



# The Proposed FY 2027 Budget & Two-Year Rates

Budget Briefing to the Office of People's Counsel on January 23, 2026

District of Columbia Water and Sewer Authority



Blue Plains

## Present an overview of DC Water's Proposed Fiscal Year 2027 Budgets and Two-Year Rates:

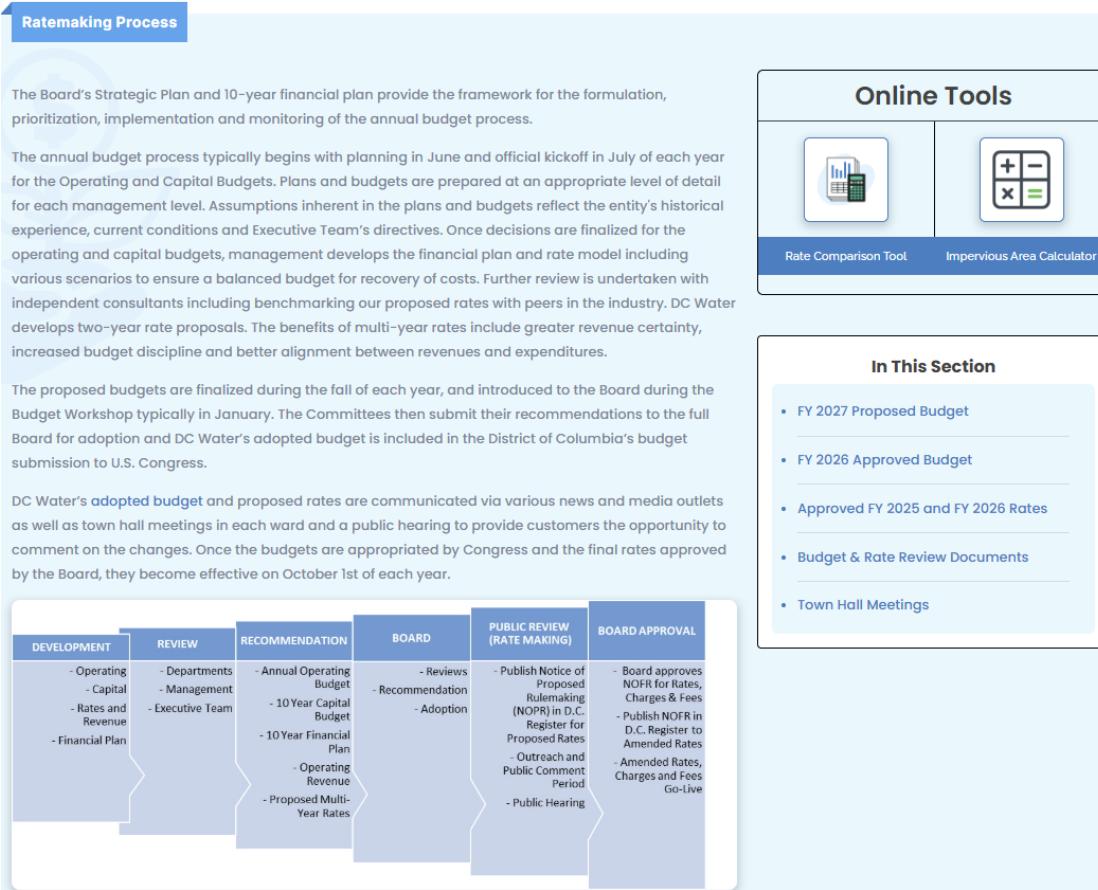
- Operating Expenditures
- Ten-Year Capital Improvement Program
- Rates and Revenues
- Ten-Year Financial Plan
- Customer Assistance Programs



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

The screenshot shows the DC Water website with the 'Ratemaking Process' page selected. The top navigation bar includes links for Workzone Alerts, Report a Problem, Search DC Water, and a language dropdown. Below the navigation is a horizontal menu with About DC Water, Projects, Resources, What's Going On, Work With Us, and Customer Center. The main content area shows the breadcrumb path: Home > About DC Water > Finance > Ratemaking Process. The page content discusses the annual budget process, including the Board's Strategic Plan and 10-year financial plan, the planning phase in June, and the official kickoff in July. It also mentions the development of operating and capital budgets, the involvement of the Executive Team, and the use of various tools like the Rate Comparison Tool and Impervious Area Calculator. The page concludes with information about the proposed budget being finalized in the fall, submitted to the Board in January, and adopted by DC Water. DC Water's adopted budget and proposed rates are communicated via news and media outlets, town hall meetings, and a public hearing. The final rates are approved by the Board and become effective on October 1st of each year.

The screenshot shows the DC Water website with the 'Budget and Rate Review Documents' page selected. The top navigation bar and horizontal menu are identical to the Ratemaking Process page. The main content area shows the breadcrumb path: Home > About DC Water > Finance > Ratemaking Process > Budget and Rate Review Documents. The page title is 'Budget And Rate Review Documents'. Below the title is a section titled 'Budget Review Documents' with a table listing three documents: Environmental Quality and Operations Proposed FY 2026 – FY 2035 Capital Improvement Program (January 22, 2026), Wholesale Customer Briefing DC Water's Proposed FY 2027 Budget (January 16, 2026), and Budget Workshop with the Board FY 2027 Proposed Budget & Two-Year Rates (January 15, 2026).



## Budget And Rate Review Documents

### Budget Review Documents

Date	Title
January 22, 2026	Environmental Quality and Operations Proposed FY 2026 – FY 2035 Capital Improvement Program
January 16, 2026	Wholesale Customer Briefing DC Water's Proposed FY 2027 Budget
January 15, 2026	Budget Workshop with the Board FY 2027 Proposed Budget & Two-Year Rates

The Proposed FY 2027 Budget is available online!

# DC Water's Critical Assets - \$9.7 Billion

- DC Water **delivers water** through 1,300 miles of interconnected pipes, four pumping stations, four reservoirs, three water tanks, **43,860 valves**, and **9,510 fire hydrants**
  - The median age of water infrastructure is **79 years**
- DC Water operates **1,900 miles** of sanitary and combined sewers, nine wastewater pumping stations, 16 stormwater pumping stations, and 12 inflatable dams
  - The median age of sewer infrastructure is **89 years**
- Blue Plains Advanced Wastewater Treatment Plant is located at the southernmost tip of the District, covering more than **150 acres** along the Potomac River. Blue Plains is the largest advanced wastewater treatment facility in the world



# Budget and Ratemaking Process

- Preparation of **Proposed Budgets (annually)** and **Two-Year Rates (every two-years)**
- Board review of proposals
  - Two months of detailed review by Finance and Budget, Environmental Quality and Operations, and Retail Rates Committees
- Customer Briefings and Feedback**
  - Wholesale Customer Briefing on January 16
  - Office of People's Counsel Briefing today**
  - Stakeholder Alliance Briefing on January 27
- Committee Recommendation to Board in February**
- Board Budget Adoption** on March 5
- Town Halls** in Spring and **Public Hearing** on May 14
- Board adoption** of rates on July 2
- Fiscal year begins on October 1, 2026 (FY 2027)

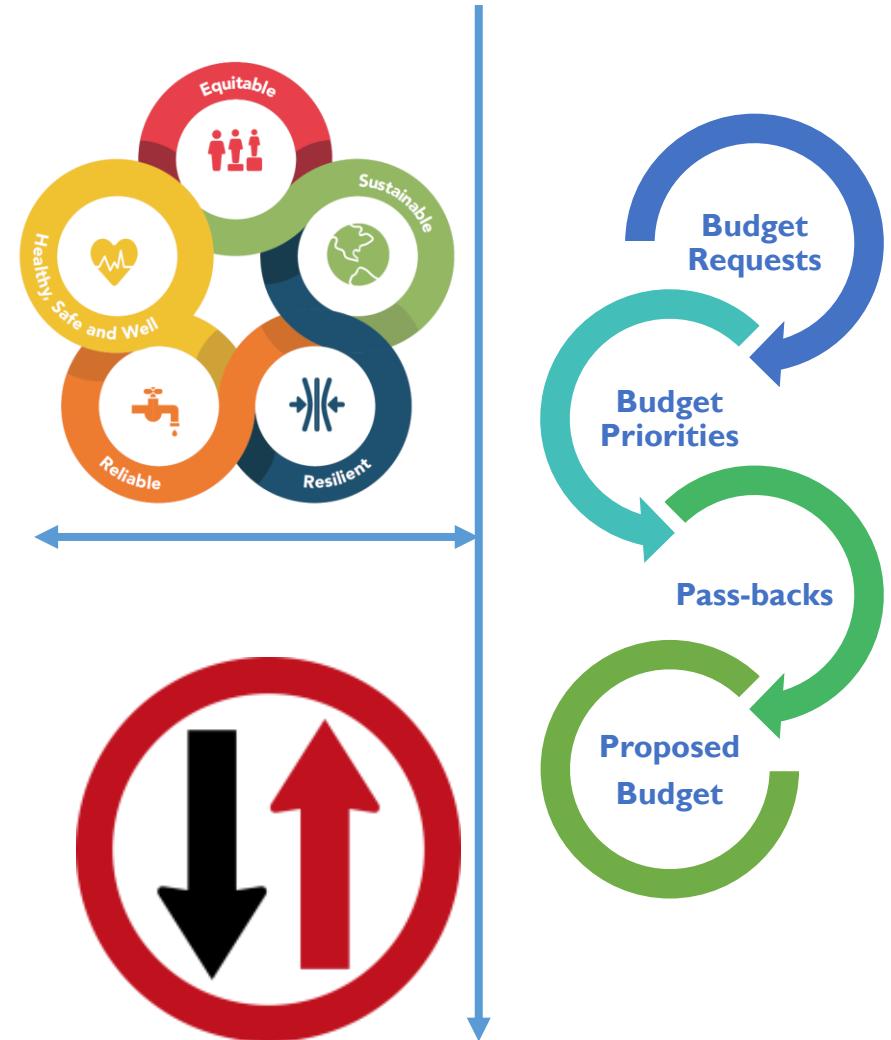


- DC Water will hold Town Hall Meetings in Spring, in advance of the rates public hearing, to:
  - Inform customers about the Proposed FY 2027 and FY 2028 rates
  - Discuss the Capital Improvement Program, and
  - Promote all the existing and new customer assistance programs
- The meetings will be widely publicized through numerous channels, including:
  - Councilmember Offices
  - Advisory Neighborhood Commissions (ANCs)
  - DCWater.com website
  - X (formerly Twitter), Facebook, Instagram, and BlueSky
  - Nextdoor
  - Paid digital and print advertising



# The Budget Process

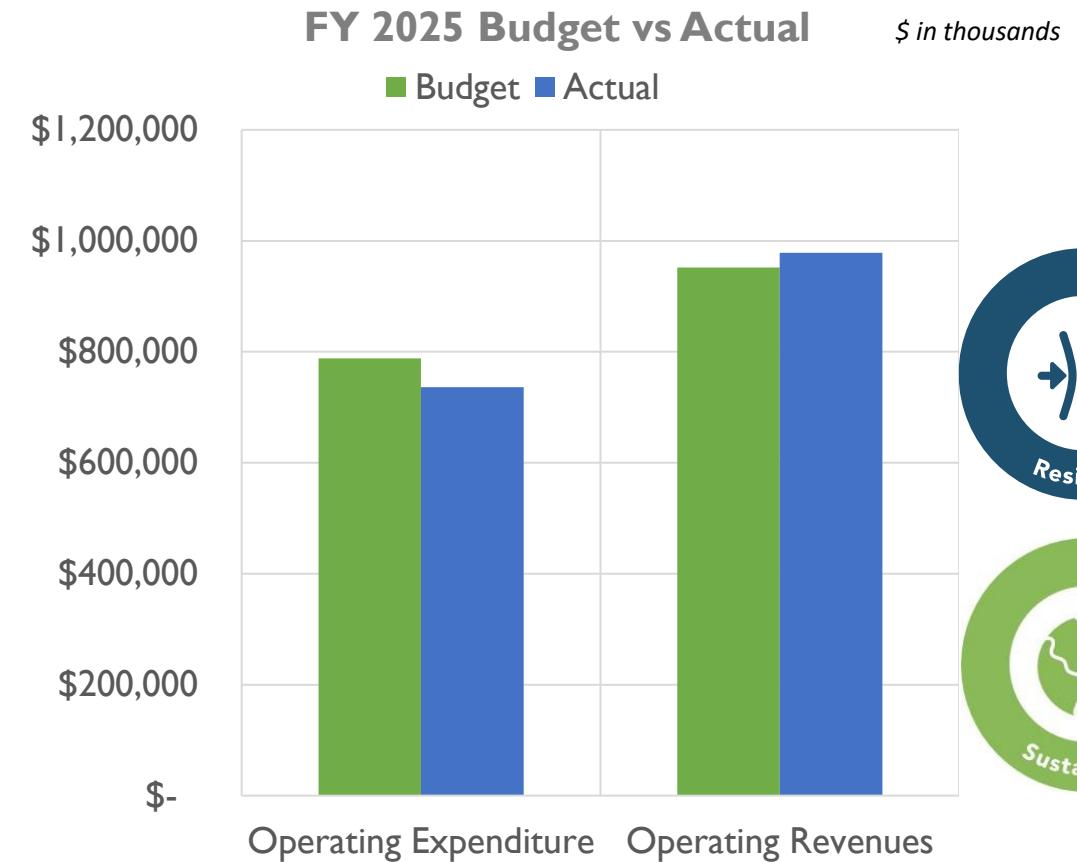
- Theme “Smart Spending for a Resilient Tomorrow”
- Advances the Blueprint through investments in:
  - Clean Rivers (Resilient)** and critical water, sewer and **Potomac Interceptor infrastructure investments (Reliable)**
  - Our **people** through the Human Capital Management Strategy (**Equitable, Healthy, Safe & Well**), and
  - Operating efficiency** by repurposing vacancies (**Sustainable**)
- Budget department coordinates and leads the process; prioritizes submissions using established scoring criteria and analysis of expenditure trends
- Makes the best use of ratepayer funds; Budget process reduced departmental requests by \$14 million



