

RETIREMENT PLAN OFFICE STAFF

As of Date of Publication

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Retirement Plan Manager
(Interim)

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Investment Officer

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Investment Officer

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Retirement Supervisor

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Recording Secretary

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Retirement Seminar Coordinator

Kendrick Mah
Administrative Assistant

Christina Munoz
Administrative Assistant

CONSULTING SERVICES

As Of June 30, 2004

ACTUARY **INVESTMENT CONSULTANT**
The Segal Company Pension Consulting Alliance

AUDITOR **CUSTODIAL BANK**
Simpson & Simpson Bank of New York

INVESTMENT MANAGERS
TCW Asset Management Company
Standish Mellon Asset Management
The Boston Company
The Northern Trust Inc.
Merrill Lynch Investment Managers LLP
Fred Alger Management Inc.
Intech (Enhanced Investment Technologies LLC)
MFS Institutional Advisors Inc.
Invesco Global Asset Management (N.A.) Inc.

Published 4/2005

DWP BOARD OF ADMINISTRATION

Retirement Board

As of Date of Publication

Ex-Officio/Appointed Members



Ronald F. Deaton
General Manager



Gerard McCallum II
Commissioner



Ronald O. Vazquez
Chief Financial Officer



Michael T. Moore
Appointed
Retired Member

Elected Members



Javier Romero
President



Lilly Calvache
Vice-President



Eugene K. Canzano

WATER and POWER EMPLOYEES' RETIREMENT, DISABILITY and DEATH BENEFIT INSURANCE PLAN



SUMMARY ANNUAL REPORT

JUNE 30, 2004

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To All DWP Retirement Plan Members:

The Summary Annual Report as of June 30, 2004 is submitted in conformity with Section III C (4) of the Retirement Plan. A complete financial report, audited by Simpson & Simpson CPAs, is posted on our website and is also available upon request.

The highlights for the year ended June 30, 2004 are as follows:

The Department of Water and Power, the Plan sponsor, increased contributions to the Minimum Pension Cost, approximately by 3.2 % over the previous year in accordance with the recommendations of the most recent Actuarial report.

The Plan's investment portfolio increased 11.7% during the year compared to the increase of 13.6% in the benchmark. For the latest five – year period, the portfolio increased by 3.7% per year outperforming the benchmark which increased by only 2.0%

During the year, plan staff worked on the complex process of implementing the new full discretion investment policy adopted by the Retirement Board.

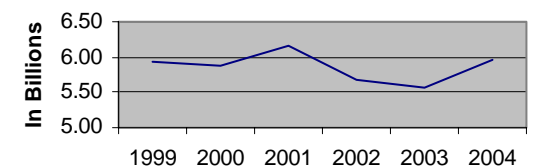
As of the date of this publication, the new full discretion investment strategy has been successfully implemented. The pension portfolio is now managed under a variety of mandates by sixteen new investment managers. In addition, the Retirement Board selected a new Custodian Bank, Mellon Trust of California, to replace Bank of New York after conducting a Request for Proposal process.

Javier Romero
President
Retirement Board

Sangeeta Bhatia
Retirement Plan Manager
(Interim)

PLAN NET ASSETS

(At Market Value)



Fiscal Year Ending June 30

**WATER AND POWER EMPLOYEES' RETIREMENT,
DISABILITY, AND DEATH BENEFIT INSURANCE PLAN**

**SUMMARY ANNUAL REPORT
JUNE 30, 2004**

STATEMENT OF CHANGES IN PLAN NET ASSETS
(Assets At Market Value)

