

dc

Executive Budget Summary

Approved FY 2022 • Adopted April 1, 2021

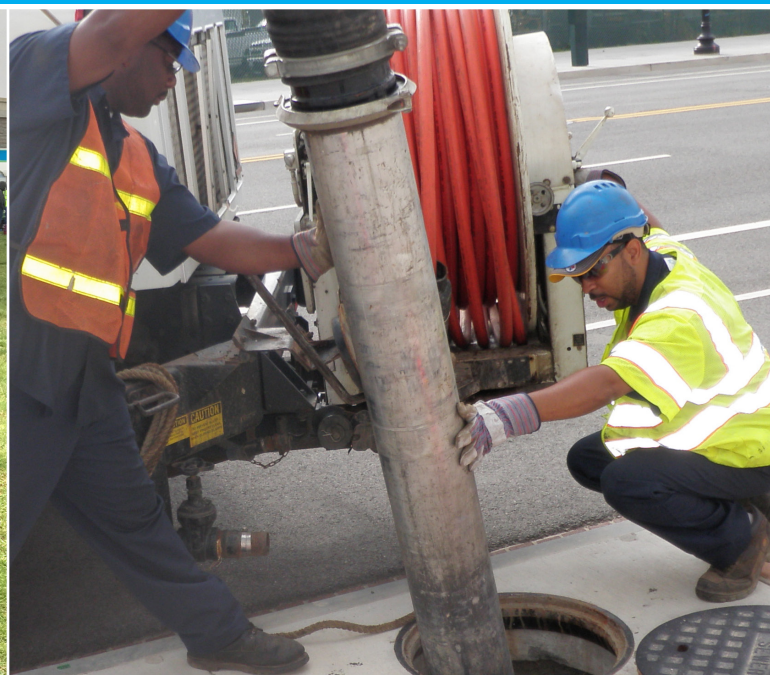
(Fiscal year starting October 1)

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.

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. DC Water is currently undertaking a refresh of “The Blueprint” and management anticipates delivering “The Blueprint 2.0” to the Board of Directors during 2021. The revisions to the strategic plan will help ensure that DC Water continues to focus on the priorities, trends and opportunities that will drive operational excellence.



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

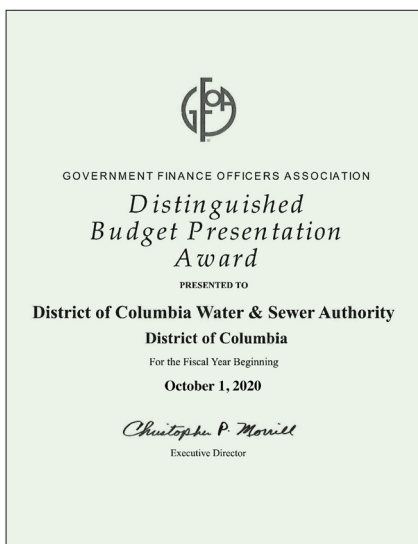
Exceed expectations by providing high quality water services in a safe, environmentally friendly and efficient manner.

