



Proposed FY 2026 Budget

Proposed FY 2026 Budget Summary

(Fiscal year starting October 1)

Dr. Unique Morris-Hughes, Chair, Board of Directors

David L. Gadis, Chief Executive Officer and General Manager

Matthew T. Brown, Chief Financial Officer and Executive Vice President, Finance, Procurement, and Compliance

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY



Healthy, Safe and Well • Reliable • Resilient • Equitable • Sustainable

Potomac River Tunnel Groundbreaking Ceremony – May 21, 2024





VISION, MISSION & VALUES

VISION

We will be known for superior service, ingenuity and stewardship to advance the health and well-being of our diverse workforce and communities.

MISSION

Exceed expectations by providing high quality water services in a safe, environmentally friendly, and efficient manner.

VALUES

At DC Water, our values guide our actions, behaviors and decision making.

Accountability: We conduct ourselves in a manner that surpasses ordinary standards and take responsibility for our actions and their collective outcomes to our workplace, community and environment at all times.

Trust: We strive to achieve the highest standards of professionalism and ethical behavior by always seeking to be open, honest, fair and respectful.

Teamwork: We approach all we do in a collaborative way, delivering superior service and outcomes through enthusiasm, helpfulness, positivity, skills, knowledge and a collective commitment to excellence.

Customer Focus: We see every engagement with our customers as an opportunity to deliver an exceptional customer experience that improves customer satisfaction and the overall perception of DC Water among the communities we serve.

Safety: We are uncompromising in our commitment to the health and safety of our employees, customers, and community. We require individual accountability, expecting all employees to strictly adhere to our safety standards, and actively participate in and support the advancement of our safety practices.

Well-being: We recognize DC Water's number one resource is our people. We are committed to seeing that our team thrives physically, mentally and emotionally by endeavoring to create a culture that increases awareness, inspires individual responsibility, promotes healthy choices and encourages work/ life balance.

STRATEGIC PLAN – BLUEPRINT 2.0

The Blueprint guides DC Water in setting priorities, focusing energy and resources, and strengthening operations. The strategic plan adopted by the Board on October 4, 2018 ensures employees and stakeholders are working towards common goals and aiming to accomplish the vision of DC Water.

“Blueprint 2.0 will accentuate our standing in the water and wastewater industry, ensure we continue to deliver unparalleled water services to our community and position the organization to address the needs of the future.”

David L. Gadis, CEO

ORGANIZATIONAL IMPERATIVES

Blueprint 2.0 sets out five Organizational Imperatives, which are defined outcomes essential to achieving our strategic ambition over the next five years and beyond. The Imperatives have been developed through engagement with a cross section of key stakeholders and are used to frame our strategy and address our upcoming challenges.



Healthy, Safe and Well: Water is the life source of our community, and the essential services we provide at DC Water must be world-class. Our fundamental priority has to be ensuring DC Water is safe for all – for our customers, our communities, our employees and our contractors.



Reliable: A high performing network of systems and assets is critical to reliability, using real-time monitoring to inform better decision making. Our aim is to continue to deliver an excellent service for customers and ensure we minimize service disruption. This is enabled by ensuring we adopt an integrated and enterprise-wide approach in order to deliver services efficiently.



Resilient: In order to adapt to shocks and stresses to our system, we must secure assets through proactive maintenance and value-driven asset management.



Sustainable: Sustainability is about balancing the economic and social value we create with the environmental impact of doing so. Ensuring that we make efficient use of economic resources through operating efficiency and resource recovery and reuse is key.



Equitable: DC Water’s desire to be an equitable organization touches on all parts of the Authority, starting with the decisions we make around infrastructure. Carefully considered infrastructure projects have the ability to greatly empower vulnerable communities and ensure that work happens in the areas where the negative impact of not doing it may be most felt.

BOARD OF DIRECTORS

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Jonathan Butler, Prince George's County, MD

Andrea Crooms, Prince George's County, MD

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Marc K. Battle, Esq., Chief Legal Officer and Executive Vice President, Legal Affairs

Matthew T. Brown, Chief Financial Officer and Executive Vice President, Finance, Procurement and Compliance

Wayne Griffith, Chief Administration Officer and Executive Vice President

Keith J. Lindsey, Chief of Staff and Acting Chief People Officer & Executive Vice President

Jeffrey F. Thompson, Chief Operating Officer and Executive Vice President

Kirsten Williams, Chief Communications & Stakeholders Engagement Officer and Executive Vice President

Vacant, Chief People Officer and Executive Vice President, People and Talent

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Kendrick St. Louis, Vice President, Sewer and Pumping Operations

Moussa Wone, Vice President, Clean Rivers

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William Elledge, Director, Engineering and Technical Services

Paul Guttridge, Director, CIP Infrastructure Management

Elkin Hernandez, Director, Maintenance Services

Shawna Martinelli, Director, Operations & Process Engineering

Ogechi Okpechi, Director, Permit Operations

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Ryu Suzuki, Director, Wastewater Engineering

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Emanuel Briggs, Director, Community Affairs

Tamara Stevenson, Director, Marketing and Production

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Kelly Fisher, Director and Associate General Counsel

Barbara Mitchell, Director and Associate General Counsel

Vacant, Director and Associate General Counsel

Vacant, Director, Government Affairs

ACKNOWLEDGEMENTS

The Office of the Chief Financial Officer would like to extend our appreciation to the Senior Executive Team and Senior Management Staff for their strategic guidance, leadership, and partnership.

In addition, we would like to acknowledge the following staff members from the departments of Finance, Capital Improvement Program Infrastructure Management and the Office of Marketing & Communications for their hard work and dedication geared towards the publication of this document.

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Budget Overview



Blue Plains

Message from the CEO & General Manager

DC Water Board of Directors,

I am pleased to submit the Fiscal Year 2026 budget for your review, recommendation and approval. This budget has been developed to align with the strategic goals in our Blueprint 2.0 and ensure efficient allocation of resources while addressing key priorities. This proposed budget not only represents our financial goals. It also reflects our ongoing commitment to providing reliable, sustainable, and safe water services to our community while focusing on operational efficiency, cost optimization and continued investment in critical initiatives that leverage technology and drive growth and innovation.

The Proposed FY 2026 operating budget is \$838.1 million, and the ten-year Capital Improvement Program (CIP) is \$9.62 billion. The Proposed FY 2026 operating revenue requirement is \$1.01 billion and supported by the Board-adopted retail rates and fees, and changes in Wholesale and other revenues. The increase in revenue is because of higher projected water consumption as the local economy continues to reopen and the fire protection fee based on the cost-of-service study.

The Proposed ten-year CIP budget prioritizes investments to maintain our infrastructure, ensuring continued reliability and resilience in our water delivery systems. The CIP includes \$4.1 billion to continue investments in Water & Sewer Infrastructure and fully rehabilitate the Potomac Inceptor. The budget allocates \$1.1 billion to complete the consent decree Clean Rivers Project by 2030 and \$1.1 billion for the Lead-Free DC program to remove lead from drinking water in the District. Additionally, the CIP includes \$1.3 billion to rehabilitate and upgrade various equipment at the Blue Plains Advanced Wastewater Treatment facility, the Washington Aqueduct and other non-process facilities.

A key challenge we continue to face is our aging water and sewer infrastructure, which are some of the oldest in the United States. As many of our critical assets reach the end of their useful lives, it becomes paramount that we do more. During 2025, we plan to continue condition assessments, evaluate customer affordability, work to identify additional funding sources and incorporate feedback from our Board to lay the groundwork for the next budget cycle.

In line with our commitment to fiscal responsibility and being astute environmental stewards, we took a strategic approach by implementing zero-based budgeting principles. Every expenditure has been carefully re-evaluated and justified based on need. This rigorous approach resulted in a reduction of our operating and maintenance (O&M) budget by one percent compared to our Financial Plan.

As part of this year's budget process, we have made the difficult decision to eliminate vacant positions within the Authority. Approximately 25 percent of our existing 182 vacant positions have been proposed for elimination, saving our customers \$5.7 million. While these changes are necessary to optimize our operations, they will not compromise our ability to provide exceptional service to our customers. We also focused on reducing contractual spending where possible and shifting resources towards areas mostly impacted by the rising cost of inflation and those that directly support our core objectives. This resulted in a cap on our contractual services budget at the FY 2025 level. By making these smart, strategic decisions, we are positioning our water utility for continued success while delivering value to the customers and communities we serve. These efforts demonstrate our commitment to making the best use of every dollar spent.

I want to thank each and every one of DC Water's staff and our Board of Directors for their continued hard work, dedication, and commitment to excellence. Each of us play an essential role in helping the Authority to achieve our goals, and together, we will continue to provide the highest quality of service to our customers, while building a sustainable future for our utility.

I look forward to reviewing the Proposed FY 2026 budgets with the Board through the various Board Committees and other stakeholders in the upcoming months with a plan for budget adoption by the full Board in March 2025.

Sincerely,
David L. Gadis
CEO & General Manager
DC Water

History & Service Area

History: In 1996, the District of Columbia Water and Sewer Authority was created by District law, with the approval of the United States Congress, as an independent authority of the District government with a separate legal existence. In June 2010, the agency adopted a new logo and brand name, DC Water, while its official name remained District of Columbia Water and Sewer Authority. Beginning in FY 2013, for accounting purposes, DC Water was no longer reported as a component unit of the District government.

Age of Pipes: The median age of District water main pipes is over 80 years old, with approximately 9 percent of pipes installed in the 1900's and 2 percent dating back to the 1860s before the Civil War.

Service Area: Providing approximately 700,000 residents and 25.95 million annual visitors in the District of Columbia with retail water and wastewater (sewer) service, DC Water has a total service area of approximately 725 square miles. The Blue Plains Advanced Wastewater Treatment Plant (BPAWWTP) is located at the southernmost tip of the district. DC Water treats wastewater for approximately 1.8 million people in neighboring jurisdictions, including Montgomery and Prince George's Counties in Maryland and Fairfax and Loudoun Counties in Virginia.



Drinking Water Quality: With a strong emphasis on water quality, DC Water maintains an annual flushing program, regulatory and voluntary water quality testing, and ongoing system upgrades. In partnership with the U.S. Army Corps of Engineers' Washington Aqueduct, DC Water ensures a high-quality treatment process for delivering outstanding drinking water throughout the year. DC Water purchases water produced by the Aqueduct and distributes to its customers in the District of Columbia.

FACTS AT A GLANCE

Governance



- DC Water's Board of Directors is composed of 22 members (11 principals and 11 alternates) representing the District, Montgomery and Prince George's Counties in Maryland and Fairfax County in Virginia
- The District members set rates, charges and policies for District services. The entire Board votes and establishes policies for joint-use services
- The Chief Executive Officer and General Manager reports to the Board and manages operations and performance of the enterprise
- The members of the Board of Directors also serve on various Sub Committees: DC Retail Water & Sewer Rate; Environmental Quality and Operations; Finance and Budget; Governance; Human Resources and Labor Relations; Audit and Risk; and Strategic Planning

Employees



- Approximately 1,100 people are employed by DC Water
- DC Water Employees (Team Blue) work at various facilities across the District of Columbia to provide vital services to our customers

Pumped and Treated Water Storage



- An average of more than 94 million gallons of water pumped per day during FY 2024
- Storage of approximately 60 million gallons of treated water at its eight facilities (reservoirs and tanks)
- Additional 49 million gallons of water stored by the Washington Aqueduct, which treats drinking water

Water Distribution System



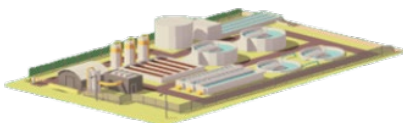
- 1,300 miles of interconnected pipes, four pumping stations, four reservoirs
- Four elevated water tanks, about 43,860 valves and 9,510 fire hydrants

Sewer System



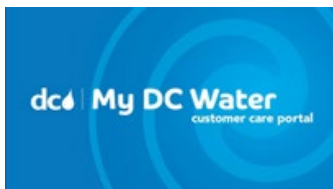
- 2,000 miles of combined, separate, and stormwater sewers
- 50,000 manholes and 25,000 catch basins
- 16 stormwater pumping stations and 9 offsite wastewater pumping stations

Blue Plains Advanced Wastewater Treatment Plant



- Largest advanced wastewater treatment facility in the world, covering more than 150 acres along the Potomac River
- Blue Plains currently treats an annual average flow of approximately 320 million gallons per day (MGD) and has a design capacity of 384 MGD, with a peak design capacity during wet weather/high flow events to treat approximately 800 million gallons per day

Customer Service



- Customer communications through bill inserts, monthly newsletters, its website, and social media, including Facebook, YouTube, Flickr, X (Twitter), and Instagram
- 24-hour Emergency Command Center is the centralized communication facility for receiving and responding to emergency calls from customers and the public
- Robust customer assistance programs to help thousands of residents with a reduction in their monthly bills and/or a one-time payment.
- Additional information available at <https://www.dewater.com/customer-center/financial-assistance/customer-assistance>

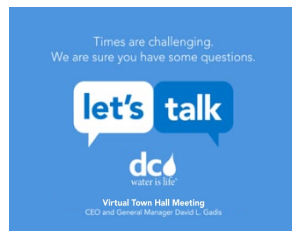
FACTS AT A GLANCE

Community Service



- DC Water donates its time and resources to participate in events that align with its mission, fostering engagement with residents about key projects and services
- Employees contribute by supporting various charitable initiatives and community service efforts
- The Authority invests in community development through activities such as conducting science laboratory exercises in District high schools and hosting public tours of the Blue Plains Advanced Wastewater Treatment Plant

Community Outreach



- DC Water hosts and attends hundreds of public events across the city, providing information and meeting customers where they are, whether in person or virtually
- Expands outreach to new community events, including the Capital Pride Block Party, Broccoli City Festival, World Rivers Day Celebration, and other events coordinated in partnership with the Office of Mayor Muriel Bowser, Council members, District government agencies, as well as faith and community-based organizations
- Continues to deliver transparency and various activities across every Ward in the District through educational outreach, tours, and events

Financial Performance



- Strong bond ratings allow DC Water to have a lower borrowing cost which in turn reduces ratepayer cost in the long run.
- Maintained senior bond ratings of AAA/Aa1/AA+ from S&P/Moody's/ Fitch's Ratings
- Maintained a GB1 rating for green bonds, Moody's highest possible green bond assessment
- Received its 27th consecutive unqualified audit opinion of its financial statements
- Achieved the Government Finance Officers Association (GFOA) Triple Crown: Certificate of Excellence in Budget, Financial Reporting, and Popular Financial Reporting
- Received its 25th consecutive Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA)



SUMMARY OF BUDGETS, RATES AND FEES

Description	Unit of Measure	FY 2025 Revised	FY 2026 Proposed	Change Increase (+) / Decrease (-)
BUDGETS				
Total Operating Expenditure	\$ in thousands	\$788,241	\$838,133	+ \$49,892
Total Capital Disbursements	\$ in thousands	\$717,745	\$913,396	+ \$195,651
Ten-Year CIP (Cash Disbursement)	\$ in billions	\$7.74	\$9.62	+ \$1.88
Total Operating Revenue	\$ in thousands	\$951,863	\$1,011,385	+ \$59,522
Wholesale Operating Revenues	\$ in thousands	\$114,248	\$122,612	+ \$8,364
RATES & FEES				
Residential 0-4 Ccf (Lifeline) ²	Ccf	\$5.21	\$5.78	+ \$0.57
Residential - > 4 Ccf ²	Ccf	\$6.81	\$7.60	+ \$0.79
Multi-family / DC Housing ²	Ccf	\$5.82	\$6.47	+ \$0.65
Non-Residential	Ccf	\$7.03	\$7.84	+ \$0.81
DC Water Retail Rates – Sewer	Ccf	\$12.07	\$12.52	+ \$0.45
DC Water Clean Rivers IAC	ERU per month	\$21.23	\$24.23	+ \$3.00
DC Water Customer Metering Fee	5/8"	\$7.75	\$7.75	no change
Water System Replacement Fee ¹	5/8"	\$6.30	\$6.30	no change
PILOT Fee	Ccf	\$0.61	\$0.62	+ \$0.01
Right of Way Fee	Ccf	\$0.19	\$0.20	+ \$0.01
Stormwater Fee	ERU	\$2.67	\$2.67	no change

Ccf – hundred cubic feet or 748 gallons

(1) DC WATER WSRF of \$6.30 effective October 1, 2015.

(2) Proposed Class-Based rates

Annual Budget Process

DC Water's budget is the fiscal roadmap that allocates and aligns spending plan with the imperatives and goals of the strategic plan. The rigorous budget process balances the level of infrastructure investments and operational requirements with customer rates and total revenue expectations. The budget is prepared through a collaborative and decentralized process, guided by its strategic plan (Blueprint 2.0). The plan includes five interconnected imperatives and lays out defined outcomes essential to achieving the strategic goals over the next five years and beyond. Detailed information about the strategic plan is available online at www.dewater.com/strategic-plan.

As a first step in the budget development process, the organizational priorities are established under the guidance of the Board and Senior Executive Team and linked to the strategic plan. The budget process encourages ideas to be brought forward by all departments with detailed workplans that incorporate the imperatives, goals and workstreams of Blueprint 2.0. The strategic plan serves as the primary lens through which budget requests are evaluated against established prioritization criteria and final budget decisions are made. DC Water's ten-year financial plan is then updated to reflect any revisions to the capital improvement program and any other major revenue or operating budget issues, and potential impact of these items on rates. In addition to these items, the ten-year financial plan is also developed based on the financial and rate- setting policies adopted by the Board.

Budget Approval Process

Typically, in September, the Chief Executive Officer & General Manager and Chief Financial Officer kick off the budget season. Departments submit their budget requests in late September to early October and meet with budget staff and the Senior Executive Team in tandem. All budget requests for existing and new programs are evaluated and scored against established prioritization criteria.

In January of each year, management delivers the operating budget, ten-year capital improvement program multi-year rates (conducted every two years) and ten-year financial plan to the Board of Directors. Management conducts two months of detailed review with the various Board Committees. Additionally, budget briefings are provided to DC Water's Wholesale Customers, the Office of the People's Counsel (OPC) and other stakeholders. The individual Committees submit recommendations to the full Board for budget adoption between March and April. During a ratemaking year, which occurs every two years, management holds various Town Hall meetings in each ward in the District in advance of public hearing to inform customers about the proposed rates, fees and budgets. The rates are adopted by the Board in July.

Upon budget adoption, the Budget Office publishes and distributes the approved budget book which contains detailed information about the adopted budgets and rates. DC Water is required to submit its annual operating and ten-year capital budgets to the Mayor and the District of Columbia Council for review and comment. However, neither has the power to change DC Water's annual budgets. The District of Columbia includes DC Water's budgets in their submission to the U.S. Congress for approval. Once approved by Congress, the budget is effective October 1 of each year.



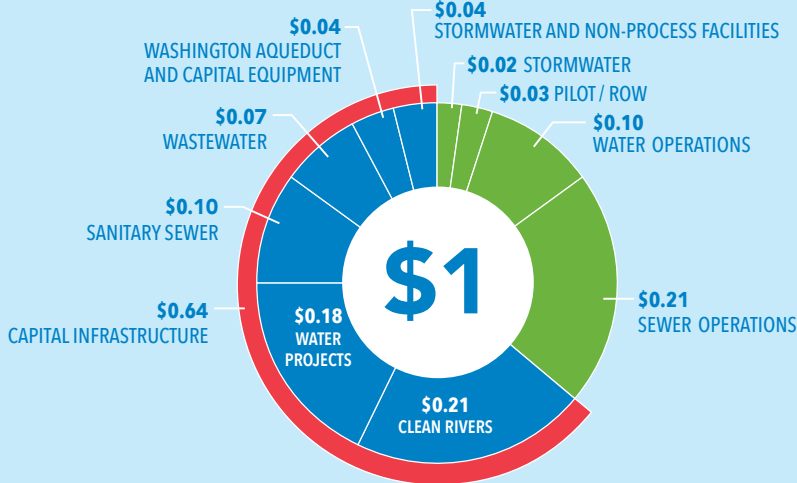
BUDGET CALENDAR

Month	Activity
July	Centrally Managed and Matrix training and preparation
August	Establish Budget Prioritization, Scoring Criteria and Linkages to Strategic Plan (Blueprint 2.0) Develop Budget Manual & Guidelines and Provide Training for Departments
September 4	Chief Executive Officer & General Manager's Budget Kickoff Meeting
October	Departmental FY 2026 Budget Submission to Budget Office
October	Chief Financial Officer Briefing on Departmental Budget Requests
October November	- Departmental FY 2026 Operating and Capital Equipment Budget Reviews with the Chief Executive Officer, Chief Financial Officer, and the Budget Office
November	Senior Executive Team Briefing (Operating and Ten-Year Capital Improvement Program)
December	Finalize Ten-Year Financial Plan (Operating, Capital Program, Revenues, Rates & Fees) Transmit Final Budget Recommendation to Executives, Vice Presidents & Department Heads
January 13	Budget Workshop – Board Briefing of the CEO & GM's Proposed FY 2026 Budgets, Capital Improvement Program and Financial Plan Publication of Proposed FY 2026 Budget Book
January	Budget Briefing to Wholesale Customers, Office of People's Counsel and Other Stakeholders
January February	- Board Committees Conduct In-Depth Review of Budget Proposal: • Environmental Quality & Operations Committee Review of Capital Improvement Program • Joint session with the DC Retail Water & Sewer Rates and Finance & Budget Committees on the Operating Budget, Capital Improvement Program, and Financial Plan (including the Two-Year Rate Proposal conducted every two years)
February	Board Committees Forward Recommendations to Full Board for Deliberation/Action Budget Book Preparation & Production
March 6	Budget Adoption by Full Board Submission to the District of Columbia for onward transmission to U.S. Congress Publication of Approved Budget Book
April	Application for Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award
April – June	Rate-making Process, (conducted every two years) Public Outreach & Public Hearing Activities
July	Board Adoption of Rates (conducted every two years)
October 1	Fiscal Year Begins

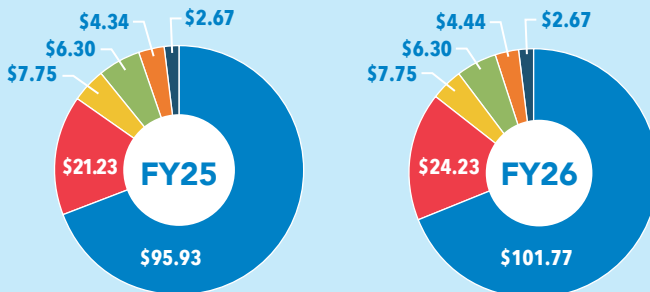
RATES AND REVENUE

WHERE DOES YOUR MONEY GO?

How does DC Water spend each dollar received from the average residential customers?

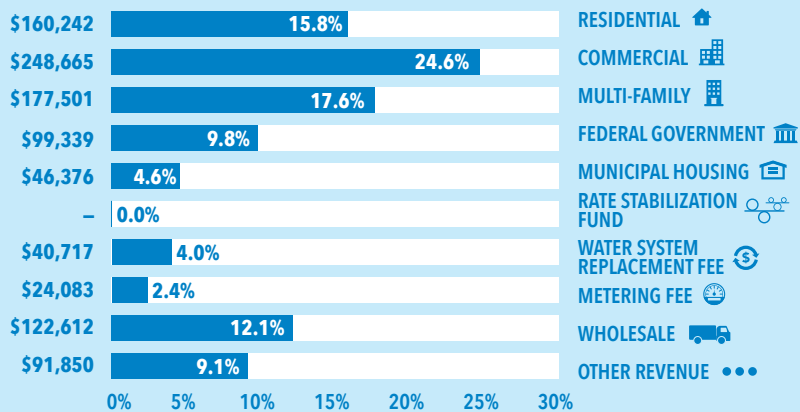


AVERAGE RESIDENTIAL BILL WITH 5.42 CCF OR 4,054 GALLONS OF CONSUMPTION



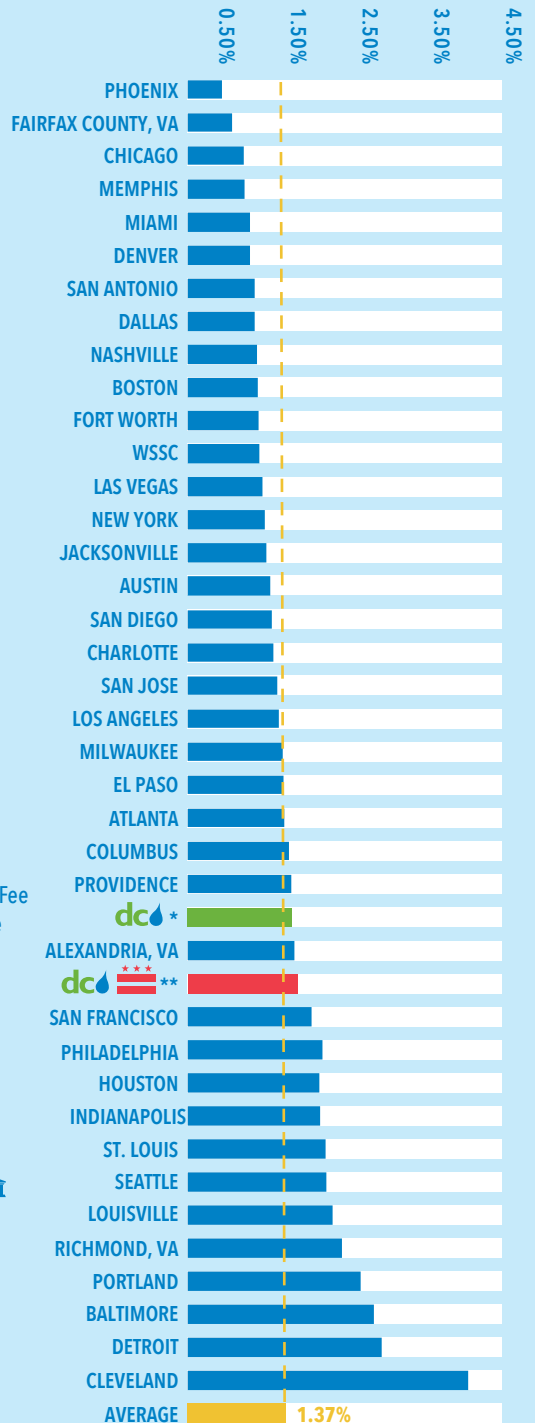
- DC Water - Water and Sewer Rates
- Clean Rivers IAC
- DC Water - Customer Metering Fee
- DC Water - Water System Replacement Fee
- District of Columbia PILOT and ROW Fee
- District of Columbia Stormwater Fee

FY 2026 OPERATING SOURCES OF FUNDS



SINGLE FAMILY RESIDENTIAL MONTHLY BILL AS PERCENTAGE OF MEDIAN HOUSEHOLD INCOME

Large National and Regional Utilities



* WITHOUT DISTRICT FEES
** WITH DISTRICT FEES

FY 2025 – FY 2034 Financial Plan

Overview

DC Water's strong financial performance and its success in achieving and maintaining strong bond ratings have been primarily due to the annual development of and adherence to a ten-year strategic financial plan. DC Water's senior lien revenue bond credit ratings were affirmed in December 2023. DC Water received stable outlooks by S&P, Moody's, and Fitch with ratings maintained at AAA, Aa1, and AA+ respectively. During FY2023, DC Water met or exceeded the goals set by Board policy and the FY 2024 – FY 2033 ten-year plan. This budget includes DC Water's twenty fifth comprehensive ten-year financial plan, covering FY 2025 – FY 2034.

The necessity of a ten-year financial plan is clear:



REGULATORY AND CAPITAL PROJECT-DRIVEN



Healthy, Safe and Well



Reliable

1. DC Water operates under a regulatory and capital project-driven environment that requires a longer-term ten-year planning horizon. In order to provide our customers with the best service possible and with gradual and predictable rate increases, DC Water must plan for all projects on a long-term and integrated basis, including both capital and operating requirements. A five-year, capital-only financial plan would insufficiently prepare DC Water to address the major regulatory, operational and capital project issues that will impact service, operations, and rates over the next five to ten years.



BOARD POLICY

Healthy, Safe and Well

Reliable

Resilient

2. In accordance with Board policy, DC Water sets rates so that each customer is charged for the actual cost to provide each service, rate increases are implemented transparently and predictably, utilizing all available options to mitigate future customer impacts. Since proposed future rate increases are primarily driven by financing of DC Water's capital program and full utilization of the rate stabilization fund, the development of a ten-year financial plan allows DC Water to meet these key goals.



INTERNAL IMPROVEMENTS AND INVESTMENTS



Healthy, Safe and Well



Reliable

3. The Board has directed DC Water management to undertake internal improvements and investments that will significantly lower operating costs over a ten-year period. A ten-year plan is required to bridge current operations and related capital and operating budgets with these longer-term cost reduction goals.

Board policies, strategic plan, priorities, and guidance in several key financial areas drive the development of the FY 2025 - FY 2034 financial plan. Given DC Water's substantial borrowing needs over the next ten years, adherence to these Board policies is crucial to cost-effectively access the capital markets and retain our credibility with customers and regulators.

FY 2025 – FY 2034 Financial Plan

Financial Plan Objectives

The financial plan serves as the framework to support the Board's strategic plan, policies, priorities, and guidance in several key financial areas



KEY FINANCIAL AREAS

Healthy, Safe and Well Reliable Resilient

- It is one of management's key tools to monitor progress in meeting financial goals and to proactively address future financial and operational issues
- It also ensures meeting or exceeding indenture and Board's coverage requirements and providing sufficient liquidity to meet all obligations
- The ten-year financial plan projects revenue requirements, operating and maintenance expenses, capital expenditures, debt service charges, coverage ratios, and rate increases



FINANCIAL PLAN OBJECTIVES

Healthy, Safe and Well Reliable

DC Water's financial plan objectives focus on:

- Minimizing rate increases while meeting all financial obligations.
- Satisfying all indenture requirements and Board policies; and
- Maintaining the DC Water's current credit ratings of AAA/Aa1/AA+



TEN-YEAR FINANCIAL PLAN ASSUMPTIONS

Healthy, Safe and Well Reliable Resilient

- Maintain Debt Service as a percentage of revenue equal to 33.0 percent or less
- Maintain combined coverage of 160 percent
- Maintain 267 days of cash excluding Rate Stabilization Fund. On October 5, 2023, the Board approved a revised Statement of Financial Policies that set a cash target of 350 days of projected operating expenses to be achieved gradually by 2032 through the use of year end surplus.
- FY 2024 actual consumption increased by 5.7 percent. Assumed 1.0 percent decline in consumption in FY 2025 over FY 2024 actual. Assumed 1.0 percent conservation in FY 2026 and onwards. Due to the impact of COVID-19, assumed 0.4 percent decline in consumption for the Commercial category in FY 2025 as compared to FY2021 projected consumption.
- FY 2024 Debt Service was lower as compared to budget due to deferring bond issuance, and a credit released from the 1998 Debt Service Reserve Fund in excess of the requirement. The new plan assumed higher interest rates with slightly higher Debt Service projections.
- Assumed delinquencies will decrease slightly in 2025 and onwards.
- Assumed higher miscellaneous fee revenue and interest earnings.
- Assumed higher collection of receipts for Late Fees

FY 2025 – FY 2034 Financial Plan



FINANCIAL METRICS



Healthy, Safe and Well



Reliable



Resilient

Metrics	Indenture Requirements	Board Policy	Management Target	Financial Plan	S&P Median
Days of Cash on Hand (excluding RSF)	60 Days	250 Days	–	267 – 269 Days	514 Days
Combined Coverage Ratio	–	1.6X	–	1.87X – 2.07X	2.0
Senior Coverage	1.2X	–	–	6.29X – 8.55X	
Subordinate Coverage	1.0X	–	–	2.23X – 2.49X	
Debt Service as a % of Revenue	–	–	33% of Revenue or Less	25.9% - 33.0%	
Rate Stabilization Fund (RSF)	–	–	–	\$33.6 million	
Median Leverage Ratio (debt to capitalization)	–	–	–	48% (FY2023 Actual)	35%
Growth in operating expenses over two years				19% (FY2021-FY2023)	17% (FY2021-FY2023)

Key Financial Policies

DC Water's board policies include:

- **DEBT SERVICE COVERAGE** –DC Water will set rates and develop operating and capital budgets that ensure **senior debt service coverage of 140 percent and combined coverage of 160 percent.**
 - This coverage level exceeds DC Water's bond indenture requirement of 120 percent senior debt service coverage
- **CASH RESERVES** – DC Water will maintain **cash reserves equivalent to 267 days of budgeted operations and maintenance expenses.** The Board established a goal of increasing the target days of cash on hand gradually to 350 days by FY 2032 through to the use of year end surplus. **Rating agencies have referenced the 250 days of cash and 1.6X coverage are indicators of financial strength.**
- **PAY-GO FINANCING OF CAPITAL** – DC Water will finance a portion of its capital program on a **pay-go basis from cash balances that exceed operations requirements or restricted use.**
- **RATE-SETTING POLICIES**
 - Rates that, together with other revenue sources, **cover current costs and meet or exceed all bond and other financial requirements** as well as goals set by the Board
 - Rates that yield a **reliable and predictable** stream of revenues, considering trends in costs and in units of service
 - Rates based on **annually updated forecasts of operating and capital budgets**
 - Rate structures that are **legally defensible**, based on objective criteria, and **transparently designed**
 - Rate structures **that customers can understand**, and DC Water can **implement efficiently and efficaciously**
 - Rates increases, if required, are implemented **transparently and predictably.**

To the extent annual revenues exceed costs, the Board's policy will continue to utilize all available options to mitigate future customer impacts and annual rate increases, including transferring some or all excess funds to the Rate Stabilization Fund.
- **RATE STABILIZATION FUND** - Once DC Water achieves its **required level of cash reserves**, a **rate stabilization fund** will be established **to avoid "rate shock."** Based on favorable financial performance in FY 2024, the balance in the RSF was \$ 35.64 million.

Financing and Reserve Policies

In October 2023, the Board approved Resolution # 23-58 revising the Statement of Financial Policies as follows:

- DC Water will maintain strong levels of Operating Cash Reserves that exceeds the Master Indenture requirements. Strong cash reserves are important to maintaining DC Water's bond rating. In the financial plan that is proposed by the CEO and General Manager and approved by the board, 250 days of cash will be the minimum maintained in each fiscal year based on projected operating expenses with a goal to achieve an operating cash reserve requirement of 350 days by 2032 by prioritizing the allocation of year-end surplus.

Key Financial Policies

- Debt Service Coverage is a key financial metric that impacts DC Water's credit quality and borrowing costs. In order to maintain the highest credit quality and lowest borrowing costs, it is the policy of the Board that the Financial Plan developed by the CEO and General Manager and adopted by the Board will contain a minimum combined debt service coverage of 1.60X for the budget and all years of the Financial Plan. Debt Service Coverage will be calculated in accordance with the Master Indenture.

In October 2023, the Board approved Resolution # 23-61 revising the Rate Stabilization Fund Policy as follows:

DC Water will 1) establish a targeted RSF balance of 5% of retail revenues; 2) contributions to the RSF may be directed by the Board through the allocation year-end surplus or by the General Manager from savings or revenues from projects funded by the RSF; 3) the RSF may be used for: (i) emergencies or unplanned events to prevent rate spikes, (ii) investments in technologies or other initiatives that could reduce operating expenditures, (iii) apply to revenues to reduce rate increases, decrease higher cost debt, or as PAYGO to reduce debt service costs.

Pay As-You Go Capital Financing Policy

1. The CEO/General Manager will include in the annual ten-year financial plan, developed as part of the annual operating budget process, a separate schedule showing projected annual cash balances and planned annual pay-go financing of capital projects.
2. The planned annual pay-go financing will be formally approved by the Board of Directors as part of its annual approval of the ten-year financial plan, operating and capital budgets.
3. At any time during the fiscal year, the CEO & General Manager may use pay-go financing for capital projects, as approved by the Board of Directors.
4. During the fourth quarter of each fiscal year, the CEO & General Manager (or designee) will conduct an analysis of DC Water's financial performance.
5. The CEO & General Manager will report the results of this analysis and provide recommendations, including updated projected annual cash balances and annual pay-go financing, to the Finance and Budget Committee no later than its regularly scheduled meeting in July, for recommendation to the Board for action at its September meeting.

Cash Management and Investment Policies

The Board has adopted a "Statement of Investment Policy". This policy is designed to ensure the prudent management of Authority funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices. The investment portfolio shall be managed to accomplish the following hierarchy of objectives:

1. Safety
2. Liquidity
3. Return on investment

The current Investment Policy is available on-line at www.dewater.com.

Key Financial Policies

Debt Policy and Guidelines

The purpose of DC Water's Debt Policy and Guidelines (the "Debt Policy") is to provide DC Water officials and staff a comprehensive guide to DC Water's issuance and use of debt to fund capital projects or to refund/refinance/restructure outstanding debt. The advantages of adopting and adhering to a clear, concise, and comprehensive debt policy are:

- Enhancing the quality of decisions
- Documenting the decision-making process
- Identifying objectives clearly to facilitate staff implementation
- Demonstrating a commitment to Long-Term financial planning objectives that result in a sound financial position
- Enhancing the positive assessment of credit quality by the bond Rating Agencies to maintain and improve DC Water's high credit ratings
- Integrating the Debt Policy with the operating and capital budgets, the multi-year Capital Improvement Program (CIP), multi-year Financial Plan and other financial policies

The financial policies outlined in this document, in most cases, impose higher standards than the legal requirements contained in DC Water's Master Indenture of Trust dated as of April 1, 1998, as amended, and supplemented from time to time (the "Indenture") and other legal requirements.

The current Debt Policy and Guidelines is available on-line at www.dewater.com.

Major Financial Accomplishments

During FY 2024 DC Water met the financial goals set out by the Board and the FY 2024 – FY 2033 financial plan. DC Water successfully managed its finances through FY 2024, aligning expenditures to the revenue shortfall from the impacts of COVID. At the end of the year, revenues were above budget by \$24.3 million. Senior debt service coverage, reserve levels, and budget performance met or surpassed Board policies, as discussed in more detail below:

- DC Water Board policy requires senior debt service coverage of at least 140 percent; (a) In October 2021, the Board of Directors adopted a policy which requires to maintain a minimum combined debt service coverage of 160 percent (b) Combined debt service coverage was at 241 percent in FY 2024 and is projected at 190 percent in FY 2034 greater than the board policy requirement. DC Water's senior debt service coverage in FY 2024 was at 956 percent, while maintaining the Board's rate setting and financial policies. The senior debt service coverage is expected to decrease to 701 percent by FY 2034 due to an increase in capital spending and related debt issuance; the coverage is above the Board requirement of 140 percent. Subordinate debt service coverage, which includes DC Water's subordinated lien revenue bonds and Jennings Randolph Reservoir debt, was at 289 percent in FY 2024. DC Water is required to have 100 percent coverage of subordinate debt service.
- DC Water has maintained its bond rating from Standard & Poor's (AAA), Moody's (Aa1), and Fitch (AA+).
- **Commercial Paper:** These notes issued are considered subordinate debt under the Master Indenture of Trust. DC Water's commercial paper is issued in increments with maturities less than 270 days. The Board approved the commercial paper program in early FY 2002; proceeds from the sale of the notes are used for interim bond financing, short-term financing for capital equipment and certain taxable costs for the Washington Aqueduct. Each new bond issuance is evaluated to determine the most cost-effective way of reducing the amount of taxable commercial paper. Normal market conditions for commercial paper carry significantly lower interest rates than long term debt.

In August 2024, DC Water received Board authorization to revise the commercial paper (CP) program from \$150 million to \$250 million to include: (1) Series D (tax-exempt and taxable) aggregate principal amount not to exceed \$250 million. Additionally, DC Water authorized the Letter of Credit facility to TD Bank, NA. and approved J.P. Morgan Securities LLC and Goldman Sachs & Co. LLC as the authorized dealers along with US Bank Trust Company National Association as the Issuing Paying Agent to support our CP program.

- **Extendable Municipal Commercial Paper (EMCP):** The addition of the EMCP program in the amount of \$100 million provides diversification of the variable rate products available for interim financing needs. EMCP does not require a supporting bank letter of credit but relies on DC Water's liquidity to address any failed re-marketing of the EMCP. The initial placement is typically for 90 - 180 days and in the event of a failed re-marketing due to poor market conditions, DC Water has 3 – 6 months to address payment with a maximum number of days from the initial issuance of 270 days.

Major Financial Accomplishments

- **DC Water did not utilize the Rate Stabilization Fund (RSF) in FY 2024.** However, no amount was contributed to RSF. The Rate Stabilization Fund's ending balance for FY 2024 was \$35.64 million.
- **DC Water continued its strong operating budget performance in FY 2024** – Actual cash receipts for FY 2024 were higher than the budget by \$24.3 million, or 2.7 percent. Actual operating expenditures were \$14.1 million or 2.0 percent lower than the total operating budget.
- DC Water experienced an underspending in O&M, mainly in professional services and lower workers' compensation claims. Additionally, there is higher spending on insurance premiums due to current market conditions.
- **The Clean Rivers Impervious Surface Area Charge (CRIAC) was implemented in May 2009** to recover the cost of the Combined Sewer Overflow Long-Term Control Plan (CSO LTCP), also known as the DC Clean Rivers Project. In FY 2011, a six-tiered rate structure was successfully implemented for all residential retail customers to better reflect the impacts of various size residential properties. The thirty- year CSO LTCP, whose terms are outlined in a consent decree executed in March 2005, exclusive of the nine- minimum controls programs are projected to cost \$3.29 billion. See "Combined Sewer Overflow Long-Term Control Plan" in Section IV, Rates and Revenues for additional details on the projected rate impact of the plan.
- **DC Water implemented a retail water and sewer rate increase of 3.25 percent in FY 2024** to recover increased retail water and sewer revenue requirements of \$11.0 million. In FY 2024, the Rate Stabilization Fund (RSF) was not utilized. The RSF helps to mitigate rate shock and reduces needed retail rate increases. In addition, there was a 2 percent increase in PILOT as per the PILOT MOU signed with the District on September 4, 2014. In FY 2024, PILOT fees increased to \$0.61 per Ccf whereas the ROW fee remains the same at \$0.19 per Ccf. The changes in PILOT and ROW fee are made to recover the full costs of these fees charged to DC Water by the District of Columbia government. The rate changes are mainly due to the increase in debt service cost to finance the capital improvement program.
- **Water System Replacement Fee (WSRF) was implemented in FY 2016**, effective October 1, 2015 (FY 2016), WSRF recovers the costs of one percent renewal and replacement program for water service lines. WSRF varies with meter size. The WSRF for 5/8" meter size is \$6.30. Low-income CAP customers get 100 percent discount for this fee.
- **Multi-Year Rates:** DC Water moved to a multi-year rate proposal in FY 2016 covering the period FY 2017 and FY 2018. This is the fifth time that DC Water has adopted a multi- year rate proposal in FY 2024 covering the period FY 2025 and FY 2026 and will become effective from October 1, 2024, and October 1, 2025, respectively.
 - The benefits of multi-year rates include:
 - Greater revenue certainty
 - Increased budget discipline
 - Better alignment between revenues and expenditures
 - Favorable credit rating agency treatment
 - Better predictability for our ratepayers

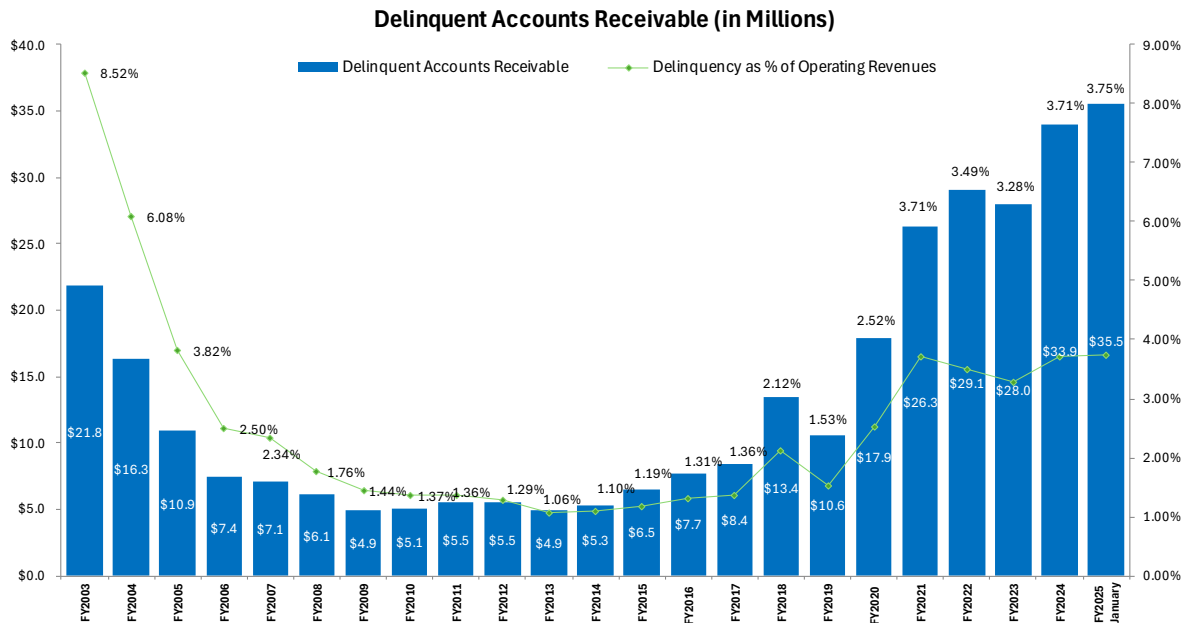
Major Financial Accomplishments

- Potential risks / considerations:
 - Reduced financial flexibility
 - Limited ability to modify approved rate increases, if necessary
 - Conservatism in financial projections
- In FY 2020, an Independent Review of Rate Structure and Customer Assistance Programs was conducted to review and benchmark DC Water's rates, rate structure and Customer Assistance Programs (CAP) to peer utilities. The findings of the study concurred that DC Water's current customer class structure, monthly water lifeline threshold of 4 Ccf, ERU basis for recovering the CRIAC charge, CAP bill discount and temporary assistance programs are consistent with industry standards for ratemaking.
- In FY 2020, DC Water conducted a Cost-of-Service Study (COS) to align the COS with the multi-year rate proposals, therefore both will be done every two years going forward. Previously, Cost of Service study was conducted every three years. The COS consist of three components: i) revenue sufficiency analysis – to ensure that the revenues cover the costs that DC Water incurs; ii) cost of service analysis/rate – to ensure that the rates are recovering the costs of service provided to customers; and iii) alternative rate structure analysis – to ensure that DC Water meets its priority pricing objectives. The results of the COS support the multi-year rate, charges and fee proposals for FY 2021 and FY 2022.
- In FY 2024, a Cost-of-Service (COS) was conducted by Independent Financial Consultants to establish the multi-year rates for FY 2025 and FY 2026. The 2024 COS study includes the Groundwater and High Flow Filter Backwash Sewer rates. The results of COS study support the multi-year rates, charges and fees proposed for FY 2025 and FY 2026.
- Independent Review of the Proposed FY 2025 and FY 2026 Rates was conducted by consultants.
 - The review concluded that the rates have been reasonably developed, reflect the anticipated revenue requirements of the System, adhere to Board policy and are comparable to other utilities.
 - The affordability assistance provided by DC Water is robust compared to other utilities, providing a meaningful impact on a customer bill.
- For the twenty fourth consecutive year, DC Water received the Government Finance Officers' Award for Distinguished Budget Presentation for its FY 2025 budget which was submitted in 2024. DC Water received its twenty sixth unqualified audit opinion for the fiscal year ended September 30, 2023, and received the twenty sixth GFOA Certificate of Achievement for Excellence in Financial Reporting. In addition, DC Water was awarded with "special recognition" for the long-range financial plan. This section also received a score of 4 (outstanding) for all three reviewers.
- In FY 2024, DC Water successfully renewed all the Authority's operations insurance policies at essentially the same terms up 0.5 percent from expiring costs than previous year. DC Water's coverage is generally comparable to expiring.

Major Financial Accomplishments

- DC Water completed its Twentieth year ROCIP I (October 2004 to October 2009) of its rolling owner- controlled insurance program (ROCIP); fifteenth year of ROCIP II (October 2009 to October 2012); twelfth year of ROCIP III (October 2012 to October 2015); ninth year of ROCIP IV (November 2015 to October 2020); fourth year of ROCIP V (November 2020 to November 2023); first year of ROCIP VI (November 2023 to 2028 and PRT OCIP November 2023 to November 2030). DC Water procures general liability and workers' compensation insurance coverage for most of its construction contractors. The result is substantially higher insurance coverage levels for all enrolled contractors and significant cost savings. At the end of FY 2024, 65 projects and 403 contractors were enrolled in the expired ROCIP I program, 47 projects and 771 contractors were enrolled in the now expired ROCIP II program, 46 projects and 841 contractors were enrolled in the ROCIP III program, and 55 projects and 1118 contractors are/were enrolled in the ROCIP IV program and 32 projects and 256 contractors are/were enrolled/verified in the ROCIP V program. Verified avoided costs (aka savings) are in the range of \$5.4 million for ROCIP I; approximately \$11.2 million for ROCIP II, \$9.7 million for ROCIP III, \$6.1 million for ROCIP IV and \$3.4 million for ROCIP V. ROCIP II and III were three-year insurance programs that support an estimated \$4.4 billion of planned and completed construction. So far, an estimated \$32 million in Avoided Costs Across 7 Programs.

