



Proposed FY 2025 and FY 2026 Rates, Charges and Fees

Presentation to Retail Rates Committee, February 27th, 2024

District of Columbia Water and Sewer Authority



Blue Plains Advanced Wastewater Treatment Plant

Seek Committee's recommendation to the Board on the:

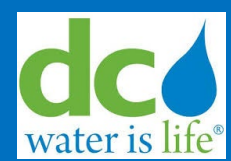
Multi-year Rate Proposal for FY 2025 and FY 2026

- Water and Sewer Rates, Charges & Fees
- Retail Groundwater Sanitary Sewer Service Rate
- High Flow Filter Backwash Sewer Rate

FY 2024 – FY 2033 Financial Plan

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





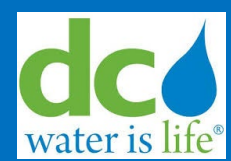
Budget & Rates Adoption Calendar

| Timeline | Activity | Status |
|---|--|--------|
| January 4 | Budget Workshop with Board of Directors | ✓ |
| January 12 | Wholesale Customer Briefing | ✓ |
| January 19 | Office of People's Counsel Briefing | ✓ |
| Committee Discussions & Reviews | | |
| January 18 | Environmental Quality & Operations | ✓ |
| January 23 | Joint DC Retail Water & Sewer Rates and Finance & Budget Committee | ✓ |
| February 1 | Board Meeting (No Board Action Required) | |
| Committee Reviews, Recommendations & Actions | | |
| February 15 | Environmental Quality & Operations | ✓ |
| February 22 | Finance & Budget | ✓ |
| February 27 | DC Retail Water & Sewer Rates | |
| March 7 | Board Adoption of Budgets | |
| April | Submit Budget via the District to U.S. Congress | |
| April – June | Rates Public Outreach & Town Halls & Public Hearing on May 9 | |
| July 3 | Board Adoption of Rates | |
| October 1 | Fiscal Year 2025 Begins | |

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



- 💧 The Board of Directors approves the Budget and the Financial Plan that determines the revenue requirements to operate and maintain water and sewer infrastructure, upgrade our facilities, and improve the environment.
- 💧 The Board of Directors approves DC Water's proposed rates, charges and fees after:
 - ✓ Presentation of Operating and Capital Costs for the applicable rate period to the Environmental Quality and Operations, Finance and Budget, and DC Retail Water and Sewer Rates Committee;
 - ✓ Presentation of the Cost of Service Study and publication on DC Water's website;
 - ✓ Presentation of the Independent Review of Rates and Budget by Consultant and publication on DC Water's website;
 - ✓ Submittal of Cost of Service Study and Independent Review of Rates and Budget to Mayor and Council;
 - ✓ Publication of the rate proposal in the *D.C. Register* for public comment;
 - ✓ Holding a Public Hearing to receive comments on the rate proposal, held not less than 45 days after publication of the rate proposal in the *D.C. Register*;
 - ✓ Review of comments received during the public comment period and during the Public Hearing and DC Water's response to comments, and publication of both on DC Water's website; and
 - ✓ Recommendation from the DC Retail Water and Sewer Rates Committee and General Manager



Multi-Year Rate Proposal for FY 2025 and FY 2026

Proposed rate changes:

- Water and sewer rates increase by 8.0% for FY 2025 and 6.0% for FY 2026
- Proposed CRIAC of \$21.23 per ERU in FY 2025 and \$24.23 per ERU in FY 2026
- Right-of-Way Fee at \$0.19 per Ccf for FY 2025 and \$0.20 per Ccf for FY 2026
- PILOT Fee at \$0.61 per Ccf for FY 2025 and \$0.62 per Ccf for FY 2026
- Proposed Groundwater Rate of \$3.50 for FY 2025 and \$3.76 for FY 2026
- Proposed High Flow Filter Backwash Sewer Rate of \$3.32 for FY 2025 and \$3.54 for FY 2026

Rates and charges that remain the same:

- Customer Metering Fee remains at \$7.75 for 5/8” meters
- Water System Replacement Fee (WSRF) at \$6.30 for 5/8” meters

- Cost of Service Study aligned with rate proposal
- Combined rate increases lower than last year’s forecast

| Change in Average Household Charge | Fiscal Year | |
|------------------------------------|-------------|------|
| | 2025 | 2026 |
| Recommendation | 4.8% | 6.5% |
| Previous Forecast | 7.0% | 6.8% |

Reflects updated changes based on cost of service study completed

💧 **Proposed rates are for FY 2025 and FY 2026**

💧 **Multi-year rates provide many benefits:**

- Revenue certainty
- Budget discipline
- Expenditures better aligned with revenues
- Favorable credit rating agency treatment
- Better predictability for our ratepayers

💧 **Potential risks / considerations:**

- Reduced financial flexibility
- Limited ability to modify approved rate increases, if necessary
- Conservatism in financial projections



💧 Tap Water is the affordable choice.

- Bottled water is 6,000% more expensive than tap water
- One gallon of bottled water costs \$1.23 per gallon on average*
- One gallon of DC Water costs \$0.02 per gallon



OR



*Source: International Bottled Water Association

💧 Tap Water is the environmental choice

- Americans purchase about 50 billion plastic water bottles per year
- Bottled water production and transportation requires tremendous energy and natural resources
- About 86% of empty plastic water bottles end up in the trash instead of being recycled
- Anacostia Riverkeeper says more than half of the trash floating in Anacostia River is from plastic water bottles
- New study found massive amounts of microscopic plastic in bottled water

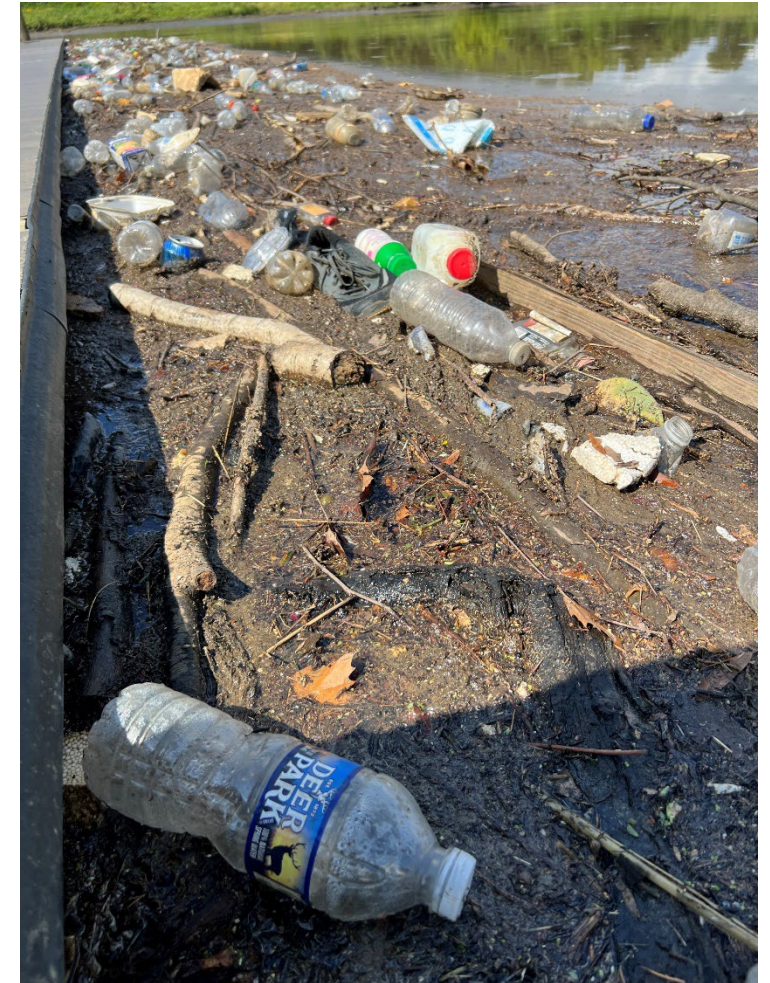
Researchers find a massive number of plastic particles in bottled water

UPDATED JANUARY 10, 2024 - 11:59 AM ET ©

By James Doubek



Researchers from Columbia University and Rutgers University found roughly 240,000 detectable plastic fragments in a typical liter of bottled water. Jody Amiet/AFP via Getty Images hide caption



- DC Water offers some of the nation's most financially supportive customer assistance programs:

Lifeline Rate

- Provides a discount to residential customers on the first 2,992 gallons used each month

CAP

- Provides monthly discounts to residential customers with household incomes less than \$152,100 (family of four)

One-Time Assistance

- SPLASH provides one-time emergency assistance to customers
- New programs for residential and multi-family customers

Payment Terms

- DC Water provides flexible payment terms for customers to get back on track



Seniors with incomes up to \$106,450 can qualify for discounts
(single family household)

Leak Assessment Program

CAP+

20% AMI

\$30,430 (family of 4)

Discount on the first 600 cubic ft. of water and sewer services + 75% reduction in the monthly CRIAC fee + WSRF waiver

\$122/month discount

CAP

60% SMI

\$91,250 (family of 4)

Discount on the first 400 cubic ft. of water and sewer services + 75% reduction in the monthly CRIAC fee + WSRF waiver

\$95/month discount

CAP2

80% AMI

\$121,700 (family of 4)

Discount on the first 300 cubic ft. of water and sewer services + 50% reduction in the monthly CRIAC fee

\$62/month discount

CAP3

100% AMI

\$152,100 (family of 4)

Discount of 75% off the monthly CRIAC fee

\$16/month discount

CRIAC Non-Profit Relief

District-funded program to assist Non-profit organizations with Clean Rivers Impervious Area Charge (CRIAC)

* These CAP amounts are for FY 2025

Residential Assistance

- Up to \$2,000 per household
- DC Water Funded

Payment Plan Incentive Program

- Help eligible customers with aged balance of 60 days or greater and totals \$500 or more
- Adjust 40% of total payments (includes current charges and payment plan installment)

Homeowners Assistance Fund

- Provide assistance with water utility bills
- Federally Funded

Low-Income Household Water Assistance (LIHWAP)

- Provides funds to assist Households with water and sewer bills
- Federally Funded

- DC Water will hold Town Hall Meetings in April, in advance of the rates public hearing, to:
 - Inform customers about the Proposed FY 2025 and FY 2026 rates
 - Discuss the Capital Improvement Program, and
 - Promote all the existing and new customer assistance programs
- The meetings will be widely publicized through numerous channels, including:
 - Councilmember Offices
 - Advisory Neighborhood Commissions (ANCs)
 - DCWater.com website
 - X.com (*Twitter*), Facebook and Instagram
 - Nextdoor
 - Paid digital and print advertising



Complete Budget Briefing available online at <https://www.dewater.com/budget-and-rate-review-documents-0>

The screenshot shows the top navigation bar with links like 'My Accounts', 'Pay Your Bill', 'Dispute a Bill', 'Report a Problem', 'Find a Job', 'Get a Permit', 'Contact Us', and 'View Customer Center'. Below the navigation is the DC Water logo and a search bar. The breadcrumb trail reads: Home > About DC Water > Finance > Ratemaking Process. Social media icons for Facebook, Twitter, Instagram, YouTube, and LinkedIn are visible.

Ratemaking Process

The Board's Strategic Plan and 10-year financial plan provide the framework for the formulation, prioritization, implementation and monitoring of the annual budget process.

