



Overview of Proposed FY 2021 and FY 2022 Rates, Charges and Fees Presentation to Retail Rates Committee, January 28, 2020

District of Columbia Water and Sewer Authority



Blue Plains Advanced Wastewater Treatment Plant

💧 Provide information to the Committee on the:

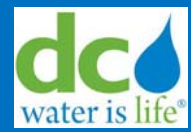
💧 Multi-year Rate Proposal

- FY 2021 & FY 2022 Rates, Charges and Fees

💧 FY 2020 – FY 2029 Financial Plan

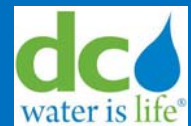
- Projected residential water and sewer rates
- Projected average residential customer bills
- 10-year CIP disbursement budget

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



Proposed Rates and Revenue

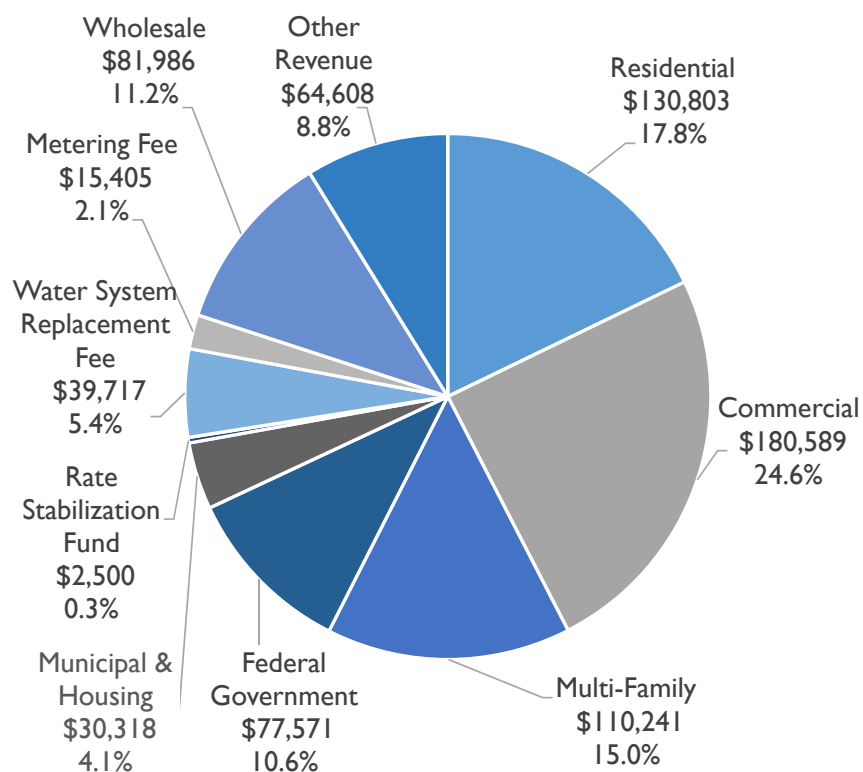
- Cost of Service Study advanced to align with rate proposal
- Combined rate increase for average household customer lowered from 8.1% forecasted last year to 6.6% for FY 2021 and from 6.9% to 6.7% for FY 2022
 - Proposed annual water and sewer rate increase of 9.9% for FY 2021 and 7.8% FY 2022
 - Continue Shift of CRIAC to sewer volumetric of 28% and 37% for FY 2021 and FY 2022 respectively
 - Proposed CRIAC of \$19.52 per ERU in FY 2021 and \$18.40 per ERU in FY 2022
 - Water System Replacement Fee (WSRF) will remain the same
 - Customer Metering Fee for 5/8” meters will increase from \$3.86 to \$4.96 in FY 2021 and to \$7.75 for FY 2022
 - PILOT Fee for FY 2021 and FY 2022 will increase by \$0.03 and \$0.02 per Ccf respectively
 - Right-of-Way Fee will remain the same at \$0.19 per Ccf
 - CAP2 Program made permanent



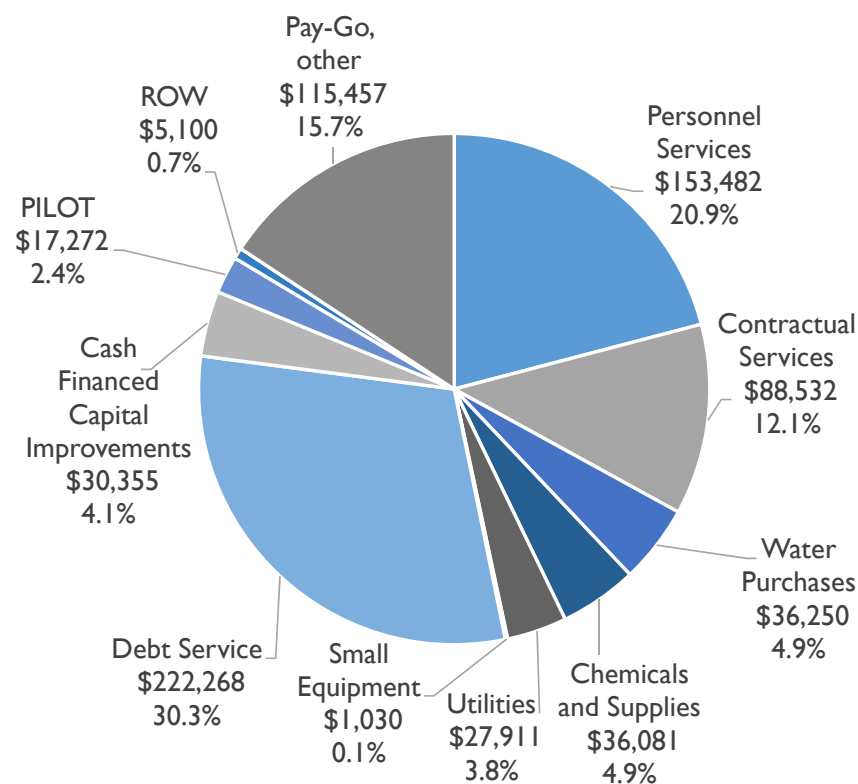
FY 2021 Operating: Sources and Uses of Funds

