

dc

Executive Budget Summary

Approved FY 2024 • Adopted March 2, 2023

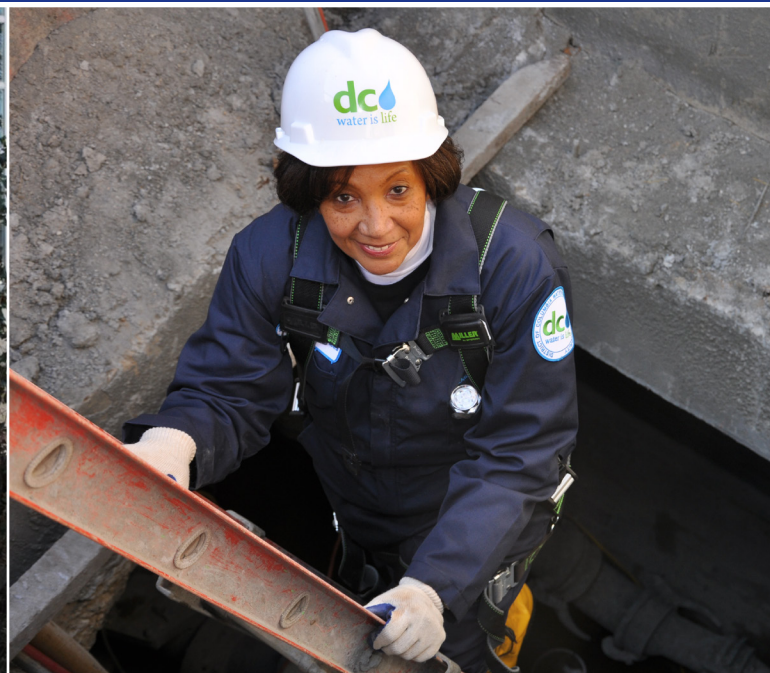
(Fiscal year starting October 1)

Tommy Wells, Chairman of the Board

David L. Gadis, Chief Executive Officer and General Manager

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

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY



ACCOUNTABILITY • TRUST • TEAMWORK • CUSTOMER FOCUS • SAFETY • WELLBEING



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.

This executive budget summary is both an introduction to the FY 2024 budget and a standalone document that provides information about our budget priorities to our customers and diverse stakeholders. Additional information about our operating and capital budgets can be found in the detailed budget book, and is also available online at www.dcwater.com.

DC Water continues to align our budget and strategic priorities. Our strategic plan, Blueprint 2.0, was adopted by the Board of Directors in 2021 to guide DC Water over the next five years and beyond. Detailed information about the strategic plan is available online at www.dcwater.com/strategic-plan.

Blueprint 2.0 Imperatives



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.

Imperatives

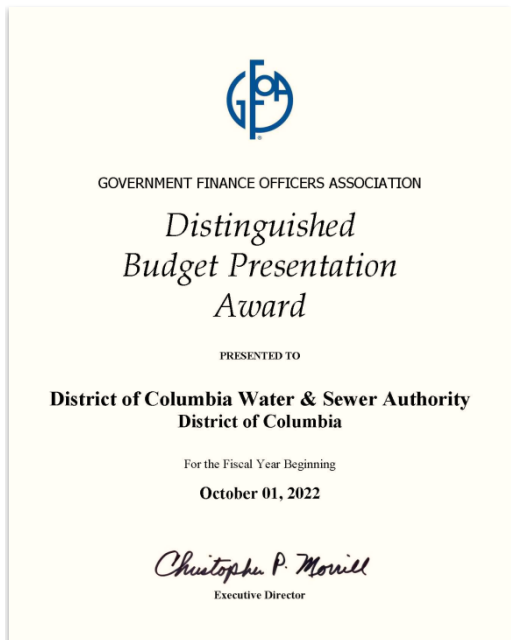
Healthy, Safe and Well
Is everybody we impact healthy, safe and well?

Reliable
Can we deliver our agreed service level in an efficient and effective manner?

Resilient
Are we able to cope with and recover from disruption, anticipating shocks and stressors to maintain service?

Sustainable
Are we able to meet the needs of the present without compromising the ability of future generations to meet their own needs?

Equitable
Are we operating in an equitable manner to enable our employees, partners, customers, and communities to prosper?



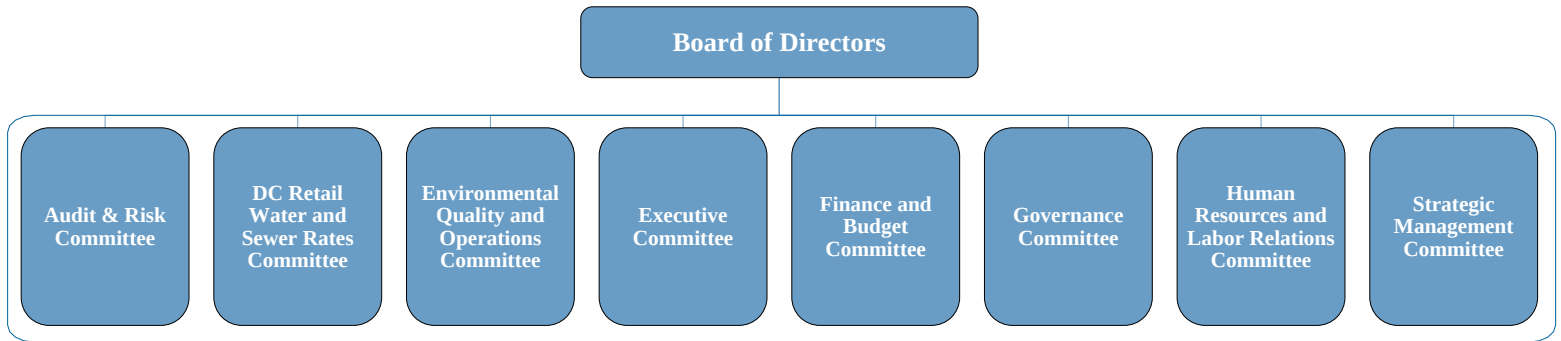
Inside

- 1 Executive Budget Summary
- 2 Organizational Governance and Structure
- 3 CEO / General Manager's Message
- 4 DC Water Budget Overview
- 5 CFO's Message
- 6 Budget at a Glance
- 7 Strategic Plan & Budget Process
- 9 Ten Year Financial Outlook / Debt Management
- 10 Sources & Uses of Funds
- 11 Operating Budget
- 13 Capital Improvement Program
- 14 Major Capital Investments
- 15 Operating Revenues, Rates, Charges and Fees
- 17 Customer Assistance and Regional Demographics

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 Leadership





In September 2022, I was honored to be named to President Biden's National Infrastructure Advisory Council (NIAC) as the sole expert from the wastewater sector. My service on the Council will benefit and impact not just DC Water and this region, but also utilities across the country and our collective communities. Water utility leaders have frontline knowledge and insight into the needs of our water systems and the challenges in

addressing these issues. Our specific expertise, combined with the unprecedented commitment in the Bipartisan Infrastructure Act, has the power to guide this country towards a more sustainable, equitable and resilient future.

I serve that post with the same values that guide us at DC Water, where we have tackled many complex policy issues, ranging from environmental justice to water equity. Our budgets allocate funds to support projects that align with these values and protect public health.

