



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

DC Retail Water and Sewer Rates Committee

*Tuesday, February 27th, 2024
9:30 a.m.*

Microsoft Teams

[Click here to join the meeting](#)

Meeting ID: 283 311 515 470

Passcode: QupfB4

Or call in (audio only)

[+1 202-753-6714,,521992987#](#)

Phone Conference ID: 521 992 987#

- 1. **Call to Order** **Howard Gibbs, Chairperson**
- 2. **Roll Call**.....**Michelle Rhodd**
- 3. [Monthly Report to DC Retail Water & Sewer Rates Committee \(Attachment A\)](#) **Matthew Brown**
- 4. [Independent Review of Proposed FY 2025 & FY 2026 \(Attachment B\)](#).....**Robert Ryall, Consultant**
- 5. [DC Water Cares Program Expansion \(Attachment C\)](#).....**Meisha Thomas**
- 6. [Proposed FY 2025 & FY 2026 Rates, Charges & Fees \(Attachment D\)](#).....**Matthew Brown**
- 7. [Action Items \(Attachment E\)](#) **Matthew Brown**
 - [Proposal of FY 2025 & FY 2026 Rates, Charges and Fees \(Action Item 1\)](#)
 - [Proposal of Ten-Year Financial Plan FY 2024- FY2033 \(Action Item 2\)](#)
 - [Proposal of DC Water Cares Expansion Program - CAP+ \(Action Item 3\)](#)
- 8. **DC Retail Water and Sewer Rates Committee Workplan (Attachment F)**.....**Matthew Brown**
 - [FY 2024 Proposed DC Retail Rates Committee Workplan](#)
- 9. [Agenda for March 26, 2024, Committee Meeting \(Attachment G\)](#)**Howard Gibbs, Chairperson**
- 10. **Other Business** **Matthew Brown**
- 11. **Executive Session***
- 12. **Adjournment**..... **Howard Gibbs, Chairperson**

*The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); contract negotiations under D.C. Official Code § 2-575(b)(2); legal, confidential or privileged matters under D.C. Official Code § 2-575(b)(4)(A); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2- 575(b)(10); proprietary matters under D.C. Official Code § 2-575(b)(11); train and develop members of a public body and staff under D.C. Official Codes § 2-575(b)(12); decision in an adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14), and other matters provided in the Act.

ATTACHMENT A



Fiscal Year 2024

Monthly Report to DC Retail Water and Sewer Rates Committee

Period Ending January 31, 2024

DEPARTMENT OF FINANCE

Matthew T. Brown, CFO & Executive Vice President, Finance, Procurement and Compliance

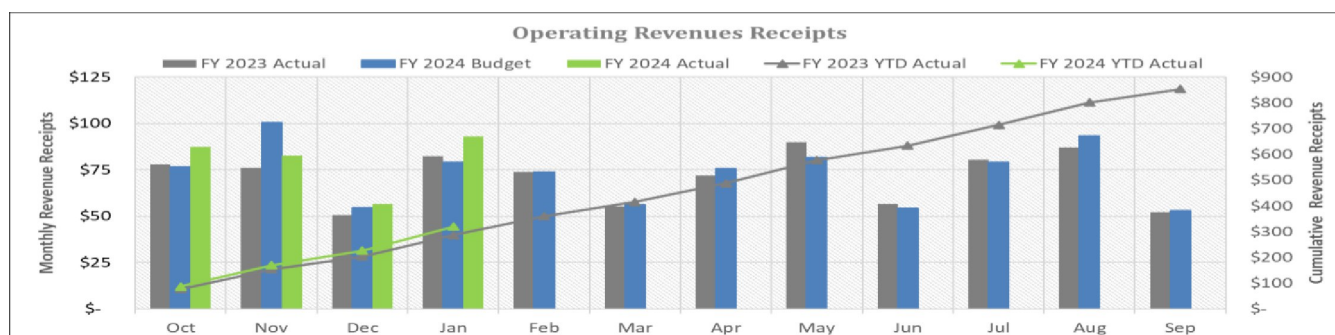
Syed Khalil, Vice President, Rates & Revenue

Monthly Report to DC Retail Water and Sewer Rates Committee

Fiscal Year-to-Date
As of January 31, 2024

Operating Revenues (\$000's)

FY 2023		CATEGORY	FY 2024					
Actual			Year-to-Date Performance					
Total Annual	YTD January		Annual Budget	YTD Budget	Actual	% of Budget	Variance \$ Fav(Unfav)	Variance % Fav(Unfav)
\$490,822	\$159,967	Residential / Commercial / Multi-Family*	\$501,251	\$167,084	\$180,476	36.0%	\$13,392	8.0%
83,839	41,919	Federal	89,987	44,993	46,994	52.2%	2,001	4.4%
21,495	7,449	Municipal (DC Govt.)	25,121	8,374	8,091	32.2%	(283)	(3.4%)
15,801	5,271	DC Housing Authority	14,722	4,907	5,628	38.2%	721	14.7%
24,104	8,274	Metering Fee	24,083	8,287	8,434	35.0%	147	1.8%
42,407	15,033	Water System Replacement Fee (WSRF)	39,717	14,182	15,405	38.8%	1,223	8.6%
105,250	24,294	Wholesale	106,519	26,630	29,118	27.3%	2,488	9.3%
23,760	8,552	PILOT/ROW	23,430	8,317	8,845	37.8%	528	6.4%
45,856	15,993	All Other	53,685	16,934	16,402	30.6%	(532)	(3.1%)
\$853,333	\$286,753	TOTAL	\$878,515	\$299,708	\$319,394	36.4%	\$19,686	6.6%



VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of January 2024, cash receipts totaled \$319.4 million, or 36.4 percent of the FY 2024 Budget. The YTD budgeted receipts were \$299.7 million. The total receipts for January were \$92.2 million as compared to the budgeted \$80.1 million. Several categories of customers make payments on a quarterly basis, including the Federal Government (which made their second quarterly payment in January), and wholesale customers (who made their first quarterly payment in November 2023).

Favorable	Unfavorable
<p><u>Residential, Commercial, and Multi-Family</u> – Receipts for this category are higher at \$180.5 million or 36.0 percent of the budget. The higher receipts are mainly due to higher consumption as compared to the budget. The January 2024 receipts were higher by \$5.5 million, or 13.3 percent as compared to the monthly budget of \$41.8 million.</p> <p><u>DC Housing Authority</u> – Receipts are higher at \$5.6 million or 38.2 percent of the budget. The January 2024 receipts are slightly higher by \$0.2 million as compared to the monthly budget of \$1.2 million.</p> <p><u>Federal</u> - Actual receipts through January 2024 total \$47.0 million or 52.2 percent of the budget. The Federal government made its second quarter payment in January 2024.</p> <p><u>Wholesale</u> – Actual receipts for this category total \$29.1 million or 27.3 percent of the budget. The wholesale customers made their first quarter payment in November 2023.</p> <p><u>PILOT/ROW</u> – The receipts for PILOT/ROW are slightly higher at \$8.8 million or 37.8 percent of the budget. The January 2024 receipts are slightly lower by \$0.1 million as compared to the monthly budget of \$2.5 million.</p>	<p><u>District Government</u> – Receipts are slightly lower at \$8.1 million or 32.2 percent of the budget. The January 2024 receipts are lower by \$0.3 million as compared to the monthly budget of \$2.1 million.</p> <p><u>Other Revenue</u> - Receipts are lower at \$16.4 million or 30.6 percent of the budget mainly due to lower Developer Fees, System Availability Fee, and Washington Aqueduct Backwash as compared to the budget. The DC Fire Protection Fee of \$2.88 million has been paid earlier by the District Government in January although it is due in February 2024.</p>

Monthly Report to DC Retail Water and Sewer Rates Committee

As of January 31, 2024

Operating Revenues Detail

(\$ in millions)

Revenue Category	FY 2024 Budget	YTD Budget	Actual	Variance Favorable / (Unfavorable)	Variance %	Actual % of Budget
Residential, Commercial, and Multi-family	\$501.3	\$167.1	\$180.5	\$13.4	8.0%	36.0%
Federal	90.0	45.0	47.0	2.0	4.4%	52.2%
District Government	25.1	8.4	8.1	(0.3)	-3.6%	32.3%
DC Housing Authority	14.7	4.9	5.6	0.7	14.3%	38.1%
Customer Metering Fee	24.1	8.3	8.4	0.1	1.2%	34.9%
Water System Replacement Fee (WSRF)	39.7	14.2	15.4	1.2	8.5%	38.8%
Wholesale	106.5	26.6	29.1	2.5	9.4%	27.3%
Right-of-Way Fee/PILOT	23.4	8.3	8.8	0.5	6.0%	37.6%
Subtotal (before Other Revenues)	\$824.8	\$282.8	\$303.0	\$20.2	7.1%	36.7%
IMA Indirect Cost Reimb. For Capital Projects	5.2	1.7	1.3	(0.4)	-23.5%	25.0%
DC Fire Protection Fee	11.6	2.9	5.8	2.9	100.0%	50.0%
Stormwater (MS4)	1.1	0.4	0.2	(0.1)	-25.0%	18.2%
Interest	8.1	2.7	3.6	0.9	33.3%	44.4%
Developer Fees (Water & Sewer)	8.0	2.7	1.4	(1.2)	-44.4%	17.5%
System Availability Fee (SAF)	7.7	2.6	0.8	(1.8)	-69.2%	10.4%
Washington Aqueduct Backwash	4.6	1.5	0.0	(1.5)	-100.0%	0.0%
Others	7.4	2.5	3.2	0.8	32.0%	69.6%
Subtotal	\$53.7	16.9	\$16.4	(0.5)	-3.0%	30.5%
Rate Stabilization Fund Transfer	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%
Other Revenue Subtotal	\$53.7	\$16.9	\$16.4	(\$0.5)	-3.0%	30.5%
Grand Total	\$878.5	\$299.7	\$319.4	\$19.7	6.6%	36.4%

BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY (\$ in 000's)

Customer Category	Water	Sewer	Clean Rivers IAC	Metering Fee	WSRF	Total
Residential	\$15,587	\$24,586	\$9,854	\$3,619	\$3,262	\$56,908
Commercial	30,326	34,335	12,022	2,469	5,794	84,946
Multi-family	19,376	29,801	4,591	1,204	2,694	57,665
Federal	17,234	19,591	10,169	778	2,831	50,603
District Govt	2,201	2,978	2,912	278	686	9,054
DC Housing Authority	2,111	3,126	391	86	138	5,852
Total:	\$86,834	\$114,417	\$39,939	\$8,434	\$15,405	\$265,029

Note: The breakdown of Collections into Residential, Commercial, & Multi-family and Water and sewer is approximate as it is based on percentages of historical data and does not take into account adjustments and timing differences

Clean Rivers IAC - Actual vs Budget (\$ in 000's)

Customer Category	FY2024 Budget	Year-To-Date Budget	Actual Received	Variance Favorable / <Unfavorable>	Variance % of YTD Budget	Actual % of Budget
Residential	\$29,527	\$9,842	\$9,854	\$11	0%	33%
Commercial	35,697	11,899	12,022	123	1%	34%
Multi-family	14,433	4,811	4,591	(220)	-5%	32%
Federal	20,052	10,026	10,169	143	1%	51%
District Govt	9,255	3,085	2,912	(173)	-6%	31%
DC Housing Authority	1,212	404	391	(13)	-3%	32%
Total:	\$110,176	\$40,067	\$39,939	(\$129)	0%	36%

Monthly Report to DC Retail Water and Sewer Rates Committee

Fiscal Year-to-Date
As of January 31, 2024

Retail Accounts Receivable (Delinquent Accounts)

The following tables show retail accounts receivable over 90 days (from the billing date) including a breakdown by customer class.

Greater Than 90 Days by Month

	\$ in millions	# of accounts
September 30, 2012	\$5.5	13,063
September 30, 2013	\$4.9	11,920
September 30, 2014	\$5.3	12,442
September 30, 2015	\$6.5	11,981
September 30, 2016	\$7.7	12,406
September 30, 2017	\$8.4	11,526
September 30, 2018	\$13.4	16,273
September 30, 2019	\$10.6	8,744
September 30, 2020	\$17.9	13,775
September 30, 2021	\$26.3	13,065
September 30, 2022	\$29.1	12,168
September 30, 2023	\$28.0	10,420
October 31, 2023	\$28.3	10,540
November 30, 2023	\$28.5	10,099
December 31, 2023	\$29.9	10,536
January 31, 2024	\$30.8	10,322

Greater Than 90 Days by Customer

Notes: The increase in the accounts receivable over 90 days (from the billing date) is due to the temporary suspension of collections procedures because of the new billing system VertexOne, which was implemented in December 2017. The increase in accounts receivable from March 2020 to September 2022 is primarily due to increased delinquencies and deferred payments due to the impact of COVID-19.

	Number of Accounts			Month of Jan (All Categories)				Total Delinquent				
	W & S	Impervious Only	Total No. of	Active		Inactive		Dec		Jan		
	a/c	a/c	a/c	No. of	Amount	No. of	Amount	No. of	Amount	No. of	Amount	%
			a/c	(\$)	a/c	(\$)	a/c	(\$)	a/c	(\$)		
Commercial	9,026	2,010	11,036	941	\$6,107,645	93	\$353,901	1,042	\$6,384,605	1,034	\$6,461,546	21%
Multi-family	8,706	317	9,023	1,248	\$16,118,486	28	\$152,750	1,229	\$15,592,469	1,276	\$16,271,237	53%
Single-Family Residential	107,298	2,124	109,422	7,851	\$7,829,769	161	\$197,766	8,265	\$7,920,323	8,012	\$8,027,535	26%
Total	125,030	4,451	129,481	10,040	\$30,055,901	282	\$704,417	10,536	\$29,897,397	10,322	\$30,760,318	100%

Notes: Included in the above \$30.8M (or 10,322 accounts) of the DC Water Over 90 days delinquent accounts, \$5,065,078.94 (or 1,203 accounts) represents Impervious only accounts over 90 days delinquent.

- Reportable delinquencies do not include balances associated with a long standing dispute between DC Water and a large commercial customer.
- Delinquent accounts (10,322) as a percentage of total accounts (129,481) is 8.0 percent.
- Delinquent impervious only accounts (1,203) as a percentage of total accounts (129,481) is 1.0 percent.
- Delinquent impervious only accounts (1,203) as a percentage of total delinquent accounts (10,322) are 11.7 percent.
- Delinquent impervious only accounts (1,203) as a percentage of total impervious only accounts (4,451) are 27 percent.

Monthly Report to DC Retail Water and Sewer Rates Committee

Fiscal Year-to-Date
As of January 31, 2024

Arrears by Customer Category

	<u>Over 30 Days</u>		<u>Over 60 Days</u>		<u>Over 90 Days</u>	
	<u>No. of Accts</u>	<u>(\$)</u>	<u>No. of Accts</u>	<u>(\$)</u>	<u>No. of Accts</u>	<u>(\$)</u>
Commercial	2,021	\$9,225,005	1,367	\$7,337,816	1,034	\$6,461,546
Multi-family	2,140	21,913,739	1,553	18,497,119	1,276	16,271,237
Residential	18,870	11,301,776	11,637	9,304,994	8,012	8,027,535
Total	23,031	\$42,440,520	14,557	\$35,139,930	10,322	\$30,760,318

Arrears by WARD for Residential Category

	<u>Over 30 Days</u>		<u>Over 60 Days</u>		<u>Over 90 Days</u>	
	<u>No. of Accts</u>	<u>(\$)</u>	<u>No. of Accts</u>	<u>(\$)</u>	<u>No. of Accts</u>	<u>(\$)</u>
Ward 1	1,206	\$684,217	658	\$546,641	440	\$455,989
Ward 2	508	192,160	252	137,363	162	104,691
Ward 3	591	303,124	276	213,648	172	179,418
Ward 4	3,293	1,819,945	1,867	1,464,718	1,243	1,262,206
Ward 5	3,811	1,995,918	2,311	1,593,203	1,599	1,355,721
Ward 6	1,483	798,551	866	642,816	586	554,889
Ward 7	5,042	3,492,453	3,331	2,978,261	2,359	2,632,027
Ward 8	2,936	2,015,408	2,076	1,728,344	1,451	1,482,594
Total	18,870	\$11,301,776	11,637	\$9,304,994	8,012	\$8,027,535

CAP, CAP2 and CAP3 Customers in Arrears*

	<u>Over 30 Days</u>		<u>Over 60 Days</u>		<u>Over 90 Days</u>	
	<u>No. of Accts</u>	<u>(\$)</u>	<u>No. of Accts</u>	<u>(\$)</u>	<u>No. of Accts</u>	<u>(\$)</u>
CAP	744	\$295,928	356	\$198,125	129	\$129,180
CAP2	41	7,500	13	2,195	3	931
CAP3	0	0	0	0	0	0
Total	785	\$303,428	369	\$200,321	132	\$130,111

* Based on number of accounts that have been given credit in Jan 2024

Monthly Report to DC Retail Water and Sewer Rates Committee

Customer Arrears Data

CAP Customer Arrears by Ward*

	Over 30 Days		Over 60 Days		Over 90 Days	
	No. of Accts	(\$)	No. of Accts	(\$)	No. of Accts	(\$)
Ward 1	46	\$25,651	24	\$19,514	8	\$16,536
Ward 2	5	1,005	3	315	0	0
Ward 3	2	5,423	1	5,160	1	5,160
Ward 4	85	19,005	38	9,715	15	5,283
Ward 5	147	42,619	54	24,274	14	15,651
Ward 6	51	17,472	17	10,988	9	8,017
Ward 7	235	98,193	106	62,715	37	39,464
Ward 8	173	86,558	113	65,445	45	39,069
Total	744	\$295,928	356	\$198,125	129	\$129,180

* Based on number of accounts that have been given credit in Jan 2024

CAP2 Customer Arrears by Ward*

	Over 30 Days		Over 60 Days		Over 90 Days	
	No. of Accts	(\$)	No. of Accts	(\$)	No. of Accts	(\$)
Ward 1	1	\$124	0	\$0	0	\$0
Ward 2	0	0	0	0	0	0
Ward 3	0	0	0	0	0	0
Ward 4	8	955	1	26	0	0
Ward 5	7	1,239	2	773	1	692
Ward 6	1	169	0	0	0	0
Ward 7	15	2,400	8	1,142	2	239
Ward 8	9	2,613	2	254	0	0
Total	41	\$7,500	13	\$2,195	3	\$931

* Based on number of accounts that have been given credit in Jan 2024

CAP3 Customer Arrears by Ward*

	Over 30 Days		Over 60 Days		Over 90 Days	
	No. of Accts	(\$)	No. of Accts	(\$)	No. of Accts	(\$)
Ward 1	0	\$0	0	\$0	0	\$0
Ward 2	0	0	0	0	0	0
Ward 3	0	0	0	0	0	0
Ward 4	0	0	0	0	0	0
Ward 5	0	0	0	0	0	0
Ward 6	0	0	0	0	0	0
Ward 7	0	0	0	0	0	0
Ward 8	0	0	0	0	0	0
Total	0	\$0	0	\$0	0	\$0

*Based on number of accounts that have been given credit in Dec 2023.

Monthly Report to DC Retail Water and Sewer Rates Committee

Developer Deposits

Developer Deposits are funds paid to DC Water for plans that are approved by the Permit Operations Department. They include:

- Flat fees for taps, abandonments, sewer connections, etc.
- Reimbursable fees for inspection labor hours charged to the account.
- Deposits held as security against damage and uncharged accounts.
- Miscellaneous non-commercial account items (hydrant use, groundwater dewatering, waste hauler fees, etc.)
- As of January 31, 2024, developer deposits had \$43.9 million in credit balances (liability) and \$11.2 million in debit balances (receivable).

Balances by Year as of January 31, 2024

Year	Credit Balances (Liability)	Debit Balances (Receivables)	Number of Accounts with Credit Balances	Debit Balances	Number of Accounts with Debit Balances	Net Balance
	\$43.9 million	\$11.2 million				
2001	\$ -	-	-	\$ 960,164.05	1	\$ 960,164.05
2002	\$ -	-	-	\$ 1,836.00	2	\$ 1,836.00
2004	\$ (749.61)	1	1	\$ 9,066.08	6	\$ 8,316.47
2005	\$ (389,745.13)	90	90	\$ 268,327.91	89	\$ (121,417.22)
2006	\$ (283,990.18)	32	32	\$ 284,522.42	78	\$ 532.24
2007	\$ (151,559.96)	31	31	\$ 150,176.99	50	\$ (1,382.97)
2008	\$ (348,658.90)	41	41	\$ 192,079.13	49	\$ (156,579.77)
2009	\$ (167,624.41)	26	26	\$ 194,759.35	46	\$ 27,134.94
2010	\$ (288,303.30)	44	44	\$ 157,792.11	40	\$ (130,511.19)
2011	\$ (472,299.33)	87	87	\$ 419,395.68	55	\$ (52,903.65)
2012	\$ (1,187,481.48)	246	246	\$ 441,366.38	88	\$ (746,115.10)
2013	\$ (1,739,874.56)	270	270	\$ 256,028.00	79	\$ (1,483,846.56)
2014	\$ (1,767,691.44)	265	265	\$ 948,790.99	61	\$ (818,900.45)
2015	\$ (1,620,073.50)	294	294	\$ 264,273.65	37	\$ (1,355,799.85)
2016	\$ (3,000,145.67)	347	347	\$ 513,892.30	61	\$ (2,486,253.37)
2017	\$ (2,301,071.65)	424	424	\$ 454,036.59	111	\$ (1,847,035.06)
2018	\$ (4,306,927.65)	499	499	\$ 1,406,600.64	124	\$ (2,900,327.01)
2019	\$ (6,247,305.83)	449	449	\$ 1,695,650.21	173	\$ (4,551,655.62)
2020	\$ (4,663,470.58)	311	311	\$ 576,446.12	139	\$ (4,087,024.46)
2021	\$ (4,710,780.00)	332	332	\$ 618,048.29	153	\$ (4,092,731.71)
2022	\$ (5,889,703.12)	326	326	\$ 723,749.46	170	\$ (5,165,953.66)
2023	\$ (4,269,829.04)	208	208	\$ 570,466.98	135	\$ (3,699,362.06)
2024	\$ (94,405.60)	14	14	\$ 91,964.80	61	\$ (2,440.80)
Total	\$ (43,901,690.94)	4,337	4,337	\$ 11,199,434.13	1,808	\$ (32,702,256.81)

Forfeiture Action

Accounts Forfeited on August 16, 2021	(4,838,938.52)	1,011
Accounts Forfeited on September 23, 2022	(1,286,705.10)	348
Accounts pending forfeiture determination and execution.	(6,797,978.30)	1,133

(0)

Monthly Report to DC Retail Water and Sewer Rates Committee

Developer Deposits

Customer Communication

Statements are provided to customers when there is activity on the account. To ensure that all customers are aware of the balances, statements are also mailed annually irrespective of whether there is an activity on the account. For the last three years, annual statements were mailed to customers on April 28, 2023, January 25, 2022, and February 25, 2021.

By law, refunds are to be requested by the account owner within two years of completion (DC Code § 34–2401.10). If not requested in that time limit, these accounts can be forfeited and closed. DC Water has placed a statement on invoices beginning in November 2019 notifying customers of the District law and that funds would be forfeited unless a refund is requested within two years of project completion or account inactivity. A notification to customers that is posted on our website indicates that unless a refund was requested, funds would be forfeited for projects without activity for ten years. AOBA and DCBIA have been asked to notify their membership to examine the invoices.

For accounts that were forfeited, zero balance statements were mailed out on Monday, August 16, 2021, and September 21, 2022.

Refund Requests

In response to the annual account statements provided to customers in April 2023, it has been determined that refund requests submitted impacts 1295 accounts. This month, 16 new refund accounts were received.

