

Attachment C



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

Presentation to Retail Rates Committee, February 23, 2026

District of Columbia Water and Sewer Authority



Blue Plains Advanced Wastewater Treatment Plant



# Purpose

- **Review management’s budget and rates proposal**
- **Seek Committee’s recommendation to the Board on the:**
  - **Multi-year Rate Proposal for FY 2027 and FY 2028**
    - Water and Sewer Rates, Charges & Fees
    - Retail Groundwater Sanitary Sewer Service Rate
    - High Flow Filter Backwash Sewer Rate
    - Establish new District of Columbia Public Inconvenience Fee
  - **FY 2026 – FY 2035 Financial Plan**
    - Projected Residential Water and Sewer rates
    - Projected Average Residential Customer bills
    - 10-year CIP Disbursement Budget





# Budget & Rates Adoption Calendar

Timeline	Activity	Status
January 15	Budget Workshop with Board of Directors	√
<b>Customer &amp; Stakeholder Briefings</b>		
January 16	Wholesale Customer	√
January 23	Office of People's Counsel	√
January 27	Stakeholder Alliance Group	
<b>Committee Discussions &amp; Reviews</b>		
January 22	Environmental Quality & Operations	√
January 27	Joint DC Retail Water & Sewer Rates and Finance & Budget Committee	√
February 5	Board Meeting (No Board Action Required)	√
<b>Committee Reviews, Recommendations &amp; Actions</b>		
February 19	Environmental Quality & Operations	√
February 23	DC Retail Water & Sewer Rates	
February 26	Finance & Budget	
<b>March 5</b>	<b>Board Adoption of Budgets</b>	
April	Submit Budget via the District to U.S. Congress	
October 1	Fiscal Year 2026 Begins	



## Public Rates Outreach

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





## Board Policy in Setting Rates (Resolution #11-10)

- DC Water strives to achieve the following, per Board policy:
  - Cover current costs and meet or exceed all bond and other financial requirements as well as goals set by the Board
  - Yield a reliable and predictable stream of revenues
  - Based on annually updated forecasts or operating and capital budgets
  - A rate structure that is legally defensible, based on objective criteria, and transparently designed
  - A rate structures that customers can understand and DC Water can implement efficiently
  - Rate increases that are implemented transparently and predictably
- To the extent annual revenues exceed costs, the Board will utilize all available options to mitigate future customer impacts and annual rate increases, including transferring excess funds to the Rate Stabilization Fund





## Establishment of Rates

- 💧 The Board of Directors approves the Budget and the Financial Plan that determines the revenue requirements to operate and maintain water and sewer infrastructure, upgrade our facilities, and improve the environment.
- 💧 The Board of Directors approves DC Water's proposed rates, charges and fees after:
  - ✓ Presentation of Operating and Capital Costs for the applicable rate period to the Environmental Quality and Operations, Finance and Budget, and DC Retail Water and Sewer Rates Committee;
  - ✓ Presentation of the Cost of Service Study and publication on DC Water's website;
  - ✓ Presentation of the Independent Review of Rates and Budget by Consultant and publication on DC Water's website;
  - ✓ Submittal of Cost of Service Study and Independent Review of Rates and Budget to Mayor and Council;
  - ✓ Publication of the rate proposal in the *D.C. Register* for public comment;
  - ✓ Holding a Public Hearing to receive comments on the rate proposal, held not less than 45 days after publication of the rate proposal in the *D.C. Register*;
  - ✓ Review of comments received during the public comment period and during the Public Hearing and DC Water's response to comments, and publication of both on DC Water's website; and
  - ✓ Recommendation from the DC Retail Water and Sewer Rates Committee and General Manager



# Multi-Year Rate Proposal

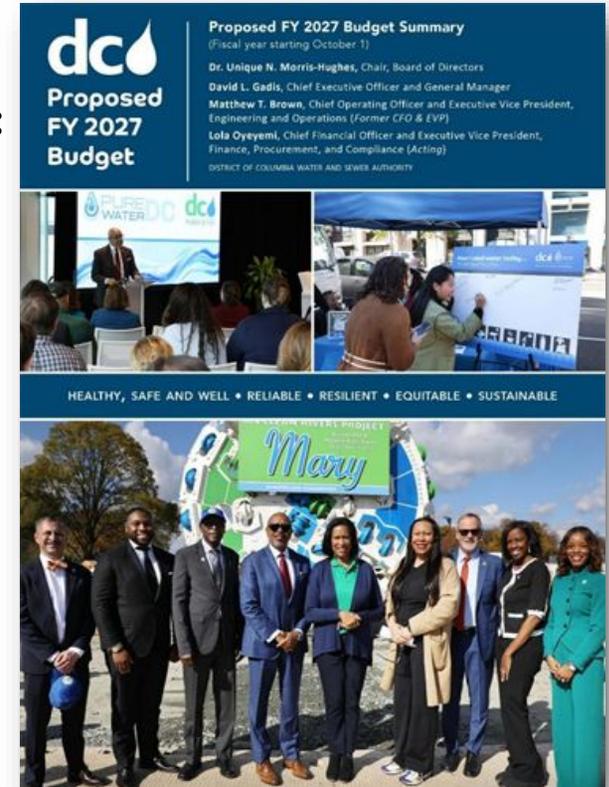
## Proposed Rates, Charges & Fees are for FY 27 and FY 28

### Multi-year rates, charges and fees provide many benefits:

- Budget discipline
- Expenditures better aligned with revenues
- 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





# Rate Proposal

- DC Water recovers only the funds necessary to fund the Operating and Capital Budgets through rates, charges and fees
- One of the fastest growing expenditure category is debt service for the capital program, which has grown an average of 5.3% a year since 2016
- As part of the budget, DC Water presents the rates, charges and fees required to support the CIP and forecasted operating expenditures
  - Rates, charges & fees are reviewed and approved by the Board the DC Water Board every two years
  - The financial plan, including the forecast of rates, is proposed to the Board for consideration
- Customer Assistance Programs provide discounts for residential customers
  - Income requirements for those programs change every year
  - In FY 2021 the CRIAC discount was increased to 75% for customers in the CAP program to ensure that rates comprised a lower portion of household income
  - Continue programs for FY 2027; CAP+, Payment Incentive, Leak Assessments