The annual budget process typically begins with planning in June and official kickoff in July of each year for the Operating and Capital Budgets. Plans and budgets are prepared at an appropriate level of detail for each management level. Assumptions inherent in the plans and budgets reflect the entity's historical experience, current conditions and Executive Team's directives. Once decisions are finalized for the operating and capital budgets, management develops the financial plan and rate model including various scenarios to ensure a balanced budget for recovery of costs. Further review is undertaken with independent consultants including benchmarking our proposed rates with peers in the industry. DC Water develops two-year rate proposals. The benefits of multi-year rates include greater revenue certainty, increased budget discipline and better alignment between revenues and expenditures.

The proposed budgets are finalized during the fall of each year, and introduced to the Board during the Budget Workshop typically in January. The Committees then submit their recommendations to the full Board for adoption and DC Water's adopted budget is included in the District of Columbia's budget submission to U.S. Congress.

DC Water's adopted budget and proposed rates are communicated via various news and media outlets as well as town hall meetings in each ward and a public hearing to provide customers the opportunity to comment on the changes. Once the budgets are appropriated by Congress and the final rates approved by the Board, they become effective on October 1st of each year.

IN THIS SECTION

- [FY 2025 Proposed Budget & Two-Year Rates](#)
- [FY 2024 Approved Budget](#)
- [FY 2023 and FY 2024 Approved Rates](#)
- [Budget and Rate Review Documents](#)

OTHER LINKS & DOCUMENTS

Online Tools

- [Rate Comparison Tool](#)
- [Impervious Area Calculator](#)

FY 2023 & FY 2024 Approved Rate Documents

- [Responses to Comments and Recommendations on Proposed Rates](#)
- [FY 2023 & FY 2024 Proposed Rates Presentation - RRC February 22, 2022](#)
- [Independent Review of Proposed Rates for FY 2023 and FY 2024 - Report](#)
- [Independent Review of Proposed FY 2023 & FY 2024 Rates, Charges & Fees Presentation - RRC February 22, 2022](#)

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Budget and Rate Review Documents

Budget Review Documents

| Date | Title |
|------------------|--|
| January 23, 2024 | Joint DC Retail Water & Sewer Rates and Finance & Budget Committees FY 2025 Proposed Budget |
| January 19, 2024 | Office of People's Counsel Briefing FY 2025 Proposed Budget & Two-Year Rates |
| January 18, 2024 | Environmental Quality and Operations Committee Proposed FY 2024 - FY 2033 Capital Improvement Program |
| January 12, 2024 | Wholesale Customer Briefing DC Water's Proposed FY 2025 Budget |
| January 4, 2024 | Budget Workshop with the Board FY 2025 Proposed Budget & Two-Year Rates |



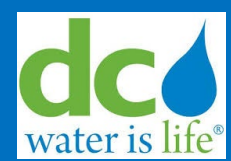
Are You In The Know?

Board of Directors meetings are held the first Thursday of every month and are open to the public. Join us in-person or watch online.

[READ MORE](#)

- DC Water recovers only the funds necessary to fund the Operating and Capital Budgets through rates
- One of the fastest growing expenditure category is debt service for the capital program, which has grown an average of 6.2% a year since 2016
- As part of the budget, DC Water presents the rates required to support the CIP and forecasted operating expenditures
 - Rates are reviewed and approved by the DC Water Board every two years
 - The financial plan, including the forecast of rates, is proposed to the Board for consideration
- Customer Assistance Programs provide discounts for residential customers
 - Income requirements for those programs change every year
 - In FY 2021 the discount was increased for customers in the CAP program to ensure that rates comprised a lower portion of household income
 - Proposed new programs for FY 2025; CAP+, Payment Incentive, Leak Assessments

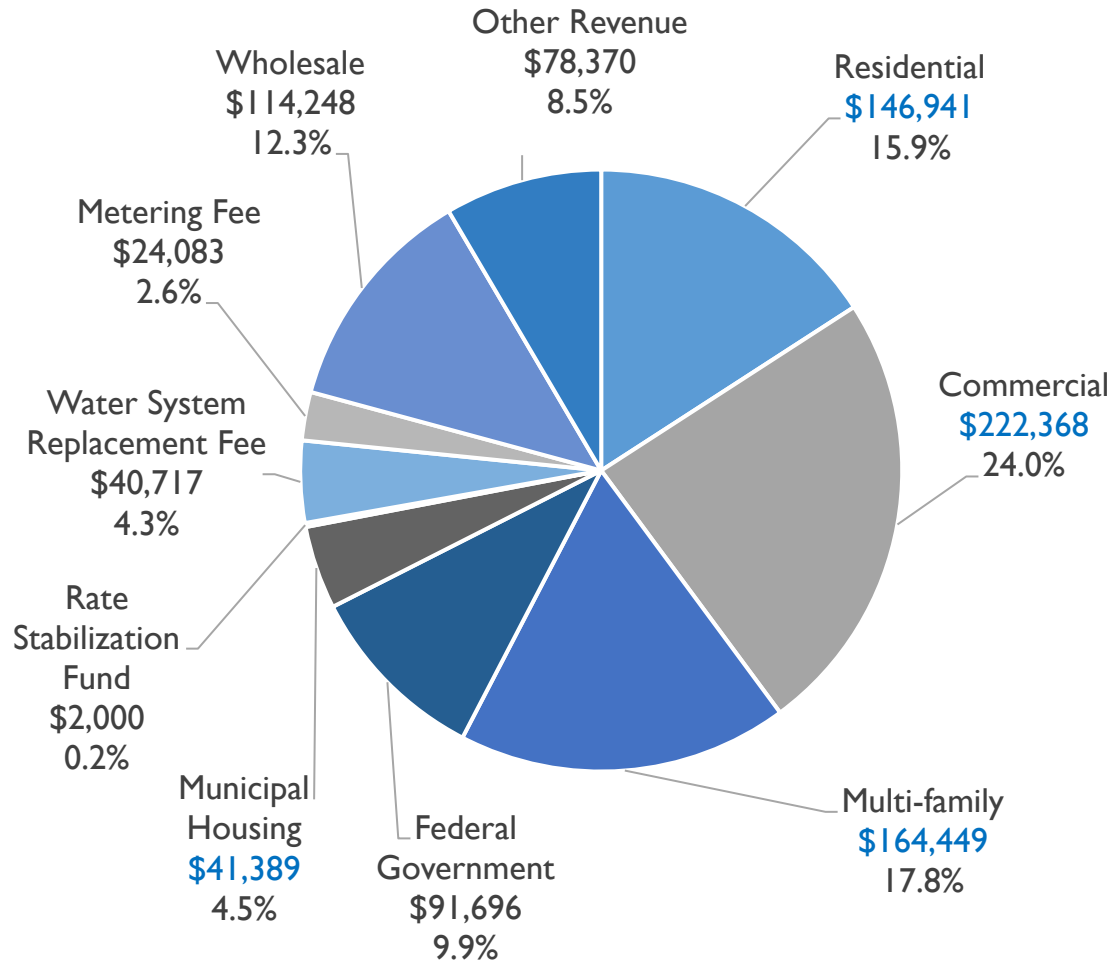




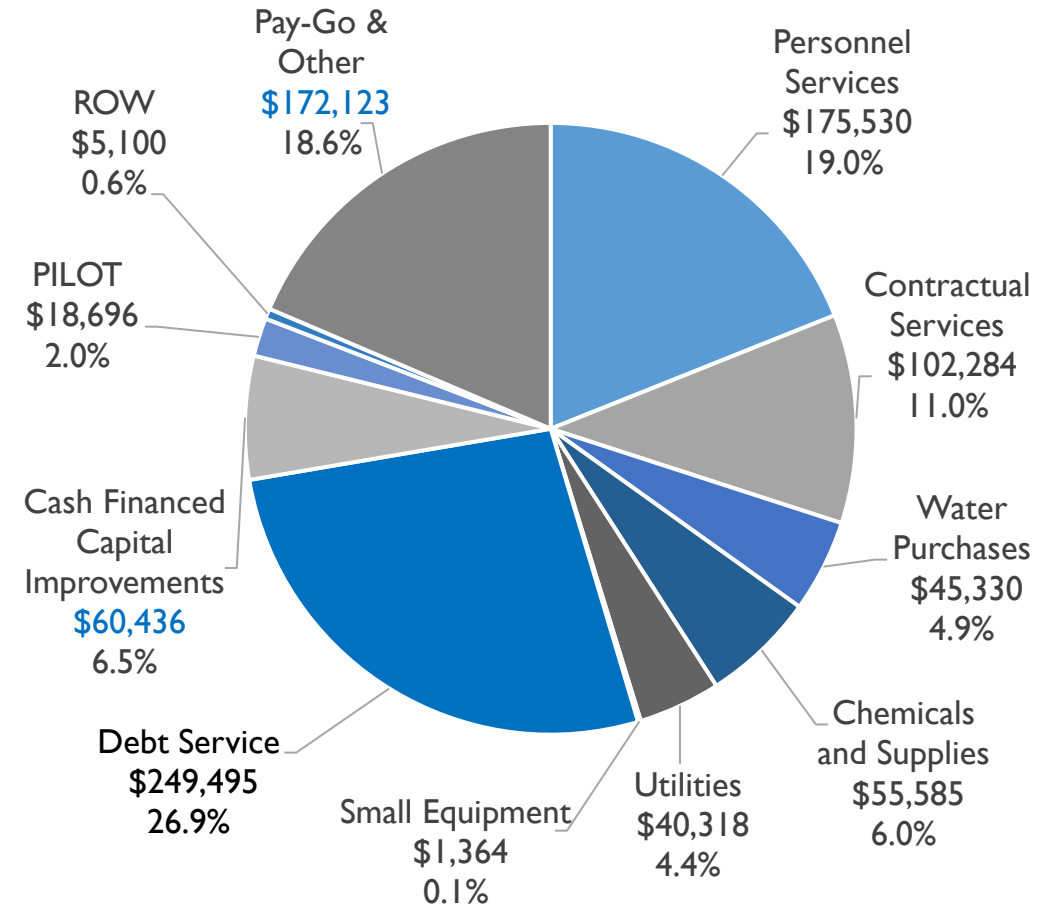
FY 2025 Operating: Sources and Uses of Funds