Approximately 8,028 inspection work orders have been closed since September 2023. The work orders include the submittal of redlines or as-builts, inspections including water and sewer connections, abandonments, and closed-circuit television (CCTV). Closing work orders has been one of the major constraints encountered while processing the refunds. This is as a result of developers not providing the information required by DC Water to close the work orders.

In order to expedite this process DC Water decided to close old work orders for projects that were completed before 2019.

The table below shows a breakdown of the work performed to date.

Construction Inspection Refund Data

	Number of Accounts	Amount (\$)
Account refund request received	1270	
Accounts refunded this month	63	\$1,472,440.71
Accounts refunded last month	33	\$245,921.03
Total number of accounts refunded since October 2022	217	\$3,820,175.78
To date number of refund requests that are debits (\$0 balance or owe DC Water)	23	\$41,464.01

Monthly Report to DC Retail Water and Sewer Rates Committee

Payment Plan and Disconnection Report

Fiscal Year-to-Date
As of January 31, 2024

Zip Code	Residential					Commercial					Multifamily				
	30-Day A/R	Active Plans	Plans Created	Plans Defaulted	Non-Pay Discon.	30-Day A/R	Active Plans	Plans Created	Plans Defaulted	Non-Pay Discon.	30-Day A/R	Active Plans	Plans Created	Plans Defaulted	Non-Pay Discon.*
Total	11,526	2,010	850	609	464	1,322	110	24	27	57	1,539	253	65	70	
20000	1														
20001	445	79	27	16	36	148	11	2	5	7	20	3	2	1	
20002	1,139	190	82	48	16	181	16	6	3	6	234	33	8	8	
20003	294	43	15	13	6	88	4	2		1	24	6	1		
20004						4	1			1					
20005	4					18	1				1	1			
20006						5					1				
20007	151	17	7	4	6	48	5		1	4	19				
20008	61	9	1		8	37	3	1	2	1	5				
20009	169	21	8	4	13	39	9	2	1	8	41	9	3	2	
20010	364	64	28	23	30	50	7	2	3	5	23	1			
20011	1,698	307	122	96	84	128	14	5	4	10	115	19	5	5	
20012	300	76	33	14	26	36	2			2	9	1	1		
20015	95	18	7	2	14	5				1	2				
20016	128	23	6	2	17	79	3			2	4	1			
20017	578	108	43	35	12	43	4	1		3	23	4	2	1	
20018	775	136	58	41	28	94	5	1	3		20	6	1	4	
20019	2,632	440	208	129	102	119	8	1	1	3	356	49	11	24	
20020	1,659	266	116	106	36	72	6		2	1	350	75	11	19	
20024	43	7	3	2		17					12				
20032	974	203	85	74	29	86	7	1			275	45	20	6	
20036	3					14	3			1	3				
20037	13	3	1		1	7	1		1	1	2				
20059						2									
20418						1									
20434						1									

**Note: inactive accounts in arrears are not included in the above and the accounts by customer class are as follows: Res. 377, Com. 115 and MF 95*

**Note: Disconnect Work Orders for Multi-Family Properties were created and not assigned for field completion but are manually managed for further collection actions*



Attachment B



**FINAL PRESENTATION
DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

**INDEPENDENT REVIEW OF THE
PROPOSED BUDGET AND RATES FOR
FY2025 AND FY2026**

February 27, 2024



Independent Review Objectives and Procedures

Recent Performance

Proposed Budget and Rates

Bill Impact and Affordability

Conclusions and Recommendations

Objectives of the Independent Review



- **Rate Sufficiency:** Ensure that water and sewer rates, the metering fee, the water system replacement fee, and the Clean Rivers Impervious Area Charge ("CRIAC") rates are sufficient to meet funding requirements for all current and long-term liabilities and debt obligations.
- **CSO Cost Assignment:** Understand and explain the logic and reasonableness of the assignment of costs to the CRIAC and to the wastewater volumetric rates.
- **Customer Impact:** Understand and explain the impacts on typical customers in each class as well as examples of customers that may be significantly impacted by the proposed changes in rates and charges.
- **Affordability:** Understand and explain the impacts of DC Water's affordability assistance programs on the bills of qualifying customers under the rate proposals for FY 2025 and FY 2026.
- **Policy Review:** Examine DC Water practices and policies relative to those of peer utilities in conducting the review. Ensure that the proposed rates that have been developed are consistent with the Board of Directors' rate-setting policies.
- **Rate Model Assumptions:** Review the assumptions in the DC Water rate model for the equitable allocation of costs and retail rates.
- **Water Is Life Amendment:** Review the proposed Water Is Life Amendment Act of 2024 and explain the impacts this proposed change would have on revenue and the ability of DC Water to meet the Financial Policies of the Board.
- **Presentation:** Present the results of this review to the Retail rates Committee and the Board of Directors and testify at the public hearing about the efficacy of the proposed rates.

22 February 2024

3

Independent Review and Arcadis Qualifications



Independence:

Independence is a key aspect of this Review.

- Arcadis has not assisted DC Water with the development of the current retail water and wastewater rates and charges, and customer assistance programs.
- The Review was approached with an independent perspective and Arcadis seeks to offer DC Water professional considerations to improve its rates and customer assistance programs.

Arcadis Expertise:

Arcadis is a leading utility consulting and engineering firm both in the United States and across the globe.

- Arcadis' Business Advisory unit includes our Financial Advisory Services team, which focuses on water, wastewater, and stormwater industry cost of service, rates and charges, and other financial and management issues faced by utilities such as DC Water.
- This independent review was conducted by industry leading professionals, Robert Ryall, Fernando Pasquel and Jeffrey Yeschick. Combined, these professionals have over 75 years of water, wastewater and stormwater utility experience. Industry leadership includes contributions to the American Water Works Association Manual of Practice M1; Principles of Water Rates, Fees and Charges and the Water Environment Federation's User-Fee-Funded Stormwater Programs.

Arcadis Procedures for Reviewing the Proposed Rates



1 Review Recent Financial Performance

4 Comparison of Rates and Affordability

2 Review FY2025 & FY2026 budgets versus historic actual results

5 Conduct interviews with DC Water representatives

3 Review Rate Setting and Rate Setting Practices

6 Prepare a report and presentation summarizing the work performed

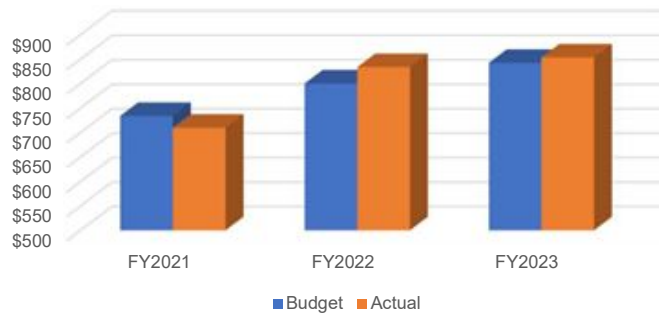
Recent Financial Performance



Revenue

- From FY2021 to FY2023, operating revenues increased from \$710 million to \$853 million.
- Lower cash receipts in FY2021 are mainly due to a decline in consumption due to the COVID-19 pandemic.
- FY2022 revenue increased 17.5% YoY compared to a 7.8% increase in rates, mainly due to an increase in consumption following the pandemic.
- FY2023 revenue increased 2.4% YoY compared to a 9.5% increase in rates with a decrease in Residential and Federal consumption.

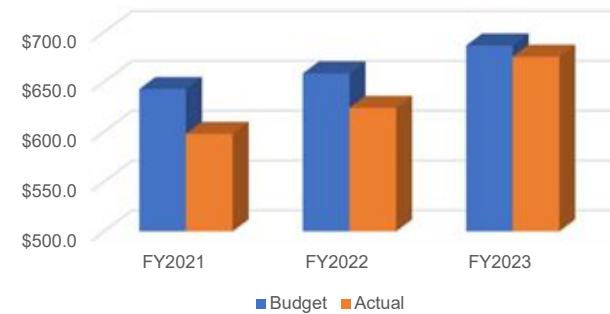
Budget vs. Actual Revenue Receipts (\$ millions)



Expenditures

- From FY2021 through FY2023, expenditures increased from \$598 million to \$675 million
- Expenditures were less than the budgeted amounts each year.
- The variance in actual versus budgeted expenditures in FY2021 and FY2022 were related to the COVID-19 pandemic.
- Debt service payments were lower than budgeted due to refinancing and lower interest rates on existing debt.

Budget vs. Actual Expenditures (\$ millions)

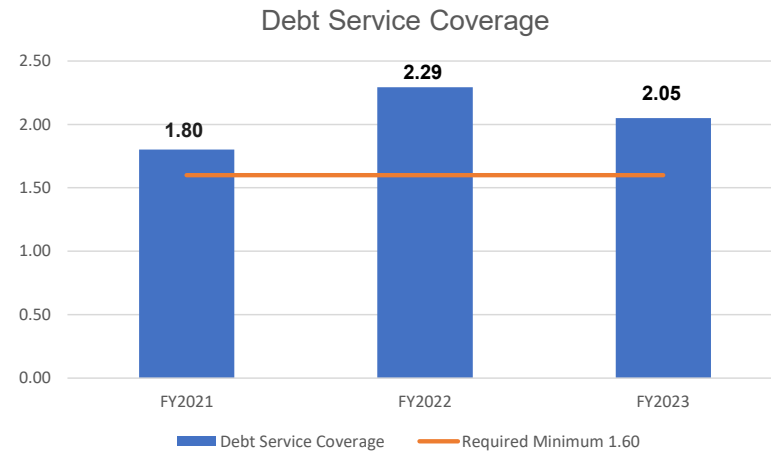
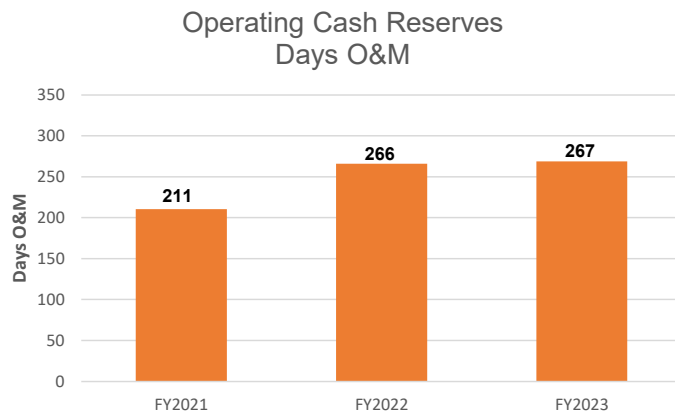


Consumption levels, and associated revenue, have improved since declining during the COVID-19 pandemic. Annual revenues exceeded expenditures each year, FY2021-FY2023.

Recent Financial Performance: Metrics



- On October 7, 2021, (beginning of FY2022), Resolution 21-84 established a target minimum cash balance of 250 days O&M expenses and minimum target debt service coverage of 160%.
- On October 5, 2023, (beginning of FY2024), Resolution 23-58 set a goal to achieve a cash balance of 350 days O&M expenses by 2032.



- Operating cash reserves increased from \$196.3 million to \$287.7 million from FY2021 to FY2023, or the equivalent of 211 days to 267 days of O&M.
- DC Water maintained a debt service coverage greater than the required minimum of 160% for each year FY2021 through FY2023.

Industry Recognition



DC Water continues to be recognized by its peers and has received numerous awards for performance and innovation.

- The Government Finance Officers Association (GFOA) offers three awards for budget presentation and financial publications. DC Water’s Budget has won two of these awards and been recognized every year for the last 22 years. This year for the first time, DC Water’s Popular Financial Report was recognized, winning all three awards. This unique recognition is regarded as the “Triple Crown”. So, for the first time, **DC Water is a Triple Crown Winner**.
- In May 2022, the Authority was awarded the **prestigious Smart Water Project of the Year**, at the Global Water Awards. This award recognizes of the impact of the new Event Management System which utilizes system data to pinpoint problems, generate alerts and to facilitate improved coordination with the District and their first responders.
- The Institute of Supply Management awarded DC Water the **Trailblazer Award for the second consecutive year** in 2023 in recognition of DC Water’s initiatives that have optimized processes and set benchmarks within supply chain management.



Industry Recognition (Continued)



- Blue Plains Advanced Wastewater Treatment Plant was recipient of the **2021 Peak Performance Award after ten consecutive years of full compliance with its NPDES permit**. The Peak Performance Awards recognizes National Association of Clean Water Agencies (NACWA) member agency facilities for excellence in permit compliance.
- Awarded **Gold Level, Excellence in Management**, by the NACWA in 2022. This program honors member agencies that are implementing management practices that address the range of challenges identified in the Ten Attributes of Effectively Managed Water Sector Utilities.



This industry recognition is evidence of the high level of performance DC Water delivers and provides assurance to ratepayers and stakeholders that their resources are being spent wisely and they are receiving maximum value.

Benefits of Strong Financial Performance



- Proven financial policies and strong financial performance leads to higher bond ratings which results in lower interest rates and borrowing costs.
- A strong credit rating reduces the cost of debt which minimizes the financial burden of the utility and benefits ratepayers through lower rate increase requirements.
- Current Bond Ratings
 - Fitch: AA+
 - Moody's: Aa1
 - Standard & Poor's: AAA
- Strong bond ratings provided DC Water opportunity to refinance debt at lower interest rates in FY2021 and FY2022.
- DC Water's strong financial performance has allowed the Authority to secure \$156 million in federal low interest loans for 20 projects under the Water Infrastructure Finance and Innovation Act (WIFIA) program.

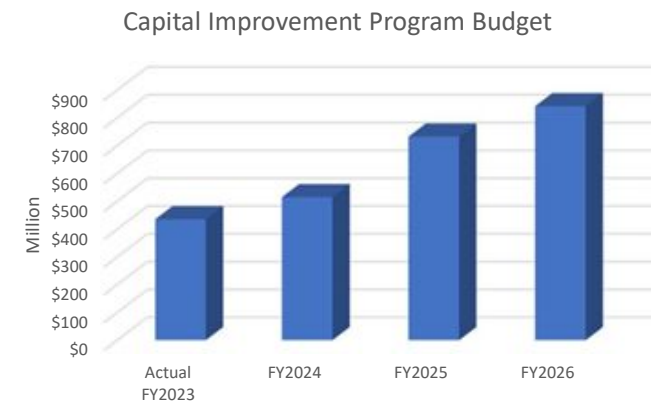
DC Water has established and maintains financial metrics and goals which support the strong credit ratings and allow for securing future debt at competitive interest rates. Approximately \$3.3 billion is planned to be borrowed to fund the capital program over the next 10 years.

Why are Rate Increases Necessary



Increased Investment in the Capital Improvement Program

- The CIP expense budget is projected to nearly double by FY2026, increasing to \$841.8 million in FY2026 from \$435.1 million in FY2023.
- Debt service payments are projected to increase from \$225.9 million in FY2023 to \$277.0 million in FY2026.
- The cash financed CIP budget is projected to increase from \$35.7 million in FY2023 to \$71.9 million in FY2026.
- The proposed ten-year total CIP budget is \$7.7 billion which includes a \$792 million increase over the Board approved CIP.



Source: FY 2025 10-Year CIP

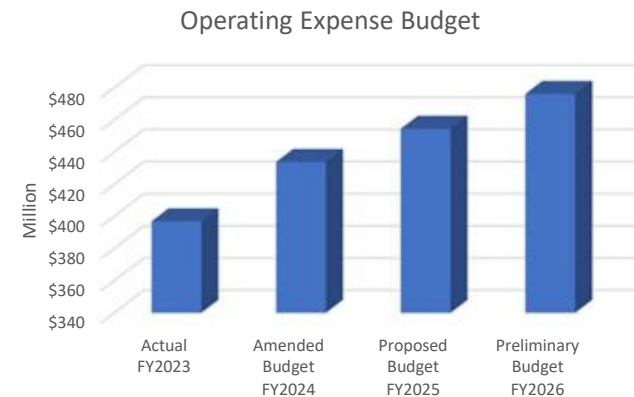
The need to repair and replace aging infrastructure is a significant issue for water and sewer providers. The cost of addressing aging infrastructure needs is placing significant pressure on rates throughout the industry.

Why are Rate Increases Necessary (Continued)



Operating Expenses are Projected to Increase

- The operating expense budget is projected to increase to \$476.2 million in FY2026. This represents a 19.98% increase compared to the FY2023 actual operating expenditure.
- Personnel Services account for approximately 46% of the total O&M budget. Personnel Services is budgeted to increase 4.0% each year in FY2025 and FY2026.
- The authorized headcount for FY2025 is 1,325 FTE. A budgeted job vacancy rate of 7% is assumed for FY2025. The current vacancy rate, as of November 2023, is 13%, with a total of 1,143 positions filled.



DC Water is budgeting operating expense increase consistent with inflationary indices. Personnel Services represent the largest portion of the operating budget.

Why are Rate Increases Necessary (Continued)



Operating Expenses (Continued)

- DC Water utilizes Contractual Services to avoid staffing fluctuation when completing major initiatives. Contractual Services are budgeted to increase by 9.9% in FY2025 and 3.6% in FY2026.
- The FY2025 and FY2026 Chemicals and Supplies budget includes increases of \$1.0 million and \$5.1 million, respectively, for critical parts and supplies for maintenance of equipment and facilities.
- Budgeted Water Purchases are projected to increase 2.9% and 7.1% in FY2025 and FY2026, respectively. This expense includes drinking water purchases from the Washington Aqueduct and funds for DC Water’s share of the McMillan Sewer backwash.

Line No:	Operating Expenditures (\$ Millions)	Actual FY2023	Amended Budget FY2024	Proposed Budget FY2025	Preliminary Budget FY2026	FY2025 YoY Change	FY2026 YoY Change
1	Regular Pay	\$132.7	\$147.2	\$154.1	\$160.3	4.7%	4.0%
2	Benefits	\$40.8	\$45.9	\$46.4	\$48.3	1.2%	4.0%
3	Overtime	\$9.8	\$8.5	\$9.1	\$9.5	7.0%	4.0%
4	Total Personnel Services	\$183.3	\$201.6	\$209.6	\$218.0	4.0%	4.0%
5	Chemicals and Supplies	\$53.1	\$54.6	\$55.6	\$60.7	1.9%	9.2%
6	Utilities	\$37.4	\$39.2	\$40.3	\$41.8	2.8%	3.6%
7	Contractual Services	\$88.3	\$93.1	\$102.3	\$106.0	9.9%	3.6%
8	Water Purchases	\$33.6	\$44.0	\$45.3	\$48.6	2.9%	7.1%
9	Small Equipment	\$1.2	\$1.4	\$1.4	\$1.3	-5.1%	-6.6%
10	Total Non-Personnel Services	\$213.6	\$232.3	\$244.9	\$258.2	5.4%	5.5%
11	Total O&M	\$396.9	\$433.9	\$454.5	\$476.2	4.7%	4.8%

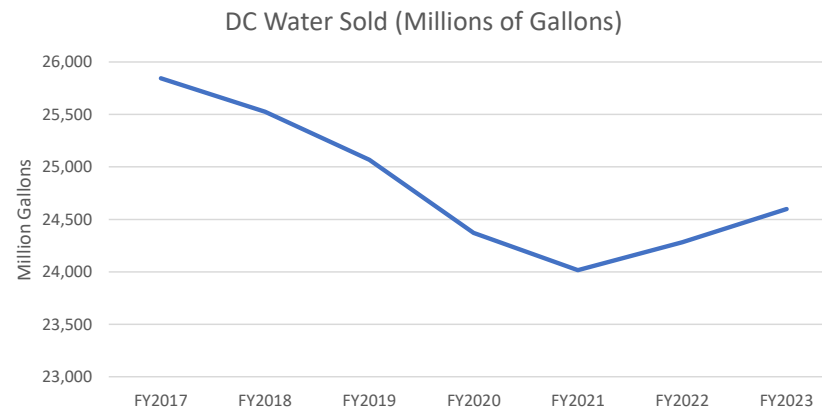
Inflationary increases in items such as chemicals, energy, materials, and labor, have resulted in increased utility operating costs.

Why are Rate Increases Necessary (Continued)



Declining Water Use

- The cost of service analysis shows approximately 76.5% of revenue is generated from volumetric sales.
- Prior to the COVID-19 pandemic, from FY2017 through FY2019, water sold decreased by an average of 1.5% annually.
- The water demand increased with recovery from the pandemic, but the overall trend between FY2017 and FY2023 shows a decline in water sales. The average annual decrease in water sold from FY2017 through FY2023 is 0.8%.
- DC Water has projected that water consumption will continue to decline at 1.0% annually in FY2025 and FY2026.



Why Invest in Capital Improvements



The capital budget is projected to increase to **\$732.1 million and \$841.8 million in FY2025 and FY2026, respectively.**

The proposed 10-year CIP budget is \$7.7 billion and will fund the following infrastructure:

- Fully funds the Clean Rivers Program including completion of the Potomac River tunnel to meet the consent decree requirement by 2030
- Allocates funding for the Lead-Free DC program
- Funds more than 150 miles of small diameter water main replacement
- Invests \$3.5 billion in the aging water and sewer system infrastructure. The current age of water and sewer piping systems average over 80 and 86 years, respectively, approaching end of service life.
- Directs \$1.3 billion for major rehabilitation and upgrades at Blue Plains Advanced Wastewater Treatment facility

Line No:	Category	Actual FY2023	FY2024	FY2025	FY2026
1	Non Process Facilities	\$10.3	\$13.1	\$19.9	\$25.2
2	Wastewater Treatment	\$50.4	\$65.2	\$103.3	\$133.5
3	Combined Sewer Overflow	\$93.8	\$123.8	\$213.4	\$231.3
4	Stormwater	\$3.5	\$7.3	\$13.6	\$8.0
5	Sanitary Sewer	\$57.7	\$80.6	\$92.2	\$123.9
6	Water	\$118.4	\$158.7	\$222.5	\$252.4
7	Additional Capital Projects	\$101.2	\$66.1	\$67.2	\$67.6
8	Total Capital Budget	\$435.1	\$514.7	\$732.1	\$841.8
9	YoY Change		\$79.6	\$217.4	\$109.7
10	YoY Percent Change		18.3%	42.2%	15.0%

- Allocates \$357.5 million for DC Water’s share of the Aqueduct’s infrastructure program
- Provides \$347.4 million for the purchase/replacement of vehicles, heavy-duty equipment, mechanical equipment, operational facilities, meters, office renovations, and IT projects

Proposed Change in Rates for FY2025 & FY2026



The table below presents the proposed rate changes for FY2025 and FY2026. Majority of the proposed increases are related to the recovery of water costs.

