

DWP BOARD OF ADMINISTRATION
Retirement Board

Ex-Officio/Appointed Members



H. David Nahai
Chief Executive Officer
& General Manager



Forescee Hogan-Rowles
Commissioner



Jeffery L. Peltola
Chief Financial Officer



Michael T. Moore
Appointed
Retired Member

Elected Members



Javier Romero
President



Cynthia M. Coffin
Vice-President



Barry Poole

Published 4/2010

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



**SUMMARY
ANNUAL
REPORT
JUNE 30, 2009**

Retirement Plan Office
111 N Hope St.—Room 357
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, 2009 is submitted in conformity with Section III C (4) of the legal provisions of the Retirement Plan. The complete financial report, audited by Simpson & Simpson, CPAs, as well as the Actuarial Report prepared by The Segal Company are posted on the Retirement Office website.

The highlights for the fiscal year ended June 30, 2009 are as follows:

The Department's contribution to the Retirement Plan increased to 26.12% of pay from the previous rate of 20.28% for fiscal year 2008 in accordance with the recommendation of the most recent Actuarial Report.

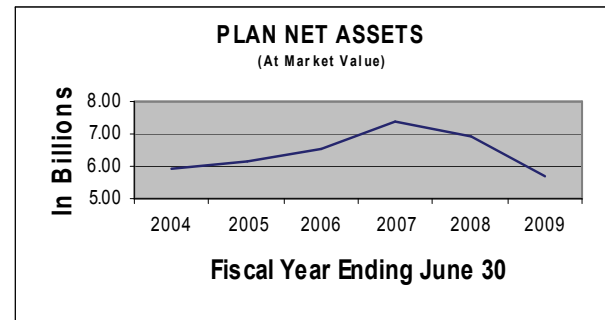
Despite the challenges faced as a result of the financial downturn, the Plan performed relatively well compared to its peers and the policy benchmark. The investment returns for the one-year period ending June 30, 2009 were -15.1% for the Retirement Fund and -11.0% for the Retiree Health Benefits Fund. Market values were \$5.7 billion for the Retirement Fund and \$740 million for the Retiree Health Benefits Fund.

The portfolios of the Retirement and Retiree Health Benefits Fund are professionally managed by external investment managers and are invested in diverse mandates such as equity, fixed income, alternatives investments, and cash which provides the necessary diversification. Revisions to the allocation of assets are undertaken after thorough study and determination of the impact on the Plan's long term objectives. The Plan utilizes the expertise of professionals who diligently review and monitor investment performance.

The Retirement Board and Staff remain committed to its mission of providing responsive and efficient service through responsible administration of the Plan and prudent management of its assets to ensure that members and their beneficiaries receive all benefits to which they are entitled.

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**
Chief Investment Officer
- Scott Vargas**
Senior Investment Officer
- Manoj Desai**
Chief Accountant
- Linda Le**
Retirement Supervisor
- Katrina Burns**
Membership Supervisor
- Julie Escudero**
Secretary
- Veronica Mendez**
Utility Administrator
- Terri Lopez**
Management Analyst
- Kendrick Mah**
Management Analyst
- Christina Munoz**
Management Analyst
- Mark Rubin**
Management Analyst
- Conney Williams**
Management Analyst

LEGAL COUNSEL

- City Attorney's Office
- Alan Manning
- Mary Jo Curwen
- Mike Wilkinson

SERVICE PROVIDERS

As of June 30, 2009

- | | |
|--|---|
| ACTUARY
The Segal Company | INVESTMENT MANAGERS
AETOS Capital, LLC
BlackRock |
| AUDITOR
Simpson & Simpson, CPAs | The Boston Company Asset Management, LLC
CB Richard Ellis Investors, LLC.
Earnest Partners, LLC |
| CUSTODIAN BANK
Bank of New York Mellon | Fisher Lynch Capital
Fred Alger Management, Inc.
HRJ |
| COUNSEL
Foster Pepper, PLLC
Nossaman, LLP
Klausner & Kaufman, P.A.
Morrison & Foerster, LLP | ING Investment Management
Intech Investment Management, LLC
Invesco Global Asset Management
JP Morgan Asset Management Co.
Landmark Partners
Lexington Partners
Loomis Sayles & Company
Mesa West Capital |
| PROXY SERVICE PROVIDER
Glass, Lewis & Co., LLC | MFS Investment Management
Oaktree Capital Management, LP
Pacific Alternative Asset Management Company
Paradigm Asset Management Company, LLC
Prudential Financial
Pyramis Global Advisors
T. Rowe Price
Wells Capital Management |

