



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

DC Retail Water and Sewer Rates Committee

1385 Canal Street SE, Washington, DC 20003

*Tuesday, February 22, 2022
9:30 a.m.*

Microsoft Teams

Join on your computer or mobile app

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Or call in (audio only)

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Phone Conference ID: 523 943 701#

- 1. **Call to Order****Rachna Bhatt, Chairperson**
- 2. **Roll Call**..... **Linda Manley**
- 3. **Monthly Report to DC Retail Water & Sewer Rates Committee (Attachment A)**.....**Matthew Brown**
- 4. **Independent Review of Proposed FY 2023 & FY 2024 (Attachment B).....Ed Markus, Consultant Rates, Charges & Fees**
- 5. **Proposed FY 2023 & FY 2024 Rates, Charges & Fees (Attachment C)** **Matthew Brown**
- 6. **Action Items (Attachment D)**.....**Matthew Brown**
 - **Proposal of FY 2023 & FY 2024 Rates, Charges and Fees (Action Item 1)**
 - **Proposal of Ten-Year Financial Plan FY 2022 – FY 2031 (Action Item 2)**
- 7. **DC Retail Water and Sewer Rates Committee Workplan (Attachment E)****Matthew Brown**
 - **FY 2022 Proposed DC Retail Rates Committee Workplan**
- 8. **Agenda for March 22, 2022 Committee Meeting (Attachment F)****Rachna Bhatt, Chairperson**
- 9. **Other Business**.....**Matthew Brown**
- 10. **Executive Session***.....**Rachna Bhatt, Chairperson**
- 11. **Adjournment****Rachna Bhatt, Chairperson**

*The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); contract negotiations under D.C. Official Code § 2-575(b)(2); legal, confidential or privileged matters under D.C. Official Code § 2-575(b)(4)(A); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2- 575(b)(10); proprietary matters under D.C. Official Code § 2-575(b)(11); train and develop members of a public body and staff under D.C. Official Codes § 2-575(b)(12); decision in an adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14), and other matters provided in the Act.



Fiscal Year 2021

Monthly Report to DC Retail Water and Sewer Rates Committee

Period Ending January 31, 2022

DEPARTMENT OF FINANCE

Matthew T. Brown, CFO & Executive Vice President, Finance and Procurement

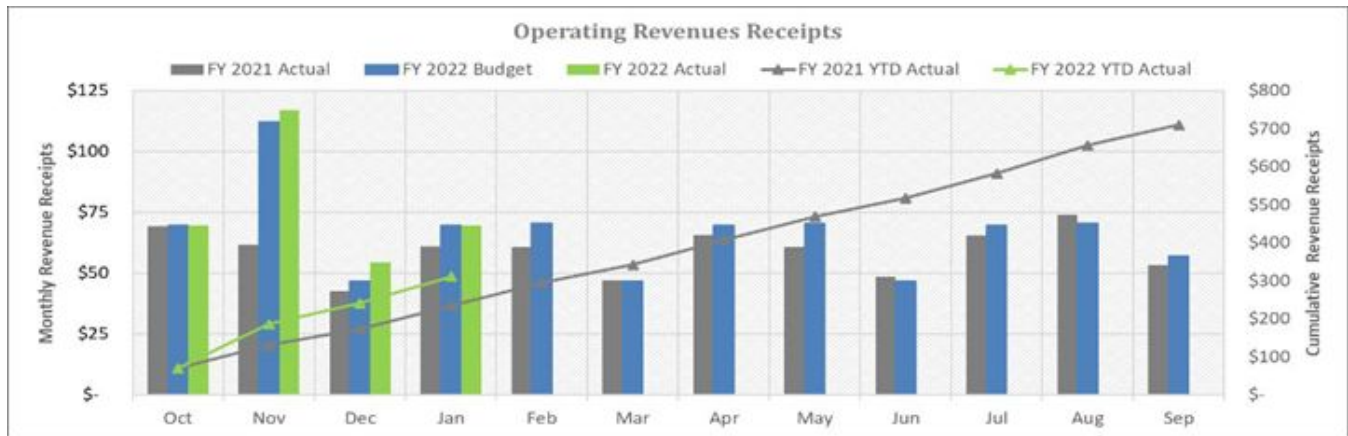
Syed Khalil, Director, Rates & Revenue

Monthly Report to DC Retail Water and Sewer Rates Committee

Fiscal Year-to-Date
As of January 31, 2022

Operating Revenues (\$000's)

FY 2021		CATEGORY	FY 2022					
Actual			Year-to-Date Performance					
Total Annual	YTD January		Annual Budget	YTD Budget	Actual	% of Budget	Variance \$ Fav(Unfav)	Variance % Fav(Unfav)
\$396,892	\$124,423	Residential / Commercial / Multi-Family	\$422,794	\$140,931	\$153,757	36.4%	\$12,826	9.1%
76,206	38,586	Federal	81,339	40,670	36,782	45.2%	(3,888)	(9.6%)
20,933	6,886	Municipal (DC Govt.)	18,668	6,223	7,042	37.7%	819	13.2%
12,173	3,987	DC Housing Authority	12,592	4,197	4,349	34.5%	152	3.6%
14,862	4,796	Metering Fee	24,083	8,298	7,325	30.4%	(973)	(11.7%)
42,212	15,246	Water System Replacement Fee (WSRF)	39,717	14,250	15,034	37.9%	784	5.5%
82,986	21,037	Wholesale	84,669	21,167	21,243	25.1%	76	0.4%
21,612	7,616	PILOT/ROW	21,588	7,676	7,993	37.0%	317	4.1%
41,694	11,826	All Other	92,535	54,178	56,650	61.2%	2,472	4.6%
\$709,569	\$234,404	TOTAL	\$797,985	\$297,591	\$310,175	38.9%	\$12,584	4.2%



VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of January 2022, cash receipts totaled \$310.2 million, or 38.9 percent of the FY 2022 budget. The total receipts for January were \$69.53 million as compared to the budgeted \$69.52 million. Several categories of customers make payments on a quarterly basis, including the Federal Government (which made their second quarterly payment in January), and wholesale customers (which made their first quarterly payment in November 2021).

Areas of Over-collection	Areas of Under-collection
<p><u>Residential, Commercial and Multi-Family</u> – Receipts for this category are slightly higher at \$153.8 million or 36.4 percent of the budget. The January 2022 receipts were higher by \$0.2 million, or 0.7 percent as compared to the monthly budget of \$35.2 million. The Commercial consumption is higher than the budget. The CRIAC receipts are also slightly higher than the budget.</p> <p><u>District Government</u> – Receipts are slightly higher at \$7.0 million or 37.7 percent of the budget. The January 2022 receipts of \$1.7 million are slightly higher by one hundred fifty-five thousand dollars as compared to the monthly budget.</p> <p><u>DC Housing</u> - Receipts are slightly higher at \$4.3 million or 34.5 percent of the budget. The January 2022 receipts are slightly lower by five thousand dollars as compared to the monthly budget of \$1.0 million.</p> <p><u>Wholesale</u> – The wholesale customers actual receipts through January 2022 total \$21.2 million or 25.1 percent of FY 2022 budget. The wholesale customers made their first quarter payment in November 2021.</p> <p><u>PILOT/ROW</u> – The receipts for PILOT/ROW are slightly higher at \$8.0 million or 37.0 percent of the budget. The January 2022 receipts are slightly lower by ninety-one thousand dollars as compared to the monthly budget of \$2.3 million.</p> <p><u>Other Revenue</u> - Receipts are slightly higher at \$56.7 million or 61.2 percent of the budget. This includes \$41.6 million transfer from the Rate Stabilization Fund to the ending cash balance in November 2021. The January receipts are slightly higher by \$1.1 million as compared to the monthly budget of \$2.5 million.</p>	<p><u>Federal</u> - Actual receipts through January 2022 total \$36.8 million or 45.2 percent of the budget. The Federal government made their second quarter payment in January 2022. The lower actual Federal receipt is partly due to disputed accounts of Soldiers Home and partly due to removal of two accounts (Union Station and Amtrak) from Federal as these are being billed as Commercial.</p>

Monthly Report to DC Retail Water and Sewer Rates Committee

Fiscal Year-to-Date
As of January 31, 2022

Operating Revenues Detail

(\$ in millions)

Revenue Category	FY 2022 Budget	YTD Budget	Actual	Variance		Actual % of Budget
				Favorable / (Unfavorable)		
Residential, Commercial, and Multi-family	\$422.8	\$140.9	\$153.8	\$12.8	9.1%	36.4%
Federal	81.3	40.7	36.8	(3.9)	-9.6%	45.2%
District Government	18.7	6.2	7.0	0.8	13.2%	37.7%
DC Housing Authority	12.6	4.2	4.3	0.2	3.6%	34.5%
Customer Metering Fee	24.1	8.3	7.3	(1.0)	-11.7%	30.4%
Water System Replacement Fee (WSRF)	39.7	14.3	15.0	0.8	5.5%	37.9%
Wholesale	84.7	21.2	21.2	0.1	0.4%	25.1%
Right-of-Way Fee/PILOT	21.6	7.7	8.0	0.3	4.1%	37.0%
Subtotal (before Other Revenues)	\$705.5	\$243.4	\$253.5	\$10.1	4.1%	35.9%
IMA Indirect Cost Reimb. For Capital Projects	5.1	1.7	1.2	(0.5)	-29.4%	23.5%
DC Fire Protection Fee	10.8	2.7	2.9	0.2	7.4%	26.9%
Stormwater (MS4)	1.0	0.3	0.3	0.0	0.0%	30.0%
Interest	3.4	1.1	0.6	(0.5)	-45.5%	17.6%
Developer Fees (Water & Sewer)	6.0	2.0	3.8	1.8	90.0%	63.3%
System Availability Fee (SAF)	7.7	2.6	2.9	0.3	11.5%	37.7%
Others	6.4	2.1	3.4	1.3	61.9%	53.1%
Subtotal	\$40.4	\$12.6	\$15.1	\$2.5	19.8%	37.2%
Rate Stabilization Fund Transfer	\$52.1	\$41.6	\$41.6	\$0.0	0.0%	79.8%
Other Revenue Subtotal	\$92.5	\$54.2	\$56.7	\$2.5	4.6%	61.2%
Grand Total	\$798.0	\$297.6	\$310.2	\$12.6	4.2%	38.9%

BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY (\$ in 000's)

Customer Category	Water	Sewer	Clean Rivers			Total
			IAC	Metering Fee	WSRF	
Residential	\$13,432	\$21,186	\$8,587	\$3,087	\$3,109	\$49,400
Commercial	24,927	28,222	10,778	2,140	5,630	71,696
Multi-family	16,826	25,880	3,921	976	2,503	50,106
Federal	12,730	14,471	9,581	801	3,014	40,597
District Govt	1,882	2,546	2,614	245	639	7,927
DC Housing Authority	1,609	2,384	356	75	138	4,562
Total:	\$71,405	\$94,688	\$35,837	\$7,325	\$15,034	\$224,289

Note: The breakdown of Collections into Residential, Commercial, & Multi-family and Water and Sewer is approximate as it is based on percentages of historical data and does not take into account adjustments and timing differences

Clean Rivers IAC - Actual vs Budget (\$ in 000's)

Customer Category	FY 2022 Budget	Year-To-Date Budget	Actual Received	Variance		Actual % of Budget
				Favorable / <Unfavorable>	Variance % of YTD Budget	
Residential	\$23,608	\$7,869	\$8,587	\$718	9%	36%
Commercial	27,191	9,064	10,778	1,714	19%	40%
Multi-family	10,847	3,616	3,921	305	8%	36%
Federal	19,239	9,620	9,581	-38	0%	50%
District Govt	7,224	2,408	2,614	206	9%	36%
DC Housing Authority	1,070	357	356	-1	0%	33%
Total:	\$89,179	\$32,933	\$35,837	\$2,904	9%	40%

Monthly Report to DC Retail Water and Sewer Rates Committee

Fiscal Year-to-Date
As of January 31, 2022

Retail Accounts Receivable (Delinquent Accounts)

The following tables show retail accounts receivable over 90 days (from the billing date) including a breakdown by customer class.

Greater Than 90 Days by Month

	\$ in millions	# of accounts
September 30, 2012	\$5.5	13,063
September 30, 2013	\$4.9	11,920
September 30, 2014	\$5.3	12,442
September 30, 2015	\$6.5	11,981
September 30, 2016	\$7.7	12,406
September 30, 2017	\$8.4	11,526
September 30, 2018	\$13.4	16,273
September 30, 2019	\$10.6	8,744
September 30, 2020	\$17.9	13,775
September 30, 2021	\$26.3	13,065
October 31, 2021	\$27.1	13,054
November 30, 2021	\$27.2	12,823
December 31, 2021	\$27.6	13,942
January 31, 2022	\$28.0	13,501

Notes: The increase in the accounts receivable over 90 days (from the billing date) is due to the temporary suspension of collections procedures because of the new billing system VertexOne, which was implemented in December 2017. The increase in accounts receivable from March 2020 to January 2022 is primarily due to increased delinquencies and deferred payments due to the impact of COVID-19.

Greater Than 90 Days by Customer

	Number of Accounts			Month of Jan (All Categories)				Total Delinquent					
	W & S	Impervious Only	Total No. of	Active		Inactive		Dec		Jan			
				No. of	Amount	No. of	Amount	No. of	Amount	No. of	Amount	%	
a/c	a/c	a/c	a/c	(\$)	a/c	(\$)	a/c	(\$)	a/c	(\$)			
Commercial	9,125	2,193	11,318	1,344	6,022,668	43	\$130,032	1,371	\$6,008,554	1,387	\$6,152,700	22%	
Multi-family	8,498	354	8,852	1,144	10,948,248	17	\$95,107	1,161	\$10,736,016	1,161	\$11,043,355	39%	
Single-Family Residential	106,866	2,160	109,026	10,804	10,703,105	149	\$142,588	11,410	\$10,817,034	10,953	\$10,845,693	39%	
Total	124,489	4,707	129,196	13,292	\$27,674,021	209	\$367,727	13,942	\$27,561,604	13,501	\$28,041,749	100%	

Notes: Included in the above \$28.0 million (or 13,501 accounts) of the DC Water over 90 days delinquent accounts, \$4,476,267.86 (or 1,448 accounts) represents Impervious only accounts over 90 days delinquent.

- Reportable delinquencies do not include balances associated with a long-standing dispute between DC Water and a large commercial customer.
- Delinquent accounts (13,501) as a percentage of total accounts (129,196) is 10.5 percent.

Monthly Report to DC Retail Water and Sewer Rates Committee

Customer Arrears Data

Arrears by Customer Category

	Over 30 Days		Over 60 Days		Over 90 Days	
	No. of Accts	(\$)	No. of Accts	(\$)	No. of Accts	(\$)
Commercial	2,412	\$ 9,472,126.50	1,626	\$ 7,409,901.12	1,387	\$ 6,152,700.42
Multi-family	1,878	\$ 14,762,584.25	1,371	\$ 12,525,765.65	1,161	\$ 11,043,354.64
Residential	19,874	\$ 14,042,813.88	13,626	\$ 12,175,440.31	10,953	\$ 10,845,693.49

Arrears by WARD for Residential Category

	Over 30 Days		Over 60 Days		Over 90 Days	
	No. of Accts	(\$)	No. of Accts	(\$)	No. of Accts	(\$)
Ward 1	1,430	\$ 1,150,811.47	934	\$ 991,111.89	728	\$ 879,454.50
Ward 2	599	\$ 496,145.98	401	\$ 432,236.30	320	\$ 386,647.78
Ward 3	696	\$ 435,122.18	355	\$ 348,916.76	265	\$ 299,630.33
Ward 4	3,550	\$ 2,552,824.46	2,295	\$ 2,204,393.21	1,835	\$ 1,967,413.23
Ward 5	4,025	\$ 2,693,185.16	2,774	\$ 2,317,239.47	2,249	\$ 2,062,466.31
Ward 6	1,630	\$ 899,623.60	1,083	\$ 773,310.08	857	\$ 692,575.82
Ward 7	5,120	\$ 3,571,555.38	3,633	\$ 3,125,692.50	2,959	\$ 2,801,595.98
Ward 8	2,824	\$ 2,243,545.65	2,151	\$ 1,982,540.10	1,740	\$ 1,755,909.54
Total	19,874	\$ 14,042,813.88	13,626	\$ 12,175,440.31	10,953	\$ 10,845,693.49

CAP, CAP2 and CAP3 Customers in Arrears*

	Over 30 Days		Over 60 Days		Over 90 Days	
	No. of Accts	(\$)	No. of Accts	(\$)	No. of Accts	(\$)
CAP	2,435	\$ 1,246,453.71	1,912	\$ 1,039,363.35	1,580	\$ 865,302.54
CAP2	183	\$ 83,991.68	132	\$ 68,687.57	100	\$ 58,003.20
CAP3	60	\$ 35,979.63	48	\$ 30,967.55	39	\$ 26,414.57

*Based on number of accounts that have been given credit in January 2022.

Monthly Report to DC Retail Water and Sewer Rates Committee

Customer Arrears Data

CAP Customer Arrears by Ward*

	Over 30 Days		Over 60 Days		Over 90 Days	
	No. of Accts	(\$)	No. of Accts	(\$)	No. of Accts	(\$)
Ward 1	122	\$ 73,975.32	86	\$ 61,509.01	70	\$ 52,498.19
Ward 2	17	\$ 4,167.70	14	\$ 3,111.04	12	\$ 2,569.07
Ward 3	14	\$ 5,402.18	11	\$ 4,496.19	11	\$ 3,631.53
Ward 4	351	\$ 191,038.66	274	\$ 164,981.13	234	\$ 142,356.91
Ward 5	501	\$ 226,795.40	401	\$ 188,614.28	332	\$ 161,006.53
Ward 6	151	\$ 39,558.45	113	\$ 29,461.14	90	\$ 22,338.05
Ward 7	764	\$ 380,703.56	600	\$ 318,406.82	478	\$ 263,829.81
Ward 8	515	\$ 324,812.44	413	\$ 268,783.74	353	\$ 217,072.45
Total	2,435	\$ 1,246,453.71	1,912	\$ 1,039,363.35	1,580	\$ 865,302.54

*Based on number of accounts that have been given credit in January 2022.

CAP2 Customer Arrears by Ward*

	Over 30 Days		Over 60 Days		Over 90 Days	
	No. of Accts	(\$)	No. of Accts	(\$)	No. of Accts	(\$)
Ward 1	9	\$ 2,868.33	8	\$ 2,039.60	4	\$ 1,476.50
Ward 2	0	\$ -	0	\$ -	0	\$ -
Ward 3	2	\$ 320.08	2	\$ 156.23	1	\$ 49.77
Ward 4	26	\$ 13,290.39	17	\$ 11,499.24	10	\$ 10,347.42
Ward 5	34	\$ 20,994.88	26	\$ 19,095.63	19	\$ 17,496.76
Ward 6	12	\$ 7,831.26	7	\$ 6,284.33	7	\$ 5,116.54
Ward 7	58	\$ 11,299.24	40	\$ 6,575.59	31	\$ 3,699.08
Ward 8	42	\$ 27,387.50	32	\$ 23,036.95	28	\$ 19,817.13
Total	183	\$83,991.68	132	\$ 68,687.57	100	\$ 58,003.20

*Based on number of accounts that have been given credit in January 2022.

CAP3 Customer Arrears by Ward*

	Over 30 Days		Over 60 Days		Over 90 Days	
	No. of Accts	(\$)	No. of Accts	(\$)	No. of Accts	(\$)
Ward 1	1	\$ 1,125.59	1	\$ 1,125.59	1	\$ 1,125.59
Ward 2	0	\$ -	0	\$ -	0	\$ -
Ward 3	0	\$ -	0	\$ -	0	\$ -
Ward 4	4	\$ 1,353.91	4	\$ 875.40	2	\$ 505.71
Ward 5	16	\$ 14,071.38	12	\$ 12,717.47	12	\$ 11,142.73
Ward 6	3	\$ 725.94	3	\$ 465.93	3	\$ 188.65
Ward 7	21	\$ 11,172.19	17	\$ 9,534.24	15	\$ 8,158.15
Ward 8	15	\$ 7,530.62	11	\$ 6,248.92	6	\$ 5,293.74
Total	60	\$ 35,979.63	48	\$ 30,967.55	39	\$ 26,414.57

*Based on number of accounts that have been given credit in January 2022.

Monthly Report to DC Retail Water and Sewer Rates Committee

Developer Deposits

Developer Deposits are funds paid to DC Water for plans that are approved by the Permit Operations Department. They include:

- Flat fees for taps, abandonments, sewer connections, etc.
- Reimbursable fees for inspection labor hours charged to the account
- Deposits held as security against damage and uncharged accounts.
- Miscellaneous non-commercial account items (hydrant use, groundwater dewatering, waste hauler fees, etc.)
- As of January 31, 2022, developer deposits had \$41.3 million in credit balances (liability) and \$9.8 million in debit balances (receivable).