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

## Proposed rate, charges & fee changes:

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

## Rates and fees charges that remain the same:

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

## Proposed new District of Columbia Public Inconvenience Fee:

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

## Cost of Service Study aligned with rate proposal

## Combined rate increases lower than last year’s forecast

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

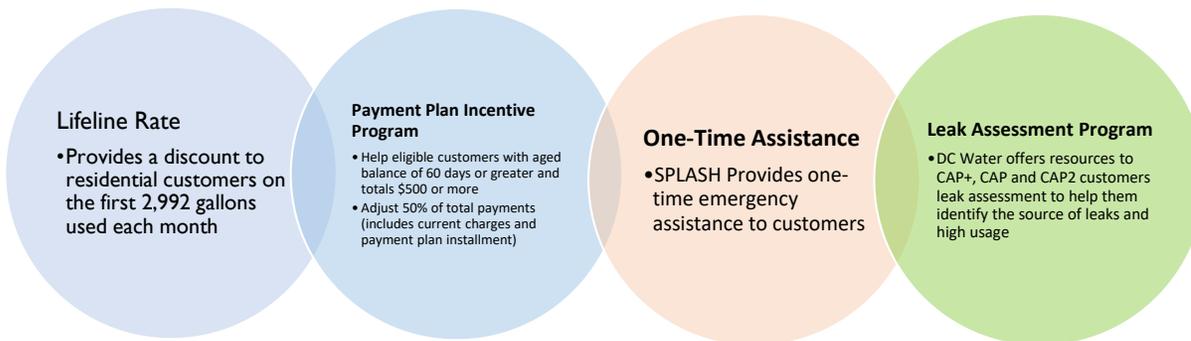


# Commitment to Customer Affordability



<p><b>CAP+</b> 20% AMI \$39,642 (family of 4) Discount on the first 600 cubic ft. of water and sewer services + 75% reduction in the monthly CRIAC fee + WSRF waiver \$131/month discount</p>	<p><b>CAP</b> 60% SMI \$118,926 (family of 4) Discount on the first 400 cubic ft. of water and sewer services + 75% reduction in the monthly CRIAC fee + WSRF waiver \$101/month discount</p>	<p><b>CAP 2</b> 80% AMI \$131,100 (family of 4) Discount on the first 300 cubic ft. of water and sewer services + 50% reduction in the monthly CRIAC fee \$67/month discount</p>	<p><b>CAP3</b> 100% AMI \$163,900 (family of 4) Discount of 75% off the monthly CRIAC fee \$18/month discount</p>	<p><b>CRIAC Non-Profit Relief</b> District-funded program to assist Non-profit organizations with Clean Rivers Impervious Area Charge (CRIAC)</p>
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\* These CAP amounts are for FY 2026



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



# Public Communication

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

## Budget And Rate Review Documents

### Budget Review Documents

Date	Title
January 27, 2026	Joint DC Retail Water & Sewer Rates and Finance & Budget Committees The Proposed FY 2027 Budget & Two-Year Rates
January 23, 2026	Briefing to the Office of People's Counsel DC Water's Proposed FY 2027 Budget & Two-Year Rates
January 22, 2026	Environmental Quality and Operations Proposed FY 2026 - FY 2035 Capital Improvement Program
January 16, 2026	Wholesale Customer Briefing DC Water's Proposed FY 2027 Budget & Two-Year Rates
January 15, 2026	Budget Workshop with the Board FY 2027 Proposed Budget & Two-Year Rates





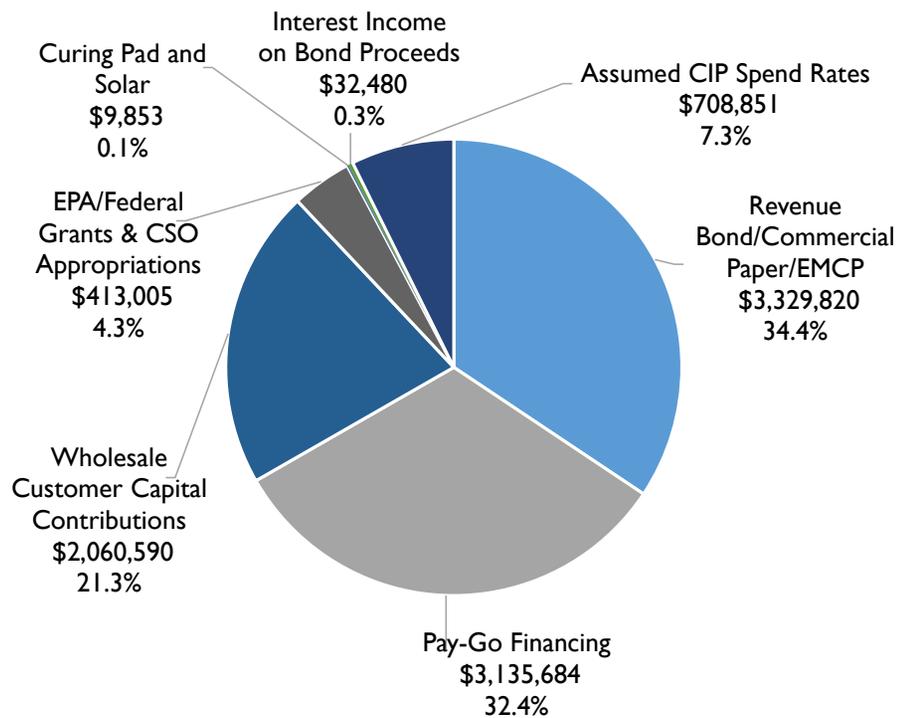
# Proposed Capital, Operating and Revenue Budgets



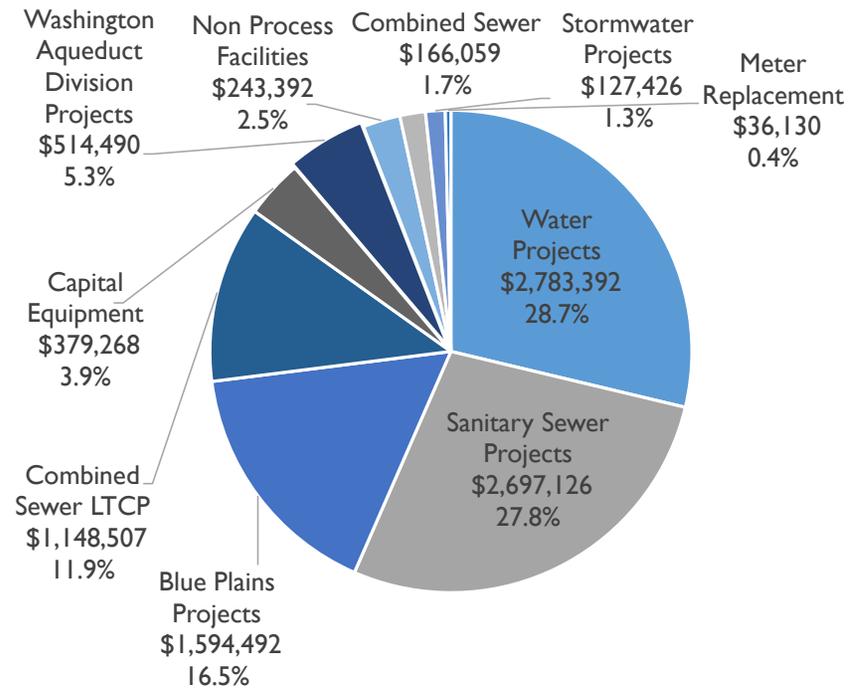
# Ten Year CIP: Sources and Uses of Funds

