The Proposed FY 2027 Budget & Two-Year Rates

Presentation to the Board of Directors, January 15, 2026

District of Columbia Water and Sewer Authority

Purpose

- Present the Proposed Fiscal Year 2027 Budgets and Two-Year Rates:
  - Operating Expenditures
  - Ten-Year Capital Improvement Program
  - Customer Assistance Programs
  - Rates and Revenues
  - Ten-Year Financial Plan

- Review the budget process and timelines for:
  - Budget – Committee review, Committee recommendation to the Board, and Board adoption
  - Rates – Cost of Service Study, Independent Review of Rates and Budget, Public Outreach, Public Hearing, Committee consideration and recommendation to the Board, and Board adoption

Table of Contents

Detailed information about the budget proposal can be found in the Proposed FY 2027 Budget book and online at www.dcwater.com

Accomplishments & Look Ahead

Consecutive GFOA Triple Crown Winner with 25 Budget Awards and 28 Financial Reporting Excellence Awards

Budget Theme - "Smart Spending in a Resilient Tomorrow"

Resilient People

- *Accomplishment:* Job placements for 10 Lead Free DC Activators with contractors and 4 apprentices transitioned to full-time employment with DC Water
- *Look Ahead:* Launch of Leading Blue, a leadership development initiative to prepare future leaders

Resilient Operations

- *Accomplishment:* Launched Pure Water DC
- *Look Ahead:* Discovery Center and pilot technologies for water reuse

Resilient Systems

- *Accomplishment:* Deployed 120 remote hydrant sensors for real-time pressure monitoring
- *Look Ahead:* Implement a 3-year Advanced Metering Infrastructure (AMI) program to improve transmission rates

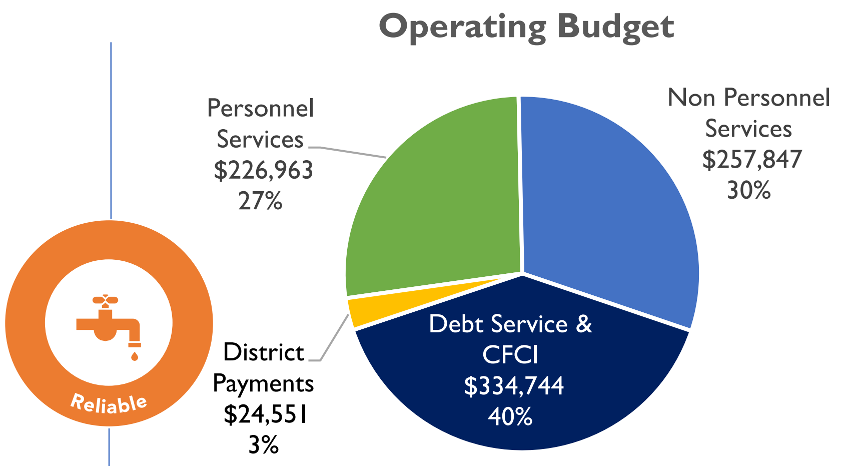
Resilient Communities

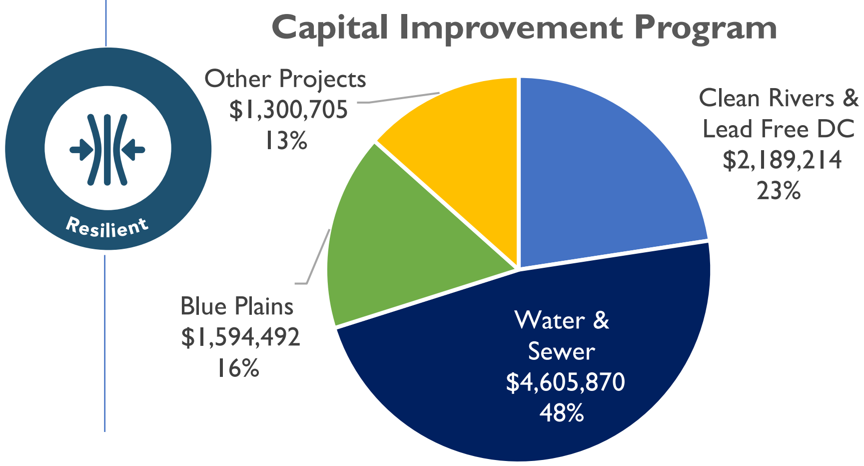
- *Accomplishment:* 10,000th lead line replacement; Reinstituted the Stakeholder Alliance Group
- *Look Ahead:* Rehabilitation of major sewer interceptors to ensure continued resilient and reliable service in the region

The Proposed FY 2027 Budget

$ in thousands

- Allocates $844.1 million **operating budget to ensure reliability in core operations and maintenance**, including debt service and PAYGO for CIP
- Prioritizes a risk-based 10-year capital program of $9.69 billion, with increased focus on sustainable **water and sewer programs**, totaling $4.6 billion
- $1.1 billion to **complete the Clean Rivers program,** including construction of the Piney Branch Tunnel by 2030
- Advances the **Lead Free DC program** at $1.0 billion and leverages Federal Funds, including the Bipartisan Infrastructure Law for lead removal
- Accelerates the **meter replacement program** to address non-revenue water loss
- $2.0 billion to advance the **rehabilitation of the major interceptors**
- The proposed rate increase for **the average residential customer is less than** previously forecasted in the financial plan
- Continues the **robust Customer Assistance Programs** that promote affordability





Executive Summary

The Proposed FY 2027 Budget & Two-Year Rates

Healthy, Safe and Well

Sustainable

Equitable

Reliable

Resilient

Proposed 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, $66.7 million

Proposed FY 2027 & FY 2028 Rates are Lower

- Average residential customer bill increase of 6.6% in FY 2027 and 5.3% in FY 2028, which are lower than previous forecast of 6.7% in FY 2027 and 5.7% in FY 2028

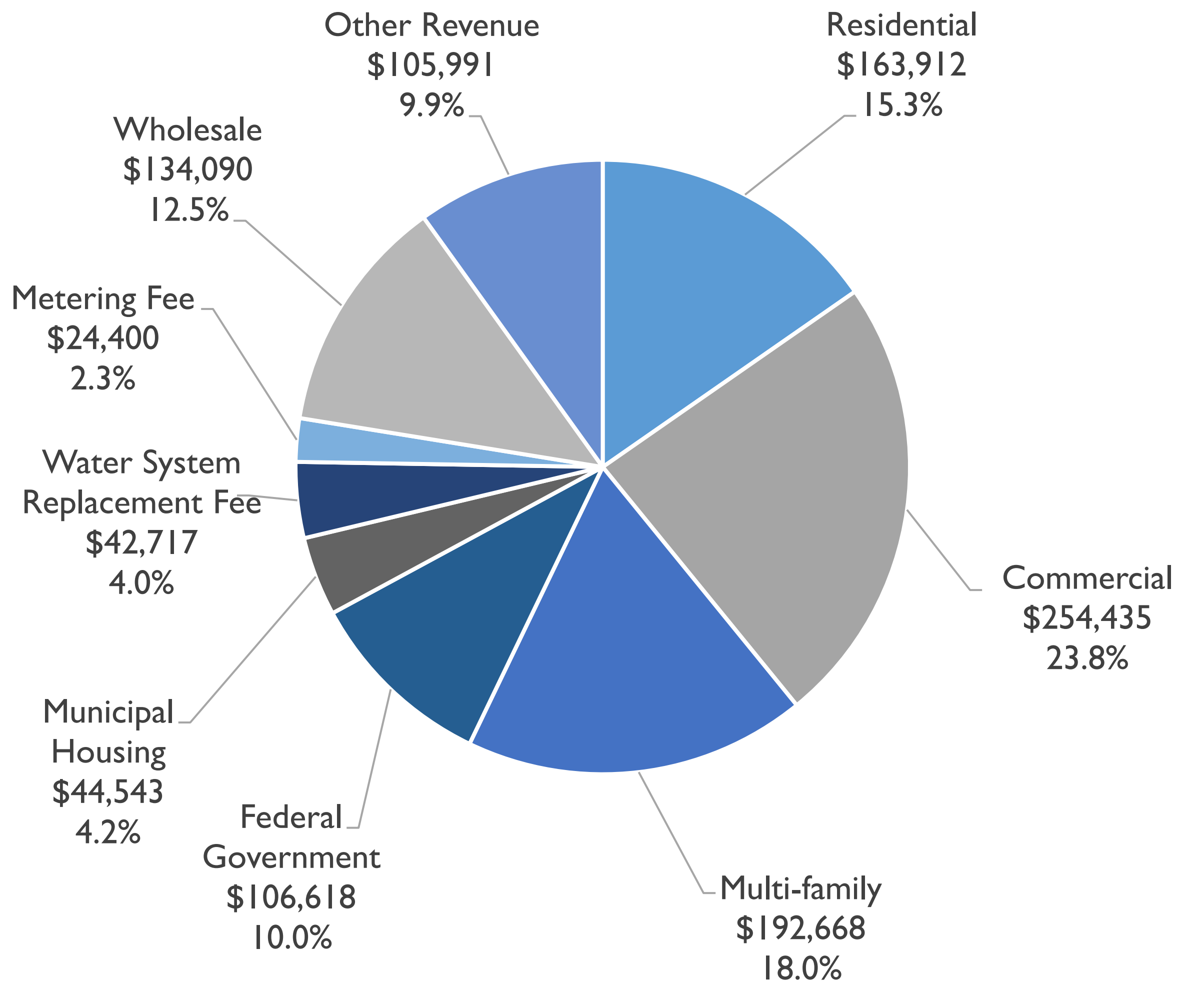
Financial Plan

- Meets Board financial policy requirements

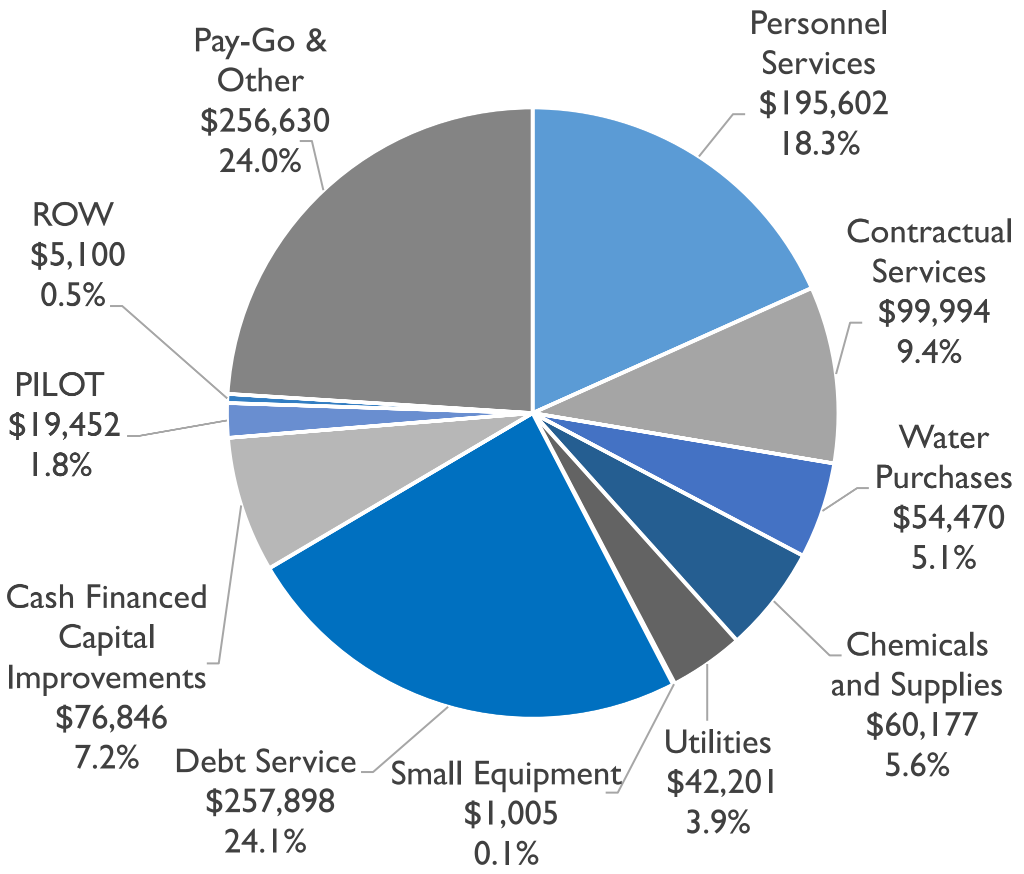
FY 2027 Operating: Sources and Uses of Funds