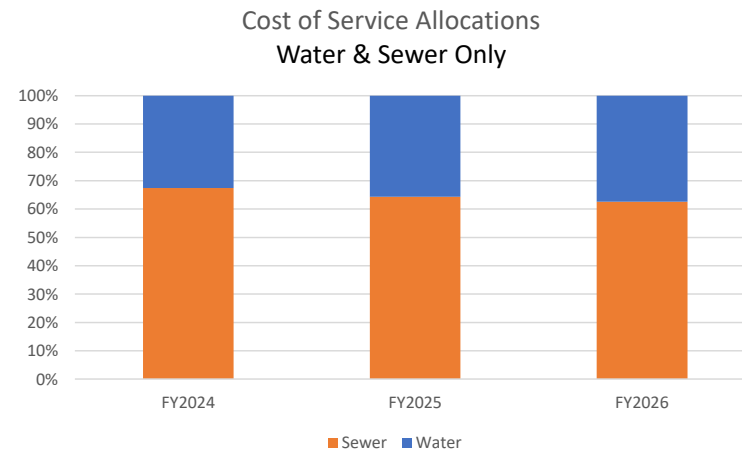
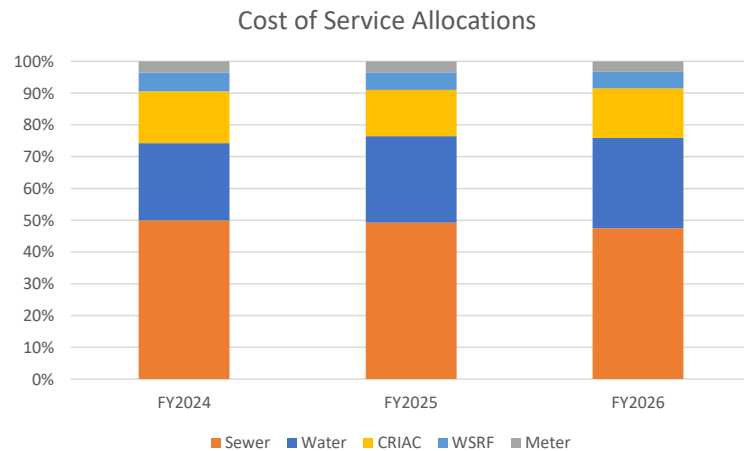
- Overall system proposed revenue increases for FY2025 and FY2026 are 8.0% and 6.0%, respectively.
- Cost recovery primarily impacts water rates mostly due to costs associated with Source of Supply & Treatment and Distribution.
- No adjustments in monthly metering charges and system replacement fees are proposed.
- DC Water bills and collects the PILOT Fee, Right of Way Fee, and Stormwater Fee on behalf of the District of Columbia.

Rates	Units	Current FY2024	Proposed FY2025	Proposed FY2026	Incr. /(Decr.) FY2025		Incr. /(Decr.) FY2026	
					\$	%	\$	%
					DC Water Retail Rates			
Water								
Residential – Lifeline (0- 4 Ccf)	Ccf	\$4.38	\$5.21	\$5.78	\$0.83	18.9%	\$0.57	10.9%
Residential – (> 4 Ccf)	Ccf	\$5.70	\$6.81	\$7.60	\$1.11	19.5%	\$0.79	11.6%
Multi-family	Ccf	\$5.00	\$5.82	\$6.47	\$0.82	16.4%	\$0.65	11.2%
Non-Residential	Ccf	\$5.89	\$7.03	\$7.84	\$1.14	19.4%	\$0.81	11.5%
Sewer	Ccf	\$11.70	\$12.07	\$12.52	\$0.37	3.2%	\$0.45	3.7%
Clean Rivers IAC	ERU	\$21.86	\$21.23	\$24.23	\$-0.63	-2.9%	\$3.00	14.1%
Customer Metering Fee	5/8"	\$7.75	\$7.75	\$7.75	\$0.00	0.0%	\$0.00	0.0%
Water System Replacement Fee	5/8"	\$6.30	\$6.30	\$6.30	\$0.00	0.0%	\$0.00	0.0%
District of Columbia Rates								
PILOT Fee	Ccf	\$0.61	\$0.61	\$0.62	\$0.00	0.0%	\$0.01	1.6%
Right of Way Fee	Ccf	\$0.19	\$0.19	\$0.20	\$0.00	0.0%	\$0.01	5.3%
Stormwater Fee	ERU	\$2.67	\$2.67	\$2.67	\$0.00	0.0%	\$0.00	0.0%

Rate Structure & Cost Allocation Review



- The proposed rates, presented on the preceding slide, are developed based on a bi-annual Cost of Service (COS) analysis.
- The figures below provide the allocated proportion of revenue requirements allocated to each Rate Component as well as the cost of service allocated to each service type, water and sewer.



DC Water's proposed FY2025 and FY2026 rates have been reasonably developed, based on industry cost of service principles, and reflect the budgeted revenue requirements of the system. In addition, the rates adhere to Board policies and are comparable to the rates of other utilities.

Proposed FY2025 & FY2026 Rates: Bill Impacts



	Avg SFR	Avg SFR in CAP	High Volume SFR	Ave Multi-Family	Avg Commercial	High Volume Commercial	Sample Cemetery	Sample Non-profit-low usage	Sample Non-profit-high usage
Monthly Bill - 2024 Rates (\$)	\$131.95	\$41.73	\$330.83	\$1,779.33	\$6,531.12	\$73,082.96	\$2,923.89	\$1,686.42	\$18,778.24
Monthly Bill - 2025 Rates (\$)	\$138.22	\$43.68	\$350.65	\$1,880.88	\$6,560.58	\$77,877.15	\$2,858.47	\$1,660.23	\$19,911.36
Monthly Bill - 2026 Rates (\$)	\$147.16	\$46.21	\$374.67	\$2,001.00	\$7,252.08	\$83,274.13	\$3,209.79	\$1,847.25	\$21,326.37
%Change 2024-2025	4.8%	4.7%	6.0%	5.7%	0.5%	6.6%	-2.2%	-1.6%	6.0%
%Change 2025-2026	6.5%	5.8%	6.9%	6.4%	10.5%	6.9%	12.3%	11.3%	7.1%
Assumptions:									
Consumptions (ccf/month)	5.42	5.42	15	88.95	98.20	3,332.33	4.7	7.36	804.07
Meter Size	5/8"	5/8"	5/8"	1.5"	2"	8 x 2"	5/8"	2"	4"
ERU	1	1	2	6.83	188.6	377.2	115.1	59.2	128.6

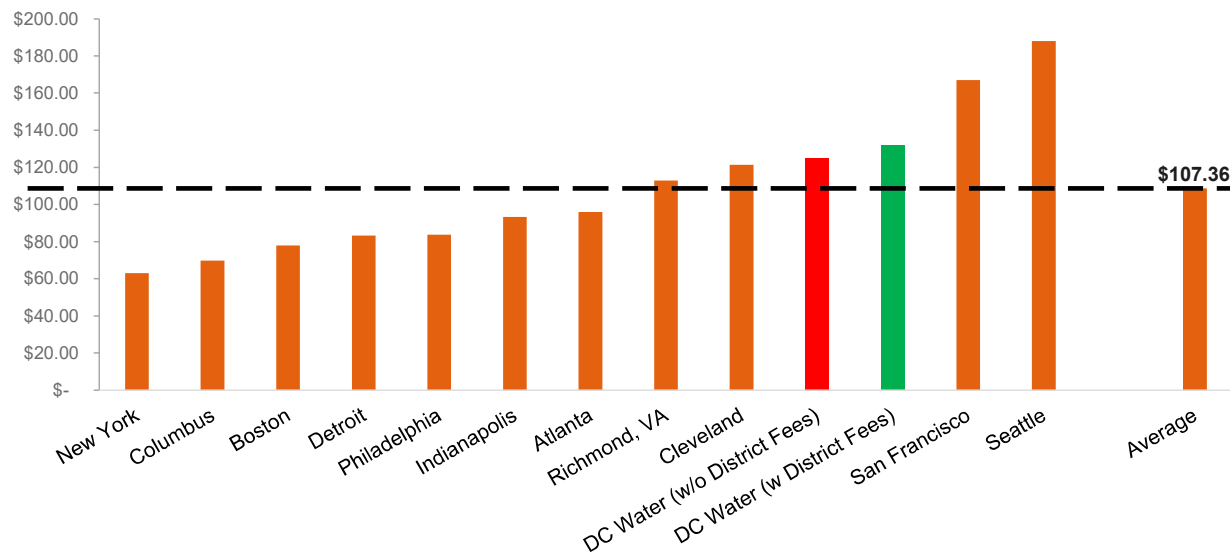
- Typical single-family customers will experience increases of 4.8% and 6.5% in 2025 and 2026, respectively, or about \$6 to \$9 per month in each year.
- CAP customers will experience slightly smaller bill percentage increases of 4.7% and 5.8% in 2025 and 2026, respectively, or about \$2 to \$2.50 per month.

Comparison of Charges



- Charts reflect rates and fees in place as of November 1, 2023.
- Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons per month.

SFR Monthly Bill - Utilities with CSO Programs



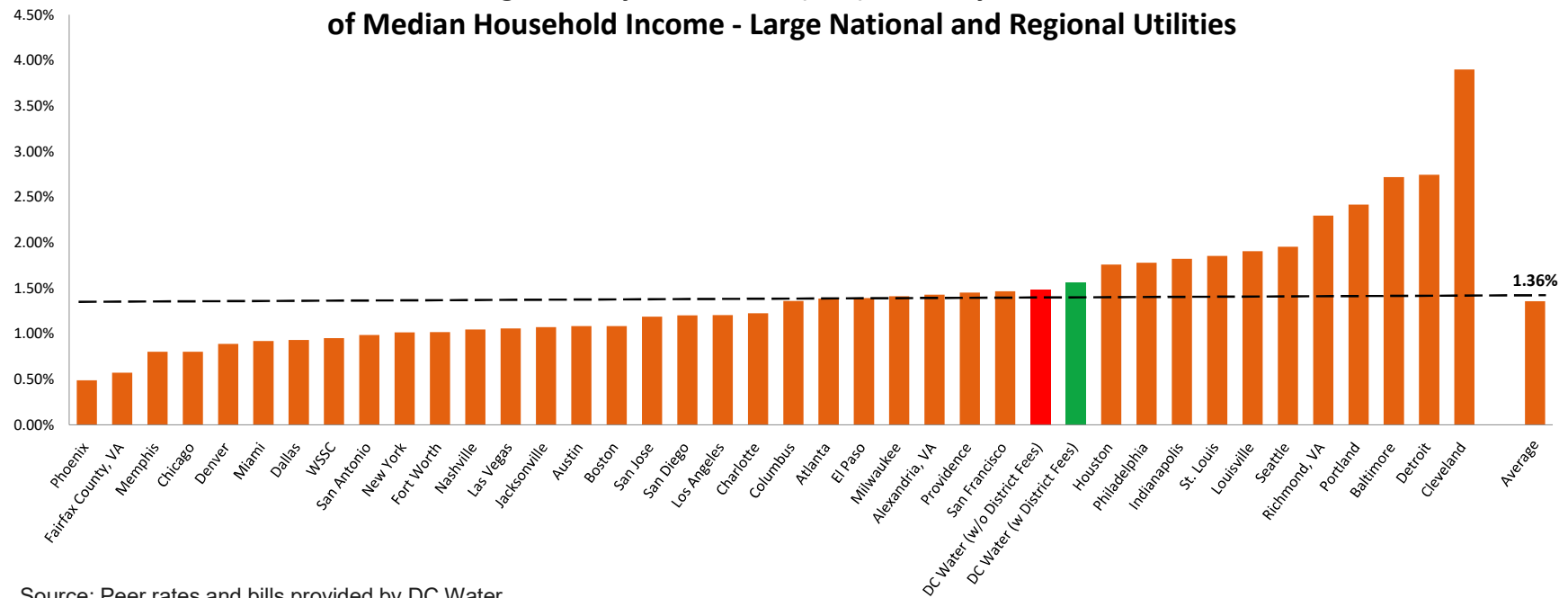
Source: Peer utility rates and bills provided by DC Water

DC Water charges are comparable to the average of the utilities surveyed that have combined sewers and CSO control programs.

Comparison of Charges (Continued)



**Single Family Residential (SFR) Monthly Bill as %
of Median Household Income - Large National and Regional Utilities**



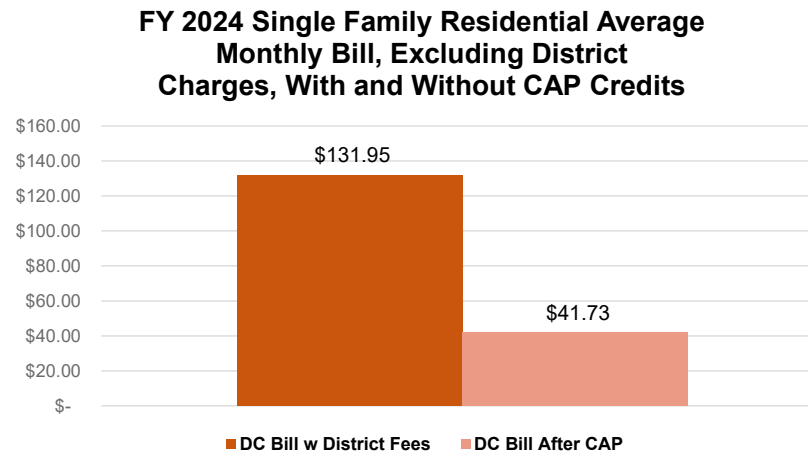
Source: Peer rates and bills provided by DC Water

DC Water's water, sewer, stormwater charges (without District fees) as a % of median household income are *reasonable* at 1.48% and are competitive with industry peer utilities.

Affordability of User Charges



After Customer Assistance Program (CAP) credits, a family of four at the 2023 Federal Poverty income level, using an average residential consumption of 5.42 Ccf, or 4,054 gallons, per month spends 1.67% of income on DC Water bills, excluding District Charges, with FY2024 rates.

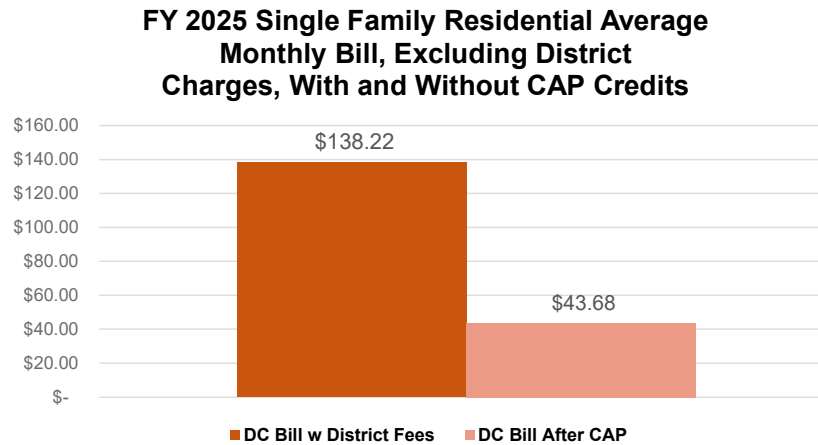


DC Water's CAP programs provide a significant reduction in participating customer bills.

Affordability of User Charges (Continued)



After Customer Assistance Program (CAP) credits, a family of four at the 2023 Federal Poverty income level, using an average residential consumption of 5.42 Ccf, or 4,054 gallons, per month spends 1.75% of income on DC Water bills, excluding District Charges, with the proposed FY2025 rates.

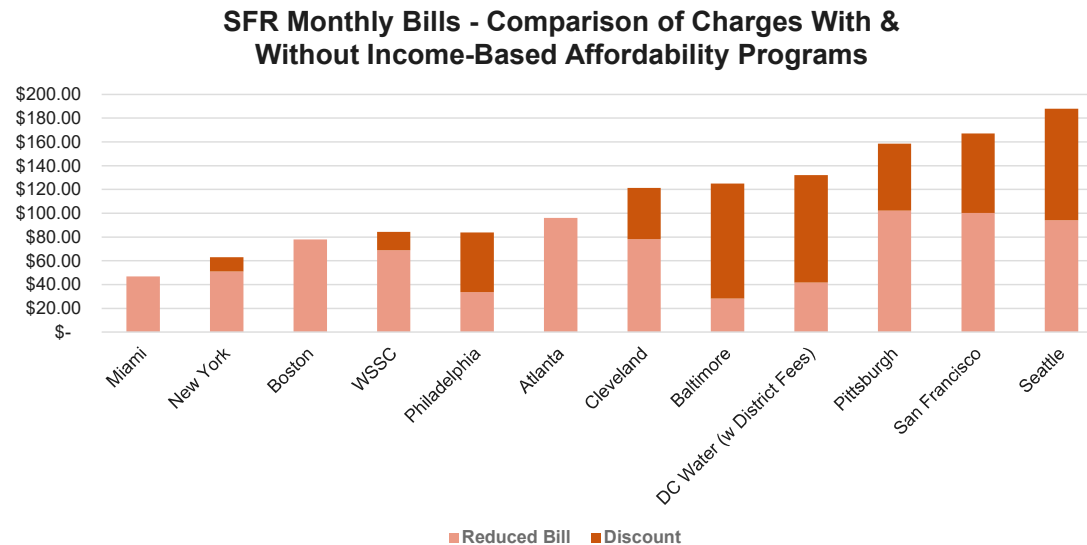


DC Water's CAP programs provide a significant reduction in participating customer bills.

Affordability of User Charges (Continued)



- DC Water CAP programs provide a monthly bill reduction of \$90.20 or 68% to participating customers.
- Support from CAP programs result in participating customer bills, which as a proportion of income, are similar to a single-family resident at median household income (1.67% and 1.48%)



The customer assistance programs offered by DC Water are robust compared to other utilities and provide the highest bill reduction among the peer utilities systems in the benchmarking survey.

Affordability of User Charges (Continued)



Program	Description	Eligibility
Customer Assistance Program (Monthly Discounts for Residential Customers)	Eligible households receive discounts on water and sewer services and/or discounts on some fees. (CAP 1, CAP 2, CAP 3) -Discounts range from \$196 to \$1,080 annually.	CAP 1: Residents with household income of 60% of AMI (Area Median Income) CAP 2: 80% AMI CAP3: 100% AMI
CAP+ *	All CAP benefits plus two (2) CCF of water and sewer credit. This is an additional credit of approximately \$39.00 per month per eligible customer.	20% AMI and approved by DOEE
Leak Assessment *	DC Water will offer resources that will provide private side leak assessment to help customers identify the source of leaks and associated high usage.	CAP, CAP 2, and CAP+ customers that have received consecutive usage notifications indicating that there may be a leak on the property.
Residential Assistance Program (Emergency Residential Relief)	Up to \$2,000 to help income-eligible customers eliminate their past due balance.	Income eligible customers verified by DOEE.
CRIAC Relief for Nonprofit Organizations	Credits of up to 90% of the CRIAC portion of a nonprofit's water bill.	Income eligible non-profit organizations, verified by DOEE.
Extended Payment Plans	Repay past due balances over time. More flexible options now available. No late fees accrue while meeting payment plan obligations.	Customers with a balance may be eligible.
SPLASH (One-time Emergency Assistance)	Up to \$350. DC Water employees, customers and others donate to this one-time assistance fund for those facing disconnection.	Income eligible customers, verified by Greater Washington Urban League.
Payment Plan Incentive Program*	DC Water will adjust 40% of the outstanding balance when an eligible customer maintains their payment plan. DC Water will post after three (3) months of on-time payments if current charges and payment terms are maintained.	Residential customers with an outstanding balance aged 60 days or greater and totals \$500 or more.

* Upcoming programs in FY2024/ FY2025

The customer assistance programs offered by DC Water are robust compared to other utilities and DC Water continues to advance customer assistance, adding four new programs in FY2024 and FY2025.

Proposed Water Is Life Amendment Act of 2024



Arcadis was provided a February 1, 2024, letter and enclosed copy of proposed legislative changes from the Council of the District of Columbia summarizing proposed changes to the Code of the District of Columbia, referred to as the Water Is Life Amendment Act of 2024. From review of this letter and legislative changes, the Water Is Life Amendment Act of 2024 introduces the following impacts:

- Prohibits water service disconnections for nonpayment at Residential Property
- Expands the current Code definition of Residential Property to include properties that contain ambulatory care, group home, sleeping unit, dwelling unit, housing unit, custodial care facility, or foster care facility
- Introduces the term Nonresidential Building which means a building that does not contain ambulatory care facility, group home, sleeping unit, dwelling unit, housing unit, custodial care facility, or foster care facility

DC Water provided delinquency data resulting from the service disconnect moratorium put in place during the COVID-19 pandemic:

- Delinquent payments increased from approximately \$10.6 million (1.53% of total revenue) in FY2019, prior to the COVID-19 pandemic, to approximately \$26.3 million (3.71% of total revenue) in FY2021, during the COVID-19 pandemic, an increase of 2.18%. During this time DC Water provided nearly \$15 million in new customer assistance programs, likely lessening the increase in delinquencies.
- From Arcadis' work in the industry, other water and sewer utilities experienced even higher delinquencies resulting from disconnect moratoriums, increases in delinquencies as high as 10%.

Proposed Water Is Life Amendment Act of 2024 (Continued)



- Revenue from the proposed FY2025 and FY2026 rates, adjusted for an increase in delinquencies to pandemic moratorium levels experienced by DC Water, are estimated to decrease by approximately \$9.4 million and \$10.0 million, respectively.
- The adjusted forecasted results show revenues that would not meet all Financial Policies of the Board and would reduce available PAYGO funding, which in turn, would increase future borrowing requirements.
- Additional borrowing could negatively impact the Authority’s credit, resulting in a possible bond rating downgrade which would result in higher costs of borrowing.
- The authority and ability to enforce collections through service disconnect is a critical element of maintaining stable revenue streams.
- Impacts from the proposed Water is Life Amendment would result in deviations from cost of service based rates as higher rate increases would apply to paying customers to subsidize delinquencies.

Line No:	Financial Plan (Millions) ¹	FY2025	FY2026
1	Beginning Operating Cash Balance	\$296.6	\$304.3
2	Proposed Revenue	\$926.3	\$977.5
3	Revenue Reduction	(\$9.4)	(\$10.0)
4	Operating Expenses	(\$444.2)	(\$464.9)
5	Debt Service	(\$249.5)	(\$277.0)
6	Cash Financed CIP	(\$60.4)	(\$71.9)
7	Wholesale/Federal True-Up	(\$21.5)	(\$15.1)
8	Projected Billing Refunds	(\$2.0)	\$0.0
9	PAYGO	(\$135.6)	(\$133.5)
10	Operating Cash Balance	\$300.2	\$309.3
11	Operating Cash Balance (Days of O&M)	247	243
12	Required Cash Balance to Meet 250 days of O&M Minimum	\$304.3	\$318.5
13	Reduction in PAYGO to Meet 250 days of O&M Minimum	\$4.0	\$9.2

1 Source: DC Water Ten-Year Financial Plan

Impacts of the Water is Life Amendment are expected to result in increased delinquencies, reduce revenue, impact DC Water’s ability to meet the Financial Policies of the Board, could result in credit downgrades, and would diminish cost of service justification for rates.

Conclusions



- DC Water's proposed FY2025 and FY2026 rates have been reasonable developed, based on industry cost of service principles, and reflect the budgeted revenue requirements of the system. In addition, the rates adhere to Board policies and are comparable to the rates of other utilities.
- The allocation of CRIAC and wastewater costs is based on functional allocations of revenue requirements to operating elements of the system; Water, Meter Charge, Wastewater, and Combined Sewer Overflow (CSO). CSO revenue requirements are further allocated to CRIAC for stormwater (63%) and wastewater (37%) based on engineering studies evaluating stormwater and wastewater contributions. This approach is reasonable and based on sound principles.
- The proposed FY2025 and FY2026 rates result in consistent bill impacts at similar levels for typical water users within in each customer class. Given proposed increases in water volumetric rates, high volume use customers, regardless of customer class, will experience a greater impact in their bills.
- Affordability is a current and long-term challenge for the water and wastewater industry as the cost of providing these services continues to increase. DC Water has established innovative and industry leading Customer Assistance Programs (CAP) in order to address affordability for its customers. Typical residential bills calculated using the proposed FY2025 and FY2026 rates, excluding adjustments from CAP programs, result in water and sewer bills of 1.48% of median household income. General industry guidelines indicate water and sewer bills less than 4.50% of median household income are considered affordable. A customer with income at the 2023 Federal Poverty level, with typical usage and participating in DC Water's CAP programs, will receive a bill reduction of approximately 66%. This will result in a bill of 1.67% of the participating CAP customers income.