\$ in thousands

## Sources - \$9.69 Billion



## Uses - \$9.69 Billion



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

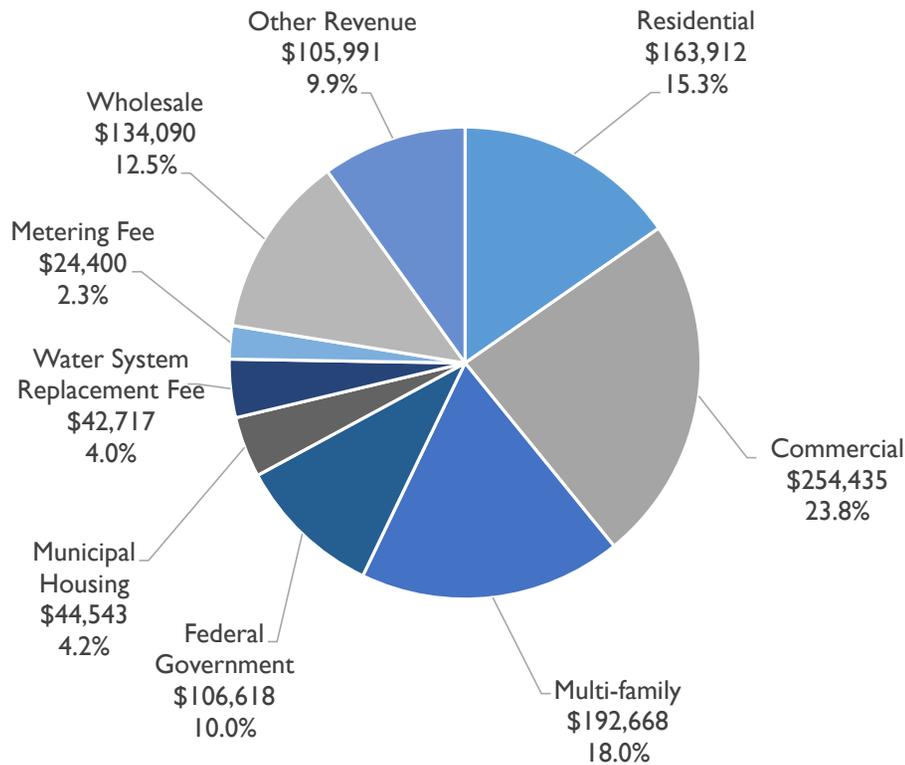
1: "Assumed CIP Spend Rates" is meant to represent the expectation that DC Water will spend less than the authorized CIP over the next 10 years, based on historical results



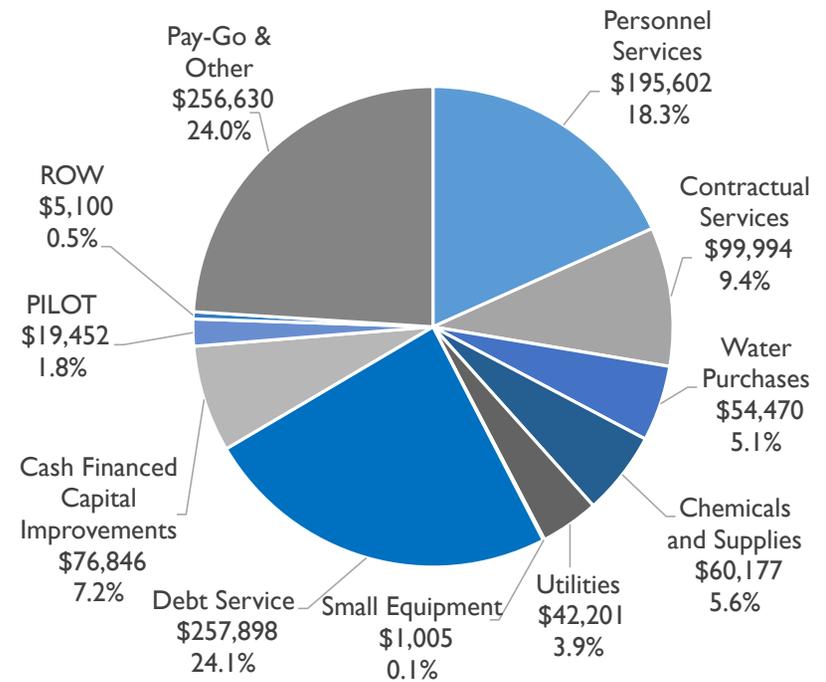
# FY 2027 Operating: Sources and Uses of Funds