$ in thousands

Sources - $1.07 billion



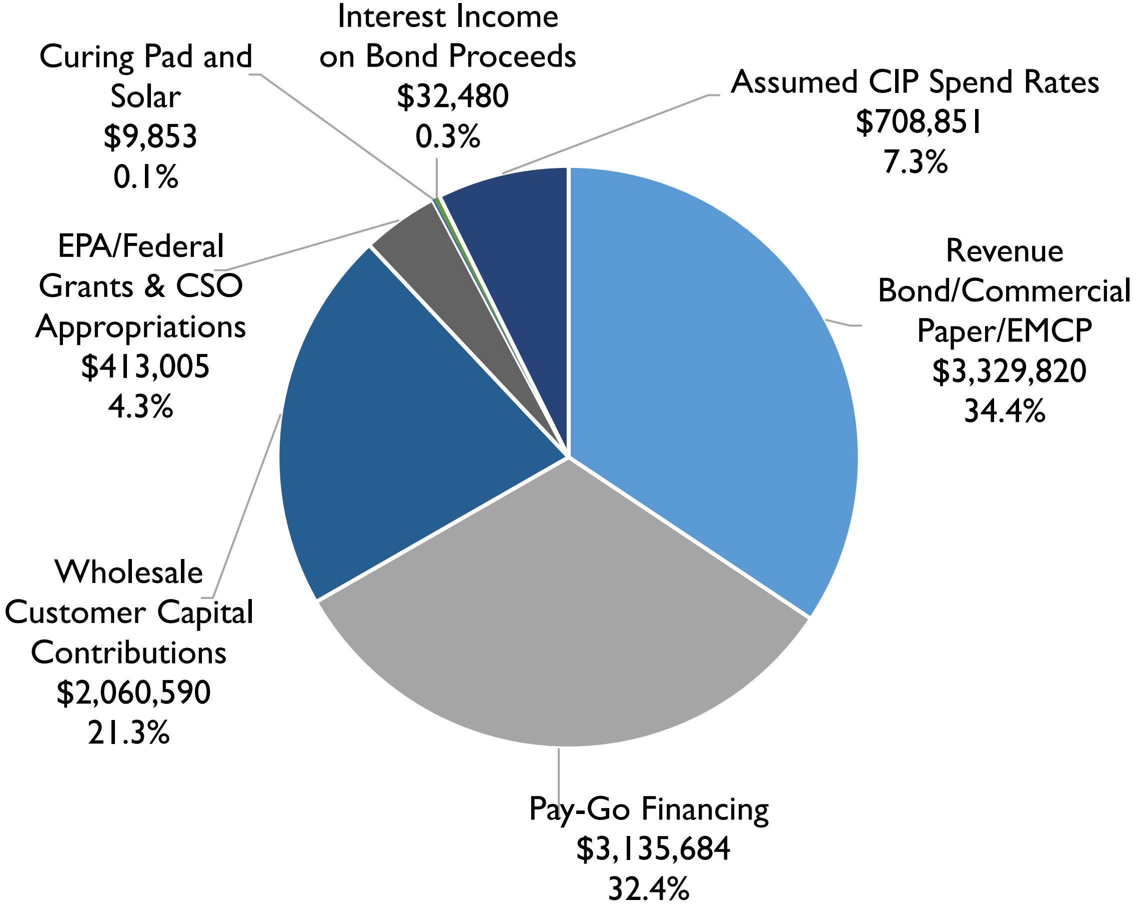
Uses - $1.07 billion



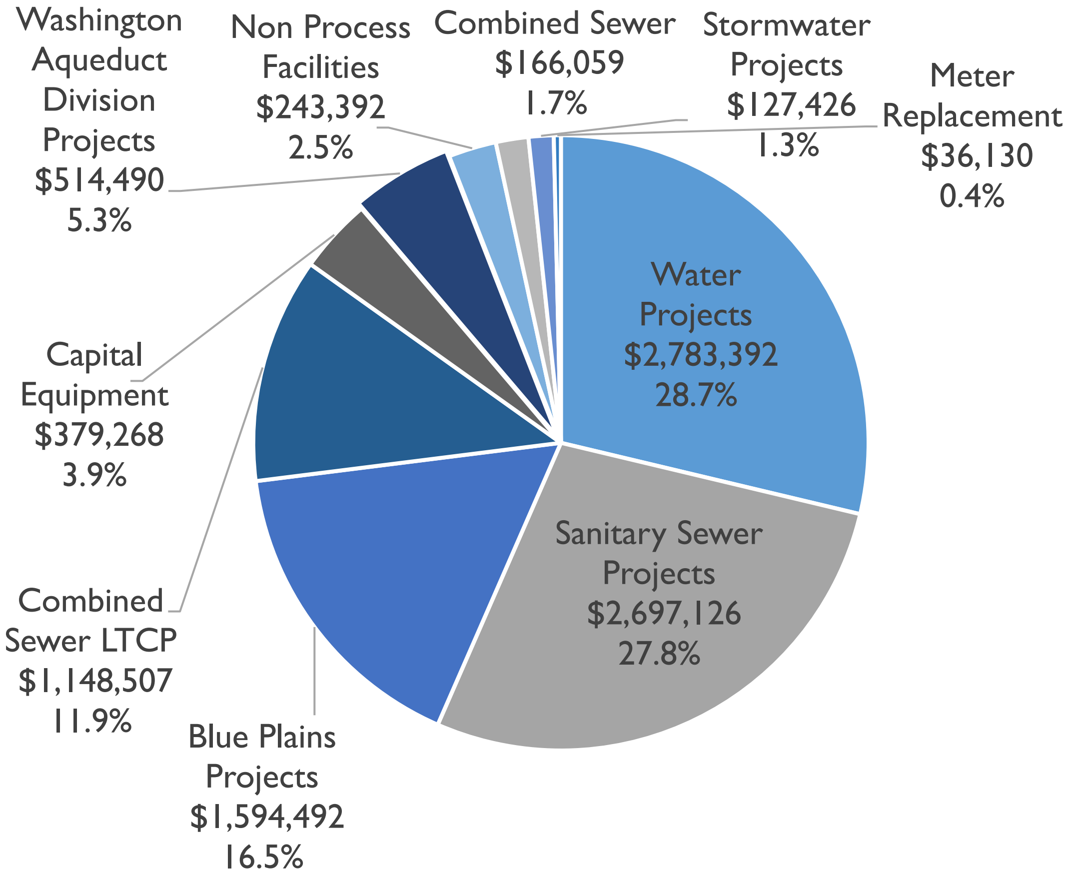
Ten Year CIP: Sources and Uses of Funds

$ in thousands

Sources - $9.69 Billion



Uses - $9.69 Billion

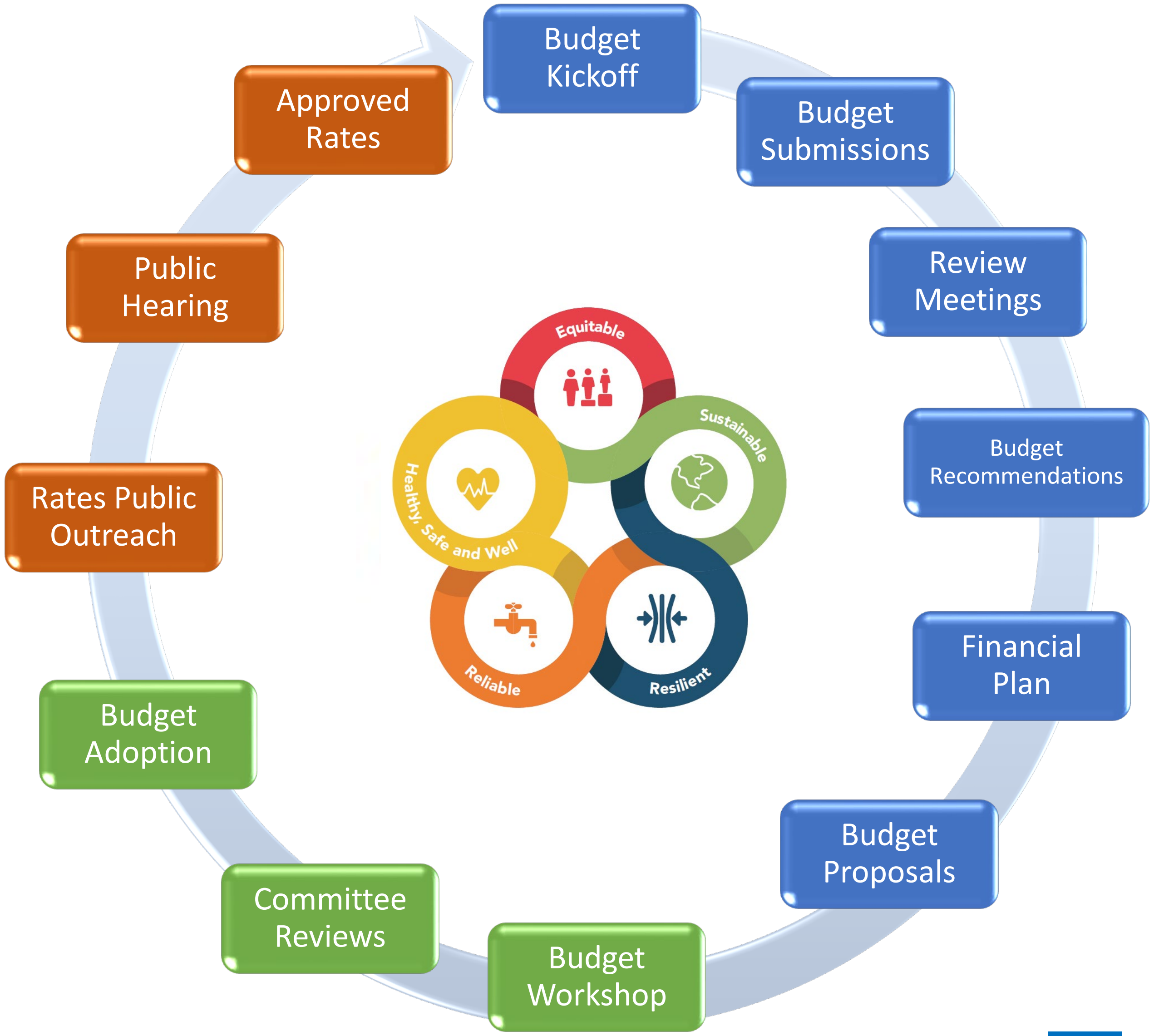


Note: Graphs may not total to 100% due to rounding to the nearest 0.1%

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

Board and Stakeholder Engagement

- **Preparation** of Proposed Budget
- 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 on January 23
  - 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)



Proposed Capital Improvement Program

Detailed information can be found in Section V of the Proposed FY 2027 budget book also available online at www.dcwater.com

10 Year CIP Strategy

Approach

- Meet regulatory requirements, mitigate risks and address operational needs within the Board-approved CIP level

Strategy & Guiding Principles

- Meet regulatory requirements for Clean Rivers and Lead Free DC Programs
- Meet permit requirements
- Prioritize projects based on likelihood and consequence of failure
- Support operational needs
- Invest in aging infrastructure
- Accelerate meter replacement program to address Non-Revenue Water Loss concerns

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.

dc clean RIVERS PROJECT

$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.