Major Financial Accomplishments



- The graph above represents Delinquent Accounts Receivable as percent of Total Operating Cash Receipts (includes Retail, Wholesale and Other)
- In FY 2020, there was an increase in delinquent accounts receivable, greater than 90 days due to the impact of COVID-19 and a suspension of cut off and collection efforts. The delinquency greater than 90-days increased from 2.52 percent in 2020 to 3.49 percent in 2022. The delinquency increased to 3.71 in 2024.
- Delinquent accounts receivable increased by \$16.3 million from \$12.8 million in March 2020 to \$29.1 million in September 2022 due to suspension in regular collection activity and disconnection of delinquent accounts. These actions were taken in support of on- going meter replacement projects through December of 2019 and following the on-set of the coronavirus public health emergency in March of 2020 and in anticipation of the second wave of COVID-19. However, DC Water resumed disconnection for Residential and Commercial categories effective from July 12, 2022. The resumption of charging late fees and disconnection was expected to result in a decrease in delinquencies. The delinquencies decreased by \$1.1 million from \$29.1 million in September 2022 to \$28.0 million in September 2023, but increased to \$33.9 million in September 2024.

Major Financial Accomplishments

General Principles of Affordability for Low-Income Customers Policy

On September 4, 2014, The General Principles of Affordability for Low-Income customers was approved. It is the policy of the Board of Directors of DC Water in setting retail rates, to follow the General Principles of Affordability for Low-Income Customers articulated herein:

1. Consideration of rate impacts on low-income customers.
2. Exploration of affordability alternatives for low-income customers; and
3. Development of a more innovative rate structure, the goal of which is to reduce the economic burden on low-income customers at the earliest practicable date consistent with the Board's need to gather sufficient data to support any rate structure chosen.

DC Water reviews the sufficiency of its rates and rate structures periodically through various cost of service (COS) studies. The COS study prioritizes the following pricing objectives:

- Revenue sufficiency – Rates should recover revenue necessary to operate and maintain the utility in perpetuity.
- Cost of Service Recovery – Rates should be supported by industry practice and ensure that customers pay their fair share.
- Simplicity – Rates and charges should be easy for our customers to understand.
- Affordability – DC Water should minimize customer bills while not sacrificing good, clean and safe service.

Water System Replacement Fee (WSRF)

Effective October 1, 2015 (FY 2016), DC Water modified its existing rate structure and implemented a new meter-based Water System Replacement Fee (WSRF) to recover the cost of the 1 percent renewal and replacement program for water service lines. It is anticipated that the Water System Replacement Fee (WSRF) will generate approximately \$40.7 million per year from fiscal years 2025 through 2034. The fee is based upon meter size and average flow. DC Water's low-income CAP customers receive a 100 percent credit for this fee.

Effective October 1, 2017, (FY 2018), DC Water amended the Water System Replacement Fee (WSRF) regulations to add rules and procedures for a Multi-family WSRF adjustment; amend the Customer Classifications to clarify the definitions for Residential, Multi-family and Non- Residential customers to include cooperative housing associations and other clarifications; and amend the definitions set forth in Chapter 41 to define the terms Condominium, Cooperative Housing Association, and Dwelling Unit used in the Customer Classification regulations. The following terms are defined:

Condominium – real estate, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the owners of the portions designated for separate ownership, provided the undivided interests in the common elements are vested in the unit owners.

Cooperative Housing Association – an association, whether incorporated or unincorporated, organized for the purpose of owning and operating residential real property, the shareholders, or members of which, by reason of their ownership of a stock or membership certificate, a proprietary lease or other evidence of membership, are entitled to occupy a dwelling unit pursuant to the terms of a proprietary lease or occupancy agreement.

Major Financial Accomplishments

Dwelling Unit – any habitable room or group of rooms with kitchen and bathroom facilities forming a single unit located within a building or structure, which is wholly or partially used or intended to be used for living, sleeping and the preparation and consumption of meals by human occupants, and is under the control of and for the use of the occupant.

Fire Services Protection Fee

DC Water has assessed a fire protection fee to the District of Columbia since April 1, 2000. This fee is intended to recover costs incurred by DC Water for fire protection service provided by the Water System of DC Water. The purpose of the 2024 cost of service study was to assess the appropriate level of cost recovery required from the District government for this service.

Fire protection service differs from other services offered by water utilities because it is primarily a standby service that is required to be available when the need exists, i.e., as demanded. The development and maintenance of the supply, treatment, pumping, storage and distribution capacity for fire protection service requires capital investments in facilities that are designed larger than would otherwise be required to be able to accommodate fire demand and annual operation and maintenance (“O&M”) expenses to ensure that the assets are appropriately maintained and provide service as needed.

In 2024, the Independent Financial Consultants performed a cost-of-service study (COS) to determine the costs of providing fire protection service to the District. DC Water provides Fire Protection Services to the District, including but not limited to the delivery of water for firefighting, inspection, maintenance and upgrading of public fire hydrants in the District of Columbia. The consultants compared DC Water costs with the revenues received from the district for fire protection services. The consultants reviewed and tabulated historical fire service costs of DC Water (FY 2019 – FY 2023). Projections of DC Water costs were developed for FY 2024 – FY 2027. As per terms of the 2013 MOU and based on the results of the 2024 COS, Fire Protection Service fee was established at \$17.575 million for fiscal years FY 2025, FY 2026 and FY 2027. This fee is \$6.04 million higher than the FY 2021 fee of \$11.535 million. The cost of service was higher in 2023 compared to 2019 through 2022; the changes from year-to-year have not been uniform due, in part, to the COVID-19 pandemic. Inflation is also impacting the costs of materials, parts and labor.

System Availability Fee (SAF)

Many utilities have implemented a fee, assessed to new development (or redevelopment) to recover the investment in available system capacity. On June 17, 2016, DC Water’s Board approved a new System Availability Fee (SAF) to be effective from January 1, 2018. All Residential Customers with meters 1 inch or smaller will use the same set of fees. All Residential Customers with meters larger than 1”, and all Multi- Family and Non-Residential Customers will have SAF based on their meter size.

The SAF will be assessed for all new buildings, structures or properties under development and properties under redevelopment. For properties under redevelopment, DC Water will determine the net System Availability Fee by determining the property’s proposed capacity requirements and applying a credit for the capacity of accounts being removed from the system. However, if the associated credit for capacity removed is equal to or greater than the future System Availability Fee, the net System Availability Fee shall be zero. Properties under redevelopment shall not receive credit for accounts that are inactive for more than 12 months.

Major Financial Accomplishments

PILOT and ROW Fee

A new PILOT MOU was signed between DC Water and the District of Columbia on September 4, 2014, which reduced the annual PILOT payment. As per the agreement, the PILOT of \$15.3 million for FY 2015 would be escalated by 2 percent per year. The agreement will be effective till September 30, 2024.

On October 07, 2014, DC Water and the District reached an agreement on the Right-of Way (ROW) terms and conditions, which provides that DC Water will continue to make payments totaling \$5.1 million annually to the District for FY2015 – FY2024.

Operating Reserve/Renewal and Replacement Reserve

- DC Water periodically reassess its policies every five years regarding the operating reserve requirement. The Independent Financial Consultants conducted the study to consider the appropriate level of its Total Operating Reserves for FY2023 and subsequent years. DC Water's current board policy sets 250 days of cash, which exceeds the indenture requirement of 60 days. While DC Water's 250 day requirement is high compared to peers which typically require 60 or 90 days of operating expenses, DC Water's actual balances are low in comparison. According to a report by Moody's in 2021, DC Water's total days of cash on hand was 366 days, which is below the median level of about 400 days for an AA rated bond issuer. The Independent Financial Consultants recommended that due to DC Water's plans to borrow \$2.7 billion in the next 10 years and its efforts to maintain a very strong credit rating, DC Water should increase the minimum operating reserve requirement from 250 days to 350 to 400 days. This would bring the day's cash on hand to a level more consistent with DC Water's highly rated peers.
- The DC Water Board established a goal of increasing the target days of cash on hand gradually to 350 days by FY 2032 through the use of year-end surplus.
- DC Water Indenture of Trust requires the Authority to maintain a Renewal and Replacement (R&R) Reserve Fund. In FY 2023, the Independent Financial Consultants conducted this study to examine the reasonableness of the amount on deposit in the R&R Reserve Fund and make recommendations to the Authority for the value of the Fund for the next 5-year period of FY 2023 through FY 2027. The Independent Financial Consultants recommended that DC Water maintain its current R&R Reserve Fund policy to require a balance of \$35 million. The recommendation was presented to the DC Water Board and was approved. The next R&R Reserve Fund Study will be conducted in FY2027.
- Over the last ten years, DC Water has made contributions to the RSF and made withdrawals to help mitigate rate increases. In FY 2023, the Independent Financial Consultant performed a cost of service (COS) study to determine the appropriate level of Rate Stabilization Fund (RSF) to help mitigate rate increases.

Major Financial Accomplishments

The independent consultants summarized the Rate Stabilization Fund (RSF) findings. These include 1) the RSF is permitted but not required to have a balance by the bond indenture; 2) DC Water has historically added monies to the RSF and withdrawn funds for multiple purposes; 3) American Water Works Association's Cash Reserve Policy Guidelines indicate monies in a RSF are typically used to address potential fluctuations in revenues and to "smooth out" rate increases; 4) more than half of the surveyed utilities have no RSF requirement; and 5) in Philadelphia, the RSF and Residual Fund serve multiple purposes: operating reserve and RSF. The report provided the following options: 1) confirm or change the name of the RSF; 2) define a minimum, maximum or targeted balance requirement; and 3) update policies for the use of funds withdrawals.

The consultants recommended a target RSF balance of 5 percent of projected retail revenues. In 2023, the existing RSF balance achieves this target. The authorization to withdraw funds should include a plan to replenish funds to meet the target balance. DC Water should prioritize use of the funds for (i) emergencies or unplanned events, (ii) investment in technologies or other initiatives that could reduce operating expenses, and (iii) defeasance of higher cost debt.

Future Goals and Financial Assumptions

All Legal Covenants, Financial Board Policies, Accomplishments and Targets are Incorporated into the Ten- Year Financial Plan.

Compliant	Description	Legal Covenant	Performance Target	FY 2024 Actual	FY 2025 Revised	FY 2026 Projected
√	Senior Debt Service Coverage	120%	140%	956%	855%	738%
√	Operating Cash Reserves	N/A	\$275 million	\$329.2 million	309.6 million	\$325.6 million
√	Short Term Investment Return Benchmark Merrill Lynch 3-Month Treasury Index	N/A	416 basis points	456 basis points	426 basis points	391 basis points
√	Long Term Investment Return Benchmark Merrill Lynch 1-3 Year Treasury Index	N/A	378 basis points	370 basis points	398 basis points	395 basis points
√	Water and Sewer Rates	Revenues must be sufficient to cover: operating expenses, senior and sub debt service, amounts necessary to maintain DSRF and ORF levels, and any annual PILOT payments	Each customer will be charged for the actual cost to provide each service, and rate increases will be reliable and predictable	Future rate increases are driven by financial impact of the capital program and full utilization of the RSF; the development of a 10-year financial plan allows DC Water to meet these key goals of full cost recovery and predictability		
√	Rate Stabilization Fund (RSF)	N/A	Help to avoid spikes in rate increases for retail customers	FY 2024 year end RSF balance was \$35.46 million	The projected utilization of \$2.0 million RSF in FY 2025 will leave a balance of \$33.64 million	The projected non-utilization of RSF in FY 2026 will leave a balance of \$33.64 million

*Up to FY 2021 operating reserve policy required a minimum balance of the greater of \$125.5 million or 120 days of budgeted O&M expenses. The Board revised the policy in October 2021 (FY 2022) requiring 250 days of O&M expenses. In 2023, DC Water Board established a goal of increasing the target days of cash on hand to 350 days by FY2032 through the use of year-end surplus.

Future Goals and Financial Assumptions

The Proposed FY 2025 - FY 2034 financial plan includes the resources necessary to accomplish critical financial and operational goals over the coming years, as summarized below:

- Continue adherence to the Board's financial, investment, rate-setting and long-term planning policies
- Continue implementation of the ten-year \$9.62 billion capital improvement program
- Includes disbursements of \$1.07 billion over the ten-year planning period for Clean Rivers Project (CSO Long-Term Control Plan) exclusive of the nine-minimum controls program
- Continued exceptional financial performance, adherence to Board's customer outreach and transparency to include customer input and flexibility to meet emerging needs
- Improving Public Image: re-focus of the government relations activities to bring greater visibility to DC Water and the national need for infrastructure investment and funding; and various pilot projects to look for additional improvements to DC Water services
- Workforce
 - Continue to focus employees' efforts on DC Water's most important goals in line with the Board Strategic Plan.
 - Improve recruiting process by identifying high-quality candidates using job descriptions based upon the expertise of high performing employees holding uniquely valued competencies.
 - Fill critical talent management needs and address company and industry changes promptly
 - Continue to Enhance management skills through training

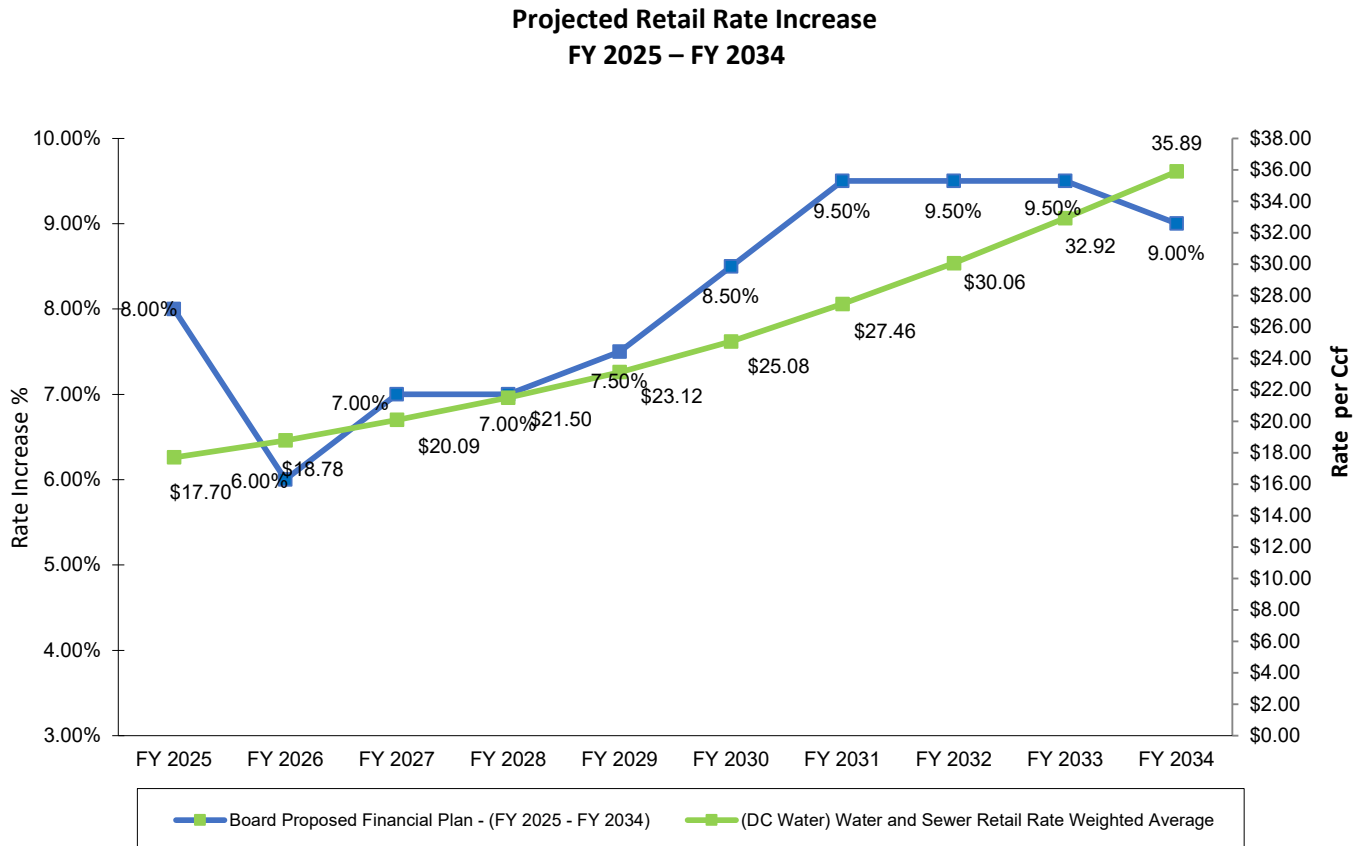
Future Goals and Financial Assumptions

The ten-year financial plan reflects the following major assumptions:

- Operating and maintenance expenses (excluding the payment-in-lieu-of-taxes and right-of-way fee) are projected to grow at an average annual rate of 4.0 percent, primarily due to projected inflation
- Payment-in-lieu-of-taxes (PILOT) to the District of Columbia for FY 2025 and FY 2026 will be at \$18.70 million and \$19.07 million respectively. PILOT payment is projected to increase by 2 percent per annum in accordance with the new memorandum of understanding (MOU) signed on September 4, 2014, with the District
- According to the memorandum of understanding (MOU) dated October 4, 2014, the Right-of-Way payment to the District of Columbia stays level at \$5.1 million
- Days of cash on hand which is an important measure of short- and long-term liquidity typically exceeds 250 days of cash excluding the Rate Stabilization Fund. The Board's policy approved in October 2021 requires a minimum of 250 days of cash on hand. In 2023 DC Water Board established a goal of increasing the target days of cash on hand to 350 days by FY2032 through the use of year-end surplus
- The Board's policy is to target combined coverage at 1.6X. The combined coverage for FY 2025 to FY 2034 range from 1.87 to 2.07. DC Water Indenture requires Senior Lien coverage of 1.2X and Subordinate at 1.0X, Board Policy is 1.4X for Senior and 1.0X for Subordinate
- Debt Service:
 - Overall increase of Debt Service is to support the capital program. Debt Service as a percent of operating revenues does not exceed 33 percent in the Financial Plan. Debt Service represents 25.9 percent and 27.1 percent of the total operating revenue in FY 2025 and FY 2026, respectively.
 - Interest on Variable debt assumed to be 3.5 percent in FY 2025, and FY 2026
 - Interest on Fixed debt assumed to be 6.0 percent in FY 2025 and FY 2026
 - Utilization of the Commercial Paper program/Extendable Municipal Commercial Paper (EMCP) is assumed for interim financing for bond issuance, capital equipment and the Washington Aqueduct

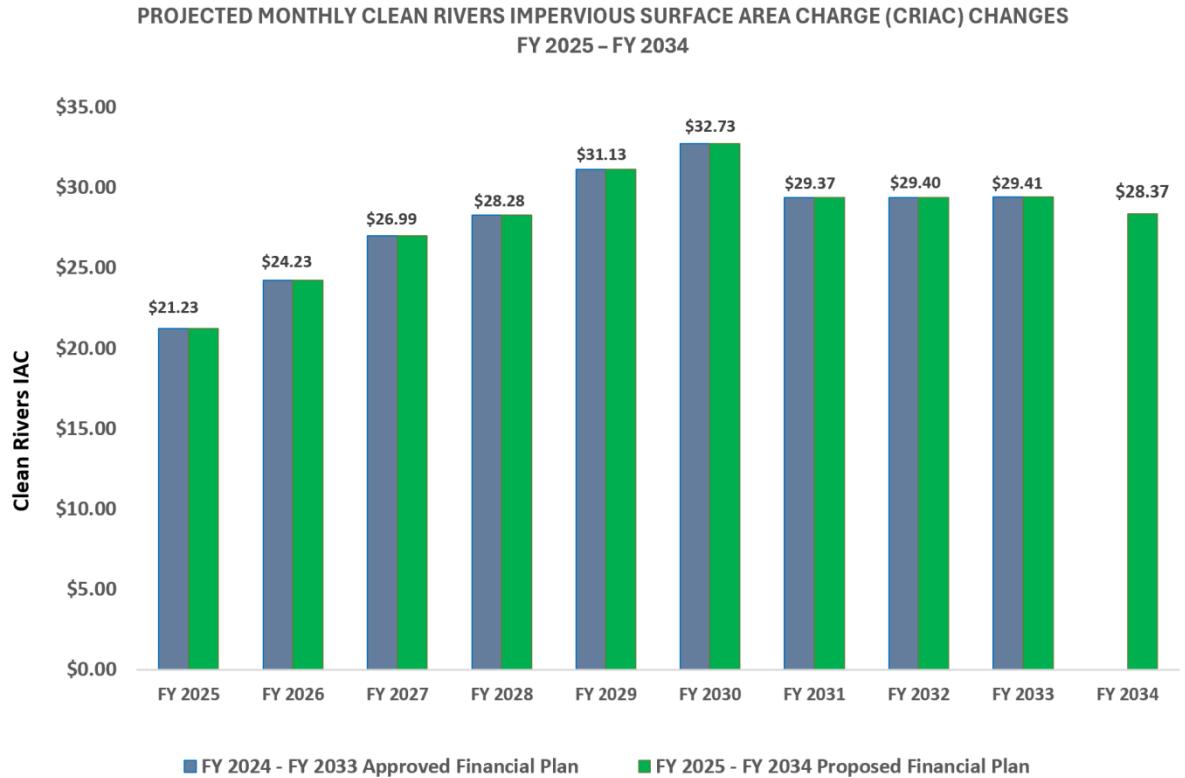
Future Goals and Financial Assumptions

Due to these ongoing and new initiatives, from FY 2025 – FY 2034 DC Water’s water and sewer volumetric retail rates are projected to increase by \$1.08 to \$2.97 per 100 cubic feet as shown in the chart below. Cumulative rate increases would total 81.50 percent over the ten-year period compared to 75.75 percent projected in last year’s ten-year plan (FY 2024 – FY 2023).



Rates shown above reflect weighted water and sewer rates for Residential customers’ category. The proposed retail water and sewer combined rate for FY 2025 is \$17.70 per Ccf and \$18.78 per Ccf for FY 2026. In addition, the combined Right-of-Way and PILOT Fees remain the same at \$0.80 per Ccf (\$1.07 per 1000 gallons) for FY2025, whereas for FY 2026 the Proposed increase is \$0.02 per Ccf (\$0.03 per 1000 gallons) to recover the full amount for services charged to DC Water by the District. There is no increase in Right-of-Way Fee for FY 2025, which remains same at \$0.19 per Ccf (\$0.25 per 1,000 gallons). The proposed increase for FY 2026 PILOT and Right-of-Way is \$0.01 per Ccf each, which will increase PILOT to \$0.62 per Ccf (\$0.83 per 1000 gallons) and Right-of-Way to \$0.20 per Ccf (\$0.27 per 1000 gallons). The proposed monthly Clean Rivers Project CRIAC charges for FY 2025 and FY 2026 are \$21.23 and \$24.23 respectively per ERU (Equivalent Residential Unit); decrease of \$0.63 compared to the FY 2024 charge and increase of \$3.0 compared to the FY 2025 charge respectively.

Future Goals and Financial Assumptions



- The projected charges displayed in the chart above are primarily driven by anticipated debt service costs necessary to support the thirty-year \$3.27 billion Clean Rivers Project, which includes the federally mandated CSO-LTCP and the nine- minimum controls program
- The annual Clean Rivers Project costs for the average Tier 2 residential customer (700 – 2,000 sq. ft. of impervious area) is projected to increase from \$21.23 per month in FY 2025 to \$28.37 per month in FY 2034
- The proposed CRIAC shift to sewer volumetric with 18 percent in FY 2020, 28 percent in FY 2021 and 37 percent in FY 2022 and beyond was recommended because it balances infrastructure investment with growth in rates. The shift was based on an assessment that on average 37 percent of volume in the tunnels is from wastewater. The gradual shift helps avoid rate shock to customers. With the shift the overall household charges projected increase is 5.4 percent for FY 2024, 4.8 percent for FY 2025 and 6.5 percent for FY 2026. The CRIAC is projected to decrease from \$21.86 to \$21.23 per ERU per month for FY 2025 and increase to 24.23 or per ERU per month for FY 2026.

Future Goals and Financial Assumptions

The proposed rate and fee adjustments included in the FY 2025 – FY 2034 financial plan are driven by the following trends and initiatives:

- Assumed retail water consumption decline of 1.0 percent in FY 2025 compared to FY 2024 actual. However, due to the impact of COVID-19, FY 2025 consumption for commercial is assumed to decline by 0.4 percent as compared to FY 2021 projected consumption. In FY 2026 and onwards, a one percent decrease in consumption has been assumed due to conservation.
- Increasing debt service expenditures, driven by DC Water's \$9.62 billion capital improvement program (cash disbursements basis), which increases on average by 8.6 percent over the Financial Plan period.
- Operations and maintenance expenditure (excluding the Payment-in-Lieu-of-Taxes (PILOT) and Right-of-Way (ROW) fee) increase on average of 4.0 percent annually over a ten-year period.
 - Increasing operating expenditures, driven primarily by projected increases in personnel services, chemicals and supplies, utilities, and water purchases
 - Enhanced service to the development community through improved permitting operations

Revenues

The Proposed FY 2025 operating receipts projection totals \$951.9 million, an increase of \$37.0 million as compared to the FY 2024 Actual. The Proposed FY 2026 operating receipts total \$1,011.4 million, an increase of \$59.5 million over the FY 2025 Revised budget receipts.

Comparative Operating Receipts FY 2024 – FY 2026

\$ in thousands

	FY 2024 Actual	FY 2025 Revised	Increase / (Decrease)	Percent Change	FY 2026 Proposed	Increase / (Decrease)	Percent Change
Residential	\$ 144,967	\$ 148,715	\$ 3,748	2.6%	\$ 160,242	\$ 11,527	7.8%
Commercial	226,365	231,975	5,610	2.5%	248,665	16,690	7.2%
Multi-family	160,824	167,213	6,389	4.0%	177,501	10,288	6.2%
Sub-Total Residential, Commercial and Multi-family	532,156	547,903	15,747	3.0%	586,408	38,504	7.0%
Federal Government ⁽¹⁾	91,338	91,696	357	0.4%	99,339	7,643	8.3%
District Government	24,739	26,388	1,649	6.7%	28,256	1,868	7.1%
D.C. Housing Authority	16,358	17,027	670	4.1%	18,120	1,092	6.4%
Transfer from Rate Stabilization Fund ⁽³⁾	-	2,000	2,000	0.0%	-	(2,000)	0.0%
Water System Replacement Fee (WSRF)	43,192	40,717	(2,475)	-5.7%	40,717	-	0.0%
Metering Fee	24,439	24,083	(356)	-1.5%	24,083	-	0.0%
Total Retail	732,222	749,814	17,591	2.4%	796,923	47,108	6.3%
IMA Wastewater Charges	93,434	100,251	6,818	7.3%	108,014	7,762	7.7%
Potomac Interceptor Wastewater Charges	13,323	13,997	674	5.1%	14,598	602	4.3%
Total Wholesale	106,757	114,248	7,491	7.0%	122,612	8,364	7.3%
District Stormwater Revenue ⁽²⁾	1,008	1,008	-	0.0%	1,008	-	0.0%
Misc. Rev. (e.g. water tap installation, fire hydrant usage, etc.)	31,430	42,996	11,566	36.8%	46,979	3,983	9.3%
Washington Aqueduct Backwash - DC Water's pro rata share	2,755	2,598	(157)	-5.7%	2,598	-	0.0%
Washington Aqueduct Debt Service Revenue for Falls Church & Arlington	193	193	(0)	0.0%	193	-	0.0%
Interest Income (including interest on Bond Debt Service Reserve Fund)	12,303	9,493	(2,810)	-22.8%	9,217	(276)	-2.9%
System Availability Fee (SAF)	2,603	7,700	5,097	195.8%	7,700	-	0.0%
Right-of-Way (ROW) Fee	5,573	5,100	(473)	-8.5%	5,100	-	0.0%
Payment-in-Lieu-of-Taxes (PILOT) Fee	20,027	18,713	(1,314)	-6.6%	19,056	343	1.8%
Total Other	75,891	87,801	11,909	15.7%	91,850	4,049	4.6%
Total Operating Cash Receipts	\$ 914,871	\$ 951,863	\$ 36,992	4.0%	\$ 1,011,385	\$ 59,521	6.3%

1. Historical actuals are presented on reference basis. Projected amounts shown are billed revenues. Actual Federal receipts are a combination of current year projected revenues and prior year adjustments, which are presented as reserve items. See Section III for further explanation.

2. Reflects District stormwater fee revenue that will fund DC Water's share of District stormwater permit compliance activities and will not be funded through DC Water's retail rates or other DC Water revenue sources. See Section III for further explanation.

Revenues

Major assumptions underlying the revenue projections contained in the FY 2025 – FY 2034 financial plan include:

- For FY 2025, 1.0 percent reduction in water sales is assumed over FY 2024 Actual for all customer categories, based on historical trends in consumption levels. For the Commercial category, due to impact of COVID-19, 0.4 percent decline in consumption was assumed for FY 2025 as compared to FY 2021 projected consumption. For FY 2026 and onwards, 1.0 percent conservation is assumed for all categories.
- A 4.0 percent average revenue increase is projected between FY 2027 and FY 2034 for wholesale customers, in line with operating and maintenance expense increases for joint use facilities. However, the wholesale revenues are projected to increase by \$7.5 million or 7.0 percent for FY 2025 as compared to FY 2024 Actual and \$8.4 million or 7.3 percent for FY 2026 over FY 2025 Revised Budget due to revised operations and maintenance expense projections. Revenue estimates are based on the most recent flow data.
- Based on the current interest rate environment, interest projections are conservatively assumed at 3.5 percent earnings rate in FY 2025, 3.0 percent in FY 2026, and 2.75 percent in FY 2027. Interest rates for FY 2028 and onwards are assumed at 3.0 percent.
- The majority of other non-operating revenues, totaling \$58.5 million in FY 2026 are projected to increase within the ten-year plan, and include such items as:
 - Reimbursement from Arlington County and Falls Church for debt service issued for pre-1997 Washington Aqueduct capital improvements - \$0.2 million.
 - Reimbursement from the Stormwater Enterprise Fund for services provided to DOEE under their MS4 permit - \$1.0 million.
 - Recovery of indirect costs from DC Water's IMA partners - \$13.4 million - this reflects recovery of indirect costs on capital projects (e.g., costs for Finance, Government & Legal Affairs and People & Talent functions).
 - Reimbursement from the District for the Fire Protection Services fee of \$17.6 million.
 - Washington Aqueduct Backwash - DC Water's pro-rata share of \$2.6 million.
 - Other miscellaneous fees and charges, including service line replacements, developer-related fees, and the Engineering Review, waste hauler fees and System Availability Fee (SAF) - \$23.7 million.

FY 2025 Revised vs FY 2024 Actual Operating Receipts

The Revised FY 2025 receipts projection totals \$951.9 million, approximately \$37.0 million higher than the FY 2024 Actual. The increase is primarily due to:

- **Residential, Commercial and Multi-Family Receipts** - Projections for FY 2025 reflect an increase of \$15.7 million, or 3.0 percent from FY 2024 Actual due to proposed retail rate increase of 8.0 percent (water and sewer volumetric rates) and a decrease of \$0.63 monthly ERU fee for the Clean Rivers IAC. (See Section IV – Rates and Revenues for details on all rate and fee proposals).
 - One percent decrease in overall consumption in FY 2025 over 2024 Actual has been assumed due to conservation.
- **Federal Revenues** - Proposed 2025 Federal revenues are projected to increase by \$0.4 million or 0.4 percent over FY 2024 Actual. Under existing Federal billing legislation, Federal billings are prepared on an estimated basis eighteen months in advance of the start of the fiscal year (e.g., the FY 2025 billing was prepared in April 2023, and are based on the current consumption estimates and projected rate increases as included in the current ten-year plan. These estimates are then reconciled with actual consumption and rate increases, and an adjustment is made in the subsequent year's billing (e.g., the reconciliation of FY 2023 estimated vs. actual consumption and rate increases will be included in the FY 2026 billing, prepared in April 2024). Federal revenues in the ten-year plan are presented on a revenue basis, net of any adjustments for prior year reconciliations which are accounted for as reserve items. Consistent with this methodology, the proposed FY 2025 federal revenues reflect the final billing sent to the federal government in April 2023 net of the adjustment for the prior-year (FY 2022) reconciliation.
- **Municipal & D.C. Housing Authority Receipts** - are projected to increase by \$2.3 million (or 5.6 percent) mainly due to proposed retail rate increases of 8.0 percent and decrease of \$0.63 monthly ERU fee for the Clean Rivers IAC.
- **Rate Stabilization Fund Utilization** - The ten-year plan and near-term revenue projections assume utilization of \$2.0 million of RSF in FY 2025. The RSF is not utilized in FY 2026. There will be a balance of \$33.64 million by the end of FY 2034. Prior years' plans assumed the use of these funds, which is necessary as DC Water reaches its peak years of spending in the CIP. Utilization of RSF monies allows DC Water to implement future rate increases in a reliable and predictable manner while still meeting Board and indenture policies on cash reserves and debt service coverage.
- **Water System Replacement Fee** - Proposed fixed monthly fee set to recover the costs of one percent renewal and replacement program for water service lines generating approximately \$40.7 million per year.
- **Customer Metering Fee** - This fee recovers the costs associated with installing, operating, maintaining, and replacing meters, and is charged to all retail customers (including federal and municipal customers). The fee varies based on meter size, with monthly fees ranging from \$7.75 for a 5/8-inch meter (typical size of a residential customer meter) to \$701.62 for 16" meters (typically used for large commercial customers). Based on the FY 2024 Cost of Service study, there is no increase in the Customer Metering fees, which is projected to generate \$24.1 million in FY 2025 and onwards.

FY 2025 Revised vs FY 2024 Actual Operating Receipts

- **Wholesale Receipts** - DC Water's wholesale customers are responsible for a proportionate share of operating and maintenance expenses (associated only with shared facilities primarily at Blue Plains) based on their respective share of wastewater volume discharged. In addition, each user is responsible for a proportionate share of related indirect costs. In FY 2025 wholesale revenues are projected to increase by \$7.5 million or 7.0 percent to \$114.2 million mainly due to projected increase in operations and maintenance expenses.
- **Stormwater** - DC Water's FY2025 receipts include \$1.0 million from the Department of Energy and Environment (DOEE) formerly DDOE which will be used to fund DC Water's services provided on behalf of the District's stormwater permit compliance activities including the billing and collection through DC Water invoices of fees established by DOEE. The FY 2025 – FY 2034 financial plan assumes that all incremental costs borne by DC Water for stormwater permit compliance activities will be reimbursed by the stormwater fund, and that DC Water funds will be advanced to pay for these activities.
- **Right-of-Way (ROW) and Payment-In-Lieu of Taxes (PILOT) Pass-Through Fees** - Similar to other Washington area utilities, DC Water has implemented fees that pass through the costs of the District's ROW and PILOT as separate line items on its bill. PILOT fee increases by 2 percent over prior year as per PILOT MOU signed with the District Government on September 4, 2014. In FY 2025 Revised budget as compared to FY 2024 Actual, PILOT is projected to decrease by \$1.3 million or 6.6 percent mainly due to higher actual consumption in FY 2024 as compared to the budget. ROW fee remains same at \$5.1 million.
- **Other Revenues** - In FY 2025, Other Revenues are projected to increase by \$11.9 million or 15.7 percent as compared to FY2024 Actual mainly due to increase in the Indirect Cost Recovery from Counties on Capital Projects, Fire Protection Service Fee, Development Contractors Water and Sewer Services Fee, and System Availability Fee.

FY 2026 Proposed vs FY 2025 Revised Operating Receipts

The Proposed FY 2026 receipts projection totals \$1,011.4 million, approximately \$59.5 million, or 6.3 percent higher than the Revised FY 2025 projections. This increase is due primarily to:

- **Residential, Commercial & Multi-Family** - FY 2026 projections reflect an increase of \$38.5 million, or 7.0 percent from FY 2025 primarily due to proposed retail rate increases of 6.0 percent (water and sewer volumetric rates) and increase of 3.0 monthly ERU fee for the Clean Rivers IAC (see Section III- Rate and Revenues for detail on all rate and fee proposals).
 - One percent decrease in consumption over FY 2025 Revised projections has been assumed for Residential, Commercial and Multi-family due to conservation in FY 2026.
- **Federal Revenues** - Proposed FY 2026 Federal revenues are projected to increase by \$7.6 million or 8.3 percent above the FY 2025 Revised budget to \$99.3 million.
- **Municipal & D.C. Housing Authority Receipts** - are projected to increase by \$3.0 million (or 6.8 percent), mainly due to proposed retail rate increases of 6.0 percent and an increase of \$3.0 monthly ERU fee for the Clean Rivers IAC.
- **The Rate Stabilization Fund** - The ten-year plan and near-term revenue projections assume no utilization of RSF in FY 2026. There will be a balance of \$33.64 million by the end of FY 2034.
- **Water System Replacement Fee** - Proposed fixed monthly fee set to recover the costs of 1 percent renewal and replacement program for water service lines generating approximately \$40.7 million per year.
- **Customer Metering Fee** - This fee recovers the costs associated with installing, operating, maintaining and replacing meters, and is charged to all retail customers (including federal and municipal customers). The fee varies based on meter size, with monthly fees ranging from \$7.75 for a 5/8-inch meter (typical size of a residential customer meter) to \$701.62 for 16" meters (typically used for large commercial customers). The Customer Metering fee is projected to generate \$24.1 million in FY 2026.
- **Wholesale Receipts** - In FY 2026, Wholesale revenues are projected to increase by \$8.4 million or 7.3 percent to \$122.6 million due to the projected increase in operations and maintenance expenses.
- **Stormwater** - As noted earlier, the Proposed FY 2026 receipts for this category include \$1.0 million each year from the Department of Energy and Environment (DOEE).
- **PILOT and Right-of-Way (ROW) Fee** - In FY 2026, PILOT fee increase by 2.0 percent over prior year as per the PILOT MOU signed with the District Government on September 4, 2014. The PILOT for Proposed FY 2026 is projected to increase by \$0.3 million or 1.8 percent as compared to the Revised FY 2025 budget. The ROW fee remains the same at \$5.1 million.
- **Other Revenues** - In FY2026, Other Revenues are projected to increase by \$4.0 million or 4.6 percent mainly due to Indirect Cost Recovery from Counties on Capital Projects and Miscellaneous Revenue.

Long-Term Planning: Ten-Year Financial Plan

DISTRICT OF COLUMBIA WATER & SEWER AUTHORITY FY 2025 - FY 2034 FINANCIAL PLAN (In 000's)

OPERATING	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
<i>Retail</i>	771,627	821,079	871,854	917,377	976,477	1,039,404	1,089,189	1,161,642	1,240,043	1,321,624
<i>Wholesale</i>	114,248	122,612	127,516	132,617	137,922	143,439	149,176	155,143	161,349	167,803
<i>Other</i>	63,988	67,694	75,568	89,706	91,147	86,094	79,859	78,620	79,372	80,324
<i>RSF</i>	2,000	0	-	-	-	-	-	-	-	-
Operating Receipts ⁽¹⁾	\$951,863	\$1,011,385	\$1,074,938	\$1,139,700	\$1,205,545	\$1,268,937	\$1,318,225	\$1,395,404	\$1,480,764	\$1,569,751
Operating Expenses	444,223	461,839	479,727	498,324	517,656	537,753	558,646	580,367	602,948	625,648
Debt Service	243,969	271,489	298,305	329,311	359,227	386,306	416,112	450,315	479,536	510,069
Cash Financed Capital Improvement	\$ 65,963	\$ 73,897	\$ 78,467	\$ 82,564	\$ 87,883	\$ 93,546	\$ 98,027	\$ 104,548	\$ 111,604	\$ 118,946
Net Revenues After Debt Service	\$ 197,709	\$ 204,159	\$ 218,439	\$ 229,501	\$ 240,780	\$ 251,331	\$ 245,439	\$ 260,175	\$ 286,675	\$ 315,089
Operating Reserve-Beg Balance	329,173	309,600	325,600	338,600	351,600	366,600	380,600	395,600	411,600	428,100
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(24,813)	(18,910)	(12,900)	-	-	-	-	-	-	-
Project Billing Refunds	(2,000)	-	-	-	-	-	-	-	-	-
Transfers to RSF										
Pay-Go Financing	(190,469)	(169,249)	(192,539)	(216,501)	(225,780)	(237,331)	(230,439)	(244,175)	(270,175)	(298,489)
Operating Reserve - Ending Balance	\$309,600	\$ 325,600	\$ 338,600	\$ 351,600	\$ 366,600	\$ 380,600	\$ 395,600	\$ 411,600	\$ 428,100	\$ 444,700
Rate Stabilization Fund Balance RSF ⁽²⁾	\$ 33,644	\$ 33,644	\$ 33,644	\$ 33,644	\$ 33,644	\$ 33,644	\$ 33,644	\$ 33,644	\$ 33,644	\$ 33,644
Senior Debt Service Coverage	855%	738%	665%	703%	696%	656%	682%	629%	635%	701%
Combined Debt Service Coverage	207%	204%	203%	202%	199%	196%	189%	187%	189%	190%
Actual/Projected Water/Sewer Rate Increases	8.00%	6.00%	7.00%	7.00%	7.50%	8.50%	9.50%	9.50%	9.50%	9.00%
Operating Receipts \$ Increase/Decrease										
Retail	13,804	49,451	50,776	45,523	59,100	62,927	49,785	72,452	78,401	81,581
Wholesale	7,491	8,364	4,904	5,101	5,305	5,517	5,738	5,967	6,206	6,454
Operating Receipts % Increase/Decrease										
Retail	1.8%	6.4%	6.2%	5.2%	6.4%	6.4%	4.8%	6.7%	6.7%	6.6%
Wholesale	7.0%	7.3%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

⁽¹⁾ Includes interest earnings on senior lien revenue bonds' debt service reserve fund

⁽²⁾ \$2.0 million withdrawal from Rate Stabilization Fund in FY2025 for new Payment Plan Incentive Program, leaving a balance of 33.644 million

Operating Expenditures

As in previous years, debt service continues to be the fastest-growing expenditure in the ten-year financial plan as a result of DC Water's \$9.62 billion capital improvement program, growing at an average annual rate of 8.6 percent. All other operating expenses are projected to grow at an average annual rate of 4.0 percent. The following chart provides a detailed comparison of the FY 2025 approved and FY 2026 proposed operating budgets.

Comparative Operating Expenditures Budgets FY 2025 - FY 2026

\$ in thousands

	FY 2025 REVISED	FY 2026 PROPOSED	Increase (Decrease)	Percentage Change
Personnel Services	\$209,633	\$217,462	\$7,829	3.7%
Contractual Services	102,284	102,284	(0)	0.0%
Water Purchases	45,330	48,149	2,819	6.2%
Chemicals and Supplies	55,585	57,491	1,906	3.4%
Utilities	40,318	41,659	1,341	3.3%
Small Equipment	1,364	1,531	167	12.2%
Subtotal Operations & Maintenance	\$454,513	\$468,576	\$14,063	3.1%
Debt Service	243,969	271,489	27,521	11.3%
Cash Financed Capital Improvements	65,963	73,897	7,934	12.0%
Payment in Lieu of Taxes	18,696	19,070	374	2.0%
Right of Way Fees	5,100	5,100	-	0.0%
Subtotal Debt Service, CFCl & PILOT/ROW	333,728	369,557	35,829	10.7%
Total Operating Expenditures	\$788,241	\$838,133	\$49,892	6.3%
Personnel Services charged to Capital Projects	(34,087)	(30,907)	3,180	-9.3%
Total Net Operating Expenditures	\$754,154	\$807,226	\$53,072	7.0%

The FY 2026 proposed budget total of \$838.1 million is approximately 6.3 percent higher than the FY 2025 approved budget. The net increase is primarily due to increase in Debt Service and Cash Financed Capital Improvements (CFCl) costs associated with DC Water's capital improvement program, as well as increase in the operations and maintenance budget. The FY 2026 proposed operations and maintenance budget net increase of 3.1 percent is primarily due to increases in personnel services, contractual services, water purchases, utilities, and small equipment. Specific information regarding each department is included in Section VII. A description of the assumptions and major issues/changes in each major expenditure category follows.

Operating Expenditures

Personnel Services - increase of \$7.8 million or 3.7 percent above the approved FY 2025 budget. The increase is primarily due to adjustments for vacancies, merit, bonus payments, overtime, other salary adjustments, and bonus payments consistent with previous union agreements (expired September 2023). Provides funding for the career workforce advancement program for existing employees, apprenticeship program, and Summer Internship Program.

Contractual Services – (no change) Caps spending at FY25 budget with cost adjustments for maintenance & repairs, software, insurance, and various professional services for hauling and disposal, industrial cleaning, and janitorial services

Water Purchase – increase of approximately \$2.8 million or 6.2 percent above the approved FY 2025 budget. This represents DC Water's share of the Washington Aqueduct's FY 2025 O&M budget and includes funding for the proportionate cost of the dredging of the Little Seneca Reservoir.

Chemicals & Supplies – increase of approximately \$1.9 million or 3.4 percent above the approved FY 2025 Reflects inflationary cost pressures for critical parts and custodial materials.

Utilities – increase of approximately \$1.3 million or 3.3 percent above the approved FY 2025 budget is due to anticipated increased capacity prices for electricity starting with an offsetting reduction in natural gas and water usage in various treatment activities consistent with current trends. DC Water's thermal hydrolysis process and anaerobic digesters continue to generate approximately 6.5MW electricity to offset the Authority-wide energy consumption of 33 MW.

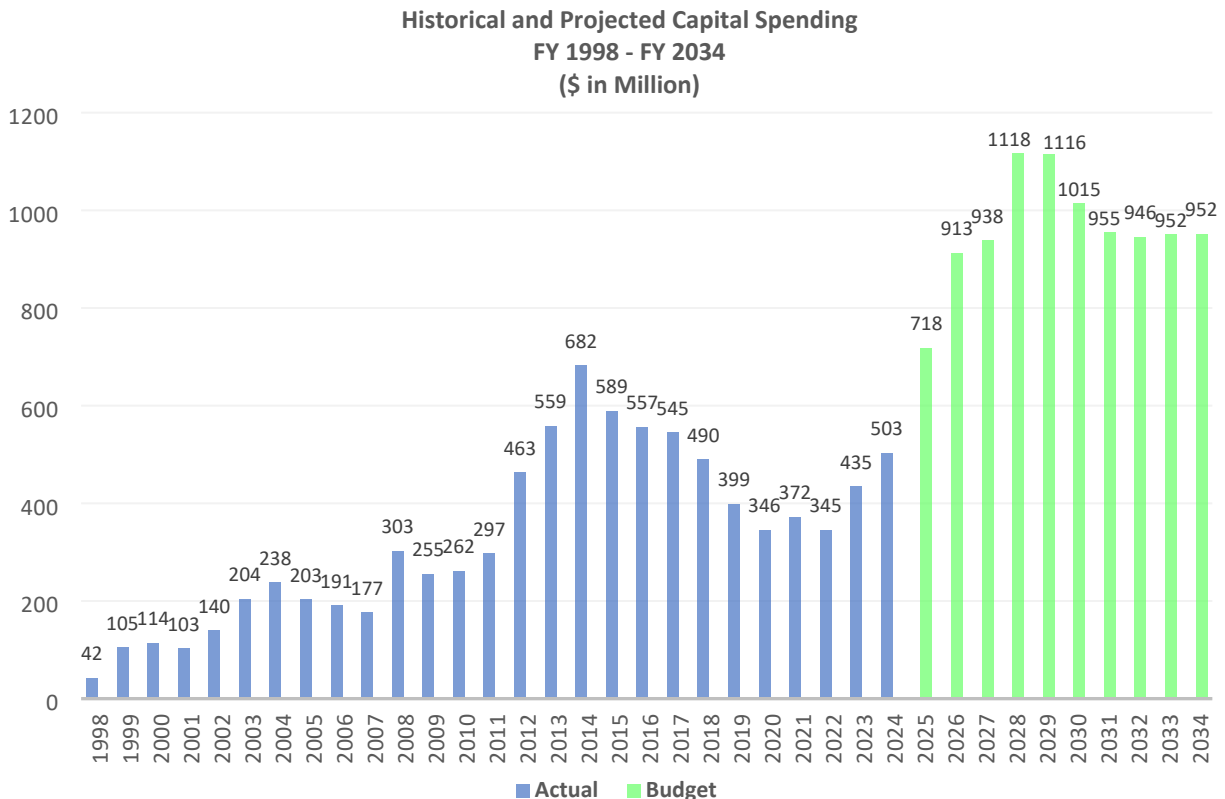
Small Equipment – increase of approximately \$0.2 million or 12.2 percent above the approved FY 2025 Reflects the rental of two cranes for use at Blue Plains.

