



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

Finance and Budget Committee

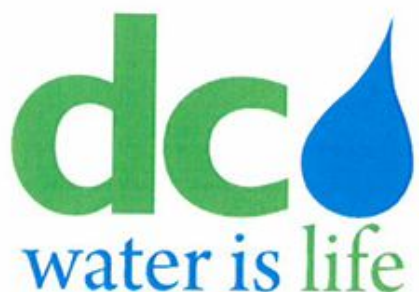
Thursday, October 24, 2013

9:30 a.m.

1. **Call to Order** Timothy L. Firestine, Chairperson
2. **September 2013 Financial Report (Attachment 1)** Gail Alexander-Reeves and Robert Hunt
 - A. Operating Revenues & Expenditures
 - B. Capital Disbursements Summary
 - C. Cash Reserves & Investments
 - D. **Investment Report**
3. **Federal Shutdown and Working Capital Fund Balance** Mark Kim
4. **Vendor Recommendation for New Electricity Services Contract** Mark Kim
5. **Action Items** Timothy L. Firestine
 - A. Approval for New Electricity Generation & Transmission Services Contract (**Attachment 2**)
6. **Other Business**
7. **Agenda for November Committee Meeting (Attachment 3)** Timothy L. Firestine
8. **Executive Session**
9. **Adjournment**

FOLLOW-UP ITEMS –There were no Follow-up Items from the meeting held September 26, 2013.

ATTACHMENT 1



September 2013 FINANCIAL REPORT

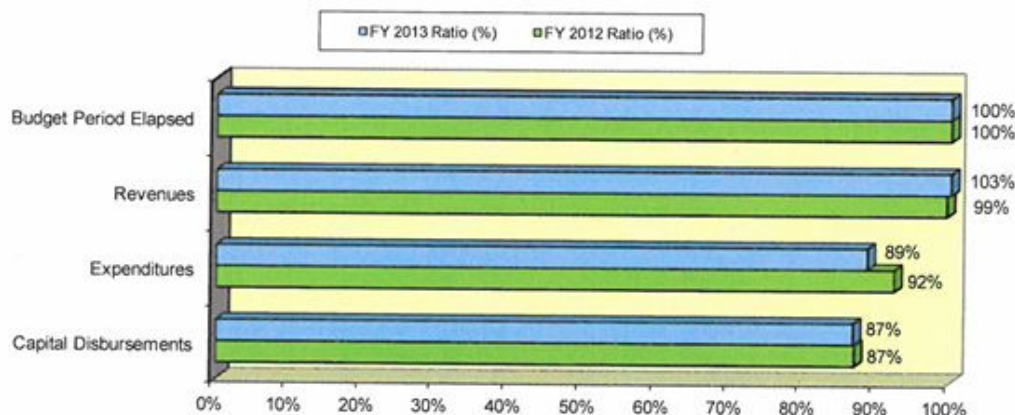
FY 2013 FINANCIAL PERFORMANCE

DC Water ended FY 2013 by continuing its history of strong financial performance, with revenues slightly above budget and expenditures coming in under budget. As reported previously, capital expenditures were significantly below expectations in FY 2013. The table below summarizes detailed information as discussed later in this report. Please note that the year-to-date actual numbers below are estimates and subject to change based on results of the audit and annual financial report.

Financial Performance As of September 30, 2013 (\$ in millions)

	Approved	Revised Budget	YTD	Variance		% Revised Budget
			Actual	Favorable (Unfavorable)		
				100% of Budget		
Revenues (Receipts)*	\$460.2	\$447.5	\$461.0	\$13.5	3.0%	103%
Expenditures*	\$456.8	\$440.3	\$390.8	\$49.5	11%	89%
Capital Disbursements	\$665.7	\$644.3	\$559.4	\$84.9	13%	87%

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



OPERATING REVENUES & RECEIPTS

REVENUE VARIANCE BY CATEGORY
 (\$ in millions)
 As of September 30, 2013

Revenue Category	Budget	Actual	Variance Favorable / (Unfavorable)		Actual % of Budget
Residential, Commercial, and Multi-family	236.2	252.5	16.3	6.9%	106.9%
Federal	52.8	52.6	(0.2)	-0.4%	99.6%
District Government	12.0	7.0	(5.0)	-41.7%	58.3%
DC Housing Authority	6.3	5.1	(1.2)	-18.3%	81.7%
Customer Metering Fee	10.8	11.1	0.3	2.8%	102.8%
Wholesale	75.2	75.0	(0.2)	-0.2%	99.8%
Right-of-Way Fee/PILOT	22.1	22.5	0.4	1.8%	101.8%
Subtotal (before Other Revenues)	\$415.4	\$425.8	\$10.4	2.5%	102.5%
Other Revenue without RSF					
IMA Indirect Cost Reimb. For Capital Projects	6.0	8.9	2.9	48.3%	148.3%
DC Fire Protection Fee	6.9	6.9	0.0	0.0%	100.0%
Stormwater (MS4)	1.0	0.9	(0.1)	-10.0%	90.0%
Interest	0.7	0.8	0.1	14.3%	114.3%
Developer Fees (Water & Sewer)	8.0	9.2	1.2	15.0%	115.0%
Others	2.9	1.9	(1.0)	-34.5%	65.5%
Subtotal	\$25.5	\$28.6	3.1	12.2%	112.2%
Rate Stabilization Fund Transfer	\$6.5	\$6.5	0.0	0.0%	100.0%
Other Revenue Subtotal	\$32.0	\$35.1	3.1	9.7%	109.7%
Grand Total	\$447.5	\$461.0	\$13.5	3.0%	103.0%

BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY
 (\$ in 000's)
 As of September 30, 2013

Customer Category	Water	Sewer	Clean Rivers IAC	Metering Fee	Total
Residential	28,659	34,886	12,643	4,998	81,186
Commercial	49,553	50,900	16,241	3,396	120,089
Multi-family	25,062	29,899	4,685	1,179	60,825
Federal	21,844	20,737	9,984	940	53,504
District Govt	1,781	2,176	3,085	455	7,496
DC Housing Authority	2,069	2,498	559	136	5,261
Total:	128,967	141,096	47,195	11,103	328,361

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

Discussion of Relevant Variance

The total revenues for FY 2013 are slightly higher at \$461.0 million or 103.0 percent of the revised budget primarily driven by retail revenues which ended the year over budget by \$10.6 million or 3.1 percent.

Receipts in September for Residential, Commercial and Multi-family were \$19.6 million, and cumulative receipts at fiscal year end totaled \$252.5 million, or 106.9 percent of the budget. Receipts for these categories were primarily the result of higher than anticipated consumption during summer months.

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

D.C. Housing Authority's actual receipts through September totaled \$5.1 million or 81.7 percent of the revised FY 2013 budget. DC Housing Authority is behind on their payments by two months (July & August), which resulted in lower receipts in this category as compared to FY 2013 revised budget. The Customer Services Department is in communication with the DC Housing Authority to collect short payment of \$1.25 million, which is expected to be received in October 2013 and will be reflected in the next month's report.

The Wholesale customers' actual receipts through September total \$75.0 million or 99.8 percent of the revised FY 2013 budget. Wholesale customers made their quarterly payment in August 2013. The Small PI customers ended the year slightly under budget due to lower actual flows as compared to the budgeted flows.

The Other Revenue category ended the year slightly higher than revised budget at \$35.1 million or 109.7 percent. The primary drivers of this increase are the increased developer fees as well as higher than anticipated IMA reimbursement for indirect capital costs.

OPERATING EXPENDITURES

At the end of the fiscal year 2013, operating expenditures totaled \$390.8 million (including debt service and the right of way and PILOT fees). This is approximately 89 percent of the Revised FY 2013 budget, which totals \$440.3 million. These numbers include estimated incurred but unpaid invoices and are subject to results of the final year-end close out process.

Comparative Statement of Expenditures As of September 30, 2013 (\$ in 000's)

	FY 2012	FY 2013						FY 2014
	Y/E Percent of Budget	Board Revised Budget	YTD as of 09/30/2013	Percent of Budget	Preliminary Year-End Projections	Projection Percent of Budget	Year-End Variance	Revised Budget
Personnel Services	97%	116,609	115,047	99%	115,964	99%	645	119,765
Contractual Services	81%	82,350	64,551	78%	65,389	79%	16,961	76,044
Water Purchases	90%	31,513	27,202	86%	26,900	85%	4,613	27,991
Chemicals and Supplies	89%	31,360	27,146	87%	27,391	87%	3,969	30,909
Utilities	72%	34,185	26,039	76%	25,063	73%	9,122	30,715
Small Equipment	114%	993	1,139	115%	1,180	119%	(187)	993
Subtotal O & M Expenditures	88%	297,009	261,125	88%	261,888	88%	35,122	286,416
Debt Service	97%	121,330	107,700	89%	111,419	92%	9,911	130,120
Payment in Lieu of Taxes	100%	16,882	16,882	100%	16,882	100%	-	20,081
Right of Way	100%	5,100	5,100	100%	5,100	100%	-	5,100
Total O & M Expenditures	91%	440,321	380,808	89%	395,289	90%	45,033	441,717
Personnel Services Charged to Capital Projects	68%	(16,690)	(14,445)	87%	(14,802)	89%	(1,888)	(12,960)
Total Net Operating Expenditures	91%	423,631	376,363	89%	380,487	90%	43,145	428,757

Note: Actuals include accruals

Discussion

Personnel Services (\$116.6 million annual budget; 39.3 percent of O&M budget) – At the end of September, personnel costs total \$115.0 million or 99 percent of budget. Of the 1,212 positions budgeted (1,243 positions authorized), 1,080 positions were filled at the end of September. Overtime spending totals \$6.0 million versus the annual budget of \$5.2 million and 7.6 percent of regular payroll costs. Overtime costs were higher than budget due to the impact of the open sinkhole at the intersection of 14th and F Streets NW, Hurricane Sandy, emergency response to water main breaks caused by the fluctuation in temperature, support to the District for snow removal and the Presidential Inauguration.

Contractual Services (\$82.4 million annual budget; 27.7 percent of O&M budget) – At the end of September, contractual services expenditures total \$64.6 million or 78 percent of budget. The savings in this category are primarily due to lower contract award prices for biosolids hauling, coupled with lower solids production from reduced flows and improved processes, and lower than anticipated spending for legal, paving/emergency repairs, claims, Green LID program, IT support services and various contractual service line items in Maintenance services.

Water Purchases (\$31.5 million annual budget; 10.6 percent of O&M budget) – At the end of September, water purchases incurred total \$27.2 million or 86 percent of budget. The variance in this category is attributable to hiring delays and lower than anticipated water demand at the Washington Aqueduct.

Chemicals and Supplies (\$31.2 million annual budget; 10.6 percent of O&M budget) – At the end of September, chemicals and supplies costs total \$27.1 million or 87 percent of budget. Savings in this category is primarily due to lower than anticipated spending on major chemicals, including ferric chloride, caustic soda (sodium hydroxide), various polymer and sodium hypochlorite resulting from lower flows, which were budgeted at 290 MGD and averaged 276 MGD through September 2013.