Today's budgets must invest in the projects, people and technology to meet today's needs, while simultaneously strengthening infrastructure and supporting long-term, impactful initiatives. Three distinct visions for the future embody our core values.

Lead Free DC by 2030

No one should drink water from lead service lines, particularly children and pregnant women, as high levels of lead have a significant negative impact on developing brains and bodies. It is our imperative to protect the most vulnerable by developing an action plan to remove lead service lines from those communities first, and eliminate them from the District of Columbia entirely, by 2030.

Clean Rivers Project

By 2030, we will have substantially completed a generational project 30 years in the making. The \$2.99 billion Clean Rivers Project is significantly reducing combined sewer overflows to the Anacostia River. We will commission the 13.1 mile Anacostia Tunnel System later in 2023 and continue funding projects to protect Rock Creek and the Potomac River. Green and gray infrastructure provide many benefits in addition to healthier waterways.

Second Source of Drinking Water

We are on track to develop a truly second source of water for the District, which is both critical and urgent to maintain resilience and accountability.

As a team and an organization, we prioritize our goals and our needs, determine how to raise the monies to meet these goals and how to allocate the funds. Part of the complexity of running a utility is that as public servants, we answer many different stakeholders, from government officials, Board members, ratepayers, residents, advocacy groups, environmentalists, to employees and many others. Balancing the needs of each stakeholder with limited resources puts us to the test every year.

Each year, I challenge our Chief Financial Officer Matthew Brown and his team to beat the proposed budget and rate increase. Every year, they rise to the challenge. This is our imperative. This year's operating and capital budget needs are supported by the previously adopted rates and fees. We continue to keep affordability and equity top of mind. To that end, we continue to fund one of the most robust customer assistance programs in the water sector. We have created innovative programs including a multifamily housing assistance program and in 2023 launched a Catch Up Offer to help customers with past due balances get current.

As the region and the nation begin to move past the pandemic era, I want to again express my gratitude to our employees for not missing a beat and continuing to deliver critical services to our customers. I am proud that our leadership team led with empathy and compassion and fulfilled a mission to keep everyone in a job. We did not have one layoff. I am continually impressed and proud that this utility is taking care of business, taking care of people, taking care of the environment, and taking care of our team.



David L. Gadis

DC Water Budget Overview

FY 2024 Operating Budget of \$737.6 million

\$201.6 million

Pays the salaries, benefits and overtime of 1342 employees, including **17 new positions** (to maintain our increased assets, provide customer engagement, and support recruitment, and Employee Development), 17 apprentices, and Summer Internship Program



\$1.3 million

Expands various initiatives to improve customer engagement and stakeholder communication and provide support for the Building Information Management (BIM), Per- and Polyfluoroalkyl Substances (PFAS) monitoring, innovation, and strategic programs



\$23.4 million
PILOT & ROW payments to the District



\$91.0 million

Funds core operations including critical infrastructure and facilities maintenance and repairs, software technology, legal, compliance, insurance, credit card fees, audit services, biosolids hauling services, government affairs, and workforce development



\$0.9 million
Continues the Leak Assistance Program for customers to repair property side leaks impacting water bills and expands the Backwater Valve Program to install backwater valves on private properties impacted by storm events in the District



\$280.2 million

Other non-operational needs for debt service and Paygo for the capital program

paygo



\$1.4 million

Funds the maintenance of the Green Infrastructure (GI) facilities to manage stormwater

\$137.8 million



Funds fixed and nondiscretionary costs for chemicals & supplies, water purchase, and utilities

FY 2023-2032 Capital Investments of \$6.95 billion

\$1.06 billion



Fully Funds DC Clean Rivers and other CSO projects to meet Consent Decree requirements



\$347 million

Invests in process equipment, specialized vehicles, and information technology infrastructure

Invests in the Aqueeduct's capital infrastructure

\$338 million



\$612 million to remove all lead service lines by **2030**

Continues investment in Water & Sewer infrastructure



\$1.40 billion
Ramps up to 1.5% replacement for small diameter water mains per year in FY 2028 and beyond



\$1.80 billion
Ramps up to 1.0% rehabilitation for small sewer lines per year in FY 2024 and beyond

\$141 million



Constructs the new Fleet and Sewer Facilities, renovates the Historic Main Pump Station, and restores the Main & O campus seawall



\$72 million

Improves stormwater pump stations to relieve local flooding

\$1.18 billion



Funds rehabilitation and upgrades at Blue Plains



Water is Life. Everything that we do – and every dollar that we spend – is in support of our customers. I am pleased to present our fiscal year 2024 budget, which balances customer rates with the necessary investments in people, infrastructure, and operations to provide essential water and sewer services to Washington, DC, and the region.

Investments in Aging Infrastructure

Our \$6.95 billion ten-year Capital Improvement Program (CIP) invests in the infrastructure needed to deliver reliable, resilient, and sustainable services to our customers. The CIP funds critical projects like the DC Clean Rivers Program, investments at the Blue Plains Wastewater Treatment Plant, and the Lead-Free DC program. The CIP also funds new fleet equipment, water and sewer infrastructure upgrades, and our share of the Washington Aqueduct's capital program.

Funding Operations

The approved FY 2024 operating budget of \$737.6 million invests in DC Water and our community. DC Water continues to be impacted by rising inflation, supply chain constraints and cost pressures in chemicals and energy. This year's budget prioritizes funds for rising costs due to external factors such as chemicals, energy, and insurance premiums and funds new initiatives to improve customer engagement and stakeholder communications.

Advancing Equitable Outcomes

DC Water provides water and sewer services to all, and our commitment is to ensure equitable outcomes. Every year we invest in vital infrastructure renewal projects that are expensive, but necessary to provide our services to all. Much of this construction work is done by contractors, and it is our duty to work with local and minority-owned contractors to perform this work. Through procurement initiatives and programs like DC Water Works, we find creative ways to advance businesses and people in Washington, DC and our service area.

We are also working to advance sustainability, and this means investing in projects that reduce the impact of our operations on the environment. Through our solar projects we are reducing the amount of carbon in the air, making it cleaner for all. We work to treat wastewater as a resource – producing biosolids that enrich the soil and implementing sewer heat recovery technology projects that can heat and cool buildings.

Customer Assistance

DC Water supports our customers every day by operating efficiently, but we know that some cannot afford the vital services that we provide. DC Water is proud to offer some of the most robust customer service programs in the nation. Our three tiers of Customer Assistance Programs (CAP) provide assistance to families with incomes up to the area's median income. We have also launched innovative programs to assist customers during COVID including one of the first multi-family assistance programs in the nation and a new "Catch-Up" incentive that will waive late fees and ten percent of past due amounts.

Team Blue

Every member of DC Water's Team Blue plays a vital role in the delivery of our services. This includes employees on the front lines operating machinery and maintaining our assets, those ensuring people and vendors are paid accurately and on time, and those improving our infrastructure. Every day we focus on providing superior service to all our customers. We will continue this vital work in Fiscal Year 2024 and beyond.

