



OPERATING BUDGETS

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

ADOPTED FEBRUARY 5, 2015
REVISED FY 2015/APPROVED FY 2016
(Fiscal year starts on October 1)

Matthew T. Brown, Board Chairman

George S. Hawkins, CEO and General Manager

Mark T. Kim, Chief Financial Officer

**PARTNERSHIP for
SUSTAINABILITY**

Potomac River, Great Falls



STRATEGIC PLAN

Blue Horizon 2020 Strategic Plan

Blue Horizon 2020 serves as a blueprint for future decision-making and provides a structure through which annual reviews can be accomplished to assure that the goals and objectives retain their relevance over time. By laying out a course of action, this plan represents a disciplined process for making fundamental decisions and shaping DC Water's future.

FOCUS AREAS

Leadership: DC Water will advocate and lead local, regional, and national collaborations, while internally developing the workforce of the future.

Value: DC Water will be recognized for the value it delivers by protecting public health and the environment, supporting community sustainability, and providing for economic vitality.

Innovation: DC Water will achieve international prominence in development and adoption of science, technology and processes in support of a culture of innovation.

VISION

To be a world-class utility.

VALUES

Respect: Serve with a positive attitude, courtesy, and respect that engender collaboration and trust.

Ethics: Maintain high ethical standards, accountability, and honesty as we advance the greater good.

Vigilance: Attend to public health, the environment, quality, efficiency, and sustainability of our enterprise.

Accountability: Address challenges promptly, implement effective solutions, and provide excellent service as a committed team.

MISSION

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

GOALS

The goals in our strategic plan framework represent the core strategies that DC Water will pursue. The Board and Executive Management believe that they are essential to the achievement of the mission and to becoming a world-class water utility.

OBJECTIVES

Objectives are the strategic measures that will enable the Board and Executive Management to evaluate achievement of the goals. Some of the specific measures will need to be further researched and refined as the organization implements the plan and obtains additional insight and information.

INITIATIVES

Initiatives are the allocation of resources (time and money) to achieve the objectives and the goals.

(Adopted by the DC Water Board of Directors on March 7, 2013)

BOARD OF DIRECTORS

PRINCIPAL MEMBERS

Matthew Brown, Chair, District of Columbia
Ellen O. Boardman, District of Columbia
Rachna Butani, District of Columbia
Robert L. Mallett, District of Columbia
Obiora “Bo” Menkiti, District of Columbia
Alan J. Roth, District of Columbia
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Brenda Richardson, District of Columbia
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Vacant, District of Columbia
Vacant, District of Columbia
Vacant, District of Columbia
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Biju George, Chief Operating Officer
Mark T. Kim, Chief Financial Officer

Leonard R. Benson, Chief Engineer
Charles W. Kiely, Assistant General Manager, Customer Care and Operations
Randy E. Hayman, General Counsel
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Sudhir Murthy, Innovations Chief
Ernest Jolly, Energy Chief
John, Bosley, Chief Procurement Officer
Sarah Neiderer, Strategic Planning Officer

OFFICE OF THE BOARD SECRETARY

Linda R. Manley, Board Secretary

CHIEF ENGINEER

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Carlton Ray, Director, DC Clean Rivers Project
Brian McDermott, Director, Permit Operations

WASTEWATER TREATMENT

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Anthony Mack, Director, Maintenance Services
Salil Kharkar, Director, Wastewater Treatment Process Engineering
Chris Peot, Director, Resource Recovery

CUSTOMER CARE AND OPERATIONS

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Jonathan Reeves, Manager, Emergency Management
Cuthbert Braveboy, Director, Sewer Services
Chuck Sweeney, Director, Distribution and Conveyance Systems
Jason Hughes, Director, Utility Services - Water

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Gail Alexander-Reeves, Director, Budget
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Johnnie Walker, Director, Facilities Management
Steve Caldwell, Director, Security
Dan Bae, Director, Procurement
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Timothy Fitzgerald, Director, Fleet Management

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ACKNOWLEDGEMENTS

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Bill Jones, Project Control Consultant
Getachew Melsew, Planning Supervisor

We would like to extend our appreciation to all the Finance, Accounting & Budget and Engineering & Technical Services departmental staff members whose hard work and dedication helped make this document possible.

TABLE OF CONTENTS

Section I. Executive Budget Summary

..... I-1

Section II. Budget Overview

DC Water Key Facts & Service Area Map	II-2
Operating and Capital Expenditures	II-3
FY 2013 – FY 2016 Comparative Expenditures.....	II-4
FY 2015 Operating and Capital Revised Budgets	II-5
FY 2016 Operating and Capital Approved Budgets ..	II-6
FY 2015 Operating and Capital Revenues	II-7
FY 2016 Operating and Capital Revenues	II-8
DC Water Statement of Cash Flows	II-9
Budget Summary	II-10
FY 2016 Proposed Retail Rates & Fees	II-11
DC Water History and Governance.....	II-12
Accounting and Budget Processes	II-13
System Capacity	II-14
Regional Demographics and Customer Demand....	II-16
FY 2016 Budget Calendar	II-21

Section III. FY 2015 – FY 2024 Financial Plan

Blue Horizon 2020	
DC Water Board Strategic Plan	III-2
FY 2015 – FY 2024 Financial Plan	III-4
DC Water Key Financial Policies	III-5
Financial Accomplishments.....	III-8
Future Goals and Financial Assumptions	III-14
Revenues	III-19
Ten-Year Financial Plan	III-24
Operating Budget Proposal.....	III-25
Capital Financing Program, Cash Position and	
Long Term Debt	III-28
Cash Position and Reserves	III-32

Section IV. Rates and Revenue

DC Water Cash Receipts	IV-2
Customer Accounts	IV-4
Consumption.....	IV-8
Recent & Proposed Rate & Fee Changes.....	IV-10
Why Rate Increases are Needed	IV-23
DC Water Affordability of Retail Rates	IV-31

Section V. FY 2015 – FY 2024 Capital Program

Capital Improvement Program by Category	V-2
Capital Improvement Program Overview.....	V-3
Historical and Projected Capital Spending	V-10
FY 2015 – FY 2024 CIP – Disbursements Basis....	V-11
FY 2015 & FY 2016 Capital Equipment & AMR/CIS	
Disbursements.....	V-12
FY 2015 – FY 2024 CIP – Lifetime Budgets.....	V-16
List of New Capital Projects	V-18
List of Closed & Dropped Capital Projects	V-20

Section VI. Capital Financing Cash and Debt

FY 2015 – FY 2024 Sources of Capital Financing .	VI-2
FY 2014 – FY 2016 Sources & Uses of Funds.....	VI-3
Statement of Cash Reserves	VI-4
Debt Management FY 2014 – FY 2016.....	VI-5
Outstanding Debt	VI-6
Senior & Subordinate Debt Service Coverage	VI-8
Existing and Projected Debt Services	
FY 2015 – FY 2024.....	VI-9
Debt Service as Percentage of Total Oper. Expend.	
.....	VI-10
Outstanding & Proposed Debt Service	
FY 2015 – FY 2055.....	VI-11

TABLE OF CONTENTS

Outstanding Principal	VI-12
Outstanding Principal vs. Net Fixed Assets	VI-13
Debt to Net Fixed Assets Ratio.....	VI-14

Section VII. Departmental Summaries

Introduction to DC Water’s Operational, Administrative and Support Departments	VII-2
FY 2013 – FY 2016 Operating Expenditures	VII-3
FY 2015 & FY 2016 Operating Expend. by Category	VII-4
FY 2013 – FY 2016 Operating Expenditures	VII-5
FY 2013 – FY 2016 Oper. Expend. by Department	VII-6
FY 2015 Oper. Expend. by Department by Category	VII-7
FY 2016 Oper. Expend. by Department by Category	VII-8
Authorized Positions.....	VII-9
Filled vs. Vacant Positions.....	VII-10
Authorized Positions by Department.....	VII-11
Overtime.....	VII-12
DC Water Organization Chart.....	VII-14
Wastewater Treatment - Operations	VII-16
Wastewater Treatment - Process Engineering	VII-24
Maintenance Services.....	VII-28
Water Services	VII-32
Sewer Services	VII-38
Customer Service	VII-42
Distribution and Conveyance Systems.....	VII-46
Engineering and Technical Services	VII-50
DC Clean Rivers (CSO LTCP)	VII-54
Permit Operations.....	VII-58
General Manager	VII-62

Office of the Secretary to the Board	VII-66
Internal Audit.....	VII-70
General Counsel	VII-74
External Affairs.....	VII-78
Information Technology	VII-82
Finance, Accounting and Budget.....	VII-86
Asst. Gen. Mgr. – Support Services	VII-90
Human Capital Management.....	VII-94
Facilities Management	VII-104
Security	VII-108
Procurement.....	VII-112
Occupational Safety and Health	VII-116
Fleet Management	VII-120

Section VIII. Glossary and Acronyms

Glossary	VIII-2
Acronyms	VIII-9



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

District of Columbia Water & Sewer Authority

District of Columbia

For the Fiscal Year Beginning

October 1, 2014

Executive Director



OPERATING BUDGETS

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

SECTION I EXECUTIVE BUDGET SUMMARY





EXECUTIVE BUDGET SUMMARY

FY 2015 Revised • FY 2016 Approved • Adopted February 5, 2015
(Fiscal year starting October 1)

Matthew T. Brown, *Chairman of the Board*

George S. Hawkins, *CEO and General Manager*

Mark T. Kim, *Chief Financial Officer*

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

PARTNERSHIP FOR SUSTAINABILITY

Potomac River,
Great Falls

EXECUTIVE BUDGET SUMMARY

DC Water is an independent authority of the District of Columbia, established under District of Columbia and Federal law; governed by an 11-member Board of Directors.

It provides clean drinking water to residents of the District of Columbia and wastewater and stormwater conveyance, and treatment services to both residents of the District of Columbia and wholesale customers in Maryland and Virginia.

This standalone document is intended for our diverse stakeholders. Detail copies of both our Operating and Capital budget books are available in print or online at dcwater.com.

DC Water's Board of Directors and the Executive Management Team collaborated to assess key industry trends and the greatest challenges, and to identify the critical factors important to DC Water's long term success. This led to the adoption of DC Water's Blue Horizon 2020 strategic plan. This provides the framework for the formulation, prioritization and monitoring of the (operating and capital) budgets and financial planning process. Below are the strategic plan goals.

Strategic Plan (Blue Horizon 2020 Goals)

1. Develop, maintain, and recruit a high performing workforce
2. Collaborate Locally, Regionally and Nationally
3. Increase Board Focus on Strategic Direction
4. Enhance Customer/stakeholder Confidence, Communications and Perception
5. Assure Financial Sustainability and Integrity
6. Assure Safety and Security
7. Consider DC Water Role In Drinking Water Treatment
8. Optimally Manage Infrastructure
9. Enhance operating excellence through Innovation, Sustainability, and Adoption of Best Practices

Board of Directors

Audit Committee

DC Retail Water and Sewer Rates Committee

Environmental Quality and Sewerage Services Committee

Finance and Budget Committee

Governance Committee

Human Resources and Labor Relations Committee

Strategic Planning Committee

Water Quality and Water Services Committee



Content

CEO / General Manager's Message	1
Chief Financial Officer's Message	2
Budget Highlights	3
Looking Ten Years Ahead	4
Ten Year Financial Plan	5
Operating Budget	6
Debt Management	8
Operating Revenues, Rates, Charges and Fees	9
Capital Improvement Program	10
Customer Assistance and Regional Demographics	11
2014 Budget Presentation Award	13

CEO AND GENERAL MANAGER'S MESSAGE



These days, DC Water is teeming with activity, from massive environmental projects, to an accelerated water main replacement program, maintaining and expanding facilities, and carrying out daily operations to provide water, sewer and wastewater services for the nation's capital.

Any budget discussions include the costly, mandated environmental projects that were begun simultaneously several years ago. The Clean Rivers Project—a \$2.6 billion capital expense—and the \$1.04 billion Enhanced Nutrient Removal facilities were key drivers in our 10-year capital improvement program budget, and remain a significant factor in our rising rates.

While others might find it a daunting time to be at the helm, I see opportunity. To balance capital and operating needs with ratepayer affordability, we have no choice but to innovate.

Recently, I created new positions to support that goal—a Chief Innovations Officer and a Director of Resource Recovery. In addition, DC Water houses a research arm where dozens of Ph.D. and master's degree candidates perform their research on DC Water projects. Before we bring any new process online, or build a new project such as our digester facility, years of research by these teams inform our plans.

In 2015, we will commission the first thermal hydrolysis and anaerobic digestion facility in North America. Ours will be the largest thermal hydrolysis installation in the world. It will create combined heat and power from the solids left over at the end of the wastewater treatment, generating electricity with an estimated net capacity of 10MW that can be utilized at Blue Plains. DC Water spent years researching thermal hydrolysis. In addition, the high heat and pressure will create a "Class A" biosolid, clean enough to use as a fertilizer. DC Water will save millions from the power generated and by keeping the fertilizer local.

Another source of power we are eager to harness is solar and we are exploring ways to incorporate large-scale solar projects at our facilities, to further reduce energy costs and provide energy sources off the grid for reliability in an emergency.

We are piloting the use of anammox bacteria for use in our wastewater treatment process to drastically reduce the amount of carbon needed, lowering the cost to treat wastewater.

Almost two years ago, I recruited a CFO to match our innovative spirit, and found Mark Kim, a comptroller in New York City with deep investment banking experience on the private and public side. He has been a whirlwind of innovation and skill on almost every aspect of our financial agenda and has already made his mark with several firsts in the industry. He continues to produce creative financing ideas while guiding a team of skilled financial professionals to keep this enterprise on course.

Lastly, I would like to thank all of DC Water's hard-working staff, who I call Team Blue, who continue to amaze with their dedication, creativity and commitment to the people we serve.

George S. Hawkins



It was an extraordinary year for DC Water as we pursued innovative financing strategies in an effort to balance our capital needs with affordable rates for our customers. DC Water ended Fiscal Year 2014 with strong financial performance demonstrated by strong liquidity, solid operating revenues with tight control over expenses, and positive budget to actual results.

Innovation

As DC Water approaches its capital spending peak, it is more important than ever to re-evaluate financing strategies and try new approaches. The centerpiece of FY 2014 financial innovation was the issuance of a green century bond. By way of background, the largest component of our Capital Improvement Program is the Clean Rivers Project, whose massive underground storage tunnels will solve an environmental problem called combined sewer overflows. These tunnels are designed to last more than 100 years and serve generations of DC residents and visitors. DC Water developed a creative solution that better matches the financing with the life expectancy of the tunnels. In doing so, we became the first water/wastewater utility in the nation to issue century bonds with a 100-year final maturity.

This \$350 million bond issuance was also the first to be certified by a third party as a “green bond” in the U.S. debt capital markets due to the project’s environmental benefits. This diversified the Authority’s investor base and helped generate over \$1 billion in orders. The green bond designation attracted a new class of socially responsible investors and the taxable century bond brought in corporate bond investors. Neither class had previously bought DC Water bonds. With greater demand, DC Water was able to successfully sell the bonds with a lower yield, which ultimately benefits our ratepayers, as rates must cover expenses.

Affordability

After decades of deferred maintenance through the middle of last century, DC Water’s infrastructure—like most water and wastewater infrastructure in older cities—is in need of repair and replacement. This is in addition to the EPA-mandated projects such as the \$1.04 billion nitrogen removal project and the \$2.6 billion Clean Rivers Project, and you can see why rates must increase. Though DC Water rates are in line with utility rates in cities across the U.S., we still understand that some DC residents already struggle to pay their bills. In fact, about a quarter of the population lives below the poverty line. Revenues must continue to support operations, but we are exploring ways to make it more affordable for a family’s core consumption—the daily water use. We have unveiled a plan that discounts water for basic use, but charges more for customers who use more water and therefore more of the system’s capacity.

Strong Financial Performance

DC Water finished the year with operating revenues ahead of projections and with expenses under budget. In addition to the green century bond, the Authority issued \$100 million of tax-exempt, variable rate subordinate lien public utility revenue bonds maturing in 2050. All three rating agencies (Moody’s, S&P and Fitch) re-affirmed our senior debt ratings of Aa2/AA+/AA and the Authority met or exceeded all financial targets and complied with Board policies and bond covenants in FY 2014.

It is with pleasure that I present this budget document highlighting our financial performance and projections.

A handwritten signature in black ink that reads "Mark T. Kim".

Mark T. Kim

BUDGET HIGHLIGHTS

Management's Top Budget Priorities

Budget Prioritization

- Health/Safety of Employees & Customers
- Legal Requirements & Board Directive
- Customer Service
- Efficiency

Management's Top Operating Initiatives

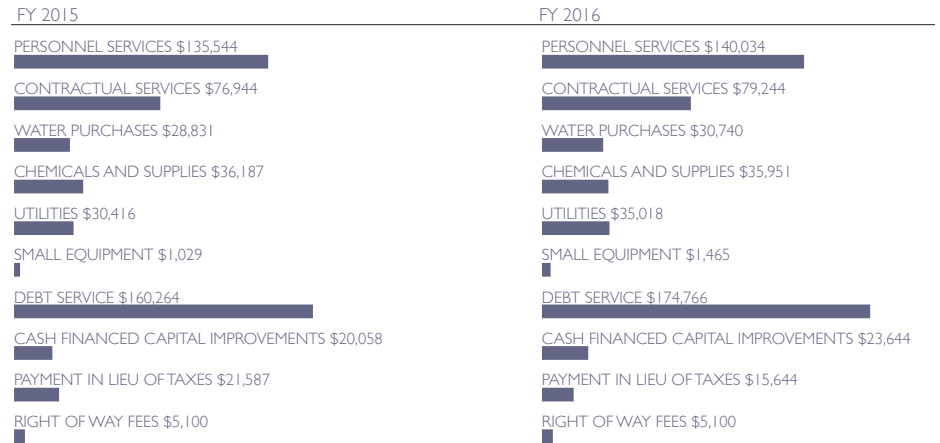
Water System Initiatives

- Continue high level emergency response time
- Review overall strategy on water distribution infrastructure improvements
- Continue enhancements of water quality operations with focus on:
 - Regulatory compliance
 - Maintaining high water quality standards
 - Reservoir profile analysis
 - Water conservation initiative and outreach
 - Leak analysis
 - Valve exercising

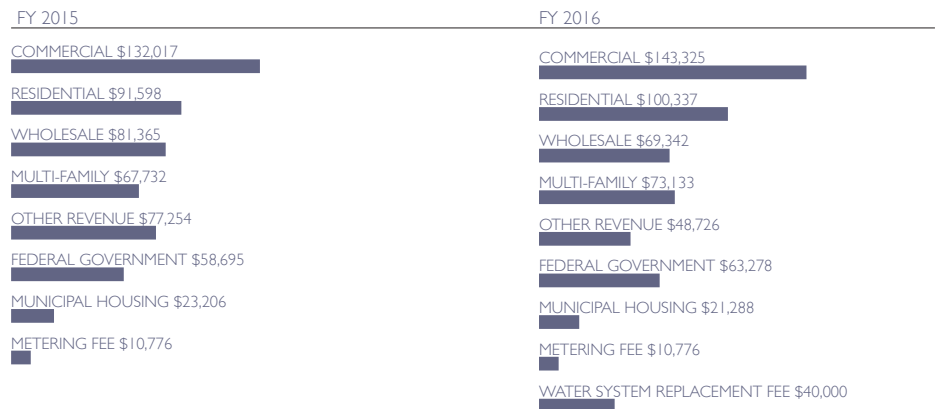
Wastewater System Initiatives

- Maintain full compliance with the National Pollutant Discharge Elimination Systems (NPDES) Permit
- Sewer service root foaming pilot
- Trenchless sewer lateral replacements
- Digestion process hydrolysis
- Side-stream treatment of nitrogen removal
- Biosolids product quality improvement

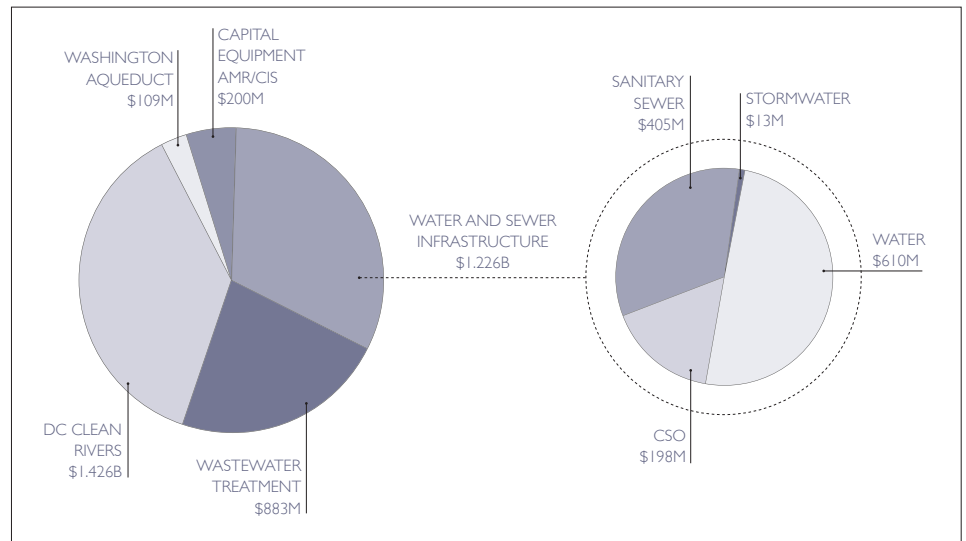
FY 2015 REVISED AND FY 2016 APPROVED COMPARATIVE OPERATING BUDGETS BY CATEGORY (\$ thousands)



FY 2015 REVISED AND FY 2016 APPROVED OPERATING REVENUES BY CATEGORY (\$ thousands)



SUMMARY OF CAPITAL IMPROVEMENT PROGRAM (Disbursement basis)



A Budget that focuses on: Partnership for Sustainability

The revised FY 2015 and approved FY 2016 operating budgets provide the necessary resources to balance the need to maintain DC Water’s critical infrastructure with rates that are reasonable, fair and affordable. The main focal points of these budgets include tighter budget process and development of an alternate rate structure.

The following tables highlights the FY 2015/2016 operating and capital budgets: Detailed descriptions can be found in the revised FY 2015 and approved FY 2016 operating budget book available online at dcwater.com.

FUNDING SOURCES AND USES FOR CAPITAL BUDGETS

FY 2015 – FY 2024

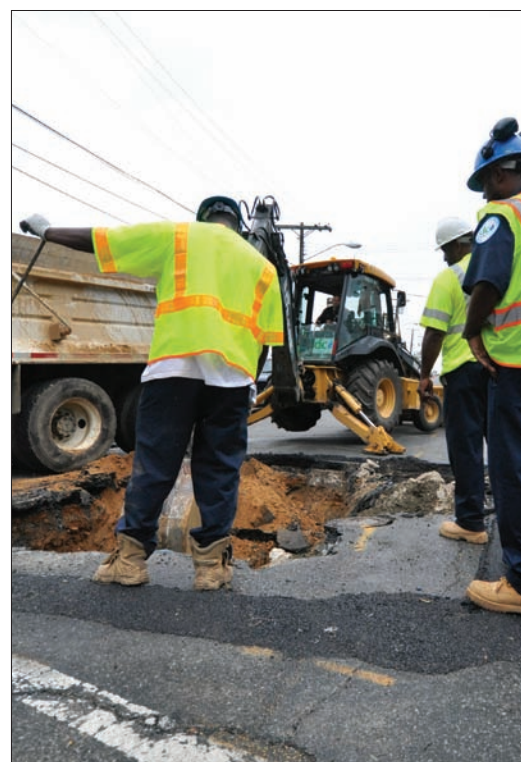
FUNDING SOURCES AND USES FOR CAPITAL BUDGETS		
sources (\$ thousands)	Debt Financing	\$2,147,987
	Wholesale Capital Payments	\$727,749
	EPA Grants & CSO Appropriations	\$236,353
	Interest Income on Bond Proceeds	\$16,500
	Pay-Go Financing	\$715,474
	Total Sources	\$3,844,063
uses (\$ thousands)	Wastewater Treatment	\$883,171
	Sanitary Sewer	\$405,384
	Combined Sewer Overflow (CSO)	\$1,623,629
	Stormwater	\$12,889
	Water	\$610,250
	Capital Projects	\$3,535,326
	Capital Equipment and AMR / CIS	\$199,621
	Washington Aqueduct	\$109,116
	Additional Capital Programs	\$308,737
	Total Uses	\$3,844,063



FUNDING SOURCES AND USES FOR OPERATING BUDGETS

FY 2015 Revised Budget FY 2016 Approved Budget

FUNDING SOURCES AND USES FOR OPERATING BUDGETS			
		FY 2015 Revised Budget	FY 2016 Approved Budget
sources (\$ thousands)	Retail Revenues	\$384,024	\$452,137
	Wholesale Revenues	\$81,365	\$69,342
	Other Revenues	\$77,254	\$48,726
	Total Revenues	\$542,643	\$570,205
uses (\$ thousands)	Personnel Services	\$135,544	\$140,034
	Contractual Services	\$76,944	\$79,244
	Water Purchases	\$28,831	\$30,740
	Chemicals and Supplies	\$36,187	\$35,951
	Utilities	\$30,416	\$35,018
	Small Equipment	\$1,029	\$1,465
	O&M Expenditures	\$308,950	\$322,451
	Debt Service	\$160,264	\$174,766
	Cash Financed Capital Improvements	\$20,058	\$23,644
	PILOT	\$21,587	\$15,644
	ROW	\$5,100	\$5,100
	Subtotal	\$515,959	\$541,605
	Less Charges to Capital	(\$17,266)	(\$18,993)
	Total Uses	\$498,693	\$522,612

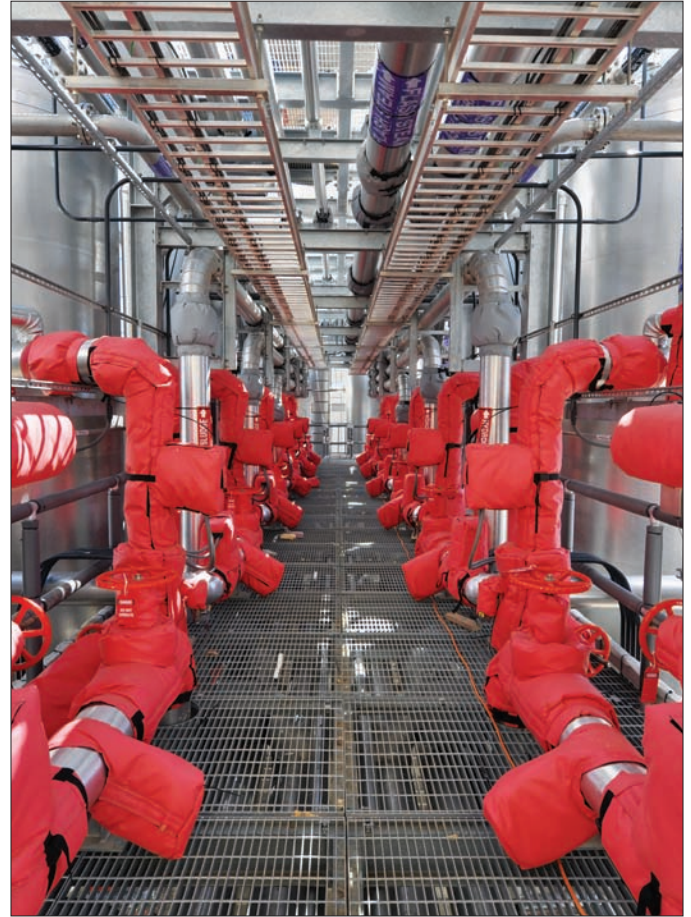


TEN-YEAR FINANCIAL PLAN

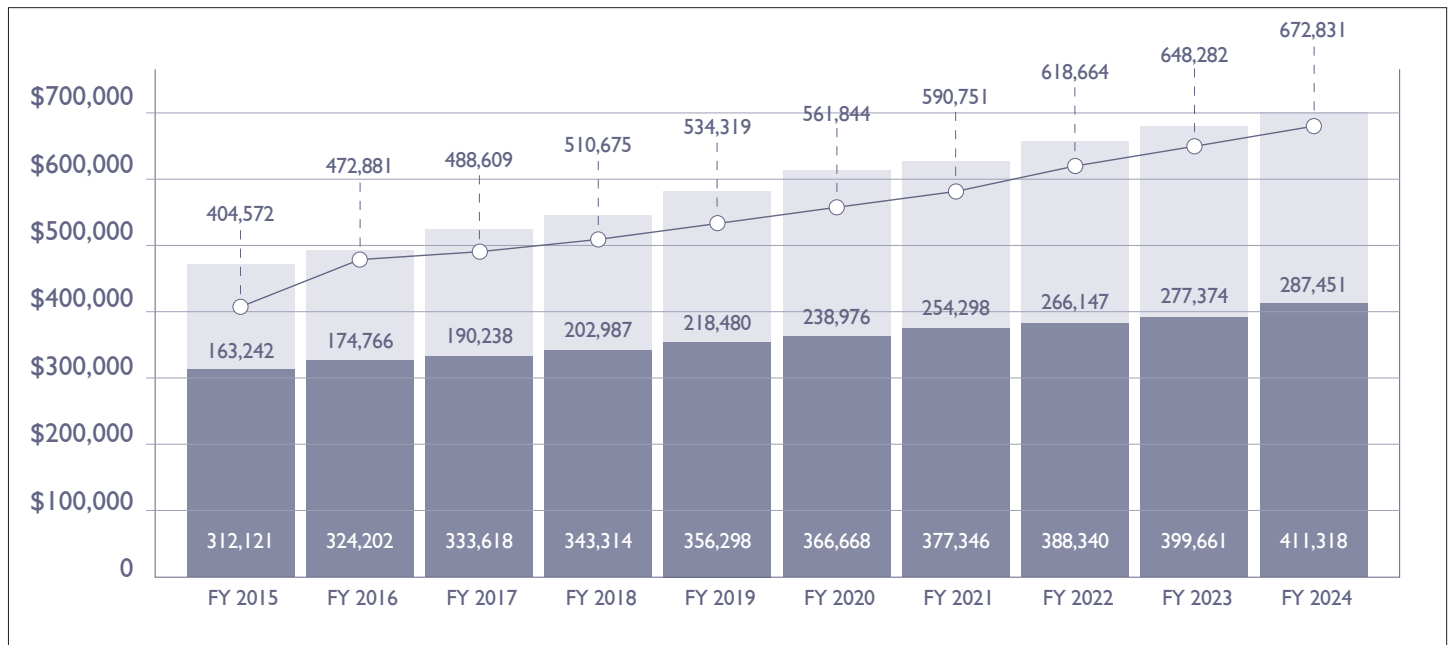
DC Water has a ten year financial plan which provides a strong financial framework to support implementation of the Board strategic plan, policies, priorities and guidance in several key financial areas. This financial plan serves as one of management's key tools to monitor progress in meeting financial goals and to proactively address future financial and operational issues. Given DC Water's substantial borrowing needs over the next ten years, adherence to these Board policies is crucial in order to cost-effectively access the capital markets and retain our credibility with customers and regulators. The ten-year financial plan encompasses

- Revenue requirements of \$404.6 million in FY 2015 to \$672.8 million in FY 2024.
- Operating expenses of \$312.1 million in FY 2015 to \$411.3 million in FY 2024.
- Debt service increase from \$163.2 million in FY 2015 to \$287.5 million in FY 2024.
- Coverage ratios to ensure meeting or exceeding our indenture coverage rates, and
- Sufficiency liquidity to meet all obligations.

Detailed description of the FY 2015 - FY 2024 Financial Plan are available within the Revised FY 2015 and Approved FY 2016 Operating budget book online at dcwater.com/budget.



FY 2015 - FY 2024 FINANCIAL PLAN (\$'000's)



■ O&M Expenses ■ Debt Service ○ Operating Revenues

OPERATING BUDGET

DC Water’s annual operating budgets provide the resources necessary to sustain a multi-billion dollar water treatment and distribution and sewage collection and treatment system. The Authority continues to deliver clean water, collect and treat the sewage before returning clean water to the local waterways and repair main and sewer breaks as needed. The adopted budget strategy incorporates two core focus areas: affordability and financial sustainability. The revised FY 2015 budget totals \$515.9 million and is projected to increase to \$541.6 million mainly for the support of new facilities and associated debt service costs for bond issuances in support of the various capital projects.

Detailed descriptions of the revised FY 2015 and approved FY 2016 operating budget book are available online at dcwater.com.

Introduction to DC Water’s Operational and Administrative (Support) Departments

DC Water’s organizational structure is a key tool for ensuring that the organizational mission is achieved. The structure consists of twenty-four departments that are defined primarily along functional roles and further grouped along service lines (Operational or Administrative) or reporting lines of authority.

Service Lines

Operational departments include: Water Services, Sewer Collection and Wastewater Treatment Services (including maintenance of these facilities). These departments are responsible for the day-to-day operations of the DC Water’s extensive infrastructure and facilities that provide direct services to our customers. Similarly, the Customer Service department is classified as an operational department because of the integrated nature of their work to operations (i.e., customer care, metering and billing) and also because they provide first-line customer care to our customers to include 24 hour emergency service. Engineering and Technical Services, Clean Rivers and Permit Operations departments are responsible for ongoing reinvestment of the system infrastructure, compliance with various mandates and provide services to the development community throughout the District of Columbia.

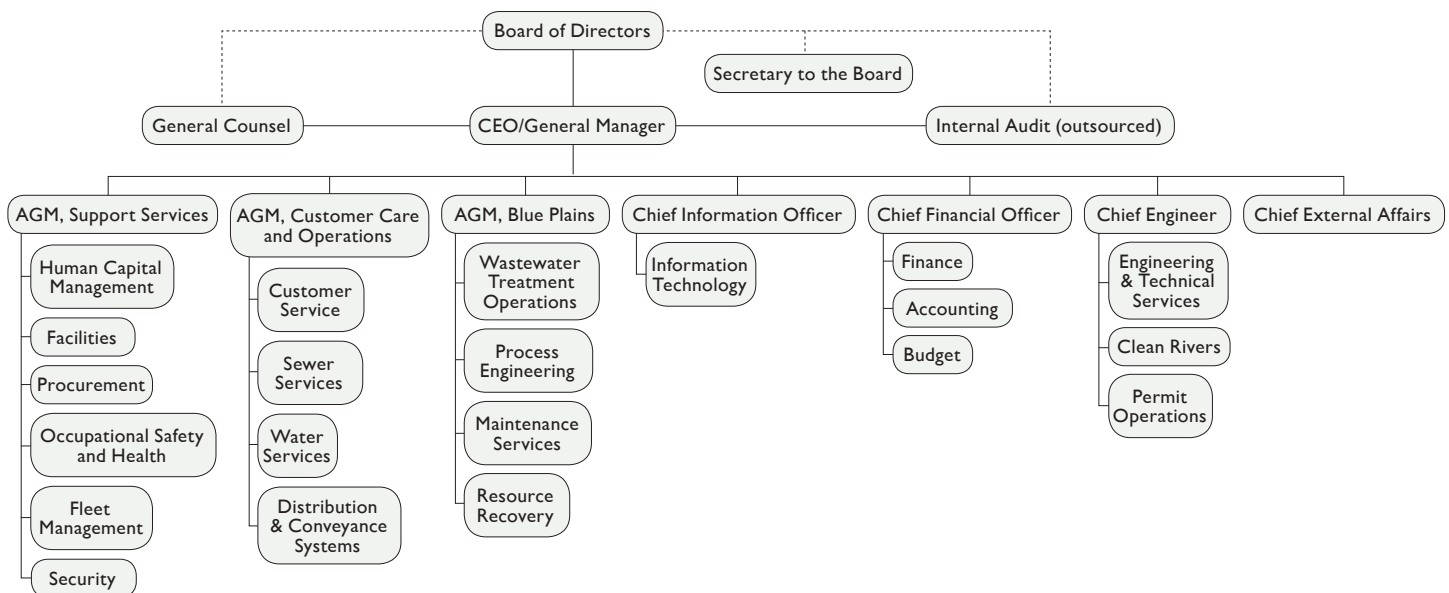
All other departments provide critical administrative and technical support to ensure the safe and reliable continuity of our vital services through short and long-term planning, asset management, leadership and all financial and human capital support requirements.

Reporting Lines

Departments are grouped within clusters to ensure accountability and to enhance efficiency and delivery of various services. A member of the Executive Team heads each departmental cluster group and carries the accountability for service delivery and performance metrics of the departments within their cluster.

As DC Water strives in its mission to be a “best in world” organization, it also continues to make organizational changes and improvement to enhance efficiencies, improve processes and best utilize all assets with the goal to better serve the public and protect the environment.

DC Water Organizational Chart (revised October 1, 2014)



SUMMARY OF OPERATING BUDGET BY DEPARTMENT (\$000's)

	FY 2015 APPROVED	FY 2015 REVISED	FY 2016 APPROVED
Wastewater Treatment - Operations	82,507	82,415	86,972
Wastewater Treatment - Process Engineering	8,882	8,471	8,291
Maintenance Services	21,882	21,971	20,549
Water Services	55,140	21,959	22,574
Sewer Services	21,264	14,856	15,267
Customer Service	17,197	16,925	17,500
Distribution & Conveyance System	6,085	46,476	50,954
Engineering and Technical Services	22,811	23,087	24,069
Clean Rivers	2,480	2,720	2,996
Permit Operations	2,251	2,167	2,214
Subtotal Operations	\$240,438	\$241,047	\$251,385
General Manager	2,758	3,043	3,683
Office of the Secretary	635	610	614
Internal Audit	859	859	872
General Counsel	6,024	6,011	5,733
External Affairs	2,131	2,204	2,203
Information Technology	10,300	10,471	10,530
Finance, Accounting and Budget	9,853	14,306	13,465
Risk Management	4,899	-	-
Assistant General Manager - Support Services	364	356	367
Human Capital Management	5,362	5,548	6,733
Facilities Management	13,132	7,604	8,276
Security	-	5,376	6,562
Procurement	4,865	4,603	4,603
Occupational Safety and Health	1,964	1,563	1,694
Fleet Management	5,365	5,350	5,732
Subtotal Administration	68,512	67,902	71,066
Subtotal - Operation & Maintenance	\$308,950	\$308,950	\$322,450
Debt Service	160,264	160,264	174,766
Cash Financed Capital Improvements	20,058	20,258	23,644
Payment in Lieu of Taxes	21,587	21,587	15,644
Right of Way	5,100	5,100	5,100
Total O&M Expenditures	\$515,959	\$515,959	\$541,607
Personal Services Charged to Capital Projects	(17,266)	(17,266)	(18,993)
Total Net Operating Expenditures	\$498,692	\$498,692	\$522,614
Full-Time Approved Positions	1260	1260	1260

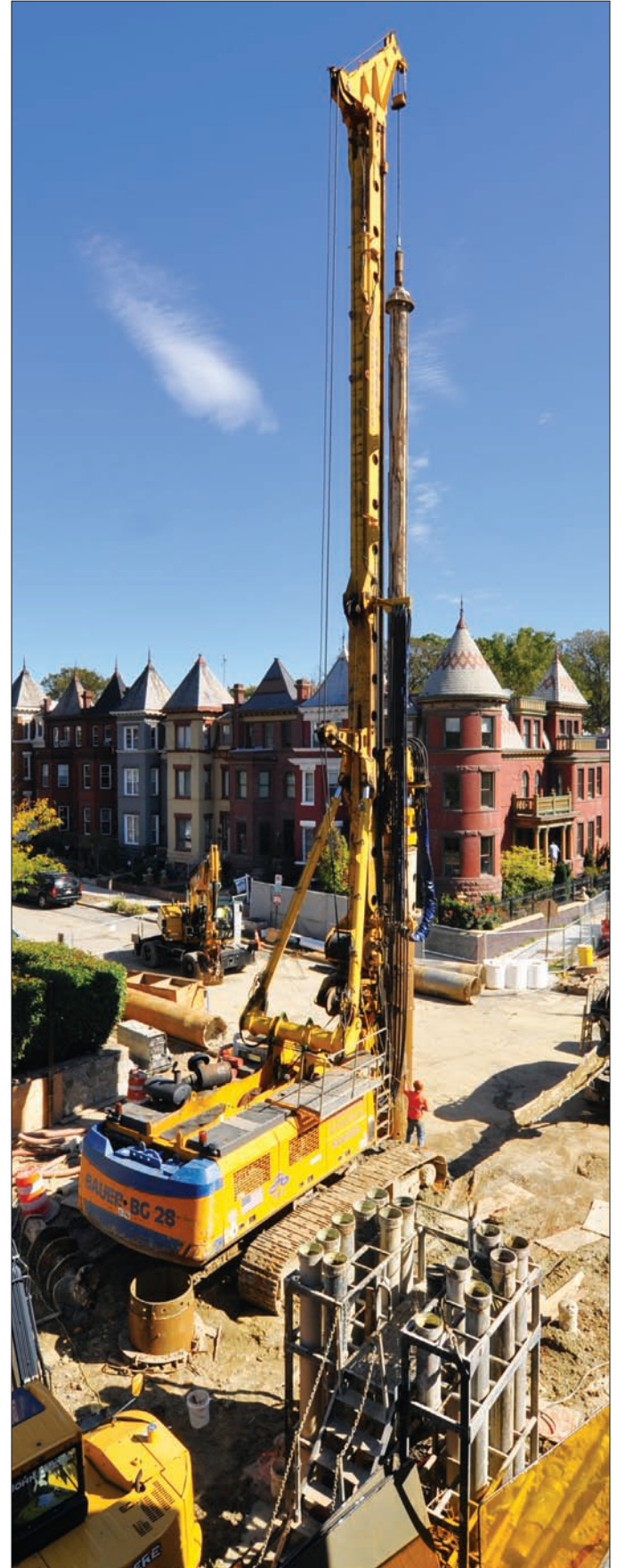


DEBT MANAGEMENT

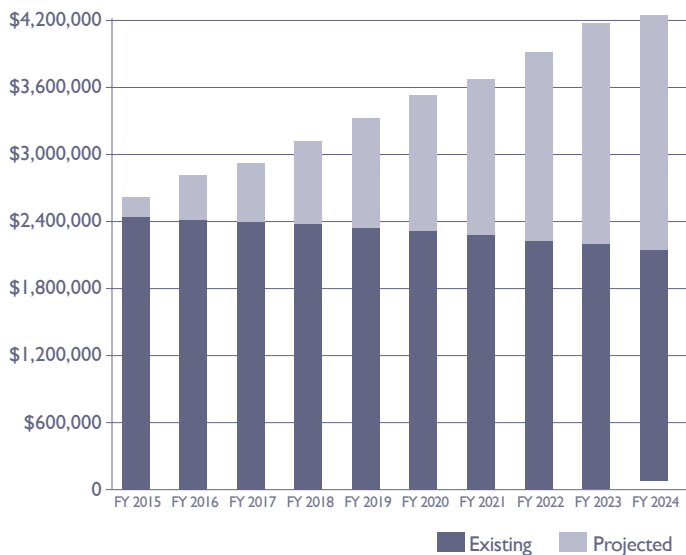
In DC Water's support of 10-year \$3.8 billion CIP (cash disbursement basis), debt service continues to be the fastest growing line item of the operating budget with an average annual increase of 6.5 percent. Debt management consists of managing funds borrowed through revenue bonds, commercial paper, and other short-term notes. Currently, debt financing represents 63 percent of the funding in the ten-year capital program and debt service is projected to be 32% of the approved FY 2016 operating budget. Long term debt, including current maturities, increased by \$421.7 million to a total of \$2.5 billion or 19.8 percent due to a \$450.0 million bond issuance in July 2014.

In September 2014, the Authority successfully issued \$350 million of senior lien public utility revenue bonds. These federally taxable green bonds were issued at a fixed rate of 4.81% and a final maturity in 2114 to support the Authority's DC Clean Rivers Project. This borrowing was the first municipal century bond issued by a water authority in the U.S. The Authority also issued \$100 million of tax-exempt variable rate subordinate lien public revenue bonds maturing in 2050 to support its capital improvement program. Standard and Poor's Ratings Service, Moody's Investor Service and Fitch Ratings affirmed the credit ratings AA+/Aa2/AA, respectively. These notable results are due to the solid financing team and strong financial performance, diligent planning and market favorability.

In addition, as new issuances are planned, internet road shows for domestic and international investors are provided giving pertinent information on the Authority's strong management, capital improvement activities and financial forecasts. DC Water anticipates issuing new debt of \$250 million in both FY 2015 and FY 2016. DC Water provides information for current and future investors on its website, dcwater.com.



FY 2015 - FY 2024 DEBT OUTSTANDING (\$'000's)



OPERATING REVENUES, RATES, CHARGES AND FEES

FY 2015 and FY 2016 Operating Revenues

To provide continuous delivery of water and wastewater services, it is vital that DC Water has a consistent revenue stream to cover operating and maintenance (O&M) costs, debt service, and other liquidity requirements. DC Water has a diverse customer base and receives revenues from a variety of sources. Retail rates are charges for water, sewer and other services to DC Water's customers. Wholesale revenues are received from suburban water and sewer authorities for their share of the O&M costs of the Blue Plains Advanced Wastewater Treatment Plant.

In FY 2015, DC Water successfully completed its Cost of Service Study (COS). This study is undertaken every three years to review and certify DC Water's water and wastewater volumetric rates, Clean Rivers Impervious Surface Area Charge (IAC) and other DC Water fees and charges to ensure that revenues are sufficient to recover projected revenue requirements, that Board rate setting policies are followed, and that rates are allocated equitably.

Furthermore, in response to Board Resolution 14-56, General Principles of Affordability for Low-Income Customers, Management proposed a fundamental restructuring of DC Water's rates, charges and fees starting in FY 2016. This includes a Water System Replacement Fee (WSRF), which is a fixed monthly fee designed to fund the one percent renewal and replacement of aging water infrastructure in the retail service area. A Customer Class-Based Volumetric Water Rate to differentiate rates based on peak demands for each customer class. And the Life Line Rate, which establishes a lower water rate for the first 4 Ccf of residential use to discount "core" consumption needs.

The revised FY 2015 revenue budget totals \$542.6 million and is projected to increase to \$570.2 million in FY 2016.

OPERATING REVENUES (000's)

	FY 2015 Revised	FY 2016 Approved
Residential	91,598	100,337
Commercial	132,017	143,325
Multi-Family	67,732	73,133
Federal Government	58,695	63,278
Municipal and Housing	23,206	21,288
Metering Fee	10,776	10,776
Water System Replacement Fee	-	40,000
Wholesale	81,365	69,342
Other Revenue	77,254	48,726
TOTAL	\$542,643	\$570,205

FY 2015 AND FY 2016 RETAIL RATES AND FEES

	Units	FY 2015 Revised	FY 2016 Proposed	\$ Increase (decrease)	% Increase (decrease)
DC Water Retail Rates – Water					
• Residential 0–4 Ccf (Lifeline) ²	Ccf	\$3.88	\$3.08	(\$0.80)	-20.6%
• Residential > 4 Ccf ²	Ccf	\$3.88	\$3.87	(\$0.01)	-0.3%
• Multi-family / DC Housing ²	Ccf	\$3.88	\$3.45	(\$0.43)	-11.1%
• Non-Residential	Ccf	\$3.88	\$3.99	\$0.11	2.8%
DC Water Retail Rates – Sewer	Ccf	\$4.74	\$5.44	\$0.70	14.8%
DC Water Clean Rivers IAC	ERU	\$16.75	\$20.30	\$3.55	21.2%
DC Water Customer Metering Fee	5/8"	\$3.86	\$3.86	\$0.00	0.0%
DC Water WSRF ¹	5/8"	\$0.00	\$6.30	\$0.00	0.0%
District of Columbia PILOT Fee	Ccf	\$0.46	\$0.47	\$0.01	2.2%
District of Columbia Right of Way Fee	Ccf	\$0.17	\$0.17	\$0.00	0.0%
District of Columbia Stormwater Fee	ERU	\$2.67	\$2.67	\$0.00	0.0%

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

(2) Proposed Class-Based rates



Clean Rivers Impervious Area Charge (IAC)

The CRIAC is a separate sewer service fee established in FY 2009 to recover the \$2.6 billion cost of implementing the DC Clean Rivers Project (the District's CSO-Long Term Control Program). The FY 2016 proposed monthly CRAIC is \$20.30 per ERU (Equivalent Residential Unit) with annual rates ranging from \$20.30 to \$36.69 per ERU per month. The twenty year federal mandated CRIAC project is primarily driven by anticipated debt service costs to support the \$2.6 billion CSO Long Term Control Plan and is based on the amount of impervious surface on each individual property which impacts wet weather runoff that must be treated at the Blue Plains Wastewater Treatment Plant. If additional federal assistance is provided, the impervious rate increases would be lessened. The ten-year plan assumes no external funding beyond the special Congressional appropriations DC Water received from FY 2004 through September 2014 totaling \$196.8 million.

CAPITAL IMPROVEMENT PROGRAM (CIP)

Development of DC Water's Capital Improvement Program (CIP) budget was especially challenging this year as the anticipated ten-year spending level remained flat. To mitigate the financial impacts DC Water balances between the resources required to meet the Authority's stringent regulatory requirements while maintain and sustain its aging infrastructure and the impact that higher rates will have on our customers during these difficult financial times. The FY 2015-FY 2024 CIP provides a framework for the development, prioritization, implementation and

measurement of capital projects undertaken.

The financial summary of the FY 2015 - FY 2024 CIP is:

- \$3.8 billion ten-year CIP totals (cash disbursements basis)
- \$10.1 billion lifetime budget

A more detailed description of major CIP changes and program details can be found within the FY 2015 - FY 2024 Capital Improvement Program online at dcwater.com.

FY 2015 – FY 2024 CAPITAL IMPROVEMENT PROGRAM (\$000's)

Service Area	Total Disbursement Budget	Total Project Lifetime Budget
Wastewater Treatment	883,171	3,086,438
Sanitary Sewer	405,384	1,292,670
Combined Sewer Overflow	1,623,631	2,979,906
Stormwater	12,889	91,818
Water	610,250	1,775,253
Capital Projects	3,535,326	9,226,085
Capital Equipment and Automated Meter Reading / Customer Information System	199,621	242,529
Washington Aqueduct	109,116	296,972
Additional Capital Programs	308,737	539,501
Labor	–	334,755
Total CIP	\$3,844,063	\$10,100,341



MEASURE OF PRIORITY (\$000's)

	Mandates Agreements, Regulatory standards, Court orders, Issues and Permits requirements, Stipulated Agreements, Etc.	Health and Safety Required to address Public Safety	Board Policy Undertaken as a result of the Board's commitment to outside agencies	Potential Failure Related to Facilities in danger of failing, or critical to meeting permit requirements	High Profile / Good Neighbor Address Public Concern	Good Engineering Practices / High Payback Need to fulfill Mission and upgrade Facilities	Good Engineering Practices / Low Payback "Lower priority projects"	Total
FY 2015	\$239,582	\$11,385	\$94,118	\$34,423	\$2,666	\$217,535	\$25,562	\$625,274
FY 2016	264,579	13,570	35,430	36,756	3,615	155,491	39,599	549,040
FY 2017	192,510	16,382	4,192	60,389	8,971	113,124	46,575	442,145
FY 2018	150,521	15,450	1,581	53,947	6,916	112,163	32,549	373,126
FY 2019	154,297	6,580	1,842	44,199	228	107,483	34,706	349,335
FY 2020	175,428	9,992	2,057	51,705	0	96,482	33,257	368,921
FY 2021	133,243	8,361	2,314	16,442	0	104,128	40,048	304,536
FY 2022	108,729	771	1,749	16,884	0	115,081	38,301	281,515
FY 2023	130,748	43	0	23,849	0	125,530	21,885	302,055
FY 2024	96,839	45	0	20,960	0	117,249	13,025	248,117
TOTAL	\$1,646,476	\$82,578	\$143,283	\$359,553	\$22,397	\$1,264,266	\$325,507	\$3,844,063
% of Total	42.83%	2.15%	3.73%	9.35%	0.58%	32.89%	8.47%	100.00%
FY '15-'24	43.73%	2.95%	2.74%	11.01%	0.87%	34.64%	4.06%	100.00%

CUSTOMER ASSISTANCE AND REGIONAL DEMOGRAPHICS

Customer Affordability

In the District of Columbia, one-fourth of the residents live below the poverty line, thus rate affordability is of utmost concern in the planning process. DC Water seeks to balance its operating and financial needs with consideration to the financial impact upon its customers. EPA guidelines suggest that fees and charges should be within 4 percent of the median household income to be considered affordable (2 percent for water and 2 percent for sewer). Using the last available census data (2012), DC Water's rates are well under that target and they are comparable with similar water and wastewater utilities.

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

Customer Assistance Program ("CAP"): The Authority implemented the CAP in 2001 providing a discount of 4 Ccf per months of water service for single family residential homeowners that meet income eligibility guidelines. In FY 2004, the Authority expanded the CAP to include tenants who meet the financial eligibility requirements and whose primary residence is separately metered by the Authority. In January 2009, the Authority further expanded the CAP to provide a discount of 4 Ccf per month of sewer services to eligible customers. In FY 2011, the discount was expanded to the first 4 Ccf associated with the PILOT/ROW fee in addition to the current discount provided on water and sewer services. In FY 2014, CAP assisted over 4,583 customers and provided \$1.1 million in discounts to low-income customers.

Serving People by Lending a Supporting Hand (SPLASH) DC Water began the SPLASH program in 2001 to help families in sudden need avoid termination of critical water and sewer services. The program is administered by the Greater Washington Urban League. Every dollar received by DC Water is distributed to eligible customers. In FY 2014,


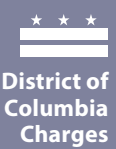
SPLASH assisted 309 households and provided \$115,984 in contributions to low-income customers.

Regional Demographics

At DC Water, identifying and understanding customer requirements are a strategic component of our planning process. Therefore, we must be sensitive to the local economy in terms of socio-political and macro-economic trends. DC Water's retail customers include 'Residential, Commercial and Multifamily', (which is the largest base), Federal Government', DC Government', and the 'DC Housing Authority.' There are nearly 618,000 residents in the District of Columbia living in approximately 284,000 households and merely 134,000 customers with the responsibility to pay for the majority of operations, maintenance and replacement of the water and sewer infrastructure throughout Washington, DC. Compared to the additional 1.6 million living throughout the DC Water service area and using a small portion of the wastewater collection and a larger portion of the treatment facilities, there are fewer customers to share the burden of the aging infrastructure assets serving the residents, visitors and governmental entities in Washington DC. The FY 2016 budget incorporates trends and statistics impacting DC and the region.

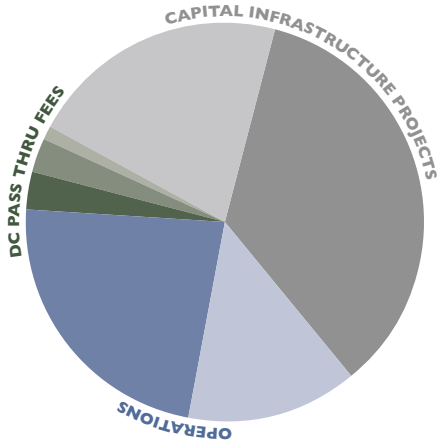
Proposed Average Monthly Residential Water and Sewer Bill

(based on 6.69 Ccf consumption or 5,004 gallons)

	Current (FY 2015)	Proposed (FY 2016)	
	Water / Sewer Retail Rates	\$57.67	\$59.12
	Clean Rivers IAC	\$16.75	\$20.30
	Customer Metering Fee	\$3.86	\$3.86
	Water System Replacement Fee	–	\$6.30
	DC Water Subtotal	\$78.28	\$89.58
	PILOT	\$3.08	\$3.14
	Right-of-Way Fee	\$1.14	\$1.14
	Stormwater Fee	\$2.67	\$2.67
	District Subtotal	\$6.89	\$6.95
Total Bill (13.34% increase)	\$85.17	\$96.53	



WHERE WILL EACH DOLLAR GO?



OPERATIONS

- \$0.14 Water
- \$0.23 Sewer

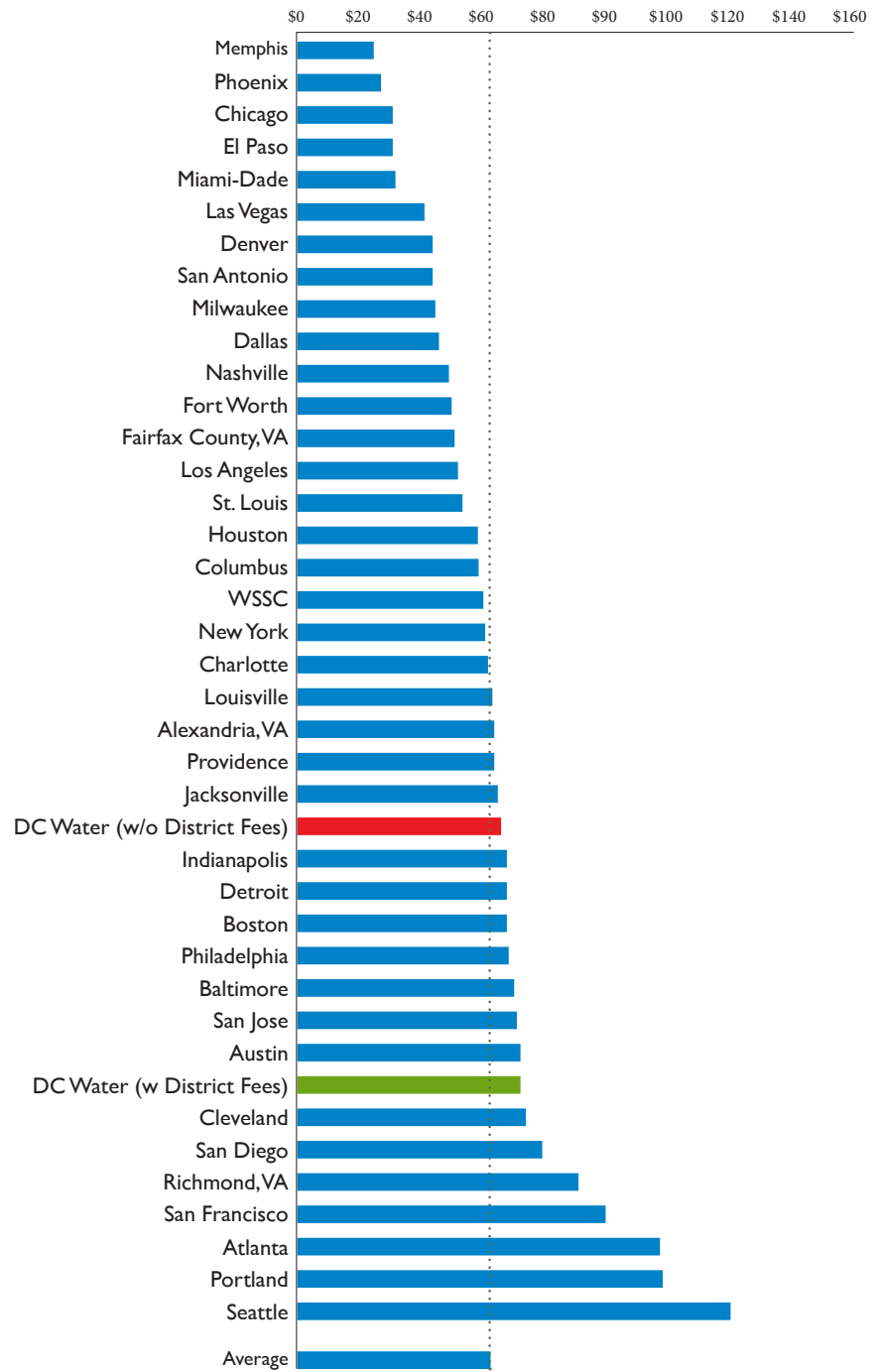
DC PASS THRU FEES

- \$0.03 PILOT
- \$0.03 Stormwater
- \$0.01 ROW

CAPITAL INFRASTRUCTURE

- \$0.21 Clean Rivers
- \$0.35 All Other Capital Projects

DC WATER RETAIL RATES COMPARED TO OTHER LARGE UTILITIES



2014 BUDGET PRESENTATION AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) presented a distinguished Budget Presentation Award to the District of Columbia Water and Sewer Authority, for its annual budget for the fiscal year beginning October 1, 2013.

To receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.







OPERATING BUDGETS

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

SECTION II OVERVIEW



FACTS AT A GLANCE

History: In 1996, the District of Columbia Water and Sewer Authority was created by District law, with the approval of the United States Congress, as an independent authority of the District Government with a separate legal existence.

Age of Pipes: The median age of District water main pipes is over 77 years old, with approximately 9 percent of pipes installed in the 1900s and 2 percent dating back to the 1860s before the Civil War.

Service Area: Providing more than 640,000 residents and 17.8 million annual visitors in the District of Columbia with retail water and wastewater (sewer) service, DC Water has a total service area of approximately 725 square miles. In addition, DC Water treats wastewater for approximately 1.6 million people in neighboring jurisdictions, including Montgomery and Prince George's Counties in Maryland and Fairfax and Loudoun Counties in Virginia.

Employees: Approximately 1,080 people are employed by DC Water and work at various facilities across the District.

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

Pumped and Treated Water Storage: During Fiscal Year 2014, DC Water pumped an average of 102 million gallons of water per day. In addition, DC Water stores 61 million gallons of treated water at its eight facilities. The Washington Aqueduct stores an additional 49 million gallons.

Water Distribution System: DC Water delivers water through 1,350 miles of interconnected pipes, four pumping stations, five reservoirs, three water tanks, 43,860 valves, and 9,343 fire hydrants.

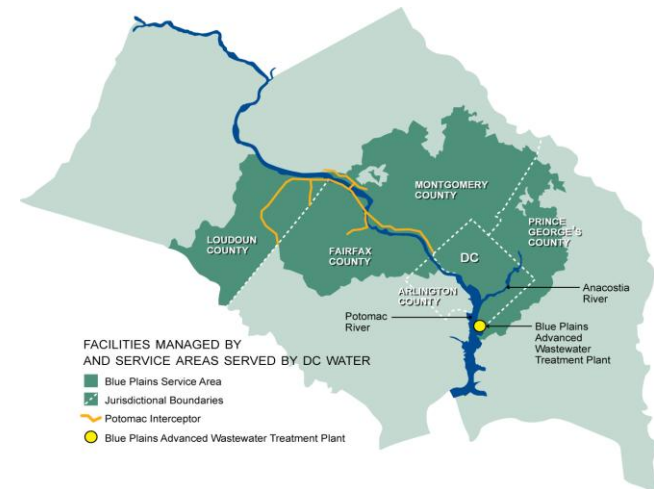
Blue Plains Advanced Wastewater Treatment Plant: Blue Plains, located at the southernmost tip of the District, is the largest advanced wastewater treatment facility in the world, covering 153 acres along the Potomac River.

Wastewater Treatment Capacity: Blue Plains treats an annual average of 300 million gallons per day (MGD) and has a design capacity of 370 MGD, with a peak design capacity to treat more than one billion gallons per day.

Sewer System: 1,800 miles of sanitary and combined sewers and 22 flow-metering stations, nine off-site wastewater pumping stations, 16 stormwater pumping stations, 12 inflatable dams and a swirl facility comprise the DC Water sewer system.

Financial Performance: In Fiscal Year 2014, all three leading credit rating agencies reaffirmed DC Water's "AA+" credit rating. DC Water also received its 16th consecutive unqualified audit opinion of its financial statements.

DC WATER SERVICE AREA



Customer Service: DC Water communicates valuable customer-related information through bill inserts, monthly newsletters, its website, and social media to include Facebook, YouTube, Flickr and Twitter. Using an interactive voice recognition system, DC Water makes information readily available in more than 150 languages. A 24-hour Emergency Command Center, at (202) 612-3400, operates as the centralized communication facility for receiving and responding to a variety of emergency calls from customers and the public.

Community Service: Donating their time and resources, DC Water employees actively support a variety of charitable projects and community services. DC Water also invests in the community by conducting science laboratory exercises in District high schools and engaging the public through tours of the Blue Plains Plant.

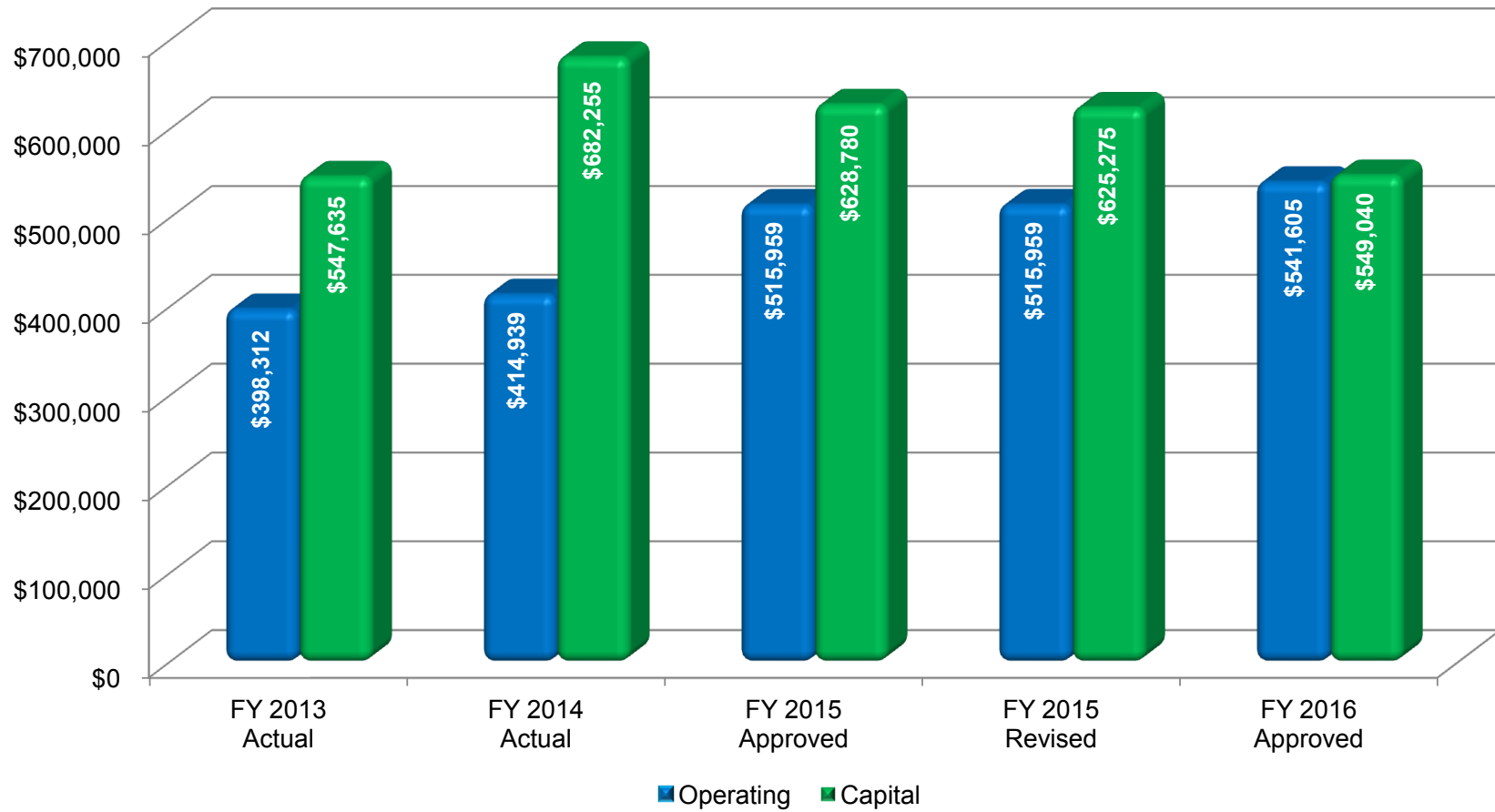
Governance: DC Water's Board of Directors establishes policies and guides the strategic planning process. The Board is composed of 22 members, representing the District, Montgomery and Prince George's Counties in Maryland and Fairfax County in Virginia. The District members set rates, charges and policies for District services. The entire Board votes and establishes policies for joint-use services. The Chief Executive Officer/General Manager reports to the Board and manages operations and performance of the enterprise.

DC Water Financial Information

- Bond Rating: Aa2/AA/AA+
- FY 2015 Revenue: \$542.6 million (cash receipts)
- FY 2015 Operating Budget: \$516.0 million
- FY 2015 Capital Disbursements Budget: \$625.3 million

OPERATING AND CAPITAL BUDGETS ENSURE SERVICE NEEDS AND STRATEGIC OBJECTIVES ARE MET

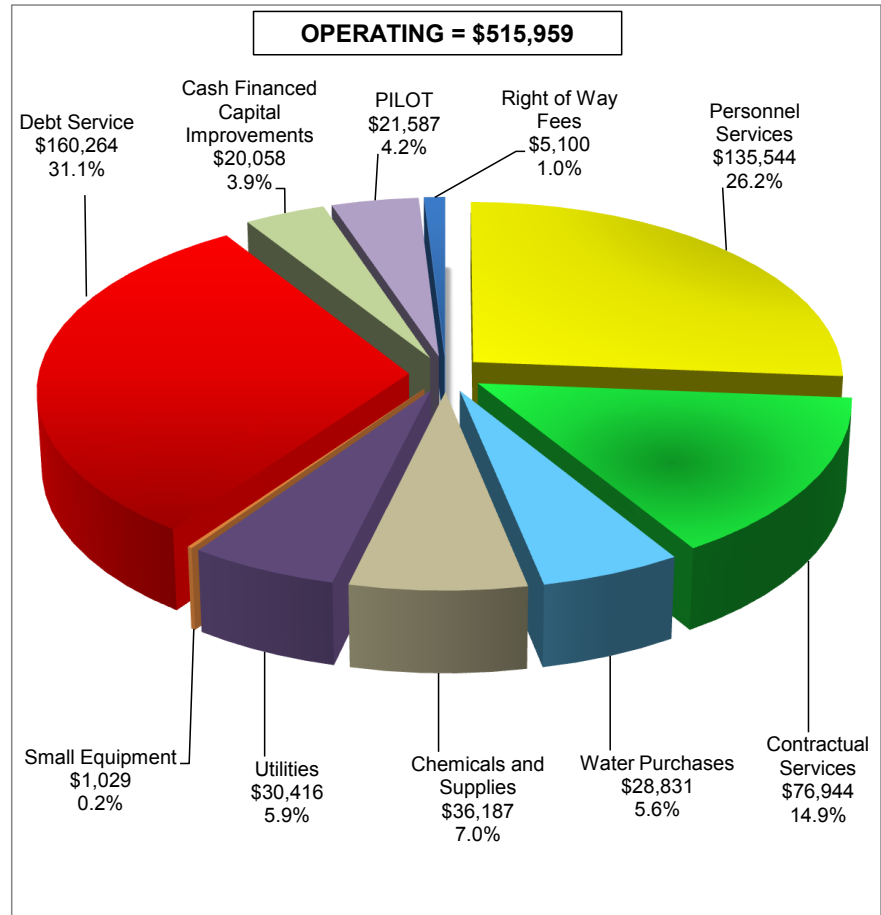
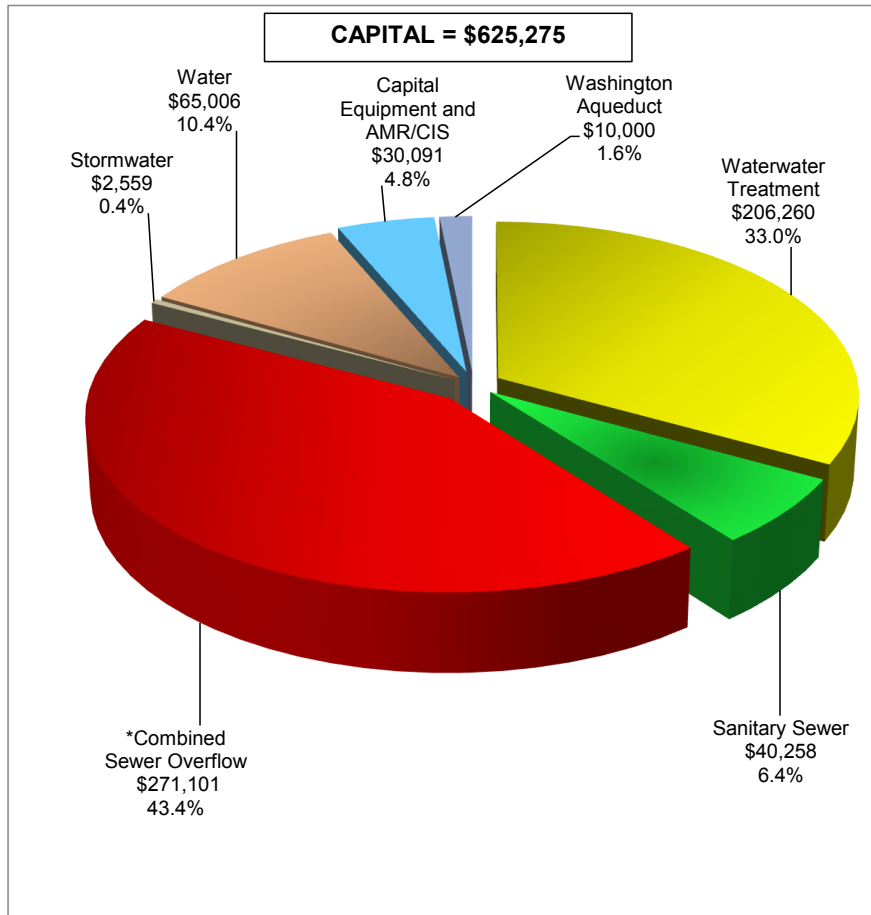
FY 2013 - FY 2016
(\$000's)



Comparative Expenditures
(\$000's)

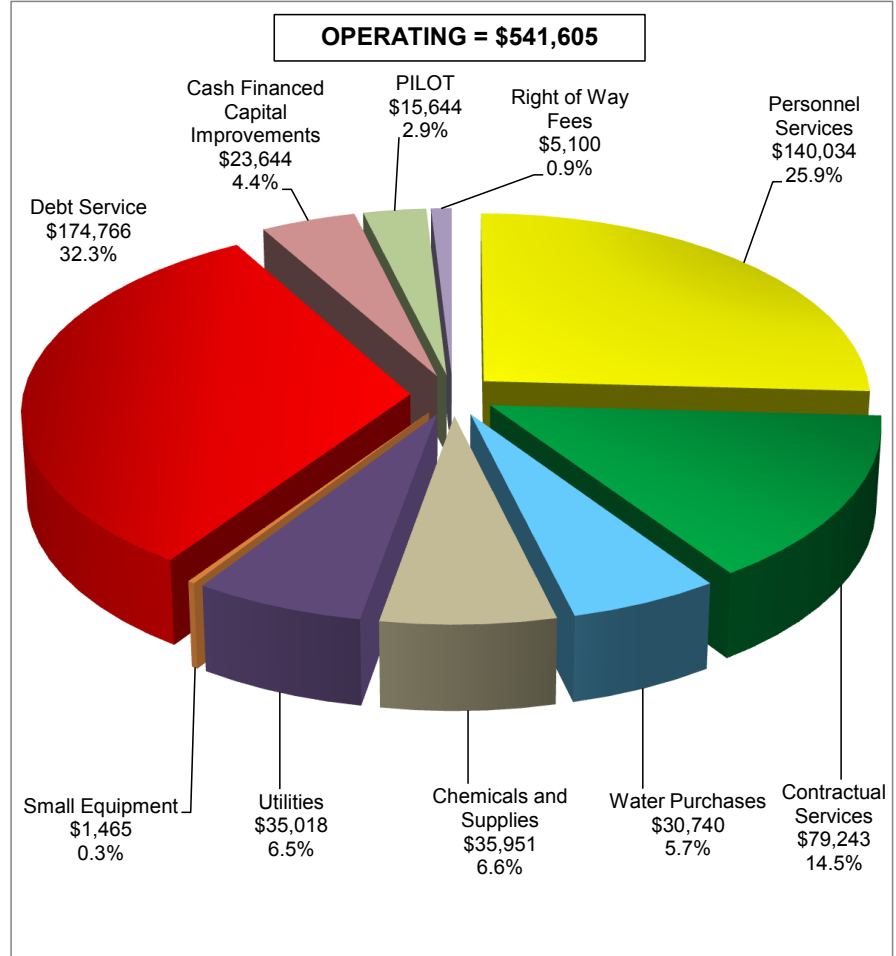
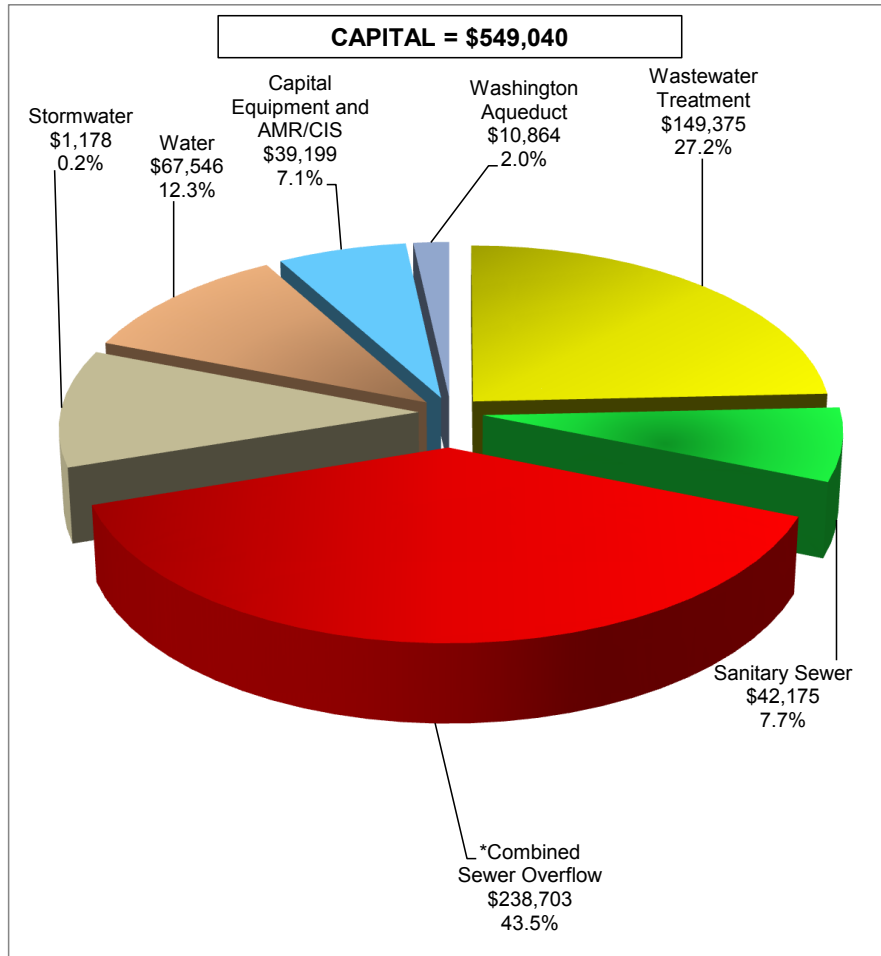
	FY 2013 ACTUAL	FY 2014 ACTUAL	FY 2015 APPROVED	FY 2015 REVISED	FY 2016 APPROVED
<u>CAPITAL (Cash Disbursements Basis)</u>					
Wastewater Treatment	316,696	355,715	174,364	206,260	149,375
Sanitary Sewer	23,987	25,961	49,276	40,258	42,175
Combined Sewer Overflow	130,774	218,557	283,908	271,101	238,703
Stormwater	3,241	3,742	2,035	2,559	1,178
Water	47,576	54,812	92,006	65,006	67,546
Washington Aqueduct	5,924	11,258	10,000	10,000	10,864
Capital Equipment and AMR/CIS	19,437	12,210	17,191	30,091	39,199
Total Capital	\$ 547,635	\$ 682,255	\$ 628,780	\$ 625,275	\$ 549,040
<u>OPERATING</u>					
Personnel Services	118,567	125,756	135,544	135,544	140,034
Contractual Services	68,430	68,178	76,944	76,944	79,244
Water Purchases	27,223	28,407	28,831	28,831	30,740
Chemicals and Supplies	27,120	30,718	36,187	36,187	35,951
Utilities	26,098	29,939	30,416	30,416	35,018
Small Equipment	1,192	317	1,029	1,029	1,465
Subtotal O&M	268,630	283,316	308,950	308,950	322,451
Debt Service	107,700	120,165	160,264	160,264	174,766
Cash Financed Capital Improvements	-	-	20,058	20,058	23,644
Payment in Lieu of Taxes	16,882	6,358	21,587	21,587	15,644
Right of Way Fees	5,100	5,100	5,100	5,100	5,100
Total Operating	398,312	414,939	515,959	515,959	541,605
Personnel Services charged to Capital Projects	(14,659)	(17,289)	(17,266)	(17,266)	(18,993)
Net Operating	\$ 383,653	\$ 397,650	\$ 498,693	\$ 498,693	\$ 522,612

FY 2015 Revised Budgets (\$000's)



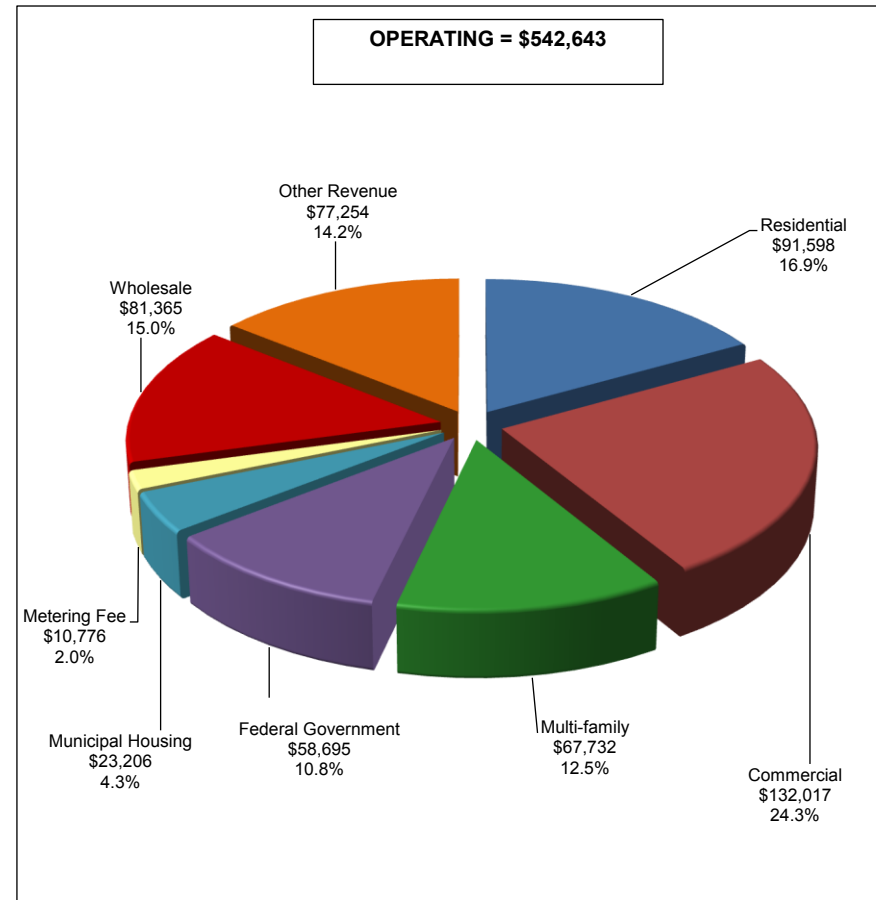
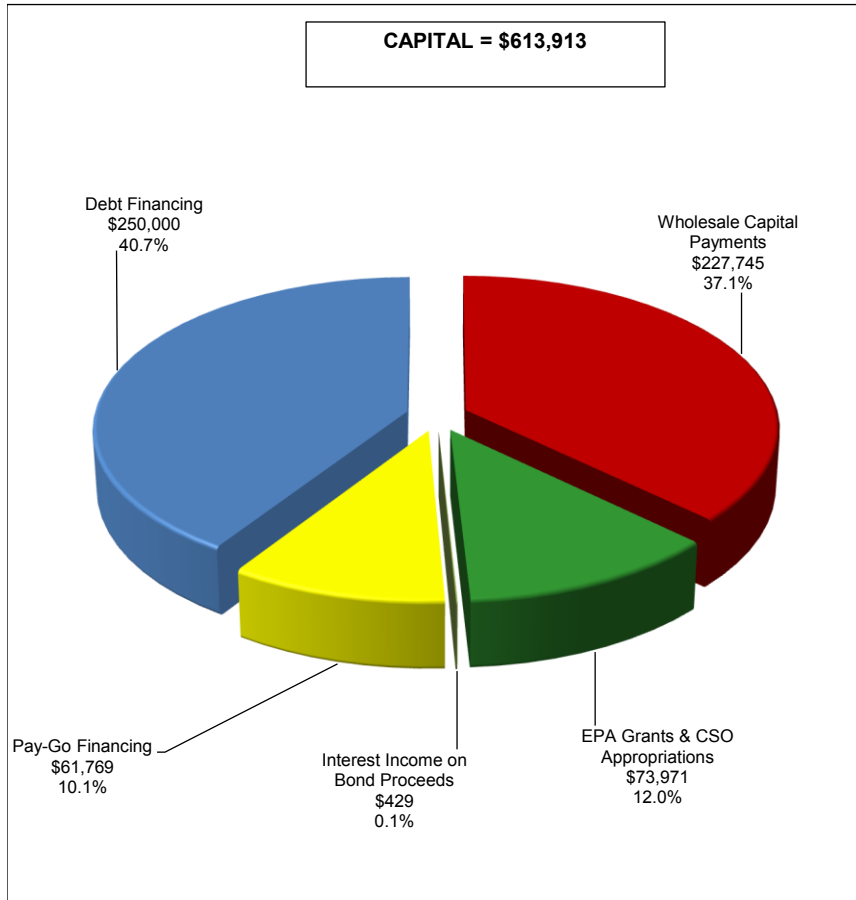
*D.C. Clean Rivers Project is \$255,909.

