



Proposed FY 2023 and FY 2024 Rates, Charges and Fees

Presentation to Retail Rates Committee, February 22, 2022

District of Columbia Water and Sewer Authority



Blue Plains Advanced Wastewater Treatment Plant

- 💧 **Review the budget proposal**
- 💧 **Obtain Committee's recommendation to the Board on the:**
 - 💧 **Multi-year Rate Proposal for FY 2023 and FY 2024**
 - Water and Sewer Rates, Charges & Fees
 - Retail Groundwater Sanitary Sewer Service Rate
 - High Flow Filter Backwash Sewer Rate
 - 💧 **FY 2022 – FY 2031 Financial Plan**
 - Projected residential water and sewer rates
 - Projected average residential customer bills
 - 10-year CIP disbursement budget



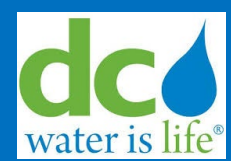
- DC Water strives to achieve the following, per Board policy:
 - Cover current costs and meet or exceed all bond and other financial requirements as well as goals set by the Board
 - Yield a reliable and predictable stream of revenues
 - Are based on annually updated forecasts or operating and capital 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.

- 💧 Water and sewer utilities recover costs in a variety of ways;
- 💧 DC Water's rates must be just, equitable, reasonable, well explained, and based on cost of service principles:
 - The proposed rates are just and reasonable, and they are sufficient, equitable, and consistent in their proposed application to our customer classes;
 - Rates support expenditures that have been discussed in detail at the Board's Budget Workshop, and in Environmental Quality and Operations, Finance and Budget, and Retail Rate Committee meetings; and
 - Raftelis conducted the most recent Cost of Service Study, and its results support our rate proposal.





Multi-Year Rate Proposal for FY 2023 and FY 2024

💧 Rates and charges that remain the same:

- Customer Metering Fee remains at \$7.75 for 5/8” meters
- Water System Replacement Fee (WVSRF) at \$6.30 for 5/8” meters
- Right-of-Way Fee at \$0.19 per Ccf

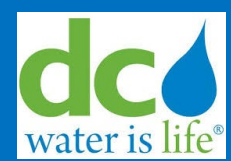
💧 Proposed rate changes:

- Water and sewer rates increase 9.50% for FY 2023 and 3.25% for FY 2024
- Proposed CRIAC of \$18.14 per ERU in FY 2023 and \$21.86 per ERU in FY 2024
- PILOT Fee for FY 2023 and FY 2024 will increase by \$0.03 and \$0.02 per Ccf respectively
- Proposed Groundwater Rate of \$3.42 for FY 2023 and \$3.50 for FY 2024
- Proposed High Flow Filter Backwash Sewer Rate of \$3.21 for FY 2023 and \$3.30 for FY 2024

💧 Cost of Service Study aligned with rate proposal

💧 Combined rate increases lower than last year’s forecast

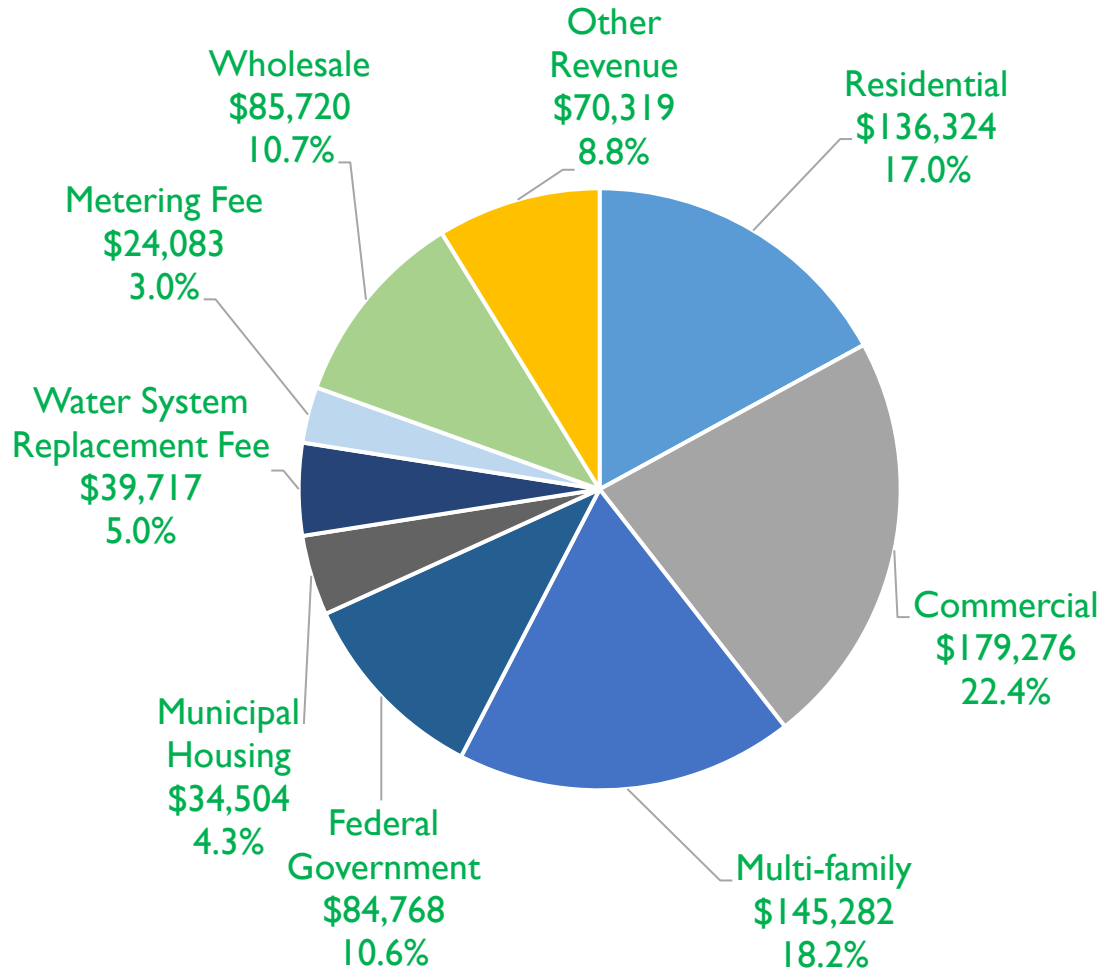
Change in Average Household Charge	Fiscal Year	
	2023	2024
Recommendation	6.0%	5.4%
Previous Forecast	6.7%	8.8%



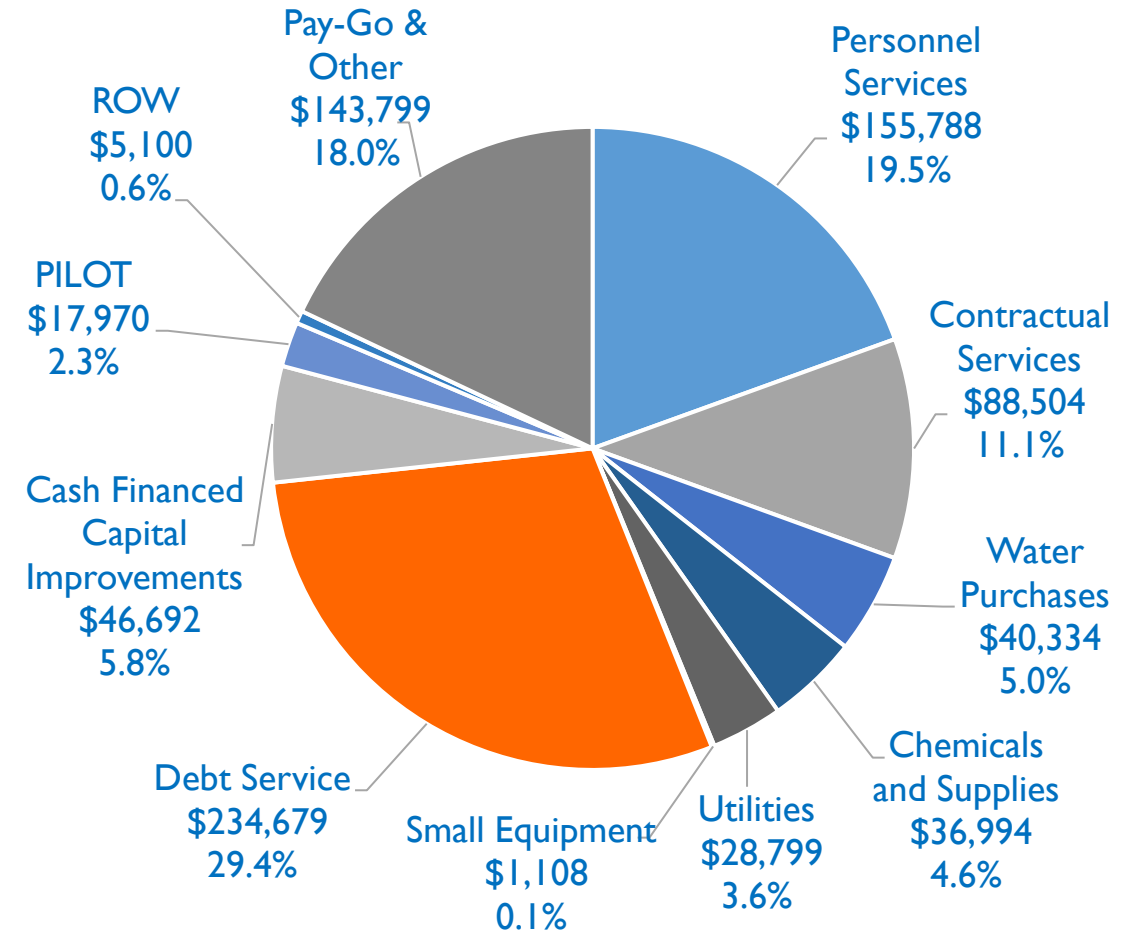
FY 2023 Operating: Sources and Uses of Funds

