

DWP BOARD OF ADMINISTRATION
Retirement Board

Ex-Officio/Appointed Members



Ronald F. Deaton
General Manager



Forescee Hogan-Rowles
Commissioner



Ronald O. Vazquez
Chief Financial Officer



Michael T. Moore
Appointed
Retired Member

Elected Members



Javier Romero
President



Eugene K. Canzano
Vice-President



Cynthia M. Coffin

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



**SUMMARY
ANNUAL
REPORT

JUNE 30, 2006**

Retirement Plan Office
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Los Angeles, CA 90012

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(800) 367-7164
E-Mail: RETIRE@LADWP.COM
Website: RETIREMENT.LADWP.COM

To All DWP Retirement Plan Members:

The Summary Annual Report as of June 30, 2006 is submitted in conformity with Section III D (4) of the Retirement Plan. A complete financial report, audited by Macias Gini & O'Connell, LLP, CPAs, is posted on our website and is also available upon request.

The highlights for the fiscal year ended June 30, 2006 are as follows:

The Department's contributions to the Retirement Plan increased to 22.2% of pay from the previous 19.5% in accordance with the funding policy and recommendations under the most recent Actuarial Report.

During the second quarter of 2006, the Retirement Board (Board) selected two private equity managers and allocated \$60 million to fund the investments in this asset class. The Board is also expected to select real estate investment managers before the end of the 2006 calendar year.

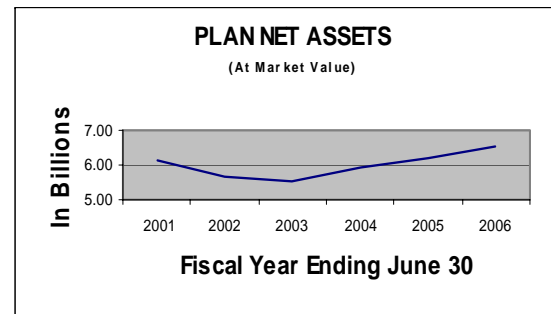
The Retirement Board and the Board of Water and Power Commissioners approved an amendment to the Plan to establish a Health Fund. This new fund (approximately \$500 million) will now be invested under the oversight of the Retirement Board. This change will provide a greater range of investment options and translate to a higher rate of return for the Health Fund.

The investment return on the Plan's retirement portfolio for year ended June 30, 2006 was 8.7% as compared to the policy benchmark of 8.6%.

The election of Employee Members to the Retirement Board was held in April 2006. Javier Romero (Water) and Eugene Canzano (Power) were re-elected and Cynthia Coffin (Services) was newly elected.

Javier Romero
President
Retirement Board

Sangeeta Bhatia
Retirement Plan Manager



RETIREMENT PLAN OFFICE STAFF

Sangeeta Bhatia
Retirement Plan Manager

Mark Blunk
Assistant Retirement Plan Manager

Monette Carranceja
Assistant Retirement Plan Manager

Lesley Kuo
Investment Officer

Manoj Desai
Chief Accountant

Ann Seales Dean
Disability & Death Benefits Supervisor

Anna Russo
Membership Supervisor

Irene Colon
Recording Secretary

Rhoda Lukjanic
Utility Administrator

Conney Williams
Retirement Seminar Coordinator

Christina Munoz
Management Analyst

Mark Rubin
Management Analyst

Kendrick Mah
Management Analyst

CONSULTING SERVICES
As Of June 30, 2006

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

AUDITOR **CUSTODIAL BANK**
Macias Gini & O'Connell Mellon Trust Bank of California

INVESTMENT MANAGERS
Merrill/BlackRock Asset Management
MFS Institutional Advisors Inc.
T. Rowe Price Trust Co.
Fred Alger Management Inc.
Intech (Enhanced Investment Technologies LLC)
Earnest Partners
Invesco Global Asset Management (N.A.) Inc.
The Boston Company
Pyramis Global Advisors Trust Co.
ING Investment Management
Wells Capital Management
Loomis Sayles & Company
Lexington Capital Partners
BNY Asset Management

STATEMENT OF CHANGES IN PLAN NET ASSETS

(Assets At Market Value)

	2006	2005
Retirement Fund		
Net Assets- Beginning of Year	\$6,182,214,890	5,961,400,238
Members' Contribution	41,324,895	38,855,089
Installment Payment From Early Retired Employees	4,897	1,167
Department Contribution Towards		
Benefits (Net of Reversions)	101,556,257	75,490,143
Administration	2,909,277	2,532,930
Total Contributions	\$145,795,326	116,879,329
Investment Income (Loss)*	531,143,285	431,731,659
(Less Investment Expenses)	(14,406,821)	(10,151,468)
Total Income & Appreciation	\$516,736,464	421,580,191
Total Additions	\$662,531,790	538,459,520
Retirement Benefits Paid	325,873,101	311,551,053
Refund of Members' Contribution	3,424,377	3,977,223
Administrative Expenses	2,209,669	2,116,592
Total Deductions	\$331,507,147	317,644,868
Other Additions	—	—
Net Increase	331,024,643	220,814,652
Net Assets - End of Year	\$6,513,239,533	6,182,214,890