FY 2016 Approved Budgets (\$000's)

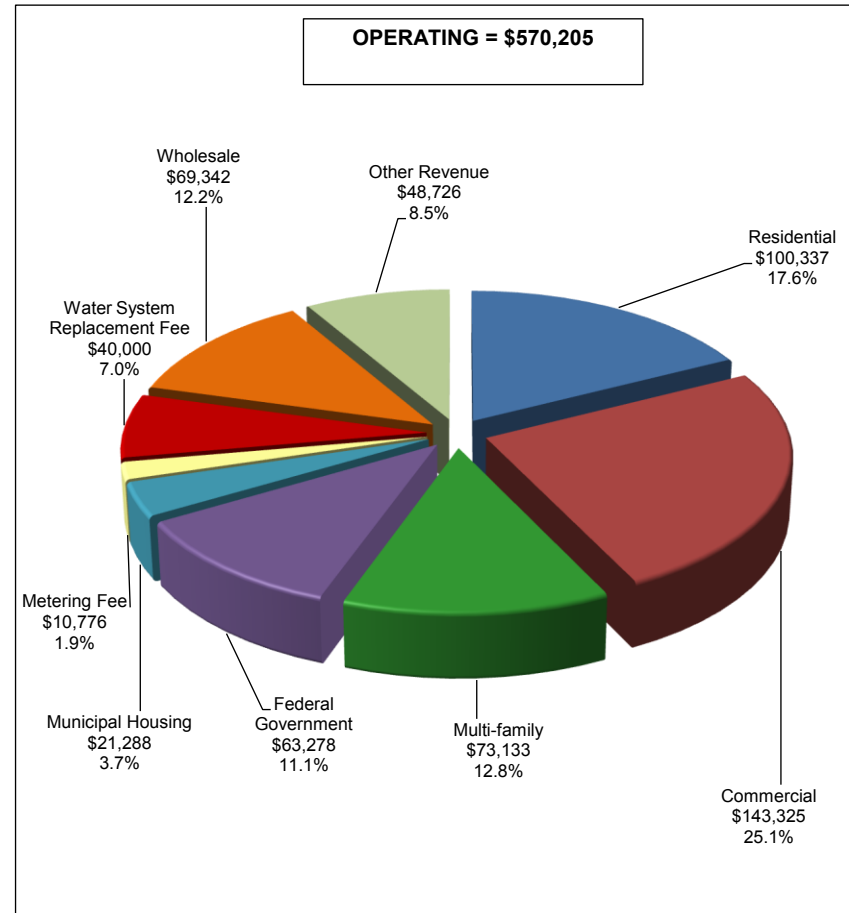
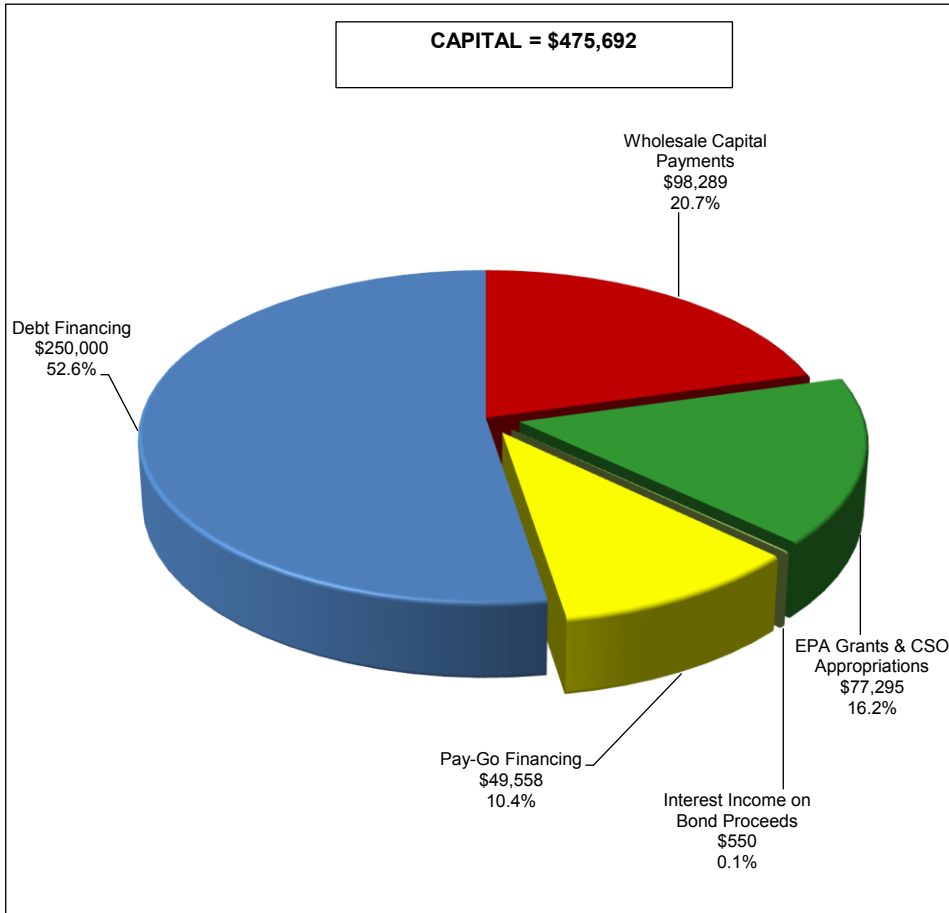


*D.C. Clean Rivers Project is \$206,024.

FY 2015 Revised Revenues (\$000's)



FY 2016 Approved Revenues (\$000's)



CASH FLOW SUMMARY

(\$000's)

	FY 2014 Actual Amount	FY 2015 Approved Budget	FY 2015 Revised Budget	FY 2016 Approved Budget
OPERATING BUDGET				
Operating Receipts				
Residential, Commercial & Multi-Family	221,172	230,997	235,691	248,481
Federal	42,097	42,907	42,907	44,250
Municipal	5,913	6,265	6,301	6,644
D.C. Housing Authority	7,368	6,384	6,491	6,844
Groundwater	-	5	5	5
Infrastructure Surcharge Fee				40,000
Metering Fee	11,207	10,776	10,776	10,776
Payment in Lieu of Taxes / Right of Way Fee	23,618	26,687	20,547	20,744
Clean Rivers IAC Revenue	63,391	77,145	81,853	95,137
Subtotal Retail	374,766	401,166	404,572	472,881
Wholesale	70,763	75,124	8,137	69,342
Other Operating Receipts ⁽¹⁾	38,735	37,813	56,587	27,671
Total Operating Receipts	484,264	514,103	469,295	569,894
Operating Disbursements				
Digester	-	(8,894)	-	-
Personnel Services	104,448	118,278	118,278	121,041
Contractual Services	77,851	76,944	76,944	79,243
Chemicals & Supplies	28,072	36,187	36,187	30,740
Utilities & Rent	37,265	30,415	30,416	35,951
Water Purchases	33,591	28,831	28,831	35,018
Small Equipment	692	1,028	1,028	1,465
Subtotal Operations & Maintenance	281,918	282,789	291,684	303,458
Payment in Lieu of Taxes / Right of Way Fee	12,414	26,687	20,437	20,744
Debt Service	120,165	160,264	163,242	174,766
Cash Finance Capital Contribution/Defeasance	-	20,058	20,058	23,644
Total Operating Disbursements	414,498	489,798	495,422	522,612
Operating Surplus	69,766	24,305	(26,127)	47,282
CAPITAL BUDGET (See Section VI for more details)				
Sources of Capital Funds	709,192	591,170	61,393	475,692
Uses of Capital Funds	682,255	628,779	625,275	549,040
Capital Results	26,937	(37,609)	(563,882)	(73,348)
CASH RESERVES				
Beginning O&M Reserve Balance (Net of Rate Stabilization Fund)	141,518	140,500	157,642	140,000
Operating Surplus	69,766	24,306	47,101	47,282
Wholesale Customer Refunds/Payments for Prior Years	(10,069)	(3,000)	(18,100)	(5,500)
Customer Rebate	-	-	-	-
Transfer to Rate Stabilization Fund	-	-	-	(4,500)
Transfer to DC PILOT Fund	-	-	-	-
Reimbursement for Legal Settlement	-	-	-	-
Federal Customer Refund/Payments for Prior Years	(6,000)	(5,053)	(5,053)	(11,679)
Interest Earned from Bond Reserve	229	798	120	311
Pay-As-You-Go Capital Financing	-	(17,551)	20,058	23,644
Ending O&M Reserve Balance (Net of Rate Stabilization Fund)	53,925	140,000	44,127	49,558
Rate Stabilization Fund	22,450	7,950	14,950	19,450
	-	-	-	-
DC PILOT Reserve Fund	30,044	23,368	-	-
⁽¹⁾ Does not include interest earned from the debt service reserve fund				

Budget Summary

Description	Unit of Measurement	FY 2015 Revised Budget	FY 2016 Approved Budget	Increase/ (Decrease)
Operating Budget	\$000's	\$515,959	\$541,605	\$25,646
Ten-Year CIP (Cash Disbursements)	\$billion	\$3.8	\$3.8	\$0
Water Residential – 0 – 4 Ccf	Ccf	\$3.88	\$3.08	(\$0.80)
Water Residential - > 4 Ccf	Ccf	\$3.88	\$3.87	(\$0.01)
Water Multi-family	Ccf	\$3.88	\$3.45	(\$0.43)
Water Non-residential	Ccf	\$3.88	\$3.99	\$0.11
Sewer	Ccf	\$4.74	\$5.44	\$0.70
Monthly Clean Rivers IAC	ERU	\$16.75	\$20.30	\$3.55
Water System Replacement Fee*	5/8"	-	\$6.30	-
PILOT Fee	Ccf	\$0.46	\$0.47	\$0.01
ROW Fee	Ccf	\$0.17	\$0.17	\$0
Wholesale Operating Revenues	\$000's	\$81,365	\$69,342	(\$12,023)

* This is a proposed new fixed monthly Water System Replacement Fee (WSRF) of \$6.30 for 5/8" meter. This fee, which varies with meter size, is to recover the cost of 1% renewal and replacement program for water services.

Proposed FY 2016 Retail Rates & Fees

- Water and Sewer volumetric rates are listed below:
 - Residential customers: “Consumption of 0 – 4 Ccf” water rate decrease of \$0.80 per Ccf to \$3.08 per Ccf, {decrease of \$1.07 to \$4.12 per 1,000 gallons}
 - Residential customers: “Consumption greater than 4 Ccf” water rate decrease of \$0.01 per Ccf to \$3.87 per Ccf, {decrease of \$0.02 to \$5.17 per 1,000 gallons}
 - Multi-family: water rate decrease of \$0.43 per Ccf to \$3.45 per Ccf, {decrease of \$0.57 to \$4.61 per 1,000 gallons}
 - Non-residential customers: water rate increase of \$0.11 per Ccf to \$3.99 per Ccf, {increase of \$0.15 to \$5.33 per 1,000 gallons}
- Sewer rate increase of \$0.70 per Ccf to \$5.44 per Ccf, {increase of \$0.94 to \$7.27 per 1,000 gallons}
- Monthly Clean Rivers Impervious Area Charge increase of \$3.55 to \$20.30 per ERU to recover the costs of the DC Clean Rivers Project
- Proposed new fixed monthly fee, Water System Replacement Fee (WSRF) of \$6.30 for 5/8” meter size. This fee varies with meter size. The WSRF is to recover the costs of 1 % renewal and replacement program for water services
- PILOT fee increase of \$0.01 per Ccf to \$0.47 per Ccf {increase of \$0.02 to \$0.64 per 1,000 gallons}
- No increase in the ROW fee, which remains same at \$0.17 per Ccf {\$0.22 per 1000 gallons}

DC WATER HISTORY & GOVERNANCE

The District of Columbia Water and Sewer Authority (DC Water) was created in April 1996 and began operating October 1, 1996 under and pursuant to an act of the Council of the District of Columbia and an act of the United States Congress. Previously, the Water and Sewer Utility Administration, a division of the District's Department of Public Works, performed DC Water's operations. In the aftermath of the District's financial crisis in the 1990s, Congress created an independent utility agency governed by a Board of Directors consisting of eleven principal and eleven alternate members who represent the District of Columbia, Montgomery and Prince George's Counties in Maryland and Fairfax County in Virginia to govern DC Water. The Mayor of the District of Columbia appoints, and the Council confirms, all District Board members, including the Chairperson. In addition, the Mayor appoints the five principal and five alternate members who represent the surrounding jurisdictions based on submissions from those jurisdictions. All members serve four-year terms. The existence of a quorum and an affirmative vote of a majority of the members present, who are permitted to participate in the matter under consideration, shall be required to approve any Board action; except, that 7 affirmative votes shall be required for approval of the Authority's budget and 8 affirmative votes shall be required for the selection or relieving of the CEO/General Manager. All Board members participate in decisions directly affecting the general management of joint-use facilities (such as projects at the Blue Plains Advanced Wastewater Treatment Plant), and only the District of Columbia members participate in decisions for those matters that affect only District ratepayers. Rates setting authority resides solely with the Board of Directors, and is a non-joint use matter.

At its inception, DC Water faced a cash shortage and projected multi-million dollar deficit. The newly established utility was also burdened with a barely functional fleet, poorly maintained infrastructure, an antiquated billing system, and a number of operating weakness. Through the leadership of an active Board of Directors and strong management staff, a line of credit was obtained, municipal bonds were issued and new strategic goals, business processes and technologies were developed. DC Water made tremendous strides in its prudent financial management and cutting-edge technology, customer service improvements, extensive capital investment, environmental stewardship, peer-reviewed research and establishment of an award winning fleet. Our credit rating since 1996 has gone from no credit to AA+.

Over the years, we have developed strong partnerships with the District government, Congress, suburban jurisdictions, federal regulators and environmental advocates. We are continuing to strengthen our existing partnerships while reaching out to establish new relationships. Our success has been acknowledged through many awards as well as positive financial results and audits over the years. Since 1996, the Authority has met its mission of providing clean drinking water to residents of the District of Columbia and wastewater conveyance and treatment services to both residents of the District and wholesale customers in Maryland and Virginia.

At DC Water, we focus all of our technology initiatives on improving both the quality of services we provide to our customers and organizational effectiveness. We were one of the first utilities to automate our meter reading program (AMR) which has been heralded as a best practice in the industry. The automated meters use radio frequency and cell phone technology to send daily water usage information from the meter to DC Water. This tool analyzes daily water consumption and provides monthly and yearly averages on an account so a customer can monitor their own water use. In addition, we developed a powerful application in-house called the High Use Notification Application (HUNA). This tool alerts customers of unusually high amounts of water delivered to their meter so they can check for leaks and avoid a high bill. Over the last 10 years that we have offered the service, 32% of all customers have received at least one alert. We anticipate reaching a total of 60,000 alerts sent to customers in 2015.

ACCOUNTING AND BUDGET PROCESSES

Basis of Accounting

DC Water is a single enterprise fund and maintains accounting records using the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP). Under this basis of accounting, revenues are recorded when earned, and expenses are recorded when goods and services are received. DC Water expenditure budget is prepared on a comparable basis to GAAP, with the exception of debt service (including principal and interest) that is budgeted in full when due. Depreciation and interest expense are recorded as expenses for financial statement purposes. (Depreciation is not budgeted.)

Annual Budget Process

As a first step in the budget development process, the Finance, Accounting & Budget department updates DC Water's ten-year financial plan to reflect any revisions to the capital improvement program and any other major revenue or operating budget issues, and analyzes the potential impact of these items on rates. In addition to these items, the ten-year plan is also developed based on the financial and rate-setting policies adopted by the Board as well as the Board's Strategic Plan.

In June, departments submit their initial budget requests for management review. DC Water's strategic and operational priorities are included in each department's work plan and performance agreements, as appropriate. During the month of June and in early July, departments complete budget reviews with Budget staff, and in July and August, reviews are held with the Executive Team and with the CEO/General Manager in tandem.

Typically in November of each year, management presents the operating budget, ten-year capital improvement program and ten-year financial plan to the Board's Environmental Quality and Sewerage Services, Water Quality and Water Services, DC Water Retail Water and Sewer Rates and Finance and Budget Committees for their review. This budget is proposed for the following fiscal year (e.g. beginning October 1, 2015). The Committees review the budget documents in November through December and submit budget recommendations to the full Board in December. Typically, decisions are finalized and Board action on the budget is taken between December and January.

Upon budget adoption, the Budget department publishes and distributes the approved budget book and ensures that DC Water's budget is included in the District of Columbia's budget submission, which is transmitted to the U.S. Congress for approval. Once approved by Congress, the budget is effective October 1 of each year.

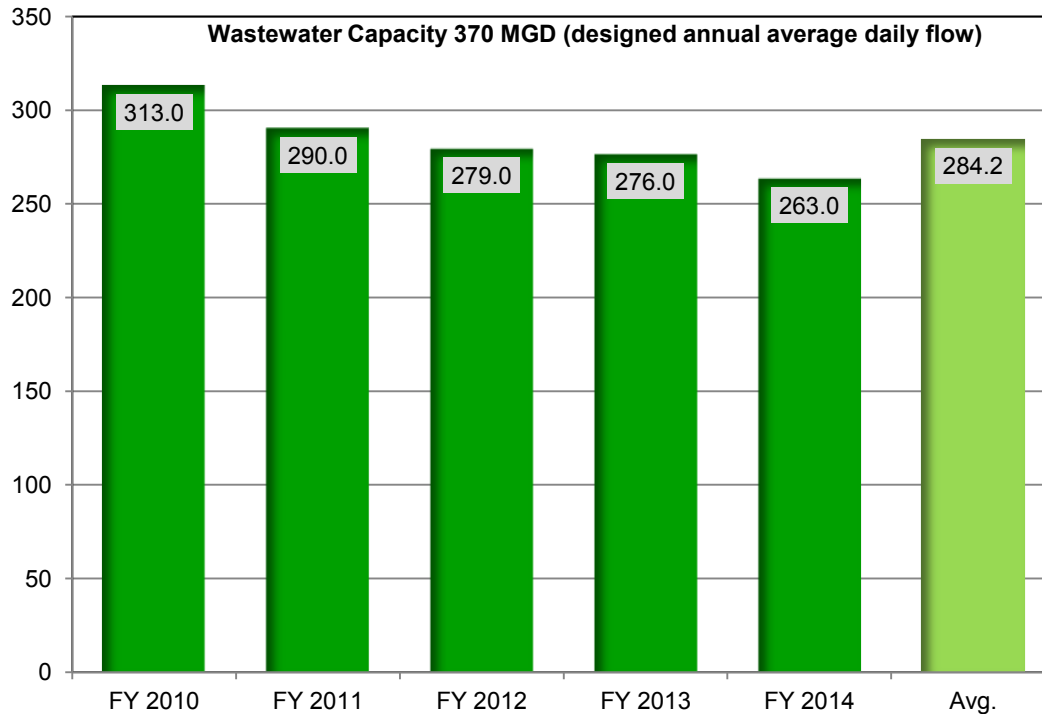
Budgetary Control

After the U.S. Congress approves the budget, the operating and capital budgets are loaded into the DC Water's financial management system, which prevents overspending without appropriate approvals. The Department of Finance, Accounting and Budget prepares monthly management reports for each operating unit, management staff, the Board of Directors and its various committees. The reports are consistently reviewed each month to ensure that DC Water complies with its authorized budget levels.

WASTEWATER SYSTEM CAPACITY ENSURES SERVICE AREA MEETS NEEDS THROUGH 2040

- Blue Plains is the world's largest advanced wastewater treatment plant
 - Treats an average of approximately 300 million gallons per day (MGD) annually
 - Designed for average daily flow of 370 MGD and peak wet weather capacity of 1,076 MGD
- System comprises 1,800 miles of sanitary, stormwater and combined sewers; 125,000 building sewer lateral; 22 flow-metering stations; 9 off-site wastewater pumping stations; and 16 stormwater pumping stations

Historical Wastewater Treatment vs. Capacity FY 2010 – FY 2014

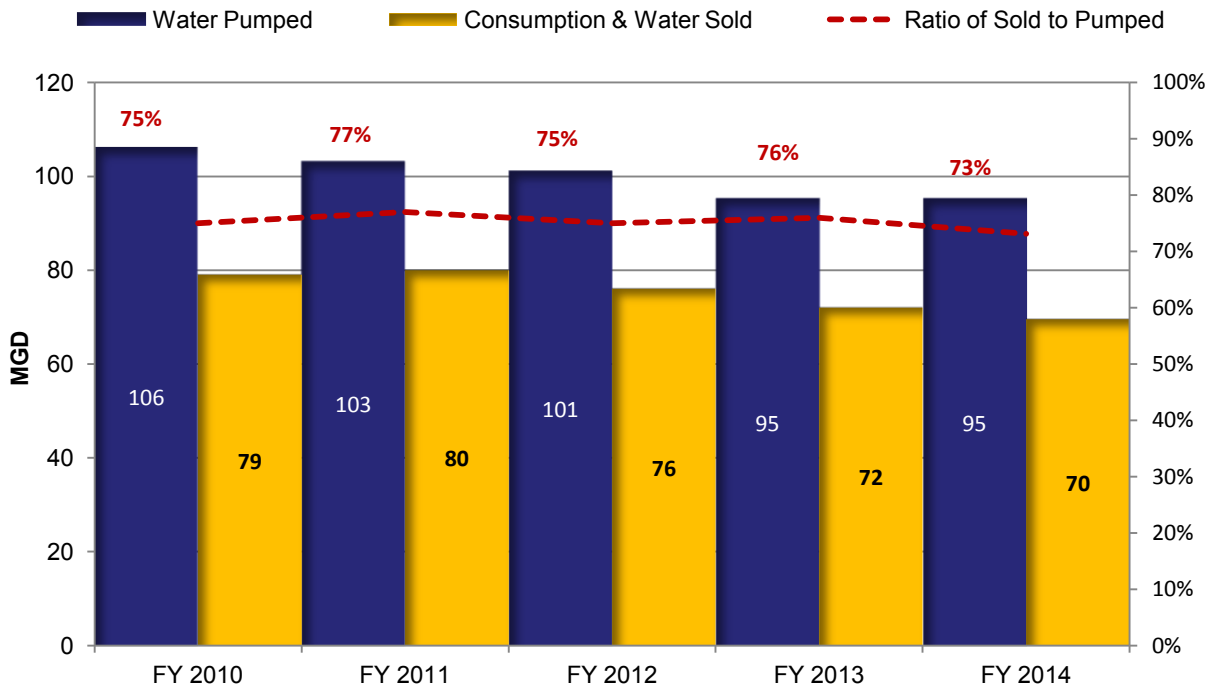


Note: In FY 2010 two historical snow storms are included in the system capacity

WATER SYSTEM CAPACITY MEETS SERVICE AREA NEEDS

- Water purchased from the Washington Aqueduct, owned and operated by U.S. Army Corps of Engineers
- Total treatment capacity of 320 MGD exceeds average daily and peak requirements in service areas
- Four pumping stations with adequate capacity to meet peak demand
 - Bryant Street, New Fort Reno, 16th and Alaska, Anacostia
- One Washington Aqueduct pumping station with capacity sufficient to take over for Bryant Street pumping station
- 1,350 miles of interconnected pipes

Volume of Water Pumped versus Sold FY 2010 – FY 2014



Infrastructure Index Leakage (ILI) :	
FY 2010	– 7.54
FY 2011	– 7.22
FY 2012	– 8.31
FY 2013	– 6.89
FY 2014	– 7.49

REGIONAL DEMOGRAPHICS AND CUSTOMER DEMAND

Strong financial planning requires careful monitoring and analysis of various trends and factors that may influence the market place. In this case, the market place for DC Water is the District of Columbia and its surrounding region. DC Water monitors consumption and wastewater flow trends within the customer base, weather patterns, regional income changes, population trends, federal activity in the region, housing starts, office vacancy rates and employment trends. A review of experiences from similar national systems is a useful benchmark assessment. While there are no crystal balls in the area of forecasting water demand, monitoring such data can provide insight into customer behavior and anticipated service demands.

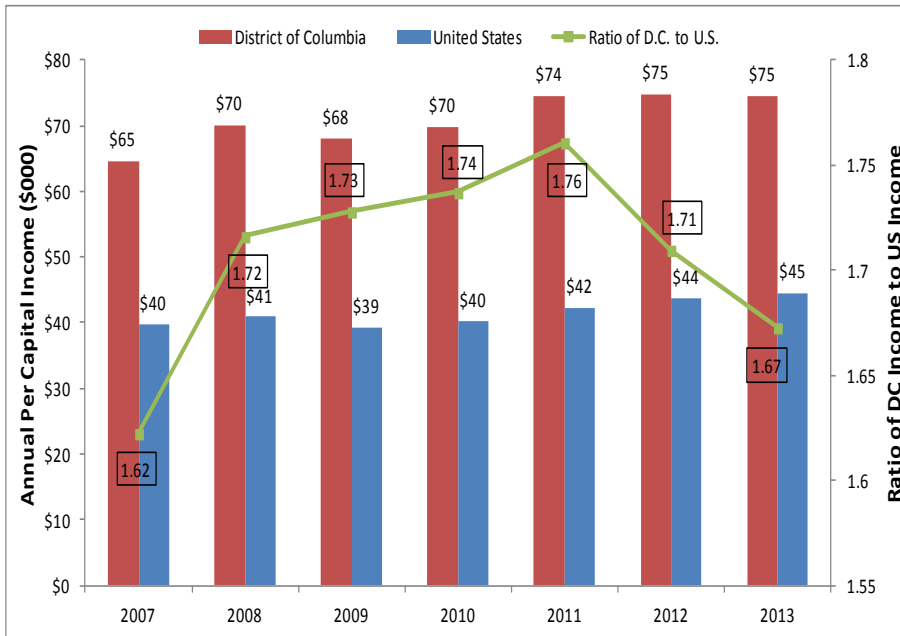
Regional Economy

Despite a sluggish national economy, DC Water's service area has weathered the national recession well. The regional income remains stable and unemployment rates remain one of the lowest among America's large metropolitan areas. Regional per capita incomes remain higher than the U.S. average. Office vacancy rates remain lower than the region, which experts believe are favorable economic indicators. A major local employer, the federal government, remains relatively stable for this employment sector. Select demographic charts following support the generally positive outlook for the Washington Metropolitan region and its economy.

As the largest job center in the DC Metropolitan region, DC can be impacted by economic declines. However, impacts are tempered by the relatively stable federal employment enjoyed by the nation's capital.

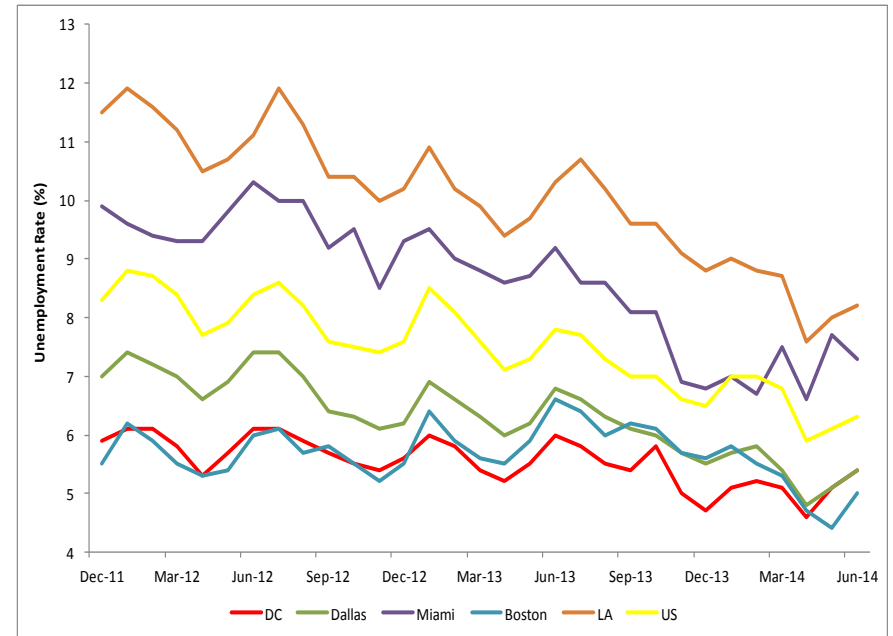
REGIONAL DEMOGRAPHICS AND CUSTOMER DEMAND, Cont.

DC Per Capita Income is Higher than U.S. Average



Source: US Census Bureau

DC Employment Rate Trends Higher than Nation



Source: Bureau of Labor Statistics

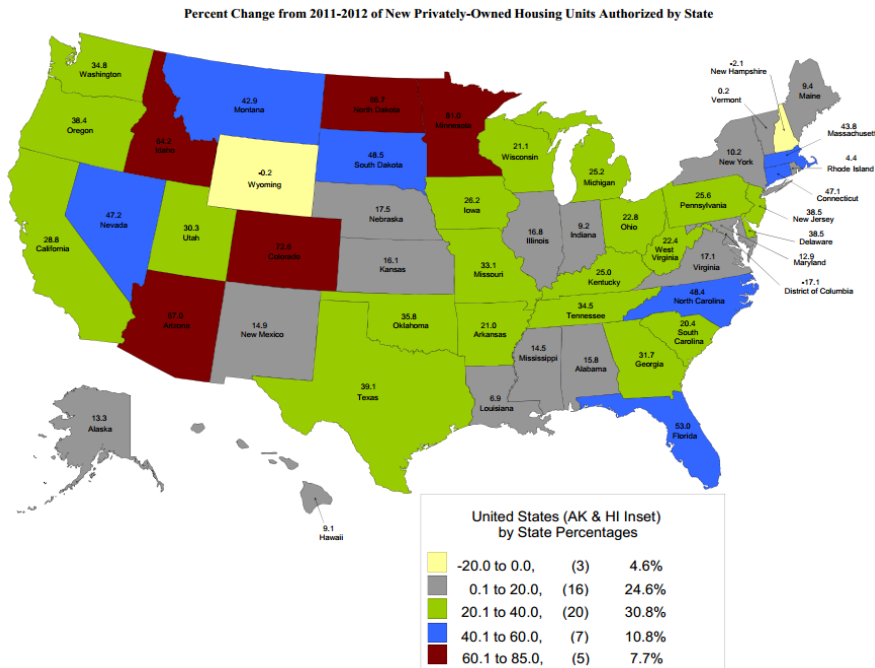
- The scale on the left side of the chart shows personal income per capita which applies to the columns in each year for DC and the U.S.
- The scale on the right side of the chart shows the ratio of DC income to U.S. income which is reflected by the line in the chart

REGIONAL DEMOGRAPHICS AND CUSTOMER DEMAND, Cont.

Low commercial office vacancy rates and uneven growth in housing permits throughout the region provide mixed signs for the regional economy

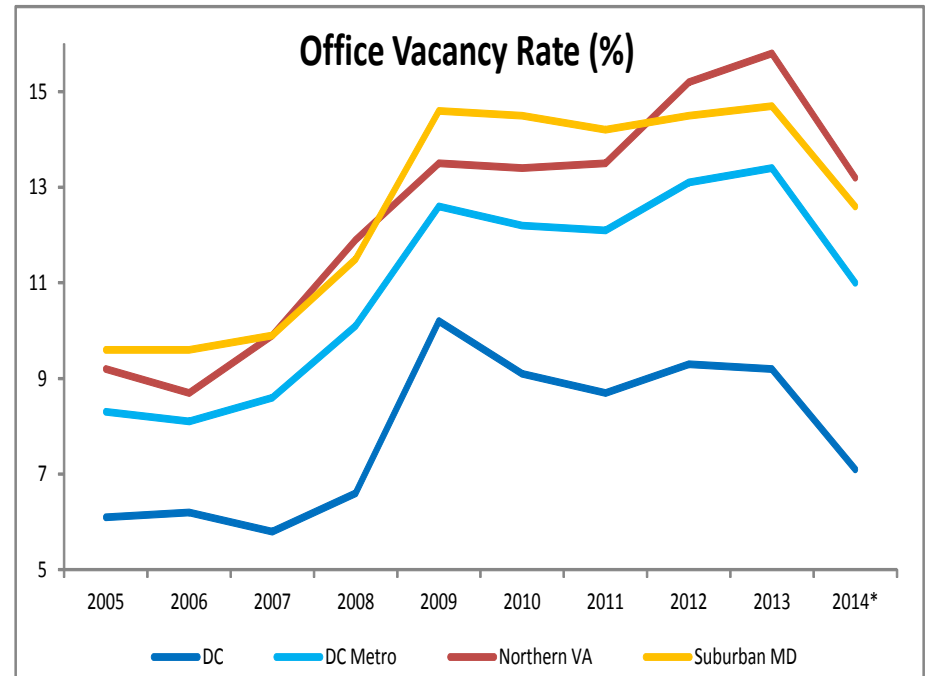
**2011 – 2012
DC Growth in Housing-Permit Issuance
at Par with the Rest of U.S.**

**DC Office Vacancy Rates
Lower than region Average of 17%**



Source: US Census Bureau

- DC performance is driven by federal government growth and associated industries, supporting regional growth and diversification



* As of June 2014

Source: District of Columbia Office of Chief Financial Officer

- The region's residential housing and office markets have weathered the economic climate relatively well compared to neighboring states

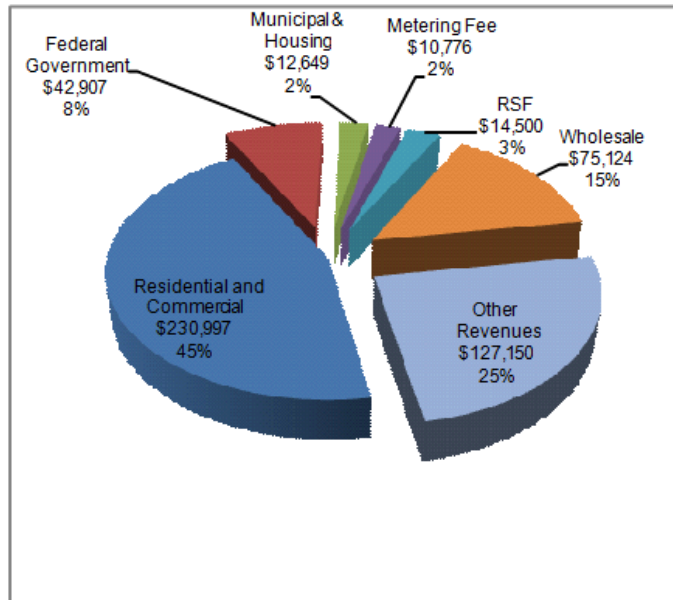
REGIONAL DEMOGRAPHICS AND CUSTOMER DEMAND, Cont.

The regional economic indicators are positive according to the George Mason Center for Regional Analysis, with general job growth throughout the region, strong incomes, and unemployment below the national level. These factors coupled with stable consumption and the financial strength of some of the major AAA rated customers helps to ensure the financial success of DC Water.

The DC Water service area includes highly-rated customers

- ❑ About 23.0% of the projected FY 2015 revenues come from “AAA” rated entities and received in advance of service:
 - Federal Government
 - Fairfax County
 - Washington Suburban Sanitary Commission
 - Loudon County Sanitation Authority

- ❑ An additional 2.5% of revenues come from the District of Columbia which is rated “AA-”



Media reports reference the service area's economic strength

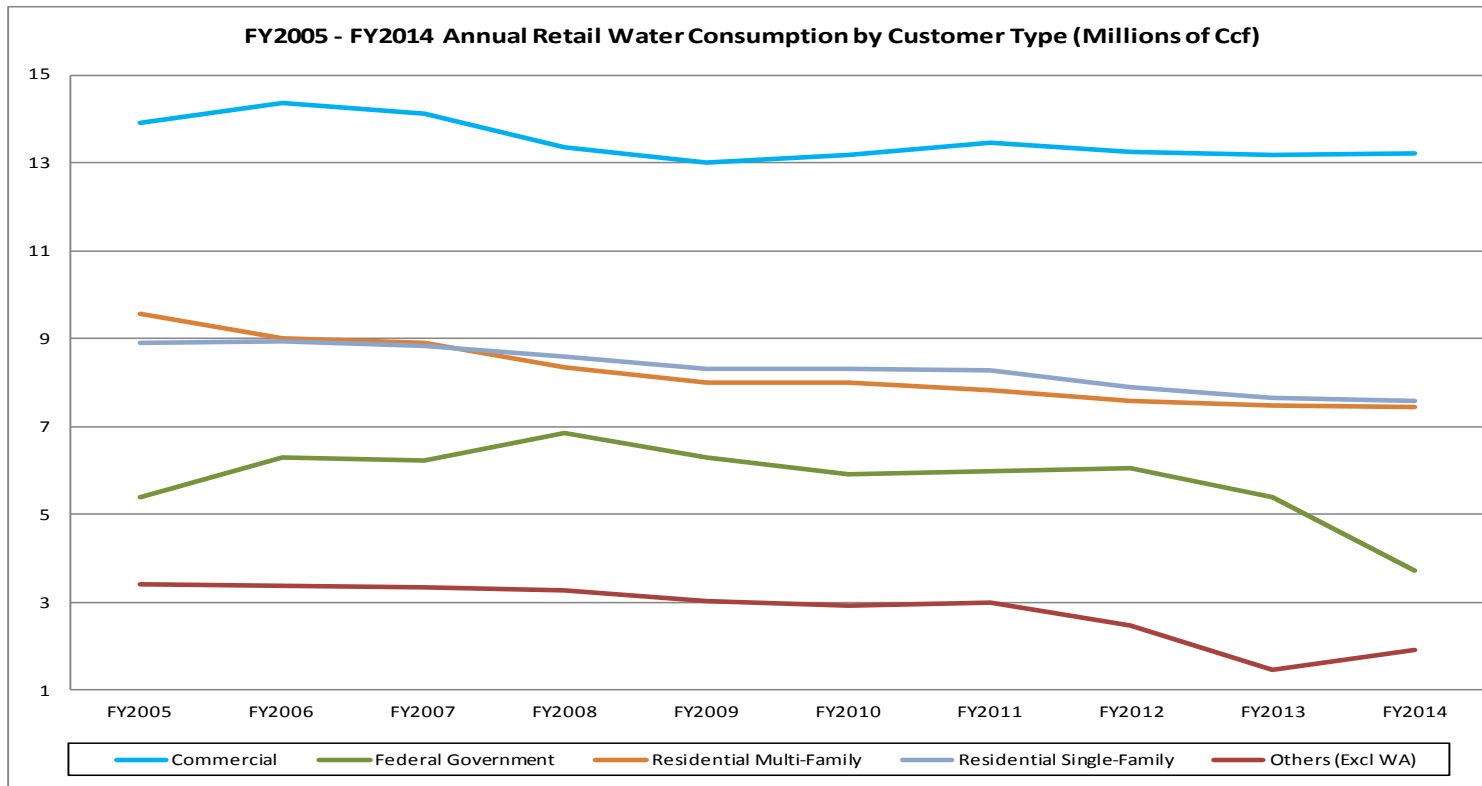
- ❑ “The U.S. Conference of Mayors on Friday released a report ... the report finds that ... The Washington metropolitan statistical area ... ended 2013 with the fifth-largest GMP [gross metropolitan product] among 363 U.S. metropolitan areas.” The Washington Business Journal, June 23, 2014

- ❑ “Want to live the good life? Move to Washington, D.C. ... Six of America’s 10 wealthiest counties lies within a stone’s throw of the Beltway“ Forbes, April 1, 2014

- ❑ “Economics experts have mixed views as to whether we’ll see things look up in 2014. Sequestration will be further in the rearview mirror, which could boost hiring among contracts and stem job losses in the federal government... [James Bohnaker, an economist with Moody’s] sees some indication that the professional services sector is diversifying to include more technology and other commercially focused firms.” The Washington Post, July 13, 2014

REGIONAL DEMOGRAPHICS AND CUSTOMER DEMAND, Cont.

Customer Demand: A reasonable degree of accuracy in forecasting water demand is important for sound financial planning and rate-setting. DC Water has typically assumed an annual reduction in Water demand of one percent in line with a ten year historic average. The FY 2005 - 2014 actual is close to the longer term experience, averaging annual aggregate demand decline of 2.2 percent. The FY 2015 – FY 2024 Financial Plan assumed retail water consumption decline of one percent over FY 2014 projection and conservation of one percent in FY 2016 and onwards. We believe that this conservative estimate is in line with the financial policies and assures revenue sufficiency for the Authority.



Water demand shows a decline relatively consistent with historic 1% decline assumption

FY 2005 - FY 2014 usage shows an average annual rate of change in aggregate demand of -2.2%. FY 2014 consumption decreased by 3.6%, mostly due to decline in consumption for Federal Government. Excluding Federal Government, FY 2014 consumption increased by 1.4%. FY 2005 – FY 2014 average annual rate of change in demand for the customer classes: Commercial -0.6%; Federal Government: -4.1%; Multi-Family: -2.7%; Single Family: -1.8%; and Other (include Exempt, DC Housing Authority, DC Municipal Government, and DC Water): -6.2%

FY 2016 Budget Calendar

Month	Event
May 6	General Manager's Budget Kickoff Meeting
May 6	Distribute budget manual and other preparation materials
May 15	FY 2015 Final Capital and Operating numbers submitted to update Financial Plan
June 6	FY 2016 Operating and Capital Budget proposals due to Finance, Accounting and Budget (Team FAB)
June -July	Individual Operating and Capital Budget Reviews with Team FAB, OGM, IT and Support Services
June	Committee review/discussion of Revised FY 2015 Budget Proposal Delivered to Full Board for Action
July – August	Begin Preliminary 10-year Financial Plan update, including Inter-Municipal Agreement, Treasury - Debt Service, CSO, and EPA grants CFO Budget review
August	Operating and Capital Budget Review with General Manager/Executive Team
November 29	FY 2016 Final Budget Decision Process Completed
December - March	Budget Preparation and Production
January 8, 2015	Budget Workshop: GM's Proposed FY 2016 Budget briefing to Board members
January	Board Committees Conduct In-depth Review of Budget Proposal Committees forward Recommendations to full Board for Deliberation/Action
February 5, 2015	<ul style="list-style-type: none"> ▪ Board Adoption ▪ Submission to the District of Columbia



OPERATING BUDGETS

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

SECTION III FINANCIAL PLAN



THE DC WATER TEN-YEAR FINANCIAL PLAN PROVIDES A STRONG FINANCIAL FRAMEWORK TO SUPPORT IMPLEMENTATION OF THE BOARD STRATEGIC PLAN

Vision

To be a world-class water utility

Mission

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

Values

- Respectful, serve with a positive attitude, courtesy, and respect that engender collaboration and trust
- Ethical, maintain high ethical standards, accountability, and honesty as we advance the greater good
- Vigilant, attend to public health, the environment, quality, efficiency, and sustainability of our enterprise
- Accountable, address challenges promptly, implement effective solutions, and provide excellent service as a committed team

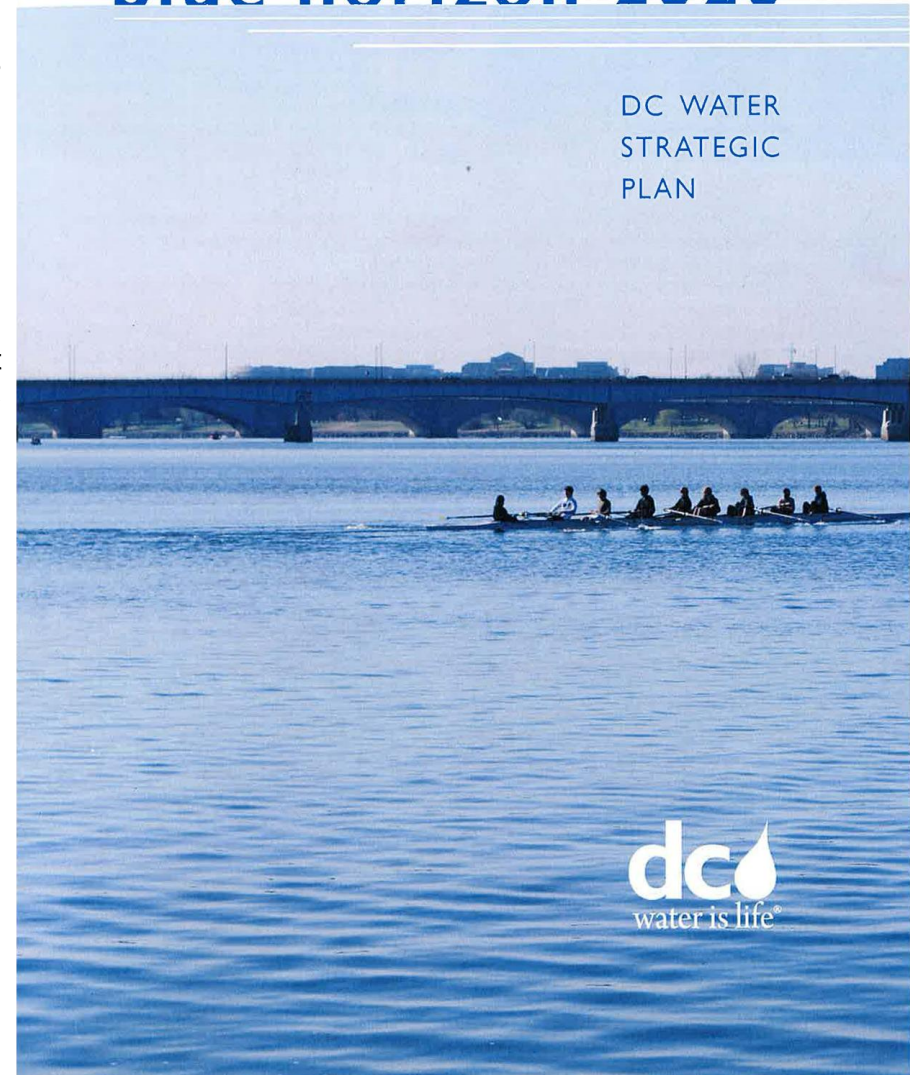
Goals

The goals represent the core strategies that DC Water will pursue. The Board and Executive Management believe that they are essential to the achievement of the mission to become a world-class water utility

- Develop, maintain and recruit a high performing workforce
- Collaborate locally, regionally, and nationally
- Increase Board focus on strategic direction
- Enhance customer/stakeholder confidence, communications, and perception
- Assure financial sustainability and integrity
- Assure safety and security
- Consider DC Water role in drinking Water Treatment
- Optimally manage infrastructure
- Enhance operating excellence through innovation and adoption of best practices

Note: DC Water Strategic Plan adopted by the DC Water Board of Directors on March 7, 2013.

blue horizon 2020



STRATEGIC DIRECTION

BLUE HORIZON 2020

Blue Horizon **2020** serves as a blueprint for future decision-making and provides a structure through which annual reviews can be accomplished to assure that the goals and objectives retain their relevance over time. By laying out a course of action, this plan represents a disciplined process for making fundamental decisions and shaping DC Water's future.

The plan represents the collaboration of the Board of Directors, Executive Management, and the management team, as well as input from key external stakeholders. The plan is designed to be a lasting framework, although updates should be made to goals, objectives, and initiatives as the organization moves forward and circumstances change.




This plan contains the DC Water vision, mission statement, values, goals, objectives, and initiatives. It addresses DC Water's current challenges and helps ensure continued

success in operations and management of resources and assets.

DC Water's vision describes the desired future state and guides the organization toward the future, while the mission of the utility describes the purpose of the organization and its role within the service area. Values articulate the deeply-held beliefs, norms, and qualities of the utility, and are the basis from which each DC Water staff member should operate.

FOCUS AREAS

The strategic plan, and the accompanying strategic framework, is the direct result of evaluation and analysis of the elements of the environmental scan and the needs of key stakeholders represented by the DC Water Board. Early in the process, three key themes emerged, which are embodied in Blue Horizon **2020**. These have been called focus areas and are:

 <p>LEADERSHIP DC Water will advocate and lead local, regional, and national collaborations, while internally developing the workforce of the future.</p>	 <p>VALUE DC Water will be recognized for the value it delivers by protecting public health and the environment, supporting community sustainability, and providing for economic vitality.</p>	 <p>INNOVATION DC Water will achieve international prominence in development and adoption of science, technology and processes in support of a culture of innovation.</p>
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FY 2015 – FY 2024 FINANCIAL PLAN

Overview

DC Water's strong financial performance and its success in achieving and maintaining strong bond ratings has been primarily due to the annual development of and adherence to a ten-year strategic financial plan. In July 2014, Standard and Poor's Ratings Services, Moody's Investors Service and Fitch Ratings reaffirmed their current AA+, Aa2 and AA ratings respectively on DC Water's senior lien bonds. This financial plan serves as one of management's key tools to monitor progress in meeting financial goals and to proactively address future financial and operational issues. During FY 2014, DC Water met or exceeded the goals set by Board policy and the FY 2014 – FY 2023 ten-year plan. This budget includes DC Water's fifteenth comprehensive ten-year financial plan, covering FY 2015 – FY 2024.

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

1. DC Water operates under a regulatory and capital project-driven environment that requires a longer term ten-year planning horizon. In order to provide our customers with the best service possible and with gradual and predictable rate increases, DC Water must plan for all projects on a long-term and integrated basis, including both capital and operating requirements. A five-year, capital-only financial plan would insufficiently prepare DC Water to address the major regulatory, operational and capital project issues that will impact service, operations, and rates over the next five to ten years.
2. In accordance with Board policy, DC Water sets rates so that each customer is charged for the actual cost to provide each service, rate increases are implemented transparently and predictably, utilizing all available options to mitigate future customer impacts. Since proposed future rate increases are primarily driven by financing of DC Water's capital program and full utilization of the rate stabilization fund, the development of a ten-year financial plan allows DC Water to meet these key goals.
3. The Board has directed DC Water management to undertake internal improvements and investments that will significantly lower operating costs over a ten-year period. A ten-year plan is required to bridge current operations and related capital and operating budgets with these longer term cost reduction goals.

Board policies, strategic plan, priorities and guidance in several key financial areas drive the development of the FY 2015 – FY 2024 financial plan. Given DC Water's substantial borrowing needs over the next ten years, adherence to these Board policies is crucial in order to cost-effectively access the capital markets and retain our credibility with customers and regulators.

DC WATER KEY FINANCIAL POLICIES

- **DEBT SERVICE COVERAGE** – DC Water will set rates and develop operating and capital budgets that ensure **senior debt service coverage of 140 percent**
 - This coverage level exceeds DC Water’s bond indenture requirement of 120 percent senior debt service coverage
- **CASH RESERVES** – DC Water will maintain **cash reserves equivalent to 120 days of budgeted operations and maintenance expenses with the objective of maintaining at least \$125.5 million** in operating reserves.
- **PAY-GO FINANCING OF CAPITAL** – DC Water will finance a portion of its capital program on a **pay-go basis from cash balances that exceed operations requirements or restricted use.**
- **RATE-SETTING POLICIES**
 - Rates that, together with other revenue sources, **cover current costs and meet or exceed all bond and other financial requirements** as well as goals set by the Board.
 - Rates that yield a **reliable and predictable** stream of revenues, taking into account trends in costs and in units of service.
 - Rates based on **annually updated forecasts of operating and capital budgets.**
 - Rate structures that are **legally defensible**, based on objective criteria, **and transparently designed.**
 - Rate structures **that customers can understand** and DC Water can **implement efficiently and efficaciously.**
 - Rates increases, if required, are implemented **transparently and predictably.**

To the extent annual revenues exceed costs, the Board’s policy will continue to utilize all available options to mitigate future customer impacts and annual rate increases, including transferring some or all of such excess funds to the Rate Stabilization Fund.

- **RATE STABILIZATION FUND** - Once DC Water achieves its **required level of cash reserves**, a **rate stabilization fund** will be established **to avoid “rate shock.”** Based on favorable financial performance in FY 2014, the balance in the RSF was \$22.45 million.

DC WATER KEY FINANCIAL POLICIES, CONT.

Financing and Reserve Policies

In FY 2004 and again in FY 2008, the Board completed a review of its existing financing policies, reaffirming the core policies. Two modifications were made to the reserves policy: 1) Changing the timing of when DC Water is required to meet its overall operations and maintenance reserve requirement from September 1 to an average daily balance basis, resulting in a more conservative calculation; and 2) revising the indenture-required renewal and replacement reserve requirement from two percent of original plant in service to \$35 million, with a requirement to revisit this reserve level every five years in conjunction with the indenture-required system assessment prepared by DC Water's independent rate consultants. The assessment was last performed in 2013.

In FY 2013, the Board adopted further revisions which modified the operating reserve policy and under Resolution #13-57 revised the DC Water's Statement of Financial Policies as follows:

1. DC Water will maintain financial practices and policies that result in high quality investment grade bond ratings so as to ensure the lowest practical cost of debt necessary to finance DC Water's long-term capital program.
2. DC Water will maintain strong levels of operating cash reserves, equivalent to 120 days of budgeted operations and maintenance costs, calculated on an average daily balance basis, with the objective of maintaining at least \$125.5 million in operating reserves. The annual reserve amount will be formally approved by the Board as part of its annual approval of the operating and capital budgets and ten-year plan. The operating reserve requirement will be evaluated every five years by DC Water's independent rate consultant in conjunction with the Indenture-required system assessment.
3. The operating reserve will, at a minimum, include any reserve requirements contained in DC Water's Master Indenture of Trust, (the "Indenture"), excluding any debt service reserve funds and the rate stabilization fund, as follows:
 - *Operating Reserve* – equivalent to sixty days' operating costs
 - *Renewal & Replacement Reserve* - \$35 million. This reserve requirement will be in conjunction with the Indenture-required system assessment
4. DC Water will maintain senior debt service coverage of 140 percent, in excess of DC Water's indenture requirement of 120 percent. Senior debt service coverage will be calculated in accordance with DC Water's indenture.
5. In general, DC Water will utilize operating cash in excess of the Board's reserve requirement and any other significant one-time cash infusions for capital financing or for repayment of higher cost debt.
6. DC Water will whenever possible use the least costly type of financing for capital projects, based on a careful evaluation of DC Water's capital and operating requirements and financial position for each year.
7. DC Water will attempt to match the period of debt repayment, in total, with the lives of the assets financed by any such debt.

DC WATER KEY FINANCIAL POLICIES, CONT.

Rate Setting and Budgetary Policies

DC Water's rate-setting policies are based on the following principles:

1. Rates that, together with other revenue sources, cover current costs and meet or exceed all bond and other financial requirements as well as goals set by the Board.
2. Rates that yield a reliable and predictable stream of revenues, taking into account trends in costs and in units of service.
3. Rates based on annually updated forecasts of operating and capital budgets.
4. Rate structures that are legally defensible, based on objective criteria, and transparently designed.
5. Rate structures that customers can understand and DC Water can implement efficiently and efficaciously.
6. Rate increases, if required, that are implemented transparently and predictably.

Pay-As-You-Go Capital Financing Policy

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

Cash Management and Investment Policies

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

1. Safety
2. Liquidity
3. Return on investment
4. Diversity

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

Major Financial Accomplishments

During FY 2014, DC Water met or exceeded the financial goals set out by the Board and the FY 2014 – FY 2023 financial plan. Senior debt service coverage, reserve levels, and budget performance met or surpassed Board policies, as discussed in more detail below.

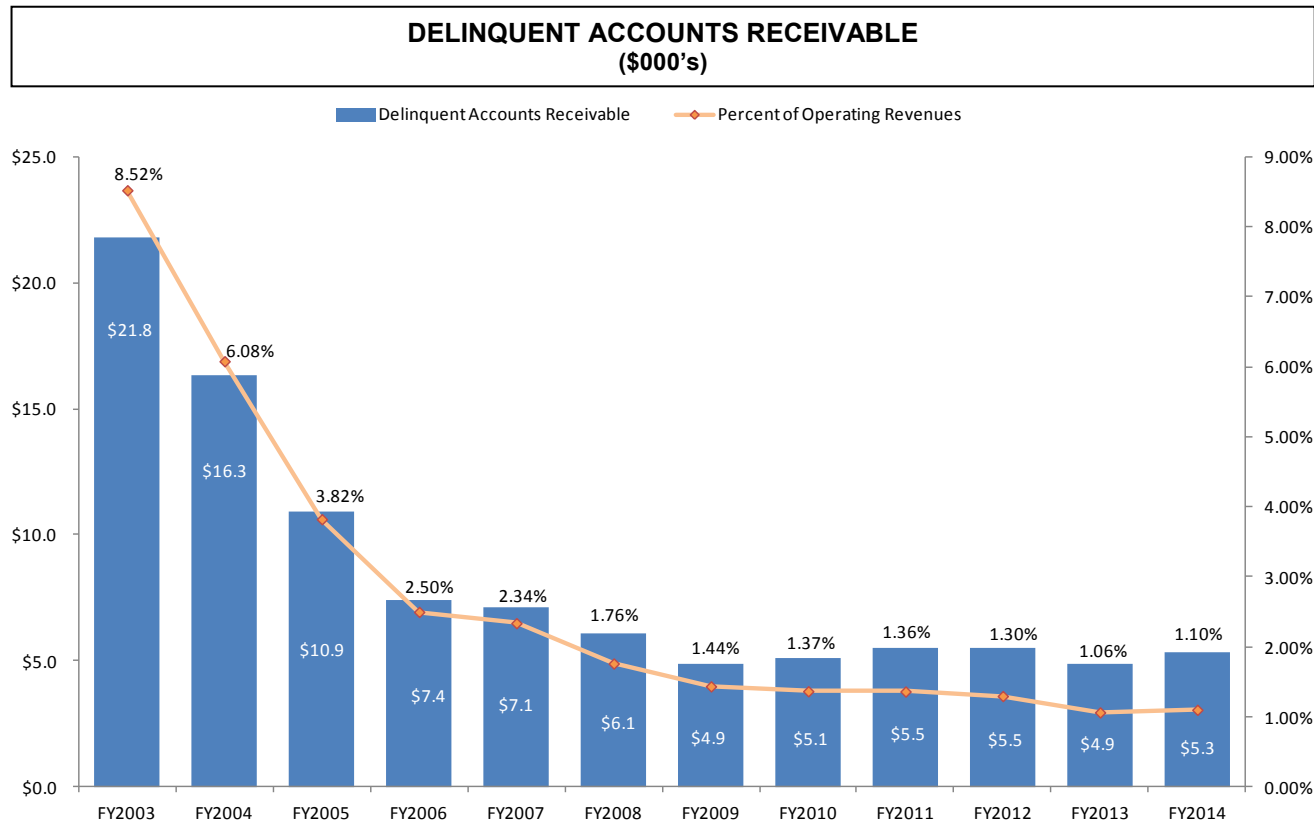
- DC Water Board policy requires senior debt service coverage of at least 140 percent; greater than the indenture requirement of 120 percent. ***DC Water's senior debt service coverage in FY 2014 was at 413 percent***, while maintaining the Board's rate setting and financial policies. The senior debt service coverage is expected to increase to 583 percent by FY 2024 despite increase in capital spending and related debt issuance; the coverage is above the Board requirement of 140 percent. Subordinate debt service coverage, which includes DC Water's subordinated lien revenue bonds, Little Seneca Reservoir debt and Jennings Randolph Reservoir debt, was at 169 percent in FY 2014. DC Water is required to have 100 percent coverage of subordinate debt service. Combined debt service coverage was at 145 percent in FY 2014.
- In July 2014, DC Water closed on both its taxable \$350 million century bond issuance and a \$100 million tax-exempt of historical green century bond issuance. The 100-year maturity bonds are the first ever issued by a public utility, as well as the first U.S. green bond issuance to include an independent second party opinion that the bonds are green.
- In June 2014, Standard and Poor's Ratings Services, Moody's Investors Service and Fitch Ratings reaffirmed their current ratings of AA, Aa2 and AA respectively.
- ***DC Water utilized \$6.5 million of the rate stabilization fund in FY 2014*** - The Rate Stabilization Fund's ending balance for FY 2014 was \$22.45 million.
- ***DC Water continued its strong operating budget performance in FY 2014*** - For FY 2014, actual cash receipts were higher than the revised budget by \$17.3 million, or 3.7 percent; operating expenditures were \$26.8 million, or 6.1 percent less than the Board-revised budget. During FY 2014, DC Water experienced lower than anticipated costs for contractual services for electrical equipment, controls and systems maintenance in Blue Plains and a onetime insurance reimbursement for legal fees. Additionally, the Authority experienced higher expenditures for personnel services due to impact of wage adjustments and overtime costs for water main breaks during the extreme cold temperatures; and electricity due to the uncharacteristic prices during the winter months (Polar Vortex).
- The Clean Rivers Impervious Surface Area Charge (CRIAC) was implemented in May 2009 to recover the cost of the Combined Sewer Overflow Long-Term Control Plan (CSO LTCP), also known as the DC Clean Rivers Project. In FY 2011, a six-tiered rate structure was successfully implemented for all residential retail customers to better reflect the impacts of various size residential properties. The twenty-year CSO LTCP, whose terms are outlined in a consent decree executed in March 2005, exclusive of the nine-minimum controls programs are projected to cost \$2.3 billion. See "Combined Sewer Overflow Long-Term Control Plan" in Section IV, Rates and Revenues for additional details on the projected rate impact of the plan.

Major Financial Accomplishments, Cont.

- DC Water implemented a retail water and sewer rate increase of 5.5 percent in FY 2014 to recover increased revenue requirements of \$11.3 million. Even with this change, an additional \$6.5 million in revenues was required and available due to the existence of the rate stabilization fund. As noted earlier, this fund helps to mitigate rate shock and reduces needed retail rate increases. In addition, the Board approved a retail water and sewer rate increase of 7.5 percent effective October 1, 2014, and a decrease in the PILOT due to a new PILOT MOU signed with the District on September 4, 2014. ROW fees remain same as in FY 2014. The changes in PILOT and ROW fee are made to recover the full costs of these fees charged to DC Water by the District of Columbia government. The rate changes are mainly due to the increase in debt service cost to finance the capital improvement program. An additional use of \$7.5 million from the rate stabilization is anticipated in FY 2015 avoiding an additional retail rate increase of approximately 2.9 percent.
- For the fourteenth consecutive year, DC Water received the Government Finance Officers' Award for Distinguished Budget Presentation for its FY 2014 budget submission. DC Water also received its seventeenth unqualified audit opinion for the fiscal year ended September 30, 2013 and received the seventeenth GFOA Certificate of Achievement for Excellence in Financial Reporting.
- In FY 2014, DC Water successfully renewed all of the Authority's operations insurance policies at essentially the same terms at 1 percent higher costs than previous year. DC Water's coverage remains the same as prior year's policy coverage.
- DC Water completed its tenth year of the rolling owner-controlled insurance program (ROCIP), fifth year of ROCIP II and second year of ROCIP III, under which DC Water procures general liability and workers' compensation insurance coverage for the majority of its construction contractors. The result is substantially higher insurance coverage levels for all contractors and significant cost savings. At the end of FY 2014, 65 projects and 393 contractors were enrolled in the expired ROCIP I program, 47 projects and 671 contractors were enrolled in the ROCIP II program and 39 projects and 216 contractors were enrolled in the ROCIP III program. Preliminary savings are estimated in the range of \$4 to \$5 million for ROCIP I, approximately \$6 million for ROCIP II and \$12 million for ROCIP III. Given the success of ROCIP I and II, DC Water moved forward with ROCIP III in fiscal year 2013. ROCIP II and III are three year insurance programs that support an estimated \$1.2 billion and \$942 million of planned construction respectively. A major reason for the cost savings is the implementation of a uniformly strong safety program for all contractors.
- DC Water revenue collection rates rival high levels of performance achieved by investor-owned water utilities. Delinquent accounts receivable represents less than 2 percent of Total Operating Cash Receipts by:
 - Automated meter reading and monthly billing continue to contribute significantly to the reduction of unpaid bills. These processes further allow meter reading staff to focus on other business needs i.e. maintenance of the meters.
 - The gradual decoupling of revenues from volumetric based revenues to more predictable relatively fixed revenue sources increases our ability to negotiate payment plans with customers based on expected future bills
 - Continuous updating of the customer information systems to allow the integrity of the data to be maintained, resulting in better credit decision making.

Major Financial Accomplishments, Cont.

- Maintain the predictive dialer outbound calls to remind customers to pay before balances become unmanageable.
- Adhering to payment plan policies that balance managing arrears and keep a vital service on for customers.
- Continuous placement of property liens when an account balance exceeds \$200 and is more than 60 days past due.
- Getting Executive and Board support for credit policies and developing assistance programs such as the customer assistance program and SPLASH program for low income customers. CAP and SPLASH together provide approximately \$1.3 million per year in assistance to 4,900 low income households to help make their bills more affordable.
- Continuous focus is placed on the top 75 accounts with the largest balances by making outbound calls to negotiate payments and assess risk.



- Graph represents Delinquent Accounts Receivable as percent of Total Operating Cash Receipts (includes Retail, Wholesale and Other)

Major Financial Accomplishments, Cont.

General Principles of Affordability for Low- Income Customers Policy

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

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

DC Water reviews the equity and sufficiency of its rates and rate structures periodically through various costs of service studies. In FY 2015, a Cost of Service Study was conducted by the Independent Financial Consultants which provided several recommendations:

Additional Alternative Fees and Charges:

1. Customer Class-Based Volumetric Rates – Rate differentiation based on the peaking demands of each customer class (residential, multi-family and non-residential)
2. Lifeline Rate – A lifeline rate for first 4 Ccf of Single Family Residential (SFR) water use to reflect baseline usage by residential customers without peaking costs. The lifeline rate provides an economic benefit to low-volume Residential customers, while spreading the cost of peaking to high-volume Residential customers
3. Water System Replacement Fee (WSRF) – In Fiscal Year 2016, DC Water will modify its existing rate structure and implement a new meter-based Water System Replacement Fee (WSRF) in order to recover the cost of the 1% renewal and replacement program for water service lines. It is anticipated that the new WSRF will generate \$40 million per year. DC Water's low income CAP customers would receive a 100% credit of (\$6.30) for this fee
4. Development Impact Fee – DC Water has proposed a new Development Impact Fee assessed to new development or redevelopment to recover the investment in available system capacity based on meter size.
5. Based on the 2015 Cost of Service Study, DC Water has adopted several changes to its existing retail rate structure starting in Fiscal Year 2016. These changes are designed to better align the Authority's revenues and expenditures by establishing customer class-based volumetric water rates based upon peaking factors, to create a more progressive rate structure for its residential customers by establishing lifeline water rates which discount core consumption, and to fund the authority's water main replacement program by establishing a monthly, fixed Water System Replacement Fee.

Major Financial Accomplishments, Cont.

- The Independent Financial Consultants performed a cost of service study (COS) to determine the costs of providing fire protection service to the District. DC Water provides Fire Protection Services to the District, including but not limited to the delivery of water for firefighting, inspection, maintenance and upgrading of public fire hydrants in the District of Columbia. The consultants compared DC Water costs with the revenues received from the District for fire protection services. Projections of DC Water costs were developed for FY 2014 – FY 2017. As per terms of the 2013 MOU and based on the results of the 2015 COS, Fire Protection Service fee was established at \$10.8 million for fiscal years FY 2015, FY 2016 and FY 2017. This fee is \$3.9 million higher than the last year's fee of \$6.9 million.
- A new PILOT MOU was signed between DC Water and the District of Columbia on September 4, 2014, which reduced the annual PILOT payment. As per agreement, the PILOT for FY 2015 will be \$15.3 million and will be escalated by 2 percent per year. The agreement will be effective till September 30, 2024.
- On October 07, 2014, DC Water and the District reached an agreement on the ROW terms and conditions, which provides that DC Water will continue to make payments totaling \$5.1 million annually to the District for FY 2015 – FY 2024.
- DC Water periodically reassesses its policies every five years regarding the operating reserve requirement. The Independent Financial Consultants conducted the study to consider the appropriate level of its Total Operating Reserves for FY 2013 and subsequent years. The Independent Financial Consultants recommended that DC Water maintain its current operating reserve policy to require a minimum balance of the greater of \$125.5 million or 120 days of budgeted O&M expenses.
- DC Water Indenture of Trust requires the Authority to maintain a Renewal and Replacement (R&R) Reserve Fund. In FY 2013, the Independent Financial Consultants conducted this study to examine the reasonableness of the amount on deposit in the R&R Reserve Fund and make recommendations to the Authority for the value of the Fund for the next 5-year period of FY 2013 through FY 2017. The Independent Financial Consultants recommended that DC Water maintain its current R&R Reserve Fund policy to require a balance of \$35 million.
- With respect to Operating Reserves and Renewal and Replacement (R&R) Reserve Fund Study, the Independent Financial Consultants also recommended the following:
 - DC Water's Operating Reserves and R&R Reserve Fund requirement be reassessed at least every five years in conjunction with the Indenture-required system assessment.
 - DC Water and its financial advisor should monitor the rating agencies assessment of the Total Operating Reserves (including the R&R Reserve Fund) on an ongoing basis. The purpose of such monitoring would be to ensure that the rating agencies remain comfortable with the level of the reserves. The Independent Financial Consultants also recommended that DC Water consider having wholesale customers provide a proportionate share of the contributions required for the R&R Reserve Fund.

ALL LEGAL COVENANTS, FINANCIAL BOARD POLICIES, ACCOMPLISHMENTS AND TARGETS ARE INCORPORATED INTO THIS TEN YEAR FINANCIAL PLAN

Compliant?	Description	Legal covenant	Performance Target	FY 2014 Actual	FY 2015 Revised	FY 2016 Proposed
<input checked="" type="checkbox"/>	Senior Debt Service Coverage	120%	140%	413%	409%	470%
<input checked="" type="checkbox"/>	Operating Cash Reserves	N/A	\$125.5 million	157.64 million	\$140 million	\$140 million
<input checked="" type="checkbox"/>	Merrill Lynch 3-Month Treasury Index	N/A	25 basis points	38 basis points	25 basis points	25 basis points
<input checked="" type="checkbox"/>	Merrill Lynch 13-Year Treasury Index	N/A	50 basis points	48 basis points	50 basis points	60 basis points
<input checked="" type="checkbox"/>	Water and Sewer Rates	Revenues must be sufficient to cover: operating expenses, senior and sub debt service, amounts necessary to maintain DSRF and ORF levels, and any annual PILOT payments	Each customer will be charged for the actual cost to provide each service, and rate increases will be reliable and predictable	Future rate increases are driven by financial impact of the capital program and full utilization of the RSF; the development of a 10-year financial plan allows DC Water to meet these key goals of full cost recovery and predictability	Same as Performance Target	
<input checked="" type="checkbox"/>	Rate Stabilization Fund (RSF)	N/A	Help to avoid spikes in rate increases for retail customers	Utilized \$6.5 million of the RSF, leaving a balance of \$22.45 million. The RSF will have a balance of \$6.0 million by the end of FY 2024	Projected at \$14.95 million at the end of FY 2015	Projected at \$19.45 million at the end of FY 2016

Future Goals and Financial Assumptions

The approved FY 2015 - FY 2024 financial plan includes the resources necessary to accomplish critical financial and operational goals over the coming years, as summarized below.

- Continue adherence to the Board's financial, investment, rate-setting and long-term planning policies
- Continue implementation of the ten-year \$3.8 billion capital improvement program
- Includes disbursements of \$1.4 billion over the ten-year planning period for Clean Rivers Project (CSO Long-Term Control Plan) exclusive of the nine-minimum controls program
- Continued exceptional financial performance, reduction in overtime, adherence to Board's customer outreach and transparency to include customer input and flexibility to meet emerging needs
- Improving Public Image: re-focus of the government relations activities to bring greater visibility to DC Water and the national need for infrastructure investment and funding; and various pilot projects to look for additional improvements to DC Water services
- Efficiency
 - Capital efficiencies through in-sourcing of engineering design, valve operations and fire hydrant maintenance
 - Organizational development and Process improvement to enhance the Team Blue activities initiated in FY 2011 and continued through FY 2014
- Enhancing security
 - New Plant logistics at Blue Plains to support large environmental capital investments
 - Establish security command center and restructuring of guard services
 - Strengthened Cyber security to protect data integrity and technology investments
 - Enhance safety and security culture through improved communication
- Workforce
 - Renewed culture of safety throughout the agency
 - Communication and employee empowerment (intranet, increased employee access to email)
 - Enhance management skills through training
 - Creation of cross-functional teams for safety and asset management
 - Establish baseline data for employee and internal customer satisfaction and conduct periodic progress surveys

Future Goals and Financial Assumptions, Cont.

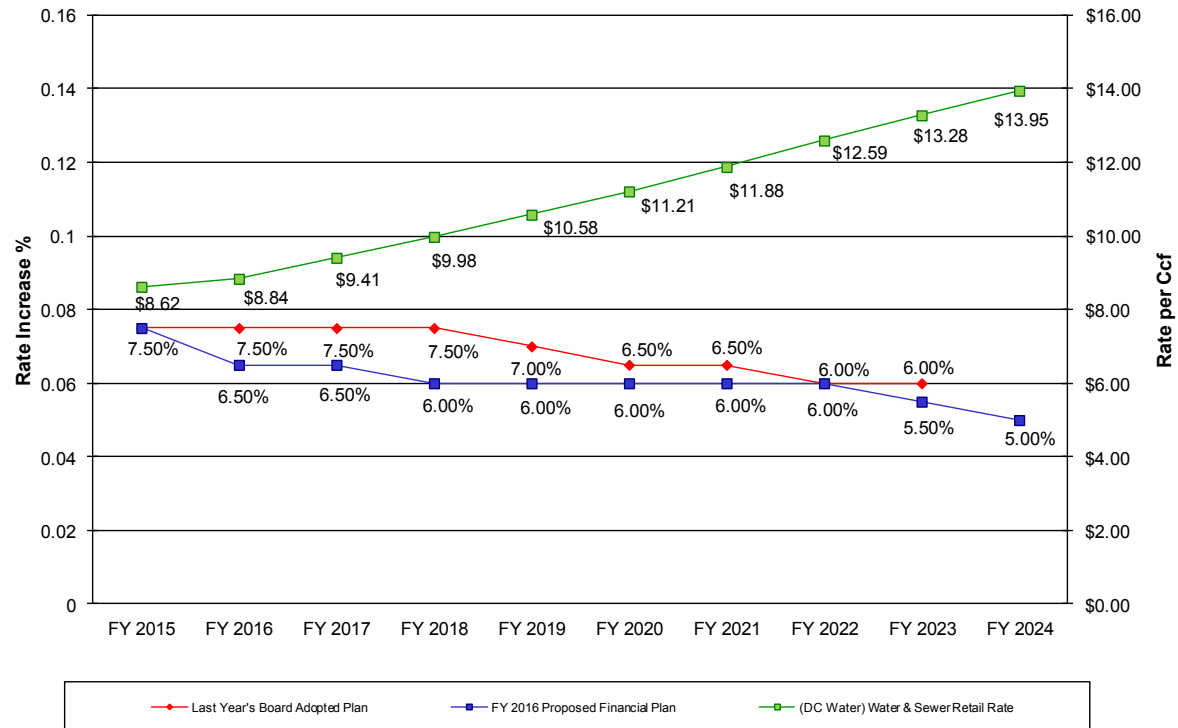
The ten-year financial plan reflects the following major assumptions:

- Operating and maintenance expenses are projected to grow at an average annual rate of 3.2 percent, primarily due to projected inflation
- Personnel services is projected to increase to accommodate for in-sourcing initiatives to support the capital program
- Payment-in-lieu of taxes (PILOT) to the District of Columbia for FY 2015 will be at \$15.3 million. PILOT payment is projected to increase by 2 percent per annum in accordance with the new memorandum of understanding (MOU) signed on September 4, 2014 with the District.
- According to the new memorandum of understanding (MOU) dated October 4, 2014, the right-of-way payment to the District of Columbia stays level at \$5.1 million.
- Debt Service:
 - Interest on Variable debt assumed to be 2.50 percent in FY 2015 and FY 2016
 - Interest on Fixed debt assumed to be 5.75 percent in FY 2015 and 6.50 percent in FY 2016
 - Utilization of the commercial paper program is assumed for interim financing for bond issuance, capital equipment and Washington Aqueduct is assumed

Future Goals and Financial Assumptions, Cont.

Due to these ongoing and new initiatives, from FY 2015 – FY 2024 DC Water’s water and sewer volumetric retail rates are projected to increase by \$0.22 to \$0.71 per 100 cubic feet as shown in the chart below. Cumulative rate increases would total 61.0 percent over the ten-year period compared to 67.50 percent projected in last year’s ten-year plan (FY 2014 – FY 2023).

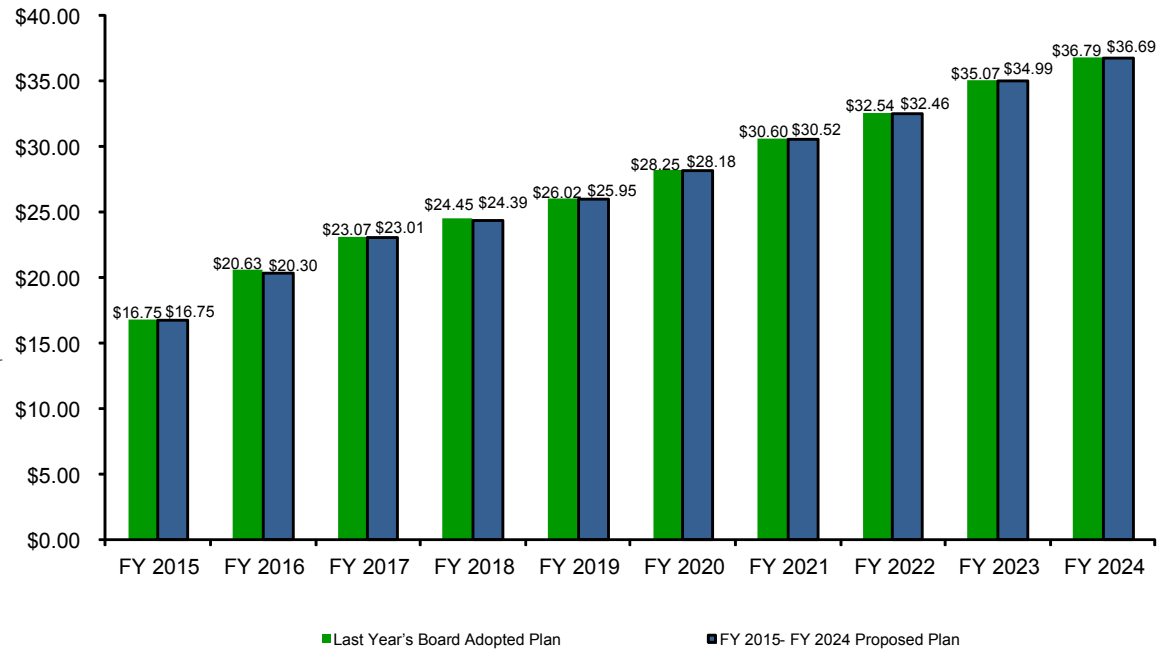
**Projected Retail Rate Increases
FY 2015 – FY 2024**



Rates shown above reflect weighted water and sewer rates for Residential customers’ category. The proposed retail water and sewer combined rate for FY 2016 is \$8.84 per Ccf. In addition, the proposed increase in the combined Right-of-Way and PILOT Fees is \$0.01 per Ccf, {\$0.02 per 1,000 gallons}, to recover the full amount for services charged to DC Water by the District. There is no increase in FY 2016 Right-of-Way Fee, which remains same at \$0.17 per Ccf (\$0.22 per 1,000 gallons). The proposed monthly Clean Rivers Project CRIAC charge for FY 2016 is \$20.30 per ERU (Equivalent Residential Unit); an increase of \$3.55 over the FY 2015 charge.

Future Goals and Financial Assumptions, Cont.

**Projected Monthly Clean Rivers Impervious Surface Area Charge Increases
FY 2015 – FY 2024**



- The projected charges displayed in the chart above are primarily driven by anticipated debt service costs necessary to support the twenty year Clean Rivers Project totaling \$2.6 billion federally mandated Clean Rivers Project (CSO LTCP) and the nine-minimum control program.
- The annual Clean Rivers Project IAC costs for the average Tier 2 residential customer (700 – 2,000 sq ft of Impervious Area) is projected to increase from \$20.30 per month in FY 2016 to \$36.69 per month in FY 2024.

Future Goals and Financial Assumptions, Cont.

The proposed rate and fee adjustments included in the FY 2015 – 2024 financial plan are driven by the following trends and initiatives:

- Assumed retail water consumption decline of 1 percent in FY 2015 over FY 2014 projection and conservation of 1 percent in FY 2016 and onwards.
- Increasing debt service expenditures, driven by DC Water's \$3.8 billion capital improvement program (cash disbursements basis), which increases on average by 6.5 percent over the Financial Plan period.
- Operation and maintenance increase on average of 3.2 percent annually over ten year period.
 - Increasing operating expenditures, driven primarily by increases in chemical, electricity and personnel costs.
 - Continuation of In-Sourcing Proposals for in-house planning & design and valve operations.
 - Enhanced service to the development community through improved permitting operations.

Customer Assistance Programs: We continue our commitment to help improve the quality of life for those of our customers who are least able to pay, by providing relief through our customer assistance programs (CAP). Through CAP, we provide eligible customers a discount of 4 Ccfs per month on their water and sewer bills. Since it began in FY 2001, participation in CAP has continued to increase. As of October 1, 2010, the Board expanded the CAP discount to include the first 4 Ccf of Payment-in-Lieu of Taxes (PILOT) and Right-of-Way (ROW) to qualifying low-income residential customers. The District Department of the Environment, Office of Energy, administers this program for the Authority and several other utilities in the area. For FY 2014, \$1,129,776 in discount benefits was provided to over 4,583 customers. Our SPLASH program customers donated an additional \$115,984 through their water bills for the benefit of those customers who needed additional help.