\$ in thousands

Sources - \$926.3 Million



Uses - \$926.3 Million

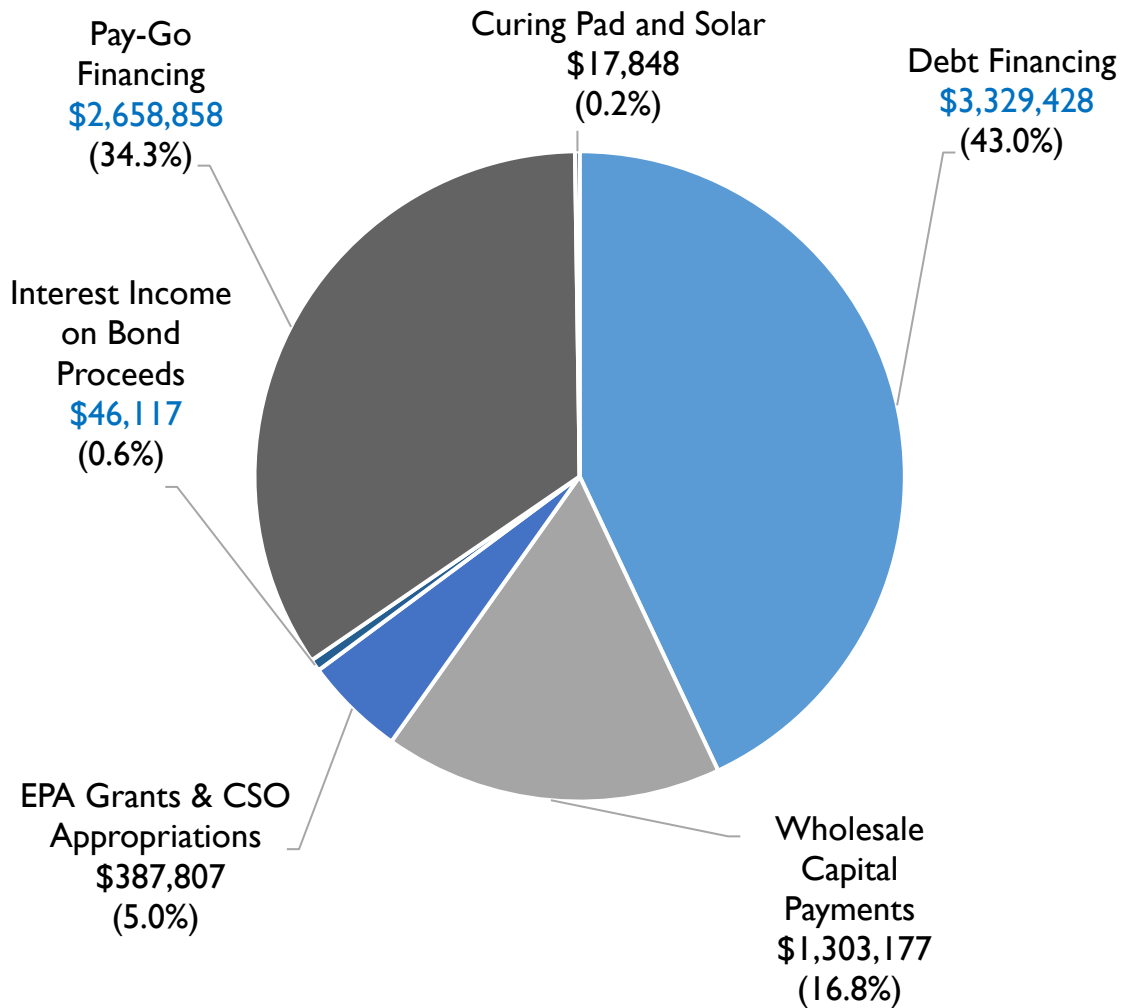


Reflects updated changes based on cost of service study completed

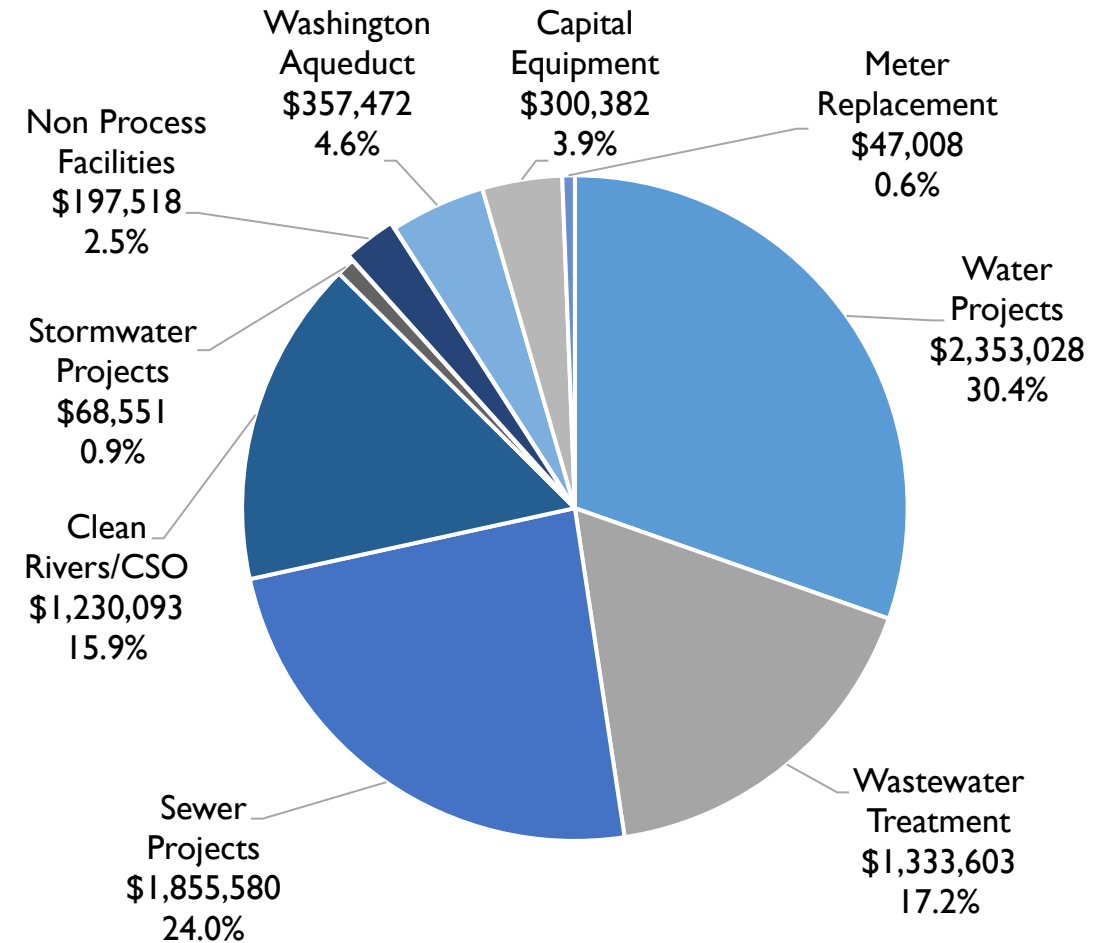
Ten Year CIP: Sources and Uses of Funds

\$ in thousands

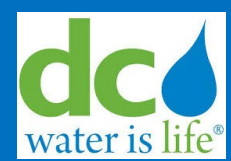
Sources - \$7.74 Billion



Uses - \$7.74 Billion



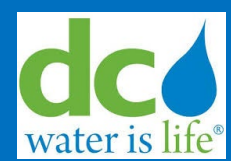
Reflects updated changes based on cost of service study completed



The Capital Improvement Program

- ▶ The **proposed ten-year CIP budget of \$7.74 billion** includes annual spending estimates for capital construction, capital equipment and DC Water’s share of the Aqueduct’s capital projects
 - This is a \$792 million increase over the Board-approved CIP for the ten-year period
- ▶ The **proposed lifetime budget is \$16.1 billion** and covers total commitments, including labor, for active projects prior to, during, and beyond the ten-year window

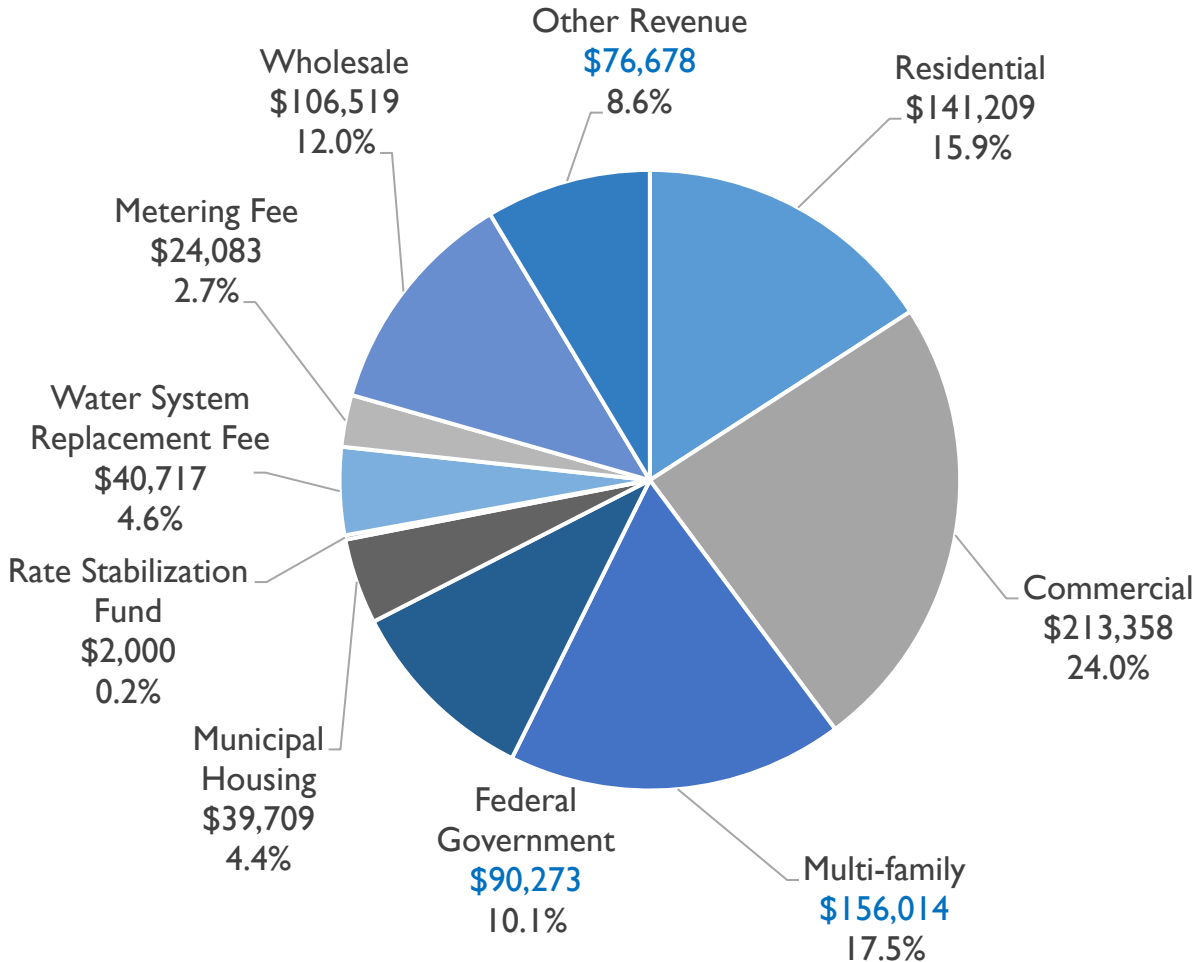
| Cash Disbursements (\$ in dollars) | FY 2024 - FY 2033 Disbursement Plan | | | | | | | | | | | Lifetime Budget |
|------------------------------------|-------------------------------------|-------------------|-------------------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|---------------------|----------------------|
| | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 | FY 2032 | FY 2033 | 10-yr Total | |
| NON PROCESS FACILITIES | \$ 13,074 | \$ 19,900 | \$ 25,190 | \$ 27,461 | \$ 17,775 | \$ 35,413 | \$ 23,100 | \$ 13,283 | \$ 14,977 | \$ 7,345 | \$ 197,518 | \$ 362,044 |
| WASTEWATER TREATMENT | 65,150 | 103,291 | 133,487 | 146,143 | 164,601 | 194,637 | 185,233 | 174,807 | 91,587 | 74,666 | 1,333,603 | 3,348,779 |
| COMBINED SEWER OVERFLOW | 123,793 | 213,408 | 231,323 | 216,615 | 193,750 | 154,800 | 92,363 | 4,041 | - | - | 1,230,093 | 3,430,748 |
| STORMWATER | 7,293 | 13,565 | 7,958 | 3,804 | 4,532 | 3,268 | 6,697 | 9,432 | 6,772 | 5,231 | 68,551 | 157,075 |
| SANITARY SEWER | 80,599 | 92,235 | 123,854 | 118,639 | 169,037 | 287,816 | 249,471 | 227,771 | 269,312 | 236,846 | 1,855,580 | 2,897,505 |
| WATER | 158,736 | 222,494 | 252,395 | 250,278 | 266,256 | 268,591 | 279,184 | 207,235 | 219,880 | 227,979 | 2,353,028 | 4,738,104 |
| CAPITAL PROJECTS | \$ 448,646 | \$ 664,893 | \$ 774,206 | \$ 762,940 | \$ 815,951 | \$ 944,526 | \$ 836,048 | \$ 636,568 | \$ 602,528 | \$ 552,067 | \$ 7,038,373 | \$ 14,934,255 |
| CAPITAL EQUIPMENT | 30,535 | 31,477 | 31,839 | 30,523 | 37,169 | 37,169 | 37,169 | 37,169 | 37,169 | 37,169 | 347,390 | 347,390 |
| WASHINGTON AQUEDUCT | 35,546 | 35,770 | 35,770 | 35,770 | 35,770 | 35,770 | 35,770 | 35,770 | 35,770 | 35,770 | 357,472 | 357,472 |
| ADDITIONAL CAPITAL PROJECTS | \$ 66,081 | \$ 67,246 | \$ 67,609 | \$ 66,293 | \$ 72,939 | \$ 72,939 | \$ 72,939 | \$ 72,939 | \$ 72,939 | \$ 72,939 | \$ 704,863 | \$ 704,863 |
| LABOR | | | | | | | | | | | | \$443,166 |
| TOTAL CAPITAL BUDGETS | \$ 514,727 | \$ 732,139 | \$ 841,815 | \$ 829,232 | \$ 888,890 | \$ 1,017,465 | \$ 908,987 | \$ 709,507 | \$ 675,467 | \$ 625,006 | \$ 7,743,235 | \$ 16,082,284 |