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

Inside

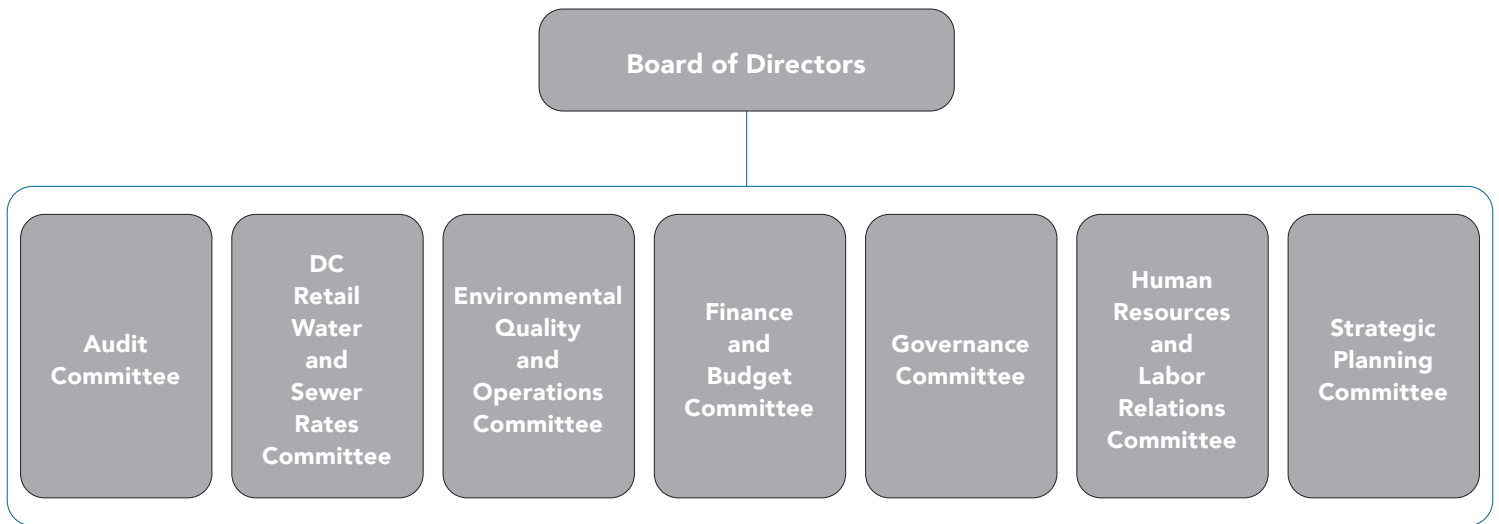
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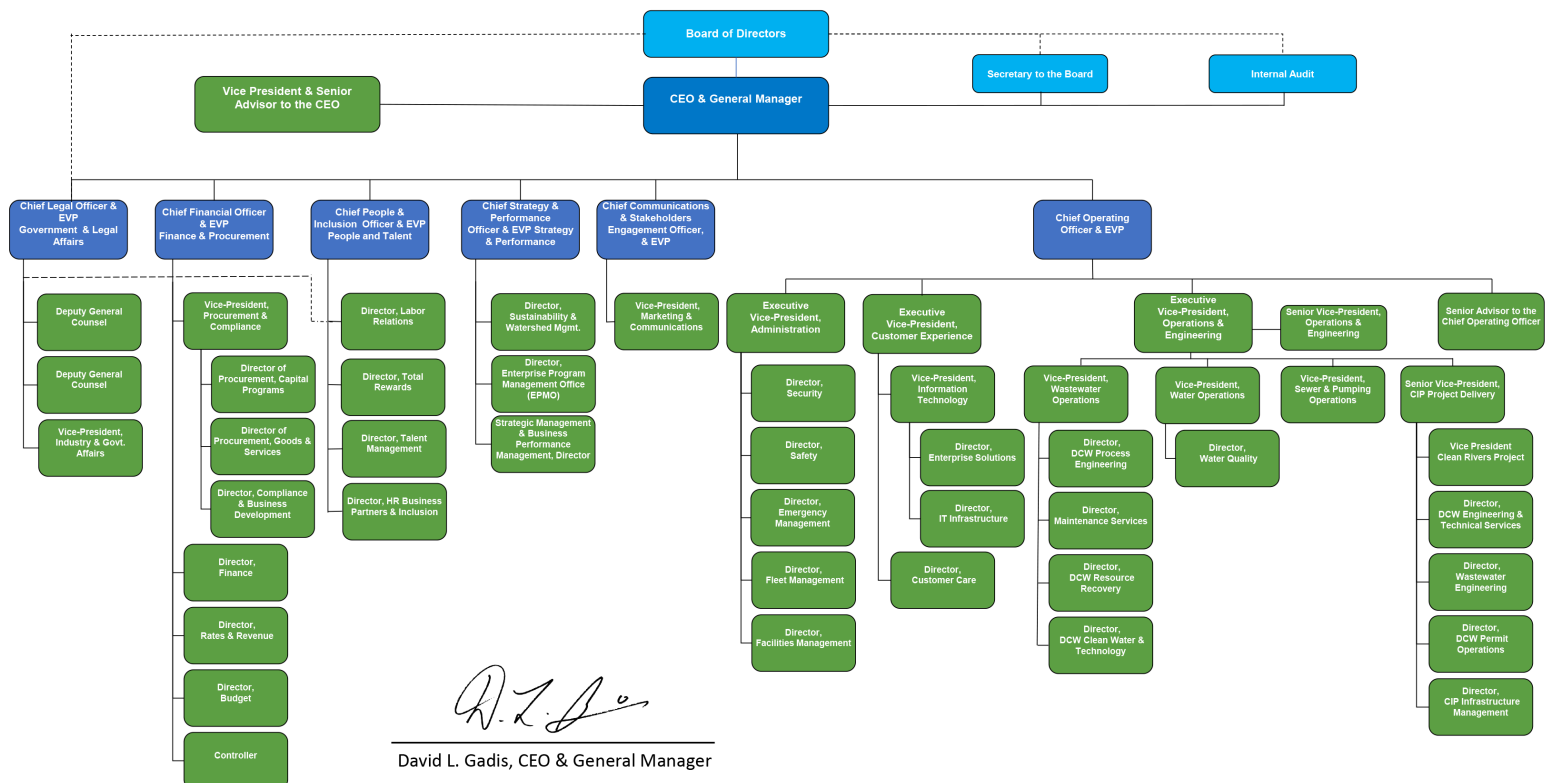
Organizational Governance and Structure

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 Leadership (as of March 2021)





The past year has challenged the way we do business and the way we relate to each other. At DC Water, like everywhere else, the pandemic altered the lens through which we see the world around us. As it became clear that COVID-19 would force immediate action, I prioritized our employees, our

customers, and our ability to deliver critical services. While doing this, DC Water managed its finances in a way that avoided the need for layoffs or furloughs - adding stability and structure to a very stressful time for many of our workers.

Resilience and Readiness

Ensuring the safety of our customers and employees was foremost in our minds, and we applied guidance from the CDC and health departments to develop policies that advanced the safety and health of our employees and the customers we serve. Early on, we recognized the severity of the pandemic and were the first utility in the District to pause service disconnections so that everyone retained water and sewer service, something critical in fighting the outbreak. We also reconnected those customers who had recently been shut off and those who requested service restoration.

I activated our Incident Management Team and its systems that enable rapid cross-functional communication and collaboration. As the region faced lockdown, furloughs and job loss, our staff sought creative ways to assist customers in paying their water and sewer bills. We partnered with the District to establish emergency funding and even created a unique program for tenants in eligible multifamily dwellings. This program is cutting-edge as it is one of a few in the nation designed to aid customers who do not pay their water and sewer bills directly. This year's budget continues funding these emergency programs demonstrating our commitment to affordability and providing for the underserved.

Lead Free DC Program

While battling the pandemic, we never lost sight of our long-term commitments and priorities. We unified our suite of lead pipe replacement programs under one umbrella and put a team in place to develop policies and strategy to reach an ambitious goal. Through Lead Free DC, we plan to eliminate lead service lines in the District by 2030. Doing so will require partnerships and alternative funding strategies with the District and other partners.

Engaging our Local Community

This budget supports our partnership with the business community. We are committed to working towards our long-term goals in a strategic and sustainable way and to address the needs of our diverse business community. We continue to expand programs to attract and engage diverse suppliers in the economic activities of DC Water and to ensure these businesses know about opportunities and understand the requirements.

We continue to invest in our Capital Improvement Program (CIP) to provide critical infrastructure services to the nation's capital and the region. This CIP will provide business and job opportunities for our local economy. We are on schedule and on budget to meet the consent decree requirements of the Clean Rivers Project to significantly improve the health of the District's three waterways.