Water System Replacement Fee (WSRF) is proposed for FY 2016. This is a fixed monthly fee set to recover the costs of the 1 percent renewal and replacement program for water service lines. The fee is based on meter size and average flow. The DC Water's low-income CAP customer will receive \$6.30 credit per month for this fee.

DC Water Board Approved a DC Clean Rivers Impervious Surface Area Charge Incentive Program (CRIAC) effective from October 1, 2013. This is a three year pilot credit/discount program for the DC Clean Rivers Impervious Surface Area Charge (CRIAC). See section IV for further details.

Revenues

The Revised FY 2015 operating receipts projection totals \$542.6 million, an increase of \$27.7 million above the approved FY 2015 receipts and the approved FY 2016 operating receipts total \$570.2 million, an increase of \$27.6 million over the Revised FY 2015 receipts.

COMPARISON OF FY 2015 AND APPROVED FY 2016 OPERATING RECEIPTS (\$000's)
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	FY 2015 Approved	FY 2015 Revised	Increase/ (Decrease)	Percent Change	FY 2016 Approved	Increase/ (Decrease)	Percent Change
Residential	88,330	91,598	3,268	3.7%	100,337	8,739	9.5%
Commercial	131,533	132,017	484	0.4%	143,325	11,307	8.6%
Multi-family	66,529	67,732	1,203	1.8%	73,133	5,402	8.0%
Sub-Total Residential, Commercial and Multi-family	286,392	291,347	4,955	1.7%	316,795	25,448	8.7%
Federal Government (1)	58,336	58,695	358	0.6%	63,278	4,583	7.8%
District Government	11,588	15,735	4,147	35.8%	13,208	(2,527)	-16.1%
D.C. Housing Authority	7,387	7,471	83	1.1%	8,080	610	8.2%
Transfer from Rate Stabilization Fund	14,500	7,500	(7,000)	-48.3%	-	(7,500)	-100.0%
Water System Replacement Fee (WSRF)	-	-	-	-	40,000	40,000	-
Metering Fee	10,776	10,776	-	-	10,776	-	-
Total Retail	388,979	391,524	2,545	0.7%	452,137	60,613	15.5%
IMA Wastewater Charges	67,757	73,652	5,895	8.7%	62,495	(11,157)	-15.1%
Potomac Interceptor Wastewater Charges	7,367	7,713	346	4.7%	6,847	(866)	-11.2%
Total Wholesale	75,124	81,365	6,241	8.3%	69,342	(12,023)	-14.8%
District Stormwater Revenue (2)	1,000	1,000	-	-	1,000	-	-
Misc. Rev. (e.g. water tap installation, fire hydrant usage, etc.)	21,610	27,261	5,651	26.1%	25,109	(2,151)	-7.9%
Washington Aqueduct Debt Service Revenue for Falls Church & Arlington	193	193	-	-	193	-	-
Interest Income (including interest on Bond Debt Service Reserve Fund)	1,308	631	(677)	-51.7%	1,680	1,048	166.1%
Transfer from DC PILOT/ROW Fund	-	5,100	5,100	-	-	(5,100)	-
DC Contribution of 50% PILOT Fund to DCW	-	15,022	15,022	-	-	(15,022)	-
Right of Way	5,100	5,100	-	-	5,100	-	-
PILOT Fee	21,587	15,447	(6,140)	-28.4%	15,644	197	1.3%
Total Other	50,798	69,754	18,956	37.3%	48,726	(21,028)	-30.1%
Total Operating Cash Receipts	514,901	542,643	27,742	5.4%	570,205	27,562	5.1%

(1) Historical actuals are presented on revenue basis. Projected amounts shown are billed revenues. Actual Federal receipts are a combination of current year projected revenues and prior year adjustments, which are presented as reserve items. See Section 3 for further explanation.

(2) Reflects District stormwater fee revenue that will fund DC Water share of District stormwater permit compliance activities, and will not be funded through DC Water retail rates or other DC Water revenue sources.

FY 2015 Revised Operating Receipts compared to FY 2015 Approved:

- ***Residential, commercial and multi-family receipts*** - are projected at \$291.3 million, which is approximately \$5.0 million more than the Board approved FY 2015 level.
- ***Federal revenues*** - are projected to increase by \$0.4 million or 0.6 percent reflecting the Congressional approval level for the FY 2015 federal bill.
- ***Municipal & D.C. Housing Authority Receipts*** - are projected to increase by \$4.2 million (or 22.3 percent) primarily due to increase in CRIAC charges for these categories.
- ***Rate Stabilization Fund Utilization*** - The ten-year plan and near-term revenue projections assume utilization of \$7.5 million in FY 2015. Prior years' plans also assumed the use of these funds, which is necessary as DC Water reaches its peak years of spending in the CIP. Utilization of RSF monies allows DC Water to implement future rate increases in a reliable and predictable manner while still meeting Board and indenture policies on cash reserves and debt service coverage.
- ***Customer Metering Fee*** - This fee recovers the costs associated with installing, operating, maintaining and replacing meters, and is charged to all retail customers (including federal and municipal customers). The fee varies based on meter size, with monthly fees ranging from \$3.86 for a 5/8 inch meter (typical size of a residential customer meter) to \$349.06 for 16" meters (typically used for large commercial customers). No revenue change is anticipated in this category.
- ***Wholesale receipts*** - are projected to increase by \$6.2 million, or 8.3 percent, reflecting higher budgeted costs at Blue Plains due primarily to personnel, electricity and chemicals price increases.
- ***Stormwater*** - DC Water's FY 2015 and FY 2016 receipts include \$1.0 million each year from the District Department of the Environment (DDOE) that will be used to fund DC Water's services provided on behalf of the District's stormwater permit compliance activities including the billing and collection through DC Water invoices of fees established by DDOE. The FY 2015 – FY 2024 financial plan assumes that all incremental costs borne by DC Water for stormwater permit compliance activities will be reimbursed by the stormwater fund, and that no DC Water funds will be advanced to pay for these activities,
- ***Other revenues*** - In FY 2015 are projected to increase by \$19.0 million, or 37.3 percent, mainly due to a 50 percent contribution of PILOT Fund of approximately \$15 million by the District to DC Water as per new PILOT MOU dated September 4, 2014.

Right-of-Way and Payment-In-Lieu of Taxes (PILOT) Pass-Through Fees - Similar to other Washington area utilities, DC Water has implemented fees that pass through the costs of the District's Right-of-Way fee (ROW) and Payment in Lieu of Taxes (PILOT) as separate line items on its bill. In FY 2015, PILOT is projected to decrease by \$6.1 million, or 28.4 percent based on the new PILOT agreement signed with the District Government on September 4, 2014.

FY 2015 Revised Operating Receipt compared to FY 2015 Approved, Cont.

Other major assumptions underlying the revenue projections contained in the FY 2015 – FY 2024 financial plan include:

- For FY 2015, 1 percent reduction in water sales is assumed over FY 2014 projection for all customer categories, based on historical trends in consumption levels. For FY 2016 and onwards, 1 percent conservation is assumed for all categories.
- 3.0 percent average revenue increase between FY 2017 and FY 2024 from wholesale customers, in line with operating and maintenance expense increases for joint use facilities. In FY 2016, however, the wholesale revenue decreased by \$12 million due to change in billing estimation methodology starting from FY 2016.
- Based on the current interest rate environment, interest projections are conservatively assumed at 0.425 percent and 1.0 percent earnings rate in FY 2015 and FY 2016 respectively on operating funds. Interest rates for FY 2017 and FY 2018 are assumed to be 2.0 and 3.0 percent respectively. For FY 2019 and onwards, interest rates are assumed at 5.0 percent.
- The majority of other non-operating revenues, totaling \$48.6 million in FY 2015 are projected to increase within the ten-year plan, and include such items as:
 - Reimbursement from Arlington County and Falls Church for debt service issued for pre-1997 Washington Aqueduct capital improvements - \$0.2 million.
 - Reimbursement from the Stormwater Enterprise Fund for services provided to DDOE million under their MS4 permit - \$1.0 million.
 - Recovery of indirect costs from DC Water's IMA partners - \$10.0 million - this reflects recovery of indirect costs on capital projects (e.g., costs for Finance, Accounting and Budget, General Counsel, and Human Resources functions).
 - Reimbursement from the District for the Fire Protection Services fee of \$6.9 million.
 - 50 percent contribution of PILOT Fund of approximately \$15.0 million by the District to DC Water as per new PILOT MOU dated September 4, 2014.
 - Transfer from ROW Fund, \$5.1 million pertaining to FY 2014 for payment in FY 2015.
 - Other miscellaneous fees and charges, including service line replacements, developer-related fees, and the Engineering Review and wastehauler fees - \$10.4 million.

The Approved FY 2016 receipts projection totals \$570.2 million, approximately \$27.6 million, or 5.1 percent, higher than the revised FY 2015 projections. This increase is due primarily to:

- **Residential, Commercial & Multi-Family** - FY 2016 projections reflect an increase of \$25.4 million, or 8.7 percent from FY 2015 Revised due primarily to proposed retail rate increases of 6.5 percent (water and sewer volumetric rates) and \$3.55 monthly ERU fee for the Clean Rivers IAC (see Section IV- Rate and Revenues for detail on all rate and fee proposals)
 - One percent decrease in consumption has been assumed due to conservation in FY 2016.
- **Federal revenues** - Proposed FY 2016 federal revenues are projected to increase of \$4.6 million or 7.8 percent over Revised FY 2015 budget. Under existing federal billing legislation, federal billings are prepared on an estimated basis eighteen months in advance of the start of the fiscal year (e.g., the FY 2016 billing was prepared in April 2014, and are based on the current consumption estimates and projected rate increases as included in the current ten-year plan. These estimates are then reconciled with actual consumption and rate increases, and an adjustment is made in the subsequent year's billing (e.g., the reconciliation of FY 2014 estimated vs. actual consumption and rate increases will be included in the FY 2017 billing, prepared in April 2015). Federal revenues in the ten year plan are presented on a revenue basis, net of any adjustments for prior year reconciliations which are accounted for as reserve items. Consistent with this methodology, the proposed FY 2016 federal revenues reflect the final billing sent to the federal government in April 2014 net of the adjustment for the prior-year (FY 2013) reconciliation.
- **Municipal & D.C. Housing Authority Receipts** - are projected to decrease \$1.9 million (or 8.3 percent), mainly due to decline in Municipal CRIAC revenue as compared to the previous year.
- The **Rate Stabilization Fund** - is not utilized in FY 2016. There will be a balance of \$6.0 million by the end of FY 2024.
- **Water System Replacement Fee** - Proposed fixed monthly fee set to recover the costs of 1 percent renewal and replacement program for water service lines generating approximately \$40 million per year.
- **Customer Metering Fee** - This fee recovers the costs associated with installing, operating, maintaining and replacing meters, and is charged to all retail customers (including federal and municipal customers). The fee varies based on meter size, with monthly fees ranging from \$3.86 for a 5/8 inch meter (typical size of a residential customer meter) to \$349.06 for 16" meters (typically used for large commercial customers). No revenue change is anticipated in this category.
- **Wholesale receipts** - DC Water's wholesale customers are responsible for a proportionate share of operating and maintenance expenses (associated only with shared facilities primarily at Blue Plains) based on their respective share of wastewater volume discharged. In addition, each user is responsible for a proportionate share of related indirect costs. In FY 2016, wholesale revenues are projected to decrease by \$12.0 million to \$69.3 million due to change in billing estimation methodology starting from FY 2016.
- **Stormwater** - As noted earlier, the proposed FY 2016 receipts for this category include \$1.0 million each year from the District Department of the Environment (DDOE).

FY 2016 Approved Operating Receipts compared to FY 2015 Revised, Cont.

- FY 2016 PILOT Fee increased by 2 percent over prior year as per new PILOT MOU signed with the District Government.
- \$20.1 million decrease in FY 2016 is due to the following one time transactions in FY 2015:
 - 50 percent contribution of PILOT Fund of approximately \$15.0 million by the District to DC Water as per new PILOT MOU dated September 4, 2014.
 - Transfer from ROW Fund, \$5.1 million pertaining to FY 2014 for payment in FY 2015.

Long-Term Planning: 10-Year Financial Plan

OPERATING	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Retail*	404,572	472,881	488,609	510,675	534,319	561,844	590,751	618,664	648,282	672,831
Wholesale*	81,365	69,342	71,422	73,565	75,772	78,045	80,386	82,798	85,282	87,840
Other	49,206	27,982	28,049	30,048	32,774	34,803	34,800	34,793	34,886	35,153
RSF	7,500	-	10,000	-	2,700	7,000	5,650	2,100	-	-
Operating Receipts (1)	\$ 542,643	\$ 570,205	\$ 598,080	\$ 614,288	\$ 645,564	\$ 681,692	\$ 711,587	\$ 738,355	\$ 768,450	\$ 795,825
Operating Expenses	(312,121)	(324,202)	(333,619)	(343,315)	(356,298)	(366,668)	(377,346)	(388,341)	(399,662)	(411,319)
Debt Service	(163,242)	(174,766)	(190,238)	(202,987)	\$ (218,480)	\$ (238,976)	\$ (254,298)	\$ (266,147)	\$ (277,374)	\$ (287,451)
Defeasance D.S./Cash Financed Capital Cons	\$ (20,058)	\$ (23,644)	\$ (24,430)	\$ (25,534)	\$ (26,716)	\$ (28,092)	\$ (29,538)	\$ (30,933)	\$ (32,414)	\$ (33,642)
Net Revenues After Debt Service	\$ 47,221	\$ 47,593	\$ 49,793	\$ 42,452	\$ 44,070	\$ 47,955	\$ 50,405	\$ 52,934	\$ 59,000	\$ 63,413
Operating Reserve-Beg Balance	162,742	145,100	145,100	145,100	145,100	145,100	145,100	145,100	145,100	145,100
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(23,153)	(17,179)	(19,710)	-	-	-	-	-	-	-
Customer Rebate	-	-	-	-	-	-	-	-	-	-
Transfers To RSF	-	(4,500)	-	(8,000)	-	-	-	-	(3,000)	(3,000)
Transfers To DC PILOT Fund	-	-	-	-	-	-	-	-	-	-
Pay-Go Financing	(41,710)	(25,914)	(30,083)	(34,452)	(44,070)	(47,955)	(50,405)	(52,934)	(56,000)	(56,950)
Operating Reserve - Ending Balance	\$ 145,100	\$ 145,100	\$ 145,100	\$ 145,100	\$ 145,100	\$ 145,100	\$ 145,100	\$ 145,100	\$ 145,100	\$ 148,563
Rate Stabilization Fund Balance RSF (2)	\$ (14,950)	\$ (19,450)	\$ (9,450)	\$ (17,450)	\$ (14,750)	\$ (7,750)	\$ (2,100)	\$ -	\$ (3,000)	\$ (6,000)
Senior Debt Service Coverage	409%	470%	443%	418%	455%	467%	440%	460%	448%	523%
Combined Debt Service Coverage	140%	140%	140%	140%	142%	141%	140%	140%	140%	141%
Actual/Projected Water/Sewer Rate Increases (3)	7.5%	6.5%	6.5%	6.0%	6.0%	6.0%	6.0%	6.0%	5.5%	5.0%
*Operating Receipts \$ Increase/Decrease										
Retail	29,806	68,309	15,728	22,066	23,643	27,525	28,907	27,914	29,618	24,549
Wholesale	10,602	(12,023)	2,080	2,143	2,207	2,273	2,341	2,412	2,484	2,558
*Operating Receipts % Increase/Decrease										
Retail	8.0%	16.9%	3.3%	4.5%	4.6%	5.2%	5.1%	4.7%	4.8%	3.8%
Wholesale	15.0%	-14.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

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

(2) FY 2015 Rate Stabilization Fund utilization brought the total fund balance to \$14.95 million

(3) For FY 2016, retail revenue was calculated on a uniform rate structure basis for comparison purposes

Operating Expenditures

As in previous years, debt service continues to be the fastest growing expenditure in the ten-year financial plan as a result of DC Water's \$3.8 billion capital improvement program, growing at an average annual rate of 6.5 percent. All other operating expenses are projected to grow at an average annual rate of 3.2 percent. The following chart provides detail comparison of the FY 2015 and FY 2016 operating budgets.

COMPARISON OF FY 2015 & FY 2016 OPERATING BUDGETS					
(In \$000's)					
	FY 2015 APPROVED	FY 2015 REVISED	Percent Change	FY 2016 APPROVED	Percent Change
Personnel Services	\$ 135,544	\$ 135,544	0.0%	\$ 140,034	3.3%
Contractual Services	65,731	65,731	0.0%	68,460	4.2%
Biosolids	11,213	11,213	0.0%	10,783	-3.8%
Water Purchase	28,831	28,831	0.0%	30,740	6.6%
Supplies	8,791	8,791	0.0%	7,845	-10.8%
Chemicals	27,395	27,395	0.0%	28,106	2.6%
Utilities	30,416	30,416	0.0%	35,018	15.1%
Small Equipment	1,028	1,028	0.0%	1,465	42.6%
Subtotal Operations & Maintenance	308,950	308,950	0.0%	322,451	4.4%
Debt Service	160,264	160,264	0.0%	174,766	9.0%
Cash Financed Capital Improvements	20,058	20,058	0.0%	23,644	17.9%
PILOT	21,587	21,587	0.0%	15,644	-27.5%
Right Of Way Fee	5,100	5,100	0.0%	5,100	0.0%
Subtotal Debt Service, CFCI & PILOT / ROW	207,009	207,009	0.0%	219,154	5.9%
TOTAL OPERATING EXPENDITURES	\$ 515,959	\$ 515,959	0.0%	\$ 541,605	5.0%
Less Personnel Services Charged to Capital Projects	(17,266)	(17,266)	0.0%	(18,993)	10.0%
Total Net Operating Expenditures	\$ 498,693	\$ 498,693	0.0%	\$ 522,612	4.8%

Operating Expenditures, Cont.

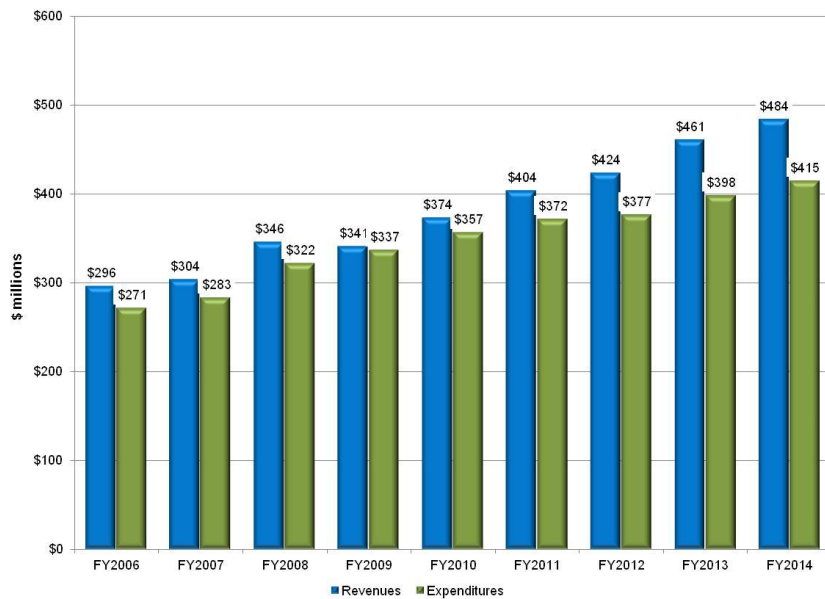
The approved FY 2016 budget totals \$541.6 million, which is approximately 5.0 percent increase over the revised FY 2015 budget. This increase is primarily due to increasing debt service costs associated with DC Water's capital improvement program. The approved FY 2016 operations and maintenance budget increases by 4.4 percent, primarily due to projected increases in personnel services, utilities, contractual services and water purchase. Specific information regarding each department is included in Section VII. A description of the assumptions and major issues/changes in each major expenditure category follows.

- ***Personnel service expenditures*** - are \$4.5 million or 3.3 percent higher than the revised FY 2015 budget. The increase is attributable to additional funding for lower anticipated vacancies. Additionally, fringe benefits specifically health costs increased by \$2.8 million. The potential budget impact of Labor Contract Agreement, which expires September 30, 2015, is unknown at this time.
- ***Contractual service expenditures*** - are \$2.3 million or 3.0 percent higher than the revised FY 2015 budget. The increase is attributable to additional funding of various items including: security guard services; janitorial services; auto parts and maintenance; training and operator certifications; and Innovation Program.
- ***Water purchase expenditures*** - increase by approximately \$1.9 million or 6.6 percent above the revised FY 2015 budget. This represents DC Water's share of the Washington Aqueduct's FY 2016 O&M budget.
- ***Utilities expenditures*** - increase by approximately \$4.6 million or 15.1 percent above the revised FY 2015 budget. The electricity budget, at \$26.5 million or 8.2 percent of the approved FY 2016 operations and maintenance budget continues to be the largest portion of the Authority's utilities (occupancy) budget. The budget assumes annual consumption net capacity increases of 3.5 Megawatts for new facilities and onsite generation anticipated to become operational in FY 2015; and anticipated increase in distribution & transmission charges in response to Standard Offer Service (S.O.S.) rate increases.

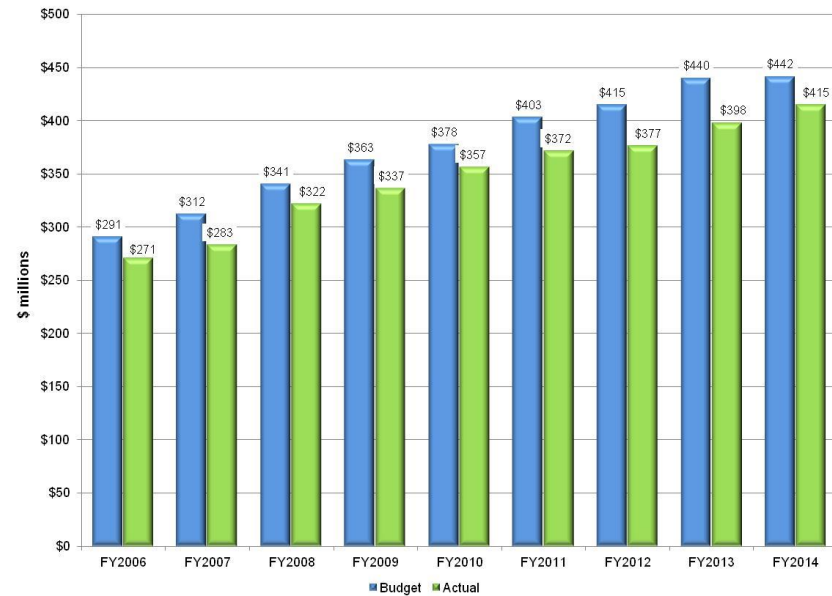
Solid Financial Performance with Revenues Consistently Exceeding Expenses

- FY 2014 Actual Operating cash receipts increased by \$23.5 million to \$484.5 million or 45.1 percent
- FY 2014 actual operating expenses increased by \$16.6 million to \$414.9 million, or 4.2 percent
- FY 2014 Budget to actual results showed both revenues exceeding and expenses below budget

Revenue vs. Expenditures
(In \$000's)



Expenditure Budget to Actual Results
(In \$000's)



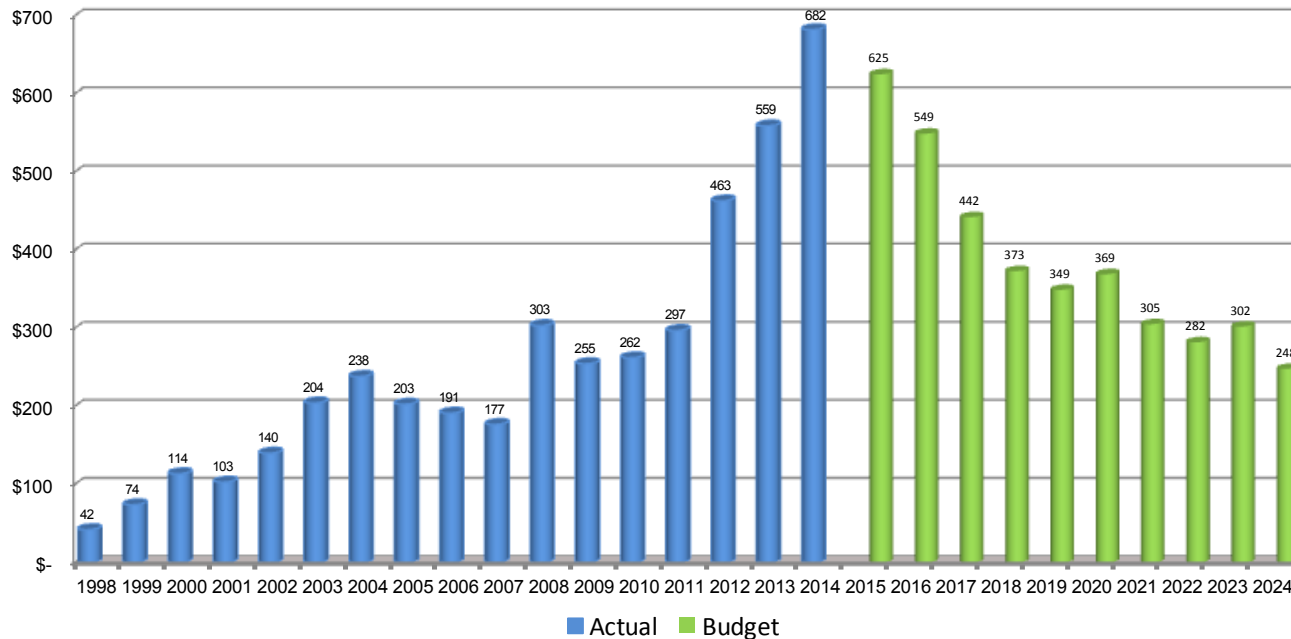
The \$3.8 Billion 10-Year CIP Protects Our Assets While Leveraging Long-Term Debt

Capital Financing Program, Cash Position, & Long-Term Debt

The FY 2015 – FY 2024 financial plan anticipates capital disbursements of \$3.8 billion. Over the last 16 years, \$3.6 billion have been invested on DC Water’s system averaging approximately \$254 million per year. Annual spending ranges from \$248 million to nearly \$625 million as shown in the chart below (or approximately \$384 million per year from FY 2015 – FY 2024). The financing of DC Water’s capital program comes from four primary sources, as more fully described in this section. The amount of EPA grant funding is defined by annual federal appropriations, while jurisdictional capital contributions are based on a fixed percentage of Blue Plains and other shared facilities. The remainder of the program is funded with DC Water’s debt and PAY-GO financing from operations.

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

**HISTORICAL AND PROJECTED CAPITAL SPENDING FY 1998 – FY 2024
(\$ IN MILLIONS)**



Capital Financing Program, Cash Position, & Long-Term Debt, Cont.

Additional details on each financing source are described below.

	FY 2015 - 2024 PLAN TOTAL	PERCENT OF TOTAL
Revenue Bonds/Commercial Paper (2)	2,249,411	57.0%
Wholesale Capital Payments	727,749	18.5%
EPA Grants & CSO Appropriations	236,353	6.0%
Interest Income on Bond Proceeds	16,500	0.4%
Pay-Go Financing (1)	715,474	18.1%
Total Sources	3,945,487	100.0%

- **EPA Grants** - DC Water currently plans to finance 6.0 percent of its Ten-Year CIP through EPA grant funding for certain eligible projects under the Clean Water and Safe Drinking Water Acts. In general, the District of Columbia projects carried out by DC Water are supported by approximately one percent of the available annual funding through revolving fund programs associated with the Clean Water and Safe Drinking Water Acts. In addition, DC Water has received \$196.8 million in Congressional appropriations for the Clean Rivers Project (aka CSO LTCP) as of September 30, 2014.
- **Wholesale Capital Payments** - Approximately 60 percent of the capacity of DC Water's wastewater treatment facilities are contractually committed to provide wholesale service to suburban jurisdictions under various contracts. Montgomery and Prince George's Counties (through the Washington Suburban Sanitary Commission (WSSC), Fairfax County, and the Loudoun County Sanitation Authority pay a proportionate share of capital-related costs equal to their share of contracted capacity at Blue Plains. DC Water anticipates 18.5 percent of its capital funding will come from wholesale customers.
- **Revenue Bonds/Commercial Paper** - Currently debt financing represent only 57.0 percent of the funding in the ten-year capital program.

Capital Financing Program, Cash Position, & Long-Term Debt, Cont.

- ***PAY-GO (Internal) Financing*** – ‘PAY-GO’ financing shall mean any cash financing of capital projects. The amount transferred from operations to the capital program each year shall be cash in excess of all operating requirements or restricted use. Approximately 18.1 percent of total funding for the FY 2015 – FY 2024 plan is projected to come from PAY-GO financing, which strikes an appropriate balance between maintaining moderate debt levels and financing provided by current ratepayers. PAY-GO funds will be used in a manner consistent with our financial policies: 1) to fund capital financing or for repayment of higher cost debt and that whenever possible, the least costly capital financing be used for capital projects. 2) to produce the lowest practical cost of debt for financing its capital projects.

FY 2015 & FY 2016 Debt Issuance Plans & Debt Service Assumptions

Based on current capital project spending, we plan to: 1) issue approximately \$250 million in new bonds in third quarter of FY 2015. For the purpose of financial planning we have assumed fixed rate, tax-exempt bonds at 5.75 percent. Similarly for the remainder of the ten-year plan we have assumed issuing long term bonds at 6.5 percent, 2) issue commercial paper for interim financing. The ten-year plan assumes a variable interest rate of 1.25 percent in FY 2015. The remaining years in the ten-year plan assume 2.50 percent. In order to yield the best possible interest rate savings, our debt portfolio is evaluated on a regular basis.

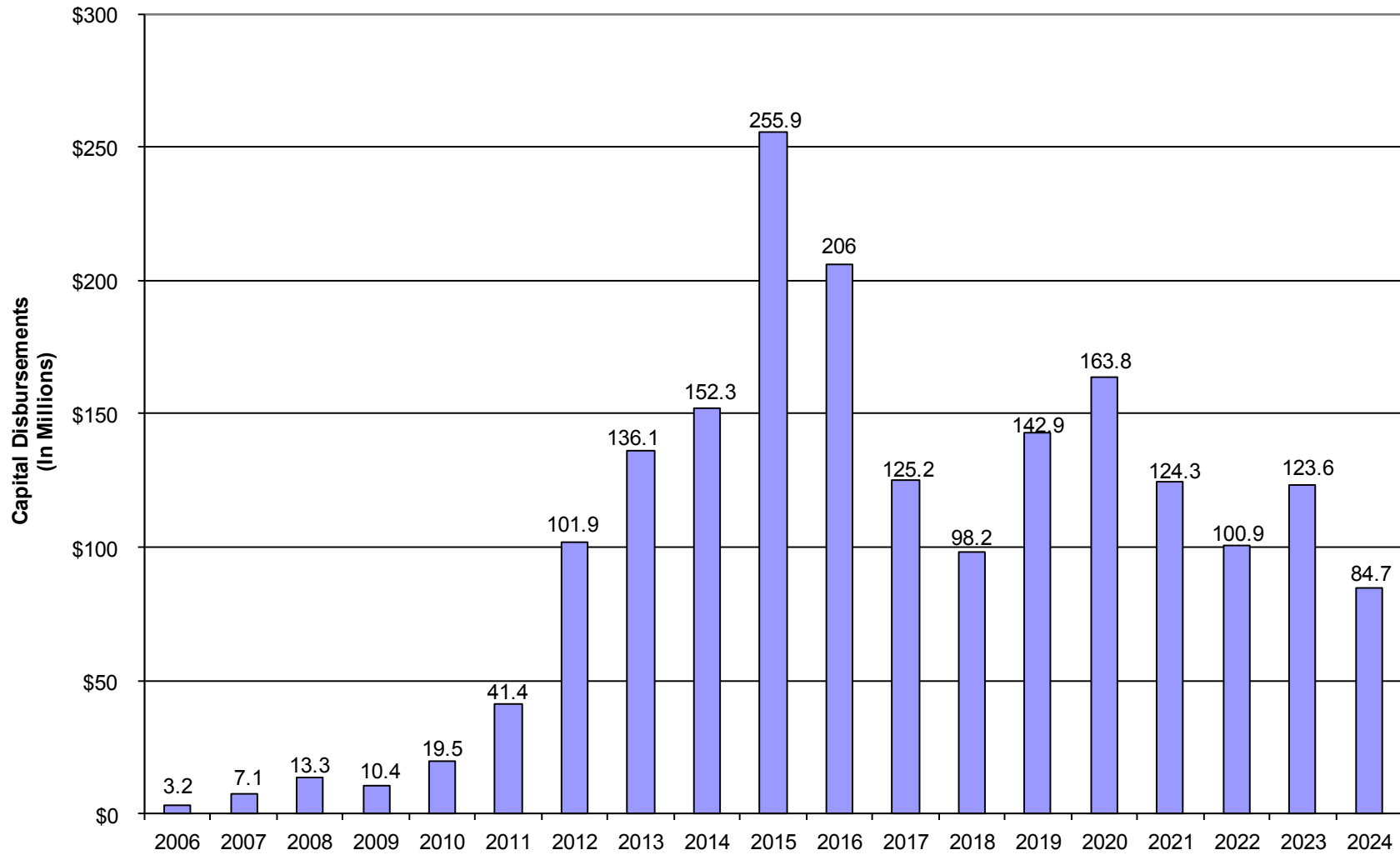
DC Clean Rivers Project

In December 2004, the Board reached agreement with the federal government on the proposed DC Clean Rivers Project LTCP and entered into a related consent decree. Lifetime capital costs for this project currently stands at approximately \$2.6 billion and this year’s proposed ten-year plan includes \$1.4 billion of projected disbursements. Projected spending by fiscal year for the Clean Rivers Project is shown in the next chart.

In FY 2014, DC Water received federal funding of \$14.0 million for the Combined Sewer Overflow Long term Control Plan Service Area. However, as the project spending increases over the years, so does the projected Clean Rivers Impervious Service Area Charge (CRIAC) rate. If additional federal assistance is provided, the Clean Rivers IAC would increase at a slower pace than this ten-year plan proposal assumes. As noted earlier, this plan assumes jurisdictional contributions, for joint use Projects, to the Clean Rivers Project under the IMA of 7.1 percent beginning in FY 2011. Please see section IV for more details on the Clean Rivers IAC.

Capital Financing Program, Cash Position, & Long-Term Debt, Cont.

Clean Rivers CSO LTCP Disbursements by Fiscal Year



Cash Position & Reserves

Cash balances totaled \$248.6 million at the end of FY 2014. As detailed below, this includes \$22.5 million for rate stabilization and \$32.3 million for the unspent balance of the special Congressional appropriations DC Water received through FY 2014 for the CSO-LTCP, net of reimbursements to date. Over the next ten years, cash balances are projected to meet the Board-required reserve level, of 120 days of operating and maintenance budget or no less than \$125.5 million.

DC Water's operating reserve includes the following components:

FY 2014 YEAR-END CASH	
(In \$000's)	
BOARD-ADOPTED OPERATING RESERVES (120 Days of O&M)	
60 Day Operating Reserve (Indenture Required)	\$ 46,102
Renewal & Replacement Reserve (Indenture Required)	35,000
Undesignated Reserve	44,398
TOTAL OPERATING RESERVE	\$ 125,500
OTHER RESERVES	
Rate Stabilization Fund Reserve	\$ 22,450
DC Insurance Reserve	1,039
DC PILOT	30,068
DC ROW	5,101
TOTAL OTHER RESERVES	\$ 58,658
TOTAL RESERVES	184,158
Cash in Excess of Reserves	32,142
SUBTOTAL	\$ 216,299
CSO Appropriations	32,326
TOTAL CASH POSITION (1)	\$ 248,625

(1) Excludes Debt Service Reserve Funds

Cash Position & Reserves, Cont.

- **Indenture-Required Operating Reserve** - This reserve is required by DC Water's bond indenture and is equivalent to two months' operations and maintenance expenses from the prior year, or approximately \$46.1 million in FY 2014.
- **Renewal & Replacement Reserve** - In FY 2013 the Board reaffirmed the amount of \$35 million in the financing policy. The reserve level will be reviewed every five years by DC Water's independent rate consultants in conjunction with the indenture-required assessment of the physical condition of the system.
- **Undesignated Reserve** - After allocating portions of the operating and maintenance reserve to the reserves listed above, the amount that remains (approximately \$44.4 million for FY 2014) is DC Water's undesignated reserve, and is available for other contingencies.

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

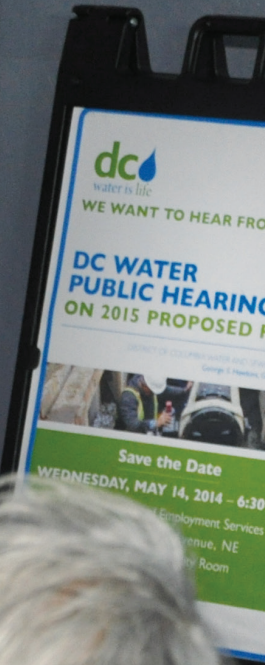
- **Rate Stabilization Fund** - Consistent with the Board's financial policies and as envisioned in the bond indenture, this fund is to be established to mitigate large annual rate increases. This year's plan reflects continued use of the rate stabilization fund, which totaled \$22.45 million as of September 2014. Future deposits to the rate stabilization fund will be determined annually based on financial performance in that fiscal year and updated ten-year capital and operating forecasts. The current plan anticipates \$14.95 million available at the end of FY 2015 and a balance of \$6.0 million by the end of FY 2024.
- **Debt Service Reserve Funds** - The supplemental bond indenture associated with the Series 1998 senior lien bonds requires DC Water to maintain a debt service reserve fund. This reserve which is in addition to the 120 day operating and maintenance reserve, is held by DC Water's trustee and can only be used in the event that net revenues are insufficient to meet the next debt service payment. DC Water earns interest on this reserve that is included in other operating revenue and is used to offset annual debt service payments. The amount of interest earnings that DC Water can retain on the debt service reserve fund is limited by federal arbitrage restrictions.



OPERATING BUDGETS

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

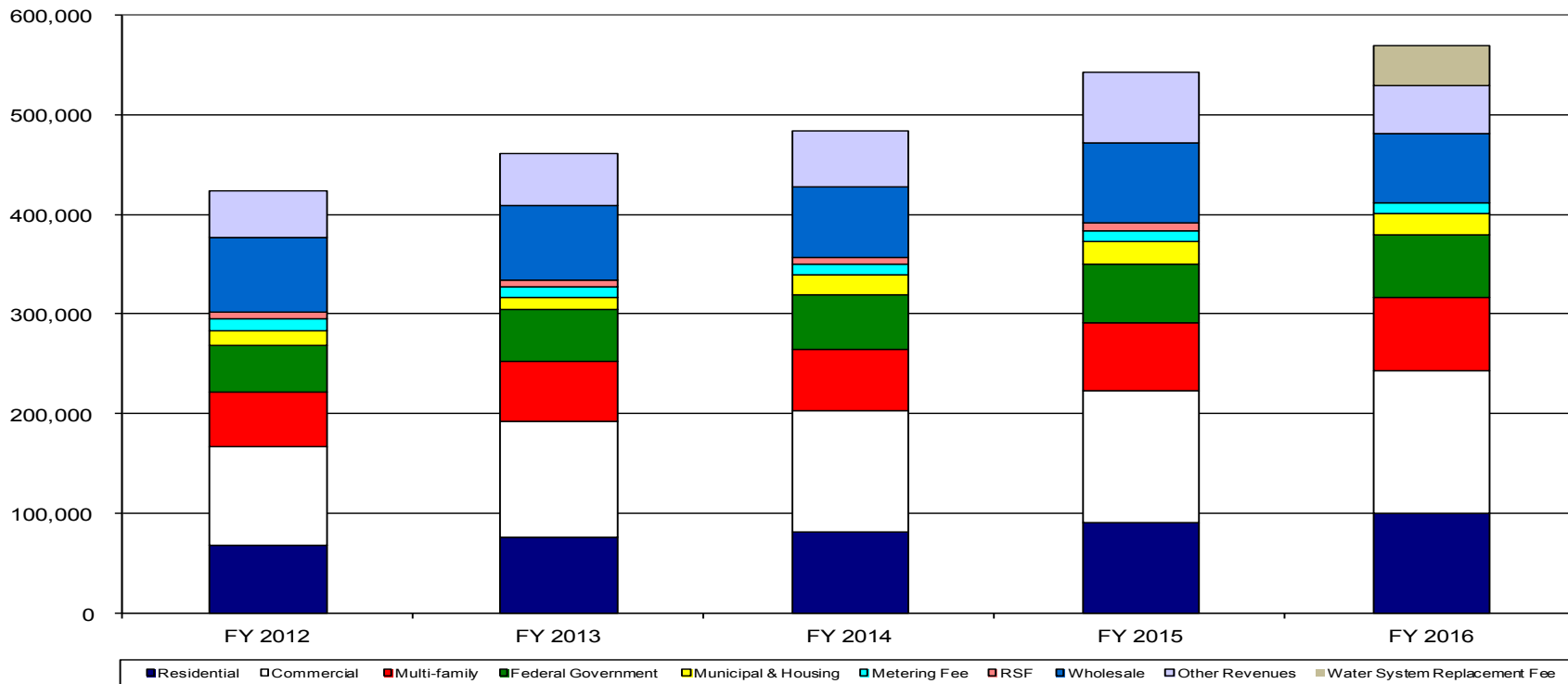
SECTION IV RATES AND REVENUES



DC WATER REVENUE RECEIPTS

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

**Historical & Projected Cash Receipts
(\$000's)**



DC WATER REVENUE RECEIPTS, Cont.

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

	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Revised	FY 2016 Approved
Residential	68,269	76,188	81,854	91,598	100,337
Commercial	98,612	116,693	120,965	132,017	143,325
Multi-family	55,369	59,646	61,563	67,732	73,133
Sub-Total Residential, Commercial and Multi-family	222,250	252,527	264,383	291,347	316,795
Federal Government (1)	46,508	52,564	55,725	58,695	63,278
District Government	8,419	7,042	12,734	15,735	13,208
D.C. Housing Authority	7,041	5,125	7,100	7,471	8,080
Transfer from Rate Stabilization Fund	6,500	6,500	6,500	7,500	-
Water System Replacement Fee	-	-	-	-	40,000
Metering Fee	11,029	11,103	11,207	10,776	10,776
Total Retail	301,747	334,861	357,648	391,524	452,137
IMA Wastewater Charges	66,790	67,469	63,822	73,652	62,495
Potomac Interceptor Wastewater Charges	8,450	7,540	6,941	7,713	6,847
Total Wholesale	75,240	75,009	70,763	81,365	69,342
District Stormwater Revenue (2)	763	898	930	1,000	1,000
Misc. Rev. (e.g. water tap installation, fire hydrant usage, etc.)	22,769	26,702	30,773	27,261	25,109
Washington Aqueduct Debt Service Revenue for Falls Church & Arlington	217	206	201	193	193
Interest Income (including interest on Bond Debt Service Reserve Fund)	711	766	560	631	1,680
Transfer from DC PILOT/ROW Fund	-	-	-	5,100	-
DC Contribution of 50% PILOT Fund to DCW	-	-	-	15,022	-
Right-of-Way Fee	5,100	5,100	-	5,100	5,100
PILOT Fee	17,576	17,416	23,618	15,447	15,644
Total Other	47,136	51,088	56,082	69,754	48,726
Total Operating Cash Receipts	424,123	460,958	484,493	542,643	570,205

(1) Historical actuals are presented on revenue basis. Projected amounts shown are billed revenues. Actual Federal receipts are a combination of current year projected revenues and prior year adjustments, which are presented as reserve items. See Section 3 for further explanation.

(2) Reflects District stormwater fee revenue that will fund DC Water's share of District stormwater permit compliance activities, and will not be funded through DC Water's retail rates or other DC Water revenue sources. See Section 3 for further explanation.

DC WATER REVENUE RECEIPTS, Cont.

CUSTOMER CATEGORIES AND ACCOUNTS

As of September 30, 2014, DC Water had 127,079 active, metered water and wastewater accounts. In addition, there are 8,993 separate accounts that are billed only for impervious surface. DC Water's customers are classified as retail (residential, multi-family and non-residential) and wholesale customers only. However, within the retail customer class, DC Water tracks receipts and associated consumption at a more detailed level in order to analyze trends and service characteristics. Retail customers' characteristics can be viewed in six groups: residential, multi-family, commercial, federal, DC Municipal and Housing Authority.

FY 2014 revenue receipts are actual as of September 30, 2014.

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

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

- Residential – a single-family dwelling used for domestic purposes; a condominium or apartment unit where each unit is served by a separate service line and is individually metered and the unit is used for domestic purposes; or a multi-family structure of less than four apartment units where all the units are served by a single service line that is master metered

DC WATER REVENUE RECEIPTS, Cont.

- Multi-Family – a multi-family structure (such as a condominium or apartment dwelling) used for domestic purposes, with four or more units
- Non-residential – all customers not within either the residential or multi-family class

In FY 2015, a COS was conducted by Independent Financial Consultants. Their recommendations were incorporated in the FY 2016 rate proposal, which are summarized below:

- New class-based rate structure including Lifeline rate
- Based on similar peaking ratios, District of Columbia Housing Authority (DCHA) category moved to Multi-family class

Residential, commercial and multi-family receipts are projected to increase in FY 2015 by approximately \$26.9 Million, or 10.2 percent, over the FY 2014 level due to:

- Board-approved volumetric retail rate increase of 7.5 percent, effective October 1, 2014
- Board-approved Clean Rivers Project CRIAC rate change from \$11.85 to \$16.75 per ERU per month
- 1 percent decrease in consumption due to conservation
- In FY 2014, DC Water's collections on its retail receivables was strong, with accounts receivable over 90 days at \$5.3 million as of September 30, 2014. DC Water will continue its aggressive collection efforts
- The customer assistance program reduces projected revenues by approximately \$2.6 million

Residential and multi-family customers:

- In FY 2015, residential customers include 104,965 accounts that comprise 16.9 percent of the total operating revenues. Given the large number of individual account holders who are in residential, it is unlikely that any one customer will have a major impact on the DC Water cash receipts.
- Multi-family customers house 4 or more units within one building with a master meter. In FY 2015, there are 7,343 accounts that comprise 12.5 percent of the total operating revenues.

The commercial group of customers includes a number of nationally-recognized universities and regional hospitals, national associations, lobbying firms, major law firms and hotels. This group has 12,083 accounts and will comprise 24.3 percent of the projected FY 2015 operating revenues. In FY 2016, they will comprise 25.1 percent of the fiscal year operating revenue.

FY 2016 projections for Residential, Multi-Family and Commercial customers reflect an increase of \$25.4 million, or 8.7 percent from FY 2015 revised due primarily to proposed retail rate increases of 6.5 percent (water and sewer volumetric rates), and \$3.55 monthly

DC WATER REVENUE RECEIPTS, Cont.

ERU fee for the Clean Rivers IAC. In FY 2015 and onwards, 1 percent decrease in consumption has been assumed due to conservation.

The Federal customers' revised FY 2015 receipts are projected to total \$58.7 million; an increase of \$3.0 million, or 5.3 percent over FY 2014. In FY 2016, federal revenues are projected to be \$63.3 million or 7.8 percent increase over FY 2015. The projected federal revenues will rise by \$4.6 million in FY 2016 due to estimated rate and consumption assumptions provided under the federal billing policies. Under existing federal billing legislation, federal billings are prepared on an estimated basis eighteen months in advance of the start of the fiscal year (e.g., the FY 2015 billing was prepared in April 2013), and are based on the current consumption estimates and projected rate increases as included in the current ten-year plan. These estimates are then reconciled with actual consumption and rate increases, and an adjustment is made in the subsequent year's billing (e.g., the reconciliation of FY 2015 estimated vs. actual consumption and rate increases will be included in the FY 2018 billing, to be prepared in April 2016.) Federal revenues in the ten-year plan are presented on a revenue basis, net of any adjustments for prior year reconciliations which are accounted for as reserve items. Consistent with this methodology, revised FY 2015 federal revenues reflect the final billing sent to the federal government in April 2013 net of the adjustment for the prior year (FY 2012) reconciliation. The Authority serves many facilities of the federal government as well as the District of Columbia. The largest federal accounts include General Services Administration, U.S. Congress, the Smithsonian Institution, Department of the Navy, National Park Service and the Department of Defense in both DC and VA.

Municipal & D.C. Housing Authority – FY 2015 receipts from the District of Columbia government and the District of Columbia Housing Authority are projected at \$23.2 million, an increase of \$3.4 million or 17.0 percent over FY 2014. In FY 2016, receipts from these organizations are projected to total \$21.3 million, a decrease of \$1.9 million, or 8.3 percent, mainly due to the decline in Municipal Clean Rivers Impervious Area Charge (CRIAC) revenue as compared to previous year.

- The municipal customer group includes 641 accounts under the authority of the District of Columbia government. This includes offices and facilities for various government agencies and activities such as education, regulatory affairs and general government operations. This group will comprise 2.9 percent of the FY 2015 operating budget and 2.3 percent of the FY 2016 approved budget.
- The D.C. Housing Authority has multiple accounts that include public housing at various facilities throughout the District of Columbia. They have 1,452 accounts. Their annual billings make up only 1.4 percent of the FY 2015 cash receipts and 1.4 percent of the FY 2016 approved cash receipts.

Wholesale customer revenue - FY 2015 revenues are projected at \$81.4 million, an increase of \$10.6 million over FY 2014. In FY 2016, wholesale revenues are projected to decrease by \$12.0 million to \$69.3 million due to a change in billing estimation methodology starting in FY 2016. DC Water provides wholesale wastewater treatment services to User Jurisdictions at the Blue

DC WATER REVENUE RECEIPTS, Cont.

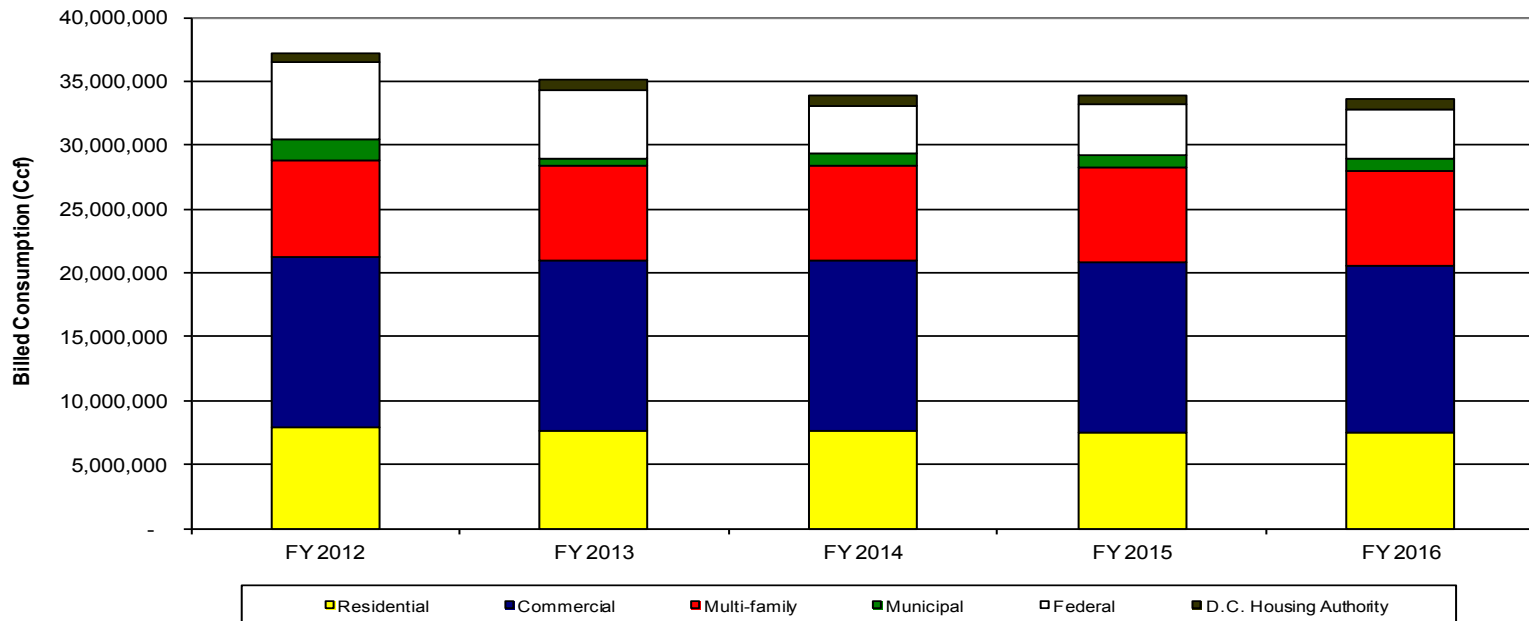
Plains Plant. The wholesale customers' share of operating costs at Blue Plains are recovered in accordance with the Blue Plains Intermunicipal Agreement of 1985 (replaced by Blue Plains Intermunicipal Agreement of 2012, effective April 3, 2013), the Potomac Interceptor Agreements and the Loudoun County Sanitation Authority Agreement (as discussed in more detail in "THE SYSTEM – The Wastewater System"), and are based on actual costs of operating and maintaining the plant and the collection facilities, prorated to each User Jurisdiction based on its respective actual share of wastewater flows. The User Jurisdiction's share of capital costs is based on each User Jurisdiction's share of capacity allocations in the Plant. Both operating and capital payments are made on a quarterly basis. Wholesale customers are billed based on the new estimation methodology starting from FY 2016. This new methodology incorporates a 3-year average of actuals for IMA estimated billing. Capital-related charges are billed quarterly with payments due on the 15th day of the second month following the end of the quarter. The operating and maintenance-related charges are billed annually by mid-October and payments are due on November, February, May and August. Receipts are projected to be 15 percent of total receipts in FY 2015. Following each fiscal year, the Authority prepares a reconciliation that determines the actual costs and each wholesale customer's appropriate share of such costs. Adjustments are then billed or credited to the wholesale customers in the first quarter of the subsequent fiscal year. The wholesale customers include: Washington Suburban Sanitary Commission (WSSC), Loudoun County, VA, Fairfax County, VA and a group of small customers of the Potomac Interceptor (PI). The PI customers are comprised of Dulles International Airport (MWAA), National Park Service, Department of Navy and the Town of Vienna.

DC WATER CASH RECEIPTS, Cont.

CONSUMPTION

While wholesale customers pay for their proportional share of wastewater services, retail customers are billed based upon metered consumption. Therefore, variations in consumption have a direct impact upon DC Water retail rates. The consumption for DC retail customers declined by 3.6 percent in FY 2014. Given the uncertainty of the current economy as well as the federal government’s goal to close some neighboring federal facilities and implement a number of conservation best practices over the next few years, the revenue projections assume a 1 percent decline in FY 2015 over FY 2014 projection and 1 percent decline in FY 2016 and beyond.

Historical and Projected Billed Consumption (Ccf)



DC WATER CASH RECEIPTS, Cont.

Historical and Projected Billed Consumption (Ccf) ⁽³⁾

	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Projected	FY 2016 Projected
Residential	7,878,216	7,638,824	7,566,045	7,541,000	7,466,000
Commercial (1)	13,406,380	13,295,119	13,336,392	13,279,000	13,146,000
Multi-family	7,569,320	7,464,328	7,439,742	7,450,000	7,376,000
Municipal (2)	1,546,942	565,671	1,035,424	907,000	898,000
Federal	6,067,764	5,383,567	3,706,631	4,000,000	3,960,000
D.C. Housing Authority	<u>775,733</u>	<u>763,155</u>	<u>776,944</u>	<u>753,000</u>	<u>745,000</u>
Total Retail	37,244,355	35,110,664	33,861,178	33,930,000	33,591,000

- (1) Reflects consumption at Commercial facilities and selected facilities at Howard University and Soldiers' Home. From October 1, 2011, Howard University accounts have been transferred to Commercial and are no longer exempt from paying water
- (2) Reflects consumption at District of Columbia Government facilities and DC Water facilities
- (3) Ccf - hundred cubic feet or 748 gallons

RECENT & PROPOSED RATE & FEE CHANGES

FY 2015 RATE & FEE CHANGES

Effective October 2014, the Board increased rates and fees as follows:

- Water and Sewer volumetric rate increased by \$0.60 per Ccf from \$8.02 to \$8.62 per Ccf, {\$0.80 per 1,000 gallons}
 - Water rate increase of \$0.27 per Ccf, {\$0.36 per 1,000 gallons} from \$3.61 per Ccf to \$3.88 per Ccf, {\$5.19 per 1,000 gallons}
 - Sewer rate increase of \$0.33 per Ccf, {\$0.44 per 1,000 gallons} from \$4.41 per Ccf to \$4.74 per Ccf, {\$6.33 per 1,000 gallons}
- Monthly Clean Rivers Impervious Area Surface Charge (CRIAC) increased by \$4.90 from \$11.85 per ERU to \$16.75 per ERU
- Clean Rivers Impervious Area Surface Charge (CRIAC) six-tier residential rate structure is shown in the table below

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

- Right-of-Way fee – This fee recovers the full cost of the Right-of-Way fee charged to DC Water by the District of Columbia
 - There is no increase in Right-of-Way fee, which remains same at \$0.17 per Ccf, {\$0.22 per 1,000}
- Payment-in-Lieu of Taxes Fee – This fee recovers the cost for providing municipal services to DC Water by the District of Columbia. On September 4, 2014 the District and the Authority entered into a new Memorandum of Understanding (the “2014 PILOT MOU”) amending the 1998 PILOT MOU. According to the terms of the 2014 PILOT MOU, the Authority shall make a PILOT payment to the District in the amount of \$15.3 million in FY 2015 for the services provided by the District to the Authority. In fiscal years 2016 to 2024, the Authority shall increase the amount of the PILOT payment by two percent per annum based on the amount of the prior year’s annual PILOT payment
 - Decrease of \$0.07 per Ccf in the PILOT fee {\$0.09 per 1,000 gallons} to \$0.46 per Ccf, (\$0.62 per 1,000 gallons)
- These changes increased the typical residential customer’s total monthly bill by \$8.45 or 11.0 percent

RECENT & PROPOSED RATE & FEE CHANGES, Cont.

PROPOSED FY 2016 RATE & FEE CHANGES

The Board has proposed the following rates and fee increases for rate making, to be, effective October 2015:

- Water and Sewer volumetric rates are listed below:
 - Residential customers: “Consumption of 0 – 4 Ccf” water rate decrease of \$0.80 per Ccf, {\$1.07 per 1,000 gallons} from \$3.88 per Ccf to \$3.08 per Ccf, {\$4.12 per 1,000 gallons}
 - Residential customers: “Consumption greater than 4 Ccf” water rate decrease of \$0.01 per Ccf, {\$0.02 per 1,000 gallons} from \$3.88 per Ccf to \$3.87 per Ccf, {\$5.17 per 1,000 gallons}
 - Multi-family customers: water rate decrease of \$0.43 per Ccf, {\$0.57 per 1,000 gallons} from \$3.88 per Ccf to \$3.45 per Ccf, {\$4.61 per 1,000 gallons}
 - Non-Residential customers: water rate increase of \$0.11 per Ccf, {\$0.15 per 1,000 gallons} from \$3.88 per Ccf to \$3.99 per Ccf, {\$5.33 per 1,000 gallons}
- Sewer rate increase of \$0.70 per Ccf, {\$0.94 per 1,000 gallons} for all classes of customers from \$4.74 per Ccf to \$5.44 per Ccf, {\$7.27 per 1,000 gallons}
- Monthly Clean Rivers Impervious Area Charge (CRIAC) increase of \$3.55 from \$16.75 per ERU to \$20.30 per ERU
- Proposed a new fixed monthly fee, Water System Replacement Fee (WSRF) of \$6.30 for 5/8” meter size. This fee varies with meter size. The WSRF is to recover the costs of 1% renewal and replacement program for water services
- PILOT and Right-of-Way fee – These fees are proposed to increase to recover the full cost of the PILOT and Right-of-Way fees charged to DC Water by the District of Columbia
 - Increase of \$ 0.01 in the PILOT fee, {\$0.02 per 1,000 gallons} to \$0.47 per Ccf, {\$0.64 per 1,000 gallons}
 - There is no increase in Right-of-Way fee, which remains the same at \$0.17 per Ccf, {\$0.22 per 1,000 gallons}

RECENT & PROPOSED RATE & FEE CHANGES, Cont.

PROPOSED FY 2016 RATE & FEE CHANGES

COST OF SERVICE STUDIES:

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

In FY 2011, a Customer Segmentation Study was performed to identify classes of customers for the purpose of rate-setting, planning, supply management and cost analysis among others. Typically, this classification is based on: A. general service characteristics and B. demand patterns. Each class is assumed to have somewhat different needs and progressively higher demands than the previous class. Most water utilities typically have three principal classes of customers: A. Residential, B. Commercial and C. Industrial. DC Water has two customer classes: A. Residential and B. Non-Residential.

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

In FY 2015, DC Water successfully completed its Cost of Service Study (COS). This study is undertaken every three years to review and certify DC Water's water and wastewater volumetric rates, Clean Rivers Impervious Surface Area Charge (CRIAC) and other DC Water fees and charges to ensure that revenues are sufficient to recover projected revenue requirements, that Board rate setting policies are followed, and that rates are allocated equitably.

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

- Lifeline Rates
- Classed-based Volumetric Rates
- Water System Replacement Fee (WSRF)

RECENT & PROPOSED RATE & FEE CHANGES, Cont.

Lifeline Rate

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

Class-based Rate Structure

The Independent Financial Consultants analyzed rate differentiation based on the peaking demands of each customer class. They also analyzed consumption patterns to better understand how customers use water and how their use of water may inform selection of an optimized rate structure. Based upon the analysis of the peak demand of different customer classes as well as affordability considerations, management recommended establishing class-based water volumetric rates for Residential, Multi-family and Non-residential customers.

Water Volumetric	Class-Based (w/ lifeline)
Residential - 0-4 Ccf	\$ 3.08
Residential - >4 Ccf	\$ 3.87
Multi-Family / DC Housing	\$ 3.45
Non-Residential	\$ 3.99

Water System Replacement Fee (WSRF)

In FY 2016, DC Water will modify its existing rate structure and implement a new meter-based Water System Replacement Fee (WSRF) in order to recover the cost of the 1% renewal and replacement program for water service lines. It is anticipated that the new Water System Replacement Fee (WSRF) will generate \$40 million per year from fiscal years 2016 through 2024. The fee is

RECENT & PROPOSED RATE & FEE CHANGES, Cont.

based upon meter size and average flow. DC Water's low income CAP customers will receive a 100% credit of \$6.30 for this fee.

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

Development Impact Fee

Many utilities have implemented a fee, assessed to new development (or redevelopment) to recover the investment in available system capacity. The DC Water management has recommended a new development impact fee to be effective from October 1, 2015. All Single Family Residential (SFR) Customers with meters 1" inch or smaller will use the same set of fees. All

RECENT & PROPOSED RATE & FEE CHANGES, Cont.

SRF Customers with meters larger than 1", and all Multi-Family and Non-Residential Customers will have development impact fees based on their meter size.

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

The following terms are defined:

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

Redevelopment – the renovation or alteration of a building or structure, or reconstruction of a property that increases the water supply demand or drainage, waste, and vent (DWV) system load. Redevelopment shall not include the up-sizing of a water service or sewer lateral to comply with the current D.C. Plumbing Code, provided the water supply demand and DMV system load remain the same.

As a result of the 2015 Cost of Service Study, several revisions to the rate structure have been proposed for implementation in FY 2016 and other areas of opportunity will require additional analysis in FY 2016 before recommendation or implementation.

DC Water will determine whether to adopt and approve these objectives during its FY 2016 ratemaking process.

PROPOSED FY 2016 RATE & FEE CHANGES

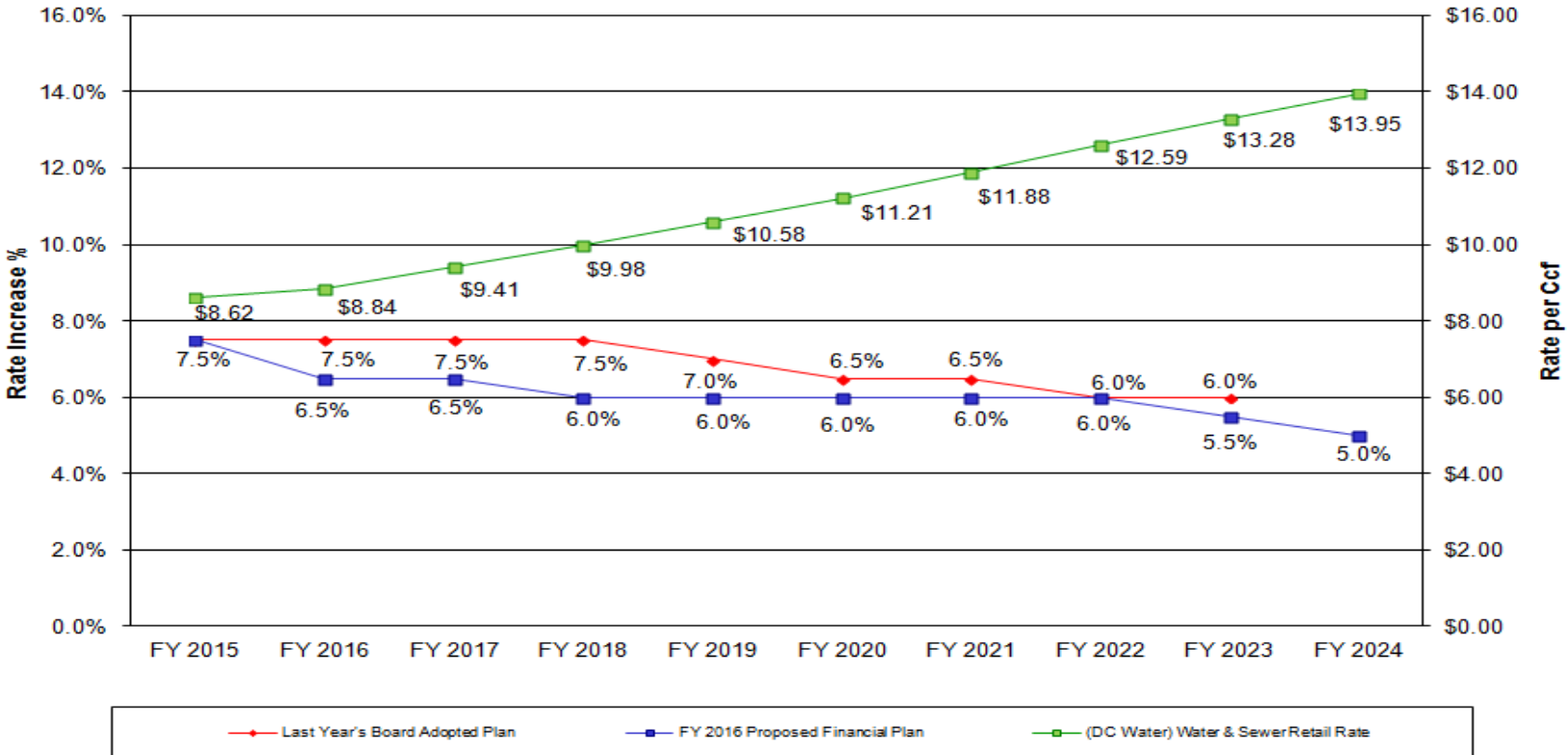
The ten-year projected water and sewer rate increases under this year's plan (FY 2015 – FY 2024) total 61.0 percent driven primarily by capital spending for DC Water's \$3.8 billion capital improvement program.

Primary spending in the ten-year capital plan includes: initial phases of the Clean Rivers Project (CSO LTCP), the Enhanced Nitrogen Removal Facilities (formerly called BTN), digesters, and various on-going water and sewer infrastructure improvements.

The public outreach and comment process for the FY 2016 rate proposal will occur between February and June 2015. If approved, these changes will increase the typical residential customer's monthly bill by \$11.36 or 13.3 percent as shown on page IV-20.

RECENT & PROPOSED RATE & FEE CHANGES, Cont.

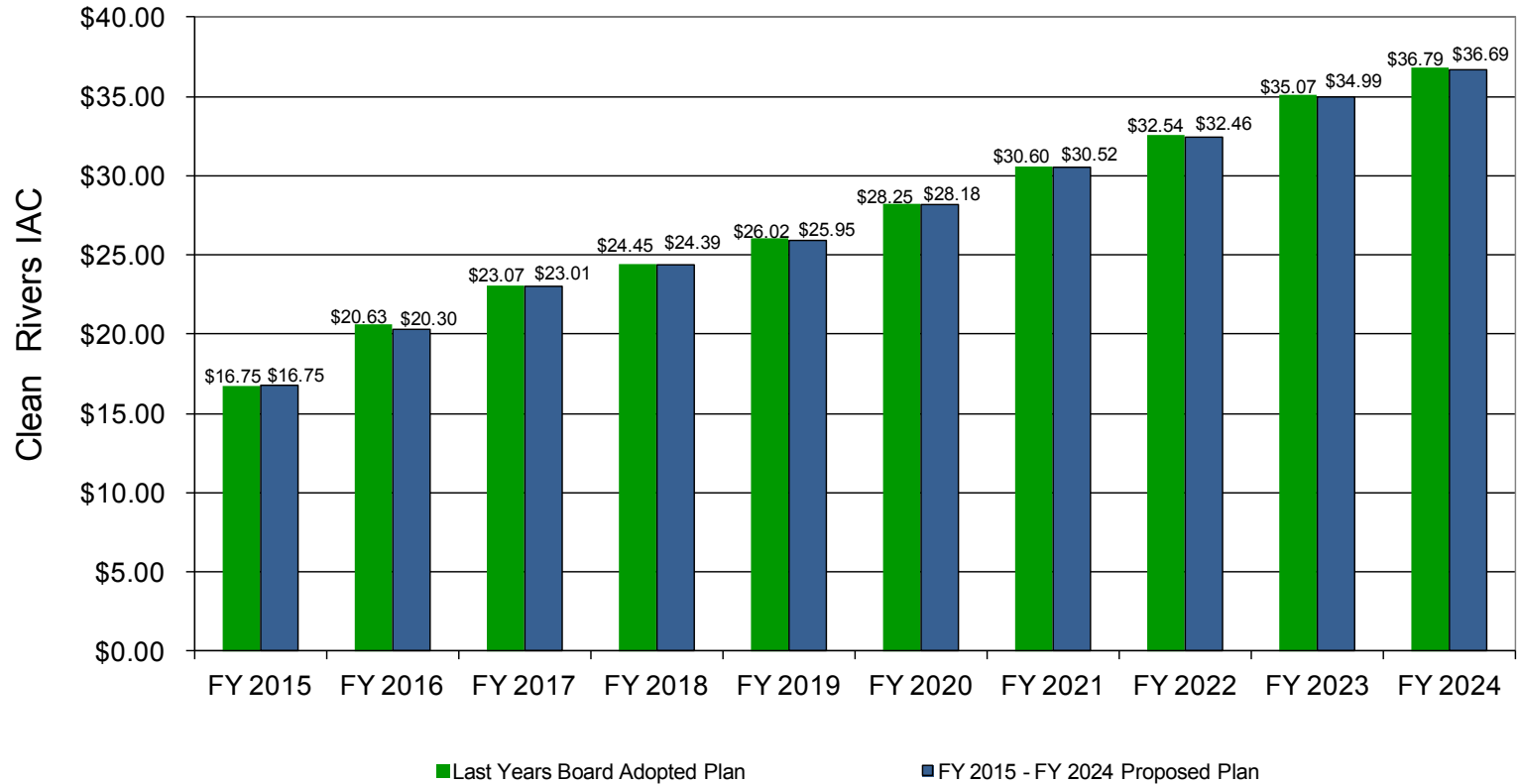
PROJECTED RETAIL WATER & SEWER RATE CHANGES
FY 2015 – FY 2024



- 1) Rates shown above reflect weighted water and sewer rates for Residential customer category
- 2) In FY 2016 proposed water and sewer rate increase of \$0.22 per Ccf, (\$0.29 per 1,000 gallons)
 - Combined water and sewer rate increases from \$8.62 to \$8.84 per Ccf
- 3) Rate increases ranging from 5.0 percent to 7.5 percent

RECENT & PROPOSED RATE & FEE CHANGES, Cont.

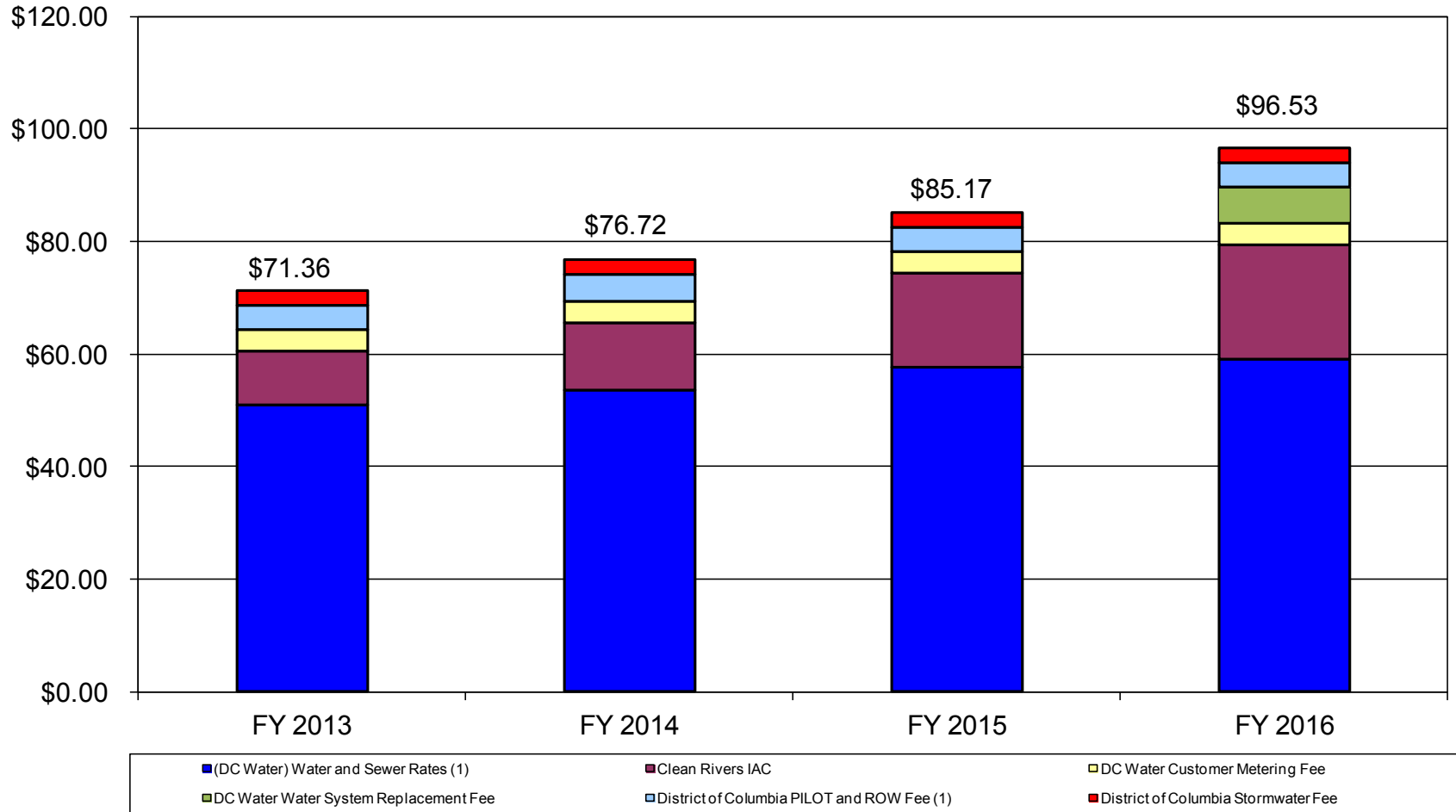
**PROJECTED MONTHLY CLEAN RIVERS IMPERVIOUS SURFACE AREA CHARGE (CRIAC) CHANGES
FY 2015 – FY 2024**



- The projected charges displayed in the chart above are primarily driven by anticipated debt service costs necessary to support the twenty year \$2.6 billion Clean Rivers Project, which includes the federally mandated CSO-LTCP and the nine-minimum controls program
- The annual Clean Rivers Project costs for the average Tier 2 residential customer (700 – 2,000 sq ft of impervious area) is projected to increase from \$243.60 in FY 2016 to \$440.28 in FY 2024

RECENT & PROPOSED RATE & FEE CHANGES, Cont.

AVERAGE RESIDENTIAL CUSTOMER MONTHLY BILL
FY 2013 – FY 2016



1) Assumes average monthly consumption of 6.69 Ccf, or 5,004 gallons
 – FY 2016 cost per gallon is \$0.01 (water and sewer rates only)

RECENT & PROPOSED RATE & FEE CHANGES, Cont.

AVERAGE RESIDENTIAL CUSTOMER MONTHLY BILL FY 2013 – FY 2016

	Units	FY 2013	FY 2014	FY 2015	Proposed FY 2016
DC Water and Sewer Retail Rates (1)	Ccf	\$ 50.84	\$ 53.65	\$ 57.67	\$ 59.12
DC Water Clean Rivers IAC	ERU	9.57	11.85	16.75	20.30
DC Water Customer Metering Fee	5/8"	3.86	3.86	3.86	3.86
DC Water Water System Replacement Fee (3)	5/8"	-	-	-	6.30
Subtotal DC Water Rates & Charges		\$ 64.27	\$ 69.36	\$ 78.28	\$ 89.58
Increase / Decrease		\$ 5.60	\$ 5.09	\$ 8.92	\$ 11.30
District of Columbia PILOT (1)	Ccf	\$ 3.35	\$ 3.55	\$ 3.08	\$ 3.14
District of Columbia Right-of-Way Fee (1)	Ccf	1.07	1.14	1.14	1.14
District of Columbia Stormwater Fee (2)	ERU	2.67	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 7.09	\$ 7.36	\$ 6.89	\$ 6.95
Total Amount Appearing on DC Water Bill		\$ 71.36	\$ 76.72	\$ 85.17	\$ 96.53
Increase / Decrease Over Prior Year		\$ 5.74	\$ 5.36	\$ 8.45	\$ 11.36
Percent Increase in Total Bill		8.7%	7.5%	11.0%	13.3%

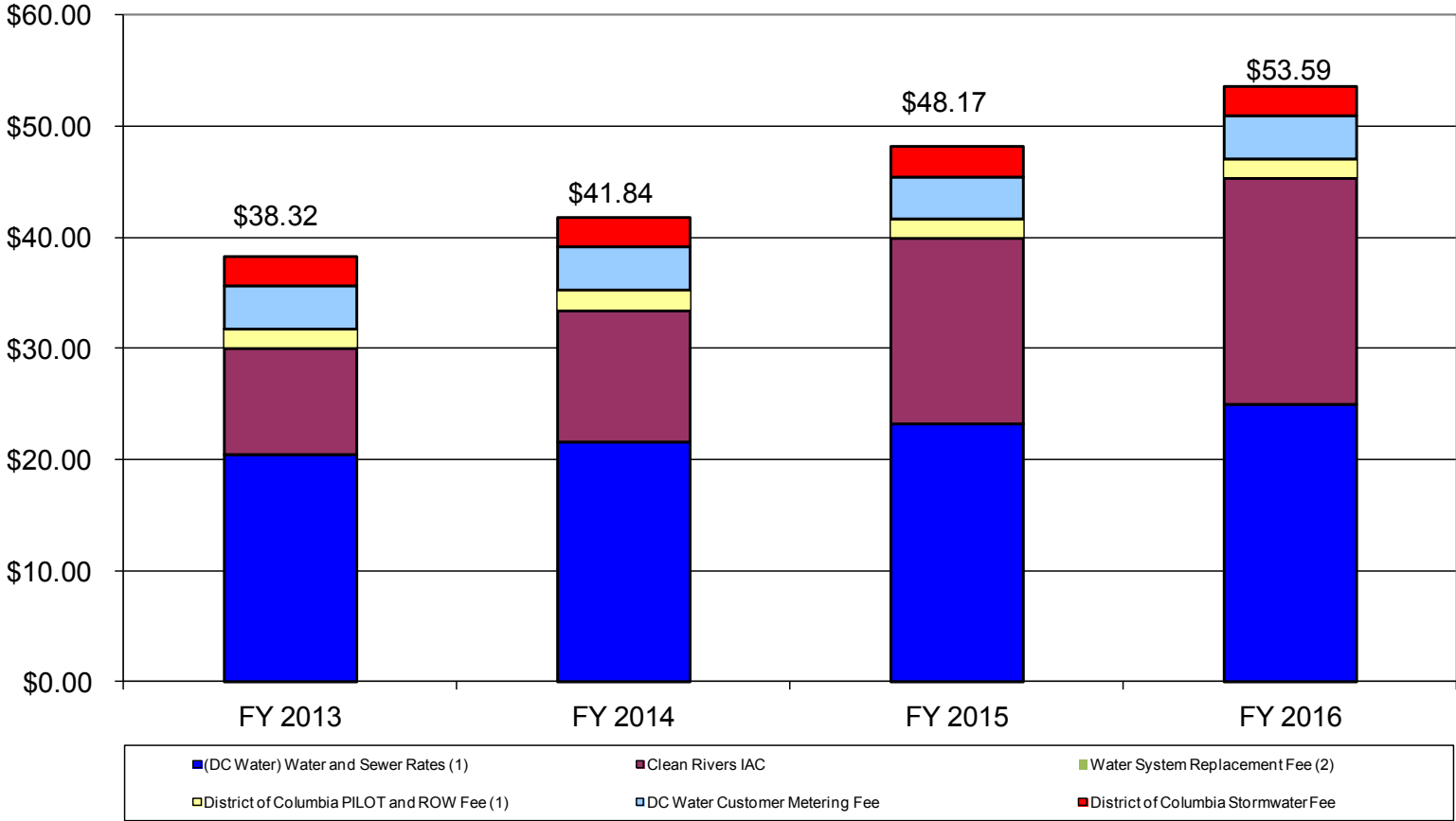
(1) Assumes average monthly consumption of 6.69 Ccf, or (5,004 gallons)

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

(3) DC Water "Water System Replacement Fee" of \$6.30 effective October 1, 2015

RECENT & PROPOSED RATE & FEE CHANGES, Cont.

AVERAGE CAP CUSTOMER MONTHLY BILL
FY 2013 – FY 2016



1. Assumes average monthly consumption of 6.69 Ccf, or 5,004 gallons
 - FY 2016 cost per gallon is \$0.01 (water and sewer rates only)
2. Assumes 100 percent discount for Water System Replacement Fee (WSRF) to Cap customers, therefore, WSRF is not shown in the above graph

RECENT & PROPOSED RATE & FEE CHANGES, Cont.