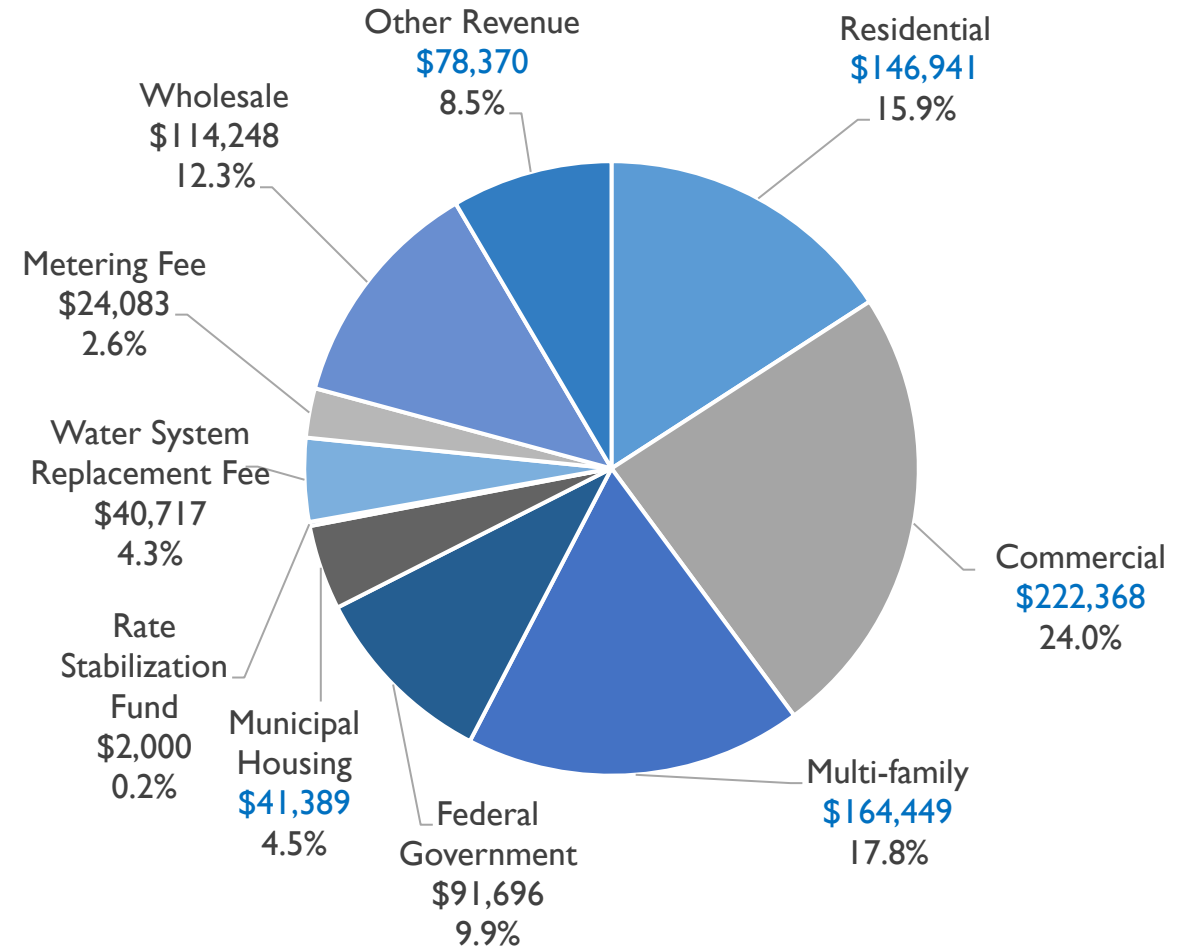
FY 2024 vs. FY 2025 Operating Revenues

\$ in thousands

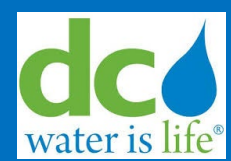
Revised FY 2024 \$890.6 million



Proposed FY 2025 \$926.3 million



Reflects updated changes based on cost of service study completed

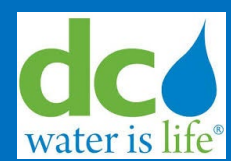


Revenue Comparison by Customer Class

- Total revenue is projected to increase by \$35.7 million or 4.0% for FY 2025 and \$51.2 million or 5.5% for FY 2026 mainly due to rate increase
 - Retail Revenue – Increase by \$26.3 million or 3.7% in FY 2025 and \$43.5 million or 5.9% in FY 2026
 - Wholesale Revenue – Increase by \$7.7 million or 7.3% in FY 2025 and \$6.7 million or 5.8% for FY 2026 due to operations and maintenance expense projection. Revenue estimates are based on most recent flow data

| \$ in thousands | Revised FY 2024 | Proposed FY 2025 | Proposed FY 2026 | FY 2025 vs FY 2024 | | FY 2026 vs FY 2025 | |
|--|--------------------|---------------------|---------------------|-----------------------|-------------|-----------------------|-------------|
| | | | | Incr/(Decr) | | Incr/(Decr) | |
| | | | | \$ | % | \$ | % |
| Retail Revenue | \$705,362 | \$731,643 | \$775,094 | \$26,281 | 3.7% | \$43,451 | 5.9% |
| Wholesale Revenue | | | | | | | |
| Potomac Interceptor (PI) | 3,547 | 3,547 | 3,547 | - | 0.0% | - | 0.0% |
| Loudoun County Sanitation Authority (LCSA) | 9,539 | 10,450 | 11,045 | 911 | 9.6% | 595 | 5.7% |
| Washington Suburban Sanitary Commission (WSSC) | 74,959 | 79,591 | 84,441 | 4,632 | 6.2% | 4,850 | 6.1% |
| Fairfax County | 18,475 | 20,660 | 21,872 | 2,185 | 11.8% | 1,212 | 5.9% |
| Total Wholesale Revenue | \$106,520 | \$114,248 | \$120,905 | \$7,728 | 7.3% | 6,657 | 5.8% |
| Other Revenue | 76,678 | 78,370 | 81,456 | 1,692 | 2.2% | 3,086 | 3.9% |
| Rate Stabilization Fund (RSF) | 2,000 | 2,000 | - | - | 0.0% | (2,000) | -100.0% |
| Total Revenues | \$890,560 | \$926,261 | \$977,455 | \$35,701 | 4.0% | \$51,194 | 5.5% |

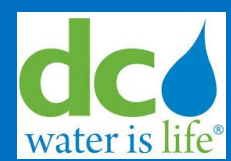
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Proposed FY 2025 & FY 2026 Rates, Charges & Fees

| | Units | Current FY 2024 | Proposed FY 2025 | Proposed FY 2026 | Incr. /(Decr.) FY 2025 | | Incr. /(Decr.) FY 2026 | |
|---------------------------------------|-------|--------------------|---------------------|---------------------|---------------------------|-------|---------------------------|-------|
| | | | | | \$ | % | \$ | % |
| | | | | | | | | |
| DC Water Retail Rates – Water: | | | | | | | | |
| Residential – Lifeline (0- 4 Ccf) | Ccf | \$4.38 | \$5.21 | \$5.78 | \$0.83 | 18.9% | \$0.57 | 10.9% |
| Residential – (> 4 Ccf) | Ccf | 5.70 | 6.81 | 7.60 | 1.11 | 19.5 | 0.79 | 11.6 |
| Multi-family | Ccf | 5.00 | 5.82 | 6.47 | 0.82 | 16.4 | 0.65 | 11.2 |
| Non-Residential | Ccf | 5.89 | 7.03 | 7.84 | 1.14 | 19.4 | 0.81 | 11.5 |
| DC Water Retail Rates – Sewer | Ccf | 11.70 | 12.07 | 12.52 | 0.37 | 3.2 | 0.45 | 3.7 |
| DC Water Clean Rivers IAC | ERU | 21.86 | 21.23 | 24.23 | -0.63 | -2.9 | 3.00 | 14.1 |
| DC Water Customer Metering | 5/8” | 7.75 | 7.75 | 7.75 | - | - | - | - |
| DC Water System Replacement | 5/8” | 6.30 | 6.30 | 6.30 | - | - | - | - |
| District of Columbia PILOT Fee | Ccf | 0.61 | 0.61 | 0.62 | - | - | 0.01 | 1.6 |
| District of Columbia Right of Way | Ccf | 0.19 | 0.19 | 0.20 | - | - | 0.01 | 5.3 |
| District of Columbia Stormwater | ERU | 2.67 | 2.67 | 2.67 | - | - | - | - |

*Rate impact in FY2025 is 8.0% and 6.0% in FY2026 and that has bill impact of 4.8% in FY2025 and 6.5% in FY2026. The shift in the balance between water and sewer rates has been determined by the recent cost of service study.