Capital Financing Program

The 9.62 Billion Ten-Year CIP Protects Our Assets While Leveraging Long-Term Debt

The FY 2025 - FY 2034 financial plan anticipates capital disbursements of \$9.62 billion. Over the last 27 years, \$8.92 billion has been invested in DC Water's system averaging approximately \$330.5 million per year. Projected annual spending ranges from \$718 million to nearly \$1.1 billion as shown in the chart below (or approximately \$962.4 million per year from FY 2025 - FY 2034). The financing of DC Water's capital program comes from four primary sources, as fully described in this section. The amount of EPA grant funding is defined by annual federal appropriations, while jurisdictional capital contributions are based on a fixed percentage of Blue Plains and other shared facilities. The remainder of the program is funded with DC Water's debt and Pay-Go financing from operations.

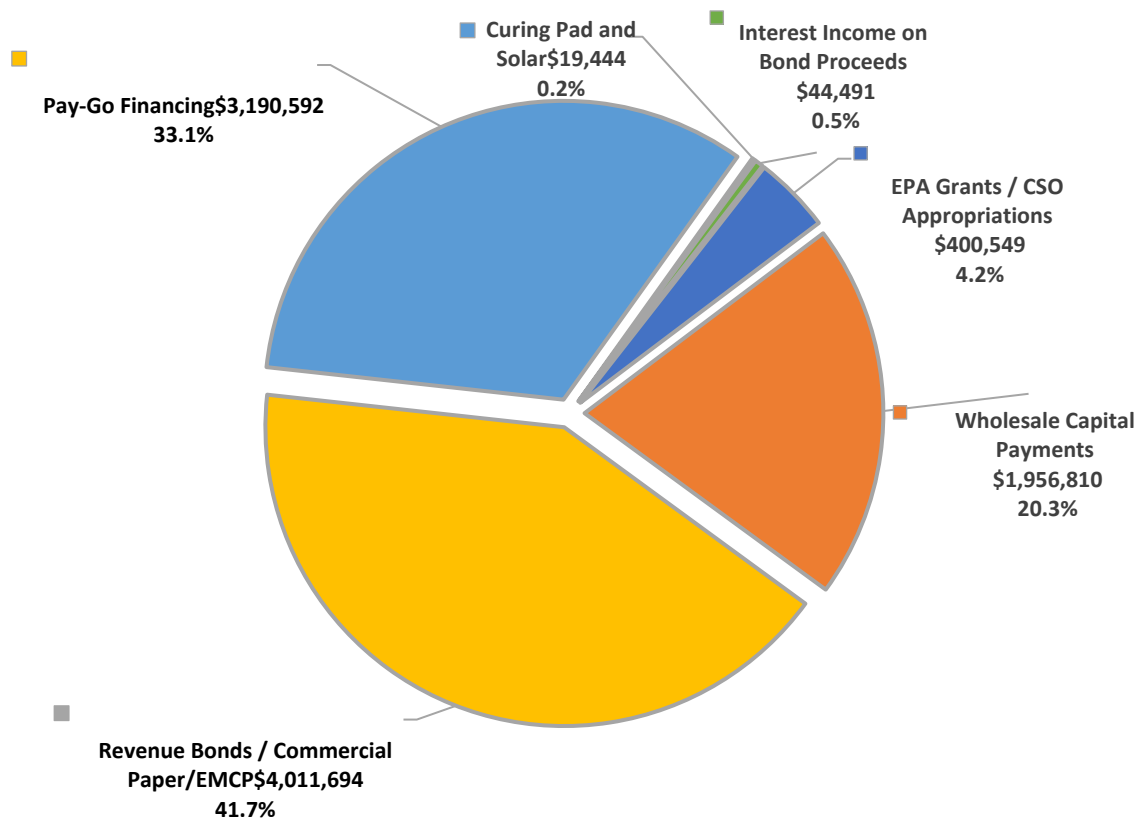
As noted earlier in this section, DC Water developed a comprehensive financing plan in FY 1999 with the dual goals of 1) securing the lowest cost of capital possible, and 2) maximizing administrative and operating flexibility. The plan includes the following components: Grants; wholesale capital payments; permanent financing; Interim financing and Pay-Go.



Capital Financing Program

FY 2025 – FY 2034 Capital Improvement Program Sources of Funds

	FY 2025 - FY 2034 Plan Total	Percent of Total
EPA Grants / CSO Appropriations	\$ 400,549	4.2
Wholesale Capital Payments	\$ 1,956,810	20.3
Revenue Bonds / Commercial Paper/EMCP	\$ 4,011,694	41.7
Pay-Go Financing	\$ 3,190,592	33.1
Curing Pad and Solar	\$ 19,444	0.2
Interest Income on Bond Proceeds	\$ 44,491	0.5
TOTAL SOURCES	\$ 9,623,580	100.0



Capital Financing Program

- **EPA and CSO Grants – For FY 2025 – FY 2034**, EPA and CSO grants represent only 4.2 percent of the funding for 10-year capital program. DC Water currently plans to finance part of its Ten-Year CIP through EPA grant funding for certain eligible projects under the Clean Water and Safe Drinking Water Acts. In general, the District of Columbia projects carried out by DC Water are supported by approximately one percent of the available annual funding through revolving fund programs associated with the Clean Water and Safe Drinking Water Acts. In addition, DC Water has received \$300.8 million in Congressional appropriations for the Clean Rivers Project (aka CSO LTCP) as of September 30, 2024.
- **Wholesale Capital Payments** - Approximately 60 percent of the capacity of DC Water's wastewater treatment facilities are contractually committed to provide wholesale service to suburban jurisdictions under various contracts. Montgomery and Prince George's Counties (through the Washington Suburban Sanitary Commission (WSSC), Fairfax County, and the Loudoun County Sanitation Authority pay a proportionate share of capital-related costs equal to their share of contracted capacity at Blue Plains. DC Water anticipates 20.3 percent of its capital funding will come from wholesale customers.
- **Revenue Bonds/Commercial Paper/EMCP/WIFIA** - Currently debt financing represents only 41.7 percent of the funding in the ten-year capital program.
- **Pay-Go (Internal) Financing** – 'Pay-go' financing shall mean any cash financing of capital projects. The amount transferred from operations to the capital program each year shall be cash in excess of all operating requirements or restricted use. Approximately 33.1 percent of total funding for the FY 2025 – FY 2034 plan is projected to come from PAY- GO financing, which strikes an appropriate balance between maintaining moderate debt levels and financing provided by current ratepayers. Pay-Go funds will be used in a manner consistent with our financial policies: 1) to fund capital financing or for repayment of higher cost debt and that whenever possible, the least costly capital financing be used for capital projects, 2) to produce the lowest practical cost of debt for financing its capital projects.

FY 2025 and FY 2026 Debt Issuance Plans & Debt Service Assumptions

DC Water plans to remarket the variable rate mode Series 2014 B bonds in the third quarter of FY 2025 for approximately \$100 million. Additionally, DC Water plans to issue \$325 million in new bonds in the second quarter of FY 2025, for Series 2025.

For financial planning, (1) we have assumed fixed rate, tax-exempt bonds at 6.0 percent for FY 2025. Similarly, for the remainder of the ten-year plan we have assumed issuing long-term bonds at 6.0 percent for FY 2026 to FY 2034; and 2) issue commercial paper/EMCP for interim financing. The ten-year plan assumes a variable interest rate of 3.5 percent in FY 2025 and 3.0 percent in FY 2026. To yield the best possible interest rate savings, our debt portfolio is evaluated on a regular basis.

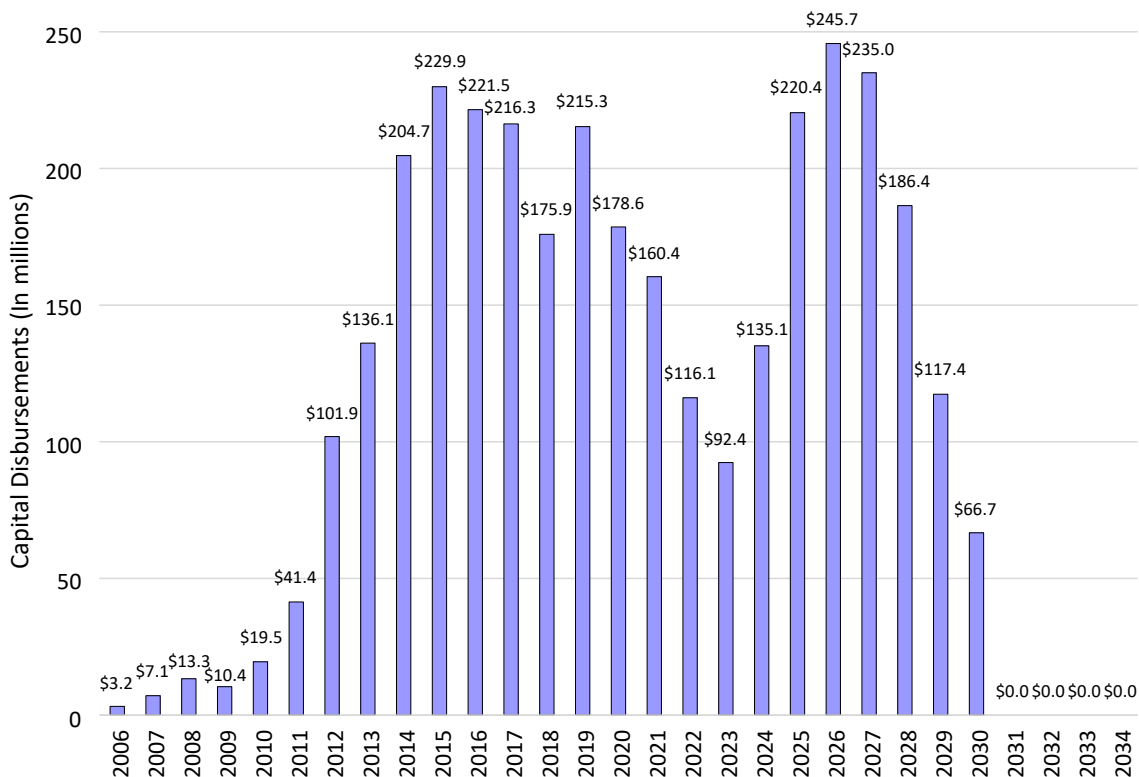
Cash balances totaled \$329.2 million at the end of FY 2024, which excludes \$35.6 million for the Rate Stabilization Fund, as detailed below. Over the next ten years, cash balances are projected to meet Board- required reserve levels for 267 days of operating and maintenance expense budget, plus 160 percent combined coverage.

Capital Financing Program

DC Clean Rivers Project

In December 2004, the Board reached agreement with the federal government on the proposed DC Clean Rivers Project LTCP and entered into a related consent decree. Lifetime capital costs for this project currently stands at approximately \$3.29 billion and this year's approved ten-year plan includes \$1.07 billion of projected disbursements. Projected spending by fiscal year for the Clean Rivers Project is shown in the next chart.

In FY 2024, DC Water received federal funding of \$8.0 million for the Combined Sewer Overflow Long Term Control Plan Service Area. However, as the project spending increases over the years, so does the projected Clean Rivers Impervious Surface Area Charge (CRIAC) fee. If additional federal assistance is provided, the Clean Rivers IAC would increase at a slower pace than this ten-year plan proposal assumes. As noted earlier, this plan assumes jurisdictional contributions, for joint use Projects, to the Clean Rivers Project under the IMA of 7.1 percent beginning in FY 2011. Please see section IV for more details on the Clean Rivers IAC.



Cash Position and Reserves

Cash balances totaled \$357.2 million at the end of FY 2024. As detailed below, this includes \$35.64 million for rate stabilization. Over the next ten years, cash balances are projected to meet the Board required reserve level of 267 days of operating and maintenance expense budget, plus 160 percent combined coverage.

DC Water's operating reserve includes the following components:

FY 2024 Year - End Cash

(\$ in thousands)

Cash Balance per Bank	\$ 357,179
Operating Reserve per Indenture (1)	64,723
Renewal & Replacement Reserve (Indenture Required) (2)	35,000
267 Days of Cash O&M Undesignated Reserve to meet Board Policy (3)	220,812
Ending Cash Balance	\$ 320,535
Rate Stabilization Fund Reserve	35,644
DC Insurance Reserve	1,000
Total Cash Balance and Reserve Funds	\$ 357,179

(1) Two months of prior fiscal year's O&M expense, target balance \$64.7 million

(2) Board policy re-affirmed \$35 million in April 2023

(3) Board policy approved October 2023, for budgeted fiscal year end O&M costs calculated on an average daily balance, with an objective of maintaining at least 250 days of cash with goal to achieve 350 days of cash by 2032

- **Indenture-Required Operating Reserve** - This reserve is required by DC Water's bond indenture and is equivalent to two months' operations and maintenance expenses from the prior year, or approximately \$64.7 million in FY 2024.
- **Renewal & Replacement Reserve** - In FY 2023 the Board reaffirmed the amount of \$35 million in the financing policy. In 2023, Independent Financial Consultant reviewed R&R Reserves and recommended to maintain it at \$35 million. The recommendations was presented to the Board for review and was approved. The reserve level will be reviewed every five years by DC Water's independent rate consultants in conjunction with the indenture-required assessment of the physical condition of the system. The next Cost-of-Service (COS) study to review Renewal & Replacement Reserves will be conducted by Independent Financial Consultants in FY 2028.

Cash Position and Reserves

- **Undesignated Reserve** - After allocating portions of the operating and maintenance reserve to the reserves listed above, the amount that remains (approximately \$196.9 million for FY 2024) is DC Water's undesignated reserve and is available for other contingencies.

DC Water has other reserves that are available for very specific circumstances:

- **Rate Stabilization Fund (RSF)** - Consistent with the Board's financial policies and as envisioned in the bond indenture, this fund is to be established to mitigate large annual rate increases. This year's plan reflects continued use of the rate stabilization fund, which totaled \$35.6 million as of September 2024. The year-end RSF balance is projected at \$33.6 million for FY 2025. Future deposits to the rate stabilization fund will be determined annually based on financial performance in that fiscal year and updated ten-year capital and operating forecasts. The current plan anticipates \$33.6 million available at the end of FY 2034.
- **Debt Service Reserve Funds** - The supplemental bond indenture associated with the Series 1998 senior lien bonds requires DC Water to maintain a debt service reserve fund. This reserve which is in addition to the 267 days operating and maintenance reserve, is held by DC Water's trustee and can only be used if net revenues are insufficient to meet the next debt service payment. DC Water earns interest on this reserve that is included in other operating revenue and is used to offset annual debt service payments. The amount of interest earnings that DC Water can retain on the debt service reserve fund is limited by federal arbitrage restrictions.

DC Water Revenue Receipts



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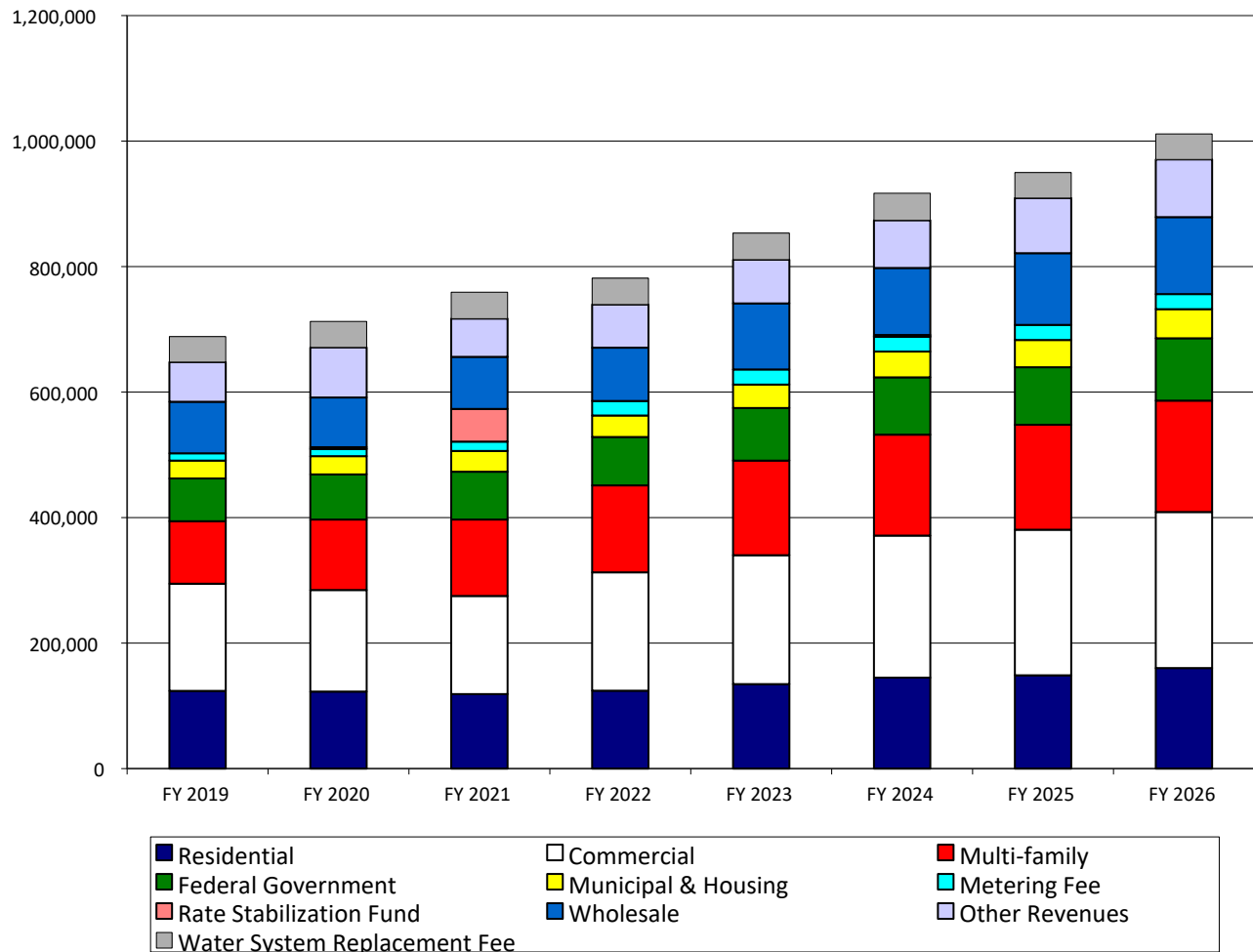
Healthy, Safe and Well



Reliable

In order to provide continuous delivery of water and wastewater services, DC Water must ensure a reliable and predictable revenue stream that cover operating and maintenance (O&M) costs and meet or exceed all Board and other financial requirements. DC Water has a diverse customer base and thus receives cash receipts from a variety of sources. The diversification of revenues mitigates reliance on any single customer and provides a level of revenue stability.

Historical and Projected Cash Receipts (\$000's)



Funds Summary

The COVID-19 has an impact on consumption and revenue. The proposed budget for FY 2025 assumed revenue of \$951.9 million from consumption of 34,177,000 Ccf. The revenue projections assume a 1.0 percent overall retail water consumption decline in FY 2025 over FY 2024 actual. However, for Commercial category, consumption for FY 2025 is assumed to decline by 0.4 percent as compared to projected FY 2021 consumption. For all categories of customers, one percent conservation is assumed for FY 2026 and onwards.



MAJOR ASSUMPTIONS



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Reliable



Resilient

- Assumed delinquencies will decrease slightly in 2025 and onwards.
- Assumed normal collection of receipts for Late Fees. DC Water resumed charging late fees of 1% and 10% from September 1, 2021.
- Resumed placing liens effective from June 13, 2022.
- DC Water resumed disconnections/cut-offs for residential and commercial categories effective from July 12, 2022. For only Residential customers, suspended disconnections for winter moratorium from December 19, 2024, to January 3, 2025.
- Partnered with the District for the Emergency Relief to District customers
- Assumed slightly higher miscellaneous fee revenue and interest earnings
- For FY 2025 and beyond, projected that the Commercial consumption decline would continue due to 1 percent conservation

Historical and Projected Operating Cash Receipts (\$000's)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
	Actual	Actual	Actual	Actual	Revised	Proposed
Residential	118,770	124,159	134,665	144,967	148,715	160,242
Commercial	156,345	188,598	205,401	226,365	231,975	248,665
Multi-family	121,777	138,579	150,756	160,824	167,213	177,501
Sub-Total Residential, Commercial and Multi-family	396,892	451,336	490,822	532,156	547,903	586,408
Federal Government (1)	76,206	77,112	83,839	91,338	91,696	99,339
District Government	20,933	21,055	21,495	24,739	26,388	28,256
D.C. Housing Authority	12,173	13,210	15,801	16,358	17,027	18,120
Transfer from Rate Stabilization Fund	2,500	52,100	-	-	2,000	-
Water System Replacement Fee (WSRF)	42,212	42,079	42,407	43,192	40,717	40,717
Metering Fee	14,862	23,134	24,104	24,439	24,083	24,083
Total Retail	565,777	680,026	678,468	732,222	749,814	796,923
IMA Wastewater Charges	71,797	73,798	91,713	93,434	100,251	108,014
Potomac Interceptor Wastewater Charges	11,189	11,101	13,537	13,323	13,997	14,598
Total Wholesale	82,987	84,899	105,250	106,757	114,248	122,612
District Stormwater Revenue (2)	1,148	1,107	1,038	1,008	1,008	1,008
Misc. Rev. (e.g. water tap installation, fire hydrant usage, etc.)	28,822	34,463	32,981	31,430	42,996	46,979
Washington Aqueduct Backwash - DC Water's prorata share	-	-	177	2,755	2,598	2,598
Washington Aqueduct Debt Service Revenue for Falls Church & Arlington	193	193	193	193	193	193
Interest Income (including interest on Bond Debt Service Reserve Fund)	3,627	1,084	6,381	12,303	9,493	9,217
System Availability Fee (SAF)	5,403	9,194	5,087	2,603	7,700	7,700
Right-of-Way Fee	5,100	5,345	5,253	5,573	5,100	5,100
PILOT Fee	16,512	17,284	18,506	20,027	18,713	19,056
Total Other	60,805	68,670	69,616	75,891	87,801	91,850
Total Operating Cash Receipts	709,569	833,595	853,333	914,871	951,863	1,011,385

- (1) Historical actuals are presented on revenue basis. Projected amounts shown are billed revenues. Actual Federal receipts are a combination of current year projected revenues and prior year adjustments, which are presented as reserve items. See Section III for further explanation.
- (2) Reflects District stormwater fee revenue that will fund DC Water's share of District stormwater permit compliance activities and will not be funded through DC Water's retail rates or other DC Water revenue sources. See Section III for further explanation.

Customer Categories and Accounts



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As of September 30, 2024, DC Water had 127,334 active, metered water and wastewater accounts. In addition, there are 5,470 separate accounts that are billed only for impervious surface. DC Water's customers are classified as retail (residential, multi-family and non-residential) and wholesale customers only. However, within the retail customer class, DC Water tracks receipts and associated consumption at a more detailed level in order to analyze trends and service characteristics. Retail customers' characteristics can be viewed in six groups: residential, multi-family, commercial, federal, DC Municipal and Housing Authority.

FY 2024 revenue receipts are actual as of September 30, 2024.

In FY 2011, a study of the demand characteristics of DC Water customers was undertaken to determine if additional customer classes should be defined for the purpose of cost allocation. Review of 12 months of data (May 2010 to April 2011) revealed, (among other things) that there is a difference in peaking characteristics between many of the customer groups. Generally, the federal customers have the highest peaking factor, with commercial customers having the next highest peaking factor and municipal, residential, multi-family and Housing Authority customers having the lowest peaking factor. Segmentation of water customers is typically done by class-based peak use characteristics with the higher peaking customers allocated more of the system costs (primarily driven by electricity and system capacity costs).

This information helped to inform an analysis of alternative rate structures within the FY 2012 Cost of Service Study (COS). Among the alternatives reviewed, the study reviewed different volumetric rates by customer class/category based on the different demands they place on the system. Differentiation could be based on water peaking characteristics or discharge strength contributions (wastewater). While it was recommended that additional analysis be undertaken in for any further consideration of discharge strength differentiation, management recommended that a new customer class, "Multi-Family", be created to acknowledge the similarity of peaking characteristics with other residential customers, yet provide transparency between single family and multi-family residential units. (Multi-Family residential facilities will continue to be defined as those facilities with 4 or more residential units.) The new Multi-family class has been effective from October 1, 2013. The three customer classes are defined as follows:

Residential – a customer whose premises is a single-family dwelling unit used for domestic purposes, whether as a row, detached or semi-detached structure, or as a single dwelling unit within an apartment building, or as a single dwelling unit within a condominium, or as a single dwelling unit within a cooperative housing association, where each unit is served by a separate service line and is individually metered and used for domestic purposes; or a multi-family structure or development of less than four (4) single-family, apartment, condominium, or cooperative housing association dwelling units where all the units are used for domestic purposes and served by a single service line that is master metered; excluding a premises operated as a nursing home, dormitory or transient housing business, including, but not limited to a bed and breakfast, hotel, motel, inn, boarding house or rooming house.

Customer Categories and Accounts



Reliable And Predictable



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Multi-Family – a customer whose premises is a multi-family structure or development (such as an apartment, condominium, or cooperative housing association) used for domestic purposes, with four or more single-family, apartment, condominium, or cooperative housing association residential dwelling units served by the same service line that is master metered; excluding a premises operated as a nursing home, dormitory or transient housing business, including, but not limited to a bed and breakfast, hotel, motel, inn, boarding house or rooming house.

Non-residential – all customers not within either the residential or multifamily class including customers whose premises is comprised of one or more units that is not used for domestic purposes and all units are served by the same service line that is master metered.



Equitable

Residential, commercial and multi-family receipts are projected to increase in FY 2025 by approximately \$15.6 million, or 3.0 percent, over the FY 2024 level due to:

- Board-approved volumetric retail rate (water and sewer) increase of 8.0 percent, effective October 1, 2024
- Board-approved Clean Rivers Project CRIAC rate decreased from \$21.86 in FY 2024 to \$21.23 per ERU in FY 2025
- Due to the impact of COVID-19, assumed a 0.4 percent decline in consumption for Commercial category in FY2025 and beyond.
- In FY 2024, DC Water's collections on its retail receivables was impacted due to COVID-19, with accounts receivable over 90 days at \$33.9 million as of September 30, 2024, which is \$7.6 million higher than FY 2021. DC Water will continue its collection efforts
- The customer assistance program reduces projected revenues by approximately \$5.0 million

Residential, commercial and multi-family customers:

- In FY 2025, residential customers include 107,491 accounts that comprise of 15.6 percent of the total operating revenues. Given the large number of individual account holders who are in residential, it is unlikely that any one customer will have a major impact on the DC Water cash receipts.
- Multi-family customers house 4 or more units within one building with a master meter. In FY 2025, there are 8,785 accounts that comprise of 17.6 percent of the total operating revenues.
- The commercial group of customers includes a number of nationally recognized universities and regional hospitals, national associations, lobbying firms, major law firms and hotels. This group has 9,011 accounts and will comprise of 24.4 percent of the projected FY 2025 operating revenues. In FY 2026, they will comprise of 24.6 percent of the fiscal year operating revenue.



FY 2025 projections for Residential, Multi-Family and Commercial customers reflect an increase of \$15.7 million, or 3.0 percent from FY 2024 due primarily to proposed retail rate increase of 8.0 percent (combined water and sewer volumetric rates) and a decrease of \$0.63 monthly ERU fee for the Clean Rivers IAC. For FY 2026, the revenue increase is projected at \$38.5 million or 7.0 percent over FY 2025 due to the projected rate increase of 6.0 percent and an increase of \$3.00 monthly ERU for CRIAC. The revenue projections assume a 1.0 percent retail water consumption decline in FY 2025 over FY 2024 actual. However, for Commercial category, consumption in FY 2025 is assumed to decline by 0.4 percent as compared to FY 2021 projected consumption. In FY 2026 and onwards, one percent decrease in consumption has been assumed due to conservation.

The Federal customers FY 2025 receipts are projected to total \$91.7 million; an increase of \$0.4 million, or 0.4 percent over FY 2024. In FY 2026, Federal revenues are projected to be \$99.3 million or 9.8 percent of the total operating revenues. The projected federal revenues will be higher by \$8.3 million or 7.6 percent in FY 2026 due to estimated rate and consumption assumptions provided under the federal billing policies. It may be noted that in order to reduce costs, the federal government issued an executive order to federal agencies to reduce water and electricity consumption, coupled with the federal telework and commuting act to reduce footprint in the District, transfer of federal properties and large metering issues at restricted federal properties.

Under existing federal billing legislation, federal billings are prepared on an estimated basis eighteen months in advance of the start of the fiscal year (e.g., the FY 2025 billing was prepared in April 2023), and are based on the current consumption estimates and projected rate increases as included in the current ten-year plan. These estimates are then reconciled with actual consumption and rate increases, and an adjustment is made in the subsequent year's billing (e.g., the reconciliation of FY 2025 estimated vs. actual consumption and rate increases will be included in the FY 2028 billing, to be prepared in April 2026). Federal revenues in the ten-year plan are presented on a revenue basis, net of any adjustments for prior year reconciliations which are accounted for as reserve items. Consistent with this methodology, revised FY 2025 federal revenues reflect the final billing sent to the federal government in April 2023 net of the adjustment for the prior year (FY 2022) reconciliation. The Authority serves many facilities of the federal government as well as the District of Columbia. The largest federal accounts include General Services Administration, U.S. Congress, the Smithsonian Institution, Department of the Navy, National Park Service and the Department of Defense in both DC and VA.



Municipal & D.C. Housing Authority – FY 2025 receipts from the District of Columbia government and the District of Columbia Housing Authority are projected at \$43.4 million, an increase of \$2.3 million or 5.6 percent over FY 2024. In 2026, receipts from these organizations are projected to total \$46.4 million, an increase of \$3.0 million, or 6.8 percent, mainly due to increases in retail volumetric rates.

- The Municipal customer group includes 518 accounts under the authority of the District of Columbia government. This includes offices and facilities for various government agencies and activities such as education, regulatory affairs and general government operations. This group will comprise of 2.8 percent of the FY 2025 revised budget, and 2.8 percent of the proposed FY 2026 budget.
- The D.C. Housing Authority has 1,050 accounts that include public housing at various facilities throughout the District of Columbia. Their annual billings make up only 1.8 percent of the FY 2025 cash receipts and 1.8 percent of the proposed FY 2026 cash receipts.

Wholesale customer revenue - FY 2025 revenues are projected at \$114.2 million, an increase of \$7.5 million or 7.0 percent over FY 2024. In FY 2026, the Wholesale revenues are projected to increase by \$8.4 million or 7.3 percent to \$122.6 million. In FY 2027, the wholesale revenues are projected to increase by \$4.9 million or 4.0 percent to \$127.5 million. DC Water provides wholesale wastewater treatment services to User Jurisdictions at the Blue Plains Plant. The Wholesale customers' share of operating costs at Blue Plains and other multi-jurisdictional use facilities (MJUFs) are recovered in accordance with the Blue Plains Intermunicipal Agreement of 2012, effective April 3, 2013, (which replaces Blue Plains Intermunicipal Agreement of 1985), the Potomac Interceptor Agreements and the Loudoun County Sanitation Authority Agreement (as discussed in more detail in "THE SYSTEM – The Wastewater System"), and are based on actual costs of operating and maintaining the plant and the collection facilities, prorated to each User Jurisdiction based on its respective actual share of wastewater flows. The User Jurisdiction's share of capital costs is based on each User Jurisdiction's share of capacity allocations in the Plant. Both operating and capital payments are made on a quarterly basis. Capital-related charges are billed quarterly with payments due on the 15th day of the second month following the end of the quarter. The operating and maintenance related charges are billed annually by mid-October and payments are due on November, February, May and August. Receipts are projected to be 12.0 percent and 12.1 percent of total receipts in FY 2025 and FY 2026 respectively.

In FY 2017, DC Water began billing our wholesale customers for the operating and maintenance costs of MJUFs, which include twelve interceptors and four pumping stations that carry suburban wastewater to the Blue Plains Plant. Following each fiscal year, the Authority prepares a reconciliation that determines the actual costs and each wholesale customer's appropriate share of such costs. Adjustments are then billed or credited to the wholesale customers in the first quarter of the subsequent fiscal year. The wholesale customers include: Washington Suburban Sanitary Commission (WSSC), Loudoun County, VA, Fairfax County, VA and a group of small customers of the Potomac Interceptor (PI). The PI customers are comprised of Dulles International Airport (MWAA), National Park Service, Department of Navy and the Town of Vienna.

Consumption



Reliable And Predictable



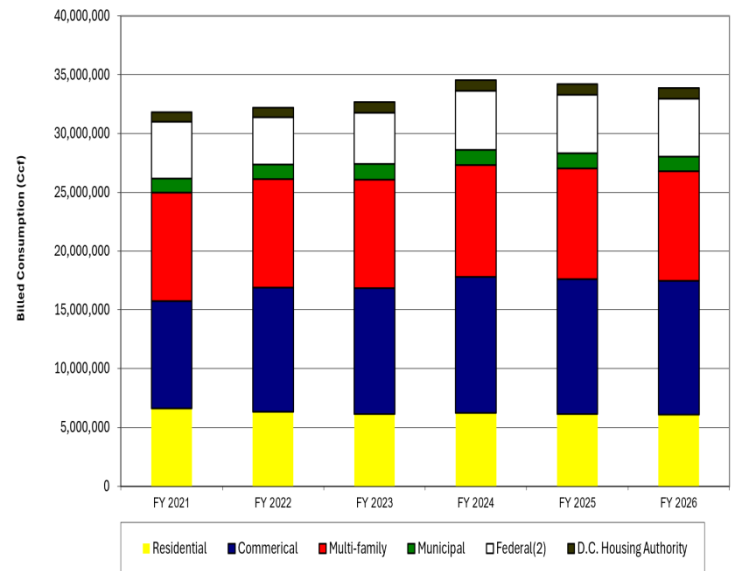
Healthy, Safe and Well



Reliable

While wholesale customers pay for their proportional share of wastewater services, retail customers are billed based upon metered consumption. Therefore, variations in consumption have a direct impact upon DC Water retail rates. The consumption for DC retail customers increased by 5.7 percent in FY 2024. Given the uncertainty of the current economy as well as the federal government's goal to close some neighboring federal facilities and implement several conservation best practices over the next few years, the revenue projections assumed a 1.0 percent decline in FY 2025 over FY 2024 Actual. However, due to the impact of Covid-19, FY 2025 consumption for commercial is assumed to decline by 0.4 as compared to FY 2021 projected consumption. Assumed 1.0 percent decline in FY 2026 and beyond for all categories of customers.

Historical and Projected Billed Consumption (Ccf)



Historical and Projected Billed Consumption (Ccf)

	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Projected	FY 2026 Projected
Residential	6,620,451	6,319,378	6,148,086	6,202,811	6,141,000	6,080,000
Commercial	9,098,077	10,561,267	10,665,543	11,577,290	11,462,000	11,347,000
Multi-family	9,260,560	9,243,028	9,274,129	9,544,963	9,450,000	9,356,000
Municipal⁽¹⁾	1,195,762	1,243,211	1,326,087	1,265,556	1,253,000	1,241,000
Federal⁽²⁾	4,813,337	4,006,115	4,350,621	5,035,575	4,985,000	4,935,000
D.C. Housing Authority	808,267	824,862	889,780	894,653	886,000	877,000
Total Retail	31,796,454	32,197,861	32,654,246	34,520,848	34,177,000	33,836,000

(1) Reflects consumption at District of Columbia Government facilities and DC Water facilities

(2) Reflects consumption at Federal facilities and selected facilities at Soldiers' Home for FY 2020 and onwards

(3) Ccf = hundred cubic feet or 748 gallons

Recent and Approved Rate and Fee Changes



Reliable And Predictable



Healthy, Safe and Well



Reliable

COST OF SERVICE STUDIES:

In FY 2010, DC Water's Independent Financial Consultants performed a Cost of Service (COS) Study to include objectives from senior staff on prioritizing DC Water's pricing objectives. One of the objectives noted was the Class-Based Volumetric Differentiation.

Furthermore, the FY 2012 Cost of Service Study identified several customer categories that demonstrated a reasonable level of differentiation in terms of peak usage. The customer classes identified included A. Residential, B. Multi-family and C. Non-residential. DC Water added a new class of customer, Multi-family effective October 1, 2014.

DC Water expanded the FY 2015 COS to include alternative rate structure analysis that would more effectively meet DC Water's highest priority pricing objectives:

- Lifeline Rates
- Classed-based Volumetric Rates
- Water System Replacement Fee (WSRF)
- System Availability Fee (SAF)
- Based on similar peaking ratios, District of Columbia Housing Authority (DCHA) category moved to multi-family class.
- In FY 2020, DC Water conducted a Cost of Service Study (COS) to align the COS with the multi-year rate proposals, therefore both will be done every two years going forward. Previously, Cost of Service study was conducted every three years. The COS consist of three components: i) revenue sufficiency analysis – to ensure that the revenues cover the costs that DC Water incurs; ii) cost of service analysis – to ensure that the rates are recovering the costs of service provided to customers; and iii) alternative rate structure analysis – to ensure that DC Water meets its priority pricing objectives. The results of the COS support the multi-year rate, charges and fee proposals for FY 2021 and FY 2022.
- In FY 2020, an Independent Review of Rate Structure and Customer Assistance Programs was conducted to review and benchmark DC Water's rates, rate structure and Customer Assistance Programs (CAP) to peer utilities. The findings of the study concurred that DC Water's current customer class structure, monthly water lifeline threshold of 4 Ccf, ERU basis for recovering the CRIAC charge, CAP bill discount and temporary assistance programs are consistent with industry standards for ratemaking.
- According to the COS, the proposed CRIAC shift to sewer volumetric with 18 percent in FY 2020, 28 percent in FY 2021 and 37 percent in FY 2022 and beyond was recommended because it balances infrastructure investment with growth in rates. The shift was based on an assessment that on average 37 percent of volume in the tunnels is from wastewater. The gradual shift helps to avoid rate shock to customers.

Recent and Approved Rate and Fee Changes

In FY 2024, a COS study was conducted to establish multi-year rate for FY 2025 and FY 2026 and the study supported the rates, charges, and fee proposal. It also included the Groundwater and high flow filter backwash sewer rates. The results of COS study support the multi-year rate, charges, and fee proposed for FY2025 and FY 2026. Independent Review of the proposed FY 2025 and FY 2026 Rates was conducted by the consultants.

- The review concluded that the rates have been reasonably developed, reflect the anticipated revenue requirements of the system, adhere to Board Policy and are comparable to other utilities
- The affordability assistance provided by DC Water is robust compared to other utilities, providing a meaningful impact on a customer bill.

Lifeline Rate

The lifeline rate allows for the first 4 Ccf of Single Family Residential (SFR) water use to reflect baseline usage by residential customers without peaking costs. The lifeline water rate provides an economic benefit to low-volume Residential customers, while spreading the cost of peaking to high-volume Residential customers.

Class-based Rate Structure

The Independent Financial Consultants analyzed rate differentiation based on the peaking demands of each customer class. They also analyzed consumption patterns to better understand how customers use water and how their use of water may inform selection of an optimized rate structure. Based upon the analysis of the peak demand of different customer classes as well as affordability considerations, the Board approved establishing class-based water volumetric rates for Residential, Multi-family and Non-residential customers effective from October 1, 2015 (FY 2016). The class-based water volumetric rates for FY 2024 to FY 2026 are listed below:

Water Volumetric	Class-Based (w/lifeline)		
	FY 2024	FY 2025	FY 2026
Residential - 0-4 Ccf	\$4.38	\$5.21	\$5.78
Residential - >4 Ccf	\$5.70	\$6.81	\$7.60
Multi-Family / DC Housing	\$5.00	\$5.82	\$6.47
Non-Residential	\$5.89	\$7.03	\$7.84

Recent and Approved Rate and Fee Changes

Water System Replacement Fee (WSRF)

Effective October 1, 2015 (FY 2016), DC Water modified its existing rate structure and implemented a new meter-based Water System Replacement Fee (WSRF) in order to recover the cost of the 1 percent renewal and replacement program for water service lines. It is anticipated that the Water System Replacement Fee (WSRF) will generate approximately \$40.7 million per year from fiscal years 2024 through 2033. The fee is based upon meter size and average flow. DC Water's low income CAP customers receive a 100 percent credit for this fee.

Effective October 1, 2017 (FY 2018), DC Water amended the Water System Replacement Fee (WSRF) regulations to add rules and procedures for a Multi-family WSRF adjustment; amend the Customer Classifications to clarify the definitions for Residential, Multi-family and Non-Residential customers to include cooperative housing associations and other clarifications; and amend the definitions set forth in Chapter 41 to define the terms Condominium, Cooperative Housing Association, and Dwelling Unit used in the Customer Classification regulations.

Meter Size (inches)	Meter Register Type	Monthly Water System Replacement Fee
5/8"	Single Register	\$ 6.30
3/4"	Single Register	\$ 7.39
1"	Single Register	\$ 9.67
1"x1.25"	Single and Multiple Register	\$ 15.40
1.5"	Single Register	\$ 41.35
2"	Single and Multiple Register	\$ 83.75
3"	Single and Multiple Register	\$ 232.13
4"	Single and Multiple Register	\$ 561.02
6"	Single and Multiple Register	\$ 1,292.14
8"	Single Register	\$ 5,785.51
8"x2"	Multiple Register	\$ 1,899.60
8"x4"x1"	Multiple Register	\$ 2,438.35
10"	Single and Multiple Register	\$ 6,679.65
12"	Single and Multiple Register	\$ 6,679.65
16"	Single Register	\$ 6,679.65

Recent and Approved Rate and Fee Changes

The following terms are defined:

Condominium – means real estate, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the owners of the portions designated for separate ownership, provided the undivided interests in the common elements are vested in the unit owners.

Cooperative Housing Association – means an association, whether incorporated or unincorporated, organized for the purpose of owning and operating residential real property, the shareholders or members of which, by reason of their ownership of a stock or membership certificate, a proprietary lease or other evidence of membership, are entitled to occupy a dwelling unit pursuant to the terms of a proprietary lease or occupancy agreement.

Dwelling Unit – any habitable room or group of rooms with kitchen and bathroom facilities forming a single unit located within a building or structure, which is wholly or partially used or intended to be used for living, sleeping and the preparation and consumption of meals by human occupants, and is under the control of and for the use of the occupant.

Multi-Year Rates

DC Water moved to a multi-year rate proposal in FY 2016 covering the period FY 2017 and FY 2018. The third time that DC Water had adopted a multi-year rate proposal was in FY 2020 covering the period FY 2021 and FY 2022. The FY 2022 rates became effective from October 1, 2021. On March 3, 2022, DC Water's Board adopted a multi-year rate proposal for a fourth time covering the period FY 2023 and FY 2024.

The benefits of multi-year rates include:

- Greater revenue certainty
- Increased budget discipline
- Better alignment between revenues and expenditures
- Favorable credit rating agency treatment
- Better predictability for our ratepayers

Potential risks / considerations:

- Reduced financial flexibility
- Limited ability to modify approved rate increases, if necessary
- Conservatism in financial projections

Recent and Approved Rate and Fee Changes

System Availability Fee (SAF)

Many utilities have implemented a fee, assessed to new development (or redevelopment) to recover the investment in available system capacity. On June 17, 2016, DC Water's Board approved a new System Availability Fee (SAF) to be effective from January 1, 2018. All Residential Customers with meters 1 inch or smaller will use the same set of fees. All Residential Customers with meters larger than 1", and all Multi-Family and Non-Residential Customers will have SAF based on their meter size.

The System Availability Fee is assessed for all new buildings, structures or properties under development and properties under redevelopment. For properties under redevelopment, DC Water will determine the net System Availability Fee by determining the property's proposed capacity requirements and applying a credit for the capacity of accounts being removed from the system. However, if the associated credit for capacity removed is equal to or greater than the future System Availability Fee, the net System Availability Fee shall be zero. Properties under redevelopment shall not receive a credit for accounts that are inactive for more than 12 months.

DC Water has determined that implementing the System Availability Fee (SAF) regulations on the effective date of January 1, 2018 could present significant fiscal impacts to the District's New Communities Initiative, which includes redevelopment, one for one replacement and/or augmentation, of affordable housing units. On March 1, 2018, the DC Water Board considered comments received during the SAF public comment period and agreed to; 1) Extend the System Availability Fee (SAF) effective date from January 1, 2018 to June 1, 2018 for DCRA Construction Permit Applicants and federal facilities new water and sewer connections and renovation or redevelopment projects for existing connections to the District's potable water and sanitary sewer systems based on the SAF meter size in accordance with the following fee schedule and requirements; 2) Revised the DC Water guidance document used to determine the SAF meter size from DC Water Standard Details and Guideline Masters to DC Water's Sizing Instructions and Worksheets; 3) Added procedures and requirements to receive credits for Affordable Housing Units (AHU) development and redevelopment; 4) Clarified the requirements for projects submitted prior to the effective date of June 1, 2018 and approved by June 1, 2019; 5) Added formulas to clarify how the SAF is calculated with the SAF credit, AHU credit and Net AHU credit; 6) Clarified requirements for Payment Plan Agreement; 7) Properties under redevelopment shall not receive a credit for accounts that are inactive for more than 24 months.

Effective June 1, 2018, DCRA Construction Permit Applicants and federal facilities shall be assessed a System Availability Fee (SAF) for new water and sewer connections and renovation or redevelopment projects for existing connections to the District's potable water and sanitary sewer systems based on the SAF meter size in accordance with the following fee schedule and requirements.

Recent and Approved Rate and Fee Changes

- A. Residential customers shall be charged a System Availability Fee based on the SAF meter size as listed below:

SAF Meter Size (inches)	Water System Availability Fee	Sewer System Availability Fee	Total System Availability Fee
5/8"	\$ 1,135	\$ 2,809	\$ 3,944
3/4"	\$ 1,135	\$ 2,809	\$ 3,944
1"	\$ 1,135	\$ 2,809	\$ 3,944
1"x1.25"	\$ 2,047	\$ 5,066	\$ 7,113
1.5"	\$ 5,491	\$ 13,591	\$ 19,082
2"	\$ 11,125	\$ 27,536	\$ 38,661

- B. Multi-Family and all Non-Residential customers shall be charged a System Availability Fee based on the SAF meter size as listed below:

SAF Meter Size (inches)	Water System Availability Fee	Sewer System Availability Fee	Total System Availability Fee
1" or smaller	\$ 1,282	\$ 3,173	\$ 4,455
1"x1.25"	\$ 2,047	\$ 5,066	\$ 7,113
1.5"	\$ 5,491	\$ 13,591	\$ 19,082
2"	\$ 11,125	\$ 27,536	\$ 38,661
3"	\$ 32,500	\$ 80,442	\$ 112,942
4"	\$ 83,388	\$ 206,394	\$ 289,782
6"	\$ 229,246	\$ 567,408	\$ 796,654
8"	\$ 229,246	\$ 567,408	\$ 796,654
8"x2"	\$ 229,246	\$ 567,408	\$ 796,654
8"x4"x1"	\$ 229,246	\$ 567,408	\$ 796,654
10"	\$ 229,246	\$ 567,408	\$ 796,654
12"	\$ 229,246	\$ 567,408	\$ 796,654
16"	\$ 229,246	\$ 567,408	\$ 796,654

Recent and Approved Rate and Fee Changes

The following terms are defined:

Development – the construction of a premises, building or structure that establishes a new water and/or sewer connection.

Redevelopment – the renovation or alteration of a premises, building or structure or reconstruction of a property that increases or decreases the water supply demand or drainage, waste, and vent (DWV) system load. Redevelopment shall not include the up-sizing of a water service or sewer lateral to comply with the

D.C. Construction Codes Supplement, provided the water supply demand and DMV system load remain the same.

System Availability Fee – A one-time fee assessed to a property owner of any premises, building or structure to recover the cost of system capacity servicing all metered water service and sanitary sewer connections and renovation or redevelopment projects that require an upsized meter service connection to the District's potable water system. The fee is assessed based on the peak water demand, excluding fire demand, for new meter water service connection and renovation or redevelopment projects that increase the peak water demand and associated SAF meter size for the property.

Affordable Housing Unit (AHU) – A housing unit that is offered for rent or sale for residential occupancy and as a result of a federal or District subsidy, incentive or benefit, and is made available and affordable to households whose income limit requirements are established by the federal or District program or agency or the Council for the District of Columbia.

Force Majeure Event – an event arising from causes beyond the control of DC Water or the control of any entity controlled by DC Water, which results in the closure of DC Water facilities.

Customer Metering Fee

The Metering Fee was established in 2003 to recover automated metering infrastructure capital costs. In 2012 the Metering Fee was reviewed and adjusted as part of the Cost of Service Study to include capital costs and a small increment of direct Customer Service cost associated with meter maintenance. Many utilities recover operating costs associated with both metering and billing in a fixed meter-based charge. The 2020 cost of service study adopted this more common industry approach by allocating some additional water costs to a Customer Service/Meters classification. The new cost recovery pool is divided by equivalent system meters to determine the cost for residential meter (5/8" or 3/4") then scale that up to reflect charges as meter size increases. As a result, cost recovery is shifted to the Metering Fee and away from the volumetric rate. DC Water chose to mitigate impacts by phasing in this methodology change over 2 years ending with FY2022 rates.