Balances as of January 31, 2022

Credit Balances (Liability)	Debit Balances (Receivables)
\$41.3 million	\$9.8 million

Year	Credit Balances	Number of Accounts with Credit Balances	Debit Balances	Number of Accounts with Debit Balances	Net Balance
2001	\$ -	-	\$ 960,164.05	1	\$ 960,164.05
2002	\$ -	-	\$ 1,836.00	2	\$ 1,836.00
2004	\$ (2,648.33)	6	\$ 9,066.08	6	\$ 6,417.75
2005	\$ (412,645.20)	122	\$ 269,202.91	90	\$ (143,442.29)
2006	\$ (319,220.47)	48	\$ 284,522.42	78	\$ (34,698.05)
2007	\$ (180,949.67)	54	\$ 150,176.99	50	\$ (30,772.68)
2008	\$ (384,765.75)	69	\$ 192,952.22	50	\$ (191,813.53)
2009	\$ (227,308.69)	59	\$ 215,597.29	49	\$ (11,711.40)
2010	\$ (421,954.36)	85	\$ 144,384.95	41	\$ (277,569.41)
2011	\$ (1,025,333.01)	188	\$ 386,497.11	56	\$ (638,835.90)
2012	\$ (2,343,437.79)	346	\$ 468,641.13	98	\$ (1,874,796.66)
2013	\$ (2,147,348.61)	283	\$ 264,133.62	82	\$ (1,883,214.99)
2014	\$ (2,093,543.29)	285	\$ 958,355.91	65	\$ (1,135,187.38)
2015	\$ (1,630,131.94)	298	\$ 254,072.85	41	\$ (1,376,059.09)
2016	\$ (3,122,633.64)	367	\$ 526,190.70	64	\$ (2,596,442.94)
2017	\$ (2,376,546.29)	446	\$ 478,934.86	124	\$ (1,897,611.43)
2018	\$ (5,695,566.20)	563	\$ 1,403,270.17	126	\$ (4,292,296.03)
2019	\$ (7,590,744.50)	501	\$ 1,623,190.76	178	\$ (5,967,553.74)
2020	\$ (5,160,598.98)	374	\$ 463,099.03	182	\$ (4,697,499.95)
2021	\$ (5,692,148.02)	378	\$ 453,359.44	187	\$ (5,238,788.58)
2022	\$ (479,171.00)	49	\$ 286,431.40	80	\$ (192,739.60)
Total	\$ (41,306,695.74)	4,521	\$ 9,794,079.89	1,650	\$ (31,512,615.85)

Forfeiture Action

Accounts Forfeited on August 16, 2021	(4,838,938.52)	1,011
Accounts with refund requests or activities within the last 10 years or Non-Merch Accounts	(5,318,263.27)	631

Monthly Report to DC Retail Water and Sewer Rates Committee

Developer Deposits

Customer Communication

Statements are provided to customers when there is activity on the account. To ensure that all customers are aware of the balances, statements are also mailed annually irrespective of whether there is an activity on the the account. During 2022 and 2021, annual statements were mailed to customers on January 25, 2022 and February 25, 2021.

By law, refunds are to be requested by the account owner within two years of completion (DC Code § 34–2401.10). If not requested in that time frame, these accounts can be forfeited and closed. DC Water has placed a statement on invoices beginning in November 2019 notifying customers of the District law and that funds would be forfeited unless a refund is requested within two years of project completion or account inactivity. A notification to customers that is posted on our website indicates that unless a refund was requested, funds would be forfeited for projects without activity for ten years. AOBA and DCBIA have been asked to notify their membership to examine the invoices.

For accounts that were forfeited, zero balance statements were mailed out on Monday, August 16, 2021.

Refund Requests and Forfeiture Disputes

In response to the notification by DC Water, more than 300 customers have submitted refund requests (impacting approximately 1,200 accounts) as of February 5, 2022. Time is required to research and process the refund requests, and the Permit Operations staff are working through these requests now.

Additionally, after the forfeiture action in August, 80 accounts for approximately \$400,000 have disputed their forfeitures via emails or phone calls. The Authority will process these disputes with established guidelines through the appeal procedures.

Refunds are currently being processed on approximately 115 different accounts, totaling 65 different projects, for approximately \$900,000.

Monthly Report to DC Retail Water and Sewer Rates Committee

Disconnection Moratorium Legislation Reporting Requirement

Fiscal Year-to-Date
As of January 31, 2022

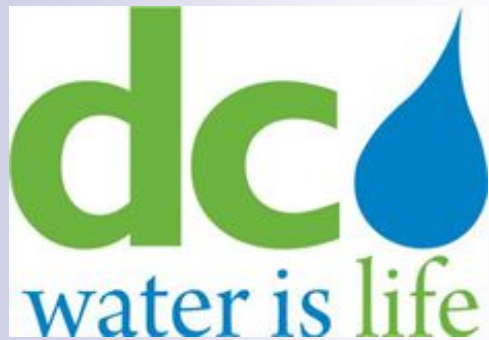
Zip Code	Residential					Commercial					Multifamily				
	As of January 31, 2021		As of January 31, 2022			As of January 31, 2021		As of January 31, 2022			As of January 31, 2021		As of January 31, 2022		
	30-Day A/R	Active Plans	Plans Created	Plans Defaulted	Non-Pay Discon.	30-Day A/R	Active Plans	Plans Created	Plans Defaulted	Non-Pay Discon.	30-Day A/R	Active Plans	Plans Created	Plans Defaulted	Non-Pay Discon.
20000	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20001	901	116	23	5	0	187	13	3	0	0	47	5	1	0	0
20002	1,848	271	63	6	0	299	33	5	3	0	303	48	11	4	0
20004	0	0	0	0	0	18	0	0	0	0	0	0	0	0	0
20003	608	66	15	4	0	146	8	0	0	0	39	5	1	1	0
20005	20	2	0	0	0	39	3	0	0	0	4	0	0	0	0
20006	1	0	0	0	0	18	0	0	0	0	1	0	0	0	0
20007	393	32	3	1	0	102	6	1	0	0	34	2	0	0	0
20008	130	9	3	0	0	57	4	2	1	0	9	1	0	0	0
20009	425	34	5	1	0	129	17	0	0	0	83	13	1	0	0
20010	727	92	18	6	0	90	12	4	0	0	52	2	0	0	0
20011	3,002	441	82	9	0	226	15	4	4	0	171	32	8	1	0
20012	630	93	20	9	0	55	6	1	2	0	9	1	0	0	0
20015	198	29	5	2	0	21	0	0	0	0	2	0	0	0	0
20016	319	29	3	2	0	64	5	0	0	0	33	0	0	0	0
20017	992	144	27	8	0	78	6	2	0	0	35	4	0	0	0
20018	1,309	199	39	8	0	192	12	5	0	0	28	5	0	0	0
20019	3,900	537	118	29	0	200	15	6	1	0	354	45	10	3	0
20020	2,461	340	73	13	0	125	6	0	0	0	332	49	7	0	0
20023	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20024	74	14	2	0	0	37	2	1	0	0	21	1	1	0	0
20032	1,248	220	55	10	0	114	6	3	1	0	259	54	4	1	0
20036	8	0	0	0	0	50	9	1	1	0	5	1	1	0	0
20037	20	3	1	0	0	21	2	0	0	0	8	1	0	0	0
20057	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0
20059	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0
20064	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20080	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0
20117	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20260	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20306	0	0	0	0	0	2	0	0	0	0	0	0	0	0	0
20332	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0
20429	0	0	0	0	0	1	1	0	0	0	0	0	0	0	0
20431	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20433	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20534	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	19,218	2,672	555	113	0	2,276	181	38	13	0	1,830	269	45	10	0

* Footnote: inactive accounts in arrears are not included in the above and the accounts by customer class are as follows: Res. 515, Com. 115 and MF 33

Attachment B

Independent Review of the Proposed Rates for 2023 - 2024

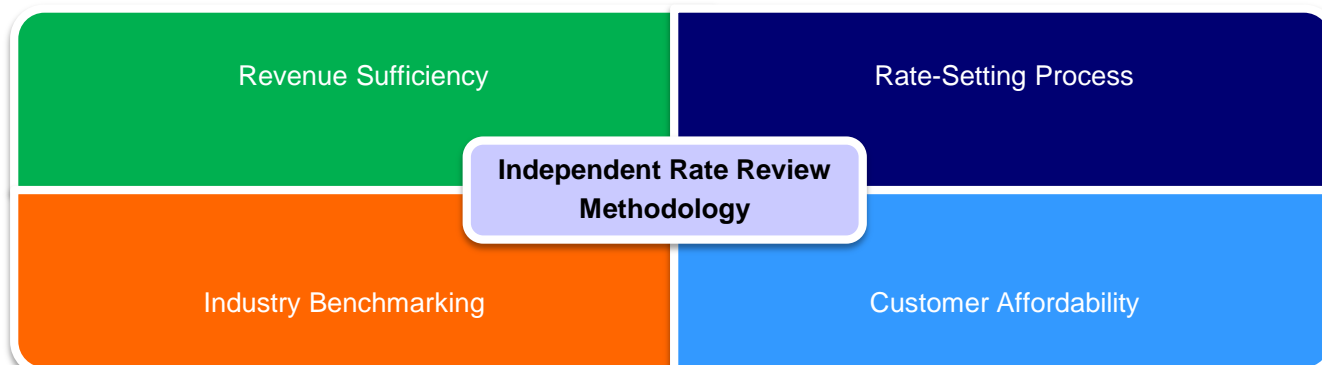
DC Water Retail Water and Sewer
Rates Committee
February 22, 2022



Amawalk
Consulting Group LLC

Outline

- Independent Review
- Financial Performance
- Operating & Capital Performance
- Industry Recognition
- Benefits of Strong Financial Performance
- Why are Rate Increases Necessary
- Why Invest in Capital Improvements
- Continued Financial Impacts of COVID-19
- Proposed 2023 and 2024 Rates
- Industry Comparisons
- Affordability of User Charges
- Conclusions



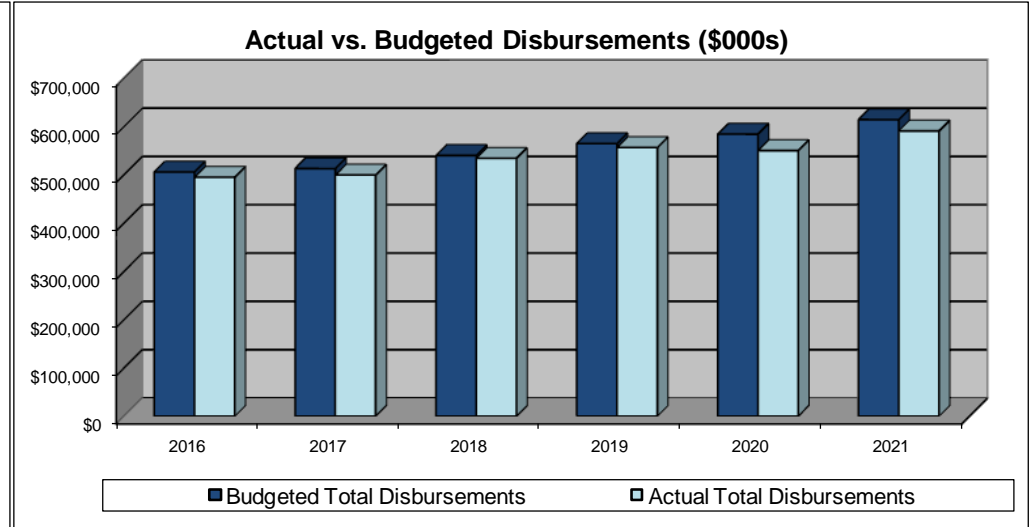
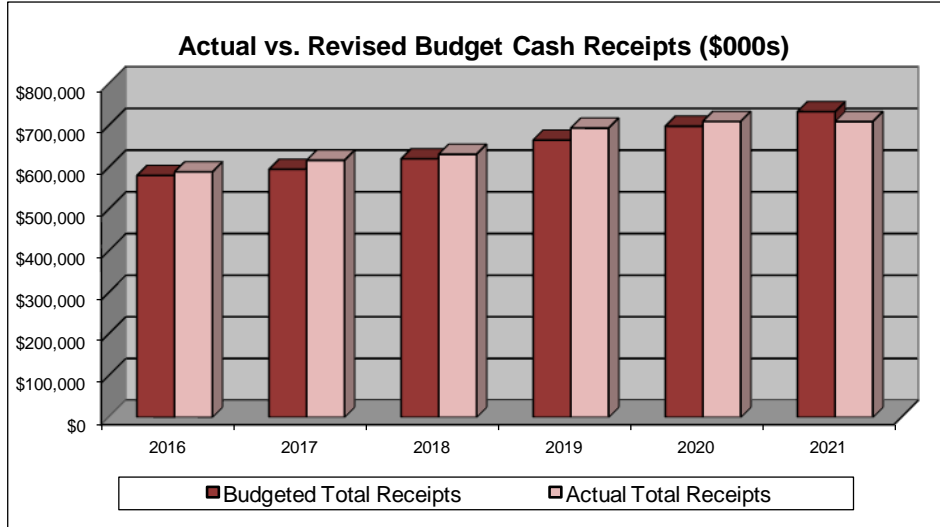
Independent Review

- This presentation to the Committee summarizes the findings and conclusions of our Independent Review of the proposed rates.
- Amawalk is independent: the firm does not participate in DC Water's Cost of Service Studies; our review is conducted after Authority management prepares its proposal.
- Amawalk has been providing independent review of the proposed rates on behalf of the Committee and the Board since 2009. In addition to having the pleasure of working with DC Water, Amawalk serves as Rate Advisor to New York, Financial Feasibility Consultant to the Boston Water and Sewer Commission and Technical Advisor to the Philadelphia Water, Sewer & Stormwater Rate Board. The firm recently completed an Independent Review of the North Texas Municipal Water District.
- Shan Lin and Ed Markus conducted the review and are presenting the results; they have worked together for over 16 years and collectively have over 56 years of experience in the water, wastewater and stormwater industry.

Slide 2

Financial Performance

- From 2016 – 2020: actual cash receipts were > budget each year (averaging 2.8% more); in 2021 actual cash receipts were 3.3% < budget due to COVID impacts.
- From 2016 – 2021: actual expenditures were < budget each year (averaging 2.9% less).
- YTD 2022 results through Dec 31 are slightly better than budgeted. No material changes for 2023 and 2024.
- 2021 combined coverage = 1.86; projected 2022 - 24 is 2.01, 1.87 & 1.88.



While not a guarantee of future results, this track record offers a degree of comfort that expenditure and revenue estimates, including those for 2023 & 2024, are prudently developed.

Slide 3

Operating & Capital Performance

- In compliance with the Consent Orders & all permits.
- The digester facilities & waste-to-energy facilities are yielding multiple benefits – lower expenses, fewer biosolids and a high quality product.
- Vacancy rates for jobs are slightly higher than pre-pandemic level reflecting DC Water’s efforts to control operating expenses during the pandemic.
- CIP projects are on time and close to budget; change orders and claims continue to be a small % of costs.
- The most recent Independent Engineering Report gave high grades to the facilities and people of DC Water; identified needs are being addressed.
- CIP spending in upcoming years is significant, and higher than recent years: in 2017-21, average annual capital spending was \$430M; the 2022-31 average is \$642M.
- Significant drivers of DC Water’s CIP are: completion of the Clean Rivers Program, lead service line replacement, upgrading of aging infrastructure.

DC Water continues to meet or exceed the Board’s operating goals. Strong operating and capital performance helps manage the cost of providing service and mitigates risks.

Slide 4

Industry Recognition

- DC Water's Chief Operating Officer was elected president of the National Association of Clean Water Agencies (NACWA), representing 330+ public utilities nationwide. She will be instrumental in advancing public policy intended to create an equitable and sustainable water future.
- In 2021, NACWA honored the Authority with a Platinum Award for nine consecutive years of 100% compliance with the requirements of the U.S. Environmental Protection Agency's National Pollutant Discharge Elimination System (NPDES).
- The Blue Plains Advanced Wastewater Treatment Plant is the largest facility of its kind in the world; its average capacity of 384 million gallons per day is enough to fill RFK Stadium daily. Blue Plains attracts delegations of wastewater engineers from throughout the world.
- The Blue Plains Tunnel Project received the Engineering News Record (ENR) 2016 Best Project Award for the Mid-Atlantic Region for Water/Environment. Most importantly, through 2021, the major tunneling work of DC Water is on-time and within budget

The high level of performance and industry recognition of DC Water provides assurances to ratepayers and investors that their dollars are being spent wisely.

Slide 5

Benefits of Strong Financial Performance

■ Key Financial Policies:

- Minimum cash balance of 250 days of projected operating expenses.
- Combined debt service coverage of 160%.
- Funding of the CIP with the proceeds of debt as well as cash from operations.

■ Rating Agency Recognition (current senior bond ratings):

- Fitch Ratings: AA+
- Moody's: Aa1
- Standard & Poor's: AAA

■ The strong financial metrics of DC Water and rating agency recognition support efficient borrowing of funds for capital improvements:

- The Authority can borrow funds over 30 or more years at very competitive rates due to its excellent track record and strong bond ratings
- DC Water secured a \$156M federal loan under the WIFIA Program at an interest rate of 1.87%, repayable over 38 years.

The ability of DC Water to borrow money over the long-term at attractive interest rates saves ratepayers millions of dollars in interest costs over the term of the borrowing. The prudent use of cash to compliment the borrowed funds helps keep total long-term debt more manageable – a practice that is highlighted favorably and very important by the bond rating agencies.

Slide 6

Why Are Rate Increases Necessary

■ Increases in capital spending:

- Debt service will rise to 35.8% of total disbursements in 2023 and 36.1% in 2024, increasing by 5.0% and 4.6% vs. the prior year, respectively.
- Cash-financed construction in 2023 and 2024 increases by \$8.9M & \$1.6M, respectively; the use of cash for construction reduces the need to issue more debt and helps support the strong credit rating of DC Water.

■ Increases in operating expenses:

- Total O&M expenses, excluding PILOT/ROW, increase by \$9.9M or 2.9% for 2023 and by \$11.1M or 3.2% for 2024.

■ Long-term water use is declining, with or without COVID:

- Long-term water demand is declining in the Mid-Atlantic & Northeast, the District decline in 2021 was 1.5%. The assumed decline is 1% per year in 2023 & future years. COVID-19 depressed demand even further in 2020 and 2021; non-residential accounts are showing some recovery in 2022 from COVID-19 impacts but it is too early to draw full-year conclusions.

■ Effects of COVID-19: reviewed herein

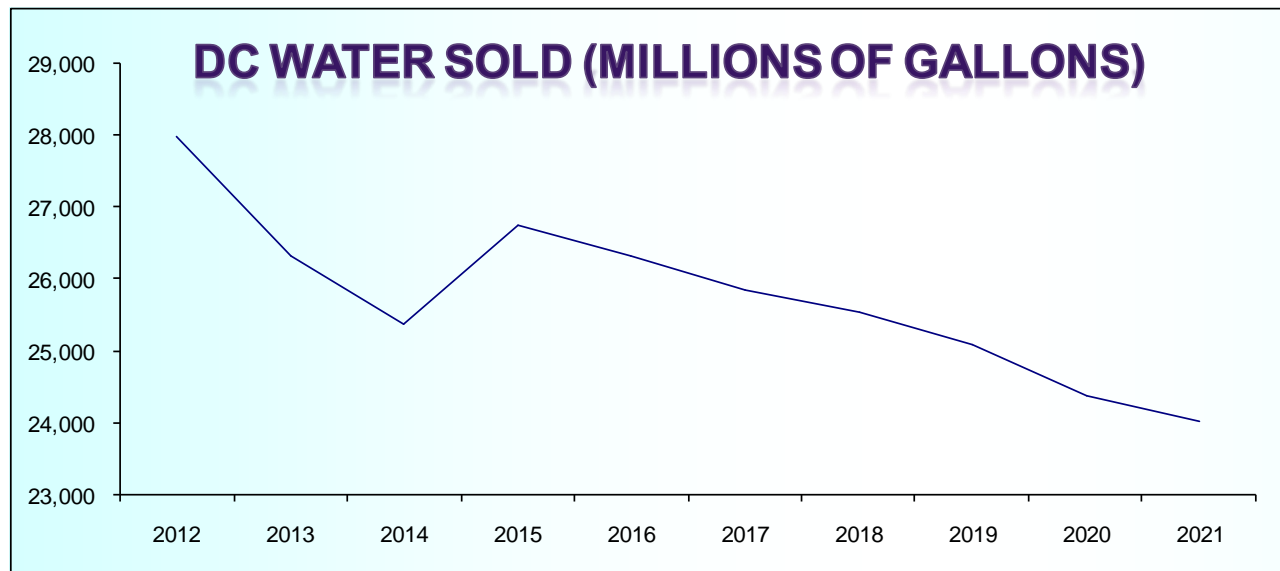
■ DC Water receives no subsidies:

- Unlike cities such as Atlanta (sales tax) or Milwaukee (property tax), DC Water revenues pay all bills.

These are the same reasons that are driving rates up in other cities. Slide 7

Why Are Rate Increases Necessary – Declining Demand

- About 63% and 61% of total cash receipts in 2023 and 2024 are expected from consumption-related retail charges, respectively.
- Long-term retail water demand is slowly declining; total usage has declined by over 10% from 2015 through 2021.
- Year-to-date 2022 water sales as of December 31 are 10.2% higher than in 2021 due to some recovery from non-residential accounts.
- It is assumed that water usage will decline at the rate of 1.0% per year in 2023 and each year thereafter. New York, Boston & Philadelphia assume annual declines in sales.



Slide 8

Why Invest in Capital Improvements

■ Fire Protection (Historical):

- From 2006 – 2020, DC Water spent over \$127M to replace or upgrade hydrants, valves, undersized lines and other appurtenances.
- Hydrant availability is now routinely > 99%.

■ Clean Rivers Program (Ongoing):

- The program began in 2005 and continues through 2030 at a cost of \$2.99 billion to build storage tunnels, pump stations, green infrastructure, other facilities. It is now about 60% complete.
- Reduces flooding in the District during heavy rain; thousands of tons of trash, debris & solids removed; billions of gallons of sewage/stormwater captured instead of entering waterways; much cleaner rivers.
- When completed, it will reduce the combined sewer overflows by at least 96%.

