

dc Proposed FY 2027 Budget

Proposed FY 2027 Budget Summary

(Fiscal year starting October 1)

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

David L. Gadis, Chief Executive Officer and General Manager

Matthew T. Brown, Chief Operating Officer and Executive Vice President, Engineering and Operations (*Former CFO & EVP*)

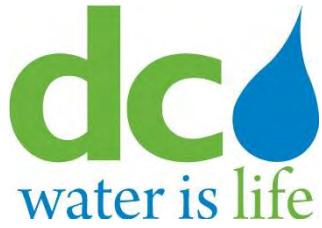
Lola Oyeyemi, Chief Financial Officer and Executive Vice President, Finance, Procurement, and Compliance (*Acting*)

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY



HEALTHY, SAFE AND WELL • RELIABLE • RESILIENT • EQUITABLE • SUSTAINABLE





VISION, MISSION & VALUES

VISION

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

MISSION

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

VALUES

At DC Water, our values guide our actions, behaviors and decision making.

Accountability: We conduct ourselves in a manner that surpasses ordinary standards and take responsibility for our actions and their collective outcomes to our workplace, community and environment at all times.

Trust: We strive to achieve the highest standards of professionalism and ethical behavior by always seeking to be open, honest, fair and respectful.

Teamwork: We approach all we do in a collaborative way, delivering superior service and outcomes through enthusiasm, helpfulness, positivity, skills, knowledge and a collective commitment to excellence.

Customer Focus: We see every engagement with our customers as an opportunity to deliver an exceptional customer experience that improves customer satisfaction and the overall perception of DC Water among the communities we serve.

Safety: We are uncompromising in our commitment to the health and safety of our employees, customers, and community. We require individual accountability, expecting all employees to strictly adhere to our safety standards, and actively participate in and support the advancement of our safety practices.

Well-being: We recognize DC Water's number one resource is our people. We are committed to seeing that our team thrives physically, mentally and emotionally by endeavoring to create a culture that increases awareness, inspires individual responsibility, promotes healthy choices and encourages work/ life balance.

STRATEGIC PLAN – BLUEPRINT 2.0

The Blueprint guides DC Water in setting priorities, focusing energy and resources, and strengthening operations. The strategic plan adopted by the Board on October 4, 2018 ensures employees and stakeholders are working towards common goals and aiming to accomplish the vision of DC Water.

“Blueprint 2.0 will accentuate our standing in the water and wastewater industry, ensure we continue to deliver unparalleled water services to our community and position the organization to address the needs of the future.”

David L. Gadis, CEO

ORGANIZATIONAL IMPERATIVES

Blueprint 2.0 sets out five Organizational Imperatives, which are defined outcomes essential to achieving our strategic ambition over the next five years and beyond. The Imperatives have been developed through engagement with a cross section of key stakeholders and are used to frame our strategy and address our upcoming challenges.



 **Healthy, Safe and Well:** Water is the life source of our community, and the essential services we provide at DC Water must be world-class. Our fundamental priority has to be ensuring DC Water is safe for all – for our customers, our communities, our employees and our contractors.

 **Reliable:** A high performing network of systems and assets is critical to reliability, using real-time monitoring to inform better decision making. Our aim is to continue to deliver an excellent service for customers and ensure we minimize service disruption. This is enabled by ensuring we adopt an integrated and enterprise-wide approach in order to deliver services efficiently.

 **Resilient:** In order to adapt to shocks and stresses to our system, we must secure assets through proactive maintenance and value-driven asset management.

 **Sustainable:** Sustainability is about balancing the economic and social value we create with the environmental impact of doing so. Ensuring that we make efficient use of economic resources through operating efficiency and resource recovery and reuse is key.

 **Equitable:** DC Water's desire to be an equitable organization touches on all parts of the Authority, starting with the decisions we make around infrastructure. Carefully considered infrastructure projects have the ability to greatly empower vulnerable communities and ensure that work happens in the areas where the negative impact of not doing it may be most felt.

BOARD OF DIRECTORS

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Richard Jackson, District of Columbia
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Amber Jackson, Chief Legal Officer and Executive Vice President, Government & Legal Affairs (Interim)
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Emanuel Briggs, Director, Community Affairs, Marketing & Communications
Vacant, Director, Marketing and Production, Marketing & Communications

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Kevin Bellamy, Director, Procurement, Capital Programs

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Dotun Olawunmi, Director, IT Infrastructure
Nelson Sims, Director, Cyber Security Services

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Nicholas Passarelli, Vice President, Wastewater Operations
Moussa Wone, Vice President, Engineering and Clean Rivers
Dr. Haydee De Clippeleir, Director, Clean Water Quality and Technology
William Elledge, Director, Lead Free and Water Program
Paul Guttridge, Director, Shared Services and Asset Management
Elkin Hernandez, Director, Maintenance Services
Shawna Martinelli, Director, Operations & Process Engineering
Ogechi Okpechi, Director, Permit Operations
Alireza Parhami, Director, Digital Transformation
Chris Peot, Director, Resource Recovery and Interim President, Blue Drop
Jeffrey Peterson, Director, Clean Rivers
Maureen Schmeling, Director, Water Quality
Ryu Suzuki, Director, Wastewater Engineering

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Dr. Rabia M. Chaudhry, Director, Water Supply Resilience

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Gregory Hope, Vice President and Deputy General Counsel
Webster Barnes, Director and Associate General Counsel
Kelly Fisher, Director and Associate General Counsel
Barbara Mitchell, Director and Associate General Counsel and Acting Director, Government Affairs

ACKNOWLEDGEMENTS

The Office of the Chief Financial Officer would like to extend our appreciation to the Senior Executive Team and Senior Management Staff for their strategic guidance, leadership, and partnership.

In addition, we would like to acknowledge the following staff members from the departments of Finance, Shared Services and Asset Management and the Office of Marketing & Communications for their hard work and dedication geared towards the publication of this document.

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Paul Laban	Dennis Samson
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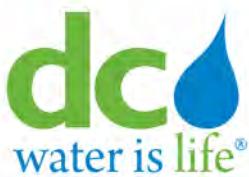
TABLE OF CONTENTS

Section I - Budget Overview	7	Section V - Capital Improvement Program	100
Message from the CEO & General Manager	8	CIP Overview and 10 Year Plan.....	101
History & Service Area	9	Prioritization Schedule.....	104
Facts at a Glance.....	10	Non-Process Facilities	106
Budgets, Rates and Fees.....	12	Wastewater Treatment	107
Budget Calendar	13	Combined Sewer Overflow.....	109
Section II - Financial Plan.....	15	Stormwater	110
Financial Plan	16	Sanitary Sewer.....	111
Key Financial Policies	19	Water	113
Major Financial Accomplishments.....	22	Additional Capital Programs	117
Future Goals and Assumptions	31	Additional Capital Programs 10-Year	119
Revenues.....	37		
FY 2027 Proposed vs. FY 2026 Revised Operating Receipts	39		
FY 2028 Proposed vs. FY 2027 Proposed Operating Receipts	41		
Long Term Planning: Ten-Year Financial Plan.....	42		
Operating Expenditures	43		
Capital Financing Program.....	45		
Cash Position and Reserves.....	50		
Section III - Rates and Revenue.....	52		
DC Water Revenue Receipts.....	53		
Customer Categories and Accounts	56		
Consumption	60		
Recent and Approved Rate and Fee Charges	61		
Approved Rate and Fee Changes	71		
Recent and Proposed Rate and Fee Changes.....	74		
Why Rate Increases Are Needed	80		
Customer Assistance Programs.....	83		
Affordability of Retail Rates	84		
Section IV - Cash, Debt and Financing.....	94		
Sources and Uses of Funds	95		
Cash Reserve Summary	96		
Debt Service Management.....	96		
Total Outstanding & Proposed Debt Service	98		
Debt Management Terms	99		
Section VI - Operating Expenditures	120		
Introduction to Operational and Administrative Departments.....	121		
DCW Organizational Chart	123		
Operating Expenditures Budget Linkage to Blueprint 2.0	124		
FY 2027 Proposed Budget Overview by Services.....	125		
Operating Expenditures Budget.....	126		
Operating Expenditures By Object.....	127		
Operating Expenditures by Department and Cluster	130		
Revised Budget by Department by Category.....	131		
Proposed Budget by Department by Category	132		
Filled and Vacant Positions	133		
Summary of Authorized Positions.....	134		
Overtime Budget Summary.....	135		
Operations Cluster	136		
Engineering Cluster	137		
Administration Cluster.....	138		
Independent Offices Cluster	139		
Finance and Procurement Cluster.....	140		
Strategy and Performance Cluster	141		
People and Talent Cluster	142		
Legal Affairs Cluster	143		
Information Technology Cluster	144		



Budget Overview





David L. Gadis, Chief Executive Officer

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY | 1385 CANAL STREET, SE | WASHINGTON, DC 20003

Message from the CEO & General Manager

Dear Board of Directors,

I am honored to present the Proposed Fiscal Year 2027 Budget and Two-Year Rate Proposal for your review and consideration. Guided by the theme “Smart Spending for a Resilient Tomorrow,” the FY 2027 budget advances our commitment to resilient people, resilient systems, resilient operations, and resilient communities. We are investing in workforce excellence, the renewal of aging infrastructure, technology modernization and sustainable practices that promote equity and customer affordability.

Our ten-year Capital Improvement Program (CIP) of \$9.69 billion allocates funds to complete the federally-mandated Clean Rivers Program, continue the Lead-Free DC program and advance our Pure Water DC initiative to address water resilience. This initiative includes exploring advanced water reuse at DC Water’s Blue Plains facility as a drought-proof, cost-effective second source of water, with the Pure Water DC Discovery Center scheduled to break ground in 2026. Additionally, the CIP supports major rehabilitation projects at Blue Plains and investments in our water and sewer systems which are critical to ensuring reliable service delivery, environmental stewardship, and compliance with regulatory requirements.

The Proposed FY 2027 operating expenditure budget of \$844.1 million includes an increase of 0.7 percent or \$6.0 million compared to the revised FY 2026 budget. This budget continues our commitment to our customers — delivering greater transparency and clarity into how every dollar supports our mission and strategic priorities. We have carefully evaluated, reallocated resources to areas of greatest need, and implemented efficiencies that optimize value for our customers. Notably, we have reduced contractual services, shifted software costs to capital, and prioritized investments that advance our strategic plan, Blueprint 2.0 and ensures operational continuity.

The Proposed FY 2027 operating revenue budget is \$1.07 billion and \$1.12 billion for FY 2028 which is supported by the two-year rate proposal. The average residential customer bill is projected to increase by 6.6 percent in FY 2027 and 5.3 percent in FY 2028. The bill includes a new monthly charge of \$2.28 per month for every household to recover the DDOT Public Inconvenience Fee. The overall bill increases are lower than the 6.7 percent in FY 2027 and 5.7 percent in FY 2028 forecasted in the previously Board-approved financial plan.

The budget and rates proposal demonstrates our approach to cost management while emphasizing the utility’s commitment to reliable service, environmental responsibility, fiscal discipline and operational continuity. I am grateful for the dedication of Team Blue, the guidance of our Board, and the trust of the communities we serve. Together, we will continue to build a resilient, innovative, and customer-focused utility for the future.

Sincerely,

David L. Gadis
CEO & General Manager

dcwater.com

History & Service Area

History: In 1996, the District of Columbia Water and Sewer Authority was created by District law, with the approval of the United States Congress, as an independent authority of the District government with a separate legal existence. In June 2010, the agency adopted a new logo and brand name, DC Water, while its official name remained District of Columbia Water and Sewer Authority. Beginning in FY 2013, for accounting purposes, DC Water was no longer reported as a component unit of the District government.

Age of Pipes: The median age of District water main pipes is over 80 years old, with approximately 9 percent of pipes installed in the 1900's and 2 percent dating back to the 1860s before the Civil War.

Service Area: Providing approximately 700,000 residents and 25.95 million annual visitors in the District of Columbia with retail water and wastewater (sewer) service, DC Water has a total service area of approximately 725 square miles. The Blue Plains Advanced Wastewater Treatment Plant (BPAWWTP) is located at the southernmost tip of the district. DC Water treats wastewater for approximately 1.8 million people in neighboring jurisdictions, including Montgomery and Prince George's Counties in Maryland and Fairfax and Loudoun Counties in Virginia.



Drinking Water Quality: With a strong emphasis on water quality, DC Water maintains an annual flushing program, regulatory and voluntary water quality testing, and ongoing system upgrades. In partnership with the U.S. Army Corps of Engineers' Washington Aqueduct, DC Water ensures a high-quality treatment process for delivering outstanding drinking water throughout the year. DC Water purchases water produced by the Aqueduct and distributes to its customers in the District of Columbia.

FACTS AT A GLANCE

Governance



- DC Water's Board of Directors is composed of 22 members (11 principals and 11 alternates) representing the District, Montgomery and Prince George's Counties in Maryland and Fairfax County in Virginia
- The District members set rates, charges and policies for District services. The entire Board votes and establishes policies for joint-use services
- The Chief Executive Officer and General Manager reports to the Board and manages operations and performance of the enterprise
- The members of the Board of Directors also serve on various Sub Committees: DC Retail Water & Sewer Rate; Environmental Quality and Operations; Finance and Budget; Governance; Human Resources and Labor Relations; Audit and Risk; and Strategic Planning

Employees



- Approximately 1,100 people are employed by DC Water
- DC Water Employees (Team Blue) work at various facilities across the District of Columbia to provide vital services to our customers

Pumped and Treated Water Storage



- An average of more than 95 million gallons of water pumped per day during FY 2025
- Storage of approximately 60 million gallons of treated water at its eight facilities (reservoirs and tanks)
- Additional 49 million gallons of water stored by the Washington Aqueduct, which treats drinking water

Water Distribution System



- 1,300 miles of interconnected pipes, four pumping stations, five reservoirs
- Four elevated water tanks, about 43,860 valves and 9,510 fire hydrants

Sewer System



- 1,944 miles of combined, separate, and stormwater sewers
- 50,000 manholes and 25,000 catch basins
- 16 stormwater pumping stations and 9 offsite wastewater pumping stations

Blue Plains Advanced Wastewater Treatment Plant



- Largest advanced wastewater treatment facility in the world, covering more than 150 acres along the Potomac River
- Blue Plains currently treats an annual average flow of approximately 320 million gallons per day (MGD) and has a design capacity of 384 MGD, with a peak design capacity during wet weather/high flow events to treat approximately 800 million gallons per day

Customer Service



- Customer communications through bill inserts, monthly newsletters, its website, and social media, including Facebook, YouTube, Flickr, X (Twitter), and Instagram
- 24-hour Emergency Command Center is the centralized communication facility for receiving and responding to emergency calls from customers and the public
- Robust customer assistance programs to help thousands of residents with a reduction in their monthly bills and/or a one-time payment.
- Additional information available at <https://www.dewater.com/customer-center/financial-assistance/customer-assistance>

FACTS AT A GLANCE

Community Service



- DC Water donates its time and resources to participate in events that align with its mission, fostering engagement with residents about key projects and services
- Employees contribute by supporting various charitable initiatives and community service efforts
- The Authority invests in community development through activities such as conducting science laboratory exercises in District high schools and hosting public tours of the Blue Plains Advanced Wastewater Treatment Plant

Community Outreach



- DC Water hosts and attends hundreds of public events across the city, providing information and meeting customers where they are, whether in person or virtually
- Expands outreach to new community events, including the Capital Pride Block Party, Broccoli City Festival, World Rivers Day Celebration, and other events coordinated in partnership with the Office of Mayor Muriel Bowser, Council members, District government agencies, as well as faith and community-based organizations
- Continues to deliver transparency and various activities across every Ward in the District through educational outreach, tours, and events

Financial Performance



- Strong bond ratings allow DC Water to have a lower borrowing cost which in turn reduces ratepayer cost in the long run.
- Reaffirmed senior bond ratings of AAA/Aa1/AA+ from S&P/Moody's/ Fitch's Ratings
- Maintained a GB1 rating for green bonds, Moody's highest possible green bond assessment
- Received its 28th consecutive unqualified audit opinion of its financial statements
- Achieved the Government Finance Officers Association (GFOA) Triple Crown for 2nd consecutive year: Certificate of Excellence in Budget, Financial Reporting, and Popular Financial Reporting
- Received its 25th consecutive Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA)
- Received the 2nd consecutive "Special Recognition" award for its long-range financial plan



SUMMARY OF BUDGETS, RATES AND FEES

Description	Unit of Measure	FY 2026	FY 2027	Change	FY 2028	Change
		Revised	Proposed	Increase (+) /Decrease (-)	Proposed	Increase (+)/ Decrease (-)
BUDGETS						
Total Operating Expenditure	\$ in thousands	\$838,133	\$844,105	\$5,972	\$911,782	\$67,677
Total Capital Disbursements	\$ in thousands	\$776,787	\$1,004,229	\$227,442	\$1,090,428	\$86,199
Total Operating Revenue	\$ in thousands	\$1,008,194	\$1,069,375	\$61,181	\$1,121,369	\$51,994
Wholesale Operating Revenues	\$ in thousands	\$124,219	\$134,090	\$9,871	\$140,055	\$5,965
RATES & FEES						
Residential 0-4 Ccf (Lifeline)²	Ccf	\$5.78	\$6.49	\$0.71	\$7.11	\$0.62
Residential - > 4 Ccf²	Ccf	\$7.60	\$8.40	\$0.80	\$9.40	\$1.00
Multi-family / DC Housing²	Ccf	\$6.47	\$7.21	\$0.74	\$7.98	\$0.77
Non-Residential	Ccf	\$7.84	\$8.66	\$0.82	\$9.71	\$1.05
DC Water Retail Rates – Sewer	Ccf	\$12.52	\$12.91	\$0.39	\$13.39	\$0.48
DC Water Clean Rivers IAC	ERU per month	\$24.23	\$25.50	\$1.27	\$27.22	\$1.72
DC Water Customer Metering Fee	5/8"	\$7.75	\$7.75	\$0.00	\$7.75	\$0.00
Water System Replacement Fee¹	5/8"	\$6.30	\$6.30	\$0.00	\$6.30	\$0.00
PILOT Fee	Ccf	\$0.62	\$0.62	\$0.00	\$0.63	\$0.01
Right of Way Fee	Ccf	\$0.20	\$0.20	\$0.00	\$0.20	No Change
Public Inconvenience Fee	Ccf	-	\$0.42	-	\$0.42	No Change
Stormwater Fee	ERU	\$2.67	\$2.67	\$0.00	\$2.67	No Change

Ccf – hundred cubic feet or 748 gallons

1. DC WATER WSR of \$6.30 effective October 1, 2015.
2. Proposed Class-Based rates.

Annual Budget Process

DC Water's budget is the fiscal roadmap that allocates and aligns spending plan with the imperatives and goals of the strategic plan. The rigorous budget process balances the level of infrastructure investments and operational requirements with customer rates and total revenue expectations. The budget is prepared through a collaborative and decentralized process, guided by its strategic plan (Blueprint 2.0). The plan includes five interconnected imperatives and lays out defined outcomes essential to achieving the strategic goals over the next five years and beyond. Detailed information about the strategic plan is available online at www.dewater.com/strategic-plan.

As a first step in the budget development process, the organizational priorities are established under the guidance of the Board and Senior Executive Team and linked to the strategic plan. The budget process encourages ideas to be brought forward by all departments with detailed workplans that incorporate the imperatives, goals and workstreams of Blueprint 2.0. The strategic plan serves as the primary lens through which budget requests are evaluated against established prioritization criteria and final budget decisions are made. DC Water's ten-year financial plan is then updated to reflect any revisions to the capital improvement program and any other major revenue or operating budget issues, and potential impact of these items on rates. In addition to these items, the ten-year financial plan is also developed based on the financial and rate- setting policies adopted by the Board.

Budget Approval Process

Typically, in September, the Chief Executive Officer & General Manager and Chief Financial Officer kick off the budget season. Departments submit their budget requests in late September to early October and meet with budget staff and the Senior Executive Team in tandem. All budget requests for existing and new programs are evaluated and scored against established prioritization criteria.

In January of each year, management delivers the operating budget, ten-year capital improvement program multi-year rates (conducted every two years) and ten-year financial plan to the Board of Directors. Management conducts two months of detailed review with the various Board Committees. Additionally, budget briefings are provided to DC Water's Wholesale Customers, the Office of the People's Counsel (OPC) and other stakeholders. The individual Committees submit recommendations to the full Board for budget adoption between March and April. During a ratemaking year, which occurs every two years, management holds various Town Hall meetings in each ward in the District in advance of public hearing to inform customers about the proposed rates, fees and budgets. The rates are adopted by the Board in July.

Upon budget adoption, the Budget Office publishes and distributes the approved budget book which contains detailed information about the adopted budgets and rates. DC Water is required to submit its annual operating and ten-year capital budgets to the Mayor and the District of Columbia Council for review and comment. However, neither has the power to change DC Water's annual budgets. The District of Columbia includes DC Water's budgets in their submission to the U.S. Congress for approval. Once approved by Congress, the budget is effective October 1 of each year.

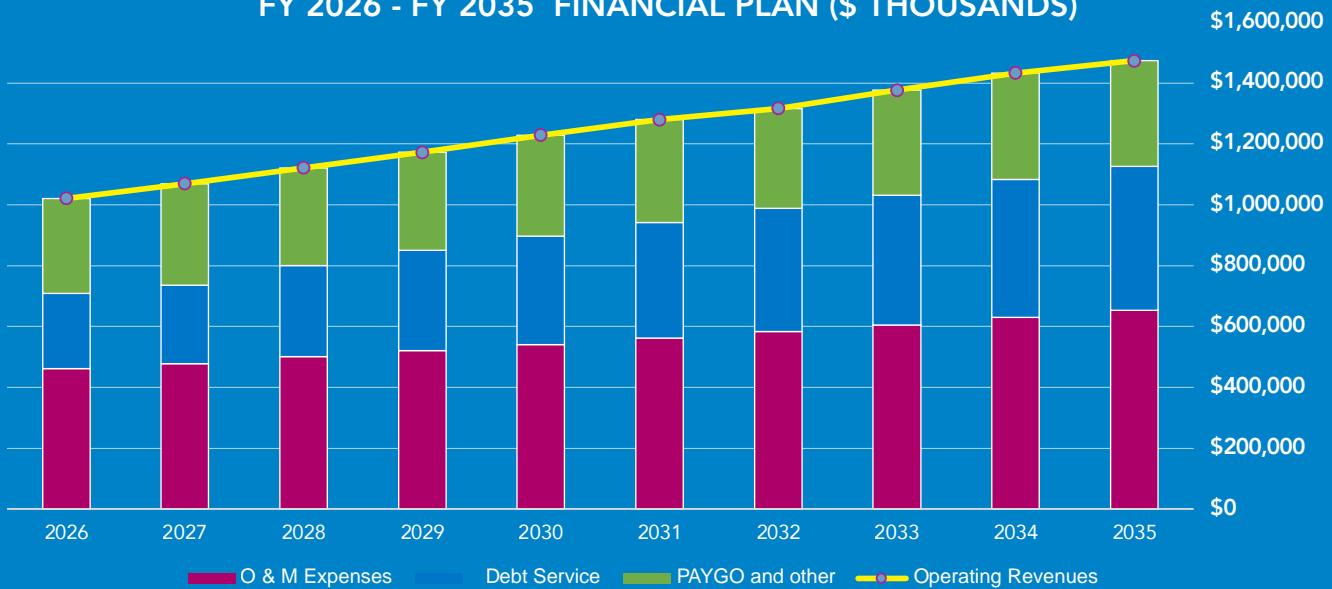


BUDGET CALENDAR

Month	Activity
July	Centrally Managed and Matrix training and preparation
August	Establish Budget Prioritization, Scoring Criteria and Linkages to Strategic Plan (Blueprint 2.0) Develop Budget Manual & Guidelines and Provide Training for Departments
August 13	Chief Executive Officer & General Manager's Budget Kickoff Meeting
September 11	Departmental FY 2027 Budget Submission to Budget Office
September	Chief Financial Officer Briefing on Departmental Budget Requests
October	Departmental FY 2027 Operating and Capital Equipment Budget Reviews with the Chief Executive Officer, Chief Financial Officer, and the Budget Office
October	Senior Executive Team Briefing (Operating and Ten-Year Capital Improvement Program)
December	Finalize Ten-Year Financial Plan (Operating, Capital Program, Revenues, Rates & Fees) Transmit Final Budget Recommendation to Executives, Vice Presidents & Department Heads
January 15	Budget Workshop – Board Briefing of the CEO & GM's Proposed FY 2027 Budgets, Capital Improvement Program, Two-Year Rate Proposal and Financial Plan Publication of Proposed FY 2027 Budget Book
January	Budget Briefing to Wholesale Customers, Office of People's Counsel and Other Stakeholders
January February	Board Committees Conduct In-Depth Review of Budget Proposal: <ul style="list-style-type: none">Environmental Quality & Operations Committee Review of Capital Improvement ProgramJoint session with the DC Retail Water & Sewer Rates and Finance & Budget Committees on the Operating Budget, Capital Improvement Program, and Financial Plan (including the Two-Year Rate Proposal conducted every two years)
February	Board Committees Forward Recommendations to Full Board for Deliberation/Action Budget Book Preparation & Production
March 5	Budget Adoption by Full Board Submission to the District of Columbia for onward transmission to U.S. Congress Publication of Approved Budget Book
April	Application for Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award
April – June	Rate-making Process, (conducted every two years) Public Outreach & Public Hearing Activities
July	Board Adoption of Rates (conducted every two years)
October 1	Fiscal Year Begins

FINANCIAL PLAN

FY 2026 - FY 2035 FINANCIAL PLAN (\$ THOUSANDS)



BLUEPRINT 2.0



FY 2026 – FY 2035 Financial Plan

Overview

DC Water's strong financial performance and its success in achieving and maintaining strong bond ratings have been primarily due to the annual development of and adherence to a ten-year strategic financial plan. DC Water's senior lien revenue bond credit ratings were affirmed in July 2025. DC Water received stable outlooks by S&P, Moody's, and Fitch with ratings maintained at AAA, Aa1, and AA+ respectively. During FY 2025, DC Water met or exceeded the goals set by Board policy and the FY 2025 – FY 2034 ten-year plan. This budget includes DC Water's twenty sixth comprehensive ten-year financial plan, covering FY 2026 – FY 2035.

The necessity of a ten-year financial plan is clear:



REGULATORY AND CAPITAL PROJECT-DRIVEN



1. DC Water operates under a regulatory and capital project-driven environment that requires a longer-term ten-year planning horizon. In order to provide our customers with the best service possible and with gradual and predictable rate increases, DC Water must plan for all projects on a long-term and integrated basis, including both capital and operating requirements. A five-year, capital-only financial plan would insufficiently prepare DC Water to address the major regulatory, operational and capital project issues that will impact service, operations, and rates over the next five to ten years.



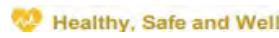
BOARD POLICY



2. In accordance with Board policy, DC Water sets rates so that each customer is charged for the actual cost to provide each service, and rate increases are implemented transparently and predictably, utilizing all available options to mitigate future customer impacts. Since proposed future rate increases are primarily driven by financing of DC Water's capital program and full utilization of the rate stabilization fund, the development of a ten-year financial plan allows DC Water to meet these key goals.



INTERNAL IMPROVEMENTS AND INVESTMENTS



3. The Board has directed DC Water management to undertake internal improvements and investments that will significantly lower operating costs over a ten-year period. A ten-year plan is required to bridge current operations and related capital and operating budgets with these longer-term cost reduction goals.

Board policies, strategic plan, priorities, and guidance in several key financial areas drive the development of the FY 2026 - FY 2035 financial plan. Given DC Water's substantial borrowing needs over the next ten years, adherence to these Board policies is crucial to cost-effectively access the capital markets and retain our credibility with customers and regulators.

FY 2026– FY 2035 Financial Plan

Financial Plan Objectives

The financial plan serves as the framework to support the Board's strategic plan, policies, priorities, and guidance in several key financial areas



- It is one of management's key tools to monitor progress in meeting financial goals and to proactively address future financial and operational issues
- It also ensures meeting or exceeding indenture and Board's coverage requirements and providing sufficient liquidity to meet all obligations
- The ten-year financial plan projects revenue requirements, operating and maintenance expenses, capital expenditures, debt service charges, coverage ratios, and rate increases



DC Water's financial plan objectives focus on:

- Minimizing rate increases while meeting all financial obligations.
- Satisfying all indenture requirements and Board policies; and
- Maintaining DC Water's current credit ratings of AAA/Aa1/AA+



- Maintain Debt Service as a percentage of revenue equal to 33.0 percent or less
- Maintain combined coverage of 180 percent
- Maintain 282 days of cash excluding Rate Stabilization Fund. On October 5, 2023, the Board approved a revised Statement of Financial Policies that set a cash target of 350 days of projected operating expenses to be achieved gradually by 2032 through the use of year end surplus. On July 3, 2025, the Board approved to transfer from the Net Projected Cash Surplus of \$17.5 million to Ending Cash Balance to increase Days of Cash on Hand from 267 to 282 days.
- FY 2025 actual consumption decreased by 5.2 percent. Assumed 1.0 percent decline in consumption in FY 2026 over FY 2025 actual. Assumed 1.0 percent conservation in FY 2027 and onwards. The COVID-19 had an impact on consumption. However, the overall consumption has recovered to the Pre-COVID-19 level. The FY 2025 Actual consumption of \$32.7 million Ccf is slightly higher than FY 2020 consumption of 32.4 million Ccf.
- FY 2025 Debt Service was lower as compared to budget due to refinancing benefits and deferred borrowing
- Assumed delinquencies will decrease in 2026 and onwards.
- Assumed higher miscellaneous fee revenue.
- Assumed slightly lower interest earnings than FY 2025 Actuals.
- Assumed higher collection of receipts for Late Fees

FY 2026 – FY 2035 Financial Plan



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

Key Financial Policies

DC Water's board policies include:

- **DEBT SERVICE COVERAGE** –DC Water will set rates and develop operating and capital budgets that ensure **senior debt service coverage of 140 percent and combined coverage of 160 percent.**
 - This coverage level exceeds DC Water's bond indenture requirement of 120 percent senior debt service coverage
- **CASH RESERVES** – DC Water will maintain **cash reserves equivalent to 282 days of budgeted operations and maintenance expenses.** The Board established a goal of increasing the target days of cash on hand gradually to 350 days by FY 2032 through to the use of year end surplus. **Rating agencies have referenced the 250 days of cash and 1.6X coverage are indicators of financial strength.**
- **PAY-GO FINANCING OF CAPITAL** – DC Water will finance a portion of its capital program on a **pay-go basis from cash balances that exceed operations requirements or restricted use.**
- **RATE-SETTING POLICIES**
 - Rates that, together with other revenue sources, **cover current costs** and **meet or exceed all bond** and **other financial requirements** as well as goals set by the Board
 - Rates that yield a **reliable and predictable** stream of revenues, considering trends in costs and in units of service
 - Rates based on **annually updated forecasts of operating and capital budgets**
 - Rate structures that are **legally defensible**, based on objective criteria, and **transparently designed**
 - Rate structures **that customers can understand**, and DC Water can **implement efficiently and efficaciously**
 - Rates increases, if required, are implemented **transparently and predictably**.
- To the extent annual revenues exceed costs, the Board's policy will continue to utilize all available options to mitigate future customer impacts and annual rate increases, including transferring some or all excess funds to the Rate Stabilization Fund.
- **RATE STABILIZATION FUND** - Once DC Water achieves its **required level of cash reserves**, a **rate stabilization fund** will be established **to avoid “rate shock.”** Based on favorable financial performance in FY 2025, the balance in the RSF was \$40.64 million.
 - On July 3, 2025, the Board approved the transfer from the Net Projected Cash Surplus of \$17.5 million to Ending Cash Balance to increase Days of Cash on Hand from 267 to 282 days.

Financing and Reserve Policies

In October 2023, the Board approved Resolution # 23-58 revising the Statement of Financial Policies as follows:

- DC Water will maintain strong levels of Operating Cash Reserves that exceeds the Master Indenture requirements. Strong cash reserves are important to maintaining DC Water's bond rating. In the financial plan that is proposed by the CEO and General Manager and approved by the board, 250 days of cash will be the minimum maintained in each fiscal year based on projected operating expenses with a goal to achieve an operating cash reserve requirement of 350 days by 2032 by prioritizing the allocation of year-end surplus.

Key Financial Policies

- Debt Service Coverage is a key financial metric that impacts DC Water's credit quality and borrowing costs. In order to maintain the highest credit quality and lowest borrowing costs, it is the policy of the Board that the Financial Plan developed by the CEO and General Manager and adopted by the Board will contain a minimum combined debt service coverage of 1.60X for the budget and all years of the Financial Plan. The management's target for Debt Service Coverage is 1.80X. Debt Service Coverage will be calculated in accordance with the Master Indenture.

In October 2023, the Board approved Resolution # 23-61 revising the Rate Stabilization Fund Policy as follows:

DC Water will 1) establish a targeted RSF balance of 5% of retail revenues; 2) contributions to the RSF may be directed by the Board through the allocation year-end surplus or by the General Manager from savings or revenues from projects funded by the RSF; 3) the RSF may be used for: (i) emergencies or unplanned events to prevent rate spikes, (ii) investments in technologies or other initiatives that could reduce operating expenditures, (iii) apply to revenues to reduce rate increases, decrease higher cost debt, or as PAYGO to reduce debt service costs.

Pay As-You Go Capital Financing Policy

1. The CEO/General Manager will include in the annual ten-year financial plan, developed as part of the annual operating budget process, a separate schedule showing projected annual cash balances and planned annual pay-go financing of capital projects.
2. The planned annual pay-go financing will be formally approved by the Board of Directors as part of its annual approval of the ten-year financial plan, operating and capital budgets.
3. At any time during the fiscal year, the CEO & General Manager may use pay-go financing for capital projects, as approved by the Board of Directors.
4. During the fourth quarter of each fiscal year, the CEO & General Manager (or designee) will conduct an analysis of DC Water's financial performance.
5. The CEO & General Manager will report the results of this analysis and provide recommendations, including updated projected annual cash balances and annual pay-go financing, to the Finance and Budget Committee no later than its regularly scheduled meeting in July, for recommendation to the Board for action at its September meeting.

Cash Management and Investment Policies

The Board has adopted a "Statement of Investment Policy". This policy is designed to ensure the prudent management of Authority funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices. The investment portfolio shall be managed to accomplish the following hierarchy of objectives:

1. Safety
2. Liquidity
3. Return on investment

The current Investment Policy is available on-line at www.dcwater.com.

Key Financial Policies

Debt Policy and Guidelines

The purpose of DC Water's Debt Policy and Guidelines (the "Debt Policy") is to provide DC Water officials and staff a comprehensive guide to DC Water's issuance and use of debt to fund capital projects or to refund/refinance/restructure outstanding debt. The advantages of adopting and adhering to a clear, concise, and comprehensive debt policy are:

- Enhancing the quality of decisions
- Documenting the decision-making process
- Identifying objectives clearly to facilitate staff implementation
- Demonstrating a commitment to Long-Term financial planning objectives that result in a sound financial position
- Enhancing the positive assessment of credit quality by the bond Rating Agencies to maintain and improve DC Water's high credit ratings
- Integrating the Debt Policy with the operating and capital budgets, the multi- year Capital Improvement Program (CIP), multi-year Financial Plan and other financial policies

The financial policies outlined in this document, in most cases, impose higher standards than the legal requirements contained in DC Water's Master Indenture of Trust dated as of April 1, 1998, as amended, and supplemented from time to time (the "Indenture") and other legal requirements.

The current Debt Policy and Guidelines is available on-line at www.dewater.com.



Major Financial Accomplishments

During FY 2025 DC Water met the financial goals set out by the Board and the FY 2025 – FY 2034 financial plan. DC Water successfully managed its finances through FY 2025, aligning expenditures to the revenue shortfall from the impacts of COVID. At the end of the year, revenues were above budget by \$26.6 million. Senior debt service coverage, reserve levels, and budget performance met or surpassed Board policies, as discussed in more detail below:

- **DC Water Board policy required senior debt service coverage of at least 140 percent;** (a) In October 2021, the Board of Directors adopted a policy which requires to maintain a minimum combined debt service coverage of 160 percent (b) Combined debt service coverage was at 240 percent in FY 2025 and is projected at 180 percent in FY 2035 greater than the board policy requirement. DC Water's senior debt service coverage in FY 2025 was at 963 percent, while maintaining the Board's rate setting and financial policies. The senior debt service coverage is expected to decrease to 8.56 percent by FY 2035 due to an increase in capital spending and related debt issuance; the coverage is above the Board requirement of 140 percent. Subordinate debt service coverage, which includes DC Water's subordinated lien revenue bonds and Jennings Randolph Reservoir debt, was at 287 percent in FY 2025. DC Water is required to have 100 percent coverage of subordinate debt service.
- DC Water has maintained its bond rating from Standard & Poor's (AAA), Moody's (Aa1), and Fitch (AA+).
- **Commercial Paper:** These notes issued are considered subordinate debt under the Master Indenture of Trust. DC Water's commercial paper is issued in increments with maturities less than 270 days. The Board approved the commercial paper program in early FY 2002; proceeds from the sale of the notes are used for interim bond financing, short-term financing for capital equipment and certain taxable costs for the Washington Aqueduct. Each new bond issuance is evaluated to determine the most cost- effective way of reducing the amount of taxable commercial paper. Normal market conditions for commercial paper carry significantly lower interest rates than long term debt. In August 2024, DC Water received Board authorization to revise the commercial paper (CP) program from \$150 million to \$250 million to include: (1) Series D (tax-exempt and taxable) aggregate principal amount not to exceed \$250 million. Additionally, DC Water authorized the Letter of Credit facility to TD Bank, NA. and approved J.P. Morgan Securities LLC and Goldman Sachs & Co. LLC as the authorized dealers along with US Bank Trust Company National Association as the Issuing Paying Agent to support our CP program.
- **Extendable Municipal Commercial Paper (EMCP):** The addition of the EMCP program in the amount of \$100 million provides diversification of the variable rate products available for interim financing needs. EMCP does not require a supporting bank letter of credit but relies on DC Water's liquidity to address any failed re-marketing of the EMCP. The initial placement is typically for 90 - 180 days and in the event of a failed re-marketing due to poor market conditions, DC Water has 3 – 6 months to address payment with a maximum number of days from the initial issuance of 270 days.

Major Financial Accomplishments

- **DC Water did not utilize the Rate Stabilization Fund (RSF) in FY 2025.** However, \$5.0 million was contributed to RSF. The Rate Stabilization Fund's ending balance for FY 2025 was \$40.64 million.
- **DC Water continued its strong operating budget performance in FY 2025** – Actual cash receipts for FY 2025 were higher than the budget by \$26.6 million, or 2.8 percent. Actual operating expenditures were \$24.2 million or 5.3 percent lower than the total operating budget.
- DC Water experienced O&M underspending primarily due to lower employee wages and benefits resulting from higher vacancy rates, lower-than-anticipated costs for water purchased from the Washington Aqueduct, and decreased spending on various professional services and fees Authority wide. These underspendings were partially offset by higher-than-budgeted costs for chemicals, supplies, and major equipment required for daily operations.
- **The Clean Rivers Impervious Surface Area Charge (CRIAC) was implemented in May 2009** to recover the cost of the Combined Sewer Overflow Long-Term Control Plan (CSO LTCP), also known as the DC Clean Rivers Project. In FY 2011, a six-tiered rate structure was successfully implemented for all residential retail customers to better reflect the impacts of various size residential properties. The thirty- year CSO LTCP, whose terms are outlined in a consent decree executed in March 2005, exclusive of the nine- minimum controls programs are projected to cost \$3.56 billion. See "Combined Sewer Overflow Long-Term Control Plan" in Section IV, Rates and Revenues for additional details on the projected rate impact of the plan.
- **DC Water implemented a retail water and sewer rate increase of 8.0 percent in FY 2025** to recover increased retail water and sewer revenue requirements of \$31.7 million. In FY 2025, the Rate Stabilization Fund (RSF) was not utilized. The RSF helps to mitigate rate shock and reduces needed retail rate increases. In addition, there was a 2 percent increase in PILOT as per the PILOT MOU signed with the District on September 4, 2014. In FY 2025, PILOT fees at \$0.61 per Ccf and the ROW fee at \$0.19 per Ccf remain the same as in FY 2024. The changes in PILOT and ROW fee are made to recover the full costs of these fees charged to DC Water by the District of Columbia government. The rate changes are mainly due to the increase in debt service cost to finance the capital improvement program.
- **Water System Replacement Fee (WSRF) was implemented in FY 2016**, effective October 1, 2015 (FY 2016), WSRF recovers the costs of one percent renewal and replacement program for water service lines. WSRF varies with meter size. The WSRF for 5/8" meter size is \$6.30. Low-income CAP customers get 100 percent discount for this fee.
- **Multi-Year Rates:** DC Water moved to a multi-year rate proposal in FY 2016 covering the period FY 2017 and FY 2018. This is the fifth time that DC Water has adopted a multi- year rate proposal in FY 2024 covering the period FY 2025 and FY 2026 and has become effective from October 1, 2024, and October 1, 2025, respectively.
 - **The benefits of multi-year rates include:**
 - Greater revenue certainty
 - Increased budget discipline
 - Better alignment between revenues and expenditures
 - Favorable credit rating agency treatment
 - Better predictability for our ratepayers

Major Financial Accomplishments

- **Potential risks / considerations:**
 - Reduced financial flexibility
 - Limited ability to modify approved rate increases, if necessary
 - Conservatism in financial projections
- In FY 2020, an Independent Review of Rate Structure and Customer Assistance Programs was conducted to review and benchmark DC Water's rates, rate structure and Customer Assistance Programs (CAP) to peer utilities. The findings of the study concurred that DC Water's current customer class structure, monthly water lifeline threshold of 4 Ccf, ERU basis for recovering the CRIAC charge, CAP bill discount and temporary assistance programs are consistent with industry standards for ratemaking.
- In FY 2020, DC Water conducted a Cost-of-Service Study (COS) to align the COS with the multi-year rate proposals, therefore both will be done every two years going forward. Previously, Cost of Service study was conducted every three years. The COS consist of three components: i) revenue sufficiency analysis – to ensure that the revenues cover the costs that DC Water incurs; ii) cost of service analysis/rate equity – to ensure that the rates are equitably recovering the costs of service provided to customers; and iii) alternative rate structure analysis – to ensure that DC Water meets its priority pricing objectives. The results of the COS support the multi-year rate, charges and fee proposals for FY 2021 and FY 2022.
- In FY 2024, a Cost-of-Service (COS) was conducted by Independent Financial Consultants to establish the multi-year rates for FY 2025 and FY 2026. The 2024 COS study includes the Groundwater and High Flow Filter Backwash Sewer rates. The results of COS study support the multi-year rates, charges and fees proposed for FY 2025 and FY 2026.
- Independent Review of the Proposed FY 2025 and FY 2026 Rates was conducted by consultants.
 - The review concluded that the rates have been reasonably developed, reflect the anticipated revenue requirements of the System, adhere to Board policy and are comparable to other utilities.
 - The affordability assistance provided by DC Water is robust compared to other utilities, providing a meaningful impact on a customer bill.
- For the twenty fifth consecutive year, DC Water received the Government Finance Officers' Award for Distinguished Budget Presentation for its FY 2026 budget which was submitted in 2025. DC Water received its twenty eighth unqualified audit opinion for the fiscal year ended September 30, 2024, and received the twenty seventh GFOA Certificate of Achievement for Excellence in Financial Reporting. In addition, for the second consecutive year, DC Water was awarded with "special recognition" for the long-range financial plan. This section also received a score of 4 (outstanding) for all three reviewers.
- In FY 2025, DC Water successfully renewed all the Authority's operations insurance policies at essentially the same terms down 0.7 percent from expiring costs than previous year. DC Water's coverage is generally comparable to expiring.

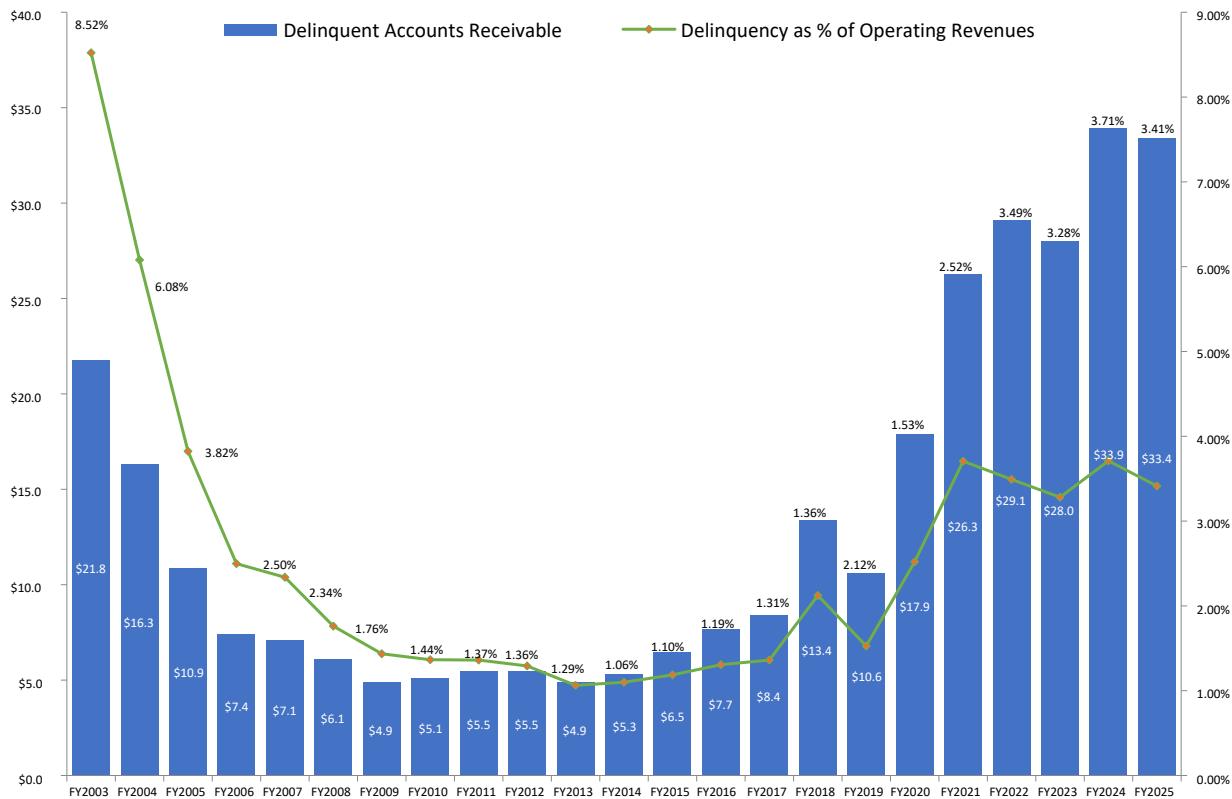
Major Financial Accomplishments

- DC Water completed its Twenty first year ROCIP I (October 2004 to October 2009) of its rolling owner- controlled insurance program (ROCIP); sixteenth year of ROCIP II (October 2009 to October 2012); thirteenth year of ROCIP III (October 2012 to October 2015); tenth year of ROCIP IV (November 2015 to October 2020); fifth year of ROCIP V (November 2020 to November 2023); second year of ROCIP VI (November 2023 to 2028 and PRT OCIP November 2023 to November 2030). DC Water procures general liability and workers' compensation insurance coverage for most of its construction contractors. The result is substantially higher insurance coverage levels for all enrolled contractors and significant cost savings. At the end of FY 2025, 65 projects and 403 contractors were enrolled in the expired ROCIP I program; 47 projects and 771 contractors were enrolled in the now expired ROCIP II program; 46 projects and 841 contractors were enrolled in the ROCIP III program; and 55 projects and 1118 contractors are/were enrolled in the ROCIP IV program; 32 projects and 256 contractors are/were enrolled/verified in the ROCIP V program and 20 projects and 122 contractors enrolled in ROCIP VI and 49 contractors enrolled in our PRT OCIP. Verified avoided costs (aka savings) are in the range of \$5.4 million for ROCIP I; approximately \$11.2 million for ROCIP II, \$9.7 million for ROCIP III, \$6.1 million for ROCIP IV and \$3.4 million for ROCIP V. ROCIP II and III were three-year insurance programs that support an estimated \$4.4 billion of planned and completed construction. So far, an estimated \$32 million in Avoided Costs Across 7 Programs.



Major Financial Accomplishments

Delinquent Accounts Receivable (in Millions)



- The graph above represents Delinquent Accounts Receivable as percent of Total Operating Cash Receipts (includes Retail, Wholesale and Other)
- In FY 2020, there was an increase in delinquent accounts receivable, greater than 90 days due to the impact of COVID-19 and a suspension of cut off and collection efforts. The delinquency greater than 90-days increased from 2.52 percent in 2020 to 3.49 percent in 2022. The delinquency decreased to 3.41 percent in 2025.
- Delinquent accounts receivable increased by \$16.3 million from \$12.8 million in March 2020 to \$29.1 million in September 2022 due to suspension in regular collection activity and disconnection of delinquent accounts. These actions were taken in support of on-going meter replacement projects through December of 2019 and following the on-set of the coronavirus public health emergency in March of 2020 and in anticipation of the second wave of COVID-19. However, DC Water resumed disconnection for Residential and Commercial categories effective from July 12, 2022. The resumption of charging late fees and disconnection was expected to result in a decrease in delinquencies. The delinquencies decreased by \$1.1 million from \$29.1 million in September 2022 to \$28.0 million in September 2023 but increased to \$33.4 million in September 2025, but decreased to \$31.0 million.

Major Financial Accomplishments

General Principles of Affordability for Low-Income Customers Policy

On September 4, 2014, The General Principles of Affordability for Low-Income customers was approved. It is the policy of the Board of Directors of DC Water in setting retail rates, to follow the General Principles of Affordability for Low-Income Customers articulated herein:

1. Consideration of rate impacts on low-income customers.
2. Exploration of affordability alternatives for low-income customers; and
3. Development of a more innovative rate structure, the goal of which is to reduce the economic burden on low-income customers at the earliest practicable date consistent with the Board's need to gather sufficient data to support any rate structure chosen.

DC Water reviews the equity and sufficiency of its rates and rate structures periodically through various cost of service (COS) studies. The COS study prioritizes the following pricing objectives:

- Revenue sufficiency – Rates should recover revenue necessary to operate and maintain the utility in perpetuity.
- Cost of Service Recovery – Rates should be supported by industry practice and ensure that customers pay their fair share.
- Simplicity – Rates and charges should be easy for our customers to understand.
- Affordability – DC Water should minimize customer bills while not sacrificing good, clean and safe service.

Water System Replacement Fee (WSRF)

Effective October 1, 2015 (FY 2016), DC Water modified its existing rate structure and implemented a new meter-based Water System Replacement Fee (WSRF) to recover the cost of the 1 percent renewal and replacement program for water service lines. It is anticipated that the Water System Replacement Fee (WSRF) will generate approximately \$42.7 million per year from fiscal years 2026 through 2035. The fee is based upon meter size and average flow. DC Water's low-income CAP customers receive a 100 percent credit for this fee.

Effective October 1, 2017, (FY 2018), DC Water amended the Water System Replacement Fee (WSRF) regulations to add rules and procedures for a Multi-family WSRF adjustment; amend the Customer Classifications to clarify the definitions for Residential, Multi-family and Non- Residential customers to include cooperative housing associations and other clarifications; and amend the definitions set forth in Chapter 41 to define the terms Condominium, Cooperative Housing Association, and Dwelling Unit used in the Customer Classification regulations. The following terms are defined:

Condominium – real estate, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the owners of the portions designated for separate ownership, provided the undivided interests in the common elements are vested in the unit owners.

Cooperative Housing Association – an association, whether incorporated or unincorporated, organized for the purpose of owning and operating residential real property, the shareholders, or members of which, by reason of their ownership of a stock or membership certificate, a proprietary lease or other evidence of membership, are entitled to occupy a dwelling unit pursuant to the terms of a proprietary lease or occupancy agreement.