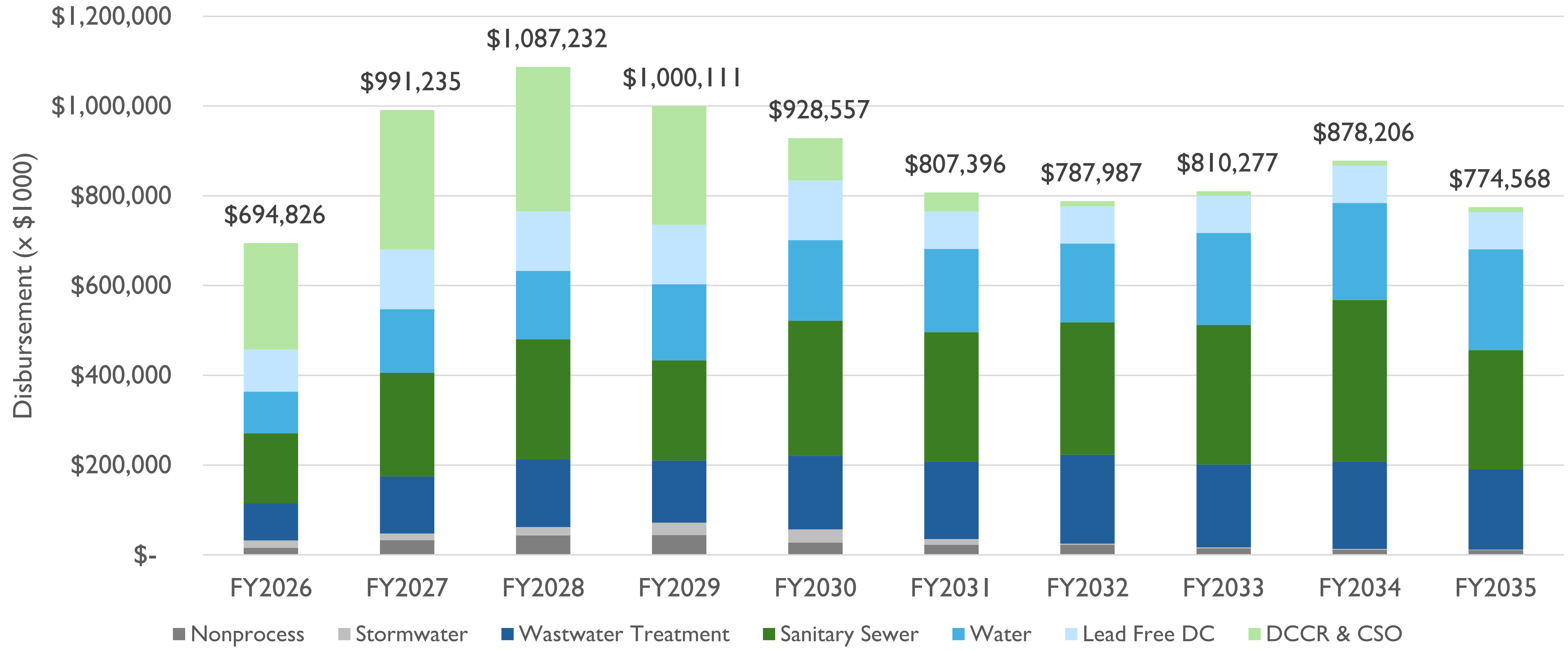
Non-Process Facilities $243 million

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.

Capital Projects Spending By Year*



- DCCR spending peaks in FY28 and concludes in FY31
- Budgets for Water and Sewer and Wastewater achieve a steady state
- Lead Free DC budgeted for 10 years +

** Excludes projected spending for capital equipment and DC Water's share of the Washington Aqueduct's capital program*

Program Risks

No.	Risks
1	U.S Government Policies affecting construction • Tariffs • Immigration posture Labor impacts
2	Construction Market Trends – higher costs, contractors more selective
3	DDOT Public Inconvenience Fee, permitting and restoration requirements
4	Water Supply Resiliency
5	Increasing linear infrastructure failures necessitating emergency response
6	Long Term Risks • New National Pollution Discharge Elimination System Permit • Future Per- and polyfluoroalkyl substances (PFAS) regulations • DOEE odor regulations • Climate Change • Anacostia River Sediment Cleanup (PCBs)
7	Private side lead replacements not fully funded

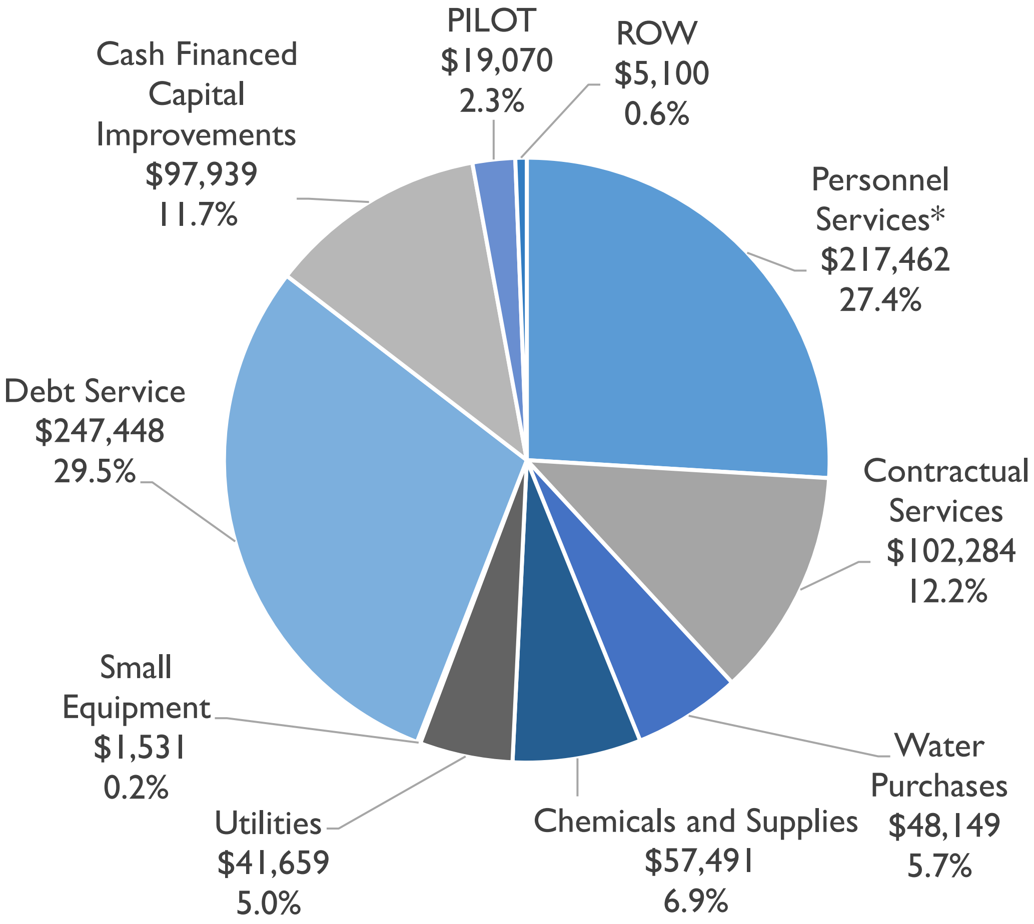
Operating Budget and Senior Executive Team Roundtable

Detailed information can be found in Section VI of the Proposed FY 2027 budget book also available online at www.dcwater.com

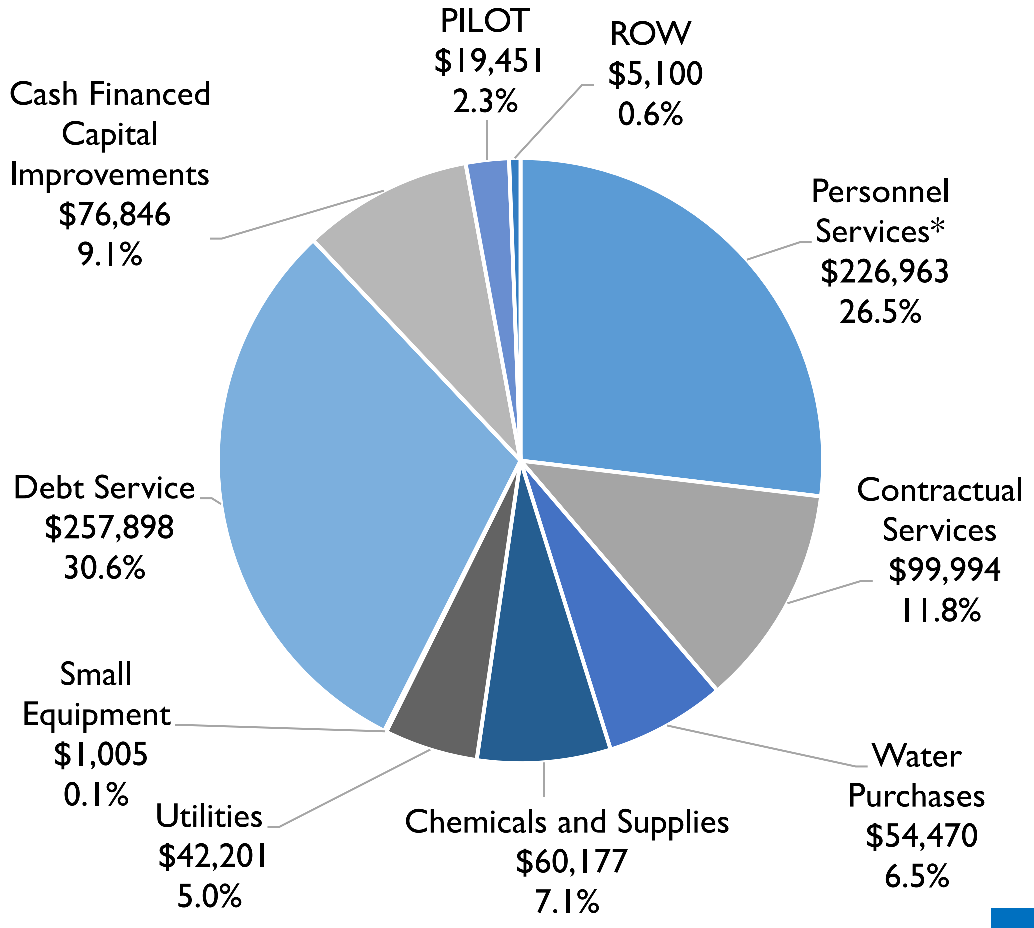
FY 2026 vs. FY 2027 Expenditure Budgets

$ 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

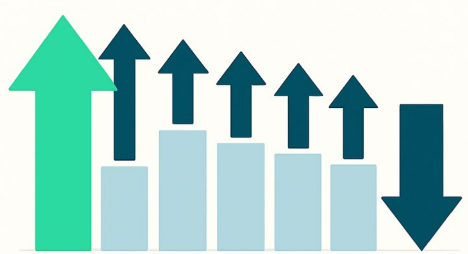
- DC Water successfully closed Fiscal Year 2025 with strong financial performance, achieving approximately 93% of the overall budget
- The FY 2026 amended budget reflects reprogramming of $24 million from debt service to CFCI as an increase in PAYGO to reduce future borrowing costs. The overall budget remains the same
- The proposed FY 2027 overall operating budget is $844.1 million, an increase of $5.9 million or 0.7% compared to the FY 2026 level