Matthew T. Brown

Budget at a Glance

Operating Expenditures (\$ Thousands)

Category	FY 2023 Revised	FY 2024 Approved
Authorized Headcount	1315	1342
Personnel Services	\$ 186,223	\$ 201,581
Chemicals	45,004	44,094
Supplies	9,624	10,474
Utilities	37,799	39,233
Contractual Services	88,504	93,070
Water Purchases	40,334	44,039
Small Equipment	1,108	1,437
Total Non-Personnel Services	\$ 222,373	\$ 232,347
Total Operations and Maintenance	\$ 408,596	\$ 433,928
Debt Service	231,232	231,953
PILOT & ROW	23,070	23,430
Payment in Lieu of Taxes	17,970	18,330
Right of Way	5,100	5,100
Cash Financed Capital Improvements	23,505	48,256
Total Debt Service/PILOT/ROW/CFCI	277,807	303,639
Total Operating Expenditure	\$ 686,403	\$ 737,567
Less: Capital Labor	(30,435)	(31,974)
Total Net Operating Expenditure	\$ 655,968	\$ 705,593

Capital Disbursements (\$ Thousands)

Service Areas	FY 2023 Revised	FY 2024 Approved
Non-Process Facilities	\$ 22,104	\$ 24,614
Wastewater Treatment	71,907	84,442
Clean Rivers	104,558	100,329
Combined Sewer	3,473	9,927
Stormwater	7,509	12,839
Sanitary Sewer	68,031	118,457
Water	108,909	188,371
Capital Projects	\$ 386,492	\$ 538,981
Capital Equipment	47,421	30,535
Washington Aqueduct	67,523	35,155
Additional Capital Programs	\$ 114,944	\$ 65,690
Total CIP	\$ 501,437	\$ 604,671

Operating Revenues (\$ Thousands)

Category	FY 2023 Revised	FY 2024 Approved
Residential	\$ 130,840	\$ 138,719
Commercial	197,558	208,553
Multi-family	148,058	153,979
Federal Government	84,768	89,987
Municipal & Housing	37,411	39,843
Water System Replacement Fee	39,717	39,717
Metering Fee	24,083	24,083
Wholesale	104,560	106,519
Other Revenue	75,447	77,115
Total Operating Revenue	\$ 842,442	\$ 878,515



The Potomac Interceptor

Capital Revenues (\$ Thousands)

Source	FY 2023 Revised	FY 2024 Approved
Wholesale Capital Payments	\$ 75,288	\$ 84,142
Federal Grants & CSO Appropriations	33,685	70,651
Interest Income on Bond Proceeds	15,169	10,621
Pay-Go Financing	173,365	194,222
Debt Proceeds	38,211	180,488
System Availability Fee	7,700	7,700
Curing Pad and Solar	-	3,009
Total Capital Revenue	\$ 343,418	\$ 550,833

The Strategic Plan

DC Water’s five year strategic plan, called Blueprint 2.0, demonstrates the commitment of our Board of Directors, management team, and workforce to meet our challenges head on and to exceed ratepayer expectations by providing high quality water services in a safe, environmentally friendly, and efficient manner, while positioning DC Water for success in the coming years.

DC Water’s budget is prepared through a collaborative and decentralized process, guided by its strategic plan. The Blueprint 2.0 includes five interconnected imperatives and lays out defined outcomes essential to achieving the strategic goals over the next five years and beyond. Detailed information about the strategic plan is available online at www.dewater.com/strategic-plan.

The Blueprint 2.0 Imperatives



Healthy, Safe and Well
Is everybody we impact healthy, safe and well?

Reliable
Can we deliver our agreed service level in an efficient and effective manner?

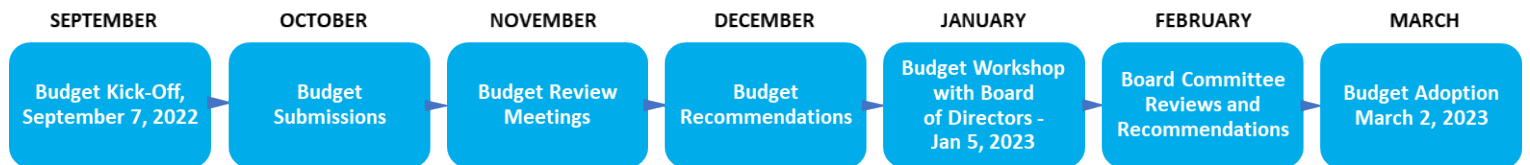
Resilient
Are we able to cope with and recover from disruption, anticipating shocks and stressors to maintain service?

Sustainable
Are we able to meet the needs of the present without compromising the ability of future generations to meet their own needs?

Equitable
Are we operating in an equitable manner to enable our employees, partners, customers, and communities to prosper?















The Budget Process

DC Water’s budget is the fiscal roadmap that allocates and aligns spending plan with the imperatives and goals of the strategic plan. The rigorous budget process balances the level of infrastructure investments and operational requirements with customer rates. The budget process encourages ideas to be brought forward by all departments with detailed workplans that incorporate the imperatives, goals and workstreams of Blueprint 2.0. The strategic plan serves as the primary lens through which budget requests are evaluated against established prioritization criteria and final budget decisions are made. The budget proposals are reviewed with the various Board Committees and subsequently adopted by the full Board of Directors.



The budget submissions are reviewed and prioritized to balance what we ask from our customers with the Board-adopted multi-year retail rates. In an effort to align the budget with the imperatives and goals of the strategic plan, all budget requests for existing and new programs were evaluated and scored against established prioritization criteria. These criteria include regulatory requirements/mandates, health and safety, Board policy, process improvements and new revenue generation. Additionally, Equity Approach was incorporated into the CIP decision-making process. This provides consideration for communities through equitable projects to ensure inclusive and diverse representation, a sustainable operating and delivery model, and efficient use of economic resources.

Below are some of the major programs included in DC Water’s operating and capital budgets and how they align with the various connected imperatives of Blueprint 2.0.

