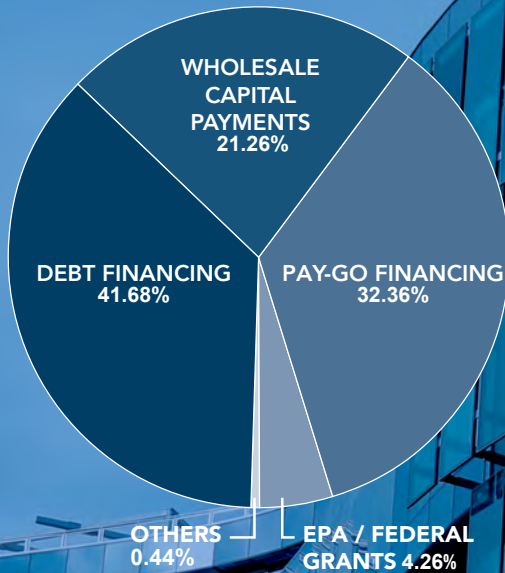




Approved FY 2027 Budgets

Section VI: Cash and Debt Financing

TEN YEAR SOURCES OF FUNDS



SENIOR BOND RATINGS (As of February 2026)

AAA

STANDARD & POOR'S

Aa1

MOODY'S INVESTORS SERVICE

AA+

Fitch Ratings

ASSET VALUE AND OUTSTANDING DEBT FY 2026



Net Asset
\$9.2B



Outstanding Debt
\$4.1B

DEBT SERVICE COVERAGE	DEBT LEVEL	SENIOR	SUBORDINATE	COMBINED
	MASTER INDENTURE		120x	100x
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. The process of identifying, obtaining, and managing these funds is a combined effort throughout the Authority. This includes future revenues, collections, grant applications, planning and debt service management.

Approximately 34.36 percent of DC Water’s Capital Program is funded by debt, 32.36 percent is funded by Pay-Go, 21.26 percent of the funds are contributed by the wholesale capital payments, 4.26 percent is funded by EPA/Federal Grants and the remaining estimated 0.44 percent comes from other available funds.

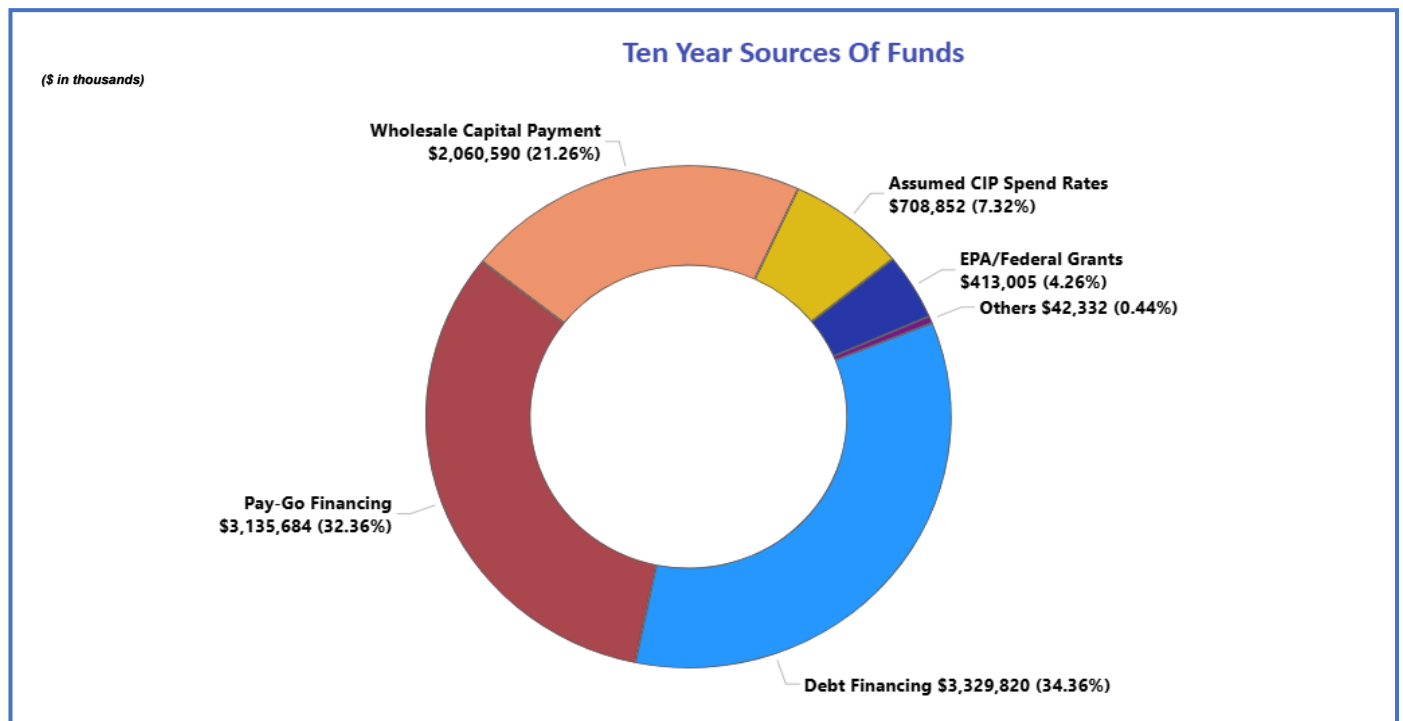
Below is the list of various funding sources and the percentage contribution to DC Water’s overall CIP needs.