With this budget, we can meet the challenges of not only the past year, but also what we will be dealt in the coming year. I credit Chief Financial Officer Matthew Brown and his team for their commitment to the budget process and to their financial management during the public health emergency. I also thank the Executive Leadership Team and Board of Directors for their guidance and for supporting this budget.

David L. Gadis

DC Water Budget Overview

DC Water Budget Overview FY 2022 Operating Budget of \$658.4 million

\$178.8 million
Supports DC Water's 1231 employees who deliver for our customers every day, including 14 apprentices to achieve service levels

Adds two positions for LeadFree DC program inspections and eight positions to insource activities
\$1.6 million
LEAD FREE DC

\$85.4 million
Funds core operations like infrastructure maintenance and repairs, strategic programs, software technology, legal, compliance, insurance, credit card fees, facilities and biosolids hauling services

\$0.7 million
Continues expansion of the Backwater Valve Program

\$269 million paygo
Funds debt service and Paygo for the capital program

\$22.7 million
Makes PILOT & ROW payments to the District

\$96.7 million
Provides for chemicals, supplies, water purchase and utilities

\$2 million
Funds maintenance of the Green Infrastructure (GI) facilities to manage stormwater, and security guards needed for the new Fleet and Sewer facilities

\$1.5 million
Establishes programs to repair property side leaks and perform comprehensive inspection and maintenance of small sewers

DC Water Budget Overview FY 2021-2030 Capital Investments of \$5.4 billion

\$1.12 billion
Fully funds DC Clean Rivers and other CSO projects to meet Consent Decree requirements

\$336 million
Invests in process equipment, specialized vehicles, and information technology infrastructure; establishes funding for the innovation program

\$180.1 million
Invests in the Aqueduct's capital infrastructure

\$2.46 billion
Continues investment in Water & Sewer infrastructure
Ramps up to 1.5% replacement for small diameter water mains per year in FY 2028 and beyond
Ramps up to 1.0% rehabilitation for small sewer lines per year in FY 2024 and beyond, and 1.5% in FY 2031 and beyond

\$64 million
Improves stormwater pump stations to relieve local flooding

\$109.8 million
Constructs the new Fleet and Sewer Facilities, renovates the Historic Main Pump Station, and restores the Main & O campus seawall

\$1.16 billion
Funds rehabilitation and upgrades at Blue Plains



DC Water is one of the nation's leading utilities, and we are fortunate to have some of the most dedicated, innovative, and hardworking people in the business. There is no challenge that they cannot take on, including COVID-19.

The COVID-19 emergency was an immediate public health crisis, and the economic fallout was not far behind. As customers were impacted, so was our bottom line. With increased arrearages and reduced consumption, our revenues suffered. To maintain our financial strength so that we could support our employees and serve our customers, we took swift action to prioritize expenses while the finance team continually monitored consumption and revenues. We adopted the 3 P's as our financial guiding **principles** - to **preserve** cash, **prioritize** our employees and safety, and provide essential services to our customers.

We worked across DC Water to align expenditures with a reduced level of cash receipts. Our actions paid off – we finished FY2020 in strong financial position and expanded our customer assistance programs to help those who were negatively impacted by COVID-19. We even launched one of the first programs in the nation to assist residents of multi-family buildings.

Looking Forward

The approved operating budget of \$658.4 million advances our efforts to be the best utility in the world and pays for our core operations and the debt service requirements for our capital program. This budget adds two new positions to support the inspection work for the Lead Free DC program, and eight new positions to reduce our reliance on long-term contractors for day to day activities, and continues the apprenticeship program.

The FY 2022 operating budget also funds fleet investments and a new comprehensive inspection program for small local sewers in the District. Considering the average sewer main is more than 80 years old, this program is critical to identifying and addressing the most needed repairs to prevent failure.

We are proceeding with the increased investment in our aging water and sewer systems, although the ramp up will be slower than previously planned due to the pandemic. The ten-year capital program of \$5.43 billion includes significant growth on water and sewer projects and reduced spending starting FY 2025 for the Clean Rivers program as we approach the completion of the project.

Additionally, the CIP funds rehabilitation and upgrades of various projects at the plant, advances funding for innovation program initiatives and continues the construction of the Fleet and Sewer Services facilities.

Our finance team continues to monitor and analyze revenues and expenses to proactively respond and manage the budget to keep our finances strong so that we can protect our employees and serve our customers. We will continue to reflect the DC Water core values of customer service, well-being, teamwork, customer focus, trust and accountability in all that we do. These values are reflected both in the adopted budget and the way we work every day.

I want to appreciate the efforts of the Finance team, collaborating with the various departments and the Executive Leadership Team. Their dedication to DC Water and our customers were evident and crucial in delivering a balanced budget while working remotely and like everyone impacted by the pandemic, juggling the responsibilities of work, children and family.

A handwritten signature in black ink that reads "Matthew T. Brown". The signature is written in a cursive, slightly stylized font.

Matthew T. Brown

Budget at a Glance

Operating Expenditures (\$ Thousands)

Category	FY 2021 Approved	FY 2022 Approved
Authorized Headcount	1,231	1,241
Total Personnel Services	\$ 177,863	\$ 180,353
Chemicals	27,779	25,916
Supplies	8,302	8,285
Utilities	27,911	27,329
Contractual Services	88,532	88,504
Water Purchases	36,250	35,217
Small Equipment	1,030	1,108
Total Non-Personnel Services	\$ 189,804	\$ 186,359
Total Operations and Maintenance	\$ 367,668	\$ 366,711
Debt Service	222,268	231,164
PILOT & ROW	22,372	22,718
Payment in Lieu of Taxes	17,272	17,618
Right of Way	5,100	5,100
Cash Financed Capital Improvements	30,355	37,830
Total Debt Service/PILOT/ROW/ CFCI	274,995	291,712
Total Operating Expenditure	\$ 642,663	\$ 658,423
Less: Capital Labor	(24,382)	(25,086)
Total Net Operating Expenditure	\$ 618,281	\$ 633,337