\$ in thousands

## Sources - \$1.07 billion



## Uses - \$1.07 billion

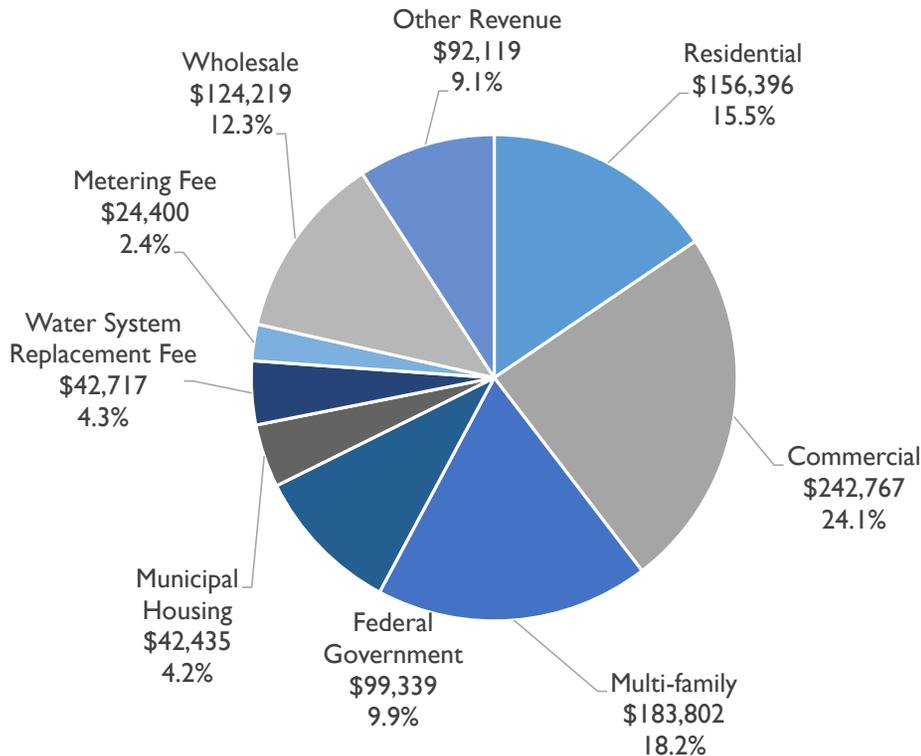




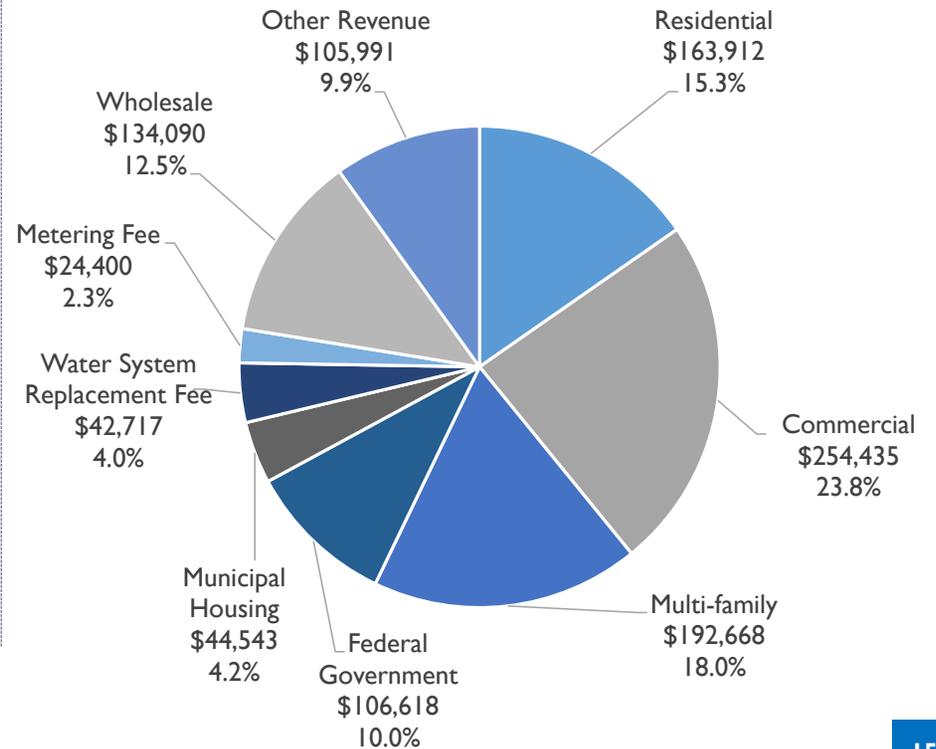
# FY 2026 vs. FY 2027 Operating Revenues

\$ in thousands

## Revised FY 2026 \$1.01 billion



## Proposed FY 2027 \$1.07 billion





# Revenue Comparison by Customer Class

- Total revenue for FY 2026 includes proposed net reduction of \$3.2 million mainly to align with projected consumption for Federal category and reduced SAF and indirect cost reimbursement, with increases in higher interest earnings and wholesale revenue attributable to PI costs
- Total revenue is projected to increase by \$61.2 million or 6.1% for FY 2027 and \$52.0 million or 4.9% for FY 2028 mainly due to rate increase
  - Retail Revenue – Increase by \$37.4 million or 4.7% in FY 2027 and \$43.9 million or 5.3% in FY 2028
  - Wholesale Revenue – Increase by \$9.9 million or 7.9% in FY 2027 and \$6.0 million or 4.4% in FY 2028 due to increase in indirect cost rate from 20% to 25% and operations and maintenance expense projection . Revenue estimates are based on most recent flow data

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



# Proposed Rates, Charges and Fees



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

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

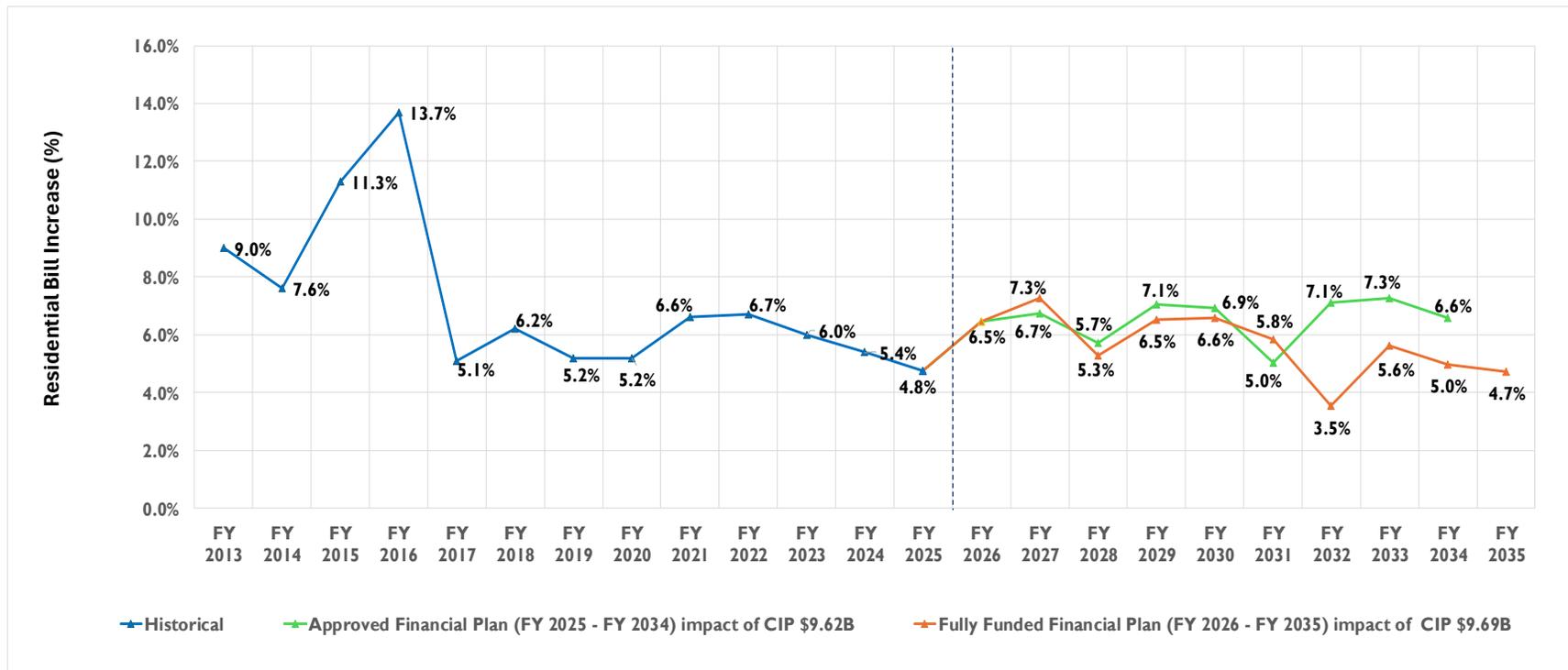
	Units	Current FY 2026	Proposed FY 2027	Proposed FY 2028	Incr. /(Decr.) FY 2026 vs FY 2027		Incr. /(Decr.) FY 2027 vs FY 2028	
					\$	%	\$	%
DC Water Retail Rates – Water:								
Residential – Lifeline (0- 4 Ccf)	Ccf	\$5.78	\$6.49	\$7.11	\$0.71	12.28%	\$0.62	9.55%
Residential – (> 4 Ccf)	Ccf	7.60	8.40	9.40	0.80	10.53	1.00	11.90
Multi-family	Ccf	6.47	7.21	7.98	0.74	11.44	0.77	10.68
Non-Residential	Ccf	7.84	8.66	9.71	0.82	10.46	1.05	12.12
DC Water Retail Rates – Sewer								
Groundwater	Ccf	3.76	3.90	3.90	0.14	3.72	-	-
High-Flow Filter Backwash	Ccf	3.54	3.54	3.54	-	-	-	-
DC Water Clean Rivers IAC	ERU	24.23	25.50	27.22	1.27	5.24	1.72	6.75
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75	-	-	-	-
DC Water System Replacement Fee	5/8"	6.30	6.30	6.30	-	-	-	-
District of Columbia PILOT Fee	Ccf	0.62	0.62	0.63	-	-	0.01	1.61
District of Columbia Right of Way Fee	Ccf	0.20	0.20	0.20	-	-	-	-
District of Columbia Inconvenience Fee	Ccf	-	0.42	0.42	0.42	-	-	-
District of Columbia Stormwater Fee	ERU	2.67	2.67	2.67	-	-	-	-