Major Financial Accomplishments

Dwelling Unit – any habitable room or group of rooms with kitchen and bathroom facilities forming a single unit located within a building or structure, which is wholly or partially used or intended to be used for living, sleeping and the preparation and consumption of meals by human occupants, and is under the control of and for the use of the occupant.

Fire Services Protection Fee

DC Water has assessed a fire protection fee to the District of Columbia since April 1, 2000. This fee is intended to recover costs incurred by DC Water for fire protection service provided by the Water System of DC Water. The purpose of the 2024 cost of service study was to assess the appropriate level of cost recovery required from the District government for this service.

Fire protection service differs from other services offered by water utilities because it is primarily a standby service that is required to be available when the need exists, i.e., as demanded. The development and maintenance of the supply, treatment, pumping, storage and distribution capacity for fire protection service requires capital investments in facilities that are designed larger than would otherwise be required to be able to accommodate fire demand and annual operation and maintenance ("O&M") expenses to ensure that the assets are appropriately maintained and provide service as needed.

In 2024, the Independent Financial Consultants performed a cost-of-service study (COS) to determine the costs of providing fire protection service to the District. DC Water provides Fire Protection Services to the District, including but not limited to the delivery of water for firefighting, inspection, maintenance and upgrading of public fire hydrants in the District of Columbia. The consultants compared DC Water costs with the revenues received from the district for fire protection services. The consultants reviewed and tabulated historical fire service costs of DC Water (FY 2019 – FY 2023). Projections of DC Water costs were developed for FY 2024 – FY 2027. As per terms of the 2013 MOU and based on the results of the 2024 COS, Fire Protection Service fee was established at \$17.575 million for fiscal years FY 2025, FY 2026 and FY 2027. This fee is \$6.04 million higher than the FY 2021 fee of \$11.535 million. The cost of service was higher in 2023 compared to 2019 through 2022; the changes from year-to-year have not been uniform due, in part, to the COVID-19 pandemic. Inflation is also impacting the costs of materials, parts and labor.

System Availability Fee (SAF)

Many utilities have implemented a fee, assessed to new development (or redevelopment) to recover the investment in available system capacity. On June 17, 2016, DC Water's Board approved a new System Availability Fee (SAF) to be effective from January 1, 2018. All Residential Customers with meters 1 inch or smaller will use the same set of fees. All Residential Customers with meters larger than 1", and all Multi- Family and Non-Residential Customers will have SAF based on their meter size.

The SAF will be assessed for all new buildings, structures or properties under development and properties under redevelopment. For properties under redevelopment, DC Water will determine the net System Availability Fee by determining the property's proposed capacity requirements and applying a credit for the capacity of accounts being removed from the system. However, if the associated credit for capacity removed is equal to or greater than the future System Availability Fee, the net System Availability Fee shall be zero. Properties under redevelopment shall not receive credit for accounts that are inactive for more than 12 months.

Major Financial Accomplishments

PILOT and ROW Fee

A new PILOT MOU was signed between DC Water and the District of Columbia on September 4, 2014, which reduced the annual PILOT payment. As per the agreement, the PILOT of \$15.3 million for FY 2015 would be escalated by 2 percent per year. The agreement will be effective till September 30, 2024.

On October 07, 2014, DC Water and the District reached an agreement on the Right-of Way (ROW) terms and conditions, which provides that DC Water will continue to make payments totaling \$5.1 million annually to the District for FY2015 – FY2024.

Operating Reserve/Renewal and Replacement Reserve

- DC Water periodically reassess its policies every five years regarding the operating reserve requirement. The Independent Financial Consultants conducted the study to consider the appropriate level of its Total Operating Reserves for FY2023 and subsequent years. DC Water's current board policy sets 250 days of cash, which exceeds the indenture requirement of 60 days. While DC Water's 250 day requirement is high compared to peers which typically require 60 or 90 days of operating expenses, DC Water's actual balances are low in comparison. According to a report by Moody's in 2021, DC Water's total days of cash on hand was 366 days, which is below the median level of about 400 days for an AA rated bond issuer. The Independent Financial Consultants recommended that due to DC Water's plans to borrow \$2.7 billion in the next 10 years and its efforts to maintain a very strong credit rating, DC Water should increase the minimum operating reserve requirement from 250 days to 350 to 400 days. This would bring the day's cash on hand to a level more consistent with DC Water's highly rated peers.
- The DC Water Board established a goal of increasing the target days of cash on hand gradually to 350 days by FY 2032 through the use of year-end surplus.
- On July 3, 2025, the Board approved the transfer of \$17.5 million from the Net Projected Cash Surplus to Ending Cash Balance to increase Days of Cash on Hand from 267 to 282 days.
- DC Water Indenture of Trust requires the Authority to maintain a Renewal and Replacement (R&R) Reserve Fund. In FY 2023, the Independent Financial Consultants conducted this study to examine the reasonableness of the amount on deposit in the R&R Reserve Fund and make recommendations to the Authority for the value of the Fund for the next 5-year period of FY 2023 through FY 2027. The Independent Financial Consultants recommended that DC Water maintain its current R&R Reserve Fund policy to require a balance of \$35 million. The recommendation was presented to the DC Water Board and was approved. The next R&R Reserve Fund Study will be conducted in FY2027.
- Over the last ten years, DC Water has made contributions to the RSF and made withdrawals to help mitigate rate increases. In FY 2023, the Independent Financial Consultant performed a cost of service (COS) study to determine the appropriate level of Rate Stabilization Fund (RSF) to help mitigate rate increases.

Major Financial Accomplishments

The independent consultants summarized the Rate Stabilization Fund (RSF) findings. These include 1) the RSF is permitted but not required to have a balance by the bond indenture; 2) DC Water has historically added monies to the RSF and withdrawn funds for multiple purposes; 3) American Water Works Association's Cash Reserve Policy Guidelines indicate monies in a RSF are typically used to address potential fluctuations in revenues and to "smooth out" rate increases; 4) more than half of the surveyed utilities have no RSF requirement; and 5) in Philadelphia, the RSF and Residual Fund serve multiple purposes: operating reserve and RSF. The report provided the following options: 1) confirm or change the name of the RSF; 2) define a minimum, maximum or targeted balance requirement; and 3) update policies for the use of funds withdrawals.

The consultants recommended a target RSF balance of 5 percent of projected retail revenues. In 2023, the existing RSF balance achieves this target. The authorization to withdraw funds should include a plan to replenish funds to meet the target balance. DC Water should prioritize use of the funds for (i) emergencies or unplanned events, (ii) investment in technologies or other initiatives that could reduce operating expenses, and (iii) defeasance of higher cost debt.



Future Goals and Financial Assumptions

All Legal Covenants, Financial Board Policies, Accomplishments and Targets are Incorporated into the Ten- Year Financial Plan.

Compliant	Description	Legal Covenant	Performance Target	FY 2025 Actual	FY 2026 Revised	FY 2027 Projected	FY 2028 Projected
✓	Senior Debt Service Coverage	120%	140%	963%	939%	1043%	1017%
✓	Operating Cash Reserves	N/A	\$275 million	\$329.2 million	309.6 million	\$325.6 million	\$325.6 million
✓	Short Term Investment Return Benchmark Merrill Lynch 3-Month Treasury Index	N/A	416 basis points	436 basis points	356 basis points	335 basis points	345 basis points
✓	Long Term Investment Return Benchmark Merrill Lynch 1-3 Year Treasury Index	N/A	378 basis points	404 basis points	343 basis points	347 basis points	365 basis points
✓	Water and Sewer Rates	Revenues must be sufficient to cover: operating expenses, senior and sub debt service, the actual cost to provide each DSRF and ORF levels, and any annual PILOT payments	Each customer will be charged for impact of the capital program and full utilization of the RSF; the development of a reliable and predictable	Future rate increases are driven by financial amounts necessary to maintain service, and rate increases will be 10-year financial plan allows DC Water to meet these key goals of full cost recovery and predictability	Same as Performance Target		
✓	Rate Stabilization Fund (RSF)	N/A	Help to avoid spikes in rate increases for retail customers	FY 2025 year end RSF balance was \$40.64 million	The projected non-utilization of RSF in FY 2026 will leave a balance of \$40.64 million	The projected non-utilization of RSF in FY 2027 will leave a balance of \$40.64 million	The projected non-utilization of RSF in FY 2028 will leave a balance of \$40.64 million

*Up to FY 2021 operating reserve policy required a minimum balance of the greater of \$125.5 million or 120 days of budgeted O&M expenses. The Board revised the policy in October 2021 (FY 2022) requiring 250 days of O&M expenses. In 2023, DC Water Board established a goal of increasing the target days of cash on hand to 350 days by FY2032 through the use of year-end surplus.

Future Goals and Financial Assumptions

The Proposed FY 2026 - FY 2035 financial plan includes the resources necessary to accomplish critical financial and operational goals over the coming years, as summarized below:

- Continue adherence to the Board's financial, investment, rate-setting and long-term planning policies
- Continue implementation of the ten-year \$8.99 billion capital improvement program
- Includes disbursements of \$1.15 billion over the ten-year planning period for Clean Rivers Project (CSO Long-Term Control Plan) exclusive of the nine-minimum controls program
- Continued exceptional financial performance, adherence to Board's customer outreach and transparency to include customer input and flexibility to meet emerging needs
- Improving Public Image: re-focus of the government relations activities to bring greater visibility to DC Water and the national need for infrastructure investment and funding; and various pilot projects to look for additional improvements to DC Water services
- Workforce
 - Continue to focus employees' efforts on DC Water's most important goals in line with the Board Strategic Plan.
 - Improve recruiting process by identifying high-quality candidates using job descriptions based upon the expertise of high performing employees holding uniquely valued competencies.
 - Fill critical talent management needs and address company and industry changes promptly
 - Continue to Enhance management skills through training



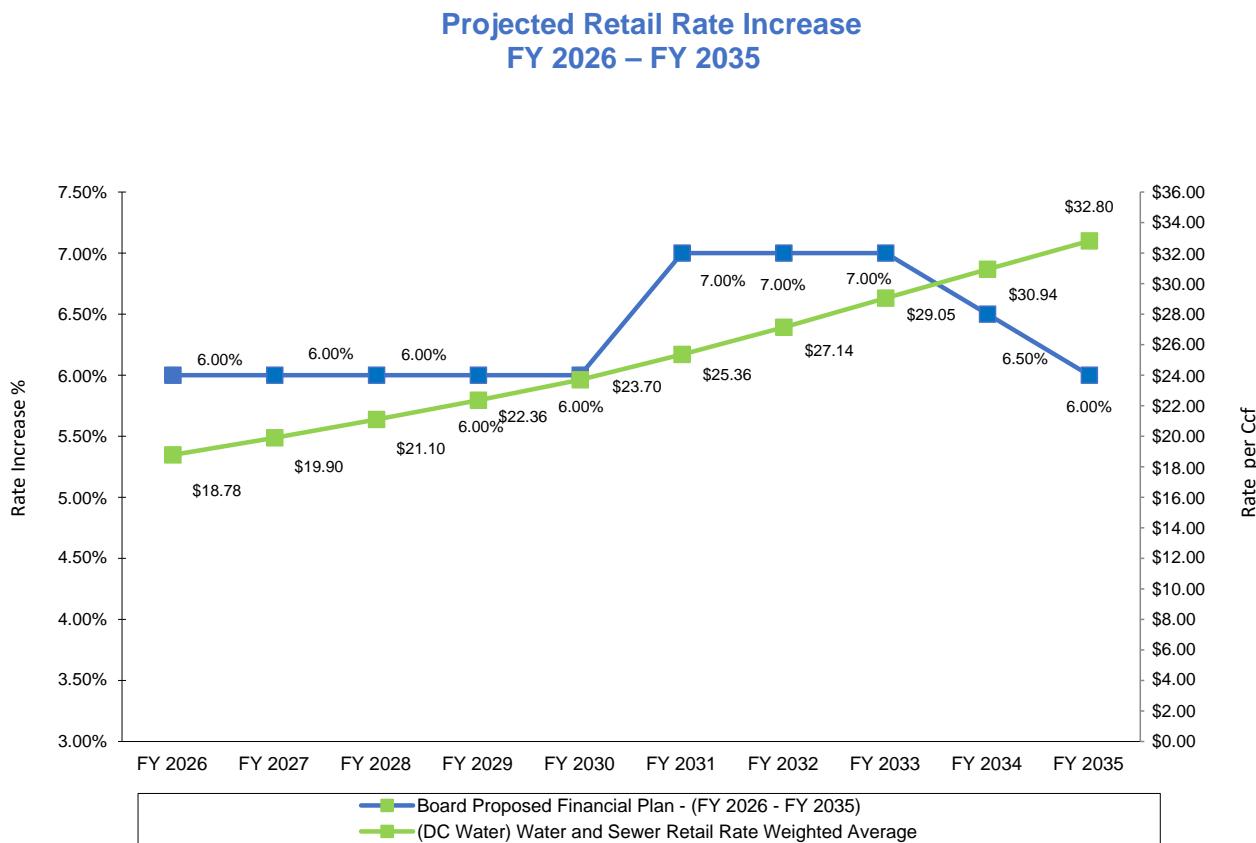
Future Goals and Financial Assumptions

The ten-year financial plan reflects the following major assumptions:

- Operating and maintenance expenses (excluding the payment-in-lieu-of-taxes and right-of-way fee) are projected to grow at an average annual rate of 4.1 percent, primarily due to projected inflation
- Payment-in-lieu-of-taxes (PILOT) to the District of Columbia for FY 2027 and FY 2028 will be at \$19.45 million and \$19.84 million respectively. PILOT payment is projected to increase by 2 percent per annum in accordance with the new memorandum of understanding (MOU) signed on September 4, 2014, with the District
- According to the memorandum of understanding (MOU) dated October 4, 2014, the Right-of-Way payment to the District of Columbia stays level at \$5.1 million
- Days of cash on hand which is an important measure of short- and long-term liquidity typically exceeds 250 days of cash excluding the Rate Stabilization Fund. The Board's policy approved in October 2021 requires a minimum of 250 days of cash on hand. In 2023 DC Water Board established a goal of increasing the target days of cash on hand to 350 days by FY2032 through the use of year-end surplus. In July 2025 the Board approved to increase Days of Cash on Hand from 267 to 282 days.
- The Board's policy is to target combined coverage at 1.6X. The combined coverage for FY 2026 to FY 2035 range from 1.80 to 2.39. DC Water Indenture requires Senior Lien coverage of 1.2X and Subordinate at 1.0X, Board Policy is 1.4X for Senior and 1.0X for Subordinate
- Debt Service:
 - Overall increase of Debt Service is to support the capital program. Debt Service as a percent of operating revenues does not exceed 33 percent in the Financial Plan. Debt Service represents 24.4 percent and 27.1 percent of the total operating revenue in FY 2027 and FY 2028, respectively.
 - Interest on Variable debt assumed to be 2.5 percent in FY 2027, and FY 2028
 - Interest on Fixed debt assumed to be 6.0 percent in FY 2027 and FY 2028
 - Utilization of the Commercial Paper program/Extendable Municipal Commercial Paper (EMCP) is assumed for interim financing for bond issuance, capital equipment and the Washington Aqueduct

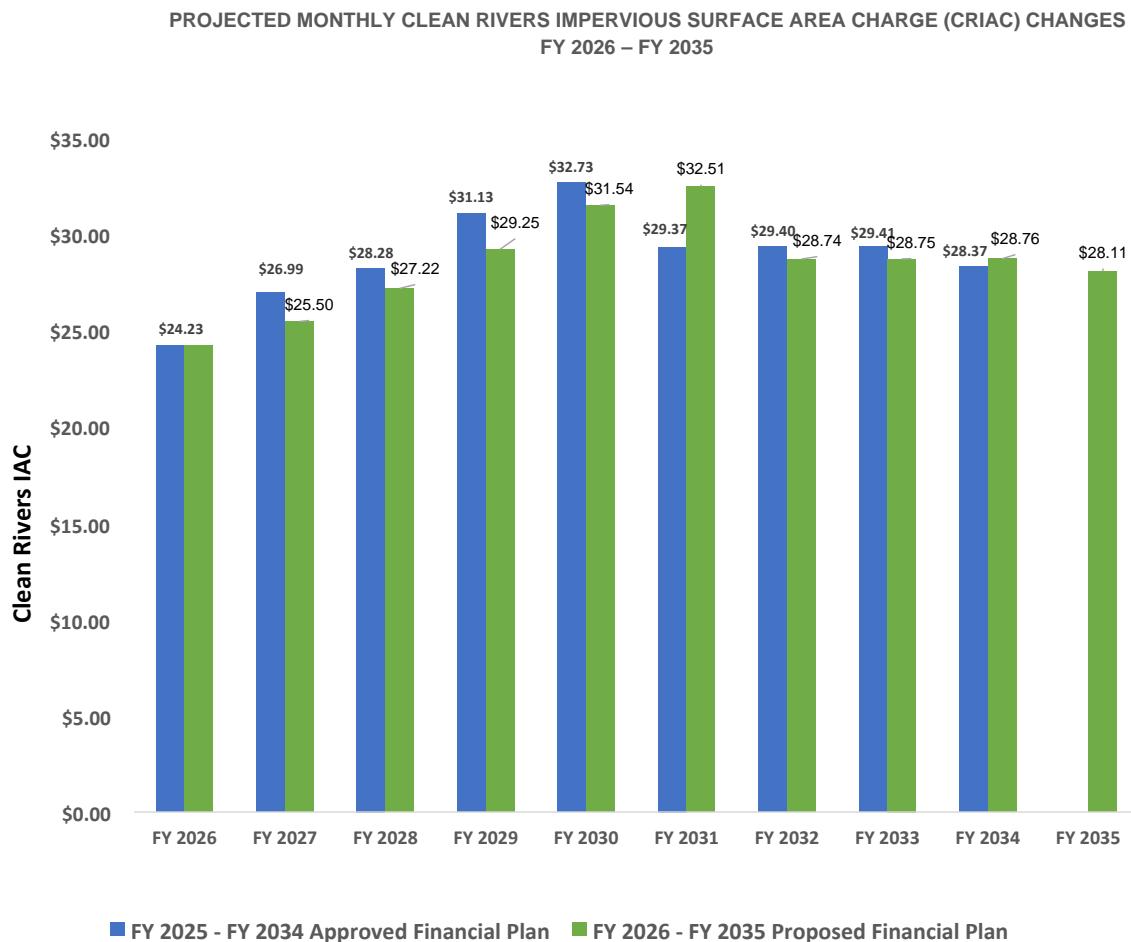
Future Goals and Financial Assumptions

Due to these ongoing and new initiatives, from FY 2026 – FY 2035 DC Water's water and sewer volumetric retail rates are projected to increase by \$1.08 to \$2.97 per 100 cubic feet as shown in the chart below. Cumulative rate increases would total 63.50 percent over the ten-year period compared to 81.50 percent projected in last year's ten-year plan (FY 2025 – FY 2034).



Rates shown above reflect weighted water and sewer rates for Residential customers' category. The proposed retail water and sewer combined rate for FY 2027 is \$19.90 per Ccf and \$21.10 per Ccf for FY 2028. In addition, the combined Right-of-Way and PILOT Fees remain the same at \$0.82 per Ccf (\$1.10 per 1000 gallons) for FY 2027, whereas for FY 2028 the Proposed increase is \$0.01 per Ccf (\$0.01 per 1000 gallons) to recover the full amount for services charged to DC Water by the District. There is no increase in Right-of-Way Fee for FY 2027 and FY 2028, which remains same at \$0.20 per Ccf (\$0.27 per 1,000 gallons). The proposed increase for FY 2028 PILOT and Right-of-Way is \$0.01 per Ccf each, which will increase PILOT to \$0.63 per Ccf (\$0.84 per 1000 gallons) and Right-of-Way will remain same at \$0.20 per Ccf (\$0.27 per 1000 gallons). The proposed monthly Clean Rivers Project CRIAC charges for FY 2027 and FY 2028 are \$25.50 and \$27.22 respectively per ERU (Equivalent Residential Unit); increase of \$1.27 compared to the FY 2026 charge and increase of \$1.72 compared to the FY 2027 charge respectively.

Future Goals and Financial Assumptions



- The projected charges displayed in the chart above are primarily driven by anticipated debt service costs necessary to support the thirty-year \$3.56 billion Clean Rivers Project, which includes the federally mandated CSO-LTCP and the nine- minimum controls program
- The annual Clean Rivers Project costs for the average Tier 2 residential customer (700 – 2,000 sq. ft. of impervious area) is projected to increase from \$25.50 per month in FY 2027 to \$28.11 per month in FY 2035
- The proposed CRIAC shift to sewer volumetric with 18 percent in FY 2020, 28 percent in FY 2021 and 37 percent in FY 2022 and beyond was recommended because it balances infrastructure investment with growth in rates. The shift was based on an assessment that on average 37 percent of volume in the tunnels is from wastewater. The gradual shift helps avoid rate shock to customers. With the shift the overall household charges projected increase is 6.5 percent for FY 2026, 6.6 percent for FY 2027 and 5.3 percent for FY 2028. The CRIAC is projected to increase from \$24.23 to \$25.50 per ERU per month for FY 2027 and increase to \$27.22 per ERU per month for FY 2028.

Future Goals and Financial Assumptions

The proposed rate and fee adjustments included in the FY 2026– FY 2035 financial plan are driven by the following trends and initiatives:

- Assumed retail water consumption decline of 1.0 percent in FY 2027 compared to FY 2026 actual. In FY 2028 and onwards, a one percent decrease in consumption has been assumed due to conservation. The overall consumption has recovered to Pre-COVID-19 level.
- Increasing debt service expenditures, driven by DC Water's \$8.99 billion capital improvement program (cash disbursements basis), which increases on average by 7.5 percent over the Financial Plan period.
- Operations and maintenance expenditure (excluding the Payment-in-Lieu-of-Taxes (PILOT) and Right-of-Way (ROW) fee) increase on average of 4.1 percent annually over a ten-year period.
 - Increasing operating expenditures, driven primarily by projected increases in personnel services, chemicals and supplies, utilities, and water purchases
 - Enhanced service to the development community through improved permitting operations

FUTURE GOALS: WATER CONSUMPTION DECLINE



Revenues

The Proposed FY 2027 operating receipts projection totals \$1,069.4 million, an increase of \$61.2 million as compared to the FY 2026 Revised. The Proposed FY 2028 operating receipts total \$1,121.4 million, an increase of \$52.0 million over the FY 2027 proposed budget receipts.

Comparative Operating Receipts FY 2025– FY 2028

\$ in thousands	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed	Increase / (Decrease)	Percent Change	FY 2028 Proposed	Increase / (Decrease)	Percent Change
Residential	\$ 153,322	\$ 156,396	\$ 163,912	\$ 7,516	4.8%	\$ 173,684	\$ 9,772	6.0%
Commercial	240,239	242,767	254,435	11,668	4.8%	269,590	15,155	6.0%
Multi-family	183,190	183,802	192,668	8,866	4.8%	203,874	11,206	5.8%
Sub-Total Residential, Commercial and Multi-family	576,751	582,965	611,015	28,050	4.8%	647,148	36,133	5.9%
Federal Government ⁽¹⁾	92,625	99,339	106,618	7,279	7.3%	111,751	5,133	4.8%
District Government	25,727	27,259	28,615	1,356	5.0%	30,422	1,807	6.3%
D.C. Housing Authority	14,990	15,176	15,928	752	5.0%	16,776	848	5.3%
Transfer from Rate Stabilization Fund ⁽³⁾	-	-	-	-	0.0%	-	-	0.0%
Water System Replacement Fee (WSRF)	43,382	42,717	42,717	-	0.0%	42,717	-	0.0%
Metering Fee	24,479	24,400	24,400	-	0.0%	24,400	-	0.0%
Total Retail	777,954	791,856	829,293	37,437	4.7%	873,213	43,920	5.3%
IMA Wastewater Charges	100,251	108,014	117,036	9,022	8.4%	122,458	5,422	4.6%
Potomac Interceptor Wastewater Charges	14,090	16,205	17,054	849	5.2%	17,597	543	3.2%
Total Wholesale	114,341	124,219	134,090	9,871	7.9%	140,055	5,965	4.4%
District Stormwater Revenue ⁽²⁾	992	1,008	1,107	99	9.8%	1,107	-	0.0%
Misc. Rev. (e.g. water tap installation, fire hydrant usage, etc.)	38,362	44,596	45,776	1,180	2.6%	47,765	1,989	4.3%
Washington Aqueduct Backwash - DC Water's pro rata share	3,293	3,086	3,043	(43)	-1.4%	3,043	-	0.0%
Washington Aqueduct Debt Service Revenue for Falls Church & Arlington	193	193	193	0	0.1%	193	-	0.0%
Interest Income (including interest on Bond Debt Service Reserve Fund)	14,868	13,380	12,883	(497)	-3.7%	12,614	(269)	-2.1%
System Availability Fee (SAF)	3,516	5,700	5,700	-	0.0%	5,700	-	0.0%
Public Inconvenience Fee	-	12,737	12,737	0.0%	12,737	-	0.0%	
Right-of-Way (ROW) Fee	5,100	5,100	5,100	-	0.0%	5,100	-	0.0%
Payment-in-Lieu-of-Taxes (PILOT) Fee	19,889	19,056	19,452	396	2.1%	19,841	389	2.0%
Total Other	86,214	92,119	105,991	13,872	15.1%	108,101	2,109	2.0%
Total Operating Cash Receipts	\$ 978,509	\$ 1,008,194	\$ 1,069,375	61,181	6.1%	\$ 1,121,369	51,994	4.9%

1. Historical actuals are presented on reference basis. Projected amounts shown are billed revenues. Actual Federal receipts are a combination of current year projected revenues and prior year adjustments, which are presented as reserve items.
2. Reflects District stormwater fee revenue that will fund DC Water's share of District stormwater permit compliance activities and will not be funded through DC Water's retail rates or other DC Water revenue sources.

Revenues

Major assumptions underlying the revenue projections contained in the FY 2026 – FY 2035 financial plan include:

- For FY 2027, 1.0 percent reduction in water sales is assumed over FY 2026 Revised for all customer categories, based on historical trends in consumption levels. For FY 2028 and onwards, 1.0 percent conservation is assumed for all categories.
- A 4.0 percent average revenue increase is projected between FY 2029 and FY 2035 for wholesale customers, in line with operating and maintenance expense increases for joint use facilities. However, the wholesale revenues are projected to increase by \$9.9 million or 7.9 percent for FY 2027 as compared to FY 2026 Revised and \$6.0 million or 4.4 percent for FY 2028 over FY 2027 proposed due to revised operations and maintenance expense projections. Revenue estimates are based on the most recent flow data.
- Based on the current interest rate environment, interest projections are conservatively assumed at 2.5 percent earnings rate in FY 2027. Interest rates for FY 2028 and onwards are assumed at 2.5 percent.
- The majority of other non-operating revenues, totaling \$55.8 million in FY 2027 are projected to increase within the ten-year plan, and include such items as:
 - Reimbursement from Arlington County and Falls Church for debt service issued for pre- 1997 Washington Aqueduct capital improvements - \$0.2 million.
 - Reimbursement from the Stormwater Enterprise Fund for services provided to DOEE under their MS4 permit - \$1.1 million.
 - Recovery of indirect costs from DC Water's IMA partners - \$12.8 million - this reflects recovery of indirect costs on capital projects (e.g., costs for Finance, Government & Legal Affairs and People & Talent functions).
 - Reimbursement from the District for the Fire Protection Services fee of \$17.6 million.
 - Washington Aqueduct Backwash - DC Water's pro-rata share of \$3.0 million.
 - Other miscellaneous fees and charges, including service line replacements, developer-related fees, and the Engineering Review, waste hauler fees and System Availability Fee (SAF) - \$21.1 million.



FY 2027 Proposed vs FY 2026 Revised Operating Receipts

The Proposed FY 2027 receipts projection totals \$1,069.4 million, approximately \$61.2 million higher than the FY 2026 Revised Budget. The increase is primarily due to:

- **Residential, Commercial and Multi-Family Receipts** - Projections for FY 2027 reflect an increase of \$28.1 million, or 4.8 percent from FY 2026 Revised due to proposed retail rate increase of 6.0 percent (water and sewer volumetric rates) and an increase of \$1.27 monthly ERU fee for the Clean Rivers IAC. (See Section III – Rates and Revenues for details on all rate and fee proposals).
 - One percent decrease in overall consumption in FY 2027 over FY 2026 projections has been assumed due to conservation.
- **Federal Revenues** - Proposed 2027 Federal revenues are projected to increase by \$7.3 million or 7.3 percent over FY 2026 Revised Budget. Under existing Federal billing legislation, Federal billings are prepared on an estimated basis eighteen months in advance of the start of the fiscal year (e.g., the FY 2027 billing was prepared in April 2025, and are based on the current consumption estimates and projected rate increases as included in the current ten-year plan. These estimates are then reconciled with actual consumption and rate increases, and an adjustment is made in the subsequent year's billing (e.g., the reconciliation of FY 2025 estimated vs. actual consumption and rate increases will be included in the FY 2028 billing, prepared in April 2026). Federal revenues in the ten-year plan are presented on a revenue basis, net of any adjustments for prior year reconciliations which are accounted for as reserve items. Consistent with this methodology, the proposed FY 2027 federal revenues reflect the final billing sent to the federal government in April 2025 net of the adjustment for the prior-year (FY 2024) reconciliation.
- **Municipal & D.C. Housing Authority Receipts** - are projected to increase by \$2.1 million (or 5.0 percent) mainly due to proposed retail rate increases of 6.0 percent and increase of \$1.27 monthly ERU fee for the Clean Rivers IAC.
- **Rate Stabilization Fund Utilization** - The ten-year plan and near-term revenue projections assume no utilization of RSF in FY 2027. The RSF is also not utilized in FY 2028. There will be a balance of \$40.64 million by the end of FY 2035. Prior years' plans assumed the use of these funds, which is necessary as DC Water reaches its peak years of spending in the CIP. Utilization of RSF monies allows DC Water to implement future rate increases in a reliable and predictable manner while still meeting Board and indenture policies on cash reserves and debt service coverage.
- **Water System Replacement Fee** - Proposed fixed monthly fee set to recover the costs of one percent renewal and replacement program for water service lines generating approximately \$42.7 million per year.
- **Customer Metering Fee** - This fee recovers the costs associated with installing, operating, maintaining, and replacing meters, and is charged to all retail customers (including federal and municipal customers). The fee varies based on meter size, with monthly fees ranging from \$7.75 for a 5/8-inch meter (typical size of a residential customer meter) to \$701.62 for 16" meters (typically used for large commercial customers). Based on the FY 2025 Cost of Service study, there is no increase in the Customer Metering fees, which is projected to generate \$24.4 million in FY 2027 and onwards.

FY 2027 Proposed vs FY 2026 Revised Operating Receipts

- **Wholesale Receipts** - DC Water's wholesale customers are responsible for a proportionate share of operating and maintenance expenses (associated only with shared facilities primarily at Blue Plains) based on their respective share of wastewater volume discharged. In addition, each user is responsible for a proportionate share of related indirect costs. In FY 2027 wholesale revenues are projected to increase by \$9.9 million or 7.9 percent to \$134.1 million mainly due to projected increase in operations and maintenance expenses.
- **Stormwater** - DC Water's FY2027 receipts include \$1.1 million from the Department of Energy and Environment (DOEE) formerly DDOE which will be used to fund DC Water's services provided on behalf of the District's stormwater permit compliance activities including the billing and collection through DC Water invoices of fees established by DOEE. The FY 2026 – FY 2035 financial plan assumes that all incremental costs borne by DC Water for stormwater permit compliance activities will be reimbursed by the stormwater fund, and that DC Water funds will be advanced to pay for these activities.
- **Right-of-Way (ROW) and Payment-In-Lieu of Taxes (PILOT) Pass-Through Fees** - Similar to other Washington area utilities, DC Water has implemented fees that pass through the costs of the District's ROW and PILOT as separate line items on its bill. PILOT fee increases by 2 percent over prior year as per PILOT MOU signed with the District Government on September 4, 2014. In FY 2027 Proposed budget as compared to FY 2026 Revised budget, PILOT is projected to increase by \$0.4 million or 2.1 percent mainly due to higher consumption. ROW fee remains same at \$5.1 million.
- **Other Revenues** - In FY 2027, Other Revenues are projected to increase by \$13.9 million or 15.1 percent as compared to FY2026 Revised mainly due to increase in the Indirect Cost Recovery from Counties on Capital Projects, Fire Protection Service Fee, Development Contractors Water and Sewer Services Fee, System Availability Fee, and District Government Public Inconvenience Fee.



FY 2028 Proposed vs FY 2027 Proposed Operating Receipts

The Proposed FY 2028 receipts projection totals \$1,121.4 million, approximately \$52.0 million, or 4.9 percent higher than the Proposed FY 2027 projections. This increase is due primarily to:

- **Residential, Commercial & Multi-Family** - FY 2028 projections reflect an increase of \$36.1 million, or 5.9 percent from FY 2027 primarily due to proposed retail rate increases of 6.0 percent (water and sewer volumetric rates) and increase of \$1.72 monthly ERU fee for the Clean Rivers IAC (see Section III- Rate and Revenues for detail on all rate and fee proposals).
 - One percent decrease in consumption over FY 2027 projections has been assumed for Residential, Commercial and Multi-family due to conservation in FY 2028.
- **Federal Revenues** - Proposed FY 2028 Federal revenues are projected to increase by \$5.1 million or 4.8 percent above the FY 2027 Proposed budget to \$111.8 million.
- **Municipal & D.C. Housing Authority Receipts** - are projected to increase by \$2.7 million (or 6.0 percent), mainly due to proposed retail rate increases of 6.0 percent and an increase of \$1.72 monthly ERU fee for the Clean Rivers IAC.
- **The Rate Stabilization Fund** - The ten-year plan and near-term revenue projections assume no utilization of RSF in FY 2028. There will be a balance of \$40.64 million by the end of FY 2035.
- **Water System Replacement Fee** - Proposed fixed monthly fee set to recover the costs of 1 percent renewal and replacement program for water service lines generating approximately \$42.7 million per year.
- **Customer Metering Fee** - This fee recovers the costs associated with installing, operating, maintaining and replacing meters, and is charged to all retail customers (including federal and municipal customers). The fee varies based on meter size, with monthly fees ranging from \$7.75 for a 5/8-inch meter (typical size of a residential customer meter) to \$701.62 for 16" meters (typically used for large commercial customers). The Customer Metering fee is projected to generate \$24.4 million in FY 2028.
- **Wholesale Receipts** - In FY 2028, Wholesale revenues are projected to increase by \$6.0 million or 4.4 percent to \$140.1 million due to the projected increase in operations and maintenance expenses.
- **Stormwater** - As noted earlier, the Proposed FY 2026 receipts for this category include \$1.0 million each year from the Department of Energy and Environment (DOEE).
- **PILOT and Right-of-Way (ROW) Fee** - In FY 2026, PILOT fee increase by 2.0 percent over prior year as per the PILOT MOU signed with the District Government on September 4, 2014. The PILOT for Proposed FY 2028 budget is projected to increase by \$0.4 million or 2.0 percent as compared to the Proposed FY 2027 budget. The ROW fee remains the same at \$5.1 million.
- **Other Revenues** - In FY 2028, Other Revenues are projected to increase by \$2.1 million or 2.0 percent mainly due to Indirect Cost Recovery from Counties on Capital Projects and Miscellaneous Revenue.

Long-Term Planning: Ten-Year Financial Plan

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

(\$ in thousands)										
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	-	-	-	-	-	-	-	-	-	-
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 Increases	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

Operating Expenditures

DC Water's operating budget includes core operations and maintenance, payments to the District, debt service and cash financed capital improvement cost categories. Debt service is required to support DC Water's \$8.99 billion Capital Improvement Program and continues to be the fastest-growing expenditure in the Ten-Year Financial Plan, growing at an average annual rate of 7.5 percent. All other operating expenditures are expected to grow at an average annual rate of 4.1 percent. The following chart below provides a comparison of the Revised FY 2026 and Proposed FY 2027 operating expenditure budgets.

Comparative Operating Expenditures Budgets FY 2026 - FY 2028

\$ in thousands

	FY 2026 Revised	FY 2027 Proposed	Increase (Decrease)	Percentage Change	FY 2028 Estimated
Personnel Services	\$217,462	\$226,963	\$9,501	4.4%	\$235,127
Contractual Services	102,284	99,994	(2,290)	-2.2%	103,494
Water Purchases	48,149	54,470	6,321	13.1%	56,649
Chemicals and Supplies	57,491	60,177	2,686	4.7%	64,982
Utilities	41,659	42,201	542	1.3%	43,889
Small Equipment	1,531	1,005	(526)	-34.3%	1,035
Subtotal Operations & Maintenance	\$468,576	\$484,810	\$16,234	3.5%	\$505,177
Debt Service	247,448	257,898	10,450	4.2%	300,831
Cash Financed Capital Improvements	97,938	76,846	(21,092)	-21.5%	80,834
Payment in Lieu of Taxes	19,070	19,452	381	2.0%	19,841
Right of Way Fees	5,100	5,100	-	0.0%	5,100
Subtotal Debt Service, CFCI & PILOT/ROW	369,557	359,295	(10,261)	-2.8%	406,605
Total Operating Expenditures	\$838,133	\$844,105	\$5,973	0.7%	\$911,782
Personnel Services charged to Capital Projects	(30,907)	(32,228)	(454)	1.5%	(32,615)
Total Net Operating Expenditures	\$807,226	\$811,877	\$5,519	0.7%	\$879,167

The Revised FY 2026 budget reflects reprogramming of \$24 million from debt service, due to refinancing benefits and deferred borrowing, to CFCI for PAYGO to reduce future borrowing costs. The overall FY 2026 budget remains the same as the Board-approved level.

The Proposed FY 2027 budget total of \$844.1 million is approximately 0.7 percent higher than the FY 2026 revised budget. The net increase is primarily due to increase in the operations and maintenance budget and debt service to support DC Water's capital program. This increase is offset by a decrease in Cash Financed Capital Improvements. Specific information regarding each department is included in Section VII. A description of the major changes in each expenditure category follows.

Operating Expenditures

Personnel Services - increase of \$9.5 million or 4.4 percent above the FY 2026 budget. The increase is primarily due to adjustments for vacancies, merit, bonus payments, overtime, and other salary adjustments consistent with union agreements. It also provides funding for the apprenticeship and Summer Internship Programs.

Contractual Services – decrease of approximately 2.2 percent, primarily due to the reallocation of some of the Authority's software subscription costs from the operating budget to the capital budget. This is a relatively new GASB requirement for the treatment of SBITA (Subscription-Based Information Technology Arrangement) related costs.

Water Purchase – increase of approximately \$6.1 million or 13.1 percent compared to the FY 2026 budget. This represents DC Water's share of the Washington Aqueduct's FY 2027 O&M budget and includes funding for DC Water's proportionate cost of the dredging of the Little Seneca Reservoir. Washington Aqueduct's rising FY 2027 costs are driven by higher chemical contract prices and escalating energy expenses.

Chemicals & Supplies – increase of approximately \$2.7 million or 4.7 percent compared to FY 2026, reflects inflationary pressures for critical parts, custodial materials, and chemicals used for operations in various treatment activities.

Utilities – slight increase of approximately \$0.5 million or 1.3 percent above the FY 2026 budget is due to anticipated increased capacity prices for electricity, with an offsetting reduction in natural gas and water usage in various treatment activities consistent with current trends. DC Water's thermal hydrolysis process and anaerobic digesters continue to generate approximately 6.5MW electricity to offset the Authority-wide energy consumption of 33 MW.

Small Equipment – A decrease of approximately \$0.5 million or 34.3 percent below the approved FY 2026 level, reflects reduced reliance on rental equipment at Blue Plains.

FY 2028 Estimated Budget – Assumes 8.0 percent increase over the FY 2027 Proposed budget. This includes increases in Debt Service and Cash Financed Capital Improvements funds needed to support the increased Capital Improvement Program.

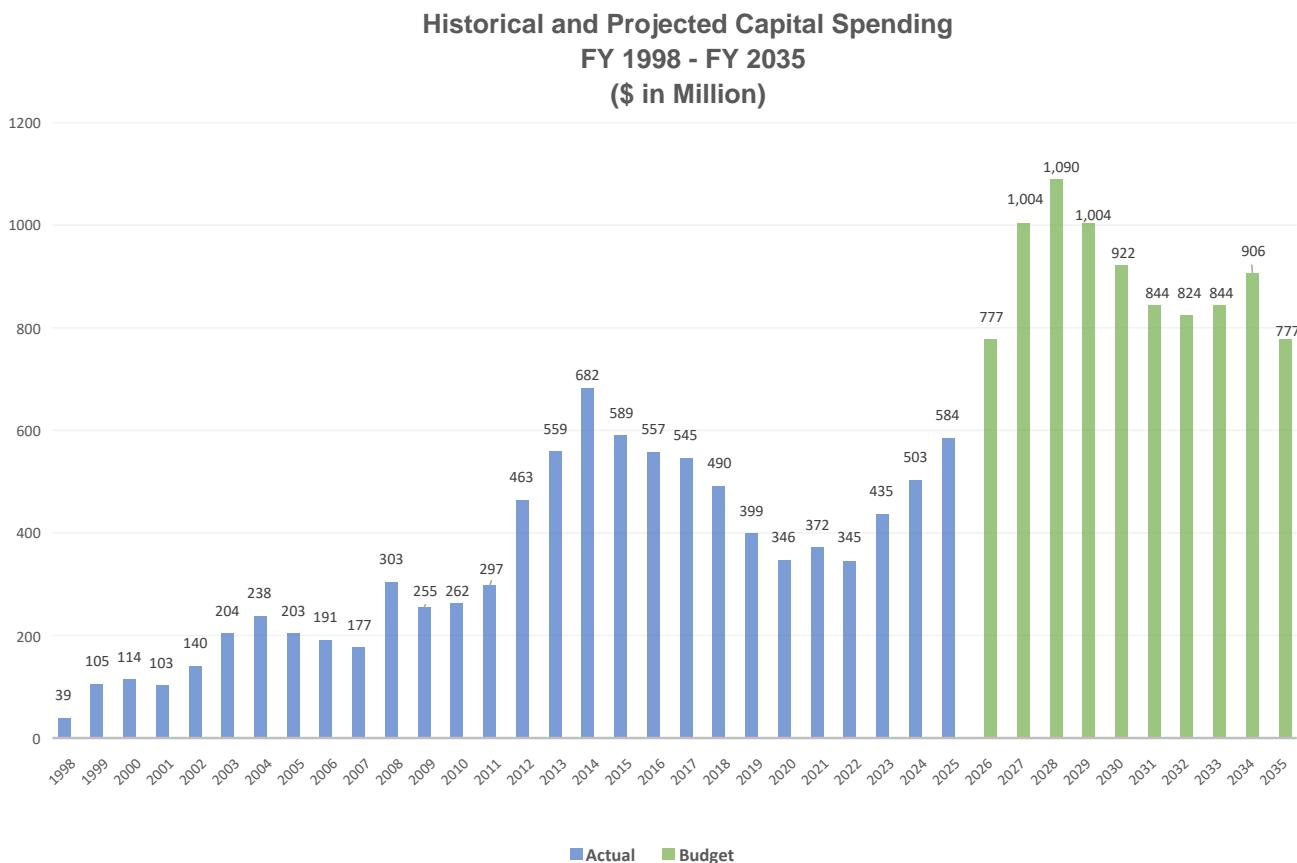


Capital Financing Program

The 8.99 Billion Ten-Year CIP Protects Our Assets While Leveraging Long-Term Debt

The FY 2026 - FY 2035 financial plan anticipates capital disbursements of \$8.99 billion. Over the last 28 years, \$9.50 billion has been invested in DC Water's system averaging approximately \$339.3 million per year. Projected annual spending ranges from \$776.8 million to nearly \$1.09 billion as shown in the chart below (or approximately \$899.1 million per year from FY 2026 - FY 2035). The financing of DC Water's capital program comes from four primary sources, as fully described in this section. The amount of EPA grant funding is defined by annual federal appropriations, while jurisdictional capital contributions are based on a fixed percentage of Blue Plains and other shared facilities. The remainder of the program is funded with DC Water's debt and Pay-Go financing from operations.

As noted earlier in this section, DC Water developed a comprehensive financing plan in FY 1999 with the dual goals of 1) securing the lowest cost of capital possible, and 2) maximizing administrative and operating flexibility. The plan includes the following components: Grants; wholesale capital payments; permanent financing; Interim financing and Pay-Go.



Capital Financing Program

Capital Improvement Plan Fiscal Year 2026 - 2035

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
BEGINNING BALANCE	\$ 411,766,075	\$ 96,772,916	\$ 121,466,546	\$ 107,949,517	\$ 102,803,251	\$ 102,075,184	\$ 102,108,988	\$ 97,914,343	\$ 101,832,124	\$ 101,797,974	\$ 1,346,486,919
SOURCES OF FUNDS:											
Proceeds from Rev. Bonds	\$ -	\$ 476,243,000	\$ 514,235,000	\$ 448,493,000	\$ 332,078,000	\$ 337,397,000	\$ 306,264,000	\$ 293,182,000	\$ 287,696,000	\$ 282,151,000	\$ 3,277,739,000
Proceeds from WIFIA Loan	\$ 26,000,000	\$ 26,081,218	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,081,218
Environmental Impact Bond Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from C/P/EMCP/Treasury Notes/Digesters Financing Option	-	-	-	-	-	-	-	-	-	-	\$ -
Proceeds from C/P/EMCP/Treasury Notes Pay-off	-	-	-	-	-	-	-	-	-	-	\$ -
Capital Equipment Financing (for 4 yrs @ 3.25%)	-	-	-	-	-	-	-	-	-	-	\$ -
Curing Pad and Solar	30,000	29,000	86,500	2,855,000	1,824,000	1,044,000	1,012,000	1,032,000	996,000	944,000	\$ 9,852,500
System Availability Fee (SAF)	5,700,000	5,700,000	5,700,000	5,700,000	5,700,000	5,700,000	5,700,000	5,700,000	5,700,000	5,700,000	\$ 57,000,000
Transfer from Operations - CRIAC	69,710,926	63,750,198	73,261,004	84,285,799	90,945,540	93,219,413	62,623,462	62,623,724	62,623,776	61,136,309	\$ 724,180,151
Transfer from Operations	\$ 199,302,301	\$ 250,528,549	\$ 212,847,700	\$ 216,651,867	\$ 219,781,301	\$ 221,947,539	\$ 242,330,269	\$ 258,339,473	\$ 267,095,158	\$ 265,679,330	\$ 2,354,503,487
Federal Grants - Infrastructure Funding	\$ 45,663,775	\$ 54,000,203	\$ 53,110,880	\$ 53,110,880	\$ 24,053,484	\$ 16,672,857	\$ 8,336,429	\$ -	\$ -	\$ -	\$ 308,059,388
EPA Grants /FEMA Grants/DC Reimbursement	20,098,994	13,709,100	15,066,257	14,071,257	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	\$ 104,945,608
CSO Grants	-	-	-	-	-	-	-	-	-	-	\$ -
Wholesale Customer Capital Contributions	119,438,000	166,497,000	222,655,000	200,742,000	238,938,000	181,579,000	205,982,000	239,823,000	302,560,000	182,376,000	\$ 2,060,590,000
Interest Income	5,850,000	2,384,958	9,949,235	2,803,081	2,075,488	2,108,731	1,914,150	1,832,388	1,798,100	1,763,444	\$ 32,479,575
Total Sources	\$ 491,793,996	\$ 1,058,923,226	\$ 1,106,911,576	\$ 1,028,712,884	\$ 951,453,209	\$ 874,049,167	\$ 849,498,738	\$ 877,869,014	\$ 935,469,034	\$ 806,750,083	\$ 8,981,430,927
USES OF FUNDS:											
Water Projects	186,757,451	247,102,517	256,794,300	272,342,700	281,112,300	241,787,700	232,733,700	258,880,500	269,595,900	276,621,300	\$ 2,523,728,368
Blue Plains Projects	83,198,690	114,783,057	136,497,600	124,503,300	147,965,400	155,205,900	178,607,700	166,269,600	175,221,000	161,110,800	\$ 1,443,363,047
Sanitary Sewer Projects	155,371,350	207,641,313	240,144,300	200,911,500	270,590,400	259,551,900	265,723,200	279,950,400	324,041,400	239,024,700	\$ 2,442,950,463
Combined Sewer	11,046,810	31,779,192	35,442,000	17,484,000	19,225,000	7,984,000	11,098,000	10,000,000	11,000,000	11,000,000	\$ 166,059,002
Combined Sewer LTCP	226,435,207	279,236,588	286,250,500	246,763,230	75,191,760	34,630,000	-	-	-	-	\$ 1,148,507,284
Stormwater Projects	16,549,810	13,265,862	16,367,400	25,056,900	26,287,200	11,628,900	2,086,200	2,025,000	1,889,100	1,181,700	\$ 116,338,072
Non Process Facilities	15,466,992	29,403,524	39,181,500	39,463,200	24,770,700	20,129,400	20,049,300	13,123,800	9,738,000	9,272,700	\$ 220,599,116
Washington Aqueduct Division Projects	49,479,900	35,770,000	35,770,000	35,770,000	71,540,000	71,540,000	71,540,000	71,540,000	35,770,000	514,489,900	\$ 514,489,900
Capital Equipment	29,400,945	39,664,047	38,397,509	37,680,824	38,268,516	38,557,563	38,855,283	39,161,933	39,477,784	39,803,110	\$ 379,267,514
Meter Replacement / AMR / CIS / ERP	3,080,000	5,583,496	5,583,496	3,883,496	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	\$ 36,130,488
Reimbursement for Prior Capital Expend.	-	-	-	-	-	-	-	-	-	-	\$ -
Total Uses	\$ 776,787,156	\$ 1,004,229,596	\$ 1,090,428,605	\$ 1,003,859,150	\$ 922,181,276	\$ 844,015,363	\$ 823,693,383	\$ 843,951,233	\$ 905,503,184	\$ 776,784,310	\$ 8,991,433,255
SOURCES MINUS USES	(284,993,160)	54,693,630	16,482,971	24,853,733	29,271,934	30,033,804	25,805,355	33,917,781	29,965,850	29,965,773	(10,002,328)
Capital Contingency Reserve for LTCP	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
SOURCES MINUS USES NET OF RESERVES	(314,993,160)	24,693,630	(13,517,029)	(5,146,267)	(728,066)	33,804	(4,194,645)	3,917,781	(34,150)	(34,227)	(40,002,328)
ENDING BALANCE	\$ 96,772,916	\$ 121,466,546	\$ 107,949,517	\$ 102,803,251	\$ 102,075,184	\$ 102,108,988	\$ 97,914,343	\$ 101,832,124	\$ 101,797,974	\$ 101,763,747	\$ 1,336,484,591

SUMMARY:

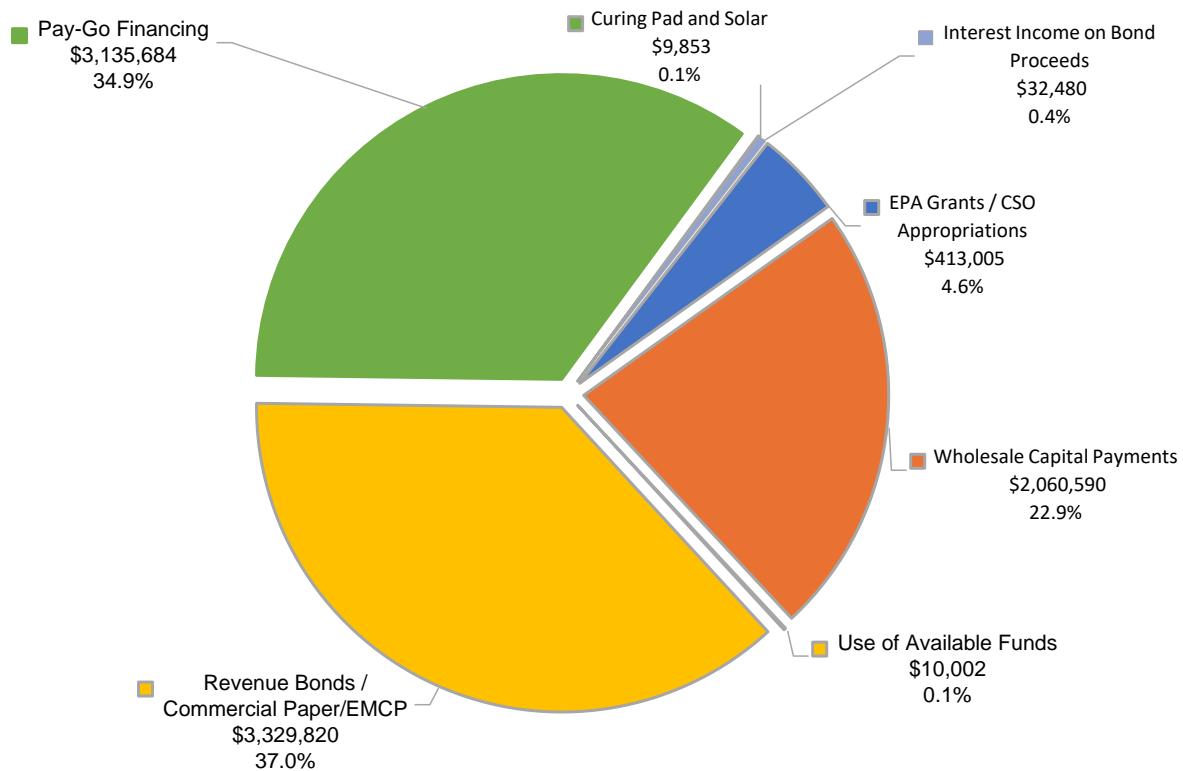
Total CIP	\$ 776,787,156	\$ 1,072,251,404	\$ 1,166,982,505	\$ 1,077,445,550	\$ 1,005,595,276	\$ 920,493,563	\$ 901,382,283	\$ 923,978,933	\$ 992,223,784	\$ 853,141,110	\$ 9,690,281,564
Reduction in CIP	\$ -	\$ 68,021,808	\$ 76,553,900	\$ 73,586,400	\$ 83,414,000	\$ 76,478,200	\$ 77,688,900	\$ 80,027,700	\$ 86,720,600	\$ 76,356,800	\$ 698,848,308
CIP - Factored in Financial Plan	\$ 776,787,156	\$ 1,004,229,596	\$ 1,090,428,605	\$ 1,003,859,150	\$ 922,181,276	\$ 844,015,363	\$ 823,693,383	\$ 843,951,233	\$ 905,503,184	\$ 776,784,310	\$ 8,991,433,255

Note: All capital items have been factored at 90 percent except DC Clean Rivers Program, Combined Sewer Overflow Program, Capital Equipment, Meter Replacement/AMR, and Washington Aqueduct

Capital Financing Program

FY 2026 – FY 2035 Capital Improvement Program Sources of Funds

	FY 2026 - FY 2035 Plan Total	Percent of Total
EPA Grants / CSO Appropriations	\$ 413,004,996	4.6%
Wholesale Capital Payments	\$ 2,060,590,000	22.9%
Use of Available Funds	\$ 10,002,328	0.1%
Revenue Bonds / Commercial Paper/EMCP	\$ 3,329,820,218	37.0%
Pay-Go Financing	\$ 3,135,683,638	34.9%
Curing Pad and Solar	\$ 9,852,500	0.1%
Interest Income on Bond Proceeds	\$ 32,479,575	0.4%
TOTAL SOURCES	\$ 8,991,433,255	100.00%



Capital Financing Program

- **EPA and CSO Grants – For FY 2026 – FY 2035**, EPA and CSO grants represent only 4.6 percent of the funding for 10-year capital program. DC Water currently plans to finance part of its Ten-Year CIP through EPA grant funding for certain eligible projects under the Clean Water and Safe Drinking Water Acts. In general, the District of Columbia projects carried out by DC Water are supported by approximately one percent of the available annual funding through revolving fund programs associated with the Clean Water and Safe Drinking Water Acts. In addition, DC Water has received \$308.8 million in Congressional appropriations for the Clean Rivers Project (aka CSO LTCP) as of September 30, 2025.
- **Wholesale Capital Payments** - Approximately 60 percent of the capacity of DC Water's wastewater treatment facilities are contractually committed to provide wholesale service to suburban jurisdictions under various contracts. Montgomery and Prince George's Counties (through the Washington Suburban Sanitary Commission (WSSC), Fairfax County, and the Loudoun County Sanitation Authority pay a proportionate share of capital-related costs equal to their share of contracted capacity at Blue Plains. DC Water anticipates 25.3 percent of its capital funding will come from wholesale customers.
- **Revenue Bonds/Commercial Paper/EMCP/WIFIA** - Currently debt financing represents only 37.0 percent of the funding in the ten-year capital program.
- **Paygo (Internal) Financing** – ‘Paygo’ financing shall mean any cash financing of capital projects. The amount transferred from operations to the capital program each year shall be cash in excess of all operating requirements or restricted use. Approximately 34.9 percent of total funding for the FY 2026 – FY 2035 plan is projected to come from PAYGO financing, which strikes an appropriate balance between maintaining moderate debt levels and financing provided by current ratepayers. Paygo funds will be used in a manner consistent with our financial policies: 1) to fund capital financing or for repayment of higher cost debt and that whenever possible, the least costly capital financing be used for capital projects, 2) to produce the lowest practical cost of debt for financing its capital projects.