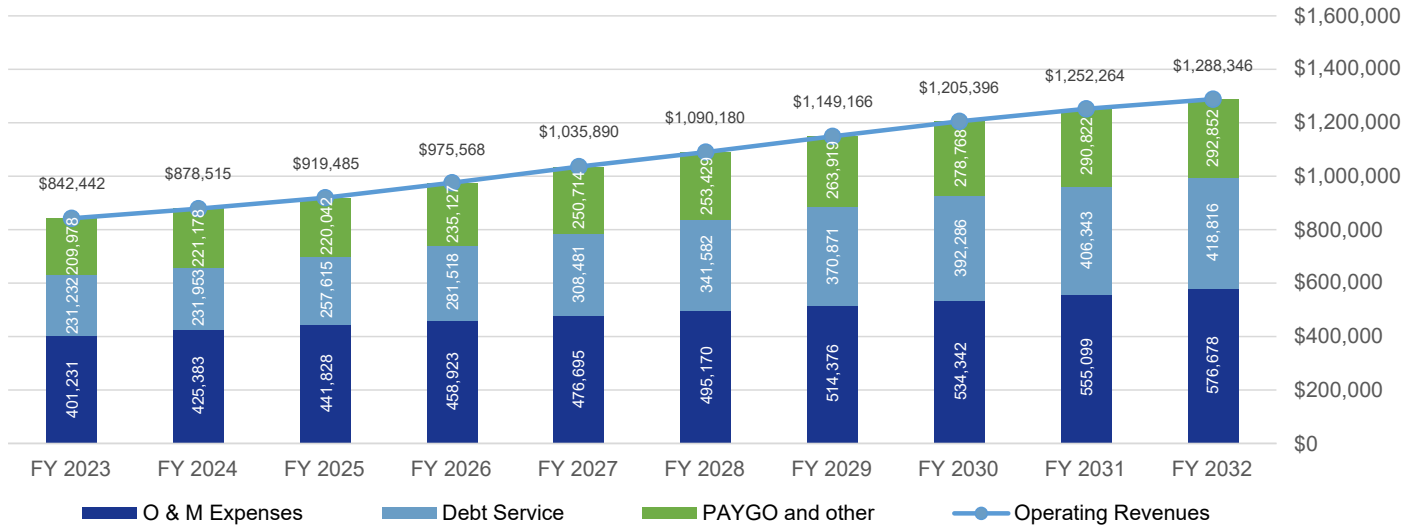
Blueprint 2.0 Imperatives	Program Description
	<p>Complete the Clean Rivers Program by 2030 to reduce Combined Sewer Overflows (CSO) and meet the District’s water quality standard. Achieve 96 percent system-wide capture mandate for removal of trash, debris etc. from the Anacostia and Potomac Rivers and Rock Creek.</p>
	<p>Complete the Lead Free DC program to remove all lead lines by 2030, promote equity and leverage external funding.</p>
	<p>Expand training and learning opportunities for operational crews including “Hazard Awareness Training” and “Hands on Drills” etc. Expand the Apprenticeship Program to provide learning and job opportunities to residents in the metro region.</p>
	<p>Continue proactive and predictive maintenance programs to assure equipment availability and value-driven Asset Management Operator Driven Reliability program.</p>
	<p>Increase collaborative efforts between operations and engineering departments to ensure process enhancements and support the delivery of capital projects.</p>
	<p>Safeguard the resilience of water supply, secure the assets of DC Water and prepare for and learn from emergency responses and adapt to the impacts of climate change.</p>
	<p>Support development of high performing teams to increase resiliency and ensure safety of the operational crews that provide water and wastewater treatment services.</p>
	<p>Enhance preparedness for tackling contaminants of emerging concern through research and (regulatory driven) monitoring.</p>
	<p>Increase marketing and sales of Bloom products and Renewable Energy Credits (RECs). Complete the construction and registration of Brentwood and Fort Stanton Reservoirs for SRECs.</p>
<p>Legend:  Healthy, Safe and Well  Reliable  Resilient  Equitable  Sustainable</p>	



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 for indenture requirements, and sufficient liquidity to meet all the Authority's financial obligations.

FY 2023 - FY 2032 Financial Plan (\$ Thousands)



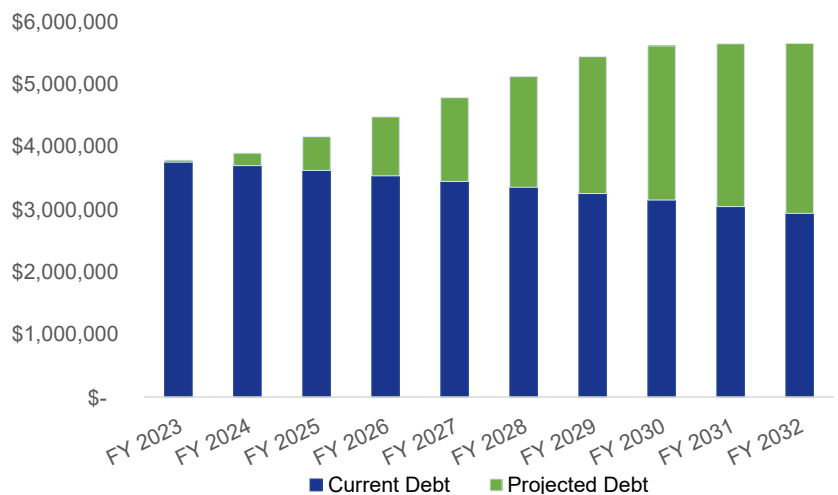
Debt Management

DC Water continues to maintain strong financial performance and bond ratings. The credit ratings on our senior lien bonds remain at AAA/Aa1/AA+ ratings by Standard and Poor's Ratings Services, Moody's Investors Service and Fitch Ratings, respectively. This allows DC Water to have a lower borrowing cost which in turn reduces ratepayer cost in the long run. These notable results are due to the Authority's solid financing team, outstanding financial performance, and management of our capital program. Additional information for current and future investors is available at www.dewater.com and www.dewaterbonds.com.

The Authority uses debt to finance its capital program and refund existing debt in the best interest of DC Water to obtain debt service savings. Debt management consists of managing funds borrowed through revenue bonds, commercial paper, and other short-term notes. Currently, debt financing represents approximately 40 percent of the funding in the ten-year financial plan and 34 percent of the FY 2023 operating budget. In FY 2023, DC Water began to draw on the 2021 Federal loan under the Water Infrastructure and Finance Innovation Act (WIFIA).

As of December 31, 2022, DC Water had an outstanding WIFIA loan amount of \$20.5 million. The Authority's total long-term debt, including current maturities was \$3.7 billion at the end of FY 2022, and is projected to increase over the next ten years primarily due to continuous investment in our ageing infrastructure.

FY 2023 - FY 2032 Current and Projected Debt

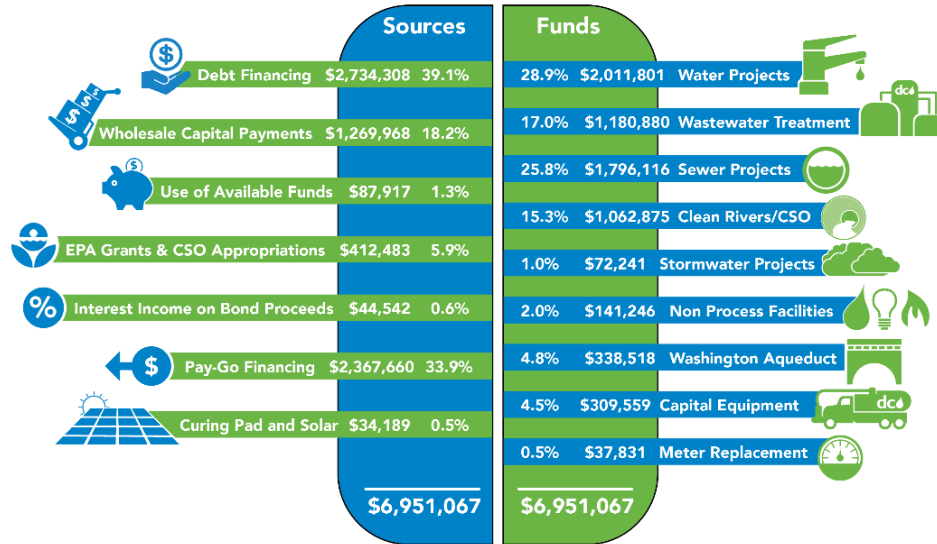


Sources & Uses of Funds

DC Water is a cost-recovery organization that does not make a profit. The Authority requires a reliable and predictable revenue stream to pay for capital investments and forecasted operating expenditures as well as meet or exceed our Board policies and other financial metrics.