Conclusions (Continued)



- DC Water has established practices and policies to ensure that the revenue from the rates cover current costs and meet or exceed all bond and other financial requirements of the system. This includes meeting metrics for debt service coverage, cash reserves, and capital funded by pay-go. Establishment of these policies will ensure the financial health of the systems, allowing for continued needed investment in infrastructure and ensuring proper levels of service are maintained for customers. The practices and policies are consistent with industry best practices and peer utilities.
- DC Water provided delinquency data for 2019 through 2023 which represents pre and post COVID-19 pandemic. During the pandemic, a service disconnect moratorium was in place and an increase in delinquency was observed. Applying delinquency rates observed during the pandemic disconnect moratorium, which would reasonably be expected as a result of the proposed Water Is Life Amendment Act of 2024, would result in FY2025 and FY2026 revenue below forecasted levels and would impact DC Water's ability to meet all of the Financial Policies of the Board. Estimates show the decrease in revenue would reduce PAYGO funding, increasing borrowing, potentially impact credit ratings, and place greater pressure on future rates adjustments.
- The Board of Directors has established through Resolution, a series of rate setting policies. The proposed FY2025 and FY2026 rates are developed to cover current costs and meet or exceed all bond and other financial requirements, yield a reliable and predictable stream of revenues, based on annually updated forecasts of operating and capital budgets, developed based on legally defensible principles, understandable and reasonably implemented, and as such are consistent with Board rate-setting policies.

Conclusions (Continued)



- The proposed FY2025 and FY2026 rates are developed using a cost of service analysis prepared based on industry guidelines as established in the AWWA Manual M1; Principles of Water Rates, Fees, and Charges. The proposed rates are developed in a manner yielding equitable allocation of costs and resulting in equitable retail rates.

Recommendations



- The District has experienced significant redevelopment in recent years. During its next parcel analysis, DC Water should consider conducting a review to validate the current ERU basis. DC Water should continue to conduct parcel analysis on a regular basis to maintain an up to date and accurate ERU for the CRIAC.
- The Water System Replacement Fee (WSRF) was implemented in 2016 and approved at its current level for a 10-year period. The WSRF is a fixed charge, graduated by meter size based on meter size capacities. As the current WSRF is set at the same level for a 10-year period, Arcadis recommends a cost-of-service update be performed to update the WSRF to ensure appropriate cost recovery between fees.
- Since a decline in water sold during the COVID-19 pandemic, DC Water has experienced an increase in water demand and associated revenue. However, data shows water sold is declining at an average annual rate of 1.3% between FY2017 and FY2023. The FY2025 and FY2026 forecasts incorporate a 1.0% annual decline in water sold. DC Water should continue monitoring declining water sales and incorporate any necessary adjustments into future forecasts.



Questions and Discussion

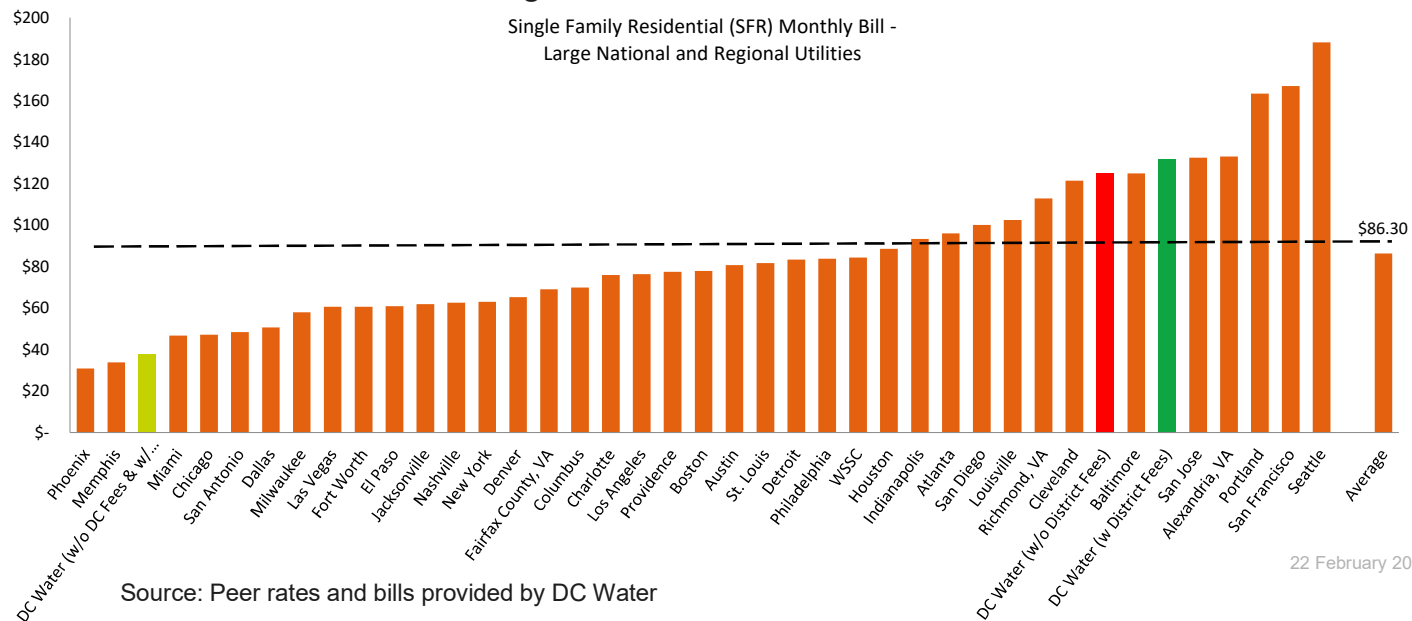


Appendix- National Comparisons



Charts reflect rates and fees in place as of November 1, 2023. User charges are based upon information provided by the identified cities and 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.

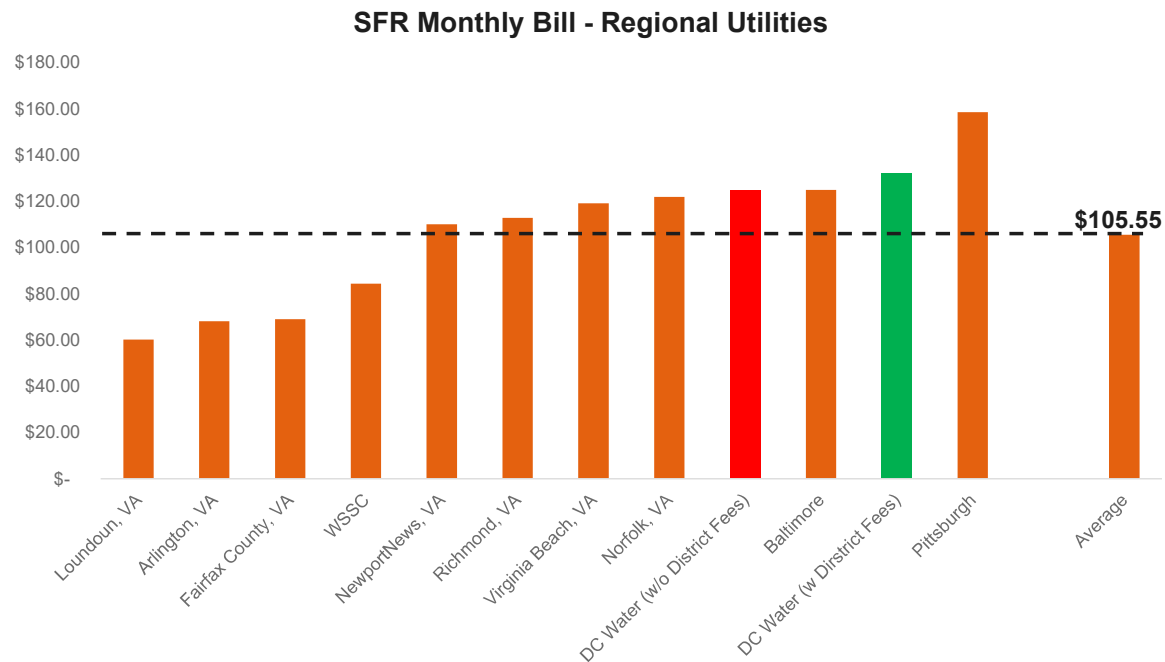
- DC Water typical monthly bills (in red and green), without incorporating CAP benefits, are higher than the average of national and regional utilities included in the survey. However, it is important to note, DC Water receives no property tax revenue or other subsidies to reduce its user charges. Typical bills for participating CAP customers are lower than the average bill amounts.



Appendix- Regional Comparisons



Regional Utilities: DC Water charges are somewhat higher than the average of the regional utilities included in the survey; however, unlike some utilities, DC Water receives no property tax revenue or other subsidies to reduce its user charges.



Source: Peer rates and bills provided by DC Water

22 February 2024

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Appendix- Affordability Comparisons



DC Water offers affordability programs that are more robust compared to programs of other utilities in the region.

Utility Assistance Program	Level of Assistance	Eligibility
DC Water: Customer Assistance Program (CAP+, CAP1, CAP2, and CAP3)	CAP1: discount on the first 4Ccf of water and sewer use each month, a 75% reduction in CRIAC fee, and a Water Service Replacement Fee waiver. CAP2: discount on the first 3Ccf of water and sewer use each month (exclude PILOT/ROW) and 50% reduction in CRIAC fee. CAP3: 75% off the monthly CRIAC fee. CAP+: All CAP benefits plus two (2) CCF of water and sewer credit. This is an additional credit of approximately \$39.00 per eligible customer.	Income eligible customers verified by DOEE. During FY2025, for a family of 4, \$91,250 for CAP1 (60% of AMI) , \$121,700 for CAP2 (80% of AMI), and \$152,100 for CAP3 (100% of AMI.) For CAP+ (starting in FY2025,) it will be 20% of AMI.
PEPCO: Residential Aid Discount Program (RAD)	About 25% discount on electric bills, excluding generation and transmission service.	Income eligible customers verified by DOEE.
PEPCO: Arrearage Management Program	A monthly credit or matching payment that goes toward unpaid account balances for a year.	Current RAD customer with balance of \$300 or more that is at least 60 days past due.
PEPCO: Low-Income Home Energy Assistance Program (LIHEAP)	Customers can receive up to \$1,800 as a one-time Regular Energy Assistance benefit once a year from Oct.1 through Sept. 30.	Maximum annual income (October 1, 2022 - September 30, 2023) can't be more than \$91,225.
PEPCO: Senior Citizens and Disabled Resident Credit*	Seniors and individuals with disabilities may be eligible to receive a monthly \$7.50 credit on their Pepco bill.	Seniors and individuals with disabilities who are receiving either the D.C. Homestead Deduction or the Senior Citizen/Disabled Property Tax Reduction, and do not receive the Pepco Residential Aid Discount (RAD).
Washington Gas: Low-Income Home Energy Assistance Program (LIHEAP)	Through this program, the federal government distributes funds to the District of Columbia which, in turn, provides grants to qualified applicants to help them pay their energy bills.	Income eligible customers verified by DOEE.
Washington Gas: Residential Essential Service (RES) or Utility Discount Program(UDP)	Discount on a portion of the natural gas they use each month during the heating season from Nov. 1 to April 30.	Use natural gas as the principal source for home heating and eligible for the LIHEAP.

Appendix- Affordability Comparisons (Continued)



Utility Assistance Program	Level of Assistance	Eligibility
Comcast/ Xfinity: Internet Essentials	Provides 50/5 Mbps internet service for \$9.95 a month plus tax. No activation fees and no equipment rental fees.	Eligible for public assistance programs and is not an existing customer. Should not have outstanding debt to Comcast that is less than one year old.
Verizon Fios: Lifeline Service Program	1. Voice Dial Tone Line and Unlimited Local Usage - \$1 - \$3 per month (after Federal & State discounts) 2. Broadband (internet) - \$9.25 monthly discount off any Fios plan	Participate in certain government assistance programs or your annual income is 135% or below the Federal Poverty Guideline.
RCN: Internet First	50 Mbps Internet service for \$9.95 a month plus tax	Participate in public assistance programs and have not subscribed to RCN services within the sixty (60) day period immediately prior to applying for the program.
Amazon	50% Discount on Prime Membership	Eligible for government assistance programs

Appendix- Supporting Tables



Why are rate increases needed: O&M expenses and disbursements are increasing, and consumption is decreasing.

- Long-term water demand is decreasing; total water sold has declined by 3.6% from 2017 through 2023

Water Sold (Millions of Gallons)

FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
25,845	25,526	25,067	24,370	24,017	24,282	24,598

- Historical financial performance supporting numbers:

Actual versus Revised Budget (\$ Million)

Actual vs. Revised Budget	Y2021	FY2022	FY2023
Budgeted Revenue	\$733.70	\$800.10	\$842.40
Actual Revenue	\$709.60	\$833.60	\$853.30
Budgeted Expenditures	\$642.66	\$658.42	\$686.40
Actual Expenditures	\$591.54	\$630.64	\$681.57

Appendix- Supporting Tables



Total O&M expenses are expected to increase by \$20.6 million in FY2025 and \$21.7 million in FY2026, or 4.7% and 4.8%. Cash Financed CIP is projected to increase by \$1.9 million in FY2025 and \$11.5 million in FY2026 to fund portions of the capital plan balance the use of additional debt to manage debt service coverage and support the credit rating.

Line No:	Operating Expenditures (\$ Millions)	Amended Budget FY2024	Proposed Budget FY2025	Preliminary Budget FY2026	FY2025 YoY Change	FY2026 YoY Change
1	Regular Pay	\$147.2	\$154.1	\$160.3	4.7%	4.0%
2	Benefits	\$45.9	\$46.4	\$48.3	1.2%	4.0%
3	Overtime	\$8.5	\$9.1	\$9.5	7.0%	4.0%
4	Total Personnel Services	\$201.6	\$209.6	\$218.0	4.0%	4.0%
5	Chemicals and Supplies	\$54.6	\$55.6	\$60.7	1.9%	9.2%
6	Utilities	\$39.2	\$40.3	\$41.8	2.8%	3.6%
7	Contractual Services	\$93.1	\$102.3	\$106.0	9.9%	3.6%
8	Water Purchases	\$44.0	\$45.3	\$48.6	2.9%	7.1%
9	Small Equipment	\$1.4	\$1.4	\$1.3	-5.1%	-6.6%
10	Total Non-Personnel Services	\$232.3	\$244.9	\$258.2	5.4%	5.5%
11	Total O&M	\$433.9	\$454.5	\$476.2	4.7%	4.8%
12	Debt Service	\$221.6	\$249.5	\$277.0	12.6%	11.0%
13	PILOT & ROW	\$23.4	\$23.8	\$24.2	1.6%	1.6%
14	Cash Financed CIP	\$58.6	\$60.4	\$71.9	3.2%	19.0%
15	Total Non-O&M	\$303.6	\$333.7	\$373.1	9.9%	11.8%
16	Total Operating Expenditures	\$737.6	\$788.2	\$849.4	6.9%	7.8%
17	Capital Labor Charges	(\$32.0)	(\$34.1)	(\$35.5)	6.6%	4.1%
18	Net Operating Expenditures	\$705.6	\$754.2	\$813.9	6.9%	7.9%

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Attachment C

District of Columbia Water and Sewer Authority
Retail Rates Committee
DC Water Cares Program Expansion and CAP Rules Update
Tuesday, February 27, 2024
Meisha Thomas, Director of Customer Care



Purpose

Request the Retail Rates Committee's recommendation to the Board to:

- Approve the expansion of the DC Water's Cares portfolio and associated budget by adding CAP+, Leak Assessment, and the Payment Plan Incentive programs. This includes:
 - To amend regulations to add new DC Water's Customer Assistance Program, CAP Plus (CAP+), effective October 1, 2024, as summarized below and provided in Attachment A of the Action Item:
 - CAP+ applicants that submit a complete CAP application to DOEE, receive CAP+ benefits equivalent to CAP benefits plus an additional two (2) CCF of water and sewer credit



Proposed



Leak Assessment Program

CAP+

20% AMI

\$30,430 (family of 4)

Discount on the first 600 cubic ft. of water and sewer services + 75% reduction in the monthly CRIAC fee + WSRF waiver

\$122/month discount

CAP

60% SMI

\$91,250 (family of 4)

Discount on the first 400 cubic ft. of water and sewer services + 75% reduction in the monthly CRIAC fee + WSRF waiver

\$95/month discount

CAP2

80% AMI

\$121,700 (family of 4)

Discount on the first 300 cubic ft. of water and sewer services + 50% reduction in the monthly CRIAC fee

\$62/month discount

CAP3

100% AMI

\$152,100 (family of 4)

Discount of 75% off the monthly CRIAC fee

\$16/month discount

CRIAC Non-Profit Relief

District-funded program to assist Non-profit organizations with Clean Rivers Impervious Area Charge (CRIAC)

* These CAP amounts are for FY 2025

Residential Assistance

- Up to \$2,000 per household
- DC Water Funded

Payment Plan Incentive Program

- Help eligible customers with aged balance of 60 days or greater and totals \$500 or more
- Adjust 40% of total payments (includes current charges and payment plan installment)

Homeowners Assistance Fund

- Provide assistance with water utility bills
- Federally Funded

Low-Income Household Water Assistance (LIHWAP)

- Provides funds to assist Households with water and sewer bills
- Federally Funded



Customer Programs Recognized by EPA

Bill Discount

- DC Water offers programs with incomes up to 100% AMI
- **NEW** – **CAP+** program offers even more robust assistance to households with up to 20% MHI

Flexible Terms

- DC Water offers payment plans
- **NEW** – **Payment Plan Incentive Program** - Customers who meet the terms of their payment plans will have a credit to their arrears

Lifeline Rate

- **Lifeline Rate** provides a discount for the first four Ccfs of water
- Customers can save money a month if they can conserve water

Temporary Assistance

- **SPLASH** program, paid for with customer, employee, and Board member contributions
- The new **Payment Plan Incentive Program** will provide a credit toward past-due balances for customers who meet terms of Payment Plans; paid for with the Rate Stabilization Fund

Water Efficiency

- **NEW** – \$500,000 **Leak Assessment** program will provide water audits to help customers identify the source of leaks and high bills





Proposed Budget

Program	Description	Start Date	Proposed Budget
CAP+	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.	FY25	\$500,000
Leak Assessment	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.	FY25	\$500,000
Payment Plan Incentive	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.) Funded by Rate Stabilization Fund - \$2M in each year - FY24 & FY25 Program duration: - 6/1/24 to 9/30/25	FY24	\$4,000,000





End Residential Assistance Program

💧 Residential Assistance funding will be exhausted in FY24.

Program	FY23 Enrolled	FY23 Dollars	FY24 Enrolled (Jan 2024)	FY24 Dollars (Jan 2024)	FY24 Budget	FY24 Remaining Balance
DC Water Cares Residential	2816	\$2,930,302	1,096	\$622,647	\$1,105,135	\$482,489



Recommendation

Management requests that the Retail Rates Committee recommend the following to the full Board for approval of the:

- Approve the expansion of the DC Water’s Cares portfolio and associated budget by adding CAP+, Leak Assessment, and the Payment Plan Incentive programs. This includes:
 - To amend regulations to add new DC Water’s Customer Assistance Program, CAP Plus (CAP+), effective October 1, 2024, as summarized below and provided in Attachment A of the Action Item:
 - CAP+ applicants that submit a complete CAP application to DOEE, receive CAP+ benefits equivalent to CAP benefits plus an additional two (2) CCF of water and sewer credit

Attachment D



Proposed FY 2025 and FY 2026 Rates, Charges and Fees Presentation to Retail Rates Committee, February 27th, 2024

District of Columbia Water and Sewer Authority



Blue Plains Advanced Wastewater Treatment Plant



Purpose

Seek Committee's recommendation to the Board on the:

Multi-year Rate Proposal for FY 2025 and FY 2026

- Water and Sewer Rates, Charges & Fees
- Retail Groundwater Sanitary Sewer Service Rate
- High Flow Filter Backwash Sewer Rate

FY 2024 – FY 2033 Financial Plan

- Projected residential water and sewer rates
- Projected average residential customer bills
- 10-year CIP disbursement budget





Budget & Rates Adoption Calendar

Timeline	Activity	Status
January 4	Budget Workshop with Board of Directors	✓
January 12	Wholesale Customer Briefing	✓
January 19	Office of People’s Counsel Briefing	✓
Committee Discussions & Reviews		
January 18	Environmental Quality & Operations	✓
January 23	Joint DC Retail Water & Sewer Rates and Finance & Budget Committee	✓
February 1	Board Meeting (No Board Action Required)	
Committee Reviews, Recommendations & Actions		
February 15	Environmental Quality & Operations	✓
February 22	Finance & Budget	✓
February 27	DC Retail Water & Sewer Rates	
March 7	Board Adoption of Budgets	
April	Submit Budget via the District to U.S. Congress	
April – June	Rates Public Outreach & Town Halls & Public Hearing on May 9	
July 3	Board Adoption of Rates	
October 1	Fiscal Year 2025 Begins	



Board Policy in Setting Rates Resolution #11-10

- DC Water strives to achieve the following, per Board policy:
 - Cover current costs and meet or exceed all bond and other financial requirements as well as goals set by the Board
 - Yield a reliable and predictable stream of revenues
 - Are based on annually updated forecasts or operating and capital budgets
 - A rate structure that is legally defensible, based on objective criteria, and transparently designed
 - A rate structures that customers can understand and DC Water can implement efficiently
 - Rate increases that are implemented transparently and predictably
- To the extent annual revenues exceed costs, the Board will utilize all available options to mitigate future customer impacts and annual rate increases, including transferring excess funds to the Rate Stabilization Fund





Establishment of Rates

- 💧 The Board of Directors approves the Budget and the Financial Plan that determines the revenue requirements to operate and maintain water and sewer infrastructure, upgrade our facilities, and improve the environment.
- 💧 The Board of Directors approves DC Water's proposed rates, charges and fees after:
 - ✓ Presentation of Operating and Capital Costs for the applicable rate period to the Environmental Quality and Operations, Finance and Budget, and DC Retail Water and Sewer Rates Committee;
 - ✓ Presentation of the Cost of Service Study and publication on DC Water's website;
 - ✓ Presentation of the Independent Review of Rates and Budget by Consultant and publication on DC Water's website;
 - ✓ Submittal of Cost of Service Study and Independent Review of Rates and Budget to Mayor and Council;
 - ✓ Publication of the rate proposal in the *D.C. Register* for public comment;
 - ✓ Holding a Public Hearing to receive comments on the rate proposal, held not less than 45 days after publication of the rate proposal in the *D.C. Register*;
 - ✓ Review of comments received during the public comment period and during the Public Hearing and DC Water's response to comments, and publication of both on DC Water's website; and
 - ✓ Recommendation from the DC Retail Water and Sewer Rates Committee and General Manager



Multi-Year Rate Proposal for FY 2025 and FY 2026

Proposed rate changes:

- Water and sewer rates increase by 8.0% for FY 2025 and 6.0% for FY 2026
- Proposed CRIAC of \$21.23 per ERU in FY 2025 and \$24.23 per ERU in FY 2026
- Right-of-Way Fee at \$0.19 per Ccf for FY 2025 and \$0.20 per Ccf for FY 2026
- PILOT Fee at \$0.61 per Ccf for FY 2025 and \$0.62 per Ccf for FY 2026
- Proposed Groundwater Rate of **\$3.50** for FY 2025 and **\$3.76** for FY 2026
- Proposed High Flow Filter Backwash Sewer Rate of **\$3.32** for FY 2025 and **\$3.54** for FY 2026

Rates and charges that remain the same:

- Customer Metering Fee remains at \$7.75 for 5/8” meters
- Water System Replacement Fee (VSRF) at \$6.30 for 5/8” meters

- Cost of Service Study aligned with rate proposal
- Combined rate increases lower than last year’s forecast

Change in Average Household Charge	Fiscal Year	
	2025	2026
Recommendation	4.8%	6.5%
Previous Forecast	7.0%	6.8%

Reflects updated changes based on cost of service study completed



Multi-Year Rate Proposal

- **Proposed rates are for FY 2025 and FY 2026**

- **Multi-year rates provide many benefits:**

- Revenue certainty
- Budget discipline
- Expenditures better aligned with revenues
- 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





Value of Water

💧 Tap Water is the affordable choice.