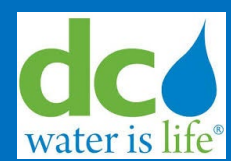
\$ in thousands

Sources - \$800.0 Million



Uses - \$800.0 Million

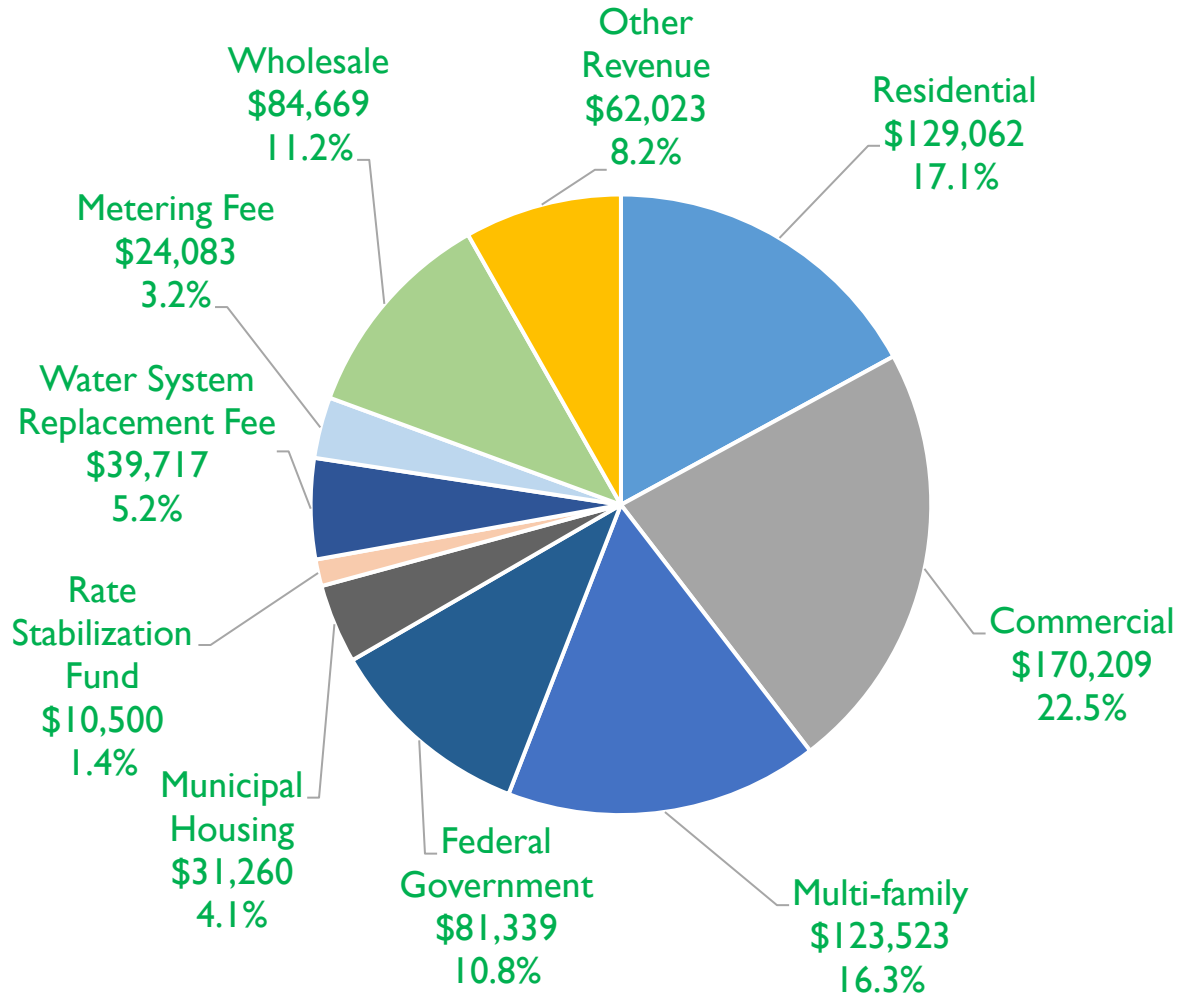




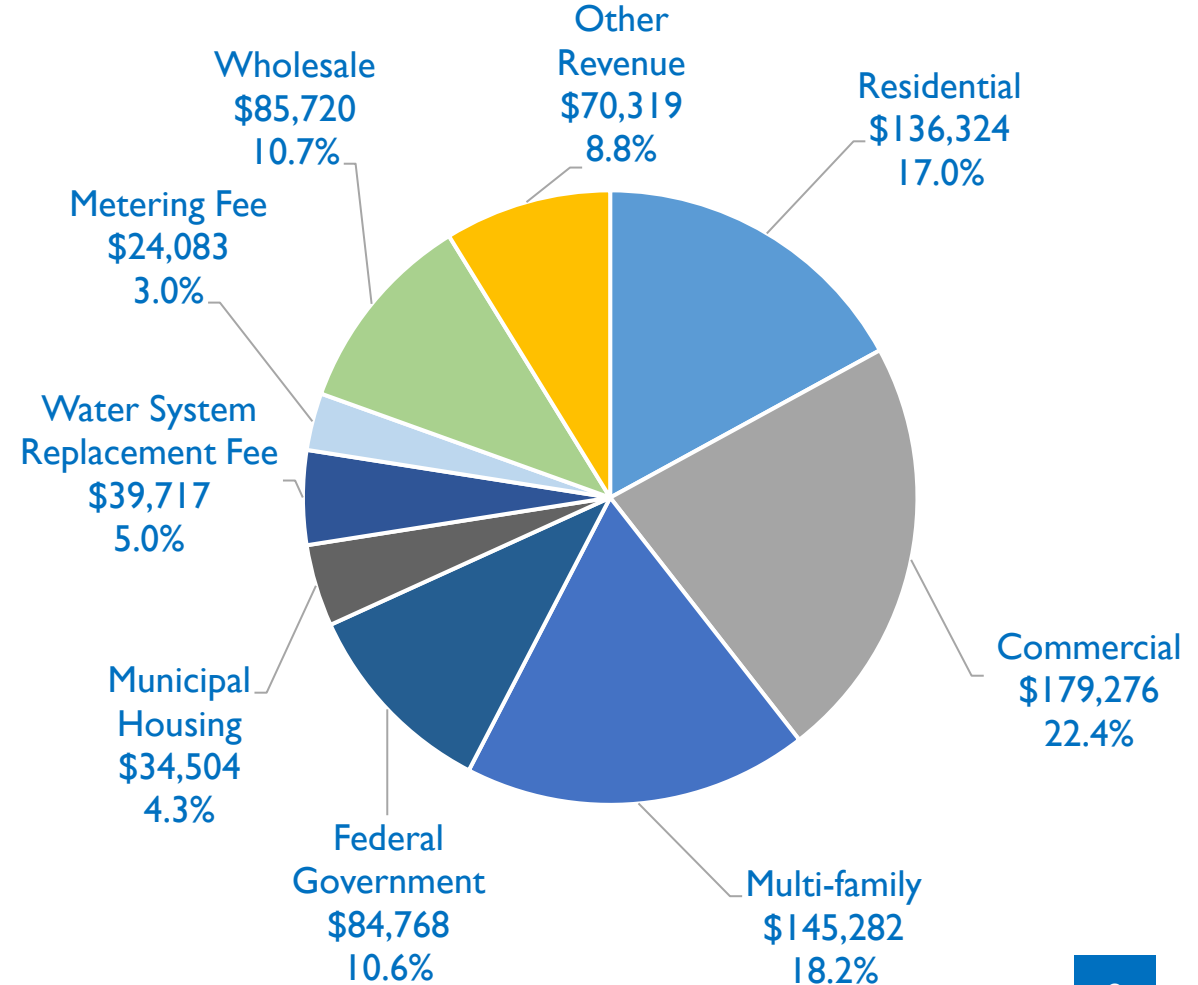
FY 2022 vs. FY 2023 Operating Revenues

\$ in thousands

Adopted FY 2022 \$756.4 million



Proposed FY 2023 \$800.0 million

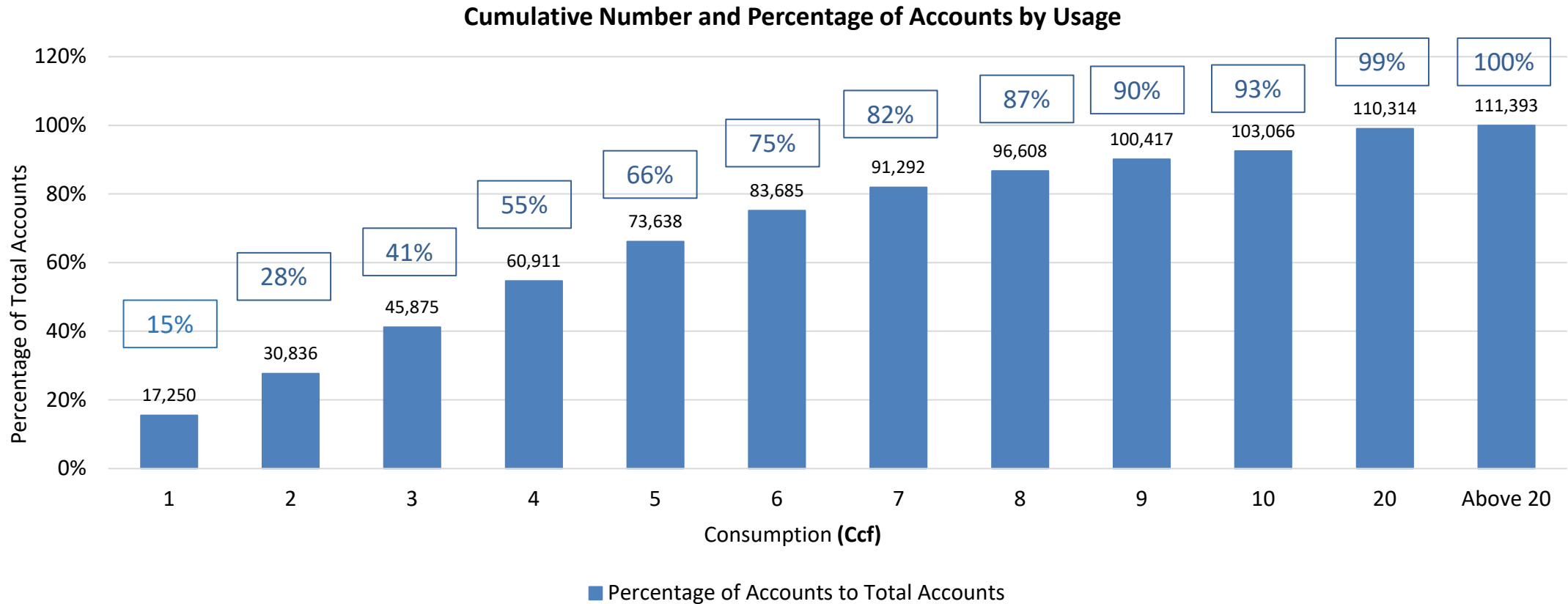


Average Residential Consumption Comparison

- 💧 The current residential use in FY 2021 is about 5.42 Ccfs that DC Water has used since FY 2020
- 💧 Since FY 2009, average household water use has declined by 22 percent



- 💧 **Average Residential Customer Monthly bill based on 5.42 Ccf, or 4,054 gallons**
- 💧 **Gives most households a year over year representation of their water bill:**



- 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 \$129,000 (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 \$90,300 can qualify for discounts
(single family household)

CAP

60% SMI

\$82,538 (family of 4)

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

\$80/month discount

CAP2

80% AMI

\$103,200 (family of 4)

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

\$52/month discount

CAP3

100% AMI

\$129,000 (family of 4)

Discount of 75% off the monthly CRIAC fee

\$14/month discount

CRIAC Non-Profit Relief

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

Emergency Assistance

- Up to \$2,000 per household
- District Funded

Residential Assistance

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

Multi-Family Assistance

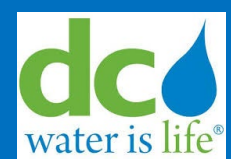
- Up to \$2,000 per household, 90% to tenant
- DC Water Funded

StayDC

- Additional assistance with utility bills
- DC Funded

Low-Income Household Water Assistance (LIHWAP)

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



Average Residential Customer Monthly Bill

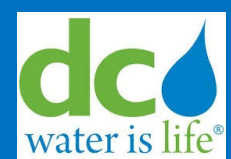
	Units	Current FY 2022	Proposed FY 2023	Proposed FY 2024
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 78.92	\$ 86.07	\$ 89.03
DC Water Clean Rivers IAC ⁽²⁾	ERU	18.40	18.14	21.86
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75
DC Water Water System Replacement Fee ⁽⁴⁾	5/8"	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 111.37	\$ 118.26	\$ 124.94
