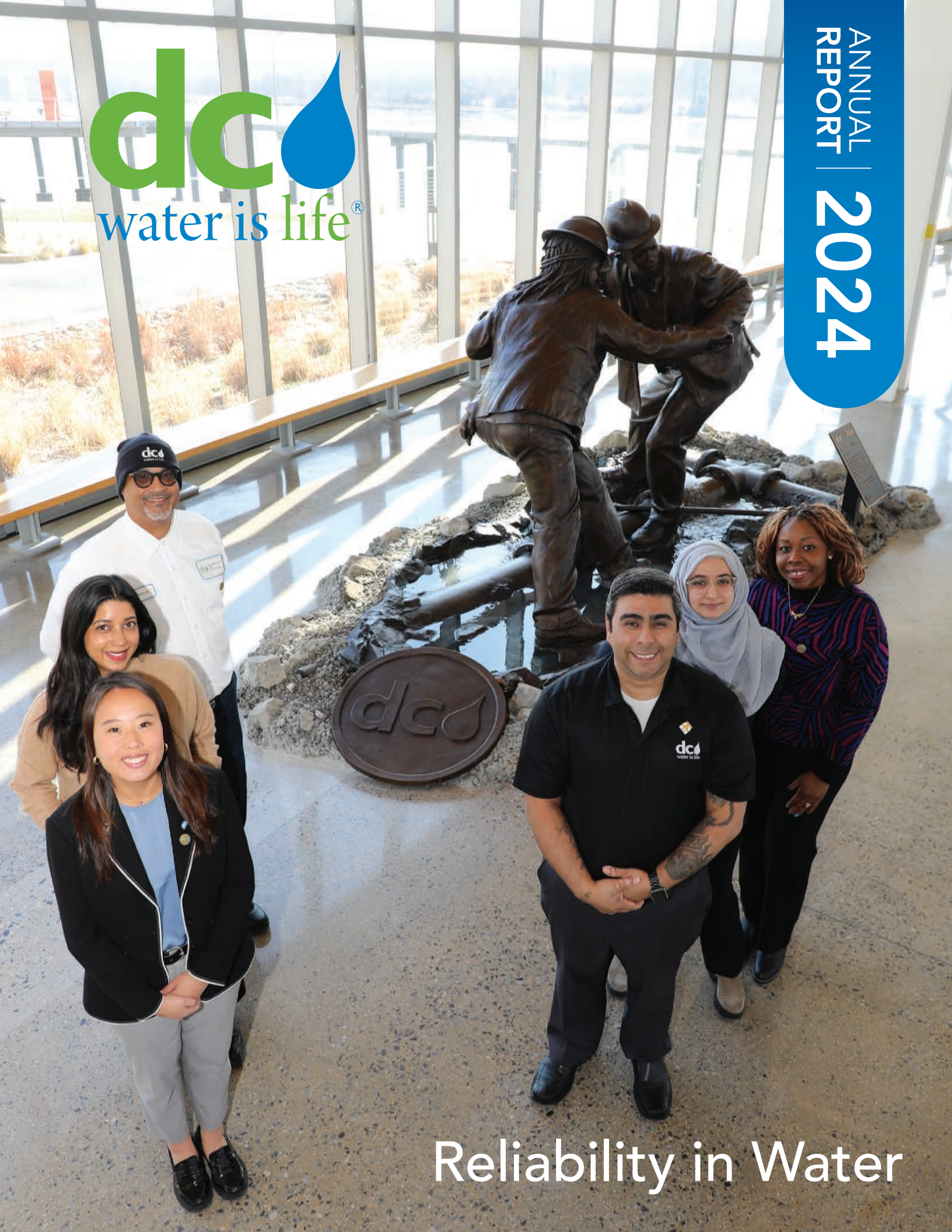


ANNUAL
REPORT | 2024



Reliability in Water

A Toast to Team Blue



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DC Water CEO and General Manager David L. Gadis thanks sculptor Steven Weitzman at the April 2024 unveiling of his statue honoring DC Water's front-line heroes, past, present and future.

CEO AND BOARD CHAIR MESSAGES



DC Water, and water utilities nationwide, are facing a critical juncture. From our aging water infrastructure to essential lead service line replacements, to our Clean Rivers Project, our teams are working as fast as they can

to deliver work that will change lives and improve system reliability at the Authority.

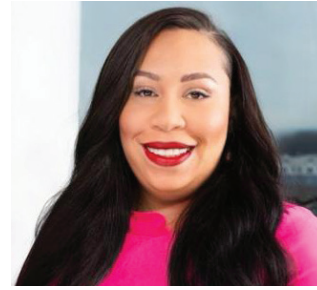
I am proud to share with you that your water utility is a model for excellence, innovation, and performance among utilities nationwide. We never stop trying to find ways to improve reliability, performance, and efficiency. Team Blue works around the clock to address any system issues before they cause an inconvenient service outage. We relentlessly seek ways to further improve performance.

To be more reliable, we have sought to address other pressing needs as well, including investments in cybersecurity upgrades to effectively protect our customers, our community, as well as our physical and digital assets. To that end, I added a Chief Information Officer to my Senior Executive Team, embedding information technology guidance and strategy resources among my direct reports.

That spirit of improving reliability extends throughout our ranks, even to the front line heroes who brave the elements, around the clock. In 2024, our operations challenge team – Team Blue Wave – took their performance to new levels, by placing first overall in competitions at the 2024 Tri-Association Conference, besting all regional competitors.

All these projects and strategic decisions have been made with the aim of improving the Authority's reliability, which is the theme of this Annual Report, and one of the five organizational imperatives of DC Water's strategic plan, Blueprint 2.0. I invite you to explore this Annual Report to learn more about the many ways DC Water is raising the standard for utility reliability.

David L. Gadis
CEO and General Manager



As the new Chair of the Authority's Board of Directors, it is my pleasure to share DC Water's 2024 Annual Report. The theme of the report, Reliability in Water, couldn't be more relevant to the work DC

Water is doing today and the challenges it faces in the future.

The Authority's ability to provide uninterrupted service to its customers is tested repeatedly by old infrastructure, emerging threats like cyber-attacks, and a changing environment. You will see in the following pages how DC Water is managing these risks using innovation and shrewd strategic planning to position the Authority for long-term success.

It is my honor to have been nominated by Mayor Muriel Bowser and confirmed by the DC Council to serve as Chair. In this role, I will ensure that the interests of the District, and its residents, are well-represented on issues impacting reliability, as well as critical issues such as rate affordability, lead service line replacements, and securing a secondary water source for our region.