- Bottled water is 6,000% more expensive than tap water
- One gallon of bottled water costs \$1.23 per gallon on average*
- One gallon of DC Water costs \$0.02 per gallon



OR



*Source: International Bottled Water Association



Value of Water

💧 Tap Water is the environmental choice

- Americans purchase about 50 billion plastic water bottles per year
- Bottled water production and transportation requires tremendous energy and natural resources
- About 86% of empty plastic water bottles end up in the trash instead of being recycled
- Anacostia Riverkeeper says more than half of the trash floating in Anacostia River is from plastic water bottles
- New study found massive amounts of microscopic plastic in bottled water





Caring for Our Customers

💧 DC Water offers some of the nation's most financially supportive customer assistance programs:

Lifeline Rate

- Provides a discount to residential customers on the first 2,992 gallons used each month

CAP

- Provides monthly discounts to residential customers with household incomes less than \$152,100 (family of four)

One-Time Assistance

- SPLASH provides one-time emergency assistance to customers
- New programs for residential and multi-family customers

Payment Terms

- DC Water provides flexible payment terms for customers to get back on track



Seniors with incomes up to \$106,450 can qualify for discounts
(single family household)

For more information see: dcwater.com/customer-assistance



Proposed



Leak Assessment Program

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20% AMI

\$30,430 (family of 4)

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\$122/month discount

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Homeowners Assistance Fund

- Provide assistance with water utility bills
- Federally Funded

Low-Income Household Water Assistance (LIHWAP)

- Provides funds to assist Households with water and sewer bills
- Federally Funded



Public Rates Outreach

- DC Water will hold Town Hall Meetings in April, in advance of the rates public hearing, to:
 - Inform customers about the Proposed FY 2025 and FY 2026 rates
 - Discuss the Capital Improvement Program, and
 - Promote all the existing and new customer assistance programs
- The meetings will be widely publicized through numerous channels, including:
 - Councilmember Offices
 - Advisory Neighborhood Commissions (ANCs)
 - DCWater.com website
 - X.com (*Twitter*), Facebook and Instagram
 - Nextdoor
 - Paid digital and print advertising





Public Communication

Complete Budget Briefing available online at <https://www.dewater.com/budget-and-rate-review-documents-0>

The screenshot shows the 'Ratemaking Process' page. The breadcrumb trail is: Home > About DC Water > Finance > Ratemaking Process. The main heading is 'Ratemaking Process'. Below the heading, there are three paragraphs of text explaining the process. To the right, there is a section titled 'IN THIS SECTION' with four links: 'FY 2025 Proposed Budget & Two-Year Rates', 'FY 2024 Approved Budget', 'FY 2023 and FY 2024 Approved Rates', and 'Budget and Rate Review Documents'. Below that is a section titled 'OTHER LINKS & DOCUMENTS' with 'Online Tools' (Rate Comparison Tool, Impervious Area Calculator) and 'FY 2023 & FY 2024 Approved Rate Documents' (Responses to Comments and Recommendations on Proposed Rates, FY 2023 & FY 2024 Proposed Rates Presentation - RRC February 22, 2022, Independent Review of Proposed Rates for FY 2023 and FY 2024 - Report, Independent Review of Proposed FY 2023 & FY 2024 Rates, Charges & Fees Presentation - RRC February 22, 2022).

The screenshot shows the 'Budget and Rate Review Documents' page. The breadcrumb trail is: Home > About DC Water > Finance > Ratemaking Process > Budget and Rate Review Documents. The main heading is 'Budget and Rate Review Documents'. Below the heading, there is a section titled 'Budget Review Documents' with a table of documents.

Date	Title
January 23, 2024	Joint DC Retail Water & Sewer Rates and Finance & Budget Committees FY 2025 Proposed Budget
January 19, 2024	Office of People's Counsel Briefing FY 2025 Proposed Budget & Two-Year Rates
January 18, 2024	Environmental Quality and Operations Committee Proposed FY 2024 - FY 2033 Capital Improvement Program
January 12, 2024	Wholesale Customer Briefing DC Water's Proposed FY 2025 Budget
January 4, 2024	Budget Workshop with the Board FY 2025 Proposed Budget & Two-Year Rates

The graphic features a wooden gavel with a green band that says 'dc water is life'. To the right, the text reads 'Are You In The Know?' followed by a short paragraph: 'Board of Directors meetings are held the first Thursday of every month and are open to the public. Join us in-person or watch online.' Below the text is a 'READ MORE >' button and a page number '1'.



Rate Proposal

- DC Water recovers only the funds necessary to fund the Operating and Capital Budgets through rates
- One of the fastest growing expenditure category is debt service for the capital program, which has grown an average of 6.2% a year since 2016
- As part of the budget, DC Water presents the rates required to support the CIP and forecasted operating expenditures
 - Rates are reviewed and approved by the DC Water Board every two years
 - The financial plan, including the forecast of rates, is proposed to the Board for consideration
- Customer Assistance Programs provide discounts for residential customers
 - Income requirements for those programs change every year
 - In FY 2021 the discount was increased for customers in the CAP program to ensure that rates comprised a lower portion of household income
 - Proposed new programs for FY 2025; CAP+, Payment Incentive, Leak Assessments

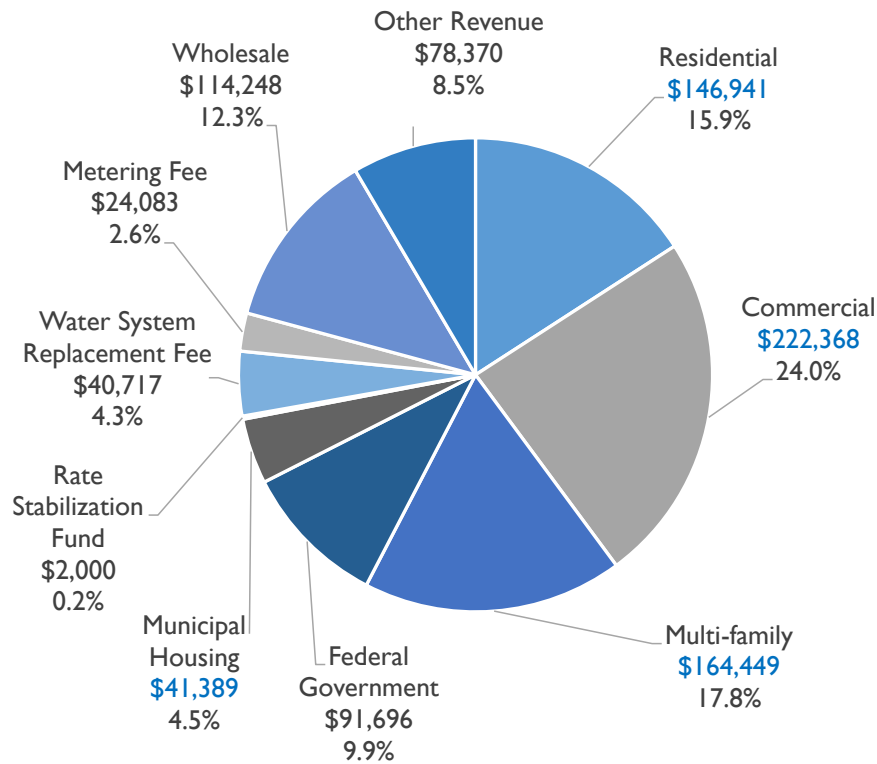




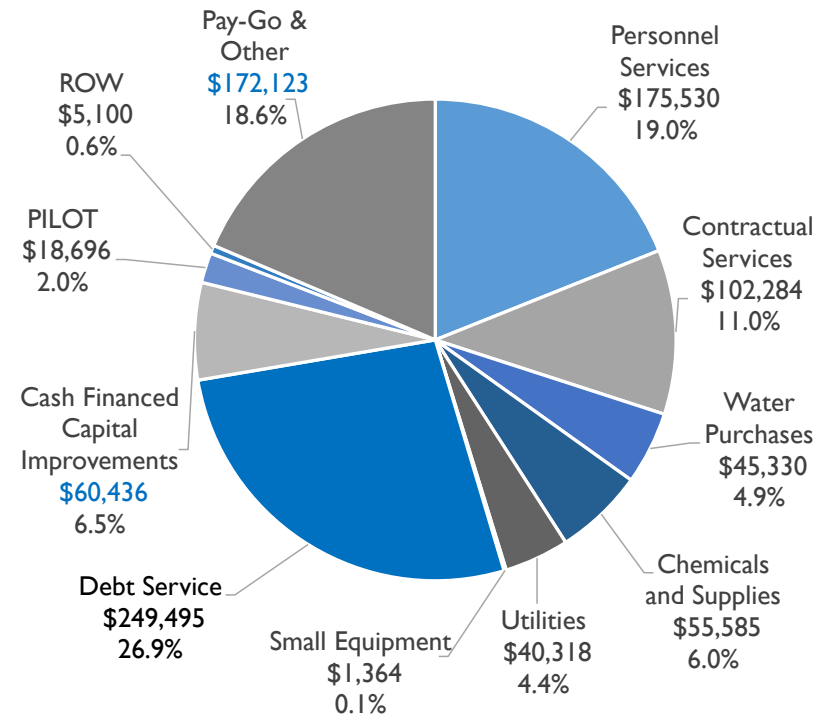
FY 2025 Operating: Sources and Uses of Funds

\$ in thousands

Sources - \$926.3 Million



Uses - \$926.3 Million



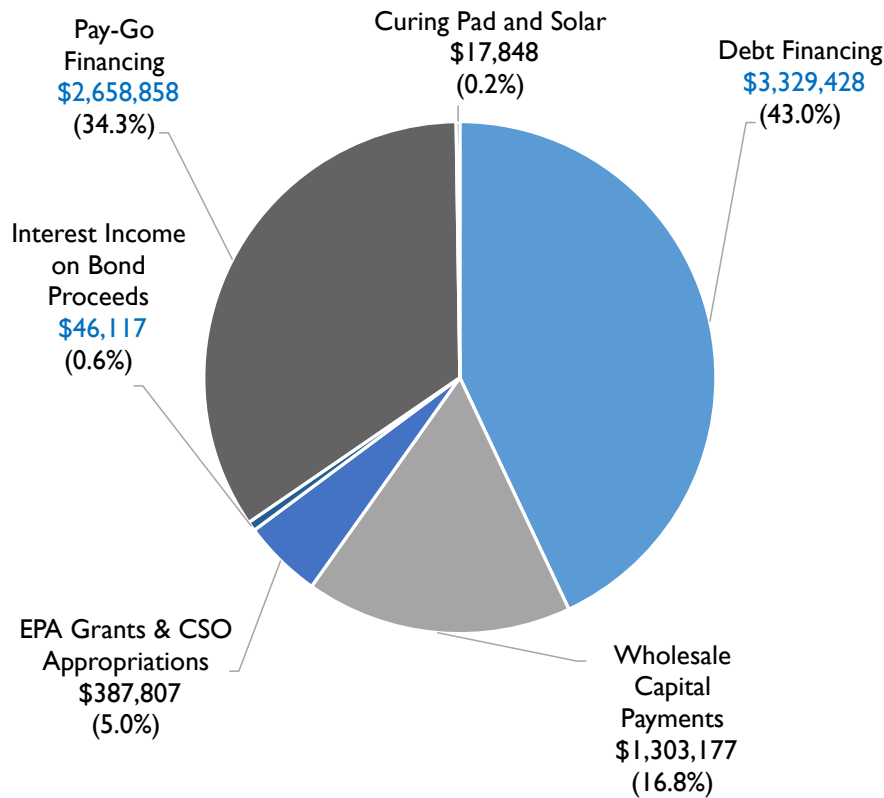
Reflects updated changes based on cost of service study completed



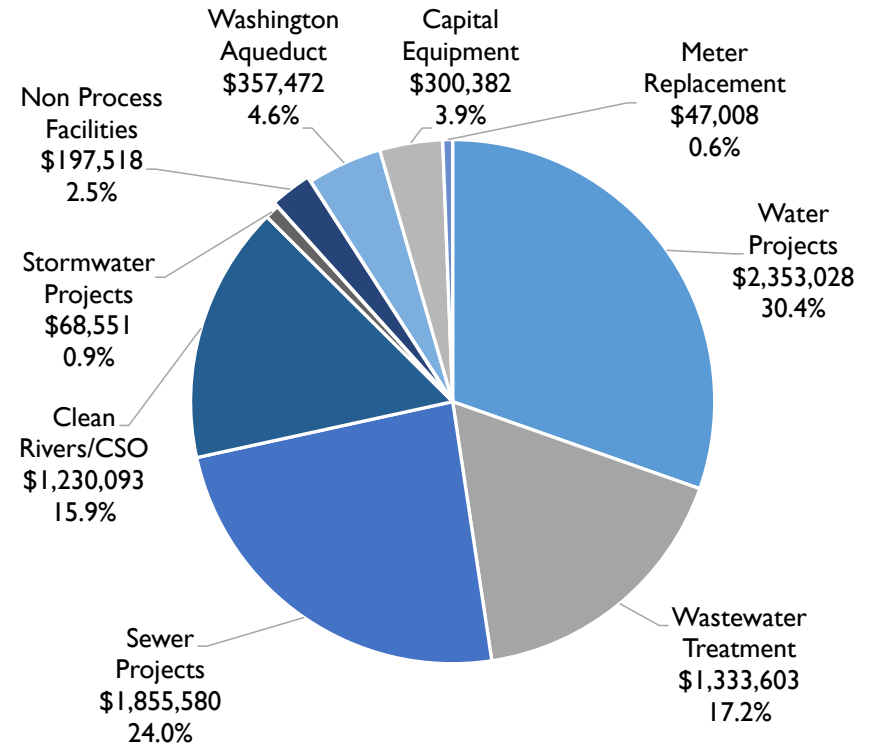
Ten Year CIP: Sources and Uses of Funds

\$ in thousands

Sources - \$7.74 Billion



Uses - \$7.74 Billion



Reflects updated changes based on cost of service study completed



The Capital Improvement Program

- 💧 The **proposed ten-year CIP budget of \$7.74 billion** includes annual spending estimates for capital construction, capital equipment and DC Water’s share of the Aqueduct’s capital projects
 - This is a \$792 million increase over the Board-approved CIP for the ten-year period
- 💧 The **proposed lifetime budget is \$16.1 billion** and covers total commitments, including labor, for active projects prior to, during, and beyond the ten-year window

Cash Disbursements (\$ in dollars)

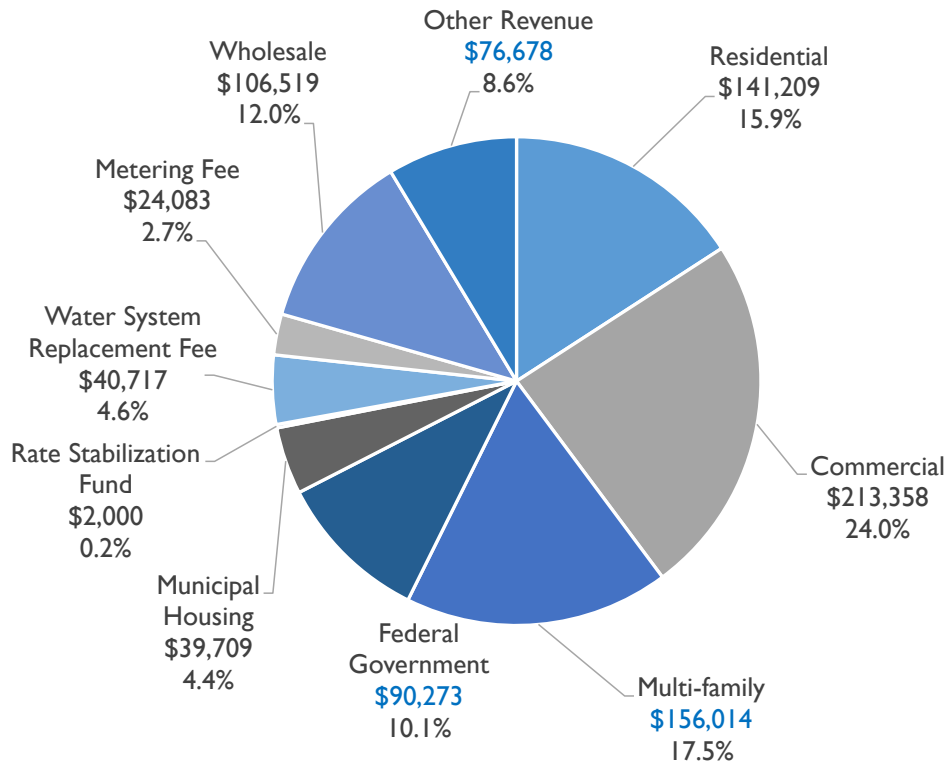
	FY 2024 - FY 2033 Disbursement Plan											Lifetime
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	10-yr Total	Budget
NON PROCESS FACILITIES	\$ 13,074	\$ 19,900	\$ 25,190	\$ 27,461	\$ 17,775	\$ 35,413	\$ 23,100	\$ 13,283	\$ 14,977	\$ 7,345	\$ 197,518	\$ 362,044
WASTEWATER TREATMENT	65,150	103,291	133,487	146,143	164,601	194,637	185,233	174,807	91,587	74,666	1,333,603	3,348,779
COMBINED SEWER OVERFLOW	123,793	213,408	231,323	216,615	193,750	154,800	92,363	4,041	-	-	1,230,093	3,430,748
STORMWATER	7,293	13,565	7,958	3,804	4,532	3,268	6,697	9,432	6,772	5,231	68,551	157,075
SANITARY SEWER	80,599	92,235	123,854	118,639	169,037	287,816	249,471	227,771	269,312	236,846	1,855,580	2,897,505
WATER	158,736	222,494	252,395	250,278	266,256	268,591	279,184	207,235	219,880	227,979	2,353,028	4,738,104
CAPITAL PROJECTS	\$ 448,646	\$ 664,893	\$ 774,206	\$ 762,940	\$ 815,951	\$ 944,526	\$ 836,048	\$ 636,568	\$ 602,528	\$ 552,067	\$ 7,038,373	\$ 14,934,255
CAPITAL EQUIPMENT	30,535	31,477	31,839	30,523	37,169	37,169	37,169	37,169	37,169	37,169	347,390	347,390
WASHINGTON AQUEDUCT	35,546	35,770	35,770	35,770	35,770	35,770	35,770	35,770	35,770	35,770	357,472	357,472
ADDITIONAL CAPITAL PROJECTS	\$ 66,081	\$ 67,246	\$ 67,609	\$ 66,293	\$ 72,939	\$ 72,939	\$ 72,939	\$ 72,939	\$ 72,939	\$ 72,939	\$ 704,863	\$ 704,863
LABOR												\$443,166
TOTAL CAPITAL BUDGETS	\$ 514,727	\$ 732,139	\$ 841,815	\$ 829,232	\$ 888,890	\$ 1,017,465	\$ 908,987	\$ 709,507	\$ 675,467	\$ 625,006	\$ 7,743,235	\$ 16,082,284



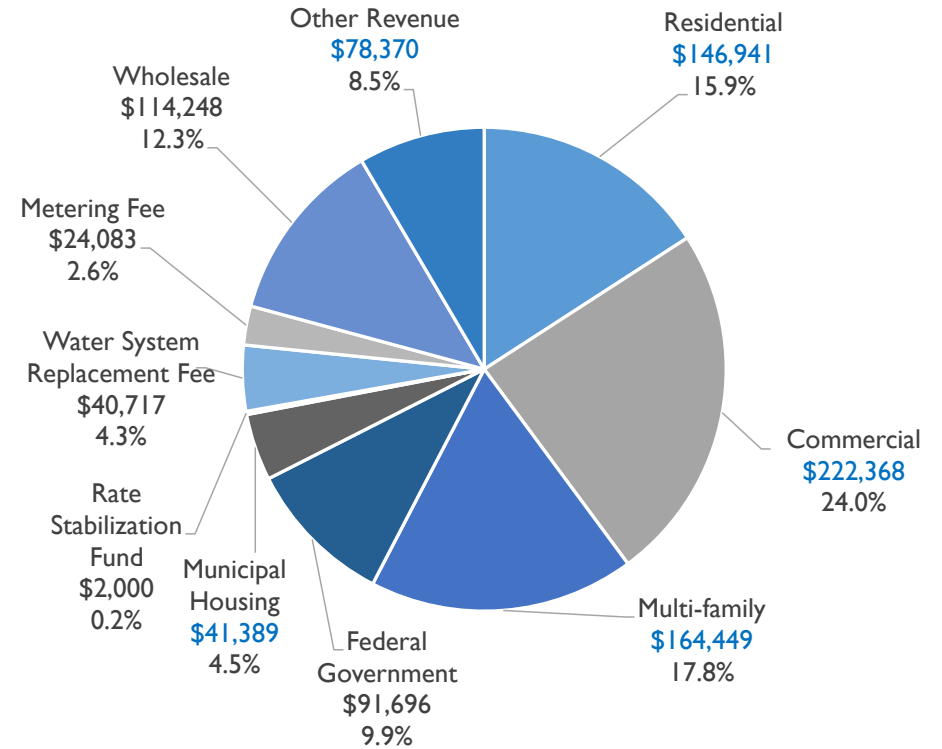
FY 2024 vs. FY 2025 Operating Revenues

\$ in thousands

Revised FY 2024
\$890.6 million



Proposed FY 2025
\$926.3 million



Reflects updated changes based on cost of service study completed



Revenue Comparison by Customer Class

💧 Total revenue is projected to increase by \$35.7 million or 4.0% for FY 2025 and \$51.2 million or 5.5% for FY 2026 mainly due to rate increase

- *Retail Revenue* – Increase by \$26.3 million or 3.7% in FY 2025 and \$43.5 million or 5.9% in FY 2026
- *Wholesale Revenue* – Increase by \$7.7 million or 7.3% in FY 2025 and \$6.7 million or 5.8% for FY 2026 due to operations and maintenance expense projection. Revenue estimates are based on most recent flow data

\$ in thousands	Revised FY 2024	Proposed FY 2025	Proposed FY 2026	FY 2025 vs FY 2024		FY 2026 vs FY 2025	
				Incr/(Decr)		Incr/(Decr)	
				\$	%	\$	%
Retail Revenue	\$705,362	\$731,643	\$775,094	\$26,281	3.7%	\$43,451	5.9%
Wholesale Revenue							
Potomac Interceptor (PI)	3,547	3,547	3,547	-	0.0%	-	0.0%
Loudoun County Sanitation Authority (LCSA)	9,539	10,450	11,045	911	9.6%	595	5.7%
Washington Suburban Sanitary Commission (WSSC)	74,959	79,591	84,441	4,632	6.2%	4,850	6.1%
Fairfax County	18,475	20,660	21,872	2,185	11.8%	1,212	5.9%
Total Wholesale Revenue	\$106,520	\$114,248	\$120,905	\$7,728	7.3%	6,657	5.8%
Other Revenue	76,678	78,370	81,456	1,692	2.2%	3,086	3.9%
Rate Stabilization Fund (RSF)	2,000	2,000	-	-	0.0%	(2,000)	-100.0%
Total Revenues	\$890,560	\$926,261	\$977,455	\$35,701	4.0%	\$51,194	5.5%

Reflects updated changes based on cost of service study completed



Proposed FY 2025 & FY 2026 Rates, Charges & Fees

	Units	Current FY 2024	Proposed FY 2025	Proposed FY 2026	Incr. /(Decr.) FY 2025		Incr. /(Decr.) FY 2026	
					\$	%	\$	%
					DC Water Retail Rates – Water:			
Residential – Lifeline (0- 4 Ccf)	Ccf	\$4.38	\$5.21	\$5.78	\$0.83	18.9%	\$0.57	10.9%
Residential – (> 4 Ccf)	Ccf	5.70	6.81	7.60	1.11	19.5	0.79	11.6
Multi-family	Ccf	5.00	5.82	6.47	0.82	16.4	0.65	11.2
Non-Residential	Ccf	5.89	7.03	7.84	1.14	19.4	0.81	11.5
DC Water Retail Rates – Sewer	Ccf	11.70	12.07	12.52	0.37	3.2	0.45	3.7
DC Water Clean Rivers IAC	ERU	21.86	21.23	24.23	-0.63	-2.9	3.00	14.1
DC Water Customer Metering	5/8"	7.75	7.75	7.75	-	-	-	-
DC Water System Replacement	5/8"	6.30	6.30	6.30	-	-	-	-
District of Columbia PILOT Fee	Ccf	0.61	0.61	0.62	-	-	0.01	1.6
District of Columbia Right of Way	Ccf	0.19	0.19	0.20	-	-	0.01	5.3
District of Columbia Stormwater	ERU	2.67	2.67	2.67	-	-	-	-

*Rate impact in FY2025 is 8.0% and 6.0% in FY2026 and that has bill impact of 4.8% in FY2025 and 6.5% in FY2026. The shift in the balance between water and sewer rates has been determined by the recent cost of service study.