# Overview of FY 2025 Financial Performance

## 💧 FY2025 Financial Results tracked favorably to budget

- Operating Expenditures – 93.4%
  - Cost pressures due to impact of inflation offset by underspending in personnel services, water purchases and utilities
- Operating Revenues – 102.8%
  - Higher receipts due to higher consumption and higher CRIAC receipts than anticipated in the budget



# Changes to FY 2026 Budget

## Amendment to the FY 2026 Operating Expenditure Budget

- Management has affected an administrative budget reprogramming of \$24.4 million from debt service to Cash Financed Capital Improvement (CFCI) for PAYGO to reduce future borrowing costs
- Overall Board-adopted budget remains the same

\$'000s	Adopted Budget	Budget Reprogramming	Amended Budget
Operations & Maintenance	\$ 468,576		\$ 468,576
Debt Service	271,489	(24,041)	247,448
Cash Financed Capital Improvement	73,898	24,041	97,939
PILOT & ROW	24,170		24,170
<b>Total Operating Budget</b>	<b>\$ 838,133</b>	<b>\$ -</b>	<b>\$ 838,133</b>

## Proposed Revisions to the FY 2026 Operating Revenues Budget

- Retail Revenue – lower projected consumption by 1.3 million Ccf primarily due to 0.9 million Ccf decline in Federal category (Joint Base Anacostia-Bolling) because of leakage issue in FY 2024
- Wholesale Revenue – increase in PI cost from \$3.5 million to \$5.1 million based on 2025 Cost of Service (COS) study
- Interest Earning – increased due to higher interest rates
- Other Revenue – decrease in System Availability Fee and Intermunicipal Agreement (IMA) Indirect Cost Reimbursement for Capital Project

FY 2026	Current	Revision	Proposed
Retail Revenue	\$ 796,922,810	\$ (5,066,674)	\$ 791,856,136
Wholesale Revenue	122,611,848	1,607,236	124,219,084
Interest Earnings	8,815,944	4,233,498	13,049,442
Other Revenue	82,633,689	(3,894,757)	78,738,932
Interest on Bond Reserve	400,609	(70,000)	330,609
<b>Total</b>	<b>\$ 1,011,384,900</b>	<b>\$ (3,190,697)</b>	<b>\$ 1,008,194,203</b>

# The Proposed Budget

# The Proposed FY 2027 Budget & Two-Year Rates



- ❖ **Proposed FY 2027 Operating Expenditure Budget of \$844.1 million**
  - Overall increase of \$5.9 million or 0.7%
- ❖ **Proposed 10-Year Capital Improvement Program (CIP) Budget of \$9.69 billion**
  - Overall ten-year CIP increases slightly by \$66.7 million
- ❖ **Proposed FY 2027 & FY 2028 Rates are Lower for the Average Residential Customer**
  - Increase of 6.6% in FY 2027 (previous forecast of 6.7%)
  - Increase of 5.3% in FY 2028 (previous forecast of 5.7%)
- ❖ **Financial Plan**
  - Meets Board financial policy requirements



# Multi-Year Rate Proposal for FY 2027 and FY 2028

## Proposed rate changes:

- Water and sewer rates increase by 6.0% each for FY 2027 and FY 2028
- Proposed CRIAC of \$25.50 per ERU in FY 2027 and \$27.22 per ERU in FY 2028
- PILOT Fee at \$0.62 per Ccf for FY 2027 and \$0.63 per Ccf for FY 2028
- Groundwater rate increased to \$3.90 per Ccf for FY 2027 and FY 2028

## Rates and charges that remain the same:

- Right-of-Way Fee remains the same as FY 2026 at \$0.20 per Ccf for FY 2027 and FY 2028
- Customer Metering Fee at \$7.75 for 5/8" meters
- Water System Replacement Fee (WSRF) at \$6.30 for 5/8" meters
- High-Flow Filter Backwash rate at \$3.54 per Ccf

## Proposed new rates

- Public Inconvenience Fee of \$0.42 per Ccf will be effective FY 2027 to recover the charges associated with occupancy permits when construction projects in public spaces extend beyond 30 days

- Cost of Service Study aligned with rate proposal
- Combined rate increases lower than last year's forecast

Change in Average Household Charge	Fiscal Year	2027	2028
Recommendation		6.6%	5.3%
Previous Forecast		6.7%	5.7%

## CAP+

20% AMI

\$39,642 (family of 4)

Discount on the first 600 cubic ft. of water and sewer services + 75% reduction in the monthly CRIAC fee + WSRF waiver \$131/month discount

## CAP

60% SMI

\$118,926 (family of 4)

Discount on the first 400 cubic ft. of water and sewer services + 75% reduction in the monthly CRIAC fee + WSRF waiver \$101/month discount

## CAP 2

80% AMI

\$131,100 (family of 4)

Discount on the first 300 cubic ft. of water and sewer services + 50% reduction in the monthly CRIAC fee \$67/month discount

## CAP3

100% AMI

\$163,900 (family of 4)

Discount of 75% off the monthly CRIAC fee \$18/month discount

## CRIAC

### Non-Profit Relief

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

\* These CAP amounts are for FY 2026

#### Lifeline Rate

- Provides a discount to residential customers on the first 2,992 gallons used each month

#### Payment Plan Incentive Program

- Help eligible customers with aged balance of 60 days or greater and totals \$500 or more
- Adjust 50% of total payments (includes current charges and payment plan installment)

#### One-Time Assistance

- SPLASH Provides one-time emergency assistance to customers

#### Leak Assessment Program

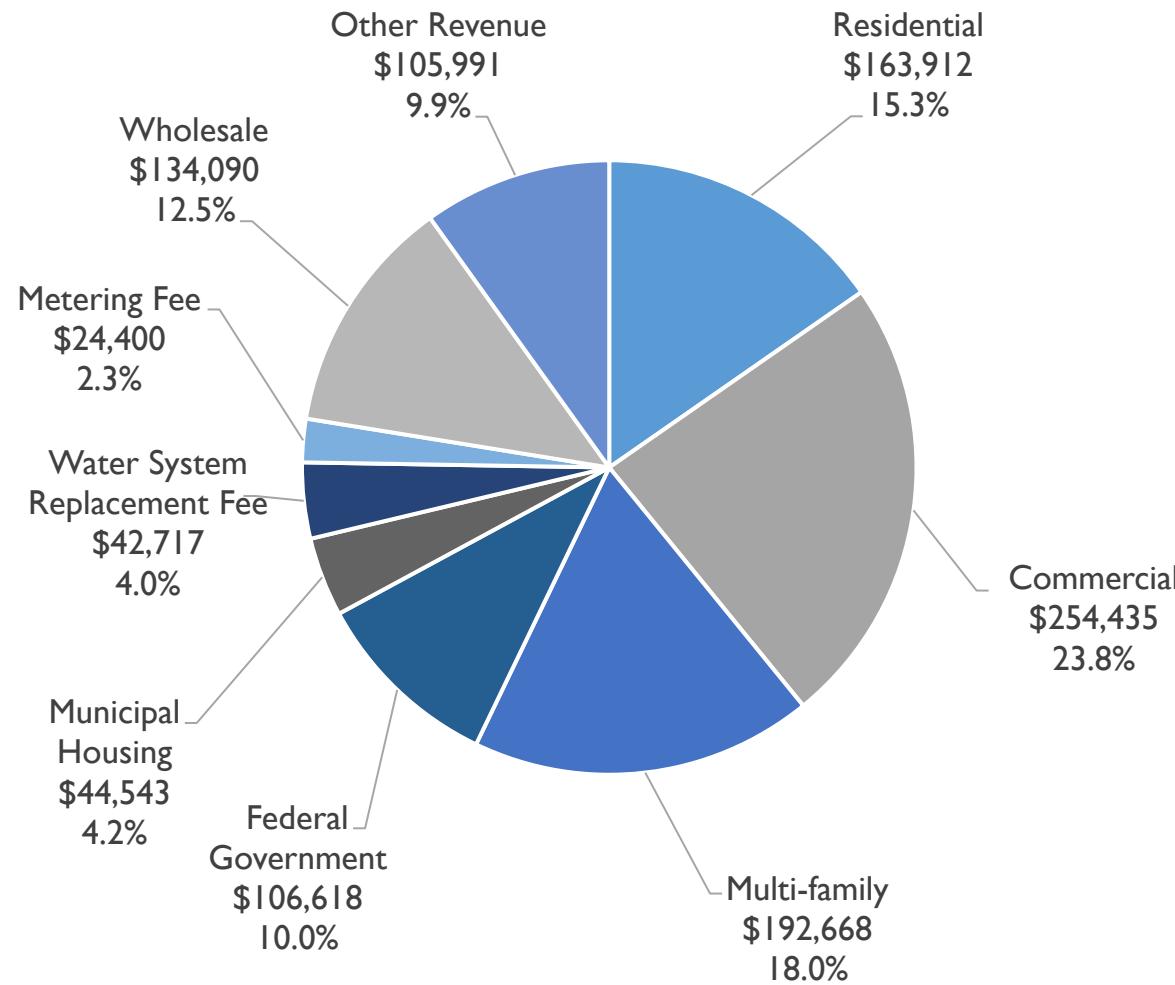
- DC Water offers resources to CAP+, CAP and CAP2 customers leak assessment to help them identify the source of leaks and high usage

**DC Water offers some of the nation's most financially supportive customer assistance programs**

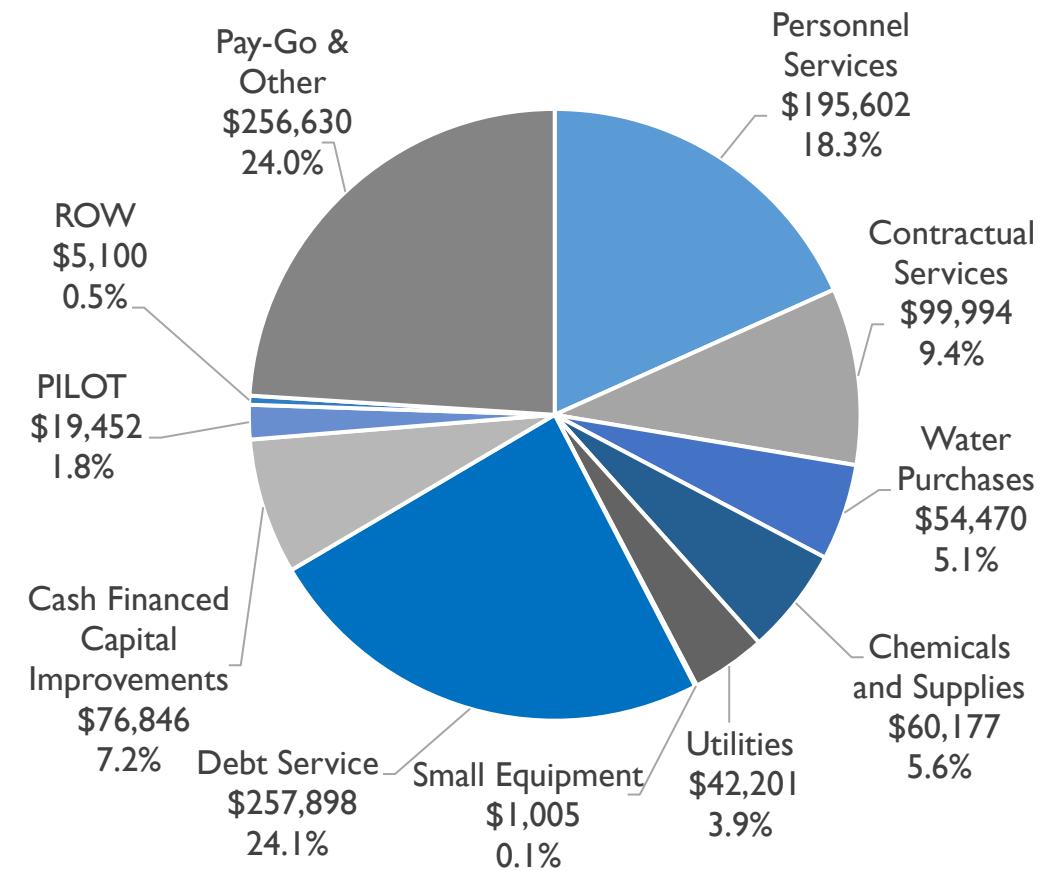
# FY 2027 Operating: Sources and Uses of Funds

