



DC Water's Proposed FY 2027 Budget

Presentation to Wholesale Customers, January 16, 2026

Presenters: DC Water Staff

District of Columbia Water and Sewer Authority



DC Water Headquarters from the Anacostia River



To Brief Wholesale Customers On:

- 💧 Proposed FY 2027 Operating Budgets
 - Budget Levels
 - Cost Trends, Challenges, and Opportunities
 - Preliminary Billing Estimates
- 💧 Proposed 10-Year CIP (FY 2026 to FY 2035)
 - Priorities
 - Key Projects and Timelines
 - Project Budgets and Cost Shares
- 💧 Other Miscellaneous Updates





| | |
|-----------------------------------|----|
| • Billing Overview | 7 |
| • Budget Overview | 16 |
| • Blue Plains Operations | 22 |
| • Capital Program | |
| • Capital Program Overview | 41 |
| • Blue Plains Projects | 47 |
| • Joint Use Pump Station Projects | 47 |
| • Major Sewer Projects | 54 |
| • DCCR/CSO Project | 60 |
| • Potomac Interceptor Projects | 60 |
| • Appendix | 73 |

- 💧 **Bond ratings re-affirmed in 2025 by all three rating agencies**
- 💧 **Government Finance Officers Association (GFOA) Awards (Triple Crown Again!)**
 - Distinguished Budget Presentation Award – 25th consecutive year
 - Certificate of Achievement for Excellence in Financial Reporting – 28th consecutive year
 - Popular Annual Financial Reporting Award (PAFR) - 3rd consecutive year
- 💧 **Unmodified (“clean”) audit opinion** as of September 30, 2025
- 💧 **National Association of Clean Water Agencies (NACWA) Platinum Award** (13th consecutive year)



Proposed FY 2027 Operating Expenditure Budget of \$844.1 million

- Overall increase of \$5.9 million or 0.7% compared to FY 2026

Proposed 10-Year Capital Improvement Program Budget of \$9.69 billion

- Overall ten-year 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

Proposed FY 2027 & 2028 Operating Revenues

- Overall increase of \$61.2 million or 6.1% in FY 2027 and \$52.0 million or 4.9% increase in FY 2028

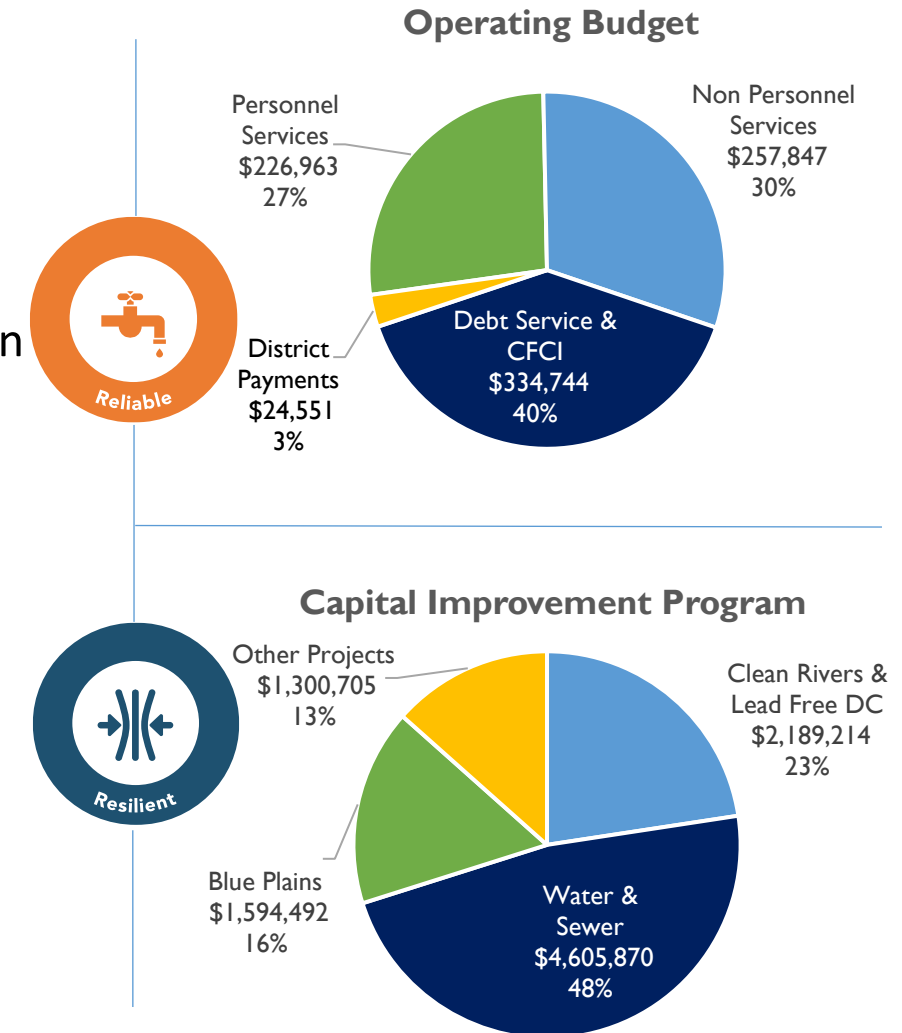
Financial Plan

- Meets Board financial policy requirements



- 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 Bi-Partisan 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

\$ in thousands



Billing Overview

Tika Acharya
Manager, Grants and Wholesale Billings

Wholesale Customer* Billing Overview

| * Represents WSSC, Fairfax, & Loudoun | Capital | O&M |
|---|---------|-----|
| Annual Estimated Bills | | |
| <ul style="list-style-type: none"> Due on October 1st Adjustment to the 2024 bills: <ul style="list-style-type: none"> Performed FY 2024 settlement of the O&M bill in March 2025- billed additional \$9.2 million from Wholesale Customers during the third quarter. Performed FY 2024 settlement of the MJUF bill in March 2025- refunded \$865 thousand to Wholesale Customers during third quarter. | X | X |
| Annual Settlements | | |
| <ul style="list-style-type: none"> Operating - Due NLT 90 days after independent auditor's report or March 31st <ul style="list-style-type: none"> FY 2025 (Report Issued on December 19, 2025; Settlement Deadline is March 19, 2026) Capital - Equipment, and Indirect <ul style="list-style-type: none"> Preparation begins after the operating settlement is completed (3rd Quarter) | X | X |
| Quarterly Settlement Capital | | |
| <ul style="list-style-type: none"> Capital Projects- true up every quarter with Actual Expenditures | X | |
| Audits by WSSC Auditors after Annual Settlement | | |
| <ul style="list-style-type: none"> FY 2020 and FY 2021 O&M Audits completed in FY2025- refunded \$1.6 million to Wholesale Customers in audit adjustments. MJUF close to completion in early 2026 FY 2022 audits are in progress, FY 2023 and FY2024 will be taken up later in 2026 | | X |



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 expense 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% |
| Total Revenues | \$1,008,194 | \$1,069,375 | \$1,121,369 | \$61,181 | 6.1% | \$51,994 | 4.9% |



IMA Operating Billing Estimates by Customer

- Total Wholesale revenue/billings (including PI) is projected to be \$124.2 million, \$134.1 million, and \$140.0 million in FY 2026, FY 2027, and FY2028. These billings estimates are based on projected expenditures (budget levels) and most recent flow trends.

| | | FY 2026 (Current Billing) | FY 2027 (Proposed) | FY 2028 (Proposed) |
|---|---|------------------------------|-----------------------|-----------------------|
| WSSC | | | | |
| | Operating & Maintenance Bill | \$82,540,755 | \$89,786,761 | \$93,986,125 |
| | Multi-Jurisdictional User Facilities (MJUF) Bill | \$3,852,144 | 3,901,883 | 4,051,666 |
| | Multi-Jurisdictional User Facilities (MJUF-II) Bill | \$18,197 | 18,197 | 18,197 |
| Total WSSC Operating Estimated Bill | | \$86,411,096 | \$93,706,841 | \$98,055,987 |
| Fairfax | | | | |
| | Operating & Maintenance Bill | \$19,208,736 | 20,904,739 | \$21,884,295 |
| | Multi-Jurisdictional User Facilities (MJUF) Bill | \$2,389,548 | 2,420,400 | 2,513,313 |
| | Multi-Jurisdictional User Facilities (MJUF-II) Bill | \$4,269 | 4,269 | 4,269 |
| Total Fairfax Operating Estimated Bill | | \$21,602,553 | \$23,329,408 | \$24,401,877 |
| Loudoun | | | | |
| | Operating & Maintenance Bill | 9,346,696 | 10,173,422 | \$10,650,407 |
| | Multi-Jurisdictional User Facilities (MJUF) Bill | 1,702,864 | 1,724,850 | 1,791,062 |
| | Multi-Jurisdictional User Facilities (MJUF-II) Bill | 2,112 | 2,112 | 2,112 |
| Total Loudoun Operating Estimated Bill | | \$11,051,672 | \$11,900,383 | \$12,443,581 |
| Total IMA Operating Estimated Bill | | \$119,065,321 | \$128,936,633 | \$134,901,446 |
| | | | | |
| Operating Expenditures (Budget) | | \$468,576,000 | \$484,810,000 | \$508,404,000 |
| | | | | |
| Wholesale Billing as a % of Operating Expenditures | | 25.4% | 26.6% | 26.5% |



IMA Capital Billing Estimates by Customer

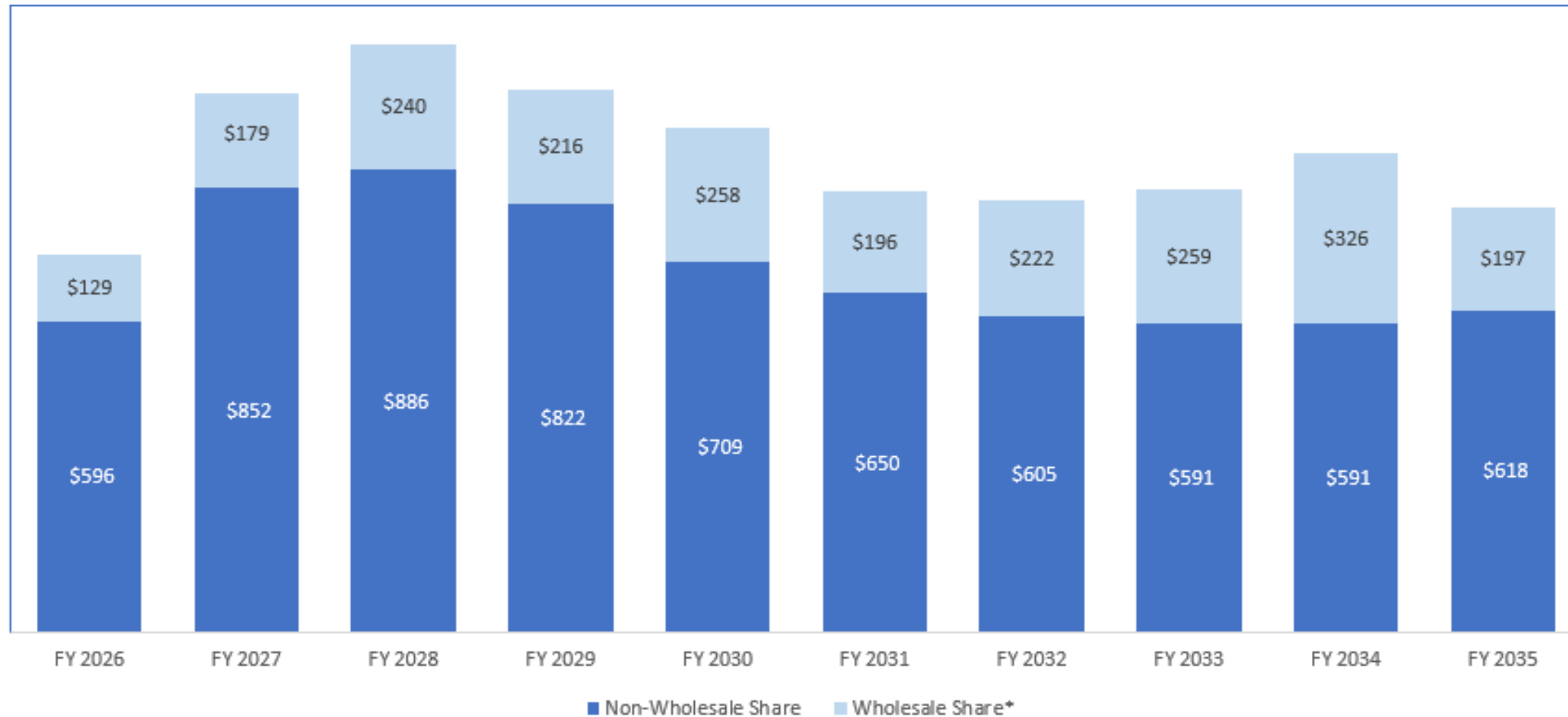
- Capital Billing estimates are based on projects planned in the 10-year Capital Improvement Plan and the cost shares agreed (or to be negotiated for new projects) with Wholesale Customers. These billings estimates include charges for capital construction, capital equipment, and capital indirect in accordance with the IMA agreement.

| | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 | FY 2032 | FY 2033 | FY 2034 | FY 2035 | Total |
|---|------------------|--------------------|--------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| Capital Billing Estimates (\$'s in 000's) | | | | | | | | | | | |
| WSSC | \$85,076 | \$122,538 | \$150,628 | \$133,290 | \$157,856 | \$145,284 | \$170,913 | \$182,777 | \$207,318 | \$160,345 | \$1,516,024 |
| Fairfax | 28,234 | 38,752 | 60,496 | 56,085 | 67,433 | 34,723 | 35,496 | 51,807 | 80,468 | 25,055 | 478,550 |
| Loudoun | 15,270 | 18,027 | 28,879 | 26,899 | 32,305 | 15,811 | 15,908 | 24,220 | 38,693 | 11,418 | 227,430 |
| Total IMA Capital Billing | \$128,580 | \$179,317 | \$240,003 | \$216,275 | \$257,594 | \$195,818 | \$222,317 | \$258,804 | \$326,479 | \$196,818 | \$2,222,004 |
| Proposed CIP Spending* | \$724,227 | \$1,030,898 | \$1,125,629 | \$1,037,792 | \$966,825 | \$845,954 | \$826,842 | \$849,439 | \$917,684 | \$814,371 | \$9,139,661 |
| IMA as a % of CIP | 17.8% | 17.4% | 21.3% | 20.8% | 26.6% | 23.1% | 26.9% | 30.5% | 35.6% | 24.2% | 24.3% |
| <i>*Includes Capital Equipment, excludes Meter replacements/AMR and Washington Aqueduct</i> | | | | | | | | | | | |

FY 2026 – FY 2035 Capital Disbursements

- Below is the 10-Year planned Capital Disbursements by Wholesale and Non-Wholesale Shares as a pictorial presentation.

\$ in millions



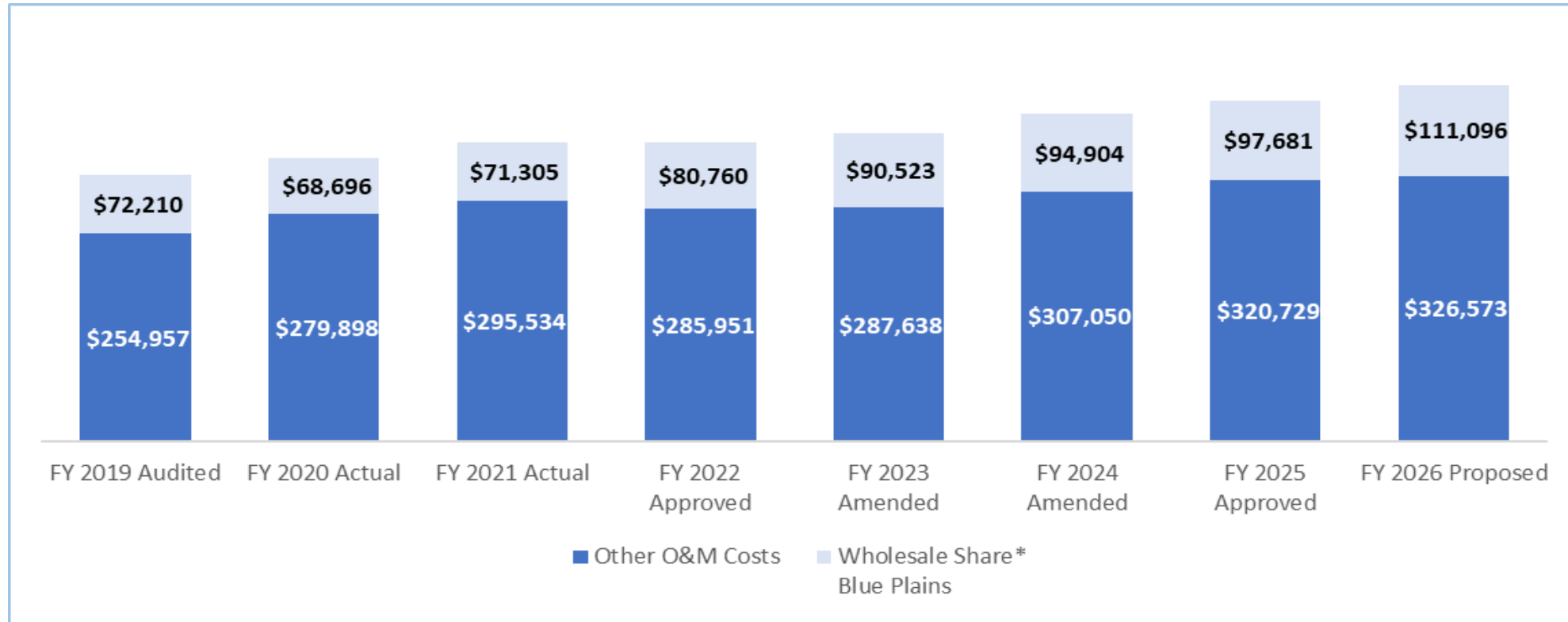
- Include capital projects, capital equipment, and indirect. Excludes Meter replacement and Washington Aqueduct.

- FY 2026 - 2035 Wholesale Share reflects the financial plan

* Represents WSSC, Fairfax & Loudoun

- Below is the Operating & Maintenance Cost trends by Wholesale and Non-Wholesale Shares as a pictorial presentation.

\$ in thousands

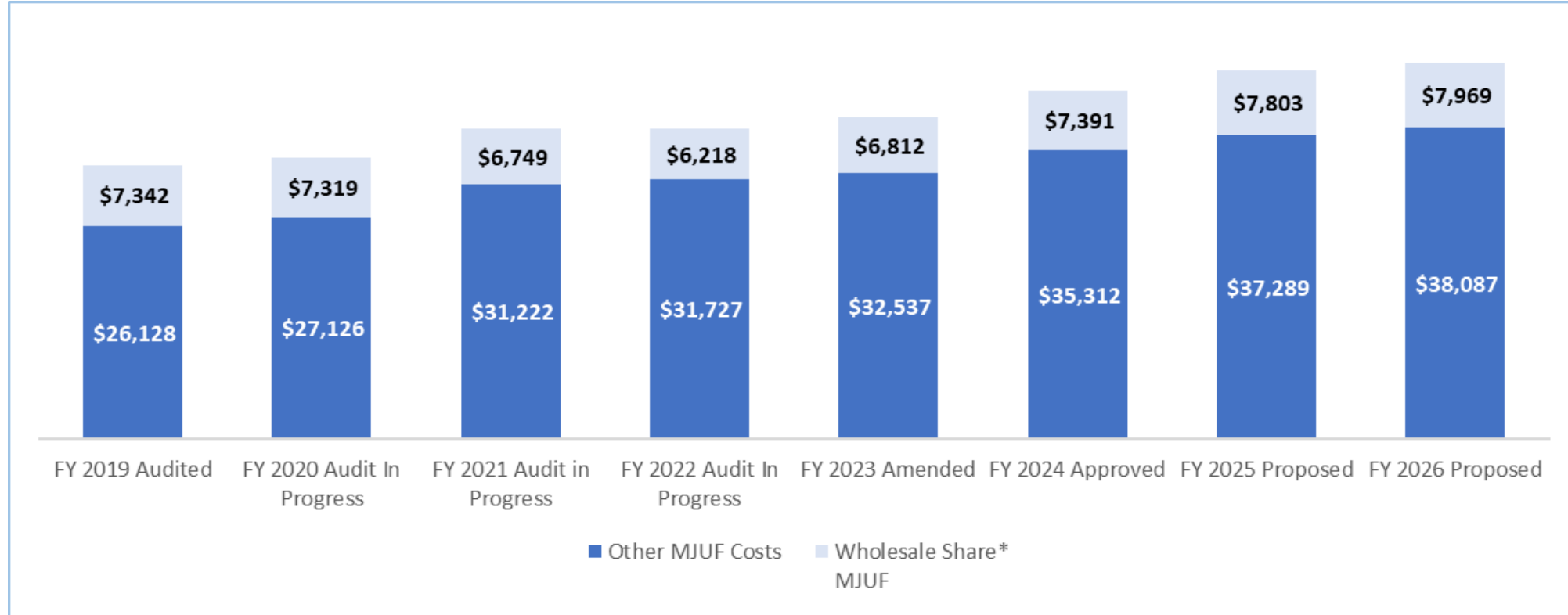


- All figures are net of WSSC biosolid costs
- FY 2020, FY2021, FY2022, and FY2023 are subject to change after completion of WSSC audit
- FY 2024 is subject to change after completion of settlement, and WSSC audit
- FY 2025 is subject to change after mid year review, completion of financial audit, settlement, and WSSC audit

* Represents WSSC, Fairfax, & Loudoun

- Below is the Multi-Jurisdictional User Facilities (MJUF) Cost trends by Wholesale and Non-Wholesale Shares as a pictorial presentation.