- In FY 2019, the Metering Fee recovered \$11.6 million
- In FY 2003, established Metering Fee at \$2.01 for 5/8" meter
- In FY 2011, increased Metering Fee to \$3.86 for 5/8" meter
- Originally fee amount set to cover the capital costs of the original Automated Meter Infrastructure (AMI) system and meter purchase and installation (debt service) plus about \$4 million of Customer Service costs

Recent and Approved Rate and Fee Changes

The 2020 Cost of Service Study recommended recovering \$24.1 million in FY 2022, consistent with independent rate review recommendation

- Includes costs associated with metering and billing
- Customer assistance, shutoff/restore, and leak adjustment, etc. remain in the volumetric charges
- Proposes FY2021 recovers \$15.4 million, all the debt service and coverage plus about half of the full Customer Service O&M allocation (\$4.96 for a 5/8" meter)
- Proposed FY2022 fee adds the additional half of Customer Service allocation for a total of about \$24.1 million (\$7.75 for a 5/8" meter)

Customer Metering Fees

Meter Size	FY 2020	FY 2021	FY 2022
5/8"	\$ 3.86	\$ 4.96	\$ 7.75
3/4"	\$ 4.06	\$ 5.22	\$ 8.16
1"	\$ 4.56	\$ 5.86	\$ 9.16
1x1.25"	\$ 4.83	\$ 6.21	\$ 9.70
1.5"	\$ 6.88	\$ 8.85	\$ 13.82
2"	\$ 7.54	\$ 9.69	\$ 15.14
2x1/2"	\$ 8.00	\$ 10.28	\$ 16.07
2x5/8"	\$ 8.00	\$ 10.28	\$ 16.07
3"	\$ 76.98	\$ 98.92	\$ 154.56
3x5/8"	\$ 77.94	\$ 100.16	\$ 156.49
3x3/4"	\$ 77.94	\$ 100.16	\$ 156.49
4"	\$ 137.37	\$ 176.52	\$ 275.81
4x3/4"	\$ 138.15	\$ 177.52	\$ 277.38
4x1"	\$ 138.15	\$ 177.52	\$ 277.38
4x2"	\$ 138.15	\$ 177.52	\$ 277.38
4x2x5/8"	\$ 181.04	\$ 232.64	\$ 363.49
6"	\$ 268.14	\$ 344.56	\$ 538.37
6x1"	\$ 272.70	\$ 350.42	\$ 547.52
6x1x1/2"	\$ 272.70	\$ 350.42	\$ 547.52
6x1/2"	\$ 323.09	\$ 415.17	\$ 648.70
6x3x3/4"	\$ 323.09	\$ 415.17	\$ 648.70
6x3"	\$ 323.09	\$ 415.17	\$ 648.70
8"	\$ 323.29	\$ 415.42	\$ 649.10
8x2"	\$ 323.29	\$ 415.42	\$ 649.10
8x4x1"	\$ 358.26	\$ 460.36	\$ 719.31
10"	\$ 317.91	\$ 408.51	\$ 638.30
10x2"	\$ 403.62	\$ 518.65	\$ 810.38
10x6x1"	\$ 403.62	\$ 518.65	\$ 810.38
10x6"	\$ 403.62	\$ 518.65	\$ 810.38
12"	\$ 329.66	\$ 423.61	\$ 661.89
12x6"	\$ 329.66	\$ 423.61	\$ 661.89
16"	\$ 349.45	\$ 449.04	\$ 701.62

Clean Rivers IAC Credit:

In FY 2016, DC Water's Board asked management to evaluate and propose recommendations for expansion of the Customer Assistance Program (CAP) to include fees assessed for the Clean Rivers Impervious Surface Area Charge (CRIAC). The staff evaluated the three options for CRIAC credit: (i) Dollar credit, (ii) ERU credit, and (iii) percent of CRIAC credit (25%, 50%, 75%). Based on the detailed analysis, the management made recommendation to the Board to expand Customer Assistance Program (CAP) to low-income customers to include CRIAC credit in their monthly bills. On March 2, 2017, the Board approved the expansion of the Customer Assistance Program for eligible single-family residential accounts and individually metered accounts to include a fifty percent (50%) credit off of the monthly billed Clean Rivers Impervious Area Charge. The CRIAC became effective May 1, 2017. On March 5, 2020, DC Water's Board adopted a proposal to increase the maximum CRIAC from 50% to 75%, effective October 1, 2020.

Clean Rivers Impervious Area Charge (CRIAC)

In September 2018, DC Water formed the 19-member Stakeholder Alliance (DCWSA) to provide independent advice and a variety of viewpoints to DC Water Management on a variety of programs and policies; increase customer education by providing DC Water with new opportunities for outreach; and propose to DC Water ways to continue effective and efficient long-term public involvement with improved communication tools.

DC Water conducted several meetings to discuss the Clean Rivers Impervious Area Charge (CRIAC) and options to mitigate the rapidly increasing CRIAC. Some of the possible criteria included: 1) equitableness; 2) administrative feasibility; 3) revenue neutrality; 4) legal challenges and defensibility, 5) executable; and 6) adheres to industry practice.

The DC Water's Department of Engineering and Technical Services (DETS) proposed two methodologies for shifting cost from the CRIAC to sewer volumetric rate. The two methodologies that were calculated: 1) 18 percent Shift – calculated based on an average of pollutants concentrations in sanitary wastewater, stormwater runoff and Combined Sewer Overflow (CSO); and 2) 37 percent Shift – calculated based on volume of sanitary wastewater, stormwater runoff and CSO. The 18 percent shift calculation and methodology have a lot more variation in the pollutant concentrations depending on the data used and the time of year. Management determined that the 37 percent Shift volumetric methodology has a greater justification, more easily defended and could be phased in.

However, based on meetings with the DC Water and discussions with the customer groups, an 18 percent CRIAC shift to sewer volumetric rate was proposed for FY 2020 in order for the rates and charges to be fair and equitable for all customers.

After considering all possible criteria and customer impacts, the Board agreed to a proposal shifting 37 percent cost from the CRIAC to sewer volumetric rate to be phased-in; 18 percent in FY 2020, 28 percent in FY 2021 and 37 percent in FY 2022, effective October 1, 2019.

Recent and Approved Rate and Fee Changes

Clean Rivers Impervious Area Charge Incentive Program Discount

On October 1, 2013, DC Water's Board established the Clean Rivers Area Incentive Program Discount for stormwater best management practices, which provided a 4 percent maximum incentive discount off the chargeable CRIAC for customers that installed certain eligible stormwater best management practices that reduce the amount of stormwater runoff generated from a property.

The general public and DC Water voiced concerns that the Clean Rivers Area Program Discount 4 percent maximum incentive for stormwater was too low and did not incentivize customers to install best management practices.

DC Water's management analyzed and evaluated the Clean Rivers Area Program Discount historical data and determined that it was feasible to increase the CRIAC incentive discount for customers that installed certain eligible stormwater best management practices.

On April 4, 2019, DC Water's Board adopted a proposal to increase the maximum CRIAC incentive discount from 4 percent to 20 percent, effective October 1, 2019.

APPROVED FY 2025 RATE AND FEE CHANGES



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The Board has approved the following changes in the rates and fees for rate making to be effective from October 1, 2024:

- **Water volumetric rates:**

- Residential customers: “Consumption of 0 – 4 Ccf” - water rate increase of \$0.83 per Ccf, {\$1.11 per 1,000 gallons} from \$4.38 per Ccf to \$5.21 per Ccf, {\$6.97 per 1,000 gallons}
- Residential customers: “Consumption greater than 4 Ccf” - water rate increase of \$1.11 per Ccf, {\$1.48 per 1,000 gallons} from \$5.70 per Ccf to \$6.81 per Ccf, {\$9.10 per 1,000 gallons}
- Multi-family customers: water rate increase of \$0.82 per Ccf, {\$1.10 per 1,000 gallons} from \$5.00 per Ccf to \$5.82 per Ccf, {\$7.78 per 1,000 gallons}
- Non-Residential customers: water rate increase of \$1.14 per Ccf, {\$1.52 per 1,000 gallons} from \$5.89 per Ccf to \$7.03 per Ccf, {\$9.40 per 1,000 gallons}
- Sewer rate increase of \$0.37 per Ccf, {\$0.50 per 1,000 gallons} for all classes of customers from \$11.70 per Ccf to \$12.07 per Ccf, {\$16.14 per 1,000 gallons}
- Monthly Customer Metering Fee remains the same at \$7.75 for a 5/8” meter size. The Customer Metering fee varies by size
- Monthly Clean Rivers Impervious Area Charge (CRIAC) decrease of \$0.63 from \$21.86 per ERU to \$21.23 per ERU
- Clean Rivers Impervious Area Charge (CRIAC) six-tier residential rate structure is shown in the table below:

Tiers	Residential Impervious Area Range	ERU
Tier 1	100 – 600 sq ft	0.6 ERU
Tier 2	700 – 2,000 sq ft	1.0 ERU
Tier 3	2,100 – 3,000 sq ft	2.4 ERU
Tier 4	3,100 – 7,000 sq ft	3.8 ERU
Tier 5	7,100 – 11,000 sq ft	8.6 ERU
Tier 6	11,100 sq ft and more	13.5 ERU

- The Water System Replacement Fee (WSRF) recovers the cost of 1 percent renewal and replacement program for water service lines. There will be no increase in WSRF. The WSRF varies with meter size. WSRF for 5/8” meter size is \$6.30
- PILOT and Right-of-Way fee – These fees are proposed to increase to recover the full cost of the PILOT and Right-of-Way fees charged to DC Water by the District of Columbia
 - There is no increase in the PILOT fee, which remains same at \$0.61 per Ccf, {\$0.82 per 1000 gallons}
 - There is no increase in the Right-of-Way (ROW) fee, which remains same at \$0.19 per Ccf, {\$0.25 per 1,000 gallons}
- These changes increased the typical residential customer’s total monthly bill by \$6.27 or 4.8 percent

APPROVED FY 2026 RATE AND FEE CHANGES



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The Board has approved the following changes in the rates and fees for rate making to be effective from October 1, 2025:

- Water volumetric rates:
 - Residential customers: “Consumption of 0 – 4 Ccf” - water rate increase of \$0.57 per Ccf, {\$0.76 per 1,000 gallons} from \$5.21 per Ccf to \$5.78 per Ccf, {\$7.73 per 1,000 gallons}
 - Residential customers: “Consumption greater than 4 Ccf” - water rate increase of \$0.79 per Ccf, {\$1.06 per 1,000 gallons} from \$6.81 per Ccf to \$7.60 per Ccf, {\$10.16 per 1,000 gallons}
 - Multi-family customers: water rate increase of \$0.65 per Ccf, {\$0.87 per 1,000 gallons} from \$5.82 per Ccf to \$6.47 per Ccf, {\$8.65 per 1,000 gallons}
 - Non-Residential customers: water rate increase of \$0.81 per Ccf, {\$1.08 per 1,000 gallons} from \$7.03 per Ccf to \$7.84 per Ccf, {\$10.48 per 1,000 gallons}
- Sewer rate increase of \$0.45 per Ccf, {\$0.60 per 1,000 gallons} for all classes of customers from \$12.07 per Ccf to \$12.52 per Ccf, {\$16.74 per 1,000 gallons}
- Monthly Customer Metering Fee remains the same at \$7.75 for a 5/8” meter size. The Customer Metering fee varies by size
- Monthly Clean Rivers Impervious Area Charge (CRIAC) increase of \$3.00 from \$21.23 per ERU to \$24.23 per ERU
- The Water System Replacement Fee (WSRF) recovers the cost of 1 percent renewal and replacement program for water service lines. There will be no increase in WSRF. The WSRF varies with meter size. WSRF for 5/8” meter size is \$6.30
- PILOT and Right-of-Way fee – These fees are proposed to increase to recover the full cost of the PILOT and Right-of-Way fees charged to DC Water by the District of Columbia
 - Increase of \$0.01 the PILOT fee, {\$0.01 per 1000 gallons} to \$0.62 per Ccf, {\$0.83 per 1000 gallons}
 - Increase of \$0.01 in the Right-of-Way (ROW) fee to \$0.20 per Ccf, {\$0.27 per 1,000 gallons}
- These changes increased the typical residential customer’s total monthly bill by \$8.94 or 6.5 percent

APPROVED FY 2025 & FY 2026 RATE AND FEE CHANGES



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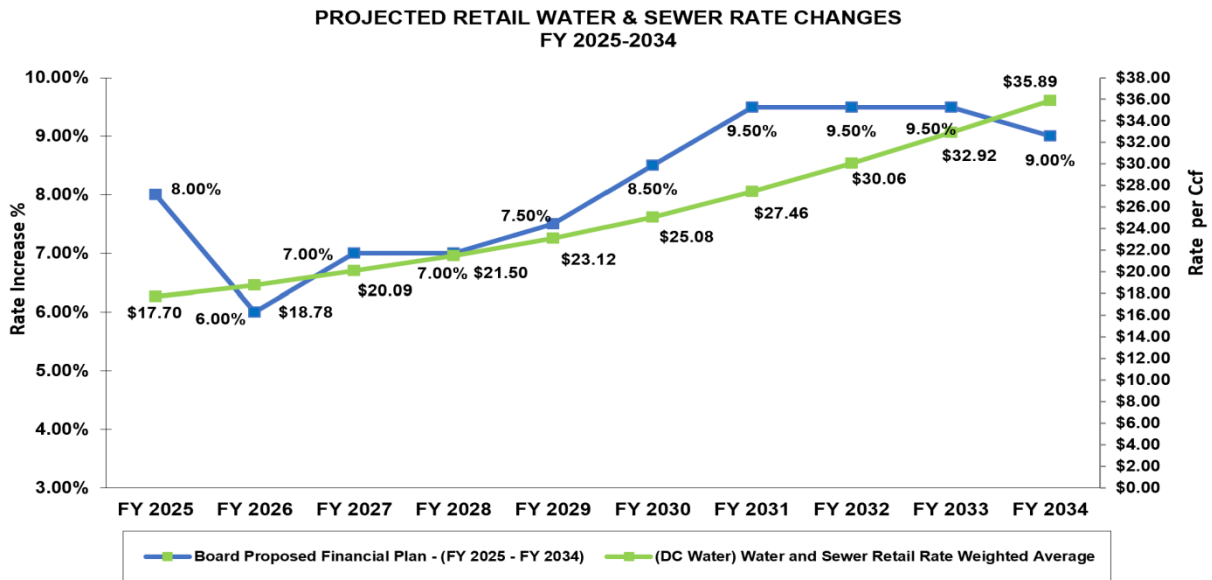
The ten-year projected water and sewer rate increases under this year's plan (FY 2025 – FY 2034) totaling 81.50 percent are driven primarily by capital spending for DC Water's \$9.62 billion capital improvement program.

Primary spending in the ten-year capital plan include: the construction of the Potomac River Tunnel in the DC Clean Rivers program to meet the consent decree requirements by 2030, continued investment in the water and sewer infrastructure, and Lead Free DC program, major rehabilitation and upgrades at Blue Plains, DC Water's share of the Washington Aqueduct's critical infrastructure, and various capital equipment projects.

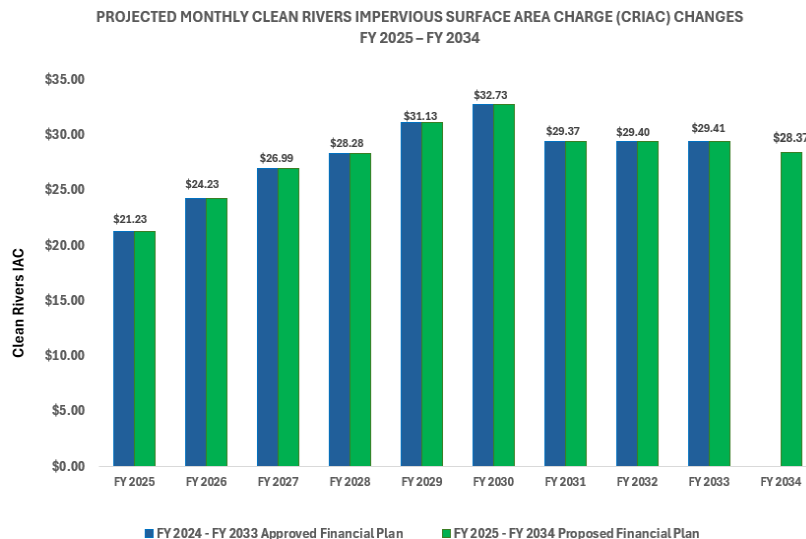
Based on feedback from the new Stakeholder Alliance and discussions with customers about the Clean Rivers Impervious Area Charge (CRIAC) that funds the Clean Rivers Program, the proposal was implemented for FY 2020 to shift 18 percent of the costs for the Clean Rivers program from the CRIAC to the sewer volumetric rate. This was increased to 28 percent in FY 2021 and 37 percent in FY 2022. This was based on an assessment that, on average, 37 percent of the volume in the new tunnels is from wastewater. The proposal to shift CRIAC to volumetric was adopted by the Board.

The public outreach and comment process for the rate proposal for FY 2025 and FY 2026 occurred between March and May 2024. With the approval of the rates by DC Water Board, these changes would increase the typical residential customer's monthly bill by \$6.27 or 4.8 percent in FY 2025 and \$8.94 or 6.5 percent in FY 2026.

APPROVED FY 2025 and FY 2026 RATE AND FEE CHANGES



- 1) Rates shown above reflect weighted water and sewer rates for Residential customer category
- 2) In FY 2025 proposed water and sewer rate increase of \$1.47 per Ccf, (\$1.97 per 1,000 gallons)
 - Combined water and sewer rate increases from \$16.43 to \$17.90 per Ccf
- 3) In FY 2026 approved water and sewer rate increase of \$1.35 per Ccf, (\$1.80 per 1,000 gallons)
 - Combined water and sewer rate increases from \$17.90 to \$19.25 per Ccf
- 4) Rate increase of 8.0 percent for FY 2025 and 6.00 percent for FY 2026



- The projected charges displayed in the chart above are primarily driven by anticipated debt service costs necessary to support the thirty-year \$3.29 billion Clean Rivers Project, which includes the federally mandated CSO-LTCP and the Nine-Minimum Controls Program
- The annual Clean Rivers Project costs for the average Tier 2 residential customer (700 – 2,000 sq. ft. of impervious area) is projected to increase from \$290.76 in FY 2026 to \$340.44 in FY 2034
- The CRIAC shift to sewer volumetric with 18 percent in FY 2020, 28 percent in FY 2021 and 37 percent in FY 2022 and beyond was recommended because it balances infrastructure investment with growth in rates. The shift was based on an assessment that on average 37 percent of volume in the tunnels is from wastewater. The gradual shift helps to avoid rate shock to customers. With the shift the overall household charges increase by 4.8 percent in FY 2025 and 6.5 percent in FY 2026. The CRIAC will decrease from \$21.86 to \$21.23 per ERU per month for FY 2025 and increase to \$24.23 per ERU per month for FY 2026.

RECENT AND APPROVED RATE AND FEE CHANGES



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Average Residential Customer Monthly Bill

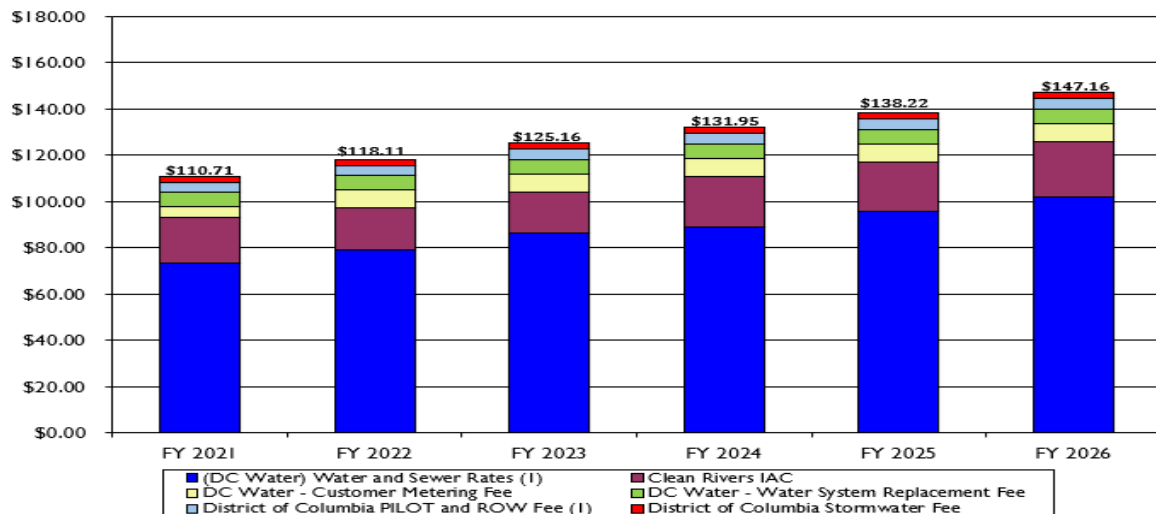
FY 2021- FY 2026

	Units	FY 2021	FY 2022	FY 2023	FY 2024	Current FY 2025	Approved FY 2026
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 73.30	\$ 78.92	\$ 86.07	\$ 89.03	\$ 95.93	\$ 101.77
DC Water Clean Rivers IAC ⁽²⁾	ERU	19.52	18.40	18.14	21.86	21.23	24.23
DC Water Customer Metering Fee	5/8"	4.96	7.75	7.75	7.75	7.75	7.75
DC Water Water System Replacement Fee ⁽⁴⁾	5/8"	6.30	6.30	6.30	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 104.08	\$ 111.37	\$ 118.26	\$ 124.94	\$ 131.21	\$ 140.05
Increase / Decrease		\$ 6.73	\$ 7.29	\$ 6.89	\$ 6.68	\$ 6.27	\$ 8.84
Percent Increase in DC Water Portion of Bill		6.9%	7.0%	6.2%	5.6%	5.0%	6.7%
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$ 2.93	\$ 3.04	\$ 3.20	\$ 3.31	\$ 3.31	\$ 3.36
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	1.03	1.03	1.03	1.03	1.03	1.08
District of Columbia Stormwater Fee ⁽³⁾	ERU	2.67	2.67	2.67	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.63	\$ 6.74	\$ 6.90	\$ 7.01	\$ 7.01	\$ 7.11
Total Amount Appearing on DC Water Bill		\$ 110.71	\$ 118.11	\$ 125.16	\$ 131.95	\$ 138.22	\$ 147.16
Increase / Decrease Over Prior Year		\$ 6.90	\$ 7.40	\$ 7.05	\$ 6.79	\$ 6.27	\$ 8.94
Percent Increase in Total Bill		6.6%	6.7%	6.0%	5.4%	4.8%	6.5%

1. Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)
2. Assumes average 1 Equivalent Residential Unit (ERU)
3. District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010
4. DC Water "Water System Replacement Fee" of \$6.30 for 5/8" meter size effective October 1, 2015

AVERAGE RESIDENTIAL CUSTOMER MONTHLY BILL

FY 2021 – FY 2026



- (1) Assumes average monthly consumption of 5.42 Ccf, or 4,054 gallons
 - FY2025 cost per gallon is a little over \$0.02 (water and sewer rates only)

RECENT AND APPROVED RATE AND FEE CHANGES

AVERAGE CAP CUSTOMER MONTHLY BILL FY 2021 – FY 2026

	Units	FY 2021	FY 2022	FY 2023	FY 2024	Current FY 2025	Approved FY 2026
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 73.30	\$ 78.92	\$ 86.07	\$ 89.03	\$ 95.93	\$ 101.77
DC Water Clean Rivers IAC	ERU	19.52	18.40	18.14	21.86	21.23	24.23
DC Water Customer Metering Fee	5/8"	4.96	7.75	7.75	7.75	7.75	7.75
DC Water Water System Replacement Fee	5/8"	6.30	6.30	6.30	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 104.08	\$ 111.37	\$ 118.26	\$ 124.94	\$ 131.21	\$ 140.05
Increase / Decrease		\$ 6.73	\$ 7.29	\$ 6.89	\$ 6.68	\$ 6.27	\$ 8.84
Percent Increase in DC Water Portion of Bill		6.9%	7.0%	6.2%	5.6%	5.0%	6.7%
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$ 2.93	\$ 3.04	\$ 3.20	\$ 3.31	\$ 3.31	\$ 3.36
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	1.03	1.03	1.03	1.03	1.03	1.08
District of Columbia Stormwater Fee ⁽⁴⁾	ERU	2.67	2.67	2.67	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.63	\$ 6.74	\$ 6.90	\$ 7.01	\$ 7.01	\$ 7.11
Total Amount		\$ 110.71	\$ 118.11	\$ 125.16	\$ 131.95	\$ 138.22	\$ 147.16
Less: CAP Discount (4 Ccf per month) ^{(1), (2)}		(55.96)	(60.08)	(65.28)	(67.52)	(72.32)	(76.48)
Water System Replacement Fee (WSRF) ⁽³⁾		(6.30)	(6.30)	(6.30)	(6.30)	(6.30)	(6.30)
Clean Rivers IAC ⁽⁵⁾		(14.64)	(13.80)	(13.61)	(16.40)	(15.92)	(18.17)
Total Amount Appearing on DC Water Bill		\$ 33.81	\$ 37.93	\$ 39.97	\$ 41.73	\$ 43.68	\$ 46.21
Increase / Decrease Over Prior Year		\$ (2.63)	\$ 4.12	\$ 2.04	\$ 1.76	\$ 1.95	\$ 2.53
CAP Customer Discount as a Percent of Total Bill		-69.5%	-67.9%	-68.1%	-68.4%	-68.4%	-68.6%

(1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)

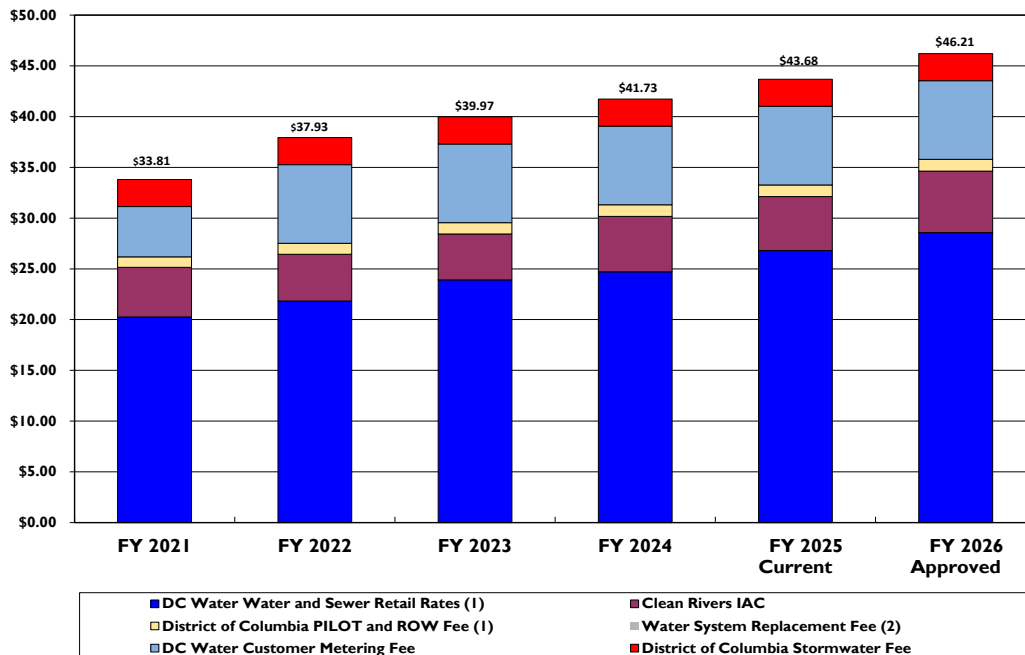
(2) Expansion of CAP program in FY 2009 assumes discount to first 4 Ccf of Water and Sewer and to first 4 Ccf of PILOT and ROW in FY 2011

(3) Assumes 100 percent discount for Water System Replacement Fee (WSRF) to CAP customers effective October 1, 2015

(4) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010

(5) Assumes 50 percent discount up to FY 2020 and 75 percent discount for FY 2021 to FY 2026 for the Clean Rivers IAC

AVERAGE CAP CUSTOMER MONTHLY BILL FY 2021 – FY 2026



1) Assumes average monthly consumption of 5.42 Ccf, or 4,054 gallons

— FY 2025 & FY 2026 cost per gallon is a little over \$0.02 (water and sewer rates only)

2) Assumes 100 percent discount for Water System Replacement Fee (WSRF) to CAP customers, therefore, WSRF is not shown in the above graph

3) Assumes 50 percent credit up to FY 2020 and 75 percent credit for FY 2021 to FY 2026 for the Clean Rivers Impervious Area Charge (CRIAC).

RECENT AND APPROVED RATE AND FEE CHANGES

**Average CAP2 Customer Monthly Bill
FY 2021 - FY 2026**

	Units	FY 2021	FY 2022	FY 2023	FY 2024	Current FY 2025	Approved FY 2026
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 73.30	\$ 78.92	\$ 86.07	\$ 89.03	\$ 95.93	\$ 101.77
DC Water Clean Rivers IAC	ERU	19.52	18.40	18.14	21.86	21.23	24.23
DC Water Customer Metering Fee	5/8"	4.96	7.75	7.75	7.75	7.75	7.75
DC Water Water System Replacement Fee	5/8"	6.30	6.30	6.30	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 104.08	\$ 111.37	\$ 118.26	\$ 124.94	\$ 131.21	\$ 140.05
Increase / Decrease		\$ 6.73	\$ 7.29	\$ 6.89	\$ 6.68	\$ 6.27	\$ 8.84
District of Columbia PILOT Fee	Ccf	\$ 2.93	\$ 3.04	\$ 3.20	\$ 3.31	\$ 3.31	\$ 3.36
District of Columbia Right-of-Way Fee	Ccf	1.03	1.03	1.03	1.03	1.03	1.08
District of Columbia Stormwater Fee	ERU	2.67	2.67	2.67	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.63	\$ 6.74	\$ 6.90	\$ 7.01	\$ 7.01	\$ 7.11
Total Amount		110.71	118.11	125.16	131.95	138.22	147.16
Less: CAP2 Discount (3 Ccf per month) ⁽²⁾		(39.78)	(42.81)	(46.62)	(48.24)	(51.84)	(54.90)
Clean Rivers IAC ⁽³⁾		(9.76)	(9.20)	(9.07)	(10.93)	(10.62)	(12.12)
Total Amount Appearing on DC Water Bill		61.17	66.10	69.47	72.78	75.76	80.14
Increase / Decrease Over Prior Year		\$ 3.68	\$ 4.93	\$ 3.37	\$ 3.31	\$ 2.98	\$ 4.38
CAP Customer Discount as a Percent of Total Bill		-44.7%	-44.0%	-44.5%	-44.8%	-45.2%	-45.5%

(1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)

(2) Expansion of CAP2 program in FY 2019 and onwards assumes discount to first 3 Ccf of Water and Sewer

(3) Expansion of CAP2 program in FY 2019 and onwards assumes 50 percent discount for the Clean Rivers IAC

**Average CAP+ Customer Monthly Bill
FY 2025- FY 2026**

	Units	Current FY 2025	Approved FY 2026
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 95.93	\$ 101.77
DC Water Clean Rivers IAC	ERU	21.23	24.23
DC Water Customer Metering Fee	5/8"	7.75	7.75
DC Water Water System Replacement Fee	5/8"	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 131.21	\$ 140.05
Increase / Decrease		\$ -	\$ 8.84
District of Columbia PILOT Fee	Ccf	3.31	3.36
District of Columbia Right-of-Way Fee	Ccf	1.03	1.08
District of Columbia Stormwater Fee	ERU	2.67	2.67
Subtotal District of Columbia Charges		\$ 7.01	\$ 7.11
Total Amount		138.22	147.16
Less: CAP Discount (5.42 Ccf per month) ^{(1), (2)}		(100.27)	(106.21)
Water System Replacement Fee (WSRF) ⁽³⁾		(6.30)	(6.30)
Clean Rivers IAC ⁽⁴⁾		(15.92)	(18.17)
Total Amount Appearing on DC Water Bill		15.73	16.48
Increase / Decrease Over Prior Year		\$ 0.75	
CAP Customer Discount as a Percent of Total Bill		-88.6%	-88.8%

(1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)

(2) Expansion of CAP+ program in FY 2025 assumes CAP discount plus additional 2 Ccf discount on Water and Sewer, PILOT and ROW

(3) Assumes 100 percent discount for Water System Replacement Fee (WSRF) to CAP customers effective October 1, 2015

(4) Assumes 75% discount for the Clean Rivers IAC effective October 1, 2020.

**Average CAP3 Customer Monthly Bill
FY 2021 - FY 2026**

	Units	FY 2021	FY 2022	FY 2023	FY 2024	Current FY 2025	Approved FY 2026
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 73.30	\$ 78.92	\$ 86.07	\$ 89.03	\$ 95.93	\$ 101.77
DC Water Clean Rivers IAC	ERU	19.52	18.40	18.14	21.86	21.23	24.23
DC Water Customer Metering Fee	5/8"	4.96	7.75	7.75	7.75	7.75	7.75
DC Water Water System Replacement Fee	5/8"	6.30	6.30	6.30	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 104.08	\$ 111.37	\$ 118.26	\$ 124.94	\$ 131.21	\$ 140.05
Increase / Decrease		\$ 6.73	\$ 7.29	\$ 6.89	\$ 6.68	\$ 6.27	\$ 8.84
District of Columbia PILOT Fee	Ccf	\$ 2.93	\$ 3.04	\$ 3.20	\$ 3.31	\$ 3.31	\$ 3.36
District of Columbia Right-of-Way Fee	Ccf	1.03	1.03	1.03	1.03	1.03	1.08
District of Columbia Stormwater Fee	ERU	2.67	2.67	2.67	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.63	\$ 6.74	\$ 6.90	\$ 7.01	\$ 7.01	\$ 7.11
Total Amount		110.71	118.11	125.16	131.95	138.22	147.16
Less: CAP3 Discount Clean Rivers IAC ⁽²⁾		(14.64)	(13.80)	(13.61)	(16.40)	(15.92)	(18.17)
Total Amount Appearing on DC Water Bill		96.07	104.31	111.55	115.55	122.30	128.99
Increase / Decrease Over Prior Year		\$ 7.97	\$ 8.24	\$ 7.24	\$ 4.00	\$ 6.75	\$ 6.69
CAP Customer Discount as a Percent of Total Bill		-13.2%	-11.7%	-10.9%	-12.4%	-11.5%	-12.3%

(1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)

(2) Expansion of CAP3 program in FY 2019 assumes 75 percent discount for the Clean Rivers IAC

WHY RATE INCREASES ARE NEEDED



FY 2025 – FY 2034 FINANCIAL PLAN

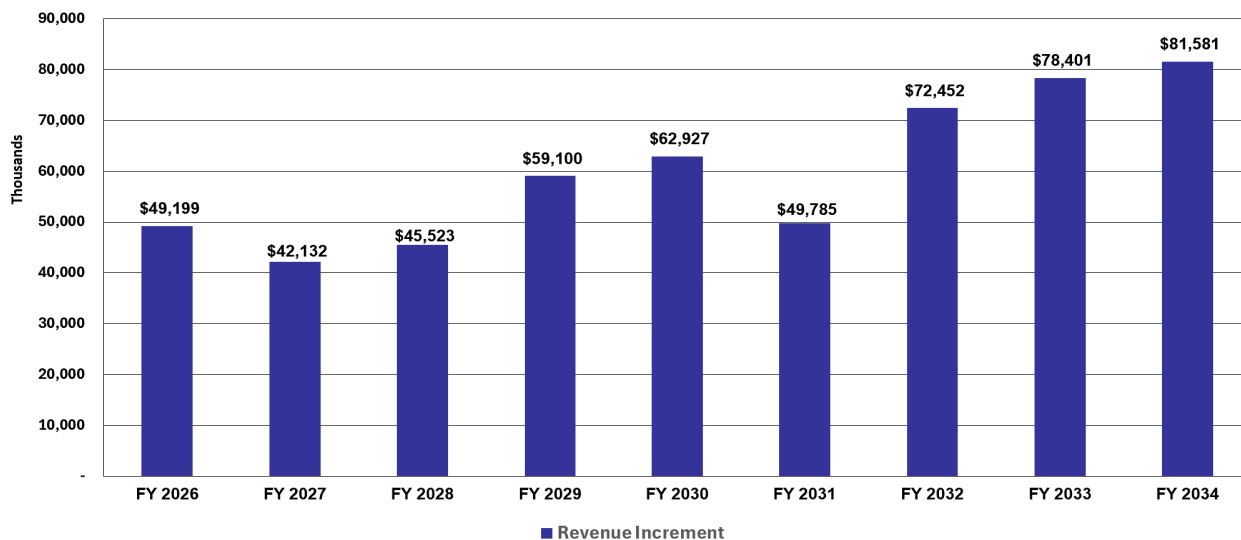
As shown in the chart below, incremental increases in retail revenues are projected to range from \$42.1 million to \$81.6 million in FY 2026 – FY 2034, due to:

- Average annual debt service increase of 8.6 percent
- Average annual O&M increase of 4.0 percent
- Annual projected Payment-in-Lieu of Taxes (PILOT) and Right-of-Way (ROW) increases due to DC Government increasing costs of providing services to the District
- This year's ten-year plan reflects increases in operating and maintenance and increases in debt service cost associated with DC Water's Capital Improvement Program (CIP).

These costs would be recovered through:

- Approved water and sewer rate increase of 8.0 percent in FY 2025 and 6.0 percent to 9.5 percent from FY 2026 to FY 2034.
- Approved Clean Rivers Impervious Surface Area Charge (CRIAC) revenues ranging from \$24.23 to \$32.73 per ERU per month
- Approved DC PILOT fee increases of 2 percent in accordance with the current MOU dated September 4, 2014, to recover the amount of PILOT payment obligation to the District of Columbia
- The ROW fee will remain the same at \$5.1 million per annum in accordance with the current MOU signed on October 2, 2014 to recover the amount of ROW payment obligation to the District of Columbia
- No Rate Stabilization Fund is projected to be utilized for FY 2026 to FY 2034 to offset retail rate increases.

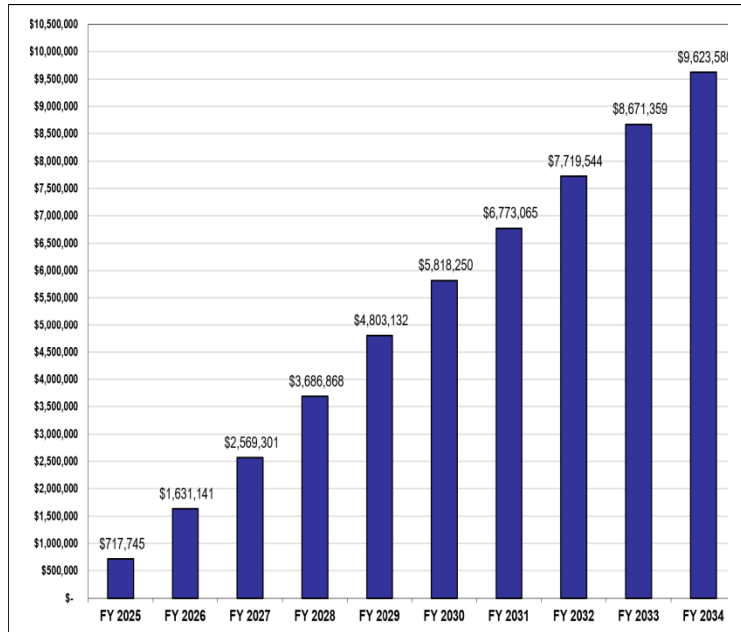
INCREMENTAL INCREASE IN REVENUE
FY 2026 – FY 2034
(\$'000's)



WHY RATE INCREASES ARE NEEDED

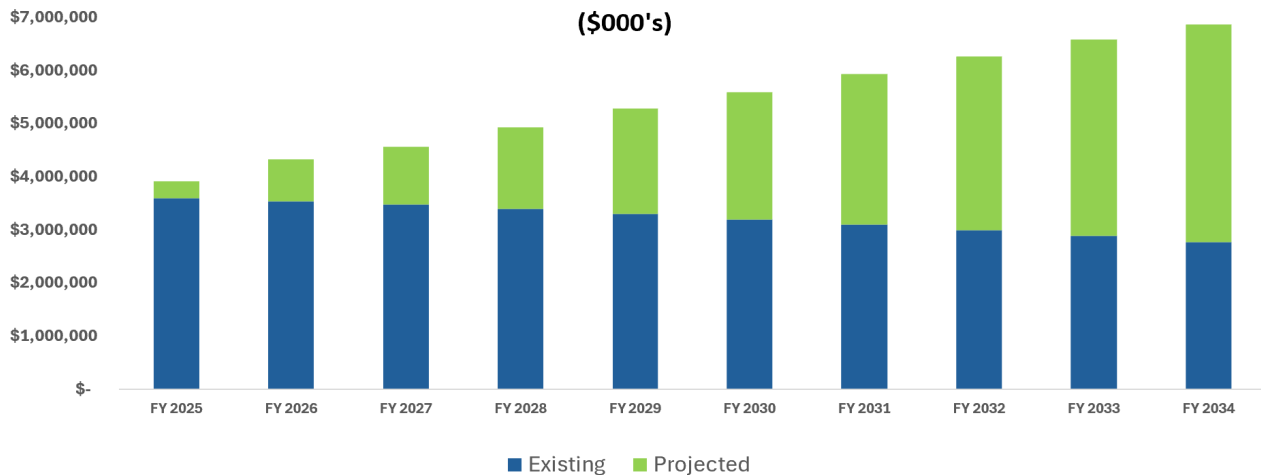
DC Water's Proposed rate increases are primarily required to fund increasing debt service costs from increased capital spending.

**CUMULATIVE CAPITAL SPENDING
FY 2025 – FY 2034
(\$000's)**



- DC Water's ten-year capital improvement program totals \$9.62 billion, with annual spending ranging from \$717.75 million to \$1,117.57 million
- Once completed, the ten-year capital improvement project will double the book value of DC Water's infrastructure
- The ten-year plan includes disbursements of the Clean Rivers Project (CSO LTCP), totaling nearly \$1.07 billion exclusive of nine minimum controls
- Water and sewer infrastructure and the Lead Free DC program continue to drive the ten-year Capital Improvement Plan from FY 2025 through FY 2034

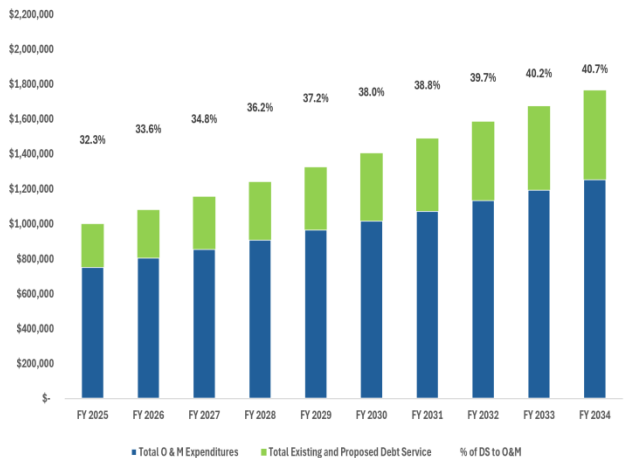
**NEW & EXISTING DEBT OUTSTANDING
FY 2025 - FY 2034
(\$000's)**



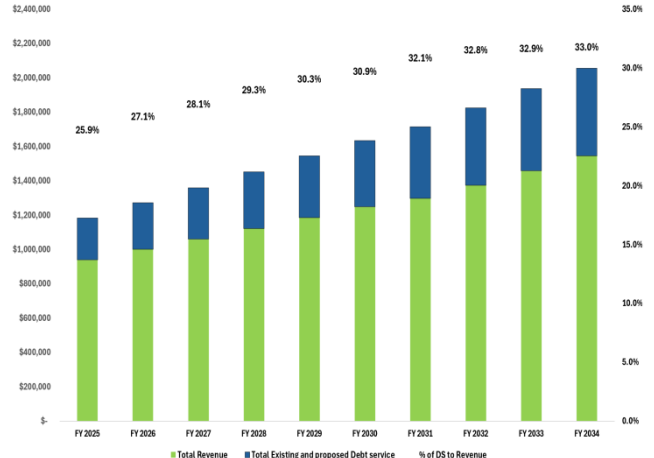
- The largest source of funding for DC Water's capital program is debt
- Over the next ten years, DC Water will issue approximately \$4.2 billion in new debt (which includes the funding of reserves and costs of issuance), increasing total debt outstanding to \$7.0 billion at the end of FY 2034.

WHY RATE INCREASES ARE NEEDED

DEBT SERVICE AS PERCENT OF TOTAL OPERATING & MAINTENANCE EXPENDITURES FY 2025 – FY 2034 (\$000's)



DEBT SERVICE AS PERCENT OF TOTAL OPERATING REVENUES FY 2025 – FY 2034 (\$000's)



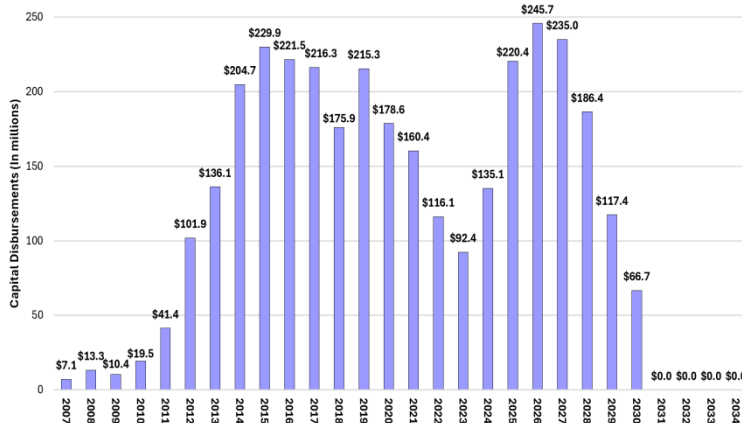
OPERATING & DEBT SERVICE EXPENDITURES FY 2025 – FY 2034

Over the ten-year period, total expenditures increase on average by 5.9 percent annually

DC Water's proposed rate increases are primarily required to fund increasing debt service costs

- Operations and maintenance expenditures (excluding the payment-in-lieu of taxes and right-of-way fee) increase on average by 4.0 percent annually
- Debt service expenditures grow at an annual average rate of 8.6 percent
- This year's ten-year plan reflects increases in operating and maintenance and increases in debt service costs associated with DC Water's Capital Improvement Program (CIP)

POTENTIAL IMPACT OF CSO LONG-TERM CONTROL PLAN ON RATES Clean Rivers CSO LTCP Disbursement by Fiscal Year



In December 2004, the Board reached an agreement with the federal government on the Clean Rivers Project (CSO-LTCP) and entered into a related consent decree. Actual and projected disbursements by fiscal year for the Clean Rivers Project are shown in the chart above and are the drivers for changes in the Clean Rivers Impervious Area Charge over the ten-year plan. Wholesale customers contribute 7.1 percent to the Clean Rivers Project. To mitigate impacts, DC Water continues to look for federal support for this program. As of September 30, 2024, \$300.8 million has been received through federal appropriations. Lifetime capital costs for the plan (exclusive of the nine-minimum controls program) total approximately \$3.29 billion, and this year's proposed ten-year plan includes \$1.07 billion of projected Clean Rivers Project disbursements.



