

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

Finance and Budget Committee

Thursday, April 26, 2018

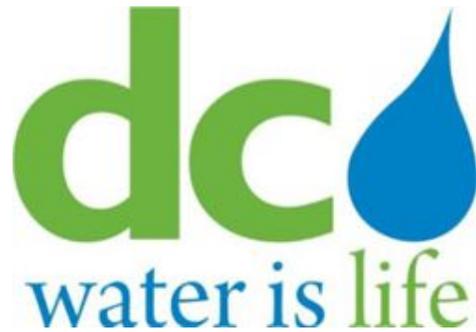
11:00 a.m.

1. **Call to Order**..... Timothy L. Firestine, Chairperson
2. **March 2018 Financial Report (Attachment 1)** Matthew T. Brown
3. **2018 Bond Issuance Update** Matthew T. Brown
4. **Agenda for May Committee Meeting (Attachment 2)** Timothy L. Firestine
5. **Executive Session**
6. **Adjournment**

FOLLOW-UP ITEM – Follow-up items from the meeting held March 22, 2018.

1. Provide breakdown of the operating reserves and update the action item to reflect the use of RSF for one or more Board “rate” objectives **(Chairperson Firestine) Status: Subject to further discussions by Retail Rates & Finance & Budget Committees**
2. Breakout the Renewal and Replacement requirement of \$35 million in the monthly financial report **(Chairperson Firestine) Status: Completed. See page 7 of Financial Report**
3. **Provide the history of the RSF, funding levels and usages (Chairman Wells) Status: See Attachment 3**
4. **Provide the Rate Stabilization Fund Policy to the F&B Committee members (Mr. Franco) Status: See Attachment 4**
5. Identify and provide the list of peer utilities for committee review **(Chairperson Firestine) Status: List of peer utilities will be discussed at the April committee meeting**

* The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); contract negotiations under D.C. Official Code § 2-575(b)(1); legal, confidential or privileged matters under D.C. Official Code § 2-575(b)(4); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10); proprietary matters under D.C. Official Code § 2-575(b)(11); decision in an adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14), and other matters provided in the Act.



Fiscal Year 2018

Monthly Financial Report

Period Ending March 31, 2018

DEPARTMENT OF FINANCE, ACCOUNTING & BUDGET

Matthew T. Brown, Chief Financial Officer

Ivan Boykin, Director (Acting), Finance

Syed Khalil, Director, Rates & Revenue

John Madrid, Controller

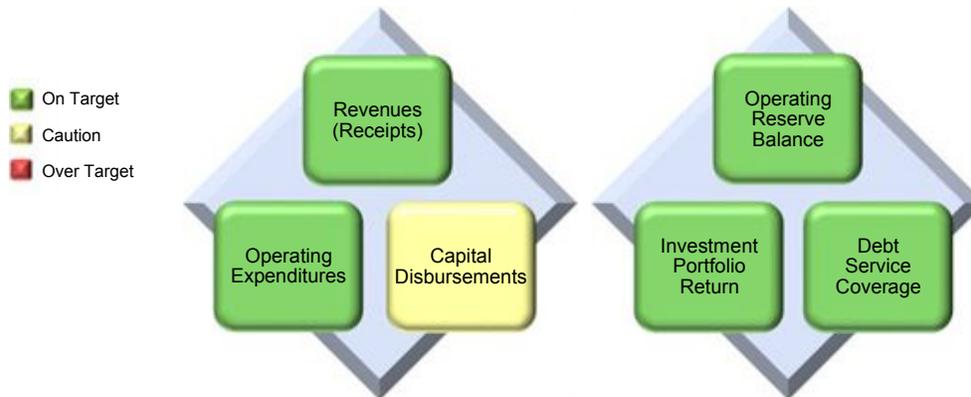
Lola Oyeyemi, Director, Budget

Monthly Financial Report

MARCH 2018

EXECUTIVE SUMMARY

As of the end of March 2018, with 50 percent of the fiscal year completed, we are on track with budgetary expectations and targeted performance, with the exception of capital disbursements, which is projected to exceed disbursement budget.



(\$ in millions)

	Budget	YTD Budget	Actual	Variance		Actual % Budget
				Favorable (Unfavorable)		
Revenues (Receipts)*	\$620.5	\$310.2	\$297.8	(\$12.5)	(4.0%)	48.0%
Expenditures*	\$561.9	\$281.0	\$253.7	\$27.3	9.7%	45.1%
Capital Disbursements	\$449.9	\$276.7	\$291.9	(\$15.2)	(5.5%)	64.9%

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

Highlights:

- Standard & Poor's (AAA) and Moody's Investors Service (Aa1) both affirmed our credit ratings
- On April 17, 2018, DC Water successfully issued \$300 million in tax-exempt, fixed rate bonds, which includes \$100 million designated as green bonds for the Clean Rivers projects and \$200 million for general capital improvement projects
- FY 2017 Green Bond Independent Accountants' Attestation Report was issued on March 22, 2018
- FY 2017 Inter-Municipal Agreement (IMA) Operating Settlement was completed in March 2018, with net refund of \$2.8 million due to DC Water
- Washington Suburban Sanitary Commission (WSSC) audit of the FY 2015 & FY 2016 IMA Operating Settlement is underway

Monthly Financial Report

- Budget Calendar Update:
 - FY 2019 Board-adopted budget has been published online at www.dewater.com
 - FY 2018 preliminary year-end projections for Committee review in May 2018
 - FY 2020 Budget Kick-off anticipated on May 18, 2018

Matthew T. Brown, Chief Financial Officer

Monthly Financial Report

Fiscal Year-to-Date
As of March 31, 2018

Operating Revenues (\$000's)

Category	A	B	C	D = C/A	E = C-B	F = E/B
	FY 2018 BUDGET	YTD BUDGET*	ACTUAL	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)
Res. / Comm. / Multi.	\$354,914	177,457	\$169,413	47.7%	(\$8,044)	(4.5%)
Federal	62,167	31,084	30,759	49.5%	(324)	(1.0%)
Municipal (DC Govt.)	17,312	8,656	9,526	55.0%	870	10.0%
DC Housing Authority	8,979	4,490	3,929	43.8%	(561)	(12.5%)
Metering Fee	10,776	5,388	5,637	52.3%	249	4.6%
Water System Replacement Fee (WSRF)	39,717	19,859	19,414	48.9%	(445)	(2.2%)
Wholesale	76,028	38,014	38,240	50.3%	226	0.6%
PILOT/ROW	21,601	10,801	10,094	46.7%	(707)	(6.5%)
All Other	28,978	14,489	10,763	37.1%	(3,726)	(25.7%)
TOTAL	\$620,472	\$310,236	\$297,774	48.0%	(\$12,462)	(4.0%)

*Straight-lined (6/12 of budget)

VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of March 2018, cash receipts totaled \$297.8 million, or 48.0 percent of the revised FY 2018 budget. Several categories of customers make payments on a quarterly basis, including the Federal Government (who made their second quarterly payment in January), and wholesale customers (who made their second quarterly payment in February).

Residential, Commercial and Multi-Family – Receipts for this category are lower at \$169.4 million or 47.7 percent of the revised budget. The lower receipts as compared to budget are on account of delay in billing of some accounts in the new billing system VertexOne, which was implemented in December 2017.

District Government – Receipts are higher at \$9.5 million or 55.0 percent of the revised budget. The District Government did not pay the August billed amount of \$2.0 million as anticipated in September 2017. The overdue amount was received in October 2017 (FY 2018), which resulted in higher receipts compared to the revised budget. Due to post-implementation issues of the new billing system VertexOne, both the December 2017 and January 2018 bills for the District Government were sent in February 2018. The District Government paid the December 2017 bill in February 2018 and the January 2018 bill in March 2018. The DC Government did not pay the February billed amount of \$1.7 million in March 2018. The overdue amount is expected to be received in April 2018.

DC Housing – Receipts are lower at \$3.9 million or 43.8 percent of the revised budget. The DC Housing Authority did not pay the February billed amount of \$0.9 million in March 2018. The overdue amount is expected to be received in April 2018.

Wholesale – The Wholesale customers’ actual receipts through March 2018 total \$38.2 million or 50.3 percent of the revised FY 2018 budget. The Wholesale customers made their second quarterly payment in the month of February 2018.

Other Revenue – Receipts are lower than the straight-lined budget at \$10.8 million or 37.1 percent of the budgeted category primarily due to IMA Indirect Cost Reimbursement, which is not anticipated to be received until the third quarter of the fiscal year.

Monthly Financial Report

Fiscal Year-to-Date
As of March 31, 2018

Operating Expenditures (\$000's)

Category	A	B	C	D=C/A	E=B-C	F=E/B
	FY 2018 BUDGET	YTD BUDGET*	ACTUAL	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)
Personnel	\$149,193	\$74,597	\$78,154	52.4%	(\$3,557)	(4.8%)
Contractual Services	79,353	39,677	36,197	45.6%	3,480	8.8%
Water Purchases	30,156	15,078	12,612	41.8%	2,466	16.4%
Supplies & Chemicals	30,659	15,330	16,139	52.6%	(810)	(5.3%)
Utilities	29,399	14,700	14,450	49.1%	250	1.7%
Small Equipment	1,071	536	381	35.6%	155	28.9%
SUBTOTAL O&M	\$319,831	\$159,916	\$157,933	49.4%	\$1,983	1.2%
Debt Service	185,480	92,740	85,031	45.8%	7,709	8.3%
PILOT/ROW	21,376	10,688	10,688	50.0%	0	0.0%
Cash Financed Capital Improvements	35,260	17,630	0	0.0%	17,630	100.0%
TOTAL OPERATING	\$561,947	\$280,974	\$253,652	45.1%	\$27,322	9.7%
Capital Labor	(21,061)	(10,531)	(8,213)	39.0%	(2,318)	22.0%
TOTAL NET OPERATING	\$540,886	\$270,443	\$245,439	45.4%	\$25,004	9.2%

*Straight-lined (6/12 of budget)

VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of March 2018, operating expenditures totaled \$253.7 million or 45.1 percent of the approved FY 2018 budget of \$561.9 million and are in line with expectations. These numbers include estimated incurred but unpaid invoices and are subject to revision in subsequent months.

Personnel Services – YTD overspending is consistent with expectations due to impact of the Board-ratified union labor contract and other employee salary adjustments, coupled with high overtime spending. YTD overtime spending of \$4.6 million, which is 75 percent of the overtime budget, is mainly for after-hour work performed in response to emergencies and historically high water main breaks experienced during the winter season (Bomb Cyclone) and support for the on-going Automated Meter Reader (AMR) Program. Of the 1260 positions authorized, 1144 were filled at the end of March, with a year-to-date vacancy rate of 9.2 percent.

Contractual Services – Underspending is attributable to a lag in various operational contracts throughout the Authority. Spending is consistent with historical trends with uptick anticipated during the remainder of the year.

Water Purchases – Expenditures based on approximately 75 percent of the Washington Aqueduct's FY 2018 operating expenditures and expected to increase during the summer months.

Supplies & Chemicals – Slight overspending is due to higher unit prices of some chemicals (methanol and sodium bisulfite), coupled with higher than anticipated usage of methanol for nitrogen removal. The operations team anticipates a decline in the use of methanol following the full commissioning of the Filtrate Treatment Facility in the Summer of 2018.

Utilities – Underspending is primarily due to onsite electricity generation from the Combined Heat and Power (CHP) facility, which represents approximately 7.0MW or 22 percent of Authority-wide usage. Presently, 15MW of the Authority's electricity load is locked at an average Western Hub unit price of \$34.30/MWh for the remainder of the year, and 15MW at \$31.40/MWh for FY 2019. The electricity underspending was offset in part by higher spending in water usage and rental expenses.

Debt Service – YTD actuals are in line with budget and debt service payment schedule.

Capital Labor – YTD spending is consistent with historical trend.

Monthly Financial Report

Fiscal Year-to-Date
As of March 31, 2018

Capital Disbursements (\$000's)

Service Area	A	B	C	D = C/A	E = B-C	F = E/B
	FY 2018 BUDGET	YTD BUDGET	ACTUAL	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)
Non Process Facilities	\$31,678	\$15,713	\$17,623	55.6%	(1,910)	(12.2%)
Wastewater Treatment	95,520	52,379	65,962	69.1%	(13,584)	(25.9%)
Combined Sewer Overflow	181,897	135,531	120,190	66.1%	15,341	11.3%
Stormwater	944	356	1,288	136.4%	(932)	(261.4%)
Sanitary Sewer	30,191	14,744	24,067	79.7%	(9,323)	(63.2%)
Water	58,055	30,125	34,840	60.0%	(4,715)	(15.7%)
SUBTOTAL: CAPITAL PROJECTS	\$398,285	\$248,848	\$263,970	66.3%	(\$15,122)	(6.1%)
Capital Equipment*	39,898	19,949	20,019	50.2%	(70)	(0.4%)
Washington Aqueduct	11,768	7,952	7,952	67.6%	(0)	(0.0%)
SUBTOTAL: ADD'L CAPITAL PROGRAMS	\$51,665	\$27,901	27,971	54.1%	(\$70)	(0.3%)
TOTAL	\$449,949	\$276,749	\$291,941	64.9%	(\$15,192)	(5.5%)

*Straight-lined (6/12 of budget)

VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of March 2018, capital disbursements are \$291.9 million, or 65 percent of the FY 2018 revised budget and higher than planned disbursements through this reporting period.

Capital Projects – Higher disbursements in Wastewater Treatment Service Area are due mainly to the projects (Tunnel Dewatering Pump Station and Enhanced Clarification Facility) to meet the deadline Consent Decree for the Clean Rivers Project. Higher spending in Water and Sanitary Sewer Service Areas is for rehabilitation and upgrade projects. The detailed project performance will be reviewed as part of the quarterly CIP update by the Department of Engineering and Technical Services to the Environmental Quality & Operations and Finance & Budget Committees in May 2018.

Capital Equipment – YTD spending is slightly at par with budget and includes bulk purchases for the Automated Meter Reading (AMR) Replacement Program during the latter part of FY 2017. Approximately 85,000 small meters were planned to be replaced over a two-year period through FY 2018. At the end of March 2018, 67,759 meters have been installed.