Increase / Decrease		\$ 7.29	\$ 6.89	\$ 6.68
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$ 3.04	\$ 3.20	\$ 3.31
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	1.03	1.03	1.03
District of Columbia Stormwater Fee ⁽³⁾	ERU	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
Increase / Decrease Over Prior Year		\$ 7.40	\$ 7.05	\$ 6.79
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



Average CAP Customer Monthly Bill

	Units	Current FY 2022	Proposed FY 2023	Proposed FY 2024
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Increase / Decrease Over Prior Year		\$ 7.40	\$ 7.05	\$ 6.79
Percent Increase in Total Bill		6.7%	6.0%	5.4%
Less: CAP Discount (4 Ccf per month) ^{(1), (2)}		\$ (60.08)	\$ (65.28)	\$ (67.52)
Water System Replacement Fee (WSRF) ⁽³⁾		(6.30)	(6.30)	(6.30)
Clean Rivers IAC ⁽⁵⁾		(13.80)	(13.61)	(16.40)
Total Amount Appearing on DC Water Bill		\$ 37.93	\$ 39.97	\$ 41.73
Increase / Decrease Over Prior Year		\$ 4.12	\$ 2.04	\$ 1.76
CAP Customer Discount as a Percent of Total Bill		-67.9%	-68.1%	-68.4%

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

(2) Expansion of CAP program in FY 2009 assumes discount to first 4 Ccf of Water and Sewer and to first 4 Ccf of PILOT and ROW in FY 20

(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, CAP2 and CAP3 discounts and income thresholds

Program	Income Threshold ⁵	Charges (Discounts)	Current FY 2022	Proposed FY 2023	Proposed FY 2024
CAP ²	\$82,538 (60% SMI)	Total Amount before Discounts ¹	\$118.11	\$125.16	\$131.95
		Discounts	(80.18)	(85.19)	(90.22)
		Total Amount Appearing on DC Water Bill	\$37.93	\$39.97	\$41.73
CAP ² ³	\$103,200 (80% AMI)	Total Amount before Discounts ¹	\$ 118.11	\$ 125.16	\$ 131.95
		Discounts	(52.01)	(55.69)	(59.17)
		Total Amount Appearing on DC Water Bill	\$ 66.10	\$ 69.47	\$ 72.78
CAP ³ ⁴	\$129,000 (100% AMI)	Total Amount before Discounts ¹	\$ 118.11	\$ 125.16	\$ 131.95
		Discounts	(13.80)	(13.61)	(16.40)
		Total Amount Appearing on DC Water Bill	\$ 104.31	\$ 111.55	\$ 115.55

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

(2) CAP provides a discount on the first 400 cubic feet (3,000 gallons) of water and sewer services, 75 percent reduction in the monthly CRIAC fee and WSRF waiver

