

dc Executive Budget Summary

Approved FY 2023 • Adopted March 3, 2022

(Fiscal year starting October 1)

Tommy Wells, Chairman of the Board

David Gadis, Chief Executive Officer and General Manager

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

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY



HEALTHY, SAFE AND WELL • RELIABLE • RESILIENT • SUSTAINABLE • EQUITABLE



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 Senior Executive Team continue to work to address our challenges and position the Authority for success in the coming years. To this end, a new 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.dewater.com/strategic-plan.

Blueprint 2.0 Imperatives



Vision

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

Mission

Achieve our vision to 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?

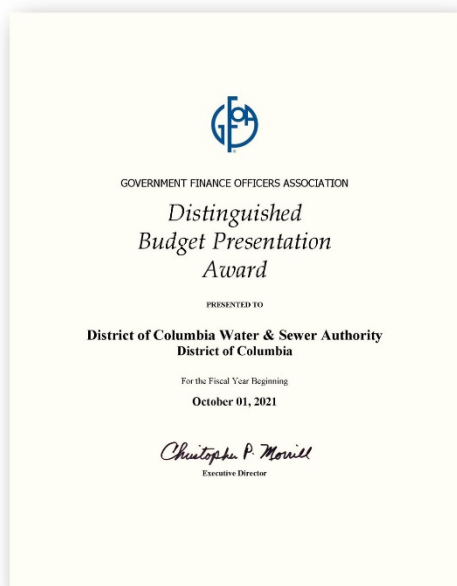


Equitable

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

Inside

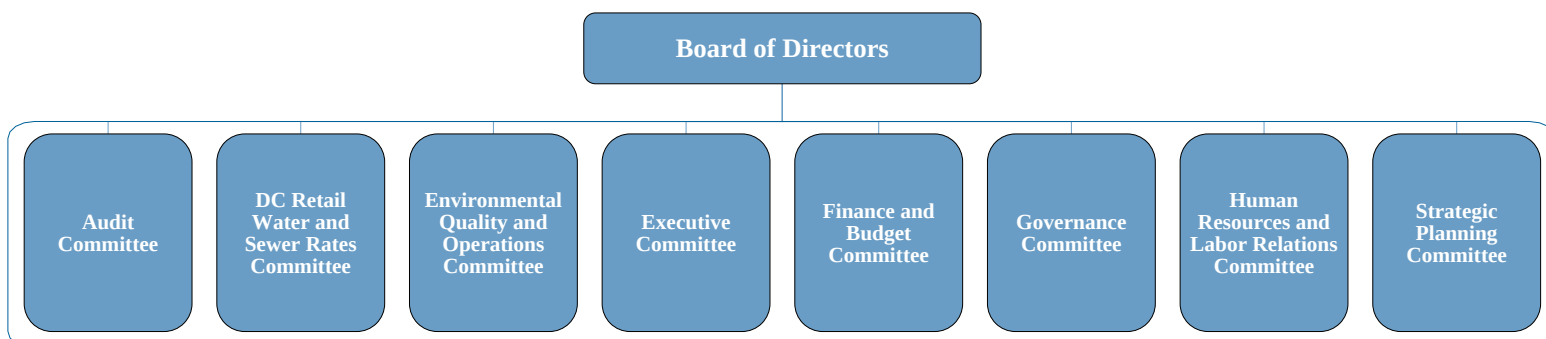
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Organizational Governance and Structure