Utilities (\$34.2 million annual budget; 11.5 percent of O&M budget) – At the end of September, utilities expenditures total \$26.0 million or 76 percent of the budget. The Revised FY 2013 electricity budget of \$25.2 million represents 78 percent of the total utilities budget and assumes an average all-in-cost of \$93.73/mWh. Electricity expenditure tracked favorably to budget at 80 percent due to the adopted block purchasing strategy coupled with the relative stability in the general economic and market conditions. The FY 2013 actual average all-in-cost is \$78.58/mWh.

Small Equipment (\$1 million annual budget; 0.3 percent of O&M budget) – At the end September, expenditures are slightly above the budget at 115 percent due to additional equipment (pumps, valves, valve actuators, and other motor parts) purchased to meet needed maintenance repairs.

Debt Service (\$121.3 million annual budget) – At the end of September, debt service expenditures total \$107.7 million or 89 percent of budget. The variance in this category is due to the successfully renegotiated Letters of Credit and lower than anticipated interest rates on the Securities Industry and Financial Markets Association (SIFMA) Notes and Commercial Paper.

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

CAPITAL SPENDING

For the month of September 2013, actual disbursements totaled \$64.1 million, with year-to-date disbursements totaling \$559.0 million, or 87 percent of the FY 2013 Revised Disbursements budget of \$644.3 million.

Capital Disbursements Variance Summary
 (\$ in 000's)
 As of September 30, 2013

Description	FY 2013 Revised Disbursements Budget	Actual Disbursements			% of FY 2013 Revised Disbursements	FY 2013 Projected Disbursements Budget	
	Annual	Oct. '12 to Aug. '13	Sept. '13	YTD	Percent of Annual Budget	Amount	Percent of Annual Budget
Wastewater Treatment	\$358,543	288,812	\$25,138	\$313,950	88%	\$316,696	88%
Sanitary Sewer	29,084	21,177	3,466	24,643	85%	23,987	82%
Combined Sewer Overflow	163,509	115,588	28,838	144,426	88%	130,774	80%
Stormwater	3,252	3,150	147	3,297	101%	3,241	100%
Water	60,858	45,386	5,094	50,480	83%	50,252	83%
Washington Aqueduct	10,598	5,924	0	5,924	56%	5,924	56%
Capital Equipment	18,422	14,897	1,424	16,322	89%	16,761	91%
Total Capital Projects	\$644,265	\$494,936	\$ 64,108	\$559,044	87%	\$547,635	85%

Discussion

The spending variance between the FY 2013 Revised Disbursements Budget and Actual disbursements, on a year-to-date basis, amounted to \$85.2 million, resulting from underspending in all service areas except Stormwater. Consistent with the year-end closing process, the capital labor costs have been adjusted with \$4.9 million to reflect the total personnel charges to capital projects of \$14.4 million for the year.

Wastewater Treatment Service Area – Spending is at 88 percent through September 2013. The major underspending in this Area continues to be in the Enhanced Nitrogen Removal Facilities (ENRF) Program, and Liquid Processing Projects. The underspending in these two areas are attributable to the Solids Processing Program revised disbursement plans for the Digester Project. The majority of the disbursement shortfall in the ENRF program relates to the Wet Weather Peak Mitigation.

The Clean Rivers Program (a.k.a. Long Term Control Plan) – At the end of the fiscal year, spending is at 88 percent of the annual budget. Disbursements in the month of September were higher than previously projected due to the commencement of the tunnel boring machine and a mobilization payment of \$11.8 million associated with the Anacostia River Tunnel (ART).

As previously reported, the underspending in this category is due to the concrete quality issues which has been rectified.

Sanitary Sewer Service Area – Spending is at 85 percent of the annual budget. The underspending in this category are true savings to the Authority resulting from the Sanitary On-going Program and increased in-house sewer lateral rehabilitation using the trenchless technology.

Capital Equipment – As of September, Capital Equipment spending is at 89 percent of the fiscal year primarily due to Fleet Management for the purchase of two Jet Vacs, industrial strength Street Sweepers, and replacement of aging fleet vehicles. Another driver that has increased spending in Capital Equipment is due to the purchase of electrical motors and pumps at Blue Plains and throughout various DC Water service areas.

Radio System Upgrade – As previously reported to the Committee, the Information Technology Department continues to work with the District of Columbia Government Office of Unified Communication (OUC) to provide DC Water with their new P25 enhanced radio communication infrastructure network. The radio infrastructure will migrate from 400MHz to 700/800MHz platform system. This will ensure that DC Water will operate on the similar platform as DC Government and provide clearer 2-way communication for the respective service areas. Phase I of the radio communication project is almost completed, of which \$1.1 million has been spent. The total estimated project is \$2.9 million and staff anticipates replacing outstanding radio units, accessories, and distributed antenna system in FY 2014.

CASH AND INVESTMENT BALANCES

At the end of September, our operating reserve balance was \$141.5 million as compared to the FY 2013 operating reserve level objective of \$125.5 million. The following table provides a summary of all cash and investment account balances.

Cash Balances
As of September 30, 2013
(\$ in millions)

Rate Stabilization Fund Account (RSF)	\$28.9
DC PILOT Fund	22.4
Operating Reserve Accounts	<u>141.5</u>
Operating Cash Balance Including RSF	192.8
Debt Service Reserve - Series 98	23.7
Capitalized Interest - Series 10	3.1
Bond Fund - Series 12 (Cap. Int.)	1.9
Bond Construction Fund - Series 13	282.1
CSO LTCP Appropriations Account	<u>36.9</u>
Total All Funds	\$540.5

Overall Portfolio Performance

At the end of September, DC Water's total investment portfolio performed well and complied with the Authority's Investment Policy. Returns exceeded the established benchmarks for short term (less than one year) and core (one plus years) funds. Operating funds interest income for September (on a cash basis) was \$25,146 with year-to-date totals of \$610,446 as compared to the budget of \$539,336 for the year. A detailed investment performance report is attached.

External Audit Update

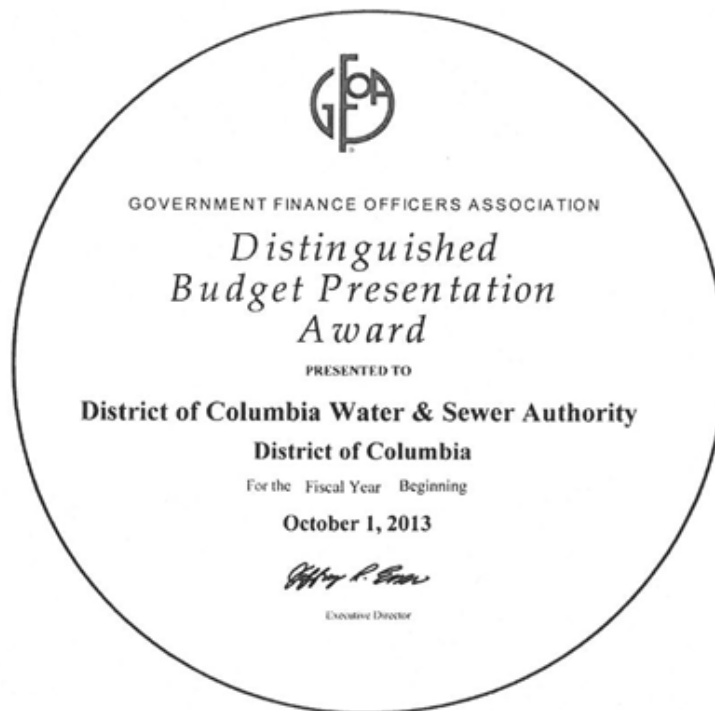
The audit of the FY 2013 DC Water Financial Statements and Office of Management and Budget Circular A-133 Single Audit is currently underway and will be conducted in accordance with auditing standards generally accepted in the U.S. and Government Auditing Standards. The audit opinion on the Financial Statements and related footnotes is anticipated by December 13, 2013. Staff will continue to notify the committee on any updates and issues.

FY 2015 Budget Proposals

A briefing will be provided to Board members regarding the FY 2015 Budget Summary immediately after the November 7, 2013 Board meeting. This will be a high-level overview of the Proposed FY 2015 Operating Expenditure Budget, FY 2014 – FY 2013 Capital Improvement Plan and FY 2015 Revenues and Rates. Additional follow-up will occur, with Committee recommendations anticipated at the November Committee meeting.

Budget Presentation Award

The Office of the Chief Financial Officer recently received the Distinguished Budget Presentation Award presented by the Government Finance Officers Association (GFOA) recognizing DC Water's annual budget for the fiscal year beginning October 2013. To receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This is the thirteenth straight year that DC Water has won this prestigious award. The GFOA budget award reflects the commitment of DC Water's governing body and staff to meeting the highest principles of governmental budgeting.



RETAIL 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
September 30, 2013**

September 30, 2012	\$5.5	13,063
October 31, 2012	\$5.7	12,537
November 30, 2012	\$5.8	12,876
December 31, 2012	\$6.0	13,480
January 31, 2013	\$5.9	12,700
February 28, 2013	\$5.8	12,269
March 31, 2013	\$5.7	12,077
April 30, 2013	\$5.8	11,638
May 31, 2013	\$5.6	11,455
June 30, 2013	\$5.7	12,505
July 31, 2013	\$5.7	12,237
August 31, 2013	\$5.4	12,059
September 30, 2013	\$4.9	11,920

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

**Delinquent Accounts Receivable
Greater Than 90 Days by Customer
As of September 30, 2013**

	Number of Accounts			Month of September (All Categories)				Total Delinquent				
	W & S a/c	Impervious Only a/c	Total No. of a/c	Active		Inactive		No. of a/c August	Amount (\$)	No. of a/c September	Amount (\$)	%
				No. of a/c	Amount (\$)	No. of a/c	Amount (\$)					
Commercial	11,969	3,352	15,321	1,396	1,076,480.26	146	148,472.68	1,608	1,256,926.93	1,542	1,224,952.94	25%
Multi-family	7,368	421	7,789	708	1,311,605.70	152	98,437.82	875	1,819,021.77	860	1,410,043.52	29%
Single-Family Residential	104,477	3,038	107,515	7,501	1,633,291.46	2,017	623,689.07	9,576	2,278,034.59	9,518	2,256,980.53	46%
Total	123,814	6,811	130,625	9,605	4,021,377.42	2,315	870,599.57	12,059	5,353,983.29	11,920	4,891,976.99	100%

Notes: Including in the above \$4.0m (or 9,605 accounts) of the DC Water Over 90 days delinquent accounts, \$977,487.84 (or 2,490 accounts) represents impervious only accounts over 90 days delinquent.