Average Residential Customer Monthly Bill

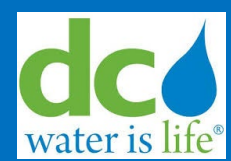
| | Units | Current FY 2024 | Proposed FY 2025 | Proposed FY 2026 |
|--|-------|--------------------|---------------------|---------------------|
| DC Water Water and Sewer Retail Rates ⁽¹⁾ | Ccf | \$ 89.03 | \$ 95.93 | \$ 101.77 |
| DC Water Clean Rivers IAC ⁽²⁾ | ERU | 21.86 | 21.23 | 24.23 |
| DC Water Customer Metering Fee | 5/8" | 7.75 | 7.75 | 7.75 |
| DC Water Water System Replacement Fee ⁽⁴⁾ | 5/8" | 6.30 | 6.30 | 6.30 |
| Subtotal DC Water Rates & Charges | | \$ 124.94 | \$ 131.21 | \$ 140.05 |
| Increase / Decrease | | \$ 6.68 | \$ 6.27 | \$ 8.84 |
| District of Columbia PILOT Fee ⁽¹⁾ | Ccf | \$ 3.31 | \$ 3.31 | \$ 3.36 |
| District of Columbia Right-of-Way Fee ⁽¹⁾ | Ccf | 1.03 | 1.03 | 1.08 |
| District of Columbia Stormwater Fee ⁽³⁾ | ERU | 2.67 | 2.67 | 2.67 |
| Subtotal District of Columbia Charges | | \$ 7.01 | \$ 7.01 | \$ 7.11 |
| Total Amount Appearing on DC Water Bill | | \$ 131.95 | \$ 138.22 | \$ 147.16 |
| Increase / Decrease Over Prior Year | | \$ 6.79 | \$ 6.27 | \$ 8.94 |
| Percent Increase in Total Bill | | 5.4% | 4.8% | 6.5% |

(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



Average CAP Customer Monthly Bill

| | Units | Current FY 2024 | Proposed FY 2025 | Proposed FY 2026 |
|---|-------|--------------------|---------------------|---------------------|
| DC Water Water and Sewer Retail Rates ⁽¹⁾ | Ccf | \$ 89.03 | \$ 95.93 | \$ 101.77 |
| DC Water Clean Rivers IAC ⁽⁵⁾ | ERU | 21.86 | 21.23 | 24.23 |
| DC Water Customer Metering Fee | 5/8" | 7.75 | 7.75 | 7.75 |
| DC Water Water System Replacement Fee ⁽³⁾ | 5/8" | 6.30 | 6.30 | 6.30 |
| Subtotal DC Water Rates & Charges | | \$ 124.94 | \$ 131.21 | \$ 140.05 |
| Increase / Decrease | | \$ 6.68 | \$ 6.27 | \$ 8.84 |
| District of Columbia PILOT Fee ⁽²⁾ | Ccf | \$ 3.31 | \$ 3.31 | \$ 3.36 |
| District of Columbia Right-of-Way Fee ⁽²⁾ | Ccf | 1.03 | 1.03 | 1.08 |
| District of Columbia Stormwater Fee ⁽⁴⁾ | ERU | 2.67 | 2.67 | 2.67 |
| Subtotal District of Columbia Charges | | \$ 7.01 | \$ 7.01 | \$ 7.11 |
| Total Amount | | \$ 131.95 | \$ 138.22 | \$ 147.16 |
| Less: CAP Discount (4Ccf per month) | | (67.52) | (72.32) | (76.48) |
| CAP Discount (100% WSRF per month) | | (6.30) | (6.30) | (6.30) |
| CAP Discount (50% CRIAC per month) | | (16.40) | (15.92) | (18.17) |
| Total CAP Discount | | (90.22) | (94.54) | (100.95) |
| Total Amount Appearing on DC Water Bill | | \$ 41.73 | \$ 43.68 | \$ 46.21 |
| Increase / Decrease Over Prior Year | | \$ 1.76 | \$ 1.95 | \$ 2.53 |
| CAP Customer Discount as a Percent of Total Bill | | -68.37% | -68.40% | -68.60% |

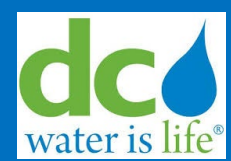
(1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)

(2) Expansion of CAP program in FY2009 assumes discount to first 4 Ccf of water, sewer, and further expansion in FY2011 assumes discount to first 4 Ccf of PILOT and ROW fee

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

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

(5) Assumes 75% discount for the Clean Rivers IAC effective October 1, 2020



CAP+, CAP, CAP2, and CAP3 Discounts and Income Thresholds

💧 CAP+, CAP, CAP2 and CAP3 discounts and income thresholds

| Program | Income Threshold ⁶ | Charges (Discounts) | Current FY2024 | Proposed FY2025 | Proposed FY2026 |
|-------------------|-------------------------------|--|----------------|-----------------|-----------------|
| CAP+ ² | \$30,430 (20% SMI) | Total Amount before Discounts ¹ | \$ - | \$ 138.22 | \$ 147.16 |
| | | Discounts | - | (122.49) | (130.68) |
| | | Total Amount Appearing on DC Water Bill | \$ - | \$ 15.73 | \$ 16.48 |
| CAP ³ | \$91,250 (60% SMI) | Total Amount before Discounts ¹ | \$ 131.95 | \$ 138.22 | \$ 147.16 |
| | | Discounts | (90.22) | (94.54) | (100.95) |
| | | Total Amount Appearing on DC Water Bill | \$ 41.73 | \$ 43.68 | \$ 46.21 |
| CAP2 ⁴ | \$121,700 (80% AMI) | Total Amount before Discounts ¹ | \$ 131.95 | \$ 138.22 | \$ 147.16 |
| | | Discounts | (59.17) | (62.46) | (67.02) |
| | | Total Amount Appearing on DC Water Bill | \$ 72.78 | \$ 75.76 | \$ 80.14 |
| CAP3 ⁵ | \$152,100 (100% AMI) | Total Amount before Discounts ¹ | \$ 131.95 | \$ 138.22 | \$ 147.16 |
| | | Discounts | (16.40) | (15.92) | (18.17) |
| | | Total Amount Appearing on DC Water Bill | \$ 115.55 | \$ 122.30 | \$ 128.99 |

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

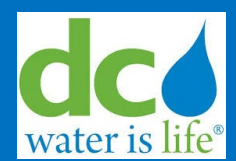
(2) CAP+ provides a discount on the first 600 cubic feet (4,488 gallons) of water, sewer, PILOT and ROW fee, 75 percent reduction in the monthly CRIAC fee and WSRF waiver

(3) CAP provides a discount on the first 400 cubic feet (2,992 gallons) of water, sewer, PILOT and ROW fee, 75 percent reduction in the monthly CRIAC fee and WSRF waiver

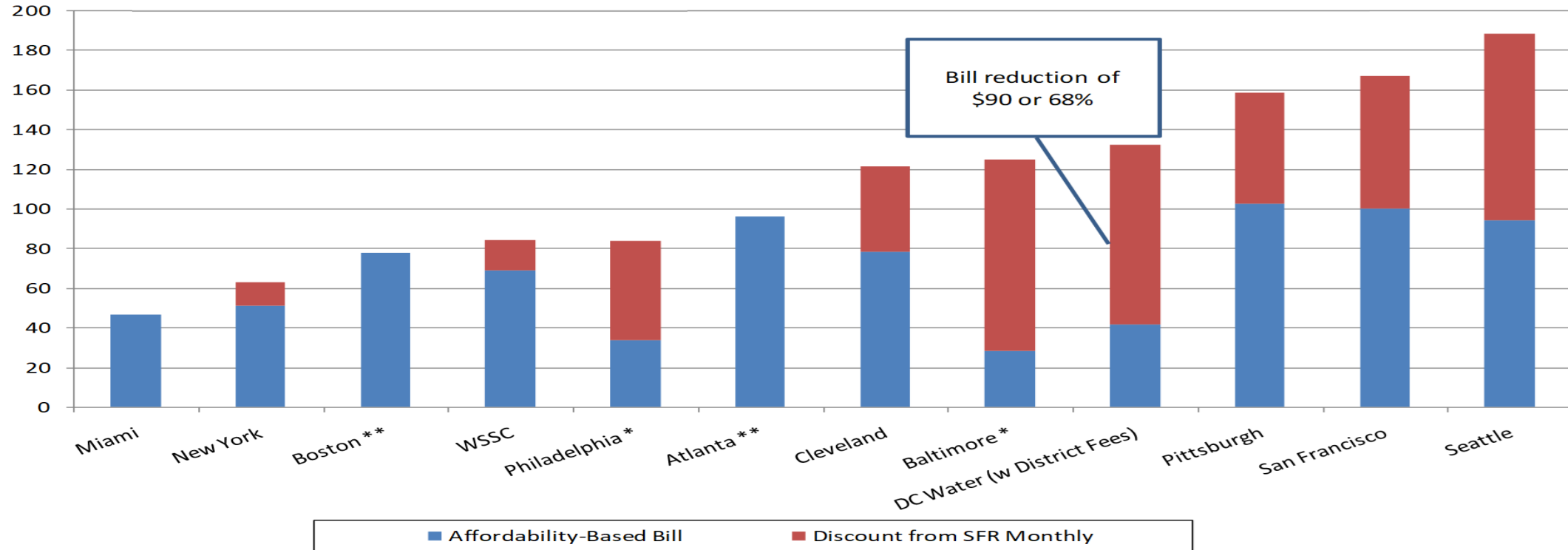
(4) CAP2 provides a discount on the first 300 cubic feet (2,244 gallons) of water and sewer services (with the exception of PILOT and ROW fees) and a 50 percent reduction in the monthly CRIAC fee

(5) CAP3 provides a discount of 75 percent of the monthly CRIAC

(6) Income Thresholds are based on a family of four



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

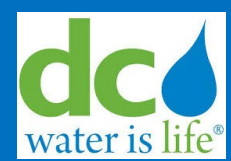


* Amount of discounts Philadelphia provides depend on income. Chart above uses estimated average discount for 2023. Baltimore also has a program that links amount of assistance to income. Chart above illustrates discount based on average estimated household income in program participants as of February 2023.

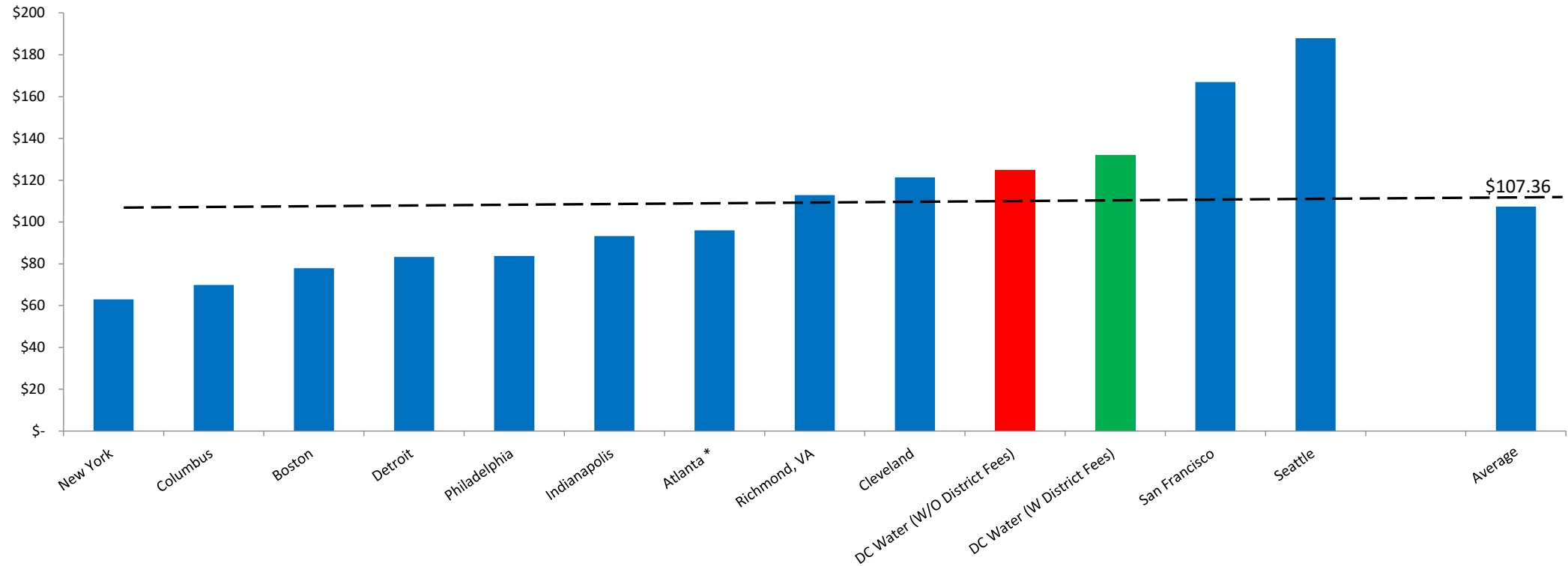
** Boston provides a 30% discount on water & sewer bills for senior citizens or fully disabled customers with no income eligibility requirement. Atlanta provides a 30% discount on water & sewer bills for seniors citizens who meet income eligibility requirement.

