

**DWP BOARD OF ADMINISTRATION**  
Retirement Board

**Ex-Officio/Appointed Members**



**H. David Nahai**  
Chief Executive Officer  
& 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, 2007**

**Retirement Plan Office**  
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Los Angeles, CA 90012

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Website: [RETIREMENT.LADWP.COM](http://RETIREMENT.LADWP.COM)

**To All DWP Retirement Plan Members:**

The Summary Annual Report as of June 30, 2007 is submitted in conformity with Section III C (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, 2007 are as follows:

The Department's contributions to the Retirement Plan was reduced to 21.59% of pay from the previous 22.25% in accordance with the recommendations under the most recent Actuarial Report.

The investment returns (net of fees) were 16.5% for the Retirement Fund and 4.4% (partial year) for the Retirement Health Fund.

Market values were \$7.4 billion for the Retirement Fund and \$649 million for the Retirement Health Fund.

The pension portfolio is currently invested in diverse mandates with external investment managers.

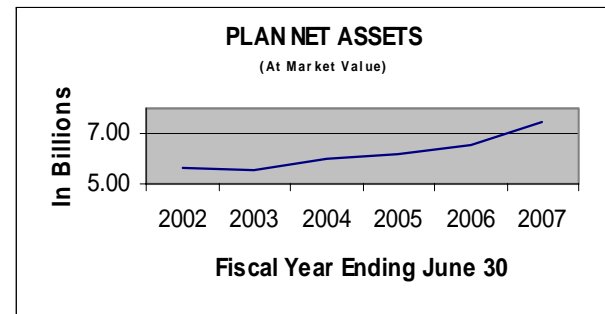
The health care portfolio was funded January 2007 and is currently invested in equity and fixed income investments.

A new asset liability study conducted recently has recommended changes to the current asset allocation structure for both the pension portfolio and the health care fund to increase diversification and investment returns. These changes will begin in the next fiscal year and will be implemented over the next four years.

The Retirement Board and Staff remain committed to providing efficient service and prudent oversight of the Pension Plan.

**Javier Romero**  
President  
Retirement Board

**Sangeeta Bhatia**  
Retirement Plan Manager



**RETIREMENT PLAN OFFICE STAFF**

**Sangeeta Bhatia**  
Retirement Plan Manager

**Monette Carranceja**  
Assistant Retirement Plan Manager

**Mary Higgins**  
Assistant Retirement Plan Manager

**Jeremy Wolfson**  
Senior Investment Officer

**Manoj Desai**  
Chief Accountant

**Ann Seales Dean**  
Disability & Death Benefits Supervisor

**Anna Russo**  
Membership Supervisor

**Julie Escudero**  
Recording Secretary

**Veronica Mendez**  
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, 2007

<b>ACTUARY</b> Buck Consultants	<b>INVESTMENT CONSULTANT</b> Pension Consulting Alliance
<b>AUDITOR</b> Macias Gini & O'Connell	<b>CUSTODIAL BANK</b> Mellon Trust Bank of California

**INVESTMENT MANAGERS**  
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  
Northpointe Capital  
Paradigm Asset Management Company  
Landmark Equity Partners  
Aetos Capital  
Pacific Alternative Asset Management Company (PAAMCO)  
Prudential Real Estate

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

**SUMMARY ANNUAL REPORT**  
**JUNE 30, 2007**

**STATEMENT OF CHANGES IN PLAN NET ASSETS**

(Assets At Market Value)

