

Independent Review of the Proposed Rates for 2023 and 2024



February 22, 2022

Amawalk
Consulting Group LLC

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Objectives of the Independent Review

- Ensure that water and sewer rates, the metering fee, the water system replacement fee and the Impervious Area Charge (CRIAC) rates are sufficient to meet the funding requirements for all current and long-term liabilities and debt obligations;
- Understand and explain the logic and reasonableness of the assignment of costs to the CRIAC and to the wastewater volumetric rates;
- Understand and explain the impacts on typical customers in each class;
- Examine the affordability of rates and charges including the value of customer assistance programs and comparisons with peers;
- Ensure that the proposed rates that have been developed are consistent with the Board of Directors' rate-setting policies;
- Review the assumptions in the DC Water rate model for the equitable allocation of costs and retail rates; and
- Present the results of this review to the Retail Rates Committee and the Board of Directors and testify at the public hearing about the efficacy of the proposed rates.

Independent Review

- This Report and accompanying PowerPoint presentation to the Committee and the Board summarizes the findings and conclusions of Amawalk's Independent Review of the proposed rates.
- Amawalk is independent: the firm does not participate in DC Water's Cost of Service Studies; our review is conducted after Authority management prepares its proposal.
- Amawalk has been providing the independent review of the proposed rates on behalf of the Committee and the Board since 2009. In addition to having the pleasure of working with DC Water, Amawalk serves as Rate Advisor to New York Water, Financial Feasibility Consultant to the Boston Water and Sewer Commission, Technical Advisor to the Philadelphia Water, Sewer & Stormwater Rate Board and financial feasibility consultant to the Portland (OR) Water Bureau. The firm recently completed an Independent Review of the Regional Water System of the North Texas Municipal Water District, which provides wholesale water service to nearly 2 million people.
- Shan Lin and Ed Markus conducted the review and are presenting the results; they have worked together for over 16 years and collectively have over 56 years of experience in providing financial and management consulting services for the water, wastewater and stormwater industry.

Rate-Setting Policies of the Board

- Rates that, together with other revenue sources, cover current costs and meet or exceed all bond and other financial requirements as well as goals set by the Board.
- Rates that yield a reliable and predictable stream of revenues, taking into account trends in costs and in units of service.
- Rates based on annually updated forecasts of operating and capital budgets.
- Rate structures that are legally defensible, based on objective criteria, and transparently designed.
- Rate structures that customers can understand and DC Water can implement efficiently and effectively.
- Rates increases, if required, are implemented transparently and predictably.
- To the extent annual revenues exceed costs, the Board's policy will continue to utilize all available options to mitigate future customer impacts and annual rate increases, including transferring some or all of such excess funds to the Rate Stabilization Fund.

Financial Policies of the Board

1. DC Water will maintain financial practices and policies that will lead to a high-quality investment-grade bond ratings so as to ensure the lowest practical cost of debt necessary to finance DC Water's long-term capital program, guide day-to-day financial and management decisions by DC Water, and reduce financial risk associated with events that would interrupt customer payments, require a large unanticipated outlay of cash, or the interruption to financial markets.
2. DC Water will maintain strong levels of operating cash reserves that exceed the Master Indenture requirements. Strong cash reserves are important to maintain DC Water's bond rating. The Board approved 250 days of cash to be maintained in each fiscal year based on projected operating expenses. Days of Cash on Hand will be calculated on an average daily balance basis for the projections in the Financial Plan. The annual reserve amount will be formally approved by the Board as part of its annual approval of the operating and capital budgets and ten-year plan. The operating reserve requirement will be evaluated every five years by DC Water's independent rate consultant in conjunction with the Indenture-required system assessment.
3. The operating reserve will, at a minimum, include any reserve requirements contained in DC Water's Master Indenture of Trust, excluding any debt service reserve funds and the rate stabilization fund, as follows:
 - Operating Reserve – equivalent to sixty days' operating costs.
 - Renewal & Replacement Reserve - \$35 million.

Financial Policies of the Board

4. DC Water will maintain combined debt service coverage of 160 percent. Debt service coverage will be calculated in accordance with DC Water's Indenture.
5. DC Water will, whenever possible, use the least costly type of financing for capital projects, based on a careful evaluation of DC Water's capital and operating requirements and financial position for each year.
6. DC Water will attempt to match the period of debt repayment, in total, with the lives of the assets financed by any such debt.

In general, DC Water will utilize operating cash in excess of the Board's reserve requirement and any other significant one-time cash infusions for capital financing, repayment of higher cost debt, or non-recurring expenses that reduce ongoing costs.

Amawalk Procedures for Reviewing the Proposed Rates

- Review background documents including, but not limited to, the following:
 - Approved Capital Budget, including recent updates;
 - Most recent Approved Operating Budgets;
 - Actual versus budgeted cash flow for 2016 through 2021, and for the year-to-date for 2022;
 - 2016 through 2021 actual results and 2022 year-to-date water consumption by class, A/R, and CRIAC billing and collection statistics;
 - Characteristics of typical customers as well as examples of customers in various classes for use in evaluating the effects of the proposed changes in rates and charges;
 - Use of customer assistance programs during 2020 and 2021, and anticipated changes (if any) in 2022, 2023 and 2024;
 - Analyses that have been prepared in support of the proposed 2023 and 2024 rates including the backwash rate;
 - Reserve funds and Rate Stabilization Fund balance for year-end 2019 through 2021 as well as for December 31, 2021;
 - Preliminary Official Statements for the Fiscal Year 2022 Bonds;
 - FY 2020 Comprehensive Annual Financial Report; and
 - Applicable Board Resolutions and the Presentation Documents.

- Review the DC Water 2023 and 2024 Financial Plan spreadsheets and 2022 year-to-date results.