Average Residential Customer Monthly Bill

	Units	Current FY 2024	Proposed FY 2025	Proposed FY 2026
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 89.03	\$ 95.93	\$ 101.77
DC Water Clean Rivers IAC ⁽²⁾	ERU	21.86	21.23	24.23
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75
DC Water Water System Replacement Fee ⁽⁴⁾	5/8"	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 124.94	\$ 131.21	\$ 140.05
Increase / Decrease		\$ 6.68	\$ 6.27	\$ 8.84
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$ 3.31	\$ 3.31	\$ 3.36
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	1.03	1.03	1.08
District of Columbia Stormwater Fee ⁽³⁾	ERU	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 7.01	\$ 7.01	\$ 7.11
Total Amount Appearing on DC Water Bill		\$ 131.95	\$ 138.22	\$ 147.16
Increase / Decrease Over Prior Year		\$ 6.79	\$ 6.27	\$ 8.94
Percent Increase in Total Bill		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 CAP Customer Monthly Bill

	Units	Current FY 2024	Proposed FY 2025	Proposed FY 2026
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 89.03	\$ 95.93	\$ 101.77
DC Water Clean Rivers IAC ⁽⁵⁾	ERU	21.86	21.23	24.23
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75
DC Water Water System Replacement Fee ⁽³⁾	5/8"	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 124.94	\$ 131.21	\$ 140.05
Increase / Decrease		\$ 6.68	\$ 6.27	\$ 8.84
District of Columbia PILOT Fee ⁽²⁾	Ccf	\$ 3.31	\$ 3.31	\$ 3.36
District of Columbia Right-of-Way Fee ⁽²⁾	Ccf	1.03	1.03	1.08
District of Columbia Stormwater Fee ⁽⁴⁾	ERU	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 7.01	\$ 7.01	\$ 7.11
Total Amount		\$ 131.95	\$ 138.22	\$ 147.16
Less: CAP Discount (4Ccf per month)		(67.52)	(72.32)	(76.48)
CAP Discount (100% WSRF per month)		(6.30)	(6.30)	(6.30)
CAP Discount (50% CRIAC per month)		(16.40)	(15.92)	(18.17)
Total CAP Discount		(90.22)	(94.54)	(100.95)
Total Amount Appearing on DC Water Bill		\$ 41.73	\$ 43.68	\$ 46.21
Increase / Decrease Over Prior Year		\$ 1.76	\$ 1.95	\$ 2.53
CAP Customer Discount as a Percent of Total Bill		-68.37%	-68.40%	-68.60%

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

(2) Expansion of CAP program in FY2009 assumes discount to first 4 Ccf of water, sewer, and further expansion in FY2011 assumes discount to first 4 Ccf of PILOT and ROW fee

(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 75% discount for the Clean Rivers IAC effective October 1, 2020



CAP+, CAP, CAP2, and CAP3 Discounts and Income Thresholds

💧 CAP+, CAP, CAP2 and CAP3 discounts and income thresholds

Program	Income Threshold ⁶	Charges (Discounts)	Current FY2024	Proposed FY2025	Proposed FY2026
CAP+ ²	\$30,430 (20% SMI)	Total Amount before Discounts ¹	\$ -	\$ 138.22	\$ 147.16
		Discounts	-	(122.49)	(130.68)
		Total Amount Appearing on DC Water Bill	\$ -	\$ 15.73	\$ 16.48
CAP ³	\$91,250 (60% SMI)	Total Amount before Discounts ¹	\$ 131.95	\$ 138.22	\$ 147.16
		Discounts	(90.22)	(94.54)	(100.95)
		Total Amount Appearing on DC Water Bill	\$ 41.73	\$ 43.68	\$ 46.21
CAP2 ⁴	\$121,700 (80% AMI)	Total Amount before Discounts ¹	\$ 131.95	\$ 138.22	\$ 147.16
		Discounts	(59.17)	(62.46)	(67.02)
		Total Amount Appearing on DC Water Bill	\$ 72.78	\$ 75.76	\$ 80.14
CAP3 ⁵	\$152,100 (100% AMI)	Total Amount before Discounts ¹	\$ 131.95	\$ 138.22	\$ 147.16
		Discounts	(16.40)	(15.92)	(18.17)
		Total Amount Appearing on DC Water Bill	\$ 115.55	\$ 122.30	\$ 128.99

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

(2) CAP+ provides a discount on the first 600 cubic feet (4,488 gallons) of water, sewer, PILOT and ROW fee, 75 percent reduction in the monthly CRIAC fee and WSRF waiver

(3) CAP provides a discount on the first 400 cubic feet (2,992 gallons) of water, sewer, PILOT and ROW fee, 75 percent reduction in the monthly CRIAC fee and WSRF waiver

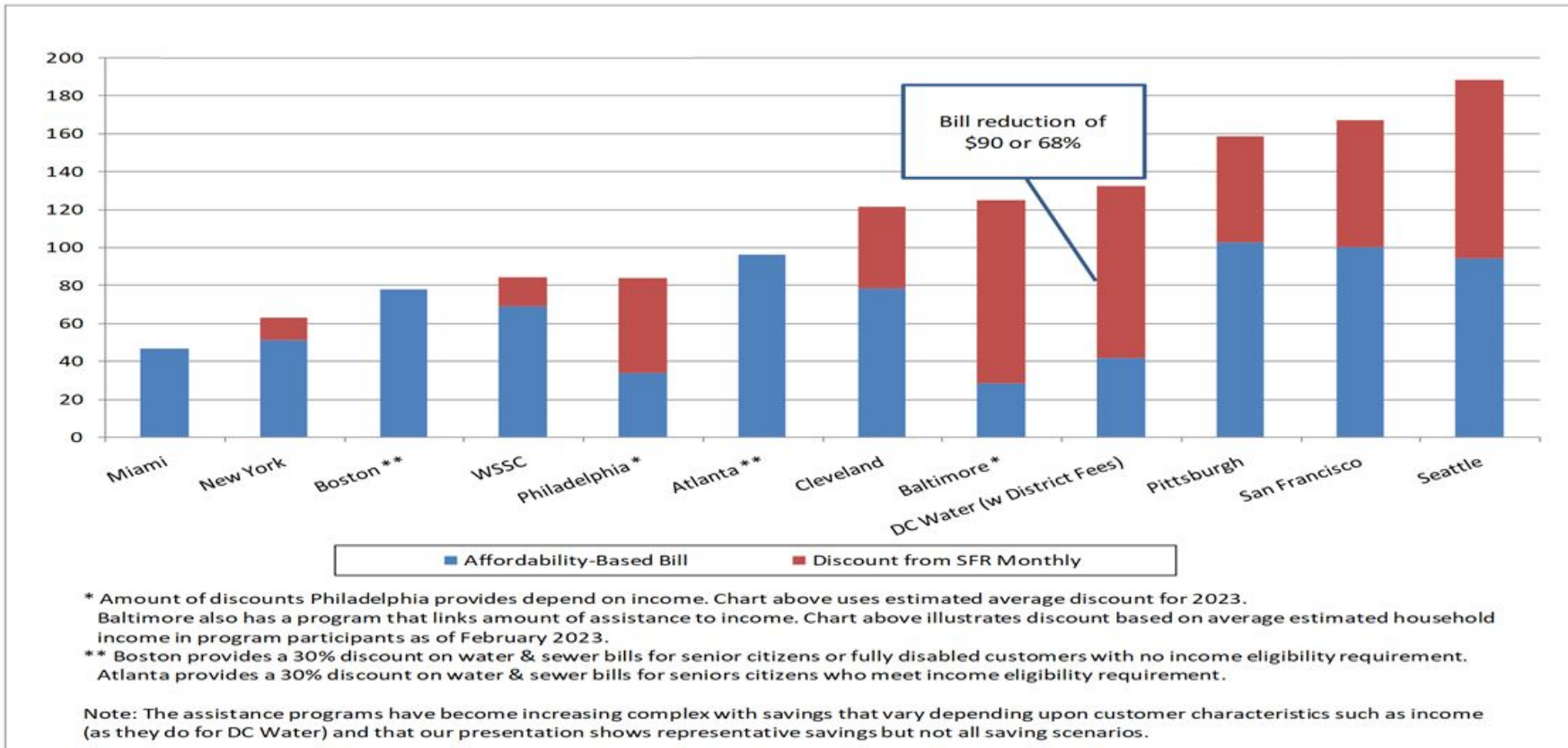
(4) CAP2 provides a discount on the first 300 cubic feet (2,244 gallons) of water and sewer services (with the exception of PILOT and ROW fees) and a 50 percent reduction in the monthly CRIAC fee

(5) CAP3 provides a discount of 75 percent of the monthly CRIAC

(6) Income Thresholds are based on a family of four



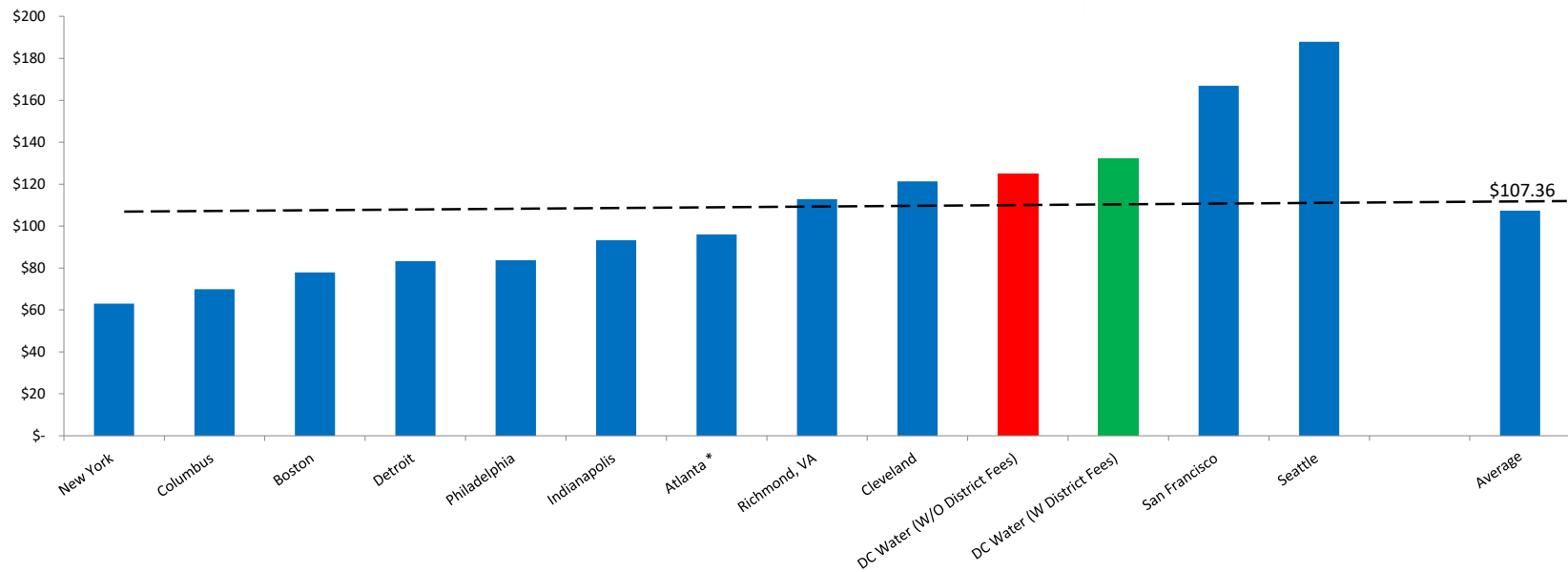
SFR Monthly Bills – Comparison of Charges with & without Income – Based Affordability Programs



- Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.
 Note: Reflects rates and fees in place as of November 1, 2023.



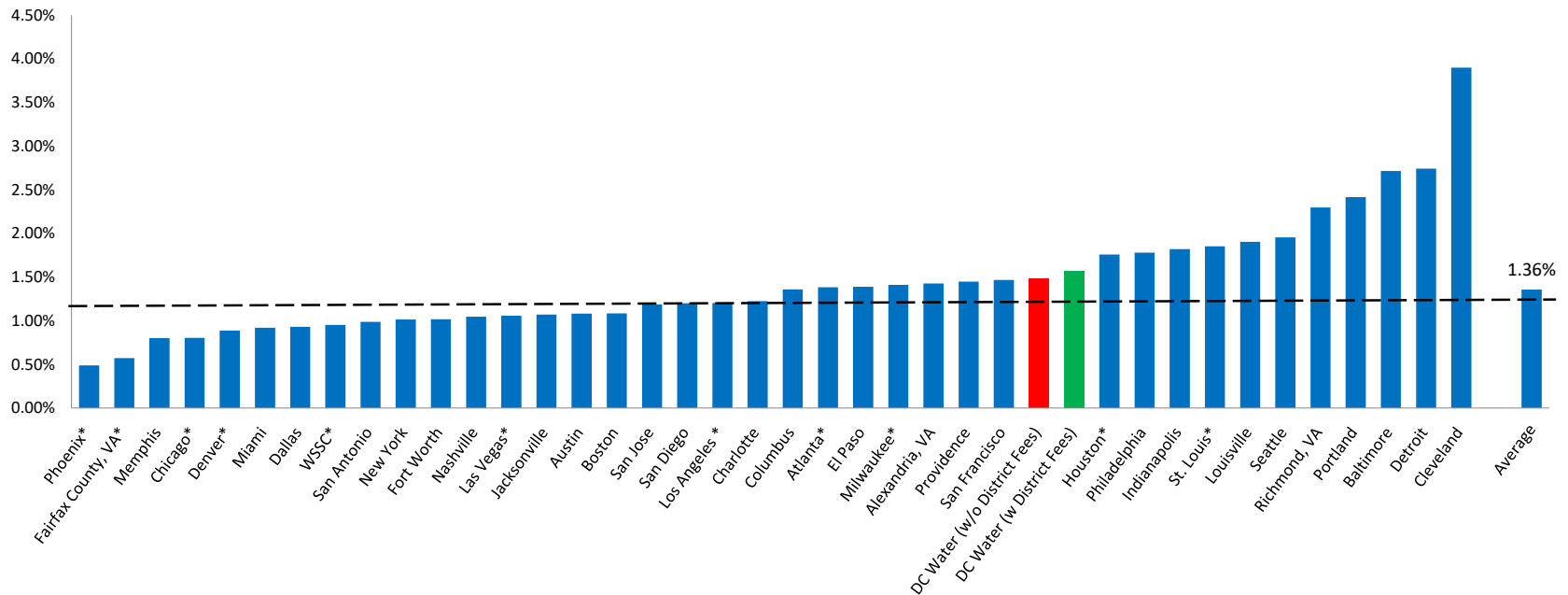
DC Water Compared to CSO Communities



- Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.
- Reflects rates and fees in place as of November 1, 2023. 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.

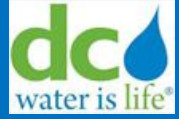


Comparative User Charges as % of Median HH Income – Large National & Regional Utilities



- Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons. Median household income from U.S. Census Bureau, 2022 American Community Survey 1-Year Estimates

Note: Reflects rates and fees in place as of November 1, 2023. 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.



Financial Plan



Financial Plan Objectives

- 💧 DC Water's 10-year financial plan serves as the fiscal roadmap to achieve the Board's strategic plan
- 💧 It is one of management's key tools to monitor progress in meeting financial goals and targets
- 💧 It also ensures meeting or exceeding all debt-related legal and policy requirements, as well as maintaining sufficient liquidity to meet all current financial obligations
- 💧 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 DC Water's current credit ratings of AAA/Aa1/AA+



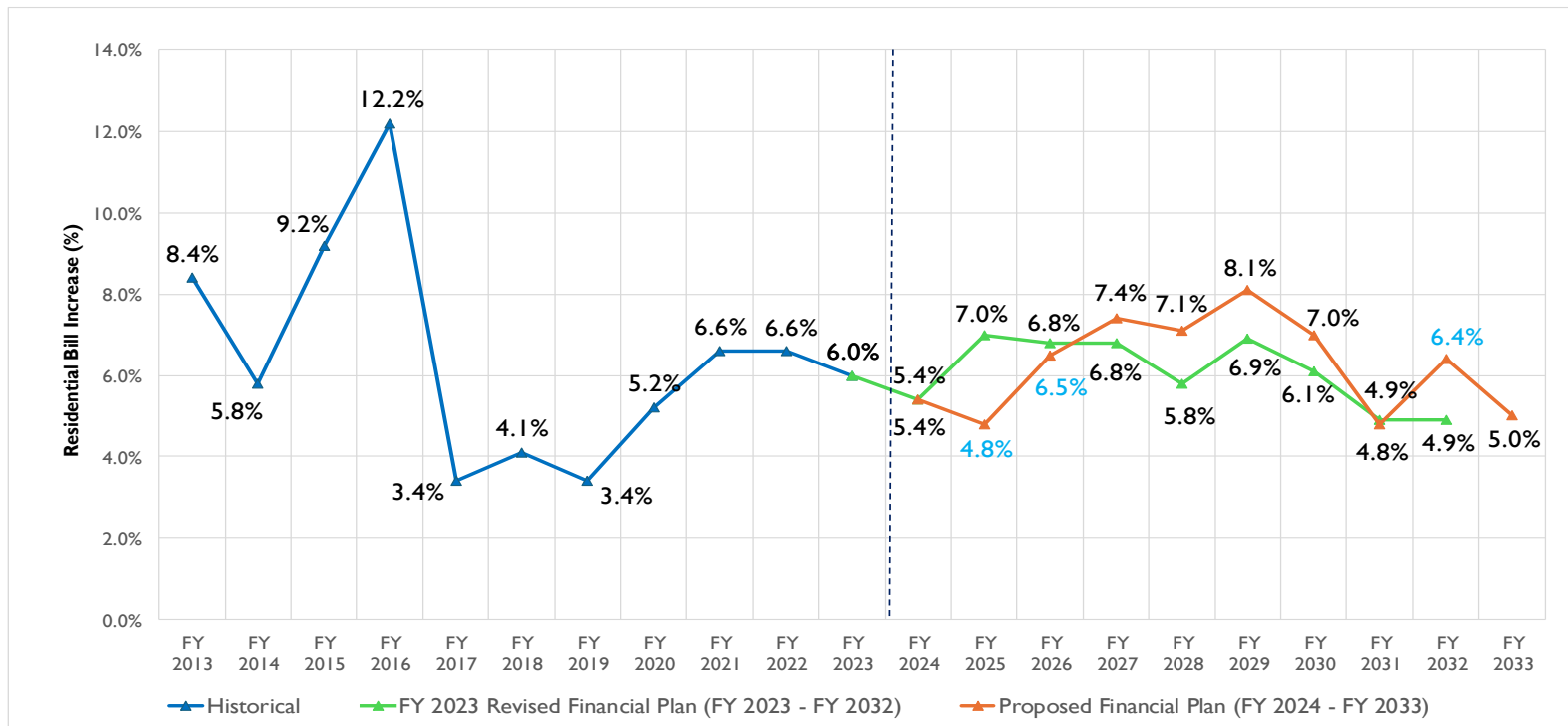
Ten-Year Financial Plan Assumptions

- Maintain Debt Service as a percentage of revenue equal to 33.0 percent or less
- Maintain combined coverage of 160 percent
- Maintain 250 days of cash excluding Rate Stabilization Fund. The Board established a goal of increasing the target days cash on hand to 350 days
- FY 2023 actual consumption declined by 1.4 percent. Assumed 7.0 percent decline in consumption in Commercial category in FY 2024 and 1.0 percent conservation each year for all other categories for FY 2025 and onwards
- FY 2023 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.