($000's)	FY 2025 Revised	FY 2025 Actual	FY 2025 Variance	FY 2026 Adopted Budget	Budget Reprogramming	FY 2026 Amended Budget	FY 2027 Proposed Budget	(Increase)/ Decrease $	(Increase)/ Decrease %
Regular Pay	$ 154,105	$ 143,899	$ 10,205	$ 159,348		$ 159,348	$ 167,504	$ (8,156)	-5.1%
Benefits	46,425	43,049	3,376	46,914		46,914	47,193	(279)	-0.6%
Overtime	9,103	10,854	(1,751)	11,200		11,200	12,265	(1,065)	-9.5%
Total Personnel Services	**209,633**	**197,802**	**11,831**	**217,462**	**-**	**217,462**	**226,963**	(9,501)	-4.4%
Chemical and Supplies	55,585	56,834	(1,249)	57,491		57,491	60,177	(2,686)	-4.7%
Utilities	40,318	39,731	587	41,659		41,659	42,201	(542)	-1.3%
Contractual Services	102,284	90,012	12,272	102,284		102,284	99,994	2,290	2.2%
Water Purchases	45,330	43,498	1,833	48,149		48,149	54,470	(6,321)	-13.1%
Small Equipment	1,364	1,311	53	1,531		1,531	1,005	526	34.3%
Total Non-Personnel Services	**244,881**	**231,386**	**13,495**	**251,114**	**-**	**251,114**	**257,847**	(6,733)	-2.7%
Total Operations & Maintenance	**$ 454,513**	**$ 429,188**	**$ 25,326**	**$ 468,576**	**$ -**	**$ 468,576**	**$ 484,810**	$ (16,234)	-3.5%
Debt Service	243,969	224,506	19,463	271,489	(24,041)	247,448	257,898	(10,450)	-4.2%
PILOT & ROW	23,796	23,796	0	24,170		24,170	24,551	(381)	-1.6%
Cash Financed Capital Improvements (CFCI)	65,963	58,438	7,525	73,897	24,041	97,939	76,846	21,093	21.5%
Total Non-O&M	**333,728**	**306,740**	**26,988**	**369,557**	**(0)**	**369,557**	**359,295**	10,262	2.8%
Total Operating Expenditure	**$ 788,241**	**$ 735,928**	**$ 52,313**	**$ 838,133**	**$ (0)**	**$ 838,133**	**$ 844,105**	$ (5,972)	-0.7%
Capital Labor Charges	(34,087)	(25,928)	(8,159)	(30,907)		(30,907)	(32,228)	1,321	-4.3%
Net Operating Expenditure	**$ 754,154**	**$ 710,000**	**$ 44,154**	**$ 807,226**	**$ (0)**	**$ 807,226**	**$ 811,877**	$ (4,651)	-0.6%

FY 2026 vs FY 2027 Budget Variances

Personnel Services → Non-Personnel Services → Debt Service & Paygo → District Payments

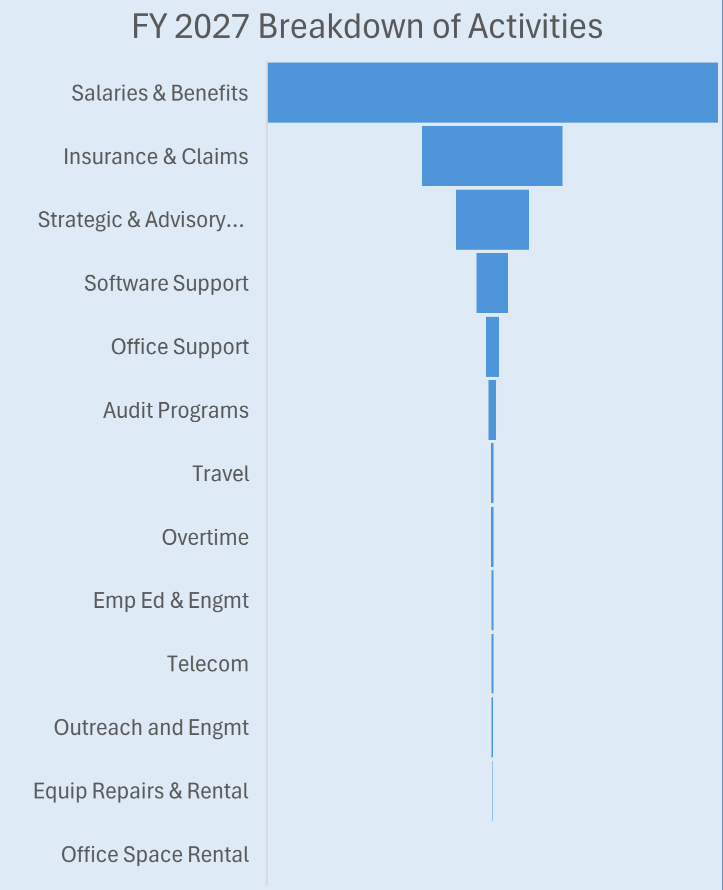
- **Personnel:** $9.5 million increase for salary adjustments and overtime, with a 5% vacancy rate and 1283 FTEs.
- **Water Purchase:** $6.3 million increase reflecting DC Water's 75% share of the Washington Aqueduct's O&M budget
- **Chemicals:** $1.4 million increase due to higher methanol and chemical 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 to support the CIP
- **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



Finance, Procurement and Compliance Cluster

- **Headcount** – No change
- **Operating Budget** – $37.4 million, a decrease of $0.7 million. This is mainly for the reallocation of SBITA charges to capital
- **Major Program Highlights**
  - Increased funding for personnel services to reduce continued reliance on contractors for day-to-day functions
  - Lower external audit cost consistent with the new contract
  - Budget reductions for consulting services, temporary staffing services, and strategic initiatives compared to historical trends
  - Covers Authority-wide insurance premiums costs
  - Funds various professional services such as financial advisory, bond counsel, cost of service and rate studies, and ERP optimization
  - Continues Procurement process improvements to increase efficiency and timely support for critical projects
  - Budget supports DC Water's diversity and equity programs to enhance certified business and local residents' participation

	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed
Headcount	94	115	115
Budget	$30.9M	$38.1M	$37.4M



Office of the Board Secretary

Michelle Rhodd

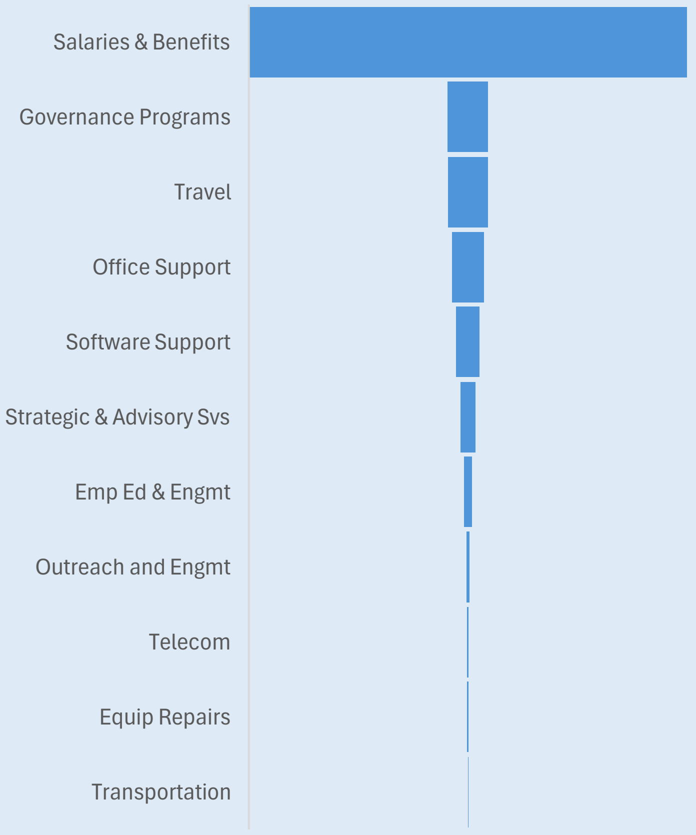
Secretary to the Board

Strategic & Governance

- **Headcount** – No change
- **Operating Budget** – $1.0 million, relatively flat
- **Major Program Highlights**
  - Provides facilitation and advisory support for strategic guidance for retreats involving the Board of Directors and Senior Executive Team
  - Allocates funding for translation, transcription services and maintenance of board materials portal
  - Ensures continued resources for Board member travel, mileage, subscriptions, and key events

	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed
Headcount	3	3	3
Budget	$0.8M	$1.0M	$1.0M

FY 2027 Breakdown of Activities



OCEO, Strategy & Performance, and Internal Audit

Wayne Griffith

Chief of Staff and EVP, Strategy and Performance

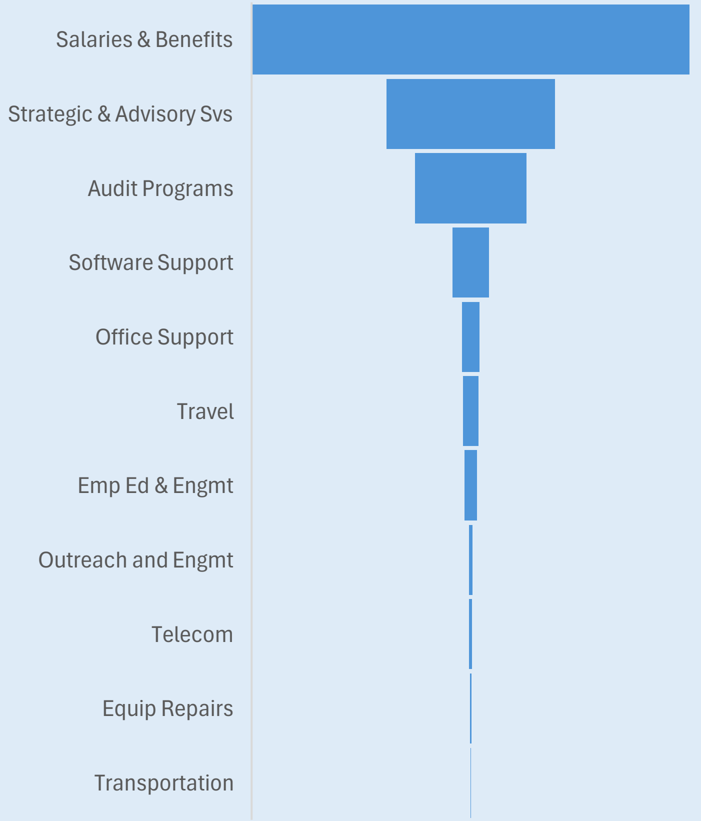
Strategic Plan Imperative Owne

Strategic & Governance

- **Headcount** – Reflects elimination of 1 vacant position
- **Operating Budget** – $6.2 million, a net decrease of $0.5 million. This is due to the transfer of employee related events to People & Talent and Authority-wide memberships to Marketing and Communications, with increases for strategic programs
- **Major Program Highlights**
  - Advances the Pure Water DC initiative, including the Discovery Center
  - Refresh of the Blueprint 2.0, including Board updates and ongoing progress reporting
  - Oversee EPMO, executive dashboards, and enterprise initiatives (innovation, sustainability, non-revenue water), including Generative Artificial Intelligence (AI) governance
  - Support Environmental, Social, and Governance (ESG) reporting
  - Continue watershed engagement, including the Anacostia mussel project
  - Support planning for the national Women of Water event
  - Continue engagement with global utility leaders and strengthen executive leadership efforts
  - Expand DC Water branding and develop an African American CEO forum
  - Oversee the internal audit plans and hotline protocols

	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed
Headcount	12	14	13
Budget	$6.2M	$6.7M	$6.2M