Capital Disbursements (\$ Thousands)

Service Areas	FY 2021 Revised	FY 2022 Approved
Non-Process Facilities	\$ 38,004	\$ 12,725
Wastewater Treatment	78,992	63,922
Clean Rivers	165,435	160,582
Combined Sewer	5,407	4,694
Stormwater	5,931	9,228
Sanitary Sewer	50,547	75,437
Water	75,362	100,209
Capital Projects	\$ 419,678	\$ 426,797
Capital Equipment	36,207	36,019
Washington Aqueduct	15,382	13,324
Additional Capital Programs	51,589	49,343
Total CIP	\$ 471,267	\$ 476,140

Operating Revenues (\$ Thousands)

Category	FY 2021 Revised	FY 2022 Revised
Residential	\$ 118,771	\$ 129,062
Commercial	156,067	170,209
Multi-family	111,501	123,523
Federal Government	79,082	81,339
Municipal & Housing	28,767	31,260
Water System	39,717	39,717
Metering Fee	15,405	24,083
Wholesale	81,710	84,669
Other Revenue	61,242	72,523
Total Operating Revenue	\$ 692,262	\$ 756,385

Capital Revenues (\$ Thousands)

Source	FY 2021 Revised	FY 2022 Revised
Wholesale Capital Payments	\$ 75,803	\$ 83,640
EPA Grants & CSO	32,645	31,311
Interest Income on Bond	1,749	2,623
Pay-Go Financing	120,564	141,322
Debt Proceeds	200,000	200,000
System Availability Fee	7,000	7,700
Total Capital Revenue	\$ 437,761	\$ 466,596



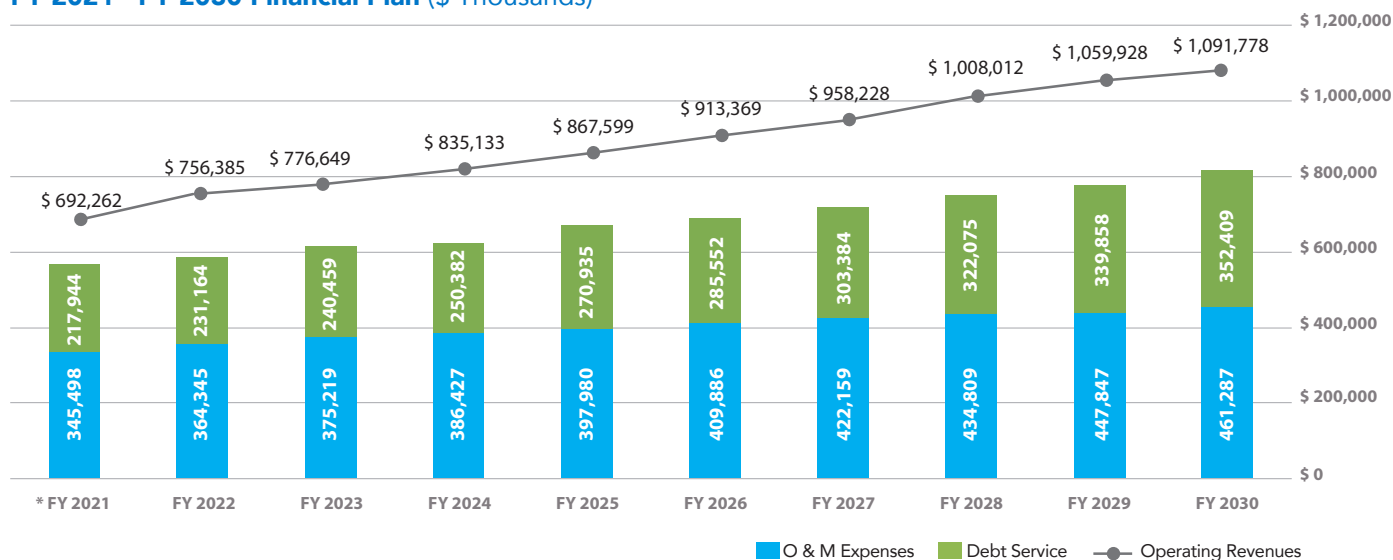
Anacostia Pumping Station inspection



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 2021 - FY 2030 Financial Plan (\$ Thousands)



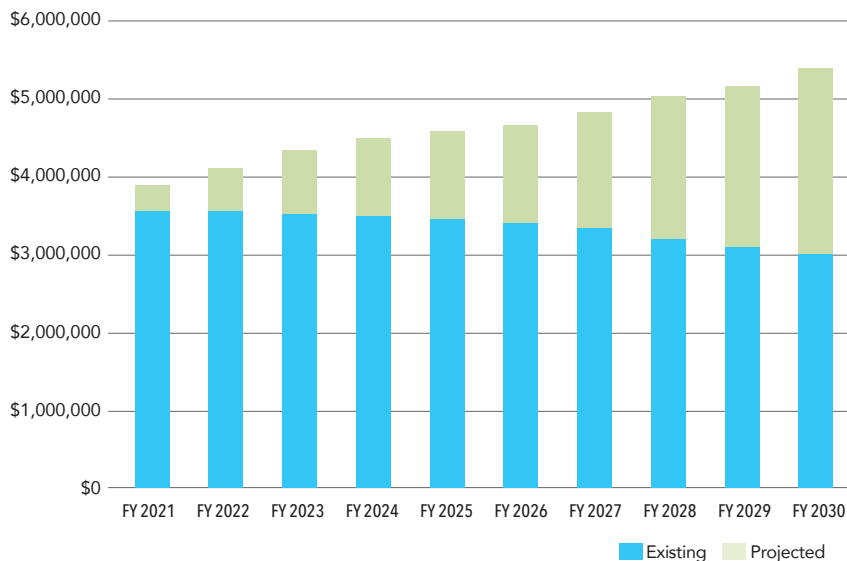
Debt Management

DC Water maintains strong financial performance and bond ratings. In August 2019, the authority’s senior lien public utility revenue bonds were 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 and dcwaterbonds.com.