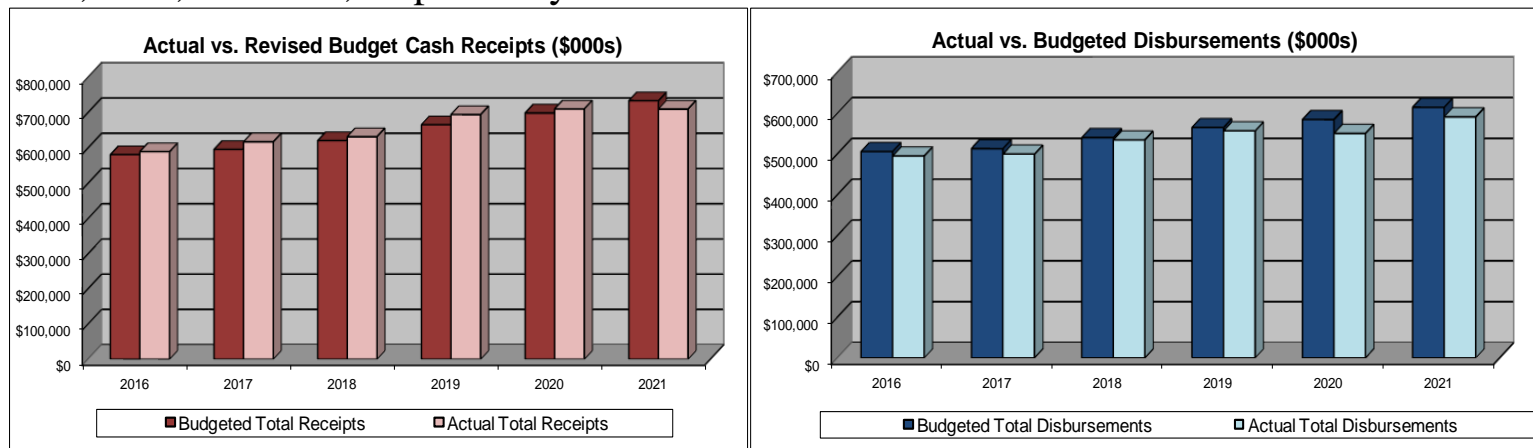
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- Compare DC Water rates, budgeting and rate-setting practices with Board policies, industry practices and the experience of other water and sewer systems.
- Compare DC Water rates and charges, and user charge affordability with forty-four (44) industry peers and regional utilities. This step used data from the most recent rate survey completed by Amawalk of peers with rates effective December 1, 2021.
- An important part of our assessment focuses on the assistance programs offered by DC Water and the potential impact on affordability of the proposed changes in rates and charges. Comparisons were made with the assistance programs offered by other utilities in the District as well as water and sewer utilities in the region and other jurisdictions across the U.S.
- Conduct interviews with representatives of DC Water (as necessary) to gather data, review questions and discuss preliminary observations.
- Prepare a text report and a MS PowerPoint presentation to DC Water in an agreed-upon format summarizing: the work performed, comparisons with other utilities, the findings of our analysis, factors to consider in rate-setting and our conclusions.
- All references to years reflect the fiscal years of the Authority that begin on October 1 and end on September 30 of the year shown. Except where noted, amounts shown for revenues and expenditures are reflected in millions of dollars or \$M.

Recent Financial Performance

For the past six years, DC Water’s revenues are reasonably predictable and the Authority continues to effectively manage its annual costs. While past performance is not a guarantee of future results, this track record offers a degree of comfort that expenditure and revenue estimates, including those for 2023 and 2024, are prudently developed.

- From 2016 – 2020: actual cash receipts were higher than the budgeted amounts in each of the five year (averaging 2.8% higher); in 2021 actual cash receipts were 3.3% less than the budgeted amounts mostly due to COVID impacts on the customer base.
- From 2016 – 2021: actual expenditures have been less than the budgeted amounts in each of the six year (averaging 2.9% less).
- YTD 2022 results through Dec 31 are slightly better than budgeted. No material changes are anticipated for 2023 and 2024.
- Combined coverage for 2021 is 1.86; projected combined coverage for 2022 through 2024 is 2.01, 1.87, and 1.88, respectively.



Operating and Capital Performance

DC Water continues to meet or exceed the Board's operating goals. Strong operating and capital performance helps to manage the cost of providing service and mitigates risks.

- The Authority is in compliance with the Consent Orders and all permits.
- The digester facilities and waste-to-energy facilities are yielding multiple benefits including lower expenses, fewer biosolids and a high quality product.
- Vacancy rates for jobs are slightly higher than pre-pandemic level reflecting DC Water's efforts to control operating expenses during the pandemic.
- CIP projects are on time and close to budget; change orders and claims continue to be a small percentage of costs.
- The most recent Independent Engineering Report gave high grades to the facilities and people of DC Water; areas identified as needing attention are being addressed.
- CIP spending in upcoming years is significant, and higher than recent years: in 2017-21, average annual capital spending was \$430 million; the 2022-31 average annual capital spending is \$642 million.
- Significant drivers of DC Water's CIP are: completion of the Clean Rivers Program, lead service line replacement, upgrading of aging infrastructure.

Industry Recognition

The high level of performance and industry recognition of DC Water provides assurances to ratepayers and investors that their dollars are being spent wisely.

- DC Water's Chief Operating Officer was elected president of the National Association of Clean Water Agencies (NACWA), representing 330+ public utilities nationwide. She will be instrumental in advancing public policy intended to create an equitable and sustainable water future.
- In 2021, NACWA honored the Authority with a Platinum Award for nine consecutive years of 100% compliance with the requirements of the U.S. Environmental Protection Agency's National Pollutant Discharge Elimination System (NPDES).
- The Blue Plains Advanced Wastewater Treatment Plant is the largest facility of its kind in the world; its average capacity of 384 million gallons per day is enough to fill RFK Stadium daily. Blue Plains attracts delegations of wastewater engineers from throughout the world.
- The Blue Plains Tunnel Project received the Engineering News Record (ENR) 2016 Best Project Award for the Mid-Atlantic Region for Water/Environment. Most importantly, through 2021, the major tunneling work of DC Water is on-time and within budget.

Benefits of Strong Financial Performance

The ability of DC Water to borrow money over the long-term at attractive interest rates saves ratepayers millions of dollars in interest costs over the term of the borrowing. The prudent use of cash to compliment the borrowed funds helps to keep total long-term debt more manageable – a practice that is highlighted favorably and is viewed as very important by the bond rating agencies.

- Key Financial Policies:
 - Summarized earlier under Financial Policies of the Board.
 - Capital plan is funded with both proceeds of debt as well as cash from operations.

- Rating Agency Recognition (current senior bond ratings):
 - Fitch: AA+
 - Moody's: Aa1
 - Standard & Poor's: AAA

- The strong financial metrics of DC Water and rating agency recognition support efficient borrowing of funds for capital improvements:
 - The Authority can borrow funds over 30 or more years at very competitive rates due to its excellent track record and strong bond ratings.
 - DC Water secured a \$156 million federal loan under the WIFIA Program at an interest rate of 1.87%, repayable over 38 years.