As Director of the District Department of Employment Services, I have witnessed DC Water's commitment to the community through their award-winning apprenticeship and internship programs. I am thrilled to play a larger role in supporting these efforts and the talented staff of the Authority.

During 2024, Board Member Rachna Butani Bhatt served two different times as Interim Chair, and admirably led the Board of Directors through the search and my confirmation process. I am grateful for her leadership and thankful for her ongoing service to the District, the Authority, and our many customers and stakeholders.

Dr. Unique N. Morris-Hughes
Board Chair



Clean Rivers Project: Addressing Flooding and Climate Challenges

The Clean Rivers Project represents a transformative approach to managing stormwater and improving water quality in Washington, D.C. It is a monumental environmental initiative that not only aims to reduce combined sewer overflows (CSOs) but also addresses the city's longstanding flooding issues and prepares for the challenges posed by variable weather patterns. In May 2024, DC Water broke ground on a key milestone in this effort, the 5.5-mile-long deep Potomac River Tunnel, which will reduce CSOs to the Potomac River by 93% in an average year of rainfall. In the words of **David L. Gadis** (CEO and General Manager), "This event was groundbreaking in more ways than one, symbolizing not only the literal start of construction on the Potomac River Tunnel but also a pivotal step forward in transforming the city's waterways and addressing long-standing environmental challenges." The Potomac River Tunnel will connect to the Anacostia River Tunnel, further enhancing the system's capacity to manage stormwater and improve water quality across the city.

Also at the heart of this effort are the First Street Tunnel (FST) and the Northeast Boundary Tunnel (NEBT). "The First Street Tunnel and NEBT serve dual purposes—providing both CSO control and flood mitigation for areas that have faced chronic flooding," explains **Hadiyah Jordan** (Public Outreach Officer, Clean Rivers). The project was accelerated after the 2012 flooding events which highlighted the need for immediate action to protect vulnerable neighborhoods. The NEBT was placed into operation in September 2023, ahead of schedule, as the final portion of the Anacostia River Tunnel System (ART), now diverting billions of gallons of untreated sewage and stormwater before it reaches the Anacostia River.

These tunnels are not just a response to current needs—they are built with the future in mind. "The tunnels are constructed 20% larger than originally planned to offer greater protection," says **Moussa Wone** (Vice President, Clean Rivers Project). By increasing the capacity of the system, the project is preparing for even

more intense storms the community could experience in the futures.

When completed, the Clean Rivers Project will reduce CSO discharges by 96% across the system, leading to cleaner rivers and healthier communities. The project will also reduce flooding, protect historic sites, and enhance the city's resilience to extreme weather.

“The First Street Tunnel and the NEBT [provide] both CSO control and flood mitigation for areas that have faced chronic flooding.”

- Hadiah Jordan, Public Outreach Officer, Clean Rivers

“Reducing CSOs is essential for protecting our waterways and ensuring the safety and well-being of DC residents,” Jordan concludes. “This project will have lasting benefits for generations to come.”



Skimming Fleet Upgrades: Capturing Trash and Debris in the Anacostia

DC Water's commitment to protecting the beauty and health of our waterways takes another leap forward with the update of its skimming fleet. Every day, these specialized boats patrol the waters of the Potomac and Anacostia Rivers, ensuring they remain clear of debris. Equipped with advanced collection arms, these skimmers gather everything from plastic bottles to wooden branches – and even unexpected items like furniture or tires.

This year, we introduced Nebo, a cutting-edge marine GPS tool that allows our crews to monitor and adjust their efforts in real-time. Nebo helps maximize efficiency and ensures that our skimmers are always in the right place

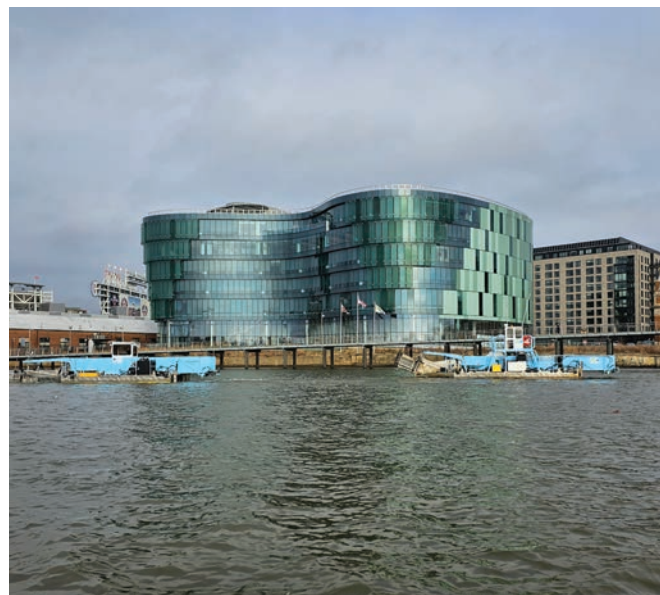
at the right time. Since 2019, our fleet has removed an impressive 1,235 tons of debris from the rivers. “Our team works full time, heading out every day we can, weather permitting,” said David Shaffer (Foreman, Small Craft Operations).

When it rains, the need for our skimmers becomes even more critical. Storms increase the amount of trash and debris in the rivers, as rainwater washes litter from streets, sidewalks, and gutters directly into the waterways. Our crews ramp up their efforts to clear these new debris surges, often working extra hours to keep the rivers clean and safe.

The updated fleet also strengthens collaborations with the Army Corps of Engineers, which assists in removing larger obstacles like oversized branches.

Together, these teams ensure the Anacostia remains navigable and safe while preserving its ecosystem. Their efforts not only combat pollution but also enhance the experience for those kayaking, fishing, or enjoying the river's scenic beauty.

With the update of DC Water's skimming fleet, our rivers are cleaner and healthier than ever, reflecting the dedication and teamwork that keep this vital resource thriving for generations to come.



Reliable Environmental Stewardship: Soapstone Valley Park

In 2024, DC Water completed a lengthy and complex rehabilitation of the Soapstone Valley Park Sewer. The project took two and a half years of careful work to protect the ecosystems at the site. From the outset of the effort, Authority teams had two clear priorities – to modernize aging infrastructure while also preserving the waterways and wildlife that have made this area such a vital part of the community.

“We went to great lengths to get this right,” said William Elledge (Director, Engineering and Operations). “We sought community feedback and engaged the Soapstone Valley community with regular communications and public meetings.” Over the course of the project, that engagement began to build community confidence and appreciation of our efforts.