\$ in thousands



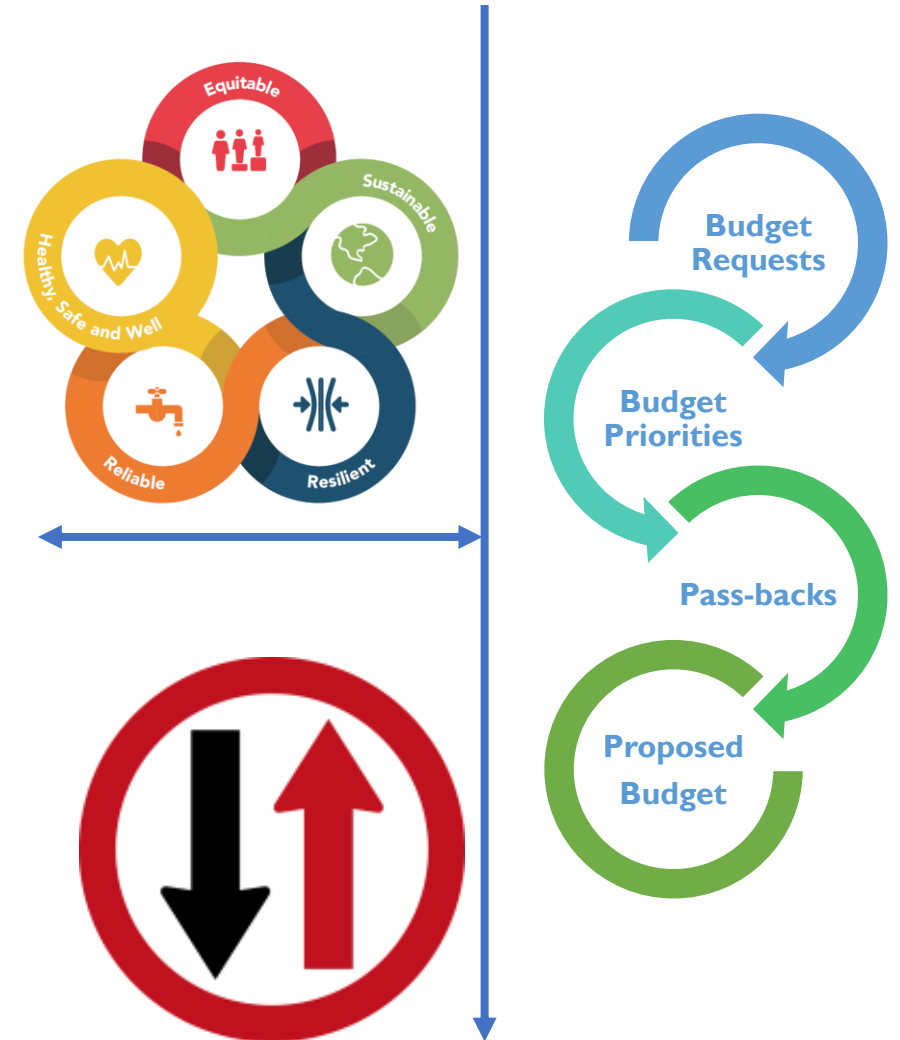
- FY 2020, FY2021, FY2022, and FY2023 are subject to change after completion of WSSC audit
- FY 2024 is subject to change after completion of settlement and WSSC audit
- FY 2025 is subject to change after mid year review, completion of financial audit, settlement, and WSSC audit

- **Central Operations Facility (COF) and Headquarters Building (HQO) IMA Cost Shares**
 - ✓ Worked collaboratively with Wholesale Customers through the Council of Government (COG) Committees
 - ✓ Effective October 1, 2021, following IMA Cost Shares are agreed:
 - COF Updated IMA Cost Share- 47%
 - HQO New IMA Cost Share- 35%
 - Updated IMA Agreement to reflect these changes is expected soon.
- **Blue Drop Revenue Rebate Credits Issued (FY17 to FY24):**
 - ✓ Credits issued to Wholesale Customers in FY2025 Q2 Operating & Maintenance Bills for the net revenue generated from the sale of Bloom and renewable energy credits from Blue Plains equipment:
 - WSSC \$3.4 million
 - Fairfax \$0.8 million
 - Loudoun \$0.4 million
- **Going forward Blue Drop plans to share the net revenue rebate credits each fiscal year with Wholesale Customers.**

Budget Overview

Pade Zuokemefa
Manager, Budget

- 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 reallocating vacancies to new needs (*Sustainable*)
- Complies with the Governmental Accounting Standards Board (GASB) requirement for capitalization of Subscription-Based Information Technology Agreement (SBITA) related software costs
- 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



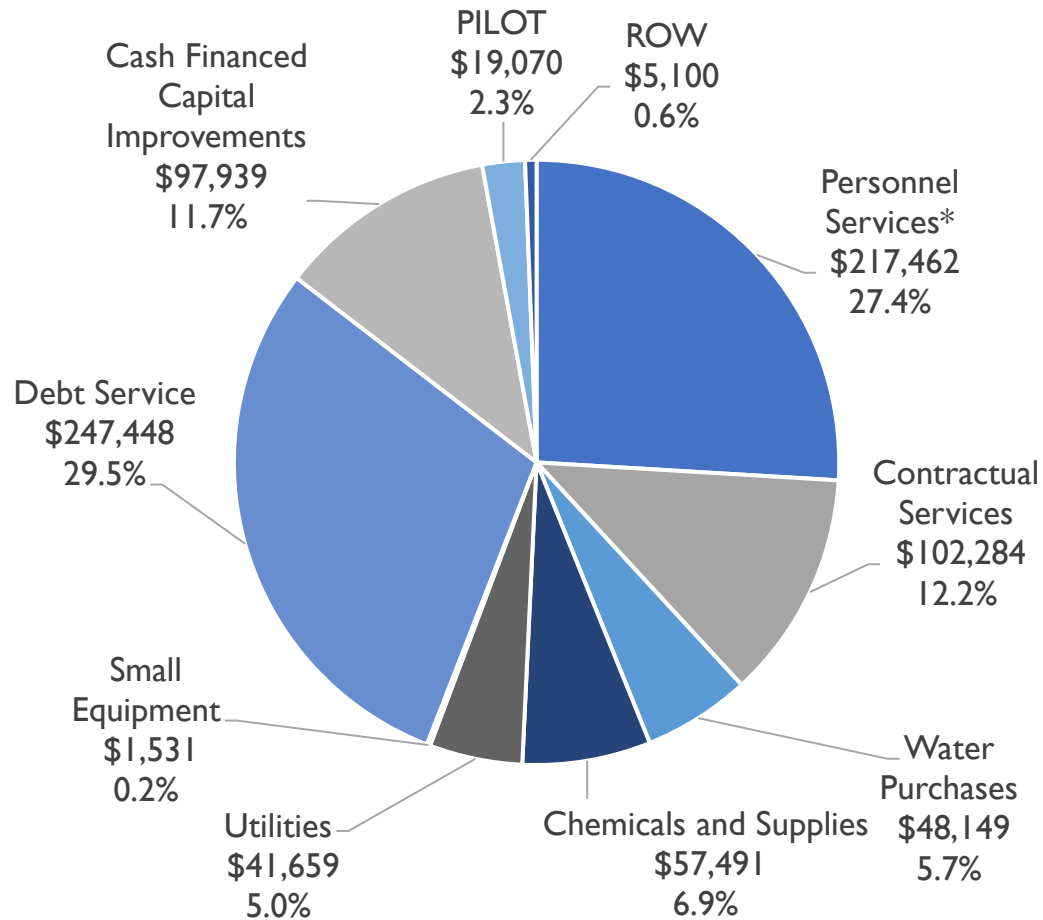
- 💧 **Preparation** of Proposed Budget
- 💧 Board review of proposals
 - Two months of detailed review by Finance and Budget, Environmental Quality and Operations, and Retail Rates Committees
- 💧 Customer **Briefings** and **Feedback**
 - Wholesale Customer Briefing on January 16
 - Office of People's 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)



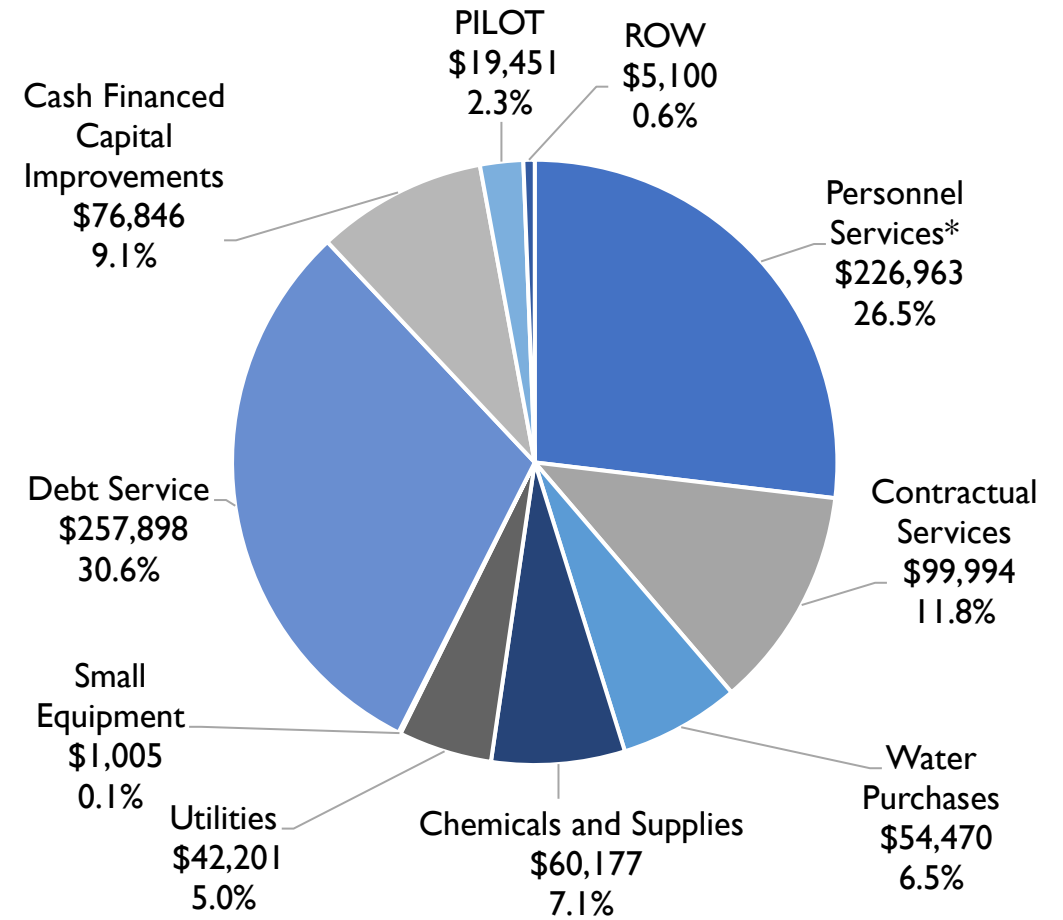
FY 2026 vs. FY 2027 Expenditure Budgets

\$ in thousands

Revised FY 2026 \$838,133



Proposed FY 2027 \$844,105



* 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 | | | FY 2026 | | FY 2026 | FY 2027 | (Increase)/ Decrease | |
|---|-------------------|-------------------|------------------|-------------------|----------------------|-------------------|-------------------|----------------------|--------------|
| | Revised | Actual | Variance | Adopted Budget | Budget Reprogramming | Amended Budget | Proposed Budget | \$ | % |
| 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% |

Operations & Maintenance Budget – FY 2026 vs. FY 2027



Personnel (\$9.5 million increase) – Reflects salary adjustments and increased overtime, 5% vacancy rate and maintains the authorized headcount level of 1283 FTEs



Chemicals (\$1.4 million increase) – Higher methanol and chemical prices; energy market may affect future costs



Supplies (\$1.3 million increase) – Reflects inflationary cost pressures for critical parts and custodial materials



Utilities (\$0.5 million net increase) – Anticipates increased capacity prices for electricity, offset by reduced water usage at Blue Plains for various treatment activities



Water Purchase (\$6.3 million increase) – Reflects DC Water's 75% share of the Washington Aqueduct's O&M budget



Contractual Services (\$2.3 million decrease) – \$2.3 million net decrease due to reallocation of \$7.3 million from software maintenance to capital equipment, consistent with the GASB requirement for SBITA. Areas of cost increases include maintenance, insurance, industrial cleaning, DDOT fees, security, etc.



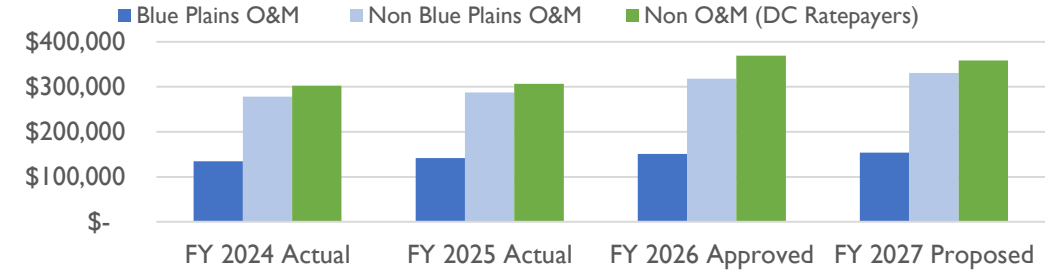
Small Equipment (\$0.5 million decrease) – Reflect reduced crane rental at Blue Plains

Blue Plains' Share of Total O&M Budget

- Blue Plains accounts for approximately 32% of DC Water's core operations & maintenance budget
- Blue Plains' FY 2025 actual costs were 98% of the budget
- FY 2026 approved budget for Blue Plains remains the same
- Proposed FY 2027 operating budget for Blue Plains is \$153.8 million, an increase of \$3.1 million or 2%

Historical & Projected Operating Budget

\$ in thousands



| (\$000's) | FY 2024 | FY 2025 | | | | FY 2026 | FY 2027 | (Increase)/ Decrease | |
|--|------------|------------|------------|-----------|------|------------|------------|----------------------|------|
| | Actual | Revised | Actual | Variance | % | Approved | Proposed | \$ | % |
| Total Personnel Services | \$ 37,792 | \$ 40,870 | \$ 38,126 | \$ 2,744 | 93% | \$ 42,432 | \$ 42,450 | \$ (18) | 0% |
| Chemicals | 43,421 | 43,878 | 44,082 | (204) | 100% | 43,955 | 45,385 | (1,430) | 3% |
| Supplies | 6,744 | 6,805 | 6,795 | 10 | 100% | 7,707 | 8,150 | (444) | 5% |
| Electricity | 19,503 | 22,723 | 24,169 | (1,446) | 106% | 24,174 | 25,064 | (890) | 4% |
| Natural Gas | 676 | 1,642 | 1,205 | 436 | 73% | 1,079 | 1,612 | (532) | 33% |
| Water Usage | 2,805 | 3,467 | 1,668 | 1,799 | 48% | 3,136 | 2,130 | 1,006 | -47% |
| Others (telecoms, rentals etc) | 342 | 354 | 315 | 39 | 89% | 348 | 349 | (1) | 0% |
| Subtotal - Utilities | 23,327 | 28,185 | 27,357 | 828 | 97% | 28,738 | 29,155 | (417) | 1% |
| Biosolids Hauling | 5,063 | 5,278 | 4,692 | 586 | 89% | 5,821 | 5,821 | 0 | 0% |
| CHP O&M Fee | 5,502 | 5,691 | 5,798 | (107) | 102% | 6,090 | 7,307 | (1,217) | 17% |
| Maintenance & Repairs | 4,021 | 4,056 | 4,390 | (334) | 108% | 4,907 | 5,125 | (218) | 4% |
| Others (professional services, research, software, training,etc) | 7,392 | 9,771 | 9,863 | (92) | 101% | 9,879 | 9,556 | 322 | -3% |
| Subtotal - Contractual Services | 21,979 | 24,796 | 24,742 | 54 | 100% | 26,697 | 27,810 | (1,113) | 4% |
| Small Equipment | 1,001 | 846 | 877 | (31) | 104% | 1,085 | 800 | 285 | -36% |
| Total Non-Personnel Services | 96,472 | 104,510 | 103,853 | 657 | 99% | 108,182 | 111,301 | (3,120) | 3% |
| Blue Plains O & M Costs | \$ 134,265 | \$ 145,380 | \$ 141,979 | \$ 3,401 | 98% | \$ 150,613 | \$ 153,752 | \$ (3,138) | 2% |
| Non Blue Plains O & M Costs | 278,305 | 309,133 | 287,209 | 21,924 | 93% | 317,963 | 331,058 | (13,096) | 4% |
| Total Operations & Maintenance | \$ 412,570 | \$ 454,513 | \$ 429,188 | \$ 25,325 | 94% | \$ 468,576 | \$ 484,810 | \$ (16,234) | 3% |

Blue Plains: Operating Budget Drivers by Cost Category

- The Proposed FY 2027 budget of \$153.8 million for Blue Plains cluster includes an increase of \$3.1 million for the following:



Personnel Services – Relatively flat compared to the approved FY 2026 budget



Contractual Services – Net increase of \$1.1 million for various **professional services** including the CHP contract; **maintenance requirements** (operational facilities, critical equipment etc.). Also reflect reallocation of \$0.81 million from software maintenance to capital equipment consistent with GASB requirement for subscription-Based Information Technology Agreement(SBITA)



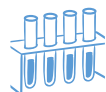
Utilities – Increase of \$0.4 million is mainly for electricity costs



Supplies – Increase of \$0.4 million due to significant cost increases for critical parts



Small Equipment – decrease of \$0.2 million reflect reduced crane rental at Blue Plains

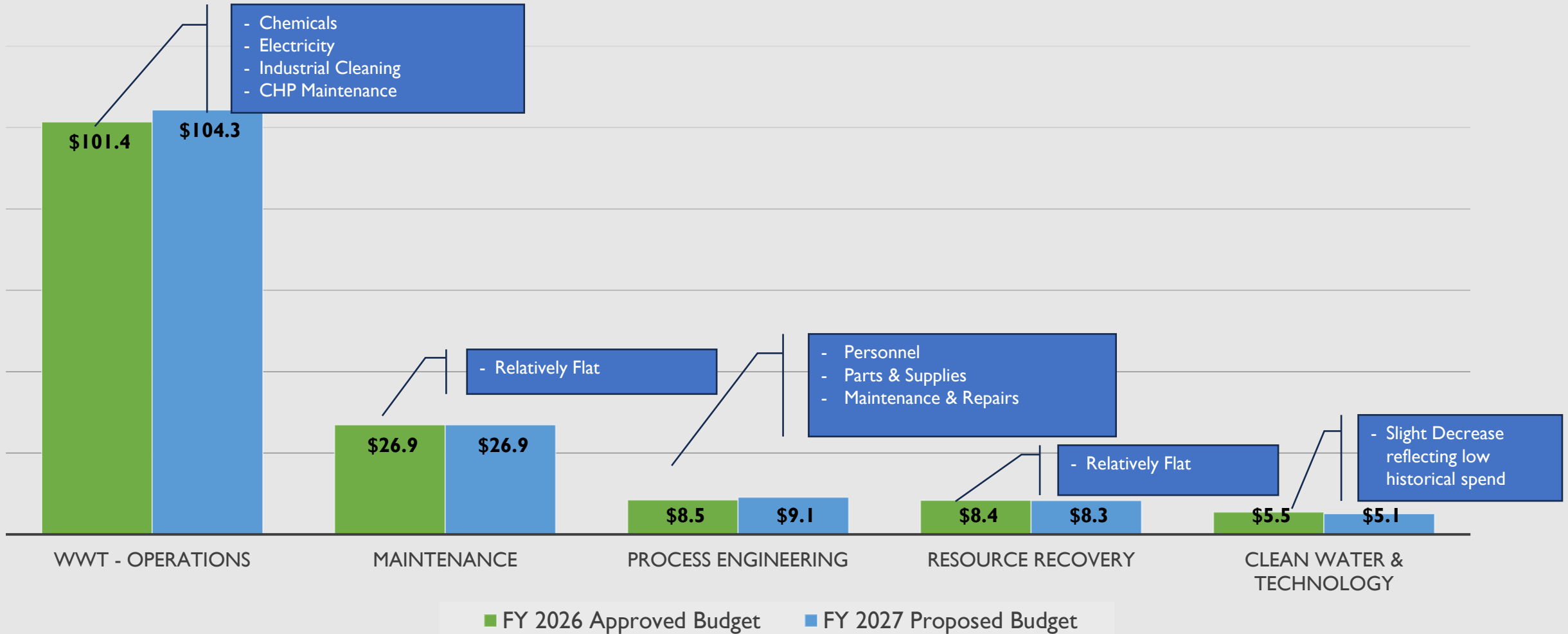


Chemicals – Increase of \$1.4 due to significant cost increases for chemicals

Blue Plains: Operating Budget Drivers by Department

\$ in millions

FY 2026 Approved vs FY 2027 Proposed





- 💧 Personnel - Overtime during emergencies, increased healthcare cost, lower than anticipated vacancy rate, outcome of compensation assessments and other leave adjustments typically funded by vacancies
- 💧 Supplies & Chemicals - Market volatilities, inflation, increased capacity energy prices based on peak demand, rain events, process optimization
- 💧 Utilities - Market volatilities, onsite energy optimization, solar project output & timeline
- 💧 Professional Services - Biosolids/BLOOM - Hauling/marketing of 70,000 tons, Locate and Mark Utilities – Increased cost and volume
- 💧 Litigation & Insurance - Impacts of unanticipated legal cases and insurance policy requirements

Wastewater Operations

Nicholas Passarelli - VP, Wastewater Operations

Shawna Martinelli – Director, Operation and Process Engineering

Elkin Hernandez – Director, Maintenance Services

Chris Peot – Director, Resource Recovery

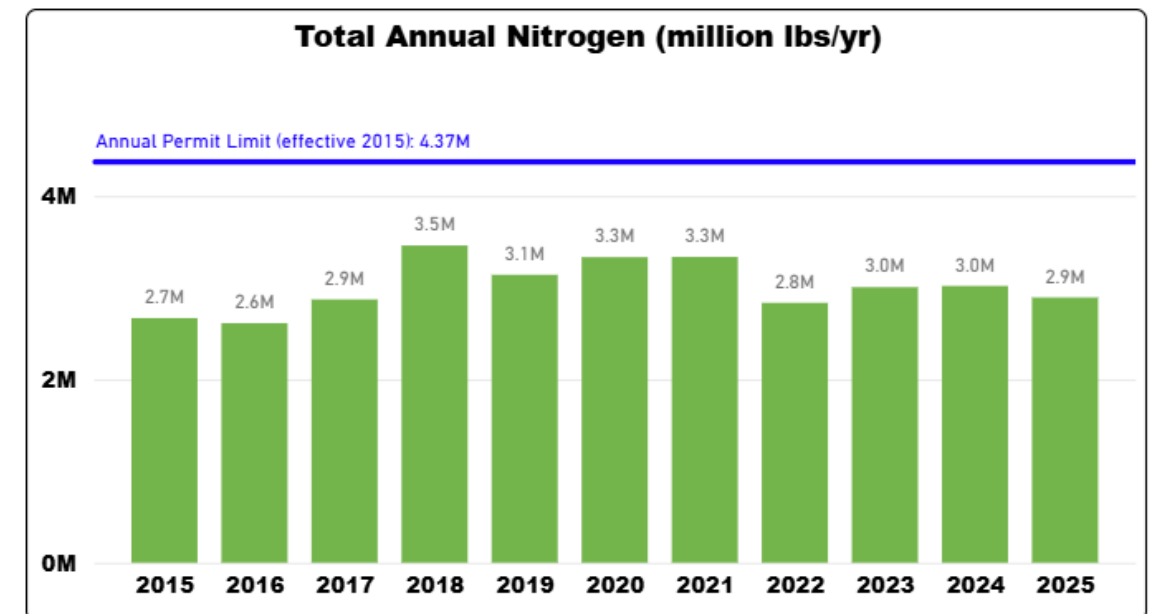
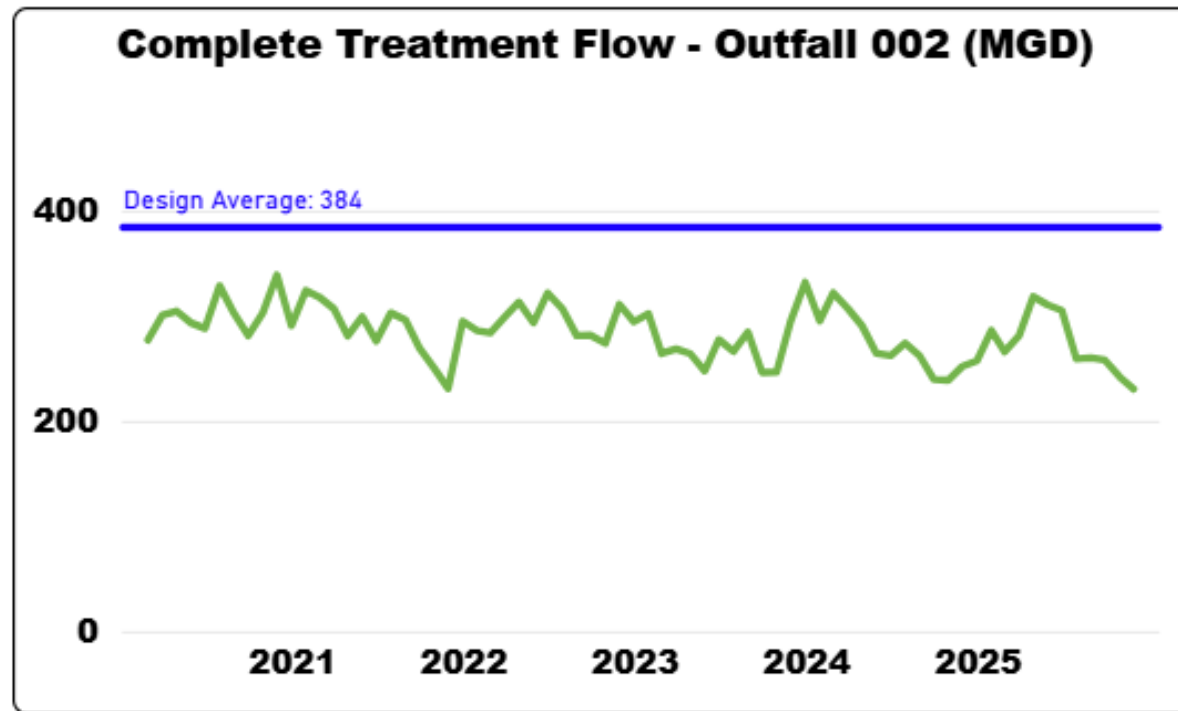
Haydee De Clippeleir – Director, Clean Water Quality and Technology