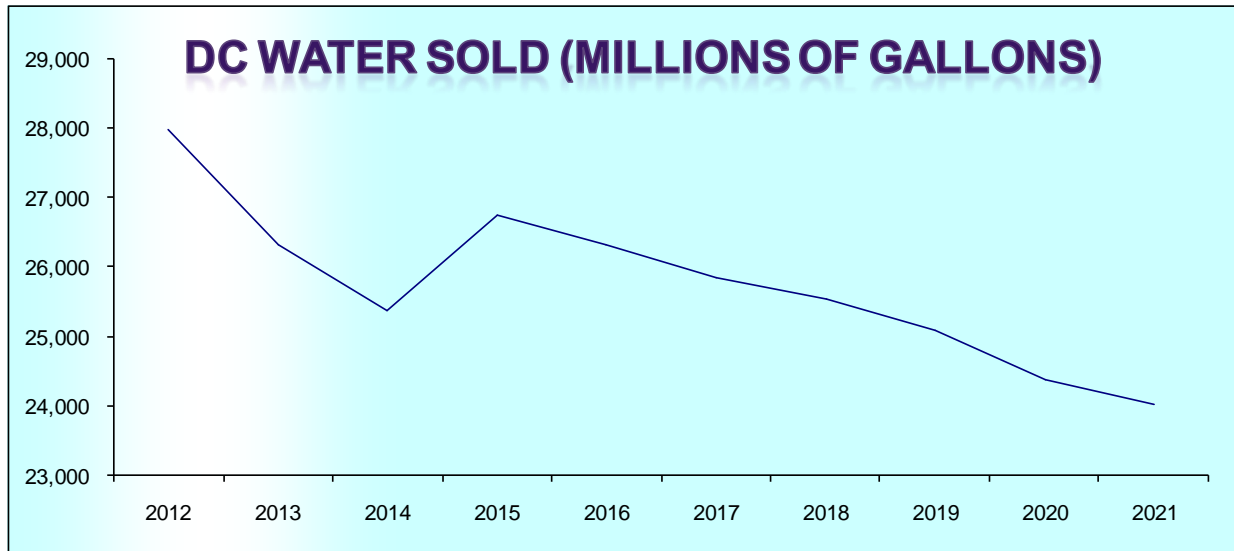
Why Are Rate Increases Necessary

The factors listed below are the same reasons that are driving rates up in other cities.

- Increases in capital spending:
 - Debt service will rise to 35.8% of total disbursements in 2023 and 36.1% in 2024, increasing by 5.0% and 4.6% compared to the prior year, respectively.
 - Cash-financed construction in 2023 and 2024 increases by \$8.9 million and \$1.6 million, respectively; the use of cash for construction reduces the need to issue more debt and helps support the strong credit ratings of DC Water.
- Increases in operating expenses:
 - Total O&M expenses, excluding PILOT/ROW, increase by \$9.9 million or 2.9% for 2023 and by \$11.1 million or 3.2% for 2024.
- Effects of COVID-19: reviewed herein.
- DC Water receives no subsidies:
 - Unlike cities such as Atlanta (sales tax) or Milwaukee (property tax), DC Water revenues pay all bills.
- Long-term water use is declining, with or without COVID:
 - Long-term water demand is declining throughout the Mid-Atlantic and Northeast, the District consumption decline in 2021 was 1.5%. The assumed decline is 1% per year in 2023 and future years. COVID-19 depressed demand even further in 2020 and 2021; non-

residential accounts are showing some recovery in 2022 from COVID-19 impacts but it is too early to draw full-year conclusions.

- About 63% and 61% of total cash receipts in 2023 and 2024 are expected from consumption-related retail charges, respectively.
- Long-term retail water demand is slowly declining; total usage has declined by over 10% from 2015 through 2021.
- Year-to-date 2022 water sales as of December 31 are 10.2% higher than in 2021 due to some recovery from non-residential accounts.
- It is assumed that water usage will decline at the rate of 1.0% per year in 2023 and each year thereafter. New York, Boston & Philadelphia assume annual declines in sales.



Why Invest in Capital Improvements

Three areas of capital improvement programs are highlighted below. These and many other investments support the quality of life in the District.

- Fire Protection (Historical):
 - From 2006 – 2020, DC Water spent over \$127 million to replace or upgrade hydrants, valves, undersized lines and other appurtenances.
 - Hydrant availability is now routinely higher than 99%.

- Clean Rivers Program (Ongoing):
 - The program began in 2005 and continues through 2030 at a cost of \$2.99 billion to build storage tunnels, pump stations, green infrastructure, and other facilities. It is now about 60% complete.
 - Reduces flooding in the District during heavy rain; thousands of tons of trash, debris & solids removed; billions of gallons of sewage/stormwater captured instead of entering waterways; much cleaner rivers.
 - When completed, it will reduce the combined sewer overflows by at least 96%.

- Lead Service Line Replacement (Historical/Upcoming):
 - DC Water fully funds (\$629 million) removal of all lead service lines by 2030 by leveraging funds in the federal bi-partisan infrastructure package.
 - The Lead Free DC Initiative aims to replace more than 28,000 service lines that currently use lead or galvanized-iron pipe.

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- Prioritizes lead replacement for: (1) vulnerable populations most impacted by lead exposure (children and seniors) and (2) communities that are historically underserved, and experience disproportionately poorer health outcomes compared with other parts of the District.

Continued Financial Impacts of COVID-19

DC Water is effectively managing the financial impacts through December 31, 2021.

- Changes in water sales

Consumption Changes	2020	2021	2022 YTD (to Dec 2021)
Residential (Incl MF)	4.9%	-0.7%	-2.2%
Non-residential	-9.6%	-3.2%	25.2%
Total (Excl WA)	-3.0%	-2.0%	10.2%

- The increase in residential billed consumption in 2020 is likely because people stayed at home due to COVID-19 plus Customer Service catching up with certain bills. 2021 and 2022 results may reflect the start of a transition back to pre-pandemic levels.
 - Fixed charges & the CRIAC mitigate part of the impact of usage reductions.
- The ability of certain customers to pay their bills:
 - Unemployment among residential customers may impact the ability of some customers to pay their bills on a timely basis.
 - Business closures or limited openings may impact bill-paying.
 - DC Water has implemented customer service initiatives in response.
 - A/R in 2020 and 2021 is higher than before the pandemic: increases of \$7.3 million in 2020 and a further \$8.4 million in 2021 compared to the prior year for receivables > 90 days.

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- Net effect on DC Water cash flow:
 - While revenues are adversely affected to a certain extent, DC Water has reduced expenses and slowed down certain capital projects.
 - Operating cash flows in 2020, 2021, and through YTD 2022 as of December 31 are slightly better than expected.

Proposed Changes in Rates for 2023 and 2024

	Units	2022	2023	2024	Change 2023 vs 2022		Change 2024 vs 2023	
					\$	%	\$	%
DC Water Rates								
Water								
Residential 0-4 Ccf (Lifeline)	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
Sewer (Excluding CRIAC)	Ccf	10.64	11.26	11.70	0.62	5.8	0.44	3.9
Clean Rivers IAC	ERU	18.40	18.14	21.86	-0.26	-1.4	3.72	20.5
Customer Metering Fee	5/8"	7.75	7.75	7.75	0.00	0.0	0.00	0.0
Water System Replacement Fee	5/8"	6.30	6.30	6.30	0.00	0.0	0.00	0.0
District Rates								
PILOT Fee	Ccf	0.56	0.59	0.61	0.03	5.4	0.02	3.4
Right of Way Fee	Ccf	0.19	0.19	0.19	0.00	0.0	0.00	0.0
Stormwater Fee	ERU	2.67	2.67	2.67	0.00	0.0	0.00	0.0

* Ccf = 100 cubic feet or about 748 gallons

- Cost recovery is shifting slightly from sewer to water in 2023 mostly due to a shift in certain engineering costs as well as pumping operations appropriately shifting more costs to water.
- DC Water proposes an overall retail revenue increase of 9.50% in 2023 and 3.25% in 2024.
- Monthly metering charges and water system replacement fees would stay the same under the proposal.
- Cost of service updates of the groundwater charge and the backwash rate (enacted in 2022) have been incorporated.