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

**SUMMARY ANNUAL REPORT
JUNE 30, 2009**

STATEMENT OF CHANGES IN PLAN NET ASSETS

(Assets At Market Value)

<u>Retirement Fund</u>	2009	2008
Net Assets- Beginning of Year	\$6,923,930,815	7,417,827,796
Members' Contribution	59,394,076	48,683,048
Installment Payment From Early Retired Employees	10,936	10,999
Department Contribution Towards Benefits (Net of Reversions)	145,941,275	141,862,126
Administration	4,088,598	4,195,096
Total Contributions	\$209,434,885	194,751,269
Total Investment Income (Loss) ¹	(1,044,781,514)	(281,531,566)
(Less Securities Lending Expenses)	(4,273,125)	(24,900,168)
(Less Investment Expenses)	(14,517,838)	(19,563,128)
Net Income & Appreciation	\$(1,063,572,477)	(325,994,862)
Other Income	52,545	155,264
Total Additions	\$(854,085,047)	(131,088,329)
Retirement Benefits Paid	363,691,635	353,178,785
Refund of Members' Contribution	3,951,906	6,232,954
Administrative Expenses	3,324,444	3,396,913
Total Deductions	\$370,967,985	362,808,652
Net Increase (Decrease)	(1,225,053,032)	(493,896,981)
Net Assets - End of Year	\$5,698,877,783	6,923,930,815

<u>Disability Fund</u>		
Members' Contribution	\$434,933	425,293
Department Contribution	14,825,892	14,224,413
Total Contributions	\$15,260,825	14,649,706

Benefits Paid		
Temporary Disability	8,297,701	8,854,767
Extended Disability	592,237	723,525
Permanent Total Disability	1,577,666	1,542,574
Supplemental Disability	1,332,925	1,105,279
Total Benefits Paid	\$11,800,529	12,226,145

<u>Death Benefit Fund</u>		
Members' Contribution	\$306,294	303,641
Department Contribution	5,325,662	4,605,207
Total Contributions	\$5,631,956	4,908,848

Benefits Paid		
Death Benefit	\$6,162,351	7,743,729
Family Allowances	713,086	793,878
Total Benefits Paid	\$6,875,437	8,537,607

<u>Retiree Health Benefits Fund</u>	(Date of Inception December 15, 2006)	
Department Contributions	\$159,819,136	157,611,125
Net Investment Income ²	(79,179,800)	(29,730,510)
Total Additions	\$80,639,336	127,880,615
Retiree Health Benefits Paid	\$59,412,621	57,359,628

¹ Includes Fair Market Value Net Depreciation of \$1,241,330,342 for 2009 and Depreciation of \$512,998,714 for 2008.

² Includes Fair Market Value Net Depreciation of \$95,502,822 for 2009 and Depreciation of \$43,393,018 for 2008.

ANNUAL ACTIVITY

<u>Active Membership</u>	2009	2008
Number of Contributing Members	9,047	8,492
Number of Contracts to Purchase Service Credit	1,096	1,091
Number of New Members	982	861
Number of Withdrawals of Funds	54	59
Average Age	47.8	47.8
Average Years of Service	16.8	17.4

<u>Retirees</u>		
Number of Retirees	6,770	6,855
Number of Surviving Spouses & Beneficiaries	1,834	1,881
Number Who Retired During the Fiscal Year	150	228
Average Age	73.0	72.7