Note: The assistance programs have become increasing complex with savings that vary depending upon customer characteristics such as income (as they do for DC Water) and that our presentation shows representative savings but not all saving scenarios.

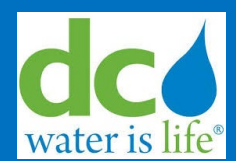
- Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons. Note: Reflects rates and fees in place as of November 1, 2023.



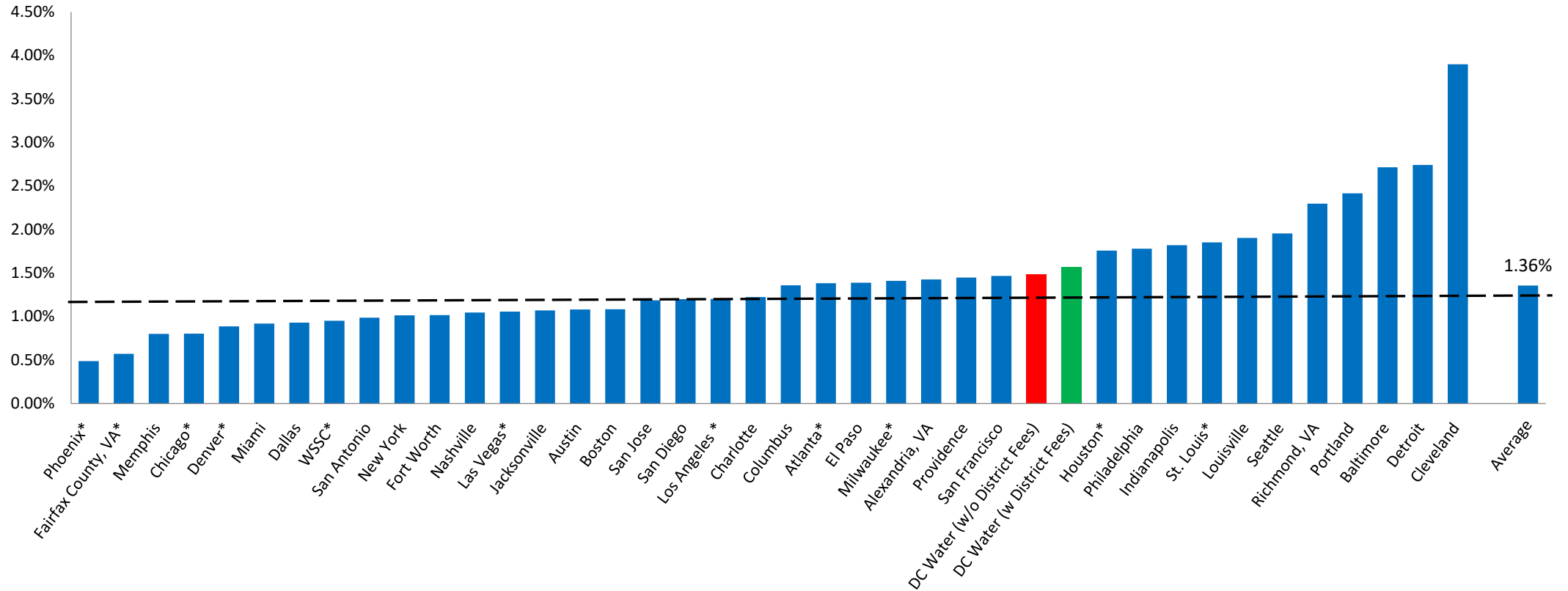
DC Water Compared to CSO Communities



- Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.
- Reflects rates and fees in place as of November 1, 2023. Some cities use property tax revenue or other revenues to pay for part of the cost of water, wastewater, or stormwater services, as indicated by * in the graph above. In such situations, the user charge will not reflect the full cost of water, wastewater or stormwater services.



Comparative User Charges as % of Median HH Income – Large National & Regional Utilities



■ Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons. Median household income from U.S. Census Bureau, 2022 American Community Survey 1-Year Estimates

Note: Reflects rates and fees in place as of November 1, 2023. Some cities use property tax revenue or other revenues to pay for part of the cost of water, wastewater, or stormwater services, as indicated by * in the graph above. In such situations, the user charge will not reflect the full cost of water, wastewater or stormwater services.

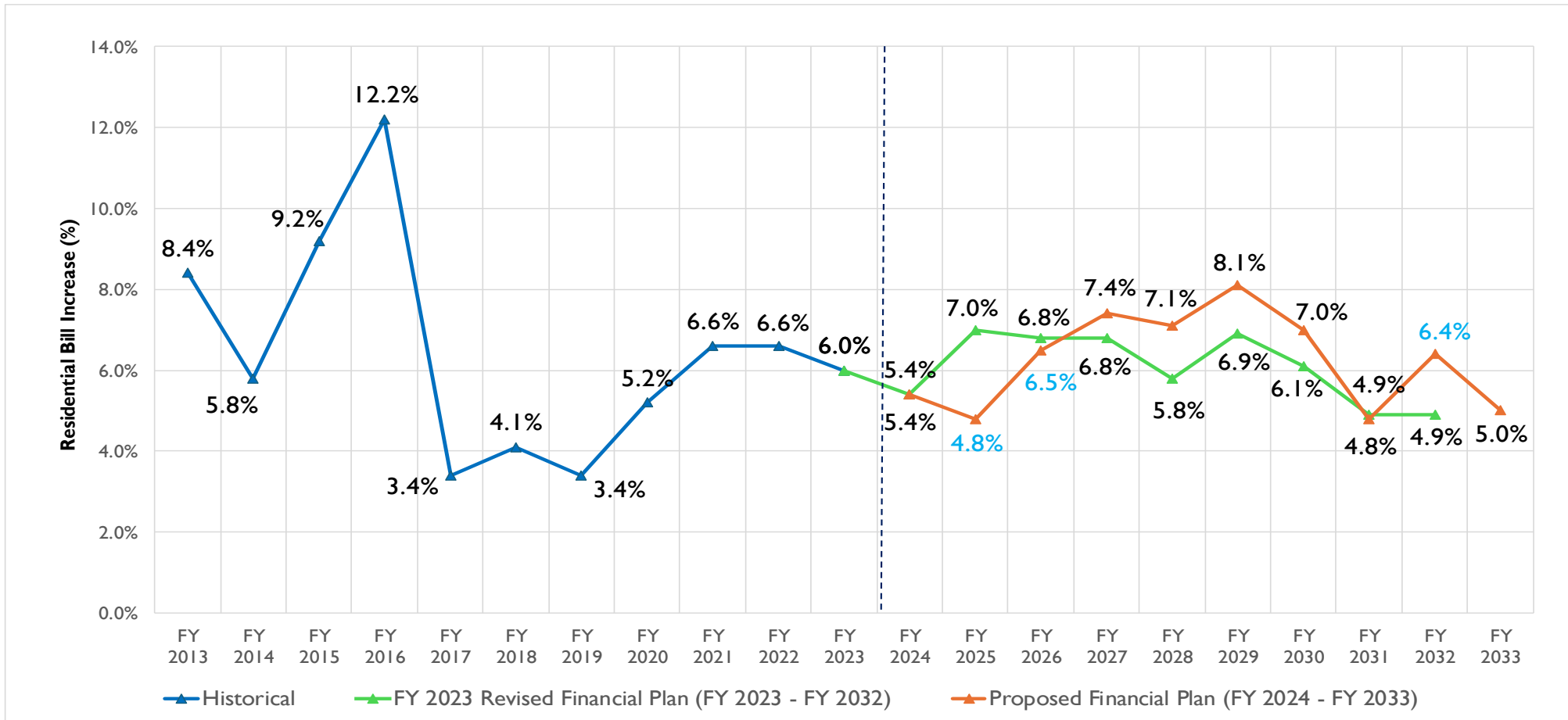
Financial Plan

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

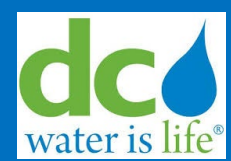
- 💧 Maintain Debt Service as a percentage of revenue equal to 33.0 percent or less
- 💧 Maintain combined coverage of 160 percent
- 💧 Maintain 250 days of cash excluding Rate Stabilization Fund. The Board established a goal of increasing the target days cash on hand to 350 days
- 💧 FY 2023 actual consumption declined by 1.4 percent. Assumed 7.0 percent decline in consumption in Commercial category in FY 2024 and 1.0 percent conservation each year for all other categories for FY 2025 and onwards
- 💧 FY 2023 Debt Service was lower as compared to budget due to deferring bond issuance and a credit released from the 1998 Debt Service Reserve Fund in excess of the requirement.