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- Average monthly residential charges, assuming the average usage of 5.42 Ccf per month, will increase 6.0% and 5.4% for 2023 and 2024, respectively.

Proposed 2023 and 2024 Rates: Billing Impacts

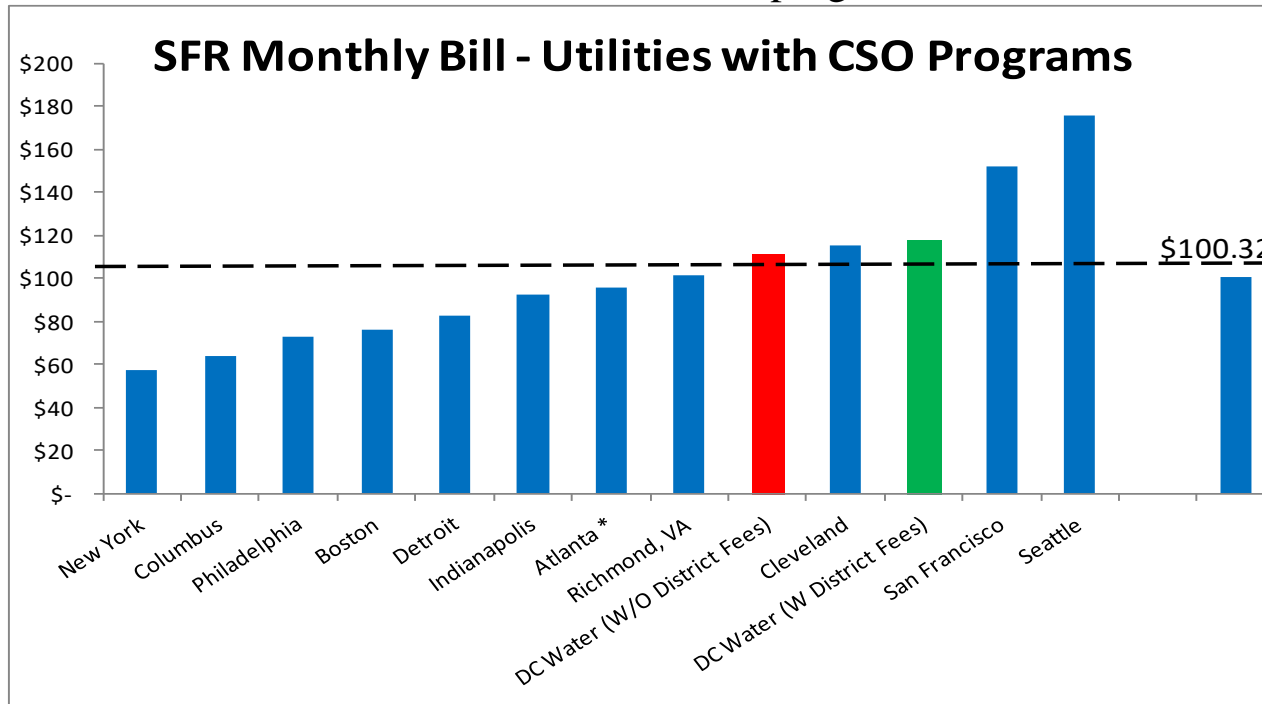
	Ave SFR	Ave SFR in CAP	Ave Multi-Family	Sample Commercial	Sample Cemetery	Sample Non-Profit - Low Usage	Sample Non-Profit - High Usage
Monthly Bill - 2022 Rates (\$)	118	38	1,538	57,966	2,516	1,466	16,672
Monthly Bill - 2023 Rates (\$)	125	40	1,657	63,017	2,493	1,462	17,860
Monthly Bill - 2024 Rates (\$)	132	42	1,730	65,111	2,924	1,686	18,797
% Change 2022-2023	6%	5%	8%	9%	-1%	0%	7%
% Change 2023-2024	5%	4%	4%	3%	17%	15%	5%
Assumptions:							
Consumption (Ccf/month)	5.42	5.42	86.14	3,332.33	4.7	7.36	804.07
Meter Size	5/8"	5/8"	1.5"	8 x 2"	5/8"	2"	1" & 4"
ERU	1	1	6.83	52.2	115.1	59.2	128.6

- Typical single family customers would experience increases of 6.0% and 5.4% in 2023 and 2024, respectively, or about \$7 per month in each year.
- CAP customers would experience slightly smaller percentage increases of 5% and 4% in 2023 and 2024, respectively, or about \$2 per month.
- Impacts on other customer classes in each year depend on water use and the number of ERUs.