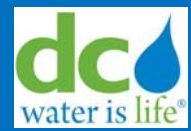
\$ in thousands

Sources - \$733.7 Million



Uses - \$733.7 Million

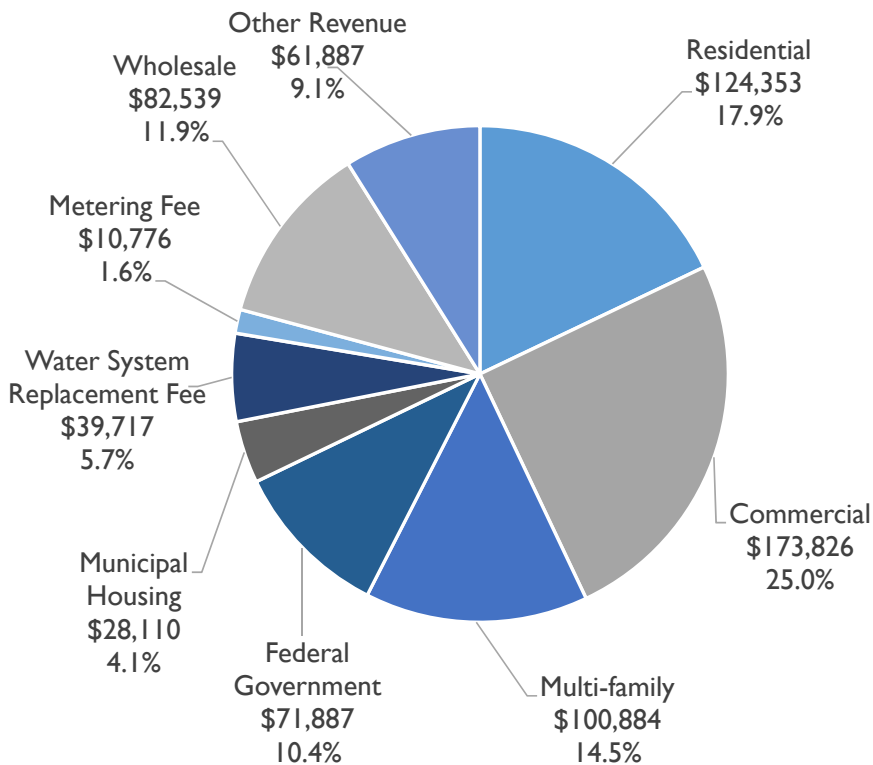




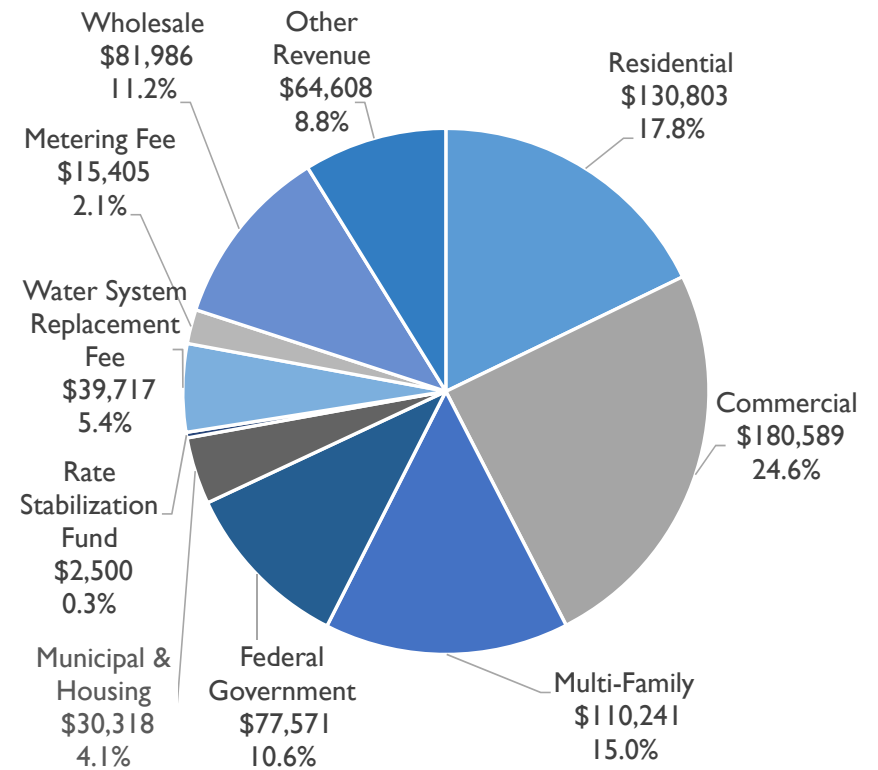
FY 2020 vs. FY 2021 Operating Revenues

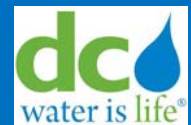
\$ in thousands

Approved FY 2020 \$693,979



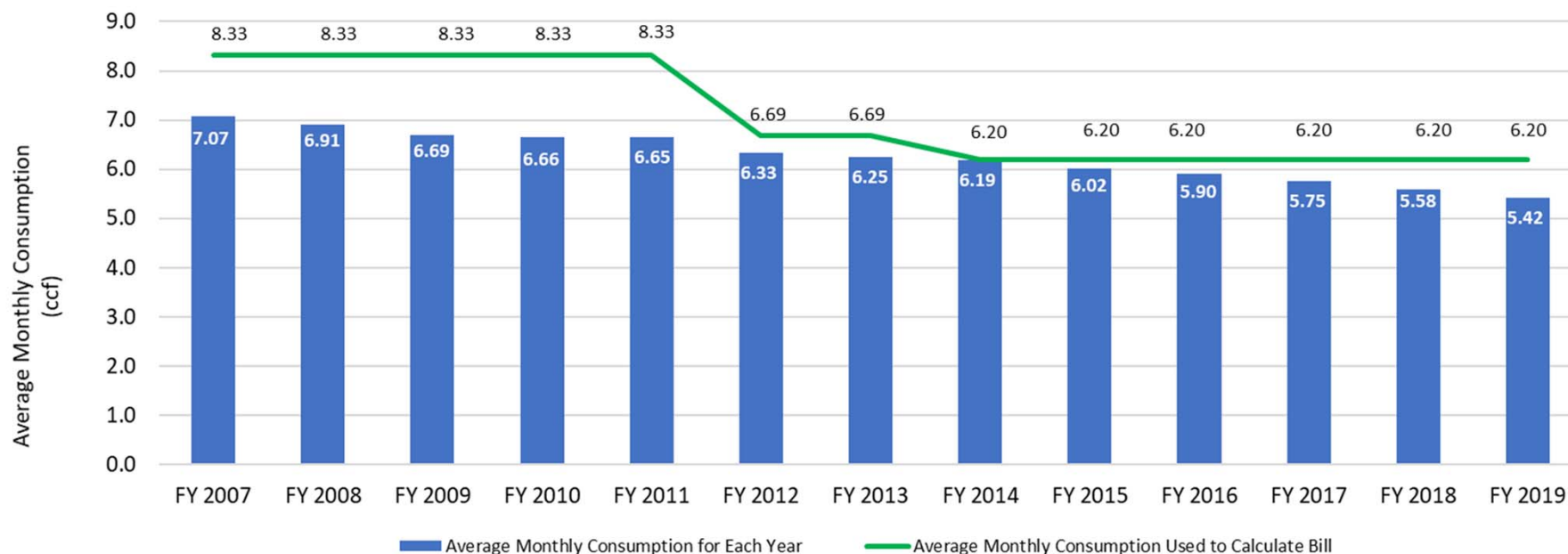
Proposed FY 2021 \$733,738

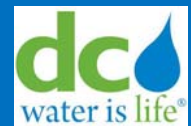




Average Residential Consumption Comparison

- 💧 The current residential use in FY 2019 is about 5.42 Ccfs, less than the 6.20 Ccfs that DC Water has used since FY 2014
- 💧 Since FY 2009, average household water use has declined by 19 percent





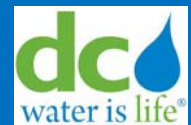
Average Residential Customer Monthly Bill

💧 Average Residential Customer Monthly bill based on 5.42 Ccf, or 4,054 gallons

- Updated most recently in FY 2019 from average household usage of 6.20 Ccf to reflect decrease in usage

💧 Gives most households a year over year representation of their water bill:

- 15% or 17,169 households use 1 Ccf or less per month
- 27% or 30,107 households use 2 Ccf or less per month
- 41% or 45,217 households use 3 Ccf or less per month
- 54% or 59,971 households use 4 Ccf or less per month
- 65% or 72,819 households use 5 Ccf or less per month
- 74% or 82,797 households use 6 Ccf or less per month
- 81% or 90,160 households use 7 Ccf or less per month
- 86% or 95,628 households use 8 Ccf or less per month
- 89% or 99,460 households use 9 Ccf or less per month
- 92% or 102,213 households use 10 Ccf or less per month
- 99% or 109,953 households use 20 Ccf or less per month