“From my perspective, it was critical to have that transparency with stakeholders,” explained Emanuel Briggs (Director, Community Affairs). “More importantly, we listened. We accepted and responded to every comment and request for information, and I think by the end, we built trust and goodwill through our work.” The Authority provided regular updates to community stakeholders including impacted residents and businesses, local Advisory Neighborhood Commissions (ANCs), civic associations, the Mayor's Office of Community Relations and Services (MOCRS), and local DC Council members and staff.



Peter Tinubu (Engineer III, Civil Construction) managed day-to-day operations at the work site and provided vigilant oversight of the rehabilitation and safety at the site. “I am proud to have helped lead this rehabilitation,” he said. “I'm also proud of how our teams conducted the work with such care, and in partnership with the community.”

At completion of the project, DC Water had successfully rehabilitated 6,200 linear feet of defective sewer pipe, 37 sewer manholes, and repaired a separate storm sewer outfall.

“We went to great lengths to get this right”

-William Elledge, Director, Engineering and Operations





RELIABLE AND SAFE WATER AND INFRASTRUCTURE

Reliable and Safe Water Infrastructure

Today, DC Water is the only major metropolitan area in the United States that does not have a second source of water. The free flowing Potomac River is the one, and only source for the District. The risks of only having a single source became abundantly clear this year when an algal bloom on the Potomac caused filtration issues at the Washington Aqueduct, our sole water supplier, and led to a precautionary boil water advisory on the eve of the Independence Day holiday.

A crisis was narrowly averted, but it called attention to a long-critical need. A second source of water is essential to DC Water and the residents that rely on it, and the operations of the Federal Government and businesses.

“DC Water’s motto, ‘Water is life,’ reflects how seriously we, as the water authority for the nation’s capital, take our role in supplying our customers with abundant, safe, and reliable water,” said David L. Gadis, Chief Executive Officer (CEO) and General Manager

of DC Water. “Reliability in the water sector, one of DC Water’s five strategic imperatives, is crucial not only for our success, but also for the health and wellbeing of the customers who depend on DC Water.

In September, a new report by the Interstate Commission on the Potomac River Basin (ICPRB), exposed the alarming economic impacts to the region from of a significant water disruption, such as the aftermath of Hurricane Helene that cut off drinkable water to Asheville, North Carolina for nearly two months.

A regional effort to study options is now underway, funded through the Water Resources Development Act, to identify a regional solution that would ensure reliable and safe drinking water from a secondary water source should an infrastructure failure or natural disaster occur. Any major infrastructure project would cost billions of dollars and could take a decade or more to realize.

In the interim, DC Water is exploring additional options in the short term to be more reliable and resilient. One option being considered is increased water storage within the District, whether that’s increasing the storage capacity in tanks or creating new and/or larger reservoirs for storage.

Aquifer Storage and Recovery (ASR) wells are systems designed to store water underground in natural aquifers for later use. In ASR systems, water is intentionally recharged into an aquifer, typically through injection wells, and recovered from the aquifer via the same well when needed. This natural “storage tank” can hold millions (even billions) of gallons of water

Maintaining Reliable Infrastructure

DC Water maintains 1,300 miles of interconnected pipes, nearly 44,000 valves, and 9,510 fire hydrants among many other infrastructure assets. Throughout the year, we monitor system performance and address any repairs necessary to ensure system reliability. Despite our best preventive efforts, infrastructure challenges can occur without warning. This has been particularly true over the last decade as our region has experienced more frequent extreme weather events.

The Potomac Interceptor is one of the longest sewer systems, conveying flow from the Washington, D.C. suburbs to the Blue Plains Advanced Wastewater Treatment Plant. It handles approximately 20% of the inflow to Blue Plains, with an average flow of 55 mgd and a peak flow of 150 mgd. This interceptor system starts at Dulles International Airport and ultimately conveys sanitary flow to the Blue Plains Advanced Wastewater Treatment Plant, where it is cleaned to a near potable standard and returned to the Potomac.

The main trunk of the Potomac Interceptor is approximately 50 miles long. In February, a sinkhole opened adjacent to the Interceptor. “A sinkhole opening in this location posed some unique challenges,” said Eyasu Yilma, (Manager, Potomac Interceptor). “We had concern that wastewater could potentially seep into the bedrock and the wells of six nearby homes or spill into the Potomac River. Our crews worked around the clock to manage the sinkhole and install bypass pumping to contain the incident.”

Advances in water treatment technology also present new avenues to explore. The Blue Plains Advanced Wastewater Treatment Plant, the largest in the world, could provide options for reuse with water recycling with further treatment of the water. Blue Plains’ location along the river could also be used to build a desalinization treatment plant for the tidal Potomac River.

Rest assured that DC Water never stops striving to find new efficiencies and ways to improve reliability and resilience for the water and wastewater services across our region.

Just three months later, DC Water worked overnight to repair a broken 20” cast iron water main. “During repairs, our crews found that the main had not only broken, but it had *split*, meaning a ten-foot section of pipe had to be replaced,” explained Chris Collier (Vice President, Water Operations). This incident triggered a precautionary Boil Water Advisory, and as our crews rushed to replace the failed section of the main, our water quality team tested water samples to ensure the advisory could be lifted. It turns out the split pipe was more than a hundred years old, dating to 1909 and the William Howard Taft administration.



Split in a 115 year old cast iron pipe



RELIABLY AHEAD OF RISKS

Flood Resilience at Blue Plains – Protecting Critical Infrastructure

In 2024, we made significant strides in protecting our systems from natural hazards. The Blue Plains Advanced Wastewater Treatment Plant is a regional asset designed to withstand and mitigate the threats posed by sea level rise and flooding from severe storms. To enhance reliability and resilience, DC Water was awarded \$5.3 million for the first phase of the project, with a total of \$20 million received by completion of the project.

Blue Plains, located just three miles downstream from the confluence of the Potomac and Anacostia, and serves as the largest advanced wastewater treatment plant in the world, providing essential services to the District and portions of Maryland and Virginia. The plant treats wastewater from a service area spanning parts of Fairfax, Loudoun, Montgomery, and Prince George's counties.

"Blue Plains is a cornerstone of the region's infrastructure," said Adam Baron (Program Manager,

Hazard Mitigation). Three new segments of floodwall will be installed in addition to the existing segments and complete the floodwall system for the plant.

The completed floodwall will provide protection against a 500-year flood event, plus an additional three feet of freeboard to account for wave action and projected sea level rise. At 17.2 feet of elevation, this system will mitigate flood risks while strengthening the plant's long-term resilience.

The floodwall project is being implemented in two phases, through a progressive design-build approach. Phase 1 will include design build work and is scheduled to commence in 2025. Phase 2 will involve construction of the floodwall segments and is expected to be completed by 2028.

