MINUTES OF THE MEETING
ENVIRONMENTAL QUALITY AND OPERATIONS COMMITTEE
JANUARY 18, 2024
(via Microsoft Teams)

COMMITTEE MEMBERS PRESENT

1. Sarah Motsch, Chairperson
2. Howard Gibbs, Principal, District of Columbia
3. Steven Shofar, Alternate, Montgomery County
4. Christopher Herrington, Principal, Fairfax County
5. Jared McCarthy, Alternate, Prince George's County
6. Andrea Crooms, Alternate, Prince George's County

DC WATER STAFF

1. David L. Gadis, CEO and General Manager
2. Matthew T. Brown, Chief Financial Officer & EVP
3. Jeffrey Thompson, Chief Operating Officer and EVP
4. Marc Battle, Chief Legal Officer and EVP, Government and Legal Affairs
5. Wayne Griffith, Chief Administration Officer and EVP
6. Michelle Rhodd, Board Secretary

The Environmental Quality and Operations Committee meeting was called to order by Sarah Motsch, Chairperson, at 9:32 AM. The meeting was held via Microsoft Teams. Board Secretary Michelle Rhodd called the roll.

I. BPAWTP PERFORMANCE UPDATE

Nicholas Passarelli, Vice President of Wastewater Treatment Operations, DC Water, presented a comprehensive overview of the Blue Plains Advanced Wastewater Treatment Plant's (BPAWTP's) performance. In December, all NPDES permit requirements were met. The average flow through to complete treatment was 291 million gallons, which was a significant increase from the month before due to the total amount

of rainfall of 6.4 inches. Over 500 million gallons were captured in December, however, about 50 million gallons overflowed due to an event on December 17 and 18. Onsite energy generated 23% of the total usage. The Combined Heat and Power (CHP) Facility generated an average of 7.9 megawatts of which 6.6 megawatts went to the Blue Plains net power. The solar system generated 0.6 megawatts, which is average for this time of year. Electrical consumption increased due to pumping and heating to 29.7 megawatts for the month. The total purchased power from PEPCO averaged 21.8 megawatts.

Biosolids production was 11,633 tons, of which just over 2,200 tons were sold as Bloom and the remaining managed through land application contracts. Less Bloom was produced in December due to the time of year and the increased rainfall.

II. CLEAN RIVERS PROJECT STATUS UPDATE

Moussa Wone, Vice President of DC Clean Rivers Project, DC Water, presented the Clean Rivers Project quarterly update and updates various tunnels. More than 16 billion gallons were captured by the Anacostia River Tunnel in the last six years, along with over 10,000 tons of trash. The work on the Northeast Boundary Tunnel is now addressing road and sidewalk restoration.

The Potomac River Tunnel will be under construction in 2024 for which the contract was given to CBNA. Mobilization on the Potomac River Tunnel will begin by the end of the month and is expected to be operational in February 2030. Tunnel boring machines for rock and soil will be used for the project. A temporary bypass road will be placed on the West Potomac Mining Site, as a portion of Ohio Drive will be closed during construction. The West Potomac Park will be occupied for the duration of the project.

The remaining Rock Creek CSO Projects include the Piney Branch Tunnel and Green Infrastructure Projects C and D. The Green Infrastructure Project requires a total of 92 acres of green infrastructure, of which 42 were completed. The Piney Branch Tunnel will hold up to 4.2 billion gallons for the Green Infrastructure Project. Overflow before the project was 39.7 million gallons from 25 overflows, but after the tunnel, they are expected to have only 1.4 million gallons in overflow from just one overflow. The Piney Branch Tunnel is expected to capture 96% of overflows at CSO 049. In conjunction with the National Park Service, an Environmental Assessment is underway. The Piney Branch Tunnel will intercept the CSO 049 outfall to drain an area of more than 2,300 acres. The geographic profile has already been prepared and presented to the committee. Six additional borings will be done this fiscal year to understand the strength of the rock in the area. The RFP will be prepared in 2024, with procurement in 2025 and construction sometime between late 2025 and 2029. The consent decree deadline is set for November 23, 2029. Clean Rivers has predicted that there will only be one wet overflow per average year of rainfall. Any other overflow will be captured by tunnel and discharged back because the tunnel will be able to handle it.

An outreach effort for the Piney Branch Storage Project has begun with residents and businesses to inform and get comments from these groups about the Environmental Assessment (EA) to allow Clean Rivers to address the public comments within the EA. Regular community outreach is done with the Northeast Boundary Tunnel to explain that contractor must be in area to do restoration. The Project Kick-off with Ward 2 Councilmember Pinto was completed, and regular updates will be provided to the Councilmember as the project continues.

The Clean Rivers Budget is under $42.6 million. The Northeast Boundary Tunnel is expected to be under budget.

III. TEN-YEAR FY24 TO FY33 PROPOSED CIP BUDGET

Matthew Brown, Chief Financial Officer and EVP Finance, Procurement and Compliance, presented an overview of the budget proposal including the calendar and timelines. He reported that the Board is half a month into the two-month budget review process. At the next EQ&OPs meeting, this committee will be asked to recommend the CIP to the Board so it can be approved at the March 7, 2024, Board meeting. In April, the budget will be sent through the District to Congress and the ratemaking process will begin. Questions from the Board members about the budget are being incorporated into the presentations to the various committees and a formal memo will be delivered to the Board members.

