

# dc Executive Budget Summary

**Approved FY 2026 • Adopted March 6, 2025**

(Fiscal year starting October 1)

**Dr. Unique N. Morris-Hughes**, Chair, Board of Directors

**David L. Gadis**, Chief Executive Officer and General Manager

**Matthew T. Brown**, Chief Financial Officer and EVP

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY



ACCOUNTABILITY • TRUST • TEAMWORK • CUSTOMER FOCUS • SAFETY • WELLBEING





# Executive Budget Summary

DC Water provides clean drinking water to residents of the District of Columbia, and wastewater treatment services to both residents of the District of Columbia and wholesale customers in Maryland and Virginia.

This executive budget summary is both an introduction to the FY 2026 budget and a standalone document that provides information about our budget priorities to our customers and diverse stakeholders. Additional information about our operating and capital budgets can be found in the detailed budget book and is also available online at [www.dewater.com](http://www.dewater.com).

DC Water continues to align our budget and strategic priorities. Our strategic plan, Blueprint 2.0, was adopted by the Board of Directors in 2021 to guide DC Water over the next five years and beyond. Detailed information about the strategic plan is available online at [www.dewater.com/strategic-plan](http://www.dewater.com/strategic-plan).

## Blueprint 2.0 Imperatives



### Vision

We will be known for superior service, ingenuity and stewardship to advance the health and well-being of our diverse workforce and communities.

### Mission

Exceed expectations by providing high quality water services in a safe, environmentally friendly, and efficient manner.

### Imperatives



#### Healthy, Safe and Well

Is everybody we impact healthy, safe and well?



#### Reliable

Can we deliver our agreed service level in an efficient and effective manner?



#### Resilient

Are we able to cope with and recover from disruption, anticipating shocks and stressors to maintain service?



#### Sustainable

Are we able to meet the needs of the present without compromising the ability of future generations to meet their own needs?

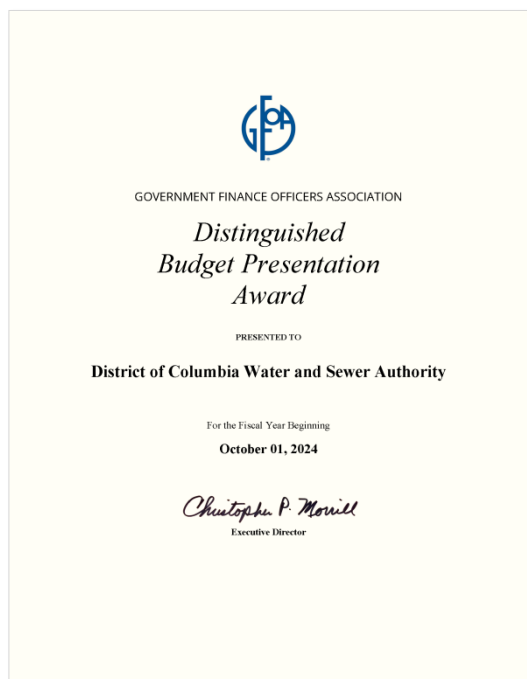


#### Equitable

Are we operating in an equitable manner to enable our employees, partners, customers, and communities to prosper?

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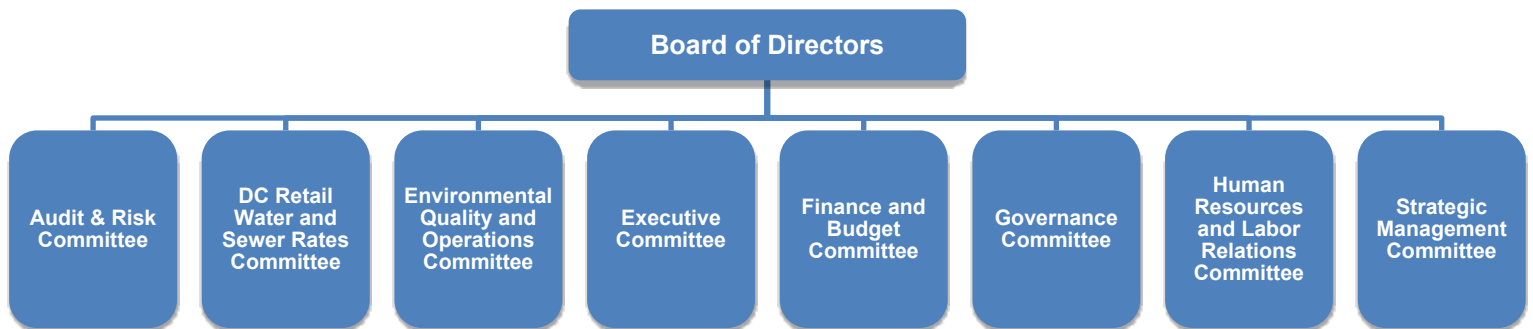




# Organizational Governance and Structure

DC Water is an independent authority of the District of Columbia, established under District of Columbia and Federal law, and is governed by 11 principals and 11 alternate members of the Board of Directors. The members of the Board of Directors also serve on various Committees.

## DC Water Board Committees



## DC Water Senior Executive Team



*Note: The Organizational Leadership structure was updated on March 5, 2025*

# CEO / General Manager's Message



I am pleased to present DC Water's Fiscal Year (FY) 2026 approved budget. This budget aligns with our Blueprint 2.0 strategy, ensuring efficient resource allocation while prioritizing reliability, sustainability, and innovation in water services and addressing key priorities.

## Financial Stewardship

Our Board of Directors has established key financial policies guiding our financing, budgeting, rate-setting, and cash management practices. These policies have been instrumental in developing the FY 2026 operating budget of \$838.1 million and the ten-year Capital Improvement Program of \$9.62 billion which is supported by the previously Board-approved rates and fees, ensuring we maintain high-quality investment-grade bond ratings and financial resilience. The CIP budget includes the completion of the mandated Clean Rivers project by 2030 and advances the Lead Free DC program to eliminate lead from drinking water.

In line with our commitment to fiscal responsibility and being astute environmental stewards, we took a strategic approach and rigorous review process for our operating budget. Each vacant position and every expenditure were carefully re-evaluated and justified based on need. We made the difficult decision to eliminate 42 vacant positions within the Authority, saving our customers \$5.7 million. While these changes are necessary to optimize our operations, they will not compromise our ability to provide exceptional service to our customers.

We did all this with the customer in mind – knowing they were also burdened by the impact of inflation and with a common goal of not increasing the rates beyond the financial plan forecast for FY 2026. These efforts demonstrate our commitment to making the best use of every dollar spent.

## Looking Ahead

As we navigate the challenges and opportunities ahead, DC Water remains steadfast in our mission to protect public health and the environment. With much of our water and sewer infrastructure aging and approaching – or exceeding – projected asset lifespans, we are prioritizing making condition assessments, identifying sustainable funding solutions, and evaluating customer affordability to guide

the next budget cycle. Simultaneously, as we face increasingly unpredictable weather patterns, we are proactively exploring alternative water sources to strengthen regional resilience and ensure long-term reliability for our customers.

Additionally, long-term funding from the Bipartisan Infrastructure Law (BIL) is currently under review by the Office of Management and Budget (OMB), which casts uncertainty on Lead Free DC funding. Allocations from the BIL are currently the primary source of funding for private-side lead service line replacements. Also, new Lead and Copper Rules and evolving mandates require us to adapt our strategies to ensure compliance and service continuity.

## Strategic Partnership

We are also strengthening our engagement with the community through our Stakeholder Alliance, which recently began a new term. Given the current uncertainty over federal funding levels and the challenges that lie ahead with aging infrastructure, the Alliance will be a key partner in helping the community understand the challenges we face particularly as they relate to rates and affordability.

We recognize the diverse needs of the community we serve and continue to explore opportunities to expand our already robust customer assistance programs so that eligible customers have access to essential water and sewer services, thereby promoting public health and well-being. The Authority remains committed to affordability. In FY 2024, our best-in-class Customer Assistance Programs provided \$5.2 million in subsidies for 4,985 families. This year, we implemented two new assistance programs – Payment Plan Incentive Program and Leak Assessment Program. These strategic choices ensure we continue delivering high-quality water and wastewater services while maximizing value for our customers.