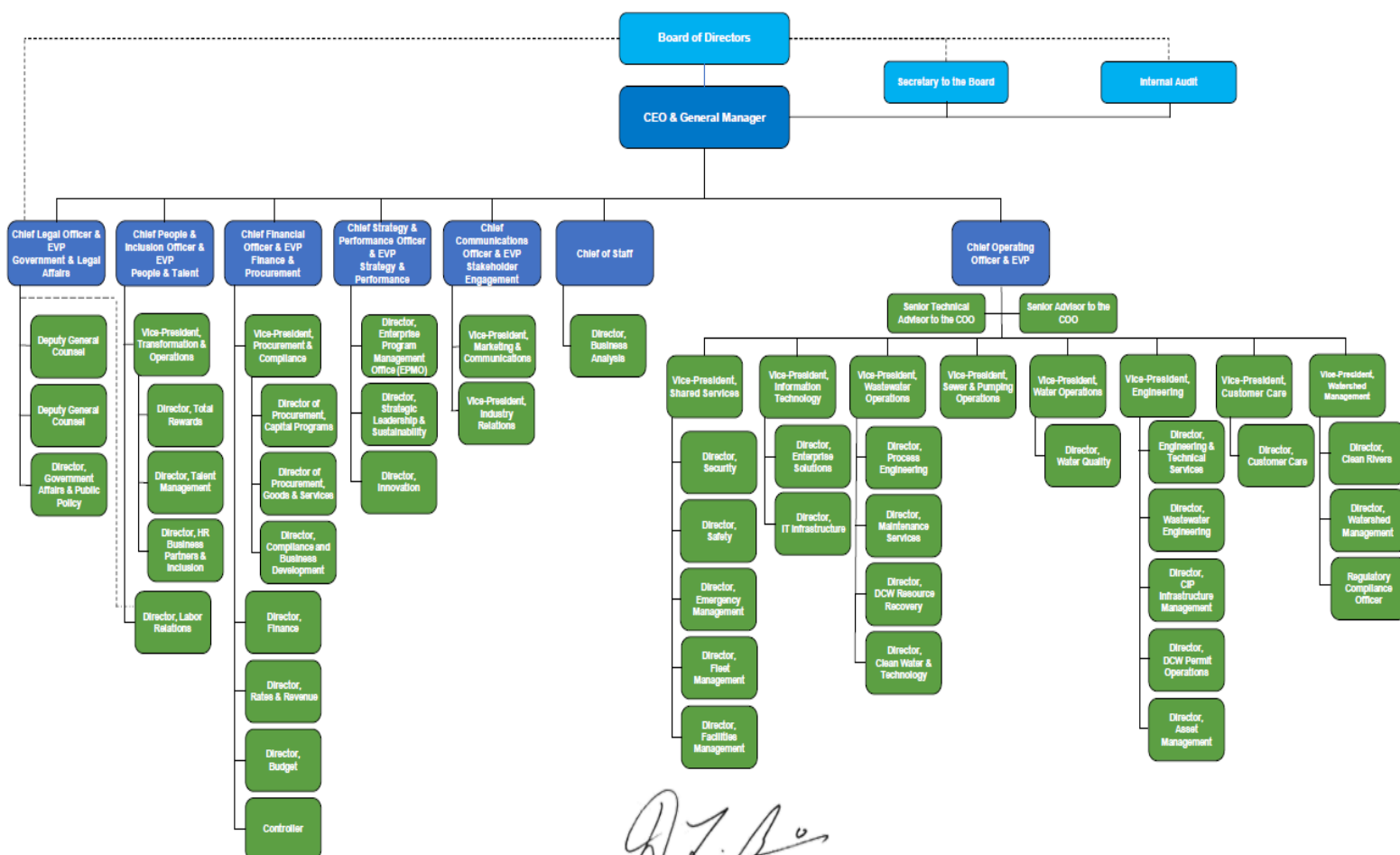
DC Water is an independent authority of the District of Columbia, established under District of Columbia and Federal law, and is governed by 11 principals and 11 alternate members of the Board of Directors. The members of the Board of Directors also serve on various Committees.

DC Water Board Committees



DC Water Organizational Leadership

(as of March 2, 2022)



David L. Gadis, CEO & General Manager



DC Water's core values of accountability, trust, teamwork, customer focus, safety and wellbeing – are inscribed in large letters on the wall to remind me and all who see them of our values. It is those values that guide us as we face tough decisions and work to improve the lives of all who we serve.

As part of the budget and rates process, we view all that we do through an equity lens. For our lead removal program, we are starting with those who will be most affected by lead. Infants, children and pregnant women are at higher risk due to the absorption rate in fetuses and young children. This is one of the driving factors that necessitated the urgency in getting the lead out where we can be most impactful and helpful - in areas with higher population of young children and resource-deprived neighborhoods.

Strategic Direction

Our new strategic plan, [The Blueprint 2.0](#), highlights our commitment to address our challenges and identify key opportunities to position DC Water for success in the coming years. The strategic plan sets out five imperatives – Healthy, Safe and Well, Reliable, Resilient, Sustainable and Equitable. Our budgets determine the programs we are able to fund and the rates we must charge to recover costs.

The pandemic has forced us to make some tough and strategic choices to mitigate significant rate increases, but we are investing in the most important initiatives to best serve our customers and stakeholders. We are guided by our core values and the five imperatives to help us achieve defined outcomes and better serve our customers.

Thriving Community

When doing business, our customers and community are topmost in our mind. Where we can, we hire local candidates. When awarding contracts, we give preference to minority owned and women owned businesses. Our apprenticeship program provides training and job opportunities and teaches valuable skills to local residents who otherwise wouldn't have a marketable skill.

This budget continues to invest in the community with our Clean Rivers Project that is restoring the health of the Anacostia River, paving the way for a revitalization along its banks and within its neighborhoods. We hire locally and regionally, and train District residents and continue to provide local business opportunities as part of the Clean Rivers Project and LeadFree DC Program.

Expanding Partnerships

This budget includes funding required to achieve our goal of removing lead service lines in the District by 2030. We will continue to collaborate with both the federal and District government to allocate funding for the LeadFree DC program. This partnership is needed to achieve the goal of the program and improve overall water quality in the region.

In closing, I want to appreciate the efforts of the Finance Department under the expert leadership of Chief Financial Officer Matthew Brown for their financial stewardship, collaboration with the various departments and commitment to the Budget process. I also thank the Senior Executive Team and the Board of Directors for their guidance throughout the process.