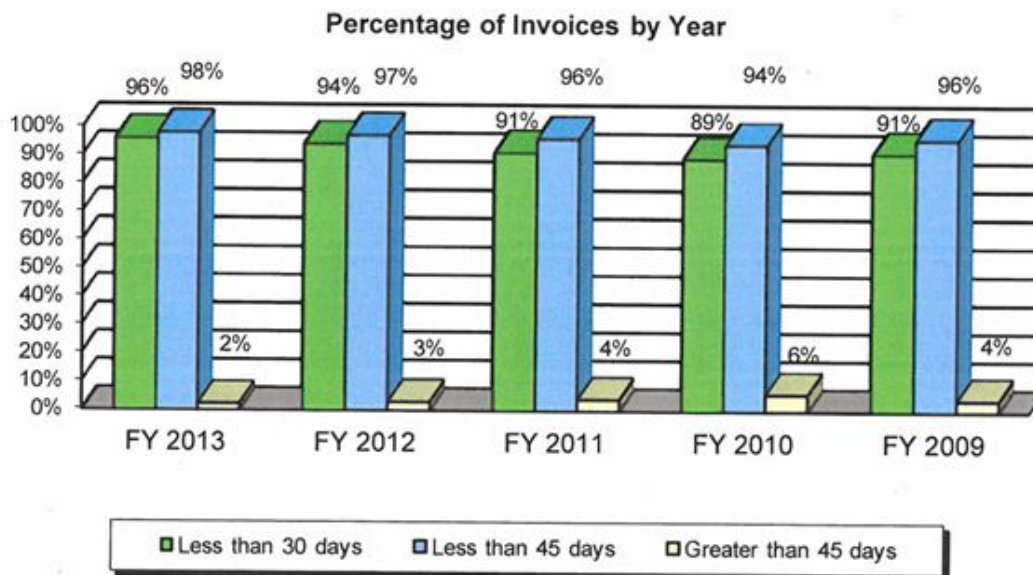
-Reportable delinquencies do not include balances associated with a long standing dispute between DC Water and a large commercial customer.

ACCOUNTS PAYABLE PERFORMANCE

During FY 2013, a total of 12,251 invoices were processed and paid compared to 11,632 in FY 2012 (as shown in the table below) and with a dollar value of \$642.4 million compared to \$527.6 million for FY 2012. For FY 2013, approximately 95.7 percent of the invoices, less retainage and disputes were paid within 30 days compared to 94.4 percent paid within 30 days during FY 2012. The percentages for July, August and September 2013 were 95.3%, 99.8% and 99.6% respectively. The Authority's goal is to pay 97 percent of all undisputed invoices within 30 days.

Accounts Payable Performance FY 2013 v. FY 2012				
Days	FY 2013		FY 2012	
	Number	Percent	Number	Percent
Less than 30	11,294	95.7%	9,903	94.4%
Less than 45	11,535	97.8%	10,187	97.1%
Greater than 45	261	2.2%	301	2.9%
Subtotal	11,796	100.0%	10,488	100.0%
Retainage/Disputes	455		1,144	
Total	12,251		11,632	

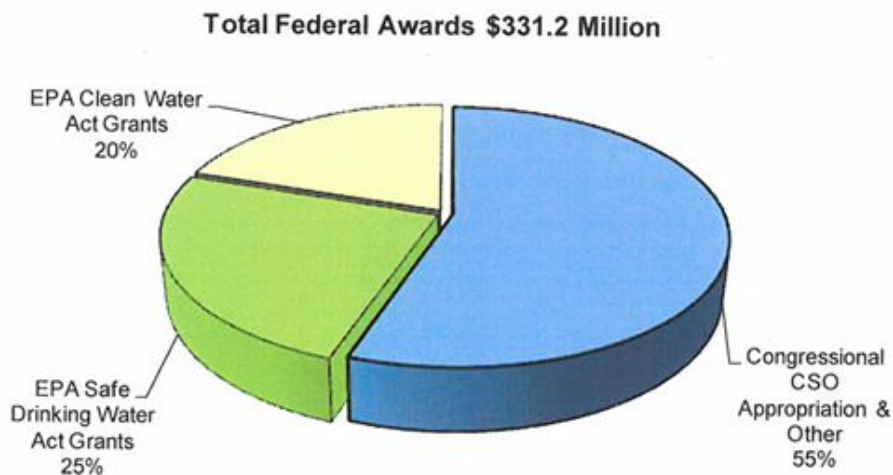
The chart below shows historical performance for fiscal year 2009 through fiscal year 2013.



GRANTS REPORT

The Authority receives grants to fund a portion of its capital costs from the U.S. Environmental Protection Agency (EPA) under two acts, the Clean Water Act of 1972 and the Safe Drinking Water Act of 1974. DC Water also receives a limited amount of EPA grant funding for certain operating functions. Additionally, we have now received fourteen Congressional CSO appropriations (including \$14.2 million received on May 15, 2013).

As of September 30, 2013, including the CSO appropriation, DC Water has a total of \$331.2 million awarded in federal funds for active projects.



EPA awarded the District \$6.5 million in Clean Water funding for FY 2013. The District kept \$3.3 million and returned \$3.2 to EPA for funding to DC Water, which was used to increase the funding for our Blue Plains Enhanced Nitrogen Removal North project from \$4.9 million to \$8.1 million.

Eight grants were scheduled by the Army Corps of Engineers for closing in FY 2013. DC Water exceeded the goal of eight by closing nine grants this fiscal year including the final two American Recovery and Reinvestment Act (ARRA) grants.

The cumulative federal appropriation for CSO increased to \$182.8 million with the additional appropriation of \$14.2 million on May 15, 2013. The cumulative life-to-date cash disbursement for the CSO appropriation is \$164.0 million through September 30. Based on the projected FY 2014 and FY 2015 capital spending on the Clean Rivers' projects and no additional funding, all remaining CSO funds is projected to be depleted before the end of FY 2015.

D.C. WATER AND SEWER AUTHORITY
FY 2013 CASH FLOW SUMMARY
 through 9/30/13
 (\$ in 000's)

	Annual Budget Cash Basis	YTD Actual Cash Oct. 1, 2012 - Sep. 30, 2013	Annual Budget Variance Favorable (Unfavorable)	
OPERATING BUDGET				
Cash Provided				
Retail	318,168	328,361	10,193	3%
Wholesale	75,195	75,009	(186)	0%
Other	47,497	50,933	3,436	7%
Transfer from Rate Stabilization Fund	6,500	6,500		0%
Total Cash Provided	447,359	460,803	13,443	3%
Operating Cash Used				
Personnel Services	99,919	98,277	1,642	2%
Contractual Services	82,350	74,008	8,342	10%
Chemicals & Supplies	31,360	28,817	2,543	8%
Utilities	34,185	22,877	11,308	33%
Water Purchases	31,513	27,405	4,108	13%
Small Equipment	993	944	49	5%
Total Operating Cash Used	280,320	252,329	27,991	10%
Other Cash Used				
Debt Service	116,179	107,700	8,479	7%
Payment In Lieu of Taxes/Right of Way	21,982	17,514	4,468	20%
Total Other Cash Used	138,161	125,214	12,947	9%
Total Cash Used	418,481	377,543	40,938	10%
Net Cash Provided (Used) by Operating Act.	28,878	83,260	54,382	
CAPITAL BUDGET				
Cash Provided				
Debt Proceeds	320,582	261,305	(59,277)	-18%
Capital Equipment Financing	10,799		(10,799)	-100%
EPA Grants	32,424	34,963	2,539	8%
CSO Grants	30,000	25,563	(4,437)	-15%
Interest Income	303	267	(36)	-12%
Wholesale Capital Contributions	225,614	184,402	(41,212)	-18%
Total Cash Provided	619,723	506,500	(113,223)	-18%
Cash Used				
DC Water Capital Program	633,668	553,120	80,548	13%
Washington Aqueduct Projects	10,598	5,924	4,674	44%
Total Cash Used	644,266	559,044	85,222	13%
Net Cash/PAYGO Provided (Used) by Cap. Act.	(24,543)	(52,544)	(28,001)	
Beginning Balance, October 1 (Net of Rate Stab. Fund) Projected	140,251	140,251		
Plus (Less) Operating Surplus	28,878	83,260		
Wholesale Customer Refunds from Prior Years	(5,800)	(5,800)		
Interest Earned From Bond Reserve	120	155		
Transfer to Rate Stabilization Fund	(4,100)	(7,500)		
Prior Year Federal Billing Reconciliation	(5,105)	(5,105)		
PILOT Reserve Fund		(7,900)		
Customer Rebate	(4,200)	(3,298)		
Cash Used for Capital	(24,543)	(52,544)		
Balance Attributable to O&M Reserve	125,500	141,518		
OTHER CASH RESERVES				
Rate Stabilization Fund	28,950			
CSO Long-Term Control Plan Appropriation	36,877			
DC PILOT Reserve Fund	22,380			

APPENDIX

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

Capital Projects
FY 2013 Disbursements Analysis
As of Sept. 2013
(Dollars in thousands)

Service Areas	Disbursements Budget	Actual Disbursements			% of Disbursements Budget
	Annual	Oct. '12 to Aug. '13	Sept. '13	¹ YTD	Annual
Wastewater Treatment					100% of Fiscal Year Completed
Liquid Processing Projects	\$23,884	\$18,053	1,686	\$19,739	83%
Plantwide Projects	27,128	27,487	2,289	29,776	110%
Solids Processing Projects	159,690	141,660	13,099	154,759	97%
Enhanced Nitrogen Removal Facilities (formerly Total Nitrogen Program)	<u>147,842</u>	<u>101,612</u>	<u>8,064</u>	<u>109,676</u>	<u>74%</u>
Total Wastewater Treatment	358,543	288,812	25,138	313,951	88%
Sanitary Sewer					
Sanitary Collection Sewers	858	551	177	728	85%
Sanitary On-Going Projects	10,544	5,494	907	6,401	61%
Sanitary Pumping Facilities	679	768	61	829	122%
Sanitary Sewer Program Management	4,229	4,183	566	4,749	112%
Sanitary Interceptor/Trunk Force Sewers	<u>12,774</u>	<u>10,179</u>	<u>1,755</u>	<u>11,934</u>	<u>93%</u>
Total Sanitary Sewer	29,084	21,177	3,466	24,643	85%
Combined Sewer Overflow					
CSO Program Management	1,634	2,208	296	2,504	153%
Combined Sewer Projects	8,955	4,995	784	5,779	65%
D.C. Clean Rivers Project (aka Long-Term Control Plan)	<u>152,920</u>	<u>108,385</u>	<u>27,758</u>	<u>136,143</u>	<u>89%</u>
Total Combined Sewer Overflow	163,509	115,588	28,838	144,426	88%
Stormwater					
Stormwater Local Drainage	28	0	-	0	0%
Stormwater On-Going Program	812	1,196	57	1,253	154%
Stormwater Pumping Facilities	-	0	-	0	
DDOT Stormwater Program	2	0	-	0	
Stormwater Research and Program Management	289	1,337	77	1,414	489%
Stormwater Trunk/Force Sewers	<u>2,120</u>	<u>617</u>	<u>13</u>	<u>630</u>	<u>30%</u>
Total Stormwater	3,252	3,150	147	3,298	101%
Water					
Water Distribution Systems	25,445	24,122	2,189	26,311	103%
Water On-Going Projects	10,321	6,033	822	6,855	66%
Water Pumping Facilities	3,226	3,967	751	4,718	146%
DDOT Water Projects	5,791	1,837	0	1,837	32%
Water Storage Facilities	1,353	1,391	137	1,528	113%
Water Projects Program Management	4,332	3,254	691	3,945	91%
Water Lead Program	1,860	2,188	192	2,380	128%
AMR Installation / Replacement	<u>8,529</u>	<u>2,593</u>	<u>312</u>	<u>2,905</u>	<u>34%</u>
Total Water	60,858	45,386	5,094	50,481	83%
Washington Aqueduct	10,598	5,924	0	5,924	56%
Capital Equipment	18,422	14,897	1,424	16,322	89%
Total Capital Projects	\$644,265	\$494,936	\$64,108	\$559,044	87%