I want to thank each and every one of DC Water's staff and our Board of Directors for their continued hard work, dedication, and commitment to excellence. Each of us plays an essential role in helping the Authority achieve our goals, and together, we will continue to provide the highest quality of service to our customers, while building a sustainable future for our utility.

A handwritten signature in black ink, appearing to read 'D. L. Gadis', with a stylized flourish at the end.

David L. Gadis  
CEO & General Manager  
DC Water



# DC Water Budget Overview

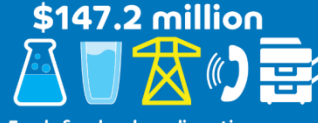


## DC Water Budget Overview

FY 2026  
Approved  
Operating  
Budget of  
**\$838.1 million**



**\$345.4 million**  
Other non-operational needs  
for debt service and Paygo  
for the capital program



**\$147.2 million**  
Funds fixed and nondiscretionary  
costs for chemicals & supplies, water  
purchase, and utilities



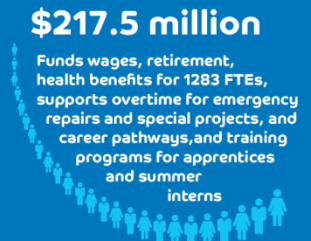
**\$1.2 million**  
Funds the maintenance of  
the Green Infrastructure  
(GI) facilities to manage  
stormwater



**\$100.1 million**  
Funds core  
operations  
including critical  
infrastructure  
and facilities  
maintenance and  
repairs, software  
technology, legal,  
compliance,  
insurance, audit  
services, biosolids  
hauling services,  
government affairs,  
and workforce  
development



**\$2.5 million**  
Enhances customer  
engagement, stakeholder  
communication, and the  
Mark & Locate program to  
identify underground utility  
repairs and developments.  
Implements the leak  
assessment program to  
help customers fix  
property-side leaks  
affecting water bills



**\$217.5 million**

Funds wages, retirement,  
health benefits for 1283 FTEs,  
supports overtime for emergency  
repairs and special projects, and  
career pathways and training  
programs for apprentices  
and summer  
interns



**\$24.2 million**  
PILOT & ROW payments to the  
District



## DC Water Budget Overview

FY 2025-2034  
Approved  
Capital  
Investments  
of **\$9.6 billion**



**Sewer  
Infrastructure  
Investments  
\$2.72 billion**

Ramps up to 1% rehabilitation  
for small/local sewer lines per  
year and invests in high risk  
trunk sewers



**Water  
Infrastructure  
Investments  
\$1.77 billion**

Ramps up to 1.5%  
replacement for small  
diameter water mains  
per year



**Blue Plains \$1.76 billion**

Funds rehabilitation and  
upgrades including Filters,  
Primary treatment, and  
process innovations



**\$1.10 billion**  
Continue eliminating  
lead service lines  
and meet regulatory  
requirements.



**dc clean  
RIVERS  
PROJECT \$1.07 billion**  
Fully funds DC Water  
Clean Rivers projects to  
meet Consent Decree  
requirements



**\$501 million**  
Invests in the  
Aqueduct's  
capital  
infrastructure



**\$351 million**  
Invests in process  
equipment, specialized  
vehicles, and information  
technology infrastructure



**\$213 million**  
Renovates Non-Process  
Facilities including  
Blue Plains, Main Pump  
Station, and Bryant  
Street Pump Station



**\$66 million**  
Improves  
stormwater  
pump stations  
to relieve local  
flooding



## Message from the Chief Financial Officer



I am pleased to present the Fiscal Year (FY) 2026 Board of Directors Approved Budget. It has been a collaborative effort by the DC Water team and the budget reflects our continued commitment to delivering safe, reliable, high-quality water and wastewater treatment services to the District and the region while maintaining financial sustainability.

### Balancing the Budget

At DC Water, we focus our resources on maintaining core operations and making critical capital investments. Much of our water and sewer infrastructure is very old, and we are investing strategically to maintain reliable service. This year, we faced continued cost pressures—including increases in professional services, energy, chemicals, and maintenance. Despite these challenges, we balanced the budget by making deliberate decisions to control spending and help customers.

The budget reflects a careful balance between the urgent need for infrastructure investment and our commitment to rate affordability. This cycle, we adopted a zero-based budgeting approach, requiring all expenditures to be thoroughly reviewed and justified. We evaluated discretionary spending and redirected savings and reductions toward rising costs for critical parts, maintenance, software, and professional services. As a result, we achieved a one percent reduction in our core operations budget compared to financial plan estimates, capped the contractual services budget at the FY 2025 level, and maintained the previously approved FY 2026 rates and fees.

DC Water continues to benefit from strong credit ratings, which have allowed us to refinance debt and lower our long-term costs. In FY 2024, a refinancing transaction generated \$75 million in savings over the next 20 years—reducing financial pressure and supporting future capital needs.

### Increasing Capital Investments

With growing infrastructure needs, we remain focused on both the urgency of capital investments and their impact on our customers. In line with our commitment to addressing

aging infrastructure, we have added \$1.88 billion to the ten-year Capital Improvement Program (CIP). This investment will help ensure continued reliability of our water and sewer systems, progress on the rehabilitation of the Potomac Interceptor, continued implementation of the Lead Free DC program, and upgrades to our wastewater treatment facilities.

While grant funding accounts for less than 5 percent of our Capital Improvement Program, it plays a role in keeping rates affordable and moving forward the program to remove lead lines in DC. We are closely monitoring the status of federal funding as any reduction in expected funding would significantly impact our financial planning and customer rates.

We also recognize the impact that these investments place on ratepayers. DC Water offers some of the most robust customer assistance programs in the country. In the last year, we provided \$5.2 million in assistance to 4,985 customers through the DC Water Cares suite of programs. This year, we introduced the CAP+ program to provide even greater support to families earning up to 20% of the area median income.

### Financial Sustainability

We amended the FY 2025 operating expenditure budget by reallocating \$5.5 million from debt service to pay-as-you-go (paygo) funding to reduce future borrowing needs. These debt service savings were made possible by the structure of new debt and refinancing.

Additionally, we increased the FY 2025 operating revenue budget by \$25.6 million, driven by higher consumption and fire protection fees, as well as Indirect Cost Reimbursements for capital projects under the Inter-Municipal Agreement (IMA) and Cost of Service updates.

With many competing demands and continued uncertainty around long-term federal funding, DC Water is relentlessly pursuing opportunities to find savings and using those savings to help offset future rate increases. We remain committed to transparency, accountability, and customer service excellence in all aspects of our financial planning and operations.

Matthew T. Brown  
Chief Financial Officer and EVP

# Budget at a Glance

## Operating Expenditures (\$ in Thousands)

Category	FY 2025 Revised	FY 2026 Approved
Authorized Headcount	1325	1283
Personnel Services	\$ 209,633	\$ 217,462
Chemicals	44,079	43,995
Supplies	11,506	13,496
Utilities	40,318	41,659
Contractual Services	102,284	102,284
Water Purchases	45,330	48,149
Small Equipment	1,364	1,531
Total Non-Personnel Services	\$ 244,881	\$ 251,114
<b>Total Operations and Maintenance</b>	<b>\$ 454,513</b>	<b>\$ 468,576</b>
Debt Service	243,969	271,489
PILOT & ROW	23,796	24,170
Payment in Lieu of Taxes	18,696	19,070
Right of Way	5,100	5,100
Cash Financed Capital Improvements	65,963	73,897
Total Debt Service/PILOT/ROW/ CFCI	333,728	369,557
<b>Total Operating Expenditure</b>	<b>\$ 788,241</b>	<b>\$ 838,133</b>
Less: Capital Labor	(34,087)	(30,907)
<b>Total Net Operating Expenditure</b>	<b>\$ 754,154</b>	<b>\$ 807,226</b>

## Capital Disbursements (\$ in Thousands)

Service Areas	FY 2025 Revised	FY 2026 Approved
Non-Process Facilities	\$ 18,181	\$ 51,570
Wastewater Treatment	68,282	106,353
Clean Rivers	220,365	245,686
Combined Sewer	3,467	4,700
Stormwater	8,209	17,360
Sanitary Sewer	146,901	148,796
Water	185,094	270,680
<b>Capital Projects</b>	<b>\$ 650,499</b>	<b>\$ 845,145</b>
Capital Equipment	31,477	32,481
Washington Aqueduct	35,770	35,770
<b>Additional Capital Programs</b>	<b>\$ 67,247</b>	<b>\$ 68,251</b>
<b>Total CIP</b>	<b>\$ 717,745</b>	<b>\$ 913,396</b>