Historical and Projected Combined Rate Increases

- 🔹 FY 2025 and FY 2026 are proposed rates, which are slightly lower than previously estimated because of increase in projected revenues mainly due to higher consumption forecast
- 🔹 In FY 2027 and beyond, forecasted rates are slightly higher than previously estimated due to higher costs

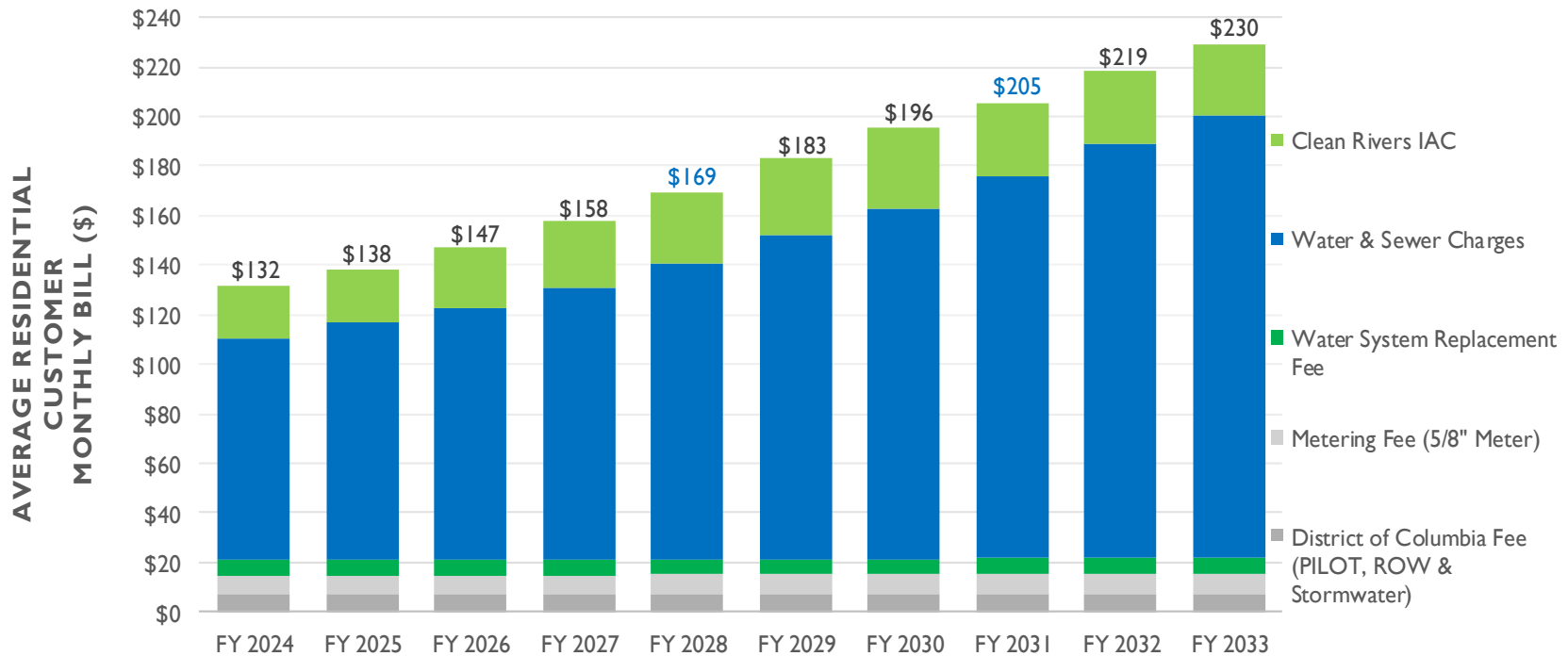


Reflects updated changes based on cost of service study completed



Projected Average Residential Customer Bill

Projected average monthly residential customer bill ranges from \$132 in FY 2024 to \$230 in FY 2033



* Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons



Customer Impacts

Approved rates for FY 2024 and proposed rates for FY 2025 and FY 2026

Customer Impacts

Residential Avg. Ccf 5.42, ERU 1	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Water & Sewer Rate (%)	3.3%	8.00%	6.00%	8.00%	9.00%	9.00%	8.50%	9.00%	8.50%	6.50%
CRICAC (\$/ERU)	\$21.86	\$21.23	\$24.23	\$26.99	\$28.28	\$31.13	\$32.73	\$29.37	\$29.40	\$29.41
Avg. Customer Bill (\$)	\$131.95	\$138.22	\$147.16	\$158.10	\$169.35	\$183.11	\$195.89	\$205.32	\$218.54	\$229.50
Average Customer (%)	5.4%	4.8%	6.5%	7.4%	7.1%	8.1%	7.0%	4.8%	6.4%	5.0%
Multi-family Avg. Ccf 90.65, ERU 6.91	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Water & Sewer Rate (%)	3.3%	8.00%	6.00%	8.00%	9.00%	9.00%	8.50%	9.00%	8.50%	6.50%
CRIAC (\$/ERU)	\$21.86	\$21.23	\$24.23	\$26.99	\$28.28	\$31.13	\$32.73	\$29.37	\$29.40	\$29.41
Avg. Customer Bill (\$)	\$1,854.77	\$1,958.29	\$2,080.54	\$2,238.31	\$2,415.83	\$2,620.46	\$2,820.97	\$3,014.42	\$3,238.52	\$3,423.51
Average Customer (%)	4.3%	5.6%	6.2%	7.6%	7.9%	8.5%	7.7%	6.9%	7.4%	5.7%
Commercial Avg. Ccf 103.88, ERU 14.51	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Water & Sewer Rate (%)	3.3%	8.00%	6.00%	8.00%	9.00%	9.00%	8.50%	9.00%	8.50%	6.50%
CRIAC (\$/ERU)	\$21.86	\$21.23	\$24.23	\$26.99	\$28.28	\$31.13	\$32.73	\$29.37	\$29.40	\$29.41
Avg. Customer Bill (\$)	\$2,365.18	\$2,512.90	\$2,689.40	\$2,899.79	\$3,125.23	\$3,393.04	\$3,648.95	\$3,866.13	\$4,140.81	\$4,368.45
Average Customer (%)	5.0%	6.2%	7.0%	7.8%	7.8%	8.6%	7.5%	6.0%	7.1%	5.5%

*Category-wise average consumption is based on FY 2023 average.



Average Residential Consumption Comparison

- 💧 The current average residential usage in FY 2023 is about 4.85 Ccf, which is less than 5.42 Ccf that DC Water has used since FY 2019
- 💧 Since FY 2009, average household water use has declined by 28 percent





Financial Metrics

DC Water's Financial Metrics come from the Indenture, Board Policy and Management

Metrics	Indenture Requirement	Board Policy	Management Target	Financial Plan
Days of Cash on Hand (excluding RSF)	60 days	250 Days	—	267 - 267 Days
Combined Coverage Ratio	—	1.6X	—	1.81X – 2.13X
Senior Coverage	1.2X	—	—	5.79X – 8.18X
Subordinate Coverage	1.0X	—	—	2.15X – 2.52X
Debt Service as a % of Revenue	—	—	33% of Revenue or Less	25.2% - 33.0%
Rate Stabilization Fund (RSF)	—	—	—	—

* Board of Directors added to the cash balance at the end of FY2023 to reach 267 Days of Cash



Ten-Year Financial Plan

\$ in thousands

DISTRICT OF COLUMBIA WATER & SEWER AUTHORITY
FY 2024 - FY 2033 FINANCIAL PLAN

OPERATING	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
<i>Retail</i>	728,792	755,456	799,250	854,603	911,660	980,556	1,043,786	1,090,013	1,154,059	1,204,514
<i>Wholesale</i>	106,519	114,248	120,905	125,741	130,771	136,001	141,441	147,099	152,983	159,102
<i>Other</i>	53,249	54,557	57,301	62,364	67,922	70,592	69,584	70,092	65,216	64,505
<i>RSF</i>	2,000	2,000	-	-	-	-	-	-	-	-
Operating Receipts ⁽¹⁾	\$ 890,560	\$ 926,261	\$ 977,455	\$ 1,042,708	\$ 1,110,352	\$ 1,187,149	\$ 1,254,812	\$ 1,307,204	\$ 1,372,258	\$ 1,428,121
Operating Expenses	425,383	444,207	464,947	482,959	501,685	521,151	541,388	562,427	584,299	607,038
Debt Service	221,635	249,495	277,000	307,289	340,180	372,492	402,816	425,524	446,587	462,941
Cash Financed Capital Improvement	\$ 58,575	\$ 60,436	\$ 71,932	\$ 76,914	\$ 82,049	\$ 88,250	\$ 93,941	\$ 98,101	\$ 103,865	\$ 108,406
Net Revenues After Debt Service	\$ 184,967	\$ 172,123	\$ 163,576	\$ 175,546	\$ 186,439	\$ 205,256	\$ 216,667	\$ 221,152	\$ 237,507	\$ 249,736
Operating Reserve-Beg Balance	286,889	296,600	309,600	324,600	337,600	351,600	365,600	380,600	395,600	411,600
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(15,256)	(21,513)	(15,100)	-	-	-	-	-	-	-
Project Billing Refunds	(2,000)	(2,000)	-	-	-	-	-	-	-	-
Transfers to RSF										
Pay-Go Financing	(158,000)	(135,609)	(133,476)	(162,546)	(172,439)	(191,256)	(201,667)	(206,152)	(221,507)	(233,736)
Operating Reserve - Ending Balance	\$ 296,600	\$ 309,600	\$ 324,600	\$ 337,600	\$ 351,600	\$ 365,600	\$ 380,600	\$ 395,600	\$ 411,600	\$ 427,600
Rate Stabilization Fund Balance RSF ⁽²⁾	\$ 33,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644
Senior Debt Service Coverage	818%	753%	651%	607%	635%	628%	589%	616%	591%	579%
Combined Debt Service Coverage	213%	193%	188%	190%	186%	186%	183%	181%	182%	183%
Actual/Projected Water/Sewer Rate Increases	3.25%	8.00%	6.00%	8.00%	9.00%	9.00%	8.50%	9.00%	8.50%	6.50%
Operating Receipts \$ Increase/Decrease										
Retail	26,565	26,664	43,794	55,353	57,057	68,896	63,230	46,227	64,047	50,455
Wholesale	1,269	7,729	6,657	4,836	5,030	5,231	5,440	5,658	5,884	6,119
Operating Receipts % Increase/Decrease										
Retail	3.8%	3.7%	5.8%	6.9%	6.7%	7.6%	6.4%	4.4%	5.9%	4.4%
Wholesale	1.2%	7.3%	5.8%	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 FY 2024 for new Payment Plan Incentive Program, leaving a balance of \$33.644 million

⁽²⁾ FY 2025 planned transfer of \$0.0 million to Rate Stabilization Fund and \$2.0 million utilization will keep the total fund balance at \$31.644 million.



Recommendations

• **Recommend to the full Board the adoption of the proposed FY 2025 and FY 2026 rates, charges and fees and begin the public hearing process**

- **Water and Sewer Rates:**
 - 8.0% increase in FY 2025
 - 6.0% increase in FY 2026
- **Clean River IAC:**
 - \$0.63 decrease to \$21.23 per ERU in FY 2025
 - \$3.00 increase to \$24.23 per ERU in FY 2026
- **Groundwater Rate:**
 - No increase in FY 2025
 - 7.4% increase in FY 2026
- **High Flow Filter Backwash Sewer Rate:**
 - 0.6% increase in FY 2025
 - 6.6% increase in FY 2026

• **Recommend to the full Board the adoption of the proposed FY 2024 – FY 2033 Financial Plan**

- 10-year CIP disbursement budget
- Projected water and sewer rate increases
- Financial Plan for FY 2024 – FY 2033 including the revenue requirement to support the operating and capital budgets.



Next Steps



Budget Adoption Calendar

Committee Reviews, Recommendations & Actions – January & February

	Environmental Quality & Operations	DC Retail Water & Sewer Rates	Finance & Budget
FY 2024 - FY 2033 Capital Budget (Disbursements & Lifetime)	Action Required		Action Required
FY 2025 Operating Budget			Action Required
Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing			Action Required
FY 2025 and 2026 Rates, Charges & Fees		Action Required	
FY 2024 – FY 2033 Financial Plan		Action Required	Action Required



Board Adoption – March 7



Committee Workplan Timelines

DC Retail Water & Sewer Rates Committee Reviews, Recommendations, and Actions

Dates

Update Committee on Proposed FY 2025 & FY 2026 Rates	January 23, 2024
Committee Recommendation on Proposed FY 2025 & FY 2026 Rates	February 27, 2024
Independent Review of Proposed FY 2025 & FY 2026 Rates and Budget by Consultant	February 27, 2024
Board approval of Notice of Proposed Rulemaking (NOPR) for Proposed FY 2025 & FY 2026 Rates	March 7, 2024
Public Hearing	May 9, 2024
Committee Recommendation on Final FY 2025 & FY 2026 Rates	June 25, 2024
Board approval of Notice of Final Rulemaking (NOFR) for Proposed FY 2025 & FY 2026 Rates	July 3, 2024
Rates go-live	October 1, 2024 (FY 2025) October 1, 2025 (FY 2026)



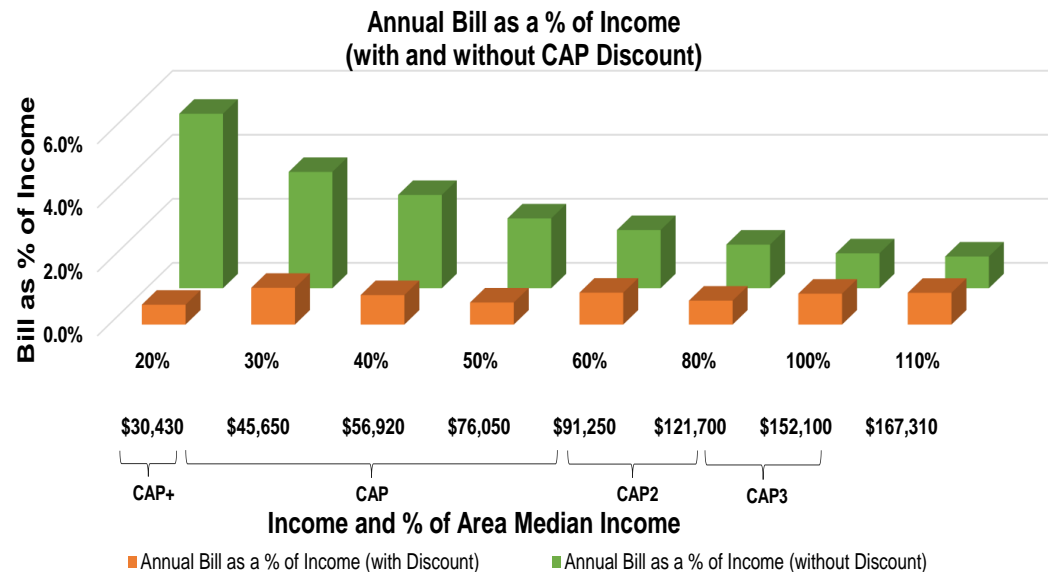


Appendix



The Proposed Budget

- 💧 The average residential customer bill as a percentage of median household income (MHI at 60%) is about 1.8%, an affordability metric
- 💧 For residential customers with incomes below MHI, DC Water offers robust assistance programs
- 💧 This budget expands our Customer Assistance Programs:
 - 1) New CAP+ for 20% AMI
 - 2) Household Leak program will help CAP customers with leaks identify issues
 - 3) Creates new principal forgiveness program for customers who adhere to their payment plans





Customer Programs Recognized by EPA

Bill Discount

- DC Water offers programs with incomes up to 100% AMI
- **NEW** – **CAP+** program offers even more robust assistance to households with up to 20% MHI

Flexible Terms

- DC Water offers payment plans
- **NEW** – **Payment Plan Incentive Program** - Customers who meet the terms of their payment plans will have a credit to their arrears

Lifeline Rate

- **Lifeline Rate** provides a discount for the first four Ccfs of water
- Customers can save money a month if they can conserve water

Temporary Assistance

- **SPLASH** program, paid for with customer, employee, and Board member contributions
- The new **Payment Plan Incentive Program** will provide a credit toward past-due balances for customers who meet terms of Payment Plans; paid for with the Rate Stabilization Fund

Water Efficiency

- **NEW** – \$500,000 **Leak Assessment** program will provide water audits to help customers identify the source of leaks and high bills





Capital Budget Scenarios

- The primary source of funding is Retail Rates and Wholesale Customer participation
- Growing the capital plan would increase customer rates higher than the Proposed CIP

Projected FY 2024 – 2033	Proposed	Additional Investment	Full Asset Management
Size of Capital Plan	\$7.7 billion	\$8.3 billion	\$9.1 billion
Wholesale Contributions	\$1.3 billion	\$1.4 billion	\$1.4 billion
New debt anticipated to be issued	\$3.3 billion	\$3.6 billion	\$3.8 billion
FY 2033 Debt Service Costs	\$462.9 million	\$484.5 million	\$504.4 million
Average Rate Growth for Average Household	6.3%	6.8%	7.4%
FY 2033 Average Household Charge	\$229.50	\$241.52	\$253.26
Average Annual Bill Increase	\$10.43	\$11.64	\$12.81
10-year Cumulative Water Rate Increase	75.75%	82.75%	89.75%

Reflects updated changes based on cost of service study completed

Attachment E

DC Retail Water and Sewer Rates Committee

Action Items

1. FY 2025 & FY 2026 Water and Sewer Rates, Charges & Fees, Retail Groundwater Sanitary Sewer Service Rate and High Flow Filter Backwash Sewer Rate
(Action Item 1)
2. Proposed Ten-Year Financial Plan FY 2024 – FY 2033
(Action Item 2)
3. Proposed DC Water Cares Expansion Program – CAP+
(Action Item 3)

ACTION ITEM 1

FY 2025 & FY 2026 Water and Sewer Rates, Charges & Fees, Retail Groundwater Sanitary Sewer Service Rate And High Flow Filter Backwash Sewer Rate (Effective October 1, 2024 and October 1, 2025)

Management recommends the following revisions to the Retail Water and Sewer Rates, Charges and Fees, Groundwater Sanitary Sewer Service Rates, and High Flow Filter Backwash Sewer Rates for FY 2025 & FY 2026:

1. FY 2025 & FY 2026 Rates, Charges & Fees

Water Service Rates

- Propose increasing the retail rates for **Metered Water Service** for FY 2025 and FY 2026 as follows:

Metered Water Services										
	FY 2024		FY 2025		FY 2026		FY 2025 vs. FY2024 Incr. /(Decr.)		FY 2026 vs. FY2025 Incr. /(Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential – Lifeline (0- 4 Ccf)	\$4.38	\$5.86	\$5.21	\$6.97	\$5.78	\$7.73	\$0.83	\$1.11	\$0.57	\$0.76
Residential – (> 4 Ccf)	\$5.70	\$7.62	\$6.81	\$9.10	\$7.60	\$10.16	\$1.11	\$1.48	\$0.79	\$1.06
Multi-family	\$5.00	\$6.68	\$5.82	\$7.78	\$6.47	\$8.65	\$0.82	\$1.10	\$0.65	\$0.87
Non-Residential	\$5.89	\$7.88	\$7.03	\$9.40	\$7.84	\$10.48	\$1.14	\$1.52	\$0.81	\$1.08

Sanitary Sewer Service Rates

- Propose increasing the retail rate for **Sanitary Sewer Service** per 1 Ccf of water use for FY 2025 and FY 2026 as follows:

Meterd Sewer Services										
	FY 2024		FY 2025		FY 2026		FY 2025 vs. FY2024 Incr. /(Decr.)		FY 2026 vs. FY2025 Incr. /(Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential Customers	\$11.70	\$15.64	\$12.07	\$16.14	\$12.52	\$16.74	\$0.37	\$0.50	\$0.45	\$0.60
Multi-family	\$11.70	\$15.64	\$12.07	\$16.14	\$12.52	\$16.74	\$0.37	\$0.50	\$0.45	\$0.60
Non-Residential	\$11.70	\$15.64	\$12.07	\$16.14	\$12.52	\$16.74	\$0.37	\$0.50	\$0.45	\$0.60

- Propose decreasing the **annual CRIAC** from \$262.32 to \$254.76 per Equivalent Residential Unit (ERU) in FY 2025. Propose increasing the **annual CRIAC** from \$254.76 to \$290.76 per ERU in FY 2026.
- The proposed CRIAC charge per ERU billed monthly for FY 2025 and FY 2026 is as follows:

Clean River Impervious Area Charge (CRIAC)

	FY 2024	FY 2025	FY 2026	FY 2025 vs. FY2024 Incr. /(Decr.)	FY 2026 vs. FY2025 Incr. /(Decr.)
	ERU	ERU	ERU	ERU	ERU
Residential Customers	\$21.86	\$21.23	\$24.23	(\$0.63)	\$3.00
Multi-family	\$21.86	\$21.23	\$24.23	(\$0.63)	\$3.00
Non-Residential	\$21.86	\$21.23	\$24.23	(\$0.63)	\$3.00

**District of Columbia Pass Through Charge
Right-of-Way Occupancy / PILOT Fee**

- For FY 2025, there is no increase of the **Right-of-Way Occupancy Fee, which remains at \$0.19 per Ccf**. For FY 2026, propose increasing the **Right-of-Way Occupancy Fee** from \$0.19 per Ccf to \$0.20 per Ccf.
- Propose increasing the **Right-of-Way Occupancy Fee** for FY 2025 and FY 2026 as follows:

ROW

	FY 2024		FY 2025		FY 2026		FY 2025 vs. FY2024 Incr. /(Decr.)		FY 2026 vs. FY2025 Incr. /(Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential Customers	\$0.19	\$0.25	\$0.19	\$0.25	\$0.20	\$0.27	\$0.00	\$0.00	\$0.01	\$0.02
Multi-family	\$0.19	\$0.25	\$0.19	\$0.25	\$0.20	\$0.27	\$0.00	\$0.00	\$0.01	\$0.02
Non-Residential	\$0.19	\$0.25	\$0.19	\$0.25	\$0.20	\$0.27	\$0.00	\$0.00	\$0.01	\$0.02

- Proposed increasing the **Payment-in-Lieu of Taxes Fee** for FY 2025 and FY 2026 as follows:

PILOT

	FY 2024		FY 2025		FY 2026		FY 2025 vs. FY2024 Incr. /(Decr.)		FY 2026 vs. FY2025 Incr. /(Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential Customers	\$0.61	\$0.82	\$0.61	\$0.82	\$0.62	\$0.83	\$0.00	\$0.00	\$0.01	\$0.01
Multi-family	\$0.61	\$0.82	\$0.61	\$0.82	\$0.62	\$0.83	\$0.00	\$0.00	\$0.01	\$0.01
Non-Residential	\$0.61	\$0.82	\$0.61	\$0.82	\$0.62	\$0.83	\$0.00	\$0.00	\$0.01	\$0.01

2. Retail Groundwater Sanitary Sewer Service Rate

- Propose increasing the retail **Groundwater Sanitary Sewer Service** rate for the discharge of groundwater from an unimproved real property, property under construction, or under groundwater remediation for FY 2025 and FY 2026 as follows:

Groundwater

FY 2024		FY 2025		FY 2026		FY 2025 vs. FY2024 Incr. /(Decr.)		FY 2026 vs. FY2025 Incr. /(Decr.)	
Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
\$3.50	\$4.68	\$3.50	\$4.68	\$3.76	\$5.03	\$0.00	\$0.00	\$0.26	\$0.35

3. High Flow Filter Backwash Sewer Rate

- Propose increasing the **High Flow Filter Backwash Sewer Rate** for FY 2025 and FY 2026 as follows:

High Flow Filter Backwash Wastewater retail Sewer Rate

FY 2024		FY 2025		FY 2026		FY 2025 vs. FY2024 Incr. /(Decr.)		FY 2026 vs. FY2025 Incr. /(Decr.)	
Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
\$3.30	\$4.41	\$3.32	\$4.44	\$3.54	\$4.73	\$0.02	\$0.03	\$0.22	\$0.29

ACTION ITEM 2

Proposed Ten Year Financial Plan FY 2024 – FY 2033

1. Attached is a summary of the 10-year Financial Plan, which is based on the following key assumptions for FY 2025 and FY 2026:

FY 2025

- Operating receipts totaling \$926.26 million, an increase of \$35.70 million over FY 2024 funded through;
 - Retail Revenue – increase of \$26.28 million
 - Wholesale Revenue – increase of \$7.73 million
 - Other Revenue – decrease of \$1.69 million
- Operating disbursements of \$754.14 million in FY 2025; and
- A ten-year capital improvement plan (FY 2024 – FY 2033) of \$7.74 billion on a cash disbursement basis.

FY 2026

- Operating receipts totaling \$977.46 million, an increase of \$51.19 million over FY 2025 funded through;
 - Retail Revenue – increase of \$43.45 million
 - Wholesale Revenue – increase of \$6.65 million
 - Other Revenue – increase of \$1.09 million
- Operating disbursements of \$813.88 million in FY 2026; and
- A ten-year capital improvement plan (FY 2024 – FY 2033) of \$7.74 billion on a cash disbursement basis.

The FY 2024 – FY 2033 Financial Plan is projected to meet the Board's Statement of Financial Policies' requirement of combined debt service coverage of 160 percent and an operating reserve of 250 days of budgeted operations and maintenance costs.