FY 2027 Breakdown of Activities



People & Talent and Government & Legal Affairs

Amber Jackson, Esq

Chief People Officer &
Interim Chief Legal Officer

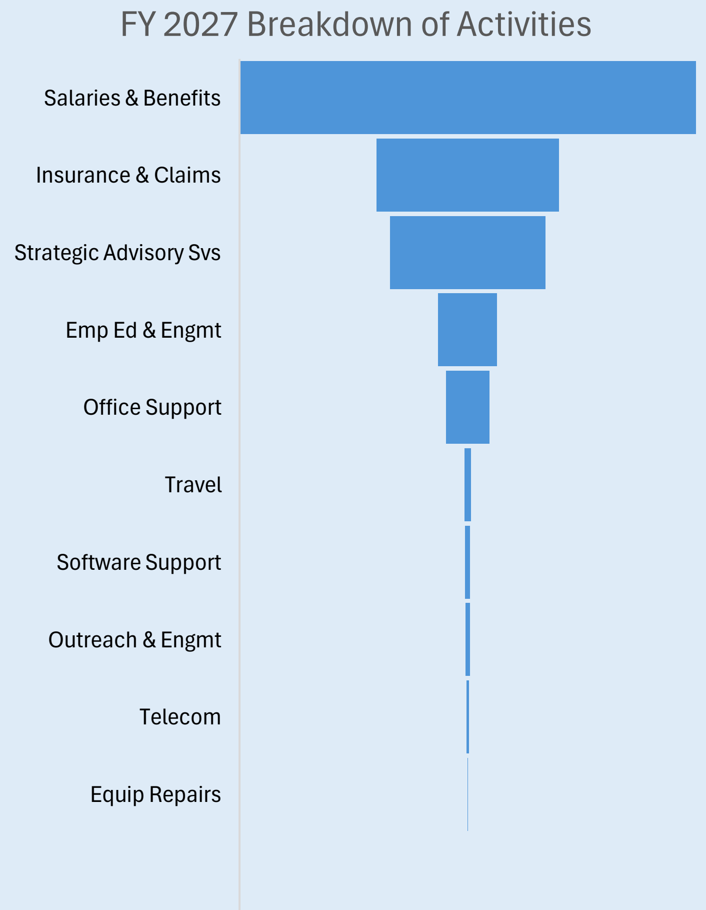
Strategic Plan Imperative Owner

Employee Support

Strategic & Governance

- **Headcount** – No change
- **Operating Budget** – $19.1 million, the increase of $0.5 million reflects the reallocation of employee-related events from OCEO
- **Major Program Highlights**
  - Reintroducing "Leading Blue" to strengthen DC Water's leadership framework and competency model
  - Budget supports talent acquisition by funding salaries, benefits, and incentives, while also enabling the attraction, screening, and onboarding of employees
  - Funds ensure adherence to labor laws, policies, and regulatory requirements, including reserve requirements for workers' compensation and litigation based on the current case load
  - Continues legal advisory services on employment matters, grievances, and investigations
  - Covers outside legal fees for environmental, employment, labor, construction, general litigation and dispute resolution
  - Continues support for expanded government affairs coverage

	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed
Headcount	37	45	45
Budget	$15.9M	$18.6M	$19.1M



Operations Cluster

Matthew T. Brown

Chief Operating Officer & EVP

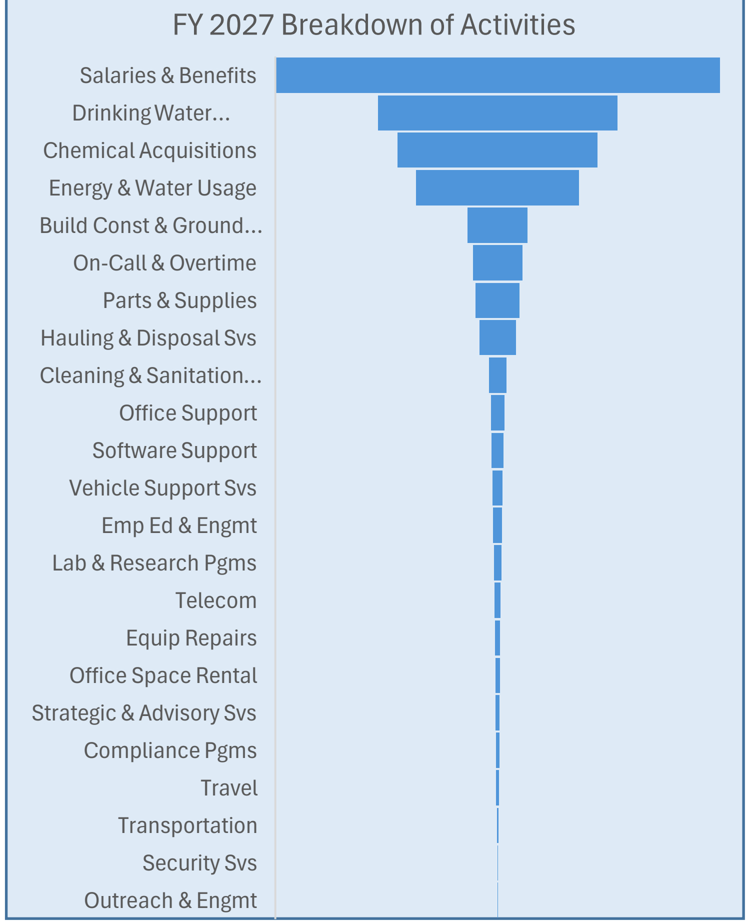
Strategic Plan Imperative Owner

Wastewater Treatment

Distribution & Collection

- **Departments** – Office of the COO, Water & Sewer Operations, Wastewater Treatment, Resource Recovery, Process Engineering, and Clean Water Quality & Technology
- **Headcount** – Adds 4 new positions and eliminates 1 vacant position, for a net increase of 3
- **Operating Budget** – $303.6 million, an increase of $12.5 million across all cost categories. Significant increase in the cost of drinking water purchases from the Washington Aqueduct
- **Major Program Highlights**
  - Additional compliance and scheduler positions to expand the fire hydrant and FOG regulatory services; and industrial electricians to improve operational efficiency and reduce reliance on consultants
  - Overall budget for Blue Plains increases about 2%, with major increase of $1.4 million for chemicals and $1.1 million for contractual services
  - Increased overtime costs consistent with historical trends for emergency response, planned, and unplanned work
  - Accelerates $9 million, three-year, initiative to improve meter accuracy
  - Anticipated DDOT fees included in Operating and Capital Budgets
  - Reflects the transfer of Meter Operations from Customer Care to Water Operations

	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed
Headcount	641	692	695
Budget	$273.5M	$291.1M	$303.6M



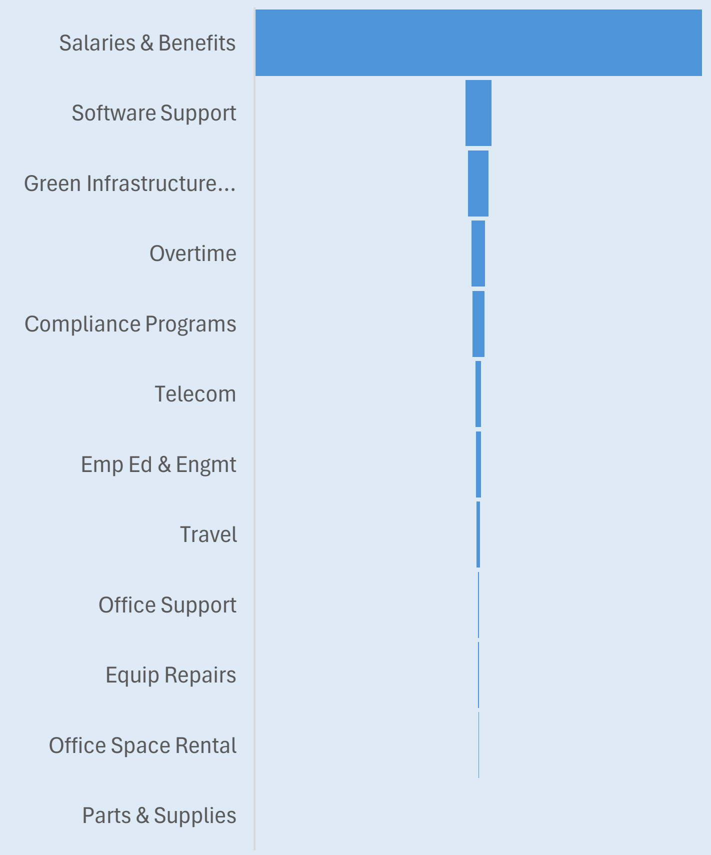
Engineering Cluster

- **Departments** – Engineering, Clean Rivers and Permits
- **Headcount** – No Change
- **Operating Budget** – $40.4 million, an increase of $0.3 million
- **Major Program Highlights**
  - Implement DC Water's $9.7 billion 10-year Capital Improvement Program
  - Lead Free DC Program's lead service line replacements ongoing to meet regulatory requirements
  - Advance DC Clean Rivers with the Potomac River Tunnel construction and commences Piney Branch Tunnel construction
  - Conduct condition assessments for major sewers and large water mains to determine asset risk
  - Rehabilitation of large high-risk sewers (e.g. Anacostia Force Main, Potomac Interceptor & Anacostia Main Interceptor). Replacement of large water transmission main valves.

Infrastructure & Sustainability

	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed
Headcount	139	180	180
Budget	$35.4M	$40.1M	$40.4M

FY 2027 Breakdown of Activities



Information Technology Cluster

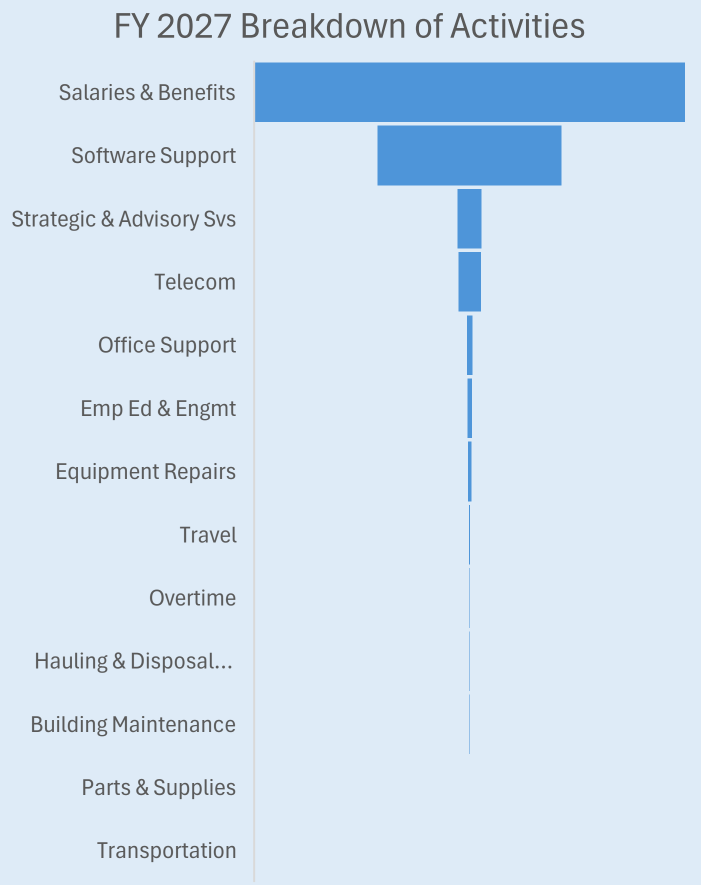
Nelson Sims

Interim Chief Information Officer

Technology & Digital

- **Headcount** – Reduced FTE by one, leverage AI functionality
- **Operating Budget** – $12.3 million, an increase of $0.2 million
- **Major Program Highlights and Budget Changes**
  - Overall increase mainly in personnel services to align with organization structural changes
  - Leveraging Artificial Intelligence to automate day-to-day functions and adopt AI-Powered workforce productivity tools to boost efficiency and work quality
  - Continues to invest in Digital transformation through advanced software, ERP upgrades and enhanced cybersecurity
  - Advances DC Water's technology strategy to ensure reliable connectivity and adaptability of computing needs
  - Funds professional services that support IT infrastructure, including Local and Wide Area Networks, as well as enterprise database and GIS systems
  - Reflects the reallocation of software maintenance for SBITA charges to capital equipment

	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed
Headcount	32	37	36
Budget	$11.2M	$12.1M	$12.3M



