



The Proposed FY 2026 Budget

Budget Briefing to the Office of People's Counsel on January 24, 2025

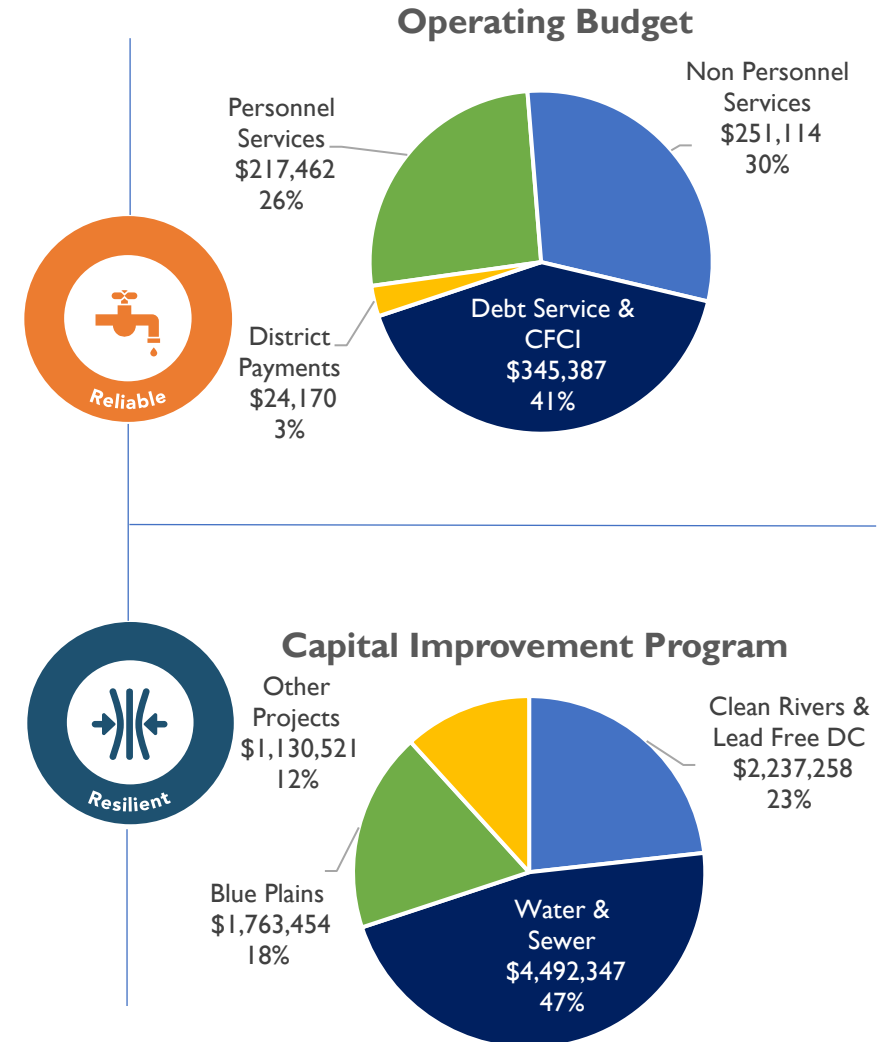
District of Columbia Water and Sewer Authority



Blue Plains

\$ in thousands

- Allocates 56% of the **\$838.1 million operating budget** for operations and maintenance like employee salaries and benefits, 41% for debt service and PAYGO for the capital program and 3% for payments to the District
- Eliminates 45 hard to fill vacant positions, saving customers \$5.7 million
- Caps the overall contractual services budget at the FY 2025 level
- \$1.1 billion to complete the Clean Rivers Program by 2030
- Advances the Lead-Free DC Program at \$1.1 billion with increased funding for the permit fees and brass requirements
- Leverages Federal Funds, including those from the Bi-Partisan Infrastructure Law for lead removal, small diameter water line replacement, and Blue Plains upgrades
- Increases investment in the water (\$1.8 billion) and sewer (\$1.4 billion) system as part of the **\$9.62 billion CIP**
- Advances the full rehabilitation of the Potomac Interceptor and trunk force sewers (\$1.34 billion)
- Fully funds the robust Customer Assistance Programs



- 💧 Overview of the Revised FY 2025 and Proposed FY 2026 Budgets
 - Operating Expenditures
 - Ten-Year Capital Improvement Program
 - Revenues, Rates and Fees
 - Ten-Year Financial Plan
- 💧 Overview of Customer Assistance Programs



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

Navigation bar for DC Water website. Includes logo, utility links (Workzone Alerts, Report a Problem), search bar, and main menu items: About DC Water, Projects, Resources, What's Going On, Work With Us, Customer Center. Breadcrumbs: Home » About DC Water » Finance » Ratemaking Process

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Ratemaking Process

The Board's Strategic Plan and 10-year financial plan provide the framework for the formulation, prioritization, implementation and monitoring of the annual budget process.

The annual budget process typically begins with planning in June and official kickoff in July of each year for the Operating and Capital Budgets. Plans and budgets are prepared at an appropriate level of detail for each management level. Assumptions inherent in the plans and budgets reflect the entity's historical experience, current conditions and Executive Team's directives. Once decisions are finalized for the operating and capital budgets, management develops the financial plan and rate model including various scenarios to ensure a balanced budget for recovery of costs. Further review is undertaken with independent consultants including benchmarking our proposed rates with peers in the industry. DC Water develops two-year rate proposals. The benefits of multi-year rates include greater revenue certainty, increased budget discipline and better alignment between revenues and expenditures.

The proposed budgets are finalized during the fall of each year, and introduced to the Board during the Budget Workshop typically in January. The Committees then submit their recommendations to the full Board for adoption and DC Water's adopted budget is included in the District of Columbia's budget submission to U.S. Congress.

DC Water's **adopted budget** and proposed rates are communicated via various news and media outlets as well as town hall meetings in each ward and a public hearing to provide customers the opportunity to comment on the changes. Once the budgets are appropriated by Congress and the final rates approved by the Board, they become effective on October 1st of each year.

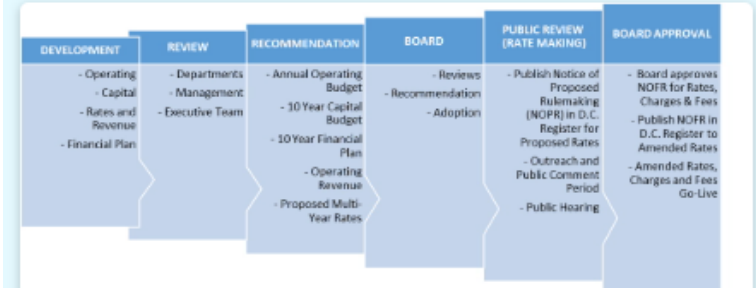
Online Tools

Rate Comparison Tool

Impervious Area Calculator

In This Section

- [FY 2026 Proposed Budget](#)
- [FY 2025 Approved Budget & Proposed Two-Year Rates](#)
- [Approved FY 2025 and FY 2026 Rates](#)
- [Budget & Rate Review Documents](#)
- [Town Hall Meetings](#)

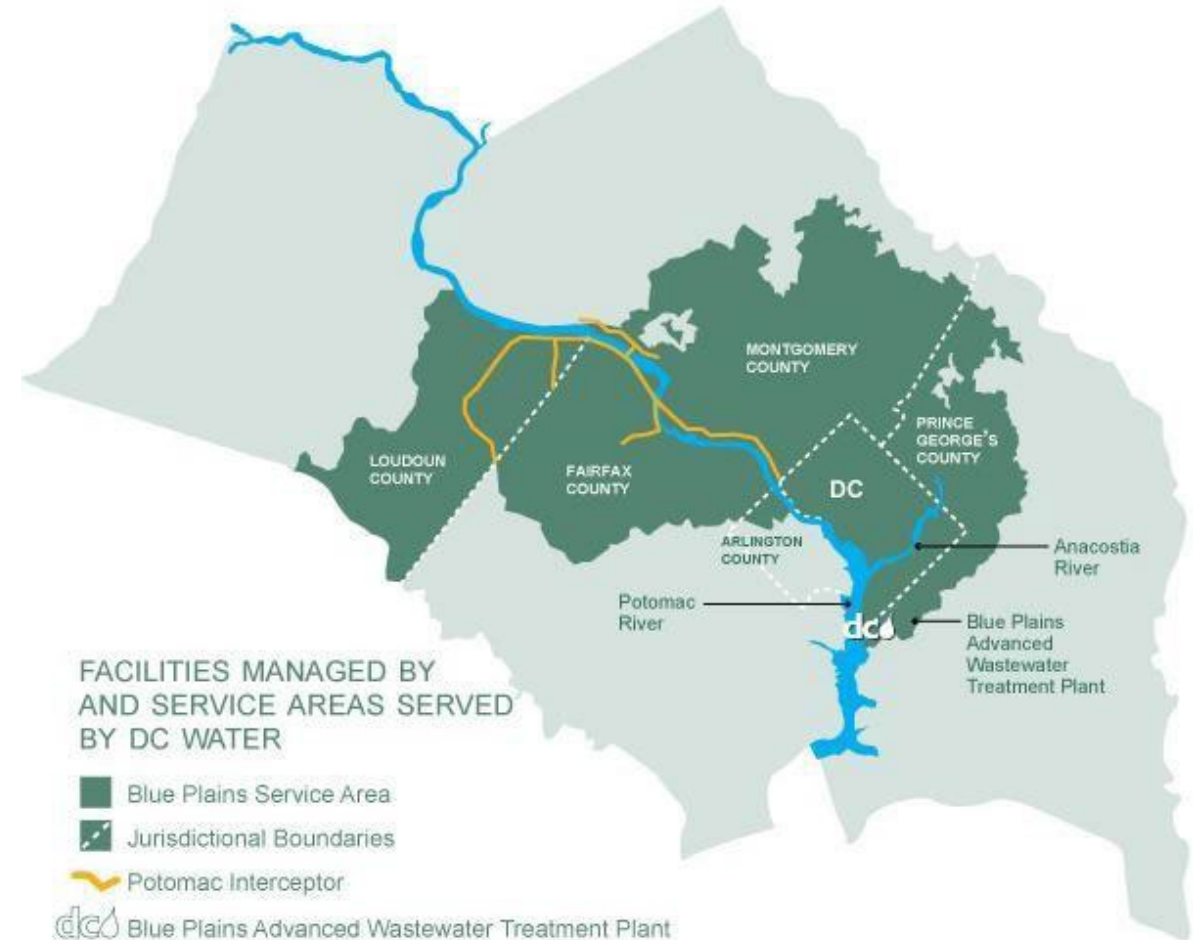


Budget And Rate Review Documents

[Budget Review Documents](#)

Date	Title
January 22, 2025	Wholesale Customer Presentation DC Water's Proposed FY 2026 Budget
January 16, 2025	Environmental Quality and Operations Proposed FY 2025 - FY 2034 Capital Improvement Program
January 13, 2025	Budget Workshop with the Board FY 2026 Proposed Budget

- ◆ DC Water **delivers water** through **1,300 miles** of interconnected pipes, four pumping stations, four reservoirs, three water tanks, **43,860 valves**, and **9,510 fire hydrants**
 - The median age of water infrastructure is 79 years
- ◆ DC Water operates **1,900 miles** of sanitary and combined sewers, nine wastewater pumping stations, 16 stormwater pumping stations, and 12 inflatable dams
 - The median age of sewer infrastructure is 89 years
- ◆ Blue Plains Advanced Wastewater Treatment Plant is located at the southernmost tip of the District, covering more than **150 acres** along the Potomac River. Blue Plains is the largest advanced wastewater treatment facility in the world



Board Review of Proposals

- Two months of detailed review by Finance and Budget, Environmental Quality and Operations, and Retail Rates Committees

Customer Briefings and Feedback

- Jan. 22 - Wholesale Customers
- Jan. 24 - Office of the People's Counsel

Board **Budget Adoption** on March 6, 2025

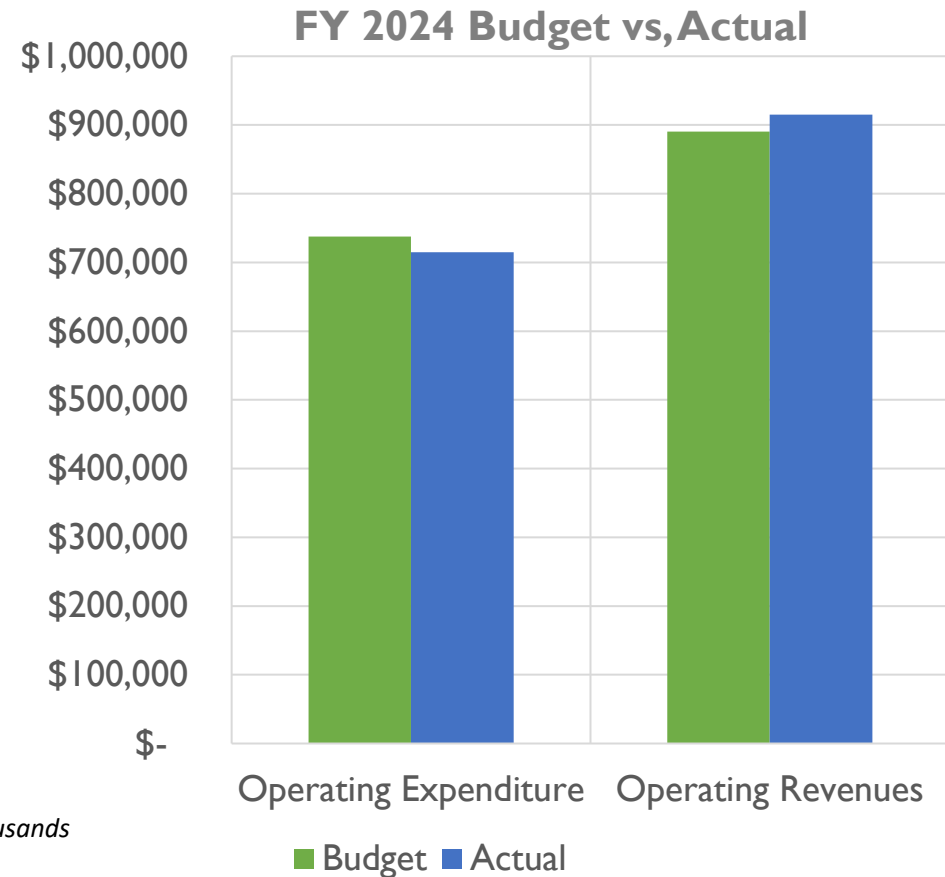
Fiscal year **begins** on October 1, 2025