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



# Impact of Fully Funded CIP: Historical and Projected Combined Rate Increases

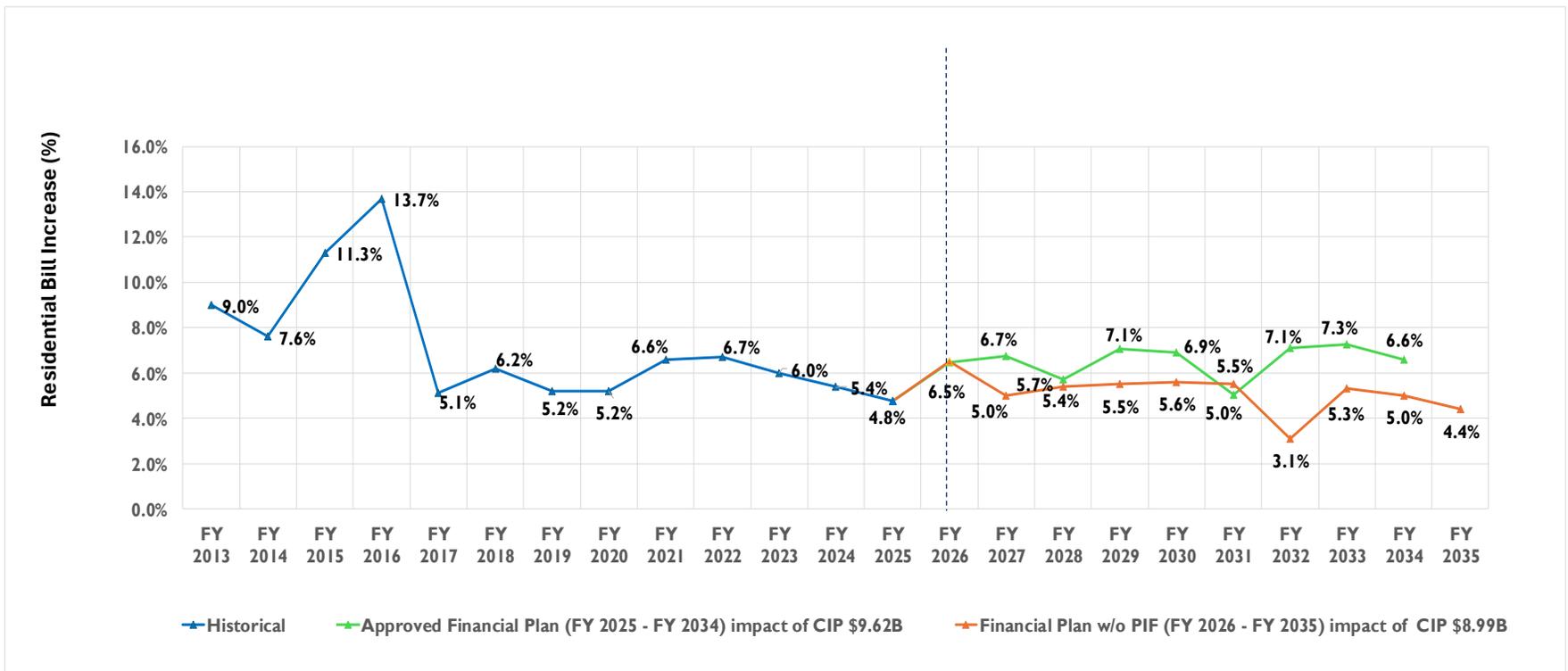
- From FY 2027 and beyond, forecasted rates (including the DC Public Inconvenience Fee) are generally lower than previously estimated – CIP \$9.69B





## Financial Plan without the Public Inconvenience Fee: Historical and Projected Combined Rate Increases

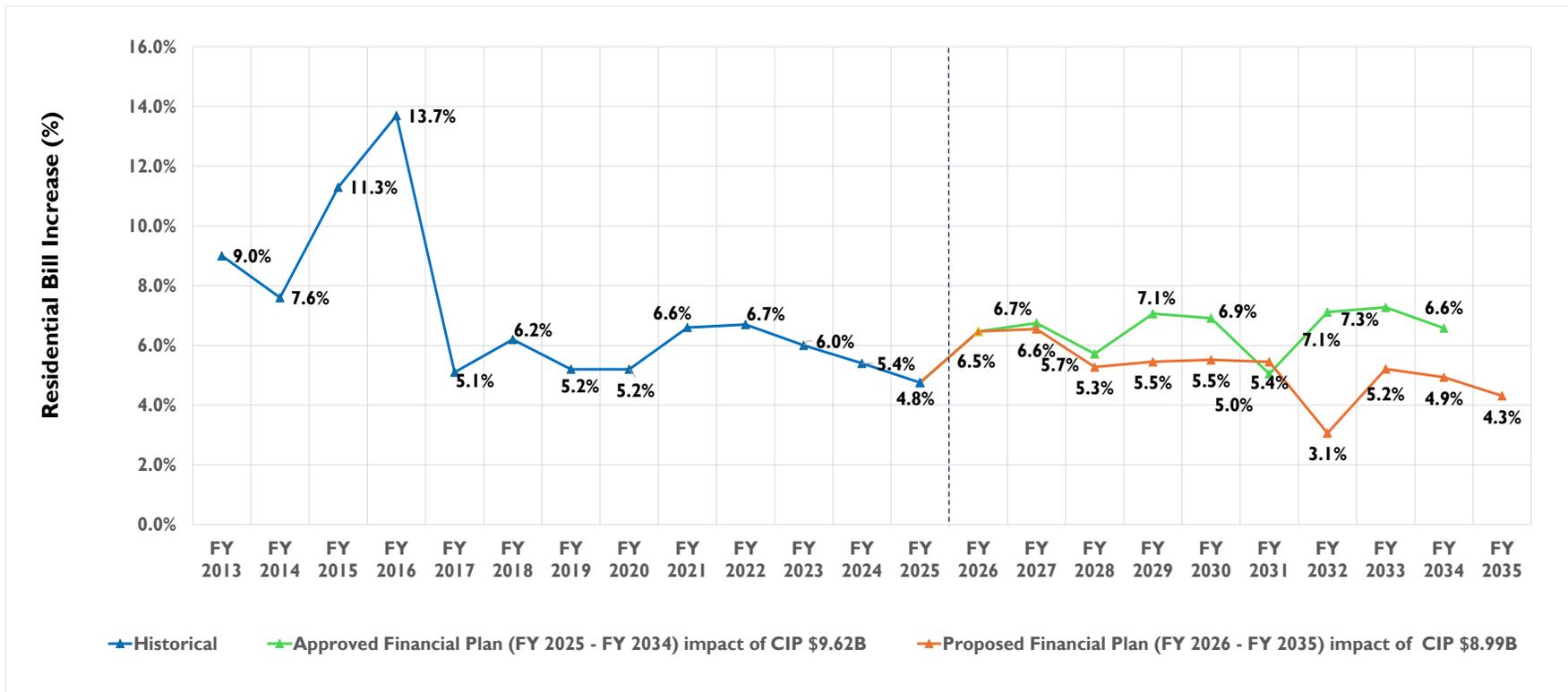
- From FY 2027 and beyond, forecasted rates (excluding the DC Public Inconvenience Fee) are lower than previously estimated – CIP \$8.99B