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

¹ Includes actual OCIP related disbursements of \$7,699,093.71

DC WATER
LISTING OF CSO CONGRESSIONAL FUNDING AND PROJECTS
SEPTEMBER 30, 2013

Footnote	Name	Period	Federal Award Amount	Cumulative Federal Expenditures as of 06/31/13	Current Quarter Expenditures	Cumulative Federal Expenditures as of 09/30/13	Remaining Federal Balance
1	<u>CONGRESSIONAL CSO APPROPRIATION BUDGET</u>	02/03 -					
	<u>LTCP Projects</u>						
	Anacostia CSS LTCP - Facility Plan Phase		84,081,378	76,588,167	5,700,792	82,288,959	1,792,419
	Potomac CSS LTCP Facility Plan		1,753,000	431,132		431,132	1,321,868
	CSO LTCP Rock Creek Projects		1,753,000	156,729		156,729	1,596,271
	CSO Sewer Instrumentation & Control		25,000	15,950		15,950	9,050
	Total LTCP Projects		87,612,378	77,191,978	5,700,792	82,892,770	4,719,608
	<u>Program Management</u>						
	CSO Program Management		1,457,000	460,280		460,280	996,720
	CSO Long Term Control Plan		1,120,155	251,439		251,439	868,716
	Total Program Management		2,577,155	711,719		711,719	1,865,436
	<u>Nine Minimum Control Projects</u>						
	WASA Low Impact Development Projects		1,000,000	155,999		155,999	844,001
	Potomac Pumping Station Rehabilitation		5,112,500	5,045,455	1,377	5,046,832	65,668
	Rock Creek CSO Projects		5,600,194	5,190,274	51,536	5,241,810	358,384
	CSO Nine Minimum Control Projects		575,000	574,226		574,226	774
	Outfall Sewer Rehabilitation		19,865,787	19,696,724		19,696,724	169,063
	Potomac Pumping Station Phase III		7,469,599	461,538	14,645	476,183	6,993,416
	Swirl Facilitation Rehabilitation		1,830,000	159,793	2,332	162,125	1,667,875
	CSO Fabridam Replacement		4,479,579	4,479,579		4,479,579	0
	Main and O Pumping Station		37,838,285	35,750,103		35,750,103	2,088,182
	East Side Pumping Station		7,792,966	7,761,444		7,761,444	31,522
	Poplar Point Pumping Station		878,000	877,143		877,143	857
	Dry Weather Overflow Elimination		154,912	154,912		154,912	0
	CSO Wet Weather Water Quality Monitoring		24,657	24,657		24,657	0
	Total Nine Minimum Control Projects		92,621,479	80,331,847	69,890	80,401,737	12,219,742
	TOTAL CSO APPROPRIATION		\$182,811,012	\$158,235,544	\$5,770,682	\$164,006,226	\$18,804,786

DC WATER
LISTING OF CSO CONGRESSIONAL FUNDING AND PROJECTS
SEPTEMBER 30, 2013

Footnote	Name	Period	Federal Award Amount	Cumulative Federal Expenditures as of 06/31/13	Current Quarter Expenditures	Cumulative Federal Expenditures as of 09/30/13	Remaining Federal Balance
	<u>Cash Reconciliation</u>						
	Plus Unreimbursed 4th Quarter Expenditures						5,770,682
	Interest Earned						<u>12,301,577</u>
	Reconciled Total Cash						36,877,045
	Cash per Treasury						\$36,877,045

FOOTNOTES

1	Appropriation on February 20, 2003	\$49,675,000
	Appropriation on January 22, 2004	29,823,000
	Appropriation on November, 2004	4,800,000
	Less Federal Recission	(38,400)
	Appropriation on December 15, 2005	7,000,000
	Less Federal Recission	(70,000)
	Appropriation on April 5, 2007 (\$7,000,000 less recission)	7,000,000
	Less Federal Recission	(70,000)
	Appropriation on March 25, 2008	8,000,000
	Appropriation on April 3, 2009	16,000,000
	Appropriation on February 17, 2010	20,000,000
	Appropriation on November 3, 2010	3,506,000
	Appropriation on February 2, 2011	4,986,000
	Appropriation on June 8, 2011	2,984,002
	Appropriation on December 14, 2011	2,378,068
	Appropriation on January 16, 2012	12,621,932
	Appropriation on May 15, 2013	14,215,410
	Total Appropriation	182,811,012

DC WATER
LISTING OF EPA/MISC OPEN GRANTS
SEPTEMBER 30, 2013

Name	Period	Total EPA Allowable Project Budget	% of Federal Funding	Federal Grant Award Amount	Cumulative Federal Expenditures as of 06/30/13	Current Quarter Expenditures	Cumulative Federal Expenditures as of 09/30/13	Remaining Federal Balance
<u>CLEAN WATER ACT GRANTS</u>								
Nitrification Facilities Upgrade	9/04 - 12/15	\$51,858,033	55%	\$28,521,918	23,671,500	1,391,000	25,062,500	3,459,418
Raw Wastewater Pump Station 1 Upgrade	09//08 - 08/13	3,834,893	55%	2,109,191	1,581,900	527,291	2,109,191	0
Biological Sludge Thickening Facility Rehabilitation	8/10 - 12/13	14,060,069	55%	7,733,038	6,921,900		6,921,900	811,138
Area Substation 6	9/10 - 12/13	6,829,465	53%	3,626,566	3,217,700		3,217,700	408,866
Rehabilitation of Sewers, Various Locations Companion	9/10 - 12/13	447,397	23%	101,752	34,600		34,600	67,152
Blue Plains Enhanced Nitrogen Removal Facilities	5/12/- 9/17	27,327,655	55%	15,030,210	8,250,800	2,962,400	11,213,200	3,817,010
Blue Plains Enhanced Nitrogen Removal -North	9//12- 7/17	14,734,942	55%	8,104,218		24,900	24,900	8,079,318
Filtration/Disinfection Facilities Upgrade, Phase 3	11/10 - 11/13	2,116,364	55%	1,164,000	1,046,000		1,046,000	118,000
Nit/Denit Sedimentation Basin Replacement Actuators	7/11 - 4/14	529,144	55%	291,000	245,700		245,700	45,300
TOTAL OPEN CLEAN WATER ACT GRANTS		\$ 121,737,962		\$ 66,681,893	\$ 44,970,100	\$ 4,905,591	\$ 49,875,691	\$ 16,806,202
<u>SAFE-DRINKING WATER GRANTS</u>								
Large Valve Replacements, Contract 7	09/08 - 09/13	\$3,458,000	80%	\$2,766,400	1,544,800		1,544,800	1,221,600
Large Valve Replacements, Contract 9	12/11 - 08/14	2,697,597	80%	2,158,077	710,600	290,500	1,001,100	1,156,977
Large Valve Replacements, Contract 10	2/13 - 9/15	2,020,300	80%	1,616,240				1,616,240
Large Valve Replacements, Contract 11	9/13 - 5/16	4,081,050	80%	3,264,840				3,264,840
Small Diameter Water Main Replacements 2008	09/08 - 06/13	12,560,176	80%	8,548,141	6,346,600	2,201,541	8,548,141	0
Small Diameter Water Main Replacements for 2010	9/10 - 12/13	2,648,917	80%	657,700	545,300	112,400	657,700	0
Cross-Town Tunnel Water Main Rehabilitation	6/11 - 9/14	6,064,214	80%	4,851,371	3,328,600	597,100	3,925,700	925,671
Small Diameter Water Main Rehabilitation Contract	6/11 - 5/14	14,978,250	80%	11,982,600	9,823,300	1,109,800	10,933,100	1,049,500
Small Diameter Water Main Replacements Contract 8	9/12 - 3/16	14,286,216	80%	11,428,974				11,428,974
Small Diameter Water Main Replacements Contract 9	9/13 - 5/16	4,424,900	80%	3,539,920				3,539,920
Anacostia Pumping Station Replacement	08/07 - 06/13	21,988,000	80%	14,590,400	14,212,600	377,800	14,590,400	0
Fort Reno Pumping Station Rehabilitation & Upgrade	9/10 - 12/14	7,300,000	80%	3,007,480	546,400		546,400	2,461,080
16th & Alaska Pumping Station Upgrades	6/12 - 9/14	1,420,000	80%	1,136,000				1,136,000
Storage Facility Upgrades - Contract 2	6/12 - 03/15	1,900,000	80%	1,520,000				1,520,000
Bryant Street Pumping Discharge Piping Replacement	9/10 - 4/14	10,180,000	80%	8,144,000	490,200	1,112,000	1,602,200	6,541,800
Steel Water Mains, Contract 1	7/12 - 1/14	3,143,507	80%	2,514,805	156,400	92,500	248,900	2,265,905
TOTAL SAFE DRINKING WATER GRANTS		\$ 113,151,127		\$ 81,726,948	\$ 37,704,800	\$ 5,893,641	\$ 43,598,441	\$38,128,507
TOTAL EPA GRANTS (SRF)		\$ 234,889,089		\$ 148,408,841	\$ 82,674,900	\$ 10,799,232	\$ 93,474,132	\$ 54,934,709

**DC WATER
LISTING OF EPA/MISC OPEN GRANTS
SEPTEMBER 30, 2013**

		Total EPA		Federal	Cumulative		Cumulative	
		Allowable	% of	Grant	Federal	Current	Federal	Remaining
		Project	Federal	Award	Expenditures	Quarter	Expenditures	Federal
Name	Period	Budget	Funding	Amount	as of 06/30/13	Expenditures	as of 09/30/13	Balance
MISC. GRANTS								
DC Office of Deputy Mayor for Planning & Economic Dev.	12/07 - 05/09		50%	1,100,000	721,712		721,712	378,288
DC Dept. Parks & Rec., DDOE and DCWASA	06/06 - 06/10		48%	1,094,000	223,273		223,273	870,727
BOLD = NEW GRANTS								



DC Water

Investment Performance Report – September 2013



DC Water
Finance Division
Economic Update

ECONOMIC COMMENTARY

- Momentum from August helped lift Treasury yields higher during the first several days of September. A disappointing employment report, the sudden withdrawal of the leading candidate (Larry Summers) for chairperson of the Federal Reserve, and the surprise FOMC decision to not reduce bond purchases pushed yields lower.
- The Federal Open Market Committee (FOMC) surprised the markets by deciding not to reduce the amount of its bond purchases by continuing to purchase \$85 billion of U.S. Treasuries and Mortgage-Backed Securities per month.
- Fed Chairman Ben Bernanke stated that economic growth needed to strengthen further and inflation needed to rise toward the Fed's long-term target before tapering would occur.
- The Federal Government shutdown has closed many agencies that economists and investment management firms rely on for economic data. As a result, the September Employment Report was delayed indefinitely.
- The shutdown is estimated to reduce 4th quarter GDP growth by 0.10% - 0.15% for each week the government is closed.

PORTFOLIO RECAP

- The portfolio is diversified among Bank Deposits, Commercial Paper, Federal Agencies, Treasury Notes, FDIC Insured CDs, and SEC registered money market funds.
- The overall yield-to-cost of the portfolio is 0.29%.
- The portfolio is in compliance with the Authority's Investment Policy.

