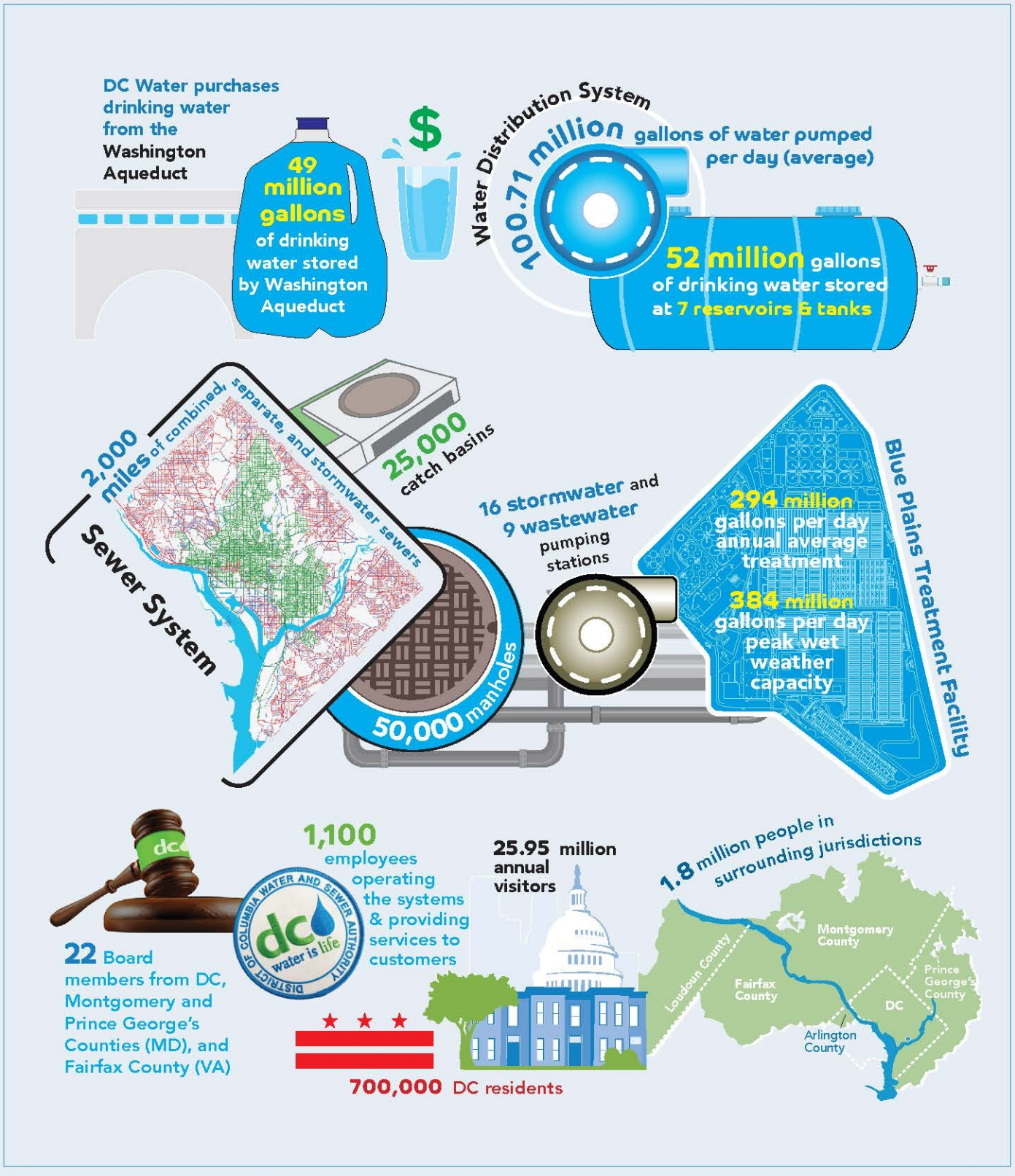
DC Water's Water Distribution and Wastewater Collection and Treatment Process



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 100.706 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

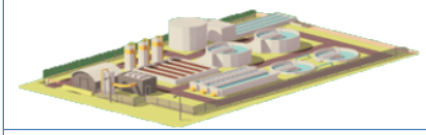
Water Distribution System

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

Sewer System

- 2,000 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 one billion 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.dcwater.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 costs 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

The chart below highlights DC Water's operating expenditures, capital disbursements, revenues, rates and fees.

SUMMARY OF BUDGETS, RATES AND FEES

Description	Unit of Measure	FY 2026 Revised	FY 2027 Approved	Change Increase (+) /Decrease (-)		
BUDGETS						
Total Operating Expenditure	$ in thousands	$838,133	$844,105	$5,972	-	-
Total Capital Disbursements	$ in thousands	$776,787	$1,072,251	$295,464	-	-
Total Operating Revenue	$ in thousands	$1,008,194	$1,069,375	$61,181	-	-
Wholesale Operating Revenues	$ in thousands	$124,219	$134,090	$9,871	-	-
RATES & FEES	**Unit of Measure**	**FY 2026 Approved**	**FY 2027 Proposed**	**Change Increase (+) /Decrease (-)**	**FY 2028 Proposed**	**Change Increase (+)/ Decrease (-)**
Residential 0-4 Ccf (Lifeline) [2]	Ccf	$5.78	$6.49	$0.71	$7.11	$0.62
Residential - > 4 Ccf [2]	Ccf	$7.60	$8.40	$0.80	$9.40	$1.00
Multi-family / DC Housing [2]	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	$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 Fee [1]	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	$0.00
Public Inconvenience Fee [3]	Ccf	-	$0.42	-	$0.42	$0.00
Stormwater Fee	ERU	$2.67	$2.67	$0.00	$2.67	$0.00