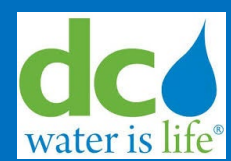


🔹 FY2024 Financial Performance was on track to budget

- Operating Expenditures – 96.9%
 - Cost pressures due to impact of inflation offset by underspending in personnel services, water purchases and utilities
- Operating Revenues – 102.7%
 - Higher receipts due to higher consumption and higher CRIAC receipts than anticipated in the budget

\$ in thousands





Proposed Changes to FY 2025 Budget

💧 FY 2025 Operating Expenditure Budget – Remains at the Board-approved level

- Reprogramming of \$5.5 million
 - Debt Service - Reduction due to structure of new debt and refinancing
 - Cash Financed Capital Improvement (CFCI) - Increase for paygo to reduce future borrowing costs

💧 FY 2025 Operating Revenues Budget - \$25.6 million increase

- Retail Revenue – Increase due to higher projected water consumption by 2.3 million Ccf
- Other Revenue – Increase in projected Fire Protection Fee based on Cost of Service and IMA Indirect Cost Reimbursement for Capital Project

\$'0000s	Adopted Budget	Budget Reprogramming	Amended Budget
Operations & Maintenance	\$ 454,513		\$ 454,513
Debt Service	249,495	(5,526)	243,969
Cash Financed Capital Improvement	60,436	5,526	65,962
PILOT & ROW	23,796		23,796
Total Operating Budget	\$ 788,241	\$ -	\$ 788,241

FY 2025	Current	Revision	Revised
Retail Revenue	\$ 731,642,502	\$16,171,481	\$ 747,813,983
Wholesale Revenue	114,248,146	-	114,248,146
Interest Earnings	9,089,071	-	9,089,071
Other Revenue	70,877,512	9,430,667	80,308,179
Interest on Bond Reserve	403,659	-	403,659
Total	\$926,260,890	\$25,602,148	\$ 951,863,038

The Proposed Budget

Proposed Operating Expenditure Budget of \$838.1 million – 1% below Financial Plan

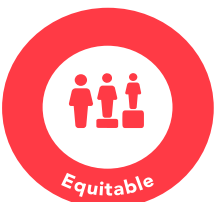
- **Operations and Maintenance (O&M)** – \$468.6 million for personnel and **non-personnel**
- **Debt Service** – \$271.5 million and Cash Financed Capital Improvements (CFCI) of \$73.9 million
- **PILOT & ROW** – payments to the District of \$24.2 million

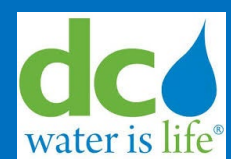
Capital Budget of \$913.4 million and 10-year CIP of \$9.62 billion

- **Capital Projects** – \$8.77 billion for mandated projects, Lead Free DC program, rehabilitation of the Potomac Interceptor, equipment upgrades and rehabilitation at Blue Plains, and continued investments in the aging water and sewer infrastructure
- **Capital Equipment** – \$350.8 million equipment including pumps, motors, meters, backhoes, jet-vacs, catch basin trucks and other aged vehicles to meet operational needs
- **Washington Aqueduct (WAD)** – \$500.8 million for DC Water’s share of WAD’s capital program

Proposed Financial Plan

- Includes **previously approved FY 2026 rates and fees**
- **Forecasts annual rate adjustments** to fund the forecasted operating budget and ten-year CIP
- **Meets Board financial policy requirements**

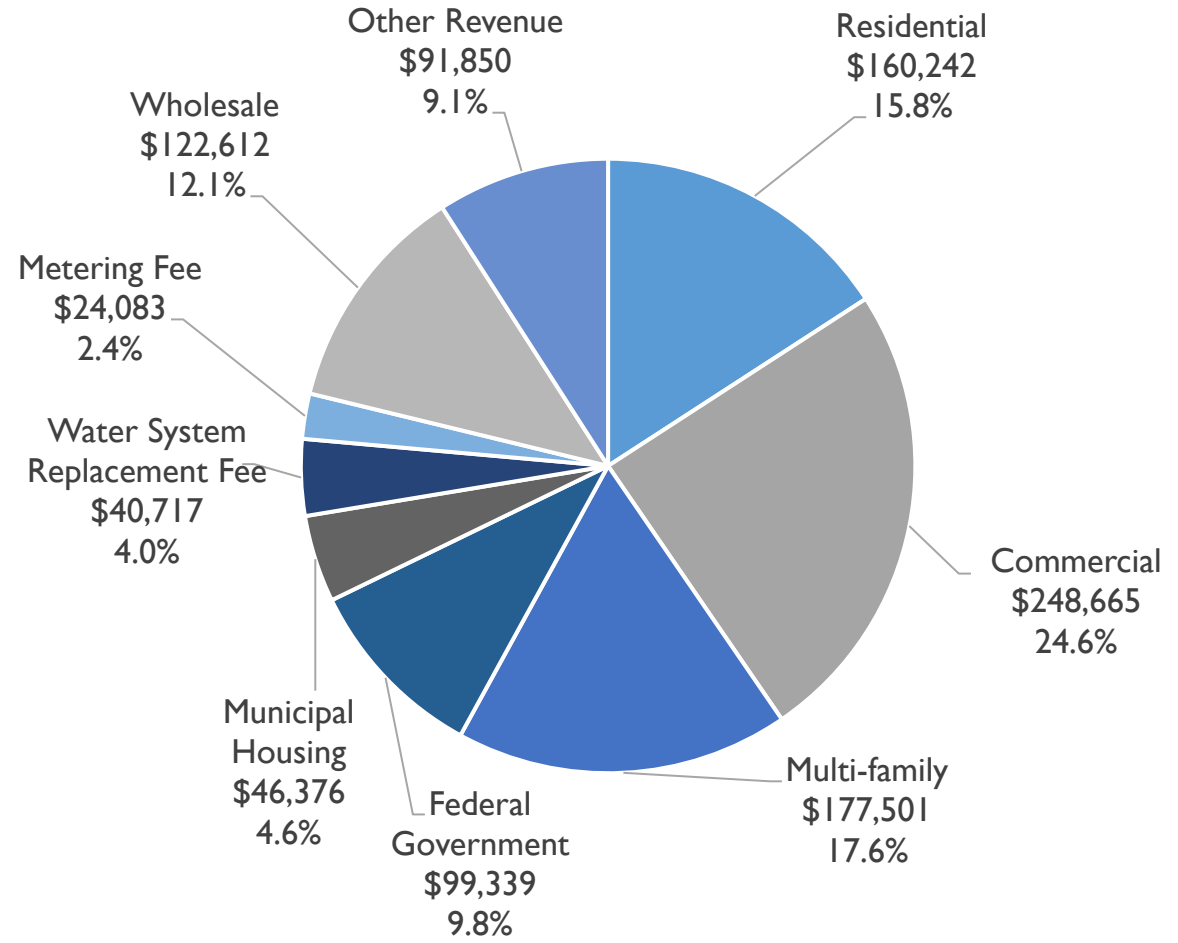




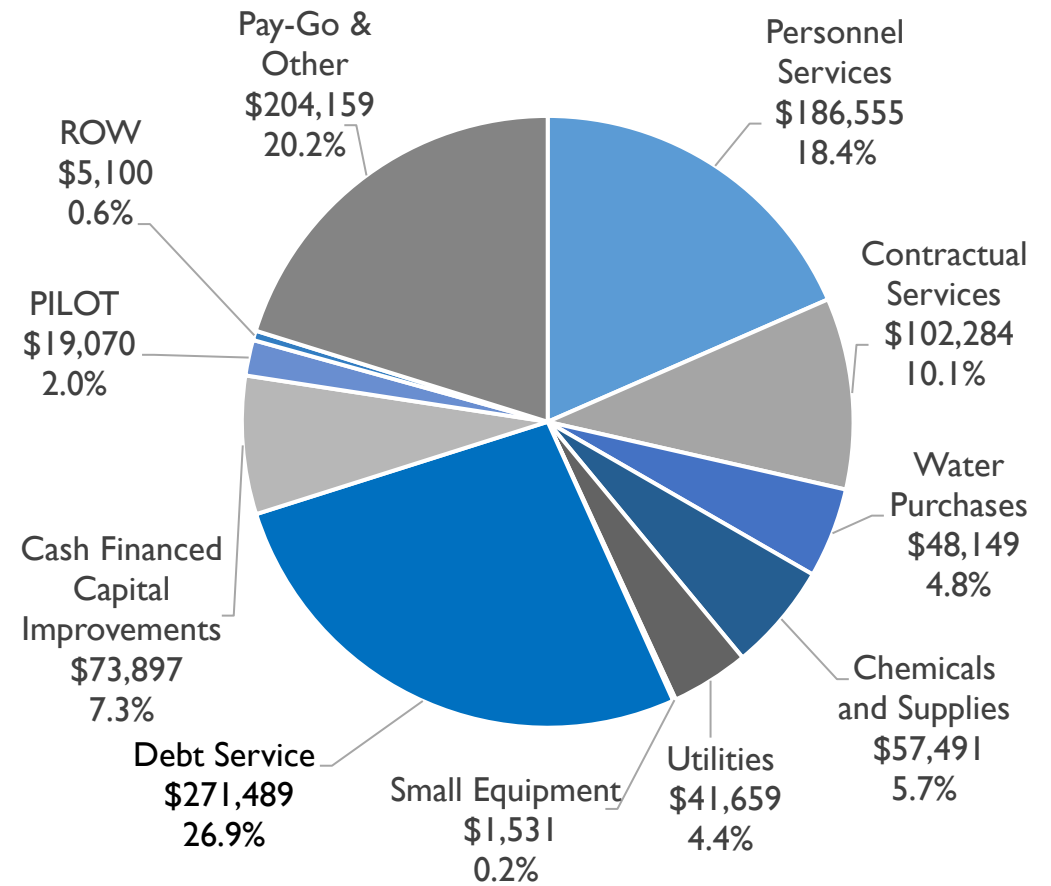
FY 2026 Operating: Sources and Uses of Funds