David Parker (Vice President, Engineering) emphasized "Protecting Blue Plains is not just about infrastructure—it's about safeguarding the communities we serve." At the same time, the project's benefits

extend beyond risk reduction. By ensuring the plant's resilience, we are taking proactive steps to prevent environmental pollution, minimize public health impacts, and sustain essential water and wastewater services for the entire region.

Partner agency collaboration has been integral to securing funding and advancing this project. "This

effort reflects strong partnerships, including support from DC's Homeland Security and Emergency Management (HSEMA) during the grant submission process," said Dusti Lowndes (Director, Emergency Management). "It's a testament to what we can achieve when agencies work together to address critical infrastructure challenges."

Reliable Service for Critical Customers

It's no exaggeration that 'Water is Life,' especially for our most susceptible populations and organizations providing life-saving care and emergency services. During this year's Critical Customer Event and Emergency Preparedness Exercise, we engaged our Critical Customers to focus on water and wastewater preparedness.

The annual event hosted by DC Water's Office of Emergency Management is now in its eighth year and had its most successful turnout yet in 2024. The number of organizations participating increased 42% over last year, with 68 participants from 37 different state, local, regional and federal agencies, businesses, and non-profit organizations.

DC Water staff and community partners spoke on preparedness, resilience efforts, and mitigating risk. Participants also got a chance to run through

an exercise simulating real-life water and sewer emergencies. The exercise included a boil water advisory scenario and another involving flooding from heavy rains, which caused sewers to back up.

The event allowed Critical Customers to hone their responses and discuss their preparedness and recovery efforts. Many of these entities rely heavily on water and wastewater services for their operations. Their participation and feedback on DC Water's Critical Customer Water and Wastewater Emergency Response Guide is also an invaluable part of the partnership.

For these customers – hospitals, schools, daycare centers, police, the fire department, medics and mass transit among others – DC Water is as vital to them as they are vital to the community.



Reliably Ahead of Risks: Safety

At DC Water, nothing is more important than the safety of our customers and employees. Leading the charge to keep our employees safe is Eudemio Gutierrez II, who was hired in 2024 to lead the Authority's Safety teams and programs, as Director, Occupational Safety and Health.

With previous experience and success leading corporate safety programs for large employers, he has brought new approaches and concepts to safety at DC Water. "I asked our teams to reflect on safety at DC Water and just change one thing," said Gutierrez. "If we can get our teams to make one positive change every day to better support safety in their own jobs, the cumulative impact will be powerful."



"Because Authority crews are often called upon to respond to emergencies on short notice, it is so important that the culture of safety is fully embedded across every department. Our front line crews must have command of best safety practices so they can perform quickly in a crisis," he added. "There isn't time to figure out safety in the middle of a crisis – it must be second nature when we are in a race against time to respond."

Ultimately, keeping our teams safe also ensures that Authority crews are operating at full strength, making us even more reliable in meeting the needs of our customers and the community. "Without safety, we cannot perform reliably, and under Mr. Gadis' leadership, safety is always the top priority."



Launch of the Change 1 Thing program. Recognizes employees across 6 categories for maintaining safe work environments.



9.38%

**IMPROVEMENT
IN WORKPLACE
INJURIES**

FROM 2023-24

50%

**REDUCTION IN
VEHICLE ACCIDENTS**

FROM 2023-24

RELIABLE COMMUNITY PARTNERSHIPS



Reliably Giving Back

DC Water is committed to supporting our community through volunteer efforts and programs, and in 2024, the Authority organized and staged a Red Cross Blood Drive. Edward Walters (Program Manager, Critical Infrastructure), who led the organizing committee, found the experience inspiring and fulfilling. "There is always a need for blood donations, and I was proud to play a role in supporting the donation event," Walters explained. "The committee really came together and stepped up to help others. I find that extremely rewarding."

Bread for the Soul

For 20 years, Authority employees have donated and volunteered for Bread for the Soul's Annual Coat, Toy, and Book Drive. Bread for the Soul is a District-based non-profit, that provides clothing, toys, and gift cards to District families including those impacted by HIV / AIDS. For the last 14 years, Lisa Barton (Senior Executive Coordinator) has led our donation drive. "It is my honor to organize and volunteer with Team Blue to bless these families across the District.

"It is heartwarming to see employees from across the Authority step up to make the Holiday season brighter. This year was a great success, and the team is extremely thankful

SPLASH

SPLASH is a program created by DC Water, and administrated by the Urban League, which provides financial assistance for customers unable to afford water and wastewater services. The program accepts donations from the public, but the fund is mostly driven by contributions from DC Water employees through payroll deductions.

Birdina Miller (Coordinator, Collection Program) promotes SPLASH with employees and is inspired by the program. "I encourage every employee to contribute what they can," she explained. "Contributing \$5-10 each pay period is an easy way for our teams to support those who need it most."

Internship and Apprenticeship Programs

At DC Water, investing in the next generation through internship and apprenticeship programs helps forge diversity, inclusivity, equity, reliability, and improves organizational reliability.

In 2024, the DC Water Apprenticeship Program graduated five apprentices. Supported by the District Department of Employment Services (DOES), the program empowers District and local residents to establish a long-term career with DC Water.

Since its inception in 2018, two cohorts of apprentices have been established, providing employment and on-the-job training, mentorship, and other support services. It can take 2-5 years, based on the job, to successfully complete the program. As a testament to its success, all of the program's graduates have successfully transitioned into permanent roles with the Authority as full-time journeypersons on our team.

In addition, DC Water's Summer Internship Program seeks to inspire young professionals to launch their careers at the Authority. The 12-week paid internship program exposes college level students to the many job opportunities available in their fields of study. During summer 2024, 43 students participated in the program.



At the end of their internships, students participated in an Expo showcasing their innovative work. In Operations, interns from Water Quality and Technology, Clean Water and Technology, and Water Distribution shared their achievements on polymer characterization, automation and continuous monitoring to enhance polymer efficiency; advancements in hydraulic grade line modeling and valve maintenance, aimed at enhancing water distribution reliability; and research on monochloramine residuals, underscoring their contributions to water safety and quality.



Through these two programs we continue to build reliable community partnerships that create new employment pipelines, help grow the local economy, and nurture the guiding imperatives – Healthy, Safe and Well, Reliable, Sustainable, Equitable, and Resilient - that shape DC Water.



Reliably Engaged and Eager to Serve

This was another busy year for Wendy the Waterdrop in the community! She and her hard-working outreach team successfully hosted and/or attended about 104 public events across the city, handing out over 11,000 reusable water bottles and thousands of other giveaways as well. These targeted outreach efforts have provided invaluable opportunities to further increase our visibility in the community and meet customers where they are. Our list of events not only include recurring community engagement opportunities such as the H Street Festival, Capital Pride Parade and DC Truck Touch, but also new ones such as our 'Lead Free for Me' event to help bolster awareness and participation in our Lead Free DC program.