	2006	2005
Disability Fund		
Members' Contribution	\$396,903	399,123
Department Contribution	5,108,165	5,072,813
Total Contributions	\$5,505,068	5,471,936
Benefits Paid		
Temporary Disability	8,577,782	7,298,197
Extended Disability	320,038	—
Permanent Total Disability	1,416,598	1,344,393
Supplemental Disability	605,622	1,039,157
Total Benefits Paid	\$10,920,040	9,681,747

	2006	2005
Death Benefit Fund		
Members' Contribution	\$286,604	286,757
Department Contribution	4,194,196	4,092,339
Total Contributions	\$4,480,800	4,379,096
Benefits Paid		
Death Benefit	\$7,375,665	7,030,791
Family Allowances	779,888	839,930
Total Benefits Paid	\$8,155,553	7,870,721

* Include Fair Market Value Net Appreciation of \$371,692,751 and \$305,200,361 for 2006 and 2005, respectively.

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

SUMMARY ANNUAL REPORT
JUNE 30, 2006

ANNUAL ACTIVITY

	2006	2005
Active Membership		
Number of Contributing Members	7,984	7,844
Number of Contracts to Purchase Service Credit	1,109	1,235
Number of New Members	604	398
Number of Withdrawals of Funds	48	49
Average Age	47.6	47.4
Average Years of Service	17.2	17.2
Retirees		
Number of Retirees	6,924	6,939
Number of Surviving Spouses & Beneficiaries	1,949	2,313
Number Who Retired During the Fiscal Year	249	225
Average Age at Retirement	59.22	58.08

	2006	2005
Disability Related		
Number of Temporary Disability Claims	1,114	973
Number of Temporary Disability Claims per 1000 Employees	139.5	124.0
Number Paid Worker's Compensation Supplement	110	260
Number on PTD	62	66

	2006	2005
Death Benefit Related		
Number of Deaths		
Active members	28	23
Retirees	288	292
Number Receiving Monthly Survivorship	335	348
Number of Family Allowances	85	85
Number of Children on Family Death Benefit Roll	113	109

ACTUARIAL BALANCE SHEET

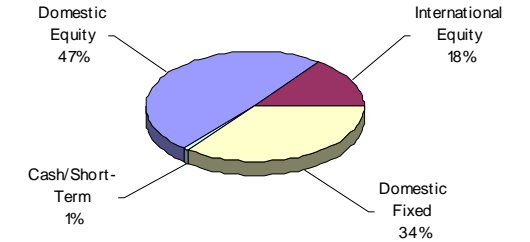
Assets	June 30, 2006	June 30, 2005
Total Actuarial Value of Assets	\$6,447,763,436	6,331,047,528
Present Value of Future Member's Contributions	341,318,095	329,801,671
Present Value of Future Department Contributions for		
a. Entry Age Normal Cost	637,898,303	625,309,148
b. Unfunded Actuarial Accrued Liability	598,807,805	432,032,311
Total Current and Future Assets	\$8,025,787,639	7,718,190,658
Liabilities		
Present Value of Benefits Already Granted	\$3,818,191,932	3,665,679,472
Present Value of Benefits to be Granted	4,207,595,707	4,052,511,186
Total Liabilities	\$8,025,787,639	7,718,190,658

RETIREMENT FUND PORTFOLIO PERFORMANCE
(Fiscal Year Ended June 30, 2006)

Asset Class vs. Benchmarks	1YR (%)	3YR (%)	5YR (%)
<i>Total Retirement Fund Benchmark</i>	8.7	9.4	5.1
	8.6	10.7	5.6
<i>Domestic Equity Russell 3000*</i>	9.1	12.7	4.3
	9.6	12.6	3.4
<i>Non-US Equity MSCI All Country World ex-US</i>	26.4	N/A	N/A
	28.4	N/A	N/A
<i>Fixed Income Lehman Universal**</i>	0.3	2.1	5.5
	-0.3	2.7	5.5
<i>Cash and Equivalents Citigroup T-Bill</i>	4.3	2.5	2.3
	3.9	2.3	2.2

* S&P 500
** Citigroup BIG

Retirement Fund Portfolio
Asset Class by Market Value
and Allocation
As of June 30, 2006



Segment	Actual \$ (millions)	Actual %
Domestic Equity	3,063.5	47%
International Equity	1,188.3	18%
Domestic Fixed	2,186.1	34%
Cash/Short-Term	67.6	1%
Total Portfolio*	6,506.7	100%

* Includes \$1.2 million in transition assets

RETIREMENT FUND PORTFOLIO ASSET CLASS BY MARKET VALUE AND ALLOCATION
(As of June 30, 2006)

Asset Class	Market Value (\$ Million)	Current Allocation* (%)	Target Allocation* (%)
Domestic Equity	3,063.5	47.0	40.0
Non-US Equity	1,188.3	18.0	15.0
Fixed Income	2,186.1	34.0	35.0
Alternative	0.0	0.0	5.0
Real Estate	0.0	0.0	4.0
Cash and Equivalents	67.6	1.0	1.0
Total Retirement Fund	6,506.7	100.0	100.0

* Portfolio is not currently invested in Alternative Investments or Real Estate. The cash allocated to those two asset classes has been invested in domestic equity until the asset classes are funded.