- ❑ Compliance with National Pollutant Discharge Elimination System (NPDES) Permit
 - Full compliance with NPDES permit
 - Received National Association of Clean Water Agencies (NACWA) Platinum Award for thirteen consecutive years
 - FY25 Total volume treated, million gallons (MG)
 - Complete Treatment – 99,480 MG
 - Wet Weather Treatment to Outfall 001 – 100 MG

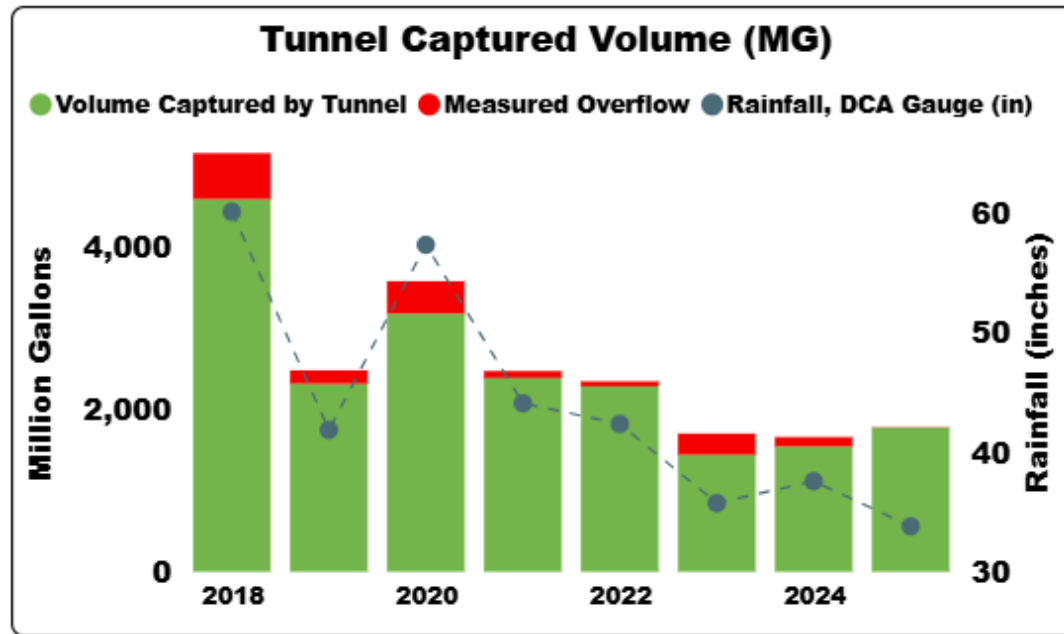


■ FY25: Avg. Complete Treatment Flow (Outfall 002) 273 MGD

■ CY25: approx. 2.89 MLbs TN



- ❑ Oct 2024 - Sep 2025
 - Over **1.85 billion** gallons captured
 - Over **1,025 tons** of trash, debris, and other solids captured
- ❑ Tunnel capture rate since commissioning ~92.2%



Over 19.5 billion gallons of flows were captured and treated and over 12,980 tons of trash, debris, and other solids removed



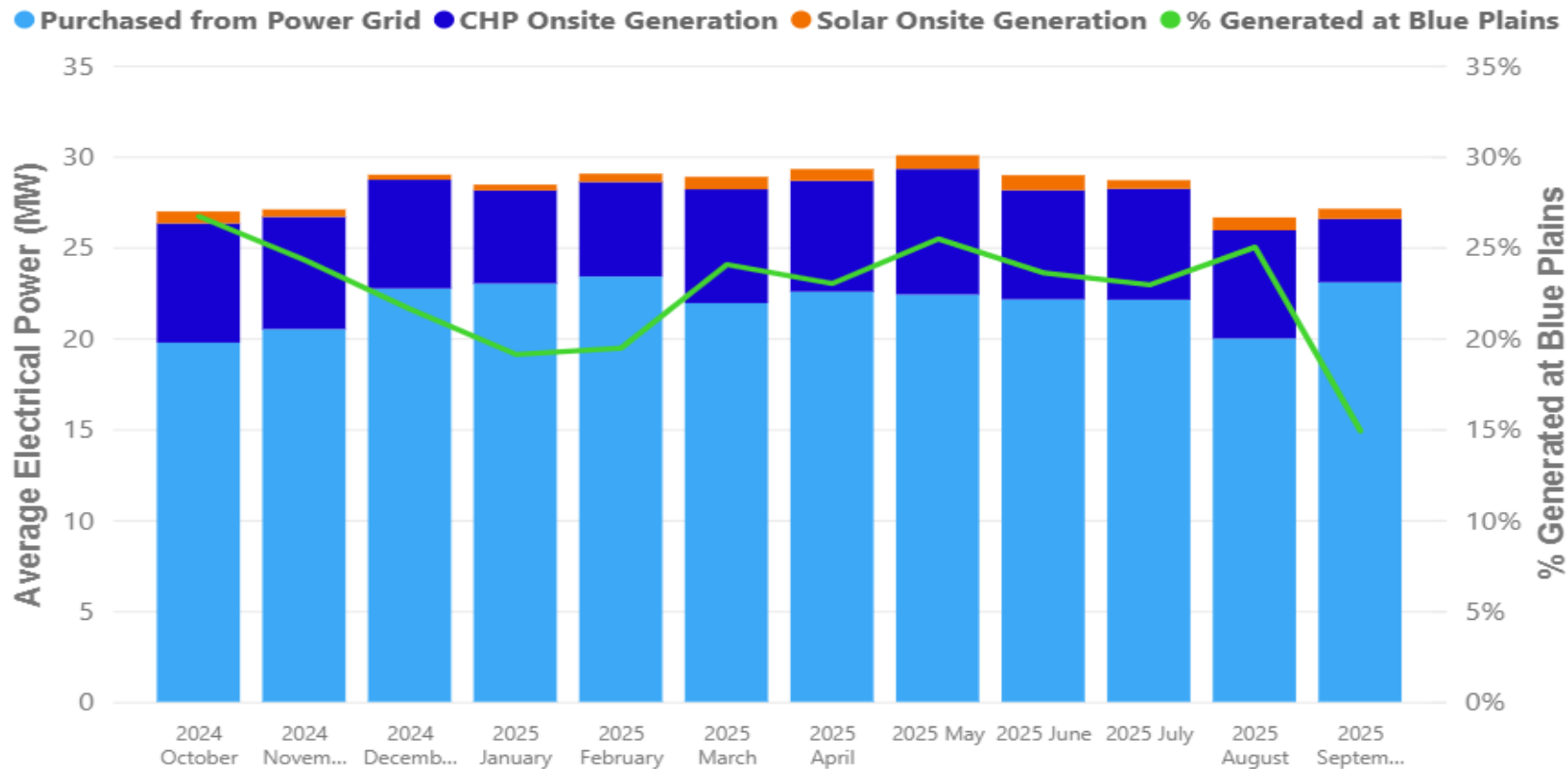
Enhanced Clarification at the Wet Weather Treatment Facility



Trash, Debris and Solids Removal from Screening Shaft at Tunnel Dewatering Pumping Station

CHP facility and the Phase I Solar Panels generated an average of 5.83 MW and 0.56 MW of net power respectively or 23 % of the total energy consumed at Blue Plains for FY25

Blue Plains Electrical Report



❑ Asset Management/Reliability

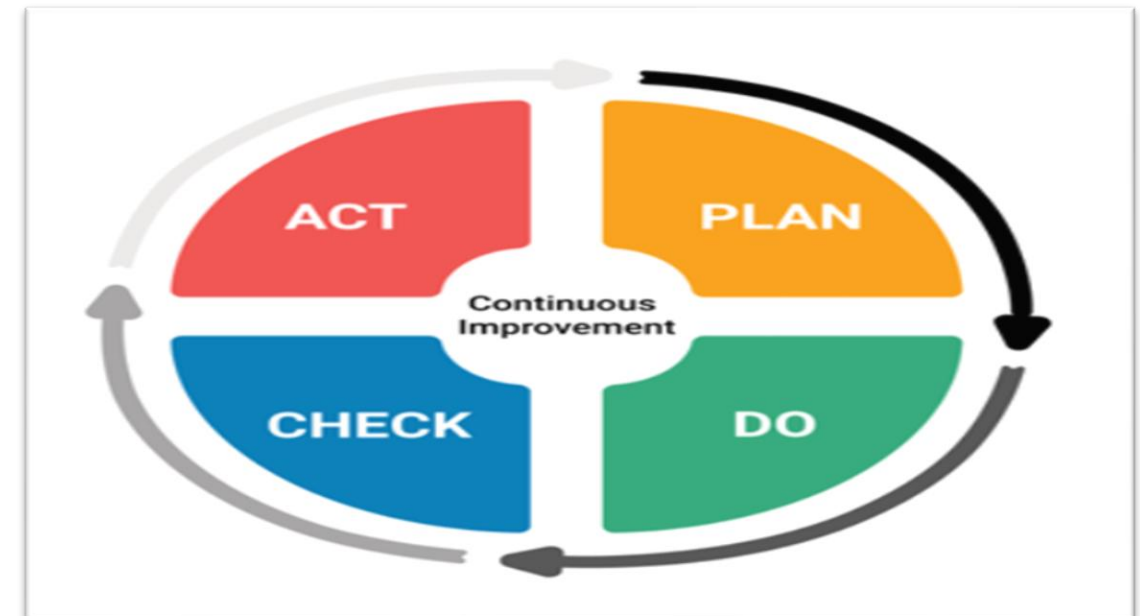
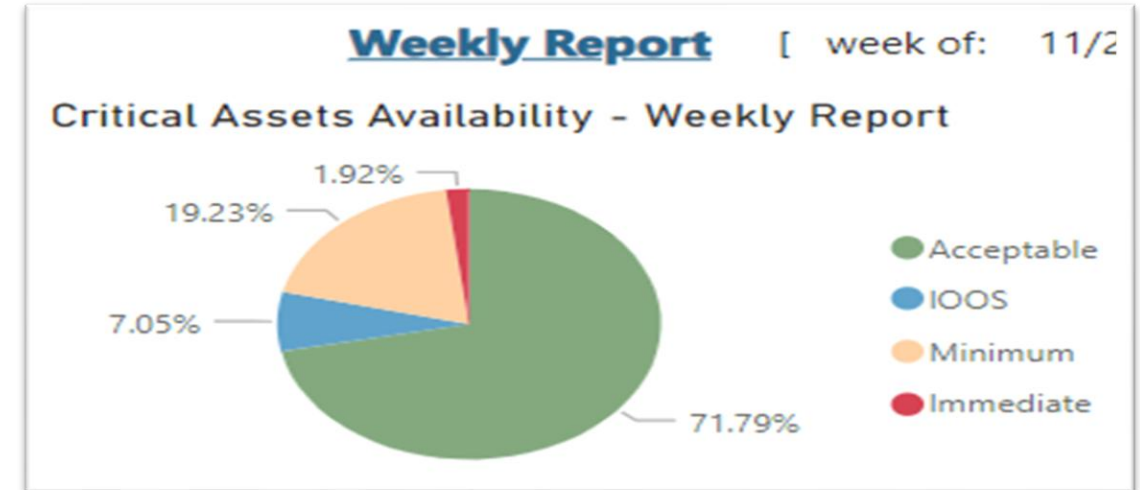
- Proactive Maintenance
 - Overhaul of Belt Filter Presses and centrifuges
 - Expanded use of AI-powered real-time vibration platform for preventive maintenance,
- Operator Driven Reliability:
 - iPads provided to all Operations Staff and Maintenance staff
 - ✓ Pads include Mobile Maximo, eLogger, EDS One Drive and other mobile apps.
 - ✓ Process of utilizing and enhancing use of iPads to improve field inspection and reporting, providing for timely and more accurate WOs.
- O&M staff increasingly used plant asset data analytics to understand plant process systems and equipment performance and drive decisions



□ Maintenance Objectives & Strategies

- Ensuring Plant Capacity
 - Critical equipment availability: Target >95% and was met every month during FY 2025

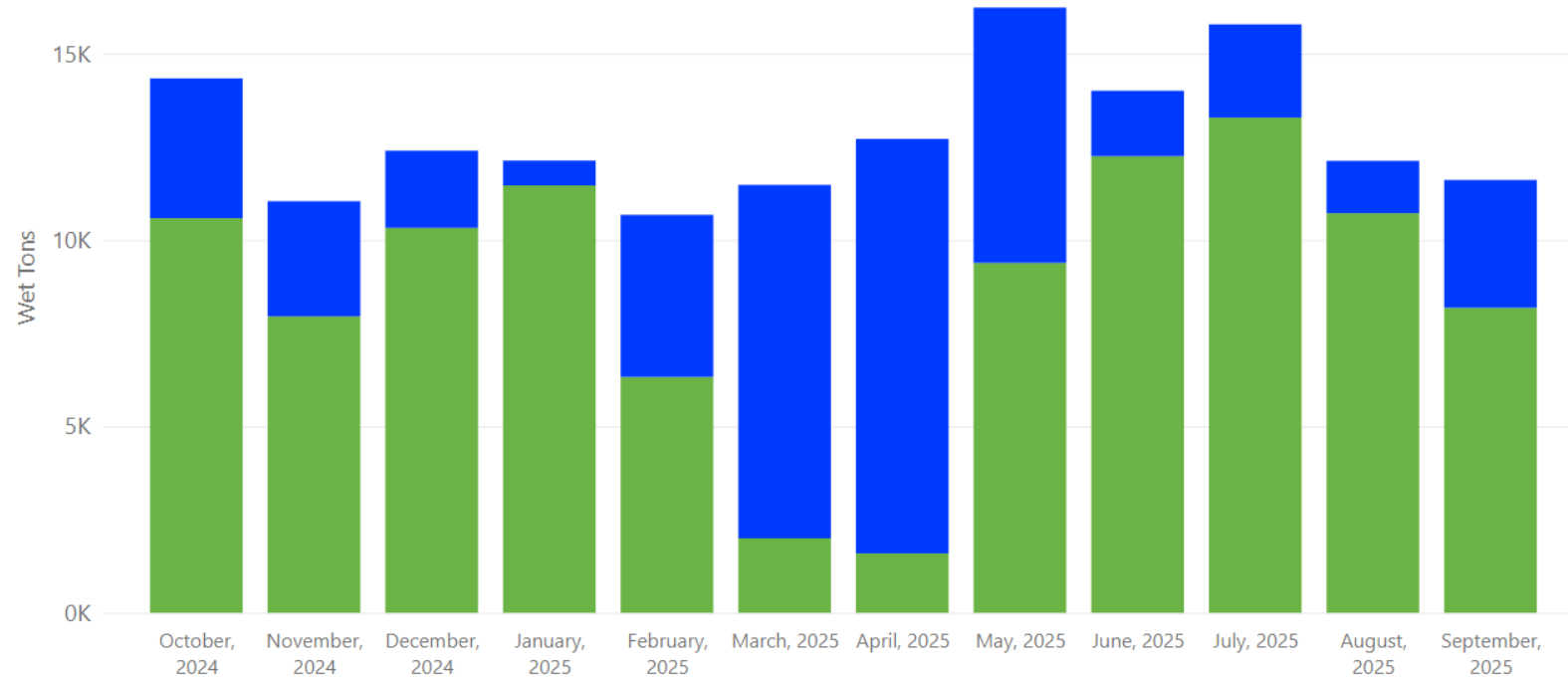
Annual monthly average was at 96.3%
- Sustaining and Improving Asset Reliability – The PDCA cycle of continuous Improvement.
 - Optimization of Continue initiatives and programs focused on enhancing the effectiveness and efficiency of our operations.
 - Maintain and expand training efforts to develop and sustain the skills necessary for implementing best maintenance practices.



- ❑ Biosolids produced (Actual for FY25) ~ 423 wet tons/day
- ❑ Met EPA's Class A Exceptional Quality requirements
- ❑ 50,292 wet tons marketed as BLOOM
- ❑ Estimate used for FY26 & FY27 ~ 450 wet tons/day

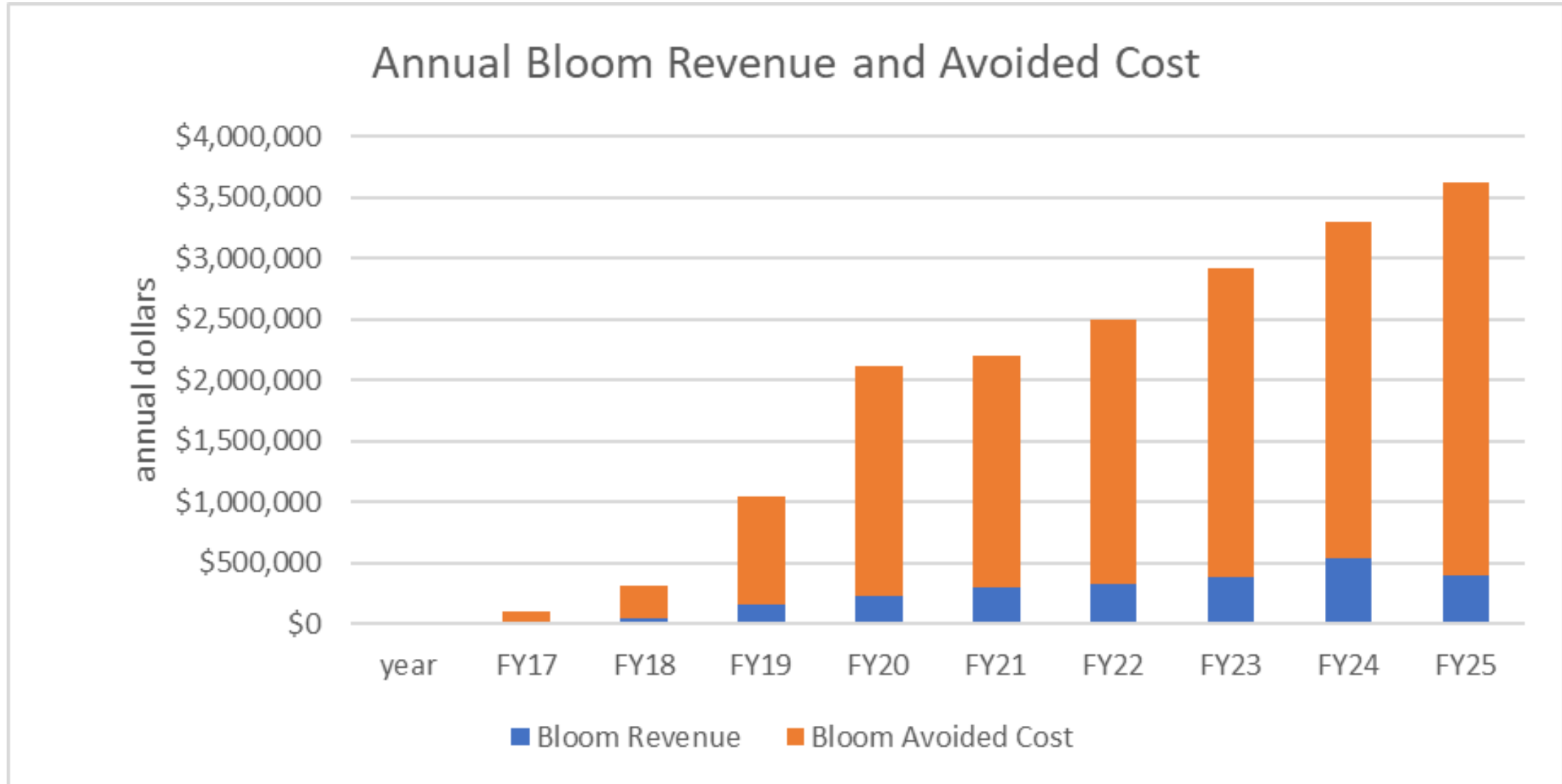
Total Production of Class A Biosolids and Beneficial Reuse by Type

● Land Application ● Marketing as Bloom

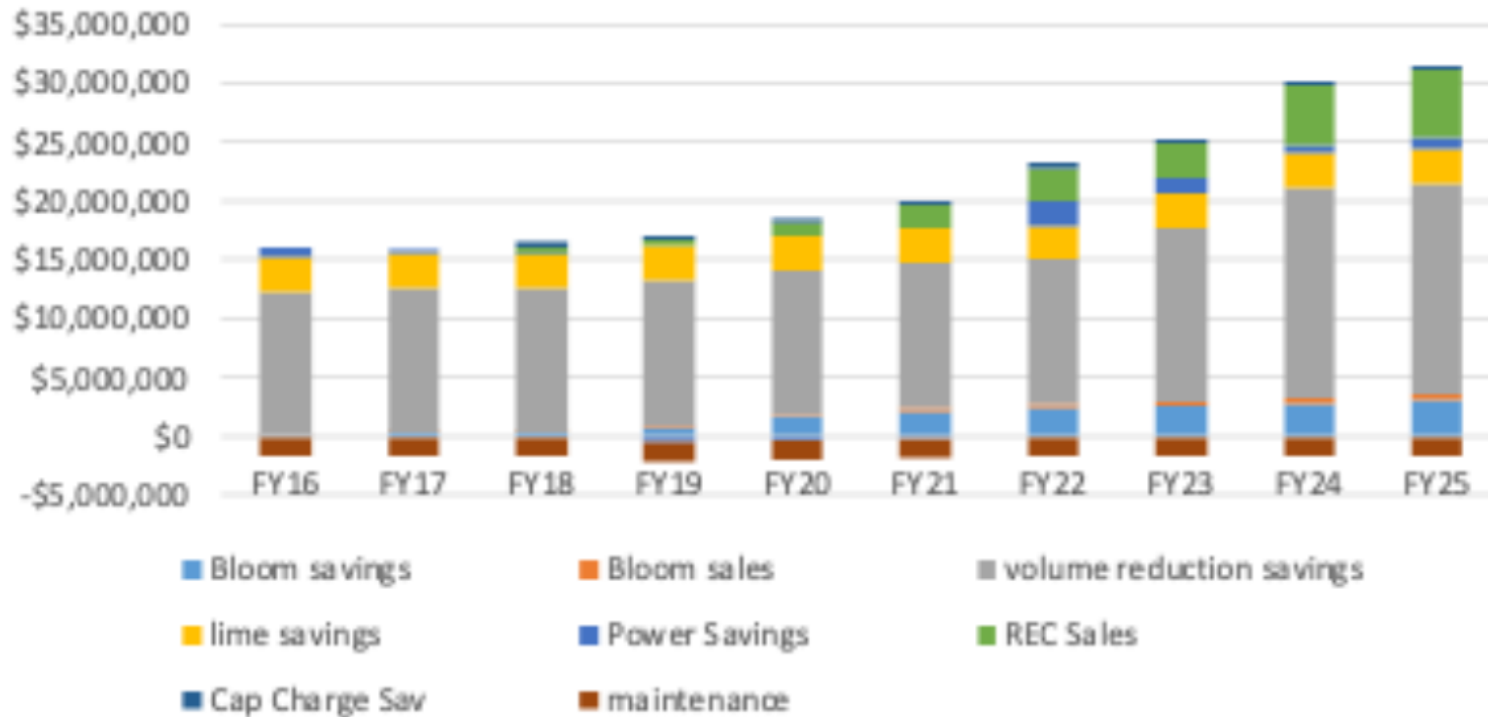


Annual (not cumulative) Bloom Revenue and Savings

Bloom revenue last year ~\$400K, with an additional \$3.2M in savings



Class A Savings and Revenue



- ✓ **Cost Reduction and Revenue Generation**
- ✓ **Avg annual savings and revenue - \$22M, total savings and revenue for first 10 yrs (estimated for FY25) = \$223M**
- ✓ **Simple payback on \$295M – 14 yrs (original estimate was 19 yrs)**
- ✓ **12.5 yrs if we include the steam savings**
- ✓ **Reduced our carbon footprint by 1/3, or 50,000 metric tons of CO₂e emissions annually**

Existing Projects: Total of over **\$3.1M** in power savings

- **Phase I Solar** (peak 3.5 MW) ~ savings **\$561K** in FY25 in power costs & reduction of carbon footprint
- **CHP Facility** power savings totaled **\$2.5M** in FY25