We have also been busy with hosting and/or attending approximately 82 virtual and in-person public meetings over the past year. Working closely with stakeholders including residents, Office of the Mayor, elected

officials, local and regional utilities, District and federal agencies, business and non-profit community partners, special interest groups and faith- and community-based organizations, we have been highly successful in engaging with our valued customers about our Lead Free DC and Customer Assistance programs, construction projects in residential neighborhoods, and water and sewer operations.

We remain steadfast in our partnership development efforts with local and regional schools, agencies, education-based organizations and fellow utilities to ensure we are reaching our most precious customers – students! Our many education outreach activities completed this year include classroom lessons and site demonstrations, school tours of our Headquarters and Main Pumping Station, and readings of our Wendy children's books to students at local schools.





RELIABLE STEWARDSHIP OF RATE REVENUE

Bond Transaction Saves \$75M

In 2024 DC Water completed a highly successful bond refinancing transaction, resulting in savings of \$75 million. This strategic move, finalized in July, reinforces the Authority's commitment to maintaining strong financial health while minimizing costs for its customers. By refinancing existing bonds at significantly lower interest rates, DC Water can allocate more resources to critical infrastructure projects without imposing additional financial burdens on ratepayers.

Much like refinancing a home mortgage to take advantage of reduced interest rates, DC Water targeted a series of older bonds with higher interest rates, replacing them with new bonds at a lower rate. The substantial savings generated from this transaction will be reinvested into the utility's ongoing efforts to upgrade infrastructure, improve service reliability, and maintain the delivery of safe, clean water to the District of Columbia and surrounding areas.

"Our goal is to make smart financial decisions that support the long-term sustainability of our water system," expressed Ivan Boykin (Vice President/Finance). "This refinancing

allows us to reduce debt service costs, which means we can continue investing in essential projects without raising rates for our customers."

The \$75 million in savings will help fund several vital initiatives, including replacing aging water mains, enhancing wastewater treatment facilities, treatment facilities, to improve sustainability and reliability. These projects are all part of DC Water's Capital Improvement Plan (CIP), which is designed to address the growing needs of the community and meet future challenges.

This refinancing transaction highlights DC Water's commitment to strong financial stewardship and customer-focused service. By reducing long-term debt obligations, the utility can maintain its focus on building a more resilient, sustainable water system. This ensures that future generations will continue to have access to clean, safe water, while keeping utility costs manageable and affordable for all customers.

Regional Utility Technology Partnership: Driving Innovation Across Utilities

At DC Water, innovation is the key to delivering safe, reliable, and sustainable water services to the District and its surrounding communities. One of the most exciting initiatives that embodies this commitment is the Regional Utility Technology Partnership. Launched in May 2024, this collaboration brings together DC Water and five other regional utilities, creating a unique platform for sharing and testing cutting-edge technologies designed to address common challenges in the water and wastewater industry. Dr. Robert Bornhofen (Director, Innovation / Strategy and Performance) plays a key role in advancing this partnership. He emphasizes the importance of collaboration in tackling industry-wide challenges. "We all face similar challenges in the utility sector, and by collaborating, we can solve problems more effectively. By sharing technologies and testing new solutions as a group, we stretch our budgets further and accelerate progress. It's all about learning from one another to enhance service for our customers and communities," he expressed.

Though the partnership is still in its early stages, several impactful projects have already been initiated. DC Water has led the way by sharing pilot demonstrations focused on three key areas: a technology for inspecting manholes for structural defects, a tool designed to identify lead-free water supply lines in homes, and a knowledge management system that produces educational videos for utility staff. These innovations are being tested not only by DC Water but also by neighboring utilities, creating a ripple effect of improvement across the region.

By working together, the utilities are not only improving the region's water infrastructure but also paving the way for future innovations that will benefit communities throughout the area.

Looking ahead, the partnership is just the beginning. As efforts expand, the focus will shift to tackling critical issues such as climate change, cybersecurity, and infrastructure resilience. These shared goals will guide collective progress in continuing to innovate and enhance the customer experience for all those served.

Modernizing Our Commercial Paper Program

In 2024, DC Water successfully completed the modernization and expansion of our Commercial Paper Program, increasing the Authority's capacity from \$150 million to \$250 million. The increase will provide interim financing for capital projects like Lead Free DC, small diameter water main replacements, and others while also supplying working capital support for operating expenses.

This strategic enhancement aligns with DC Water's 10-year, \$7.7 billion Capital Improvement Plan for infrastructure investment. The notes give the Authority greater flexibility to optimize financial mechanisms and manage resources in the best interest of our organization, ratepayers, and stakeholders.

The program allows DC Water immediate access to issue notes without the longer lead-time needed to finance long-term bonds. The updated program consolidates previously separate issuance limitations

for taxable and tax-exempt commercial paper, boosting overall efficiency and reducing costs over time. Normal market conditions for commercial paper carry significantly lower interest rates than long-term debt and help maintain fiscal reliability and rates for customers.

Each new bond issuance is evaluated to determine the most cost-effective way to reduce the amount of taxable commercial paper. Proceeds from the sale of notes are used for interim bond financing, short-term financing for capital equipment, and certain taxable costs for the Washington Aqueduct.

By updating the program, we can ensure DC Water's financial health and secure more favorable rates backed by the organization's high credit rating. It's part of a comprehensive fiscal policy to invest in infrastructure and protect ratepayers by ensuring every dollar goes as far as possible to maintain a reliable water and sewer system for the nation's capital.

DC Water Cares – Responsible Stewardship in Action

Reliable water service is essential to every household. With this in mind, our growing suite of financial relief programs have helped to ensure the responsible use of ratepayer dollars. Through targeted assistance and innovative solutions, DC Water Cares helps households manage their water bills, conserve resources, and maintain access to this critical service.

“Our Customer Assistance Programs are designed to ensure that no one has to choose between paying for water and meeting other essential needs,” **Marcus McKenzie** (Senior Manager, Customer Care). “We’re proud to offer solutions that directly address our customers’ concerns.”

DC Water’s tiered Customer Assistance Programs (CAP+, CAP1, CAP2, and CAP3) provide meaningful discounts on water and sewer services, as well as reductions in the Clean Rivers Impervious Area Charge (CRIAC), with the amount of the subsidy set by household income levels. In FY2025, we expanded this support with the launch of CAP+, increasing income eligibility to ensure that more families receive the assistance they need. By widening access, we are helping customers stay connected to essential services while easing financial strain.