CUSTOMER ASSISTANCE PROGRAMS

20%
MFI

60%
SFI

80%
MFI

100%
MFI

↑ LEAK ASSESSMENT PROGRAM (START 10/1/24) ↓

▶ CAP+

- Discount on the first 600 cubic feet of water and sewer services
- 75% reduction in the monthly CRIAC fee + WSRF waiver
- \$122/month discount

▶ CAP

- Discount on the first 400 cubic feet of water and sewer services
- 75% reduction in the monthly CRIAC fee + WSRF waiver
- \$95/month discount

▶ CAP2

- Discount on the first 300 cubic feet of water and sewer services
- 50% reduction in the monthly CRIAC fee
- \$62/month discount

▶ CAP3

- Discount of 75% off the monthly CRIAC fee
- \$16/month discount

▶ CRIAC NON-PROFIT

- Eligible non-profit organizations with Clean Rivers Impervious Area Charge (CRIAC)
- Discount of up to 90% off the monthly CRIAC fee

Payment Plan Incentive Program (Start 6/1/24)

- 40% credit for on-time payments according to payment plans and the program rules

Homeowners Assistance Fund

- Federally funded
- Up to \$5,000 for homeowners towards water bill

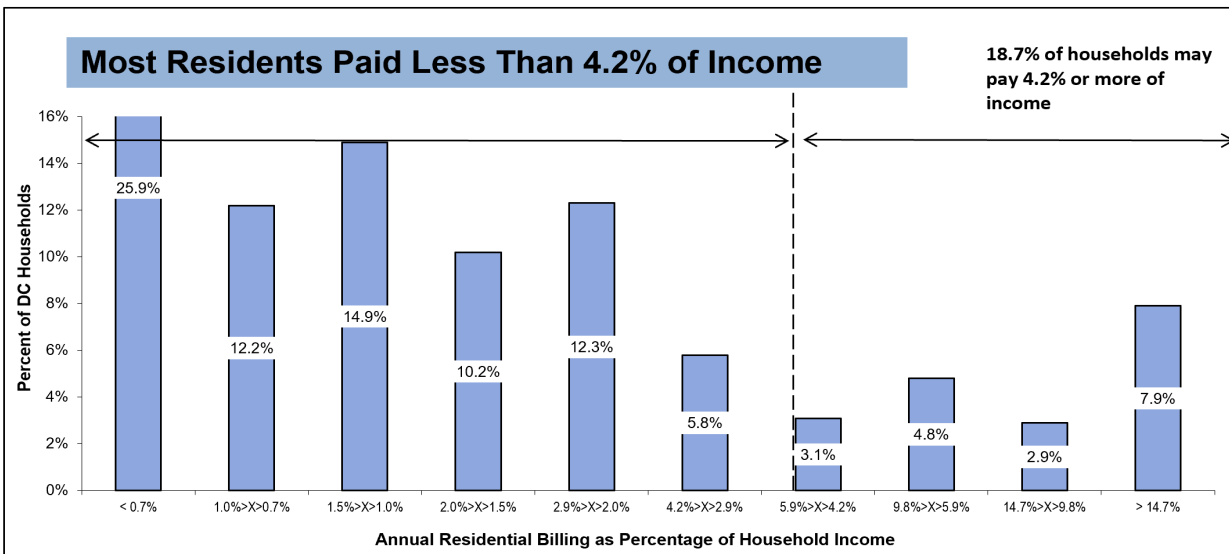
Flexible Payment Plans

SPLASH

- \$350 payment towards bill
- Donations from customers, employees, Board Members and others

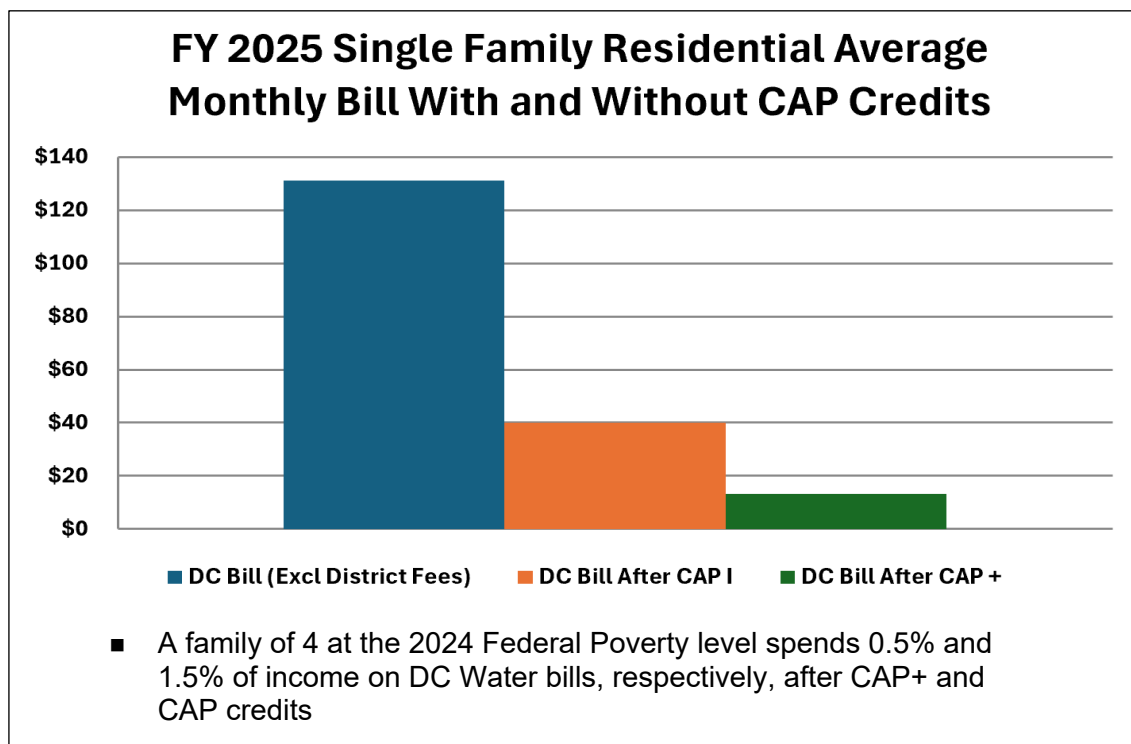
AFFORDABILITY OF RETAIL RATES

DC WATER CHARGES ARE STILL AFFORDABLE AND COMPETITIVE WITH OTHER MAJOR CITIES



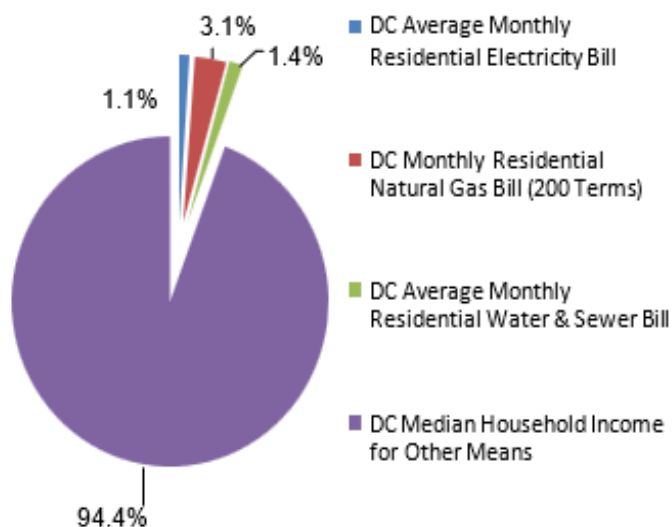
Median household income: The average DC Water charges are less than 4.2% of income for 81.3% of the households in the District of Columbia. US EPA guidelines suggest that charges greater than 4% of household income are typically viewed as a strain on household budgets (2% water + 2% sewer)

Customer Assistance Programs are in place to help eligible low income customers with their water/sewer bills



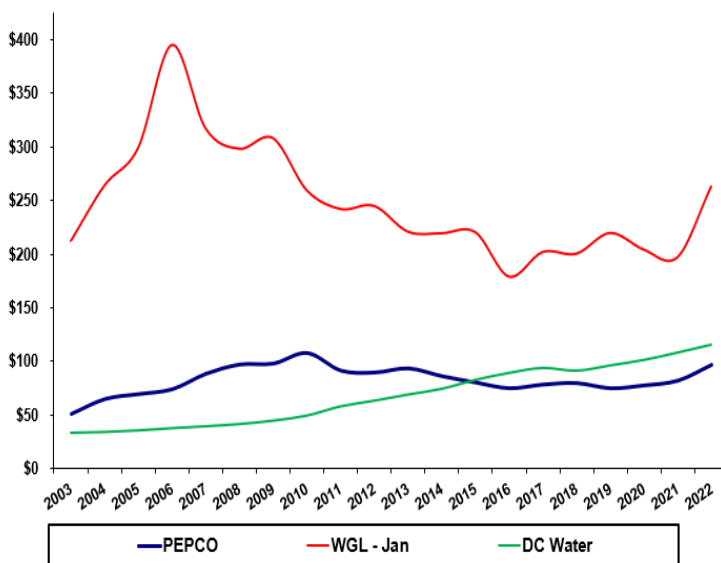
AFFORDABILITY OF RETAIL RATES

2022 Monthly DC Median Household Income



Observation:

DC Water's average monthly residential water & sewer bill is about 1.4% of the total monthly household income for the median income family, lower than the winter monthly natural gas bill and somewhat higher than the electricity bill.



Observation:

- The average winter monthly natural gas bill is higher than water & sewer bills

Assumption:

- DC Water customer is assumed to use 5.42 Ccf of water starting in 2019 and onward, WGL customer is assumed to use 200 Therms of natural gas for January. Average residential electricity usage was 614 kWh of electricity per month for PEPSCO customers in 2022

Source

Electricity and Gas: District of Columbia Public Service Commission

Water and Sewer: DC Water Assuming 5.42 Ccf, or 4,054 gallons consumption

Median HH Income: US Census Bureau, American Community Survey 2022 1-Year Estimates

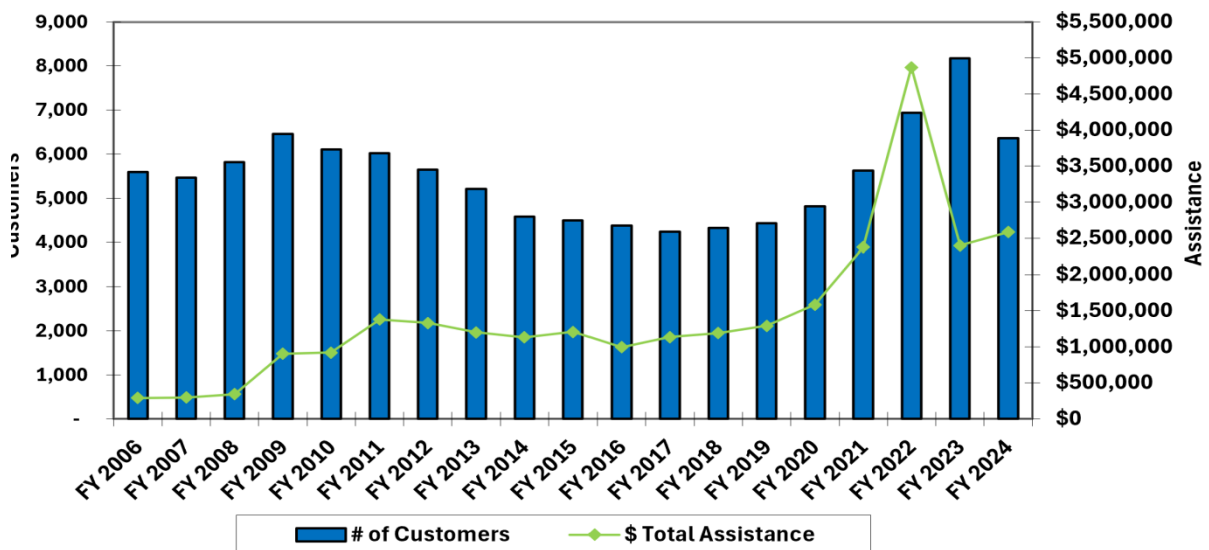
AFFORDABILITY OF RETAIL RATES

DC Water sponsors two programs to assist low-income customers in paying their water bills:

Customer Assistance Program (CAP): The Authority implemented the CAP in 2001 providing a discount of 4 Ccf per month of water service for single family residential homeowners that meet income eligibility guidelines. In FY 2004, the Authority expanded the CAP to include tenants who meet the financial eligibility requirements and whose primary residence is separately metered by the Authority. In January 2009, the Authority further expanded the CAP to provide a discount of 4 Ccf per month of sewer services to eligible customers. In FY 2011, the discount was expanded to the first 4 Ccf associated with the PILOT/ROW fee in addition to the current discount provided on water and sewer services. In FY 2016, the CAP discount was expanded to include a 100 percent credit/discount for the Water System Replacement Fee (WSRF). In FY 2017, the Authority further expanded the CAP to include 50 percent discount for CRIAC. In FY 2018, the District of Columbia's Budget Support Act authorized the Mayor to establish a financial assistance program to assist residential customers with incomes "not exceeding 100 percent of the area median income" with payment of CRIAC and to supplement the financial assistance programs implemented by DC Water. In FY 2020, the Board approved the increase in CRIAC discount for CAP customers from 50 percent to 75 percent effective from FY 2021. In FY 2022, CAP assisted over 6,943 customers and provided \$4,871,357 in discounts to low-income customers.

The assisted dollar amounts were high in FY 2021 and FY 2022 because the number of registered customers increased. Additionally, in FY 2022, the Board approved to waive recertification requirements for FY 2021 CAP customers for FY 2022, which resulted in an increase in CAP customers and discounts. In FY 2024, CAP assisted 6,362 customers and provided \$2,586,698 in discounts to low-income customers.

Customer Assistance Program



AFFORDABILITY OF RETAIL RATES

The following terms are defined:

Customer Assistance Program (CAP) – Existing program that uses LIHEAP (Low Income Home Energy Assistance Program) criteria to provide DC Water-funded discounts to low-income residential customers with incomes up to 60 percent of the State Median Income (SMI from Health and Human Services (HHS)). Eligible customers receive the first 4 Ccf of water and sewer services, PILOT and ROW, 100 percent discount for the Water System Replacement Fee (WSRF) and 75 percent discount for the CRIAC.

Customer Assistance Program II (CAP2) – In FY 2019, DC Water expanded the CAP program for low-income residential customers who do not qualify for CAP with household income up to 80 percent Area Median Income (AMI). Eligible customers receive a discount of up to 3 Ccf per month for water and sewer services and a 50 percent discount for CRIAC. On March 5, 2020, DC Water's Board adopted a proposal to amend regulations to make the CAP2 program permanent.

In FY 2024, CAP2 assisted 579 customers and provided \$160,586 in discounts to low-income customers.

Customer Assistance Program III (CAP3) – New District-funded program to provide benefits to DC Water customers with household income greater than 80 percent and up to 100 percent Area Median Income (AMI) who do not qualify for CAP or CAP2. Eligible customers receive a 75 percent discount for CRIAC.

In FY 2024, CAP3 assisted 29 customers and provided \$4,714 in discounts.

CRIAC (Clean Rivers Impervious Area Charge) Non-profit Relief Program – New District-funded program to provide CRIAC credits to non-profit organizations as determined by the District Department of the Environment (DOEE). Eligible customers receive up to 90 percent discount for CRIAC.

In FY 2023, Nonprofit Relief Program assisted 185 non-profit organizations and provided \$997,487 in discounts.

Emergency Residential Relief Program (ERRP) – District funded program where eligible households may receive bill assistance up to \$2,000 as a one-time emergency benefit.

In FY 2022, ERRP assisted 28 customers and provided \$27,493. The program ended in September 2022.

New Customer Assistance Programs to Mitigate the Impact of COVID-19:

The COVID-19 pandemic impacted DC Water with declines in commercial, federal, and municipal consumption and increases in delinquencies which impacted revenue. In response, DC Water took several strategic and cost reduction initiatives. This included delaying non-critical purchases and activities and pausing some hiring as well as modifying operations to protect staff by arranging work from home for most employees. DC Water also assessed its critical infrastructure needs and balanced it to its revenue challenges and continued to invest in critical capital programs based on priority. Additionally, DC Water also took initiatives to help our customers during the pandemic by reconnecting customers previously disconnected for non-payment, waiving late fees, pausing placing liens, arranging payment plans, and partnering with the District for emergency assistance for those impacted by COVID-19.

AFFORDABILITY OF RETAIL RATES

On September 3, 2020, DC Water's Board of Directors adopted Resolution #20-65, where the Board approved directing \$15.0 million from the Authority's projected net cash surplus for FY 2020 to the Customer Assistance Program low-income customers:

- \$3.0 million to continue the Emergency Residential Relief Program (ERRP) in FY 2021 to provide one-time assistance to customers impacted by COVID; Assistance up to \$2,000 per residential customer;
- \$7.0 million for a new program to provide one-time assistance to multi-family buildings where occupants have been negatively impacted by COVID and payment plans are established and adhered to; assistance amount to be determined and provided per affordable unit, and will be on matching basis;
- The \$5.0 million held for FY 2022 targeted assistance for customer in need

The \$5.0 million held for FY 2022 targeted assistance was allocated to the CAP, RAP and MAP programs to assist customers in FY 2022.

DC Water Cares, Residential Assistance Program (RAP) - In FY 2020 DC Water established a \$3.0 million program to continue the ERRP in FY 2021 to provide one-time assistance of up to \$2,000 to residential customers. RAP was extended to FY 2022, FY 2023 and FY 2024. In FY 2022, RAP assisted 1,690 customers and provided \$1,318,242. In FY 2024, RAP assisted 1,660 customers and provided \$1,105,135. The RAP program ended in FY 2024.

DC Water Cares, Multi-family Assistance Program (MAP) - A \$7.0 million program to provide one-time assistance to multifamily buildings where occupants have been negatively impacted by COVID-19. Payment plans are established and adhered to; assistance amounts are determined and provided per affordable unit and will be on matching basis. MAP was extended to FY 2022 and FY 2023. In FY 2022, MAP assisted 131 customers (4,313 units) and provided \$1,880,830. In FY 2023, MAP assisted 133 customers (3,038 Units) and provided \$2,137,750. The MAP program ended in September 2023.

LIHWAP (Low Income Household Water Assistance Program) - Provides funds to assist low-income households with water and wastewater bills. In FY 2024, LIHWAP assisted 642 customers and provided \$283,116.

CAP+ - A new program to begin in FY 2025, which provides greater assistance to customers with 20% MHI. They will receive CAP benefits plus an additional 2 CCF of usage credit which equates to an additional \$39 in monthly credit in FY 2025.

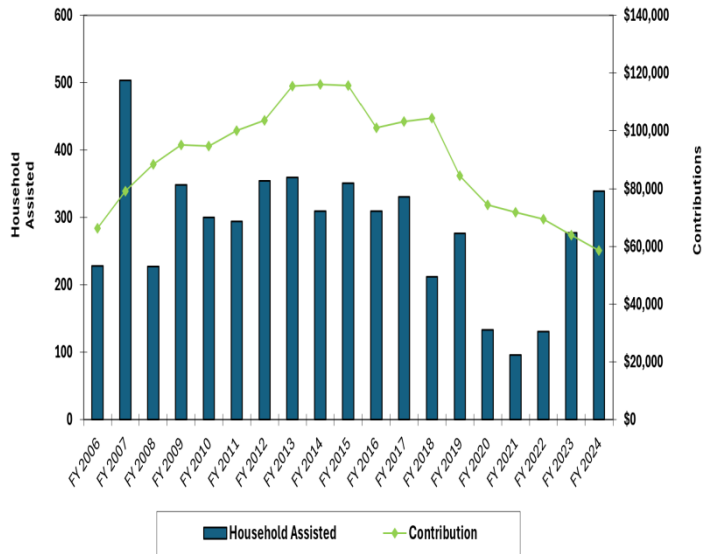
Leak Assessment Program - Offer resources to CAP+, CAP and CAP2 customers that will provide private side leak assessment to help them identify the source of leaks and high usage.

Payment Plan Incentive Program - Help residential customers who are 60+ days past due and \$500 or more in arrears to bridge the affordability gap through a partnered payment plan incentive. DC Water applies a 40% adjustment of the total payments toward the payment plan balance until the program's end date. (Adjustment processed every 4th month after three consecutive months of payments.) It is Funded by Rate Stabilization Fund for \$2M in each year (FY24 & FY25) The program duration is from 6/1/24 to 9/30/25.

STAY (Stronger Together Assisting You) - Is a financial program for D.C renters and housing providers who are looking for support to cover housing and utility expenses and offset the loss of income. In FY 2022, STAY DC program assisted 1,100 customers and provided \$1,106,974.

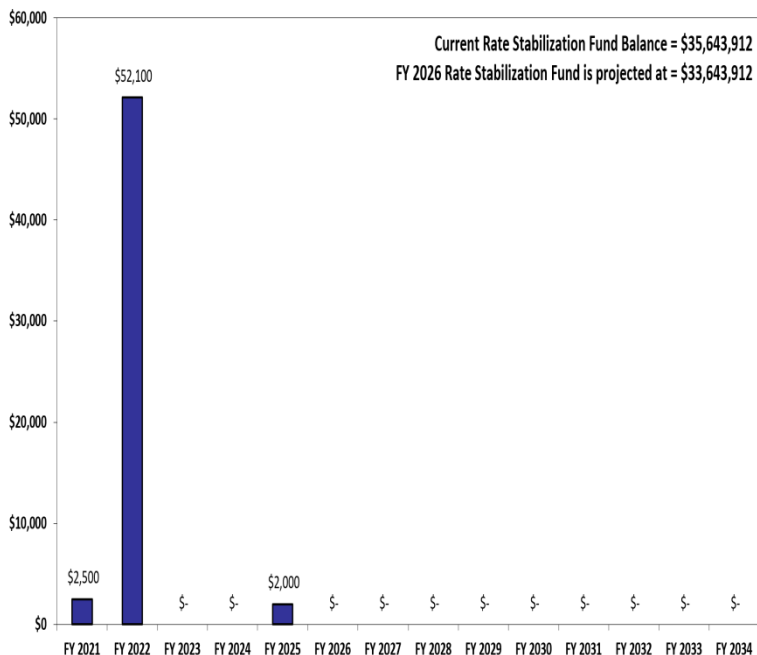
AFFORDABILITY OF RETAIL RATES

S.P.L.A.S.H Program



Serving People by Lending a Supporting Hand (S.P.L.A.S.H): The SPLASH program was implemented in FY 2001. Through the SPLASH program, DC Water offers assistance to families in need so that they can maintain critical water and sewer services until they get back on their feet. The program is administered by the Greater Washington Urban League. Every dollar received by DC Water is distributed to eligible customers. In FY 2024, SPLASH contributions received was \$58,611 and DC Water assisted 339 households low- income customers.

RATE STABILIZATION FUND USAGE FY 2025 - FY 2034 (\$'000's)



RATE STABILIZATION FUND USAGE

At the end of FY 2021, DC Water's Rate Stabilization Fund (RSF) balance was \$87.74 million. As approved by the Board, \$10.5 RSF was utilized in FY 2022 to mitigate rate increase. An additional \$41.6 million of RSF was used to transfer the money to Ending Cash Balance in order to make Days of Cash equal to 250 days without including RSF Balance in the calculation. At the end of FY 2022 to FY 2024, DC Water's rate stabilization fund (RSF) balance was \$35.64 million. For funding the Payment Plan Incentive Program, \$2.0 million RSF utilization is projected for FY 2025, which will result in reducing the RSF balance to \$33.64 million at the end of FY 2025. No RSF is proposed to be utilized from FY 2026 to FY 2034. RSF will have a balance of \$33.64 million at the end of FY 2034.

AFFORDABILITY OF RETAIL RATES

One method of assessing the affordability of residential rates is to calculate the portion of the Median Household Income that would be spent on typical water, wastewater, and stormwater bills and compare the results with the same calculation for other utilities. While no utilities are exactly alike, in the most recent rate survey conducted for DC Water in November 2024, DC Water's charges for a single family residential customer as a percentage of median income, excluding District fees, were comparable to the average of other large and regional water and wastewater utilities.

The following charts provide DC Water combined water, sewer and stormwater charges for single family residential customers compared to: large CSO communities, other similar large jurisdictions and other regional jurisdictions. There are distinct differences between DC Water and other large and regional utilities. Some differences include:

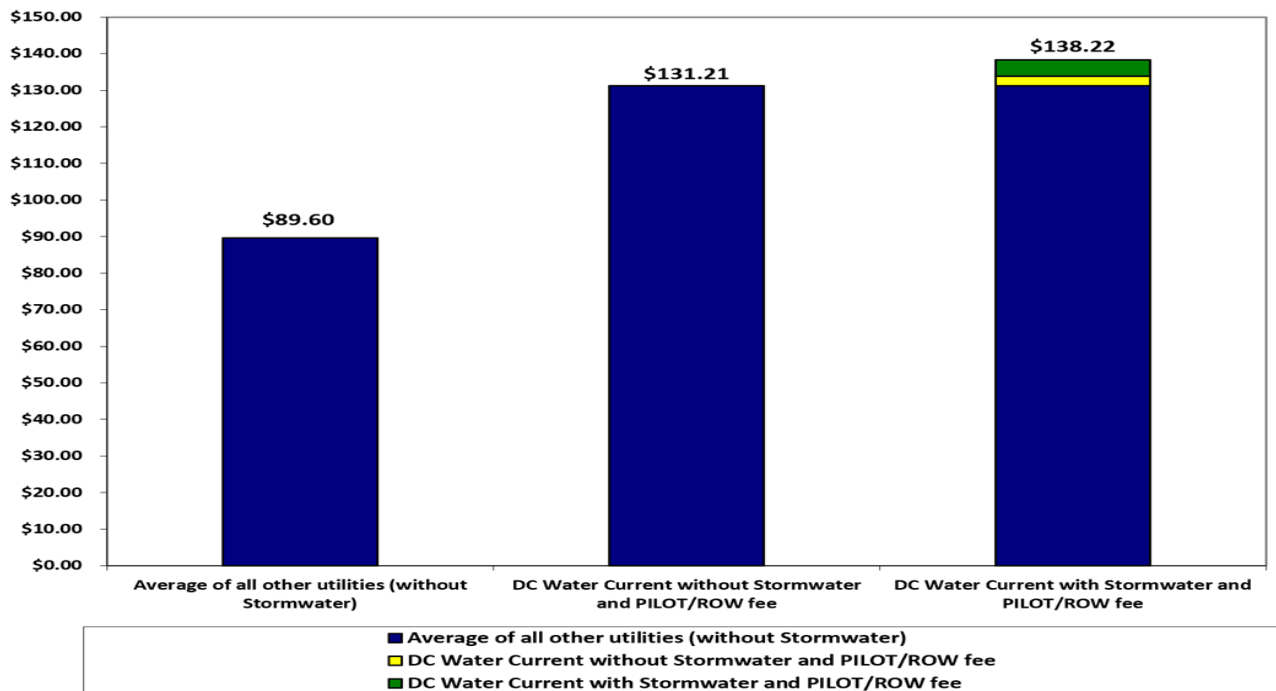
- Different patterns of water use (e.g., suburban jurisdictions can have different demands from urban centers)
- Revenues from taxes that reduce the revenues to be raised from water, sewer and stormwater rates (e.g., Milwaukee, St. Louis, Atlanta, Chicago, etc.)
- Available undeveloped areas supporting high developer contributions for growth that can again reduce the revenues to be raised from water, sewer and stormwater rates (e.g., Fairfax County)
- Separate sewer systems in certain large jurisdictions and regional jurisdictions (e.g., Dallas)
- Differences in climate that may affect water supply or conservation needs (e.g., Seattle)
- Varying stages of completion of facilities to meet federal mandates (e.g., Atlanta and Boston have completed most of their major investments - the DC Clean Rivers Project is in progress at this time)

DC WATER'S RETAIL RATES ARE COMPARABLE TO OTHER UTILITIES

DC Water's Current FY2025 Monthly Residential Bill

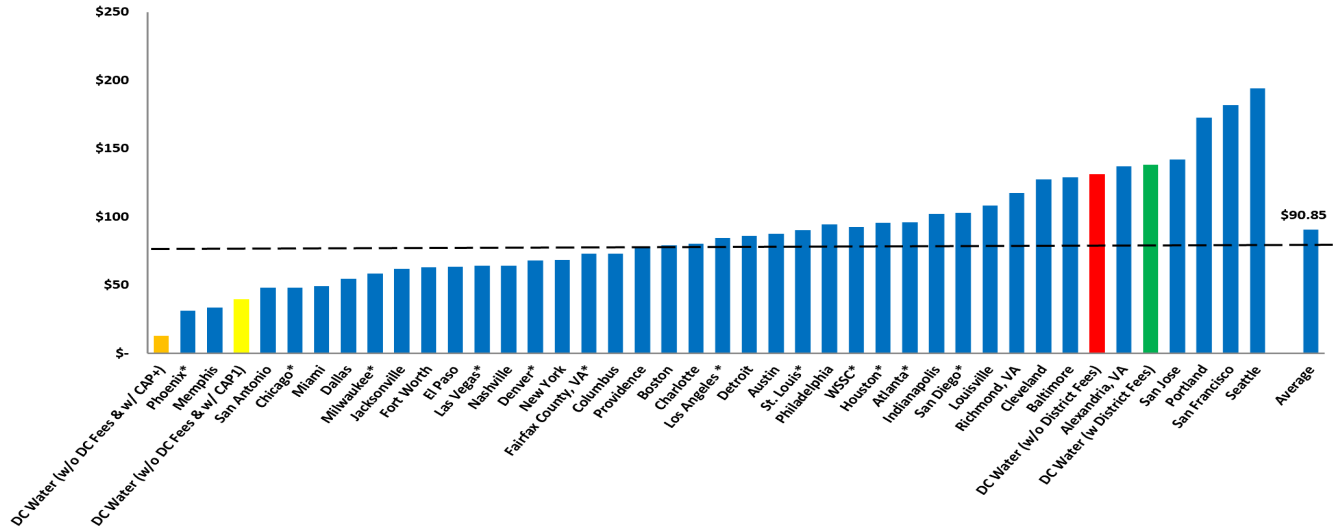
vs.

Average Monthly Bill of Other Utilities in Effect Fall 2024



AFFORDABILITY OF RETAIL RATES

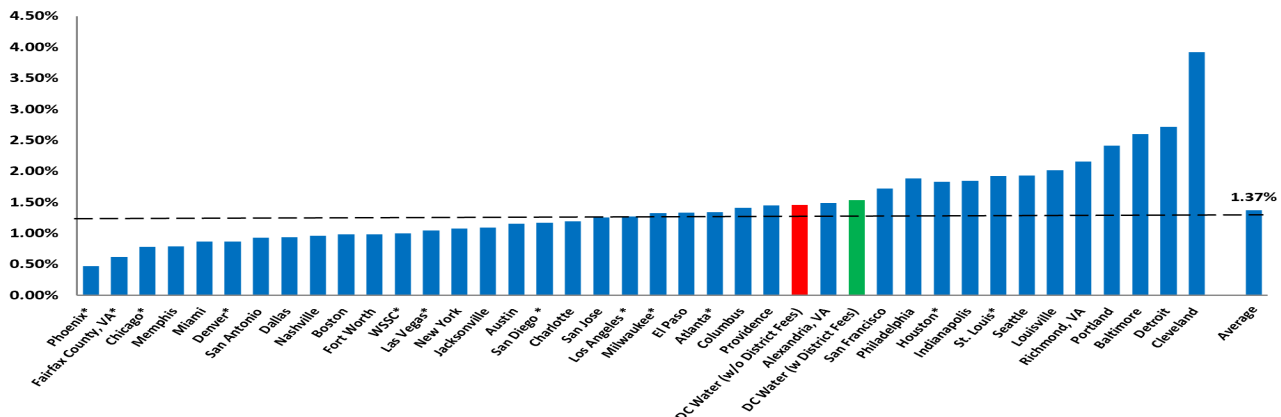
DC Water Retail Rates Compared to Other Large Utilities (Based on Rates in effect Fall 2024)



- 1) Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons
- 2) Reflects rates and fees in place as of November 1, 2024. The Authority's charges with District fees include the PILOT/ROW fee totaling \$0.80 per Ccf (effective October 1, 2024) and the DOEE residential stormwater rate of \$2.67 per ERU per month.
- 3) Some cities use property tax revenue or other revenues to pay for part of the cost of water, wastewater, or stormwater services, as indicated by * in the graph above. In such situations, the user charge will not reflect the full cost of water, wastewater or stormwater services.

In the chart below, DC Water current charges rank at the median for bill comparison purposes for water and wastewater services compared to a select group of large, regional and CSO utilities, but well within US EPA guidance of 4 percent.

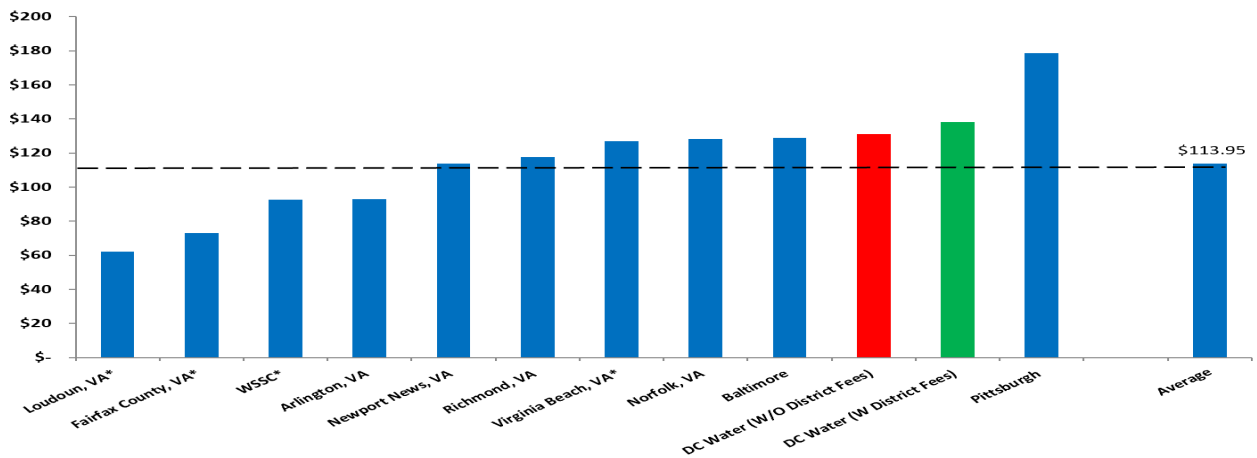
Single Family Residential (SFR) Monthly Bill as % of Median Household Income - Large National Utilities (Based on Rates in effect Fall 2024)



- 1) Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons
- 2) Reflects rates and fees in place as of November 1, 2024. The Authority's rate includes the PILOT/ROW fee totaling \$0.80 per Ccf (effective October 1, 2024) and the DOEE residential stormwater rate of \$2.67 per ERU per month. Some cities use property tax revenue or other revenues to pay for part of the cost of water, wastewater, or stormwater services, as indicated by * in the graph above. In such situations, the user charge will not reflect the full cost of water, wastewater or stormwater services.

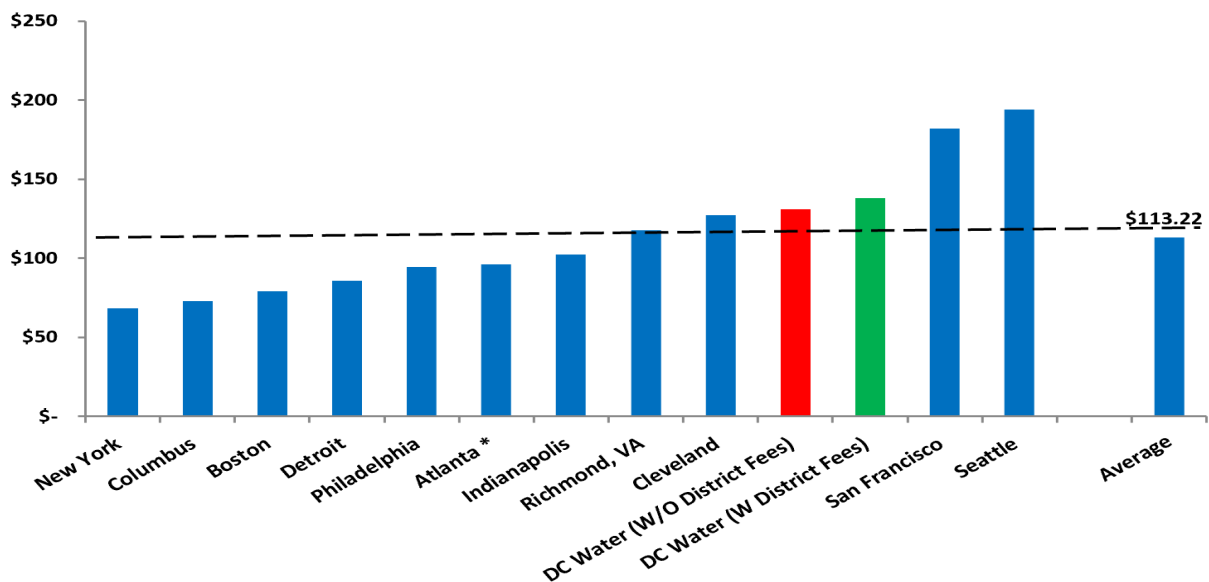
AFFORDABILITY OF RETAIL RATES

DC Water Retail Rates Compared to Regional Utilities (Based on Rates in effect Fall 2024)



- 1) Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons
- 2) Reflects rates and fees in place as of November 1, 2024. Some cities use property tax revenue or other revenues to pay for part of the cost of water, wastewater, or stormwater services, as indicated by * in the graph above. In such situations, the user charge will not reflect the full cost of water, wastewater or stormwater services.

DC Water Compared to CSO Communities (Based on Rates in effect Fall 2024)

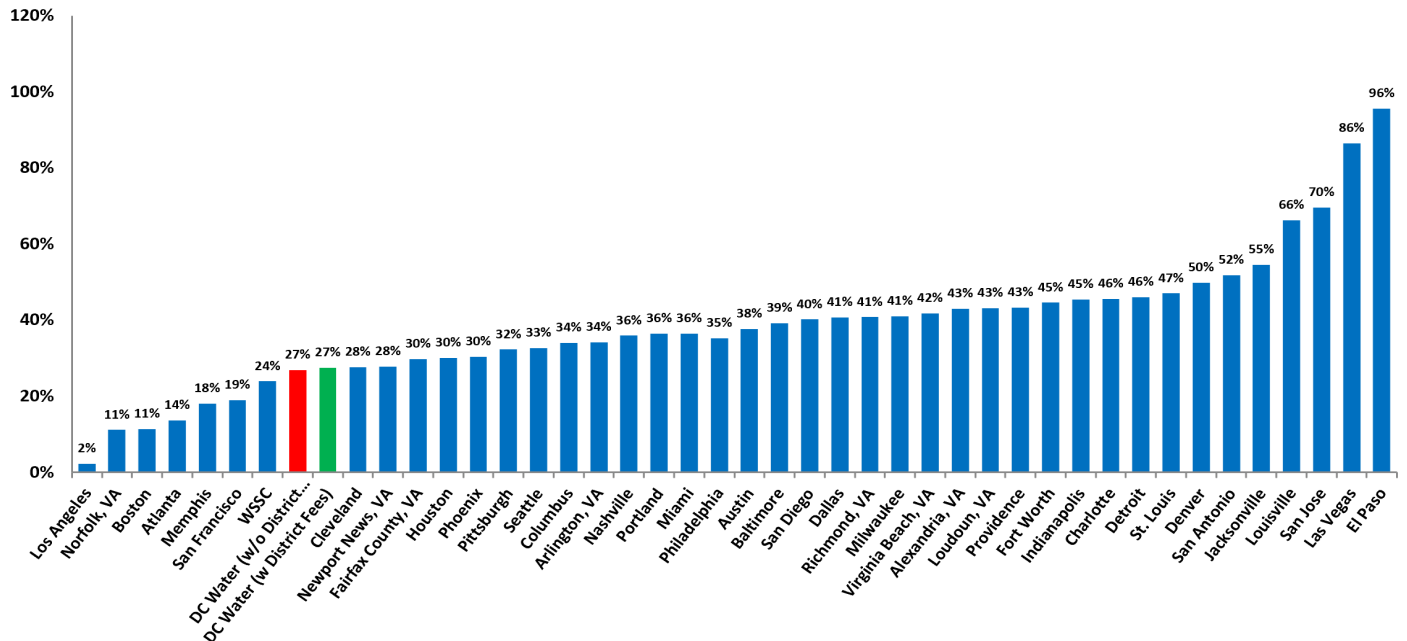


- 1) Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.
- 2) Reflects rates and fees in place as of November 1, 2024. The Authority's rate includes the PILOT/ROW fee totaling \$0.80 per Ccf (effective October 1, 2024) and the DOEE residential stormwater rate of \$2.67 per ERU per month.
- 3) Most CSO communities have implemented double digit rate increases to recover CSO-LTCP costs
- 4) Increases do not reflect other available dedicated taxes or state funding potentially available to some agencies
- 5) Chart reflects SFR monthly bill utilities with CSO programs without offsets to user charges

AFFORDABILITY OF RETAIL RATES

Fixed charges are a small component of the DC Water monthly bill and are less than median for large utilities. This provides the customer more opportunities to impact monthly bills through water conservation.

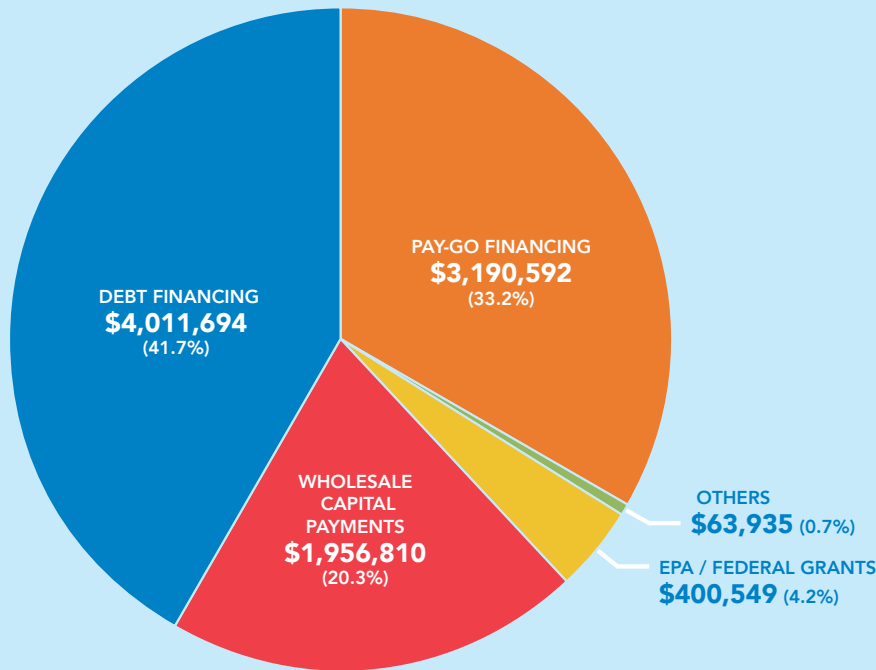
**Fixed Charge as % of Total Single-Family Residential Bills in Large Cities
(Based on Rates in effect Fall 2024)**



- 1) User Charges are based upon information provided by the identified cities and standardized assumptions regarding water consumption, wastewater discharge, stormwater drainage area and other factors. Actual charges in each city will vary in accordance with local usage patterns. Some cities bill for sewer uses on the basis of winter consumption which could affect sewer billings if a customer's use was not uniform throughout the year. Sewer charges include stormwater charges in those cities where separate stormwater fees are assessed. Some cities use property tax revenue or other revenues to pay for the part of the cost of water, wastewater, or stormwater services. In such situations, the user charges will not reflect the full cost of water, wastewater or stormwater services.
- 2) DC Water rate schedule was effective October 1, 2024. Whereas charges for all cities reflect rate schedules in effect November 1, 2024
- 3) DC Water PILOT and ROW fees are split between variable water charges and variable sewer charges
- 4) DC Water charges include the stormwater charges of the District
- 5) CSO/Stormwater charges may cover the cost of CSO abatement facilities in those cities with combined sewers; such charges can also cover the cost of stormwater-related facilities and services

CASH AND DEBT FINANCING

TEN-YEAR SOURCES OF FUNDS



SENIOR BOND RATINGS (BY JUNE 2024)



AAA

STANDARD AND POOR'S CORPORATION

Aa1

MOODY'S INVESTOR SERVICE

AA+

FITCH'S RATING

ASSET VALUE AND OUTSTANDING DEBT FY 2025



NET ASSETS

\$8.7B



OUTSTANDING DEBT

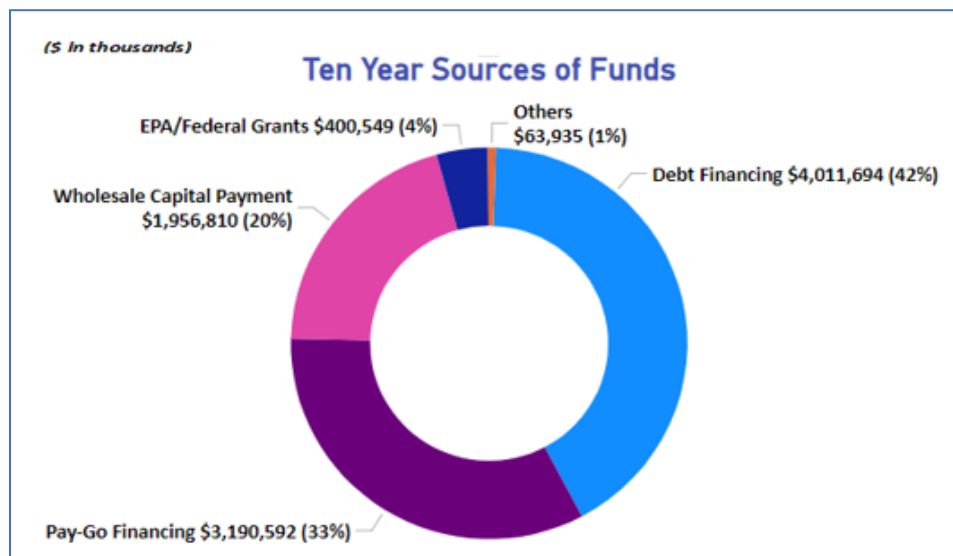
\$3.9B

DEBT SERVICE COVERAGE

DEBT LEVEL	MASTER INDENTURE	BOARD RESOLUTION	MANAGEMENT PRACTICE	TEN YEAR PLAN (AVERAGE)
 SENIOR	140x	140x	140x	696x
 SUBORDINATE	100x	100x	100x	235x
 COMBINED	NA	160x	160x	197x

Overview

DC Water relies on several funding sources to finance its capital projects and cash flow needs which include future revenues, collections, grant applications and debt service management.



- Debt Financing refers to the borrowing of funds through long term revenue bonds, commercial paper and other short- term notes.
- Pay-Go financing is any funds available after meeting the reserves, rate stabilization fund deposits and funds. It also comprises System Availability Fee (SAF) and Clean Rivers Impervious Area Charge (CRIAC)
- Other financing comprises Interest Income on Bond Proceeds and Curing Pad and Solar.

Sources and Uses of Funds

(\$ in thousands)

Particulars	FY 2024 Actual	FY 2025 Approved	FY 2025 Revised	FY 2026 Approved
Sources				
Beginning Balance	\$ 366,735	\$ 184,103	\$ 238,907	\$ 266,947
New Debt Proceeds / Commercial Paper / EMCP ⁽¹⁾	26,014	351,000	351,000	486,620
Curing Pad and Solar	-	-	-	1,000
System Availability Fee (SAF)	2,603	7,700	7,700	7,700
Clean Rivers Impervious Area Charge (CRIAC)	63,348	60,977	60,977	69,711
Pay-Go Financing	179,168	127,369	187,755	165,735
Federal Grants - Infrastructure Funding	-	29,755	32,267	37,036
EPA Grants	24,185	20,144	21,792	13,461
CSO Appropriation	8,112	-	-	-
Wholesale Customer Capital Contributions	69,706	88,796	103,703	137,800
Interest Income	1,622	10,592	10,592	9,244
Total Sources	\$ 374,757	\$ 696,333	\$ 775,785	\$ 928,308
Uses				
Water Projects	163,737	222,494	185,094	270,680
Wastewater Treatment	51,117	103,291	68,282	106,353
Sanitary Sewer Treatment	82,772	92,235	146,901	148,796
Combined Sewer & LTCP Projects	138,861	213,408	223,832	250,386
Stormwater Projects	6,026	13,565	8,209	17,360
Non-Process Facilities	5,352	19,900	18,181	51,570
Washington Aqueduct	35,594	35,770	35,770	35,770
Capital Equipment	18,481	24,532	24,532	29,401
Meter Replacement / AMR/ CIS	645	6,944	6,944	3,080
Total Uses	\$ 502,585	\$ 732,139	\$ 717,745	\$ 913,396
Capital Contingency Reserve for LTCP	33,432	30,000	30,000	30,000
Ending Balance	\$ 238,907	\$ 148,297	\$ 266,947	\$ 251,858

(1) Commercial Paper and Extendable Municipal Commercial Paper are used for interim financing and capital equipment

Cash Reserve Summary

(\$ in thousands)

Particulars	FY 2024 Actual	FY 2025 Approved	FY 2025 Revised	FY 2026 Approved
Beg. O&M Reserve Balance (Net of Rate Stabilization Fund)	\$ 286,889	\$ 296,600	\$ 329,173	\$ 309,600
Operating Surplus	213,017	171,719	197,305	203,758
Wholesale Customer Refunds/Payments for Prior Years	13,340	(7,700)	(11,000)	(7,600)
Federal Customer Refund/Payments for Prior Years	4,330	(13,813)	(13,813)	(11,310)
Transfer to Rate Stabilization Fund	-	351	-	-
Interest Earned from Bond Reserve	229	404	404	401
Pay-As-You-Go Capital Financing	(186,544)	(135,609)	(190,469)	(169,249)
Project Billing Refunds	(2,088)	(2,000)	(2,000)	-
Ending O&M Reserve Balance (Net of Rate Stabilization Fund)	\$ 329,173	\$ 309,951	\$ 309,600	\$ 325,600
Rate Stabilization Fund	\$ 35,644	\$ 31,644	\$ 33,644	\$ 33,644

Debt Service Management

Capital Financial Plan

The purpose of issuing debt is to finance the cost associated with CIP and refund the existing debt to obtain debt service savings and/or restructure certain terms for existing debt.

