

**DWP BOARD OF ADMINISTRATION**  
Retirement Board

**Ex-Officio/Appointed Members**



**Austin Beutner**  
General Manager  
Interim



**Lee Kanon Alpert**  
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 2/2011

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



**SUMMARY  
ANNUAL  
REPORT  
JUNE 30, 2010**

**Retirement Plan Office**  
**111 N Hope St.—Room 357**  
**Los Angeles, CA 90012**

**Phone: (213) 367-1712**  
**(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, 2010 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.

The highlights for the fiscal year ended **June 30, 2010** are as follows:

The Department's contribution to the Retirement Plan increased to 38.45% of pay from 26.12% for fiscal year 2009, in accordance with the recommendation of the Actuarial Valuation.

Investment returns were 12.2% for the Retirement Fund and 12.0% for the Retiree Health Benefits Fund. Market values were \$6.24 billion for the Retirement Fund and \$928 million for the Retiree Health Benefits Fund.

The portfolios of the Retirement Fund and Retiree Health Benefits Fund are professionally managed by external investment managers. The portfolios are invested in diverse asset classes such as equity, fixed income, alternatives, and cash which provides the necessary diversification to manage risks and achieve long-term investment goals. The Plan continues to follow a phased in approach to implement the asset allocation changes adopted by the Board in March 2009.

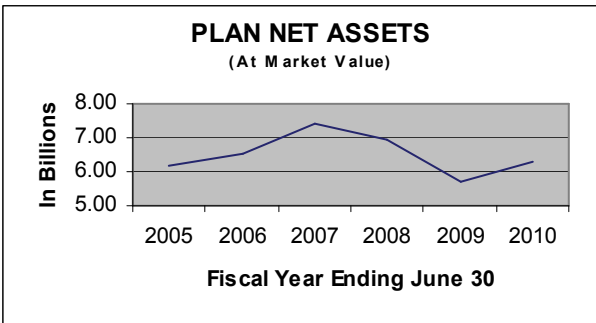
The Board conducts periodic asset liability and asset allocation studies to make informed decisions regarding any adjustments needed to the Plan's strategic investment plan.

The Retirement Board and Staff remain committed to the mission of providing responsive and efficient service through responsible administration of the Plan and prudent management of its assets.

Please visit our web-site at <http://retirement.ladwp.com/> for information on Board meetings, minutes and reports.

**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**  
Utility Administrator (Retirement)

**Yolanda Mendo**  
Retirement Supervisor

**Valerie Taylor-Ragler**  
Death & Disability Supervisor

**Katrina Burns**  
Membership Supervisor

**Julie Escudero**  
Utility Executive Secretary

**Veronica Mendez**  
Utility Administrator (Administration)

**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**  
**Marie McTeague**  
**James Napier**

**SERVICE PROVIDERS**

As of June 30, 2010

<b>ACTUARY</b> The Segal Company	<b>INVESTMENT MANAGERS</b> AETOS Capital, LLC BlackRock
<b>AUDITOR</b> Simpson & Simpson, CPAs	The Boston Company Asset Management, LLC CB Richard Ellis Investors, LLC.
<b>CUSTODIAN BANK</b> Bank of New York Mellon	Earnest Partners, LLC Fisher Lynch Capital Fred Alger Management, Inc. Frontier Capital Management
<b>COUNSEL</b> Ice Miller, LLP Foster Pepper, PLLC Nossaman, LLP Klausner & Kaufman, P.A. Morrison & Foerster, LLP	HRJ Invesco Global Asset Management JP Morgan Asset Management Co. Landmark Partners Lexington Partners Loomis Sayles & Company Mesa West Capital MFS Investment Management Oaktree Capital Management, LP Pacific Alternative Asset Management Company
<b>PROXY SERVICE PROVIDER</b> Glass, Lewis & Co., LLC	Prudential Financial Pyramis Global Advisors T. Rowe Price Wells Capital Management Western Asset Management Company
<b>INVESTMENT CONSULTANTS</b> Courtland Partners Pension Consulting Alliance, Inc.	
<b>SYSTEMS CONSULTANT</b> James Evans and Associates	