Administration Cluster

Kirsten Williams, Esq

Chief Administrative Officer & EVP

Strategic Plan Imperative Owner

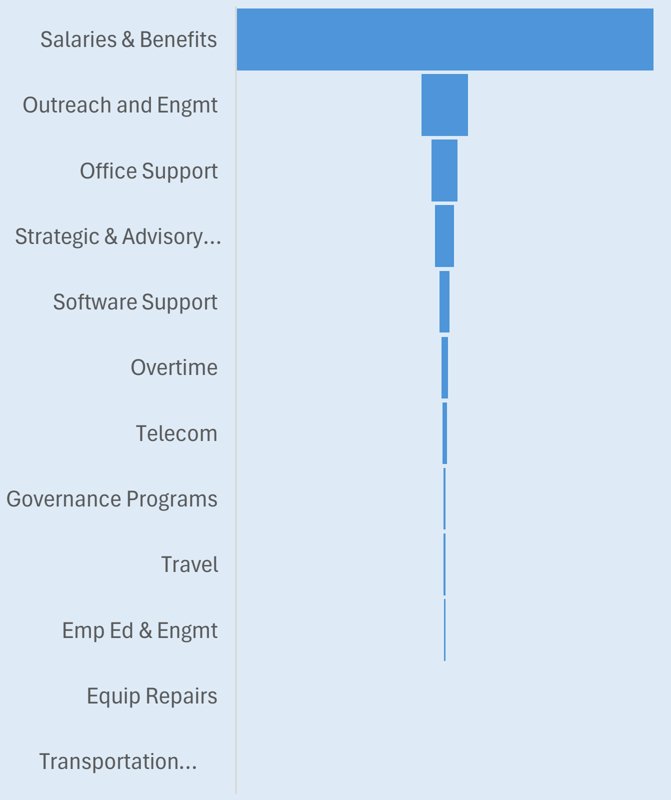
Equitable

Customer & Community Engagement

- **Departments** – Office of the CAO, Marketing & Communications, and Customer Care
- **Headcount** – Reflects elimination of 1 vacant position
- **Operating Budget** – $23 million, a $0.3 million decrease
- **Major Program Highlights**
  - Earmarks funding for the production and publication of mandated materials which includes the Annual Report, Water Quality Report, Newsletter, Leadership Update, and the website
  - Continues customer communications and outreach programs to improve engagement with various community stakeholders, Advisory Neighborhood Commissioners, civic associations, residents and local businesses
  - Continues engagement on public relations consulting, DC Water Branding and executive elevation activities
  - Administers the DC Water's CARES programs - Customer Assistance Programs (CAP), Leak Assessment Program (LAP) and Serving People by Lending a Supporting Hand (SPLASH)
  - Earmarks funding for printing and postage of customer bills, customer surveys and various customer outreach efforts
  - Continues to leverage Artificial Intelligence (AI) to streamline processes and improve overall experience for customer interactions

	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed
Headcount	93	108	107
Budget	$23.8M	$23.3M	$23.0M

FY 2027 Breakdown of Activities



Administration Cluster: Shared Services

- **Departments** – Facilities Management, Fleet Management, Security, Occupational Safety & Health, and Office of Emergency Management
- **Headcount** – Repurposed existing vacant position to improve in-house quality assurance for Fleet operations. Overall, no change in headcount
- **Operating Budget** – $41.7 million, an increase of $4.3 million. This is mainly for personnel services, security protection services and inflationary pressures impacting the operational requirements to maintain the Authority's fleet equipment (parts, fuel, maintenance and repairs)
- **Major Program Highlights**

Customer & Community Engagement

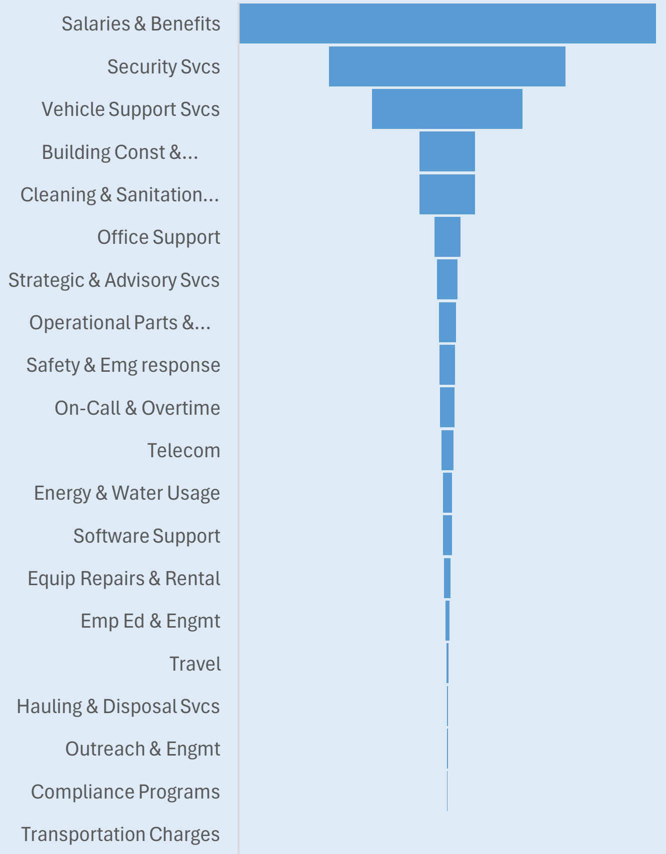
Infrastructure & Sustainability

Preparedness & Protection

- Advance a comprehensive modernization of the Authority's fire safety infrastructure to ensure resilience and regulatory compliance.
- Expand AI technology in security cameras to better support remote locations
- Implement new industry innovations to support sustainable operations and efficient management of buildings
- Increase sustainability and cost savings from new innovations and preventive maintenance
- Maintain a centralized loaner pool to support continuity of operations by repurposing underutilized units
- Continue to overhaul outdated and damaged Fire Safety infrastructure throughout the Authority
- Establish comprehensive measures to track and address identified risks and capability gaps

	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed
Headcount	77	89	89
Budget	$34.2M	$37.4M	$41.7M

FY 2027 Breakdown of Activities



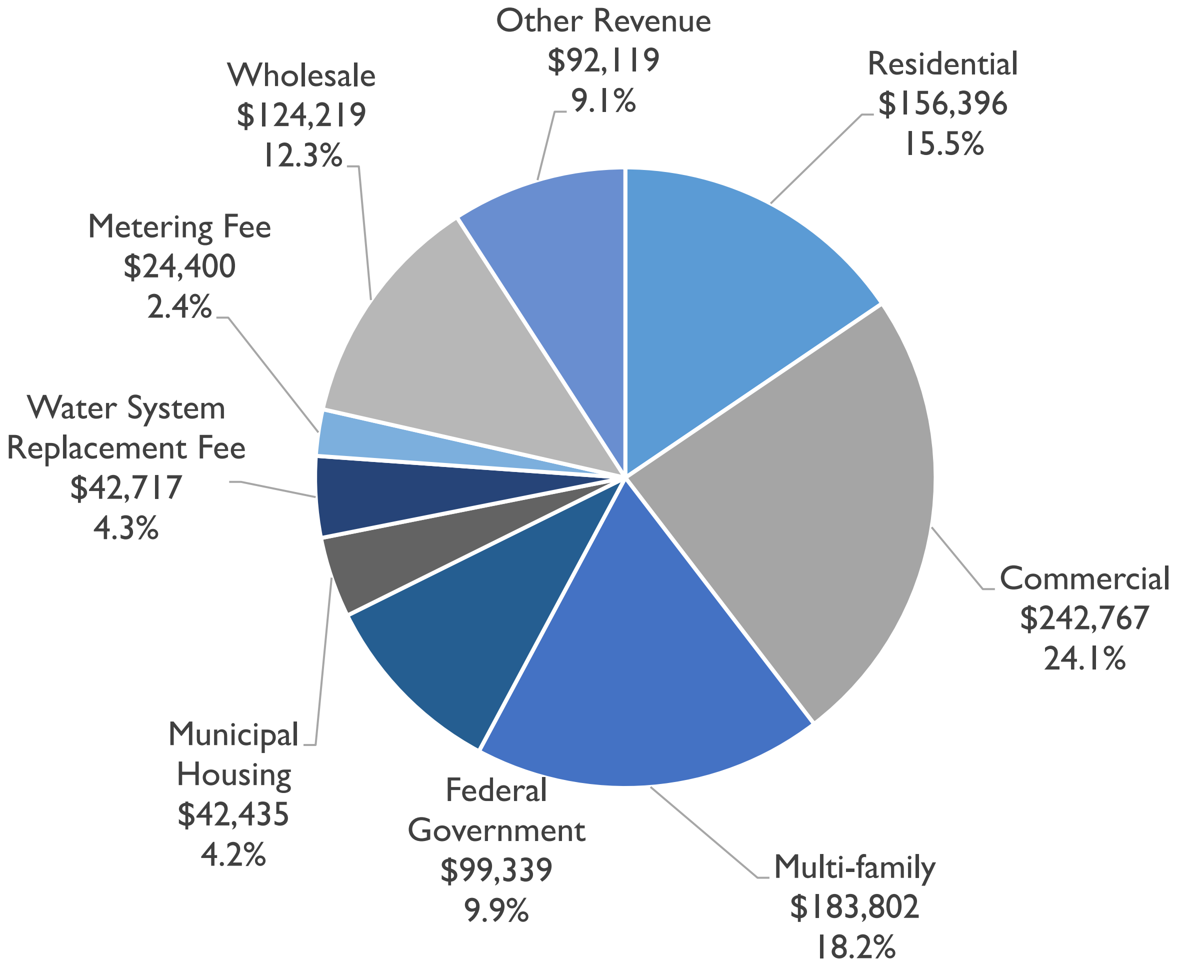
Operating Revenues, Rates, Fees and Charges

Detailed information can be found in Sections II and III of the Proposed FY 2027 budget book also available online at www.dcwater.com

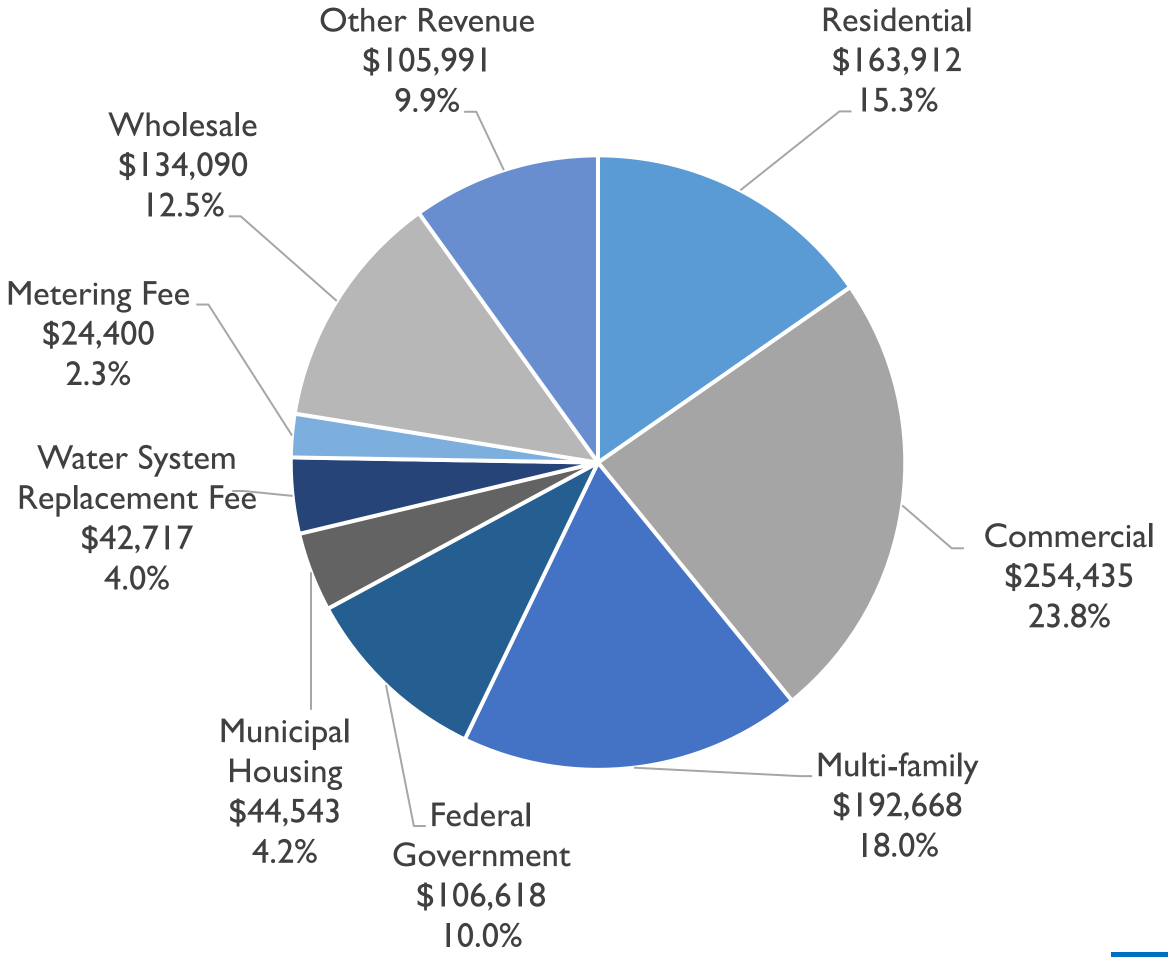
FY 2026 vs. FY 2027 Operating Revenues

$ 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 Incr/(Decr)		Proposed FY 2027 vs Proposed FY 2028 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%
Total Revenues	$1,008,194	$1,069,375	$1,121,369	$61,181	6.1%	$51,994	4.9%

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 2027		Incr. /(Decr.) FY 2027 vs FY 2028	
					$	%	$	%
DC Water Retail Rates – Water:								
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 Public Inconvenience Fee	Ccf	-	0.42	0.42	0.42	-	-	-
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 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.