Successful Strategy

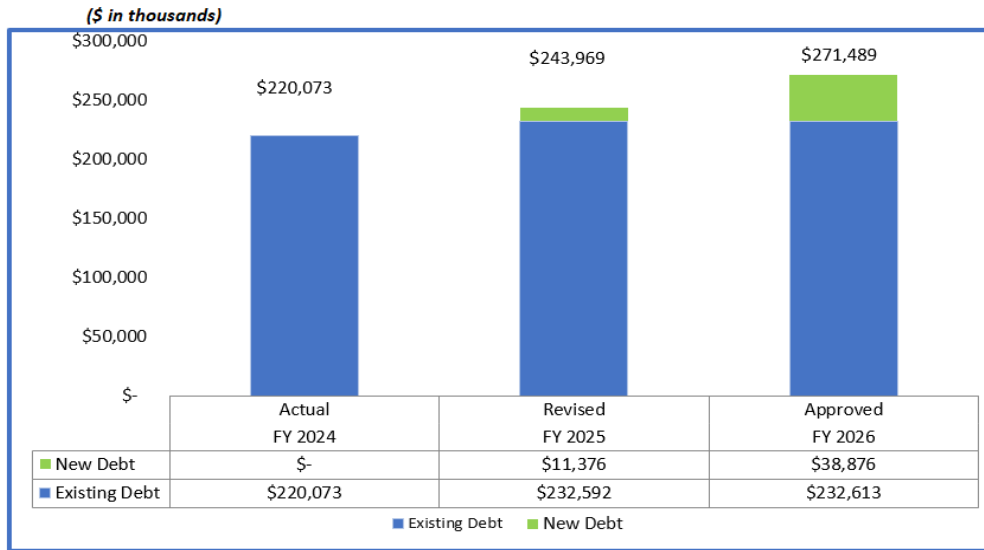
On 30 July 2024, DC Water successfully issued Subordinate Lien Multimodal Revenue Refunding Bond Series 2024 A and B. This strategic move resulted in interest savings of approximately \$75 million. In addition, The Authority Partnered with Goldman Sachs & Co and JPMorgan Securities to modernize and expand its Commercial Paper Program. The program's capacity increased from \$150 million (Series B and C) to \$250 million (2024 Series D), enhancing financial flexibility and supporting capital improvements. This expansion ensures ongoing access to taxable and tax-exempt capital markets and optimizes long-term debt issuance timing, with TD Bank, NA continuing to provide liquidity and credit support for the next five years.

Details	2024 A	2024 B	
		2024 B1	2024 B2
Par	\$506 M	\$50 M	\$50 M
Maturity	10/1/2044	10/1/2054	10/1/2054
Interest Rate	5%	Variable	Variable

Senior Bond Ratings (June 2024)

Standard & Poor's Corporation	Moody's Investor Service	Fitch's Rating Service
AAA	Aa1	AA+

Debt Service FY 2024 – FY 2026



**Asset Value
&
Outstanding
Debt
(FY 2025)**

**Net Assets
\$8.7 billion**

**Outstanding Debt
\$3.9 billion**

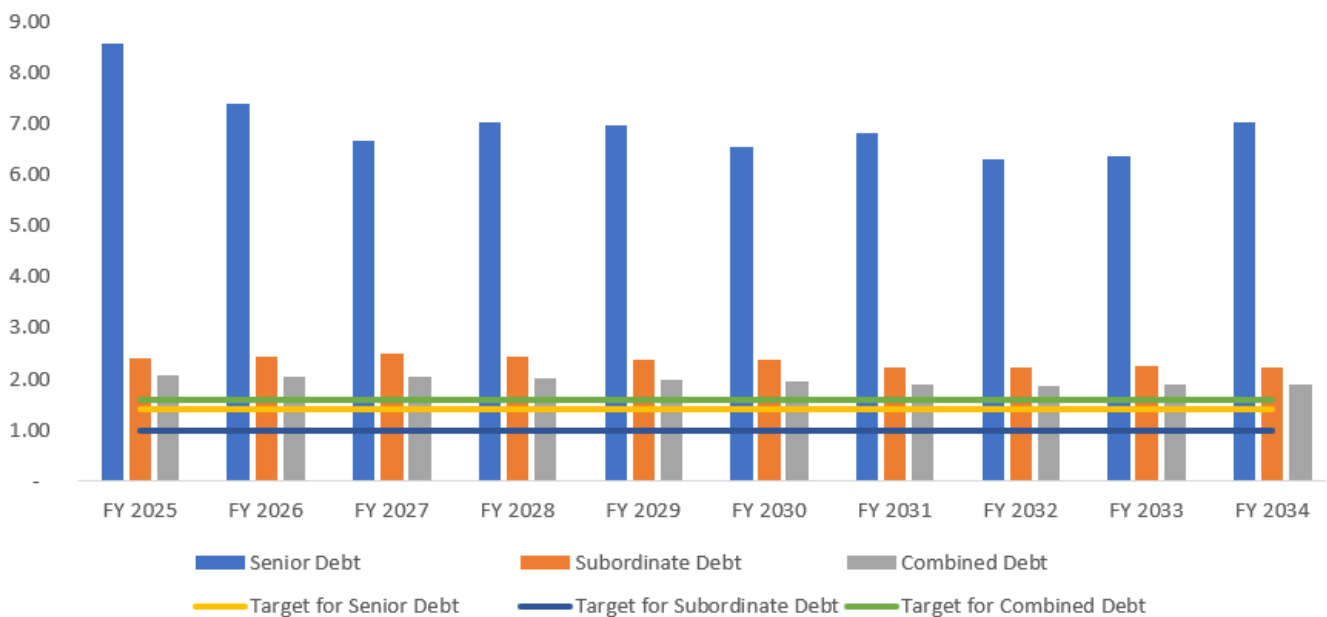
Debt Service Coverage

Debt Service Coverage (FY 2025-FY 2034)

DC Water is authorized to issue additional debt only to the extent that it can satisfy the Debt Service Coverage (annual net revenues as a percent of annual debt service) requirements established in the Indenture and certain Board policies.

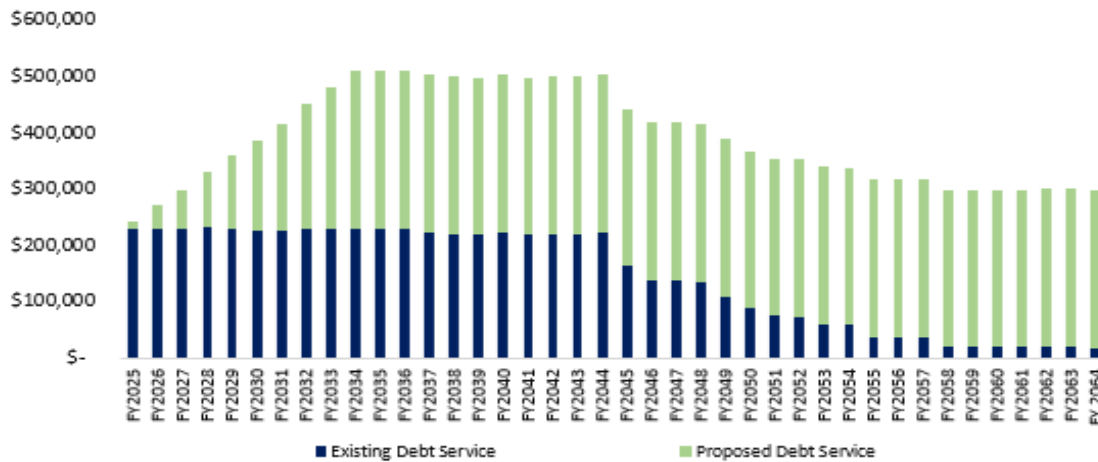
Debt Level	Master Indenture	Board Resolution	Management Practice
Senior	120x	140x	140x
Subordinate	100x	100x	100x
Combined	NA	160x	160x

Debt Service Coverage



Total Outstanding & Proposed Debt Service

(\$ in thousands)



The largest source of funding for DC Water's Capital Program is Debt.

Estimated Debt by FY 2034
\$ 7 billion

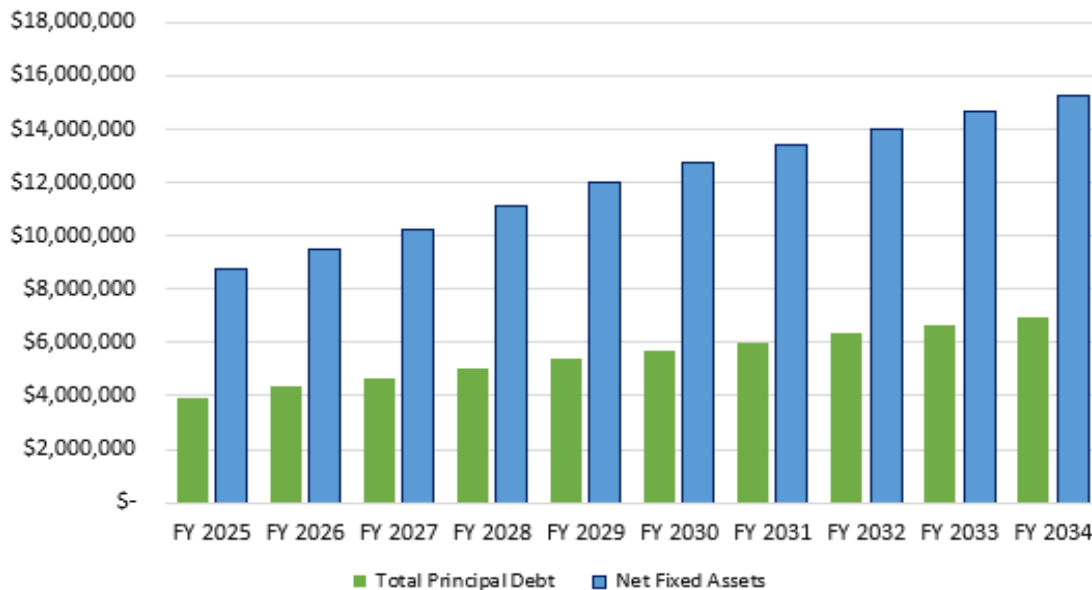
Debt Service Cost FY 2025
\$231 million

Estimated Debt Service Cost by FY 2034
\$ 510 million

Note: 40-year debt service schedule above assumes no new debt issuance after FY 2034

Principal vs Net Fixed Assets

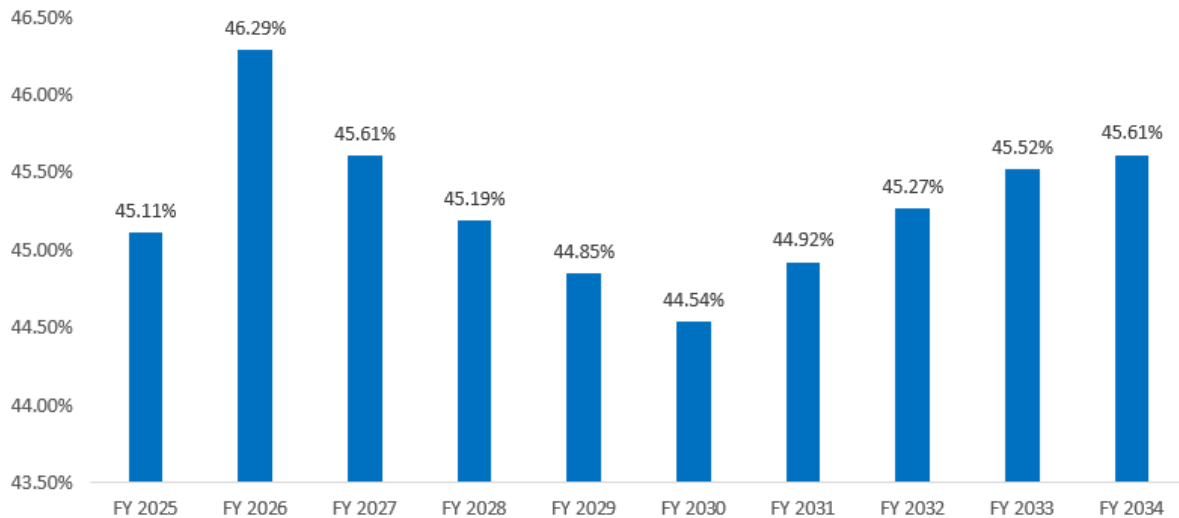
(\$ in thousands)



Over the 10 years, DC water's projected disbursement plan for its capital program is \$9.62 billion

Estimated Net Fixed Assets by FY 2034
\$15.2 billion

Debt to Net Fixed Assets Ratio



Debt Management Terms

DEBT LIMIT

DC Water is not subject to any legal debt limitations. However, prior to any new debt issuance, DC Water must meet an additional bonds test and certify revenue sufficiency.

PUBLIC UTILITY SENIOR LIEN REVENUE BONDS: Series 1998; 2) Series 2014A; 3) Series 2017A 4) Series 2017B; 5) Series 2018A; 6) Series 2018B; 7) 2021 WIFIA Loan

PUBLIC UTILITY SUBORDINATE LIEN REVENUE BONDS: 1) Series 2012A; 2) Series 2014B; 3) Series 2015A; 4) Series 2015B; 5) Series 2016B (Environmental Impact Bond); 6) Series 2019A; 7) Series 2019B; 8) Series 2019C; 9) Series 2022B; 10) Series 2022C; 11) Series 2022D; and 12) Series 2022E.

PUBLIC UTILITY SUBORDINATE LIEN REVENUE BONDS (FEDERALLY TAXABLE ISSUER SUBSIDY BUILD AMERICA BONDS): 1) Series 2010A.

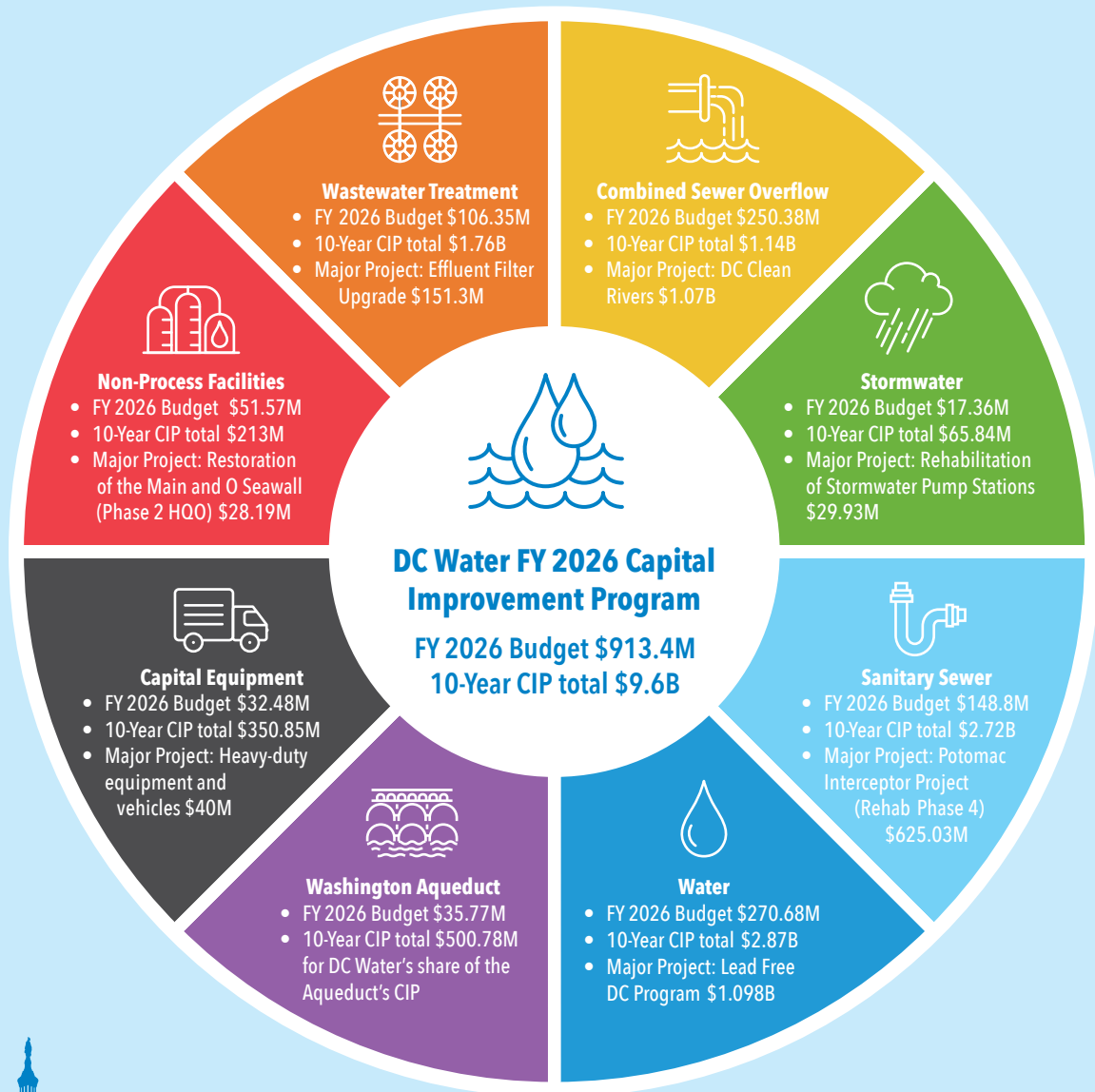
PUBLIC UTILITY SUBORDINATE LIEN REVENUE REFUNDING BONDS: 1) Series C taxable commercial paper: (refunded Series 2007B, April 2008) 2) Series 2014C: (advanced refunded all or a portion of Series 2007A, 2008A, 2009A, and 2012B, October 2014); 3) Series 2016A: (advanced refunded all or a portion of Series 2007A, 2008A, and 2009A, January 2016); 4) Series 2019D: (advanced refunded all of Series 2013A); 5) Series 2022C: (refunded portion of Series 2014C, 2015A and 2015B, February 2022); 6) Series 2022D: (refunded portion of Series 2014C, February 2022); 7) Series 2022A: (forward direct purchase agreement to refund all Series 2012A and 2012C, July 2022) ; 8) Series 2024 A: (partial refunded portion of 2014C, 2015A, 2015B, 2016A, 2017B, 2018A, 2018B, 2019D and 2022D) ; 9) Series 2024 B (full refunded 2019 C)

NOTES FOR JENNINGS RANDOLPH RESERVOIR: The note payable to the Federal government for improvements to the Jennings Randolph Reservoir is considered subordinate debt under the Master Indenture of Trust. The notes were issued to provide a backup water supply facility for the Authority. DC Water's share of operating and capital cost is

COMMERCIAL PAPER: These notes issued are considered subordinate debt under the Master Indenture of Trust. DC Water's commercial paper program is issued in increments with maturities less than 270 days. As described in Section III, the Board approved the commercial paper program in early FY 2002; proceeds from the sale of the notes are used for interim bond financing, short-term financing for capital equipment and certain taxable costs for the Washington Aqueduct. Each new bond issuance is evaluated to determine the most cost-effective way of reducing the amount of taxable commercial paper. Normal market conditions for commercial paper carries significantly lower interest rates than long-term debt. In August 2024, DC Water revised the commercial paper (CP) program with Board authorization up to \$ 250 million. The CP program includes Series D (tax exempt) and (taxable). Additionally, DC Water selected JP Morgan Chase Bank and Goldman Sachs & Co. LLC as the dealers.

EXTENDABLE MUNICIPAL COMMERCIAL PAPER: This program will provide interim financing for a portion of the Authority's Capital Improvement Program. Under this program the notes are issued backed by the liquidity and credit rating of the Authority. Each Series A EMCP Note will mature on its respective "Original Maturity Date", which may range from one to 90 days from the date of issuance, unless its maturity is extended on the "Original Maturity Date" to the "Extended Maturity Date", which will be the date that is 270 days after the date of issuance of the Series A EMCP Note. The notes are payable from and secured by a subordinate lien on the Authority's net revenues, as further described in the Authority's master trust indenture as supplemented. In November 2015, DC Water authorized the dealer for the EMCP program as Goldman, Sachs & Co. The \$100 million extendable municipal commercial paper program includes: (1) Series A (tax-exempt) aggregate principal amount not to exceed \$100 million.

CAPITAL IMPROVEMENT PROGRAM



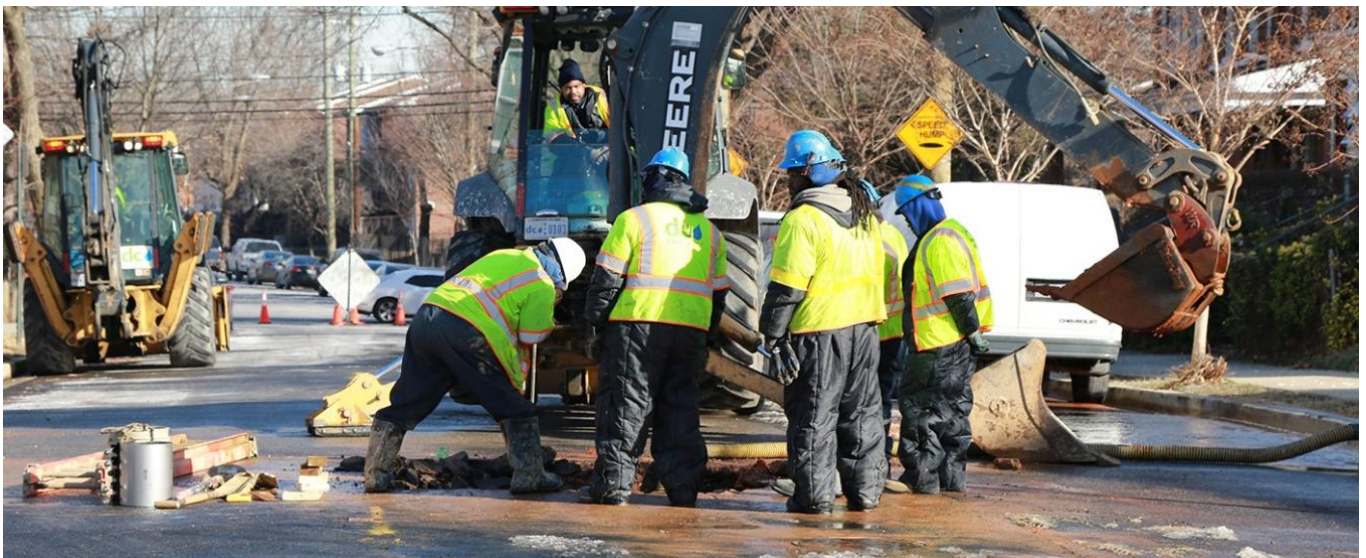
Overview

DC Water's Capital Improvement Program (CIP) supports the continuation of major capital asset investment in programs and projects that will upgrade the water distribution and sewer system as well as maintain compliance with federal mandates and improve the efficiency of operations. The CIP includes all mandated projects, rehabilitation of assets required to meet permit and other regulatory requirements, and projects to meet the immediate needs necessary to maintain existing service levels.

The CIP is presented on two different basis: the ten-year disbursement plan and lifetime budget.

- **The Ten-Year Disbursement Plan** shows actual project cash outflows, excluding contingencies. It offers a realistic basis for forecasting rate increases and timing capital financing. It also includes projected completion dates, program management, and in-house labor costs.
- **The Lifetime Budget** captures historical spending before, during, and after the current ten-year period, including in-house labor. It focuses on active projects for budget planning and daily monitoring. It also includes projects completed in the previous fiscal year, marked as "closed" in the CIP. Closed projects are removed in the next fiscal year, while new projects are added annually as needed.

The Proposed ten-year disbursement budget for FY 2025 – FY 2034 is \$9.6 billion. This CIP budget supports increased investments in critical water and sewer infrastructure initiatives, completes the Potomac River tunnel of the mandated Clean Rivers project, and advances the Lead-Free DC program (LFDC) to include brass and permit fees. Additionally, this budget includes the full rehabilitation of the Potomac Interceptor, replacement of 150 miles of small-diameter water mains, and major rehabilitation and equipment upgrades at Blue Plain. This funding also encompasses investments in the Washington Aqueduct program and the procurement and replacement of vehicles, heavy-duty equipment, mechanical systems, and operational facility upgrades, ensuring the continued reliability and efficiency of essential services. The Proposed lifetime budget for all DC Water's construction projects and capital programs is \$17.8 billion.



Capital Improvement Program

(\$ in thousands)	FY2024 Actual	FY 2025 - FY 2034 Disbursement Plan										Lifetime		
		FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY 2032	FY2033	FY 2034	10-Yr Total	Budget	
NON PROCESS FACILITIES														
Facility Land Use	\$5,352	\$18,181	\$51,570	\$36,149	\$16,630	\$13,006	\$12,169	\$16,339	\$16,393	\$16,616	\$16,000	\$213,052	\$414,629	
Subtotal	\$5,352	\$18,181	\$51,570	\$36,149	\$16,630	\$13,006	\$12,169	\$16,339	\$16,393	\$16,616	\$16,000	\$213,052	\$414,629	
WASTEWATER TREATMENT														
Liquid Processing	\$29,950	\$28,574	\$40,674	\$59,430	\$114,602	\$115,967	\$144,038	\$147,596	\$134,848	\$131,382	\$133,696	\$1,050,807	\$1,758,612	
Plantwide	\$17,532	\$28,284	\$50,884	\$43,954	\$69,654	\$47,347	\$36,874	\$28,755	\$28,111	\$34,618	\$34,235	\$402,717	\$679,450	
Solids Processing	\$2,809	\$10,758	\$14,796	\$8,274	\$11,314	\$25,379	\$40,519	\$46,646	\$52,966	\$51,553	\$47,059	\$309,264	\$1,046,727	
Enhanced Nitrogen Removal Facilities	\$826	\$666	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$666	\$386,916	
Subtotal	\$51,117	\$68,282	\$106,353	\$111,659	\$195,570	\$188,694	\$221,431	\$222,997	\$215,925	\$217,553	\$214,990	\$1,763,454	\$3,871,705	
COMBINED SEWER OVERFLOW														
DC Clean Rivers Program	\$135,108	\$220,365	\$245,686	\$235,003	\$186,380	\$117,403	\$66,731	\$0	\$0	\$0	\$0	\$1,071,566	\$3,290,812	
Combined Sewer Overflow Program	\$3,753	\$3,467	\$4,700	\$2,346	\$10,716	\$21,122	\$19,181	\$5,953	\$0	\$0	\$0	\$67,484	\$131,053	
Subtotal	\$138,861	\$223,832	\$250,386	\$237,349	\$197,096	\$138,525	\$85,911	\$5,953	\$0	\$0	\$0	\$1,139,051	\$3,421,865	
STORMWATER														
Storm Local Drainage Program	\$160	\$849	\$3,915	\$2,564	\$2,448	\$2,226	\$2,226	\$1,238	\$1,811	\$2,054	\$1,102	\$20,433	\$38,640	
Storm On-Going Program	\$361	\$372	\$640	\$613	\$1,490	\$1,287	\$935	\$500	\$500	\$500	\$500	\$7,336	\$11,233	
Storm Pumping Facilities	\$3,842	\$5,814	\$10,959	\$11,638	\$1,522	\$0	\$0	\$0	\$0	\$0	\$0	\$29,933	\$59,501	
Stormwater Program Managemet	\$127	\$744	\$694	\$461	\$0	\$27	\$1,970	\$0	\$0	\$0	\$0	\$3,896	\$13,349	
Stormwater Trunk/Force Sewers	\$1,536	\$431	\$1,152	\$1,164	\$1,495	\$0	\$0	\$0	\$0	\$0	\$0	\$4,242	\$28,977	
Subtotal	\$6,026	\$8,209	\$17,360	\$16,440	\$6,955	\$3,540	\$5,131	\$1,738	\$2,311	\$2,554	\$1,602	\$65,840	\$151,698	
SANITARY SEWER														
Sanitary Collection System	\$3,748	\$15,875	\$21,009	\$26,210	\$57,118	\$91,767	\$86,810	\$93,050	\$96,012	\$92,495	\$104,917	\$685,262	\$880,985	
Sanitary On-Going Projectss	\$14,650	\$15,152	\$17,100	\$16,795	\$18,418	\$26,725	\$26,474	\$81,466	\$86,964	\$82,933	\$84,964	\$456,991	\$525,764	
Sanitary Pumping Facilities	\$2,874	\$6,047	\$9,880	\$9,122	\$8,387	\$12,187	\$26,724	\$28,453	\$32,578	\$31,733	\$25,370	\$190,481	\$265,605	
Sanitary Program Management	\$4,290	\$11,510	\$9,702	\$9,060	\$10,883	\$645	\$0	\$0	\$0	\$0	\$0	\$41,801	\$171,900	
Interceptor/Trunk Force Sewers	\$57,210	\$98,317	\$91,105	\$109,744	\$250,797	\$267,833	\$163,334	\$98,729	\$87,043	\$92,153	\$85,017	\$1,344,073	\$1,901,434	
Subtotal	\$82,772	\$146,901	\$148,796	\$170,931	\$345,603	\$399,157	\$303,342	\$301,698	\$302,597	\$299,314	\$300,268	\$2,718,608	\$3,745,688	
WATER														
Water Distribution Systems	\$67,152	\$46,536	\$84,530	\$97,092	\$96,785	\$117,873	\$133,358	\$153,427	\$152,544	\$161,608	\$168,836	\$1,212,588	\$2,230,246	
Water Lead Program	\$66,545	\$100,747	\$133,460	\$133,000	\$133,000	\$133,000	\$133,000	\$83,000	\$83,000	\$83,000	\$83,000	\$1,098,207	\$1,783,056	
Water On-Going Projects	\$19,670	\$15,362	\$14,759	\$16,006	\$15,150	\$16,014	\$21,501	\$20,779	\$22,623	\$20,404	\$20,404	\$183,002	\$307,845	
Water Pumping Facilities	\$4,150	\$5,903	\$8,716	\$7,049	\$8,305	\$5,870	\$5,128	\$2,250	\$0	\$0	\$0	\$43,220	\$84,652	
Water Storage Facilities	\$1,670	\$3,726	\$18,404	\$30,600	\$18,253	\$22,955	\$16,208	\$32,925	\$37,377	\$37,057	\$33,412	\$250,917	\$374,296	
Water Service Program Management	\$4,551	\$12,821	\$10,810	\$14,063	\$16,626	\$4,691	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$84,011	\$188,394	
Subtotal	\$163,737	\$185,094	\$270,680	\$297,810	\$288,118	\$300,403	\$314,195	\$297,381	\$300,544	\$307,069	\$310,652	\$2,871,946	\$4,968,489	
CAPITAL PROJECTS		\$447,866	\$650,499	\$845,145	\$870,337	\$1,049,973	\$1,043,325	\$942,179	\$846,106	\$837,770	\$843,106	\$843,512	\$8,771,952	\$16,574,075
Capital Equipment Reporting	\$31,477	\$31,477	\$32,481	\$32,052	\$31,825	\$37,169	\$37,169	\$37,169	\$37,169	\$37,169	\$37,169	\$350,848	\$350,848	
Washington Aqueduct Reporting	\$35,770	\$35,770	\$35,770	\$35,770	\$35,770	\$35,770	\$35,770	\$71,540	\$71,540	\$71,540	\$71,540	\$500,780	\$500,780	
ADDITIONAL CAPITAL PROGRAMS	\$61,909	\$67,247	\$68,251	\$67,822	\$67,595	\$72,939	\$72,939	\$72,939	\$72,939	\$108,709	\$108,709	\$708,548	\$851,628	
LABOR													\$383,495	
TOTAL CAPITAL BUDGETS		\$509,775	\$717,745	\$913,396	\$938,159	\$1,117,568	\$1,116,264	\$1,015,118	\$954,815	\$946,479	\$951,815	\$952,221	\$9,623,580	\$17,809,198

CIP Development and Approval Process

The Department of CIP Infrastructure Management, working with the Engineering Cluster, conducts a review of major accomplishments, priorities, status of major projects, and emerging regulatory and related issues impacting the capital program. The CIP is integrated into DC Water's ten-year financial plan; and is the primary driver of DC Water's projected rate increases over the ten-year planning period.

The formulation of the capital project budgets takes into consideration the imperatives of Blueprint 2.0. All CIP project budget requests are prioritized to include regulatory requirements, mandates, health and safety, Board policy, potential failure, and good engineering practices. These criteria align with the five imperatives of the Blueprint 2.0 - to invest in high performing network of systems and assets to minimize service disruptions (**Reliable**), mitigate future impacts of climate change and flood hazards (**Resilient**), ensure inclusive and diverse representation (**Equitable**), embed a sustainably driven operating and delivery model (**Sustainable**) and improve water quality and ensure efficient use of economic resources (**Healthy, Safe and Well**).

DC Water's operating and capital budget proposals are delivered to the Board of Directors at the Budget Workshop in January. Management conducts two months of Committee review meetings with the Environmental Quality and Operations; Finance and Budget; and DC Retail Water and Sewer Rates Committees in January and February. The operating budgets, capital improvement program, two-year rates (conducted every two years) and ten-year financial plan are then submitted to the full Board in March. After adoption by the Board of Directors, DC Water is required to submit its annual operating and ten-year capital budgets to the Mayor and the District of Columbia Council for review and comment. However, neither has the power to change DC Water's annual budgets. The District of Columbia includes DC Water's budgets in their submission to Congress.

Capital Authority Request

Capital authority represents the amount of Congressionally authorized funding that DC Water can use to administer its capital program. Sufficient authority is required to be in place prior to contracts being executed. Actual commitments within the service areas may vary up or down for a particular year. However, they are "not to exceed the total" FY 2026 – FY 2035 capital authority request in the amount of \$8.9 billion.

Note that the execution of contracts requires the approval of the CEO and General Manager, as Contracting Officer, or his delegee. Major projects and contracts valued at \$1 million or more require DC Water Board approval.

Prioritization Schedule

The Authority evaluates and prioritizes capital projects based on a specific criterion. These criteria are fundamental in developing a CIP based on demonstrated needs and are set forth in the following table and described below.

Approximately 12 percent of the current CIP ten-year disbursements are for large regulatory mandates which includes the Clean Rivers Project. As we progress closer to the completion of the mandated projects, DC Water can increase investments in upgrading its aging water and sewer infrastructure.

MEASURE OF PRODUCTIVITY

	1A		2A	2B	2C	2D	3A		3B	
	Mandates		Health & Safety	Board Policy	Potential Failure	High Profile Good Neighbor	Good Engineering High Payback		Good Engineering Lower Payback	
	Agreements, Regulatory standards, Court orders, issues and Permits requirements, Stipulated Agreements, Etc.		Required to address Public Safety	Undertaken as a result of the Board's commitment to outside agencies	Related to Facilities in danger of failing, or critical to meeting permit requirements	Address Public concerns	Need to fulfil Mission and upgrade Facilities		Lower priority Projects	
FY 2025	\$219,383		\$7,823	\$140,958	\$29,796	\$607	\$178,198	27%	\$73,733	\$717,745
FY 2026	\$245,758	29%	\$7,814	\$209,419	\$36,560	\$18,175	\$170,197	20%	\$157,223	\$913,396
FY 2027	\$235,018	27%	\$7,586	\$208,979	\$20,460	\$32,444	\$201,048	23%	\$164,802	\$938,159
FY 2028	\$186,380	18%	\$11,482	\$219,606	\$45,718	\$22,564	\$348,878	33%	\$215,345	\$1,117,568
FY 2029	\$117,403	11%	\$6,816	\$231,094	\$22,821	\$23,577	\$431,937	41%	\$209,677	\$1,116,264
FY 2030	\$66,731	7%	\$647	\$219,752	\$25,980	\$12,681	\$354,167	38%	\$262,222	\$1,015,118
FY 2031		-		\$158,699	\$12,561	\$10,508	\$430,509	51%	\$233,829	\$954,815
FY 2032	-	-	-	\$158,838	\$3,559	\$24,267	\$492,858	59%	\$158,248	\$946,479
FY 2033	-	-	-	\$180,921	\$1,991	\$20,066	\$527,343	63%	\$112,785	\$951,815
FY 2034	-	-	-	\$209,044	\$357	\$8,055	\$528,385	63%	\$97,671	\$952,221
Total	\$1,070,672	12%	\$42,169	\$1,937,309	\$199,803	\$172,944	\$3,663,520		\$1,685,534	\$9,623,580
% of Total	12%		1%	22%	2%	2%	42%		19%	

Capitalization Policy

DC Water's capitalization policy determines how expenditures will be recognized and accounted. DC Water matches the financing of an asset to its projected useful life and the policy determines how projects will be financed.

DEFINITION:

- Capital Project – an average life of 30 years and is financed with long-term debt
- Capital Equipment – has a life of at least three years, is financed with short-term debt or cash, and an individual component cost of \$5,000 or more. The cost of capital equipment purchases that are part of a clearly identified capital program can be aggregated. In which case, all costs relating to the capital program are capitalized at the project level regardless of the individual component amount.

The following guidelines are used to categorize items as either capital or operating expense.

Expenditure Type	Financial Treatment	Definition
Rehabilitation		
Enhancement	Capitalize	Addition/replacement of a sub-component of an asset, to improve the "attributes" of the asset. This will include all such work as valve replacement or replacement of a section of a pipe.
Refurbishment	Capitalize	Expenditure on an asset that creates a material extension to the Estimated Operating Life (EOL) of the asset. This is distinct from maintenance work, which is carried out to ensure that an asset is able to perform its designated function for its normal EOL. An example of refurbishment would be pipelining and pipe grouting.
Rebuild	Capitalize	Expenditures to reconstruct, renovate, remodel, remake or reassemble an asset or infrastructure after it has been damaged or destroyed. An example of a rebuild is a valve rehabilitation, reconstruction of the valve elements.
Replacement	Capitalize	Expenditure to replace substantially all of an asset. An example is replacement and installation of a new pipe including the ensuing disinfection applications and all associated activities relating to the replacement
Repair	Expense	Expenditure on an asset that maintains or restores the design functionality or attributes of an asset, enabling the asset to perform its intended function during its EOL. Examples of these will include service line repairs such as clamp application on service pipes, bolt application/replacement/adjustment, small scale chemical applications such as use of dechlorinating tablets, meter shut off valve, curb stop, small service line repairs that does not involve replacement nor meter housing, high pressure jet vacuum or any other obstruction removal methodology.
Maintenance	Expense	Scheduled and recurring costs for the continued performance of an asset

Service Area: Non-Process Facilities

The Non-Process Facilities Service Area accommodates projects approved under the Non-Process Facilities Master Plan (NPFMP) and related improvements necessary to support DC Water activities and critical operations. The goals of this service area are the same as those in the NPFMP, which are designed to optimize wellness for program working environment while maximizing efficient use of existing DC Water land and facilities. The introduction of state-of-the-art material management technologies will enhance inventory security, storage, distribution, and transportation. Implement green strategies, and sustainable design and maximize flexibility throughout DC Water facilities.

Program Areas	FY 2024 Actual	FY 2025 Revised	FY 2026 Proposed	10-Year Plan	Lifetime Budget
Facility Land Use	\$5,352	\$18,181	\$51,570	\$213,052	\$414,629
Total Non-Process Facilities CIP	\$5,352	\$18,181	\$51,570	\$213,052	\$414,629

(\$ in thousands)

Key major projects include:

Non-Process Heating, Ventilation, and Air Conditioning (HVAC) and Roofing Projects



Project Name	Project ID	Start	Finish	10-Year Plan	Lifetime Project
HVAC and Roofing Projects	RV	2020	2034	\$17,513	\$23,988

(\$ in thousands)



Major Accomplishments:

Four (4) of seven (7) phased roof assessment tasks have been completed under the roofing assessment project. The roofs are prioritized for replacement based on the condition rating with an initial list of two (2) roofs replaced in FY 2024 and three (3) roofs identified for replacement in FY 2025.

Project Description: This project is meant to holistically address some of the HVAC and roofing/building envelope challenges that exist throughout DC Water facilities. This will include undertaking proper analysis of facility needs given the characterization of the space (occupied versus non-occupied for example) and then developing remediation and renovation plans as identified by the assessment. Assessments started in FY 2022 and continue through FY 2025. As phases of assessments are completed, scoping for project design and construction will begin. The phasing of assessments by the Non-Process Program team prioritizes HVAC and roofing projects with immediate needs and beyond will implement an informed, proactive plan that considers the proper lifecycle costs of these assets to ensure that our facilities meet the needs of our operations and workforce.

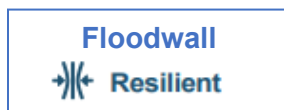
Service Area: Wastewater Treatment

Capital projects in the Wastewater Treatment Service Area are required to rehabilitate, upgrade, or provide new facilities at Blue Plains to ensure that it can reliably meet its National Pollutant Discharge Elimination System (NPDES) permit requirements and produce a consistent, high-quality dewatered biosolids product. DC Water's current NPDES permit requires wastewater treatment to a level that meets one of the most stringent NPDES discharge permits in the United States. Blue Plains Advanced Wastewater Treatment Plant treats an annual average flow of 336 million gallons per day (MGD) and has a design capacity of 384 MGD, with a peak flow design capacity to treat 555 MGD. Wastewater flows in from the District of Columbia, Montgomery and Prince George's Counties in Maryland, and Fairfax and Loudoun counties in Virginia.

Program Areas	FY 2024 Actual	FY 2025 Revised	FY 2026 Proposed	10-Year Plan	Lifetime Budget
Liquid Processing	\$29,950	\$28,574	\$40,674	\$1,050,807	\$1,758,612
Plantwide	\$17,532	\$28,284	\$50,884	\$402,717	\$679,450
Solids Processing	\$2,809	\$10,758	\$14,796	\$309,264	\$1,046,727
Enhanced Nitrogen Removal Facilities	\$826	\$666	\$0	\$666	\$386,916
Total Waste Water Treatment CIP	\$51,117	\$68,282	\$106,353	\$1,763,454	\$3,871,705

(\$ in thousands)

**Key major
projects include:**



Project Name	Project ID	Start	Finish	10-Year Plan	Lifetime Project
Construction of Flood Seawall	JF	2019	2034	\$25,846	\$40,564
Total				\$25,846	\$40,564

(\$ in thousands)

Project Description: This project focuses on constructing a wall to shield the Blue Plains Advanced Wastewater Treatment Plant from Potomac River flooding.

Major Accomplishments: Construction Solicitation for Blue Plains Floodwall Segments A, B, D – The design-build Request for Qualifications (RFQ) and Request for Proposal (RFP) for this project were finalized for advertisement at the start of FY25. FEMA grant letter for Phase I work was received for \$3.9M. Phase II grant for the remaining funding will be awarded at the end of design. The floodwalls will be constructed to protect the AWTP from being inundated in a flood event up to a 500-year flood elevation with 3 feet of freeboard. This is the last of a series of flood mitigation projects for Blue Plains that includes the final three segments of walls and enhancements to existing flood protection features.



Key major projects include:

Nitrification Reactor/Sedimentation - 20 year rebuild



Project Name	Project ID	Start	Finish	10-Year Plan	Lifetime Project
Effluent Filter Upgrade	IY	2017	2031	\$151,310	\$183,187
Nitrification Reactor/ Sedimentation - 20 Year Rebuild	LF	2023	2029	\$62,615	\$139,980
Secondary East and West - 20 Year Rebuild	JC	2027	2034	\$89,961	\$96,000
Total				\$303,886	\$419,167

(\$ in thousands)

Project Description: Projects in this Liquid Processing Program area encompass upgrading and rehabilitating facilities involved in handling flows from the sanitary and combined sewer systems. These flows progress sequentially through the Plant processes and ultimately discharge the treated effluents into the Potomac River.

Major Accomplishments: Projects in this Liquid Processing Program enable DC Water to continue to produce excellent quality effluent into the Potomac River and meet NPDES permit requirements. Completion of Raw Wastewater Pump Station 2 (RWWPS2) Upgrade improved system reliability and increased redundancy and has extended the useful life of assets in the station. Ongoing construction for the Reclaimed Final Effluent Pump Station Upgrade – The Reclaimed Final Effluent (RFE) pump system is the source of water for the Process Service Water system (PSW) at Blue Plains. The project upgrades equipment for reliability as well as increasing capacity to meet the demand of facilities that have been added to the wastewater treatment plant in recent years.



Service Area: Combined Sewer Overflow

A portion of the District of Columbia is served by a combined sewer system. Combined sewers convey both stormwater runoff and sanitary sewage from homes and businesses in a single pipe. In dry weather, the system delivers sanitary sewage to the Blue Plains Advanced Wastewater Treatment Plant. In wet weather, stormwater runoff also enters the system and, if the capacity of the system is exceeded, the excess flow spills into the waterways of the District of Columbia to prevent surface flooding and basement backups. This discharge is called Combined Sewer Overflow (CSO). Approximately one-third of the system is combined, mostly in the downtown and older parts of the city. There are 48 potentially active combined sewer overflows in the District.

Program Areas	FY 2024 Actual	FY 2025 Revised	FY 2026 Proposed	10-Year Plan	Lifetime Budget
DC Clean Rivers	\$135,108	\$220,365	\$245,686	\$1,071,566	\$3,290,812
Combined Sewer	\$3,753	\$3,467	\$4,700	\$67,484	\$131,053
Total Combined Sewer CIP	\$138,861	\$223,832	\$250,386	\$1,139,051	\$3,421,865

(\$ in thousands)

Key major projects include:

Potomac Long Term Control
Plan Projects



Project Name	Project ID	Start	Finish	10-Year Plan	Lifetime Project
Potomac Long Term Control Plan Projects	CZ	2010	2034	\$930,186	\$1,159,181
Total				\$930,186	\$1,159,181

(\$ in thousands)

Project Description: The Clean Rivers Project is DC Water's ongoing program to reduce combined sewer overflows (CSO's) into the District's waterways - the Anacostia and Potomac Rivers and Rock Creek. The Project is a massive infrastructure program designed to capture and clean wastewater during rainfalls before it ever reaches our rivers. The (PRT) is the next major phase of the DC Clean Rivers Project. The project consists of a large-diameter deep sewer tunnel, diversion facilities, drop shafts, and support structures to capture flows from existing combined sewer overflows (CSOs) along the Potomac River and convey them to the Blue Plains Advanced Wastewater Treatment Plant for treatment.

Major Accomplishments:

- Began construction in the field for the Potomac River Tunnel, including establishing the mining site at West Potomac Park.
- Potomac River Tunnel Design-Builder received approval for and placed orders for two tunnel boring machines to construct the Tunnel.
- Finalized and Issued Environmental Assessment for Piney Branch Tunnel in cooperation with National Park Service.



Service Area: Stormwater

The stormwater system has approximately 635 miles of storm sewer pipes, catch basins, inlets, special structures, and related facilities. Some components of the existing storm sewer system are over 100 years old. DC Water is responsible for the maintenance and replacement of the publicly owned collection and conveyance facilities that transport stormwater runoff to the Anacostia and Potomac Rivers, Rock Creek, and other receiving streams within the District of Columbia. DC Water owns, maintains, and operates 16 stormwater pump stations that serve underpasses through the District.

Program Areas	FY 2024 Actual	FY 2025 Revised	FY 2026 Proposed	10-Year Plan	Lifetime Budget
Local Drainage	\$160	\$849	\$3,915	\$20,433	\$38,640
On-Going	\$361	\$372	\$640	\$7,336	\$11,233
Pumping Facilities	\$3,842	\$5,814	\$10,959	\$29,933	\$59,501
Program Management	\$127	\$744	\$694	\$3,896	\$13,349
Interceptor Trunk/Force Sewers	\$1,536	\$431	\$1,152	\$4,242	\$28,977
TOTAL Stormwater CIP	\$6,026	\$8,209	\$17,360	\$65,840	\$151,698

(\$ in thousands)

Key major projects include:

Stormwater Pumping Facilities

 Healthy, Safe and Well
  Reliable
  Resilient

Project Name	Project ID	Start	Finish	10-Year Plan	Lifetime Project
Stormwater Pumping Station Rehabilitation	NG	2017	2028	\$29,933	\$59,501
Total				\$29,933	\$59,501

(\$ in thousands)

Project Description: Stormwater Pumping Facilities – DC Water’s 16 stormwater pump stations serve critical areas of the District and are integral to maintaining the road network where roadway stormwater runoff that does not drain without the assistance of mechanical means. DC Water has projects to upgrade these stormwater pump stations by replacing aging equipment and improving reliability and safety and addressing code compliance issues. The SCADA upgrades have been completed on 12 stormwater pump stations.