Average Residential Customer Monthly Bill

	Units	Current FY 2020	Proposed FY 2021	Proposed FY 2022
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 66.25	\$ 73.30	\$ 78.92
DC Water Clean Rivers IAC ⁽²⁾	ERU	20.94	19.52	18.40
DC Water Customer Metering Fee	5/8"	3.86	4.96	7.75
DC Water Water System Replacement Fee ⁽⁴⁾	5/8"	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 97.35	\$ 104.08	\$ 111.37
Increase / Decrease		\$ 5.01	\$ 6.73	\$ 7.29
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$ 2.76	\$ 2.93	\$ 3.04
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	1.03	1.03	1.03
District of Columbia Stormwater Fee ⁽³⁾	ERU	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.46	\$ 6.63	\$ 6.74
Total Amount Appearing on DC Water Bill		\$ 103.81	\$ 110.71	\$ 118.11
Increase / Decrease Over Prior Year		\$ 5.11	\$ 6.90	\$ 7.40
Percent Increase in Total Bill		5.2%	6.6%	6.7%

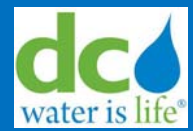
(1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)

(2) Assumes average 1 Equivalent Residential Unit (ERU)

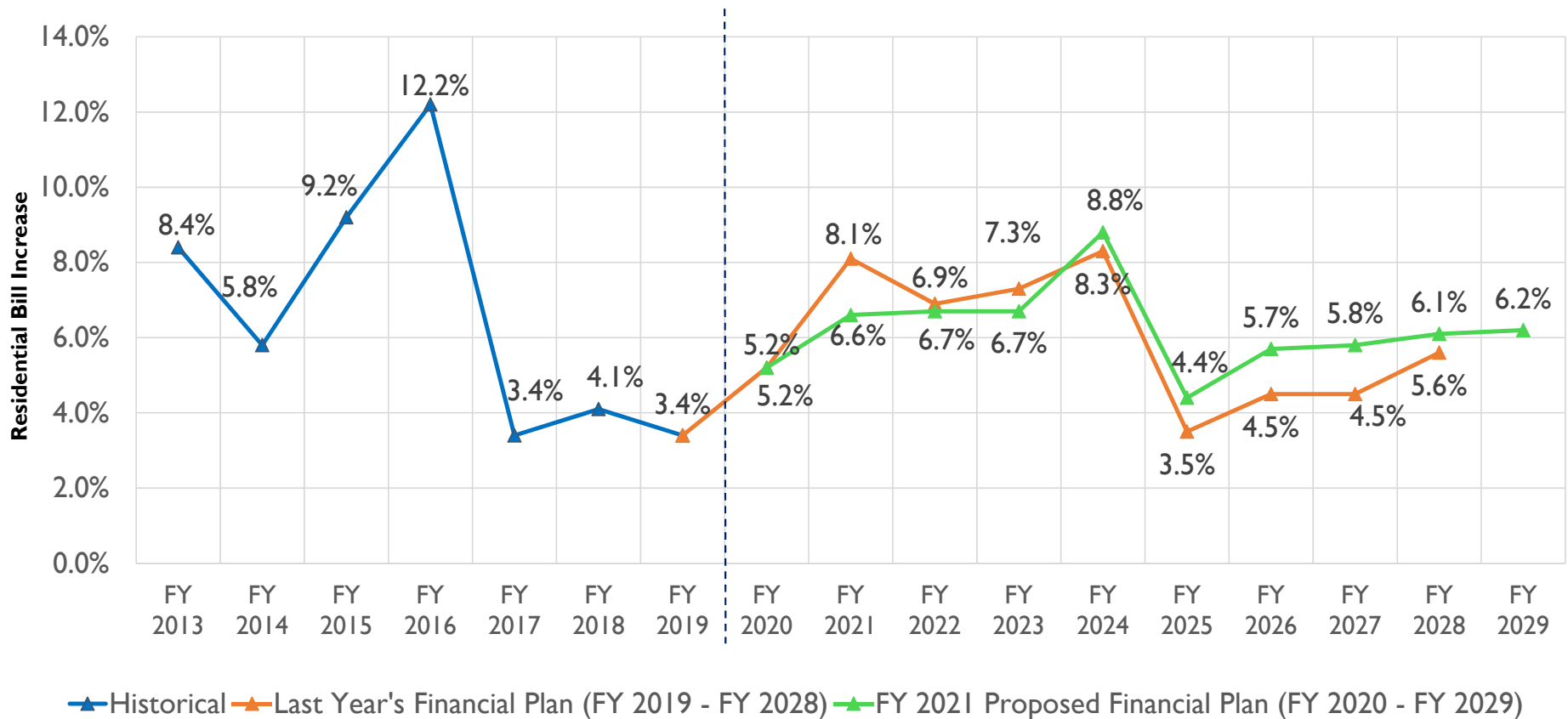
(3) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010

(4) DC Water "Water System Replacement Fee" of \$6.30 for 5/8" meter size effective October 1, 2015

- **Proposed rates are for FY 2021 and FY 2022**
- **Multi-year rates provide many benefits:**
 - Revenue certainty
 - Budget discipline
 - Expenditures better aligned with revenues
 - Favorable credit rating agency treatment
 - Better predictability for our ratepayers
- **Potential risks / considerations:**
 - Reduced financial flexibility
 - Limited ability to modify approved rate increases, if necessary
 - Conservatism in financial projections

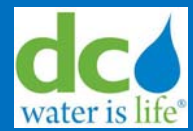


Historical and Projected Combined Rate Increases for Average Residential Customer