Operating Reserve Account

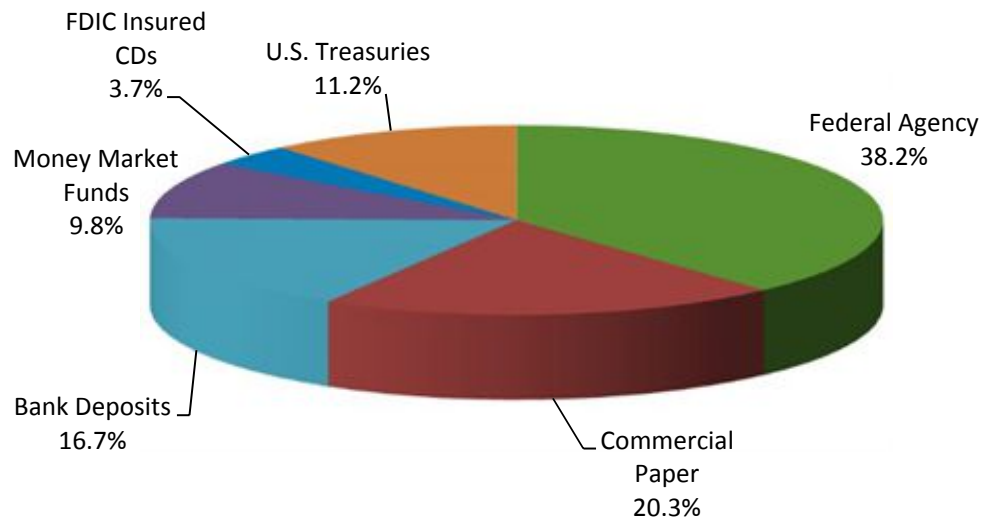
- The Authority purchased \$10 million of 4-month commercial paper yielding 0.22%.

Rate Stabilization Fund

- The Authority purchased \$20 million of 4-month commercial paper with an average yield of 0.19%.



**DC Water
Finance Division
Investments - By Security Type
As of September 30, 2013**

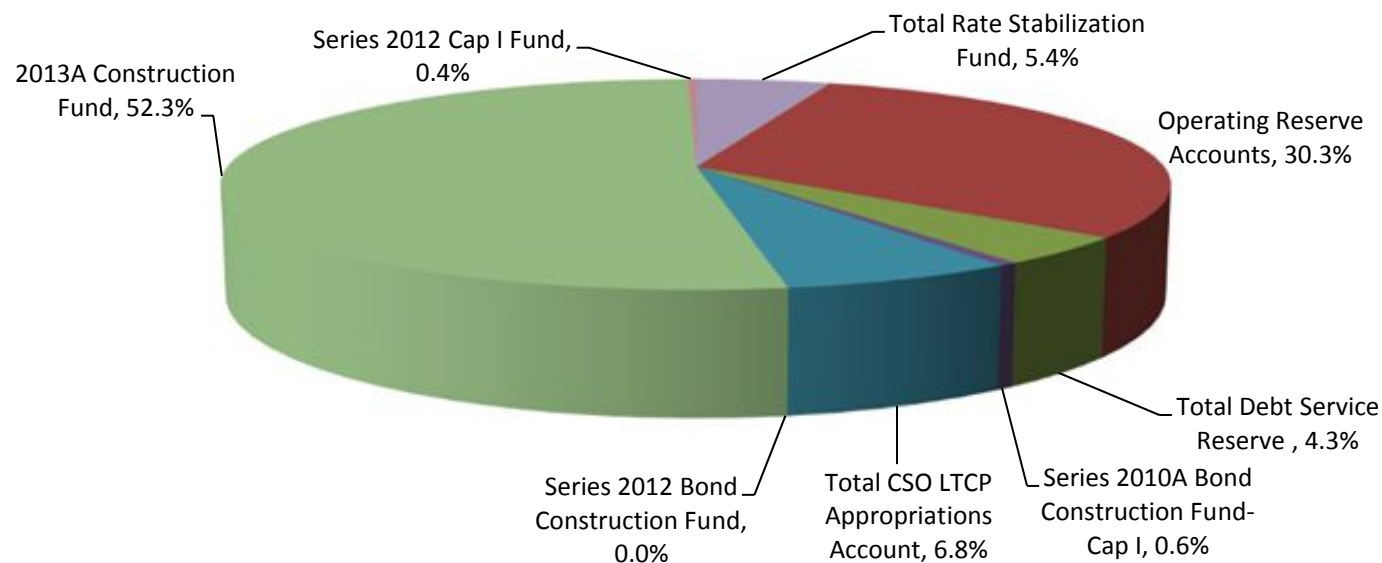


Security Type	Book Value + Accrued Interest	Asset Allocation	Permitted By Policy
Bank Deposits	\$ 90,361,404	16.7%	100.0%
Money Market Funds	53,142,015	9.8%	100.0%
Bankers Acceptances	-	0.0%	40.0%
Commercial Paper	109,942,536	20.3%	35.0%
U.S. Treasuries	60,342,455	11.2%	100.0%
Federal Agency	206,563,433	38.2%	80.0%
FDIC Insured CDs	20,151,582	3.7%	30.0%
Municipal Obligations	-	0.0%	20.0%
Total	\$ 540,503,425	100.0%	

Investment Performance Report – September 2013



**DC Water
Finance Division
Investment Analysis – By Fund
As of September 30, 2013**



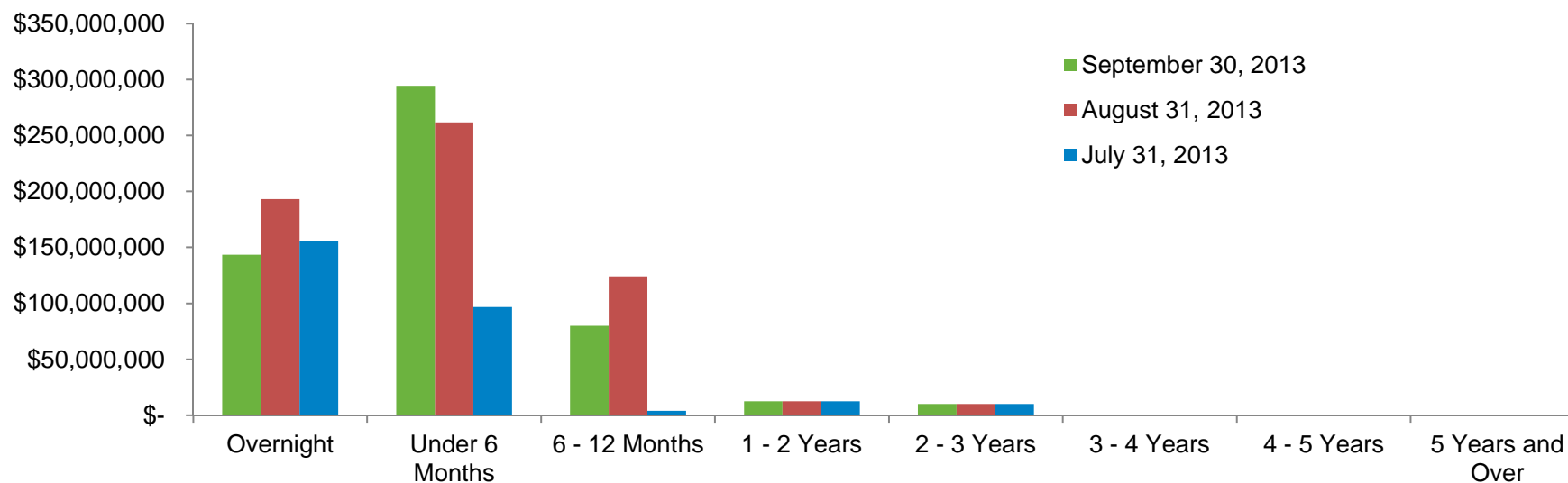
Fund Name	Book Value + Accrued Interest	Yield-to- Maturity at Cost	Effective Duration (years)	Weighted Average Maturity (days)
Total Rate Stabilization Fund	\$ 28,950,617	0.41%	0.22	79.4
Operating Reserve Accounts	\$ 163,760,423	0.56%	0.17	63.0
Total Debt Service Reserve	\$ 23,474,934	0.44%	1.38	510.1
Series 2010A Bond Construction Fund- Cap I	\$ 3,062,758	0.55%	0.21	76.0
Total CSO LTCP Appropriations Account	\$ 36,880,468	0.36%	0.13	49.3
Series 2012 Bond Construction Fund	\$ 524	0.01%	0.00	1.0
2013A Construction Fund	\$ 282,459,574	0.09%	0.34	125.5
Series 2012 Cap I Fund	\$ 1,914,128	0.01%	0.00	1.0
Total	\$ 540,503,425	0.29%	0.31	114.9

Investment Performance Report – September 2013



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

Maturity Distribution	September 30, 2013	August 31, 2013	July 31, 2013
Overnight \$	143,503,418.15 \$	193,206,085.07 \$	155,451,088.74
Under 6 Months	294,483,499.09	261,789,372.33	96,686,042.02
6 - 12 Months	79,835,918.16	124,083,767.51	3,926,999.39
1 - 2 Years	12,537,032.05	12,531,877.55	12,532,845.74
2 - 3 Years	10,143,557.26	10,189,903.92	10,186,242.79
3 - 4 Years	-	-	-
4 - 5 Years	-	-	-
5 Years and Over	-	-	-
Totals \$	540,503,424.71 \$	601,801,006.38 \$	278,783,218.68



Investment Performance Report – September 2013



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

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
Bank Deposits					
TD Bank		80,275,844.78	14.9%	100.0%	Yes
Premier Bank		5,033,727.03	0.9%	100.0%	Yes
Capital One Bank		5,051,831.82	0.9%	100.0%	Yes
Sub-Total Bank Deposits		90,361,403.63	16.7%	100.0%	Yes
Money Market Mutual Funds					
American Beacon MMF	AAA	1,483,664.72	0.3%	50.0%	Yes
Williams Capital Money Market Fund	AAA	2,500,535.93	0.5%	50.0%	Yes
Merrill Lynch MMF	AAA	1,185,451.69	0.2%	50.0%	Yes
Wells Fargo Advantage Treasury Plus	AAA	1,424,342.64	0.3%	50.0%	Yes
Wells Fargo Government MMF	AAA	46,548,019.54	8.6%	50.0%	Yes
Sub-Total Money Market Mutual Funds		53,142,014.52	9.8%	100.0%	Yes
Certificates of Deposit					
CDARs - Placed by Industrial Bank	NR / NR	15,120,753.15	2.8%	30.0%	Yes
CDARs - Placed by City First Bank	NR / NR	5,030,828.73	0.9%	30.0%	Yes
Sub-Total Certificates of Deposit		20,151,581.88	3.7%	30.0%	Yes
Commercial Paper					
Baker Hughes Inc Comm Paper	A-1 / P-1	9,999,572.20	1.9%	5.0%	Yes
Bank Of Nova Scotia Ny Comm Paper	A-1 / P-1	9,999,377.80	1.9%	5.0%	Yes
Coca-Cola Company Comm Paper	A-1+ / P-1	9,995,916.70	1.8%	5.0%	Yes
Deutsche Bank Finl Llc Comm Paper	A-1 / P-1	9,994,683.30	1.8%	5.0%	Yes
General Elec Cap Corp Comm Paper	A-1+ / P-1	9,996,200.00	1.8%	5.0%	Yes
Hsbc Usa Inc Comm Paper	A-1 / P-1	9,992,300.00	1.8%	5.0%	Yes
Ing (Us) Funding Llc Comm Paper	A-1 / P-1	9,988,177.80	1.8%	5.0%	Yes
Korea Development Bk Ny Comm Paper	A-1 / P-1	9,992,152.80	1.8%	5.0%	Yes
Sumitomo Mitsui Trust Ny Comm Paper	A-1 / P-1	9,992,788.90	1.8%	5.0%	Yes
Union Bank Na Comm Paper	A-1 / P-1	9,998,016.70	1.8%	5.0%	Yes
Wells Fargo & Company Comm Paper	A-1 / P-1	9,993,350.00	1.8%	5.0%	Yes
Sub-Total Commercial Paper		109,942,536.20	20.3%	35.0%	Yes
Federal Agencies					
Fannie Mae	AA+ / Aaa	41,391,865.19	7.7%	40.0%	Yes
Federal Home Loan Bank	AA+ / Aaa	145,180,956.88	26.9%	40.0%	Yes
Freddie Mac	AA+ / Aaa	19,990,611.20	3.7%	40.0%	Yes
Sub-Total Federal Agencies		206,563,433.27	38.2%	100.0%	Yes
U.S. Treasuries					
Treasury Note	AA+ / Aaa	60,342,455.21	11.2%	100.0%	Yes
Sub-Total Treasuries		60,342,455.21	11.2%	100.0%	Yes
Total		\$ 540,503,424.71	100.0%		