New Project:

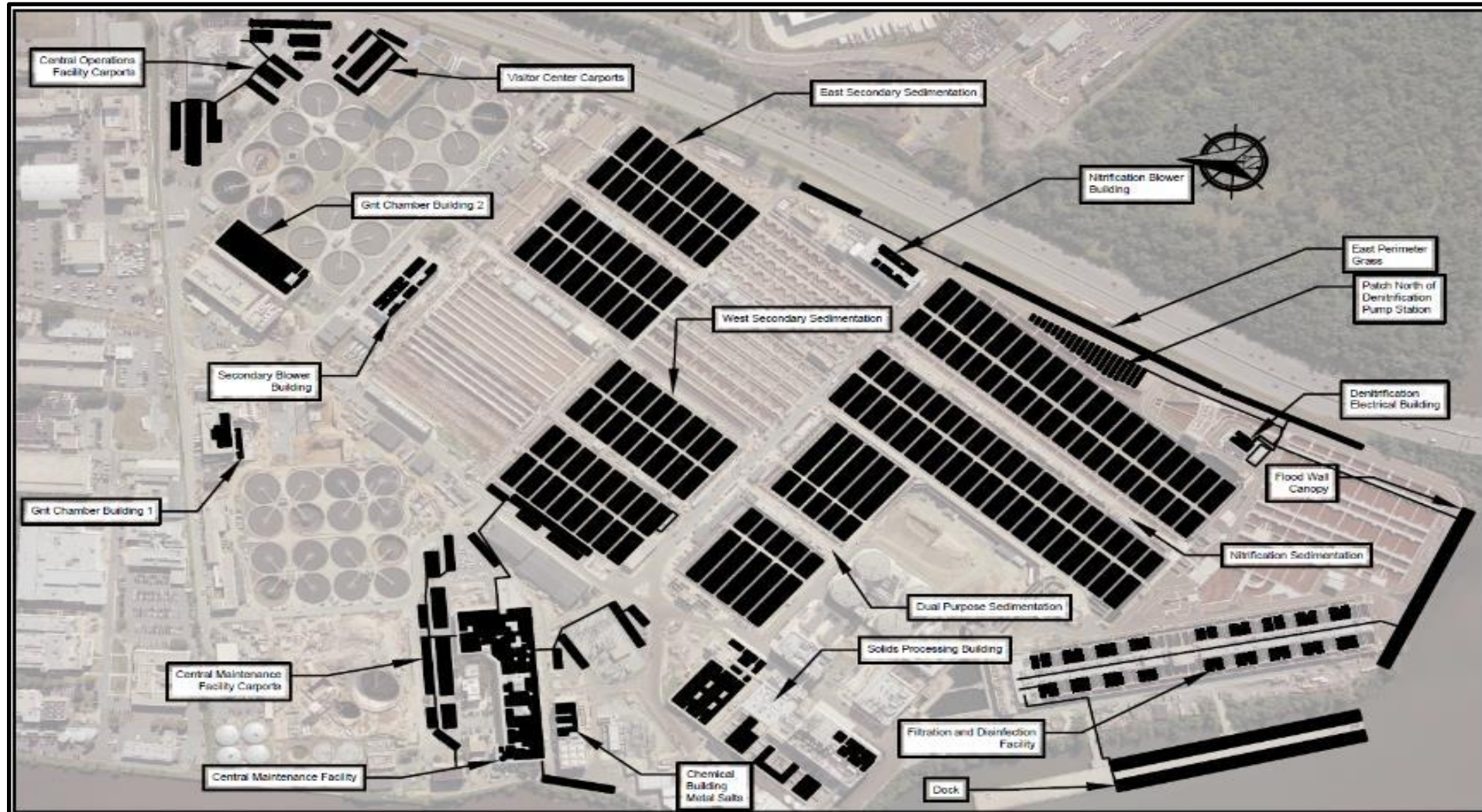
- **Curing Pad Solar:** project to start up in FY26-Q2. Estimated generation is 0.5 MW of power, with generation of \$220K/yr of SRECs and \$80,000 in power savings.

Curing Pad Roof Solar

Future Projects:

- **Phase IIA and Phase II Solar** projects
 - **Phase IIA Solar:** (peak ~1 MW) in planning now
 - **Phase II Solar:**
 - Estimated additional peak Additional 15 to 20 MW potential
 - Potential for an additional \$1.8M/yr in power savings
 - Additional carbon footprint reduction
 - Tentative delivery FY30/31





Map showing Phase 1 & 2 Solar Panels

Partial Denitrification Anammox (PdNA) Demonstration pilot

Drivers for implementation:

- Increasing N removal capacity of current infrastructure
- Decreasing dependency on methanol

Objective is to optimize IFAS full-scale design for PdNA:

- Screen area needed and screen cleaning
- Mixing needed
- Hydraulic limitation

Reactor 2 = demo reactor

Integrated Fixed film
activated sludge (IFAS)

Optimized mixing

Plastic media

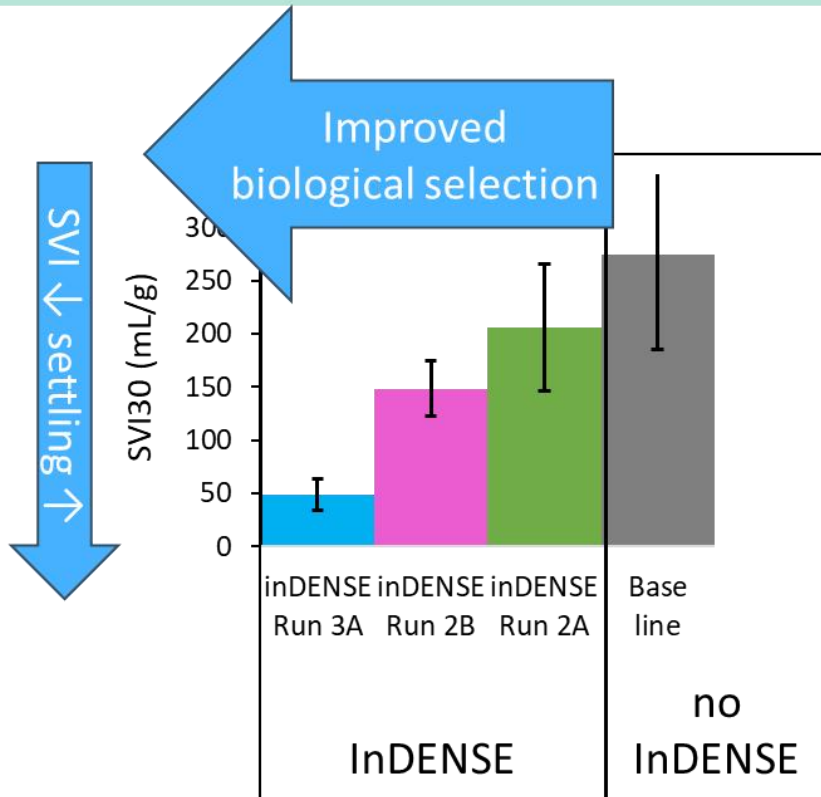
- For anammox retention
- Heavy media

Influent and effluent
screen to retain media

Densification of secondary treatment to enhance treatment capacity

Drivers for implementation:

- Increasing secondary treatment capacity
- Avoid the need to build additional reactor volume



Waste fluffy flocs

Retain dense flocs

How?

- By improving settling properties by selecting for denser flocs
- Using hydrocyclone to selectively waste less dense fraction
- Manage feast-famine conditions to biologically select for better settling sludge

10 Minutes Break

Capital Program Overview

Paul Guttridge - Director, CIP Infrastructure Management



DC Water Budget Overview

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

REGULATORY



\$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



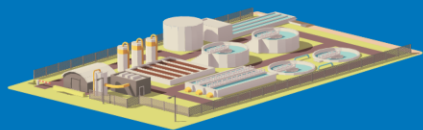
Sewer Infrastructure
\$2.86 billion

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
\$243 million

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

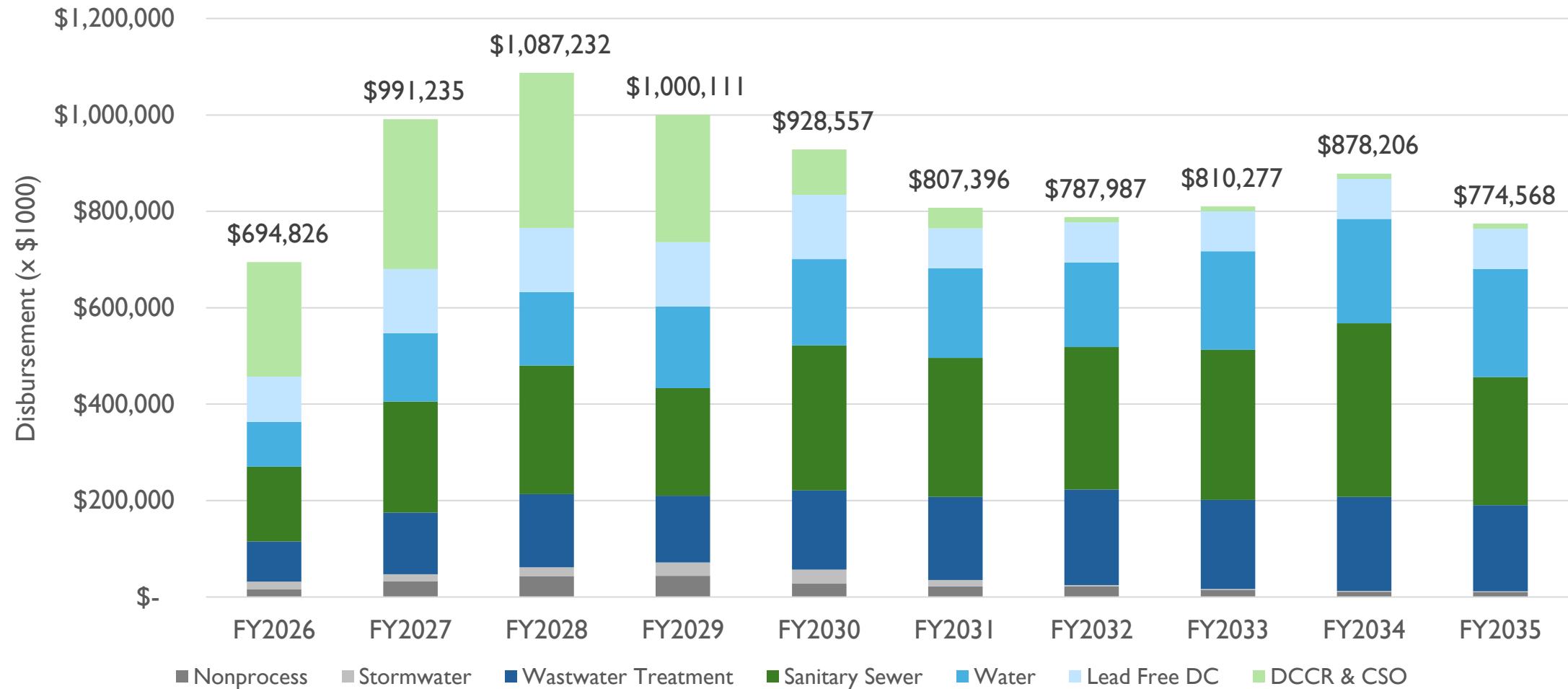


Separate Stormwater
\$127 million

Rehab stormwater pump stations, address MS4 permit obligations.



CIP Spending By Year

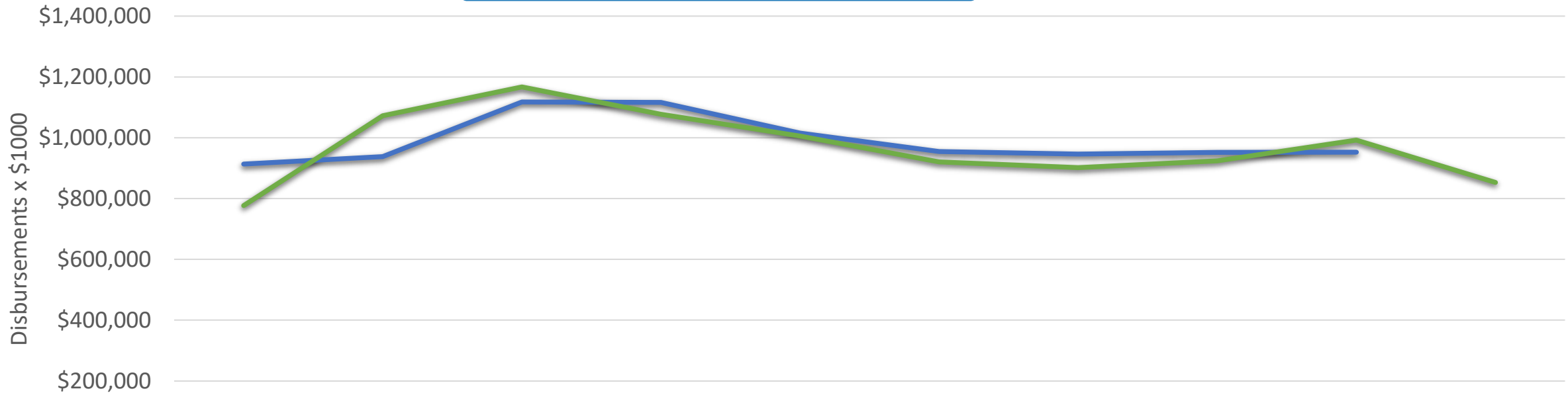


- DCCR spending peaks in FY28 and concludes in FY31
- Lead Free DC budgeted for 10 years +
- Budgets for Water and Sewer and Wastewater achieve a steady state



Comparison: Proposed CIP vs Currently Approved

Comparative Ten-Year CIP



\$0

| | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 | FY 2032 | FY 2033 | FY 2034 | FY 2035 |
|----------------|-----------|-------------|-------------|-------------|-------------|-----------|-----------|-----------|-----------|-----------|
| Board Approved | \$913,396 | \$938,159 | \$1,117,568 | \$1,116,264 | \$1,015,118 | \$954,815 | \$946,479 | \$951,815 | \$952,221 | |
| Proposed CIP | \$776,787 | \$1,072,251 | \$1,166,983 | \$1,077,446 | \$1,005,595 | \$920,494 | \$901,382 | \$923,979 | \$992,224 | \$853,141 |

\$ in thousands

- Proposed CIP spending profile remains similar to current approved



Drivers for CIP Changes

| Service Area | Change in 10-Year CIP \$Millions | Driver | Joint Use? |
|-----------------------------------|-------------------------------------|---|------------|
| Non-Process | ↑ \$30 | HVAC, roofing and safety upgrades | Both |
| Wastewater Treatment | ↓ \$169 | High priority rehabilitations to maintain permit compliance | Yes |
| DCCR/CSO | ↑ \$175 | Increased budget for Piney Branch Tunnel due to NPS requirements | Both |
| Stormwater | ↑ \$62 | Rehab storm pumping stations to mitigate flooding (highest risk) | No |
| Sanitary Sewer | ↓ \$21 | Focus on structures that control flow and large diameter sewers (highest risk) | Both |
| Water | ↓ \$89 | Focus on critical valves, inspections of transmission mains and resiliency (highest risk) | No |
| Capital Equipment | ↑ \$63 | Reallocation of Subscription Software expenses & acceleration of the AMI metering program | Both |
| Meter Replacement /AMR/CIS/ERP | ↑ \$1 | Fund AMR and lost water assessments | No |
| Washington Aqueduct | ↑ \$14 | Fund DCW share of CIP | No |

Blue Plains and Joint Use Pump Station Projects

Ryu Suzuki, PE, DBIA

Director, Wastewater Engineering

**Daniel Nguyen, PE, Assoc. DBIA,
Senior Manager, Capital Delivery**

BC01 – Headworks Influent and Effluent Structures Rehabilitation

- Total Estimated Project Cost - **\$32.6M (contract value)**
- FY 2026 – FY 2028 Planned Disbursements - **\$23.8M**
- Construction Physical Completion – **18%**
- Total Wholesale Customer Share* - **58.8%**

Program – Liquid Processing

| | Start | Finish |
|--------------|-----------|-------------|
| Construction | July 2024 | August 2027 |



JF01 Construction of Flood Seawall Segments A, B & D

- Total Estimated Project Cost - **\$32.5M (contract value TBD)**
- FY 2026 – FY 2028 Planned Disbursements - **\$31.2M**
- Construction Physical Completion - **0%**
- Total Wholesale Customer Share* - **58.8%**
- Potential FEMA grant - **75% of \$20M**

Program – Plantwide

| | Start | Finish |
|----------------------------|-----------|--------------|
| Progressive Design - Build | July 2025 | January 2029 |



Headworks and Primary Upgrades Portfolio CMAR Contract

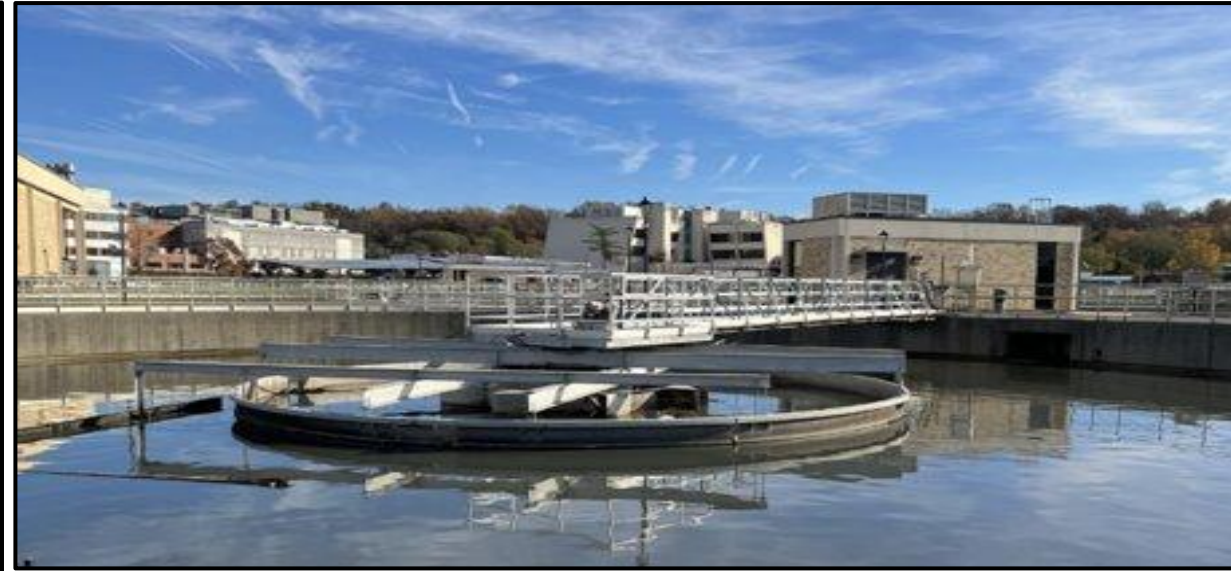
- Total Estimated Project Cost - **\$267M (BQ02 - \$134.3M and I701 – \$132.5M)**
- FY 2026 – FY 2028 Planned Disbursements - **\$60.2M (BQ02) and \$54.7M (I701)**
- Construction Physical Completion - **0% (both projects)**
- Total Wholesale Customer Share* - **58.8%**

BQ02 – Headworks Electrical Upgrades

| | Start | Finish |
|---------------------|------------|----------------|
| Design | June 2020 | September 2026 |
| Construction | April 2026 | January 2032 |

I701 – Primary Treatment 20 Year Upgrades

| | Start | Finish |
|---------------------|------------|--------------|
| Design | July 2024 | January 2028 |
| Construction | April 2027 | October 2030 |



Filter Underdrain and Backwash System Upgrades CMAR Portfolio Contract

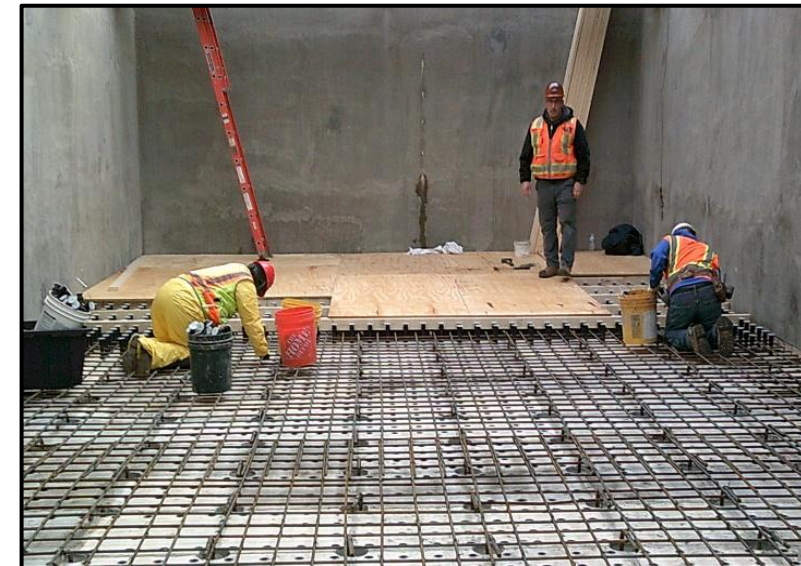
- Total Estimated Project Cost - **\$154M (IY10 - \$153M, IY11 - \$660K)**
- FY 2026 – FY 2028 Planned Disbursements - **\$77.2M (IY10 only)**
- Construction Physical Completion - 0%
- Total Wholesale Customer Share* - 58.8%

IY10 - Filter Underdrain and Backwash System (FUBS)

| | Start | Finish |
|--------------|--------------|--------------|
| Design | March 2022 | April 2026 |
| Construction | January 2026 | January 2031 |

IY11 - Miscellaneous Improvements to Filtration Facility (MIFF)

| | Start | Finish |
|--------------|------------|--------------------|
| Design | March 2026 | April 2027 |
| Construction | April 2027 | January 2031 (TBD) |



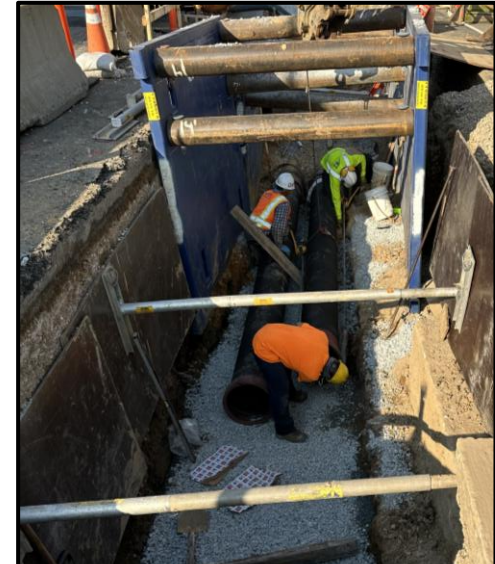
Blue Plains and Joint Use Pump Stations Major Projects

MFU 8 – Miscellaneous Facilities Upgrade 8 Contract

- Total Estimated Contract Value - **\$160M**
- FY 2026 – FY 2028 Planned Disbursements - **\$73M**
- Construction Physical Completion - **51%**
- Blue Plains - Total Wholesale Customer Share* - **58.8%**
- Joint Use Pump Stations – Total Wholesale Customer Share** - 10.3% for **Main PS**, Total Wholesale Customer Share** - 50.2% for **Potomac PS**

Program – Plantwide Projects

| | Start | Finish |
|--------------|------------|-----------|
| Construction | April 2023 | June 2030 |