Monthly Financial Report

Fiscal Year-to-Date
As of March 31, 2018

Cash Investments (\$ in millions)

Cash Balances

Rate Stabilization Fund Balance	\$	61.5
DC Insurance Reserve Balance		1.0

Operating Reserve Accounts	
Renewal & Replacement Balance	35.0
O & M Reserve per Indenture	51.7
Undesignated Reserve Balance	38.8
O & M Reserve per Board Policy	125.5
Excess Liquidity (Cash)	34.4
Operating Reserve Accounts	159.9

Operating Cash Balance Including RSF	\$	222.3
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Debt Service Reserve - Series 1998		23.5
Bond Fund - Construction Fund 2015A		1.0
Bond Fund - Construction Fund 2016B		24.8
Bond Fund - Construction Fund 2017A		0.3
Bond Fund - Construction Fund 2017B		6.1
Fleet Relocation Fund		4.0

Total All Funds	\$	282.2
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OVERALL PORTFOLIO PERFORMANCE

- The operating reserve balance was \$159.9 million as compared to the operating reserve level objective of \$125.5 million for FY 2018
- Average cash balance for the month of March was \$170.9 million
- Total investment portfolio was in compliance with the Authority's Investment Policy
- Operating funds interest income for March (on a cash basis) was \$88,997; YTD \$963,239
- A detailed investment performance report is attached

Monthly Financial Report

Fiscal Year-to-Date
As of March 31, 2018

Cash Flow Summary (\$000's)

	Annual Budget Cash Basis	YTD 50% Cash Budget	YTD Actual Cash Oct. 1, 2017 - Mar. 31, 2018	Variance Favorable (Unfavorable)	
OPERATING BUDGET					
Cash Provided					
Retail	\$493,865	\$246,933	\$238,677	(8,255)	-3%
Wholesale	76,028	\$38,014	38,240	226	1%
Other	50,240	\$25,120	20,751	(4,369)	-17%
Total Cash Provided	620,133	310,067	297,668	(12,399)	-4%
Operating Cash Used					
Personnel Services	128,132	64,066	65,221	(1,155)	-2%
Contractual Services	79,353	39,677	39,053	624	2%
Chemicals & Supplies	30,659	15,330	17,070	(1,740)	-11%
Utilities	29,399	14,700	12,283	2,416	16%
Water Purchases	30,156	15,078	12,828	2,250	15%
Small Equipment	1,071	536	365	170	32%
Total Operating Cash Used	298,770	149,385	146,820	2,565	2%
Defeasance D.S./Cash Financed Capital Improvements	35,260	17,630	0	17,630	100%
Other Cash Used					
Debt Service	184,278	92,139	85,031	7,108	8%
Payment In Lieu of Taxes/Right of Way	21,376	10,688	10,688	()	0%
Total Other Cash Used	205,654	102,827	95,719	7,108	7%
Total Cash Used	539,684	269,842	242,539	27,303	10%
Net Cash Provided (Used) by Operating Act.	80,449	40,225	55,129	14,904	
CAPITAL BUDGET					
Cash Provided					
Debt Proceeds	155,484	77,742	189,002	111,260	143%
EPA Grants	23,620	11,810	8,491	(3,319)	-28%
CSO Grants	8,500	4,250	0	(4,250)	-100%
System Availability Fee	1,925	963	0	(963)	-100%
Transfer from Operations	101,317	50,658	0	(50,658)	-100%
Interest Income	1,549	775	762	(12)	-2%
Wholesale Capital Contributions	89,575	44,788	53,360	8,573	19%
Total Cash Provided	381,970	190,985	251,616	60,631	32%
Cash Used					
DC Water Capital Program	438,184	219,092	283,989	(64,897)	-30%
Washington Aqueduct Projects	11,768	5,884	7,952	(2,068)	-35%
Total Cash Used	449,952	224,976	291,941	(66,965)	-30%
Net Cash/PAYGO Provided (Used) by Cap. Act.	(\$67,982)	(\$33,991)	(\$40,326)	(\$6,335)	
Beginning Balance, October 1 (Net of Rate Stab. Fund) Projected	\$147,212		\$147,212		
Plus (Less) Operating Surplus	80,449	40,225	55,129		
Wholesale Customer Refunds from Prior Years	(7,000)	(3,500)	2,283,370		
Interest Earned From Bond Reserve	339	170	106		
Prior Year Federal Billing Reconciliation	(9,019)	(4,510)	(4,510)		
Project Billing Refunds	(4,000)	(2,000)			
Cash Used for Capital	(67,981)	(33,991)	(40,326)		
Balance Attributable to O&M Reserve	\$140,000		\$159,896		
OTHER CASH RESERVES					
Rate Stabilization Fund			Current Balance		
Rate Stabilization Fund	\$61,450				
DC Insurance Reserve	1,000				
Fleet Relocation - DC Reimbursement	4,000				

Monthly Financial Report

APPENDIX

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Monthly Financial Report

Fiscal Year-to-Date
As of March 31, 2018

Operating Revenues Detail

(\$ in millions)

Revenue Category	FY 2018 Budget	YTD Budget	Actual	Variance Favorable / (Unfavorable)		Actual % of Budget
Residential, Commercial, and Multi-family	\$354.9	\$177.5	\$169.4	(\$8.0)	-4.5%	47.7%
Federal	\$62.2	31.1	30.8	(0.3)	-1.0%	49.5%
District Government	\$17.3	8.7	9.5	0.8	10.0%	55.0%
DC Housing Authority	\$9.0	4.5	3.9	(0.6)	-12.5%	43.8%
Customer Metering Fee	\$10.8	5.4	5.6	0.2	4.6%	52.3%
Water System Replacement Fee (WSRF)	\$39.7	19.9	19.4	(0.4)	-2.2%	48.9%
Wholesale	\$76.0	38.0	38.2	0.2	0.6%	50.3%
Right-of-Way Fee/PILOT	\$21.6	10.8	10.1	(0.7)	-6.5%	46.7%
Subtotal (before Other Revenues)	\$591.5	\$295.7	\$287.0	(\$8.8)	-3.0%	48.5%
Other Revenue without RSF						
IMA Indirect Cost Reimb. For Capital Projects	4.5	2.3	0.0	(2.3)	-100.0%	0.0%
DC Fire Protection Fee	10.8	5.4	5.4	0.0	0.0%	50.0%
Stormwater (MS4)	1.0	0.5	0.6	0.1	20.0%	60.0%
Interest	2.3	1.2	1.0	(0.2)	-16.7%	43.5%
Developer Fees (Water & Sewer)	6.0	3.0	2.3	(0.7)	-23.3%	38.3%
Others	4.3	2.2	1.6	(0.6)	-27.3%	37.2%
Subtotal	\$28.9	\$14.5	\$10.8	(\$3.7)	-25.7%	37.1%
Rate Stabilization Fund Transfer	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%
Other Revenue Subtotal	\$28.9	\$14.5	\$10.8	(\$3.7)	-25.7%	37.1%
Grand Total	\$620.5	\$310.2	\$297.8	(\$12.5)	-4.0%	48.0%

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

Customer Category	Water	Sewer	Clean Rivers			Total
			IAC	Metering Fee	WSRF	
Residential	\$16,707	\$20,338	\$17,073	\$2,591	\$4,654	\$61,362
Commercial	26,790	27,509	20,041	1,638	7,458	83,436
Multi-family	15,536	18,534	6,886	736	3,230	44,921
Federal	9,996	9,489	11,274	387	2,826	33,972
District Govt	1,983	2,424	5,118	214	979	10,718
DC Housing Authority	1,429	1,726	774	71	268	4,268
Total:	\$72,442	\$80,019	\$61,166	\$5,637	\$19,414	\$238,677

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
(\$ in 000's)

Customer Category	FY2018 Budget	Year-To-Date Budget	Actual Received	Variance Favorable / <Unfavorable>	Variance % of YTD Budget	Actual % of Budget
Residential	\$32,563	\$16,282	\$17,073	\$791	5%	52%
Commercial	39,180	19,590	20,041	451	2%	51%
Multi-family	14,702	7,351	6,886	(465)	-6%	47%
Federal	22,548	11,274	11,274	(0)	0%	50%
District Govt	9,190	4,595	5,118	523	11%	56%
DC Housing Authority	1,550	775	774	(1)	0%	50%
Total:	\$119,733	\$59,867	\$61,166	\$1,299	2%	51%

Monthly Financial Report

Fiscal Year-to-Date
As of March 31, 2018

Overtime by Department

Department	FY 2018			
	Budget	YTD Actual	YTD Actual % of Budget	% of Regular Pay
Office of the Board Secretary	\$8,000	\$5,270	65.9%	3.9%
General Manager	9,000	2,926	32.5%	0.2%
General Counsel	2,000	294	14.7%	0.0%
External Affairs	27,000	57	0.2%	0.0%
Internal Audit	-	-	0.0%	0.0%
Information Technology	15,000	3,230	21.5%	0.2%
Procurement	30,000	5,314	17.7%	0.3%
Customer Service*	260,000	296,895	114.2%	6.0%
Finance, Accounting & Budget	40,000	19,423	48.6%	0.7%
Assistant General Manager - Support Services	-	-	0.0%	0.0%
Human Capital Management	4,000	2,414	60.4%	0.1%
Occupational Safety and Health	1,000	240	24.0%	0.0%
Facilities Management	238,000	114,366	48.1%	5.9%
Department of Security	-	315	0.0%	0.1%
Wastewater Engineering	24,000	2,992	0.0%	0.8%
Water Quality and Technology	30,000	968	0.0%	0.1%
Distribution and Conveyance System	541,000	546,837	101.1%	14.5%
Engineering and Technical Services	1,000,000	465,658	46.6%	5.5%
Water Services**	1,017,000	1,103,320	108.5%	15.8%
Clean Rivers	-	-	0.0%	0.0%
Sewer Services ***	900,000	844,322	93.8%	22.7%
Wastewater Treatment - Operations	1,463,300	853,780	58.3%	15.2%
Wastewater Treatment - Process Engineering	64,000	13,679	21.4%	0.8%
Maintenance Services	500,000	341,911	68.4%	8.8%
Permit Operations****	2,000	15,600	780.0%	2.0%
Fleet Management	3,000	997	33.2%	0.3%
Total DC WATER	\$6,178,300	\$4,640,808	75.1%	8.2%

* Increased overtime to support the on-going Automated Meter Reader (AMR) project

** High overtime usage due to increased after-hour work performed in response to emergencies and historically high water main breaks experienced during the winter season (Bomb Cyclone)

*** Sewer Services has experienced similar OT resulting from emergency backups that are also caused by rain events. In addition, shift coverage is also a major contributor, particularly since crews are not regularly assigned to work on rotational shifts or weekends and are deployed on an on-call/emergency basis

**** High spending due to additional staff time needed to process increase in permit applications to support development in the District

Monthly Financial Report

Fiscal Year-to-Date
As of March 31, 2018

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

Service Areas	Budget		Feb. 2018	Actual		Variance		
	A	B		C	D=C/A	E=B-C	F=E/B	
	ANNUAL	YTD BUDGET		Oct 2017 - Feb 2018	YTD ACTUAL	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)
NON PROCESS FACILITIES								
Facility Land Use	\$31,678	\$15,713	\$129	\$12,729	\$17,623	55.6%	(\$1,910)	(12.2%)
Subtotal	31,678	15,713	129	12,729	17,623	55.6%	(1,910)	(12.2%)
WASTEWATER TREATMENT								
Liquid Processing	18,561	9,692	1,215	9,866	11,229	60.5%	(1,537)	(15.9%)
Plantwide	12,069	5,528	4,319	9,922	10,625	88.0%	(5,096)	(92.2%)
Solids Processing	11,261	5,835	179	6,831	7,055	62.7%	(1,221)	(20.9%)
Enhanced Nitrogen Removal Facilities	53,629	31,324	4,698	28,780	37,054	69.1%	(5,730)	(18.3%)
Subtotal	95,520	52,379	10,411	55,400	65,962	69.1%	(13,584)	(25.9%)
COMBINED SEWER OVERFLOW								
D. C. Clean Rivers	168,388	127,840	10,504	90,932	112,356	66.7%	15,484	12.1%
Program Management	1,935	991	364	868	1,504	77.7%	(513)	(51.8%)
Combined Sewer	11,574	6,701	266	5,218	6,330	54.7%	370	5.5%
Subtotal	181,897	135,531	11,135	97,018	120,190	66.1%	15,341	11.3%
STORMWATER								
Local Drainage	92	90	0	37	37	39.9%	53	59.1%
On-Going	375	28	0	433	465	124.1%	(436)	(1546.8%)
Pumping Facilities	69	36	0	252	541	787.8%	(505)	(1406.6%)
DDOT	0	0	0	0	0	0.0%	0	0.0%
Research and Program Management	315	162	35	78	165	52.3%	(3)	(2.0%)
Trunk/Force Sewers	94	41	0	66	81	86.1%	(40)	(97.5%)
Subtotal	944	356	35	865	1,288	136.4%	(932)	(261.4%)
SANITARY SEWER								
Collection Sewers	4,491	2,829	963	5,662	6,121	136.3%	(3,293)	(116.4%)
On-Going	10,008	4,481	1,345	6,632	7,505	75.0%	(3,024)	(67.5%)
Pumping Facilities	1,297	620	171	537	1,038	80.0%	(418)	(67.4%)
Program Management	3,270	1,456	164	1,125	1,518	46.4%	(62)	(4.3%)
Interceptor/Trunk Force Sewers	11,126	5,359	339	6,714	7,885	70.9%	(2,526)	(47.1%)
Subtotal	30,191	14,744	2,981	20,669	24,067	79.7%	(9,323)	(63.2%)
WATER								
Distribution Systems	28,366	15,454	1,669	9,945	13,650	48.1%	1,805	11.7%
Lead Program	3,422	2,027	143	1,858	2,146	62.7%	(119)	(5.9%)
On-Going	10,832	4,674	1,845	5,037	7,402	68.3%	(2,727)	(58.3%)
Pumping Facilities	3,019	1,824	377	1,941	2,509	83.1%	(685)	(37.5%)
DDOT	906	586	0	0	0	0.0%	586	100.0%
Storage Facilities	7,839	3,746	873	5,947	7,254	92.5%	(3,507)	(93.6%)
Program Management	3,671	1,813	0	1,456	1,880	51.2%	(67)	(3.7%)
Subtotal	58,055	30,125	4,907	26,183	34,840	60.0%	(4,715)	(15.7%)
Capital Projects	\$398,285	\$248,848	\$29,597	\$212,865	\$263,970	66.3%	(15,122)	(6.1%)
CAPITAL EQUIPMENT	39,898	19,949	1,408	18,001	20,019	50.2%	(70)	(0.4%)
WASHINGTON AQUEDUCT	11,768	7,952	0	7,952	7,952	67.6%	(0)	(0.0%)
Additional Capital Programs	51,665	27,901	1,408	25,953	27,971	54.1%	(71)	(0.3%)
Total	\$449,949	\$276,749	\$31,006	\$238,817	\$291,941	64.9%	(15,192)	(5.5%)

Monthly Financial Report

Fiscal Year-to-Date
As of March 31, 2018

Accounts Payable

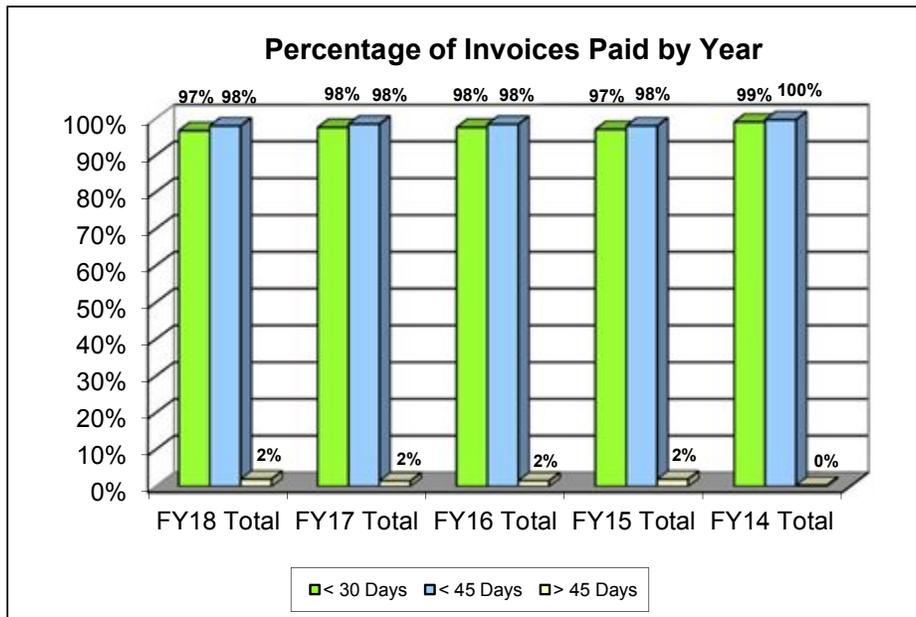
Cumulative performance for the six month period ending March 2018 reflects a total of 10,400 vendor payments were processed and paid within 30 days compared to 9,642 in FY 2017 (as shown in the table below) and with a dollar value of \$390.8 million compared to \$372.1 million for FY 2017.