David L. Gadis

DC Water Budget Overview

DC Water Budget Overview FY 2023 Operating Expenditure Budget of \$686.4 million

\$186.2 million

Pays the salaries, benefits and overtime of 1315 employees, including 73 new positions (to drive efficiency, expand programs and achieve savings), 14 apprentices, and the Summer Internship Program



\$3.3 million

Expands various strategic programs including Enterprise Risk Management, Diversity, Equity & Inclusion, organizational assessment and leadership, and government affairs coverage



\$23.1 million

PILOT & ROW payments to the District



\$82.6 million

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



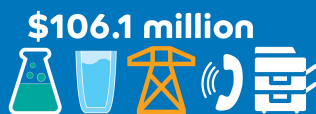
\$0.7 million

Continues the Backwater Valve Program for the installation of backwater valves on private properties in response to the September 10, 2020 storm event

debt • paygo • financing

\$281.4 million

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



\$106.1 million

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



\$1.3 million

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



\$1.7 million

Implements a new customer assistance program to repair property side leaks impacting water bills and expands the budget for the Customer Assistance Program

DC Water Budget Overview FY 2022 - FY 2031 Capital Investments of \$6.4 billion

\$1.2 billion



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



\$375.3

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

Invests in the Aqueduct's capital infrastructure



\$253.8 million



\$629.3M to remove all lead service lines by **2030**

Continues investment in Water & Sewer infrastructure



\$1.2 billion

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



\$1.4 billion

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



\$65 million

Improves stormwater pump stations to relieve local flooding

\$102.2 million



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

\$1.2 billion



Funds rehabilitation and upgrades at Blue Plains



Organizational priorities are established through the budget process. Through extensive collaboration across DC Water leadership, initiatives are brought forward and evaluated to advance the five imperatives of the

Blueprint 2.0, DC Water's strategic plan. The result is the budget that we present here – a spending plan that prioritizes and invests in our customers.

Balancing the Budget

The pandemic created new challenges for everyone, including DC Water. To respond to a decline in revenues from reduced water consumption and an increase in customer delinquencies, we took proactive steps to curtail spending in a way that minimized the impact on our operations. We delayed some capital projects, took a critical look at hiring, and pulled back where we could on contractual services costs.

We worked with our Board to strengthen our financial policies to maintain 250 days of cash on hand and combined coverage ratio of 1.6X. The rating agencies and investors took notice and reaffirmed our bond ratings for the new bond proceeds.

The approved operating budget of \$686.4 million invests in DC Water and our community. It adds seventy-three new positions to improve service and reduce costs. Additionally, we held the line on overall contractual services for the third consecutive year while funding various strategic programs.

The \$6.4 billion ten-year capital improvement program invests in our infrastructure that delivers our services to our customers. This budget funds the ramp-up of the water and sewer infrastructure renewal, fully funds the Clean Rivers project, and allocates funding for the LeadFree DC program

by leveraging fund in the infrastructure bill.

By refinancing some debt, holding the line on contractual services expenditures, and prioritizing projects and initiatives, we were able to ask less from our customers than we had previously estimated. The combined rate increases for the average residential customer are 6.0 percent in FY 2023 and 5.4 percent in FY 2024 compared to previous forecasts of 6.7 percent and 8.8 percent respectively.

Expanding Customer Assistance

To help our customers during the pandemic, we created innovative financial assistance programs and offered flexible payment plans. We also partnered with the District to provide federal funding to residents affected by the pandemic. The Multifamily Assistance Program (MAP) is one of the first in the nation to provide relief to customers who do not directly pay a water bill. Other programs that we launched include the Residential Assistance Program and the Emergency Residential Relief Program.

Leveraging Technology

This year, we leveraged a new tool in our Enterprise Resource Planning (ERP) suite to develop our budget. The Budget and Planning System (BAPS) streamlines the budget process and synthesizes input from all parts of the organization. With this tool, we can quickly analyze impacts without reverting to obsolete spreadsheets and calculations. It is faster, more accurate and more strategic. The tool will help us align future budgets with Blueprint 2.0.

DC Water has demonstrated financial discipline and resilience. We will continue this financial stewardship in a way that promotes sustainability in the services that we provide for District residents and visitors, and the rates that support our work.

Matthew T. Brown

Budget at a Glance

Operating Expenditures (\$ Thousands)

Category	FY 2022 Approved	FY 2023 Approved
Authorized Headcount	1241	1315
Total Personnel Services	\$ 180,353	\$ 186,223
Chemicals	26,021	27,370
Supplies	8,181	9,624
Utilities	27,329	28,799
Contractual Services	88,504	88,504
Water Purchases	35,217	40,334
Small Equipment	1,108	1,108
Total Non-Personnel Services	\$ 186,359	\$ 195,739
Total Operations and Maintenance	\$ 366,711	\$ 381,962
Debt Service	231,164	234,679
PILOT & ROW	22,718	23,070
Payment in Lieu of Taxes	17,618	17,970
Right of Way	5,100	5,100
Cash Financed Capital Improvements	37,830	46,692
Total Debt Service/PILOT/ROW/CFCI	291,712	304,441
Total Operating Expenditure	\$ 658,423	\$ 686,403
Less: Capital Labor	(25,086)	(30,435)
Total Net Operating Expenditure	\$ 633,337	\$ 655,968

Capital Disbursements (\$ Thousands)