| <u>Retirement Fund</u> | <u>2004</u> | <u>2003</u> |
|--|-----------------|---------------|
| Net Assets- Beginning of Year | \$5,558,765,969 | 5,671,141,200 |
| Members' Contribution | 38,045,999 | 36,490,767 |
| Installment Payment From Early Retired Employees | 3,901 | 11,015 |
| Department Contribution Towards Benefits (Net of Reversions) | 55,804,924 | 40,560,882 |
| Administration | 2,448,392 | 2,612,142 |
| Total Contributions | \$96,303,216 | 79,674,806 |
| Investment Income (Loss)* (Less Investment Expenses) | 615,822,806 | 110,117,112 |
| Total Income & Appreciation | \$614,314,006 | 109,135,965 |
| Total Additions | \$710,617,222 | 188,810,771 |
| Retirement Allowances Paid | 302,063,849 | 295,587,105 |
| Refund of Members' Contribution | 3,585,343 | 3,967,902 |
| Administrative Expenses | 2,333,761 | 1,630,995 |
| Total Deductions | \$307,982,953 | 301,186,002 |
| Other Additions | — | — |
| Net Increase (Decrease) | 402,634,269 | (112,375,231) |
| Net Assets - End of Year | \$5,961,400,238 | 5,558,765,969 |

| <u>Disability Fund</u> | <u>2004</u> | <u>2003</u> |
|----------------------------|-------------|-------------|
| Members' Contribution | \$397,308 | 383,275 |
| Department Contribution | 4,764,751 | 4,174,311 |
| Total Contributions | \$5,162,059 | 4,557,586 |
| Benefits Paid | | |
| Temporary Disability | 6,210,253 | 5,306,242 |
| Permanent Total Disability | 1,235,285 | 1,154,061 |
| Supplemental Disability | 970,372 | 763,977 |
| Total Benefits Paid | \$8,415,910 | 7,224,280 |

| <u>Death Benefit Fund</u> | <u>2004</u> | <u>2003</u> |
|---------------------------|-------------|-------------|
| Members' Contribution | \$283,161 | 275,382 |
| Department Contribution | 3,877,154 | 3,771,310 |
| Total Contributions | \$4,160,315 | 4,046,692 |
| Benefits Paid | | |
| Death Benefit | \$7,503,037 | 5,853,562 |
| Family Allowances | 838,748 | 1,353,039 |
| Total Benefits Paid | \$8,341,785 | 7,206,601 |

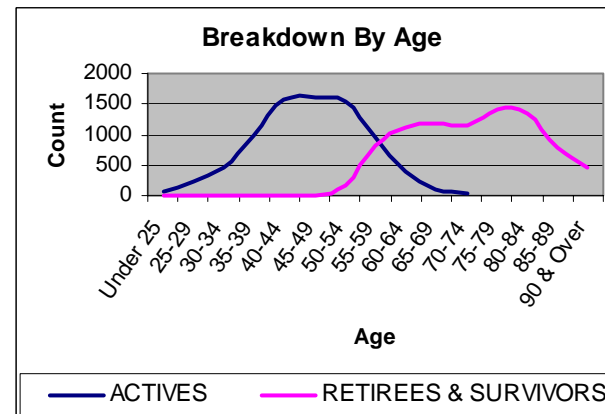
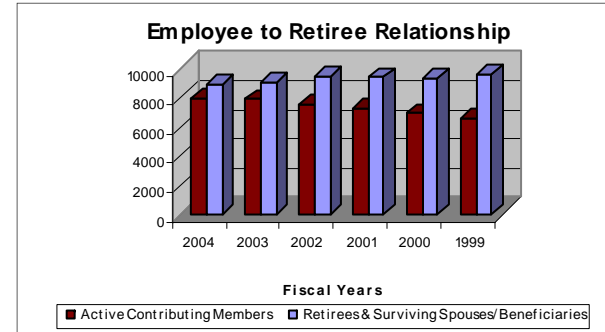
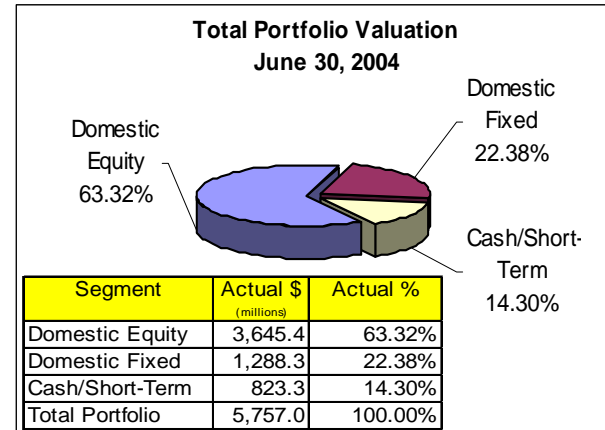
ANNUAL ACTIVITY