For FY 2018, approximately 96.7% of the invoices were paid within 30 days compared to 97.6% for FY 2017. The Authority's goal is to pay 97% of all undisputed invoices within 30 days.

Accounts Payable Performance

Days	FY 2018		FY 2017	
	Number	Percent	Number	Percent
Less than 30	10,400	96.7%	9,624	97.6%
Less than 45	10,541	98.0%	9,712	98.5%
Greater than 45	213	2.0%	148	1.5%
Sub-Total	10,754	100%	9,860	100%
Retainage/Dispute	142		56	
Total	10,896		9,916	

The chart below shows cumulative year to date historical performance for fiscal year 2014 through fiscal year 2018.



Monthly Financial Report

Fiscal Year-to-Date
As of March 31, 2018

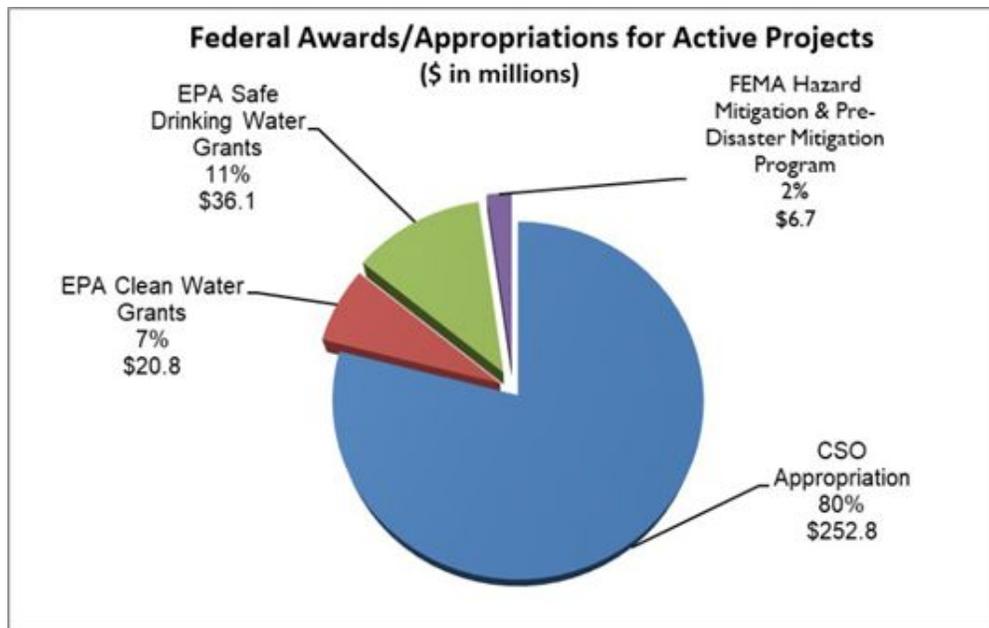
Grants Report

The Authority currently receives grants to fund portions of its capital project costs from the U.S. Environmental Protection Agency (EPA) and the Federal Emergency Management Agency (FEMA).

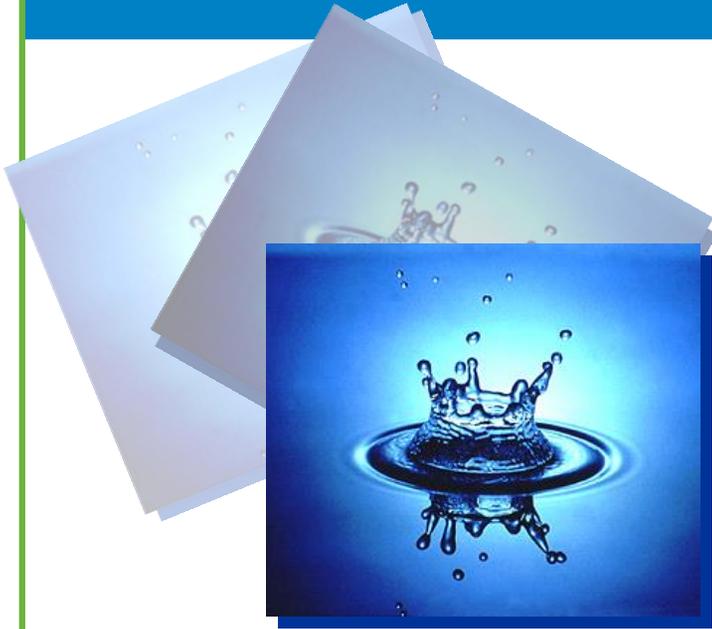
The EPA grants are issued under two acts, the Clean Water Act of 1972 and the Safe Drinking Water Act of 1974. The remaining balance of the EPA funding as of March 31, 2018 is \$22 million.

The FEMA mitigation grants are issued under the Robert T. Stafford Disaster Relief and Emergency Assistance Act through the Hazard Mitigation Grant Program (HMGP) Act of 1993 and the Pre-Disaster Mitigation Grant Program (PDM) Act of 2000. FEMA grants have a balance of \$6.4 million as of March 31, 2018.

As of March 31, 2018, DC Water has \$316.4 million in total federal funds for active projects, as indicated below:

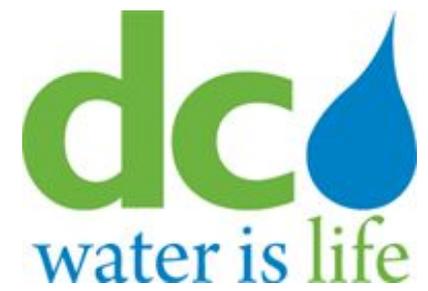


DC Water has received nineteen separate Congressional CSO appropriations totaling \$252.8 million plus accrued interest of \$12.3 million, resulting in total CSO funding of \$265.2 million. The FY 2018 CSO Appropriation of \$14.0 million under Public Law 115-41 is pending receipt from U.S. Treasury. The cumulative CSO appropriation life-to-date cash disbursement is \$251.1 million, based on requested reimbursement through December 31, 2017. The remaining CSO balance (excluding \$14.0 million pending receipt from Treasury for FY 2018) as of March 31, 2018 is \$2,747.6 which represents interest earned on CSO funds through the month of March.



DC Water

Investment Performance Report – March 2018



**DC Water
Finance Division
Economic Update**

ECONOMIC COMMENTARY

- According to the Bureau of Economic Analysis' third reading, U.S. Gross Domestic Product ("GDP"), expanded at an annual rate of 2.9% during the fourth quarter of 2017, slightly lower than the second reading of 2.5%.
- At the Federal Open Market Committee's ("the FOMC") March meeting, members decided to increase the federal funds target rate by .25%, the sixth quarter point increase since December 2015. The target range for the federal funds rate is currently 1.50% to 1.75%.
- The FOMC's preferred gauge of inflation, the core personal consumption expenditures ("PCE") price index, has continued to undershoot the 2% long run objective, remaining at 1.6% year-over-year through the month of February. As of March 31, 2018, the probability implied by market participants suggested a 80% likelihood that the second rate hike in 2018 will occur at the FOMC's June meeting.
- U.S. Treasury yields moved higher during the month of February, as the market continued to price in future interest rate hikes by the FOMC. The yield on the 3-month Treasury bill increased by 0.05% from 1.66% to 1.71% while the 2-year Treasury note's yield increased by 0.02% from 2.25% to 2.27%.
- The United States labor market added 103,000 jobs in March, below the 185,000 expectation. The unemployment rate remained unchanged at 4.1%, continuing to hold steady at the lowest level in 17 years.

PORTFOLIO RECAP

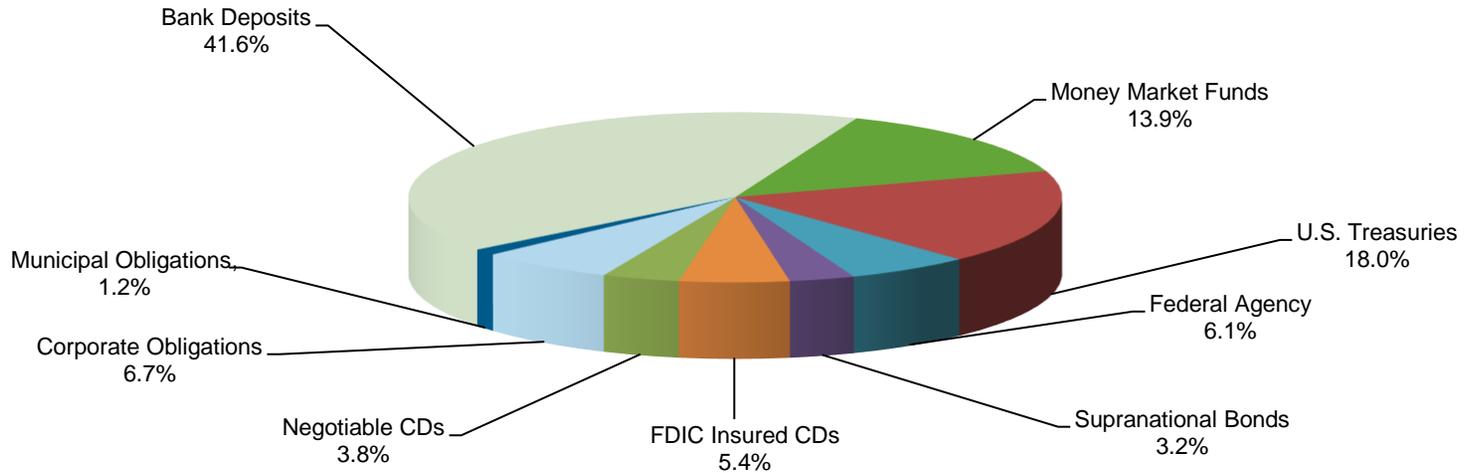
- The portfolio is diversified among Bank Deposits, U.S. Treasuries, Federal Agencies, Supranational Bonds, Commercial Paper, Negotiable CDs, Corporate Notes/Bonds, Municipal Bonds, FDIC Insured CDs, and SEC registered money market funds.
- The overall yield-to-maturity on cost of the portfolio is 1.37%.

Operating Reserve

- PFM purchased \$1.7 million of 3-year supranational bonds at a yield of 2.66%, \$1.6 million of 2-year certificates of deposit at a yield of 2.93%, and \$475,000 of 3-year corporate bonds at a yield of 2.82%.
- We also sold \$1.45 million of 9-month U.S. Treasury notes at a yield of 2.03% and \$2.23 million of 10-month and 11-month federal agencies at an average yield of 2.12%.



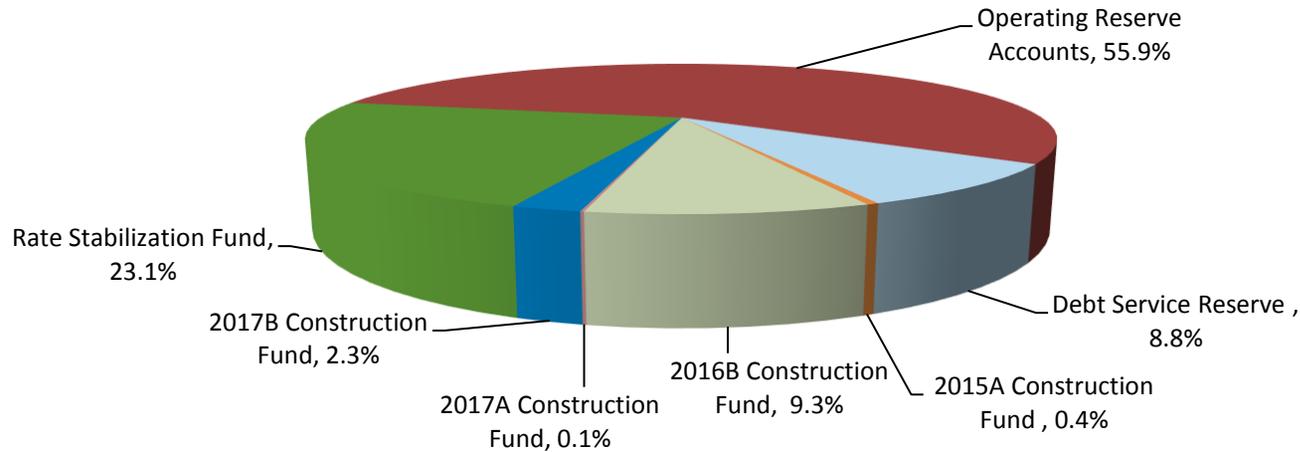
**DC Water
Finance Division
Investments - By Security Type
As of March 31, 2018**



Security Type	Book Value + Accrued Interest	Asset Allocation	Permitted By Policy
Bank Deposits	117,608,910	41.6%	100.0%
Money Market Funds	39,400,477	13.9%	100.0%
U.S. Treasuries	50,820,147	18.0%	100.0%
Federal Agency	17,230,279	6.1%	80.0%
Supranational Bonds	9,108,658	3.2%	30.0%
Commercial Paper	-	0.0%	35.0%
FDIC Insured CDs	15,341,589	5.4%	30.0%
Negotiable CDs	10,767,277	3.8%	30.0%
Corporate Obligations	18,901,593	6.7%	30.0%
Municipal Obligations	3,341,764	1.2%	20.0%
Total	\$ 282,520,694	100.0%	



**DC Water
Finance Division
Investment Analysis – By Fund
As of March 31, 2018**

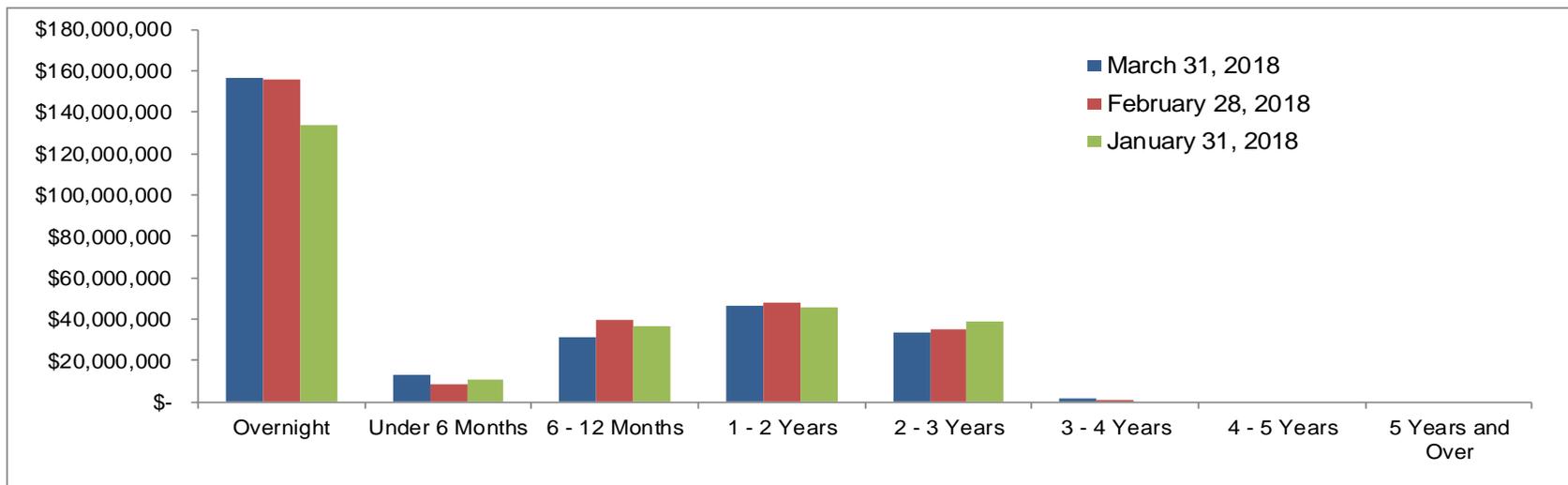


Fund Name	Book Value + Accrued Interest	Yield-to- Maturity at Cost	Effective Duration (years)	Weighted Average Maturity (days)
Rate Stabilization Fund	\$ 61,450,000	1.30%	0.00	1.0
Operating Reserve Accounts	\$ 161,196,731	1.40%	1.06	399.7
CSO LTCP Appropriations Account	\$ 2,748	1.19%	0.00	1.0
Total Fleet Relocation	\$ 4,000,000	1.19%	0.00	1.0
Debt Service Reserve	\$ 23,543,551	1.29%	0.46	169.2
2015A Construction Fund	\$ 1,046,954	1.47%	0.00	1.0
2015B Construction Fund	\$ 31,548	1.47%	0.00	1.0
2016B Construction Fund	\$ 24,773,605	1.47%	0.00	1.0
2017A Construction Fund	\$ 345,106	1.47%	0.00	1.0
2017B Construction Fund	\$ 6,130,452	1.47%	0.00	1.0
Total	\$ 282,520,694	1.37%	0.65	242.5