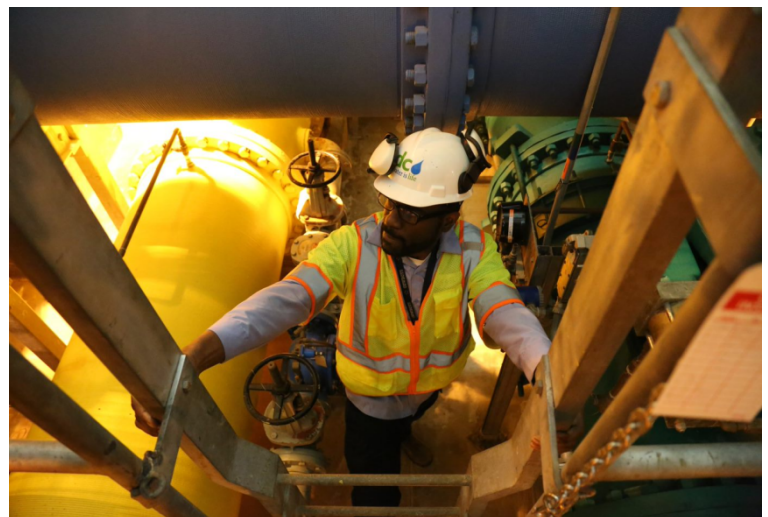
Service Areas	FY 2022 Revised	FY 2023 Approved
Non-Process Facilities	\$ 31,439	\$ 12,051
Wastewater Treatment	85,978	78,574
Clean Rivers	147,347	106,774
Combined Sewer	4,919	10,929
Stormwater	7,031	11,527
Sanitary Sewer	68,084	103,383
Water	165,313	227,116
Capital Projects	\$ 510,112	\$ 550,355
Capital Equipment	40,519	37,021
Washington Aqueduct	16,875	59,628
Additional Capital Programs	\$ 57,394	\$ 96,649
Total CIP	\$ 567,507	\$ 647,004

Operating Revenues (\$ Thousands)

Category	FY 2022 Approved	FY 2023 Proposed
Residential	\$ 129,062	\$ 136,324
Commercial	170,209	179,276
Multi-family	123,523	145,282
Federal Government	81,339	84,768
Municipal & Housing	31,260	34,504
Water System Replacement Fee	39,717	39,717
Metering Fee	24,083	24,083
Wholesale	84,669	85,720
Rate Stabilization Fund	10,500	-
Other Revenue	62,023	70,319
Total Operating Revenue	\$ 756,385	\$ 799,993

Capital Revenues (\$ Thousands)

Source	FY 2022 Approved	FY 2023 Proposed
Wholesale Capital Payments	\$ 83,640	\$ 90,690
EPA Grants & CSO Appropriations	31,311	64,695
Interest Income on Bond Proceeds	2,623	3,304
Pay-Go Financing	141,322	166,828
Debt Proceeds	200,000	194,519
System Availability Fee	7,700	7,700
Curing Pad and Solar	-	1,166
Total Capital Revenue	\$ 466,596	\$ 528,902



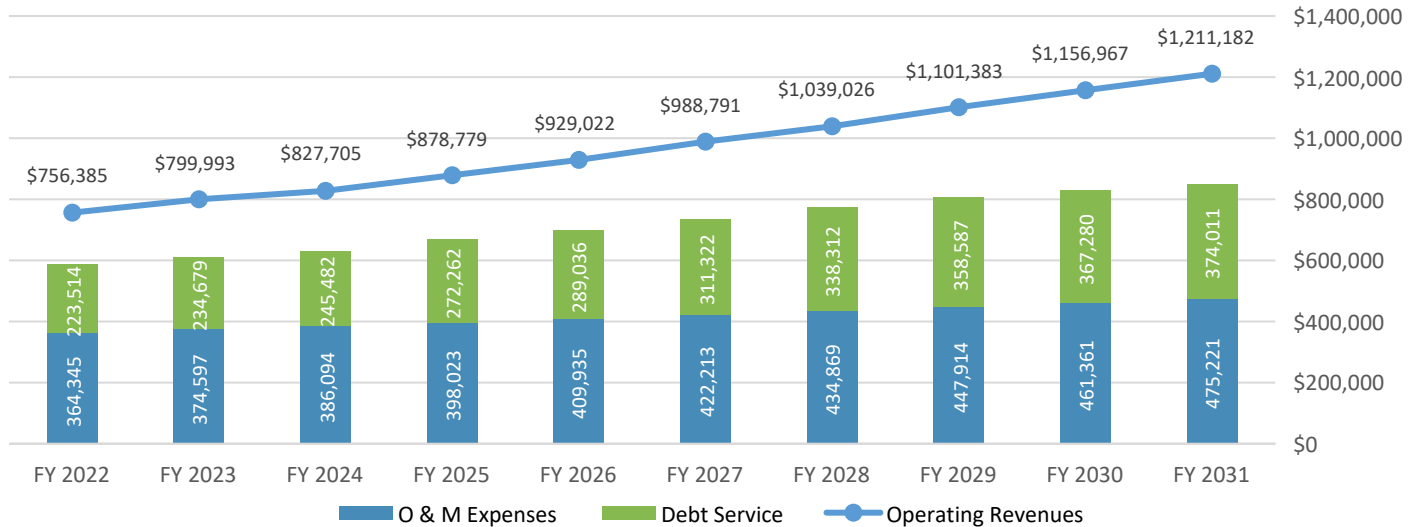
Anacostia Pumping Station inspection



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 2022 - FY 2031 Financial Plan (\$ Thousands)



