

RETIREMENT PLAN OFFICE STAFF

Sangeeta Bhatia
Retirement Plan Manager

Vacant
Assistant Retirement Plan Manager

Vacant
Assistant Retirement Plan Manager

Lesley Kuo
Investment Officer

June Kim
Investment Officer

Manoj Desai
Chief Accountant

Conney Williams
Acting Disability & Death Benefits Supervisor
Retirement Seminar Coordinator

Mark Rubin
Retirement Supervisor

Anna Russo
Membership Supervisor

Irene Colon
Recording Secretary

Christina Munoz
Management Analyst

Kendrick Mah
Administrative Assistant

CONSULTING SERVICES

As Of June 30, 2005

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

AUDITOR **CUSTODIAL BANK**
Simpson & Simpson Mellon Trust Bank of California

INVESTMENT MANAGERS

The Boston Company
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.
T. Rowe Price Trust Co.
Loomis Sayles & Company
Wells Capital Management
ING Investment Management
BNY Asset Management
Fidelity Management Trust Company
Earnest Partners

Published 5/2006

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



Lilly Calvache
Vice-President



Eugene K. Canzano

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



**SUMMARY
ANNUAL
REPORT**

JUNE 30, 2005

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To All DWP Retirement Plan Members:

The Summary Annual Report as of June 30, 2005 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, 2005 are as follows:

The Department of Water and Power, the Plan sponsor, contributions to the Minimum Pension Cost increased by approximately by 4.64% over the previous year in accordance with the funding policy and recommendations under the most recent Actuarial Report.

During the first quarter of 2005, the Retirement Plan completed the transition of funds to mandates such as high yield fixed income, international, and emerging markets. The pension portfolio is now managed under the full discretion investment strategy by sixteen investment managers.

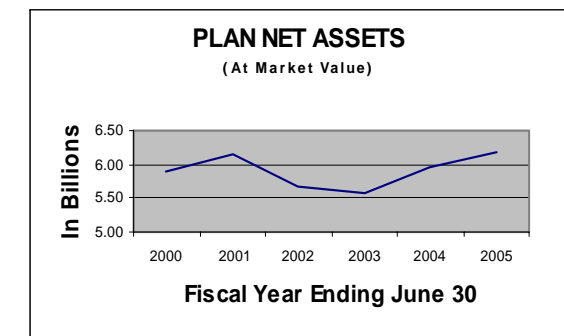
The Board adopted policies for the Real Estate and Alternative Asset classes. The target investment in these classes has not been funded yet.

The investment return on the Plan's retirement portfolio for the year ended June 30, 2005, was 7.5% as compared to the policy benchmark of 9.3%.

The Retirement Board conducted a RFP process and selected Macias Gini, Godsey as the Plan's new external auditors effective July 1, 2005.

Javier Romero
President
Retirement Board

Sangeeta Bhatia
Retirement Plan Manager



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

SUMMARY ANNUAL REPORT
JUNE 30, 2005

STATEMENT OF CHANGES IN PLAN NET ASSETS

(Assets At Market Value)

<u>Retirement Fund</u>	2005	2004
Net Assets- Beginning of Year	\$5,961,400,238	5,558,765,969
Members' Contribution	38,855,089	38,045,999
Installment Payment From Early Retired Employees	1,167	3,901
Department Contribution Towards Benefits (Net of Reversions)	75,490,143	55,804,924
Administration	2,532,930	2,448,392
Total Contributions	\$116,879,329	96,303,216
Investment Income (Loss)*	431,731,659	615,822,806
(Less Investment Expenses)	(10,151,468)	(1,508,800)
Total Income & Appreciation	\$421,580,191	614,314,006
Total Additions	\$538,459,520	710,617,222
Retirement Benefits Paid	311,551,053	302,063,849
Refund of Members' Contribution	3,977,223	3,585,343
Administrative Expenses	2,116,592	2,333,761
Total Deductions	\$317,644,868	307,982,953
Other Additions	—	—
Net Increase	220,814,652	402,634,269
Net Assets - End of Year	\$6,182,214,890	5,961,400,238

<u>Disability Fund</u>	2005	2004
Members' Contribution	\$399,123	397,308
Department Contribution	5,072,813	4,764,751
Total Contributions	\$5,471,936	5,162,059

<u>Benefits Paid</u>	2005	2004
Temporary Disability	7,298,197	6,210,253
Permanent Total Disability	1,344,393	1,235,285
Supplemental Disability	1,039,157	970,372
Total Benefits Paid	\$9,681,747	8,415,910

<u>Death Benefit Fund</u>	2005	2004
Members' Contribution	\$286,757	283,161
Department Contribution	4,092,339	3,877,154
Total Contributions	\$4,379,096	4,160,315

<u>Benefits Paid</u>	2005	2004
Death Benefit	\$7,030,791	7,503,037
Family Allowances	839,930	838,748
Total Benefits Paid	\$7,870,721	8,341,785

* Include Fair Market Value Net Appreciation of \$305,200,361 and \$485,511,426 for 2005 and 2004, respectively.