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
Subtotal DC Water Rates & Charges		**$ 140.05**	**$ 147.41**	**$ 155.63**
Increase / Decrease		$ 8.84	$ 7.36	$ 8.22
Percent Increase in DC Water Portion of Bill		**6.74%**	**5.26%**	**5.58%**
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
Subtotal District of Columbia Charges		**$ 7.11**	**$ 9.39**	**$ 9.44**
Total Amount Appearing on DC Water Bill		**$ 147.16**	**$ 156.80**	**$ 165.07**
Increase / Decrease Over Prior Year		$ 8.94	$ 9.64	$ 8.27
Percent increase in Total Bill		**6.5%**	**6.6%**	**5.3%**

(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

CAP+, CAP, CAP2 and CAP3 Discounts

- CAP+, CAP, CAP2 and CAP3 discounts and income thresholds

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

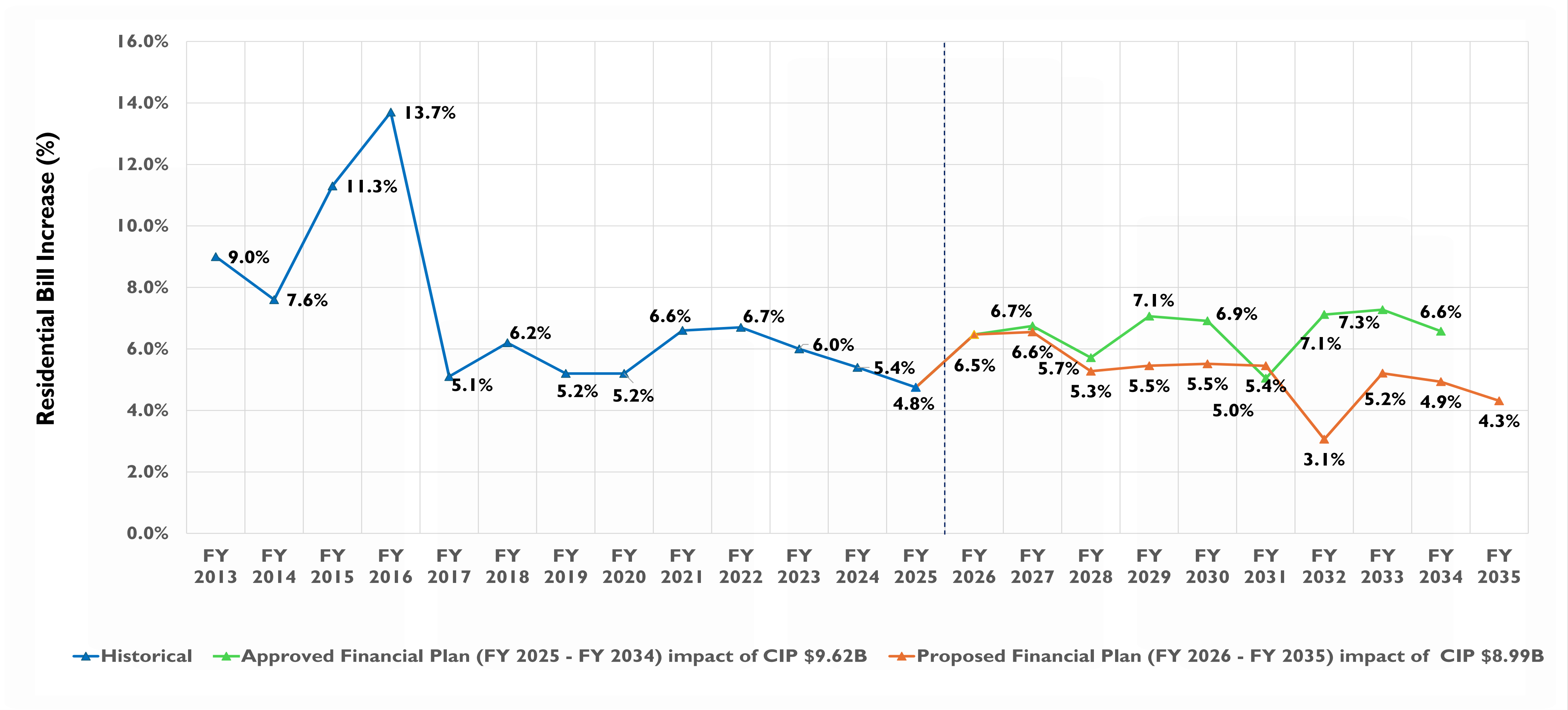
(4) CAP2 provides a discount on the first 300 cubic feet (2,244 gallons) of water and sewer services (with the exception of PILOT and ROW fees) and a 50 percent reduction in the monthly CRIAC fee

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

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

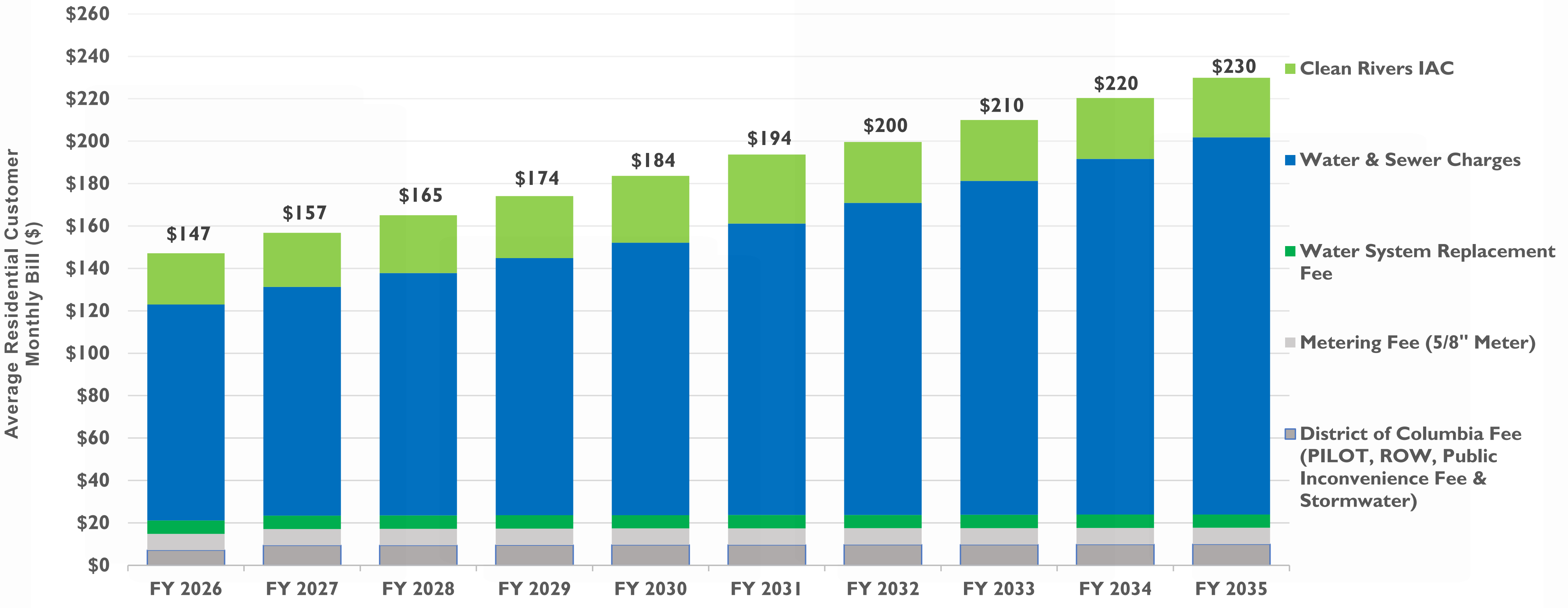
Historical and Projected Combined Rate Increases

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



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)



Next Steps

Key Takeaways

- **DC Water's FY 2027 Operating Expenditure Budget** delivers on reliability, resilience, and affordability for all customers
- **Major capital investments** in infrastructure, workforce, and sustainability will ensure safe, clean water and robust service for the future
- **Average residential bills remain lower than previously forecasted**, reflecting responsible financial planning and a commitment to customer affordability
- **Customer Assistance Programs** continue to provide vital support for those in need
- **Ongoing engagement** with stakeholders and the public ensures transparency and accountability
- **Looking ahead:** DC Water remains focused on smart spending, innovation, and equitable outcomes for all communities

Budget Adoption Calendar

- **Stay Informed:** Review details of budget and rates proposal online
- **Contact Us:** Submit budget-related questions to the Board Secretary at michelle.rhodd@dcwater.com
  - Questions will be distributed to appropriate staff with formal response to the full Board
- **Get Involved:** Attend upcoming Committee meetings to ask questions and provide feedback/recommendations

January 16
Wholesale Customer Briefing

January 23
Office of People's Counsel Briefing

January & February
Committee Reviews, Recommendations & Actions

	Environmental Quality & Operations	DC Retail Water & Sewer Rates	Finance & Budget
FY 2026 - FY 2035 Capital Budget (Disbursements & Lifetime)	Action Required		Action Required
FY 2027 Operating Expenditure Budget			Action Required
Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing			Action Required
FY 2026 - FY 2035 Financial Plan		Action Required	Action Required
FY 2027 & FY 2028 Revenues, Rates, charges and Fees		Action Required	

March 5
Board Adoption

Public Communication

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

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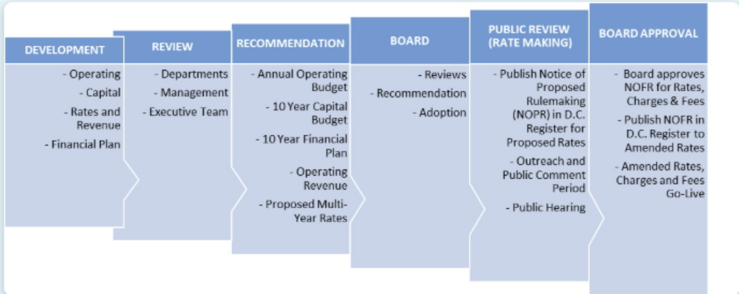
Ratemaking Process

The Board's Strategic Plan and 10-year financial plan provide the framework for the formulation, prioritization, implementation and monitoring of the annual budget process.