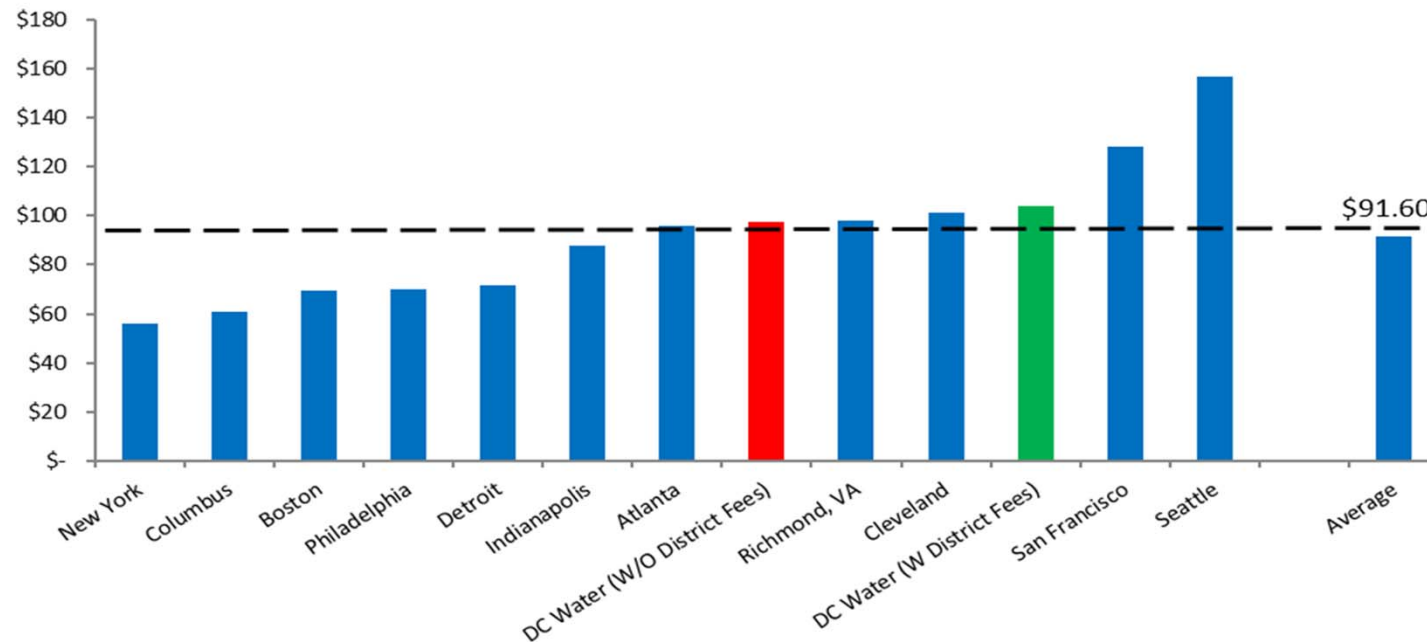


- Budget proposes \$13 million withdrawal over FY 2021 and FY 2022
 - \$8 million in debt service savings in the current fiscal year, plus remaining \$5 million withdrawal from Rate Stabilization Fund to be deposited in FY 2020
 - Budget makes CAP2 program permanent
- Apply \$2.5 million in FY 2021 and \$10.5 million in FY 2022
- Management recommends a Rate Stabilization Fund target that is ten percent of overall revenues
 - During the last recession, from 2007 through 2011, there was a \$41.8 million reduction in Rate Stabilization Fund balance as the Board drew funds to reduce the impact of rising rates

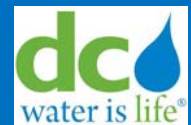
- In FY 2019, the Metering Fee recovered \$11.6 million
 - In FY 2003, established Metering Fee at \$2.01 for 5/8” meter
 - In FY 2011, increased Metering Fee to \$3.86 for 5/8” meter
 - Originally fee amount set to cover the capital costs of the original Automated Meter Infrastructure (AMI) system and meter purchase and installation (debt service) plus about \$4 million of Customer Service costs
- Current Cost of Service Study recommends recovering \$24.1 million in FY 2022, consistent with independent rate review recommendation
 - Includes costs associated with metering and billing
 - Customer assistance, shutoff/restore, and leak adjustment etc. remain in the volumetric charges
 - Proposed FY 2021 fee recovers \$15.4 million, all the debt service and coverage plus about half of the full Customer Service O&M allocation (\$4.96 for a 5/8” meter)
 - Proposed FY 2022 fee adds the additional half of Customer Service allocation for a total of about \$24.1 million (\$7.75 for a 5/8” meter)



DC Water Compared to CSO Communities

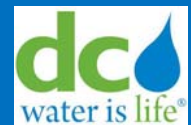


* Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons
Reflects rates and fees in place as of November 1, 2019



Proposed FY 2021 & FY 2022 Rates, Charges & Fees

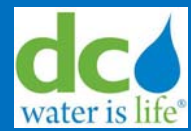
	Units	Approved FY 2020	Proposed FY 2021	Proposed FY 2022	Incr./ (Decr.) FY 2021		Incr./ (Decr.) FY 2022	
					\$	%	\$	%
DC Water Retail Rates – Water:								
Residential – Lifeline (0- 4 Ccf)	Ccf	\$3.06	\$3.49	\$3.63	\$0.43	14.1%	\$0.14	4.0%
Residential – (> 4 Ccf)	Ccf	4.10	4.50	4.74	0.40	9.8	0.24	5.3
Multi-family	Ccf	3.54	3.96	4.15	0.42	11.9	0.19	4.8
Non-Residential	Ccf	4.25	4.65	4.91	0.40	9.4	0.26	5.6
DC Water Retail Rates – Sewer	Ccf	8.89	9.77	10.64	0.88	9.9	0.87	8.9
DC Water Clean Rivers IAC	ERU	20.94	19.52	18.40	-1.42	-6.8	-1.12	-5.7
DC Water Customer Metering Fee	5/8"	3.86	4.96	7.75	1.10	28.5	2.79	56.3
DC Water System Replacement Fee	5/8"	6.30	6.30	6.30	-	-	-	-
District of Columbia PILOT Fee	Ccf	0.51	0.54	0.56	0.03	5.9	0.02	3.7
District of Columbia Right of Way Fee	Ccf	0.19	0.19	0.19	-	-	-	-
District of Columbia Stormwater Fee	ERU	2.67	2.67	2.67	-	-	-	-



Revenue Comparison by Customer Class

- Total revenue is projected to increase by \$39.8 million or 5.7% for FY 2021 and \$32.6 million or 4.4% for FY 2022 mainly due to rate increases
- Retail revenue is projected to increase by \$35.1 million or 6.4% for FY 2021 and \$23.0 million or 3.9% for FY 2022 due to rate increases for both years
- Wholesale revenue is projected to decrease by \$0.6 million or -0.7% for FY 2021 due to low flows and increase by \$2.5 million or 3.0% for FY 2022 due to 3.0 percent escalation

<i>\$ in thousands</i>	Approved	Proposed	Proposed	FY 2021 vs		FY 2022 vs	
	FY 2020	FY 2021	FY 2022	FY 2020		FY 2021	
				Incr/(Decr)	%	Incr/(Decr)	%
				\$	%	\$	%
Retail Revenue	\$549,553	\$584,644	\$607,652	\$35,091	6.4%	\$23,008	3.9%
Wholesale Revenue							
Potomac Interceptor (PI)	2,715	3,547	3,547	832	30.6%	-	-
Loudoun County Sanitation Authority (LCSA)	7,758	7,648	7,983	-110	-1.4%	335	4.4%
Washington Suburban Sanitary Commission (WSSC)	57,284	55,952	57,630	-1,332	-2.3%	1,678	3.0%
Fairfax County	14,782	14,839	15,285	57	0.4%	446	3.0%
Total Wholesale Revenue	\$82,539	\$81,986	\$84,445	-\$553	-0.7%	\$2,459	3.0%
Other Revenue	61,887	64,608	63,701	2,721	4.4%	-907	-1.4%
Rate Stabilization Fund	-	2,500	10,500	2,500	-	8,000	320.0%
Total Revenues	\$693,979	\$733,738	\$766,298	\$39,759	5.7%	\$32,560	4.4%



Customer Assistance Programs (with 50 percent CRIAC Discount for CAP)

- Independent rate review identified that households in CAP program pay greater percentage of household income for water and sewer bills than the newer CAP expansion programs

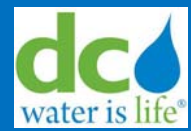
	CAP Thresholds	Annual Bill as % of Income (before Discount)	Annual Bill as % of Income (w Discount)	Annual Savings
State Median Income	\$105,173			
Area Median Income¹	\$121,300	Projected FY2021	Projected FY2021	Projected FY2021
CAP - Up to 60% SMI				
20%	\$21,035	6.32%	2.21%	\$864.24
30%	31,552	4.21%	1.47%	864.24
40%	42,069	3.16%	1.10%	864.24
50%	52,587	2.53%	0.88%	864.24
60%	63,104	2.11%	0.74%	864.24
CAP2 - Up to 80% AMI				
80%	\$97,040	1.37%	0.76%	\$594.48
CAP3 - Up to 100% AMI				
100%	\$121,300	1.10%	0.95%	\$175.68

Notes:

1 - AMI based on 2019 data as published by the U.S. Department of Housing and Urban Development.