<u>Retirement Fund</u>	<b>2007</b>	<b>2006</b>
Net Assets- Beginning of Year	\$6,513,239,533	6,182,214,890
Members' Contribution	47,049,554	41,324,895
Installment Payment From Early Retired Employees	10,892	4,897
Department Contribution Towards Benefits (Net of Reversions)	129,154,539	101,556,257
Administration	3,549,724	2,909,277
Total Contributions	\$179,764,709	145,795,326
Total Investment Income <sup>1</sup> (Less Securities Lending Expenses)	1,110,353,674 (34,304,268)	556,807,761 (25,711,940)
(Less Investment Expenses)	(17,314,000)	(14,406,821)
Net Income & Appreciation	\$1,058,735,406	516,689,000
Other Income	10,784,251	47,464
Total Additions	\$1,249,284,366	662,531,790
Retirement Benefits Paid	338,340,501	325,873,101
Refund of Members' Contribution	3,546,079	3,424,377
Administrative Expenses	2,809,523	2,209,669
Total Deductions	\$344,696,103	331,507,147
Net Increase	904,588,263	331,024,643
Net Assets - End of Year	\$7,417,827,796	6,513,239,533

<u>Disability Fund</u>		
Members' Contribution	\$400,034	396,903
Department Contribution	8,395,013	5,108,165
Total Contributions	\$8,795,047	5,505,068

Benefits Paid		
Temporary Disability	9,201,313	8,577,782
Extended Disability	301,675	320,038
Permanent Total Disability	1,493,732	1,416,598
Supplemental Disability	829,409	605,622
Total Benefits Paid	\$11,826,129	10,920,040

<u>Death Benefit Fund</u>		
Members' Contribution	\$288,416	286,604
Department Contribution	4,337,386	4,194,196
Total Contributions	\$4,625,802	4,480,800

Benefits Paid		
Death Benefit	\$6,486,244	7,375,665
Family Allowances	773,630	779,888
Total Benefits Paid	\$7,259,874	8,155,553

<u>Retiree Health Benefits Fund</u>	(Date of Inception December 15, 2006)	
Department Contributions	\$642,129,299	N/A
Net Investment Income <sup>2</sup>	23,870,871	N/A
Total Additions	\$666,000,170	N/A
Retiree Health Benefits Paid	\$16,884,415	N/A

<sup>1</sup> Include Fair Market Value Net Appreciation of \$890,825,634 and \$371,692,751 for 2007 and 2006, respectively.  
<sup>2</sup> Includes appreciation of \$17,824,809 in Market Value.

**ANNUAL ACTIVITY**

<u>Active Membership</u>	<b>2007</b>	<b>2006</b>
Number of Contributing Members	8,103	7,984
Number of Contracts to Purchase Service Credit	1,086	1,109
Number of New Members	520	604
Number of Withdrawals of Funds	58	48
Average Age	47.89	47.6
Average Years of Service	17.57	17.2

<u>Retirees</u>		
Number of Retirees	6,924	6,924
Number of Surviving Spouses & Beneficiaries	1,868	1,949
Number Who Retired During the Fiscal Year	182	249
Average Age at Retirement	61.87	59.22

<u>Disability Related</u>		
Number of Temporary Disability Claims	1,092	1,114
Number of Temporary Disability Claims per 1000 Employees	134.8	139.5
Number Paid Worker's Compensation Supplement	165	110
Number on PTD	67	62

<u>Death Benefit Related</u>		
Number of Deaths		
Active members	25	28
Retirees	261	288
Number Receiving Monthly Survivorship	323	335
Number of Family Allowances	81	85
Number of Children on Family Death Benefit Roll	113	113