Ccf – hundred cubic feet or 748 gallons

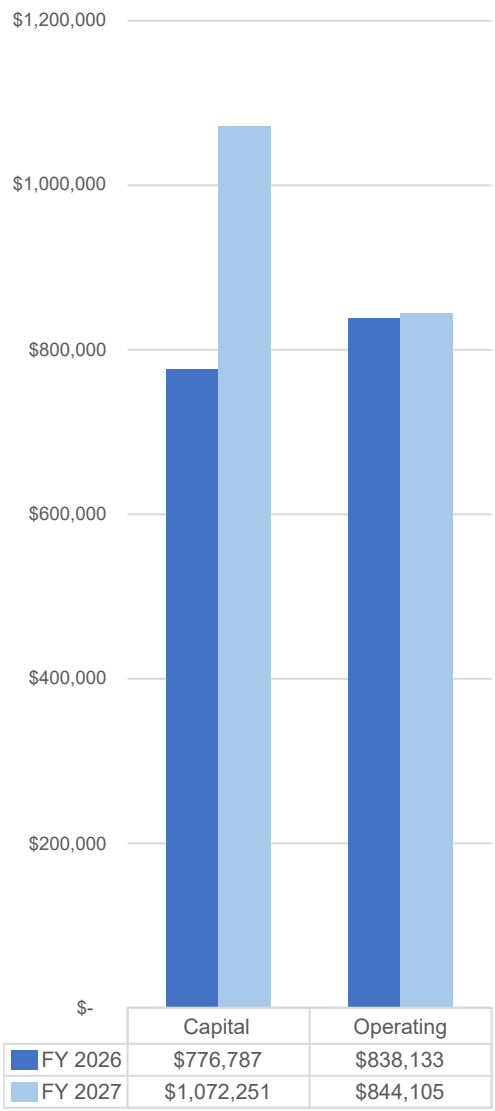
(1) DC WATER WSRF of $6.30 effective October 1, 2015
(2) Proposed Class-Based rates
(3) Public Inconvenience Fee of $0.42 effective October 1, 2026

Comparative Capital & Operating Expenditures

$ in thousands

Capital and Operating Budgets Ensure Service Needs and Strategic Objectives are Met

	REVISED FY2026	APPROVED FY2027
CAPITAL (Cash Disbursements Basis)*		
Wastewater Treatment	$ 83,199	$ 127,537
Sanitary Sewer	155,371	230,713
Combined Sewer Overflow	237,482	311,016
Stormwater	16,550	14,740
Water	186,757	274,558
Washington Aqueduct	49,480	35,770
Capital Equipment	32,481	45,248
Non Process Facilities	15,467	32,671
Total Capital	$ 776,787	$ 1,072,251
OPERATING		
Personnel Services	$ 217,462	$ 226,963
Contractual Services	102,284	99,994
Water Purchases	48,149	54,470
Chemicals and Supplies	57,491	60,177
Utilities	41,659	42,201
Small Equipment	1,531	1,005
Total O&M	468,576	484,810
Debt Service	247,448	257,898
Cash Financed Capital Improvements	97,938	76,846
Payment in Lieu of Taxes	19,070	19,452
Right of Way Fees	5,100	5,100
Subtotal Operating	838,133	844,105
Personnel Services charged to Capital Projects	(30,907)	(31,360)
Net Operating	$ 807,226	$ 812,745



*Reflects revision to FY 2026 capital disbursement budget during the FY 2027 cycle.

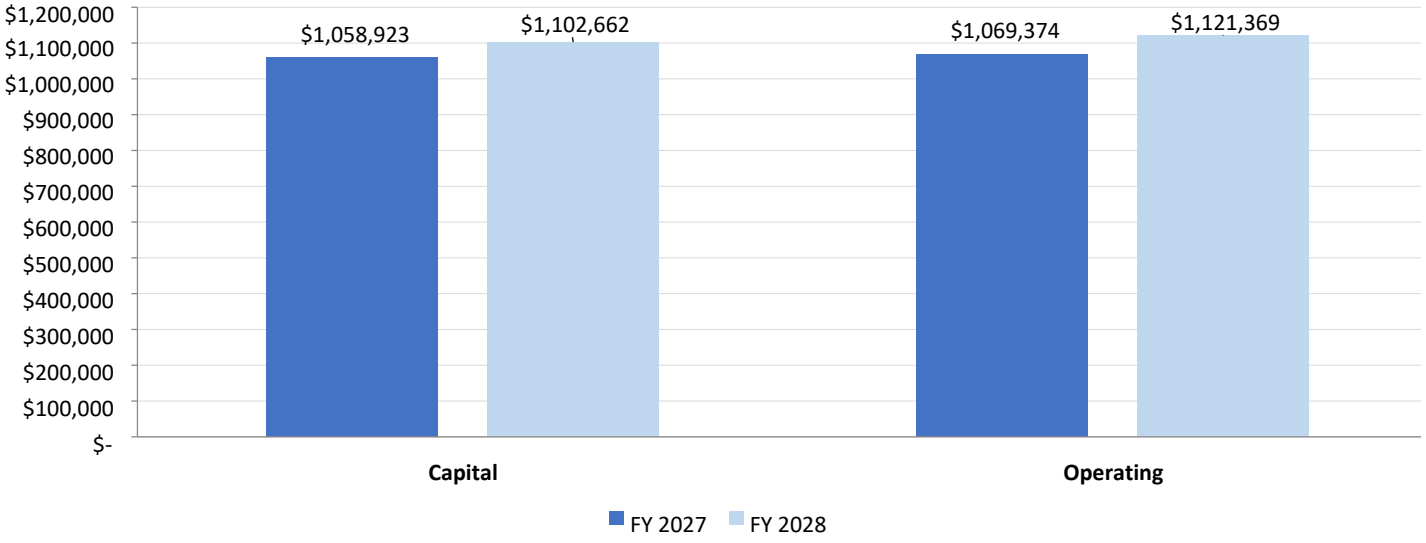
Comparative Capital & Operating Revenues