(\$ in thousands)

Ten-Year Sources of Funds	Amount (\$)
Debt Financing	3,329,820
Pay-Go Financing	3,135,684
Wholesale Capital Payment	2,060,590
EPA/Federal Grants	413,005
Others	42,332
Subtotal-Financial Plan	8,981,431
Assumed CIP Spend Rates (1)	708,852
Total	9,690,283

- Debt Financing refers to the borrowing of funds through long term revenue bonds, commercial paper and other short-term notes.
- Pay-Go financing is any funds available after meeting the reserves and rate stabilization fund deposits. It also comprises System Availability Fee (SAF) and Clean Rivers Impervious Area Charge (CRIAC)
- Other financing comprises Interest Income on Bond Proceeds and Curing Pad and Solar.

(1) From FY2027-FY2035, the cash needs for certain capital items have been reduced by 10% to account for expected differences between planned and expected capital spending, the following categories are assumed to required 100% of the planned amounts: Combined Sewer LTCP (Clean Rivers Project), Combined Sewer Overflow Projects, Capital Equipment, Meter Replacement/AMR/CIS/ERP, and Washington Aqueduct Projects.



\$ in thousands

Sources and Uses Of Fund

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	571,320
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	\$ 1,127,919
Uses				
Water Projects	190,303	270,680	186,757	272,377
Blue Plains Projects	64,766	106,353	83,199	129,493
Sanitary Sewer Treatment	109,368	148,796	155,371	216,218
Combined Sewer & LTCP Projects	165,124	250,386	237,482	327,179
Stormwater Projects	7,427	17,360	16,550	14,345
Non-Process Facilities	5,186	51,570	15,467	31,622
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	\$ 1,072,252
Capital Contingency Reserve for LTCP	30,000	30,000	30,000	30,000
Ending Balance	\$ 411,766	\$ 258,563	\$ 96,773	\$ 122,440

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

\$ in thousands

Cash Reserve Summary

Particulars	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 Stabilization	(5,000)			
AP Voided Checks/ACH Return for Previous Years	382			
Interest Earned from Bond Reserve	110	401	331	334
Pay-As-You-Go Capital Financing	(219,619)	(173,849)	(176,775)	(243,133)
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

Capital Financing Plan

Purpose to Issue Debt

- Finance the cost associated with the CIP.
- Refund 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 in FY 2025.