■ Lead Service Line Replacement (Historical/Upcoming):

- DC Water fully funds (\$629M) removal of all lead service lines by 2030 by leveraging funds in the federal bi-partisan infrastructure package.
- The Lead Free DC Initiative aims to replace more than 28,000 service lines that currently use lead or galvanized-iron pipe.
- Prioritizes lead replacement for: (1) vulnerable populations most impacted by lead exposure (children and seniors) and (2) communities that are historically underserved, and experience disproportionately poorer health outcomes compared with other parts of the District.

These & many other investments support the quality of life in the District. Slide 9

Continued Financial Impacts of COVID-19

■ Changes in water sales:

Consumption Changes	2020	2021	2022 YTD (to Dec 2021)
Residential (Incl MF)	4.9%	-0.7%	-2.2%
Non-residential	-9.6%	-3.2%	25.2%
Total (Excl WA)	-3.0%	-2.0%	10.2%

- Increase in residential billed consumption in 2020 is likely due to people staying at home due to COVID-19 plus Customer Service catching up with certain bills. 2021 and 2022 results may reflect the start of a transition back to pre-pandemic levels.
- Fixed charges & the CRIAC mitigate part of the impact of usage reductions.

■ The ability of certain customers to pay their bills:

- Unemployment among residential customers may impact the ability of some customers to pay their bills on a timely basis.
- Business closures or limited openings may impact bill-paying.
- DC Water has implemented customer service initiatives in response (slide 16).
- A/R in 2020 and 2021 is higher than before the pandemic: increases of \$7.3M in 2020 and a further \$8.4M in 2021 compared to the prior year for receivables > 90 days.

■ Net effect on DC Water cash flow:

- While revenues are adversely affected to a certain extent, DC Water has reduced expenses and slowed down certain capital projects.
- Operating cash flows in 2020, 2021, and through YTD 2022 as of December 31 are slightly better than expected.

DC Water is effectively managing the financial impacts through 12/31/2021. Slide 10

Proposed 2023 and 2024 Rates

	Units	2022	2023	2024	Change 2023 vs 2022		Change 2024 vs 2023	
					\$	%	\$	%
DC Water Rates								
Water								
Residential 0-4 Ccf (Lifeline)	Ccf	\$3.63	\$4.28	\$4.38	\$0.65	17.9%	\$0.10	2.3%
Residential > 4 Ccf	Ccf	\$4.74	5.58	\$5.70	0.84	17.7	0.12	2.2
Multi-Family	Ccf	\$4.15	4.90	\$5.00	0.75	18.1	0.10	2.0
Non-Residential	Ccf	\$4.91	5.78	\$5.89	0.87	17.7	0.11	1.9
Sewer (Excluding CRIAC)	Ccf	10.64	11.26	11.70	0.62	5.8	0.44	3.9
Clean Rivers IAC	ERU	18.40	18.14	21.86	-0.26	-1.4	3.72	20.5
Customer Metering Fee	5/8"	7.75	7.75	7.75	0.00	0.0	0.00	0.0
Water System Replacement Fee	5/8"	6.30	6.30	6.30	0.00	0.0	0.00	0.0
District Rates								
PILOT Fee	Ccf	0.56	0.59	0.61	0.03	5.4	0.02	3.4
Right of Way Fee	Ccf	0.19	0.19	0.19	0.00	0.0	0.00	0.0
Stormwater Fee	ERU	2.67	2.67	2.67	0.00	0.0	0.00	0.0

■ Management Recommendations:

- Cost recovery shifted slightly from sewer to water in 2023:
 - Engineering costs increased
 - Pumping operations shifted more costs to water
- Implement the above rates to raise overall retail revenue by 9.50% in 2023 and 3.25% in 2024.
- Cost of service updates of the groundwater charge and the backwash rate (enacted in 2022).

Average monthly residential charges (5.42Ccf) for 2023 and 2024 will increase 6.0% and 5.4%, respectively.

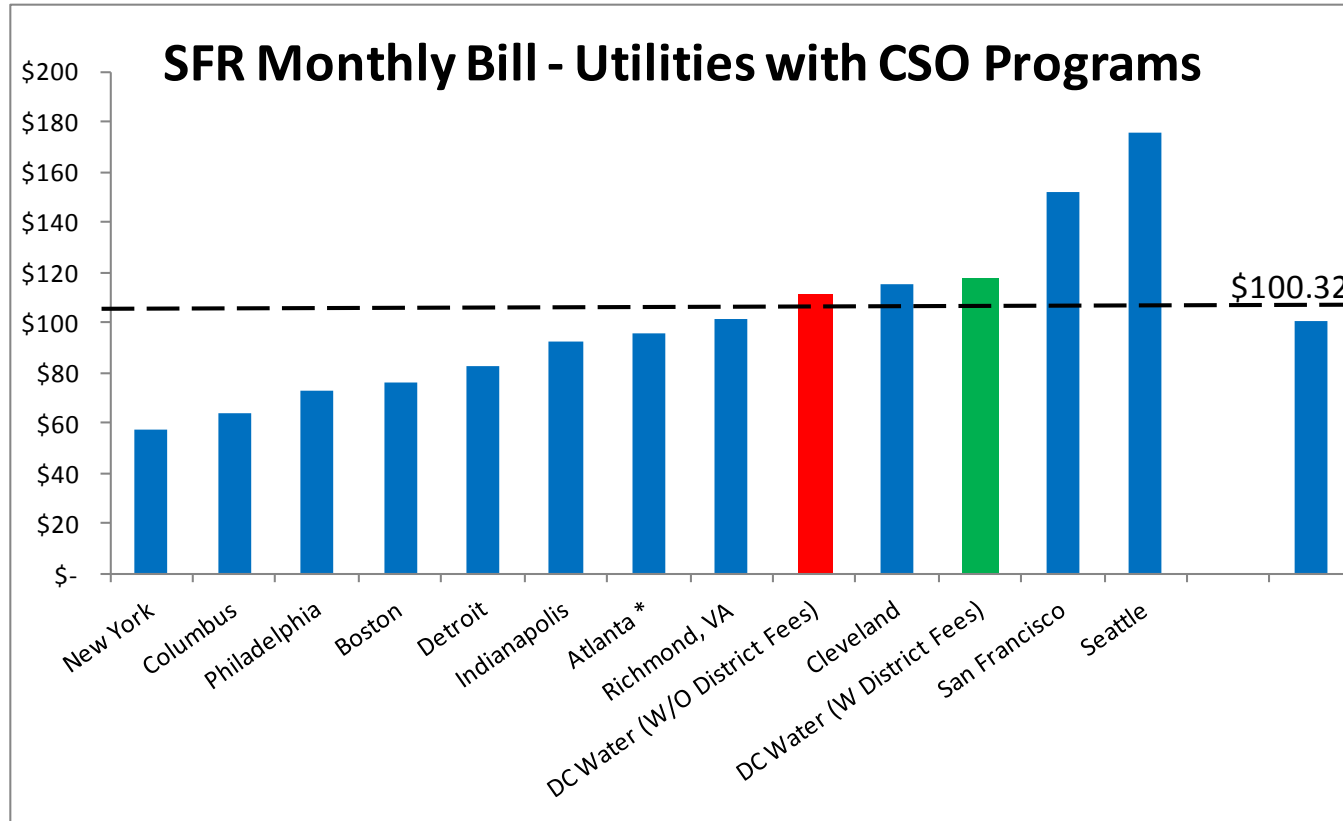
Slide 11

Proposed 2023 & 2024 Rates: Billing Impacts

- Typical single family customers would experience increases of 6.0% and 5.4% in 2023 and 2024, respectively, or about \$7 per month.
- CAP customers would experience slightly smaller increases of 5% and 4% in 2023 and 2024, respectively, or about \$2 per month.
- Impacts on other customer classes in each year depend on water use and the number of ERUs.

	Ave SFR	Ave SFR in CAP	Ave Multi-Family	Sample Commercial	Sample Cemetery	Sample Non-Profit - Low Usage	Sample Non-Profit - High Usage
Monthly Bill - 2022 Rates (\$)	118	38	1,538	57,966	2,516	1,466	16,672
Monthly Bill - 2023 Rates (\$)	125	40	1,657	63,017	2,493	1,462	17,860
Monthly Bill - 2024 Rates (\$)	132	42	1,730	65,111	2,924	1,686	18,797
% Change 2022-2023	6%	5%	8%	9%	-1%	0%	7%
% Change 2023-2024	5%	4%	4%	3%	17%	15%	5%
Assumptions:							
Consumption (Ccf/month)	5.42	5.42	86.14	3,332.33	4.7	7.36	804.07
Meter Size	5/8"	5/8"	1.5"	8 x 2"	5/8"	2"	1" & 4"
ERU	1	1	6.83	52.2	115.1	59.2	128.6

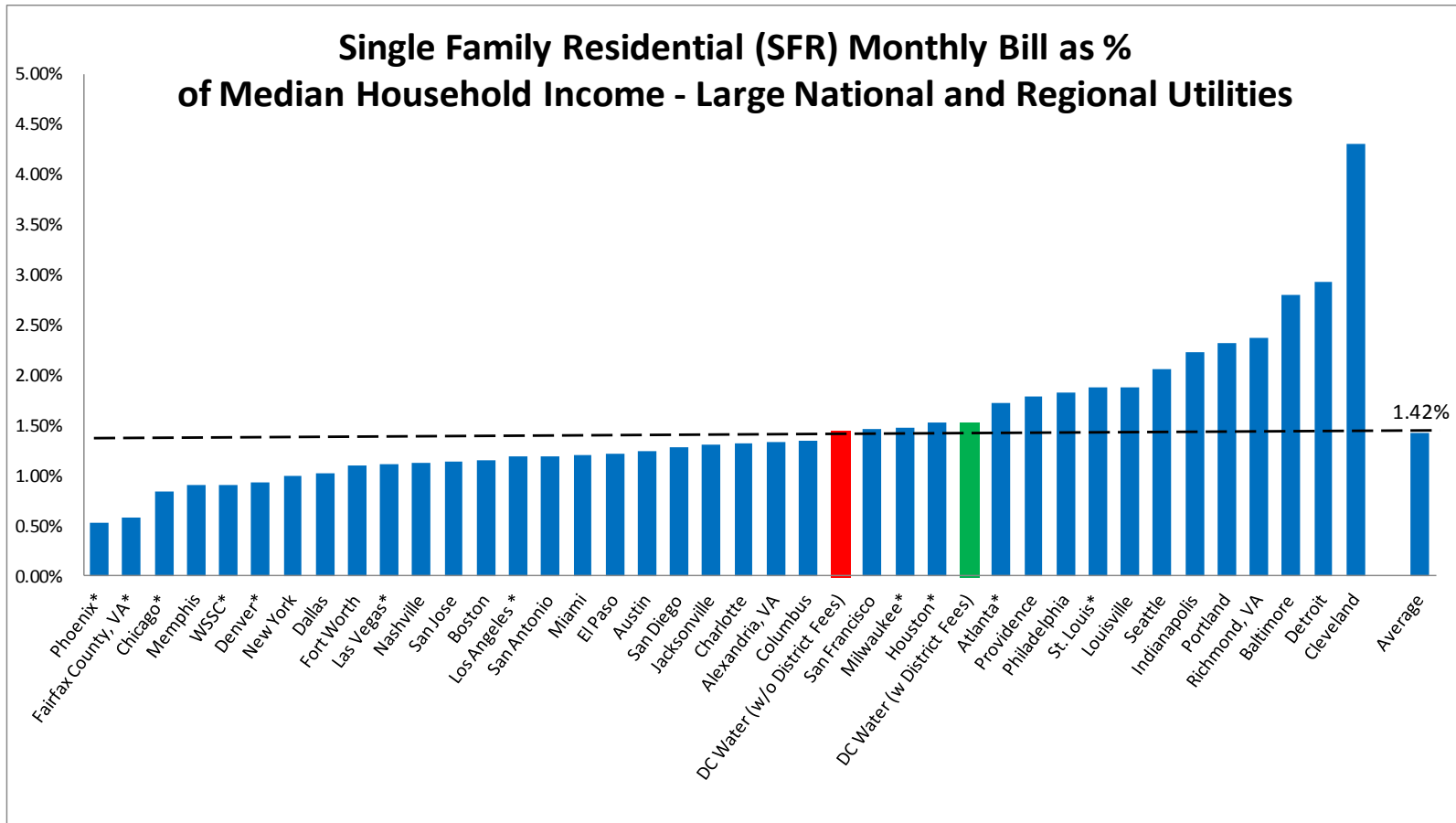
Comparison of Charges: CSO Utilities



Note: Reflects rates and fees in place as of December 2021. Some cities utilities 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. Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.

DC Water charges are comparable to the average of the utilities that we survey that have combined sewer and CSO control programs.

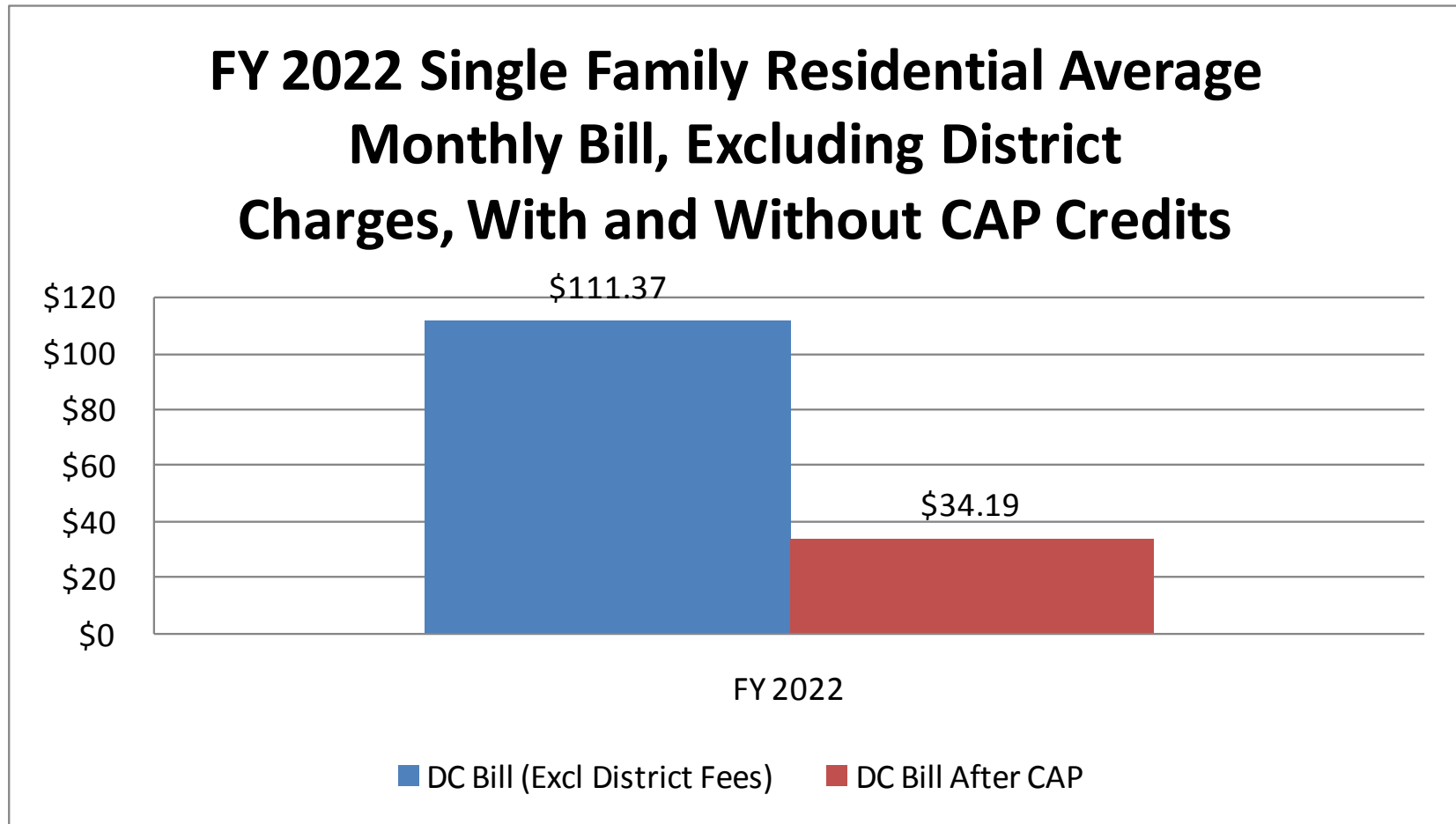
Comparison: Affordability of User Charges



Note: Reflects rates and fees in place as of December 2021. Some cities utilities 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. Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.

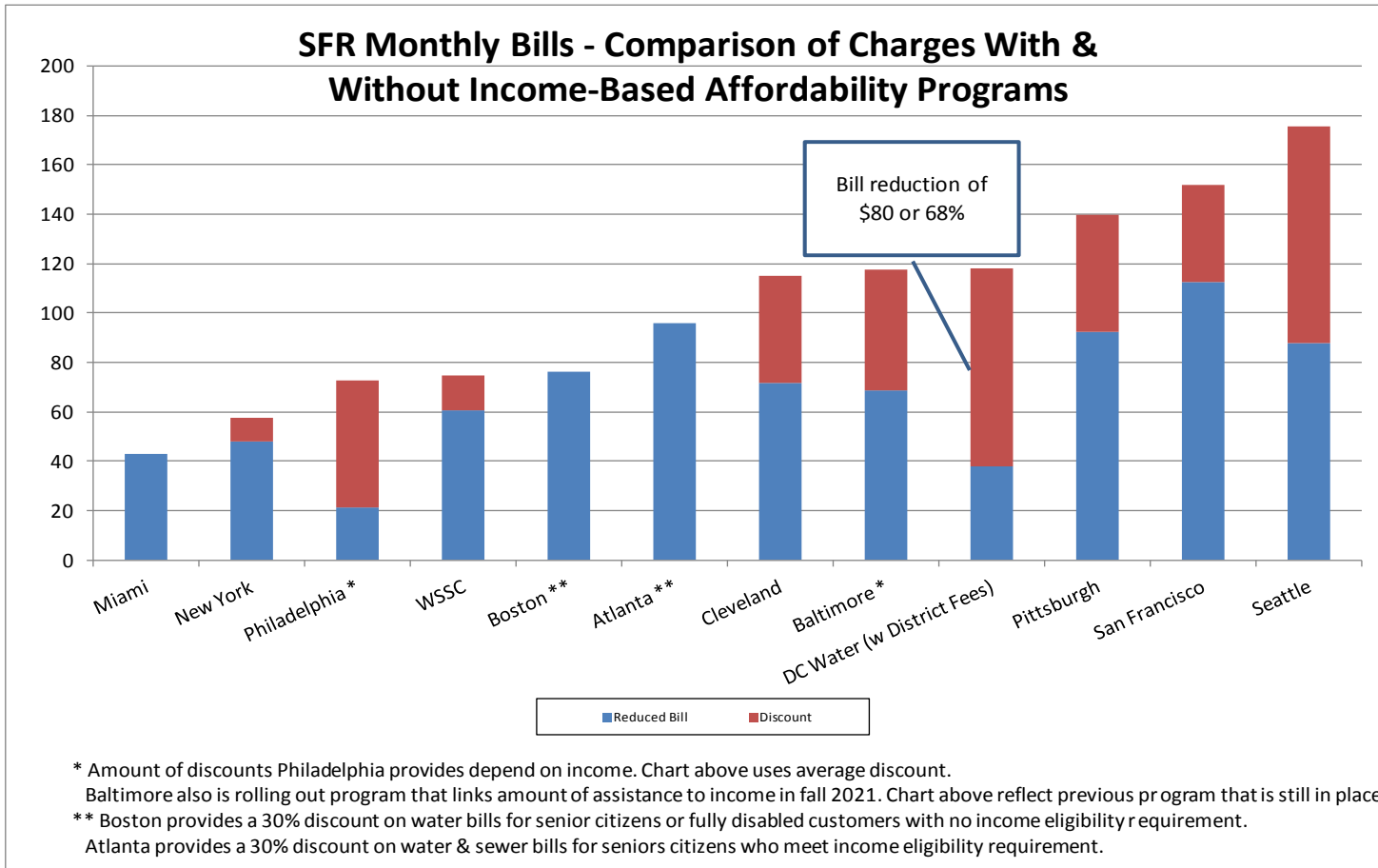
Water, sewer, stormwater charges (without District fees) as a % of median household income are reasonable at 1.45%, competitive with peers. Charges are slightly higher with District fees, still competitive.

Affordability of User Charges: DC Water Customer Assistance Program (CAP)



Note: After CAP credits, a family of 4 at the 2021 Federal Poverty level spends 1.5% of income on DC Water bills.

Affordability of User Rates: DC Water CAP With Peers



Note: Reflects rates and fees in place as of December 2021. Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.

The affordability assistance provided by DC Water is robust compared to other utilities, providing a meaningful impact on a customer bill.

Affordability of DC Water User Charges - Available Programs

Program	Funding Source	Description
Customer Assistance Program (CAP)	DCW	Provides a monthly discount on usage, usage related fees and CRIAC charges.
Customer Assistance Program 2 (CAP2)	DCW	
Customer Assistance Program 3 (CAP3)	District Government	
Non-Residential CRIAC Relief	District Government	Provides a monthly discounts on CRIAC charges.
DC Water Cares Residential Assistance Program (RAP)	DCW	Provides on-going emergency assistance to cover past due, low-income residential balances, up to \$2,000 per household.
DC Water Cares Multifamily Assistance Program (MAP)	DCW	Provides one-time emergency assistance to low-income multifamily units, up to \$2,000 per household.
Emergency Residential Relief Program ERRP	District Government	Provides one-time emergency assistance to cover past due, low-income residential balances, up to \$2,000 per household.
Stronger Together Assisting You (STAY DC)	Federal	Financial assistance 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.
Low Income Household Water Assistance Program (LIHWAP)	Federal	Provides funds to assist low-income households with water and wastewater bills.