We’ve also taken proactive steps to address another challenge: water waste caused by leaks. For CAP customers who experience unusually high water usage, we introduced a free leak assessment and repair program. In partnership with the District, this initiative helps customers identify and resolve leaks, reducing unnecessary water loss and preventing unexpected high bills. “This program allows us to help customers identify and resolve leaks, saving water and money,” McKenzie said. “It’s a win-win for everyone.”

By expanding financial assistance and introducing innovative programs, DC Water Cares reflects our commitment to supporting customers, conserving resources, and maintaining the reliability of our water system. As McKenzie put it, “These programs are about providing financial relief while ensuring we remain good stewards of ratepayer dollars.”



DC WATER CARES

4,985

CUSTOMERS HELPED BY DC WATER CARES PROGRAM

\$5.2M

IN AID PROVIDED

339

CUSTOMERS HELPED BY SPLASH PROGRAM

\$112K

DOLLARS DISTRIBUTED THROUGH SPLASH PROGRAM



RELIABLE PROGRESS TOWARDS A LEAD FREE DC

Reliable Progress Towards a Lead Free DC

The Lead Free DC Program (LFDC) accelerated its work in 2024, reaching a major milestone. Since starting the program, more than 7,000 lead service lines have been replaced, almost a third of those completed in the past year. As we look to 2025, we expect to increase the number of annual replacements to meet our target to replace all lead service lines in the District.

Our progress is an acknowledgement of our effort, and the vision of DC Water leadership to tackle this problem in 2019, well before the Environmental Protection Agency’s new Lead and Copper Rule Improvements (LCRI) mandating the replacement of all lead water pipes nationwide.

As a result of this head start, DC Water is already implementing key requirements of the new rules, including accelerated lead service line replacements, an updated inventory of all lead service lines, and continued outreach to educate customers with the

information they need to make the best decisions for their families.

Under the LCRI, as of this year water systems must have provided an initial inventory of lead service lines and pipes and notify the public about their service line material and the health effects. Utilities then have two years to provide an updated baseline inventory of all service lines and connectors in the distribution system, and ten years for replacement.

The new rules will help reverse the damaging health effects caused by lead, and deliver clean, safe drinking water to all Americans. The EPA estimates there are up to nine million lead service lines in cities nationwide.

DC Water continues to make steady progress on program milestones, and all 42,000 lead service lines are projected to be removed by, or in advance of, the 2037 EPA deadline.

Our success will depend on continued support of community partners, stakeholders, and customers and bipartisan funding at the local, state, and federal level.

Reliably Building Community Relations

When the marketing campaigns, public presentations, social media posts, yard signs, letters, calls and texts don't do the trick, then Lead Free DC turns to a technique that has stood the test of time – good old fashioned door-to-door canvassing - to convince hesitant residents to sign up for free service line replacements.

But just knocking on doors doesn't guarantee success. That's why DC Water has enlisted people from the communities where the work is being done to connect with their neighbors, explain the benefits of the program, and address any concerns. This approach has helped Lead Free DC build trust and get 4 out of 5 eligible property owners to agree to participate.

It is also an empowering employment program, creating local jobs for District residents. This year, DC Water welcomed a second cohort in the Community Activators Program, a workforce development training program in partnership with the District Department of Employment Services (DOES). After completing training, these nine men and three women will join the graduates of the first cohort who are already deployed conducting outreach to property owners to educate them about the initiative and secure their participation. DOES also agreed to pay the activator's wages for the first year, another indication of the program's success.

Lead Free DC is delivering value to the community in multiple ways: hiring local residents and building a pipeline of talent for the Authority, while removing lead service lines and ensuring everyone has access to safe drinking water.



Lead Free DC Progress Update



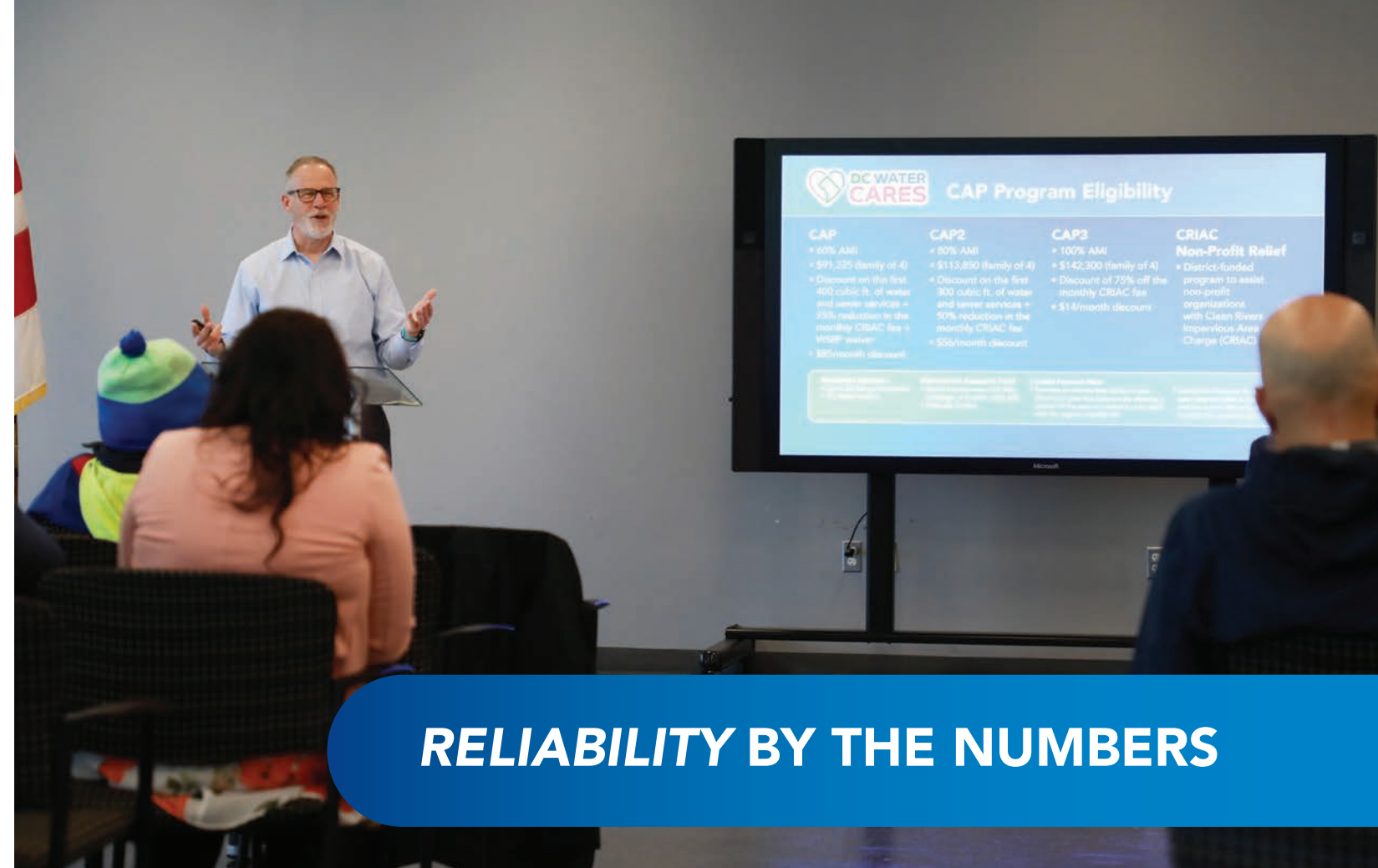
DC Water is committed to replacing all lead service lines in the District as quickly as possible, and in 2024, the Lead Free DC team made tremendous progress. "We have now removed 7,687 of the 42,000 lead lines estimated to be in place across the District," said Amber Sturdivant (Senior Program Manager, Lead Services). "Our teams are delivering a tremendous impact for these families, and we plan to accelerate progress even further in 2025."