Debt Management

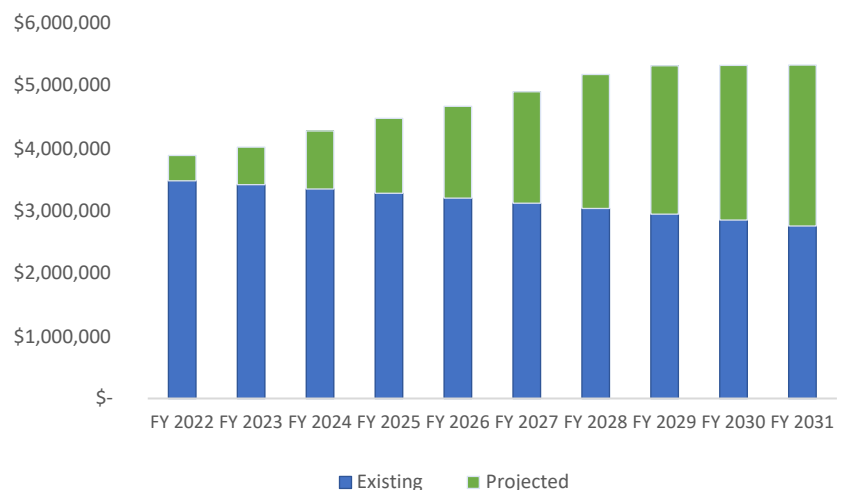
In February 2022, DC Water affirmed its senior bond ratings of AAA/Aa1/AA+ from S&P/Moody's/Fitch's Ratings. This allows DC Water to have a lower borrowing cost which in turn reduces ratepayer cost in the long run. These notable results are due to the Authority's solid financing team, outstanding financial 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. In early 2022, DC Water completed the sale of \$400 million in bonds. The fixed rate portion of the transaction was issued as tax-exempt on a subordinate lien for \$100 million designated as Series B green bonds and \$100 million designated as Series C non-green bonds. A taxable fixed rate of \$75 million was also designated as Series D bonds for capital upgrades to the Washington Aqueduct. The variable rate portion of the transaction was for

\$100 million and designated as Series E issued as tax-exempt bonds. Additionally, selected bonds were refunded to lower costs providing over \$33 million in debt service savings for DC Water rate payers.

The Authority's long-term debt, including current maturities, total \$3.5 billion at the end of FY 2021, and projected to increase over the next ten years mainly to invest in our ageing infrastructure.

FY 2022 - FY 2031 Current and Outstanding Debt (\$ Thousands)



Operating Budget



Blue Plains Advanced Wastewater Treatment Plant

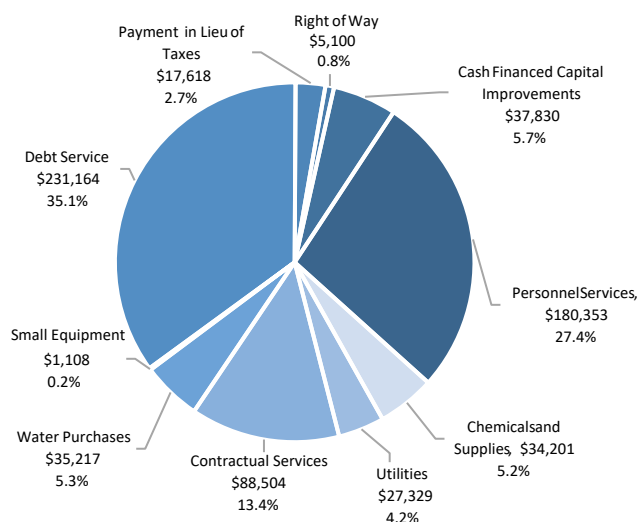
DC Water's annual operating budgets provide the resources necessary to sustain a multi-billion-dollar water distribution, sewage collection and treatment system. The Authority continues to deliver clean water, collect, and treat the sewage before returning clean water to the local waterways and repair 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 2023 budget totals \$686.4 million, an increase of \$28 million or approximately 4.3 percent compared to the FY 2022 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 73 new positions and other fixed costs such as chemicals, utilities, and water purchases. This budget also includes the creation and expansion of various strategic initiatives such as government affairs coverage, Enterprise Risk Management, Diversity, Equity & Inclusion, organizational assessment, leadership programs and the Customer Assistance Program.