* Represents WSSC, Fairfax, Loudoun & PI

** Represents WSSC, Fairfax, Loudoun

Blue Plains and Joint Use Pump Stations

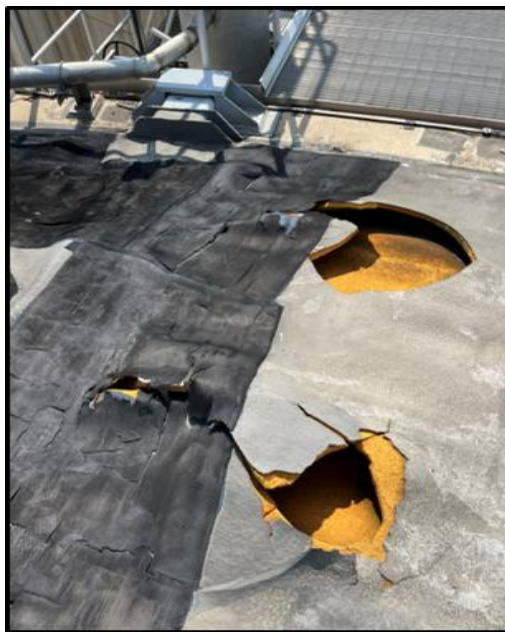
Major Projects

MFU 9 – Miscellaneous Facilities Upgrade 9 Contract CMAR MSA

- Total Estimated Contract Value - **\$200M**
- FY 2026 – FY 2028 Planned Disbursements - **\$58M**
- Construction Physical Completion - **0%**
- Blue Plains - Total Wholesale Customer Share* - **58.8%**
- Joint Use Pump Stations – Total Wholesale Customer Share** - 10% for **East Side PS**, Total Wholesale Customer Share** - 75.6% for **Rock Creek PS**

Program – Plantwide Projects

| | Start | Finish |
|---------------------|-----------|-----------|
| Construction | July 2026 | July 2033 |



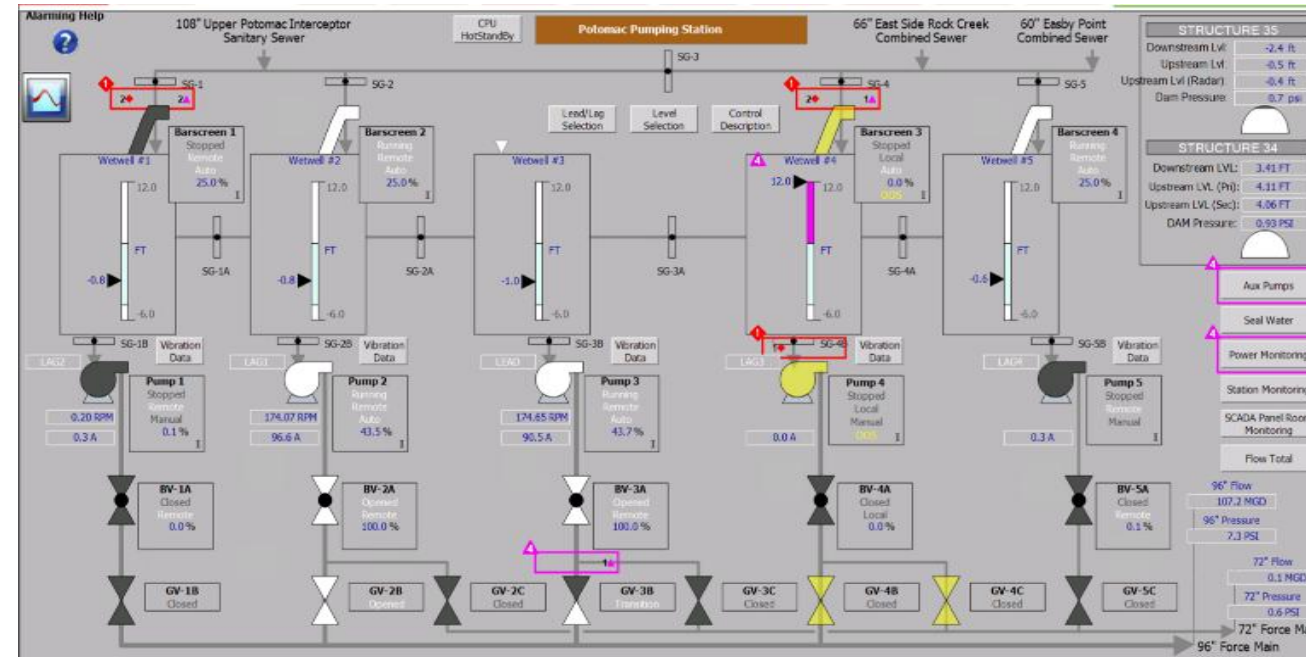


* Represents WSSC, Fairfax, Loudoun & PI

MC – Sewer SCADA System Upgrades

- Total Estimated Project Cost - **\$7.5M**
- FY 2026 – FY 2028 Planned Disbursements - **\$2.0M**
- Construction Physical Completion – **64%**
- Total Wholesale Customer Share* - 6%

| | Start | Finish |
|----------------------|-----------|-----------|
| Design/ Construction | June 2022 | June 2027 |



Major Sewer Projects

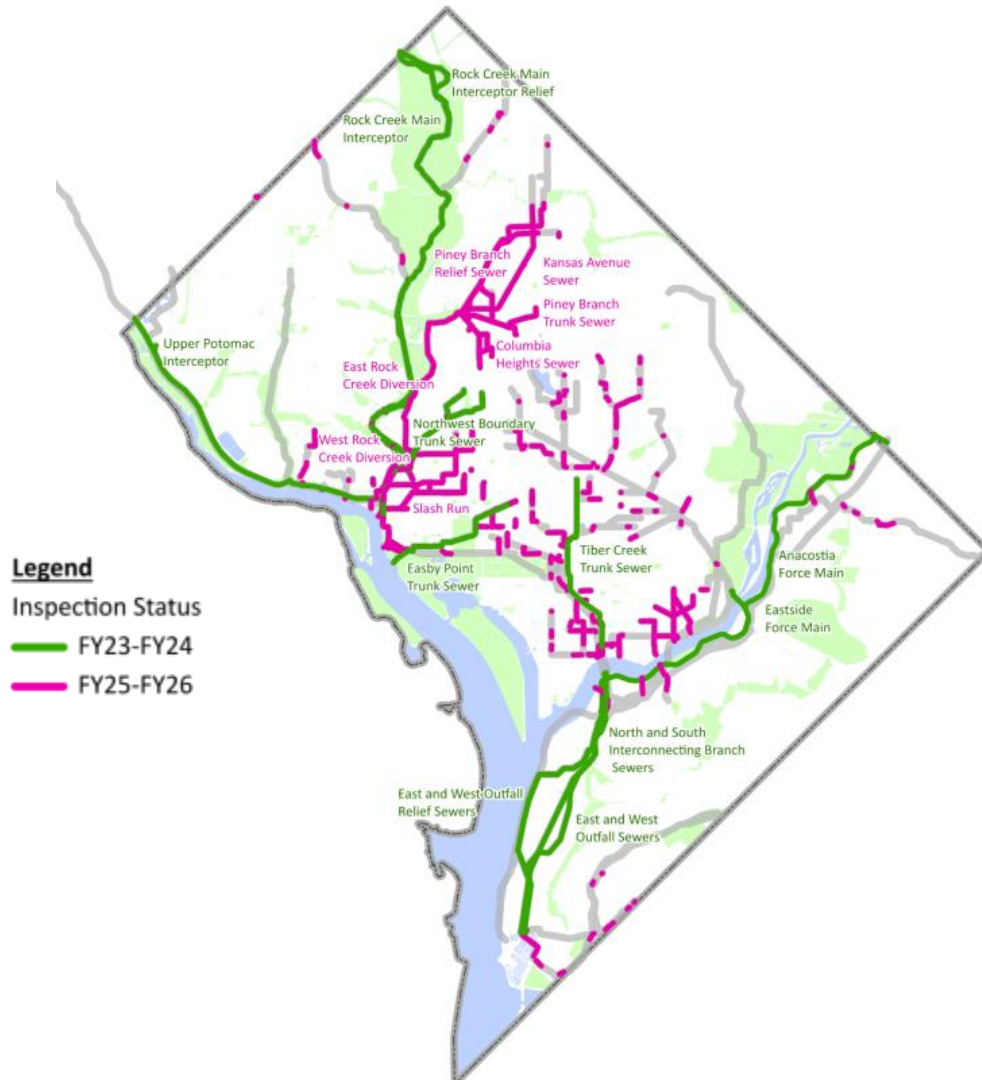
Ryu Suzuki, PE, DBIA

Director, Wastewater Engineering

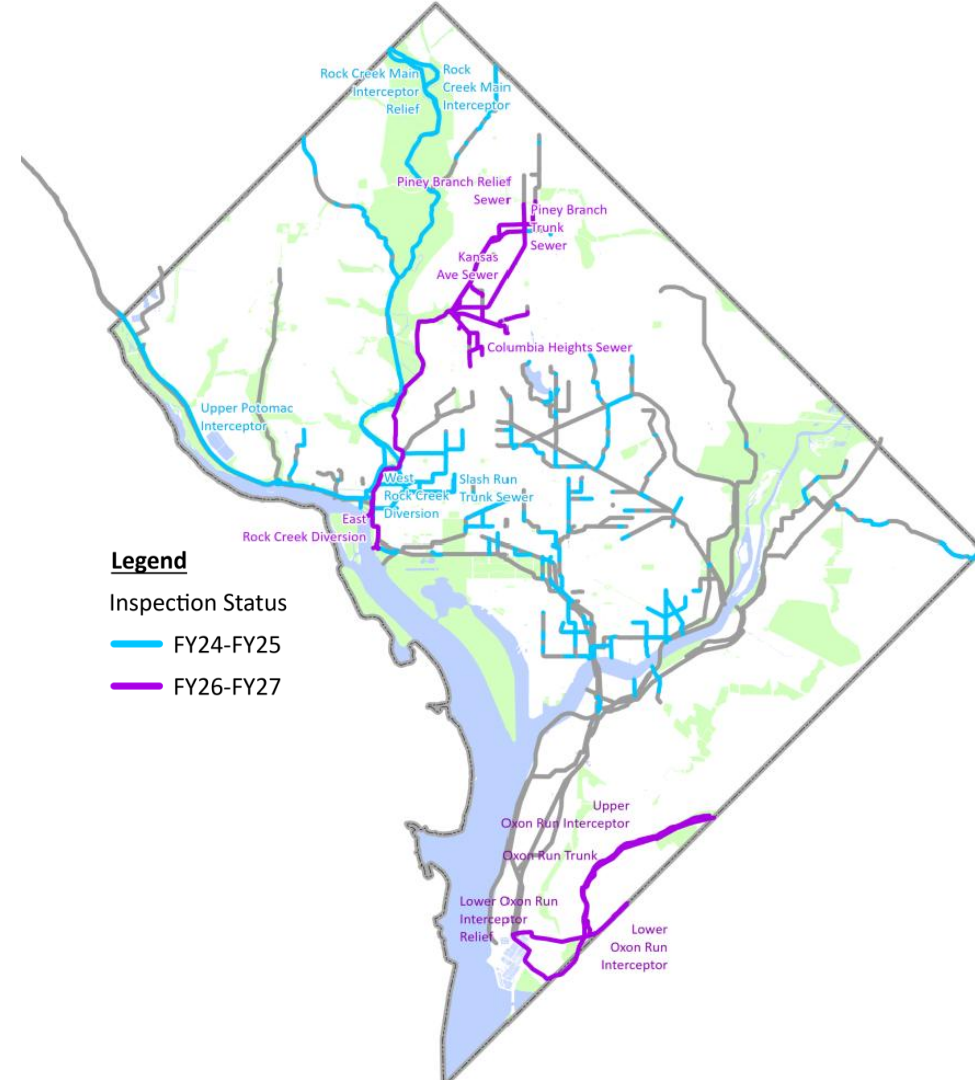
Haile Tsehayu, PE, Assoc. DBIA

Senior Manager, Capital Delivery

Inspection Plan at the end of FY24



Inspection Plan at the end of FY25





SCOPE OF WORK

- Rehabilitation of **Anacostia Main Interceptor**
- Rehabilitation of the **Outfall and Interconnecting Branch Sewers**, 60" to 174" diameter
- Installation of new cathodic protection system and bypass access points, heavy cleaning

COST SPLIT VALUES

| Asset | DC % | WSSC % | Fairfax % | Loudoun % | Other PI Users % |
|-----------|----------|------------|-----------|-----------|------------------|
| EWOS | 91 | 9 | 0 | 0 | 0 |
| EWORS | 39.4 | 44.8 | 11.9 | 3.2 | 0.7 |
| AMI | 0 – 88.8 | 11.2 - 100 | 0 | 0 | 0 |
| NIBS/SIBS | 24.2 | 75.8 | 0 | 0 | 0 |

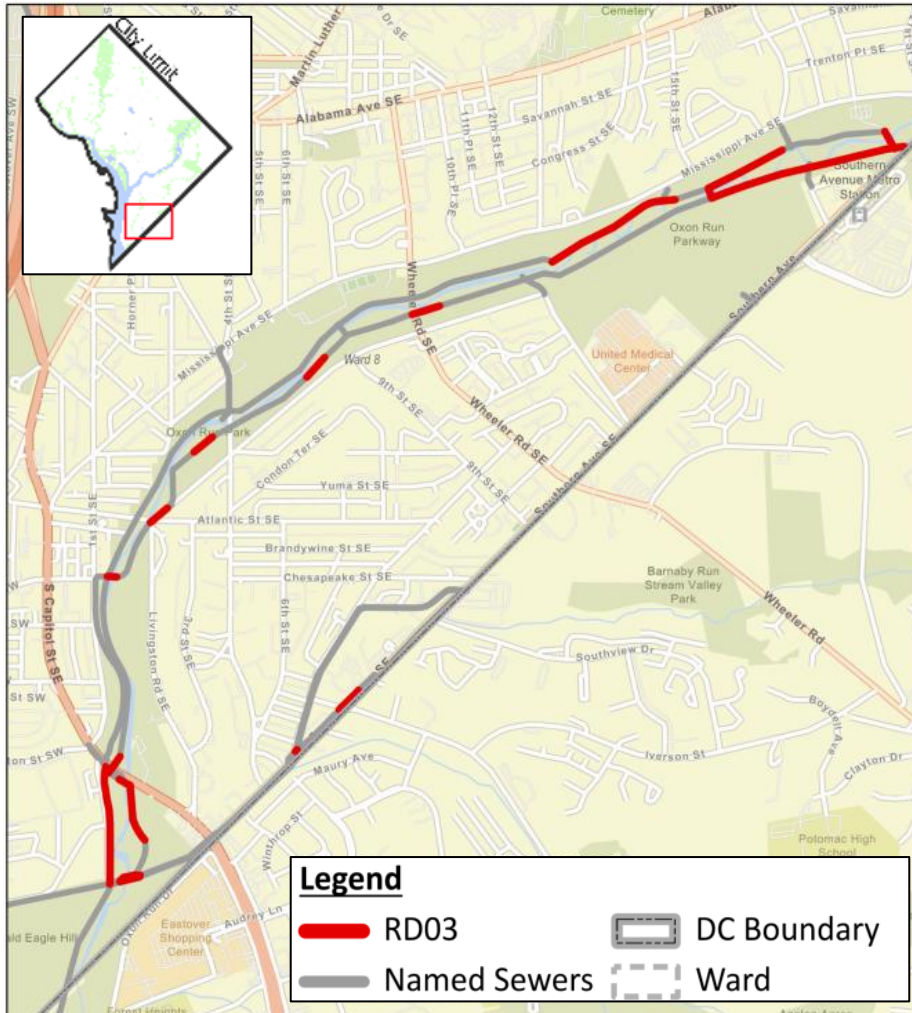
Delivery Method: *Progressive Design-Build*

FY 2026-FY2028 Planned Disbursements: \$55.1M

ESTIMATED CONTRACT VALUE: >\$431M

STATUS: *Procurement Phase*

- **Anticipated Notice to Proceed:** March 2026



SCOPE OF WORK

- 7,000 LF of sewer to potentially be relocated outside of floodplain based on stream modification design
- Two 30% Proposed Design Alternative currently under review by DC Water

COST SPLIT VALUES

| DC % | WSSC % | Fairfax % | Loudoun % | Other PI Users % |
|-------|--------|-----------|-----------|------------------|
| 24.9* | 75.1* | 0 | 0 | 0 |

*cost split percentage could change based on segment/final scope

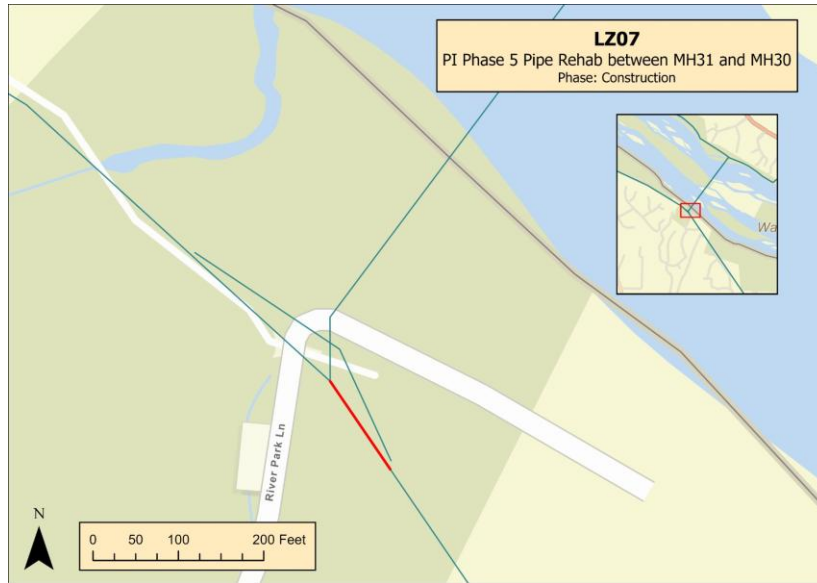
Delivery Method: *Design-Bid-Build*

FY 2026-FY2028 Planned Disbursements: \$22.9M

ESTIMATED CONTRACT VALUE: >\$TBD

STATUS: *Design Phase*

- Construction Start:** ~Spring 2027



SCOPE OF WORK

- Install three new MH structures (MH31, MH31.5, MH30.59) including an Energy Dissipator at new MH31 and replacement of old RCP infrastructure with HOBAS pipe (corrosive resistant).
- **Ongoing Work:** Installation of MH risers, operational monitoring of flow at newly installed infrastructure, and backfilling of project site.
- **Future Work:** Spring 2026, full restoration of Potomac Heritage Trail, resurfacing of River Park Ln Private Access Roadway, and Site & Landscape restoration.

COST SPLIT VALUES

| DC % | WSSC % | Fairfax % | Loudoun % | Other PI Users % |
|------|---------|-----------|-----------|------------------|
| 0 | Varies* | Varies* | Varies* | Varies* |

*cost split varies with project phase and components

Delivery Method: *Progressive Design-Build*

FY 2025-FY2027 Planned Disbursements: \$15M

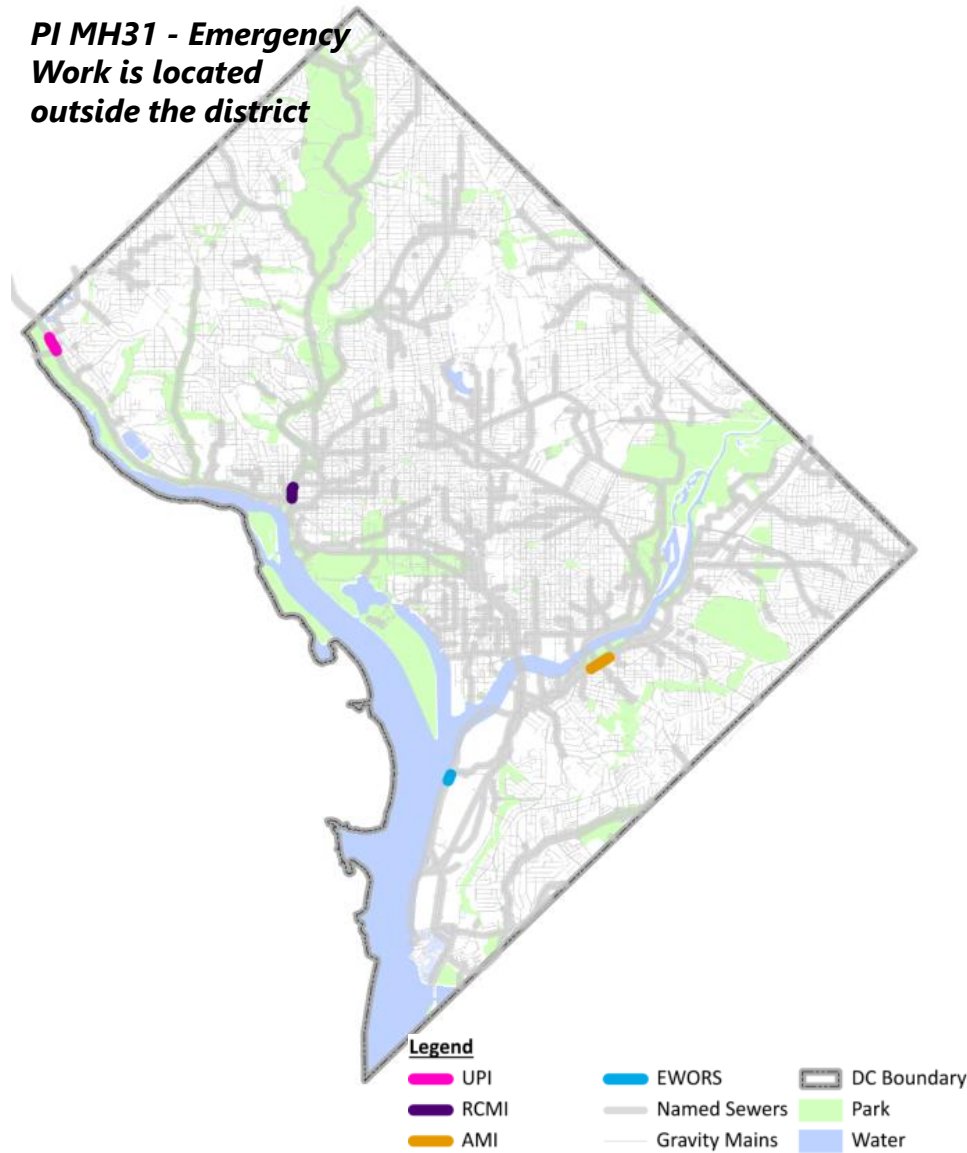
ESTIMATED CONTRACT VALUE

Original Scope: \$33M

Emergency Portion: >\$9M

STATUS: Construction: Ongoing – May/June 2026 (currently, 89% Complete)

PI MH31 - Emergency Work is located outside the district



SCOPE OF WORK

- **AMI:** Rehabilitation of ~2,100 LF of sewer line
- **EWORS:** Rehabilitation of ~ 470LF of EWORS
- **Other Upcoming Projects:** Rehabilitation of UPI and RCMi based on recent inspections.
- **AFM:** Rehabilitation of ~2000 LF of sewer line and replacement of 28 ARVs.