AVERAGE CAP CUSTOMER MONTHLY BILL FY 2013 – FY 2016

	Units	FY 2013	FY 2014	FY 2015	Proposed FY 2016
DC Water Retail Rates (1)	Ccf	\$ 50.84	\$ 53.65	\$ 57.67	\$ 59.12
DC Water Clean Rivers IAC	ERU	9.57	11.85	16.75	20.30
DC Water Customer Metering Fee	5/8"	3.86	3.86	3.86	3.86
DC Water Water System Replacement Fee	5/8"	-	-	-	6.30
Subtotal DC Water Rates & Charges		\$ 64.27	\$ 69.36	\$ 78.28	\$ 89.58
Increase / Decrease		\$ 5.60	\$ 5.09	\$ 8.92	\$ 11.30
District of Columbia PILOT (1)	Ccf	\$ 3.35	\$ 3.55	\$ 3.08	\$ 3.14
District of Columbia Right-of-Way Fee (1)	Ccf	1.07	1.14	1.14	1.14
District of Columbia Stormwater Fee (4)	ERU	2.67	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 7.09	\$ 7.36	\$ 6.89	\$ 6.95
Total Amount		\$ 71.36	\$ 76.72	\$ 85.17	\$ 96.53
Less: CAP Discount (4 Ccf per month) (1), (2)		\$ (33.04)	\$ (34.88)	\$ (37.00)	\$ (36.64)
Water System Replacement Fee (WSRF) (3)		\$ -	\$ -	\$ -	\$ (6.30)
Total Amount Appearing on DC Water Bill		\$ 38.32	\$ 41.84	\$ 48.17	\$ 53.59
Increase / Decrease Over Prior Year		\$ 4.06	\$ 3.52	\$ 6.33	\$ 5.42
CAP Customer Discount as a Percent of Total Bill		-46.3%	-45.5%	-43.4%	-44.5%

(1) Assumes average monthly consumption of 6.69 Ccf, or (5,004 gallons)

(2) Extension of CAP program in FY 2011 to first 4 Ccf of PILOT and ROW

(3) Assumes 100 percent discount for Water System Replacement Fee (WSRF) to CAP customers

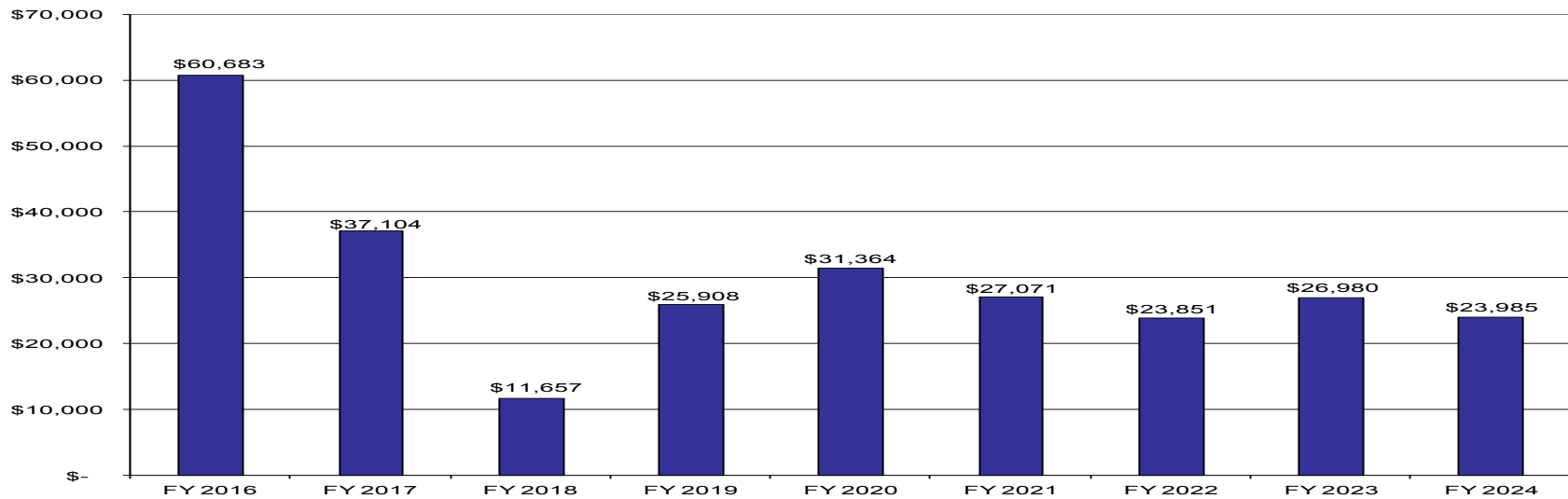
(4) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010

WHY RATE INCREASES ARE NEEDED

FY 2015 – FY 2024 FINANCIAL PLAN

- As shown in the chart below, incremental increases in retail revenues are projected to range from \$11.7 million to \$60.7 million in FY 2016 – FY 2024, due to:
 - Average annual debt service increase of 6.5 percent
 - Average annual O&M increase of 3.2 percent
 - Annual projected Payment-in-Lieu of Taxes (PILOT) increases of 2 percent per annum, as per the new PILOT agreement dated September 4, 2014, due to DC government’s increasing costs of providing services to DC Water
 - According to new Right-of-Way (ROW) agreement with the District signed on October 2, 2014, the ROW fee will remain same at \$5.1 million per annum
 - This year’s ten-year financial plan reflects anticipated operating cost savings at Blue Plains beginning in FY 2015 due to the implementation of the digester/cambi biosolids management project

INCREMENTAL INCREASE IN REVENUES
FY 2016 – FY 2024
(\$000's)



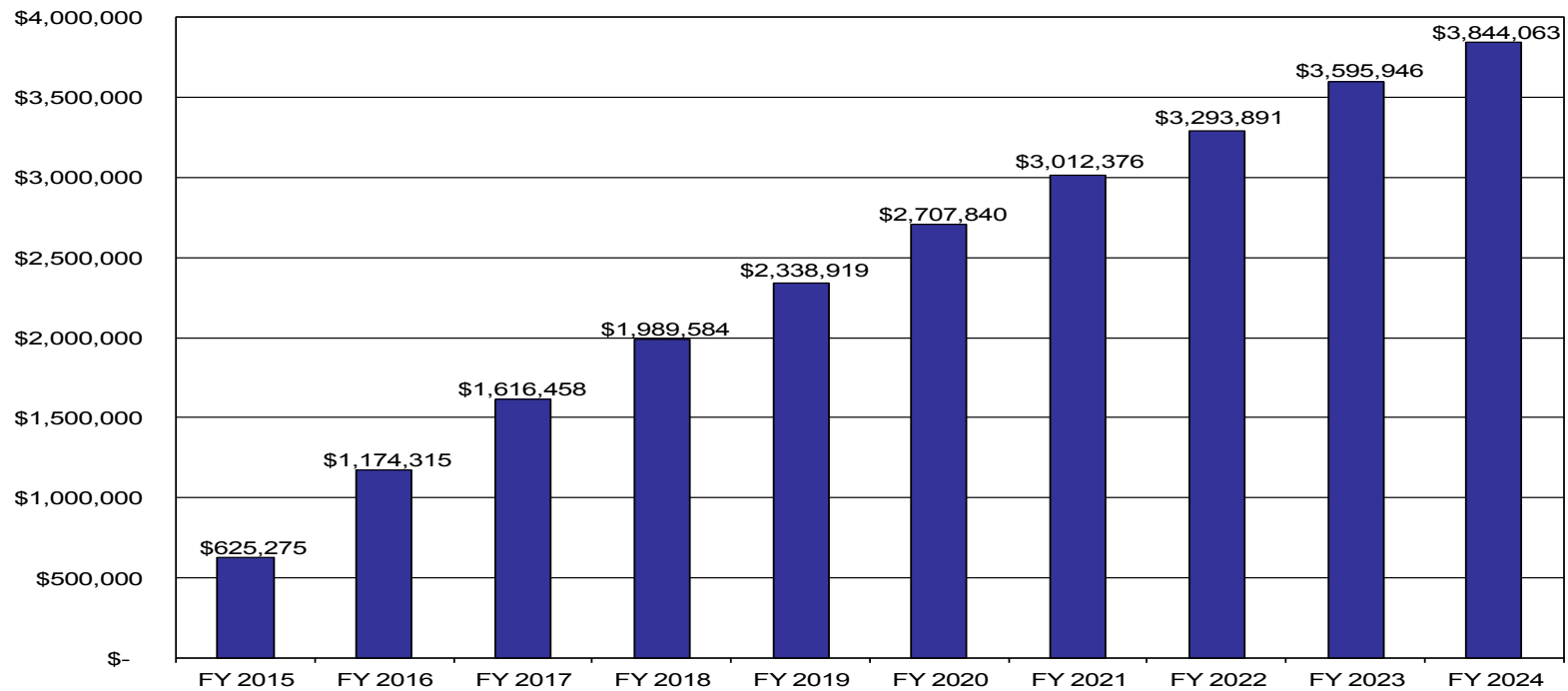
WHY RATE INCREASES ARE NEEDED, Cont.

- These costs would be recovered through:
 - Proposed water and sewer rate increases ranging from 5.0 percent to 7.5 percent
 - Proposed Clean Rivers Impervious Surface Area Charge (CRIAC) revenues ranging from \$20.30 to \$36.69 per ERU per month
 - Proposed DC PILOT fee increases of 2 percent in accordance with the current MOU dated September 4, 2014
 - The ROW fee will remain the same at \$5.1 million per annum in accordance with the current MOU signed on October 2, 2014
 - Utilization of the Board-authorized Rate Stabilization Fund (RSF) to offset retail rate increases

WHY RATE INCREASES ARE NEEDED, Cont.

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

CUMULATIVE CAPITAL SPENDING
FY 2015 – FY 2024
(\$000's)



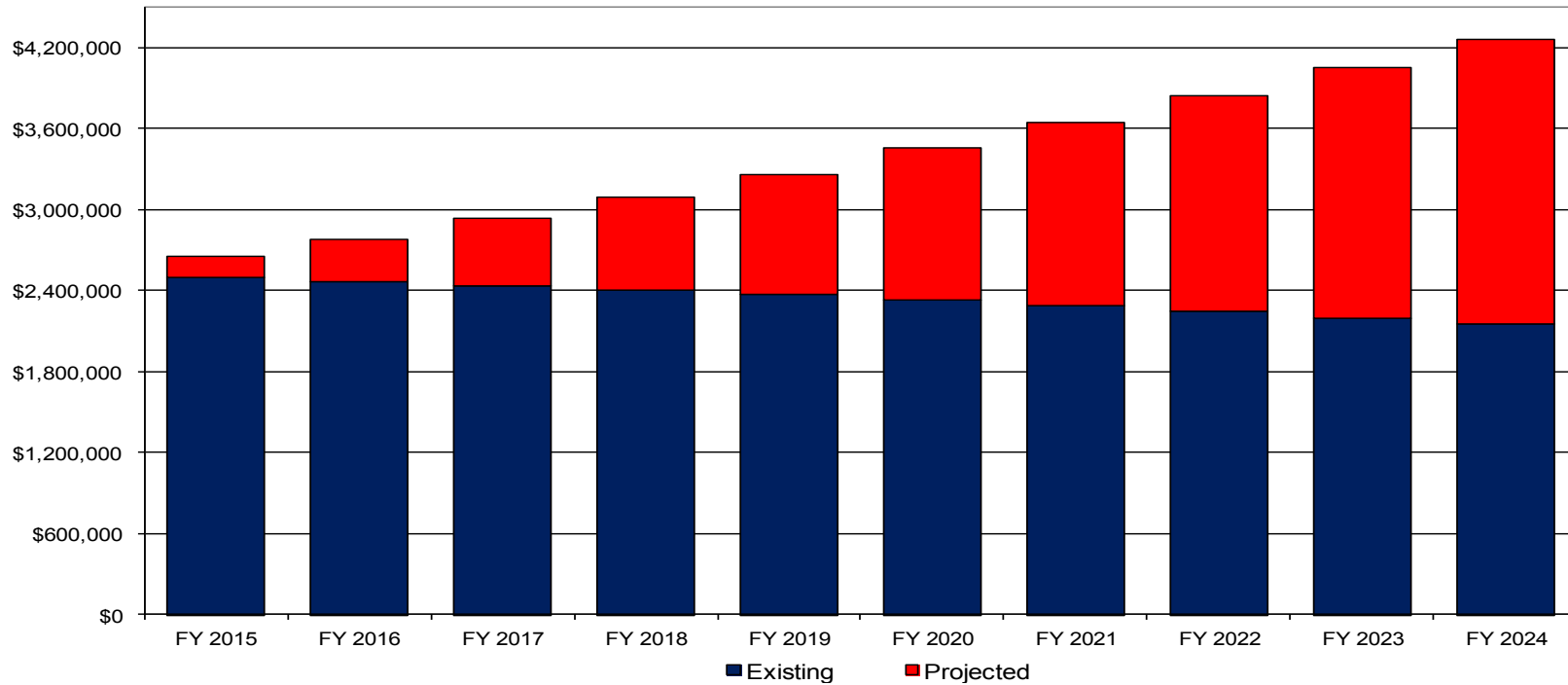
- DC Water's ten-year capital improvement program totals \$3.8 billion, with annual spending ranging from \$248.1 million to \$625.3 million

WHY RATE INCREASES ARE NEEDED, Cont.

- Once completed, the ten-year capital improvement project will double the book value of DC Water's infrastructure
- The ten-year plan includes disbursements of the Clean Rivers Project (CSO LTCP), totaling nearly \$1.4 billion exclusive of nine minimum controls
- Water and sewer infrastructure continues to drive the ten-year Capital Improvement Plan from FY 2015 through FY 2024

WHY RATE INCREASES ARE NEEDED, Cont.

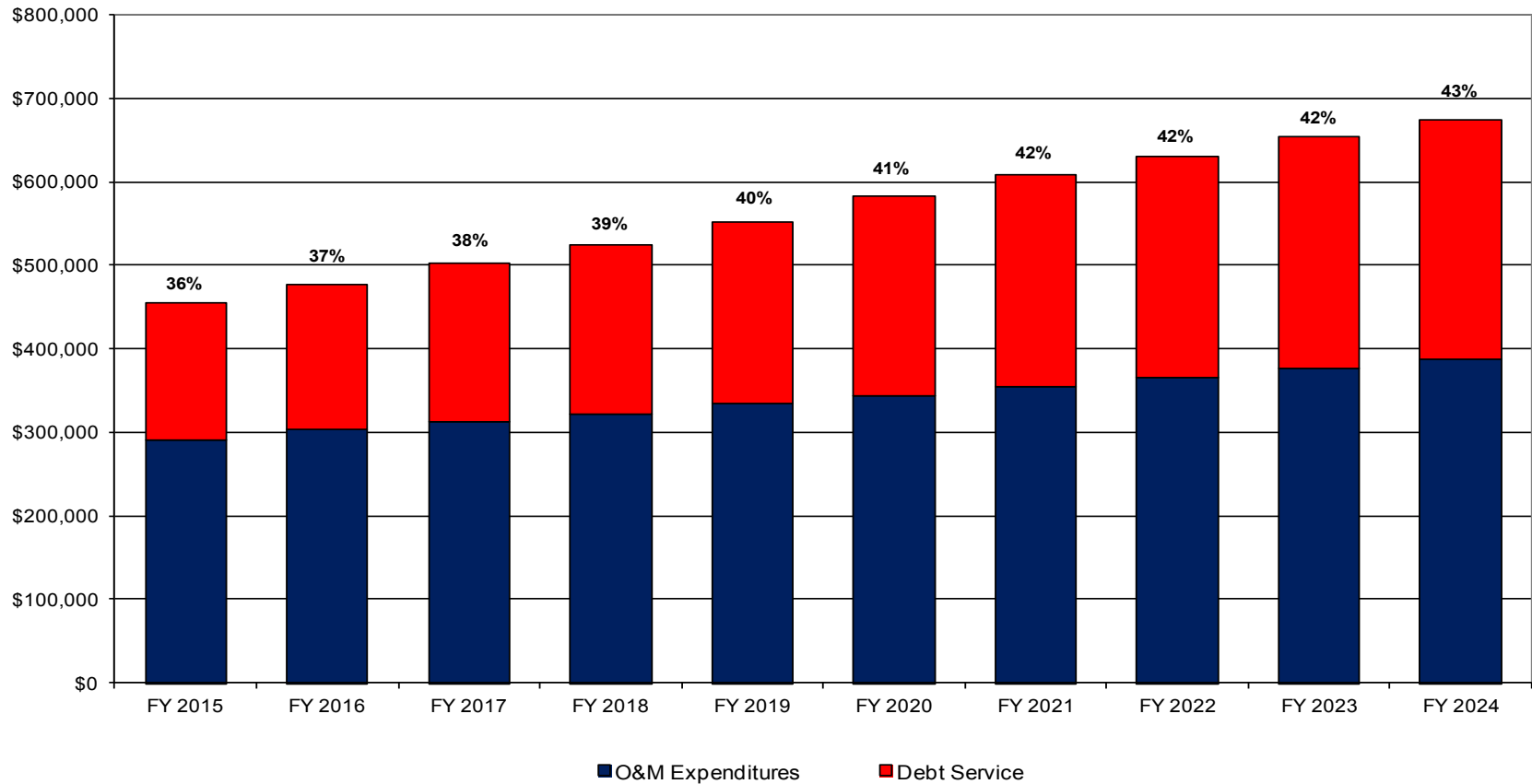
NEW & EXISTING DEBT OUTSTANDING
FY 2015 – FY 2024
(\$000's)



- The largest source of funding for DC Water's capital program is debt
- Over the next ten years, DC Water will issue approximately \$1.9 billion in new debt (which includes the funding of reserves and costs of issuance), increasing total debt outstanding to \$4.2 billion at the end of FY 2024

WHY RATE INCREASES ARE NEEDED, Cont.

DEBT SERVICE AS PERCENT OF TOTAL OPERATING & MAINTENANCE EXPENDITURES
FY 2015 – FY 2024
(\$000's)



WHY RATE INCREASES ARE NEEDED, Cont.

OPERATING & DEBT SERVICE EXPENDITURES FY 2015 – FY 2024

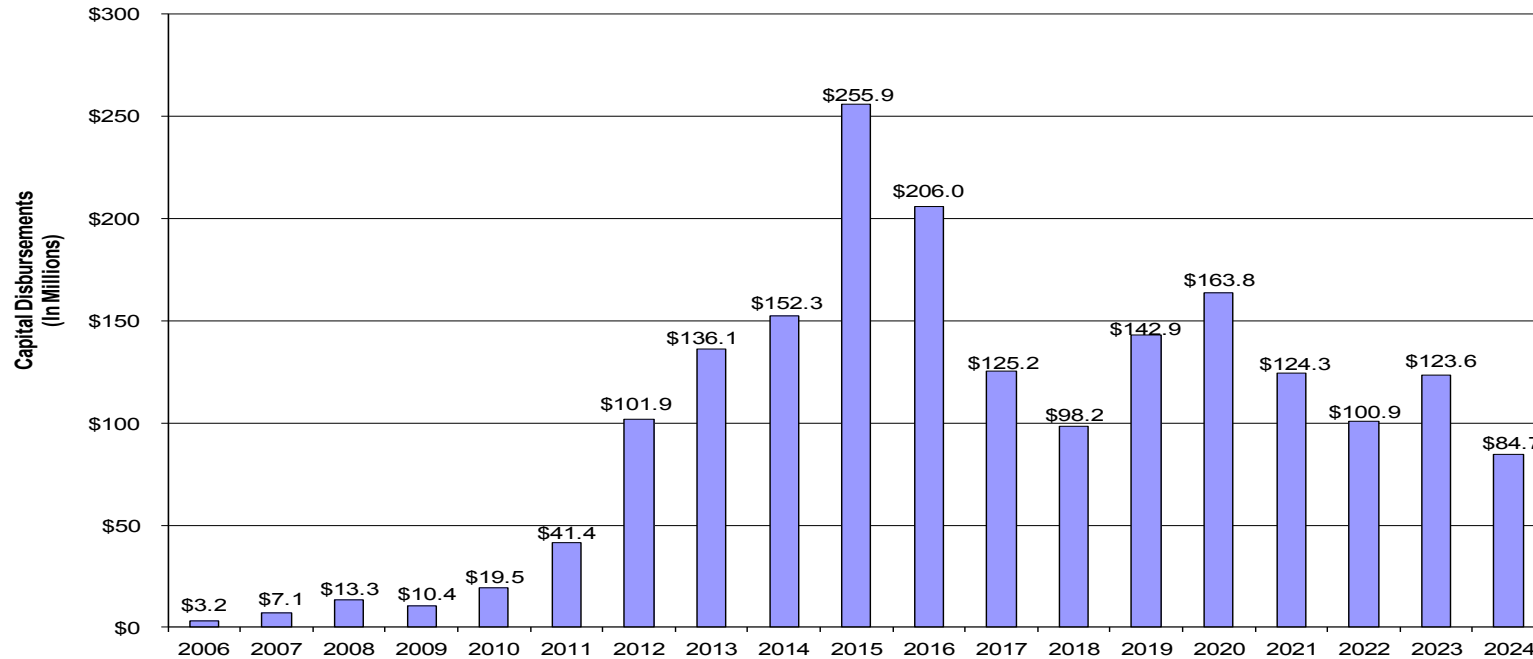
Over the ten-year period, total expenditures increase on average by 4.5 percent annually

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

- Operations and maintenance expenditures (excluding the payment in lieu of taxes and right-of-way fee) increase on average by only 3.2 percent annually
- Debt service expenditures grow at an annual average rate of 6.5 percent
- This year's ten-year financial plan reflects anticipated operating cost savings at Blue Plains beginning in FY 2015 due to the implementation of the digester/cambi biosolids management project

WHY RATE INCREASES ARE NEEDED, Cont.

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

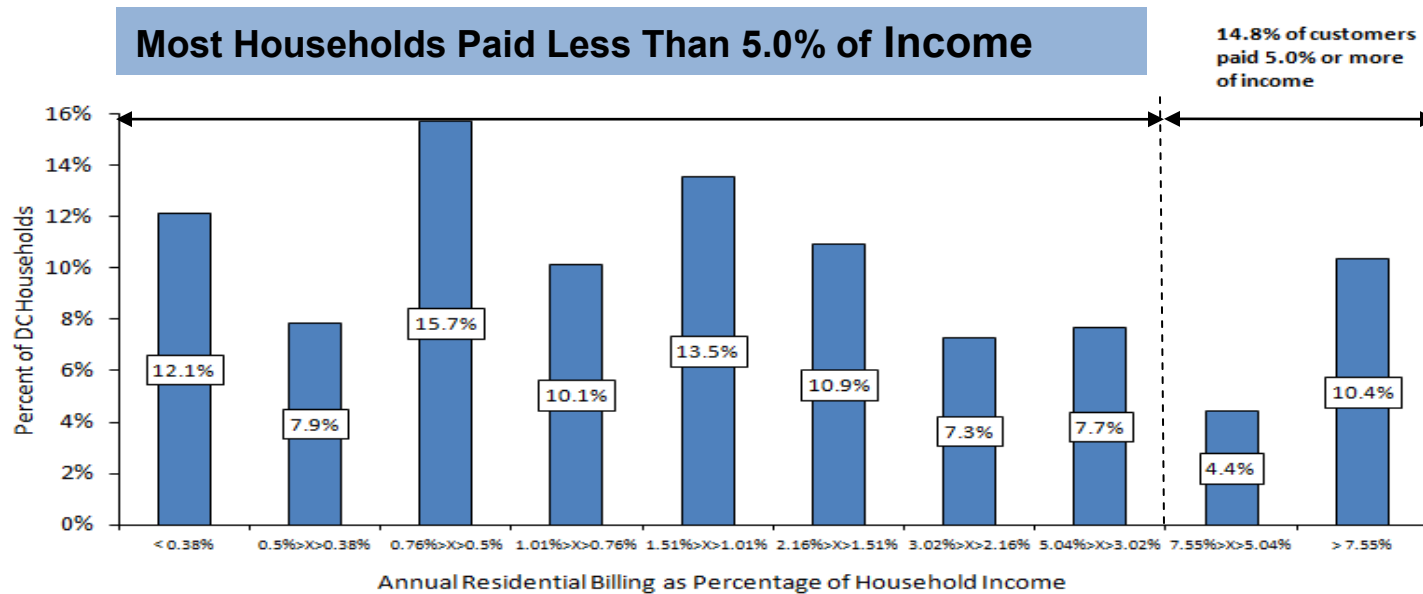


In December 2004, the Board reached an agreement with the federal government on the Clean Rivers Project (CSO-LTCP) and entered into a related consent decree. Actual and projected disbursements by fiscal year for the Clean Rivers Project are shown in the chart above and are the drivers for changes in the Clean Rivers Impervious Area Charge over the ten-year plan. Wholesale customers contribute 7.1 percent to the Clean Rivers Project. To mitigate impacts, DC Water continues to look for federal support for this program. As of September 30, 2014, \$196.8 million has been received through federal appropriations. Lifetime capital costs for the plan (exclusive of the nine – minimum controls program) total approximately \$2.3 billion, and this year’s proposed ten-year plan includes \$1.4 billion of projected Clean Rivers Project disbursements.

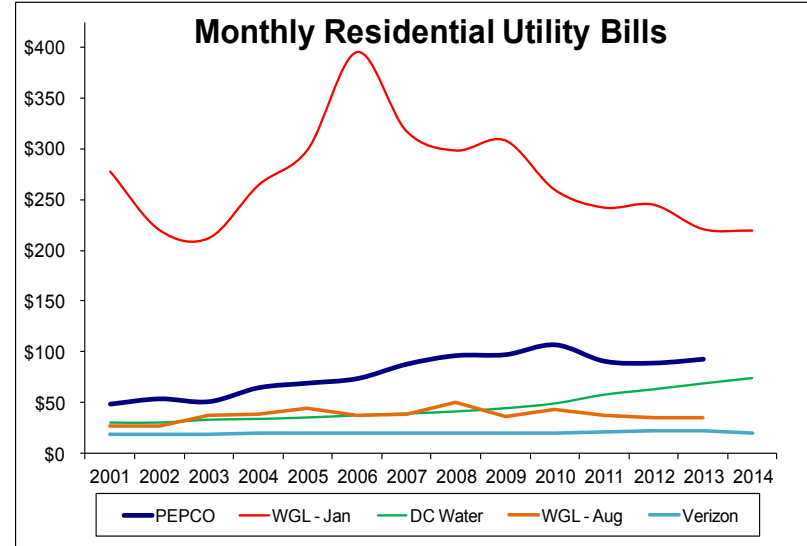
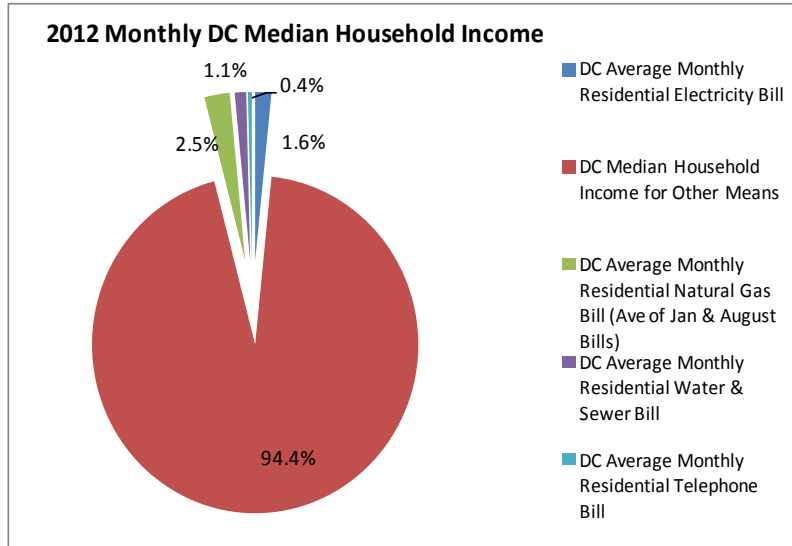
AFFORDABILITY OF RETAIL RATES

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

- **Median household income:** The average DC Water charges are less than 5.0% of income for 85.2% of the households in the District of Columbia. US EPA guidelines suggest that charges greater than 4% of median household income are typically viewed as a strain on household budgets (2% water + 2% sewer)
- **Typical DC Water residential bill as a percentage of median household income is lower than average when compared to other utilities of similar size**
- **Customer Assistance Programs are in place to help eligible low income customers with their water/sewer bills**



AFFORDABILITY, Cont.



Observation:

- DC Water's average monthly residential water & sewer bill is about 1.1 percent of the total monthly household income for the median income family, which is lower, compared to the average monthly electricity and natural gas bill and at about the national average for urban populations

Observation:

- Average electricity and natural gas are higher than water & sewer bills

Assumption:

- Average DC customer is assumed to use 6.69 Ccf of water, 200 Therms of natural gas and almost 695 kWh of electricity per month in 2014

Sources:

Electricity and Gas: DC Public Service Commission

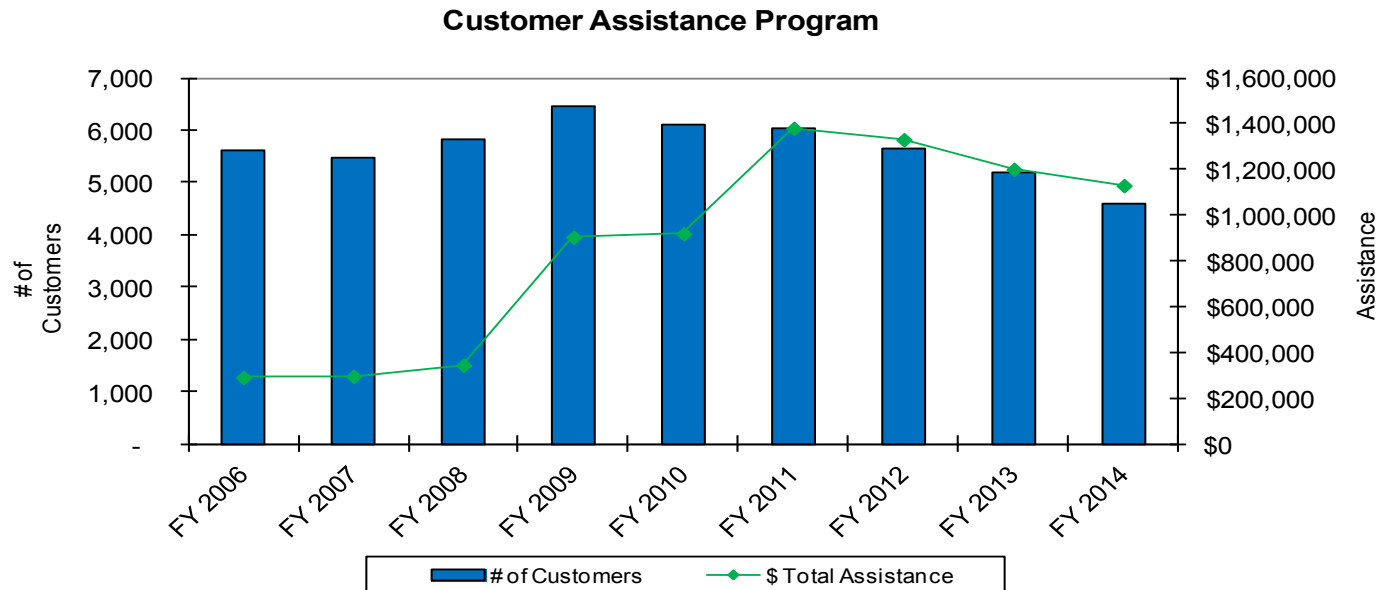
Water and Sewer: DC Water Assuming 6.69 Ccf, or 5,004 gallons consumption

Median HH Income: US Census Bureau

AFFORDABILITY, Cont.

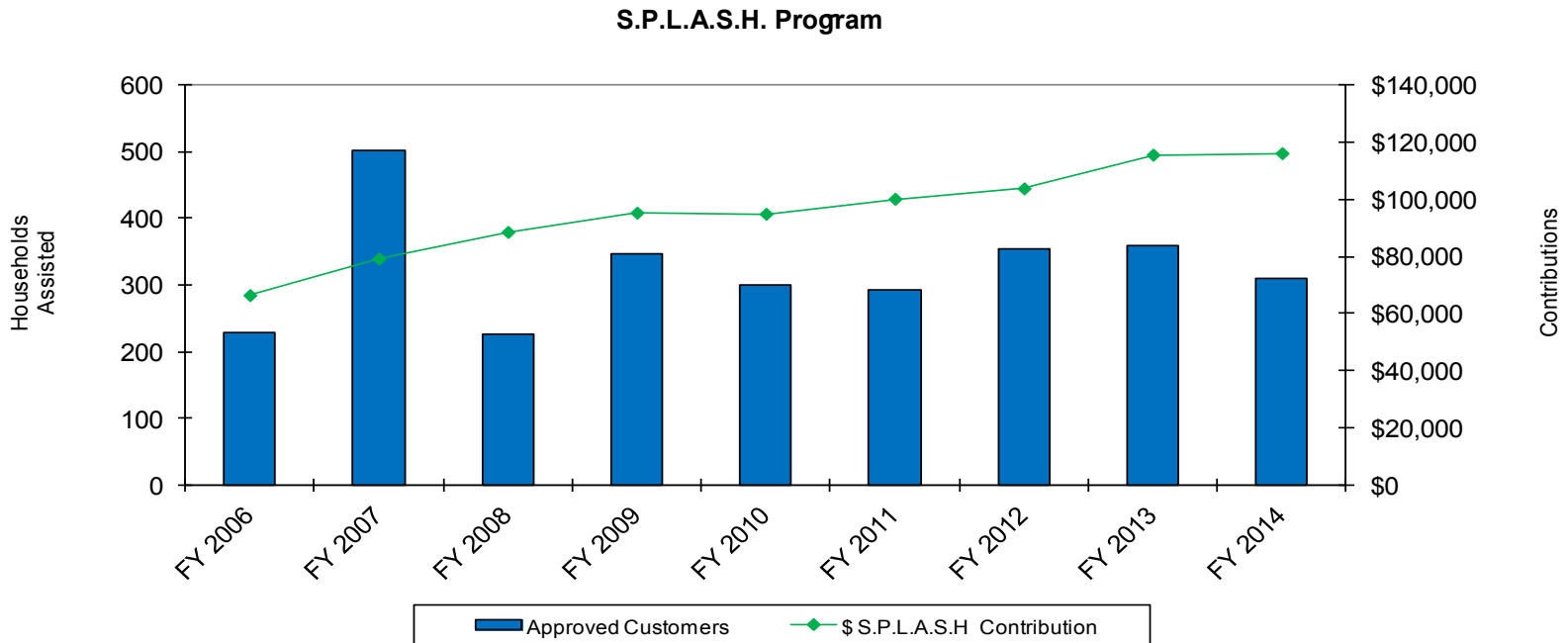
DC Water sponsors two programs to assist low income customers in paying their water bills:

- Customer Assistance Program (“CAP”)**: The Authority implemented the CAP in 2001 providing a discount of 4 Ccf per months of water service for single family residential homeowners that meet income eligibility guidelines. In FY 2004, the Authority expanded the CAP to include tenants who meet the financial eligibility requirements and whose primary residence is separately metered by the Authority. In January 2009, the Authority further expanded the CAP to provide a discount of 4 Ccf per month of sewer services to eligible customers. In FY 2011, the discount was expanded to the first 4 Ccf associated with the PILOT/ROW fee in addition to the current discount provided on water and sewer services. In FY 2014, CAP assisted over 4,583 customers and provided \$1.1 million in discounts to low-income customers.



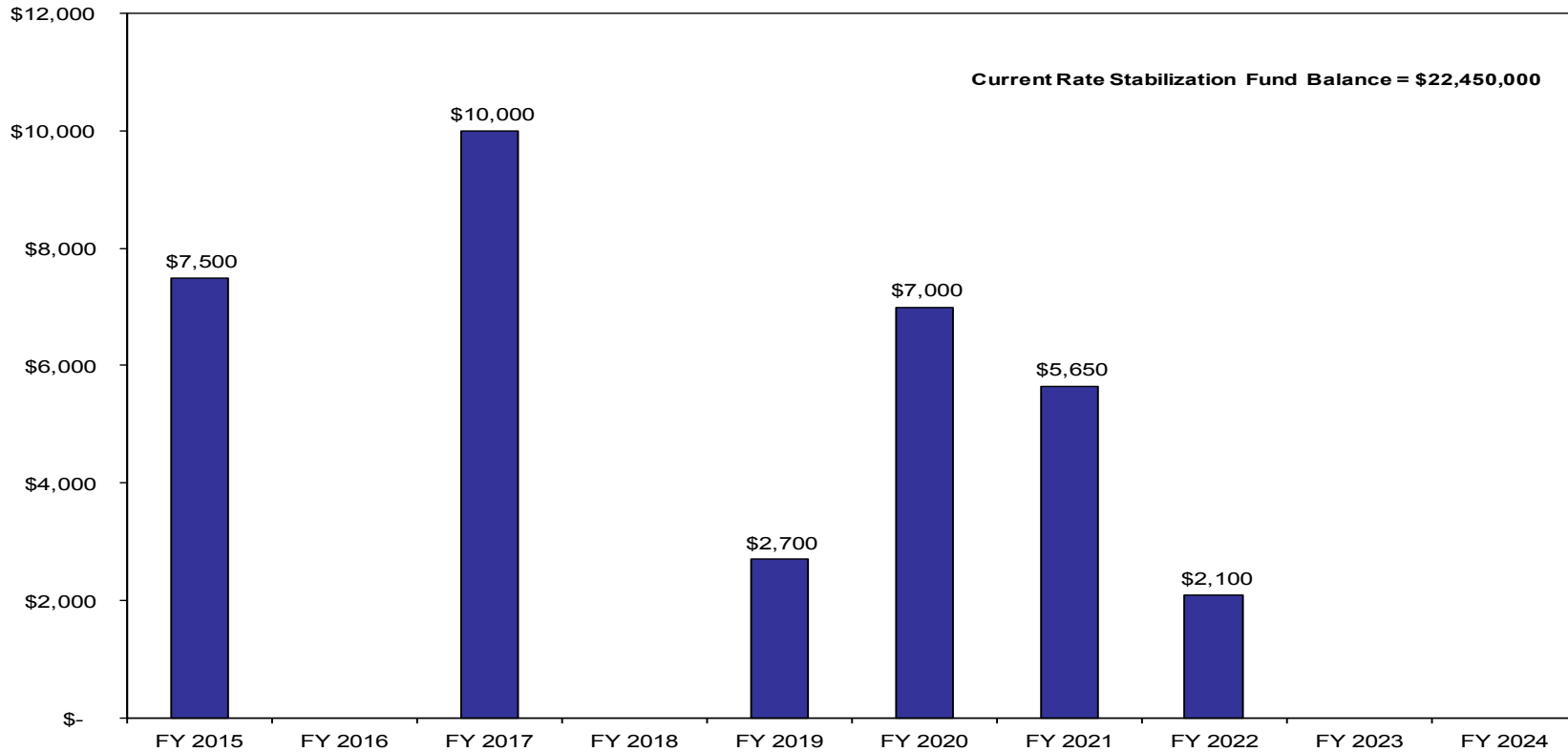
AFFORDABILITY, Cont.

- Serving People by Lending a Supporting Hand (“S.P.L.A.S.H.”):** The SPLASH program was implemented in FY 2001. Through the SPLASH program, DC Water offers assistance to families in need so that they can maintain critical water and sewer services until they get back on their feet. The program is administered by the Greater Washington Urban League. Every dollar received by DC Water is distributed to eligible customers. In FY 2014, SPLASH assisted 309 households and provided \$115,984 in contributions to low-income customers.



AFFORDABILITY, Cont.

RATE STABILIZATION FUND USAGE
FY 2015 – FY 2024
(\$000's)



- At the end of FY 2014, DC Water's rate stabilization fund (RSF) balance was \$22.45 million. The proposal calls for use of \$7.5 million in FY 2015. No RSF is proposed to be utilized in FY 2016. RSF will have a balance of \$6.0 million at the end of FY 2024.

AFFORDABILITY, Cont.

One method of assessing the affordability of residential rates is to calculate the portion of the Median Household Income that would be spent on typical water, wastewater, and stormwater bills and compare the results with the same calculation for other utilities. While no utilities are exactly alike, in the most recent rate survey conducted for DC Water in August 2014, DC Water's charges for a single family residential customer as a percentage of median income were below the average of other large and regional water and wastewater utilities.

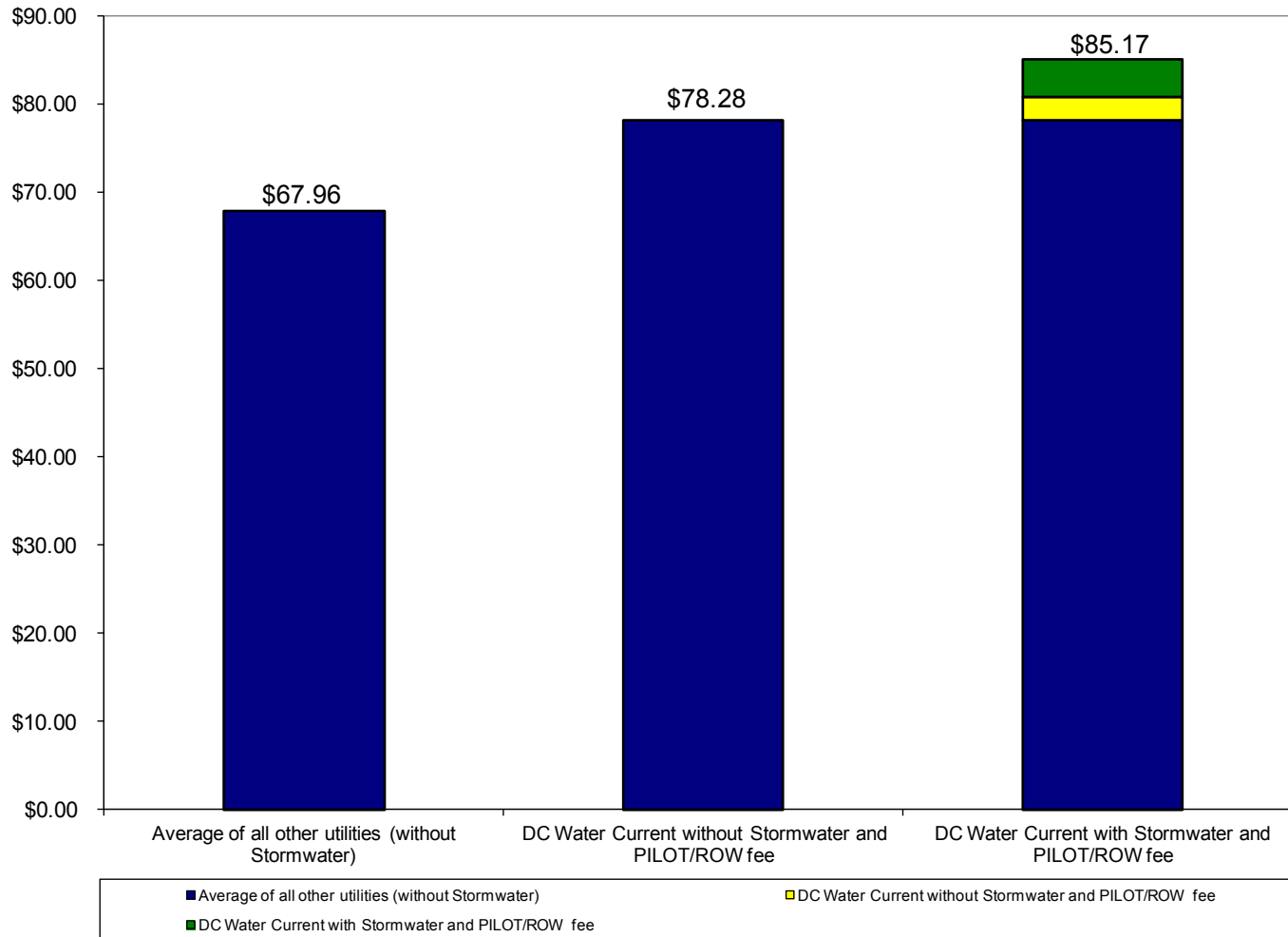
The following charts provide DC Water combined water, sewer and stormwater charges for single family residential customers compared to: large CSO communities, other similar large jurisdictions and other regional jurisdictions. There are distinct differences between DC Water and other large and regional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

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

AFFORDABILITY, Cont.

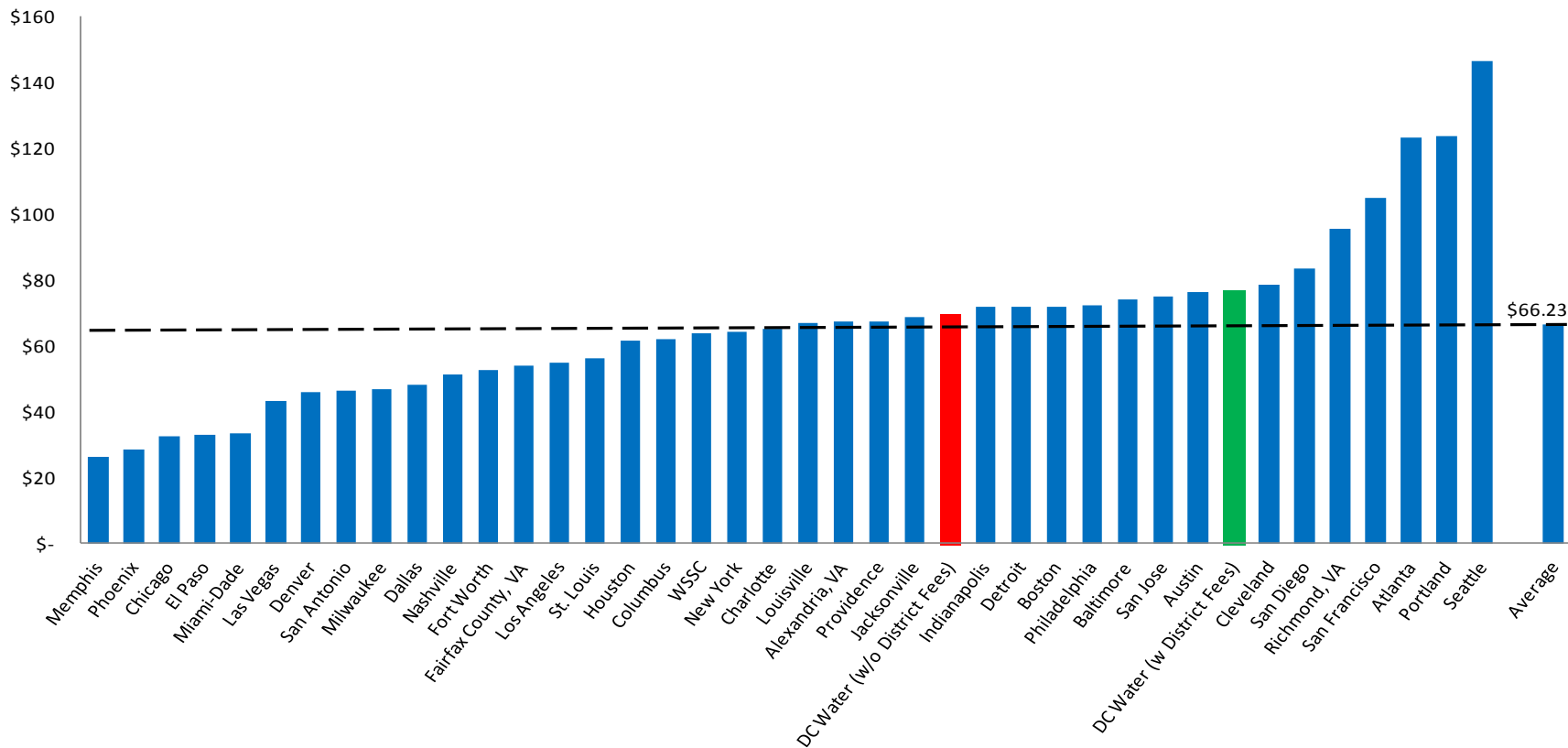
DC WATER'S RETAIL RATES ARE COMPARABLE TO OTHER UTILITIES

*DC Water's Current FY 2015 Monthly Residential Bill
vs.
Average Monthly Bill of Other Utilities in Effect Fall 2014*



AFFORDABILITY, Cont.

*DC Water Retail Rates Compared to Other Large Utilities
(Based on Rates in effect Fall 2014)*

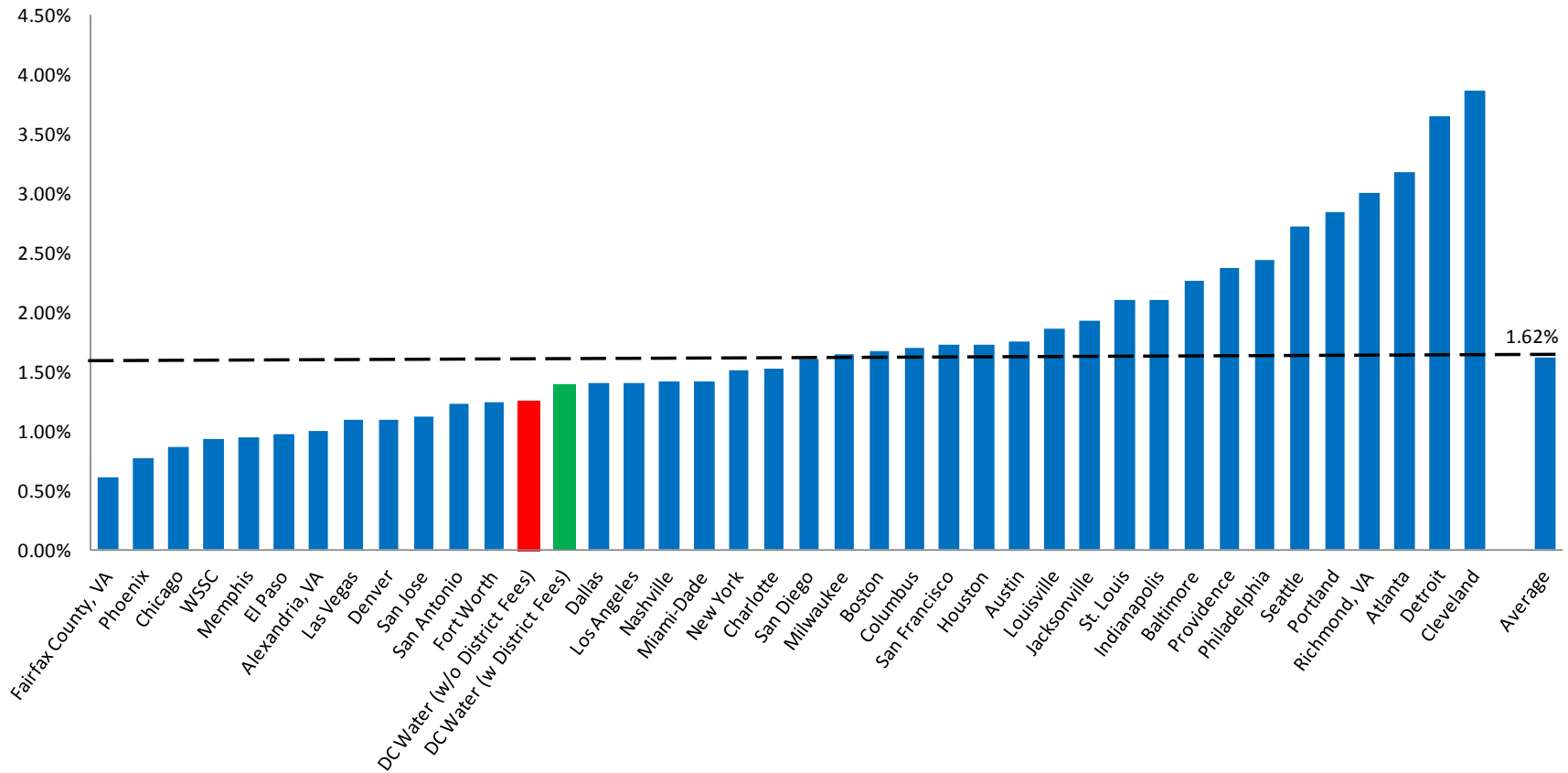


(1) Assumes average residential consumption of 6.69 Ccf, or 5,004 gallons, per month. Ccf = hundred cubic feet, or 748 gallons
 (2) Reflects DC Water's rate and fee changes in FY 2014

AFFORDABILITY, Cont.

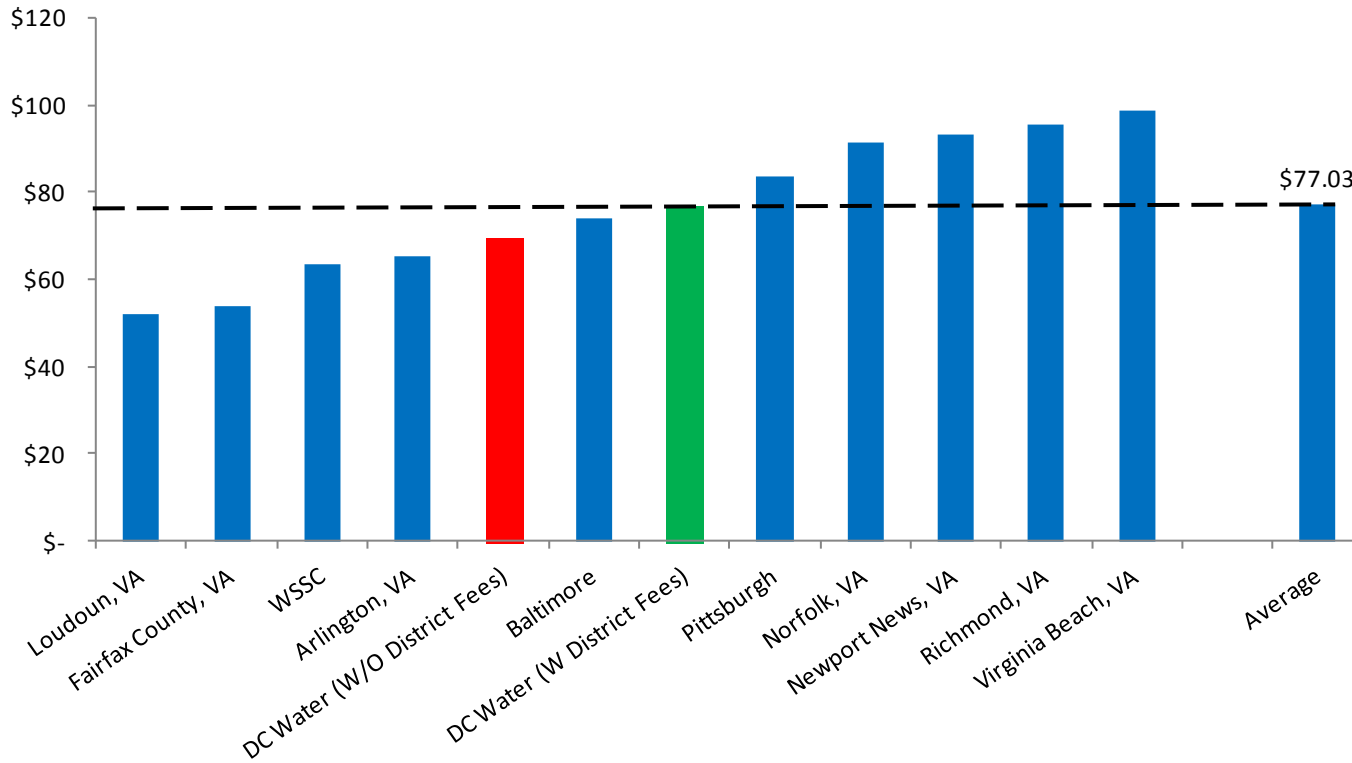
In the chart below, DC Water current charges rank at the median for bill comparison purposes for water and wastewater services compared to a select group of large, regional and CSO utilities, but well within US EPA guidance of 4 percent.

**Single Family Residential (SFR) Monthly Bill as %
of Median Household Income - Large National Utilities
(Based on Rates in effect Fall 2014)**



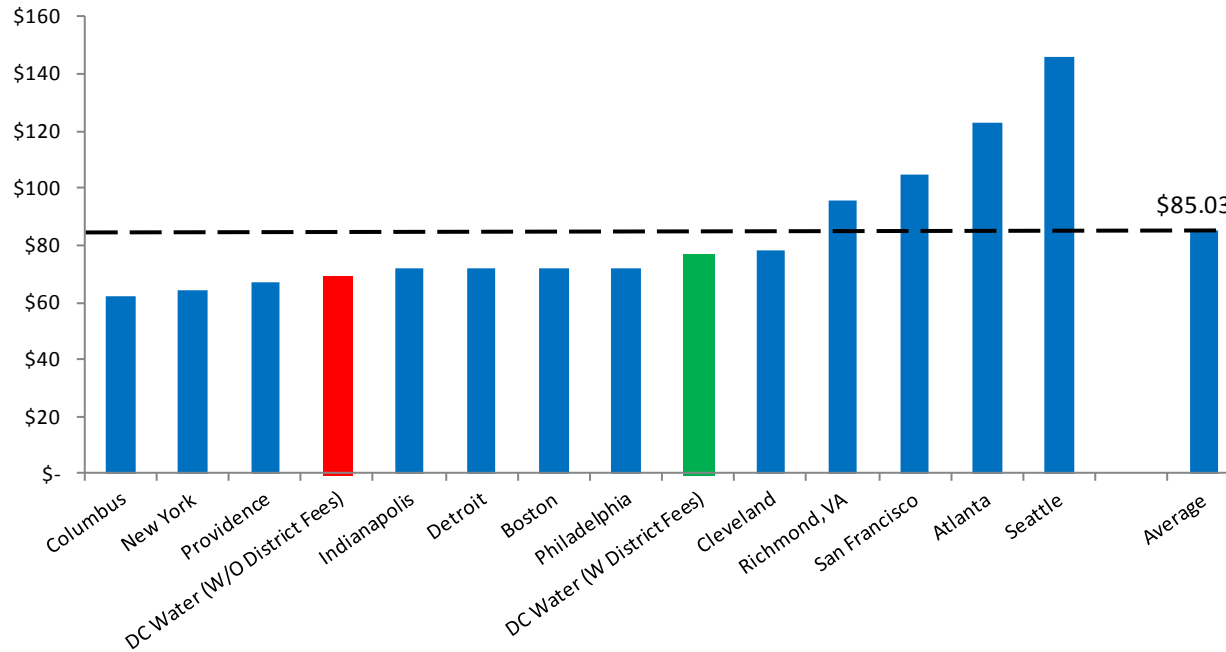
AFFORDABILITY, Cont.

*DC Water Retail Rates Compared to Regional Utilities
(Based on Rates in effect Fall 2014)*



AFFORDABILITY, Cont.

*DC Water Compared to CSO Communities
(Based on Rates in effect Fall 2014)*

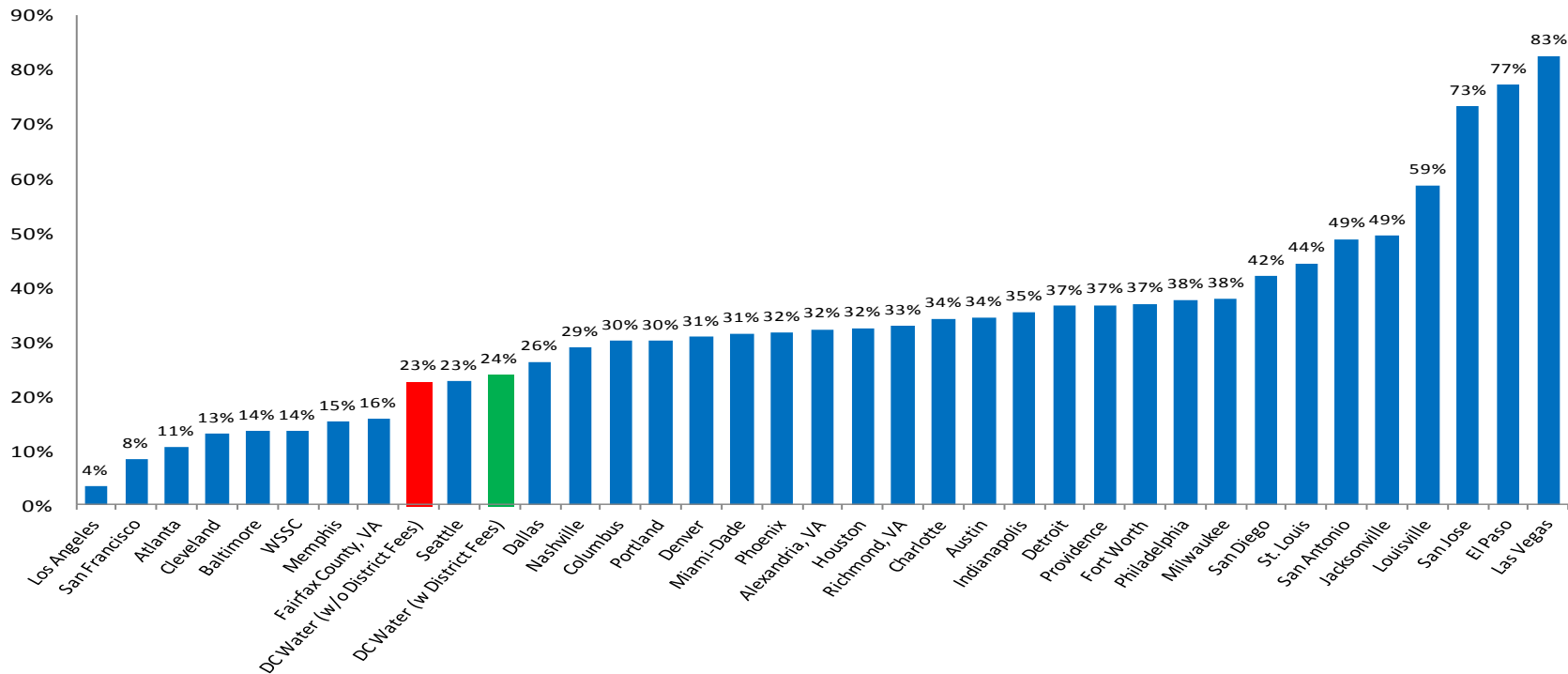


- Most CSO communities have implemented double digit rate increases to recover CSO-LTCP costs
- Increases do not reflect other available dedicated taxes or state funding potentially available to some agencies
- Chart reflects SFR monthly bill utilities with CSO programs without offsets to user charges

AFFORDABILITY, Cont.

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

**Fixed Charge as % of Total Single-Family Residential Bills in Large Cities
(Based on Rates in effect Fall 2014)**



- User Charges are based upon information provided by the identified cities and standardize assumptions regarding water consumption, wastewater discharge, stormwater drainage area and other factors. Sewer charges include stormwater charges in those cities where separate stormwater fees are assessed. Some cities use property tax revenue or other revenues to pay for the part of the cost of water, wastewater, or stormwater services
- DC Water rate schedule was effective October 1, 2013. Whereas, charges for all cities reflect rate schedules in effect Fall 2014
- DC Water PILOT and ROW fees are split between variable water charges and variable sewer charges
- DC Water charges include the stormwater charges of the District
- CSO/Stormwater charges may cover the cost of CSO abatement facilities in those cities with combined sewers; such charges can also cover the cost of stormwater-related facilities and services



OPERATING BUDGETS

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

SECTION V

CAPITAL PROGRAMS

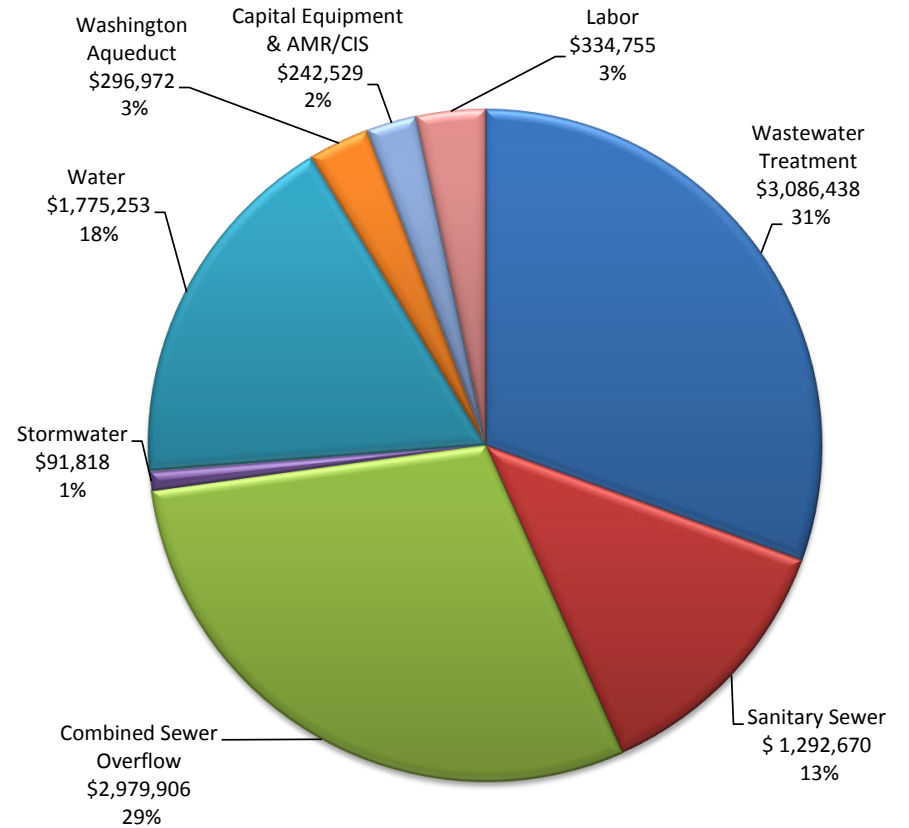
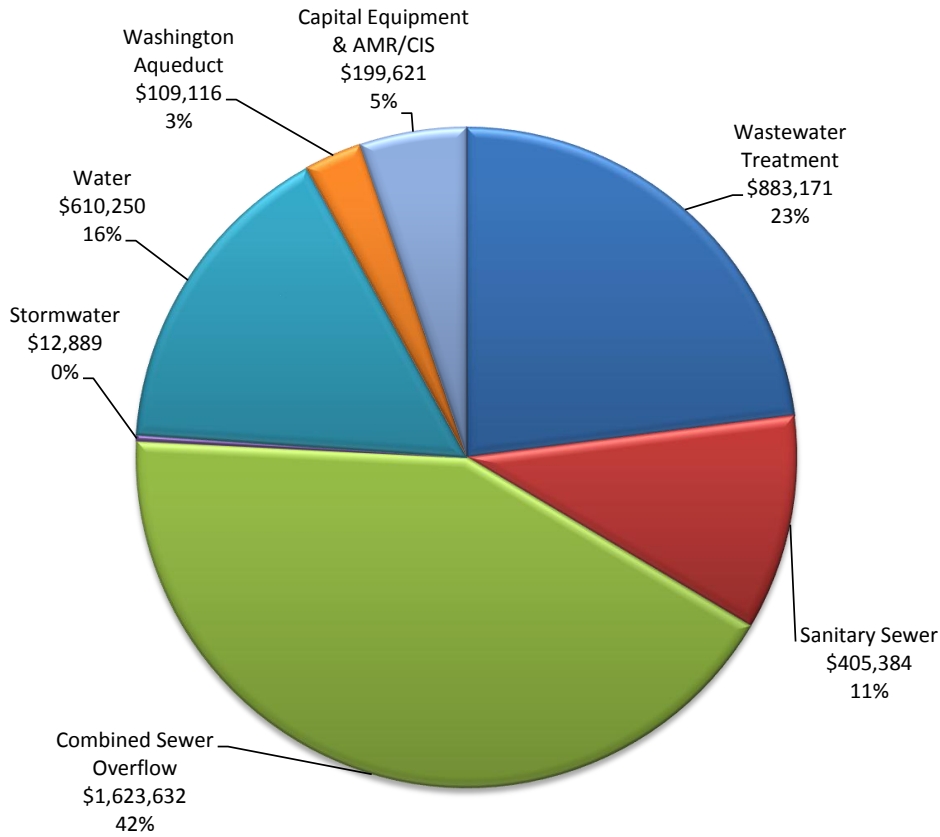


Capital Improvement Program

(\$ in 000's)

**FY 2015 - FY 2024 Approved Budget
Cash Disbursements \$3.8 Billion**

**FY 2015 Revised/FY 2016 Approved Lifetime Budgets
\$10.1 Billion**



CAPITAL IMPROVEMENT PROGRAM OVERVIEW

District of Columbia Water and Sewer Authority's ("DC Water") ten-year Capital Improvement Program (CIP) for FY 2015 to FY 2024 totals \$3.8 billion (on a cash disbursements basis), approximately the same amount as the past few years. Lifetime budgets increased in all service areas in the aggregate amount of \$741 million resulting in a total lifetime budget of \$10.1 billion.

While all mandates and immediate critical needs are incorporated into this ten-year plan, there are approximately \$321 million in projects which have been identified as prudent asset re-investments for DC Water, but have not been prioritized for inclusion within the current ten-year planning period. The CSO ten-year disbursement increased along with the Additional Capital Program area (Capital Equipment, Automated Meter Reading/Customer Information System, and Washington Aqueduct). These increases are offset by the decrease in Wastewater Treatment, Sanitary Sewer, Stormwater and Water.

The following summarizes major projects and changes in each service area. Please note that all dollar amounts are presented on a project lifetime basis, except where noted otherwise.

WASTEWATER TREATMENT

The lifetime budget for the Wastewater Treatment Service Area is unchanged at \$3.1 billion although there have been budget changes at the program area level. Plantwide Projects increased by \$46 million due to the addition of new projects to improve paving, mitigate hydrogen sulfide impacts and demolition to make way for future upgrades. Solids Processing Projects decreased by \$84 million due to the dropping of the Additional Dewatering Project (Project XC) from the CIP. Enhanced Nitrogen Removal Facilities increased by \$18 million largely due to an increase to Division D Bolling Overflow and Diversion (Project FS).

This service area continues to reflect the implementation of the Biosolids Management Plan including the remaining costs of construction of the Combined Heat and Power Facility (CHP), Main Process Train (digesters and thermal hydrolysis process) and Final Dewatering Facilities, with estimated completion in FY 2015. The benefits of this plan include production of a Class A biosolids product, which can be more beneficially processed at reduced costs; reduction in the carbon footprint relative to the existing lime stabilization process; and the reduction of the electricity consumption for existing Blue Plains facilities due to on-site power generation.

Other significant projects within the Nitrogen Processing Program Area that are underway include Secondary Treatment Facility Upgrades/Enhanced Nitrogen Removal North (Project BI) and Filtrate Treatment Facilities (Project EE), as well as The Enhanced Clarification Facility (Project E8).

SANITARY SEWER

The lifetime budget in this area has increased by \$138 million to \$1.3 billion, which was almost all due to an increase to the Sanitary Interceptor/Trunk Force Sewers. Additional funding for new ongoing projects starting in FY 2024 was responsible for an increase of \$56 million. Projects to rehabilitate sewers near or in creek beds were increased by \$34 million due to the requirements of National Environmental Policy Act (NEPA) compliance and addition of more sewers. The addition of a project to relocate the Fleet Management Facility for \$17 million, in Sanitary Trunk Sewers, also contributed along with \$62 million for inspections and rehabilitations of major sewers.

Many of the 600 miles of sewers in the DC Water system were constructed more than one hundred years ago and are still in operation. Aging infrastructure is a national issue and can impact the condition and performance of the system. DC Water is responsible for wastewater collection and transmission in the District of Columbia, including operation and maintenance of the sanitary sewer system. In addition, DC Water is responsible for the 50 mile long Potomac Interceptor System under an agreement with the participating jurisdictions. This sewer provides conveyance of wastewater from areas in Virginia and Maryland to Blue Plains.

During FY 2009, DC Water completed a Sewer System Assessment and the Water Facility Plan ("Study"). This Study identified a significant increase in funding needed for specific sewer infrastructure improvements. As recommended by the Study, the current CIP includes funds for an ongoing, annual sewer inspection program, which may identify the need for additional work.

Key Findings of the 2009 Sewer Facilities Plan:

- 88% of the sewers and 94% of manholes inspected had some defects
- 12.3 miles of the approximately 210 miles of sewers in stream valleys had some defects
- There are about 316,000 linear feet of sewers with some portion under buildings. Of those inspected, approximately 17,000 linear feet of sewers have been found to have multiple and/or significant defects.

A draft 2014 Sewer System Facilities Plan (update to the 2009 Sewer System Facilities Plan) is completed and under review. The update will outline recommendations for sewer system infrastructure renewal needs and suggestions for operation and maintenance improvements through FY 2035 and include:

- Review of current and proposed sewer inspection rates
- Determination of investment need based on the findings of inspection and assessment of linear assets
- Evaluation results of and recommendations for the storm and sanitary pumping stations
- Evaluation results of and recommendations for sewer structures including inflatable dams and the swirl facility
- Recommendations for optimizing the operation of the sewer system

There continue to be significant sanitary collection sewer projects identified in the ten-year Capital Improvement Plan that transmit some flow from our wholesale customers. These are projects in planning, design and some now under construction. The suburban share of these projects is consistent with the new Blue Plains Intermunicipal Agreement (IMA), effective April 3, 2013 as well as the newly adopted Multi Jurisdictional Use Facilities Technical Memorandum No. 1, effective June 27, 2013.

COMBINED SEWER OVERFLOW

The lifetime budget for the Combined Sewer Overflow (CSO) Service Area has increased by \$66 million to \$3.0 billion, which include \$2.4 billion for the twenty-year DC Clean Rivers Project. This budget increase is due to an increase for the Poplar Point Pump Station and North East Boundary Tunnel, the latter being due to the acceleration and increased length required to provide flood relief to the residents of the Bloomingdale neighborhood in the District of Columbia.

As has been noted over the past few years, there are additional risks and contingencies associated with the twenty-year DC Clean Rivers Project that exist and need to be evaluated over time. Given the long time frame of this project and the uncertainties associated with tunneling projects, we are continually monitoring the costs and risks with the expectation of continuing to update the budget projections when certain milestones have been reached.

Offsetting the DC Clean Rivers Project budget increase are reductions in the Nine Minimum Controls Projects, some of which are now being dropped from the CIP.

STORMWATER

The lifetime budget for the Stormwater Service Area is unchanged at \$92 million. Projects within this service area include rehabilitation or replacement of certain storm sewer systems that have experienced structural deterioration, studies and analysis. Under the current Municipal Separation Stormwater Sewer System (MS4) permit issued to the District of Columbia Government, DC Water is responsible for the inspection, repair and cleaning of stormwater outfall structures. In 2014 the Stormwater Pump Stations Rehabilitation (Project NG) was added to the CIP and investigation work has started. The District Department of the Environment (DDOE) maintains the central responsibility for managing stormwater activities under the MS4 permit and has worked to coordinate with all agencies to oversee the activities and funding mechanisms necessary to ensure full compliance. DC Water's staff continues to participate in the MS4 task force and to monitor the impact of other MS4 National Pollutant Discharge Elimination System (NPDES) requirements on DC Water and its ratepayers.

EPA has inspected several District of Columbia/DC Water owned facilities to ensure proper pollution prevention measures are in place and found DC Water facilities in compliance. Earlier, DC Water developed a Pollution Prevention Plan (PPP) for all its facilities and implemented a program to ensure that the facilities do not contribute pollutants to the MS4 system.

WATER

The lifetime budget for the Water Service Area increased by \$147 million to \$1.8 billion. The largest increase was an addition of \$81 million to the Water Distribution Systems driven entirely by additional funding for ongoing projects in FY 2024. Water Storage Facilities increased by \$24 million largely as a result of increased budget for the St. Elizabeth Water Tank (Project MA). Water Projects Program Management increased by \$33 million due to addition of funding for Program Management Services from FY 2024 through to FY 2029.

The water distribution system includes appurtenances necessary for proper system operation, inspection, and repair. DC Water's system includes approximately 1,300 miles of pipe and over 36,000 valves of various sizes. A variety of valve types allow flow control, prevent air entrapment, allow water main draining, permit flow in only one direction, and allow water transfer between service areas during emergencies. The system also includes over 9,400 public hydrants for water main system operational requirements and to support DC Fire and Emergency Services.

The Water Service Area includes a majority of the projects recommended in the 2009 Water Facilities Plan Update. Major water projects include construction of pump station upgrades; new storage facilities; water main replacements, rehabilitations and extensions; fire hydrant replacements; and valve replacements.

An update to the 2009 Water System Facilities Plan is currently underway and a draft updated plan was submitted in FY 2014. The updated Water System Facilities Plan outlines recommendations for the water service infrastructure renewal needs through FY 2035 and includes:

- Population and demand projections through the year 2035
- Current and proposed water quality regulations
- Evaluations of pumping, storage, transmission and distribution infrastructure systems
- Pipeline rehabilitation and replacement strategies for assets renewal, and
- Recommendation of a prioritized CIP

ADDITIONAL CAPITAL PROGRAMS

- **CAPITAL EQUIPMENT**

DC Water's Capital Equipment disbursements budget totals approximately \$142 million for FY 2015 – FY 2024, an increase of approximately \$2.2 million compared to the previous ten-year plan. The main drivers of this increase can be attributed to reallocation of resources to make necessary upgrades to DC Water's Fleet; and for the maintenance of a great portion of our current CIP program facilities such as – Digesters, Tunnel Dewatering Pump Station, and the Enhanced Clarification Facility. There are smaller increases in Facilities, Security and Sewer Services.

Approximately 34 percent or \$49 million of spending in the Capital Equipment Area is on major maintenance services projects within Blue Plains. DC Water increases its commitment to scheduled replacement of its aging vehicle fleet with a budget of \$18 million, representing 13 percent of the Capital Equipment disbursement budget. Independent Offices budget totals \$19 million, or 14 percent of the ten-year plan and primarily provides for Information Technology initiatives. Customer Care, which includes other equipment such as hydrant and valve equipment necessary for the maintenance of the District's public fire hydrant system, totals \$11 million or 8 percent of the Capital Equipment disbursement budget.

- **AUTOMATED METER READING/CUSTOMER INFORMATION SYSTEM (AMR/CIS)**

In March 2002, Customer Service began replacing traditional water meters with automated meters. It is believed that DC Water was the first water utility to implement a fixed network Automated Meter Reading (AMR) system in the United States. This initiative provided for more accurate data and eliminated estimated billing. The lifetime budget for AMR is \$77 million and is driven by the cost of the advance meter infrastructure and ongoing enhancements.

The Customer Information and Billing System (CIS) manages DC Water's customer information including customer names, meter readings and other service requests, billing and payments. It also manages retail revenue generation through the application of DC Water's rates and charges against water consumption and other billing determinants. The lifetime budget for the evaluation, procurement and conversion of a new system is \$24 million.

- **WASHINGTON AQUEDUCT**

The Washington Aqueduct (Aqueduct), managed by the U.S. Army Corps of Engineers, provides water, in wholesale, to DC Water and its partners in Northern Virginia, Arlington County and Falls Church. DC Water purchases a little less than 75 percent of the water produced by the Aqueduct's two treatment facilities, the Dalecarlia and McMillan treatment plants, and thus is responsible for nearly 75 percent of the Aqueduct's operating and capital costs. Under federal legislation and a

memorandum of understanding enacted in 1997, DC Water and its Northern Virginia partners have a much greater role in oversight of the Aqueduct's operations and its capital improvement program.

The lifetime budget for DC Water's share of Washington Aqueduct projects is \$297 million. The budget reflects the prioritized need for infrastructure improvements over the next ten years. The main driver of this number is the lifetime costs attributable to each project.

CIP DEVELOPMENT AND APPROVAL PROCESS

DC Water's capital budget review process begins each year in the Spring, as part of both our capital and operating budget review process. This process includes a review of major accomplishments, priorities, status of major projects and emerging regulatory and related issues impacting the capital program. Projections of changes in project lifetime budgets are also included. The review process involves the DC Water departments with responsibility for managing the operations of DC Water services and capital projects as well as staff from Finance, Accounting and Budget and Executive Management. The CIP is integrated into DC Water's ten-year financial plan; because of its size, it is the primary driver of DC Water's projected rate increases over the current ten-year planning period.

This review process spans over several months and culminates with the presentation of the updated CIP to DC Water's Board of Directors' Environmental Quality and Sewerage Services, Water Quality and Water Services, Finance and Budget and DC Retail Water and Sewer Rates Committees in January. The operating budgets, capital improvement program, and ten-year financial plan were forwarded to the full Board for consideration and action in February.

After adoption by the Board of Directors, DC Water is required to submit its annual operating and capital budgets to the Mayor and the District of Columbia Council for its review and comment; however, neither has power to change DC Water's annual budgets. Final operating and capital budget amounts, will be forwarded to the District for inclusion in the District of Columbia's budget submission to Congress.

DISBURSEMENTS AND PROJECT LIFETIME BUDGETS

As in the past, we have presented the CIP on both a project lifetime basis and cash disbursement basis. During the CIP review process, we perform an extensive review of the total project, or "lifetime" budgets, which also reflect historical spending prior to the current ten-year period, projected spending beyond the current ten-year period and project contingencies. Project lifetime budgets are our primary area of focus in budget development and day-to-day monitoring. In addition to lifetime budgets, we also develop cash disbursements forecast. Actual cash disbursements are critical to forecasting the anticipated level of rate increases and the amount and timing of capital financings. While cash disbursements are a function of project lifetime budgets, they reflect a more

realistic projection of actual “cash out the door” excluding contingencies and taking into account historical and projected completion rates.

As in prior years, the budget document includes a comparison of this year’s vs. last year’s lifetime project budgets by program area for the Board’s review. Changes have been made to some of the project lifetime budgets approved from last year due to a change in project scope, engineering cost estimates, site changes and other related issues. In addition, some projects are either closed or dropped from the CIP. Projects for which all activities have been completed during a given fiscal year are listed as ‘Closed’ during that fiscal year. These same projects are, then, listed as ‘Dropped’ in the immediately following fiscal year.

MAJOR ASSUMPTIONS

Inflation: All project costs are typically inflated at three percent annually to the mid-point of construction.

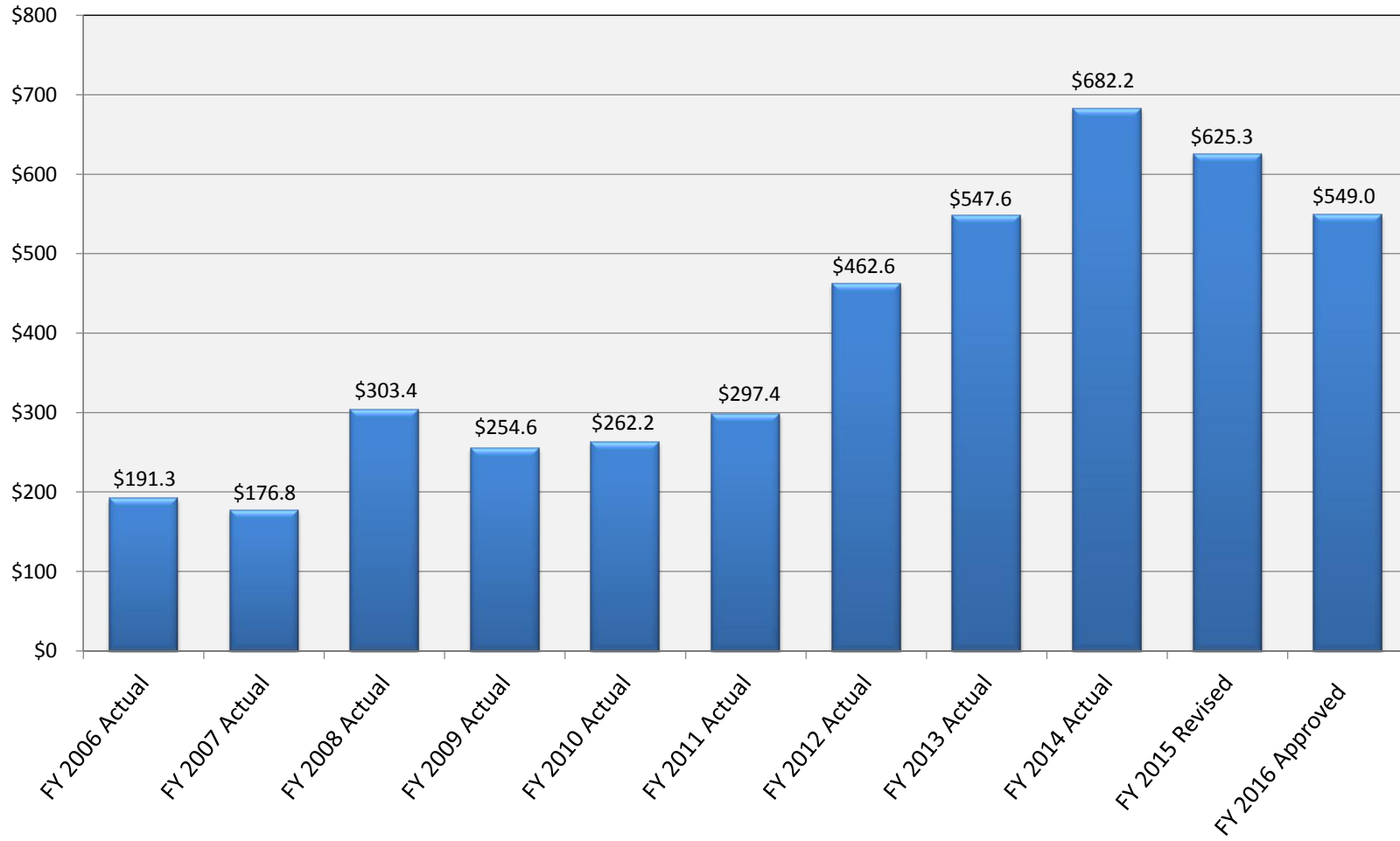
Contingency: DC Water capital projects include project contingencies generally ranging from five to fifteen percent, based on the size of the project.