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

Maturity Distribution	March 31, 2018	February 28, 2018	January 31, 2018
Overnight \$	157,009,386.92 \$	155,828,707.11	\$133,729,430.41
Under 6 Months	13,240,902.86	8,653,483.70	10,453,715.32
6 - 12 Months	30,867,930.79	39,837,890.85	36,620,528.81
1 - 2 Years	46,283,574.41	48,001,773.59	46,016,244.82
2 - 3 Years	33,728,582.89	34,891,644.76	39,042,574.46
3 - 4 Years	1,390,316.34	921,222.39	-
4 - 5 Years	-	-	-
5 Years and Over	-	-	-
Totals \$	282,520,694.21 \$	288,134,722.40	\$265,862,493.82





**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		117,608,909.57	41.6%	100.0%	Yes
Sub-Total Bank Deposits		117,608,909.57	41.6%	100.0%	Yes
Money Market Mutual Funds					
Wells Fargo Treasury Plus MMF	AAA	39,275,609.10	13.9%	50.0%	Yes
Wells Fargo Government MMF	AAA	124,868.25	0.0%	50.0%	Yes
Sub-Total Money Market Mutual Funds		39,400,477.35	13.9%	100.0%	Yes
U.S. Treasuries					
Treasury Note	AA+ / Aaa	50,820,146.97	18.0%	100.0%	Yes
Sub-Total Treasuries		50,820,146.97	18.0%	100.0%	Yes
Federal Agencies					
Fannie Mae	AA+ / Aaa	10,461,415.31	3.7%	40.0%	Yes
Federal Home Loan Bank	AA+ / Aaa	2,808,008.27	1.0%	40.0%	Yes
Freddie Mac	AA+ / Aaa	3,960,855.89	1.4%	40.0%	Yes
Sub-Total Federal Agencies		17,230,279.47	6.1%	80.0%	Yes
Supranational Bonds					
African Development Bank	AAA / Aaa	2,534,380.43	0.9%	5.0%	Yes
Asian Development Bank	AAA / Aaa	1,630,770.18	0.6%	5.0%	Yes
Inter-American Development Bank	AAA / Aaa	2,193,324.44	0.8%	5.0%	Yes
International Bank for Reconstruction and Development	AAA / Aaa	1,824,851.73	0.6%	5.0%	Yes
International Finance Corporation Note	AAA / Aaa	925,330.99	0.3%	5.0%	Yes
Sub-Total Supranational Bonds		9,108,657.77	3.2%	30.0%	Yes
FDIC Insured Certificates of Deposit					
CDARS - Placed by Industrial Bank	NR / NR	15,341,589.42	5.4%	5.0%	No
Sub-Total FDIC-Insured Certificates of Deposit		15,341,589.42	5.4%	30.0%	Yes

CDARS holdings are not managed by PFMAM, and we therefore cannot guarantee the accuracy of holdings information provided.



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

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
Negotiable Certificates of Deposit					
Canadian Imperial Bank NY	A-1 / P-1	1,810,177.43	0.6%	5.0%	Yes
Nordea Bank AB NY	AA- / Aa3	1,855,451.33	0.7%	5.0%	Yes
Skandinav Enskilda Banken NY	A+ / Aa3	1,855,000.57	0.7%	5.0%	Yes
Svenska Handelsbanken NY	A-1+ / P-1	1,807,654.50	0.6%	5.0%	Yes
Swedbank NY	AA- / Aa3	932,874.06	0.3%	5.0%	Yes
UBS AG Stamford CT	A+ / Aa3	1,603,351.11	0.6%	5.0%	Yes
Westpac Banking Corp NY	AA- / Aa3	902,767.50	0.3%	5.0%	Yes
Sub-Total Negotiable Certificates of Deposit		10,767,276.50	3.8%	30.0%	Yes
Corporate Obligations					
Apple Inc.	AA+ / Aa1	1,447,112.31	0.5%	5.0%	Yes
Bank of Montreal	A+ / A1	902,359.17	0.3%	5.0%	Yes
Bank of New York Mellon	A / A1	2,733,789.98	1.0%	5.0%	Yes
Bank of Nova Scotia	A+ / A1	929,154.31	0.3%	5.0%	Yes
Berkshire Hathaway Inc	AA / Aa2	130,066.20	0.0%	5.0%	Yes
Chevron	AA- / Aa2	905,268.38	0.3%	5.0%	Yes
Coca-Cola	AA- / Aa3	387,339.64	0.1%	5.0%	Yes
Colgate-Palmolive Company	AA- / Aa3	927,486.10	0.3%	5.0%	Yes
Exxon Mobil	AA+ / Aaa	928,676.91	0.3%	5.0%	Yes
General Electric Capital	A / A2	451,604.97	0.2%	5.0%	Yes
Johnson & Johnson	AAA / Aaa	196,307.23	0.1%	5.0%	Yes
Microsoft	AAA / Aaa	1,041,756.95	0.4%	5.0%	Yes
Pfizer Inc.	AA / A1	899,110.34	0.3%	5.0%	Yes
Procter & Gamble	AA- / Aa3	443,215.60	0.2%	5.0%	Yes
Royal Bank of Canada	AA- / A1	901,865.23	0.3%	5.0%	Yes
Toronto Dominion Bank NY	AA- / Aa2	901,702.19	0.3%	5.0%	Yes
Total Capital	A+ / Aa3	904,114.47	0.3%	5.0%	Yes
Toyota	AA- / Aa3	1,399,917.03	0.5%	5.0%	Yes
Wal-Mart Stores Inc.	AA / Aa2	433,358.00	0.2%	5.0%	Yes
Wells Fargo & Company Notes	A- / A2	1,111,265.88	0.4%	5.0%	Yes
Westpac Banking	AA- / Aa3	926,122.23	0.3%	5.0%	Yes
Sub-Total Corporate Obligations		18,901,593.12	6.7%	30.0%	Yes



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

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
Municipal Obligations					
Connecticut State	A+ / A1	987,620.54	0.3%	5.0%	Yes
Florida State	AA / Aa3	1,809,733.50	0.6%	5.0%	Yes
New York City	AAA / Aa1	544,410.00	0.2%	5.0%	Yes
Sub-Total Municipal Obligations		3,341,764.04	1.2%	20.0%	Yes
Grand Total		\$ 282,520,694.21	100.0%		



**DC Water
Finance Division
Book Value Performance
As of March 31, 2018**

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

	Trailing 1 Months		Trailing 3 Months		Trailing 6 Months		Trailing 12 Months	Trailing 24 Months
	Periodic	Annualized	Periodic	Annualized	Periodic	Annualized		
Total Rate Stabilization Fund	0.04%	0.50%	0.13%	0.52%	0.26%	0.51%	0.55%	0.56%
Operating Reserve Accounts	0.10%	1.18%	0.33%	1.35%	0.61%	1.23%	1.21%	1.25%
Total Debt Service Reserve	0.09%	1.08%	0.27%	1.08%	0.54%	1.08%	0.96%	0.87%
2016B Construction Fund	0.07%	0.86%	0.22%	0.89%	0.38%	0.76%	0.90%	n/a
2017B Construction Fund	0.07%	0.86%	0.19%	0.77%	0.33%	0.67%	0.86%	n/a
Short-Term	0.10%	1.23%	0.29%	1.17%	0.55%	1.11%	1.03%	0.89%
Merrill Lynch 3-Month Treasury Index (Book Value) ¹	0.14%	1.69%	0.39%	1.59%	0.68%	1.37%	1.14%	0.77%
Core (1+ Years)	0.14%	1.67%	0.39%	1.60%	0.76%	1.53%	1.43%	1.35%
Merrill Lynch 1-3 Year Treasury Index (Book Value) ²	0.19%	2.30%	0.55%	2.24%	0.99%	2.00%	1.67%	1.36%

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



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

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
Rate Stabilization Fund										
TD BANK BANK DEPOSIT		\$ 61,450,000		4/1/2018		1.30%	\$ 61,450,000	\$ 61,450,000	\$ 61,450,000	\$ 61,450,000.00
Operating Reserve Accounts										
TD BANK BANK DEPOSIT		\$ 52,156,162		4/1/2018		1.19%	\$ 52,156,162	\$ 52,156,162	\$ 52,156,162	
WELLS FARGO GOVERNMENT MMF		124,868		4/1/2018		1.48%	124,868	124,868	124,868	
BANK OF NEW YORK MELLON CORP (CALLABLE)	06406HDB2	1,800,000	1.600	5/22/2018	5/29/2015	1.60%	1,799,838	1,807,667	1,810,312	
INDUSTRIAL BANK CDARS		5,035,026	0.500	10/11/2018	10/12/2017	0.50%	5,035,026	5,046,918	5,046,918	
INDUSTRIAL BANK CDARS		5,085,490	0.500	11/8/2018	11/9/2017	0.50%	5,085,490	5,095,591	5,095,591	
CANADIAN IMPERIAL BANK NY CD	13606A5Z7	1,800,000	1.760	11/30/2018	12/5/2016	1.78%	1,798,596	1,805,626	1,810,177	
SVENSKA HANDELSBANKEN NY LT CD	86958JHB8	1,800,000	1.890	1/10/2019	1/12/2017	1.91%	1,800,000	1,798,806	1,807,655	
WELLS FARGO & COMPANY NOTES	94974BFQ8	1,103,000	2.150	1/15/2019	10/7/2015	1.77%	1,116,225	1,103,149	1,111,266	
INDUSTRIAL BANK CDARS		2,614,746	1.000	1/17/2019	1/18/2018	1.00%	2,614,746	2,620,048	2,620,048	
INDUSTRIAL BANK CDARS		2,573,871	1.000	1/17/2019	1/18/2018	1.00%	2,573,871	2,579,033	2,579,033	
APPLE INC CORP NOTES	037833BQ2	545,000	1.700	2/22/2019	2/23/2016	1.71%	544,907	542,928	545,950	
FNMA BENCHMARK NOTE	3135G0J53	1,775,000	1.000	2/26/2019	2/23/2016	1.08%	1,770,811	1,758,124	1,775,454	
FNMA BENCHMARK NOTE	3135G0J53	825,000	1.000	2/26/2019	8/8/2016	0.90%	827,087	817,156	826,547	
FNMA BENCHMARK NOTE	3135G0J53	1,425,000	1.000	2/26/2019	9/2/2016	0.97%	1,425,926	1,411,451	1,426,725	
BERKSHIRE HATHAWAY INC NOTES	084664CG4	130,000	1.700	3/15/2019	3/15/2016	1.73%	129,901	129,211	130,066	
COLGATE-PALMOLIVE COMPANY CORP NOTES	19416QEF3	925,000	1.750	3/15/2019	5/1/2017	1.55%	928,432	919,715	927,486	
FREDDIE MAC NOTES	3137EADZ9	1,700,000	1.125	4/15/2019	5/31/2016	1.10%	1,701,309	1,690,712	1,709,299	
US TREASURY NOTES	912828D23	1,465,000	1.625	4/30/2019	6/29/2016	0.70%	1,502,998	1,466,698	1,489,552	
US TREASURY NOTES	912828D23	2,820,000	1.625	4/30/2019	11/14/2016	1.06%	2,858,555	2,823,269	2,856,283	
INTER-AMERICAN DEVELOPMENT BANK	458182DX7	1,260,000	1.000	5/13/2019	4/12/2016	1.10%	1,256,220	1,247,526	1,263,447	
CHEVRON CORP NOTES	166764BH2	900,000	1.561	5/16/2019	5/16/2016	1.56%	900,000	896,717	905,268	
FHLB GLOBAL NOTE	3130A8DB6	1,840,000	1.125	6/21/2019	6/3/2016	1.14%	1,839,227	1,822,259	1,845,436	
FL ST BOARD ADMIN FIN CORP TXBL REV BD	341271AA2	1,800,000	2.163	7/1/2019	3/8/2016	2.16%	1,800,000	1,805,270	1,809,734	
BANK OF MONTREAL	06367THQ6	900,000	1.500	7/18/2019	7/18/2016	1.53%	899,136	887,450	902,359	
FHLMC REFERENCE NOTE	3137EAE1	2,250,000	0.875	7/19/2019	7/20/2016	0.96%	2,244,555	2,215,294	2,251,557	
ROYAL BANK OF CANADA CORP NOTES	78012KRK5	900,000	1.500	7/29/2019	7/29/2016	1.54%	898,974	887,634	901,865	
APPLE INC CORP NOTES	037833CB4	900,000	1.100	8/2/2019	8/4/2016	1.13%	899,100	885,449	901,162	
SKANDINAV ENSKILDA BANKEN NY CD	83050FTX3	1,850,000	1.840	8/2/2019	8/4/2017	1.85%	1,849,279	1,799,447	1,855,001	
MICROSOFT CORP NOTES	594918BN3	595,000	1.100	8/8/2019	8/8/2016	1.14%	594,387	586,034	595,685	
TORONTO DOMINION BANK NY CORP NOTES	89114QBJ6	900,000	1.450	8/13/2019	7/13/2016	1.45%	899,919	886,410	901,702	
CT ST TXBL GO BONDS	20772J3D2	985,000	1.300	8/15/2019	8/17/2016	1.23%	987,128	969,537	987,621	
INTL BANK OF RECON AND DEV SN NOTE	459058FK4	900,000	0.875	8/15/2019	7/13/2016	0.88%	899,811	883,807	900,921	
FNMA NOTES	3135G0P49	1,450,000	1.000	8/28/2019	9/2/2016	1.05%	1,447,738	1,427,271	1,450,254	
FNMA NOTES	3135G0P49	1,975,000	1.000	8/28/2019	10/5/2016	1.02%	1,973,815	1,944,041	1,976,232	
AFRICAN DEVELOPMENT BANK NOTE	00828EBQ1	700,000	1.125	9/20/2019	9/20/2016	1.16%	699,258	687,816	699,874	
WAL-MART STORES INC CORP NOTE	931142DY6	430,000	1.750	10/9/2019	10/20/2017	1.75%	429,991	428,742	433,358	
THE PROCTER & GAMBLE CO CORP NOTES	742718EZ8	440,000	1.750	10/25/2019	10/25/2017	1.77%	439,846	438,471	443,216	
US TREASURY NOTES	912828G61	2,325,000	1.500	11/30/2019	12/5/2016	1.45%	2,328,633	2,308,080	2,338,734	
PFIZER INC CORP NOTE	717081EB5	595,000	1.700	12/15/2019	11/21/2016	1.72%	594,572	590,076	597,736	
PFIZER INC CORP NOTE	717081EB5	300,000	1.700	12/15/2019	11/21/2016	1.73%	299,775	297,517	301,374	
ASIAN DEVELOPMENT BANK NOTE	045167DT7	925,000	1.750	1/10/2020	1/12/2017	1.77%	924,464	918,301	928,321	
US TREASURY NOTES	912828H52	3,475,000	1.250	1/31/2020	1/5/2017	1.52%	3,447,309	3,418,402	3,465,514	
MICROSOFT CORP NOTES	594918BV5	445,000	1.850	2/6/2020	2/6/2017	1.87%	444,702	441,820	446,072	
NORDEA BANK AB NY CD	65590ASN7	1,850,000	2.720	2/20/2020	2/22/2018	2.72%	1,850,000	1,849,848	1,855,451	