| <u>Active Membership</u> | <u>2004</u> | <u>2003</u> |
|--|-------------|-------------|
| Number of Contributing Members | 7,912 | 7,892 |
| Number of Contracts to Purchase Service Credit | 1,281 | 1,370 |
| Number of New Members | 466 | 742 |
| Number of Withdrawals of Funds | 60 | 58 |
| Average Age | 46.9 | 46.3 |
| Average Years of Service | 16.8 | 16.3 |

| <u>Retirees</u> | <u>2004</u> | <u>2003</u> |
|---|-------------|-------------|
| Number of Retirees | 6,745 | 6,921 |
| Number of Surviving Spouses & Beneficiaries | 2,228 | 2,117 |
| Number Who Retired During the Fiscal Year | 132 | 86 |
| Average Age at Retirement | 58.6 | 57.75 |

| <u>Disability Related</u> | <u>2004</u> | <u>2003</u> |
|--|-------------|-------------|
| Number of Temporary Disability Claims | 1,017 | 904 |
| Number of Temporary Disability Claims per 1000 Employees | 128.5 | 114.6 |
| Number Paid Worker's Compensation Supplement | 214 | 167 |
| Number on PTD | 67 | 60 |

| <u>Death Benefit Related</u> | <u>2004</u> | <u>2003</u> |
|---|-------------|-------------|
| Number of Deaths | | |
| Active members | 31 | 16 |
| Retirees | 285 | 270 |
| Number Receiving Monthly Survivorship | 354 | 353 |
| Number of Family Allowances | 91 | 88 |
| Number of Children on Family Death Benefit Roll | 119 | 120 |



ACTUARIAL BALANCE SHEET

| <u>Assets</u> | <u>June 30, 2004</u> | <u>June 30, 2003</u> |
|---|----------------------|----------------------|
| Total Actuarial Value of Assets | \$6,251,421,125 | 6,128,375,723 |
| Present Value of Future Member's Contributions | 312,753,563 | 287,686,382 |
| Present Value of Future Department Contributions for a. Entry Age Normal Cost | 605,250,347 | 566,280,572 |
| b. Unfunded Actuarial Accrued Liability | 170,392,797 | (86,288,938) |
| Total Current and Future Assets | \$7,339,817,832 | 6,896,053,739 |

| <u>Liabilities</u> | <u>2004</u> | <u>2003</u> |
|---|-----------------|---------------|
| Present Value of Benefits Already Granted | \$3,546,778,348 | 3,503,126,411 |
| Present Value of Benefits to be Granted | 3,793,039,484 | 3,392,927,328 |
| Total Liabilities | \$7,339,817,832 | 6,896,053,739 |

RETIREMENT FUND PORTFOLIO INVESTMENTS
(Based on Market Value on June 30, 2004)

| | |
|----------------------------|---------------|
| Bonds | \$967,055,785 |
| Common Stock | 3,872,738,548 |
| Mortgage-Backed Securities | 216,208,065 |
| Short-Term Instruments | 876,826,520 |

RETIREMENT FUND PORTFOLIO PERFORMANCE
(For the Period Ending June 30, 2004)

| <u>Balanced Rates of Return</u> | <u>(%) Rate</u> | <u>Percentile Rank*</u> |
|---------------------------------|-----------------|-------------------------|
| 1 Year | 11.7 | 83 |
| 3 Year | 3.2 | 72 |
| 5 Year | 3.7 | 51 |
| <u>Fixed Rates of Return</u> | | |
| 1 Year | (0.1) | 79 |
| 3 Year | 7.0 | 38 |
| 5 Year | 7.3 | 29 |
| <u>Equity Rates of Return</u> | | |
| 1 Year | 20.7 | 56 |
| 3 Year | 1.4 | 46 |
| 5 Year | 1.8 | 46 |

* Benchmarked within the Trust Universe Comparison Service

* These figures include the Fair Market Value Net Appreciation of \$485,511,426 for 2004 and the Fair Market Value Net Depreciation of \$74,499,398 for 2003.