The Authority uses debt to finance its capital program and refund existing debt to obtain debt service saving. In April 2020, the Authority completed a \$300 million (Series A) Forward Direct Purchase agreement to be completed in July 2022, to refund Series 2012 A and C of subordinate lien revenue bonds.

Additionally, DC Water received the Water Infrastructure and Finance Innovation Act (WIFIA) loan administered by the Environmental Protection Agency (EPA) in March 2021 for \$156 million. The Authority’s long-term debt, including current maturities, totals \$3.5 billion at the end of FY 2020 and is projected to increase over the next ten years mainly to invest in our aging infrastructure.

FY 2021- FY 2030 Current and Outstanding Debt (\$ Thousands)



Operating Budget



Bryant Street Water Pumping Station

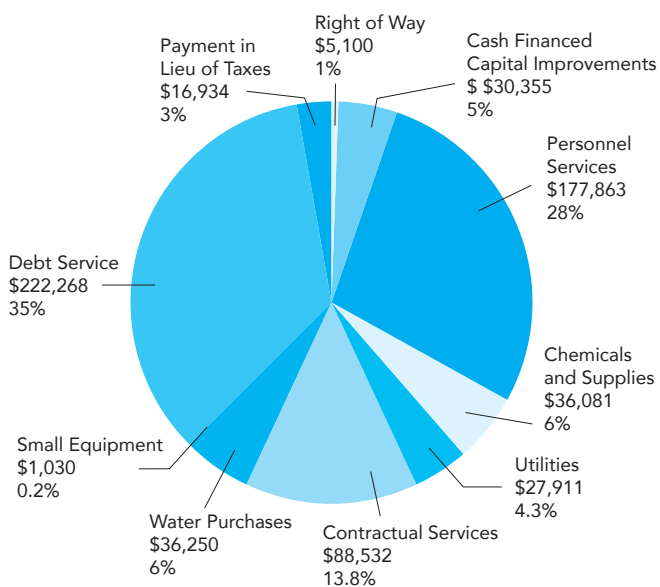
DC Water’s annual operating budgets provide the resources necessary to sustain a multi-billion dollar water treatment and distribution, sewage collection and treatment system. The Authority continues to deliver clean water, collect and treat the sewage before returning clean water to the local waterways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

The approved FY 2022 budget totals \$658.4 million, an increase of \$15.8 million or approximately 2.4 percent compared to the FY 2021 budget. The increase is mainly for the debt service and pay-go funding requirements to support the capital program. This budget also includes projected increases in personnel costs for ten new positions, a new assistance program to address leak repairs, a new inspection program for small local sewers, installation of backwater valves on private properties and the maintenance of the green infrastructure and other new operational facilities.

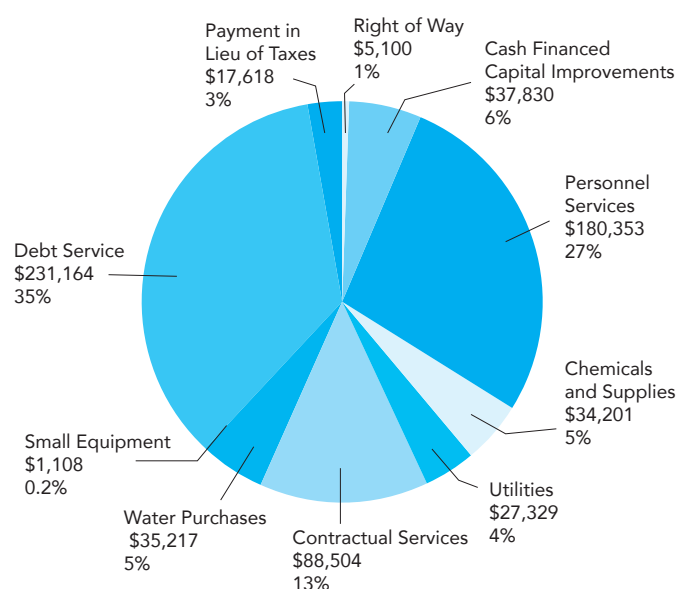
Detailed descriptions of the approved FY 2021 and FY 2022 operating budgets are available online at dcwater.com.

Comparative Operating Budgets by Category (\$ Thousands)

Approved FY 2021 \$642,663



Approved FY 2022 \$658,423





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 2021 – FY 2030 CIP disbursement budget decreased by \$17.5 million compared to the previous plan. This budget includes spending reductions of \$36.3 million in FY 2021 and \$134.9 million in FY 2022 due to the impact of the COVID-19 pandemic on revenues. The overall ten-year CIP continues management’s commitment to increased investments in its aging water and sewer infrastructure.

This year’s CIP funds replacement of 1 percent for small diameter water mains and ramps up to 1.5 percent replacement per year in FY 2028 and beyond. Additionally, this plan ramps up to 1 percent rehabilitation for small

sewer lines per year in FY 2024 and 1.5 percent per year in FY 2031 and beyond. This plan also pays for the Clean Rivers program, continues the construction of the new Fleet and Sewer Services facilities and the planned capital projects at the Washington Aqueduct.

The FY 2021 and FY 2022 capital budgets total \$471.3 million and \$476.1 million, respectively (cash disbursement basis). The planned disbursements over the ten-year period totals \$5.43 billion, while the lifetime budget is \$12.13 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.