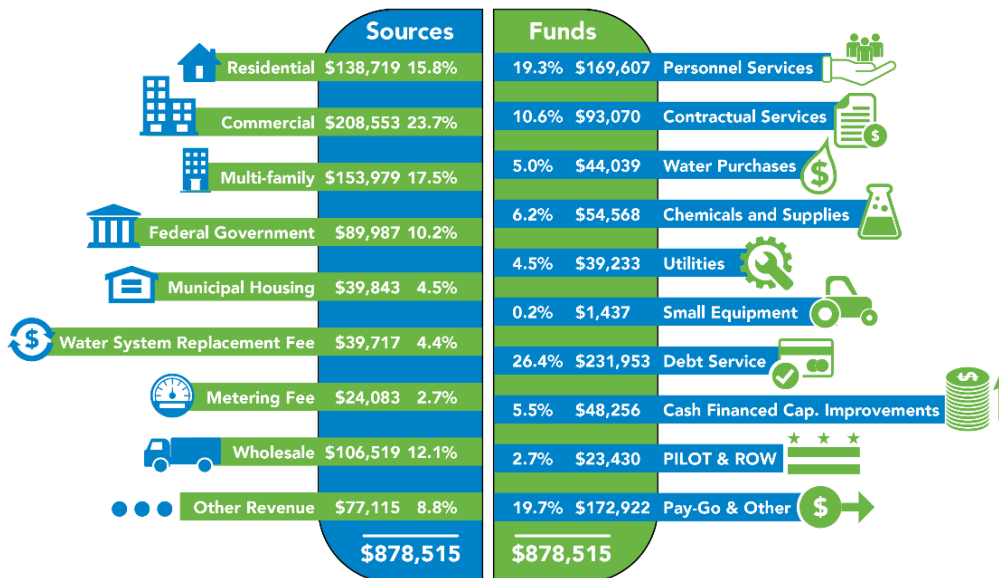
DC Water relies on several funding sources to finance its capital program and cash flow needs. Over the ten-year period, 73 percent is funded by debt and pay-go financing, 18.2 percent is capital payment from our Wholesale customers, 5.9 percent is from grant funding and federal appropriations and the remaining 3.1 percent is from interest income and other available funds.

FY 2023 – FY 2032 CIP Sources & Uses of Funds (\$ Thousands)



DC Water has a diverse customer base and thus receives cash from a variety of sources. This diversity mitigates reliance on any single customer category and provides a level of revenue stability. Our customers are classified as retail (residential, multi-family and non-residential) and wholesale customers only. DC Water uses these receipts to pay the salaries, overtime and benefits for its workforce, meet the financial obligations necessary to operate and maintain assets and facilities, purchase drinking water from the Washington Aqueduct and pay the debt service costs to support the capital program.

FY 2024 Operating Sources & Uses of Funds (\$ Thousands)





DC Water’s annual operating budgets provide the resources necessary to sustain a multi-billion-dollar water 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.

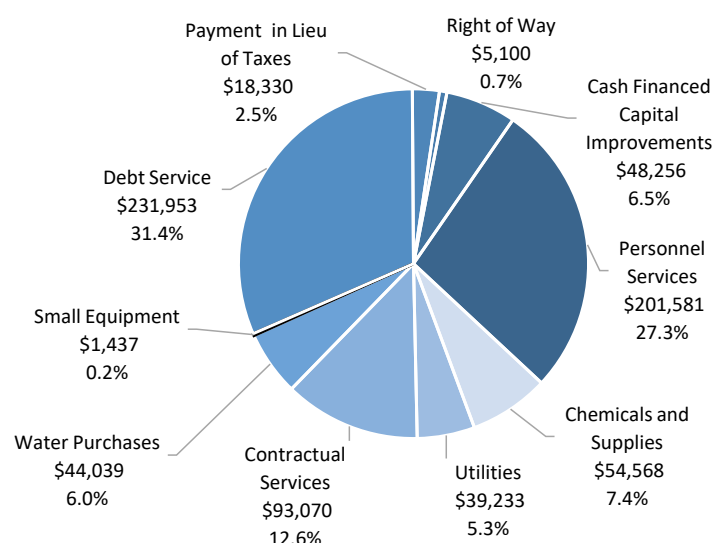
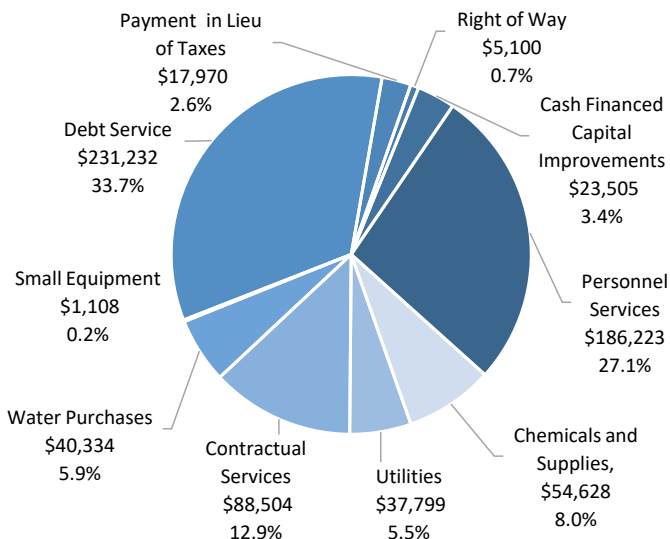
The approved FY 2024 budget totals \$737.6 million, an increase of \$51 million or approximately 7.5 percent compared to the revised FY 2023 budget. The increase is mainly for the operations and maintenance (O&M) costs, and the debt service and Pay-Go financing requirements to support the Authority’s Capital Improvement Program. The O&M budget includes projected increases in personnel services for 17 new positions and other fixed costs such as chemicals, utilities, and water purchases. This budget funds increased costs in the areas of professional services to meet our maintenance needs. DC Water has increased investment in our human capital (which includes our Apprenticeship Program), and are also expanding our Backwater Valve Program, Leak Detection Program, and our Customer Assistance Programs (CAP & CAP2) in FY 2024.

Detailed descriptions of the FY 2023 and FY 2024 operating budgets are available online at www.dewater.com.

Comparative Operating Budgets by Category (\$ Thousands)

Revised FY 2023 \$686,403

Approved FY 2024 \$737,567



DC Water's organizational structure is a key tool for ensuring that the organizational mission is achieved. The structure consists of various departments that are defined primarily along functional roles and further grouped along service lines (Operational or Administrative) or reporting clusters of authority to ensure accountability and to enhance efficiency and delivery of various services.

