



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

*Joint Meeting of the
DC Retail Water and Sewer Rates and
Finance and Budget Committees*

*Tuesday, January 24, 2023
10:15 a.m.*

Microsoft Teams meeting Join on your computer, mobile app or room device

[Click here to join the meeting](#)
Meeting ID: 239 199 621 825
Passcode: Sx4v3R

[Download Teams](#) | [Join on the web](#)

Or call in (audio only)
[+1 202-753-6714,,455584006#](#)
Phone Conference ID: 455 584 006#

- I. Call to Order..... Rachna Bhatt & Anthony Giancola, Chairpersons
- II. Roll CallAlfonzo Kilgore Stukes, Board Secretary (Acting)
- III. [Proposed FY 2024 Budget \(Attachment 1\)](#)..... Matthew T. Brown
- IV. Executive Session*
- V. Adjournment Rachna Bhatt & Anthony Giancola, Chairpersons

¹The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss certain matters, including but not limited to: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); terms for negotiating a contract, including an employment contract, under D.C. Official Code § 2-575(b)(2); obtain legal advice and preserve attorney-client privilege or settlement terms under D.C. Official Code § 2-575(b)(4)(A); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security matters under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10); third-party proprietary matters under D.C. Official Code § 2-575(b)(11); train and develop Board members and staff under D.C. Official Codes § 2-575(b)(12); adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters or violations of laws or regulations where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14); and other matters provided under the Act.



The Proposed FY 2024 Budget

Presentation to the Joint Meeting of the D.C. Retail Water & Sewer Rates and Finance & Budget Committees on January 24, 2023

District of Columbia Water and Sewer Authority





Purpose

Provide detailed information on the Revised FY 2023 and Proposed FY 2024 Budgets:

- Operating Expenditures
- Ten-Year Capital Improvement Program
- Revenues, Rates and Fees
- Ten-Year Financial Plan

Review the budget process and timelines for:

- Committee review, Committee recommendation to the Board, and Board adoption





Budget Adoption Calendar

| Timeline (2023) | Activity | Status |
|---|--|--------|
| January 5 | Budget Workshop with Board of Directors | ✓ |
| January 10 | Office of People’s Counsel Briefing | ✓ |
| January 13 | Wholesale Customer Briefing | ✓ |
| Committee Discussions & Reviews | | |
| January 19 | Environmental Quality & Operations | ✓ |
| January 24 | Joint DC Retail Water & Sewer Rates and Finance & Budget Committee | |
| February 2 | Board Meeting (No Board Action Required) | |
| Committee Reviews, Recommendations & Actions | | |
| February 16 | Environmental Quality & Operations | |
| February 23 | Finance & Budget | |
| February 28 | DC Retail Water & Sewer Rates | |
| March 2 | Board Adoption | |
| April | Submit Budget via the District to U.S. Congress | |
| October 1 | Fiscal Year 2024 Begins | |



The Proposed FY 2024 Budget and CIP

💧 Proposed Operating Expenditure Budget of \$737.6 million

- Operations and Maintenance (O&M) budget of \$433.9 million for personnel and non-personnel
- Debt Service budget of \$232 million and Cash Financed Capital Improvements budget of \$48.3 million
- PILOT & ROW payments to the District of \$23.4 million or an increase of \$0.4 million

💧 Proposed 10-year Capital Budget of \$6.95 billion

- Capital Projects – \$6.27 billion for mandated projects, equipment upgrades and rehabilitation at Blue Plains, and continued investments in the aging water and sewer infrastructure
- Capital Equipment – \$347.4 million equipment including pumps, motors, meters, backhoes, jet-vacs, catch basin trucks and other aged vehicles to meet operational needs
- Washington Aqueduct (WAD) – \$338.5 million for DC Water’s share of WAD’s capital program

💧 Proposed Financial Plan

- Includes previously approved FY 2024 rates and fees
- Revenue requirements support the forecasted operating expenditures and ten-year CIP
- Meets Board financial policy requirements





FY 2024 Budget Highlights – 5.4% Rate Increase

💧 The increase in operating revenues of \$36.1 million (retail & wholesale) in FY 2024 is needed to support:

- Increased costs for **salary and wages** plus **health benefits** to deliver vital water and sewer services and the addition of 17 positions to **improve operations**, \$15.4 million increase
- Fixed costs like **chemicals** and **energy** for wastewater treatment, \$1.4 million increase
- Purchase of **clean drinking water** from the Aqueduct, \$3.7 million increase
- Rising cost of **insurance premiums** needed to protect our assets, \$1.4 million increase
- Increased costs for professional service contracts including **maintenance and repairs** to ensure reliability of our assets and improve key performance indicators, \$2 million increase
- New initiatives to improve **customer engagement** and **stakeholder communication**, \$1.1 million increase
- CIP increases for programs like **Clean Rivers** and **Lead Free DC** programs through FY 2030 and **water and sewer infrastructure** projects





Customer Assistance

💧 DC Water has some of the most robust customer assistance programs in the nation

- We know that some households cannot afford the vital service that we provide, so DC Water has implemented programs to help
- Household incomes up to \$142,300 (household of 4) may qualify



For more information, please see:
<https://www.dewater.com/customer-assistance>

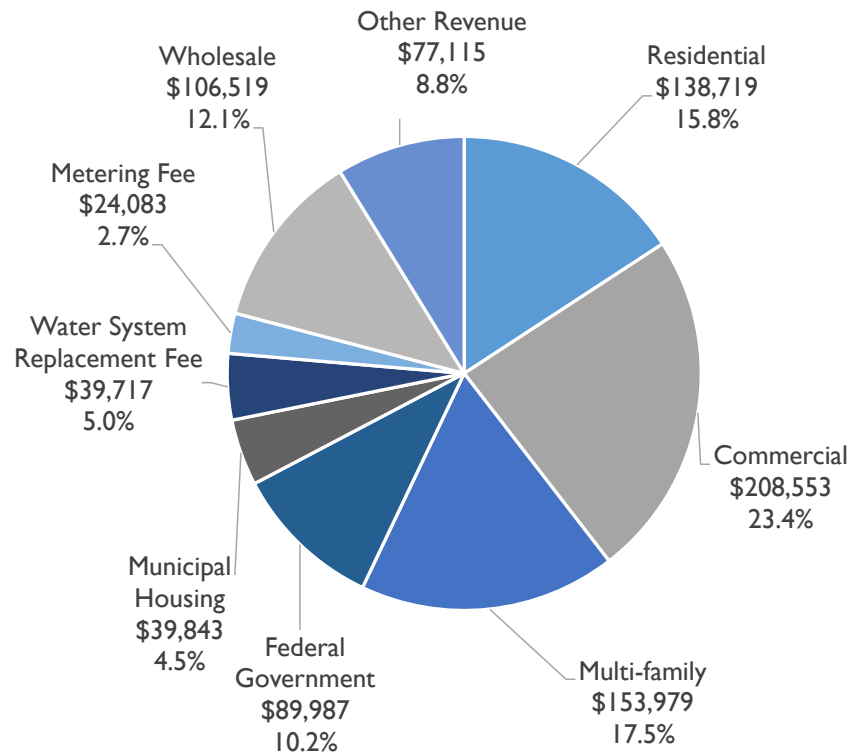




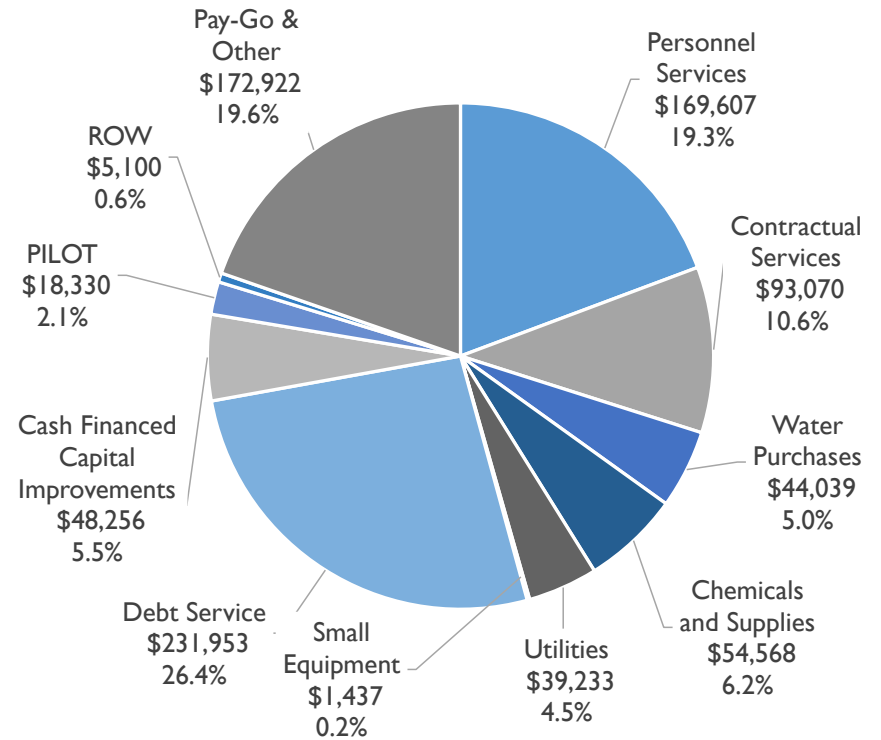
FY 2024 Operating: Sources and Uses of Funds