CAPITALIZATION POLICY

DC Water’s capitalization policy determines how expenditures will be recognized and accounted for. Because we also match the financing to the projected useful life of the item, it also determines how projects will be financed. The following guidelines are used to categorize items as capital, capital equipment or operating (innovations and maintenance):

- Capital Project – has a long life (average of 30 years), a minimum cost of \$500,000, and is financed with 30 year bonds.
- Capital Equipment – has a life of at least 3 years, a cost exceeding \$5,000 and is financed with short-term debt or cash.
- Innovations – has uncertain future benefit to organization and is expensed as incurred.
- Maintenance related items – are routine, cost under \$5,000, and do not extend the life of the item more than 3 years.

Historical and Projected Capital Spending
FY 2006 - FY 2016
(\$ in 000's)

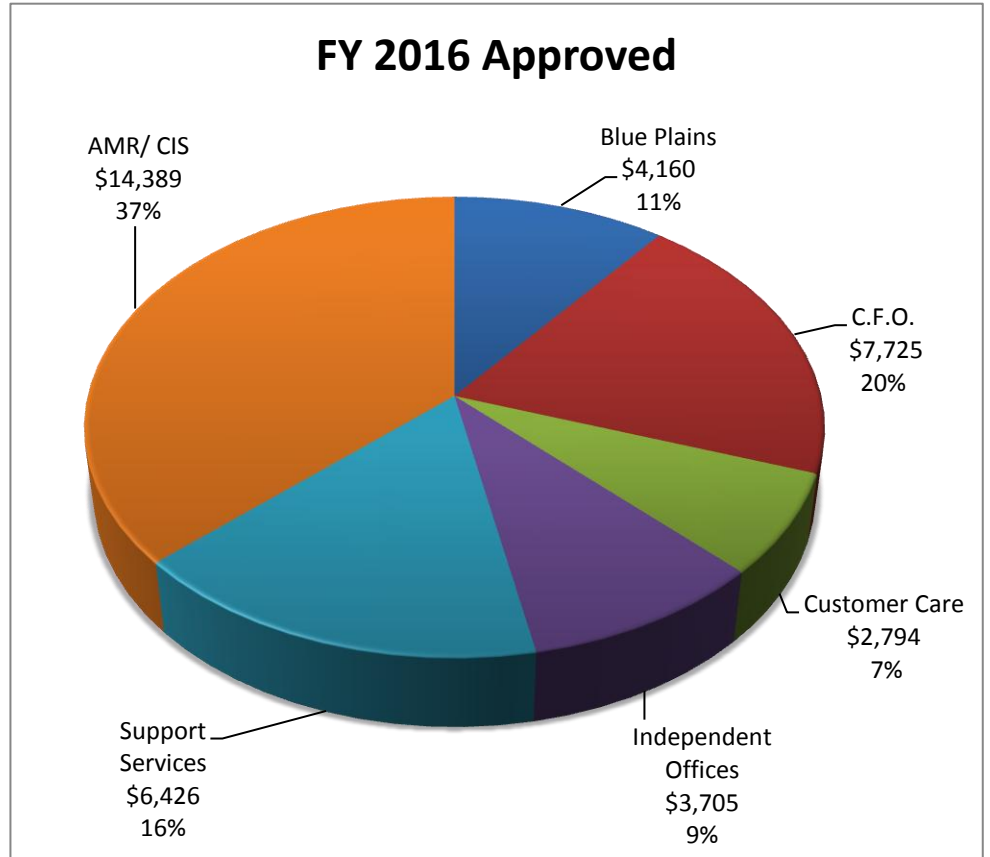
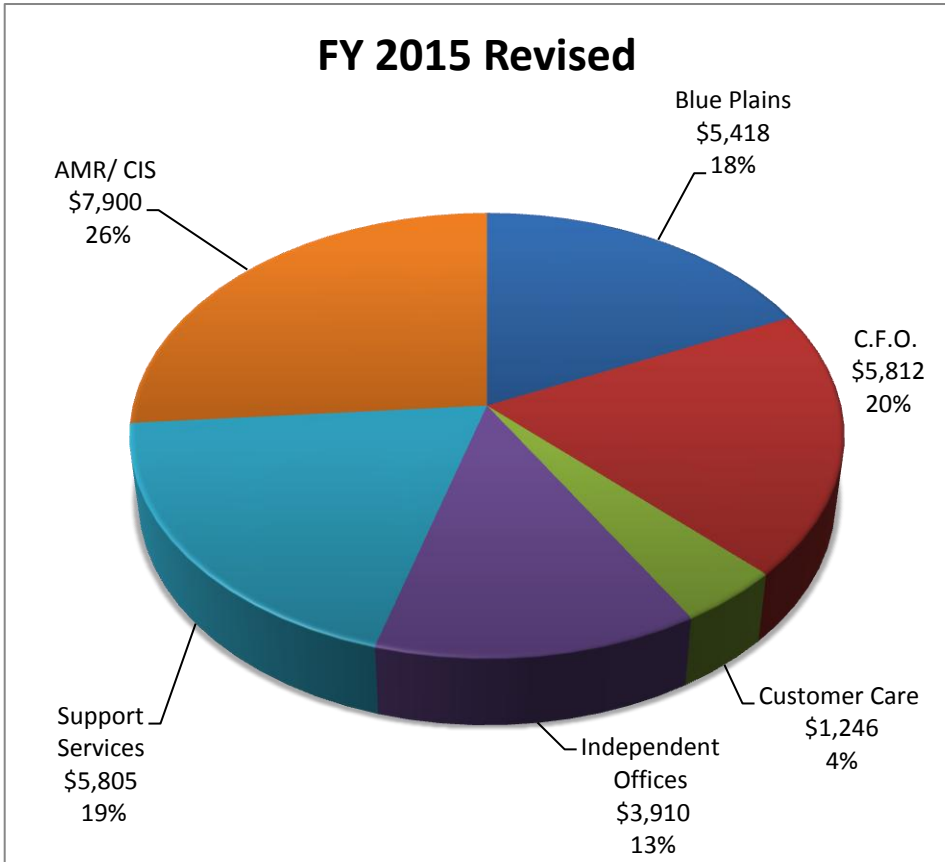


CAPITAL IMPROVEMENT PROGRAM

Cash Disbursement Basis (\$ in 000's)

	FY 2015 Revised	FY 2016 Approved	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Total
WASTEWATER TREATMENT											
Liquid Processing Projects	\$ 20,566	\$ 14,467	\$ 28,586	\$ 35,332	\$ 35,529	\$ 16,825	\$ 11,626	\$ 15,860	\$ 6,994	\$ 3,113	\$ 188,899
Plantwide Projects	18,322	11,376	12,271	12,822	16,132	38,518	25,488	30,882	28,372	20,665	214,847
Solids Processing Projects	58,333	8,053	14,845	9,791	4,807	4,918	13,930	3,414	503	2	118,596
Enhanced Nitrogen Removal Facilities	109,039	115,478	65,566	52,460	5,993	4,007	962	595	1,225	5,505	360,830
Subtotal	206,260	149,375	121,268	110,405	62,461	64,267	52,006	50,750	37,094	29,285	883,171
SANITARY SEWER											
Sanitary Collection Sewers	5,932	7,989	6,892	866	461	2,089	736	7,202	10,735	11,058	53,960
Sanitary On-Going Projects	8,256	7,133	6,516	5,887	6,816	5,455	7,462	7,109	13,243	10,380	78,257
Sanitary Pumping Facilities	1,377	973	612	282	473	2,429	70	-	-	-	6,217
Sanitary Sewer Projects Program Management	10,105	6,486	5,567	7,045	5,531	4,068	2,707	4,577	5,337	4,611	56,032
Sanitary Interceptor/Trunk Force Sewers	14,587	19,596	31,489	28,878	26,429	30,919	14,921	14,636	16,396	13,068	210,918
Subtotal	40,258	42,175	51,076	42,956	39,711	44,960	25,896	33,524	45,712	39,116	405,384
COMBINED SEWER OVERFLOW											
CSO Program Management	4,423	2,104	3,219	3,456	2,446	2,264	1,772	2,799	3,060	2,195	27,739
Combined Sewer Projects	10,769	30,575	31,066	27,400	20,248	10,490	10,858	11,464	12,778	4,492	170,140
D.C. Clean Rivers Project	255,909	206,024	125,245	98,235	142,900	163,816	124,328	100,940	123,599	84,755	1,425,752
Subtotal	271,101	238,703	159,531	129,091	165,594	176,571	136,958	115,203	139,437	91,442	1,623,631
STORMWATER											
Stormwater Local Drainage	28	75	182	92	27	78	27	261	111	382	1,263
Stormwater On-Going Program	489	691	449	478	532	546	585	736	721	774	6,000
Stormwater Pumping Facilities	-	128	781	912	-	-	-	-	-	-	1,821
DDOT Stormwater Program	27	30	27	21	20	2	-	-	-	-	129
Stormwater Research and Program Management	518	179	235	254	180	145	79	118	138	114	1,959
Stormwater Trunk/Force Sewers	1,497	76	53	91	-	-	-	-	-	-	1,717
Subtotal	2,559	1,178	1,726	1,848	760	772	691	1,115	970	1,270	12,889
WATER											
Water Distribution Systems	33,291	37,486	27,496	26,297	29,433	39,700	45,075	43,354	47,700	56,356	386,188
Water Lead Program	2,350	1,304	955	1,037	1,796	2,055	2,314	1,749	-	-	13,560
Water On-Going Projects	7,070	7,383	6,793	5,475	5,859	5,541	5,823	5,631	6,708	7,472	63,754
Water Pumping Facilities	6,074	5,305	5,406	3,260	4,529	6,794	165	87	-	-	31,621
DDOT Water Projects	2,121	1,394	858	84	-	-	-	-	-	-	4,457
Water Storage Facilities	6,323	9,028	11,937	9,150	1,846	3,336	8,749	4,003	1,345	567	56,282
Water Projects Program Management	7,777	5,645	5,523	5,559	5,332	3,823	6,074	6,329	4,076	4,249	54,388
Subtotal	65,006	67,546	58,968	50,862	48,795	61,249	68,201	61,153	59,828	68,645	610,250
Capital Projects	585,183	498,977	392,570	335,162	317,321	347,818	283,752	261,745	283,041	229,758	3,535,326
CAPITAL EQUIPMENT and AMR/CIS											
Capital Equipment	22,191	24,810	24,018	15,683	14,282	9,058	9,058	8,058	7,433	7,017	141,608
Automated Meter Reading (AMR)	5,314	7,384	6,707	6,345	5,672	1,000	500	500	500	500	34,422
Customer Information System (CIS)	2,586	7,005	8,000	5,000	1,000	-	-	-	-	-	23,591
Subtotal	30,091	39,199	38,725	27,028	20,954	10,058	9,558	8,558	7,933	7,517	199,621
WASHINGTON AQUEDUCT											
	10,000	10,864	10,850	10,936	11,060	11,045	11,226	11,212	11,081	10,842	109,116
Additional Capital Programs	40,091	50,063	49,575	37,964	32,014	21,103	20,784	19,770	19,014	18,359	308,737
Total FY 2015 - FY 2024	\$ 625,274	\$ 549,040	\$ 442,145	\$ 373,126	\$ 349,335	\$ 368,921	\$ 304,536	\$ 281,515	\$ 302,055	\$ 248,117	\$ 3,844,063

CAPITAL EQUIPMENT and AMR/CIS DISBURSEMENT BY CLUSTER GROUP
FY 2015 REVISED vs. FY 2016 APPROVED
 (\$ in 000's)



CAPITAL EQUIPMENT and AMR/CIS BUDGET

Cash Disbursement Basis (\$ in 000's)

	REVISED FY 2015	APPROVED FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	TOTAL	PROJ ID	PRIORITY
BLUE PLAINS	\$ 5,418	\$ 4,160	\$ 6,069	\$ 5,782	\$ 5,382	\$ 6,865	\$ 6,865	\$ 6,177	\$ 4,907	\$ 4,980	\$ 56,605		
MAINTENANCE SERVICES													
Major Pump Rebuild/Replacement	2,000	-	-	-	-	-	-	-	-	-	2,000	EC1	2C
Large Electric Motors	450	-	-	-	-	-	-	-	-	-	450	EC2	2C
High Priority Rehab Program	500	-	-	-	-	-	-	-	-	-	500	EC3	2C
Centrifuge Rebuild/Replace	630	-	-	-	-	-	-	-	-	-	630	EM4	2C
Membrane Diffuser/Mechanical & Electrical Replacements	616	-	-	-	-	-	-	-	-	-	616	EW8	2C
Blue Plains Capital Equipment	-	3,366	5,270	5,056	4,656	6,139	6,139	5,451	4,181	4,181	44,439	EP6	2C
Subtotal	\$ 4,196	\$ 3,366	\$ 5,270	\$ 5,056	\$ 4,656	\$ 6,139	\$ 6,139	\$ 5,451	\$ 4,181	\$ 4,181	\$ 48,635		
OPERATIONS													
Lab Equipment	150	140	140	140	140	140	140	140	140	140	1,410	EB5	3B
Subtotal	\$ 150	\$ 140	\$ 140	\$ 140	\$ 140	\$ 140	\$ 140	\$ 140	\$ 140	\$ 140	\$ 1,410		
PROCESS ENGINEERING													
Actuators	372	186	186	186	186	186	186	186	186	186	2,046	PE1	2C
Flow Meters	209	100	104	104	104	104	104	104	104	104	1,141	PE2	2C
Programmable Logic Controllers	100	100	173	100	100	100	100	100	100	173	1,146	PE3	2C
Digesters Major Equipment Replacement	-	150	196	196	196	196	196	196	196	196	1,718	PE4	2C
Process Computer Control System	391	118	-	-	-	-	-	-	-	-	509	EL1	2C
Subtotal	\$ 1,072	\$ 654	\$ 659	\$ 586	\$ 586	\$ 586	\$ 586	\$ 586	\$ 586	\$ 659	\$ 6,560		
CHIEF FINANCIAL OFFICER	\$ 5,812	\$ 7,725	\$ 7,005	\$ 1,005	\$ 1,855	\$ 28	\$ 200	\$ 27	\$ 30	\$ 30	\$ 23,717		
FINANCE ACCOUNTING AND BUDGET													
Financial Management System	502	500	-	-	-	-	-	-	-	-	1,002	EZ1	3A
Ceridian (Software & Implementation)	30	55	30	30	30	28	30	27	30	30	320	EZ4	3A
Time & Attendance Clocks	280	-	-	-	-	-	-	-	-	-	280	EH6	3A
Finance System	500	500	-	-	-	-	-	-	-	-	1,000	EG4	3A
Additional Reserve	4,500	6,475	6,975	975	1,800	-	170	-	-	-	20,895	EL2	3B
Invoice Portal/Submission	-	75	-	-	25	-	-	-	-	-	100	EL3	3B
Financial Reprogramming /GL Resource	-	120	-	-	-	-	-	-	-	-	120	EL4	3B
Subtotal	\$ 5,812	\$ 7,725	\$ 7,005	\$ 1,005	\$ 1,855	\$ 28	\$ 200	\$ 27	\$ 30	\$ 30	\$ 23,717		
CUSTOMER CARE	\$ 1,246	\$ 2,794	\$ 2,011	\$ 1,116	\$ 1,387	\$ 493	\$ 493	\$ 493	\$ 504	\$ 493	\$ 11,030		
SEWER SERVICES													
Safety Service Utility Equipment	360	315	315	290	290	85	85	85	85	85	1,995	EA4	3A
CIPP Trenchless Equipment	100	50	50	50	50	19	19	19	19	19	395	EW6	3A
TV for Jet Machine	60	120	60	60	60	19	19	19	19	19	455	EG5	3A
Replace CCTV	-	100	100	-	250	-	-	-	11	-	461	SS1	3A
Locators	-	60	60	-	-	-	-	-	-	-	120	EL5	3A
Camera Attached to Snake	-	20	20	-	-	-	-	-	-	-	40	EL6	3A
Portable Camera	-	30	30	-	-	-	-	-	-	-	60	EL7	3A
100 W Emergency Generator & Load Center	50	-	-	-	-	-	-	-	-	-	50	ES4	3A
Subtotal	\$ 570	\$ 695	\$ 635	\$ 400	\$ 650	\$ 123	\$ 123	\$ 123	\$ 134	\$ 123	\$ 3,576		

CAPITAL EQUIPMENT and AMR/CIS BUDGET

Cash Disbursement Basis (\$ in 000's)

	REVISED	APPROVED	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	TOTAL	PROJ	PRIORITY
	FY 2015	FY 2016										ID	
WATER SERVICES													
Water Service Replacement	260	540	260	260	260	130	130	130	130	130	2,230	EA2	3A
System Valve Replacements	225	225	225	225	225	113	113	113	113	113	1,688	EW1	3A
CS Leak Detection	50	-	-	-	-	-	-	-	-	-	50	EK2	3A
Water Sample Lab Equipment	-	40	-	-	-	-	-	-	-	-	40	EL8	3A
Backflow Preventer Rentals	-	13	-	-	-	-	-	-	-	-	13	EP7	3A
Subtotal	\$ 535	\$ 818	\$ 485	\$ 485	\$ 485	\$ 243	\$ 243	\$ 243	\$ 243	\$ 243	\$ 4,021		
DISTRIBUTION & CONVEYANCE SYSTEMS													
Major Pump Rebuild / Replacement	24	280	280	25	25	13	13	13	13	13	697	EI1	3A
High Priority Rehab Program	77	286	286	31	52	28	28	28	28	28	870	EI3	3A
Water Treatment System	-	100	-	-	-	-	-	-	-	-	100	DC3	3A
SCADA Hardware	-	350	60	-	-	-	-	-	-	-	410	DC4	3A
Emergency Maintenance Custodian Locks for Hydrants	-	75	75	-	-	-	-	-	-	-	150	DC5	3A
Portable Pumps	40	40	40	50	50	25	25	25	25	25	345	DC1	3A
Flow Meters/Sensor Replacements	-	100	100	75	75	38	38	38	38	38	538	DC2	3A
100 W Emergency Generator & Load Center	-	50	50	50	50	25	25	25	25	25	325	DC6	3A
Subtotal	\$ 141	\$ 1,281	\$ 891	\$ 231	\$ 252	\$ 128	\$ 128	\$ 128	\$ 128	\$ 128	\$ 3,434		
INDEPENDENT OFFICES	\$ 3,910	\$ 3,705	\$ 2,982	\$ 2,895	\$ 1,895	\$ 748	\$ 748	\$ 748	\$ 748	\$ 748	\$ 19,127		
INFORMATIONAL TECHNOLOGY													
Desktop Replacements	565	500	500	500	250	125	125	125	125	125	2,940	EA6	3B
Cabling	175	175	175	175	175	88	88	88	88	88	1,313	EA7	3B
Telephone Systems Upgrades	325	130	593	360	-	-	-	-	-	-	1,408	EA8	3B
Radios	30	30	30	30	30	15	15	15	15	15	226	EB4	3A
Redundant Data Center	210	450	200	60	60	30	30	30	30	30	1,130	EB8	3A
Infrastructure Upgrade	1,055	1,585	1,149	1,035	605	303	303	303	303	303	6,942	EC4	3A
Enterprise Archiving	-	10	10	10	150	75	75	75	75	75	556	EG2	3B
Enterprise Storage Upgrades	375	125	125	125	125	63	63	63	63	63	1,188	EG3	3B
Enterprise Backup Solution	500	100	100	500	100	50	50	50	50	50	1,550	ET7	3B
VOIP Upgrades	300	-	-	-	300	-	-	-	-	-	600	EH4	3B
Sharepoint	-	500	-	-	-	-	-	-	-	-	500	EP8	3B
Subtotal	\$ 3,535	\$ 3,605	\$ 2,882	\$ 2,795	\$ 1,795	\$ 748	\$ 748	\$ 748	\$ 748	\$ 748	\$ 18,352		
GENERAL MANAGER													
Enterprise Performance Dashboard	100	-	-	-	-	-	-	-	-	-	100	EK4	2B
Subtotal	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100		
GENERAL COUNSEL													
Document Imaging System	275	100	100	100	100	-	-	-	-	-	675	EZ8	3B
Subtotal	\$ 275	\$ 100	\$ 100	\$ 100	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 675		
SUPPORT SERVICES	\$ 5,805	\$ 6,426	\$ 5,951	\$ 4,885	\$ 3,763	\$ 925	\$ 752	\$ 613	\$ 1,245	\$ 767	\$ 31,130		
FLEET MANAGEMENT													
Vehicles/Equipment	3,770	4,241	3,751	2,300	1,953	294	294	239	579	324	17,743	EB6	3A
Field Service/Mobile Equipment	175	200	100	100	100	-	-	-	-	-	675	ET5	3A
Subtotal	\$ 3,945	\$ 4,441	\$ 3,851	\$ 2,400	\$ 2,053	\$ 294	\$ 294	\$ 239	\$ 579	\$ 324	\$ 18,418		

CAPITAL EQUIPMENT and AMR/CIS BUDGET

Cash Disbursement Basis (\$ in 000's)

	REVISED	APPROVED										PROJ	
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	TOTAL	ID	PRIORITY
FACILITIES MANAGEMENT													
HVAC at Various Locations	250	300	400	300	350	88	80	50	80	25	1,923	EF3	3B
Photocopier Purchase	100	200	200	500	100	25	10	10	50	25	1,220	EF5	3B
Authority-wide Fire Suppress/Detection	200	300	175	125	150	75	10	10	10	10	1,065	EF7	2C
Elevator Various Locations	75	75	75	75	75	38	38	38	90	38	615	EF8	3B
Plumbing at Various Locations	25	50	50	50	25	25	10	25	30	10	300	EX6	3B
Furniture and Fixtures	200	200	600	600	200	50	10	10	50	30	1,950	EX6	3B
Signage	10	25	25	10	10	5	5	5	10	5	110	EX6	3B
Rollup Doors	100	60	100	100	100	50	30	25	35	25	625	EX6	3B
Facilities Improvements	250	-	-	250	250	63	53	38	68	63	1,034	EX6	3B
Roofing	50	300	100	50	50	63	63	38	68	63	845	EG7	3B
Appliances	25	-	-	25	25	-	-	-	-	-	75	EW7	3B
Subtotal	\$ 1,285	\$ 1,510	\$ 1,725	\$ 2,085	\$ 1,335	\$ 481	\$ 308	\$ 249	\$ 491	\$ 293	\$ 9,762		
SECURITY													
Security- Misc. Enhancements	75	50	50	50	50	25	25	25	25	25	400	EG8	3A
Authority-wide Fencing	-	25	25	50	25	25	25	25	25	25	250	EQ8	3B
Subtotal	\$ 75	\$ 75	\$ 75	\$ 100	\$ 75	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 650		
PROCUREMENT													
Materials Management System-Phase II	-	150	150	150	150	75	75	50	75	75	950	EP3	3A
Procurement System-Phase II	-	150	150	150	150	25	25	25	50	25	750	EG4	3A
Subtotal	\$ -	\$ 300	\$ 300	\$ 300	\$ 300	\$ 100	\$ 100	\$ 75	\$ 125	\$ 100	\$ 1,700		
OCCUPATIONAL SAFETY & HEALTH													
Safety Risk System	200	-	-	-	-	-	-	-	-	-	200	EK3	3A
Environmental Health & Safety Mgmt System	-	100	-	-	-	-	-	-	-	-	100	EQ9	3A
Subtotal	\$ 200	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300		
HUMAN CAPITAL MANAGEMENT													
Succession Planning Module	100	-	-	-	-	-	-	-	-	-	100	EH2	3B
Compensation/Performance Mgt System	100	-	-	-	-	-	-	-	-	-	100	HC1	3B
Recruitment/Applicant Tracking Module	100	-	-	-	-	-	-	-	-	-	100	HC2	3B
Subtotal	\$ 300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300		
CAPITAL EQUIPMENT	\$ 22,191	\$ 24,810	\$ 24,018	\$ 15,683	\$ 14,282	\$ 9,058	\$ 9,058	\$ 8,058	\$ 7,433	\$ 7,017	\$ 141,608		
AMR/CIS	\$ 7,900	\$ 14,389	\$ 14,707	\$ 11,345	\$ 6,672	\$ 1,000	\$ 500	\$ 500	\$ 500	\$ 500	\$ 58,013		
Automated Meter Reading	5,314	7,384	6,707	6,345	5,672	1,000	500	500	500	500	34,422	EM1/EM2	3A
Customer Information System	2,586	7,005	8,000	5,000	1,000	-	-	-	-	-	23,591	EM6	3A
Subtotal	\$ 7,900	\$ 14,389	\$ 14,707	\$ 11,345	\$ 6,672	\$ 1,000	\$ 500	\$ 500	\$ 500	\$ 500	\$ 58,013		
CAPITAL EQUIPMENT and AMR/CIS	\$ 30,091	\$ 39,199	\$ 38,725	\$ 27,028	\$ 20,954	\$ 10,058	\$ 9,558	\$ 8,558	\$ 7,933	\$ 7,517	\$ 199,621		

FY 2015 - FY 2024 Capital Improvement Plan

Project Lifetime Budgets by Service Area / Program (\$ 000's)

	<u>FY 2015 Approved</u>	<u>FY 2015 Revised / FY 2016 Approved</u>	<u>Variance</u>
WASTEWATER TREATMENT			
Liquid Processing Projects	\$831,760	\$841,382	\$9,622
Plantwide Projects	446,508	493,003	46,495
Solids Processing Projects	793,044	709,416	(83,628)
Enhanced Nitrogen Removal Facilities	1,024,481	1,042,636	18,155
Subtotal	3,095,793	3,086,438	(9,355)
SANITARY SEWER			
Sanitary Collection Sewers	212,995	216,546	3,551
Sanitary On-Going Projects	200,741	202,500	1,759
Sanitary Pumping Facilities	44,193	44,096	(97)
Sanitary Sewer Projects Program Management	111,214	112,576	1,362
Sanitary Interceptor/Trunk Force Sewers	585,475	716,950	131,475
Subtotal	1,154,618	1,292,670	138,052
COMBINED SEWER OVERFLOW			
CSO Program Management	68,464	74,094	5,630
Combined Sewer Projects	549,625	514,019	(35,606)
D.C. Clean Rivers Project			
Anacostia Tunnel	1,806,541	1,902,752	96,211
Potomac Tunnel	383,700	410,394	26,694
Rock Creek Tunnel	65,342	76,442	11,100
D.C. Clean Rivers Green Infrastructures	40,000	2,206	(37,794)
Subtotal	2,913,672	2,979,906	66,234
STORMWATER			
Stormwater Extensions/Local Drainage	22,829	22,832	3
Stormwater On-Going Program	12,988	13,173	185
Stormwater Pumping Facilities	25,000	25,000	-
DDOT Stormwater Program	3,237	3,237	-
Stormwater Projects Program Management	12,051	11,979	(72)
Stormwater Trunk/Force Sewers	15,341	15,597	256
Subtotal	91,446	91,818	372

FY 2015 - FY 2024 Capital Improvement Plan

Project Lifetime Budgets by Service Area / Program (\$ 000's)

	FY 2015 Approved	FY 2015 Revised / FY 2016 Approved	Variance
WATER			
Water Distribution Systems	940,902	1,022,285	81,383
Water Lead Program	189,040	189,040	-
Water On-Going Projects	140,871	144,292	3,421
Water Pumping Facilities	167,217	177,401	10,184
DDOT Water Projects	38,775	33,867	(4,908)
Water Storage Facilities	76,358	100,715	24,357
Water Projects Program Management	74,781	107,653	32,872
Subtotal	1,627,944	1,775,253	147,309
Capital Projects	8,883,473	9,226,085	342,612
CAPITAL EQUIPMENT and AMR/CIS			
Capital Equipment	139,436	141,608	2,172
Automated Meter Reading/Customer Information System	50,181	100,921	50,740
Subtotal	189,617	242,529	52,912
WASHINGTON AQUEDUCT	286,358	296,972	10,614
Additional Capital Programs	475,975	539,501	63,526
LABOR	-	334,755	334,755
Total DC Water CIP Lifetime	\$9,359,448	\$10,100,341	\$740,893

Notes:

1 Lifetime budgets shown here represent total budgets for projects that are active during the current 10-year CIP. Lifetime budgets include historical spending prior to the beginning of the current 10-year plan, spending during the 10-year plan, and projected spending beyond the current 10-year plan. Projects completed in FY 2014 will be dropped from the CIP next year.

2 Includes historical labor and projected labor for FY 2015 - FY 2024.

LIST OF NEW PROJECTS

Project ID	Project Title	Service Area	Lifetime Budget
HH	New Fleet Management Facility	Sanitary Sewer	\$19,500,000
J2	Replace/Upgrade Primary Treatment Mechanisms	Wastewater	2,750,000
JV	DSS Sewer Pumping Project	Sanitary Sewer	3,800,000
K7	Large Diameter Water Main Replacement 6, 7, & 8	Water	69,920,000
KB	Large Valve Replacement Contracts 23, 24, & 25	Water	19,220,000
KH	Small Diameter Water Main Rehabilitation 21	Water	50,640,000
KZ	FY2024 - DWS Water Projects	Water	10,460,000
LB	Water Program Mgt. Services 2G	Water	35,480,000
LE	High Strength Waste Receiving Facility (Includes FOG)	Wastewater	9,700,000
NV	FY2024 DSS Stormwater Projects	Stormwater	870,000
NW	FY2024 DSS Sanitary Projects	Sanitary Sewer	14,147,500
NX	Small Local Sewer Rehabilitation 15	Sanitary Sewer	19,600,000
NY	Large Local Sewer Rehabilitation 15	Sanitary Sewer	21,324,000
NZ	Floatable Debris Dock Replacement	Combined Sewer Overflow	995,000
O4	Southwest Interceptor Inspection & Rehab	Sanitary Sewer	4,530,000
O7	East Rock Creek Diversion Inspection & Rehab	Sanitary Sewer	6,600,000
OA	West Rock Creek Diversion Inspection & Rehab	Sanitary Sewer	3,900,000
OB	Inflatable Dams Replacement FY24	Combined Sewer Overflow	6,675,000
OD	Plantwide Paving	Wastewater	8,000,000
OE	Plantwide Drainage & Runoff	Wastewater	6,146,000
OF	Process & Service Water Rehabilitation	Wastewater	3,950,000
OG	City Water & Sewer Upgrades at WWTP	Wastewater	1,250,000
OH	Plantwide Demolition	Wastewater	11,100,000
OI	Plantwide Painting & Signage	Wastewater	450,000
OK	Plantwide H2S Mitigation	Wastewater	10,000,000
ON	Plantwide Grounding Upgrades	Wastewater	5,500,000
OP	Plantwide Sump Pump Rehabilitation	Wastewater	2,500,000
OQ	Plantwide Roofing Upgrades	Wastewater	9,500,000
OY	Blue Plains Safety	Wastewater	350,000
OZ	Grit Chambers 1 & 2 Upgrades	Wastewater	11,000,000
PD	Secondary East & West Upgrades	Wastewater	8,200,000
PE	Nitrification Reactor/Sedimentation Upgrades	Wastewater	6,750,000
PF	Chemical System/Building Upgrades	Wastewater	22,500,000
	Subtotal		\$407,307,500

LIST OF NEW PROJECTS

Project ID	Project Title	Service Area	Lifetime Budget
DC1	Portable Pumps	Capital Equipment	\$345,000
DC2	Flow Meters/Sensor Replacements	Capital Equipment	538,000
DC3	Water Treatment System	Capital Equipment	100,000
DC4	SCADA Hardware	Capital Equipment	410,000
DC5	Emergency Maintenance Custodian Locks for Hydrants	Capital Equipment	150,000
DC6	100 W Emergency Generator & Load Center	Capital Equipment	325,000
EL1	Process Computer Control System	Capital Equipment	509,000
EL2	Additional Reserve	Capital Equipment	21,895,000
EL3	Invoice Portal/Submission	Capital Equipment	100,000
EL4	Financial Reprogramming/GL Resource	Capital Equipment	120,000
EL5	Locators	Capital Equipment	120,000
EL6	Camera Attached to Snake	Capital Equipment	40,000
EL7	Portable Camera	Capital Equipment	60,000
EL8	Water Sample Lab Equipment	Capital Equipment	40,000
EP6	Blue Plains Capital Equipment	Capital Equipment	44,439,000
EP7	Backflow Preventer Rentals	Capital Equipment	13,000
EP8	Sharepoint	Capital Equipment	500,000
EQ8	Authority-wide Fencing	Capital Equipment	250,000
EQ9	Environmental Health & Safety Mgmt System	Capital Equipment	100,000
	Subtotal		\$70,054,000
		TOTAL	\$477,361,500

LIST OF CLOSED / DROPPED PROJECTS

Project ID	Project Title	Service Area	Cost at Completion
<u>Closed Projects</u>			
A9	FY2010 - DSS Sanitary Sewer Projects	Sanitary Sewer	\$13,100,000
AF	FY2010 - DWS Water Projects	Water	8,772,856
AN	FY2010 - DSS Storm Sewer Projects	Stormwater	618,000
BE	FY2011 - DWS Water Projects	Water	11,238,342
C1	FY2001 - DSS Storm Sewer Project	Stormwater	247,000
C4	FY2004- DSS Storm Sewer Project	Stormwater	497,000
C7	FY2007- DSS Storm Sewer Project	Stormwater	497,000
C8	FY2008 - DSS Storm Sewer Project	Stormwater	497,000
GB	Small Local Sewer Rehab 5	Sanitary Sewer	12,000,000
GU	Crosstown Water Main Rehabilitation	Water	12,865,508
I9	Sewer Rehab.10th-12th St, Bet. Penn	Sanitary Sewer	1,150,000
K2	CSO-Long Term Control Plan	Combined Sewer Overflow	14,518,848
K3	East Side Pumping Station	Combined Sewer Overflow	17,193,005
K4	Poplar Point Pumping Station	Combined Sewer Overflow	5,751,001
K5	Dry-Weather Overflow Elimination	Combined Sewer Overflow	12,128,271
L3	Rock Creek Sewage Pumping Station	Sanitary Sewer	11,131,290
L4	Upper Anacostia Sew. Pump. Station	Sanitary Sewer	9,134,559
L5	Earl Place Sewage Pumping Station	Sanitary Sewer	2,097,568
Q8	FY2008 - DSS Sanitary Sewer Project	Sanitary Sewer	4,640,000
TQ	504H3 - Nitrification Facility	Wastewater	47,417,263
			\$185,494,511
<u>Dropped Projects</u>			
AI	FY 2008 - DWS Water Projects	Water	\$6,967,611
AP	FY 2009 - DSS Sanitary Sewer Projects	Sanitary Sewer	5,609,337
BK	CSO Nine Minimum Control Projects	Combined Sewer Overflow	1,354,048
CK	WWTP Sampler Program	Wastewater	1,286,308
D2	Outfall Sewer Rehabilitation	Combined Sewer Overflow	51,035,833
DL	Citywide Fire Hydrant Program	Water	23,964,267
FF	WWTP Flood Protection	Wastewater	607,513
H9	Blue Plains Capital Equipment	Wastewater	2,239,898
I1	Selective Sewer Separation & I/I Sewer Rehabilitation	Sanitary Sewer	4,291,947
JJ	Bryant Street PS Improvements - Phase III	Water	0
Q7	FY 2007 - DSS Sanitary Sewer Project	Sanitary Sewer	5,602,789
TC	504B6 - Additional Chemical Systems	Wastewater	74,056,192
TM	504G6 - Influent Screen Facility	Wastewater	39,067,454
TN	504G9 - Primary Treatment Facility	Wastewater	38,658,735
TP	504H2 - Gravity Thickeners	Wastewater	19,958,237
TS	504H5 - IMP East Primary Effluent Excess Flow	Wastewater	1,684,749
XC	Additional Dewatering Facilities	Wastewater	81,635,535
			\$358,020,453



OPERATING BUDGETS

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

SECTION VI CAPITAL FINANCING, CASH AND DEBT



Capital Improvement Program
FY 2015 - FY 2024
(\$000's)

Sources of Funds		
Debt Financing ⁽¹⁾	\$ 2,147,987	55.9%
Wholesale Capital Payments	727,749	18.9%
EPA Grants & CSO Appropriations	236,353	6.1%
Interest Income on Bond Proceeds	16,500	0.4%
Pay-Go Financing ⁽²⁾	715,474	18.6%
Total Sources	\$ 3,844,063	100.0%

⁽¹⁾ Debt financing refers to the borrowing of funds through long-term revenue bonds, commercial paper and other short-term notes

⁽²⁾ Pay-go financing is any funds available after meeting the reserves and rate stabilization fund deposits

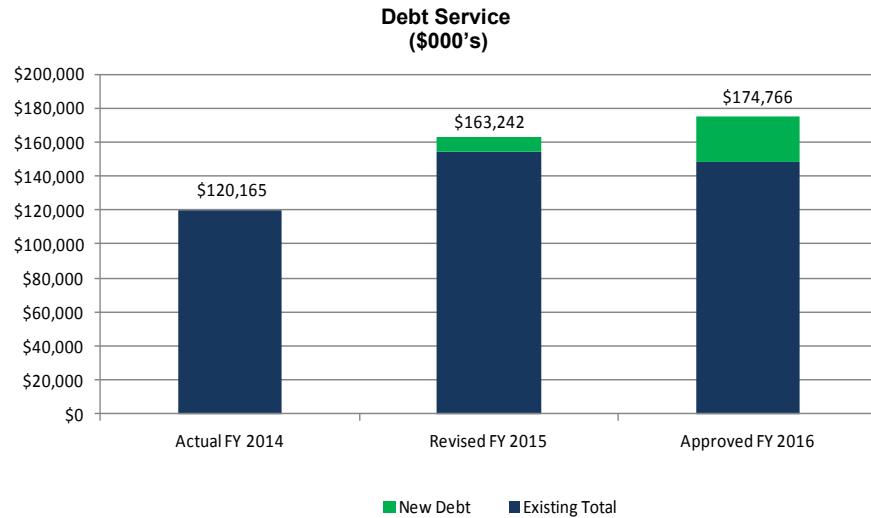
Sources & Uses
Capital Improvement Program
FY 2014 - FY 2016

Sources	FY 2014 Actual Amount	FY 2015 Approved Budget	FY 2015 Revised Budget	FY 2016 Approved Budget
Beginning Balance	\$ 282,096	\$ 266,314	\$ 309,033	\$297,671
New Debt Proceeds / Commercial Paper ⁽¹⁾	446,150	250,000	250,000	250,000
Capital Equipment	-	-	-	-
Pay-Go Financing	25,025	37,609	61,769	49,558
EPA Grants	19,098	31,771	51,771	67,169
CSO Appropriations ⁽²⁾	18,586	15,736	22,200	10,126
Wholesale Customer Capital Payments	200,169	126,008	227,745	98,289
Interest Income	164	625	429	550
Total Sources	\$ 991,288	\$ 728,063	\$ 922,946	\$ 773,363
Uses				
Water Projects	\$ 53,156	84,105	65,006	67,546
Blue Plains Projects	355,714	174,364	206,260	149,375
Sanitary Sewer Projects	25,961	49,276	40,258	42,175
Combined Sewer & LTCP Projects	218,558	283,908	271,101	238,703
Stormwater Projects	3,742	2,035	2,559	1,178
Washington Aqueduct	11,258	10,000	10,000	10,864
Capital Equipment	12,211	17,191	22,191	24,810
Meter Replacement AMR	1,655	7,900	7,900	14,389
Total Uses	\$ 682,255	\$ 628,779	\$ 625,275	\$ 549,040
Sources Minus Uses	\$ 309,034	\$ 99,284	\$ 297,671	\$ 224,323

Cash Reserve Summary
FY 2014 - FY 2016
(\$000's)

	<u>FY 2014 Actual Amount</u>	<u>FY 2015 Approved Budget</u>	<u>FY 2015 Revised Budget</u>	<u>FY 2016 Approved Budget</u>
Beginning O&M Reserve Balance (Net of Rate Stabilization Fund)	\$ 141,518	\$ 140,500	\$ 157,642	\$ 140,000
Operating Surplus	69,766	24,306	47,101	47,282
Wholesale Customer Prior Year Billing Reconciliation	(10,069)	(3,000)	(18,100)	(5,500)
Transfer to Rate Stabilization Fund	-	-	-	(4,500)
Transfer to DC PILOT Fund	(7,676)	-	-	-
Prior Year Right of Way Payment	(5,100)	-	-	-
Federal Customer Prior Year Billing Reconciliation	-	(5,053)	(5,053)	(11,679)
Customer Rebate	-	-	-	-
Reimbursement for Legal Settlement	-	-	-	-
Interest Earned from Bond Proceeds	229	798	120	311
Prepayment of Aqueduct Treasury Loans	-	-	-	-
Pay-Go Capital Financing	<u>(25,025)</u>	<u>(17,551)</u>	<u>(41,710)</u>	<u>(25,914)</u>
Ending O&M Reserve Balance (Net of Rate Staiblization Fund)	<u>\$ 163,643</u>	<u>\$ 140,000</u>	<u>\$ 140,000</u>	<u>\$ 140,000</u>
Rate Stabilization Fund	\$ 22,450	\$ 7,950	\$ 14,950	\$ 19,450
DC PILOT Fund	\$ 30,044	\$ 22,368	\$ -	\$ -

DEBT MANAGEMENT FY 2014 – FY 2016



INTEREST RATE ASSUMPTIONS

- Budget Appropriation and Financial Plan
 - Variable rate
 - 1.25% (FY 2015) and 2.50% (FY 2016)
 - Fixed rate
 - 5.75% (FY 2015) and 6.50% (FY 2016)
 - Plus cost of issuance and insurance

DEBT SERVICE

FY 2016 approved debt service increased \$30.1M over the FY 2015 approved budget due to a full year debt service on Series 2014 and a partial year debt service on Series 2015 bonds.

CAPITAL FINANCING PLAN

DC Water's comprehensive capital financing plan contains three key goals: 1) minimize cost of capital; 2) increase operational flexibility; and 3) optimize asset/liability matching through:

- Interim financing
- Permanent bond financing
- Pay-Go financing
- Federal grants

SENIOR BOND RATINGS

- Moody's Investors Service Aa2 Stable Outlook
- Standard & Poor's Ratings Services AA+ Stable Outlook
- Fitch Ratings AA Stable Outlook

DEBT SERVICE	Actual FY 2014			Revised FY 2015			Approved FY 2016		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Jennings Randolph Bonds	\$ 351,995	\$ 453,196	\$ 805,191	\$ 363,446	\$ 441,745	\$ 805,191	\$ 375,269	\$ 429,923	\$ 805,192
1998 Revenue Bonds	12,390,000	10,979,975	23,369,975	13,135,000	10,236,575	23,371,575	13,920,000	9,448,475	23,368,475
Series 2009A Revenue Bond	2,700,417	15,971,020	18,671,437	3,175,000	9,168,465	12,343,465	3,495,000	8,409,225	11,904,225
Series 2014A Revenue Bond	-	-	-	-	20,031,589	20,031,589	-	16,849,000	16,849,000
WASA Bonds - Planned - Senior	-	-	-	8,495,908	-	8,495,908	16,991,816	9,269,774	26,261,590
WASA Bonds - Planned - Subordinate	-	-	-	-	-	-	-	-	-
Capital Equipment Financing	-	-	-	6,750,000	-	6,750,000	3,375,000	-	3,375,000
Series 2003 Subordinate Bond	-	-	-	-	-	-	-	-	-
Series 2004 Subordinate Bond	-	-	-	-	-	-	-	-	-
Series 2007A Subordinate Bond	-	11,351,425	11,351,425	5,679,000	472,702	6,151,702	5,679,000	-	5,679,000
Series 2007B Subordinate Bond	-	-	-	-	-	-	-	-	-
Series 2008A Subordinate Bond	6,345,000	13,404,750	19,749,750	6,435,000	8,799,333	15,234,333	6,600,000	8,087,750	14,687,750
Series 2010A Subordinate Bond	14,583,106	(5,299,018)	9,284,088	16,314,711	(5,293,308)	11,021,403	16,314,711	(5,293,308)	11,021,403
Series 2012A,B-1,B-2,C Subordinate Bond	4,585,000	16,774,747	21,359,747	4,750,000	17,847,175	22,597,175	4,915,000	17,683,591	22,598,591
Series 2013A Subordinate Bond	-	14,994,250	14,994,250	-	14,994,250	14,994,250	-	14,994,250	14,994,250
Series 2014B Subordinate Bond	-	10,055	10,055	-	3,250,000	3,250,000	-	3,252,992	3,252,992
Series 2014C Subordinate Bond	-	-	-	590,000	15,105,788	15,695,788	-	17,468,100	17,468,100
Commercial Paper	240,000	329,494	569,494	2,500,000	-	2,500,000	2,500,000	-	2,500,000
Total Debt	\$ 41,195,518	\$ 78,969,894	\$ 120,165,412	\$ 68,188,065	\$ 95,054,314	\$ 163,242,379	\$ 74,165,796	\$ 100,599,772	\$ 174,765,568

Debt Outstanding
As of September 30, 2014
(In \$000's)

	RATES	FINAL MATURITY	AMOUNT OUTSTANDING
SENIOR DEBT			
Revenue Bonds:			
Public Utility Revenue Bonds, Series 1998	5.50% - 6.00%	2028	\$ 183,660
Public Utility Revenue Bonds, Series 2009A	3.00% - 6.00%	2039	159,520
Public Utility Revenue Bonds, Series 2014A	4.814%	2114	<u>350,000</u>
Subtotal Senior Debt			\$ 693,180
SUBORDINATE DEBT			
Revenue Bonds:			
Public Utility Subordinated Lien Revenue Bonds, Series 2007A	4.75% - 5.00%	2038	\$ 115,580
Public Utility Subordinated Lien Revenue Refunding Bonds, Series 2008A	5.00%	2034	168,190
Public Utility Subordinated Lien Federally Taxable Issuer Subsidy Build America Bonds, Series 2010A	4.07% - 5.52%	2044	300,000
Public Utility Subordinated Lien Revenue Bonds, Series 2012A	2.00% - 5.00%	2037	168,405
Public Utility Subordinated Lien Multimodal Revenue Bonds, Series 2012B-2	SIFMA Index plus 0.58%	2040	47,310
Public Utility Subordinated Lien Revenue Refunding Bonds, Series 2012C	4.00% - 5.00%	2033	163,215
Public Utility Subordinated Lien Revenue Bonds, Series 2013A	4.75% - 5.00%	2048	300,000
Public Utility Subordinated Lien Revenue Bonds, Series 2014B	N/A ⁽²⁾	2050	100,000
Public Utility Subordinated Lien Revenue Bonds, Series 2014C	3.00% - 5.00%	2044	377,700
Notes Payable:			
Notes Payable to the Federal Government for Jennings Randolph Reservoir	3.25%	2041	13,580
Commercial Paper:⁽¹⁾			
Series A (tax-exempt)	Maximum 12% per Annum		-
Series B (tax-exempt)	Maximum 12% per Annum		12,000
Series C (taxable)	Maximum 12% per Annum		<u>29,200</u>
Subtotal Subordinate Debt			\$ 1,795,180
TOTAL DEBT OUTSTANDING			<u>\$ 2,488,360</u>

⁽¹⁾ Letters of Credit expire May 2015

⁽²⁾ The Series 2014B Bonds are weekly-reset variable rate bonds supported by a Liquidity Facility provided by TD Bank, N.A.

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

PUBLIC UTILITY SENIOR LIEN REVENUE BONDS: 1) Series 1998, (fixed-rate, Aaa/AAA/AAA, FSA insured, March 1998); and 2) Series 2009A (fixed-rate, Aa3/AA/AA-, January 2009)

PUBLIC UTILITY SUBORDINATE LIEN REVENUE BONDS: 1) Series 2007A (fixed-rate, Aaa/AAA/AAA, FGIC insured, May 2007); and 2) Series 2013A (fixed-rate, Aa3/AA/AA-, July 2013)

PUBLIC UTILITY SUBORDINATE LIEN REVENUE BONDS (FEDERALLY TAXABLE ISSUER SUBSIDY BUILD AMERICA BONDS): 1) Series 2010A (fixed-rate, Aa3/AA-/AA, October 2010)

PUBLIC UTILITY SUBORDINATE LIEN MULTIMODAL REVENUE BONDS: 1) Series 2012B-1 and Series 2012B-2 (SIFMA indexed variable-rate Aa3/AA/AA- , March 2012)

PUBLIC UTILITY SUBORDINATE LIEN REVENUE REFUNDING BONDS: 1) Series 2008A: (refunded Series 2004, fixed-rate, Aaa/AAA/AAA, Assured Guaranty insured, April 2008; 2) Series C taxable commercial paper: (refunded Series 2007B, April 2008); and 3) Series 2012C: (advance refunded Series 2003, fixed-rate, Aa3/AA/AA-, March 2012)

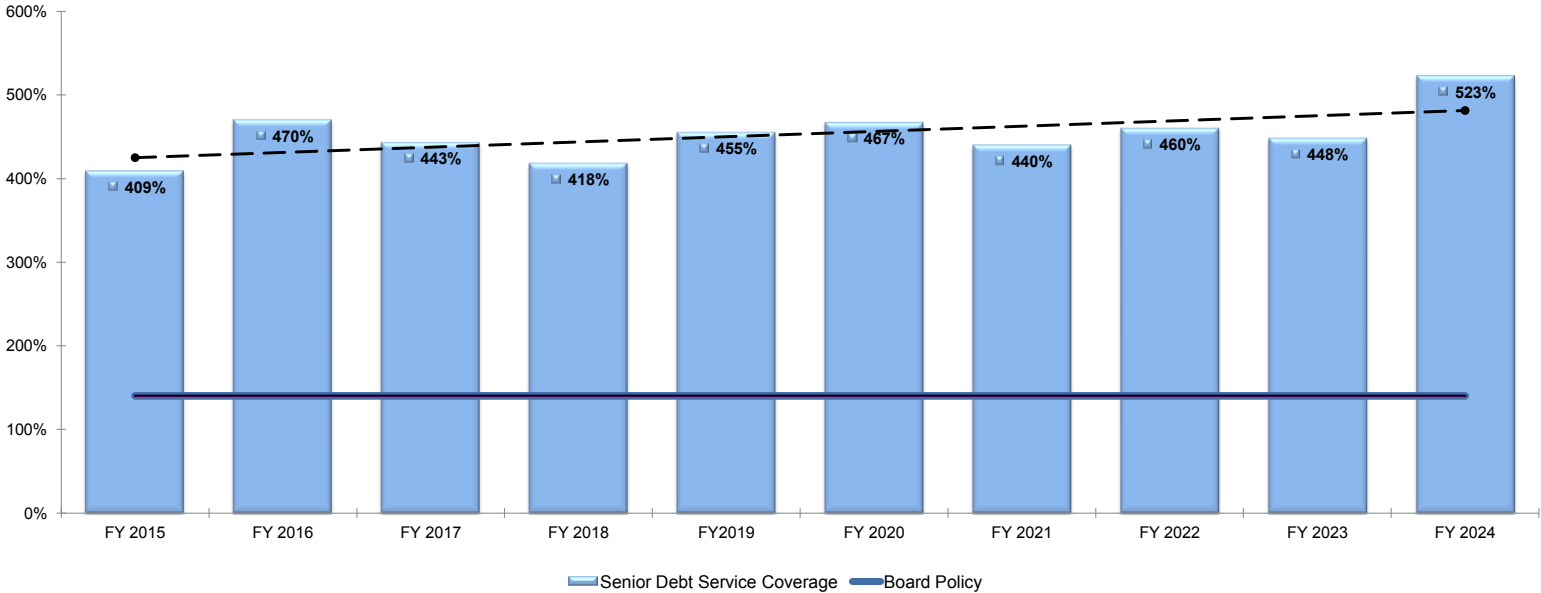
NOTES FOR JENNINGS RANDOLPH RESERVOIR: The note payable to the Federal government for improvements to the Jennings Randolph Reservoir is considered subordinate debt under the Master Indenture of Trust. The notes were issued to provide a backup water supply facility for the Authority. DC Water's share of operating and capital cost is 30 percent

NOTES FOR LITTLE SENECA RESERVOIR: The note payable to Washington Suburban Sanitary Commission (WSSC) is considered subordinate debt under the Master Indenture of Trust. The notes were issued by WSSC for construction of the Little Seneca Dam and Lake for backup and peak-day water supply for the Authority. DC Water's share of operating and capital costs is 40 percent. DC Water prepaid the note in full in August 2013

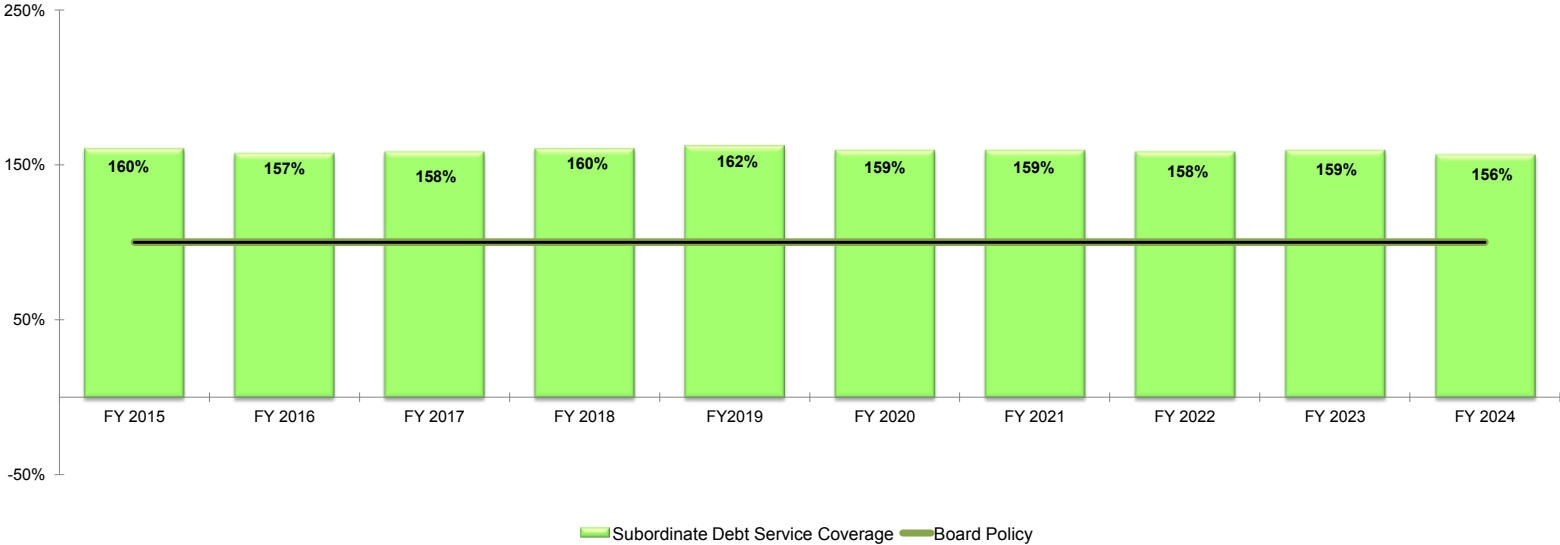
COMMERCIAL PAPER: These notes issued are considered subordinate debt under the Master Indenture of Trust. DC Water's commercial paper program is issued in increments with maturities less than 270 days. As described in Section III, the Board approved the commercial paper program in early FY 2002; proceeds from the sale of the notes are used for interim bond financing, short-term financing for capital equipment and certain taxable costs for the Washington Aqueduct. Each new bond issuance is evaluated to determine the most cost effective way of reducing the amount of taxable commercial paper. Normal market conditions for commercial paper carries significantly lower interest rates than long-term debt. In April 2013, DC Water successfully extended the Letter of Credit with JP Morgan Chase Bank and US Bank. The \$200 million commercial paper program includes: 1) Series A (tax-exempt) aggregate principal amount not to exceed \$75 million; 2) Series B (tax-exempt) aggregate principal amount not to exceed \$50 million; and (3) Series C (taxable) aggregate principal amount not to exceed \$75 million. If the Letter of Credit is not extended, it will expire May 29, 2015.

DEBT POLICY: DC Water's comprehensive debt policy can be found on our website at www.dcwater.com.

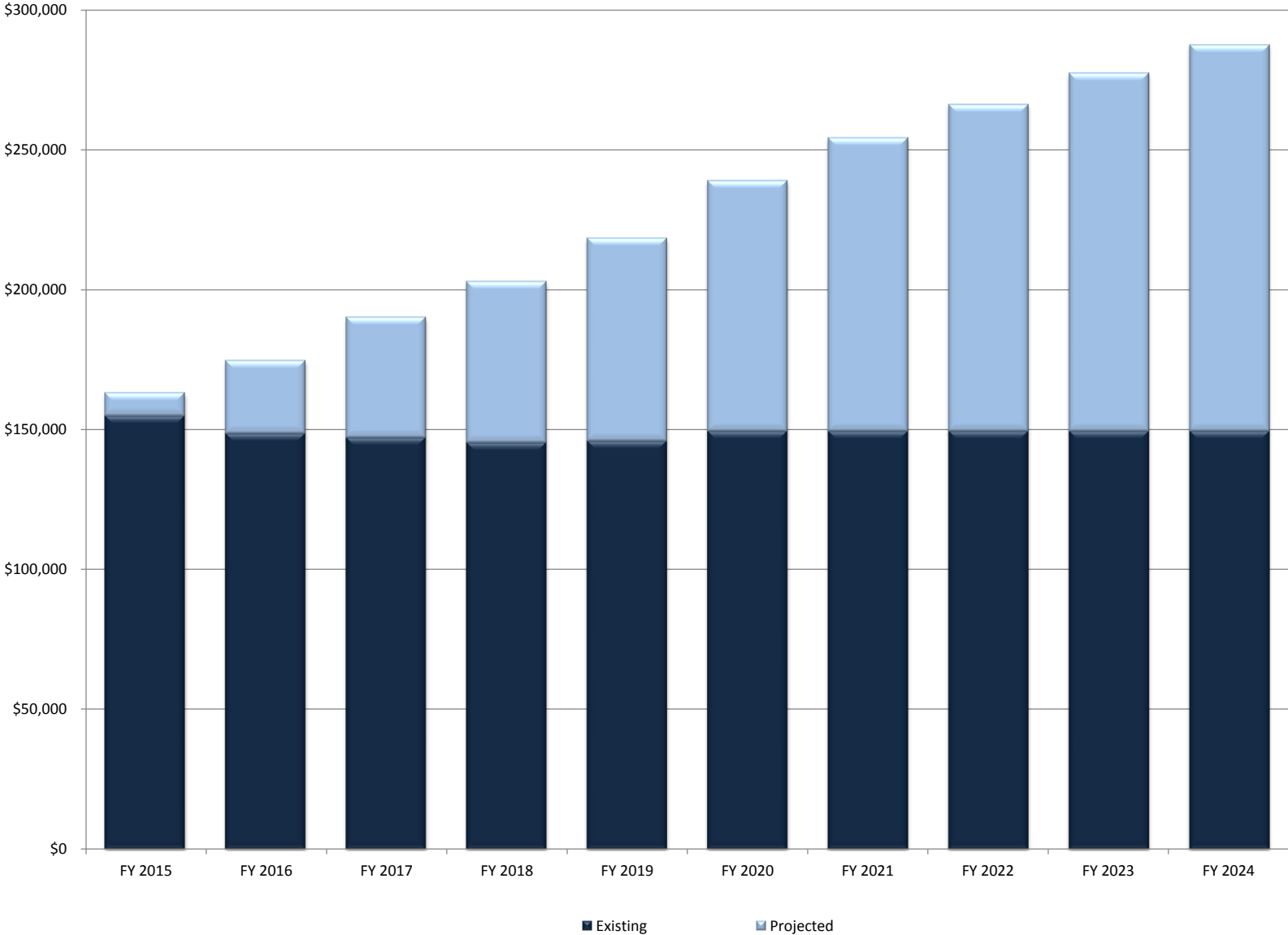
Senior Debt Service Coverage
FY 2015 - FY 2024



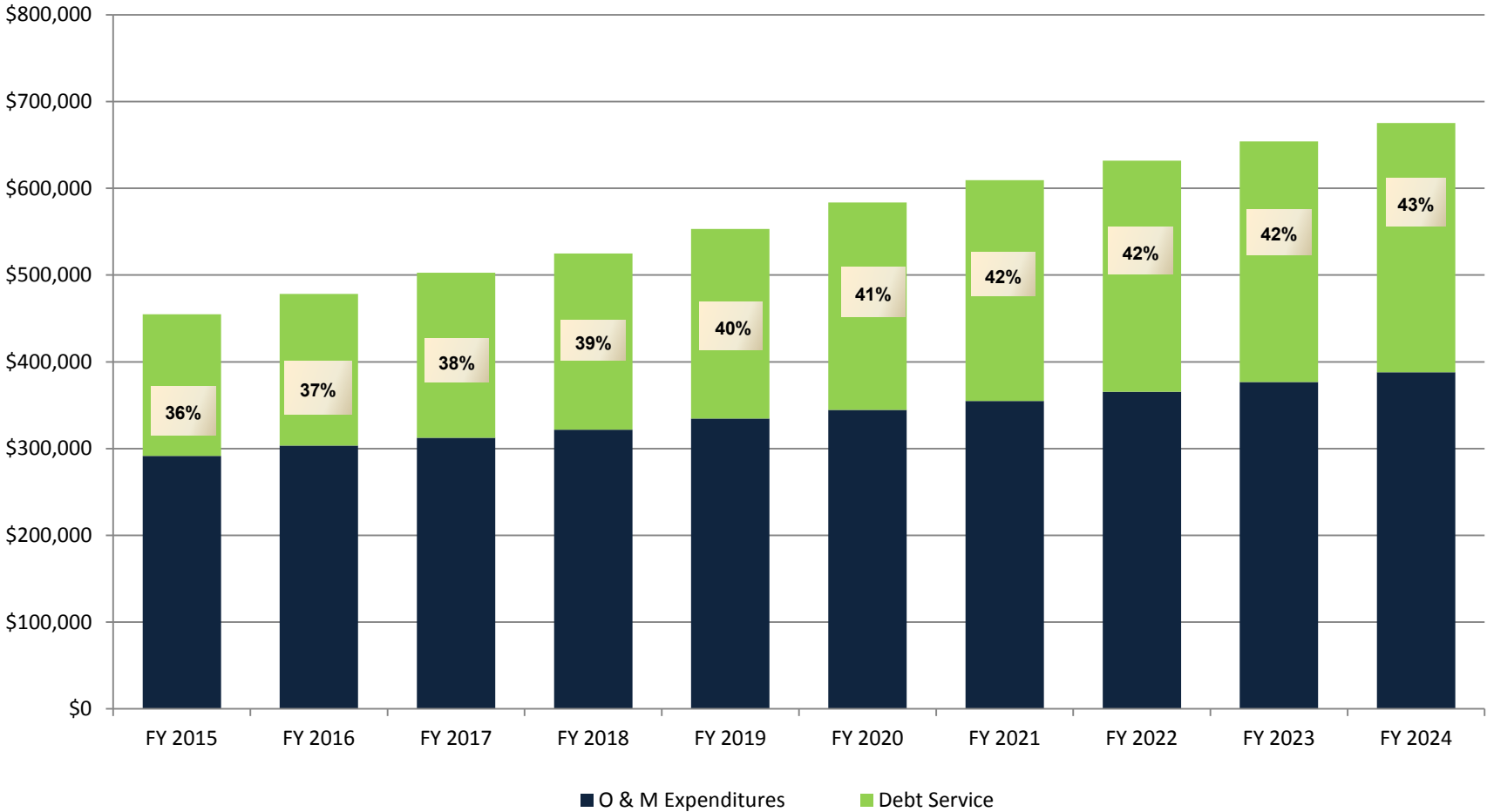
Subordinate Debt Service Coverage
FY 2015 - FY 2024



**Existing & Projected Debt Service
FY 2015 - FY 2024
(In \$000's)**

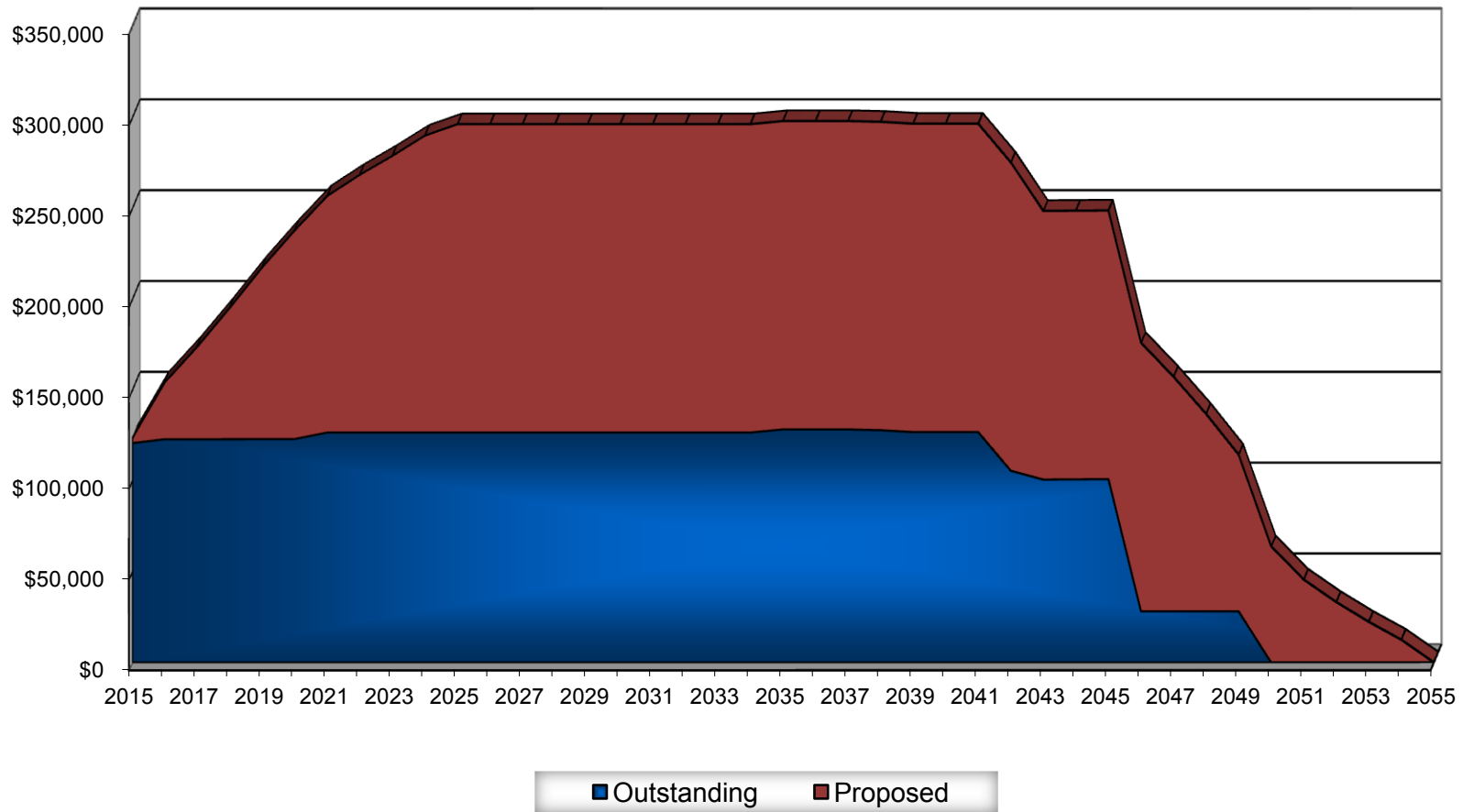


Debt Service as Percentage of Total Operating and Maintenance Expenditures
FY 2015 - FY 2024
(In \$000's)

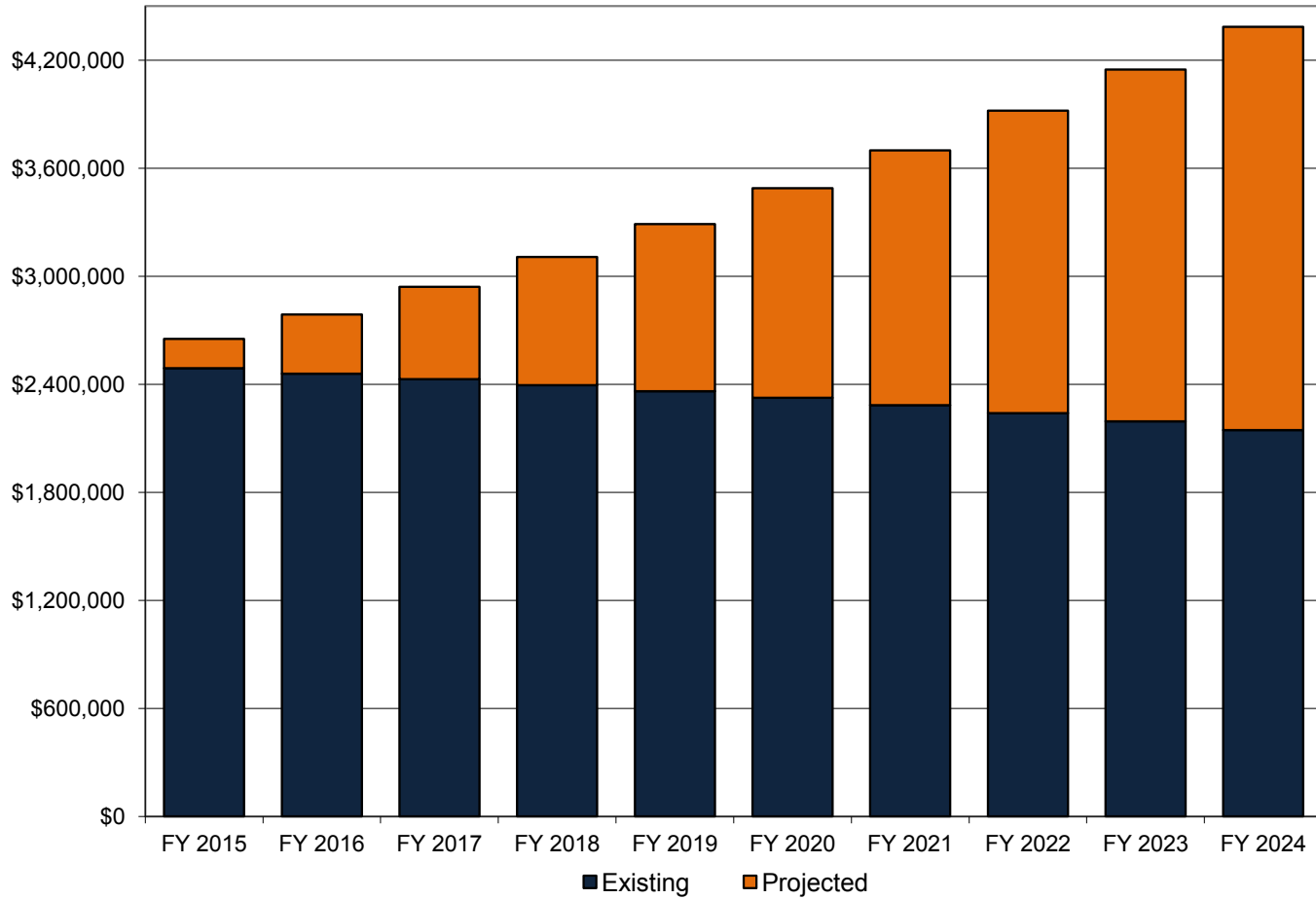


Debt Service

FY 2015 - FY 2055
(In \$000's)

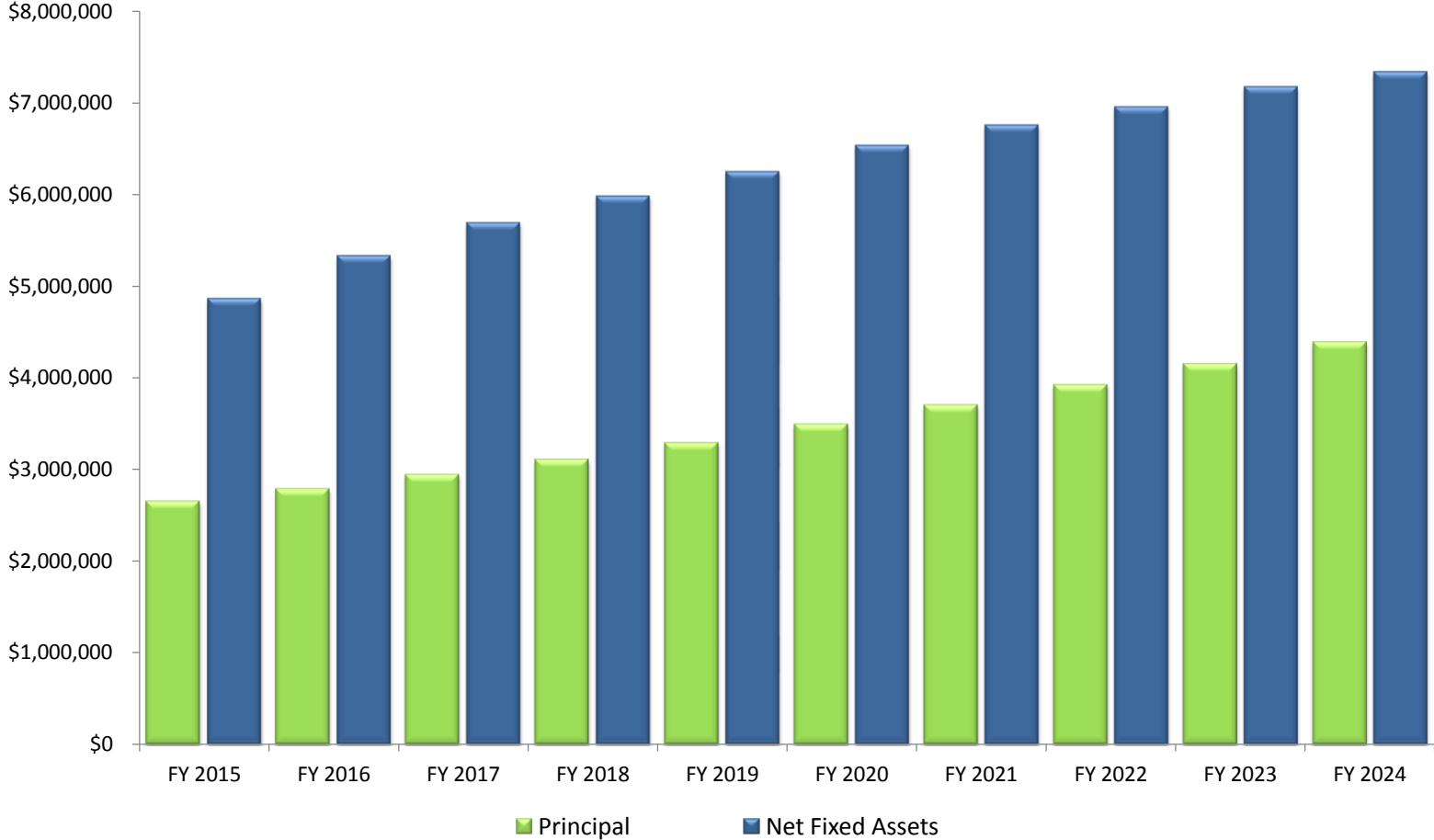


Debt Outstanding FY 2015 - FY 2024 (In \$000's)

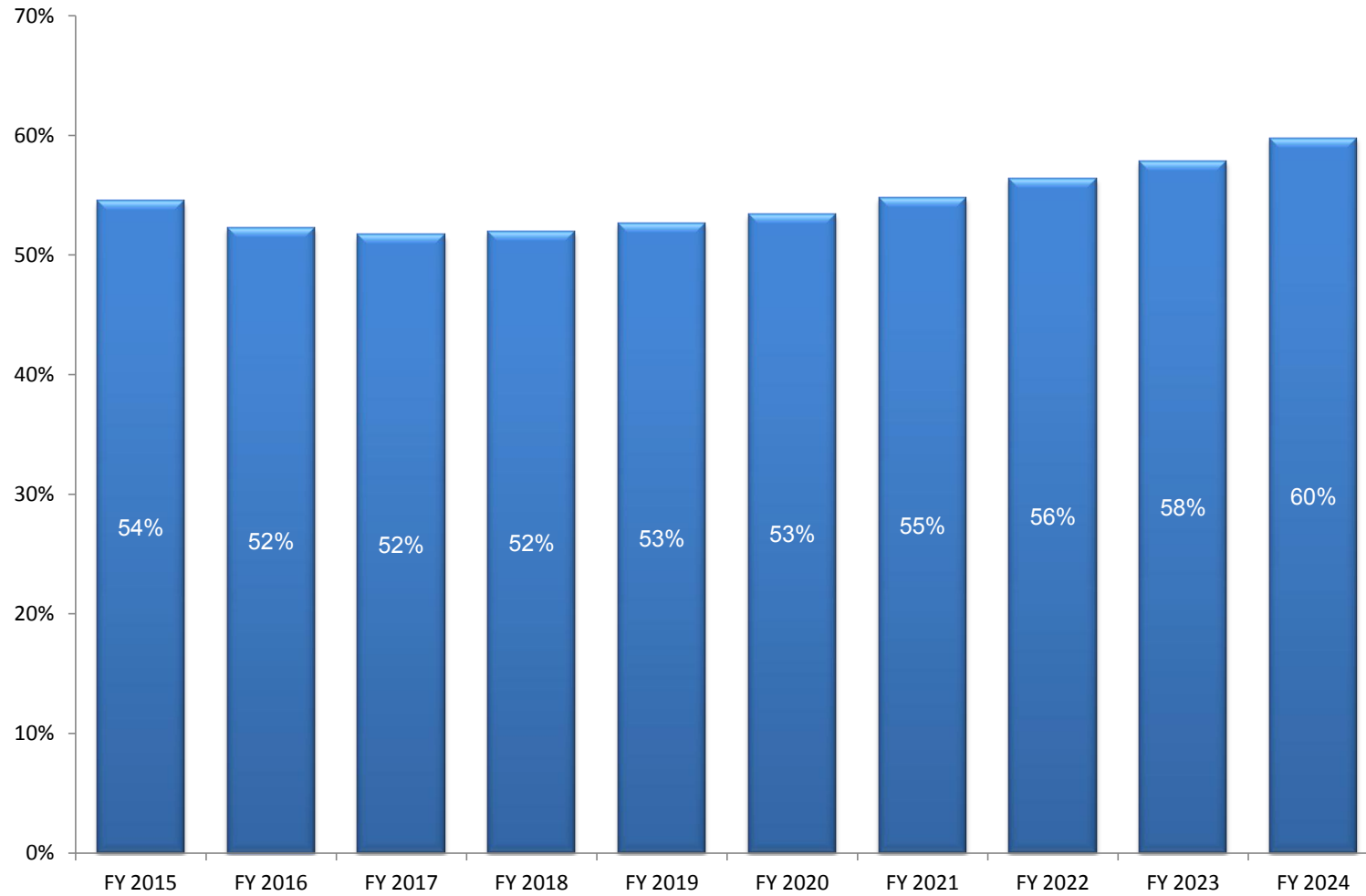


- The largest source of funding for DC Water's capital program is debt
- Over the next ten years, DC Water will issue approximately \$1.9 billion in debt (which includes the funding of reserves and costs of issuance), increasing total debt outstanding to \$4.2 billion at the end of FY 2024

Principal and Net Fixed Assets
FY 2015 - FY 2024



Debt to Net Fixed Asset Ratio FY 2015 - FY 2024





OPERATING BUDGETS

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

SECTION VII DEPARTMENTAL SUMMARIES

VISITOR CENTER



Introduction to DC Water's Operational and Administrative (Support) Departments

DC Water's organizational structure is a key tool for ensuring that the organizational mission is achieved. The structure consists of twenty-four departments that are defined primarily along functional roles and further grouped along service lines (Operational or Administrative) or reporting lines of authority.

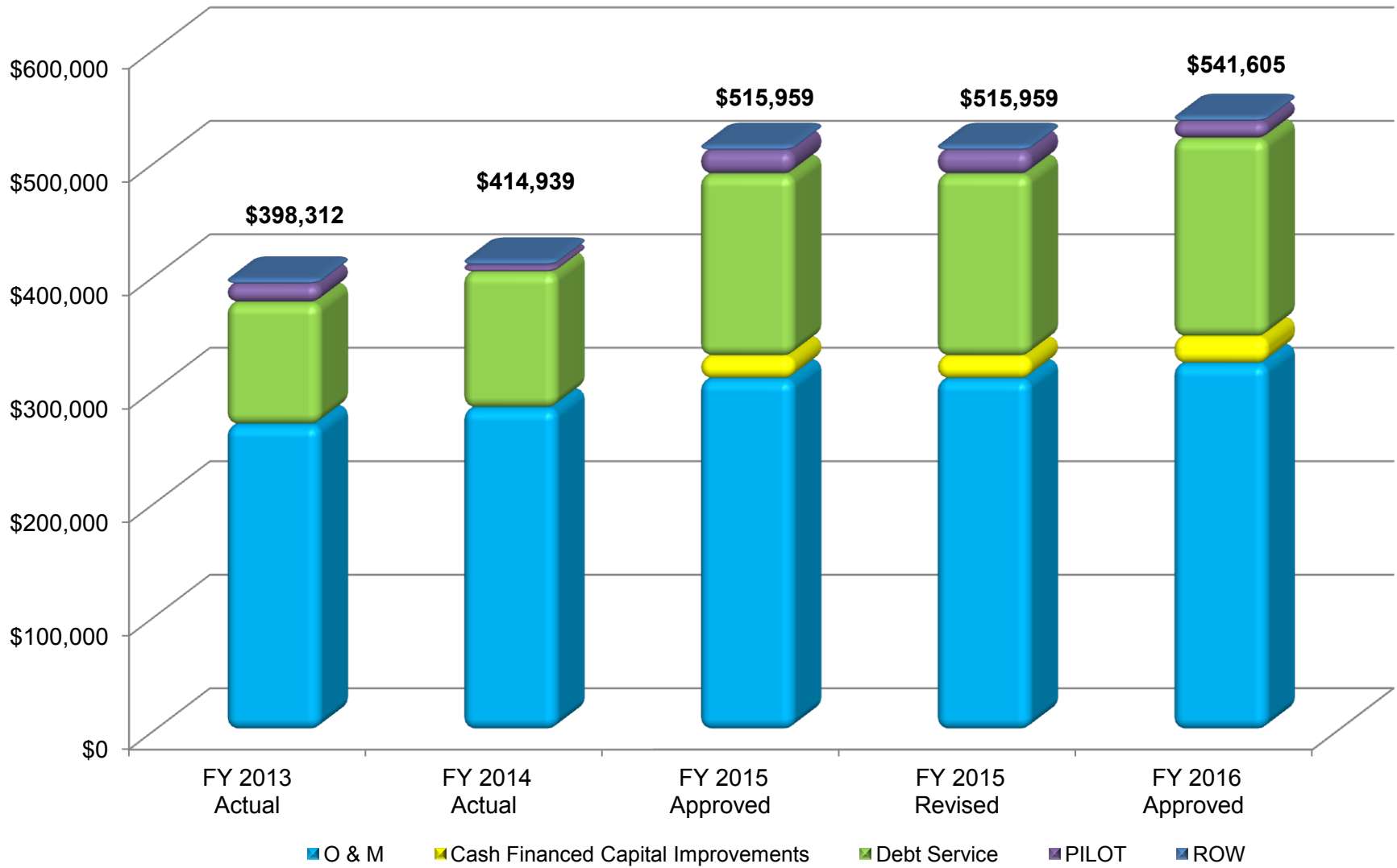
Service Lines: Operational departments include: Water Services, Sewer collection and Wastewater treatment services (including maintenance of these facilities). These departments are responsible for the day-to-day operations of the DC Water's extensive infrastructure and facilities that provide direct services to our customers. Similarly, the Customer Service department is classified as an operating department because of the integrated nature of their work to operations (i.e., customer care, metering and billing) and also because they provide first-line customer care to our customers to include 24 hour emergency service. Engineering and Technical Services, Clean Rivers and Permit operating departments are responsible for ongoing reinvestment of the system infrastructure, compliance with various mandates and service the development community throughout the District of Columbia.