FY 2021 – FY 2030 Capital Improvement Program (\$ Thousands)

FY 2021 Revised	FY 2022 Approved	Service Area	Ten-Year Disbursement Plan	Total Lifetime Budget
\$38,004	\$12,725	Non Process Facilities	\$109,776	\$210,031
78,992	63,922	Wastewater Treatment	1,158,991	3,475,135
170,842	165,276	Combined Sewer Overflow	1,122,976	2,979,072
5,931	9,228	Stormwater	63,894	121,310
50,547	75,437	Sanitary Sewer	1,312,973	2,095,695
75,362	100,209	Water	1,147,717	2,346,963
\$419,678	\$426,797	Capital Projects	\$4,916,327	\$11,228,206
36,207	36,019	Capital Equipment	336,036	336,036
15,382	13,324	Washington Aqueduct	180,125	180,125
\$51,589	\$49,343	Additional Capital Programs	\$516,161	\$516,161
		Labor		388,747
\$471,267	\$476,140	Total Capital Budgets	\$5,432,489	\$12,133,115

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 Concern	Need to fulfill Mission and upgrade Facilities	Lower priority projects		
FY 2021	\$170,417 36%	\$7,791	76,575	37,106	\$1,689	107,677 23%	\$69,591	\$471,267
FY 2022	160,270 34%	16,498	70,078	32,087	233	126,413 27%	70,338	\$476,140
FY 2023	118,064 22%	42,291	79,481	29,317	403	145,800 27%	124,677	\$540,585
FY 2024	67,097 13%	4,969	57,844	39,023	1,588	175,715 35%	153,757	\$500,427
FY 2025	58,499 12%	7,416	67,563	42,883	1,312	182,405 36%	139,840	\$499,918
FY 2026	147,834 22%	22,248	60,258	51,330	714	241,505 35%	157,392	\$681,280
FY 2027	99,877 16%	25,742	61,311	44,187	352	224,460 36%	176,145	\$632,075
FY 2028	86,036 15%	9,822	63,142	28,722	202	198,222 35%	181,921	\$568,067
FY 2029	113,315 20%	1,271	68,984	29,780	215	176,410 31%	182,287	\$572,262
FY 2030	11,436 2%	3,632	69,615	33,382	2,571	166,852 34%	202,979	\$490,468
TOTAL	\$1,032,845	\$141,678	\$674,851	\$367,816	\$9,279	\$1,745,458	\$1,458,925	\$5,432,489
% of Total	19.0%	2.6%	12.4%	6.8%	0.2%	32.1%	26.9%	100%

Major Capital Investments

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.



Ongoing and Local Sewer Rehabilitation

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



Renewable Energy – Solar

In the spring of 2020 DC Water started Phase 1 of its energy mix by installing over 12,000 solar panels, covering around 264,000 square feet across its open and flat 153-acre Blue Plains Advanced Wastewater Treatment Plant, the largest advanced wastewater treatment plant in the world and the largest consumer of electricity in the District. By the end of FY 2020 the panels generated 5.2 MW of electricity. DC Water pays 2.5 cents per kilowatt-hour for the electricity, saving the utility \$4 million in operating costs over 20 years. Phase 2 will be implemented when it becomes cost effective.



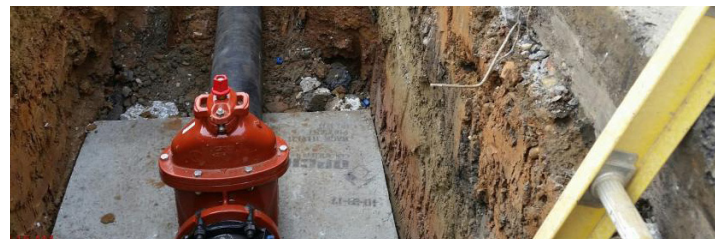
Heavy Duty Vehicles

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.



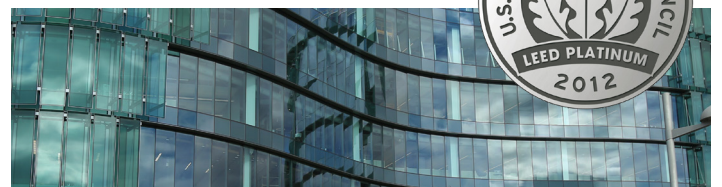
Water Mains

Renewal of small diameter water pipes with the goal of ramping up to 1.5 percent replacements per year starting FY 2028 and onwards.



LEED

DC Water headquarters, built along the Anacostia River, was certified as LEED Platinum (Leadership in Energy & Environmental Design) by the U.S. Green Building Council (USGBC) in 2021. It is one of 125 platinum certified buildings in DC. This building is centrally located and convenient to customers; it also increases use of public transit, biking and walking by DC Water staff and reduces energy consumption and controls stormwater. The building uses a wastewater thermal exchange system to heat and cool the building. The system captures heat from the flowing wastewater in the pump station in the winter and uses the wastewater as a heat sink in the summer, saving energy to heat and cool the building by using a readily available resource. The green roof reduces stormwater runoff and contains grass, flowers, and shrubs to absorb rainwater. A 40,000-gallon cistern collects any rainwater not absorbed by plantings. The collected water is then used for 100% of the toilet flushing and irrigation needs of the building. The use of the wastewater thermal exchange system and the rainwater capture saves up to 1.2 million gallons of water annually.





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 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 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 also 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. Both will be done every two years going forward.

Multi-Year Rates

DC Water’s Board approved its third multi-year rate proposal in FY 2020 covering the period FY 2021 and FY 2022. The FY 2022 rates will be effective October 1, 2021. 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 Stakeholder Alliance and discussions with customers about the Clean Rivers Impervious Area Charge (CRIAC), which 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 increased to 28 percent in FY 2021 and will increase to 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 2022 is 6.7 percent as compared to 6.9 percent of the previous forecast.