$ in thousands

	FY 2026 Revised	FY 2027 Proposed	FY 2028 Proposed
CAPITAL			
Wholesale Capital Payments	$ 119,438	$ 166,497	$ 222,655
Federal Grants & CSO Appropriations	65,763	67,709	68,177
Interest Income on Bond Proceeds	5,850	2,385	5,700
Pay-Go-Financiang	269,013	314,279	286,109
Revenue Bonds/Commercial Paper/EMCP*	26,000	502,324	514,235
Curing Pad and Solar	30	29	87
System Availability Fee	5,700	5,700	5,700
Total Capital Revenue	**$ 491,794**	**$ 1,058,923**	**$ 1,102,662**
OPERATING			
Residential	$ 156,396	$ 163,912	$ 173,684
Commercial	242,767	254,435	269,590
Multi-Family	183,802	192,668	203,874
Federal Government	99,339	106,618	111,751
Municipal & Housing	42,435	44,543	47,197
Water System Replacement Fee (WSRF)	42,717	42,717	42,717
Metering Fee	24,400	24,400	24,400
Wholesale	124,219	134,090	140,055
Transfer from Rate Stabilization Fund	-	-	-
Other Revenue	92,119	105,991	108,101
Total Operating Revenue	**$ 1,008,194**	**$ 1,069,374**	**$ 1,121,369**

* Extendable Municipal Commercial Paper

Capital and Operating Revenue



Cash Flow Summary

$ in thousands

OPERATING BUDGET	FY 2025 Actual	FY 2026 Revised	FY 2027 Proposed	FY 2028 Proposed
Operating Revenue				
Residential, Commercial & Multi-Family	496,395	494,676	519,409	548,799
Federal	71,183	76,861	81,657	85,690
Municipal	16,706	17,367	18,205	19,312
D.C. Housing Authority	13,832	13,711	14,386	15,130
Groundwater	-	5	5	5
Water System Replacement Fee (WSRF)	43,382	42,717	42,717	42,717
Metering Fee	24,479	24,400	24,400	24,400
Payment in Lieu of Taxes / Right of Way Fee	24,989	24,156	24,552	24,941
Clean Rivers IAC Revenue	111,976	122,119	128,515	137,160
Subtotal - Retail	**802,943**	**816,012**	**853,845**	**898,154**
Wholesale	114,341	124,219	134,090	140,055
Interest Earnings	14,758	13,049	12,548	12,288
Transfer from Rate Stabilization Fund	-	-	-	-
Other Operating Revenues (1)	46,357	54,583	68,557	70,546
Total Operating Revenue (1)	**978,399**	**1,007,864**	**1,069,040**	**1,121,043**
Operating Expenditures				
Personnel Services	170,592	186,555	195,602	203,426
Contractual Services	96,713	102,284	99,994	102,994
Chemicals & Supplies	80,580	57,491	60,177	63,982
Utilities & Rent	33,330	41,659	42,201	43,889
Water Purchases	43,595	48,149	54,470	60,462
Small Equipment	1,548	1,531	1,005	1,035
Subtotal - Operating Expenditures	**426,358**	**437,669**	**453,449**	**475,789**
Payment in Lieu of Taxes / Right of Way Fee	23,796	24,170	24,552	24,941
Debt Service	224,506	247,448	257,898	300,831
Cash Financed Capital Improvements/Defeasance	58,438	97,938	76,846	80,834
Total Operating Disbursements	**733,098**	**807,226**	**812,745**	**882,394**
Operating Surplus (1)	**245**	**200,638**	**256,296**	**238,649**
CAPITAL Disbursements (See Section VI for more details)	-	-	-	-
Sources of Capital Funds	757,004	491,794	1,058,923	1,106,912
Uses of Capital Funds	584,145	776,787	1,004,230	1,090,429
Capital Disbursements Overage / (Shortage)	**172,859**	**(284,993)**	**54,694**	**16,483**
CASH RESERVES	-	-	-	-
Beginning O&M Reserve Balance (Net of Rate Stabilization Fund)	**320,513**	**333,716**	**341,600**	**354,600**
Operating Surplus	245,301	200,638	256,296	238,649
Wholesale Customer Refunds/Payments for Prior Years	6,205	(3,000)	(3,000)	(3,000)
Project Billing Refunds	(3,127)	(2,000)	-	-
Federal Customer Refund/Payments for Prior Years	(11,049)	(11,310)	2,503	(7,000)
Interest Earned from Bond Reserve	110	331	334	326
Transfers to Rate Stabilization Fund	(5,000)	-	-	-
Pay-As-You-Go Capital Financing	(219,619)	(176,775)	(243,133)	(210,975)
Ending O&M Reserve Balance (Net of Rate Stabilization Fund)	**333,334**	**341,600**	**354,600**	**372,600**
Rate Stabilization Fund	**$40,644**	**$40,644**	**$40,644**	**$40,644**

(1) Does not include interest earned from debt service reserve fund

In the early history of Washington, DC, water and sewer operated as separate entities. Early incarnations of the agency we now call DC Water included the District of Columbia Water Board (1859—1872) and the District of Columbia Board of Public Works (1872—1932).

Beginning in 1932, the Agency operated as the District of Columbia Department of Sanitary Engineering and constructed the first sewage treatment plant at Blue Plains. The Agency went through another transition to the District of Columbia Department of Environmental Services in 1971, then operated as the Water and Sewer Utility Administration (WASUA) under the Department of Public Works from 1985 to 1996.

The District of Columbia Water and Sewer Authority (DC Water) was created in April 1996 and began operating October 1, 1996 under and pursuant to an act of the Council of the District of Columbia and an act of the United States Congress. Previously, the Water and Sewer Utility Administration, a division of the District's Department of Public Works, performed DC Water's operations. In the aftermath of the District's financial crisis in the 1990s, Congress created an independent utility agency governed by a Board of Directors consisting of eleven principal and eleven alternate members who represent the District of Columbia, Montgomery and Prince George's Counties in Maryland and Fairfax County in Virginia to govern DC Water. The Mayor of the District of Columbia appoints, and the Council confirms, all District Board members, including the Chairperson. In addition, the Mayor appoints the five principal and five alternate members who represent the surrounding jurisdictions based on submissions from those jurisdictions. All members serve four-year terms. The existence of a quorum and an affirmative vote of a majority of the members present, who are permitted to participate in the matter under consideration, is required to approve any Board action; except, that 7 affirmative votes are required for approval of the Authority's budget and 8 affirmative votes are required for the selection or relieving of the CEO/General Manager. All Board members participate in decisions directly affecting the general management of joint-use facilities (such as projects at the Blue Plains Advanced Wastewater Treatment Plant), and only the District of Columbia members participate in decisions for those matters that affect only District ratepayers. Rate setting authority resides solely with the Board of Directors and is a non-joint use matter.