💧 History of CAP program –

- Implemented CAP providing a discount of 4 Ccf of water use per month to Households, effective on 6/1/00
 - Expanded Customers eligible for CAP benefits to include Tenants, effective 6/1/04
 - Expanded CAP benefits adding discount of 4 Ccf of sewer per month, effective on 1/30/09
 - Expanded CAP benefits adding discount of 4 Ccf per month of water used on District PILOT & ROW Fees, effective on 10/1/10
 - Expanded CAP benefits adding discount of 100 percent of monthly billed Water System Replacement Fee (WSRF), effective on 10/1/15
 - Expanded CAP benefits adding discount of 50 percent for the Clean Rivers Impervious Area Charge (CRIAC), effective on 5/1/17
- 💧 The CEO and General Manager recommends in the FY'20 Budget increasing the discount for the Clean Rivers Impervious Area Charge from 50% to 75%
- 💧 This will help address the issue identified by the independent rate consultant



Customer Assistance Programs

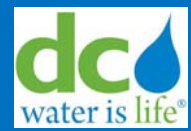
(with 75 percent CRIAC Discount for CAP)

By increasing the discount for the Clean Rivers Impervious Area Charge, CAP customers would decrease the percentage of household income spent on water and sewer bills

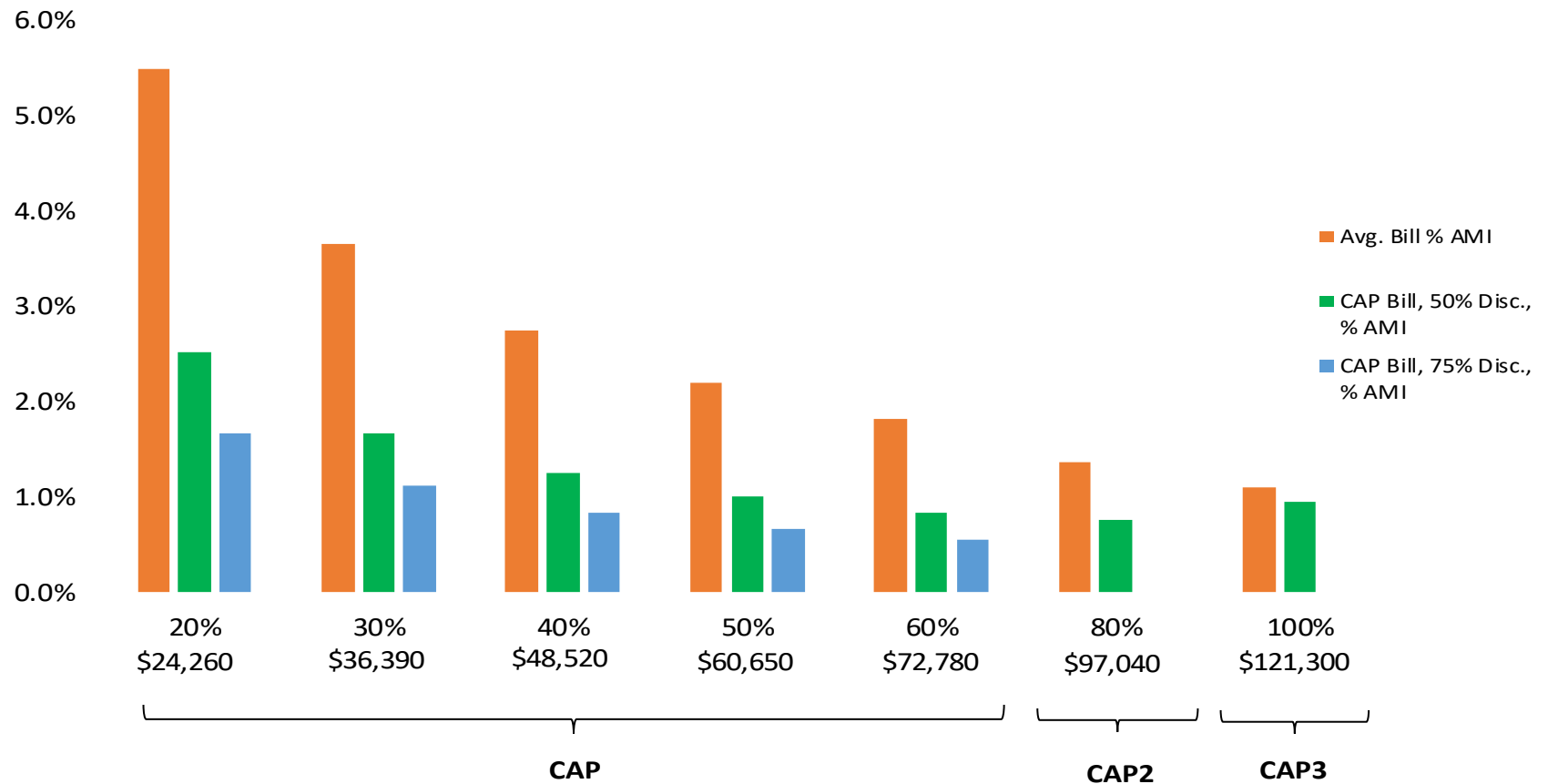
	CAP Thresholds	Annual Bill as % of Income (before Discount)	Annual Bill as % of Income (w Discount)	Annual Savings
State Median Income	\$105,173			
Area Median Income¹	\$121,300	Projected FY2021	Projected FY2021	Projected FY2021
CAP - Up to 60% SMI				
20%	\$21,035	6.32%	1.93%	\$922.80
30%	31,552	4.21%	1.29%	922.80
40%	42,069	3.16%	0.96%	922.80
50%	52,587	2.53%	0.77%	922.80
60%	63,104	2.11%	0.64%	922.80
CAP2 - Up to 80% AMI				
80%	\$97,040	1.37%	0.76%	\$594.48
CAP3 - Up to 100% AMI				
100%	\$121,300	1.10%	0.95%	\$175.68

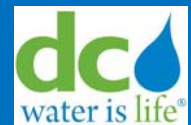
Notes:

1 - AMI based on 2019 data as published by the U.S. Department of Housing and Urban Development.



Average Residential Customer Bill as a Percent of AMI (with 50% & 75% CAP Discount)





Low Income CAP Customer Monthly Bill

	Units	Current FY 2020	Proposed FY 2021	Proposed FY 2022
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 66.25	\$ 73.30	\$ 78.92
DC Water Clean Rivers IAC	ERU	20.94	19.52	18.40
DC Water Customer Metering Fee	5/8"	3.86	4.96	7.75
DC Water Water System Replacement Fee	5/8"	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 97.35	\$ 104.08	\$ 111.37
Increase / Decrease		\$ 5.01	\$ 6.73	\$ 7.29
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$ 2.76	\$ 2.93	\$ 3.04
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	1.03	1.03	1.03
District of Columbia Stormwater Fee ⁽⁴⁾	ERU	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.46	\$ 6.63	\$ 6.74
Total Amount		\$ 103.81	110.71	118.11
Increase / Decrease Over Prior Year		\$ 5.11	\$ 6.90	\$ 7.40
Percent Increase in Total Bill		5.2%	6.6%	6.7%
Less: CAP Discount (4 Ccf per month) ^{(1), (2)}		(50.60)	(55.96)	(60.08)
Water System Replacement Fee (WSRF) ⁽³⁾		(6.30)	(6.30)	(6.30)
Clean Rivers IAC ⁽⁵⁾		(10.47)	(14.64)	(13.80)
Total Amount Appearing on DC Water Bill		\$ 36.44	33.81	37.93
Increase / Decrease Over Prior Year		\$ 0.90	\$ (2.63)	\$ 4.12
CAP Customer Discount as a Percent of Total Bill		-64.9%	-69.5%	-67.9%