Affordability programs to pay water/sewer bills are robust and compare favorably with other District utilities (i.e., gas, electric, telephone, cable).

Slide 17

Conclusions

- DC Water's proposed 2023 and 2024 rates have been reasonably developed, reflect the anticipated revenue requirements of the System, adhere to Board policy and are comparable to other utilities.
- If water usage declines at a faster rate than assumed rate, the effects of the pandemic on the District last longer, interest rates are higher than expected or unforeseen major expenses are encountered, the actual financial results could differ from current projections. The rate structure of DC Water with charges not tied to consumption helps mitigate the risks of lower usage. The potential for some underspending in 2023 and 2024 and the availability of the RSF also provides some flexibility and risk mitigation in such circumstances.
- COVID-19 continues to present challenges to the water and wastewater industry as a whole; the potential effects are subject to change in this fiscal year and in future years. In addition to the mitigation measures noted above, DC Water initiatives for targeting potential operating and capital savings, prioritizing capital spending, and modifying the use of cash-financed construction are significant tools for addressing the potential COVID-19 impacts on revenues.
- The reserve funds of DC Water provide liquidity and help support strong credit ratings. Strong credit ratings help optimize the cost of borrowing money for the capital program.

Slide 18

Conclusions

- Affordability is a current and long-term concern in the water and wastewater industry as the cost of providing service continues to increase. DC Water's CAP programs (original, II & III) and SPLASH and its use of a lifeline rate are: 1) in line with industry practices and 2) progressive in the level of assistance to low income billpayers. The District assistance to customers and DC Water initiatives in response to COVID-19 are in addition to the affordability assistance outlined above.
- DC Water continues to monitor the effects of COVID-19 on usage and revenues closely. Should there be a decline in revenues, DC Water has the ability to take actions similar to those it took in 2020 and 2021 to maintain operating expenses at lower levels and reduce capital expenditures.

Appendix – Supporting Information

Water & Wastewater Industry Challenges

■ **Increases in capital spending:**

- Regulatory mandates require significant expenditures; in addition, state-of-good-repair and lead pipe removal investments are essential to ensure that the underlying assets (e.g., pipes) provide reliable service.

■ **Increases in operating expenses:**

- Salaries and wages, fringe benefits and pensions.
- Inflation in the prices of chemicals, fuels and other commodities.

■ **Long-term water use is declining:**

- Most revenues are derived from water usage-based charges but long-term water demand is declining in the east coast cities such as New York, Philadelphia, the District & Boston.

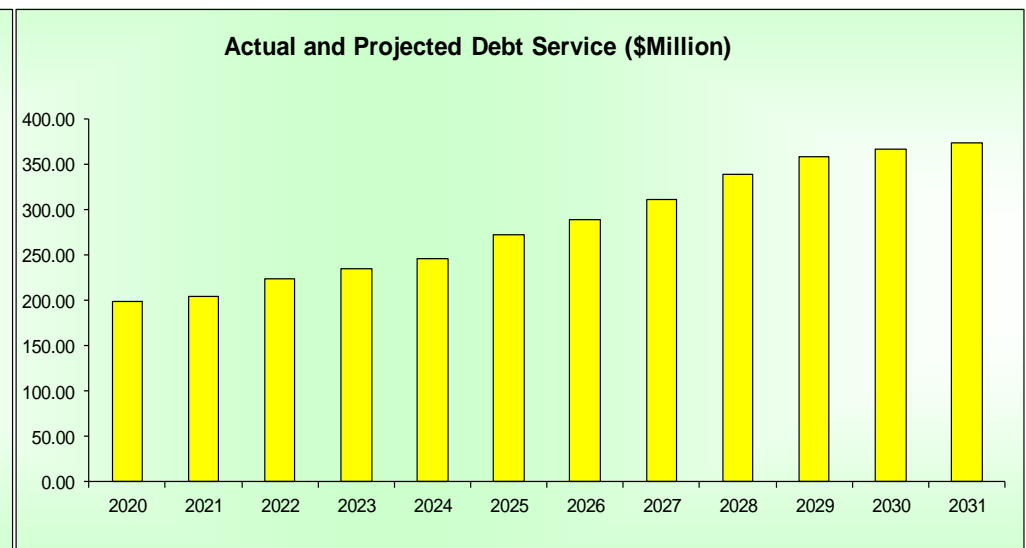
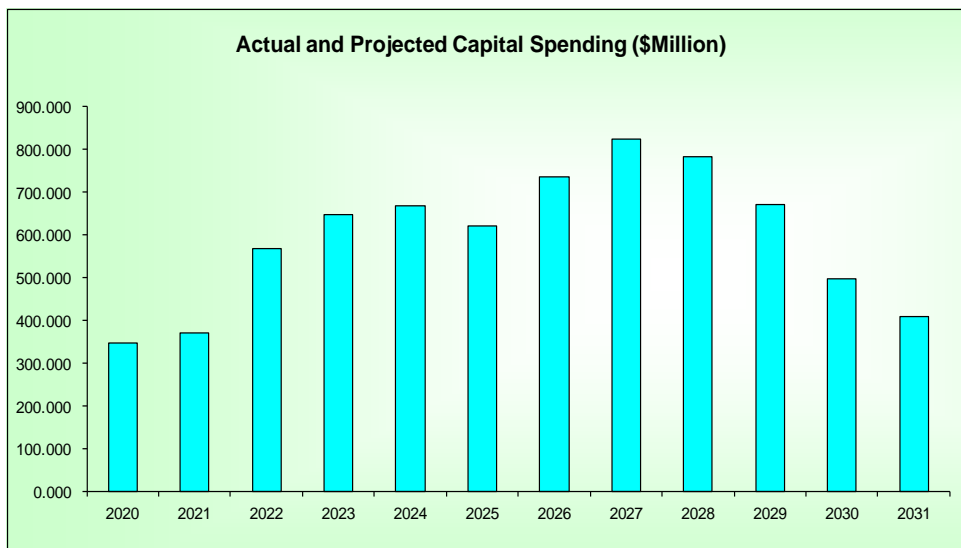
■ **Affordability of rates and charges:**

- Charges as a % of median household income (MHI) is a common measure of affordability.
- But a meaningful percentage of customers may have incomes well below MHI; it is essential to assess the affordability of charges after considering the effects of assistance programs.

Slide 21

Why Rate Increases Are Needed – Capital Investment/Debt Service

- DC Water is investing in its water and sewer infrastructure to ensure that high quality services are provided on a reliable basis. As result of the commitment by the Board to continue to address aging infrastructure challenges, DC Water is ramping up its investment by FY 2028 to reach a 1.5% replacement cycle for small diameter water mains.
- Debt service payments increase by \$11.2M in 2023 and \$10.8M in 2024; such payments are an increasing % of total disbursements: 35.8% in 2023 and 36.1% in 2024.



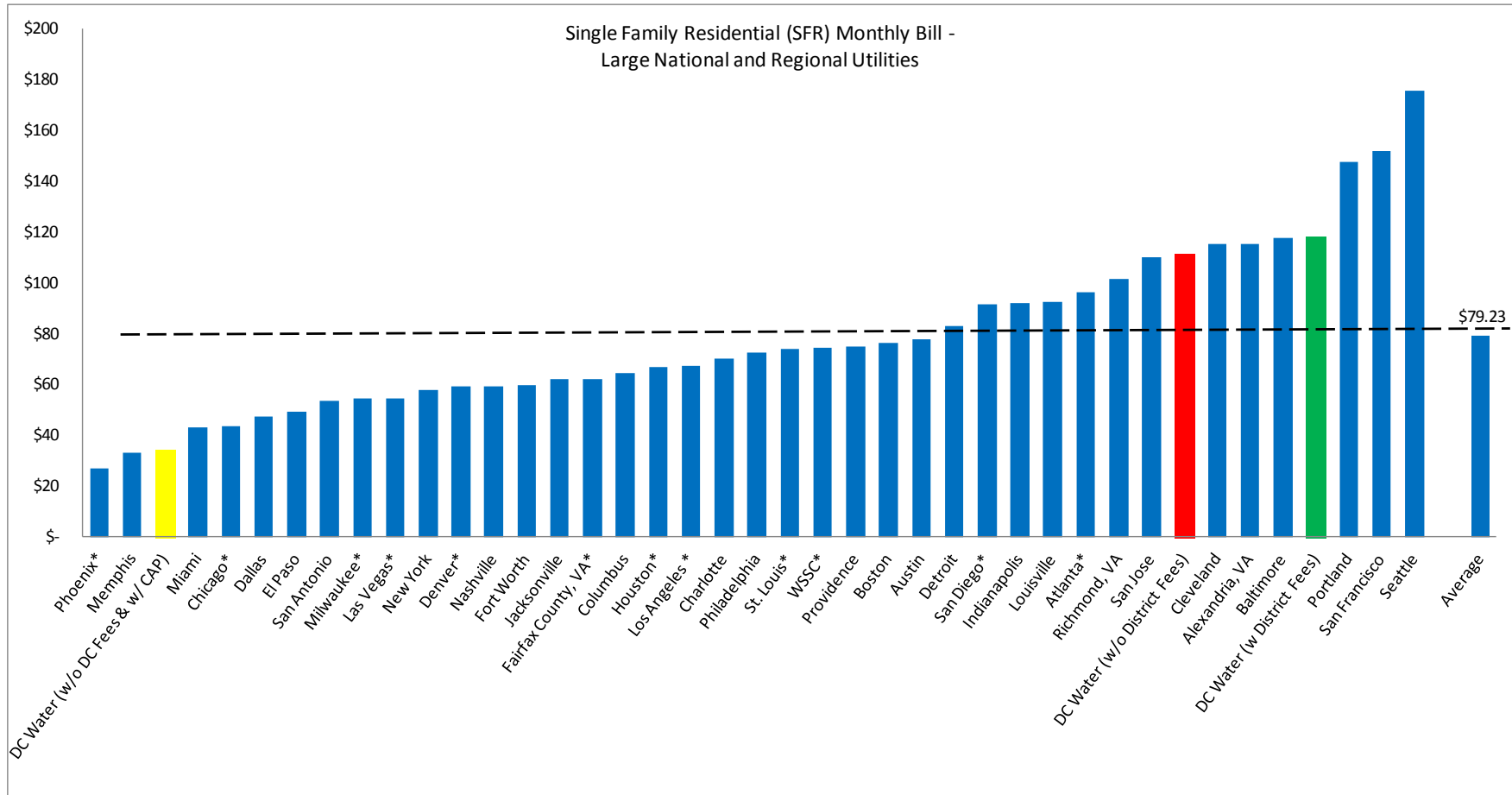
Slide 22

Why Rate Increases Are Needed – O&M Expenses & Total Disbursements

- Total O&M expenses, excluding PILOT/ROW, are expected to increase by \$9.9M in 2023 and \$11.1M in 2024, or 2.9% and 3.2%, respectively.
- DC Water budgeted \$37.8M in 2022 for cash-financed construction/bond defeasance; this increases to \$46.7M in 2023 and \$48.3M in 2024. The purpose is to avoid debt, enhance coverage, provide cash flow flexibility and support the credit rating.

O&M Expenditure (\$ M)	2022 Projected	2023 Proposed Budget	2024 Proposed Budget	2023 Budget vs 2022 Projected	2024 Budget vs 2023 Budget
Personnel Services	155.3	155.8	160.5	0.3%	3.0%
Contractual Services	88.5	88.5	91.3	0.0%	3.1%
Water Purchases	35.2	40.3	41.5	14.5%	3.0%
Chemicals & Supplies	34.2	37.0	38.3	8.2%	3.5%
Utilities & Rent	27.3	28.8	29.9	5.4%	4.0%
Small Equipment	1.1	1.1	1.1	0.0%	3.0%
Total	341.6	351.5	362.7	2.9%	3.2%
PILOT/ROW Fees	22.7	23.1	23.4	1.6%	1.6%
Debt Service	223.5	234.7	245.5	5.0%	4.6%
Defeasance D.S./Cash Financed Capital Construction	37.8	46.7	48.3	23.4%	3.4%
Total Operating Disbursements	625.7	656.0	679.8	4.8%	3.6%

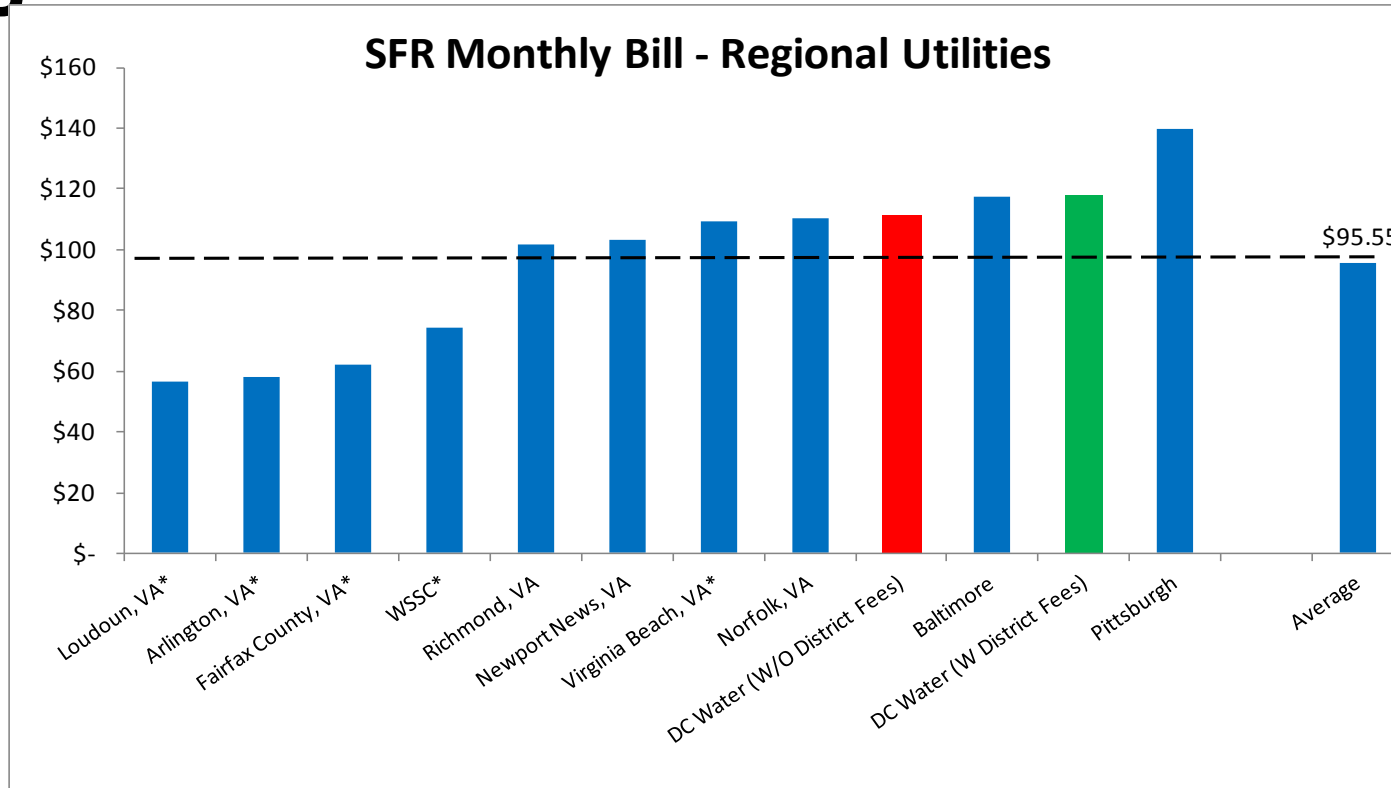
Industry Comparisons: Rates/Charges



Note: Reflects rates and fees in place as of December 2021. 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.

DC Water charges, without the benefits of CAP, are higher than the average of the universe of national and regional utilities that we survey each year on behalf of DC Water. Charges with CAP are much lower than average. Slide 24

Industry Comparisons: DC Water & Regional Utilities



Note: Reflects rates and fees in place as of December 2021. Some cities utilities 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. Assumes average residential consumption of 5.42Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.

DC Water charges are somewhat higher than the average of the regional utilities that we survey; however, unlike some utilities, DC Water receives no property tax revenue or other subsidies to reduce its user charges. Slide 25

Affordability of User Charges – Existing Initiatives



Caring for Our Customers

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

Lifeline Rate

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

CAP

- Provides monthly discounts to residential customers with household incomes less than \$129,000 (family of four)

One-Time Assistance

- SPLASH provides one-time emergency assistance to customers
- New programs for residential and multi-family customers

Payment Terms

- DC Water provides flexible payment terms for customers to get back on track



Seniors with incomes up to \$90,300 can qualify for discounts
(single family household)

Affordability of User Charges – Existing & New Initiatives



CAP

60% SMI

\$82,538 (family of 4)

Discount on the first 400 cubic ft. of water and sewer services + 75% reduction in the monthly CRIAC fee + WSRF waiver

\$80/month discount

CAP2

80% AMI

\$103,200 (family of 4)

Discount on the first 300 cubic ft. of water and sewer services + 50% reduction in the monthly CRIAC fee

\$52/month discount

CAP3

100% AMI

\$129,000 (family of 4)

Discount of 75% off the monthly CRIAC fee

\$14/month discount

CRIAC Non-Profit Relief

District-funded program to assist Non-profit organizations with Clean Rivers Impervious Area Charge (CRIAC)

Emergency Assistance

- Up to \$2,000 per household
- District Funded

Residential Assistance

- Up to \$2,000 per household
- DC Water Funded

Multi-Family Assistance

- Up to \$2,000 per household, 90% to tenant
- DC Water Funded

StayDC

- Additional assistance with utility bills
- DC Funded

Low-Income Household Water Assistance (LIHWAP)

- Provides funds to assist households with water and sewer bills
- Federally Funded

Affordability of User Charges – Other Utility Assistance Programs in the District

Utility Assistance Program	Level of Assistance	Eligibility
DC Water: Customer Assistance Program (CAP1, CAP2, and CAP3)	CAP1: discount on the first 4Ccf of water and sewer use each month, a 75% reduction in CRIAC fee, and a Water Service Replacement Fee waiver CAP2: discount on the first 3Ccf of water and sewer use each month (exclude PILOT/ROW) and 50% reduction in CRIAC fee CAP3: 75% off the monthly CRIAC fee	Income eligible customers verified by DOEE (As of October 2021 for a family of 4, \$82,538 for CAP1, \$103,200 for CAP2, and \$129,000 for CAP3)
PEPCO: Residential Aid Discount Program (RAD)	About 25% discount on electric bills, excluding generation and transmission service, applied monthly for 18 months. May reapply annually	Expanded to 80% of Area Median Income effective May 27, 2021 (\$103,200 or less per year for a family of 4)
PEPCO: Arrearage Management Program	A monthly credit or matching payment that goes toward unpaid account balances for a year	Current RAD customer with balance of \$300 or more that is at least 60 days past due
PEPCO: Low-Income Home Energy Assistance Program (LIHEAP)	Emergency assistance of up to \$1,800 once a year from Oct 1 through Sept 30	A family of 4 making \$82,538 or less per year (10/2021 – 9/2022) and who have received a disconnection notice or are currently disconnected
Washington Gas: Low-Income Home Energy Assistance Program (LIHEAP)	Emergency assistance of up to \$1,800 once a year from Oct 1 through Sept 30	A family of 4 making \$82,538 or less per year (10/2021 – 9/2022) and who have received a disconnection notice or are currently disconnected
Washington Gas: Residential Essential Service	Discount on a portion of the natural gas the household used from Nov 1 to April 30	Use natural gas as the principal source for home heating and eligible for the LIHEAP
Comcast: Internet Essentials	Provides 50/5 Mbps internet service for \$9.95 a month plus tax. No activation fees and no equipment rental fees.	Eligible for public assistance programs and is not an existing customer. Should not have outstanding debt to Comcast that is less than one year old
Verizon Wireless	No discounted service in DC	N/A
Verizon Fios: Lifeline Discount Program	\$20 discount per month	Either eligible for a qualifying federal assistance program or, with income at or below 135% of federal poverty guidelines.
RCN: Internet First	50 Mbps Internet service for \$9.95 a month plus tax	Participate in public assistance programs and have not subscribed to RCN services within the sixty (60) day period immediately prior to applying for the program
AT&T (DirecTV), Dish, T-mobile/Sprint, and AT&T Mobility	N/A	N/A
Amazon	50% discount on membership	Eligible for government assistance programs

DC Water’s affordability programs are strong compared to other utilities in the region.

Attachment C



Proposed FY 2023 and FY 2024 Rates, Charges and Fees Presentation to Retail Rates Committee, February 22, 2022

District of Columbia Water and Sewer Authority



Blue Plains Advanced Wastewater Treatment Plant



Purpose

- 💧 **Review the budget proposal**
- 💧 **Obtain Committee's recommendation to the Board on the:**
 - 💧 **Multi-year Rate Proposal for FY 2023 and FY 2024**
 - Water and Sewer Rates, Charges & Fees
 - Retail Groundwater Sanitary Sewer Service Rate
 - High Flow Filter Backwash Sewer Rate
 - 💧 **FY 2022 – FY 2031 Financial Plan**
 - Projected residential water and sewer rates
 - Projected average residential customer bills
 - 10-year CIP disbursement budget





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
 - Are 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.