Major Accomplishments:

- Design for Storm Sewer Rehab and Repair Phase 11 has started
- Storm Sewer Needs Report (draft) was completed.
- Inspected 68 MS4 outfalls
- Completed inspections of 1.92 miles of small and large sewers

Service Area: Sanitary Sewer

DC Water is responsible for wastewater collection in the District of Columbia, including operation and maintenance of the sanitary sewer system. The sewer system includes approximately 1,295 miles of small, large and very large gravity collection sewers and force mains. The total inventory of the collection and conveyance system includes approximately 2,000 miles of combined, separate and stormwater sewers, 50,000 manholes, 25,000 catch basins, 16 stormwater pump stations, and 9 offsite wastewater pump stations. In addition, DC Water is responsible for the 50-mile-long Potomac Interceptor System, which provides conveyance of wastewater from Dulles International Airport and areas in Virginia and Maryland, to the Blue Plains Advanced Wastewater Treatment Plant.

Program Areas	FY 2024 Actual	FY 2025 Revised	FY 2026 Proposed	10-Year Plan	Lifetime Budget
Sanitary Collection System	\$3,748	\$15,875	\$21,009	\$685,262	\$880,985
On-Going	\$14,650	\$15,152	\$17,100	\$456,991	\$525,764
Pumping Facilities	\$2,874	\$6,047	\$9,880	\$190,481	\$265,605
Program Management	\$4,290	\$11,510	\$9,702	\$41,801	\$171,900
Interceptor/Trunk Mains/Force Sewers	\$57,210	\$98,317	\$91,105	\$1,344,073	\$1,901,434
TOTAL Sanitary Sewer CIP	\$82,772	\$146,901	\$148,796	\$2,718,608	\$3,745,688

(\$ in thousands)

Key major projects include:

Potomac Interceptor
Projects

Reliable

Project Name	Project ID	Start	Finish	10-Year Plan	Lifetime Project
Potomac Interceptor Projects - Rehab. Phase 2	LZ	2015	2031	\$59,276	\$100,812
Potomac Interceptor Projects - Rehab Phase 4	PI	2025	2034	\$625,027	\$623,396
Potomac Force Main Rehabilitation	IK	2012	2029	\$1,279	\$5,879
Total				\$685,582	\$730,087

(\$ in thousands)

Project Description:

The rehabilitation of large diameter sewers that have reached the end of their useful life or in need of major rebuild or refurbishment. Primarily involves rehabilitation of the Potomac Interceptor (PI) pipe segments around MH31. The PI is a critical component of DC Water's sewer system serving Loudoun and Fairfax counties in Virginia and Montgomery County in Maryland. The PI conveys sewage from these areas to the Potomac Pumping Station in DC. From the Pumping Station, the flow is then sent to the Blue Plains Advanced Wastewater Treatment Plant for treatment. DC Water has been conducting assessments of the PI and has several Capital Improvement Projects to rehabilitate defective segments.



Major Accomplishments:

- Progressive design-build contract for the rehabilitation of Potomac Interceptor between Manhole 31 and Manhole 30. Phase 2 construction is ongoing 75% complete.
- Major Potomac Interceptor projects currently in design to be released as Construction Manager at Risk (CMAR) or Master Progressive Design Build (PDB) Contracts
- PI-01 – Anglers Inn / Cabin John (Rehabilitation at Clara Barton Parkway and I-495 including Cabin John) (CMAR)
- Master PDB contract
- Geotechnical Investigations for Potomac River Crossing

Key major projects include:

Local Sewer Rehabilitations



Project Description:

Renewal of small diameter sewer infrastructure will reduce emergency rehabilitations and maintenance demands for these neighborhood sewers. FY 2026 sewer replacement planned is 1%.

Project Name	Project ID	Start	Finish	10-Year Plan	Lifetime Project
Local Sewer Rehab 2	QY	2016	2026	\$1,794	\$4,000
Local Sewer Rehab 5	QS	2020	2029	\$18,674	\$33,399
Local Sewer Rehab 6	QT	2024	2029	\$37,497	\$60,869
Local Sewer Rehab 7	QU	2025	2031	\$113,418	\$157,500
Local Sewer Rehab 8	QW	2024	2035	\$157,589	\$180,600
Local Sewer Rehab 9	RG	2029	2034	\$84,466	\$95,955
Local Sewer Rehab 10	UQ	2031	2034	\$119,836	\$125,685
Local Sewer Rehab 11	UR	2030	2036	\$72,092	\$76,918

(in thousands)



Completed inspection of 36.54 miles of local sewers (>12-inch and <60-inch diameter) and 768 manholes under the Local Sewer Inspection Program and 3.98 miles of heavy cleaning local sewer inspections under the Heavy Cleaning Program, for a total of 40.52 miles of Local Sewer Inspections.

Major Accomplishments:

- Construction for Soapstone Sewer rehabilitation project is ongoing, 85% complete.
- Construction for Piney Branch Sewer Rehabilitation project is ongoing, 50% complete.
- Construction for Northeast Boundary Trunk Sewer Rehabilitation project is ongoing, 55% complete.
- Local sewer projects currently in design: Service Life Restoration Program Phase 4 and 5
 - o Local Sewer Rehab 5-2
 - o Local Sewer Rehab 5-3
 - o Local Sewer Rehab 5-4

Service Area: Water

Delivery of safe, clean, high-quality drinking water is one of DC Water's highest priorities. Drinking water in the District of Columbia comes from the Potomac River. The U.S. Army Corps of Engineers, Washington Aqueduct (Aqueduct), is a federally owned agency responsible for treating the drinking water. DC Water purchases water from the Aqueduct and is responsible for maintaining the distribution system that delivers drinking water to customers. DC Water distributes drinking water through roughly 1,300 miles of interconnected pipes to more than 700,000 residents and businesses in the District.

Program Areas	FY 2024 Actual	FY 2025 Revised	FY 2026 Proposed	10-Year Plan	Lifetime Budget
Water Distribution Systems	\$67,152	\$46,536	\$84,530	\$1,212,588	\$2,230,246
Lead Free DC Program	\$66,545	\$100,747	\$133,460	\$1,098,207	\$1,783,056
Water On-Going Projects	\$19,670	\$15,362	\$14,759	\$183,002	\$307,845
Water Pumping Facilities	\$4,150	\$5,903	\$8,716	\$43,220	\$84,652
Water Storage Facilities	\$1,670	\$3,726	\$18,404	\$250,917	\$374,296
Water Service Program Management	\$4,551	\$12,821	\$10,810	\$84,011	\$188,394
Total Water CIP	\$163,737	\$185,094	\$270,680	\$2,871,946	\$4,968,489

(\$ in thousands)

Key major projects include:

Lead Free DC



Healthy, Safe and Well



Reliable



Resilient



Project Name	Project ID	Start	Finish	10-Year Plan	Lifetime Project
Lead Free DC Program	BW	2003	2035	\$82,213	\$299,443
Lead Free DC Project	ST	2022	2035	\$1,015,995	\$1,483,612
Total				\$1,098,207	\$1,783,056

Project Description: DC Water launched the Lead-Free DC (LFDC) initiative in 2019 to accelerate lead service line replacement and combine all our lead reduction efforts under one banner. DC Water estimates the District of Columbia has more than 42,000 service lines with lead or galvanized-iron pipe. It is our goal to replace all of them with copper pipe. Visit <https://www.dwater.com/resources/lead> to view details of the Lead-Free DC Program including the inventory map and construction dashboard.

Major Accomplishments:

- LFDC completed 2,197 lead line replacements in FY 2024 and our District and federal funds saved customers \$16 million to date by providing free replacements.
- LFDC has 14 active construction packages.

Key major projects include:

Large Diameter Water Main Replacements



Healthy, Safe and Well



Reliable



Resilient

Project Name	Project ID	Start	Finish	10-Year Plan	Lifetime Project
Large Valve Replacement (Contract 11-13)	I8	2012	2025	\$219	\$19,701
Large Diameter Water Main Replacement 3 - 4 & 5	JZ	2021	2030	\$30,180	\$81,620
Large Diameter Water Main Replacement 6 - 7 & 8	K7	2024	2035	\$72,014	\$89,140
Large Diameter Water Main Replacement 9-10 & 11	K8	2028	2035	\$65,182	\$76,400
Large Diameter Water Main Replacement 12 – 13 & 14	K9	2030	2036	\$72,389	\$83,480
Large Valve Replacement Contract 29 – 30 & 31	KD	2030	2035	\$18,290	\$22,970
Total				\$258.273	\$373,110

(\$ in thousands)

Project Description: In FY 2026, Large Diameter Water Main has a planned replacement of 1.5 percent. Distribution Systems – Provides for the rehabilitation, replacement or extension of the water distribution system through several projects. The distribution system program area is the largest program for the water service area and includes three primary elements: small diameter water main renewal, large diameter water main rehabilitation, valve replacement and DDOT project relocation needs.



The capital improvement program for linear assets aims to:

- Minimize customer disruptions caused by pipe breaks.
- Reduce the need for reactive maintenance and unscheduled rehabilitations, leading to lower long-term maintenance costs.
- Enhance water quality within the distribution system.
- Improve water pressure and available fire flow throughout the distribution system.
- Decrease the inventory of lead service pipes, thereby reducing lead exposure.

Major Accomplishments: Continued focus on replacing lead service lines in vulnerable and historically underserved communities with our prioritization model that aligns with Biden-Harris Administration's Justice40 Initiative

Service Area: Additional Capital Programs

Additional Capital Programs is a subset of DC Water's Capital Improvement Program (CIP) and is comprised of Capital Equipment and the Washington Aqueduct.

Capital Equipment – This category accounts for approximately 39% of the Additional Capital Programs budget and includes capital equipment purchases, refurbishment, replacement and enhancement of operational facilities, vehicle equipment, office renovations, mechanical equipment, and Information Technology (IT) software/hardware needs.

Washington Aqueduct – The Washington Aqueduct, managed by the U.S. Army Corps of Engineers (USACE), provides wholesale water treatment services to DC Water and wholesale customers in Northern Virginia, (Arlington County and Fairfax County Water Authority). DC Water purchases approximately 74.6 percent of the water produced by the Aqueduct's two treatment facilities, the Dalecarlia and McMillan Treatment Plants, and thus is responsible for approximately 74.6 percent of the Aqueduct's operating and capital costs.

Program Areas	FY 2024 Actual	FY 2025 Revised	FY 2026 Proposed	10-Year Plan
Wastewater Operations	\$6,169	\$4,925	\$6,845	\$22,480
Water Operations	\$665	\$1,000	\$1,300	\$3,900
Pumping and Sewer Operations	\$1,947	\$2,287	\$2,265	\$9,082
Engineering	\$25	\$25	\$25	\$100
Finance & Procurement	\$116	\$4,710	\$6,065	\$226,317
Customer Care	\$2,718	\$6,944	\$3,080	\$39,566
Information Technology	\$4,334	\$5,107	\$6,165	\$22,502
Shared Services	\$10,341	\$6,478	\$6,736	\$26,901
Total Capital Equipment	\$26,315	\$31,477	\$32,481	\$350,848
Washington Aqueduct	\$35,594	\$35,770	\$35,770	\$500,780
Total Additional Capital Programs	\$61,909	\$67,247	\$68,251	\$851,628

(\$ in thousands)

Key major projects

Small Diameter Water Meter Program



Project Name	10-Year Plan
SDWM Meter Program	\$5,244
On-Going Meter Replacement	\$34,322
Total	\$39,566

Project Description: Small Diameter Water Meter Program. These activities/purchases support the enhancements, replacements, and upgrades of residential and commercial water meters.

Project Description: On-Going Meter Replacement program aims to upgrade water meters for both residential and commercial buildings.

Fleet Management



Healthy, Safe and Well



Reliable



Resilient



Washington Aqueduct



Healthy, Safe and Well



Reliable



Resilient

Project Name	10-Year Plan
Washington Aqueduct	\$500,780
Total	\$500,780

Project Description: Washington Aqueduct DC Water's share of Washington Aqueduct's infrastructure improvements to achieve established service levels for FY 2025 – FY 2034 is \$500.7 million. The increased investments funds Washington Aqueduct's risk-based asset management CIP, except the following projects: Federally Owned Water Mains, Travilah Quarry Acquisition Outfitting, and Advanced Treatment.

Project Name	10-Year Plan
Fleet Management	\$40,000
Total	\$40,000

Project Description:

Fleet management involves overseeing the specification, purchasing, maintenance, and replacement of DC Water's vehicle and heavy-duty equipment.

Major Accomplishments:

The Fleet Department vacated the old Fleet Building and moved into the new Fleet Facility in FY 2023. The new Fleet location is a professional office space that provides state-of-the-art shop space necessary to support the Fleet Department's mission. During FY 2024, easing supply chain backlogs allowed the Authority to receive 22 vehicles to support operations.

DC Water Delivers Treated Drinking Water from the Washington Aqueduct



FY 2026 OPERATING EXPENDITURE BUDGET

\$217M

PERSONNEL SERVICES

Employ 1,283 Full-Time Equivalent (FTEs) to provide water and wastewater services
Pay wages, retirement and health benefits for employees
Provide overtime compensation for emergency repair responses and special projects
Create career pathways and training opportunities for apprentices and summer interns
Breakdown of Personnel Services by Functional Areas:
\$153.7M Core operational departments – 951 FTEs
\$63.7M Administration and support departments – 332 FTEs

\$15M

SUPPLIES AND SMALL EQUIPMENT

\$10.7M **Buy** replacement pipes, valves, pumps, meters, vehicle parts, and other equipment for routine maintenance and upkeep
\$2.8M **Purchase** of laboratory supplies, custodial supplies, office supplies, uniforms, personal protective equipment (PPE) and other consumables
\$1.5M **Rent** machinery, cranes, vehicles and other specialized equipment

\$102M

CONTRACTUAL SERVICES

\$29M **Provide** support for information technology, legal, security, engineering, financial advisory, strategic, research and temporary staffing services
\$20M **Maintain** buildings, electrical equipment, HVAC, elevators, vehicles, green infrastructure, fire systems, digesters, combined heat and power facility
\$18M **Pay** for hauling and disposal of hazardous materials and biosolids, odor control, janitorial, industrial cleaning, reservoir, wet well and catch basin cleaning services
\$15M **Leverage** cutting-edge software technology to optimize operations and business processes
\$12M **Meet** obligations for insurance premiums, audit, claims and litigation
\$4M **Invest** in education, professional development, conferences, memberships and support events for 1,283 employees
\$2M **Foster** stakeholder engagement, community outreach and regional programs
\$2M **Pay** for printing and postage of customer bills, advertisement of contract solicitations, promotional items, storage and material transportation charges

\$48M

WATER PURCHASE

\$48M **Purchase** drinking water from the Washington Aqueduct

\$86M

UTILITIES AND CHEMICALS

\$82M **Fund** chemicals, energy and water used for collection, distribution and treatment activities and buy fuel used in vehicles and heavy-duty equipment
\$3M **Connect** employees, customers and stakeholders through uninterrupted telecommunication services (telephone, cellphone and radios)
\$1M **Lease** office space for sewer operations and other storage services

\$370M

NON-OPERATIONS AND MAINTENANCE

\$272M **Fund** debt service costs to support the capital program
\$74M **Allocate** funding for paygo financing
\$24M **Pay** the District's Payment in Lieu of Taxes and Right of Way fees

Overview of DC Water's Operational and Administrative Departments

Organizational Structure: DC Water is structured to fulfill its mission of providing water and wastewater services by grouping 30 departments into functional service lines and reporting clusters.

- **Operational Departments:** These departments are responsible for day-to-day activities such as water distribution, sewer services, wastewater treatment, customer care, and infrastructure maintenance. Their primary focus is to directly serve customers and ensure the reliability and safety of the water and wastewater systems.
- **Administrative and Technical Support Departments:** These departments provide essential support to operational units. Their functions include strategic planning, asset management, leadership development, financial management, human resources, and legal support. They enable the operational departments to function effectively and ensure compliance with regulatory and organizational standards.

Cluster-Based Reporting Structure: To enhance efficiency, accountability, and service delivery, DC Water organizes its departments into clusters.

- **Clusters:** Each cluster is led by a Senior Executive Team (SET) member who is responsible for the overall performance and service delivery of the departments within their cluster. This structure helps streamline decision-making processes, improve communication, and ensures that each cluster meets its performance metrics and strategic goals.
- **Purpose of Clusters:** Clusters are designed to promote collaboration and alignment across departments with similar functions, ensuring that resources are used effectively and that services are delivered efficiently.

Structural Changes:

- **Creation of the Information Technology (IT) Cluster:** The department of Information Technology was previously part of the Administration Cluster. The department became a stand-alone cluster in FY 2024 and is responsible for managing the organization's digital infrastructure, cybersecurity, and technology initiatives.

Importance of DC Water's Organizational Structure:

- **Leverage Organizational Strengths:** By reorganizing into functional clusters, DC Water aims to capitalize on the strengths of each department and improve collaboration across the organization.
- **Foster a High-Performing Team Culture:** Creation of a more cohesive and engaged workforce, where departments work together towards common goals and performance metrics.
- **Enhance the Employee Experience:** By streamlining processes and improving internal support, DC Water aims to provide a better work environment, which in turn enhances productivity and job satisfaction.
- **Improve Organizational Performance:** The new structure is designed to increase operational efficiency, reduce redundancies, and ensure that resources are allocated effectively to meet the utility's goals and objectives.
- **Serve the Public and Protect the Environment:** Ensure that DC Water continues to provide high-quality water and wastewater services to its customers, while also protecting the environment and complying with regulatory requirements.

Reporting and Accountability:

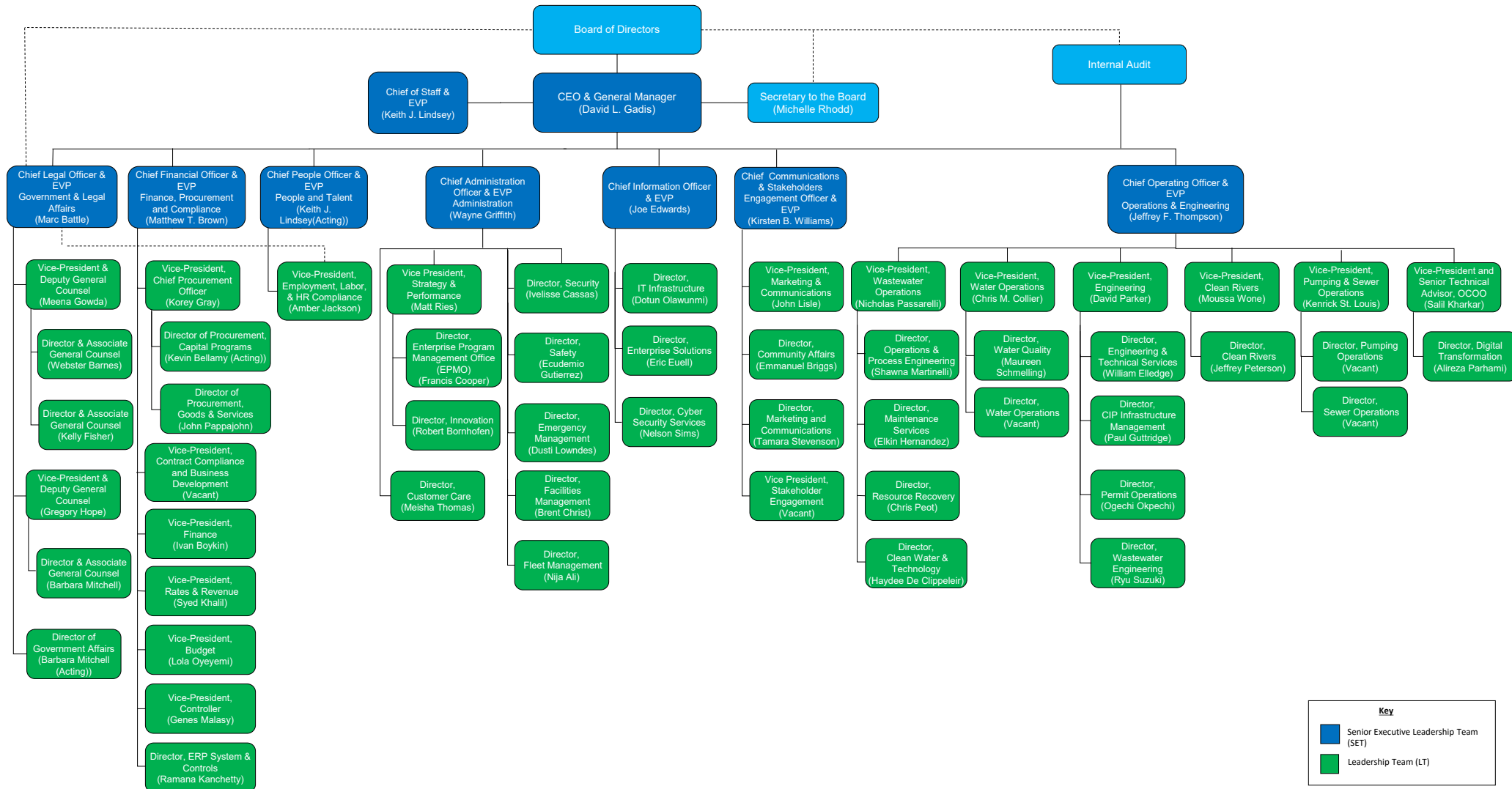
- The Senior Executive Team (SET) members overseeing each cluster are responsible for ensuring that their departments meet the organization's service delivery standards and performance metrics. This structure promotes accountability and ensures that departments are aligned with DC Water's overall mission and strategic objectives.
- Performance Metrics: Each department within the clusters is assessed based on specific performance indicators, which help track progress toward strategic goals and identify areas for improvement.

These structural changes are part of DC Water's ongoing efforts to optimize its operations, improve service delivery, and ensure the sustainable management of its resources.

DC Water Clusters & Senior Executive Team (SET)



DC WATER LEADERSHIP TEAM



Operating Expenditures Budget Linkage to Blueprint 2.0

DC Water's five-year strategic plan, called Blueprint 2.0, includes five interconnected imperatives and lays out defined outcomes essential to achieving the strategic goals over the next five years and beyond. Detailed information about the strategic plan is available online at www.dewater.com/strategic-plan.

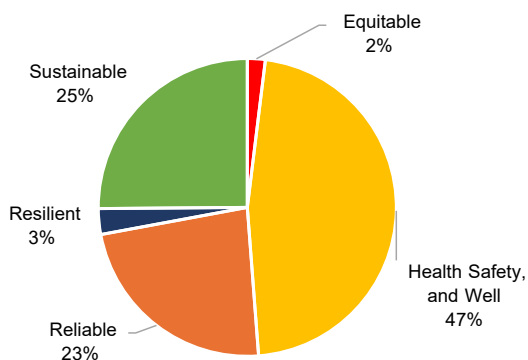


- Healthy, Safe and Well**
Is everybody we impact healthy, safe and well?
- Reliable**
Can we deliver our agreed service level in an efficient and effective manner?
- Resilient**
Are we able to cope with and recover from disruption, anticipating shocks and stressors to maintain service?

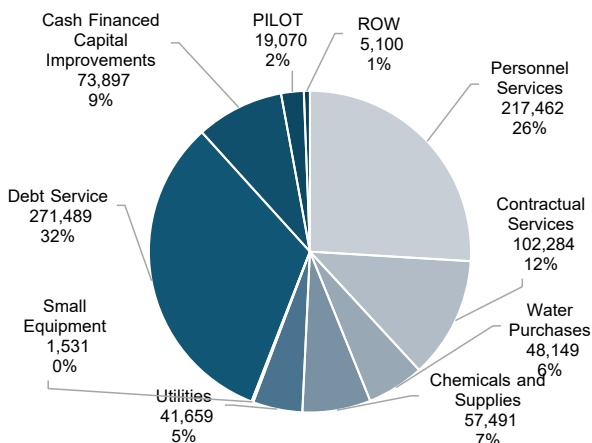
- Sustainable**
Are we able to meet the needs of the present without compromising the ability of future generations to meet their own needs?
- Equitable**
Are we operating in an equitable manner to enable our employees, partners, customers, and communities to prosper?

DC Water's budget is guided by its strategic plan. It serves as the primary lens through which budget requests are evaluated against established prioritization criteria and final budget decisions are made. The Proposed FY 2026 operating budget advances DC Water's strategic plan and aligns it with the five imperatives of the Blueprint 2.0.

FY 2026 Operations & Maintenance Budget Breakdown by Blueprint 2.0



FY 2026 Operating Expenditures Budget Breakdown by Object



Examples of Major Operating Expenditure Programs



Salaries, retirement and health benefits, employment taxes, janitorial services, trash removal and recycling services, insurance premiums, claims, safety parts, custodial supplies, and more.



Chemicals, biosolids hauling & disposal, Combined Heat & Power facility support, industrial cleaning, grit removal, drinking water purchases, industrial cleaning, Green Infrastructure maintenance, research & development, audits, and more.



Energy, water usage, overtime, maintenance & repair (automotive, equipment, HVAC, elevators), telecommunication, software & hardware maintenance, locate & mark services, critical parts and supplies, and more.



Security guard services, employee on call time, maintenance & repairs (meter, general, electrical high and low voltage, other), cybersecurity, and more.



Customer assistance and community outreach programs, legal matters, litigation contingency, employee parking subsidy, clothing & uniforms, employee orientation, internship programs, various employee training and conferences, and more.

Operating Expenditures Budget

The Revised FY 2025 budget includes an amendment of \$5.5 million from debt service to the cash financed capital improvement fund due to the structure of new debt and refinancing. The overall operating expenditure budget for FY 2025 remains at the Board-adopted level.

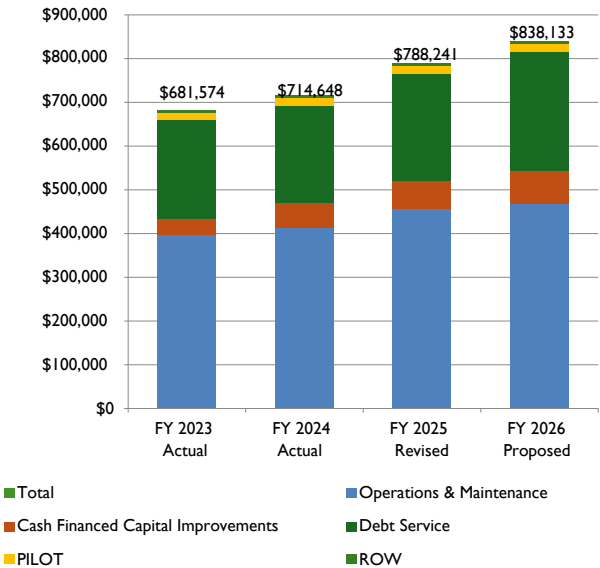
The Proposed FY 2026 operating budget is \$838.1 million, an increase of \$50.7 million or 6.3% compared to FY 2025 level.

Proposed FY 2026 Operating Budget Changes

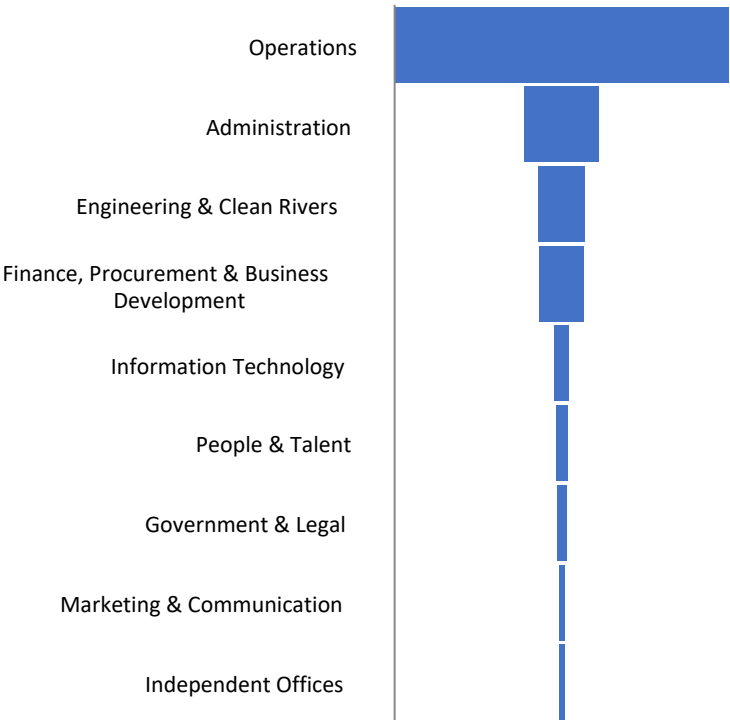
- **Personnel Services** (\$7.8 million increase): Reflects proposed adjustments for salaries, overtime and employee health benefits. Budget includes elimination of 45 hard to fill vacant positions, saving ratepayers \$5.7 million.
- **Chemicals** (Relatively flat)
- **Supplies** (\$1.9 million increase): Reflects inflationary cost pressures for critical parts and custodial materials
- **Utilities** (\$1.3 million net increase): Higher electricity costs offset by reduced natural gas and water usage in treatment activities.
- **Water Purchase** (\$2.8 million increase): DC Water’s proportionate cost for dredging the Little Seneca Reservoir by the Washington Aqueduct.
- **Contractual Services** (no change)
- **Small Equipment** (\$0.2 million increase): Reflects rental of two cranes for use at Blue Plains
- **Debt Service** (\$27.5 million increase): for planned debt coverage between the projected senior and subordinate bond series
- **Cash Financed Capital Improvements** (\$7.9 increase million): PAYGO funding to reduce future borrowing costs
- **PILOT & ROW** (\$0.4 million increase): Payment to the District for Payment-in-Lieu-of Taxes and Right-of-Way fee which remains at the FY 2025 level



Historical and Projected Operating Expenditures



FY 2026 Operations & Maintenance Budget by Cluster



Operating Expenditures by Object

DC Water's annual operating budget provides the resources necessary to sustain a multi-billion-dollar water distribution, sewage collection, and treatment system.

The FY 2026 Proposed budget for Operations expenditures is \$838.1 million, which is an increase of 6.3% from the Revised FY 2025 budget. The operations and maintenance expenses are categorized into six major expenditure types: Personnel Services, Chemicals & Supplies, Contractual Services, Utilities and Rent, Water Purchases, and Small Equipment. Additionally, a portion of the personnel costs are capitalized in direct support of DC Water's Capital Improvement Program.

\$ in thousands	FY 2023 Year-End Actual	FY 2024 Year-End Actual	FY 2025 Revised Budget	Proposed Budget	FY 2026 Change	% Budget
Personnel Services	\$ 183,316	\$ 192,994	\$ 209,633	\$ 217,462	\$ (7,829)	-3.7%
Chemicals & Supplies	53,082	55,596	55,585	57,491	(1,906)	-3.4%
Contractual Services	88,309	89,276	102,284	102,284	0	0.0%
Utilities and Rent	37,361	34,202	40,318	41,659	(1,341)	-3.3%
Water Purchases	33,609	38,904	45,330	48,149	(2,819)	-6.2%
Small Equipment	1,244	1,599	1,364	1,531	(167)	-12.2%
Total O&M Expenditures	\$ 396,921	\$ 412,570	\$ 454,513	\$ 468,576	\$ (14,063)	-3.1%
Debt Service	225,852	220,073	243,969	271,489	(27,521)	-11.3%
Cash Financed Capital Improvements	35,730	58,576	65,963	73,897	(7,934)	-12.0%
Payment in Lieu of Taxes	17,970	18,330	18,696	19,070	(374)	-2.0%
Right of Way Fees	5,100	5,100	5,100	5,100	-	0.0%
Total Operating Expenditures	\$ 681,574	\$ 714,648	\$ 788,241	\$ 838,133	\$ (49,892)	-6.3%
Personnel Services Charged to Capital Projects	(27,813)	(26,699)	(34,087)	(30,907)	(3,180)	9.3%
Net Operating	\$ 653,760	\$ 687,949	\$ 754,154	\$ 807,226	\$ (53,072)	-7.0%



PERSONNEL SERVICES



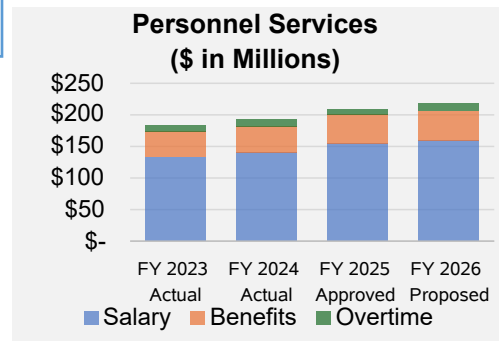
Healthy, Safe and Well



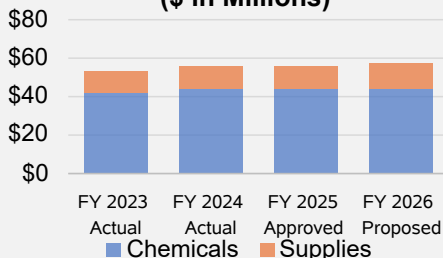
Reliable

Personnel Services covers the salaries, benefits, overtime, on-call and other employee compensations for 1283 full time employees, temporary part-time employees, apprentices and the DC Water's internship program.

Total costs for FY 2026 are estimated at \$217.5 million, or 27.4% of total operating budget and reflect a \$7.8 million or 3.7% increase from prior year. This increase in employee salaries and benefits is intended to improve employee retention in a highly competitive job market.



Chemicals & Supplies (\$ in Millions)



CHEMICALS & SUPPLIES



Healthy, Safe and Well



Reliable

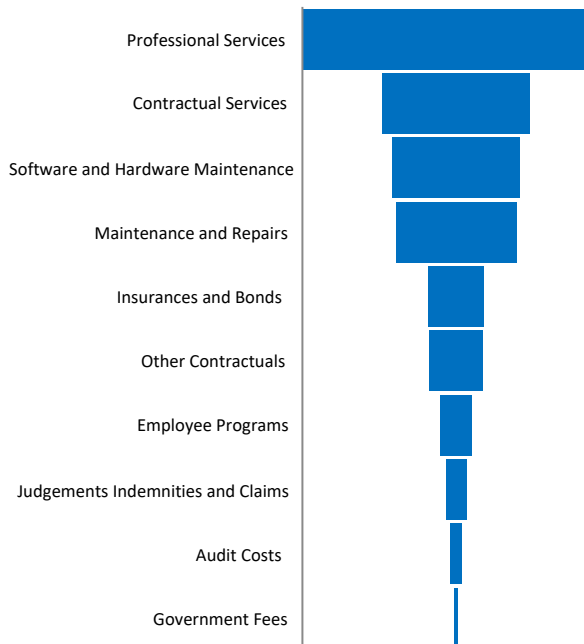


Resilient

These include the various chemicals (Methanol, Polymer, Ferric Chloride, Etc.) used in the treatment processes, office supplies, custodial supplies including spare parts for maintaining critical assets, uniforms for operational and technical employees, etc.

The Proposed FY 2026 budget is estimated at \$57.5 million, or 6.9 % of total operating budget and reflect a 3.4% increase from prior year budget. The \$1.9 million increase is mainly due to higher costs for critical spare parts custodial supplies to maintain DC Water's infrastructure.

FY 2026 Contractual Services



CONTRACTUAL SERVICES

Healthy, Safe and Well Reliable Resilient Equitable Sustainable

The proposed FY 2026 contractual budget is estimated at \$102.3 million, representing 12.2% of the total operating budget and remaining relatively flat compared to the prior year. Key cost pressures include hauling, cleaning, IT support, utility marking, and security services, with budget reallocations focusing on travel, training, and professional services such as consulting, legal, and insurance.

MAJOR CONTRACTUAL SERVICES

- **Professional Services:** Provides support for the Combined Heat & Power (CHP) facility, information technology, strategic, legal, financial advisory, strategic, temporary staffing, research and development, security and traffic services, and more
- **Contractual Services:** Hauling and disposal of waste materials, industrial cleaning, odor control, janitorial, reservoir, wet well and catch basin cleaning services and more
- **Software and Hardware Maintenance:** Software subscriptions, system updates, and technical support
- **Maintenance and Repairs:** Electrical, vehicles, heavy-duty equipment, HVAC, elevator systems
- **Employee Programs:** Tuition assistance, training, conferences
- **Insurance Services:** Premiums for liability, property and coverage
- **Other Contracts:** Locate and mark utilities, storage, printing, advertising, material transportation and regional services.



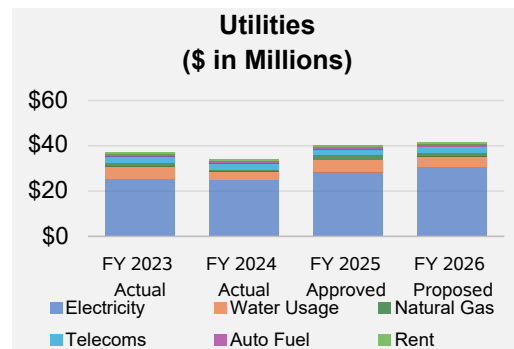
UTILITIES

Healthy, Safe and Well Reliable

This covers the costs for telecommunications (radios, cell and phone lines), electricity, natural gas, water usage, building rentals, etc.

Total utilities costs for FY 2026 are estimated at \$41.7 million, or 4.98% of total operating budget, and reflect a 3.3% increase from prior year budget.

Electricity – The projected \$2.5 million increase in electricity is based on anticipated increase in capacity charges. Energy is used for various treatment activities at Blue Plains, Pump Stations and various facilities. Onsite 7MW generation from the Combined Heat & Power Facility mitigates cost growth and reduces reliance on the power grid.

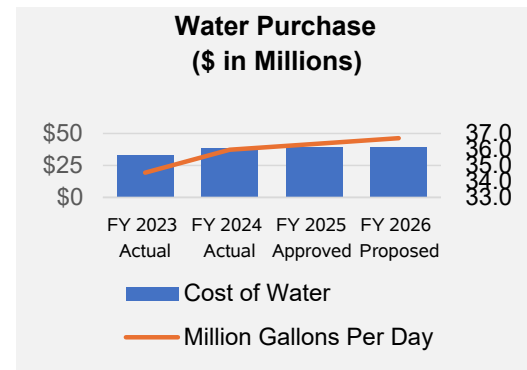


WATER PURCHASE

Healthy, Safe and Well Reliable Resilient

This covers water purchased from the U.S. Army Corps of Engineers (Washington Aqueduct), the entity that sources, treats and produces the tap water distributed by DC Water in the District

Total water purchase costs for FY 2026 are estimated at \$48 million, or 5.72% of total operating budget and reflect a 6.2% increase from prior year budget. The \$2.8 million increase is driven by DC Water's proportionate cost for the dredging of the Little Seneca Reservoir by the Washington Aqueduct.



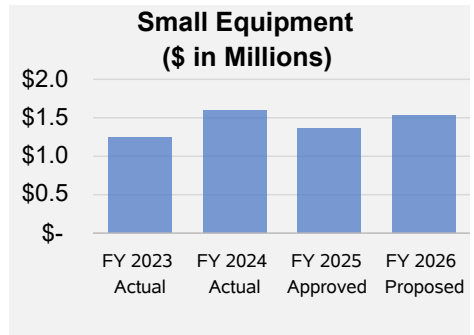


SMALL EQUIPMENT

Healthy, Safe and Well Reliable Resilient

Small equipment includes items such as rented equipment, cranes, adding machines, cameras, small appliances, etc.

Total costs for FY 2026 are estimated at \$1.5 million, with a \$167K increase for renting additional cranes at Blue Plains facility.



DEBT SERVICE & CFCI

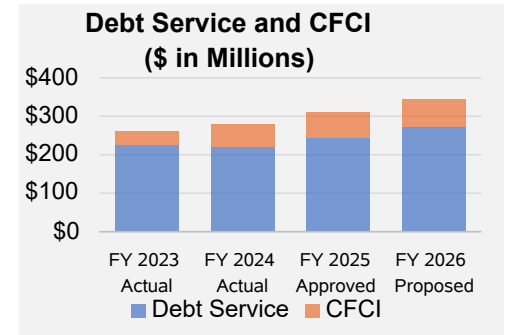
Healthy, Safe and Well Reliable Resilient

The Non-O&M category includes the debt service and cash financed capital improvement (CFCI), as well as Payment in Lieu of Taxes (PILOT) and Right-Of-Ways (ROW) fees.

Debt service refers to the repayment of principal and interest on debt issued for the capital program. As of FY 2024, the total debt service paid amounted to \$220 million, with a planned debt service payment of \$271.5 million in FY 2026.

The FY 2025 amended budget reflects reprogramming of \$5.5 million from debt service to CFCI for paygo to reduce future borrowing costs

(CFCI) serves a dual purpose as an Operations and Maintenance budget contingency, and to provide sufficient debt service coverage/paygo.

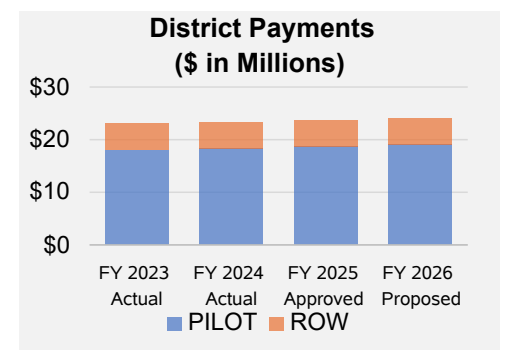


DISTRICT PAYMENTS

Healthy, Safe and Well Reliable Resilient

These are payments to the District for water and sewer conduits that it occupies within the District of Columbia, consistent with an existing memorandum of understanding (MOU)

The PILOT is for \$19 million and increased by 2%, and the ROW fee is \$5.1 million, no change from the prior year.

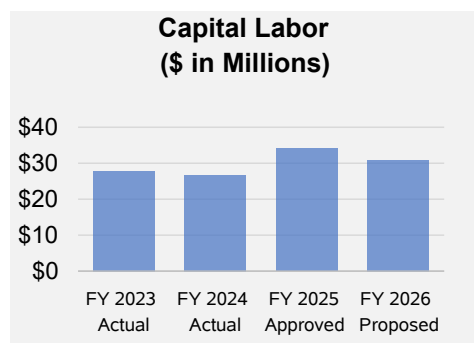


CAPITAL LABOR

Healthy, Safe and Well Reliable Resilient

Capital labor charges represent costs for personnel directly supporting capital projects, including planning, design, and construction efforts.

The Proposed FY 2026 budget is \$31 million decrease and a decrease of \$3 million mainly due to the elimination of aged and hard to fill vacancies in the engineering departments.