At its inception, DC Water faced a cash shortage and projected multi-million dollar deficit. The newly established utility was also burdened with a barely functional fleet, poorly maintained infrastructure, an antiquated billing system, and many operating weaknesses. Through the leadership of an active Board of Directors and strong management staff, a line of credit was obtained, municipal bonds were issued and new strategic goals, business processes and technologies were developed. DC Water made tremendous strides in its prudent financial management and cutting-edge technology, customer service improvements, extensive capital investment, environmental stewardship, peer-reviewed research and establishment of an award winning fleet. Our credit rating since 1996 has gone from no credit to AAA. Today, DC Water is one of the best utilities not only in North America but in the world.

Over the years, we have developed strong partnerships with the District government, Congress, suburban jurisdictions, federal regulators and environmental advocates. We continue to strengthen our existing partnerships while reaching out to establish new relationships. Our success has been acknowledged through many awards as well as positive financial results and audits over the years. Since 1996, the Authority has met its mission of providing clean drinking water to residents of the District of Columbia and wastewater conveyance and treatment services to both residents of the District of Columbia and wholesale customers in Maryland and Virginia.

At DC Water, we focus all our technology initiatives on improving both the quality of services we provide to our customers and organizational effectiveness. We were one of the first utilities to automate our meter reading program (AMR) which has been heralded as a best practice in the industry. The automated meters use radio frequency and cell phone technology to send daily water usage information from the meter to DC Water. This tool analyzes daily water consumption and provides monthly and yearly averages on an account so a customer can monitor their own water use. In addition, we developed a powerful application in-house called the High Use Notification Application (HUNA). This tool alerts customers of unusually high amounts of water delivered to their meter so they can check for leaks and avoid a high bill.

Basis of Accounting

DC Water is a single enterprise fund and maintains accounting records using the modified accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP). Under this basis of accounting, revenues are recorded when earned, and expenses are recorded when incurred. DC Water's expenditure budget is prepared on a comparable basis to GAAP, with the exception of debt service (including principal and interest) that is budgeted in full when due. Depreciation and interest expense are recorded as expenses for financial statement purposes. (Depreciation is not budgeted.)

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.dcwater.com/strategic-plan.

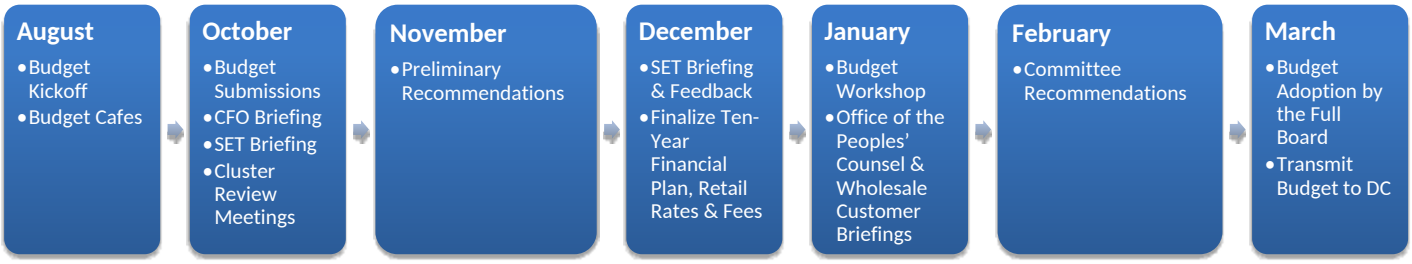
As a first step in the budget development process, the organizational priorities are established under the guidance of the Board and Senior Executive Team and linked to the strategic plan. The budget process encourages ideas to be brought forward by all departments with detailed workplans that incorporate 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.

Accounting and Budget Process



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.

Budgetary Control

After the U.S. Congress approves the budget, the operating and capital budgets are loaded into the DC Water's financial management system, which prevents overspending without appropriate approvals. The Finance Department prepares monthly management reports for each operating unit, management staff, the Board of Directors and its various committees. The reports are consistently reviewed each month to ensure that DC Water complies with its authorized budget levels.

Amendment Process

The CEO & General Manager has control over the budget as approved by the U.S. Congress, at the appropriation level, i.e., DC Water's overall approved operating budget and capital authority at the Authority-wide level in the capital budget. The CEO & General Manager has the authority to approve budget reprogramming between departments. Any additional budget spending above the budget appropriation level requires approval from the U.S. Congress.