## Operating Revenues (\$ in Thousands)

Category	FY 2025 Revised	FY 2026 Approved
Residential	\$ 148,715	\$ 160,242
Commercial	231,974	248,665
Multi-family	167,213	177,501
Federal Government	91,696	99,339
Municipal & Housing	43,416	46,376
Water System Replacement Fee	40,717	40,717
Metering Fee	24,083	24,083
Wholesale	114,248	122,612
Rate Stabilization Fund	2,000	-
Other Revenue	87,801	91,850
<b>Total Operating Revenue</b>	<b>\$ 951,863</b>	<b>\$ 1,011,385</b>



## Capital Revenues (\$ in Thousands)

Source	FY 2025 Revised	FY 2026 Approved
Wholesale Capital Payments	\$ 88,796	\$ 118,945
Federal Grants & CSO Appropriations	49,899	44,614
Interest Income on Bond Proceeds	10,592	9,244
Pay-Go Financing	188,346	334,328
Debt Proceeds	351,000	351,000
System Availability Fee	7,700	7,700
<b>Total Capital Revenue</b>	<b>\$ 696,333</b>	<b>\$ 865,831</b>



## The Strategic Plan

DC Water's five year strategic plan, called Blueprint 2.0, demonstrates the commitment of our Board of Directors, management team, and workforce to meet our challenges head on and to exceed ratepayer expectations by providing high quality water services in a safe, environmentally friendly, and efficient manner, while positioning DC Water for success in the coming years.

DC Water's budget is prepared through a collaborative and decentralized process, guided by its strategic plan. The Blueprint 2.0 includes five interconnected imperatives and lays out defined outcomes essential to achieving the strategic goals over the next five years and beyond. Detailed information about the strategic plan is available online at [www.dewater.com/strategic-plan](http://www.dewater.com/strategic-plan).

## The Blueprint 2.0 Imperatives



**Healthy, Safe and Well**  
Is everybody we impact healthy, safe and well?

**Reliable**  
Can we deliver our agreed service level in an efficient and effective manner?

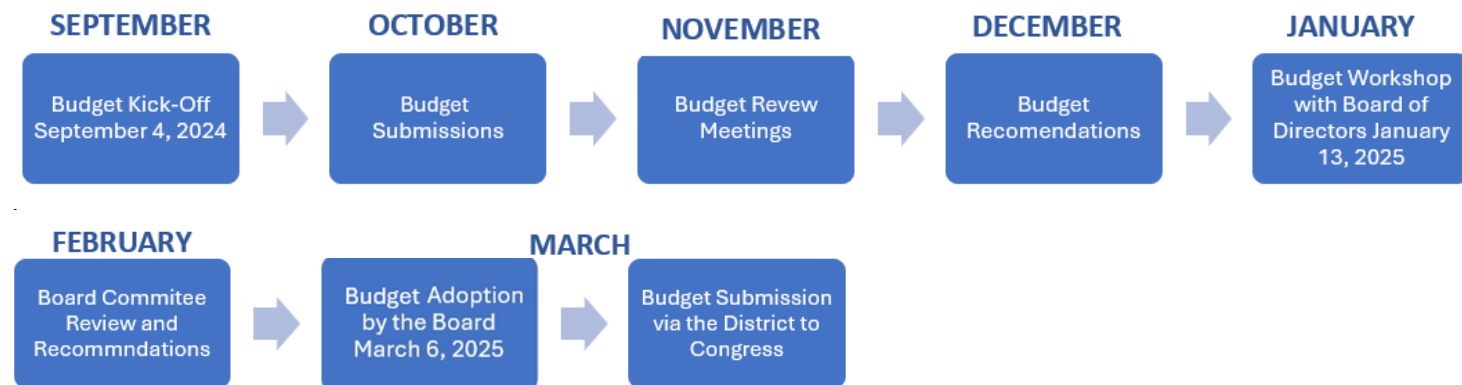
**Resilient**  
Are we able to cope with and recover from disruption, anticipating shocks and stressors to maintain service?

**Sustainable**  
Are we able to meet the needs of the present without compromising the ability of future generations to meet their own needs?

**Equitable**  
Are we operating in an equitable manner to enable our employees, partners, customers, and communities to prosper?

## The Budget and Rate Making Process

DC Water's budget is the fiscal roadmap that allocates and aligns spending plan with the imperatives and goals of the strategic plan. The rigorous budget process balances the level of infrastructure investments and operational requirements with customer rates. The budget process encourages ideas to be brought forward by all departments with detailed workplans that incorporate the imperatives, goals and workstreams of Blueprint 2.0. The strategic plan serves as the primary lens through which budget requests are evaluated against established prioritization criteria and final budget decisions are made. The budget proposals are reviewed with the various Board Committees and subsequently adopted by the full Board of Directors.



The budget submissions are reviewed and prioritized to balance what we ask from our customers with the Board-adopted multi-year retail rates. In an effort to align the budget with the imperatives and goals of the strategic plan, all budget requests for existing and new programs were evaluated and scored against established prioritization criteria. These criteria include regulatory requirements/mandates, health and safety, Board policy, process improvements and new revenue generation. This provides consideration for various projects to ensure a sustainable operating and delivery model, and efficient use of economic resources.

Below are some of the major programs included in DC Water's operating and capital budgets and how they align with the various connected imperatives of Blueprint 2.0.

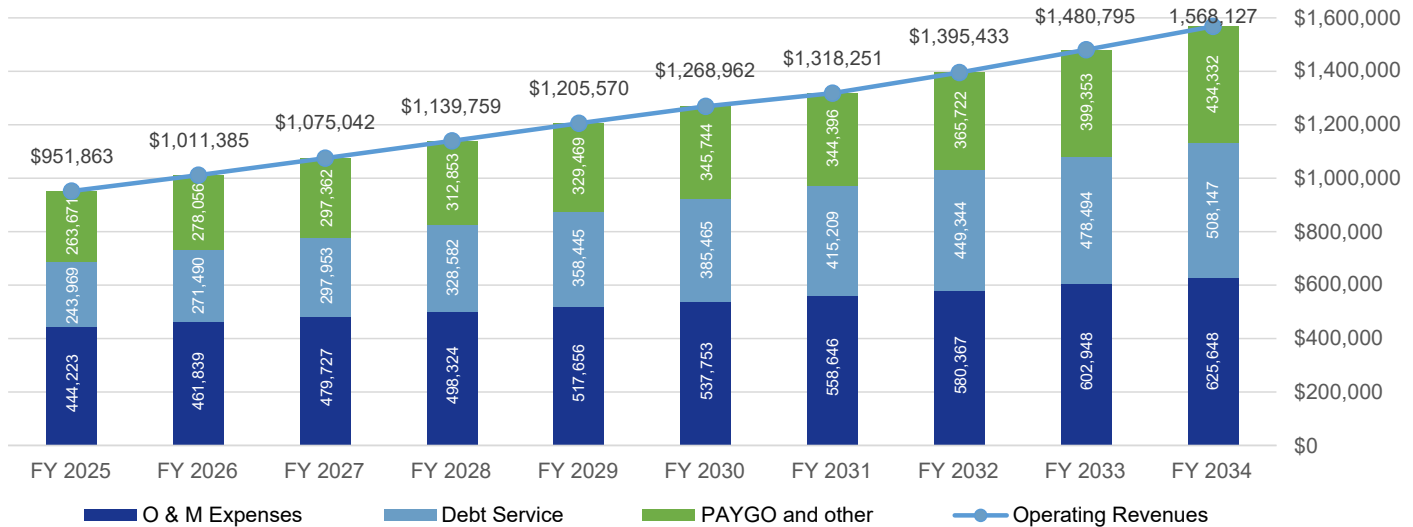
Blueprint 2.0 Imperatives	Program Description
	Complete the Clean Rivers Program to reduce Combined Sewer Overflows (CSO) and meet the District's water quality standard. Achieve 96 percent system-wide capture mandate for removal of trash, debris etc. from the Anacostia and Potomac Rivers and Rock Creek.
	Advance the Lead Free DC program to remove all lead lines in the District.
	Expand training and learning opportunities for operational crews including "Hazard Awareness Training" and "Hands on Drills" etc. Continue the Apprenticeship Program to provide learning and job opportunities to residents in the metro region.
	Continue proactive and predictive maintenance programs to assure equipment availability and value-driven Asset Management Operator Driven Reliability program.
	Increase collaborative efforts between operations and engineering departments to ensure process enhancements and support the delivery of capital projects.
	Safeguard the resilience of water supply, secure the assets of DC Water and prepare for and learn from emergency responses and adapt to the impacts of climate change.
	Support development of high performing teams to increase resiliency and ensure safety of the operational crews that provide water and wastewater treatment services.
	Enhance preparedness for tackling contaminants of emerging concern through research and (regulatory driven) monitoring.
	Increase sales volume and revenue for both Bloom and renewable energy credits (RECs) and seek other non rate revenue sources.
<b>Legend:</b> Healthy, Safe and Well  Reliable  Resilient  Equitable  Sustainable	