\$ in thousands

## Sources - \$1.07 billion



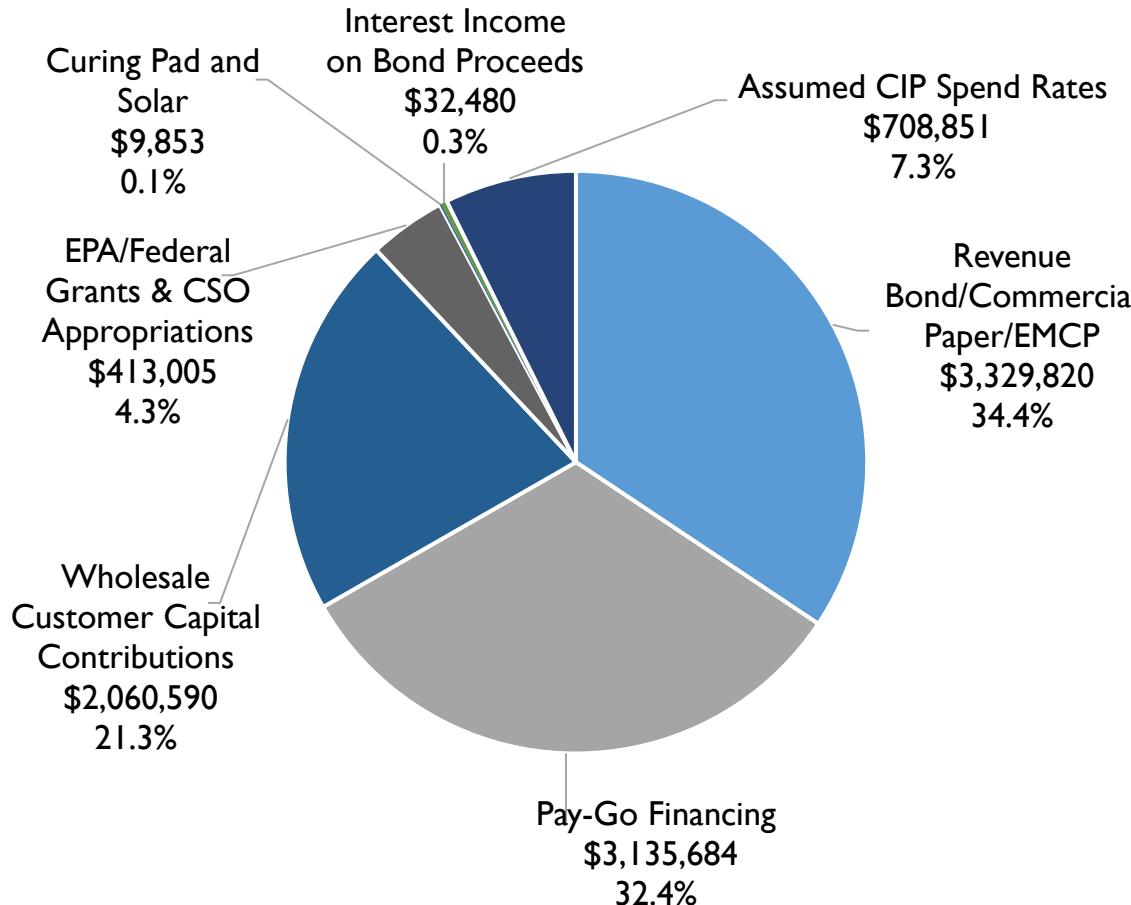
## Uses - \$1.07 billion



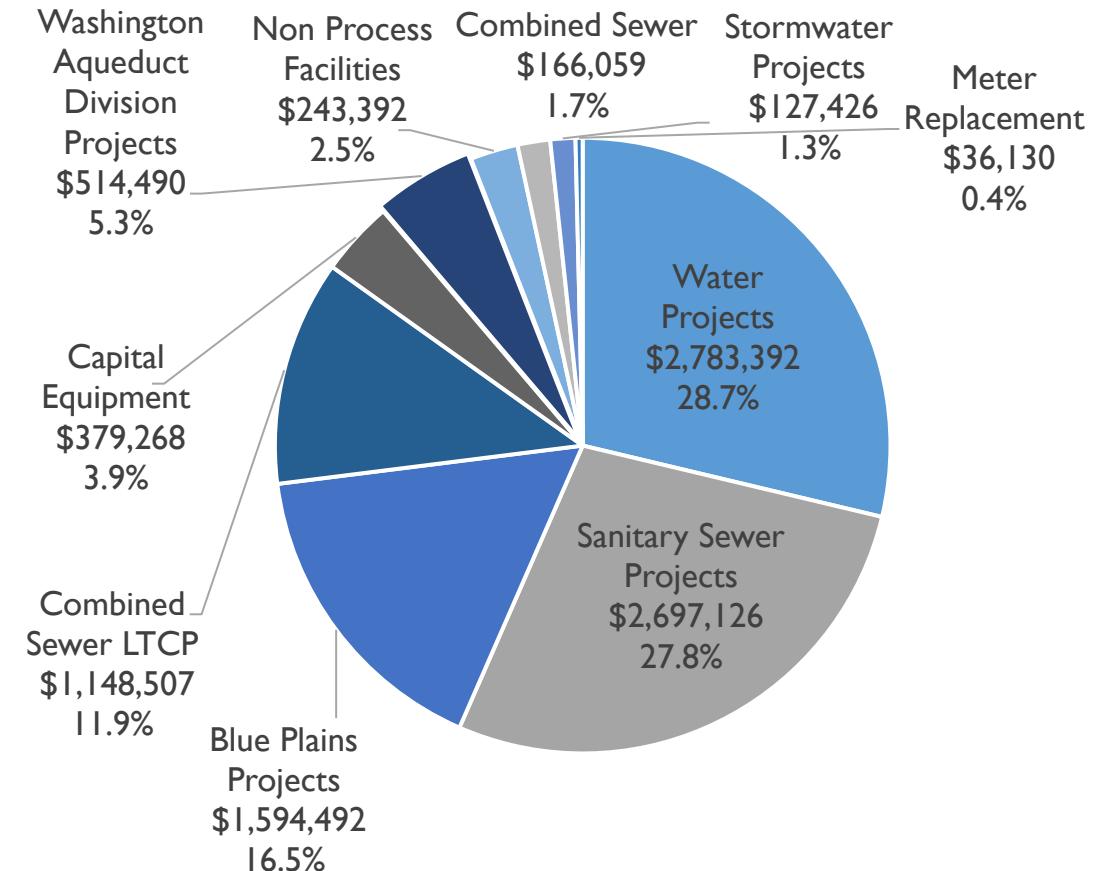
# Ten Year CIP: Sources and Uses of Funds

\$ in thousands

## Sources - \$9.69 Billion



## Uses - \$9.69 Billion



Note: Graphs may not total to 100% due to rounding to the nearest 0.1%

1: "Assumed CIP Spend Rates" is meant to represent the expectation that DC Water will spend less than the authorized CIP over the next 10 years, based on historical results

# Proposed Capital Improvement Program and Operating Budget

# The Proposed CIP Budget

- **\$1.07 billion allocated in FY 2027 and \$9.69 billion over the 10-year period for infrastructure improvements with projected rate increases:**

- Fully funds the Clean Rivers program including completion of the Potomac River and Piney Branch tunnels to meet the consent decree requirement by 2030, \$1.1 billion spending over the next ten years
- Allocates \$1.0 billion for the Lead-Free DC program to replace lead lines in the District and \$42 million to advance Pure Water DC to address water resilience
- Funds more than 150 miles of small diameter water main replacement
- Invests \$4.6 billion in the aging water and sewer system infrastructure including rehabilitation of the major interceptors
- Directs \$1.3 billion for major rehabilitation and upgrades at Blue Plains
- Allocates \$514.5 million for DC Water's share of the Washington Aqueduct's infrastructure projects
- Provides \$415.4 million for the purchase/replacement of vehicles, heavy-duty equipment, mechanical equipment, operational facilities, meter replacement, office renovations, Subscription-Based Information Technology Arrangement, and IT projects



DCCR Potomac Tunnel Mining Shaft Construction



# DC Water Budget Overview

FY2026-2035  
Proposed  
Capital  
Investments  
of **\$9.7 billion**

## REGULATORY

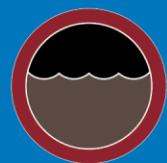
**LEAD  
FREE  
DC**

**\$1.04 billion**  
Continue eliminating  
lead service lines  
and meet regulatory  
requirements.



**\$1.15 billion**  
Fully funds DC Water  
Clean Rivers projects to  
meet Consent Decree  
requirements

## RISK-BASED



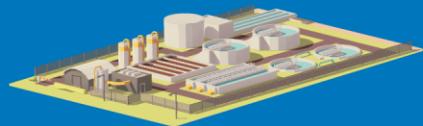
**Sewer  
Infrastructure  
\$2.86 billion**

Rehab of high risk trunk sewers,  
pump stations and structures that  
control flow.



**Water  
Infrastructure  
\$1.74 billion**

Rehab critical valves, large diameter  
transmission main assessments  
and resilience.



**Blue Plains \$1.59 billion**

Funds rehabilitation and upgrades  
including filters, primary treatment,  
and discovery center for Pure Water DC.



**Washington  
Aqueduct  
\$514 million**

Invests in the Aqueduct's  
capital infrastructure for potable  
water treatment.



**Capital Equipment  
\$415 million**

Invests in process equipment,  
specialized vehicles, IT and  
water meters.



**Non-Process Facilities  
\$244 million**

Renovates Non-Process Facilities  
including at Blue Plains, Main Pump  
Station, and Bryant Street Pump Station.



**Separate Stormwater  
\$127 million**

Rehab stormwater pump stations,  
address MS4 permit obligations.

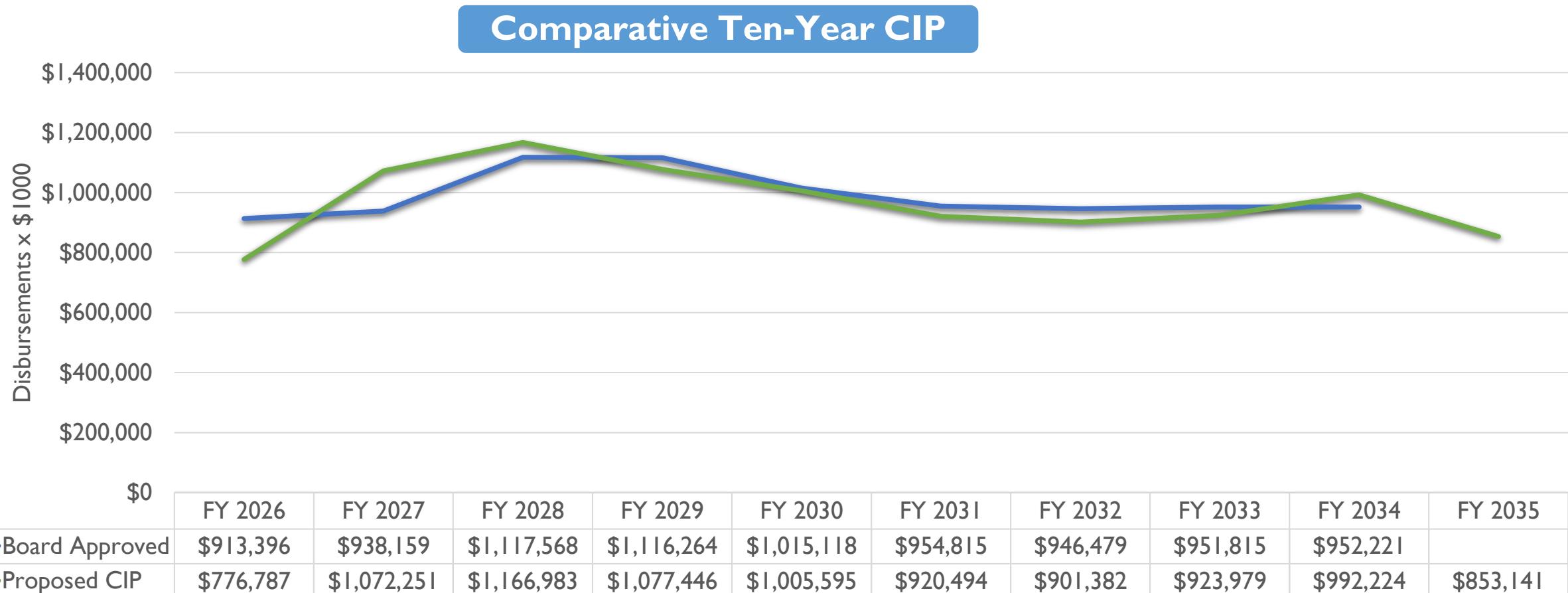


**Emergency Capital  
Repairs**

Repair failed infrastructure.  
\$30M annually outside  
of CIP

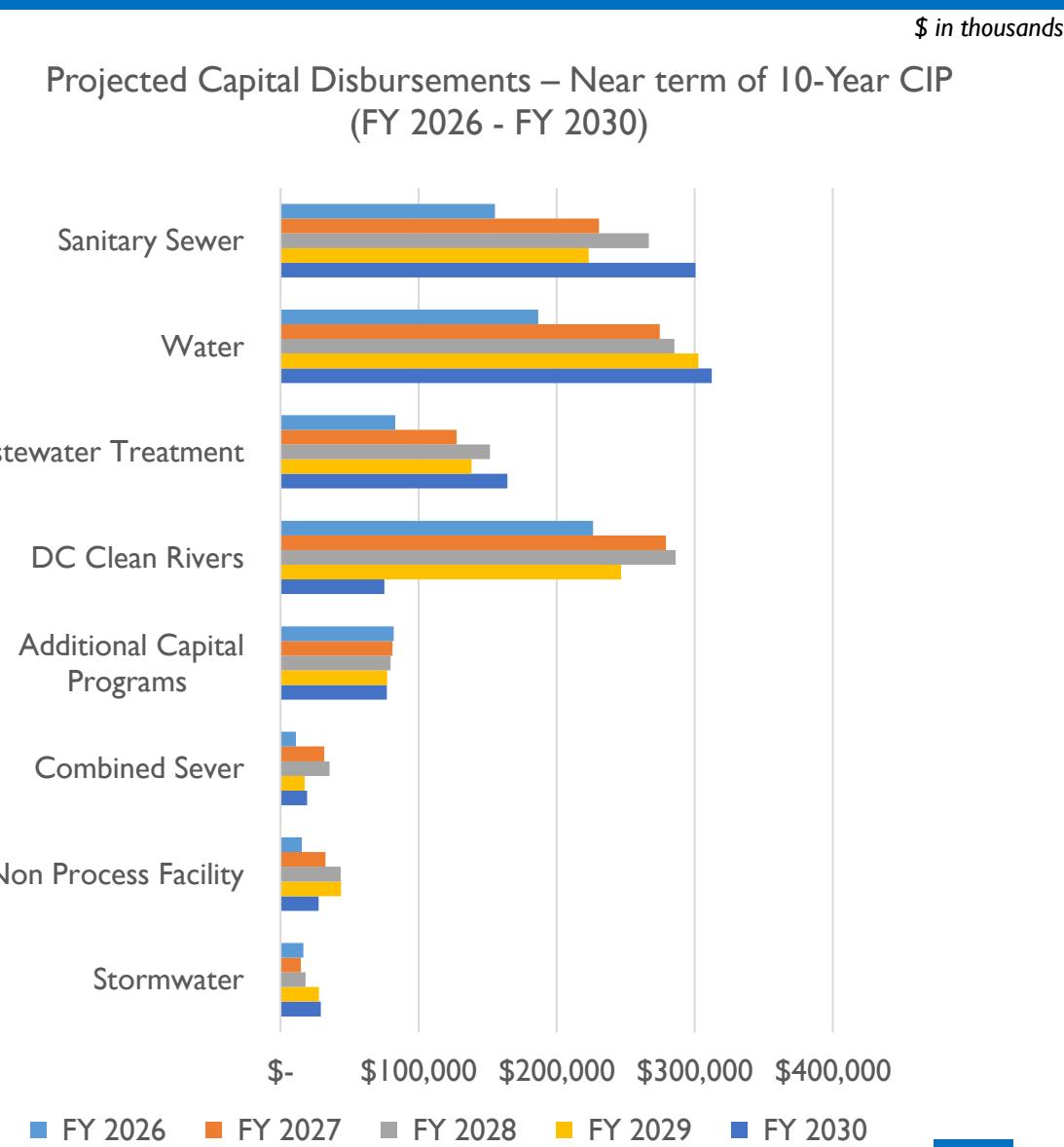
# Comparison: Proposed CIP vs Approved CIP