FY 2027 and FY 2028 Debt Issuance Plans & Debt Service Assumptions

DC Water plans to remarket the variable rate mode Series 2014 B bonds in the third quarter of FY 2025 for approximately \$100 million. Additionally, DC Water plans to issue \$325 million in new bonds in the second quarter of FY 2025, for Series 2025.

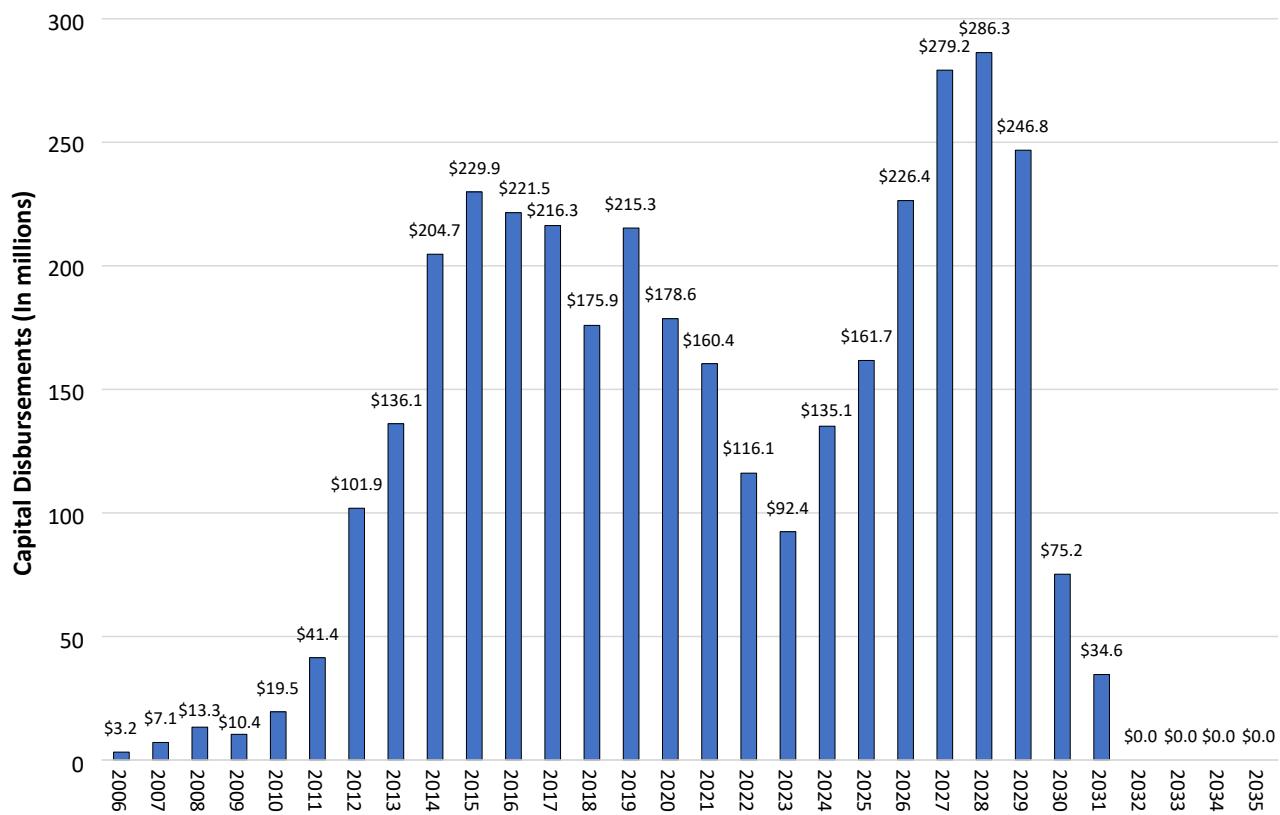
For financial planning, (1) we have assumed fixed rate, tax-exempt bonds at 6.0 percent for FY 2026. Similarly, for the remainder of the ten-year plan we have assumed issuing long-term bonds at 6.0 percent for FY 2026 to FY 2034; and 2) issue commercial paper/EMCP for interim financing. The ten-year plan assumes a variable interest rate of 2.5 percent in FY 2026 to FY 2028. To yield the best possible interest rate savings, our debt portfolio is evaluated on a regular basis.

Capital Financing Program

DC Clean Rivers Project

In December 2004, the Board reached agreement with the federal government on the proposed DC Clean Rivers Project LTCP and entered into a related consent decree. Lifetime capital costs for this project currently stands at approximately \$3.56 billion and this year's approved ten-year plan includes \$1.15 billion of projected disbursements. Projected spending by fiscal year for the Clean Rivers Project is shown in the next chart.

In FY 2025, DC Water received federal funding of \$8.0 million for the Combined Sewer Overflow Long Term Control Plan Service Area. However, as the project spending increases over the years, so does the projected Clean Rivers Impervious Surface Area Charge (CRIAC) fee. If additional federal assistance is provided, the Clean Rivers IAC would increase at a slower pace than this ten- year plan proposal assumes. As noted earlier, this plan assumes jurisdictional contributions, for joint use Projects, to the Clean Rivers Project under the IMA of 7.1 percent beginning in FY 2011. Please see section IV for more details on the Clean Rivers IAC.



Cash Position and Reserves

Cash balances totaled \$375.4 million at the end of FY 2025. As detailed below, this includes \$40.64 million for rate stabilization. Over the next ten years, cash balances are projected to meet the Board required reserve level of 282 days of operating and maintenance expense budget, plus 160 percent combined coverage.

DC Water's operating reserve includes the following components:

FY 2025 Year - End Cash	
(\$ in thousands)	
Cash Balance per Bank	\$375,360
Operating Reserve per Indenture (1)	66,423
Renewal & Replacement Reserve (Indenture Required) (2)	3,500
282 Days of Cash O&M Undesignated Reserve to meet Board Policy (3)	232,293
Ending Cash Balance	\$337,716
Rate Stabilization Fund Reserve	40,644
DC Insurance Reserve	1,000
Total Cash Balance and Reserve Funds	\$375,360

(1) Two months of prior fiscal year's O&M expense, target balance \$66.4 million

(2) Board policy re-affirmed \$35 million in April 2023

(3) Board policy approved October 2023, for budgeted fiscal year end O&M costs calculated on an average daily balance, with an objective of maintaining at least 250 days of cash with goal to achieve 350 days of cash by 2032

- **Indenture-Required Operating Reserve** - This reserve is required by DC Water's bond indenture and is equivalent to two months' operations and maintenance expenses from the prior year, or approximately \$66.4 million in FY 2025.
- **Renewal & Replacement Reserve** - In FY 2023 the Board reaffirmed the amount of \$35.0 million in the financing policy. In 2023, Independent Financial Consultant reviewed R&R Reserves and recommended to maintain it at \$35.0 million. The recommendations was presented to the Board for review and was approved. The reserve level will be reviewed every five years by DC Water's independent rate consultants in conjunction with the indenture-required assessment of the physical condition of the system. The next Cost-of-Service (COS) study to review Renewal & Replacement Reserves will be conducted by Independent Financial Consultants in FY 2028.

Cash Position and Reserves

- **Undesignated Reserve** - After allocating portions of the operating and maintenance reserve to the reserves listed above, the amount that remains (approximately \$232.3 million for FY 2025) is DC Water's undesignated reserve and is available for other contingencies.

DC Water has other reserves that are available for very specific circumstances:

- **Rate Stabilization Fund (RSF)** - Consistent with the Board's financial policies and as envisioned in the bond indenture, this fund is to be established to mitigate large annual rate increases. This year's plan reflects continued use of the rate stabilization fund, which totaled \$40.6 million as of September 2025. The year-end RSF balance is projected at \$40.6 million for FY 2026 and FY 2027. Future deposits to the rate stabilization fund will be determined annually based on financial performance in that fiscal year and updated ten-year capital and operating forecasts. The current plan anticipates \$40.6 million available at the end of FY 2035.
- **Debt Service Reserve Funds** - The supplemental bond indenture associated with the Series 1998 senior lien bonds requires DC Water to maintain a debt service reserve fund. This reserve which is in addition to the 282 days operating and maintenance reserve, is held by DC Water's trustee and can only be used if net revenues are insufficient to meet the next debt service payment. DC Water earns interest on this reserve that is included in other operating revenue and is used to offset annual debt service payments. The amount of interest earnings that DC Water can retain on the debt service reserve fund is limited by federal arbitrage restrictions.



RATES AND REVENUE

WHERE DOES YOUR MONEY GO? How does DC Water spend each dollar received from the average residential customers?



*Public Inconvenience Fee (PIF)

FY 2027 OPERATING SOURCES OF FUNDS

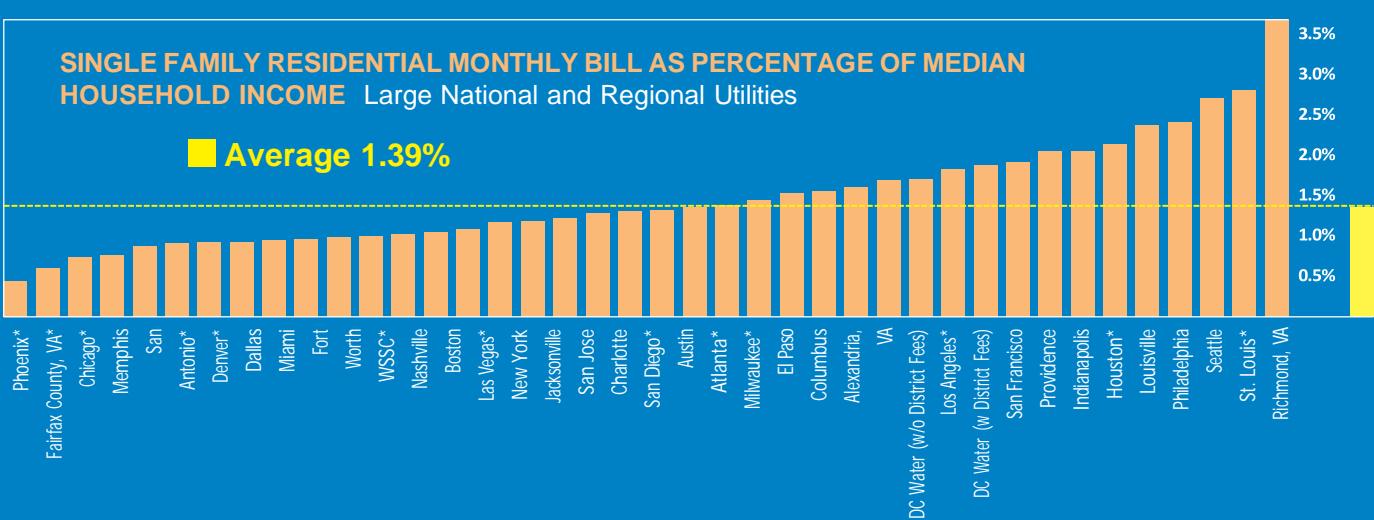
SOURCES		
Residential	\$163,912	15.3%
Commercial	\$254,435	23.8%
Multi-family	\$192,668	18.0%
Federal Government	\$106,618	10.0%
Municipal & Housing	\$44,543	4.2%
Rate Stabilization Fund	-	0.0%
Water System Replacement Fee	\$42,717	4.0%
Metering Fee	\$24,400	2.3%
Wholesale	\$134,090	12.5%
Other Revenue	\$105,991	9.9%

AVERAGE RESIDENTIAL BILL WITH 5.42 CCF OR 4,054 GALLONS OF CONSUMPTION



SINGLE FAMILY RESIDENTIAL MONTHLY BILL AS PERCENTAGE OF MEDIAN HOUSEHOLD INCOME Large National and Regional Utilities

Average 1.39%



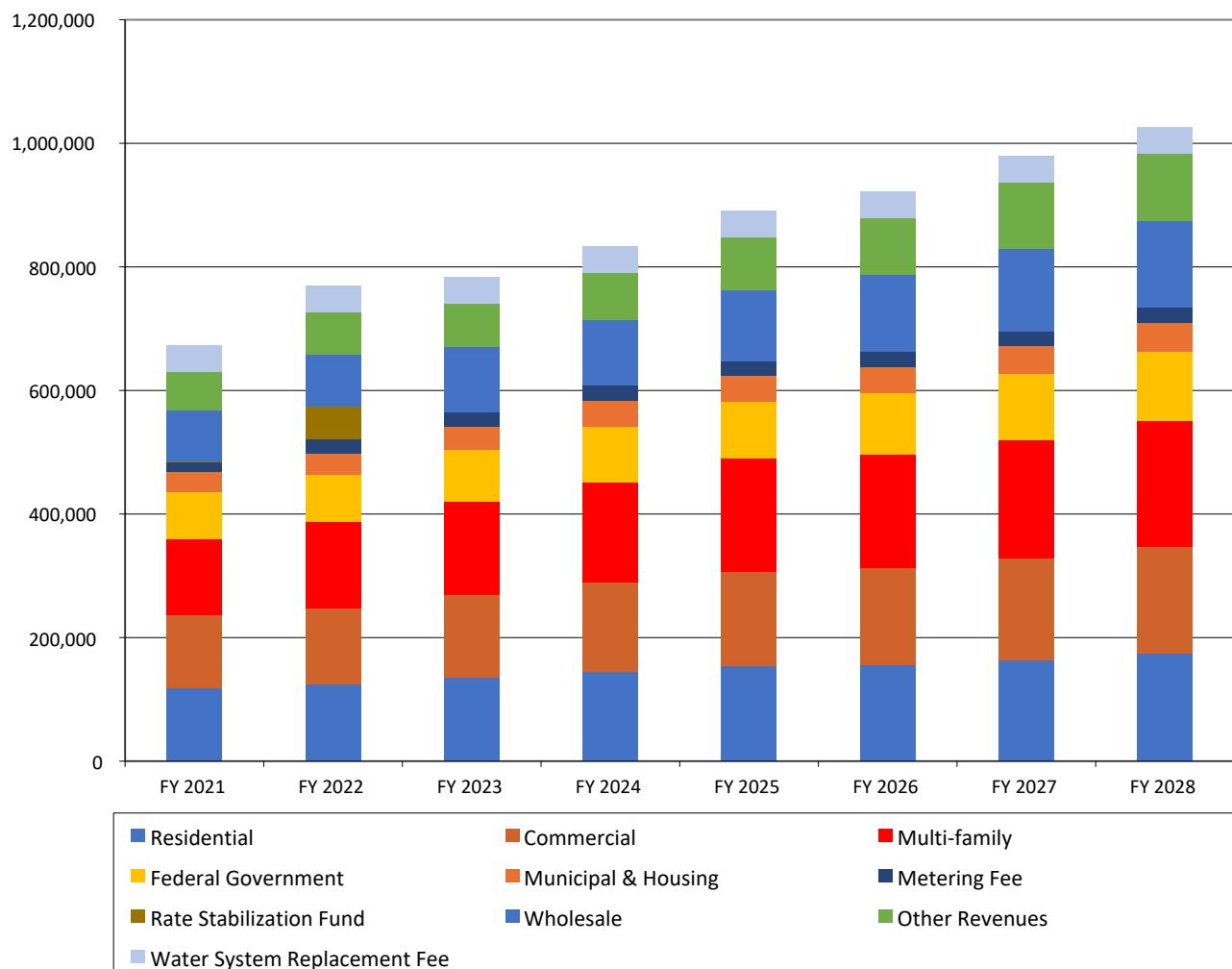
DC Water Revenue Receipts



Reliable And Predictable  Reliable

In order to provide continuous delivery of water and wastewater services, DC Water must ensure a reliable and predictable revenue stream that cover operating and maintenance (O&M) costs and meet or exceed all Board and other financial requirements. DC Water has a diverse customer base and thus receives cash receipts from a variety of sources. The diversification of revenues mitigates reliance on any single customer and provides a level of revenue stability.

Historical and Projected Cash Receipts (\$000's)

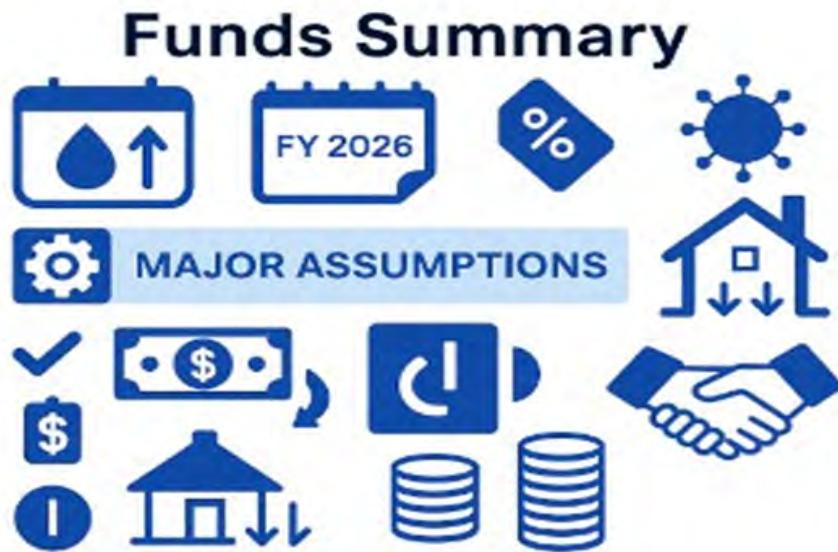


Funds Summary

The Revised Budget for FY 2026 assumed revenue of \$1008.2 million for consumption of 32,488,000 Ccf. The proposed budget for FY 2027 assumed revenue of \$1,069.4 million from consumption of 32,163,000 Ccf. The revenue projections assume a 0.7 percent overall retail water consumption decline in FY 2026 over FY 2025 actual. For all categories of customers, one percent conservation is assumed for FY 2026 and onwards. The COVID-19 has an impact on consumption and revenue. However, the FY 2024 actual consumption recovered to 34,520,848 Ccf which, slightly exceeded the pre-COVID-19 consumption.



- Assumed delinquencies will decrease slightly in 2026 and onwards.
- Assumed normal collection of receipts for Late Fees. DC Water resumed charging late fees of 1% and 10% from September 1, 2021.
- Resumed placing liens effective from June 13, 2022.
- DC Water resumed disconnections/cut-offs for residential and commercial categories effective from July 12, 2022. For only Residential customers, suspended disconnections for winter moratorium from December 19, 2024, to January 3, 2025.
- Partnered with the District for the Emergency Relief to District customers
- Assumed slightly higher miscellaneous fee
- Assumed slightly lower interest earnings than FY 2025 actuals



Historical and Projected Operating Cash Receipts (\$000's)

	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed	FY 2028 Proposed
Residential	134,665	144,967	153,322	156,396	163,912	173,684
Commercial	205,401	226,365	240,239	242,767	254,435	269,590
Multi-family	150,756	160,824	183,190	183,802	192,668	203,874
Sub-Total Residential, Commercial and Multi-family	490,822	532,156	576,751	582,965	611,015	647,148
Federal Government (1)	83,839	91,338	92,625	99,339	106,618	111,751
District Government	21,495	24,739	25,727	27,259	28,615	30,422
D.C. Housing Authority	15,801	16,358	14,990	15,176	15,928	16,776
Transfer from Rate Stabilization Fund	-	-	-	-		
Water System Replacement Fee (WSRF)	42,407	43,192	43,382	42,717	42,717	42,717
Metering Fee	24,104	24,439	24,479	24,400	24,400	24,400
Total Retail	678,468	732,222	777,954	791,856	829,293	873,213
IMA Wastewater Charges	91,713	93,434	100,251	108,014	117,036	122,458
Potomac Interceptor Wastewater Charges	13,537	13,323	14,090	16,205	17,054	17,597
Total Wholesale	105,250	106,757	114,341	124,219	134,090	140,055
District Stormwater Revenue (2)	1,038	1,008	992	1,008	1,107	1,107
Misc. Rev. (e.g. water tap installation, fire hydrant usage, etc.)	32,981	31,430	38,362	44,596	45,776	47,765
Washington Aqueduct Backwash - DC Water's prorata share	177	2,755	3,293	3,086	3,043	3,043
Washington Aqueduct Debt Service Revenue for Falls Church & Arlington	193	193	193	193	193	193
Interest Income (including interest on Bond Debt Service Reserve Fund)	6,381	12,303	14,868	13,380	12,883	12,614
System Availability Fee (SAF)	5,087	2,603	3,516	5,700	5,700	5,700
Right-of-Way Fee	5,253	5,573	5,100		12,737	12,737
Public Inconvenience Fee	-	-	-	5,100	5,100	5,100
PILOT Fee	18,506	20,027	19,889	19,056	19,452	19,841
Total Other	69,616	75,891	86,214	92,119	105,991	108,101
Total Operating Cash Receipts	853,333	914,871	978,509	1,008,194	1,069,375	1,121,369

- (1) Historical actuals are presented on revenue basis. Projected amounts shown are billed revenues. Actual Federal receipts are a combination of current year projected revenues and prior year adjustments, which are presented as reserve items. See Section III for further explanation.
- (2) Reflects District stormwater fee revenue that will fund DC Water's share of District stormwater permit compliance activities and will not be funded through DC Water's retail rates or other DC Water revenue sources. See Section III for further explanation.

Customer Categories and Accounts



Reliable And Predictable Healthy, Safe and Well

As of September 30, 2025, DC Water had 127,555 active, metered water and wastewater accounts. In addition, there are 5,470 separate accounts that are billed only for impervious surface. DC Water's customers are classified as retail (residential, multi-family and non-residential) and wholesale customers only. However, within the retail customer class, DC Water tracks receipts and associated consumption at a more detailed level in order to analyze trends and service characteristics. Retail customers' characteristics can be viewed in six groups: residential, multi-family, commercial, federal, DC Municipal and Housing Authority.

FY 2025 revenue receipts are actual as of September 30, 2025.

In FY 2011, a study of the demand characteristics of DC Water customers was undertaken to determine if additional customer classes should be defined for the purpose of cost allocation. Review of 12 months of data (May 2010 to April 2011) revealed, (among other things) that there is a difference in peaking characteristics between many of the customer groups. Generally, the federal customers have the highest peaking factor, with commercial customers having the next highest peaking factor and municipal, residential, multi-family and Housing Authority customers having the lowest peaking factor. Segmentation of water customers is typically done by class-based peak use characteristics with the higher peaking customers allocated more of the system costs (primarily driven by electricity and system capacity costs).

This information helped to inform an analysis of alternative rate structures within the FY 2012 Cost of Service Study (COS). Among the alternatives reviewed, the study reviewed different volumetric rates by customer class/category based on the different demands they place on the system. Differentiation could be based on water peaking characteristics or discharge strength contributions (wastewater). While it was recommended that additional analysis be undertaken in for any further consideration of discharge strength differentiation, management recommended that a new customer class, "Multi-Family", be created to acknowledge the similarity of peaking characteristics with other residential customers, yet provide transparency between single family and multi-family residential units. (Multi-Family residential facilities will continue to be defined as those facilities with 4 or more residential units.) The new Multi-family class has been effective from October 1, 2013. The three customer classes are defined as follows:

Residential – a customer whose premises is a single-family dwelling unit used for domestic purposes, whether as a row, detached or semi-detached structure, or as a single dwelling unit within an apartment building, or as a single dwelling unit within a condominium, or as a single dwelling unit within a cooperative housing association, where each unit is served by a separate service line and is individually metered and used for domestic purposes; or a multi-family structure or development of less than four (4) single-family, apartment, condominium, or cooperative housing association dwelling units where all the units are used for domestic purposes and served by a single service line that is master metered; excluding a premises operated as a nursing home, dormitory or transient housing business, including, but not limited to a bed and breakfast, hotel, motel, inn, boarding house or rooming house.

Customer Categories and Accounts



Reliable And Predictable



Healthy, Safe and Well



Reliable

Multi-Family – a customer whose premises is a multi-family structure or development (such as an apartment, condominium, or cooperative housing association) used for domestic purposes, with four or more single-family, apartment, condominium, or cooperative housing association residential dwelling units served by the same service line that is master metered; excluding a premises operated as a nursing home, dormitory or transient housing business, including, but not limited to a bed and breakfast, hotel, motel, inn, boarding house or rooming house.

Non-residential – all customers not within either the residential or multifamily class including customers whose premises is comprised of one or more units that is not used for domestic purposes and all units are served by the same service line that is master metered.



Equitable

Residential, commercial and multi-family receipts are projected to increase in FY 2026 by approximately \$6.2 million, or 1.1 percent, over the FY 2025 level due to:

- Board-approved volumetric retail rate (water and sewer) increase of 6.0 percent, effective October 1, 2025
- Board-approved Clean Rivers Project CRIAC rate increased from \$21.23 in FY 2025 to \$24.23 per ERU in FY 2026
- COVID-19 impacted Commercial consumption, which has recovered to pre-COVID-19 level.
- In FY 2025, DC Water's collections on its retail receivables were impacted due to COVID-19, with accounts receivable over 90 days at \$33.4 million as of September 30, 2025, which is \$7.1 million higher than FY 2021. DC Water will continue its collection efforts
- The customer assistance program reduces projected revenues by approximately \$5.0 million

Residential, commercial and multi-family customers:

- In FY 2026, Residential customers include 108,090 accounts that comprise of 15.5 percent of the total operating revenues. Given the large number of individual account holders who are in Residential, it is unlikely that any one customer will have a major impact on the DC Water cash receipts.
- Multi-family customers house 4 or more units within one building with a master meter. In FY 2026, there are 9,093 accounts that comprise of 18.2 percent of the total operating revenues.

The Commercial group of customers includes a number of nationally recognized universities and regional hospitals, national associations, lobbying firms, major law firms and hotels. This group has 8,409 accounts and will comprise of 24.1 percent of the projected FY 2026 operating revenues. In FY 2027, they will comprise of 23.8 percent of the fiscal year operating revenue.

Customer Categories and Accounts



Reliable And Predictable

 **Healthv. Safe and Well**

 **Reliable**

 **Resilient**

FY 2026 projections for Residential, Multi-Family and Commercial customers reflect an increase of \$6.2 million, or 1.1 percent from FY 2025 primarily due to proposed retail rate increase of 6.0 percent (combined water and sewer volumetric rates) and an increase of \$3.00 monthly ERU fee for the Clean Rivers IAC. For FY 2027, the revenue increase is projected at \$28.1 million or 4.8 percent over FY 2026 due to the projected rate increase of 6.0 percent and an increase of \$1.27 monthly ERU for CRIAC. For FY 2028, the revenue increase is projected at \$36.1 million or 5.9 percent over FY 2027 due to the projected rate increase of 6.0 percent and an increase of \$1.72 monthly ERU for CRIAC. The revenue projections assume a 1.0 percent retail water consumption decline in FY 2026 over FY 2025 actual. In FY 2027 and onwards, one percent decrease in consumption has been assumed due to conservation.

The Federal customers' revised FY 2026 receipts are projected to total \$99.3 million; an increase of \$6.7 million, or 7.2 percent over FY 2025. In FY 2027, Federal revenues are projected to be \$106.6 million or 10.0 percent of the total operating revenues. The projected federal revenues will be higher by \$7.3 million or 7.3 percent in FY 2027 due to estimated rate and consumption assumptions provided under the federal billing policies. It may be noted that in order to reduce costs, the federal government issued an executive order to federal agencies to reduce water and electricity consumption, coupled with the federal telework and commuting act to reduce footprint in the District, transfer of federal properties and large metering issues at restricted federal properties.

Under existing federal billing legislation, federal billings are prepared on an estimated basis eighteen months in advance of the start of the fiscal year (e.g., the FY 2026 billing was prepared in April 2024), and are based on the current consumption estimates and projected rate increases as included in the current ten-year plan. These estimates are then reconciled with actual consumption and rate increases, and an adjustment is made in the subsequent year's billing (e.g., the reconciliation of FY 2026 estimated vs. actual consumption and rate increases will be included in the FY 2029 billing, to be prepared in April 2027). Federal revenues in the ten-year plan are presented on a revenue basis, net of any adjustments for prior year reconciliations which are accounted for as reserve items. Consistent with this methodology, revised FY 2026 federal revenues reflect the final billing sent to the federal government in April 2024 net of the adjustment for the prior year (FY 2023) reconciliation. The Authority serves many facilities of the federal government as well as the District of Columbia. The largest federal accounts include General Services Administration, U.S. Congress, the Smithsonian Institution, Department of the Navy, National Park Service and the Department of Defense in both DC and VA.

Customer Categories and Accounts



Reliable And Predictable

Healthy, Safe and Well

Reliable

Resilient

Municipal & D.C. Housing Authority – FY 2026 revised receipts from the District of Columbia government and the District of Columbia Housing Authority are projected at \$42.4 million, an increase of \$1.7 million or 4.2 percent over FY 2025. In FY 2027, receipts from these organizations are projected to total \$44.5 million, an increase of \$2.1 million, or 5.0 percent, mainly due to increases in retail volumetric rates.

- The Municipal customer group includes 517 accounts under the authority of the District of Columbia government. This includes offices and facilities for various government agencies and activities such as education, regulatory affairs and general government operations. This group will comprise of 2.7 percent of the FY 2026 revised budget, and 2.7 percent each of the proposed FY 2027 and FY 2028 budget. In FY 2028, the projected increase is \$2.7 million or 6.0 percent over FY 2027.
- The D.C. Housing Authority has 985 accounts that include public housing at various facilities throughout the District of Columbia. Their annual billings make up only 1.5 percent of the FY 2026 cash receipts and 1.5 percent each of the proposed FY 2027 and FY 2028 cash receipts.

Wholesale customer revenue - FY 2026 revenues are projected at \$124.2 million, an increase of \$9.9 million or 8.6 percent over FY 2025. In FY 2027, the Wholesale revenues are projected to increase by \$9.9 million or 7.9 percent to \$134.1 million. In FY 2028, the wholesale revenues are projected to increase by \$6.0 million or 4.4 percent to \$140.1 million. DC Water provides wholesale wastewater treatment services to User Jurisdictions at the Blue Plains Plant. The Wholesale customers' share of operating costs at Blue Plains and other multi-jurisdictional use facilities (MJUFs) are recovered in accordance with the Blue Plains Intermunicipal Agreement of 2012, effective April 3, 2013, (which replaces Blue Plains Intermunicipal Agreement of 1985), the Potomac Interceptor Agreements and the Loudoun County Sanitation Authority Agreement (as discussed in more detail in "THE SYSTEM – The Wastewater System"), and are based on actual costs of operating and maintaining the plant and the collection facilities, prorated to each User Jurisdiction based on its respective actual share of wastewater flows. The User Jurisdiction's share of capital costs is based on each User Jurisdiction's share of capacity allocations in the Plant. Both operating and capital payments are made on a quarterly basis. Capital-related charges are billed quarterly with payments due on the 15th day of the second month following the end of the quarter. The operating and maintenance related charges are billed annually by mid-October and payments are due on November, February, May and August. Receipts are projected to be 12.3 percent of total receipts in FY 2026 and 12.5 percent of the total receipts each in FY 2027 and FY 2028.

In FY 2017, DC Water began billing our wholesale customers for the operating and maintenance costs of MJUFs, which include twelve interceptors and four pumping stations that carry suburban wastewater to the Blue Plains Plant. Following each fiscal year, the Authority prepares a reconciliation that determines the actual costs and each wholesale customer's appropriate share of such costs. Adjustments are then billed or credited to the wholesale customers in the first quarter of the subsequent fiscal year. The wholesale customers include: Washington Suburban Sanitary Commission (WSSC), Loudoun County, VA, Fairfax County, VA and a group of small customers of the Potomac Interceptor (PI). The PI customers are comprised of Dulles International Airport (MWAA), National Park Service, Department of Navy and the Town of Vienna.

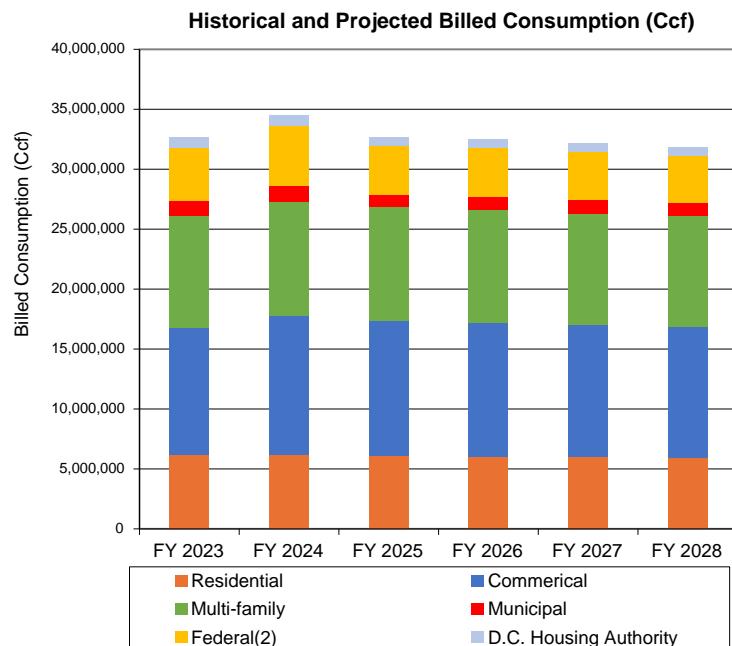
Consumption



Reliable And Predictable



While wholesale customers pay for their proportional share of wastewater services, retail customers are billed based upon metered consumption. Therefore, variations in consumption have a direct impact upon DC Water retail rates. The consumption for DC retail customers decreased by 5.2 percent in FY 2025. Given the uncertainty of the current economy as well as the federal government's goal to close some neighboring federal facilities and implement several conservation best practices over the next few years, the revenue projections assumed a 1.0 percent decline in FY 2026 over FY 2025 Actual. Assumed 1.0 percent decline in FY 2027 and beyond for all categories of customers. The COVID-19 had an impact on consumption. However, the FY 2024 actual consumption of 34.5 million Ccf has slightly exceeded Pre-COVID-19 consumption.



Historical and Projected Billed Consumption (Ccf)

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
	Actual	Actual	Actual	Projected	Projected	Projected
Residential	6,148,086	6,202,811	6,099,368	6,038,000	5,978,000	5,918,000
Commercial	10,665,543	11,577,290	11,284,191	11,171,000	11,059,000	10,948,000
Multi-family	9,274,129	9,544,963	9,490,956	9,396,000	9,302,000	9,209,000
Municipal⁽¹⁾	1,326,087	1,265,556	1,010,257	1,100,000	1,089,000	1,079,000
Federal⁽²⁾	4,350,621	5,035,575	4,101,985	4,061,000	4,020,000	3,980,000
D.C. Housing Authority	889,780	894,653	729,367	722,000	715,000	708,000
Total Retail	32,654,246	34,520,848	32,716,124	32,488,000	32,163,000	31,842,000

(1) Reflects consumption at District of Columbia Government facilities and DC Water facilities

(2) Reflects consumption at Federal facilities and selected facilities at Soldiers' Home for FY 2020 and onwards

(3) Ccf = hundred cubic feet or 748 gallons

Recent and Approved Rate and Fee Changes



Reliable And Predictable



Healthy, Safe and Well



Reliable

COST OF SERVICE STUDIES:

In FY 2010, DC Water's Independent Financial Consultants performed a Cost of Service (COS) Study to include objectives from senior staff on prioritizing DC Water's pricing objectives. One of the objectives noted was the Class-Based Volumetric Differentiation.

Furthermore, the FY 2012 Cost of Service Study identified several customer categories that demonstrated a reasonable level of differentiation in terms of peak usage. The customer classes identified included A. Residential, B. Multi-family and C. Non-residential. DC Water added a new class of customer, Multi-family effective October 1, 2014.

DC Water expanded the FY 2015 COS to include alternative rate structure analysis that would more effectively meet DC Water's highest priority pricing objectives:

- Lifeline Rates
- Classed-based Volumetric Rates
- Water System Replacement Fee (WSRF)
- System Availability Fee (SAF)
- Based on similar peaking ratios, District of Columbia Housing Authority (DCHA) category moved to multi-family class.
- In FY 2020, DC Water conducted a Cost of Service Study (COS) to align the COS with the multi-year rate proposals, therefore both will be done every two years going forward. Previously, Cost of Service study was conducted every three years. The COS consist of three components: i) revenue sufficiency analysis – to ensure that the revenues cover the costs that DC Water incurs; ii) cost of service analysis/rate equity – to ensure that the rates are equitably recovering the costs of service provided to customers; and iii) alternative rate structure analysis – to ensure that DC Water meets its priority pricing objectives. The results of the COS support the multi-year rate, charges and fee proposals for FY 2021 and FY 2022.
- In FY 2020, an Independent Review of Rate Structure and Customer Assistance Programs was conducted to review and benchmark DC Water's rates, rate structure and Customer Assistance Programs (CAP) to peer utilities. The findings of the study concurred that DC Water's current customer class structure, monthly water lifeline threshold of 4 Ccf, ERU basis for recovering the CRIAC charge, CAP bill discount and temporary assistance programs are consistent with industry standards for ratemaking.
- According to the COS, the proposed CRIAC shift to sewer volumetric with 18 percent in FY 2020, 28 percent in FY 2021 and 37 percent in FY 2022 and beyond was recommended because it balances infrastructure investment with growth in rates. The shift was based on an assessment that on average 37 percent of volume in the tunnels is from wastewater. The gradual shift helps to avoid rate shock to customers.

Recent and Approved Rate and Fee Changes

In FY 2024, a COS study was conducted to establish multi-year rate for FY 2025 and FY 2026 and the study supported the rates, charges, and fee proposal. It also included the Groundwater and high flow filter backwash sewer rates. The results of COS study support the multi-year rate, charges, and fee proposed for FY2025 and FY 2026. Independent Review of the proposed FY 2025 and FY 2026 Rates was conducted by the consultants.

- The review concluded that the rates have been reasonably developed, reflect the anticipated revenue requirements of the system, adhere to Board Policy and are comparable to other utilities
- The affordability assistance provided by DC Water is robust compared to other utilities, providing a meaningful impact on a customer bill.

In FY 2025 – FY 2026, a COS study is being conducted by an independent consultant to establish rates for FY 2027 and FY 2028. The report will be submitted in January 2026. Another consultant will perform an independent review of Rates and Budget to ensure that the rates have been reasonably developed according to the Board Policy and industry standard.

Lifeline Rate

The lifeline rate allows for the first 4 Ccf of Single Family Residential (SFR) water use to reflect baseline usage by residential customers without peaking costs. The lifeline water rate provides an economic benefit to low-volume Residential customers, while spreading the cost of peaking to high-volume Residential customers.

Class-based Rate Structure

The Independent Financial Consultants analyzed rate differentiation based on the peaking demands of each customer class. They also analyzed consumption patterns to better understand how customers use water and how their use of water may inform selection of an optimized rate structure. Based upon the analysis of the peak demand of different customer classes as well as affordability considerations, the Board approved establishing class-based water volumetric rates for Residential, Multi-family and Non-residential customers effective from October 1, 2015 (FY 2016). The class-based water volumetric rates for FY 2026 to FY 2028 are listed below:

Water Volumetric	Class-Based (w/lifeline)		
	FY 2026	FY 2027	FY 2028
Residential - 0-4 Ccf	\$5.78	\$6.49	\$7.11
Residential - >4 Ccf	\$7.60	\$8.40	\$9.40
Multi-Family / DC Housing	\$6.47	\$7.21	\$7.98
Non-Residential	\$7.84	\$8.66	\$9.71

Recent and Approved Rate and Fee Changes

Water System Replacement Fee (WSRF)

Effective October 1, 2015 (FY 2016), DC Water modified its existing rate structure and implemented a new meter-based Water System Replacement Fee (WSRF) in order to recover the cost of the 1 percent renewal and replacement program for water service lines. It is anticipated that the Water System Replacement Fee (WSRF) will generate approximately \$42.7 million per year from fiscal years 2026 through 2035. The fee is based upon meter size and average flow. DC Water's low income CAP customers receive a 100 percent credit for this fee.

Effective October 1, 2017 (FY 2018), DC Water amended the Water System Replacement Fee (WSRF) regulations to add rules and procedures for a Multi-family WSRF adjustment; amend the Customer Classifications to clarify the definitions for Residential, Multi-family and Non-Residential customers to include cooperative housing associations and other clarifications; and amend the definitions set forth in Chapter 41 to define the terms Condominium, Cooperative Housing Association, and Dwelling Unit used in the Customer Classification regulations.

Meter Size (inches)	Meter Register Type	Monthly Water System Replacement Fee
5/8"	Single Register	\$ 6.30
3/4"	Single Register	\$ 7.39
1"	Single Register	\$ 9.67
1"x1.25"	Single and Multiple Register	\$ 15.40
1.5"	Single Register	\$ 41.35
2"	Single and Multiple Register	\$ 83.75
3"	Single and Multiple Register	\$ 232.13
4"	Single and Multiple Register	\$ 561.02
6"	Single and Multiple Register	\$ 1,292.14
8"	Single Register	\$ 5,785.51
8"x2"	Multiple Register	\$ 1,899.60
8"x4"x1"	Multiple register	\$ 2,438.35
10"	Single and multiple register	\$ 6,679.65
12"	Single and multiple register	\$ 6,679.65
16"	Single register	\$ 6,679.65

Recent and Approved Rate and Fee Changes

The following terms are defined:

Condominium – means real estate, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the owners of the portions designated for separate ownership, provided the undivided interests in the common elements are vested in the unit owners.

Cooperative Housing Association – means an association, whether incorporated or unincorporated, organized for the purpose of owning and operating residential real property, the shareholders or members of which, by reason of their ownership of a stock or membership certificate, a proprietary lease or other evidence of membership, are entitled to occupy a dwelling unit pursuant to the terms of a proprietary lease or occupancy agreement.

Dwelling Unit – any habitable room or group of rooms with kitchen and bathroom facilities forming a single unit located within a building or structure, which is wholly or partially used or intended to be used for living, sleeping and the preparation and consumption of meals by human occupants, and is under the control of and for the use of the occupant.

Multi-Year Rates

DC Water moved to a multi-year rate proposal in FY 2016 covering the period FY 2017 and FY 2018. The third time that DC Water had adopted a multi-year rate proposal was in FY 2020 covering the period FY 2021 and FY 2022. The FY 2022 rates became effective from October 1, 2021. On March 7, 2024, DC Water's Board adopted a multi-year rate proposal for a fifth time covering the period FY 2025 and FY 2026.

The benefits of multi-year rates include:

- Greater revenue certainty
- Increased budget discipline
- Better alignment between revenues and expenditures
- Favorable credit rating agency treatment
- Better predictability for our ratepayers

Potential risks / considerations:

- Reduced financial flexibility
- Limited ability to modify approved rate increases, if necessary
- Conservatism in financial projections

Recent and Approved Rate and Fee Changes

System Availability Fee (SAF)

Many utilities have implemented a fee, assessed to new development (or redevelopment) to recover the investment in available system capacity. On June 17, 2016, DC Water's Board approved a new System Availability Fee (SAF) to be effective from January 1, 2018. All Residential Customers with meters 1 inch or smaller will use the same set of fees. All Residential Customers with meters larger than 1", and all Multi-Family and Non-Residential Customers will have SAF based on their meter size.

The System Availability Fee is assessed for all new buildings, structures or properties under development and properties under redevelopment. For properties under redevelopment, DC Water will determine the net System Availability Fee by determining the property's proposed capacity requirements and applying a credit for the capacity of accounts being removed from the system. However, if the associated credit for capacity removed is equal to or greater than the future System Availability Fee, the net System Availability Fee shall be zero. Properties under redevelopment shall not receive a credit for accounts that are inactive for more than 12 months.

DC Water has determined that implementing the System Availability Fee (SAF) regulations on the effective date of January 1, 2018 could present significant fiscal impacts to the District's New Communities Initiative, which includes redevelopment, one for one replacement and/or augmentation, of affordable housing units. On March 1, 2018, the DC Water Board considered comments received during the SAF public comment period and agreed to; 1) Extend the System Availability Fee (SAF) effective date from January 1, 2018 to June 1, 2018 for DCRA Construction Permit Applicants and federal facilities new water and sewer connections and renovation or redevelopment projects for existing connections to the District's potable water and sanitary sewer systems based on the SAF meter size in accordance with the following fee schedule and requirements; 2) Revised the DC Water guidance document used to determine the SAF meter size from DC Water Standard Details and Guideline Masters to DC Water's Sizing Instructions and Worksheets; 3) Added procedures and requirements to receive credits for Affordable Housing Units (AHU) development and redevelopment; 4) Clarified the requirements for projects submitted prior to the effective date of June 1, 2018 and approved by June 1, 2019; 5) Added formulas to clarify how the SAF is calculated with the SAF credit, AHU credit and Net AHU credit; 6) Clarified requirements for Payment Plan Agreement; 7) Properties under redevelopment shall not receive a credit for accounts that are inactive for more than 24 months.

Effective June 1, 2018, DCRA Construction Permit Applicants and federal facilities shall be assessed a System Availability Fee (SAF) for new water and sewer connections and renovation or redevelopment projects for existing connections to the District's potable water and sanitary sewer systems based on the SAF meter size in accordance with the following fee schedule and requirements.

In January 2026, an independent consultant will conduct COS study for System Availability Fee (SAF) to review if any adjustment is needed and how current SAF fee compares with other utilities.

Recent and Approved Rate and Fee Changes

A. Residential customers shall be charged a System Availability Fee based on the SAF meter size as listed below:

SAF Meter Size (inches)	Water System Availability Fee	Sewer System Availability Fee	Total System Availability Fee
5/8"	\$ 1,135	\$ 2,809	\$ 3,944
3/4"	\$ 1,135	\$ 2,809	\$ 3,944
1"	\$ 1,135	\$ 2,809	\$ 3,944
1"x1.25"	\$ 2,047	\$ 5,066	\$ 7,113
1.5"	\$ 5,491	\$ 13,591	\$ 19,082
2"	\$ 11,125	\$ 27,536	\$ 38,661

B. Multi-Family and all Non-Residential customers shall be charged a System Availability Fee based on the SAF meter size as listed below:

SAF Meter Size (inches)	Water System Availability Fee	Sewer System Availability Fee	Total System Availability Fee
1" or smaller	\$ 1,282	\$ 3,173	\$ 4,455
1"x1.25"	\$ 2,047	\$ 5,066	\$ 7,113
1.5"	\$ 5,491	\$ 13,591	\$ 19,082
2"	\$ 11,125	\$ 27,536	\$ 38,661
3"	\$ 32,500	\$ 80,442	\$ 112,942
4"	\$ 83,388	\$ 206,394	\$ 289,782
6"	\$ 229,246	\$ 567,408	\$ 796,654
8"	\$ 229,246	\$ 567,408	\$ 796,654
8"x2"	\$ 229,246	\$ 567,408	\$ 796,654
8"x4"x1"	\$ 229,246	\$ 567,408	\$ 796,654
10"	\$ 229,246	\$ 567,408	\$ 796,654
12"	\$ 229,246	\$ 567,408	\$ 796,654
16"	\$ 229,246	\$ 567,408	\$ 796,654

Recent and Approved Rate and Fee Changes

The following terms are defined:

Development – the construction of a premises, building or structure that establishes a new water and/or sewer connection.