**District of Columbia Water & Sewer Authority
FY 2024 – FY 2033 Financial Plan**

OPERATING	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
<i>Retail</i>	728,792	755,456	799,250	854,603	911,660	980,556	1,043,786	1,090,013	1,154,059	1,204,514
<i>Wholesale</i>	106,519	114,248	120,905	125,741	130,771	136,001	141,441	147,099	152,983	159,102
<i>Other</i>	53,249	54,557	57,301	62,364	67,922	70,592	69,584	70,092	65,216	64,505
<i>RSF</i>	2,000	2,000	-	-	-	-	-	-	-	-
Operating Receipts ⁽¹⁾	\$ 890,560	\$ 926,261	\$ 977,455	\$ 1,042,708	\$ 1,110,352	\$ 1,187,149	\$ 1,254,812	\$ 1,307,204	\$ 1,372,258	\$ 1,428,121
Operating Expenses	425,383	444,207	464,947	482,959	501,685	521,151	541,388	562,427	584,299	607,038
Debt Service	221,635	249,495	277,000	307,289	340,180	372,492	402,816	425,524	446,587	462,941
Cash Financed Capital Improvement	\$ 58,575	\$ 60,436	\$ 71,932	\$ 76,914	\$ 82,049	\$ 88,250	\$ 93,941	\$ 98,101	\$ 103,865	\$ 108,406
Net Revenues After Debt Service	\$ 184,967	\$ 172,123	\$ 163,576	\$ 175,546	\$ 186,439	\$ 205,256	\$ 216,667	\$ 221,152	\$ 237,507	\$ 249,736
Operating Reserve-Beg Balance	286,889	296,600	309,600	324,600	337,600	351,600	365,600	380,600	395,600	411,600
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(15,256)	(21,513)	(15,100)	-	-	-	-	-	-	-
Project Billing Refunds	(2,000)	(2,000)	-	-	-	-	-	-	-	-
Transfers to RSF										
Pay-Go Financing	(158,000)	(135,609)	(133,476)	(162,546)	(172,439)	(191,256)	(201,667)	(206,152)	(221,507)	(233,736)
Operating Reserve - Ending Balance	\$ 296,600	\$ 309,600	\$ 324,600	\$ 337,600	\$ 351,600	\$ 365,600	\$ 380,600	\$ 395,600	\$ 411,600	\$ 427,600
Rate Stabilization Fund Balance RSF ⁽²⁾	\$ 33,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644	\$ 31,644
Senior Debt Service Coverage	818%	753%	651%	607%	635%	628%	589%	616%	591%	579%
Combined Debt Service Coverage	213%	193%	188%	190%	186%	186%	183%	181%	182%	183%
Actual/Projected Water/Sewer Rate Increases	3.25%	8.00%	6.00%	8.00%	9.00%	9.00%	8.50%	9.00%	8.50%	6.50%
Operating Receipts \$ Increase/Decrease										
Retail	26,565	26,664	43,794	55,353	57,057	68,896	63,230	46,227	64,047	50,455
Wholesale	1,269	7,729	6,657	4,836	5,030	5,231	5,440	5,658	5,884	6,119
Operating Receipts % Increase/Decrease										
Retail	3.8%	3.7%	5.8%	6.9%	6.7%	7.6%	6.4%	4.4%	5.9%	4.4%
Wholesale	1.2%	7.3%	5.8%	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 FY 2024 for new Payment Plan Incentive Program, leaving a balance of \$33.644 million

⁽²⁾ FY 2025 planned transfer of \$0.0 million to Rate Stabilization Fund and \$2.0 million utilization will keep the total fund balance at \$31.644 million.

DC Retail Water and Sewer Rates Committee - 7. Action Items - Attachment E (Matthew Brown)

District of Columbia Water & Sewer Authority
Average Residential Customer Monthly Bill
FY 2024 - 2033

	Units	FY 2023	Current FY 2024	Proposed FY 2025	Proposed FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	86.07	\$ 89.03	\$ 95.93	\$ 101.77	\$ 109.90	\$ 119.80	\$ 130.60	\$ 141.72	\$ 154.46	\$ 167.59	\$ 178.49
DC Water Clean Rivers IAC ⁽²⁾	ERU	18.14	21.86	21.23	24.23	26.99	28.28	31.13	32.73	29.37	29.40	29.41
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75	7.75	7.75	7.75	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	6.30	6.30	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 118.26	\$ 124.94	\$ 131.21	\$ 140.05	\$ 150.94	\$ 162.13	\$ 175.78	\$ 188.50	\$ 197.88	\$ 211.04	\$ 221.95
Increase / Decrease		\$ 6.89	\$ 6.68	\$ 6.27	\$ 8.84	\$ 10.89	\$ 11.19	\$ 13.65	\$ 12.72	\$ 9.38	\$ 13.16	\$ 10.91
Percent Increase in DC Water Portion of Bill		6.2%	5.6%	5.0%	6.7%	7.8%	7.4%	8.4%	7.2%	5.0%	6.7%	5.2%
District of Columbia PILOT Fee ⁽¹⁾	Ccf	3.20	3.31	3.31	3.36	3.41	3.47	3.52	3.58	3.63	3.69	3.74
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	1.03	1.03	1.03	1.08	1.08	1.08	1.14	1.14	1.14	1.14	1.14
District of Columbia Stormwater Fee ⁽³⁾	ERU	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.90	\$ 7.01	\$ 7.01	\$ 7.11	\$ 7.16	\$ 7.22	\$ 7.33	\$ 7.39	\$ 7.44	\$ 7.50	\$ 7.55
Total Amount Appearing on DC Water Bill		\$ 125.16	\$ 131.95	\$ 138.22	\$ 147.16	\$ 158.10	\$ 169.35	\$ 183.11	\$ 195.89	\$ 205.32	\$ 218.54	\$ 229.50
Increase / Decrease Over Prior Year		\$ 7.05	\$ 6.79	\$ 6.27	\$ 8.94	\$ 10.94	\$ 11.25	\$ 13.76	\$ 12.78	\$ 9.43	\$ 13.22	\$ 10.96
Percent increase in Total Bill		5.97%	5.43%	4.75%	6.47%	7.43%	7.12%	8.13%	6.98%	4.81%	6.44%	5.02%

(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 Energy & 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

**District of Columbia Water & Sewer Authority
Retail Rates, Charges and Fees
FY 2025 - FY 2026**

	Units	Current FY 2024	Proposed FY 2025	Proposed FY 2026
DC Water Retail Rates – Water:				
Residential – Lifeline (0- 4 Ccf)	Ccf	\$4.38	\$5.21	\$5.78
Residential – (> 4 Ccf)	Ccf	5.70	6.81	7.60
Multi-family	Ccf	5.00	5.82	6.47
Non-Residential	Ccf	5.89	7.03	7.84
DC Water Retail Rates – Sewer	Ccf	11.70	12.07	12.52
DC Water Clean Rivers IAC	ERU	21.86	21.23	24.23
DC Water Customer Metering Fee	5/8”	7.75	7.75	7.75
DC Water System Replacement Fee	5/8”	6.30	6.30	6.30
District of Columbia PILOT Fee	Ccf	0.61	0.61	0.62
District of Columbia Right of Way Fee	Ccf	0.19	0.19	0.20
District of Columbia Stormwater Fee	ERU	2.67	2.67	2.67

ACTION ITEM 3

Customer Assistance Program (CAP) Expansion – CAP Plus

To amend regulations to add new DC Water's Customer Assistance Program, CAP Plus (CAP+), effective October 1, 2024, as summarized below and provided in Attachment A:

- CAP+ applicants that submit a complete CAP application to DOEE, receive CAP+ benefits equivalent to CAP benefits plus an additional two (2) CCF of water and sewer credit.

Attachment A

DC Water's CAP Expansion – Proposed Rulemaking Effective October 1, 2024

4102 CUSTOMER ASSISTANCE PROGRAMS

4102.1 CUSTOMER ASSISTANCE PROGRAM PLUS (CAP+)

- (a) Participation in the Customer Assistance Program (CAP+) shall be limited to a single-family or individually-metered Residential Customer that meets the following eligibility requirements:
 - (1) The applicant is responsible for paying for water and sewer services and/or the Clean Rivers Impervious Surface Area Charge (CRIAC); and
 - (2) The Department of Energy & Environment (DOEE) has determined that the CAP+ applicant's annual household income is below twenty percent (20%) of the Washington Metropolitan Statistical Area Median Family Income (MFI) for the District of Columbia, previously referred to as the Area Median Income (AMI) for the District of Columbia, not capped by the United States median low-income limit.
- (b) An approved CAP+ customer shall receive the following benefits:
 - (1) Exemption from water service charges, sewer service charges, Payment-in-Lieu of Taxes (PILOT) fees and Right-of-Way (ROW) fees for the first Six Hundred Cubic Feet (6 Ccf) per month of water used. If the customer uses less than Six Hundred Cubic Feet (6 Ccf) of water in any month, the exemption will apply based on the amount of that month's billed water usage;
 - (2) Credit of one hundred percent (100%) off of the monthly billed Water System Replacement Fee; and
 - (3) Credit of fifty percent (50%) off of the monthly billed CRIAC.
- (c) Upon DC Water's receipt of notice from DOEE that the CAP+ applicant meets the financial eligibility requirements, DC Water shall apply the CAP+ benefits to the CAP+ customer's account from the date that DOEE accepts a completed CAP application to the end of the fiscal year in which the application was submitted.

- (d) To continue receiving CAP+ benefits without interruptions, the CAP+ customer must submit a renewal CAP application to DOEE in accordance with the Utility Discount Program renewal deadline. A CAP+ customer that submits their renewal CAP application after this period, and is subsequently approved by DOEE, will receive CAP benefits as of the date of the application.

4102.2 CUSTOMER ASSISTANCE PROGRAM (CAP)

- (a) Participation in the Customer Assistance Program (CAP) shall be limited to a single-family or individually-metered Residential Customer that meets the following eligibility requirements:
 - (1) The applicant maintains an active DC Water account and is responsible for paying for water and sewer services and/or the Clean Rivers Impervious Surface Area Charge (CRIAC); and
 - (2) The Department of Energy & Environment (DOEE) has determined that the CAP applicant's annual household income is at or above twenty percent (20%) of the Washington Metropolitan Statistical Area Median Family Income (MFI) for the District of Columbia and below sixty percent (60%) of the State Median Income (SMI) for the District of Columbia.
- (b) An approved CAP customer shall receive the following benefits:
 - (1) Exemption from water service charges, sewer service charges, Payment-in-Lieu of Taxes (PILOT) fees and Right-of-Way (ROW) fees for the first Four Hundred Cubic Feet (4 Ccf) per month of water used. If the customer uses less than Four Hundred Cubic Feet (4 Ccf) of water in any month, the exemption will apply based on the amount of that month's billed water usage;
 - (2) Credit of one hundred percent (100%) off of the monthly billed Water System Replacement Fee; and
 - (3) Credit of fifty percent (50%) off of the monthly billed CRIAC.
- (c) Upon DC Water's receipt of notice from DOEE that the CAP applicant meets the financial eligibility requirements, DC Water shall apply the CAP discounts to the CAP customer's account from the date that DOEE accepts a completed CAP application to the end of the fiscal year in which the application was submitted.

- (d) To continue receiving CAP benefits without interruptions, the CAP customer must submit a renewal CAP application to DOEE in accordance with the Utility Discount Program renewal deadline. A CAP customer that submits their renewal CAP application after this period, and is subsequently approved by DOEE, will receive CAP benefits as of the date of the application.

4102.3 CUSTOMER ASSISTANCE PROGRAM II (CAP2)

- (a) Participation in the CAP2 Program shall be limited to a single-family or individually-metered Residential Customer that meets the following eligibility requirements:
 - (1) The applicant maintains an active DC Water account and is responsible for paying for water and sewer services and/or the CRIAC; and
 - (2) DOEE has determined that the CAP2 applicant's annual household income is equal to or above the household income-eligibility limits for the District's LIHEAP of sixty percent (60%) of the SMI for the District of Columbia and below eighty percent (80%) of the Washington Metropolitan Statistical Area Median Family Income (MFI), previously referred to as the Area Median Income (AMI) for the District of Columbia, not capped by the United States median low-income limit.
- (b) An approved CAP customer shall receive the following benefits:
 - (1) Exemption from water service charges, sewer service charges, Payment-in-Lieu of Taxes (PILOT) fees and Right-of-Way (ROW) fees for the first Four Hundred Cubic Feet (4 Ccf) per month of water used. If the customer uses less than Four Hundred Cubic Feet (4 Ccf) of water in any month, the exemption will apply based on the amount of that month's billed water usage;
 - (2) Credit of one hundred percent (100%) off of the monthly billed Water System Replacement Fee; and
 - (3) Credit of seventy-five percent (75%) off of the monthly billed CRIAC.
- (c) Upon DC Water's receipt of notice from DOEE that the CAP2 customer meets the financial eligibility requirements, DC Water shall provide the CAP2 benefits for not more than the entire fiscal year, beginning October 1st and terminating on September 30th, subject to the availability of budgeted funds.

- (1) Approved CAP2 customers that submitted a complete application to DOEE before November 1st, shall receive CAP2 benefits retroactive to October 1st and terminating on September 30th of that fiscal year.
 - (2) Approved CAP2 customers that submitted a complete application on or after November 1st, shall receive CAP2 benefits as of the date of submittal and terminating on September 30th of that fiscal year.
 - (3) Customers shall reapply each year for CAP2 benefits to receive CAP2 benefits.
 - (d) If DC Water determines that the remaining budgeted funds are insufficient to provide CAP2 benefits, DC Water may:
 - (1) Suspend the process for accepting CAP2 applicants; or
 - (2) Suspend or adjust providing CAP2 benefits to CAP2 recipients.
- 4102.4 Eligibility for the CAP+, CAP and CAP2 Programs shall be determined by DOEE based on the income eligibility criteria provided in § 4102.1(a)(2), § 4102.2(a)(2), and § 4102.3(a)(2).
- 4102.5 DOEE CUSTOMER ASSISTANCE PROGRAM III FOR SINGLE-FAMILY AND INDIVIDUALLY METERED HOUSEHOLDS
- (a) DC Water shall apply DOEE Customer Assistance Program III (CAP3) benefits to an eligible single-family or individually-metered Residential Customer's account in accordance with the following:
 - (1) The applicant maintains an active DC Water account and is responsible for paying for water and sewer services and/or the CRIAC;
 - (2) DOEE has notified DC Water that the customer has met the requirements of applicable laws and regulations and is eligible to receive the CAP3 benefits;
 - (3) DOEE has notified DC Water of the amount of the CAP3 benefits to be applied to the CAP3 customer's account; and
 - (4) DOEE has transferred funds to DC Water for the benefits applied to the customer's account.

- (b) DC Water shall stop applying CAP3 benefits to a CAP3 customer's account upon receipt of notice from DOEE that the customer is no longer eligible for the CAP3 benefits, or receipt of notice from DOEE regarding the unavailability of funds.
- (c) If DC Water determines that the remaining budgeted funds are insufficient to provide CAP3 benefits, DC Water may:
 - (1) Suspend the process for accepting CAP3 applicants; or
 - (2) Suspend providing CAP3 benefits to CAP3 recipients.

4102.6 DOEE CLEAN RIVERS IMPERVIOUS SURFACE AREA CHARGE RELIEF PROGRAM FOR NONPROFIT ORGANIZATIONS

- (a) DC Water shall apply DOEE CRIAC Relief Program for Nonprofit Organizations (CRIAC Nonprofit Relief Program) benefits to an eligible non-profit organization's account in accordance with the following:
 - (1) The applicant maintains an active DC Water account and is responsible for paying for the CRIAC charges;
 - (2) DOEE has notified DC Water that the customer has met the requirements of applicable laws and regulations and is eligible to receive CRIAC Nonprofit Relief Program benefits;
 - (3) DOEE has notified DC Water of the amount of the benefits to be applied to the nonprofit organization's account each billing period; and
 - (4) DOEE has transferred funds to DC Water for the CRIAC Nonprofit Relief Program benefits applied to the customer's account.
- (b) DC Water shall stop applying CRIAC Nonprofit Relief Program benefits to a customer's account upon notice from DOEE that the customer is no longer eligible for the CRIAC Nonprofit Relief Program benefits.
- (c) If DC Water determines that the remaining budgeted funds are insufficient to provide CRIAC Nonprofit Relief Program benefits, DC Water may:
 - (1) Suspend the process for accepting CRIAC Nonprofit Relief Program applicants; or
 - (2) Suspend or adjust providing CRIAC Nonprofit Relief Program benefits to CRIAC Nonprofit Relief Program recipients.

- 4102.7 Nothing in this section shall be interpreted to mean that the benefits provided through DC Water’s CAP+, CAP or CAP2 Programs or DOEE’s CAP3 or CRIAC Nonprofit Relief Programs are an entitlement, continuing or otherwise.
- 4102.8 For the purposes of this section, the term “SMI” means the state median income as determined on an annual basis by the U.S. Department of Health and Human Services (HHS).
- 4102.9 For the purposes of this section, the term “FMI” means the Washington Metropolitan Statistical Area Median Family Income previously referred to as “AMI,” which means the Area Median Income (AMI), and alternately referred to as the HUD Area Median Family Income (HAMFI), determined on an annual basis by the U.S. Department of Housing and Urban Development (HUD).
- 4102.10 [RESERVED]

All persons desiring to comment on this Notice of Proposed Rulemaking should submit comments in writing not later than May 16, 2024. Comments should be submitted to Michelle Rhodd, Secretary to the Board, District of Columbia Water and Sewer Authority, 1385 Canal Street, S.E., Washington, D.C. 20003 or by email to Michelle.Rhodd@dcwater.com. Copies of the Notice of Proposed Rulemaking may be obtained from DC Water at the same address or by contacting Ms. Rhodd at (202) 787-2331.

Attachment F

FY 2024 Proposed RRC Committee Workplan

Objective/Activities/Task	Date of Activity	Completed	Responsible Department
1. 2023 COS for Engineering Inspection			
a. Present 2023 Cost of Service Study for Engineering Inspection for FY 2024 – FY 2028 to the Board	September 7, 2023	√	Engineering
b. Post Final COS on DC Water’s website	October 31, 2023	√	
2. 2023 COS for Stormwater Charges and Recovery Methodology			
a. Present 2023 Cost of Service Study for Stormwater Charges and Recovery Methodology to RRC	October 24, 2023	√	Rates and Revenue
b. Post Final COS on DC Water’s website	November 30, 2023		
3. DC Water Cares RAP Program Extension to FY 2024			
a. Presentation to RRC on proposal to amend (CAP) regulations for DC Water Cares RAP extension to FY 2024	9/26/2023	√	Rates and Revenue
b. RRC recommends Board approval to amend the CAP regulations for RAP extension	9/26/2023	√	
c. F&B Recommends Board approval to (1) Rollover the FY 2023 RAP and MAP Program’s year-end balance ~\$924,942.94 to the budget for the FY 2024 RAP Program	9/28/2023	√	
d. Board approval and adoption of Notice of Emergency and Proposed Rulemaking (NOEPR) to amend the CAP regulations for extension to FY 2024	10/5/2023	√	
e. DC Cares RAP for FY 24 – Go-Live	10/5/2023	√	
f. Publish NOEPR in D.C. Register	10/20/2023	√	DGLA
g. Public comment period begins	10/20/2023	√	Marketing & Comm.
h. Public Hearing	12/5/2023	√	
i. Public comment period closes	12/12/2023	√	
j. RRC recommends to board final proposal to amend CAP regulations for extension	12/19/2023		Board Secretary Rates and Revenue
k. Board approval of Notice of Final Rulemaking (NOFR) for publication in D.C. Register	1/04/2024	√	
l. Publish NOFR in the D.C Register			
m. DC Cares RAP Program continues	1/19/2024	√	DGLA

FY 2024 Proposed RRC Committee Workplan
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4. Propose and Establish Retail Rates for FY 2025 & FY 2026	Date of Activity	Completed	Responsible Department
<i>a. Present FY 25 & FY 26 Budget to Board</i>	January 4, 2024	√	Rates and Revenue
<i>b. Present FY 25 & FY 26 Proposed Rates, Fees & Charges to RRC</i>	January 23, 2024	√	
<i>c. Independent Review of Rates- Presentation by Consultants</i>	February 27, 2024		
<i>d. RRC recommendation on Proposed FY 25 & FY 26 Rates, Fees & Charges</i>	February 27, 2024		Rates and Revenue
<i>e. Submit Independent Review of Proposed Rates and 2023 Cost of Service Study to Mayor and Council and post both on DC Water's website</i>	March 4, 2024		
<i>f. Board approves Notice of Proposed Rulemaking (NOPR) for Proposed FY 25 & FY 26 Rates, Fees & Charges</i>	March 7, 2024		
<i>g. Publish NOPR in D.C. Register for Proposed FY 25& FY 26 Rates, Fees & Charges</i>	March 22, 2024		DGLA
<i>h. Outreach and Public Comment Period</i>	March 22 - May 16, 2024		Marketing & Comm.
<i>i. Public Hearing</i>	May 9, 2024		
<i>j. Public Hearing Record Closes</i>	May 16, 2024		
<i>k. Submit Response to Public Comments report to Board and post on DC Water website and respond to OPC Comments, if applicable</i>	May 31, 2024		
<i>l. Present final FY 25 & FY 26 Rates, Fees & Charges to RRC for recommendation to Board</i>	June 25, 2024		Rates and Revenue
<i>m. Board approves Notice of Final Rulemaking (NOFR) for FY 25 & FY 26 Rates, Charges & Fees</i>	July 3, 2024		
<i>n. Publish NOFR in D.C. Register for Amended Rates, Fees & Charges</i>	July 19, 2024		DGLA
<i>o. Amended Rates, Fees & Charges Go-Live</i>	October 1, 2024 (FY '25) October 1, 2025 (FY '26)		Customer Care
5. 2023 COS for Water, Sewer and CRIAC			
<i>a. Present 2023 Cost of Service Study for Water, Sewer and CRIAC to RRC</i>	January 23, 2024	√	Rates and Revenue
<i>b. Post Final COS on DC Water's website</i>	February 27, 2024		

Attachment F

6. Establish new DC Water’s Customer Assistance Program, CAP Plus (CAP+)	Date of Activity	Completed	Responsible Department
<ul style="list-style-type: none"> a. RRC recommend proposal to Amend regulations to add new Customer Assistance Program, CAP Plus (CAP+) b. Board approves Notice of Proposed Rulemaking (NOPR) for new CAP+ c. Publish NOPR in D.C. Register for Proposed new CAP+ d. Outreach and Public Comment Period e. Public Hearing f. Public Hearing Record Closes g. Submit Response to Public Comments report to Board and post on DC Water website and respond to OPC Comments, if applicable h. Present final new CAP+ to RRC for recommendation to Board i. Board approves Notice of Final Rulemaking (NOFR) for new CAP+ j. Publish NOFR in D.C. Register for new CAP+ k. New CAP+ – Go Live 	<ul style="list-style-type: none"> February 27, 2024 March 7, 2024 March 22, 2024 March 22 - May 16, 2024 May 9, 2024 May 16, 2024 May 31, 2024 June 25, 2024 July 3, 2024 July 19, 2024 October 1, 2024 		<ul style="list-style-type: none"> Rates and Revenue DGLA Marketing & Comm. Rates and Revenue DGLA Customer Care
7. Fire Protection Service Fee for FY 2025, FY 2026, and FY 2027			
<ul style="list-style-type: none"> a. RRC recommend proposal for Fire Protection Service Fee b. Board approval of Notice of Proposed Rulemaking (NOPR) c. Publish NOPR in D.C Register d. Public Comment and Outreach e. RRC approval of final proposed Fire Protection Service Fee f. Board approval of Notice of Final Rulemaking (NOFR) g. Publish NOFR in D.C. Register h. Fire Protection Service Fee Go-Live 	<ul style="list-style-type: none"> March 26, 2024 April 4, 2024 April 23, 2024 April 23 – May 24, 2024 June 25, 2024 July 3, 2024 July 19, 2024 October 1, 2024 (FY ‘25) 		<ul style="list-style-type: none"> Rates and Revenue DGLA Marketing & Comm. Rates and Revenue DGLA Rates & Revenue
8. Delinquent Accounts			
<ul style="list-style-type: none"> a. Soldiers Home Negotiations 	<ul style="list-style-type: none"> Monthly, as needed 		<ul style="list-style-type: none"> DGLA



Attachment G

**D.C. WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS
RETAIL WATER & SEWER RATES
COMMITTEE MEETING**

**Tuesday, March 26, 2024; 9:30 a.m.
AGENDA**

Call to Order	Committee Chairman
Monthly Updates	Chief Financial Officer
Committee Workplan	Chief Financial Officer
Agenda for April 23, 2024 Committee Meeting	Committee Chairman
Other Business	Chief Financial Officer
Adjournment	

*Detailed agenda can be found on DC Water’s website at www.dewater.com/about/board_agendas.cfm