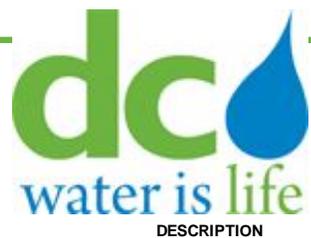
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**DC Water
Finance Division
Portfolio Holdings by Fund**

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
Operating Reserve Accounts										
FNMA NOTES	3135G0T29	1,150,000	1.500	2/28/2020	2/28/2017	1.52%	1,149,264	1,134,223	1,151,109	
US TREASURY NOTES	912828J50	725,000	1.375	2/29/2020	2/3/2017	1.58%	720,610	713,548	723,108	
US TREASURY NOTES	912828J50	2,900,000	1.375	2/29/2020	9/1/2017	1.38%	2,899,887	2,854,191	2,903,381	
UBS AG STAMFORD CT LT CD	90275DHG8	1,600,000	2.900	3/2/2020	3/6/2018	2.93%	1,600,000	1,614,905	1,603,351	
EXXON MOBIL (CALLABLE) CORP NOTE	30231GAG7	925,000	1.912	3/6/2020	4/28/2017	1.77%	928,635	913,069	928,677	
WESTPAC BANKING CORP NOTES	961214DJ9	925,000	2.150	3/6/2020	3/6/2017	2.16%	924,602	912,423	926,122	
AFRICAN DEVELOPMENT BANK NOTE	00828ECA5	1,035,000	1.875	3/16/2020	3/16/2017	1.93%	1,033,468	1,024,256	1,034,799	
TOYOTA MOTOR CREDIT CORP (CALLABLE)	89236TDU6	630,000	1.950	4/17/2020	4/17/2017	1.97%	629,710	625,224	635,397	
TOYOTA MOTOR CREDIT CORP (CALLABLE)	89236TDU6	295,000	1.950	4/17/2020	4/17/2017	1.94%	295,089	292,763	297,681	
US TREASURY NOTES	912828K58	2,750,000	1.375	4/30/2020	4/5/2017	1.53%	2,737,646	2,713,132	2,757,448	
US TREASURY NOTES	912828K58	1,575,000	1.375	4/30/2020	4/10/2017	1.55%	1,566,879	1,553,885	1,578,526	
NYC TRANS FIN AUTH, NY TXBL REV BONDS	64971W5W6	540,000	1.960	5/1/2020	6/29/2017	1.96%	540,000	538,319	544,410	
TOTAL CAPITAL SA CORP NOTES	89152UAD4	850,000	4.450	6/24/2020	4/10/2017	2.07%	912,492	888,007	904,114	
US TREASURY NOTES	912828XH8	1,825,000	1.625	6/30/2020	6/16/2017	1.51%	1,830,988	1,804,224	1,836,915	
US TREASURY NOTES	912828XH8	3,650,000	1.625	6/30/2020	6/28/2017	1.50%	3,663,117	3,608,448	3,674,778	
BANK OF NOVA SCOTIA HOUSTON CORP BOND	064159JX5	925,000	2.150	7/14/2020	7/14/2017	2.15%	924,871	911,606	929,154	
FNMA NOTES	3135G0T60	1,850,000	1.500	7/30/2020	9/1/2017	1.49%	1,850,481	1,817,615	1,855,094	
US TREASURY NOTES	912828XM7	825,000	1.625	7/31/2020	7/7/2017	1.60%	825,516	813,977	827,619	
WESTPAC BANKING CORP NY CD	96121T4A3	900,000	2.050	8/3/2020	8/7/2017	2.05%	900,000	891,906	902,768	
INTL BANK OF RECONSTRUCTION AND DEV NOTE	45905UP32	925,000	1.561	9/12/2020	9/19/2017	1.64%	922,780	902,891	923,931	
GENERAL ELECTRIC CAPITAL CORP CORP NOTE	36962G4R2	425,000	4.375	9/16/2020	8/31/2017	1.84%	456,790	436,639	451,605	
FHLB NOTES	3130ACE26	965,000	1.375	9/28/2020	9/8/2017	1.48%	961,902	941,451	962,572	
US TREASURY NOTES	912828L99	250,000	1.375	10/31/2020	10/17/2017	1.71%	247,539	245,252	249,346	
INTER-AMERICAN DEVELOPMENT BANK	4581X0CD8	915,000	2.125	11/9/2020	10/10/2017	1.81%	923,481	914,993	929,878	
JOHNSON & JOHNSON CORP NOTE	478160CH5	195,000	1.950	11/10/2020	11/10/2017	1.99%	194,791	193,312	196,307	
COCA-COLA CO/THE GLOBAL NOTES	191216AR1	370,000	3.150	11/15/2020	9/12/2017	1.78%	385,584	377,350	387,340	
SWEDBANK (NEW YORK) CERT DEPOS	87019U6D6	925,000	2.270	11/16/2020	11/17/2017	2.30%	925,000	917,917	932,874	
US TREASURY NOTES	912828M98	3,000,000	1.625	11/30/2020	11/3/2017	1.77%	2,986,992	2,958,448	3,005,035	
US TREASURY N/B	912828N48	1,975,000	1.750	12/31/2020	12/5/2017	1.91%	1,965,588	1,950,899	1,975,248	
US TREASURY N/B	912828N48	975,000	1.750	12/31/2020	12/6/2017	1.96%	968,830	963,102	973,750	
ASIAN DEVELOPMENT BANK NOTE	045167EF6	700,000	2.250	1/20/2021	1/19/2018	2.29%	699,251	697,277	702,450	
US TREASURY NOTES	912828N89	1,750,000	1.375	1/31/2021	1/4/2018	2.05%	1,715,000	1,705,386	1,721,647	
US TREASURY NOTES	912828N89	800,000	1.375	1/31/2021	1/4/2018	2.08%	783,188	779,605	786,287	
US TREASURY N/B	912828P87	1,100,000	1.125	2/28/2021	2/16/2018	2.42%	1,058,707	1,061,889	1,061,370	
INTERNATIONAL FINANCE CORPORATION NOTE	45950VLQ7	925,000	2.635	3/9/2021	3/16/2018	2.66%	924,306	922,668	925,331	
AFRICAN DEVELOPMENT BANK NOTE	00828ECZ0	800,000	2.625	3/22/2021	3/22/2018	2.66%	799,176	799,989	799,708	
TOYOTA MOTOR CREDIT CORP	89236TCZ6	475,000	1.900	4/8/2021	3/6/2018	2.82%	462,223	465,958	466,838	
BANK OF NEW YORK MELLON CORP (CALLABLE)	06406FAA1	515,000	2.500	4/15/2021	2/16/2018	2.93%	508,300	514,903	514,497	
BANK OF NEW YORK MELLON CORP (CALLABLE)	06406FAA1	410,000	2.500	4/15/2021	2/16/2018	2.99%	404,022	406,738	408,980	
										\$ 161,196,731.47
Debt Service Reserve										
WELLS FARGO TREASURY PLUS MMF		\$ 6,947,945		4/1/2018		1.47%	\$ 6,947,945	\$ 6,947,945	\$ 6,947,945	
US TREASURY NOTES	912828RH5	4,975,000	1.375	9/30/2018	11/15/2016	1.00%	5,009,786	4,961,585	4,984,487	
US TREASURY NOTES	912828T42	6,460,000	0.750	9/30/2018	5/19/2017	1.19%	6,421,644	6,422,535	6,446,104	
US TREASURY N/B	912828W97	5,175,000	1.250	3/31/2019	10/10/2017	1.45%	5,160,041	5,129,895	5,165,015	
										\$ 23,543,550.67
CSO LTCP Appropriations Account										
TD BANK BANK DEPOSIT		2,748		4/1/2018		1.50%	2,748	2,748	2,748	
										\$ 2,747.55

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

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
Fleet Relocation Account										
TD BANK BANK DEPOSIT		4,000,000		4/1/2018		1.50%	4,000,000	4,000,000	4,000,000	\$ 4,000,000.00
2015A Construction Fund										
WELLS FARGO TREASURY PLUS MMF		\$ 1,046,954		4/1/2018		1.47%	\$ 1,046,954	\$ 1,046,954	\$ 1,046,954	\$ 1,046,953.64
2015B Construction Fund										
WELLS FARGO TREASURY PLUS MMF		\$ 31,548		4/1/2018		1.47%	\$ 31,548	\$ 31,548	\$ 31,548	\$ 31,548.00
2016B Construction Fund										
WELLS FARGO TREASURY PLUS MMF		\$ 24,773,605		4/1/2018		1.47%	\$ 24,773,605	\$ 24,773,605	\$ 24,773,605	\$ 24,773,604.67
2017A Construction Fund										
WELLS FARGO TREASURY PLUS MMF		\$ 345,106		4/1/2018		1.47%	\$ 345,106	\$ 345,106	\$ 345,106	\$ 345,105.95
2017B Construction Fund										
WELLS FARGO TREASURY PLUS MMF		\$ 6,130,452		4/1/2018		1.47%	\$ 6,130,452	\$ 6,130,452	\$ 6,130,452	\$ 6,130,452.26
							\$ 282,189,120.21	\$ 281,241,108.15	\$ 282,520,694.21	\$ 282,520,694.21

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Investment Performance Report – March 2018



DC Water
Finance Division
Security Purchases
Last 6 Months

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
Operating Reserve Accounts							
4581X0CD8	INTER-AMERICAN DEVELOPMENT BANK	915,000.00	2.13	11/9/2020	10/10/2017	1.81	931,636.80
RE0959834	INDUSTRIAL BANK CDARS	5,035,025.80	0.50	10/11/2018	10/12/2017	0.51	5,035,025.80
912828L99	US TREASURY NOTES	250,000.00	1.38	10/31/2020	10/17/2017	1.71	249,127.04
931142DY6	WAL-MART STORES INC CORP NOTE	430,000.00	1.75	10/9/2019	10/20/2017	1.75	429,991.40
742718EZ8	THE PROCTER & GAMBLE CO CORP NOTES	440,000.00	1.75	10/25/2019	10/25/2017	1.77	439,846.00
912828M98	US TREASURY NOTES	3,000,000.00	1.63	11/30/2020	11/3/2017	1.77	3,007,770.88
RE0959842	INDUSTRIAL BANK CDARS	5,085,490.22	0.50	11/8/2018	11/9/2017	0.51	5,085,490.22
478160CH5	JOHNSON & JOHNSON CORP NOTE	195,000.00	1.95	11/10/2020	11/10/2017	1.99	194,791.35
87019U6D6	SWEDBANK (NEW YORK) CERT DEPOS	925,000.00	2.27	11/16/2020	11/17/2017	2.30	925,000.00
912828N48	US TREASURY N/B	2,675,000.00	1.75	12/31/2020	12/5/2017	1.91	2,682,350.80
912828N48	US TREASURY N/B	975,000.00	1.75	12/31/2020	12/6/2017	1.96	976,202.19
912828N89	US TREASURY NOTES	1,750,000.00	1.38	1/31/2021	1/4/2018	2.05	1,725,265.79
912828N89	US TREASURY NOTES	800,000.00	1.38	1/31/2021	1/4/2018	2.08	787,880.43
RE0959859	INDUSTRIAL BANK CDARS	2,614,746.18	1.00	1/17/2019	1/18/2018	1.01	2,614,746.18
RE0959867	INDUSTRIAL BANK CDARS	2,573,870.75	1.00	1/17/2019	1/18/2018	1.01	2,573,870.75
045167EF6	ASIAN DEVELOPMENT BANK NOTE	700,000.00	2.25	1/20/2021	1/19/2018	2.29	699,251.00
06406FAA1	BANK OF NEW YORK MELLON CORP (CALLABLE)	515,000.00	2.50	4/15/2021	2/16/2018	2.93	512,627.28
06406FAA1	BANK OF NEW YORK MELLON CORP (CALLABLE)	410,000.00	2.50	4/15/2021	2/16/2018	2.99	407,467.34
912828P87	US TREASURY N/B	1,100,000.00	1.13	2/28/2021	2/16/2018	2.42	1,064,484.31
65590ASN7	NORDEA BANK AB NY CD	1,850,000.00	2.72	2/20/2020	2/22/2018	2.72	1,850,000.00
90275DHG8	UBS AG STAMFORD CT LT CD	1,600,000.00	2.90	3/2/2020	3/6/2018	2.93	1,600,000.00
89236TCZ6	TOYOTA MOTOR CREDIT CORP	475,000.00	1.90	4/8/2021	3/6/2018	2.82	465,932.78
45950VLQ7	INTERNATIONAL FINANCE CORPORATION NOTE	925,000.00	2.64	3/9/2021	3/16/2018	2.66	924,306.25
00828ECZ0	AFRICAN DEVELOPMENT BANK NOTE	800,000.00	2.63	3/22/2021	3/22/2018	2.66	799,176.00
Total Debt Service Reserve							
912828W97	US TREASURY N/B	5,175,000.00	1.250	3/31/2019	10/10/2017	1.449	5,161,818.15