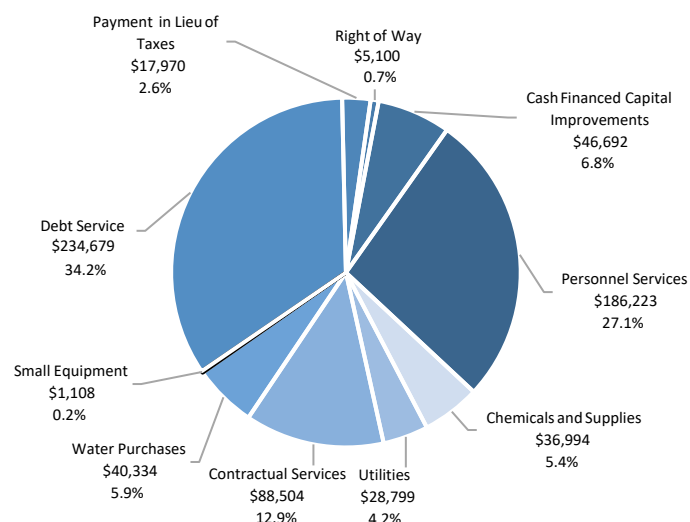
Detailed descriptions of the approved FY 2022 and FY 2023 operating budgets are available online at dcwater.com.

Comparative Operating Budgets by Category (\$ Thousands)

Approved FY 2022 \$658,423



Approved FY 2023 \$686,403





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 2022 – FY 2031 CIP disbursement budget of \$6.4 billion increased by approximately \$987 million compared to the previous plan. The budget increase is mainly for the LeadFree DC program to remove all lead service lines in the District by 2030. The budget includes the carry-over of funds for the purchase of vehicles and heavy duty equipment, and DC Water's share of the Washington Aqueduct's critical infrastructure needs.

The overall ten-year CIP continues management'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 1.0 percent rehabilitation for small sewer lines per year in FY 2024 and beyond. This year's CIP also aligns the Clean Rivers program to the consent decree modification for green and gray infrastructure and covers rehabilitation and upgrades at Blue Plains.

The FY 2022 and FY 2023 capital budgets total \$567.5 million and \$647.0 million respectively (cash disbursement basis). The lifetime budget is \$13.4 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.dcwwater.com.

FY 2022 – FY 2031 Capital Improvement Program (\$ Thousands)

FY 2022 Revised	FY 2023 Approved	Service Area	Ten Year Disbursement Plan	Total Lifetime Budget
\$31,439	\$12,051	Non Process Facilities	\$102,208	\$215,847
85,978	78,574	Wastewater Treatment	1,214,664	3,445,105
152,267	117,704	Combined Sewer Overflow	1,217,166	3,216,072
7,031	11,527	Stormwater	65,236	120,933
68,084	103,383	Sanitary Sewer	1,362,125	2,166,442
165,313	227,116	Water	1,829,430	3,167,891
\$510,112	\$550,355	Capital Projects	\$5,790,828	\$12,332,290
40,519	37,021	Capital Equipment	375,302	375,302
16,875	59,628	Washington Aqueduct	253,768	253,768
\$57,394	\$96,649	Additional Capital Programs	\$629,070	\$629,070
		Labor		416,097
\$567,507	\$647,004	Total Capital Budgets	\$6,419,899	\$13,377,458

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 Concerns	Good Engineering / High Payback Need to fulfill Mission and upgrade Facilities	Good Engineering / Lower Payback Lower priority projects	Total	
FY 2022	\$154,484	\$15,029	\$150,006	\$37,778	\$1,971	\$139,063	\$69,176	\$567,507
FY 2023	106,827	55,821	187,621	45,608	964	161,338	88,825	\$647,004
FY 2024	66,090	22,047	155,503	45,047	699	216,669	162,579	\$668,633
FY 2025	85,968	7,998	144,127	51,131	1,736	193,652	135,302	\$619,914
FY 2026	147,762	11,743	134,922	37,683	1,189	237,784	164,842	\$735,924
FY 2027	165,363	23,506	120,645	57,975	1,621	247,881	205,919	\$822,911
FY 2028	214,664	12,922	130,675	48,912	2,712	191,334	181,967	\$783,185
FY 2029	143,867	4,455	140,653	27,111	0	188,048	165,022	\$669,155
FY 2030	39,054	2,680	68,989	40,732	0	176,511	168,563	\$496,528
FY 2031	0	2,516	68,037	19,560	0	124,905	194,121	\$409,139
Total	\$1,124,077	\$158,715	\$1,301,178	\$411,536	\$10,891	\$1,877,185	\$1,536,316	\$6,419,899
% of Total	17.5%	2.5%	20.3%	6.4%	0.2%	29.2%	23.9%	100.0%

Major Capital Investments

DC Clean Rivers

The Northeast Boundary Tunnel (NEBT) is the largest component of the Clean Rivers Project. The tunnel connects with the existing sewer system, significantly mitigating sewer flooding while improving the water quality of the Anacostia River. Connection of the NEBT to the other Clean Rivers tunnels will reduce combined sewer overflows to the Anacostia River by 98 percent.



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. The Soapstone Valley Park Sewer Rehabilitation Project will address aging and defective sewer pipes. Benefits of this project would include the rectification of an aging sewer system, improve structural integrity of the pipes while maintaining adequate hydraulic capacity, reduction of stream and groundwater infiltration, and mitigation for potential sanitary sewer overflows.



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 existing cast iron water mains in various locations throughout the city. These efforts will help improve water quality and system reliability, increase water pressure in some areas, and maintain adequate flows throughout the system.