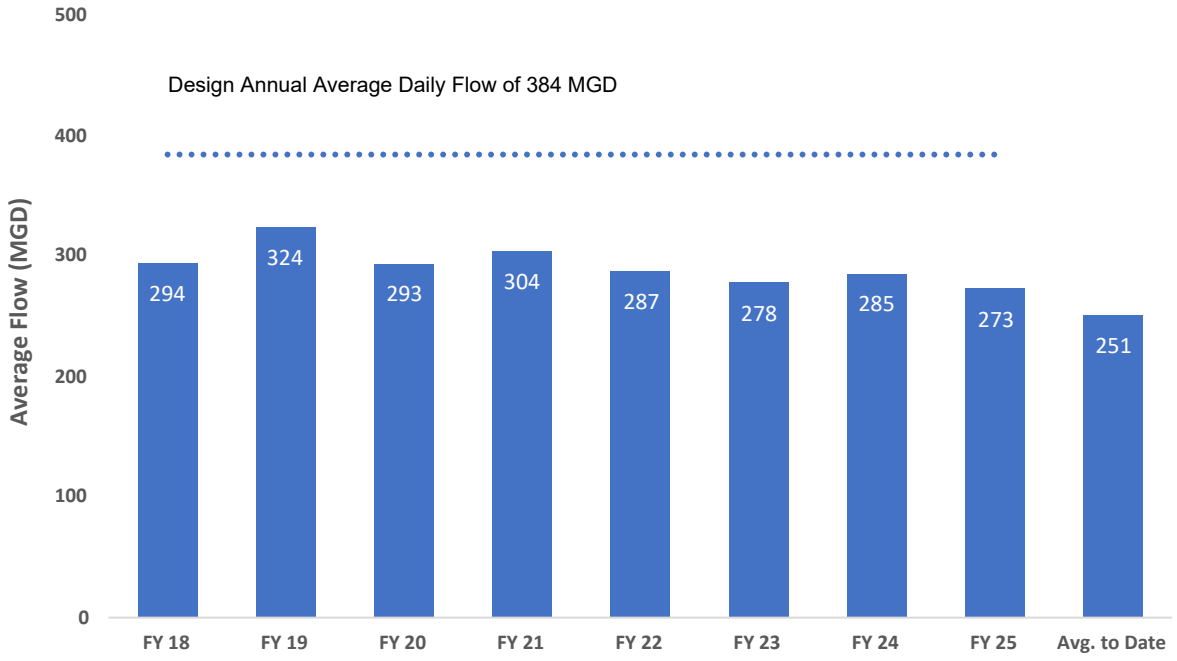
FY 2027 Budget Calendar

Month	Activity
May- 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: • Environmental Quality & Operations Committee Review of Capital Improvement Program • Joint 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

Wastewater System Capacity Ensures Service Area Meets Needs Through 2040

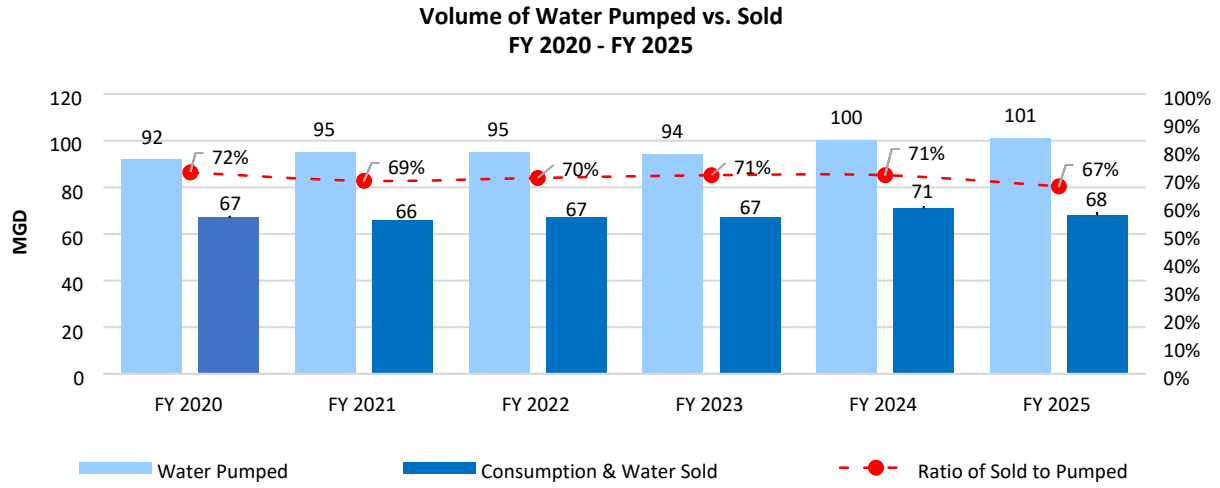
- Blue Plains is the world's largest advanced wastewater treatment plant
  - Treats an average of approximately 292 million gallons per day (MGD) annually
  - Designed for average daily flow of 384 MGD and, with a peak design capacity to treat more than 780 MGD
- System comprises 1,950 miles of sanitary, stormwater and combined sewers; 125,000 building sewer laterals; 22 flow-metering stations; 9 off-site wastewater pumping stations; and 16 stormwater pumping stations

Historical Wastewater Treatment vs. Capacity
FY 2018 – FY 2025



Water System Capacity Meets Service Area Needs

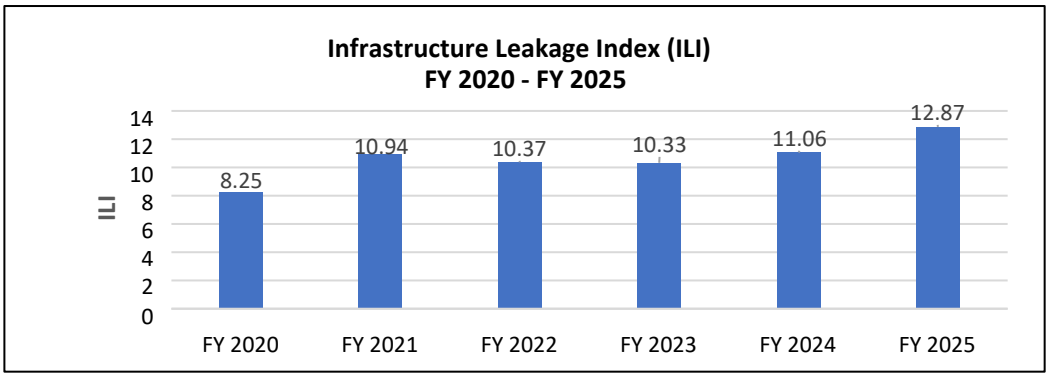
- Water is purchased from the Washington Aqueduct, owned and operated by the U.S. Army Corps of Engineers
- Four pumping stations provide adequate capacity to meet peak demand
  - Bryant Street, New Fort Reno, 16th and Alaska, Anacostia
- One Washington Aqueduct pumping station with capacity sufficient to take over for Bryant Street pumping station



- System comprises 1,300 miles of interconnected pipes

Infrastructure Leakage Index (ILI)

The International Water Association (IWA) methodology introduces the Infrastructure Leakage Index (ILI) as the ratio of real losses over the Unavoidable Real Losses (UARL). This value provides an indication of the actual leakage in the system relative to the lowest level achievable with today's best technology. Decreased ILI values indicate increased water utility efficiency.