\$ in thousands

Sources - \$878.5 Million



Uses - \$878.5 Million

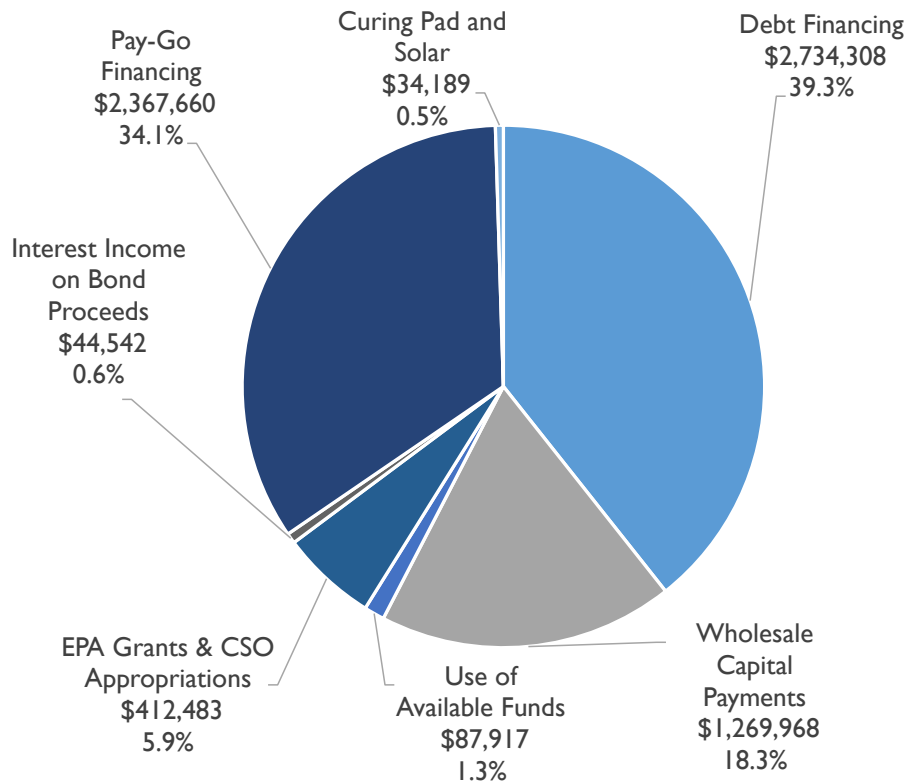




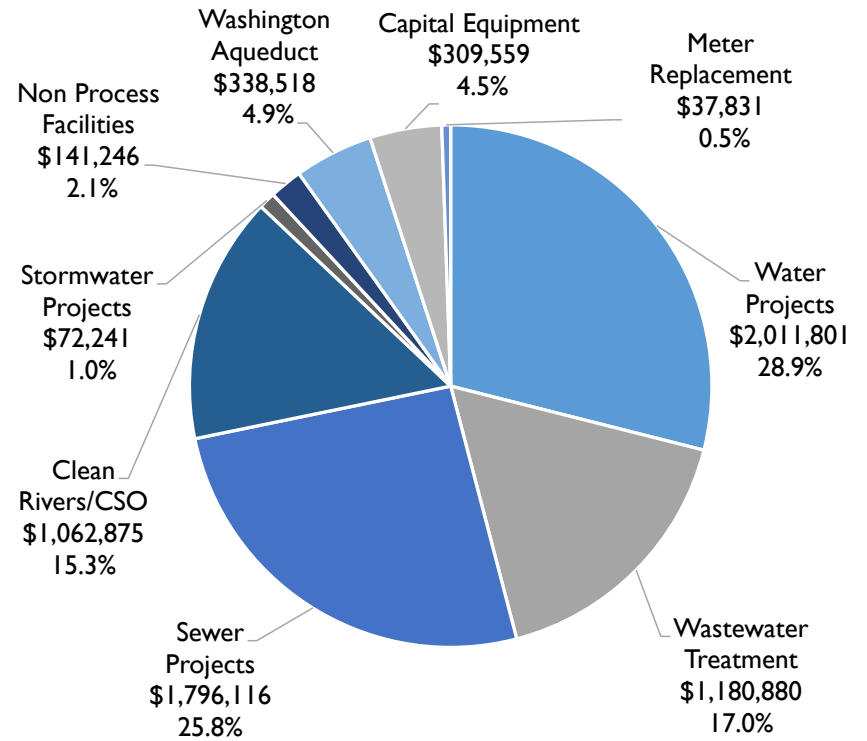
Ten Year CIP: Sources and Uses of Funds

\$ in thousands

Sources - \$6.95 Billion



Uses - \$6.95 Billion





Proposed Capital Improvement Program



Capital Improvement Program

\$605 MILLION ALLOCATED IN FY 2024 AND \$6.95 BILLION OVER THE TEN-YEAR PERIOD FOR INFRASTRUCTURE IMPROVEMENTS

- 💧 \$1.18 billion for upgrades at **Blue Plains**. Major projects include \$131.7 million for Effluent Filter and \$69.6 million for Secondary East and West Rebuild project
- 💧 \$962.6 million to complete the **Clean Rivers** program, including construction of the Potomac River Tunnel
- 💧 \$1.8 billion for **sewer system** upgrades to improve reliability and maintain capacity; includes \$325.4 million for Potomac Interceptor project
- 💧 \$1.4 billion to improve system that delivers **water** to our customers; projects will improve water quality, reduce risk of breaks and water loss and improve reliability of system
- 💧 \$612 million for the **Lead-Free DC** program to remove all lead service lines in the District by 2030
- 💧 \$141.2 million for **Non-Process Facilities**, including \$23.7 million for Solar
- 💧 \$338.5 million for infrastructure costs at the **Aqueduct**
- 💧 \$347.4 million for various **Capital Equipment** projects including fleet vehicles



R Street NEBT - DCCR



Small Diameter Water Main I3D

Details of the capital program will be discussed with the EQ&OPS Committee as part of the budget process



The Capital Improvement Program

- 💧 The **proposed ten-year CIP budget is \$6.95 billion** and includes proposed reductions in FY 2023 for capital projects and the Board-approved carry-over of funds for the purchase of vehicles and projected increase in the Aqueduct’s capital projects
 - This is a \$531 million increase over the Board-approved CIP
- 💧 The **proposed lifetime budget is \$14.63 billion** and covers total commitments, including labor, for active projects prior to, during, and beyond the ten-year window

| (Cash Disbursements \$ in thousands) | FY 2023 - FY 2032 CIP Disbursement Plan (Run 3C) | | | | | | | | | | | Lifetime Budget |
|--------------------------------------|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|----------------------|
| | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 | FY 2032 | 10-yr Total | |
| NON PROCESS FACILITIES | \$ 22,104 | \$ 24,614 | \$ 25,247 | \$ 32,462 | \$ 24,646 | \$ 3,879 | \$ 2,293 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 141,246 | \$ 269,010 |
| WASTEWATER TREATMENT | 71,907 | 84,442 | 117,684 | 137,739 | 145,555 | 143,319 | 140,299 | 132,166 | 123,098 | 84,671 | 1,180,881 | 3,535,160 |
| COMBINED SEWER OVERFLOW | 108,031 | 110,256 | 148,064 | 188,379 | 149,410 | 157,261 | 138,385 | 46,029 | 12,465 | 4,593 | 1,062,875 | 3,216,072 |
| STORMWATER | 7,509 | 12,839 | 8,319 | 7,571 | 5,837 | 3,812 | 4,305 | 7,162 | 8,682 | 6,205 | 72,241 | 216,779 |
| SANITARY SEWER | 68,031 | 118,457 | 185,109 | 168,564 | 222,916 | 277,735 | 271,002 | 222,140 | 143,246 | 118,914 | 1,796,116 | 2,727,733 |
| WATER | 108,909 | 188,371 | 238,506 | 242,278 | 247,009 | 242,826 | 221,357 | 203,725 | 154,341 | 164,479 | 2,011,801 | 3,572,035 |
| CAPITAL PROJECTS | 386,492 | 538,981 | 722,930 | 776,993 | 795,374 | 828,832 | 777,640 | 613,222 | 443,833 | 380,862 | 6,265,159 | 13,536,789 |
| CAPITAL EQUIPMENT | 47,421 | 30,535 | 31,654 | 31,776 | 34,334 | 34,334 | 34,334 | 34,334 | 34,334 | 34,334 | 347,390 | 347,390 |
| WASHINGTON AQUEDUCT | 67,523 | 35,155 | 29,480 | 29,480 | 29,480 | 29,480 | 29,480 | 29,480 | 29,480 | 29,480 | 338,518 | 338,518 |
| ADDITIONAL CAPITAL PROJECTS | 114,944 | 65,690 | 61,134 | 61,256 | 63,814 | 63,814 | 63,814 | 63,814 | 63,814 | 63,814 | 685,909 | 685,909 |
| LABOR | | | | | | | | | | | | 404,476 |
| TOTAL CAPITAL BUDGETS | \$ 501,437 | \$ 604,671 | \$ 784,064 | \$ 838,249 | \$ 859,188 | \$ 892,646 | \$ 841,454 | \$ 677,036 | \$ 507,647 | \$ 444,676 | \$ 6,951,067 | \$ 14,627,174 |

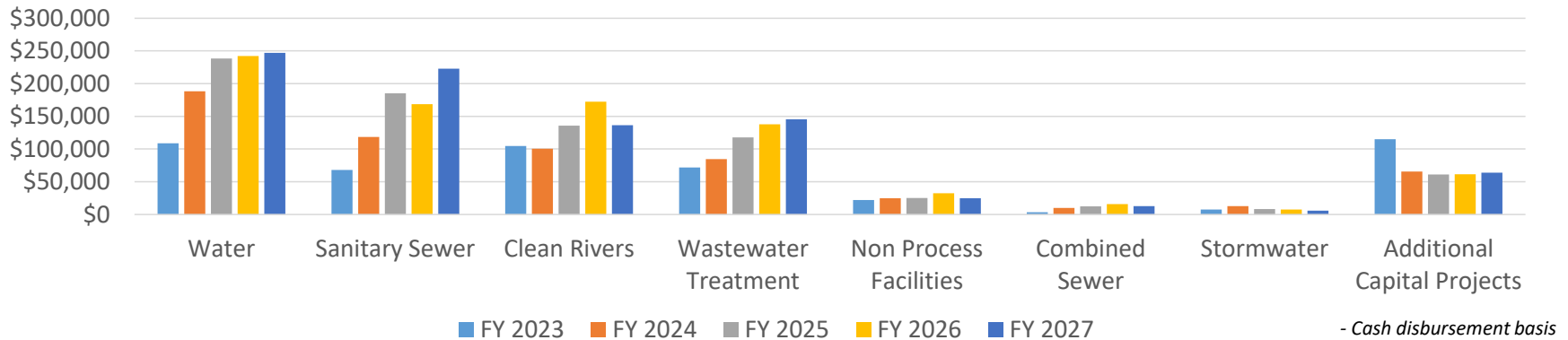


Near Term of the 10-Year CIP

- DC Water is proceeding with the increased investment in water and sewer projects as we advance the Lead-Free DC Program and approach the completion of the Clean Rivers tunneling program
 - Spending on water projects will more than double from \$108 million in FY 2023 to \$247 million by FY 2027
 - Spending on Lead-Free DC Program will increase from \$43 million in FY 2023 to \$110 million by FY 2026
 - Lead-Free DC Program accounts for 39% in FY 2023 and 45% in FY 2026 of overall spending on water projects
 - Significant growth in sewer projects from \$68 million in FY 2023 to \$223 million by FY 2027
 - Clean Rivers program is anticipated at 21% of the overall CIP in FY 2023, but only 5% by FY 2030 as the Potomac River Tunnel is completed
 - Spending on additional capital projects covers capital equipment and infrastructure improvements at the Aqueduct

\$ in thousands

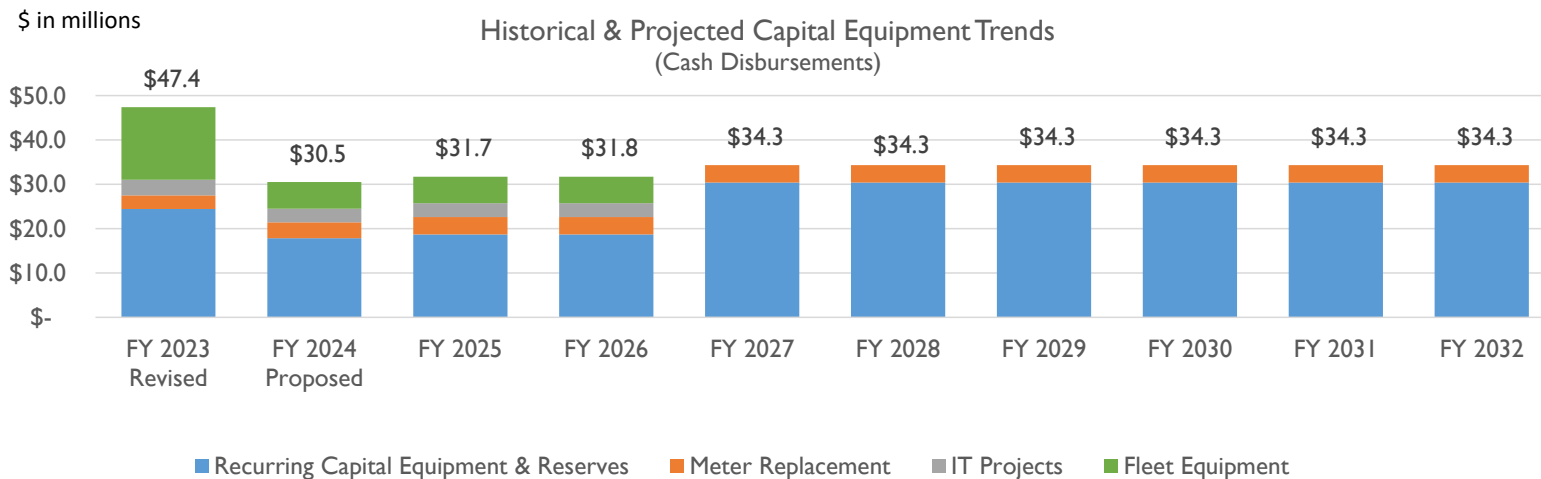
Projected Capital Disbursements (FY 2023 - FY 2027)





Capital Equipment

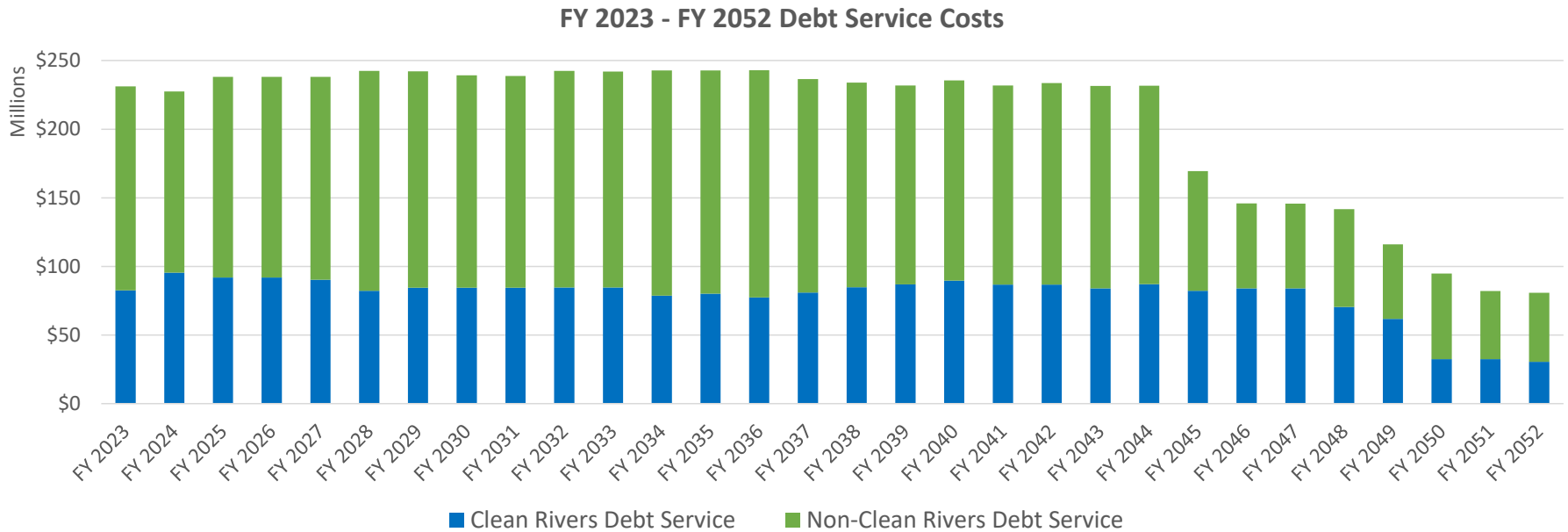
- The overall FY 2023 budget is \$47.4 million and reflects the Board-approved carry-over of \$10.4 million from FY 2022 for the purchase of vehicles (anticipated for delivery in FY 2023) and \$7.2 million for the Aqueduct
- Ten-year disbursements of \$347.4 million for capital equipment include:
 - **Recurring Capital Equipment and Reserves** – This covers the purchase/replacement of pumps, motors, HVACs, roof, renovations, laptops, computers, servers, fire hydrants and includes the Authority-wide reserves for new facilities and unplanned equipment needs
 - **Information Technology (IT) Projects** – Funds new projects and upgrades to various Authority-wide technology systems
 - **Fleet Equipment** – Earmarks \$28.4 million from FY 2023 through FY 2025 to reduce vehicle backlog and help ensure that crews have the required equipment such as backhoes, jet-vacs, small and large dump trucks to meet operational needs





Debt Service for Existing Debt

- Debt service costs *for current debt* are projected to be approximately \$6.2 billion over the next 30 years through 2052
 - Clean Rivers debt service costs are \$2.4 billion and Non-Clean Rivers debt service costs are \$3.8 billion

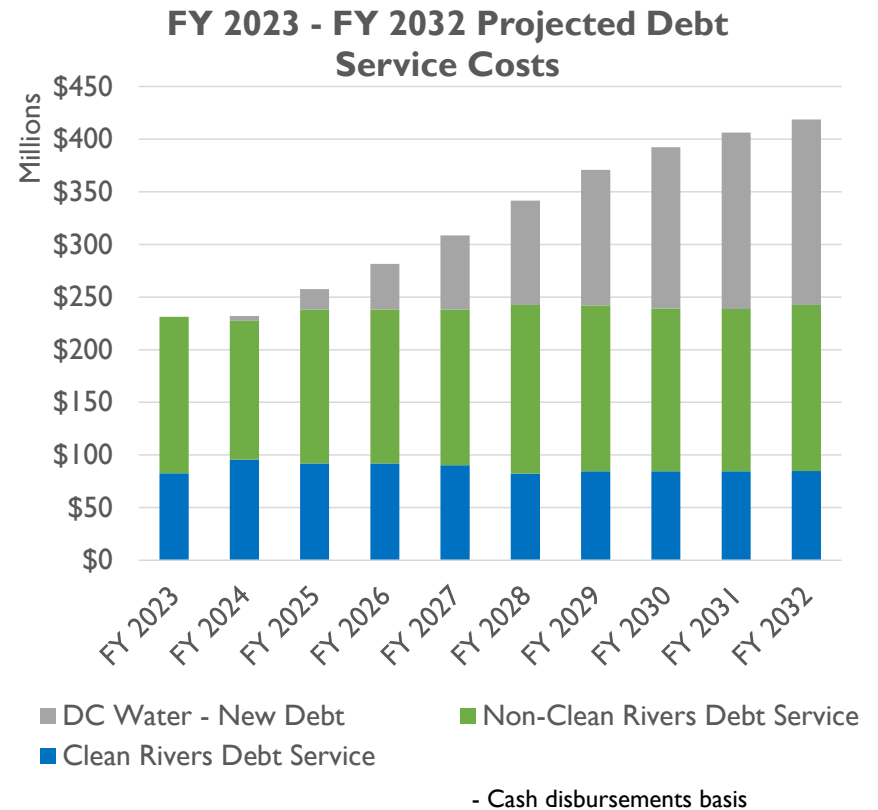


- Cash disbursements basis



Near Term of the 10-Year CIP

- 💧 To advance the capital program, DC Water will borrow an additional \$2.7 billion over the next ten years
- 💧 These new debt service costs will require additional rate increases





Proposed Operating Expenditure Budget

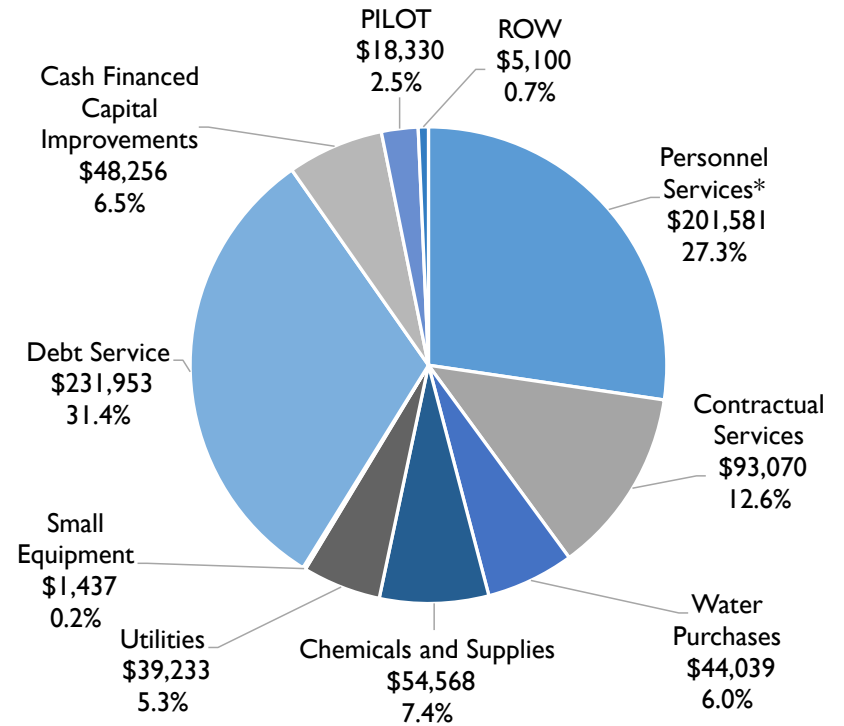
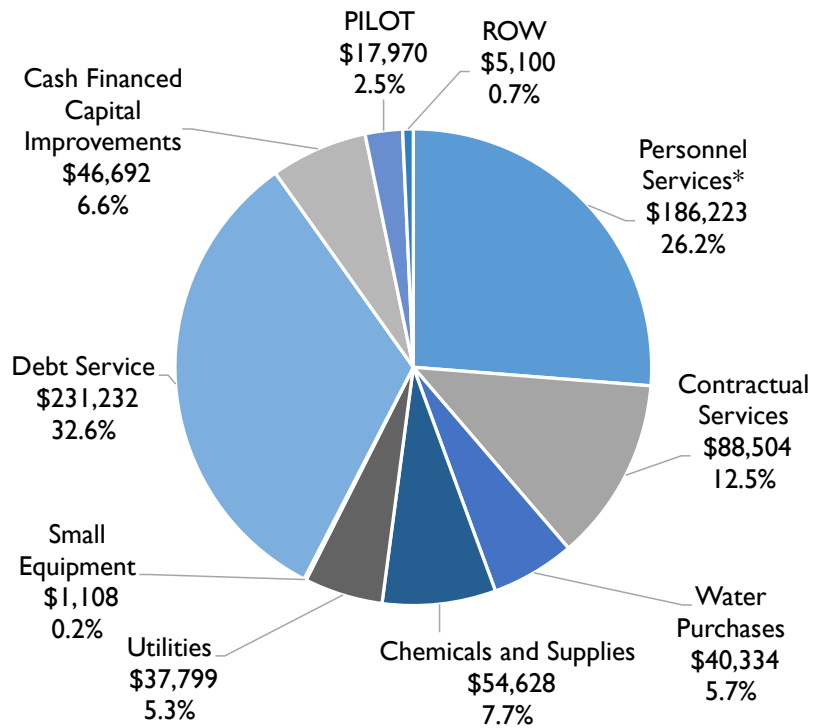


Revised FY 2023 vs. FY 2024 Expenditure Budgets

\$ in thousands

Proposed Revised FY 2023
\$709,589

Proposed FY 2024
\$737,567



* Personnel Services include capital labor charges

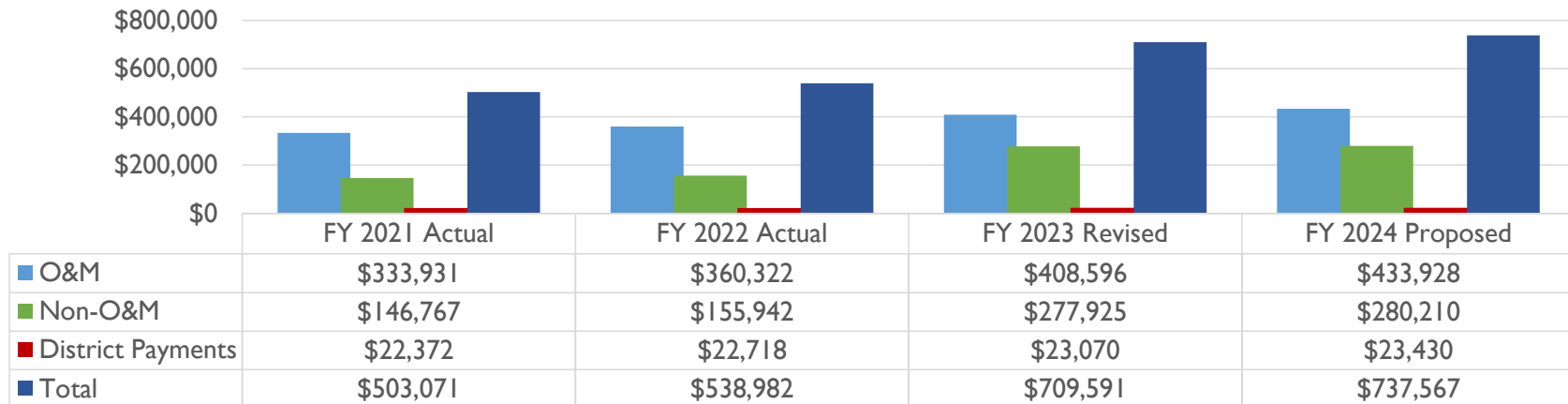


Operating Budget Trends

- 💧 **Operations & Maintenance (O&M)** costs include personnel, chemicals, supplies, utilities, contractual services, water purchase and small equipment
 - Historically, O&M costs have been consistently stable with an average growth of 3% per year. There was an 8% increase in FY 2022 compared to FY 2021 due to cost pressures in chemicals and energy
- 💧 **Non-O&M** costs include debt service cost and Cash Financed Capital Improvement (CFCI)
 - 💧 Debt service is one of the fastest-growing components of the overall budget and represents 31% of the total operating budget in FY 2024
- 💧 **District payments** is the Payment-in-Lieu of Taxes (PILOT) and Right of Way (ROW)

\$ in thousands

Annual Operating Expenditures





Operating Budget Comparison by Cost Category

- Proposed revision for FY 2023 reflects additional \$20.6 million to cover cost pressures in chemicals and energy
- Proposed FY 2024 Operations & Maintenance expenditure is projected to be \$433.9 million, an increase of \$25.3 million or 6.2%
- The overall operating expenditure is projected to be \$737.6 million, an increase of \$28 million or 3.9%

| (\$000's) | FY 2022 | | | FY 2023 | | FY 2024 | (Increase)/ Decrease | |
|---|-------------------|-------------------|------------------|-------------------|-------------------|--------------------|----------------------|--|
| | Approved | Actuals | Variance | Proposed Revised | Proposed | \$ | % | |
| Regular Pay | \$ 132,173 | \$ 125,169 | \$ 7,004 | \$ 137,044 | \$ 147,203 | \$ (10,159) | -7.4% | |
| Benefits | 40,038 | 38,872 | 1,166 | 40,960 | 45,869 | (4,909) | -12.0% | |
| Overtime | 8,143 | 9,188 | (1,045) | 8,218 | 8,509 | (291) | -3.5% | |
| Total Personnel Services | 180,353 | 173,229 | 7,124 | 186,222 | 201,581 | (15,359) | -8.2% | |
| Chemical and Supplies | 34,202 | 39,189 | (4,988) | 54,628 | 54,568 | 60 | 0.1% | |
| Utilities | 27,329 | 37,820 | (10,491) | 37,799 | 39,233 | (1,434) | -3.8% | |
| Contractual Services | 88,504 | 75,878 | 12,626 | 88,504 | 93,070 | (4,566) | -5.2% | |
| Water Purchases | 35,217 | 33,345 | 1,872 | 40,334 | 44,039 | (3,705) | -9.2% | |
| Small Equipment | 1,108 | 862 | 246 | 1,108 | 1,437 | (329) | -29.7% | |
| Total Non-Personnel Services | 186,359 | 187,094 | (735) | 222,373 | 232,347 | (9,974) | -4.5% | |
| Total Operations & Maintenance | 366,711 | 360,323 | 6,388 | 408,595 | 433,928 | (25,333) | -6.2% | |
| Debt Service | 231,164 | 209,768 | 21,396 | 231,232 | 231,953 | (721) | -0.3% | |
| PILOT & ROW | 22,718 | 22,718 | - | 23,070 | 23,430 | (360) | -1.6% | |
| Cash Financed Capital Improvements | 37,830 | 37,830 | - | 46,692 | 48,256 | (1,564) | -3.4% | |
| Total Non-O&M | 291,712 | 270,315 | 21,396 | 300,994 | 303,639 | (2,645) | -0.9% | |
| Total Operating Expenditure | 658,423 | 630,638 | 27,785 | 709,589 | 737,567 | (27,978) | -3.9% | |
| Capital Labor Charges | (25,086) | (24,413) | (673) | (30,435) | (31,974) | 1,539 | -5.1% | |
| Net Operating Expenditure | \$ 633,337 | \$ 606,225 | \$ 27,112 | \$ 679,154 | \$ 705,593 | \$ (26,439) | -3.9% | |



Market Cost Pressures and Budget Drivers

- Chemicals – Average growth of \$14.6 million or 50.3 percent from FY 2022 to FY 2023
 - Chemical costs exceeded the budget by \$3.9 million in FY 2022 mainly due to higher than anticipated unit prices for major chemicals such as methanol, ferric chloride, sodium hypochlorite
 - Current forecasts average 31 percent spike in the unit prices for major chemicals

- Electricity – Significant increase of \$9.2 million above the budget in FY 2022
 - Energy prices skyrocketed from \$78.88 per MWh in FY 2020 to \$139.36 per MWh in FY 2022, resulting in almost 50 percent increase in costs
 - DC Water continues to monitor the energy market for opportunities to hedge its energy portfolio to assure budget certainty and mitigate significant budget impact
 - Currently, 10MW has been hedged for FY 2023 and 8MW for FY 2024 (Annual usage of 33MW)

- Water – Increased usage due to changes made in the treatment process



Proposed FY 2023 Budget Revision

- ▶ Operating Expenditure Budget – Proposed increase of \$20.2 million
 - Board-adopted budget of \$686.4 million was amended upward by \$6 million using \$3 million from the FY 2022 net cash and \$3 million from projected underspending in debt service to address chemical and energy pressures
 - Proposed Revisions:
 - Chemical costs - proposed increase of \$14.6 million
 - Electricity - proposed increase of \$4 million
 - Water Usage increase - proposed increase of \$2 million
 - Debt Service - reduction of \$3.4 million due to structure of new debt and refinancing

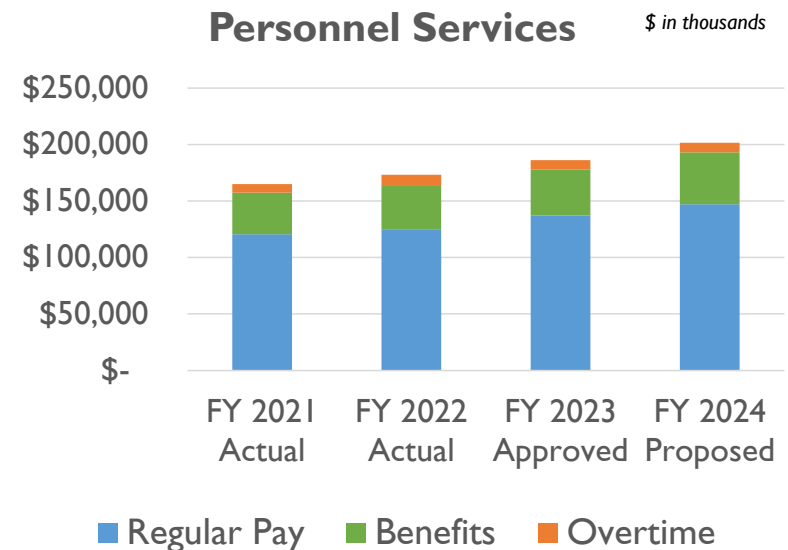
| | Adopted | Amendment | Amended | Revision | Revised |
|-----------------------------------|-----------------------|---------------------|-----------------------|----------------------|-----------------------|
| Operations & Maintenance | \$ 381,961,933 | \$ 6,000,000 | \$ 387,961,933 | \$ 20,634,000 | \$ 408,595,933 |
| Debt Service | 234,679,318 | (3,000,000) | 231,679,318 | (446,823) | 231,232,495 |
| PILOT & ROW | 23,070,220 | | 23,070,220 | | 23,070,220 |
| Cash Financed Capital Improvement | 46,691,694 | | 46,691,694 | | 46,691,694 |
| Total Operating Budget | \$ 686,403,165 | \$ 3,000,000 | \$ 689,403,165 | \$ 20,187,177 | \$ 709,590,342 |



Personnel

RETAIN AND ATTRACT THE BEST TALENT TO DELIVER SUPERIOR CUSTOMER SERVICE

- 💧 **Personnel Services – Increase of \$15.4 million or 8.2%**
 - **Regular Pay** – Increase of \$10.2 million for
 - Merit increases and bonus payments consistent with the union agreement which will expire September 30, 2023
 - 73 new positions approved as part of the FY 2023 budget cycle
 - 13 positions supported by revenues from increased miscellaneous fees, starting FY 2023
 - 17 new positions proposed in FY 2024
 - Career advancement framework for impacted employees at Blue Plains
 - Apprenticeship program for 17 apprentices
 - Summer internship program
 - **Benefits** – \$4.9 million based on current forecasts for health costs and retirement contributions due to increase in salaries
 - **Overtime** – Slight increase of \$0.3 million due to the increase in salaries and is mainly used for emergency repairs of ageing infrastructure





Additional FTEs in FY 2024

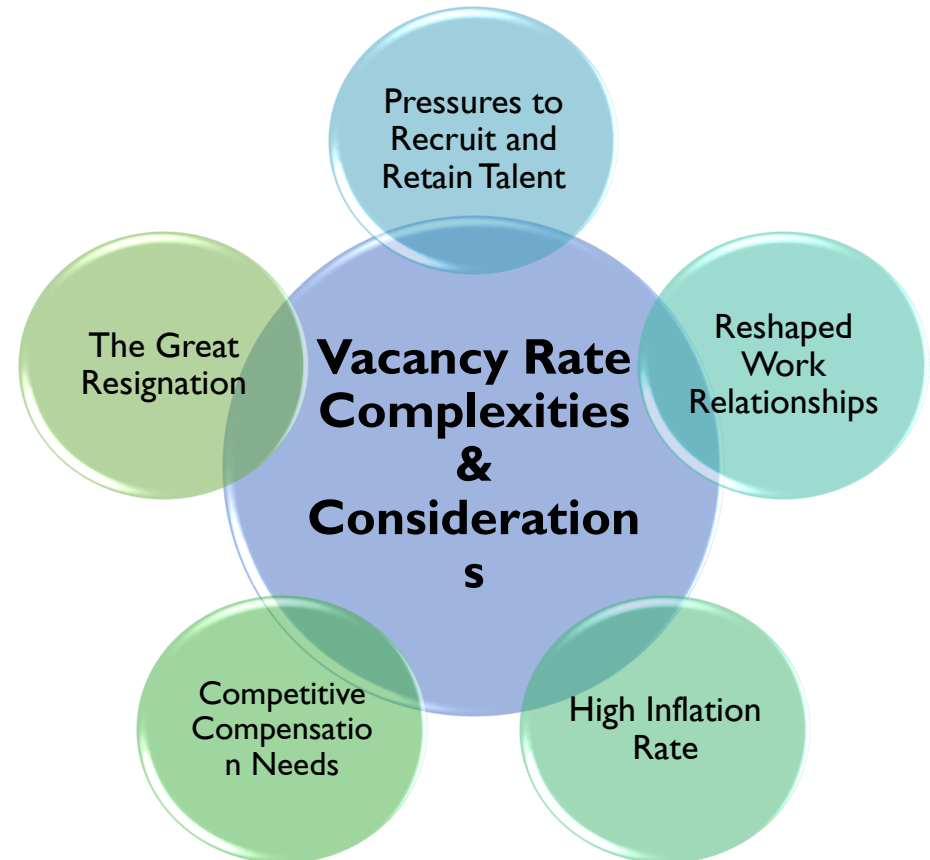
Below are the additional FTEs proposed in the FY 2024 budget. These have been partially funded at \$1.9 million consistent with projected recruitment timeline and activities. The annualized costs will be included in future personnel budget

| Cluster | Dept. Proposal | Proposed Request | Program |
|---------------------------|----------------|------------------|--|
| People & Talent | 4 | 2 | <ul style="list-style-type: none"> • Create focus on Diversity, Equity and Inclusion (DEI) efforts and support increased recruitment efforts |
| Marketing & Communication | 9 | 4 | <ul style="list-style-type: none"> • Increased demand for specialists to support customer communications, social media, graphics and video design activities |
| Strategy & Performance | 2 | 1 | <ul style="list-style-type: none"> • Continue in-house expansion of innovation program |
| Shared Services | 13 | 2 | <ul style="list-style-type: none"> • Entry-level Safety Technicians to safety provide day to day boots on the ground support and increase engagement and communication with staff |
| Customer Care | 3 | | <ul style="list-style-type: none"> • No recommendations |
| Wastewater | 7 | 5 | <ul style="list-style-type: none"> • Additional mechanics to maintain the increased assets at the Blue Plains • Increase in-house crane operations to support Bloom production |
| Pumping & Sewer Services | 10 | 2 | <ul style="list-style-type: none"> • Continue high quality condition assessment, asset availability, inspections, calibration, instrumentation reviews and coverage during after hours |
| Engineering | 5 | 1 | <ul style="list-style-type: none"> • In-house resource for as-builds program with offsetting reduction in contractual services |
| Total | 53 | 17 | |



Vacancy Challenges & Opportunities

- DC Water like many organization faces challenges with increased vacancy trends based on market trends
- One recruiter in each Fiscal Year has been approved for FY 2023 and FY 2024 to support the increased recruitment efforts
- Management plans to leverage the Blueprint 2.0 program goals to modernize its compensation strategies and solutions, based on market data, to continue to attract and retain the right talent
- These process improvements will help to better inform our hiring strategies and lower the historically high vacancy rate





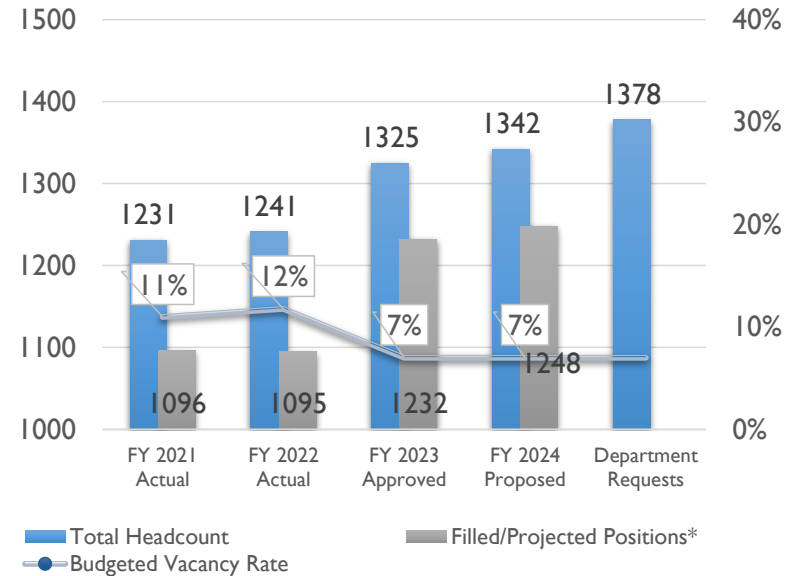
Headcount

STRATEGIC DIRECTION: ACHIEVE LOWER VACANCY RATE

- 💧 Historical vacancy rate based on Authorized headcount is 9% - 12% per year
- 💧 YTD vacancy rate through December 2022 is 17% due to the new positions added for FY 2023
- 💧 Proposed FY 2024 headcount of 1342 FTEs
 - Adds 17 new positions to maintain our increased assets, provide customer engagement and communication needs, and support recruitment and Diversity, Equity and Inclusion efforts
- 💧 Budgeted vacancy rate of 7% assumed in FY 2023 & FY 2024
 - If all positions were fully budgeted that would add \$13.8 million to the budget and revenue requirements



Historical & Projected Headcount



* Projected positions include filled positions and vacant positions for FY 2023 & FY 2024



Chemicals, Supplies and Utilities

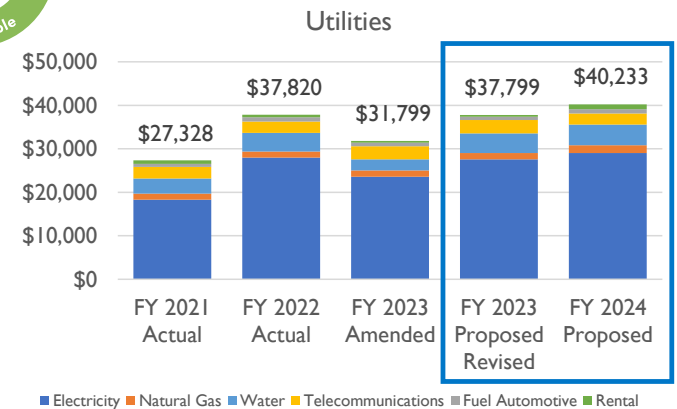
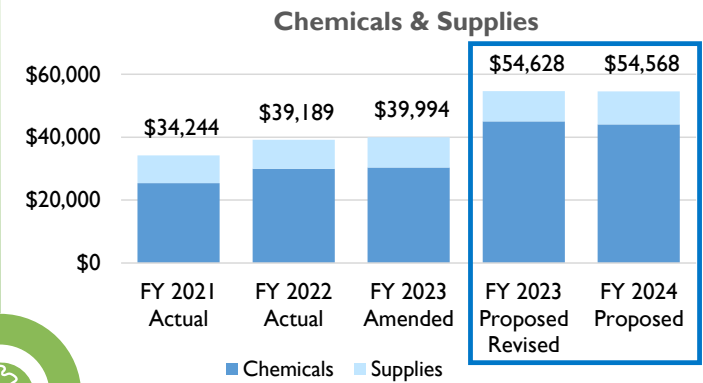
\$ in thousands

Chemicals & Supplies – \$54.6 million is relatively flat

- **Chemicals** – \$0.9 million decrease for major chemicals (e.g., Methanol) used in the wastewater treatment process which is subject to volatility in the energy market
- **Supplies** – \$0.9 million increase is for critical parts and supplies needed for the maintenance of DC Water equipment and facilities

Utilities – \$40.2 million or increase of \$2.4 million

- **Electricity** – \$1.3 million increase for energy needed to operate the Plant, Pump Stations and Operational facilities. Onsite electric generation of 7MW from the Combined Heat & Power Facility continues to reduce the rate of growth of electricity costs and DC Water’s reliance on the power grid
- **Water Usage** – Increase of \$0.2 million is due to changes made in the treatment process at the Plant
- **Gas & Automotive Fuel** – Increase of \$0.5 million based on forecasts for fuel prices driven by the energy market
- **Rental of Land & Structures** – Increase of \$0.7 million partly due to space rental needs for sewer vehicles and funding for the water usage by Soldiers Home
- **Telecommunications** – Decrease of \$0.5 million based on spending trends





Water Purchases and Small Equipment

Water Purchase – \$44 million or an increase of \$3.7 million

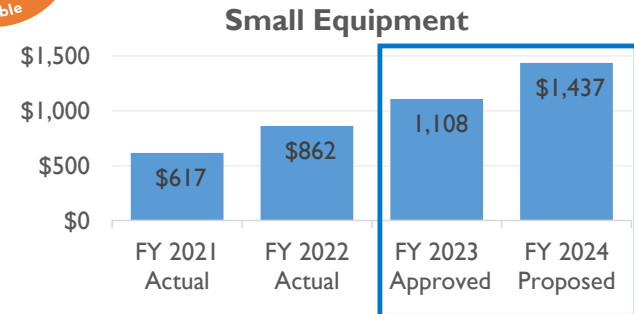
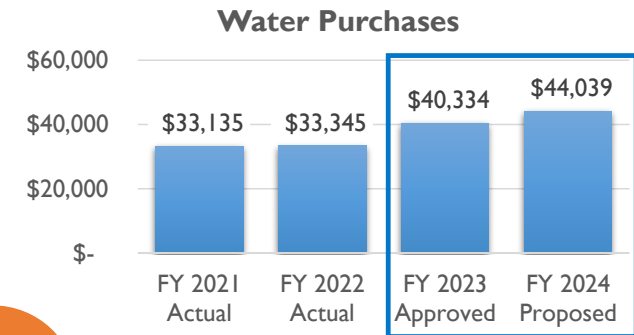
- DC Water purchases drinking water from the Washington Aqueduct and is responsible for approximately 75% of the Aqueduct’s projected operating costs
- This includes funding for DC Water’s share of the McMillan Sewer backwash (\$3.5 million) with offsetting revenue opportunity

Small Equipment – \$1.4 million or increase of \$0.3 million

- This is mainly for the purchase of small items such as office equipment, cameras, small appliances and tools, rental of postage machines, etc.
- Proposed increase is due to inflationary cost pressures for critical equipment



\$ in thousands





Contractual Services

ABOUT 53% OF OVERALL CONTRACTUAL SERVICES IS ALLOCATED TO CRITICAL MAINTENANCE AND PROFESSIONAL SERVICES TO KEEP OUR ASSETS IN GOOD OPERATIONAL AND RELIABLE CONDITION

Areas of Decreases

- Credit card fees through initiative to charge for use
- Workers' compensation claims consistent with historical trends
- Reduced estimates for various programs including temporary staffing, leak detection assistance and other contracts

Areas of Increases

- Maintenance and repairs of various equipment (HVAC, elevators, security) and facilities including the new Fleet and Sewer Services buildings
- Rising cost of insurance premiums
- New and expanded programs to support Building Information Management (BIM), PFAS monitoring, customer engagement, marketing campaigns, innovation, strategic activities
- Training and workforce development for staff

| (000s) | FY 2023 | FY 2024 | (Increase) / Decrease | |
|-----------------------------------|------------------|------------------|-----------------------|------------|
| | Approved | Proposed | \$ | % |
| Maintenance and Repairs | \$ 9,683 | \$ 12,547 | \$ (2,864) | -30% |
| Software and Hardware Maintenance | 11,130 | 11,596 | (466) | -4% |
| Professional Services | 37,764 | 37,222 | 543 | 1% |
| Contractual Services | 12,166 | 12,932 | (766) | -6% |
| Insurance and Bonds | 4,127 | 5,561 | (1,434) | -35% |
| Judgements Indemnities and Claims | 3,320 | 2,488 | 832 | 25% |
| Employee Training & Travel | 2,070 | 2,619 | (549) | -27% |
| Government Fees | 453 | 453 | (0) | 0% |
| Professional Fees & Audit Costs | 2,103 | 2,305 | (202) | -10% |
| Non-RatePayer Revenue Fund | 1,000 | 1,030 | (30) | -3% |
| Other Contractuals | 5,687 | 5,348 | 339 | 6% |
| Total Contractual Services | \$ 89,504 | \$ 94,100 | \$ (4,596) | -5% |

Professional Services - Includes funding for Combined Heat & Power facility support, credit card fees, litigation, legal contingency, community outreach programs, research & development, temporary staffing, information system support, security, strategic programs, employee-employment related and other compliance services

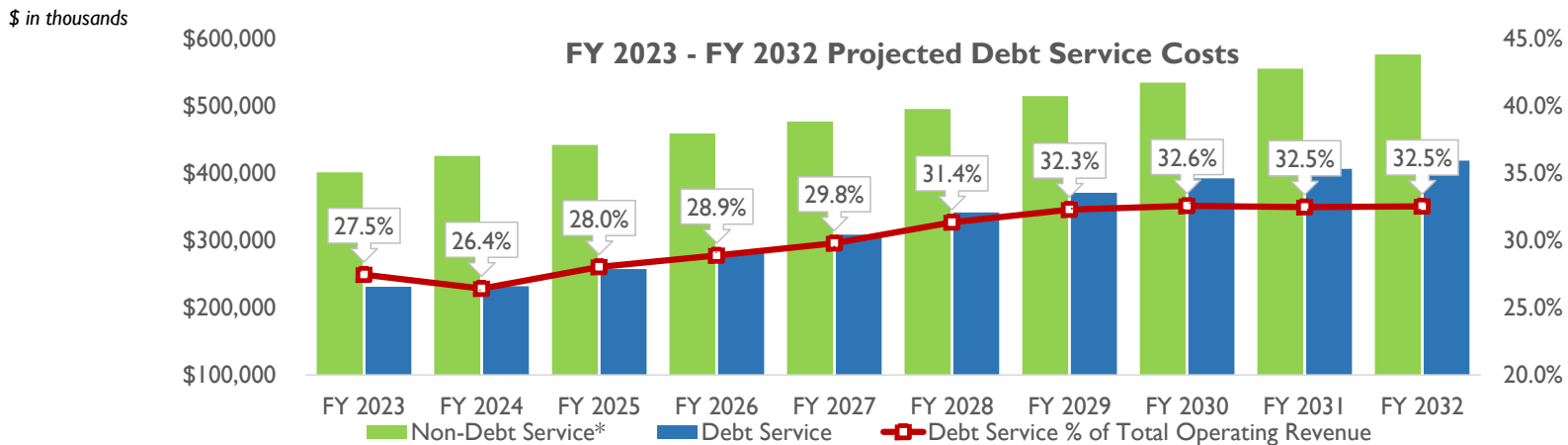
Contractual Services - Covers hauling and disposal, biosolids hauling, grit removal & disposal, wet well cleaning, industrial cleaning, catch basin & reservoir cleaning, janitorial, trash removal services, etc.



Debt Service Costs

Debt service is the largest driver in the operating budget

- \$3.8 billion in debt currently outstanding, including \$1.5 billion issued for Clean Rivers
- Represents 32.9% of the total operating expenditure budget and 26.4% of operating revenue in FY 2024
- Over the next ten years, about \$2.7 billion is anticipated to be borrowed to fund capital expenditures
- Debt service cost is projected to grow from \$231.2 million in FY 2023 to \$418.8 million by FY 2032 (approx. 81% increase)



* Non-Debt Service includes O&M, PILOT, ROW and CFCI estimates



Non Operations & Maintenance Budget Drivers

- 💧 **Debt Service** – \$232.0 million or increase of \$0.7 million
 - 💧 New debt service costs for debt projected to be issued in FY 2024 offset by reductions in existing debt

- 💧 **PILOT & ROW** – \$23.4 million or increase of \$0.4 million consistent with MOUs
 - PILOT – Increase of \$0.4 million for payments to the District
 - ROW – Remains at the FY 2022 level of \$5.1 million for payments to the District

- 💧 **Cash Financed Capital Improvements** – \$48.3 million or increase of \$1.6 million
 - PAYGO funding

- 💧 **Capital Labor Charges** – \$32.0 million or increase of \$1.5 million
 - Funds personnel costs incurred on capital projects
 - Continues the in-sourcing of key engineering functions to support the capital program



Risks and Opportunities

Chemicals and Energy

- FY 2023 Revised and FY 2024 Proposed budgets reflect current cost pressures
- Budget reflects most likely scenario based on analysis of business unit and budget office; If cost pressures subside, there could be budget savings

Contractual Services

- Budgeted throughout the Authority
- Full funding required to issue contracts

Personnel

- As of December 2022, 1095 of the budgeted 1325 positions was filled; vacancies are budgeted less than 2080 hours (vacancy credit)
- Vacancies in excess of budget assumptions would drive budget savings

- Budget for Cash Financed Capital Improvements (CFCI) serves as a contingency
 - Budgeted funds are used as pay-as-you-go (PAYGO) capital funding
 - If operating costs exceed budget, CFCI is reprogrammed out and PAYGO is reduced
 - If operating costs are less, unspent budget will be reprogrammed to CFCI and used as PAYGO, reducing debt service costs for all customers



Budget Risks

- 💧 Personnel - Overtime during emergencies, increased healthcare cost, lower than anticipated vacancy rate, and other leave adjustments typically funded by vacancies
- 💧 Union Agreement – Current Labor Compensation Agreement with the five unions expiring September 30, 2023
- 💧 Chemicals - Market volatilities, unit prices, rain events, process optimization
- 💧 Utilities - Market volatilities, onsite energy optimization, solar project output & timeline
- 💧 New Facilities - Parts, equipment and maintenance requirement for tunnels, treatment facilities and the new buildings for Fleet Services and Sewer Services
- 💧 Biosolids/BLOOM - Hauling/marketing of 70,000 tons
- 💧 Litigation & Insurance - Impacts of unanticipated legal cases and insurance policy requirements



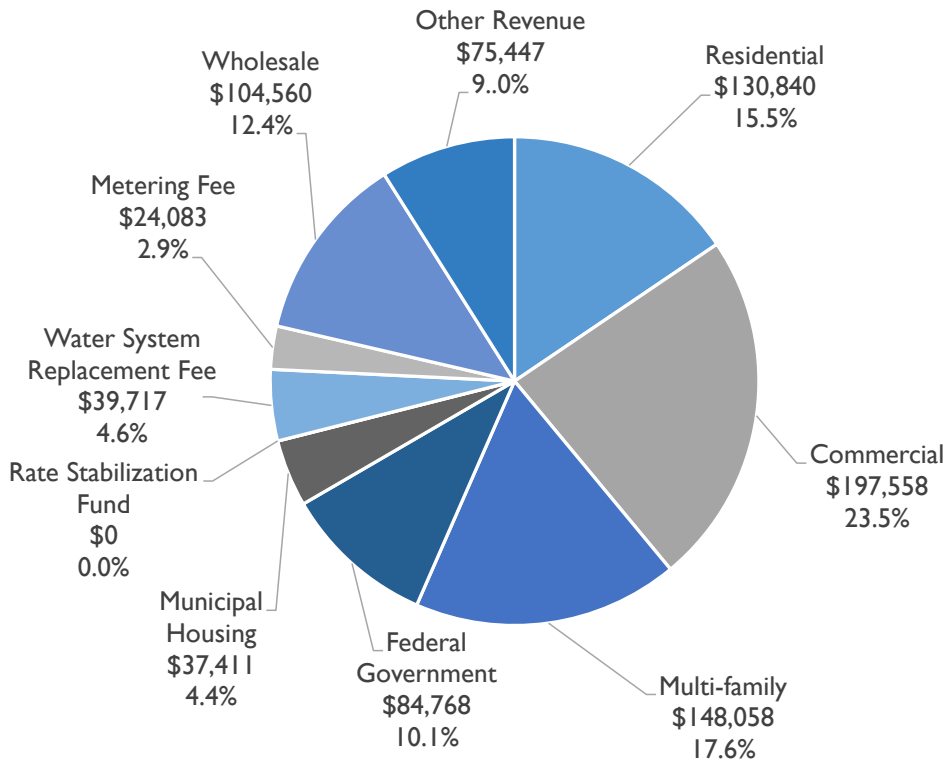
Operating Revenues and Financial Plan



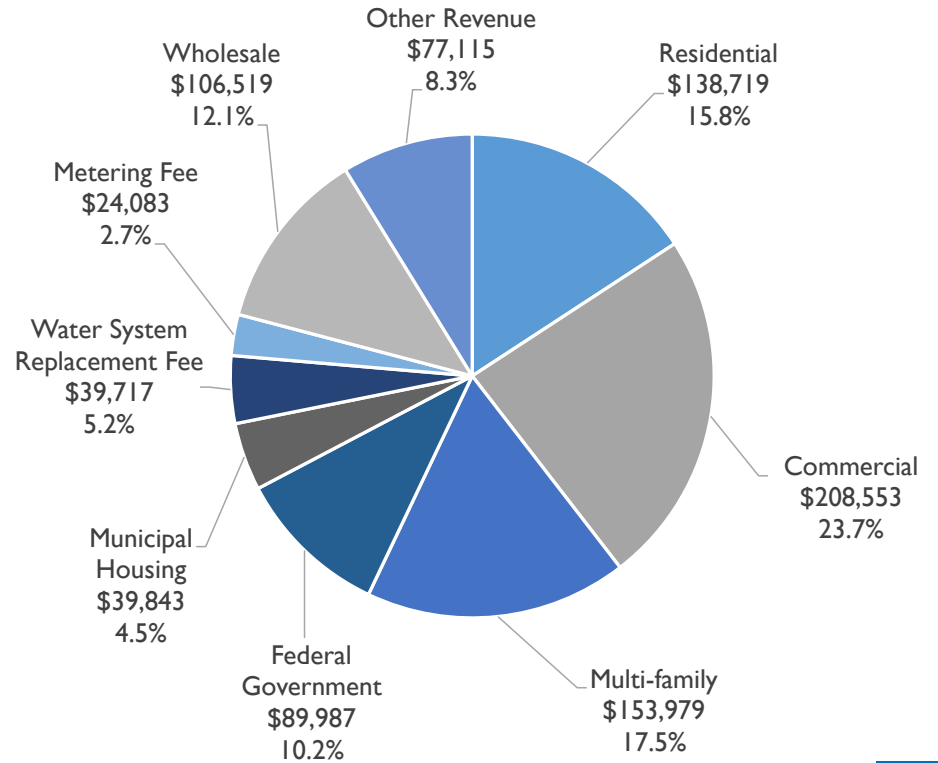
FY 2023 vs. FY 2024 Operating Revenues

\$ in thousands

Revised FY 2023
\$842.4 million



Proposed FY 2024
\$878.5 million





Revenues

• FY 2023 and FY 2024 Revenues have been revised upward due to following:

- Retail Revenue – higher projected consumption by 1.0 million Ccf
- Wholesale Revenue – increase in O&M cost
- Interest Earnings and Interest on Bond Reserves – higher projected interest rates
- Other Revenue – increase in projected Engineering/Permit fee based on Cost of Service

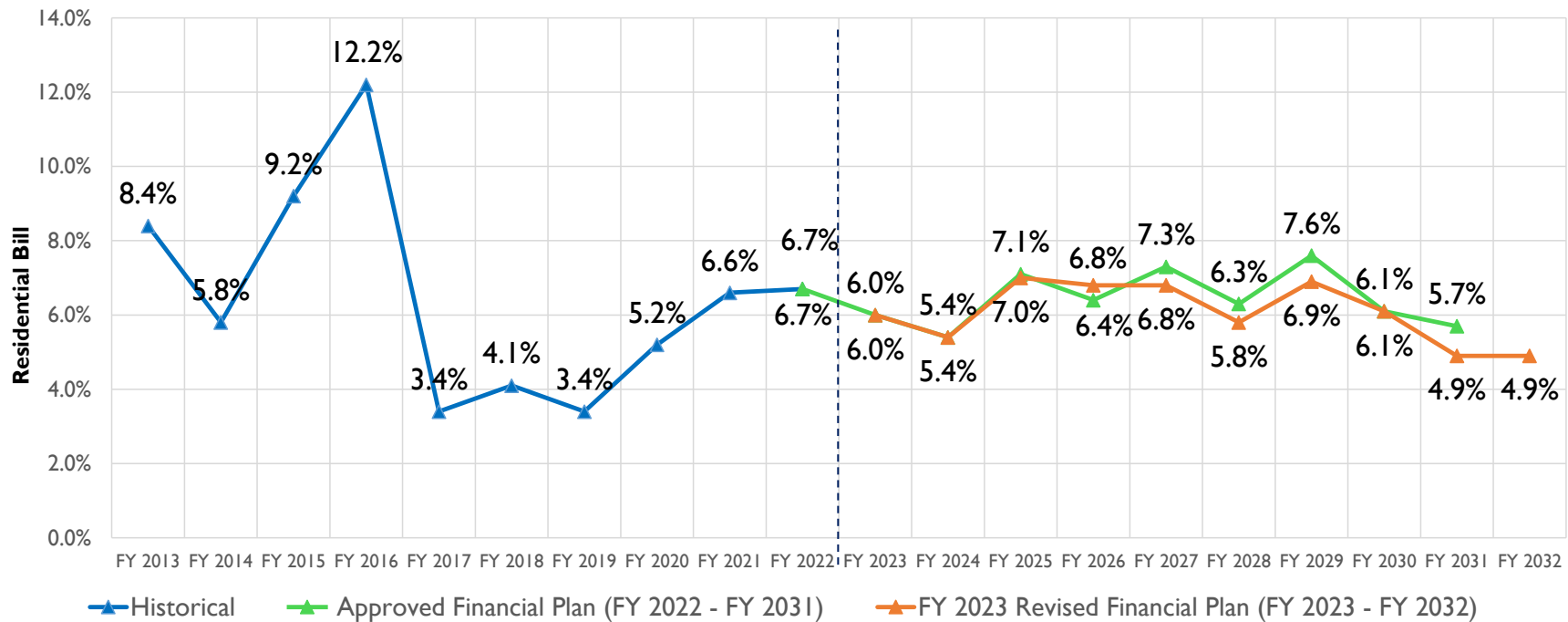
| FY 2023 | Current | Revision | Proposed |
|--------------------------|-----------------------|----------------------|-----------------------|
| Retail Revenue | \$ 667,024,202 | \$ 18,481,139 | \$ 685,505,341 |
| Wholesale Revenue | 85,720,070 | 18,839,431 | 104,559,501 |
| Interest Earnings | 4,161,829 | 2,866,384 | 7,028,213 |
| Other Revenue | 42,861,646 | 1,966,795 | 44,828,441 |
| Interest on Bond Reserve | 225,034 | 295,811 | 520,845 |
| Total | \$ 799,992,781 | \$ 42,449,560 | \$ 842,442,341 |

| FY 2024 | Current | Revision | Proposed |
|--------------------------|-----------------------|----------------------|-----------------------|
| Retail Revenue | \$ 689,378,359 | \$ 28,932,111 | \$ 718,310,470 |
| Wholesale Revenue | 89,142,239 | 17,376,830 | 106,519,069 |
| Interest Earnings | 4,150,788 | 3,544,015 | 7,694,803 |
| Other Revenue | 44,756,646 | 882,795 | 45,639,441 |
| Interest on Bond Reserve | 276,595 | 74,296 | 350,891 |
| Total | \$ 827,704,627 | \$ 50,810,047 | \$ 878,514,674 |



Historical and Projected Combined Rate Increases

- 🔹 FY 2023 and FY 2024 rates were previously adopted
- 🔹 In FY 2027 and beyond, forecasted rates are slightly lower than previously estimated because of increase in projected revenues mainly due to higher consumption forecast





Revenue Comparison by Customer Class

- Total revenue is projected to increase by \$8.8 million for FY 2023 as compared to FY 2022 Actual and increase by \$36.1 million or 4.3% for FY 2024 due to the rate increase
 - *Retail Revenue* – Decrease by \$17.6 million or 2.6% in FY 2023 and increase by \$32.4 million or 4.9% in FY 2024. The decrease in FY 2023 is due to utilization of \$52.1 million RSF in FY 2022; \$41.6 million RSF was transferred to ending cash balance
 - *Wholesale Revenue* – Increase by \$19.7 million or 23.2% in FY 2023 and increase by \$2.0 million or 1.9% for FY 2024 due to operations and maintenance expense projection. Revenue estimates are based on most recent flow data

| \$ in thousands | Actual FY 2022 | Revised FY 2023 | Proposed FY 2024 | FY 2023 vs FY 2022 | | FY 2024 vs FY 2023 | |
|--|-------------------|--------------------|---------------------|-----------------------|-------|-----------------------|------|
| | | | | Incr/(Decr) | | Incr/(Decr) | |
| | | | | \$ | % | \$ | % |
| Retail Revenue | \$680,026 | \$662,435 | \$694,881 | -\$17,591 | -2.6% | \$32,446 | 4.9% |
| Wholesale Revenue | | | | | | | |
| Potomac Interceptor (PI) | 3,405 | 3,547 | 3,547 | 141 | 4.1% | - | 0.0% |
| Loudoun County Sanitation Authority (LCSA) | 7,695 | 9,300 | 9,538 | 1,604 | 20.8% | 239 | 2.6% |
| Washington Suburban Sanitary Commission (WSSC) | 59,049 | 73,648 | 74,959 | 14,599 | 24.7% | 1,312 | 1.8% |
| Fairfax County* | 14,749 | 18,066 | 18,475 | 3,316 | 22.5% | 409 | 2.3% |
| Total Wholesale Revenue | \$84,899 | \$104,560 | \$106,519 | \$19,659 | 23.2% | \$1,960 | 1.9% |
| Other Revenue | 68,670 | 75,447 | 77,115 | 6,777 | 9.9% | 1,668 | 2.2% |
| Rate Stabilization Fund (RSF) | | - | - | - | - | - | - |
| Total Revenues** | \$833,595 | \$842,442 | \$878,515 | \$8,846 | 1.1% | \$36,073 | 4.3% |