Redevelopment – the renovation or alteration of a premises, building or structure or reconstruction of a property that increases or decreases the water supply demand or drainage, waste, and vent (DWV) system load. Redevelopment shall not include the up-sizing of a water service or sewer lateral to comply with the

D.C. Construction Codes Supplement, provided the water supply demand and DWV system load remain the same.

System Availability Fee – A one-time fee assessed to a property owner of any premises, building or structure to recover the cost of system capacity servicing all metered water service and sanitary sewer connections and renovation or redevelopment projects that require an upsized meter service connection to the District's potable water system. The fee is assessed based on the peak water demand, excluding fire demand, for new meter water service connection and renovation or redevelopment projects that increase the peak water demand and associated SAF meter size for the property.

Affordable Housing Unit (AHU) – A housing unit that is offered for rent or sale for residential occupancy and as a result of a federal or District subsidy, incentive or benefit, and is made available and affordable to households whose income limit requirements are established by the federal or District program or agency or the Council for the District of Columbia.

Force Majeure Event – an event arising from causes beyond the control of DC Water or the control of any entity controlled by DC Water, which results in the closure of DC Water facilities.

Customer Metering Fee

The Metering Fee was established in 2003 to recover automated metering infrastructure capital costs. In 2012 the Metering Fee was reviewed and adjusted as part of the Cost of Service Study to include capital costs and a small increment of direct Customer Service cost associated with meter maintenance. Many utilities recover operating costs associated with both metering and billing in a fixed meter-based charge. The 2020 cost of service study adopted this more common industry approach by allocating some additional water costs to a Customer Service/Meters classification. The new cost recovery pool is divided by equivalent system meters to determine the cost for residential meter (5/8" or 3/4") then scale that up to reflect charges as meter size increases. As a result, cost recovery is shifted to the Metering Fee and away from the volumetric rate. DC Water chose to mitigate impacts by phasing in this methodology change over 2 years ending with FY2022 rates. The changes in the Metering Fee are summarized below:

- In FY 2019, the Metering Fee recovered \$11.6 million
 - In FY 2003, established Metering Fee at \$2.01 for 5/8" meter
 - In FY 2011, increased Metering Fee to \$3.86 for 5/8" meter
 - Originally fee amount set to cover the capital costs of the original Automated Meter Infrastructure (AMI) system and meter purchase and installation (debt service) plus about \$4 million of Customer Service costs

Recent and Approved Rate and Fee Changes

- The 2020 Cost of Service Study recommended recovering \$24.1 million in FY 2022, consistent with independent rate review recommendation
 - Includes costs associated with metering and billing
 - Customer assistance, shutoff/restore, and leak adjustment, etc. remain in the volumetric charges
 - Proposes FY2021 recovers \$15.4 million, all the debt service and coverage plus about half of the full Customer Service O&M allocation (\$4.96 for a 5/8" meter)
 - Proposed FY2022 fee adds the additional half of Customer Service allocation for a total of about \$24.1 million (\$7.75 for a 5/8" meter)

Customers Metering Fees

Meter Size	FY 2020	FY 2021	FY 2022	FY 2023 - FY 2028
5/8"	\$ 3.86	\$ 4.96	\$ 7.75	\$ 7.75
3/4"	\$ 4.06	\$ 5.22	\$ 8.16	\$ 8.16
1"	\$ 4.56	\$ 5.86	\$ 9.16	\$ 9.16
1x1.25"	\$ 4.83	\$ 6.21	\$ 9.70	\$ 9.70
1.5"	\$ 6.88	\$ 8.95	\$ 13.82	\$ 13.82
2"	\$ 7.54	\$ 9.69	\$ 15.14	\$ 15.14
2x1/2"	\$ 8.00	\$ 10.28	\$ 16.07	\$ 16.07
2x5/8"	\$ 8.00	\$ 10.28	\$ 16.07	\$ 16.07
3"	\$ 76.98	\$ 98.92	\$ 154.56	\$ 154.56
3x5/8"	\$ 77.94	\$ 100.16	\$ 156.49	\$ 156.49
3x3/4"	\$ 77.94	\$ 100.16	\$ 156.49	\$ 156.49
4"	\$ 137.37	\$ 176.52	\$ 275.81	\$ 275.81
4x3/4"	\$ 138.15	\$ 177.52	\$ 277.38	\$ 277.38
4x1"	\$ 138.15	\$ 177.52	\$ 277.38	\$ 277.38
4x2"	\$ 138.15	\$ 177.52	\$ 277.38	\$ 277.38
4x2x5/8"	\$ 181.04	\$ 232.64	\$ 363.49	\$ 363.49
6"	\$ 268.14	\$ 344.56	\$ 538.37	\$ 538.37
6x1"	\$ 272.70	\$ 350.42	\$ 547.52	\$ 547.52
6x1x1/2"	\$ 272.70	\$ 350.42	\$ 547.52	\$ 547.52
6x1/2"	\$ 323.09	\$ 415.17	\$ 648.70	\$ 648.70
6x3x3/4"	\$ 323.09	\$ 415.17	\$ 648.70	\$ 648.70
6x3"	\$ 323.09	\$ 415.17	\$ 648.70	\$ 648.70
8"	\$ 323.29	\$ 415.42	\$ 649.10	\$ 649.10
8x2"	\$ 323.29	\$ 415.42	\$ 649.10	\$ 649.10
8x4x1"	\$ 358.26	\$ 460.36	\$ 719.31	\$ 719.31
10"	\$ 317.91	\$ 408.51	\$ 638.30	\$ 638.30
10x2"	\$ 403.62	\$ 518.65	\$ 810.38	\$ 810.38
10x6x1"	\$ 403.62	\$ 518.65	\$ 810.38	\$ 810.38
10x6"	\$ 403.62	\$ 518.65	\$ 810.38	\$ 810.38
12"	\$ 329.66	\$ 423.61	\$ 661.89	\$ 661.89
12x6"	\$ 329.66	\$ 423.61	\$ 661.89	\$ 661.89
16"	\$ 349.45	\$ 449.04	\$ 701.62	\$ 701.62

Recent and Approved Rate and Fee Changes

Clean Rivers IAC Credit:

In FY 2016, DC Water's Board asked management to evaluate and propose recommendations for expansion of the Customer Assistance Program (CAP) to include fees assessed for the Clean Rivers Impervious Surface Area Charge (CRIAC). The staff evaluated the three options for CRIAC credit: (i) Dollar credit, (ii) ERU credit, and (iii) percent of CRIAC credit (25%, 50%, 75%). Based on the detailed analysis, the management made recommendation to the Board to expand Customer Assistance Program (CAP) to low-income customers to include CRIAC credit in their monthly bills. On March 2, 2017, the Board approved the expansion of the Customer Assistance Program for eligible single-family residential accounts and individually metered accounts to include a fifty percent (50%) credit off of the monthly billed Clean Rivers Impervious Area Charge. The CRIAC credit became effective May 1, 2017. On March 5, 2020, DC Water's Board adopted a proposal to increase the maximum CRIAC from 50% to 75%, effective October 1, 2020.

Clean Rivers Impervious Area Charge (CRIAC)

In September 2018, DC Water formed the 19-member Stakeholder Alliance (DCWSA) to provide independent advice and a variety of viewpoints to DC Water Management on a variety of programs and policies; increase customer education by providing DC Water with new opportunities for outreach; and propose to DC Water ways to continue effective and efficient long-term public involvement with improved communication tools.

DC Water conducted several meetings to discuss the Clean Rivers Impervious Area Charge (CRIAC) and options to mitigate the rapidly increasing CRIAC. Some of the possible criteria included: 1) equitableness; 2) administrative feasibility; 3) revenue neutrality; 4) legal challenges and defensibility, 5) executable; and 6) adheres to industry practice.

The DC Water's Department of Engineering and Technical Services (DETS) proposed two methodologies for shifting cost from the CRIAC to sewer volumetric rate. The two methodologies that were calculated: 1) 18 percent Shift – calculated based on an average of pollutants concentrations in sanitary wastewater, stormwater runoff and Combined Sewer Overflow (CSO); and 2) 37 percent Shift – calculated based on volume of sanitary wastewater, stormwater runoff and CSO. The 18 percent shift calculation and methodology have a lot more variation in the pollutant concentrations depending on the data used and the time of year. Management determined that the 37 percent Shift volumetric methodology has a greater justification, more easily defended and could be phased in.

However, based on meetings with the DC Water and discussions with the customer groups, an 18 percent CRIAC shift to sewer volumetric rate was proposed for FY 2020 in order for the rates and charges to be fair and equitable for all customers.

After considering all possible criteria and customer impacts, the Board agreed to a proposal shifting 37 percent cost from the CRIAC to sewer volumetric rate to be phased-in; 18 percent in FY 2020, 28 percent in FY 2021 and 37 percent in FY 2022, effective October 1, 2019.

Recent and Approved Rate and Fee Changes

Clean Rivers Impervious Area Charge Incentive Program Discount

On October 1, 2013, DC Water's Board established the Clean Rivers Area Incentive Program Discount for stormwater best management practices, which provided a 4 percent maximum incentive discount off the chargeable CRIAC for customers that installed certain eligible stormwater best management practices that reduce the amount of stormwater runoff generated from a property.

The general public and DC Water voiced concerns that the Clean Rivers Area Program Discount 4 percent maximum incentive for stormwater was too low and did not incentivize customers to install best management practices.

DC Water's management analyzed and evaluated the Clean Rivers Area Program Discount historical data and determined that it was feasible to increase the CRIAC incentive discount for customers that installed certain eligible stormwater best management practices.

On April 4, 2019, DC Water's Board adopted a proposal to increase the maximum CRIAC incentive discount from 4 percent to 20 percent, effective October 1, 2019.



Approved FY 2026 Rate and Fee Changes



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The Board has approved the following changes in the rates and fees for rate making to be effective from October 1, 2025:

- Water volumetric rates:
 - Residential customers: "Consumption of 0 – 4 Ccf" - water rate increase of \$0.57 per Ccf, {\$0.76 per 1,000 gallons} from \$5.21 per Ccf to \$5.78 per Ccf, {\$7.73 per 1,000 gallons}
 - Residential customers: "Consumption greater than 4 Ccf" - water rate increase of \$0.79 per Ccf, {\$1.06 per 1,000 gallons} from \$6.81 per Ccf to \$7.60 per Ccf, {\$10.16 per 1,000 gallons}
 - Multi-family customers: water rate increase of \$0.65 per Ccf, {\$0.87 per 1,000 gallons} from \$5.82 per Ccf to \$6.47 per Ccf, {\$8.65 per 1,000 gallons}
 - Non-Residential customers: water rate increase of \$0.81 per Ccf, {\$1.08 per 1,000 gallons} from \$7.03 per Ccf to \$7.84 per Ccf, {\$10.48 per 1,000 gallons}
- Sewer rate increase of \$0.45 per Ccf, {\$0.60 per 1,000 gallons} for all classes of customers from \$12.07 per Ccf to \$12.52 per Ccf, {\$16.74 per 1,000 gallons}
- Monthly Customer Metering Fee remains the same at \$7.75 for a 5/8" meter size. The Customer Metering fee varies by size
- Monthly Clean Rivers Impervious Area Charge (CRIAC) increase of \$3.00 from \$21.23 per ERU to \$24.23 per ERU
- Clean Rivers Impervious Area Charge (CRIAC) six-tier residential rate structure is shown in the table below:

Tiers	Residential Impervious Area Range	ERU
Tier 1	100 – 600 sq ft	0.6 ERU
Tier 2	700 – 2,000 sq ft	1.0 ERU
Tier 3	2,100 – 3,000 sq ft	2.4 ERU
Tier 4	3,100 – 7,000 sq ft	3.8 ERU
Tier 5	7,100 – 11,000 sq ft	8.6 ERU
Tier 6	11,100 sq ft and more	13.5 ERU

- The Water System Replacement Fee (WSRF) recovers the cost of 1 percent renewal and replacement program for water service lines. There will be no increase in WSRF. The WSRF varies with meter size. WSRF for 5/8" meter size is \$6.30
- PILOT and Right-of-Way fee – These fees are proposed to increase to recover the full cost of the PILOT and Right-of-Way fees charged to DC Water by the District of Columbia
 - Increase of \$0.01 in the PILOT fee, {\$0.01 per 1000 gallons} to \$0.62 per Ccf, {\$0.83 per 1000 gallons}
 - Increase of \$0.01 in the Right-of-Way (ROW) fee to \$0.20 per Ccf, {\$0.27 per 1,000 gallons}
- These changes increased the typical residential customer's total monthly bill by \$8.94 or 6.5 percent

Approved FY 2027 Rate and Fee Changes



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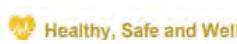
The Board has approved the following changes in the rates and fees for rate making to be effective from October 1, 2026:

- Water volumetric rates:
 - Residential customers: "Consumption of 0 – 4 Ccf" - water rate increase of \$0.71 per Ccf, {\$0.95 per 1,000 gallons} from \$5.78 per Ccf to \$6.49 per Ccf, {\$8.68 per 1,000 gallons}
 - Residential customers: "Consumption greater than 4 Ccf" - water rate increase of \$0.80 per Ccf, {\$1.07 per 1,000 gallons} from \$7.60 per Ccf to \$8.40 per Ccf, {\$11.23 per 1,000 gallons}
 - Multi-family customers: water rate increase of \$0.74 per Ccf, {\$0.99 per 1,000 gallons} from \$6.47 per Ccf to \$7.21 per Ccf, {\$9.64 per 1,000 gallons}
 - Non-Residential customers: water rate increase of \$0.82 per Ccf, {\$1.10 per 1,000 gallons} from \$7.84 per Ccf to \$8.66 per Ccf, {\$11.58 per 1,000 gallons}
- Sewer rate increase of \$0.39 per Ccf, {\$0.52 per 1,000 gallons} for all classes of customers from \$12.52 per Ccf to \$12.91 per Ccf, {\$17.26 per 1,000 gallons}
- Monthly Customer Metering Fee remains the same at \$7.75 for a 5/8" meter size. The Customer Metering fee varies by size
- Monthly Clean Rivers Impervious Area Charge (CRIAC) increase of \$1.27 from \$24.23 per ERU to \$25.50 per ERU
- The Water System Replacement Fee (WSRF) recovers the cost of 1 percent renewal and replacement program for water service lines. There will be no increase in WSRF. The WSRF varies with meter size. WSRF for 5/8" meter size is \$6.30
- PILOT and Right-of-Way fee – These fees are proposed to increase to recover the full cost of the PILOT and Right-of-Way fees charged to DC Water by the District of Columbia
 - There is no increase in the PILOT fee, which remains same at \$0.62 per Ccf, {\$0.83 per 1000 gallons}
 - There is no increase in the Right-of-Way (ROW) fee, which remains same at \$0.20 per Ccf, {\$0.27 per 1,000 gallons}
- 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
- These changes increased the typical residential customer's total monthly bill by \$9.64 or 6.6 percent

Approved FY 2028 Rate and Fee Changes



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The Board has approved the following changes in the rates and fees for rate making to be effective from October 1, 2027:

- Water volumetric rates:
 - Residential customers: "Consumption of 0 – 4 Ccf" - water rate increase of \$0.62 per Ccf, {\$0.83 per 1,000 gallons} from \$6.49 per Ccf to \$7.11 per Ccf, {\$9.51 per 1,000 gallons}
 - Residential customers: "Consumption greater than 4 Ccf" - water rate increase of \$1.00 per Ccf, {\$1.34 per 1,000 gallons} from \$8.40 per Ccf to \$9.40 per Ccf, {\$12.57 per 1,000 gallons}
 - Multi-family customers: water rate increase of \$0.77 per Ccf, {\$1.03 per 1,000 gallons} from \$7.21 per Ccf to \$7.98 per Ccf, {\$10.67 per 1,000 gallons}
 - Non-Residential customers: water rate increase of \$1.05 per Ccf, {\$1.40 per 1,000 gallons} from \$8.66 per Ccf to \$9.71 per Ccf, {\$12.98 per 1,000 gallons}
- Sewer rate increase of \$0.48 per Ccf, {\$0.64 per 1,000 gallons} for all classes of customers from \$12.91 per Ccf to \$13.39 per Ccf, {\$17.90 per 1,000 gallons}
- Monthly Customer Metering Fee remains the same at \$7.75 for a 5/8" meter size. The Customer Metering fee varies by size
- Monthly Clean Rivers Impervious Area Charge (CRIAC) increase of \$1.72 from \$25.50 per ERU to \$27.22 per ERU
- The Water System Replacement Fee (WSRF) recovers the cost of 1 percent renewal and replacement program for water service lines. There will be no increase in WSRF. The WSRF varies with meter size. WSRF for 5/8" meter size is \$6.30
- PILOT and Right-of-Way fee – These fees are proposed to increase to recover the full cost of the PILOT and Right-of-Way fees charged to DC Water by the District of Columbia
 - Increase of \$0.01 the PILOT fee, {\$0.01 per 1000 gallons} to \$0.63 per Ccf, {\$0.84 per 1000 gallons}
 - There is no increase in the Right-of-Way (ROW) fee, which remains the same at \$0.20 per Ccf, {\$0.27 per 1,000 gallons}
- 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
- These changes increased the typical residential customer's total monthly bill by \$8.27 or 5.3 percent

Proposed FY 2027 & FY 2028 Rate and Fee Changes



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The ten-year projected water and sewer rate increases under this year's plan (FY 2026 – FY 2035) totaling 63.50 percent are driven primarily by capital spending for DC Water's \$8.99 billion capital improvement program. The 10-year 63.50 percent rate increase is much less as compared to last year's (FY 2025 – FY 2034) 81.50 percent.

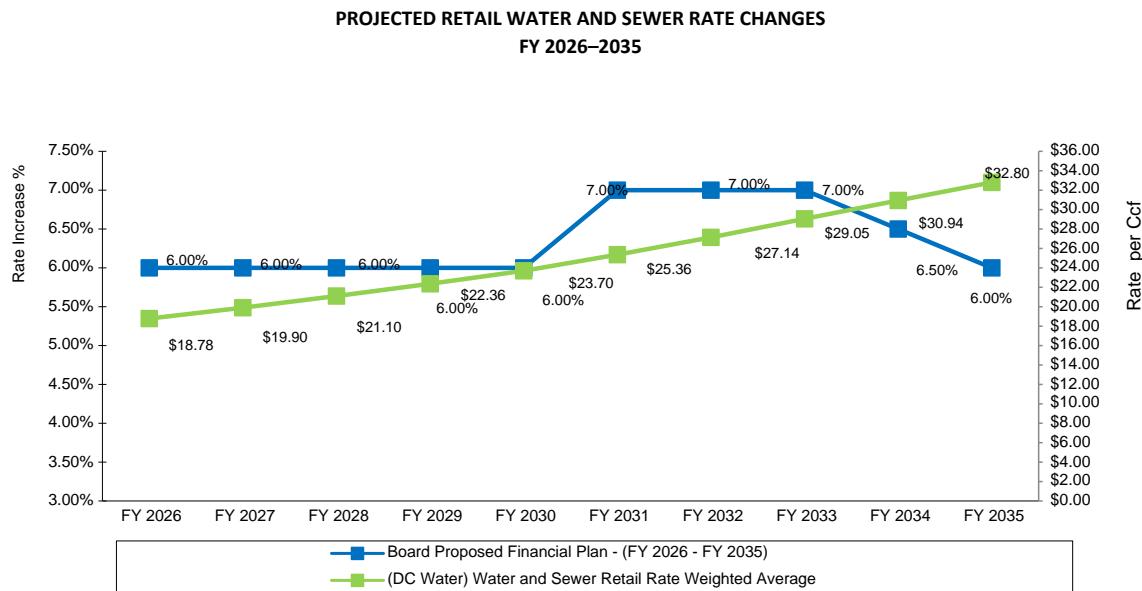
Primary spending in the ten-year capital plan include: the construction of the Potomac River Tunnel in the DC Clean Rivers program to meet the consent decree requirements by 2031, continued investment in the water and sewer infrastructure, and Lead Free DC program, major rehabilitation and upgrades at Blue Plains, advancing the Pure Water DC initiative for water reuse as a second source of water supply. Additionally, the CIP includes DC Water's share of the Washington Aqueduct's critical infrastructure, and various capital equipment projects.

Based on feedback from the new Stakeholder Alliance and discussions with customers about the Clean Rivers Impervious Area Charge (CRIAC) that funds the Clean Rivers Program, the proposal was implemented for FY 2020 to shift 18 percent of the costs for the Clean Rivers program from the CRIAC to the sewer volumetric rate. This was increased to 28 percent in FY 2021 and 37 percent in FY 2022. This was based on an assessment that, on average, 37 percent of the volume in the new tunnels is from wastewater. The proposal to shift CRIAC to volumetric was adopted by the Board.

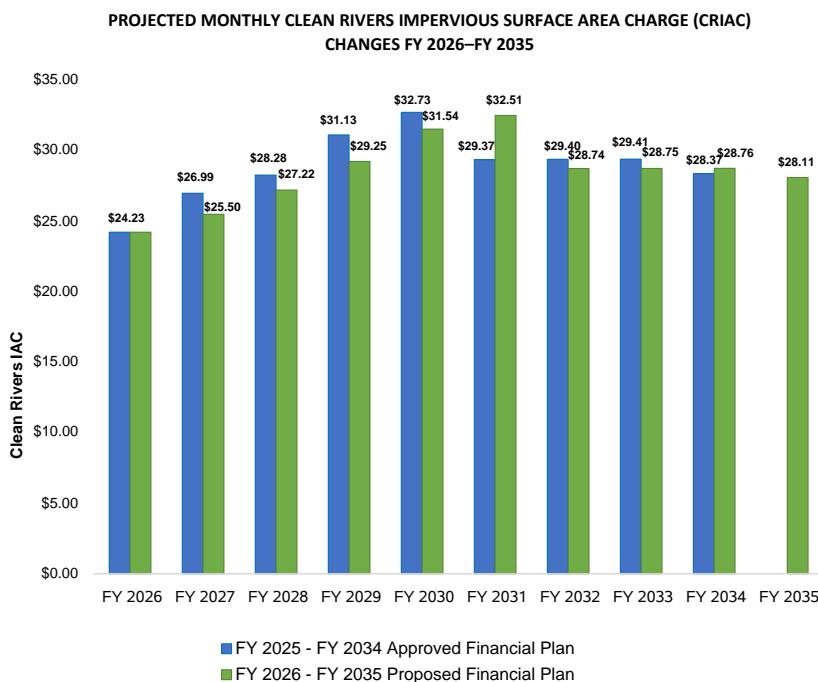
The public outreach and comment process for the rate proposal for FY 2027 and FY 2028 will occur between March and May 2026. With the approval of the rates by DC Water Board, these changes would increase the typical residential customer's monthly bill by \$9.64 or 6.6 percent in FY 2027 and \$8.27 or 5.3 percent in FY 2028.



Recent and Proposed Rate and Fee Changes



- 1) Rates shown above reflect weighted water and sewer rates for Residential customer category
- 2) In FY 2025 proposed water and sewer rate increase of \$1.47 per Ccf, (\$1.97 per 1,000 gallons
 - Combined water and sewer rate increases from \$16.43 to \$17.90 per Ccf
- 3) In FY 2026 approved water and sewer rate increase of \$1.35 per Ccf, (\$1.80 per 1,000 gallons)
 - Combined water and sewer rate increases from \$17.90 to \$19.25 per Ccf
- 4) Rate increase of 8.0 percent for FY 2025 and 6.00 percent for FY 2026



- The projected charges displayed in the chart above are primarily driven by anticipated debt service costs necessary to support the thirty-year \$3.56 billion Clean Rivers Project, which includes the federally mandated CSO-LTCP and the Nine-Minimum Controls Program
- The annual Clean Rivers Project costs for the average Tier 2 residential customer (700 – 2,000 sq. ft. of impervious area) is projected to increase from \$306.00 in FY 2027 to \$337.32 in FY 2035
- The CRIAC shift to sewer volumetric with 18 percent in FY 2020, 28 percent in FY 2021 and 37 percent in FY 2022 and beyond was recommended because it balances infrastructure investment with growth in rates. The shift was based on an assessment that on average 37 percent of volume in the tunnels is from wastewater. The gradual shift helps to avoid rate shock to customers. With the shift the overall household charges increase by 6.6 percent in FY 2027 and 5.3 percent in FY 2028. The CRIAC will increase from \$24.23 to \$25.50 per ERU per month for FY 2027 and increase to \$27.22 per ERU per month for FY 2028.

Recent and Approved Rate and Fee Changes

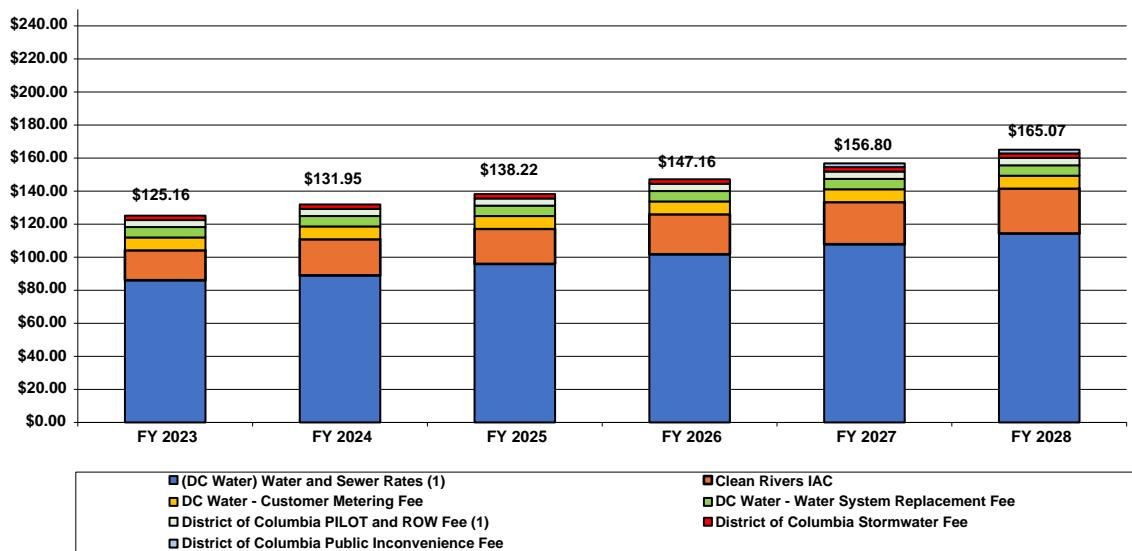


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Average Residential Customer Monthly Bill										
FY 2023 - FY 2028										
	Units	FY 2023	FY 2024	FY 2025	Current	FY 2026	Proposed	FY 2027	Proposed	FY 2028
DC Water Water and Sewer Retail Rates (1)	Ccf	\$ 86.07	\$ 89.03	\$ 95.93	\$ 101.77	\$ 107.86	\$ 110.86	\$ 114.36	\$ 117.86	\$ 121.36
DC Water Clean Rivers IAC (2)	ERU	18.14	21.86	21.23	24.23	25.50	27.22	28.50	30.22	32.22
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75
DC Water Water System Replacement Fee (4)	5/8"	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 118.26	\$ 124.94	\$ 131.21	\$ 140.05	\$ 147.41	\$ 155.63			
Increase / Decrease		\$ 6.89	\$ 6.68	\$ 6.27	\$ 8.84	\$ 7.36	\$ 8.22			
% Increase in DC Water Portion of Bill		6.2%	5.6%	5.0%	6.7%	5.3%	5.6%			
District of Columbia PILOT Fee (1)	Ccf	\$ 3.20	\$ 3.31	\$ 3.31	\$ 3.36	\$ 3.36	\$ 3.41			
District of Columbia Right-of-Way Fee (1)	Ccf	1.03	1.03	1.03	1.08	1.08	1.08			
District of Columbia Public Inconvenience Fee	Ccf	-	-	-	-	2.28	2.28			
District of Columbia Stormwater Fee (3)	ERU	2.67	2.67	2.67	2.67	2.67	2.67			
Subtotal District of Columbia Charges		\$ 6.90	\$ 7.01	\$ 7.01	\$ 7.11	\$ 9.39	\$ 9.44			
Total Amount on DC Water Bill		\$ 125.16	\$ 131.95	\$ 138.22	\$ 147.16	\$ 156.80	\$ 165.07			
Increase / Decrease Over Prior Year		\$ 7.05	\$ 6.79	\$ 6.27	\$ 8.94	\$ 9.64	\$ 8.27			
Percent increase in Total Bill		6.0%	5.4%	4.8%	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 the 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

AVERAGE RESIDENTIAL CUSTOMER MONTHLY BILL
FY 2023 – FY 2028



1. Assumes average monthly consumption of 5.42 Ccf, or 4,054 gallons
 - FY 2025 cost per gallon is a little over \$0.02 (water and sewer rates only)

Recent and Approved Rate and Fee Changes

Average CAP Customer Monthly Bill FY 2023- FY 2028								
	Units	FY 2023	FY 2024	FY 2025	Current	Proposed	Proposed	
					FY 2026	FY 2027	FY 2028	
DC Water Water and Sewer Retail Rates (1)	Ccf	\$ 86.07	\$ 89.03	\$ 95.93	\$ 101.77	\$ 107.86	\$ 114.36	
DC Water Clean Rivers IAC	ERU	18.14	21.86	21.23	24.23	25.50	27.22	
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75	7.75	7.75	7.75	
DC Water Water System Replacement Fee	5/8"	6.30	6.30	6.30	6.30	6.30	6.30	
Subtotal DC Water Rates & Charges		\$ 118.26	\$ 124.94	\$ 131.21	\$ 140.05	\$ 147.41	\$ 155.63	
Increase / Decrease		\$ 6.89	\$ 6.68	\$ 6.27	\$ 8.84	\$ 7.36	\$ 8.22	
Percent Increase in DC Water Portion of Bill		6.2%	5.6%	5.0%	6.7%	5.3%	5.6%	
District of Columbia PILOT Fee (1)	Ccf	\$ 3.20	\$ 3.31	\$ 3.31	\$ 3.36	\$ 3.36	\$ 3.41	
District of Columbia Right-of-Way Fee (1)	Ccf	1.03	1.03	1.03	1.08	1.08	1.08	
District of Columbia Public Inconvenience Fee	Ccf	-	-	-	-	2.28	2.28	
District of Columbia Stormwater Fee (4)	ERU	2.67	2.67	2.67	2.67	2.67	2.67	
Subtotal District of Columbia Charges		\$ 6.90	\$ 7.01	\$ 7.01	\$ 7.11	\$ 9.39	\$ 9.44	
Total Amount		\$ 125.16	\$ 131.95	\$ 138.22	\$ 147.16	\$ 156.80	\$ 165.07	
Less: CAP Discount (4 Ccf per month) (1), (2)		-65.28	-67.52	-72.32	-76.48	-80.88	-85.32	
Water System Replacement Fee (WSRF) (3)		(6.30)	(6.30)	(6.30)	(6.30)	(6.30)	(6.30)	
Clean Rivers IAC (5)		(13.61)	(16.40)	(15.92)	(18.17)	(19.13)	(20.42)	
Total Amount Appearing on DC Water Bill		\$ 39.97	\$ 41.73	\$ 43.68	\$ 46.21	\$ 50.49	\$ 53.03	
Increase / Decrease Over Prior Year		\$ 2.04	\$ 1.76	\$ 1.95	\$ 2.53	\$ 4.28	\$ 2.54	
CAP Customer Discount as a Percent of Total Bill		-68.1%	-68.4%	-68.4%	-68.6%	-67.8%	-67.9%	

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

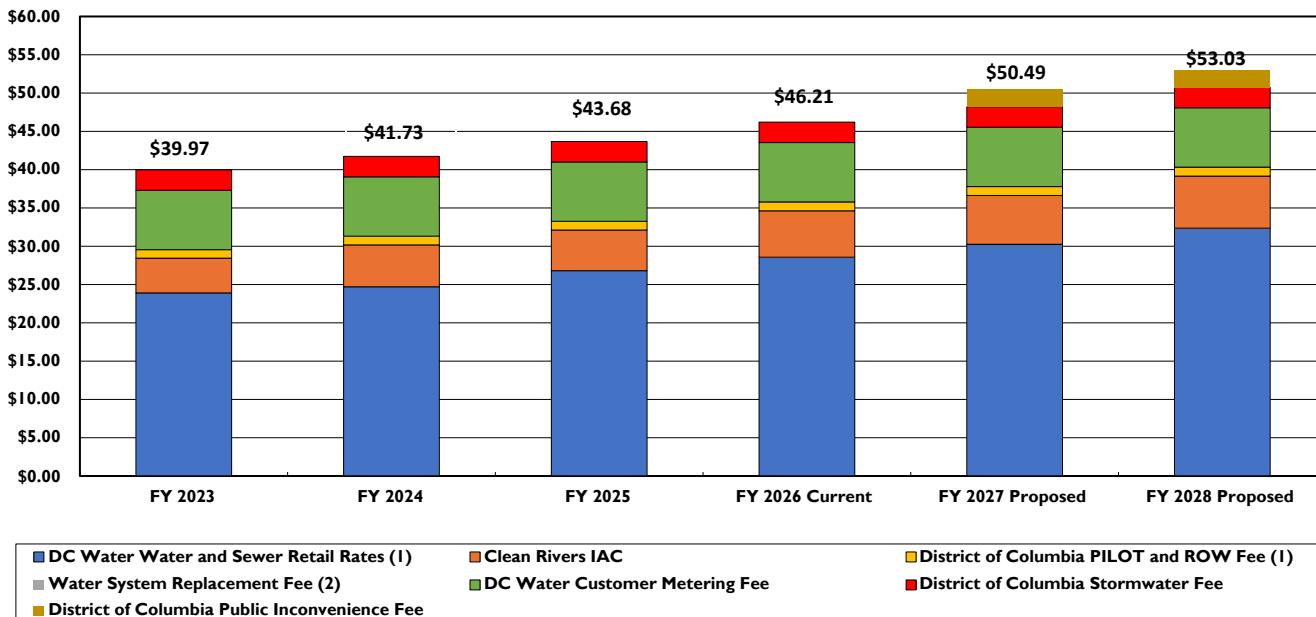
(2) Expansion of CAP program in FY 2009 assumes discount to first 4 Ccf of Water and Sewer and to first 4 Ccf of PILOT and ROW in FY 2011

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

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

(5) Assumes 75 percent discount for FY 2023 to FY 2028 for the Clean Rivers IAC

AVERAGE CAP CUSTOMER MONTHLY BILL
FY 2023 – FY 2028



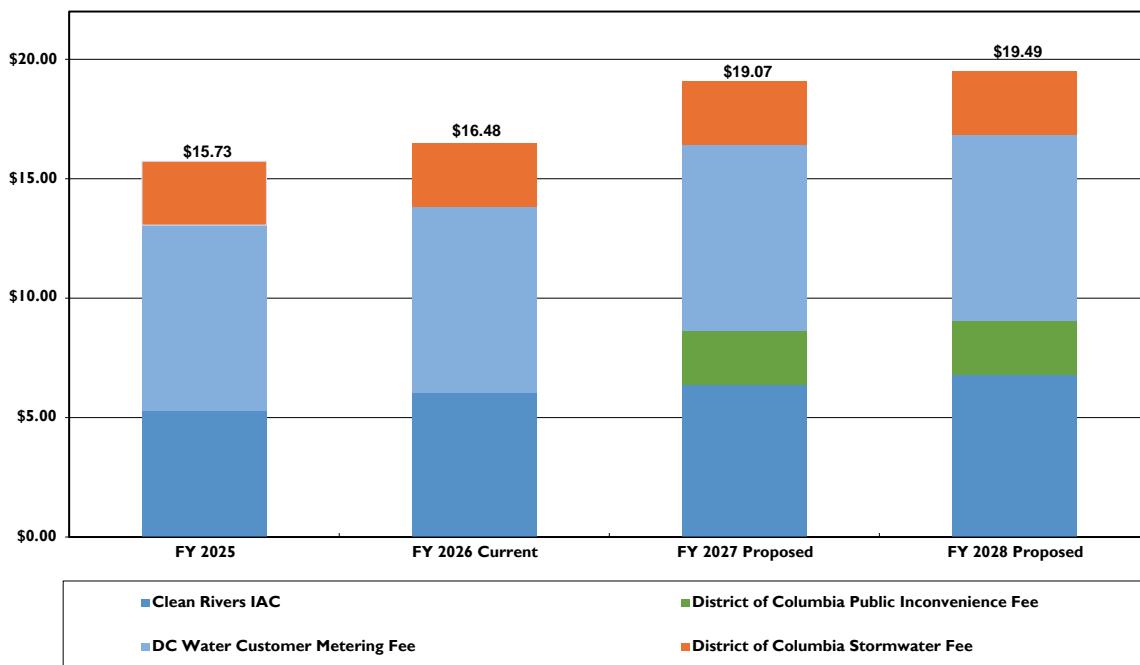
- (1) Assumes average monthly consumption of 5.42 Ccf, or 4,054 gallons
 - FY 2027 & FY 2028 cost per gallon is a little over \$0.02 (water and sewer rates only)
- (2) Assumes 100 percent discount for Water System Replacement Fee (WSRF) to CAP customers, therefore, WSRF is not shown in the above graph
- (3) Assumes 75 percent credit for FY 2023 to FY 2028 for the Clean Rivers Impervious Area Charge (CRIAC)

Recent and Approved Rate and Fee Changes

Average CAP+ Customer Monthly Bill FY 2025- FY 2028							
	Units	FY 2025		Current FY 2026		Proposed FY 2027	Proposed FY 2028
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 95.93	\$ 101.77	\$ 107.86	\$ 114.36		
DC Water Clean Rivers IAC	ERU	21.23	24.23	25.50	27.22		
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75	7.75		
DC Water Water System Replacement Fee	5/8"	6.30	6.30	6.30	6.30		
Subtotal DC Water Rates & Charges		\$ 131.21	\$ 140.05	\$ 147.41	\$ 155.63		
Increase / Decrease		\$ 6.27	\$ 8.84	\$ 7.36	\$ 8.22		
Percent Increase in DC Water Portion of Bill		5.0%	6.7%	5.3%	5.6%		
District of Columbia PILOT Fee ⁽¹⁾	Ccf	3.31	3.36	3.36	3.41		
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	1.03	1.08	1.08	1.08		
District of Columbia Right of Way / PILOT Fee		4.34	4.44	4.44	4.49		
District of Columbia Public Inconvenience Fee	Ccf	-	-	2.28	2.28		
District of Columbia Stormwater Fee ⁽⁴⁾	ERU	2.67	2.67	2.67	2.67		
Subtotal District of Columbia Charges		\$ 7.01	\$ 7.11	\$ 9.39	\$ 9.44		
Total Amount		\$ 138.22	\$ 147.16	\$ 156.80	\$ 165.07		
Less: CAP Discount (5.42 Ccf per month) ^{(1), (2)}		(100.27)	(106.21)	(112.30)	(118.86)		
Water System Replacement Fee (WSRF) ⁽³⁾		(6.30)	(6.30)	(6.30)	(6.30)		
Clean Rivers IAC ⁽⁴⁾		(15.92)	(18.17)	(19.13)	(20.42)		
Total Amount Appearing on DC Water Bill		\$ 15.73	\$ 16.48	\$ 19.07	\$ 19.49		
Increase / Decrease Over Prior Year		- \$ 0.75	- \$ 2.59	- \$ 0.42			
Percent increase in Total Bill		-88.6%	-88.8%	-87.8%	-88.2%		

(1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)
 (2) Expansion of CAP+ program in FY 2025 assumes CAP discount plus additional 2 Ccf discount on Water and Sewer, PILOT and ROW
 (3) Assumes 100 percent discount for Water System Replacement Fee (WSRF) to CAP customers effective October 1, 2015
 (4) Assumes 75% discount for the Clean Rivers IAC effective October 1, 2020.

**AVERAGE CAP+ CUSTOMER MONTHLY BILL
FY 2025 – FY 2028**



Recent and Approved Rate and Fee Changes

Average CAP2 Customer Monthly Bill									
FY 2023 - FY 2028									
	Units	FY 2023	FY 2024	FY 2025	Current FY 2026	Proposed FY 2027	Proposed FY 2028		
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 86.07	\$ 89.03	\$ 95.93	\$ 101.77	\$ 107.86	\$ 114.36		
DC Water Clean Rivers IAC	ERU	18.14	21.86	21.23	24.23	25.50	27.22		
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75	7.75	7.75	7.75		
DC Water Water System Replacement Fee	5/8"	6.30	6.30	6.30	6.30	6.30	6.30		
Subtotal DC Water Rates & Charges		\$ 118.26	\$ 124.94	\$ 131.21	\$ 140.05	\$ 147.41	\$ 155.63		
Increase / Decrease		\$ 6.89	\$ 6.68	\$ 6.27	\$ 8.84	\$ 7.36	\$ 8.22		
Percent Increase in DC Water Portion of Bill		6.2%	5.6%	5.0%	6.7%	5.3%	5.6%		
District of Columbia PILOT Fee	Ccf	\$ 3.20	\$ 3.31	\$ 3.31	\$ 3.36	\$ 3.36	\$ 3.41		
District of Columbia Right-of-Way Fee	Ccf	1.03	1.03	1.03	1.08	1.08	1.08		
District of Columbia Public Inconvenience Fee	Ccf	-	-	-	-	2.28	2.28		
District of Columbia Stormwater Fee	ERU	2.67	2.67	2.67	2.67	2.67	2.67		
Subtotal District of Columbia Charges		\$ 6.90	\$ 7.01	\$ 7.01	\$ 7.11	\$ 9.39	\$ 9.44		
Total Amount		125.16	131.95	138.22	147.16	156.80	165.07		
Less: CAP2 Discount (3 Ccf per month) ⁽²⁾		(46.62)	(48.24)	(51.84)	(54.90)	(58.20)	(61.50)		
Clean Rivers IAC ⁽³⁾		(9.07)	(10.93)	(10.62)	(12.12)	(12.75)	(13.61)		
Total Amount Appearing on DC Water Bill		69.47	72.78	75.76	80.14	85.85	89.96		
Increase / Decrease Over Prior Year		\$ 3.37	\$ 3.31	\$ 2.98	\$ 4.38	\$ 5.71	\$ 4.11		
Customer Discount as a Percent of Total Bill		-44.5%	-44.8%	-45.2%	-45.5%	-45.2%	-45.5%		

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

(2) Expansion of CAP2 program in FY 2019 and onwards assumes discount to first 3 Ccf of Water and Sewer

(3) Expansion of CAP2 program in FY 2019 and onwards assumes 50 percent discount for the Clean Rivers IAC

Average CAP3 Customer Monthly Bill									
FY 2023- FY 2028									
	Units	FY 2023	FY 2024	FY 2025	Current FY 2026	Proposed FY 2027	Proposed FY 2028		
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 86.07	\$ 89.03	\$ 95.93	\$ 101.77	\$ 107.86	\$ 114.36		
DC Water Clean Rivers IAC	ERU	18.14	21.86	21.23	24.23	25.50	27.22		
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75	7.75	7.75	7.75		
DC Water Water System Replacement Fee	5/8"	6.30	6.30	6.30	6.30	6.30	6.30		
Subtotal DC Water Rates & Charges		\$ 118.26	\$ 124.94	\$ 131.21	\$ 140.05	\$ 147.41	\$ 155.63		
Increase / Decrease		\$ 6.89	\$ 6.68	\$ 6.27	\$ 8.84	\$ 7.36	\$ 8.22		
District of Columbia PILOT Fee	Ccf	\$ 3.20	\$ 3.31	\$ 3.31	\$ 3.36	\$ 3.36	\$ 3.41		
District of Columbia Right-of-Way Fee	Ccf	1.03	1.03	1.03	1.08	1.08	1.08		
District of Columbia Public Inconvenience Fee	Ccf					2.28	2.28		
District of Columbia Stormwater Fee	ERU	2.67	2.67	2.67	2.67	2.67	2.67		
Subtotal District of Columbia Charges		6.90	7.01	7.01	7.11	9.39	9.44		
Total Amount		\$ 125.16	\$ 131.95	\$ 138.22	\$ 147.16	\$ 156.80	\$ 165.07		
Less: CAP3 Discount Clean Rivers IAC ⁽²⁾		(13.61)	(16.40)	(15.92)	(18.17)	(19.13)	(20.42)		
Total Amount Appearing on DC Water Bill		111.55	115.55	122.30	128.99	137.67	144.65		
Increase / Decrease Over Prior Year		\$ 7.24	\$ 4.00	\$ 6.75	\$ 6.69	\$ 8.68	\$ 6.98		
Percent increase in Total Bill		-10.9%	-12.4%	-11.5%	-12.3%	-12.2%	-12.4%		

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

(2) Expansion of CAP3 program in FY 2019 assumes 75 percent discount for the Clean Rivers IAC

Why Rate Increases Are Needed

FY 2026 – FY 2035 FINANCIAL PLAN

As shown in the chart below, incremental increases in retail revenues are projected to range from \$28.0 million to \$55.3 million in FY 2027 – FY 2035, due to:

- Average annual debt service increase of 7.5 percent
- Average annual O&M increase of 4.1 percent
- Annual projected Payment-in-Lieu of Taxes (PILOT) and Right-of-Way (ROW) increases due to DC Government increasing costs of providing services to the District
- This year's ten-year plan reflects increases in operating and maintenance and increases in debt service cost associated with DC Water's Capital Improvement Program (CIP).

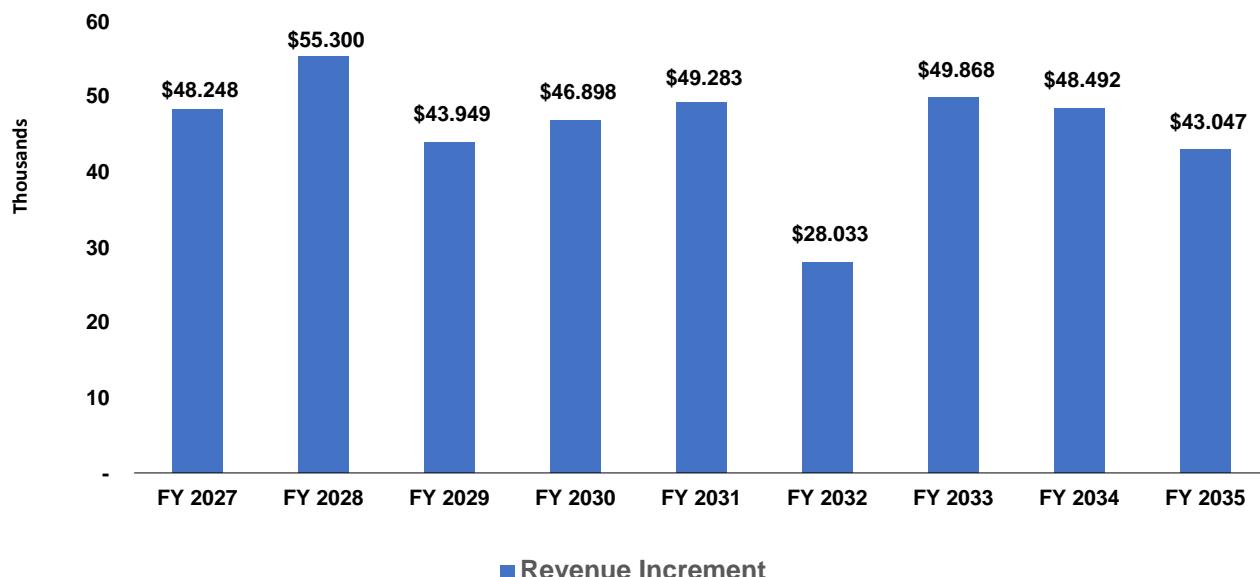
These costs would be recovered through:

- Proposed water and sewer rate increase of 6.0 percent in FY 2027 and 6.0 percent to 7.0 percent from FY 2028 to FY 2035.
- Proposed Clean Rivers Impervious Surface Area Charge (CRIAC) revenues ranging from \$25.50 to \$32.51 per ERU per month
- Proposed DC PILOT fee increases of 2 percent in accordance with the current MOU dated September 4, 2014, to recover the amount of PILOT payment obligation to the District of Columbia
- The ROW fee will remain the same at \$5.1 million per annum in accordance with the current MOU signed on October 2, 2014 to recover the amount of ROW payment obligation to the District of Columbia
- No Rate Stabilization Fund is projected to be utilized for FY 2027 to FY 2035 to offset retail rate increases.
- A new Public Inconvenience Fee will be effective October 1, 2026 (FY 2027) to recover the charges by the District Government to recover the fees associated with occupancy permits when construction projects in public spaces extend beyond 30 days.

INCREMENTAL INCREASE IN REVENUE

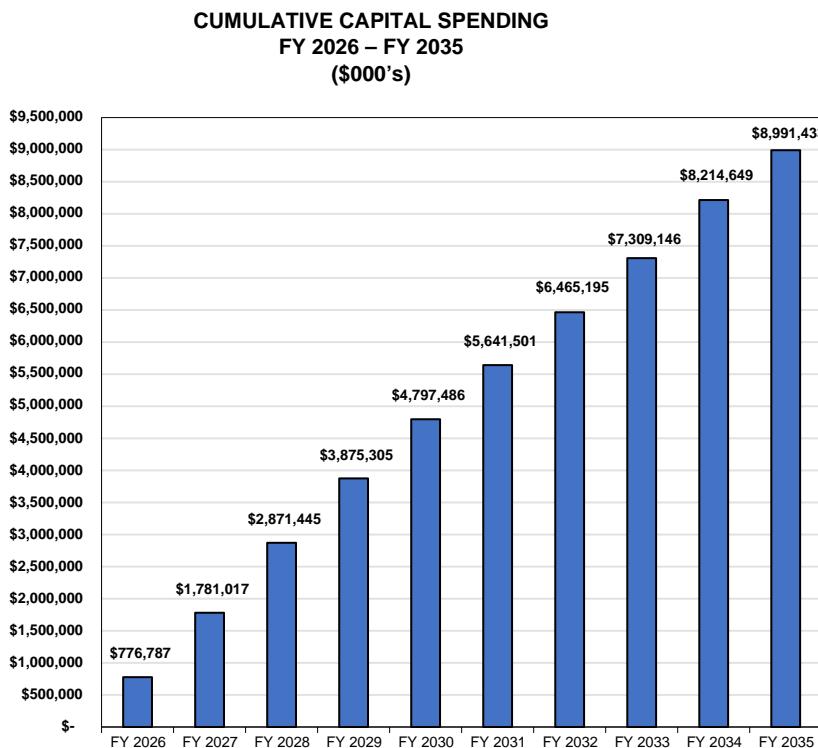
FY 2027 – FY 2035

(\$000's)



Why Rate Increases Are Needed

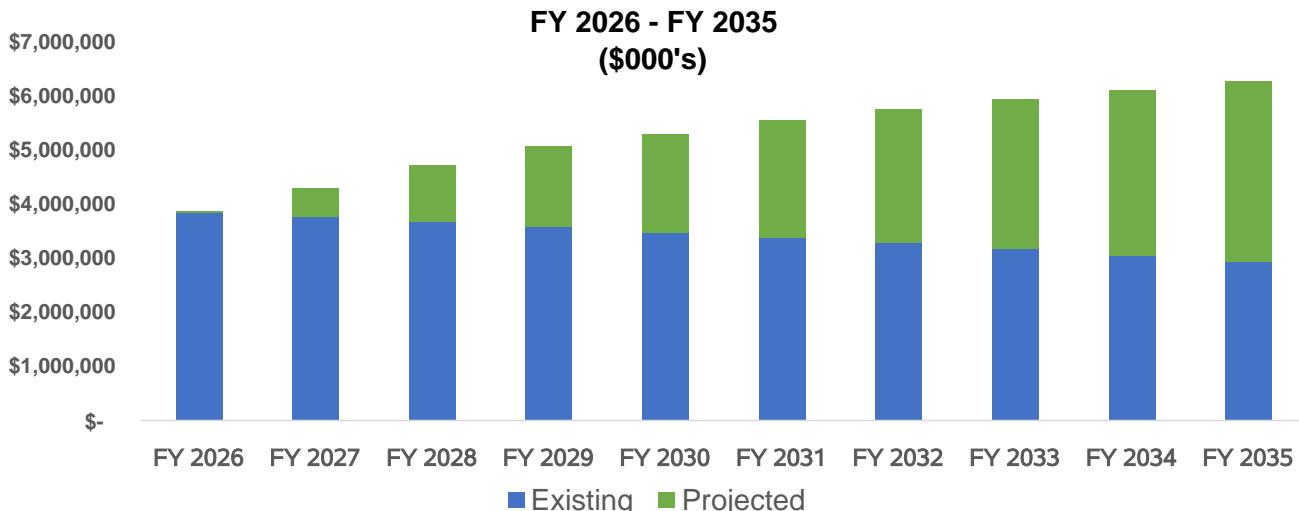
DC Water's Proposed rate increases are primarily required to fund increasing debt service costs from increased capital spending.