\$ in thousands

Sources - \$1.01 billion



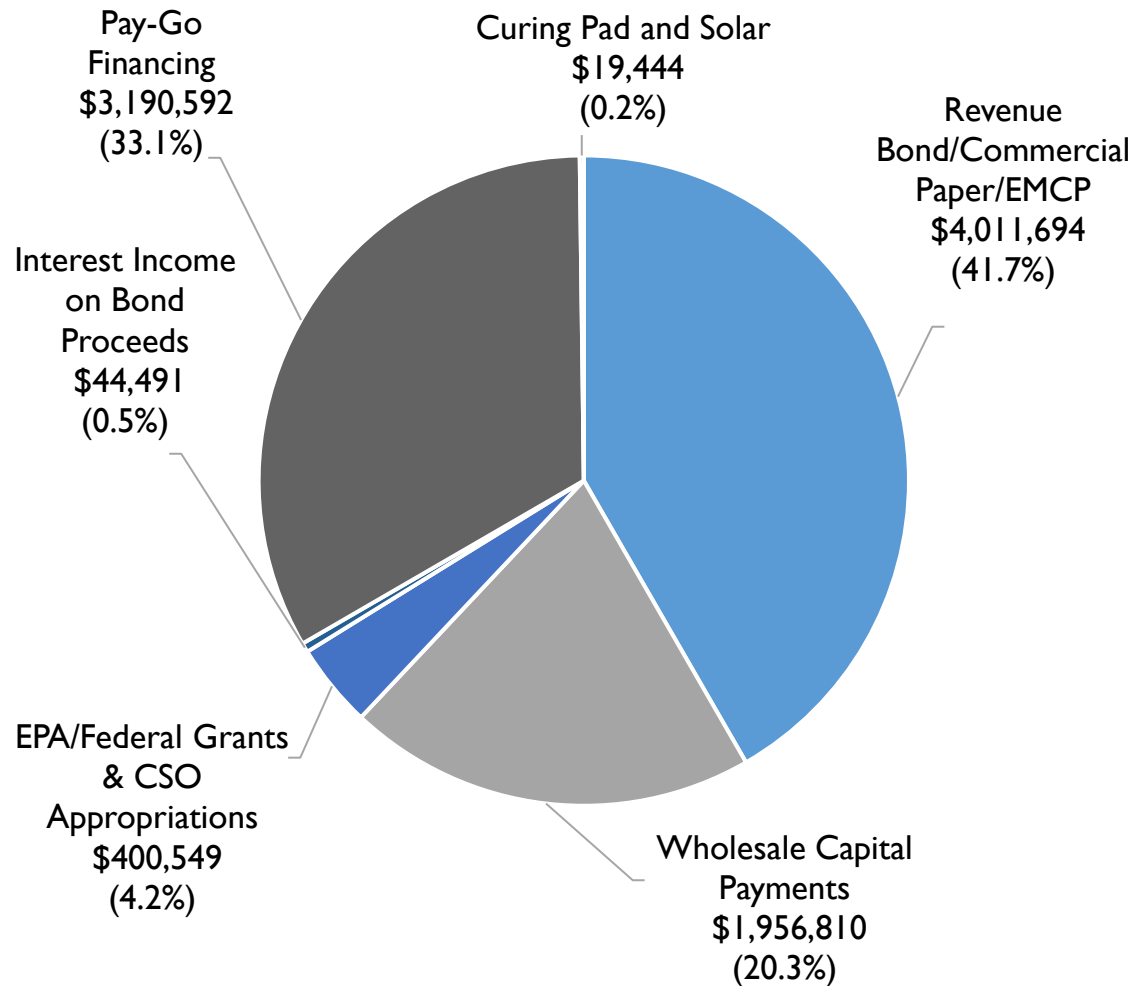
Uses - \$1.01 billion



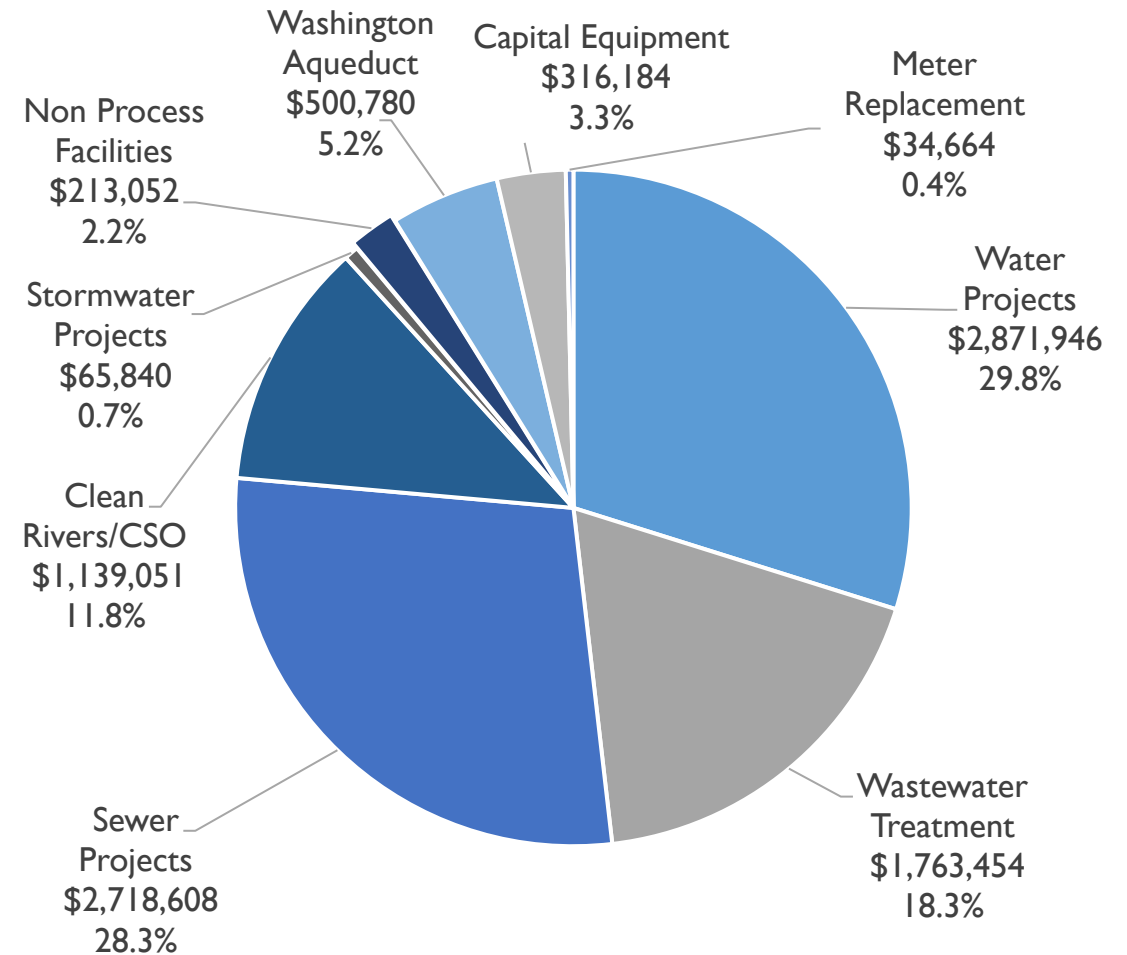
Ten Year CIP: Sources and Uses of Funds

\$ in thousands

Sources - \$9.62 Billion



Uses - \$9.62 Billion



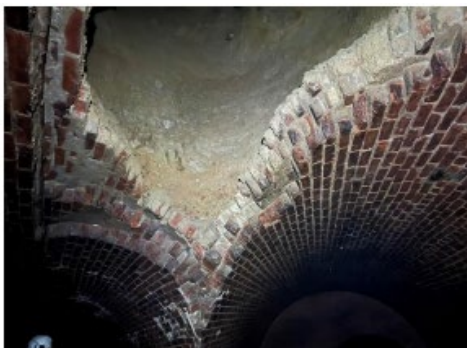
Proposed Capital Improvement Program

Water infrastructure is the most capital-intensive utility to operate, with some analysts estimating it to be twice as capital-intensive as providing electricity, and three times as capital-intensive as providing gas.

– US EPA Environmental Financial Advisory Board

We are at Risk – Recent Large Sewer Emergencies:

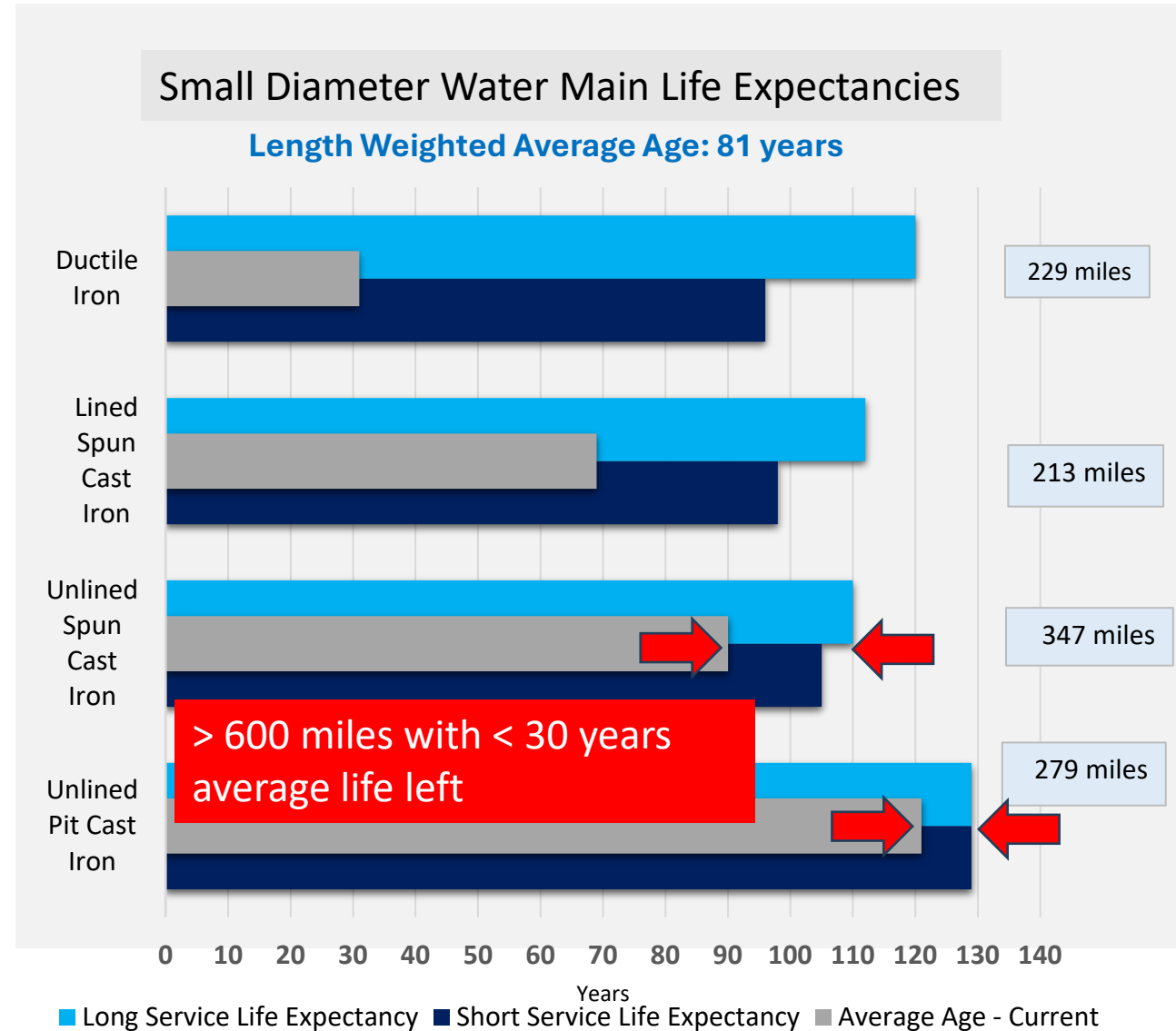
Project Location	Failure (year)	Est. Cost (\$)
East/West Outfall Relief Sewer	2023	\$25M
Glover Park	2023	\$1.8M
Anacostia Main Interceptor	2023	\$10M
Potomac Interceptor MH-31	2024	\$10M
NW Boundary Trunk Sewer *Phase 1 repair only	2024	\$2M*
Tiber Creek Manhole	2024	\$0.8M

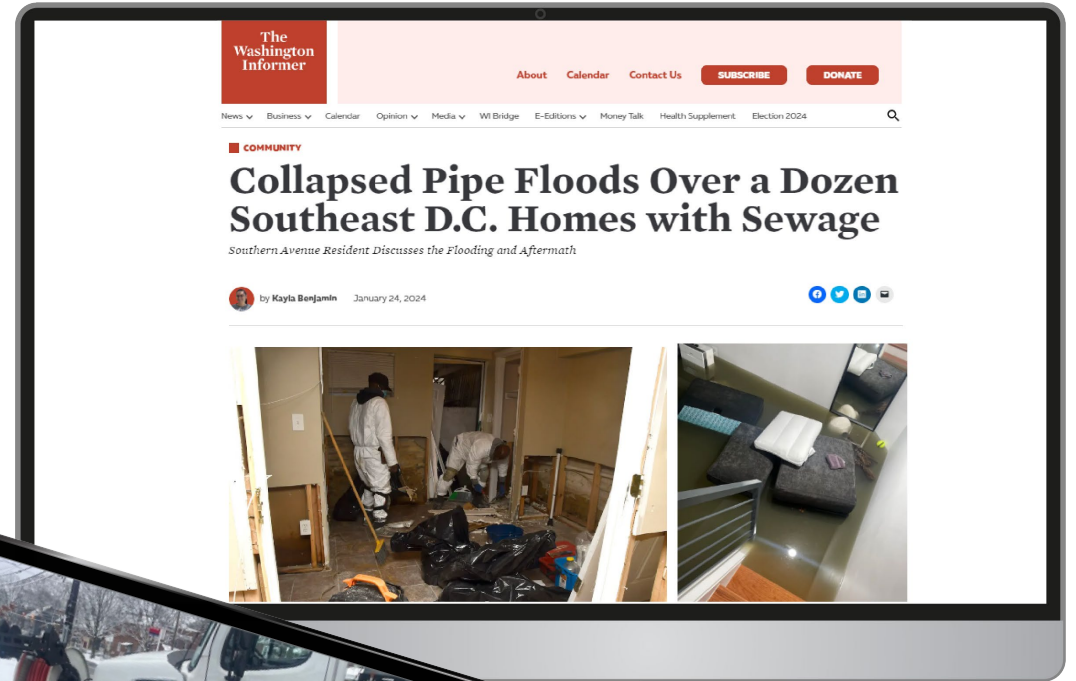
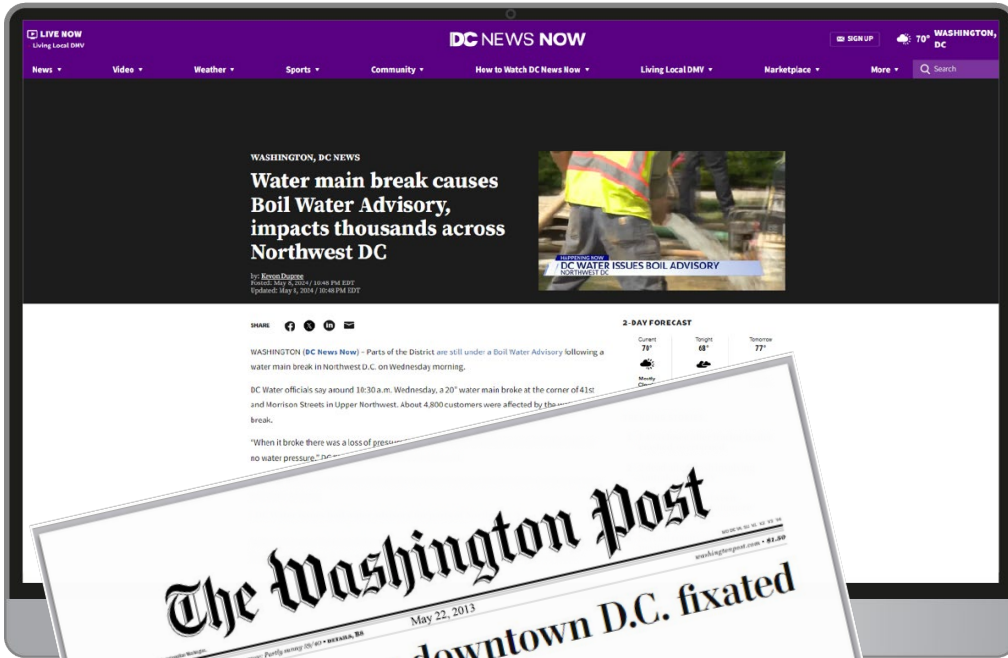