# Management Recommendation: Historical and Projected Combined Rate Increases

- From FY 2027 and beyond, forecasted rates (including the DC Public Inconvenience Fee) are lower than previously estimated – CIP \$8.99B





# Average Residential Customer Monthly Bill

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

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

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

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

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



# Average CAP Customer Monthly Bill

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

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

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

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

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

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



# CAP+, CAP, CAP2 and CAP3 Discounts

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

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

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

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

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

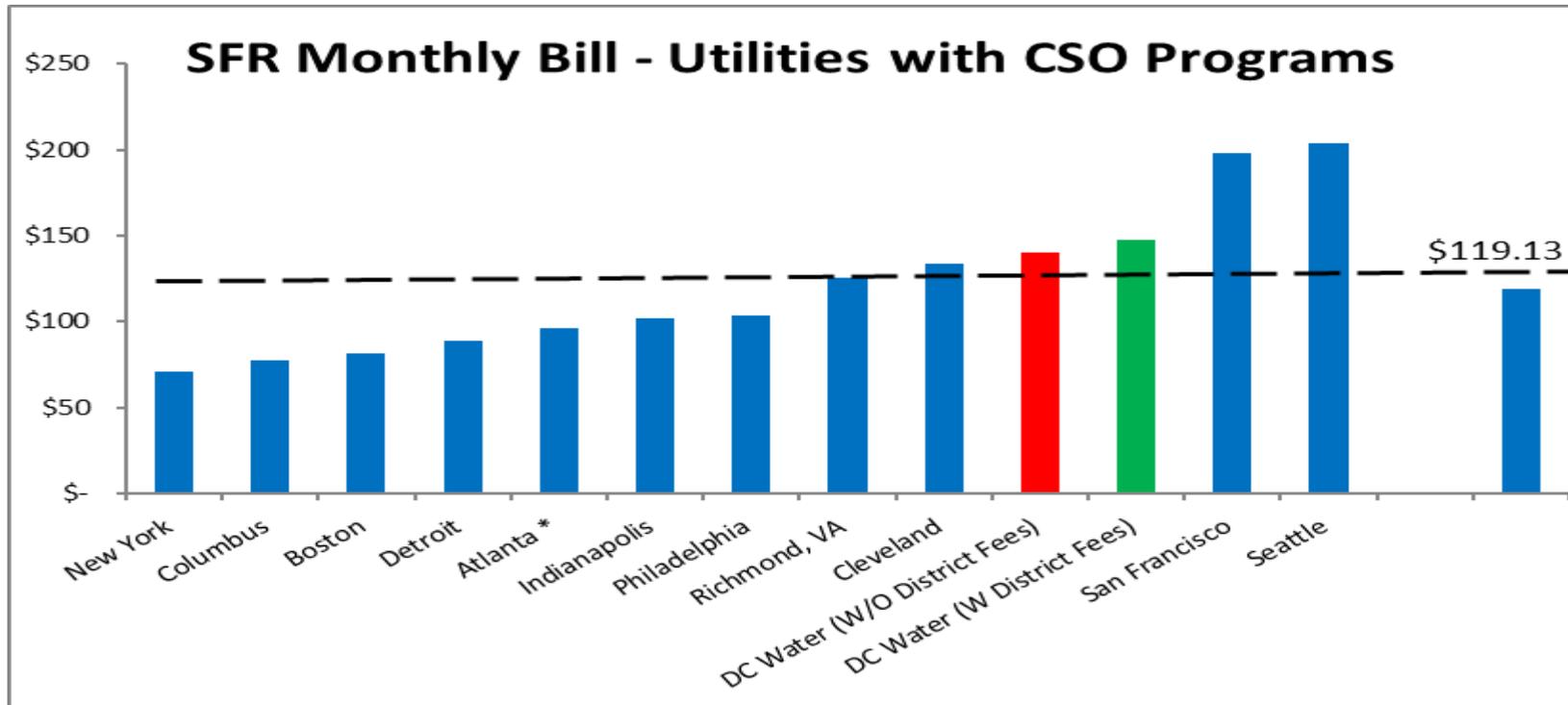
(4) CAP2 provides a discount on the first 300 cubic feet (2,244 gallons) of water and sewer services (with the exception of PILOT and ROW fees) and a 50 percent reduction in the monthly CRIAC fee

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

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



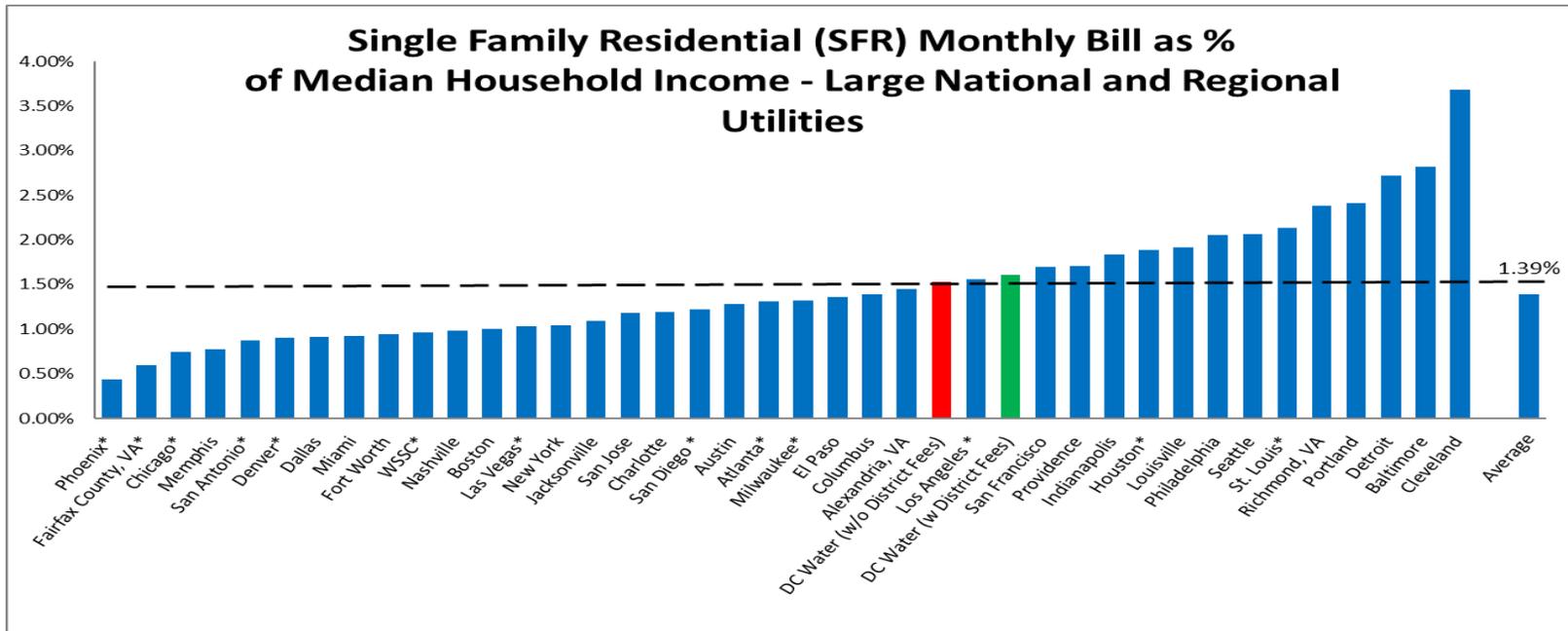
# DC Water Compared to CSO Communities



- Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.
- Reflects rates and fees in place as of November 1, 2025. 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.