All 41,157 lead service lines in the District must be replaced by 2037, following changes to the U.S. Environmental Protection Agency's (EPA) Lead and Copper Rule. Thanks to new partnerships with agencies such as the District Department of Transportation (DDOT), DC Health, and the District of Columbia Housing Authority, DC Water is well positioned to accelerate replacements in 2025 and beyond.

"We have found that our progress comes quickest when we are able to quickly go block-to-block, and all residents are informed of the replacement program and how to participate," Sturdivant added. "When we coordinate with other agencies, such as DDOT, it's a win on multiple fronts. It improves the speed of water service restoration, eliminates lead from private service lines, and is far less intrusive for the communities' undergoing replacements."

Through an expedited permitting process, and improved inter-agency coordination, the Authority is removing more potentially harmful lead service lines faster than ever, and that is something we can all celebrate.

DC Water greatly appreciates the coordination and collaboration with the District government and the many agencies we partner with. "There is no safe amount of lead in drinking water, and we are coming for all of it!"



RELIABILITY BY THE NUMBERS

The District of Columbia Water and Sewer Authority (DCWASA) was established under District law in 1996, with the approval of the United States Congress, as an independent authority of the District government with a separate legal existence. In 2010 the Authority rebranded and became DC Water.



Water and Sewer Service

DC Water provides more than 700,000 residents and 25.95 million annual visitors in the District of Columbia with retail water and wastewater (sewer) service.



Blue Plains

The Blue Plains Advanced Wastewater Treatment Plant is located at the southernmost tip of the District, covering more than 150 acres along the Potomac River.



Service Area

With a total service area of roughly 725 square miles, DC Water also treats wastewater for approximately 1.8 million people in neighboring jurisdictions.



Wastewater Treatment

Blue Plains treats an annual average of 294 million gallons per day (MGD) and has a design capacity of 384 MGD.



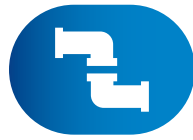
Pumped Water

During Fiscal Year 2024, DC Water pumped an average of more than 100.5 million gallons of water per day from four pumping stations.



Treated Water Storage

DC Water stores 60 million gallons of treated water at its seven reservoirs and tanks. The Washington Aqueduct, which treats drinking water, stores an additional 49 million gallons.



Water Distribution System

Water is delivered through roughly 1,300 miles of interconnected pipes, four pumping stations, four reservoirs, three elevated water tanks, nearly 44,000 valves and more than 9,500 fire hydrants.



Sewer System

Sewer is conveyed through about 2,000 miles of combined, separate, and stormwater sewers; 50,000 manholes, 25,000 catch basins, nine wastewater pumping stations, and 16 stormwater pumping stations



FINANCIAL PERFORMANCE

DC Water ended fiscal year 2024 in a strong financial position. Results include a strong liquidity position and positive budget to actual results from management actions to operate within the budget while meeting customer needs. The Authority met or exceeded all financial targets and complied with Board policies and bond covenants.

Highlights

- Operating revenues increased by \$79.2 million to \$978.0 million or 8.8%, primarily due to the retail water rate increase of 3.25% and by the 5.4% increase in the Clean Rivers Impervious Area Charge (CRIAC) rate, and consumption was higher as more people returned to work in area offices and visited the District since the pandemic ended.
- Operating expenses increased by \$24.1 million to \$560.7 million, or 4.5%, primarily due to increases in costs for personnel services, chemicals, water purchases and depreciation.
- Increased revenues allowed the Authority to dedicate PAYGO (pay as you go) funds to the capital budget, helping to reduce the need to issue long-term debt which ultimately saves customers money.
- Capital assets, net of depreciation and amortization, increased by \$374.3 million to approximately \$8.6 billion, or 4.6%, as a result of net capital additions of \$522.9 million, offset by depreciation and amortization of \$154.9 million. Capital additions incurred in 2024 were in line with the Authority's approved 10-year capital improvement program and included Small Diameter Water Main Rehab 15 and BP Tunnel Dewatering Pumping Station.

Current assets increased by \$59.3 million to \$907.3 million or 6.9% primarily due to an increase of \$35.4 million in unrestricted cash and equivalents, a \$14 million increase in receivables from the Federal government offset by a \$11.9 million decrease in receivables from other jurisdictions.

The Authority's net position increased by \$319.4 million to \$3.5 billion, or 10.2%.

In July 2024, the Authority issued subordinate lien revenue refunding bonds with a par value of \$506,360. The bonds consist of Series 2024A with \$506,360 and interest rate at 5% and maturing in 2045. Also, in July 2024, the Authority issued subordinate lien multimodal revenue refunding bonds, series 2024B, with a par value of \$99,540, consisting of subseries 2024B-1, in the original principal amount of \$49,770 and subseries 2024B-2 in the original principal amount of \$49,770. Gross proceeds totaled \$100,116, including \$575 of the Authority's contribution. These actions resulted in savings for ratepayers.

Long Term Credit ratings of Aa1/AAA/AA+ and Short-Term Credit Ratings of P-1/ A-1+/ F1+ were reaffirmed by Moody's, S&P, and Fitch rating agencies in 2024.

The Government Finance Officers Association (GFOA) awarded DC Water with a Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation Award. In addition, DC Water received, for the second time, the Popular Annual Financial Reporting Award (PAFR) from GFOA for its fiscal year 2023 annual financial report.

