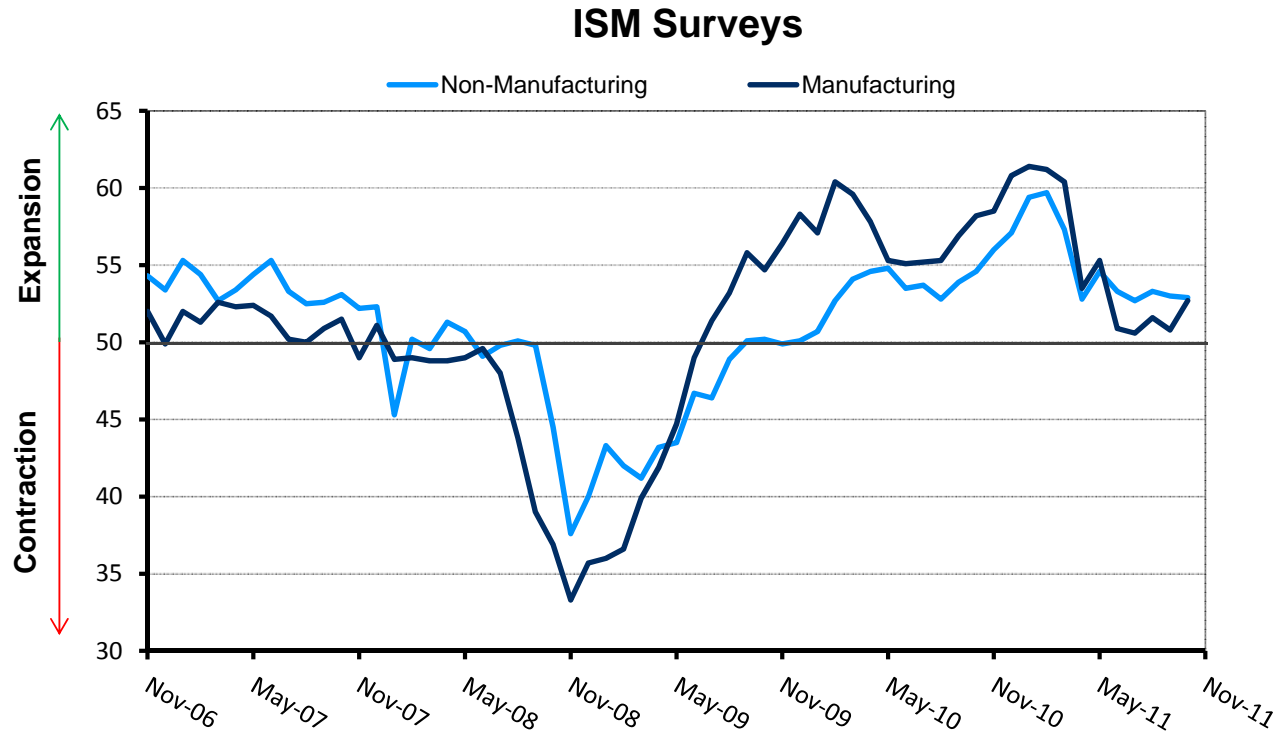


Source: Bloomberg



## ISM Purchasing Manager Surveys Show Slow Growth

- Both ISM surveys reported expansion in October.
- The New Export Order subcomponent of this index has been below its 6-month average every month since July. The concerns in Europe may be impacting U.S. exports.



Source: Bloomberg





DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY | 5000 OVERLOOK AVENUE, SW | WASHINGTON, DC 20032

December 9, 2011

William Walker, Chairman and  
 Members of the Board of Directors  
 District of Columbia Water and Sewer Authority  
 5000 Overlook Ave., S.W.  
 Washington, D.C. 20032

Dear Chairman Walker and Members of the Board of Directors:

This letter is in response to questions/requests raised by Board members during the November 23, 2011 Finance and Budget Committee meeting, pertaining to the General Manager's FY 2013 budget proposals.

**Tracking No. FB-2013-001 – Mr. Firestine**

**Request:** Provide financial impact of the additional electricity block purchases on the cost assumptions for FY 2012 electricity projections and FY 2013 proposal, if any.

**Response:**

Components	Unit Prices (\$/mWh)				Amount (\$000s)					
	FY 2012 Budget	FY 2012 Projection	FY 2012 Variance	FY 2013 Budget	FY 2012 Budget	Locked @69%	Unlocked @31%	FY 2012 Projection	FY 2012 Variance	FY 2013 Budget
Western Hub <sup>1</sup>	\$56.54	\$47.98	\$8.56	\$57.11	\$15,451	\$8,376	\$4,790	\$13,166	\$2,285	\$15,272
Congestion	7.98	7.98	-	8.22	2,181		2,181	2,181	-	2,198
Subtotal	64.52	55.96	8.56	65.33	17,632	8,376	6,971	15,347	2,285	17,471
Other Charges	21.30	21.30	-	21.94	5,821		5,821	5,821	-	5,867
Total Generation	85.82	77.26	8.56	87.27	23,453	8,376	12,792	21,168	2,285	23,338
Transmission & Distribution	20.18	20.18	-	21.19	5,765		5,765	5,765	-	5,667
<b>Average All-In-Cost</b>	<b>\$106.00</b>	<b>\$97.44</b>	<b>\$8.56</b>	<b>\$108.46</b>	<b>\$29,218</b>	<b>\$8,376</b>	<b>\$18,556</b>	<b>\$26,932</b>	<b>\$2,285</b>	<b>\$29,005</b>

<sup>1</sup> Per the adopted block purchasing strategy, electricity loads are locked at the Western Hub price.

As depicted in the table above, we have locked approximately 69 percent, or 21MW, of the estimated FY 2012 electricity load as of November 16 2011. This locked load, at an average Western Hub unit price of \$44.42 per mWh is lower than the \$56.54 per mWh assumed in the FY 2012 revised budget. With 31 percent of our electric load unlocked, we are now projecting an average Western Hub unit price of \$47.98 per mWh for FY 2012. If this projection holds true, we estimate an annual savings of \$2.3M. However, please note that our projections are contingent upon the following factors:

- a) Western Hub market unit prices remain within budgeted levels for unlocked load
- b) No changes in the consumption assumptions
- c) Minimal market volatility for congestion, other generation, transmission and distribution unit prices

Staff will continue to monitor the electricity market with intent to lock up to 100 percent in line with Board's directive for FY 2012 and provide monthly updates to the Committee.

Currently, the FY 2013 budget proposal is fully exposed to market fluctuations. Conservatively, the budgeted electricity costs are based on the last three-year average market unit prices adjusted for inflation. During FY 2012, staff anticipates locking additional loads for FY 2013 and will have the opportunity to review the FY 2013 electricity proposal based on updated numbers.

**Tracking No. FB-2013-002 – Mr. Firestine**

**Request:** Explain the \$30.5M increase in operating revenues between the FY 2012 approved budget of \$395.9M and the revised budget of \$426.4M.

**Response:**

- a) The October 2011 Financial Report inadvertently listed the FY 2011 revenue budget of \$395.9M instead of the FY 2012 approved revenues of \$412.2M (per the Board-approved FY 2010 - 2019 Financial Plan).
- b) The variance between the FY 2012 approved revenues of \$412.2M and the FY 2012 revised revenues of \$426.4M is \$14.2M and is in accordance with the proposed FY 2011 – 2020 Financial Plan.

	<b>FY 2012 Approved</b>	<b>FY 2012 Revised</b>	<b>Increase (Decrease)</b>
Retail Revenue	\$298,080	\$302,041	\$3,961
Wholesale Revenue			
PI	2,157	2,183	26
LCSA	5,273	5,388	115
WSSC	51,168	53,309	2,141
Fairfax County	12,841	13,481	640
Total Wholesale Revenue	71,439	74,361	2,922
Other Revenue	42,703	43,515	812
Rate Stabilization Fund	-	6,500	6,500
<b>Total Operating Revenue</b>	<b>\$412,222</b>	<b>\$426,417</b>	<b>\$14,195</b>

As shown in the table above, the FY 2013 increase in revenues is primarily due to:

- 1) Retail revenue increase assumption of approximately \$4M mainly attributable to revised consumption expectations (based on the FY 2011 experience) and anticipated revenues from Howard University.
- 2) Wholesale revenue increases of approximately \$3M – Wholesale operating revenues are a function of both the IMA-eligible operating costs and actual flows experienced by jurisdictions. Although DC Water's revised FY 2012 Operations & Maintenance budget is lower than the approved FY 2012 budget; the IMA-eligible costs were higher. This increase is driven by the increased costs at the Montgomery County Regional Composting Site ("Site II"). Additionally, the flow assumptions were revised based

upon the most recent WSSC audit. See table in the next response for additional details.

- 3) Other revenue increase of a little over \$7M due to use of the Rate Stabilization Fund (\$6.5M) and additional revenue from new permit and waste hauling fees (\$2M) offset by slight decreases in PILOT fee and interest earning assumptions.

**Tracking No. FB-2013-003 – Mr. Firestine**

**Request:** Explain the variances in the FY 2013 operating revenue percentage increases among the wholesale customers.

**Response:** The increase in FY 2013 proposed operating revenues for the wholesale customers represent their portion of the increased IMA-eligible operating costs. These costs are allocated based on the unaudited FY 2010 flows. The variations between jurisdictions are primarily a function of the change in flows associated with each customer.

As noted in the FY 2013 proposed budget book (Rates and Revenues Section IV), the wholesale customers' share of operating costs at Blue Plains are recovered in accordance with the Blue Plains Intermunicipal Agreement of 1985, the Potomac Interceptor Agreements and the Loudoun County Sanitation Authority Agreement. Wholesale customer costs are developed based on actual costs of operating and maintaining the plant and collection facilities (including biosolids composting at WSSC). These costs are prorated to each user jurisdiction based on its respective actual share of wastewater flows. At the end of each fiscal year, the Authority prepares a reconciliation that determines the actual costs and an independent audit of that reconciliation is performed. Part of the audit process includes a review of the billed flow rates to the actual flow rates. Each year, the flows vary by jurisdiction; therefore, the percentage of the total IMA-eligible costs will vary.

The annual change in flows impact the proportionate share of operating costs for each jurisdiction. Therefore, the FY 2012 revised budget anticipated that the total IMA-eligible costs would be \$133.6M with the wholesale customers' share at approximately 56.9% based upon FY 2009 audited flows. The FY 2013 proposed IMA-eligible costs are \$136.1M (an increase of \$3.56M, or 2.7%). The FY 2010 flows (used for the FY 2013 calculation) increased by approximately 1.4%, with a total impact to the wholesale customer of \$3.1M (or 4.1%).

**Wholesale Jurisdictional Flows (MGD)**

	FY 2009 Pre-Audit	FY 2009 Audited	FY 2010 Pre-Audit
PI*	1.605	1.605	1.973
LCSA	11.550	11.550	11.332
WSSC	118.839	119.635	130.982
Fairfax County	28.203	28.203	29.620
<b>Total Flows</b>	<b>160.197</b>	<b>160.993</b>	<b>173.907</b>

\* Revenue budget based on the PI revised rates from the FY 2010 Cost of Service Study. Actual Changes will vary based on flow.

**Tracking No. FB-2013-004 – Mr. Firestine**

**Request:** Clarify the footnote on the assumptions for the proposed FY 2013 budgeted vacant positions.

**Response:** The \$1.9M increase in the budgeted vacant positions represents funding for a portion of the 129 vacant authorized positions that will be filled in FY 2013 or were partially filled in FY 2012. This amount excludes the funding for the 41 new positions proposed for FY 2013.

**Tracking No. FB-2013-005 – Mr. Firestine**

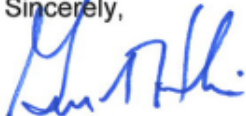
**Request:** What are the two positions proposed for reduction in the General Manager's Office for FY 2013?

**Response:** The two FTEs reflected in the FY 2013 budget proposal are position transfers from the General Manager's Office as follows:

- a) Analyst transferred to the Department of Engineering Services – This request provides for interagency coordination between DC Water and various agencies within the District of Columbia Government such as District Department of Transportation, DC Regulatory Agency (DCRA) and the Office of Historic Preservation (to name a few). Permit, right-of-way and design review coordination has been an increasing issue for DC Water and person dedicated to this coordination within the Department of Engineering Services will help to maintain inter-agency relationships.
- b) Compliance Officer to the General Counsel's Office – This request is to facilitate the creation of a Compliance Officer function, and development of a Compliance Program, as required under a recent audit.

Please contact me with any questions you may have concerning these responses.

Sincerely,



George S. Hawkins  
General Manager





General Manager's Proposed  
**OPERATING**  
and **CAPITAL BUDGETS**

REVISED FY **2012** PROPOSED FY **2013**

FINANCE AND BUDGET COMMITTEE MEETING, DECEMBER 22, 2011  
Timothy L. Firestine, Committee Chairman



**William M. Walker**, *Chairman of the Board*

**George S. Hawkins**, *General Manager*

**Olu Adebo**, *Chief Financial Officer*

**Leonard R. Benson**, *Chief Engineer*



**BUDGET IN SYNC:**

ENVIRONMENT,  
INNOVATION,  
SERVICE and  
ACCOUNTABILITY



# FY 2013 Budget Calendar

Month	Event
May 18	<b>General Manager's Budget Kickoff Meeting</b> <b>Distribute budget manual and other preparation materials</b>
June 8	<b>Revised FY 2012 &amp; Proposed FY 2013 Operating Budget Submission due to Budget Office</b>
June 8	<b>CIP draft submitted for initial review</b>
June 20 – June 30	<b>Budget Staff Review of Departmental submissions</b>
June 21 – 22	<b>CIP Program area meetings with CFO/Finance and Budget</b>
July 7	<b>Revised Budget Proposal Delivered to Full Board for Action</b>
July – August	<b>Begin Preliminary 10-year Financial Plan update</b> <b>CFO Budget review</b>
August	<b>Operating and Capital Budget Review with General Manager/Chief of Staff</b> <b>FY 2013 Final Budget Decision Process Completed</b>
September – October	<b>Budget Preparation and Production</b>
October 6	<b>GM's Proposal to the Board for Proposed FY 2013 Budget</b>
October 27	<b>Submit Proposed FY 2013 Budget to Joint Committees</b>
October – December	<b>Board Committees Conduct In-depth Review of Budget Proposal</b>
December 2011	<b>Committees forward Recommendations to full Board for Deliberation/Action</b>
January 2012	<b>Board Adoption</b>
February/March 2012	<b>Submission to the District of Columbia</b>
June 2012	<b>District typically submits budget for Congressional Review</b>



## DC Water Enabling Legislation Requires Congressional Approval of Budgets

- Committees review and recommend actions (November/December)
- Board consideration and adoption of Operating and Capital Budgets and Financial Plan (January)
- After adoption, the Authority is required to submit its annual operating and capital budgets to the Mayor and Council of the District of Columbia for review and comment (February/March)
  - Annual City Council budget hearings typically are held between March and May
- District typically completes budget for Congressional review (June)

# Board Committee Actions Required

ACTIONS REQUIRED	COMMITTEE			
	Finance & Budget	Retail Water & Sewer Rates	Environmental Quality & Sewerage	Water Quality & Water Services
3A FY 2013 Proposed Operating Budget	√			
3B FY 2011 - 2013 Ten-Year Financial Plan	√	√		
3C FY 2011 -2020 Capital Improvement Program <ul style="list-style-type: none"> <li>• Lifetime Budget</li> <li>• Disbursements Budget</li> </ul>	√		√	√
3D FY 2013 Capital Authority Request	√		√	√
3E FY 2012 Reimbursement Resolution	√			
3F Proposed Rate Adjustments <ul style="list-style-type: none"> <li>• Water &amp; Sewer Volumetric Rates</li> <li>• Right-of-Way (ROW)</li> <li>• Payment in Lieu of Taxes (PILOT)</li> <li>• Impervious Area Charge (IAC)</li> </ul>		√		





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## Section 1

# *GENERAL MANAGER'S BUDGET OVERVIEW*

# Strategic Budget Development

- 🚰 Operating and Capital Budgets linked
- 🚰 Budgets determine the funding needs and revenue projections
- 🚰 Goal was to balance our operating and financial needs with the financial impact on our customers
  - Customer affordability in the light of current economic conditions

# Budget-Development Focus



## Budget Prioritization

- Health/Safety of our Employees & Customers
- Legal Requirements
- Board Directives
- Customer Service
- Efficiency



## Technique / Approach

- Team Work
- Accountability
- Performance Management
- Communication
- Process Improvement
- Innovation/Creativity

## Budget-Development Focus – cont.



Greater oversight and decision making by the AGMs throughout the entire process

- Departmental Heads and Managers were required to:
  - Take accountability for both planning and execution of their respective budgets by providing a 2-3 year road map in developing strategic goals
  - Plan and articulate budget proposals based on short and long term needs
  - Look for improved efficiencies/cost savings



FY 2013 budgets are based on priorities and initiatives, reliant upon consensus-based decisions made by the General Manager in concert with the Executive Leadership Team

# FY 2012 & FY 2013 Major Highlights

These Budget proposals include:



Enhanced workforce development

- Changing culture and improving processes
- Continuation of Team Blue Safety and Asset Management Task Forces
- Identification of additional cross-functional teams to integrate change management



Continuation of in-sourcing proposals

- Water/Sewer design
- Valve Exercising
- Hydrant replacements



Exploring new technologies

- Trenchless sewer lateral replacements
- Leak detection
- Issue all digester contracts



Enhancing security

- Complete security command center
- Complete plant logistics at Blue Plains with accompanying security support

# General Manager's Budget Proposal

## Revised FY 2012 operating budget totals \$415.4 million

- As approved by Board in July 2011
  - \$7.0 million below the Board-approved FY 2012 budget

## Proposed FY 2013 operating budget totals \$456.8 million

- \$41.4 million increase from revised FY 2012 budget
- In line with the Board-approved ten-year financial plan

## Capital Budget

- Lifetime Budget totals \$8.0 billion<sup>1</sup>
- Disbursements Budget totals \$3.8 billion (FY 2011 – 2020)<sup>2</sup>
- Authority Request totals \$606.1 million<sup>3</sup>

## Additional FY 2013 revenue requirement would be funded through:

- Retail Revenue – increase of \$28.3 million
  - Proposed FY 2013 combined water and sewer rate increase of \$0.47 per Ccf {\$0.63 per 1,000 gallons}
  - Proposed FY 2013 monthly Clean Rivers Impervious Area Charge (IAC) increase of \$3.09 per ERU
  - Proposed FY 2013 PILOT fee increase of \$0.03 per Ccf {\$0.04 per 1,000 gallons}
  - Proposed FY 2013 ROW fee increase of \$0.01 per Ccf {\$0.01 per 1,000 gallons}
- Wholesale Revenue – increase of \$3.1 million
- Other Revenue – increase of \$2.3 million



<sup>1</sup>Lifetime budget includes total budgeted costs for all activities planned from the inception of the project until its completion; this includes all activities whether they pre-date, or extend beyond the current 10-year CIP.

<sup>2</sup>Capital Improvement Program (CIP) Disbursements Budget projects disbursements for various projects by fiscal year. Includes estimates for FY 2011 and may be adjusted slightly once year-end data is available.

<sup>3</sup>Appropriations Authority – As part of DC Water's enabling legislation, Congressional appropriation authority is required before any capital design or construction contract can be entered into.