Operating Revenues (\$ Thousands)

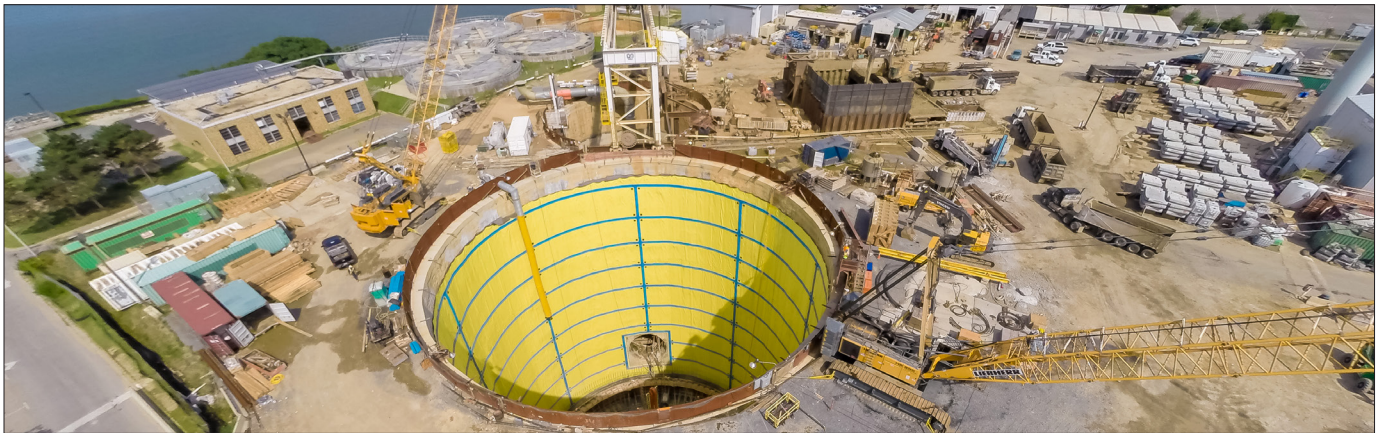
Category	FY 2021 Revised	FY 2022 Proposed
Residential	\$ 118,771	\$ 129,062
Commercial	156,067	170,209
Multi-family	111,501	123,523
Federal Government	79,082	81,339
Municipal & Housing	28,767	31,260
Water System Replacement Fee	39,717	39,717
Metering Fee	15,405	24,083
Wholesale	81,710	84,669
Other Revenue	61,242	72,523
Total Operating Revenue	\$ 692,262	\$ 756,385

FY 2021 - FY 2022 Retail Rates and Fees

Description of Fees	Units	FY 2021 Approved	FY 2022 Approved	FY 2022 Increase/Decrease	
DC Water Retail Rates – Water		\$	\$	\$	%
• Residential 0-4 Ccf (Lifeline) ²	Ccf	\$3.49	\$3.63	\$0.14	4.0%
• Residential – > 4 Ccf ²	Ccf	\$4.50	\$4.74	\$0.24	5.3%
• Multi-family / DC Housing ²	Ccf	\$3.96	\$4.15	\$0.19	4.8%
• Non-Residential	Ccf	\$4.65	\$4.91	\$0.26	5.6%
DC Water Retail Rates – Sewer	Ccf	\$9.77	\$10.64	\$0.87	8.9%
DC Water Clean Rivers IAC	ERU	\$19.52	\$18.40	(\$1.12)	(5.7%)
DC Water Customer Metering Fee	5/8"	\$4.96	\$7.75	\$2.79	56.3%
DC Water System Replacement Fee ¹	5/8"	\$6.30	\$6.30	\$0.00	0.0%
District of Columbia PILOT Fee	Ccf	\$0.54	\$0.56	\$0.02	3.7%
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%

(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 \$19.52 per Equivalent Residential Unit (ERU) in FY 2021 to \$23.45 per ERU in FY 2030. From 2011 until 2020, all funds for the Clean Rivers program have come 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 \$260.8 million through Federal appropriations as of September 30, 2020.

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

FY 2020. The approved budget phased-in a CRIAC shift of 18 percent in FY 2020, and 28 percent in FY 2021, and will phase-in 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 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 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 2020, CAP assisted over 4,800 customers and provided \$1,584,808 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 FY 2020, the Board approved a Resolution 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.

Emergency Residential Relief Program (ERRP) – In FY 2019, DOEE established an Emergency Residential Relief Program. to provide one-time assistance of up to \$2,000 to customers impacted by COVID-19.

DC Water Cares, Residential Assistance Program (RAP) – In FY 2020 DC Water established a \$3.0 million program to continue the ERRP in FY 2021 to provide one-time assistance of up to \$2,000 to residential customers.

DC Water Cares, Multi-family Assistance Program (MAP) – A \$7.0 million program to provide one-time assistance to multi-family buildings where occupants have been negatively impacted by COVID-19. Payment plans are established and adhered to; assistance amounts are determined and provided per affordable unit and will be on matching basis.

CRIAC (Clean Rivers Impervious Area Charge) Non-profit Relief Program – 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 2020, SPLASH assisted 133 households and provided \$74,323 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 2022 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 2021 - FY 2022 Average Residential Customer Monthly Bill

dc DC WATER RATES AND FEES	Approved (FY 2021)	Approved (FY 2022)
Water / Sewer Retail Rates (Ccf) ⁽¹⁾	\$73.30	\$78.92
Clean Rivers IAC (ERU) ⁽²⁾	\$19.52	\$18.40
Customer Metering Fee	\$4.96	\$7.75
Water System Replacement Fee ⁽²⁾	\$6.30	\$6.30
DC Water Subtotal	\$104.08	\$111.37