DC Water received its 27th consecutive unmodified audit opinion.



CONDENSED STATEMENTS OF NET POSITION

	2024	2023
Current assets	\$907,260\$	\$847,979
Capital assets, net	8,560,058	8,185,753
Non-current assets	154,452	338,241
Total assets	<u>9,621,770</u>	<u>9,371,973</u>
Deferred Outflows of resources	80,980	85,588
Current liabilities	458,423	491,059
Long-term debt outstanding	3,758,742	3,876,155
Long-term liabilities	1,958,073	1,931,226
Total liabilities	<u>6,175,238</u>	<u>6,298,440</u>
Net investments in capital assets	2,875,021	2,622,251
Restricted:		
Capital Projects	3,005	7,958
Debt Service	73,727	76,260
Unrestricted	490,168	426,035
Total net position	<u>\$3,451,921</u>	<u>\$ 3,132,504</u>

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	2024	2023
Operating revenues	\$ 977,982	\$ 898,763
Operating expenses	560,698	536,570
Net nonoperating (expenses)	(133,698)	(125,513)
Change in net position before capital contributions	283,586	236,680
Capital contributions	35,831	29,519
Change in net position	319,417	266,199
Net position - beginning of year	3,132,504	2,866,305
Net position - end of year	<u>\$3,451,921</u>	<u>\$ 3,132,504</u>

CONDENSED STATEMENT OF CASH FLOWS

	2024	2023
Net cash provided by operating activities	\$511,498	\$460,857
Net cash used in capital and related financing activities	(681,327)	(549,502)
Net cash used in investing activities	295,362	(55,197)
Net increase in cash and cash equivalents	125,533	(143,842)
Cash and cash equivalents at beginning of year	467,700	611,542
Cash and cash equivalents at end of year	<u>\$593,233</u>	<u>\$467,700</u>

FY 24 AWARDS



Team Blue Wave Claims Another Operations Challenge Trophy

Overall Best in Operations Challenge

At the 2024 Chesapeake Tri-Association Conference (Tri-Con), the Authority's Operations Challenge Team, Team Blue Wave, won first place overall across all competition categories. With attendees from across our region, winning first place was no easy feat, but it confirms that DC Water crews are the best of the best when responding to a crisis.

Excellence in Financial Reporting

The Authority has once again been honored by the Government Finance Officers Association (GFOA), with a Certificate of Achievement for Excellence in Financial Reporting for our annual comprehensive financial report, for the fiscal year ended September 30, 2023. The Certificate of Achievement is widely regarded as the highest form of acknowledgement in governmental accounting and financial reporting

Distinguished Budget Presentation Award

The 24th consecutive win for DC Water. The GFOA awarded DC Water for the Board-adopted FY 2025 Budget for the fiscal year beginning October 1, 2024. This award is the highest form of recognition in governmental budgeting and reporting and represents a significant achievement for the Authority

Popular Annual Financial Reporting Award

DC Water received, for the second consecutive year, the Popular Annual Financial Reporting (PAFR) Award from the GFOA for its fiscal year 2023 annual financial report. Receiving the PAFR Award, along with the Excellence in Financial Reporting and Distinguished Budget Presentation Awards, earned the Authority the coveted 'Triple Crown' of governmental financial reporting for the second year in a row.

NEAA Community Leadership Award

In 2024, the National Association of Clean Water Agencies (NACWA) honored DC Water with a National Environmental Achievement Award (NEAA) for Community Leadership. The award specifically recognized the success of our workforce development, contract compliance, and business development teams who are impacting lives in the community.

Innovation in Building Watersheds WEX Global Awards

DC Water was honored by the Water and Energy Exchange (WEX) at their Global Awards program. The award recognizes the Authority as a model for best practices in leveraging a Circular Economic Strategy with our Clean Rivers Project, and the Northeast Boundary Tunnel (NEBT) in particular. By 2030, the NEBT will have captured 15 billion gallons of sewage, nearly 10 tons of trash and debris, that would have otherwise polluted the Anacostia River.



Sustainability Award (Bloom) – Casey Trees

In 2024, the Authority was honored by Casey Trees with a Canopy Award for Sustainability. In particular, Casey Trees cited Bloom, our EPA-certified Class A Exceptional Quality soil amendment product. Bloom is instrumental in restoring the health of urban soils, which also contributes to the preservation of the District's tree canopy, and this award underscores our commitment to sustainability and environmental preservation.

One Team, One Dream Award – Dr. Robert Bornhofen

At the American Water Works Association's (AWWA) Annual Conference and Exposition, ACE24, the Authority's Dr. Robert Bornhofen (Director, Innovation) was honored with the 'One Team, One Dream' award from Isle Utilities. The award recognizes an individual who demonstrates a passion for collaboration and partnership, and highlighted Dr. Bornhofen's commitment to inclusivity in engaging new voices and thought leadership

Best Infrastructure Project of 2023 – Less than \$25M Category

The Authority also won an award for "Best Infrastructure Project of 2023" in the \$25 million category. The honor celebrated the Clean Rivers Project's Rock Creek B (RC-B) green infrastructure project.

Project of the Year – Underground Construction Association

In 2024, DC Water was recognized by the Underground Construction Association, a division of UCASME, at the annual North American Tunneling Conference. Highlighting the impressive success of the NEBT, the group honored the Authority with the 2024 Project of the Year Award, among projects in the more than \$500 million category.

Transportation All-Star Award

DC Water received a 2024 Transportation All-Star Award from goDCgo at the group's award ceremony. goDCgo is an initiative of the District Department of Transportation (DDOT) that encourages the use of sustainable transportation practices. The award was given in recognition of the commuter subsidy benefit offered to Authority employees.



LEADERSHIP TEAM

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District of Columbia
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PE, FNSPE
District of Columbia, *Retired*

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Principal, Level 2 Development

Anthony R. Giancola, PE
District of Columbia, *Retired*

Christopher Herrington
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Tara Jackson
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Jeffrey F. Thompson
Chief Operating Officer and EVP, Operations and Engineering

Kirsten B. Williams, Esq.
Chief Communications and Stakeholder Engagement Officer and EVP, Marketing and Communications

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Chief Executive Officer and General Manager

Marc K. Battle, Esq.
Chief Legal Officer and EVP, Government and Legal Affairs

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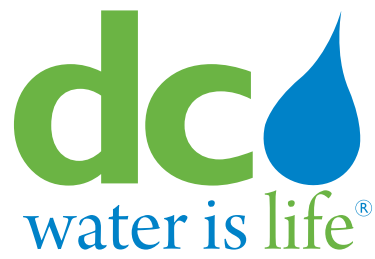
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Audit and Risk
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