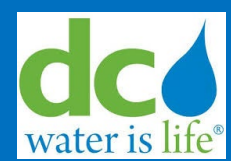
NW Boundary Trunk Sewer



Anacostia Main Interceptor Sinkhole







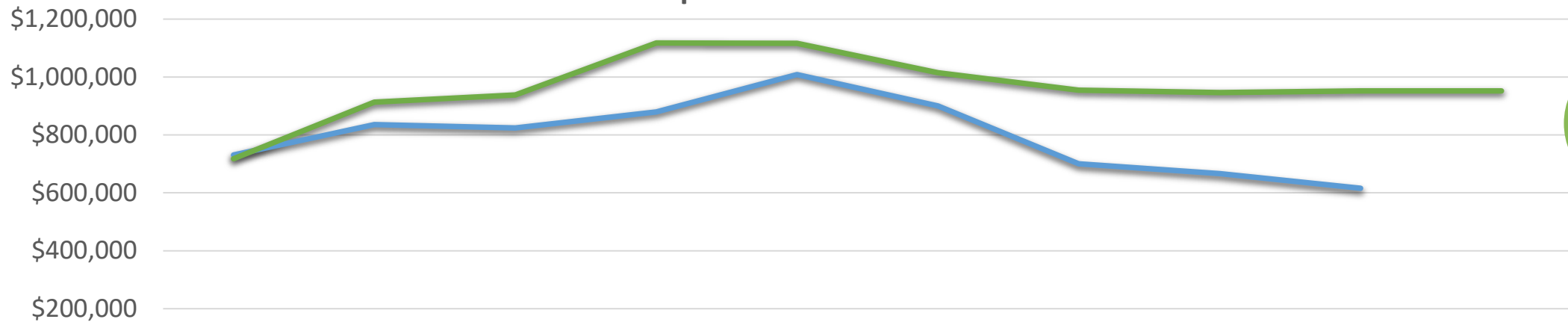
The Capital Improvement Program

- The proposed ten-year CIP budget of \$9.62 billion includes **\$1.88 billion increase** over the Board-approved CIP
 - Investment in our aging sewer and water systems for continued reliability, combined increase of \$580 million
 - Full rehabilitation of the Potomac Interceptor, increase of \$435 million
 - Brass replacement and permit fee requirements for the Lead-Free program, an increase of \$367 million
 - Rehabilitation and upgrades to wastewater treatment mainly for Liquid Processing, total increase of \$430 million
 - DC Water's share of the Washington Aqueduct's capital program, an increase of \$143 million mainly in the latter years
 - Reduced spending for the Clean Rivers project as we approach the completion of the Potomac River Tunnel, decrease of \$98 million

Cash Disbursements (\$000's)	FY2025 - FY 2034 CAPITAL IMPROVEMENT PROGRAM											10-yr Total	Last Year's 10-yr	(Increase) Decrease	Lifetime Budget
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034					
NON PROCESS FACILITIES	\$ 18,181	\$ 51,570	\$ 36,149	\$ 16,630	\$ 13,006	\$ 12,169	\$ 16,339	\$ 16,393	\$ 16,616	\$ 16,000	\$ 213,052	\$ 197,518	\$ (15,534)	\$ 414,629	
WASTEWATER TREATMENT	68,282	106,353	111,659	195,570	188,694	221,431	222,997	215,925	217,553	214,990	1,763,454	1,333,603	(429,851)	3,871,705	
COMBINED SEWER OVERFLOW	223,832	250,386	237,349	197,096	138,525	85,911	5,953	-	-	-	1,139,051	1,230,093	91,042	3,421,865	
STORMWATER	8,209	17,360	16,440	6,955	3,540	5,131	1,738	2,311	2,554	1,602	65,840	68,551	2,711	151,699	
SANITARY SEWER	146,901	148,796	170,931	345,603	399,157	303,342	301,698	302,597	299,314	300,268	2,718,608	1,855,580	(863,028)	3,745,688	
WATER	185,094	270,680	297,810	288,118	300,403	314,195	297,381	300,544	307,069	310,652	2,871,946	2,353,028	(518,918)	4,968,489	
CAPITAL PROJECTS	650,499	845,145	870,337	1,049,973	1,043,325	942,179	846,106	837,770	843,106	843,512	8,771,952	7,038,373	(1,733,579)	16,574,075	
CAPITAL EQUIPMENT	31,477	32,481	32,052	31,825	37,169	37,169	37,169	37,169	37,169	37,169	350,848	347,390	(3,458)	350,848	
WASHINGTON AQUEDUCT	35,770	35,770	35,770	35,770	35,770	35,770	71,540	71,540	71,540	71,540	500,780	357,472	(143,308)	500,780	
ADDITIONAL CAPITAL PROJECTS	67,247	68,251	67,822	67,595	72,939	72,939	108,709	108,709	108,709	108,709	851,628	704,862	(146,766)	851,628	
LABOR														383,495	
TOTAL CAPITAL BUDGETS	\$ 717,745	\$ 913,396	\$ 938,159	\$ 1,117,568	\$ 1,116,264	\$ 1,015,118	\$ 954,815	\$ 946,479	\$ 951,815	\$ 952,221	\$ 9,623,580	\$7,743,235	\$(1,880,345)	\$17,809,199	
Board Approved 10yr- CIP	732,139	841,815	829,232	888,890	1,017,465	908,987	709,507	675,467	625,006		7,743,235				
Delta (inc)/dec	14,394	(71,581)	(108,927)	(228,678)	(98,799)	(106,131)	(245,308)	(271,012)	(326,809)	(437,494)	(1,880,345)				

- 💧 The proposed ten-year CIP budget of \$9.6 billion reflects management’s commitment to continue to invest in our aging water and sewer infrastructure after the completion of the mandated Clean Rivers program in 2030
- 💧 The chart below shows a sustainable CIP with projected annual spending trends that is consistent with the rate sustainability goals outlined in the Blueprint 2.0 and DC Water’s rate-setting policies requiring “reliable” revenues

Comparative Ten-Year CIP

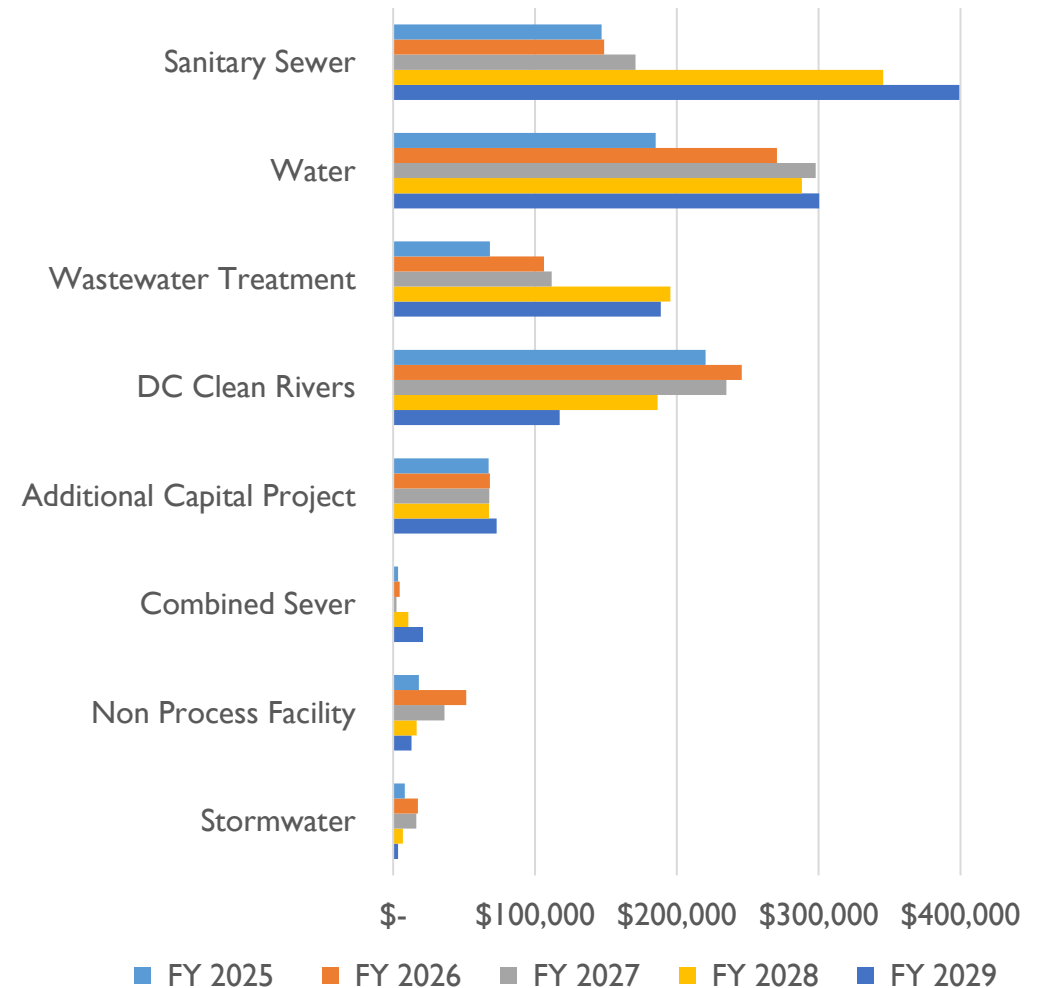


	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Board Approved	\$730,583	\$835,340	\$824,196	\$879,765	\$1,008,340	\$899,862	\$700,382	\$666,342	\$615,881	
Proposed CIP	\$717,745	\$913,396	\$938,159	\$1,117,568	\$1,116,264	\$1,015,118	\$954,815	\$946,479	\$951,815	\$952,221

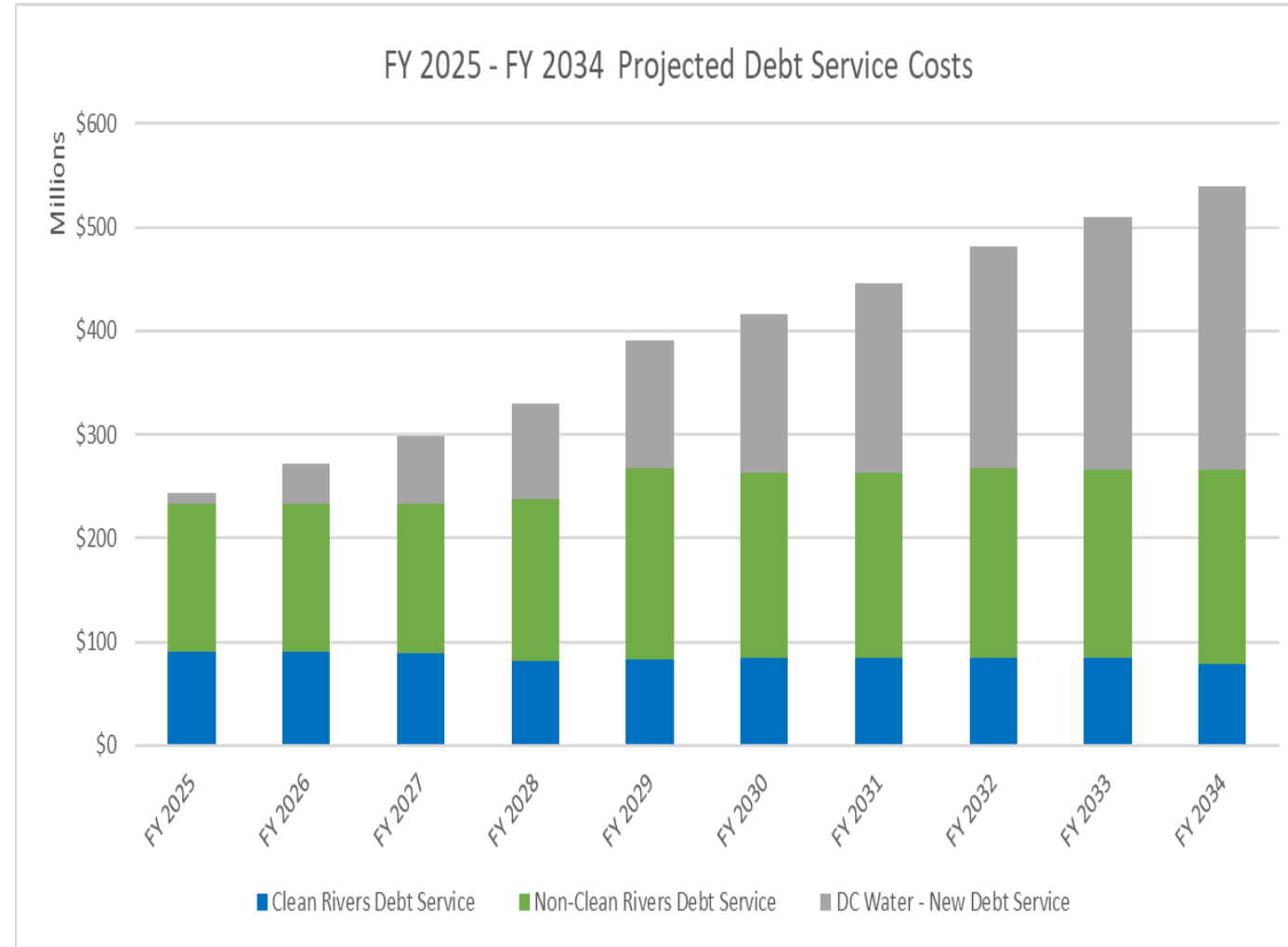
DC Water is proceeding with the increased investment in water and sewer projects as we advance the Lead-Free DC Program and approach the completion of the Clean Rivers tunneling program