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

The Key Goals of DC Water's Comprehensive Capital Financial Plans

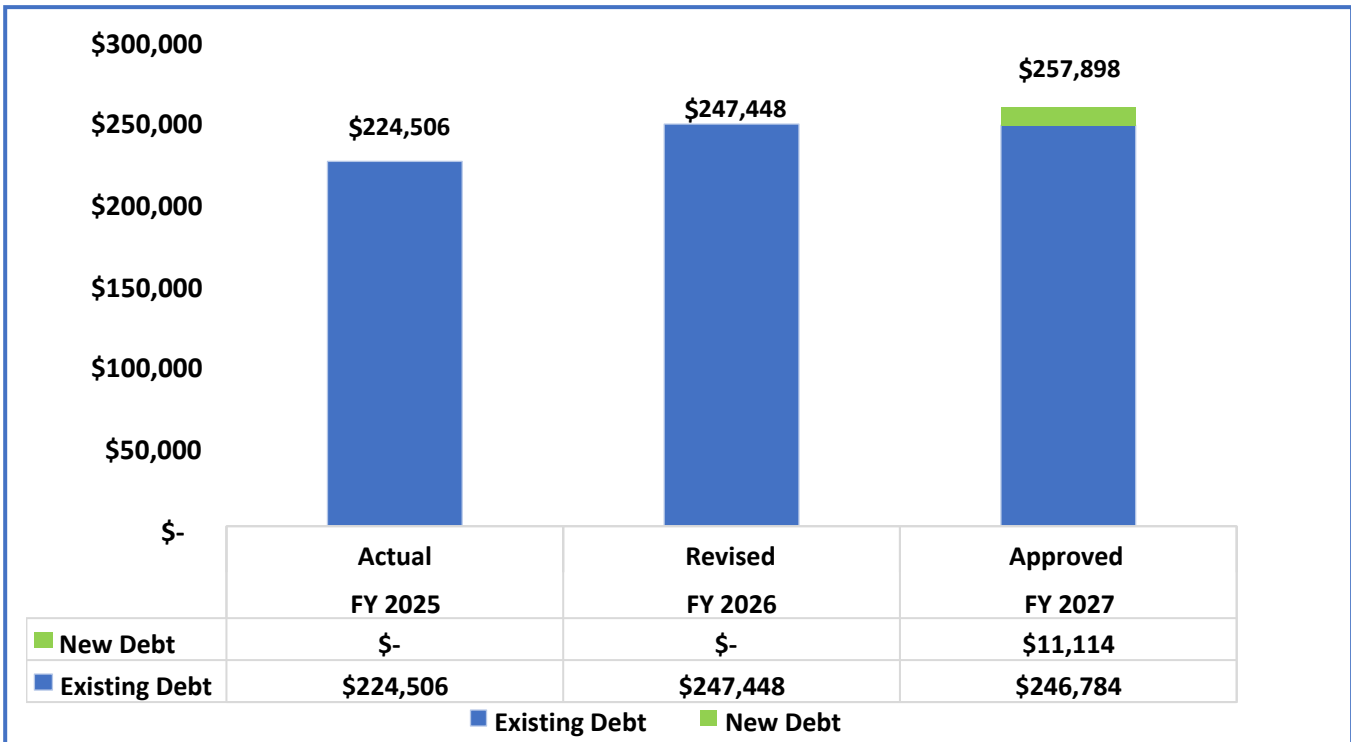
Minimize the cost of capital

Increase operational flexibility

Optimize assets/liability matching through Interim financing, Pay Go Financing and Federal Grants

\$ in thousands

Debt Service FY 2025-2027



Bond Ratings (February 2026)

Bond Type	Rating Agencies		
	Standard & Poor's Global Rating	Moody's Investor Service	Fitch Ratings
Long Term Senior	AAA	Aa1	AA+
Long Term Subordinate	AA+	Aa2	AA
Short Term	A-1+	P-1	F1+

Debt Service FY 2025-FY 2027

The chart below shows debt service payment of principal and interest for a three-year outlook.

\$ in thousands

Bond Series	FY 2025 Actual	FY 2026 Revised	FY 2027 Approved
Senior Lien			
Series 1998	7,630	8,114	8,114
Series 2014A	16,677	16,849	16,849
Series 2017A&B	13,840	14,604	14,607
Series 2018A&B	16,148	16,529	16,530
WIFIA Loan	1,715	2,924	2,924
Total Senior Lien	\$ 56,010	\$ 59,020	\$ 59,024
Subordinate Lien			
Series 2010A	17,283	15,162	15,259
Series 2014B	2,845	4,000	4,000
Series 2014C	1,477	2,747	2,747
Series 2015A&B	13,561	1,043	1,043
Series 2016	11,567	11,638	11,638
Series 2019A&B	10,960	11,049	11,049
Series 2019C	(156)	-	-
Series 2019D	10,014	9,105	9,004
Series 2022A	27,920	28,568	25,689
Series 2022B	3,846	3,979	3,979
Series 2022C-1	8,921	8,921	8,921
Series 2022C-2	177	177	177
Series 2022D	9,408	9,413	9,676
Series 2022E	2,861	2,891	2,891
Series 2024A	42,150	43,928	46,851
Series 2024 B1,B2	2,726	3,982	3,982
Series 2025 A	-	3,145	2,775
Series 2025 B	-	17,948	17,348
Series 2025 C1,C2	701	7,038	7,038
Extendable Municipal Commercial Paper	1,430	2,890	2,889
Jennings Randolph Bond	805	805	805
Total Subordinate Lien	\$ 168,496	\$ 188,428	\$ 187,760
Planned Debt Service	-	-	\$ 11,114
Total Debt Service	\$ 224,506	\$ 247,448	\$ 257,898