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



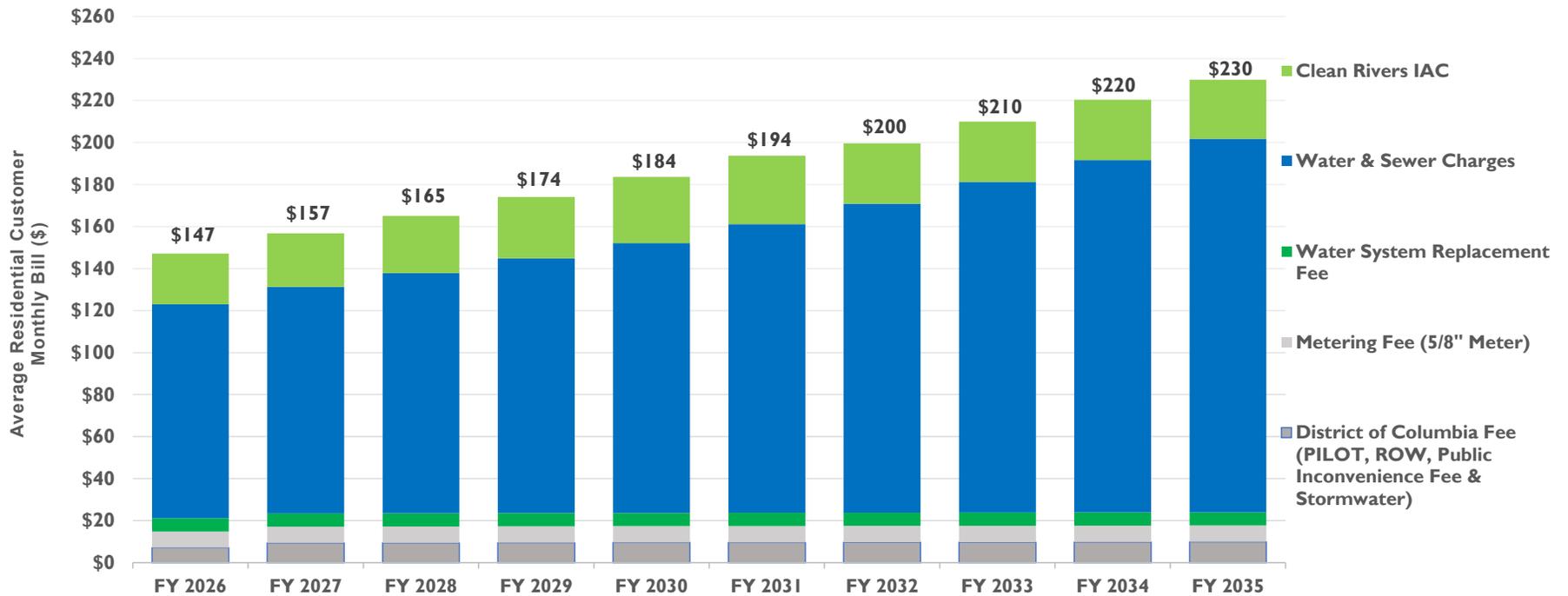
- Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons. Median household income from U.S. Census Bureau, 2022 American Community Survey 1-Year Estimates

Note: Reflects rates and fees in place as of November 1, 2025. 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.



# Projected Average Residential Customer Bill

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



\* Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons



# Financial Plan



## Financial Plan Objectives

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



## Ten-Year Financial Plan Assumptions

- 💧 Maintain Debt Service as a percentage of revenue equal to 33.0 percent or less
- 💧 Maintain combined coverage of 160 percent
- 💧 Maintain 282 days of cash excluding Rate Stabilization Fund. On October 5, 2023, the Board approved a revised Statement of Financial Policies that set a cash target of 350 days of projected operating expenses to be achieved gradually by 2032 through the use of year end surplus.
- 💧 FY 2025 actual consumption declined by 5.4 percent. Assumed 0.7 percent conservation for FY 2026 and 1.0 percent conservation for FY 2027 and onwards
- 💧 FY 2025 Debt Service was lower as compared to budget due to refinancing benefits and deferred borrowing
- 💧 Assume CIP spend rate of 90 percent based on historical results, except for the mandated Clean Rivers program, Capital Equipment and the Washington Aqueduct



## Financial Metrics

Metrics	Indenture Requirements	Board Policy	Management Target	Financial Plan
<b>Days of Cash on Hand (excluding RSF)</b>	<b>60 Days</b>	<b>250 Days, or goal of 350 days by 2032</b>	–	<b>282 – 283 Days</b>
<b>Combined Coverage Ratio</b>	–	<b>1.6X</b>	<b>1.8X</b>	<b>1.80X – 2.39X</b>
<b>Senior Coverage</b>	<b>1.2X</b>	–	–	<b>7.90X – 10.45X</b>
<b>Subordinate Coverage</b>	<b>1.0X</b>	–	–	<b>2.02X – 2.80X</b>
<b>Debt Service as a % of Revenue</b>	–	–	<b>33% of Revenue or Less</b>	<b>24.4% - 32.4%</b>
<b>Rate Stabilization Fund (RSF)</b>	–	<b>Establish a targeted balance of 5% of retail revenues</b>	–	<b>\$40.6 million</b>

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



# Ten-Year Financial Plan

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

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

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

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



# Recommendations & Action Items



# Management Recommendation

• **Recommend to the full Board the adoption of the proposed FY 2027 and FY 2028 rates, charges and fees; and begin the public hearing process**

- **Water and Sewer Rates:**
  - 6.0% increase in FY 2027
  - 6.0% increase in FY 2028
- **Clean River IAC:**
  - \$1.27 increase to \$25.50 per ERU in FY 2027
  - \$1.72 increase to \$27.22 per ERU in FY 2028
- **Groundwater Rate:**
  - 3.7% increase in FY 2027
  - No increase in FY 2028
- **High Flow Filter Backwash Sewer Rate:**
  - No increase in FY 2027 and FY 2028
- **District of Columbia Public Inconvenience Fee: (New)**
  - \$0.42 per Ccf for FY 2027 and FY2028

• **Recommend to the full Board the adoption of the Proposed FY 2026 – FY 2035 Financial Plan**

- 10-year CIP disbursement budget
- Projected water and sewer rate increases
- Financial Plan for FY 2026 – FY 2035 including the revenue requirement to support the operating and capital budgets.