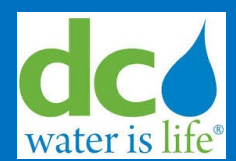
(3) CAP2 provides a discount on the first 300 cubic feet (2,250 gallons) of water and sewer services (with the exception of PILOT and ROW fees) and a 50 percent reduction in the monthly CRIAC fee

(4) CAP3 provides discount of 75 percent off of the monthly CRIAC

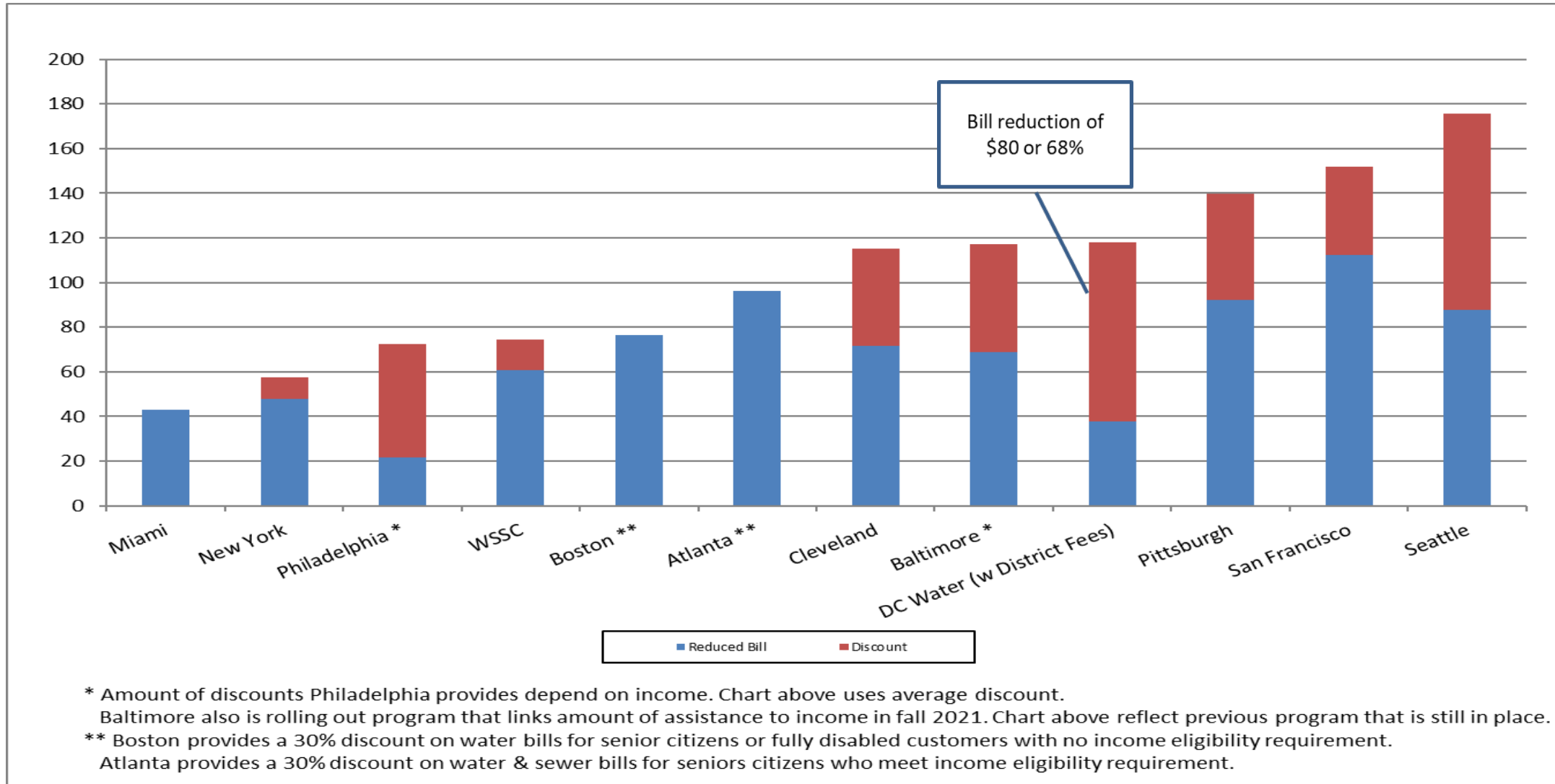
(5) Income Thresholds are based on a family of four

- 💧 Low Income Household Water Assistance Program (LIHWAP) was created through the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act (ARP) of 2021
- 💧 In DC, the new program, that is administered by DOEE, provides one-time residential customer assistance up to \$5,000 per fiscal year to customers with disconnected water service, pending disconnections, and/or seeking help with current water bills
 - Customer will receive assistance for whichever is greater between the current past due balance or 25% of annual bills, or \$250
- 💧 Eligibility - 60% state median income (aligns with CAP income requirements)
- 💧 FY22 Funding - \$2.4 million (\$2.0 million for assistance and \$400,000 for admin costs)
- 💧 DC Water received first distribution in January 2022 for accounts retroactive to October 1

Total Customers	FY22 Actual	FY22 Budget	FY22 Remaining Budget
1193	\$655,311	\$2,000,000	\$1,344,689



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



- 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 December 1, 2021.

💧 **Proposed rates are for FY 2023 and FY 2024**

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

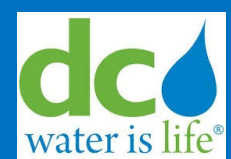
- Revenue certainty
- Budget discipline
- Expenditures better aligned with revenues
- Favorable credit rating agency treatment
- Better predictability for our ratepayers

💧 **Potential risks / considerations:**

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

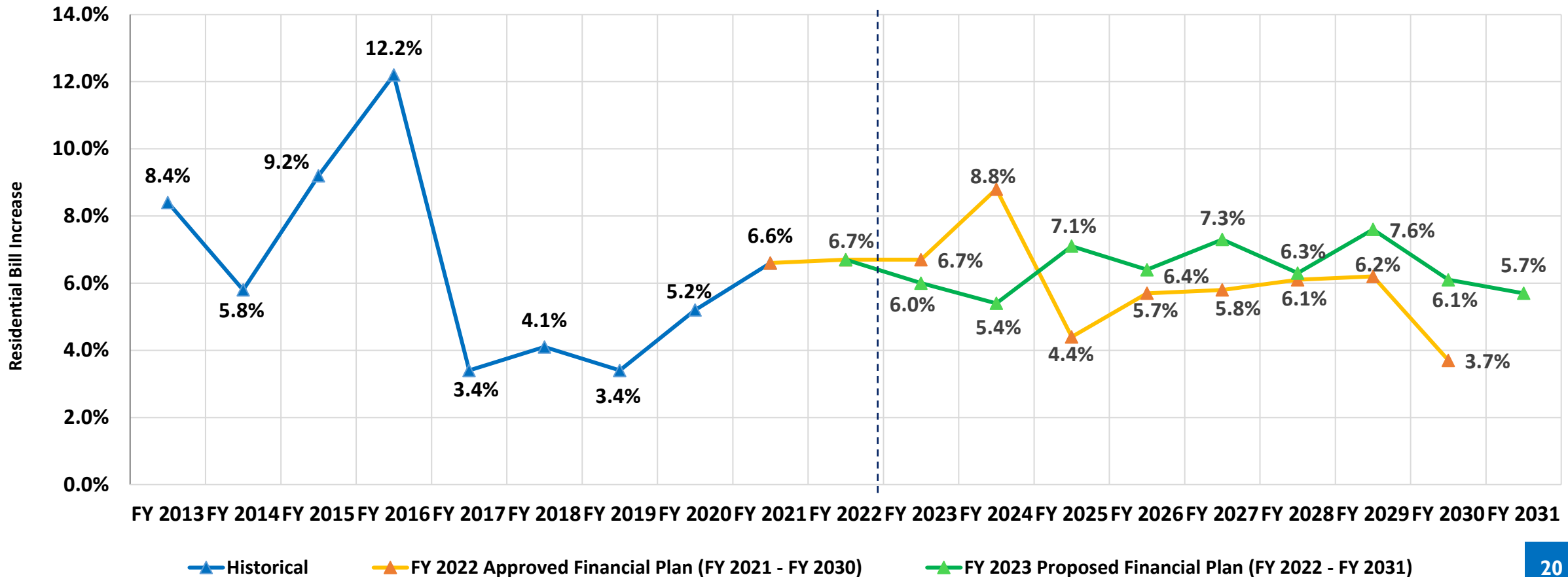
- DC Water recovers only the funds necessary to fund the Operating and Capital Budgets through rates
- One of the fastest growing expenditure category is debt service for the capital program, which has grown an average of 6.5% a year since 2016
- As part of the budget, DC Water presents the rates required 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 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