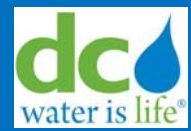
(1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)

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

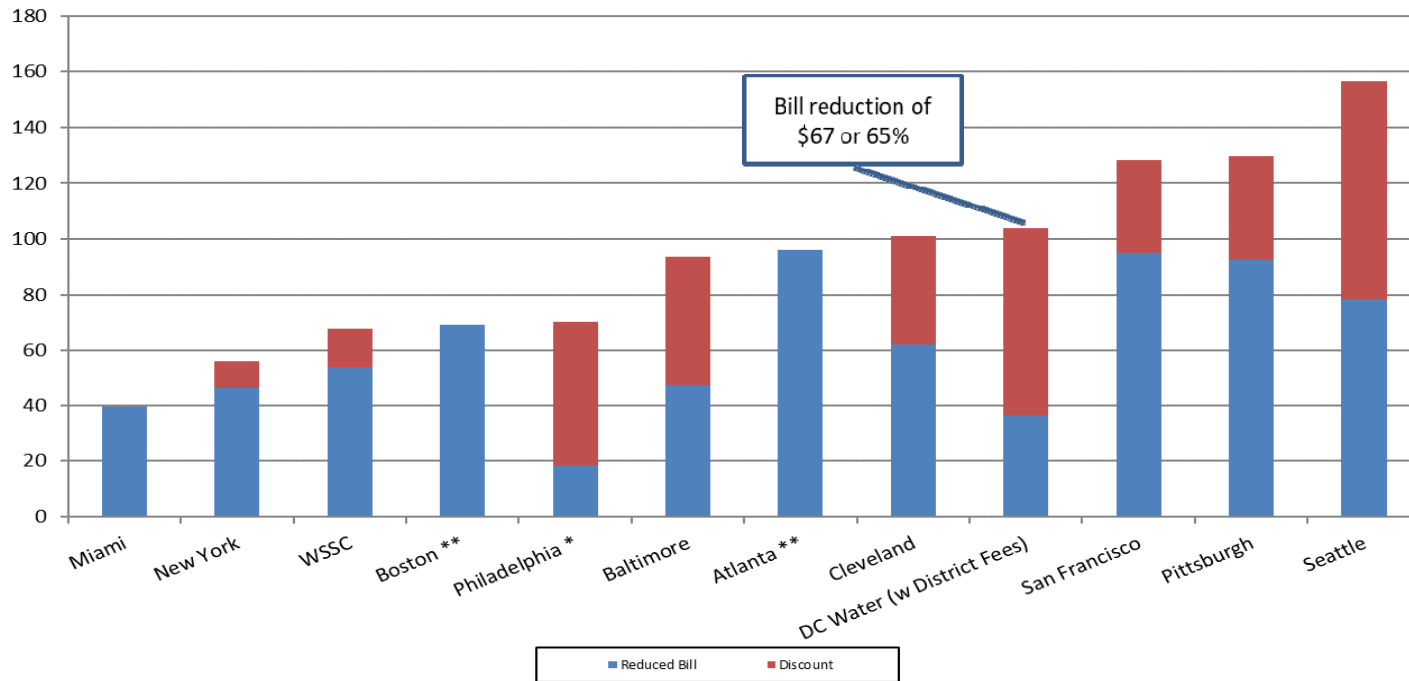
(3) Assumes 100 percent discount for Water System Replacement Fee (WSRF) to CAP customers effective October 1, 2015

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

(5) Assumes 50 percent discount for FY2020 and 75% discount for FY2021 and FY2022 for the Clean Rivers IAC



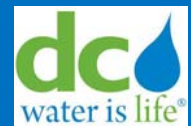
SFR Monthly Bills – Comparison of Charges with & without Income – Based Affordability Programs



* Amount of discounts Philadelphia provides depend on income. Chart above uses average discount

** Boston provides a 30% discount on water bills for senior citizens or fully disabled customers with no income eligibility requirement.
Atlanta provides a 30% discount on bills for seniors citizens who meet income eligibility requirement.

- Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.
Note: Reflects rates and fees in place as of November 1, 2019.

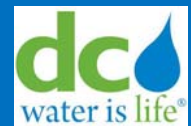


Shifting Cost from CRIAC to Sewer Volumetric Rate

- 💧 This budget continues shifting a portion of Clean Rivers costs to the sewer volumetric rate
 - Gives customers more control over the amount that they pay towards the project
 - As a class, Multi-family and Commercial pays more, while the Federal Government pays less
 - Small volume customers in every class generally pay less
 - Average Residential customers pay about the same

- 💧 Category-wise Impact of 28% CRIAC Shift to Sewer – FY 2021

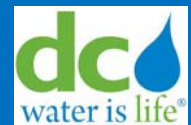
Category	Pre Shift Sewer	Post Shift Sewer	Pre Shift CRIAC	Post Shift CRIAC	Sewer Incr/(Decr)	CRIAC Incr/(Decr)	Sewer+CRIAC Net Incr/(Decr)
Residential	\$61,432,669	\$64,398,839	\$31,390,976	\$27,564,186	\$2,966,170	(\$3,826,790)	(\$860,620)
Commercial	108,318,384	113,548,349	37,390,834	32,832,617	5,229,965	(4,558,217)	671,748
Multi Family	76,517,215	80,211,716	14,710,368	12,917,066	3,694,501	(1,793,302)	1,901,199
Federal	38,765,402	40,637,122	21,658,180	19,017,889	1,871,720	(2,640,291)	(768,571)
Municipal	6,921,227	7,255,406	9,172,047	8,053,907	334,179	(1,118,140)	(783,960)
Housing	7,339,532	7,693,908	1,381,353	1,212,956	354,377	(168,397)	185,979
TOTAL:	\$299,294,430	\$313,745,341	\$115,703,758	\$101,598,622	\$14,450,911	(\$14,105,137)	\$345,775



Shifting Cost from CRIAC to Sewer Volumetric Rate

Category-wise Impact of 37% CRIAC Shift to Sewer – FY 2022

Category	Pre Shift Sewer	Post Shift Sewer	Pre Shift CRIAC	Post Shift CRIAC	Sewer Incr/(Decr)	CRIAC Incr/(Decr)	Sewer+CRIAC Net Incr/(Decr)
Residential	\$66,289,607	\$69,081,432	\$29,639,972	\$25,982,634	\$2,791,825	(\$3,657,338)	(\$865,513)
Commercial	116,882,161	121,804,721	35,305,156	30,948,779	4,922,559	(4,356,377)	566,182
Multi Family	82,566,755	86,044,101	13,889,817	12,175,923	3,477,346	(1,713,894)	1,763,453
Federal	41,830,239	43,591,944	20,450,077	17,926,699	1,761,705	(2,523,378)	(761,673)
Municipal	7,468,427	7,782,964	8,660,426	7,591,798	314,537	(1,068,628)	(754,091)
Housing	7,919,804	8,253,351	1,304,300	1,143,360	333,547	(160,940)	172,607
TOTAL:	\$322,956,994	\$336,558,513	\$109,249,748	\$95,769,193	\$13,601,519	(\$13,480,555)	\$120,964