Operating Expenditures by Department and Cluster

Departments & Clusters	FY 2023 ACTUAL	FY 2024 ACTUAL	FY 2025 REVISED	FY 2026 PROPOSED
OPERATIONS	\$ 240,603	\$ 251,636	\$ 272,880	\$ 286,235
Office of the Chief Operating Officer	2,113	1,585	1,692	2,059
Wastewater Treatment Operations	91,639	92,889	99,254	101,362
Process Engineering	7,862	6,432	8,534	8,468
Maintenance Services	21,627	24,233	24,763	26,945
Clean Water and Technology	3,686	3,878	5,055	5,486
Resource Recovery	6,670	6,833	7,775	8,354
Water Operations	66,140	74,193	80,716	87,507
Pumping and Sewer Operations	40,866	41,593	45,092	46,056
ENGINEERING	\$ 37,993	\$ 37,204	\$ 44,476	\$ 40,148
Engineering & Technical Services	23,280	23,128	25,395	21,382
CIP Infrastructure Management	4,731	1,514	5,965	4,530
Wastewater Engineering	2,226	4,202	3,722	4,862
Permit Operations	4,637	4,946	5,286	5,399
Clean Rivers	3,120	3,415	4,108	3,974
ADMINISTRATION	\$ 52,004	\$ 55,828	\$ 58,887	\$ 63,927
Office of the Chief Administration Officer	-	491	1,466	1,325
Customer Care	19,177	19,248	21,117	21,969
Strategy and Performance	2,991	2,925	2,738	3,244
Office of Emergency Management	1,605	1,560	1,682	1,801
Fleet Management	6,596	7,515	7,191	7,543
Occupational Safety & Health	2,259	2,647	2,859	3,370
Facilities Management	9,691	11,285	10,778	13,807
Security	9,686	10,157	11,057	10,866
INFORMATION TECHNOLOGY	\$ 10,960	\$ 11,037	\$ 11,006	\$ 12,155
Information Technology	10,960	11,037	11,006	12,155
INDEPENDENT OFFICES	\$ 4,342	\$ 4,490	\$ 4,426	\$ 4,547
Secretary to the Board	385	808	875	1,033
Office of the Chief Executive Officer	3,177	2,866	2,712	2,696
Internal Audit (outsourced)	780	815	839	818
FINANCE & PROCUREMENT	\$ 30,796	\$ 32,423	\$ 40,490	\$ 38,084
Finance	22,991	24,246	30,062	27,762
Procurement	6,664	6,490	7,611	7,644
Compliance and Business Development	1,141	1,687	2,318	2,477
Non-Ratepayer Revenue Fund	-	-	500	200
MARKETING AND COMMUNICATION	\$ 3,102	\$ 3,891	\$ 4,349	\$ 4,850
Marketing and Communication	3,102	3,891	4,349	4,850
PEOPLE AND TALENT	\$ 8,169	\$ 10,128	\$ 9,685	\$ 10,262
People and Talent	8,169	10,128	9,685	10,262
GOVERNMENT AND LEGAL AFFAIRS	\$ 8,951	\$ 5,934	\$ 8,312	\$ 8,369
Government and Legal Affairs	8,951	5,934	8,312	8,369
Subtotal O & M Expenditures	\$ 396,921	\$ 412,570	\$ 454,513	\$ 468,576
Debt Service	225,852	220,073	243,969	271,489
Cash Financed Capital Improvements	35,730	58,576	65,963	73,897
Payment in Lieu of Taxes	17,970	18,330	18,696	19,070
Right of Way Fees	5,100	5,100	5,100	5,100
Total Operating Expenditures	\$ 681,574	\$ 714,648	\$ 788,241	\$ 838,133
Personnel Services charged to Capital Projects	(27,813)	(26,699)	(34,087)	(30,907)
Total Net Operating Expenditures	\$ 653,760	\$ 687,949	\$ 754,154	\$ 807,226

FY 2025 Revised Budget by Department by Category

(\$ in thousands)

	Auth Pos	Pay	Fringe	Overtime	Personnel Services	Supplies	Chemicals	Utilities	Contracts	Biosolids	Water Purchases	Equipment	Total Non- Personnel Services	Total Operating
810ZZZ-Wastewater Treatment Operations	106	11,114	3,491	1,530	16,134	341	43,878		10,814	-	-	118	83,119	99,254
812ZZZ-Process Engineering	36	4,521	1,407	32	5,960	780	-		1,522	-	-	228	2,574	8,534
811ZZZ-Maintenance Services	102	10,832	3,458	700	14,990	5,129	-		4,013	-	-	500	9,773	24,763
813ZZZ-Water Operations	217	20,924	6,788	2,542	30,253	1,218	39		3,254	-	45,330	201	50,463	80,716
600ZZZ-Customer Care	120	11,343	3,616	304	15,264	105	-		5,431	-	-	3	5,853	21,117
801ZZZ-Engineering and Technical Services	112	15,825	5,228	938	21,992	151	-		2,975	-	-	-	3,403	25,395
802ZZZ-CIP Infrastructure Management	24	4,651	1,205	5	5,861	-	-		104	-	-	-	104	5,965
803ZZZ-Wastewater Engineering	23	2,176	613	10	2,799	10	-		914	-	-	-	924	3,722
800ZZZ-Clean Rivers	8	1,727	445	-	2,172	10	-		1,858	-	-	-	1,936	4,108
804ZZZ-Permit Operations	28	3,506	1,024	55	4,585	30	-		644	-	-	-	701	5,286
814ZZZ-Pumping and Sewer Operations	195	19,819	6,457	2,134	28,409	1,620	162		5,869	-	-	143	16,683	45,092
810YYY-Resource Recovery	8	1,067	356	90	1,513	1	-		966	5,278	-	-	6,262	7,775
810XXX- Clean Water and Technology	12	1,625	398	250	2,273	554	-		2,203	-	-	-	2,782	5,055
Subtotal Operations	991	\$109,129	\$34,486	\$8,590	\$152,205	\$9,949	\$44,079	\$38,181	\$40,568	\$5,278	\$45,330	\$1,193	\$184,577	\$336,781
100ZZZ-Secretary to the Board	3	450	82	-	532	8	-	2	333	-	-	-	343	875
101ZZZ-Office of Chief Executive Officer	4	1,073	243	-	1,316	9	-	17	1,369	-	-	-	1,395	2,712
102ZZZ-Internal Audit	0	-	-	-	-	-	-	-	839	-	-	-	839	839
103ZZZ-Marketing and Communication	20	2,608	664	-	3,271	8	-	17	1,044	-	-	9	1,078	4,349
104ZZZ-Office of Chief Operating Officer	5	876	175	-	1,051	2	-	1	638	-	-	-	641	1,692
105ZZZ-Office of Chief Administration Officer	2	464	102	-	566	-	-	-	900	-	-	-	900	1,466
201ZZZ-Office of Emergency Management	6	901	246	0	1,146	6	-	12	517	-	-	-	536	1,682
202ZZZ-Fleet Management	8	938	269	6	1,213	1,317	-	1,283	3,303	-	-	75	5,978	7,191
203ZZZ-Occupational Safety	18	1,864	495	-	2,359	4	-	29	465	-	-	1	500	2,859
204ZZZ-Facilities Management	52	4,946	1,489	325	6,759	106	-	77	3,785	-	-	50	4,018	10,778
205ZZZ-Security	8	1,153	248	0	1,401	32	-	393	9,211	-	-	20	9,656	11,057
300ZZZ-Finance	65	9,410	2,519	83	12,012	10	-	56	17,984	-	-	-	18,050	30,062
301ZZZ-Procurement	39	5,283	1,530	90	6,903	24	-	40	642	-	-	3	708	7,611
302ZZZ-Non-Ratepayer Revenue Fund	0	-	-	-	-	-	-	-	500	-	-	-	500	500
303ZZZ-Compliance & Business Development	11	1,476	431	-	1,907	9	-	5	397	-	-	-	411	2,318
400ZZZ-Strategy and Performance	9	1,403	343	-	1,745	6	-	3	983	-	-	-	992	2,738
500ZZZ-People and Talent	33	4,286	1,016	0	5,302	4	-	24	4,354	-	-	-	4,383	9,685
601ZZZ-Information Technology	37	5,242	1,430	6	6,679	5	-	154	4,156	-	-	13	4,328	11,006
700ZZZ-Government and Legal Affairs	14	2,604	658	3	3,264	7	-	24	5,017	-	-	-	5,048	8,312
Subtotal Administration	334	\$44,976	\$11,939	\$513	\$57,428	\$1,558	-	\$2,137	\$56,438	-	-	\$171	\$60,304	\$117,732
Subtotal O & M Expenditures	1,325	\$ 154,105	\$ 46,425	\$ 9,103	\$ 209,633	\$ 11,506	\$ 44,079	\$ 40,318	\$ 97,006	\$ 5,278	\$ 45,330	\$ 1,364	\$ 244,881	\$ 454,513
Debt Service														243,969
Cash Financed Capital Improvements														65,963
Payment in Lieu of Taxes														18,696
Right of Way														5,100
Total OPERATING EXPENDITURES														788,241
Personnel Services charged to Capital Projects														(34,087)
TOTAL NET OPERATING EXPENDITURES														\$754,154

FY 2026 Proposed Budget by Department by Category

(\$ in thousands)

	Auth Pos	Pay	Fringe	Overtime	Personnel Services	Supplies	Chemicals	Utilities	Contracts	Biosolids	Water Purchases	Equipment	Total Non- Personnel Services	Total Operating
810ZZZ-Wastewater Treatment Operations	105	11,780	3,930	1,538	17,249	346	43,955	28,557	11,180	-	-	74	84,113	101,362
812ZZZ-Process Engineering	36	4,772	1,498	28	6,298	579	-	32	1,558	-	-	-	2,169	8,468
811ZZZ-Maintenance Services	97	10,644	3,168	906	14,718	5,919	-	146	5,152	-	-	1,010	12,227	26,945
813ZZZ-Water Operations	211	21,940	7,024	3,492	32,455	1,518	39	445	4,780	-	48,149	120	55,051	87,507
600ZZZ-Customer Care	119	12,306	3,458	404	16,168	112	-	382	5,304	-	-	3	5,801	21,969
801ZZZ-Engineering and Technical Services	104	13,798	3,941	938	18,677	150	-	320	2,214	-	-	20	2,705	21,382
802ZZZ-CIP Infrastructure Management	23	3,547	915	7	4,469	10	-	0	52	-	-	-	62	4,530
803ZZZ-Wastewater Engineering	18	3,130	810	1	3,941	2	-	0	919	-	-	-	921	4,862
800ZZZ-Clean Rivers	9	1,788	461	-	2,250	5	-	63	1,657	-	-	-	1,724	3,974
804ZZZ-Permit Operations	28	3,466	1,034	65	4,566	19	-	22	792	-	-	-	834	5,399
810XXX- Clean Water and Technology	14	1,851	495	100	2,446	856	-	1	2,182	-	-	-	3,040	5,486
810YYY-Resource Recovery	9	1,182	385	154	1,721	7	-	1	804	5,821	-	-	6,633	8,354
814ZZZ-Pumping and Sewer Operations	178	19,697	6,166	2,904	28,768	1,727	0	9,591	5,828	-	-	142	17,288	46,056
Subtotal Operations	951	\$109,903	\$33,286	\$10,537	\$153,726	\$11,250	\$43,995	\$39,561	\$42,421	\$5,821	\$48,149	\$1,369	\$192,566	\$346,293
100ZZZ-Secretary to the Board	3	512	132	-	644	3	-	9	377	-	-	-	388	1,033
101ZZZ-Office of Chief Executive Officer	4	1,097	265	-	1,362	7	-	35	1,292	-	-	-	1,334	2,696
102ZZZ-Internal Audit	-	-	-	-	-	-	-	0	818	-	-	-	818	818
103ZZZ-Marketing and Communication	20	3,137	685	3	3,825	7	-	30	988	-	-	-	1,025	4,850
104ZZZ-Office of Chief Operating Officer	5	1,135	280	-	1,415	2	-	2	627	-	-	13	644	2,059
105ZZZ-Office of Chief Administration Officer	2	446	111	-	557	-	-	3	765	-	-	-	769	1,325
201ZZZ-Office of Emergency Management	7	1,024	264	-	1,287	21	-	14	479	-	-	-	514	1,801
202ZZZ-Fleet Management	7	895	261	4	1,160	1,333	-	1,161	3,864	-	-	25	6,383	7,543
203ZZZ-Occupational Safety	16	1,770	473	3	2,246	15	-	22	1,087	-	-	-	1,124	3,370
204ZZZ-Facilities Management	53	5,355	1,678	475	7,508	763	-	96	5,337	-	-	103	6,299	13,807
205ZZZ-Security	9	1,223	323	2	1,548	44	-	387	8,877	-	-	10	9,318	10,866
300ZZZ-Finance	65	10,589	3,147	45	13,781	10	-	43	13,929	-	-	-	13,982	27,762
301ZZZ-Procurement	39	5,411	1,561	120	7,092	11	-	49	494	-	-	0	553	7,644
302ZZZ-Non-Ratepayer Revenue Fund	-	-	-	-	-	-	-	0	200	-	-	-	200	200
303ZZZ-Compliance & Business Development	11	1,527	438	-	1,965	10	-	0	502	-	-	-	512	2,477
400ZZZ-Strategy and Performance	9	1,763	459	-	2,222	-	-	2	1,020	-	-	-	1,022	3,244
500ZZZ-People and Talent	31	4,834	1,277	3	6,113	5	-	32	4,112	-	-	-	4,149	10,262
601ZZZ-Information Technology	37	5,976	1,448	6	7,430	16	-	180	4,517	-	-	11	4,725	12,155
700ZZZ-Government and Legal Affairs	14	2,751	827	2	3,580	-	-	30	4,759	-	-	-	4,789	8,369
Subtotal Administration	332	\$49,444	\$13,629	\$663	\$63,736	\$2,246	-	\$2,098	\$54,041	-	-	\$162	\$58,547	\$122,283
Subtotal O & M Expenditures	1,283	\$ 159,348	\$ 46,914	\$ 11,200	\$ 217,462	\$ 13,496	\$ 43,995	\$ 41,659	\$ 96,462	\$ 5,821	\$ 48,149	\$ 1,531	\$ 251,114	\$ 468,576
Debt Service														271,489
Cash Financed Capital Improvements														73,897
Payment in Lieu of Taxes														19,070
Right of Way														5,100
Total OPERATING EXPENDITURES														838,133
Personnel Services charged to Capital Projects														(30,907)
TOTAL NET OPERATING EXPENDITURES														\$807,226

Summary of Authorized Position by Department

DC Water is focused on reducing its vacancy rate by assessing staffing requirements and increasing hiring efforts in critical areas. In past years, hard-to-fill positions were deactivated, and new roles were added to align with operational needs such as water quality compliance and strategic programs. This reflects DC Water's commitment to efficiency and achieving a lower single-digit vacancy rate.

Explanation of Changes to Authorized Positions

Overview:

- In FY 2023, the authorized headcount was revised from 1325 to 1308, resulting in the elimination of 17 positions identified as hard-to-fill positions across the Authority
- In FY 2024 and FY 2025, the Authority introduced new positions across multiple departments to support key initiatives aimed at addressing areas of greatest need, driving efficiency, and filling critical roles

Key Drivers of Growth:

- Operational Expansion: The expansion of operational activities required additional staff to manage increased workloads and ensure efficiency
- Strategic Initiatives: New strategic initiatives, such as the implementation of advanced technologies and customer service enhancements, necessitated the creation of specialized roles
- Regulatory Compliance: Compliance with new regulatory requirements led to the establishment of positions focused on ensuring adherence to industry standards

Impact on Workforce:

- The authorized headcount increased by approximately 1.3% from FY 2023 to FY 2025, reflecting the organization's commitment to scaling its operations and enhancing service quality

Major FY 2026 Position Changes

Overview of FY 2026:

- By FY 2026, the organization had further refined its workforce strategy to align with evolving business needs and market conditions. This included both the elimination of existing vacant positions (through redirection of aged vacant positions) without active recruitment and the addition of minimum new positions to remain responsive to changing demands

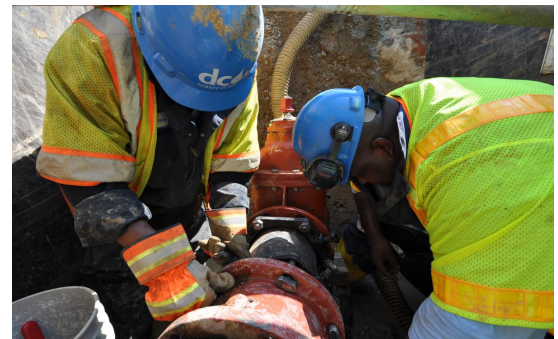
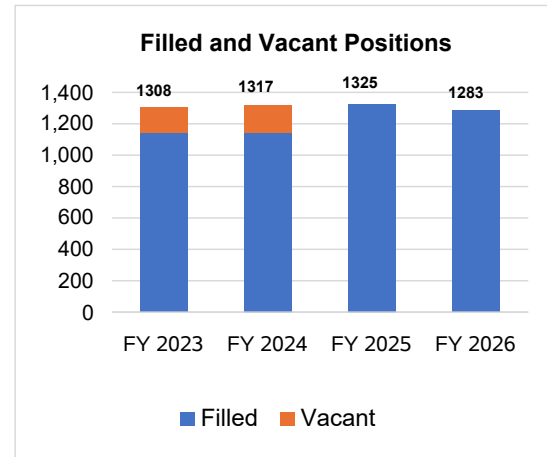
Significant Changes in FY 2026:

- New Positions: Introduction of 3 new positions in key areas such as information technology, emergency management, and research and development
- Headcount Adjustments: Elimination of 45 vacant positions to maintain a balanced workforce, ensuring that the organization remains agile and optimize resource utilization. This reflects DC Water's commitment to efficiency and achieving a lower single digit vacancy rate than historical trends

Rationale for Changes:

- Strategic Alignment: Ensuring that the workforce is aligned with the organization's long-term strategic goals and objectives
- Operational Efficiency: Enhancing operational efficiency by optimizing the allocation of human resources
- Market Adaptation: Adapting to market trends and customer expectations by investing in areas with the highest impact on service delivery and business growth

These position changes reflect management's proactive approach to workforce planning, ensuring that it remains well-equipped to meet future challenges and opportunities.



Authorized Positions

		FY 2023		FY 2024		FY 2025	FY 2025	FY 2026
		Authorized	Year -End Filled	Authorized	Year -End Filled	Authorized	Revised	Authorized
O	Wastewater Treatment Operations	106	101	106	101	104	106	105
p	Process Engineering	36	30	36	29	35	36	36
e	Maintenance Services	98	94	102	91	102	102	97
r	Water Operations	213	192	212	193	213	217	211
a	Customer Care	120	104	120	109	120	120	119
t	Pumping and Sewer Operations	183	167	185	163	186	195	178
i	Engineering and Technical Services	133	119	120	104	128	112	104
o	Wastewater Engineering	22	7	27	16	20	23	18
n	CIP Infrastructure Management	31	28	27	23	30	24	23
s	Clean Rivers	10	7	9	6	9	8	9
	Permit Operations	29	25	29	26	29	28	28
	Resource Recovery	8	7	8	8	9	8	9
	Clean Water and Technology	12	11	12	12	13	12	14
Subtotal		1,001	892	993	881	998	991	951
A	Office of the Chief Executive Officer	4	3	4	4	4	4	4
d	Office of the Chief Operating Officer	3	2	5	4	4	5	5
m	Office of the Chief Administration Officer	-	-	2	1	2	2	2
i	Strategy and Performance	9	7	9	6	8	9	9
n	Office of the Secretary	3	2	3	2	3	3	3
i	Internal Audit (outsourced)	-	-	-	-	-	-	-
s	Government and Legal Affairs	14	13	14	13	14	14	14
t	Marketing and Communication	14	10	19	12	19	20	20
r	People and Talent	34	25	33	21	29	33	31
a	Information Technology	37	32	37	32	37	37	37
t	Procurement	35	32	35	27	39	39	39
i	Business Development	7	7	8	7	11	11	11
o	Finance	60	47	64	57	64	65	65
n	Office of Emergency Management	6	4	6	6	6	6	7
	Facilities Management	50	43	52	47	52	52	53
	Security	7	7	7	7	9	8	9
	Occupational Safety and Health	16	11	18	9	18	18	16
	Fleet Management	8	7	8	5	8	8	7
Subtotal		307	252	324	260	327	334	332
Total Positions		1,308	1,144	1,317	1,141	1,325	1,325	1,283

Year-round interns, short-term temps and summer temps are not included in the filled count.

Position Highlights

- Reflects the recommendation to eliminate 45 existing hard-to-fill and aged vacant positions, resulting in an estimated cost savings of \$5.7 million
- Includes the addition of 3 new positions (through reallocation of aged and hard-to-fill vacant positions) to meet organizational headcount needs and support key initiatives
- Assumes an overall vacancy rate of 7% in FY 2025 and 5% in FY 2026. Driven by the elimination of existing vacancies. Historically, the Authority has faced a double-digit vacancy rate, with the vacancy rate based on active recruitment standing at 9.6% at the close of FY 2024
- Aligns with the strategic plan, Blueprint 2.0, to set priorities and strengthen operations, ensuring alignment with long-term goals and enhancing overall efficiency

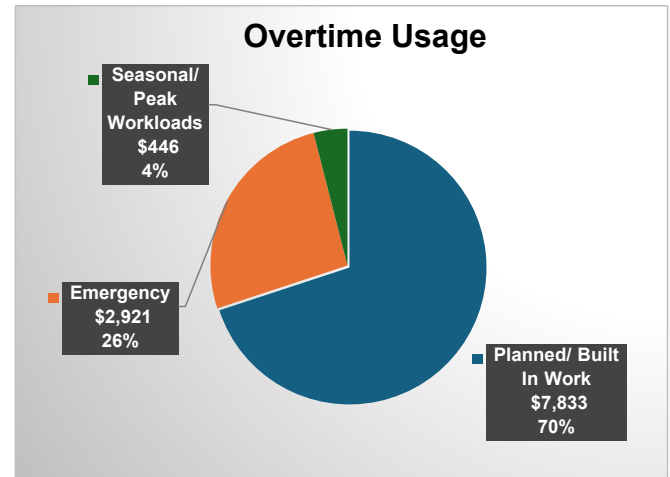
Summary of Overtime

(\$ in thousands)

At DC Water, overtime is mainly used to ensure continuity of operations in critical areas such as maintenance, facilities, customer service, cyclical events and respond to emergencies impacting customers.

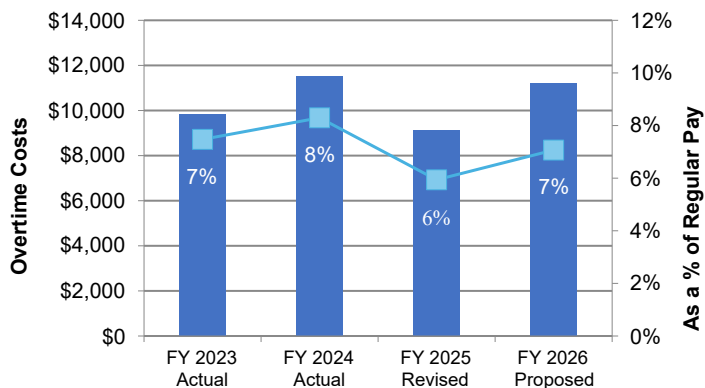
Below is the breakdown of the overtime usage and costs by department:

- **Planned/Built-in Work:** This includes overtime that is scheduled in advance to cover regular, ongoing tasks that cannot be completed within standard working hours. It ensures that essential services are maintained without interruption.
- **Emergency Work:** This type of overtime is used to respond to unexpected events or emergencies that require immediate attention. It ensures that the organization can quickly address issues such as equipment failures, natural disasters, or other urgent situations.
- **Seasonal or Peak Workloads:** Overtime is also used to manage periods of increased demand, such as during peak seasons or special projects. This helps the organization handle temporary spikes in workload without hiring additional staff. Additionally, at the end of the fiscal year, overtime may be necessary to complete tasks related to closing out the year's accounts, preparing reports, and ensuring that all financial and operational activities are properly documented.



Department	FY 2023 Actual	FY 2024 Actual	FY 2025 Revised	FY 2026 Proposed
Wastewater Treatment Operations	\$ 1,603	\$ 1,451	\$ 1,530	\$ 1,538
Resource Recovery	143	145	90	154
Clean Water and Technology	253	92	250	100
Process Engineering	37	27	32	28
Maintenance Services	739	855	700	906
Engineering and Technical Services	792	877	938	938
CIP Infrastructure Management	1	6	5	7
Wastewater Engineering	0	0	10	1
Permit Operations	61	57	55	65
Water Operations	2,537	3,790	2,542	3,492
Pumping and Sewer Operations	2,738	3,144	2,134	2,904
Clean Rivers	-	-	-	-
Customer Care	360	476	304	404
Information Technology	6	6	6	6
Office of Emergency Management	-	-	-	-
Fleet Management	10	3	6	4
Occupational Safety and Health	0	2	-	3
Facilities Management	365	448	325	475
Security	2	2	0	2
Secretary for the Board	-	-	-	-
Office of the Chief Executive Officer	-	-	-	-
Internal Audit	-	-	-	-
Finance	89	32	83	45
Procurement	96	101	90	120
Compliance and Business Development	-	-	-	-
Marketing and Communication	2	2	-	3
People and Talent	5	2	-	3
Government and Legal Affairs	1	1	3	2
Total	\$ 9,840	\$ 11,520	\$ 9,103	\$ 11,200

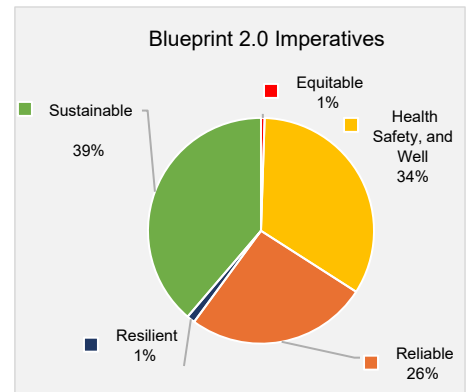
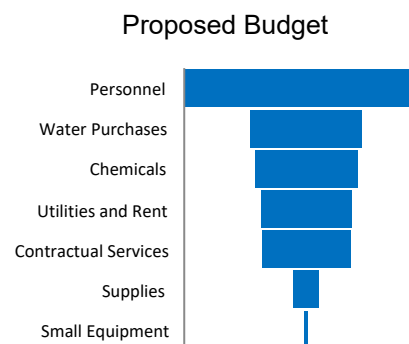
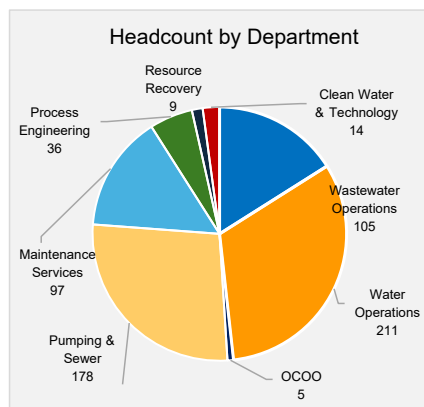
Annual Overtime Trend



OPERATIONS CLUSTER

This cluster comprises the departments of the Office of Chief Operating Officer, Operating Division (Wastewater Treatment, Maintenance Services, Process Engineering, Resource Recovery & Clean Water and Technology), Water Operations, and Pumping and Sewer Operations.

\$000's Description	FY 2023 Actual	FY 2024 Actual	FY 2025 Revised	FY 2026 Proposed	(Increase)/Decrease Variance	%
Headcount: Authorized	659	666	681	655	26	4%
Personnel Services	\$ 90,549	\$ 95,974	\$ 100,584	\$ 105,070	\$ (4,487)	(4)%
Contractual Services	29,896	30,336	34,556	37,931	(3,375)	(10)%
Chemicals and Supplies	51,515	53,485	53,723	54,949	(1,225)	(2)%
Utilities and Rent	34,048	31,437	37,497	38,776	(1,280)	(3)%
Water Purchases	33,609	38,904	45,330	48,149	(2,819)	(6)%
Small Equipment	986	1,501	1,190	1,360	(169)	(14)%
Non Personnel Services	150,054	155,662	172,297	181,165	(8,868)	(5)%
Total O&M Expenditures	\$ 240,603	\$ 251,636	\$ 272,880	\$ 286,235	\$ (13,355)	(5)%
Capital Equipment	\$ 7,647	\$ 7,572	\$ 8,212	\$ 17,291	\$ (9,079)	(111)%



FY 2026 Operating Budget

Personnel Services, \$105 million - This includes a \$4.5 million increase for salaries, benefits, overtime, and career advancement. Headcount reflects elimination of 27 vacant and hard-to-fill positions and addition of one new position

Non-Personnel Services, \$181 million – Reflect increase of \$8.9 million to cover higher costs for spare parts, repairs, industrial cleaning, biosolids hauling, located and mark utilities and odor control. It also accounts for increased expenses related to dredging at Little Seneca by the Washington Aqueduct and rising electricity capacity prices

Capital Equipment Budget

\$17.2 million, covers warehouse parts, laboratory equipment, pump rehab, electric motors overhaul, Process Control System (PCS) upgrade, actuator replacement, equipment calibration, generator rehab/replacement, hydrant looks, Supervisory Control and Data Acquisition (SCADA) upgrades, cameras trench equipment, pressure sensor network, and more

Major Programs

Wastewater Treatment

- Biosolids Management: Enhance biosolids treatment and reuse strategies, including composting and energy recovery
- Energy generated from Combined Heat & Power (CHP) facility continues to reduce the rate of growth of electricity costs and DC Water's reliance on the power grid

Water Reuse

- Stormwater Management: Integrate treated stormwater into the water reuse program to supplement supply during dry periods

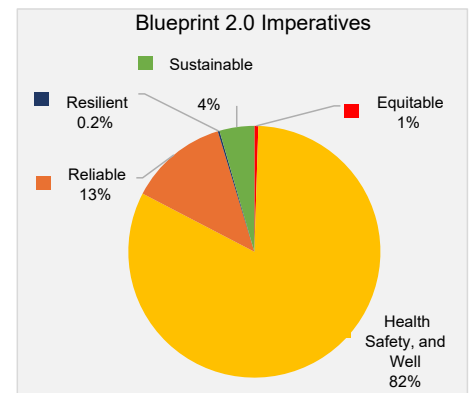
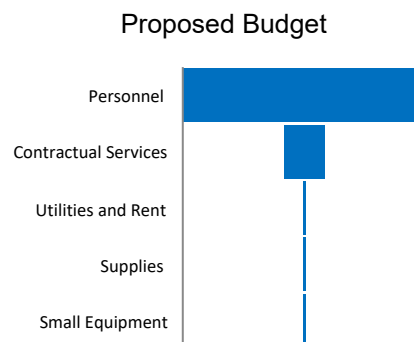
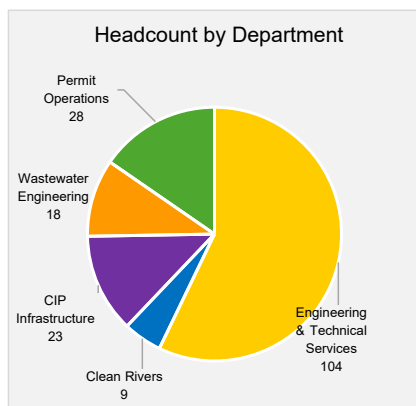
Digital Transformation

- Smart Sensors and Automation: Deploy smart sensors for real-time monitoring of treatment processes and environmental conditions

ENGINEERING CLUSTER

This cluster comprises the departments of Clean Rivers and Engineering which consists of Engineering and Technical Services, CIP Infrastructure Management, Wastewater Engineering, and Permits Operations.

\$000's Description	FY 2023 Actual	FY 2024 Actual	FY 2025 Revised	FY 2026 Proposed	(Increase)/Decrease Variance %	
Headcount: Authorized	225	212	195	182	13	7%
Personnel Services	\$ 30,784	\$ 31,702	\$ 37,408	\$ 33,903	\$ 3,506	9%
Contractual Services	6,202	4,934	6,495	5,634	862	13%
Chemicals and Supplies	191	140	201	186	15	7%
Utilities and Rent	796	415	372	406	(34)	(9)%
Small Equipment	21	12	-	20	(20)	-
Non Personnel Services	7,210	5,502	7,068	6,245	823	12%
Total O&M Expenditures	\$ 37,993	\$ 37,204	\$ 44,476	\$ 40,148	\$ 4,328	10%
Capital Equipment	\$ 426	\$ 134	\$ 25	\$ 25	\$ 0	0%



FY 2026 Operating Budget

Personnel Services, \$33.9 million – This includes a \$3.5 million decrease mainly due to the elimination of 13 vacant and hard-to-fill engineering positions

Non-Personnel Services, \$6.2 million - Reflects a \$0.8 million decrease mainly in contractual expenses due to reduced software maintenance costs. Utilities show an increase in telecom (telephones), while supplies are down for uniforms due to staff reduction

Capital Equipment Budget

\$25 thousand is for equipment purchases such as manhole inspection tools

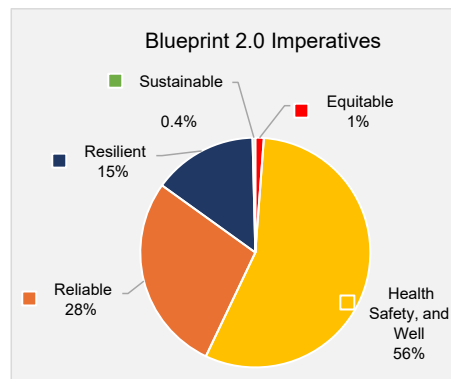
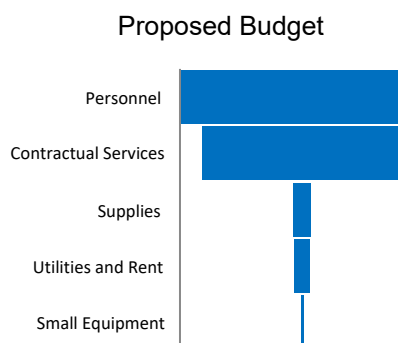
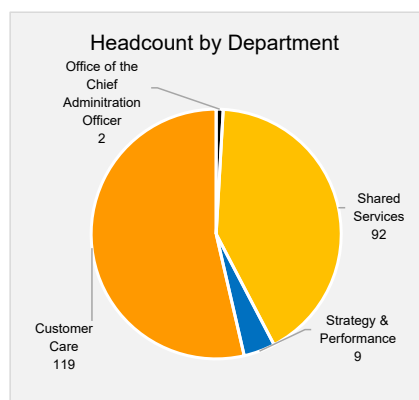
Major Programs

- Finalize development of related Standards of Operating Procedures (SOPs) for permit refund process
- Begin transition from Maximo to a new geocentric asset management system
- Advancement of the Capital Delivery Management (CDM) program for DC Waters construction projects
- Completion of the Potomac River Tunnel project

ADMINISTRATION CLUSTER

This cluster comprises the departments of the Office of the Chief Administration Officer, Customer Care, Strategy and Performance, and Shared Services (Office of Emergency Management, Fleet Management, Occupational Safety and Health, Facilities Management, and Security).

\$000's Description	FY 2023 Actual	FY 2024 Actual	FY 2025 Revised	FY 2026 Proposed	(Increase)/Decrease Variance %	
Headcount: Authorized	216	222	223	222	1	0%
Personnel Services	\$ 26,396	\$ 28,140	\$ 30,454	\$ 32,697	\$ (2,242)	(7)%
Contractual Services	22,018	24,066	24,597	26,733	(2,137)	(9)%
Chemicals and Supplies	1,309	1,617	1,577	2,288	(711)	(45)%
Utilities and Rent	2,079	1,927	2,110	2,069	41	2%
Small Equipment	202	79	149	141	9	6%
Non Personnel Services	25,608	27,689	28,433	31,230	(2,797)	(10)%
Total O&M Expenditures	\$ 52,004	\$ 55,828	\$ 58,887	\$ 63,927	\$ (5,039)	(9)%
Capital Equipment	\$ 11,819	\$ 9,131	\$ 13,422	\$ 16,918	\$ (3,496)	(26)%



FY 2026 Operating Budget

Personnel Services, \$32.7 million – Reflects an increase of \$2.2 million to cover salary increases, benefits, other adjustments, and overtime

Non-Personnel Services, \$31.2 million – Has an increase of \$2.8 million. The contractual services increase covers vehicle maintenance, Heating, Ventilation, and Air Conditioning (HVAC) repairs, elevator repairs, and janitorial services. Supplies reflect higher costs for parts and replacement used in the maintenance of the Authority's vehicles and heavy-duty equipment

Capital Equipment Budget

\$16.9 million for the purchase of new and replacement vehicles, jet-vacs, dump trucks and other heavy-duty equipment used by the crews. This also covers various projects including office renovations, furniture purchase, roof replacement, copiers, appliances, signage, HVAC and elevator replacements, electronic security devices and fire suppression. Additionally, this budget includes the purchase, replacement and installation of small and large meters and the Meter Transmitting Unit (MTUs)

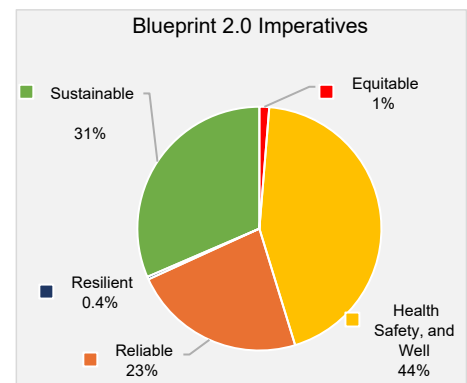
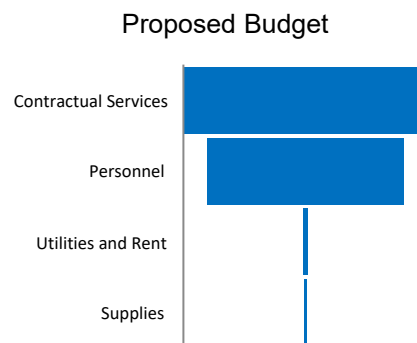
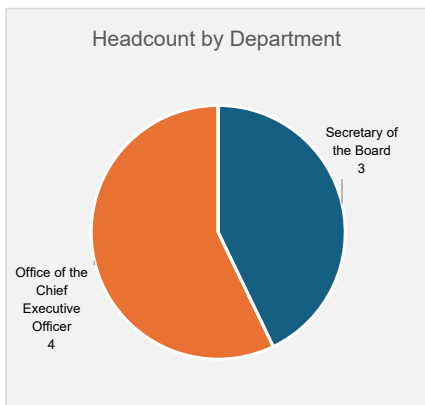
Major Programs

- **Office of the Chief Administration Officer** continues to define the cluster roadmap, which includes Shared Services, Customer Care and Strategy and Performance departments
- **Customer Care** pilot and implement Call Translation Technology, Artificial Intelligence (AI) Phase 3 (Transactional AI/chatbot interactions), Field Testing and Mars Test Bench Data Integrated into V1, Enterprise-Wide Customer Service Training to Customer Care videos, Data Clean-Up-Data and Texting Efforts
- **Strategy and Performance** advance the review and update of DC Water's strategic plan

INDEPENDENT OFFICES CLUSTER

This cluster comprises the departments of the Office of the Chief Executive Officer, Secretary of the Board, and Internal Audit.

\$000's Description	FY 2023 Actual	FY 2024 Actual	FY 2025 Revised	FY 2026 Proposed	(Increase)/Decrease Variance %	
Headcount: Authorized	7	7	7	7	0	0%
Personnel Services	\$ 1,582	\$ 1,859	\$ 1,848	\$ 2,006	\$ (158)	(9)%
Contractual Services	2,716	2,583	2,542	2,486	55	2%
Chemicals and Supplies	9	5	17	10	8	44%
Utilities and Rent	35	43	20	44	(25)	(127)%
Non Personnel Services	2,760	2,631	2,578	2,540	38	1%
Total O&M Expenditures	\$ 4,342	\$ 4,490	\$ 4,426	\$ 4,547	\$ (120)	(3)%
Capital Equipment	-	-	-	-	-	-



FY 2026 Operating Budget

Personnel Services, \$2 million - Reflects a \$0.1 million increase mainly for salary adjustments and employee benefits

Non-Personnel Services, \$2.5 million – Budget is relatively flat

Major Programs

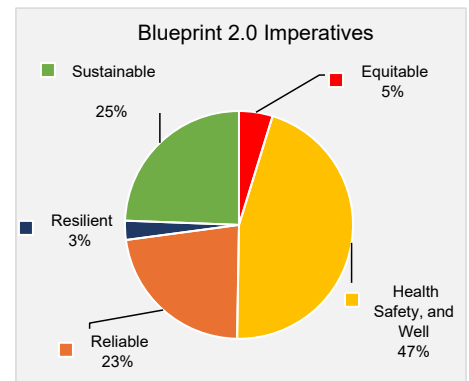
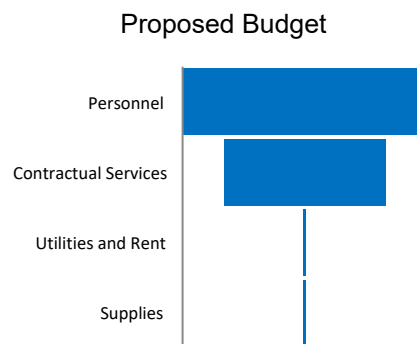
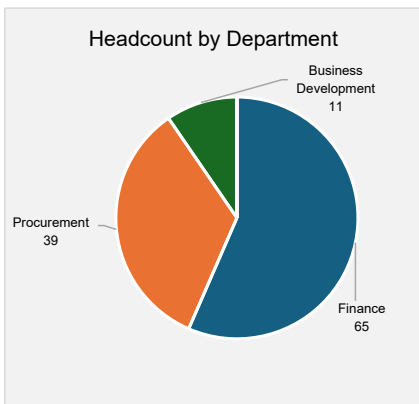
- Oversee Authority operations and Board activities
- Develop performance plans and improvement processes
- Continue strategic retreats with Board, SET and Leadership teams
- Foster employee engagement including Stars of Water and service award recognitions
- Support women leadership events and global partnerships
- Conduct audits, assess programs, and manage risks
- Provide notary services and administer subpoenas
- Share best practices and report on audit findings



FINANCE, PROCUREMENT, AND BUSINESS DEVELOPMENT CLUSTER

This cluster includes the Finance, Procurement, and Contract Compliance departments, which are responsible for ensuring the financial integrity and stewardship of the DC Water Authority's assets and liabilities. It oversees the acquisition of agency funds, the execution and management of the budget, and the planning of expenditures for all programs and initiatives.

\$000's Description	FY 2023 Actual	FY 2024 Actual	FY 2025 Revised	FY 2026 Proposed	(Increase)/Decrease Variance %	
Headcount: Authorized	102	107	115	115	0	0%
Personnel Services	\$ 16,726	\$ 18,078	\$ 20,822	\$ 22,838	\$ (2,016)	(10)%
Contractual Services	13,902	14,208	19,522	15,124	4,398	23%
Chemicals and Supplies	44	29	43	31	12	29%
Utilities and Rent	123	108	101	91	10	10%
Small Equipment	-	-	3	0	3	100%
Non Personnel Services	14,070	14,345	19,669	15,246	4,423	22%
Total O&M Expenditures	\$ 30,796	\$ 32,423	\$ 40,490	\$ 38,084	\$ 2,407	6%
Capital Equipment	-	\$ 7	\$ 4,710	\$ 6,065	\$ (1,355)	(29)%



FY 2026 Operating Budget

Personnel Services, \$22.8 million – The increase of \$2 million covers adjustments for salaries and employee benefits. Additionally, adjustments were made for vacancies as the department continues to fill existing positions and reduce temporary staffing services

Non-Personnel Services, \$15.2 million - Reflects a \$4.4 million decrease mainly in contractual costs for strategic initiatives and temporary staffing

Major Programs

Finance

- Provide oversight for the Authority's treasury, debt and risk management and enterprise grants management process
- Oversee the development of DC Water's budget, financial plan and rate-setting processes
- Coordinate and support internal and external audits, issue financial and green bond reports, and work to minimize paper check payments to vendors

Procurement

- Continue to enhance procurement efficiency through the optimization and automation of processes using Oracle ERP
- Update the Procurement Regulations and Manuals to improve process integrity, compliance, participation, and transparency
- Strengthen capital procurement by increasing resources and refining the procurement process
- Drive cost savings through competitive procurement, negotiation, and inventory optimization to minimize waste

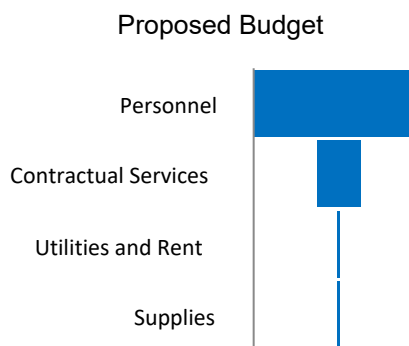
Business Development

- Enhance procurement efficiency by utilizing eComply (Online Compliance Database) for improved automation and process optimization
- Improve vendor engagement by expanding the new business development program to foster broader opportunities
- Improve vendor relationships through ongoing training for staff and stakeholders, boosting collaboration and performance

MARKETING AND COMMUNICATIONS CLUSTER

This cluster comprises the Marketing and Communications departments' responsibility is to promote and enhance the value of our services by listening to and engaging with our customers. Emphasize informing and educating the public about DC Water's services, programs, and initiatives, and promote our commitment to sustainability, customer service, and community engagement.

\$000's Description	FY 2023 Actual	FY 2024 Actual	FY 2025 Revised	FY 2026 Proposed	(Increase)/Decrease Variance	%
Headcount: Authorized	14	19	20	20	0	0%
Personnel Services	\$ 2,397	\$ 2,714	\$ 3,271	\$ 3,825	\$ (554)	(17)%
Contractual Services	668	1,146	1,044	988	57	5%
Chemicals and Supplies	6	6	8	7	1	13%
Utilities and Rent	32	24	17	30	(13)	(82)%
Small Equipment	-	-	9	-	9	100%
Non Personnel Services	705	1,176	1,078	1,025	53	5%
Total O&M Expenditures	\$ 3,102	\$ 3,891	\$ 4,349	\$ 4,850	\$ (501)	(12)%
Capital Equipment	-	-	-	-	-	-



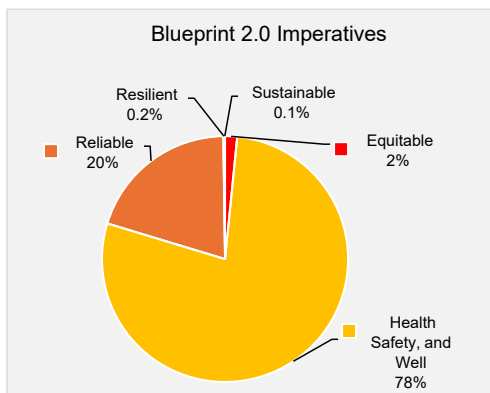
FY 2026 Operating Budget

Personnel Services, \$3.8 million - Includes a \$0.6 million increase for vacancy adjustments, benefits and other salary changes

Non-Personnel Services, \$1 million – Is relatively flat. Contractual services are reduced to minimize contractor reliance

Major Programs

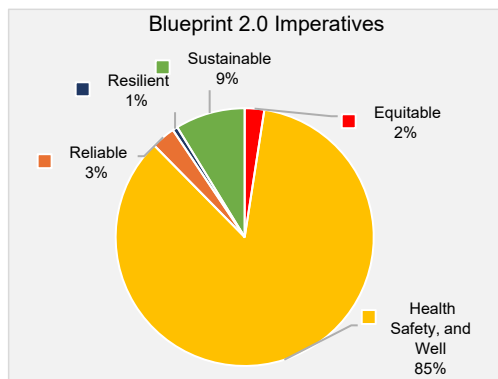
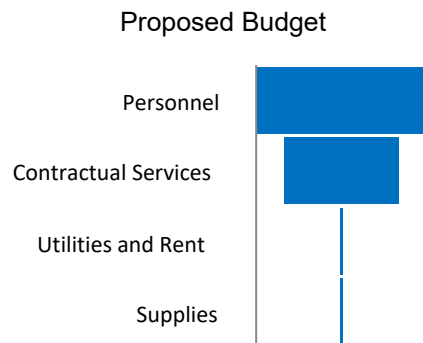
- Continue to implement a Strategic Communications Plan to support Blueprint 2.0, DC Water's strategic plan
- Work with the DC Clean Rivers Project team to engage with residents, businesses and commuters impacted by construction on the Northeast Boundary Tunnel Project
- Oversight of the Lead-Free DC program to remove lead from service lines in the District



PEOPLE AND TALENT CLUSTER

People and Talent cluster supports the Authority and Senior Executive Team by fostering organizational alignment, enhancing the employee experience, and recruiting talent aligned with DC Water's mission. It emphasizes delivering innovative, high-quality labor resources to meet employee and departmental needs, enabling individual and organizational success.

\$'000's Description	FY 2023 Actual	FY 2024 Actual	FY 2025 Revised	FY 2026 Proposed	(Increase)/Decrease Variance	%
Headcount: Authorized	34	33	33	31	2	6%
Personnel Services	\$ 5,252	\$ 4,973	\$ 5,302	\$ 6,113	\$ (811)	(15)%
Contractual Services	2,885	4,792	4,354	4,112	243	6%
Chemicals and Supplies	2	333	4	5	(1)	(25)%
Utilities and Rent	30	30	24	32	(8)	(33)%
Non Personnel Services	2,917	5,155	4,383	4,149	234	5%
Total O&M Expenditures	\$ 8,169	\$ 10,128	\$ 9,685	\$ 10,262	\$ (577)	(6)%
Capital Equipment	-	-	-	-	-	-



FY 2026 Operating Budget

Personnel Services, \$6.1 million - Includes a \$0.8 million increase for changes in salaries and employee benefits

Non-Personnel Services, \$4.1 million – Decrease of \$0.2 million in contractual services reflect reduced reliance on contractors for office support

Major Programs

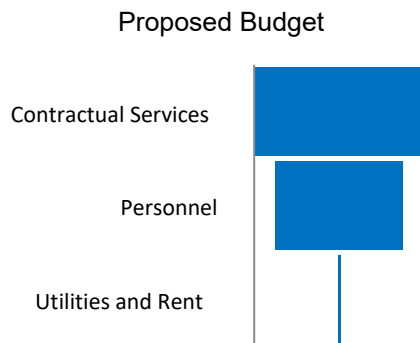
- Advance the implementation of the new HR Strategy
- Expand DC Water's Career Ladder Program
- Enhance DC Water's position reclassification process
- Expand Wellness Programs focused on Healthy, Safe, and Well-imperative
- Expand open season benefit fairs and site visits
- Begin work on Collective Bargaining Negotiations – Working Conditions Agreements
- Review and Update DC Water Policies and Procedures



OFFICE OF GOVERNMENT AND LEGAL AFFAIRS CLUSTER

OGLA handles the authority's legal and government support needs, which provides legal advice and services to the Board of Directors, CEO and General Manager, and to all DC Water departments. OGLA provides professional, timely, and beneficial legal advice and services, manages the services of outside counsel as needed, and minimizes liability exposure by recommending and implementing sound policies, practices, and procedures.

\$000's Description	FY 2023 Actual	FY 2024 Actual	FY 2025 Revised	FY 2026 Proposed	(Increase)/Decrease Variance %	
Headcount: Authorized	14	14	14	14	0	0%
Personnel Services	\$ 3,231	\$ 3,207	\$ 3,264	\$ 3,580	\$ (315)	(10)%
Contractual Services	5,688	2,697	5,017	4,759	258	5%
Chemicals and Supplies	1	1	7	-	7	100%
Utilities and Rent	31	28	24	30	(6)	(26)%
Non Personnel Services	5,720	2,727	5,048	4,789	259	5%
Total O&M Expenditures	\$ 8,951	\$ 5,934	\$ 8,312	\$ 8,369	\$ (56)	(1)%
Capital Equipment	-	-	-	-	-	-



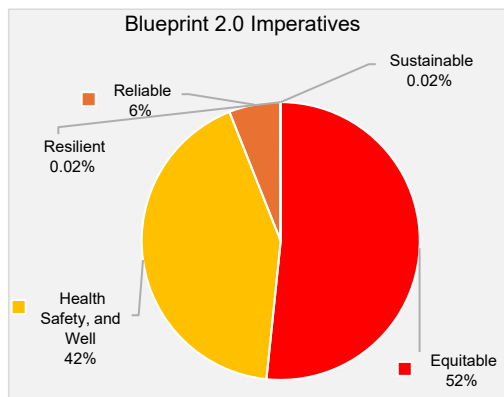
FY 2026 Operating Budget

Personnel Services, \$3.6 million - Reflects a \$0.3 million increase to cover salary increases, benefits, and vacancy adjustments

Non-Personnel Services, \$4.8 million – Shows a \$0.2 million decrease in contractual services mainly for outside legal services

Major Programs

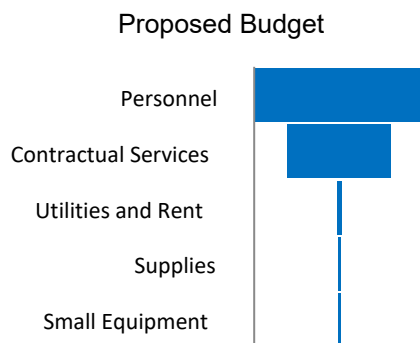
- Manage complex litigation
- Support Clean Rivers and capital projects
- Provide legal support for Green Infrastructure
- Assist with environmental permits such as (National Pollutant Discharge Elimination System (NPDES), Total Maximum Daily Limit (TMDL), Municipal Separate Storm Sewer System (MS4)
- Review regulations
- Collect delinquent revenues
- Develop Government Affairs teams
- Support Anacostia Sediment response
- Oversee DC Water Board Governance
- Address Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) legal issues



INFORMATION TECHNOLOGY CLUSTER

This cluster is comprised of the agency's Information Technology Department. This cluster focuses on providing funding for the various software and hardware systems including the customer billing system, and the day-to-day technical support to internal and external customers. This cluster also funds various professional services support for IT infrastructure such as Local Area Network & Wide Area Network (LAN/WAN), Maximo and GIS.

\$000's Description	FY 2023 Actual	FY 2024 Actual	FY 2025 Revised	FY 2026 Proposed	(Increase)/Decrease Variance	%
Headcount: Authorized	37	37	37	37	0	0%
Personnel Services	\$ 6,399	\$ 6,347	\$ 6,679	\$ 7,430	\$ (751)	(11)%
Contractual Services	4,333	4,514	4,156	4,517	(361)	(9)%
Chemicals and Supplies	5	(20)	5	16	(11)	(218)%
Utilities and Rent	188	189	154	180	(27)	(17)%
Small Equipment	36	7	13	11	2	16%
Non Personnel Services	4,562	4,690	4,328	4,725	(397)	(9)%
Total O&M Expenditures	\$ 10,960	\$ 11,037	\$ 11,006	\$ 12,155	\$ (1,149)	(10)%
Capital Equipment	\$ 8,291	\$ 4,363	\$ 5,107	\$ 4,697	\$ 410	8%



FY 2026 Operating Budget

Personnel Services, \$7.4 million - Reflecting a \$0.7 million increase. It covers salary increases, benefits, and funding for a departmental reorganization to align with future plans

Non-Personnel Services, \$4.7 million – Reflecting a \$0.4 million increase, mainly in contractual costs for LAN/WAN software and hardware maintenance

Major Programs

- Continue to leverage data analysis to aid with non-revenue water
- Customer Service Artificial Intelligence (AI) (Phase2: Personal chat-box interactions & Phase 3: Transactional AI/ Chat-box interactions)
- Ongoing replacement of the Kona call center system