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

Investment Performance Report – March 2018



DC Water
Finance Division
Security Sales
Last 6 Months

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
Operating Reserve Accounts							
912828A34	US TREASURY NOTES	925,000.00	1.25	11/30/2018	10/10/2017	1.39	927,724.77
084670BX5	BERKSHIRE HATHAWAY INC GLOBAL NOTES	220,000.00	1.15	8/15/2018	10/17/2017	1.44	219,905.52
912828A34	US TREASURY NOTES	250,000.00	1.25	11/30/2018	10/20/2017	1.44	250,685.09
17275RAU6	CISCO SYSTEMS INC CORP NOTE	425,000.00	1.65	6/15/2018	10/25/2017	1.46	428,050.79
00828EBB4	AFRICAN DEVELOPMENT BANK NOTE	700,000.00	1.63	10/2/2018	11/3/2017	1.61	701,099.12
912828A34	US TREASURY NOTES	955,000.00	1.25	11/30/2018	11/3/2017	1.51	957,476.78
912828A34	US TREASURY NOTES	1,295,000.00	1.25	11/30/2018	11/3/2017	1.51	1,298,358.58
912828A34	US TREASURY NOTES	195,000.00	1.25	11/30/2018	11/10/2017	1.55	195,468.56
58933YAG0	MERCK & CO GLOBAL NOTES	731,000.00	1.30	5/18/2018	11/17/2017	1.57	734,738.25
912828A34	US TREASURY NOTES	175,000.00	1.25	11/30/2018	11/17/2017	1.60	175,387.14
912828A34	US TREASURY NOTES	1,335,000.00	1.25	11/30/2018	12/5/2017	1.67	1,329,753.63
912828A75	US TREASURY NOTES	1,225,000.00	1.50	12/31/2018	12/5/2017	1.70	1,230,353.14
17275RAU6	CISCO SYSTEMS INC CORP NOTE	360,000.00	1.65	6/15/2018	12/6/2017	1.72	362,688.30
89236TCP8	TOYOTA MOTOR CREDIT CORP	600,000.00	1.55	7/13/2018	12/6/2017	1.78	602,872.17
912828A75	US TREASURY NOTES	1,500,000.00	1.50	12/31/2018	1/4/2018	1.83	1,495,443.93
064159GM2	BANK OF NOVA SCOTIA CORP NOTE (CALLABLE)	875,000.00	1.70	6/11/2018	1/4/2018	1.87	875,311.60
912828N48	US TREASURY N/B	700,000.00	1.75	12/31/2020	1/19/2018	2.10	693,697.65
7599112M1	REGIONAL TRANS AUTH, IL TXBL REV BONDS	725,000.00	1.25	5/4/2018	2/16/2018	1.80	727,542.94
7599112M1	REGIONAL TRANS AUTH, IL TXBL REV BONDS	1,075,000.00	1.25	5/4/2018	2/16/2018	1.80	1,078,770.56
65558LWA6	NORDEA BANK FINLAND NY CD	1,800,000.00	1.76	11/30/2018	2/22/2018	2.16	1,801,506.00
912828A75	US TREASURY NOTES	50,000.00	1.50	12/31/2018	2/22/2018	2.04	49,883.25
912828A75	US TREASURY NOTES	1,450,000.00	1.50	12/31/2018	3/6/2018	2.03	1,447,618.28
3135G0J53	FNMA BENCHMARK NOTE	475,000.00	1.00	2/26/2019	3/6/2018	2.11	470,077.94
3130AAE46	FHLB NOTES	925,000.00	1.25	1/16/2019	3/16/2018	2.11	920,405.83
3130AAE46	FHLB NOTES	875,000.00	1.25	1/16/2019	3/21/2018	2.12	870,797.33
2017B Construction Fund							
22533TZ58	CREDIT AGRICOLE CIB NY COMM PAPER	7,000,000.00	-	12/5/2017	10/23/2017	1.27	6,989,548.61
89233GZ41	TOYOTA MOTOR CREDIT CORP COMM PAPER	3,700,000.00	-	12/4/2017	10/23/2017	1.21	3,694,863.17
912828XK1	US TREASURY NOTES	12,750,000.00	0.88	7/15/2018	10/23/2017	1.35	12,736,985.82
06538BZ48	BANK OF TOKYO MITSUBISHI COMM PAPER	1,650,000.00	-	12/4/2017	11/22/2017	1.25	1,649,323.50
13607FDD5	CANADIAN IMPERIAL HOLDING COMM PAPER	7,000,000.00	-	4/13/2018	11/22/2017	1.65	6,955,270.00
912828J68	US TREASURY N/B	19,250,000.00	1.00	3/15/2018	11/22/2017	1.27	19,269,617.25
06538CEV9	BANK OF TOKYO MITSUBISHI UFJ LTD COMM PA	5,350,000.00	-	5/29/2018	12/18/2017	1.76	5,308,591.00
46640QEV9	JP MORGAN SECURITIES LLC COMM PAPER	7,000,000.00	-	5/29/2018	12/18/2017	1.84	6,943,300.00
912828J68	US TREASURY N/B	9,620,000.00	1.00	3/15/2018	12/18/2017	1.31	9,637,840.27
912828XF2	US TREASURY NOTES	18,710,000.00	1.13	6/15/2018	12/18/2017	1.48	18,679,576.98
912828K25	US TREASURY NOTES	11,555,000.00	0.75	4/15/2018	1/16/2018	1.37	11,559,538.47

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



DC Water
Finance Division
Security Maturities
Last 6 Months

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<u>Operating Reserve Accounts</u>							
605581FX0	MS ST TXBL GO BONDS	120,000.00	1.09	10/1/2017	10/1/2017	0.00	120,000.00
RE0959594	INDUSTRIAL BANK CDARS	5,035,025.80	0.35	10/12/2017	10/12/2017	0.00	5,052,600.24
RE0959610	INDUSTRIAL BANK CDARS	5,065,244.30	0.40	11/9/2017	11/9/2017	0.00	5,085,450.22
RE0959529	INDUSTRIAL BANK CDARS	2,563,284.34	0.60	1/18/2018	1/18/2018	0.00	2,594,001.96
RE0959685	INDUSTRIAL BANK CDARS	2,562,345.78	0.45	1/18/2018	1/18/2018	0.00	2,573,876.34
<u>Total Debt Service Reserve</u>							
912828Q45	US TREASURY NOTES	6,820,000.00	0.88	3/31/2018	3/31/2018	0.00	6,820,000.00
<u>2017A Construction Fund</u>							
09659BYQ7	BNP PARIBAS NY BRANCH COMM PAPER	16,500,000.00	-	11/24/2017	11/24/2017	0.00	16,500,000.00
89233GYQ3	TOYOTA MOTOR CREDIT CORP COMM PAPER	1,700,000.00	-	11/24/2017	11/24/2017	0.00	1,700,000.00
<u>2017B Construction Fund</u>							
912828H37	US TREASURY N/B	17,485,000.00	0.88	1/15/2018	1/15/2018	0.00	17,485,000.00

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



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

DATE	TRANSACTION	CUSIP	DESCRIPTION	COUPON	MATURITY DATE	PAR VALUE/SHARES	PRINCIPAL	INTEREST	TOTAL
04/08/18	INTEREST	89236TCZ6	TOYOTA MOTOR CREDIT CORP	1.900	04/08/21	475,000.00	0.00	4,512.50	4,512.50
04/09/18	INTEREST	931142DY6	WAL-MART STORES INC CORP NOTE	1.750	10/09/19	430,000.00	0.00	3,532.57	3,532.57
04/15/18	INTEREST	06406FAA1	BANK OF NEW YORK MELLON CORP (CALLABLE)	2.500	04/15/21	410,000.00	0.00	5,125.00	5,125.00
04/15/18	INTEREST	06406FAA1	BANK OF NEW YORK MELLON CORP (CALLABLE)	2.500	04/15/21	515,000.00	0.00	6,437.50	6,437.50
04/15/18	INTEREST	3137EADZ9	FREDDIE MAC NOTES	1.125	04/15/19	1,700,000.00	0.00	9,562.50	9,562.50
04/17/18	INTEREST	89236TDU6	TOYOTA MOTOR CREDIT CORP (CALLABLE)	1.950	04/17/20	295,000.00	0.00	2,876.25	2,876.25
04/17/18	INTEREST	89236TDU6	TOYOTA MOTOR CREDIT CORP (CALLABLE)	1.950	04/17/20	630,000.00	0.00	6,142.50	6,142.50
04/25/18	INTEREST	742718EZ8	THE PROCTER & GAMBLE CO CORP NOTES	1.750	10/25/19	440,000.00	0.00	3,850.00	3,850.00
04/30/18	INTEREST	912828D23	US TREASURY NOTES	1.625	04/30/19	1,465,000.00	0.00	11,903.13	11,903.13
04/30/18	INTEREST	912828D23	US TREASURY NOTES	1.625	04/30/19	2,820,000.00	0.00	22,912.50	22,912.50
04/30/18	INTEREST	912828K58	US TREASURY NOTES	1.375	04/30/20	1,575,000.00	0.00	10,828.13	10,828.13
04/30/18	INTEREST	912828K58	US TREASURY NOTES	1.375	04/30/20	2,750,000.00	0.00	18,906.25	18,906.25
04/30/18	INTEREST	912828L99	US TREASURY NOTES	1.375	10/31/20	250,000.00	0.00	1,718.75	1,718.75



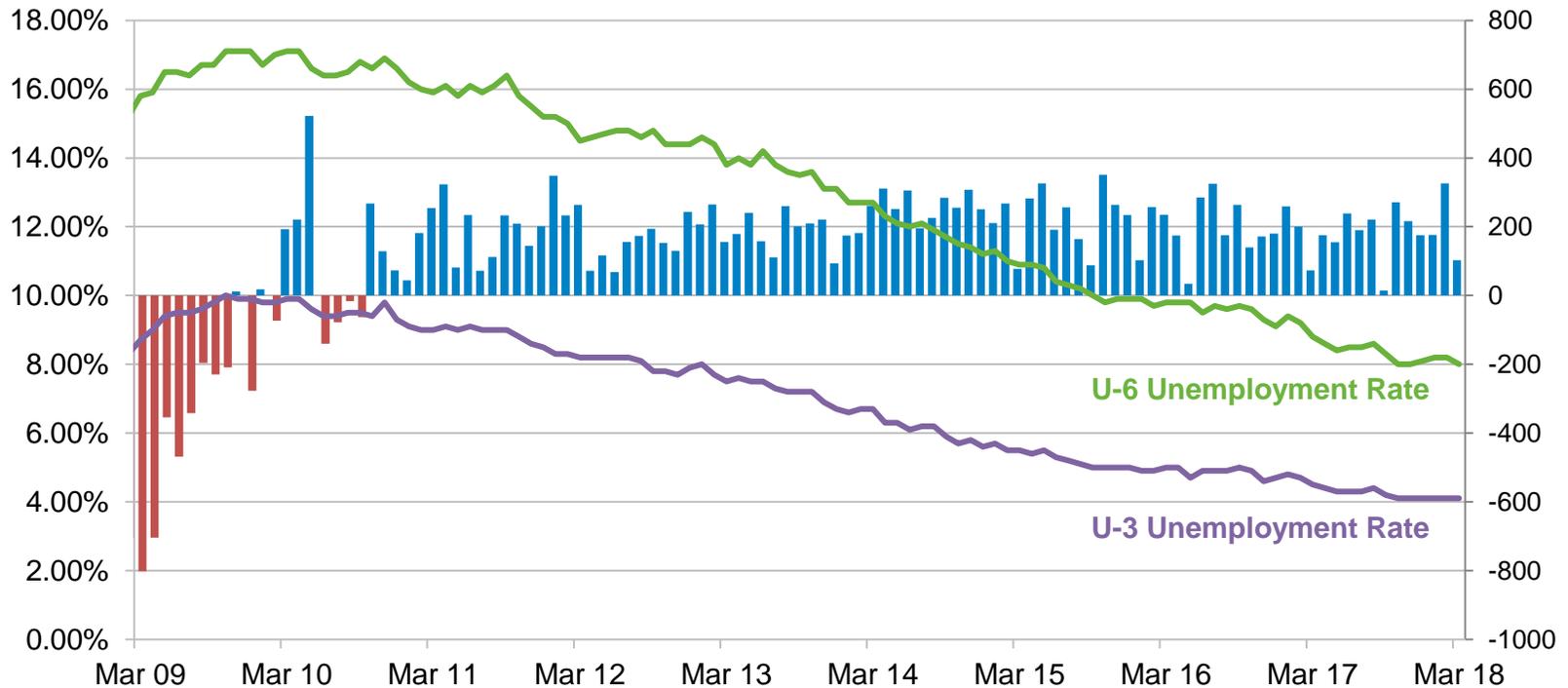
Appendix: Economic Update



U.S. Labor Market

- In March, the United States labor market added 103,000 jobs, well below the 185,000 expectation.
- The unemployment rate was unchanged at 4.1%, continuing the recent trend of lows for U.S. unemployment.

Unemployment vs. Non-Farm Payrolls
March 2009 - March 2018

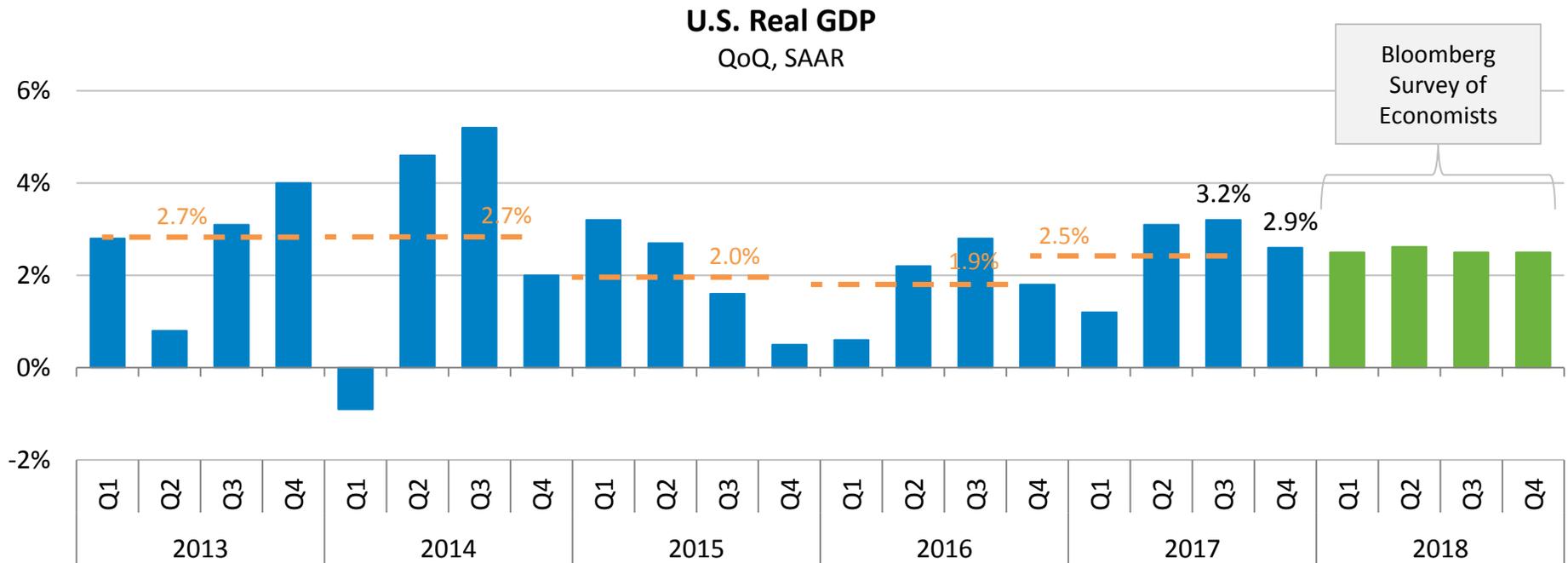


Source: Bloomberg



Economic Growth Slowed in Fourth Quarter 2017

- U.S. Gross domestic product (GDP) grew at an annualized rate of 2.9% in the fourth quarter of 2017, as the pace of expansion slowed from faster than 3.2% growth in the third quarter. For the year, growth has averaged 2.5%, fastest pace since 2014.
- Strong growth in consumer spending and business investment continued to fuel economic activity over the quarter, while significant declines in inventories and net exports were a drag on reported GDP in the fourth quarter.

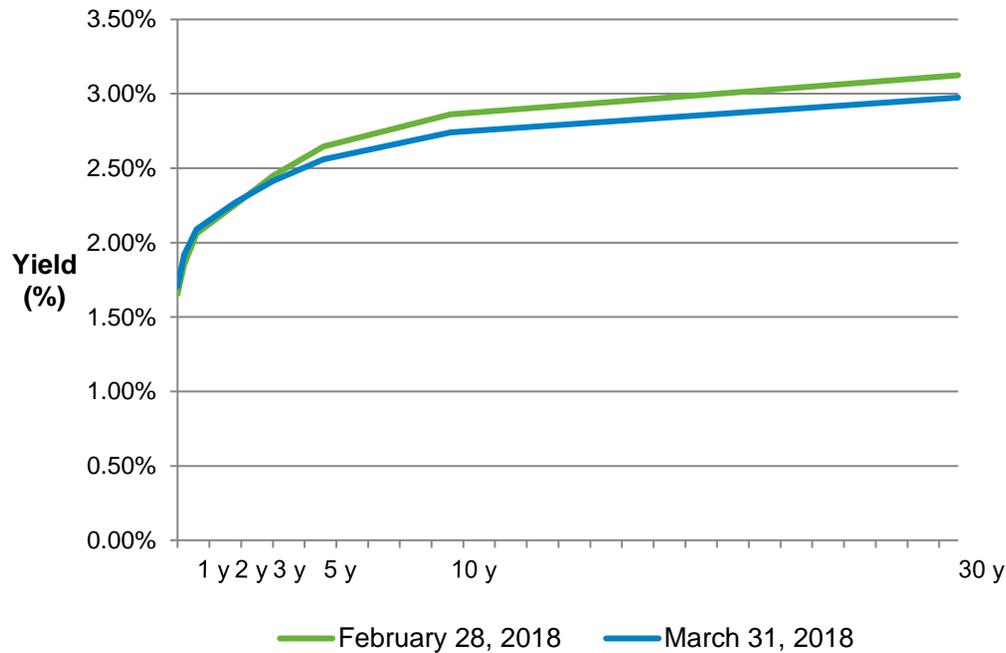


Source: Bloomberg, as of Q4 2017. SAAR is seasonally adjusted annualized rate. Orange denotes rolling four-quarter averages.