# General Manager's Recommended Rate Adjustments

	Units	Actual FY 2012	Proposed FY 2013
DC Water Retail Rates Water	Ccf	\$ 3.24	\$ 3.45
DC Water Retail Rates Sewer	Ccf	\$ 3.96	\$ 4.22
DC Water Clean Rivers IAC	ERU	\$ 6.64	\$ 9.73
DC Water Customer Metering Fee	5/8"	\$ 3.86	\$ 3.86
District of Columbia PILOT Fee	Ccf	\$ 0.49	\$ 0.52
District of Columbia Right of Way Fee	Ccf	\$ 0.15	\$ 0.16
District of Columbia Stormwater Fee	ERU	\$ 2.67	\$ 2.67





## Section 2

# *BUDGET ASSUMPTIONS*

# Major Budget Development Expenditure Assumptions

## FY 2013

### Personnel

- Merit increases - 3.0 percent
- Vacancy rate - 3.1 percent
- Increased head count - 41 positions

### Chemicals

- Average flow of 300 MGD
- Unit costs based on current contract prices

### Electricity

- Assumes 3 percent increase in unit cost consistent with the financial plan
- Block purchase of up to 100 percent for the first quarter of FY 2013

### Debt Service

- Variable - 3.25 percent ; Fixed – 6.5 percent

### PILOT

- Consistent with conditions in the current MOU

## 10-Year Plan

### Operations expenditure increases




- Debt service – 12.8 percent average annual increase
- All other O&M
  - 3.0 percent average annual increase
  - Estimated average annual savings of \$28.8 million from digester implementation beginning in FY 2014
- PILOT & ROW – consistent with conditions in the current MOU

### Capital Improvement Program


- No additional Federal funding for Clean Rivers
  - \$153.6 million received to date
- IMA commitment to share in multi jurisdictional sewer projects
- Biosolids Management Project – Digester
  - Financing assumed to be rate neutral during most of the construction period
- Annual pipeline replacement program – 1 percent

# Major Budget Development Revenues Assumptions





## FY 2013

-  Fire Protection Fee
  - Assumes current rate of \$680.48 per fire hydrant
-  Interest Rate (Investments)
  - 0.8 percent in FY 2013
-  Rate Stabilization Fund
  - \$6.5 million utilization

## 10-Year Plan

-  Board Financial Policies
  - Rate setting – reliable, predictable and transparent
  - Debt coverage – 140 percent senior debt coverage
  - Operating Reserves – target \$125.5 million

## 10-Year Plan cont.

-  Consumption reduced by 1 percent annually due to conservation
-  PILOT & ROW
  - Consistent with conditions in the current MOU (FY 2013 – FY 2020)
-  Interest Rate (Investments)
  - 3 percent in FY 2014
  - 4 percent in FY 2015
  - 5 percent in FY 2016 through FY 2020
-  Rate Stabilization Fund
  - Full utilization in FY 2020

## Section 3

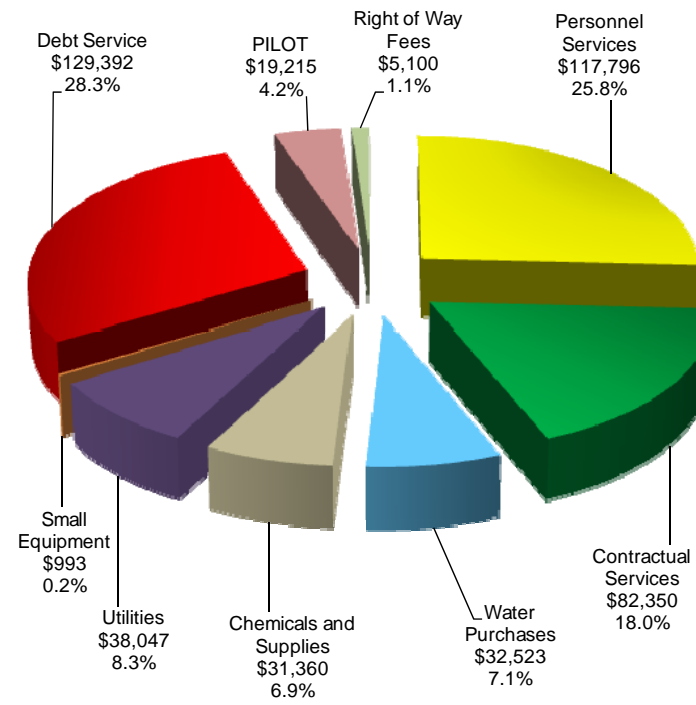
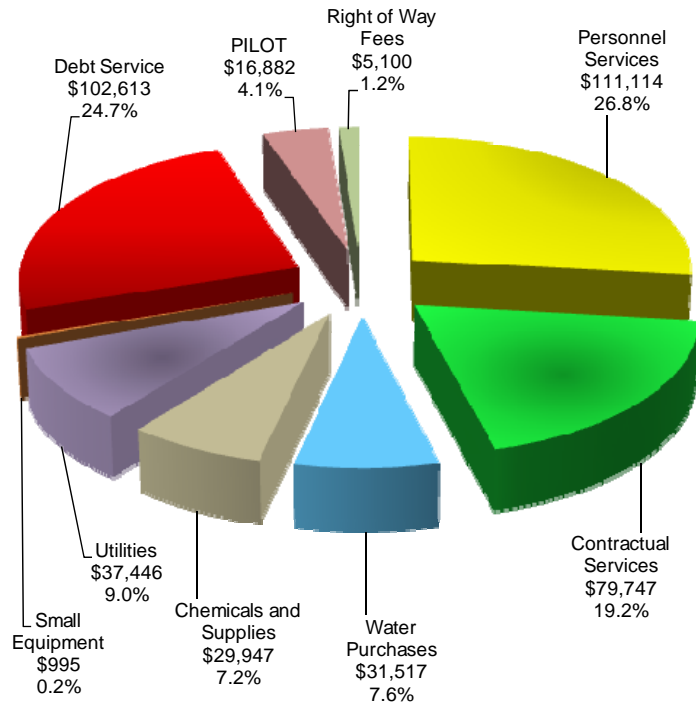
# *OPERATING BUDGET*

# Operations & Maintenance by Category

**Revised FY 2012<sup>1</sup>**  
**\$415,360**

(\$000's)

**Proposed FY 2013**  
**\$456,775**



<sup>1</sup>Approved July 7, 2011




Note: Detailed discussion can be found in Section VII of the operating budget book

# Comparative Operating Expenditure Budgets

(\$000's)

	FY 2011 Projections	FY 2012 Revised	FY 2013 Proposed	FY 2012 vs FY 2013	
				\$	%
Personnel Services	\$ 102,569	\$ 111,114	\$ 117,796	\$ 6,682	6.0%
Non-Personnel Services	157,865	179,651	185,272	5,621	3.1%
<b>Operations &amp; Maintenance Expenditures</b>	<b>260,434</b>	<b>290,765</b>	<b>303,069</b>	<b>12,304</b>	<b>4.2%</b>
Debt Service	92,068	102,613	129,392	26,779	26.1%
Payment in Lieu of Taxes	16,882	16,882	19,215	2,333	13.8%
Right of Way Fee	5,100	5,100	5,100	-	0.0%
<b>Total Operating Budget</b>	<b>\$ 374,484</b>	<b>\$ 415,360</b>	<b>\$ 456,775</b>	<b>\$ 41,415</b>	<b>10.0%</b>
PS Charged to Capital Projects	(10,716)	(14,000)	(16,690)	(2,690)	19.2%
Net Operating Expenditures	\$363,768	\$401,360	\$440,085	\$38,725	9.6%
Authorized Positions	1,042	1,202	1,243	41	3.4%

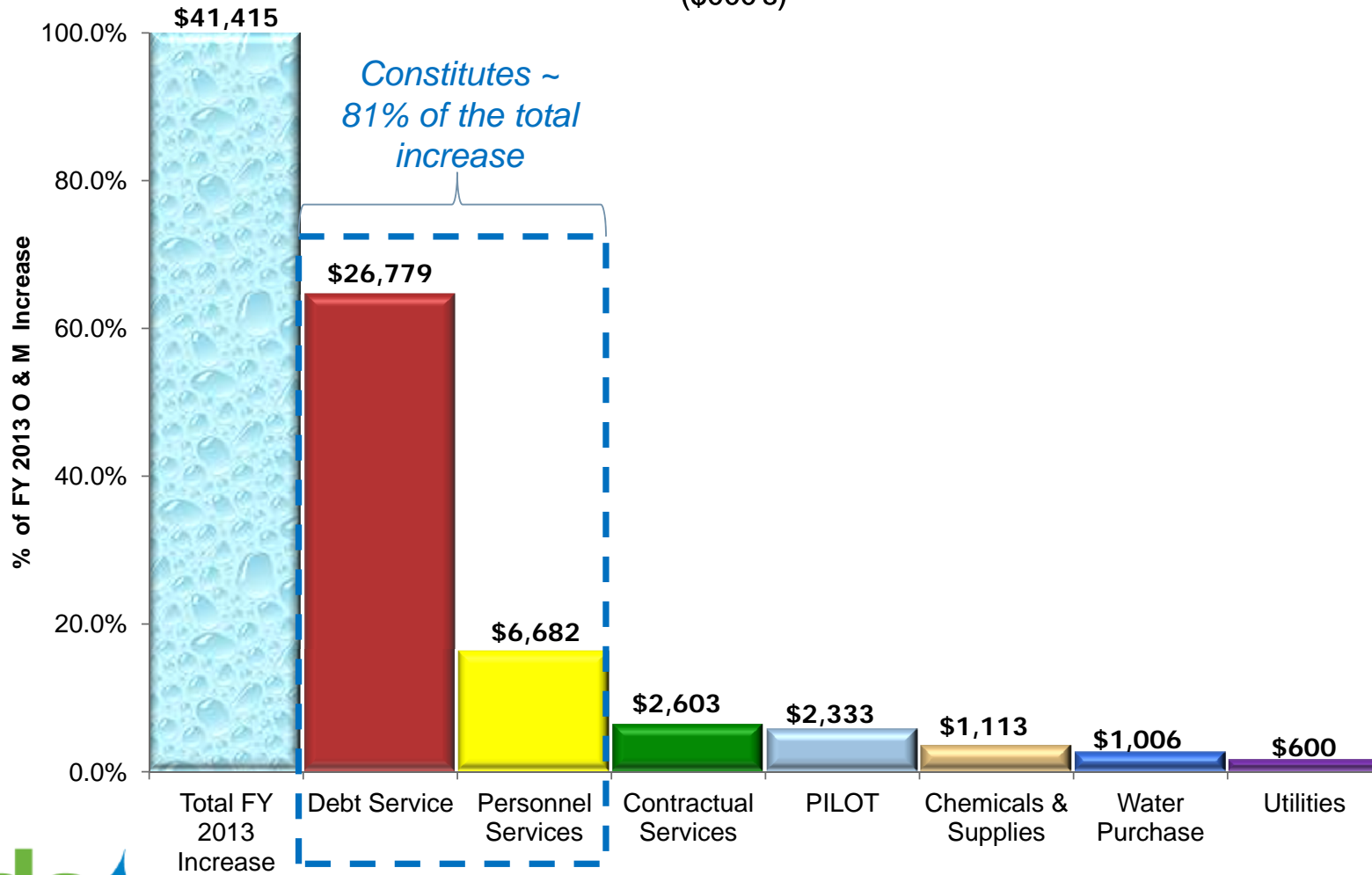
 Proposed FY 2013 budget increases by \$41.4 million or 10.0 percent over the Board-revised FY 2012 budget

- Increase is within the Board-approved ten-year financial plan



# FY 2013 O & M Budget Increases

(\$000's)



# O & M Budget Drivers by Object – Debt Service

(\$000's)

As detailed in the table below, debt service increased by \$26.8M in the proposed FY 2013 budget for:

- Series 2012A - \$16.0M full year of debt service payment on \$300M
- Series 2013A - \$8.1M partial year debt service payment on \$200M
- Capital equipment financing - \$2.2M

*Note: Full discussion on debt financing can be found in Section VI of the operating budget book*

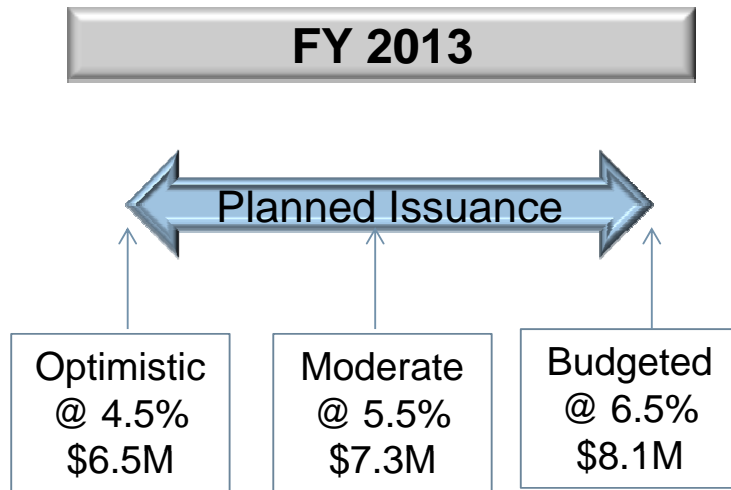


	FY 2011	FY 2012	FY 2013	
Debt Issuance		\$ 300,000	\$ 200,000	
Interest Rate	-	5.5%	6.5%	
<b>Debt Service Coverage</b>				
Senior Debt Service Coverage	3.19	2.78	2.32	
Subordinate Debt Service Coverage	1.80	1.57	1.68	
Combined Debt Service Coverage	1.44	1.30	1.30	
				<b>FY 2012 vs 2013</b>
<b>Debt Service Payments</b>				Incr. / (Decr.)
Series 2010A	\$ 7,007	\$ 7,552	\$ 7,552	\$ -
Series 2012A	\$ -	\$ 5,325	\$ 21,301	\$ 15,976
Series 2013A	\$ -	\$ -	\$ 8,148	\$ 8,148
Commercial Paper	\$ 2,363	\$ 5,374	\$ 5,750	\$ 376
Capital Equipment	\$ -	\$ 1,607	\$ 3,819	\$ 2,212
Other Existing Debt	\$ 82,698	\$ 82,755	\$ 82,822	\$ 67
<b>Total Debt Service</b>	<b>\$ 92,068</b>	<b>\$ 102,613</b>	<b>\$ 129,392</b>	<b>\$ 26,779</b>

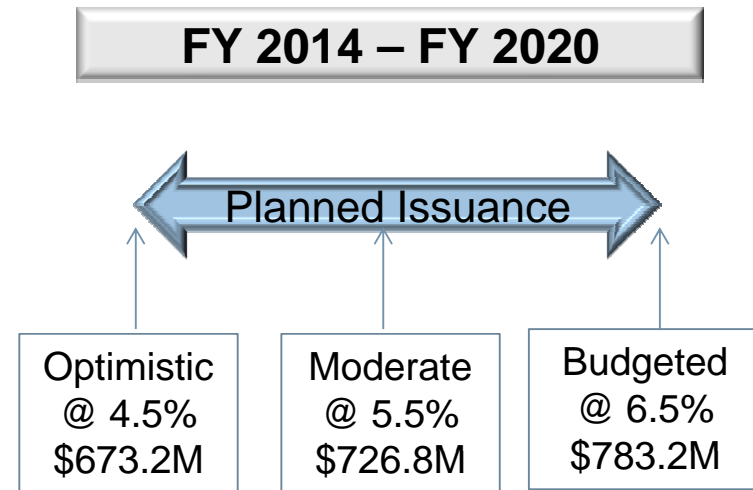




# Debt Service – Sensitivity Analysis



- Risk: Low
- Sensitivity: Every 1% change in rate impacts the operating budget by \$800,000 (based on \$200M issuance)



- Risk: Low
- Sensitivity: Every 1% change in rate impacts the operating budget by an average of \$7.9M per year over the seven year period (based on \$1.4B additional bond issuance over the remainder of the ten-year plan)



# O & M Budget Drivers by Object – Personnel Services

(\$000's)

Proposed FY 2013 personnel services budget increase of \$6.7 million is attributable to:

Notes	Description	Capital	Operating	Others	Total
1	Filled Vacant Positions	\$1,181	\$739		\$1,920
2	New Positions	1,063	293		1,356
3	Merit			2,526	2,526
4	Step Increases			412	412
5	Benefits			275	275
	Overtime			193	193
	<b>Total</b>	<b>\$2,244</b>	<b>\$1,032</b>	<b>\$3,406</b>	<b>\$6,682</b>




Notes:

- <sup>1</sup> Budgeted for 129 vacant authorized positions that will be filled in FY 2013 or were partially filled in FY 2012
- <sup>2</sup> New proposed 41 positions that will be partially filled in FY 2013
- <sup>3</sup> Assumes 3% performance merit increase
- <sup>4</sup> Budgeted for union step increases
- <sup>5</sup> Increased benefit costs primarily tied to increased headcount

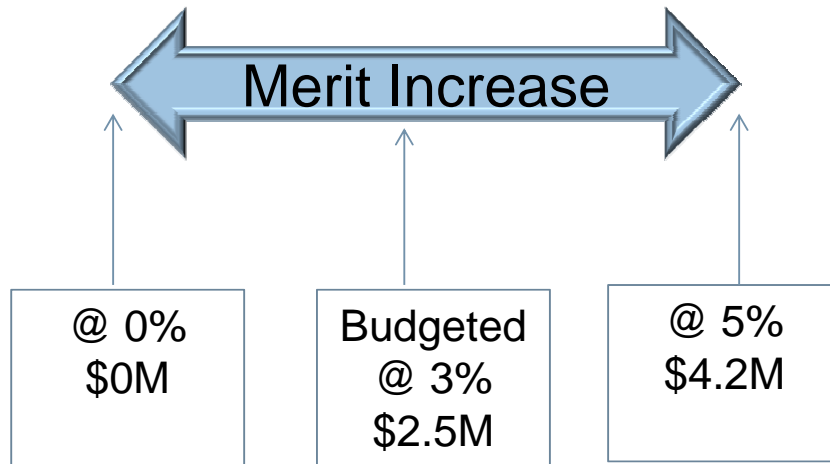


## Personnel Services – cont.

Proposed headcount increase of 41 positions from 1,202 to 1,243 FTEs in FY 2013, primarily for:

Program	No. of Positions
 Continuation of In-Sourcing Proposals <ul style="list-style-type: none"> <li>• DETS - Planning &amp; Design (2) and Water &amp; Sewer construction (12) branches</li> <li>• Water Services - Valve operations (14) and system repairs (9)</li> </ul>	14 23
 Revenue Protection Program Support <ul style="list-style-type: none"> <li>• Customer Services – To audit water meter readings as needed and ensure proper revenue billing</li> </ul>	1
 Administration Support <ul style="list-style-type: none"> <li>• Safety - Training support and construction project monitoring</li> <li>• Facilities Management - Inspection and investigation</li> </ul>	2 1
	<b>41</b>

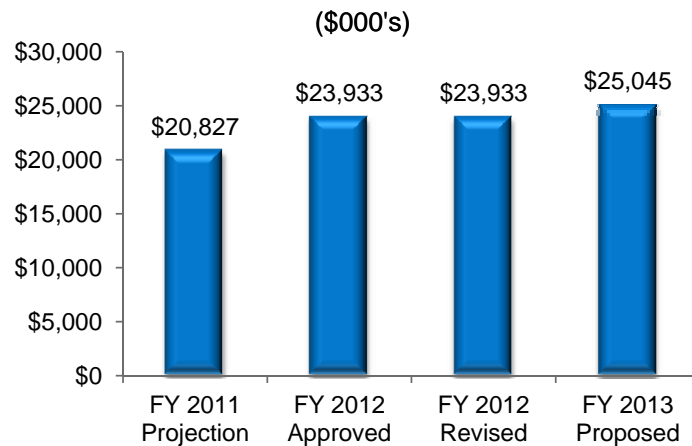
# Personnel Services – Sensitivity Analysis



- *Risk:* Medium
- *Sensitivity:* Every 1% change in merit increase impacts the operating budget by \$840,000