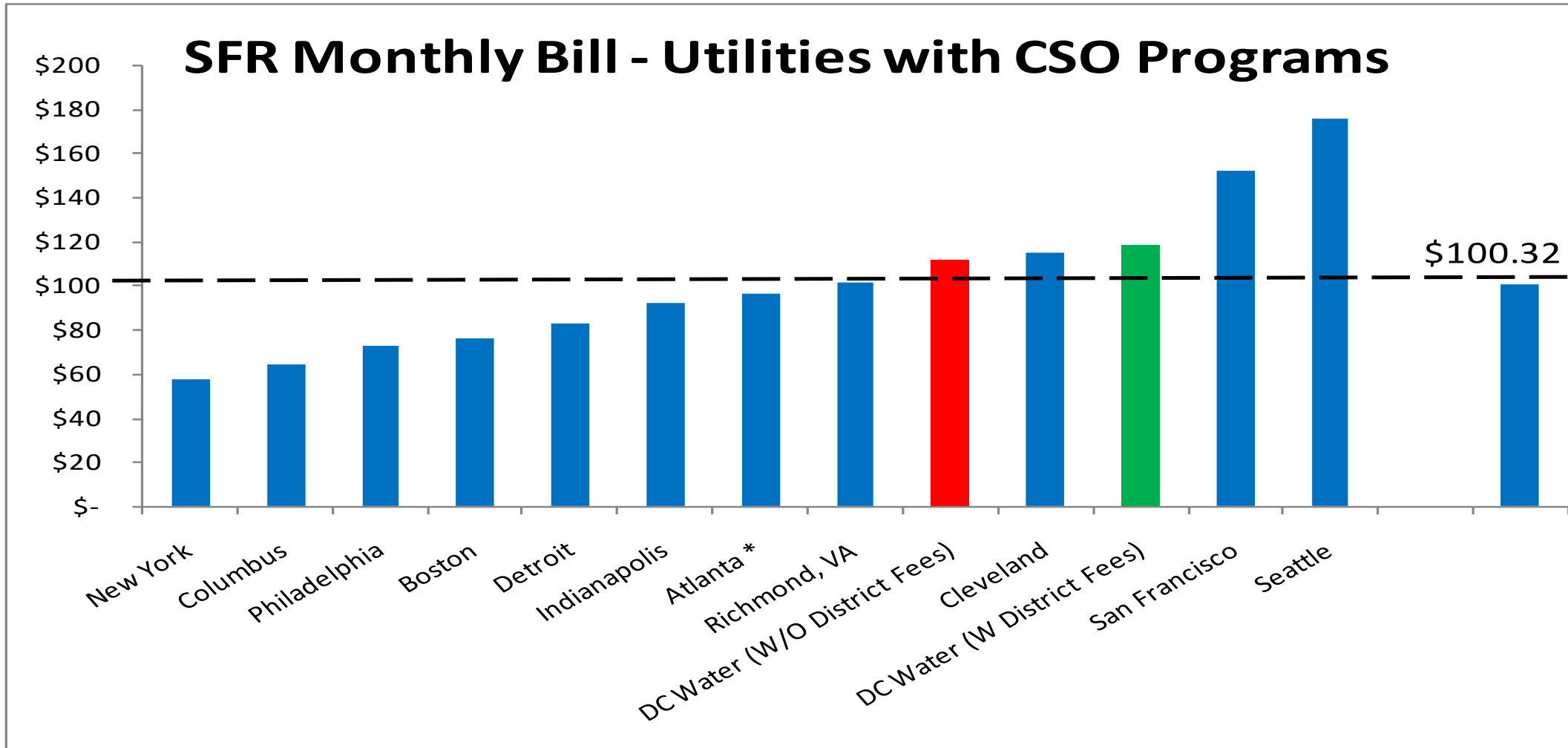




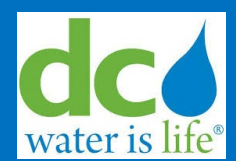
Historical and Projected Combined Rate Increases

- FY 2023 and FY 2024 recommended rates are less than previously forecasted
- In FY 2025 and beyond, forecasted rates are higher than previously estimated because of additional projects in the 10-year Capital Improvement Plan (CIP)

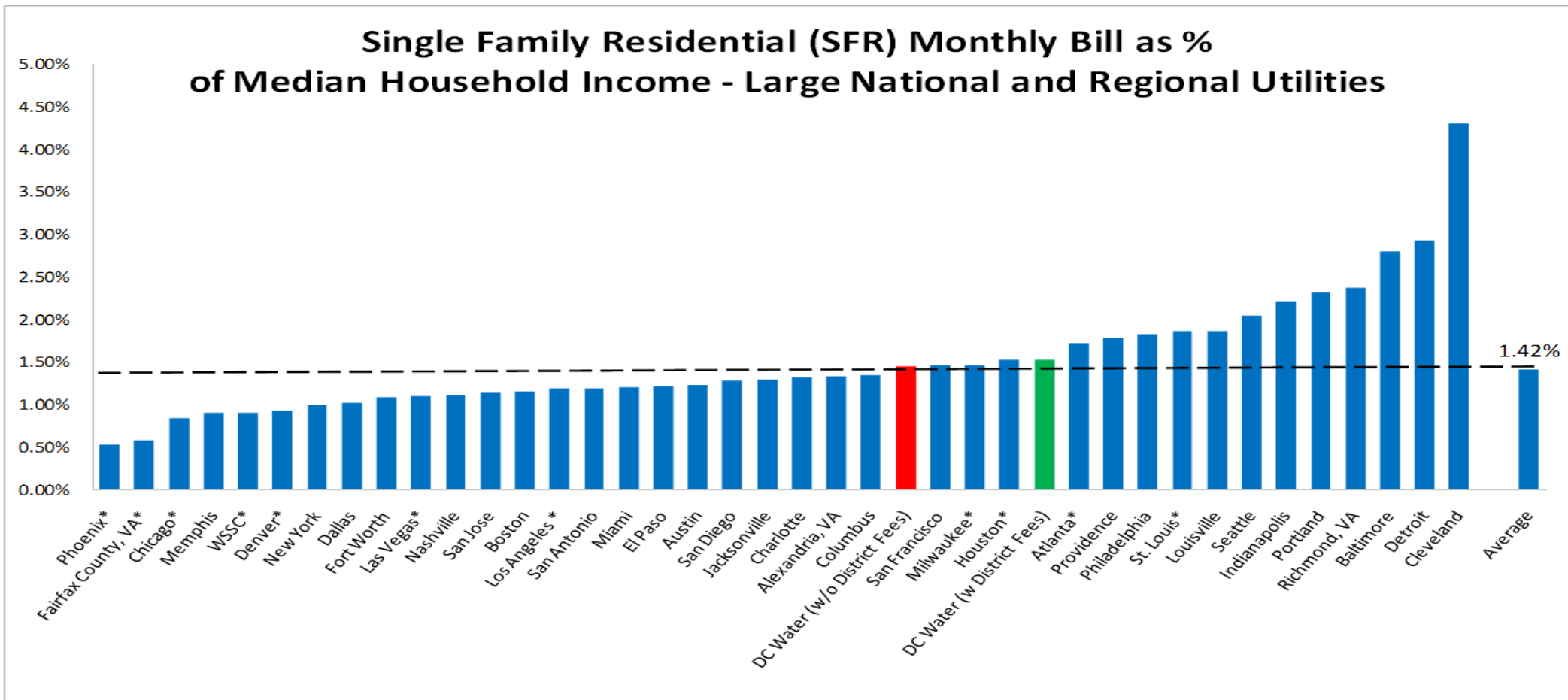




- Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.
- Reflects rates and fees in place as of December 1, 2021. Some cities use property tax revenue or other revenues to pay for part of the cost of water, wastewater, or stormwater 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

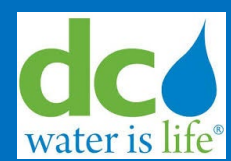


Comparative User Charges as % of Median HH Income – Large National & Regional Utilities



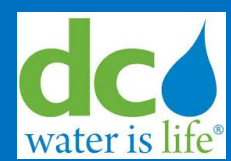
■ Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.

Note: Reflects rates and fees in place as of December 1, 2021. 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.



Proposed FY 2023 & FY 2024 Rates, Charges & Fees

	Units	Approved FY 2022	Proposed FY 2023	Proposed FY 2024	Incr. /(Decr.) FY 2023		Incr. /(Decr.) FY 2024	
					\$	%	\$	%
DC Water Retail Rates – Water:								
Residential – Lifeline (0- 4 Ccf)	Ccf	\$3.63	\$4.28	\$4.38	\$0.65	17.9%	\$0.10	2.3%
Residential – (> 4 Ccf)	Ccf	4.74	5.58	5.70	0.84	17.7	0.12	2.2
Multi-family	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	-1.4	3.72	20.5
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75	-		-	
DC Water System Replacement Fee	5/8"	6.30	6.30	6.30	-		-	
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	-		-	
District of Columbia Stormwater Fee	ERU	2.67	2.67	2.67	-		-	
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



Revenue Comparison by Customer Class

- Total revenue is projected to increase by \$43.6 million or 5.8% for FY 2023 and \$27.7 million or 3.5% for FY 2024 mainly due to rate increases
 - *Retail Revenue* – Increase by \$44.8 million or 7.5% in FY 2023 and \$22.0 million or 3.4% in FY 2024
 - *Wholesale Revenue* – Increase by \$1.1 million or 1.2% in FY 2023 and increase by \$3.4 million or 4.0% for FY 2024 mainly due to 3.0 percent escalation. Revenue estimates are based on most recent flow data.

\$ in thousands	Approved FY 2022	Proposed FY 2023	Proposed FY 2024	FY 2023 vs FY 2022		FY 2024 vs FY 2023	
				Incr/(Decr)		Incr/(Decr)	
				\$	%	\$	%
Retail Revenue	\$599,193	\$643,954	\$665,949	\$44,761	7.5%	\$21,995	3.4%
Wholesale Revenue							
Potomac Interceptor (PI)	3,547	3,547	3,547	-	0.0%	-	0.0%
Loudoun County Sanitation Authority (LCSA)	6,897	7,409	7,724	512	7.4%	315	4.3%
Washington Suburban Sanitary Commission (WSSC)	59,049	60,599	63,109	1,550	2.6%	2,510	4.1%
Fairfax County*	15,176	14,165	14,762	(1,011)	-6.7%	597	4.2%
Total Wholesale Revenue	\$84,669	\$85,720	\$89,142	\$1,051	1.2%	\$3,422	4.0%
Other Revenue	62,023	70,319	72,614	8,296	13.4%	2,295	3.3%
Rate Stabilization Fund	10,500	-	-	(10,500)	-100.0%	-	0%
Total Revenues	\$756,385	\$799,993	\$827,705	\$43,608	5.8%	\$27,712	3.5%

* The reduced revenues for Fairfax reflects decrease in percentage flow in 2021 (9.16%) as compared to 9.78% that was used in FY22 approved budget last year. Most recent flow that is available at the time of preparing the projections is used to estimate revenue. However, actual costs will be distributed, and revenues recouped using actual flows for FY 2023 and FY 2024.

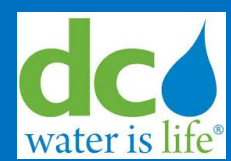
- DC Water will hold multiple virtual Town Hall Meetings in early April, in advance of the public hearing, to:
 - Inform customers about the proposed FY2023 and FY2024 rates
 - Discuss the Capital Improvement Program, and
 - Promote all of the existing customer assistance programs

- The meetings will be widely publicized through numerous channels, including:
 - Councilmember Offices
 - Advisory Neighborhood Commissions (ANCs)
 - DCWater.com website
 - Twitter, Facebook and Instagram
 - Nextdoor
 - Paid digital and print advertising

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
- 💧 FY 2021 actual consumption declined by 2.0 percent. Assumed 12.0 percent decline in consumption in Commercial category in FY 2022 and 1.0 percent conservation each year for all other categories for FY 2022 and onwards
- 💧 FY 2021 Debt Service was lower as compared to budget due to deferring bond issuance, refunding and achieving lower interest than projected. The new plan assumed lower interest rates with slightly lower Debt Service projections



Ten-Year Financial Plan

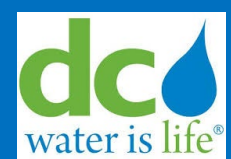
\$ in thousands

OPERATING	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Retail*	\$ 622,165	\$ 667,024	\$ 689,378	\$ 735,355	\$ 778,670	\$ 830,705	\$ 879,018	\$ 939,516	\$ 991,672	\$ 1,041,654
Wholesale*	84,669	85,720	89,142	91,817	94,571	97,408	100,330	103,340	106,440	109,634
Other	41,153	47,249	49,184	51,608	55,781	60,678	59,678	58,527	58,854	59,895
RSF	52,100	-	-	-	-	-	-	-	-	-
Operating Receipts ⁽¹⁾	\$ 800,087	\$ 799,993	\$ 827,705	\$ 878,779	\$ 929,022	\$ 988,791	\$ 1,039,026	\$ 1,101,383	\$ 1,156,967	\$ 1,211,182
Operating Expenses	(364,345)	(374,597)	(386,094)	(398,023)	(409,935)	(422,213)	(434,869)	(447,914)	(461,361)	(475,221)
Debt Service	(223,513)	(234,679)	(245,482)	(272,262)	(289,036)	(311,322)	(338,312)	(358,587)	(367,280)	(374,011)
Cash Financed Capital Improvement	\$ (37,830)	\$ (46,692)	\$ (48,256)	\$ (58,828)	\$ (70,080)	\$ (74,763)	\$ (79,112)	\$ (84,556)	\$ (89,251)	\$ (93,749)
Net Revenues After Debt Service	\$ 174,400	\$ 144,025	\$ 147,872	\$ 149,666	\$ 159,971	\$ 180,492	\$ 186,733	\$ 210,326	\$ 239,076	\$ 268,202
Operating Reserve-Beg Balance	196,286	235,600	242,600	251,600	261,600	266,600	276,600	284,600	293,600	300,600
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(8,460)	(9,188)	(4,500)	-	-	-	-	-	-	-
Project Billing Refunds	-	-	-	-	-	-	-	-	-	-
Transfers To RSF	-	-	-	-	-	-	-	-	-	-
Pay-Go Financing	(126,625)	(127,837)	(134,372)	(139,666)	(154,971)	(170,492)	(178,733)	(201,326)	(232,076)	(259,202)
Operating Reserve - Ending Balance	\$ 235,600	\$ 242,600	\$ 251,600	\$ 261,600	\$ 266,600	\$ 276,600	\$ 284,600	\$ 293,600	\$ 300,600	\$ 309,600
Rate Stabilization Fund Balance RSF ⁽²⁾	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)
Senior Debt Service Coverage	589%	539%	646%	707%	681%	649%	666%	719%	724%	767%
Combined Debt Service Coverage	201%	187%	188%	185%	188%	190%	186%	189%	196%	204%
Actual/Projected Water/Sewer Rate Increases	7.8%	9.5%	3.3%	10.0%	7.5%	8.5%	8.0%	8.0%	7.5%	7.5%
*Operating Receipts \$ Increase/Decrease										
Retail	37,277	44,859	22,354	45,976	43,315	52,036	48,313	60,498	52,156	49,981
Wholesale	1,682	1,051	3,422	2,674	2,754	2,837	2,922	3,010	3,100	3,193
*Operating Receipts % Increase/Decrease										
Retail	6.4%	7.2%	3.4%	6.7%	5.9%	6.7%	5.8%	6.9%	5.6%	5.0%
Wholesale	2.0%	1.2%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

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

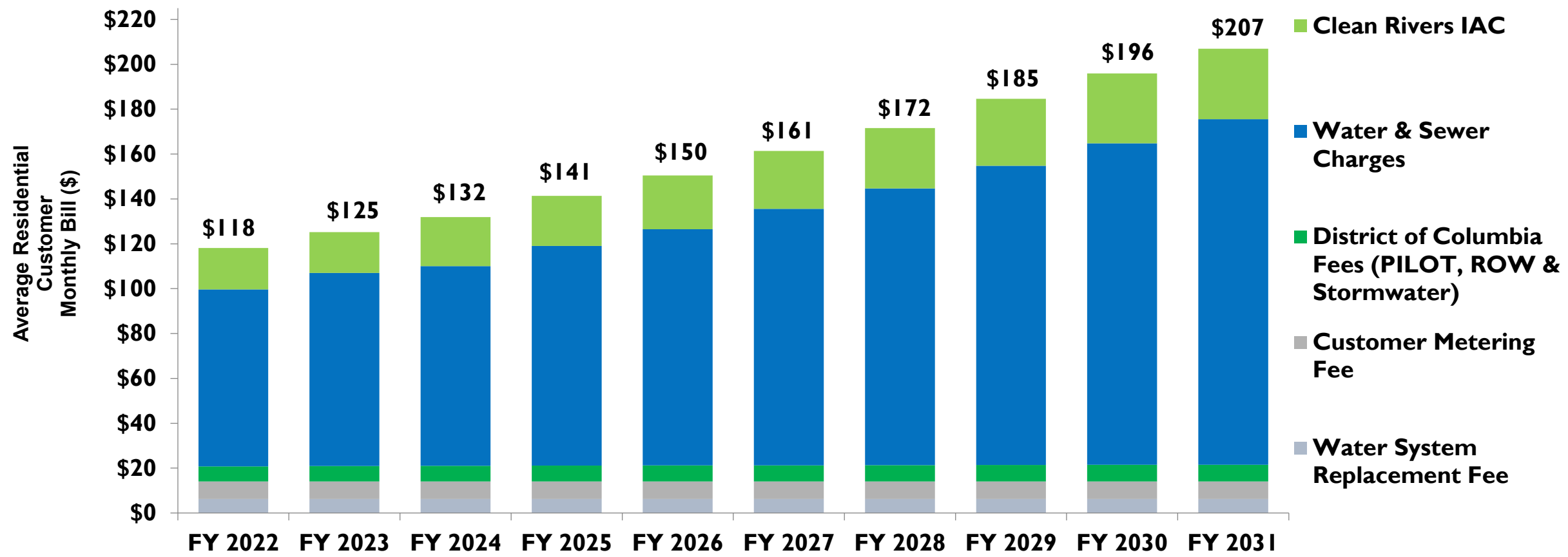
⁽²⁾ FY 2023 planned transfer of \$0.0 million to Rate Stabilization Fund and \$0.0 million utilization will keep the total fund balance at \$35.644 million.

Metrics	Indenture Requirement	Board Policy	Management Target	Financial Plan
Days of Cash on Hand (excluding RSF)	60 days	250 Days	—	250 - 253 Days
Combined Coverage Ratio	—	1.6X	—	1.85X – 2.04X
Senior Coverage	1.2X	—	—	5.39X – 7.67X
Subordinate Coverage	1.0X	—	—	2.16X – 2.54X
Debt Service as a % of Revenue	—	—	33% of Revenue or Less	29.5% - 33.0%
Rate Stabilization Fund (RSF)	—	—	—	

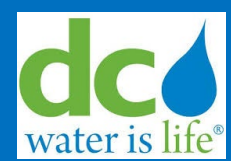


Projected Average Residential Customer Bill

Projected average monthly residential customer bill ranges from \$118 in FY 2022 to \$207 in FY 2031



* 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 2022 and proposed rates for FY 2023 and FY 2024
- Customer Impacts

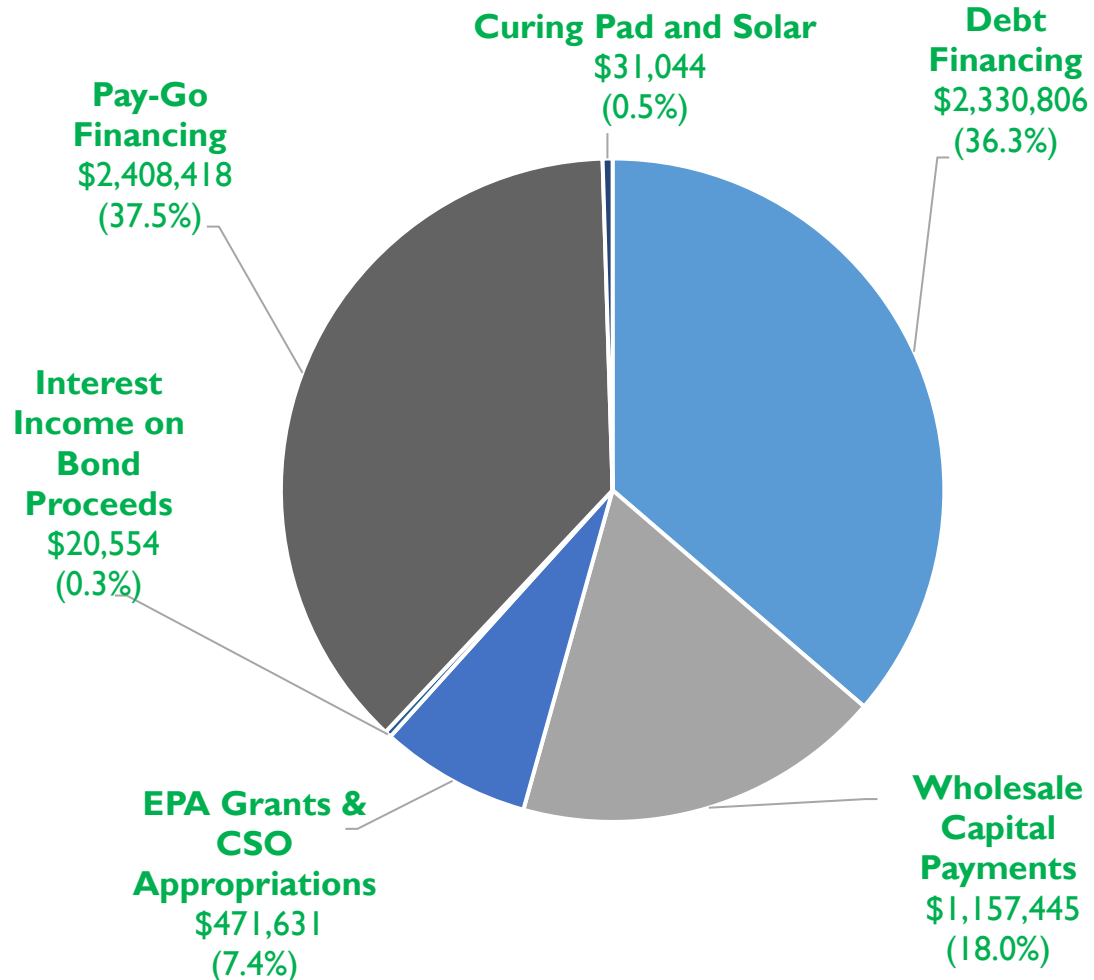
Residential Avg. Ccf 5.42, ERU 1	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Water & Sewer Rate (%)	7.8%	9.5%	3.25%	10.0%	7.5%	8.5%	8.0%	8.0%	7.5%	7.5%
CRIAC (\$/ERU)	\$18.40	\$18.14	\$21.86	\$22.27	\$23.92	\$25.83	\$26.88	\$29.86	\$31.15	\$31.43
Avg. Customer Bill (\$)	\$118	\$125	\$132	\$142	\$150	\$161	\$170	\$181	\$188	\$199
Avg. Customer Bill (%)	6.7%	6.0%	5.5%	7.6%	5.7%	6.5%	6.4%	6.6%	3.7%	5.8%
Multi-family Avg. Ccf 86.14, ERU 6.83	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Water & Sewer Rate (%)	7.8%	9.5%	3.25%	10.0%	7.5%	8.5%	8.0%	8.0%	7.5%	7.5%
CRIAC (\$/ERU)	\$18.40	\$18.14	\$21.86	\$22.27	\$23.92	\$25.83	\$26.88	\$29.86	\$31.15	\$31.43
Avg. Customer Bill (\$)	\$1,542	\$1,661	\$1,734	\$1,882	\$2,014	\$2,172	\$2,328	\$2,509	\$2,676	\$2,851
Avg. Customer Bill (%)	6.3%	7.7%	4.4%	8.5%	7.0%	7.9%	7.2%	7.8%	6.6%	6.6%
Commercial Avg. Ccf 115.82, ERU 14.17	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Water & Sewer Rate (%)	7.8%	9.5%	3.25%	10.0%	7.5%	8.5%	8.0%	8.0%	7.5%	7.5%
CRIAC (\$/ERU)	\$18.40	\$18.14	\$21.86	\$22.27	\$23.92	\$25.83	\$26.88	\$29.86	\$31.15	\$31.43
Avg. Customer Bill (\$)	\$2,290	\$2,464	\$2,583	\$2,795	\$2,991	\$3,225	\$3,451	\$3,722	\$3,971	\$4,222
Avg. Customer Bill (%)	5.7%	7.6%	4.9%	8.2%	7.0%	7.8%	7.0%	7.9%	6.7%	6.3%

*Category-wise average consumption is based on FY 2019 average, the last normal year before COVID-19 pandemic.