## Ten-Year Financial Outlook / Debt Management

DC Water's ten-year financial plan provides a strong financial framework to support implementation of the Board strategic plan, policies, priorities, and guidance in several key financial areas. This financial plan serves as one of management's key tools to monitor progress in meeting financial goals and to proactively address future financial and operational issues. Given DC Water's substantial borrowing needs over the next ten years, adherence to these Board policies is crucial to cost-effectively access the capital markets and retain our credibility with customers and regulators. The ten-year financial plan encompasses annual projected revenue requirements, operating expenditures, debt service costs, coverage ratios for indenture requirements, and sufficient liquidity to meet all the Authority's financial obligations.

### FY 2025 - FY 2034 Financial Plan (\$ in Thousands)



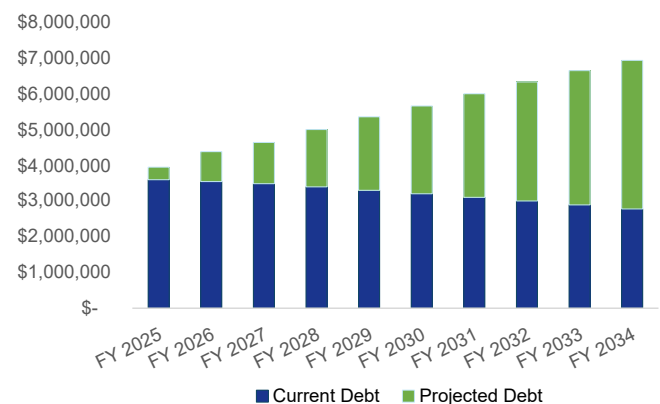
### Debt Management

DC Water continues to maintain strong financial performance and bond ratings. During FY 2024, the credit ratings on our senior lien bonds were reaffirmed at AAA/Aa1/AA+ by Standard and Poor's Ratings Services, Moody's Investors Services and Fitch Ratings, respectively. High bond ratings will allow DC Water to have lower borrowing costs which in turn reduces ratepayer costs in the long run. These notable results are due to the Authority's solid financing team, outstanding financial performance, and management of our capital program. Additional information for current and future investors is available at [www.dewater.com](http://www.dewater.com)

The Authority uses debt to finance its capital program and refund existing debt in the best interest of DC Water to obtain debt service savings. Debt management consists of managing funds borrowed through revenue bonds, commercial paper, and other short-term notes. Currently, debt financing represents approximately 42 percent of the funding in the ten-year financial plan and 32 percent of the FY 2025 operating budget. In FY 2023, DC Water began to draw on the 2021 Federal loan under the Water Infrastructure and Finance Innovation Act (WIFIA).

As of December 31, 2024, DC Water had an outstanding WIFIA loan amount of \$95.6 million. The Authority's total long-term debt, including current maturities was \$3.7 billion at the end of FY 2024, and is projected to increase over the next ten years primarily due to continuous investment in our aging infrastructure.

### FY 2025 - FY 2034 Current and Projected Debt (\$ in Thousands)





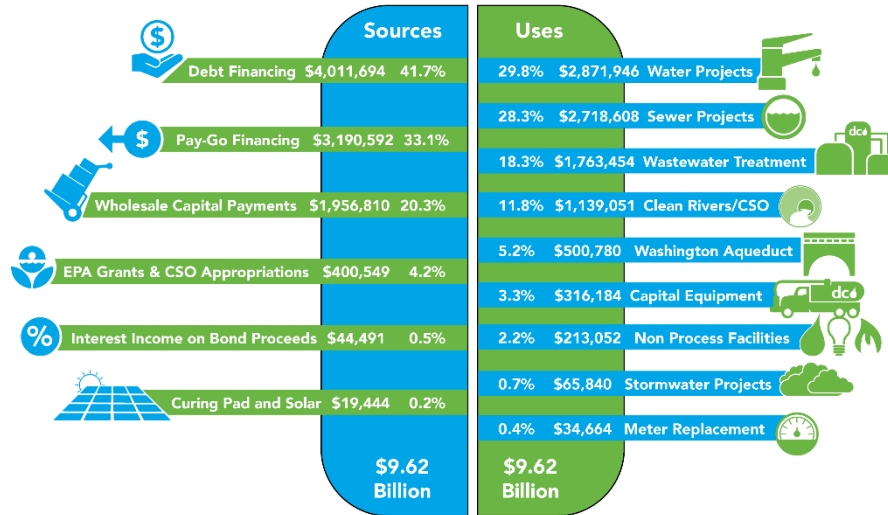


## Sources & Uses of Funds

DC Water is a cost-recovery organization that does not make a profit. The Authority requires a reliable and predictable revenue stream to pay for capital investments and forecasted operating expenditures as well as meet or exceed our Board policies and other financial metrics.

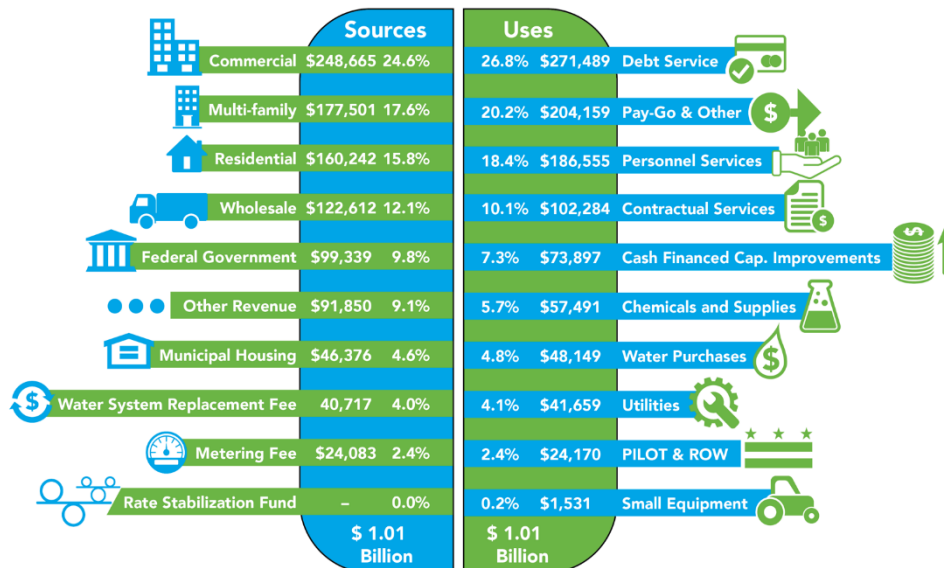
DC Water relies on several funding sources to finance its capital program and cash flow needs. Over the ten-year period, 74.8 percent is funded by debt and pay-go financing, 20.3 percent is capital payment from our Wholesale customers, 4.2 percent is from grant funding and federal appropriations and the remaining 0.7 percent is from interest income and other available funds.

### FY 2025 – FY 2034 CIP Sources & Uses of Funds (\$ in Thousands)



DC Water has a diverse customer base and thus receives cash from a variety of sources. This diversity mitigates reliance on any single customer category and provides a level of revenue stability. Our customers are classified as retail (residential, multi-family and non-residential) and wholesale customers only. DC Water uses these receipts to pay the salaries, overtime and benefits for its workforce, meet the financial obligations necessary to operate and maintain assets and facilities, purchase drinking water from the Washington Aqueduct and pay the debt service costs to support the capital program.

### FY 2026 Operating Sources & Uses of Funds (\$ in Thousands)

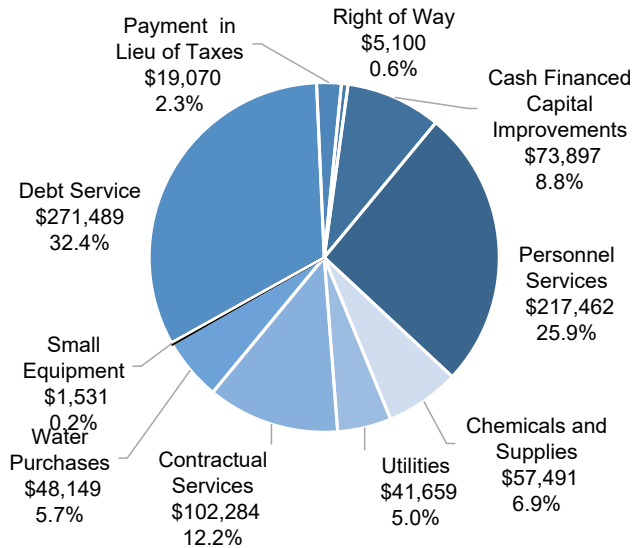




# Operating Budget

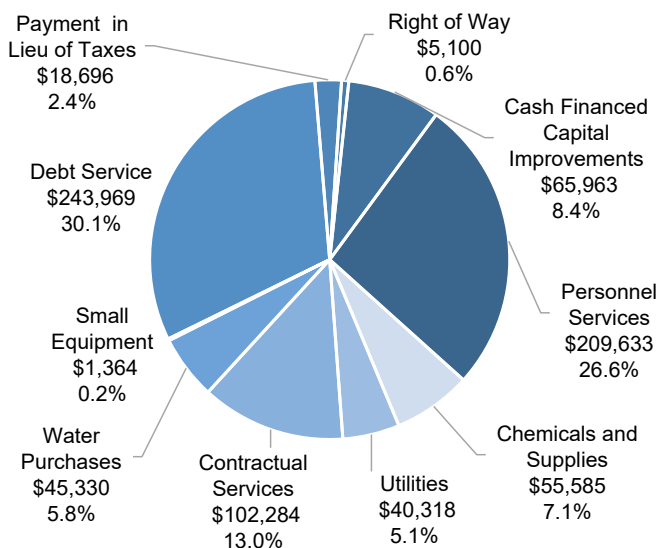
## Approved FY 2026 Budget - \$838.1 Million

(\$ in Thousands)



## Revised FY 2025 Budget - \$788.2 Million

(\$ in Thousands)



## DC Water's Approved FY 2026 Operating Budget

DC Water's annual operating budgets provide the resources necessary to sustain a multi-billion-dollar water distribution, sewage collection, and treatment system. The Authority continues to deliver clean water, collect, and treat the sewage before returning clean water to the local waterways, and repair water main and sewer breaks as needed. This budget reflects management's focus on supporting the most important asset with core values of reflecting people, pay, and place while maintaining customer affordability and providing a high level of customer service.

The approved FY 2026 budget totals \$838.1 million, reflecting a \$49.9 million increase (6.3 percent) from the revised FY 2025 budget. This increase is driven by operations and maintenance (O&M) costs, debt service, and Pay-Go financing to support the Authority's Capital Improvement Program.

The budget includes the following:

- **Personnel (\$7.8 million increase)** Reflects adjustments for vacancies, merit, increased overtime and other salary adjustments. This budget includes elimination of 45 hard to fill vacant positions, saving ratepayers \$5.7 million
- **Supplies (\$1.9 million increase)** Reflects inflationary cost pressures for critical parts and custodial materials
- **Utilities (\$1.3 million net increase)** Increased capacity prices for electricity with offsetting reduction in natural gas and water usage in various treatment activities consistent with current trends
- **Water Purchase (\$2.8 million increase)** driven by proportionate cost for the dredging of the Little Seneca Reservoir
- **Contractual Services (no change)** caps spending at FY25 budget with cost adjustments for maintenance & repairs, software, insurance and various professional services for hauling and disposal, industrial cleaning and janitorial services
- **Small Equipment (\$0.2 million increase)** reflects rental of two cranes for use at Blue Plains
- **Debt Service (\$27.5 million increase)** for planned debt coverage between the projected senior and subordinate bond series
- **Cash Financed Capital Improvements (\$7.9 million increase)** for PAYGO funding to reduce future borrowing costs
- **PILOT & ROW (\$0.4 million increase)** mainly for the PILOT payments to the District

Detailed descriptions of the FY 2025 and FY 2026 operating budgets are available online at [www.dewater.com](http://www.dewater.com).



## Operating Budget (continued)

DC Water's organizational structure is a key tool for ensuring that the organizational mission is achieved. The structure consists of various departments that are defined primarily along functional roles and further grouped along service lines (Operational or Administrative) or reporting clusters of authority to ensure accountability and to enhance efficiency and delivery of various services.

### Authorized Headcount and Budget by Department (\$ Thousands)

Authorized Headcount	FY 2025 Revised Budget	Department	FY 2026 Approved Budget	Authorized Headcount
3	\$875	Secretary to the Board	\$1,033	3
4	2,712	Office of the CEO	2,696	4
0	839	Internal Audit	818	0
<b>7</b>	<b>\$4,426</b>	<b>Independent Offices</b>	<b>\$4,547</b>	<b>7</b>
<b>20</b>	<b>\$4,349</b>	<b>Marketing and Communications</b>	<b>\$4,850</b>	<b>20</b>
2	1,466	Office of the Chief Administration Officer	1,325	2
6	1,682	Office of Emergency Management	1,801	7
8	7,191	Fleet Management	7,543	7
18	2,859	Occupational Safety and Health	3,370	16
52	10,778	Facilities Management	13,807	53
8	11,057	Security	10,866	9
9	2,738	Strategy and Performance	3,244	9
120	21,117	Customer Care	21,969	119
<b>223</b>	<b>\$58,887</b>	<b>Administration</b>	<b>\$63,927</b>	<b>222</b>
<b>37</b>	<b>\$11,006</b>	<b>Information Technology</b>	<b>\$12,155</b>	<b>37</b>
<b>115</b>	<b>\$40,490</b>	<b>Finance, Procurement and Compliance</b>	<b>\$38,084</b>	<b>115</b>
<b>33</b>	<b>\$9,685</b>	<b>People and Talent</b>	<b>\$10,262</b>	<b>31</b>
<b>14</b>	<b>\$8,312</b>	<b>Government and Legal Affairs</b>	<b>\$8,369</b>	<b>14</b>
112	25,395	Engineering and Technical Services	21,382	104
24	5,965	CIP Infrastructure Management	4,530	23
23	3,722	Wastewater Engineering	4,862	18
28	5,286	Permit Operations	5,399	28
8	4,108	Clean Rivers	3,974	9
<b>195</b>	<b>\$44,476</b>	<b>Engineering</b>	<b>\$40,148</b>	<b>182</b>
5	1,692	Office of the Chief Operating Officer	2,059	5
264	145,380	Operations	150,613	261
217	80,716	Water Operations	87,507	211
195	45,092	Pumping and Sewer Operations	46,056	178
<b>681</b>	<b>\$272,880</b>	<b>Operations</b>	<b>\$286,235</b>	<b>655</b>
<b>1325</b>	<b>\$454,513</b>	<b>Total Operations and Maintenance</b>	<b>\$468,576</b>	<b>1283</b>
	243,969	Debt Service	271,489	
	23,796	PILOT and ROW	24,170	
	65,963	Cash Financed Capital Improvements	73,897	
	<b>\$333,728</b>	<b>Total Debt Service, PILOT and ROW, CFCI</b>	<b>\$369,557</b>	
<b>1325</b>	<b>\$788,241</b>	<b>Total Operating Expenditure</b>	<b>\$838,133</b>	<b>1283</b>
	(34,087)	Less: Capital Labor	(30,907)	
	<b>\$754,154</b>	<b>TOTAL NET OPERATING EXPENDITURE</b>	<b>\$807,226</b>	



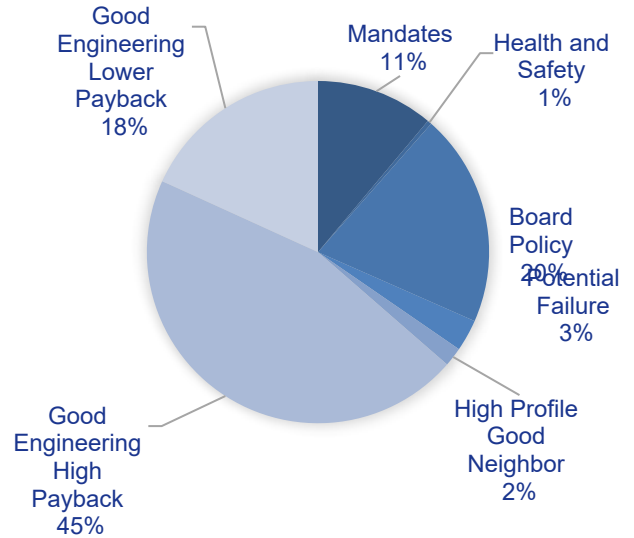


# Capital Improvement Program (CIP)

## FY 2025 – FY 2034 Capital Improvement Program (\$ in Thousands)

Service Area	Ten-Year Disbursement Plan	Total Lifetime Budget
Non Process Facilities	\$213,052	\$414,629
Wastewater Treatment	1,763,454	3,871,705
DC Clean Rivers Program	1,071,567	3,290,812
Combined Sewer Overflow	67,484	131,053
Stormwater	65,840	151,698
Sanitary Sewer	2,718,608	3,745,688
Water	2,871,947	4,968,490
<b>Capital Projects</b>	<b>\$8,771,952</b>	<b>\$16,574,075</b>
Capital Equipment	350,848	<b>350,848</b>
Washington Aqueduct	500,780	<b>500,780</b>
<b>Additional Capital Programs</b>	<b>\$851,628</b>	<b>\$851,628</b>
Labor		383,495
<b>Total Capital Budgets</b>	<b>\$9,623,580</b>	<b>\$17,809,198</b>

### MEASURE OF PRIORITY



DC Water's ten-year Capital Improvement Program (CIP) provides the framework for the development, prioritization, implementation, and measurement of the capital projects undertaken. The Board-approved FY 2025 – FY 2034 CIP disbursement budget of \$9.62 billion increased by approximately \$1.88 billion compared to the previous plan. The lifetime budget is \$16.1 billion covering total commitments including labor for active projects prior to, during, and beyond the ten-year window.

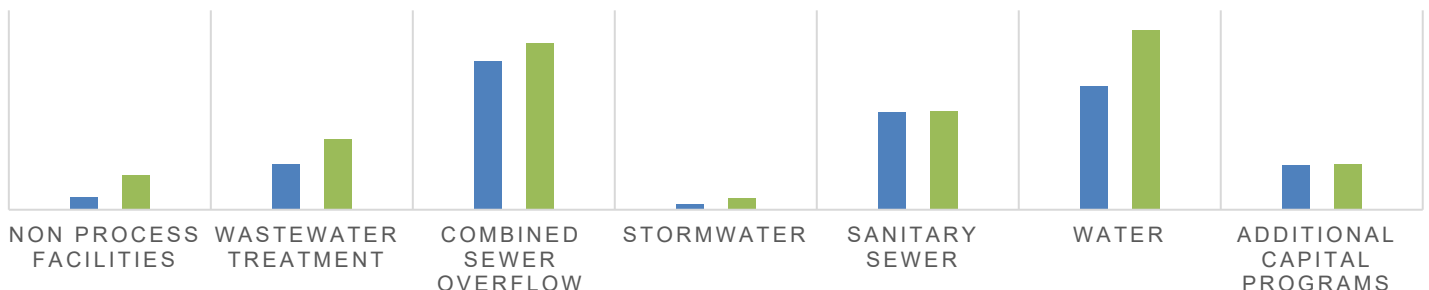
The budget fully funds the Clean Rivers Program to meet the consent decree requirements and advances the Lead Free DC program goals. This budget also funds the full rehabilitation of the Potomac Inceptor, major rehabilitation and upgrades at Blue Plains, DC Water's share of the Washington Aqueduct's infrastructure program, and capital equipment purchases for vehicles, heavy-duty fleet equipment, meters, pumps, and information technology systems.

The overall ten-year CIP continues DC Water's commitment to increase investments in its aging water and sewer infrastructure to ensure continued system reliability. This plan includes the ramp up of the small diameter water mains replacements to 1.5 percent per year in FY 2028 and beyond and one percent rehabilitation for small sewer lines per year in FY 2025 and beyond.

The FY 2025 and FY 2026 capital budgets total \$717.7 million and \$913.4 million, respectively (cash disbursement basis). Detailed descriptions of major CIP changes and program details can be found in Section V – Capital Improvement Program of the budget book and online at [www.dewater.com](http://www.dewater.com).

### ANNUAL CAPITAL BUDGET (\$ in Thousands)

■ FY 2025 REVISED ■ FY 2026 APPROVED



# Major Capital Investments

## LEAD FREE DC

This program aims to remove all lead service lines from both public right-of-way areas and private properties within the District. Lead service line replacements are carried out across the water distribution system through specific block-by-block projects, water main renewal projects, and emergency rehabilitation of water service lines. Customers with partial lead service lines can initiate replacements by participating in either the Voluntary Full Replacement Program (VFRP) or the Lead Pipe Replacement Assistance Program (LPRAP).



## DC CLEAN RIVERS

The Potomac River Tunnel is the next major tunnel being constructed as part of the Clean Rivers Project. It is designed to control the CSOs along the Potomac River and the tunnel will run between Joint Base Anacostia Bolling and Georgetown University. The facilities will be constructed from 2024 to 2030. The project will reduce CSO overflow volume to the Potomac River by 93 percent in an average year of rainfall, thereby improving the water quality for the benefit of all.



## POTOMAC INTERCEPTOR

The Potomac Interceptor (PI) sanitary sewer system carries about 60 million gallons per day of wastewater from areas in the Washington Dulles International Airport to the Potomac Pump Station in Washington, DC. Flows from the pump station are then sent to the Blue Plains Advanced Wastewater Treatment Plant for treatment before discharge into the Potomac River. DC Water has several Capital Improvement Projects to rehabilitate defective segments.



## COMBINED SEWER SYSTEM

Combined sewers convey both stormwater runoff and sanitary sewage from homes and businesses in a single pipe. In dry weather, the system delivers sanitary sewage to the Blue Plains Advanced Wastewater Treatment Plant. In wet weather, stormwater runoff also enters the system and, if the conveyance capacity of the system is exceeded, the excess flow spills into the waterways of the District of Columbia to prevent surface flooding and basement backups. This discharge is called Combined Sewer Overflow (CSO).





# Operating Revenues, Rates, Fees & Charges

## Operating Revenues

To provide continuous delivery of water and wastewater services, it is vital that DC water has a consistent revenue stream to cover operating and maintenance (O&M) costs, debt service, and other liquidity requirements. DC Water has a diverse customer base and receives revenues from a variety of sources. Retail rates are charges for water, sewer and other services to DC Water's customers. Wholesale revenues are received from suburban water and sewer authorities for their share of the O&M costs of the Blue Plains Advanced Wastewater Treatment Plant.

DC Water maintains a combination of fixed and variable fees. Fixed fees are charged regardless of water usage, and include the Metering Fee, Water System Replacement Fee and the Clean Rivers Impervious Area Charge (CRIAC). Variable fees are based on water usage and include the water and sewer fees. DC Water conducts a Cost of Service Study (COS) to help ensure that costs are appropriately allocated. For example, the cost of delivering water to our customers is reflected in the water rate, and the cost of wastewater treatment is part of the sewer rate.

## Independent Review of Rate Structure and Customer Assistance Programs

In FY 2020, independent consultants conducted a review of our rate structure, FY 2021 rates and Customer Assistance Programs (CAP) and performed analysis of rates and CAP for comparable jurisdictions (e.g., benchmarking). The findings of the study concurred that DC Water's current rate structure, customer classes, monthly water lifeline threshold of four Ccf, ERU basis for recovering the CRIAC charge, CAP bill discount and temporary assistance programs are consistent with industry standards. In response to recommendations in the review, DC Water expanded benefits for CAP customers.