Debt Service Coverage

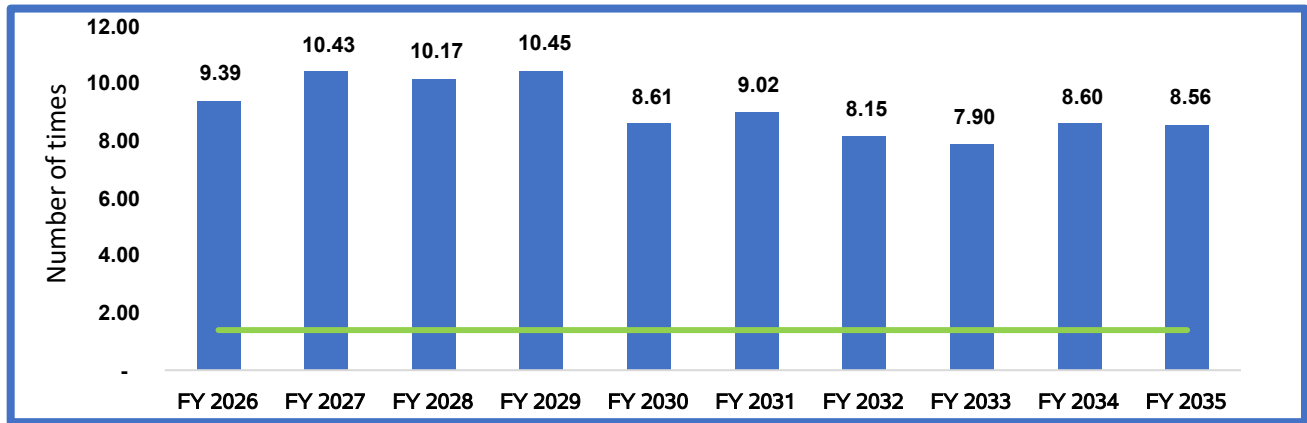
Debt Service Coverage (FY 2026-FY 2035)

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

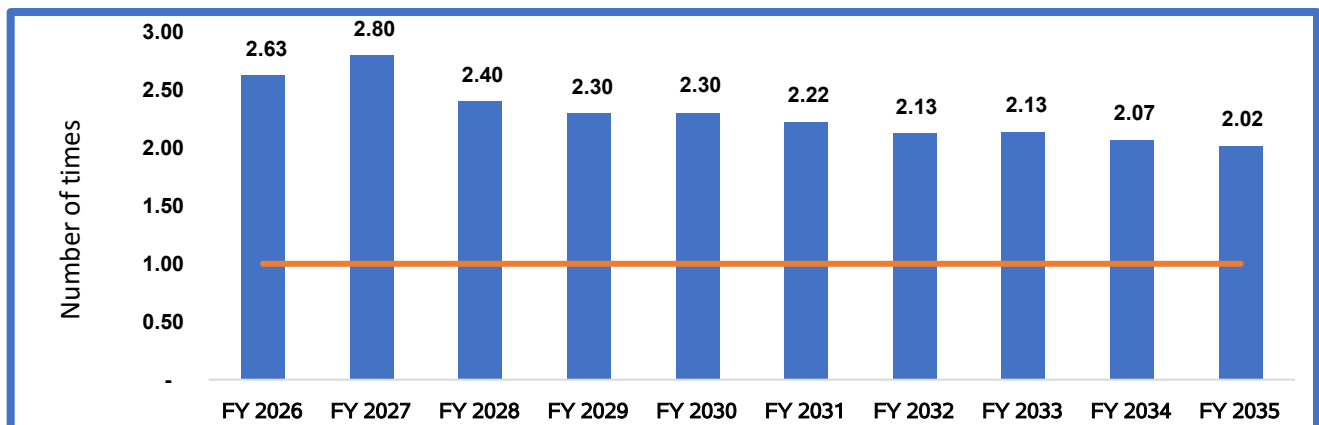
Senior Debt Service Coverage

Senior Debt Service Coverage (Management target = 140x)