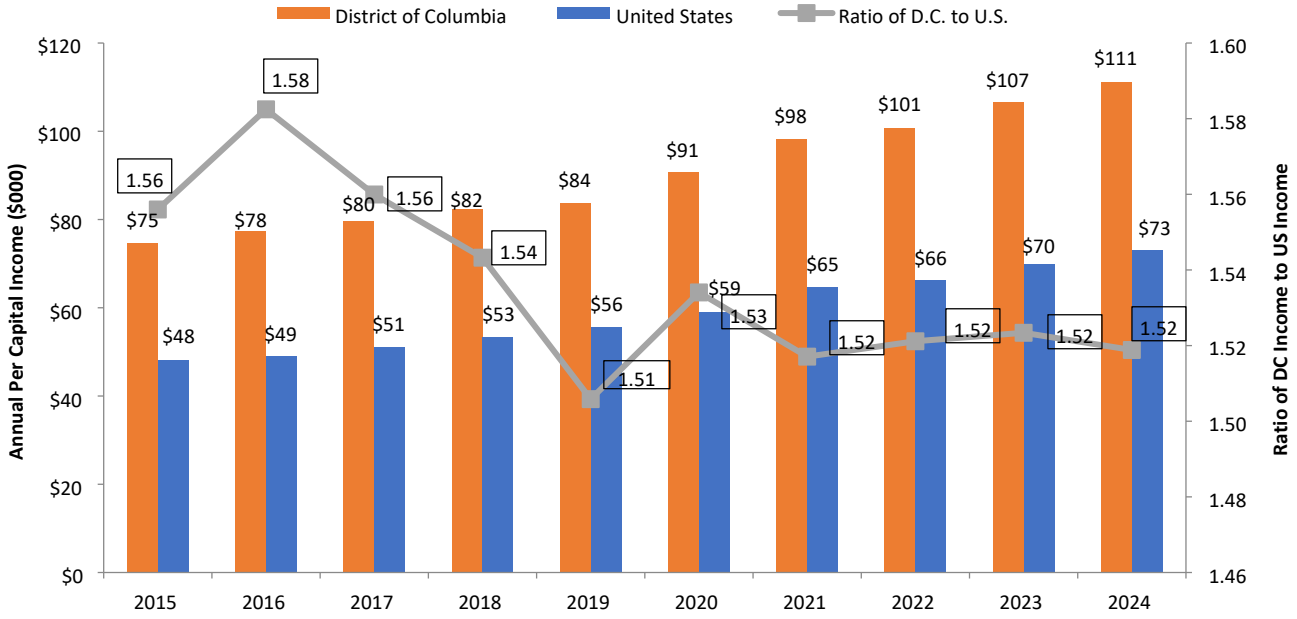
Strong financial planning requires careful monitoring and analysis of various trends and factors that may influence the market place. In this case, the market place for DC Water is the District of Columbia and its surrounding region. DC Water monitors consumption and wastewater flow trends within the customer base, weather patterns, regional income changes, population trends, federal activity in the region, housing starts, office vacancy rates and employment trends. A review of experiences from similar national systems is a useful benchmark assessment. While there are no crystal balls in the area of forecasting water demand, monitoring such data can provide insight into customer behavior and anticipated service demands.

Regional Economy

DC Water's service area has historically been resilient, even during fluctuations in nationwide economic conditions. Employment at the U.S. government and all of the professional and service industry firms that support the federal government have been a steadying force through various economic cycles.

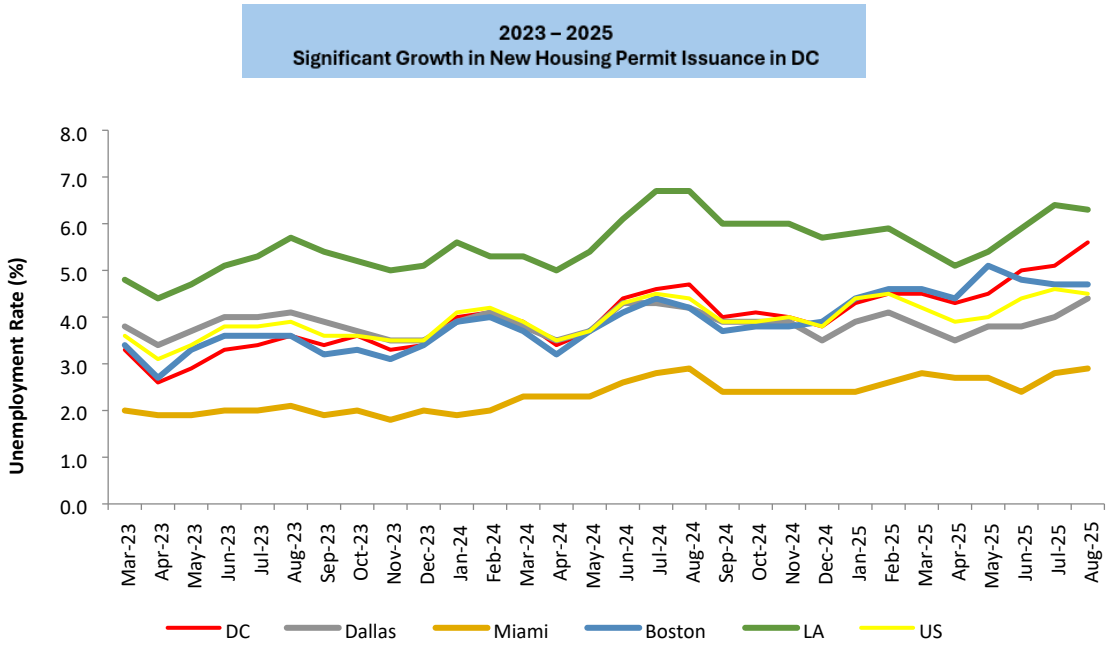
Starting in 2025, the federal government has embarked on a major downsizing of the federal workforce, which has significant ramifications for the District's economy and finances. In April 2025, the District's Office of Revenue Analysis forecasted a loss of 40,000 federal jobs and a total of 32,000 jobs in the District over the next four years. The potential impact of these workforce reductions on DC Water's annual revenues is not material. The population of the District grew by more than 100,000 people from 2010 to 2024. Per capita incomes within the District and for the region as a whole continue to be higher than the U.S. average. Regional office vacancy rates have remained relatively high during a period of unprecedented challenges while retail vacancy rates dipped below national average in 2025. The strengths of the District are complimented by its highly rated partners: the federal government and wholesale wastewater users. Select demographic charts that follow support the overall positive outlook for the Washington Metropolitan region and its economy.