Potomac Interceptor Rehabilitation

The Potomac Interceptor (PI) sanitary sewer system carries about 60 million gallons per day of wastewater from areas in the Washington Dulles International Airport to the Potomac Pump Station in Washington, DC. Flows from the pump station are then sent to the Blue Plains Advanced Wastewater Treatment Plant for treatment before discharge into the Potomac River. DC Water has several Capital Improvement Projects to rehabilitate defective segments.





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 (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 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.

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 will be effective October 1, 2022. 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 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 to 37 percent in FY 2022 and onwards. 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 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 2022 Approved	FY 2023 Proposed
Residential	\$ 129,062	\$ 136,324
Commercial	170,209	179,276
Multi-family	123,523	145,282
Federal Government	81,339	84,768
Municipal & Housing	31,260	34,504
Water System Replacement Fee	39,717	39,717
Metering Fee	24,083	24,083
Wholesale	84,669	85,720
Rate Stabilization Fund Transfer	10,500	-
Other Revenue	62,023	70,319
Total Operating Revenue	\$ 756,385	\$ 799,993

FY 2022 - FY 2024 Retail Rates and Fees

Description of Fees	Units	FY 2022 Approved	FY 2023 Proposed	FY 2024 Proposed	FY 2023 Increase/Decrease	FY 2024 Increase/Decrease
DC Water Retail Rates – Water		\$	\$	\$	%	\$ %
• Residential 0-4 Ccf (Lifeline) ²	Ccf	\$3.63	\$4.28	\$4.38	\$0.65 17.9%	\$0.10 2.3%
• Residential – > 4 Ccf ²	Ccf	\$4.74	\$5.58	\$5.70	\$0.84 17.7%	\$0.12 5.2%
• Multi-family / DC Housing ²	Ccf	\$4.15	\$4.90	\$5.00	\$0.75 18.1%	\$0.10 2.0%
• Non-Residential	Ccf	\$4.91	\$5.78	\$5.89	\$0.87 17.7%	\$0.11 1.9%
DC Water Retail Rates – Sewer	Ccf	\$10.64	\$11.26	\$11.70	\$0.62 5.8%	\$0.44 3.9%
DC Water Clean Rivers IAC	ERU	\$18.40	\$18.14	\$21.86	-\$0.26 -1.40%	\$3.72 20.50%
DC Water Customer Metering Fee	5/8"	\$7.75	\$7.75	\$7.75	\$0.00 0.0%	\$0.00 0.0%
DC Water System Replacement Fee ¹	5/8"	\$6.30	\$6.30	\$6.30	\$0.00 0.0%	\$0.00 0.0%
District of Columbia PILOT Fee	Ccf	\$0.56	\$0.59	\$0.61	\$0.03 5.4%	\$0.02 3.4%
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%
Groundwater Fee	Ccf	\$2.83	\$3.42	\$3.50	\$0.59 20.8%	\$0.08 2.3%
WAD Rate	Ccf	\$3.03	\$3.21	\$3.30	\$0.18 5.9%	\$0.09 2.8%

(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 \$2.99 billion cost of implementing the DC Clean Rivers Project (the District's CSO-Long Term Control Program). The proposed monthly CRIAC ranges from \$18.40 per Equivalent Residential Unit (ERU) in FY 2022 to \$31.43 per ERU in FY 2031. 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 \$276.8 million through Federal appropriations as of December 31, 2021.

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, 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.



East Side Pump Station – Green Roof



Customer Assistance and Regional Demographics

Customer Affordability

In the District of Columbia, one-fourth of the residents live below the poverty line, thus rate affordability is of 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 (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:

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 2021, CAP assisted over 5,630 customers and provided \$2,378,326 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 2020, DOEE established an Emergency Residential Relief Program to provide one-time assistance of up to \$2,000 to customers impacted by COVID-19. The program was extended to FY 2021.

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. RAP was extended to FY 2022.

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. MAP was extended to FY 2022.

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).

LIHWAP (Low Income Household Water Assistance Program) -

Provides funds to assist low-income households with water and wastewater bills.

STAY (Stronger Together Assisting You) - Is a financial program for D.C renters and housing providers who are looking for support to cover housing and utility expenses and offset the loss of income.

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 2021, SPLASH assisted 96 households and provided \$71,765 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 Loudoun 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 132,502 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 2023 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.

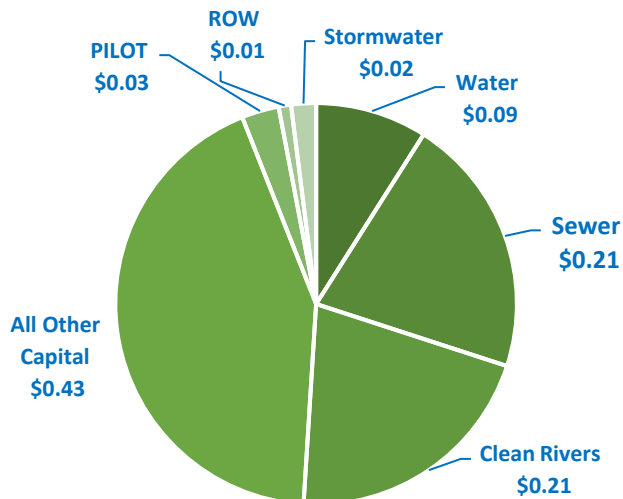
FY 2022 - FY 2024 Average Residential Customer Monthly Bill