- Spending on sewer projects will more than double from \$147 million in FY 2025 to \$346 million by FY 2028 mainly for the Potomac Inceptor
- Significant growth in water projects from \$185 million in FY 2025 to \$300 million by FY 2029 mainly for the Lead-Free DC program
- Critical rehabilitation and equipment upgrades at Blue Plains with spending growth from \$68 million in FY 2025 to \$189 million in FY 2029
- Clean Rivers program is anticipated at 31% of the overall CIP in FY 2025, but only 11% by FY 2029 when the Potomac River Tunnel is completed
- Spending on additional capital projects covers capital equipment and infrastructure improvements at the Aqueduct

Projected Capital Disbursements – Near term of 10-Year CIP (FY 2025 - FY 2029)



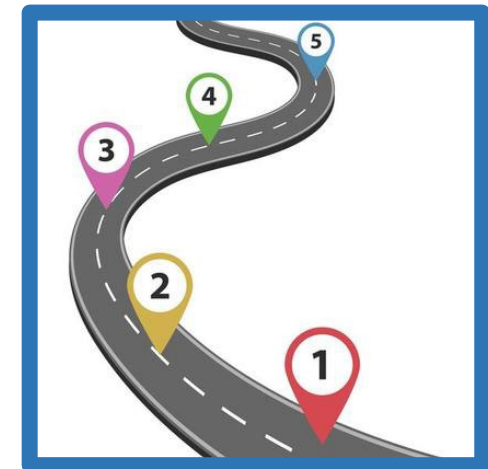
- To advance the capital program, DC Water will borrow an additional \$4.1 billion over the next ten years
- These new debt service costs will require additional rate increases



- Cash disbursement basis

- 💧 **Proposed CIP** of \$9.6B addresses many of DC Water’s critical assets but there is more to do
- 💧 **Future ten-year CIP** will consider needs which may be \$5B to \$10B more than current proposal
 - Rehabilitate large trunk sewers with high consequence of failure
 - Assess and address high risk Large Diameter Water Main defects
 - Address the local sewers backlog 50 years sooner by rehabilitating at 2.5% per year
 - Address small diameter water main backlog 20 years sooner by replacing 27 miles per year vs current 17 miles

		Consequence of Failure				
		Very Low	Low	Moderate	High	Very High
Likelihood of Failure	Very High					
	High					
	Moderate					
	Low					
	Very Low					



- 💧 **Path Forward:** During 2025, the Engineering and Finance teams will collaborate with the Board to lay the groundwork for the next year's ten-year CIP budget and two-year rate proposal

Infrastructure Needs

Condition Assessments & Operational Priorities

Consider Inflationary Cost Impacts

Identify Additional Funding Sources

Customer Impact Analysis

Evaluate Impact on Customer Affordability

Prepare Rate Forecasts for each CIP Scenario (*retail and wholesale*)

Engagement & Feedback

Committee Reviews & Board Feedback

Stakeholder Engagement

Board Committee Feedback

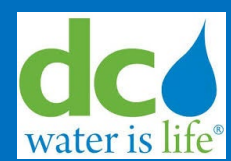
Future Budget

Incorporate Findings

Deliver FY 2026 – 2035 CIP & Financial Plan

Retail Rate Adjustments & Wholesale Contributions

Operating Budget

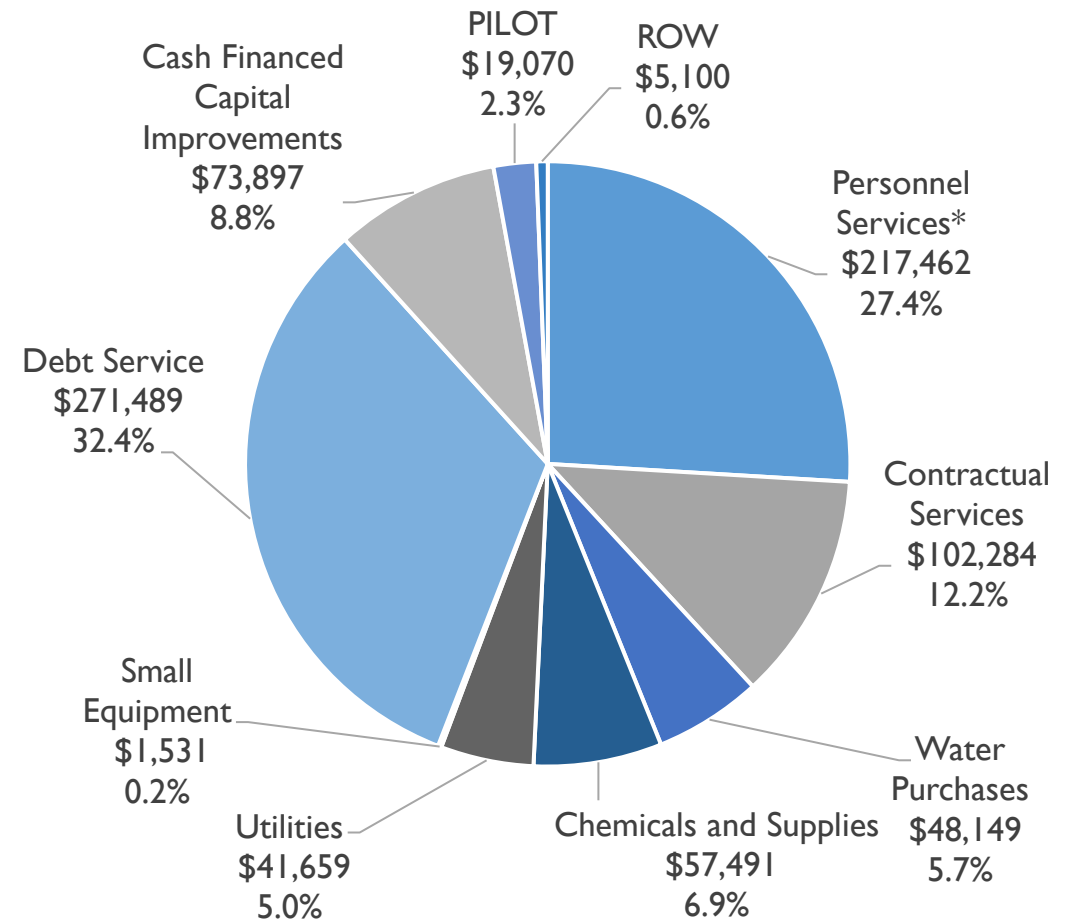
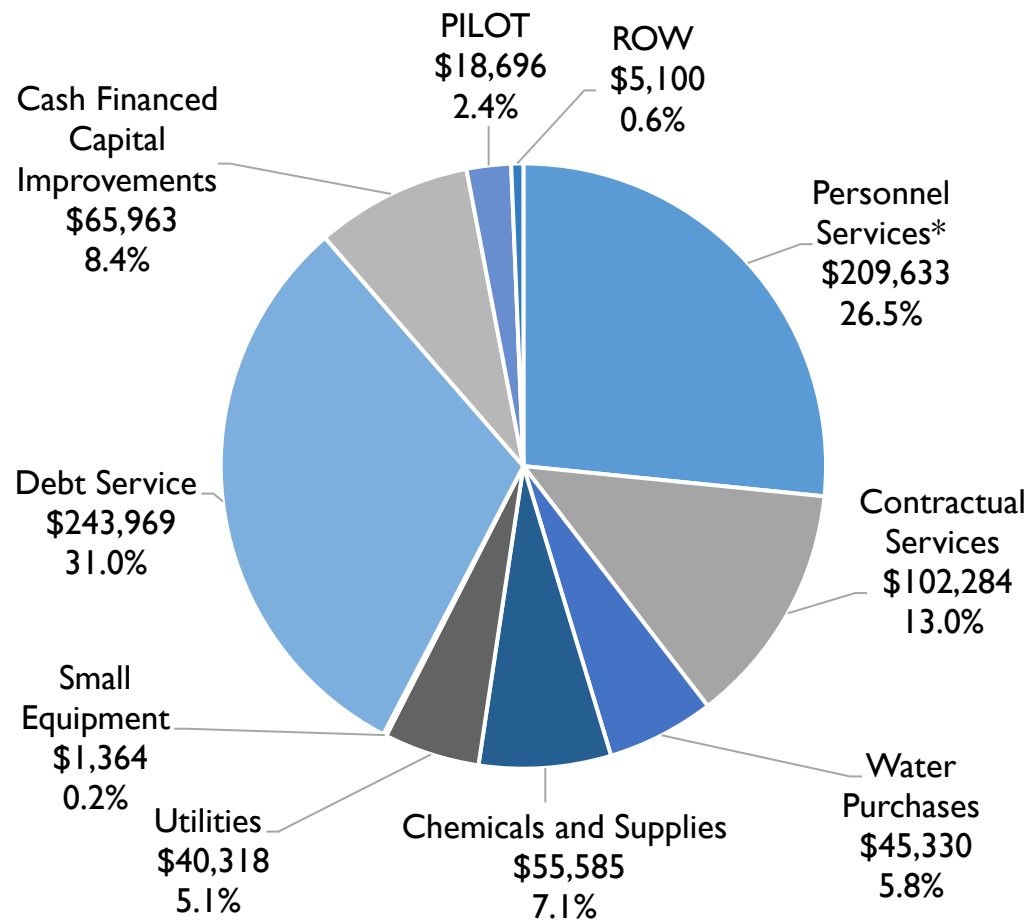


FY 2025 vs. FY 2026 Operating Budgets

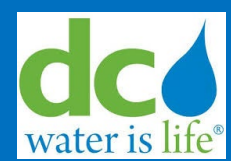
\$ in thousands

Revised FY 2025 \$788,241

Proposed FY 2026 \$838,133



* Personnel Services include capital labor charges

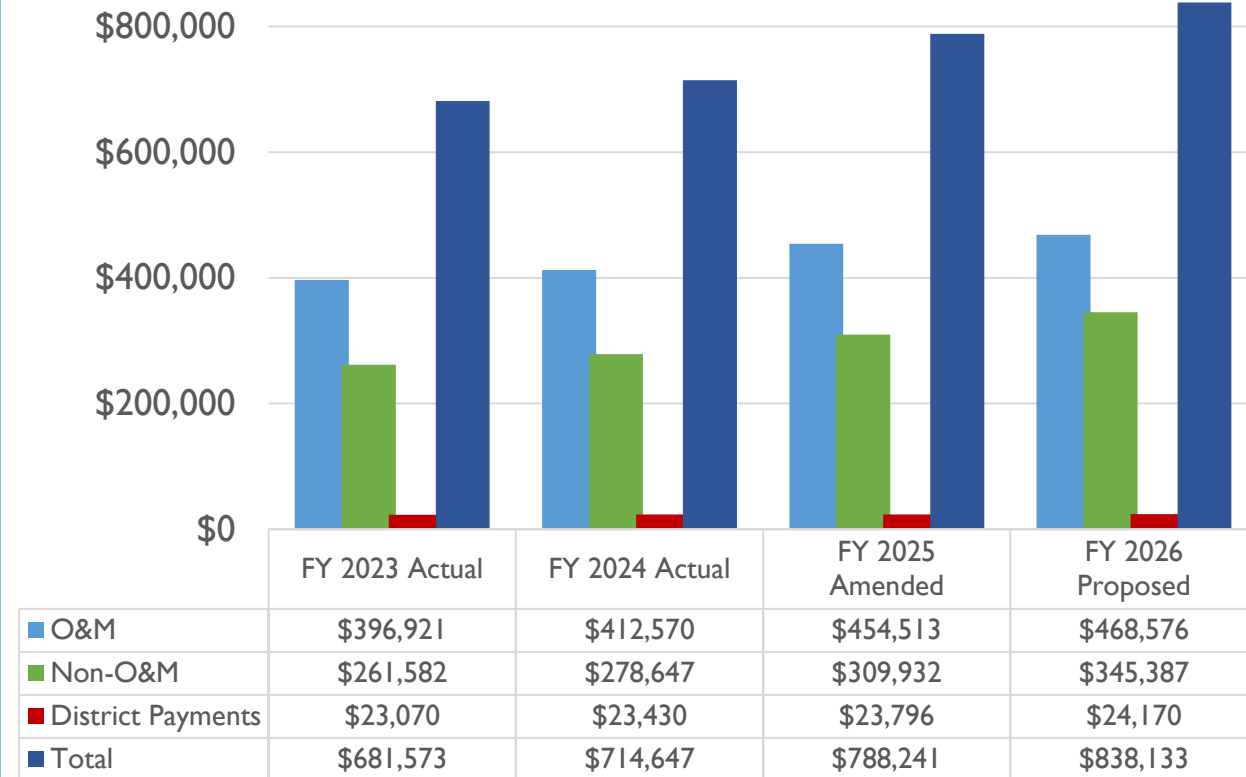


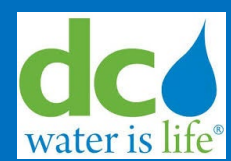
Operating Budget Trends

\$ in thousands

- Operations & Maintenance (O&M)** costs for personnel and non-personnel services costs
 - Average annual growth over the last three years is 7.3%. This includes a significant cost increase of 10.2% between FY 2022 and FY 2023 due to impact of inflation and supply chain issues
 - Projected average annual growth of 4% in the financial plan
- Non-O&M** costs include debt service and Cash Financed Capital Improvement (CFCI)
 - Debt service is one of the fastest-growing components of the overall budget and is driven by the ten-year capital program
 - Projected average annual growth for debt service is 8.6% in the financial plan
- District Payments** are consistent with the MOUs
 - Payment-in-Lieu of Taxes (PILOT) increases 2% per year
 - Right of Way (ROW) amount remains the same each year