Note: All capital items have been factored at 90 percent except DC Clean Rivers Program, Combined Sewer Overflow Program, Capital Equipment, Meter Replacement/AMR, and Washington Aqueduct

- DC Water's ten-year capital improvement program totals \$8.99 billion, with annual spending ranging from \$776.80 million to \$1,090.43 million
- Once completed, the ten-year capital improvement project will double the book value of DC Water's infrastructure
- The ten-year plan includes disbursements of the Clean Rivers Project (CSO LTCP), totaling nearly \$1.15 billion exclusive of nine minimum controls
- Water and sewer infrastructure and the Lead Free DC program continue to drive the ten-year Capital Improvement Plan from FY 2026 through FY 2035

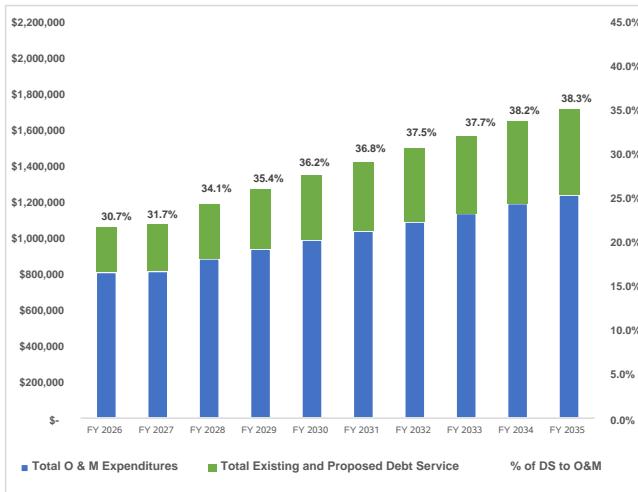
NEW & EXISTING DEBT OUTSTANDING



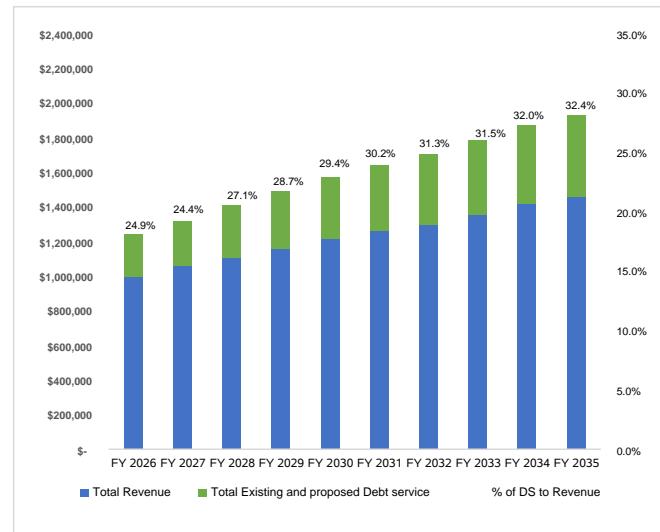
- The largest source of funding for DC Water's capital program is debt
- Over the next ten years, DC Water will issue approximately \$3.3 billion in new debt (which includes the funding of reserves and costs of issuance), increasing total debt outstanding to \$6.2 billion at the end of FY 2035.

Why Rate Increases Are Needed

DEBT SERVICE AS PERCENT OF TOTAL OPERATING & MAINTENANCE EXPENDITURES
FY 2026 – FY 2035
(\$000's)



DEBT SERVICE AS PERCENT OF TOTAL OPERATING REVENUES
FY 2026 – FY 2035
(\$000's)



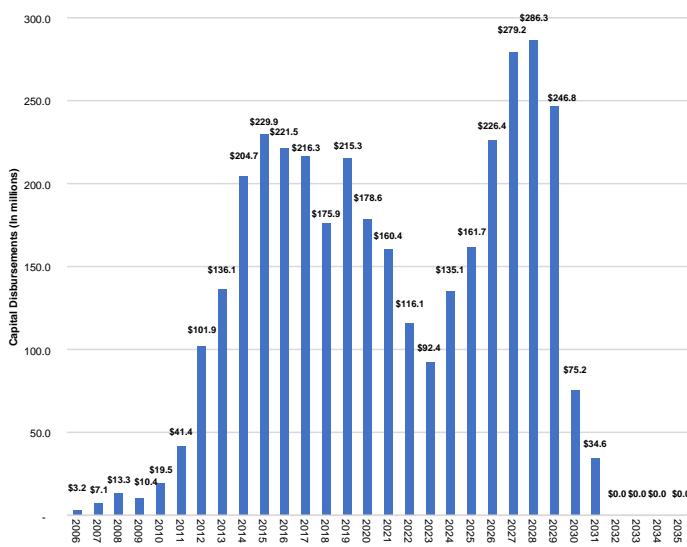
OPERATING & DEBT SERVICE EXPENDITURES FY 2026 – FY 2035

Over the ten-year period, total expenditures increase on average by 5.4 percent annually

DC Water's proposed rate increases are primarily required to fund increasing debt service costs

- Operations and maintenance expenditures (excluding the payment-in-lieu of taxes and right-of-way fee) increase on average by 4.1 percent annually
- Debt service expenditures grow at an annual average rate of 7.5 percent
- This year's ten-year plan reflects increases in operating and maintenance and increases in debt service costs associated with DC Water's Capital Improvement Program (CIP)

POTENTIAL IMPACT OF CSO LONG-TERM CONTROL PLAN ON RATES
Clean Rivers CSO LTCP Disbursement by Fiscal Year



In December 2004, the Board reached an agreement with the federal government on the Clean Rivers Project (CSO-LTCP) and entered into a related consent decree. Actual and projected disbursements by fiscal year for the Clean Rivers Project are shown in the chart above and are the drivers for changes in the Clean Rivers Impervious Area Charge over the ten-year plan. Wholesale customers contribute 7.1 percent to the Clean Rivers Project. To mitigate impacts, DC Water continues to look for federal support for this program. As of September 30, 2025, \$308.8 million has been received through federal appropriations. Lifetime capital costs for the plan (exclusive of the nine-minimum controls program) total approximately \$3.56 billion, and this year's proposed ten-year plan includes \$1.15 billion of projected Clean Rivers Project disbursements.

CUSTOMER ASSISTANCE PROGRAMS (CAP)

Leak assessment program (start 10/1/25)

20% MFI **CAP+**

60% SFI **CAP**

80% MFI **CAP2**

100% MFI **CAP3**

CRIAC non-profit

- Discount on the first 600 cubic feet of water and sewer services
- 75% reduction in the monthly CRIAC + WSRF waiver
- \$130.68/month discount

- Discount on the first 400 cubic feet of water and sewer services
- 75% reduction in the monthly CRIAC + WSRF waiver
- \$100.95/month discount

- Discount on the first 300 cubic feet of water and sewer services
- 50% reduction in the monthly CRIAC
- \$67.02/month discount

- Discount of 75% off the monthly CRIAC
- \$18.17/month discount

- Eligible non-profit organizations with Clean Rivers Impervious Area Charge (CRIAC)
- Discount of up to 90% off the monthly CRIAC

Lifeline Rate

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

Payment Plan Incentive Program

- 50% credit for on-time payments according to payment plans and the program rules

Leak Assessment Program

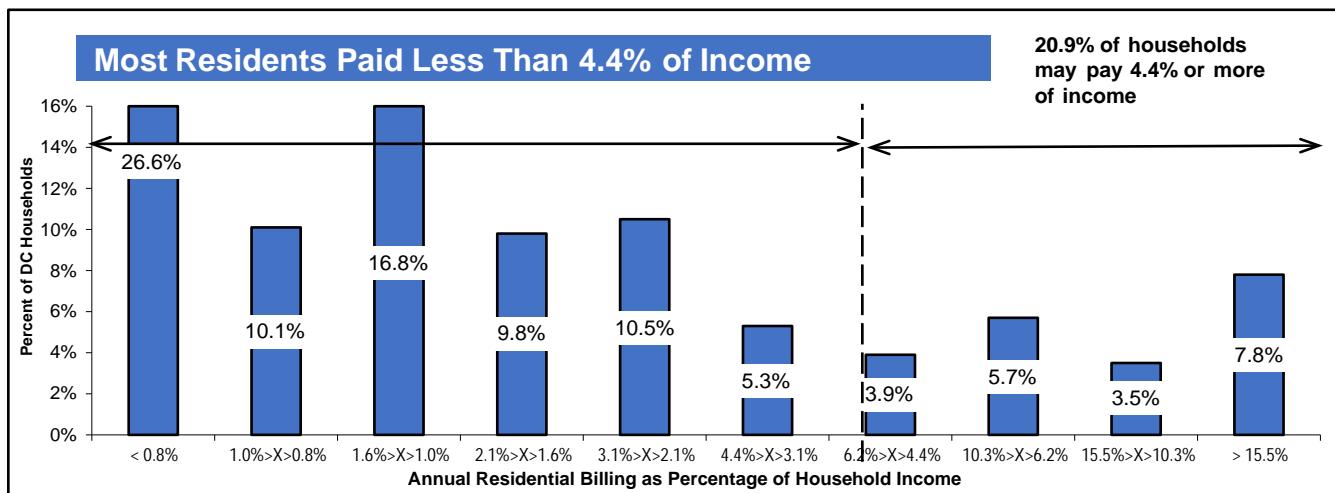
- DC Water offers resources to CAP+, CAP and CAP2 customers leak assessment to help them identify the source of leaks and high usage

SPLASH

- \$350 payment towards bill
- Donations from customers, employees, Board Members and others

Affordability Of Retail Rates

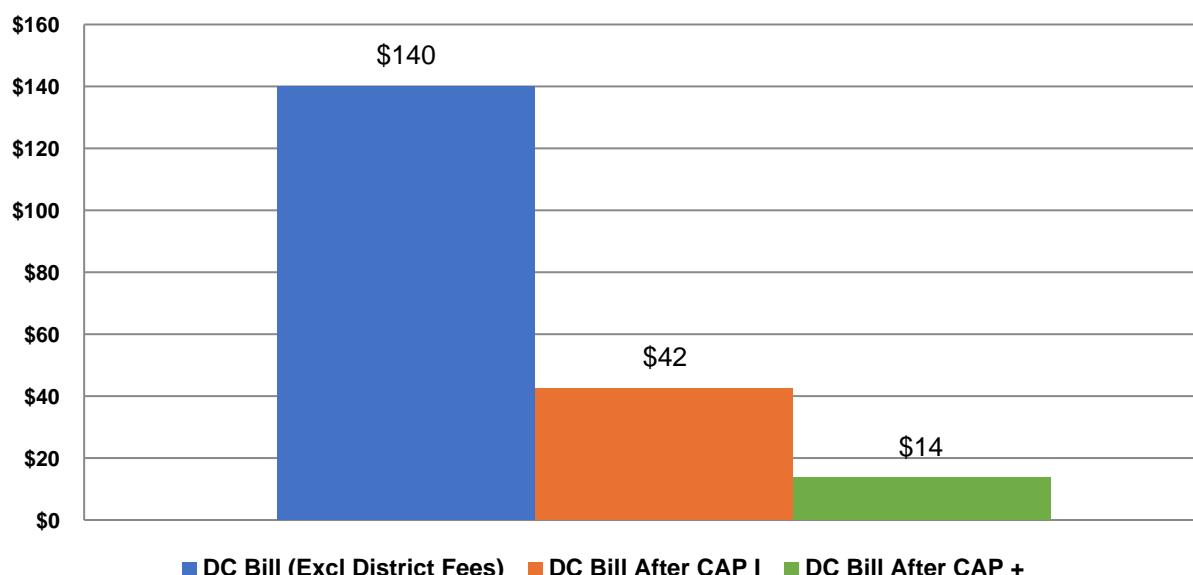
DC WATER CHARGES ARE STILL AFFORDABLE AND COMPETITIVE WITH OTHER MAJOR CITIES



Median household income: The average DC Water charges are less than 4.4% of income for 79.1% of the households in the District of Columbia. US EPA guidelines suggest that charges greater than 4% of household income are typically viewed as a strain on household budgets (2% water + 2% sewer)

Customer Assistance Programs are in place to help eligible low-income customers with their water/sewer bills

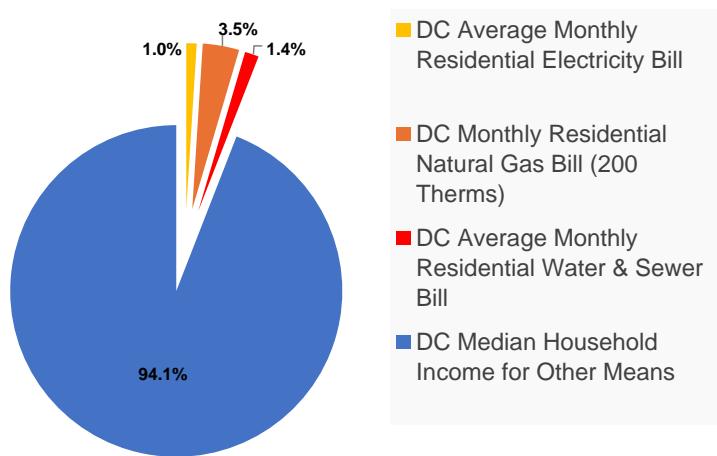
FY 2026 Single-Family Residential Average Monthly Bill with and Without CAP Credits



- A family of 4 at the 2025 Federal Poverty level spends 0.5% and 1.6% of income on DC Water bills, respectively, after CAP + and CAP I credits.

Affordability Of Retail Rates

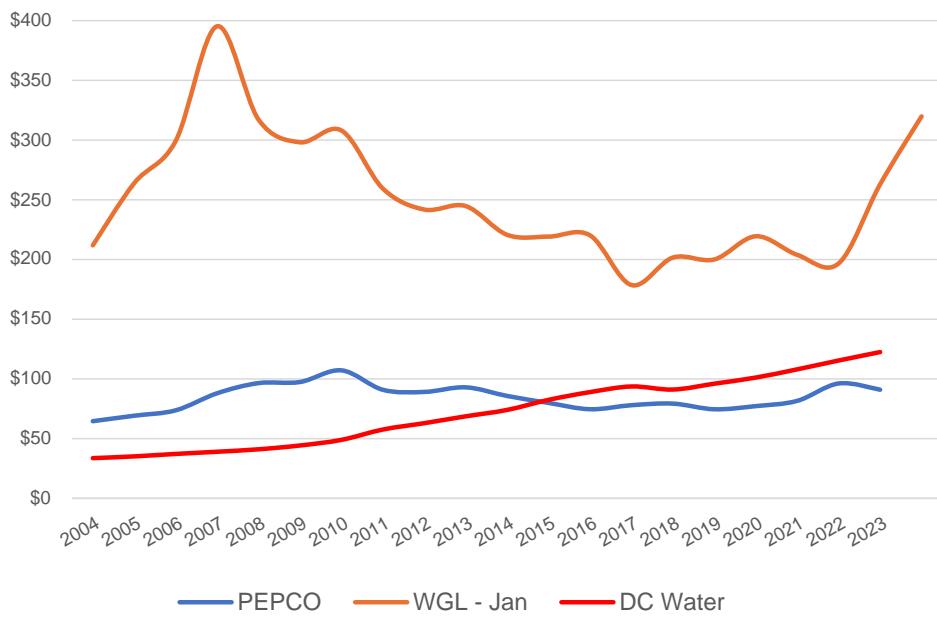
2023 Monthly DC Median Household Income



Observation:

DC Water's average monthly residential water & sewer bill is about 1.4% of the total monthly household income for the median income family, lower than the winter monthly estimated natural gas bill and somewhat higher than the estimated electricity bill.

Monthly Residential Utility Bills



Observation:

- The average winter monthly natural gas bill is higher than water & sewer bills

Assumption:

- DC Water customer is assumed to use 6.69 Ccf of water through 2015, 6.20 Ccf of water in 2016 and 2017, and 5.42 Ccf of water starting in 2018 and onward, WGL customer is assumed to use 200 Therms of natural gas for January.
- Average residential electricity usage was 586 kWh of electricity per month for PEPCO customers in 2023

Source: District of Columbia Public Service Commission and DC Water

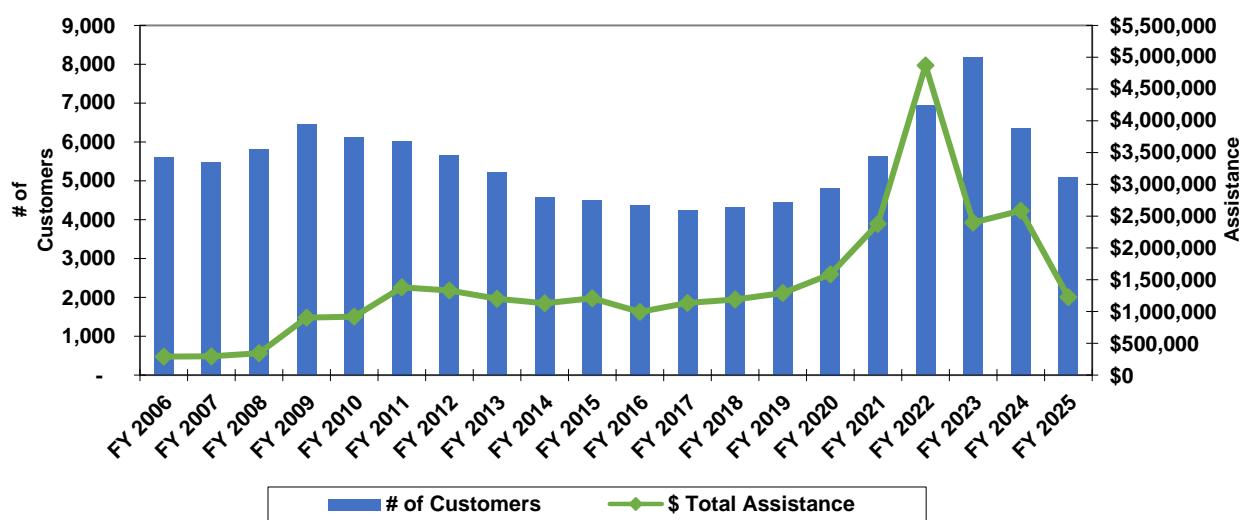
Affordability Of Retail Rates

DC Water sponsors several programs to assist low-income customers in paying their water bills:

Customer Assistance Program (CAP): The Authority implemented the CAP in 2001 providing a discount of 4 Ccf per months of water service for single family residential homeowners that meet income eligibility guidelines. In FY 2004, the Authority expanded the CAP to include tenants who meet the financial eligibility requirements and whose primary residence is separately metered by the Authority. In January 2009, the Authority further expanded the CAP to provide a discount of 4 Ccf per month of sewer services to eligible customers. In FY 2011, the discount was expanded to the first 4 Ccf associated with the PILOT/ROW fee in addition to the current discount provided on water and sewer services. In FY 2016, the CAP discount was expanded to include a 100 percent credit/discount for the Water System Replacement Fee (WSRF). In FY 2017, the Authority further expanded the CAP to include 50 percent discount for CRIAC. In FY 2018, the District of Columbia's Budget Support Act authorized the Mayor to establish a financial assistance program to assist residential customers with incomes "not exceeding 100 percent of the area median income" with payment of CRIAC and to supplement the financial assistance programs implemented by DC Water. In FY 2020, the Board approved the increase in CRIAC discount for CAP customers from 50 percent to 75 percent effective from FY 2021. In FY 2022, CAP assisted over 6,943 customers and provided \$4,871,357 in discounts to low-income customers.

The assisted dollar amounts were high in FY 2021 and FY 2022 because the number of registered customers increased. Additionally, in FY 2022, the Board approved to waive recertification requirements for FY 2021 CAP customers for FY 2022, which resulted in an increase in CAP customers and discounts. In FY 2025, CAP assisted 5,086 customers and provided \$1,225,594 in discounts to low-income customers. 2177 CAP customers enrolled in CAP+, which was introduced in FY 2025 with eligibility of 20% MHI, and received discounts of \$1,537,636.

Customer Assistance Program



Affordability Of Retail Rates

The following terms are defined:

Customer Assistance Program (CAP) – Existing program that uses LIHEAP (Low Income Home Energy Assistance Program) criteria to provide DC Water-funded discounts to low-income residential customers with incomes greater than 20% up to 60 percent of the State Median Income (SMI from Health and Human Services (HHS)). Eligible customers receive discount for first 4 Ccf of water and sewer services, PILOT and ROW, 100 percent discount for the Water System Replacement Fee (WSRF) and 75 percent discount for the CRIAC

Customer Assistance Program Plus (CAP+) – A new program started in FY 2025, which provides greater assistance to customers with 20% MHI. Eligible customers receive discount for first 6 Ccf of water and sewer, PILOT and ROW, 100 percent discount for Water System Replacement Fee and 75 percent discount for CRIAC. In FY 2025, CAP+ assisted 2,177 and provided \$1,537,636 in discounts to low-income customers.

Customer Assistance Program II (CAP2) – In FY 2019, DC Water expanded the CAP program for low-income residential customers who do not qualify for CAP with household income greater than 60 percent up to 80 percent Area Median Income (AMI). Eligible customers receive a discount of up to 3 Ccf per month for water and sewer services and a 50 percent discount for CRIAC. On March 5, 2020, DC Water's Board adopted a proposal to amend regulations to make the CAP2 program permanent. In FY 2025, CAP2 assisted 490 customers and provided \$102,654 in discounts.

Customer Assistance Program III (CAP3) – A District-funded program to provide benefits to DC Water customers with household income greater than 80 percent and up to 100 percent Area Median Income (AMI) who do not qualify for CAP or CAP2. Eligible customers receive a 75 percent discount for CRIAC. In FY 2025, CAP3 assisted 51 customers and provided \$5,749 in discounts.

CRIAC (Clean Rivers Impervious Area Charge) Non-profit Relief Program – A District- funded program to provide CRIAC credits to non-profit organizations as determined by the District Department of the Environment (DOEE). Eligible customers receive up to 90 percent discount for CRIAC. In FY 2025, Nonprofit Relief Program assisted 193 non-profit organizations and provided \$900,902 in discounts.

New Customer Assistance Programs to Mitigate the Impact of COVID-19:

The COVID-19 pandemic impacted DC Water with declines in commercial, federal, and municipal consumption and increases in delinquencies which impacted revenue. In response, DC Water took several strategic and cost reduction initiatives. This included delaying non-critical purchases and activities and pausing some hiring as well as modifying operations to protect staff by arranging work from home for most employees. DC Water also assessed its critical infrastructure needs and balanced it to its revenue challenges and continued to invest in critical capital programs based on priority. Additionally, DC Water also took initiatives to help our customers during the pandemic by reconnecting customers previously disconnected for non-payment, waiving late fees, pausing placing liens, arranging payment plans, and partnering with the District for emergency assistance for those impacted by COVID-19.

Affordability Of Retail Rates

On September 3, 2020, DC Water's Board of Director's adopted Resolution #20-65, where the Board approved directing \$15.0 million from the Authority's projected net cash surplus for FY 2020 to the Customer Assistance Program low-income customers:

- \$3.0 million to continue the Emergency Residential Relief Program (ERRP) in FY 2021 to provide one-time assistance to customers impacted by COVID; Assistance up to \$2,000 per residential customer;
- \$7.0 million for a new program to provide one-time assistance to multi-family buildings where occupants have been negatively impacted by COVID and payment plans are established and adhered to; assistance amount to be determined and provided per affordable unit, and will be on matching basis;
- The \$5.0 million held for FY 2022 targeted assistance for customer in need

The \$5.0 million held for FY 2022 targeted assistance was allocated to the CAP, RAP and MAP programs to assist customers in FY 2022.

DC Water Cares, Residential Assistance Program (RAP) - In FY 2020 DC Water established a \$3.0 million program to continue the EERRP in FY 2021 to provide one-time assistance of up to \$2,000 to residential customers. RAP was extended to FY 2022, FY 2023 and FY 2024. In FY 2024, RAP assisted 1,660 customers and provided \$1,105,135. The RAP program ended in FY 2024.

DC Water Cares, Multi-family Assistance Program (MAP) - A \$7.0 million program to provide onetime assistance to multifamily buildings where occupants have been negatively impacted by COVID-19. Payment plans are established and adhered to; assistance amounts are determined and provided per affordable unit and will be on matching basis. MAP was extended to FY 2022 and FY 2023. In FY 2022, MAP assisted 131 customers (4,313 units) and provided \$1,880,830. In FY 2023, MAP assisted 133 customers (3,038 Units) and provided \$2,137,750. The MAP program ended in September 2023.

LIHWAP (Low Income Household Water Assistance Program) - Provides funds to assist low-income households with water and wastewater bills. In FY 2024, LIHWAP assisted 642 customers and provided \$283,116. The funding was exhausted in FY2024.

Leak Assessment Program - Offer resources to CAP+, CAP and CAP2 customers that will provide private side leak assessment to help them identify the source of leaks and high usage.

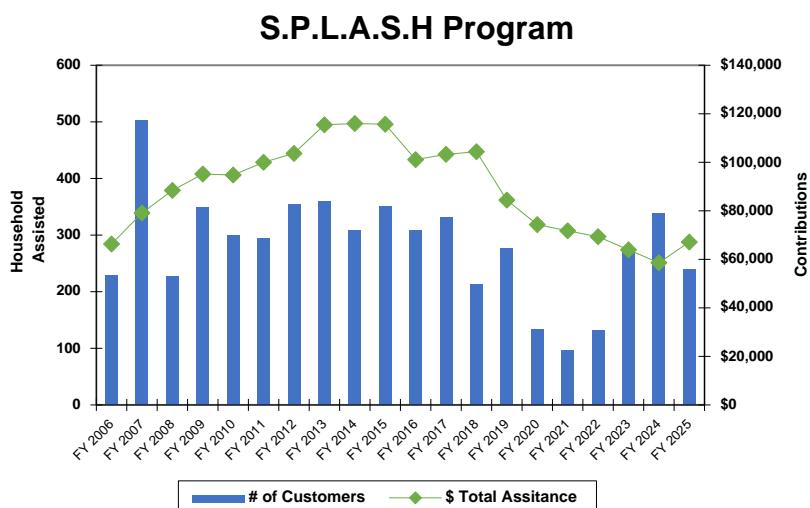
Residential Leak Repair Assistance Program (RLRAP) – Funded by the District and offered with the RLAAP, this program sends a licensed plumber to fix private-side leaks found during assessments. In FY 2025, RLRAP repaired leaks for 114 customers, costing \$104,910.

Payment Plan Incentive Program - Help residential customers who are 60+ days past due and \$500 or more in arrears to bridge the affordability gap through a partnered payment plan incentive. DC Water applies a 40% adjustment of the total payments toward the payment plan balance until the program's end date (Adjustment processed every 4th month after three consecutive months of payments. In FY 2026, the adjustment has been increased from 40% to 50%

STAY (Stronger Together Assisting You) - Is a financial program for D.C renters and housing providers who are looking for support to cover housing and utility expenses and offset the loss of income. In FY 2022, STAY DC program assisted 1,100 customers and provided \$1,106,974. This program ended in FY2022.

Emergency Residential Relief Program (ERRP) – District funded program where eligible households may receive bill assistance up to \$2,000 as a one-time emergency benefit. In FY 2022, EERRP assisted 28 customers and provided \$27,493. The program ended in September 2022.

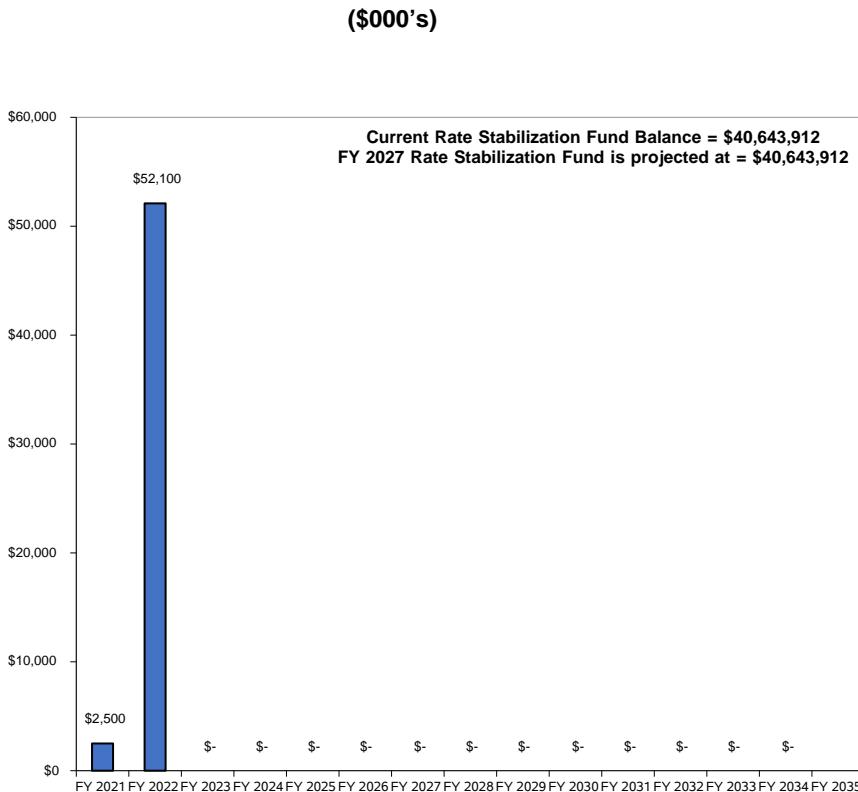
Affordability Of Retail Rates



Serving People by Lending a Supporting Hand (S.P.L.A.S.H):

The SPLASH program was implemented in FY 2001. Through the SPLASH program, DC Water offers assistance to families in need so that they can maintain critical water and sewer services until they get back on their feet. The program is administered by the Greater Washington Urban League. Every dollar received by DC Water is distributed to eligible customers. In FY 2025, SPLASH contributions received was \$67,129 and DC Water assisted 240 low income households customers with \$81,007.

RATE STABILIZATION FUND USAGE FY 2026 - FY 2035



RATE STABILIZATION FUND USAGE

At the end of FY 2021, DC Water's Rate Stabilization Fund (RSF) balance was \$87.74 million. As approved by the Board, \$10.5 RSF was utilized in FY 2022 to mitigate rate increase. An additional \$41.6 million of RSF was used to transfer the money to Ending Cash Balance in order to make Days of Cash equal to 250 days without including RSF Balance in the calculation. At the end of FY 2022 to FY 2024, DC Water's rate stabilization fund (RSF) balance was \$35.64 million. In July 2025, the Board approved the transfer of \$5 million to RSF due to uncertainty of any consumption decline. This increased the RSF balance at the end of FY 2025 to \$40.64 million. No RSF is proposed to be utilized from FY 2026 to FY 2035. RSF will have a balance of \$40.64 million at the end of FY 2035.

Affordability Of Retail Rates

One method of assessing the affordability of residential rates is to calculate the portion of the Median Household Income that would be spent on typical water, wastewater, and stormwater bills and compare the results with the same calculation for other utilities. While no utilities are exactly alike, in the most recent rate survey conducted for DC Water in November 2025, DC Water's charges for a single-family residential customer as a percentage of median income, excluding District fees, were comparable to the average of other large and regional water and wastewater utilities.

The following charts provide DC Water combined water, sewer and stormwater charges for single family residential customers compared to: large CSO communities, other similar large jurisdictions and other regional jurisdictions. There are distinct differences between DC Water and other large and regional utilities. Some differences include:

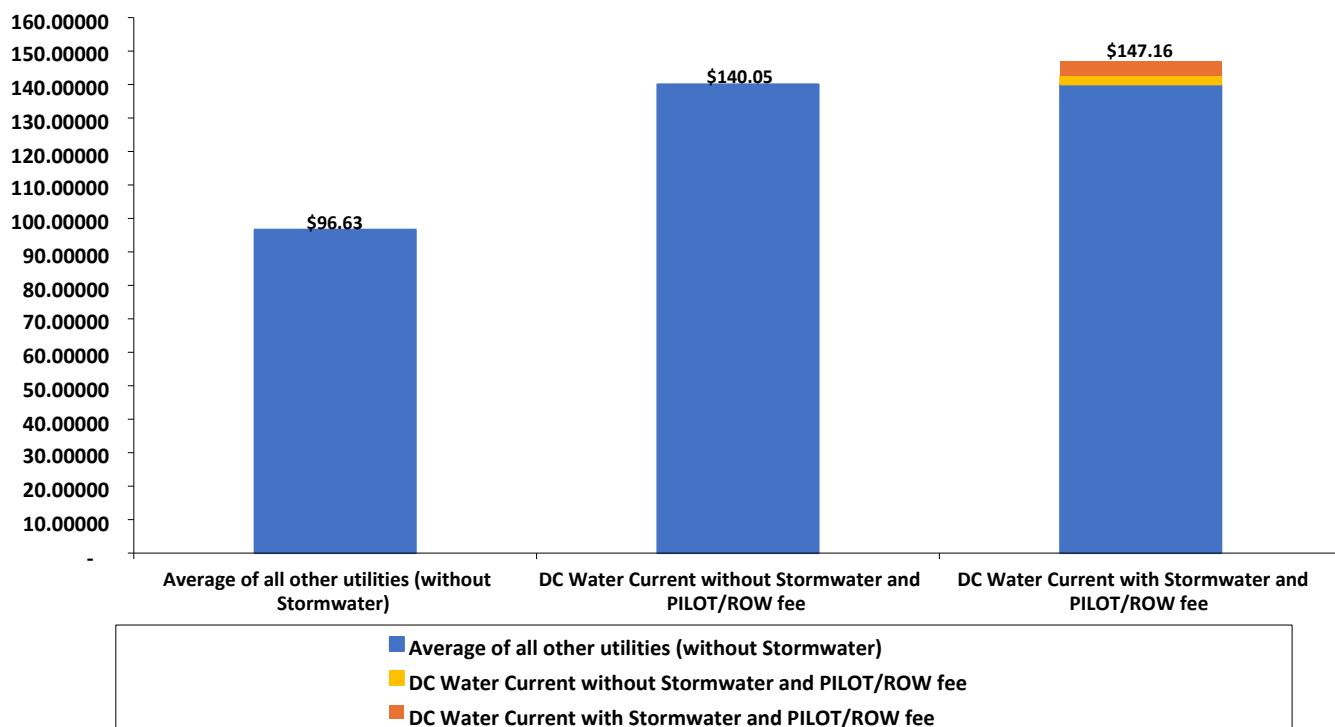
- Different patterns of water use (e.g., suburban jurisdictions can have different demands from urban centers)
- Revenues from taxes that reduce the revenues to be raised from water, sewer and stormwater rates (e.g., Milwaukee, St. Louis, Atlanta, Chicago, etc.)
- Available undeveloped areas supporting high developer contributions for growth that can again reduce the revenues to be raised from water, sewer and stormwater rates (e.g., Fairfax County)
- Separate sewer systems in certain large jurisdictions and regional jurisdictions (e.g., Dallas)
- Differences in climate that may affect water supply or conservation needs (e.g., Seattle)
- Varying stages of completion of facilities to meet federal mandates (e.g., Atlanta and Boston have completed most of their major investments - the DC Clean Rivers Project is in progress at this time)

DC WATER'S RETAIL RATES ARE COMPARABLE TO OTHER UTILITIES

DC Water's Current FY 2026 Monthly Residential Bill

vs.

Average Monthly Bill of Other Utilities in Effect Fall 2025

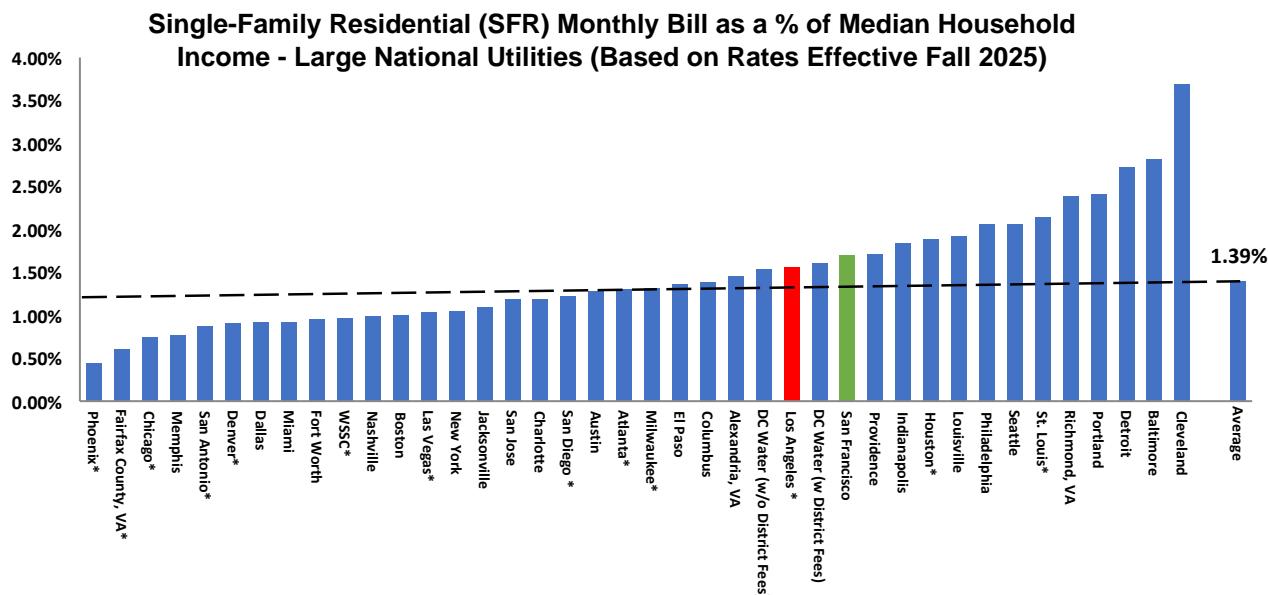


Affordability Of Retail Rates



- (1) Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons
- (2) Reflects rates and fees in place as of November 1, 2025. The Authority's charges with District fees include the PILOT/ROW fee totaling \$0.82 per Ccf (effective October 1, 2025) and the DOEE residential stormwater rate of \$2.67 per ERU per month.
- (3) Some cities use property tax revenue or other revenues to pay for part of the cost of water, wastewater, or stormwater services, as indicated by * in the graph above. In such situations, the user charge will not reflect the full cost of water, wastewater or stormwater

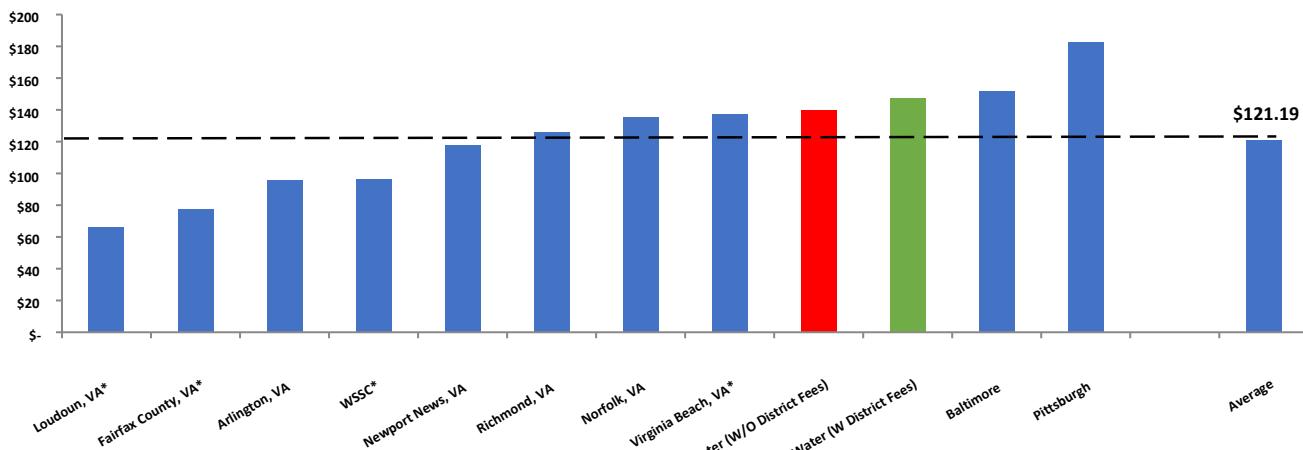
In the chart below, DC Water current charges rank at the median for bill comparison purposes for water and wastewater services compared to a select group of large, regional and CSO utilities, but well within US EPA guidance of 4 percent.



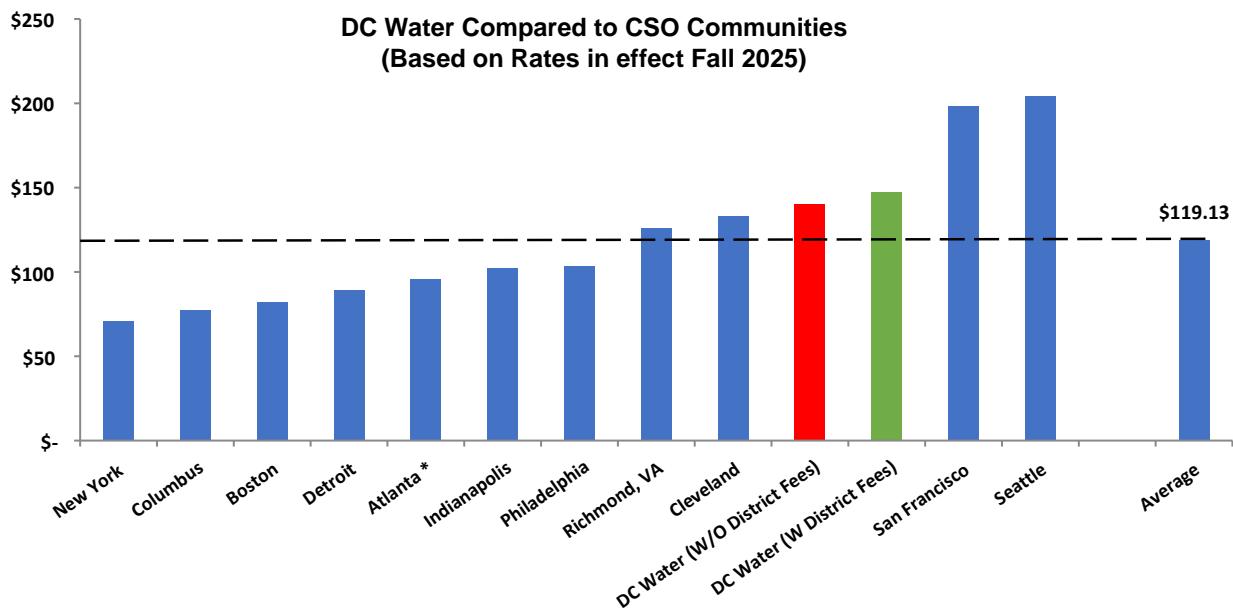
- (1) Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons
- (2) Reflects rates and fees in place as of November 1, 2025. The Authority's rate includes the PILOT/ROW fee totaling \$0.82 per Ccf (effective October 1, 2025) and the DOEE residential stormwater rate of \$2.67 per ERU per month. Some cities use property tax revenue or other revenues to pay for part of the cost of water, wastewater, or stormwater services, as indicated by * in the graph above. In such situations, the user charge will not reflect the full cost of water, wastewater or stormwater services.

Affordability Of Retail Rates

DC Water Retail Rates Compared to Regional Utilities (Based on Rates in effect Fall 2025)



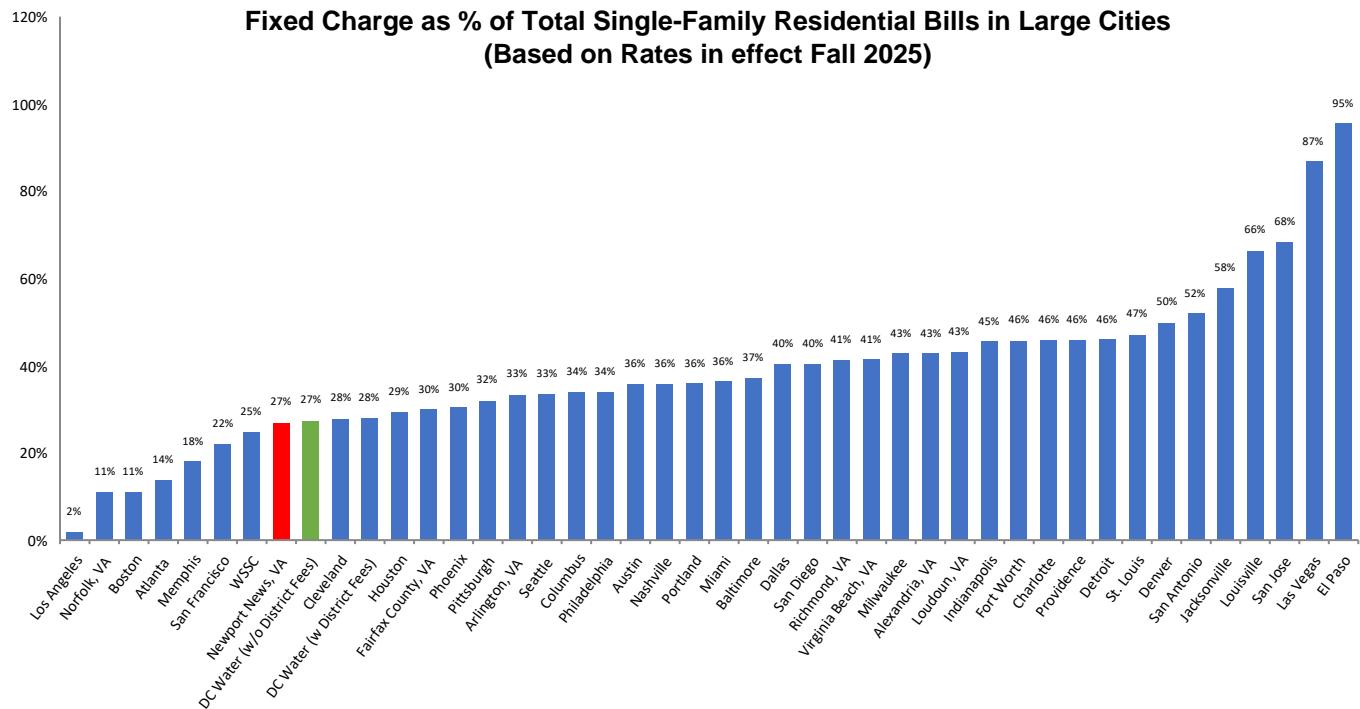
1. Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.
2. Reflects rates and fees in place as of November 1, 2025. The Authority's charges with District fees include the PILOT/ROW fee totaling \$0.82 per Ccf and the DDOE residential stormwater rate of \$2.67 per ERU per month.
3. Some cities use property tax revenue or other revenues to pay for part of the cost of water, wastewater, or stormwater services, as indicated by * in the graph above. In such situations, the user charge will not reflect the full cost of water, wastewater or stormwater services



- (1) Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.
- (2) Reflects rates and fees in place as of November 1, 2025. The Authority's charges with District fees include the PILOT/ROW fee totaling \$0.82 per Ccf and the DDOE residential stormwater rate of \$2.67 per ERU per month.
- (3) Some cities use property tax revenue or other revenues to pay for part of the cost of water, wastewater, or stormwater services, as indicated by * in the graph above. In such situations, the user charge will not reflect the full cost of water, wastewater or stormwater services.
- (4) Most CSO communities have implemented double digit rate increases to recover CSO-LTCP costs
- (5) Increases do not reflect other available dedicated taxes or state funding potentially available to some agencies
- (6) Chart reflects SFR monthly bill utilities with CSO programs without offsets to user charges

Affordability Of Retail Rates

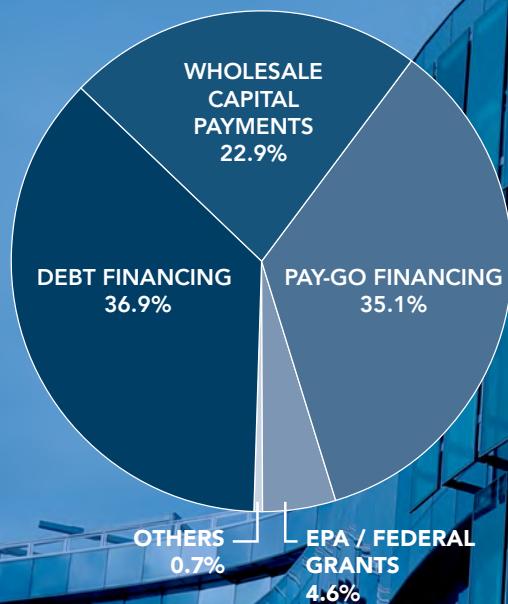
Fixed charges are a small component of the DC Water monthly bill and are less than median for large utilities. This provides the customer more opportunities to impact monthly bills through water conservation.



- (1) User Charges are based upon information provided by the identified cities and standardized assumptions regarding water consumption, wastewater discharge, stormwater drainage area and other factors. Actual charges in each city will vary in accordance with local usage patterns. Some cities bill for sewer uses on the basis of winter consumption which could affect sewer billings if a customer's use was not uniform throughout the year. Sewer charges include stormwater charges in those cities where separate stormwater fees are assessed. Some cities use property tax revenue or other revenues to pay for the part of the cost of water, wastewater, or stormwater services. In such situations, the user charges will not reflect the full cost of water, wastewater or stormwater services.
- (2) DC Water rate schedule was effective October 1, 2025. Whereas charges for all cities reflect rate schedules in effect November 1, 2025
- (3) DC Water PILOT and ROW fees are split between variable water charges and variable sewer charges
- (4) DC Water charges include the stormwater charges of the District
- (5) CSO/Stormwater charges may cover the cost of CSO abatement facilities in those cities with combined sewers; such charges can also cover the cost of stormwater-related facilities and services

CASH AND DEBT FINANCING

TEN YEAR SOURCES OF FUNDS



SENIOR BOND RATINGS (As of July 2025)

AAA

Aa1

AA+

STANDARD
& POOR'S

MOODY'S
INVESTORS SERVICE

Fitch Ratings

ASSET VALUE AND OUTSTANDING DEBT FY 2026



Net assets
\$9.0B



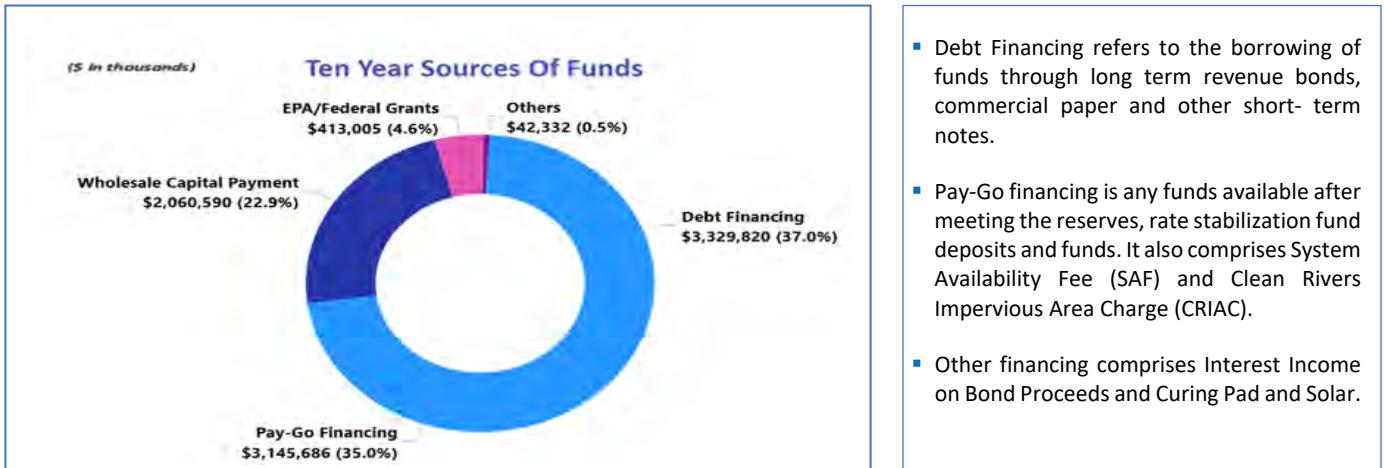
Outstanding debt
\$3.9B

DEBT SERVICE COVERAGE

DEBT LEVEL	SENIOR	SUBORDINATE	COMBINED
	MASTER INDENTURE	120x	NA
BOARD RESOLUTION	140x	100x	160x
MANAGEMENT PRACTICE	140x	100x	160x
TEN YEAR PLAN (average)	914x	231x	202x

Overview

DC Water relies on several funding sources to finance its capital projects and cash flow needs which include future revenues, collections, grant applications, and debt service management.