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

**SUMMARY ANNUAL REPORT**  
**JUNE 30, 2010**

**STATEMENT OF CHANGES IN PLAN NET ASSETS**

(Assets At Market Value)

<u>Retirement Fund</u>	<b>2010</b>	<b>2009</b>
Net Assets- Beginning of Year	\$5,698,877,783	6,923,930,815
Members' Contribution	71,240,553	59,394,076
Installment Payment From Early Retired Employees	5,500	10,936
Department Contribution Towards Benefits (Net of Reversions)	201,033,238	145,941,275
Administration	4,463,141	4,088,598
Total Contributions	\$276,742,432	209,434,885
Total Investment Income (Loss) <sup>1</sup>	690,798,191	(1,044,781,514)
(Less Securities Lending Expenses)	(119,364)	(4,273,125)
(Less Investment Expenses)	(17,063,405)	(14,517,838)
Net Income & Appreciation	\$673,615,422	(1,063,572,477)
Other Income	825,312	52,545
Total Additions	\$951,183,166	(854,085,047)
Retirement Benefits Paid	377,051,650	363,691,635
Refund of Members' Contribution	3,006,724	3,951,906
Administrative Expenses	3,727,206	3,324,444
Total Deductions	\$383,785,580	370,967,985
Net Increase (Decrease)	567,397,586	(1,225,053,032)
Net Assets - End of Year	\$6,266,275,369	5,698,877,783

<u>Disability Fund</u>		
Members' Contribution	\$461,292	434,933
Department Contribution	13,238,407	14,825,892
Total Contributions	\$13,699,699	15,260,825

<u>Benefits Paid</u>		
Temporary Disability	10,602,925	8,297,701
Extended Disability	344,847	592,237
Permanent Total Disability	1,671,993	1,577,666
Supplemental Disability	1,393,272	1,332,925
Total Benefits Paid	\$14,013,037	11,800,529

<u>Death Benefit Fund</u>		
Members' Contribution	\$320,462	306,294
Department Contribution	6,079,539	5,325,662
Total Contributions	\$6,400,001	5,631,956

<u>Benefits Paid</u>		
Death Benefit	\$6,588,967	6,162,351
Family Allowances	698,099	713,086
Total Benefits Paid	\$7,287,066	6,875,437

<u>Retiree Health Benefits Fund</u>		
<small>(Date of Inception December 15, 2006)</small>		
Department Contributions	\$160,739,954	159,819,136
Net Investment Income <sup>2</sup>	86,505,341	(79,179,800)
Total Additions	\$247,245,295	80,639,336
Retiree Health Benefits Paid	\$60,195,926	59,412,621

<sup>1</sup> Includes Fair Market Value Net Appreciation of \$509,797,037 for 2010 and Depreciation of \$1,241,330,342 for 2009.  
<sup>2</sup> Includes Fair Market Value Net Appreciation of \$65,720,968 for 2010 and Depreciation of \$95,502,822 for 2009.

**ANNUAL ACTIVITY**

<u>Active Membership</u>	<b>2010</b>	<b>2009</b>
Number of Contributing Members	9,468	9,047
Number of Contracts to Purchase Service Credit	1,159	1,096
Number of New Members	904	982
Number of Withdrawals of Funds	23	54
Average Age	48.0	47.8
Average Years of Service	17.6	16.8

<u>Retirees</u>		
Number of Retirees	6,838	6,770
Number of Surviving Spouses & Beneficiaries	1,821	1,834
Number Who Retired During the Fiscal Year	259	150
Average Age	73.2	73.0

<u>Disability Related</u>		
Number of Temporary Disability Claims	1,198	1,004
Number of Temporary Disability Claims per 1000 Employees	130.0	110.0
Number Paid Worker's Compensation Supplement	165	248
Number on PTD	67	65

<u>Death Benefit Related</u>		
Number of Deaths		
Active members	19	18
Retirees	269	247
Number Receiving Monthly Survivorship	299	315
Number of Family Allowances	74	72
Number of Children on Family Death Benefit Roll	99	95