Establishment of Rates

- Water and sewer utilities recover costs in a variety of ways;
- DC Water's rates must be just, equitable, reasonable, well explained, and based on cost of service principles:
 - The proposed rates are just and reasonable, and they are sufficient, equitable, and consistent in their proposed application to our customer classes;
 - Rates support expenditures that have been discussed in detail at the Board's Budget Workshop, and in Environmental Quality and Operations, Finance and Budget, and Retail Rate Committee meetings; and
 - Raftelis conducted the most recent Cost of Service Study, and its results support our rate proposal.





Multi-Year Rate Proposal for FY 2023 and FY 2024

💧 Rates and charges that remain the same:

- Customer Metering Fee remains at \$7.75 for 5/8” meters
- Water System Replacement Fee (WSRF) at \$6.30 for 5/8” meters
- Right-of-Way Fee at \$0.19 per Ccf

💧 Proposed rate changes:

- Water and sewer rates increase 9.50% for FY 2023 and 3.25% for FY 2024
- Proposed CRIAC of \$18.14 per ERU in FY 2023 and \$21.86 per ERU in FY 2024
- PILOT Fee for FY 2023 and FY 2024 will increase by \$0.03 and \$0.02 per Ccf respectively
- Proposed Groundwater Rate of \$3.42 for FY 2023 and \$3.50 for FY 2024
- Proposed High Flow Filter Backwash Sewer Rate of \$3.21 for FY 2023 and \$3.30 for FY 2024

💧 Cost of Service Study aligned with rate proposal

💧 Combined rate increases lower than last year’s forecast

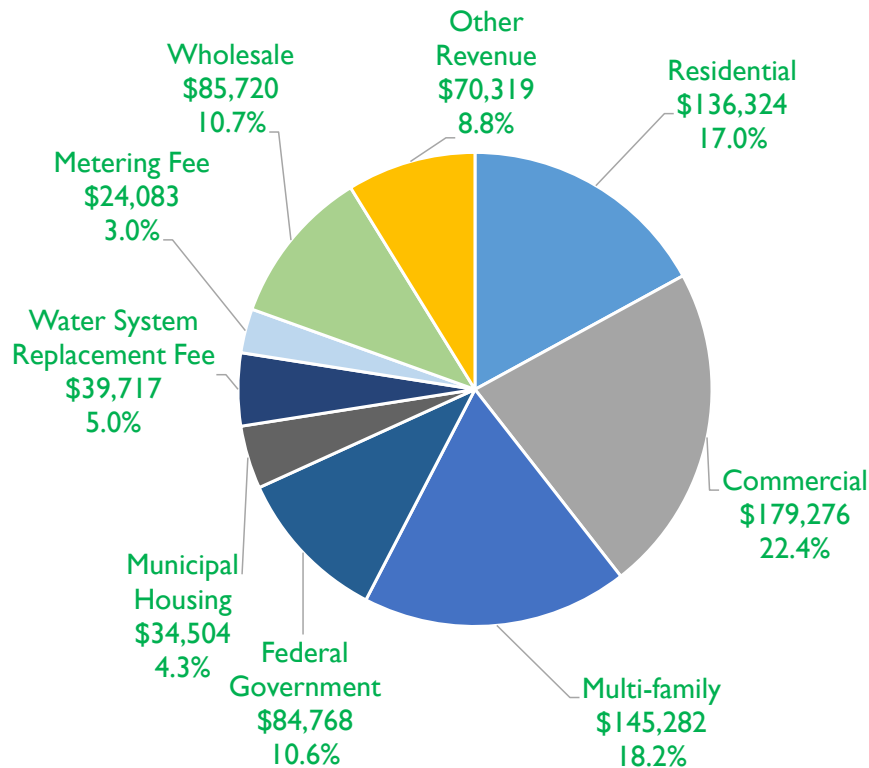
Change in Average Household Charge	Fiscal Year	
	2023	2024
Recommendation	6.0%	5.4%
Previous Forecast	6.7%	8.8%



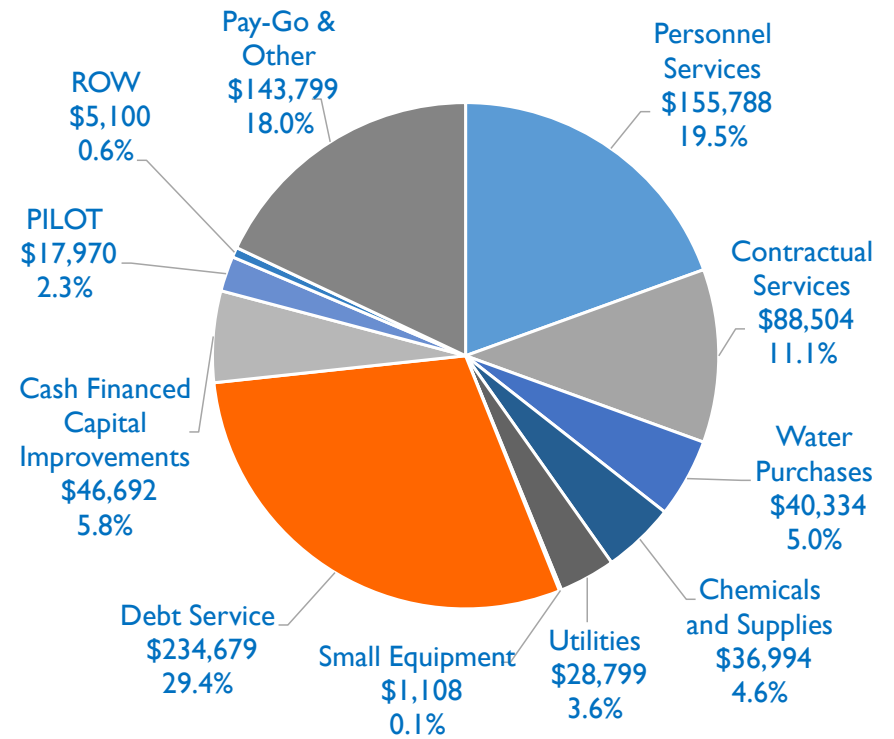
FY 2023 Operating: Sources and Uses of Funds

\$ in thousands

Sources - \$800.0 Million



Uses - \$800.0 Million

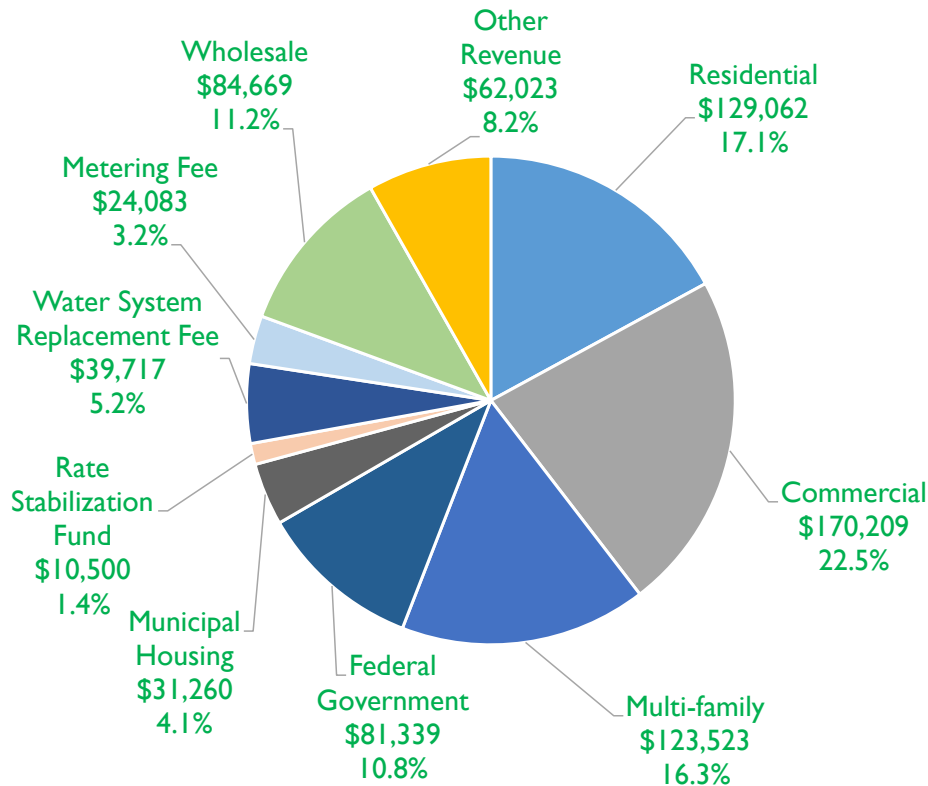




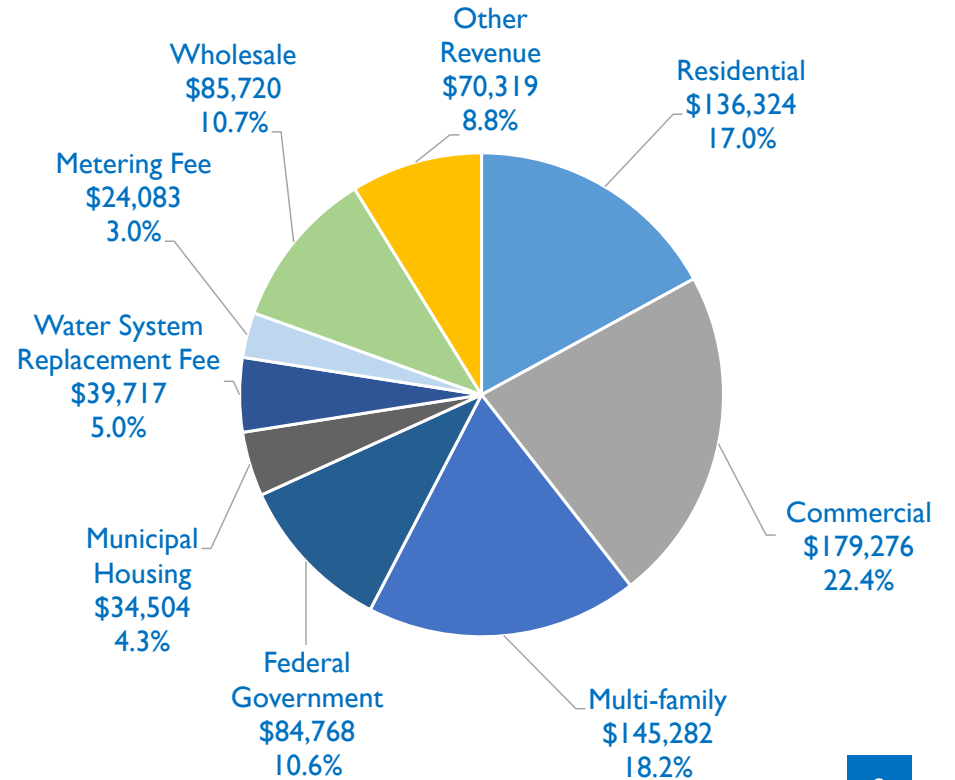
FY 2022 vs. FY 2023 Operating Revenues

\$ in thousands

Adopted FY 2022 \$756.4 million



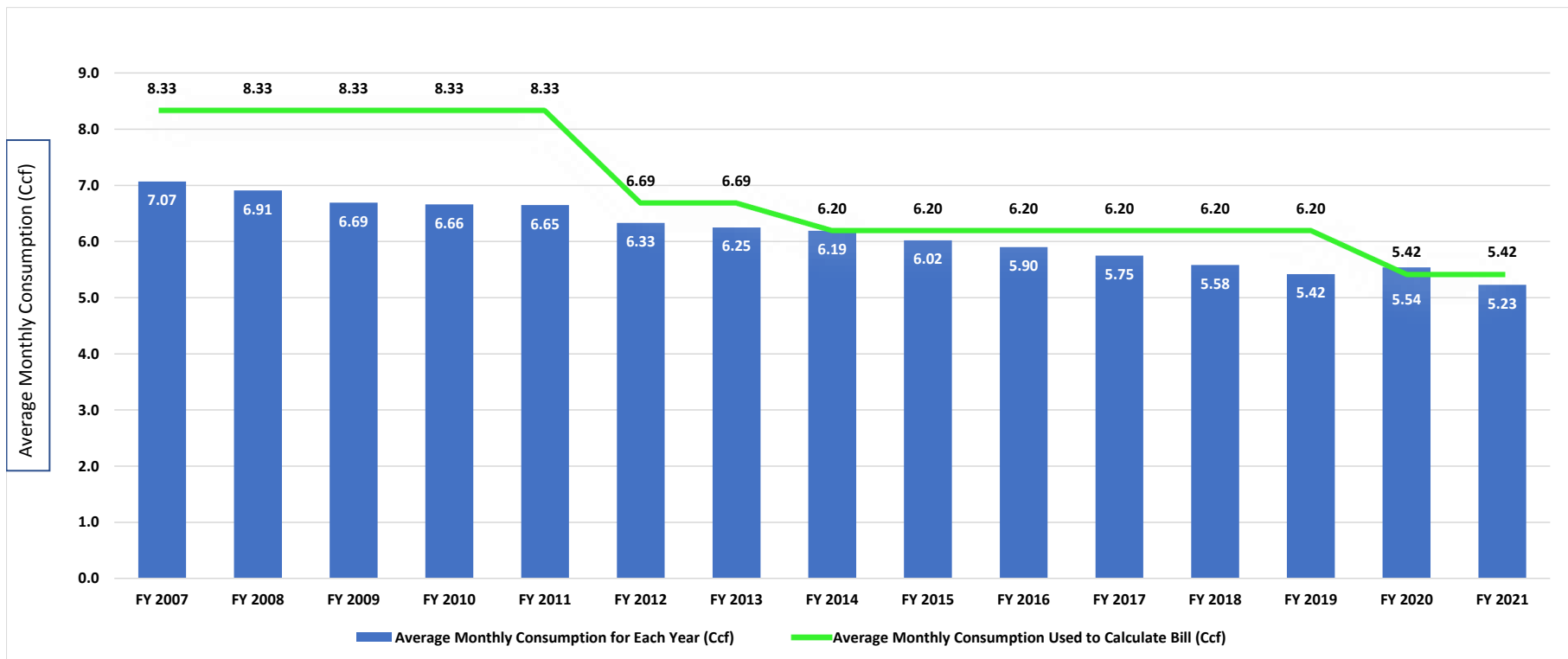
Proposed FY 2023 \$800.0 million





Average Residential Consumption Comparison

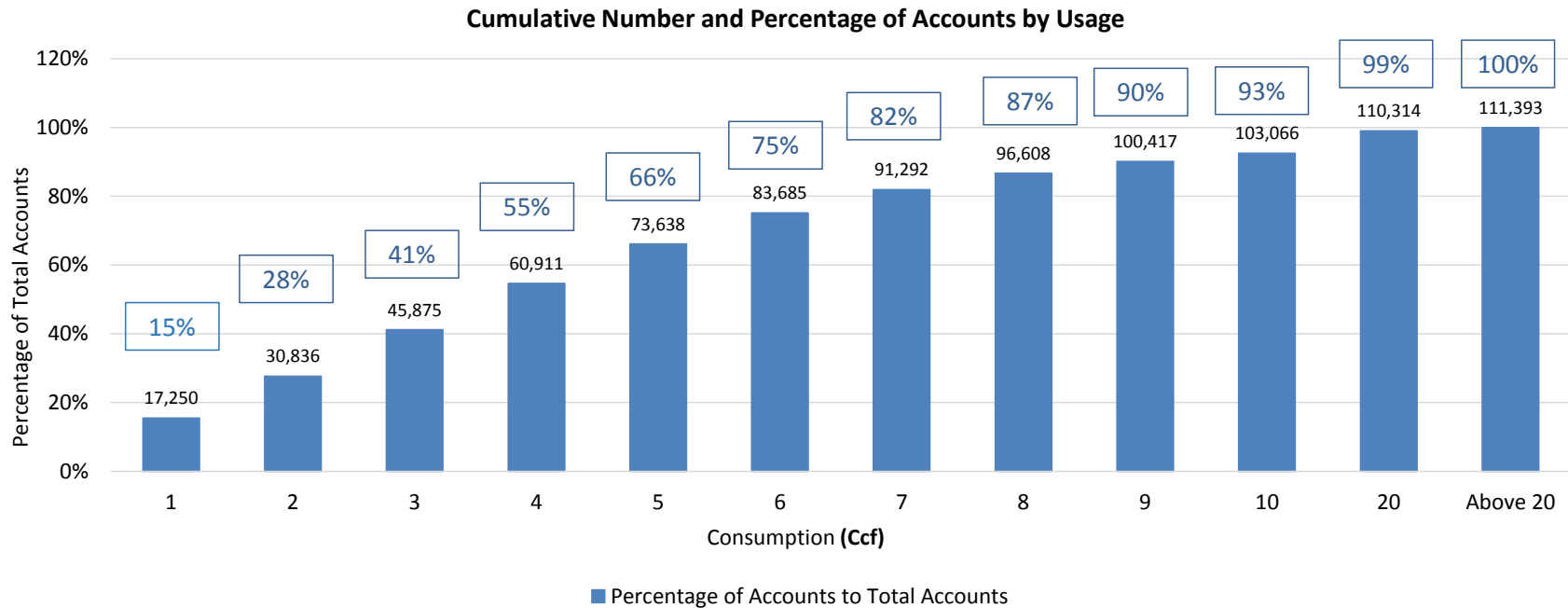
- 💧 The current residential use in FY 2021 is about 5.42 Ccfs that DC Water has used since FY 2020
- 💧 Since FY 2009, average household water use has declined by 22 percent





Average Residential Customer Monthly Bill

- 💧 **Average Residential Customer Monthly bill based on 5.42 Ccf, or 4,054 gallons**
- 💧 **Gives most households a year over year representation of their water bill:**





Caring for Our Customers

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

Lifeline Rate

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

CAP

- Provides monthly discounts to residential customers with household incomes less than \$129,000 (family of four)

One-Time Assistance

- SPLASH provides one-time emergency assistance to customers
- New programs for residential and multi-family customers

Payment Terms

- DC Water provides flexible payment terms for customers to get back on track



Seniors with incomes up to \$90,300 can qualify for discounts
(single family household)

For more information see: dcwater.com/customer-assistance



CAP

60% SMI

\$82,538 (family of 4)

Discount on the first 400 cubic ft. of water and sewer services + 75% reduction in the monthly CRIAC fee + WSRF waiver

\$80/month discount

CAP2

80% AMI

\$103,200 (family of 4)

Discount on the first 300 cubic ft. of water and sewer services + 50% reduction in the monthly CRIAC fee

\$52/month discount

CAP3

100% AMI

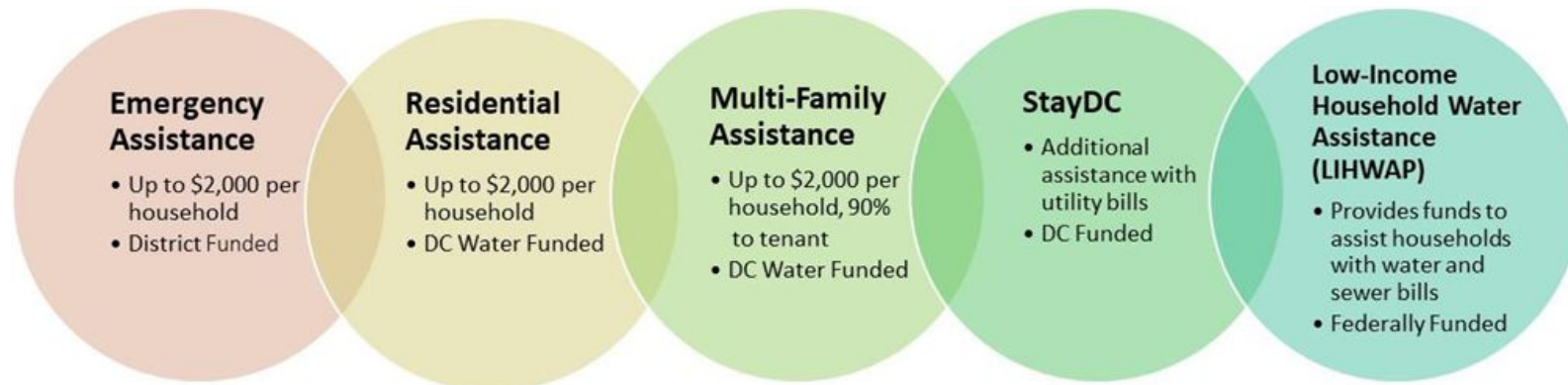
\$129,000 (family of 4)

Discount of 75% off the monthly CRIAC fee

\$14/month discount

CRIAC Non-Profit Relief

District-funded program to assist Non-profit organizations with Clean Rivers Impervious Area Charge (CRIAC)





Average Residential Customer Monthly Bill

	Units	Current FY 2022	Proposed FY 2023	Proposed FY 2024
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 78.92	\$ 86.07	\$ 89.03
DC Water Clean Rivers IAC ⁽²⁾	ERU	18.40	18.14	21.86
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
Subtotal DC Water Rates & Charges		\$ 111.37	\$ 118.26	\$ 124.94
Increase / Decrease		\$ 7.29	\$ 6.89	\$ 6.68
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$ 3.04	\$ 3.20	\$ 3.31
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	1.03	1.03	1.03
District of Columbia Stormwater Fee ⁽³⁾	ERU	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.74	\$ 6.90	\$ 7.01
Total Amount Appearing on DC Water Bill		\$ 118.11	\$ 125.16	\$ 131.95
Increase / Decrease Over Prior Year		\$ 7.40	\$ 7.05	\$ 6.79
Percent Increase in Total Bill		6.7%	6.0%	5.4%