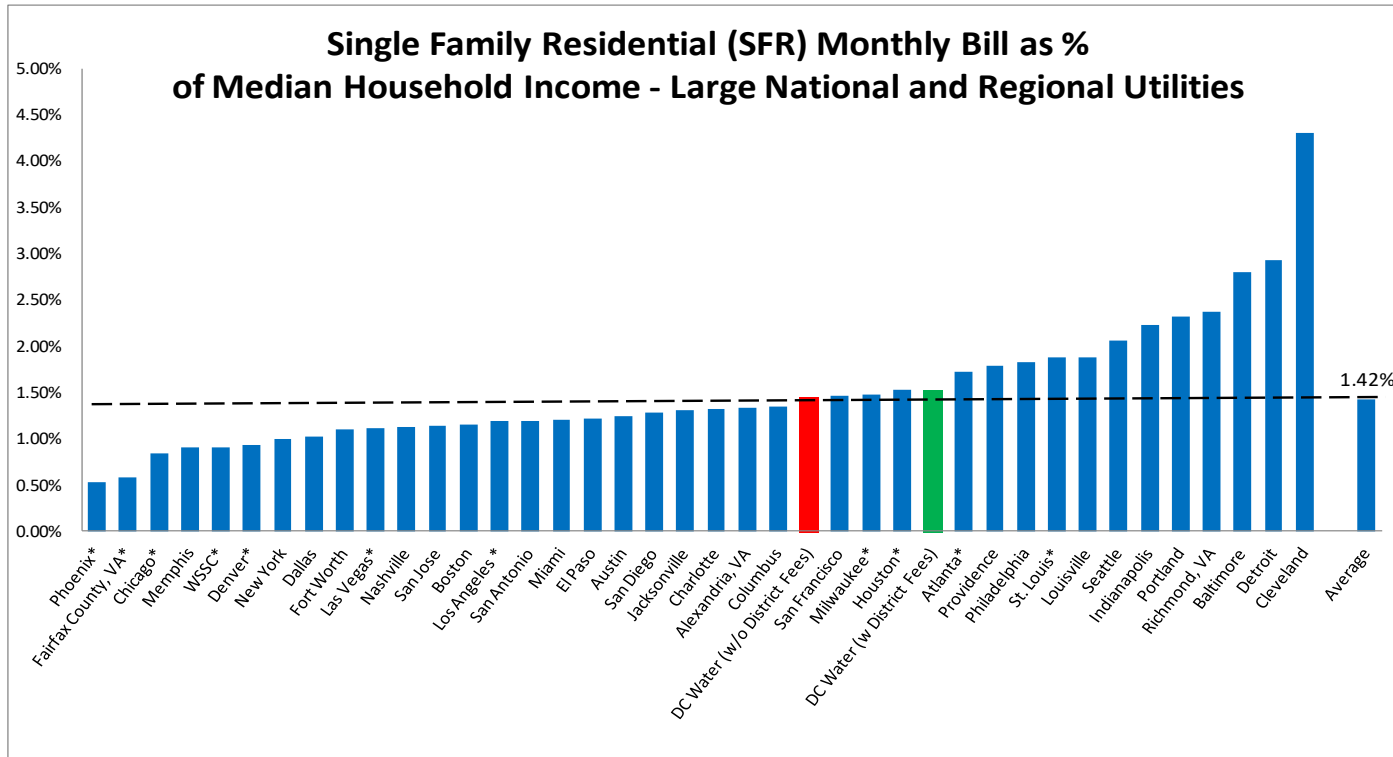
Comparison of Charges

Charts reflect rates and fees in place as of December 1, 2021. Some cities utilities 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 graphs. Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month.

- CSO Utilities: DC Water charges are comparable to the average of the utilities that we survey that have combined sewers and CSO control programs.



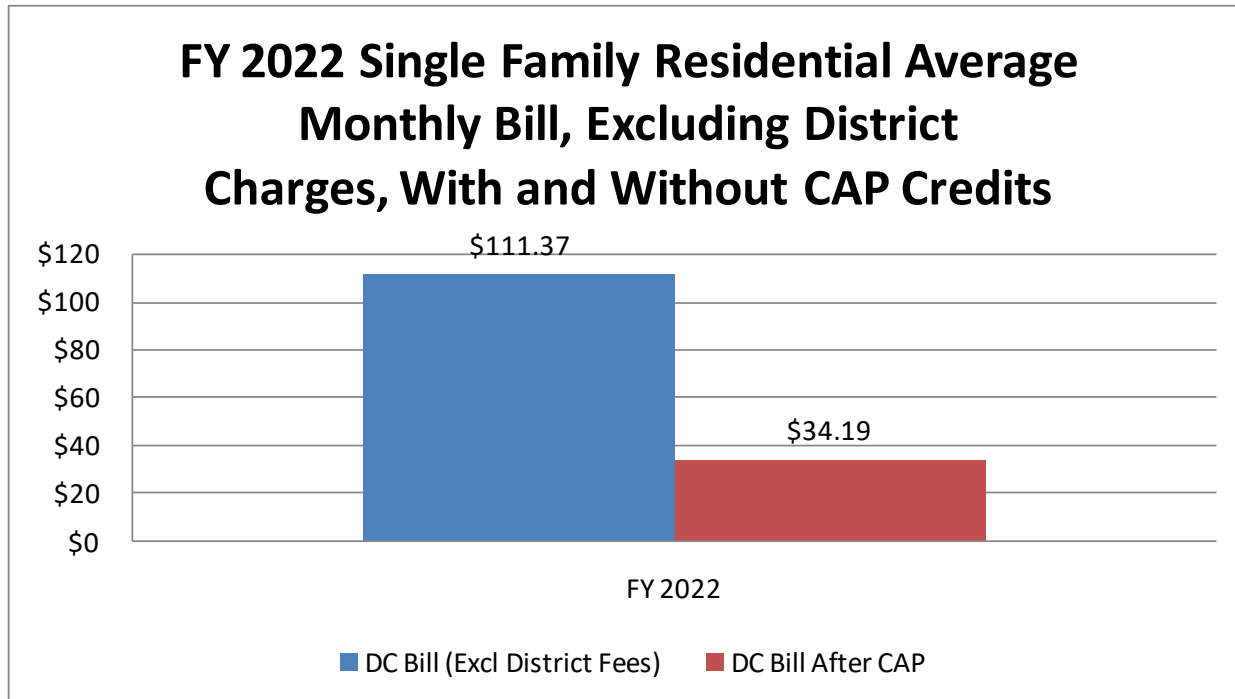
- Water, sewer, stormwater charges (without District fees) as a % of median household income are reasonable at 1.45% and are competitive with peers. Charges are slightly higher when District fees are included but are still competitive.



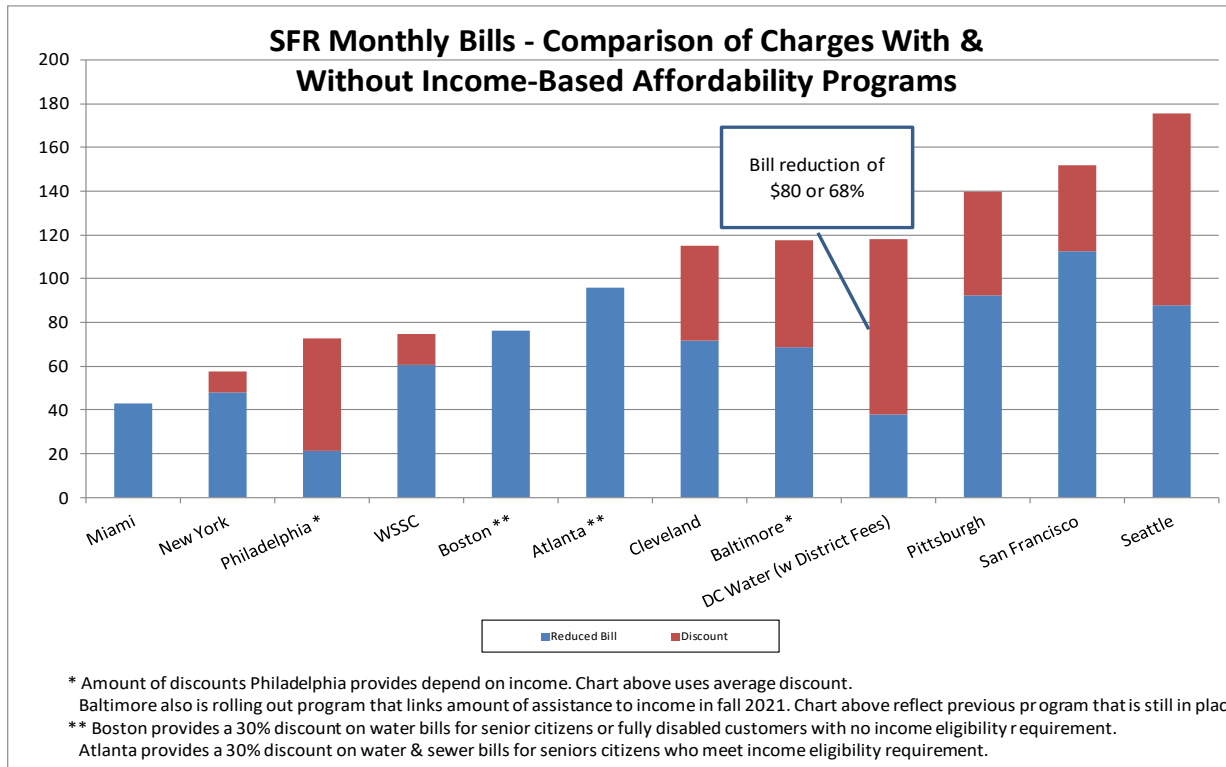
Affordability of User Charges

The affordability assistance provided by DC Water is robust compared to other utilities, providing a meaningful impact on customer bills.