All other departments provide critical administrative and technical support to ensure the safe and reliable continuity of our vital services through short and long-term planning, asset management, leadership and all financial and human capital support requirements. An organizational chart can be found on page VII-14.

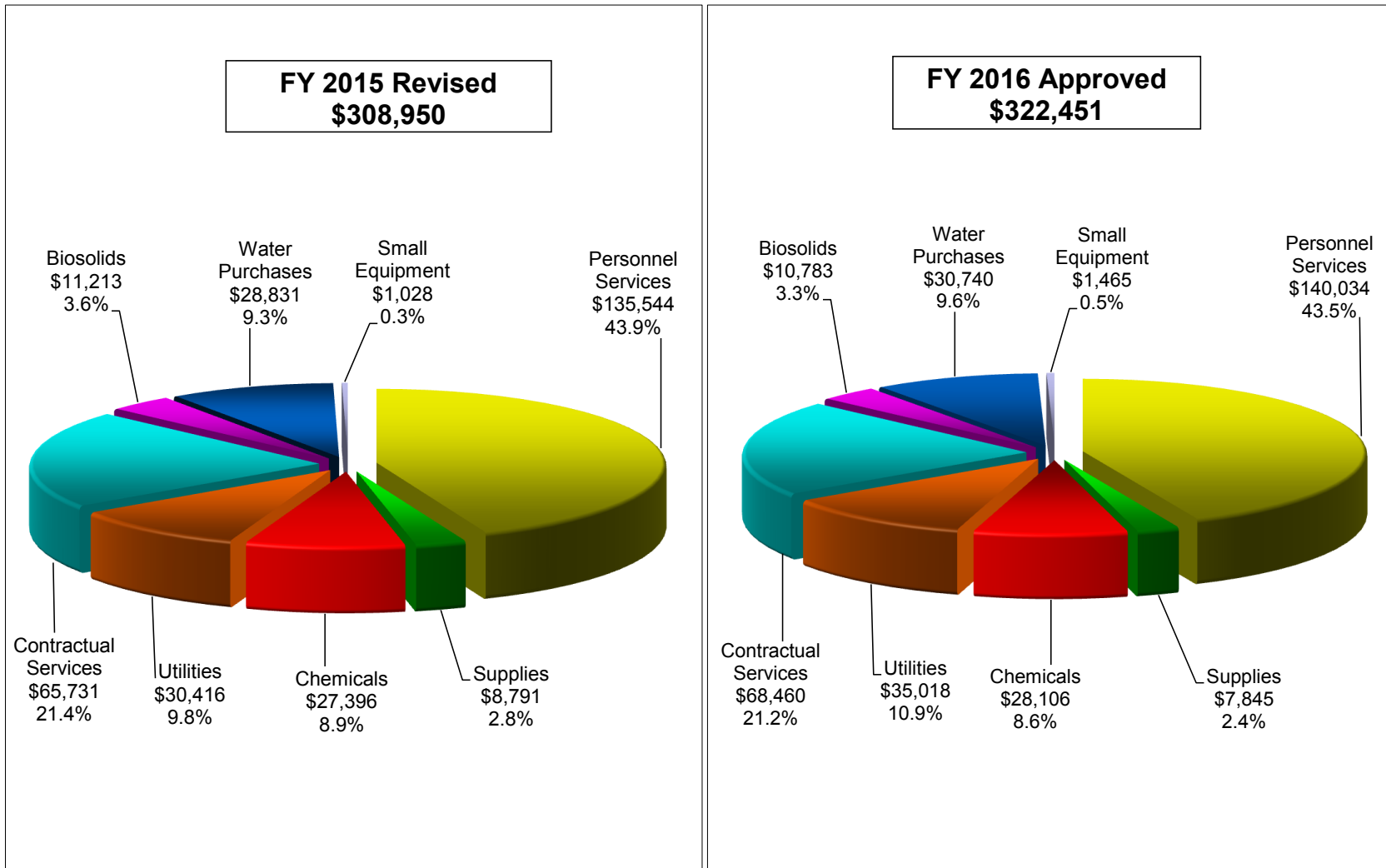
Reporting Lines: Departments are grouped within clusters to ensure accountability and to enhance efficiency and delivery of various services. A member of the Executive Team heads each departmental cluster group and carries the accountability for service delivery and performance metrics of the departments within their cluster.

As DC Water strives in its mission to be a "best in world" organization, it also continues to make organizational changes and improvement to enhance efficiencies, improve processes and best utilize all assets with the goal to better serve the public and protect the environment. In FY 2013, this resulted in reorganization of the Office of the Chief Financial Officer, which involved renaming the department to Finance, Accounting and Budget, with inclusion of the Risk Management Office.

Comparative Operating Expenditure Budgets FY 2013 - FY 2016 (\$000's)



Operations & Maintenance Expenditures By Category (\$000's)



**Comparative Operating Expenditure Budgets
(\$000's)**

	<u>FY 2013 ACTUAL</u>	<u>FY 2014 ACTUAL</u>	<u>FY 2015 APPROVED</u>	<u>FY 2015 REVISED</u>	<u>FY 2016 APPROVED</u>
<u>OPERATING</u>					
Personnel Services	118,567	125,756	135,544	135,544	140,034
Contractual Services	68,430	68,178	76,944	76,944	79,244
Water Purchases	27,223	28,407	28,831	28,831	30,740
Chemicals and Supplies	27,120	30,718	36,187	36,187	35,951
Utilities	26,098	29,939	30,416	30,416	35,018
Small Equipment	1,192	317	1,029	1,029	1,465
Subtotal O & M Expenditures	268,630	283,316	308,950	308,950	322,451
Debt Service	107,700	120,165	160,264	160,264	174,766
Cash Financed Capital Improvements	-	-	20,058	20,058	23,644
Payment in Lieu of Taxes	16,882	6,358	21,587	21,587	15,644
Right of Way Fees	5,100	5,100	5,100	5,100	5,100
Total Operating Expenditures	\$ 398,312	\$ 414,939	\$ 515,959	\$ 515,959	\$ 541,605
Personnel Services charged to Capital Projects	(14,659)	(17,289)	(17,266)	(17,266)	(18,993)
Total Net Operating Expenditures	\$ 383,653	\$ 397,650	\$ 498,693	\$ 498,693	\$ 522,612

Comparative Operating Expenditures by Department
(\$000's)

	FY 2013 ACTUAL	FY 2014 ACTUAL	FY 2015 APPROVED	FY 2015 REVISED	FY 2016 APPROVED
O					
Wastewater Treatment - Operations	\$ 71,841	\$ 77,867	\$ 82,507	\$ 82,415	\$ 86,972
p					
Wastewater Treatment - Process Engineering	2,297	5,328	8,882	8,471	8,291
e					
Maintenance Services	17,799	17,243	21,822	21,971	20,549
r					
Water Services	50,633	52,652	55,140	21,959	22,574
a					
Sewer Services	20,739	19,736	21,264	14,856	15,267
t					
Customer Service	16,161	15,862	17,197	16,925	17,500
i					
Distribution & Conveyance System	4,983	7,772	6,085	46,476	50,954
o					
Engineering and Technical Services	19,692	22,040	22,811	23,087	24,069
n					
Clean Rivers	1,751	2,261	2,480	2,720	2,996
s					
Permit Operations	1,866	1,877	2,251	2,167	2,214
	<u>207,763</u>	<u>222,637</u>	<u>240,438</u>	<u>241,047</u>	<u>251,385</u>
Subtotal Operations					
A					
General Manager	2,600	2,949	2,758	3,043	3,683
d					
Office of the Board Secretary	384	427	635	610	614
m					
Internal Audit	789	794	859	859	872
i					
General Counsel	6,714	5,222	6,024	6,011	5,733
n					
External Affairs	1,921	1,825	2,131	2,204	2,203
i					
Information Technology	8,871	9,507	10,300	10,471	10,530
s					
Finance, Accounting and Budget	8,220	8,138	9,853	14,306	13,465
t					
Risk Management ²	4,413	4,017	4,899	-	-
r					
Assistant General Manager - Support Services	310	247	364	356	367
a					
Human Capital Management	4,742	4,687	5,362	5,548	6,733
t					
Facilities Management ¹	11,624	12,216	13,132	7,604	8,276
i					
Security	-	-	-	5,376	6,562
o					
Procurement	3,933	3,863	4,865	4,603	4,603
n					
Occupational Safety and Health	1,463	1,491	1,964	1,563	1,694
Fleet Management	4,881	5,298	5,365	5,350	5,732
	<u>60,868</u>	<u>60,679</u>	<u>68,512</u>	<u>67,902</u>	<u>71,066</u>
Subtotal Administration					
Subtotal O & M Expenditures	268,630	283,316	308,950	308,950	322,451
Debt Service	107,700	120,165	160,264	160,264	174,766
Cash Financed Capital Improvements	-	-	20,058	20,058	23,644
Payment in Lieu of Taxes	16,882	6,358	21,587	21,587	15,644
Right of Way	5,100	5,100	5,100	5,100	5,100
	<u>398,312</u>	<u>414,939</u>	<u>515,959</u>	<u>515,959</u>	<u>541,605</u>
Total Operating Expenditures					
Personnel Services charged to Capital Projects	(14,659)	(17,289)	(17,266)	(17,266)	(18,993)
Total Net Operating Expenditures	\$ 383,654	\$ 397,650	\$ 498,693	\$ 498,693	\$ 522,612

1 Starting from FY 2015 Revised, Security Management is separated from Facilities Management

2 Starting from FY 2015 Revised, Risk Management is incorporated with Finance, Accounting and Budget

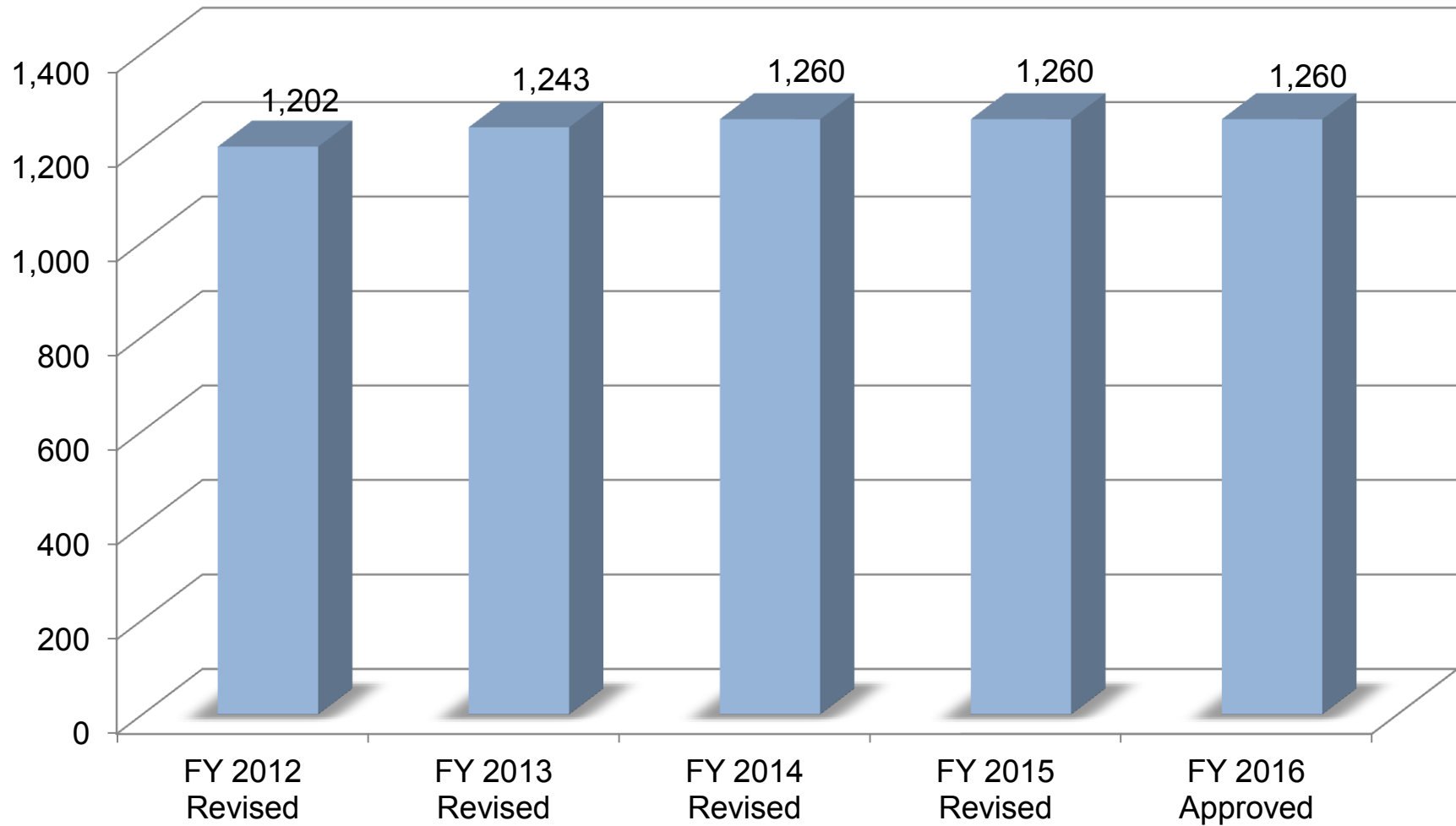
Comparative Operating Expenditures by Department by Category
FY 2015 Revised Budget
(\$000's)

	Auth Pos	Pay	Fringe	Overtime	Total PS	Supplies	Chemicals	Utilities	Contract	Biosolids	Water Purchases	Small Equipment	Total NPS	TOTAL Dept.
O Wastewater Treatment - Operations	118	9,165	2,569	1,234	12,967	999	27,260	20,987	8,885	11,213		102	69,447	82,415
p Wastewater Treatment - Process Engineering	42	3,076	879	100	4,055	907	-	39	3,412			59	4,417	8,471
e Maintenance Services	117	8,595	2,444	800	11,839	3,664		134	6,138			196	10,132	21,971
r Water Services	194	12,629	3,623	960	17,212	863	45	463	3,244	-	-	131	4,747	21,959
a Sewer Services	120	8,461	2,451	767	11,679	498	90	576	1,953			60	3,177	14,856
t Customer Service	124	8,690	2,538	240	11,469	135	-	1,105	4,166			50	5,456	16,925
i Distribution & Conveyance System	87	6,828	1,907	553	9,287	677		4,639	2,938	-	28,831	104	37,189	46,476
o Engineering and Tech. Services	166	15,564	4,466	1,070	21,100	126		294	1,563			5	1,988	23,087
n Clean Rivers	16	1,940	570	5	2,514	14		80	111			-	206	2,720
s Permit Operations	15	1,275	373	11	1,658	30		327	151			-	509	2,167
Subtotal Operations	999	76,221	21,819	5,740	103,780	7,914	27,396	28,644	32,561	11,213	28,831	707	137,266	241,047
A General Manager	11	1,553	454	5	2,012	11		28	992			-	1,031	3,043
d Office of the Board Secretary	2	205	60	4	269	18		7	316			1	341	610
m Internal Audit	-	-	-	-	-	-		7	852				859	859
i General Counsel	15	1,471	431	2	1,904	10		19	4,078			-	4,107	6,011
n External Affairs	13	1,279	375	27	1,680	15		32	466			10	523	2,204
i Information Technology	24	2,458	710	20	3,188	199		109	6,811			164	7,283	10,471
s Finance, Accounting and Budget	49	5,044	1,476	30	6,549	35		205	7,512			4	7,756	14,306
t AGM - Support Services	2	261	78	1	340	1		4	11			-	16	356
r Human Capital Management	26	2,871	768	5	3,644	38		35	1,828			2	1,904	5,548
a Facilities Management	60	3,974	1,141	200	5,315	449		72	1,726			42	2,289	7,604
t Security	7	616	181	-	797	14		22	4,541			3	4,580	5,376
i Procurement	37	3,116	913	30	4,059	39		51	454			-	544	4,603
o Occupational Safety and Health	9	914	268	2	1,184	37		32	299			10	379	1,563
n Fleet Management	6	634	186	2	823	11		1,148	3,284			85	4,528	5,350
Subtotal Administration	261	24,396	7,040	328	31,764	877	-	1,771	33,170	-	-	321	36,138	67,903
Subtotal O & M Expenditures	1,260	\$ 100,617	\$ 28,860	\$ 6,068	\$ 135,544	\$ 8,791	\$ 27,396	\$ 30,416	\$ 65,731	\$ 11,213	\$ 28,831	\$ 1,028	\$ 173,406	\$ 308,950
Debt Service														160,264
Cash Financed Capital Improvements														20,058
Payment in Lieu of Taxes														21,587
Right of Way														5,100
Total Operating Expenditures														515,959
Personnel Services charged to Capital Projects														(17,266)
Total Net Operating Expenditures														\$ 498,693

Comparative Operating Expenditures by Department by Category
FY 2016 Approved Budget
(\$000's)

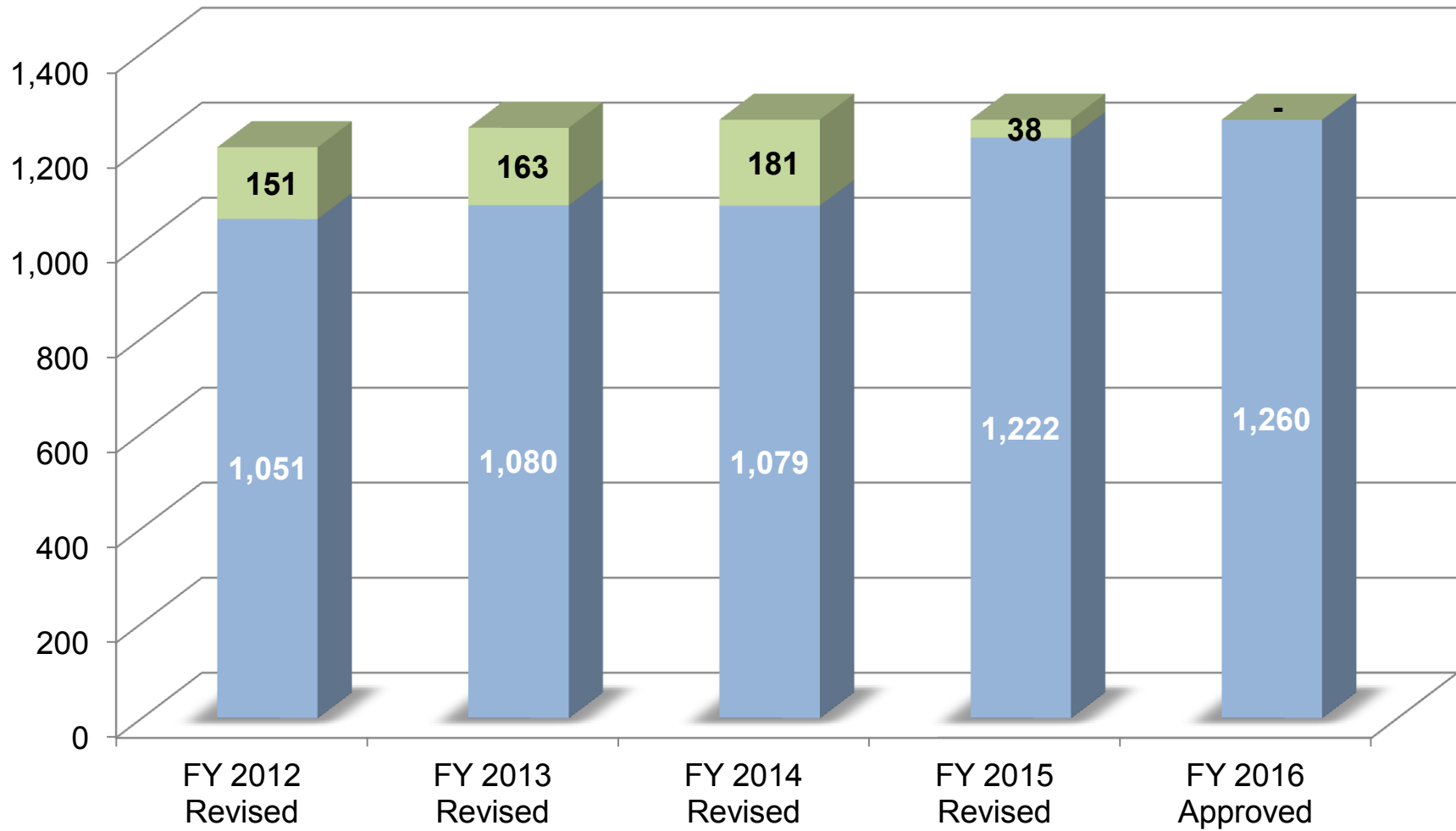
	Auth Pos	Pay	Fringe	Overtime	Total PS	Supplies	Chemicals	Utilities	Contract	Biosolids	Water Purchases	Small Equipment	Total NPS	TOTAL Dept.	
O	Wastewater Treatment - Operations	118	9,372	2,856	1,451	13,679	999	27,688	24,634	9,086	10,783		73,292	86,972	
p	Wastewater Treatment - Process Engineering	40	3,417	1,055	120	4,591	644		34	2,963		59	3,700	8,291	
e	Maintenance Services	119	8,792	2,712	700	12,204	3,054		174	4,846		271	8,345	20,549	
r	Water Services	194	12,759	3,995	980	17,735	681	30	282	3,667	-	180	4,840	22,574	
a	Sewer Services	120	8,225	2,593	900	11,718	572	15	956	1,945		60	3,548	15,267	
t	Customer Service	124	8,730	2,749	260	11,739	138		1,170	4,405		48	5,762	17,500	
i	Distribution & Conveyance System	87	6,820	2,064	750	9,634	630	123	4,935	4,382	30,990	260	41,320	50,954	
o	Engineering and Tech. Services	166	15,719	4,904	1,063	21,686	141		433	1,701		108	2,383	24,069	
n	Clean Rivers	16	2,057	652	5	2,713	16		107	159		-	282	2,996	
s	Permit Operations	15	1,283	407	15	1,705	24		338	147		-	509	2,214	
	Subtotal Operations	999	77,175	23,985	6,244	107,404	6,899	27,856	33,063	33,303	10,783	30,990	1,089	143,981	251,385
A	General Manager	11	1,570	497	8	2,074	11		30	1,567		-	1,609	3,683	
d	Office of the Board Secretary	2	201	64	5	270	18		9	316		1	343	614	
m	Internal Audit	-	-	-	-	-	-		9	864		-	872	872	
i	General Counsel	15	1,462	463	2	1,927	8		22	3,776		-	3,805	5,733	
n	External Affairs	13	1,256	398	27	1,681	15		31	466		10	522	2,203	
i	Information Technology	24	2,572	803	27	3,401	166		168	6,632		164	7,129	10,530	
s	Finance, Accounting and Budget	46	5,000	1,584	30	6,614	27		200	3,133		4	3,365	9,979	
t	Risk Management	3	-	-	-	-	4		6	3,477		-	3,486	3,486	
r	AGM - Support Services	2	257	81	1	339	1		7	20		-	28	367	
a	Human Capital Management	26	2,962	840	5	3,807	34		48	2,842		2	2,925	6,733	
t	Facilities Management	60	4,099	1,276	250	5,625	558		114	1,929		50	2,651	8,276	
i	Security Management	7	624	198	-	821	19		7	5,665		50	5,741	6,562	
o	Procurement	36	3,032	961	30	4,023	39		62	479		1	580	4,603	
n	Occupational Safety and Health	9	933	296	2	1,231	37		55	360		10	463	1,694	
	Fleet Management	7	617	196	4	816	11		1,189	3,631		85	4,916	5,732	
	Subtotal Administration	261	24,584	7,656	390	32,630	946	-	1,955	35,158	-	377	38,436	71,066	
	Subtotal O & M Expenditures	1,260	\$ 101,759	\$ 31,642	\$ 6,633	\$ 140,034	\$ 7,845	\$ 27,856	\$ 35,018	\$ 68,460	\$ 10,783	\$ 30,990	\$ 1,465	\$ 182,417	\$ 322,451
	Debt Service													174,766	
	Cash Financed Capital Improvements													23,644	
	Payment in Lieu of Taxes													15,644	
	Right of Way													5,100	
	Total Operating Expenditures													541,605	
	Personnel Services charged to Capital Projects													(18,993)	
	Total Net Operating Expenditures													\$ 522,612	

Authorized Positions FY 2012 - FY 2016



DC Water increased hiring, beginning in FY 2011, in order to perform previously contracted services. This strategy is anticipated to decrease overall operating expenditures while enhancing organizational flexibility.

Filled and Vacant Positions FY 2012 - FY 2016



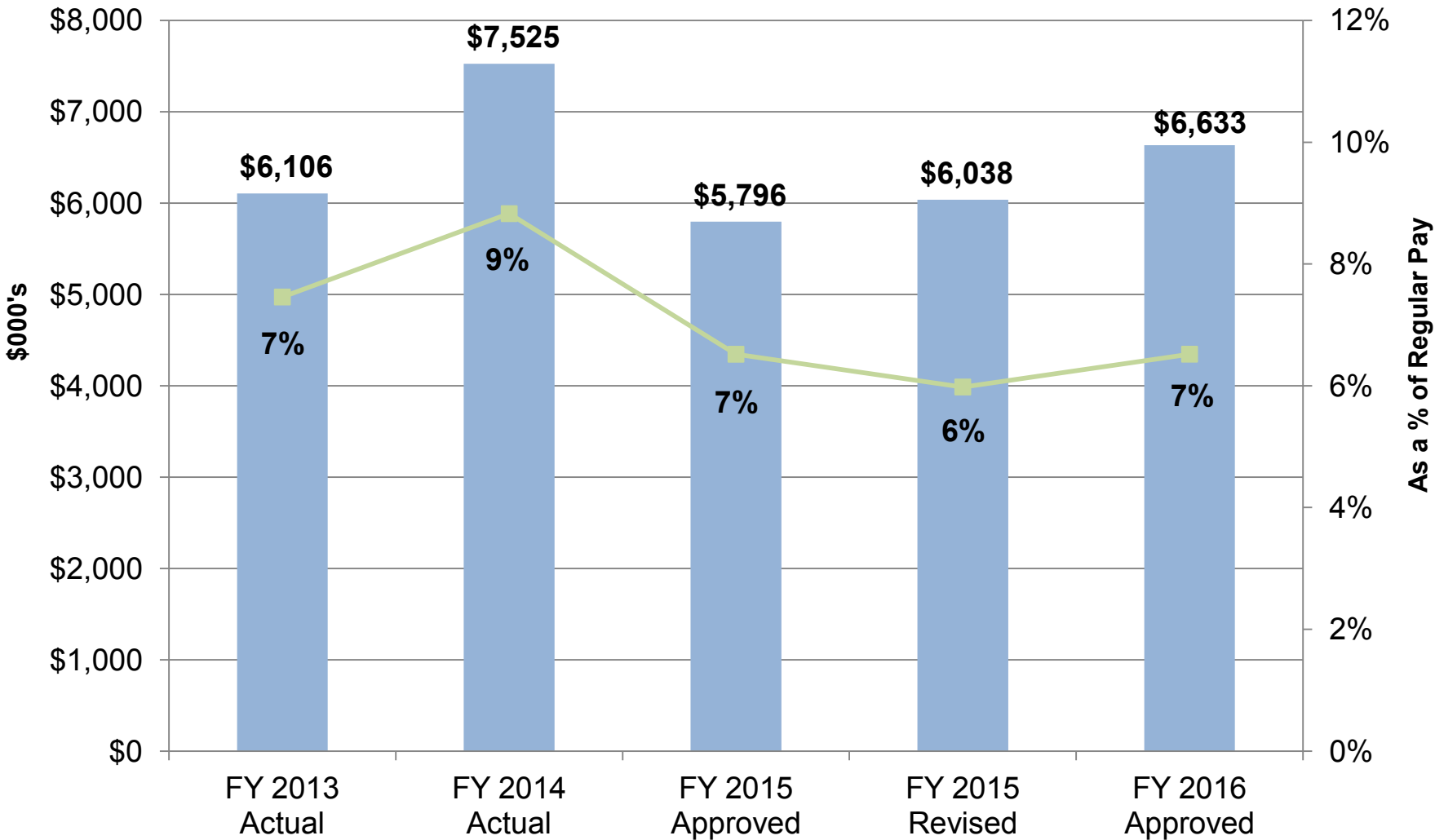
Filled represents year-end actual headcount except for FY 2015 and FY 2016 which are budgeted headcounts.

■ Filled ■ Vacant

Authorized Positions by Department FY 2013 - FY 2016

	FY 2013				FY 2014				FY 2015		FY 2016
	Authorized	Average Filled	Average Vacant	Year-End Filled	Authorized	Average Filled	Average Vacant	Year-End Filled	Approved	Revised	Approved
Operations	108	101	7	100	118	104	14	100	118	118	118
Wastewater Treatment - Operations	108	101	7	100	118	104	14	100	118	118	118
Wastewater Treatment - Process Engineering	37	20	17	23	42	26	16	23	42	42	40
Maintenance Services	115	98	17	99	117	100	17	99	117	117	119
Water Services	207	162	45	169	207	163	44	169	207	194	194
Sewer Services	158	153	5	152	158	140	18	152	158	120	120
Customer Service	125	115	10	114	125	112	13	114	125	124	124
Distribution & Conveyance System	34	31	3	33	34	43	-9	33	34	87	87
Engineering and Technical Services	166	140	26	140	166	145	21	140	166	166	166
Clean Rivers	16	7	9	11	16	11	5	11	16	16	16
Permit Operations	15	14	1	15	15	14	1	15	15	15	15
Subtotal	981	841	140	856	998	858	140	856	998	999	999
Administration	11	8	3	8	11	8	3	8	11	11	11
General Manager	11	8	3	8	11	8	3	8	11	11	11
Office of the Board Secretary	2	2	0	1	2	2	0	1	2	2	2
Internal Audit	0	0	0	0	0	0	0	0	0	0	0
General Counsel	15	11	4	12	15	11	4	12	15	15	15
External Affairs	12	12	0	12	12	12	0	12	12	13	13
Information Technology	24	13	11	16	24	19	5	16	24	24	24
Finance, Accounting and Budget	46	43	3	43	50	48	2	46	50	49	49
Risk Management	4	4	0	4	0	0	0	0	0	0	0
Asst. Gen. Mgr. - Support Services	2	1	1	1	2	1	1	1	2	2	2
Human Capital Management	25	24	1	25	25	23	2	25	25	26	26
Facilities Management and Security	67	60	8	60	67	60	7	60	67	60	60
Security										7	7
Procurement	38	30	8	30	38	29	9	30	38	37	36
Occupational Safety and Health	10	7	3	7	10	7	3	7	10	9	9
Fleet Management	6	5	1	5	6	5	1	5	6	6	7
Subtotal	262	221	41	224	262	225	37	223	262	261	261
Total Positions	1,243	1,062	181	1,080	1,260	1,083	177	1,079	1,260	1,260	1,260

Annual Overtime Trend FY 2013 - FY 2016



Overtime By Department
FY 2013 - FY 2016
(\$000's)

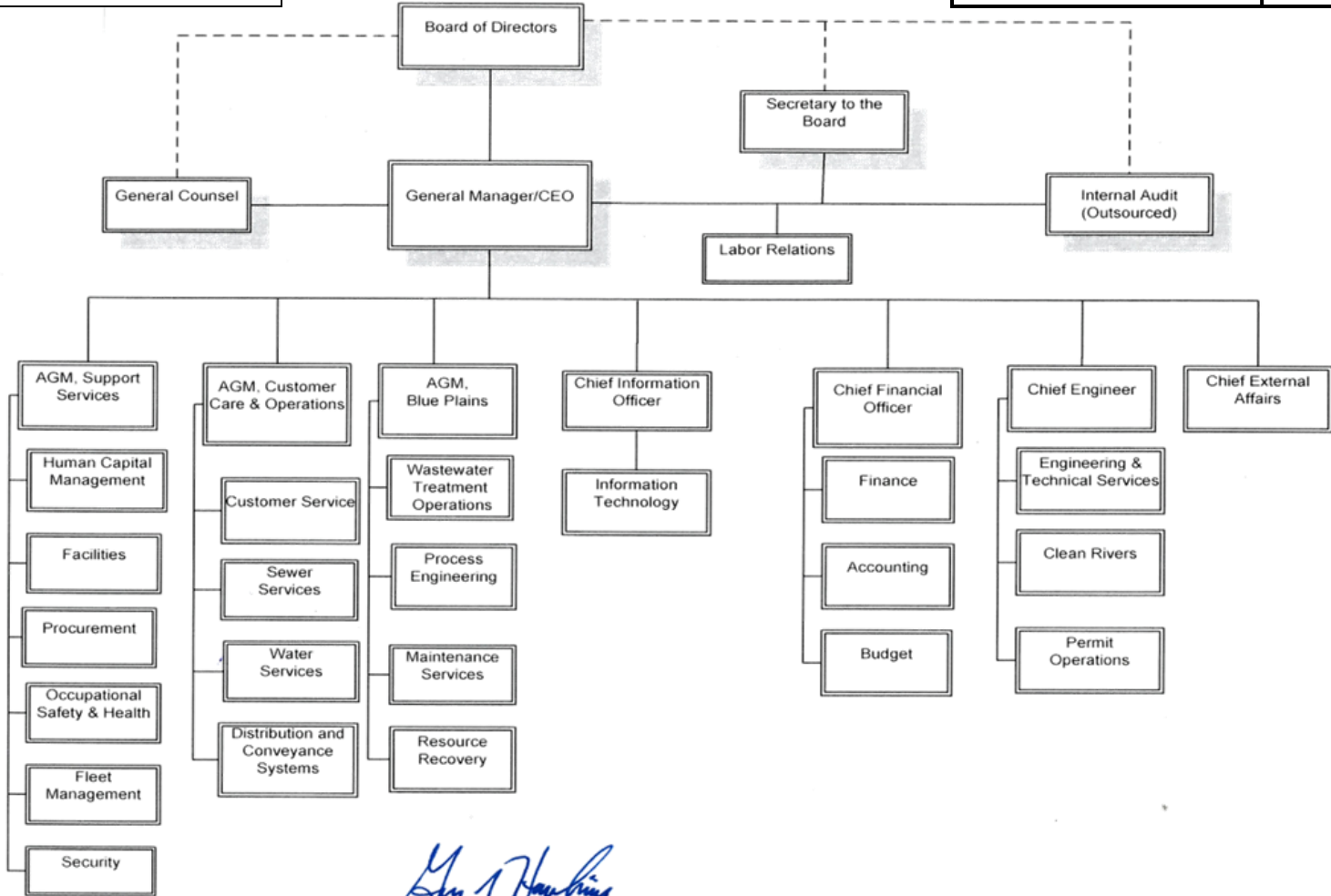
Department	FY 2013 Actual	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Wastewater Treatment - Operations	\$ 1,089	\$ 1,510	\$ 1,234	\$ 1,234	\$ 1,451
Wastewater Treatment - Process Engineering	72	77	120	100	120
Maintenance Services	928	1,227	725	800	700
Water Services	1,183	1,473	980	960	980
Sewer Services	1,218	1,476	900	767	900
Customer Service	216	194	240	240	260
Distribution and Conveyance Systems	146	279	200	553	750
Engineering and Technical Services	941	904	1,070	1,070	1,063
Clean Rivers	8	10	7	5	5
Permit Operations	4	2	11	11	15
General Manager	2	7	8	5	8
Office of the Board Secretary	2	8	4	4	5
Internal Audit	-	-	-	-	-
General Counsel	-	-	2	2	2
External Affairs	1	1	4	27	27
Information Technology	18	19	20	20	27
Finance, Accounting & Budget	35	28	32	30	30
Assistant General Manager - Support Services	1	1	1	5	1
Human Capital Management	4	1	5	200	5
Facilities Management	219	242	200	-	250
Security	-	-	-	-	-
Procurement	15	64	30	2	30
Occupational Safety and Health	-	0	2	2	2
Fleet Management	2	2	2	-	4
Total	\$ 6,106	\$ 7,525	\$ 5,796	\$ 6,038	\$ 6,633



D. C. Water & Sewer Authority
Organization Chart

**FY 2016
Operating Budget
\$541,605,000**

POSITIONS				
FY 2014			FY 2015	FY 2016
Authorized	Average Positions Filled	Year-End Positions Filled		
1,260	1,083	1,079	1,260	1,260

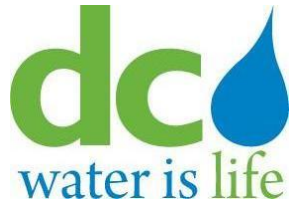


George S. Hawkins
George S. Hawkins, General Manager/CEO

Revised October 1, 2014



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**FY 2016 Budget
\$86,972,000**

**ASSISTANT GENERAL
MANAGER
Blue Plains**

POSITIONS				
Authorized	CURRENT		FY 2015	FY 2016
	Average Positions Filled	Year-End Positions Filled		
118	104	100	118	118

**WASTEWATER
TREATMENT -
OPERATIONS
1 - Position**

**Administrative
Support
3 - Positions**

**Wastewater
Treatment
Plant Operations
95 - Positions**

FUNCTIONS

- Treat influent wastewater to remove pollutants and meet National Pollutant Discharge Elimination System Permit (NPDES) requirements
- Condition, thicken, dewater and stabilize biosolids for beneficial use
- Manage 4 shift crews – round the clock
- Manage use of resources – chemicals, energy, and contract support

**Resource Recovery
6 - Positions**

FUNCTIONS

- Biosolids storage, loading, hauling and utilization/beneficial use

**Clean Water Quality
& Technology
13 - Positions**

FUNCTIONS

- Physical, chemical and biological analysis of wastewater and biosolids used for process control and permit reporting
- Industrial discharge monitoring
- Treatment process R&D

WASTEWATER TREATMENT - OPERATIONS

MISSION: To treat wastewater delivered to Blue Plains from the collection system of the District of Columbia and surrounding jurisdictions in Maryland and Virginia, ensuring that effluent is in compliance with the Clean Water Act.

BUDGET OVERVIEW: The revised FY 2015 operating budget decreased by approximately \$0.1 million below the approved FY 2015 budget due to personnel cost adjustments. The approved FY 2016 operating budget increased by \$4.6 million compared to the revised budget due to anticipated increases in personnel services, utilities, and chemical costs.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	118	118	118	118
Average number of positions filled	104			
Operating Expenses				
Personnel Services including Overtime	12,859	13,060	12,968	13,679
Overtime	1,510	1,234	1,234	1,451
Non-Personnel Services:				
Supplies	1,082	999	999	999
Chemicals	24,121	27,260	27,260	27,688
Utilities	19,719	20,987	20,987	24,634
Contractual Services, etc.	5,443	8,885	8,885	9,086
Biosolids	14,609	11,213	11,213	10,783
Small Equipment	34	102	102	102
Total Non-Personnel Services	65,008	69,447	69,447	73,292
Total Operations	77,867	82,507	82,415	86,972
Capital Equipment	-	150	150	140

Targeted Performance Measures	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Achieve NACWA Award Status	Gold	Gold	Gold	Gold
Compliance with disposal of biosolids regulations (100%)	100% Compliance	100% Compliance	100% Compliance	100% Compliance
Inspection and Sampling of Pretreatment Permittees (100%)	100% Complete	100% Complete	100% Complete	100% Complete
Obtain 90% acceptable results on discharge monitoring report quality assurance samples	90% Acceptable results	90% Acceptable results	90% Acceptable results	90% Acceptable results

Note: EPA 503 (i.e. Title 40 of the Code of Federal Regulations, Part 503) regulates the use or disposal of sewage sludge or biosolids EPA DMR QA (i.e. Discharge Monitoring Report Quality Assurance) is conducted on wastewater samples used for permit compliance reports. Achieving acceptable results for at least 90% of samples will minimize the potential for EPA to audit the laboratory.

WASTEWATER TREATMENT - OPERATIONS

OVERVIEW

FY 2015 Major Planned Activities and Changes

- Maintain full compliance with the National Pollutant Discharge Elimination Systems (NPDES) permit
- Startup the Enhanced Nitrogen Removal Facilities (ENRF) and comply with the new NPDES Total Nitrogen (TN) permit limit
- Startup the Biosolids Management Program CIP projects (Thermal Hydrolysis, Anaerobic Digestion, Final Dewatering, etc.);
- Startup Combined heat and Power (contract operated and maintained)
- Complete training of operators on new CIP projects scheduled for commissioning in the fiscal year
- Continue to support implementation of other CIP projects in progress, including Long Term Control Plan (LTCP), Enhanced Nitrogen Removal Facilities – North (ENRN), and Filtrate Treatment Facilities (FTF)
- Continue implementation of High Priority Rehabilitation Program to ensure availability of critical process equipment
- Continue implementation of Safety and Operator Cross Training and Incentive Pay Programs
- Implement Goal #6 of the DC Water Board Strategic Plan (Establish a Safety Management System)
- Continue implementation of an Asset Management Program
- Continue to improve the structure and use of Maximo
- Continue to work with surrounding jurisdictions (Maryland and Virginia) on regulatory requirements for biosolids and land applications
- Continue to increase the use of biosolids products in the service area, for restoration projects, tree planning, and Low Impact Development (LID) projects
- Continue to improve biosolids product assurance to decrease the number of offsite odor complaints
- Develop a blended soil mix using our Class A biosolids
- Pilot test blend in a test market and estimate cost savings and revenue generation potential
- Continue to take a lead in conducting cutting-edge research in wastewater treatment and biosolids management, with R&D focus on Mainstream Deammonification for nitrogen removal and optimization of Thermal hydrolysis process and anaerobic digestion

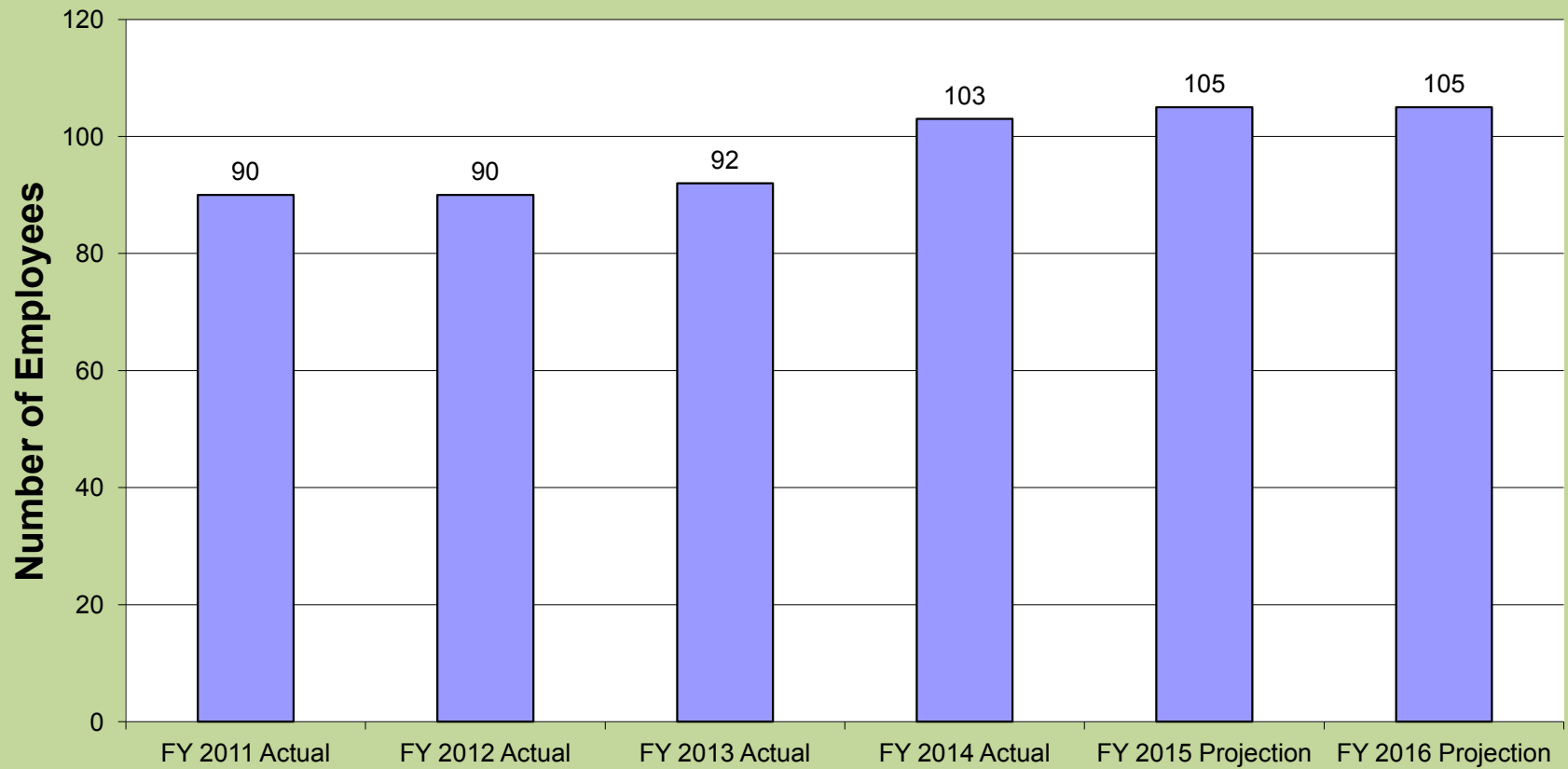
FY 2016 Major Recommended Activities and Changes

- Fully implement Biosolids Management Program with average Class A Biosolids production of 600 wet tons/day
- Continue implementation of Goal 6 of the DC Water Board Strategic Plan
- Startup Filtrate Treatment Facilities (FTF)

Impact of Capital Projects on FY 2015 and FY 2016 Operating Expenditures

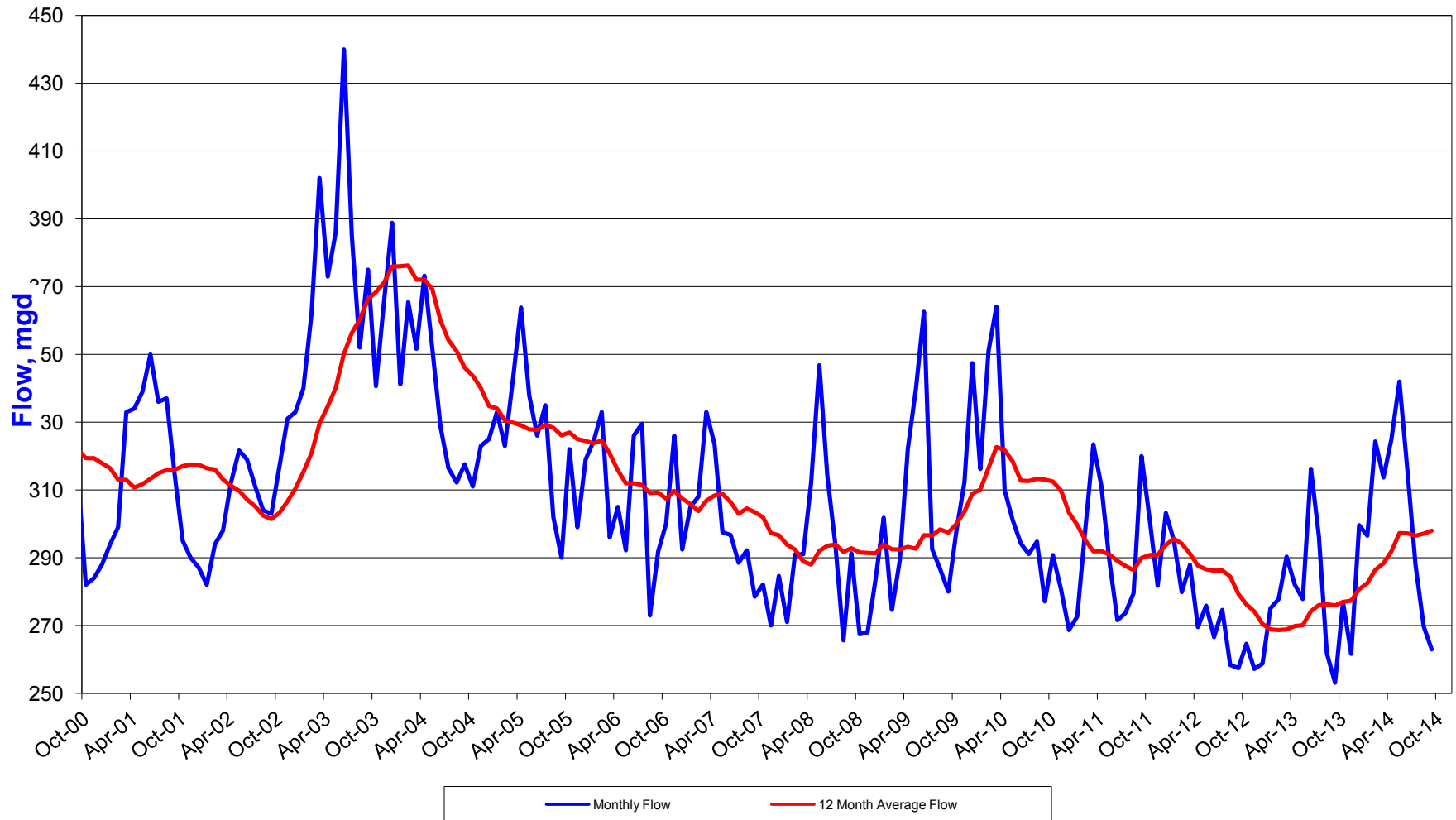
- The Digester Project, will reduce the quantity of biosolids and hauling costs
- Full implementation of the CHP component of the Digester Project in FY 2015 is anticipated to generate approximately 6MW of renewable energy per year
- Operation of the Enhanced Nitrogen Removal Facility would increase chemicals costs due to additional chemicals (methanol and sodium hydroxide) needed to remove excess pounds of nitrogen and ammonium in the facility

Wastewater Treatment Certified Operators* FY 2011 - FY 2016

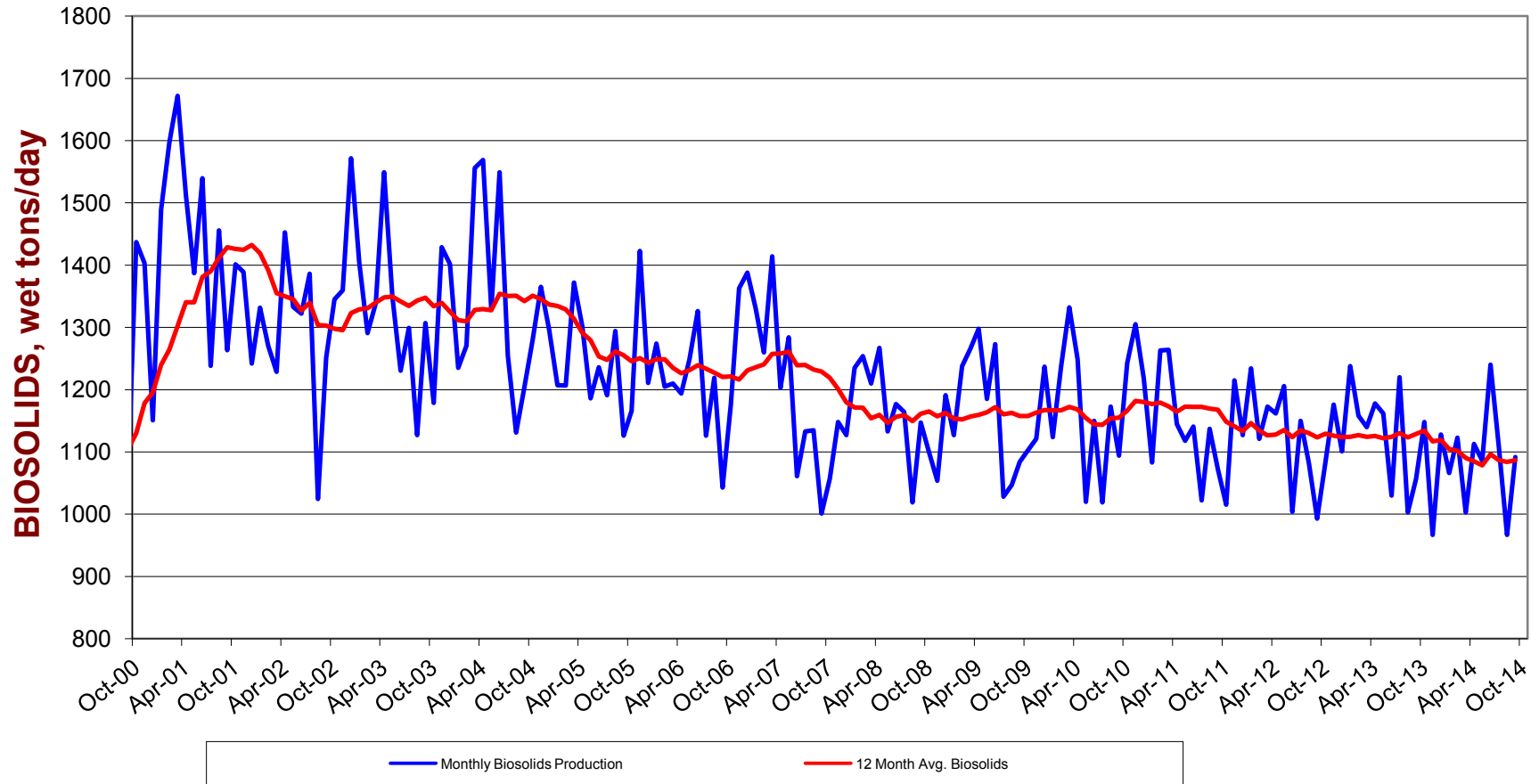


*Includes all positions with Certified Wastewater Treatment Plant Operator License

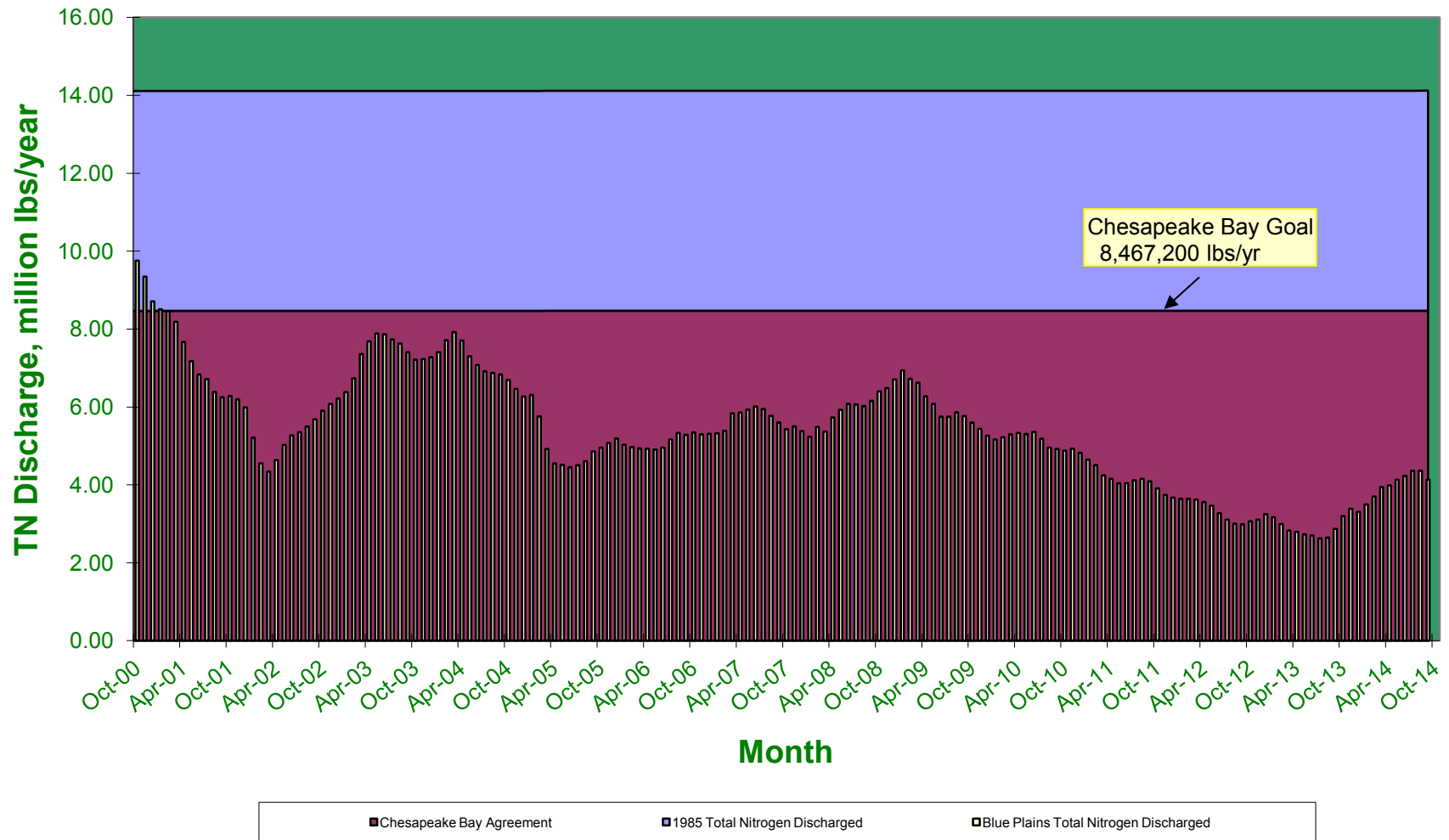
BLUE PLAINS WASTEWATER TREATMENT PLANT EFFLUENT FLOW OCTOBER 2000 - SEPTEMBER 2014



BLUE PLAINS WASTEWATER TREATMENT PLANT BIOSOLIDS PRODUCTION OCTOBER 2000 - SEPTEMBER 2014

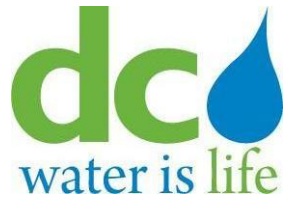


BLUE PLAINS WASTEWATER TREATMENT PLANT ANNUAL TOTAL NITROGEN LOAD OCTOBER 2000 - SEPTEMBER 2014





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**ASSISTANT GENERAL
MANAGER
Blue Plains**

			POSITIONS	
CURRENT			FY 2015	FY 2016
Authorized	Average Positions Filled	Year-End Positions Filled		
42	26	23	42	40

**FY 2016 Budget
\$8,291,000**

**WASTEWATER
TREATMENT -
PROCESS
ENGINEERING
1 - Position**

**Process
Control
Systems
4 - Positions**

**Process
Engineering
9 - Positions**

**Process
Control
Maintenance
26 - Positions**

FUNCTIONS

- Maintain Process Control System (PCS) for Blue Plains Advanced Wastewater Treatment Plant
- Provide Design and Construction interface to PCS
- Manage PCS hardware, software, maintenance, and support services
- Troubleshoot PCS issues and train Process and Instrumentation staff

FUNCTIONS

- Establish Process Control operating targets for Blue Plains
- Optimize process, chemical, and power use at the Plant
- Provide design comments and support during construction of capital projects
- Troubleshoot process performance problems

FUNCTIONS

- Plan and coordinate all activities for corrective, preventive, and predictive maintenance
- Maintain electronic process control systems, flow measurement, metering and recording equipment for the Plant

WASTEWATER TREATMENT - PROCESS ENGINEERING

MISSION: To economically maintain DC Water's process equipment and facilities at the Blue Plains Advanced Wastewater Treatment Plant, ensuring that the operational and customer service objectives of the Authority are achieved.

BUDGET OVERVIEW: The revised FY 2015 operating budget decreased by approximately \$0.4 million below the approved FY 2015 budget due to personnel cost adjustments for vacancies. The approved FY 2016 operating budget is lower than the revised budget FY 2015 budget by approximately \$0.2 million due to decreases in contractual services and supplies, offset in part by anticipated increases in personnel services cost.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	42	42	42	40
Average number of positions filled	23			
Operating Expenses				
Personnel Services including Overtime	2,974	4,465	4,054	4,591
Overtime	23	120	100	120
Non-Personnel Services:				
Supplies	314	907	907	644
Occupancy	27	39	39	34
Contractual	1,977	3,412	3,412	2,963
Equipment	35	59	59	59
Total Non-Personnel Services	2,354	4,417	4,417	3,700
Total Operations & Maintenance	5,328	8,882	8,471	8,291
Capital Equipment	-	1,072	1,072	654
Targeted Performance Measures	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Critical Equipment Availability (97%)	97%	97%	97%	97%

WASTEWATER TREATMENT - PROCESS ENGINEERING

OVERVIEW

FY 2015 Major Planned Activities and Changes

- Continue to build on planned activities of FY 2014
 - Provide guidance on set points and Plant operations
 - Provide Process Engineering reviews on new Capital Projects in Planning
 - Provide Process Engineering reviews on new Capital Projects in Design
 - Continue to assist with Construction Project Commissioning phases
 - Manage the Process Control System (PCS)
 - Continue the Equipment Reliability Program (predictive maintenance/condition monitoring)
 - Continue the Critical Spare Parts Inventory for process control equipment
 - Continue the major critical equipment maintenance initiative across the plant
 - Continue the Unit Shelf Replacement (spares) Program
- Startup and training for new capital projects – MPT (Main Process Train), ENRF (Enhanced Nitrogen Removal Facility), and Final Dewatering Facility (FDF), which is a part of the Digester Project
- Develop and deploy key performance indicators in each group
- Reorganize Process Engineering roles, responsibilities, and reporting structure

FY 2016 Major Recommended Activities and Changes

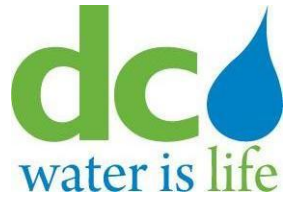
- Continue to build on planned activities of FY 2015
- Startup and training for new capital projects – FTF (Filtrate Treatment Facilities)
- Optimize recently commissioned capital projects - MPT, ENRF and FDF
- Conduct process design reviews for TDPS-ECF (Tunnel Dewater Pump Station and Enhanced Clarification Facilities)
- Fine tune and monitor key performance indicators in each group
- Conduct aggressive training program to support reduction in contracted work force

Impact of Capital Projects on FY 2015 and FY 2016 Operating Expenditures

- Increased preventive maintenance costs for new equipment and facilities
- Increased effort for training and commissioning of new facilities – ENRF, MPT, and FDF in FY 2015



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**ASSISTANT GENERAL
MANAGER
Blue Plains**

			POSITIONS	
CURRENT			FY 2015	FY 2016
Authorized	Average Positions Filled	Year-End Positions Filled		
117	100	99	117	119

**FY 2016 Budget
\$20,549,000**

**MAINTENANCE
SERVICES**

**Electrical
Maintenance
36 - Positions**

**Mechanical
Maintenance
69 - Positions**

**Maintenance
Management
14 - Positions**

FUNCTIONS

- Maintain electrical process control systems, equipment, and components for the Blue Plains Advanced Wastewater Treatment Plant
- Operate and maintain electrical power distribution system from 69kv to 5kv, electrical control systems for all process equipment and all DC Water facilities
- Inspect and maintain cranes for all DC Water facilities

FUNCTIONS

- Maintain mechanical process systems and equipment for the Plant
- Plan, schedule, and perform condition monitoring for all process equipment at all DC Water facilities

FUNCTIONS

- Plan and coordinate all activities for corrective, preventive, and predictive maintenance
- Plan & operate support systems to manage maintenance by planning, estimating, inspecting, and scheduling maintenance activities
- Coordinate work through operations and engineering
- Provide administrative support

MAINTENANCE SERVICES

MISSION: To economically maintain DC Water's process equipment and facilities at the Blue Plains Advanced Wastewater Treatment Plant, ensuring that the operational and customer service objectives of the Authority are achieved.

BUDGET OVERVIEW: The revised FY 2015 operating budget increased by approximately \$0.1 million above the approved. FY 2015 budget due to personnel cost adjustments. The approved FY 2016 operating budget decreased by \$1.4 million compared to the revised FY 2015 budget primarily due to reallocation of contractual services for electrical maintenance to the Department of Distribution and Conveyance Systems and decrease in supplies, offset in part by increases in anticipated personnel services cost.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	117	117	117	119
Average number of positions filled	100			
Operating Expenses				
Personnel Services including Overtime	10,950	11,690	11,839	12,204
Overtime	1,227	725	800	700
Non-Personnel Services:				
Supplies	1,913	3,664	3,664	3,054
Utilities	134	134	134	174
Contractual Services, etc.	4,175	6,138	6,138	4,846
Small Equipment	72	196	196	271
Total Non-Personnel Services	6,293	10,132	10,132	8,345
Total Operations & Maintenance	17,243	21,822	21,971	20,549
Capital Equipment	1,307	4,196	4,196	3,366
Targeted Performance Measures	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Critical Equipment Availability (97%)	98%	98%	98%	98%

MAINTENANCE SERVICES

OVERVIEW

FY 2015 Major Planned Activities and Changes

- Continue to perform preventive, corrective and predictive maintenance services in all treatment process area equipment to improve reliability, reduce down time and maximize asset life
- Continue critical equipment scoring and implementation in Maximo
- Continue critical spare parts inventory evaluation process and develop the part “Item Master” in Maximo
- Capture and record all material purchases from both Lawson and P-Cards on Maximo work orders written against assets
- Track, report, and analyze asset failures by cost to identify “poor performers”
- Continue Preventive Maintenance Validation Team’s improvement program
- Continue Diver Services Program, as needed
- Continue the High Priority Rehabilitation Program
- Continue to support the new Process Computer Control System (PCCS) group
- Continue to build equipment reliability program (predictive maintenance/condition monitoring)
- Continue Unit Shelf Replacement (spares) Program
- Continue lubrication technician program within the equipment reliability group
- Continue to provide high voltage, predictive maintenance, and crane maintenance support for the Department of Distribution and Conveyance Systems (Customer Care and Operations outside Blue Plains)
- Continue to increase safety awareness by enhancing equipment LOTO (lockout/tag-out) procedure
- Develop and deploy new key performance indicators to measure maintenance efficiency and productivity
- Increase level of work order planning and reduce level of reactive maintenance
- Train staff on all new process equipment

FY 2016 Major Recommended Activities and Changes

- Continue building upon the planned activities of FY 2015
- Optimize Preventive Maintenance Program
- Reorganize maintenance rolls, responsibilities and reporting structure

Impact of Capital Projects on FY 2015 and FY 2016 Operating Expenditures

- Increased maintenance support for various facilities as they come online within the next year: (1) New Main Process Train including Cambi Thermal Hydrolysis and Digester Process, and (2) Enhanced Nitrogen Removal Facility



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**ASSISTANT GENERAL
MANAGER
CUSTOMER CARE &
OPERATIONS**

**WATER
SERVICES
6 - Positions**

**FY 2016 Budget
\$22,574,000**

			POSITIONS	
			CURRENT	
Authorized	Average Positions Filled	Year-End Positions Filled	FY 2015	FY 2016
207	163	169	194	194

**Distribution
Maintenance
Branch
63 – Positions**

FUNCTIONS

- Repair and replace water main service lines
- Replace valves and hydrants
- Taps Abandonment
- Support lead replacement program
- Lead Leak Detection efforts for the Authority
- Assist Investigation as first responder during emergencies
- Manage ordering of materials and inventory
- Support departmental safety efforts
- Respond to all fire hydrant inquiries
- Manage fire hydrant contracts

**Distribution Control
Branch
88 - Positions**

FUNCTIONS

- Inspect, exercise and perform preventative maintenance on the 40,000 system valves
- Perform minor valve leak repairs
- Administer the Flushing Program
- Provide support for CIP projects
- Respond to and perform investigations of customer complaints
- Manage the Valve Coordination Control program
- Test valve shutdown plans for construction of CIP projects
- Perform scheduled and emergency shuts
- Support departmental safety efforts
- Inspect, exercise and perform preventive maintenance on all the hydrants in the system
- Monitor and track inventory level of fire hydrants and fire hydrant parts
- Establish/maintain interaction & communications with DC FEMS

**Technical Support
Services
19 - Positions**

FUNCTIONS

- Establish and administer a comprehensive asset management program for both water and sewer systems
- Maintain quality control of Maximo data
- Inspect construction projects
- Update asset inventory data & perform QA/QC analysis
- Manage and direct Operating and CIP Budgets
- Administer Public Space Restoration Program and associated contracts
- Support departmental safety efforts
- Provide business process evaluation and direct process improvement across departments

**Drinking Water
18 – Positions**

FUNCTIONS

- Environmental Protection Agency (EPA) drinking water compliance monitoring and reporting
- Control and monitor corrosion in the water distribution system
- Perform distribution system research (i.e. lead and copper, discolored water, microbial)
- Direct daytime flushing activities
- Respond to customer complaints and resolve water quality issues
- Conduct routine water quality analysis
- Manage cross connection program
- Support departmental safety efforts

WATER SERVICES

MISSION: To operate and maintain a potable water distribution system, which delivers safe drinking water to DC Water's customers. Water Services will ensure that water distribution meets or exceeds the applicable water quality regulations promulgated by the Safe Drinking Water Act and is provided in a reliable manner.

BUDGET OVERVIEW: The revised FY 2015 budget is approximately \$33.2 million lower than the approved FY 2015 budget due to transfer of the Pumping Division (including water purchases and electricity costs) to the Department of Distribution & Conveyance Systems. The approved FY 2016 budget increased by approximately \$0.6 million over the revised FY 2015 budget due to anticipated increases in personnel and contractual services costs.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	207	207	194	194
Average number of positions filled	163			
Operating Expenses				
Personnel Services including Overtime	16,889	18,229	17,212	17,735
Overtime	1,473	980	960	980
Non-personnel Services:				
Supplies	1,076	878	864	681
Chemicals	-	60	45	30
Utilities	3,440	3,139	463	282
Contractual Services, etc.	2,833	3,863	3,244	3,667
Water Purchases	28,407	28,831	-	-
Small Equipment	8	140	131	180
Total Non-Personnel Services	35,763	36,911	4,747	4,840
Total Operations & Maintenance	52,652	55,140	21,959	22,574
Capital Equipment	75	535	818	818

Targeted Performance Measures	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Maintain full compliance with Safe Drinking Water Act standards for positive coliform results (less than 5%)	<5%	<5%	<5%	<5%
Flush at least 50% of the 1,300 miles of pipe in the distribution system annually	50%	50%	50%	50%
Exercise 18,000 - 23,000 valves annually	25,000	25,000	25,000	25,000
Maintain a 99% fire hydrant operational rate	99%	99%	99%	99%
Respond to 95% of all emergency service orders in less than 45 minutes	97%	97%	97%	97%
Repair 90% of reported main leaks within 10 days	90%	90%	90%	90%

WATER SERVICES

OVERVIEW

FY 2015 Major Planned Activities and Changes

- Continue to evaluate business processes to include work prioritization, resource scheduling, Quality Assurance and Quality Control (QA/QC), and standardizing Customer Care and Operations business rules through the Maximo work order system
- Continue to expand the Cross Connection Prevention program to improve processes, increase resources, update regulations and implementation of applicable fees and fines
- Widen the ongoing water quality research program to better assess root causes for all water quality complaints
- Continue implementation of the Asset Management Program to improve predictive, preventative and corrective maintenance activities
- Continue to inspect all public fire hydrants at least once a year and perform required repairs
- Continue to flow test 1,500 hydrants per year in accordance with the requirements of the MOU with DC Fire and EMS, as well as respond to new service connection requests from developers
- Enhance the effort to capture cost data, including contractor, material, labor and equipment costs at the work order level within the Maximo/Lawson systems

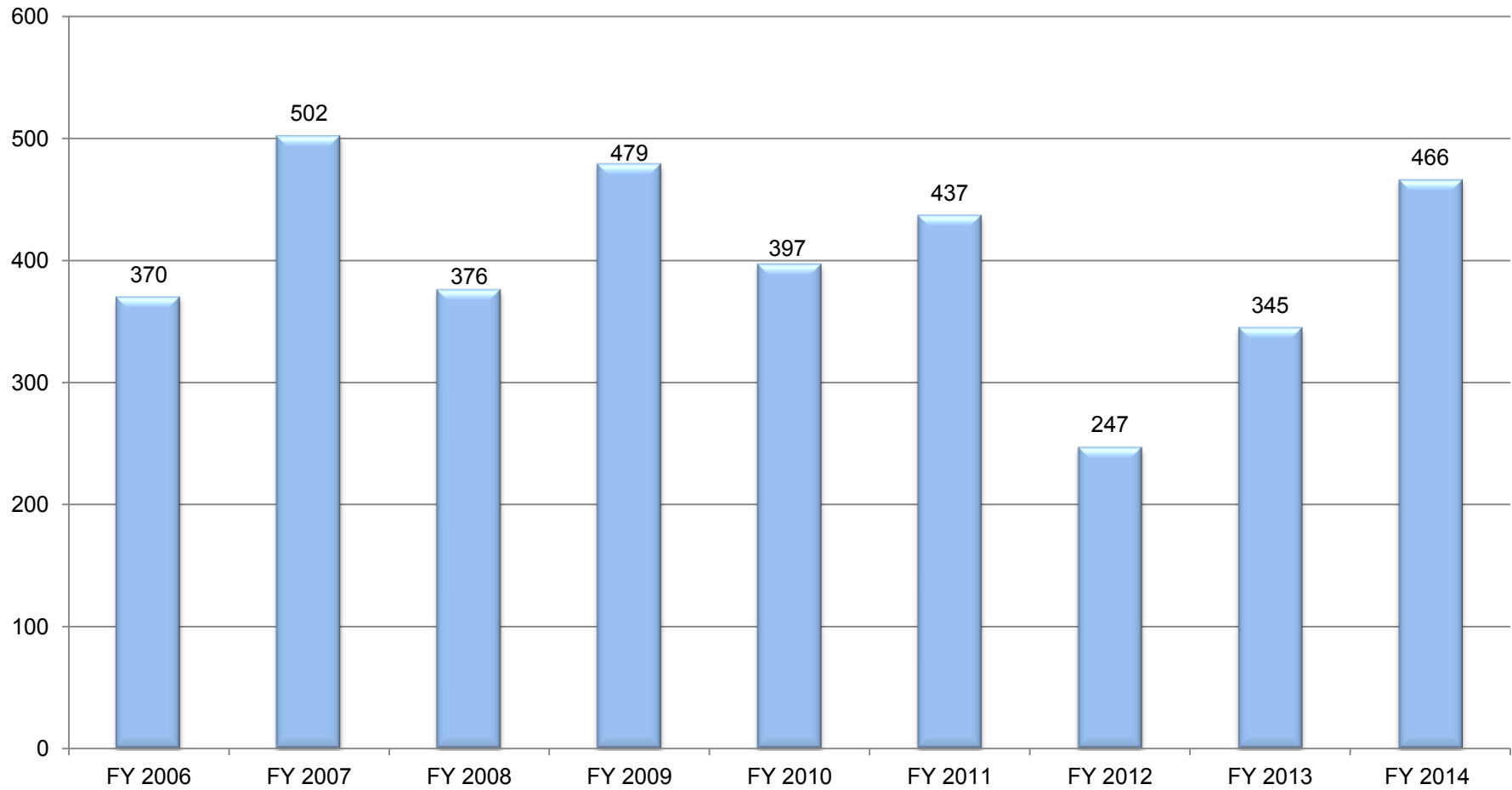
FY 2016 Major Recommended Activities and Changes

- Continue implementation of the Asset Management Program to improve predictive, preventative and corrective maintenance activities
- Establish an Enforcement Task Force Team to protect the Water and Sewer Distribution system from illegal activities such as Cross Connection contamination, unlawful dumping of Fats, Oils, and Grease (FOG), unauthorized fire hydrant use, and illegal connections into the water and sewer system
- Develop the ability to interface Asset Management Software to provide real-time data on open/shut status to GIS
- Provide enhanced planning, execution, procedural guidance and overview of the repair/replacement process, ensuring that DC Water/ Industry standards are maintained at all times for the water distribution system assets
- Continue to inspect all public fire hydrants at least once a year and perform required repairs

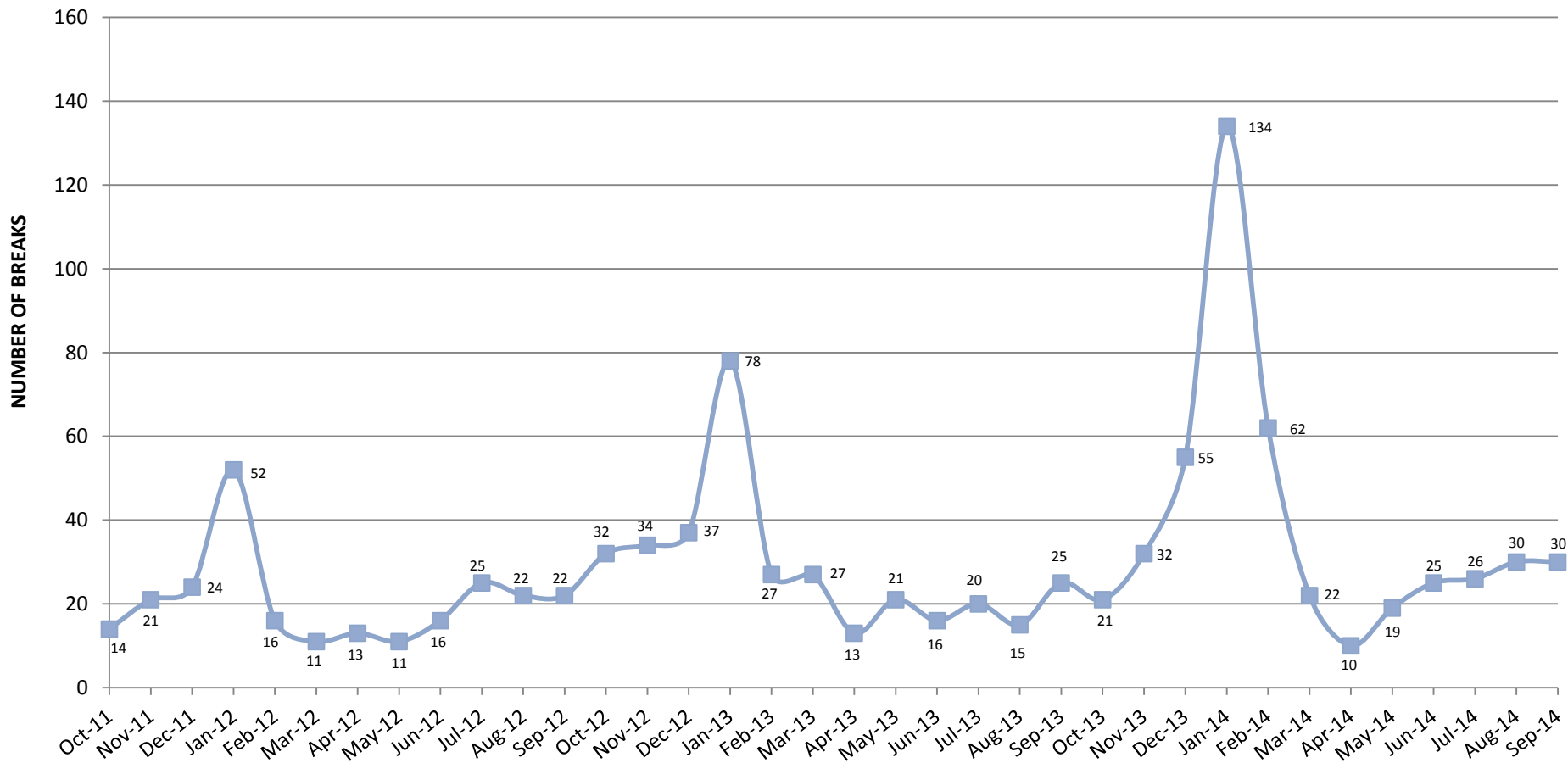
Impact of Capital Projects on FY 2015 and FY 2016 Operating Expenditures

- No major items identified

Historical Annual Water Main Breaks FY 2006 - FY 2014

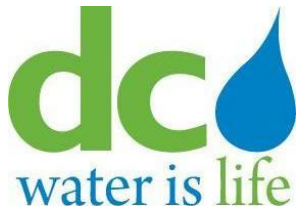


HISTORICAL MONTHLY WATER MAIN BREAKS October 2011 thru September 2014





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**ASSISTANT GENERAL
MANAGER
CUSTOMER CARE &
OPERATIONS**

CURRENT	POSITIONS		FY 2015	FY 2016
	Average Positions Filled	Year-End Positions Filled		
Authorized	158	140	120	120

**FY 2016 Budget
\$15,267,000**

**SEWER SERVICES
2 - Positions**

**Inspection & Maintenance
67- Positions**

**Construction & Repair
51 - Positions**

FUNCTIONS

FUNCTIONS

- Inspect public sewers
- Inspect sewer laterals
- Clean sewers and inlet /outlet structures
- Operate and maintain sewer regulator structures
- Clean catch basins
- Remove floatable debris
- Monitor & Control Operations
- Enforcement of Fats, Oils and Grease (FOG)

- Install and repair sewer mains
- Replace and repair sewer laterals
- Manage construction contracts
- Install and repair catch basins
- Manage CIP projects
- Manage and inspect in-house projects
- Coordinate work orders

SEWER SERVICES

MISSION: To provide for the operation and maintenance of the sewer system which collects and transports wastewater and stormwater flows to treatment and authorized discharge points.