# O & M Budget Drivers by Object – Chemicals

## Budgets

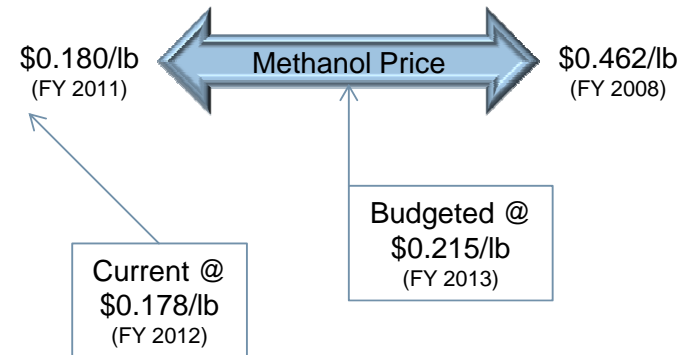


Proposed FY 2013 increase of \$1.1 million

- Unit cost prices are based on current contract prices
  - Methanol costs have greatest market risk
  - Current contract for methanol is secured through April 2012



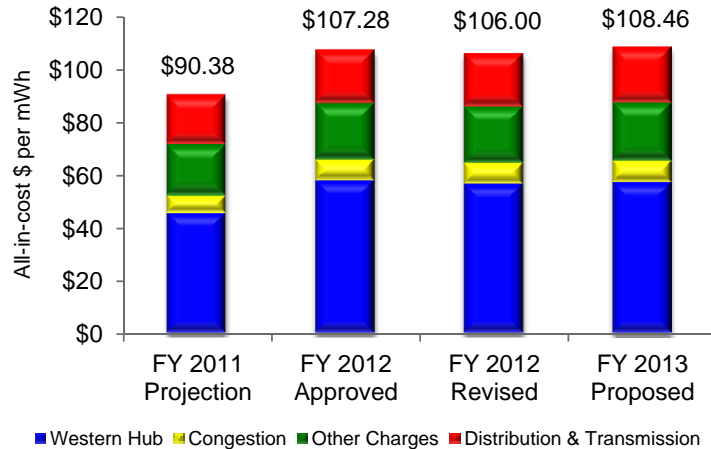
## Sensitivity Analysis



- *Volatility:* World markets impact negotiation of costs and contract terms
- *Risk:* Medium
- *Sensitivity:* Every \$0.01 change in unit will impact the operating budget by \$375,000 (based on 37.5 million pounds)

# O & M Budget Drivers by Object – Electricity

## Unit Prices



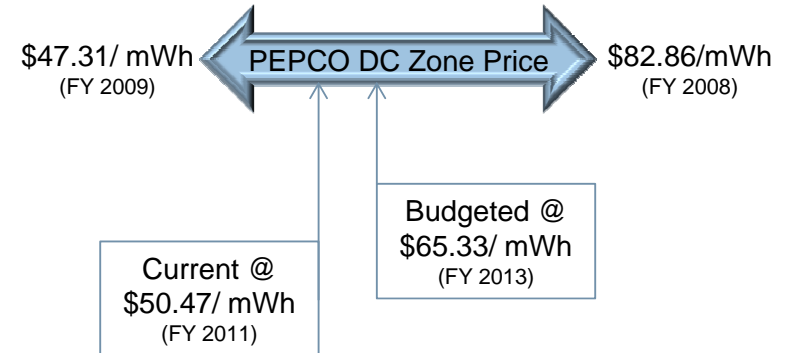
Proposed FY 2013 electricity budget of \$29.2 million assumes

- 3 percent increase in unit prices due to instability in oil market & unknown future market unit prices
- Up to 100 percent block purchase through the first quarter of FY 2013

Note: Existing energy contract expires January 31, 2013



## Sensitivity Analysis



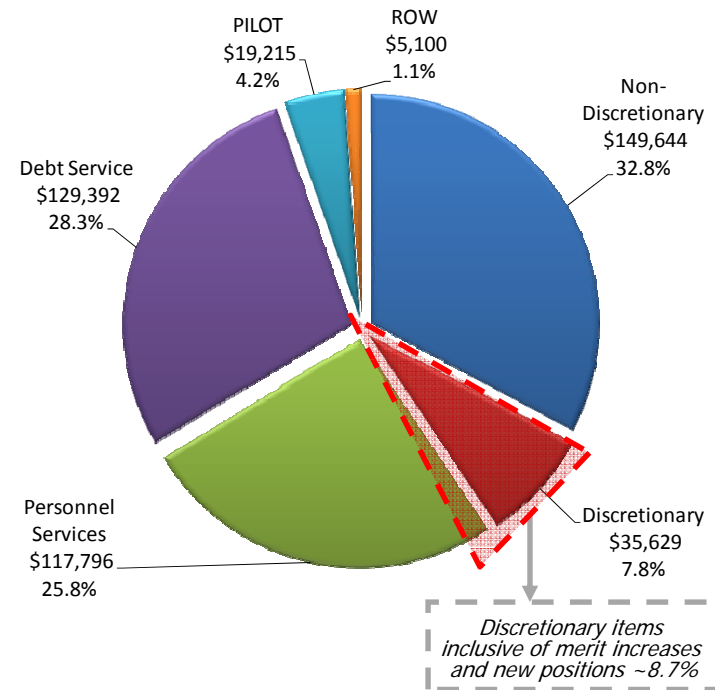
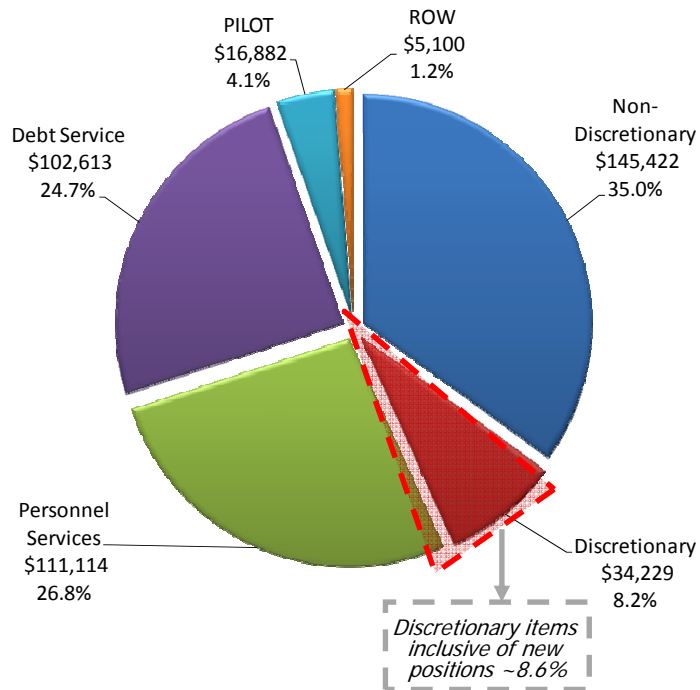
- Volatility:** Pepco DC Zone which comprises of the Western Hub & Congestion spot market prices.
- Risk:** Medium
- Sensitivity:** Every \$1 change in unit price impacts the operating budget by \$267,400 (based on 267,400 mWh)

# Less than 9% of the Operating Budgets Are Discretionary

**Revised FY 2012**

(\$000's)

**Proposed FY 2013**



- Non-discretionary items include costs for chemicals, utilities, biosolids, water purchases and 55% of contractual services
- Discretionary items comprise of new positions, merit increases, supplies, small equipment and the remaining contractual services



## Section 4

# *CAPITAL IMPROVEMENT PROGRAM*

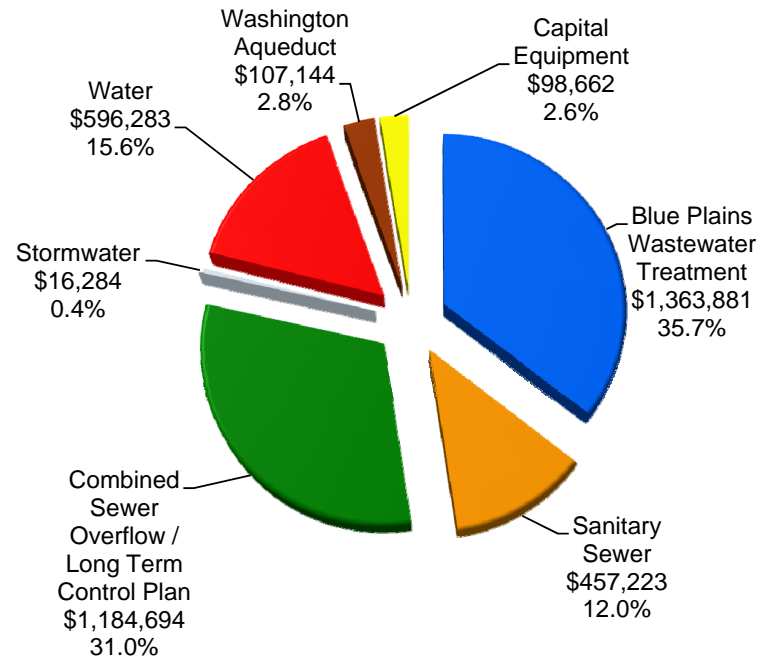
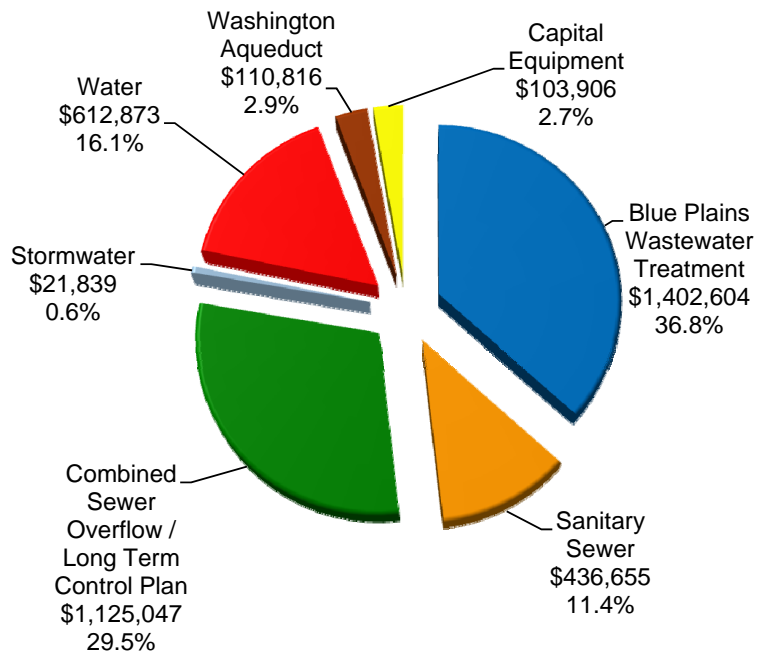


# \$3.8 Billion Ten-Year CIP by Service Area

**FY 2010 – FY 2019**

(\$000's)

**FY 2011 – FY 2020**



*Note: Detailed discussion can be found in the capital budget book and Section V of the operating budget book*

# Overview of CIP Budget Request



## 10-Year CIP Disbursements

- Proposed FY 2011 – FY 2020 CIP disbursements at \$3.8 billion are the same as the Board-approved FY 2010 – FY 2019 CIP disbursements



## Lifetime Budget

- Proposed lifetime budget of \$8.0 billion - Increase of \$78.9 million over last year's Board-approved plan primarily for the Sanitary Sewer and Water service areas



## Capital Authority Request

- Proposed FY 2013 authority request totals \$606.1 million - Decrease of \$146.4 million over the FY 2012 authority request

# FY 2011 – FY 2020 CIP (Cash Disbursements)

## Summary by Service Area

(\$000's)

	FY 2011 Actuals	FY 2012 Revised	FY 2013 Proposed	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Total FY '11 -'20
Wastewater Treatment	125,880	275,845	378,648	209,313	110,798	104,080	95,922	42,224	16,822	4,350	1,363,881
Sanitary Sewer	24,494	39,922	45,381	56,779	64,335	44,567	41,286	55,928	44,419	40,110	457,223
Combined Sewer Overflow / Long Term Control Plan	77,872	132,016	152,021	111,758	163,206	157,542	141,934	57,180	78,545	112,621	1,184,694
Stormwater	2,160	2,775	4,276	2,545	801	775	737	810	900	506	16,284
Water	46,899	54,461	59,436	66,820	58,643	58,121	63,572	66,461	56,614	65,255	596,283
Washington Aqueduct	9,490	11,373	10,598	10,744	11,016	11,280	11,588	10,891	10,323	9,842	107,144
Capital Equipment	10,585	15,349	15,341	12,384	9,173	7,278	7,348	7,648	6,778	6,778	98,662
<b>Total FY 2013 DC Water CIP</b>	<b>\$297,378</b>	<b>\$531,742</b>	<b>\$665,700</b>	<b>\$470,343</b>	<b>\$417,971</b>	<b>\$383,644</b>	<b>\$362,386</b>	<b>\$241,142</b>	<b>\$214,401</b>	<b>\$239,462</b>	<b>\$3,824,170</b>

## Summary of Disbursements between Retail & Wholesale Customers


	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Total
EPA/FED	\$ 44,606	\$ 56,787	\$ 64,423	\$ 40,914	\$ 22,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	311,730
Retail	\$ 172,480	\$ 299,713	\$ 363,380	\$ 288,076	\$ 311,373	\$ 291,309	\$ 280,866	\$ 197,451	\$ 183,364	\$ 214,970	2,602,982
Wholesale	\$ 80,292	\$ 175,242	\$ 237,897	\$ 141,354	\$ 84,098	\$ 75,834	\$ 65,020	\$ 27,191	\$ 14,538	\$ 7,992	909,458
<b>Total CIP</b>	<b>\$297,378</b>	<b>\$531,742</b>	<b>\$665,700</b>	<b>\$470,344</b>	<b>\$417,971</b>	<b>\$383,643</b>	<b>\$362,386</b>	<b>\$241,142</b>	<b>\$214,402</b>	<b>\$239,462</b>	<b>\$3,824,170</b>



# Ten-Year CIP Comparison (FY 2012 & FY 2013 Changes)

(\$000's)

	APPROVED FY 2010 - 2019			PROPOSED FY 2011 - 2020			VARIANCE		
	FY 2012	FY 2013	TOTAL	FY 2012	FY 2013	TOTAL	Increase / (Decrease)		
	FY 2012	FY 2013	TOTAL	FY 2012	FY 2013	TOTAL	FY 2012	FY 2013	TOTAL
EPA/FED	\$ 71,760	\$ 38,597	\$ 110,357	\$ 56,787	\$ 64,423	\$ 121,210	\$ (14,973)	\$ 25,826	\$ 10,853
Retail	267,409	346,458	613,867	299,713	363,380	663,093	32,304	16,922	49,226
Wholesale	216,651	204,731	421,382	175,242	237,897	413,139	(41,409)	33,166	(8,243)
<b>Total CIP</b>	<b>\$ 555,820</b>	<b>\$ 589,786</b>	<b>\$ 1,145,606</b>	<b>\$ 531,742</b>	<b>\$ 665,700</b>	<b>\$ 1,197,442</b>	<b>\$ (24,078)</b>	<b>\$ 75,914</b>	<b>\$ 51,836</b>


 The proposed combined FY 2012 & 2013 cash disbursements increased by \$51.8 million from the approved plan:

- EPA/FED - increase of \$10.9 million
- Retail - increase of \$49.2 million
- Wholesale - decrease of \$8.2 million



# CIP Cost Drivers by Service Areas (Cash Disbursements)

FY 2011 – 2020 CIP disbursements at \$3.8 billion are the same as the FY 2010 -2019 CIP disbursements, with the following changes:

 **Wastewater Treatment:** Net 10-year decrease of \$36.4 million

- Decrease in the ENR (formerly BTN) project due to favorable construction bids
- Increase in the digester project to reflect the cost associated with the final dewatering portion of the project



 **Combined Sewer Overflow/Clean Rivers (LTCP):** 10-year increase of \$62.0 million

- Increase recognizes continuation of LTCP projects through 2025.



*Note: Detailed discussion can be found in the capital budget book and Section V of the operating budget book*

# CIP Cost Drivers by Service Areas (Cash Disbursements) – cont.

-  **Water and Sewer Facility Plan:** Combined increase of \$5.4 million through FY 2020
  - Reflects the continued ramp up through FY 2015 of new water projects to ensure 1% annual replacement and new sewer service life restoration projects.
  - Sewer projects identified within the sewer facility plan and not currently funded will be added in future years moving forward
  - In-sourcing of staff began in FY 2010 for the design of water and sewer Infrastructure as well as valve operations. The result of the in-sourcing will achieve long-term savings within the CIP.
  
-  **Washington Aqueduct:** 10-year decrease of \$3.7 million
  - Reflects a decreased funding need for infrastructure improvements over the next ten years.



*Note: Detailed discussion can be found in the capital budget book and Section V of the operating budget book*

# Prioritization of Spending

(\$000's)



Category	Mandates	Health & Safety	Board Policy	Potential Failure	High Profile / Good Neighbor	Good Engineering Practices / High Payback	Good Engineering Practices / Low Payback	Total
Description	Agreements, Regulatory standards, Court orders, Issues and Permits requirements, Stipulated Agreements, Etc.	Required to address Public Safety	Undertaken as a result of the Board's commitment to outside agencies	Related to Facilities in danger of failing, or critical to meeting permit requirements	Address Public concerns	Need to fulfill Mission and upgrade Facilities	Lower priority projects	
FY 2011								
<b>Actual</b>	\$118,203	\$4,793	\$12,653	\$53,911	\$7,568	\$90,475	\$9,775	\$297,378
FY 2012	230,758	8,499	13,053	52,680	6,582	206,230	13,941	531,742
FY 2013	264,921	10,730	11,722	62,810	7,043	294,875	13,599	665,700
FY 2014	179,609	24,885	13,358	69,860	8,225	165,553	8,853	470,343
FY 2015	214,822	23,496	11,083	54,011	3,897	104,732	5,931	417,971
FY 2016	226,372	9,866	11,348	39,372	0	84,107	12,580	383,643
FY 2017	205,415	6,685	9,361	31,701	0	84,259	24,967	362,386
FY 2018	66,879	8,510	8,367	24,096	0	88,239	45,051	241,141
FY 2019	68,909	9,296	5,818	18,898	0	102,803	8,679	214,403
FY 2020	99,930	5,975	7,857	12,577	0	101,577	11,545	239,461
<b>Total</b>	<b>\$1,675,816</b>	<b>\$112,735</b>	<b>\$104,619</b>	<b>\$419,915</b>	<b>\$33,315</b>	<b>\$1,322,849</b>	<b>\$154,921</b>	<b>\$3,824,170</b>
<b>% of Total</b>	<b>43.82%</b>	<b>2.95%</b>	<b>2.74%</b>	<b>10.98%</b>	<b>0.87%</b>	<b>34.59%</b>	<b>4.05%</b>	<b>100.00%</b>

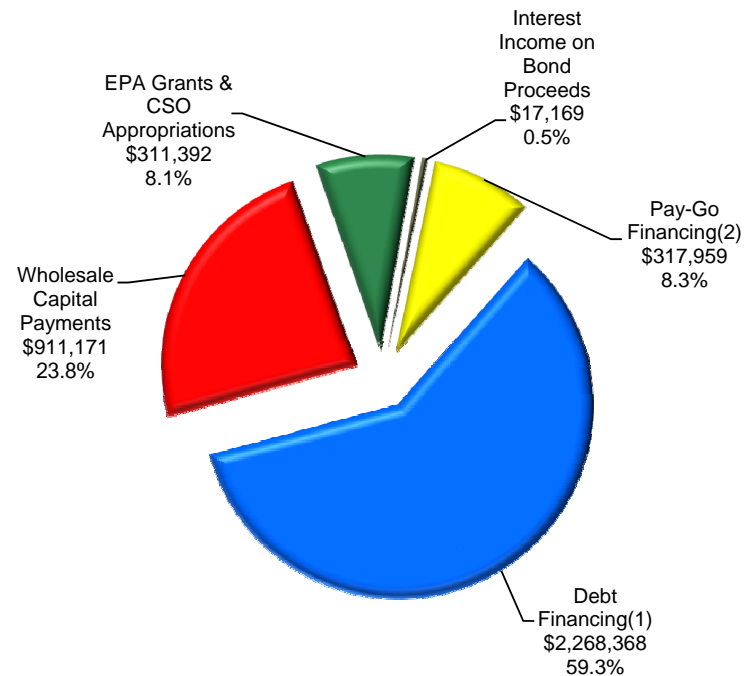
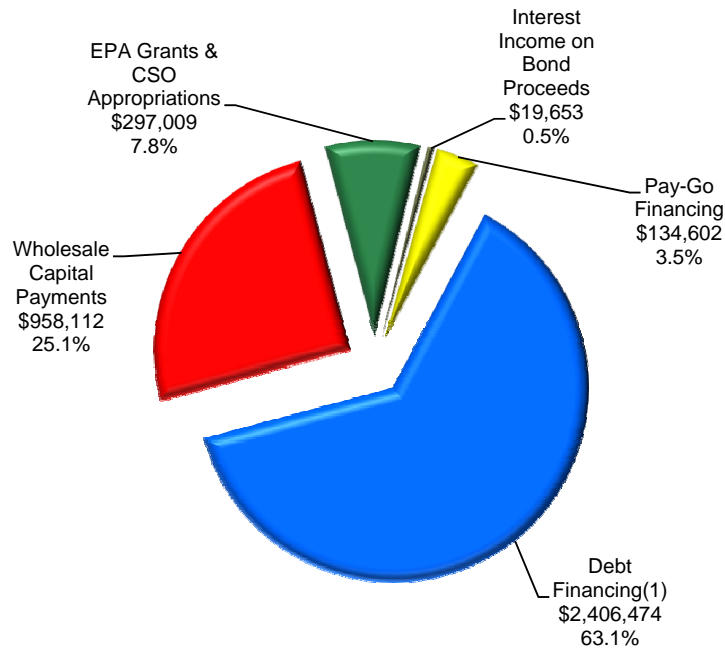


# Ten-Year CIP Sources of Fund

**FY 2010 – FY 2019**

(\$000's)

**FY 2011 – FY 2020**



- (1) Debt financing refers to the borrowing of funds through revenue bonds, commercial paper and other short-term notes.
- (2) Pay-Go financing is any funds available after meeting the six month operating reserve requirement of \$125.5 million in FY 2011, which will reduce the amount of new debt issuance.