Sources and Uses of Funds						
Particulars	FY 2025 Actual		FY 2026 Approved		FY 2026 Revised	FY 2027 Approved
Sources						
Beginning Balance	\$ 238,907	\$ 269,051	\$ 411,766	\$ 96,773		
New Debt Proceeds / Commercial Paper / EMCP (1)	350,673	486,620	26,000	502,324		
Curing Pad and Solar	-	1,000	30	29		
System Availability Fee (SAF)	3,516	7,700	5,700	5,700		
Clean Rivers Impervious Area Charge (CRIAC)	60,977	69,711	69,711	63,750		
Pay-Go Financing	213,564	170,335	199,302	250,529		
Federal Grants - Infrastructure Funding	26,207	37,036	45,664	54,000		
EPA Grants	23,690	13,461	20,099	13,709		
CSO Appropriation	8,087	-	-	-		
Wholesale Customer Capital Contributions	68,830	137,800	119,438	166,497		
Interest Income	1,460	9,244	5,850	2,385		
Total Sources	\$ 757,004	\$ 932,908	\$ 491,794	\$ 1,058,923		
Uses						
Water Projects	190,303	270,680	186,757	247,103		
Blue Plains Projects	64,766	106,353	83,199	114,783		
Sanitary Sewer Treatment	109,368	148,796	155,371	207,641		
Combined Sewer & LTCP Projects	165,124	250,386	237,482	311,016		
Stormwater Projects	7,427	17,360	16,550	13,266		
Non-Process Facilities	5,186	51,570	15,467	29,404		
Washington Aqueduct	22,060	35,770	49,480	35,770		
Capital Equipment	19,511	29,401	29,401	39,664		
Meter Replacement / AMR/ CIS	399	3,080	3,080	5,583		
Total Uses	\$ 584,145	\$ 913,396	\$ 776,787	\$ 1,004,230		
Capital Contingency Reserve for LTCP	30,000	30,000	30,000	30,000		
Ending Balance	\$ 411,767	\$ 258,563	\$ 96,773	\$ 121,467		

(1) Commercial Paper and Extendable Municipal Commercial Paper are used for interim financing and capital equipment

Cash Reserve Summary						
(\$ in thousands)	FY 2025 Actual	FY 2026 Approved	FY 2026 Revised	FY 2027 Approved		
Beg. O&M Reserve Balance (Net of Rate Stabilization Fund)	\$ 320,513	\$ 309,600	\$ 333,716	\$ 341,600		
Operating Surplus	245,301	203,758	200,638	256,296		
Wholesale Customer Refunds/Payments for Prior Years	6,205	(3,000)	(3,000)	(3,000)		
Federal Customer Refund/Payments for Prior Years	(11,049)	(11,310)	(11,310)	2,503		
Transfer to Rate Stabilizaton Fund	(5,000)	-	-	-		
Interest Earned from Bond Reserve	110	401	331	334		
Pay-As-You-Go Capital Financing	(219,619)	(173,849)	(176,775)	(243,133)		
AP voided Checks/ACH return for previous year	382					
Project Billing Refunds	(3,127)	-	(2,000)	-		
Ending O&M Reserve Balance (Net of Rate Stabilization Fund)	\$ 333,716	\$ 325,600	\$ 341,600	\$ 354,600		
Rate Stabilization Fund	\$ 40,644	\$ 33,644	\$ 40,644	\$ 40,644		

Debt Service Management

Capital Financial Plan

The purpose of issuing debt is to finance the cost associated with CIP and refund the existing debt to obtain debt service savings and/or restructure certain terms for existing debt.

Successful Strategy

Between July and August 2025, DC Water successfully issued Subordinate Lien Revenue Refunding Bond Series 2025 A, Subordinate Lien Revenue and Revenue Refunding Bond Series 2025 B (Green Bonds) and Subordinate Lien Multimodal Revenue Bond Series 2025 C. This strategic move resulted in interest savings of approximately \$7 million.

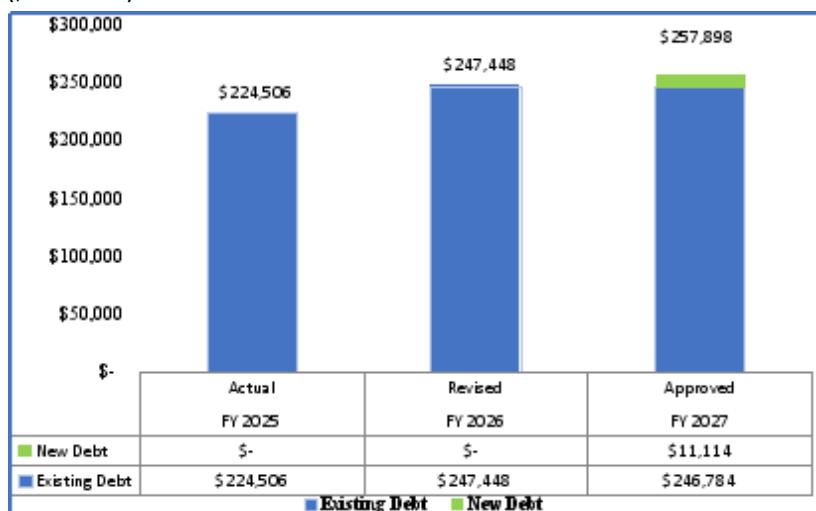
Details	2025 A	2025 B	2025 C
Par	\$55 M	\$160 M	\$175 M
Maturity	10/1/2044	10/1/2045	10/1/2060
Int Rate	5%	5%	Variable-Daily

Senior Bond Ratings (July 2025)

Standard & Poor's Corporation	Moody's Investor Service	Fitch's Rating Service
AAA	Aa1	AA+

(\$ in thousands)

Debt Service FY 2025-FY 2027



Asset Value & Outstanding Debt (FY 2026)

Net Assets
\$9.0 billion

Outstanding Debt
\$3.9 billion

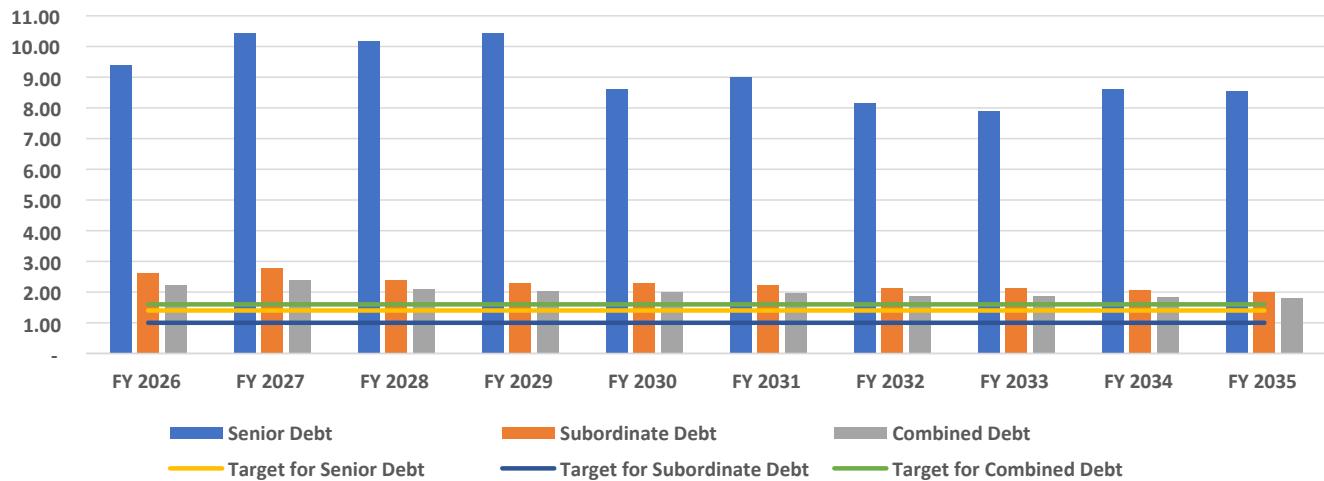
Debt Service Coverage

Debt Service Coverage (FY 2026-FY 2035)

DC Water is authorized to issue additional debt only to the extent that it can satisfy the Debt Service Coverage (annual net revenues as a percent of annual debt service) requirements established in the Indenture and certain Board policies.

Debt Level	Master Indenture	Board Resolution	Management Practice
Senior	120x	140x	140x
Subordinate	100x	100x	100x
Combined	NA	160x	160x

Debt Service Coverage



Total Outstanding & Proposed Debt Service

(\$ in thousands)



The largest source of funding for DC Water's Capital Program is Debt.

Estimated Debt by FY 2035
\$ 6.2 billion

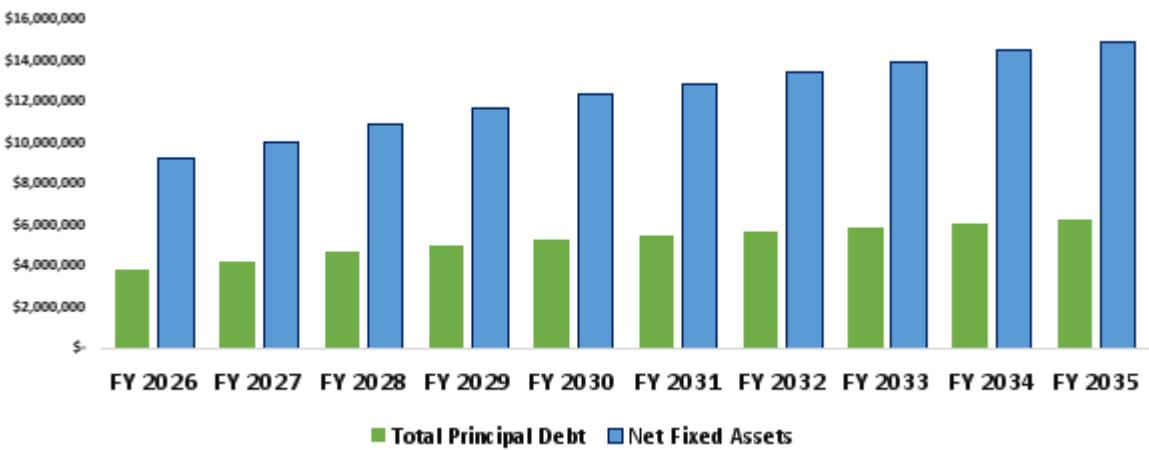
Debt Service Cost FY 2026
\$247 million

Estimated Debt Service Cost by FY 2035
\$ 472 million

Note: 40- year debt service schedule above assumes no new debt issuance after FY 2035

Principal vs Net Fixed Assets

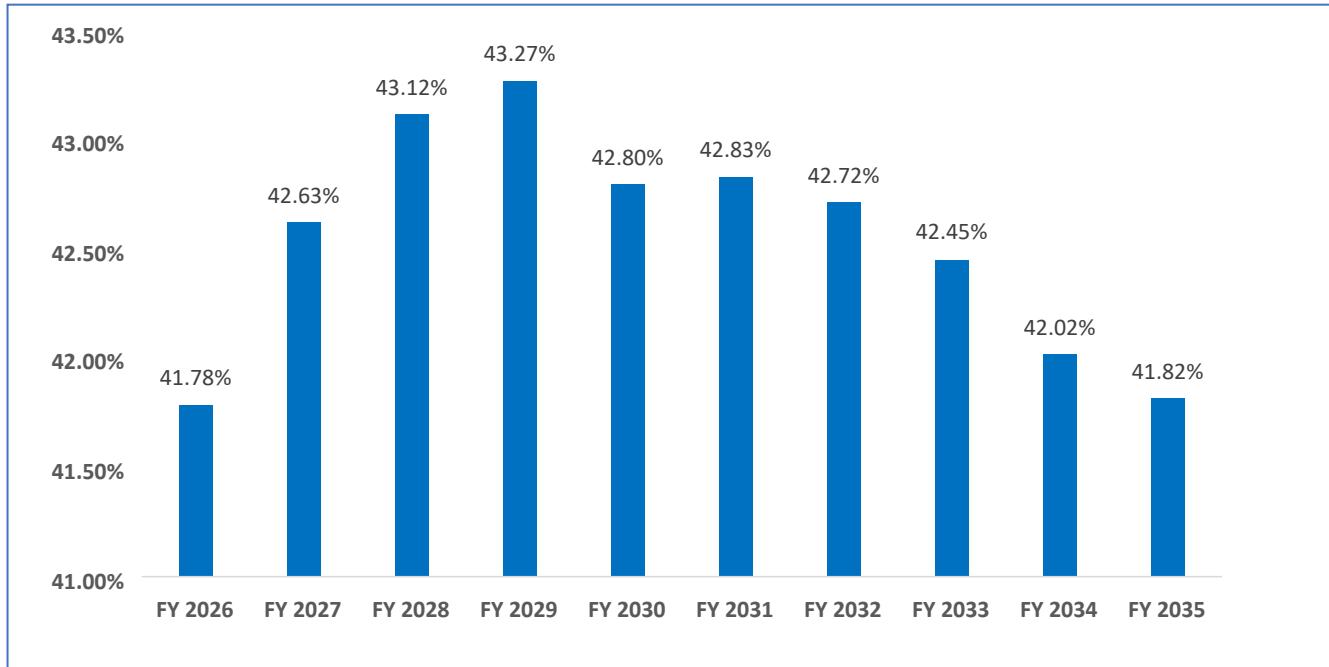
(\$ in thousands)



Over the 10 years, DC water's projected disbursement plan for its capital program is \$8.99 billion

Estimated Net Fixed Assets by FY 2035
\$14.94 billion

Debt to Net Fixed Assets Ratio



Debt Management Terms

DEBT LIMIT

DC Water is not subject to any legal debt limitations. However, prior to any new debt issuance, DC Water must meet an additional bonds test and certify revenue sufficiency.

PUBLIC UTILITY SENIOR LIEN REVENUE BONDS: Series 1998; 2) Series 2014A; 3) Series 2017A 4) Series 2017B; 5) Series 2018A; 6) Series 2018B; 7) 2021 WIFIA Loan

PUBLIC UTILITY SUBORDINATE LIEN REVENUE BONDS: 1) Series 2014B; 2) Series 2015A; 3) Series 2019A; 4) Series 2019B; 5) Series 2022B; 6) Series 2022C; 7) Series 2022D; 8) Series 2022E; 9) Series 2025B; 10) Series 2025C

PUBLIC UTILITY SUBORDINATE LIEN REVENUE BONDS (FEDERALLY TAXABLE ISSUER SUBSIDY BUILD AMERICA BONDS): 1) Series 2010A.

PUBLIC UTILITY SUBORDINATE LIEN REVENUE REFUNDING BONDS: 1) Series C taxable commercial paper: (refunded Series 2007B, April 2008) 2) Series 2014C: (advanced refunded all or a portion of Series 2007A, 2008A, 2009A, and 2012B, October 2014); 3) Series 2016A: (advanced refunded all or a portion of Series 2007A, 2008A, and 2009A, January 2016); 4) Series 2019D: (advanced refunded all of Series 2013A); 5) Series 2022C: (refunded portion of Series 2014C, 2015A and 2015B, February 2022); 6) Series 2022D: (refunded portion of Series 2014C, February 2022); 7) Series 2022A: (forward direct purchase agreement to refund all Series 2012A and 2012C, July 2022); 8) Series 2024 A: (partial refunded portion of 2014C, 2015A, 2015B, 2016A, 2017B, 2018A, 2018B, 2019D and 2022D); 9) Series 2024 B (full refunded 2019 C); 10) Series 2025A (full refunded 2015B); 11) Series 2025B (Partially refunded 2015 A)

NOTES FOR JENNINGS RANDOLPH RESERVOIR: The note payable to the Federal government for improvements to the Jennings Randolph Reservoir is considered subordinate debt under the Master Indenture of Trust. The notes were issued to provide a backup water supply facility for the Authority. DC Water's share of operating and capital cost is 30 percent.

COMMERCIAL PAPER: These notes issued are considered subordinate debt under the Master Indenture of Trust. DC Water's commercial paper program is issued in increments with maturities less than 270 days. As described in Section III, the Board approved the commercial paper program in early FY 2002; proceeds from the sale of the notes are used for interim bond financing, short-term financing for capital equipment and certain taxable costs for the Washington Aqueduct. Each new bond issuance is evaluated to determine the most cost-effective way of reducing the amount of taxable commercial paper. Normal market conditions for commercial paper carries significantly lower interest rates than long-term debt. DC Water is authorized to issue up to \$ 250 million. The CP program includes Series D (tax exempt) and (taxable). In August 2024 DC Water selected JP Morgan Chase Bank and Goldman Sachs & Co. LLC as the dealers.

EXTENDABLE MUNICIPAL COMMERCIAL PAPER: This program will provide interim financing for a portion of the Authority's Capital Improvement Program. Under this program the notes are issued backed by the liquidity and credit rating of the Authority. Each Series A EMCP Note will mature on its respective "Original Maturity Date", which may range from one to 90 days from the date of issuance, unless its maturity is extended on the "Original Maturity Date" to the "Extended Maturity Date", which will be the date that is 270 days after the date of issuance of the Series A EMCP Note. The notes are payable from and secured by a subordinate lien on the Authority's net revenues, as further described in the Authority's master trust indenture as supplemented. In November 2015, DC Water authorized the dealer for the EMCP program as Goldman, Sachs & Co. The \$100 million extendable municipal commercial paper program includes: (1) Series A (tax-exempt) aggregate principal amount not to exceed \$100 million.

CAPITAL IMPROVEMENT PROGRAM



Wastewater Treatment

- FY 2027 Budget **\$127.5M**
- 10-Year CIP total **\$1.6B**
- Major Project: Effluent Filter Upgrade **\$185.72M**



Combined Sewer Overflow

- FY 2027 Budget **\$311M**
- 10-Year CIP total **\$1.3B**
- Major Project: DC Clean Rivers **\$752.12M**



Non-Process Facilities

- FY 2027 Budget **\$32.67M**
- 10-Year CIP total **\$243.4M**
- Major Project: Bryant Street Pump Station Building Modifications - Field Ops Facility Central **\$38.5M**



Capital Equipment

- FY 2027 Budget **\$45.25M**
- 10-Year CIP total **\$415.39M**
- Major Project: Heavy-duty equipment and vehicles **\$46M**

DC Water FY 2027 Capital Improvement Program

FY 2027 Budget \$1.07B

10-Year CIP total \$9.69B



Washington Aqueduct

- FY 2027 Budget **\$35.77M**
- 10-Year CIP total **\$514.5M** for DC Water's share of the Aqueduct's CIP



Water

- FY 2027 Budget **\$274.56M**
- 10-Year CIP total **\$2.78B**
- Major Project: Lead Free DC Program **\$1.04B**



Stormwater

- FY 2027 Budget **\$14.7M**
- 10-Year CIP total **\$127.4M**
- Major Project: Rehabilitation of Stormwater Pump Stations **\$65.45M**



Sanitary Sewer

- FY 2027 Budget **\$230.7M**
- 10-Year CIP total **\$2.7B**
- Major Project: Potomac Interceptor Project (Rehab Phase 4) **\$663.5M**



Overview

DC Water's Capital Improvement Program (CIP) supports the continuation of major capital asset investments in programs and projects that will upgrade the water distribution and sewer systems, as well as maintain compliance with federal mandates and improve operational efficiency. The CIP encompasses all mandated projects, the rehabilitation of assets necessary to meet permit and other regulatory requirements, and projects aimed at addressing the immediate needs required to maintain existing service levels.

The CIP is presented on two different basis: the ten-year disbursement plan and the lifetime budget.

- **The Ten-Year Disbursement Plan** shows actual project cash outflows, excluding contingencies. It offers a realistic basis for forecasting rate increases and timing capital financing. It also includes projected completion dates, program management, and in-house labor costs.
- **The Lifetime Budget** captures historical spending before, during, and after the current ten-year period, including in-house labor. It focuses on active projects for budget planning and daily monitoring. It also includes projects completed in the previous fiscal year, marked as "closed" in the CIP. Closed projects are removed in the next fiscal year, while new projects are added annually as needed.

The Proposed ten-year disbursement budget for FY 2026–FY 2035 totals \$9.69 billion and reflects DC Water's commitment to strengthening the region's most critical water and sewer infrastructure. This CIP budget expands investment in water and sewer system improvements, completes the Potomac River Tunnel as part of the federally mandated Clean Rivers Project, researches and develops new sources of drinking water as a part of Pure Water DC initiative, and drives forward the Lead-Free DC (LFDC) program.

The CIP also includes the rehabilitation of the Potomac Interceptor, replacement of 150 miles of small-diameter water mains, and significant equipment upgrades and major rehabilitation projects at Blue Plains. The budget also provides for ongoing investments in the Washington Capital Aqueduct program, as well as the purchase and replacement of vehicles, heavy equipment, mechanical systems, and operational facility upgrades all aimed at ensuring the reliability, safety, and long-term efficiency of essential services. Starting FY 2027, the capital equipment includes the reallocation of Subscription-Based Information Technology Arrangement (SBITA), Software related costs from operating budget. This is consistent with the new Government Accounting Standard Board (GASB) requirement.

In total, the proposed lifetime budget for all DC Water construction projects and capital programs amounts to \$17.4 billion.



Capital Improvement Program

(\$ in thousands)	FY2025 Actual	FY 2026 - FY 2035 Disbursement Plan										Lifetime	
		FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY 2033	FY2034	FY 2035	10-Yr Total	Budget
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	\$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	\$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	\$1,419,040
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	\$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	\$427,942
Enhanced Nitrogen Removal Facilities	\$122	\$246	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$246	\$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	\$2,670,477
COMBINED SEWER OVERFLOW													
DC Clean Rivers Program	\$161,739	\$226,435	\$279,237	\$286,251	\$246,763	\$75,192	\$34,630	\$0	\$0	\$0	\$0	\$1,148,507	\$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	\$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	\$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	\$39,153
Storm On-Going Program	\$1,319	\$614	\$1,217	\$1,634	\$1,657	\$248	\$561	\$368	\$768	\$617	\$373	\$8,057	\$10,413
Storm Pumping Facilities	\$5,881	\$11,747	\$5,785	\$8,602	\$16,884	\$15,861	\$6,568	\$0	\$0	\$0	\$0	\$65,446	\$84,738
Stormwater Program Management	\$194	\$585	\$519	\$970	\$871	\$1,848	\$0	\$0	\$0	\$0	\$0	\$4,793	\$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	\$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	\$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	\$677,291
Sanitary On-Going Projects	\$17,203	\$15,454	\$18,638	\$28,042	\$13,572	\$15,297	\$15,289	\$15,756	\$15,169	\$15,169	\$15,169	\$167,555	\$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	\$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	\$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	\$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	\$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	\$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	\$1,783,489
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	\$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	\$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	\$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	\$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	\$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	\$16,095,547
Capital Equipment Reporting	\$19,911	\$32,481	\$45,248	\$43,981	\$41,564	\$41,269	\$41,558	\$41,855	\$42,162	\$42,478	\$42,803	\$415,398	\$415,398
Washington Aqueduct Reporting	\$22,060	\$49,480	\$35,770	\$35,770	\$35,770	\$71,540	\$71,540	\$71,540	\$71,540	\$71,540	\$35,770	\$514,490	\$514,490
ADDITIONAL CAPITAL PROGRAMS	\$41,971	\$81,961	\$81,018	\$79,751	\$77,334	\$77,039	\$113,098	\$113,395	\$113,702	\$114,018	\$78,573	\$929,888	\$929,888
LABOR													\$415,976
TOTAL CAPITAL BUDGETS	\$584,145	\$776,787	\$1,072,251	\$1,166,983	\$1,077,446	\$1,005,595	\$920,494	\$901,382	\$923,979	\$992,224	\$853,141	\$9,690,282	\$17,441,411

CIP Development and Approval Process

The Water program and Lead Free DC, in collaboration with the Engineering Cluster, reviews major accomplishments, key priorities, the status of major projects, and emerging regulatory or operational issues that shape the capital program. This comprehensive evaluation directly informs DC Water's ten-year financial plan. Because the CIP outlines the system's long-term infrastructure needs and investments, it remains the primary factor driving projected rate increases throughout the planning period.

The formulation of the capital project budgets takes into consideration the imperatives of Blueprint 2.0. All CIP project budget requests are prioritized to include regulatory requirements, mandates, health and safety, Board policy, potential failure, and good engineering practices. These criterions align with the five imperatives of the Blueprint 2.0 - to invest in high performing network of systems and assets to minimize service disruptions (**Reliable**), mitigate future impacts of climate change and flood hazards (**Resilient**), ensure inclusive and diverse representation (**Equitable**), embed a sustainably driven operating and delivery model (**Sustainable**) and improve water quality and ensure efficient use of economic resources (**Healthy, Safe and Well**).

DC Water's operating and capital budget proposals are delivered to the Board of Directors at the Budget Workshop in January. Management conducts two months of Committee review meetings with the Environmental Quality and Operations; Finance and Budget; and DC Retail Water and Sewer Rates Committees in January and February. The committee recommendations for the operating budgets, capital improvement program, two-year rates (conducted every two years) and ten-year financial plan are then submitted to the full Board in March. After adoption by the Board of Directors, DC Water is required to submit its annual operating and ten-year capital budgets to the Mayor and the District of Columbia Council for review and comment. However, neither has the power to change DC Water's annual budgets. The District of Columbia includes DC Water's budgets in its submission to Congress.

Capital Authority Request

Capital authority represents the amount of Congressionally authorized funding that DC Water can use to administer its capital program. Sufficient authority is required to be in place prior to contracts being executed. Actual commitments within the service areas may vary up or down for a particular year. However, they are "not to exceed the total" FY 2027 – FY 2035 capital authority request in the amount of \$8.91 billion.

Note that the execution of contracts requires the approval of the CEO and General Manager, as Contracting Officer, or his delegate. Major projects and contracts valued at \$1 million or more require DC Water Board approval.

Prioritization Schedule

The Authority evaluates and prioritizes capital projects based on a specific criterion. These criteria are fundamental in developing a CIP based on demonstrated needs and are set forth in the following table and described below.

Approximately 12 percent of the current CIP ten-year disbursements are for large regulatory mandates which include the Clean Rivers Project. As we progress closer to the completion of the mandated projects, DC Water can increase investments in upgrading its aging water and sewer infrastructure.

Fiscal Year	Mandates	MEASURE OF PRIORITY							Total
		1A	2A	2B	2C	2D	3A	3B	
FY 2026	\$225,415	\$7,336	\$135,349	\$48,773	\$3,674	\$257,213	\$99,027		\$776,787
FY 2027	\$279,237	\$22,993	\$207,924	\$81,586	\$19,587	\$279,015	\$181,911		\$1,072,251
FY 2028	\$286,251	\$23,030	\$211,477	\$144,022	\$30,339	\$237,550	\$234,314		\$1,166,983
FY 2029	\$246,763	\$15,686	\$207,479	\$122,535	\$35,153	\$243,977	\$205,852		\$1,077,446
FY 2030	\$75,192	\$11,238	\$209,403	\$137,515	\$26,896	\$317,707	\$227,645		\$1,005,595
FY 2031	\$34,630	\$18,475	\$159,094	\$69,783	\$45,998	\$359,147	\$233,367		\$920,494
FY 2032		\$17,550	\$157,959	\$68,356	\$23,715	\$395,870	\$237,932		\$901,382
FY 2033	-	\$17,355	\$171,416	\$107,676	\$11,615	\$374,335	\$241,582		\$923,979
FY 2034	-	\$17,355	\$181,052	\$189,810	\$3,560	\$362,847	\$237,600		\$992,224
FY 2035	-	\$7,275	\$221,272	\$131,230	\$3,072	\$284,680	\$205,612		\$853,141
Total	\$1,147,487	\$158,293	\$1,862,425	\$1,101,285	\$203,609	\$3,112,342	\$2,104,840		\$9,690,282
% of Total	12%	2%	19%	11%	2%	32%	22%		

Capitalization Policy

DC Water's capitalization policy determines how expenditures will be recognized and accounted. DC Water matches the financing of an asset to its projected useful life, and the policy determines how projects will be financed.

DEFINITION:

- Capital Project – an average life of 30 years and is financed with long-term debt
- Capital Equipment – has a life of at least three years, is financed with short-term debt or cash, and an individual component cost of \$5,000 or more. The cost of capital equipment purchases that are part of a clearly identified capital program can be aggregated. In which case, all costs relating to the capital program are capitalized at the project level regardless of the individual component amount.

The following guidelines are used to categorize items as either capital or operating expense.

Expenditure Type	Financial Treatment	Definition
Rehabilitation		
Enhancement	Capitalize	Addition/replacement of a sub-component of an asset, to improve the “attributes” of the asset. This will include all such work as valve replacement or replacement of a section of a pipe.
Refurbishment	Capitalize	Expenditure on an asset that creates a material extension to the Estimated Operating Life (EOL) of the asset. This is distinct from maintenance work, which is carried out to ensure that an asset is able to perform its designated function for its normal EOL. An example of refurbishment would be pipelining and pipe grouting.
Rebuild	Capitalize	Expenditures to reconstruct, renovate, remodel, remake or reassemble an asset or infrastructure after it has been damaged or destroyed. An example of a rebuild is a valve rehabilitation, reconstruction of the valve elements.
Replacement	Capitalize	Expenditure to replace substantially all of an asset. An example is replacement and installation of a new pipe including the ensuing disinfection applications and all associated activities relating to the replacement
Repair	Expense	Expenditure on an asset that maintains or restores the design functionality or attributes of an asset, enabling the asset to perform its intended function during its EOL. Examples of these will include service line repairs such as clamp application on service pipes, bolt application/replacement/adjustment, small scale chemical applications such as use of dechlorinating tablets, meter shut off valve, curb stop, small service line repairs that does not involve replacement nor meter housing, high pressure jet vacuum or any other obstruction removal methodology.
Maintenance	Expense	Scheduled and recurring costs for the continued performance of an asset

Service Area: Non-Process Facilities

The Non-Process Facilities Service Area accommodates projects approved under the Non-Process Facilities Master Plan (NPFMP) and related improvements necessary to support DC Water activities and critical operations. The goals of this service area are the same as those in the NPFMP, which are designed to optimize wellness for program working environment while maximizing efficient use of existing DC Water land and facilities. The introduction of state-of-the-art material management technologies will enhance inventory security, storage, distribution, and transportation. Implement green strategies, and sustainable design and maximize flexibility throughout DC Water facilities.

Program Areas	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed	10-Year Plan	Lifetime Budget
Facility Land Use	\$5,186	\$15,467	\$32,671	\$243,392	\$412,191
Total Non-Process Facilities CIP	\$5,186	\$15,467	\$32,671	\$243,392	\$412,191

(\$ in thousands)

Key major projects include:

Non-Process Heating, Ventilation, and Air Conditioning (HVAC) and Roofing Projects
 Sustainable

Project Name	Measure of Priority	Start	Finish	10-Year Plan	Lifetime Project
HVAC and Roofing Projects	3A	2020	2033	\$22,934	\$30,988

(\$ in thousands)



Project Description: This project is meant to holistically address some of the HVAC and roofing/building envelope challenges that exist throughout DC Water facilities. This will include undertaking proper analysis of facility needs given the characterization of the space (occupied versus non-occupied for example) and then developing remediation and renovation plans as identified by the assessment. Assessments started in FY 2022 and continue through FY 2026. An initial list of 15 HVAC systems were prioritized for replacement and solicited in FY 2025. A second list of 20 HVAC systems are prioritized for replacement in FY 2026. The phasing of assessments by the Non-Process Program team prioritizes HVAC and roofing projects with immediate needs and beyond will implement an informed, proactive plan that considers the proper lifecycle costs of these assets to ensure that our facilities meet the needs of our operations and workforce.

Major Accomplishments:

Roof Assessments of the buildings within Blue Plains were divided into (7) phases. As of FY 2025, all seven (7) phases have been completed. The roofs are prioritized for replacement based on the condition rating in the assessment reports with an initial list of three (3) roofs identified for replacement in FY 2026

Service Area: Wastewater Treatment

Capital projects in the Wastewater Treatment Service Area are required to rehabilitate, upgrade, or provide new facilities at Blue Plains to ensure that it can reliably meet its National Pollutant Discharge Elimination System (NPDES) permit requirements and produce a consistent, high-quality dewatered biosolids product. DC Water's current NPDES permit requires wastewater treatment to a level that meets one of the most stringent NPDES discharge permits in the United States. Blue Plains Advanced Wastewater Treatment Plant treats an annual average flow of 384 million gallons per day (MGD) and has a design capacity of 384 MGD, with a peak flow design capacity to treat 555 MGD. Wastewater flows in from the District of Columbia, Montgomery and Prince George's Counties in Maryland, and Fairfax and Loudoun counties in Virginia.

Program Areas	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed	10-Year Plan	Lifetime Budget
Liquid Processing	\$28,158	\$37,432	\$62,890	\$951,804	\$1,419,040
Plantwide	\$21,463	\$36,576	\$48,741	\$375,957	\$632,318
Solids Processing	\$15,023	\$8,944	\$15,905	\$266,485	\$427,942
Enhanced Nitrogen Removal Facilities	\$122	\$246	\$0	\$246	\$191,177
Total Waste Water Treatment CIP	\$64,766	\$83,199	\$127,537	\$1,594,492	\$2,670,477

(\$ in thousands)

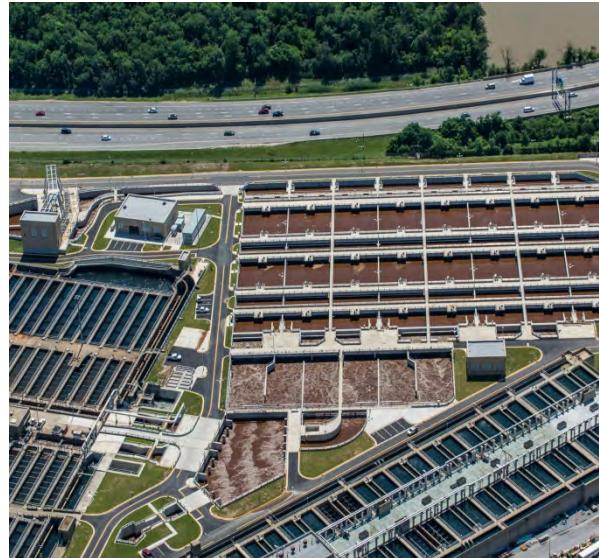
Key major projects include:



Project ID	Measure of Priority	Start	Finish	10-Year Plan	Lifetime Project
IY	3A	1994	2036	\$185,724	\$233,659
Total				\$185,724	\$233,659
(\$ in thousands)					

Project Description: This project focuses on rehabilitating or replacing effluent filters at the treatment facility. The scope includes filter bottoms, filter media, the air-water backwash system, associated appurtenances, and the control system to ensure efficient and reliable filtration performance.

Major Accomplishments: DC Water launched the Filter Underdrain and Backwash System (FUBS) Upgrades after failures in 2013, replacing block-type underdrains and dual-media with nozzle-type underdrains and mono-media to improve reliability and reduce energy costs. Pilot studies and CFD modeling optimized backwash design and media selection. Eight filter cells were rehabilitated under the High Priority Rehabilitation Program (HPRP) to restore capacity and test configurations.



Key major projects include:

Nitrification Reactor/Sedimentation - 20 year rebuild



Project Name	Project ID	Measure of Priority	Start	Finish	10-Year Plan	Lifetime Project
Effluent Filter Upgrade	IY	3A	2017	2031	\$185,724	\$233,659
Nitrification Reactor/Sedimentation - 20 Year Rebuild	LF	3B	2023	2029	\$133,296	\$139,980
Secondary East and West -20 Year Rebuild	JC	3B	2027	2034	\$88,243	\$96,000
Total					\$407,263	\$469,639

(\$ in thousands)

Project Description: Projects in this Liquid Processing Program area encompass upgrading and rehabilitating facilities involved in handling flows from the sanitary and combined sewer systems. These flows progress sequentially through the Plant processes and ultimately discharge the treated effluents into the Potomac River.

Major Accomplishments: Projects in this Liquid Processing Program enable DC Water to continue to produce excellent quality effluent into the Potomac River and meet NPDES permit requirements. The Reclaimed Final Effluent (RFE) pump system is the source of water for the Process Service Water system (PSW) at Blue Plains. The project upgrades equipment for reliability as well as increasing capacity to meet the demand of facilities that have been added to the wastewater treatment plant in recent years. Miscellaneous Facilities Upgrades Phase 8 includes critical rehabilitation to the filtration filter basins, concrete rehabilitation, pipeline replacements throughout Blue Plains facility, pump station upgrades, addition of pre-dewatering centrifuges, plantwide storm drain improvements, construction of biosolids curing pad and solar photovoltaic (PV) rehabilitation throughout Blue Plains facility stations.



Service Area: Combined Sewer Overflow

A portion of the District of Columbia is served by a combined sewer system. Combined sewers convey both stormwater runoff and sanitary sewage from homes and businesses in a single pipe. In dry weather, the system delivers sanitary sewage to the Blue Plains Advanced Wastewater Treatment Plant. In wet weather, stormwater runoff also enters the system and, if the capacity of the system is exceeded, the excess flow spills into the waterways of the District of Columbia to prevent surface flooding and basement backups. This discharge is called Combined Sewer Overflow (CSO). Approximately one-third of the system is combined, mostly in the downtown and older parts of the city. There are 48 potentially active combined sewer overflows in the District.

Program Areas	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed	10-Year Plan	Lifetime Budget
DC Clean Rivers	\$161,739	\$226,435	\$279,237	\$1,148,507	\$3,560,771
Combined Sewer	\$3,385	\$11,047	\$31,779	\$166,059	\$201,679
Total Combined Sewer CIP	\$165,124	\$237,482	\$311,016	\$1,314,566	\$3,762,450

(\$ in thousands)

Key major projects include:

Potomac Long Term Control Plan Projects



Project Name	Project ID	Measure of Priority	Start	Finish	10-Year Plan	Lifetime Project
Potomac Long Term Control Plan Projects	CZ	1A	2010	2034	\$752,121	\$1,159,485
Total					\$752,121	\$1,159,485

(\$ in thousands)

Project Description: The Clean Rivers Project is DC Water's ongoing program to reduce combined sewer overflows (CSO's) into the District's waterways - the Anacostia and Potomac Rivers and Rock Creek. The Project is a massive infrastructure program designed to capture and clean wastewater during rainfalls before it ever reaches our rivers. The (PRT) is the next major phase of the DC Clean Rivers Project. The project consists of a large-diameter deep sewer tunnel, diversion facilities, drop shafts, and support structures to capture flows from existing combined sewer overflows (CSOs) along the Potomac River and convey them to the Blue Plains Advanced Wastewater Treatment Plant for treatment.

Major Accomplishments:

- Received, on site, all components of the North Tunnel Boring Machine (Potomac River Tunnel)
- Started Construction on CSO 022 site (Potomac River Tunnel)
- Started Construction on CSO 028 site (Potomac River Tunnel)
- Issued NTP for work on the CSO 029 slope stabilization, to be performed by DC Water Emergency Contractor
- Started excavation of the starter tunnels at West Potomac Park (Potomac River Tunnel)



Service Area: Stormwater

The stormwater system has approximately 635 miles of storm sewer pipes, catch basins, inlets, special structures, and related facilities. Some components of the existing storm sewer system are over 100 years old. DC Water is responsible for the maintenance and replacement of the publicly owned collection and conveyance facilities that transport stormwater runoff to the Anacostia and Potomac Rivers, Rock Creek, and other receiving streams within the District of Columbia. DC Water owns, maintains, and operates 16 stormwater pump stations that serve underpasses through the District.

Program Areas	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed	10-Year Plan	Lifetime Budget
Local Drainage	\$9	\$2,634	\$5,728	\$26,595	\$39,153
On-Going	\$1,319	\$614	\$1,217	\$8,057	\$10,413
Pumping Facilities	\$5,881	\$11,747	\$5,785	\$65,446	\$84,738
Program Management	\$194	\$585	\$519	\$4,793	\$14,849
Interceptor Trunk/Force Sewers	\$23	\$969	\$1,491	\$22,534	\$41,383
TOTAL Stormwater CIP	\$7,427	\$16,550	\$14,740	\$127,426	\$190,536

(\$ in thousands)

Key major projects include:

Stormwater Pumping Facilities



Project Name	Project ID	Measure of Priority	Start	Finish	10-Year Plan	Lifetime Project
Stormwater Pumping Station Rehabilitation	NG	2C	2017	2028	\$65,446	\$84,738
Total					\$65,446	\$84,738

(\$ in thousands)

Major Accomplishments:

Design for Storm Sewer Rehab and Repair Phase 11 is underway

Project Description: DC Water's 16 stormwater pump stations serve critical areas of the District and are integral to maintaining the road network where roadway stormwater runoff that does not drain without the assistance of mechanical means. DC Water has projects to upgrade these stormwater pump stations by replacing aging equipment and improving reliability and safety and addressing code compliance issues. The Supervisory Control and Data Acquisition (SCADA) upgrades have been completed on 12 stormwater pump stations.



Service Area: Sanitary Sewer

DC Water is responsible for wastewater collection in the District of Columbia, including operation and maintenance of the sanitary sewer system. The sewer system includes approximately 1,295 miles of small, large and very large gravity collection sewers and force mains. The total inventory of the collection and conveyance system includes approximately 1,930 miles of combined, separate and stormwater sewers, 55,000 manholes, 26,000 catch basins, 16 stormwater pump stations, and 9 wastewater pump stations. In addition, DC Water is responsible for the 50-mile-long Potomac Interceptor System, which provides conveyance of wastewater from Dulles International Airport and areas in Virginia and Maryland, to the Blue Plains Advanced Wastewater Treatment Plant.

Program Areas	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed	10-Year Plan	Lifetime Budget
Sanitary Collection System	\$12,133	\$15,894	\$20,632	\$250,976	\$677,291
On-Going	\$17,203	\$15,454	\$18,638	\$167,555	\$265,252
Pumping Facilities	\$4,046	\$8,096	\$12,126	\$197,951	\$254,616
Program Management	\$10,534	\$16,400	\$20,398	\$94,045	\$200,562
Interceptor/Trunk Mains/Force Sewers	\$65,453	\$99,526	\$158,919	\$1,986,599	\$2,817,552
TOTAL Sanitary Sewer CIP	\$109,368	\$155,371	\$230,713	\$2,697,126	\$4,215,274

(\$ in thousands)

Key major projects include:

Potomac Interceptor

Projects  Reliable

Project Name	Project ID	Measure of Priority	Start	Finish	10-Year Plan	Lifetime Project
Potomac Interceptor Projects - Rehab. Phase 2	LZ	3A	2015	2031	\$26,991	\$88,220
Potomac Interceptor Projects - Rehab Phase 4	PI	2C	2025	2034	\$663,518	\$662,526
Potomac Force Main Rehabilitation	IK	3A	2012	2029	\$1,969	\$6,091
Total					\$692,478	\$756,836

Project Description:

(\$ in thousands)

The rehabilitation of large diameter sewers that have reached the end of their useful life or in need of major rebuild or refurbishment. Primarily involves rehabilitation of the Potomac Interceptor (PI) pipe segments around MH31. The PI is a critical component of DC Water's sewer system serving Loudoun and Fairfax counties in Virginia and Montgomery County in Maryland. The PI conveys sewage from these areas to the Potomac Pumping Station in DC. From the Pumping Station, the flow is then sent to the Blue Plains Advanced Wastewater Treatment Plant for treatment. DC Water has been conducting assessments of the PI and has several Capital Improvement Projects to rehabilitate defective segments.

Key major projects include:

Local Sewer Rehabilitations



Project Name	Project ID	Measure of Priority	Start	Finish	10-Year Plan	Lifetime Project
Local Sewer Rehab 2	QY	3A	2016	2026	2,799	5,200
Local Sewer Rehab 5	QS	3A	2020	2029	26,142	30,189
Local Sewer Rehab 6	QT	3A	2024	2029	57,399	60,869
Local Sewer Rehab 7	QU	3A	2025	2031	59,999	63,000
Local Sewer Rehab 8	QW	3A	2024	2035	13,653	180,600
Local Sewer Rehab 9	RG	3A	2029	2034	-	78,345
Local Sewer Rehab 10	UQ	3A	2031	2034	-	50,274
Local Sewer Rehab 11	UR	3A	2030	2036	-	76,918
Total					\$159,992	\$545,395

(in thousands)

Project Description:

Renewal of small diameter sewer infrastructure will reduce emergency rehabilitations and maintenance demands for these neighborhood sewers. FY 2026 sewer replacement planned is 1%.



Completed inspection of 36.54 miles of local sewers (>12-inch and <60-inch diameter) and 768 manholes under the Local Sewer Inspection Program and 3.98 miles of heavy cleaning local sewer inspections under the Heavy Cleaning Program, for a total of 40.52 miles of Local Sewer Inspections.

Major Accomplishments:

- Construction for Normanstone Sewer rehabilitation project is substantially complete as of September 2025
- Construction for Piney Branch Sewer Rehabilitation project is ongoing, 95% complete.
- Construction for Northeast Boundary Trunk Sewer Rehabilitation project is substantially complete as of September 2025.
- Local sewer projects currently in design: Service Life Restoration Program Phase 4 and 5
 - Local Sewer Rehab 5-3
 - Local Sewer Rehab 5-4
 - Local Sewer Rehab 6



Service Area: Water

Delivery of safe, clean, high-quality drinking water is one of DC Water's highest priorities. Drinking water in the District of Columbia comes from the Potomac River. The U.S. Army Corps of Engineers, Washington Aqueduct (Aqueduct), is a federally owned agency responsible for treating the drinking water. DC Water purchases water from the Aqueduct and is responsible for maintaining the distribution system that delivers drinking water to customers. DC Water distributes drinking water through roughly 1,300 miles of interconnected pipes to more than 700,000 residents and businesses in the District.

Program Areas	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed	10-Year Plan	Lifetime Budget
Water Distribution Systems	\$58,040	\$58,259	\$87,333	\$1,145,616	\$2,278,645
Lead Free DC Program	\$81,997	\$93,954	\$132,752	\$1,040,707	\$1,783,489
Water On-Going Projects	\$28,022	\$13,646	\$15,927	\$195,159	\$267,044
Water Pumping Facilities	\$3,251	\$2,070	\$8,076	\$44,081	\$95,809
Water Storage Facilities	\$5,628	\$2,807	\$16,608	\$257,210	\$272,759
Water Service Program Management	\$13,366	\$16,020	\$13,863	\$100,619	\$146,874
Total Water CIP	\$190,303	\$186,757	\$274,558	\$2,783,392	\$4,844,619

(\$ in thousands)

Key major projects include:

Lead Free DC



Project ID	Measure of Priority	Start	Finish	10-Year Plan	Lifetime Project
BW	2B	2003	2035	\$4,016	\$212,642
ST	2B	2022	2035	\$1,036,690	\$1,570,846
Total				\$1,040,707	\$1,783,489



Project Description: DC Water launched the Lead-Free DC (LFDC) initiative in 2019 to accelerate lead service line replacement and combine all our lead reduction efforts under one banner. DC Water estimated the District of Columbia has more than 42,000 service lines with lead or galvanized-iron pipe. It is our goal to replace all of them with copper pipe, and we anticipate that by the start of FY 2027 more than 13,000 of those will have already been replaced as a part of Lead-Free DC. Visit <https://www.dewater.com/resources/lead> to view details of the Lead-Free DC Program including the inventory map and construction dashboard.

Major Accomplishments:

- LFDC completed 3,163 lead line replacements in FY 2025 and our District and federal funds saved customers over \$28M to date by providing free replacements.
- LFDC completed the 10,000th program replacement at the end of FY 2025.

Project Name	Project ID	Measure of Priority	Start	Finish	10-Year Plan	Lifetime Project
Large Diameter Water Main Replacement 6 - 7 & 8	K7	3B	2024	2035	\$112,026	\$128,894
Large Diameter Water Main Replacement 9-10 &11	K8	3A	2028	2035	\$59,225	\$76,400
Large Diameter Water Main Replacement 12 – 13 & 14	K9	3A	2030	2036	\$72,600	\$83,480
Large Valve Replacement Contract 29 – 30 & 31	KD	3A	2030	2035	\$20,040	\$22,970
Total					\$263,891	\$311,744

(\$ in thousands)

Key major projects include:

Large Diameter Water Main Replacements



Project Description: In FY 2026, Large Diameter Water Main has a planned replacement of 1.5 percent. Distribution Systems – Provides for the rehabilitation, replacement or extension of the water distribution system through several projects. The distribution system program area is the largest program for the water service area and includes three primary elements: small diameter water main renewal, large diameter water main rehabilitation, valve replacement and DDOT project relocation needs.



The capital improvement program for linear assets aims to:

- Minimize customer disruptions caused by pipe breaks.
- Reduce the need for reactive maintenance and unscheduled rehabilitations, leading to lower long-term maintenance costs.
- Enhance water quality within the distribution system.
- Improve water pressure and available fire flow throughout the distribution system.
- Decrease the inventory of lead service pipes, thereby reducing lead exposure.

Major Accomplishments: Continued focus on replacing lead service lines in vulnerable and historically underserved communities with our prioritization model that aligns with Biden-Harris Administration's Justice40 Initiative.

Key major projects include:

Pure Water Program					
		Healthy, Safe and Well	Reliable	Resilient	
Project ID	Measure of Priority	Start	Finish	10-Year Plan	Lifetime Project
Second Source Feasibility Study and Demonstration Facility	3B	2026	2035	\$42,001	\$25,000,000
Total				\$42,001	\$25,000,000

(\$ in thousands)

Project Description: The Second Source Feasibility Study and Discovery Center is a key part of DC Water's Pure Water DC initiative, creating a backup drinking water source through advanced water reuse at Blue Plains. The U.S. Army Corps of Engineers is leading a feasibility study on technical, regulatory, and economic aspects, while the facility will pilot purification technologies and host the Discovery Center for public engagement. Groundbreaking starts in FY 2026, with opening in FY 2027. This project strengthens resilience against droughts and contamination while promoting sustainability and positioning Washington, D.C. as a leader in water reuse innovation.



Major Accomplishments:

- Program Launch: Initiated Pure Water DC in November 2025 to secure a second source of drinking water and reduce reliance on the Potomac River.
- Funding Secured: Approved \$21 million seed funding for feasibility studies, pilot projects, and public engagement, including the Discovery Center at Blue Plains.
- Federal Partnership: Established collaboration with the U.S. Army Corps of Engineers for a \$3 million feasibility study on advanced water reuse and regional storage.
- Design Milestone: Completed conceptual design for a technology demonstration facility to test purification processes and support regulatory approval.
- Regional Resilience: Advanced emergency storage initiatives such as Travilah Quarry, aligning with global best practices and UN Sustainable Development Goals.