U.S. Treasury Yields

U.S. Treasury Yield Curve
February 28, 2018 vs. March 31, 2018



	<u>2/28/2018</u>	<u>3/31/2018</u>	<u>Change</u>
3 month	1.66%	1.71%	0.05%
6 month	1.85%	1.92%	0.07%
1 year	2.06%	2.09%	0.03%
2 year	2.25%	2.27%	0.02%
3 year	2.45%	2.41%	-0.04%
5 year	2.65%	2.56%	-0.09%
10 year	2.86%	2.74%	-0.12%
30 year	3.13%	2.97%	-0.16%

Source: Bloomberg



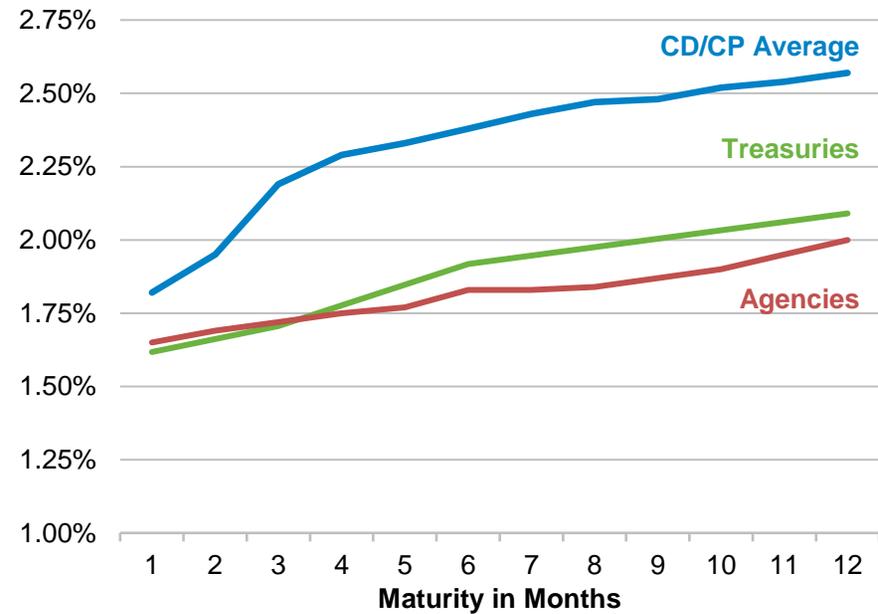
Current Short-Term Credit Environment

- Commercial paper and negotiable bank CDs remain attractive alternatives to short-term Treasuries, agencies, bank deposits, and government money market funds

Yield Spread on 6-month Commercial Paper over T-Bill



Money Market Yield Curves

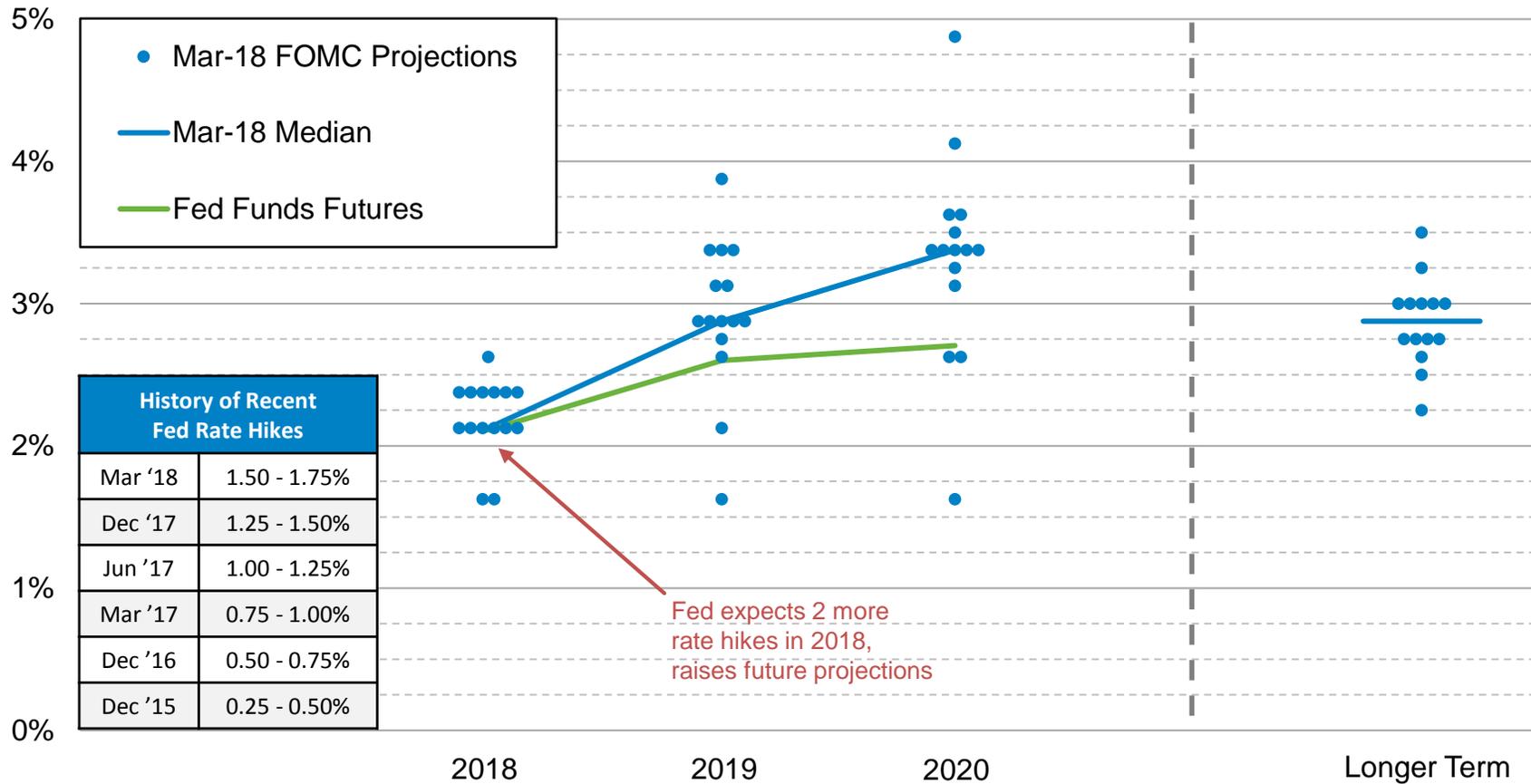


Source: Bloomberg, PFMAM Trading Desk, as of 4/02/18. Not a specific recommendation. 6-mo CP yield spread based on A1/P1 rated CP index.



FOMC “Dot Plot” March 2018

Fed Participants’ Assessments of ‘Appropriate’ Monetary Policy



Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members’ judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end. Fed funds futures as of 3/21/18.



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ATTACHMENT 2

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

**Thursday, May 24, 2018; 11:00 a.m.
Blue Plains Wastewater Treatment Plant
5000 Overlook Avenue, SW, DC
AGENDA**

Call to Order	Chairman
April 2018 Financial Report	Chief Financial Officer
FY 2018 Mid-Year Projections	Chief Financial Officer
Insurance Renewal Update	Tanya DeLeon
Agenda for June Committee Meeting	Chairman
Adjournment	Chairman

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



Rate Policy Options and the Rate Stabilization Fund

Presentation to Retail Rates Committee, April 24, 2018

District of Columbia Water and Sewer Authority



Blue Plains Advanced Wastewater Treatment Plant

Agenda

- 💧 Policy Options
- 💧 Rate Stabilization Fund (RSF)
 - 💧 Board Policy
 - 💧 History

- 💧 Operating revenues of \$649.5 million for FY2019
- 💧 Operating expenditures of \$582.8 million for FY2019, a 3.7 percent increase over FY2018
- 💧 \$4.0 billion ten-year capital program
- 💧 Currently implementing \$2.7 billion Clean Rivers program
- 💧 \$3.4 billion in debt (principal) outstanding, including current \$300 million issuance
- 💧 \$7.3 billion in total assets
- 💧 34% of the operating budget is debt service costs (\$199 million in FY2019)
- 💧 Required cash reserves of \$140.0 million, plus \$61.5 million Rate Stabilization Fund (RSF)

Some overall rate considerations

Volumetric rates versus fixed charges

- Volumetric rates charge customers based on the water that they use
- DC Water has taken steps to align fixed costs with fixed revenues

Rate principal that rates and fees will be based on the actual cost to deliver each service

- Federal government pays because the charge is a “fair approximation” of the pollutants they contribute and the services they receive

Use of one-time funds

- Recurring revenues should equal or exceed recurring expenditures¹
- Rate Stabilization Funds could be used to “smooth out” a rate increase over multiple years²

1 <http://www.gfoa.org/achieving-structurally-balanced-budget>

2 Amawalk Consulting Group “Report on the Reserves and the Rate Stabilization Fund of the Authority February 9, 2018

Broad-based versus targeted relief

- To date, use of the Rate Stabilization Fund has been for broad-based rate relief
 - Broad-based relief would be applied to all customers through a rate
 - Targeted relief would be applied to customers through other criteria, such as to low income households through the existing Customer Assistance Program (CAP)

Examples of broad-based relief

Examples of providing broad based relief:

	Impact	Considerations
1. Apply \$6 million from the RSF to Water and Sewer Rates in FY2019	<ul style="list-style-type: none"> - Average household would save \$1.11 per month - A multi-family building that uses \$92.5 CCFs would be reduced by \$16.65 per month 	One-time use of funds
2. Apply \$6 million from the RSF to Impervious Area Charges for FY19	<ul style="list-style-type: none"> - Monthly charge for 1 ERU would be reduced by \$1.20 - The average household would save \$1.20 - A multi-family building that uses 92.5 CCFs and has 6.3 ERUs would be reduced \$7.56 	One-time use of funds
3. Apply \$6 million from the RSF to the sewer rate only	<ul style="list-style-type: none"> - Average household would save \$1.16 per month - A multi-family building that uses 92.5 CCFs would be reduced by \$17.58 per month 	One-time use of funds

Examples of targeted relief

Examples of providing targeted relief:

	Impact	Considerations
Provide a IAC credit to cemeteries	<ul style="list-style-type: none"> - Would vary depending on discount - A 50% discount is worth approximately \$246,000 in FY2019 	
Provide IAC relief to non-profits	<ul style="list-style-type: none"> - Would vary depending on discount 	<ul style="list-style-type: none"> - Could be scaled depending on financial resources - Administrative costs of identifying recipients and applying credits
Provide IAC credit to residential customers at 120% of AMI or less	<ul style="list-style-type: none"> - Would reduce IAC for these customers - Per a District calculation, \$10 million would reduce the monthly IAC for 39,000 by \$17.50 per ERU 	<ul style="list-style-type: none"> - Administrative costs of identifying recipients and applying credits - Only DC Water customers would receive discount
Expand the Customer Assistance (CAP) program	<ul style="list-style-type: none"> - Would vary depending on discount - In FY2017 the CAP program credits totaled \$1.1 million 	<ul style="list-style-type: none"> - Administrative costs of identifying recipients and applying credits - Only DC Water customers would receive discount

Other possible options

Pursue non-ratepayer funds

- Seek additional federal funds
 - \$56 million has been provided from FY15 through FY18, \$14 million in each of those years
- Other

Negotiate further changes to the consent decree

- Previous changes allowed an additional five years, and the incorporation of Green Infrastructure

Refinance the Clean Rivers Debt

- DC Water will continue to aggressively pursue options to save ratepayers
- Tax law changes make advance refundings taxable

Consider funding a portion of Clean Rivers expenses through the sewer rate (next pages)

Other possible options

- Recover a portion of Clean River costs from a source other than the Impervious Area Charge, such as the sewer rate
 - In FY2018, there was \$162.5 million recovered in the sewer rate, and \$112.9 million in impervious area charges
 - The amount and percentage of revenues paid by each customer class is in the table below:

	Sewer			IAC	
Residential	\$41,373	25.5%		\$31,056	27.5%
Non-Residential	\$56,613	34.8%		\$38,245	33.9%
Multi-Family	\$37,463	23.0%		\$13,373	11.8%
Federal	\$17,983	11.1%		\$20,615	18.3%
DC	\$5,187	3.2%		\$8,197	7.3%
DCHA	\$3,922	2.4%		\$1,389	1.2%
Total	\$162,541			\$112,875	

Other possible options

- Clean Rivers expenditures could be recovered from the sewer charge
 - If Clean Rivers costs were allocated 50 percent to the Impervious Area Charge and 50 percent to the sewer rate, there would be shifts among and between customers categories
- The table below shows an estimate of how the \$112.9 million collected in FY2017 would be recovered if half were recovered through the Sewer Rate and half through the Impervious Area Charge

	Current IAC			"50/50" Scenario	
Residential	\$31,056	27.5%		\$29,894	26.5%
Non-residential	\$38,245	33.9%		\$38,780	34.4%
Multi-Family	\$13,373	11.8%		\$19,694	17.4%
Federal	\$20,615	18.3%		\$16,552	14.7%
DC	\$8,197	7.3%		\$5,900	5.2%
DCHA	\$1,389	1.2%		\$2,056	1.8%
Total	\$112,875			\$112,875	



Average Residential Customer Monthly Bill – Estimated with “50/50” Change to IAC

Residential

	Units		FY 2017	FY 2017 ⁽³⁾	Incr/Decr (\$)	Incr/Decr (%)
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$	57.25	\$ 68.35	\$ 11.10	19.4%
DC Water Clean Rivers IAC ⁽²⁾	ERU		22.24	11.12	\$ (11.12)	-50.0%
DC Water Customer Metering Fee	5/8"		3.86	3.86	-	0.0%
DC Water Water System Replacement Fee ⁽⁵⁾	5/8"		6.30	6.30	-	0.0%
Subtotal DC Water Rates & Charges		\$	89.65	\$ 89.63	\$ (0.02)	0.0%
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$	2.98	\$ 2.98	-	0.0%
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf		1.05	1.05	-	0.0%
District of Columbia Right-of-Way Fee / PILOT	Ccf		4.03	4.03	-	0.0%
District of Columbia Stormwater Fee ⁽⁴⁾	ERU		2.67	2.67	-	0.0%
Subtotal District of Columbia Charges		\$	6.70	\$ 6.70	\$ -	0.0%
Total Amount Appearing on DC Water Bill		\$	96.35	\$ 96.33	\$ (0.02)	0.0%

(1) Assumes average monthly consumption of 6.2 Ccf, or 4,638 gallons

(2) Assumes monthly 1 ERU

(3) Assumes financing of Clean Rivers project split 50-50 between CRIAC and increase in Sewer rate

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

(5) DC Water "Water System Replacement Fee" of \$6.30 for 5/8" meter size effective October 1, 2015

(6) The 50-50 split between CRIAC and increase in the Sewer rate is an approximation. For precise numbers, Cost of Service Study is needed