## 2023 Cost of Service Study

In FY 2023, DC Water conducted a Cost of Service Study (COS) to align the cost of providing service to the customers with the multi-year rate proposals. The COS consisted of three components: i) Revenue Sufficiency Analysis – Do the proposed rates recover adequate revenue to meet expenditures? ii) Cost of Service Analysis – Are proposed rates equitably recovering the costs of providing service to customers? and iii) Alternative Rate Structure Analysis – Are there alternative rate structures that may more effectively meet DC Water's highest priority pricing objectives? This study will be conducted every two years as part of the ratemaking process.

## Multi-Year Rates

DC Water's Board approved its fifth multi-year rate proposal covering the periods of FY 2025 and FY 2026. The FY 2026 rates become effective October 1, 2025. The benefits of multi-year rates include greater revenue certainty, increased budget discipline and better alignment between revenues and expenditures.

Because of efforts to reduce the growth of operating costs, the overall charges for average household customer for FY 2025 is 4.8 percent as compared to 7.0 percent in the previous forecast and for FY 2026, it is 6.5 percent as compared to 6.8 percent in the previous forecast.

## Operating Revenues (\$ in Thousands)

Category	FY 2025 Revised	FY 2026 Approved
Residential	\$ 148,715	\$ 160,242
Commercial	231,974	248,665
Multi-family	167,213	177,501
Federal Government	91,696	99,339
Municipal & Housing	43,416	46,376
Water System Replacement Fee	40,717	40,717
Metering Fee	24,083	24,083
Wholesale	114,248	122,612
Rate Stabilization Fund	2,000	-
Other Revenue	87,801	91,850
<b>Total Operating Revenue</b>	<b>\$ 951,863</b>	<b>\$ 1,011,385</b>



# Operating Revenues, Rates, Fees & Charges (continued)

## FY 2025 - FY 2026 Retail Rates and Fees

Description of Fees	Units	FY 2024	FY 2025 Current	FY 2026 Approved	FY 2025 Incr. /(Decr.)	FY 2026 Incr. /(Decr.)		
DC Water Retail Rates – Water:		\$	\$	\$	\$	%	\$	%
Residential – Lifeline (0- 4 Ccf)	Ccf	\$4.38	\$5.21	\$5.78	\$0.83	18.9%	\$0.57	10.9%
Residential – (> 4 Ccf)	Ccf	5.70	6.81	7.60	1.11	19.5	0.8	11.6
Multi-family	Ccf	5.00	5.82	6.47	0.82	16.4	0.6	11.2
Non-Residential	Ccf	5.89	7.03	7.84	1.14	19.4	0.8	11.5
DC Water Retail Rates – Sewer	Ccf	11.70	12.07	12.52	0.37	3.2	0.4	3.7
DC Water Clean Rivers IAC	ERU	21.86	21.23	24.23	-0.63	-2.9	3.0	14.1
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75	0.0	0.0	0.0	0.0
DC Water System Replacement Fee	5/8"	6.30	6.30	6.30	0.0	0.0	0.0	0.0
District of Columbia PILOT Fee	Ccf	0.61	0.61	0.62	0.0	0.0	0.0	1.6
District of Columbia Right of Way Fee	Ccf	0.19	0.19	0.20	0.0	0.0	0.0	5.3
District of Columbia Stormwater Fee	ERU	2.67	2.67	2.67	0.0	0.0	0.0	0.0
Groundwater Fee	Ccf	3.50	3.50	3.76	0.0	0.0	0.3	7.4
Backwash Rate	Ccf	3.30	3.32	3.54	0.02	0.6	0.2	6.6

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

## Clean Rivers Impervious Area Charge (CRIAC)

The CRIAC is a separate sewer service fee established in FY 2009 to recover the \$3.29 billion cost of implementing the DC Clean Rivers Project (the District's CSO-Long Term Control Program). The proposed monthly CRIAC ranges from \$21.23 per Equivalent Residential Unit (ERU) in FY 2025 to \$28.37 per ERU in FY 2034. From 2011 until 2024, all funds for the Clean Rivers program were from the CRIAC, which is assessed for all customers based on the amount of impervious surface on each property. The ten-year plan assumes no external funding outside the current year Congressional appropriation. DC Water has received \$304.4 million through Federal appropriations as of the end of March 2025.

Based on an assessment, on average, 37 percent of the volume in the new tunnels is from wastewater. Therefore, 37 percent of Clean Rivers costs are in the sewer volumetric rate. In FY 2020, the CRIAC discount increased from four percent to 20 percent for customers who implement Stormwater Best Management Practices.

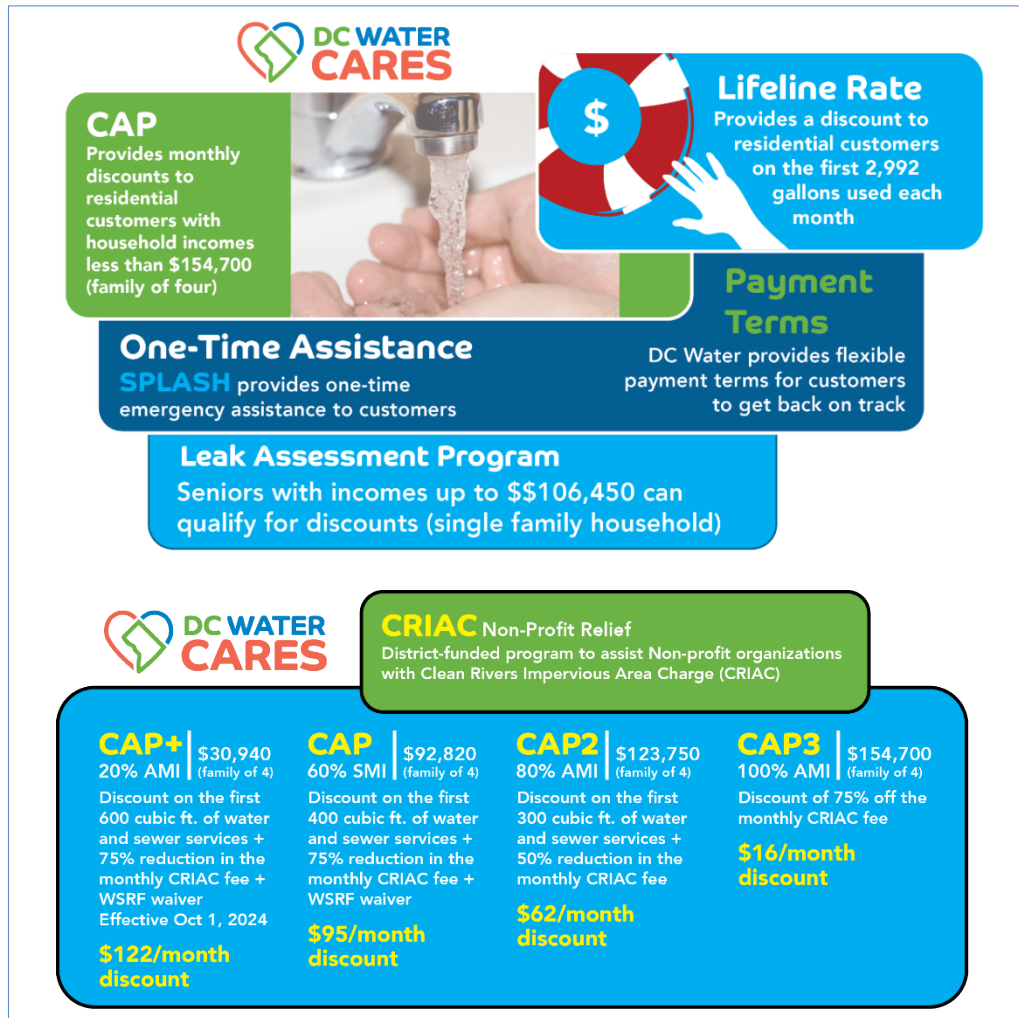


# Customer Assistance & Regional Demographics

## Customer Affordability

DC Water offers some of the most robust customer assistance programs in the nation. In the District of Columbia, one-fourth of the residents live below the poverty line, thus rate affordability is of the utmost concern in the planning process. DC Water seeks to balance its operating and financial needs with consideration to the financial impact upon its customers. EPA guidelines suggest that fees and charges should be within four percent of the median household income to be considered affordable (two percent for water and two percent for sewer). Using the last available data (2022), DC Water's rates are well under that target, and they are comparable with similar water and wastewater utilities.