Projected Bills for Sample Customers

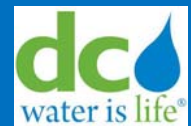
💧 28% CRIAC shift in FY 2021

💧 37% CRIAC shift in FY 2022

Monthly	Average Household	Average Multi-Family	Sample Commercial	Sample Cemetery	Sample Non-profit (High Con)	Sample Non-profit (Low Con)
Monthly CCF	5.42	86.14	3,332.33	4.70	804.07	7.36
ERU	1	6.83	52.2	115.1	128.6	59.2
FY2020 Monthly Total Bill	\$104	\$1,341	\$49,575	\$2,793	\$14,877	\$1,591
FY 2021 Estimated Total Bill with 28% IAC recovered through Volumetric Charge	\$111	\$1,447	\$53,958	\$2,637	\$15,788	\$1,519
FY 2022 Estimated Total Bill with 37% IAC recovered through Volumetric Charge	\$118	\$1,538	\$57,966	\$2,516	\$16,672	\$1,466

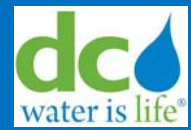
Financial Plan

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



Ten-Year Financial Plan Assumptions

- Maintain Debt Service as a percentage of revenue equal to 33.0 percent or less
- Maintain combined coverage of 160 percent
- Maintain 250 days of cash including Rate Stabilization Fund
- FY 2019 actual consumption declined by 1.8 percent. Assumed 1.5 percent conservation each for FY 2020 and FY 2021 and 1.0 percent in FY 2022 and onwards
- FY 2019 Debt Service was lower as compared to budget due to deferring bond issuance as well as achieving lower interest than projected. The new plan assumed lower interest rates with slightly lower Debt Service projections



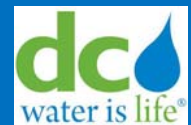
Ten-Year Financial Plan

\$ in thousands

OPERATING	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Retail*	\$ 571,666	\$ 607,107	\$ 630,495	\$ 669,848	\$ 723,657	\$ 752,224	\$ 791,988	\$ 833,503	\$ 879,616	\$ 928,122
Wholesale*	82,539	81,986	84,445	86,978	89,588	92,275	95,044	97,895	100,832	103,857
Other	44,774	42,145	40,858	44,081	46,959	51,637	54,692	54,970	56,935	57,752
RSF	-	2,500	10,500	-	-	-	-	-	-	-
Operating Receipts ⁽¹⁾	\$ 698,979	\$ 733,738	\$ 766,298	\$ 800,907	\$ 860,204	\$ 896,136	\$ 941,724	\$ 986,368	\$ 1,037,383	\$ 1,089,731
Operating Expenses	(347,881)	(365,658)	(376,303)	(387,553)	(399,149)	(411,101)	(423,421)	(436,120)	(449,209)	(462,701)
Debt Service	(205,137)	(222,268)	(240,497)	(257,460)	(271,238)	(286,756)	(299,489)	(315,321)	(332,807)	(348,316)
Cash Financed Capital Improvement	\$ (28,556)	\$ (30,355)	\$ (37,830)	\$ (46,889)	\$ (50,656)	\$ (60,178)	\$ (71,279)	\$ (75,015)	\$ (79,165)	\$ (83,531)
Net Revenues After Debt Service	\$ 117,405	\$ 115,456	\$ 111,668	\$ 109,005	\$ 139,161	\$ 138,101	\$ 147,535	\$ 159,912	\$ 176,202	\$ 195,183
Operating Reserve-Beg Balance	186,764	180,000	185,000	194,000	201,000	205,000	215,000	220,000	230,000	240,000
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(5,372)	(3,184)	(5,490)	-	-	-	-	-	-	-
Project Billing Refunds	(4,000)	(4,000)	-	-	-	-	-	-	-	-
Transfers To RSF	(13,000)	-	-	-	-	-	-	-	-	-
Pay-Go Financing	(101,797)	(103,272)	(97,178)	(102,005)	(135,161)	(128,101)	(142,535)	(149,912)	(166,202)	(185,183)
Operating Reserve - Ending Balance	\$ 180,000	\$ 185,000	\$ 194,000	\$ 201,000	\$ 205,000	\$ 215,000	\$ 220,000	\$ 230,000	\$ 240,000	\$ 250,000
Rate Stabilization Fund Balance RSF ⁽²⁾	\$ (74,450)	\$ (71,950)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)
Senior Debt Service Coverage	459%	502%	533%	513%	616%	647%	632%	618%	660%	769%
Combined Debt Service Coverage	171%	172%	169%	170%	179%	177%	181%	182%	184%	187%
Actual/Projected Water/Sewer Rate Increases	11.5%	9.9%	7.8%	8.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
*Operating Receipts \$ Increase/Decrease										
Retail	7,460	35,441	23,388	39,353	53,809	28,567	39,764	41,514	46,113	48,507
Wholesale	423	(554)	2,460	2,533	2,609	2,688	2,768	2,851	2,937	3,025
*Operating Receipts % Increase/Decrease										
Retail	1.3%	6.2%	3.9%	6.2%	8.0%	3.9%	5.3%	5.2%	5.5%	5.5%
Wholesale	0.5%	-0.7%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

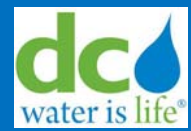
⁽¹⁾ Includes interest earnings on senior lien revenue bonds' debt service reserve fund

⁽²⁾ FY 2021 planned transfers of \$0.0 million to Rate Stabilization Fund and \$2.5 million utilization will bring the total fund balance to \$71.95 million