## Section 5

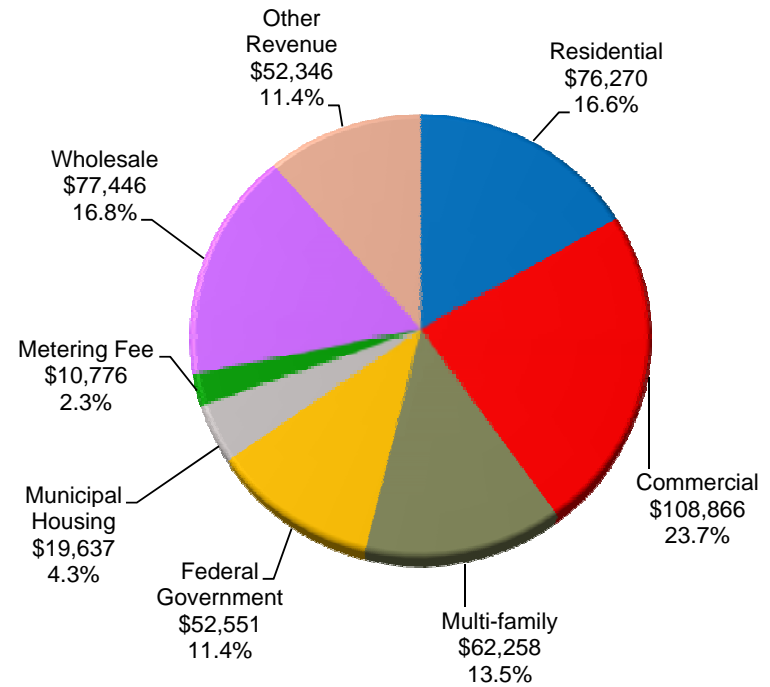
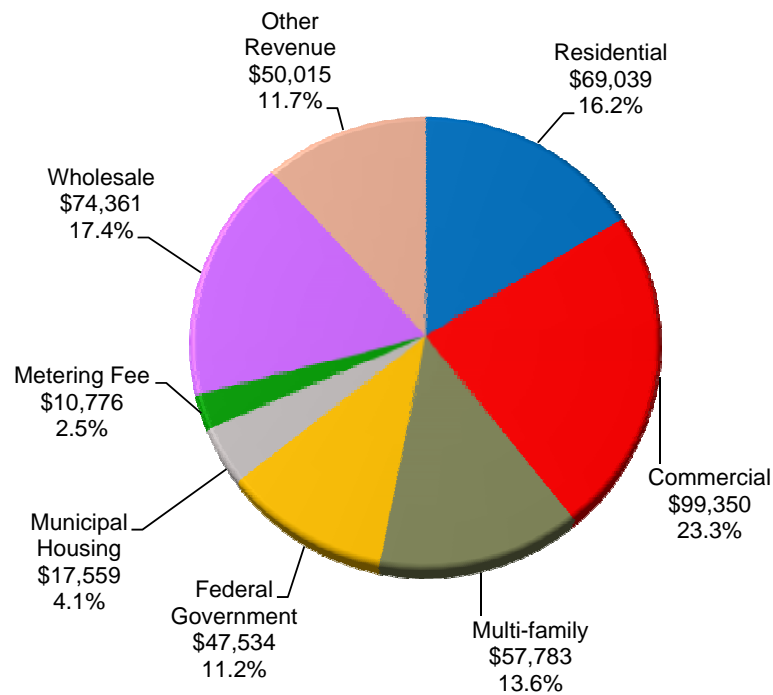
# *REVENUES, RATES & FEES*

# Operating Revenues

**Revised FY 2012**  
**\$426,417**

(\$000's)

**Proposed FY 2013**  
**\$460,150**



*Note: Detailed discussion can be found in Section IV of the operating budget book*




# Comparative Operating Revenues Summary

(\$000's)




	FY 2011	FY 2012	FY 2013	FY 2013 vs FY 2012	
	Actual	Revised	Proposed	\$	%
				<i>Incr./ (Decr.)</i>	
Retail Revenue	\$278,327	\$302,041	\$330,358	\$28,317	9.4%
Wholesale Revenue					
PI	2,407	2,183	2,183	-	0.0%
LCSA	5,142	5,388	5,445	57	1.1%
WSSC	49,192	53,309	55,881	2,572	4.8%
Fairfax County	12,520	13,481	13,937	456	3.4%
Total Wholesale Revenue	69,261	74,361	77,446	3,085	4.1%
Other Revenue	46,886	43,514	45,846	2,332	5.4%
Rate Stabilization Fund	9,500	6,500	6,500	-	0%
<b>TOTAL REVENUE</b>	<b>\$403,974</b>	<b>\$426,416</b>	<b>\$460,150</b>	<b>\$33,733</b>	<b>7.9%</b>



# Proposed Retail Rates & Fees

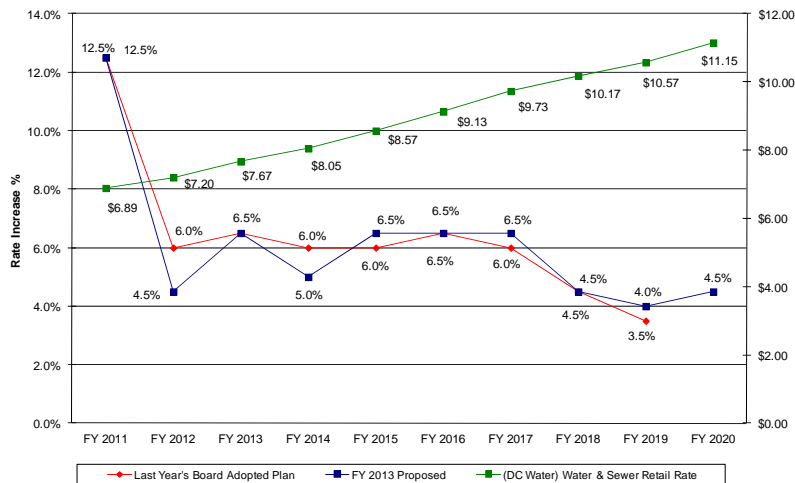
-  FY 2013 combined Water and Sewer rate increase of \$0.47 per Ccf or \$6.50 per month for the average residential customer {\$0.63 per 1,000 gallons}
- Water rate increase of \$0.21 per Ccf to \$3.45 per Ccf {increase of \$0.28 to \$4.61 per 1,000 gallons}
  - Sewer rate increase of \$0.26 per Ccf to \$4.22 per Ccf {increase of \$0.35 to \$5.64 per 1,000 gallons}

***About \$0.01  
per gallon of water***

-  FY 2013 monthly Clean Rivers Impervious Area Charge increase of \$3.09 to \$9.73 per ERU to recover the costs of the DC Clean Rivers Project
-  FY 2013 PILOT fee increase of \$0.03 per Ccf to \$0.52 per Ccf {increase of \$0.04 to \$0.70 per 1,000 gallons}
-  FY 2013 ROW increase of \$0.01 per Ccf to \$0.16 per Ccf {increase of \$0.01 to \$0.21 per 1,000 gallons} to recover full cost of District charge per current MOU

# FY 2013 Proposed Retail Rate Changes

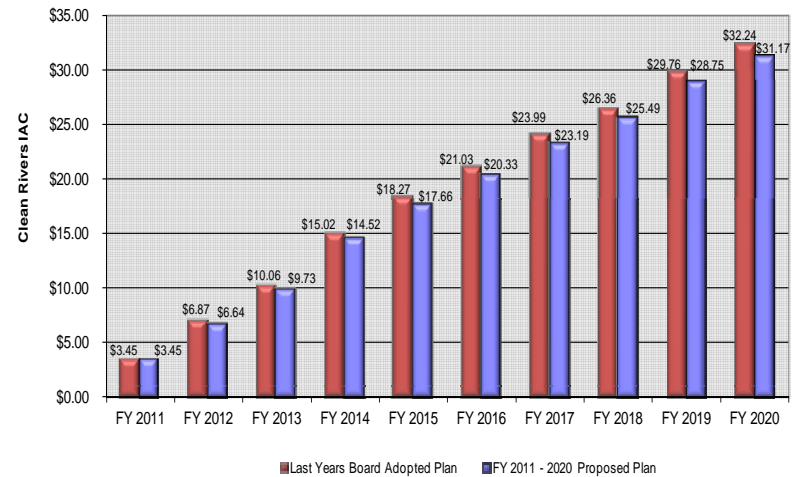
## Water & Sewer Rates



- Proposed \$0.47 increase per Ccf, {\$0.63 per 1,000 gallons} in FY 2013
  - Combined Water and Sewer rate of \$7.67 per Ccf
- Rate increase ranging from 4.0% to 12.5%



## Clean Rivers IAC



- Proposed Clean Rivers IAC range rate increases from \$3.45 to \$31.17 per ERU
  - Annual revenues ranging from \$15.7 million to \$145.0 million
- Proposed PILOT increase of \$0.03 per Ccf (\$0.04 per 1,000 gallons)
- Proposed ROW increase of \$0.01 per Ccf (\$0.01 per 1,000 gallons)

# Average Residential Monthly Bill (FY 2011 – 2013)

	Units	FY 2011	FY 2012	FY 2013
DC Water Retail Rates (1)	Ccf	\$ 46.09	\$ 48.17	\$ 51.31
DC Water Clean Rivers IAC	ERU	3.45	6.64	9.73
DC Water Customer Metering Fee		3.86	3.86	3.86
<b>Subtotal DC Water Rates &amp; Charges</b>		<b>\$ 53.40</b>	<b>\$ 58.67</b>	<b>\$ 64.90</b>
Increase / Decrease		\$ 8.25	\$ 5.27	\$ 6.23
District of Columbia PILOT (1)	Ccf	\$ 3.28	\$ 3.28	\$ 3.48
District of Columbia Right of Way Fee (1)	Ccf	0.94	1.00	1.07
District of Columbia Stormwater Fee (2)	ERU	2.67	2.67	2.67
<b>Subtotal District of Columbia Charges</b>		<b>\$ 6.89</b>	<b>\$ 6.95</b>	<b>\$ 7.22</b>
<b>Total Amount Appearing on DC Water Bill</b>		<b>\$ 60.29</b>	<b>\$ 65.62</b>	<b>\$ 72.12</b>
Increase / Decrease Over Prior Year		\$ 8.76	\$ 5.33	\$ 6.50
<b>Percent Increase in Total Bill</b>		<b>17.0%</b>	<b>8.8%</b>	<b>9.9%</b>

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

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



# Average CAP Residential Monthly Bill (FY 2011 – 2013)

	Units	FY 2011	FY 2012	FY 2013
DC Water Retail Rates (1)	Ccf	46.09	48.17	51.31
DC Water Clean Rivers IAC	ERU	3.45	6.64	9.73
DC Water Customer Metering Fee		3.86	3.86	3.86
<b>Subtotal DC Water Rates &amp; Charges</b>		<b>\$ 53.40</b>	<b>\$ 58.67</b>	<b>\$ 64.90</b>
Increase / Decrease		\$ 8.25	\$ 5.27	\$ 6.23
District of Columbia PILOT (1)	Ccf	\$ 3.28	\$ 3.28	\$ 3.48
District of Columbia Right of Way Fee (1)	Ccf	\$ 0.94	\$ 1.00	\$ 1.07
District of Columbia Stormwater Fee (3)	ERU	2.67	2.67	2.67
<b>Subtotal District of Columbia Charges</b>		<b>\$ 6.89</b>	<b>\$ 6.95</b>	<b>\$ 7.22</b>
Total Amount		<b>\$ 60.29</b>	<b>\$ 65.62</b>	<b>\$ 72.12</b>
Less: CAP Discount (4 Ccf per month) (1), (2)		(30.08)	(31.36)	(33.40)
<b>Total Amount Appearing on DC Water Bill</b>		<b>\$ 30.21</b>	<b>\$ 34.26</b>	<b>\$ 38.72</b>
Increase / Decrease Over Prior Year		\$ 3.16	\$ 4.05	\$ 4.46
<b>CAP Customer Discount as a Percent of Total Bill</b>		<b>-49.9%</b>	<b>-47.8%</b>	<b>-46.3%</b>

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

(2) Extension of CAP program to first 4 Ccf of PILOT and ROW

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

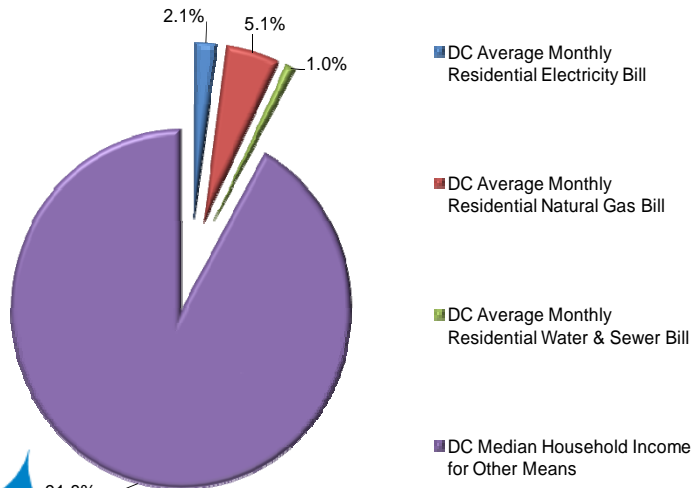


# Charges Are Competitive With Other Major Cities In Terms Of Affordability

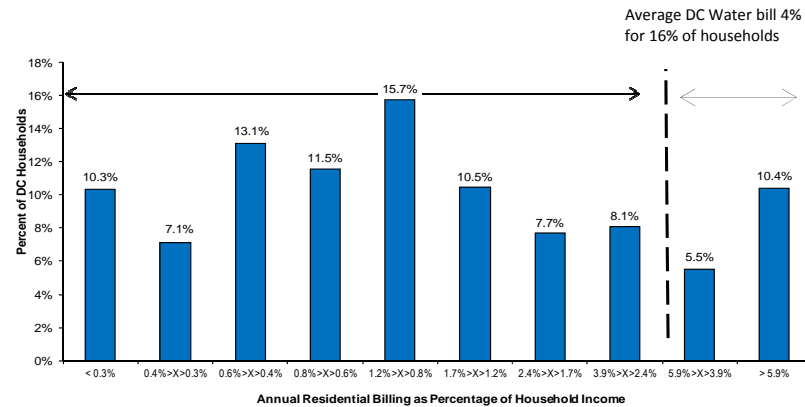
- Median household income\*:** The average DC Water charges are less than 4% of income for 84% of the households in the District of Columbia. US EPA guidelines suggest that charges greater than 4% of median household income are typically viewed as a strain on household budgets (2% water + 2% sewer)
- Typical DC Water residential bill as a percentage of income is about average when compared to other utilities of similar size.**
- CAP and SPLASH program:** Assists customers whose water / sewer bills are a high percentage of income

\*US EPA – Median income of 2% for sewer is an established policy but the 2.5% has been raised by USEPA in connection with small community water systems.

**2010 MONTHLY DC MEDIAN HOUSEHOLD INCOME**



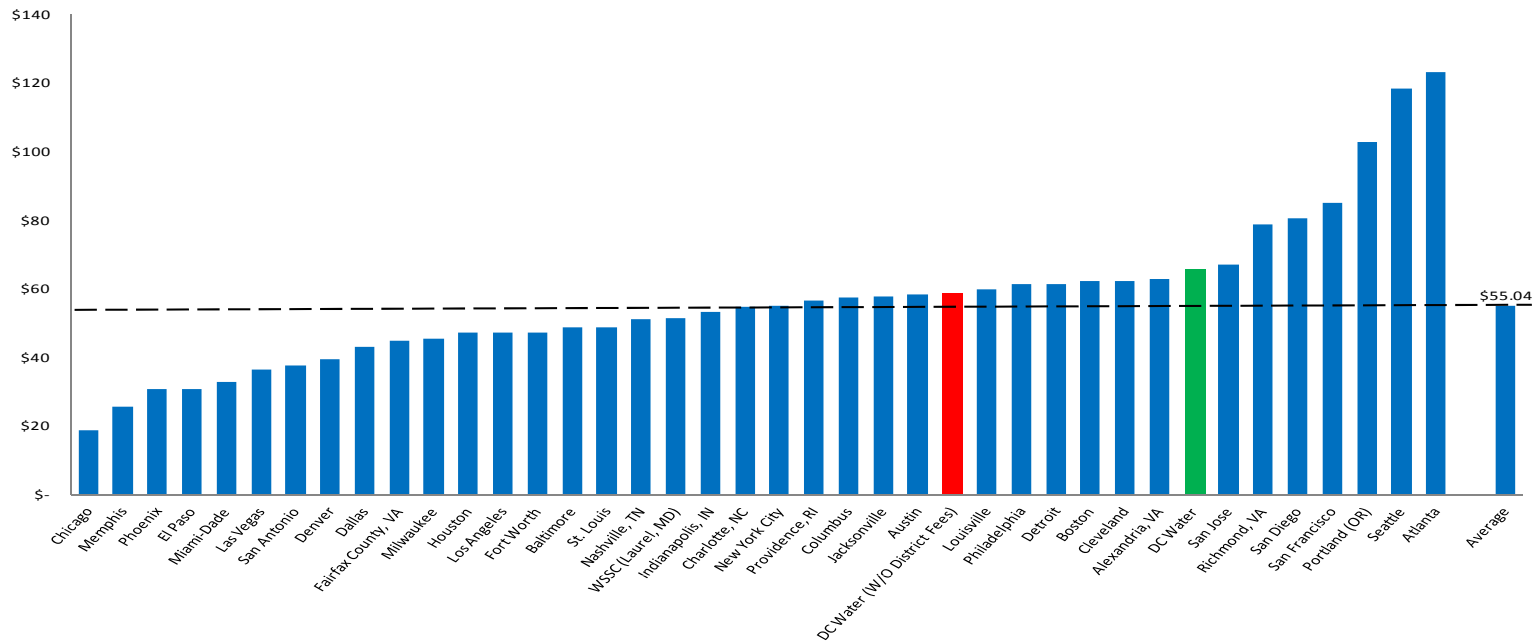
**MOST RESIDENTS PAY LESS THAN 4% OF INCOME**