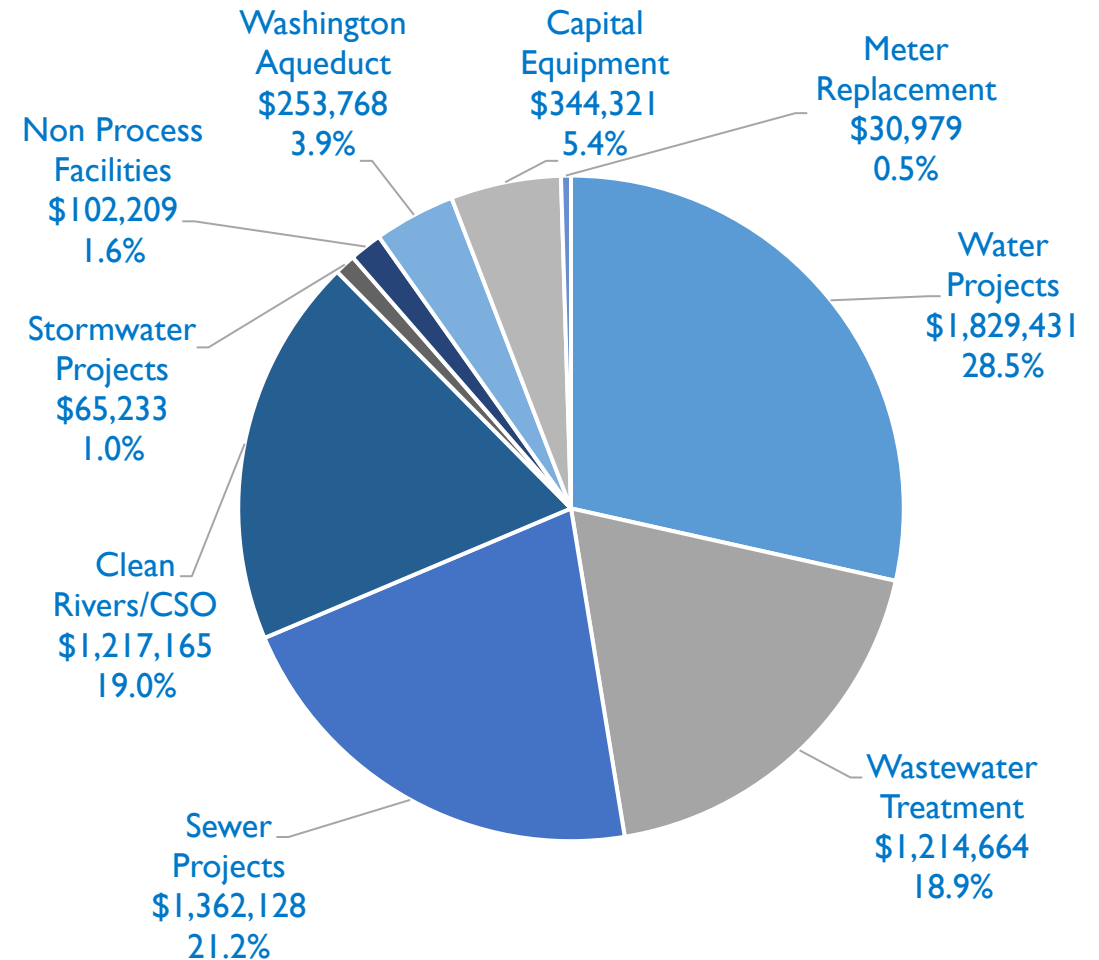
Ten Year CIP: Sources and Uses of Funds

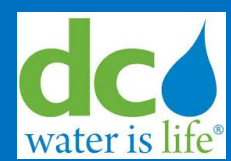
\$ in thousands

Sources - \$6.42 Billion



Uses - \$6.42 Billion





The Capital Improvement Program

- ▶ The **proposed ten-year CIP budget of \$6.4 billion** includes previous amendments to the FY 2022 budget for the Lead Free DC program, carry-over of funds for the purchase of vehicles and projected increase in the Aqueduct’s capital projects
- ▶ The **proposed lifetime budget is \$13.38 billion** and covers total commitments, including labor, for active projects prior to, during, and beyond the ten-year window

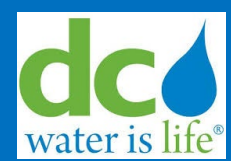
(Cash Disbursements \$ in thousands)	FY 2022 - 2031 CIP Disbursement Plan											Lifetime Budget
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	10-yr Total	
NON PROCESS FACILITIES	31,439	12,051	28,160	14,422	6,620	3,351	1,778	387	2,000	2,000	102,208	215,847
WASTEWATER TREATMENT	85,978	78,574	117,545	116,402	132,436	165,310	129,249	121,373	126,710	141,086	1,214,664	3,445,105
COMBINED SEWER OVERFLOW	152,267	117,704	77,304	105,185	161,941	171,760	220,123	153,173	51,403	6,306	1,217,166	3,216,072
STORMWATER	7,031	11,527	5,553	5,813	4,985	6,158	4,620	4,499	6,330	8,722	65,236	120,933
SANITARY SEWER	68,084	103,383	150,828	130,967	160,400	205,946	183,824	149,256	129,368	80,069	1,362,125	2,166,442
WATER	165,313	227,116	218,339	194,652	202,046	191,451	192,665	192,324	124,683	120,842	1,829,430	3,167,891
CAPITAL PROJECTS	510,112	550,355	597,728	567,442	668,428	743,975	732,259	621,011	440,494	359,025	5,790,828	12,332,290
CAPITAL EQUIPMENT	40,519	37,021	36,156	35,307	39,671	41,813	36,203	36,203	36,203	36,203	375,302	375,302
WASHINGTON AQUEDUCT	16,875	59,628	34,749	17,164	27,825	37,122	14,723	11,940	19,831	13,911	253,768	253,768
ADDITIONAL CAPITAL PROJECTS	57,394	96,649	70,905	52,471	67,496	78,935	50,926	48,143	56,034	50,114	629,070	629,070
LABOR												416,097
TOTAL CAPITAL BUDGETS	567,507	647,004	668,633	619,913	735,924	822,910	783,185	669,154	496,528	409,140	6,419,899	13,377,458

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	10-yr Total	Lifetime Budget
Prior Year Board Approved CIP	471,267	476,140	540,585	500,427	499,918	681,280	632,075	568,067	572,262	490,468	-	5,432,489	12,133,115
Delta (inc)/dec	471,267	(91,367)	(106,419)	(168,206)	(119,995)	(54,644)	(190,836)	(215,119)	(96,892)	(6,060)	(409,140)	(987,410)	(1,244,343)

- **Recommend to the full Board the adoption of the proposed FY 2023 and FY 2024 rates, charges and fees and begin the public hearing process**
 - 6.0% increase in FY 2023
 - 5.4% increase in FY 2024
 - **Groundwater Rate:**
 - 21.0% increase in FY 2023
 - 2.3% increase in FY 2024
 - **High Flow Filter Backwash Sewer Rate:**
 - 6.0% increase in FY 2023
 - 2.8% increase in FY 2024

- **Recommend to the full Board the adoption of the proposed FY 2022 – FY 2031 Financial Plan**
 - 10-year CIP disbursement budget
 - Projected water and sewer rate increases

Next Steps



Committee Workplan Timelines

DC Retail Water & Sewer Rates

Committee Reviews, Recommendations, and Actions

Dates

Update Committee on Proposed FY 2023 & FY 2024 Rates

January 25, 2022

Committee Recommendation on Proposed FY 2023 & FY 2024 Rates

February 22, 2022

Independent Review of Proposed FY 2023 & FY 2024 Rates and Budget by Consultant

February 22, 2022

Board approval of Notice of Proposed Rulemaking (NOPR) for Proposed FY 2023 & FY 2024 Rates

March 3, 2022

Public Hearing

May 11, 2022

Committee Recommendation on Final FY 2023 & FY 2024 Rates

June 28, 2022

Board approval of Notice of Final Rulemaking (NOFR) for Proposed FY 2023 & FY 2024 Rates

July 7, 2022

Rates go-live

October 1, 2022 (FY 2023)
October 1, 2023 (FY 2024)

- 💧 Board Member Questions & Follow Up
 - Submit budget-related questions to Board Secretary
 - Board Secretary will distribute questions to appropriate staff

💧 Wholesale Customer Briefing – **January 7**

💧 Committee Reviews, Recommendations & Actions – **January & February**

	Environmental Quality & Operations	DC Retail Water & Sewer Rates	Finance & Budget
FY 2022 - FY 2031 Capital Budget (Disbursements & Lifetime)	Action Required		Action Required
FY 2023 Operating Budget			Action Required
Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing			Action Required
FY 2023 and 2024 Rates, Charges & Fees		Action Required	
FY 2022 – FY 2031 Financial Plan		Action Required	Action Required



💧 Board Adoption – **March 3**