DC Water, in partnership with the District, supports the following programs to assist low-income customers in paying their water bills:



## Regional Economy

DC Water's service area has historically demonstrated strong resilience, even during periods of nationwide economic volatility. Employment tied to the federal government—and the broad network of professional and service firms that support it—has long served as a stabilizing force through economic cycles and shifts in administration.

While the federal government remains a major and relatively stable local employer, recent fiscal uncertainty, budget constraints, and evolving telework policies have introduced some variability in agency operations and regional economic activity. Nonetheless, the federal sector continues to provide a critical employment foundation for the region. Between 2010 and 2023, the District's population grew by more than 70,000 residents, underscoring the area's continued appeal and long-term economic strength. Per capita incomes within the District and for the region as a whole continue to be higher than the U.S. average. Regional office vacancy rates have increased during a period of unprecedented challenges while retail vacancy rates remain relatively low. The strengths of the District are complimented by its highly rated partners: the federal government and wholesale wastewater users. Select demographic charts that follow support the overall positive outlook for the Washington Metropolitan region and its economy.

## FY 2025 - FY 2026 Average Residential Customer Monthly Bill

DC WATER RATES AND FEES	FY 2024	Current FY 2025	Approved FY 2026
DC Water Water and Sewer Retail Rates <sup>(1)</sup>	\$ 89.03	\$ 95.93	\$ 101.77
DC Water Clean Rivers IAC <sup>(2)</sup>	21.86	21.23	24.23
DC Water Customer Metering Fee	7.75	7.75	7.75
DC Water Water System Replacement Fee <sup>(4)</sup>	6.30	6.30	6.30
<b>Subtotal DC Water Rates &amp; Charges</b>	<b>\$ 124.94</b>	<b>\$ 131.21</b>	<b>\$ 140.05</b>
<b>DISTRICT OF COLUMBIA CHARGES</b>			
District of Columbia PILOT Fee <sup>(1)</sup>	\$ 3.31	\$ 3.31	\$ 3.36
District of Columbia Right-of-Way Fee <sup>(1)</sup>	1.03	1.03	1.08
District of Columbia Stormwater Fee <sup>(3)</sup>	2.67	2.67	2.67
<b>Subtotal District of Columbia Charges</b>	<b>\$ 7.01</b>	<b>\$ 7.01</b>	<b>\$ 7.11</b>
<b>Total Amount Appearing on DC Water Bill</b>	<b>\$ 131.95</b>	<b>\$ 138.22</b>	<b>\$ 147.16</b>
<b>Percent Increase in Total Bill</b>	<b>5.4%</b>	<b>4.8%</b>	<b>6.5%</b>

<sup>(1)</sup> Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)

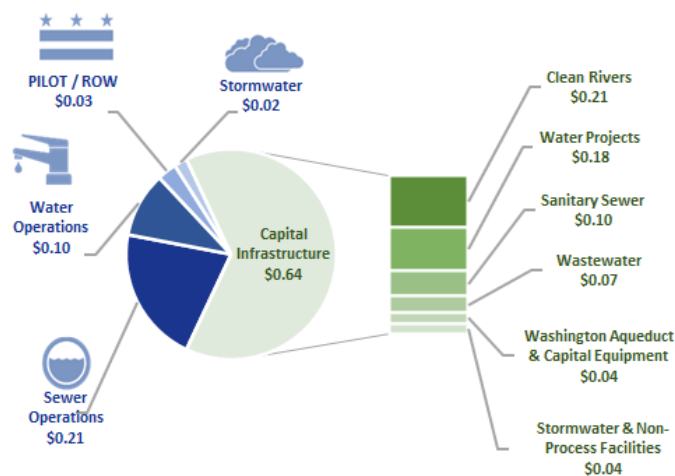
<sup>(2)</sup> Assumes average 1 Equivalent Residential Unit (ERU)

<sup>(3)</sup> District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010

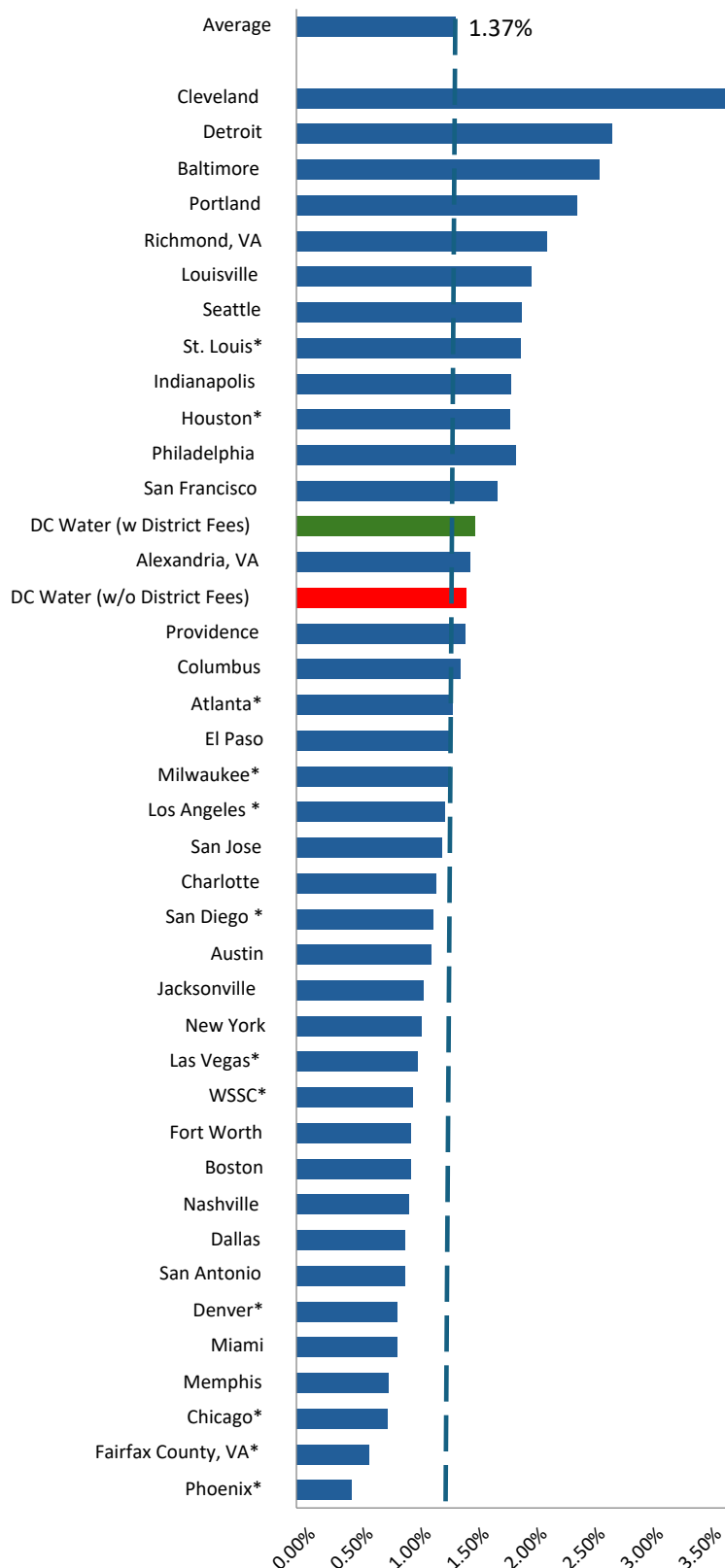
<sup>(4)</sup> DC Water "Water System Replacement Fee" of \$6.30 for 5/8" meter size effective October 1, 2015

## FY 2026: Where Does Your Money Go?

How does DC Water spend each dollar received from the average residential customer?



## Comparative User Charges as % of Median Household Income Large National & Regional Utilities



\*Some cities use property tax revenue or other revenues to pay for part of the cost of water, wastewater, or stormwater services. In such situations, the user charge will not reflect the full cost of water, wastewater, or stormwater services.



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