# Committee Actions & Budget Adoption

	Environmental Quality & Operations	DC Retail Water & Sewer Rates	Finance & Budget
Committee Meeting Dates	Feb. 19	Feb.23	Feb. 26
FY 2026 - FY 2035 Capital Budget <ul style="list-style-type: none"> <li>Revised FY 2026 Capital Budget</li> <li>Proposed FY 2027 Capital Budget</li> <li>Ten-Year Capital Improvement Program</li> <li>Lifetime Project</li> </ul>	<b>Action Taken</b>		Action Required
Annual Operating Budgets <ul style="list-style-type: none"> <li>Revised FY 2026 Operating Expenditure</li> <li>Revised FY 2026 Operating Revenue</li> <li>Proposed FY 2027 Operating Expenditure</li> </ul>			Action Required
Proposed FY 2026 - FY 2035 Financial Plan		<b>Action Required</b>	Action Required
Proposed FY 2027 & FY 2028 Revenues, Rates, Charges and Fees		<b>Action Required</b>	
Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing			Action Required





# Committee Workplan Timelines

DC Retail Water & Sewer Rates Committee Reviews, Recommendations, and Actions	Dates
Update Committee on Proposed FY 2027 & FY 2028 Rates	January 27, 2026
Committee Recommendation on Proposed FY 2027 & FY 2028 Rates	February 23, 2026
Independent Review of Proposed FY 2027 & FY 2028 Rates and Budget by Consultant	February 23, 2026
Board approval of Notice of Proposed Rulemaking (NOPR) for Proposed FY 2027 & FY 2028 Rates	March 5, 2026
Public Hearing	May 14, 2026
Committee Recommendation on Final FY 2027 & FY 2028 Rates	June 23, 2026
Board approval of Notice of Final Rulemaking (NOFR) for Proposed FY 2027 & FY 2028 Rates	July 2, 2026
Rates go-live	October 1, 2026 (FY 2027) October 1, 2027 (FY 2028)



# Appendix



# The Capital Improvement Program

- ▶ **The proposed ten-year CIP budget of \$9.69 billion** includes annual spending estimates for capital construction, capital equipment and DC Water’s share of the Aqueduct’s capital projects
  - This is a net decrease of \$66.7 million compared to the Board-approved CIP for the ten-year period, and a net decrease of \$136.6 million in FY 2026
- ▶ **The proposed lifetime budget is \$17.4 billion** and covers the total project costs including commitments and labor, for active projects prior to, during, and beyond the ten-year window

(Cash Disbursements \$ in thousands)	FY 2026 - FY 2035 Disbursement Plan											Last Years 10-yr	(Increase)/ Decrease	Lifetime Budget
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035				
NON PROCESS FACILITIES	\$ 15,467	\$ 32,671	\$ 43,535	\$ 43,848	\$ 27,523	\$ 22,366	\$ 22,277	\$ 14,582	\$ 10,820	\$ 10,303	\$ 243,392	\$ 213,052	\$ (30,339)	\$ 412,191
WASTEWATER TREATMENT	83,199	127,537	151,664	138,337	164,406	172,451	198,453	184,744	194,690	179,012	1,594,492	1,763,454	168,962	2,670,477
COMBINED SEWER OVERFLOW	237,482	311,016	321,693	264,247	94,417	42,614	11,098	10,000	11,000	11,000	1,314,566	1,139,051	(175,515)	3,762,450
STORMWATER	16,550	14,740	18,186	27,841	29,208	12,921	2,318	2,250	2,099	1,313	127,426	65,840	(61,586)	190,536
SANITARY SEWER	155,371	230,713	266,827	223,235	300,656	288,391	295,248	311,056	360,046	265,583	2,697,126	2,718,608	21,482	4,215,274
WATER	186,757	274,558	285,327	302,603	312,347	268,653	258,593	287,645	299,551	307,357	2,783,392	2,871,946	88,554	4,844,619
<b>CAPITAL PROJECTS</b>	<b>694,826</b>	<b>991,234</b>	<b>1,087,232</b>	<b>1,000,111</b>	<b>928,557</b>	<b>807,396</b>	<b>787,987</b>	<b>810,277</b>	<b>878,206</b>	<b>774,568</b>	<b>8,760,394</b>	<b>8,771,952</b>	<b>11,558</b>	<b>16,095,547</b>
CAPITAL EQUIPMENT	29,401	39,664	38,398	37,681	38,269	38,558	38,855	39,162	39,478	39,803	379,267	316,184	(63,083)	379,267
Meter Replacement/AMR/CIS/ERP	3,080	5,583	5,583	3,883	3,000	3,000	3,000	3,000	3,000	3,000	36,130	34,664	(1,466)	36,130
WASHINGTON AQUEDUCT	49,480	35,770	35,770	35,770	35,770	71,540	71,540	71,540	71,540	35,770	514,490	500,780	(13,710)	514,490
<b>ADDITIONAL CAPITAL PROJECTS</b>	<b>81,961</b>	<b>81,018</b>	<b>79,751</b>	<b>77,334</b>	<b>77,039</b>	<b>113,098</b>	<b>113,395</b>	<b>113,702</b>	<b>114,018</b>	<b>78,573</b>	<b>929,888</b>	<b>851,628</b>	<b>(78,260)</b>	<b>929,888</b>
LABOR														383,495
<b>TOTAL CAPITAL BUDGETS</b>	<b>\$ 776,787</b>	<b>\$ 1,072,251</b>	<b>\$ 1,166,983</b>	<b>\$ 1,077,446</b>	<b>\$ 1,005,595</b>	<b>\$ 920,494</b>	<b>\$ 901,382</b>	<b>\$ 923,979</b>	<b>\$ 992,224</b>	<b>\$ 853,141</b>	<b>\$ 9,690,281</b>	<b>\$ 9,623,580</b>	<b>\$ (66,702)</b>	<b>\$ 17,408,930</b>
<b>Board Approved 10yr-CIP</b>	<b>913,396</b>	<b>938,159</b>	<b>1,117,568</b>	<b>1,116,264</b>	<b>1,015,118</b>	<b>954,815</b>	<b>946,479</b>	<b>951,815</b>	<b>952,221</b>		<b>9,623,580</b>			
Delta (inc)/dec	136,609	(134,092)	(49,415)	38,818	9,523	34,321	45,097	27,837	(40,003)	(853,141)	(66,702)			



# Operating Budget Comparison by Cost Category

**FY 2026** – Amended budget reflects reprogramming of \$24.0 million from debt service to CFCI

- Reduces future borrowing costs
- No changes to the overall adopted budget

**FY 2027** – Proposed operating budget is \$844.1 million, an increase of \$6.0 million

- Operations & Maintenance (O&M) covers the resources necessary to provide clean water and treatment services and maintain DC Water’s critical assets
- Debt Service and Paygo supports the capital program
- PILOT & ROW payments to the District

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



# The Proposed Budget

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