Example - Large Hotel Monthly Bill- Estimated with “50/50” Change to IAC

Large Hotel

	Units	FY 2017	FY 2017 ⁽³⁾	Incr/Decr (\$)	Incr/Decr (%)
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 44,332.20	\$52,347.82	\$ 8,015.62	18.1%
DC Water Clean Rivers IAC ⁽²⁾	ERU	1,160.93	580.46	(580.47)	-50.0%
DC Water Customer Metering Fee	8 x 2"	323.29	323.29	-	0.0%
DC Water Water System Replacement Fee ⁽⁵⁾	8 x 2"	1,899.60	1,899.60	-	0.0%
Subtotal DC Water Rates & Charges		\$ 47,716.02	\$55,151.17	\$ 7,435.15	15.6%
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$ 2,149.44	\$ 2,149.44	\$ -	0.0%
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	761.26	761.26	-	0.0%
District of Columbia Right-of-Way Fee / PILOT	Ccf	2,910.70	2,910.70	-	0.0%
District of Columbia Stormwater Fee ⁽⁴⁾	ERU	139.37	139.37	-	0.0%
Subtotal District of Columbia Charges		\$ 3,050.07	\$ 3,050.07	\$ -	0.0%
Total Amount Appearing on DC Water Bill		\$ 50,766.09	\$58,201.24	\$ 7,435.15	14.6%

(1) Assumes average monthly consumption of 4,478 Ccf, or 3,349,544 gallons

(2) Assumes monthly 52.2 ERUs

(3) Assumes financing of Clean Rivers project split 50-50 between CRIAC and increase in Sewer rate

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

(5) DC Water "Water System Replacement Fee" of \$1,899.60 for 8 x 2" meter size effective October 1, 2015

(6) The 50-50 split between CRIAC and increase in the Sewer rate is an approximation. For precise numbers, Cost of Service Study is needed



Example - Multi-family Customer Monthly Bill Estimated with "50/50" Change to IAC

Multi-family

	Units	FY 2017	FY 2017 ⁽³⁾	Incr/Decr (\$)	Incr/Decr (%)
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 863.03	\$ 1,028.60	\$ 165.57	19.2%
DC Water Clean Rivers IAC ⁽²⁾	ERU	140.11	70.06	(70.05)	-50.0%
DC Water Customer Metering Fee ⁽⁴⁾	1.5"	6.88	6.88	-	0.0%
DC Water Water System Replacement Fee ⁽⁵⁾	1.5"	41.35	41.35	-	0.0%
Subtotal DC Water Rates & Charges		\$ 1,051.37	\$ 1,146.89	\$ 95.52	9.1%
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$ 44.40	\$ 44.40	\$ -	0.0%
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	15.73	15.73	-	0.0%
District of Columbia Right-of-Way Fee / PILOT	Ccf	60.13	60.13	-	0.0%
District of Columbia Stormwater Fee ⁽⁴⁾	ERU	16.82	16.82	-	0.0%
Subtotal District of Columbia Charges		\$ 76.95	\$ 76.95	\$ -	0.0%
Total Amount Appearing on DC Water Bill		\$ 1,128.32	\$ 1,223.84	\$ 95.52	8.5%

(1) Assumes average monthly consumption of 92.5 Ccf, or 69,190 gallons

(2) Assumes monthly 6.3 ERUs

(3) Assumes financing of Clean Rivers project split 50-50 between CRIAC and increase in Sewer rate

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

(5) DC Water "Water System Replacement Fee" of \$41.35 for 1 x 5" meter size effective October 1, 2015

(6) The 50-50 split between CRIAC and increase in the Sewer rate is an approximation. For precise numbers, Cost of Service Study is needed



Example - Church Customer Monthly Bill Estimated with "50/50" Change to IAC

Church

	Units	FY 2017	FY 2017 ⁽³⁾	Incr/Decr (\$)	Incr/Decr (%)
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 138.60	\$ 163.66	\$ 25.06	18.1%
DC Water Clean Rivers IAC ⁽²⁾	ERU	467.04	233.52	(233.52)	-50.0%
DC Water Customer Metering Fee	3"	76.98	76.98	-	0.0%
DC Water Water System Replacement Fee ⁽⁵⁾	3"	232.13	232.13	-	0.0%
Subtotal DC Water Rates & Charges		\$ 914.75	\$ 706.29	\$ (208.46)	-22.8%
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$ 6.72	\$ 6.72	\$ -	0.0%
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	2.38	2.38	-	0.0%
District of Columbia Right-of-Way Fee / PILOT	Ccf	9.10	9.10	-	0.0%
District of Columbia Stormwater Fee ⁽⁴⁾	ERU	56.07	56.07	-	0.0%
Subtotal District of Columbia Charges		\$ 65.17	\$ 65.17	\$ -	0.0%
Total Amount Appearing on DC Water Bill		\$ 979.92	\$ 771.46	\$ (208.46)	-21.3%

(1) Assumes average monthly consumption of 14 Ccf, or 10,472 gallons

(2) Assume monthly 21 ERUs

(3) Assume financing of Clean Rivers project split 50-50 between CRAIC and increase in Sewer rate

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

(5) DC Water "Water System Replacement Fee" of \$232.13 for 3" meter size effective October 1, 2015

(6) The 50-50 split between CRIAC an increase in the Sewer rate is an approximation. For precise numbers, Cost of Service Study is needed



Example - Cemetery Customer Monthly Bill Estimated with "50/50" Change to IAC

Cemetery

	Units	FY 2017	FY 2017 ⁽³⁾	Incr/Decr (\$)	Incr/Decr (%)
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 24.75	\$ 29.23	\$ 4.48	18.1%
DC Water Clean Rivers IAC ⁽²⁾	ERU	6,189.39	3,094.70	(3,094.69)	-50.0%
DC Water Customer Metering Fee	3x5/8"	77.94	77.94	-	0.0%
DC Water Water System Replacement Fee ⁽⁵⁾	3x5/8"	232.13	232.13	-	0.0%
Subtotal DC Water Rates & Charges		\$ 6,524.21	\$ 3,434.00	\$ (3,090.21)	-47.4%
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$ 1.20	\$ 1.20	\$ -	0.0%
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	0.43	0.43	-	0.0%
District of Columbia Right-of-Way Fee / PILOT	Ccf	1.63	1.63	-	0.0%
District of Columbia Stormwater Fee ⁽⁴⁾	ERU	743.06	743.06	-	0.0%
Subtotal District of Columbia Charges		\$ 744.69	\$ 744.69	\$ -	0.0%
Total Amount Appearing on DC Water Bill		\$ 7,268.90	\$ 4,178.69	\$ (3,090.21)	-42.5%

(1) Assumes average monthly consumption of 2.5 Ccf, or 1,870 gallons

(2) Assume monthly 278.3 ERUs

(3) Assume financing of Clean Rivers project split 50-50 between CRAIC and increase in Sewer rate

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

(5) DC Water "Water System Replacement Fee" of \$232.13 for 3x5/8" meter size effective October 1, 2015

(6) The 50-50 split between CRAIC and increase in the Sewer rate is an approximation. For precise numbers, Cost of Service Study is needed

The Rate Stabilization Fund

The Rate Stabilization Fund

Purpose of the Rate Stabilization Fund

- Avoid unexpected increases in operating expenses or reductions in revenue
 - Example: Unexpected reduction in water use, or in the event of an unanticipated expense at Blue Plains
- To smooth rate increases over multiple years, in the event that there was a large increase in one year
 - As “one-time” funds, the rate stabilization fund could “buy down” a rate increase in one or multiple years

Board Policy and Practice

Current Rate Stabilization Fund (RSF) Policy

- Board Resolution 10-78, adopted July 1, 2010

Some provisions:

- Annual operating budget shall include planned use of the RSF over ten years
- Planned use will be approved by the Board as part of the annual budget process
- Transfers into the RSF will be determined annually based on financial performance

Board Policy and Practice

RSF History

- The Rate Stabilization Fund (RSF) was established by DC Water Board on December 4, 1997 – Board Resolution (#97-124)
 - “As cash reserves and / or revenues permit, WASA (The Authority) will establish a Rate Stabilization Fund or other innovative approaches to assist in mitigating annual rate increases.

Board Policy and Practice

RSF History (Cont)

- Board Resolution (#07-87) adopted November 1, 2007
 - (7a) During the fourth quarter of each fiscal year, the General Manager [or designee] will conduct an analysis of the Authority financial performance, including operating revenues, operating expenditures, capital disbursement and reserves
 - (7b) The General Manager will report the results of this analysis and his recommendations to the Finance & Budget Committee no later than its regularly scheduled meeting in September, for recommendation of Board action at its October meeting
- Board Resolution (#10-76) adopted July 1, 2010
 - (7c) Transfers into the RSF will be made no later than September 30th of each year
 - (7d) In October, the General Manager will report to the Board of Directors the amount of the final transfer into the RSF

- 💧 The Rate Stabilization Fund has been generated from:
 - Planned contributions of funds generated through the Water and Sewer rates charged to all retail customers
 - Year end surplus from revenues that exceeded forecasts, or expenditure savings

History

-  The current balance of the rate stabilization fund is \$61.45 million
-  Since its inception, there have been deposits of \$175.85 million, and withdrawals of \$114.40 million
-  From FY07 – FY15, budgeted RSF withdrawals reduced total revenue requirements (residential, commercial, multi-family, federal, DC government, DCHA) by between one and nine percent when applied

(\$M)	Beginning	Contributions	Withdrawals	Balance
2001	\$0.00	\$6.50	\$0.00	\$6.50
2002	\$6.50	\$8.00	\$0.00	\$14.50
2003	\$14.50	\$7.00	\$0.00	\$21.50
2004	\$21.50	\$6.00	\$0.00	\$27.50
2005	\$27.50	\$4.00	\$0.00	\$31.50
2006	\$31.50	\$27.00	\$0.00	\$58.50
2007	\$58.50	\$10.00	(\$24.90)	\$43.60
2008	\$43.60	\$0.00	\$0.00	\$43.60
2009	\$43.60	\$10.00	(\$25.00)	\$28.60
2010	\$28.60	\$16.10	(\$28.00)	\$16.70
2011	\$16.70	\$9.50	(\$9.50)	\$16.70
2012	\$16.70	\$17.75	(\$6.50)	\$27.95
2013	\$27.95	\$7.50	(\$6.50)	\$28.95
2014	\$28.95	\$0.00	(\$6.50)	\$22.45
2015	\$22.45	\$17.50	(\$7.50)	\$32.45
2016	\$32.45	\$19.00	\$0.00	\$51.45
2017	\$51.45	\$10.00	\$0.00	\$61.45

Appendix

Appendix

Summary of Rating Agency Views		
Moody's Investors Service	Standard & Poor's	Fitch Ratings
Aa1 (Sr.) / Aa2 (Sub.) / P-1 (Short-term) Stable Outlook	AAA (Sr.) / AA (Sub.) / A-1+ (Short-term) Stable Outlook	AA (Sr.) / AA- (Sub.) / F1+ (Short-term) Positive Outlook
Strengths		
<ul style="list-style-type: none"> — Large service area bolstered by considerable wealth and institutional presence — Excellent rate management record — Liquidity is solid, and indenture requirements and board policies will protect the authority's cash position in the future — Excellent financial metrics because the utility has consistently raised rates to ensure good debt service coverage — No unfunded pension or OPEB liability 	<ul style="list-style-type: none"> — Robust service area that has continued to demonstrate a strong economic rebound from the recession — Strong financial management, including conservative financial forecasts and a detailed CIP — Governing board's demonstrated willingness to adjust rates — View that the management team remains committed to balancing environmental stewardship and a socially responsible agenda with ongoing financial commitments — Liquidity and reserves that include high levels of unrestricted cash and investments 	<ul style="list-style-type: none"> — Essential service provider to a large and economically diverse territory and affluent customer base — Demonstrated ability to raise rates independent of outside oversight — Continued shift towards greater fixed cost recovery — Financial projections include rate increases sufficient for stable debt service coverage metrics — Retail rates are considered affordable for the base majority of the rate base and are regionally competitive — Strong financial margins and healthy liquidity
Challenges		
<ul style="list-style-type: none"> — Heavy capital needs, in part from regulatory mandates — Need for further rate increases to support substantial capital plan 	<ul style="list-style-type: none"> — Downward pressure could come from a collapse in financial performance, a change in the way the federal government pays the Authority, or prolonged interruption in operations 	<ul style="list-style-type: none"> — Leverage is considered high, but projected rate increases should offset annual debt service costs — An unexpected or material increase in the current capital spending plan, or a sharp escalation in unfunded capital mandates could preclude or delay future upward rating potential

Presented and Adopted: July 1, 2010
Subject: Approval of Revised Rate Stabilization Fund Policy

#10-76
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER
AUTHORITY

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority, ("Authority"), at its meeting on July 1, 2010, upon consideration of a joint use matter, decided by a vote of ten (10) in favor and none (0) opposed to take the following action with respect to the approval of the Revised Rate Stabilization Fund Policy.

WHEREAS, on December 4, 1997 the Board of Directors, in Resolution, 97-124, approved Rate Setting Policies ("Policies") (a matter not affecting the general management of joint-use sewerage facilities) for the District of Columbia Water and Sewer Authority which state that as cash reserves and/or revenues permit, WASA will establish a rate stabilization fund or other innovative approaches to assist in mitigating annual rate increases; and

WHEREAS, on November 1, 2007, the Board of Directors approved a Rate Stabilization Fund Policy and authorized the General Manager to implement the policy; and

WHEREAS, on June 24, 2010, upon consideration, the Finance and Budget Committee recommended revisions to the "Rate Stabilization Fund Policy" which are consistent with the principles expressed in Resolution 97-124, and therefore recommends adoption; and

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board hereby approves the attached "Rate Stabilization Fund Policy" and authorizes the General Manager to implement the policy.

This resolution is effective immediately.


Secretary to the Board of Directors

RATE STABILIZATION FUND POLICY

The District of Columbia Water & Sewer Authority (the "Authority") has established a Rate Stabilization Fund (RSF), consistent with Board of Directors' Resolution #97-124 and the Authority's Master Indenture of Trust (the "Indenture"). The purpose of the RSF is to help mitigate rate spikes and allow smoothing of annual rate increases.

The following policies will govern the management of the RSF:

1. The RSF will be held as a separate account of the Authority and segregated from other Authority funds.
2. The RSF will be invested in a manner consistent with the Authority's cash management and investment policies.
3. The RSF will be managed in a manner consistent with the Authority's Indenture and in a manner consistent with maintaining the highest bond ratings possible.
4. The General Manager [or designee] will prepare a ten-year financial plan as part of the annual operating budget process which will be delivered to the Board of Directors each fall. The ten year financial plan will include the planned utilization of the RSF over the ten years
5. The planned utilization (transfers out) of the RSF will be formally approved by the WASA Board of Directors' as part of its annual approval of the ten year financial plan, operating and capital budgets.
6. At any time during the fiscal year, the General Manager may transfer the approved amounts from the RSF to the Authority General Fund.
7. Transfers into the RSF would be determined annually based on the Authority's financial performance and at other times at the direction of the Board and must be approved by the WASA Board of Directors.
 - a. During the fourth quarter of each fiscal year, the General Manager [or designee] will conduct an analysis of the Authority's financial performance, including operating revenues, operating expenditures, capital disbursements and reserves.
 - b. The General Manager will report the results of this analysis and his recommendations to the Finance and Budget Committee no later than it's regularly scheduled meeting in July, for recommendation and Board action at its September meeting.
 - c. Transfers into the RSF will be made no later than September 30 of each year.
 - d. In October, the General Manager will report to the Board of Directors the amount of the final transfer into the RSF.
8. Interest earned on the RSF account will be accounted for as general revenues and may be transferred out of the RSF anytime to the Authority Revenue fund.