(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 CAP Customer Monthly Bill

	Units	Current FY 2022	Proposed FY 2023	Proposed FY 2024
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 78.92	\$ 86.07	\$ 89.03
DC Water Clean Rivers IAC	ERU	18.40	18.14	21.86
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75
DC Water Water System Replacement Fee	5/8"	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 111.37	\$ 118.26	\$ 124.94
Increase / Decrease		\$ 7.29	\$ 6.89	\$ 6.68
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$ 3.04	\$ 3.20	\$ 3.31
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	1.03	1.03	1.03
District of Columbia Stormwater Fee ⁽⁴⁾	ERU	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.74	\$ 6.90	\$ 7.01
Total Amount		\$ 118.11	\$ 125.16	\$ 131.95
Increase / Decrease Over Prior Year		\$ 7.40	\$ 7.05	\$ 6.79
Percent Increase in Total Bill		6.7%	6.0%	5.4%
Less: CAP Discount (4 Ccf per month) ^{(1), (2)}		\$ (60.08)	\$ (65.28)	\$ (67.52)
Water System Replacement Fee (WSRF) ⁽³⁾		(6.30)	(6.30)	(6.30)
Clean Rivers IAC ⁽⁵⁾		(13.80)	(13.61)	(16.40)
Total Amount Appearing on DC Water Bill		\$ 37.93	\$ 39.97	\$ 41.73
Increase / Decrease Over Prior Year		\$ 4.12	\$ 2.04	\$ 1.76
CAP Customer Discount as a Percent of Total Bill		-67.9%	-68.1%	-68.4%

(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 20

(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, CAP2 and CAP3 Discounts

💧 CAP, CAP2 and CAP3 discounts and income thresholds

Program	Income Threshold ⁵	Charges (Discounts)	Current FY 2022	Proposed FY 2023	Proposed FY 2024
CAP ²	\$82,538 (60% SMI)	Total Amount before Discounts ¹	\$118.11	\$125.16	\$131.95
		Discounts	(80.18)	(85.19)	(90.22)
		Total Amount Appearing on DC Water Bill	\$37.93	\$39.97	\$41.73

CAP ²³	\$103,200 (80% AMI)	Total Amount before Discounts ¹	\$ 118.11	\$ 125.16	\$ 131.95
		Discounts	(52.01)	(55.69)	(59.17)
		Total Amount Appearing on DC Water Bill	\$ 66.10	\$ 69.47	\$ 72.78

CAP ³⁴	\$129,000 (100% AMI)	Total Amount before Discounts ¹	\$ 118.11	\$ 125.16	\$ 131.95
		Discounts	(13.80)	(13.61)	(16.40)
		Total Amount Appearing on DC Water Bill	\$ 104.31	\$ 111.55	\$ 115.55

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

(2) CAP provides a discount on the first 400 cubic feet (3,000 gallons) of water and sewer services, 75 percent reduction in the monthly CRIAC fee and WSRF waiver

(3) CAP2 provides a discount on the first 300 cubic feet (2,250 gallons) of water and sewer services (with the exception of PILOT and ROW fees) and a 50 percent reduction in the monthly CRIAC fee

(4) CAP3 provides discount of 75 percent off of the monthly CRIAC

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



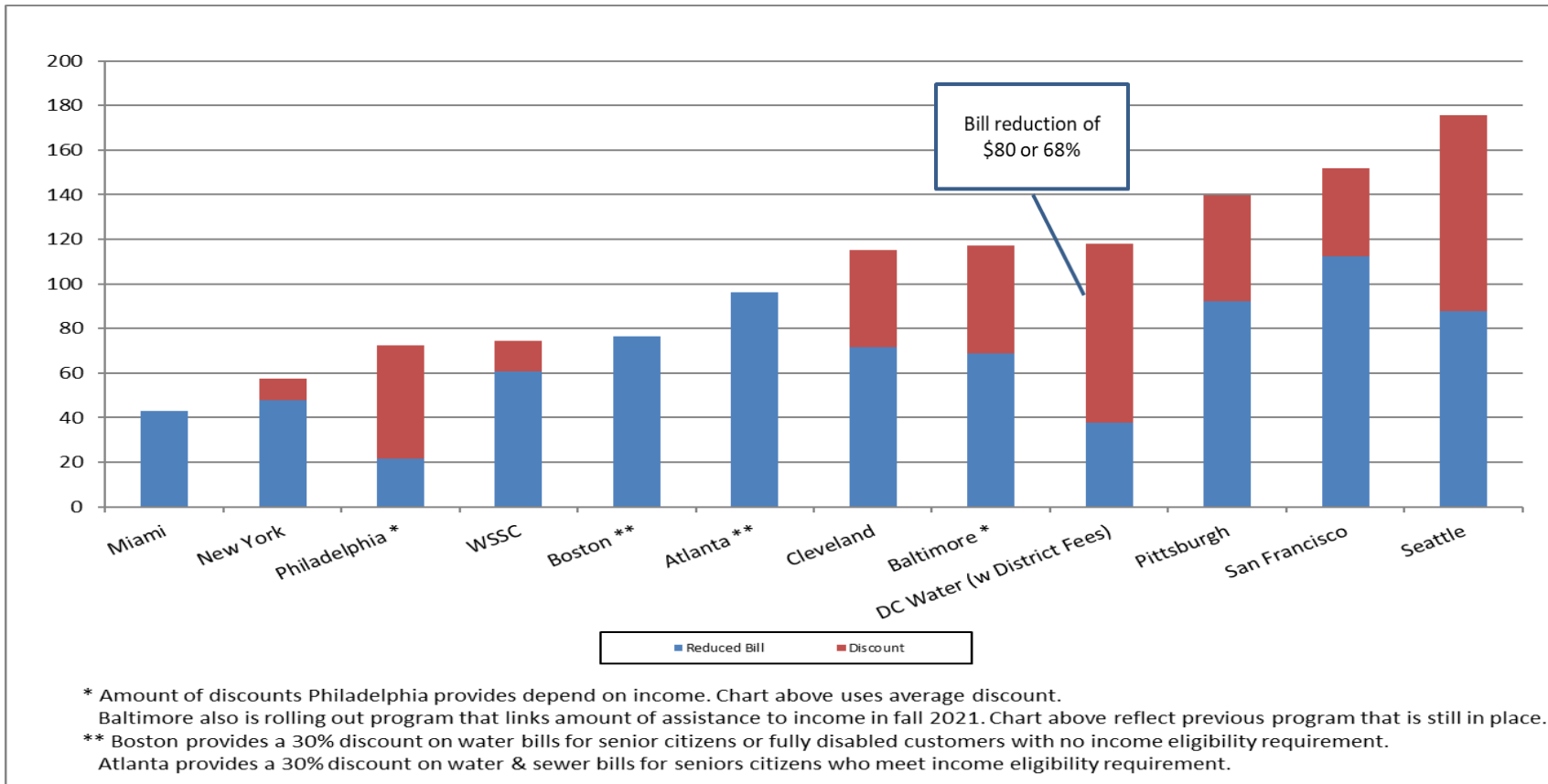
LIHWAP

- 💧 Low Income Household Water Assistance Program (LIHWAP) was created through the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act (ARP) of 2021
- 💧 In DC, the new program, that is administered by DOEE, provides one-time residential customer assistance up to \$5,000 per fiscal year to customers with disconnected water service, pending disconnections, and/or seeking help with current water bills
 - Customer will receive assistance for whichever is greater between the current past due balance or 25% of annual bills, or \$250
- 💧 Eligibility - 60% state median income (aligns with CAP income requirements)
- 💧 FY22 Funding - \$2.4 million (\$2.0 million for assistance and \$400,000 for admin costs)
- 💧 DC Water received first distribution in January 2022 for accounts retroactive to October 1

Total Customers	FY22 Actual	FY22 Budget	FY22 Remaining Budget
1193	\$655,311	\$2,000,000	\$1,344,689



SFR Monthly Bills – Comparison of Charges with & without Income – Based Affordability Programs



- Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.
 Note: Reflects rates and fees in place as of December 1, 2021.



Multi-Year Rate Proposal

- **Proposed rates are for FY 2023 and FY 2024**
- **Multi-year rates provide many benefits:**
 - Revenue certainty
 - 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



Multi-Year Rate Plan Considerations

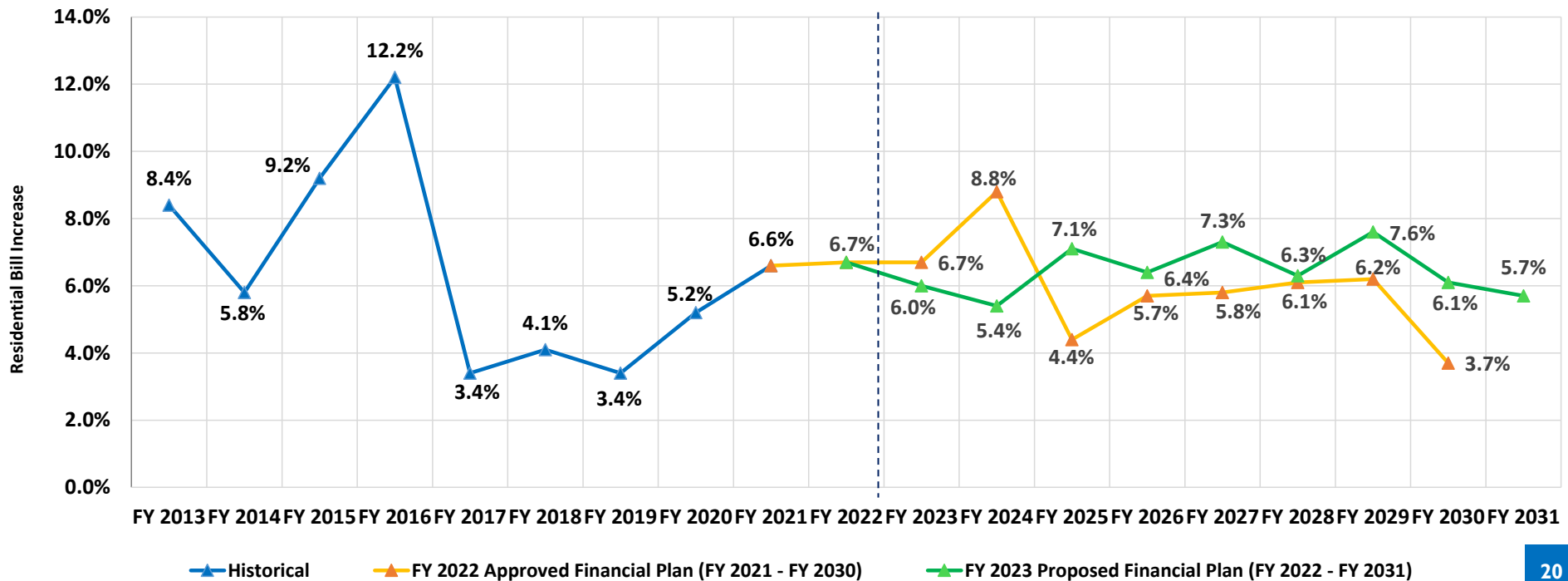
- 💧 DC Water recovers only the funds necessary to fund the Operating and Capital Budgets through rates
- 💧 One of the fastest growing expenditure category is debt service for the capital program, which has grown an average of 6.5% a year since 2016
- 💧 As part of the budget, DC Water presents the rates required to support the CIP and forecasted operating expenditures
 - Rates are reviewed and approved by 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 every year
 - In FY 2021 the discount was increased for customers in the CAP program to ensure that rates comprised a lower portion of household income





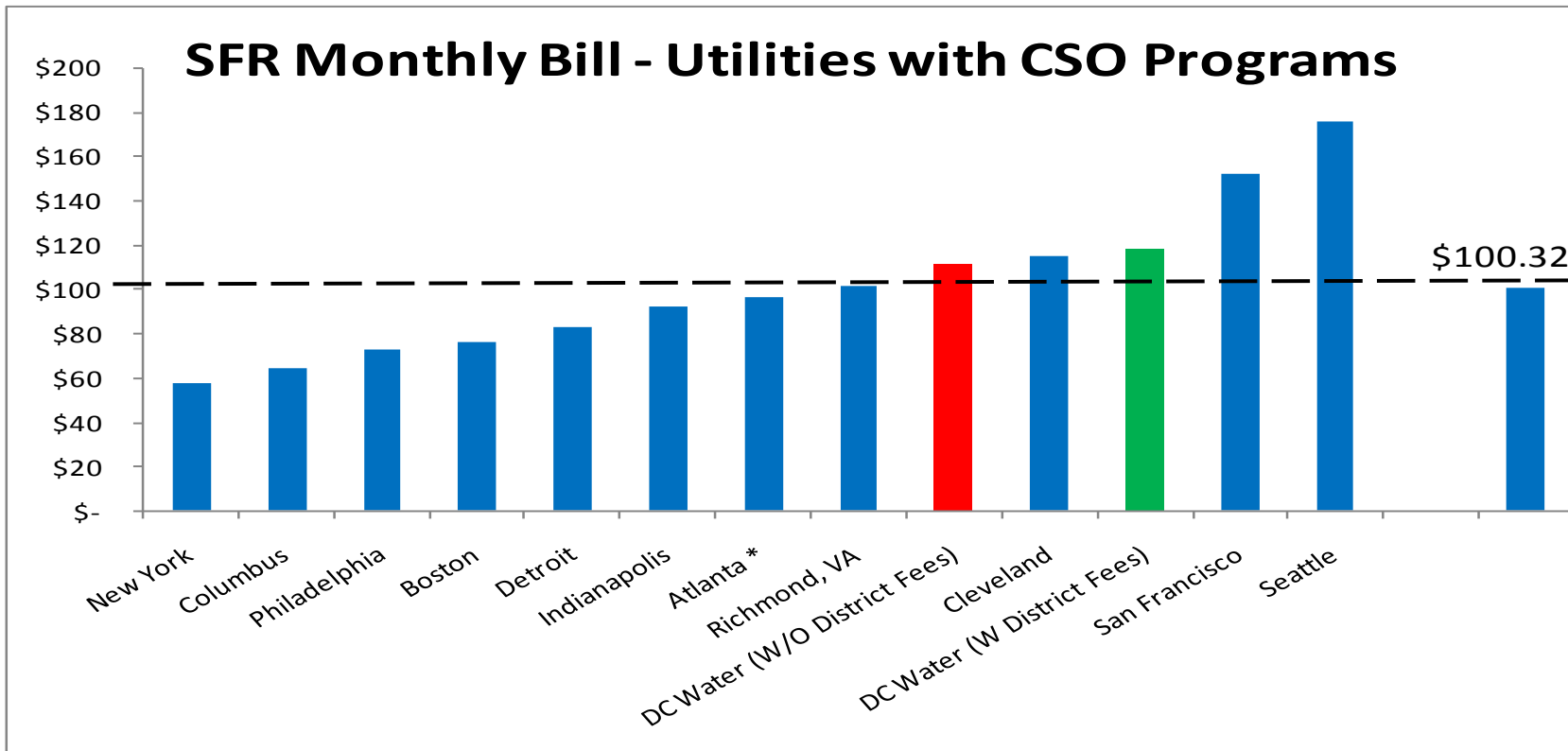
Historical and Projected Combined Rate Increases

- 💧 FY 2023 and FY 2024 recommended rates are less than previously forecasted
- 💧 In FY 2025 and beyond, forecasted rates are higher than previously estimated because of additional projects in the 10-year Capital Improvement Plan (CIP)





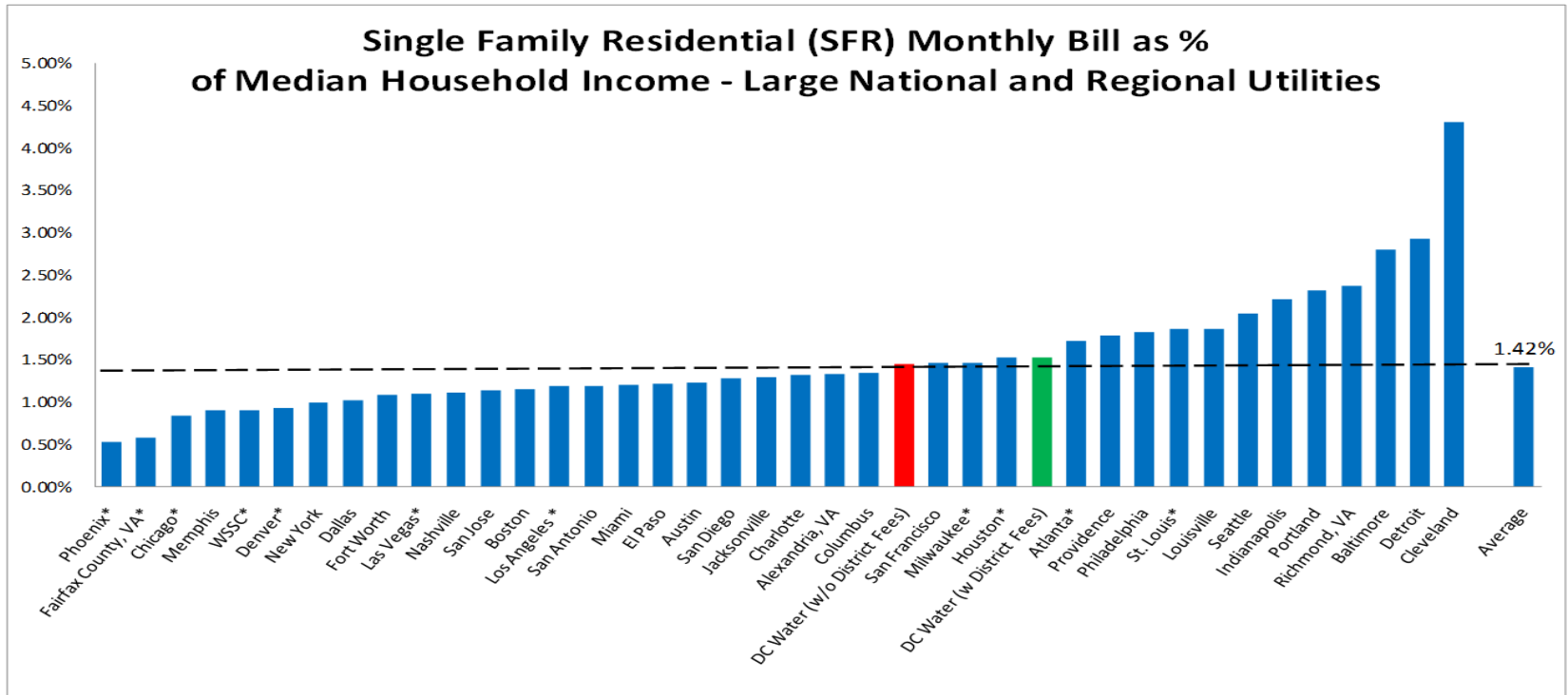
DC Water Compared to CSO Communities



- 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 December 1, 2021. 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.
 Note: Reflects rates and fees in place as of December 1, 2021. 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.



Proposed FY 2023 & FY 2024 Rates, Charges & Fees

	Units	Approved FY 2022	Proposed FY 2023	Proposed FY 2024	Incr. /(Decr.) FY 2023		Incr. /(Decr.) FY 2024	
					\$	%	\$	%
DC Water Retail Rates – Water:								
Residential – Lifeline (0- 4 Ccf)	Ccf	\$3.63	\$4.28	\$4.38	\$0.65	17.9%	\$0.10	2.3%
Residential – (> 4 Ccf)	Ccf	4.74	5.58	5.70	0.84	17.7	0.12	2.2
Multi-family	Ccf	4.15	4.90	5.00	0.75	18.1	0.10	2.0
Non-Residential	Ccf	4.91	5.78	5.89	0.87	17.7	0.11	1.9
DC Water Retail Rates – Sewer	Ccf	10.64	11.26	11.70	0.62	5.8	0.44	3.9
DC Water Clean Rivers IAC	ERU	18.40	18.14	21.86	-0.26	-1.4	3.72	20.5
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	0.56	0.59	0.61	0.03	5.4	0.02	3.4
District of Columbia Right of Way Fee	Ccf	0.19	0.19	0.19	-		-	
District of Columbia Stormwater Fee	ERU	2.67	2.67	2.67	-		-	
Groundwater Fee	Ccf	2.83	3.42	3.50	0.59	20.8	0.08	2.3
WAD Rate	Ccf	3.03	3.21	3.30	0.18	5.9	0.09	2.8



Revenue Comparison by Customer Class

- 💧 Total revenue is projected to increase by \$43.6 million or 5.8% for FY 2023 and \$27.7 million or 3.5% for FY 2024 mainly due to rate increases
 - Retail Revenue* – Increase by \$44.8 million or 7.5% in FY 2023 and \$22.0 million or 3.4% in FY 2024
 - Wholesale Revenue* – Increase by \$1.1 million or 1.2% in FY 2023 and increase by \$3.4 million or 4.0% for FY 2024 mainly due to 3.0 percent escalation. Revenue estimates are based on most recent flow data.

\$ in thousands	Approved FY 2022	Proposed FY 2023	Proposed FY 2024	FY 2023 vs FY 2022		FY 2024 vs FY 2023	
				Incr/(Decr)		Incr/(Decr)	
				\$	%	\$	%
Retail Revenue	\$599,193	\$643,954	\$665,949	\$44,761	7.5%	\$21,995	3.4%
Wholesale Revenue							
Potomac Interceptor (PI)	3,547	3,547	3,547	-	0.0%	-	0.0%
Loudoun County Sanitation Authority (LCSA)	6,897	7,409	7,724	512	7.4%	315	4.3%
Washington Suburban Sanitary Commission (WSSC)	59,049	60,599	63,109	1,550	2.6%	2,510	4.1%
Fairfax County*	15,176	14,165	14,762	(1,011)	-6.7%	597	4.2%
Total Wholesale Revenue	\$84,669	\$85,720	\$89,142	\$1,051	1.2%	\$3,422	4.0%
Other Revenue	62,023	70,319	72,614	8,296	13.4%	2,295	3.3%
Rate Stabilization Fund	10,500	-	-	(10,500)	-100.0%	-	0%
Total Revenues	\$756,385	\$799,993	\$827,705	\$43,608	5.8%	\$27,712	3.5%

* The reduced revenues for Fairfax reflects decrease in percentage flow in 2021 (9.16%) as compared to 9.78% that was used in FY22 approved budget last year. Most recent flow that is available at the time of preparing the projections is used to estimate revenue. However, actual costs will be distributed, and revenues recouped using actual flows for FY 2023 and FY 2024.