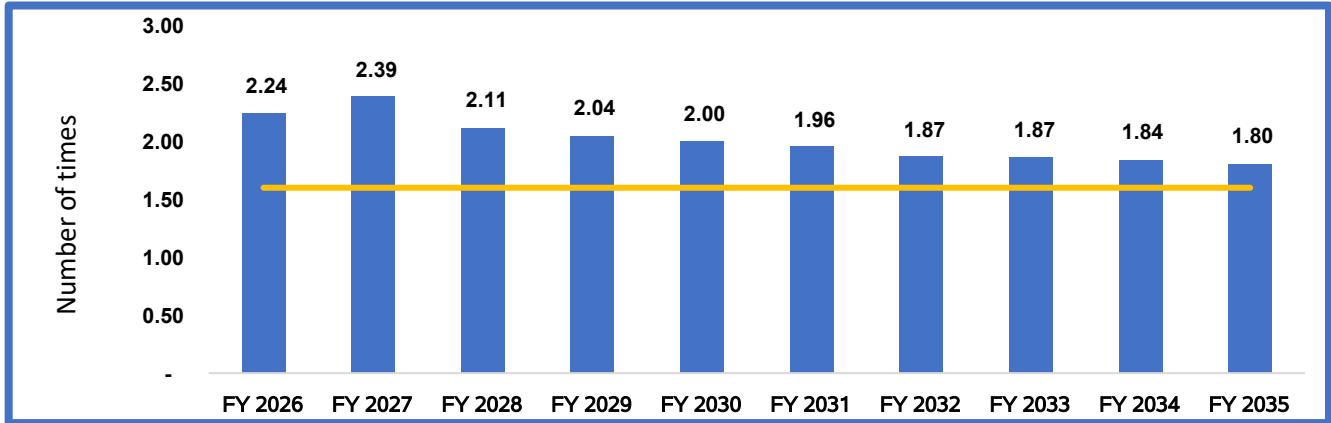
Subordinate Debt Service Coverage

Subordinate Debt Service (Board/Management target = 100x)