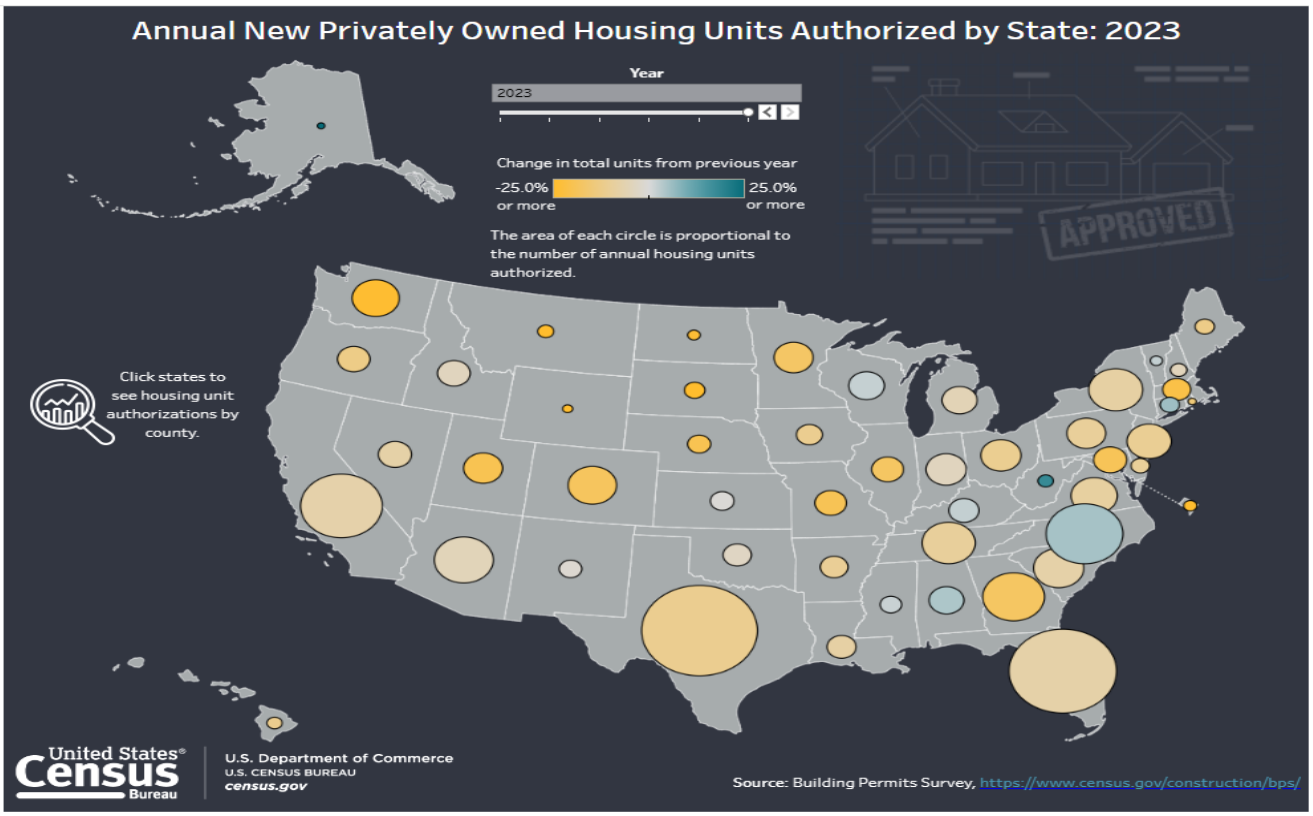
DC Per Capita Income is Higher Than US Average



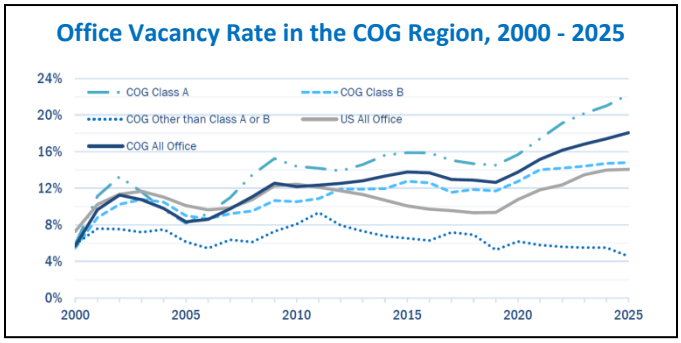
Source: Bureau of Labor Statistics

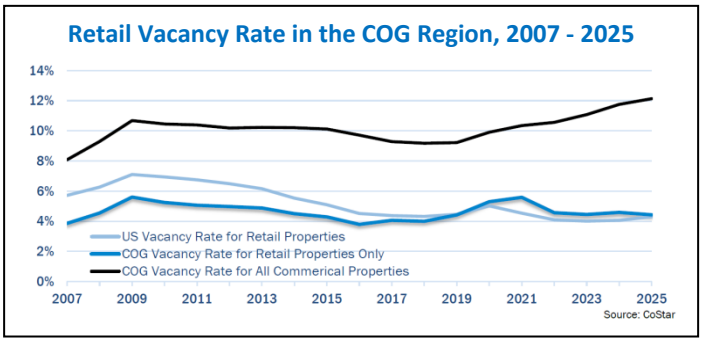
Unemployment Rate in The DC Region Remains Relatively Low





DC Metro Vacancy Rates Are Above Pre-Recession Levels Partly Due to New Spaces Added to The Market