Annual Operating Expenditures





Operating Budget Comparison by Cost Category

- DC Water successfully closed Fiscal Year 2024 with strong financial performance, achieving approximately 97% of the overall budget
- The FY 2025 amended budget reflects reprogramming of \$5.5 million from debt service to CFCI. The overall budget remains the same and increase in PAYGO reduces future borrowing costs
- The proposed FY 2026 overall operating budget is \$838.1 million, an increase of \$49.9 million or 6.3% compared to FY 2025 level

(\$000's)	FY 2024			FY 2025		FY 2025	FY 2026	(Increase)/ Decrease	
	Revised	Actual	Variance	Adopted Budget	Budget Reprogramming	Amended Budget	Proposed Budget	\$	%
Regular Pay	\$ 147,203	\$ 139,983	\$ 7,220	\$ 154,105		\$ 154,105	\$ 159,348	\$ (5,243)	-3.4%
Benefits	45,869	41,491	4,378	46,425		46,425	46,914	(489)	-1.1%
Overtime	8,509	11,521	(3,011)	9,103		9,103	11,200	(2,097)	-23.0%
Total Personnel Services	201,581	192,994	8,587	209,633	-	209,633	217,462	(7,829)	-3.7%
Chemical and Supplies	54,568	55,596	(1,027)	55,585		55,585	57,491	(1,906)	-3.4%
Utilities	39,233	34,202	5,031	40,318		40,318	41,659	(1,341)	-3.3%
Contractual Services	93,070	89,276	3,795	102,284		102,284	102,284	-	0.0%
Water Purchases	44,039	38,904	5,134	45,330		45,330	48,149	(2,819)	-6.2%
Small Equipment	1,437	1,599	(162)	1,364		1,364	1,531	(167)	-12.2%
Total Non-Personnel Services	232,347	219,576	12,771	244,881	-	244,881	251,114	(6,233)	-2.5%
Total Operations & Maintenance	\$ 433,928	\$ 412,570	\$ 21,358	\$ 454,513	\$ -	\$ 454,513	\$ 468,576	\$ (14,063)	-3.1%
Debt Service	221,635	220,073	1,562	249,495	(5,526)	243,969	271,489	(27,521)	-11.3%
PILOT & ROW	23,430	23,430	-	23,796		23,796	24,170	(374)	-1.6%
Cash Financed Capital Improvements (CFCI)	58,575	58,575	-	60,436	5,526	65,963	73,897	(7,934)	-12.0%
Total Non-O&M	303,639	302,077	1,562	333,728	-	333,728	369,557	(35,829)	-10.7%
Total Operating Expenditure	\$ 737,567	\$ 714,647	\$ 22,920	\$ 788,241	\$ -	\$ 788,241	\$ 838,133	\$ (49,892)	-6.3%
Capital Labor Charges	(31,974)	(26,699)	(5,274)	(34,087)		(34,087)	(30,907)	(3,180)	9.3%
Net Operating Expenditure	\$ 705,593	\$ 687,948	\$ 17,645	\$ 754,154	\$ -	\$ 754,154	\$ 807,226	\$ (53,072)	-7.0%



Personnel (\$7.8 million increase) – Reflects adjustments for vacancies, merit, bonus payment, overtime and other salary adjustments. Assumes an overall vacancy rate of 5% compared to 7% in FY 2025 due to elimination of existing vacancies



Chemicals (Relatively flat) – Budget is based on current price projections with unit price increases for sodium hypochlorite offset by unit price reductions in methanol and other chemicals. Energy market volatilities may impact the budget



Supplies (\$1.9 million increase) – Reflects inflationary cost pressures for critical parts and custodial materials



Utilities (\$1.3 million net increase) – Anticipates increased capacity prices for electricity starting with offsetting reduction in natural gas and water usage in various treatment activities consistent with current trends



Water Purchase (\$2.8 million increase) – Driven by proportionate cost for the dredging of the Little Seneca Reservoir



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



Small Equipment (\$0.2 million increase) – Reflects rental of two cranes for use at Blue Plains

Non Operations & Maintenance Budget Drivers



Debt Service – Increase of \$27.5 million for planned debt between the projected senior and subordinate bond series



Cash Financed Capital Improvements – Increase of \$7.9 million for PAYGO funding to reduce future borrowing costs



PILOT & ROW – Increase of \$0.4 million for payment of PILOT fees to the District consistent with MOUs. The payment for ROW remains at the FY 2025 level of \$5.1 million

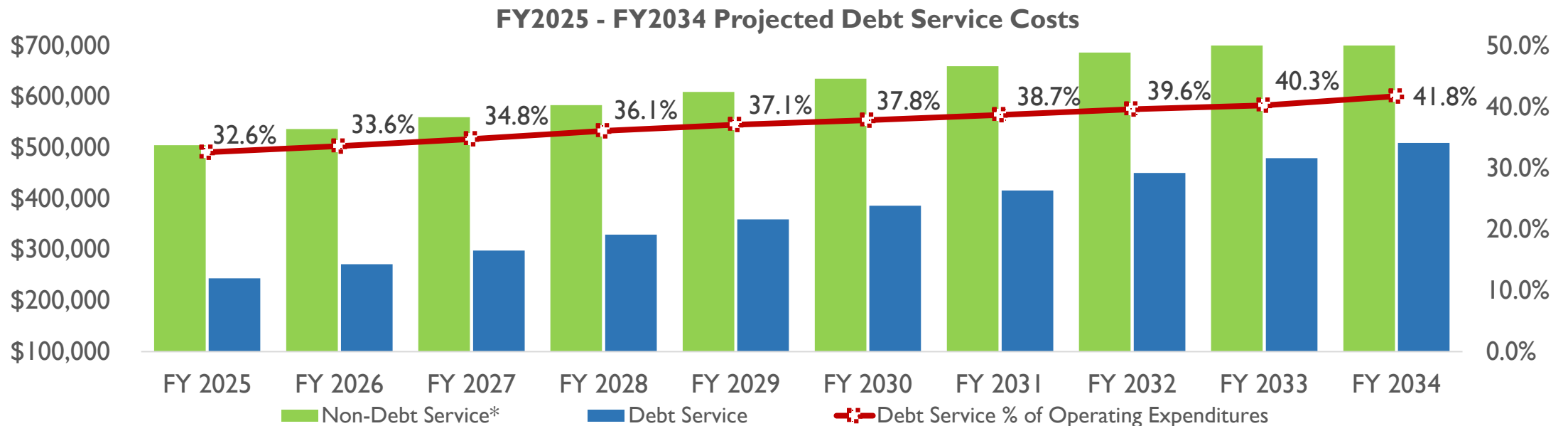


Capital Labor Charges – Decrease of \$3.2 million due to the elimination of vacancies mainly in the engineering departments

💧 Debt service is the largest driver in the operating budget

- Represents 33.6% of the net operating expenditure budget and 27.1% of operating revenue in FY 2026
- Over the next ten years, about \$4.2 billion is anticipated to be borrowed to fund the capital program
- Debt service cost is projected to grow from \$244.0 million in FY 2025 to \$509.6 million by FY 2034 (approximately 109% increase)

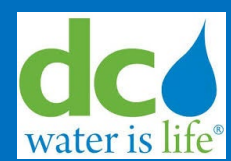
\$ in thousands



* Non-Debt Service includes O&M, PILOT, ROW and CFCI estimates

- 💧 Personnel - Overtime during emergencies, increased healthcare cost, lower than anticipated vacancy rate, outcome of compensation assessments and other leave adjustments typically funded by vacancies
- 💧 Supplies & Chemicals - Market volatilities, inflation, increased capacity energy prices based on peak demand, rain events, process optimization
- 💧 Utilities - Market volatilities, increased capacity energy prices based on peak demand, rain events, process optimization
- 💧 Equipment & Facilities - Parts, equipment and maintenance requirement for tunnels, treatment facilities and the new operational buildings
- 💧 Professional Services - Biosolids/BLOOM - Hauling/marketing of 70,000 tons, Locate and Mark Utilities – Increased cost and volume
- 💧 Litigation & Insurance - Impacts of unanticipated legal cases and insurance policy requirements and workers compensation claims