Historical and Projected Combined Rate Increases

- FY 2025 and FY 2026 are proposed rates, which are slightly lower than previously estimated because of increase in projected revenues mainly due to higher consumption forecast
- In FY 2027 and beyond, forecasted rates are slightly higher than previously estimated due to higher costs

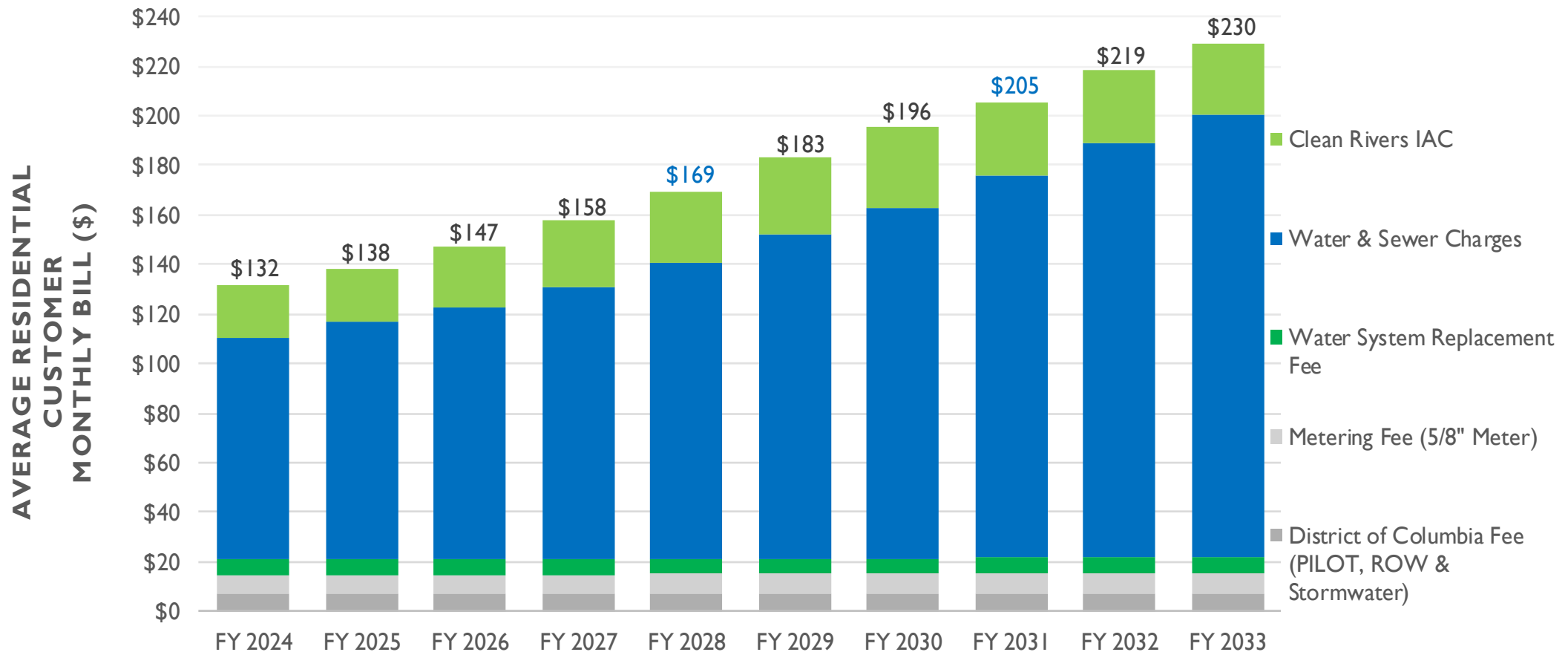


Reflects updated changes based on cost of service study completed

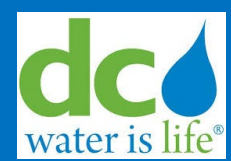


Projected Average Residential Customer Bill

Projected average monthly residential customer bill ranges from \$132 in FY 2024 to \$230 in FY 2033



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



Approved rates for FY 2024 and proposed rates for FY 2025 and FY 2026

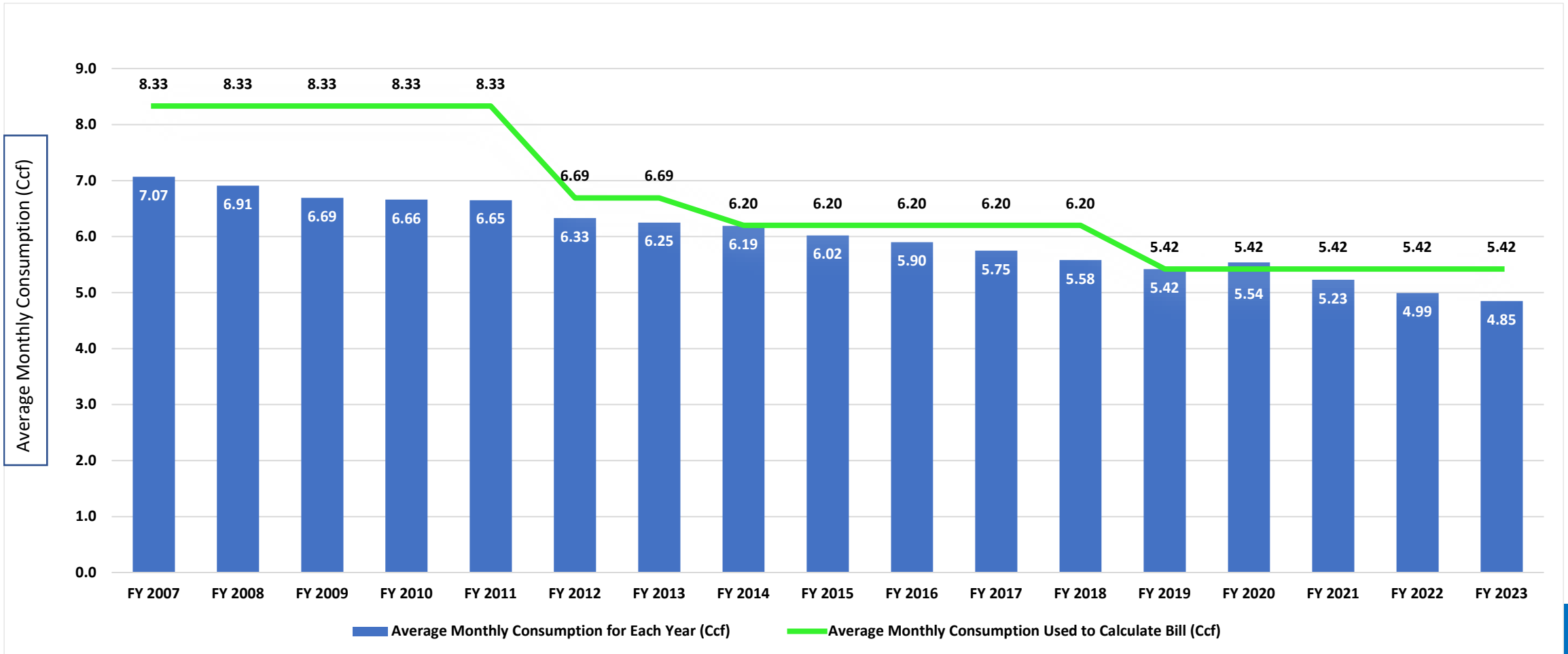
Customer Impacts

| Residential | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Avg. Ccf 5.42, ERU 1 | | | | | | | | | | |
| Water & Sewer Rate (%) | 3.3% | 8.00% | 6.00% | 8.00% | 9.00% | 9.00% | 8.50% | 9.00% | 8.50% | 6.50% |
| CRICAC (\$/ERU) | \$21.86 | \$21.23 | \$24.23 | \$26.99 | \$28.28 | \$31.13 | \$32.73 | \$29.37 | \$29.40 | \$29.41 |
| Avg. Customer Bill (\$) | \$131.95 | \$138.22 | \$147.16 | \$158.10 | \$169.35 | \$183.11 | \$195.89 | \$205.32 | \$218.54 | \$229.50 |
| Average Customer (%) | 5.4% | 4.8% | 6.5% | 7.4% | 7.1% | 8.1% | 7.0% | 4.8% | 6.4% | 5.0% |
| Multi-family | | | | | | | | | | |
| Avg. Ccf 90.65, ERU 6.91 | | | | | | | | | | |
| Water & Sewer Rate (%) | 3.3% | 8.00% | 6.00% | 8.00% | 9.00% | 9.00% | 8.50% | 9.00% | 8.50% | 6.50% |
| CRIAC (\$/ERU) | \$21.86 | \$21.23 | \$24.23 | \$26.99 | \$28.28 | \$31.13 | \$32.73 | \$29.37 | \$29.40 | \$29.41 |
| Avg. Customer Bill (\$) | \$1,854.77 | \$1,958.29 | \$2,080.54 | \$2,238.31 | \$2,415.83 | \$2,620.46 | \$2,820.97 | \$3,014.42 | \$3,238.52 | \$3,423.51 |
| Average Customer (%) | 4.3% | 5.6% | 6.2% | 7.6% | 7.9% | 8.5% | 7.7% | 6.9% | 7.4% | 5.7% |
| Commercial | | | | | | | | | | |
| Avg. Ccf 103.88, ERU 14.51 | | | | | | | | | | |
| Water & Sewer Rate (%) | 3.3% | 8.00% | 6.00% | 8.00% | 9.00% | 9.00% | 8.50% | 9.00% | 8.50% | 6.50% |
| CRICAC (\$/ERU) | \$21.86 | \$21.23 | \$24.23 | \$26.99 | \$28.28 | \$31.13 | \$32.73 | \$29.37 | \$29.40 | \$29.41 |
| Avg. Customer Bill (\$) | \$2,365.18 | \$2,512.90 | \$2,689.40 | \$2,899.79 | \$3,125.23 | \$3,393.04 | \$3,648.95 | \$3,866.13 | \$4,140.81 | \$4,368.45 |
| Average Customer (%) | 5.0% | 6.2% | 7.0% | 7.8% | 7.8% | 8.6% | 7.5% | 6.0% | 7.1% | 5.5% |

*Category-wise average consumption is based on FY 2023 average.

Average Residential Consumption Comparison

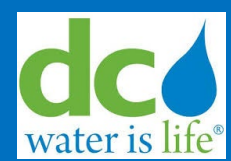
- 💧 The current average residential usage in FY 2023 is about 4.85 Ccf, which is less than 5.42 Ccf that DC Water has used since FY 2019
- 💧 Since FY 2009, average household water use has declined by 28 percent



DC Water's Financial Metrics come from the Indenture, Board Policy and Management

| Metrics | Indenture Requirement | Board Policy | Management Target | Financial Plan |
|--------------------------------------|-----------------------|--------------|------------------------|----------------|
| Days of Cash on Hand (excluding RSF) | 60 days | 250 Days | — | 267 - 267 Days |
| Combined Coverage Ratio | — | 1.6X | — | 1.81X – 2.13X |
| Senior Coverage | 1.2X | — | — | 5.79X – 8.18X |
| Subordinate Coverage | 1.0X | — | — | 2.15X – 2.52X |
| Debt Service as a % of Revenue | — | — | 33% of Revenue or Less | 25.2% - 33.0% |
| Rate Stabilization Fund (RSF) | — | — | — | — |

* Board of Directors added to the cash balance at the end of FY2023 to reach 267 Days of Cash



Ten-Year Financial Plan

\$ in thousands

DISTRICT OF COLUMBIA WATER & SEWER AUTHORITY FY 2024 - FY 2033 FINANCIAL PLAN

| OPERATING | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 | FY 2032 | FY 2033 |
|---|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <i>Retail</i> | 728,792 | 755,456 | 799,250 | 854,603 | 911,660 | 980,556 | 1,043,786 | 1,090,013 | 1,154,059 | 1,204,514 |
| <i>Wholesale</i> | 106,519 | 114,248 | 120,905 | 125,741 | 130,771 | 136,001 | 141,441 | 147,099 | 152,983 | 159,102 |
| <i>Other</i> | 53,249 | 54,557 | 57,301 | 62,364 | 67,922 | 70,592 | 69,584 | 70,092 | 65,216 | 64,505 |
| <i>RSF</i> | 2,000 | 2,000 | - | - | - | - | - | - | - | - |
| Operating Receipts ⁽¹⁾ | \$ 890,560 | \$ 926,261 | \$ 977,455 | \$ 1,042,708 | \$ 1,110,352 | \$ 1,187,149 | \$ 1,254,812 | \$ 1,307,204 | \$ 1,372,258 | \$ 1,428,121 |
| Operating Expenses | 425,383 | 444,207 | 464,947 | 482,959 | 501,685 | 521,151 | 541,388 | 562,427 | 584,299 | 607,038 |
| Debt Service | 221,635 | 249,495 | 277,000 | 307,289 | 340,180 | 372,492 | 402,816 | 425,524 | 446,587 | 462,941 |
| Cash Financed Capital Improvement | \$ 58,575 | \$ 60,436 | \$ 71,932 | \$ 76,914 | \$ 82,049 | \$ 88,250 | \$ 93,941 | \$ 98,101 | \$ 103,865 | \$ 108,406 |
| Net Revenues After Debt Service | \$ 184,967 | \$ 172,123 | \$ 163,576 | \$ 175,546 | \$ 186,439 | \$ 205,256 | \$ 216,667 | \$ 221,152 | \$ 237,507 | \$ 249,736 |
| Operating Reserve-Beg Balance | 286,889 | 296,600 | 309,600 | 324,600 | 337,600 | 351,600 | 365,600 | 380,600 | 395,600 | 411,600 |
| Other Misc (Disbursements)/Receipts | | | | | | | | | | |
| Wholesale/Federal True Up | (15,256) | (21,513) | (15,100) | - | - | - | - | - | - | - |
| Project Billing Refunds | (2,000) | (2,000) | - | - | - | - | - | - | - | - |
| Transfers to RSF | | | | | | | | | | |
| Pay-Go Financing | (158,000) | (135,609) | (133,476) | (162,546) | (172,439) | (191,256) | (201,667) | (206,152) | (221,507) | (233,736) |
| Operating Reserve - Ending Balance | \$ 296,600 | \$ 309,600 | \$ 324,600 | \$ 337,600 | \$ 351,600 | \$ 365,600 | \$ 380,600 | \$ 395,600 | \$ 411,600 | \$ 427,600 |
| Rate Stabilization Fund Balance RSF ⁽²⁾ | \$ 33,644 | \$ 31,644 | \$ 31,644 | \$ 31,644 | \$ 31,644 | \$ 31,644 | \$ 31,644 | \$ 31,644 | \$ 31,644 | \$ 31,644 |
| Senior Debt Service Coverage | 818% | 753% | 651% | 607% | 635% | 628% | 589% | 616% | 591% | 579% |
| Combined Debt Service Coverage | 213% | 193% | 188% | 190% | 186% | 186% | 183% | 181% | 182% | 183% |
| Actual/Projected Water/Sewer Rate Increases | 3.25% | 8.00% | 6.00% | 8.00% | 9.00% | 9.00% | 8.50% | 9.00% | 8.50% | 6.50% |
| Operating Receipts \$ Increase/Decrease | | | | | | | | | | |
| Retail | 26,565 | 26,664 | 43,794 | 55,353 | 57,057 | 68,896 | 63,230 | 46,227 | 64,047 | 50,455 |
| Wholesale | 1,269 | 7,729 | 6,657 | 4,836 | 5,030 | 5,231 | 5,440 | 5,658 | 5,884 | 6,119 |
| Operating Receipts % Increase/Decrease | | | | | | | | | | |
| Retail | 3.8% | 3.7% | 5.8% | 6.9% | 6.7% | 7.6% | 6.4% | 4.4% | 5.9% | 4.4% |
| Wholesale | 1.2% | 7.3% | 5.8% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |

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

⁽²⁾ \$2.0 million withdrawal from Rate Stabilization Fund in FY 2024 for new Payment Plan Incentive Program, leaving a balance of \$33.644 million

⁽²⁾ FY 2025 planned transfer of \$0.0 million to Rate Stabilization Fund and \$2.0 million utilization will keep the total fund balance at \$31.644 million.

• **Recommend to the full Board the adoption of the proposed FY 2025 and FY 2026 rates, charges and fees and begin the public hearing process**

- **Water and Sewer Rates:**
 - 8.0% increase in FY 2025
 - 6.0% increase in FY 2026
- **Clean River IAC:**
 - \$0.63 decrease to \$21.23 per ERU in FY 2025
 - \$3.00 increase to \$24.23 per ERU in FY 2026
- **Groundwater Rate:**
 - No increase in FY 2025
 - 7.4% increase in FY 2026
- **High Flow Filter Backwash Sewer Rate:**
 - 0.6% increase in FY 2025
 - 6.6% increase in FY 2026

• **Recommend to the full Board the adoption of the proposed FY 2024 – FY 2033 Financial Plan**

- 10-year CIP disbursement budget
- Projected water and sewer rate increases
- Financial Plan for FY 2024 – FY 2033 including the revenue requirement to support the operating and capital budgets.

Next Steps

💧 Committee Reviews, Recommendations & Actions – January & February

| | Environmental Quality & Operations | DC Retail Water & Sewer Rates | Finance & Budget |
|---|------------------------------------|-------------------------------|------------------|
| FY 2024 - FY 2033 Capital Budget (Disbursements & Lifetime) | Action Required | | Action Required |
| FY 2025 Operating Budget | | | Action Required |
| Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing | | | Action Required |
| FY 2025 and 2026 Rates, Charges & Fees | | Action Required | |
| FY 2024 – FY 2033 Financial Plan | | Action Required | Action Required |



💧 Board Adoption – March 7

DC Retail Water & Sewer Rates Committee Reviews, Recommendations, and Actions

Dates

Update Committee on Proposed
FY 2025 & FY 2026 Rates

January 23, 2024

Committee Recommendation on Proposed
FY 2025 & FY 2026 Rates

February 27, 2024

Independent Review of Proposed FY 2025 & FY 2026 Rates and Budget by
Consultant

February 27, 2024

Board approval of Notice of Proposed Rulemaking (NOPR) for Proposed
FY 2025 & FY 2026 Rates

March 7, 2024

Public Hearing

May 9, 2024

Committee Recommendation on Final
FY 2025 & FY 2026 Rates

June 25, 2024

Board approval of Notice of Final Rulemaking (NOFR) for Proposed FY
2025 & FY 2026 Rates

July 3, 2024

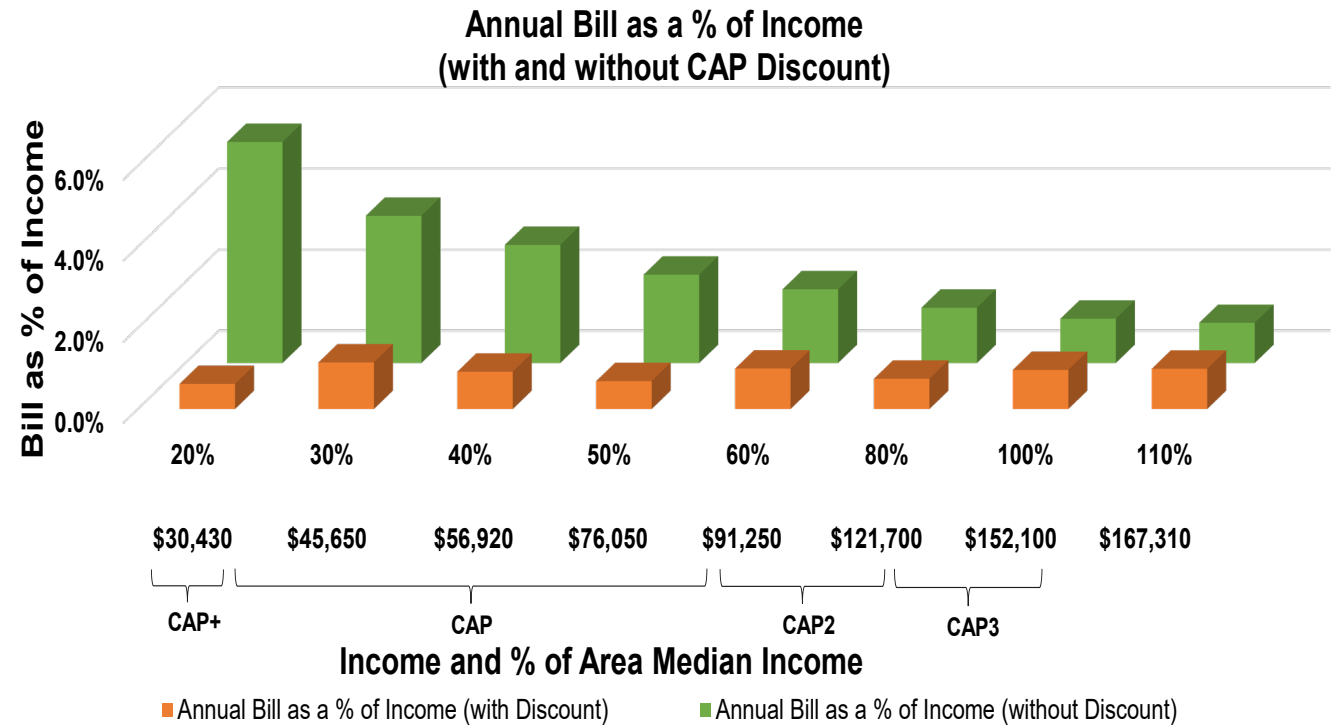
Rates go-live

October 1, 2024 (FY 2025)
October 1, 2025 (FY 2026)



Appendix

- The average residential customer bill as a percentage of median household income (MHI at 60%) is about 1.8%, an affordability metric
- For residential customers with incomes below MHI, DC Water offers robust assistance programs
- This budget expands our Customer Assistance Programs:
 - 1) New CAP+ for 20% AMI
 - 2) Household Leak program will help CAP customers with leaks identify issues
 - 3) Creates new principal forgiveness program for customers who adhere to their payment plans



Customer Programs Recognized by EPA

Bill Discount

- DC Water offers programs with incomes up to 100% AMI
- **NEW** – **CAP+** program offers even more robust assistance to households with up to 20% MHI

Flexible Terms

- DC Water offers payment plans
- **NEW** – **Payment Plan Incentive Program** - Customers who meet the terms of their payment plans will have a credit to their arrears

Lifeline Rate

- **Lifeline Rate** provides a discount for the first four Ccfs of water
- Customers can save money a month if they can conserve water

Temporary Assistance

- **SPLASH** program, paid for with customer, employee, and Board member contributions
- The new **Payment Plan Incentive Program** will provide a credit toward past-due balances for customers who meet terms of Payment Plans; paid for with the Rate Stabilization Fund

Water Efficiency

- **NEW** – \$500,000 **Leak Assessment** program will provide water audits to help customers identify the source of leaks and high bills



- The primary source of funding is Retail Rates and Wholesale Customer participation
- Growing the capital plan would increase customer rates higher than the Proposed CIP

| Projected FY 2024 – 2033 | Proposed | Additional Investment | Full Asset Management |
|---|-----------------|--------------------------|--------------------------|
| Size of Capital Plan | \$7.7 billion | \$8.3 billion | \$9.1 billion |
| Wholesale Contributions | \$1.3 billion | \$1.4 billion | \$1.4 billion |
| New debt anticipated to be issued | \$3.3 billion | \$3.6 billion | \$3.8 billion |
| FY 2033 Debt Service Costs | \$462.9 million | \$484.5 million | \$504.4 million |
| Average Rate Growth for Average Household | 6.3% | 6.8% | 7.4% |
| FY 2033 Average Household Charge | \$229.50 | \$241.52 | \$253.26 |
| Average Annual Bill Increase | \$10.43 | \$11.64 | \$12.81 |
| 10-year Cumulative Water Rate Increase | 75.75% | 82.75% | 89.75% |

Reflects updated changes based on cost of service study completed