The proposed operating budget is $788.2 million and comprises of the Operations and Maintenance (O&M) Budget, the Non-O&M Budget, and the PILOT and ROW payments. The proposed 10-year CIP is $7.74 billion, which is $792 million more than the current approved plan. The Capital Budget is made up of Capital Projects, Capital Equipment, and the Washington Aqueduct. Although this budget includes the proposed rate increases for ratepayers, it is less than anticipated mainly because no new debt was issued in FY 2023. The budget includes a multi-year rate proposal of 4.8% increase for FY 2025, and 6.5% increase for FY 2026. Multiple capital budget scenarios were considered during this budget cycle, and the rate impacts were prepared, all of which would result in higher rate increases and additional debt issuance. The 10-year CIP would grow from the proposed budget of $7.7 billion to $8.3 million for the Additional Investment scenario and $9.1 million for the Full Asset Management scenario. The average household charge by FY 2033 is estimated at $229.50 under the proposed budget and $253.26 under the full asset management scenario.

Jurisdictional Cost Shares: the cost allocation for the shares were presented as per the Intermunicipal Agreement (IMA) from 2012. Both DC Ratepayers and Wholesale Customers are responsible for the costs of joint-use capital projects and operation and maintenance costs of wastewater treatment and multi-jurisdictional use facilities. The Board-approved operating and capital budgets are the basis for the annual billings for the IMA partners. The Blue Plains Operating and Maintenance cost allocation is comprised

of direct (e.g. treating wastewater) and indirect costs (e.g. facilities and IT). The operating costs are allocated based on flows to Blue Plains. Billing for Blue Plains comes quarterly, along with the mid-year review, IMA Settlement, and WSSC Audit. The cost shares for joint use capital projects are based on capacity allocation or specially negotiated agreements with the IMA partners.

David Parker, Vice President of Engineering, DC Water, presented the DC Water Capital Improvement Program Budget Overview. Proposed Capital Investments from FY24-FY33 are $7.7 billion. These investments will be applied to Lead-Free DC, DC Clean Rivers, the DC Aqueduct, Blue Plains, water and sewer infrastructure, stormwater pump stations, equipment investments, vehicle investments, and renovations at non-process facilities. One hundred fifty miles of small-diameter water main replacement is also included in this fund allocation. Overall, there will be a 12% increase in the current budget as compared to the previous budget. Increases from the previous budget proposal were presented, with the only decrease coming from stormwater due to project completion.

Non-process facilities are budgeted for $197 million, which will include a new combined water and wastewater lab, electric vehicle infrastructure, and a new operations training center. Wastewater Blue Plains is budgeted for $1.33 billion, which will include liquids processing, solids processing, Plantwide, and enhanced nitrogen removal facilities. Blue Plains projects are prioritized based on risk, and major projects that are included in the ten-year budget were presented. The Combined Sewer System is budgeted for $60 million, which will include inflatable dams at Combined Sewer System outfalls, tide gate rehabilitation, and pump station upgrades. The Stormwater Pumping Facilities are budgeted for $45 million with optimization of grant funding. The DC Clean Rivers project is budgeted for $1.17 billion, which is a $207 million increase from the previous budget and includes Anacostia, Potomac, and Rock Creek projects. The Sewer and Water Linear Infrastructure aims to balance affordability with the need for replacement of aging infrastructure. The Sanitary Sewer service area was budgeted for $1.86 billion to address the reliability of the sewer collection system, rehabilitation the high-risk interceptors, trunk force sewers, fund the Sewer Ongoing program, and fund the sewer pumping system rehabilitation. A total of 49 miles of large sewers were identified as needing rehabilitation. For the water system, $2.35 billion was budgeted for the water distribution system, the Lead-Free DC program, water pumping facilities, and water storage facilities. Both risk-based considerations and equity considerations were applied to prioritize the water system improvements. Lead-Free DC is budgeted for $732 million, of which $62 million was forecasted for FY24. Capital equipment is budgeted at $31.5 million. For recurring capital equipment and reserves, IT projects, and fleet equipment. The Washington Aqueduct is budgeted for $357.5 million, of which $35.8 million is forecasted for FY25.

Risks that were being monitored but not budgeted included the Washington Aqueduct Capital Program Uncertainties, stormwater system performance, water supply, unfunded

major buried infrastructure, regulatory risks, climate change, Anacostia River sediment contamination, and cured-in-place pipe curing methods.

Mr. Parker stated that opportunities for optimization and revenue included capturing federal and industry funding, the Blue Plains process pilot for intensification with granulated sludge to reduce future cost, Blue Plains PdNA, resource recovery, a Blue Plains microgrid, diversifying bloom products, and CIP execution improvements.

IV. EXECUTIVE SESSION

Upon a motion and a second, the Committee moved into executive session to discuss matters that may affect DC Water's bargaining position or negotiation strategy under DC Official Code § 2-575(b)(2).

V. ADJOURNMENT

The meeting was adjourned at 11:44 am.