# DC Water Retail Rates Compared to Other Large Utilities

Single Family Residential (SFR) Average Monthly Bill  
(Based on Rates in effect Fall 2011)

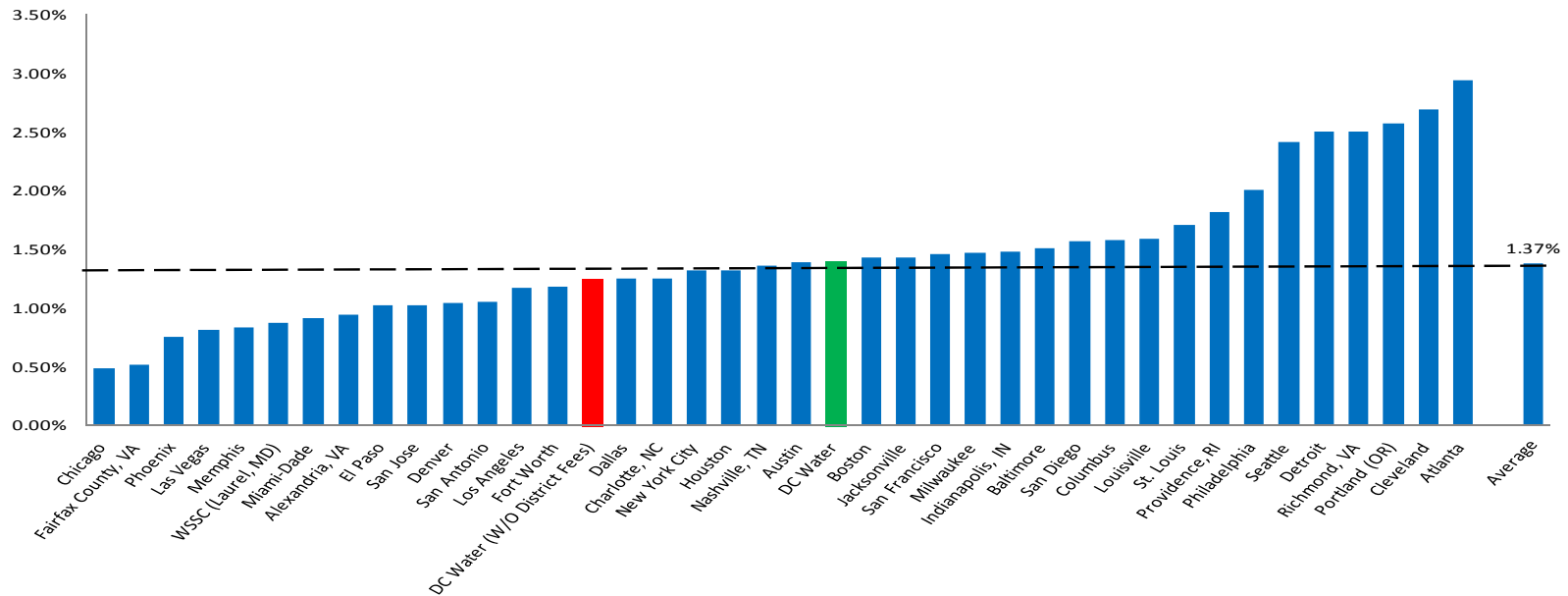


- (1) Assumes average residential consumption of 6.69 Ccf, or 5,004 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.
- (2) Reflects DC Water's rate and fee changes in FY 2012. Excludes the District PILOT/ROW and stormwater fees.



# Average Utility Bill as a Percent of Median Income

*Single Family Residential (SFR) Monthly Bill as %  
of Median Household Income - Large National Utilities  
(Based on Rates in effect Fall 2011)*



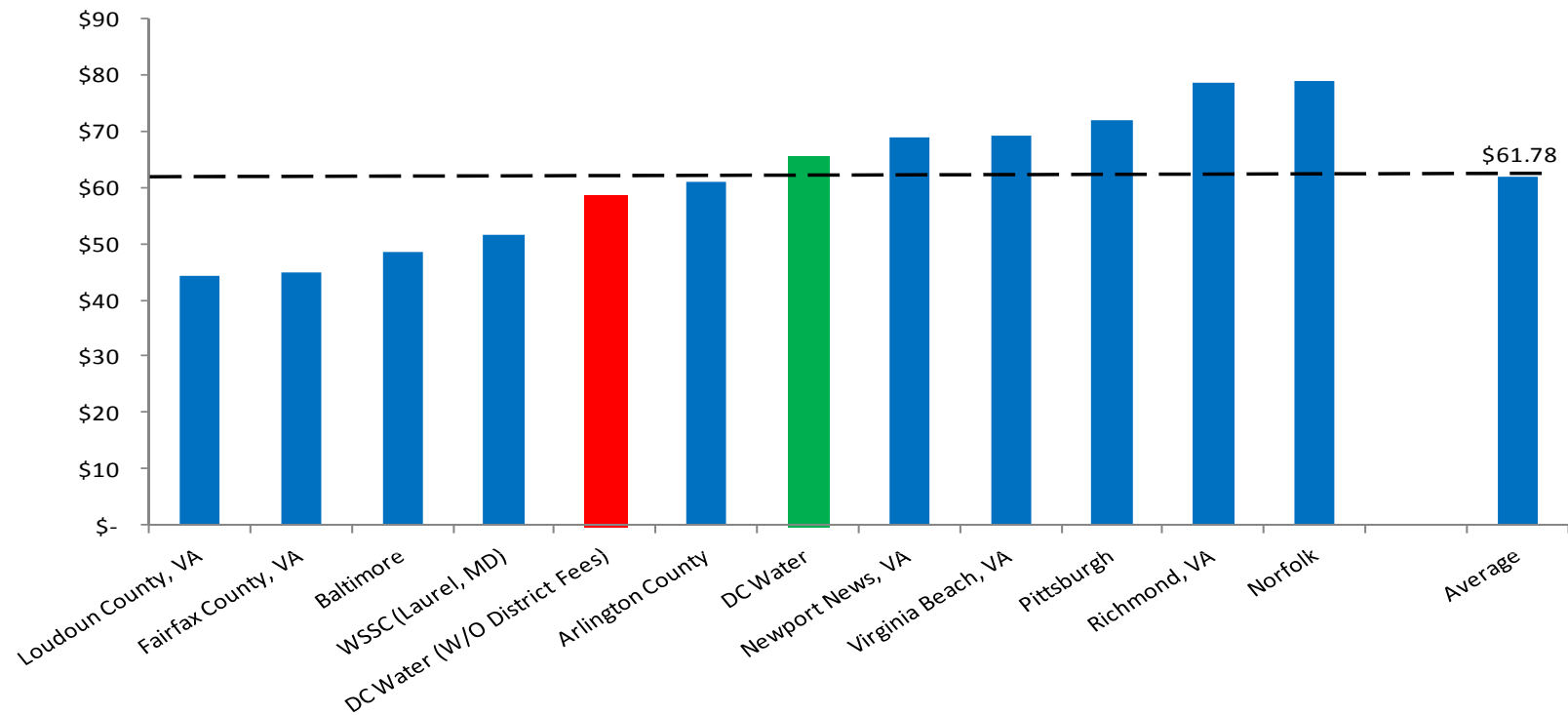
The results of a recent AWWA survey of large utilities shows that DC Water's charges for water service and for wastewater service as a percentage of median household income are comparable to the median percentages for other large water and wastewater utilities.

In the chart above DC Water charges rank slightly above the median for bill comparison purposes for water and wastewater services compared to a select group of large, regional and CSO utilities.



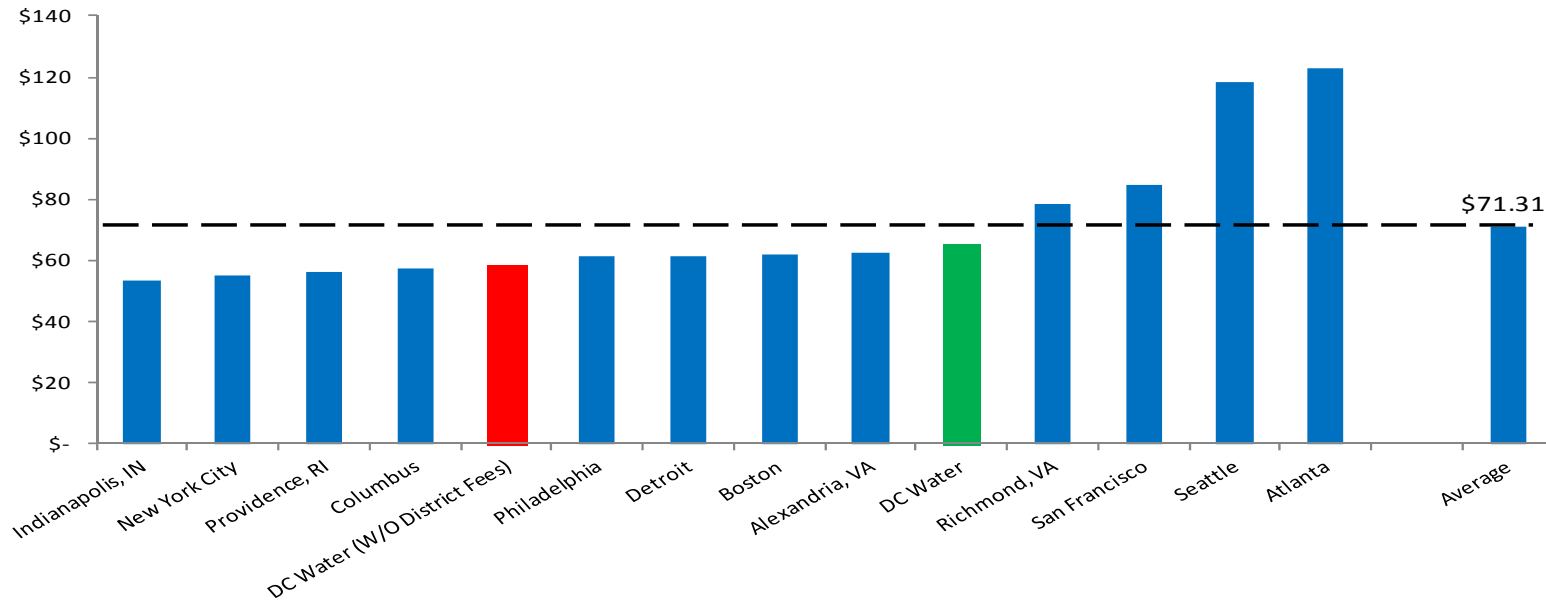
# DC Water Compared to Local and Regional Utilities




Single Family Residential (SFR) Average Monthly Bill  
(Based on Rates in effect Fall 2011)



# Water & Sewer Rate Comparison to Other Large CSO Utilities

Single Family Residential (SFR) Average Monthly Bill  
(Based on Rates in effect Fall 2011)



-  Most CSO communities have implemented double digit rate increases to recover CSO LTCP costs.
-  Increases do not reflect other available dedicated taxes or state funding potentially available to some agencies.
-  Chicago and Milwaukee both receive tax subsidies and are therefore not included in the chart above



## Section 6

# *SEARCHING THE HORIZON: EMERGING TOPICS & OPPORTUNITIES*

# Emerging Topics & Opportunities

## Size and associated risks inherent in managing large CIP

- Three major projects to be undertaken concurrently
- In-sourcing to capture intellectual skills
- Retail rate impact of increasing debt (Affordability)
  - Potential increase in debt service as a percentage of O & M expenditure

## Labor contract negotiations

## PILOT/MOU expiration

- Review of PILOT methodology
- Issue with DC permit fees

## Board member retreat and Strategic Planning Session

## Team Blue initiatives

- Asset management team
- Safety team

## Unfunded CIP needs – approximately \$1 billion

## Changes in cost estimates of Digester project and impact on cost savings

## Fire Protection Cost of Service

## Ongoing updates to Master Facilities Plan

- Reevaluation of headquarters relocation

## Section 7

# *BUDGET CALENDAR & NEXT STEPS*

# Next Steps



## Board members' question(s)

- Submit budget-related questions to Board Secretary
- Board Secretary will distribute questions to appropriate staff and ensure timely response



## Committee review of proposed budgets (November - December)

- Environmental Quality & Sewerage Services Committee – November 17, 2011
- Water Quality & Water Services Committee – November 17, 2011
- DC Retail Water & Sewer Rates Committee – November 22, 2011
- Finance & Budget Committee – November 2011



Additional budget review sessions can be scheduled if required by Board



Committee Recommendations and Actions in December



Board Approval in January



## Section 8

# *APPENDIX*

# FY 2011 – FY 2013 Comparative O & M Budget

(\$000's)


	<b>FY 2011 Projection</b>	<b>FY 2012 Approved</b>	<b>FY 2012 Revised</b>	<b>FY 2013 Proposed</b>	<b>Increase / (Decrease)</b>
Personnel Services	\$102,569	\$113,354	\$111,114	\$117,796	\$ 6,682
Contractual Services	73,771	78,826	79,747	82,350	2,603
Water Purchases	27,014	33,000	31,517	32,523	1,006
Chemicals and Supplies	25,980	29,946	29,947	31,360	1,412
Utilities	30,402	37,448	37,446	38,047	600
Small Equipment	698	995	995	993	(2)
<b>Subtotal O &amp; M Expenditures</b>	<b>\$260,434</b>	<b>\$293,569</b>	<b>\$290,765</b>	<b>\$303,069</b>	<b>\$ 12,303</b>
Debt Service	92,068	105,387	102,613	129,392	26,779
Payment in Lieu of Taxes	16,882	18,301	16,882	19,215	2,333
Right of Way	5,100	5,100	5,100	5,100	0
<b>Subtotal Debt Service &amp; PILOT/ROW</b>	<b>\$114,050</b>	<b>\$128,788</b>	<b>\$124,595</b>	<b>\$153,707</b>	<b>\$ 29,112</b>
<b>Total O &amp; M Expenditures</b>	<b>\$374,484</b>	<b>\$422,357</b>	<b>\$415,360</b>	<b>\$456,775</b>	<b>\$ 41,415</b>
Less PS Charged to Capital Projects	(10,716)	(16,000)	(14,000)	(16,690)	2,690
<b>Total Net Operating Expenditures</b>	<b>\$363,768</b>	<b>\$406,357</b>	<b>\$401,360</b>	<b>\$440,085</b>	<b>\$ 38,725</b>



# FY 2014 – FY 2020 O & M Sensitivity Analysis

(\$000's)

	Escalation Costs		
	Budgeted @ 3%	2%	1%
FY 2014 O & M	\$ 297,979	\$ 295,116	\$ 292,252
FY 2020 O & M	\$ 356,739	\$ 333,488	\$ 311,566
Variance (\$)	\$ 58,760	\$ 38,372	\$ 19,314
Variance (%)	20%	13%	7%
Average Annual Increase	\$ 8,394	\$ 5,482	\$ 2,759
Average Annual Increase	3%	2%	1%

 Operations and maintenance expenditures are inclusive of projected digester savings of \$13.8M and \$33.2M in FY 2014 and FY 2020 respectively

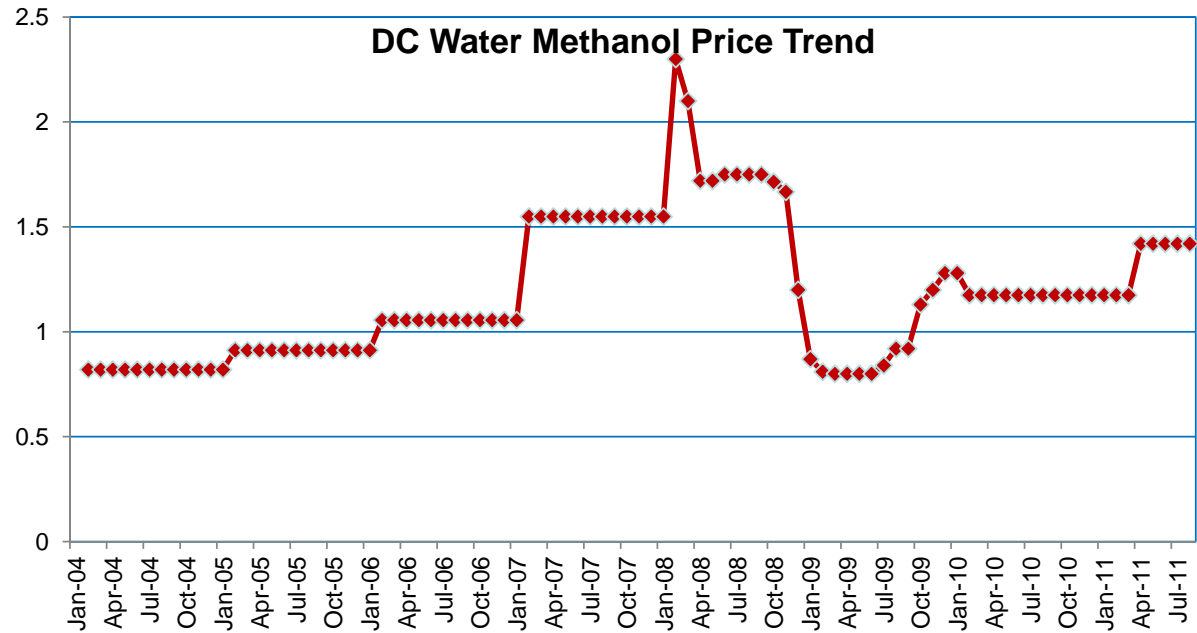
# Operating Budget Departmental Summary

(\$000's)

	POSITIONS				BUDGETS				
	FY 2012		FY 2013	FY 12 & 13	FY 2012		FY 2013	FY 12 & 13	
	Approved Pos	Revised Pos	Proposed Pos	Revised vs Proposed	Approved Budget	Revised Budget	Proposed Budget	Revised vs Proposed (over)/under	
O p e r a t i o n s	Wastewater Treatment	121	121	121	-	\$85,359	\$85,369	\$87,735	(2,365)
	Water Services	184	184	207	(23)	58,846	57,631	61,207	(3,576)
	Sewer Services	159	159	159	-	20,484	20,394	21,213	(818)
	Maintenance Services	139	139	139	-	20,590	20,742	21,217	(475)
	Water/Sewer Pumping Services	33	33	33	-	4,837	4,731	4,691	40
	Engineering & Tech. Services	167	156	170	(14)	19,363	17,101	19,829	(2,729)
	Customer Service	124	124	125	(1)	16,356	16,079	16,602	(522)
	Long Term Control Plan (Clean Rivers)	10	10	10	-	1,499	1,477	1,394	83
	Permits	5	15	15	-	971	1,662	1,522	140
	<b>Subtotal Operations</b>	<b>942</b>	<b>941</b>	<b>979</b>	<b>(38)</b>	<b>228,302</b>	<b>225,187</b>	<b>235,409</b>	<b>(10,222)</b>
	A d m i n i s t r a t i o n	Office of the Secretary	2	2	2	-	624	618	598
General Manager		16	17	15	2	4,405	4,787	3,985	802
General Counsel		14	14	15	(1)	6,041	6,184	7,033	(849)
Public Affairs		10	11	12	(1)	1,868	1,929	2,213	(284)
Internal Audit		-	-	-	-	815	816	840	(24)
Finance & Budget		46	46	46	-	7,773	8,059	8,184	(125)
Information Technology		24	24	24	-	9,827	9,670	10,261	(591)
Risk Management		4	4	4	-	6,208	5,975	6,194	(219)
Asst. Gen. Mgr. - Support Services		2	2	2	-	322	322	330	(8)
Facilities Management & Security		60	66	67	(1)	6,877	12,481	12,990	(508)
Occupational Safety and Health		14	8	10	(2)	6,743	1,358	1,733	(375)
Procurement & Materiel Mgt		38	38	38	-	4,311	4,138	4,362	(225)
Fleet Management		6	6	6	-	4,459	4,507	4,466	41
Human Resources	24	23	23	-	4,994	4,734	4,470	264	
<b>Subtotal Administration</b>	<b>260</b>	<b>261</b>	<b>264</b>	<b>(3)</b>	<b>65,267</b>	<b>65,578</b>	<b>67,659</b>	<b>(2,081)</b>	
<b>Subtotal O &amp; M Expenditures</b>	<b>1,202</b>	<b>1,202</b>	<b>1,243</b>	<b>(41)</b>	<b>293,569</b>	<b>\$290,765</b>	<b>\$303,069</b>	<b>(12,303)</b>	
Debt Service					105,387	102,613	129,392	(26,779)	
Payment in Lieu of Taxes					18,301	16,882	19,215	(2,333)	
Right of Way					5,100	5,100	5,100	-	
<b>Total O &amp; M Expenditures</b>					<b>\$422,357</b>	<b>\$415,360</b>	<b>\$456,775</b>	<b>(41,415)</b>	
Personnel Services charged to Capital Projects					(16,000)	(14,000)	(16,690)	2,690	
<b>Total Net Operating Expenditures</b>	<b>1,202</b>	<b>1,202</b>	<b>1,243</b>	<b>(41)</b>	<b>\$406,357</b>	<b>\$401,360</b>	<b>\$440,085</b>	<b>(38,725)</b>	