<u>Disability Related</u>		
Number of Temporary Disability Claims	1,004	1,033
Number of Temporary Disability Claims per 1000 Employees	110.0	121.6
Number Paid Worker's Compensation Supplement	248	190
Number on PTD	65	71

<u>Death Benefit Related</u>		
Number of Deaths		
Active members	18	4
Retirees	247	336
Number Receiving Monthly Survivorship	315	311
Number of Family Allowances	72	77
Number of Children on Family Death Benefit Roll	95	103

ACTUARIAL BALANCE SHEET

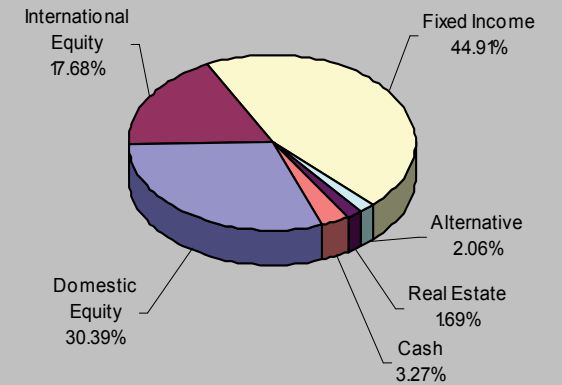
<u>Assets</u>	June 30, 2009	June 30, 2008
Total Actuarial Value of Assets	\$7,248,721,252	7,247,853,233
Present Value of Future Contributions by Members	437,346,867	379,230,772
Present Value of Future Department Contributions for		
a. Normal Cost	912,957,861	786,908,776
b. Unfunded Actuarial Accrued Liability	808,339,698	371,249,702
Total Current and Future Assets	\$9,407,365,678	8,785,242,483
<u>Liabilities</u>		
Present Value of Benefits Already Granted	\$4,093,375,132	4,025,238,520
Present Value of Benefits to be Granted	5,313,990,546	4,760,003,963
Total Liabilities	\$9,407,365,678	8,785,242,483

**RETIREMENT FUND
PORTFOLIO PERFORMANCE**
(Fiscal Year Ended June 30, 2009)

<u>Asset Class vs. Benchmarks</u>	1YR (%)	3YR (%)	5YR (%)
<i>Total Retirement Fund</i>	-15.1	-1.8	2.1
Policy Benchmark	-17.0	-1.9	2.3
<i>Domestic Equity</i>	-26.9	-7.5	-1.3
Russell 3000	-26.6	-8.3	-1.8
<i>International Equity</i>	-25.9	-5.5	N/A
MSCI ACWI ex-US IMI	-29.7	-5.0	N/A
<i>Fixed Income</i>	3.5	5.3	4.5
BC Universal	4.9	5.9	5.0
<i>Real Return¹</i>	-14.3	N/A	N/A
Tbill + 3% ¹	4.2	N/A	N/A
<i>Private Equity¹</i>	-28.9	N/A	N/A
Cambridge USPE/USVC ¹	-23.2	N/A	N/A
<i>Real Estate¹</i>	-25.5	N/A	N/A
NCREIF ¹	-14.7	N/A	N/A
<i>Cash</i>	1.0	3.5	3.4
Citigroup T-Bills	0.8	3.0	3.0

¹ Returns are lagged one quarter.

**Retirement Fund Portfolio
Asset Class by Allocation
As of June 30, 2009**



**RETIREMENT FUND PORTFOLIO
ASSET CLASS BY MARKET VALUE
AND ALLOCATION¹**
(As of June 30, 2009)

<u>Asset Class</u>	<u>Market Value (\$ Million)</u>	<u>Current Allocation (%)</u>	<u>Target Allocation (%)</u>
Domestic Equity	1,725.85	30.39	40.00
International Equity	1,004.21	17.68	24.00
Fixed Income	2,550.55	44.91	30.00
Alternative	116.84	2.06	3.00
Real Estate	95.70	1.69	2.00
Cash	185.92	3.27	1.00
Total Retirement Fund	5,679.07	100.00	100.00

¹ Source: The Bank of New York Mellon Corporation