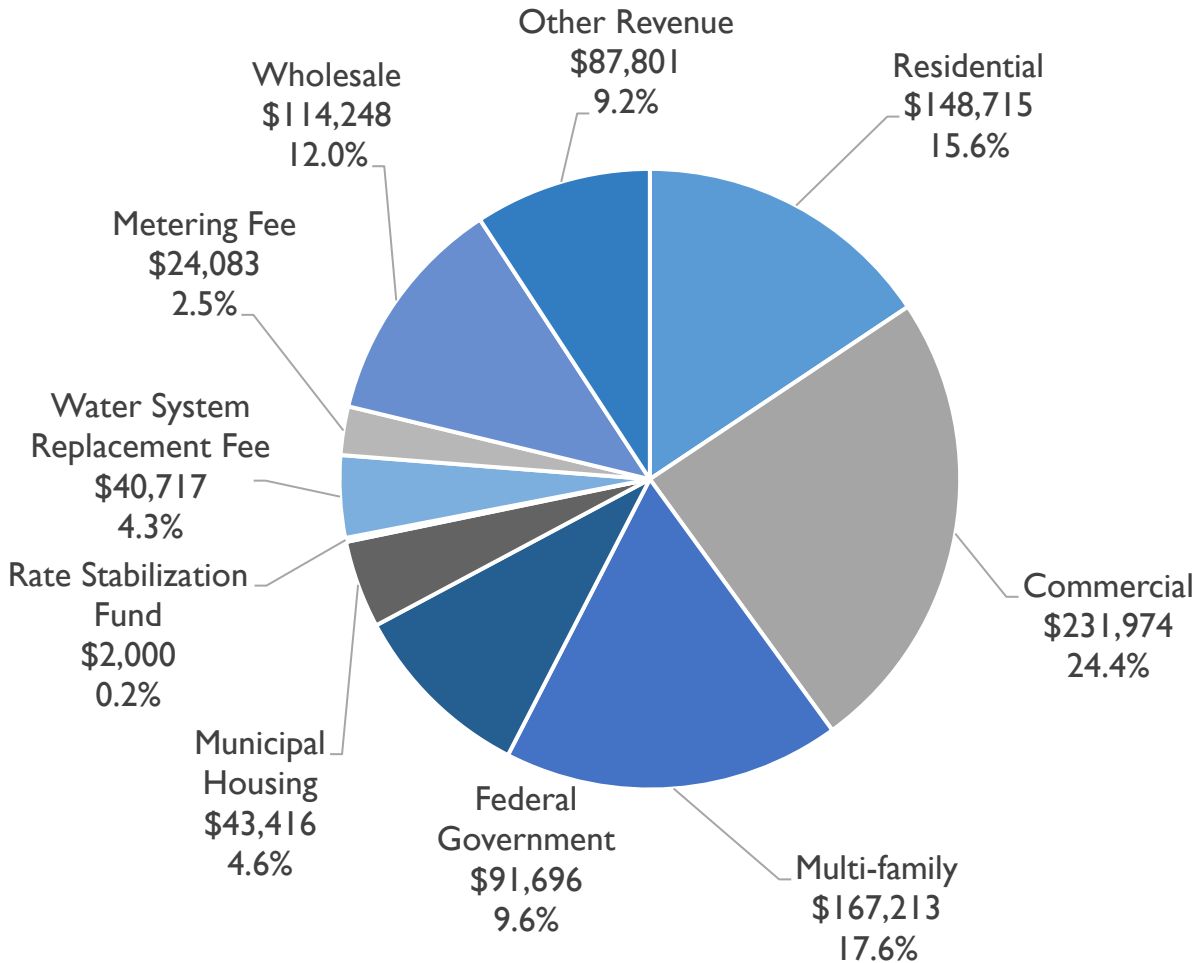
Operating Revenues and Financial Plan



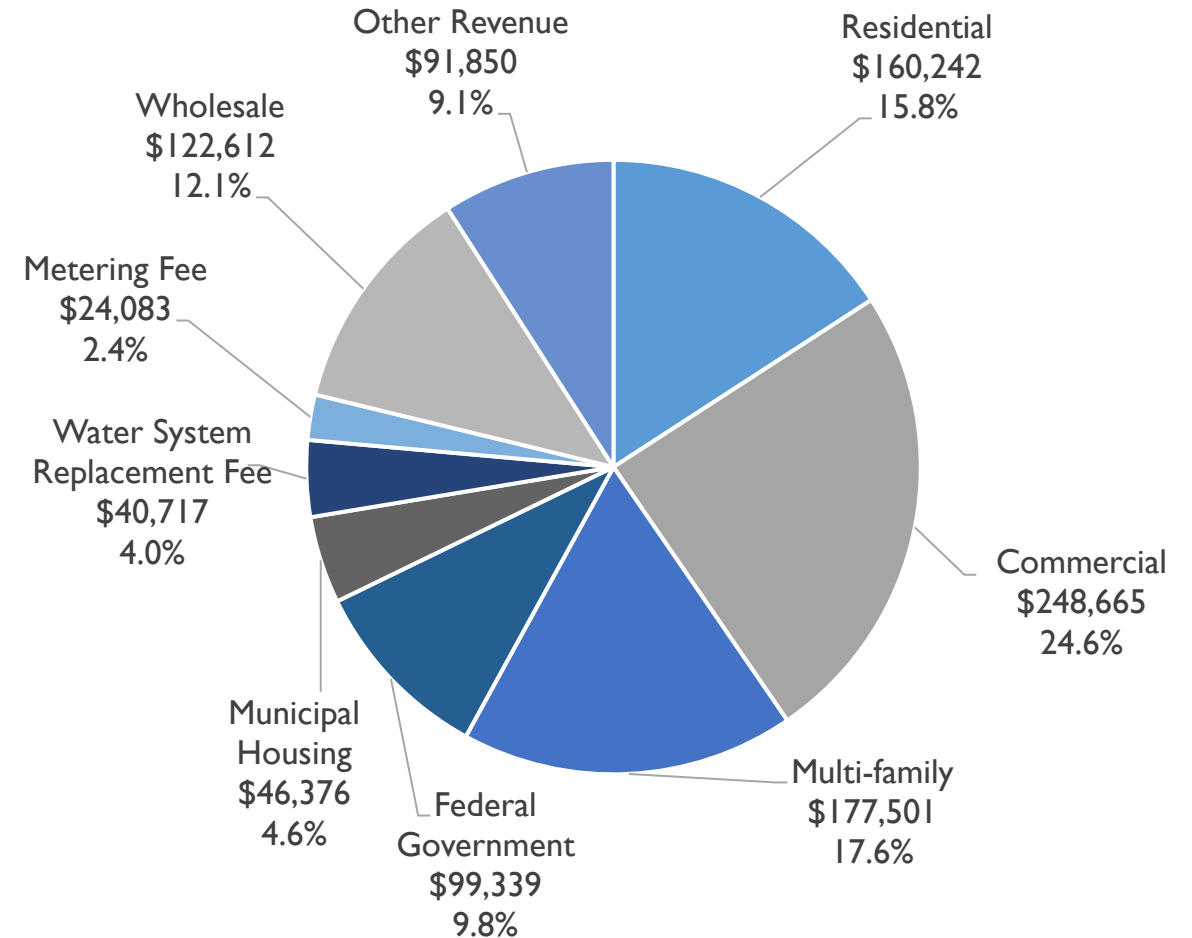
FY 2025 vs. FY 2026 Operating Revenues

\$ in thousands

Revised FY 2025 \$951.9 million



Proposed FY 2026 \$1,011.4 million

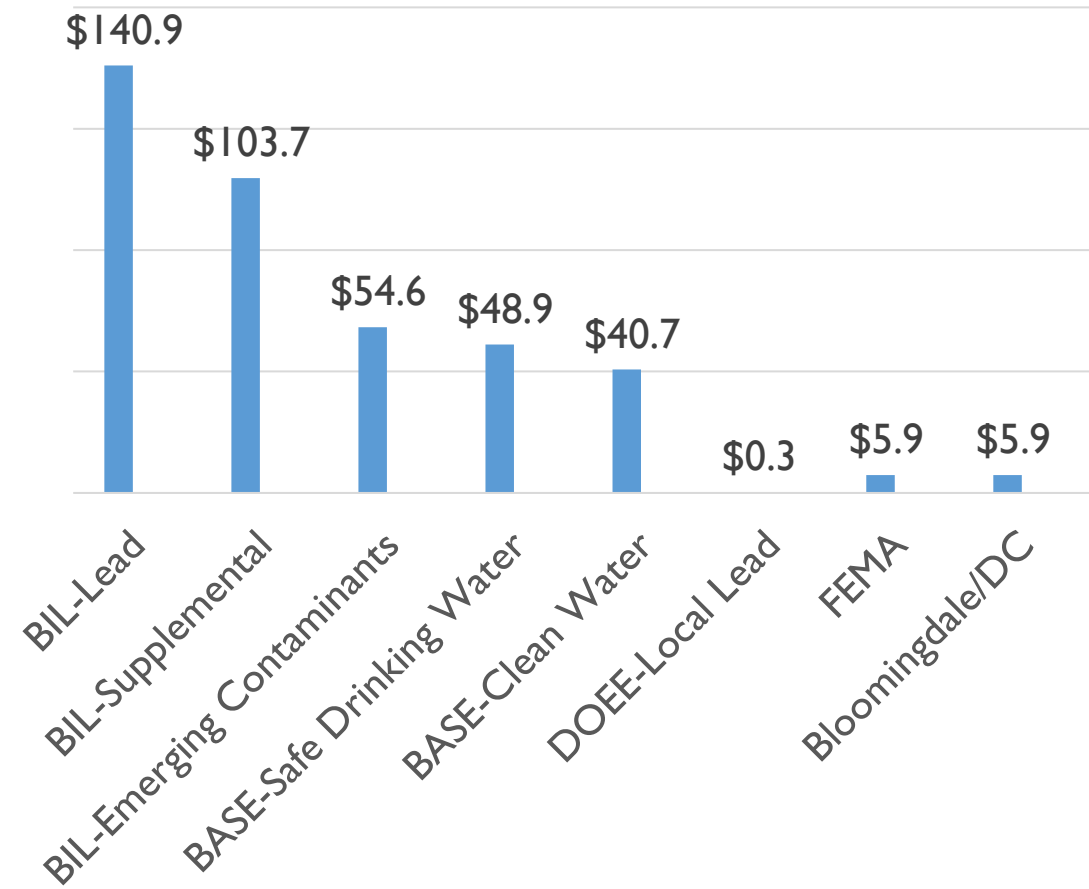


Over the ten-year period, DC Water anticipates receiving \$400.9 million in grants, about 4.2% of anticipated capital expenditures:

- Bi-Partisan Infrastructure Law Lead - \$140.9 million
- Bi-Partisan Infrastructure Law Supplemental - \$103.7 million
- Bi-Partisan Infrastructure Law Emerging Contaminants - \$54.6 million
- Baseline EPA Clean Water Grants - \$40.7 million
- Baseline EPA Safe Drinking Water Grants - \$48.9 million
- FEMA Grants FY25-FY26 - \$5.9 million
- Bloomingdale/DC FY25 - \$5.9 million
- DOEE Lead FY25 - \$0.3 million

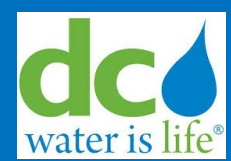
(in millions)

FY 2025 – FY 2034 Grant Sources



- ◆ With the requirement to replace brass as part of the Lead-Free DC Program, EPA and DOEE funds are anticipated to be used as follows:
 - **\$256.4 million** in funding for the removal of lead lines on private property
 - \$140.9 million in BIL Lead funds,
 - \$66.2 million from Bi-Partisan Infrastructure Law Supplemental funds,
 - \$48.9 million from Baseline EPA Safe Drinking Water Grants, and
 - \$0.3 million in local funds from DOEE
 - By 2030 most of these funds that are used for private side replacements will be spent
 - This funding will be exhausted more quickly with addition of brass lines to CIP
 - **\$132.8 million** in EPA funding will be available for other (non-lead) projects
- ◆ Additional **\$11.6 million** funding available from other sources (FEMA Grants and Bloomingdale/ DC) for other ongoing designated projects





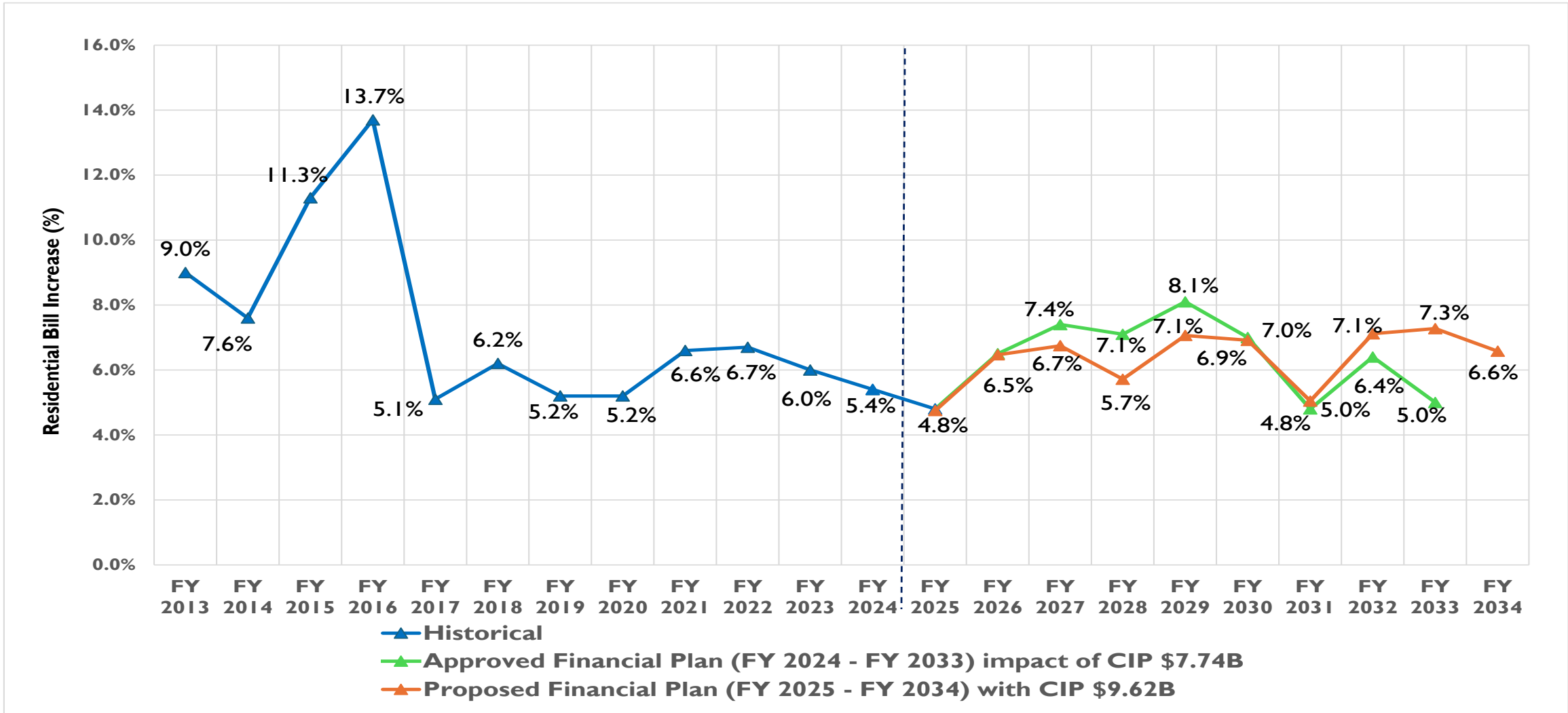
Revenue Comparison by Customer Class

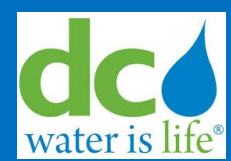
- ◆ Total revenue is projected to increase by \$25.6 million or 2.8% for FY 2025 and \$59.5 million or 6.3% for FY 2026 mainly due to rate increase
 - *Retail Revenue* – Increase by \$16.2 million or 2.2% in FY 2025 and \$49.1 million or 6.6% in FY 2026 mainly due to higher projected consumption.
 - *Wholesale Revenue* – Increase by \$8.4 million or 7.3% in FY 2026 due to operations and maintenance expense projection. Revenue estimates are based on most recent flow data

\$ in thousands	Approved FY 2025	Revised FY 2025	Proposed FY 2026	Revised FY 2025 vs Approved FY 2025		Proposed FY 2026 vs Revised FY 2025	
				Incr/(Decr)		Incr/(Decr)	
				\$	%	\$	%
				Retail Revenue	\$731,643	\$747,814	\$796,923
Wholesale Revenue							
Potomac Interceptor (PI)	3,547	3,547	3,547	-	0.0%	-	0.0%
Loudoun County Sanitation Authority (LCSA)	10,450	10,450	11,052	-	0.0%	602	5.8%
Washington Suburban Sanitary Commission (WSSC)	79,591	79,591	86,411	-	0.0%	6,820	8.6%
Fairfax County	20,660	20,660	21,602	-	0.0%	941	4.6%
Total Wholesale Revenue	\$114,248	\$114,248	\$122,612	-	0.0%	8,364	7.3%
Other Revenue	78,370	87,801	91,850	9,431	12.0%	4,049	4.6%
Rate Stabilization Fund (RSF)	2,000	2,000	-	-	0.0%	(2,000)	-100.0%
Total Revenues	\$926,261	\$951,863	\$1,011,385	\$25,602	2.8%	\$59,522	6.3%