Service Area: Additional Capital Programs

Additional Capital Programs is a subset of DC Water's Capital Improvement Program (CIP) and is comprised of Capital Equipment and the Washington Aqueduct.

Capital Equipment – This category accounts for approximately 45% of the Additional Capital Programs budget and includes capital equipment purchases, refurbishment, replacement and enhancement of operational facilities, vehicle equipment, office renovations, mechanical equipment, and Information Technology (IT) software/hardware needs. Starting FY 2027, the capital equipment includes the reallocation of Subscription-Based Information Technology Arrangement(SBITA), Software related costs from operating budget. This is consistent with the new Government Accounting Standard Board(GASB) requirement.

Washington Aqueduct – DC Water's share of Washington Aqueduct's infrastructure improvements to achieve established service levels for FY 2026 - FY 2035 is \$514.5 million. The increased investments funds Washington Aqueduct's risk-based asset management CIP, except the following projects: Federally Owned Water Mains, Travilah Quarry Acquisition Outfitting, and Advanced Treatment.

Key major projects

Program Areas	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed	10-Year Plan
Wastewater Operations	\$3,215	\$6,845	\$6,030	\$24,935
Water Operations	\$132	\$4,380	\$6,478	\$40,115
Pumping and Sewer Operations	\$1,665	\$2,265	\$2,100	\$8,651
Engineering	\$0	\$25	\$25	\$100
Finance & Procurement	\$94	\$6,065	\$7,922	\$170,122
Customer Care	\$399	\$0	\$0	\$0
Information Technology	\$5,361	\$6,165	\$14,552	\$111,866
Shared Services	\$9,044	\$6,736	\$8,140	\$59,609
Total Capital Equipment	\$19,911	\$32,481	\$45,248	\$415,398
Washington Aqueduct	\$22,060	\$49,480	\$35,770	\$514,490
Total Additional Capital Programs	\$41,971	\$81,961	\$81,018	\$929,888

(\$ in thousands)

On-Going Meter Replacement Program

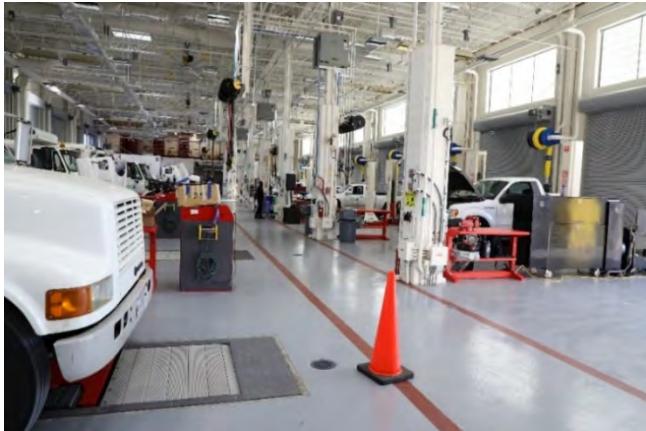


Project Description: On-Going Meter Replacement program aims to upgrade water meters for both residential and commercial buildings. Beginning in FY2026, a three-year rolling initiative will focus on restoring and sustaining Automated Metering Infrastructure (AMI) performance to meet or exceed industry standards. These combined initiatives will deliver measurable improvements by reducing costly manual reads, clearing the backlog of unresolved sites, and ensuring accurate, timely billing.

Project Name	10-Year Plan
On-Going Meter Replacement / AMI	\$36,130
Total	\$36,130

(\$ in thousands)

Fleet Management



Project Name	FY 2026 Revised	FY 2027 Proposed	10-Year Plan
Fleet Management	\$4,001	\$3,972	\$45,889
Total (\$ in thousands)	\$40,001	\$3,972	\$45,889

Project Description:

Fleet management involves overseeing the specification, purchasing, maintenance, and replacement of DC Water's vehicle and heavy-duty equipment.

Major Accomplishments:

In FY 2025, the Fleet Department improved efficiency and sustainability by implementing real-time monitoring for vehicle diagnostic scanners, expanding EV infrastructure and adding electric vehicles, and introducing performance-based metrics for the Repair and Maintenance Contract. The team also reduced costs and optimized resources by downsizing the fleet by 10% through removal of underutilized vehicles. These initiatives strengthened operational reliability and advanced DC Water's environmental and strategic goals.

Project Name	FY 2026 Revised	FY 2027 Proposed	10-Year Plan
Washington Aqueduct	\$49,480	\$35,770	\$514,490
Total (\$ in thousands)	\$49,480	\$35,770	\$514,490

(\$ in thousands)

Project Description: DC Water's share of Washington Aqueduct's infrastructure improvements to achieve established service levels for FY 2026 – FY 2035 is \$514.5 million. The increased investments funds Washington Aqueduct's risk-based asset management CIP, except the following projects: Federally Owned Water Mains, Travilah Quarry Acquisition Outfitting, and Advanced Treatment.

Washington Aqueduct



DC Water Delivers
Treated Drinking Water from
the Washington Aqueduct



Additional Capital Improvement Program												
	FY 2025 Actual	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	10-Year Total
WASTEWATER OPERATIONS												
810600 Clean Water Quality & Technology	\$60	\$80	\$40	\$40	\$40	\$0	\$0	\$0	\$0	\$0	\$0	\$200
810006 Wastewater Operations	\$19	\$50	\$40	\$40	\$40	\$0	\$0	\$0	\$0	\$0	\$0	\$170
812003 Wastewater Process Engineering	\$954	\$775	\$850	\$850	\$850	\$0	\$0	\$0	\$0	\$0	\$0	\$3,325
811003 Maintenance	\$2,182	\$5,940	\$5,100	\$5,100	\$5,100	\$0	\$0	\$0	\$0	\$0	\$0	\$21,240
Subtotal	\$3,215	\$6,845	\$6,030	\$6,030	\$6,030	\$0	\$0	\$0	\$0	\$0	\$0	\$24,935
WATER OPERATIONS												
813003 Water Operations	\$132	\$1,300	\$895	\$895	\$895	\$0	\$0	\$0	\$0	\$0	\$0	\$3,985
813021 AMI Assessment		\$0	\$2,550	\$2,550	\$850	\$0	\$0	\$0	\$0	\$0	\$0	\$5,950
813021 On-Going Replacement		\$3,080	\$3,033	\$3,033	\$3,033	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$30,180
Subtotal	\$132	\$4,380	\$6,478	\$6,478	\$4,778	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$40,115
PUMPING AND SEWER OPERATIONS												
815000 Pumping Services	\$1,226	\$1,765	\$1,600	\$1,662	\$1,624	\$0	\$0	\$0	\$0	\$0	\$0	\$6,651
814000 Sewer Operations	\$439	\$500	\$500	\$500	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000
Subtotal	\$1,665	\$2,265	\$2,100	\$2,162	\$2,124	\$0	\$0	\$0	\$0	\$0	\$0	\$8,651
Shared Services and Asset Management												
805000 Shared Services and Asset Management	\$0	\$25	\$25	\$25	\$25	\$0	\$0	\$0	\$0	\$0	\$0	\$100
Subtotal	\$0	\$25	\$25	\$25	\$25	\$0	\$0	\$0	\$0	\$0	\$0	\$100
FINANCE & PROCUREMENT												
300003 Finance, Accounting & Budget	\$94	\$600	\$305	\$200	\$200	\$0	\$0	\$0	\$0	\$0	\$0	\$1,305
300003 Reserve Fund	\$0	\$5,465	\$7,617	\$7,117	\$6,817	\$23,634	\$23,634	\$23,634	\$23,634	\$23,634	\$23,634	\$168,817
Subtotal	\$94	\$6,065	\$7,922	\$7,317	\$7,017	\$23,634	\$23,634	\$23,634	\$23,634	\$23,634	\$23,634	\$170,122
CUSTOMER CARE												
600018 On-Going Replacement	\$399	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
600018 SDWM Meter Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$399	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
INFORMATION TECHNOLOGY												
601003 IT Infrastructure	\$2,040	\$2,020	\$2,190	\$2,100	\$2,000	\$0	\$0	\$0	\$0	\$0	\$0	\$8,310
601SB1 SBITA	\$0	\$0	\$8,817	\$9,082	\$9,354	\$9,635	\$9,924	\$10,222	\$10,528	\$10,844	\$11,170	\$89,576
601012 IT Project Management	\$3,321	\$4,145	\$3,545	\$3,145	\$3,145	\$0	\$0	\$0	\$0	\$0	\$0	\$13,980
Subtotal	\$5,361	\$6,165	\$14,552	\$14,327	\$14,499	\$9,635	\$9,924	\$10,222	\$10,528	\$10,844	\$11,170	\$111,866
SHARED SERVICES												
204000 Facilities Management	\$1,795	\$1,985	\$3,268	\$2,776	\$2,341	\$0	\$0	\$0	\$0	\$0	\$0	\$10,370
205003 Security	\$410	\$600	\$500	\$550	\$550	\$0	\$0	\$0	\$0	\$0	\$0	\$2,200
202006 Fleet Management	\$33	\$150	\$350	\$350	\$200	\$0	\$0	\$0	\$0	\$0	\$0	\$1,050
203000 Occupational Safety	\$6,805	\$4,001	\$3,972	\$3,916	\$4,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$45,889
201006 Office of Emergency Management	\$0	\$0	\$50	\$50	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100
Subtotal	\$9,044	\$6,736	\$8,140	\$7,642	\$7,091	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$59,609
TOTAL CAPITAL EQUIPMENT	\$19,911	\$32,481	\$45,248	\$43,981	\$41,564	\$41,269	\$41,558	\$41,855	\$42,162	\$42,478	\$42,803	\$415,398
WASHINGTON AQUEDUCT	\$22,060	\$49,480	\$35,770	\$35,770	\$35,770	\$71,540	\$71,540	\$71,540	\$71,540	\$71,540	\$35,770	514,490
TOTAL ADDITIONAL CAPITAL PROGRAMS	\$41,971	\$81,961	\$81,018	\$79,751	\$77,334	\$77,039	\$113,098	\$113,395	\$113,702	\$114,018	\$78,573	\$929,888
(\$ in thousands)												

FY 2027 OPERATING EXPENDITURE BUDGET

\$227M

PERSONNEL SERVICES

Employ 1,283 Full-Time Equivalent (FTEs) to provide water and wastewater services
Pay wages, retirement and health benefits for employees
Provide overtime compensation for emergency repair responses and special projects
Create career pathways and training opportunities for apprentices and summer interns
Breakdown of Personnel Services by Functional Areas:
\$158.1M Core operational departments – **955 FTEs**
\$68.9M Administration and support departments – **328 FTEs**

\$16M

SUPPLIES AND SMALL EQUIPMENT

\$10.2M **Buy** replacement pipes, valves, pumps, meters, vehicle parts, and other equipment for routine maintenance and upkeep
\$4.5M **Purchase** of laboratory supplies, custodial supplies, office supplies, uniforms, personal protective equipment (PPE) and other consumables
\$1.0M **Rent** machinery, cranes, vehicles and other specialized equipment

\$100M

CONTRACTUAL SERVICES

\$37.2M **Provide** support for information technology, legal, security, engineering, financial advisory, strategic, research and temporary staffing services
\$15.2M **Maintain** buildings, electrical equipment, HVAC, elevators, vehicles, green infrastructure, fire systems, digesters, combined heat and power facility
\$17.6M **Pay** for hauling and disposal of hazardous materials and biosolids, odor control, janitorial, industrial cleaning, reservoir, wet well and catch basin cleaning services
\$8.9M **Leverage** cutting-edge software technology to optimize operations and business processes
\$9.2M **Meet** obligations for insurance premiums, audit, claims and litigation
\$4M **Invest** in education, professional development, conferences, memberships and support events for 1,283 employees
\$1.7M **Foster** stakeholder engagement, community outreach and regional programs
\$6.1M **Pay** for printing and postage of customer bills, advertisement of contract solicitations, promotional items, storage and material transportation charges

\$54M

WATER PURCHASES

\$54.4M **Purchase** drinking water from the Washington Aqueduct

\$85M

CHEMICALS AND UTILITIES

\$80.8M **Fund** chemicals, energy and water used for collection, distribution and treatment activities and buy fuel used in vehicles and heavy-duty equipment
\$2.9M **Connect** employees, customers and stakeholders through uninterrupted telecommunication services (telephone, cellphone and radios)
\$1M **Lease** office space for sewer operations and other storage services

\$370M

NON-OPERATIONS AND MAINTENANCE

\$272M **Fund** debt service costs to support the capital program
\$74M **Allocate** funding for paygo financing
\$24M **Pay** the District's Payment in Lieu of Taxes and Right of Way fees

Overview of DC Water's Operational and Administrative Departments

Organizational Structure: DC Water is structured to fulfill its mission of providing water and wastewater services by grouping 30 departments into functional service lines and reporting clusters.

- **Operational Departments:** These departments are responsible for the day-to-day activities such as water distribution, sewer services, wastewater treatment, customer care, and infrastructure maintenance. Their primary focus is to directly serve customers and ensure the reliability and safety of the water and wastewater systems.
- **Administrative and Technical Support Departments:** These departments provide essential support to operational units. Their functions include strategic planning, asset management, leadership development, financial management, goods and services procurement, human resources, and legal support. They enable the operational departments to function effectively and ensure compliance with regulatory and organizational standards.

Cluster-Based Reporting Structure: To enhance efficiency, accountability, and service delivery, DC Water organizes its departments into clusters.

- **Clusters:** Each cluster is led by a Senior Executive Team (SET) member who is responsible for the overall performance and service delivery of the departments within their cluster. This structure helps streamline decision-making processes, improve communication, and ensures that each cluster meets its performance metrics and strategic goals.
- **Purpose of Clusters:** Clusters are designed to promote collaboration and alignment across departments with similar functions, ensuring that resources are used effectively and that services are delivered efficiently.

Structural Changes: During FY 2025, the Authority underwent the following reorganization that reassigned personnel and related budgets across multiple departments and clusters.

- The departments of Engineering & Technical Services and CIP Infrastructure Management were reorganized into the newly established departments of Water Program & Lead-Free DC and Shared Services & Asset Management. The Engineering cluster comprises the departments of Clean Rivers, Permits Operations, Wastewater Engineering, Water Program & Lead-Free DC and Shared Services & Asset Management.
- The Strategy & Performance department was separated from the Administration cluster.
- The Meter Operations business unit under the Customer Care department was reassigned to Water Operations to improve operational efficiency.
- The Administration cluster was expanded to include the Office of Marketing and Communication, Shared Services departments (Fleet Management, Facilities, Security, Occupational Safety and Health, Office of Emergency Management), and Customer Care department.

Importance of DC Water's Organizational Structure:

- **Leverage Organizational Strengths:** By reorganizing into functional clusters, DC Water aims to capitalize on the strengths of each department and improve collaboration across the organization.
- **Foster a High-Performing Team Culture:** Creation of a more cohesive and engaged workforce, where departments work together towards common goals and performance metrics.

- Enhance the Employee Experience: By streamlining processes and improving internal support, DC Water aims to provide a better work environment, which in turn enhances productivity and job satisfaction.
- Improve Organizational Performance: The new structure is designed to increase operational efficiency, reduce redundancies, and ensure that resources are allocated effectively to meet the utility's goals and objectives.
- Serve the Public and Protect the Environment: Ensure that DC Water continues to provide high-quality water and wastewater services to its customers, while also protecting the environment and complying with regulatory requirements.

Reporting and Accountability:

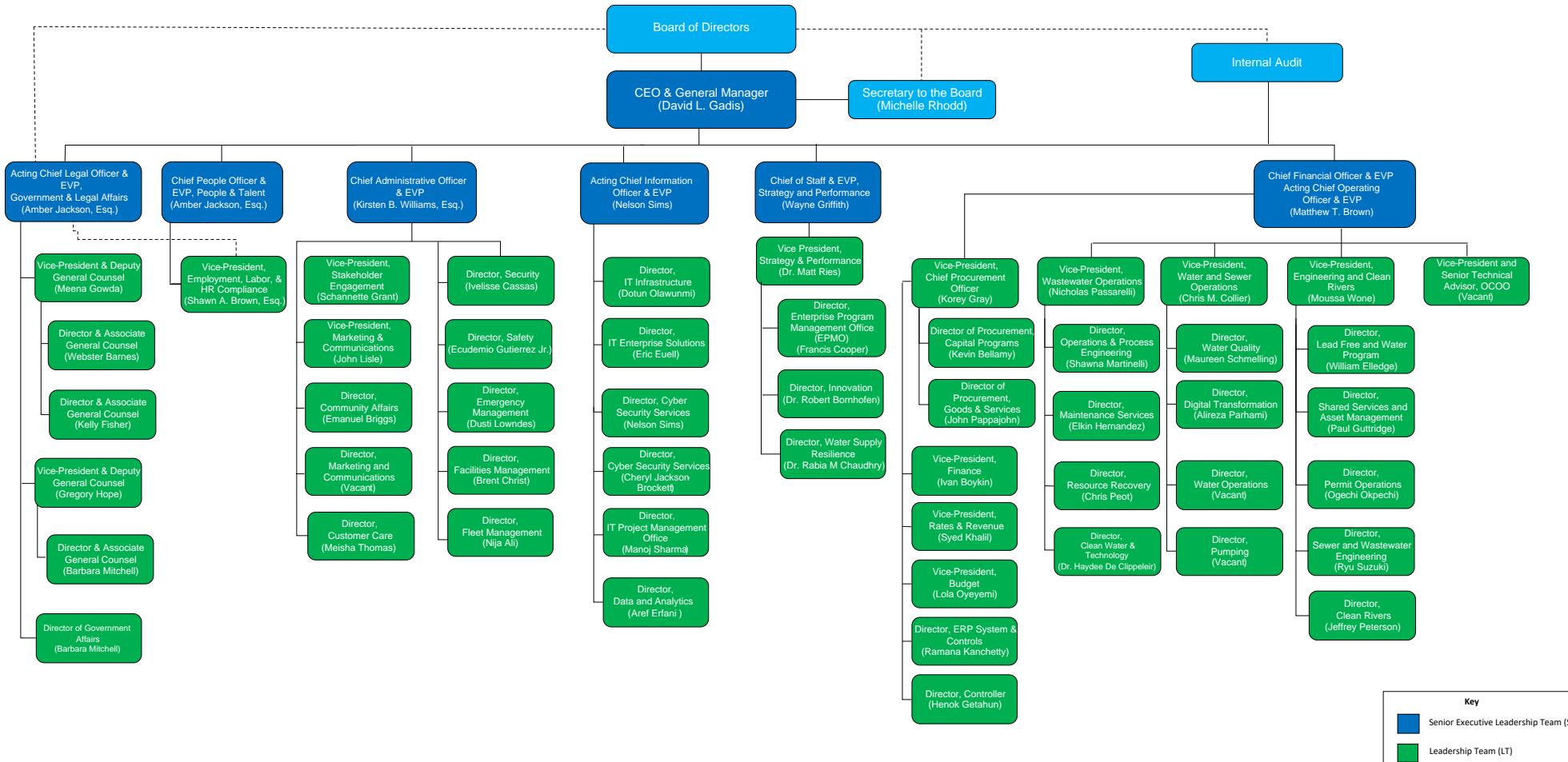
- The Senior Executive Team (SET) members overseeing each cluster are responsible for ensuring that their departments meet the organization's service delivery standards and performance metrics. This structure promotes accountability and ensures that departments are aligned with DC Water's overall mission and strategic objectives.
- Performance Metrics: Each department within the clusters is assessed based on specific performance indicators, which help track progress toward strategic goals and identify areas for improvement.

These structural changes are part of DC Water's ongoing efforts to optimize its operations, improve service delivery, and ensure the sustainable management of its resources.

DC Water Clusters & Senior Executive Team (SET)



DC WATER LEADERSHIP TEAM



Operating Expenditures Budget Linkage to Blueprint 2.0

DC Water's five-year strategic plan, called Blueprint 2.0, includes five interconnected imperatives and lays out defined outcomes essential to achieving the strategic goals over the next five years and beyond. Detailed information about the strategic plan is available online at www.dewater.com/strategic-plan.



Healthy, Safe and Well

Is everybody we impact healthy, safe and well?

Reliable

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

Resilient

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

Sustainable

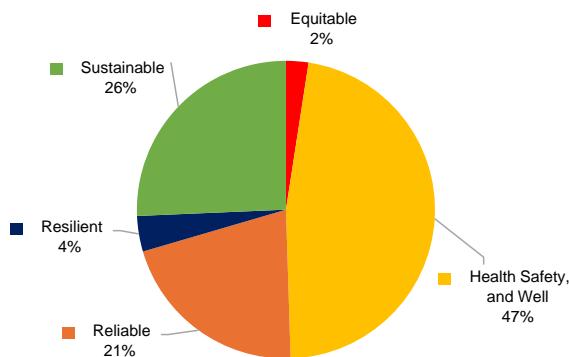
Are we able to meet the needs of the present without compromising the ability of future generations to meet their own needs?

Equitable

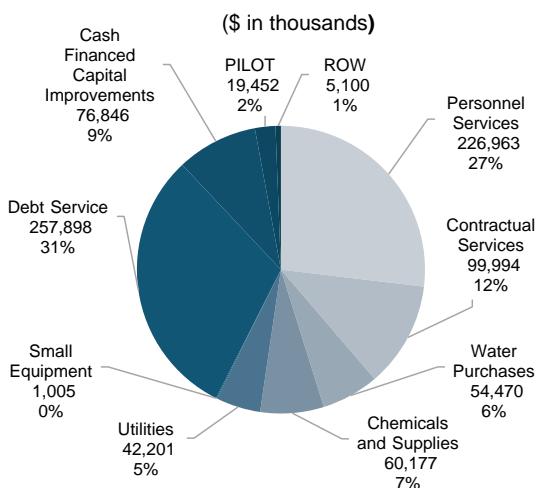
Are we operating in an equitable manner to enable our employees, partners, customers, and communities to prosper?

DC Water's budget is guided by its strategic plan. It serves as the primary lens through which budget requests are evaluated against established prioritization criteria and final budget decisions are made. The Proposed FY 2027 operating budget advances DC Water's strategic plan and aligns it with the five imperatives of the Blueprint 2.0.

FY 2027 Operations & Maintenance Budget Breakdown by Blueprint 2.0



FY 2027 Operating Expenditures Budget Breakdown by Object



Examples of Major Operating Expenditure Services



Salaries, retirement and health benefits, employment taxes, janitorial services, trash removal and recycling services, insurance premiums, claims, safety parts, custodial supplies, and more.



Chemicals, biosolids hauling & disposal, Combined Heat & Power facility support, industrial cleaning, grit removal, drinking water purchases, industrial cleaning, Green Infrastructure maintenance, research & development, audits, and more.



Energy, water usage, overtime, maintenance & repair (automotive, equipment, HVAC, elevators), telecommunication, software & hardware maintenance, locate & mark services, critical parts and supplies, and more.



Security guard services, employee on call time, maintenance & repairs (meter, general, electrical high and low voltage, other), cybersecurity, and more.



Customer assistance and community outreach programs, legal matters, litigation contingency, employee parking subsidy, clothing & uniforms, employee orientation, internship programs, various employee training and conferences, and more.

FY 2027 Proposed Budget Overview by Services

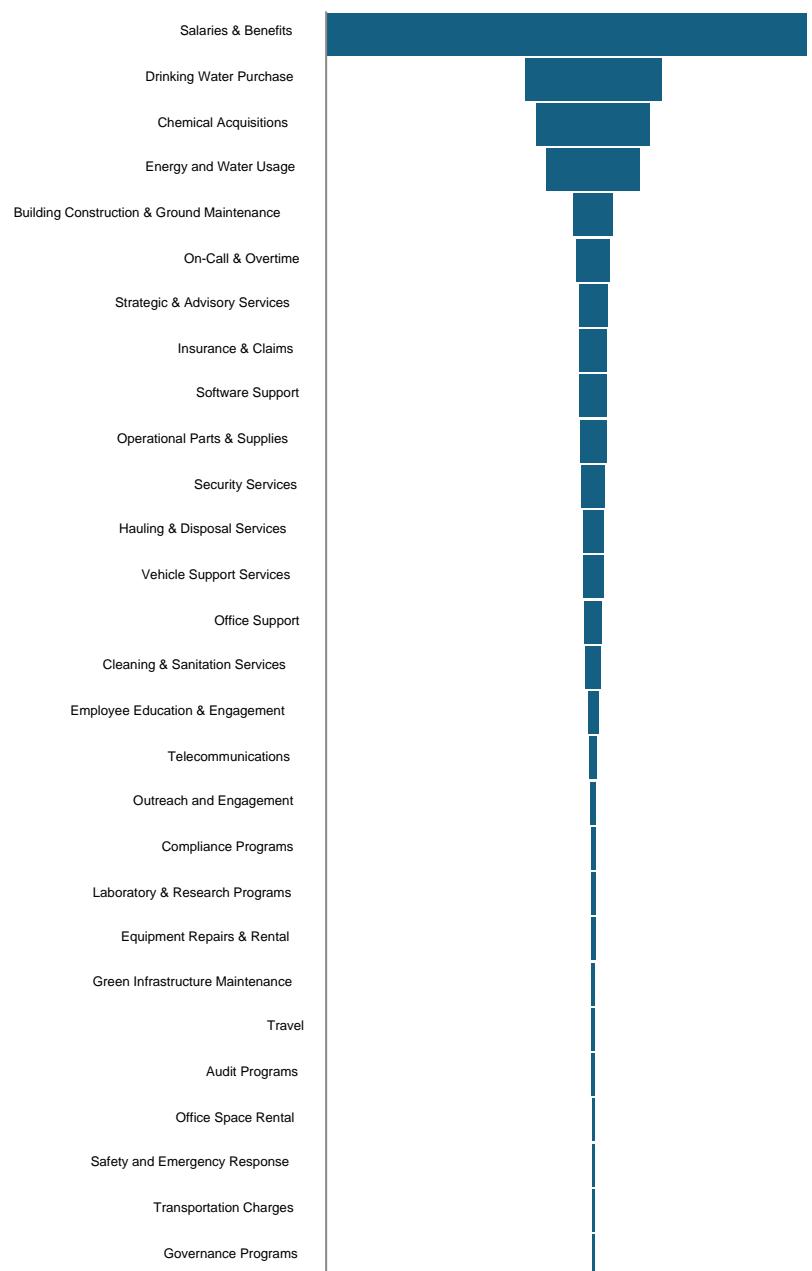
The proposed FY 2027 budget supports DC Water's mission to deliver safe, reliable, and sustainable water and wastewater services while advancing strategic priorities under Blueprint 2.0. This budget funds a wide range of services and directs resources toward sustaining core operations while expanding capacity in critical areas.

DC Water's core operations and maintenance budget comprises of various essential activities (depicted in the graph to the right) provided by all departments. These operational activities are grouped into nine (9) major services (depicted in the graph below) to better justify requests, allocate resources based on outcomes and guide decision-making.

The largest share of the O&M budget, 47% for salaries, benefits and overtime, reflects the Authority's commitment to maintaining a skilled workforce. Fixed expenses at 28% covers the purchase of drinking water, energy use and chemicals which are critical to daily water and wastewater operations. The remainder of 25% is necessary for asset maintenance, critical parts and equipment, insurance coverage, claims, technology, and other essential services. These include security, hauling & disposal, strategic & advisory services, office support, cleaning & sanitation, compliance, research, customer outreach, training, audits, safety and emergency response activities. These investments reinforce regulatory alignment, innovation, community trust, and resilience.

Overall, the FY 2027 budget balances immediate operational needs with strategic long-term priorities, ensuring continued service reliability and responsible stewardship of resources.

Breakdown of O&M Activities



FY 2027 O&M Breakdown of Services



Operating Expenditures Budget

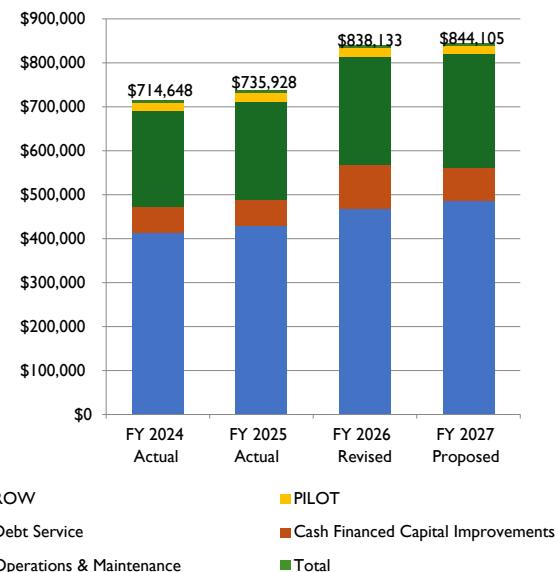
The Revised FY 2026 budget includes an amendment of \$24.0 million from debt service to the cash financed capital improvement fund due to the structure of new debt and refinancing. The overall operating expenditure budget for FY 2026 remains at the Board-adopted level.

The Proposed FY 2027 operating budget is \$844.1 million, an increase of \$5.9 million or 0.7% compared to FY 2026 level.

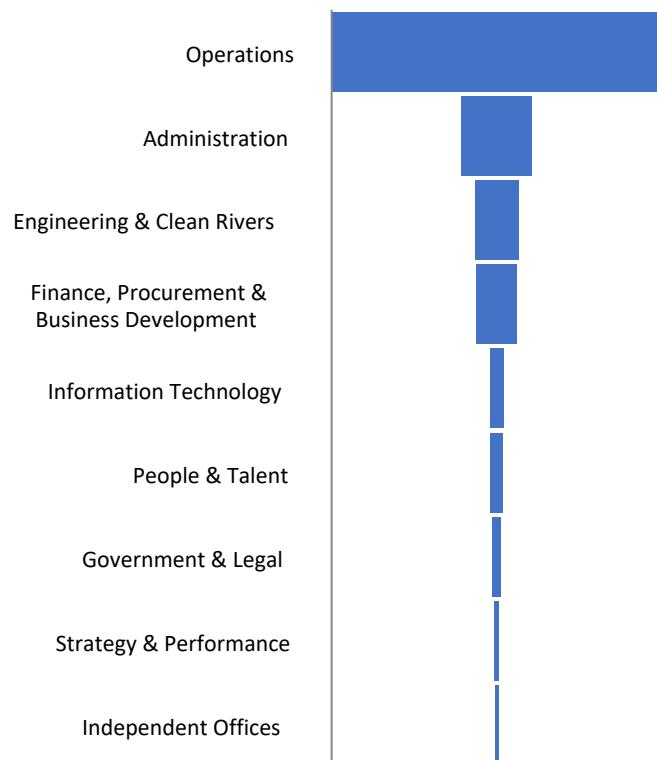
Proposed FY 2027 Operating Budget Changes

- Personnel Services** (\$9.5 million increase): Reflects proposed adjustments for salaries, overtime, and employee health benefits. Budget includes eliminating/repurposing 8 existing vacancies and 6 new positions recommended in several departments
- Chemicals** (\$1.4 million increase): Reflects projected chemical unit price increases
- Supplies** (\$1.2 million increase): Reflects inflationary cost pressures for critical parts and custodial materials
- Utilities** (\$0.5 million net increase): Higher electricity costs offset by reduced water usage in treatment activities and repaired leakages
- Water Purchase** (\$6.3 million increase): Reflects DC Water's proportionate share (75%) of the Washington Aqueduct's O&M forecast, including the dredging of the Little Seneca Reservoir
- Contractual Services** (\$2.3 million decrease): Reflects a decrease partially attributable to Subscription-Based Information Technology Arrangement (SBITA) cost reallocation to capital budget; offset by various professional services
- Small Equipment** (\$0.5 million decrease): Reflects reduced rental of crane equipment at Blue Plains
- Debt Service** (\$10.1 million increase): for planned debt coverage between the projected senior and subordinate bond series
- Cash Financed Capital Improvements** (\$21.0 million decrease): PAYGO funding to reduce future borrowing costs
- PILOT & ROW** (\$0.4 million increase): Payment to the District for Payment-in-Lieu-of Taxes and Right-of-Way fee which remains at the FY 2026 level

Historical and Projected Operating Expenditures



FY 2027 Operations & Maintenance Budget by Cluster



Operating Expenditures by Object

DC Water's annual operating budget provides the resources necessary to sustain a multi-billion-dollar water distribution, sewage collection, and treatment system.

The FY 2027 Proposed budget for Operations expenditures is \$844.1 million, which is an increase of 0.7% from the Revised FY 2026 budget. The operations and maintenance expenses are categorized into six major expenditure types: Personnel Services, Chemicals & Supplies, Contractual Services, Utilities and Rent, Water Purchases, and Small Equipment. Additionally, a portion of the personnel costs are capitalized in direct support of DC Water's Capital Improvement Program.

\$ in thousands	FY 2024 Year-End Actual	FY 2025 Year-End Actual	FY 2026 Revised Budget	Proposed Budget	FY 2027 Change	% Budget
Personnel Services	\$ 192,994	\$ 197,802	\$ 217,462	\$ 226,963	\$ (9,501)	-4.4%
Chemicals & Supplies	55,596	56,834	57,491	60,177	(2,686)	-4.7%
Contractual Services	89,276	90,012	102,284	99,994	2,290	2.2%
Utilities and Rent	34,202	39,731	41,659	42,201	(542)	-1.3%
Water Purchases	38,904	43,498	48,149	54,470	(6,321)	-13.1%
Small Equipment	1,599	1,311	1,531	1,005	526	34.3%
Total O&M Expenditures	\$ 412,570	\$ 429,188	\$ 468,576	\$ 484,810	\$ (16,234)	-3.5%
Debt Service	220,073	224,506	247,448	257,898	(10,450)	-4.2%
Cash Financed Capital Improvements	58,576	58,438	97,938	76,846	21,092	21.5%
Payment in Lieu of Taxes	18,330	18,696	19,070	19,452	(381)	-2.0%
Right of Way Fees	5,100	5,100	5,100	5,100	-	0.0%
Total Operating Expenditures	\$ 714,648	\$ 735,928	\$ 838,133	\$ 844,105	\$ (5,973)	-0.7%
Personnel Services Charged to Capital Projects	(26,699)	(25,789)	(30,907)	(32,228)	454	-1.5%
Net Operating	\$ 687,949	\$ 710,140	\$ 807,226	\$ 811,877	\$ (5,519)	-0.7%



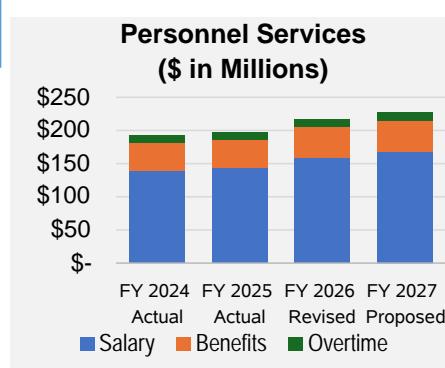
PERSONNEL SERVICES

Healthy, Safe and Well

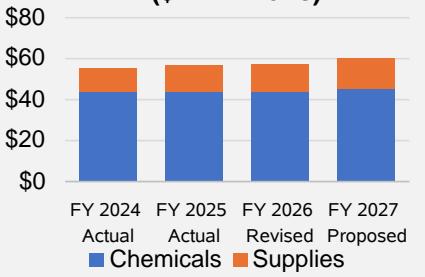
Reliable

Personnel Services covers the salaries, benefits, overtime, on-call and other employee compensations for 1283 full time employees, temporary part-time employees, apprentices and the DC Water's internship program.

Total costs for FY 2027 are estimated at \$227.0 million, or 21.2% of total operating budget and reflect a \$9.5 million or 4.4% increase from prior year. The increase in employee salaries and benefits is designed to enhance workforce retention amid a highly competitive labor market.



Chemicals & Supplies (\$ in Millions)



CHEMICALS & SUPPLIES

Healthy, Safe and Well

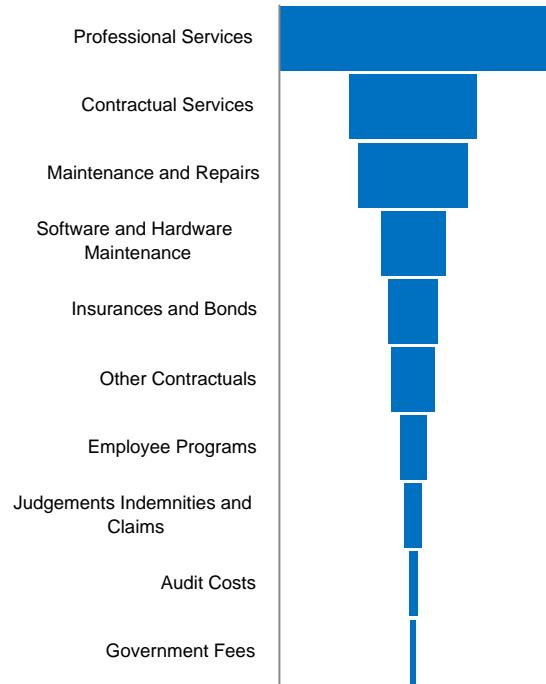
Reliable

Resilient

These include the various chemicals (Methanol, Polymer, Ferric Chloride, Etc.) used in the treatment processes, office supplies, custodial supplies including spare parts for maintaining critical assets, uniforms for operational and technical employees, etc.

The Proposed FY 2027 budget is estimated at \$60.2 million, or 5.6% of total operating budget and reflect a 4.7% increase from prior year budget. The \$2.7 million increase is mainly due to higher costs for chemicals and supplies to support enhanced water and wastewater treatment processes and ensure regulatory compliance.

FY 2027 Contractual Services



CONTRACTUAL SERVICES

Healthy, Safe and Well | Reliable | Resilient | Equitable | Sustainable

The proposed FY 2027 contractual budget is estimated at \$100 million, representing 9.4% of the total operating budget and reflect 2.2% decrease compared to the prior year. Key cost pressures include hauling, cleaning, IT support, utility marking, and security services, with budget reallocations focusing on travel, training, and professional services such as consulting, legal, and insurance.

MAJOR CONTRACTUAL SERVICES

- Professional Services:** Provides support for the security and traffic services, legal contingency and general litigation, security and traffic services, Combined Heat & Power (CHP) facility, consulting, strategic, legal, financial advisory, strategic, temporary staffing, research and development
- Contractual Services:** Hauling and disposal of waste materials, industrial cleaning, odor control, janitorial, fire systems, reservoir, fat, oil and grease (FOG) management and root foaming
- Software and Hardware Maintenance:** Software subscriptions costs are reallocated to capital based on new reporting requirement, and technical support
- Maintenance and Repairs:** Electrical, vehicles, heavy-duty equipment, HVAC, elevator systems, green infrastructure
- Employee Programs:** Tuition assistance, training, conferences
- Insurance Services:** Premiums for liability, property and coverage
- Other Contracts:** Locate and mark utilities, storage, printing, advertising, material transportation and regional services.



UTILITIES

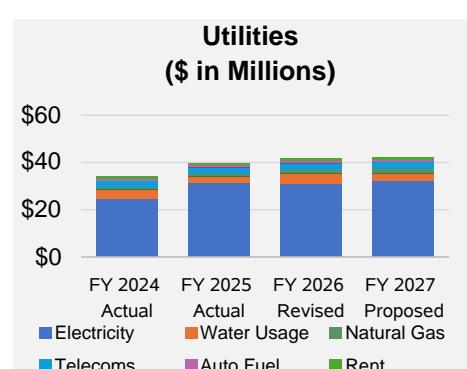
Healthy, Safe and Well

Reliable

This covers the costs for telecommunications (radios, cell and phone lines), electricity, natural gas, water usage, building rentals, etc.

Total utilities costs for FY 2027 are estimated at \$42.2 million, or 4.0% of total operating budget, and reflect a 1.3% increase from prior year budget.

Electricity – A projected \$0.9 million increase in electricity is based on anticipated increase in capacity charges. Energy is used for various treatment activities at Blue Plains, Pump Stations and various facilities. Onsite 7MW generation from the Combined Heat & Power Facility mitigates cost growth and reduces reliance on the power grid.



WATER PURCHASE

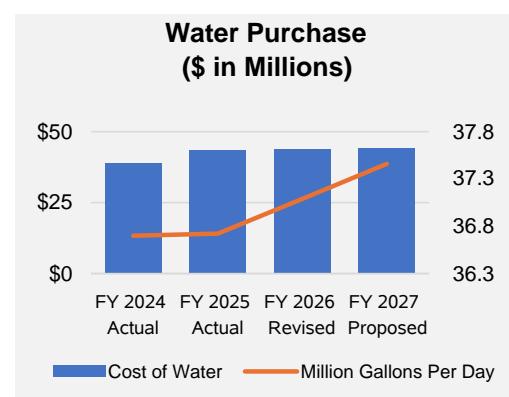
Healthy, Safe and Well

Reliable

Resilient

This covers water purchased from the U.S. Army Corps of Engineers (Washington Aqueduct), the entity that sources, treats and produces the tap water distributed by DC Water in the District

Total water purchase costs for FY 2027 are estimated at \$54.5 million, or 11.23% of total operating budget and reflect a 13.1% increase from prior year budget. The \$6.1 million increase is driven by DC Water's proportionate share of the Washington Aqueduct's Little Seneca Reservoir dredging and sustained upward pressure from chemical and energy costs.



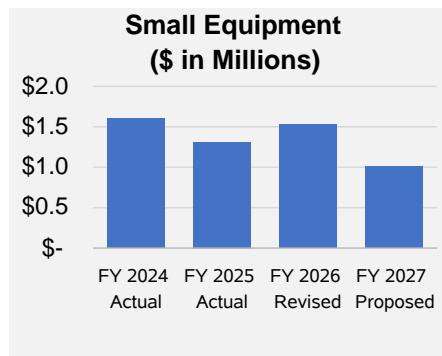


SMALL EQUIPMENT

Healthy, Safe and Well Reliable Resilient

Small equipment includes items such as rented equipment, cranes, adding machines, cameras, small appliances, etc.

Total costs for FY 2027 are estimated at \$1 million, with approximately \$0.5 million decrease due to reduced reliance on rental equipment at Blue Plains.



DEBT SERVICE & CFCI

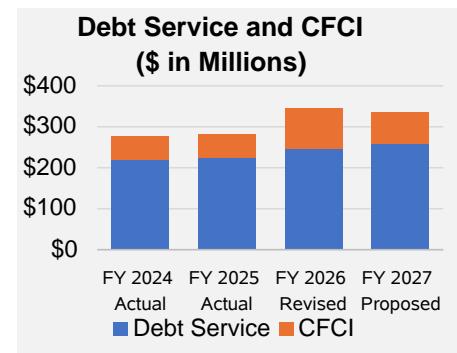
Healthy, Safe and Well Reliable Resilient

The Non-O&M category includes the debt service and cash financed capital improvement (CFCI), as well as Payment in Lieu of Taxes (PILOT) and Right-Of-Ways (ROW) fees.

Debt service refers to the repayment of principal and interest on debt issued for the capital program. As of FY 2025, the total debt service paid amounted to \$224.5 million, with a planned debt service payment of \$257.5 million in FY 2027.

The FY 2026 revised budget reflects reprogramming of \$24.0 million from debt service to CFCI for paygo to reduce future borrowing costs

(CFCI) serves a dual purpose as an Operations and Maintenance budget contingency, and to provide sufficient debt service coverage/paygo.

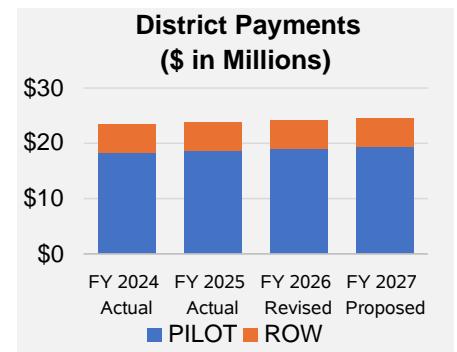


DISTRICT PAYMENTS

Healthy, Safe and Well Reliable Resilient

These are payments to the District for water and sewer conduits that it occupies within the District of Columbia, consistent with an existing memorandum of understanding (MOU)

The PILOT is for \$19.4 million and increased by 1.6%, and the ROW fee is \$5.1 million, no change from the prior year.

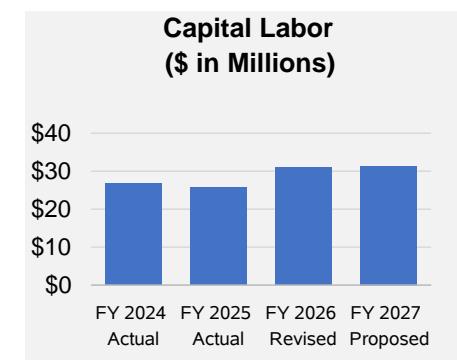


CAPITAL LABOR

Healthy, Safe and Well Reliable Resilient

Capital labor charges represent costs for personnel directly supporting capital projects, including planning, design, and construction efforts.

The Proposed FY 2027 budget is \$32.2 million an increase of \$1.3 million mainly due to increase in our capital improvement program.