- Proposed CIP is relatively flat compared to the approved CIP; and continues to support major water and sewer projects, Lead-Free DC, and completion of the Clean Rivers project



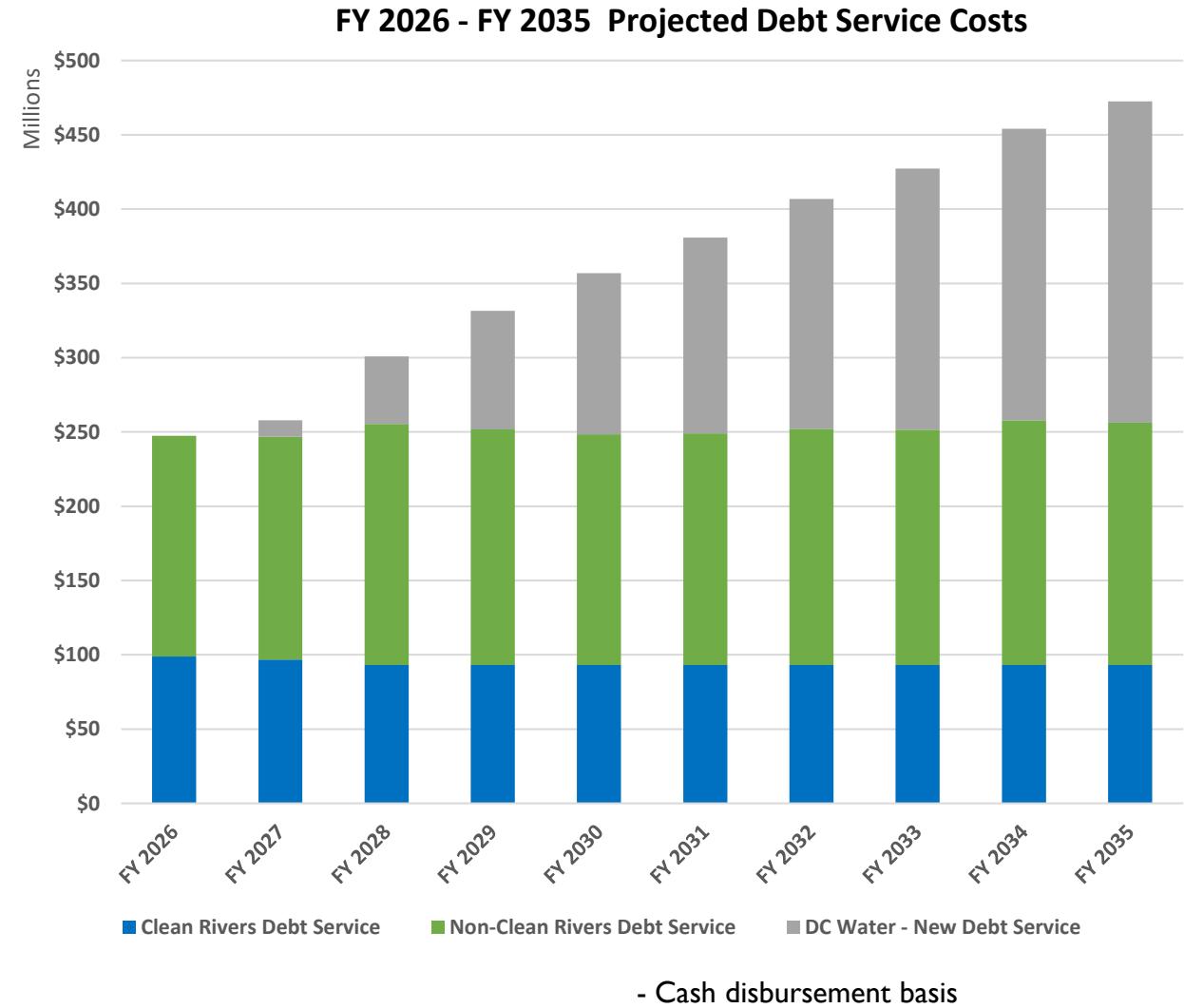
# Near Term of the 10-Year CIP

- DC Water is proceeding with the increased investment in water and sewer projects as we advance the Lead-Free DC Program and approach the completion of the Clean Rivers tunneling program
  - Spending on sewer projects will almost double from \$155 million in FY 2026 to \$301 million by FY 2030 mainly for the Potomac Inceptor
  - Significant growth in water projects from \$187 million in FY 2026 to \$312 million by FY 2030 mainly for the Lead-Free DC program
  - Critical rehabilitation and equipment upgrades at Blue Plains with spending growth from \$83 million in FY 2026 to \$164 million in FY 2030
  - Clean Rivers program is anticipated at 29% of the overall CIP in FY 2026, but only 7% by FY 2030 when the remaining tunnels are completed
  - Spending on additional capital programs covers capital equipment, metering program, software/hardware subscription arrangements and infrastructure improvements at the Aqueduct



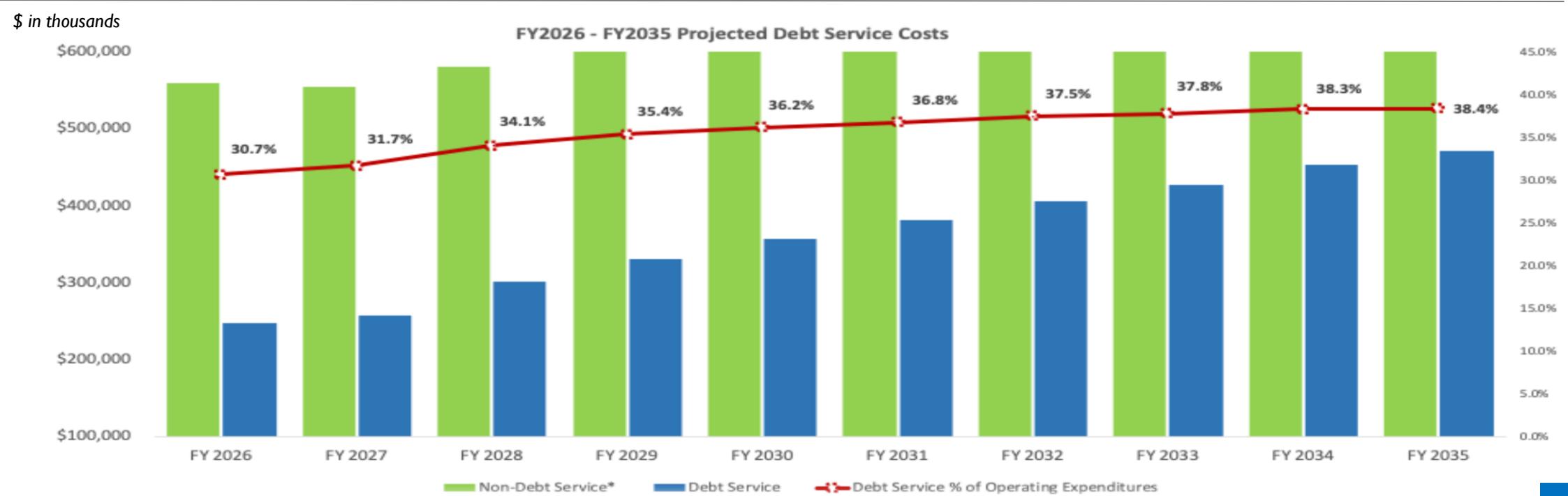
# Near Term of the 10-Year CIP

- To advance the capital program, DC Water will borrow an additional \$3.6 billion over the next ten years
- These new debt service costs will require additional rate increases



## Debt service is the largest driver in the operating budget

- Represents 31.7% of the net operating expenditure budget and 24.4% of operating revenue in FY 2027
- Over the next ten years, about \$3.6 billion is anticipated to be borrowed to fund the capital program
- Debt service cost is projected to grow from \$247.4 million in FY 2026 to \$471.6 million by FY 2035 (approximately 91% increase)

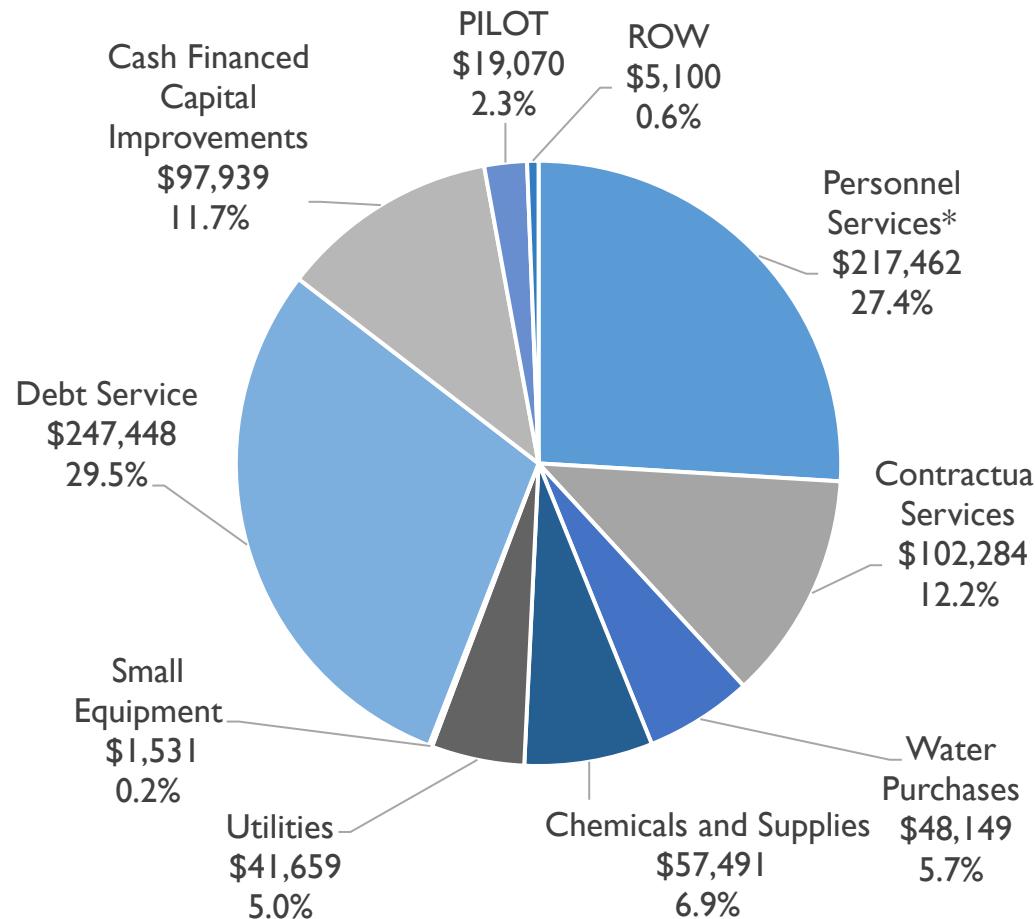


\* Non-Debt Service includes O&M, PILOT, ROW and CFCI estimates

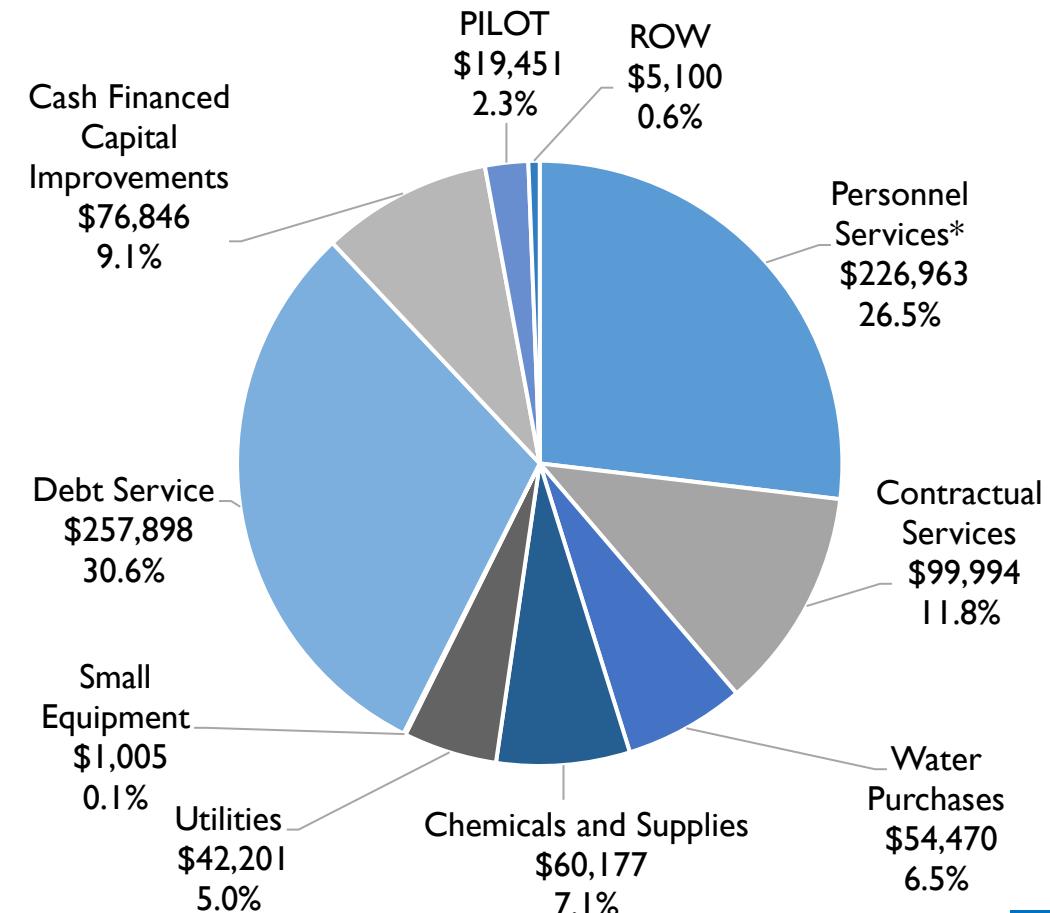
# FY 2026 vs. FY 2027 Expenditure Budgets

\$ in thousands

## Revised FY 2026 \$838.1 million



## Proposed FY 2027 \$844.1 million



\* Personnel Services include capital labor charges

# Operating Budget Comparison by Cost Category

- No changes to the overall Board-adopted FY 2026 budget
- The proposed FY 2027 operating budget of \$844.1 million funds
  - Operations & Maintenance (O&M) – Covers the resources necessary to provide clean water and treatment services and maintain DC Water's critical assets
  - Debt Service and Paygo to support the capital program
  - PILOT & ROW payments to the District

(\$000's)	FY 2026 Amended Budget	FY 2027 Proposed Budget	(Increase)/ Decrease	
			\$	%
Regular Pay	\$ 159,348	\$ 167,504	\$ (8,156)	-5.1%
Benefits	46,914	47,193	(279)	-0.6%
Overtime	11,200	12,265	(1,065)	-9.5%
<b>Total Personnel Services</b>	<b>217,462</b>	<b>226,963</b>	<b>(9,501)</b>	<b>-4.4%</b>
Chemical and Supplies	57,491	60,177	(2,686)	-4.7%
Utilities	41,659	42,201	(542)	-1.3%
Contractual Services	102,284	99,994	2,290	2.2%
Water Purchases	48,149	54,470	(6,321)	-13.1%
Small Equipment	1,531	1,005	526	34.3%
<b>Total Non-Personnel Services</b>	<b>251,114</b>	<b>257,847</b>	<b>(6,733)</b>	<b>-2.7%</b>
<b>Total Operations &amp; Maintenance</b>	<b>\$ 468,576</b>	<b>\$ 484,810</b>	<b>\$ (16,234)</b>	<b>-3.5%</b>
Debt Service	247,448	257,898	(10,450)	-4.2%
PILOT & ROW	24,170	24,551	(381)	-1.6%
Cash Financed Capital Improvements (CFCI)	97,939	76,846	21,093	21.5%
<b>Total Non-O&amp;M</b>	<b>369,557</b>	<b>359,295</b>	<b>10,262</b>	<b>2.8%</b>
<b>Total Operating Expenditure</b>	<b>\$ 838,133</b>	<b>\$ 844,105</b>	<b>\$ (5,972)</b>	<b>-0.7%</b>
Capital Labor Charges	(30,907)	(32,228)	1,321	-4.3%
<b>Net Operating Expenditure</b>	<b>\$ 807,226</b>	<b>\$ 811,877</b>	<b>\$ (4,651)</b>	<b>-0.6%</b>

# FY 2026 vs FY 2027 Budget Variances

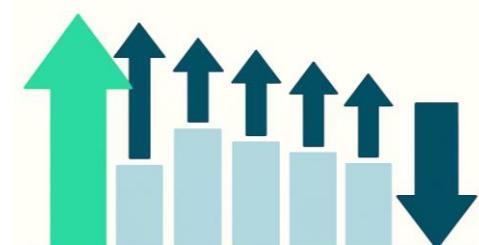
## Personnel Services

## Non-Personnel Services

## Debt Service & Paygo

## District Payments

- **Personnel:** \$9.5 million increase for salary adjustments and overtime, with a 5% vacancy rate and 1283 FTEs.
- **Water Purchase:** \$6.3 million increase reflecting DC Water's 75% share of the Washington Aqueduct's O&M budget
- **Chemicals:** \$1.4 million increase due to higher methanol and chemical prices; energy market may affect future costs
- **Supplies:** \$1.3 million increase due to inflation impacting costs of critical parts and custodial materials
- **Utilities:** \$0.5 million net increase, mainly electricity, offset by reduced water usage in treatment processes
- **Contractual Services:** \$2.3 million net decrease due to reallocation of \$7.3 million from software maintenance to capital equipment, consistent with the Governmental Accounting Standards Board (GASB) requirement for Subscription-Based Information Technology Agreement (SBITA). Areas of cost increases include maintenance, insurance, industrial cleaning, DDOT fees, security, etc.
- **Small Equipment:** \$0.5 million decrease for reduced crane rental at Blue Plains
- **Debt Service:** \$10.4 million increase for planned debt issuance
- **Cash Financed Capital Improvements:** \$21.1 million decrease in PAYGO funding
- **PILOT & ROW:** \$0.4 million increase in PILOT fees; ROW payment steady at \$5.1 million

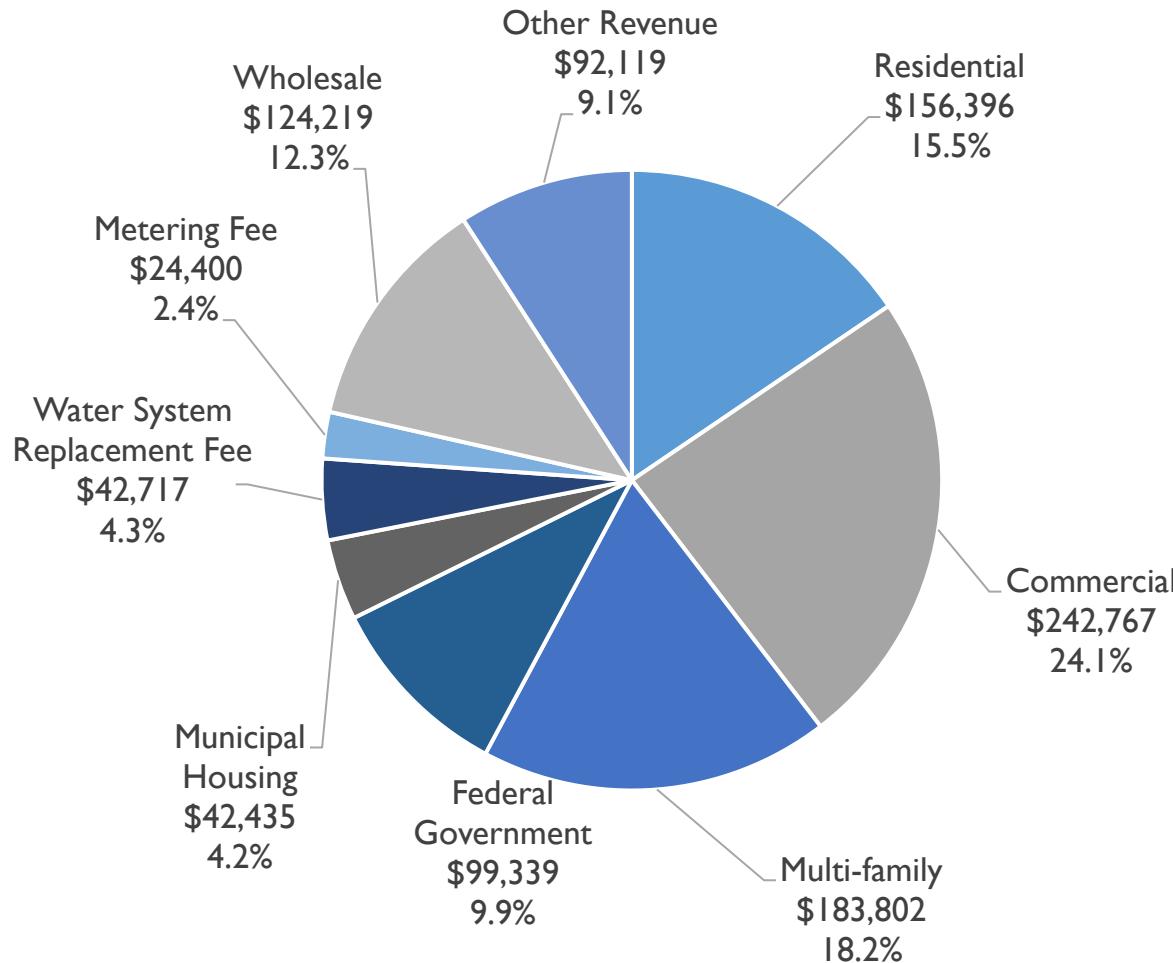


## Operating Revenues, Rates & Fees and Financial Plan

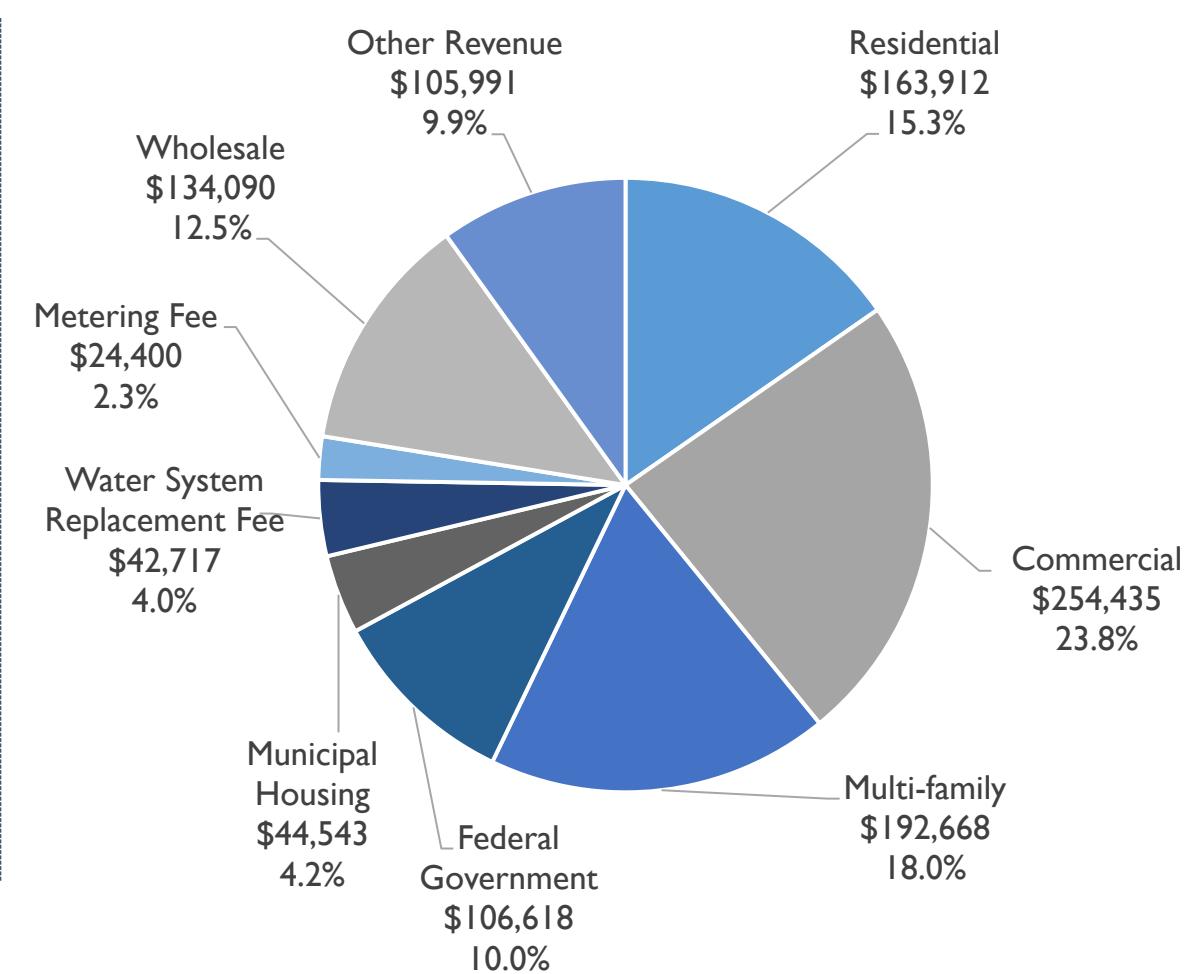
# FY 2026 vs. FY 2027 Operating Revenues

\$ in thousands

## Revised FY 2026 \$1.01 billion



## Proposed FY 2027 \$1.07 billion



# Revenue Comparison by Customer Class

- Total revenue is projected to increase by \$61.2 million or 6.1% for FY 2027 and \$52.0 million or 4.9% for FY 2028 mainly due to rate increase
  - *Retail Revenue* – Increase by \$37.4 million or 4.7% in FY 2027 and \$43.9 million or 5.3% in FY 2028
  - *Wholesale Revenue* – Increase by \$9.9 million or 7.9% in FY 2027 and \$6.0 million or 4.4% in FY 2028 due to increase in indirect cost rate from 20% to 25% and operations and maintenance projection. Revenue estimates are based on most recent flow data.

\$ in thousands	Revised FY 2026	Proposed FY 2027	Proposed FY 2028	Revised FY 2026 vs Proposed FY 2027		Proposed FY 2027 vs Proposed FY 2028	
				Incr/(Decr)		Incr/(Decr)	
				\$	%	\$	%
Retail Revenue	\$791,856	\$829,293	\$873,213	\$37,437	4.7%	\$43,920	5.3%
Wholesale Revenue							
Potomac Interceptor (PI)	5,154	5,154	5,154	-	0.0%	-	0.0%
Loudoun County Sanitation Authority (LCSA)	11,051	11,900	12,443	849	7.7%	543	4.6%
Washington Suburban Sanitary Commission (WSSC)	86,411	93,707	98,056	7,296	8.4%	4,349	4.6%
Fairfax County	21,603	23,330	24,402	1,727	8.0%	1,072	4.6%
Total Wholesale Revenue	\$124,219	\$134,091	\$140,055	9,872	7.9%	5,964	4.4%
Other Revenue	92,119	105,991	108,101	13,872	15.1%	2,110	2.0%
Rate Stabilization Fund (RSF)	-	-	-	-	0.0%	-	0.0%
<b>Total Revenues</b>	<b>\$1,008,194</b>	<b>\$1,069,375</b>	<b>\$1,121,369</b>	<b>\$61,181</b>	<b>6.1%</b>	<b>\$51,994</b>	<b>4.9%</b>

# Proposed FY 2027 & FY 2028 Rates, Charges & Fees

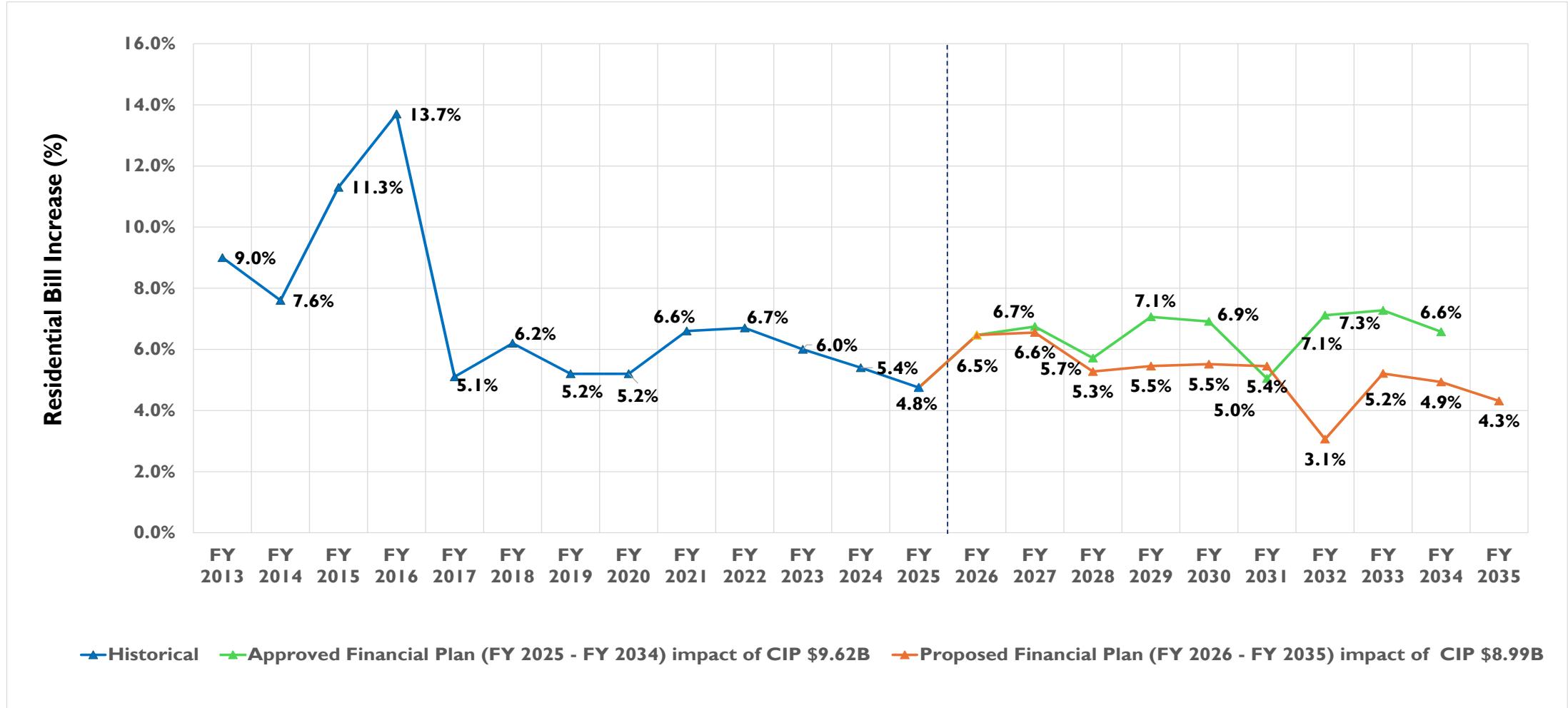
- Starting FY 2027, a new Public Inconvenience Fee of \$0.42 per Ccf will be effective to recover the charges associated with occupancy permits when construction projects in public spaces extend beyond 30 days

	Units	Current FY 2026	Proposed FY 2027	Proposed FY 2028	Incr. / (Decr.) FY 2026 vs FY		Incr. / (Decr.) FY 2027 vs FY	
					\$	%	\$	%
<b>DC Water Retail Rates – Water:</b>								
Residential – Lifeline (0- 4 Ccf)	Ccf	\$5.78	\$6.49	\$7.11	\$0.71	12.28%	\$0.62	9.55%
Residential – (> 4 Ccf)	Ccf	7.60	8.4	9.40	0.80	10.53	1.00	11.90
Multi-family	Ccf	6.47	7.21	7.98	0.74	11.44	0.77	10.68
Non-Residential	Ccf	7.84	8.66	9.71	0.82	10.46	1.05	12.12
DC Water Retail Rates – Sewer	Ccf	12.52	12.91	13.39	0.39	3.12	0.48	3.72
Groundwater	Ccf	3.76	3.90	3.90	0.14	3.72	-	-
High-Flow Filter Backwash	Ccf	3.54	3.54	3.54	-	-	-	-
DC Water Clean Rivers IAC	ERU	24.23	25.5	27.22	1.27	5.24	1.72	6.75
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75	-	-	-	-
DC Water System Replacement Fee	5/8"	6.30	6.30	6.30	-	-	-	-
District of Columbia PILOT Fee	Ccf	0.62	0.62	0.63	-	-	0.01	1.61
District of Columbia Right of Way Fee	Ccf	0.20	0.20	0.20	-	-	-	-
District of Columbia Inconvenience Fee	Ccf	-	0.42	0.42	0.42	-	-	-
District of Columbia Stormwater Fee	ERU	2.67	2.67	2.67	-	-	-	-

\*Rate impact in FY2027 is 6.0% and 6.0% in FY2028 and that has bill impact of 6.6% in FY2027 and 5.3% in FY2028. The shift in the balance between water and sewer rates has been determined by the recent cost of service study.

# Historical and Projected Combined Rate Increases

- From FY 2027 and beyond, forecasted rates are lower than previously estimated costs



# Average Residential Customer Monthly Bill

	Units	Current FY 2026	Proposed FY 2027	Proposed FY 2028
DC Water Water and Sewer Retail Rates (1)	Ccf	\$ 101.77	\$ 107.86	\$ 114.36
DC Water Clean Rivers IAC (2)	ERU	24.23	25.50	27.22
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75
DC Water Water System Replacement Fee (4)	5/8"	6.30	6.30	6.30
<b>Subtotal DC Water Rates &amp; Charges</b>		<b>\$ 140.05</b>	<b>\$ 147.41</b>	<b>\$ 155.63</b>
Increase / Decrease		\$ 8.84	\$ 7.36	\$ 8.22
Percent Increase in DC Water Portion of Bill		<b>6.74%</b>	<b>5.26%</b>	<b>5.58%</b>
District of Columbia PILOT Fee (1)	Ccf	3.36	3.36	3.41
District of Columbia Right-of-Way Fee (1)	Ccf	1.08	1.08	1.08
District of Columbia Right of Way / PILOT Fee		4.44	4.44	4.49
District of Columbia Public Inconvenience Fee	Ccf	-	2.28	2.28
District of Columbia Stormwater Fee (3)	ERU	2.67	2.67	2.67
<b>Subtotal District of Columbia Charges</b>		<b>\$ 7.11</b>	<b>\$ 9.39</b>	<b>\$ 9.44</b>
<b>Total Amount Appearing on DC Water Bill</b>		<b>\$ 147.16</b>	<b>\$ 156.80</b>	<b>\$ 165.07</b>
Increase / Decrease Over Prior Year		\$ 8.94	\$ 9.64	\$ 8.27
<b>Percent increase in Total Bill</b>		<b>6.5%</b>	<b>6.6%</b>	<b>5.3%</b>

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

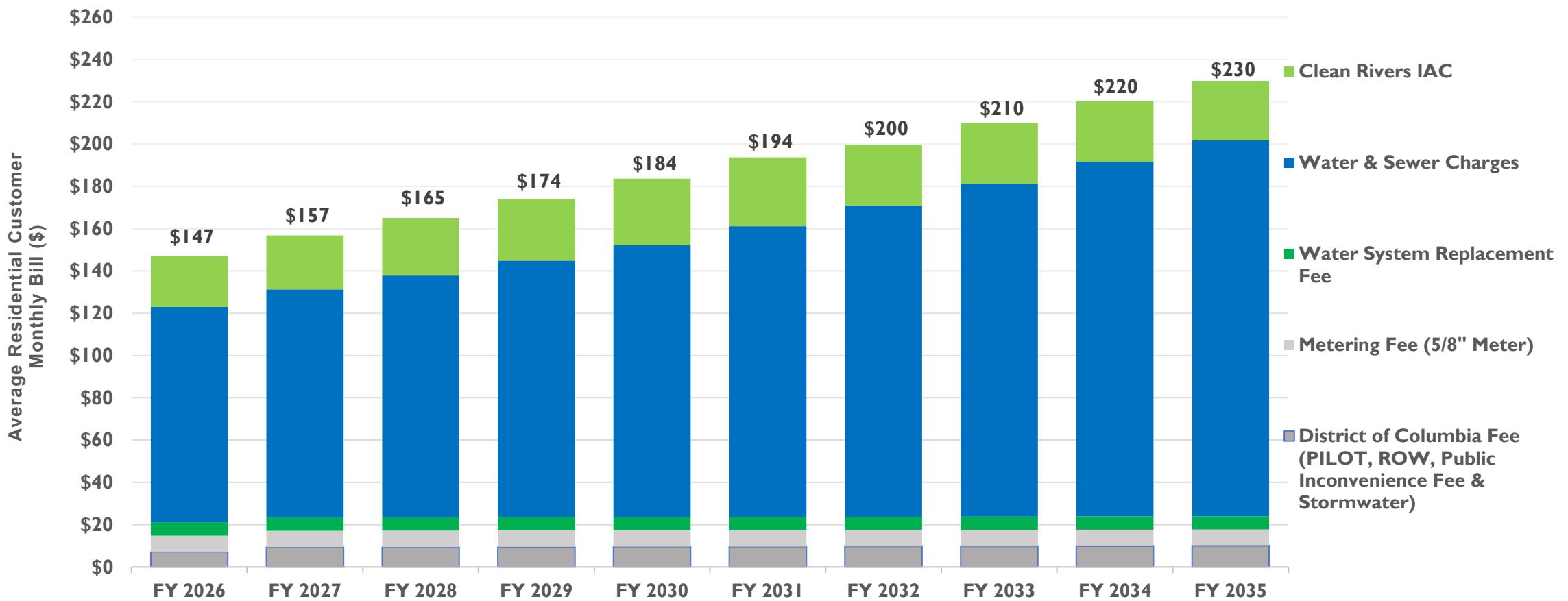
(2) Assumes average 1 Equivalent Residential Unit (ERU)

(3) District Department of Energy & Environment stormwater fee of \$2.67 effective November 1, 2010

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

# Projected Average Residential Customer Bill

- Projected average monthly residential customer bill ranges from \$147 in FY 2026 to \$230 in FY 2035, which is lower than projected in previous financial plan (\$138 in FY 2025 to \$245 in FY 2034)



- DC Water's 10-year financial plan serves as the fiscal roadmap to achieve the Board's strategic plan
- It is one of management's key tools to monitor progress in meeting financial goals and targets
- It also ensures meeting or exceeding all debt-related legal and policy requirements, as well as maintaining sufficient liquidity to meet all current financial obligations
- DC Water's financial plan objectives focus on:
  - Minimizing rate increases while meeting all financial obligations;
  - Satisfying all indenture requirements and Board policies; and
  - Maintaining DC Water's current credit ratings of AAA/Aa1/AA+



# Ten-Year Financial Plan Assumptions

- Maintain Debt Service as a percentage of revenue equal to 33.0 percent or less
- Maintain combined coverage of 160 percent.
- Maintain 282 days of cash excluding Rate Stabilization Fund. On October 5, 2023, the Board approved a revised Statement of Financial Policies that set a cash target of 350 days of projected operating expenses to be achieved gradually by 2032 through the use of year end surplus.
- FY 2025 actual consumption declined by 5.4 percent. Assumed 0.7 percent conservation for FY 2026 and 1.0 percent conservation for FY 2027 and onwards
- FY 2025 Debt Service was lower as compared to budget due to refinancing benefits and deferred borrowing.

Metrics	Indenture Requirements	Board Policy	Management Target	Financial Plan
<b>Days of Cash on Hand (excluding RSF)</b>	<b>60 Days</b>	<b>250 Days, or goal of 350 days by 2032</b>	—	<b>282 – 283 Days</b>
<b>Combined Coverage Ratio</b>	—	<b>1.6X</b>	<b>1.8X</b>	<b>1.80X – 2.39X</b>
<b>Senior Coverage</b>	<b>1.2X</b>	—	—	<b>7.90X – 10.45X</b>
<b>Subordinate Coverage</b>	<b>1.0X</b>	—	—	<b>2.02X – 2.80X</b>
<b>Debt Service as a % of Revenue</b>	—	—	<b>33% of Revenue or Less</b>	<b>24.4% - 32.4%</b>
<b>Rate Stabilization Fund (RSF)</b>	—	—	—	<b>\$40.6 million</b>

- Board of Directors added to the cash balance at the end of FY2023 to reach 267 Days of Cash and increase it to 350 days by FY2032. On July 3, 2025, the Board approved to transfer from the net Projected Cash Surplus \$17.5 million to Ending Cash Balance to increase Days of Cash on Hand from 267 to 282 days.

**DISTRICT OF COLUMBIA WATER & SEWER AUTHORITY**  
**FY 2026 - FY 2035 FINANCIAL PLAN**  
 (In 000's)

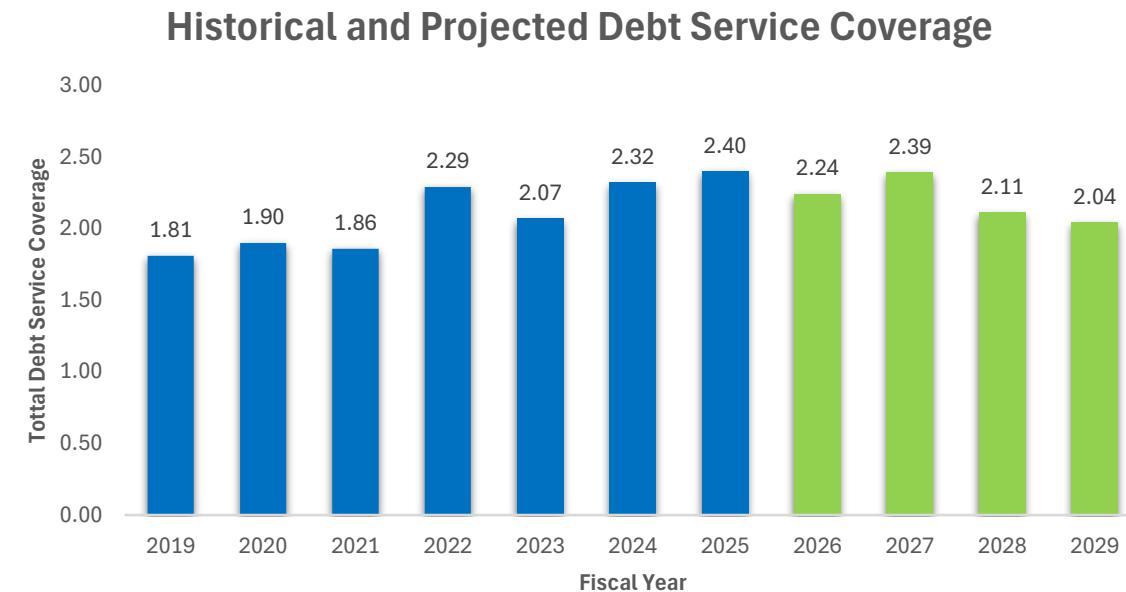
<b>OPERATING</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>FY 2030</b>	<b>FY 2031</b>	<b>FY 2032</b>	<b>FY 2033</b>	<b>FY 2034</b>	<b>FY 2035</b>
<i>Retail</i>	816,012	853,845	898,154	942,103	989,001	1,038,284	1,066,317	1,116,185	1,164,677	1,207,724
<i>Wholesale</i>	124,219	134,090	140,055	145,657	151,484	157,543	163,845	170,399	177,215	184,303
<i>Other</i>	67,963	81,440	83,160	84,536	88,174	84,233	86,575	89,609	95,076	86,040
<i>RSF</i>	0	-	-	-	-	-	-	-	-	-
<b>Operating Receipts <sup>(1)</sup></b>	<b>\$ 1,008,194</b>	<b>\$ 1,069,375</b>	<b>\$ 1,121,369</b>	<b>\$ 1,172,296</b>	<b>\$ 1,228,658</b>	<b>\$ 1,280,060</b>	<b>\$ 1,316,736</b>	<b>\$ 1,376,192</b>	<b>\$ 1,436,968</b>	<b>\$ 1,478,067</b>
<b>Operating Expenses</b>	<b>461,839</b>	<b>478,001</b>	<b>500,730</b>	<b>520,158</b>	<b>540,356</b>	<b>561,353</b>	<b>583,182</b>	<b>605,876</b>	<b>629,469</b>	<b>653,997</b>
<b>Debt Service</b>	<b>247,448</b>	<b>257,898</b>	<b>300,831</b>	<b>331,501</b>	<b>356,875</b>	<b>380,840</b>	<b>406,900</b>	<b>427,353</b>	<b>454,080</b>	<b>472,555</b>
<b>Cash Financed Capital Improvement</b>	<b>\$ 97,938</b>	<b>\$ 76,846</b>	<b>\$ 80,834</b>	<b>\$ 84,789</b>	<b>\$ 89,010</b>	<b>\$ 93,446</b>	<b>\$ 95,968</b>	<b>\$ 100,457</b>	<b>\$ 104,821</b>	<b>\$ 108,695</b>
<b>Net Revenues After Debt Service</b>	<b>\$ 200,968</b>	<b>\$ 256,630</b>	<b>\$ 238,975</b>	<b>\$ 235,848</b>	<b>\$ 242,417</b>	<b>\$ 244,421</b>	<b>\$ 230,685</b>	<b>\$ 242,507</b>	<b>\$ 248,598</b>	<b>\$ 242,820</b>
<b>Operating Reserve-Beg Balance</b>	<b>333,716</b>	<b>341,600</b>	<b>354,600</b>	<b>372,600</b>	<b>386,600</b>	<b>401,600</b>	<b>418,600</b>	<b>434,600</b>	<b>450,900</b>	<b>468,900</b>
<b>Other Misc (Disbursements)/Receipts</b>										
Wholesale/Federal True Up	(14,310)	(497)	(10,000)	-	-	-	-	-	-	-
Project Billing Refunds	(2,000)	-	-	-	-	-	-	-	-	-
Transfers to RSF	-	-	-	-	-	-	-	-	-	-
Pay-Go Financing	(176,775)	(243,133)	(210,975)	(221,848)	(227,417)	(227,421)	(214,685)	(226,207)	(230,598)	(223,820)
<b>Operating Reserve - Ending Balance</b>	<b>\$ 341,600</b>	<b>\$ 354,600</b>	<b>\$ 372,600</b>	<b>\$ 386,600</b>	<b>\$ 401,600</b>	<b>\$ 418,600</b>	<b>\$ 434,600</b>	<b>\$ 450,900</b>	<b>\$ 468,900</b>	<b>\$ 487,900</b>
<b>Rate Stabilization Fund Balance RSF <sup>(2)</sup></b>	<b>\$ 40,644</b>									
<b>Senior Debt Service Coverage</b>	<b>939%</b>	<b>1043%</b>	<b>1017%</b>	<b>1045%</b>	<b>861%</b>	<b>902%</b>	<b>815%</b>	<b>790%</b>	<b>860%</b>	<b>856%</b>
<b>Combined Debt Service Coverage</b>	<b>224%</b>	<b>239%</b>	<b>211%</b>	<b>204%</b>	<b>200%</b>	<b>196%</b>	<b>187%</b>	<b>187%</b>	<b>184%</b>	<b>180%</b>
<b>Actual/Projected Water/Sewer Rate Incr</b>	<b>6.00%</b>	<b>6.00%</b>	<b>6.00%</b>	<b>6.00%</b>	<b>6.00%</b>	<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>	<b>6.50%</b>	<b>6.00%</b>
<b>Operating Receipts \$ Increase/Decrease</b>										
Retail	13,069	37,833	44,309	43,949	46,898	49,283	28,033	49,868	48,492	43,047
Wholesale	9,878	9,871	5,965	5,602	5,826	6,059	6,302	6,554	6,816	7,089
<b>Operating Receipts % Increase/Decrease</b>										
Retail	1.6%	4.6%	5.2%	4.9%	5.0%	5.0%	2.7%	4.7%	4.3%	3.7%
Wholesale	8.6%	7.9%	4.4%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

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

<sup>(2)</sup> FY 2026 - FY 2035 planned transfer of \$0.0 million to Rate Stabilization Fund and \$0.0 million utilization will keep the total fund balance at 40.644 million

# Coverage and PAYGO

- Coverage is a core financial metric that reflects the financial health of a utility and measures the funds that are available to pay debt service after operating costs are met
  - Funds representing excess coverage are used as PAYGO or cash to fund the capital program*
  - A reduction in PAYGO would require additional borrowing to cover capital budget expenditures for infrastructure improvements*
- Coverage in the budget and the financial plan is consistent with recent results that have led to high bond ratings and lower borrowing costs
- Higher coverage indicates greater flexibility to tolerate financial stress from unexpected expenditures or a shortfall in revenues while still assuring repayment of debt
- Maintaining this metric in the Financial Plan is deliberate and not arbitrary; it has been recognized by Rating Agencies as a financial strength and a reason that DC Water can borrow at low rates

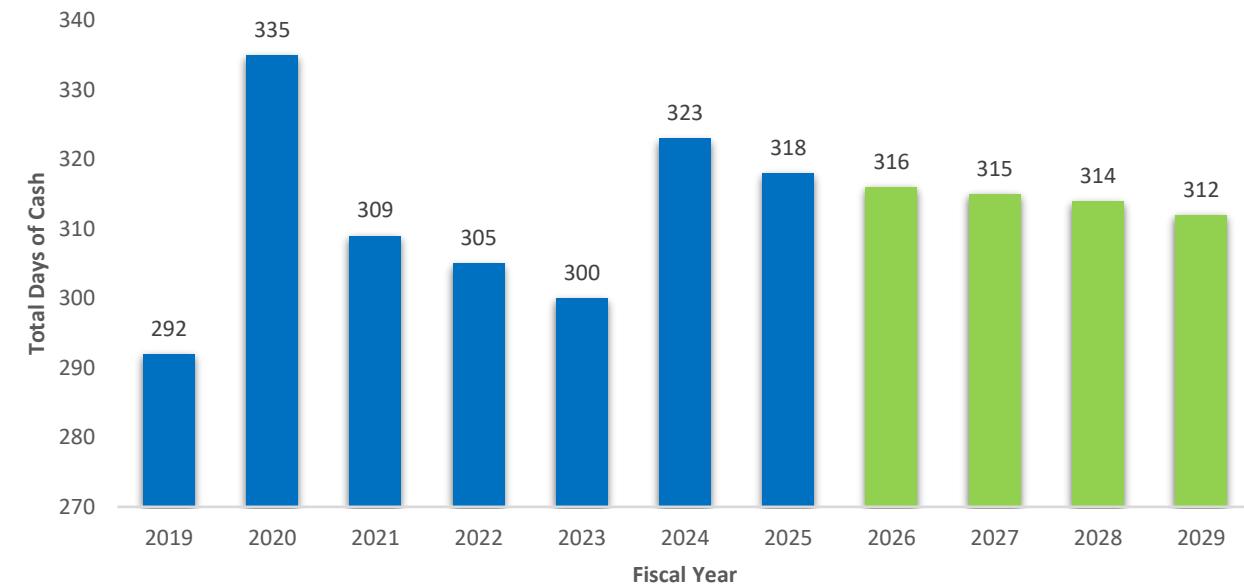


*Higher 2022 coverage projection is the result of a Rate Stabilization Fund withdrawal to establish 250 days of cash outside of that Fund*

- In calculating debt service coverage, withdrawals from RSF are counted as revenues; deposits to RSF are subtracted from revenues*

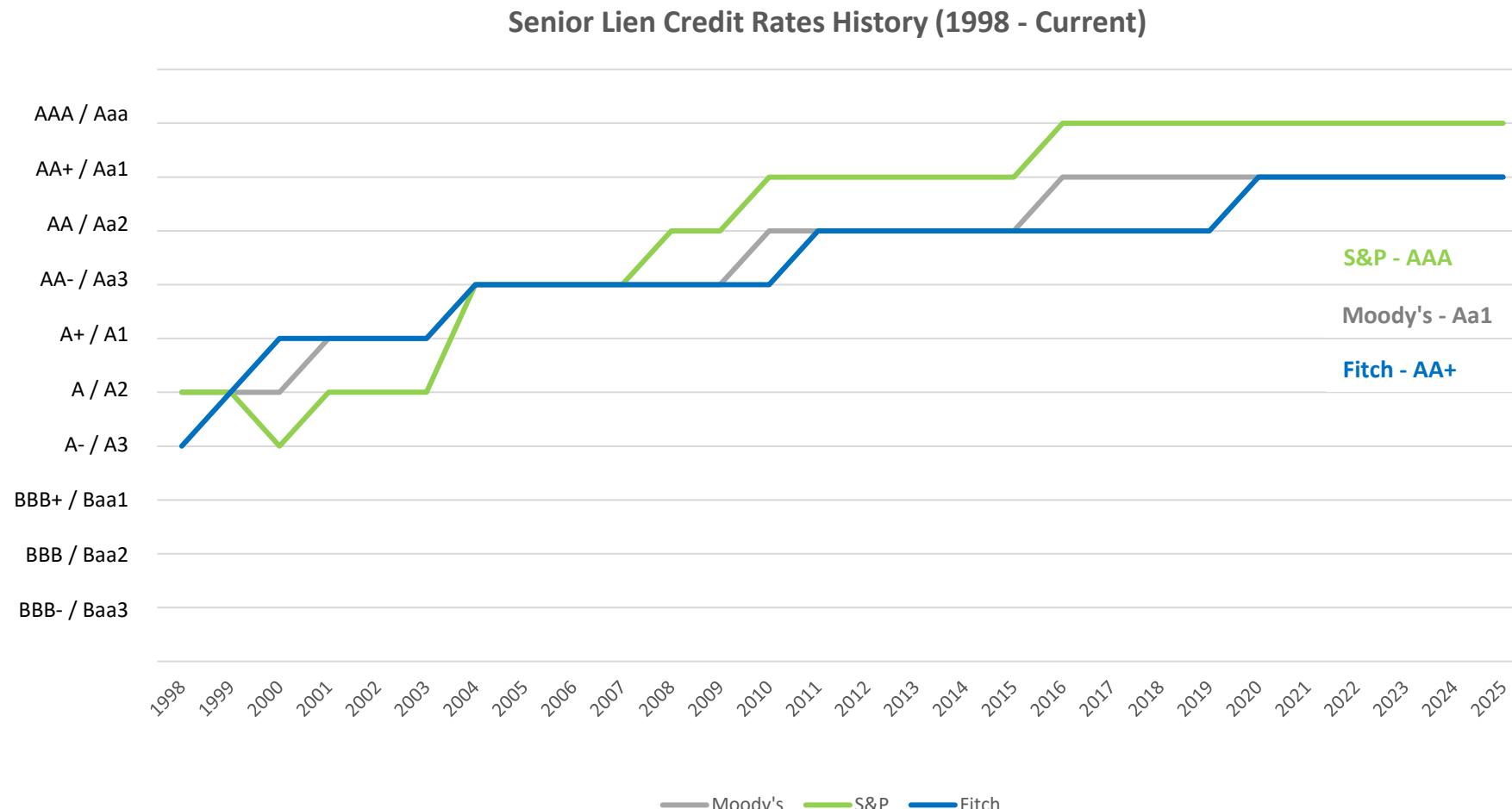
- ◆ Liquidity is measured in the number days of unrestricted operating cash
  - *Liquidity is the number of days that DC Water could cover operating costs without additional revenue*
- ◆ Higher liquidity indicates greater flexibility to deal with unexpected expenditures or a shortfall in revenues
- ◆ DC Water has maintained a minimum of 250 days of cash since 2015, which is required by Board policy
- ◆ Certain rating agencies expect > 250 days of cash for utilities rated in the highest category
- ◆ DC Water's unrestricted liquidity is low when compared to its highly rated peers
- ◆ Maintaining this metric in the Financial Plan is deliberate and not arbitrary; it has been recognized by Rating Agencies as a financial strength and a reason that DC Water can borrow at low rates

Days of Cash on Hand (Liquidity)



*Liquidity as measured by credit rating agencies includes unrestricted reserves in addition to Rate Stabilization Fund balance.*

- As of July 2025, bond ratings were re-affirmed by S&P, Moody's, and Fitch rating agencies



# Customer Assistance Programs

# Customer Programs Recognized by EPA

## Bill Discount

- DC Water offers programs with incomes up to 100% MFI
- **CAP+** programs offers even more robust assistance to households up to 20% MHI
- **CAP I** program offers assistance to households up to 60% SFI

## Flexible Terms

- DC Water offers payment plans
- **Payment Plan Incentive Program** – Residential customers who meet the terms of their payment plans will have a 50% credit to their arrears

## Lifeline Rate

- **Lifeline Rate** provides a discount for the first four Ccfs of water
- Customer can save money a month if they can conserve water

## Temporary Assistance

- **SPLASH** program, paid for with customer, employee, and Board member contributions

## Water Efficiency

- \$500,000 **Leak Assessment** program will provide water audits to help CAP+, CAP I and CAP 2 customers identify the source of leaks and high bills



- DC Water offers some of the nation's most financially supportive customer assistance programs:

## Lifeline Rate

- Provides a discount to residential customers on the first 3,000 gallons used each month

## CAP

- Provides monthly discounts to residential customers with household incomes less than \$163,900 (family of four)

## One-Time Assistance

- SPLASH provides one-time emergency assistance to customers
- New programs for residential and multi-family customers

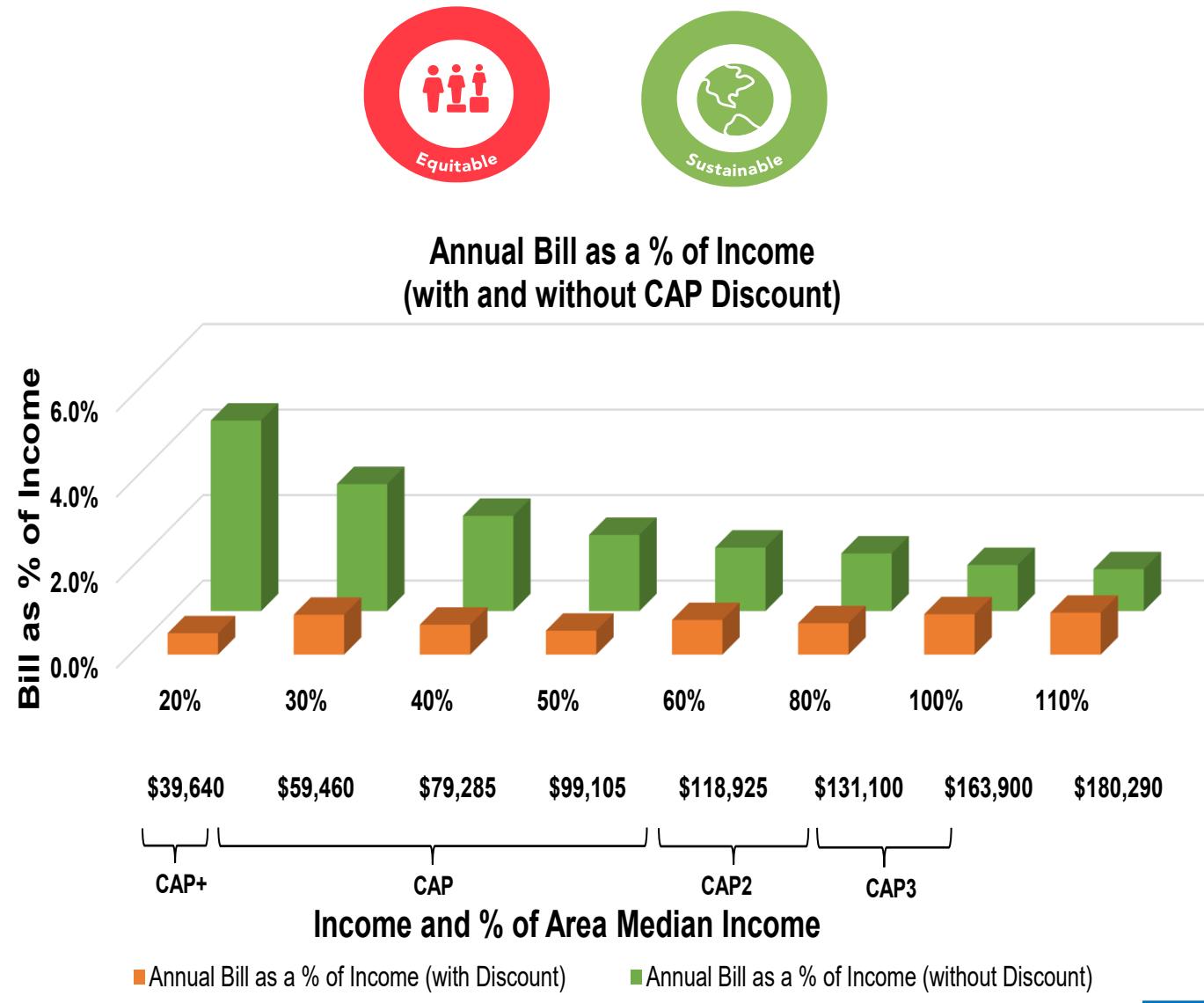
## Payment Terms

- DC Water provides flexible payment terms for customers to get back on track



# Average Residential Customer Bill as a Percentage of Median Household Income

- The average residential customer bill as a percentage of median household income (MHI at 60%) is about 1.5%, an affordability metric
- For residential customers with incomes below MHI, DC Water offers robust assistance programs
- This budget continues our Customer Assistance Programs:
  - 1) CAP+ for 20% AMI
  - 2) CAP I for 60% SFI
  - 3) CAP II for 80% MFI
  - 4) Household Leak program will help CAP customers with leaks identify issues



# CAP+, CAP, CAP2 and CAP3 Discounts

## ◆ CAP+, CAP, CAP2 and CAP3 discounts and income thresholds

Program	Income Threshold <sup>6</sup>	Charges (Discounts)	Current FY2026	Proposed FY2027	Proposed FY2028
CAP <sup>2</sup>	\$39,642 (20% SMI)	<b>Total Amount before Discounts <sup>1</sup></b>	\$ 147.16	\$ 156.80	\$ 165.07
		<b>Discounts</b>	(130.68)	(137.73)	(145.58)
		<b>Total Amount Appearing on DC Water Bill</b>	\$ 16.48	\$ 19.07	\$ 19.49
CAP <sup>3</sup>	\$118,926 (60% SMI)	<b>Total Amount before Discounts <sup>1</sup></b>	\$ 147.16	\$ 156.80	\$ 165.07
		<b>Discounts</b>	(100.95)	(106.31)	(112.04)
		<b>Total Amount Appearing on DC Water Bill</b>	\$ 46.21	\$ 50.49	\$ 53.03
CAP2 <sup>4</sup>	\$131,100 (80% AMI)	<b>Total Amount before Discounts <sup>1</sup></b>	\$ 147.16	\$ 156.80	\$ 165.07
		<b>Discounts</b>	(67.02)	(70.95)	(75.11)
		<b>Total Amount Appearing on DC Water Bill</b>	\$ 80.14	\$ 85.85	\$ 89.96
CAP3 <sup>5</sup>	\$163,900 (100% AMI)	<b>Total Amount before Discounts <sup>1</sup></b>	\$ 147.16	\$ 156.80	\$ 165.07
		<b>Discounts</b>	(18.17)	(19.13)	(20.42)
		<b>Total Amount Appearing on DC Water Bill</b>	\$ 128.99	\$ 137.67	\$ 144.65

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

(2) CAP+ provides a discount on the first 600 cubic feet (4,488 gallons) of water, sewer, PILOT and ROW fee, 75 percent reduction in the monthly CRIAC fee and VWSRF waiver

(3) CAP provides a discount on the first 400 cubic feet (2,992 gallons) of water, sewer, PILOT and ROW fee, 75 percent reduction in the monthly CRIAC fee and VWSRF waiver

(4) CAP2 provides a discount on the first 300 cubic feet (2,244 gallons) of water and sewer services (with the exception of PILOT and ROW fees) and a 50 percent reduction in the monthly CRIAC fee

(5) CAP3 provides a discount of 75 percent of the monthly CRIAC

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

# Average CAP Customer Monthly Bill

	Units	Current FY 2026	Proposed FY 2027	Proposed FY 2028
DC Water Water and Sewer Retail Rates <sup>(1)</sup>	Ccf	\$ 101.77	\$ 107.86	\$ 114.36
DC Water Clean Rivers IAC <sup>(5)</sup>	ERU	24.23	25.50	27.22
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75
DC Water Water System Replacement Fee <sup>(3)</sup>	5/8"	6.30	6.30	6.30
<b>Subtotal DC Water Rates &amp; Charges</b>		<b>\$ 140.05</b>	<b>\$ 147.41</b>	<b>\$ 155.63</b>
Increase / Decrease		\$ 140.05	\$ 7.36	\$ 8.22
District of Columbia PILOT Fee <sup>(2)</sup>	Ccf	\$ 3.36	\$ 3.36	\$ 3.41
District of Columbia Right-of-Way Fee <sup>(2)</sup>	Ccf	1.08	1.08	1.08
District of Columbia Public Inconvenience Fee	Ccf	-	2.28	2.28
District of Columbia Stormwater Fee <sup>(4)</sup>	ERU	2.67	2.67	2.67
<b>Subtotal District of Columbia Charges</b>		<b>\$ 7.11</b>	<b>\$ 9.39</b>	<b>\$ 9.44</b>
<b>Total Amount</b>		<b>\$ 147.16</b>	<b>\$ 156.80</b>	<b>\$ 165.07</b>
Less: CAP Discount (4Ccf per month)		(76.48)	(80.88)	(85.32)
CAP Discount (100% WSRF per month)		(6.30)	(6.30)	(6.30)
CAP Discount (75% CRIAC per month)		(18.17)	(19.13)	(20.42)
Total CAP Discount		(100.95)	(106.31)	(112.04)
<b>Total Amount Appearing on DC Water Bill</b>		<b>\$ 46.21</b>	<b>\$ 50.49</b>	<b>\$ 53.03</b>
Increase / Decrease Over Prior Year		\$ 2.53	\$ 4.28	\$ 2.54
<b>CAP Customer Discount as a Percent of Total Bill</b>		<b>-68.60%</b>	<b>-67.80%</b>	<b>-67.87%</b>

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

(2) Expansion of CAP program in FY2009 assumes discount to first 4 Ccf of water, sewer, and further expansion in FY2011 assumes discount to first 4 Ccf of PILOT and ROW fee

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

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

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

## Next Steps

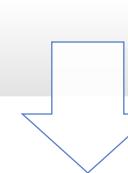
# CRIAC ERU Measurement Changes

- Clean Rivers Impervious Area Charge (CRIAC) Equivalent Residential Unit (ERU) measurement changes have been paused
  - No changes to ERU measurements will occur before Fiscal Year 2029, which begins on October 1, 2028
- Steps DC Water is taking to address community concerns
  - Conducting a comprehensive review of how property measurements are reflected in customer billing to ensure data accuracy and reliability
  - Evaluating the impact of ERU measurements on affordability for customers and the community
  - Engaging with stakeholders and community representatives to gather input and address questions or concerns throughout the review process
  - Reviewing practices in other regions to identify best approaches for assessing and implementing fees similar to CRIAC
  - Clarifying and strengthening the process that allows customers to review and appeal property data

# Budgets and Rates Adoption Calendar

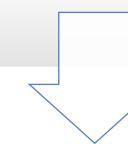
## Board Committee Review (January & February 2026)

Operating and Capital Costs to Environmental Quality and Operations, Finance and Budget, and DC Retail Water and Sewer Rates Committees



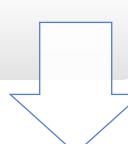
## Cost of Service Study and Independent Review of Rates (January 2026)

Review with the Rates Committee and published on the website; Also submitted to the Mayor and DC Council



## Budget Adoption – March 5, 2026

Final adoption of the operating expenditure budget, ten-year capital and financial plan by the full Board of Directors



## Public Feedback (Public Hearing on May 14, 2026)

Town Hall Meetings; Publication of the rate proposal in the D.C. Register for public comment; Public Hearing to receive comments on the rate proposal; Review of comments received and DC Water's response to comments



## Board Adoption of Rates on July 2, 2026

Recommendation from the DC Retail Water and Sewer Rates Committee and General Manager in June