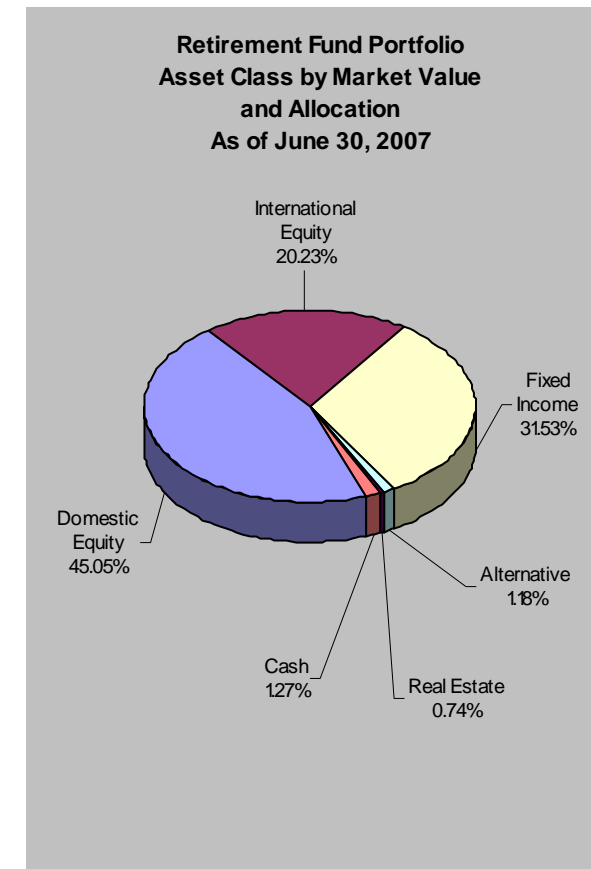
**ACTUARIAL BALANCE SHEET**

<u>Assets</u>	<b>July 1, 2007</b>	<b>July 1, 2006</b>
Total Actuarial Value of Assets	\$6,864,084,005	6,447,763,436
Present Value of Future Contributions by Members	337,873,462	341,318,095
Present Value of Future Department Contributions for		
a. Normal Cost	649,597,987	637,898,303
b. Unfunded Actuarial Accrued Liability	603,201,344	598,807,805
Total Current and Future Assets	\$8,454,756,798	8,025,787,639
<u>Liabilities</u>		
Present Value of Benefits Already Granted	\$3,948,241,152	3,818,191,932
Present Value of Benefits to be Granted	4,506,515,646	4,207,595,707
Total Liabilities	\$8,454,756,798	8,025,787,639

**RETIREMENT FUND PORTFOLIO PERFORMANCE**  
**(Fiscal Year Ended June 30, 2007)**

<u>Asset Class vs. Benchmarks</u>	<b>1YR (%)</b>	<b>3YR (%)</b>	<b>5YR (%)</b>
<i>Total Retirement Fund Benchmark</i>	16.7	10.9	9.3
<i>Domestic Equity Russell 3000</i>	20.6	12.7	10.9
<i>International Equity MSCI ACWI ex-US</i>	26.1	21.1	N/A
<i>Fixed Income Lehman Universal</i>	6.9	4.4	5.1
<i>Alternatives<sup>1</sup> Blended Benchmark<sup>1</sup></i>	N/A	N/A	N/A
<i>Hedge F of F<sup>2</sup> Tbill + 3%<sup>2</sup></i>	N/A	N/A	N/A
<i>Private Equity<sup>1</sup> Cambridge USPE<sup>1</sup></i>	N/A	N/A	N/A
<i>Real Estate<sup>1</sup> NCREIF<sup>1</sup></i>	N/A	N/A	N/A
<i>Cash Citigroup T-Bill</i>	5.4	4.0	2.9

<sup>1</sup> Returns are lagged one quarter.  
<sup>2</sup> Hedge Fund managers will complete their first complete quarter by 3Q 2007. Returns will be reported in 3Q 2007 and are lagged one quarter.



**RETIREMENT FUND PORTFOLIO ASSET CLASS BY MARKET VALUE AND ALLOCATION**  
**(As of June 30, 2007)**

<u>Asset Class</u>	<u>Market Value (\$ Million)</u>	<u>Current Allocation (%)</u>	<u>Target Allocation (%)</u>
Domestic Equity	3,337.2	45.05	40.00
International Equity	1,498.6	20.23	15.00
Fixed Income	2,335.6	31.53	35.00
Alternative	87.6	1.18	5.00
Real Estate	54.7	0.74	4.00
Cash	93.7	1.27	1.00
Total Retirement Fund <sup>1</sup>	7,407.4	100.00	100.00

<sup>1</sup> Includes \$6.0 million in transition assets.