Authorized Headcount and Budget by Department (\$ Thousands)

Authorized Headcount	FY 2023 Revised Budget	Department	FY 2024 Approved Budget	Authorized Headcount
2	\$635	Secretary to the Board	\$584	2
6	2,772	Office of the CEO	2,954	6
	745	Internal Audit	805	
5	1,432	Office of the Chief Operating Officer	1,764	4
13	\$5,585	Independent Offices	\$6,107	12
14	\$3,243	Marketing & Communications	\$4,793	18
6	1,669	Office of Emergency Management	1,659	6
10	7,504	Fleet Management	7,626	9
17	2,622	Occupational Safety & Health	3,589	19
53	9,781	Facilities Management	10,500	53
7	8,651	Security	9,245	7
93	\$30,227	Shared Services	\$32,619	94
60	25,329	Finance	26,951	60
42	7,488	Procurement and Compliance	8,138	42
	1,000	Non-Ratepayer Revenue Fund	500	
102	\$33,817	Finance, Procurement & Compliance	\$35,589	102
10	\$2,856	Strategy & Performance	\$3,609	11
34	\$9,928	People & Talent	\$9,919	34
123	\$21,080	Customer Care	\$21,201	122
37	\$10,252	Information Technology	\$11,271	37
14	\$8,351	Government & Legal Affairs	\$8,345	14
136	23,336	Engineering & Technical Services	23,349	141
31	5,034	CIP Infrastructure Management	5,549	32
21	3,432	Wastewater Engineering	3,746	21
29	4,428	Permit Operations	5,475	29
217	\$36,230	Engineering	\$38,119	223
258	134,352	Wastewater	139,117	266
221	72,195	Water Operations	76,317	214
178	37,421	Pumping & Sewer Operations	42,703	183
657	\$243,968	Operations	\$258,136	663
11	\$4,118	Watershed Management	\$4,219	12
1325	\$409,655	Total Operations and Maintenance	\$433,928	1342
	230,173	Debt Service	231,953	
	23,070	PILOT&ROW	23,430	
	23,505	Cash Financed Capital Improvements	48,256	
	276,748	Total Debt Service, PILOT & ROW, CFCI	303,639	
1325	\$686,403	Total Operating Expenditure	\$737,567	1342
	(30,435)	Less: Capital Labor	(31,974)	
	\$655,968	TOTAL NET OPERATING EXPENDITURE	\$705,593	



Capital Improvement Program (CIP)

DC Water’s ten-year Capital Improvement Program (CIP) provides the framework for the development, prioritization, implementation, and measurement of the capital projects undertaken. The Board-approved FY 2023 – FY 2032 CIP disbursement budget of \$6.95 billion increased by approximately \$531 million compared to the previous plan.

The budget fully funds the Clean Rivers Program to meet the consent decree requirements and achieves the Lead-Free DC goals, by 2030 respectively. This budget also funds’ investments for major rehabilitation and upgrades at Blue Plains, DC Water’s share of the Washington Aqueduct’s infrastructure program, capital equipment purchases for vehicles, heavy-duty Fleet equipment, meters, pumps, and information technology systems.

The overall ten-year CIP continues DC Water’s commitment to increase investments in its aging water and sewer infrastructure. This plan ramps up the small diameter water mains replacements to 1.5 percent per year in FY 2028 and beyond. Additionally, the plan continues the ramp up to one percent rehabilitation for small sewer lines per year in FY 2024 and beyond.

The FY 2023 and FY 2024 capital budgets total \$501.4 million and \$604.7 million, respectively (cash disbursement basis). The lifetime budget is \$14.6 billion covering total commitments including labor 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 www.dcwater.com.

FY 2023 – FY 2032 Capital Improvement Program (\$ Thousands)

FY 2023 Revised	FY 2024 Approved	Service Area	Ten-Year Disbursement Plan	Total Lifetime Budget
\$22,104	\$24,614	Non Process Facilities	\$141,246	\$269,010
71,907	84,442	Wastewater Treatment	1,180,881	3,535,160
108,031	110,256	Combined Sewer Overflow	1,062,875	3,216,072
7,509	12,839	Stormwater	72,241	216,779
68,031	118,457	Sanitary Sewer	1,796,116	2,727,733
108,909	188,371	Water	2,011,801	3,572,035
\$386,492	\$538,981	Capital Projects	\$6,265,159	\$13,536,789
47,421	30,535	Capital Equipment	347,390	347,390
67,523	35,155	Washington Aqueduct	338,518	338,518
\$114,944	\$65,690	Additional Capital Programs	\$685,909	\$685,909
		Labor		404,476
\$501,437	\$604,671	Total Capital Budgets	\$6,951,067	\$14,627,173

Measure of Priority (\$ Thousands)

Mandates	Health and Safety	Board Policy	Potential Failure	High Profile / Good Neighbor	Good Engineering / High Payback	Good Engineering / Lower Payback	Total	
Agreements, Regulatory Standards, Court Orders, Issues and Permits Requirements, Stipulated Agreements, Etc.	Required to address Public Safety	Undertaken as a result of the Board's commitment to outside agencies	Related to Facilities in danger of failing, or critical to meeting permit requirements	Address Public Concerns	Need to fulfill Mission and upgrade Facilities	Lower Priority Projects		
FY 2023	\$106,715	\$53,232	\$77,481	\$41,222	\$1,493	\$146,547	\$74,747	\$501,437
FY 2024	100,452	20,372	132,402	41,685	702	192,996	116,062	604,671
FY 2025	135,645	9,954	167,859	57,100	1,842	260,642	151,021	784,064
FY 2026	172,452	11,242	178,345	40,278	2,076	255,501	178,355	838,249
FY 2027	136,585	12,066	180,531	37,264	3,284	297,956	191,502	859,188
FY 2028	146,829	7,326	177,995	91,761	634	283,347	184,753	892,646
FY 2029	132,388	18,963	146,165	50,911	0	302,947	190,080	841,454
FY 2030	33,847	15,838	137,736	48,044	0	248,214	193,356	677,036
FY 2031	0	7,206	96,590	35,411	0	171,482	196,957	507,647
FY 2032	0	369	93,104	26,655	0	159,660	164,889	444,676
Total	\$964,912	\$156,569	\$1,388,208	\$470,332	\$10,030	\$2,319,293	\$1,641,724	\$6,951,067
% of Total	13.9%	2.3%	20.0%	6.8%	0.1%	33.4%	23.6%	100.0%

Major Capital Investments

DC Clean Rivers

The Potomac River Tunnel is the next major tunnel to be constructed as part of the Clean Rivers Project. It is designed to control the CSOs along the Potomac River between Joint Base Anacostia Bolling and Georgetown University from 2024 to 2030. The project will reduce CSO overflow volume to the Potomac River by 93 percent in an average year of rainfall, thereby improving the water quality for the benefit of all.



LeadFree DC

DC Water launched the LeadFree DC Program in 2019 to accelerate lead service line replacement and combine all lead reduction efforts under one banner. DC Water estimates the District of Columbia has more than 28,000 service lines with lead or galvanized-iron pipe. It is our goal to replace all of them with copper pipe by 2030.



Sewer Replacement and Rehabilitation

DC Water is performing sewer rehabilitation projects throughout the city as part of its Capital Improvement Program. Up to one percent of small and local sewers will be replaced per year, and larger sewer lines such as the Soapstone Valley Park Sewer Rehabilitation Project and the Potomac Interceptor will address aging and defective sewer pipes of wastewater from as far away as Dulles International Airport.



Washington Aqueduct

The Washington Aqueduct treats and provides water to the District of Columbia, Arlington County, and the City of Falls Church in Virginia. DC Water shares in the costs of infrastructure improvements to achieve established service levels.



Water Main Replacement and Rehabilitation

As part of its Capital Improvement Program, DC Water is replacing small diameter water mains in various locations throughout the city, ramping up to 1.5 percent per year, along with critical larger water mains and valve replacements. These improvements will help improve water quality and system reliability, increase water pressure in some areas, and maintain adequate flows throughout the system.



Blue Plains Advanced Wastewater Treatment Plant

DC Water is performing a number of projects at the Blue Plains Advanced Wastewater Treatment Plant to maintain reliable treatment, improve efficiency, and enhance resource recovery and reuse. This includes design and construction of filter influent pumping and underdrain replacements, gravity thickener upgrades, a new Biosolids Curing Pad, concrete structural repairs, and various electrical system upgrades.