* The reduced revenues for Fairfax reflects decrease in percentage flow in 2021 (9.16%) as compared to 9.78% that was used in the FY 2022 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

** FY 2022 receipts include \$41.6 million RSF amount, which was transferred to ending cash balance



Financial Plan Objectives

- 💧 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+



Ten-Year Financial Plan Assumptions

- 💧 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 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 | FY 2032 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <i>Retail</i> | \$685,505 | \$ 718,310 | \$ 755,081 | \$ 802,038 | \$ 852,254 | \$ 898,145 | \$ 953,657 | \$1,006,114 | \$1,049,289 | \$1,081,751 |
| <i>Wholesale</i> | 104,560 | 106,519 | 110,780 | 115,211 | 119,819 | 124,612 | 129,597 | 134,781 | 140,172 | 145,779 |
| <i>Other</i> | 52,377 | 53,685 | 53,625 | 58,319 | 63,816 | 67,423 | 65,912 | 64,501 | 62,804 | 60,816 |
| <i>RSF</i> | - | - | - | - | - | - | - | - | - | - |
| Operating Receipts ⁽¹⁾ | \$842,442 | \$ 878,515 | \$ 919,485 | \$ 975,568 | \$1,035,890 | \$1,090,180 | \$1,149,166 | \$1,205,396 | \$1,252,264 | \$1,288,346 |
| Operating Expenses | (401,231) | (425,383) | (441,828) | (458,923) | (476,695) | (495,170) | (514,376) | (534,342) | (555,099) | (576,678) |
| Debt Service | (231,232) | (231,953) | (257,615) | (281,518) | (308,481) | (341,582) | (370,871) | (392,286) | (406,343) | (418,816) |
| Cash Financed Capital Improvement | \$ (46,692) | \$ (48,256) | \$ (60,406) | \$ (72,183) | \$ (76,703) | \$ (80,833) | \$ (85,829) | \$ (90,550) | \$ (94,436) | \$ (97,358) |
| Net Revenues After Debt Service | \$163,287 | \$ 172,922 | \$ 159,636 | \$ 162,943 | \$ 174,011 | \$ 172,596 | \$ 178,090 | \$ 188,218 | \$ 196,387 | \$ 195,495 |
| Operating Reserve-Beg Balance | 257,374 | 274,600 | 282,600 | 292,600 | 303,600 | 314,600 | 327,600 | 340,600 | 354,600 | 368,600 |
| Other Misc (Disbursements)/Receipts | | | | | | | | | | |
| Wholesale/Federal True Up | (11,688) | (11,256) | - | - | - | - | - | - | - | - |
| Pay-Go Financing | (134,373) | (153,665) | (149,636) | (151,943) | (163,011) | (159,596) | (165,090) | (174,218) | (182,387) | (180,495) |
| Operating Reserve - Ending Balance | \$274,600 | \$ 282,600 | \$ 292,600 | \$ 303,600 | \$ 314,600 | \$ 327,600 | \$ 340,600 | \$ 354,600 | \$ 368,600 | \$ 383,600 |
| 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 | 580% | 734% | 783% | 699% | 644% | 659% | 656% | 620% | 645% | 617% |
| Combined Debt Service Coverage | 196% | 201% | 195% | 192% | 189% | 181% | 178% | 178% | 178% | 176% |
| Actual/Projected Water/Sewer Rate Increases | 9.50% | 3.25% | 9.00% | 7.50% | 8.00% | 8.00% | 7.50% | 7.50% | 6.50% | 6.50% |
| Operating Receipts \$ Increase/Decrease | | | | | | | | | | |
| Retail | 34,950 | 32,805 | 36,770 | 46,957 | 50,216 | 45,890 | 55,513 | 52,457 | 43,174 | 32,463 |
| Wholesale | 19,660 | 1,960 | 4,261 | 4,431 | 4,608 | 4,793 | 4,984 | 5,184 | 5,391 | 5,607 |
| Operating Receipts % Increase/Decrease | | | | | | | | | | |
| Retail | 5.4% | 4.8% | 5.1% | 6.2% | 6.3% | 5.4% | 6.2% | 5.5% | 4.3% | 3.1% |
| Wholesale | 23.2% | 1.9% | 4.0% | 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⁾ FY 2024 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.



Financial Metrics

| Metrics | Indenture Requirement | Board Policy | Management Target | Financial Plan |
|--------------------------------------|-----------------------|--------------|------------------------|----------------|
| Days of Cash on Hand (excluding RSF) | 60 days | 250 Days | – | 252 - 263 Days |
| Combined Coverage Ratio | – | 1.6X | – | 1.76X – 2.01X |
| Senior Coverage | 1.2X | – | – | 5.80X – 7.83X |
| Subordinate Coverage | 1.0X | – | – | 2.07X – 2.45X |
| Debt Service as a % of Revenue | – | – | 33% of Revenue or Less | 26% - 33% |

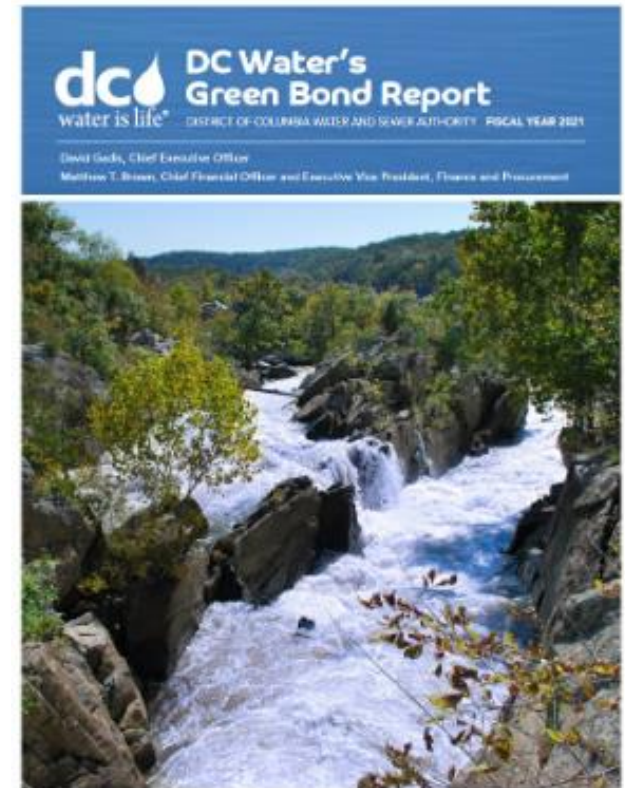


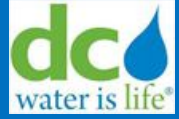
Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing



Intent to Reimburse Capital Expenditures

- Approval to reimburse DC Water for “Costs of the System” as defined in the Master Indenture; allows DC Water to reimburse itself for capital expenditures with debt proceeds
- For FY 2023 and FY 2024 amount requested is \$269 million; DC Water has three years from the time of the last expenditure to make the reimbursement
 - Reductions in capital spending due to supply chain issues, delayed DC Water's access to enter the market in 2023
 - Borrowing for FY 2023 and FY 2024 was combined for approximately \$269 million
- As part of the request to issue a specific series of debt in the future, the Board will be asked to adopt a specific resolution that confirms the intent for the actual amount financed with actual reimbursed expenses





Next Steps



Management Recommendation

In February, management will present the following recommendations to the respective Committees for appropriate actions to the full Board for approval:

- Proposed Operating Expenditure Budget
 - Revised FY 2023 budget of \$709.6 million and Proposed FY 2024 budget of \$737.6 million
- Proposed Capital Budget
 - Revised FY 2023 budget of \$501.4 million and Proposed FY 2024 budget of \$604.7 million
 - FY 2023 – FY 2032 Capital Disbursements of \$6.95 billion
 - Lifetime Project Budget of \$14.63 billion
- Proposed FY 2023 & 2024 Operating Revenues
 - Rates and Fees remain the same as Approved last year
- Proposed FY 2023 – FY 2032 Financial Plan, including the revenue requirements to support the operating and capital budgets
- Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing





Budget Adoption Calendar

Board Member Questions & Follow-Up

- Submit budget-related questions to Board Secretary at astukes@dcwater.com
- Questions will be distributed to appropriate staff with formal response to the Board
- Budget materials published on the website for customers

February
Committee Reviews, Recommendations & Actions

March 2
Board Adoption

| | Environmental Quality & Operations | DC Retail Water & Sewer Rates | Finance & Budget |
|--|------------------------------------|-------------------------------|------------------|
| FY 2023 - FY 2032 Capital Budget (<i>Disbursements & Lifetime</i>) | Action Required | | Action Required |
| FY 2023 & FY 2024 Operating Expenditure Budgets | | | Action Required |
| Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing | | | Action Required |
| FY 2023 - FY 2032 Financial Plan | | Action Required | Action Required |



Public Communication

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

| Date | Title |
|-----------------|---|
| January 5, 2023 | Budget Workshop with the Board FY 2024 Proposed Budget |



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.