Investment Performance Report – September 2013



**DC Water
Finance Division
Book Value Performance
As of September 30, 2013**

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

	Trailing 1 Months		Trailing 3 Months		Trailing 6 Months		Trailing 12 Months
	Periodic	Annualized	Periodic	Annualized	Periodic	Annualized	
Total Rate Stabilization Fund	0.03%	0.42%	0.15%	0.58%	0.22%	0.45%	0.37%
Operating Reserve Accounts	0.03%	0.35%	0.11%	0.42%	0.19%	0.38%	0.38%
Total Debt Service Reserve	0.04%	0.45%	0.11%	0.44%	0.20%	0.39%	0.36%
Total CSO LTCP Appropriations Account	0.01%	0.17%	0.04%	0.14%	0.07%	0.14%	0.13%
2010A Capitalized Interest Fund	0.08%	1.02%	0.25%	1.01%	0.51%	1.02%	0.95%
2012 Construction Fund	0.00%	0.03%	0.01%	0.02%	0.02%	0.04%	0.05%
2013A Construction Fund	0.01%	0.09%	n/a	n/a	n/a	n/a	n/a
Short-Term	0.02%	0.28%	0.09%	0.37%	0.19%	0.38%	0.35%
Merrill Lynch 3-Month Treasury Index (Book Value) ¹	0.00%	0.03%	0.01%	0.04%	0.02%	0.05%	0.06%
Core (1+ Years)	0.04%	0.47%	0.12%	0.47%	0.24%	0.47%	0.58%
Merrill Lynch 1-3 Year Treasury Index (Book Value) ²	0.03%	0.41%	0.09%	0.37%	0.16%	0.31%	0.29%

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

Investment Performance Report – September 2013



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

DESCRIPTION	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
<u>Total Rate Stabilization Fund</u>									
TD BANK BANK DEPOSIT	\$ 8,962,264		10/1/2013		0.90%	\$ 8,962,264	\$ 8,962,264	\$ 8,962,264	
KOREA DEVELOPMENT BK NY COMM PAPER	10,000,000	-	1/22/2014	9/25/2013	0.25%	9,991,736	9,992,340	9,992,153	
GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	1/23/2014	9/25/2013	0.12%	9,996,000	9,996,330	9,996,200	
									\$ 28,950,616.69
<u>Operating Reserve Accounts</u>									
TD BANK BANK DEPOSIT	\$ 60,950,690		10/1/2013		0.90%	\$ 60,950,690	\$ 60,950,690	\$ 60,950,690	
CAPITAL ONE BANK	5,051,832		10/1/2013		0.50%	5,051,832	5,051,832	5,051,832	
WILLIAMS CAPITAL MONEY MARKET FUND	2,500,536		10/1/2013		0.00%	2,500,536	2,500,536	2,500,536	
BAKER HUGHES INC COMM PAPER	10,000,000	-	10/15/2013	8/16/2013	0.11%	9,998,167	9,999,460	9,999,572	
INDUSTRIAL BANK CDARS	5,000,000	0.600	10/17/2013	10/18/2012	0.60%	5,000,000	5,028,603	5,028,603	
UNION BANK NA COMM PAPER	10,000,000	-	11/12/2013	8/16/2013	0.17%	9,995,844	9,998,700	9,998,017	
FHLB DISC NOTE	15,000,000	-	11/15/2013	8/16/2013	0.07%	14,997,346	14,999,028	14,998,688	
FHLB TAP BONDS	10,000,000	3.125	12/13/2013	5/19/2011	0.99%	10,675,134	10,154,630	10,136,240	
INDUSTRIAL BANK CDARS	2,512,497	0.620	1/23/2014	1/24/2013	0.62%	2,512,497	2,523,315	2,523,315	
SUMITOMO MITSUI TRUST NY COMM PAPER	10,000,000	-	1/27/2014	9/25/2013	0.22%	9,992,422	9,991,770	9,992,789	
INDUSTRIAL BANK CDARS	2,500,000	0.900	1/27/2014	1/26/2012	0.90%	2,500,000	2,537,849	2,537,849	
HSBC USA INC COMM PAPER	10,000,000	-	2/10/2014	8/26/2013	0.21%	9,990,200	9,990,910	9,992,300	
ING (US) FUNDING LLC COMM PAPER	10,000,000	-	2/11/2014	8/26/2013	0.32%	9,984,978	9,989,650	9,988,178	
CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,000	0.600	3/23/2014	3/23/2012	0.60%	2,500,000	2,522,831	2,522,831	
INDUSTRIAL BANK CDARS	5,000,000	0.650	10/16/2014	10/18/2012	0.65%	5,000,000	5,030,986	5,030,986	
CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,000	0.600	3/19/2015	3/21/2013	0.60%	2,500,000	2,507,997	2,507,997	
									\$ 163,760,422.87
<u>Total Debt Service Reserve</u>									
MERRILL LYNCH MMF	1,185,452		10/1/2013		0.06%	1,185,452	1,185,452	1,185,452	
WELLS FARGO GOVERNMENT MMF	2,078,549		10/1/2013		0.01%	2,078,549	2,078,549	2,078,549	
FHLB TAP BONDS	5,000,000	3.125	12/13/2013	5/25/2011	0.87%	5,354,034	5,077,315	5,069,327	
FEDERAL HOME LOAN BANK GLOBAL NOTES	5,000,000	0.250	2/20/2015	1/30/2013	0.30%	4,995,000	4,999,929	4,998,049	
FHLB NOTES	10,000,000	1.000	3/11/2016	5/22/2013	0.43%	10,158,100	10,111,916	10,143,557	
									\$ 23,474,933.86
<u>Series 2010A Bond Construction Fund- Cap I</u>									
WELLS FARGO GOVERNMENT MMF	\$ 237,589		10/1/2013		0.01%	\$ 237,589	\$ 237,589	\$ 237,589	
WELLS FARGO ADVANTAGE TREASURY PLUS	1,424,343		10/1/2013		0.01%	1,424,343	1,424,343	1,424,343	
FNMA NOTES (EX-CALLABLE)	1,400,000	1.250	3/14/2014	3/16/2011	1.19%	1,402,617	1,408,213	1,400,826	
									\$ 3,062,757.76



Investment Performance Report – September 2013

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

DESCRIPTION	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
									\$ 3,062,757.76
<u>Total CSO LTCP Appropriations Account</u>									
TD BANK BANK DEPOSIT	\$ 10,362,890		10/1/2013		0.90%	\$ 10,362,890	\$ 10,362,890	\$ 10,362,890	
PREMIER BANK DEPOSIT	5,033,727		10/1/2013		0.24%	5,033,727	5,033,727	5,033,727	
AMERICAN BEACON MMF	1,483,665		10/1/2013		0.01%	1,483,665	1,483,665	1,483,665	
DEUTSCHE BANK FINL LLC COMM PAPER	10,000,000	-	12/27/2013	8/26/2013	0.22%	9,992,483	9,995,620	9,994,683	
US TREASURY NOTES	10,000,000	0.125	12/31/2013	8/26/2013	0.06%	10,002,344	10,005,109	10,005,503	
									\$ 36,880,468.22
<u>Series 2012 Bond Construction Fund</u>									
WELLS FARGO GOVERNMENT MMF	\$ 524		10/1/2013		0.01%	\$ 524	\$ 524	\$ 524	\$ 523.66
<u>2013A Bond Construction Fund</u>									
WELLS FARGO GOVERNMENT MMF	\$ 42,317,230		10/1/2013		0.01%	\$ 42,317,230	\$ 42,317,230	\$ 42,317,230	
US TREASURY NOTES	10,000,000	0.500	10/15/2013	8/8/2013	0.05%	10,008,396	10,024,647	10,024,816	
BANK OF NOVA SCOTIA NY COMM PAPER	10,000,000	-	10/29/2013	8/8/2013	0.08%	9,998,178	9,999,620	9,999,378	
FHLB DISC NOTE	20,000,000	-	10/30/2013	8/8/2013	0.05%	19,997,648	19,999,333	19,999,178	
FNMA DISC NOTE	20,000,000	-	12/23/2013	8/8/2013	0.07%	19,994,672	19,997,200	19,996,772	
US TREASURY NOTES	20,000,000	1.500	12/31/2013	8/8/2013	0.07%	20,112,888	20,147,695	20,146,662	
COCA-COLA COMPANY COMM PAPER	10,000,000	-	1/14/2014	8/8/2013	0.14%	9,993,817	9,997,470	9,995,917	
FNMA DISC NOTE	20,000,000	-	1/29/2014	8/8/2013	0.09%	19,991,687	19,995,310	19,994,267	
WELLS FARGO & COMPANY COMM PAPER	10,000,000	-	2/4/2014	8/8/2013	0.19%	9,990,500	9,990,690	9,993,350	
FHLMC DISC NOTE	20,000,000	-	3/19/2014	8/8/2013	0.10%	19,987,611	19,991,891	19,990,611	
US TREASURY NOTES	20,000,000	1.750	3/31/2014	8/8/2013	0.09%	20,213,307	20,168,922	20,165,474	
FHLB NOTES	32,500,000	0.150	4/23/2014	8/8/2013	0.14%	32,502,275	32,529,651	32,523,199	
FHLB GLOBAL BONDS	45,000,000	5.250	6/18/2014	8/8/2013	0.15%	46,974,150	47,317,448	47,312,719	
									\$ 282,459,574.02
<u>Series 2012 Cap I Fund</u>									
WELLS FARGO GOVERNMENT MMF	\$ 1,914,128		10/1/2013		0.01%	\$ 1,914,128	\$ 1,914,128	\$ 1,914,128	\$ 1,914,127.63
						\$ 540,807,449.73	\$ 540,525,795.83	\$ 540,503,424.71	\$ 540,503,424.71