Operating Revenues, Rates, Fees & 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 (CRIAC). 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 our rate structure, FY 2021 rates and Customer Assistance Programs (CAP) and performed analysis of rates and CAP for comparable jurisdictions (e.g., benchmarking). The findings of the study concurred that DC Water’s current rate structure, customer classes, monthly water lifeline threshold of four 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 expanded benefits for CAP customers.

2022 Cost of Service Study

In FY 2022, DC Water conducted a Cost of Service Study (COS) to align the cost of providing service to the customers with the multi-year rate proposals. The COS consisted 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? This study will be done every two years going forward.

Multi-Year Rates

DC Water’s Board approved its fourth multi-year rate proposal covering the periods of FY 2023 and FY 2024. The FY 2023 rates became effective October 1, 2022. The benefits of multi-year rates include greater revenue certainty, increased budget discipline and better alignment between revenues and expenditures.

Because of efforts to reduce the growth of operating costs, the overall charges for average household customer for FY 2023 is 6.0 percent as compared to 6.7 percent in the previous forecast and for FY 2024, it is 5.4 percent as compared to 8.8 percent in the previous forecast.

Operating Revenues (\$ Thousands)

Category	FY 2023 Revised	FY 2024 Approved
Residential	\$ 130,840	\$ 138,719
Commercial	197,558	208,553
Multi-family	148,058	153,979
Federal Government	84,768	89,987
Municipal & Housing	37,411	39,843
Water System Replacement Fee	39,717	39,717
Metering Fee	24,083	24,083
Wholesale	104,560	106,519
Other Revenue	75,447	77,115
Total Operating Revenue	\$ 842,442	\$ 878,515

FY 2023 - FY 2024 Retail Rates and Fees

Description of Rates and Fees	Units	FY 2023	FY 2024	FY 2024	
		Approved	Approved	Increase/Decrease	
DC Water Retail Rates – Water		\$	\$	\$	%
• Residential 0-4 Ccf (Lifeline) ²	Ccf	\$4.28	\$4.38	\$0.10	2.3%
• Residential – > 4 Ccf ²	Ccf	\$5.58	\$5.70	\$0.12	5.2%
• Multi-family / DC Housing ²	Ccf	\$4.90	\$5.00	\$0.10	2.0%
• Non-Residential	Ccf	\$5.78	\$5.89	\$0.11	1.9%
DC Water Retail Rates – Sewer	Ccf	\$11.26	\$11.70	\$0.44	3.9%
DC Water Clean Rivers IAC	ERU	\$18.14	\$21.86	\$3.72	20.50%
DC Water Customer Metering Fee	5/8"	\$7.75	\$7.75	\$0.00	0.0%
DC Water System Replacement Fee ¹	5/8"	\$6.30	\$6.30	\$0.00	0.0%
District of Columbia PILOT Fee	Ccf	\$0.59	\$0.61	\$0.02	3.4%
District of Columbia Right-of-Way Fee	Ccf	\$0.19	\$0.19	\$0.00	0.0%
District of Columbia Stormwater Fee	ERU	\$2.67	\$2.67	\$0.00	0.0%
Groundwater Rate	Ccf	\$3.42	\$3.50	\$0.08	2.3%
WAD Rate	Ccf	\$3.21	\$3.30	\$0.09	2.8%

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

(2) Approved Class-Based Rates

Clean Rivers Impervious Area Charge (CRIAC)

The CRIAC is a separate sewer service fee established in FY 2009 to recover the \$2.99 billion cost of implementing the DC Clean Rivers Project (the District's CSO-Long Term Control Program). The proposed monthly CRIAC ranges from \$18.14 per Equivalent Residential Unit (ERU) in FY 2023 to \$31.32 per ERU in FY 2032. From 2011 until 2021, all funds for the Clean Rivers program were from the 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 \$300.8 million through Federal appropriations as of January 20, 2023.

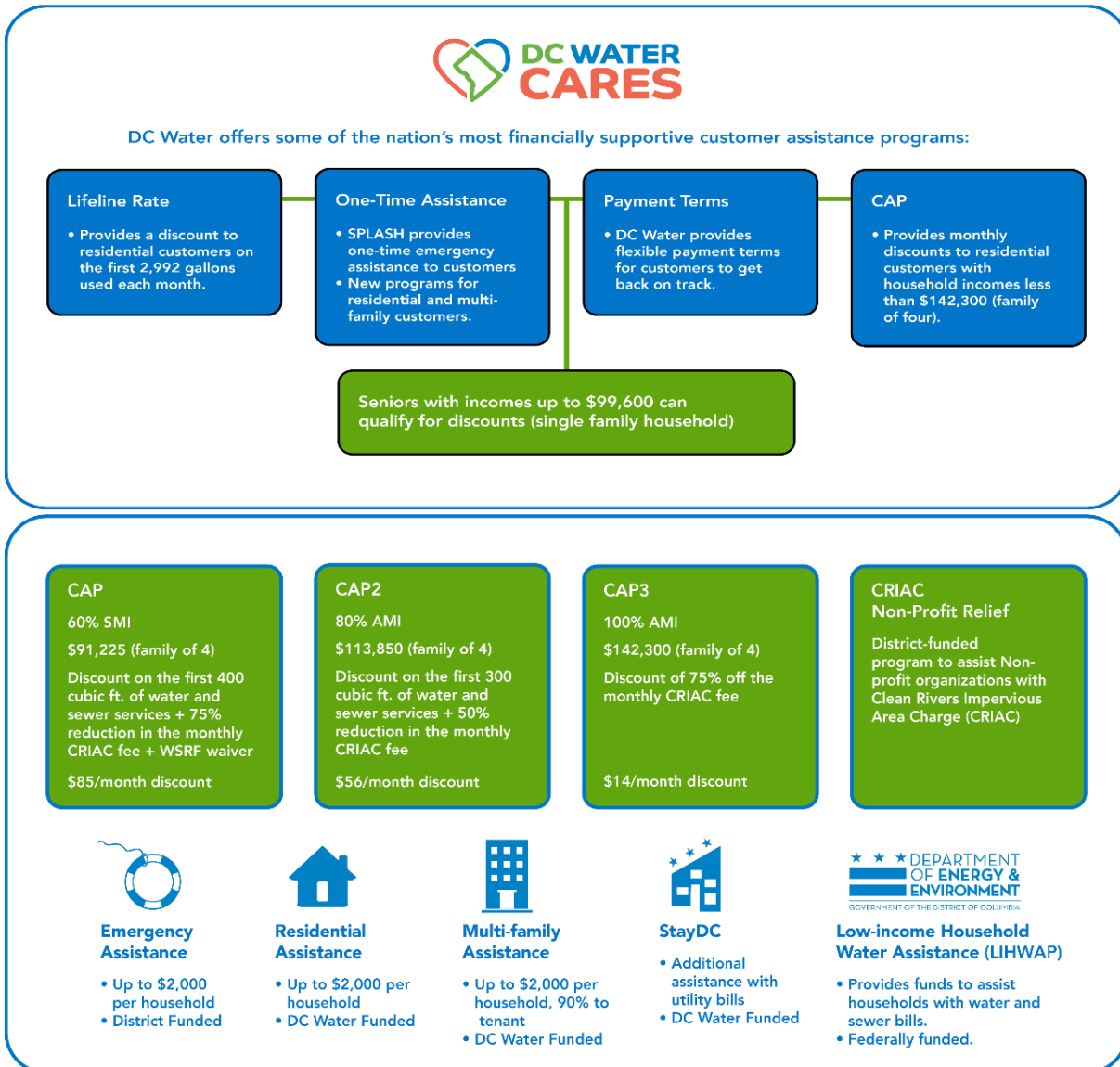
Based on an assessment, on average, 37 percent of the volume in the new tunnels is from wastewater. Therefore, 37 percent of clean rivers cost are in the sewer volumetric rate. In FY 2020, the CRIAC discount increased from four percent to 20 percent for customers who implement Stormwater Best Management Practices.