# Chemicals (Methanol) Pricing



- DC Water Contract Price FY 2008 @ \$1.75/gallon (17% increase)
- FY 2013 assumed @ \$1.54/gallon (~3% increase)
- FY 2012 assumed @ \$1.49 /gallon



# Operating Revenues Comparison

(\$000's)

	FY 2011 Actual	FY 2012 Approved	FY 2012 Revised	FY 2013 Proposed	Increase/ (Decrease)	Percentage Change
Residential	63,049	67,794	69,039	76,270	7,231	10.5%
Commercial	92,472	95,265	99,350	108,866	9,516	9.6%
Multi-family	54,167	57,983	57,783	62,258	4,475	7.7%
<b>Sub-Total Residential, Commercial and Multi-family</b>	<b>209,688</b>	<b>221,042</b>	<b>226,172</b>	<b>247,394</b>	<b>21,222</b>	<b>9.4%</b>
Federal Government(1)	44,854	48,010	47,534	52,551	5,017	10.6%
District Government	8,903	11,196	11,131	12,677	1,546	13.9%
D.C. Housing Authority	5,118	7,056	6,428	6,960	532	8.3%
Transfer from Rate Stabilization Fund	9,500	-	6,500	6,500	-	0.0%
Metering Fee	9,764	10,776	10,776	10,776	-	0.0%
<b>Total Retail</b>	<b>287,827</b>	<b>298,080</b>	<b>308,541</b>	<b>336,858</b>	<b>28,317</b>	<b>9.2%</b>
IMA Wastewater Charges	61,712	64,009	66,790	69,818	3,028	4.5%
Potomac Interceptor Wastewater Charges	7,549	7,430	7,571	7,628	57	0.8%
<b>Total Wholesale</b>	<b>69,261</b>	<b>71,439</b>	<b>74,361</b>	<b>77,446</b>	<b>3,085</b>	<b>4.1%</b>
District Stormwater Revenue (2)	648	1,100	1,100	1,100	-	0.0%
Misc. Rev. (e.g. water tap installation, fire hydrant usage, etc.)	22,320	16,898	18,898	18,898	-	0.0%
Washington Aqueduct Debt Service Revenue for Falls Church & Arlington	313	217	217	206	(11)	-5.0%
Interest Income (including interest on Bond Debt Service Reserve Fund)	1,332	1,087	791	1,328	536	67.8%
Right of Way	5,100	5,100	5,100	5,100	-	0.0%
PILOT Fee	17,173	18,301	17,408	19,214	1,806	10.4%
<b>Total Other</b>	<b>46,886</b>	<b>42,702</b>	<b>43,514</b>	<b>45,846</b>	<b>2,332</b>	<b>5.4%</b>
<b>Total Operating Cash Receipts</b>	<b>403,974</b>	<b>412,222</b>	<b>426,416</b>	<b>460,150</b>	<b>33,733</b>	<b>7.9%</b>

- (1) Historical actuals are presented on revenue basis. Projected amounts shown are billed revenues. Actual Federal receipts are a combination of current year projected revenues and prior year adjustments, which are presented as reserve items. See Section 3 for further explanation.
- (2) Reflects District stormwater fee revenue that will fund DC Water share of District stormwater permit compliance activities, and will not be funded through DC Water retail rates or other DC Water revenue sources. See Section 3 for further explanation.



# FY 2011 - FY 2020 CIP Project Lifetime Budgets by Program Area

	(\$000's)		
	FY 2012 Approved	FY 2012 Revised / FY 2013 Proposed	Variance
<b><u>Wastewater Treatment</u></b>			
Liquid Processing Projects	612,749	622,106	9,357
Plantwide Projects	337,671	345,887	8,216
Solids Processing Projects	688,806	719,537	30,731
Enhanced Nitrogen Removal Facilities (formerly BTN - Total Nitrogen Program)	1,024,855	988,778	(36,077)
<b>Sub-total</b>	<b>2,664,081</b>	<b>2,676,308</b>	<b>12,227</b>
<b><u>Sanitary Sewer</u></b>			
Sanitary Collection Sewers	133,906	133,906	0
Sanitary On-Going Projects	142,067	159,677	17,610
Sanitary Pumping Facilities	25,898	25,898	-
Sanitary Sewer Projects Program Management	103,150	103,135	(15)
Sanitary Interceptor/Trunk Force Sewers	430,144	432,583	2,439
<b>Sub-total</b>	<b>835,165</b>	<b>855,199</b>	<b>20,034</b>
<b><u>Combined Sewer Overflow</u></b>			
CSO Program Management	55,239	55,239	-
Combined Sewer Projects: Nine Minimum Controls	215,387	213,888	(1,499)
Combined Sewer Projects: Others	240,013	244,844	4,831
Clean Rivers Project (aka Long-Term Control Plan)			
Anacostia Tunnel	1,672,282	1,672,282	-
Potomac Tunnel	418,700	418,700	-
Rock Creek Tunnel	70,342	70,342	-
<b>Sub-total</b>	<b>2,671,963</b>	<b>2,675,295</b>	<b>3,332</b>
<b><u>Stormwater</u></b>			
Stormwater Extensions/Local Drainage	17,999	17,999	0
Stormwater On-Going Program	9,658	9,658	0
Stormwater Pumping Facilities	0	0	-
DDOT Stormwater Program	5,066	4,720	(346)
Stormwater Projects Program Management	10,630	10,630	-
Stormwater Trunk/Force Sewers	18,605	15,504	(3,101)
<b>Sub-total</b>	<b>61,958</b>	<b>58,511</b>	<b>(3,447)</b>



## FY 2011 - FY 2020 CIP Project Lifetime Budgets by Program Area – cont.

(\$000's)

<u>Water</u>	<u>FY 2012 Approved</u>	<u>FY 2012 Revised / FY 2013 Proposed</u>	<u>Variance</u>
Water Distribution Systems	666,933	695,720	28,787
Water Lead Program	191,000	191,040	40
Water On-Going Projects	112,121	117,541	5,420
Water Pumping Facilities	150,149	161,372	11,223
DDOT Water Projects	95,892	91,538	(4,354)
Water Storage Facilities	71,862	74,311	2,449
Water Projects Program Management	51,107	47,559	(3,548)
Meter Replacement /AMR Installation	61,151	73,534	12,383
<b>Sub-total</b>	<b>1,400,215</b>	<b>1,452,615</b>	<b>52,400</b>
<b>Washington Aqueduct</b>	<b>203,138</b>	<b>203,138</b>	<b>0</b>
<b>Capital Equipment</b>	<b>103,906</b>	<b>98,307</b>	<b>(5,599)</b>
<b>Total DC Water CIP Lifetime (see notes)</b>	<b>7,940,426</b>	<b>8,019,373</b>	<b>78,947</b>

Notes:

- 1 Lifetime budgets shown here represent total budgets for projects that are active during the current 10-year CIP. Lifetime budgets include historical spending prior to the beginning of the current 10-year plan, spending during the 10-year plan, and projected spending beyond the current 10-year plan. Projects completed in FY 2011 will be dropped from the CIP next year.
- 2 These budgets do not include inhouse labor costs, estimated to be in the \$8 to \$9 million range, annually, and are applicable to, primarily, the time charged to capital projects by employees in the Departments of Engineering and Technical Services, Sewer Services, and Water Services.





# Capital Projects With Changes to IMA Shares

A preliminary agreement has been reached with IMA partners for the sharing of approximately \$177 million specific project costs that heretofore had been the sole responsibility of the District of Columbia:

Project ID	Description
C7	DSS Storm Sewer Project
EJ	Potomac Pump Station Phase III
EK	Long Term Rehab-Main & O Pump Station
EQ	Potomac Pump Station Rehab Phase IV
FQ	Main & O St. PS Intermediate Upgrade
FY	Rehab Upper Rock Creek Interceptor
G2	Sewer Structure Rehabilitation 1
G4	Upper Potomac Intercept Sewer Rehab.
HT	Rehabilitation of Anacostia Force Main
IK	Potomac Force Main Rehabilitation
IL	Creekbed Sewer Rehabilitation 2
IM	Creekbed Sewer Rehabilitation 3
J0	B St/New Jersey Ave Trunk Sewer Rehab
J1	Oxon Run Sewer Leakage Correction
K4	Poplar Point Pumping Station/Nine Minimum Controls
K5	Dry-Weather Overflow Elimination/Nine Minimum Controls



# FY 2013 Capital Authority Request

(\$000's)

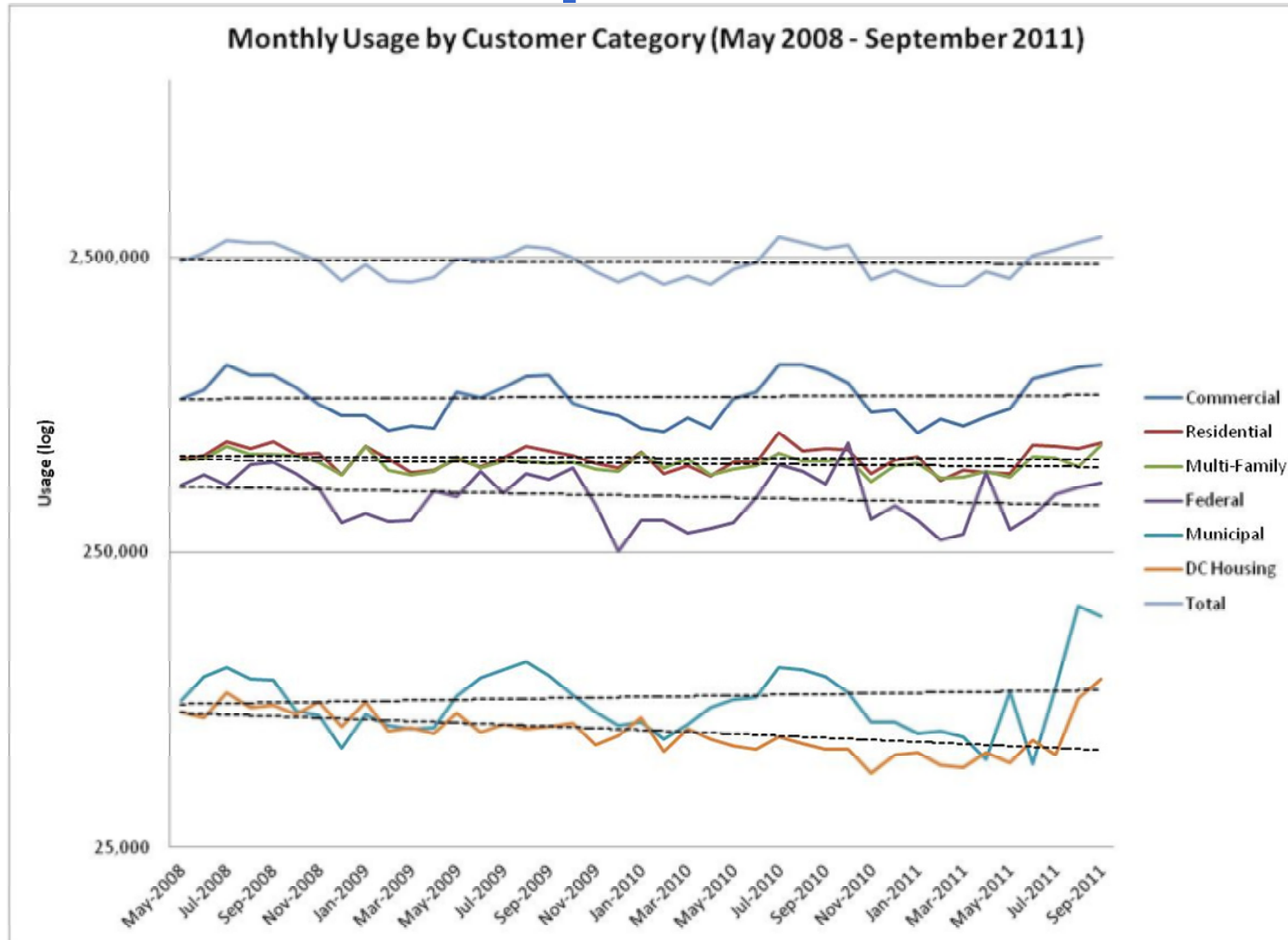
<u>Service Areas</u>	<u>Amount</u>
Blue Plains Wastewater Treatment <sup>1</sup>	\$277,007
Sanitary Sewer System	88,795
Combined Sewer Overflow <sup>1</sup>	124,734
Stormwater	2,683
Water System	91,894
Washington Aqueduct (DC Water share)	10,848
Capital Equipment	<u>10,129</u>
Total	<u>\$606,090</u>

\* The authority request includes a 24 month look-ahead, i.e., it also takes into account projected commitments for FY 2014 and FY 2015.

<sup>1</sup> Includes Special Risk Allowance of \$20 million, and \$122 million for Enhanced Nitrogen Removal (formerly Total Nitrogen - "BTN"), and Clean Rivers (*aka* Long Term Control Plan - "LTCP") Programs, respectively, although not part of their Lifetime Budgets.



# Consumption Trends



# Ten-Year Financial Plan

(\$000's)

<b>OPERATING</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<i>Retail*</i>	300,599	324,549	354,672	388,824	420,300	450,482	482,549	505,885	532,324	557,097
<i>Wholesale*</i>	69,261	74,361	77,446	72,521	67,091	69,008	70,929	72,955	75,036	77,810
<i>Other</i>	24,614	21,006	21,531	24,429	27,870	31,135	33,154	34,296	35,168	35,933
<i>RSF</i>	9,500	6,500	6,500	-	2,950	4,000	5,000	2,000	-	2,000
<b>Operating Receipts (1)</b>	<b>\$ 403,974</b>	<b>\$ 426,416</b>	<b>\$ 460,150</b>	<b>\$ 485,774</b>	<b>\$ 518,211</b>	<b>\$ 554,625</b>	<b>\$ 591,632</b>	<b>\$ 615,135</b>	<b>\$ 642,528</b>	<b>\$ 672,840</b>
<b>Operating Expenses</b>	<b>(269,804)</b>	<b>(299,130)</b>	<b>(310,692)</b>	<b>(309,473)</b>	<b>(304,762)</b>	<b>(314,230)</b>	<b>(323,932)</b>	<b>(333,578)</b>	<b>(343,392)</b>	<b>(356,362)</b>
<b>Debt Service</b>	<b>\$ (91,888)</b>	<b>\$ (100,776)</b>	<b>\$ (127,627)</b>	<b>\$ (150,387)</b>	<b>\$ (184,432)</b>	<b>\$ (207,532)</b>	<b>\$ (227,674)</b>	<b>\$ (238,925)</b>	<b>\$ (248,375)</b>	<b>\$ (265,764)</b>
<b>Net Revenues After Debt Service</b>	<b>\$ 42,282</b>	<b>\$ 26,511</b>	<b>\$ 21,830</b>	<b>\$ 25,914</b>	<b>\$ 29,018</b>	<b>\$ 32,862</b>	<b>\$ 40,026</b>	<b>\$ 42,633</b>	<b>\$ 50,761</b>	<b>\$ 50,713</b>
<b>Operating Reserve-Beg Balance</b>	<b>131,996</b>	<b>150,035</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>
<b>Other Misc (Disbursements)/Receipts</b>										
Wholesale/Federal True Up	(2,192)	(6,250)	(8,105)	(2,791)	-	-	-	-	-	-
Transfers To RSF	(9,500)	(12,250)								
Transfers To DC PILOT Fund	(10,000)									
Pay-Go Financing	(2,551)	(32,546)	(13,725)	(23,123)	(29,018)	(32,862)	(40,026)	(42,633)	(50,761)	(50,713)
<b>Operating Reserve - Ending Balance</b>	<b>\$ 150,035</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>
<b>Rate Stabilization Fund Balance RSF (2)</b>	<b>\$ (16,700)</b>	<b>\$ (22,450)</b>	<b>\$ (15,950)</b>	<b>\$ (15,950)</b>	<b>\$ (13,000)</b>	<b>\$ (9,000)</b>	<b>\$ (4,000)</b>	<b>\$ (2,000)</b>	<b>\$ (2,000)</b>	<b>\$ -</b>
<b>Senior Debt Service Coverage</b>	<b>321%</b>	<b>278%</b>	<b>232%</b>	<b>220%</b>	<b>201%</b>	<b>189%</b>	<b>183%</b>	<b>178%</b>	<b>177%</b>	<b>174%</b>
<b>Combined Debt Service Coverage</b>	<b>145%</b>	<b>130%</b>	<b>130%</b>	<b>132%</b>	<b>130%</b>	<b>129%</b>	<b>131%</b>	<b>131%</b>	<b>133%</b>	<b>131%</b>
<b>Proposed Water/Sewer Rate Increases</b>	<b>12.5%</b>	<b>4.5%</b>	<b>6.5%</b>	<b>5.0%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>4.5%</b>	<b>4.0%</b>	<b>4.5%</b>
<b>Operating Receipts \$ Increase/Decrease*</b>										
Retail	38,365	23,949	30,122	34,151	31,474	30,181	32,065	23,335	26,438	24,772
Wholesale	1,789	5,099	3,085	(4,927)	(5,430)	1,915	1,920	2,024	2,080	2,773
<b>Operating Receipts % Increase/Decrease*</b>										
Retail	14.6%	8.0%	9.3%	9.6%	8.1%	7.2%	7.1%	4.8%	5.2%	4.7%
Wholesale	2.7%	7.4%	4.1%	-6.4%	-7.5%	2.9%	2.8%	2.9%	2.9%	3.7%

(1) Includes interest earnings on senior lien revenue bonds' debt service reserve fund  
 (2) FY 2011 Rate Stabilization Fund utilization brought the total fund balance to \$16.7 million



# FY 2011 – FY 2020

## Sources and Uses of Funds

(\$000's)