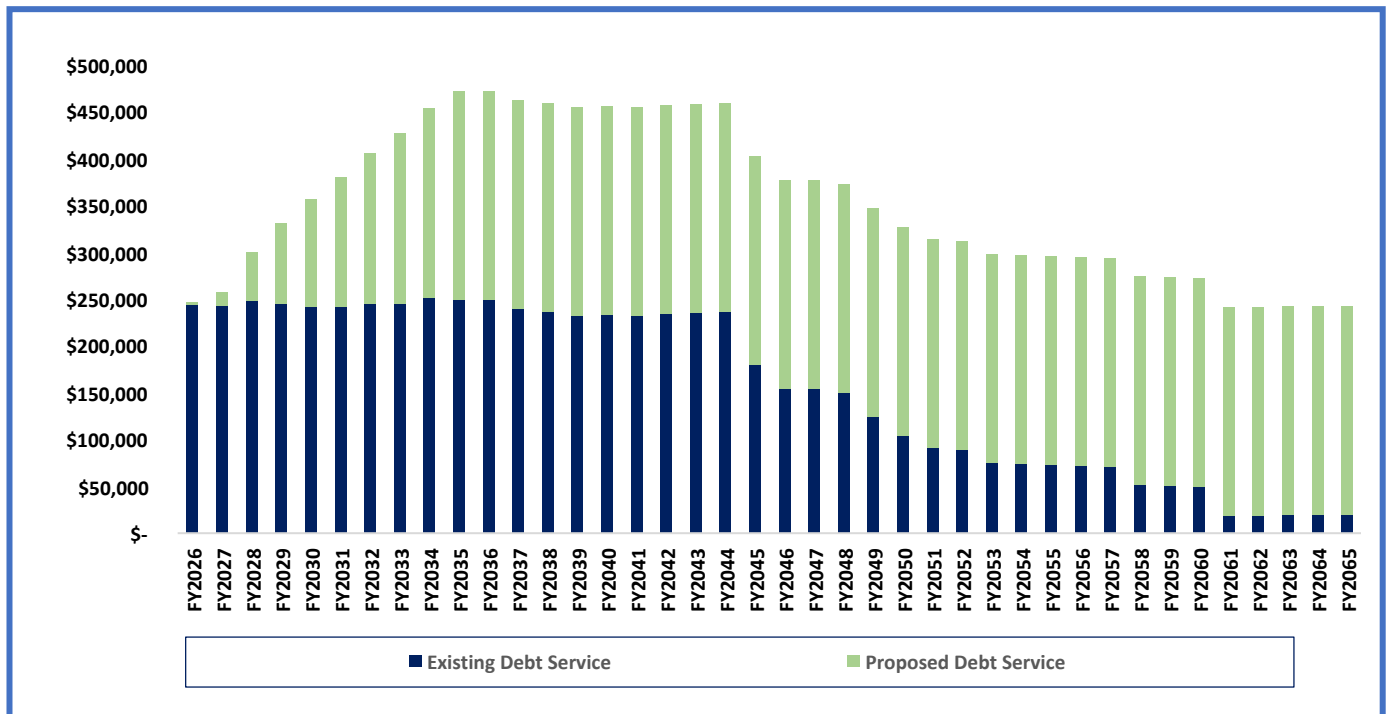
Combined Debt Service Coverage

Combined Debt Service (Board/Management target = 160x)



\$ in thousands

Total Outstanding & Proposed Debt Service

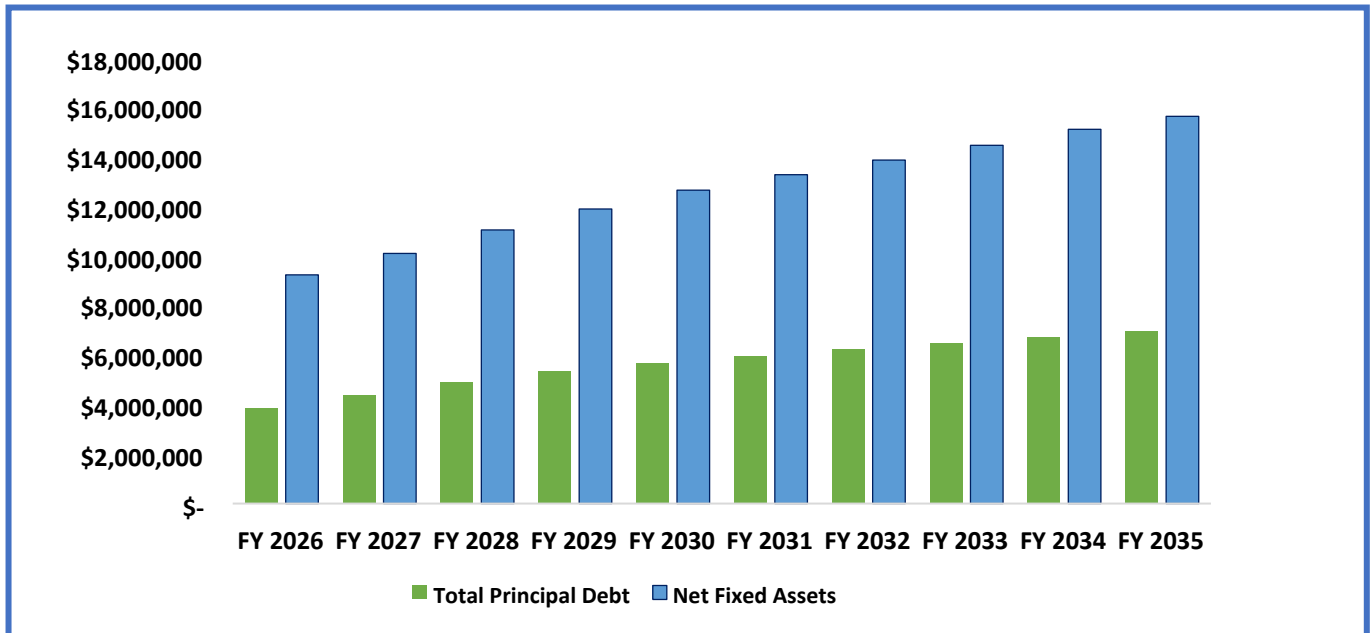


Note: 40-year debt service schedule above assumes no new debt issuances after FY 2035