Operating Expenditures by Department and Cluster

Departments & Clusters	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 REVISED	FY 2027 PROPOSED
OPERATIONS				
Office of the Chief Operating Officer	\$ 255,976	\$ 273,526	\$ 291,074	\$ 303,550
Wastewater Treatment Operations	1,585	2,759	2,059	1,350
Process Engineering	92,889	99,532	101,362	104,331
Maintenance Services	6,432	7,776	8,468	9,118
Clean Water and Technology	24,233	23,230	26,945	26,914
Resource Recovery	3,878	3,871	5,486	5,063
Water Operations	6,833	7,570	8,354	8,325
Pumping and Sewer Operations	78,534	84,646	92,346	101,798
	41,593	44,142	46,056	46,651
ENGINEERING	\$ 37,204	\$ 35,422	\$ 40,148	\$ 40,416
Engineering & Technical Services	23,128	16,905	21,382	
CIP Infrastructure Management	1,514	827	4,530	
Wastewater Engineering	4,202	5,251	4,862	8,960
Permit Operations	4,946	5,878	5,399	8,902
Clean Rivers	3,415	3,551	3,974	4,118
Shared Services and Asset Management		2,733		15,075
Water Program and Lead Free DC		277		3,361
	\$ 52,453	\$ 55,154	\$ 60,694	\$ 64,692
ADMINISTRATION				
Office of the Chief Administration Officer	491	794	1,325	2,644
Customer Care	14,908	15,771	17,130	15,071
Marketing and Communication	3,891	4,354	4,850	5,255
Office of Emergency Management	1,560	1,677	1,801	1,976
Fleet Management	7,515	7,033	7,543	9,891
Occupational Safety & Health	2,647	3,528	3,370	3,435
Facilities Management	11,285	11,412	13,807	13,484
Security	10,157	10,585	10,866	12,936
	\$ 11,037	\$ 11,232	\$ 12,155	\$ 12,345
INFORMATION TECHNOLOGY				
Information Technology	11,037	11,232	12,155	12,345
INDEPENDENT OFFICES				
Secretary to the Board	\$ 4,490	\$ 4,308	\$ 4,547	\$ 3,231
Office of the Chief Executive Officer	808	845	1,033	1,055
Internal Audit (outsourced)	2,866	2,690	2,696	1,311
	815	772	818	864
	\$ 32,423	\$ 30,901	\$ 38,084	\$ 37,436
FINANCE & PROCUREMENT				
Finance	24,246	22,944	27,762	26,981
Procurement	6,490	6,654	7,644	8,086
Compliance and Business Development	1,687	1,304	2,477	2,169
Non-Ratepayer Revenue Fund			200	200
	\$ 2,925	\$ 2,755	\$ 3,244	\$ 4,044
STRATEGY AND PERFORMANCE				
Strategy and Performance	2,925	2,755	3,244	4,044
PEOPLE AND TALENT				
People and Talent	\$ 10,128	\$ 9,124	\$ 10,262	\$ 11,051
	10,128	9,124	10,262	11,051
GOVERNMENT AND LEGAL AFFAIRS				
Government and Legal Affairs	\$ 5,934	\$ 6,765	\$ 8,369	\$ 8,045
	5,934	6,765	8,369	8,045
Subtotal O & M Expenditures	\$ 412,570	\$ 429,188	\$ 468,576	\$ 484,810
Debt Service	220,073	224,506	247,448	257,898
Cash Financed Capital Improvements	58,576	58,438	97,938	76,846
Payment in Lieu of Taxes	18,330	18,696	19,070	19,452
Right of Way Fees	5,100	5,100	5,100	5,100
Total Operating Expenditures	\$ 714,648	\$ 735,928	\$ 838,133	\$ 844,105
Personnel Services charged to Capital Projects		(26,699)	(30,907)	(31,360)
Total Net Operating Expenditures	\$ 687,949	\$ 710,140	\$ 807,226	\$ 812,745

FY 2026 Revised Budget by Department by Category

(\$ in thousands)

	Auth Pos	Pay	Fringe	Overtime	Personnel Services	Supplies	Chemicals	Utilities	Contracts	Biosolids	Water Purchases	Equipment	Total Non- Personnel Services	Total Operating
810ZZZ-Wastewater Treatment Operations	105	11,780	3,930	1,538	17,249	346	43,955		11,180	-	-	74	84,113	101,362
812ZZZ-Process Engineering	36	4,772	1,498	28	6,298	579	-		1,558	-	-	-	2,169	8,468
811ZZZ-Maintenance Services	94	10,644	3,168	906	14,718	5,919	-		5,152	-	-	1,010	12,227	26,945
813ZZZ-Water Operations	251	25,440	8,007	3,613	37,059	1,628	39		4,902	-	48,149	123	55,286	92,346
600ZZZ-Customer Care	83	8,807	2,475	283	11,565	2	-		5,182	-	-	-	5,566	17,130
801ZZZ-Engineering and Technical Services	0	13,798	3,941	938	18,677	150	-		2,214	-	-	20	2,705	21,382
802ZZZ-CIP Infrastructure Management	0	3,547	915	7	4,469	10	-		52	-	-	-	62	4,530
803ZZZ-Wastewater Engineering	38	3,130	810	1	3,941	2	-		919	-	-	-	921	4,862
800ZZZ-Clean Rivers	9	1,788	461	-	2,250	5	-		1,657	-	-	-	1,724	3,974
804ZZZ-Permit Operations	57	3,466	1,034	65	4,566	19	-		792	-	-	-	834	5,399
814ZZZ-Pumping and Sewer Operations	179	19,697	6,166	2,904	28,768	1,727	0		5,828	-	-	142	17,288	46,056
810YYY-Resource Recovery	9	1,182	385	154	1,721	7	-		804	5,821	-	-	6,633	8,354
810XXX- Clean Water and Technology	15	1,851	495	100	2,446	856	-		2,182	-	-	-	3,040	5,486
Subtotal Operations	952	\$109,903	\$33,286	\$10,537	\$153,726	\$11,250	\$43,995	\$39,561	\$42,421	\$5,821	\$48,149	\$1,369	\$192,566	\$346,293
100ZZZ-Secretary to the Board	3	512	132	-	644	3	-	9	377	-	-	-	388	1,033
101ZZZ-Office of Chief Executive Officer	4	1,097	265	-	1,362	7	-	35	1,292	-	-	-	1,334	2,696
102ZZZ-Internal Audit	0	-	-	-	-	-	-	0	818	-	-	-	818	818
103ZZZ-Marketing and Communication	20	3,137	685	3	3,825	7	-	30	988	-	-	-	1,025	4,850
104ZZZ-Office of Chief Operating Officer	3	1,135	280	-	1,415	2	-	2	627	-	-	13	644	2,059
105ZZZ-Office of Chief Administration Officer	5	446	111	-	557	-	-	3	765	-	-	-	769	1,325
201ZZZ-Office of Emergency Management	7	1,024	264	-	1,287	21	-	14	479	-	-	-	514	1,801
202ZZZ-Fleet Management	7	895	261	4	1,160	1,333	-	1,161	3,864	-	-	25	6,383	7,543
203ZZZ-Occupational Safety	14	1,770	473	3	2,246	15	-	22	1,087	-	-	-	1,124	3,370
204ZZZ-Facilities Management	52	5,355	1,678	475	7,508	763	-	96	5,337	-	-	103	6,299	13,807
205ZZZ-Security	9	1,223	323	2	1,548	44	-	387	8,877	-	-	10	9,318	10,866
300ZZZ-Finance	65	10,589	3,147	45	13,781	10	-	43	13,929	-	-	-	13,982	27,762
301ZZZ-Procurement	39	5,411	1,561	120	7,092	11	-	49	494	-	-	0	553	7,644
302ZZZ-Non-Ratepayer Revenue Fund	0	-	-	-	-	-	-	0	200	-	-	-	200	200
303ZZZ-Compliance & Business Development	11	1,527	438	-	1,965	10	-	0	502	-	-	-	512	2,477
400ZZZ-Strategy and Performance	10	1,763	459	-	2,222	-	-	2	1,020	-	-	-	1,022	3,244
500ZZZ-People and Talent	31	4,834	1,277	3	6,113	5	-	32	4,112	-	-	-	4,149	10,262
601ZZZ-Information Technology	37	5,976	1,448	6	7,430	16	-	180	4,517	-	-	11	4,725	12,155
700ZZZ-Government and Legal Affairs	14	2,751	827	2	3,580	-	-	30	4,759	-	-	-	4,789	8,369
Subtotal Administration	331	\$49,444	\$13,629	\$663	\$63,736	\$2,246	-	\$2,098	\$54,041	-	-	\$162	\$58,547	\$122,283
Subtotal O & M Expenditures	1,283	\$ 159,348	\$ 46,914	\$ 11,200	\$ 217,462	\$ 13,496	\$ 43,995	\$ 41,659	\$ 96,462	\$ 5,821	\$ 48,149	\$ 1,531	\$ 251,114	\$ 468,576
Debt Service														247,448
Cash Financed Capital Improvements														97,938
Payment in Lieu of Taxes														19,070
Right of Way														5,100
Total OPERATING EXPENDITURES														838,133
Personnel Services charged to Capital Projects														(30,907)
TOTAL NET OPERATING EXPENDITURES														\$807,226

FY 2027 Proposed Budget by Department by Category

(\$ in thousands)

	Auth Pos	Pay	Fringe	Overtime	Personnel Services	Supplies	Chemicals	Utilities	Contracts	Biosolids	Water Purchases	Equipment	Total Non- Personnel Services	Total Operating
810ZZZ-Wastewater Treatment Operations	105	11,671	3,376	1,800	16,847	384	45,385	28,917	12,702	-	-	95	87,484	104,331
812ZZZ-Process Engineering	36	4,682	1,677	56	6,415	914	-	43	1,731	-	-	14	2,703	9,118
811ZZZ-Maintenance Services	95	10,755	3,391	908	15,054	6,108	-	156	4,905	-	-	691	11,860	26,914
813ZZZ-Water Operations	253	27,143	7,998	4,100	39,242	2,132	19	732	5,142	0	54,470	62	62,556	101,798
600ZZZ-Customer Care	83	9,142	2,609	275	12,026	2	-	170	2,874	-	-	-	3,045	15,071
801ZZZ-Engineering and Technical Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
802ZZZ-CIP Infrastructure Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
803ZZZ-Wastewater Engineering	38	6,273	1,572	5	7,849	33	-	0	1,078	-	-	-	1,111	8,960
800ZZZ-Clean Rivers	9	1,828	443	-	2,271	5	-	89	1,754	-	-	-	1,847	4,118
804ZZZ-Permit Operations	47	6,072	1,848	400	8,321	17	-	65	500	-	-	-	581	8,902
810XXX- Clean Water and Technology	15	1,822	509	100	2,430	740	-	29	1,863	-	-	-	2,633	5,063
810YYY-Resource Recovery	9	1,239	374	90	1,703	4	-	9	789	5,819	-	-	6,622	8,325
814ZZZ-Pumping and Sewer Operations	179	20,655	5,718	3,300	29,673	1,957	-	9,454	5,483	-	-	83	16,977	46,651
Subtotal Operations	955	\$113,464	\$32,975	\$11,640	\$158,078	\$12,464	\$45,405	\$39,961	\$40,546	\$5,819	\$54,470	\$945	\$199,609	\$357,687
100ZZZ-Secretary to the Board	3	534	103	-	636	9	-	5	405	-	-	-	419	1,055
101ZZZ-Office of Chief Executive Officer	3	789	182	-	971	8	-	19	313	-	-	-	341	1,311
102ZZZ-Internal Audit	-	-	-	-	-	-	-	0	864	-	-	-	864	864
103ZZZ-Marketing and Communication	20	3,365	885	3	4,253	7	-	21	974	-	-	-	1,002	5,255
104ZZZ-Office of Chief Operating Officer	3	812	194	-	1,006	2	-	3	339	-	-	-	344	1,350
105ZZZ-Office of Chief Administration Officer	4	1,560	314	0	1,873	3	-	5	763	-	-	-	770	2,644
201ZZZ-Office of Emergency Management	7	1,054	294	5	1,353	24	-	19	576	-	-	5	623	1,976
202ZZZ-Fleet Management	8	2,016	579	4	2,599	1,407	-	1,343	4,515	0	-	28	7,292	9,891
203ZZZ-Occupational Safety	14	1,949	529	5	2,482	31	-	29	890	-	-	3	953	3,435
204ZZZ-Facilities Management	52	5,631	1,592	475	7,698	733	-	133	4,914	-	-	6	5,786	13,484
205ZZZ-Security	8	2,390	545	3	2,938	41	-	316	9,636	-	-	5	9,998	12,936
300ZZZ-Finance	65	10,921	3,032	40	13,993	7	-	64	12,917	-	-	-	12,988	26,981
301ZZZ-Procurement	41	5,813	1,736	85	7,634	13	-	44	394	-	-	-	452	8,086
302ZZZ-Non-Ratepayer Revenue Fund	-	-	-	-	-	-	-	0	200	-	-	-	200	200
303ZZZ-Compliance & Business Development	9	1,304	370	-	1,674	9	-	0	486	-	-	-	495	2,169
400ZZZ-Strategy and Performance	10	1,920	477	-	2,397	2	-	3	1,641	-	-	-	1,647	4,044
500ZZZ-People and Talent	31	4,905	1,171	-	6,076	5	-	28	4,942	-	-	-	4,975	11,051
601ZZZ-Information Technology	36	6,329	1,528	6	7,863	3	-	186	4,280	-	-	13	4,482	12,345
700ZZZ-Government and Legal Affairs	14	2,750	688	-	3,438	5	-	25	4,578	-	-	-	4,607	8,045
Subtotal Administration	328	\$54,040	\$14,218	\$626	\$68,884	\$2,308	-	\$2,241	\$53,629	\$0	-	\$61	\$58,239	\$127,123
Subtotal O & M Expenditures	1,283	\$ 167,504	\$ 47,193	\$ 12,265	\$ 226,963	\$ 14,772	\$ 45,405	\$ 42,201	\$ 94,175	\$ 5,819	\$ 54,470	\$ 1,005	\$ 257,847	\$ 484,810
Debt Service														257,898
Cash Financed Capital Improvements														76,846
Payment in Lieu of Taxes														19,452
Right of Way														5,100
Total OPERATING EXPENDITURES														844,105
Personnel Services charged to Capital Projects														(31,360)
TOTAL NET OPERATING EXPENDITURES														\$812,745

Summary of Authorized Position by Department

DC Water continues to focus on reducing its vacancy rate by assessing staffing requirements and increasing hiring efforts in critical areas. In past years, hard-to-fill positions were deactivated, and new roles were added to align with operational needs such as water quality compliance and strategic programs. This reflects DC Water's commitment to efficiency and achieving a lower single-digit vacancy rate.

Explanation of Changes to Authorized Positions

Overview:

- In FY 2025, the approved headcount was revised from 1325 to 1280, resulting in the elimination of 45 vacant positions identified as hard-to-fill positions across the Authority
- In FY 2026, the Authority approved and established three new positions aimed at addressing critical infrastructure and operational needs, enhancing organizational resilience, and driving innovation across key programs

Impact on Workforce:

- The authorized headcount decreased by approximately 1.9% from FY 2024 to FY 2027, reflecting the organization's commitment to efficiency and achieving a lower single digit vacancy rate than historical trends. Specialized positions were created to strengthen resilience, support critical infrastructure, address operational priorities, and build future-focused capabilities.

Major FY 2027 Position Changes

Overview of FY 2027:

- The Authority maintained its FY 2026 staffing levels while strategically refining its workforce approach to better align with evolving business priorities and market conditions. This effort included the targeted elimination of long-standing vacant positions—redirected without active recruitment—and the selective addition of a minimal number of new roles to ensure continued responsiveness to emerging operational demands

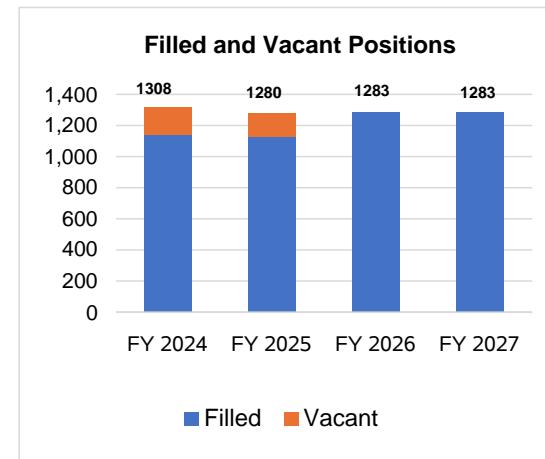
Changes in FY 2027:

- New Positions: Introduction of 6 new positions in key areas such as operations, fleet services, and human resources
- Headcount Adjustments: Elimination of vacant positions to maintain a balanced workforce, ensuring that the organization remains agile and optimize resource utilization

Rationale for Changes:

- Strategic Alignment: DC Water remains committed to aligning its workforce with long-term organizational goals, ensuring that talent and capabilities directly support strategic priorities
- Operational Efficiency: Human resources are being optimized to streamline operations, eliminate redundancies, and enhance overall productivity across departments
- Market Adaptation: By investing in high-impact areas, DC Water is proactively adapting to shifting market trends and evolving customer expectations to strengthen service delivery and accelerate business growth

These position changes underscore management's forward-thinking approach to workforce planning—ensuring the organization remains agile, strategically staffed, and well-prepared to navigate future challenges and seize emerging opportunities.



Authorized Positions

	FY 2024		FY 2025		FY 2026		FY 2027	
	Authorized	Year -End Filled	Authorized	Year -End Filled	Authorized	Authorized	Authorized	Authorized
O Wastewater Treatment Operations	106	101	105	97	105	105	105	105
p Process Engineering	36	29	36	27	36	36	36	36
e Maintenance Services	102	91	94	92	97	95	95	95
r Water Operations	248	227	251	225	247	253	253	253
a Customer Care	84	75	83	74	83	83	83	83
t Pumping and Sewer Operations	185	163	179	162	178	179	179	179
i Engineering and Technical Services	120	104	-	-	104	-	-	-
o Water Program and Lead Free DC	-	-	11	6	-	10	10	10
n Wastewater Engineering	27	16	38	35	18	38	38	38
s CIP Infrastructure Management	27	23	-	-	23	-	-	-
Shared Services and Asset Management	-	-	53	49	-	76	76	76
Clean Rivers	9	6	9	6	9	9	9	9
Permit Operations	29	26	47	43	28	47	47	47
Resource Recovery	8	8	9	9	9	9	9	9
Clean Water and Technology	12	12	15	11	14	15	15	15
Subtotal	993	881	930	836	951	955		
A Office of the Chief Executive Officer	4	4	3	3	4	3	3	3
d Office of the Chief Operating Officer	5	4	25	18	5	3	3	3
m Office of the Chief Administration Officer	2	1	5	1	2	4	4	4
i Strategy and Performance	9	6	10	9	9	10	10	10
n Office of the Secretary	3	2	3	3	3	3	3	3
i Internal Audit (outsourced)	-	-	-	-	-	-	-	-
s Government and Legal Affairs	14	13	14	12	14	14	14	14
t Marketing and Communication	19	12	20	18	20	20	20	20
r People and Talent	33	21	31	25	31	31	31	31
a Information Technology	37	32	36	32	37	36	36	36
t Procurement	35	27	39	30	39	41	41	41
i Business Development	8	7	11	7	11	9	9	9
o Finance	64	57	65	57	65	65	65	65
n Office of Emergency Management	6	6	6	6	7	7	7	7
Facilities Management	52	47	52	45	53	52	52	52
Security	7	7	9	8	9	8	8	8
Occupational Safety and Health	18	9	14	12	16	14	14	14
Fleet Management	8	5	7	6	7	8	8	8
Subtotal	324	260	350	292	332	328		
Total Positions	1,317	1,141	1,280	1,128	1,283	1,283		

Year-round interns, short-term temps and summer temps are not included in the filled count.

Position Highlights

- The proposed FY 2027 headcount is maintained at the FY 2026 approved level of 1,283
- Includes the addition of 6 new positions (through reallocation of aged and hard-to-fill vacant positions) to meet organizational headcount needs and support key initiatives
- Assumes an overall vacancy rate of 5% in FY 2026 and in FY 2027. Historically, the Authority has faced a double-digit vacancy rate, with the vacancy rate based on active recruitment standing at 6.2% at the close of FY 2025 and 12.0% based on the authorized headcount
- Aligns with the strategic plan, Blueprint 2.0, to set priorities and strengthen operations, ensuring alignment with long-term goals and enhancing overall efficiency

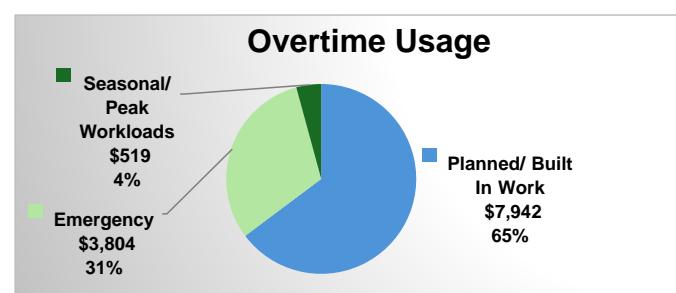
Summary of Overtime

(\$ in thousands)

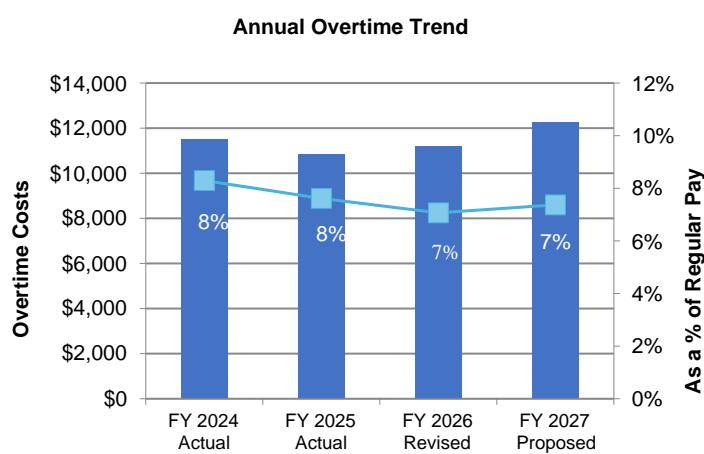
At DC Water, overtime is mainly used to ensure continuity of operations in critical areas such as maintenance, facilities, customer service, cyclical events and respond to emergencies impacting customers. An automated Overtime Justification system was implemented to streamline overtime entry and approval across Operations. The system captures detailed information on work type, reason codes, impacted areas, and approvers, enabling improved transparency and data-driven decision-making. Collected data is used to support analysis of spending trends and operational needs, helping identify areas for efficiency and resource optimization. The system also integrates with existing financial platforms for enhanced reporting and oversight.

Below is the breakdown of the overtime usage and costs by department:

- Planned/Built-in Work:** This includes overtime that is scheduled in advance to cover regular, ongoing tasks that cannot be completed within standard working hours. It ensures that essential services are maintained without interruption.
- Emergency Work:** This type of overtime is used to respond to unexpected events or emergencies that require immediate attention. It ensures that the organization can quickly address issues such as equipment failures, natural disasters, or other urgent situations.
- Seasonal or Peak Workloads:** Overtime is also used to manage periods of increased demand, such as during peak seasons or special projects. This helps the organization handle temporary spikes in workload without hiring additional staff. Additionally, at the end of the fiscal year, overtime may be necessary to complete tasks related to closing out the year's accounts, preparing reports, and ensuring that all financial and operational activities are properly documented.



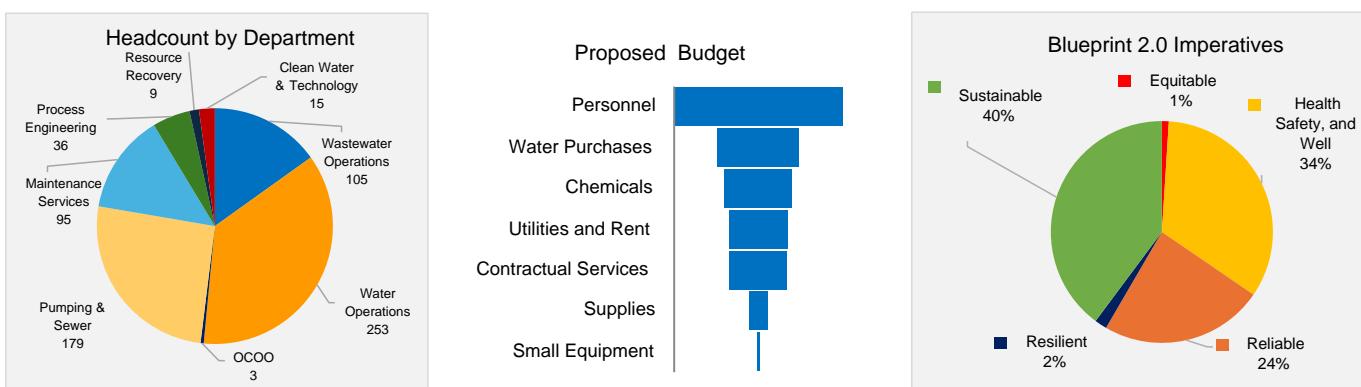
Department	FY 2024 Actual	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed
Wastewater Treatment Operations	\$ 1,451	\$ 1,539	\$ 1,538	\$ 1,800
Resource Recovery	145	120	154	90
Clean Water and Technology	92	69	100	100
Process Engineering	27	47	28	56
Maintenance Services	855	693	906	908
Engineering and Technical Services	877	621	938	-
Water Program and Lead Free DC	-	1	-	6
CIP Infrastructure Management	6	8	7	-
Shared Services and Asset Management	-	112	-	600
Wastewater Engineering	0	0	1	5
Permit Operations	57	94	65	400
Water Operations	3,942	4,066	3,613	4,100
Pumping and Sewer Operations	3,144	2,787	2,904	3,300
Clean Rivers	-	-	-	-
Customer Care	324	216	283	275
Information Technology	6	3	6	6
Office of Emergency Management	-	-	-	5
Fleet Management	3	3	4	4
Occupational Safety and Health	2	4	3	5
Facilities Management	448	366	475	475
Security	2	2	2	3
Secretary for the Board	-	-	-	-
Office of the Chief Executive Officer	-	-	-	-
Internal Audit	-	-	-	-
Finance	32	20	45	40
Procurement	101	62	120	85
Compliance and Business Development	-	-	-	-
Marketing and Communication	2	1	3	3
People and Talent	2	-	3	-
Government and Legal Affairs	1	-	2	-
Total	\$ 11,520	\$ 10,833	\$ 11,200	\$ 12,265



OPERATIONS CLUSTER

This cluster comprises the departments of the Office of Chief Operating Officer, Operating Division (Wastewater Treatment, Maintenance Services, Process Engineering, Resource Recovery and Clean Water & Technology), Water Operations, and Pumping & Sewer Operations.

\$000's Description	FY 2024 Actual	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed	(Increase)/Decrease Variance	%
Headcount: Authorized	702	714	692	695	(3)	0%
Personnel Services ALL	\$ 100,078	\$ 102,584	\$ 109,674	\$ 112,371	\$ (2,697)	(2)%
Contractual Services	30,511	34,653	38,053	38,775	(722)	(2)%
Chemicals and Supplies	53,545	54,598	55,059	57,646	(2,586)	(5)%
Utilities and Rent	31,437	37,014	38,776	39,344	(568)	(1)%
Water Purchases	38,904	43,498	48,149	54,470	(6,321)	(13)%
Small Equipment	1,501	1,180	1,362	945	418	31%
Non Personnel Services	155,899	170,942	181,400	191,179	(9,779)	(5)%
Total O&M Expenditures	\$ 255,976	\$ 273,526	\$ 291,074	\$ 303,550	\$ (12,476)	(4)%
Capital Equipment	\$ 8,275	\$ 12,664	\$ 13,490	\$ 14,608	\$ (1,118)	(8)%



FY 2027 Operating Budget

Personnel Services, \$112.0 million - This includes a \$2.7 million increase for salaries, benefits, and overtime. Headcount reflects elimination of 8 vacant and hard-to-fill positions and addition of 6 new positions for compliance and scheduler positions to expand the fire hydrant and FOG (Fat, Oil & Grease) regulatory services and generate additional revenues; and industrial electricians to improve operational efficiency and reduce reliance on consultants

Non-Personnel Services, \$191.0 million – Reflects a \$9.8 million increase to support higher costs for chemicals, repairs, industrial cleaning, biosolids hauling, utility locating and marking, and odor control. Of this total, \$6.3 million is attributed to rising Washington Aqueduct costs, driven by higher chemical contract prices and increased energy expenses.

Capital Equipment Budget

\$11.8 million supports essential Warehouse parts, lab equipment, pump and motor overhauls, Process Control System and Supervisory Control and Data Acquisition upgrades, and other reliability improvement. Meter Operations will also launch a three-year Advanced Metering Infrastructure restoration program to reduce manual read costs, enhance billing accuracy and customer trust, and prevent non-revenue water loss.

Major Programs

Wastewater Treatment

- Advance biosolids treatment and reuse through expanded composting and energy recovery initiatives. Complete solar panel design and construction at Ft. Reno Reservoir to increase renewable energy capacity, reduce grid dependence, and enhance operational sustainability

Water Reuse

- DC Water is developing a second water source to reduce reliance on the Washington Aqueduct and improve system resiliency. Planning is underway, with the completion of the Pure Water Discovery Center targeted for FY 2027 as part of its long-term infrastructure strategy

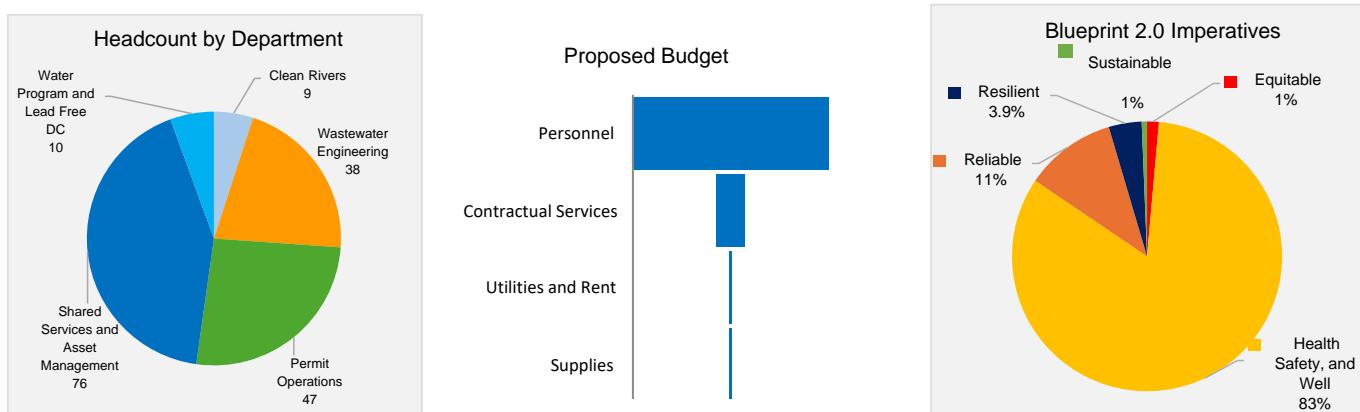
Digital Transformation

- Use smart sensors and AI-driven analytics to monitor water systems in real time, detect leaks early, and optimize operations.

ENGINEERING CLUSTER

This cluster comprises the departments of Clean Rivers and Engineering which consists of Engineering, Wastewater Engineering, Permits Operations, Shared Services and Asset Management and Water Program and Lead-Free DC. During FY 2025, the Authority underwent a reorganization that reassigned personnel from DETS and CIPIM to the newly established departments of Shared Services, Asset Management, and Water Program and Lead-Free DC

\$000's Description	FY 2024 Actual	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed	(Increase)/Decrease Variance	%
Headcount: Authorized	212	158	180	180	0	0%
Personnel Services ALL	\$ 31,702	\$ 29,864	\$ 33,903	\$ 34,688	\$ (785)	(2)%
Contractual Services	4,934	5,066	5,634	5,056	578	10%
Chemicals and Supplies	140	128	186	223	(38)	(20)%
Utilities and Rent	415	365	406	449	(44)	(11)%
Small Equipment	12	-	20	-	20	100%
Non Personnel Services	5,502	5,559	6,245	5,728	517	8%
Total O&M Expenditures	\$ 37,204	\$ 35,422	\$ 40,148	\$ 40,416	\$ (268)	(1)%
Capital Equipment	\$ 134	\$ 102	\$ 25	\$ 25	\$ 0	0%



FY 2027 Operating Budget

Personnel Services, \$34.7 million – This includes a \$785 thousand increase mainly due to salary adjustments and employee benefits

Non-Personnel Services, \$5.7 million - Reflects a \$0.5 million decrease mainly in contractual expenses due to reduced software maintenance costs allocated to capital. Utilities show a slight increase in telecom (telephones)

Capital Equipment Budget

\$25 thousand is for equipment purchases such as manhole inspection tools

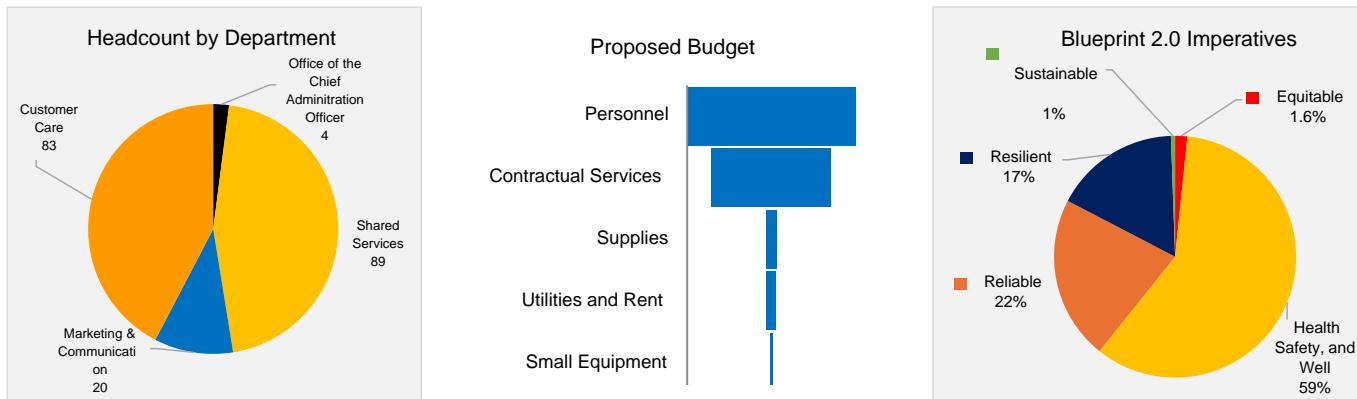
Major Programs

- Conduct condition assessments for major sewers and large water mains
- Inspect 40 miles of local sewers annually
- Continuing construction of Rock Creek Project C Green Infrastructure (GI)
- Set up tools (Unifier & P6) for the collaborative delivery model
- Develop dashboards to track project delivery metrics and KPIs
- Advancement of the Capital Delivery Management (CDM) program for DC Waters construction projects
- Continue construction of the Potomac River Tunnel (PRT)
- Accelerating development of the electronic permit management system while continuing to reduce the construction inspection refund backlog

ADMINISTRATION CLUSTER

This cluster is comprised of the departments of the Office of the Chief Administration Officer (OCAO), Customer Care, Marketing and Communications, and Shared Services (Office of Emergency Management, Fleet Management, Occupational Safety and Health, Facilities Management, and Security).

\$000's Description	FY 2024 Actual	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed	(Increase)/Decrease Variance	%
Headcount: Authorized	196	196	197	196	1	1%
Personnel Services ALL	\$ 25,126	\$ 27,243	\$ 29,696	\$ 35,222	\$ (5,526)	(19)%
Contractual Services	23,737	23,719	26,579	25,142	1,437	5%
Chemicals and Supplies	1,562	2,029	2,184	2,247	(62)	(3)%
Utilities and Rent	1,952	2,036	2,096	2,034	62	3%
Small Equipment	76	127	138	47	91	66%
Non Personnel Services	27,327	27,911	30,998	29,470	1,528	5%
Total O&M Expenditures	\$ 52,453	\$ 55,154	\$ 60,694	\$ 64,692	\$ (3,998)	(7)%
Capital Equipment	\$ 8,429	\$ 7,414	\$ 8,236	\$ 8,140	\$ 96	1%



FY 2027 Operating Budget

Personnel Services, \$35.2 million – Reflects an increase of \$5.5 million to cover salary increases, benefits, other adjustments, and overtime

Non-Personnel Services, \$29.5 million – Has a decrease of \$1.5 million. NPS decrease is primarily due to reallocation of SBITA costs from the Operating budget to the Capital budget. This is offset, in part, by increases in various contractual services related items. Contractual services cover vehicle maintenance, Heating, Ventilation, and Air Conditioning (HVAC) repairs, elevator repairs, and janitorial services. Supplies reflect higher costs for parts and replacements used in the maintenance of the Authority's vehicles and heavy-duty equipment

Capital Equipment Budget

\$8.1 million for the purchase of new and replacement vehicles, jet-vacs, dump trucks and other heavy-duty equipment used by the crews. This also covers various projects including office renovations, furniture purchase, roof replacement, copiers, appliances, signage, HVAC and elevator replacements, electronic security devices and fire suppression.

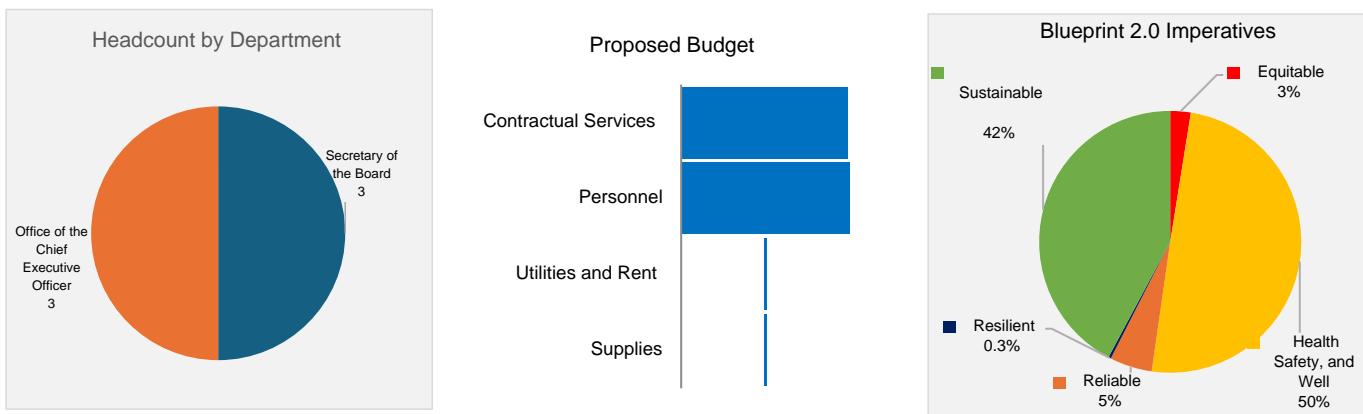
Major Programs

- OCAO aligning and strengthening the vision and direction of Customer Care and Facilities Management under a unified strategy for a better service delivery
- Customer Care pilot and implement Call Translation Technology, Artificial Intelligence (AI) Phase 3 (Transactional AI/chatbot interactions), Enterprise-Wide Customer Service Training to Customer Care videos, Data Clean-Up-Data and Texting Efforts
- Facilities Management continue to implement new industry innovations to support sustainable operations and efficient management of buildings
- Security upgrade our existing card reader technology to better monitor and respond to credential scans. Detect and flag potential duplication or misuse of access credentials

INDEPENDENT OFFICES CLUSTER

This cluster comprises the departments of the Office of the Chief Executive Officer (OCEO), Secretary of the Board, and Internal Audit.

\$000's Description	FY 2024 Actual	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed	(Increase)/Decrease Variance	%
Headcount: Authorized	7	6	7	6	1	14%
Personnel Services ALL	\$ 1,859	\$ 2,168	\$ 2,006	\$ 1,607	\$ 399	20%
Contractual Services	2,583	2,078	2,486	1,583	903	36%
Chemicals and Supplies	5	39	10	17	(8)	(79)%
Utilities and Rent	43	22	44	24	20	46%
Non Personnel Services	2,631	2,140	2,540	1,624	916	36%
Total O&M Expenditures	\$ 4,490	\$ 4,308	\$ 4,547	\$ 3,231	\$ 1,315	29%
Capital Equipment	-	-	-	-	-	-



FY 2027 Operating Budget

Personnel Services, \$1.6 million - Reflects a \$0.4 million decrease primarily due to the elimination of a vacant position that is no longer needed

Non-Personnel Services, \$1.6 million – Reflects a \$0.9 million decrease primarily due to the transfer of programs such as employee awards, memberships, and the Water Resilience Program to departments better aligned to manage them (People and Talent, Marketing and Communications, and Strategy and Performance)

Major Programs

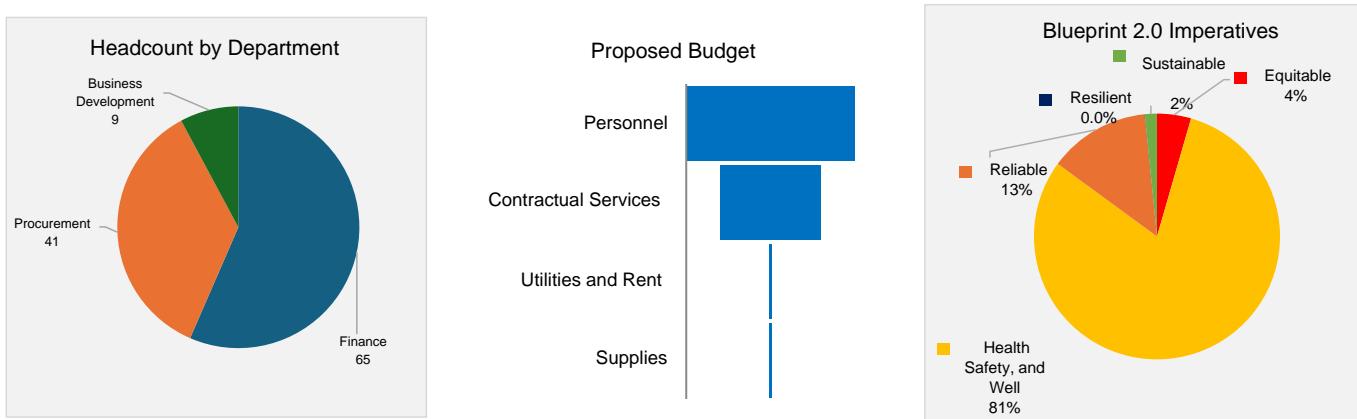
- Continue overseeing and executing the Authority's Board Operations and Activities
- Continue to organize strategic retreats for the Board of Directors and the Senior Executive Team, essential for long-term planning and alignment among our leadership
- Engage with global utility-sector leaders and expand executive leadership initiatives
- Build a CEO forum focused on the African American CEO experience and strengthen CEO/DC Water branding through an external marketing partner
- Support the Women of Water (WOW) leadership events and global partnerships
- Conduct audits, assess programs, and manage risks
- Continue to provide notary services and administer legal process for the Authority
- Share best practices and report on audit findings



FINANCE, PROCUREMENT, AND BUSINESS DEVELOPMENT CLUSTER

This cluster includes the Finance, Procurement, and Contract Compliance departments, which are responsible for ensuring the financial integrity and stewardship of the DC Water Authority's assets and liabilities. It oversees the acquisition of agency funds, the execution and management of the budget, and the planning of expenditures for all programs and initiatives.

\$000's Description	FY 2024 Actual	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed	(Increase)/Decrease Variance	%
Headcount: Authorized	107	115	115	115	0	0%
Personnel Services ALL	\$ 18,078	\$ 18,885	\$ 22,838	\$ 23,301	\$ (463)	(2)%
Contractual Services	14,208	11,896	15,124	13,997	1,127	7%
Chemicals and Supplies	29	26	31	29	1	4%
Utilities and Rent	108	93	91	108	(17)	(18)%
Non Personnel Services	14,345	12,016	15,246	14,135	1,111	7%
Total O&M Expenditures	\$ 32,423	\$ 30,901	\$ 38,084	\$ 37,436	\$ 648	2%
Capital Equipment	\$ 7	\$ 169	\$ 6,065	\$ 7,922	\$ (1,856)	(31)%



FY 2027 Operating Budget

Personnel Services, \$23.3 million – The increase of \$0.5 million covers adjustments for salaries and employee benefits. Additionally, adjustments were made for vacancies as the department continues to fill existing positions and reduce temporary staffing services

Non-Personnel Services, \$14.1 million - Reflects a \$1.1 million decrease mainly in contractual costs for strategic initiatives, external audit, and software maintenance costs.

Major Programs

Finance

- Continue to provide oversight for the Authority's treasury, debt, risk management and enterprise grants management processes
- Lead development of DC Water's budget, financial plan and rate-setting processes
- Coordinate internal and external audits, issue financial and green bond reports, and reduce paper check payments to vendors

Procurement

- Continue enhancing procurement efficiency by optimizing and automating processes through Oracle ERP
- Update and maintain Procurement Regulations and Manuals to ensure integrity, compliance, participation, and transparency remain current and effective
- Improve capital procurement by increasing resources and refining the procurement process
- Drive cost savings through competitive sourcing, strategic negotiation, and inventory optimization

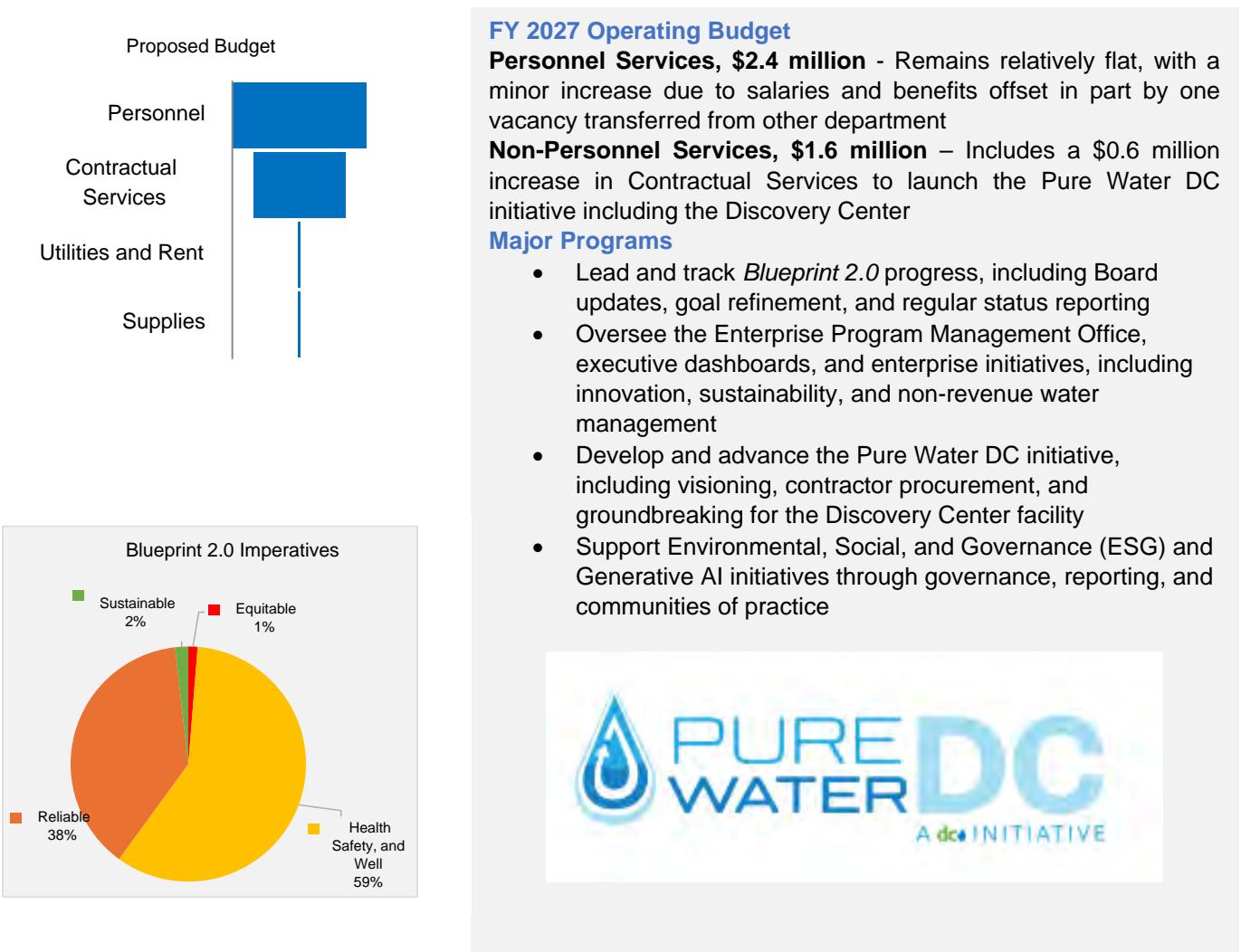
Business Development

- Expand the business development program to increase vendor engagement and opportunity access
- Strengthen vendor relationships through ongoing training for staff and stakeholders to foster collaboration and performance

STRATEGY AND PERFORMANCE CLUSTER

This cluster comprises the Strategy and Performance Department, which leads the implementation of Blueprint 2.0. It focuses on strategic planning and management, water supply resilience, enterprise program management, sustainability, innovation, and enterprise risk management. The department supports senior leadership in advancing DC Water's long-term goals by ensuring alignment across key initiatives, overseeing the EPMO, Sustainability, and Innovation programs, managing organizational risks, encouraging cross-departmental collaboration, and providing transparent annual Environmental, Social, and Governance (ESG) reporting.

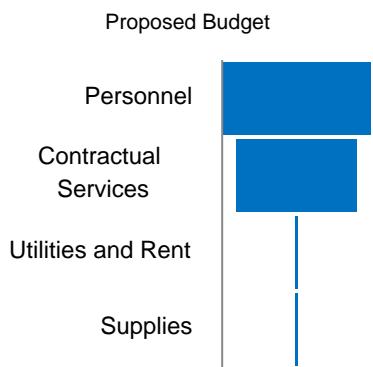
\$000's Description	FY 2024 Actual	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed	(Increase)/Decrease Variance	%
Headcount: Authorized	9	10	10	10	0	0%
Personnel Services ALL	\$ 1,624	\$ 1,923	\$ 2,222	\$ 2,397	\$ (175)	(8)%
Contractual Services	1,299	828	1,020	1,641	(622)	(61)%
Chemicals and Supplies	0	1	-	2	(2)	-
Utilities and Rent	-	3	2	3	(1)	(43)%
Small Equipment	2	1	-	-	-	-
Non Personnel Services	1,301	832	1,022	1,647	(625)	(61)%
Total O&M Expenditures	\$ 2,925	\$ 2,755	\$ 3,244	\$ 4,044	\$ (800)	(25)%
Capital Equipment	-	-	-	-	-	-



PEOPLE AND TALENT CLUSTER

The People and Talent Cluster provide strategic support to the Authority and the Senior Executive Team by driving organizational alignment, strengthening the employee experience, and attracting top talent that advances DC Water's mission. The cluster is committed to delivering innovative, high-quality human capital solutions that address both employee and departmental needs, fostering an environment that enables individual excellence and organizational success.

\$000's Description	FY 2024 Actual	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed	(Increase)/Decrease Variance	%
Headcount: Authorized	33	31	31	31	0	0%
Personnel Services ALL	\$ 4,973	\$ 5,163	\$ 6,113	\$ 6,076	\$ 37	1%
Contractual Services	4,792	3,934	4,112	4,942	(830)	(20)%
Chemicals and Supplies	333	3	5	5	0	(1)%
Utilities and Rent	30	24	32	28	4	13%
Non Personnel Services	5,155	3,961	4,149	4,975	(826)	(20)%
Total O&M Expenditures	\$ 10,128	\$ 9,124	\$ 10,262	\$ 11,051	\$ (789)	(8)%
Capital Equipment	-	-	-	-	-	-



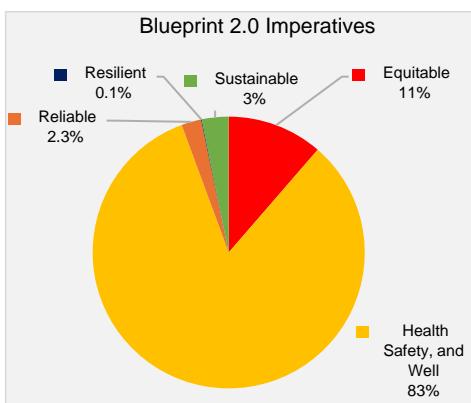
FY 2027 Operating Budget

Personnel Services, \$6.1 million – Relatively flat

Non-Personnel Services, \$5.0 million – Increase of \$0.8 million in contractual services reflects the reallocation of employee related programs from OCEO.

Major Programs

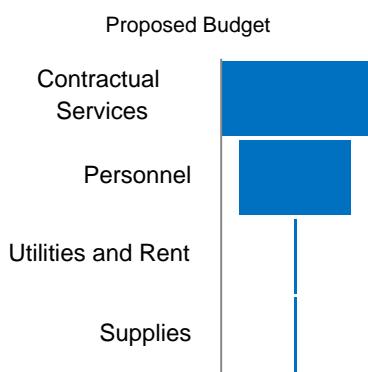
- Advance the implementation of the new HR Strategy
- Expand DC Water's Career Ladder Program
- Enhance DC Water's position reclassification process
- Expand Wellness Programs focused on Healthy, Safe, and Well-imperative
- Manage Leading Blue program for mid-level managers
- Begin work on Collective Bargaining Negotiations – Working Conditions Agreements
- Review and Update DC Water Policies and Procedures
- Manage Tuition Assistance Reimbursement Program (TARP)
- Recruit and manage intern's class of 2027



OFFICE OF GOVERNMENT AND LEGAL AFFAIRS CLUSTER

OGLA handles the authority's legal and government support needs, which provides legal advice and services to the Board of Directors, CEO and General Manager, and to all DC Water departments. OGLA provides professional, timely, and beneficial legal advice and services, manages the services of outside counsel as needed, and minimizes liability exposure by recommending and implementing sound policies, practices, and procedures.

\$000's Description	FY 2024 Actual	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed	(Increase)/Decrease Variance	%
Headcount: Authorized	14	14	14	14	0	0%
Personnel Services ALL	\$ 3,207	\$ 3,031	\$ 3,580	\$ 3,438	\$ 142	4%
Contractual Services	2,697	3,706	4,759	4,578	181	4%
Chemicals and Supplies	1	4	-	5	(5)	-
Utilities and Rent	28	24	30	25	5	17%
Non Personnel Services	2,727	3,734	4,789	4,607	182	4%
Total O&M Expenditures	\$ 5,934	\$ 6,765	\$ 8,369	\$ 8,045	\$ 324	4%
Capital Equipment	-	-	-	-	-	-

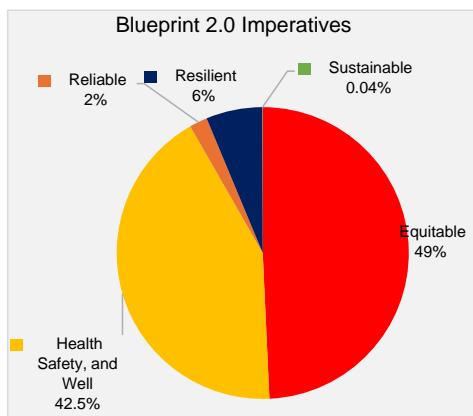


FY 2027 Operating Budget

Personnel Services, \$3.4 million - Reflects a \$0.1 million decrease, driven by updated projections for salary increases, benefits, and vacancy adjustments
Non-Personnel Services, \$4.6 million – Shows a \$0.2 million decrease in contractual services mainly for outside legal services and reallocation of SBITA related costs to capital budget.

Major Programs

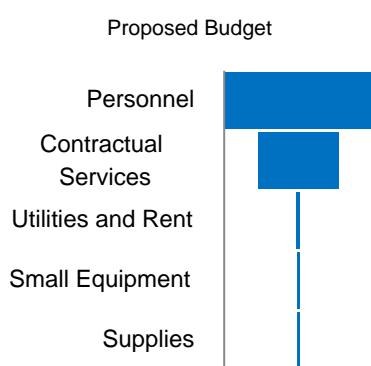
- Manage complex litigation
- Support Clean Rivers and capital projects
- Assist with environmental permits such as (National Pollutant Discharge Elimination System (NPDES), Total Maximum Daily Limit (TMDL), Municipal Separate Storm Sewer System (MS4)
- Review regulations
- Address new legislation and policy introduced by DC Council
- Develop Government Affairs teams
- Support Anacostia Sediment response
- Oversee DC Water Board Governance
- Address Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) legal issues



INFORMATION TECHNOLOGY CLUSTER

This cluster is comprised of the agency's Information Technology Department. This cluster focuses on providing funding for the various software and hardware systems including the customer billing system, and the day-to-day technical support to internal and external customers. This cluster also funds various professional services support for IT infrastructure such as Local Area Network & Wide Area Network (LAN/WAN), Maximo and GIS.

\$000's Description	FY 2024 Actual	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed	(Increase)/Decrease Variance	%
Headcount: Authorized	37	36	37	36	1	3%
Personnel Services ALL	\$ 6,347	\$ 6,942	\$ 7,430	\$ 7,863	\$ (433)	(6)%
Contractual Services	4,514	4,132	4,517	4,280	237	5%
Chemicals and Supplies	(20)	6	16	3	14	84%
Utilities and Rent	189	149	180	186	(5)	(3)%
Small Equipment	7	3	11	13	(3)	(24)%
Non Personnel Services	4,690	4,290	4,725	4,482	243	5%
Total O&M Expenditures	\$ 11,037	\$ 11,232	\$ 12,155	\$ 12,345	\$ (190)	(2)%
Capital Equipment	\$ 4,363	\$ 4,839	\$ 4,665	\$ 14,552	\$ (9,887)	(212)%



FY 2027 Operating Budget

Personnel Services, \$7.9 million – This includes a \$0.4 million increase for salaries, benefits and overtime. Headcount reflects elimination of one vacant position which was hard-to-fill

Non-Personnel Services, \$4.5 million – Reflects a \$0.2 million decrease, mainly in contractual costs for Professional Services Enterprise Content Management, coupled with the reallocation of SBITA related costs from operating budget to capital equipment budget

Major Programs

- Develop Advance Water Accounting Computing system aimed at improving water management and revenue assurance
- Advance Artificial Intelligence capabilities through Implementation of Artificial Intelligence Roadmap, Customer Service: Translation Technology, and Permits Payment System
- Ongoing replacement of the Kona call center system, Enterprise Asset Management (Maximo) application migration and modernization of critical IT infrastructure, Platforms and mobile technology