Appendix



CIP by Program Area

| (Cash Disbursements \$ in thousands) | FY 2023 - FY 2032 CIP Disbursement Plan (Run 3C) | | | | | | | | | | | Last Years 10-yr | (Increase)/ Decrease | Lifetime |
|--------------------------------------|--|----------------|------------------|------------------|-----------------|------------------|------------------|------------------|-----------------|------------------|------------------|---------------------|-------------------------|--------------------|
| | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 | FY 2032 | 10-yr Total | | | |
| NON PROCESS FACILITIES | | | | | | | | | | | | | | |
| Facility Land Use | 22,104 | 24,614 | 25,247 | 32,462 | 24,646 | 3,879 | 2,293 | 2,000 | 2,000 | 2,000 | 141,246 | 102,208 | (39,038) | 269,010 |
| Subtotal | 22,104 | 24,614 | 25,247 | 32,462 | 24,646 | 3,879 | 2,293 | 2,000 | 2,000 | 2,000 | 141,246 | 102,208 | (39,038) | 269,010 |
| WASTEWATER TREATMENT | | | | | | | | | | | | | | |
| Liquid Processing | 41,050 | 28,977 | 47,726 | 83,307 | 75,562 | 77,488 | 89,520 | 59,692 | 61,829 | 60,116 | 625,266 | 657,512 | 32,247 | 1,272,081 |
| Plantwide | 14,596 | 39,838 | 51,239 | 40,909 | 50,182 | 39,544 | 25,388 | 20,231 | 16,742 | 3,140 | 301,809 | 282,489 | (19,320) | 530,955 |
| Solids Processing | 12,939 | 14,427 | 17,374 | 12,887 | 17,573 | 24,873 | 17,971 | 30,464 | 34,339 | 21,011 | 203,857 | 214,160 | 10,303 | 944,041 |
| Enhanced Nitrogen Removal Facilities | 3,322 | 1,201 | 1,346 | 637 | 2,238 | 1,414 | 7,420 | 21,779 | 10,188 | 405 | 49,949 | 60,502 | 10,553 | 788,082 |
| Subtotal | 71,907 | 84,442 | 117,684 | 137,739 | 145,555 | 143,319 | 140,299 | 132,166 | 123,098 | 84,671 | 1,180,881 | 1,214,664 | 33,783 | 3,535,160 |
| COMBINED SEWER OVERFLOW | | | | | | | | | | | | | | |
| DC Clean Rivers Program | 104,558 | 100,329 | 135,619 | 172,452 | 136,585 | 146,829 | 132,388 | 33,847 | - | - | 962,607 | 1,116,863 | 154,255 | 2,992,358 |
| Combined Sewer Overflow Program | 3,473 | 9,927 | 12,445 | 15,927 | 12,825 | 10,432 | 5,997 | 12,182 | 12,465 | 4,593 | 100,267 | 100,303 | 36 | 223,714 |
| Subtotal | 108,031 | 110,256 | 148,064 | 188,379 | 149,410 | 157,261 | 138,385 | 46,029 | 12,465 | 4,593 | 1,062,875 | 1,217,166 | 154,291 | 3,216,072 |
| STORMWATER | | | | | | | | | | | | | | |
| Storm Local Drainage Program | 654 | 1,686 | 1,905 | 735 | 977 | 965 | 1,163 | 1,067 | 916 | 853 | 10,921 | 10,455 | (466) | 82,760 |
| Storm On-Going Program | 1,081 | 942 | 519 | 876 | 842 | 1,084 | 1,287 | 935 | - | - | 7,566 | 9,780 | 2,214 | 10,072 |
| Storm Pumping Facilities | 4,829 | 8,692 | 4,161 | 4,126 | 3,732 | 1,417 | 1,579 | 4,948 | 7,642 | 4,957 | 46,083 | 42,918 | (3,165) | 64,227 |
| Stormwater Program Management | 173 | 437 | 517 | 476 | 286 | 346 | 275 | 212 | 124 | 395 | 3,243 | 1,483 | (1,759) | 15,178 |
| Stormwater Trunk/Force Sewers | 772 | 1,082 | 1,216 | 1,358 | - | - | - | - | - | - | 4,428 | 600 | (3,828) | 44,543 |
| Subtotal | 7,509 | 12,839 | 8,319 | 7,571 | 5,837 | 3,812 | 4,305 | 7,162 | 8,682 | 6,205 | 72,241 | 65,236 | (7,005) | 216,779 |
| SANITARY SEWER | | | | | | | | | | | | | | |
| Sanitary Collection System | 4,582 | 25,217 | 58,615 | 60,253 | 61,914 | 54,330 | 54,582 | 56,493 | 57,843 | 58,000 | 491,829 | 325,762 | (166,067) | 728,214 |
| Sanitary On-Going Projects | 14,096 | 17,352 | 14,667 | 15,091 | 15,542 | 16,020 | 16,500 | 15,297 | 15,289 | 15,756 | 155,610 | 143,702 | (11,908) | 233,439 |
| Sanitary Pumping Facilities | 3,085 | 8,434 | 8,813 | 16,171 | 16,011 | 28,020 | 37,639 | 45,222 | 27,375 | 10,231 | 201,000 | 170,349 | (30,652) | 265,049 |
| Sanitary Program Management | 9,087 | 9,612 | 7,638 | 7,640 | 8,634 | 10,520 | 10,688 | 7,927 | 4,451 | 1,116 | 77,313 | 83,462 | 6,149 | 191,900 |
| Interceptor/Trunk Force Sewers | 37,182 | 57,842 | 95,377 | 69,410 | 120,816 | 168,845 | 151,593 | 97,201 | 38,289 | 33,811 | 870,364 | 638,851 | (231,514) | 1,309,131 |
| Subtotal | 68,031 | 118,457 | 185,109 | 168,564 | 222,916 | 277,735 | 271,002 | 222,140 | 143,246 | 118,914 | 1,796,116 | 1,362,125 | (433,991) | 2,727,733 |
| WATER | | | | | | | | | | | | | | |
| Water Distribution Systems | 30,986 | 72,384 | 89,285 | 97,369 | 118,521 | 125,347 | 123,510 | 126,497 | 122,606 | 126,784 | 1,033,289 | 879,719 | (153,569) | 2,102,409 |
| Lead Free DC Program | 42,477 | 77,504 | 107,944 | 109,838 | 91,370 | 74,797 | 62,971 | 44,771 | - | - | 611,672 | 628,951 | 17,280 | 816,318 |
| Water On-Going Projects | 18,280 | 17,292 | 16,825 | 17,779 | 19,351 | 18,915 | 20,691 | 21,601 | 20,879 | 22,623 | 194,235 | 176,668 | (17,567) | 261,206 |
| Water Pumping Facilities | 5,910 | 10,202 | 7,983 | 7,734 | 6,391 | 7,029 | 4,547 | 2,678 | 2,408 | 2,414 | 57,295 | 41,711 | (15,584) | 95,574 |
| Water Storage Facilities | 6,447 | 6,811 | 11,754 | 4,438 | 3,834 | 9,658 | 4,997 | 3,536 | 3,328 | 5,096 | 59,899 | 51,475 | (8,423) | 175,104 |
| Water Service Program Management | 4,809 | 4,179 | 4,716 | 5,120 | 7,542 | 7,080 | 4,641 | 4,641 | 5,120 | 7,563 | 55,412 | 50,904 | (4,508) | 121,424 |
| Subtotal | 108,909 | 188,371 | 238,506 | 242,278 | 247,009 | 242,826 | 221,357 | 203,725 | 154,341 | 164,479 | 2,011,801 | 1,829,430 | (182,371) | 3,572,035 |
| CAPITAL PROJECTS | 386,492 | 538,981 | 722,930 | 776,993 | 795,374 | 828,832 | 777,640 | 613,222 | 443,833 | 380,862 | 6,265,159 | 5,790,828 | (474,330) | 13,536,789 |
| CAPITAL EQUIPMENT | 47,421 | 30,535 | 31,654 | 31,776 | 34,334 | 34,334 | 34,334 | 34,334 | 34,334 | 34,334 | 347,390 | 375,302 | 27,912 | 347,390 |
| WASHINGTON AQUEDUCT | 67,523 | 35,155 | 29,480 | 29,480 | 29,480 | 29,480 | 29,480 | 29,480 | 29,480 | 29,480 | 338,518 | 253,768 | (84,750) | 338,518 |
| ADDITIONAL CAPITAL PROJECTS | 114,944 | 65,690 | 61,134 | 61,256 | 63,814 | 63,814 | 63,814 | 63,814 | 63,814 | 63,814 | 685,909 | 629,070 | (56,838) | 685,909 |
| LABOR | | | | | | | | | | | | | | 404,476 |
| TOTAL CAPITAL BUDGETS | 501,437 | 604,671 | 784,064 | 838,249 | 859,188 | 892,646 | 841,454 | 677,036 | 507,647 | 444,676 | 6,951,067 | - | - | 14,627,174 |
| FY 2022 | 647,004 | 668,633 | 619,913 | 735,924 | 822,910 | 783,185 | 669,154 | 496,528 | 409,140 | - | 6,419,899 | - | - | 13,377,458 |
| Delta (inc)/dec | 145,567 | 63,962 | (164,150) | (102,325) | (36,277) | (109,461) | (172,300) | (180,508) | (98,507) | (444,676) | (531,168) | - | - | (1,249,716) |



Average Residential Customer Monthly Bill

| | | | | Approved | Approved |
|--|-------|------------------|------------------|------------------|----------|
| | Units | FY 2022 | FY 2023 | FY 2023 | 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



Caring for Our Customers

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 \$142,300 (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 \$99,600 can qualify for discounts
(single family household)

For more information see: dcwater.com/customer-assistance



CAP

60% SMI

\$91,225 (family of 4)

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

\$85/month discount

CAP2

80% AMI

\$113,850 (family of 4)

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

\$56/month discount

CAP3

100% AMI

\$142,300 (family of 4)

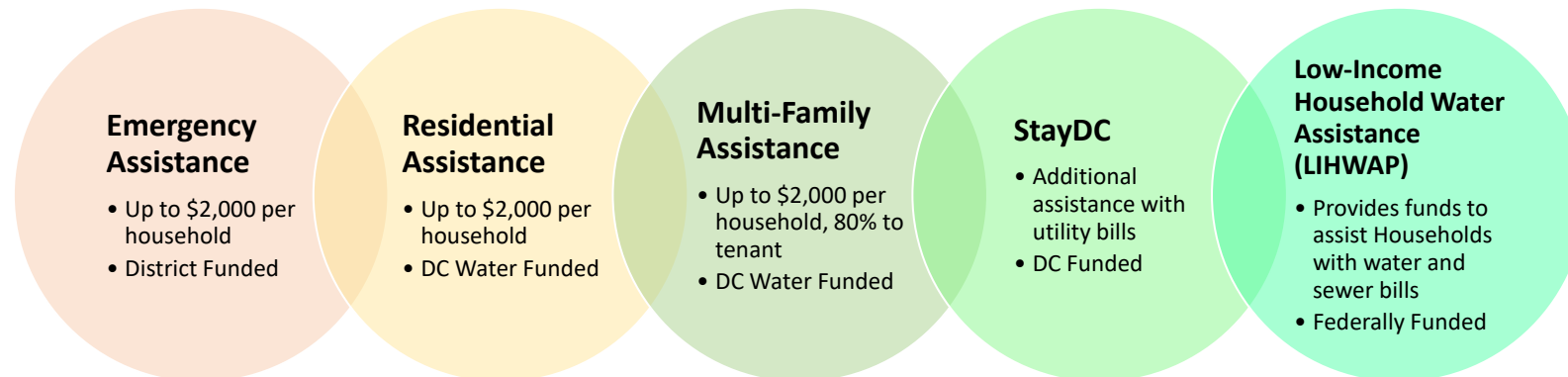
Discount of 75% off the monthly CRIAC fee

\$14/month discount

CRIAC Non-Profit Relief

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

* These CAP amounts are for the current year (FY 2023) and not for the budget year (FY 2024)





CAP, CAP2 and CAP3 Discounts

💧 CAP, CAP2 and CAP3 discounts and income thresholds

| Program | Income Threshold ⁵ | Charges (Discounts) | FY 2022 | Approved FY 2023 | Approved FY 2024 |
|-------------------------------|-------------------------------|--|-----------|------------------|------------------|
| CAP ² | \$91,225 (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 | \$113,850 (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 | \$142,300 (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



Average CAP Customer Monthly Bill

| | Units | FY 2022 | Approved FY 2023 | Approved FY 2024 |
|--|-------|------------------|---------------------|---------------------|
| DC Water Water and Sewer Retail Rates ⁽¹⁾ | Ccf | \$ 78.92 | \$ 86.07 | \$ 89.03 |
| DC Water Clean Rivers IAC | 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 | 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 ⁽⁴⁾ | ERU | 2.67 | 2.67 | 2.67 |
| Subtotal District of Columbia Charges | | \$ 6.74 | \$ 6.90 | \$ 7.01 |
| Total Amount | | \$ 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% |
| 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 2011

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

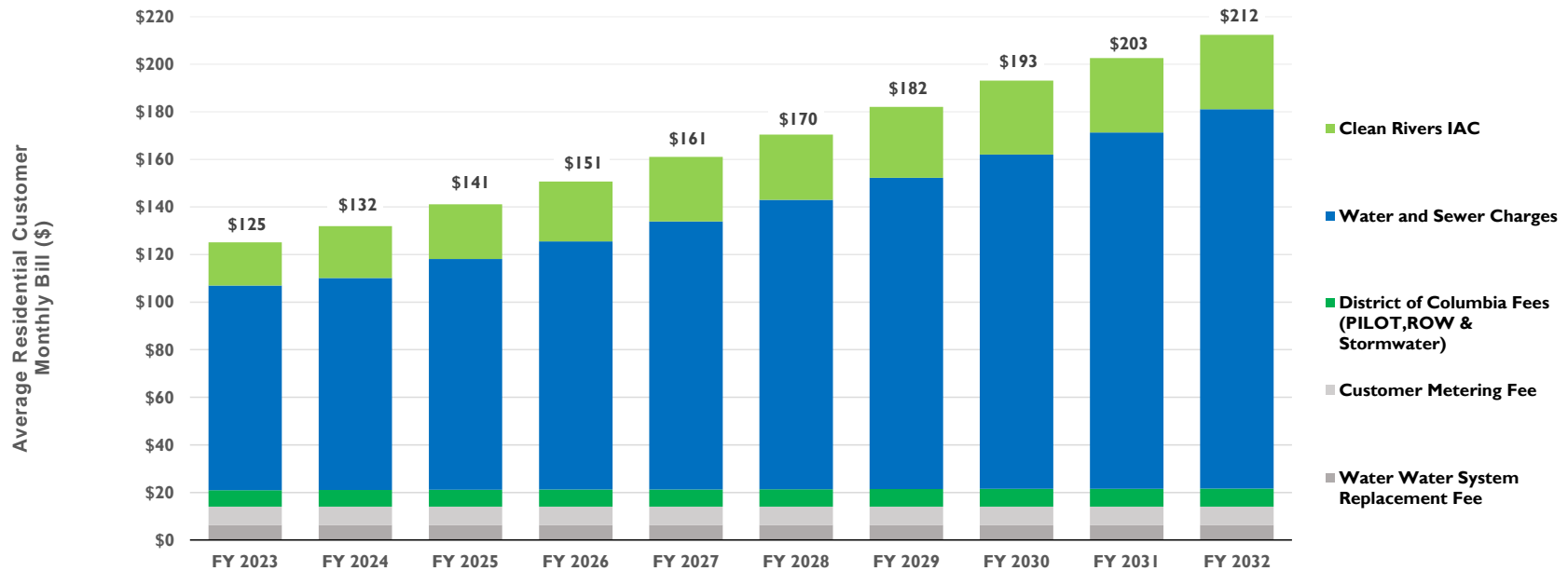
(4) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010

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



Projected Average Residential Customer Bill

Projected average monthly residential customer bill ranges from \$125 in FY 2023 to \$212 in FY 2032



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