COST SPLIT VALUES – Project Specific

| Asset | DC % | WSSC % | Fairfax % | Loudoun % | Other PI Users % |
|-------|-------------|-------------|-----------|-----------|------------------|
| AMI | 83.97 | 16.03 | 0 | 0 | 0 |
| AFM* | 7 – 24.2 | 75.8 - 93 | 0 | 0 | 0 |
| EWORS | 39.4 | 44.8 | 11.9 | 3.2 | 0.7 |
| RCMI* | 41.8 - 62.4 | 37.6 - 58.2 | 0 | 0 | 0 |
| UPI | 10.4 | 89.6 | 0 | 0 | 0 |

**cost split percentage could change based on segment/final scope*

Delivery Method: IR&R/Emergency Contract/Linear MSA CMAR

FY 2026-FY2028 Planned Disbursements: \$67.1M*

**For AFM, AMI, EWORS Only*

ESTIMATED CONTRACT VALUE

AMI: > 12M

EWORS: >30 M

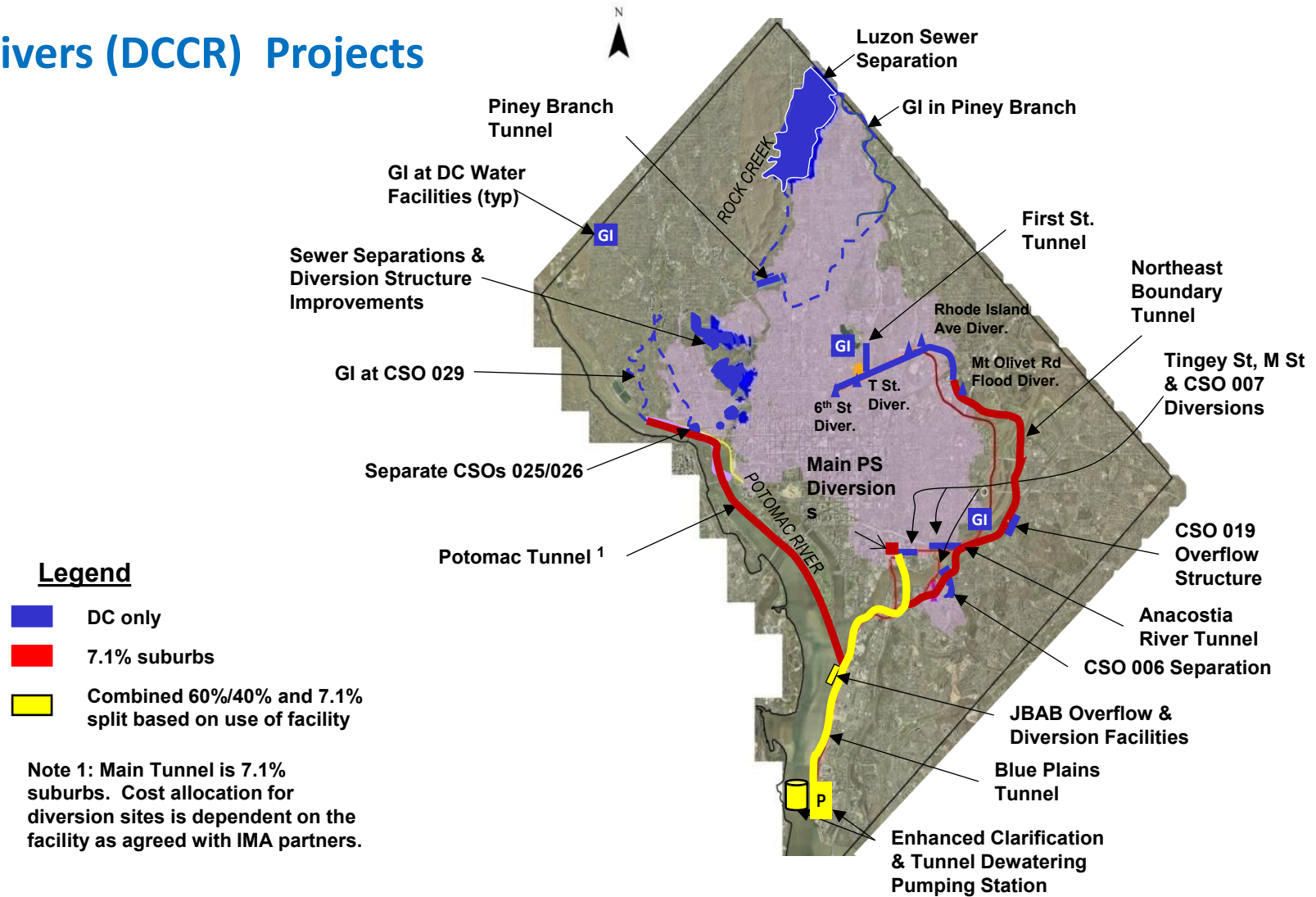
AFM:> 40 M

STATUS: Ongoing

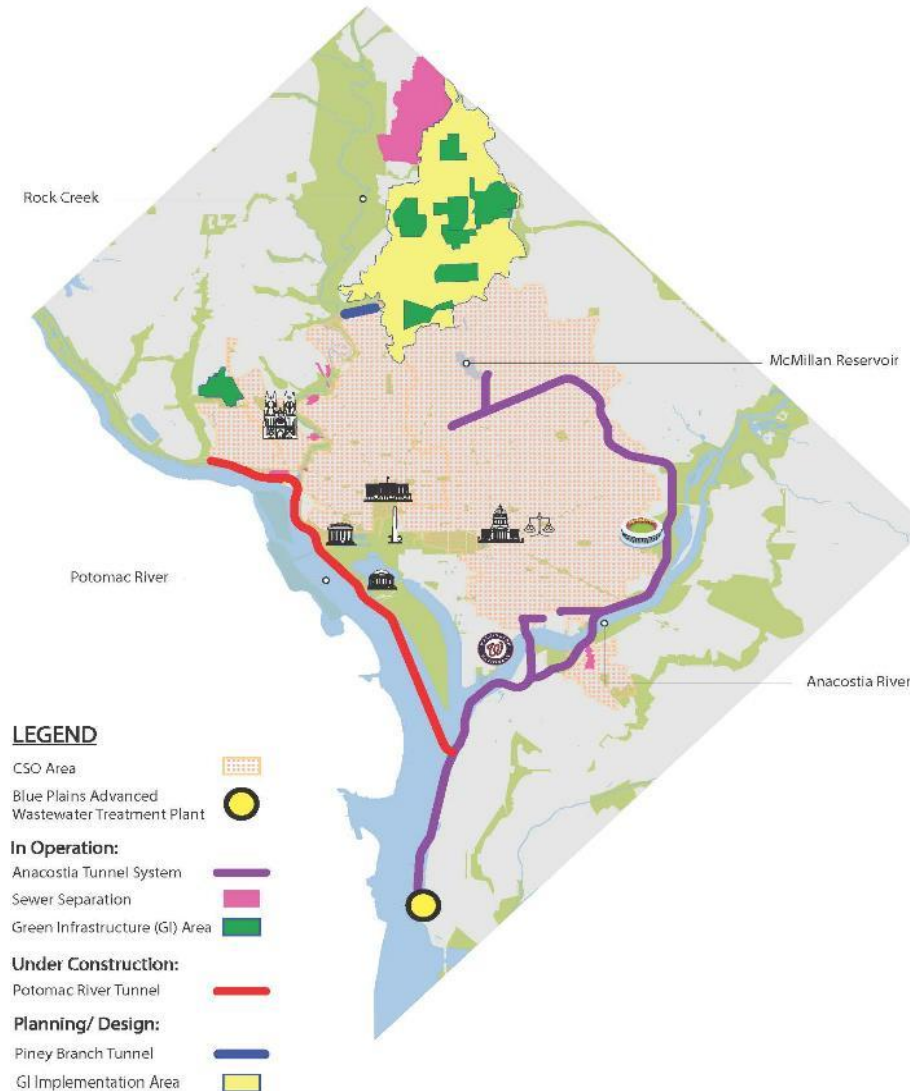
DCCR/CSO and Potomac Interceptor Projects

**Seth Charde, PLA, LEED AP
Senior Advisor**

DC Clean Rivers (DCCR) Projects



| Area | Status | MJUF? |
|--------------------------------|--|-----------------|
| Anacostia | | |
| Anacostia Tunnel System | <ul style="list-style-type: none"> All controls in service Northeast Boundary Tunnel in closeout status during FY25 | Yes |
| Potomac | | |
| Potomac River Tunnel | <ul style="list-style-type: none"> In construction (2023 - 2030) Design-builder has mobilized to West Potomac Park, CSO 020, 022, 024, 027 and 028 | Yes |
| Rock Creek | | |
| Green Infrastructure Project C | <ul style="list-style-type: none"> In construction 2025 - 2027 | No (DC only) |
| Piney Branch Tunnel | <ul style="list-style-type: none"> In construction (Early Work Package) Construction 2025 - 2029 | |



CZ – Potomac River Tunnel Contract B - Tunnel System Construction

- FY 2026 – FY 2028 Planned Disbursements - \$459.3M
- Total Estimated Project Cost- \$910.4M (capital only)
- Physically Complete – 31%
- Total Wholesale Customer Share* - 6.1%

| Phase | Start | Consent Decree Deadline |
|--------------|----------|-------------------------|
| Construction | Nov 2023 | Feb 2030 |



South Tunnel Boring Machine at Factory Acceptance Test

CY – Divisions J - Northeast Boundary Tunnel

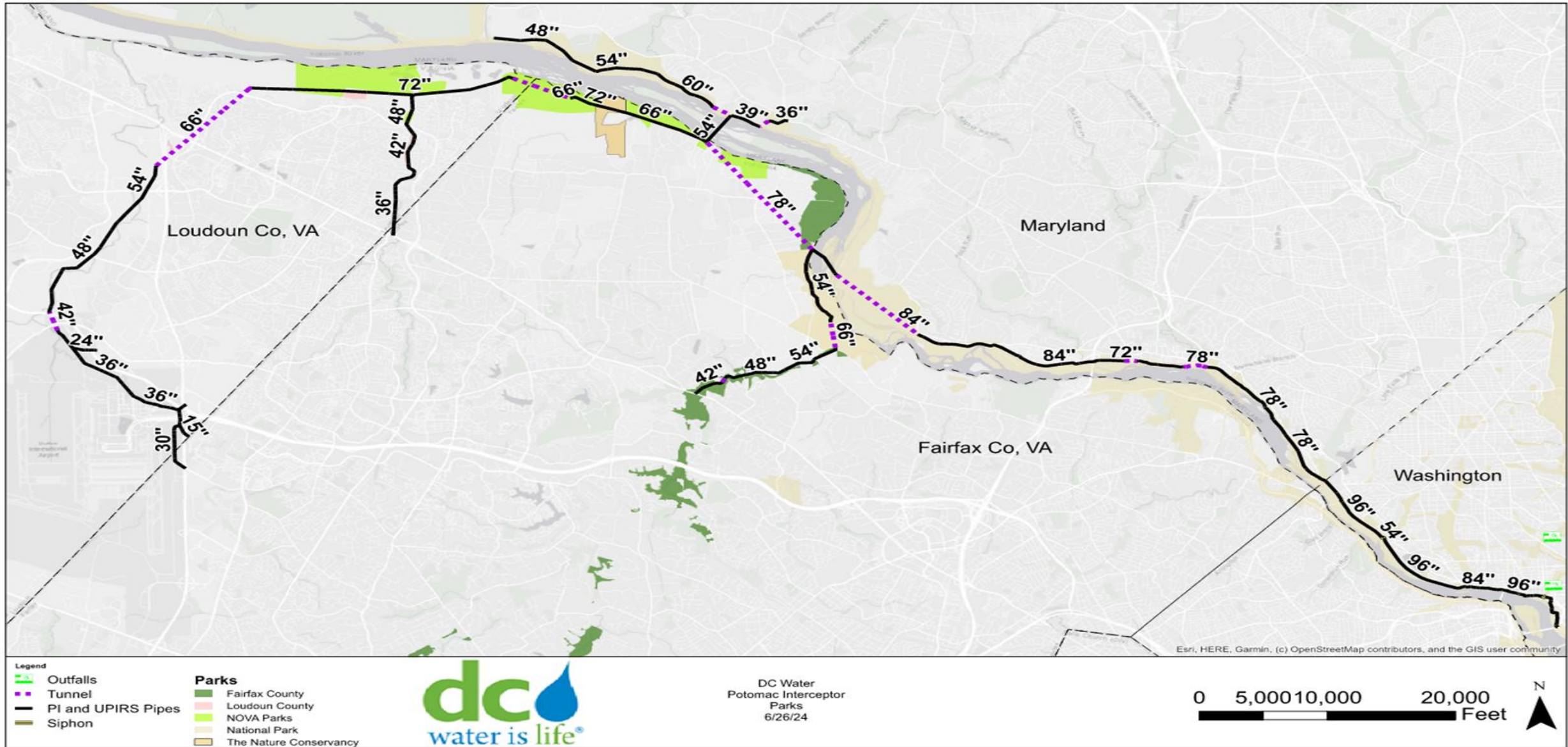
- FY 2026 – FY 2028 Planned Disbursements - \$3.9M
- Total Estimated Project Cost- \$632.2M (capital only)
- Physically Complete – 99.9%
- Total Wholesale Customer Share* - 3.3%

| Phase | Start | Consent Decree Deadline |
|--------------|-----------|---|
| Construction | Sept 2017 | <ul style="list-style-type: none"> • Project in closeout. • Placed in operation Sept 2023 ahead of Mar 2025 Consent Decree Deadline |



Northeast Boundary Tunnel Prior to Placing in Operation

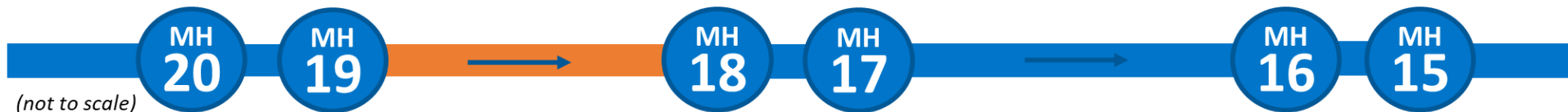
* Represents WSSC, Fairfax, Loudoun & PI



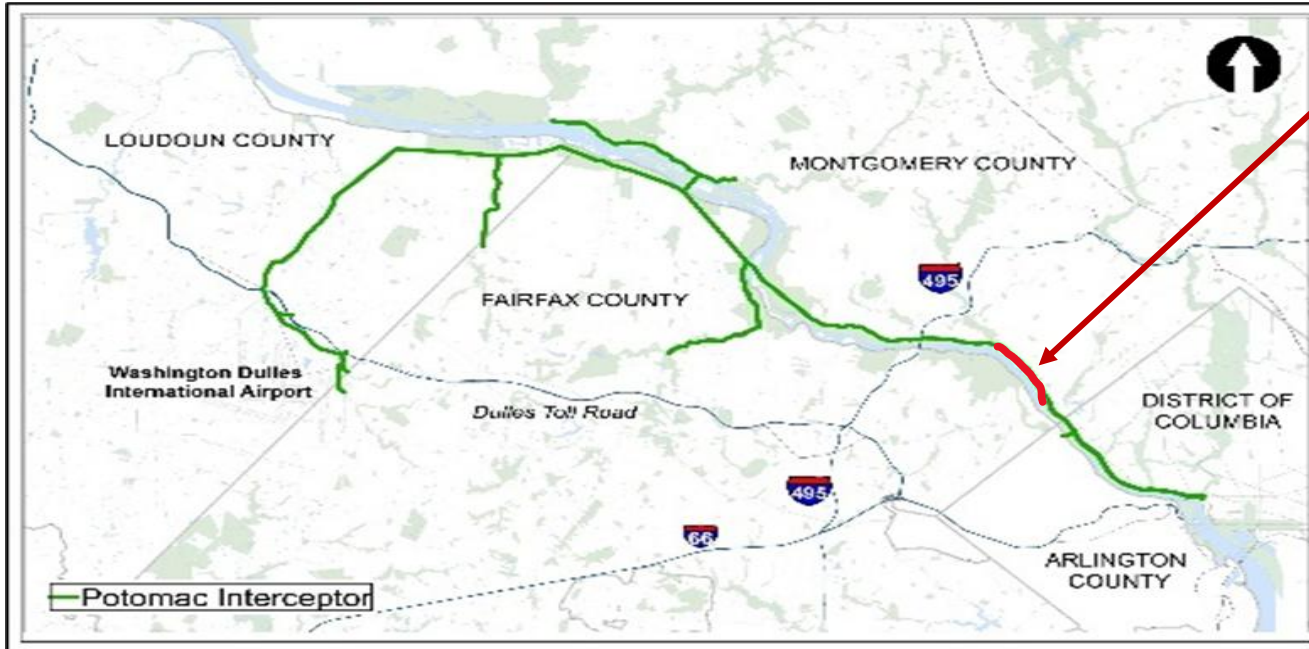
PI-00: High Priority (MH19 – MH18)



This segment of the Potomac Interceptor (PI) was slip-lined in January 2026. DC Water rehabilitated the first 800 feet of the pipe downstream from MH-19 by means of slip-lining. The 800 feet is the distance between M-19 and the first pipe bend. The remaining segments will be rehabilitated under PI-01 and will require an Environmental Assessment under NEPA, as this work will take place on NPS property.

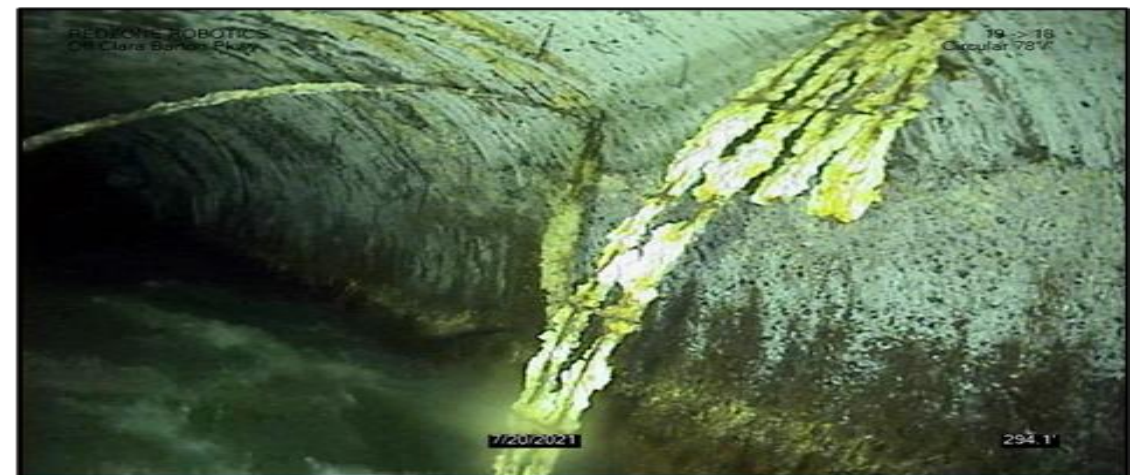


PI-01: Rock Run (Rock Run)



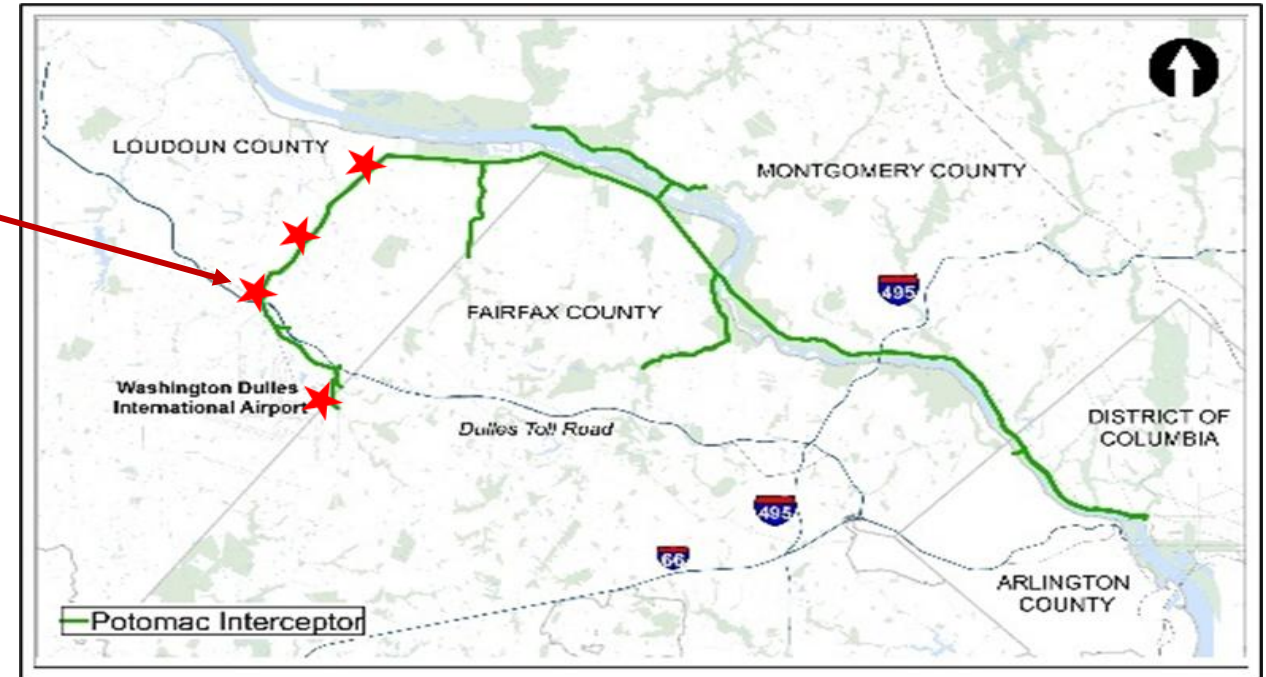
Scope includes:

- Rehabilitation of approximately 10,300 feet of 72" – 96" RCP using a Geopolymer
- Temporary bypass pumping with a capacity of up to 70 million gallons per day (MGD)
- Installation of suction and discharge chambers
- Resiliency design of the PI at the Cabin John Creek
- Traffic control on Clara Barton Parkway
- Compliance with Environmental Assessment (EA)



Scope includes:

- MH-49 to MH-51
 - 3,230 LF of 72" RCP
 - Geopolymer rehabilitation
- MH-57 to MH-58
 - 1,201 LF of 54" RCP
 - CIPP rehabilitation
- MH-72 to MH-73.8
 - 492 LF of 48" RCP
 - CIPP rehabilitation
- MH-116 to MH-118.2
 - 951 LF of 30" RCP
 - CIPP rehabilitation



Potomac Interceptor Projects

PI-00 - High Priority (MH19-MH18)

- FY 2026 – FY 2028 Planned Disbursements - \$8M
- Rehabilitation of 800 LF of sewer lines in National Park Service Property
- Total Estimated Project Cost - \$8M*
- Construction Physical Completion - 85%

Cost Split

| DC % | WSSC % | Fairfax % | Loudoun % | Other PI Users % |
|------|--------|-----------|-----------|------------------|
| 0% | 30.90% | 45.10% | 19.60% | 4.40% |

Project Status: Design Phase

| | Start | Finish |
|--------------|-----------|------------|
| Design | Nov. 2024 | Jan. 2025 |
| Construction | Oct. 2025 | April 2026 |



PI-01 Rock Run (Clara Barton to Cabin John)

- FY 2026 – FY 2028 Planned Disbursements - \$100M
- Rehabilitation of 10,3000 LF of sewer lines in National Park Property
- Total Estimated Project Cost - \$112M*
- Construction Physical Completion - 0%

Cost Split

| DC % | WSSC % | Fairfax % | Loudoun % | Other PI Users % |
|------|--------|-----------|-----------|------------------|
| 0% | 30.90% | 45.10% | 19.60% | 4.40% |

Project Status: Design Phase

| | Start | Finish |
|--------------|-----------|-----------|
| Design | Nov. 2024 | Dec. 2026 |
| Construction | Jan. 2027 | Dec. 2028 |



Potomac Interceptor Projects

PI-02 – Broad Run/ FFX Repairs

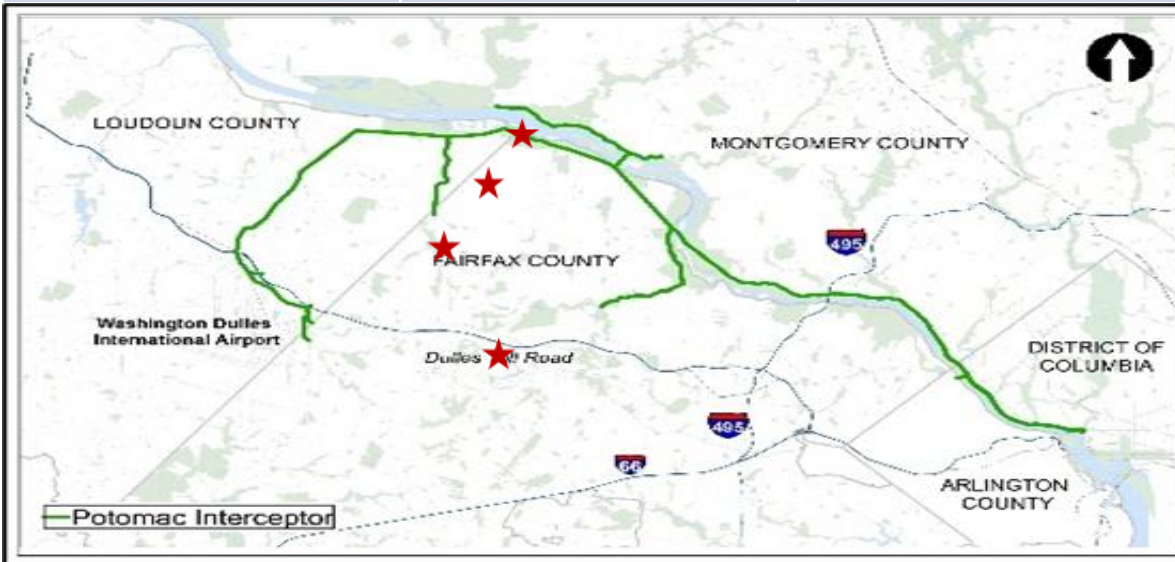
- FY 2025 – FY 2027 Planned Disbursements - \$8M
- Rehabilitation of 6,000 LF of sewer lines in Virginia
- Total Estimated Project Cost - \$10M*
- Construction Physical Completion - 0%