- After Customer Assistance Program (CAP) credits, a family of 4 at the 2021 Federal Poverty level using an average residential consumption of 5.42 Ccf, or 4,054 gallons, per month spends 1.5% of income on DC Water bills, excluding District Charges.



- DC Water CAP assistance compares favorably with peer water and sewer utilities.



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- Available assistance programs for DC Water residential water and sewer bills are significant:

Program	Funding Source	Description
Customer Assistance Program (CAP)	DCW	Provides a monthly discount on usage, usage related fees and CRIAC charges.
Customer Assistance Program 2 (CAP2)	DCW	
Customer Assistance Program 3 (CAP3)	District Government	
Non-Residential CRIAC Relief	District Government	Provides a monthly discounts on CRIAC charges.
DC Water Cares Residential Assistance Program (RAP)	DCW	Provides on-going emergency assistance to cover past due, low-income residential balances, up to \$2,000 per household.
DC Water Cares Multifamily Assistance Program (MAP)	DCW	Provides one-time emergency assistance to low-income multifamily units, up to \$2,000 per household.
Emergency Residential Relief Program ERRP	District Government	Provides one-time emergency assistance to cover past due, low-income residential balances, up to \$2,000 per household.
Stronger Together Assisting You (STAY DC)	Federal	Financial assistance program for D.C. renters and housing providers who are looking for support to cover housing and utility expenses and offset the loss of income.
Low Income Household Water Assistance Program (LIHWAP)	Federal	Provides funds to assist low-income households with water and wastewater bills.

- DC Water assistance programs to pay water and sewer bills compare favorably with other District utilities as shown in the Appendix (i.e., gas, electric, telephone, cable, etc.).

Conclusions

- DC Water's proposed 2023 and 2024 rates have been reasonably developed, reflect the anticipated revenue requirements of the System, adhere to Board policy and are comparable to other utilities.
- If water usage declines at a faster rate than assumed rate, the effects of the pandemic on the District last longer, interest rates are higher than expected or unforeseen major expenses are encountered, the actual financial results could differ from current projections. The rate structure of DC Water that includes charges not tied to consumption helps mitigate the risks of lower usage. The potential for some underspending in 2023 and 2024 and the availability of the RSF also provides some flexibility and risk mitigation in such circumstances.
- COVID-19 continues to present challenges to the water and wastewater industry as a whole; the potential effects are subject to change in this fiscal year and in future years. In addition to the mitigation measures noted above, DC Water initiatives for targeting potential operating and capital savings, prioritizing capital spending, and modifying the use of cash-financed construction are significant tools for addressing the potential COVID-19 impacts on revenues.
- The reserve funds of DC Water provide liquidity and help support strong credit ratings. Strong credit ratings help optimize the cost of borrowing money for the capital program.

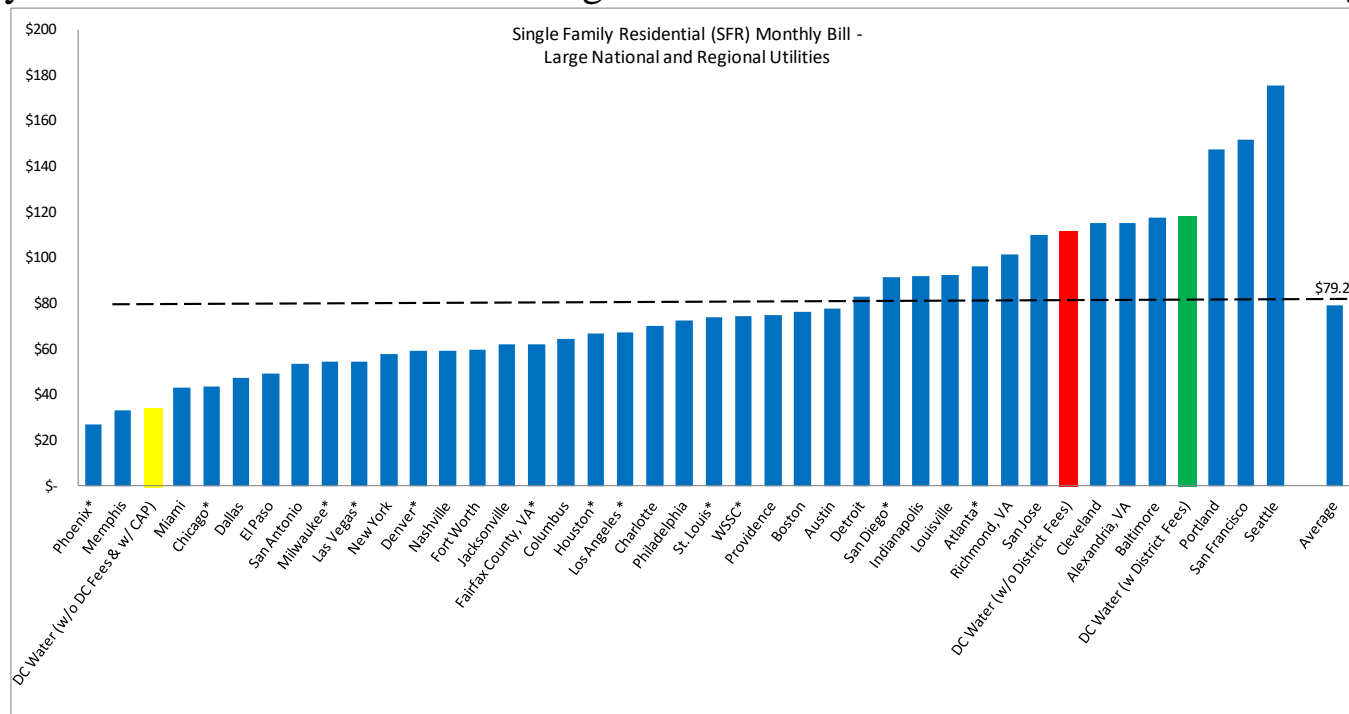
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- Affordability is a current and long-term concern in the water and wastewater industry as the cost of providing service continues to increase. DC Water's CAP programs (original, II & III) and SPLASH and its use of a lifeline rate are: 1) in line with industry practices and 2) progressive in the level of assistance to low income billpayers. The District assistance to customers and DC Water initiatives in response to COVID-19 are in addition to the affordability assistance outlined above.
- DC Water continues to monitor the effects of COVID-19 on usage and revenues closely. Should there be a decline in revenues, DC Water has the ability to take actions similar to those it took in 2020 and 2021 to maintain operating expenses at lower levels and reduce capital expenditures.