Investment Performance Report – September 2013



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

ACCOUNT	CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
Purchases								
DC WASA OPERATING RESERVE ACCOUNTS	19121ATS0	COCA-COLA COMPANY COMM PAPER	10,000,000	-	06/26/2013	04/03/2013	0.122	\$ 9,997,200.00
DC WASA OPERATING RESERVE ACCOUNTS	3024A6W32	FCAR OWNER TRUST COMM PAPER	10,000,000	-	09/03/2013	04/03/2013	0.233	\$ 9,990,225.00
DC WASA OPERATING RESERVE ACCOUNTS	90526MV12	UNION BANK NA COMM PAPER	10,000,000	-	08/01/2013	04/03/2013	0.183	\$ 9,994,000.00
DC WASA OPERATING RESERVE ACCOUNTS	36959HWJ2	GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	09/18/2013	05/21/2013	0.162	\$ 9,994,666.67
DC WASA OPERATING RESERVE ACCOUNTS	60688FWP0	MIZUHO FUNDING LLC COMM PAPER	10,000,000	-	09/23/2013	06/25/2013	0.213	\$ 9,994,750.00
DC WASA OPERATING RESERVE ACCOUNTS	05722LXF1	BAKER HUGHES INC COMM PAPER	10,000,000	-	10/15/2013	08/16/2013	0.112	\$ 9,998,166.67
DC WASA OPERATING RESERVE ACCOUNTS	90526MYC5	UNION BANK NA COMM PAPER	10,000,000	-	11/12/2013	08/16/2013	0.172	\$ 9,995,844.44
DC WASA OPERATING RESERVE ACCOUNTS	313385PG5	FHLB DISC NOTE	15,000,000	-	11/15/2013	08/16/2013	0.071	\$ 14,997,345.83
DC WASA OPERATING RESERVE ACCOUNTS	40427SBA6	HSBC USA INC COMM PAPER	10,000,000	-	02/10/2014	08/26/2013	0.213	\$ 9,990,200.00
DC WASA OPERATING RESERVE ACCOUNTS	4497W1BB1	ING (US) FUNDING LLC COMM PAPER	10,000,000	-	02/11/2014	08/26/2013	0.325	\$ 9,984,977.78
DC WASA OPERATING RESERVE ACCOUNTS	86563HAT7	SUMITOMO MITSUI TRUST NY COMM PAPER	10,000,000	-	01/27/2014	09/25/2013	0.223	\$ 9,992,422.22
DC WASA TOTAL CSO LTCP APPROPRIATIONS	91411SVK3	UNIVERSITY OF CALIFORNIA COMM PAPER	10,000,000	-	08/19/2013	05/21/2013	0.152	\$ 9,996,250.00
DC WASA TOTAL CSO LTCP APPROPRIATIONS	912828RW2	US TREASURY NOTES	10,000,000	0.125	12/31/2013	08/26/2013	0.057	\$ 10,004,279.89
DC WASA TOTAL CSO LTCP APPROPRIATIONS	25153JZT0	DEUTSCHE BANK FINL LLC COMM PAPER	10,000,000	-	12/27/2013	08/26/2013	0.223	\$ 9,992,483.33
DC WASA TOTAL DEBT SERVICE RESERVE	313375RN9	FHLB NOTES	10,000,000	1.000	03/11/2016	05/22/2013	0.432	\$ 10,177,822.22
DC WASA RATE STABILIZATION FD	86563GWR9	SUMITOMO TRUST NY COMM PAPER	10,000,000	-	09/25/2013	06/25/2013	0.213	\$ 9,994,633.33
DC WASA RATE STABILIZATION FD	36959JAP8	GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	01/23/2014	09/25/2013	0.122	\$ 9,996,000.00
DC WASA RATE STABILIZATION FD	5006E1AN4	KOREA DEVELOPMENT BK NY COMM PAPER	10,000,000	-	01/22/2014	09/25/2013	0.254	\$ 9,991,736.11
DC WASA 2012 CONSTRUCTION FUND	313397JM4	FHLMC DISC NOTE	22,210,000	-	07/23/2013	05/31/2013	0.020	\$ 22,209,346.04
DC WASA 2013 CONSTRUCTION FUND	313382SH7	FHLB NOTES	32,500,000	0.150	04/23/2014	08/08/2013	0.140	\$ 32,516,493.75
DC WASA 2013 CONSTRUCTION FUND	3133X7FK5	FHLB GLOBAL BONDS	45,000,000	5.250	06/18/2014	08/08/2013	0.150	\$ 47,302,275.00
DC WASA 2013 CONSTRUCTION FUND	912828JW1	US TREASURY NOTES	20,000,000	1.500	12/31/2013	08/08/2013	0.067	\$ 20,144,681.88
DC WASA 2013 CONSTRUCTION FUND	912828KJ8	US TREASURY NOTES	20,000,000	1.750	03/31/2014	08/08/2013	0.095	\$ 20,337,624.14
DC WASA 2013 CONSTRUCTION FUND	912828PB0	US TREASURY NOTES	10,000,000	0.500	10/15/2013	08/08/2013	0.048	\$ 10,024,106.08
DC WASA 2013 CONSTRUCTION FUND	06416JXV0	BANK OF NOVA SCOTIA NY COMM PAPER	10,000,000	-	10/29/2013	08/08/2013	0.081	\$ 9,998,177.78
DC WASA 2013 CONSTRUCTION FUND	19121BAE9	COCA-COLA COMPANY COMM PAPER	10,000,000	-	01/14/2014	08/08/2013	0.142	\$ 9,993,816.67
DC WASA 2013 CONSTRUCTION FUND	9497F1B41	WELLS FARGO & COMPANY COMM PAPER	10,000,000	-	02/04/2014	08/08/2013	0.193	\$ 9,990,500.00

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

Investment Performance Report – September 2013



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

DATE	TRANSACTION	CUSIP	DESCRIPTION	COUPON	MATURITY DATE	PAR VALUE/SHARES	PRINCIPAL	INTEREST	TOTAL
Operating Reserve Accounts									
10/15/13	MATURITY	05722LXF1	BAKER HUGHES INC COMM PAPER		10/15/13	10,000,000	9,998,166.67	1,833.33	10,000,000
10/17/13	MATURITY	RE0937277	INDUSTRIAL BANK CDARS	0.6	10/17/13	5,000,000	5,000,000.00	29,917.81	5,029,918
2013A Bond Construction Fund									
10/15/13	MATURITY	912828PB0	US TREASURY NOTES	0.5	10/15/13	10,000,000	10,000,000.00	25,000.00	10,025,000
10/23/13	INTEREST	313382SH7	FHLB NOTES	0.15	04/23/14	32,500,000	0.00	24,375.00	24,375
10/29/13	MATURITY	06416JXV0	BANK OF NOVA SCOTIA NY COMM PAPER		10/29/13	10,000,000	9,998,177.78	1,822.22	10,000,000
10/30/13	MATURITY	313385NQ5	FHLB DISC NOTE		10/30/13	20,000,000	19,997,648.33	2,351.67	20,000,000



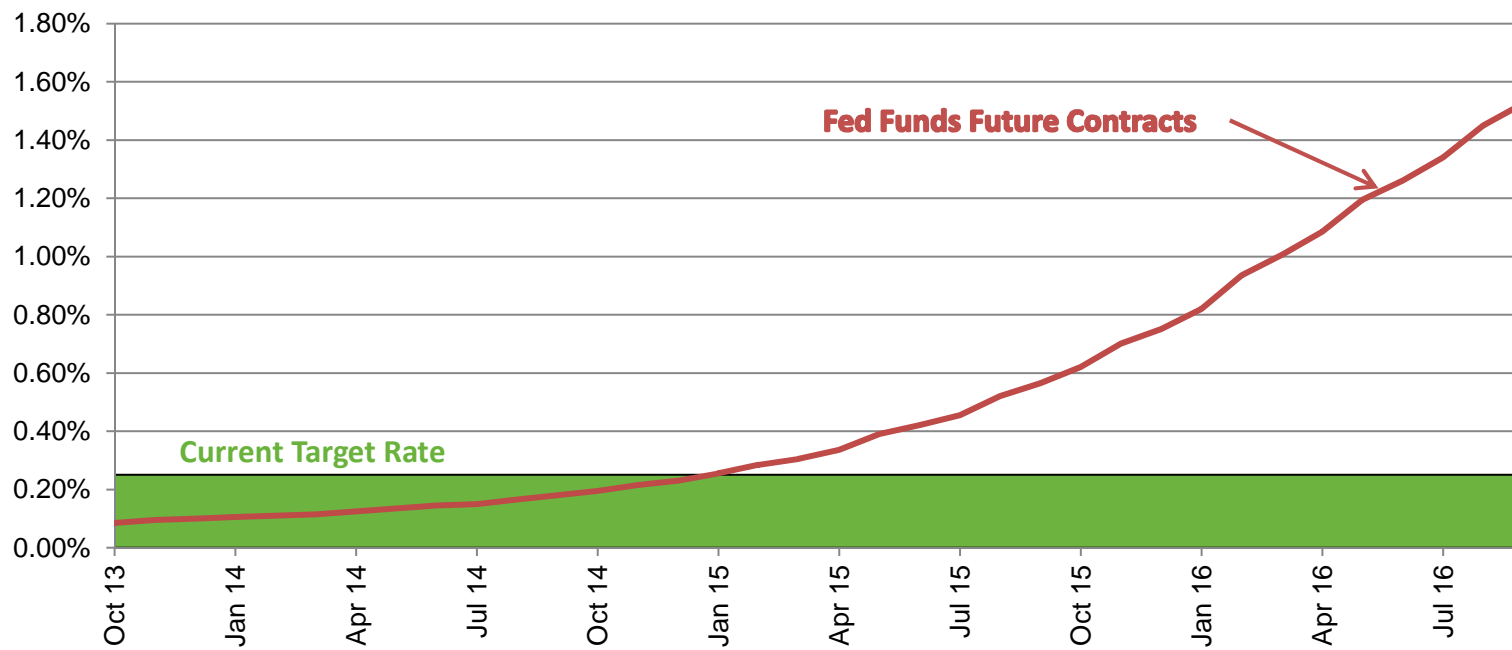
Appendix: Economic Update



Federal Reserve Policy

- The Federal Open Market Committee (FOMC) decided not to reduce the amount of its bond purchases. The FOMC continues to purchase \$85 billion of securities per month.
- The markets expect the Federal Reserve to first curtail its bond purchase program entirely before raising rates. This expectation has pushed projections for the 1st increase in the Federal Funds Target Rate well into 2015.