Description	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
<b>BEGINNING BALANCE</b>	\$ 7,432,539	\$ 132,632,951	\$ 173,744,631	\$ 36,669,280	\$ 35,865,510	\$ 2,365,835	\$ 3,109,283	\$ 2,971,653	\$ 1,898,080	\$ 1,633,794	\$ 398,323,557
<b>SOURCES OF FUNDS:</b>											
Proceeds from Rev. Bonds	\$ 211,722,441	300,000,000	\$ 200,000,000	\$ 250,000,000	\$ 236,583,472	\$ 248,742,640	\$ 237,732,217	\$ 151,846,378	\$ 130,703,502	\$ 162,622,978	\$ 2,129,953,628
Proceeds from Treasury Notes/Digesters Financing Option	75,000,000	-	-	-	-	-	-	-	-	-	\$ 75,000,000
Capital Equipment Financing (for 5 yrs @ 3.25%)	6,000,000	8,184,000	12,279,200	12,272,800	9,907,200	7,338,400	-	-	-	-	\$ 55,981,600
Transfer from Operations	2,551,148	32,546,261	13,725,004	23,123,430	29,017,818	32,862,125	40,025,500	42,632,969	50,761,418	50,713,228	\$ 317,958,902
EPA Grants /DC Reimbursement	16,009,163	25,455,000	34,423,000	40,914,000	22,500,000	16,500,000	16,500,000	16,500,000	16,500,000	16,500,000	\$ 221,801,163
CSO Grants	28,258,996	31,332,000	30,000,000	-	-	-	-	-	-	-	\$ 89,590,996
Wholesale Customer Capital Contributions	82,005,363	175,242,000	237,897,000	141,354,000	84,098,000	75,834,000	65,020,000	27,191,000	14,538,000	7,992,000	\$ 911,171,363
Interest Income	1,033,301	93,419	301,445	1,875,000	2,365,835	3,109,283	2,971,653	1,898,080	1,633,794	2,032,787	\$ 17,314,597
<b>Total Sources</b>	<b>\$ 422,580,412</b>	<b>\$ 572,852,680</b>	<b>\$ 528,625,649</b>	<b>\$ 469,539,230</b>	<b>\$ 384,472,325</b>	<b>\$ 384,386,448</b>	<b>\$ 362,249,370</b>	<b>\$ 240,068,427</b>	<b>\$ 214,136,714</b>	<b>\$ 239,860,993</b>	<b>\$ 3,818,772,249</b>
<b>USES OF FUNDS:</b>											
Water Projects	\$ 44,115,000	\$ 51,585,000	\$ 57,646,000	\$ 65,488,000	\$ 55,477,000	\$ 54,916,000	\$ 60,187,000	\$ 63,131,000	\$ 52,840,000	\$ 61,783,000	\$ 567,168,000
Blue Plains Projects	125,880,000	275,845,000	378,648,000	209,313,000	110,798,000	104,080,000	95,922,000	42,224,000	16,822,000	4,350,000	\$ 1,363,882,000
Sanitary Sewer Projects	24,494,000	39,922,000	45,381,000	56,779,000	64,335,000	44,567,000	41,286,000	55,928,000	44,419,000	40,110,000	\$ 457,221,000
Combined Sewer	36,457,000	16,094,000	12,165,000	19,652,000	18,038,000	19,668,000	13,623,000	11,731,000	12,289,000	14,581,000	\$ 174,298,000
Combined Sewer LTCP	41,415,000	115,922,000	139,856,000	92,106,000	145,168,000	137,874,000	128,311,000	45,449,000	66,256,000	98,040,000	\$ 1,010,397,000
Stormwater Projects	2,160,000	2,775,000	4,276,000	2,545,000	801,000	775,000	737,000	810,000	900,000	506,000	\$ 16,285,000
Washington Aqueduct Division Projects	9,490,000	11,373,000	10,598,000	10,744,000	11,016,000	11,280,000	11,588,000	10,891,000	10,323,000	9,842,000	\$ 107,145,000
Capital Equipment	10,585,000	15,349,000	15,341,000	12,384,000	9,173,000	7,278,000	7,348,000	7,648,000	6,778,000	6,778,000	\$ 98,662,000
Meter Replacement / AMR	2,784,000	2,876,000	1,790,000	1,332,000	3,166,000	3,205,000	3,385,000	3,330,000	3,774,000	3,472,000	\$ 29,114,000
Reimbursement for Prior Capital Expend.	-	-	-	-	-	-	-	-	-	-	\$ -
<b>Total Uses</b>	<b>\$ 297,380,000</b>	<b>\$ 531,741,000</b>	<b>\$ 665,701,000</b>	<b>\$ 470,343,000</b>	<b>\$ 417,972,000</b>	<b>\$ 383,643,000</b>	<b>\$ 362,387,000</b>	<b>\$ 241,142,000</b>	<b>\$ 214,401,000</b>	<b>\$ 239,462,000</b>	<b>\$ 3,824,172,000</b>
<b>SOURCES MINUS USES</b>	<b>125,200,412</b>	<b>41,111,680</b>	<b>(137,075,351)</b>	<b>(803,770)</b>	<b>(33,499,675)</b>	<b>743,448</b>	<b>(137,630)</b>	<b>(1,073,573)</b>	<b>(264,286)</b>	<b>398,993</b>	<b>(5,399,751)</b>
<b>ENDING BALANCE</b>	<b>\$ 132,632,951</b>	<b>\$ 173,744,631</b>	<b>\$ 36,669,280</b>	<b>\$ 35,865,510</b>	<b>\$ 2,365,835</b>	<b>\$ 3,109,283</b>	<b>\$ 2,971,653</b>	<b>\$ 1,898,080</b>	<b>\$ 1,633,794</b>	<b>\$ 2,032,787</b>	<b>\$ 392,923,805</b>



# FY 2011 – FY 2020 Projected Retail Rates and Fee Changes

	Units	Proposed									
		FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
DC Water Retail Rates Water	Ccf	\$ 3.10	\$ 3.24	\$ 3.45	\$ 3.62	\$ 3.85	\$ 4.10	\$ 4.37	\$ 4.57	\$ 4.75	\$ 4.96
DC Water Retail Rates Sewer	Ccf	\$ 3.79	\$ 3.96	\$ 4.22	\$ 4.43	\$ 4.72	\$ 5.03	\$ 5.36	\$ 5.60	\$ 5.82	\$ 6.08
DC Water Clean Rivers IAC	ERU	\$ 3.45	\$ 6.64	\$ 9.73	\$ 14.52	\$ 17.66	\$ 20.33	\$ 23.19	\$ 25.49	\$ 28.75	\$ 31.17
DC Water Customer Metering Fee		\$ 3.86	\$ 3.86	\$ 3.86	\$ 3.86	\$ 3.86	\$ 3.86	\$ 3.86	\$ 3.86	\$ 3.86	\$ 3.86
District of Columbia PILOT Fee	Ccf	\$ 0.49	\$ 0.49	\$ 0.52	\$ 0.55	\$ 0.59	\$ 0.63	\$ 0.67	\$ 0.70	\$ 0.73	\$ 0.76
District of Columbia Right of Way Fee	Ccf	\$ 0.14	\$ 0.15	\$ 0.16	\$ 0.17	\$ 0.18	\$ 0.19	\$ 0.20	\$ 0.21	\$ 0.22	\$ 0.23



# FY 2011 – FY 2020 Projected Average Residential Monthly Bill

	Units	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
DC Water Retail Rates (1)	Ccf	\$ 46.09	\$ 48.17	\$ 51.31	\$ 53.85	\$ 57.33	\$ 61.08	\$ 65.09	\$ 68.04	\$ 70.71	\$ 73.86
DC Water Clean Rivers IAC	ERU	3.45	6.64	9.73	14.52	17.66	20.33	23.19	25.49	28.75	31.17
DC Water Customer Metering Fee		3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86
<b>Subtotal DC Water Rates &amp; Charges</b>		<b>\$ 53.40</b>	<b>\$ 58.67</b>	<b>\$ 64.90</b>	<b>\$ 72.23</b>	<b>\$ 78.85</b>	<b>\$ 85.27</b>	<b>\$ 92.14</b>	<b>\$ 97.39</b>	<b>\$ 103.32</b>	<b>\$ 108.89</b>
<b>Percent Increase in DC Water Portion of Bill</b>		<b>18.3%</b>	<b>9.9%</b>	<b>10.6%</b>	<b>11.3%</b>	<b>9.2%</b>	<b>8.1%</b>	<b>8.1%</b>	<b>5.7%</b>	<b>6.1%</b>	<b>5.4%</b>
District of Columbia PILOT (1)	Ccf	\$ 3.28	\$ 3.28	\$ 3.48	\$ 3.68	\$ 3.95	\$ 4.21	\$ 4.48	\$ 4.68	\$ 4.88	\$ 5.08
District of Columbia Right of Way Fee (1)	Ccf	0.94	1.00	1.07	1.14	1.20	1.27	1.34	1.40	1.47	1.54
District of Columbia PILOT/ROW Fee		4.22	4.28	4.55	4.82	5.15	5.48	5.82	6.08	6.35	6.62
District of Columbia Stormwater Fee (2)	ERU	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67
<b>Subtotal District of Columbia Charges</b>		<b>\$ 6.89</b>	<b>\$ 6.95</b>	<b>\$ 7.22</b>	<b>\$ 7.49</b>	<b>\$ 7.82</b>	<b>\$ 8.15</b>	<b>\$ 8.49</b>	<b>\$ 8.75</b>	<b>\$ 9.02</b>	<b>\$ 9.29</b>
<b>Total Amount Appearing on DC Water Bill</b>		<b>\$ 60.29</b>	<b>\$ 65.62</b>	<b>\$ 72.12</b>	<b>\$ 79.72</b>	<b>\$ 86.67</b>	<b>\$ 93.42</b>	<b>\$ 100.63</b>	<b>\$ 106.14</b>	<b>\$ 112.34</b>	<b>\$ 118.18</b>
Increase / Decrease Over Prior Year		\$ 8.76	\$ 5.33	\$ 6.50	\$ 7.60	\$ 6.95	\$ 6.75	\$ 7.21	\$ 5.51	\$ 6.20	\$ 5.84
<b>Percent Increase in Total Bill</b>		<b>17.0%</b>	<b>8.8%</b>	<b>9.9%</b>	<b>10.5%</b>	<b>8.7%</b>	<b>7.8%</b>	<b>7.7%</b>	<b>5.5%</b>	<b>5.8%</b>	<b>5.2%</b>

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

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



**FINANCE AND BUDGET COMMITTEE  
FISCAL YEAR 2013 PROPOSED OPERATING BUDGET ACTION ITEM**

**ACTION ITEM 3A: Proposed FY 2013 Operating Budget**

The Proposed FY 2013 Operating Budget to be considered by the Board of Directors totals \$456,775,000.

**FY 2013**

<b>Operations &amp; Maintenance Expenditures</b>	<b>\$303,069,000</b>
Debt Service	129,392,000
Payment In Lieu of Taxes	19,215,000
Right of Way Fee	5,100,000
<b>Subtotal (Debt Service / PILOT / ROW)</b>	<b>\$153,707,000</b>
<b>Revised FY 2013 Operating Budget</b>	<b><u><u>\$456,775,000</u></u></b>



**FINANCE AND BUDGET COMMITTEE  
FISCAL YEAR 2011 – 2020 TEN YEAR FINANCIAL PLAN ACTION ITEM**

**ACTION ITEM 3B: FY 2011 – 2020 Ten Year Financial Plan**

1. Attached is a summary of the 10-year plan, which is based on the following key assumptions:
  - Operating receipts totaling \$460.1 funded in FY 2013;
  - Additional FY 2013 revenue requirement would be funded through:
    - Retail Revenue – increase of \$28.3 million:
      - i. Proposed FY 2013 combined water and sewer rate increase of \$0.47 per Ccf {\$0.63 per 1,000 gallons}
      - ii. Proposed FY 2013 monthly Clean Rivers Impervious Area Charge (IAC) increase of \$3.09 per ERU
      - iii. Proposed FY 2013 PILOT fee increase of \$0.03 per Ccf {\$0.04 per 1,000 gallons}
      - iv. Proposed FY 2013 ROW fee increase of \$0.01 per Ccf {\$0.01 per 1,000 gallons}
    - Wholesale Revenue – increase of \$3.1 million
    - Other Revenue – increase of \$2.3 million
  - Operating disbursements of \$438.3 million in FY 2013; and
  - A ten-year capital improvement program of \$3.8 billion on a cash disbursement basis.

All years of this plan meet the Board's policy requirement of senior debt coverage of 140 percent and a reserve greater than 120 days' operating and maintenance costs or \$125.5 million.

**Finance and Budget Committee Meeting - 5. Action Items - Olu Adebó**

**DISTRICT OF COLUMBIA WATER & SEWER AUTHORITY  
FY 2011 - 2020 FINANCIAL PLAN  
(In 000's)**

<b>OPERATING</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<i>Retail*</i>	300,599	324,549	354,672	388,824	420,300	450,482	482,549	505,885	532,324	557,097
<i>Wholesale*</i>	69,261	74,361	77,446	72,521	67,091	69,008	70,929	72,955	75,036	77,810
<i>Other</i>	24,614	21,006	21,531	24,429	27,870	31,135	33,154	34,296	35,168	35,933
<i>RSF</i>	9,500	6,500	6,500	-	2,950	4,000	5,000	2,000	-	2,000
<b>Operating Receipts (1)</b>	<b>\$ 403,974</b>	<b>\$ 426,416</b>	<b>\$ 460,150</b>	<b>\$ 485,774</b>	<b>\$ 518,211</b>	<b>\$ 554,625</b>	<b>\$ 591,632</b>	<b>\$ 615,135</b>	<b>\$ 642,528</b>	<b>\$ 672,840</b>
<b>Operating Expenses</b>	<b>(269,804)</b>	<b>(299,130)</b>	<b>(310,692)</b>	<b>(309,473)</b>	<b>(304,762)</b>	<b>(314,230)</b>	<b>(323,932)</b>	<b>(333,578)</b>	<b>(343,392)</b>	<b>(356,362)</b>
<b>Debt Service</b>	<b>\$ (91,888)</b>	<b>\$ (100,776)</b>	<b>\$ (127,627)</b>	<b>\$ (150,387)</b>	<b>\$ (184,432)</b>	<b>\$ (207,532)</b>	<b>\$ (227,674)</b>	<b>\$ (238,925)</b>	<b>\$ (248,375)</b>	<b>\$ (265,764)</b>
<b>Net Revenues After Debt Service</b>	<b>\$ 42,282</b>	<b>\$ 26,511</b>	<b>\$ 21,830</b>	<b>\$ 25,914</b>	<b>\$ 29,018</b>	<b>\$ 32,862</b>	<b>\$ 40,026</b>	<b>\$ 42,633</b>	<b>\$ 50,761</b>	<b>\$ 50,713</b>
<b>Operating Reserve-Beg Balance</b>	<b>131,996</b>	<b>150,035</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>	<b>125,500</b>
<b>Other Misc (Disbursements)/Receipts</b>										
Wholesale/Federal True Up	(2,192)	(6,250)	(8,105)	(2,791)	-	-	-	-	-	-
Transfers To RSF	(9,500)	(12,250)								
Transfers To DC PILOT Fund	(10,000)									
Pay-Go Financing	(2,551)	(32,546)	(13,725)	(23,123)	(29,018)	(32,862)	(40,026)	(42,633)	(50,761)	(50,713)
<b>Operating Reserve - Ending Balance</b>	<b>\$ 150,035</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>	<b>\$ 125,500</b>
<b>Rate Stabilization Fund Balance RSF (2)</b>	<b>\$ (16,700)</b>	<b>\$ (22,450)</b>	<b>\$ (15,950)</b>	<b>\$ (15,950)</b>	<b>\$ (13,000)</b>	<b>\$ (9,000)</b>	<b>\$ (4,000)</b>	<b>\$ (2,000)</b>	<b>\$ (2,000)</b>	<b>\$ -</b>
<b>Senior Debt Service Coverage</b>	<b>321%</b>	<b>278%</b>	<b>232%</b>	<b>220%</b>	<b>201%</b>	<b>189%</b>	<b>183%</b>	<b>178%</b>	<b>177%</b>	<b>174%</b>
<b>Combined Debt Service Coverage</b>	<b>145%</b>	<b>130%</b>	<b>130%</b>	<b>132%</b>	<b>130%</b>	<b>129%</b>	<b>131%</b>	<b>131%</b>	<b>133%</b>	<b>131%</b>
<b>Proposed Water/Sewer Rate Increases</b>	<b>12.5%</b>	<b>4.5%</b>	<b>6.5%</b>	<b>5.0%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>4.5%</b>	<b>4.0%</b>	<b>4.5%</b>
<b>Operating Receipts \$ Increase/Decrease*</b>										
Retail	38,365	23,949	30,122	34,151	31,474	30,181	32,065	23,335	26,438	24,772
Wholesale	1,789	5,099	3,085	(4,927)	(5,430)	1,915	1,920	2,024	2,080	2,773
<b>Operating Receipts % Increase/Decrease*</b>										
Retail	14.6%	8.0%	9.3%	9.6%	8.1%	7.2%	7.1%	4.8%	5.2%	4.7%
Wholesale	2.7%	7.4%	4.1%	-6.4%	-7.5%	2.9%	2.8%	2.9%	2.9%	3.7%

(1) Includes interest earnings on senior lien revenue bonds' debt service reserve fund  
(2) FY 2011 Rate Stabilization Fund utilization brought the total fund balance to \$16.7 million

**Finance and Budget Committee Meeting - 5. Action Items - Olu Adebo**

**District of Columbia Water and Sewer Authority  
FY 2011-FY 2020 Capital Improvement Plan**

Description	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
<b>BEGINNING BALANCE</b>	\$ 7,432,539	\$ 132,632,951	\$ 173,744,631	\$ 36,669,280	\$ 35,865,510	\$ 2,365,835	\$ 3,109,283	\$ 2,971,653	\$ 1,898,080	\$ 1,633,794	\$ 398,323,557
<b>SOURCES OF FUNDS:</b>											
Proceeds from Rev. Bonds	\$ 211,722,441	300,000,000	\$ 200,000,000	\$ 250,000,000	\$ 236,583,472	\$ 248,742,640	\$ 237,732,217	\$ 151,846,378	\$ 130,703,502	\$ 162,622,978	\$ 2,129,953,628
Proceeds from Treasury Notes/Digesters Financing Option	75,000,000	-	-	-	-	-	-	-	-	-	\$ 75,000,000
Capital Equipment Financing (for 5 yrs @ 3.25%)	6,000,000	8,184,000	12,279,200	12,272,800	9,907,200	7,338,400	-	-	-	-	\$ 55,981,600
Transfer from Operations	2,551,148	32,546,261	13,725,004	23,123,430	29,017,818	32,862,125	40,025,500	42,632,969	50,761,418	50,713,228	\$ 317,958,902
EPA Grants /DC Reimbursement	16,009,163	25,455,000	34,423,000	40,914,000	22,500,000	16,500,000	16,500,000	16,500,000	16,500,000	16,500,000	\$ 221,801,163
CSO Grants	28,258,996	31,332,000	30,000,000	-	-	-	-	-	-	-	\$ 89,590,996
Wholesale Customer Capital Contributions	82,005,363	175,242,000	237,897,000	141,354,000	84,098,000	75,834,000	65,020,000	27,191,000	14,538,000	7,992,000	\$ 911,171,363
Interest Income	1,033,301	93,419	301,445	1,875,000	2,365,835	3,109,283	2,971,653	1,898,080	1,633,794	2,032,787	\$ 17,314,597
<b>Total Sources</b>	\$ 422,580,412	\$ 572,852,680	\$ 528,625,649	\$ 469,539,230	\$ 384,472,325	\$ 384,386,448	\$ 362,249,370	\$ 240,068,427	\$ 214,136,714	\$ 239,860,993	\$ 3,818,772,249
<b>USES OF FUNDS:</b>											
Water Projects	\$ 44,115,000	\$ 51,585,000	\$ 57,646,000	\$ 65,488,000	\$ 55,477,000	\$ 54,916,000	\$ 60,187,000	\$ 63,131,000	\$ 52,840,000	\$ 61,783,000	\$ 567,168,000
Blue Plains Projects	125,880,000	275,845,000	378,648,000	209,313,000	110,798,000	104,080,000	95,922,000	42,224,000	16,822,000	4,350,000	\$ 1,363,882,000
Sanitary Sewer Projects	24,494,000	39,922,000	45,381,000	56,779,000	64,335,000	44,567,000	41,286,000	55,928,000	44,419,000	40,110,000	\$ 457,221,000
Combined Sewer	36,457,000	16,094,000	12,165,000	19,652,000	18,038,000	19,668,000	13,623,000	11,731,000	12,289,000	14,581,000	\$ 174,298,000
Combined Sewer LTCP	41,415,000	115,922,000	139,856,000	92,106,000	145,168,000	137,874,000	128,311,000	45,449,000	66,256,000	98,040,000	\$ 1,010,397,000
Stormwater Projects	2,160,000	2,775,000	4,276,000	2,545,000	801,000	775,000	737,000	810,000	900,000	506,000	\$ 16,285,000
Washington Aqueduct Division Projects	9,490,000	11,373,000	10,598,000	10,744,000	11,016,000	11,280,000	11,588,000	10,891,000	10,323,000	9,842,000	\$ 107,145,000
Capital Equipment	10,585,000	15,349,000	15,341,000	12,384,000	9,173,000	7,278,000	7,348,000	7,648,000	6,778,000	6,778,000	\$ 98,662,000
Meter Replacement / AMR	2,784,000	2,876,000	1,790,000	1,332,000	3,166,000	3,205,000	3,385,000	3,330,000	3,774,000	3,472,000	\$ 29,114,000
Reimbursement for Prior Capital Expend.	-	-	-	-	-	-	-	-	-	-	\$ -
<b>Total Uses</b>	\$ 297,380,000	\$ 531,741,000	\$ 665,701,000	\$ 470,343,000	\$ 417,972,000	\$ 383,643,000	\$ 362,387,000	\$ 241,142,000	\$ 214,401,000	\$ 239,462,000	\$ 3,824,172,000
<b>SOURCES MINUS USES</b>	125,200,412	41,111,680	(137,075,351)	(803,770)	(33,499,675)	743,448	(137,630)	(1,073,573)	(264,286)	398,993	(5,399,751)
<b>ENDING BALANCE</b>	\$ 132,632,951	\$ 173,744,631	\$ 36,669,280	\$ 35,865,510	\$ 2,365,835	\$ 3,109,283	\$ 2,971,653	\$ 1,898,080	\$ 1,633,794	\$ 2,032,787	\$ 392,923,805