The annual budget process typically begins with planning in June and official kickoff in July of each year for the Operating and Capital Budgets. Plans and budgets are prepared at an appropriate level of detail for each management level. Assumptions inherent in the plans and budgets reflect the entity's historical experience, current conditions and Executive Team's directives. Once decisions are finalized for the operating and capital budgets, management develops the financial plan and rate model including various scenarios to ensure a balanced budget for recovery of costs. Further review is undertaken with independent consultants including benchmarking our proposed rates with peers in the industry. DC Water develops two-year rate proposals. The benefits of multi-year rates include greater revenue certainty, increased budget discipline and better alignment between revenues and expenditures.

The proposed budgets are finalized during the fall of each year, and introduced to the Board during the Budget Workshop typically in January. The Committees then submit their recommendations to the full Board for adoption and DC Water's adopted budget is included in the District of Columbia's budget submission to U.S. Congress.

DC Water's adopted budget and proposed rates are communicated via various news and media outlets as well as town hall meetings in each ward and a public hearing to provide customers the opportunity to comment on the changes. Once the budgets are appropriated by Congress and the final rates approved by the Board, they become effective on October 1st of each year.



Online Tools

Rate Comparison Tool | Impervious Area Calculator

In This Section

- FY 2026 Approved Budget
- FY 2026 Proposed Budget
- FY 2025 Approved Budget & Proposed Two-Year Rates Presentation
- Approved FY 2025 and FY 2026 Rates
- Budget & Rate Review Documents
- Town Hall Meetings

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Budget And Rate Review Documents

Budget Review Documents

Date	Title
February 27, 2025	Finance & Budget Committee The Proposed FY 2026 Budget
February 24, 2025	DC Retail Water & Sewer Rates Committee The Proposed FY 2026 Budget
January 28, 2025	Joint DC Retail Water & Sewer Rates and Finance & Budget Committees The Proposed FY 2026 Budget
January 24, 2025	Briefing to the Office of People's Counsel DC Water's Proposed FY 2026 Budget
January 22, 2025	Wholesale Customer Briefing DC Water's Proposed FY 2026 Budget
January 16, 2025	Environmental Quality and Operations Proposed FY 2025 - FY 2034 Capital Improvement Program
January 13, 2025	Budget Workshop with the Board FY 2026 Proposed Budget

Thank you for your participation and partnership!

Appendix

Detailed CIP by Program Area

(Cash Disbursements $ in thousands)	FY2025 Acutal	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	10-yr Total	Last Year's 10-yr	(Increase)/ Decrease	**Lifetime (1000's)
		FY2026-2035 ($1,000s)													
NON PROCESS FACILITIES															
Facility Land Use	5,186	15,467	32,671	43,535	43,848	27,523	22,366	22,277	14,582	10,820	10,303	243,392	213,052	(30,339)	412,191
Subtotal	**5,186**	**15,467**	**32,671**	**43,535**	**43,848**	**27,523**	**22,366**	**22,277**	**14,582**	**10,820**	**10,303**	**243,392**	**213,052**	**(30,339)**	**412,191**
WASTEWATER TREATMENT		-	-	-											
Liquid Processing	28,158	37,432	62,890	78,208	76,148	101,432	93,828	131,267	135,146	125,731	109,722	951,804	1,050,807	99,003	1,419,040
Plantwide	21,463	36,576	48,741	52,539	43,570	51,136	50,246	45,654	28,592	11,253	7,649	375,957	402,717	26,760	632,318
Solids Processing	15,023	8,944	15,905	20,917	18,619	11,838	28,377	21,532	21,006	57,706	61,641	266,485	309,264	42,779	427,942
Enhanced Nitrogen Removal Facilities	122	246	-	-	-	-	-	-	-	-	-	246	666	419	191,177
Subtotal	**64,766**	**83,199**	**127,537**	**151,664**	**138,337**	**164,406**	**172,451**	**198,453**	**184,744**	**194,690**	**179,012**	**1,594,492**	**1,763,454**	**168,962**	**2,670,477**
COMBINED SEWER OVERFLOW		-	-	-										-	
DC Clean Rivers Program	161,739	226,435	279,237	286,251	246,763	75,192	34,630	-	-	-	-	1,148,507	1,071,566	(76,941)	3,560,771
Combined Sewer Overflow Program	3,385	11,047	31,779	35,442	17,484	19,225	7,984	11,098	10,000	11,000	11,000	166,059	67,484	(98,575)	201,679
Subtotal	**165,124**	**237,482**	**311,016**	**321,693**	**264,247**	**94,417**	**42,614**	**11,098**	**10,000**	**11,000**	**11,000**	**1,314,566**	**1,139,051**	**(175,515)**	**3,762,450**
STORMWATER		-	-	-										-	
Storm Local Drainage Program	9	2,634	5,728	5,283	5,501	4,472	1,352	407	406	406	406	26,595	20,433	(6,162)	39,153
Storm On-Going Program	1,319	614	1,217	1,634	1,657	248	561	368	768	617	373	8,057	7,336	(721)	10,413
Storm Pumping Facilities	5,881	11,747	5,785	8,602	16,884	15,861	6,568	-	-	-	-	65,446	29,933	(35,513)	84,738
Stormwater Program Managemet	194	585	519	970	871	1,848	-	-	-	-	-	4,793	3,896	(897)	14,849
Stormwater Trunk/Force Sewers	23	969	1,491	1,697	2,928	6,779	4,440	1,543	1,076	1,076	534	22,534	4,242	(18,292)	41,383
Subtotal	**7,427**	**16,550**	**14,740**	**18,186**	**27,841**	**29,208**	**12,921**	**2,318**	**2,250**	**2,099**	**1,313**	**127,426**	**65,840**	**(61,586)**	**190,536**
SANITARY SEWER		-	-	-											
Sanitary Collection System	12,133	15,894	20,632	28,321	18,700	33,911	62,486	36,292	11,833	11,833	11,074	250,976	685,262	434,286	677,291
Sanitary On-Going Projectss	17,203	15,454	18,638	28,042	13,572	15,297	15,289	15,756	15,169	15,169	15,169	167,555	456,991	289,436	265,252
Sanitary Pumping Facilities	4,046	8,096	12,126	10,187	7,416	15,693	32,497	48,364	34,847	20,484	8,240	197,951	190,481	(7,470)	254,616
Sanitary Program Management	10,534	16,400	20,398	10,309	6,604	5,995	5,995	6,012	7,732	7,500	7,100	94,045	41,801	(52,244)	200,562
Interceptor/Trunk Force Sewers	65,453	99,526	158,919	189,968	176,943	229,760	172,124	188,824	241,475	305,060	224,000	1,986,599	1,344,073	(642,526)	2,817,552
Subtotal	**109,368**	**155,371**	**230,713**	**266,827**	**223,235**	**300,656**	**288,391**	**295,248**	**311,056**	**360,046**	**265,583**	**2,697,126**	**2,718,608**	**21,482**	**4,215,274**
WATER		-	-	-											
Water Distribution Systems	58,040	58,259	87,333	87,620	96,097	107,036	111,467	120,433	145,279	160,456	171,636	1,145,616	1,212,588	66,973	2,278,645
Lead Free DC Program	81,997	93,954	132,752	133,000	133,000	133,000	83,000	83,000	83,000	83,000	83,000	1,040,707	1,098,207	57,501	1,783,489
Water On-Going Projects	28,022	13,646	15,927	12,173	20,990	29,536	16,957	14,081	27,014	24,932	19,903	195,159	183,002	(12,157)	267,044
Water Pumping Facilities	3,251	2,070	8,076	7,221	5,125	4,203	3,625	3,569	3,560	3,560	3,072	44,081	43,220	(861)	95,809
Water Storage Facilities	5,628	2,807	16,608	32,201	40,294	31,430	45,231	28,736	20,046	18,857	21,000	257,210	250,917	(6,293)	272,759
Water Service Program Management	13,366	16,020	13,863	13,112	7,097	7,142	8,373	8,774	8,746	8,746	8,746	100,619	84,011	(16,608)	146,874
Subtotal	**190,303**	**186,757**	**274,558**	**285,327**	**302,603**	**312,347**	**268,653**	**258,593**	**287,645**	**299,551**	**307,357**	**2,783,392**	**2,871,946**	**88,554**	**4,844,619**
CAPITAL PROJECTS	**542,174**	**694,826**	**991,234**	**1,087,232**	**1,000,111**	**928,557**	**807,396**	**787,987**	**810,277**	**878,206**	**774,568**	**8,760,394**	**8,771,952**	**11,558**	**16,095,547**
CAPITAL EQUIPMENT	19,511	29,401	39,664	38,398	37,681	38,269	38,558	38,855	39,162	39,478	39,803	379,267	316,184	(63,083)	379,267
Meter Replacement/AMR	399	3,080	5,583	5,583	3,883	3,000	3,000	3,000	3,000	3,000	3,000	36,130	34,664	(1,466)	36,130
WASHINGTON AQUEDUCT	22,060	49,480	35,770	35,770	35,770	35,770	71,540	71,540	71,540	71,540	35,770	514,490	500,780	(13,710)	514,490
ADDITIONAL CAPITAL PROJECTS	**41,971**	**81,961**	**81,018**	**79,751**	**77,334**	**77,039**	**113,098**	**113,395**	**113,702**	**114,018**	**78,573**	**929,888**	**851,628**	**(78,259)**	**929,888**
LABOR	-	-	-	-	-	-	-	-	-	-	-	-		-	415,976
TOTAL CAPITAL BUDGETS	**584,144**	**776,787**	**1,072,251**	**1,166,983**	**1,077,446**	**1,005,595**	**920,494**	**901,382**	**923,979**	**992,224**	**853,141**	**9,690,281**	**9,623,580**	**(66,701)**	**17,441,411**

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%

Ten-Year Financial Plan

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

OPERATING	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
Retail	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
Wholesale	124,219	134,090	140,055	145,657	151,484	157,543	163,845	170,399	177,215	184,303
Other	67,963	81,440	83,160	84,536	88,174	84,233	86,575	89,609	95,076	86,040
RSF	0	-	-	-	-	-	-	-	-	-
Operating Receipts [1]	$ 1,008,194	$1,069,375	$1,121,369	$1,172,296	$1,228,658	$1,280,060	$ 1,316,736	$ 1,376,192	$ 1,436,968	$ 1,478,067
Operating Expenses	461,839	478,001	500,730	520,158	540,356	561,353	583,182	605,876	629,469	653,997
Debt Service	247,448	257,898	300,831	331,501	356,875	380,840	406,900	427,353	454,080	472,555
Cash Financed Capital Improvement	$ 97,938	$ 76,846	$ 80,834	$ 84,789	$ 89,010	$ 93,446	$ 95,968	$ 100,457	$ 104,821	$ 108,695
Net Revenues After Debt Service	$ 200,968	$ 256,630	$ 238,975	$ 235,848	$ 242,417	$ 244,421	$ 230,685	$ 242,507	$ 248,598	$ 242,820
Operating Reserve-Beg Balance	333,716	341,600	354,600	372,600	386,600	401,600	418,600	434,600	450,900	468,900
Other Misc (Disbursements)/Receipts										
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)
Operating Reserve - Ending Balance	$ 341,600	$ 354,600	$ 372,600	$ 386,600	$ 401,600	$ 418,600	$ 434,600	$ 450,900	$ 468,900	$ 487,900
Rate Stabilization Fund Balance RSF [2]	$ 40,644	$ 40,644	$ 40,644	$ 40,644	$ 40,644	$ 40,644	$ 40,644	$ 40,644	$ 40,644	$ 40,644
Senior Debt Service Coverage	939%	1043%	1017%	1045%	861%	902%	815%	790%	860%	856%
Combined Debt Service Coverage	224%	239%	211%	204%	200%	196%	187%	187%	184%	180%
Actual/Projected Water/Sewer Rate Incr	6.00%	6.00%	6.00%	6.00%	6.00%	7.00%	7.00%	7.00%	6.50%	6.00%
Operating Receipts $ Increase/Decrease										
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
Operating Receipts % Increase/Decrease										
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%

[1] *Includes interest earnings on senior lien revenue bonds' debt service reserve fund*

[2] *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*