Fed Funds Futures as of October 2, 2013



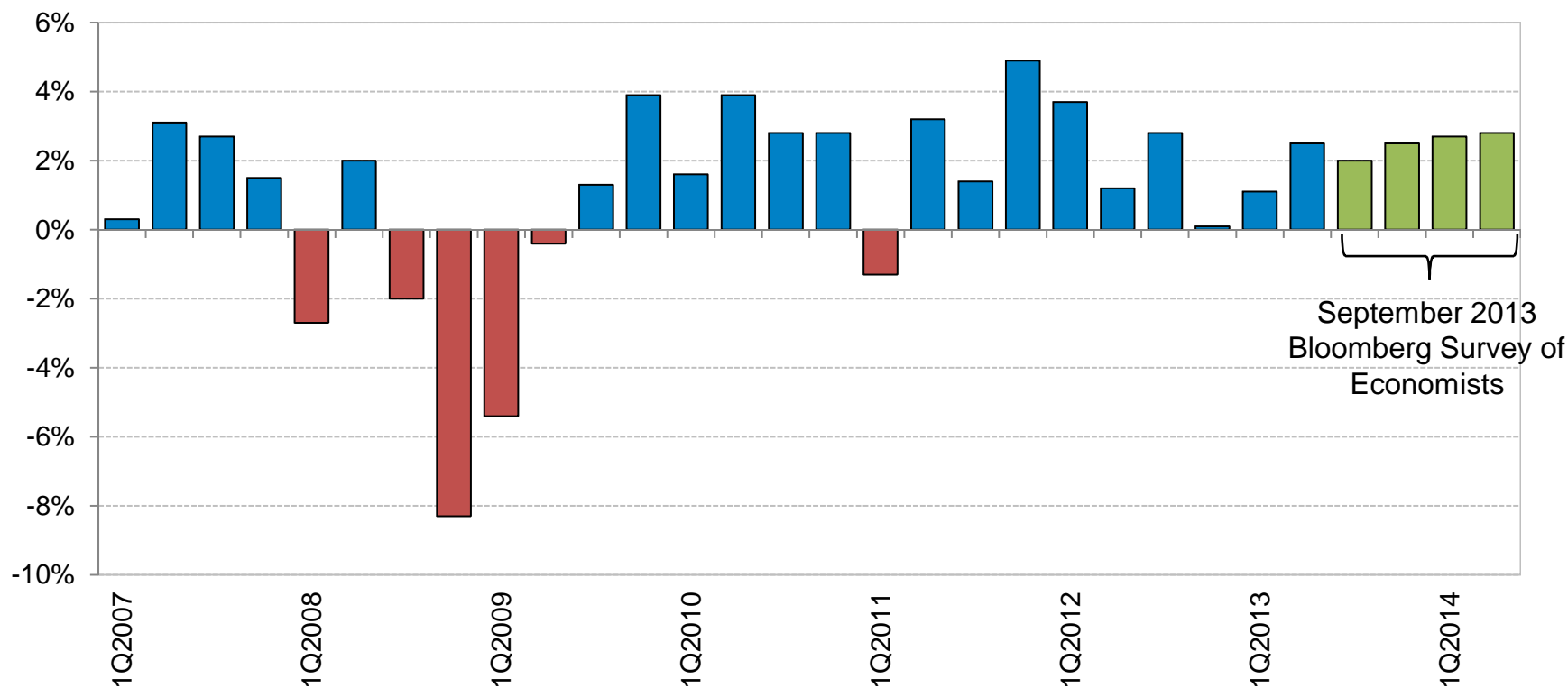
Source: Bloomberg



Gross Domestic Product

- The Fed's recent forecast for 2013 GDP growth has been revised lower to 2.0% to 2.3%.
- The Government shutdown is likely to drag 4th quarter GDP lower. The shutdown is estimated to reduce 4th quarter GDP growth by 0.10% - 0.15% for each week the government is closed.

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



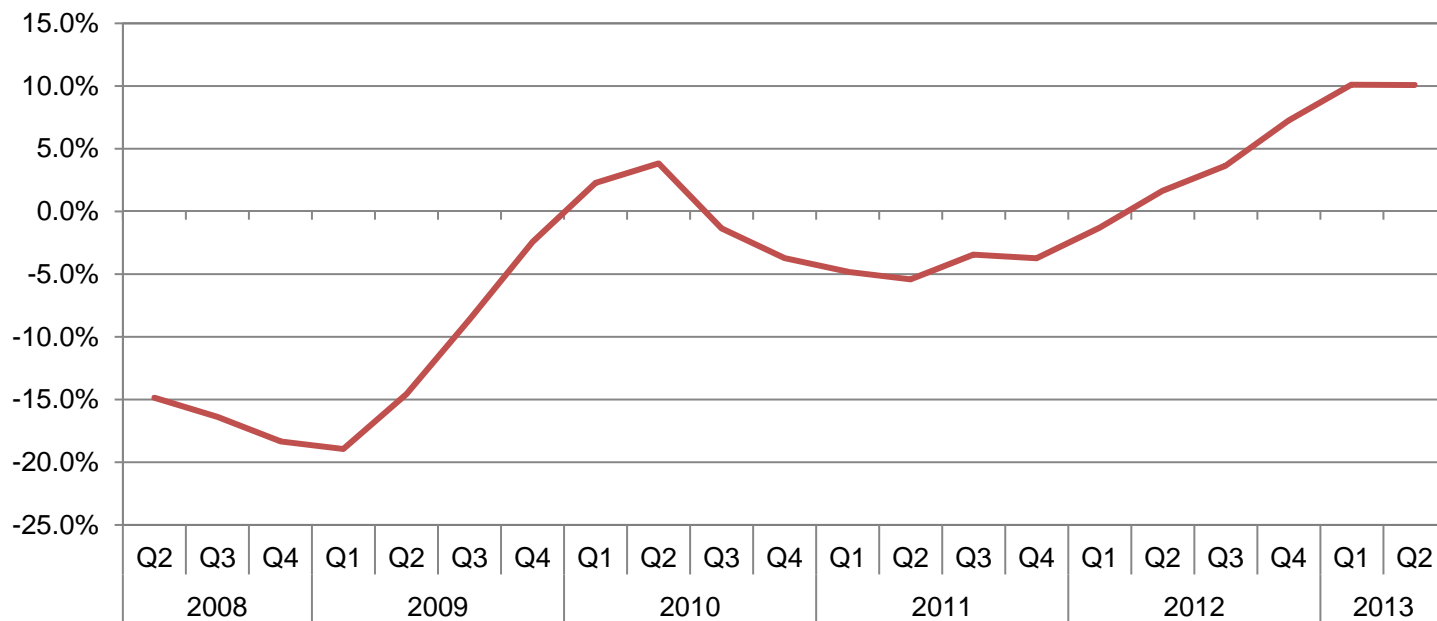
Source: Bloomberg



Housing Market Continues to Improve

- The housing sector continued to improve, with home prices, as measured by the S&P Case-Shiller Index, rising 12.4% in July when compared to the same time period a year ago.
- New home sales rose nearly 8% in August, reflecting an increase of almost 13% compared to a year ago.

S&P/Case-Shiller United States Home Price Index
March 2008 – June 2013



Source: Bloomberg



Consumer Confidence

- According to the Conference Board, consumer confidence fell to a four-month low of 79.7 in September, reflecting a less optimistic outlook about employment and wages.
- Retail sales were also weak, with August's increase reported at 0.2% over July.

University of Michigan Consumer Confidence
September 2007 – September 2013



Source: Bloomberg

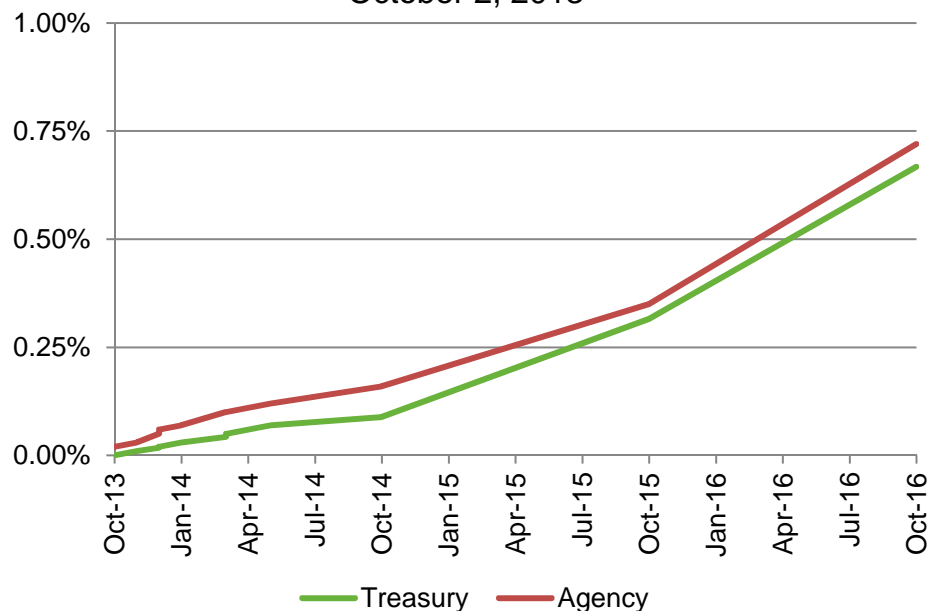


Yield Curve Flattened Slightly in September

- Yields declined modestly in September due to:
 - Larry Summers withdrawal from consideration for the Chairman of the Federal Reserve increased the likelihood that Janet Yellen, a more dovish economist, would be nominated. On October 9th, the White House officially nominated Yellen for the position.
 - The FOMC's decision to continue its \$85 billion bond purchase program.

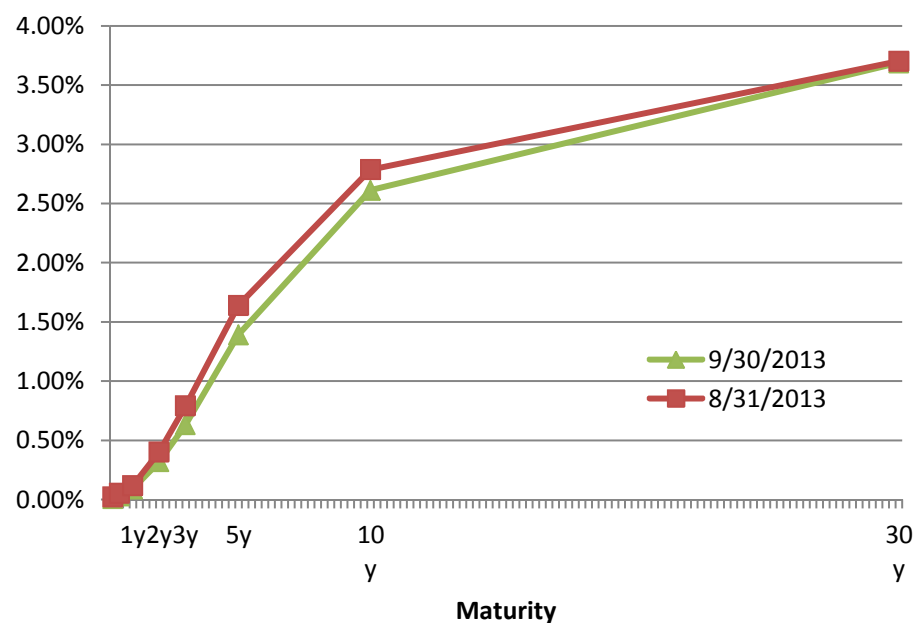
Treasury and Agency Yield Curves

October 2, 2013



U.S. Treasury Yield Curve

September 30, 2013



Source: Bloomberg



Disclosure

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ATTACHMENT 3

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

Friday, November 22, 2013; 11:00 a.m.
Blue Plains Wastewater Treatment Plant
5000 Overlook Avenue, SW, DC
AGENDA

Call to Order	Chairman
October 2013 Financial Report	Budget Director, Treasury & Debt Manager
Action Items	Chairman
Agenda for December Committee Meeting	Chairman
Adjournment	Chairman

*Detailed agenda can be found on DC Water's website at www.dewater.com/about/board_agendas.cfm