**District of Columbia Water & Sewer Authority**  
**FY 2011 - 2020 Projected Average Residential Monthly Bill**

	Units	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
DC Water Retail Rates (1)	Ccf	\$ 46.09	\$ 48.17	\$ 51.31	\$ 53.85	\$ 57.33	\$ 61.08	\$ 65.09	\$ 68.04	\$ 70.71	\$ 73.86
DC Water Clean Rivers IAC	ERU	3.45	6.64	9.73	14.52	17.66	20.33	23.19	25.49	28.75	31.17
DC Water Customer Metering Fee		3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86
<b>Subtotal DC Water Rates &amp; Charges</b>		<b>\$ 53.40</b>	<b>\$ 58.67</b>	<b>\$ 64.90</b>	<b>\$ 72.23</b>	<b>\$ 78.85</b>	<b>\$ 85.27</b>	<b>\$ 92.14</b>	<b>\$ 97.39</b>	<b>\$ 103.32</b>	<b>\$ 108.89</b>
<b>Percent Increase in DC Water Portion of Bill</b>		<b>18.3%</b>	<b>9.9%</b>	<b>10.6%</b>	<b>11.3%</b>	<b>9.2%</b>	<b>8.1%</b>	<b>8.1%</b>	<b>5.7%</b>	<b>6.1%</b>	<b>5.4%</b>
District of Columbia PILOT (1)	Ccf	\$ 3.28	\$ 3.28	\$ 3.48	\$ 3.68	\$ 3.95	\$ 4.21	\$ 4.48	\$ 4.68	\$ 4.88	\$ 5.08
District of Columbia Right of Way Fee (1)	Ccf	0.94	1.00	1.07	1.14	1.20	1.27	1.34	1.40	1.47	1.54
District of Columbia PILOT/ROW Fee		4.22	4.28	4.55	4.82	5.15	5.48	5.82	6.08	6.35	6.62
District of Columbia Stormwater Fee (2)	ERU	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67
<b>Subtotal District of Columbia Charges</b>		<b>\$ 6.89</b>	<b>\$ 6.95</b>	<b>\$ 7.22</b>	<b>\$ 7.49</b>	<b>\$ 7.82</b>	<b>\$ 8.15</b>	<b>\$ 8.49</b>	<b>\$ 8.75</b>	<b>\$ 9.02</b>	<b>\$ 9.29</b>
<b>Total Amount Appearing on DC Water Bill</b>		<b>\$ 60.29</b>	<b>\$ 65.62</b>	<b>\$ 72.12</b>	<b>\$ 79.72</b>	<b>\$ 86.67</b>	<b>\$ 93.42</b>	<b>\$ 100.63</b>	<b>\$ 106.14</b>	<b>\$ 112.34</b>	<b>\$ 118.18</b>
Increase / Decrease Over Prior Year		\$ 8.76	\$ 5.33	\$ 6.50	\$ 7.60	\$ 6.95	\$ 6.75	\$ 7.21	\$ 5.51	\$ 6.20	\$ 5.84
<b>Percent Increase in Total Bill</b>		<b>17.0%</b>	<b>8.8%</b>	<b>9.9%</b>	<b>10.5%</b>	<b>8.7%</b>	<b>7.8%</b>	<b>7.7%</b>	<b>5.5%</b>	<b>5.8%</b>	<b>5.2%</b>

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

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

***District of Columbia Water & Sewer Authority***  
**FY 2011 - 2013 Projected Retail Rates and Fee Changes**

	Units	FY 2011	FY 2012	Proposed FY 2013
DC Water Retail Rates Water	Ccf	\$ 3.10	\$ 3.24	\$ 3.45
DC Water Retail Rates Sewer	Ccf	<u>\$ 3.79</u>	<u>\$ 3.96</u>	<u>\$ 4.22</u>
DC Water Clean Rivers IAC	ERU	\$ 3.45	\$ 6.64	\$ 9.73
DC Water Customer Metering Fee		\$ 3.86	\$ 3.86	\$ 3.86
District of Columbia PILOT Fee	Ccf	\$ 0.49	\$ 0.49	\$ 0.52
District of Columbia Right of Way Fee	Ccf	<u>\$ 0.14</u>	<u>\$ 0.15</u>	<u>\$ 0.16</u>

**FINANCE AND BUDGET COMMITTEE  
FISCAL YEAR 2011 – 2020 CAPITAL IMPROVEMENT PROGRAM  
ACTION ITEM**

**ACTION ITEM 3C: FY 2011 – 2020 Capital Improvement Program (Lifetime & Cash Disbursements Basis)**

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

- a. **Project lifetime budgets** – Total project lifetime budgets reflect the total costs of each active project, as well as projects that are projected to begin over the ten-year planning period. These budgets include historical and projected spending as well as project contingencies. As shown in Attachment A-1, the Board of Directors will be asked to approve total project lifetime budgets of \$8.019 billion.
- b. **Disbursements-based CIP** - The disbursements-based capital improvement program is utilized to forecast the timing and amount of capital financings, which are the primary basis for projected retail rate increases. As shown **Attachment A-1** A-2, the Board of Directors will be asked to approve a cash disbursements-based CIP of \$3.824 billion.

FY 2011 - FY 2020 Capital Improvement Plan

Project Lifetime Budgets by Program Area (\$ 000's)

	FY 2012 Approved	FY2012 Revised/ FY2013 Proposed	Variance
<b><u>Wastewater Treatment</u></b>			
Liquid Processing Projects	612,749	622,106	9,357
Plantwide Projects	337,671	345,887	8,216
Solids Processing Projects	688,806	719,537	30,731
Enhanced Nitrogen Removal Facilities <i>(formerly BTN - Total Nitrogen Program)</i>	1,024,855	988,778	(36,077)
<b>Sub-total</b>	<b>2,664,081</b>	<b>2,676,308</b>	<b>12,227</b>
<b><u>Sanitary Sewer</u></b>			
Sanitary Collection Sewers	133,906	133,906	0
Sanitary On-Going Projects	142,067	159,677	17,610
Sanitary Pumping Facilities	25,898	25,898	-
Sanitary Sewer Projects Program Management	103,150	103,135	(15)
Sanitary Interceptor/Trunk Force Sewers	430,144	432,583	2,439
<b>Sub-total</b>	<b>835,165</b>	<b>855,199</b>	<b>20,034</b>
<b><u>Combined Sewer Overflow</u></b>			
CSO Program Management	55,239	55,239	-
Combined Sewer Projects: Nine Minimum Controls	215,387	213,888	(1,499)
Combined Sewer Projects: Others	240,013	244,844	4,831
Clean Rivers Project <i>(aka Long-Term Control Plan)</i>			
Anacostia Tunnel	1,672,282	1,672,282	-
Potomac Tunnel	418,700	418,700	-
Rock Creek Tunnel	70,342	70,342	-
<b>Sub-total</b>	<b>2,671,963</b>	<b>2,675,295</b>	<b>3,332</b>
<b><u>Stormwater</u></b>			
Stormwater Extensions/Local Drainage	17,999	17,999	0
Stormwater On-Going Program	9,658	9,658	0
Stormwater Pumping Facilities	0	0	-
DDOT Stormwater Program	5,066	4,720	(346)
Stormwater Projects Program Management	10,630	10,630	-
Stormwater Trunk/Force Sewers	18,605	15,504	(3,101)
<b>Sub-total</b>	<b>61,958</b>	<b>58,511</b>	<b>(3,447)</b>
<b><u>Water</u></b>			
Water Distribution Systems	666,933	695,720	28,787
Water Lead Program	191,000	191,040	40
Water On-Going Projects	112,121	117,541	5,420
Water Pumping Facilities	150,149	161,372	11,223
DDOT Water Projects	95,892	91,538	(4,354)
Water Storage Facilities	71,862	74,311	2,449
Water Projects Program Management	51,107	47,559	(3,548)
Meter Replacement /AMR Installation	61,151	73,534	12,383
<b>Sub-total</b>	<b>1,400,215</b>	<b>1,452,615</b>	<b>52,400</b>
<b>Washington Aqueduct</b>	<b>203,138</b>	<b>203,138</b>	<b>0</b>
<b>Capital Equipment</b>	<b>103,906</b>	<b>98,307</b>	<b>(5,599)</b>
<b>Total DC Water CIP Lifetime (see notes)</b>	<b>7,940,426</b>	<b>8,019,373</b>	<b>78,947</b>

Notes:

1. Lifetime budgets shown here represent total budgets for projects that are active during the current 10-year CIP. Lifetime budgets include historical spending prior to the beginning of the current 10-year plan, spending during the 10-year plan, and projected spending beyond the current 10-year plan. Projects completed in FY 2011 will be dropped from the CIP next year.
2. These budgets do not include in-house labor costs, estimated to be in the \$8 to \$9 million range, annually, and are applicable to, primarily, the time charged to capital projects by employees in the Departments of Engineering and Technical Services, Sewer Services, and Water Services.

**FY 2011 – FY 2020 PROJECTED CAPITAL IMPROVEMENT PLAN (CIP) – DISBURSEMENTS BASIS (\$ in 000'S)**

	FY 2011 Actuals	FY 2012 Revised	FY 2013 Proposed	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Total FY '11-'20
<b>Wastewater Treatment</b>											
Liquid Processing Projects	\$11,080	\$23,283	\$35,371	\$18,758	\$7,578	\$5,010	\$12,074	\$8,300	\$7,428	\$992	\$129,851
Plantwide Projects	17,067	18,018	18,845	13,788	5,992	3,204	3,894	12,140	6,741	1,488	100,957
Solids Processing Projects	48,823	119,295	194,972	71,080	15,733	6,487	2,850	355	1	-	459,575
Enhanced Nitrogen Removal Facilities <i>(formerly BTN - Total Nitrogen Program)</i>	48,910	115,289	129,880	105,890	81,495	89,399	77,104	21,430	2,652	1,890	673,498
<b>Sub-total</b>	<b>125,880</b>	<b>275,845</b>	<b>378,648</b>	<b>209,313</b>	<b>110,798</b>	<b>104,080</b>	<b>95,922</b>	<b>42,224</b>	<b>16,822</b>	<b>4,350</b>	<b>1,363,881</b>
<b>Sanitary Sewer</b>											
Sanitary Collection Sewers	1,674	2,140	6,174	11,611	8,873	3,924	5,690	7,268	7,766	7,725	62,844
Sanitary On-Going Projects	7,171	16,081	15,694	6,795	7,075	7,659	7,865	8,138	8,590	9,229	94,298
Sanitary Pumping Facilities	424	659	838	698	37	-	-	-	-	-	2,452
Sanitary Sewer Projects Program Management	3,488	6,890	4,454	6,189	6,821	6,830	6,748	7,790	6,833	5,180	60,794
Sanitary Interceptor/Trunk Force Sewers	11,737	14,162	18,422	31,488	41,529	26,354	20,983	32,732	21,431	17,997	236,834
<b>Sub-total</b>	<b>24,494</b>	<b>39,922</b>	<b>45,381</b>	<b>56,779</b>	<b>64,335</b>	<b>44,567</b>	<b>41,286</b>	<b>55,928</b>	<b>44,419</b>	<b>40,110</b>	<b>457,223</b>
<b>Combined Sewer Overflow / Long Term Control Plan</b>											
CSO Program Management	1,089	1,590	1,533	2,272	1,840	1,555	1,593	2,181	2,645	2,105	18,402
Combined Sewer Projects:Nine Minimum Controls	35,368	6,971	2,021	309	12	4	-	-	-	-	44,685
Combined Sewer Projects:Others	-	7,533	8,611	17,071	16,188	16,109	12,030	9,550	9,644	12,478	111,210
<i>D.C. Clean Rivers Project (aka Long-Term Control Plan)</i>											
Anacostia Tunnel	41,415	114,366	138,668	91,726	143,635	132,510	122,307	36,237	53,200	83,988	958,050
Potomac Tunnel	-	1,270	961	309	1,533	5,132	5,233	8,412	11,639	12,028	46,517
Rock Creek Tunnel	-	288	227	71	-	232	771	800	1,417	2,028	5,830
<b>Sub-total</b>	<b>77,872</b>	<b>132,016</b>	<b>152,021</b>	<b>111,758</b>	<b>163,206</b>	<b>157,542</b>	<b>141,934</b>	<b>57,180</b>	<b>78,545</b>	<b>112,621</b>	<b>1,184,694</b>
<b>Stormwater</b>											
Stormwater Local Drainage	-	17	104	69	65	83	92	95	98	93	715
Stormwater On-Going Program	105	731	452	468	464	512	465	483	522	199	4,400
Stormwater Pumping Facilities	-	-	-	-	-	-	-	-	-	-	-
DDOT Stormwater Program	-	2	8	9	19	18	18	10	10	-	93
Stormwater Research and Program Management	836	499	250	238	193	163	162	222	270	214	3,047
Stormwater Trunk/Force Sewers	1,219	1,527	3,462	1,762	60	-	-	-	-	-	8,029
<b>Sub-total</b>	<b>2,160</b>	<b>2,775</b>	<b>4,276</b>	<b>2,545</b>	<b>801</b>	<b>775</b>	<b>737</b>	<b>810</b>	<b>900</b>	<b>506</b>	<b>16,284</b>
<b>Water</b>											
Water Distribution Systems	21,543	23,024	28,404	31,809	29,435	29,239	33,925	33,316	32,933	42,819	306,449
Water On-Going Projects	8,811	8,239	6,681	5,994	6,188	6,364	7,508	6,548	7,159	6,851	70,343
Water Pumping Facilities	1,778	5,327	6,273	7,921	3,375	1,373	3,168	7,062	-	84	36,361
DDOT Water Projects	3,740	4,002	5,613	6,583	4,616	4,908	5,126	5,730	5,808	7,857	53,982
Water Storage Facilities	1,275	2,083	4,221	7,860	5,748	6,946	4,264	4,122	3,192	1,997	41,710
Water Projects Program Management	4,357	4,109	4,081	3,242	3,870	3,672	3,669	3,728	3,748	2,175	36,649
Water Lead Program	2,611	4,801	2,372	2,077	2,246	2,414	2,528	2,827	-	-	21,676
Meter Replacement /AMR Installation	2,794	2,876	1,790	1,332	3,166	3,205	3,385	3,330	3,774	3,472	29,114
<b>Sub-total</b>	<b>46,899</b>	<b>54,461</b>	<b>59,436</b>	<b>66,820</b>	<b>58,643</b>	<b>58,121</b>	<b>63,572</b>	<b>66,461</b>	<b>56,614</b>	<b>65,255</b>	<b>596,283</b>
Washington Aqueduct	9,490	11,373	10,598	10,744	11,016	11,280	11,588	10,891	10,323	9,842	107,144
Capital Equipment	10,585	15,349	15,341	12,384	9,173	7,278	7,348	7,648	6,778	6,778	98,662
<b>Total FY 2013 DC Water CIP</b>	<b>\$297,378</b>	<b>\$531,742</b>	<b>\$665,700</b>	<b>\$470,343</b>	<b>\$417,971</b>	<b>\$383,644</b>	<b>\$362,386</b>	<b>\$241,142</b>	<b>\$214,401</b>	<b>\$239,462</b>	<b>\$3,824,170</b>



**FINANCE AND BUDGET COMMITTEE  
FISCAL YEAR 2013 CAPITAL AUTHORITY REQUEST ACTION ITEM**

**ACTION ITEM 3D: FY 2013 Capital Authority Request**

Congressional capital authority is required before DC Water can enter into any capital contracts. The amount of capital authority requested each year is based on the projected capital contracts to be executed in the upcoming two fiscal years, projected changes or risk and the carry-forward authority balance from prior years' appropriations. The U.S. Congress approves DC Water's capital authority in seven broad categories, which provides DC Water with additional flexibility in managing the capital improvement program, although capital budgets and spending are developed and monitored within DC Water at the project level. The FY 2013 capital authority request totals \$606.090 million, as shown in the table below.

**Fiscal Year 2013  
Capital Authority Request**

**Service Areas**

<b>Blue Plains Wastewater Treatment</b>	<b>\$277,007</b>
<b>Sanitary Sewer System</b>	<b>88,795</b>
<b>Combined Sewer Overflow</b>	<b>124,734</b>
<b>Stormwater</b>	<b>2,683</b>
<b>Water System</b>	<b>91,894</b>
<b>Washington Aqueduct (DC Water share)</b>	<b>10,848</b>
<b>Capital Equipment</b>	<b><u>10,129</u></b>
<b>Total</b>	<b><u>\$606,090</u></b>

Following the Joint Meeting of Environmental Quality and Sewer Services and Water Quality and Water Services Committees on December 15 and the Finance and Budget Committee Meeting on December 22, if any Committee approves a different level of CIP disbursements or lifetime budgets than shown in the attachments, staff will update this schedule and distribute to the Board prior to its January 5 meeting.

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

**ACTION ITEM 3E: Capital Projects Reimbursement Resolution**

The Board will be asked to approve a reimbursement resolution, which would allow for reimbursement of eligible capital project expenditures from bond proceeds. The action under consideration is to utilize the proceeds of tax-exempt bonds, taxable bonds or notes (the "bonds") or other debt in an amount not currently expected to exceed \$380,000,000 to pay the costs of capital projects. These costs include amounts heretofore unreimbursed pursuant to Resolution 11-09 of the Board adopted on January 6, 2011, plus amounts projected to be reimbursed during Fiscal Year 2012 and through January 2013.

**EXHIBIT A – LIST OF PROJECTS**

Blue Plains Advanced Wastewater Treatment Plant Rehabilitation  
Blue Plains Enhanced Nitrogen Removal Facilities  
Blue Plains New Digestion Facilities  
Sanitary Sewer System Improvement Projects  
Combined Sewer System Improvement Projects  
Stormwater Sewer System Improvement Projects  
Water Pumping, Distribution and Storage Projects  
Metering and Capital Equipment  
Washington Aqueduct Projects  
Combined Sewer Overflow/Long Term Control Plan (aka Clean Rivers Project)



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

Thursday, January 26, 2012; 11:00 a.m.  
Blue Plains Wastewater Treatment Plant  
5000 Overlook Avenue, SW, DC  
AGENDA

<b>Call to Order</b>	Chairman
<b>December 2011 Financial Report</b>	Director of Finance & Budget
<b>Action Items</b>	Chairman
<b>Agenda for February 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)