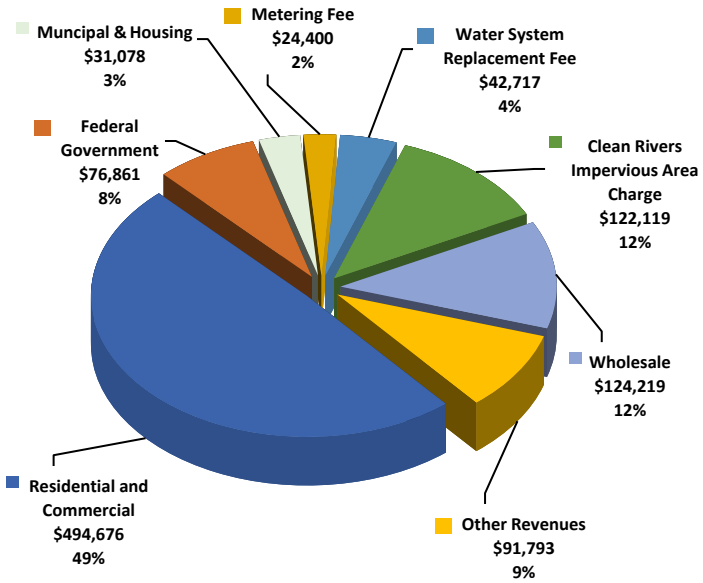


- DC Water's performance is driven by federal government growth and associated industries, supporting regional growth and diversification.
- Source: Metropolitan Washington Council of Governments (COG)
- Note: COG region includes the District of Columbia, Northern Virginia, and Suburban Maryland

The regional indicators are positive with strong incomes and unemployment below the national level. These factors coupled with stable consumption and the financial strength of the major AAA rated customers helps to ensure the financial success of DC Water.

The DC Water service area includes highly-rated customers

- About 23.01% of the projected FY 2026 revenues came from "AAA" rated entities and are received in advance of service from:
- Federal Government
- Fairfax County
- Washington Suburban Sanitary Commission
- Loudoun County Sanitation Authority
- District of Columbia



Media reports reference the service area's economic strength

- "The Greater Washington's economy appears to be holding its own according to Coldwell Banker Richard Ellis, (CBRE's) REVIVE Real estate. The Regional Vibrancy Index rose 0.9% from the previous month's analysis, boosted by improved investor sentiment and continued increases in mobility and visitation scores. Mobility and visitation scores rose 4.7% month-over-month as Greater Washington hotel occupancy rates in May reached the highest levels for that month since 2019 and Metro ridership continues to grow." According to Washington Business Journal, July 7, 2025.

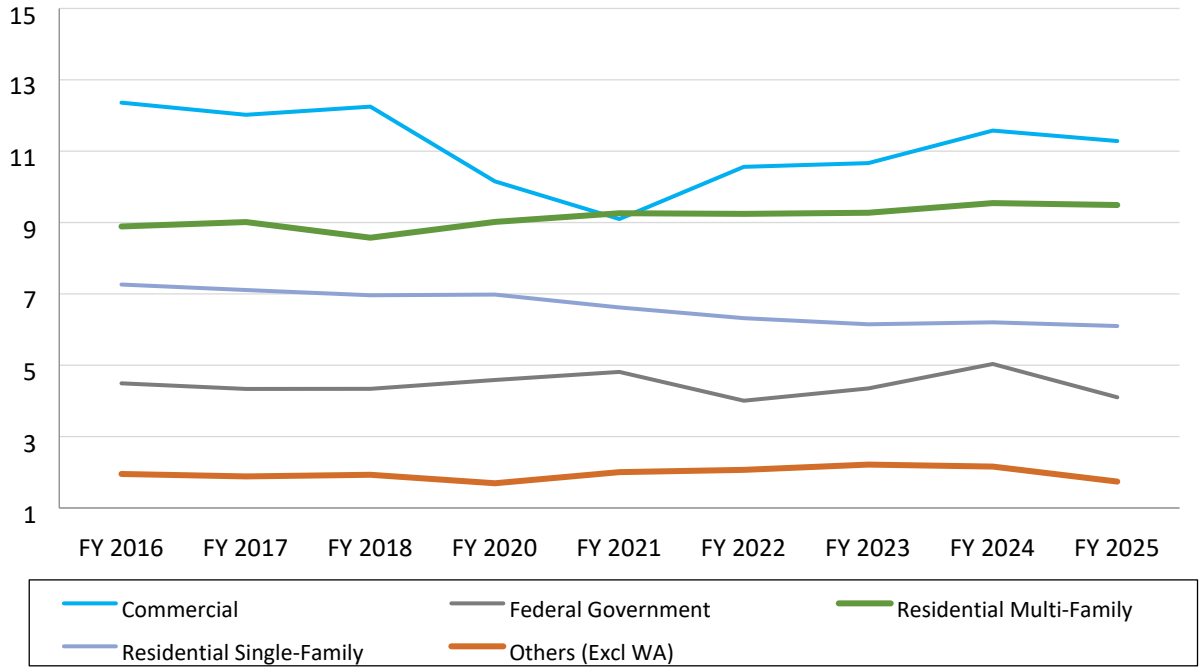
- "We see this region [District, Maryland, and Virginia, aka DMV] as a very strong place to live and work that is obviously struggling with some of the impacts of federal downsizing but nonetheless showing its resilience and strength.

- The DMV is one of the highest educated metros in the country, just behind San Jose and the Silicon Valley. Workers here have higher credit scores and are more credit worthy when it comes to lending, buying, and home ownership... it's really important to note... this region is still at a healthier baseline than several others of its peers." Brookings Institute, October 16, 2025.

- Customer Demand: A reasonable degree of accuracy in forecasting water demand is important for sound financial planning and rate-setting. The FY 2016 - 2025 actual average decline in usage is 0.7% annually, excluding the Washington Aqueduct. FY 2016 – FY 2025 average annual rate of change in demand for the customer classes: Commercial -1.0%; Federal Government: -1.0%; Single Family: -1.9%; Multi-Family: 0.7%; and Other (include Exempt, DC Housing Authority, DC Municipal Government, and DC Water): -1.3%.

DC Water Consumption by Customer Type

FY 2016 - FY 2025 Annual Retail Water Consumption by Customer Type (Millions of Ccf)



Source: DC Water

- FY 2025 consumption, excluding Washington Aqueduct, decreased 5.2% compared to the prior year.
- DC Water has typically assumed an annual reduction in water demand of 1.0% in line with historic averages. We believe that this estimate is prudent, consistent with peers such as New York and helps assure revenue sufficiency for the Authority.