DC WATER RATES AND FEES	Current FY 2022	Proposed FY 2023	Proposed FY 2024
DC Water Water and Sewer Retail Rates ⁽¹⁾	\$ 78.92	\$ 86.07	\$ 89.03
DC Water Clean Rivers IAC ⁽²⁾	18.40	18.14	21.86
DC Water Customer Metering Fee	7.75	7.75	7.75
DC Water Water System Replacement Fee ⁽⁴⁾	6.30	6.30	6.30
Subtotal DC Water Rates & Charges	\$ 111.37	\$ 118.26	\$ 124.94
DISTRICT OF COLUMBIA CHARGES			
District of Columbia PILOT Fee ⁽¹⁾	\$ 3.04	\$ 3.20	\$ 3.31
District of Columbia Right-of-Way Fee ⁽¹⁾	1.03	1.03	1.03
District of Columbia Stormwater Fee ⁽³⁾	2.67	2.67	2.67
Subtotal District of Columbia Charges	\$ 6.74	\$ 6.90	\$ 7.01
Total Amount Appearing on DC Water Bill	\$ 118.11	\$ 125.16	\$ 131.95
Percent Increase in Total Bill	6.7%	6.0%	5.4%

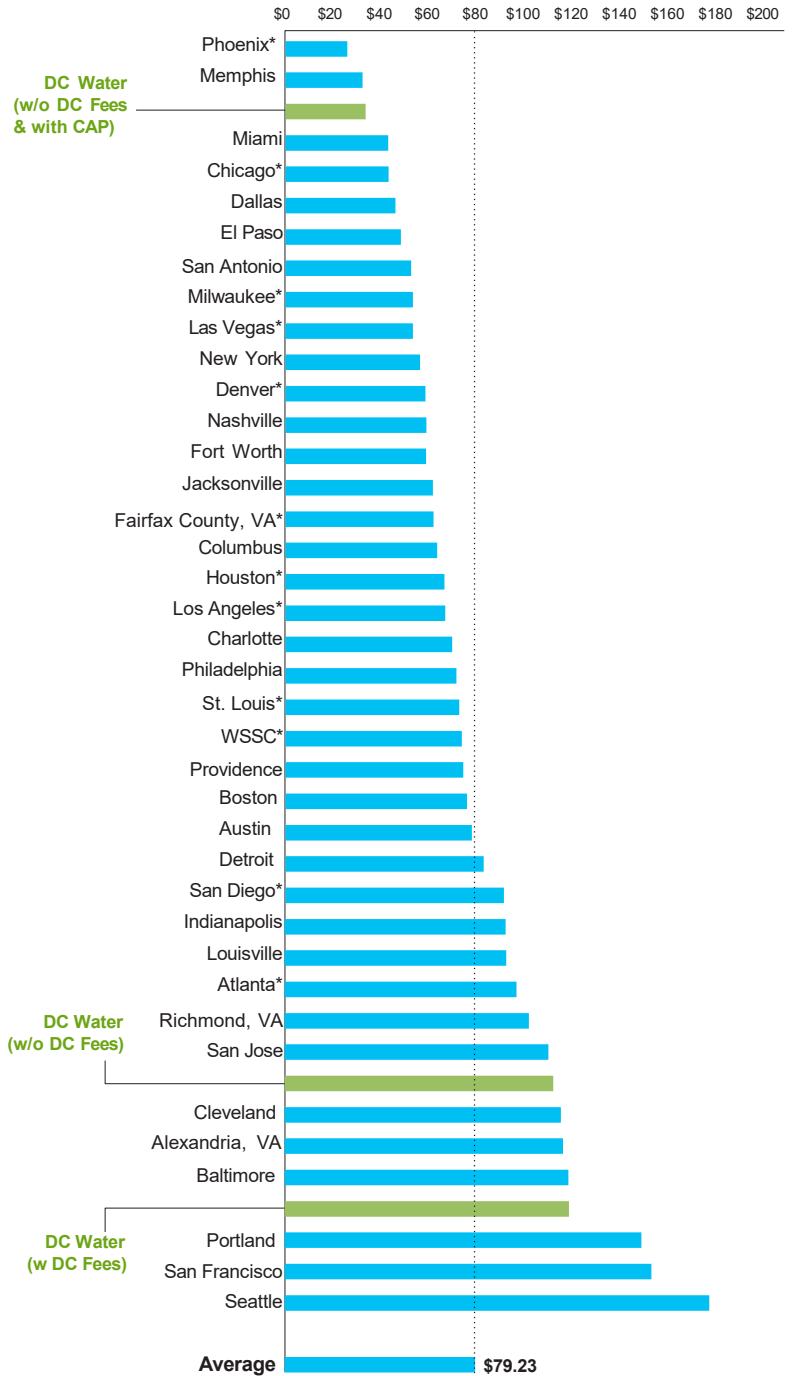
- (1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)
(2) Assumes average 1 Equivalent Residential Unit (ERU)
(3) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010
(4) DC Water "Water System Replacement Fee" of \$6.30 for 5/8" meter size effective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

FY 2023: 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