ANNUAL ACTIVITY

<u>Active Membership</u>	2005	2004
Number of Contributing Members	7,844	7,912
Number of Contracts to Purchase Service Credit	1,235	1,281
Number of New Members	398	466
Number of Withdrawals of Funds	49	60
Average Age	47.4	46.9
Average Years of Service	17.2	16.8

<u>Retirees</u>	2005	2004
Number of Retirees	6,939	6,745
Number of Surviving Spouses & Beneficiaries	1,971	2,228
Number Who Retired During the Fiscal Year	225	132
Average Age at Retirement	58.08	58.60

<u>Disability Related</u>	2005	2004
Number of Temporary Disability Claims	973	1,017
Number of Temporary Disability Claims per 1000 Employees	124.0	128.5
Number Paid Worker's Compensation Supplement	260	214
Number on PTD	66	67

<u>Death Benefit Related</u>	2005	2004
Number of Deaths		
Active members	23	31
Retirees	292	285
Number Receiving Monthly Survivorship	348	354
Number of Family Allowances	85	91
Number of Children on Family Death Benefit Roll	109	119

ACTUARIAL BALANCE SHEET

<u>Assets</u>	June 30, 2005	June 30, 2004
Total Actuarial Value of Assets	\$6,331,047,528	6,251,421,125
Present Value of Future Member's Contributions	329,801,671	312,753,563
Present Value of Future Department Contributions for a. Entry Age Normal Cost	625,309,148	605,250,347
b. Unfunded Actuarial Accrued Liability	432,032,311	170,392,797
Total Current and Future Assets	\$7,718,190,658	7,339,817,832

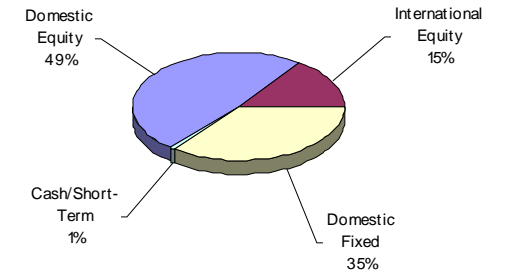
<u>Liabilities</u>	2005	2004
Present Value of Benefits Already Granted	\$3,665,679,472	3,546,778,348
Present Value of Benefits to be Granted	4,052,511,186	3,793,039,484
Total Liabilities	\$7,718,190,658	7,339,817,832

RETIREMENT FUND PORTFOLIO PERFORMANCE
(Fiscal Year Ended June 30, 2005)

<u>Asset Class vs. Benchmarks</u>	1YR (%)	3YR (%)	5YR (%)
<i>Total Retirement Fund Benchmark</i>	7.5	7.2	5.1
	9.3	9.6	2.7
<i>Domestic Equity Russell 3000*</i>	8.8	8.5	4.0
	8.1	9.5	-1.7
<i>Non-US Equity MSCI All Country World ex-US</i>	10.2	N/A	N/A
	16.1	N/A	N/A
<i>Fixed Income Lehman Universal**</i>	6.3	6.2	7.6
	7.4	6.4	7.8
<i>Cash and Equivalents Citigroup T-Bill</i>	2.3	1.6	2.0
	2.0	1.5	2.5

* S&P 500 through 3/31/2003
** Citigroup BIG through 3/31/2003

Retirement Fund Portfolio
Asset Class by Market Value
and Allocation
As of June 30, 2005



<u>Segment</u>	<u>Actual \$ (millions)</u>	<u>Actual %</u>
Domestic Equity	3,013.0	49%
International Equity	939.9	15%
Domestic Fixed	2,179.9	35%
Cash/Short-Term	47.9	1%
Total Portfolio	6,180.7	100%

RETIREMENT FUND PORTFOLIO ASSET CLASS BY MARKET VALUE AND ALLOCATION
(As of June 30, 2005)

<u>Asset Class</u>	<u>Market Value (\$ Million)</u>	<u>Current Allocation* (%)</u>	<u>Target Allocation* (%)</u>
Domestic Equity	3,013.0	48.7	40.0
Non-US Equity	939.9	15.2	15.0
Fixed Income	2,179.9	35.3	35.0
Alternative	0.0	0.0	5.0
Real Estate	0.0	0.0	4.0
Cash and Equivalents	47.9	0.8	1.0
Total Retirement Fund	6,180.7	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.