Appendix - Comparisons

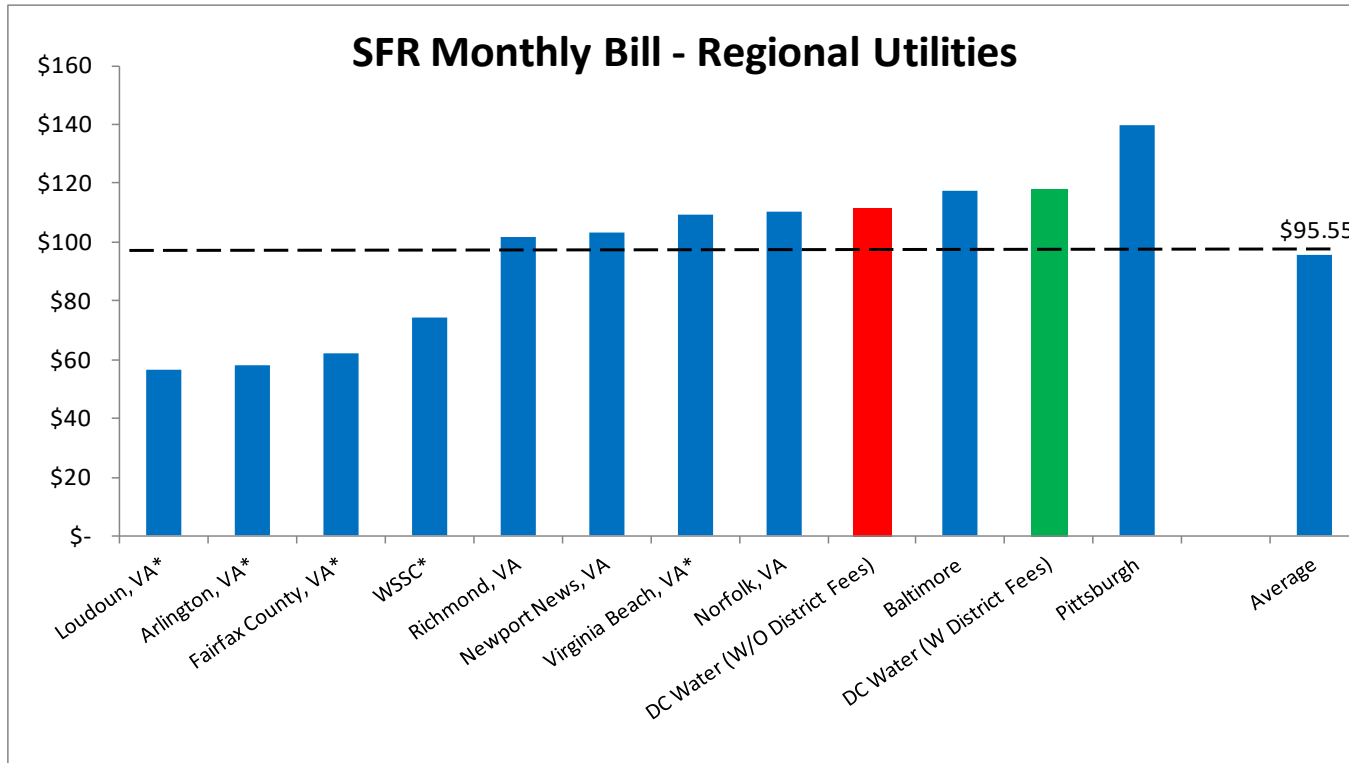
Charts reflect rates and fees in place as of December 1, 2021. Some cities utilities use property tax revenue or other revenues to pay for part of the cost of water, wastewater, or stormwater services, as indicated by * in the graphs. DC Water receives no tax-related or other revenues. Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month.

- Large National and Regional Utilities: DC Water charges, without the benefits of CAP, are higher than the average of the universe of national and regional utilities that we survey each year on behalf of DC Water. Charges with CAP are much lower than the average.



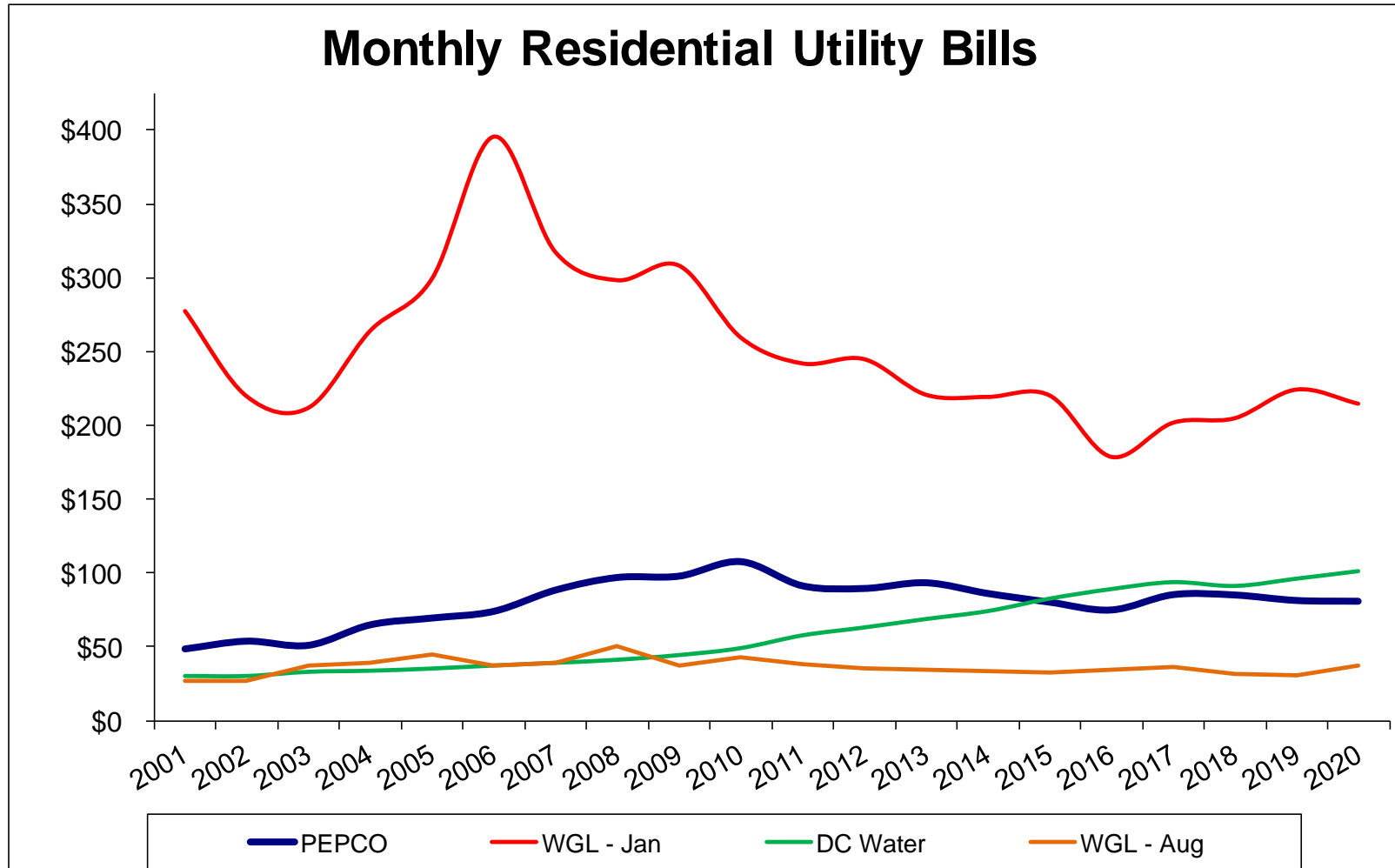
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- Regional Utilities: DC Water charges are somewhat higher than the average of the regional utilities that we survey; however, unlike some utilities, DC Water receives no property tax revenue or other subsidies to reduce its user charges.