**ACTUARIAL BALANCE SHEET**

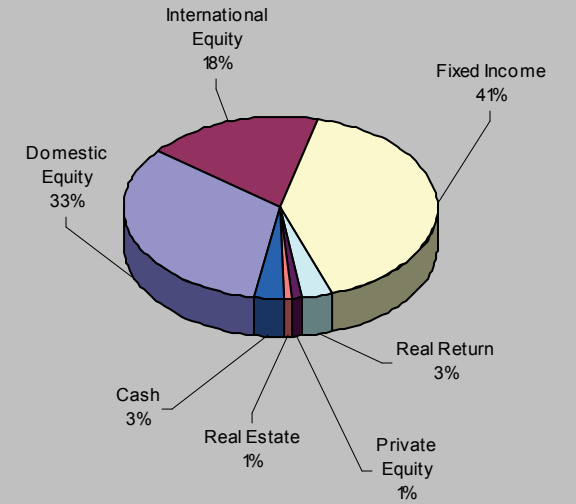
<u>Assets</u>	<b>June 30, 2010</b>	<b>June 30, 2009</b>
Total Actuarial Value of Assets	\$7,244,429,689	7,248,721,252
Present Value of Future Contributions by Members	516,624,069	437,346,867
Present Value of Future Department Contributions for a. Normal Cost	1,223,061,069	912,957,861
b. Unfunded Actuarial Accrued Liability	1,649,188,744	808,339,698
Total Current and Future Assets	\$10,633,303,571	9,407,365,678
<u>Liabilities</u>		
Present Value of Benefits Already Granted	\$4,375,920,216	4,093,375,132
Present Value of Benefits to be Granted	6,257,383,355	5,313,990,546
Total Liabilities	\$10,633,303,571	9,407,365,678

**RETIREMENT FUND PORTFOLIO PERFORMANCE**  
**(Fiscal Year Ended June 30, 2010)**

<u>Asset Class vs. Benchmarks</u>	<b>1YR (%)</b>	<b>3YR (%)</b>	<b>5YR (%)</b>
<i>Total Retirement Fund</i>	12.2	-3.0	3.0
Policy Benchmark	11.9	-3.3	2.7
<i>Domestic Equity</i>	14.5	-9.1	-0.3
Russell 3000 (Blend)	15.7	-9.5	-0.5
<i>International Equity</i>	9.8	-9.7	3.3
MSCI ACWI ex-US IMI (Blend)	11.9	-10.1	4.1
<i>Fixed Income</i>	13.6	7.5	5.9
BC Universal	9.5	7.6	5.5
<i>Real Return<sup>1</sup></i>	18.2	2.3	N/A
Tbill + 3% <sup>1</sup>	3.1	4.9	N/A
<i>Private Equity<sup>1</sup></i>	22.2	1.5	N/A
Cambridge USPE/USVC <sup>1</sup>	19.8	1.1	N/A
<i>Real Estate<sup>1</sup></i>	-19.4	-11.8	N/A
NCREIF <sup>1</sup>	-9.6	-4.3	N/A
<i>Cash</i>	0.5	1.9	3.1
Citigroup T-Bills	0.1	1.4	2.6

<sup>1</sup> Returns are lagged one quarter.

**Retirement Fund Portfolio**  
**Asset Class by Allocation**  
**As of June 30, 2010**



**RETIREMENT FUND PORTFOLIO**  
**ASSET CLASS BY MARKET VALUE**  
**AND ALLOCATION<sup>1</sup>**  
**(As of June 30, 2010)**

<u>Asset Class</u>	<u>Market Value (\$ Million)</u>	<u>Current Allocation (%)</u>	<u>Target Allocation (%)</u>
Domestic Equity	1,988	33	33
International Equity	1,073	18	17
Fixed Income	2,646	41	40
Real Return	197	3	3
Private Equity	65	1	2
Real Estate	90	1	3
Cash	180	3	2
<b>Total Retirement Fund</b>	<b>6,239</b>	<b>100</b>	<b>100</b>

<sup>1</sup> Source: The Bank of New York Mellon Corporation