Over the next 10 years, DC Water plans to disburse \$9.69 billion for its capital program. As of FY 2026, its net fixed assets total \$9.2 billion, with projections reaching \$15.64 billion by FY 2035. To support these investments, DC Water anticipates issuing approximately \$3.9 billion in new debt over the next 10 years. Outstanding debt stands at \$4.1 billion in FY 2026 and is expected to grow to \$6.9 billion by FY 2035.

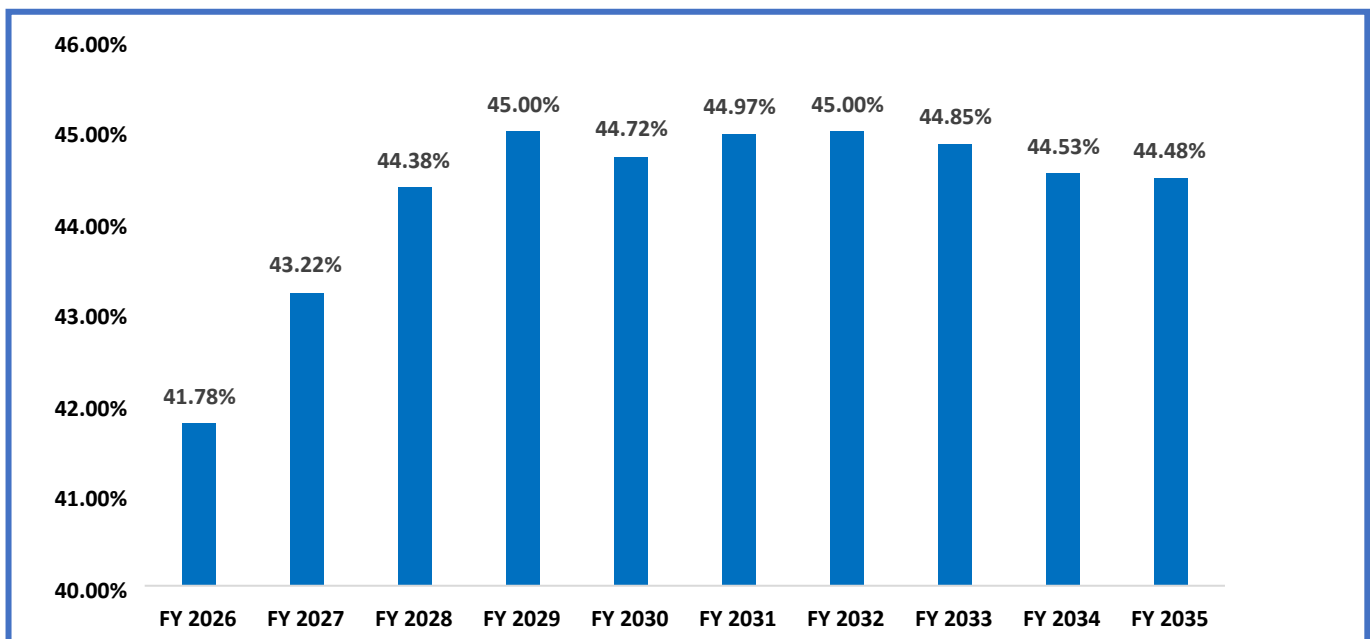
\$ in thousands

Principal vs Net Fixed Assets



Note: Outstanding debt in the above graph illustrates principal vs the net fixed asset amount over 10 years

Debt to Net Fixed Assets Ratio



Note: The above graph illustrates the debt to net fixed asset ratio over 10 years

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: 1) 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 2012A; 2) Series 2014B; 3) Series 2015A; 4) Series 2015B; 5) Series 2016B (Environmental Impact Bond; 6) Series 2019A; 7) Series 2019B; 8) Series 2019C; 9) Series 2022B; 10) Series 2022C; 11) Series 2022D; 12) Series 2022E; 13) Series 2025B; 14) 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.

DEBT POLICY: DC Water's comprehensive debt policy can be found on our website at www.dewater.com.



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