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- Electric and Gas Utilities in the Region: DC Water charges compare favorably with regional gas and electric utilities.



Source: DC Public Service Commission and DC Water website

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- **Affordability of User Charges (Gas, Electric, Internet, Cable, etc.): DC Water’s affordability programs are strong compared to other utilities in the region.**

Utility Assistance Program	Level of Assistance	Eligibility
DC Water: Customer Assistance Program (CAP1, CAP2, and CAP3)	CAP1: discount on the first 4Ccf of water and sewer use each month, a 75% reduction in CRIAC fee, and a Water Service Replacement Fee waiver CAP2: discount on the first 3Ccf of water and sewer use each month (exclude PILOT/ROW) and 50% reduction in CRIAC fee CAP3: 75% off the monthly CRIAC fee	Income eligible customers verified by DOEE (As of October 2021 for a family of 4, \$82,538 for CAP1, \$103,200 for CAP2, and \$129,000 for CAP3)
PEPCO: Residential Aid Discount Program (RAD)	About 25% discount on electric bills, excluding generation and transmission service, applied monthly for 18 months. May reapply annually	Expanded to 80% of Area Median Income effective May 27, 2021 (\$103,200 or less per year for a family of 4)
PEPCO: Arrearage Management Program	A monthly credit or matching payment that goes toward unpaid account balances for a year	Current RAD customer with balance of \$300 or more that is at least 60 days past due
PEPCO: Low-Income Home Energy Assistance Program (LIHEAP)	Emergency assistance of up to \$1,800 once a year from Oct 1 through Sept 30	A family of 4 making \$82,538 or less per year (10/2021 – 9/2022) and who have received a disconnection notice or are currently disconnected
Washington Gas: Low-Income Home Energy Assistance Program (LIHEAP)	Emergency assistance of up to \$1,800 once a year from Oct 1 through Sept 30	A family of 4 making \$82,538 or less per year (10/2021 – 9/2022) and who have received a disconnection notice or are currently disconnected
Washington Gas: Residential Essential Service	Discount on a portion of the natural gas the household used from Nov 1 to April 30	Use natural gas as the principal source for home heating and eligible for the LIHEAP
Comcast: Internet Essentials	Provides 50/5 Mbps internet service for \$9.95 a month plus tax. No activation fees and no equipment rental fees.	Eligible for public assistance programs and is not an existing customer. Should not have outstanding debt to Comcast that is less than one year old
Verizon Wireless	No discounted service in DC	N/A
Verizon Fios: Lifeline Discount Program	\$20 discount per month	Either eligible for a qualifying federal assistance program or, with income at or below 135% of federal poverty guidelines.
RCN: Internet First	50 Mbps Internet service for \$9.95 a month plus tax	Participate in public assistance programs and have not subscribed to RCN services within the sixty (60) day period immediately prior to applying for the program
AT&T (DirecTV), Dish, T-mobile/Sprint, and AT&T Mobility	N/A	N/A
Amazon	50% discount on membership	Eligible for government assistance programs

Appendix – Supporting Tables

Why are rate increases needed: O&M expenses and disbursements and consumption declines.

- Long-term water demand is declining; total usage has declined by over 10% from 2015 through 2021.

DC Water Sold (Millions of Gallons)

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
27,988	26,316	25,374	26,748	26,325	25,845	25,526	25,067	24,370	24,017

- Historical financial performance supporting numbers:

Actual versus Revised Budget (\$000)

Actual VS. Revised Budget	2016	2017	2018	2019	2020	2021
Budgeted Total Receipts	580,268	595,123	620,132	665,226	698,409	733,548
Actual Total Receipts	589,116	616,877	630,946	693,819	709,984	709,375
Budgeted Total Disbursements	505,317	512,463	539,683	564,252	583,776	613,956
Actual Total Disbursements	494,752	499,276	533,796	556,265	549,832	590,437

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- Total O&M expenses, excluding PILOT/ROW, are expected to increase by \$9.9 million in 2023 and \$11.1 million in 2024, or 2.9% and 3.2%, respectively. DC Water budgeted \$37.8 million in 2022 for cash-financed construction/bond defeasance; this increases to \$46.7 million in 2023 and \$48.3 million in 2024. The purpose is to avoid additional debt, enhance coverage, provide cash flow flexibility and support the credit rating.

O&M Expenditure (\$ M)	2022 Projected	2023 Proposed Budget	2024 Proposed Budget	2023 Budget vs 2022 Projected	2024 Budget vs 2023 Budget
Personnel Services	155.3	155.8	160.5	0.3%	3.0%
Contractual Services	88.5	88.5	91.3	0.0%	3.1%
Water Purchases	35.2	40.3	41.5	14.5%	3.0%
Chemicals & Supplies	34.2	37.0	38.3	8.2%	3.5%
Utilities & Rent	27.3	28.8	29.9	5.4%	4.0%
Small Equipment	1.1	1.1	1.1	0.0%	3.0%
Total	341.6	351.5	362.7	2.9%	3.2%
PILOT/ROW Fees	22.7	23.1	23.4	1.6%	1.6%
Debt Service	223.5	234.7	245.5	5.0%	4.6%
Defeasance D.S./Cash Financed Capital Construction	37.8	46.7	48.3	23.4%	3.4%
Total Operating Disbursements	625.7	656.0	679.8	4.8%	3.6%