Clean Rivers Tunnel Construction Shaft

Customer Affordability

DC Water offers some of the most robust customer assistance programs in the nation. In the District of Columbia, one-fourth of the residents live below the poverty line, thus rate affordability is of the 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 four percent of the median household income to be considered affordable (two percent for water and two percent for sewer). Using the last available data (2019), 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:



Regional Economy

DC Water's service area has historically been resilient, even during fluctuations in nationwide economic conditions. Employment at the U.S. government and all of the professional and service industry firms that support the federal government have been a steady force through various economic cycles.

A major local employer, the federal government, remains relatively stable for this employment sector for the past few years. The population of the District grew by almost 70,000 people from 2010 to 2021. Per capita incomes within the District and for the region as a whole continue to be higher than the U.S. average. Regional office vacancy rates have increased during a period of unprecedented challenges while retail vacancy rates remain relatively low. The strengths of the District are complimented by its highly rated partners: the federal government and wholesale wastewater users. Select demographic charts that follow support the overall positive outlook for the Washington Metropolitan region and its economy.

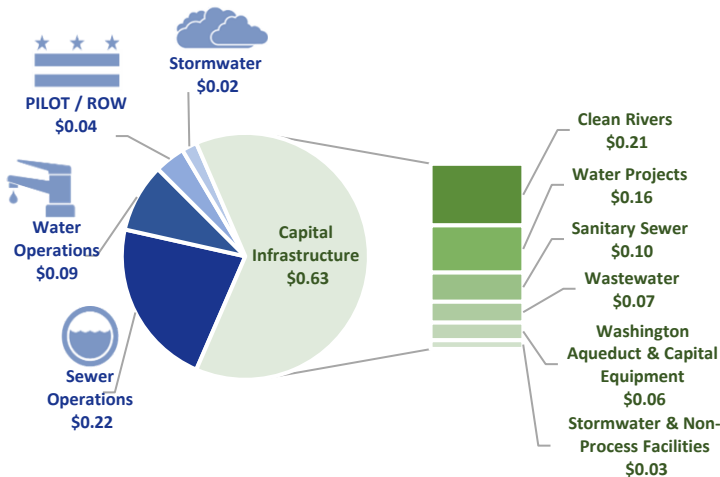
FY 2023 - FY 2024 Average Residential Customer Monthly Bill

DC WATER RATES AND FEES	Approved FY 2023	Approved FY 2024
DC Water Water and Sewer Retail Rates ⁽¹⁾	\$ 86.07	\$ 89.03
DC Water Clean Rivers IAC ⁽²⁾	18.14	21.86
DC Water Customer Metering Fee	7.75	7.75
DC Water Water System Replacement Fee ⁽⁴⁾	6.30	6.30
Subtotal DC Water Rates & Charges	\$ 118.26	\$ 124.94
DISTRICT OF COLUMBIA CHARGES		
District of Columbia PILOT Fee ⁽¹⁾	\$ 3.20	\$ 3.31
District of Columbia Right-of-Way Fee ⁽¹⁾	1.03	1.03
District of Columbia Stormwater Fee ⁽³⁾	2.67	2.67
Subtotal District of Columbia Charges	\$ 6.90	\$ 7.01
Total Amount Appearing on DC Water Bill	\$ 125.16	\$ 131.95
Percent Increase in Total Bill	6.0%	5.4%

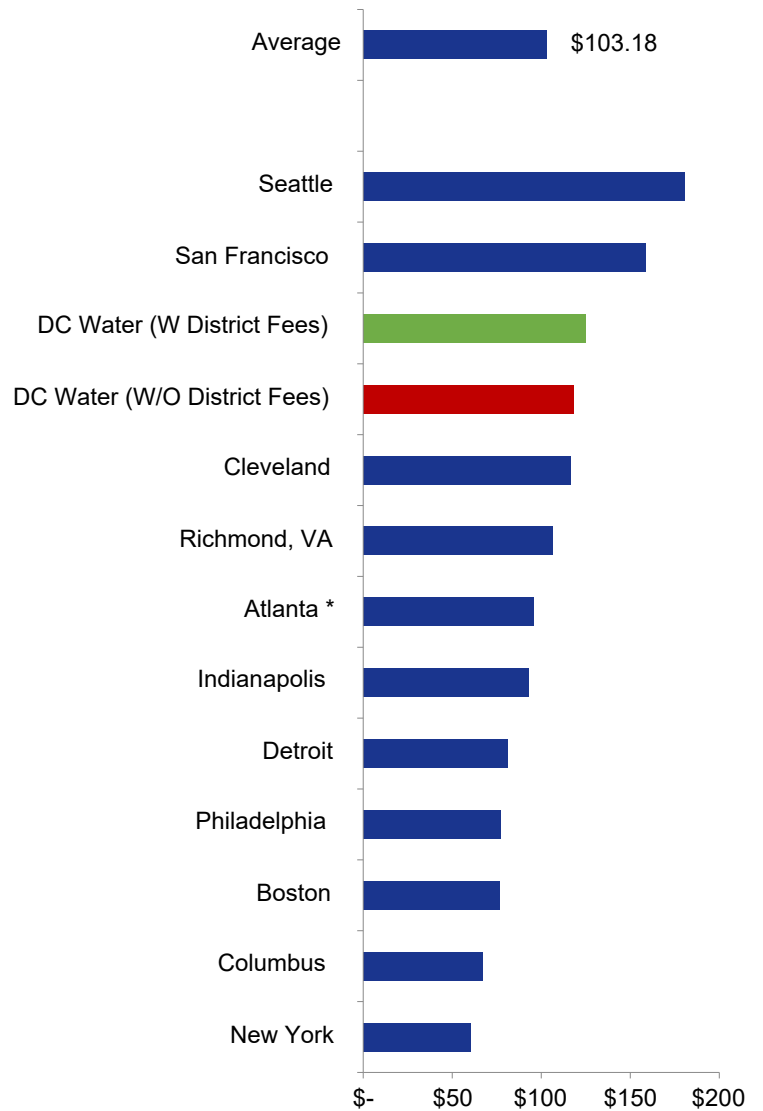
- (1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)
- (2) Assumes average 1 Equivalent Residential Unit (ERU)
- (3) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010
- (4) DC Water "Water System Replacement Fee" of \$6.30 for 5/8" meter size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

FY 2024: Where Does Your Money Go?

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



DC Water Compared to Consent Decree Cities



**Get current,
Get assistance or
Get on a payment plan.**

Call us at 202-354-3600 or
email cares@dcwater.com





dcwater.com