Cost Split

| DC % | WSSC % | Fairfax % | Loudoun % | Other PI Users % |
|------|--------|-----------|-----------|------------------|
| 0% | 0% | 43.20% | 49.09% | 3.50% |

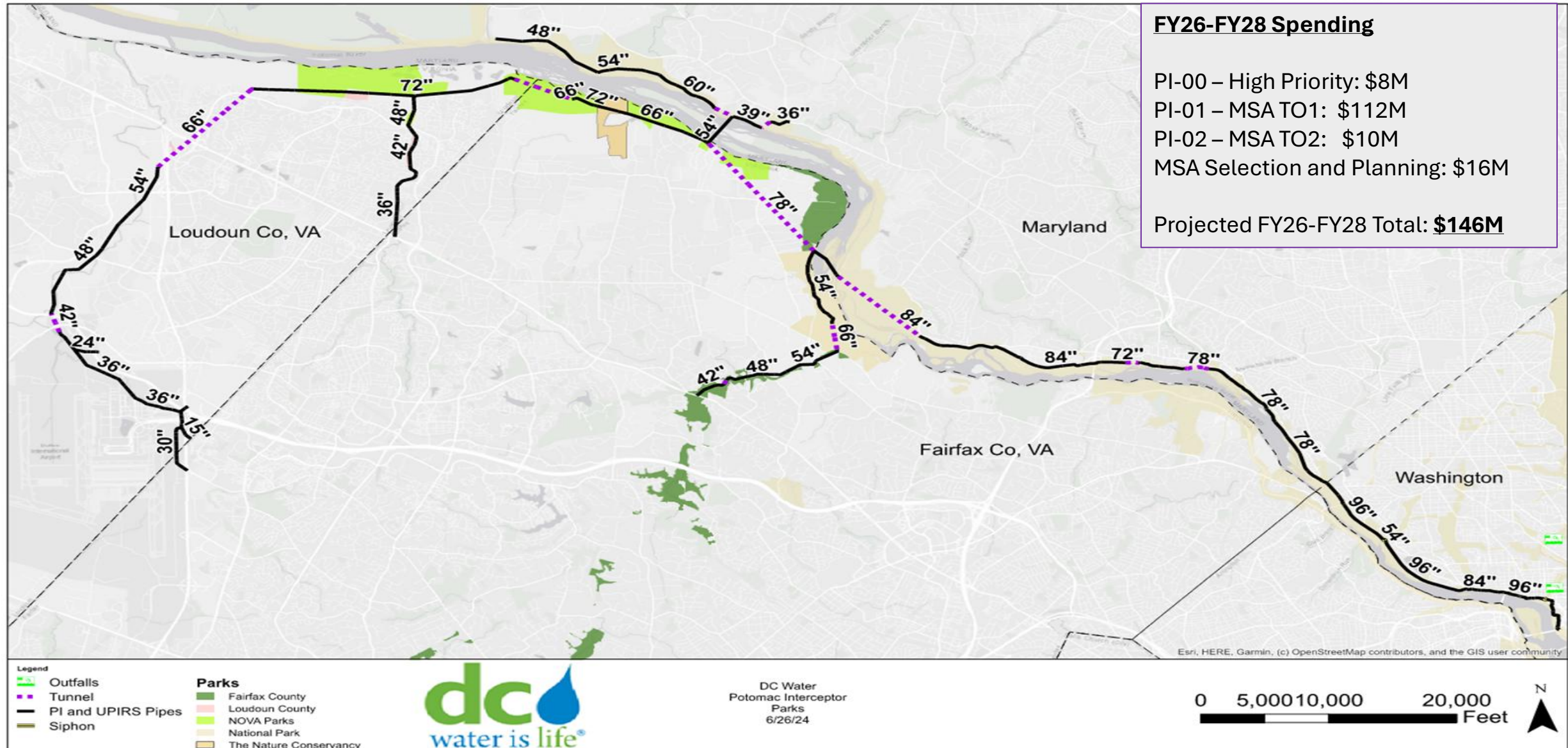
Project Status: Design Phase

| | Start | Finish |
|--------------|------------|-----------|
| Design | Nov. 2024 | Jul. 2026 |
| Construction | Sept. 2026 | July 2028 |



* More accurate cost will be provided once the design is finalized





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Thank You

Q&A

Appendix

Rolling Owner Controlled Insurance Program (ROCIP) & PRT Owner Controlled Insurance Program (OCIP)

**Tanya DeLeon
Manager, Risk**



An Owner Controlled Insurance Program - OCIP is an alternative insurance program in which a project owner provides and maintains insurance coverages to protect the owner, design builders, prime contractors and subcontractors working on identified projects; OCIP's are typically used on large construction projects involving multiple contractors and subcontractors.

OCIPs provide an opportunity to achieve:

- Strengthened construction risk management, risk reduction, alternative insurance program
- Multiple interest coverage using master insurance policies
 - allows for multiple insureds to be bundled (or wrapped up) into one combined and controlled program
- Mutually identified insurance coverage including higher limits
- Uniform insurance claims handling, loss prevention and safety
- Joint defense, limited cross-liability and coordinated post-loss management

A “Rolling” OCIP (ROCIP) covers a long-term capital improvement program or similar group of separate projects.

- Insurance Plan Components
 - Combined Workers Compensation and General Liability **paid** loss rating plan includes a fixed premium rate based upon Contractor site payroll
 - Deductible \$500,000 per line per loss deductible \$750,000 all lines per loss “clash”
 - Maximum aggregate stop loss rate locked, amount variable based on actual contractor payroll
- General Liability Limits are \$2 million/\$4 million per Occurrence/ Aggregate
 - Extended Term Completed Operations
- Excess General Liability limits are \$200 million – **ROCIP 4 limit increased**
- Excess General Liability limits are \$200 million – **ROCIP 5 limit continued**
- Workers Compensation limits are statutory (DC)
- Employers Liability limits are \$1 million
- Excess General Liability limits are \$200 million – **ROCIP 6 limit continued**
- Workers Compensation limits are statutory (DC)
- Employers Liability limits are \$1 million
- Contractor’s Pollution Liability Limits are \$10 million per occurrence
- Builder’s Risk Liability Limits are \$100 million
- Excess General Liability limits are \$200 million – **PRT OCIP limit continued**
- Workers Compensation limits are statutory (DC) Employers Liability limits are \$1 million

Broader Insurance Coverage with Higher Limits

- All enrolled contractors have dedicated limits and comprehensive coverage
- \$200 million in excess liability coverage under the ROCIP
- Completed Operations coverage extended to Statute of Repose (Ten Years)

Lower Construction Costs with Reduced Avoided Insurance Costs

- Purchasing insurance for the Contractors on a wholesale basis generates insurance savings for DC Water; on target for significant avoided costs savings as demonstrated by successful avoided contractor costs for ROCIP 1,2,3,4 & 5
- DC Water has maximized its purchasing power because of the large volume of the Capital Improvement Program

Enhanced Risk Services for Claims Handling and Loss Prevention

- Quarterly insurance claim review with Insurers/ Adjusters
- All enrolled contractors are required to adhere to DC Water safety standards for their safety programs for their work
- Centralized oversight of all Contractor safety
- Additional safety staff reflects strong commitment to safety by DC Water

Reduced Litigation

- Single insurance carrier for all enrolled Contractors minimized claim costs No subrogation suits, Status ~14 Open claims

Insurance requirements are no obstacle for Contractors

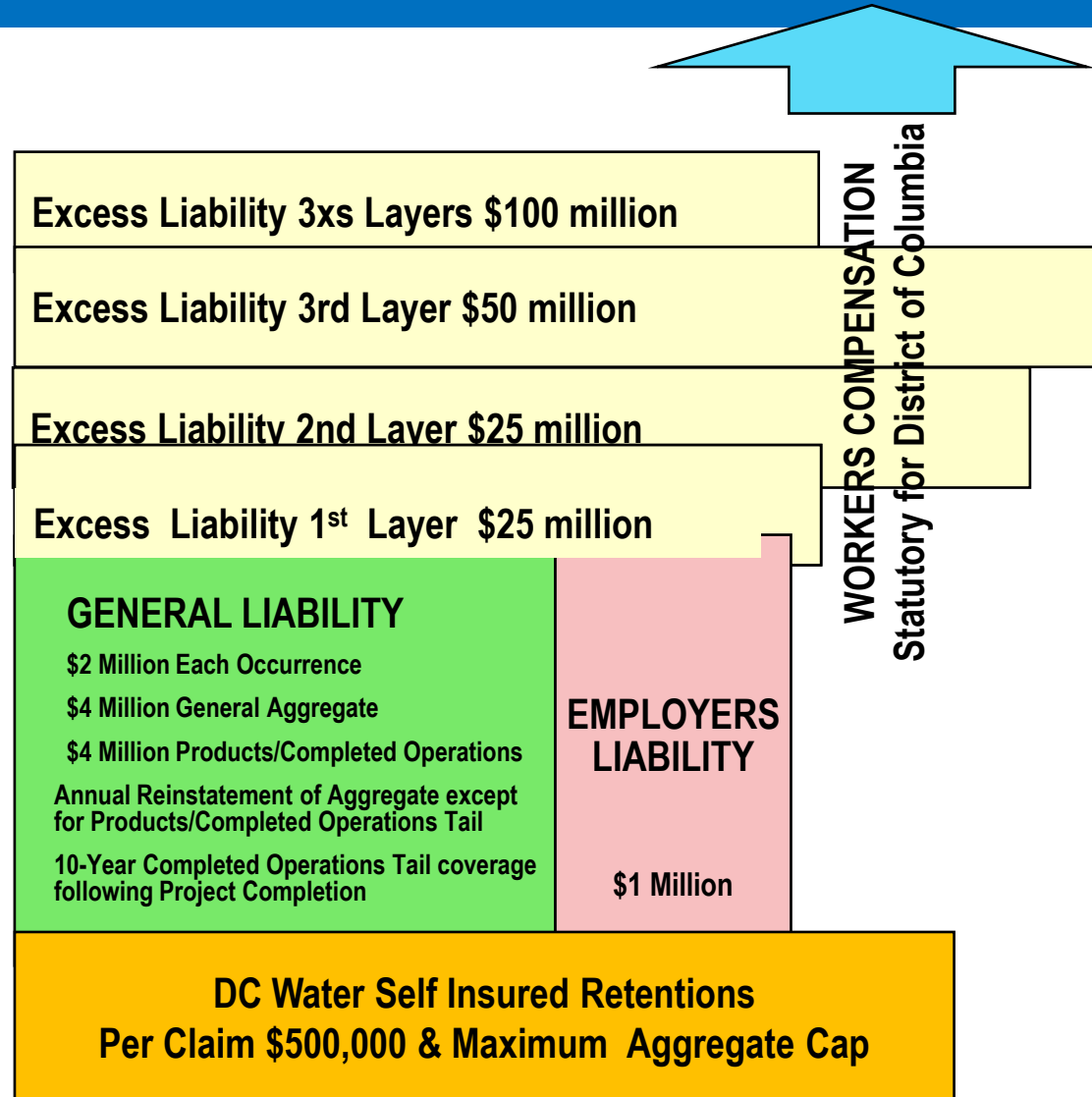
- Allows and encourages Design Builders & Prime Contractors to hire sub-contractors that might not be able to work without ROCIP program in place
- Contractors without high limits of insurance can win bids
- Helps local small business build experience to develop their businesses
- Qualified Minority Business Enterprise and Women Business Enterprise participants may evolve and end up bidding as Prime Contractors on future jobs
- DC Water Minority Business Enterprise and Women Business Enterprise participation rate has been above national wrap-up average participation rate

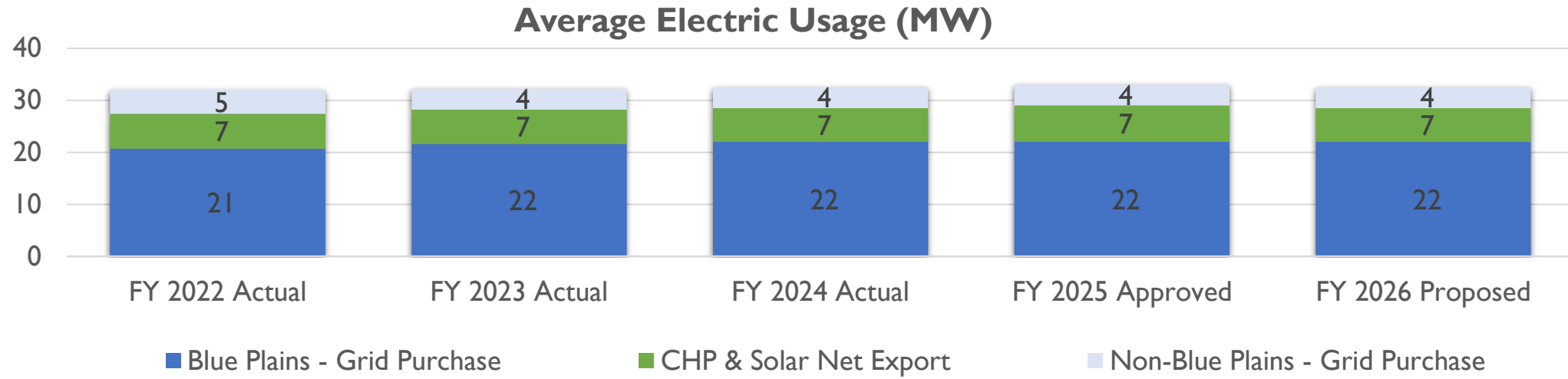
- DC Water began the ROCIP program in FY 2005. Programs are typically 3-5 years with completion date requirements that go beyond the 3 to 5-year periods

| Program | Fiscal Years | Coverage Period |
|--|--|--|
| ROCIP I | FY 2005 to FY 2008 | October 2004 to April 2012 |
| ROCIP II | FY 2009 to FY 2011 | October 2009 to April 2016 |
| ROCIP III | FY 2012 to FY 2016 | October 2012 to October 2017 |
| ROCIP IV <ul style="list-style-type: none"> 1st Extension 2nd Extension 3rd Extension | FY 2016 to FY 2021 <ul style="list-style-type: none"> Extended for 6 months Extended for 1 year Extended for another year | October 2015 to April 2021 <ul style="list-style-type: none"> Thru October 15, 2021 Thru October 15, 2022 Thru October 15, 2023 |
| ROCIPV | FY 2021 to FY 2024 | November 2020 to November 2023 |
| ROCIPVI (Builder's Risk/Pollution Liability) | FY 2024 to FY 2029 | November 2023 to November 2028 |
| PRT OCIP | FY 2024 to FY 2031 | November 2023 to November 2030 |

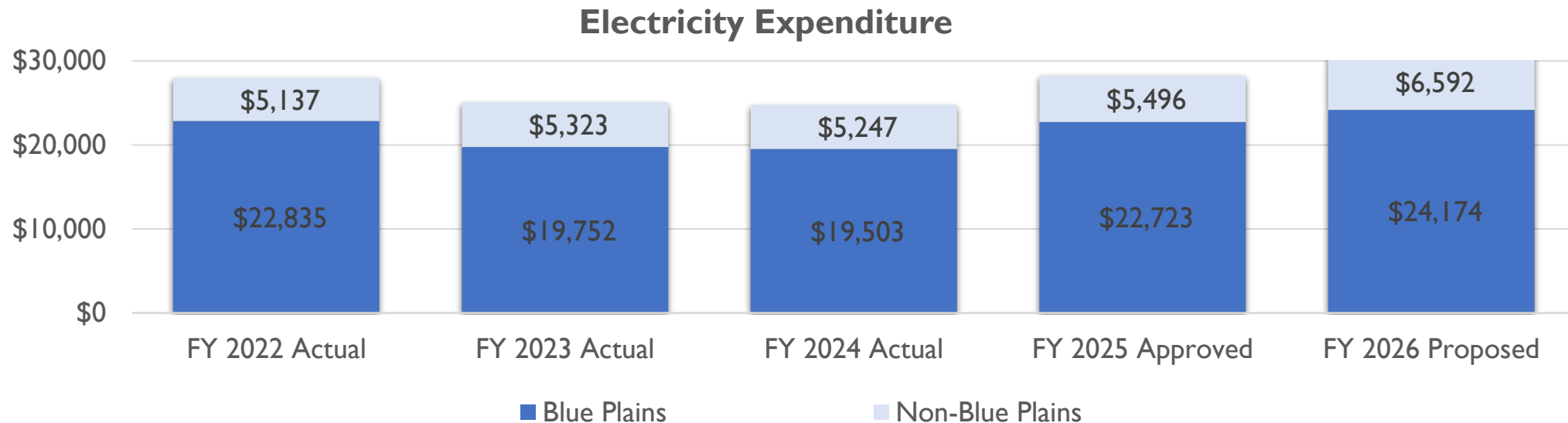
| | ROCIP 1 | ROCIP 2 | ROCIP 3 | ROCIP 4 |
|-------------------------------|---|---|---------------------------------------|--|
| Program Term | Oct 2004 to Oct 2009 | Oct 2009 to Oct 2014 | Oct 2012 to Oct 2017 | Oct 2015 to Oct 2020 |
| Extensions Granted | Until Apr 2012 | Until Sep 2016 | Until Jul 2018 | Until Oct 2023 |
| Projects Enrolled | 65 | 47 | 46 | 55 |
| Program Status | Closed | Closed | Closed | Closed |
| Contractors Enrolled/Excluded | 393/10 | 688/82 | 688/153 | 712/245 |
| CV Awarded To Date | \$598M | \$1.18B | \$1.19B | \$1.2B |
| Original Payroll Estimate | \$105M | \$151M | \$161M | \$230M |
| Reported Payroll | \$102M | \$213M | \$220M | \$279M |
| Avoided Costs | \$5,408,757 | \$11,343,198 | \$9,740,869 | \$3,452,647 |
| Primary Carrier | ACE/ESIS | ACE/ESIS | ACE/ESIS | ACE/ESIS |
| Excess Carriers | Chartis, Zurich, Great American, Westchester | Chartis, Zurich, Great American, Westchester | Chartis, XL, Starr, Great American | AIG, Starr, Great American, Ironshore |

| | ROCIP 5 | ROCIP 6 | PRT OCIP |
|--------------------------------------|---|--|---|
| Program Term | Nov 2020 to Nov 2025 | Nov 2023 to Nov 2028 | Nov 2023 to Nov 2030 |
| Projects Enrolled | 35 | 12 | 1 |
| Program Status | Ongoing | Ongoing | Ongoing |
| Contractors Enrolled/Excluded | 249/173 | 45/14 | 30/44 |
| CV Awarded To Date | \$599M | \$619M | \$820M |
| Original Payroll Estimate | \$92M | \$191M | \$100M |
| Reported Payroll | \$71M | \$3M | \$8 |
| Avoided Costs | \$2,359,802 | \$0 | \$0 |
| Primary Carrier | Zurich | Zurich | Zurich |
| Excess Carriers | Zurich, Starr, Great American, Swiss Re, BH, Chubb, Lexington, Starr, Ironshore | Zurich, Chubb, Starr, Ascot, AXA XL, Liberty, QBE, Great American, Vantage, Arch, Chubb Bermuda, Lloyds, Swiss Re, LiFT (Lex & Ascot), Ironshore | Zurich, Chubb, Starr, Ascot, AXA XL, Sampo, QBE, Great American, Vantage, Arch, Chubb Bermuda, Lloyds, LiFT (Lex + Ascot), Swiss Re, Liberty, Chubb Bermuda, Hamilton Re Bermuda, Arch, Munich Re |





\$ in thousands

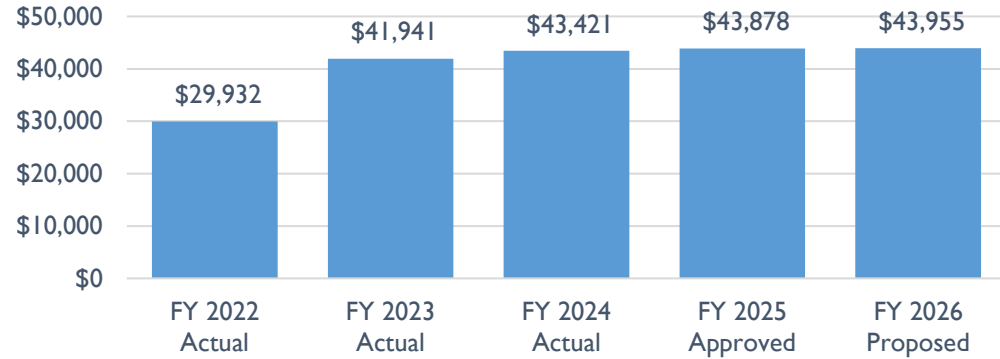


O&M Trends: Chemicals, Supplies and Biosolids

\$ in thousands

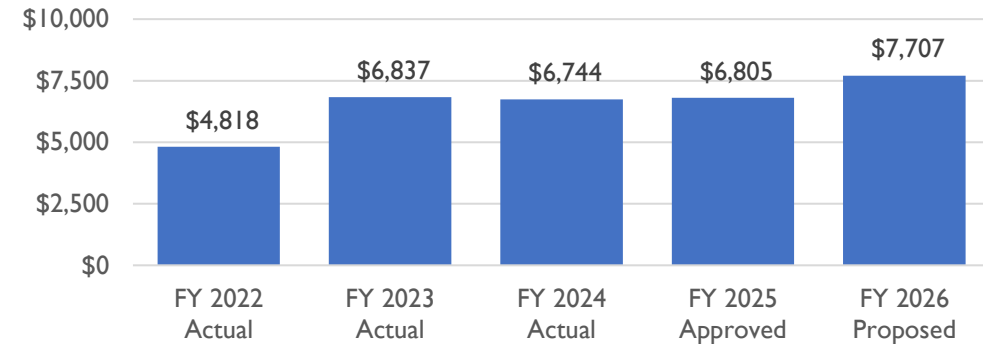
Reflects current prices and subject to market volatility

Chemicals



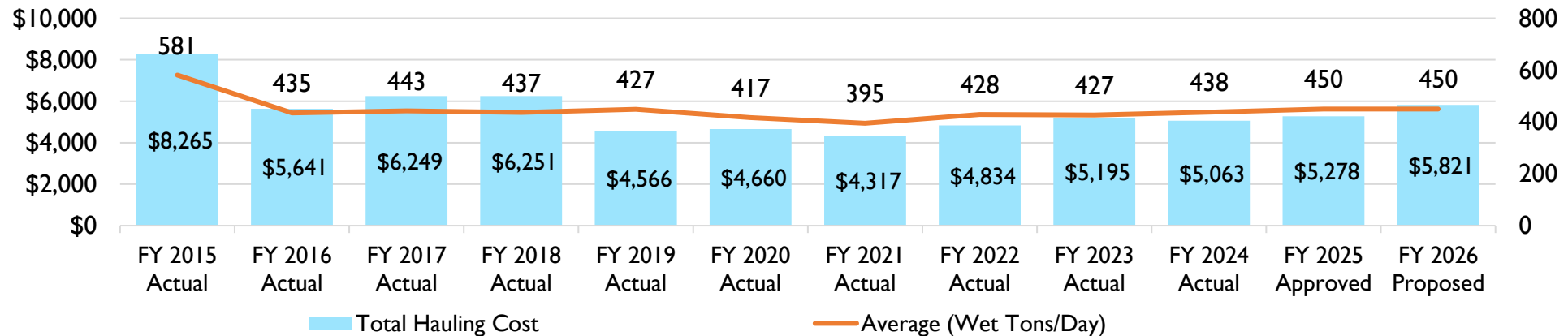
Reflects inflationary cost pressures and substantial cost increases for critical parts