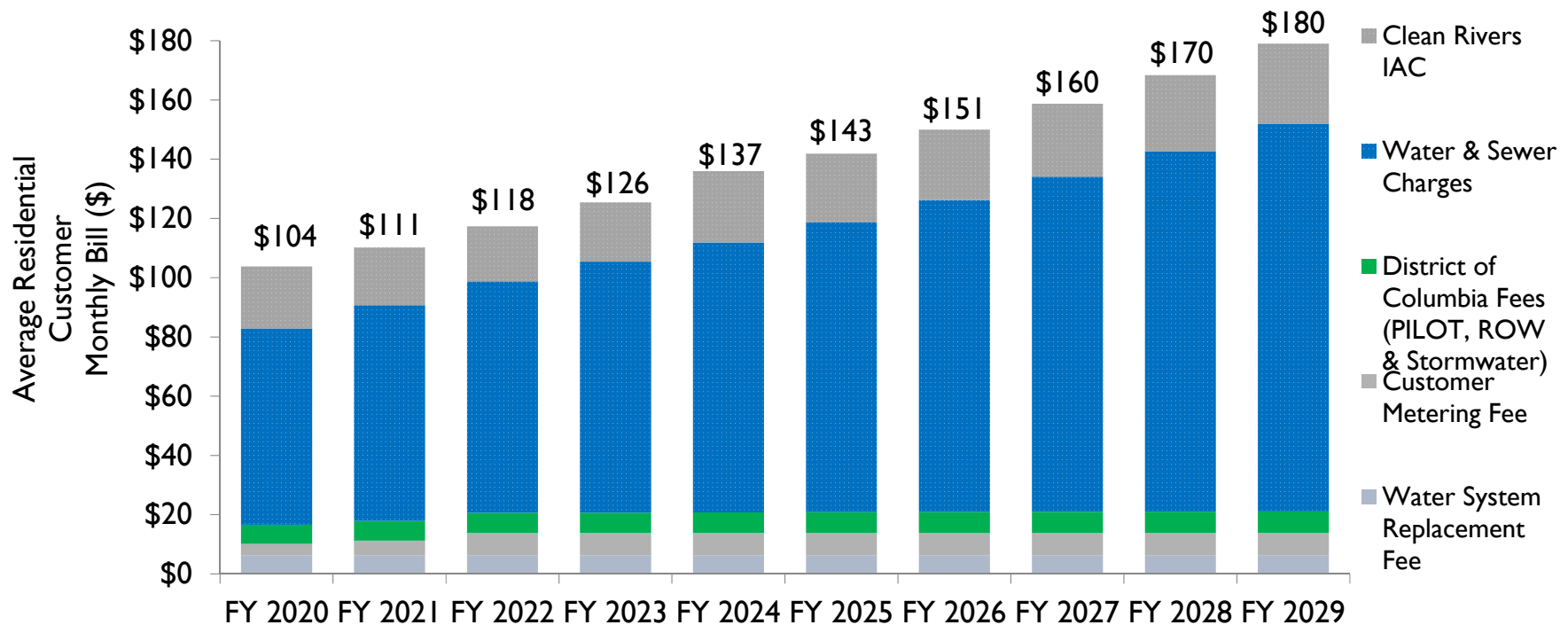
Financial Metrics

Metrics	Indenture Requirement	Board Policy	Management Target
Days of Cash on Hand	—	\$125.5 million or 120 Days	250 Days
Combined Coverage Ratio	—	—	1.6X
Senior Coverage	1.2X	1.4X	—
Subordinate Coverage	1.0X	1.0X	—
Debt Service as a % of Revenue	—	—	33% of Revenue or Less
Rate Stabilization Fund	—	—	10% of Revenue

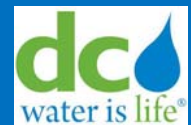


Projected Average Residential Customer Bill

Projected average monthly residential customer bill ranges from \$104 in FY 2020 to \$180 in FY 2029



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



Customer Impacts

Residential – Avg. 5.42 Ccf / 1 ERU Base	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Water & Sewer Rate (%)	11.5%	9.9%	7.8%	8.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
CRIAC (\$/ERU)	\$20.94	\$19.52	\$18.40	\$19.58	\$24.07	\$23.07	\$23.82	\$24.56	\$25.64	\$26.78
Avg. Customer Bill (\$)	\$104	\$111	\$118	\$126	\$137	\$143	\$151	\$160	\$170	\$180
Avg. Customer Bill (%)	5.2%	6.6%	6.7%	6.7%	8.8%	4.4%	5.7%	5.8%	6.1%	6.2%
Multi-family – Avg. 86.14 Ccf / 6.83 ERU Base	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Water & Sewer Rate (%)	11.5%	9.9%	7.8%	8.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
CRIAC (\$/ERU)	\$20.94	\$19.52	\$18.40	\$19.58	\$24.07	\$23.07	\$23.82	\$24.56	\$25.64	\$26.78
Avg. Customer Bill (\$)	\$1,341	\$1,447	\$1,538	\$1,654	\$1,791	\$1,896	\$2,022	\$2,157	\$2,304	\$2,461
Avg. Customer Bill (%)	8.1%	8.0%	6.2%	7.6%	8.3%	5.9%	6.6%	6.7%	6.8%	6.8%
Commercial – Avg. 115.82 Ccf / 14.17 ERU Base	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Water & Sewer Rate (%)	11.5%	9.9%	7.8%	8.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
CRIAC (\$/ERU)	\$20.94	\$19.52	\$18.40	\$19.58	\$24.07	\$23.07	\$23.82	\$24.56	\$25.64	\$26.78
Avg. Customer Bill (\$)	\$2,029	\$2,163	\$2,285	\$2,456	\$2,669	\$2,814	\$2,994	\$3,189	\$3,401	\$3,629
Avg. Customer Bill (%)	6.8%	6.6%	5.7%	7.5%	8.7%	5.4%	6.4%	6.5%	6.7%	6.7%

Next Steps

- 💧 Board Member Questions & Follow Up
 - Submit budget-related questions to Board Secretary
 - Board Secretary will distribute questions to appropriate staff
- 💧 Wholesale Customer Briefing – **January 10**
- 💧 Committee Reviews, Recommendations & Actions – **January & February**



	Environmental Quality & Operations	DC Retail Water & Sewer Rates	Finance & Budget
FY 2020 - FY 2029 Capital Budget (Disbursements & Lifetime)	Action Required		Action Required
FY 2021 Operating Budget			Action Required
Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing			Action Required
FY 2020 – FY 2029 Financial Plan		Action Required	Action Required
FY 2021 & 2022 Rates, Charges & Fees		Action Required	

- 💧 Board Adoption – **March 5**

Appendix

- The proposed FY 2020 disbursement includes the underspending from FY 2019 to remain congruent with previously approved rate increases
- Ramp-up to modified Baseline CIP beginning in FY 2021

Service Area (\$000's)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	10-Yr Total	Last Year's CIP	(Increase) /Decrease
Non-Process Facilities	\$ 42,066	\$ 31,849	\$ 20,665	\$ 6,831	\$ 11,058	\$ 10,396	\$ 3,901	\$ 3,553	\$ 3,560	\$ 3,600	\$ 137,479	\$ 138,067	\$ 588
Wastewater Treatment	77,536	102,976	113,378	107,232	107,312	70,680	97,878	101,839	132,256	138,165	1,049,252	978,738	(70,514)
Clean Rivers	162,197	147,565	179,833	129,272	67,536	59,909	148,771	103,265	88,890	115,049	1,202,288	1,262,589	60,301
Combined Sewer	9,239	9,493	12,816	16,553	16,731	8,568	6,699	7,572	8,972	12,435	109,078	79,178	(29,900)
Stormwater	6,869	9,631	7,535	4,170	5,392	4,660	4,201	4,306	6,869	5,057	58,690	68,608	9,918
Sanitary Sewer	44,933	63,926	115,541	88,110	91,562	138,341	159,814	176,789	175,873	174,032	1,228,922	957,135	(271,787)
Water	62,163	88,677	108,878	109,000	92,905	101,765	116,319	146,791	154,916	154,697	1,136,112	945,015	(191,097)
CAPITAL PROJECTS	405,004	454,118	558,645	461,168	392,496	394,318	537,584	544,115	571,337	603,035	4,921,821	4,429,330	(492,491)
Capital Equipment	31,703	37,207	33,790	32,315	33,000	33,000	33,000	33,000	33,000	33,000	333,015	340,324	7,309
Washington Aqueduct	15,515	16,266	18,572	37,841	12,699	33,875	9,508	12,863	24,068	13,971	195,178	187,127	(8,051)
ADDITIONAL CAPITAL PROGRAMS	47,218	53,473	52,362	70,156	45,698	66,875	42,509	45,863	57,068	46,971	528,193	527,450	(743)
TOTAL CIP	\$ 452,223	\$ 507,590	\$ 611,008	\$ 531,322	\$ 438,194	\$ 461,193	\$ 580,093	\$ 589,978	\$ 628,404	\$ 650,006	\$ 5,450,013	\$ 4,956,780	\$ (493,233)
Last Years CIP (Increase)/Decrease	420,342 (31,880)	467,016 (40,574)	561,724 (49,284)	530,006 (1,317)	422,607 (15,587)	450,358 (10,835)	585,454 5,361	535,666 (54,312)	544,490 (83,914)	439,117 (210,890)	4,956,780 (493,232)		