Historical and Projected Combined Rate Increases

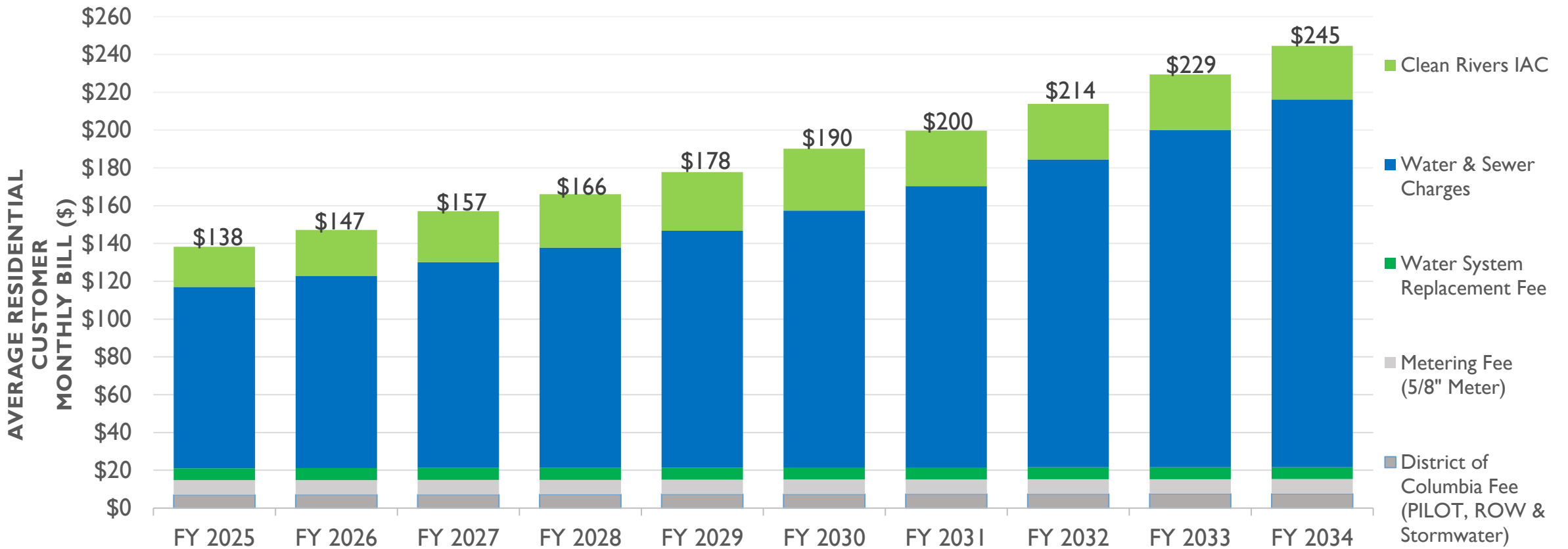
From FY 2031 and beyond, forecasted rates are higher than previously estimated due to higher costs



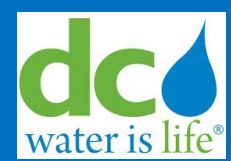


Projected Average Residential Customer Bill

Projected average monthly residential customer bill ranges from \$138 in FY 2025 to \$245 in FY 2034



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



Average Residential Customer Monthly Bill

	Units	FY 2024	Current FY 2025	Approved 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
Percent Increase in DC Water Portion of Bill		5.6%	5.0%	6.7%
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 Right of Way / PILOT Fee		4.34	4.34	4.44
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		5.43%	4.75%	6.47%

(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

- 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+



Metrics	Indenture Requirement	Board Policy	Management Target	Financial Plan	S&P Median
Days of Cash on Hand (excluding RSF)	60 days	250 Days	—	267 - 269 Days	514 Days
Combined Coverage Ratio	—	1.6X	—	1.87X – 2.07X	2.0
- Senior Coverage	1.2X	—	—	6.29X – 8.55X	—
- Subordinate Coverage	1.0X	—	—	2.23X – 2.49X	—
Debt Service as a % of Revenue	—	—	33% of Revenue or Less	25.9% - 33.0%	—
Rate Stabilization Fund (RSF)	—	—	—	\$33.6 million	—
Median Leverage Ratio (debt to capitalization)	—	—	—	48% (FY2023 Actual)	35%
Growth in operating expenses over two years	—	—	—	19% (FY 2021 – FY2023)	17% (FY2021- FY2023)

* Board of Directors added to the cash balance at the end of FY2023 to reach 267 Days of Cash and increase it to 350 days by FY2032

Customer Assistance Programs

- 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 \$154,700 (family of four)



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

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

Leak Assessment

- DC Water offers resources to CAP+, CAP and CAP2 customers leak assessment to help them identify the source of leaks and high usage

CAP+
20% AMI

\$36,905 (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

\$110,715 (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

\$123,750 (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

\$154,700 (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

Leak Assessment Program (started from 10/1/24)

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

💧 CAP, CAP2 and CAP3 discounts and income thresholds

Program	Income Threshold ⁶	Charges (Discounts)	FY2024	Current FY2025	Approved FY2026
CAP+ ²	\$36,905 (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	\$110,715 (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	\$123,750 (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	\$154,700 (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)

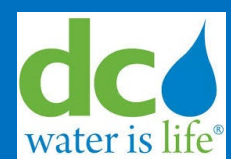
(2) CAP+ provides a discount on the first 600 cubic feet (4,488 gallons) of water, sewer, PILOT and ROW fee, 75 percent reduction in the monthly CRIAC fee and WSRF waiver

(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



Average CAP Customer Monthly Bill

	Units	FY 2024	Current FY 2025	Approved FY 2026
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 89.03	\$ 95.93	\$ 101.77
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 Water System Replacement Fee	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
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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 ⁽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 (4 Ccf per month) ^{(1), (2)}		\$ (67.52)	\$ (72.32)	\$ (76.48)
Water System Replacement Fee (WSRF) ⁽³⁾		(6.30)	(6.30)	(6.30)
Clean Rivers IAC ⁽⁵⁾		(16.40)	(15.92)	(18.17)
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 FY 2009 assumes discount to first 4 Ccf of Water and Sewer and to first 4 Ccf of PILOT and ROW in FY 2011

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

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

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

Next Steps

Board Member Questions & Follow-Up

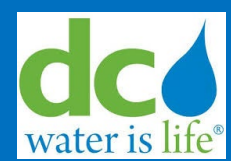
January & February

Committee Reviews, Recommendations & Actions

March 6

Board Adoption

Appendix



Ten-Year Financial Plan

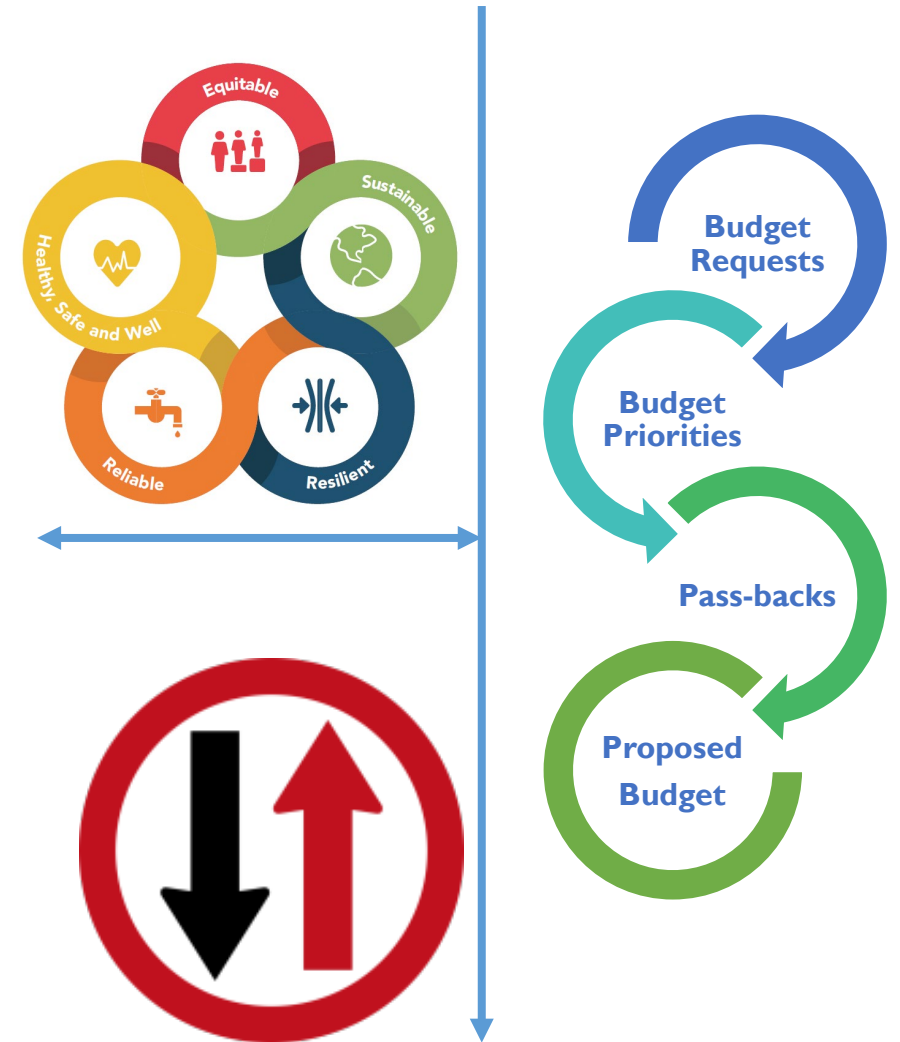
DISTRICT OF COLUMBIA WATER & SEWER AUTHORITY FY 2025 - FY 2034 FINANCIAL PLAN (In 000's)

OPERATING	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Retail	771,627	821,079	871,854	917,377	976,477	1,039,404	1,089,189	1,161,642	1,240,043	1,321,624
Wholesale	114,248	122,612	127,516	132,617	137,922	143,439	149,176	155,143	161,349	167,803
Other	63,988	67,694	75,568	89,706	91,147	86,094	79,859	78,620	79,372	80,324
RSF	2,000	0	-	-	-	-	-	-	-	-
Operating Receipts ⁽¹⁾	\$ 951,863	\$ 1,011,385	\$ 1,074,938	\$ 1,139,700	\$ 1,205,545	\$ 1,268,937	\$ 1,318,225	\$ 1,395,404	\$ 1,480,764	\$ 1,569,751
Operating Expenses	444,223	461,839	479,727	498,324	517,656	537,753	558,646	580,367	602,948	625,648
Debt Service	243,969	271,489	298,305	329,311	359,227	386,306	416,112	450,315	479,536	510,069
Cash Financed Capital Improvement	\$ 65,963	\$ 73,897	\$ 78,467	\$ 82,564	\$ 87,883	\$ 93,546	\$ 98,027	\$ 104,548	\$ 111,604	\$ 118,946
Net Revenues After Debt Service	\$ 197,709	\$ 204,159	\$ 218,439	\$ 229,501	\$ 240,780	\$ 251,331	\$ 245,439	\$ 260,175	\$ 286,675	\$ 315,089
Operating Reserve-Beg Balance	329,173	309,600	325,600	338,600	351,600	366,600	380,600	395,600	411,600	428,100
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(24,813)	(18,910)	(12,900)	-	-	-	-	-	-	-
Project Billing Refunds	(2,000)	-	-	-	-	-	-	-	-	-
Transfers to RSF										
Pay-Go Financing	(190,469)	(169,249)	(192,539)	(216,501)	(225,780)	(237,331)	(230,439)	(244,175)	(270,175)	(298,489)
Operating Reserve - Ending Balance	\$ 309,600	\$ 325,599	\$ 338,600	\$ 351,600	\$ 366,600	\$ 380,600	\$ 395,600	\$ 411,600	\$ 428,100	\$ 444,700
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	855%	738%	665%	703%	696%	656%	682%	629%	635%	701%
Combined Debt Service Coverage	207%	204%	203%	202%	199%	196%	189%	187%	189%	190%
Actual/Projected Water/Sewer Rate Increases	8.00%	6.00%	7.00%	7.00%	7.50%	8.50%	9.50%	9.50%	9.50%	9.00%
Operating Receipts \$ Increase/Decrease										
Retail	13,804	49,451	50,776	45,523	59,100	62,927	49,785	72,452	78,401	81,581
Wholesale	7,491	8,364	4,904	5,101	5,305	5,517	5,738	5,967	6,206	6,454
Operating Receipts % Increase/Decrease										
Retail	1.8%	6.4%	6.2%	5.2%	6.4%	6.4%	4.8%	6.7%	6.7%	6.6%
Wholesale	7.0%	7.3%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

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

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

- Advances the Blueprint through investments in:
 - Clean Rivers** (*Resilient*) and critical **water, sewer and Potomac Interceptor infrastructure investments** (*Reliable*)
 - Our **people** through the Human Capital Management Strategy (*Equitable, Healthy, Safe & Well*), and
 - Operating efficiency** by eliminating vacancies (*Sustainable*)
- Incorporates zero-base budget principles and pass-back process to identify cost savings and for timely evaluation and communication of recommendations
- Makes the best use of ratepayer funds; Budget process reduced departmental requests by \$7.3 million
- Achieves a 1% below the financial plan estimate for overall operating expenditure
- SET members manage their areas – you will hear from each of them today



Debt Service for Existing Debt

- Debt service costs *for current debt* are projected to be approximately \$7.1 billion over the next 30 years through 2054
 - Clean Rivers debt service costs are \$2.2 billion and Non-Clean Rivers debt service costs are \$4.9 billion