BUDGET OVERVIEW: The revised FY 2015 budget is approximately \$6.4 million lower than the approved FY 2015 budget due to transfer of the Sewage Pumping division (including water usage and electricity costs) and Potomac Interceptor division to the Department of Distribution & Conveyance Systems. The approved FY 2016 budget increased by approximately \$0.4 million over the revised FY 2015 budget due to anticipated increases in personnel service cost, water usage and contractual services costs.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	158	158	120	120
Average number of positions filled	140			
Operating Expenses				
Personnel Services including Overtime	14,116	15,425	11,679	11,718
Overtime	1,476	900	767	900
Non-Personnel Services:				
Supplies	586	548	498	572
Chemicals	6	135	90	15
Utilities	3,348	2,522	576	956
Contractual Services, etc.	1,666	2,574	1,953	1,945
Small Equipment	14	60	60	60
Total Non-Personnel Services	5,620	5,839	3,177	3,548
Total Operations & Maintenance	19,736	21,264	14,856	15,267
Capital Equipment/Projects:	24	570	570	695

Targeted Performance Measures	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Catch basins cleaned annually	27,500	27,500	27,500	27,500
Laterals investigated/relieved annually	2,000	2,000	2,000	2,000
Floatable debris tonnage removed from rivers	400	400	400	400
Sewer laterals repaired/replaced annually	350	350	350	350
Sewer main and lining footage repaired/replaced annually	1,000	1,000	1,000	1,000

SEWER SERVICES

OVERVIEW

FY 2015 Major Planned Activities and Changes

- Continue the implementation of an asset management strategy and system for water and sewer infrastructure in conjunction with Department of Water Services
- Replace aging Jet-Vac Combination Trucks
- Continue replacement of Sewer Laterals using trenchless technologies
- Work with the Departments of Information Technology and Fleet Management to install laptops with GIS and Maximo capabilities in Sewer Service vehicles
- Conduct cleaning of the water quality catch basins in accordance with DDOE cleaning requirements
- Plan and implement SOP to maximize flow to Blue Plain during wet weather events with DC Clean Rivers Program
- Work with DETS to implement Odor, Corrosion and Green House Gases Master Plan for Collection System
- Continue implementation of SCADA improvements to the Sewer Collection System
- Continue research on Clean Sewers Program
- Coordinate DETS/Clean Rivers Program with Department of Distribution and Conveyance Systems
- Coordinate Asset Management and Maximo Enhancement with Water Services and IT
- Purchase additional portable video inspection system for the Jet-Vac Combination Trucks
- Administer construction contract for sewer main line rehabilitation and sewer lateral replacement to include sections for relining

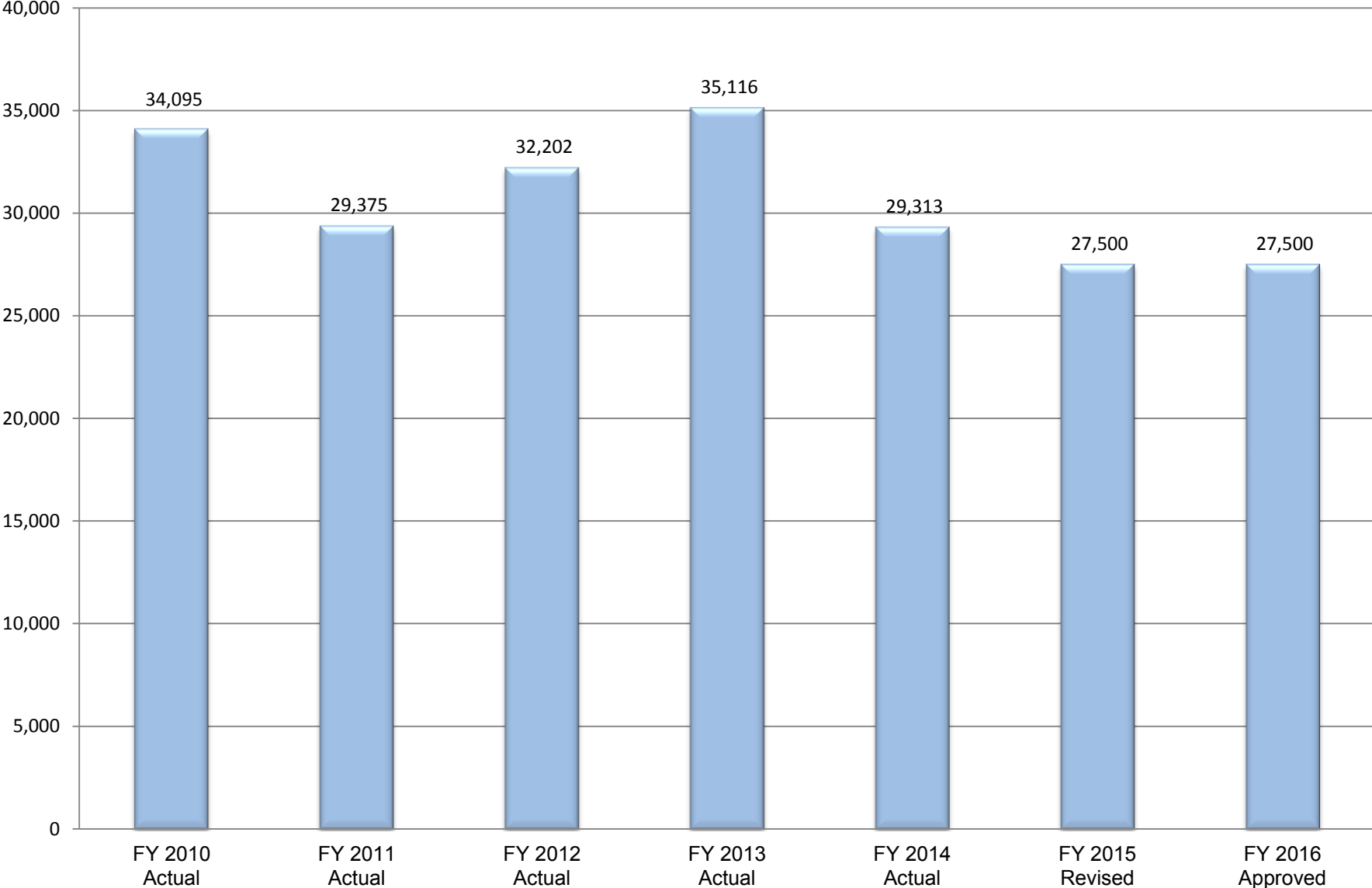
FY 2016 Major Recommended Activities and Changes

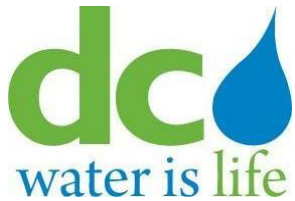
- Begin construction of improvements at Poplar Point including relocation of major section of sewer mainline
- Work with pumping to begin new program to integrate rainfall prediction into SCADA
- Complete research on Odor Corrosion and Green House Gases Master Plan and develop plan to implement recommendations
- Continue coordination efforts with DC Clean Rivers Program of construction activities that interface with pumping operations and sewer diversion
- Work with DETS to rehabilitate Upper Potomac Interceptor Sewer segment that is currently out of service located in Georgetown
- Continue replacement of Sewer Laterals using Trenchless Technologies

Impact of Capital Projects on FY 2015 and FY 2016 Operating Expenditures

- The FOG management program is intended to reduce odors, sewer backups, corrosion in pipes and excessive wear on pumps

FY 2010 - FY 2016 CATCH BASINS CLEANED





**ASSISTANT GENERAL
MANAGER
CUSTOMER CARE &
OPERATIONS**

POSITIONS				
CURRENT			FY 2015	FY 2016
Authorized	Average Positions Filled	Year-End Positions Filled		
125	112	114	124	124

**FY 2016 Budget
\$17,500,000**

**CUSTOMER
SERVICE
Office of the
Director
7 - Positions**

**Customer Care
44 - Positions**

FUNCTIONS

- Respond to customer calls, correspondence and internet requests
- Assist customers in Business Office

**Credit and
Collections
11 - Positions**

FUNCTIONS

- Manage receivables and collections process on delinquent accounts, including multi-family service termination, property lien filing, dunning process and receivership
- Manage Customer Assistance Program

**Billing Services
and Control
19 - Positions**

FUNCTIONS

- Manage billing process and improvement of customer information and billing system
- Monitor and assist large accounts
- Provide planning and project management for future systems implementations

**Meter and Field
Services
43 - Positions**

FUNCTIONS

- Maintain, install, test, repair and replace meters
- Manage meter replacement/automated meter reading project
- Perform interior inspections
- Perform terminations of service for non-payment of bills

CUSTOMER SERVICE

MISSION: To provide superior, equitable and responsive customer service to the diverse community that we serve.

BUDGET OVERVIEW: The revised FY 2015 operating budget decreased by approximately \$0.3 million compared to the approved FY 2015 budget due to projected personnel cost adjustments. The approved FY 2016 budget is higher than the revised FY 2015 budget by \$0.6 million due primarily to personnel salary adjustments and increased contractual services costs.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	125	125	124	124
Average number of positions filled	112			
Operating Expenses				
Personnel Services including Overtime	10,683	11,741	11,469	11,739
Overtime	194	240	240	260
Non-personnel Services:				
Supplies	59	135	135	138
Utilities	1,017	1,105	1,105	1,170
Contractual Services, etc.	4,058	4,166	4,166	4,405
Small Equipment	45	50	50	48
Total Non-Personnel Services	5,179	5,456	5,456	5,762
Total Operations & Maintenance	15,862	17,197	16,925	17,500
Capital Equipment	1,583	7,900	7,900	14,389

Targeted Performance Measures	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Calls answered within 40 seconds	86%	85%	85%	85%
Percentage of AMR Meters Read	90%	95%	91%	95%
Sustained Retail 90-day receivable balance (not including IAC)	\$5.3 Million	\$5.7 Million	\$5.7 Million	\$5.7 Million
Top 100 Accounts Billed as Scheduled	98%	98%	98%	98%

CUSTOMER SERVICE

OVERVIEW

FY 2015 Major Planned Activities and Changes

- Begin feasibility reviews and implementation of a different Customer Information System (CIS) and related interfaces
- Accelerate Automated Meter Reading replacements and possibly replace the existing system with a new manufacturer
- Work with Finance, Accounting and Budget office to evaluate and possibly implement alternate rate and billing strategies
- Work with Information Technology department and External Affairs to redesign current bill and customer self-service options concurrent with CIS changes
- Enhance Customer/Stakeholder confidence, communications, and perception in line with the DC Water Strategic Plan Goal #4
- Implement updated Geographic Information Systems(GIS) data for impervious area billing

FY 2016 Major Recommended Activities and Changes

- Continue Strategic Plan Goal #4 work
- Continue AMR and meter replacements
- Prepare for a possible relocation to the new central administration building
- Begin evaluation of alternate locations or alternate strategies for walk-in service as the lease at 810 First St. expires in 2018

Impact of Capital Projects on FY 2015 and FY 2016 Operating Expenditures

- Anticipated higher staffing costs and lower contractual costs to accompany investments in a new CIS technology



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**ASSISTANT GENERAL
MANAGER
CUSTOMER CARE &
OPERATIONS**

POSITIONS				
Authorized	CURRENT		FY 2015	FY 2016
	Average Positions Filled	Year-End Positions Filled		
34*	43	33	87	87

**FY 2016 Budget
\$50,954,000**

**Distribution &
Conveyance Systems
2 – Positions**

**Pumping
Operations
23 – Positions**

FUNCTIONS

- Operate Water Pumping Stations, Storage Facilities and Water Towers to ensure adequate quantity and quality of water throughout the District
- Operate Sanitary and Combined Sewer Facilities to maximize flow to Blue Plains
- Inspect Inflatable dams to ensure proper function during rain events
- Operate Northeast Boundary Swirl Facility to provide treatment of combined flow
- Remove screenings and debris from pumping stations
- Prepare work orders for equipment in need of repair
- Prepare management reports as appropriate for Compliance and other requirements

**SCADA Process
Control
15 – Positions**

FUNCTIONS

- Operate and Maintain Supervisory Controls and Data Acquisition (SCADA) applications, hardware and network support
- Operate and Maintain Programmable Logic Controllers and Operator Interface Terminals for process monitoring and control
- Operate and Maintain all Process Instrumentation, including completion of all related PM's and CM's
- Ensure integrity of SCADA system, Disaster Recovery Planning, Implementation and Testing
- Administer and manage service contracts and special projects for department
- Facilitate development of Project Initiation Reports for CIP development
- Perform Stormwater Pollution Prevention Plan inspections
- Facilitate, compile and administer Consent Decree Reporting for Operations (Quarterly and Annual)
- Perform CIP project reviews
- Facilitate and develop Reliability Centered Maintenance and FEMA practices in coordination with the Maintenance Service Dept

**Maintenance
36 - Positions**

FUNCTIONS

- Plan, coordinate and perform all activities for corrective, emergency, preventive, and predictive maintenance operations and various stakeholders
- Plan, schedule, and perform condition monitoring for process equipment
- Maintain and troubleshoot electrical process control systems, equipment, and components (including VFD's, MCC's, Switchgear)
- Maintain and troubleshoot mechanical process systems and equipment (including pumps, valves, traveling screens, seal water, PRV maintenance, pumps operations including seals and alignment, compactor and screen flushing systems)
- Perform CIP Project Review during Planning Design and Construction
- Maintain and update Engineering Records (ACAD, GIS and Asset Inventory)

**Potomac
Interceptor
4 - Positions**

FUNCTIONS

- Operate & maintain Potomac Interceptor (PI) Sewer
- Review consultants and contractor's plans, specifications, designs and engineering drawings for compliance to standards
- Inspect construction activities to ensure contractor is adhering to approved plans
- Operate and maintain PI Flow Meters
- Operate and Maintain odor control facilities and manholes
- Manage Miss Utility in VA and Montgomery County, MD
- Monitor Right-of-Way to maintain integrity and prevent encroachment
- Represent PI at meetings with various jurisdictional agencies and PI users

**Emergency
Management
7 - Positions**

FUNCTIONS

- Responsible for administering, managing and developing the Emergency Management Program
- Direct emergency response and planning activities throughout the Authority
- Critical infrastructure protection and key resource management
- Emergency preparedness training and educational requirements for DC Water staff and contractors
- Vulnerability Assessment and integration into CIP
- Manage DC Water's emergency Alert System

* Prior to incorporation of transferred functions from the Water and Sewer Departments during FY 2014

DISTRIBUTION AND CONVEYANCE SYSTEMS

MISSION: To economically maintain DC Water's process equipment and facilities external to Blue Plains, ensuring that the operational and customer service objectives of the Authority are achieved.

BUDGET OVERVIEW: Following the reorganization in FY 2014, the department was renamed the Department of Distribution & Conveyance Systems. The revised FY 2015 budget increased by approximately \$40.4 million over the approved FY 2015 budget due to the reorganization and transfer of various functions to the new department, including additional 53 FTEs, water purchase, electricity, and various contractual services costs. The \$4.5 million increase in the approved FY 2016 budget over the revised FY 2015 budget reflects anticipated increase in personnel, water purchase, and contractual services costs, including transfers from the Maintenance Services Dept for electrical maintenance work.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	34 *	34	87	87
Average number of positions filled	43			
Operating Expenses				
Personnel Services including Overtime	5,858	3,855	9,287	9,634
Overtime	279	200	553	750
Non-Personnel Services:				
Supplies	556	553	635	630
Chemicals		-	42	373
Utilities	14	17	4,639	4,935
Water Purchase		-	28,831	30,740
Contractual Services, etc.	1,330	1,565	2,938	4,382
Small Equipment	15	95	104	260
Total Non-Personnel Services	1,914	2,230	37,189	41,320
Total Operations & Maintenance	7,772	6,085	46,476	50,954
Capital Equipment	-	101	141	1,281
Targeted Performance Measures				
Targeted Performance Measures	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Critical Equipment Availability (98%)	98%	98%	98%	98%
Number of inspections completed on Potomac Interceptor meters	400	400	400	400

* Prior to incorporation of transferred functions from the Water and Sewer Departments during FY 2014

Distribution and Conveyance Systems

OVERVIEW

FY 2015 Major Planned Activities and Changes

- Continue the DDCCS reorganization
- Ensure the integrity of SCADA system, implementation and testing
- Establish and implement plans for disaster recovery
- Operate and maintain all process instrumentation
- Ensure adequate flow and distribution of retail water throughout the District
- Ensure the adequate disposal of conveyance water to Blue Plains
- Coordinate, plan and perform all emergency, preventive and corrective maintenance operations for mechanical, electrical and industrial equipment
- Administer, manage and develop the Emergency Management Program
- Direct emergency response and planning activities throughout the Authority
- Implement a Critical Infrastructure Protection Plan (CIPP) and resource management plan
- Expand emergency preparedness training for employees
- Enhance the contract language for emergency response activities
- Provide expanded maintenance training for new and repurposed employees as part of the reorganization process
- Continue to work with the Department of Engineering and Technical Services (DETS) to design and implement improvements to more fully automate Sewer Pumping Operations, beginning with the Main Pumping Station
- Develop a formal program to reduce Fats Oil and Grease in trunk and Interceptors sewer
- Coordinate with DETS/Clean Rivers, the construction progress of new and rehabilitated facilities including a new Poplar Point Pumping Station, Bloomingdale Storm Pumping Station and 16th & Alaska Water Pumping Station
- Conduct Startup and training for Potomac Interceptor Odor Control Facilities in Fairfax & Loudoun Counties, VA

FY 2016 Major Recommended Activities and Changes

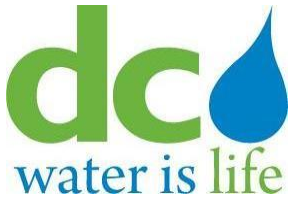
- Continue FY 2015 planned activities
- Coordinate start-up of new Poplar Point Pumping Station
- Coordinate/start-up of Bloomingdale Tunnel Storm Pumping Station
- Coordinate construction/start up of new screens at the electrical distribution system at Potomac Pumping Station

Impact of Capital Projects on FY 2015 and FY 2016 Operating Expenditures

- Better align capital costs with capital budgets
- Minimal impact to overtime and parts/materials budgets (in the event emergency repair is required for major pumps and mechanical climber screens associated with critical capital equipment)



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CHIEF ENGINEER

**ENGINEERING and TECHNICAL SERVICES
6 - Positions**

POSITIONS				
Authorized	CURRENT		FY 2015	FY 2016
	Average Positions Filled	FY 14 Year-End Positions Filled		
166	145	140	166	166

**FY 2016 Budget
\$24,069,000**

**Program Management Branch
5 - Positions**

FUNCTIONS

- Develop and maintain long-term facility planning process
- Generate bid documents for construction and rehabilitation projects
- Provide engineering data for production of the Capital Improvement Plan (CIP)
- Provide staff support for environmental policy issues affecting DC Water
- Technical and policy coordination with other jurisdictions and federal agencies
- Manage outside professional engineering firms

**Design Branch
53 - Positions**

FUNCTIONS

- Review, create and maintain standards to ensure technical adequacy
- Review, create and maintain standards to ensure technical adequacy
- Accomplish water and sewer pipeline design and facility design
- Manage pipeline and facility CIP project designs outside Blue Plains
- Provide technical engineering expertise to support operating departments
- Provide survey support for DC Water
- Maintain Enterprise GIS

**Engineering Management Services Branch
20 - Positions**

FUNCTIONS

- Develop and maintain contract specifications and solicitations
- Ensure DETS contract documents comply with DC Water and EPA Procurement Regulations
- Recommend all contract awards
- Ensure DC Water design consultants and construction contractors comply with the LSDBE and MBE/WBE requirements
- Manage and track the CIP
- Manage and track EPA Grants
- Develop, prepare and coordinate DETS operating budget
- Manage DETS engineering systems hardware/software

**Planning Branch
14 - Positions**

FUNCTIONS

- Perform system planning and facilitate planning for the water, sewer, and stormwater systems
- Provide coordination and other related services in support of the District of Columbia's storm water permit and in conjunction with the Departments of Health, Public Works, and Transportation

**Water and Sewer Construction Branch
60 - Positions**

FUNCTIONS

- Administer contracts for new construction, major repairs, and modifications to water and sewer systems
- Inspect construction of DC Water facilities by contractors, other District agencies and private developers

**Blue Plains Project Branch
8 - Positions**

FUNCTIONS

- Administer contracts for construction management, new construction, major repairs, modifications and start-up to the Blue Plains Advanced Wastewater Treatment Plant
- Perform design reviews and coordinate construction work with other departments at Blue Plains

ENGINEERING AND TECHNICAL SERVICES

MISSION: To perform engineering planning, design, and construction management necessary to execute DC Water's Capital Improvement Program (CIP); to provide assistance and advice to operating departments and management on engineering aspects of the Authority's operation and facilities. To develop and maintain engineering documentation of the Authority's facilities and systems; and to assist the Authority with environmental policy.

BUDGET OVERVIEW: The revised FY 2015 budget increased by approximately \$0.2 million above the approved FY 2015 budget due to a lower projected vacancy rate. The approved FY 2016 budget is higher than the revised FY 2015 budget by approximately \$1 million due primarily to personnel service cost adjustments and contractual services costs.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	166	166	166	166
Average number of positions filled	145			
Operating Expenses				
Personnel Services including Overtime	20,130	20,824	21,100	21,686
Overtime	904	1,070	1,070	1,063
Non-Personnel Services:				
Supplies	93	126	126	141
Utilities	332	294	294	433
Contractual Services, etc.	1,484	1,563	1,563	1,701
Small Equipment		5	5	108
Total Non-Personnel Services	1,909	1,988	1,988	2,383
Total Operations & Maintenance	22,040	22,811	23,087	24,069
Capital Equipment				
Targeted Performance Measures	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Percentage of KPI's Completed	85%	80%	80%	80%
Use 100% of Clean Water Act grant funds	100%	100%	100%	100%
Use 100% of Safe Drinking Water Act grant funds	100%	100%	100%	100%

ENGINEERING & TECHNICAL SERVICES

OVERVIEW

FY 2015 Major Planned Activities and Changes

- Lead, manage timely, and ensure within budget implementation of the Capital Improvement Program (CIP)
- Maintain Geographic Information System (GIS) with in-house staff, develop GIS applications
- Continue implementation of the projects resulting from the sewer system condition assessment program
- Continue implementation of the Enhanced Nitrogen Removal (ENR) Project at Blue Plains
- Ensure EPA Fair Share Objectives are met or exceeded
- Continue implementation of Biosolids Management Plan Projects
- Ensure all grant funding is obligated in accordance with grant requirements
- Continue to develop in-house survey capability
- Continue to grow in-house design capability
- Continue to grow increased in-house construction management capability

FY 2016 Major Recommended Activities and Changes

- Continue to lead, manage timely, and ensure in-budget implementation of the Capital Improvement Program (CIP)
- Continue to maintain GIS with in-house staff, develop GIS applications
- Continue implementation of the projects resulting from the sewer system condition assessment program
- Continue to grow in-house design capability
- Continue to grow increased in-house construction management capability

Impact of Capital Projects on FY 2015 and FY 2016 Operating Expenditures

- Additional staffing to support implementation of the \$3.8 billion CIP for FY 2015 - 2024



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CHIEF ENGINEER

			POSITIONS	
CURRENT			FY 2015	FY 2016
Authorized	Average Positions Filled	Year-End Positions Filled		
16	11	11	16	16

**DC CLEAN RIVERS
(CSO - LTCP)**
2 - Positions

**FY 2016 Budget
\$2,996,000**

**DCCR Planning and Design Branch
5 - Positions**

**DCCR Construction Branch
6 - Positions**

**DCCR GI Branch
3 - Positions**

FUNCTIONS

- Manage and oversee the planning and design phase of the \$2.6 billion, 20 year Clean Rivers Project
- Oversee the program consultants' management of design contracts, consent decree driven schedules, budgets and program planning
- Ensure adherence to all design related consent decree milestones
- Oversee and guide value engineering efforts to improve the quality and cost effectiveness of designs
- Coordinate the interaction between the DCCR Department and other departments within DC Water
- Review, oversee and ensure compliance with quality assurance/quality control procedures
- Develop risk mitigation strategies for all Clean Rivers projects, with emphasis on bringing quality projects online, on time and within budget

FUNCTIONS

- Manage and oversee the construction phase of the 20 year Clean Rivers Project
- Ensure adherence to all construction related consent decree requirements
- Guide constructability review efforts
- Identify and mitigate potential sources of project delay and scope growth
- Develop risk mitigation strategies for all Clean Rivers Projects
- Inspect tunnel construction and other CSO abatement facilities
- Review, oversee and ensure compliance with quality assurance/quality control procedures

FUNCTIONS

- Manage and oversee the Green Infrastructure Program
- Siting and Planning for Green Infrastructure (GI) projects
- Manage construction of Green Infrastructure
- Manage DC Water initiative for Potomac and Rock Creek watersheds
- Manage the design and construction of Green Infrastructure Challenge

CLEAN RIVERS (CSO LTCP)

MISSION: To develop, design, construct and implement the Authority's 20-year DC Clean Rivers Project (aka Combined Sewer Overflow Long Term Control Plan) that includes federally enforceable consent decree driven milestones.

BUDGET OVERVIEW: The revised FY 2015 budget increased slightly over the approved FY 2015 budget by \$0.2 million for personnel service cost adjustments. The approved FY 2016 budget is higher than the revised FY 2015 budget by \$0.3 million due to higher projected personnel services cost and higher matrix costs for telecommunication and software maintenance.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	16	16	16	16
Average number of positions filled	11			
Operating Expenses				
Personnel Services including Overtime	2,146	2,274	2,514	2,713
Overtime	10	7	5	5
Non-Personnel Services:				
Supplies	4	14	14	16
Utilities	58	80	80	107
Contractual Services, Paving etc.	53	111	111	159
Small Equipment	-	-	-	-
Total Non-Personnel Services	115	206	206	282
Total Operations & Maintenance	2,261	2,480	2,720	2,996
Capital Equipment				
Targeted Performance Measures	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Meet all CSO LTCP consent decree milestones	100%	100%	100%	100%
Meet Mayor's Task Force commitments to Northeast Boundary neighborhoods	100%	100%	100%	100%

CLEAN RIVERS (CSO LTCP)

OVERVIEW

FY 2015 Major Planned Activities and Changes

- Continue design and implementation of the 20-year DC Clean Rivers Project
- Continue construction of the First Street Tunnel, Blue Plains Tunnel and Anacostia River Tunnel
- Continue design of the Green Infrastructure Challenge
- Continue monitoring of the Low Impact Development Retrofit at DC Water Facilities
- Continue design of the Northeast Boundary Tunnel
- Continue construction of the Main Pumping Station Diversions
- Start construction of the Poplar Point Pumping Station Replacement
- Start construction of the Joint Base Anacostia-Bolling (JBAB) Overflow and Diversions Structures
- Continue planning for the Potomac Tunnel/Hybrid
- Continue Environmental Impact Statement (EIS) for Potomac River
- Start Post Construction monitoring for the Phase 1 Combined Sewer Overflow (CSO) Controls
- Continue obtaining approval for the Consent Decree Modification

FY 2016 Major Recommended Activities and Changes

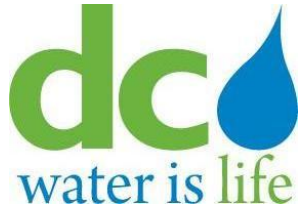
- Continue design and implementation of the 20-year DC Clean Rivers Project
- Complete construction of the First Street Tunnel, Blue Plains Tunnel
- Start construction of the Green Infrastructure Challenge
- Complete required monitoring of the Low Impact Development Retrofit at DC Water Facilities
- Continue construction of the Anacostia River Tunnel
- Start procurement for the Northeast Boundary Tunnel
- Continue construction of the Main Pumping Station Diversions
- Continue construction of the Poplar Point Pumping Station Replacement
- Continue construction of the Joint Base Anacostia-Bolling (JBAB) Overflow and Diversions Structures
- Continue planning for the Potomac Tunnel/Hybrid
- Complete draft EIS for Potomac River
- Complete Post Construction monitoring for the Phase 1 CSO Controls
- Implement measures associated with Consent Decree Modification

Impact of Capital Projects on FY 2015 and FY 2016 Operating Expenditures

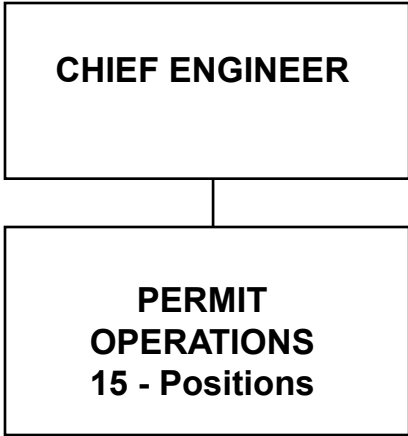
- Acceleration of First Street Tunnel and Northeast Boundary Tunnel requires acceleration of Capital expenditures
- Ramp up of Green Infrastructure initiative requires an increase in operating expenditures as positions are filled



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**FY 2016 Budget
\$2,214,000**



			POSITIONS	
Authorized	CURRENT		FY 2015	FY 2016
	Average Positions Filled	Year-End Positions Filled		
15	14	15	15	15

FUNCTIONS

- Review and approve permit applications
- Issue approvals to connect to the public water and sewer system
- Ensure development community compliance with DC Water design standards, criteria, specifications
- Evaluate impact of proposed development on water and sewer infrastructure for capacity and hydraulic grade
- Ensure compliance with combined sewer system/DC Clean Rivers program initiatives
- Coordinate with various D.C. agencies (DCRA, DDOT and DDOE) in support of the District’s permit procedures
- Update and/or create customer service records (Premises) and the GIS database
- Assess and collect fees for permit review, fixed fee services, and inspection services
- Initiate Maximo records and inspection work orders
- Forward as-designed plans to GIS updating system
- Provide copies of approved plans in-house as required for inspection and record keeping
- Develop, review and record easements and covenants

PERMIT OPERATIONS

MISSION: To manage DC Water's development and permit services.

BUDGET OVERVIEW: The revised FY 2015 budget is relatively flat compared to the approved FY 2015 budget. The approved FY 2016 budget is slightly higher than the revised FY 2015 budget by \$0.05 million primarily due to higher projected personnel services costs, including overtime costs.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	15	15	15	15
Average number of positions filled	14			
Operating Expenses				
Personnel Services including Overtime	1,529	1,742	1,658	1,705
Overtime	2	11	11	15
Non-Personnel Services:				
Supplies	3	30	30	24
Utilities	275	327	327	338
Contractual Services, etc.	69	151	151	147
Small Equipment	-	-	-	-
Total Non-Personnel Services	348	509	509	509
Total Operations & Maintenance	1,877	2,251	2,167	2,214
Capital Equipment		-		-
Targeted Performance Measures	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Process all permit applications in accordance with the service level agreement timeframe (85%)	85%	85%	85%	85%

PERMIT OPERATIONS

OVERVIEW

FY 2015 Major Recommended Activities and Changes

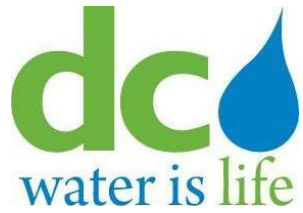
- Maximo integration of project status with sister agency programs (e.g., Project Docs, Transportation Online Permitting System (TOPS), and Accela)
- Develop an easement/covenant tracking/research tool that integrates available data from the District's databases in Survey, Recorder of Deeds and Office of Tax and Revenue
- Scan and catalogue historic developer design drawings that are currently stored in TIC. This accounts for approximately 30,000 plan sheets. This will reduce the storage in TIC and will make document retrieval easier. Documents will be stored in Livelink and accessible/searchable by address or Maximo tracking number

FY 2016 Major Recommended Activities and Changes

- Develop a program to educate and assist individual District home owners and small business owners in the preparation of documents for building permit applications, specifically as they relate to DC Water requirements
- Evaluate the current DC Water review fee classification structure, particularly for large developments/redevelopments, so as to ensure that the fee schedule properly reflects the level of effort required by the Permit Operations Department to review large, multi-connection projects



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**BOARD
OF
DIRECTORS**

**OFFICE of the
GENERAL
MANAGER
11- Positions**

**FY 2016 Budget
\$3,683,000**

POSITIONS				
Authorized	CURRENT		FY 2015	FY 2016
	Average Positions Filled	Year-End Positions Filled		
11	8	8	11	11

FUNCTIONS

The General Manager's Office provides overall operational and policy direction in support of the Board of Director's Strategic Plan

- Organize, plan and direct all operations of the Authority
- Ensure development and implementation of improvement processes to increase operational efficiencies

GENERAL MANAGER

MISSION: The General Manager's Office administers, plans, organizes and directs the operations of DC Water.

BUDGET OVERVIEW: The revised FY 2015 budget increased slightly over the approved FY 2015 budget by \$0.3 million for personnel services cost adjustments. The approved FY 2016 budget is higher than the revised FY 2015 budget by \$0.6 million primarily due to slightly higher projected personnel services costs and funding for Quick Wins and Innovations Program.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	11	11	11	11
Average number of positions filled	8			
Operating Expenses				
Personnel Services including Overtime	1,568	1,728	2,012	2,074
Overtime	7	8	5	8
Non-Personnel Services:				
Supplies	12	11	11	11
Utilities	25	28	28	30
Contractual Services, etc.	1,342	992	992	1,567
Small Equipment			-	
Total Non-Personnel Services	1,380	1,031	1,031	1,609
Total Operations & Maintenance	2,949	2,757	3,043	3,683
Capital Equipment	-	100	100	-
Targeted Performance Measures	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Implement all policies and directives of the Board of Directors.				

GENERAL MANAGER

OVERVIEW

FY 2015 Major Planned Activities and Changes

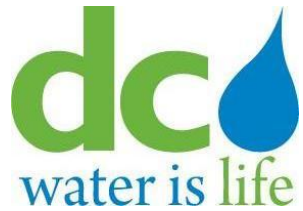
- Oversight of the DC Water Strategic Plan, Blue Horizon 2020
- Implement a comprehensive program to advance local hiring initiatives and manage the employment requirements of contractors
- Implement an innovation program in support of the Authority's mission to be a world-class utility
- Support organizational efforts to create the best utility in the world in service excellence, technology and environmental sustainability

FY 2016 Major Recommended Activities and Changes

- Continue oversight of the DC Water Strategic Plan, Blue Horizon 2020
- Continue implementation of comprehensive program to advance local hiring initiatives and manage the employment requirements of contractors
- Continue implementation of innovation program in support of the Authority's mission to be a world-class utility
- Continue to support organizational efforts to create the best utility in the world in service excellence, technology and environmental sustainability



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**BOARD
OF
DIRECTORS**

			POSITIONS	
CURRENT			FY 2015	FY 2016
Authorized	Average Positions Filled	Year-End Positions Filled		
2	2	2	2	2

**FY 2016 Budget
\$614,000**

**OFFICE OF
THE
SECRETARY (BOARD)
2 - Positions**

**GENERAL
MANAGER**

FUNCTIONS

- Manage logistics for Board of Directors and Committee meetings, Public Hearings, Workshops, Strategic Planning Process and all other business activities of the Board
- Manage and oversee the day-to-day operations of the Board of Directors
- Coordinate logistics for Board’s strategic planning process
- Maintain custodian of all books, records and official documents of the Board
- Administer the subpoena process for the Authority
- Provide Notary Service for the Authority

OFFICE OF THE SECRETARY (BOARD)

MISSION: To support the Board of Directors in developing and reviewing the DC Water's strategic goals, providing executive level assistance in planning, coordinating and executing assignments, and ensuring that the Board's business and activities are effectively managed.

BUDGET OVERVIEW: The revised FY 2015 operating budget decreased by approximately \$0.025 million below the approved FY 2015 budget due to projected personnel cost adjustments. The approved FY 2016 operating budget is relatively flat compared to the revised FY 2015 budget.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	2	2	2	2
Average number of positions filled	2			
Operating Expenses				
Personnel Services including Overtime	218	294	269	270
Overtime	8	4	4	5
Non-Personnel Services:				
Chemicals and Supplies	10	18	18	18
Utilities	5	7	7	9
Contractual Services, etc.	194	316	316	316
Small Equipment	-	1	1	1
Total Non-Personnel Services	208	341	341	343
Total Operations & Maintenance	427	635	610	614
Capital Equipment	-	-	-	-
Targeted Performance Measures				
	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Provide timely and accurate Board and Committee agendas, reports and minutes	100%	100%	100%	100%
Follow-up and complete Board actions	100%	100%	100%	100%

BOARD SECRETARY

OVERVIEW

FY 2015 Major Planned Activities and Changes

- Continue to draft and submit notices and agendas for all Board and Committee meetings and Public Hearings for publication in the D.C. Register as required by the Open Meetings Act of 2010
- Continue to publish all Board and Committee agendas, meeting materials and meeting minutes on DC Water's website as required by the Open Meetings Act of 2010
- Continue to coordinate logistics for the Board's Strategic Planning Session (retreat)
- Continue to coordinate the process to fill the expired and/or vacant Board appointments
- Continue to effectively monitor follow-up requests from the Board and Committees to ensure timely responses
- Continue to enhance data dissemination process for the Board, DC Water employees, the general public and stakeholders by use of state-of-the-art technology that supports Board's strategic plan
- Continue to manage recordkeeping process by ensuring accuracy, comprehensiveness and effective maintenance of all Board related documents and materials
- Continue to work with Information Technology to secure, install and utilize state-of-the-art technology to ensure efficient and effective recording of proceedings for all Board and Committee meetings

FY 2016 Major Recommended Activities and Changes

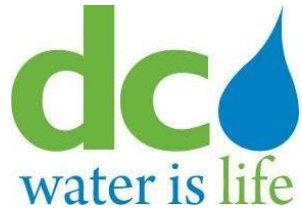
- No major activities and/or changes expected in FY 2016

Impact of Capital Projects on FY 2015 and FY 2016 Operating Expenditures

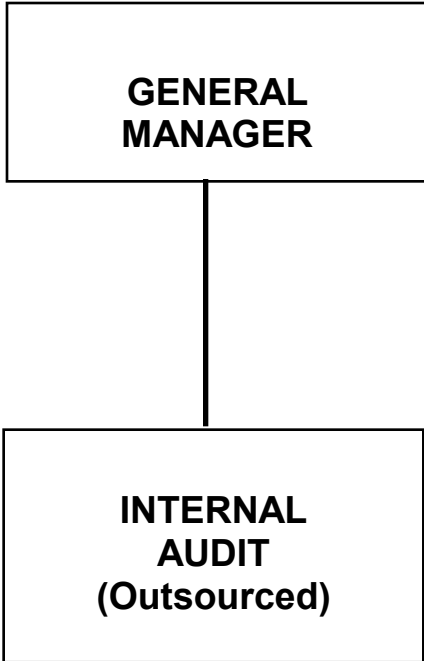
- No direct impact envisaged at this time



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**FY 2016 Budget
\$872,000**



			POSITIONS	
CURRENT			FY 2015	FY 2016
Authorized	Average Positions Filled	Year-End Positions Filled		
0	0	0	0	0

FUNCTIONS

Oversight:

- Conduct periodical audits
- Conduct audits requested by the Board of Directors and/or the General Manager
- Review of corporate governance

FUNCTIONS

Insight:

- Assess programs and policies
- Share best practices and benchmarking information
- Provide ongoing feedback for re-engineering management practices and policies

FUNCTIONS

Foresight:

- Identify trends and challenges before they become crises
- Identify risks and opportunities
- Risk-based auditing

INTERNAL AUDIT

MISSION: The mission of Internal Audit is to provide independent, objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of DC Water. It assists the organization in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, control and governance processes.

BUDGET OVERVIEW: There is no change between the approved and the revised FY 2015 budgets. The approved FY 2016 budget is higher than the revised FY 2015 budget by \$0.01 million due to slightly higher cost for the Internal Audit outsourced agreement.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	-	-	-	-
Average number of positions filled				
Operating Expenses				
Personnel Services including Overtime	-	-	-	-
Overtime	-	-	-	-
Non-Personnel Services:				
Supplies	-		-	-
Utilities	6	7	7	9
Contractual Services, etc.	788	852	852	864
Small Equipment	-		-	-
Total Non-Personnel Services	794	859	859	872
Total Operations & Maintenance	794	859	859	872
Capital Equipment				
Targeted Performance Measures	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Internal Audit Work Planned	16	14	14	14

INTERNAL AUDIT

OVERVIEW

FY 2015 Major Planned Activities and Changes

- Implement Board approved audit plan

FY 2016 Major Recommended Activities and Changes

- No major changes anticipated



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**GENERAL
MANAGER**

**GENERAL
COUNSEL
15 - Positions**

**FY 2016 Budget
\$5,733,000**

			POSITIONS	
Authorized	CURRENT		FY 2015	FY 2016
	Average Positions Filled	Year-End Positions Filled		
15	11	12	15	15

Litigation

**Administrative
Law**

FUNCTIONS

- Appellate
- Bankruptcy
- Contract
- Construction
- Environmental
- Procurement
- Tort
- Receivership
- Employment
- Foreclosure

FUNCTIONS

- Board of Directors support
- Contract review and advise
- Clean Water Act compliance
- Clean Air Act compliance
- Construction claims
- Safe Drinking Water Act compliance
- Employment law matters
- Intra-governmental and Inter-jurisdictional agreements
- Legislation review and support
- Municipal law matters
- Pretreatment enforcement support
- Procurement protests, claims and internal appeals
- Real property matters
- Regulatory compliance support
- Draft and review Authority Policies

GENERAL COUNSEL

MISSION: To support DC Water's mission by providing legal advice and services to the Board of Directors, the General Manager and the DC Water's departments.

BUDGET OVERVIEW: The revised FY 2015 budget is relatively flat compared to the approved FY 2015 budget. The approved FY 2016 budget is lower than the revised FY 2015 budget by \$0.3 million due to lower contractual services for legal matters.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	15	15	15	15
Average number of positions filled	11			
Operating Expenses				
Personnel Services including Overtime	1,633	1,918	1,904	1,927
Overtime	-	2	2	2
Non-personnel Services:				
Supplies	5	10	10	8
Utilities	18	19	19	22
Contractual Services, etc.	3,566	4,078	4,078	3,776
Small Equipment	-	-		
Total Non-Personnel Services	3,589	4,107	4,107	3,805
Total Operations & Maintenance	5,222	6,024	6,011	5,733
Capital Equipment		275	275	100
Targeted Performance Measures				
Hours of employee time spent on direct work	1,700	1,700	1,700	1,700
1,700				

GENERAL COUNSEL

OVERVIEW

FY 2015 Major Planned Activities and Changes

- Manage outside counsel identified through Request for Proposal (RFP) process
- Use of the Database for management of process flow
- Provide legal support for the ongoing Long term Control Plan (LTCP) and Capital Improvement Programs projects
- Provide legal support for Green Infrastructure Activities

FY 2016 Major Recommended Activities and Changes

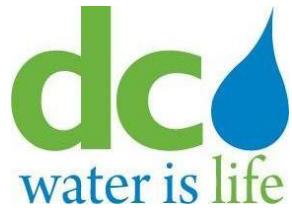
- Continue to manage complex litigation
- Continue to provide legal support to Clean Rivers Project and other long term projects
- Continue to provide legal support for Green Infrastructure Activities

Impact of Capital Projects on FY 2015 and FY 2016 Operating Expenditures

- Support acquisition of required construction and operating environmental permits for emission units and Title V Air Permit
- Support acquisition of National Pollutant Discharge Elimination System (NPDES) Permit
- Provide legal support for both capital and operating matters related to ongoing LTCP and CIP projects
- Provide legal support for both capital and operating matters related to Green Infrastructure Activities



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**GENERAL
MANAGER**

POSITIONS				
CURRENT			FY 2015	FY 2016
Authorized	Average Positions Filled	Year-End Positions Filled		
12	12	12	13	13

**FY 2016 Budget
\$2,203,000**

**EXTERNAL
AFFAIRS
Office of the Chief
3 - Positions**

**Communications
3 - Positions**

**Production
3 - Positions**

**Community
Outreach
3 - Positions**

**Government
Relations
1 - Position**

FUNCTIONS

- Prepare speeches, editorials, special reports and stakeholder presentations
- Produce articles for community and weekly newspapers
- Produce press releases
- Produce newsletters and brochures materials, DC Water exhibits, etc.
- Provide editing/design support for other departmental communications projects
- Produce special high-profile project communications materials and exhibits
- Respond to local/national media inquiries
- Manage website content
- Produce live and archived webcasts of Board meetings

FUNCTIONS

- Facilitate communications training for employees (e.g. media, speakers bureau, focus group)
- Manage the production of the Annual Report, Water Quality Report and marketing materials
- Produce Public Service Announcements, Commercials and Videos
- Manage Speakers Bureau
- Manage department's budget

FUNCTIONS

- Partner on specific project/programs with neighborhood commissions, business, civic and environmental groups and organizations, and schools
- Prepare exhibits
- Develop and coordinate community service and customer outreach activities
- Coordinate stakeholder presentations and community Plant tours
- Conduct Sewer Science and other public school programs

FUNCTIONS

- Track and strategically influence relevant policy proposals
- Pursue state and federal government funding opportunities
- Establish and enhance working relationship with elected and appointed officials

EXTERNAL AFFAIRS

MISSION: To provide information about DC Water services and programs and to raise awareness about DC Water's efforts and achievements to improve the quality of life in the region by protecting the environment in which it operates and supporting the community it serves.

BUDGET OVERVIEW: The revised FY 2015 operating budget increased by approximately \$0.07 million above the approved FY 2015 budget due to projected personnel cost adjustments. The approved FY 2016 operating budget is relatively flat compared to the revised FY 2015.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	12	13	13	13
Average number of positions filled	12			
Operating Expenses				
Personnel Services including Overtime	1,458	1,608	1,680	1,681
Overtime	1	4	27	27
Non-Personnel Services:				
Chemical and Supplies	4	15	15	15
Utilities	21	32	33	31
Contractual Services, etc.	331	466	466	466
Small Equipment	10	10	10	10
Total Non-Personnel Services	367	523	524	522
Total Operations & Maintenance	1,825	2,131	2,204	2,203
Capital Equipment	-	-	-	-

Targeted Performance Measures	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Publication of DC Water's Annual Report	1	1	1	1
Publication of Customer Newsletter	10	10	10	10
Publication of Clean River's Update	2	2	2	2
Publication of Employee Newsletter	12	12	12	12
Publication of Water Quality Report	1	1	1	1
Senior speech and presentation development	10	10	10	10
Community meetings/outreach re: lead, rates, CSO/CIP projects, etc	100	100	100	100

EXTERNAL AFFAIRS

OVERVIEW

FY 2015 Major Planned Activities and Changes

- Expand communications and marketing around tap water, with emphasis on partnerships with the business community, universities and civic/neighborhood groups
- Ongoing tap water promotion and distribution at large festivals - H Street Festival; DC Vegetable Fest; and Pride Festival
- Expand DC Water's internal (employee) outreach, working closely with Human Capital Management, the Office of the General Manager and other departments
- Ramp up Clean Rivers outreach with a sustained public education campaign to inform all stakeholders about the benefits of the program
- Enhance our social media strategies
- Ongoing rebranding efforts
- Continuing to expand and enhance our relationships with local media, community bloggers and trade press

FY 2016 Major Recommended Activities and Changes

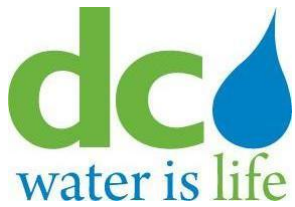
- No major changes anticipated

Impact of Capital Projects on FY 2015 and FY 2016 Operating Expenditures

- No direct impact



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**FY 2016 Budget
\$10,530,000**

**GENERAL
MANAGER**

**INFORMATION
TECHNOLOGY
Office of the
Chief Information Officer
5 - Positions**

			POSITIONS	
CURRENT			FY 2015	FY 2016
Authorized	Average Positions Filled	Year-End Positions Filled		
24	19	16	24	24

**Project Management
Office
1 - Position**

**Information
Architecture
1 - Position**

**Infrastructure
& Operations
1 - Position**

**Enterprise Applications
6 - Positions**

**Telecommunications
3 - Positions**

**Helpdesk
4 - Positions**

**Infrastructure
3 - Positions**

FUNCTIONS

- Install, operate and maintain audio/video systems and equipment
- Implement & support radio systems/phone

FUNCTIONS

- Maintain DC Water's technology standards
- Manage the Solution Center (Help Desk)

FUNCTIONS

- Provide technical support for applications, E-Business and other functional teams
- Technical resource PCS and SCADA security architecture
- Manage and maintain processes, procedures, and supplementary safeguards to mitigate risk and ensure operations data integrity throughout the organization's IT infrastructure
- Maintenance of the Enterprise continuity of operations (COOP) capabilities

FUNCTIONS

- Integrate and provide product support for the financial, payroll, maintenance and customer information and billing, AMR, IVR, AM systems
- Design and maintain DC Water's website to allow customer e-business access
- Database administration
- Develop and support DC Water's intranet
- Ensure successful project implementations
- Manage project prioritization process

FUNCTIONS

- Support project planning, management, and implementation
- Business Process Improvement
- Develop and provide standards for System Architecture/Integration
- Independent Verification and Validation (IVAV)
- Provide Enterprise content, document & record management system support
- Business process integration
- Application Development
- System administration
- Provide GIS/IAB support

INFORMATION TECHNOLOGY

MISSION: To ensure that the Authority's mission is supported by state-of-the-art technology with an infrastructure capable of accommodating all traffic and connectivity demands, and a computing environment that encourages development of efficient business.

BUDGET OVERVIEW: The revised FY 2015 budget increased slightly over the approved FY 2015 budget by \$0.2 million due to a lower projected vacancy rate. The approved FY 2016 budget is slightly higher than the revised FY 2015 budget by \$0.01 million primarily due to higher projected personnel services cost and contractual services for various IT support.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	24	24	24	24
Average number of positions filled	19			
Operating Expenses				
Personnel Services including Overtime	2,562	3,017	3,188	3,401
Overtime	19	20	20	27
Non-Personnel Services:				
Supplies	115	199	199	166
Utilities	137	109	109	168
Contractual Services, etc.	6,610	6,811	6,811	6,632
Small Equipment	82	164	164	164
Total Non-Personnel Services	6,944	7,283	7,283	7,129
Total Operations & Maintenance	9,507	10,300	10,471	10,530
Capital Equipment	4,880	3,535	3,535	3,605

Targeted Performance Measures	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
98% Network uptime round the clock	99.3%	99.4%	99.0%	99.0%
96% of all high priority tickets completed within 4 hours	90.0%	98.0%	98.0%	98.0%
60% Tickets closed by Tier 1 support	N/A	60%	60%	60%
50% of Projects Completed on-time	N/A	N/A	N/A	50%

INFORMATION TECHNOLOGY

OVERVIEW

FY 2015 Major Planned Activities and Changes

- Continue with system support & implementation of Asset Management system
- Outsource support of Lawson Financial system
- Increase support of Geographic Information System (GIS) application and Field Service Management systems
- Rebid Customer Information System (CIS) initiative and increase number of participants, select new system provider
- Improve Internal DC Water Communication Avenues
- Continue to ensure IT infrastructure reliability and upgrades consistent with Authority Technology Life-cycle:
 - Network infrastructure
 - Telephone system
 - Personal computers, laptops, cell phones, and tablet devices
- Begin planning and implementation of redundant/disaster recovery facility
- Continue rollout of mobile wireless and in building wireless network access to the authority
- Begin planning Microsoft Office 2013 upgrade
- Develop data management strategy and select and deploy integration infrastructure
- Begin/continue upgrade of Automatic Meter Reading/Advanced Metering Infrastructure (AMR/AMI) system
- Increase customer self-service capabilities
- Begin Phase II Automated Vehicle Locations (AVL) integration
- Begin Maximo Scheduler rollout

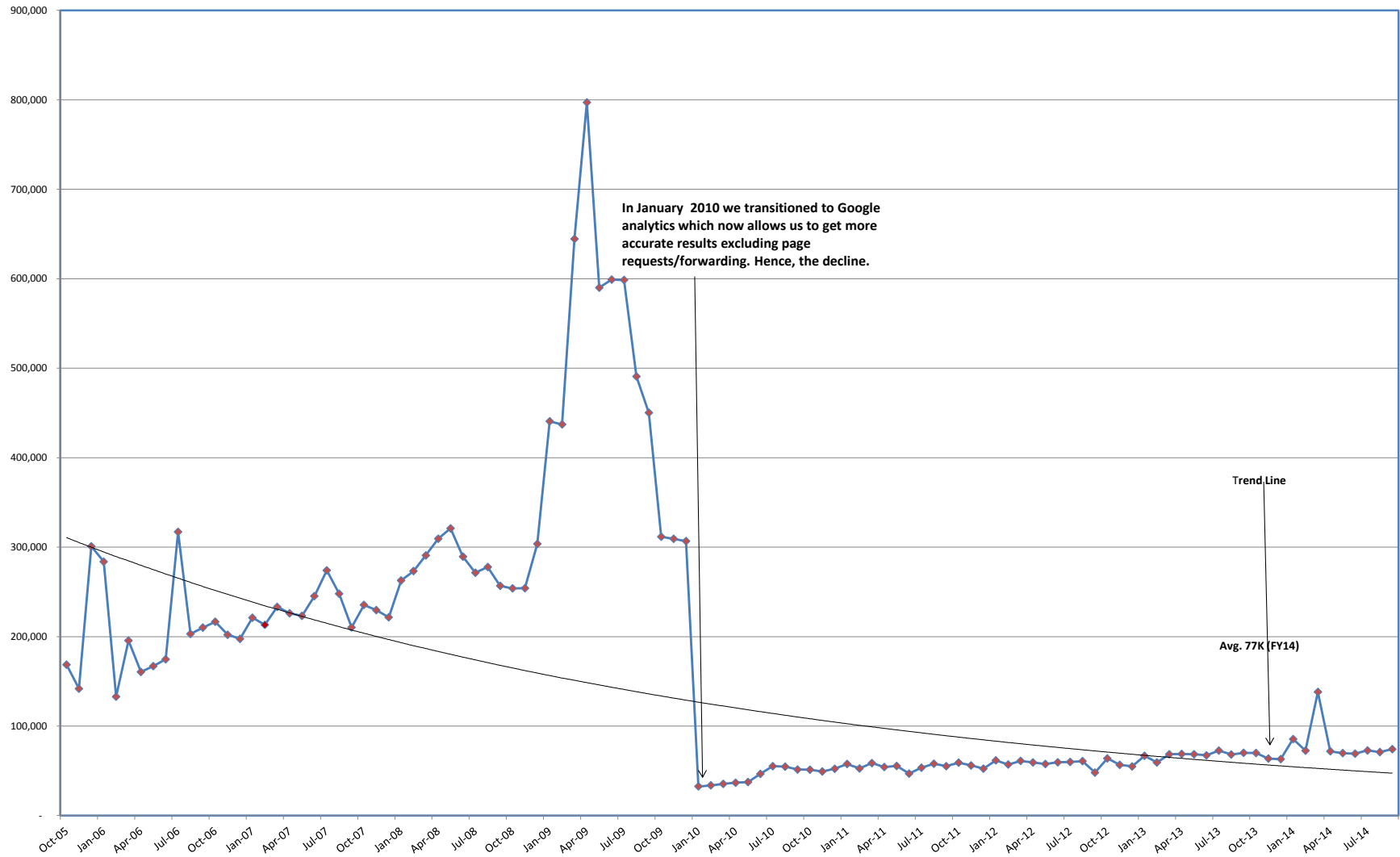
FY 2016 Major Recommended Activities and Changes

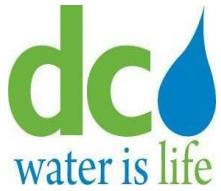
- Begin design of new CIS system
- Complete redundant/disaster recovery facility
- Rollout Blue Plains plant wide wireless capabilities
- Increase penetration of field force automation
- Continue upgrade of AMR/AMI system

Impact of Capital Projects on FY 2014 and FY 2015 Operating Expenditures

- CIS implementation support will increase head count in operating costs
- Operating costs of software licenses will increase
- Additional headcount required to support expanded capabilities in Materials Management, Asset Management, Mobile, Customer Service and Maximo
- Increased contract services budget to support new initiatives (Computer Telephone Integration (CTI), Performance Management, Decision Support, Data Integration)

**VISITORS TO DC WATER'S WEBSITE (WWW.DCWATER.COM)
OCTOBER 2005 - SEPTEMBER 2014**





CHIEF FINANCIAL OFFICER

**FINANCE ACCOUNTING AND BUDGET
2 - Positions**

			POSITIONS	
CURRENT			FY 2015	FY 2016
Authorized	Average Positions Filled	Year-End Positions Filled		
50	48	46	49	49

**FY 2016 Budget
\$13,465,000**

Finance

15 - Positions

FUNCTIONS

Manage and oversee Treasury, Debt and Risk management functions of the organization to include:

- Debt portfolio
- Investment portfolio
- Banking services operations
- Short and long-range financial planning
- Revenue forecasting and monitoring process
- Rate-setting processes
- Financial security and risk assessment
- Liquidity risks
- Business Office – Cashiering operations
- Administer all aspects of insurance and risk management,
- Ensure compliance with legislation, industry practice and market requirements
- Manage all claims, including workers compensation and tort claims for DC Water’s Operations
- Identify and evaluate risks

Accounting

21 - Positions

FUNCTIONS

Manage accounting and financial reporting functions of the organization to include:

- Prepare Comprehensive Annual Financial Report (CAFR)
 - Record and report financial transactions
 - Maintain financial records and an effective internal control structure
 - Establish accounting and reporting policies
- Vendor payment operations
- Payroll operations
- Asset management finance and accountability

Budget

11 - Positions

FUNCTIONS

Manage the budget and financial planning activities of the organization to include:

- Prepare and monitor operating and capital budgets
- Board Committees’ reporting process
- Financial relationship with the Washington Aqueduct
- Assistance on special projects
- Grants and county billing operations
- Financial aspects of Inter-Municipal Agreement (IMA)

FINANCE, ACCOUNTING AND BUDGET

MISSION: Manage all of DC Water's financial activities to maintain sound financial condition; and, to ensure performance that meets the expectations of the Board, stakeholders and the broader financial community.

BUDGET OVERVIEW: There is relatively no change between the approved and revised FY 2015 operating budgets. The approved FY 2016 budget is \$3.6 million higher than the revised FY 2015 budget due to integration of the Risk Management Department into the Finance, Accounting and Budget Department. This includes the reallocation of approximately \$1 million to the Human Capital Management Department for the management of workers' compensation functions.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	50	49	49	49
Average number of positions filled	48			
Operating Expenses				
Personnel Services including Overtime	5,974	6,525	6,550	6,614
Overtime	28	30	30	30
Non-Personnel Services:				
Chemical and Supplies	14	31	35	31
Utilities	149	200	205	206
Contractual Services, etc.	1,997	3,093	7,512	6,610
Small Equipment	4	4	4	4
Total Non-Personnel Services	2,163	3,328	7,756	6,851
Total Operations & Maintenance	8,138	9,853	14,306	13,465
Capital Equipment	-	810	5,810	7,750

Targeted Performance Measures	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Manage DC Water's financial operations to ensure revenue is within 99% of projections and expenditures are within budget	Revenue - 104% Expenditures - 96%	Revenue - 99% Expenditures - 93%	Revenue - 99% Expenditures - 93%	Revenue - 99% Expenditures - 93%
Comply with the Board's investment policy and strategy				
Benchmarks: Short-Term Funds - ML 3 months	38 basis points	25 basis points	25 basis points	70 basis points
US T-Bill Index and Core Funds - ML 1 - 3 year	48 basis points	50 basis points	50 basis points	130 basis points
Manage DC Water's financial operations to ensure 140% senior debt service coverage	413%	305%	409%	470%
Meet or exceed the 120 day operating and maintenance expense with the objective of maintaining at least \$125.5 million in operating reserves as set by Board policy	157.6 million	125.5 million	125.5 million	125.5 million
Issue Comprehensive Annual Financial Report (CAFR) in February	February	February	February	February
Pay 97% of all undisputed invoices within 30 days	96%	97%	97%	97%

FINANCE, ACCOUNTING and BUDGET

OVERVIEW

FY 2015 Major Planned Activities and Changes

Finance:

- Continue Water Balance monitoring
- Develop Clean Rivers and Impervious Area Charge (IAC) incentive program
- Review revenues and rate structure for opportunities to improve rates:
 - Complete FY 2013 Cost of Service Study
 - Continue to monitor economic conditions and affordability
- Monitoring of consumption trends and regional economic indicators
- Aggressively pursue billing dispute with Soldier's Home
- Introduce E-Payables solution for Accounts Payable
- Analyze and evaluate operating reserve level
- Administer post compliance program for all outstanding debt including Build America Bonds (BABS)
- Continue to evaluate investment portfolio strategy, performance and reporting
- Issue new bonds / commercial paper in support of capital improvement program (Est. \$300M, June 2014)

Accounting:

- Internal Control Improvements
 - Control Activities Documentation for Business Improvement Accounts
 - Internal Control and Assessment Monitoring Program
 - Continue Fraud Awareness Training
 - Overhead Rate Review Program
- Study/develop efficiencies (electronic invoicing) in Accounts Payable
- Minimize/eliminate paper check payments to vendors
- Payroll
 - Continue expansion of the Pay Card Program
 - Time & Attendance Implementation (Dayforce)
- Ensure a clean external audit opinion
- Timely issuance of Comprehensive Annual Financial Report
- Timely quarterly reporting of financials
- Shorten closing cycle calendar

FINANCE, ACCOUNTING and BUDGET

Budget:

- Ensure operational efficiency
- Ongoing financial management of critical programs
 - Continue monitoring of key financial performance targets
 - Document business procedures for new budget processes
- Revamp Budget planning process
- Grants/IMA
 - Complete FY 2014 operating settlement for wholesale customer cost
 - Complete implementation of automated Grants Management System
- 2011-2013 WSSC Audit of IMA Billing Settlement

FY 2016 Major Recommended Activities and Changes

- Revise and update reporting and budgeting process
- Explore revenue generating activities
- New bond issuance
- Continue with FY 2015 major activities

Impact of Capital Projects on FY 2015 and FY 2016 Operating Expenditures

- There is \$810,000 in the FY 2015 budget for Financial Management System, Ceridian (Software), and Time and Attendance Clocks implementation. This involves updates and enhancements to the systems that would result in operating efficiencies and overall costs savings
- Additionally, there are other miscellaneous IT projects that would either directly or indirectly impact this department's operating expenditures

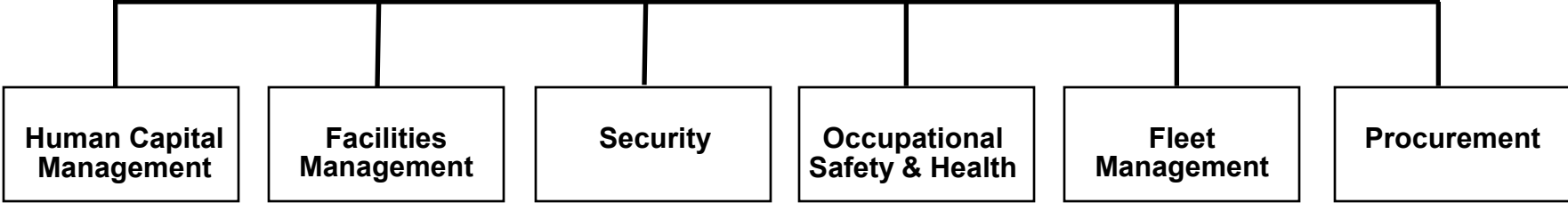


**GENERAL
MANAGER**

POSITIONS				
CURRENT			FY 2015	FY 2016
Authorized	Average Positions Filled	Year-End Positions Filled		
2	1	2	2	2

**FY 2016 Budget
\$367,000**

**ASSISTANT
GENERAL
MANAGER
SUPPORT SERVICES
2 - Positions**



FUNCTIONS

- Develop and direct the strategic objectives of the Authority’s support services divisions
- Oversee and direct the administrative services functions that support the achievement of the Enterprise’s goals.

ASSISTANT GENERAL MANAGER - SUPPORT SERVICES

MISSION: To oversee and direct the administrative services functions that support the achievement of DC Water's goals.

BUDGET OVERVIEW: The budget is relatively flat as there is no significant change between the approved FY 2015, revised FY 2015, and approved FY 2016 budgets.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	2	2	2	2
Average number of positions filled	1			
Operating Expenses				
Personnel Services including Overtime	239	348	340	339
Overtime	1	1	1	1
Non-Personnel Services:				
Supplies	-	1	1	1
Utilities	4	4	4	7
Contractual Services, etc.	4	11	11	20
Small Equipment			-	-
Total Non-Personnel Services	8	16	16	28
Total Operations & Maintenance	247	364	356	367
Capital Equipment				

Targeted Performance Measures	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Planning Meetings with directors of supporting departments:				
Facilities Management	4	4	4	4
Security	4	4	4	4
Fleet Management	4	4	4	4
Human Capital Management	4	4	4	4
Procurement Services	4	4	4	4
Occupational Safety & Health	4	4	4	4

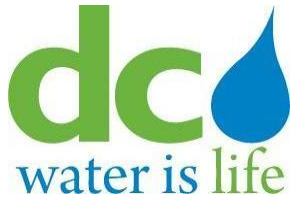
ASSISTANT GENERAL MANAGER – SUPPORT SERVICES

OVERVIEW

- FY 2015 Major Planned Activities and Changes
 - Develop process to achieve 100% of employees with required certifications and/or licenses
 - Successfully implement appropriate recommendations of the Vulnerability Assessment
 - Continue to enhance operating excellence through innovation, sustainability, and adoption of best practices in safety, procurement, human capital management, security, facilities and fleet
 - Continue support of the Rolling Owner Controlled Insurance Program (ROCIP) capital construction program
 - Determine and define a composite measure for workforce productivity
 - Develop and implement process to measure and assess employee and internal customer satisfaction
-
- FY 2016 Major Recommended Activities and Changes
 - Continue support of the Rolling Owner Controlled Insurance Program (ROCIP) capital construction program
 - Continue to implement appropriate recommendations of the Vulnerability Assessment
 - Continue to enhance operating excellence through innovation, sustainability, and adoption of best practices in safety, procurement, human capital management, security, facilities and fleet
-
- Impact of Capital Projects on FY 2015 and FY 2016 Operating Expenditures
 - Support Human Capital Management initiatives to provide Asset Management Training throughout the Enterprise, which will impact the FY 2015 Capital Budget
 - Support a new Performance Management System for both union and non-union employees in FY 2015



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**ASSISTANT
GENERAL
MANAGER
Support Services**

POSITIONS				
Authorized	CURRENT		FY 2015	FY 2016
	Average Positions Filled	Year-End Positions Filled		
25	23	25	26	26

**FY 2016 Budget
\$6,733,000**

**HUMAN CAPITAL
MANAGEMENT
2 - Positions**



FUNCTIONS

- Recruitment and hiring
- Employment forecasting and planning
- Skills assessment and testing for new hires
- Employee Referral Program
- On-boarding

FUNCTIONS

- Compensation Program
- Job Evaluation Program
- Pay Incentive Program
- Performance Management
- Market Analysis
- Position Control

FUNCTIONS

- Health and Welfare Benefits Administration
- Pension Benefits Administration
- Employee Assistance Program
- Wellness Program

FUNCTIONS

- Labor Relations
- Employee counseling
- Employee grievances and complaints
- Employee Relations
- Affirmative Action Program
- EEO complaint investigation and responses
- Disciplinary actions
- Arbitration
- Drug & Alcohol Testing
- Fit for Duty
- Americans with Disabilities (ADA)
- Leave Administration
- Workers Compensation

FUNCTIONS

- Management training
- Employee training
- Internship Program
- Education assistance & reimbursement
- Succession Planning and Knowledge Capture
- Employee Recognition Awards
- Employee Leadership Skills Assessment
- HCM required training

FUNCTIONS

- Data Integrity in all HCM systems
- Records management
- Coordination of security & configuration changes to all HCM systems
- Primary liaison between HCM and IT
- Conducts needs assessments & analysis for all HCM branches
- Employment Verifications
- Participate in software performance and functional testing

HUMAN CAPITAL MANAGEMENT

MISSION: To deliver high quality, innovative, valued and timely human capital management services that are responsive to the needs of DC Water employees and departments, in order to help facilitate employees to achieve their individual and organizational goals.

BUDGET OVERVIEW: The revised FY 2015 budget increased by approximately \$0.2 million over the approved FY 2015 budget due to projected personnel cost adjustments. The approved FY 2016 budget increased by approximately \$1.2 million over the revised FY 2015 budget due to the workers compensation program (including one FTE) that was transferred from the Finance, Accounting and Budget Department to HCM.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	25	25	26	26
Average number of positions filled	23			
Operating Expenses				
Personnel Services including Overtime	3,170	3,458	3,644	3,807
Overtime	1	5	5	5
Non-personnel Services:				
Supplies	18	38	38	34
Utilities	34	35	35	48
Contractual Services, etc.	1,465	1,828	1,828	2,842
Small Equipment	-	2	2	2
Total Non-Personnel Services	1,517	1,904	1,904	2,925
Total Operations & Maintenance	4,687	5,362	5,548	6,733
Capital Equipment	-	300	300	
Targeted Performance Measures	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
120 days from job posting to hire	120	120	120	120
10 days to initiate disciplinary action	7	7	7	7
14-days, new hire benefit set-up	14	14	14	14
22.5 Average number training hours per FTE	22.5	22.5	22.5	22.5
Comparison DC Water Employees Compensation (100%)	100%	100%	100%	100%

HUMAN CAPITAL MANAGEMENT

OVERVIEW

FY 2015 Major Planned Activities and Changes

- Implement new Succession Planning System
- Implement new Career Development System
- Implement new Performance Management System
- Assess and determine the current succession needs for the organization
- Enhance process by which DC Water evaluates union and non-union employee performance and establish individual performance measures
- Enhance the Ceridian Latitude (HR/Payroll) system to the more robust Ceridian Dayforce system
- Implement Working Conditions Agreements for various Unions: American Federation of Government Employees (AFGE); American Federation of State, County and Municipal Employees (AFSCME); and National Association of Government Employees (NAGE) locals
- Administer Workers' Compensation Program
- Develop a listing of certifications and/or licenses that comply with regulatory and DC Water essential job requirements
- Upgrade Ceridian eRecruit to Ceridian eVolve then transition to Ceridian DayForce Applicant Tracking System

FY 2016 Major Recommended Activities and Changes

- Negotiate Compensation Agreement for all five Unions and DC Water
- Continue to administer Workers' Compensation Program
- Determine business systems requirements along with additional resources to track, maintain, and report compliance for both regulatory and DC Water required licenses and/or certifications
- Implement a voluntary benefits program that would allow employees to choose from a variety of benefits supported by a comprehensive delivery service program
- Train Managers how to use Manager Self-Service inside of Ceridian DayForce Enterprise System

Impact of Capital Projects on FY 2015 and FY 2016 Operating Expenditures

- Providing Asset Management training throughout the Authority will impact the FY 2015 Capital Budget
- Implementation of new systems for succession planning, career development, performance management and recruitment/applicant tracking will enhance the impact of HCM throughout DC Water

FY 2015 AND FY 2016 LEARNING AND DEVELOPMENT PLAN

LEARNING AND DEVELOPMENT OVERVIEW

Learning involves acquiring new skills and knowledge in relation to current roles. Development relates to a person's potential to acquire wider capabilities. DC Water uses both to support its mission and to benefit the Authority, its team members, and customers. By positioning ourselves to take a more strategic approach to developing employees through using formalized job roles with core competencies as the map, we purposely create a well-trained **world class** workforce. An added byproduct is a robust long-term succession plan to develop the future leaders of DC Water. Our leadership team, present and future, need to be able to demonstrate a wide range of behaviors and technical skills. They are responsible for:

- Leadership – leading their teams at each level
- Celebrating achievements and managing under-performance, supporting improvement where needed
- Setting goals and priorities by responding to change and spotting opportunities
- Coaching and mentoring team members

Categories of training classes offered at DC Water are as follows:

Contractual Training – primarily technical classes that support our performance improvement program. This training also includes classes on occupational safety and security and the installation, operation of new equipment and processes and general instruction on standard software applications.

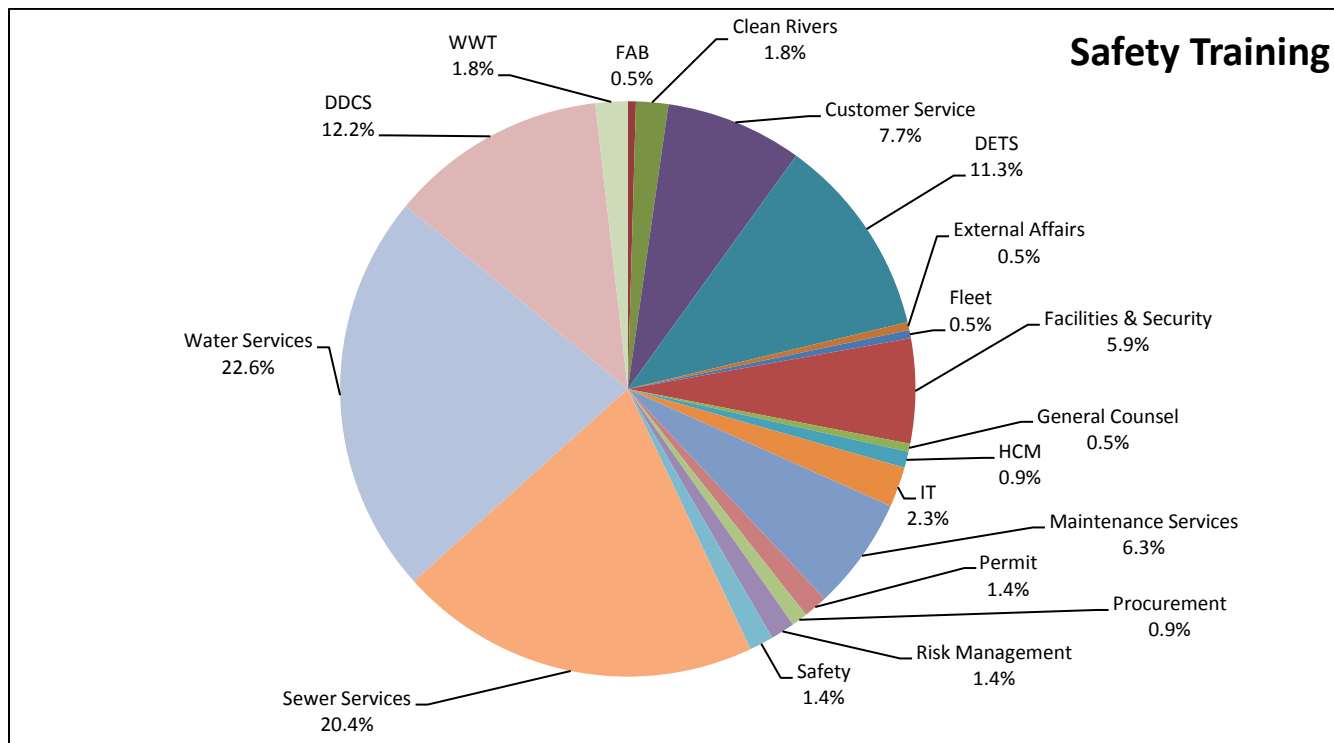
In-House Training – classes and courses designed and implemented by DC Water's training personnel and periodic outsourced support. In-house training focuses on providing non-technical mandatory courses, basic skills development, skill enhancement courses and literacy. These courses involve all or a large number of our employees.

Outside Training – classes and programs that support individual employee training and development needs and requirements, not implemented by DC Water's training personnel. This is an effective means of providing highly specialized or special focus training to individuals or a small group of employees. DC Water's education reimbursement program is included in this category.

On-Line Training - web-based courses offered by colleges, universities and professional organizations.

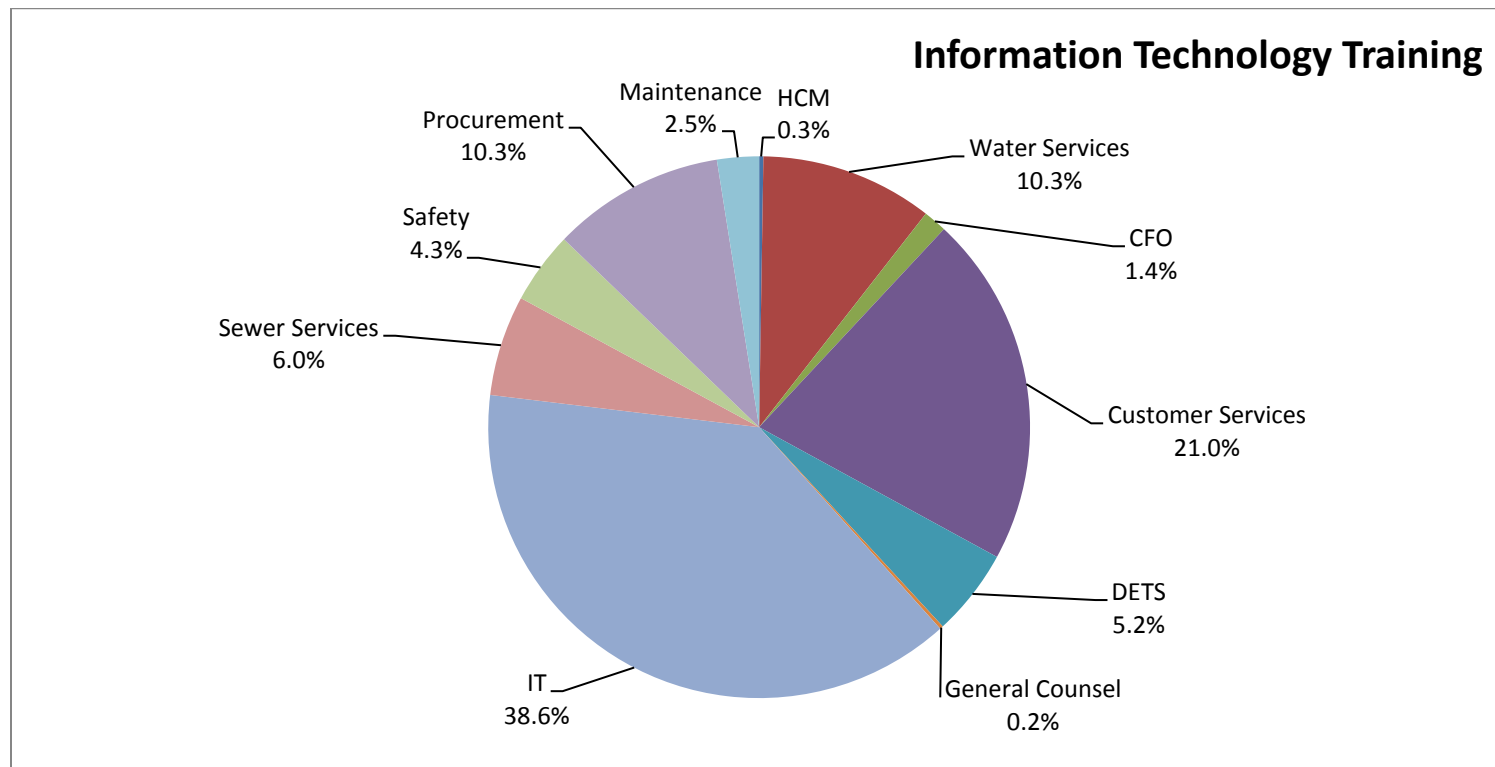
FY 2014 ACCOMPLISHMENTS

During FY 2014 the Executive Team and the Human Capital Management Department collaborated to drive the importance of properly training and developing our team members (**Blue Horizon 2020: Goal #1 “Develop, Maintain, and Recruit a high performing workforce – Objective #2 Achieve 100% of employees with required certifications and/or licenses by 2015”). A gap analysis was performed at the individual department level to determine the certification and licensing requirements needed per position tied directly to the critical functions outlined in the job descriptions. Consequently, the Authority leveraged its relationships with local colleges, vendors, and certification/licensing boards to establish in-house training programs such as the Journeyman Electrical Prep Course, CDL, Distribution & Collection Prep Course for Certification, and Microsoft Suite Certifications that are all poised to begin in FY 2015.**

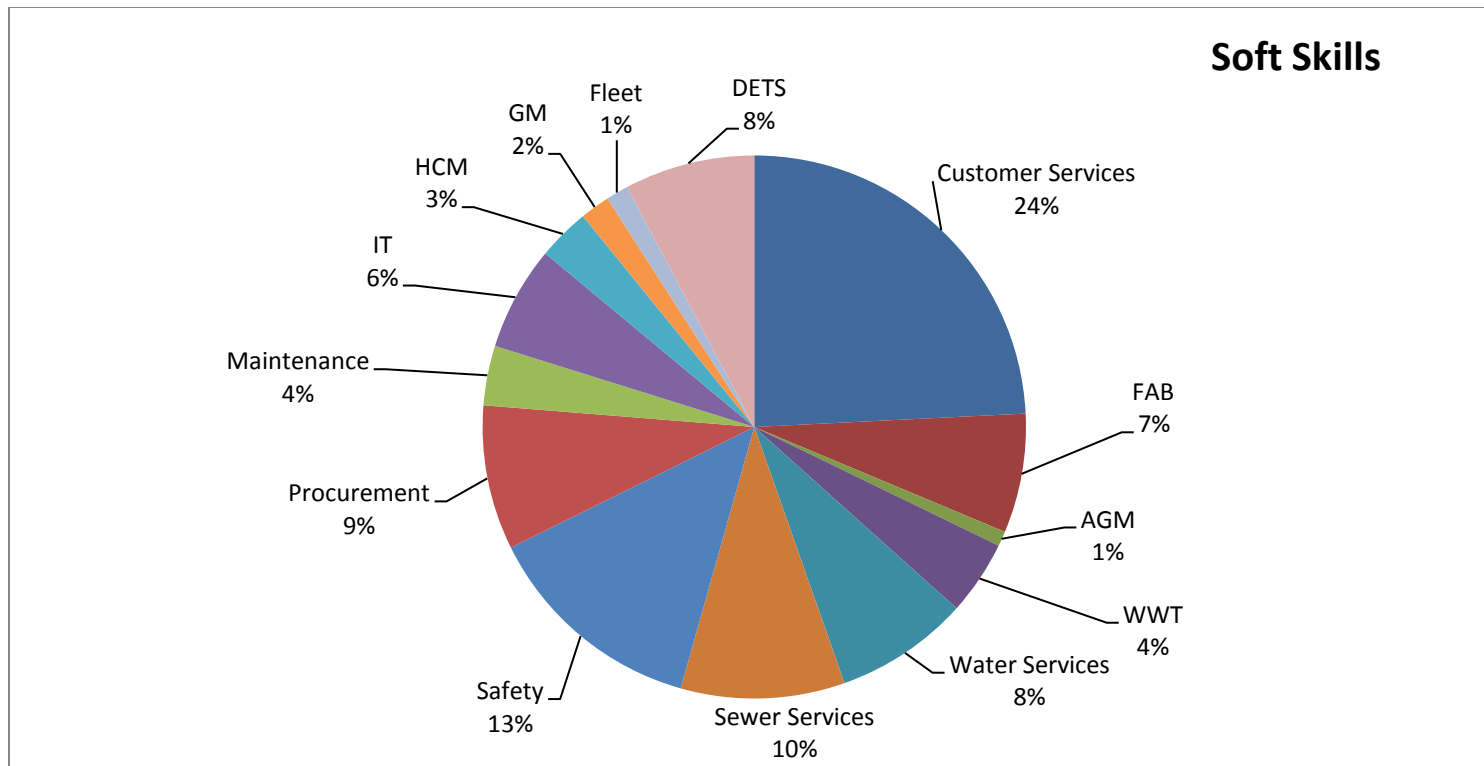


FY 2014 Accomplishments, Cont.

Learning and Development continued to collaborate with the Department of Occupational Safety and Health. As a result, 22 different targeted training topics were offered to meet regulatory and job-specific needs at a total of cost of \$40,020 in FY 2014. Utilizing both internal and external training resources, significant efforts were made to provide safety classes such as Confined Space, HazCom, CPR/First Aid, Forklift, Overhead Crane, Excavation and Trenching, Scaffolding, Operating a Bucket Truck, and Work Zone Safety. Occupational Safety and Health Department added “Safety Trained Supervisor” to the safety program. This program is required for all managers and supervisors and includes the critical information managers/supervisors need to ensure team members work safely.



A total of \$16,290 was spent on Information Technology training for DC Water team members. In addition to the monthly Microsoft suite courses, intact training was offered to enhance the computer skill set of employees required to work on laptops installed in service vehicles and employees working on the new Catch-Basin project.



DC Water understands technical skills are vital to the day-to-day operations of the Authority. That said, attention is also given to the importance of developing people or “*success*” skills for the efficient and effective function of the organization. Work ethic, attitude, communication skills, emotional intelligence and a host of other interpersonal attributes are essential skills for workplace success. Problem solving, delegating, coaching, and team building are all much easier when employees possess these skills. During FY 2014, DC Water invested approximately \$61,634 in “*success*” skill training programs. Professional development training classes such as grammar and business writing, effective time management, and project management were also offered.