Supplies



Reflects recent rising tonnage and higher hauling costs

Biosolids Production & Hauling Costs



- **Billing Methodology –**
 - Prior- billed after program is closed
 - Current (since 2020):- estimate bill and true up after program closed and audited
- **Past Billing (ROCIP (I, II, III, IV,V and PRT))-**
 - We billed \$15.8 million to IMA Partners for ROCIP I, II, and III during FY2020 Q3 Capital Billing (July 2020) out of total costs of \$58.4 million.
 - We billed IMA Partners for estimated \$3 million in ROCIP IV costs during FY2021 Q3 Capital Bill in July 2021.
 - We billed \$157k to IMA Partners in ROCIP I, II, III, IV and V during FY2023 Q4 Capital Billing in October 2023.
 - We billed \$1.1 million to IMA Partners for ROCIP III, IV, V and PRT during FY2024 Q3 Capital Billing in July 2024.
 - We billed \$1.2 million to IMA Partners for ROCIP I, II, III, IV,V,VI and PRT during FY2025 Q3 Capital Billing in July 2025.
- **FY25 ROCIP Billing (ROCIP V estimate and residual for prior programs)-**
 - Current total FY25 ROCIP disbursements eligible for billing are follows:

| ROCIP Program | As of June 30, 2025 |
|---------------|---------------------|
| ROCIP I | 2,390,433 |
| ROCIP II | 8,616,561 |
| ROCIP III | 5,017,039 |
| ROCIP IV | 2,844,330 |
| ROCIP V | 1,506,121 |
| ROCIP VI | 167,921 |
| ROCIP PRT | 697,342 |
| Total | 21,239,747 |

General Billing Appendix

FY 2026 O&M Wholesale-Eligible

\$ in thousands

| FY 2026 PROJECTED IMA-ELIGIBLE OPERATING COSTS | | | | | |
|--|-----------------|---------------|---------------|---------------|----------------|
| DEPARTMENT | Proposed Budget | WSSC | Fairfax | Loudoun | Total |
| Wastewater Treatment - Operations | 101,362 | 43,670 | 10,221 | 4,982 | 58,873 |
| Wastewater Treatment - Process Engineering | 8,468 | 3,648 | 854 | 416 | 4,918 |
| Maintenance Services (DMS) | 26,945 | 11,609 | 2,717 | 1,324 | 15,650 |
| Wastewater Engineering | 4,862 | 2,095 | 490 | 239 | 2,824 |
| Resource Recovery | 8,354 | 3,599 | 842 | 411 | 4,852 |
| Clean Water Technology | 5,486 | 2,364 | 553 | 270 | 3,186 |
| Subtotal Direct Costs | 155,476 | 66,984 | 15,678 | 7,642 | 90,304 |
| Indirect Costs | 31,095 | 13,397 | 3,136 | 1,528 | 18,061 |
| User Fees | 2,731 | 2,161 | 395 | 176 | 2,731 |
| Subtotal DC Water Costs | - | 82,541 | 19,209 | 9,347 | 111,096 |
| Contracted Biosolids Cost Managed by WSSC | 0 | (5,739) | 0 | 0 | (5,739) |
| FY 2026 Estimated Blue Plain O&M Costs | - | 76,801 | 19,209 | 9,347 | 105,357 |
| FY 2026 Estimated MJUF O&M Costs | - | 3,852 | 2,390 | 1,703 | 7,945 |
| FY 2026 Estimated MJUF O&M Costs | - | 18 | 4 | 2 | 25 |
| FY 2026 Estimated Revenues and Collections from the IMA's | | 80,672 | 21,603 | 11,052 | 113,326 |

**Based on approved budget for FY26.

FY 2027 O&M Wholesale-Eligible

\$ in thousands

| FY 2027 PROJECTED IMA-ELIGIBLE OPERATING COSTS | | | | | |
|--|-----------------|---------------|---------------|---------------|----------------|
| DEPARTMENT | Proposed Budget | WSSC | Fairfax | Loudoun | Total |
| Wastewater Treatment - Operations | 104,331 | 44,949 | 10,521 | 5,128 | 55,470 |
| Wastewater Treatment - Process Engineering | 9,118 | 3,928 | 919 | 448 | 5,296 |
| Maintenance Services (DMS) | 26,914 | 11,595 | 2,714 | 1,323 | 15,632 |
| Wastewater Engineering | 8,960 | 3,860 | 904 | 440 | 5,204 |
| Resource Recovery | 8,325 | 3,587 | 840 | 409 | 4,836 |
| Clean Water Technology | 5,063 | 2,181 | 511 | 249 | 2,941 |
| Subtotal Direct Costs | 162,712 | 70,101 | 16,408 | 7,998 | 94,507 |
| Indirect Costs | 40,678 | 17,525 | 4,102 | 2,000 | 23,627 |
| User Fees | 2,731 | 2,161 | 395 | 176 | 2,731 |
| Subtotal DC Water Costs | - | 89,787 | 20,905 | 10,173 | 120,865 |
| Contracted Biosolids Cost Managed by WSSC | - | (5,209) | 0 | 0 | (5,209) |
| FY 2027 Estimated Blue Plain O&M Costs | - | 84,578 | 20,905 | 10,173 | 115,656 |
| FY 2027 Estimated MJUF O&M Costs | - | 3,902 | 2,420 | 1,725 | 8,047 |
| FY 2027 Estimated MJUF II O&M Costs | - | 18 | 4 | 2 | 25 |
| FY 2027 Estimated Revenues and Collections from the IMA's | | 88,498 | 23,329 | 11,900 | 123,728 |

*Based on current proposed budget for FY27.

\$ in thousands

FY2026

| Categories | Proposed Budget | WSSC | Fairfax | Loudoun | Total |
|--|---|---------------|---------------|---------------|----------------|
| Project Costs & Labor* | 694,826 | 72,368 | 25,028 | 13,504 | 110,900 |
| Equipment | 29,401 | 6,440 | 1,414 | 684 | 8,538 |
| Subtotal (Excludes Capital Indirect) | 724,227 | 78,808 | 26,442 | 14,188 | 119,438 |
| Indirect | | 6,268 | 1,792 | 1,082 | 9,142 |
| Total Costs | 724,227 | 85,076 | 28,234 | 15,270 | 128,580 |
| | | | | | |
| FY 2026 Estimated Capital Costs for Wholesale Customers | <div> <div>\$ 85,076</div> <div>\$ 28,234</div> <div>\$ 15,270</div> <div>\$ 128,580</div> </div> | | | | |

*Based on current 10-year CIP Projection.

\$ in thousands

FY2027

| Categories | Proposed Budget | WSSC | Fairfax | Loudoun | Total |
|--|------------------|-------------------|------------------|------------------|-------------------|
| Project Costs & Labor* | 991,234 | 105,096 | 34,285 | 15,766 | 155,147 |
| Equipment | 39,664 | 8,340 | 2,012 | 998 | 11,350 |
| Subtotal (Excludes Capital Indirect) | 1,030,898 | 113,436 | 36,297 | 16,764 | 166,497 |
| Indirect | | 9,102 | 2,455 | 1,264 | 12,820 |
| Total Costs | 1,030,898 | 122,538 | 38,752 | 18,027 | 179,317 |
| FY 2027 Estimated Capital Costs for Wholesale Customers | | \$ 122,538 | \$ 38,752 | \$ 18,027 | \$ 179,317 |

*Based on Current 10-Year CIP Projection.



10-Year Disbursement Plan

| (Cash Disbursements \$ in thousands) | | FY2026 - FY2035 Capital Improvement Program | | | | | | | | | | | Last Year's 10-yr | (Increase) Decrease | Lifetim Budget |
|--------------------------------------|-----|---|-----------|-----------|-----------|-----------|---------|---------|---------|---------|---------|-------------|----------------------|------------------------|-------------------|
| | | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 | FY2031 | FY2032 | FY2033 | FY2034 | FY2035 | 10-yr Total | | | |
| Program | | | | | | | | | | | | | | | |
| NON PROCESS FACILITIES | | 1000 | | | | | | | | | | | | | |
| Facility Land Use | ALU | 15,467 | 32,671 | 43,535 | 43,848 | 27,523 | 22,366 | 22,277 | 14,582 | 10,820 | 10,303 | 243,392 | 213,052 | 30,340 | 412,191 |
| Subtotal | | 15,467 | 32,671 | 43,535 | 43,848 | 27,523 | 22,366 | 22,277 | 14,582 | 10,820 | 10,303 | 243,392 | 213,052 | 30,340 | 412,191 |
| WASTEWATER TREATMENT | | | | | | | | | | | | | | | |
| Liquid Processing | BLP | 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 | BPW | 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 | BSP | 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 | BTN | 246 | - | - | - | - | - | - | - | - | - | 246 | 666 | (420) | 191,177 |
| Subtotal | | 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 | CLT | 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 | CSO | 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 | | 237,482 | 311,016 | 321,693 | 264,247 | 94,417 | 42,614 | 11,098 | 10,000 | 11,000 | 11,000 | 1,314,566 | 1,139,050 | 175,516 | 3,762,450 |
| STORMWATER | | | | | | | | | | | | | | | |
| Storm Local Drainage Program | DLD | 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 | DOG | 614 | 1,217 | 1,634 | 1,657 | 248 | 561 | 368 | 768 | 617 | 373 | 8,057 | 7,336 | 721 | 10,413 |
| Storm Pumping Facilities | DPF | 11,747 | 5,785 | 8,602 | 16,884 | 15,861 | 6,568 | - | - | - | - | 65,446 | 29,933 | 35,513 | 84,738 |
| Stormwater Program Managemet | DSM | 585 | 519 | 970 | 871 | 1,848 | - | - | - | - | - | 4,793 | 3,896 | 897 | 14,849 |
| Stormwater Trunk/Force Sewers | DTS | 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 | | 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 | SCS | 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 Projects | SOG | 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 | SPF | 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 | SSM | 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 | STS | 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 | | 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 | WDS | 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 | (66,972) | 2,278,645 |
| Lead Free DC Program | WLP | 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 | (57,500) | 1,783,489 |
| Water On-Going Projects | WOG | 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 | WPF | 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 | WSF | 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 | WSM | 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 | | 186,757 | 274,558 | 285,327 | 302,603 | 312,347 | 268,653 | 258,593 | 287,645 | 299,551 | 307,357 | 2,783,392 | 2,871,945 | (88,553) | 4,844,619 |
| CAPITAL PROJECTS | | 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 | 8,771,949 | (11,555) | 16,095,547 |
| CAPITAL EQUIPMENT | | 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 | | 3,080 | 5,583 | 5,583 | 3,883 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 36,130 | - | 36,130 | 36,130 |
| WASHINGTON AQUEDUCT | | 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 | | 81,961 | 81,018 | 79,751 | 77,334 | 77,039 | 113,098 | 113,395 | 113,702 | 114,018 | 78,573 | 929,888 | 816,964 | 112,924 | 929,888 |
| LABOR | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL CAPITAL BUDGETS | | 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 | 9,588,913 | 101,368 | 17,025,435 |

BLUE PLAINS INTERMUNICIPAL AGREEMENT of 2012

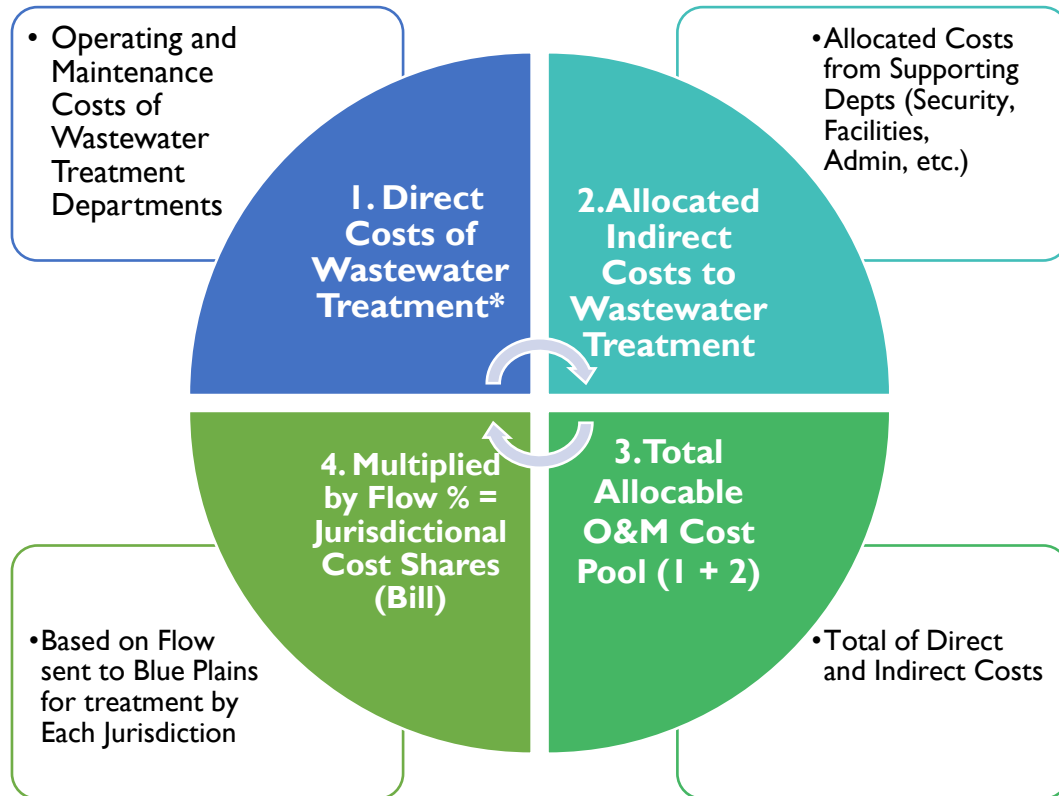
[Effective: 4/3/13]

Among the
District of Columbia
District of Columbia Water and Sewer Authority
Fairfax County, Virginia
Montgomery County, Maryland
Prince George's County, Maryland
Washington Suburban Sanitary Commission



- Both DC Ratepayers and Wholesale Customers are responsible for the costs of joint-use capital projects and operation and maintenance costs of wastewater treatment and multi-jurisdictional user facilities
- The Board-approved operating budget and the CIP are the basis for Annual Estimate Bills for both Operating & Maintenance and Capital Costs
- The Intermunicipal Agreement (IMA) stipulates the basis of the cost allocation for the jurisdictional customers
 - Operating – based on actual flows and adjustments made for user fees and biosolids hauled by Washington Suburban Sanitary Commission (WSSC)
 - Capital - Jurisdictional cost shares for Capital Projects are based on capacity allocation or specially negotiated cost shares with Wholesale Customers through Council of Government Technical Committees
- Capital Bills are trued-up every Quarter based on actual invoices paid during the period. WSSC audits the quarterly bills on behalf of wholesale customers.
- Operating settlement (true-up) is completed within 90 days of the completion of audit of financial statements or March 31st of the following year. WSSC further audits the operating settlement bills on behalf of wholesale customers.

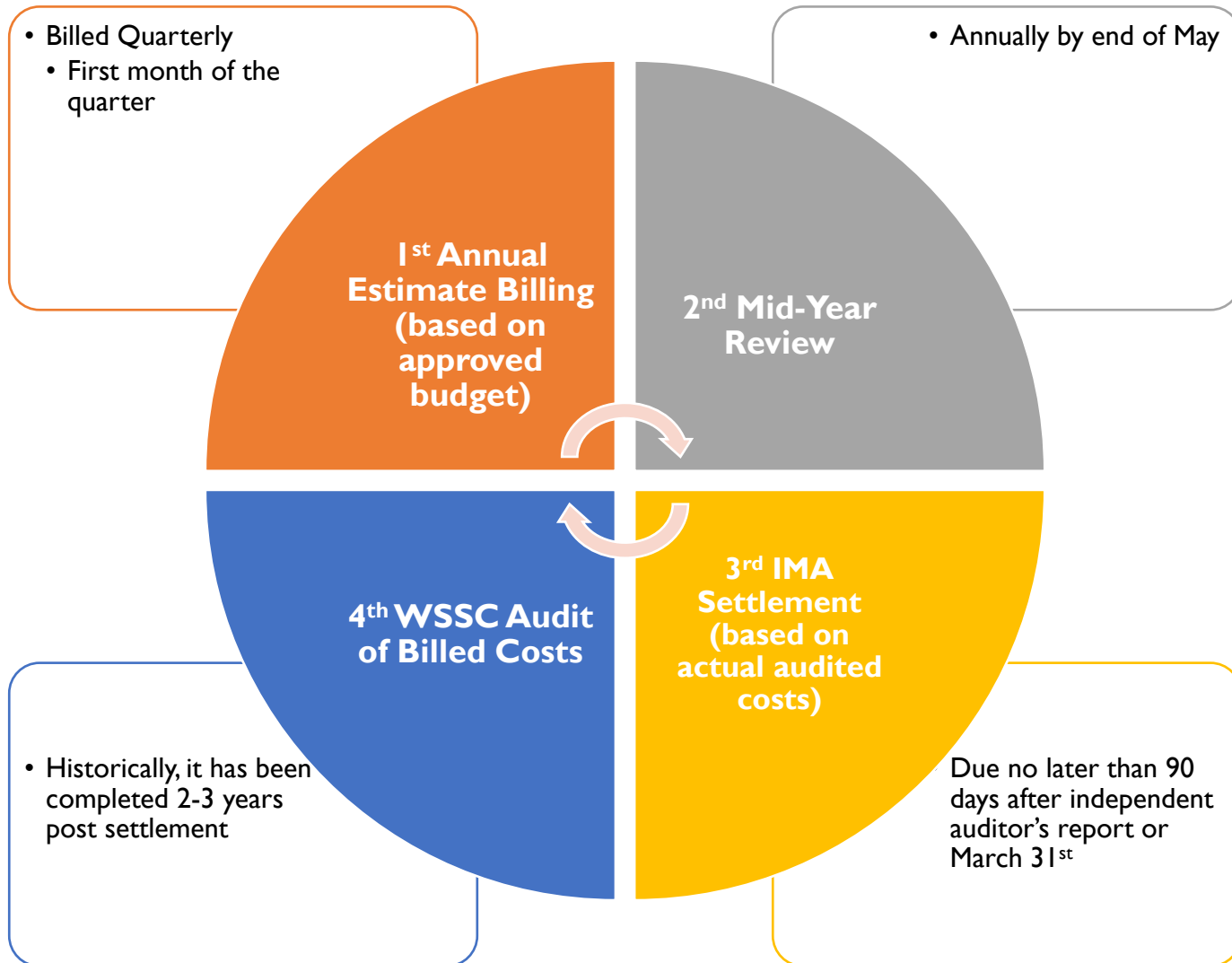
Blue Plains Operating & Maintenance Cost Allocation



- DC Ratepayers and the jurisdictions are allocated costs associated with treating wastewater (Direct Costs)
- This also includes allocated costs associated with “Supporting Departments” like Facilities, and Information Technology (Indirect Costs)
 - For example: Facilities – Costs are allocated based on Sq Ft occupied by departments. Information Technology – Costs are allocated based on CPU in use by departments
- This pools of costs is then allocated based on flows to Blue Plains
 - The proposed budget is based on the actual flow in the most recently completed Fiscal Year
- Wholesale billings are expected to increase from \$114.2 million in FY 2025 to \$122.6 million in FY 2026, mainly because of growth in Personnel Services, Contractual Services, Supplies and Biosolid Costs

*Wastewater treatment operations, maintenance, process engineering, wastewater engineering, resource recovery, and clean water technology - are departments related to Blue Plains and considered direct costs from cost recovery/billing purposes.

Blue Plains Operating & Maintenance Cost Shares - Billing Cycle



- The billing cycle is a year-round one
- Jurisdictions are billed according to the budget
- Bills for the first quarter will be provided in October and are due mid-November; second, third, and fourth quarter bills are sent on January, April and July
- DC Water performs a mid-year review after the second quarter-end to determine additional billing or refund needed
- After the fiscal year end, the true-up (settlement) process is completed which may result in additional billing or refund to Wholesale Customers
- WSSC audits the settlement bills on behalf of Wholesale customers which may result in additional billing or refund

💧 **Direct Costs** - The cost for operating and maintaining Blue Plains Advance Wastewater Treatment Plant includes personnel, chemicals, contractual services, utilities & rent, among others; these costs are considered direct cost for the Plant

💧 **Indirect Costs** - Costs from supporting departments (e.g. Administration, Security, Facilities, Information Technology, etc.) are allocated to the Wastewater Treatment Plant

💧 The total of direct and indirect costs is then multiplied by the flow to arrive at the estimated billing for jurisdictions

💧 Below is the summary of estimated wholesale revenue from operations and maintenance billing to our wholesale customers for fiscal year 2025 and 2026.

| Cost Pool for Jurisdictional Share Blue Plains | | | FY26 Proposed Budget (In '000) | FY25 Approved Budget (In '000) | Change | Change % |
|--|----------------------------|----------------------|-----------------------------------|-----------------------------------|----------|----------|
| Operating & Maintenance Costs for Blue Plains (Budget) | | | \$ 155,476 | \$ 149,103 | \$ 6,373 | 4.3% |
| Estimated Indirect Cost Allocation for Support Services | | | \$ 31,095 | \$ 29,821 | \$ 1,275 | 4.3% |
| Total Allocable/Billable Cost Pool | | | \$ 186,571 | \$ 178,923 | \$ 7,647 | 4.3% |
| Estimated Jurisdictional Cost Share (Based on Flow) | FY24 Flow % Preliminary | FY23 Flow % Final | FY26 Revenue Estimate | FY25 Revenue Estimate | Change | Change % |
| District | 41.21% | 43.27% | \$ 76,882 | \$ 77,425 | \$ (542) | -0.7% |
| WSSC | 43.08% | 41.18% | \$ 80,380 | \$ 73,673 | \$ 6,707 | 9.1% |
| Fairfax | 10.08% | 10.02% | \$ 18,814 | \$ 17,927 | \$ 886 | 4.9% |
| Loudoun | 4.92% | 4.81% | \$ 9,171 | \$ 8,608 | \$ 563 | 6.5% |
| Potomac Interceptor | 0.71% | 0.72% | \$ 1,324 | \$ 1,291 | \$ 33 | 2.5% |
| Total | 100.00% | 100.00% | \$ 186,571 | \$ 178,923 | \$ 7,647 | 4.3% |
| Wholesale Revenue from Blue Plains Operating & Maintenance Costs | | | \$ 111,121 | \$ 102,923 | \$ 8,197 | 8.0% |
| Wholesale Revenue from Multi-Jurisdictional User Facilities | | | \$ 7,945 | \$ 7,778 | \$ 166 | 2.1% |
| Potomac Interceptor Revenue | | | \$ 3,547 | \$ 3,547 | \$ - | 0.0% |
| Total Estimated Wholesale Revenue | | | \$ 122,612 | \$ 114,248 | \$ 8,364 | 7.3% |

*Departments t Blue Plains include Wastewater Treatment Operations, Maintenance Services, Process Engineering, Resource Recovery, Wastewater Engineering and Clean Water & Technology.

Overview of Wholesale Customer Capital Cost Shares

- Capital cost shares for joint use projects are based on capacity allocation or the specially negotiated cost % with Intermunicipal Agreement (IMA) Partners through Council of Government Technical Committees
- Unique codes are used to allocate costs to Jurisdictions correctly. See some cost code examples below:

| Work Type | Description | DCW | WSSC | FAIRFAX | LOUDOUN | PI | OTHERS | TOTAL |
|-----------|----------------------------------|--------|-------|---------|---------|------|--------|--------|
| GIBP | Blue Plains Joint Projects | 41.22 | 45.84 | 8.38 | 3.72 | 0.84 | - | 100.00 |
| LTCP | Long Term Control Plan | 92.90 | 5.54 | 1.01 | 0.45 | 0.10 | - | 100.00 |
| MJ73 | Anacostia Main Interceptor (AMI) | 83.97 | 16.03 | - | - | - | - | 100.00 |
| CAPM | Capital Money (100% DC) | 100.00 | - | - | - | - | - | 100.00 |

- The process starts in March with Budget Approval and concludes with the Audit:

