

# dc

## Executive Budget Summary

**Approved FY 2021 • Adopted March 5, 2020**

(Fiscal year starting October 1)

Tommy Wells, Chairman of the Board

David Gadis, Chief Executive Officer

Matthew T. Brown, Chief Financial Officer and  
Executive Vice-President, Finance and Procurement

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY



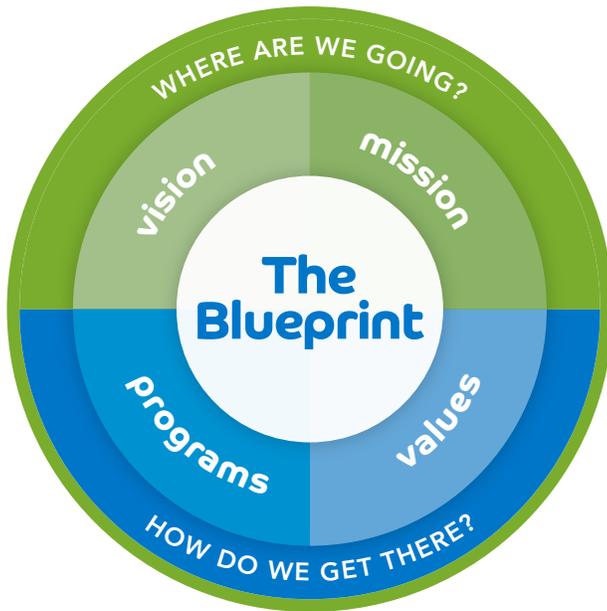
ACCOUNTABILITY • TRUST • TEAMWORK • CUSTOMER FOCUS • SAFETY • WELL-BEING



The executive budget summary is a standalone document and is intended for our diverse stakeholders. Additional information on the operating and capital budgets can be found in the detailed budget book, and is also available online at [dcwater.com](http://dcwater.com)

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

DC Water’s Board of Directors and the Executive Management team continue to work and improve the Authority’s operations and processes to be a world class utility. In this effort, a new strategic plan “The Blueprint” was adopted by the Board of Directors in October 2018.



### Vision

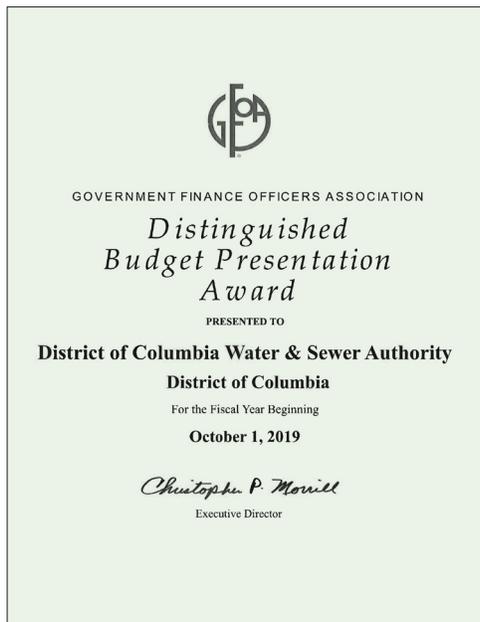
We will be known for superior service, ingenuity and stewardship to advance the health and well-being of our diverse workforce and communities.

### Mission

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

### Our Focus

- Staff driven
- Customer Affordability
- Strategic programs
- Invest in Aging Infrastructures while identifying cost savings
- Staying fiscally sound by sustaining debt coverage ratios, reserve requirements and other financial metrics



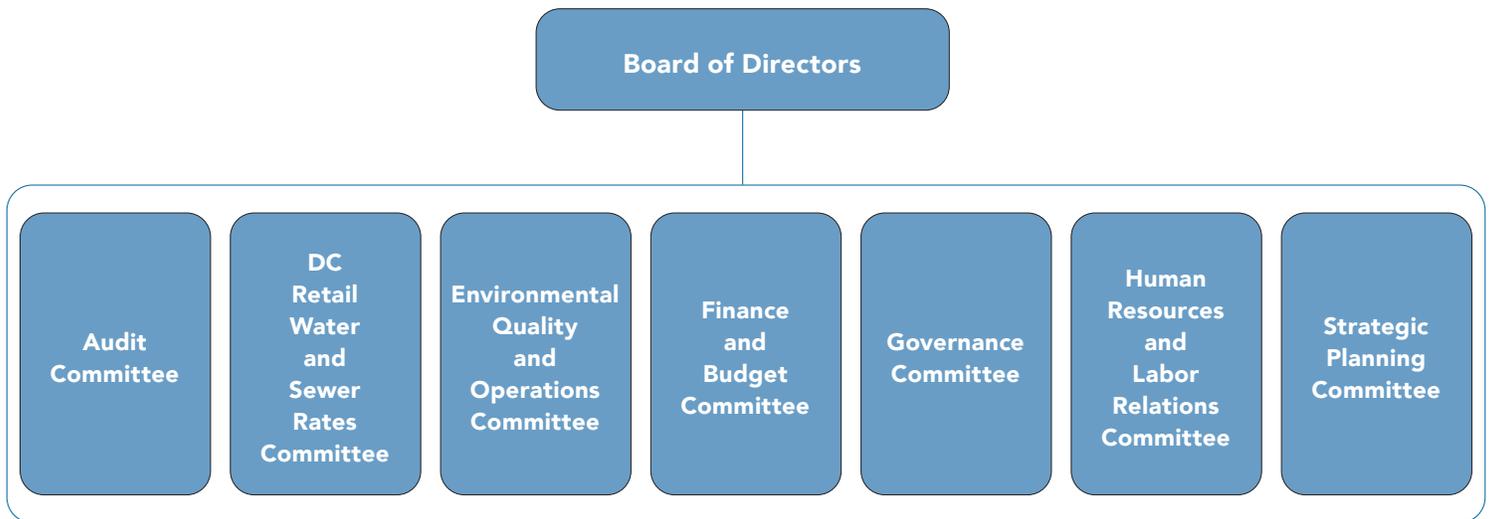
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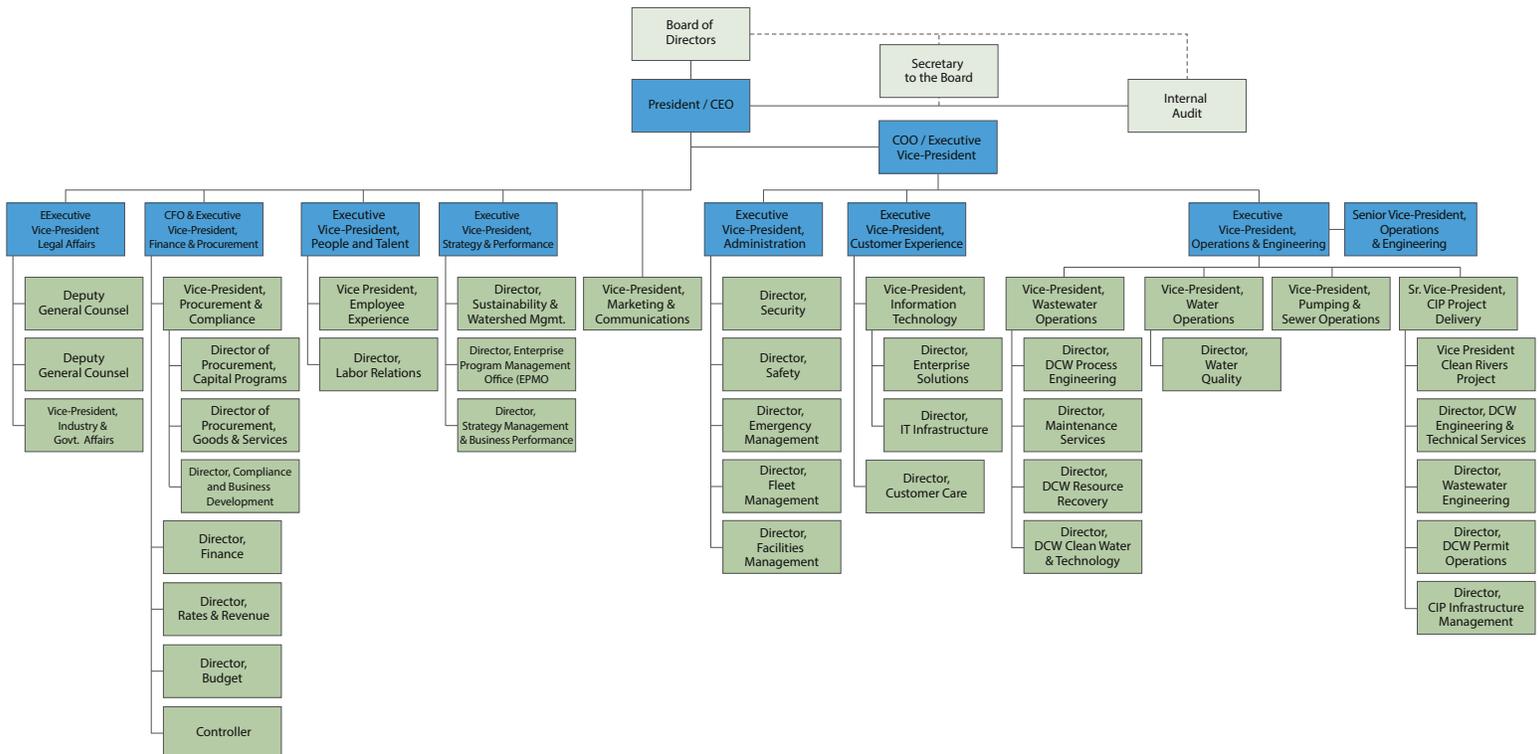
# Organizational Governance and Structure

DC Water is an independent authority of the District of Columbia, established under District of Columbia and Federal law and is governed by 11 principals and 11 alternate members of the Board of Directors. The members of the Board of Directors also serve on various Committees.

## DC Water Board Committees



## DC Water Organizational Structure





I am pleased to present DC Water's budgets that were approved by the Board. The budgets reflect our continued work to balance our infrastructure renewal needs and affordability for our customers. Our efforts to operate efficiently and improve our performance, allowed us to deliver rate increases that are less than previously estimated.

This marks my second year at the best utility in the world. I am extremely proud of the dedication and commitment of our employees who continue to provide superior service to our customers and stakeholders, work and respond to challenges, and deliver the best water and sewer services for the District and the region.

This year, the world faced the unprecedented coronavirus (COVID-19) pandemic. Nothing tests an organization like a public health emergency. An organization needs dedicated employees, solid financial planning and effective emergency response to fight the impacts of a global pandemic. The safety and wellbeing of our workforce and customers is paramount. DC Water continues to lead the way in providing ongoing essential services and financial support to our customers. We implemented policies, such as suspending disconnections for non-payment, reconnecting disconnected customers, providing payment plans and working with District government to expand financial assistance for customers. Information about our proactive steps during this crisis is available online at [dcwater.com/covid-19](https://dcwater.com/covid-19).

### Infrastructure Renewal and Affordability

This capital program continues our commitment to increase investments in the small diameter water mains and sewer lines to reduce the risk of system failures. Like other utilities, our pipes are nearing the end of, or have exceeded, their useful lives, and we are taking actions to renew this vital infrastructure.

The DC Water Clean Rivers Project is on track to meet all consent decree deadlines and improve the health of our waterways. The Anacostia River Tunnel is outperforming, capturing more than 90 percent of combined sewer overflows, conveying more than 7 billion gallons of combined sewage to Blue Plains for treatment and capturing over 3500 tons of trash.

DC Water has one of the most robust customer assistance programs (CAP) in the nation. We remain committed to assisting our low-income customers in paying their water bills. We are expanding the CAP program for the Clean Rivers discount, making the CAP2 program permanent, and recommended the District continues the CAP3 and Clean River Impervious Area Charge (CRIAC) Non-Profit Relief programs.

### Partnerships

In 2018, we formed the **Stakeholder Alliance**, a diverse group of concerned residents, ratepayers and faith leaders in our community. They offer new ideas and, also provide feedback to their neighborhoods, families and friends, on their work and DC Water's challenges and successes.

DC Water began a formal partnership with the **Office of the People's Counsel (OPC)** in 2019. The OPC advocates for quality utility service and equitable treatment at rates that are reasonable and nondiscriminatory. Both organizations have approached this relationship with the customer in mind and we have found a true partner in OPC.

Another initiative is the Lead Free DC program. My goal is to remove all lead service lines by 2030. This is an ambitious goal, but together we must find alternative capital funding and contracting opportunities, and get the lead out of the water system.

I appreciate the support and service of the Board members, Executive Leadership Team and Team Blue to DC Water and the communities that we serve. DC Water will continue to thrive and leverage innovation to drive new value and provide the best possible service at reasonable rates to residents and ratepayers, and all those who visit the District of Columbia.



David L. Gadis

# DC Water Budget Overview

## FY 2021 Operating Budget of \$642.7 million

**\$177.4 million**  
Pays the salaries, benefits and overtime costs for 1231 employees to achieve service levels

**\$84.5 million**

Other core operations like maintenance and repairs, software technology, legal, compliance, insurance, credit card fees, security and facilities

**\$500,000**  
15 entry-level positions for the new apprenticeship program

**\$101.3 million**

For chemicals, supplies, water purchases, energy, telecoms and small equipment

**\$4 million**

Pay for Success for Green Infrastructure (GI) project, GI certification program and establishment of non-ratepayer expenditure fund

**\$252.6 million**

Other non-operational needs including debt service, Paygo

**\$22.4 million**  
PILOT & ROW payments to the District

## FY 2020-2029 Capital Investments of \$5.45 billion

**\$1.3 billion for the DC Clean Rivers Project and CSOs**

**\$2.4 billion**

Rehabilitation of water mains and sewer pipes

**\$333 million**

Capital Equipment including backhoes, jet-vacs and other specialized vehicles for crews to respond to emergencies

Improvements at Washington Aqueduct

**\$195 million**

**\$59 million**

Improve the condition and drainage of the stormwater pump stations

**\$1.03 billion**

Major upgrades and rehabilitation at our Wastewater Treatment Plant

**\$137 million**

Construct new Fleet and Sewer Facilities, renovate Historic Main Pump Station, restore Seawall



With each budget we work to fund our operations and infrastructure investments, while limiting rate increases to only what is necessary. It is our ratepayers who provide us with the resources to provide clean drinking water, treat wastewater, and improve our environment. We invest in our water and sewer system to improve performance and reduce this risk of system failures, optimize business processes and leverage technology to reduce costs, and invest in our employees who work every day on behalf of our customers.

### Capital Improvement Program

Our ten-year capital plan of \$5.45 billion doubles DC Water's investment in water and sewer infrastructure by FY 2022 to reach a one percent annual replacement cycle for water and sewer infrastructure and triples that investment by FY 2027 to reach a 1.5 percent replacement cycle. It also funds the federally mandated Clean Rivers Program and upgrades at the Blue Plains Advanced Wastewater Treatment Plant.

### Operational Programs

The approved operating budget of \$642.7 million funds operations and pays for debt service for our capital program. Five new positions are included to meet the requirements of the DC Water Consumer Protection Amendment Act of 2018. We have also included funding to expand the Apprenticeship Program to support fifteen entry level positions. And we are expanding the Customer Assistance Program (CAP) by increasing the monthly benefit. Our CAP customers will see their bills decrease in the new fiscal year.

### Multi-Year Rate Proposal

This year marks our third multi-year rate proposal. We conducted an Independent Review of Rate Structure and Customer Assistance Programs and advanced the 2021 Cost of Service Study to align with the rate proposal.

Due to recent debt refinancing and efforts to control costs, the rate increases are smaller than those previously forecasted. We are also taking current year savings and using them, through the Rate Stabilization Fund, over the next two years to limit the rate increases. The combined rate increase for the average household customer is lower from 8.1 percent forecasted last year to 6.6 percent for FY 2021 and from 6.9 percent to 6.7 percent for FY 2022 (calculated at 5.42Ccf).

Last year, we began shifting a portion of the Clean Rivers costs from a flat rate (Impervious Area Charge) to a sewer volumetric rate. This rate proposal continues the shift of 28 percent for FY 2021 and 37 percent for FY 2022 and provides ratepayers more control over their bills. A proposed increase in metering fee will increase cost recovery for metering-related and customer services.

Our ongoing commitment is to improve transparency for our customers. This year we established a dedicated webpage on the ratemaking and budget development processes. It contains a record of all the budget materials that were considered by the Board of Directors during their deliberations. During our ratemaking process we will solicit public comment and publish those comments on-line. We have also published our Cost of Service study so that anyone who wants to review it has that opportunity. We are also communicating the impact that our investments will have on the District, the region, and the health of its people and the economy.

Finally, I want to express my thanks to the entire Finance team for their efforts in continuing to improve and transform the budget process, including extensive outreach to and partnerships with departments. The team effort was instrumental in delivering a balanced budget that invests in our people, our infrastructure, and the environment.



Matthew T. Brown

# Budget at a Glance

## Operating Expenditures (\$ Thousands)

Category	FY 2020 Approved	FY 2021 Approved
Authorized Headcount	1,223	1,231
<b>Total Personnel Services</b>	<b>\$ 170,680</b>	<b>\$ 177,863</b>
Chemicals	25,181	27,779
Supplies	7,977	8,302
Utilities	26,953	27,911
Contractual Services	81,886	88,532
Water Purchases	34,929	36,250
Small Equipment	989	1,030
<b>Total Non-Personnel Services</b>	<b>\$ 177,914</b>	<b>\$ 189,804</b>
<b>Total Operations and Maintenance</b>	<b>\$ 348,594</b>	<b>\$ 367,668</b>
Debt Service	215,340	222,268
PILOT & ROW	22,034	22,372
Payment in Lieu of Taxes	16,934	17,272
Right of Way	5,100	5,100
Cash Financed Capital Improvements	28,556	30,355
<b>Total Debt Service/PILOT/ROW/CFCI</b>	<b>265,929</b>	<b>274,996</b>
<b>Total Operating Expenditure</b>	<b>\$ 614,523</b>	<b>\$ 642,663</b>
Less: Capital Labor	(22,748)	(24,382)
<b>Total Net Operating Expenditure</b>	<b>\$ 591,775</b>	<b>\$ 618,281</b>

## Capital Disbursements (\$ Thousands)

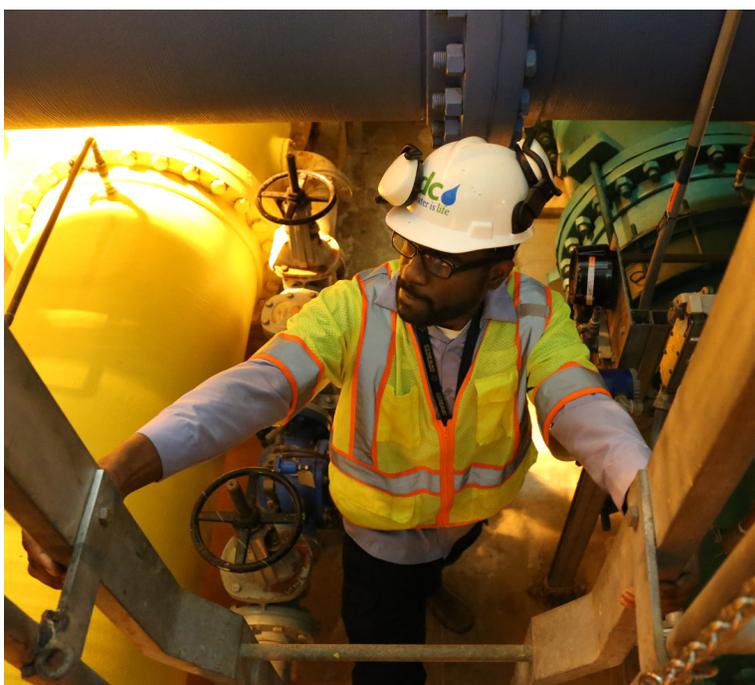
Service Areas	FY 2020 Revised	FY 2021 Approved
Non-Process Facilities	\$ 42,066	\$ 31,849
Wastewater Treatment	77,536	102,976
Clean Rivers	162,197	147,565
Combined Sewer	9,239	9,493
Stormwater	6,869	9,631
Sanitary Sewer	44,933	63,926
Water	62,163	88,677
<b>Capital Projects</b>	<b>\$ 405,004</b>	<b>\$ 454,118</b>
Capital Equipment	31,703	37,207
Washington Aqueduct	15,515	16,266
<b>Additional Capital Programs</b>	<b>47,218</b>	<b>53,473</b>
<b>Total CIP</b>	<b>\$ 452,223</b>	<b>\$ 507,590</b>

## Operating Revenues (\$ Thousands)

Category	FY 2020 Approved	FY 2021 Proposed
Residential	\$ 124,353	\$ 130,803
Commercial	173,826	180,589
Multi-family	100,884	110,241
Federal Government	71,887	77,571
Municipal & Housing	28,110	30,318
Water System Replacement Fee	39,717	39,717
Metering Fee	10,776	15,405
Wholesale	82,539	81,986
Other Revenue	66,887	67,108
<b>Total Operating Revenue</b>	<b>\$ 698,979</b>	<b>\$ 733,738</b>

## Capital Revenues (\$ Thousands)

Source	FY 2020 Revised	FY 2021 Proposed
Wholesale Capital Payments	\$ 71,640	\$ 95,205
EPA Grants & CSO Appropriations	32,700	28,464
Interest Income on Bond Proceeds	3,831	6,365
Pay-Go Financing	124,578	125,927
Debt Proceeds	300,000	300,000
System Availability Fee	5,775	7,700
<b>Total Capital Revenue</b>	<b>\$ 538,524</b>	<b>\$ 563,661</b>



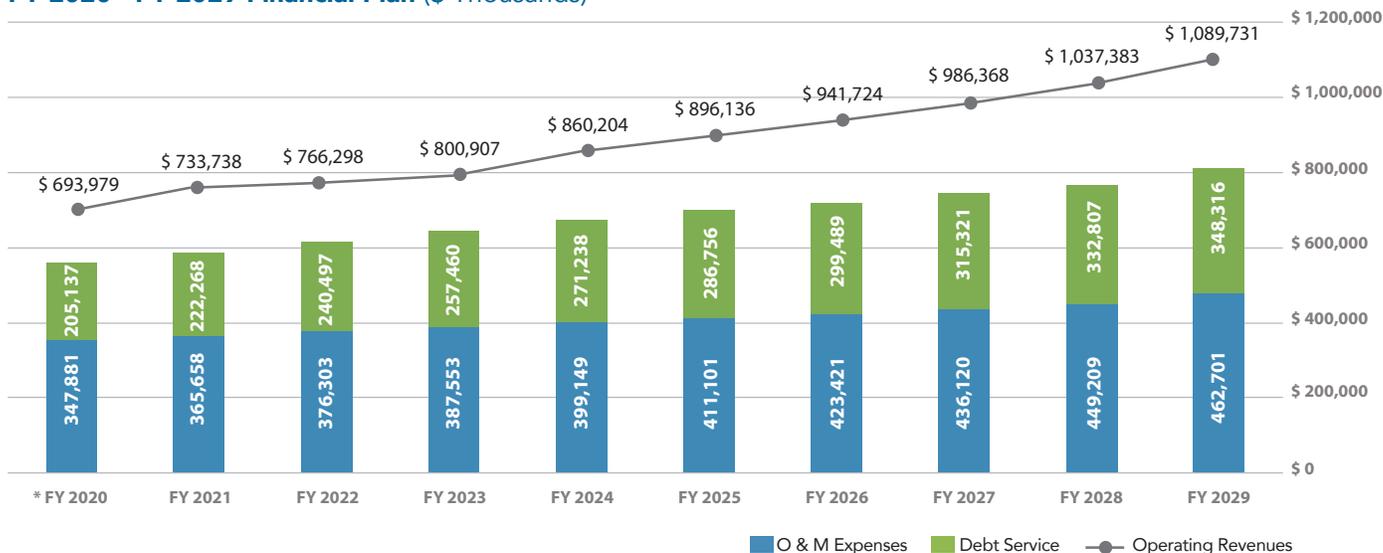
Anacostia Pumping Station inspection



# Ten-Year Financial Outlook / Debt Management

DC Water’s ten-year financial plan 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 to cost-effectively access the capital markets and retain our credibility with customers and regulators. The ten-year financial plan encompasses annual projected revenue requirements, operating expenditures, debt service costs, coverage ratios or indenture requirements, and sufficient liquidity to meet all the Authority’s financial obligations.

## FY 2020 - FY 2029 Financial Plan (\$ Thousands)



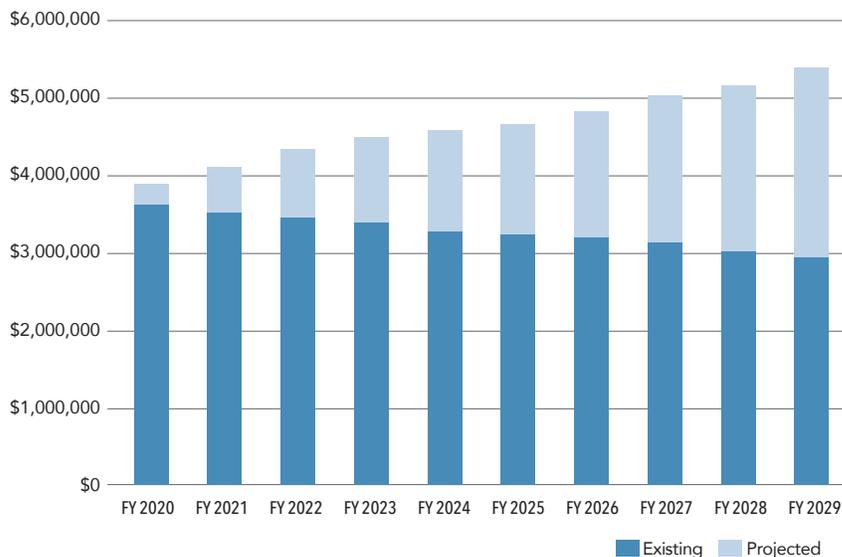
## Debt Management

DC Water maintains strong financial performance and bond ratings. In August 2019, the authority’s senior lien public utility revenue bonds upgraded to ‘AA+’ from ‘AA’ by Fitch ratings. As the result, the credit ratings on our senior lien bonds are AAA, Aa1, and AA+ ratings by Standard and Poor’s Ratings Services, Moody’s Investors Service and Fitch Ratings. These notable results are due to the Authority’s solid finance team, outstanding financial performance, management of our capital program, and diligent financial and capital planning. Additional information for current and future investors is available at [dcwater.com](http://dcwater.com) and [dcwaterbonds.com](http://dcwaterbonds.com).

debt service payments. DC Water plans to apply for a federal loan under the Water Infrastructure and Finance Innovation Act (WIFIA), administered by the Environmental Protection Agency (EPA). The Authority’s long term debt, including current maturities, total \$3.5 billion as of the end of FY 2019 and projected to increase over the next ten years mainly to invest in our aging infrastructure.

The Authority uses debt to finance its capital program and refund existing debt to obtain debt service saving. In November 2019, the authority issued \$300 million (Series A/B/C) in subordinate lien revenue bonds and \$343 million of subordinate lien revenue refunding bonds and able to save \$52 million on future

## FY 2020- FY 2029 Current and Outstanding Debt (\$ Thousands)



# Operating Budget



Blue Plains Advanced Wastewater Treatment Plant

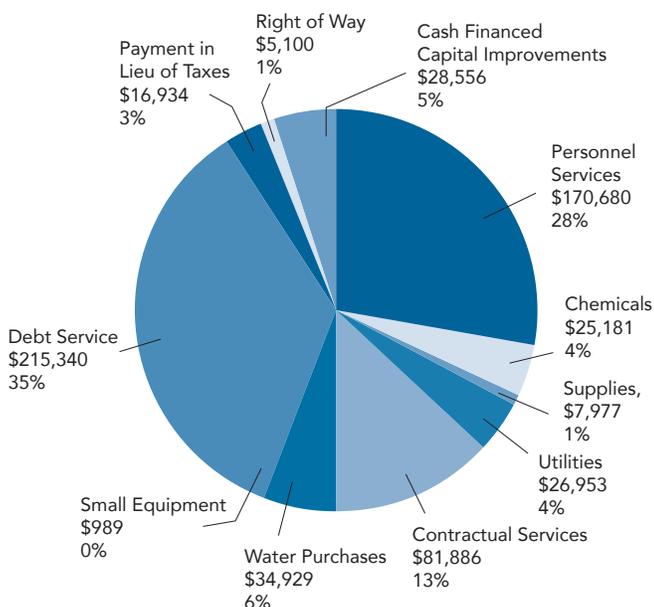
DC Water’s annual operating budgets provide the resources necessary to sustain a multi-billion dollar water treatment and distribution, sewage collection and treatment system. The Authority continues to deliver clean water, collect and treat the sewage before returning clean water to the local waterways and repair water main and sewer breaks as needed. The budget reflects management’s focus on supporting the most important asset with core values of reflecting people, pay and place while maintaining customer affordability and providing a high level of customer service.

The approved FY 2021 budget totals \$642.7 million, an increase of \$28.1 million or approximately 4.6 percent above the FY 2020 budget. The increase is mainly for the Operations & Maintenance (O&M) costs, and debt service required to finance the Authority’s Capital Improvement Program.

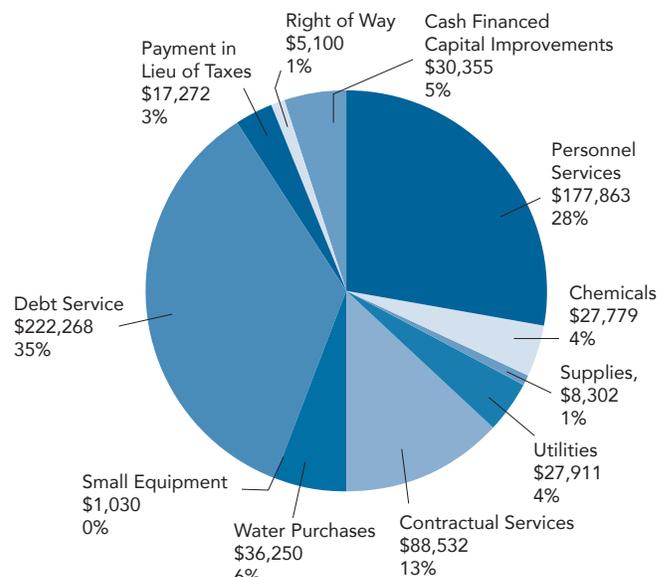
Detailed descriptions of the approved FY 2020 and FY 2021 operating budgets are available online at [dcwater.com](http://dcwater.com).

## Comparative Operating Budgets by Category (\$ Thousands)

### Approved FY 2020 \$614,523



### Approved FY 2021 \$642,663





# Capital Improvement Program (CIP)

DC Water’s ten-year Capital Improvement Program (CIP) provides a framework for the development, prioritization, implementation and measurement of the capital projects undertaken. The Board-approved FY 2020 – FY 2029 CIP disbursement budget increased by \$493.2 million over the previous plan. This budget doubles our investment in our aging water and sewer infrastructure to reach a one percent replacement per year by FY 2022, and ramp up to one-and-a half percent replacement per year starting FY 2027 and onwards for the small diameter water mains and small sewer lines. This plan also funds the Clean Rivers Program and advances major rehabilitation of the Potomac Interceptor.

The FY 2020 and FY 2021 capital budgets total \$452.2 million and \$507.6 million, respectively (cash disbursement basis), while the ten-year disbursement plan totals \$5.45 billion and lifetime budget is \$12.39 billion (total commitments for active projects prior to, during, and beyond the ten- year window).

Detailed descriptions of major CIP changes and program details can be found in Section V – Capital Improvement Program of the budget book and online at [dcwater.com](http://dcwater.com).

## FY 2020 – FY 2029 Capital Improvement Program (\$ Thousands)

FY 2020 Revised	FY 2021 Approved	Service Area	Ten-Year Disbursement Plan	Total Lifetime Budget
\$42,066	\$31,849	Non Process Facilities	\$137,479	\$221,841
77,536	102,976	Wastewater Treatment	1,049,252	3,698,301
171,436	157,058	Combined Sewer Overflow	1,311,366	3,041,740
6,869	9,631	Stormwater	58,690	122,404
44,933	63,926	Sanitary Sewer	1,228,922	2,094,934
62,163	88,677	Water	1,136,112	2,273,813
<b>\$405,004</b>	<b>\$454,118</b>	<b>Capital Projects</b>	<b>\$4,921,821</b>	<b>\$11,453,035</b>
31,703	37,207	Capital Equipment	333,015	333,015
15,515	16,266	Washington Aqueduct	195,178	195,178
<b>\$47,218</b>	<b>\$53,473</b>	<b>Additional Capital Programs</b>	<b>\$528,193</b>	<b>\$528,193</b>
		Labor		409,370
<b>\$452,223</b>	<b>\$507,590</b>	<b>Total Capital Budgets</b>	<b>\$5,450,013</b>	<b>\$12,390,598</b>

## Measure of Priority (\$ thousands)

	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 / High Payback Need to fulfill Mission and upgrade Facilities	Good Engineering / Lower Payback Lower priority projects	Total
FY 2020	\$174,384 39%	\$4,332	\$63,844	46,024	\$2,280	\$93,140 21%	\$468,219	<b>\$452,223</b>
FY 2021	147,209 29%	5,490	72,762	36,214	821	142,529 28%	102,565	<b>507,590</b>
FY 2022	179,572 29%	12,019	59,755	51,176	5,403	190,052 31%	113,041	<b>611,008</b>
FY 2023	129,073 24%	9,469	53,835	62,807	2,504	149,979 28%	123,655	<b>531,323</b>
FY 2024	67,830 15%	18,917	41,514	26,156	603	147,226 34%	135,949	<b>438,195</b>
FY 2025	60,177 13%	19,230	46,213	29,409	1,509	197,153 43%	107,503	<b>461,193</b>
FY 2026	148,771 26%	13,180	49,037	28,074	3,131	194,990 34%	142,909	<b>580,092</b>
FY 2027	103,265 18%	6,062	83,507	28,766	105	215,227 36%	153,045	<b>589,978</b>
FY 2028	88,890 14%	717	99,437	37,312	-	214,960 34%	187,088	<b>628,405</b>
FY 2029	115,049 18%	1,803	105,227	24,027	-	214,327 33%	190,574	<b>650,007</b>
<b>TOTAL</b>	<b>\$1,214,221</b>	<b>\$91,219</b>	<b>\$674,131</b>	<b>\$369,956</b>	<b>\$16,356</b>	<b>\$1,759,583</b>	<b>\$1,324,547</b>	<b>\$5,450,013</b>
% of Total	22.3%	1.7%	12.4%	6.8%	0.3%	32.3%	24.3%	<b>100%</b>

# Major Capital Investments

## Raw Wastewater Pumping Station 2

This facility delivers sixty percent of the wastewater from the collection system into Blue Plains. Rehabilitation of this project will improve safety and reliability and reduce corrective maintenance effort.



## DC Clean Rivers

This project aims to control CSOs to the Anacostia and Potomac Rivers and Rock Creek to meet the District's water quality standards, while improving the health of the Chesapeake Bay. This ongoing project includes green infrastructure initiatives that will divert stormwater runoff prior to entering the sewer system.



## Water Mains

Renewal of small diameter water pipes with the goal of ramping up to 1.5 percent replacements per year starting FY 2027 and onwards.



## Ongoing and Local Sewer Rehabilitation

Renewal of small diameter sewer infrastructure will reduce emergency repair, including overtime and maintenance demands for these neighborhood sewers.



## Heavy Duty Vehicles

Replacement of major heavy-duty equipment such as backhoes, jet-vacs, large meter trucks, and catch basin trucks will reduce vehicle downtime, improve fuel efficiency and lower maintenance and repairs.





# Operating Revenues, Rates, Fees and Charges

## 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.

DC Water maintains a combination of fixed and variable fees. Fixed fees are charged regardless of water usage, and include the metering fee, Water System Replacement Fee and the Clean Rivers Impervious Area Charge. Variable fees are based on water usage, and include the water and sewer fees. DC Water conducts a Cost of Service Study (COS) to help ensure that costs are appropriately allocated. For example, the cost of delivering water to our customers is reflected in the water rate, and the cost of wastewater treatment is part of the sewer rate.

## Independent Review of Rate Structure and Customer Assistance Programs:

In FY 2020, independent consultants conducted a review of rate structure, projected FY 2021 rates and Customer Assistance Programs and performed analysis of rates and Customer Assistance Programs for comparable jurisdictions (Benchmarking). The findings of the study concurred that DC Water’s current rate structure, customer classes, monthly water lifeline threshold of 4 Ccf, ERU basis for recovering the CRIAC charge, CAP bill discount and temporary assistance programs are consistent with industry standards. In response to recommendations in the review, DC Water has adjusted the Metering Fee and increased benefits for CAP customers.

## 2021 Cost of Service Study

In FY 2020, DC Water conducted Cost of Service Study (COS) to align the cost of providing service to the customers with the multi-year rate proposals, therefore both will be done every two years going forward. The COS consist of three components: i) Revenue Sufficiency Analysis –Do the proposed rates recover adequate revenue to meet expenditures; ii) Cost of Service Analysis/Rate Equity – Are proposed rates equitably recovering the costs of providing service to customers; and iii) Alternative Rate Structure Analysis – Are there alternative rate structures that may more effectively meet DC Water’s highest priority pricing objectives.

## Multi-Year Rates:

DC Water Board approved its third multi-year rate proposal in FY 2020 covering the period FY 2021 and FY 2022. The FY 2021 and FY 2022 rates will be effective from October 1, 2020 and October 1, 2021, respectively. The benefits of multi-year rates include: greater revenue certainty, increased budget discipline and better alignment between revenues and expenditures.

Based on feedback from the new Stakeholder Alliance and discussions with the customers about the Clean Rivers Impervious Area Charge (CRIAC) that funds the Clean Rivers Program, the Board approved for FY 2020 a shift of 18 percent of the costs for the Clean Rivers program from the CRIAC to the sewer volumetric rate. The CRIAC shift will increase to 28 percent in FY 2021 and 37 percent in FY 2022. This is based on an assessment that, on average, 37 percent of the volume in the new tunnels is from wastewater.

Because of efforts to reduce the growth of operating costs, the overall charges for average household customer for FY 2021 are 6.6 percent as compared to 8.1 percent forecasted last year and 6.7 percent for FY 2022 as compared to 6.9 percent.

## Operating Revenues (\$ Thousands)

Category	FY 2020 Revised	FY 2021 Proposed	FY 2022 Proposed
Residential	\$ 124,353	\$ 130,803	\$137,229
Commercial	173,826	180,589	191,375
Multi-family	100,884	110,241	116,768
Federal Government	71,887	77,571	67,220
Municipal & Housing	28,110	32,818	41,760
Water System Replacement Fee	39,717	39,717	39,717
Metering Fee	10,776	15,405	24,083
Wholesale	82,539	81,986	84,445
Other Revenue	66,887	64,608	63,701
<b>Total Operating Revenue</b>	<b>\$ 698,979</b>	<b>\$ 733,738</b>	<b>\$ 766,298</b>

## FY 2020 - FY 2022 Retail Rates and Fees

Description of Fees	Units	FY 2020	FY 2021	FY 2022	FY 2021		FY 2022	
		Approved	Proposed	Proposed	Increase/Decrease		Increase/Decrease	
DC Water Retail Rates – Water		\$	\$	\$	\$	%	\$	%
• Residential 0-4 Ccf (Lifeline) <sup>2</sup>	Ccf	\$3.06	\$3.49	\$3.63	\$0.43	14.1%	\$0.14	4.0%
• Residential – > 4 Ccf <sup>2</sup>	Ccf	\$4.10	\$4.50	\$4.74	\$0.40	9.8%	\$0.24	5.3%
• Multi-family / DC Housing <sup>2</sup>	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 <sup>1</sup>	5/8"	\$6.30	\$6.30	\$6.30	\$0.00	0.0%	\$0.00	0.0%
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	\$0.00	0.0%	\$0.00	0.0%
District of Columbia Stormwater Fee	ERU	\$2.67	\$2.67	\$2.67	\$0.00	0.0%	\$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 (CRIAC)

The CRIAC is a separate sewer service fee established in FY 2009 to recover the \$2.8 billion cost of implementing the DC Clean Rivers Project (the District's CSO-Long Term Control Program). The proposed monthly CRIAC ranges from \$20.94 per Equivalent Residential Unit (ERU) in FY 2020 to \$26.78 per ERU in FY 2029. From 2009 until 2019, all funds for the Clean Rivers program have come from the Clean Rivers Impervious Area Charge (CRIAC) which is assessed for all customers based on the amount of impervious surface on each property. The ten-year plan assumes no external funding beyond the special Congressional appropriation. DC Water has received \$260.8 million through Federal appropriations as of September 30, 2019.

During FY 2019, the Board approved a proposed change in the way Clean Rivers costs are recovered starting in

FY 2020. The proposed budget is to phase-in a CRIAC shift of 18 percent in FY 2020, 28 percent in FY 2021 and 37 percent in FY 2022 and beyond to sewer volumetric rate based on methodology that allocates volume of Sanitary Wastewater, Stormwater runoff and CSO in the Clean Rivers Tunnel. Shifting some of the Clean Rivers cost recovery to the volumetric rate gives customers more control over the amount that they pay towards the project. The change is expected to improve equity in the funding for the clean Rivers program. Small volume customers in every class generally pay less and average residential customers pay about the same prior to the change. In FY 2020, the CRIAC discount increased from 4 percent to 20 percent for customers who implement Stormwater Best Management Practices.



## 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 data (2018), DC Water's rates are well under that target and they are comparable with similar water and wastewater utilities.

DC Water in partnership with the District, supports the following 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 month 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 2016, the CAP discount was expanded to include a 100 percent credit/discount for the Water System Replacement Fee (WSRF). In FY 2017, the Authority further expanded CAP to include 50 percent discount for CRIAC. In FY 2020, the Board approved the increase in CRIAC discount for CAP customers to 75 percent effective from FY 2021. In FY 2019, CAP assisted over 4,436 customers and provided \$1,290,797 in discounts to low-income customers.

**CAP 2:** this was implemented in December 2018 to expand the CAP program for low-income residential customers with household income up to 80 percent Area Median Income (AMI) who do not qualify for CAP. Eligible customers receive a discount of up to 3 Ccf per month for water and sewer and a 50 percent discount for CRIAC. In FY2020, the Board approved to make CAP 2 permanent effective FY 2021.

**CAP 3:** is a District-funded program implemented in December 2018 that provides benefits to DC Water customers with household income greater than 80 percent and up to 100 percent Area Median Income (AMI) who do not qualify for CAP or CAP2. Eligible customers receive 75 percent discount for CRIAC.

**CRIAC (Clean Rivers Impervious Area Charge) Non-profit Relief Program:** is a District-funded program implemented in December 2018 to provide up to 90 percent of CRIAC discounts to nonprofit organizations as determined by the District Department of the Environment (DOEE).

**Serving People by Lending a Supporting Hand (SPLASH):** 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 2019, SPLASH assisted 276 households and provided \$84,427 in contributions to low-income customers.

## Regional Demographics

DC Water provides water and wastewater services to retail customers in the District and wastewater treatment services on a wholesale basis to portions of Montgomery County and Prince George's County in Maryland and Fairfax and Loudon Counties in Virginia, serving about 1.6 million people. Despite increasing population and visitors, water consumption is declining through improved fixture efficiency and conservation. Reduced usage is excellent for the environment but places more strain on the 132,576 retail customers with the responsibility to pay for majority of the operations, maintenance and replacement of the water and sewer infrastructure throughout Washington, DC. Wholesale customers pay a relatively modest portion of the total cost of service.

The FY 2021 budget incorporates trends and statistics impacting DC and the region. It also highlights how the diversity of the DC Water revenue stream is helping to address the need for continuous improvement in the water, wastewater and stormwater system.

## FY 2020 - FY 2022 Average Residential Customer Monthly Bill

dc DC WATER RATES AND FEES	Approved (FY 2020)	Proposed (FY 2021)	Proposed (FY 2022)
Water / Sewer Retail Rates (Ccf) <sup>(1)</sup>	\$66.25	\$73.30	\$78.92
Clean Rivers IAC (ERU) <sup>(2)</sup>	\$20.94	\$19.52	\$18.40
Customer Metering Fee	\$3.86	\$4.96	\$7.75
Water System Replacement Fee <sup>(2)</sup>	\$6.30	\$6.30	\$6.30
<b>DC Water Subtotal</b>	<b>\$97.35</b>	<b>\$104.08</b>	<b>\$111.37</b>
Percent Increase in DC Water Portion of Bill	5.4%	6.9%	7.0%

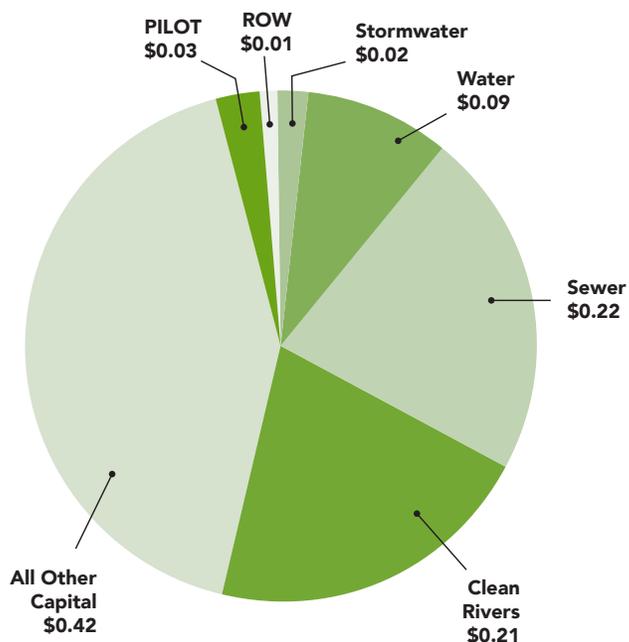
DISTRICT OF COLUMBIA CHARGES			
PILOT (Ccf) <sup>(1)</sup>	\$2.76	\$2.93	\$3.04
Right-of-Way Fee (Ccf) <sup>(1)</sup>	\$1.03	\$1.03	\$1.03
Stormwater Fee (ERU) <sup>(3)</sup>	\$2.67	\$2.67	\$2.67
<b>District Subtotal</b>	<b>\$6.46</b>	<b>\$6.63</b>	<b>\$6.74</b>

<b>Total Bill</b>	<b>\$103.81</b>	<b>\$110.71</b>	<b>\$118.11</b>
(% Increase)	5.2%	6.6%	6.7%

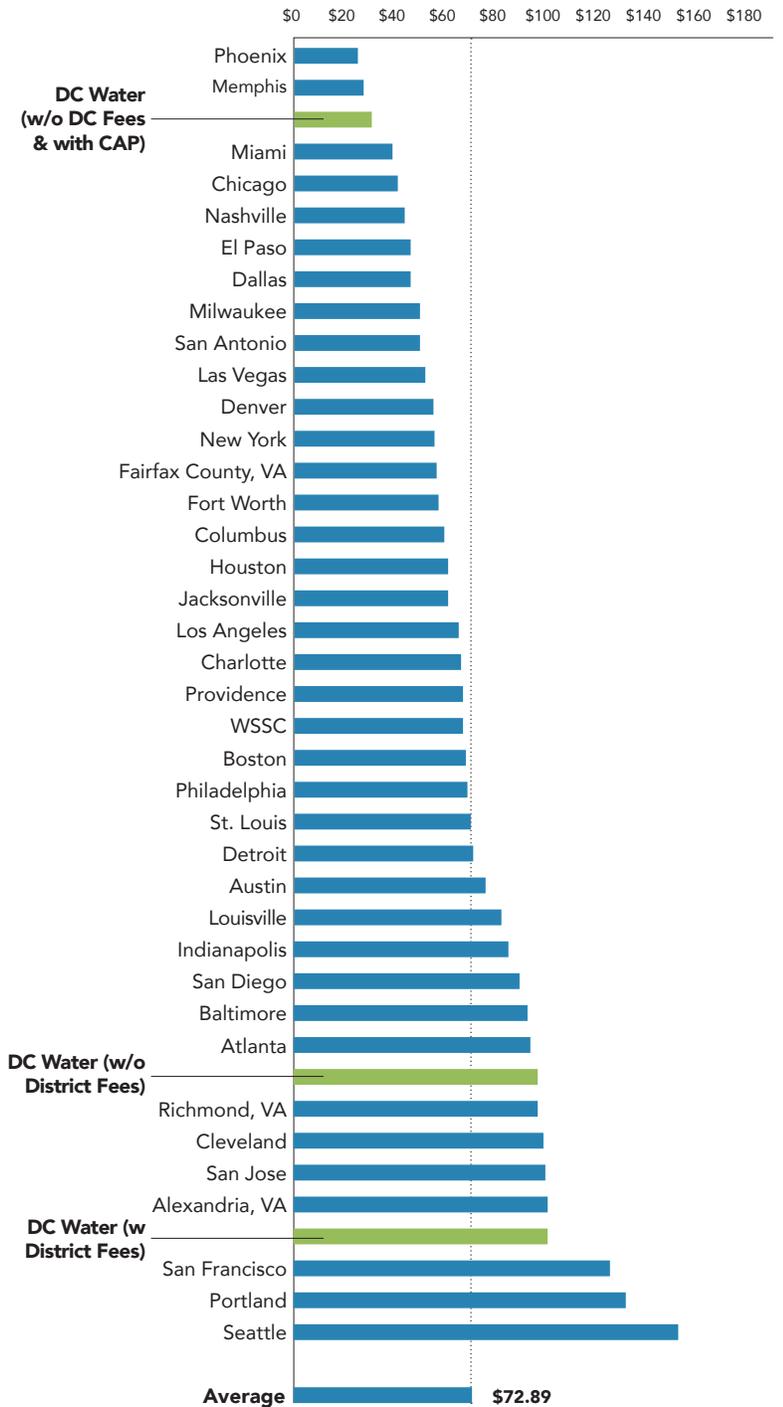
- (1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)
- (2) Assumes average 1 Equivalent Residential Unit (ERU)
- (3) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010
- (4) DC Water "Water System Replacement Fee" of \$6.30 for 5/8" meter size effective October 1, 2015

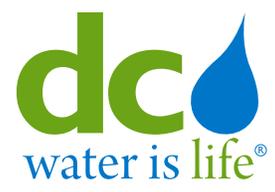
## FY 2021: Where Does Your Money Go?

How does DC Water spend each dollar received from the average residential customer?



## DC Water Retail Rates Compared to other Large Utilities





[dcwater.com](http://dcwater.com)