In October 2012, the Office of the General Manager, Office of the Chief Financial Officer, and Human Capital Management collaborated to enhance the Education Reimbursement Program; significant upgrades were made. First, the annual benefit for all permanent full-time employees, with at least one year of service, increased to \$5,000 annually. This amount covered not only the cost of tuition and books for undergraduate coursework, but also included graduate

FY 2014 Accomplishments, Cont.

level and coursework associated with licensure and/or certifications. Second, in an effort to help mitigate the upfront out-of-pocket cost to team members, an assistance option was included to the benefit. This meant that once the necessary paperwork was submitted and processed, team members could request to have payment for classes issued directly to the institution of their choice prior to the start of the semester. Team members are also able to take advantage of tuition cost savings, waived application fees and other benefits based on Memorandums of Understanding (MOUs) that have been put in place with colleges and universities in the area.

In FY 2014 DC Water provided \$158,325, in education reimbursement/assistance through the Education Assistance/Reimbursement benefit program. This is an approximate 1.16% increase over FY 2013 of \$136,677. A significant number of employees continue to pursue advanced degrees and certifications as part of their career development efforts.

Learning and Development continues to manage a robust and competitive summer internship program that has been in existence for 12 years. The FY 2014 Summer Internship Program consisted of 60 interns from 26 different colleges and universities. The diverse group of students was from local areas such as Maryland, Virginia, and the District of Columbia and as far away as England, China, Japan, India, and Nigeria. The interns completed specialized projects that related to their academic choices and participated in professional development classes on resume writing and interviewing skills and techniques and how to work in teams. They took field trips that focused on team building, the richness of the Anacostia, and topics of ecology and water chemistry. The interns participated in a tree maintenance community service event in partnership with the Anacostia Watershed Society. This year the interns were treated to a Washington Nationals baseball game as part of our annual activity, "intern's night out". A total of 15 students continued in the year-round program. These students conduct independent research and are expected to work on complex technical projects within the Wastewater Treatment, Sewer Service, and Information Technology Departments.

In addition to the traditional courses, Learning and Development partnered with Labor Relations and Recruiting to facilitate Equal Employment Opportunity (EEO) and Bias-free Hiring courses to both union and non union team members. These courses were designed to ensure that all team members fully understood DC Water's EEO policy, protected classes, internal interviewing and hiring procedures and their duty to report infractions to DC Water's EEO policy. Other Human Capital Management specific courses were offered for Sexual Harassment, Effective-two Communication (supervisors and employees), Collective Bargaining Agreements, Performance Management, and Managing Discipline of Union Employees.

FY 2015 and FY 2016 Training Budgets

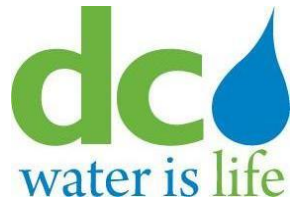
The approved FY 2016 training budget totals \$1.9 million, which is approximately 19 percent greater than the approved FY 2015 budget of \$1.6 million.

Learning and Development will continue to focus on the need to train beyond the initial job qualifications. Attention will be given to professional and trade certifications. Considerable attention will be given to our succession planning efforts as well as employee engagement. Additionally, development plans will be created to focus on 4 core areas of development: technical, safety, professional development, and information technology. More specialized small group intact learning and development programs will occur as proactive measures are taken to address identified areas of opportunity within workgroups.

A concerted effort continues to be made to create synergy between Human Capital Management and the various departments within the Authority for a more structured approach at universal training resources. The purpose is to ensure that all resources are being maximized to deliver quantifiable Return on Investment (ROI). Evaluation of training programs will be structured with the learner in mind; keeping stakeholder expectations around desired results which impact critical behaviors at the forefront of all curriculum design. It is through these partnerships that Learning and Development will be asked to assist team members in meeting the Strategic Goals outlined in Blue Horizon 2020; thus helping DC Water achieve the organization's vision of becoming a "world class water utility."



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**ASSISTANT
GENERAL
MANAGER
Support Services**

**FACILITIES
MANAGEMENT
5 - Positions**

POSITIONS				
CURRENT			FY 2015	FY 2016
Authorized	Average Positions Filled	Year-End Positions Filled		
67	60	60	60	60

**FY 2016 Budget
\$8,276,000**

**Office Services
5 - Positions**

FUNCTIONS

- Mail, courier and freight services
- Motor pool services
- Manage DC Water's recycling program (paper, cans, bottles)
- Facilities work order requests and surveys
- Vendor Management
- Manage DC Water's copy services

**Facilities
Operations
39 - Positions**

FUNCTIONS

- Building operations/maintenance
- Coordinate workspace assignments and moves
- Janitorial Service
- Landscaping
- Trash removal
- Procure and assign furniture
- Adequate ground direction and building signage
- Manage cafeteria operations
- Pest control
- Repair fences and rollup doors

**Mechanical
Services
11 - Positions**

FUNCTIONS

- Predictive/preventive maintenance
- Adequate indoor air quality
- Elevator maintenance
- Engage in major construction and renovation projects
- HVAC systems maintenance
- Fire suppression and detection
- Project management

FACILITIES MANAGEMENT

MISSION: Support the operations of the Authority through routine maintenance, custodial services, repair and improvement of its facilities, buildings, grounds and roadways for DC Water's operations.

BUDGET OVERVIEW: The revised FY 2015 operating budget decreased by \$5.5 million below the approved FY 2015 budget due to reallocation of 6 FTE's at a cost of approximately \$1 million and \$4.5 million in contractual services to support the new standalone Department of Security. The proposed FY 2016 operating budget increased by \$0.7 million compared to the revised budget due to anticipated increases in personnel services, supplies, utilities, and contractual services.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	67	67	60	60
Average number of positions filled	60			
Operating Expenses				
Personnel Services including Overtime	5,746	6,263	5,315	5,625
Overtime	242	200	200	250
Non-Personnel Services:				
Supplies	600	463	449	558
Utilities	101	94	72	114
Contractual Services, etc.	5,737	6,267	1,726	1,929
Small Equipment	32	45	42	50
Total Non-Personnel Services	6,470	6,869	2,289	2,651
Total Operations & Maintenance	12,216	13,132	7,604	8,276
Capital Equipment	1,510	1,410	1,285	1,510
Targeted Performance Measures	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Annual work orders closed	4,134	3,000	3,000	3,500

FACILITIES MANAGEMENT

OVERVIEW

FY 2015 Major Recommended Activities and Changes

- Complete Bryant Street Pumping Station Gutter/Roof Repairs
- Complete 125 O St Complex, Fleet Building Electrical Upgrades
- Complete 125 O St Complex, Fleet Building HVAC Upgrades
- Continue Building Information Management Preventive Maintenance (PM) program
- Continue office renovations in the Central Maintenance Facility (CMF) and Central Operations Facility (COF) buildings

FY 2016 Major Recommended Activities and Changes

- Continue Building Information Management PM program

Impact of Capital Projects on FY 2015 and FY 2016 Operating Expenditures

- Increased follow-up maintenance during construction, primarily cleaning of streets, roads, and interiors will increase some maintenance costs
- Continued improvement of CMF and 125 O Street systems and buildings will reduce overall maintenance efforts, improve space usage and public image



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**FY 2016 Budget
\$6,562,000**

**ASSISTANT
GENERAL
MANAGER
Support Services**

**SECURITY
Office of the Director
2 Positions**

			<u>POSITIONS</u>	
<u>CURRENT</u>			FY 2015	FY 2016
Authorized	Average Positions Filled	Year-End Positions Filled		
0	0	0	7	7

**Security
Operations
3 - Positions**

FUNCTIONS

- Identification and Badge Control
- Investigations
- Traffic management
- Security work order requests
- Guard Force management
- Community awareness/training
- Local and federal liaison
- Emergency Management & First Response
- Internal training

**Security Asset
Protection
2 - Positions**

FUNCTIONS

- Electronic security asset testing and maintenance
- Management of security CIP
- Research and development
- Loss prevention
- Asset protection
- Information security
- Hazardous threat training/awareness
- Vulnerability assessments
- Site surveys
- Key management

DEPARTMENT OF SECURITY

MISSION: To provide and maintain a safe and welcoming workplace that is customer focused and intended to enhance the well-being of staff and visitors, as well as protect all DC Water property and products.

BUDGET OVERVIEW: This new department was established from Facilities and Security Management Department after the FY 2015 budget was approved. The approved FY 2016 budget increased by approximately \$1.2 million over the revised FY 2015 budget due to anticipated increase in security guard services.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions			7	7
Average number of positions filled				
Operating Expenses				
Personnel Services including Overtime			797	821
Overtime			-	-
Non-Personnel Services:				
Supplies			14	19
Utilities			22	7
Contractual Services, etc.			4,541	5,665
Small Equipment			3	50
Total Non-Personnel Services			4,580	5,741
Total Operations & Maintenance			5,376	6,562
Capital Equipment			75	75

Targeted Performance Measures	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
1. Completion times to initial security investigation report. Target = NTE 21 days	N/A	N/A	21 days	21 days
2. Response times to register/complete initial incident reports: Target = 24 hours	N/A	N/A	24 hours	24 hours
3. Number of DC Water community trained/briefed on Security/Parking/Crime Prevention issues: Target = 8.3% of population per month	N/A	N/A	8.30%	8.30%
4. Turnover rate of Guard Force Officers = NTE 25% per month	N/A	N/A	<25%	<25%
5. Camera Operational Uptime: Target = 95%	N/A	N/A	95%	98%
6. Smart Card Readers Operational Uptime: Target = 95%	N/A	N/A	95%	98%

DEPARTMENT OF SECURITY

OVERVIEW

FY 2015 Major Planned Activities and Changes

- Fully initiate Phase II of Hardening project at Bryant Street complex
- Complete the Central Operating Facility (COF) Entrance Improvements and Hardening
- Complete Security Command Center and expand use by incorporating other Support Services needs
- Continue design and implementation for Ft. Reno complex
- Continue design and implementation for Ft. Stanton reservoir
- Continue design and implementation for Brentwood reservoir
- Continue design and implementation for Tanks 1 & 2
- Continue design and implementation for Blue Plains Potomac River perimeter
- Design and implement minor upgrades at “O” Street complex
- Complete all site evaluations for unmanned pumping station vaults
- Fully activate “Active Shooter Awareness” briefings throughout DC Water
- Initiate Asset Protection/Loss Prevention evaluation effort
- Initiate proactive criminal enterprise investigations
- Initiate full system multi-year maintenance contract for security systems hardware/software
- Re-evaluate potential downsizing of the Guard Force

FY 2016 Major Recommended Activities and Changes

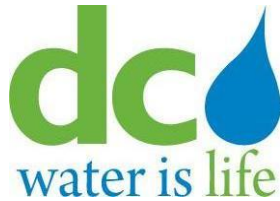
- Fully initiate Phase II of the Hardening project at Blue Plains
- Fully incorporate Radio Frequency Identification (RFID) portal technology at high value targets throughout DC Water
- Conduct executive threat level assessments
- Complete integration of separate backbone for Security Systems

Impact of Capital Projects on FY 2015 and FY 2016 Operating Expenditures

- Elimination of CIP funding for Guard Force services will dramatically increase operating costs if same service level is provided
- Continued improvement of security systems will reduce overall maintenance, improved response time, decrease threat levels
- Mega-projects require significant security upgrades and enhancements which will require increased manning to provide full support



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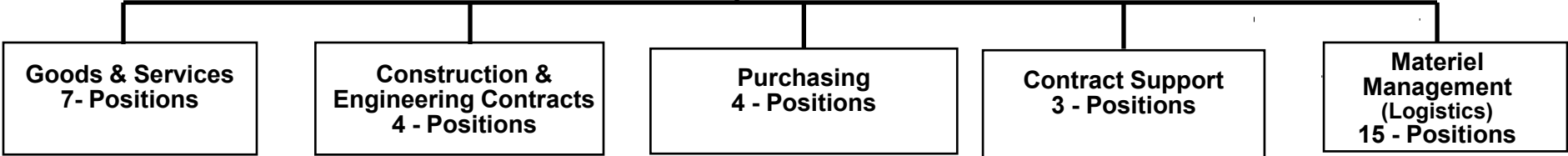


**ASSISTANT
GENERAL
MANAGER
Support Services**

			POSITIONS	
CURRENT			FY 2015	FY 2016
Authorized	Average Positions Filled	Year-End Positions Filled		
38	29	30	37	36

**FY 2016 Budget
\$4,603,000**

**PROCUREMENT
Office of the Director
3 - Positions**



FUNCTIONS

- Manage DC Water's procurement process for large purchases
- Manage DC Water's Cooperative Program contracts
- Manage the post-awards administration of contracts
- Provide administrative support for goods and services procurements
- Provide direction and guidance on procurement policies and procedures

FUNCTIONS

- Manage DC Water's procurement process for large purchases
- Manage DC Water's Cooperative Program contracts
- Manage the post-award administration of contracts
- Provide administrative support for construction and engineering contract services
- Provide direction and guidance on procurement policies and procedures

FUNCTIONS

- Manage DC Water's procurement process for small purchases
- Process all requisitions for large procurements
- Prepare small purchase statistical reports
- Liaison with Finance and IT for improvements to the Lawson Financial Management System

FUNCTIONS

- Manage DC Water's business development program
- Manage the contract compliance program
- Maintain the department's web page
- Maintain Procurement Manual
- Manage DC Water's purchase and travel card programs
- Provide direction and guidance on compliance policies and procedures

FUNCTIONS

- Manage the warehouse and associated functions
- Administer the material control system and associated functions
- Provide direction and guidance on inventory policies and procedures
- Conduct spot, cycle and annual physical inventory
- Manage disposal of excess and obsolete inventory
- Manage Fixed Asset Program

PROCUREMENT

MISSION: To procure the best value products and services, with the highest degree of procurement integrity, utilizing efficient and cost-effective procurement methods, with a continuing focus on Local, Small, and Disadvantaged Business Enterprises (LSDBE) contracting participation.

BUDGET OVERVIEW: The revised FY 2015 budget is higher by approximately \$0.3 million compared to the approved FY 2015 budget due to projected personnel cost adjustments. The approved FY 2016 budget is flat compared to the revised FY 2015 budget.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	30	38	37	36
Average number of positions filled	29			
Operating Expenses				
Personnel Services including Overtime	3,217	4,321	4,059	4,023
Overtime	64	30	30	30
Non-Personnel Services:				
Supplies	28	39	39	39
Utilities	73	51	51	62
Contractual Services, etc.	543	454	454	479
Small Equipment	2	-	-	1
Total Non-Personnel Services	645	544	544	580
Total Operations & Maintenance	3,863	4,865	4,603	4,603
Capital Equipment	-	-	-	300
Targeted Performance Measures				
	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Timely processing small purchases within 7 working days	95%	95%	95%	95%
Issue Invitation for Bid (IFB) and award contracts within 90 calendar days	95%	95%	95%	95%
Issue Requests for Proposal (RFP) and award contracts within 120 calendar days	95%	95%	95%	95%
Complete Purchase Card authorization process within 30 working days	95%	95%	95%	95%
Ensure applicable contractors submit the EPA monthly reports by the 25th of the month	80%	80%	80%	80%
Issue Procurement request for inventory restock within one (1) business day of approval	95%	95%	95%	95%
System review of warehouse stock deliveries within one (1) business day of truck delivery	95%	95%	95%	95%
System and physical issue of all stock request within same day of authorized request	95%	95%	95%	95%

PROCUREMENT

OVERVIEW

FY 2015 Major Planned Activities and Changes

- Complete enhancements to Materials Management activities
- Complete automation of Procurement business processes
- Reorganize Procurement staff
- Train Procurement staff and end users in new business processes and procedures
- Refine and document business processes and procedures

FY 2016 Major Recommended Activities and Changes

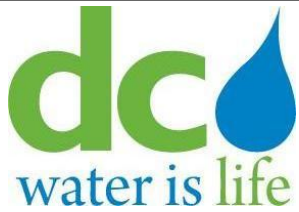
- Continue reorganization of Procurement staff
- Continue training staff and end users in new business processes and procedures
- Continue to document policies and standard operating procedures

Impact of Capital Projects on FY 2015 and FY 2016 Operating Expenditures

- Reduces personnel costs in procurement and materials management
- Increases productivity in procurement



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**ASSISTANT
GENERAL
MANAGER
Support Services**

POSITIONS				
CURRENT			FY 2015	FY 2016
Authorized	Average Positions Filled	Year-End Positions Filled		
10	7	7	9	9

**FY 2016 Budget
\$1,694,000**

**OCCUPATIONAL SAFETY
AND HEALTH**

**Operations Safety
6 - Positions**

**Construction Safety
2 - Positions**

**Data and Analysis
1- Position**

Functions

- Compliance with environmental health and safety management system
- Implement accident prevention program
- Identify and oversee safety training
- Coordinate with Office of Emergency Management
- Ensure OSHA and NFPA compliance
- Oversight of Hazardous Waste Program
- Oversight of storage tank compliance

Functions

- Compliance with environmental health and safety management system
- Oversight of the comprehensive construction safety program
- Oversight of Rolling Owner Controlled Insurance Program (ROCIP) safety program

Functions

- Compliance with environmental health and safety management system
- Develop and analyze safety metrics
- Generate and provide required safety reports
- Administer and maintain database

OCCUPATIONAL SAFETY AND HEALTH

MISSION: To provide technical services and support that ensures a safe and healthy work environment for all DC Water employees.

BUDGET OVERVIEW: The revised FY 2015 budget is \$0.4 million lower than the approved FY 2015 budget due to transfer of the emergency response coordination function (including one FTE) to the Department of Distribution & Conveyance Systems. The approved FY 2016 budget is approximately \$0.1 million higher than the revised FY 2015 budget due to anticipated increases in personnel and contractual services costs.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	9	10	9	9
Average number of positions filled	7			
Operating Expenses				
Personnel Services including Overtime	1,130	1,453	1,184	1,231
Overtime	0	2	2	2
Non-Personnel Services:				
Supplies	22	37	37	37
Utilities	36	32	32	55
Contractual Services, etc.	302	432	299	360
Small Equipment	1	10	10	10
Total Non-Personnel Services	360	511	379	463
Total Operations & Maintenance	1,491	1,964	1,563	1,694
Capital Equipment	-	200	200	100

Targeted Performance Measures	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Reportable accidents per hours worked (Reduce 10%) Target = 5.9	6.8	6.6	6.6	6.5
Lost time due to non-fatal accidents. Target = 1.7	4.4	2.7	2.7	2.6
No. of time work stopped due to unplanned unsafe conditions. Target = 0	4.0	0.0	0.0	0.0
No. of formally raised safety related employee concerns (reduce 20%)	8	9	9	8
No. of Workplace Violence Incidents	0	0	0	0
% of investigations closed out in 45 days. Target = 100%	80%	100%	100%	100%
No. of Vehicle Accidents (Prev). Target = 15	15	15	15	15

OCCUPATIONAL SAFETY AND HEALTH

OVERVIEW

FY 2015 Major Planned Activities and Changes

- Plan and begin implementation of DC Water Environmental Health and Safety Management System (DC Water Strategic Plan, Goal #6)
- Oversee implementation of an enterprise-wide initiative to address ergonomics in the field and office (DC Water Strategic Plan, Goal #6)
- Work in partnership with operating departments to address the vulnerability assessments conducted in FY 2012 and FY 2013
- Use safety related performance data collected in the Safety Risk System (SRS) to check the effectiveness of the environmental health and safety program (DC Water Strategic Plan, Goal #6)
- Augment emergency response programs (DC Water Strategic Plan, Goal #6)
- Support the construction programs implemented by the Facilities, Maintenance Services, and Customer Care and Operations Departments through documented field observations, enhanced training, and new equipment assessments
- Continue to support to the Office of Risk Management in the oversight of the Rolling Owner Controlled Insurance Program (ROCIP) for DC Water Contractors
- Support the Fleet Department Vehicle Safety initiatives
- Continue to broaden the use of the Safety Risk System (SRS)
- Continue the Automated External Defibrillator (AED) program, including maintenance, installation of new units, monitoring, and registration with DC government

FY 2016 Major Recommended Activities and Changes

- Continue implementation of DC Water Environmental Health and Safety Management System
- Continue to provide support to the Office of Risk Management in the oversight of the Rolling Owner Controlled Insurance Program for DC Water Contractors
- Continue the AED Program, including maintenance, installation of new units, monitoring, and registration with DC government

Impact of Capital Projects on FY 2015 and FY 2016 Operating Expenditures

- Enhance the ROCIP through increased safety and oversight of multiple construction projects initiated DC Water-wide



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**ASSISTANT
GENERAL
MANAGER
Support Services**

POSITIONS				
CURRENT			FY 2015	FY 2016
Authorized	Average Positions Filled	Year-End Positions Filled		
6	5	5	6	7

**FY 2016 Budget
\$5,732,000**

**FLEET
MANAGEMENT**

**Maintenance
2 - Positions**

**Administrative
4 - Positions**

**Acquisition
1 - Position**

FUNCTIONS

- Preventive and repair maintenance
- Management of vehicles, equipment and parts
- Manage fleet maintenance contractor and vendors
- Manage the DC Water loaner pool program

FUNCTIONS

- Fleet Rightsizing – Process Improvements
- Contract monitoring
- Budget Management
- Performance Measurements - percent of uptime/availability
- Monitor fuel usage

FUNCTIONS

- Acquisition/Disposition of vehicles/equipment
- Inventory control
- Integration and retrofitting of vehicles

FLEET MANAGEMENT

MISSION: To provide safe, reliable and cost effective vehicles and equipment to DC Water for use by all departments in performance of their missions.

BUDGET OVERVIEW: The revised FY 2015 budget is relatively flat compared to the approved FY 2015 budget. The approved FY 2016 budget increase of \$0.4 million above the revised FY 2015 budget is primarily due to projected vehicle maintenance and repairs costs under contractual services.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Positions: (FTE's)				
Number of authorized positions	6	6	6	7
Average number of positions filled	5			
Operating Expenses				
Personnel Services including Overtime	699	837	822	816
Overtime	2	2	2	4
Non-personnel Services:				
Supplies	7	11	11	11
Utilities	962	1,148	1,148	1,189
Contractual Services, etc.	3,601	3,284	3,284	3,631
Small Equipment	30	85	85	85
Total Non-Personnel Services	4,599	4,528	4,528	4,916
Total Operations & Maintenance	5,298	5,365	5,350	5,732
Capital Equipment	4,889	3,897	3,945	4,441
Targeted Performance Measures	FY 2014 Actual	FY 2015 Approved	FY 2015 Revised	FY 2016 Approved
Preventive maintenance completed on schedule	89%	97%	97%	98%
Vehicles available for use	96%	97%	97%	98%
DC Water Priority vehicle in-service	89%	96%	97%	98%

FLEET MANAGEMENT

OVERVIEW

FY 2015 Major Planned Activities and Changes

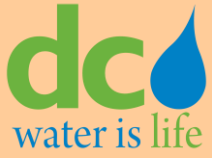
- Providing effective efficient customer service in fleet maintenance to critical programs and operations
- Strategically providing custom fleet solutions in data management reporting and operations
- Ongoing implementation of Field Services Mobile Support Technology Program-upgrading, staging, profiling and implementation
- Systems Integration (FMIS-WAVE)
- Continue utilization of grants and enterprise collaborations for the purchase of Alternative Fueled Vehicles (AFV's), Hybrid Plug-in Electric Vehicles (HPEV's), Plug-in Electric Vehicles (PEV's), Bio-Diesel, Flex-Fuel Vehicles and Custom Fleet Solutions
- Continue the Enterprise Vehicle "Right Sizing" Program
- Continue Customization of Build to Technical Specification of Vehicles and Equipment
- Continue replacement of gasoline powered vehicles with electric vehicles, where possible and practical to reduce carbon footprint
- Continue increase in the effective usage of Environmentally Friendly and Bio-based Products where applicable
- Fleet relocation and transition startup (anticipated)

FY 2016 Major Recommended Activities and Changes

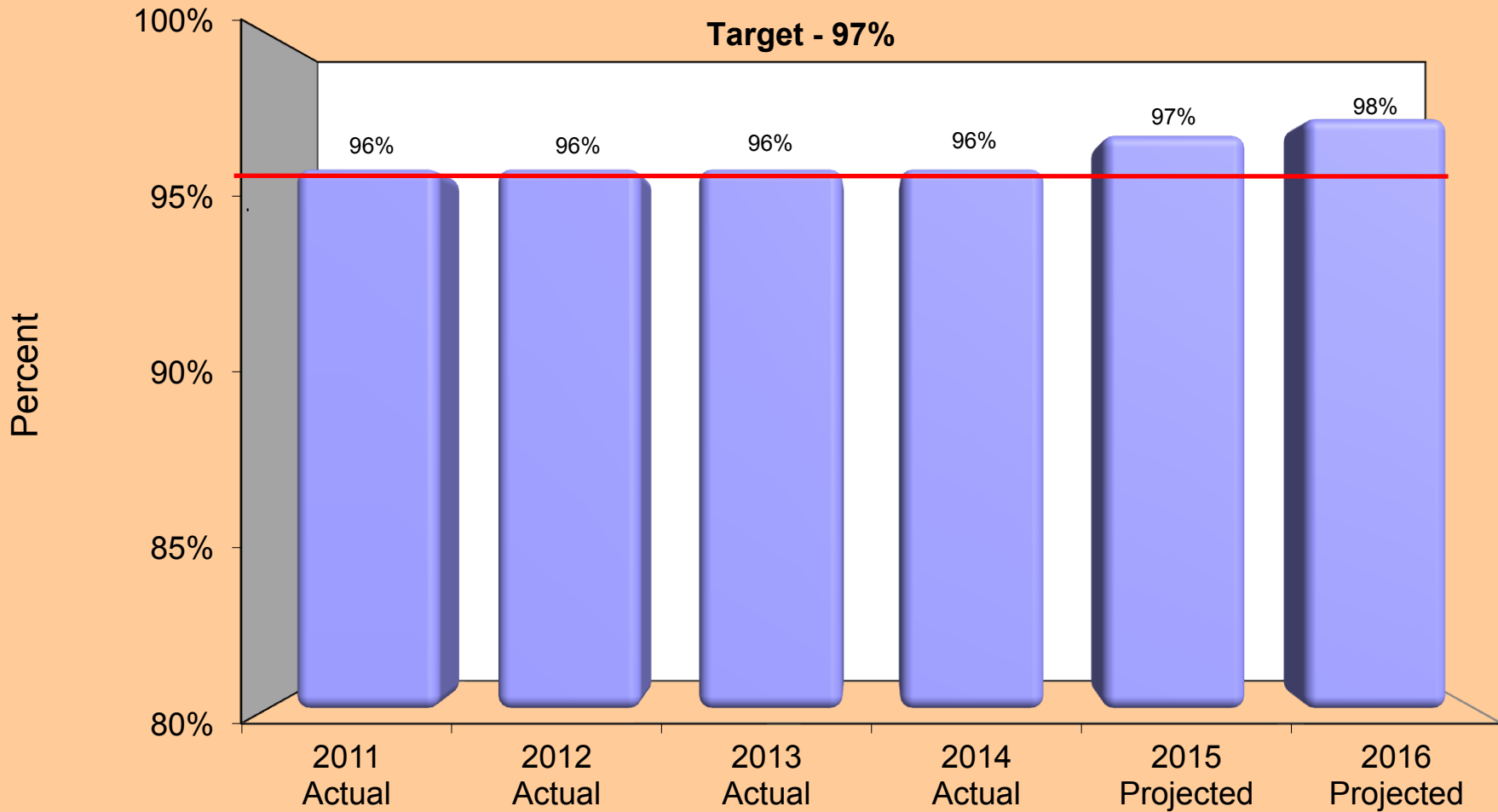
- Continuation of Fleet relocation and transition startup
- Continue implementation of Field Services Mobile Support Technology Program-upgrading, staging, profiling and implementation
- Continue systems integration and upgrades to (FMIS-WAVE)
- Standardization of Key Automation
- Continue utilization of grants and enterprise collaborations for the purchase of Alternative Fueled Vehicles (AFV's), Hybrid Plug-in Electric Vehicles (HPEV's), Plug-in Electric Vehicles (PEV's), Bio-Diesel, Flex-Fuel Vehicles and Custom Fleet Solutions
- Continue the "Right Sizing" Program
- Continue purchasing fuel efficient vehicles – Clean Idle, certified clean Diesel
- Continue replacement of gasoline powered vehicles with electric vehicles, where possible and practical to reduce carbon footprint
- Continue increased usage of environmentally friendly and Bio-based Products

Impact of Capital Projects on FY 2015 and FY 2016 Operating Expenditures

- Increase in replacement of aging fleet inventory with fuel efficient vehicles/equipment
- Reduce vehicle downtime
- Reduce fuel usage
- Improve customer services/satisfaction
- Innovation and integration of mobile technology
- Increase Mobile Maintenance Services
- Increase Fleet Services Productivity



Vehicle In-Service Percentage





OPERATING BUDGETS

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

SECTION VIII

GLOSSARY AND ACRONYMS



GLOSSARY

ACCRUAL BASIS: The method of accounting under which revenues are recorded when they are earned (whether or not cash is received at that time) and expenditures are recorded when goods and services are received (whether or not cash disbursements are made at that time).

A/E CONTRACT: Architectural and Engineering Contracts

AERATION: The process that forces compressed air into wastewater. The oxygen keeps the microorganisms alive and sets off a chain reaction; live, eat, and work. Oxygen is an essential ingredient in "activating" sludge.

AMERICAN RECOVERY AND REINVESTMENT ACT: Is an economic stimulus package enacted by the 111th United States Congress in February 2009. The stimulus was intended to create jobs and promote investment and consumer spending during the recession.

ANAEROBIC DIGESTION: A biological process that uses microorganisms to reduce the volume of biosolids.

APPROPRIATION: An authorization by Congress, which permits officials to incur obligations and expend Authority resources. Appropriations are usually made for fixed amounts, which extend for a fiscal year. Appropriations for capital improvement projects, however, extend until completion, usually beyond the current fiscal year.

ARBITRAGE: The simultaneous purchase and selling of an asset in order to profit from a differential in the price. This usually takes place on different exchanges or marketplaces. Also known as a "riskless profit".

ASSETS: Property with monetary value owned by the Authority.

AUDIT: An independent systematic examination of resource utilization concluding in a written report. It is a test of management's internal accounting records. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements.

AUTOMATED METER READING (AMR): System that automatically read customers' meters using radio frequencies, allowing for more accurate and frequent meter readings and transfer of data to a central database for billing and analysis.

BALANCED BUDGET: A budget in which the income equals expenditure.

BIOCHEMICAL OXYGEN DEMAND (BOD): An indicator of the amount of biodegradable contaminants in wastewater.

BIOSOLIDS: Sludge that has been treated to reduce pathogens, organics, and odors, forming a reusable agricultural product.

BLUE PLAINS ADVANCED WASTEWATER TREATMENT PLANT: Located in Washington, DC, Blue Plains is the world's largest advanced wastewater treatment plant, and has a permitted capacity of 370 million gallons per day.

BOARD OF DIRECTORS: DC Water's governing board (the Board), which includes 11 primary members, six members from the District of Columbia, two members each from Montgomery and Prince George's Counties in Maryland, and one member from Fairfax County, Virginia.

BOND: An obligation issued by DC Water promising to pay a specified sum of money (called principal or face value) at a specified future date (called the maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically issued to fund specific capital improvement expenditures.

BUDGET: A plan of financial operations including an estimate of proposed expenditures and revenues for a fiscal period. The budget establishes funding levels for continuing service programs, operation and maintenance of public facilities, and principal and interest payments on bonded indebtedness. Recurring replacement of capital outlay and minor new capital outlay items are included.

CAPACITY MANAGEMENT OPERATION and MAINTENANCE (CMOM): A standard framework for municipal sewer collection systems to identify and incorporate widely-accepted wastewater industry practices to meet regulatory compliance.

CAPITAL BUDGET: A plan for investment in long-term assets such as buildings, plant, and equipment. DC Water's capital budget includes project schedules and funding needed to acquire, improve or construct properties or facilities to enhance water and sewer services to our customers.

CAPITAL EQUIPMENT: A capital asset with a useful life of at least 3 years, a cost exceeding \$5,000 and is financed with short-term debt or cash. Examples include rolling stock and computer equipment.

CAPITAL IMPROVEMENT PROGRAM (CIP): A plan, which identifies the nature, schedule and cost of long-term improvements to DC Water's infrastructure.

CERIDIAN: DC Water's fully integrated payroll and personnel system designed to accommodate a variety of pay, leave, and work rules and to provide a comprehensive set of human resource applications.

CHLORAMINATION: The process of adding chloramines to drinking water. Chloramine, a form of chlorine and ammonia, is used as a disinfectant by the Washington Aqueduct.

CLEAN RIVERS IMPERVIOUS AREA CHARGE: DC Water uses information contained in the District of Columbia's GIS plainmetric database, which includes tax and property records to determine impervious surface areas. (All surfaces are classified as either pervious or impervious). An impervious charge is billed to DC Water customers based on Equivalent Residential Unit (ERU). This is the amount of impervious surface area measured in square feet based on a statistical median for a single family residential property.

CLEAN WATER ACT (CWA): Act passed by the U.S. Congress in 1972 to control water pollution.

COMBINED SEWER OVERFLOWS (CSO): Discharge of untreated wastewater (a mixture of storm water and sanitary waste) directly to waterways during periods of significant rainfall.

COMBINED SEWER OVERFLOW LONG-TERM CONTROL PLAN (CSO LTCP): This Program encompasses projects designed to reduce overflows into the local waterways by 98%, and is now known as the Clean Rivers Project.

COMBINED SEWER SYSTEM LONG-TERM CONTROL PLAN (CSS LTCP): Final plan submitted by DC Water in July 2002 and approved by EPA in March 2005 to control Combined Sewer Overflow (CSO's) to the Districts waterways.

COMMERCIAL PAPER: Short-term (less than 270 days) notes issued by DC Water to provide interim financing of its capital improvement program. Commercial paper typically carries lower interest rates than long-term debt and is issued on a subordinate basis.

CUSTOMER CLASS-BASED VOLUMETRIC RATES: Rate differentiation based on the peaking demands of each customer class (residential, multi-family and non-residential).

CUSTOMER INFORMATION SYSTEM (CIS): System which DC Water utilizes for customer billing and information and other related services.

DC CLEAN RIVERS PROJECT: New name for the COMBINED SEWER OVERFLOW LONG TERM CONTROL PLAN (CSO LTCP), which is a program that encompasses projects designed to reduce overflows into the local waterways by 98%.

DEBT RATING: An independent opinion, based on a comprehensive quantitative and qualitative evaluation, of a company's financial position, operating performance, business profile and management. Specifically, the debt rating reflects a company's ability to meet its obligations to repay interest and principal on outstanding obligations to investors. DC Water's bond ratings provided by Moody's Investors Service, Standard & Poor's and Fitch Ratings are Aa2, AA, and AA+, respectively.

DEBT SERVICE: Amount of money necessary to pay principal and interest on senior outstanding notes and bonds in any given fiscal year.

DEBT SERVICE COVERAGE: Requirement of DC Water's master trust indenture and Board policy that provides that annual revenue available to pay debt service must exceed annual debt service by a certain percentage. DC Water's master trust indenture requires 120 percent senior debt service coverage; DC Water Board policy requires 140 percent senior debt service coverage.

DEAMMONIFICATION: Involves Anammox bacteria working synergistically with Ammonia Oxidizing Bacteria to oxidize ammonia without organic carbon to produce nitrogen gas.

DEVELOPMENT IMPACT FEE: Fee assessed to new development (or redevelopment) to recover the investment in available system capacity, based on meter size.

EFFLUENT: Treated wastewater discharged from the Blue Plains Advanced Wastewater Treatment Plant.

ENABLING ACT: Legislation which established DC Water and defined its purpose and authority. DC Water's enabling legislation was initially enacted in 1996.

ENCUMBRANCES: Obligations in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or when an actual liability is released.

ENHANCED NITROGEN REMOVAL FACILITY: This Program Area represents the new name for the Total Nitrogen Program (BTN) which includes projects for new facilities and upgrades to existing facilities needed at Blue Plains to meet the total nitrogen discharge limit that has been included in DC Water's 2010 NPDES permit.

ENTERPRISE FUND: A fund established to finance and account for the acquisition, operation, and maintenance of governmental facilities and services, which are entirely or predominantly self-supporting by user charges. This type of fund uses the accrual basis of accounting. DC Water is responsible for two enterprise funds:

- 1) Water and Sewer Enterprise Fund
- 2) The District of Columbia Stormwater Enterprise Fund

ENVIRONMENTAL PROTECTION AGENCY (EPA): Federal agency responsible for environmental regulations and enforcement.

EXPENDITURES: Payment for goods and services received.

FABRIDAM: A dynamic weir (or dam) that inflates and deflates depending on the structure set point. Set points vary from structure to structure.

FISCAL YEAR: The twelve-month period used by DC Water which begins October 1 and ends September 30 of the following calendar year.

FIXED ASSET: Long-lived property owned by an entity that is used by an entity in the production of its income. Tangible fixed assets include real estate, plant, and equipment.

GENERAL OBLIGATION DEBT: This is money that DC Water still owes the District of Columbia for bond issuance prior to the enabling act that created DC Water

IMPERVIOUS SURFACE: an area that impedes or retards the percolation of water into the subsoil and impedes plant growth. Impervious surfaces include but are not limited to the following: roofprints, footprints of patios, driveways, private streets, other paved areas, tennis courts, and swimming pools, and any path or walkway that is covered by impervious material.

INFRASTRUCTURE: DC Water's facilities, services, and installations needed for its functioning, such as its water, sewer and customer delivery systems.

INTER-MUNICIPAL AGREEMENT OF 1985 (IMA): This agreement outlines the operating and financial responsibilities for wholesale wastewater treatment services at Blue Plains. Signatories to the IMA include the District of Columbia, Montgomery and Prince George's Counties in Maryland, Fairfax County, Virginia, and the Washington Suburban Sanitary Commission.

INTERCEPTORS: The large pipes that convey wastewater from the collection system to DC Water's wastewater treatment plant, Blue Plains.

INTERNAL IMPROVEMENT PLAN (IIP): Operational improvement plans for various operating departments across DC Water that will result in improved service and cost savings to DC Water's customers. Proposed improvements are a function of new capital projects, investments in technology, and new business processes. IIP's have been developed for the Departments of Wastewater Treatment, Maintenance Services, and Customer Service, and are in process for the Departments of Water and Sewer Services.

INVERTED BLOCK RATE STRUCTURES: Is a schedule of rates applicable to blocks of increasing usage in which the usage in each succeeding block is charged at a higher unit rate than in the previous blocks. Generally, each successive block rate may be applicable to a greater volume of water delivery than the preceding block(s).

JOINT USE SEWERAGE FACILITIES: A list of specific facilities identified in the DC Official Code, Section #34-2202.01(4).

LIFELINE RATE: A lifeline rate for the first 4 Ccf of Single Family Residential (SFR) water use to reflect baseline usage by residential customers without peaking cost.

LOW IMPACT DEVELOPMENT (LID): Integrates ecological and environmental considerations into all phases of urban planning, design and construction in order to avoid encroaching on environmentally fragile or valuable lands, and to decrease runoff volumes and peak flow impacts.

LOCAL SMALL DISADVANTAGED BUSINESS ENTERPRISE (LSDBE): Business entities that are encouraged to do business in the District through supportive legislation, business development programs, and agency and public/private contract compliance.

MASTER FACILITIES PLAN: A twenty-year plan that outlines proposed capital improvements across DC Water. This plan is updated every three to five years.

MUNICIPAL SEPARATE STORM SEWER SYSTEM (MS4): A regulatory program for controlling stormwater pollution.

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM (NPDES): A permit issued by the EPA that governs effluent discharges into various rivers and waterways by Blue Plains and DC Water's sewer system.

NITRIFICATION: An aerobic process in which bacteria changes the ammonia and organic nitrogen in wastewater into oxidized nitrogen.

NINE MINIMUM CONTROLS (NMC): Nine EPA-designated activities that DC Water must undertake to reduce Combined Sewer Overflow (CSO) while implementing its Long Term Control Plan (LTCP).

OPERATING RESERVE: Reserve established by the Board of Directors equivalent to approximately 120 days of budgeted operating and maintenance expenses with the objective of maintaining at least \$125.5 million.

OPERATING BUDGET: The budget that encompasses the day-to-day activities for DC Water. The operating budget includes employee salaries, supplies, and other non-personnel items related to current activities. The operating budget also includes other costs including debt service and payment in lieu of taxes/right of way fees.

OPERATIONS & MAINTENANCE (O&M): The activities related to the performance of routine, preventive, and predictive, actions aimed at preventing DC Water's equipment and infrastructure from failure or decline, with the goal of increasing efficiency, reliability, and safety.

OUTFALL: The place or structure where effluent is discharged into receiving waters.

PAYMENT IN LIEU of TAXES (PILOT): Amounts which DC Water pays each fiscal year to the District and institutions in which its facilities are located. Consistent with the provisions of DC Water's Enabling Act, these payments are to be based on services received and certified from the District of Columbia.

PLANT RESIDUALS: In 2003, the EPA issued a revised NPDES permit to the Washington Aqueduct (WAD) and entered into a Federal Facilities Compliance Agreement (the federal agency equivalent of an Administrative Order) requiring WAD, to have in operation, by Dec 31, 2009, a new process, which dewateres the residuals on site and trucks them off-site for disposal.

POTOMAC INTERCEPTOR: Fifty-mile interceptor that carries wastewater from Loudoun and Fairfax Counties in Virginia and Montgomery County in Maryland to Blue Plains.

PRIMARY TREATMENT: A wastewater treatment process that allows those substances in wastewater that readily settles or floats to be separated from the water being treated.

PRINCIPAL: The total amount of money being borrowed or lent.

PROCESS COMPUTER CONTROL SYSTEM (PCCS): Electronically monitors and controls all treatment processes and facilities.

RATE STABILIZATION FUND: A fund established by the Board of Directors, which is used to implement rate increases on a gradual and predictable basis.

RESERVES: An accounting entry that properly reflects contingent liabilities.

REVENUE: An increase in (sources of) fund financial resources other than from inter-fund transfers and debt issue proceeds. Revenues should be classified by fund and source.

REVENUE BONDS: Bonds payable from specific source of revenue and which do not pledge the full faith and credit of the issuer.

RIGHT-OF-WAY FEE (ROW): A permit fee that the District of Columbia Government charges DC Water for water and sewer conduits that it occupies within the District of Columbia.

SAFE DRINKING WATER ACT (SDWA): Act passed by the U.S. Congress (most recently amended in 1996) to control drinking water quality.

SECONDARY TREATMENT: Usually following primary treatment, secondary treatment employs microorganisms to reduce the level of biochemical oxygen demand (BOD) in wastewater.

SENIOR DEBT: Debt whose terms in the event of bankruptcy require it to be repaid before subordinated debt receives any payment.

SLUDGE: Solid residue from wastewater treatment.

SUPPLEMENTAL ENVIRONMENTAL PROJECT (SEP): A project DC Water is funding as part of its nine minimum control (NMC) CSO consent order.

SUBORDINATED DEBT: Debt over which senior debt takes priority. In the event of bankruptcy, subordinated debtholders receive payment only after senior debt claims are paid in full.

SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA): Equipment and computer technology used to monitor and control the water distribution and wastewater conveyance systems.

WASHINGTON AQUEDUCT: A division of the U.S. Army Corps of Engineers which owns and operates the water treatment facilities for DC Water, Arlington and Falls Church, Virginia. DC Water purchases treated drinking water on a wholesale basis from the Washington Aqueduct, and is responsible for approximately 73 percent of the Aqueduct's costs.

WATER SYSTEM REPLACEMENT FEE (WSRF): A fixed monthly fee designed to fund the 1 percent renewal and replacement of aging water infrastructure for residential, multi-family and non-residential customers.

ACRONYMS

ADA: AMERICANS WITH DISABILITY ACT

AED: AUTOMATED EXTERNAL DEFIBRILLATOR

AMSA: ASSOCIATION OF METROPOLITAN SEWERAGE AGENCIES

AMR: AUTOMATIC METER READING

ANC: ADVISORY NEIGHBORHOOD COMMISSION

BAB's: BUILD AMERICA BONDS

BOD: BIOCHEMICAL OXYGEN DEMAND

CAFR: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CAP: CUSTOMER ASSISTED PROGRAM

CFCI: CASH FINANCED CAPITAL IMPROVEMENTS

CHP: COMBINED HEATING POWER

CIP: CAPITAL IMPROVEMENT PROGRAM

CIS: CUSTOMER INFORMATION SYSTEM

CMOM: CAPACITY MANAGEMENT OPERATION and
MAINTENANCE

COBRA: THE CONSOLIDATED OMNIBUS BUDGET
RECONCILIATION ACT OF 1985

COF: CENTRAL OPERATIONS FACILITY

COG: COUNCIL OF GOVERNMENT

CSO: COMBINED SEWER OVERFLOWS

CSO LTCP: COMBINED SEWER OVERFLOW LONG-TERM
CONTROL PLAN

CSS LTCP: COMBINED SEWER SYSTEM LONG-TERM CONTROL
PLAN

CSP: COMPREHENSIVE SAFETY PROGRAM

CSRS: CIVIL SERVICE RETIREMENT SYSTEM

CWA: CLEAN WATER ACT

CWSFR: CLEAN WATER STATE REVOLVING FUND

DDOE: DISTRICT DEPARTMENT OF ENVIRONMENT

DETS: DEPARTMENT OF ENGINEERING AND TECHNICAL
SERVICES

DRBCP: DISASTER RECOVERY AND BUSINESS CONTINUITY
PLAN

DSS: DEPARTMENT OF SEWER SERVICES

DWS: DEPARTMENT OF WATER SERVICES

DWWT: DEPARTMENT OF WASTEWATER TREATMENT

EBU: EQUIVALENT BILLING UNIT

EDMC: ENGINEERING DOCUMENT MANAGEMENT AND CONTROL

IIP: INTERNAL IMPROVEMENT PLAN

COTR: CONTRACTING OFFICER TECHNICAL REPRESENTATIVES	IVR: INTERACTIVE VOICE RESPONSE
EEOC: EQUAL EMPLOYMENT OPPORTUNITY COMMISSION	IIP: INTERNAL IMPROVEMENT PLAN
EMA: EMERGENCY MANAGEMENT AGENCY	IVR: INTERACTIVE VOICE RESPONSE
ENRF: ENHANCED NITROGEN REMOVAL FACILITIES	JUDD: JOINT UTILITY DISCOUNT DAY
EOC: EMERGENCY OPERATIONS CENTER	LID: LOW IMPACT DEVELOPMENT
EPA: ENVIRONMENTAL PROTECTION AGENCY	LOTO: LOG OUT TAG-OUT
ERDMS: ENTERPRISE RECORDS AND DOCUMENT MANAGEMENT SYSTEM	LSDBE: LOCAL SMALL DISADVANTAGED BUSINESS ENTERPRISE
ERU: EQUIVALENT RESIDENTIAL UNIT	LSR: LEAD SERVICE REPLACEMENT
ESF: EMERGENCY SUPPORT FUNCTION	LTCP: LONG TERM CONTROL PLAN
FOG: FAT OIL AND GREASE	MBE: MINORITY BUSINESS ENTERPRISE
GFOA: GOVERNMENT FINANCE OFFICERS ASSOCIATION	MGD: MILLION GALLONS PER DAY
GICD: GREEN INFRASTRUCTURE CONSENT DECREE	MOU: MEMORANDUM OF UNDERSTANDING
GIS: GEOGRAPHICAL INFORMATION SYSTEM	MPT: MAIN PROCESS TRAIN
HPRP: HIGH PRIORITY REHABILITATION PROGRAM	MS4: MUNICIPAL SEPARATE STORM SEWER SYSTEM
HUNA: HIGH USAGE NOTIFICATION APPLICATION	NEB: NORTH EAST BOUNDARY
HVAC: HEATING VENTILATION AND AIRCONDITIONING	NMC: NINE MINIMUM CONTROLS
IAC: IMPERVIOUS AREA CHARGE	NPDES: NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

IFB: INVITATION FOR BID

IMA: INTER-MUNICIPAL AGREEMENT

O&M: OPERATIONS & MAINTENANCE

OCIP: OWNER CONTROLLED INSURANCE PROGRAM

PACT: POSITIVE ATTITUDE, ACCOUNTABILITY, COMMUNICATION AND TEAMWORK

PCCS: PROCESS COMPUTER CONTROL SYSTEM

PILOT: PAYMENT IN LIEU OF TAXES

PM: PREVENTIVE MAINTENANCE

PPM: PARTS PER MILLION

PSA: PUBLIC SERVICE ANNOUNCEMENT

PBS: PUBLIC BROADCASTING SERVICE

PDMS: PAYABLES DOCUMENT MANAGEMENT SYSTEMS

RFQ: REQUEST FOR QUOTATION

RFP: REQUEST FOR PROPOSAL

ROCIP: ROLLING OWNER CONTROLLED INSURANCE PROGRAM

RSF: RATE STABILIZATION FUND

SDWA: SAFE DRINKING WATER ACT

SCADA: SUPERVISORY CONTROL AND DATA ACQUISITION

SEP: SUPPLEMENTAL ENVIRONMENTAL PROJECT

SOX: SARBANES OXLEY ACT

SPLASH: SERVING PEOPLE BY LENDING A SUPPORTING HAND

SSO: SANITARY SEWER OVERFLOW

TEAMS: TOTAL ENTERPRISE ASSET MANAGEMENT SYSTEM

TMDL: TOTAL MAXIMUM DAILY POLLUTANT LOADS

ULSD: ULTRA LOW SULFUR DIESEL

VAV: VARIABLE AIR VOLUME

VEP: VALVE EXERCISE PROGRAM

VIT: VEHICLE INFORMATION TRANSMITTER

WBE: WOMEN BUSINESS ENTERPRISE

WSSC: WASHINGTON SUBURBAN SANITARY COMMISSION

WAD: WASHINGTON AQUEDUCT

WSRF: WATER SYSTEM REPLACEMENT FEE

Presented and Adopted: February 5, 2015
**Subject: Approval of Fiscal Year 2015 - 2024 Capital
Improvement Program (CIP)**

#15-17
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority, ("DC Water") at its meeting on February 05, 2015, upon consideration of a joint-use matter, decided by a vote of nine (9) in favor and none (0) opposed, to take the following action with respect to the Fiscal Year 2015 – 2024 Capital Improvement Program (Lifetime and Cash Disbursements Basis).

WHEREAS, the Board's financial policies require an annually updated Ten-Year Financial Plan, which includes a Ten-Year Capital Improvement Program; and

WHEREAS, on January 08, 2015, the General Manager briefed Board members on the Proposed Lifetime Budget totaling \$10,100,341,000 and the related FY 2015 - 2024 Capital Improvement Program Disbursements Plan, which totaled \$3,844,063,000; and

WHEREAS, on January 15, 2015, the Environmental Quality and Sewerage Services and the Water Quality and Water Services Committees, in a joint meeting, reviewed the budget proposals and discussed in detail the budget drivers, strategic budget decisions, budget assumptions, customer and operational impacts, and recommended that the Board adopt the Proposed Lifetime Budget totaling \$10,100,341,000 and the related FY 2015 - 2024 Capital Improvement Program Disbursements Plan, which totaled \$3,844,063,000; and

WHEREAS, on January 22, 2015, the Finance and Budget Committee reviewed the budget proposals and discussed in detail the budget drivers, strategic budget decisions, budget assumptions, customer and operational impacts, and recommended that the Board adopt the Proposed Lifetime Budget totaling \$10,100,341,000 and the related FY 2015 - 2024 Capital Improvement Program Disbursements Plan, which totaled \$3,844,063,000.

WHEREAS, on January 27, 2015 the DC Retail Water & Sewer Rates Committee reviewed the budget proposals and discussed in detail the budget drivers, strategic budget decisions, budget assumptions, customer and operational impacts, and recommended that the Board adopt the Proposed

Lifetime Budget totaling \$10,100,341,000 and the related FY 2015 - 2024 Capital Improvement Program Disbursements Plan, which totaled \$3,844,063,000.

NOW THEREFORE, BE IT RESOLVED THAT:

The Board hereby approves and adopts DC Water's Fiscal Year 2015 – 2024 Capital Improvement Program with the Lifetime Budget totaling \$10,100,341,000 (Attachment A-1) and Disbursements Plan of \$3,844,063,000 (Attachment A-2), and as further detailed in the General Manager's Proposed Fiscal Year 2016 Operating and Capital Budgets dated January 08, 2015 and accompanying materials.

This resolution is effective immediately.


Secretary to the Board of Directors

FY 2015 - FY 2024 Capital Improvement Plan

Project Lifetime Budgets by Service Area / Program (\$ 000's)

	FY 2015 Approved	FY 2015 Revised / FY 2016 Proposed	Variance
WASTEWATER TREATMENT			
Liquid Processing Projects	\$831,760	\$841,382	\$9,622
Plantwide Projects	446,508	493,003	46,495
Solids Processing Projects	793,044	709,416	(83,628)
Enhanced Nitrogen Removal Facilities	1,024,481	1,042,636	18,155
Subtotal	3,095,793	3,086,438	(9,355)
SANITARY SEWER			
Sanitary Collection Sewers	212,995	216,546	3,551
Sanitary On-Going Projects	200,741	202,500	1,759
Sanitary Pumping Facilities	44,193	44,096	(97)
Sanitary Sewer Projects Program Management	111,214	112,576	1,362
Sanitary Interceptor/Trunk Force Sewers	585,475	716,950	131,475
Subtotal	1,154,618	1,292,670	138,052
COMBINED SEWER OVERFLOW			
CSO Program Management	68,464	74,094	5,630
Combined Sewer Projects: Nine Minimum Controls	549,625	514,019	(35,606)
D.C. Clean Rivers Project (<i>aka Long-Term Control Plan</i>)			
Anacostia Tunnel	1,806,541	1,902,752	96,211
Potomac Tunnel	383,700	410,394	26,694
Rock Creek Tunnel	65,342	76,442	11,100
D.C. Clean Rivers Green Infrastructures	40,000	2,206	(37,794)
Subtotal	2,913,672	2,979,906	66,234
STORMWATER			
Stormwater Extensions/Local Drainage	22,829	22,832	3
Stormwater On-Going Program	12,988	13,173	185
Stormwater Pumping Facilities	25,000	25,000	-
DDOT Stormwater Program	3,237	3,237	-
Stormwater Projects Program Management	12,051	11,979	(72)
Stormwater Trunk/Force Sewers	15,341	15,597	256
Subtotal	91,446	91,818	372
WATER			
Water Distribution Systems	940,902	1,022,285	81,383
Water Lead Program	189,040	189,040	-
Water On-Going Projects	140,871	144,292	3,421
Water Pumping Facilities	167,217	177,401	10,184
DDOT Water Projects	38,775	33,867	(4,908)
Water Storage Facilities	76,358	100,715	24,357
Water Projects Program Management	74,781	107,653	32,872
Subtotal	1,627,944	1,775,253	147,309
Capital Projects	8,883,473	9,226,085	342,612
AUTOMATED METER READING/ CUSTOMER INFORMATION SYSTEM			
	50,181	100,921	50,740
WASHINGTON AQUEDUCT			
	286,358	296,972	10,614
CAPITAL EQUIPMENT			
	139,436	141,608	2,172
Subtotal	475,975	539,501	63,526
LABOR			
	-	334,755	334,755
Total DC Water CIP Lifetime	\$9,359,448	\$10,100,341	\$740,893

* Reflects revisions since January 15, 2015 submission.

FY 2015 – FY 2024 PROJECTED CAPITAL IMPROVEMENT PLAN (CIP) – DISBURSEMENTS BASIS (\$ in 000's)

	FY 2015 Revised	FY 2016 Proposed	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Total
WASTEWATER TREATMENT											
Liquid Processing Projects	\$ 20,566	\$ 14,467	\$ 28,586	\$ 35,332	\$ 35,529	\$ 16,825	\$ 11,626	\$ 15,860	\$ 6,994	\$ 3,113	\$ 188,899
Plantwide Projects	18,322	11,376	12,271	12,822	16,132	38,518	25,488	30,882	28,372	20,665	214,847
Solids Processing Projects	58,333	8,053	14,845	9,791	4,807	4,918	13,930	3,414	503	2	118,596
Enhanced Nitrogen Removal Facilities	109,039	115,478	65,566	52,460	5,993	4,007	962	595	1,225	5,505	360,830
Subtotal	206,260	149,375	121,268	110,405	62,461	64,267	52,006	50,750	37,094	29,285	883,171
SANITARY SEWER											
Sanitary Collection Sewers	5,932	7,989	6,892	866	461	2,089	736	7,202	10,735	11,058	53,960
Sanitary On-Going Projects	8,256	7,133	6,516	5,887	6,816	5,455	7,462	7,109	13,243	10,380	78,257
Sanitary Pumping Facilities	1,377	973	612	282	473	2,429	70	-	-	-	6,217
Sanitary Sewer Projects Program Management	10,105	6,486	5,567	7,045	5,531	4,068	2,707	4,577	5,337	4,611	56,032
Sanitary Interceptor/Trunk Force Sewers	14,587	19,596	31,489	28,878	26,429	30,919	14,921	14,636	16,396	13,068	210,918
Subtotal	40,258	42,175	51,076	42,956	39,711	44,960	25,896	33,524	45,712	39,116	405,384
COMBINED SEWER OVERFLOW											
CSO Program Management	4,423	2,104	3,219	3,456	2,446	2,264	1,772	2,799	3,060	2,195	27,739
Combined Sewer Projects	10,769	30,575	31,066	27,400	20,248	10,490	10,858	11,464	12,778	4,492	170,140
D.C. Clean Rivers Project	255,909	206,024	125,245	98,235	142,900	163,816	124,328	100,940	123,599	84,755	1,425,752
Subtotal	271,101	238,703	159,531	129,091	165,594	176,571	136,958	115,203	139,437	91,442	1,623,631
STORMWATER											
Stormwater Local Drainage	28	75	182	92	27	78	27	261	111	382	1,263
Stormwater On-Going Program	489	691	449	478	532	546	585	736	721	774	6,000
Stormwater Pumping Facilities	-	128	781	912	-	-	-	-	-	-	1,821
DDOT Stormwater Program	27	30	27	21	20	2	-	-	-	-	129
Stormwater Research and Program Management	518	179	235	254	180	145	79	118	138	114	1,959
Stormwater Trunk/Force Sewers	1,497	76	53	91	-	-	-	-	-	-	1,717
Subtotal	2,559	1,178	1,726	1,848	760	772	691	1,115	970	1,270	12,889
WATER											
Water Distribution Systems	33,291	37,486	27,496	26,297	29,433	39,700	45,075	43,354	47,700	56,356	386,188
Water Lead Program	2,350	1,304	955	1,037	1,796	2,055	2,314	1,749	-	-	13,560
Water On-Going Projects	7,070	7,383	6,793	5,475	5,859	5,541	5,823	5,631	6,708	7,472	63,754
Water Pumping Facilities	6,074	5,305	5,406	3,260	4,529	6,794	165	87	-	-	31,621
DDOT Water Projects	2,121	1,394	858	84	-	-	-	-	-	-	4,457
Water Storage Facilities	6,323	9,028	11,937	9,150	1,846	3,336	8,749	4,003	1,345	567	56,282
Water Projects Program Management	7,777	5,645	5,523	5,559	5,332	3,823	6,074	6,329	4,076	4,249	54,388
Subtotal	65,006	67,546	58,968	50,862	48,795	61,249	68,201	61,153	59,828	68,645	610,250
Capital Projects	585,183	498,977	392,570	335,162	317,321	347,818	283,752	261,745	283,041	229,758	3,535,326
AMR/CIS											
Automated Meter Reading	5,314	7,384	6,707	6,345	5,672	1,000	500	500	500	500	34,422
Customer Information System	2,586	7,005	8,000	5,000	1,000	-	-	-	-	-	23,591
Subtotal	7,900	14,389	14,707	11,345	6,672	1,000	500	500	500	500	58,013
WASHINGTON AQUEDUCT											
	10,000	10,864	10,850	10,936	11,060	11,045	11,226	11,212	11,081	10,842	109,116
CAPITAL EQUIPMENT											
	22,191	24,810	24,018	15,683	14,282	9,058	9,058	8,058	7,433	7,017	141,608
Subtotal	40,091	50,063	49,575	37,964	32,014	21,103	20,784	19,770	19,014	18,359	308,737
Total FY 2015 - FY 2024	\$ 625,274	\$ 549,040	\$ 442,145	\$ 373,126	\$ 349,335	\$ 368,921	\$ 304,536	\$ 281,515	\$ 302,055	\$ 248,117	\$ 3,844,063

Presented and Adopted: February 5, 2015

SUBJECT: Approval of Fiscal Year 2015 - 2024 Ten-Year Financial Plan

**#15-18
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("DC Water") at its meeting held on February 5, 2015 upon consideration of a joint-use matter decided by a vote of nine (9) in favor and none (0) opposed, to take the following action with respect to the Fiscal Year 2015 - 2024 Financial Plan.

WHEREAS, prudent utility financial management requires a long-term financial plan that integrates common elements of the ten-year capital improvement program, future capital financing plans, projected operating and maintenance budgets, revenue requirements and projected rate increases to support long-term capital and operating needs; and

WHEREAS, the Board in Resolutions 13-57 and 11-10 has adopted a series of financial policies in the areas of capital financing, long-term financial planning, and rate-setting to assure the short-term and long-term financial health of DC Water; and

WHEREAS, adherence to these financial policies has allowed the DC Water to receive strong bond ratings that will reduce debt service costs over the ten-year planning period; and

WHEREAS, consistent with the Board policies, the General Manager has prepared a ten-year financial plan in conjunction with the proposed FY 2016 operating and capital budgets; and

WHEREAS, the ten-year financial plan is based on assumptions detailed in the proposed Fiscal Year 2016 Operating and Capital Budgets; and

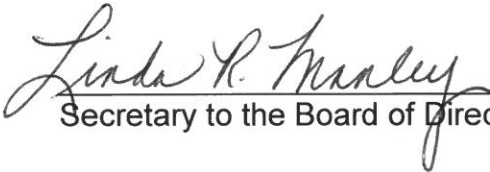
WHEREAS, the ten-year financial plan is consistent with projections appearing in the attached Schedules A, B and C of this resolution; and

WHEREAS, on January 22, 2015 and January 27, 2015, the Finance and Budget Committee and DC Retail Water and Sewer Rates Committee, respectively, met, reviewed and recommended that the Board adopt the ten-year financial plan as recommended by the General Manager.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board hereby accepts and approves the proposed Fiscal Year 2015 - 2024 Financial Plan that is supported by the attached Schedules A, B and C and the proposed Fiscal Year 2016 Operating and Capital Budgets.

This resolution is effective immediately.


Secretary to the Board of Directors

District of Columbia Water & Sewer Authority
FY 2015 - FY 2024 Financial Plan
(In 000's)

OPERATING	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<i>Retail*</i>	404,572	472,881	488,609	510,675	534,319	561,844	590,751	618,664	648,282	672,831
<i>Wholesale*</i>	81,365	69,342	71,422	73,565	75,772	78,045	80,386	82,798	85,282	87,840
<i>Other</i>	49,206	27,982	28,049	30,048	32,774	34,803	34,800	34,793	34,886	35,153
<i>RSF</i>	7,500	-	10,000	-	2,700	7,000	5,650	2,100	-	-
Operating Receipts (1)	\$ 542,643	\$ 570,205	\$ 598,080	\$ 614,288	\$ 645,564	\$ 681,692	\$ 711,587	\$ 738,355	\$ 768,450	\$ 795,825
Operating Expenses	(312,121)	(324,202)	(333,619)	(343,315)	(356,298)	(366,668)	(377,346)	(388,341)	(399,662)	(411,319)
Debt Service	(163,242)	(174,766)	(190,238)	(202,987)	\$ (218,480)	\$ (238,976)	\$ (254,298)	\$ (266,147)	\$ (277,374)	\$ (287,451)
Defeasance D.S./Cash Financed Capital Cons	\$ (20,058)	\$ (23,644)	\$ (24,430)	\$ (25,534)	\$ (26,716)	\$ (28,092)	\$ (29,538)	\$ (30,933)	\$ (32,414)	\$ (33,642)
Net Revenues After Debt Service	\$ 47,221	\$ 47,593	\$ 49,793	\$ 42,452	\$ 44,070	\$ 47,955	\$ 50,405	\$ 52,934	\$ 59,000	\$ 63,413
Operating Reserve-Beg Balance	162,742	145,100	145,100	145,100	145,100	145,100	145,100	145,100	145,100	145,100
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(23,153)	(17,179)	(19,710)	-	-	-	-	-	-	-
Customer Rebate	-	-	-	-	-	-	-	-	-	-
Transfers To RSF	-	(4,500)	-	(8,000)	-	-	-	-	(3,000)	(3,000)
Transfers To DC PILOT Fund	-	-	-	-	-	-	-	-	-	-
Pay-Go Financing	(41,710)	(25,914)	(30,083)	(34,452)	(44,070)	(47,955)	(50,405)	(52,934)	(56,000)	(56,950)
Operating Reserve - Ending Balance	\$ 145,100	\$ 145,100	\$ 145,100	\$ 145,100	\$ 145,100	\$ 145,100	\$ 145,100	\$ 145,100	\$ 145,100	\$ 148,563
Rate Stabilization Fund Balance RSF (2)	\$ (14,950)	\$ (19,450)	\$ (9,450)	\$ (17,450)	\$ (14,750)	\$ (7,750)	\$ (2,100)	\$ -	\$ (3,000)	\$ (6,000)
Senior Debt Service Coverage	409%	470%	443%	418%	455%	467%	440%	460%	448%	523%
Combined Debt Service Coverage	140%	140%	140%	140%	142%	141%	140%	140%	140%	141%
Actual/Projected Water/Sewer Rate Increases (3)	7.5%	6.5%	6.5%	6.0%	6.0%	6.0%	6.0%	6.0%	5.5%	5.0%
*Operating Receipts \$ Increase/Decrease										
Retail	29,806	68,309	15,728	22,066	23,643	27,525	28,907	27,914	29,618	24,549
Wholesale	10,602	(12,023)	2,080	2,143	2,207	2,273	2,341	2,412	2,484	2,558
*Operating Receipts % Increase/Decrease										
Retail	8.0%	16.9%	3.3%	4.5%	4.6%	5.2%	5.1%	4.7%	4.8%	3.8%
Wholesale	15.0%	-14.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

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

(2) FY 2015 Rate Stabilization Fund utilization brought the total fund balance to \$14.95 million

(3) For FY 2016, retail revenue was calculated on a uniform rate structure basis for comparison purposes

Schedule B

**District of Columbia Water & Sewer Authority
FY 2015 - FY 2024 Average Residential Customer Monthly Bill**

	Units	Proposed									
		FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
DC Water and Sewer Retail Rates (1)	Ccf	\$ 57.67	\$ 59.12	\$ 62.94	\$ 66.75	\$ 70.77	\$ 75.01	\$ 79.45	\$ 84.23	\$ 88.87	\$ 93.32
DC Water Clean Rivers IAC	ERU	16.75	20.30	23.01	24.39	25.95	28.18	30.52	32.46	34.99	36.69
DC Water Customer Metering Fee	5/8"	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86
DC Water Water System Replacement Fee (3)	5/8"	-	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 78.28	\$ 89.58	\$ 96.11	\$ 101.30	\$ 106.88	\$ 113.35	\$ 120.13	\$ 126.85	\$ 134.02	\$ 140.17
Increase / Decrease		\$ 8.92	\$ 11.30	\$ 6.53	\$ 5.19	\$ 5.58	\$ 6.47	\$ 6.78	\$ 6.72	\$ 7.17	\$ 6.15
District of Columbia PILOT (1)	Ccf	\$ 3.08	\$ 3.14	\$ 3.21	\$ 3.28	\$ 3.35	\$ 3.41	\$ 3.48	\$ 3.55	\$ 3.61	\$ 3.68
District of Columbia Right of Way Fee (1)	Ccf	1.14	1.14	1.14	1.20	1.20	1.20	1.20	1.20	1.20	1.27
District of Columbia Stormwater Fee (2)	ERU	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		\$ 6.89	\$ 6.95	\$ 7.02	\$ 7.15	\$ 7.22	\$ 7.28	\$ 7.35	\$ 7.42	\$ 7.48	\$ 7.62
Total Amount Appearing on DC Water Bill		\$ 85.17	\$ 96.53	\$ 103.13	\$ 108.45	\$ 114.10	\$ 120.63	\$ 127.48	\$ 134.27	\$ 141.50	\$ 147.79
Increase / Decrease Over Prior Year		\$ 8.45	\$ 11.36	\$ 6.60	\$ 5.32	\$ 5.65	\$ 6.53	\$ 6.85	\$ 6.79	\$ 7.23	\$ 6.29
Percent Increase in Total Bill		11.0%	13.3%	6.8%	5.2%	5.2%	5.7%	5.7%	5.3%	5.4%	4.5%

(1) Assumes average monthly consumption of 6.69 Ccf, or (5,004 gallons)

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

(3) DC Water "Water System Replacement Fee" of \$6.30 effective October 1, 2015

***District of Columbia Water & Sewer Authority
FY 2016 Proposed Retail Rates, Charges and Fees***

	Units	FY 2015	Proposed FY 2016
DC Water Retail Rates Water (Residential Lifeline 0 - 4 Ccf)	Ccf	\$ 3.88	\$ 3.08
DC Water Retail Rates Water (Residential > 4 Ccf)	Ccf	\$ 3.88	\$ 3.87
DC Water Retail Rates Water (Multi-Family)	Ccf	\$ 3.88	\$ 3.45
DC Water Retail Rates Water (Non-Residential)	Ccf	\$ 3.88	\$ 3.99
DC Water Retail Rates Sewer	Ccf	\$ 4.74	\$ 5.44
DC Water Clean Rivers IAC	ERU	\$ 16.75	\$ 20.30
DC Water Customer Metering Fee	5/8"	\$ 3.86	\$ 3.86
DC Water Water System Replacement Fee	5/8"	-	\$ 6.30
District of Columbia PILOT Fee	Ccf	\$ 0.46	\$ 0.47
District of Columbia Right of Way Fee	Ccf	\$ 0.17	\$ 0.17
District of Columbia Stormwater Fee	ERU	\$ 2.67	\$ 2.67

Presented and Adopted: February 5, 2015
Subject: Approval of Proposed Fiscal Year 2016 Operating Budget

#15-19
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority, ("DC Water") at its meeting on February 5, 2015, upon consideration of a joint-use matter, decided by a vote of nine (9) in favor and none (0) opposed, to take the following action with respect to the Fiscal Year 2016 Proposed Operating Budget.

WHEREAS, on January 8, 2015, the General Manager briefed Board members on the Proposed FY 2016 Operating Budget that totaled \$541,605,000; and

WHEREAS, on January 15, 2015, the Environmental Quality and Sewerage Services and the Water Quality and Water Services Committees, in a joint meeting, reviewed the budget proposals and discussed in detail the budget drivers, strategic budget decisions, budget assumptions, customer and operational impacts, and recommended that the Board adopt the FY 2016 Operating Budget that totals \$541,605,000; and

WHEREAS, on January 22, 2015, the Finance and Budget Committee reviewed the budget proposals and discussed in detail the budget drivers, strategic budget decisions, budget assumptions, customer and operational impacts, and recommended that the Board adopt the FY 2016 Operating Budget that totals \$541,605,000.

NOW THEREFORE BE IT RESOLVED THAT:

The Board hereby approves and adopts DC Water's Proposed Fiscal Year 2016 Operating Budget totaling \$541,605,000 and as further detailed in the General Manager's Proposed Fiscal Year 2016 Operating Budget Presentation dated January 8, 2015.

This resolution is effective immediately.


Secretary to the Board of Directors

Presented and Adopted: February 5, 2015
**SUBJECT: Intent to Reimburse Capital Expenditures with Proceeds
of a Borrowing**

#15-20
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("DC Water"), at the Board meeting held on February 5, 2015, upon consideration of a joint-use matter, decided by a vote of nine (9) in favor and none (0) opposed, to take the following action.

WHEREAS, DC Water intends to acquire, construct and equip the items and projects set forth in Exhibit A hereto (collectively, the "Projects"); and

WHEREAS, plans for the Projects have advanced and DC Water expects to advance its own funds to pay expenditures related to the Projects ("Expenditures") prior to incurring indebtedness and to receive reimbursement for such Expenditures from proceeds of tax-exempt bonds or notes or taxable debt, or both.

NOW THEREFORE BE IT RESOLVED THAT:

1. DC Water utilizes the proceeds of tax-exempt bonds, taxable bonds or notes (the "Bonds") or other debt in an amount not currently expected to exceed \$582,000,000 to pay costs of the Projects. These costs include amounts heretofore unreimbursed pursuant to Resolution 13-118 of the Board adopted on December 5, 2013, plus amounts projected to be reimbursed during Fiscal Year 2015 and through September 2016.
2. DC Water intends to use the proceeds of the Bonds to reimburse itself for Expenditures with respect to the Projects made on or after the date that is 60 days prior to the date of this Resolution. DC Water reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds or other debt.
3. Each Expenditure was or will be, unless otherwise supported by the opinion of bond counsel, either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of DC Water so long as such

grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of DC Water.

4. DC Water makes a reimbursement allocation, which is a written allocation by DC Water that evidences DC Water's use of proceeds of the Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The DC Water recognizes that exceptions are available for certain "preliminary expenditures," costs of issuance, certain de minimis amounts, expenditures by "small issuers" and expenditures for any construction, the completion of which is expected to require at least five years.
5. The Board adopts this resolution confirming the "official intent" within the meaning of Treasury Regulations Section 1.150-2 promulgated under the Internal Revenue Code of 1986, as amended.

This resolution is effective immediately.


Secretary to the Board of Directors

EXHIBIT A — LIST OF PROJECTS

Blue Plains Plantwide Projects
Blue Plains Enhanced Nitrogen Removal Facilities
Blue Plains Liquid and Solids Processing Projects
Sanitary Sewer System Projects
Combined Sewer System Projects
DC Clean Rivers Project
Stormwater Sewer System Projects
Water Pumping, Distribution and Storage Projects
Metering and Capital Equipment
Washington Aqueduct Projects

Presented and Adopted: February 5, 2015

SUBJECT: Proposed Retail Metered Water and Sewer Service Rates, Right-of-Way (ROW), Payment-in-Lieu of Taxes (PILOT) Fee, Clean Rivers Impervious Area Charge (CRIAC), and New Water System Replacement Fee, Beginning in Fiscal Year 2016

**#15-24
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The District members of the Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("DC Water") at the Board meeting held on February 5, 2015 upon consideration of a non-joint use matter, decided by a vote of five (5) in favor and none (0) opposed, to approve the following action with respect to the proposed Metered Retail Rates for Water and Sewer Service, Clean Rivers Impervious Area Charge (IAC), the Right-of-Way Occupancy Fee Pass Through Charge (ROW), Payment In Lieu of Taxes Fee (PILOT), and New Water System Replacement Fee.

WHEREAS, the Board has adopted a revised rate setting policy that calls for rates, charges and fees that, together with other revenue sources, yield a reliable and predictable stream of revenues and will generate sufficient revenues to pay for DC Water's projected operating and capital expenses; and

WHEREAS, the Board has adopted various financial policies that require revenues to ensure compliance with Board policies regarding maintenance of senior debt coverage and cash reserves; and

WHEREAS, the DC Retail Water and Sewer Rates Committee met on December 19, 2014 and January 27, 2015 to consider the proposed rate, charge and fee changes; and

WHEREAS, DC Water has three classes of customers: residential, multi-family and non-residential; as per Section 4104 of Title 21 of the District of Columbia Municipal Regulations (DCMR); and

WHEREAS, DC Retail Water and Sewer Rates Committee recommended a Customer Class-Based Volumetric Rate structure with differentiation based on the peaking demands of each customer classification: residential, multi-family and non-residential; and

WHEREAS, DC Retail Water and Sewer Rates Committee recommended a Lifeline Rate for the first 4 hundred cubic feet ("4 Ccf") of Residential customer water use to reflect baseline usage by residential customers without peaking costs; and

WHEREAS, the DC Retail Water and Sewer Rates Committee recommended that the Board consider for public comment, a combined retail water and sewer rate decrease of \$0.10 per one hundred cubic feet ("Ccf") (\$0.13 per 1,000 gallons) for the first 4 Ccf of Residential customer's water use (Lifeline); and

WHEREAS, the decrease in Lifeline water (Residential customer's first 4 Ccf) and sewer rates should result in a combined water and sewer rate that approximates \$8.52 per Ccf (\$11.39 per 1,000 gallons) of metered water and sewer use; and

WHEREAS, the DC Retail Water and Sewer Rates Committee recommended that the Board consider for public comment, a combined retail water and sewer rate increase of \$0.69 per Ccf (\$0.92 per 1,000 gallons) for water usage greater than 4 Ccf for Residential customers; and

WHEREAS, the increase in water (Residential customers > 4 Ccf) and sewer rates should result in a combined water and sewer rate that approximates \$9.31 per Ccf (\$12.45 per 1,000 gallons) of metered water and sewer use; and

WHEREAS, the DC Retail Water and Sewer Rates Committee recommended that the Board consider for public comment, a combined retail water and sewer rate increase of \$0.27 per Ccf (\$0.36 per 1,000 gallons) for Multi-family customers; and

WHEREAS, the increase in Multi-family customer water and sewer rates should result in a combined water and sewer rate that approximates \$8.89 per Ccf (\$11.89 per 1,000 gallons) of metered water and sewer use; and

WHEREAS, the DC Retail Water and Sewer Rates Committee recommended that the Board consider for public comment, a combined retail water and sewer rate increase of \$0.81 per Ccf (\$1.08 per 1,000 gallons) for Non-Residential customers; and

WHEREAS, the increase in Non-Residential customer water and sewer rates should result in a combined water and sewer rate that approximates \$9.43 per Ccf (\$12.61 per 1,000 gallons) of metered water and sewer use; and

WHEREAS, the DC Retail Water and Sewer Rates Committee recommended that the Board consider for public comment, an increase in the monthly Clean Rivers Impervious Area Charge of \$3.55 per Equivalent Residential Unit (ERU) to recover the costs of the Combined Sewer Overflow Long-Term Control Plan (CSO LTCP); and

WHEREAS, DC Retail Water and Sewer Rates Committee recommended a monthly Water System Replacement Fee designed to fund the 1 percent renewal and replacement of aging water infrastructure in the retail service area; and

WHEREAS, the DC Retail Water and Sewer Rates Committee recommended that the Board consider for public comment, a new monthly Water System Replacement Fee (\$6.30 for typical residential 5/8' meter) to recover the \$40.0 million annual cost of the 1 percent water renewal and replacement program; and

WHEREAS, the DC Retail Water and Sewer Rates Committee recommended that the Board maintain the ROW fee at the current amount of \$0.17 per Ccf (\$0.22 per 1,000 gallons) of water used to continue to recover the full cost of the District of Columbia government ROW fees; and

WHEREAS, the DC Retail Water and Sewer Rates Committee recommended that the Board consider for public comment, an increase in the PILOT fee of \$0.01 per Ccf (\$0.02 per 1,000 gallons) to recover the full cost of the District of Columbia government fees; and

WHEREAS, adoption of these rates and fee changes would increase the monthly bill of the average residential customer using 6.69 Ccf (or 5,004 gallons) by approximately \$11.36 per month or \$136.32 per year; and

WHEREAS, DC Water's retail revenue projections for Fiscal Year 2016 reflect an approximate \$28.4 million increase due to the proposed \$15.0 million increase in retail water and sewer rates, an approximate \$0.1 million increase due to the proposed PILOT fee increase, and an approximate \$13.3 million increase due to the proposed Clean Rivers IAC increase; and

WHEREAS, the public comment and notification process of the proposed rate and fee increases will occur over the next several months and it is the intent of the Board to take final action on the proposed rate and fee increases at the conclusion of the notification and comment period.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board proposes:

Implement the Restructuring of DC Water's Water Service Rates

Customer Class-Based Volumetric Rates – Rate differentiation based on the peaking demands of each customer class (residential, multi-family and non-residential)

Lifeline Rates – A lifeline rate for the first 4 Ccf of Residential customer water use to reflect baseline usage by residential customers without peaking cost.

Water System Replacement Fee – Fixed monthly fee designed to fund the 1 percent renewal replacement of aging water infrastructure in the retail service area

2. The Board finds that DC Water's projected expenditures require that it propose, for public comment, the approximate rate and fee increases described below:

Retail Metered Water Service Rates

- a. A change in the rate for retail metered water services from \$3.88 per one hundred cubic feet ("Ccf"), (\$5.19 per 1,000 gallons) to:
- Residential customers: "Consumption of 0 – 4 Ccf" \$3.08 per Ccf (\$4.12 per 1,000 gallons) of water used.
 - Residential customers: "Consumption greater than 4 Ccf" \$3.87 per Ccf (\$5.17 per 1,000 gallons) of water used.
 - Multi-Family customers: \$3.45 per Ccf (\$4.61 per 1,000 gallons) of water used.
 - Non-Residential customers: \$3.99 per Ccf (\$5.33 per 1,000 gallons) of water used.

Retail Sewer Service Rates (Metered and Unmetered)

- b. An increase in the rate for metered sewer services from \$4.74 per Ccf (\$6.33 per 1,000 gallons) to:
- Residential customers: \$5.44 per Ccf (\$7.27 per 1,000 gallons) of water used.
 - Multi-Family customers: \$5.44 per Ccf (\$7.27 per 1,000 gallons) of water used.
 - Non-Residential customers: \$5.44 per Ccf (\$7.27 per 1,000 gallons) of water used.
- c. An increase in the annual Clean Rivers Impervious Area Charge (CRIAC) from \$201.0 to \$243.60 per Equivalent Residential Unit (ERU). The charge per ERU will be billed monthly at:
- Residential customers: \$20.30 for each ERU
 - Multi-Family customers: \$20.30 for each ERU
 - Non-Residential customers: \$20.30 for each ERU

Water System Replacement Fee

- d. Implement a fixed monthly fee designed to fund the 1 percent renewal replacement of aging water infrastructure for residential, multi-family and non-residential customers:

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

The following terms will be defined in the proposed rulemaking:

Single Register – Meter that has only one device that displays the consumption volume.

Multiple Register – Meter that has two or more devices that can display the consumption volume at different flow rates (high or low) or different uses, including, but not limited to, Demand Flow and Fire Flow.

Amend Customer Assistance Program

Amend CAP Program - Extend CAP benefits to eligible customers that are charged the monthly Water System Replacement Fee by crediting \$6.30 on their monthly bill as follows:

- Eligible households and tenants will receive a credit of \$6.30 on the monthly billed Water System Replacement Fee.

District of Columbia Pass Through Charge Right-of-Way Occupancy Fee

- e. There is no increase in the Right-of-Way fee, which shall remain as follows:
- Residential customers: \$0.17 per Ccf (\$0.22 per 1,000 gallons) of water used.

- Multi-Family customers: \$0.17 per Ccf (\$0.22 per 1,000 gallons) of water used.
- Non-Residential customers: \$0.17 per Ccf (\$0.22 per 1,000 gallons) of water used.

**District of Columbia Pass Through Charge
Payment in Lieu of Taxes Fee**

- f. An increase in the Payment in Lieu of Taxes fee from \$0.46 per one Ccf (\$0.61 per 1,000 gallons) to:
- Residential customers: \$0.47 per Ccf (\$0.64 per 1,000 gallons) of water used.
 - Multi-Family customers: \$0.47 per Ccf (\$0.64 per 1,000 gallons) of water used.
 - Non-Residential customers: \$0.47 per Ccf (\$0.64 per 1,000 gallons) of water used.
3. The General Manager is authorized to take all steps necessary in his judgment and as otherwise required, to initiate the public comment process and shall provide notice of the proposed rate adjustments and fees in the manner provided by 21 DCMR Chapter 40 and the District of Columbia's Administrative Procedures.

This resolution is effective immediately.


Secretary to the Board of Directors