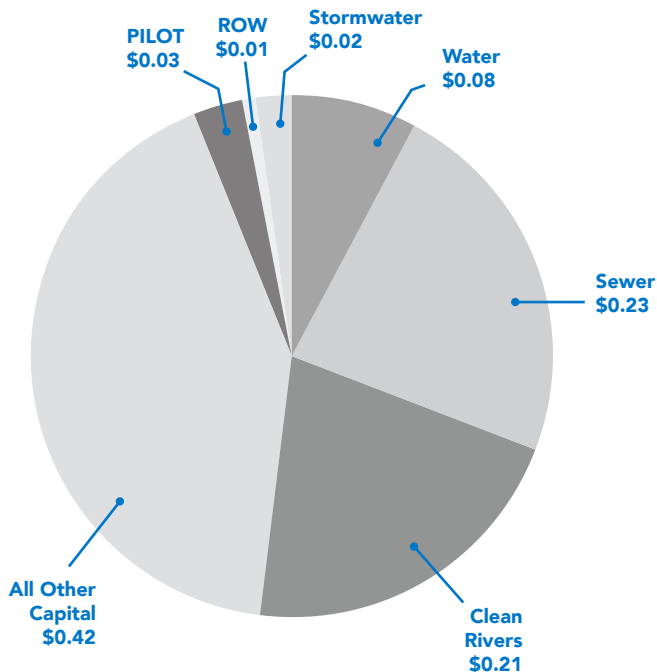
DISTRICT OF COLUMBIA CHARGES		
PILOT (Ccf) ⁽¹⁾	\$2.93	\$3.04
Right-of-Way Fee (Ccf) ⁽¹⁾	\$1.03	\$1.03
Stormwater Fee (ERU) ⁽³⁾	\$2.67	\$2.67
District Subtotal	\$6.63	\$6.74

Total Bill **\$110.71** **\$118.11**
 (% Increase) 6.6% 6.7%

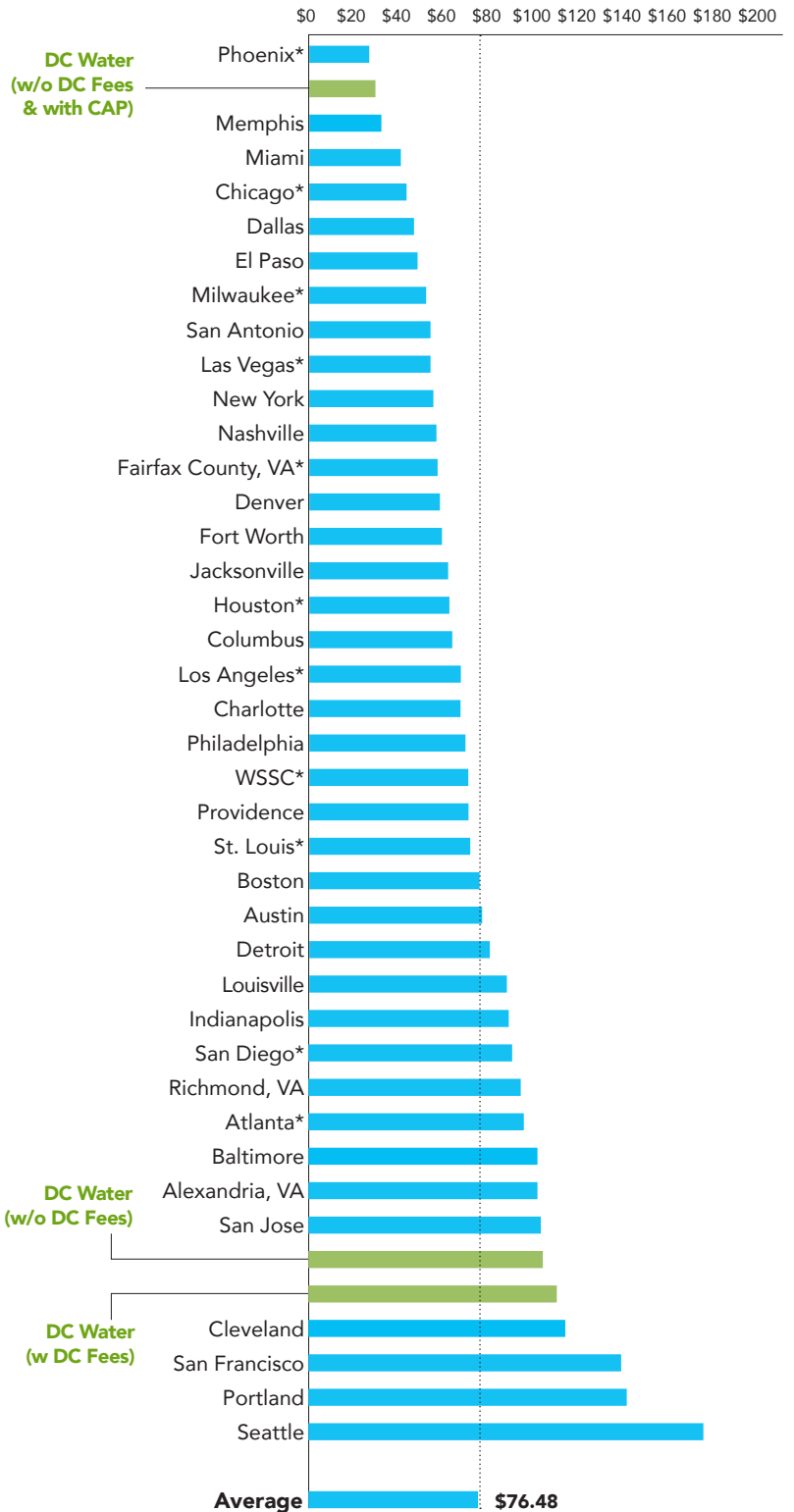
- (1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)
- (2) Assumes average 1 Equivalent Residential Unit (ERU)
- (3) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010
- (4) DC Water "Water System Replacement Fee" of \$6.30 for 5/8" meter size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

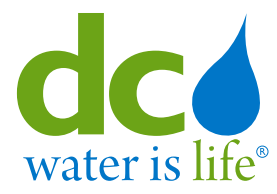
FY 2022: Where Does Your Money Go?

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



DC Water Retail Rates Compared to other Large Utilities





dcwater.com