Public Outreach

- DC Water will hold multiple virtual Town Hall Meetings in early April, in advance of the public hearing, to:
 - Inform customers about the proposed FY2023 and FY2024 rates
 - Discuss the Capital Improvement Program, and
 - Promote all of the existing customer assistance programs

- The meetings will be widely publicized through numerous channels, including:
 - Councilmember Offices
 - Advisory Neighborhood Commissions (ANCs)
 - DCWater.com website
 - Twitter, Facebook and Instagram
 - Nextdoor
 - Paid digital and print advertising



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 250 days of cash excluding Rate Stabilization Fund
- FY 2021 actual consumption declined by 2.0 percent. Assumed 12.0 percent decline in consumption in Commercial category in FY 2022 and 1.0 percent conservation each year for all other categories for FY 2022 and onwards
- FY 2021 Debt Service was lower as compared to budget due to deferring bond issuance, refunding and achieving lower interest than projected. The new plan assumed lower interest rates with slightly lower Debt Service projections



Ten-Year Financial Plan

\$ in thousands

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
OPERATING										
Retail*	\$ 622,165	\$ 667,024	\$ 689,378	\$ 735,355	\$ 778,670	\$ 830,705	\$ 879,018	\$ 939,516	\$ 991,672	\$ 1,041,654
Wholesale*	84,669	85,720	89,142	91,817	94,571	97,408	100,330	103,340	106,440	109,634
Other	41,153	47,249	49,184	51,608	55,781	60,678	59,678	58,527	58,854	59,895
RSF	52,100	-	-	-	-	-	-	-	-	-
Operating Receipts ⁽¹⁾	\$ 800,087	\$ 799,993	\$ 827,705	\$ 878,779	\$ 929,022	\$ 988,791	\$ 1,039,026	\$ 1,101,383	\$ 1,156,967	\$ 1,211,182
Operating Expenses	(364,345)	(374,597)	(386,094)	(398,023)	(409,935)	(422,213)	(434,869)	(447,914)	(461,361)	(475,221)
Debt Service	(223,513)	(234,679)	(245,482)	(272,262)	(289,036)	(311,322)	(338,312)	(358,587)	(367,280)	(374,011)
Cash Financed Capital Improvement	\$ (37,830)	\$ (46,692)	\$ (48,256)	\$ (58,828)	\$ (70,080)	\$ (74,763)	\$ (79,112)	\$ (84,556)	\$ (89,251)	\$ (93,749)
Net Revenues After Debt Service	\$ 174,400	\$ 144,025	\$ 147,872	\$ 149,666	\$ 159,971	\$ 180,492	\$ 186,733	\$ 210,326	\$ 239,076	\$ 268,202
Operating Reserve-Beg Balance	196,286	235,600	242,600	251,600	261,600	266,600	276,600	284,600	293,600	300,600
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(8,460)	(9,188)	(4,500)	-	-	-	-	-	-	-
Project Billing Refunds	-	-	-	-	-	-	-	-	-	-
Transfers To RSF	-	-	-	-	-	-	-	-	-	-
Pay-Go Financing	(126,625)	(127,837)	(134,372)	(139,666)	(154,971)	(170,492)	(178,733)	(201,326)	(232,076)	(259,202)
Operating Reserve - Ending Balance	\$ 235,600	\$ 242,600	\$ 251,600	\$ 261,600	\$ 266,600	\$ 276,600	\$ 284,600	\$ 293,600	\$ 300,600	\$ 309,600
Rate Stabilization Fund Balance RSF ⁽²⁾	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)
Senior Debt Service Coverage	589%	539%	646%	707%	681%	649%	666%	719%	724%	767%
Combined Debt Service Coverage	201%	187%	188%	185%	188%	190%	186%	189%	196%	204%
Actual/Projected Water/Sewer Rate Increases	7.8%	9.5%	3.3%	10.0%	7.5%	8.5%	8.0%	8.0%	7.5%	7.5%
*Operating Receipts \$ Increase/Decrease										
Retail	37,277	44,859	22,354	45,976	43,315	52,036	48,313	60,498	52,156	49,981
Wholesale	1,682	1,051	3,422	2,674	2,754	2,837	2,922	3,010	3,100	3,193
*Operating Receipts % Increase/Decrease										
Retail	6.4%	7.2%	3.4%	6.7%	5.9%	6.7%	5.8%	6.9%	5.6%	5.0%
Wholesale	2.0%	1.2%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

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

⁽²⁾ FY 2023 planned transfer of \$0.0 million to Rate Stabilization Fund and \$0.0 million utilization will keep the total fund balance at \$35.644 million.



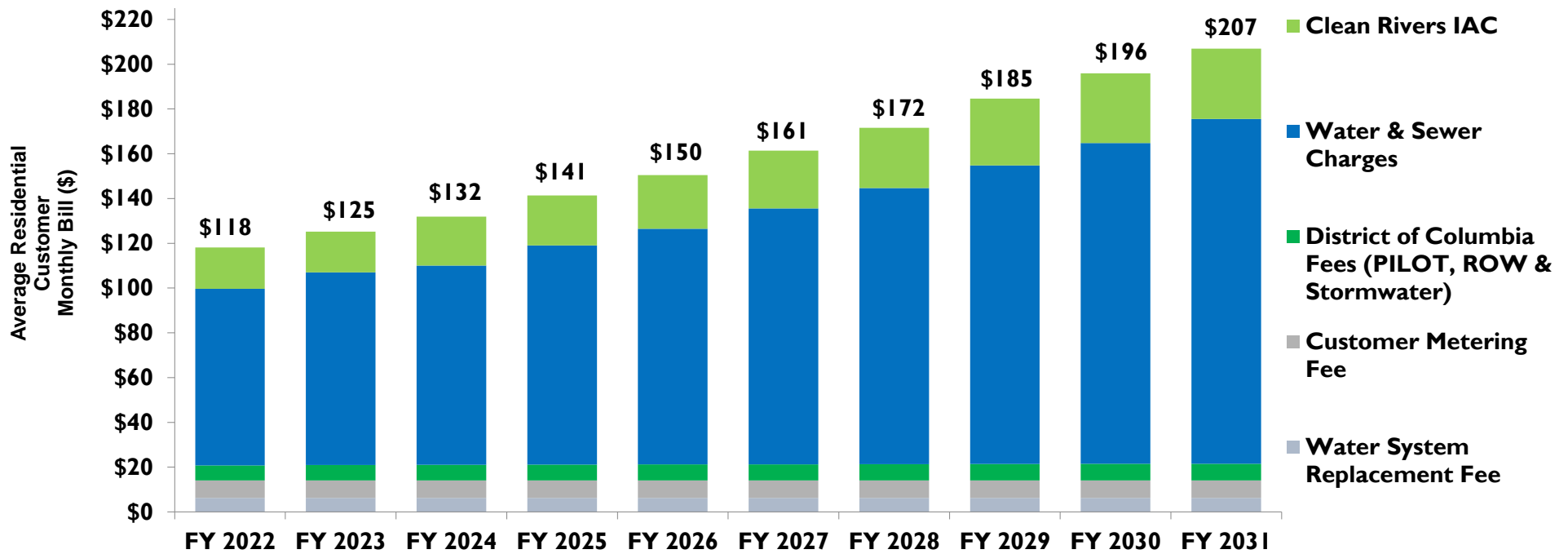
Financial Metrics

Metrics	Indenture Requirement	Board Policy	Management Target	Financial Plan
Days of Cash on Hand (excluding RSF)	60 days	250 Days	—	250 - 253 Days
Combined Coverage Ratio	—	1.6X	—	1.85X – 2.04X
Senior Coverage	1.2X	—	—	5.39X – 7.67X
Subordinate Coverage	1.0X	—	—	2.16X – 2.54X
Debt Service as a % of Revenue	—	—	33% of Revenue or Less	29.5% - 33.0%
Rate Stabilization Fund (RSF)	—	—	—	



Projected Average Residential Customer Bill

Projected average monthly residential customer bill ranges from \$118 in FY 2022 to \$207 in FY 2031



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



Customer Impacts

- Approved rates for FY 2022 and proposed rates for FY 2023 and FY 2024
- Customer Impacts

Residential Avg. Ccf 5.42, ERU 1	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Water & Sewer Rate (%)	7.8%	9.5%	3.25%	10.0%	7.5%	8.5%	8.0%	8.0%	7.5%	7.5%
CRIAC (\$/ERU)	\$18.40	\$18.14	\$21.86	\$22.27	\$23.92	\$25.83	\$26.88	\$29.86	\$31.15	\$31.43
Avg. Customer Bill (\$)	\$118	\$125	\$132	\$142	\$150	\$161	\$170	\$181	\$188	\$199
Avg. Customer Bill (%)	6.7%	6.0%	5.5%	7.6%	5.7%	6.5%	6.4%	6.6%	3.7%	5.8%
Multi-family Avg. Ccf 86.14, ERU 6.83	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Water & Sewer Rate (%)	7.8%	9.5%	3.25%	10.0%	7.5%	8.5%	8.0%	8.0%	7.5%	7.5%
CRIAC (\$/ERU)	\$18.40	\$18.14	\$21.86	\$22.27	\$23.92	\$25.83	\$26.88	\$29.86	\$31.15	\$31.43
Avg. Customer Bill (\$)	\$1,542	\$1,661	\$1,734	\$1,882	\$2,014	\$2,172	\$2,328	\$2,509	\$2,676	\$2,851
Avg. Customer Bill (%)	6.3%	7.7%	4.4%	8.5%	7.0%	7.9%	7.2%	7.8%	6.6%	6.6%
Commercial Avg. Ccf 115.82, ERU 14.17	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Water & Sewer Rate (%)	7.8%	9.5%	3.25%	10.0%	7.5%	8.5%	8.0%	8.0%	7.5%	7.5%
CRIAC (\$/ERU)	\$18.40	\$18.14	\$21.86	\$22.27	\$23.92	\$25.83	\$26.88	\$29.86	\$31.15	\$31.43
Avg. Customer Bill (\$)	\$2,290	\$2,464	\$2,583	\$2,795	\$2,991	\$3,225	\$3,451	\$3,722	\$3,971	\$4,222
Avg. Customer Bill (%)	5.7%	7.6%	4.9%	8.2%	7.0%	7.8%	7.0%	7.9%	6.7%	6.3%

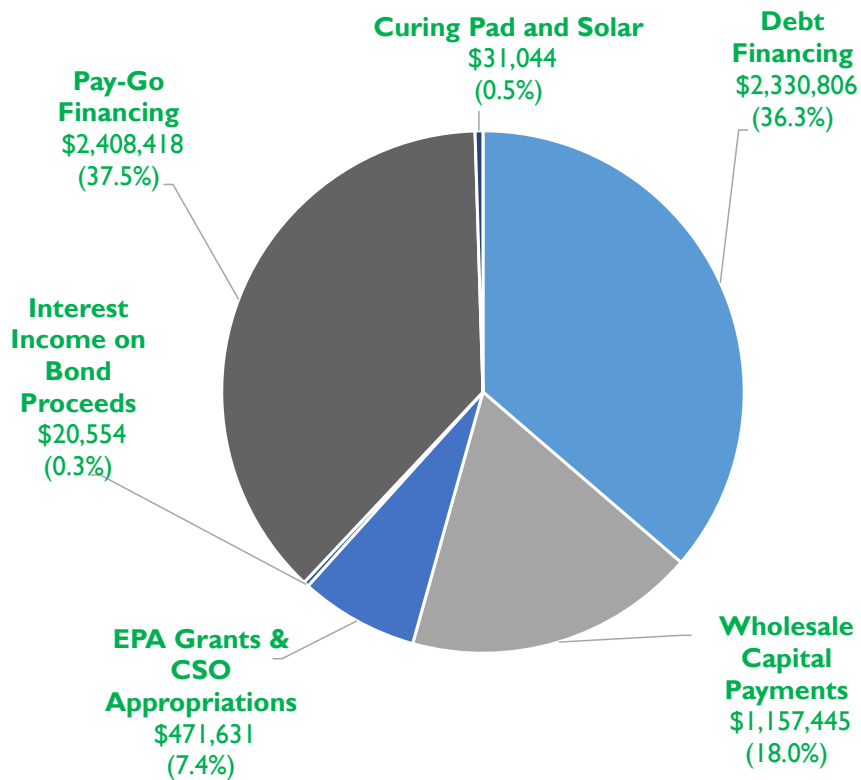
*Category-wise average consumption is based on FY 2019 average, the last normal year before COVID-19 pandemic.



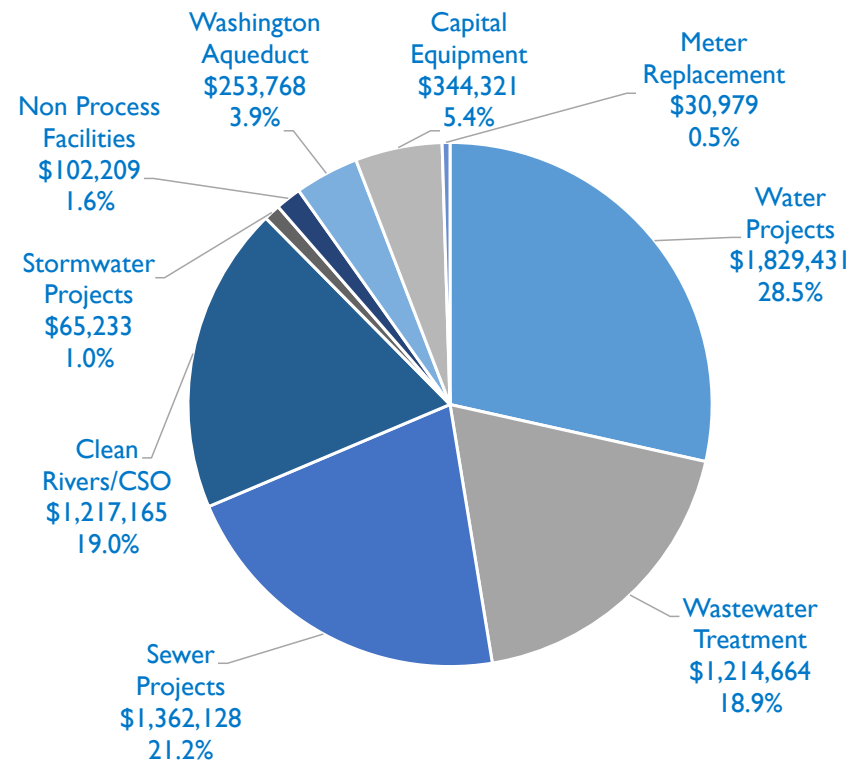
Ten Year CIP: Sources and Uses of Funds

\$ in thousands

Sources - \$6.42 Billion



Uses - \$6.42 Billion





The Capital Improvement Program

- 💧 The **proposed ten-year CIP budget of \$6.4 billion** includes previous amendments to the FY 2022 budget for the Lead Free DC program, carry-over of funds for the purchase of vehicles and projected increase in the Aqueduct’s capital projects
- 💧 The **proposed lifetime budget is \$13.38 billion** and covers total commitments, including labor, for active projects prior to, during, and beyond the ten-year window

(Cash Disbursements \$ in thousands)	FY 2022 - 2031 CIP Disbursement Plan											Lifetime
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	10-yr Total	Budget
NON PROCESS FACILITIES	31,439	12,051	28,160	14,422	6,620	3,351	1,778	387	2,000	2,000	102,208	215,847
WASTEWATER TREATMENT	85,978	78,574	117,545	116,402	132,436	165,310	129,249	121,373	126,710	141,086	1,214,664	3,445,105
COMBINED SEWER OVERFLOW	152,267	117,704	77,304	105,185	161,941	171,760	220,123	153,173	51,403	6,306	1,217,166	3,216,072
STORMWATER	7,031	11,527	5,553	5,813	4,985	6,158	4,620	4,499	6,330	8,722	65,236	120,933
SANITARY SEWER	68,084	103,383	150,828	130,967	160,400	205,946	183,824	149,256	129,368	80,069	1,362,125	2,166,442
WATER	165,313	227,116	218,339	194,652	202,046	191,451	192,665	192,324	124,683	120,842	1,829,430	3,167,891
CAPITAL PROJECTS	510,112	550,355	597,728	567,442	668,428	743,975	732,259	621,011	440,494	359,025	5,790,828	12,332,290
CAPITAL EQUIPMENT	40,519	37,021	36,156	35,307	39,671	41,813	36,203	36,203	36,203	36,203	375,302	375,302
WASHINGTON AQUEDUCT	16,875	59,628	34,749	17,164	27,825	37,122	14,723	11,940	19,831	13,911	253,768	253,768
ADDITIONAL CAPITAL PROJECTS	57,394	96,649	70,905	52,471	67,496	78,935	50,926	48,143	56,034	50,114	629,070	629,070
LABOR												416,097
TOTAL CAPITAL BUDGETS	567,507	647,004	668,633	619,913	735,924	822,910	783,185	669,154	496,528	409,140	6,419,899	13,377,458

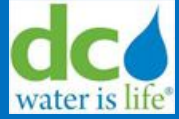
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	10-yr Total	Lifetime Budget
Prior Year Board Approved CIP	471,267	476,140	540,585	500,427	499,918	681,280	632,075	568,067	572,262	490,468	-	5,432,489	12,133,115
Delta (inc)/dec	471,267	(91,367)	(106,419)	(168,206)	(119,995)	(54,644)	(190,836)	(215,119)	(96,892)	(6,060)	(409,140)	(987,410)	(1,244,343)



Recommendations

- **Recommend to the full Board the adoption of the proposed FY 2023 and FY 2024 rates, charges and fees and begin the public hearing process**
 - 6.0% increase in FY 2023
 - 5.4% increase in FY 2024
 - **Groundwater Rate:**
 - 21.0% increase in FY 2023
 - 2.3% increase in FY 2024
 - **High Flow Filter Backwash Sewer Rate:**
 - 6.0% increase in FY 2023
 - 2.8% increase in FY 2024

- **Recommend to the full Board the adoption of the proposed FY 2022 – FY 2031 Financial Plan**
 - 10-year CIP disbursement budget
 - Projected water and sewer rate increases



Next Steps



Committee Workplan Timelines

**DC Retail Water & Sewer Rates
Committee Reviews, Recommendations,
and Actions**

Dates

Update Committee on Proposed
FY 2023 & FY 2024 Rates

January 25, 2022

Committee Recommendation on Proposed
FY 2023 & FY 2024 Rates

February 22, 2022

Independent Review of Proposed FY 2023 & FY 2024 Rates and Budget by Consultant

February 22, 2022

Board approval of Notice of Proposed Rulemaking (NOPR) for Proposed FY 2023 & FY 2024 Rates

March 3, 2022

Public Hearing

May 11, 2022

Committee Recommendation on Final
FY 2023 & FY 2024 Rates

June 28, 2022

Board approval of Notice of Final Rulemaking (NOFR) for Proposed FY 2023 & FY 2024 Rates

July 7, 2022

Rates go-live

October 1, 2022 (FY 2023)
October 1, 2023 (FY 2024)



Budget Adoption Calendar

- 💧 Board Member Questions & Follow Up
 - Submit budget-related questions to Board Secretary
 - Board Secretary will distribute questions to appropriate staff
- 💧 Wholesale Customer Briefing – **January 7**

💧 Committee Reviews, Recommendations & Actions – **January & February**

	Environmental Quality & Operations	DC Retail Water & Sewer Rates	Finance & Budget
FY 2022 - FY 2031 Capital Budget (Disbursements & Lifetime)	Action Required		Action Required
FY 2023 Operating Budget			Action Required
Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing			Action Required
FY 2023 and 2024 Rates, Charges & Fees		Action Required	
FY 2022 – FY 2031 Financial Plan		Action Required	Action Required



- 💧 Board Adoption – **March 3**

DC Retail Water and Sewer Rates Committee

Action Items

1. FY 2023 & FY 2024 Water and Sewer Rates, Charges & Fees, Retail Groundwater Sanitary Sewer Service Rate and High Flow Filter Backwash Sewer Rate
(Action Item 1)
2. Proposed Ten-Year Financial Plan FY 2022 – FY 2031
(Action Item 2)

ACTION ITEM 1

FY 2023 & FY 2024 Water and Sewer Rates, Charges & Fees, Retail Groundwater Sanitary Sewer Service Rate And High Flow Filter Backwash Sewer Rate (Effective October 1, 2022 and October 1, 2023)

Management recommends the following revisions to the Retail Water and Sewer Rates, Charges and Fees, Rates for Discharge of Groundwater and High Flow Filter Backwash Sewer Rate for FY 2023 & FY 2024:

1. FY 2023 & FY 2024 Rates, Charges & Fees

Water Service Rates

- The proposed increased retail rates for metered water services are as follows:

Metered Water Services

	FY 2022		FY 2023		FY 2024		FY 2023 vs. FY 2022		FY 2024 vs. FY 2023	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers - (0 – 4)	\$3.63	\$4.85	\$4.28	\$5.72	\$4.38	\$5.86	\$0.65	\$0.87	\$0.10	\$0.14
Residential customers – (> 4)	\$4.74	\$6.34	\$5.58	\$7.46	\$5.70	\$7.62	\$0.84	\$1.12	\$0.12	\$0.16
Multi-Family customers	\$4.15	\$5.55	\$4.90	\$6.55	\$5.00	\$6.68	\$0.75	\$1.00	\$0.10	\$0.13
Non-Residential customers	\$4.91	\$6.56	\$5.78	\$7.73	\$5.89	\$7.87	\$0.87	\$1.17	\$0.11	\$0.14

Sanitary Sewer Service Rates

- The proposed increased retail rates for metered sanitary sewer services are as follows:

Metered Sewer Services

	FY 2022		FY 2023		FY 2024		FY 2023 vs. FY 2022		FY 2024 vs. FY 2023	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers	\$10.64	\$14.22	\$11.26	\$15.05	\$11.70	\$15.64	\$0.62	\$0.83	\$0.44	\$0.59
Multi-Family customers	\$10.64	\$14.22	\$11.26	\$15.05	\$11.70	\$15.64	\$0.62	\$0.83	\$0.44	\$0.59
Non-Residential customers	\$10.64	\$14.22	\$11.26	\$15.05	\$11.70	\$15.64	\$0.62	\$0.83	\$0.44	\$0.59

- Decreasing the annual CRIAC from \$220.80 to \$217.68 per Equivalent Residential Unit (ERU) in FY 2023.
- Increasing the annual CRIAC from \$217.68 to \$262.32 per ERU in FY 2024.
 - The proposed CRIAC charge per ERU will be billed monthly as follows:

Clean Rivers Impervious Area Charge (CRIAC)

	FY 2022	FY 2023	FY 2024	FY 2023 vs. FY 2022 Incr. / (Decr.)	FY 2024 vs. FY 2023 Incr. / (Decr.)
	ERU	ERU	ERU	ERU	ERU
Residential customers	\$18.40	\$18.14	\$21.86	(\$0.26)	\$3.72
Multi-Family customers	\$18.40	\$18.14	\$21.86	(\$0.26)	\$3.72
Non-Residential customers	\$18.40	\$18.14	\$21.86	(\$0.26)	\$3.72

**District of Columbia Pass Through Charge
Right-of-Way Occupancy / PILOT Fee**

- There is no increase in the **Right-of-Way Occupancy Fee** in FY 2023 and FY 2024:
- The **Right-of-Way Occupancy Fee** for FY 2023 and FY 2024 shall be as follows:

ROW

	FY 2022		FY 2023		FY 2024		FY 2023 vs. FY 2022 Incr. / (Decr.)		FY 2024 vs. FY 2023 Incr. / (Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers	\$0.19	\$0.25	\$0.19	\$0.25	\$0.19	\$0.25	\$0.00	\$0.00	\$0.00	\$0.00
Multi-Family customers	\$0.19	\$0.25	\$0.19	\$0.25	\$0.19	\$0.25	\$0.00	\$0.00	\$0.00	\$0.00
Non-Residential customers	\$0.19	\$0.25	\$0.19	\$0.25	\$0.19	\$0.25	\$0.00	\$0.00	\$0.00	\$0.00

- The proposed increased **Payment-in-Lieu of Taxes Fee** for FY 2023 and FY 2024 are as follows:

PILOT

	FY 2022		FY 2023		FY 2024		FY 2023 vs. FY 2022 Incr. / (Decr.)		FY 2024 vs. FY 2023 Incr. / (Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers	\$0.56	\$0.75	\$0.59	\$0.79	\$0.61	\$0.82	\$0.03	\$0.04	\$0.02	\$0.03
Multi-Family customers	\$0.56	\$0.75	\$0.59	\$0.79	\$0.61	\$0.82	\$0.03	\$0.04	\$0.02	\$0.03
Non-Residential customers	\$0.56	\$0.75	\$0.59	\$0.79	\$0.61	\$0.82	\$0.03	\$0.04	\$0.02	\$0.03

2. Retail Groundwater Sanitary Sewer Service Rate

- The retail rates for sanitary sewer service for the discharge of groundwater, cooling water, and non-potable water sources shall be:
 - (a) The retail groundwater sewer charge for an unimproved real property, property under construction or under groundwater remediation shall be three dollars and forty-two cents (\$3.42) per Ccf (\$4.57 per 1,000 gallons) for FY 2023 and three dollars and fifty cents (\$3.50) per Ccf (\$4.68 per 1,000 gallons) for groundwater discharged into the District's wastewater sewer system.
 - (b) The retail cooling water sewer charge shall be the retail sanitary sewer service rate as provided in section 4101.1(a) for cooling water discharged into the District's wastewater sewer system.
 - (c) The retail non-potable water source sewer charge shall be the retail sanitary sewer service rate as provided in section 4101.1(a) for non-potable water discharged into the District's wastewater sewer system.

- The **Groundwater Rate** for FY 2023 and FY 2024 shall be as follows:

Groundwater									
FY 2022		FY 2023		FY 2024		FY 2023 vs. FY 2022 Incr. / (Decr.)		FY 2024 vs. FY 2023 Incr. / (Decr.)	
Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
\$2.83	\$3.78	\$3.42	\$4.57	\$3.50	\$4.68	\$0.59	\$0.79	\$0.08	\$0.11

3. High Flow Filter Backwash Sewer Rate

- High Flow Filter Backwash Wastewater retail sewer rate shall be three dollars and twenty-one cents (\$3.21) per Ccf (\$4.29 per 1,000 gallons) for FY 2023 and three dollars and thirty cents (\$3.30) per Ccf (\$4.41 per 1,000 gallons) for FY 2024 and applicable to the following conditions:
 - (a) the discharge must exceed an annual average of one (1) million gallons per day (MGD), but not more than an annual average of ten (10) MGD;
 - (b) the discharge must be interruptible and only occur during periods of dry weather flow, as determined by DC Water; and
 - (c) the discharge is subject to a wastewater discharge permit.

- The **High Flow Filter Backwash Sewer Rate** for FY 2023 and FY 2024 shall be as follows:

High Flow Filter Backwash Wastewater Retail Sewer Rate

FY 2022		FY 2023		FY 2024		FY 2023 vs. FY 2022 Incr. / (Decr.)		FY 2024 vs. FY 2023 Incr. / (Decr.)	
Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
\$3.03	\$4.05	\$3.21	\$4.29	\$3.30	\$4.41	\$0.18	\$0.24	\$0.09	\$0.12

ACTION ITEM 2

Proposed Ten Year Financial Plan FY 2022 – FY 2031

1. Attached is a summary of the 10-year Financial Plan, which is based on the following key assumptions for FY 2023 and FY 2024:

FY 2023

- Operating receipts totaling \$799.99 million, an increase of \$41.51 million over FY 2022 funded through;
 - Retail Revenue – increase of \$43.38 million
 - Wholesale Revenue – increase of \$1.05 million
 - Other Revenue – decrease of \$2.92 million
- Operating disbursements of \$655.97 million in FY 2023; and
- A ten-year capital improvement plan (FY 2022 – FY 2031) of \$6.42 billion on a cash disbursement basis.

FY 2024

- Operating receipts totaling \$827.70 million, an increase of \$27.71 million over FY 2023 funded through;
 - Retail Revenue – increase of \$21.99 million
 - Wholesale Revenue – increase of \$3.42 million
 - Other Revenue – increase of \$2.30 million
- Operating disbursements of \$679.83 million in FY 2024; and
- A ten-year capital improvement plan (FY 2022 – FY 2031) of \$6.42 billion on a cash disbursement basis.

The FY 2022 – FY 2031 Financial Plan is projected to meet the Board's policy requirement of combined debt service coverage of 160 percent and an operating reserve of 250 days of budgeted operations and maintenance costs.

District of Columbia Water & Sewer Authority
FY 2022 – FY 2031 Financial Plan
(In 000's)

OPERATING	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Retail*	\$ 622,165	\$ 667,024	\$ 689,378	\$ 735,355	\$ 778,670	\$ 830,705	\$ 879,018	\$ 939,516	\$ 991,672	\$ 1,041,654
Wholesale*	84,669	85,720	89,142	91,817	94,571	97,408	100,330	103,340	106,440	109,634
Other	41,153	47,249	49,184	51,608	55,781	60,678	59,678	58,527	58,854	59,895
RSF	52,100	-	-	-	-	-	-	-	-	-
Operating Receipts ⁽¹⁾	\$ 800,087	\$ 799,993	\$ 827,705	\$ 878,779	\$ 929,022	\$ 988,791	\$ 1,039,026	\$ 1,101,383	\$ 1,156,967	\$ 1,211,182
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Debt Service	(223,513)	(234,679)	(245,482)	(272,262)	(289,036)	(311,322)	(338,312)	(358,587)	(367,280)	(374,011)
Cash Financed Capital Improvement	\$ (37,830)	\$ (46,692)	\$ (48,256)	\$ (58,828)	\$ (70,080)	\$ (74,763)	\$ (79,112)	\$ (84,556)	\$ (89,251)	\$ (93,749)
Net Revenues After Debt Service	\$ 174,400	\$ 144,025	\$ 147,872	\$ 149,666	\$ 159,971	\$ 180,492	\$ 186,733	\$ 210,326	\$ 239,076	\$ 268,202
Operating Reserve-Beg Balance	196,286	235,600	242,600	251,600	261,600	266,600	276,600	284,600	293,600	300,600
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(8,460)	(9,188)	(4,500)	-	-	-	-	-	-	-
Project Billing Refunds	-	-	-	-	-	-	-	-	-	-
Transfers To RSF	-	-	-	-	-	-	-	-	-	-
Pay-Go Financing	(126,625)	(127,837)	(134,372)	(139,666)	(154,971)	(170,492)	(178,733)	(201,326)	(232,076)	(259,202)
Operating Reserve - Ending Balance	\$ 235,600	\$ 242,600	\$ 251,600	\$ 261,600	\$ 266,600	\$ 276,600	\$ 284,600	\$ 293,600	\$ 300,600	\$ 309,600
Rate Stabilization Fund Balance RSF ⁽²⁾	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)
Senior Debt Service Coverage	589%	539%	646%	707%	681%	649%	666%	719%	724%	767%
Combined Debt Service Coverage	201%	187%	188%	185%	188%	190%	186%	189%	196%	204%
Actual/Projected Water/Sewer Rate Increases	7.8%	9.5%	3.3%	10.0%	7.5%	8.5%	8.0%	8.0%	7.5%	7.5%
*Operating Receipts \$ Increase/Decrease										
Retail	37,277	44,859	22,354	45,976	43,315	52,036	48,313	60,498	52,156	49,981
Wholesale	1,682	1,051	3,422	2,674	2,754	2,837	2,922	3,010	3,100	3,193
*Operating Receipts % Increase/Decrease										
Retail	6.4%	7.2%	3.4%	6.7%	5.9%	6.7%	5.8%	6.9%	5.6%	5.0%
Wholesale	2.0%	1.2%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

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

⁽²⁾ FY 2023 planned transfer of \$0.0 million to Rate Stabilization Fund and \$0.0 million utilization will keep the total fund balance at \$35.644 million.

**District of Columbia Water & Sewer Authority
Average Residential Customer Monthly Bill
FY 2022 - FY 2031**

	Units	FY 2021	Current FY 2022	Proposed FY 2023	Proposed FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 73.30	\$ 78.92	\$ 86.07	\$ 89.03	\$ 97.94	\$ 105.30	\$ 114.27	\$ 123.40	\$ 133.30	\$ 143.27	\$ 154.01
DC Water Clean Rivers IAC ⁽²⁾	ERU	19.52	18.40	18.14	21.86	22.27	23.92	25.83	26.88	29.86	31.15	31.43
DC Water Customer Metering Fee	5/8"	4.96	7.75	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	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 104.08	\$ 111.37	\$ 118.26	\$ 124.94	\$ 134.26	\$ 143.27	\$ 154.15	\$ 164.33	\$ 177.21	\$ 188.47	\$ 199.49
Increase / Decrease		\$ 6.73	\$ 7.29	\$ 6.89	\$ 6.68	\$ 9.32	\$ 9.01	\$ 10.88	\$ 10.18	\$ 12.88	\$ 11.26	\$ 11.02
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$ 2.93	\$ 3.04	\$ 3.20	\$ 3.31	\$ 3.36	\$ 3.41	\$ 3.47	\$ 3.52	\$ 3.58	\$ 3.63	\$ 3.69
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	1.03	1.03	1.03	1.03	1.03	1.08	1.08	1.08	1.14	1.14	1.14
District of Columbia Stormwater Fee ⁽³⁾	ERU	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.63	\$ 6.74	\$ 6.90	\$ 7.01	\$ 7.06	\$ 7.16	\$ 7.22	\$ 7.27	\$ 7.39	\$ 7.44	\$ 7.50
Total Amount Appearing on DC Water Bill		\$ 110.71	\$ 118.11	\$ 125.16	\$ 131.95	\$ 141.32	\$ 150.43	\$ 161.37	\$ 171.60	\$ 184.60	\$ 195.91	\$ 206.99
Increase / Decrease Over Prior Year		\$ 6.90	\$ 7.40	\$ 7.05	\$ 6.79	\$ 9.37	\$ 9.11	\$ 10.94	\$ 10.23	\$ 13.00	\$ 11.31	\$ 11.08
Percent Increase in Total Bill		6.6%	6.7%	6.0%	5.4%	7.1%	6.4%	7.3%	6.3%	7.6%	6.1%	5.7%

(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

**District of Columbia Water & Sewer Authority
Retail Rates, Charges and Fees
FY 2022 - FY 2024**

	Units	Current FY 2022	Proposed FY 2023	Proposed FY 2024
DC Water Retail Rates Water (Residential Lifeline 0 - 4 Ccf)	Ccf	\$3.63	\$4.28	\$4.38
DC Water Retail Rates Water (Residential > 4 Ccf)	Ccf	\$4.74	\$5.58	\$5.70
DC Water Retail Rates Water (Multi-Family)	Ccf	\$4.15	\$4.90	\$5.00
DC Water Retail Rates Water (Non-Residential)	Ccf	\$4.91	\$5.78	\$5.89
DC Water Retail Rates Sewer	Ccf	\$10.64	\$11.26	\$11.70
DC Water Clean Rivers IAC	ERU	\$18.40	\$18.14	\$21.86
DC Water Customer Metering Fee	5/8"	\$7.75	\$7.75	\$7.75
DC Water Water System Replacement Fee	5/8"	\$6.30	\$6.30	\$6.30
District of Columbia PILOT Fee	Ccf	\$0.56	\$0.59	\$0.61
District of Columbia Right-of-Way Fee	Ccf	\$0.19	\$0.19	\$0.19
District of Columbia Stormwater Fee	ERU	\$2.67	\$2.67	\$2.67

Attachment E

FY 2022 Proposed RRC Committee Workplan

Objective/Activities/Task	Date of Activity	Completed	Responsible Department
1. Adjust Retail Rates for FY 2023 & FY 2024			
a. Present FY 23 & FY 24 Budget to Board	January 6, 2022	√	EVP F&P
b. Present Proposed FY 23 & FY 24 Rates, Fees & Charges in the Joint Meeting of RRC and F&B Committees	January 25, 2022	√	Rates and Revenue
c. Independent Review of Rates – Presentation by Consultant	February 22, 2022		Rates and Revenue
d. RRC recommendation on Proposed FY 23 & FY 24 Rates, Fees and Charges	February 22, 2022		Rates and Revenue
e. Submit Independent Review of Proposed Rates and 2022 Cost of Service Study to Mayor and Council and post both on DC Water’s website	February 25, 2022		Rates and Revenue
f. Board approves Notice of Proposed Rulemaking (NOPR) for Proposed FY 23 & FY 24 Rates, Fees and Charges.	March 3, 2022		Board of Directors
g. Publish NOPR in D.C. Register for Proposed FY 23 & FY 24 Rates, Fees and Charges	March 18, 2022		DGLA
h. Outreach and Public Comment Period	March 18 - May 16, 2022		OMAC & Board Secretary
i. Public Hearing	May 11, 2022		Board of Directors
j. Public Hearing Record Closes	May 16, 2022		Board Secretary
k. Submit Response to Public Comments report to Board and post on DC Water website	May 31, 2022		Rates and Revenue
l. Present final FY 23 & FY 24 Rates, Fees and Charges to RRC for recommendation to Board	June 28, 2022		Rates and Revenue
m. Board approves Notice of Final Rulemaking (NOFR) for FY 23 & FY 24 Rates, Charges & Fees	July 7, 2022		Board of Directors
n. Publish NOFR in D.C. Register for Amended Rates, Fees and Charges	July 22, 2022		DGLA
o. Amended Rates, Fees and Charges Go-Live	October 1, 2022 (FY 2023) October 1, 2023 (FY 2024)		Rates and Revenue

Objective/Activities/Task	Date of Activity	Completed	Responsible Department
2. 2022 Cost of Service Study (COS) for Water, Sewer and CRIAC			
a. Present COS to RRC	January 25, 2022	√	Rates & Revenue
b. Post Final COS on DC Water’s website	February 25, 2022		

Attachment E

FY 2022 Proposed RRC Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
3. 2022 Potomac Interceptor Cost of Service Study (FY 2023 – FY 2025)			
a. <i>Present 2022 Potomac Interceptor Cost of Service Study for FY 2023 – FY 2025 rates to RRC</i>	April 26, 2022		Rates & Revenue

Objective/Activities/Task	Date of Activity	Completed	Responsible Department
4. New High Flow Filter Backwash Sewer Service Rate			
a. <i>Presentation to RRC amend Retail Sewer Rates Regulations to Establish new Filter Backwash Sewer Rate</i>	July 27, 2021	√	Clean Water Quality and Technology
b. <i>RRC recommend approval of proposal to amend the Retail Sewer Rates Regulations to Establish new Filter Backwash Sewer Rate</i>	July 27, 2021	√	RRC
c. <i>Board approval to publish Notice of Proposed Rulemaking (NOPR) to amend the Retail Sewer Rates Regulations to Establish new Filter Backwash Sewer Rate</i>	September 2, 2021	√	Board of Directors
d. <i>Post COS on website</i>	September 14, 2021	√	Rates & Revenue
e. <i>Publish NOPR and Notice of Public Hearing in D.C. Register</i>	September 17, 2021	√	DGLA
f. <i>Outreach and Public Comment Period</i>	Sept. 17 – Nov. 15, 2021	√√	Marketing & Comm.Rates and Revenue
g. <i>Submit Cost of Service study to Mayor and Council and post on DC website</i>	September 20, 2021	√	Rates and Revenue
h. <i>Submit Independent Review of Proposed Rates to Mayor and Council and post on website</i>	October 6, 2021		
i. <i>Public Hearing</i>	November 10, 2021	√	
j. <i>Public Comment Period Closes</i>	November 15, 2021	√	Board of Directors
k. <i>Present Response to Comments Report to RRC and post on DC Water website</i>	November 16, 2021	√	Board Secretary Rates and Revenue/Pretreatment
l. <i>RRC approves final proposal to amend Retail Sewer Rates Regulations to Establish new Filter Backwash Sewer Rate</i>	November 16, 2021	√	RRC
m. <i>Board approval to publish Notice of Final Rulemaking (NOFR)</i>	December 2, 2021	√	
n. <i>Publish NOFR in D.C. Register</i>	December 17, 2021	√	Board of Directors
o. <i>Implementation of the new High Flow Filter Backwash Sewer Rate</i>	December 17, 2021		DGLA CWQT

Attachment E

FY 2022 Proposed RRC Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
5. Proposal to Amend CAP Regulations to Extend DC Water Cares Residential and Multi-family Programs for FY 2022 and Waive FY 2021 CAP2 Customer Recertification Requirement for FY 2022			
a. Update to RRC on DC Water Cares Residential and Multi-family Assistance Programs (RAP and MAP Programs for FY 2022)	June 22, 2021	√	Customer Service
b. Presentation of Proposal to RRC to Amend CAP Regulations to Extend DC Water Cares RAP and MAP Programs for FY 2022 and publication of NOEPR	July 27, 2021	√	Customer Service
c. RRC Recommends Approval of Proposal to Board to Amend the CAP Regulations to Extend DC Water Cares RAP and MAP Programs for FY 2022	July 27, 2021	√	RRC
d. Update RRC to recommend CAP amendments to waive FY 2021 CAP2 Customer's Recertification requirements for FY 2022	August 31, 2021	√	Customer Service/ DGLA
e. RRC recommends Approval of Proposal to Board to Amend te CAP Regulations to waive FY 2021 CAP2 Customer's Recertification Requirement for FY 2022 with other CAP amendments	August 31, 2021	√	Customer Service/ DGLA
f. Board Approval to Publish Notice of Emergency and Proposed Rulemaking (NOEPR) to Amend CAP Regulations to Extend DC Water Cares RAP and MAP Programs for FY 2022 and Waive FY 2021 CAP2 Customer's Recertification Requirement for FY 2022	September 2, 2021	√	Board of Directors
g. Publish NOEPR and Notice of Public Hearing in D.C. Register	September 17, 2021	√	DGLA
h. Public Comment Period Begins	Sept. 17 – Nov. 15, 2021	√	Marketing & Comm.
i. Implement extended DC Water Cares RAP and MAP Programs for FY 2022 and Waiver of FY 2021 CAP2 Customer's Recertification Requirement for FY 2022	October 1, 2021	√	Customer Servic
j. Public Hearing	November 10, 2021	√	RRC
k. Public Comment Period Closes	November 15, 2021	√	Board Secretary
l. Present proposal to RRC for Notice of Final Rulemaking (NOFR) for DC Water Cares RAP, MAP and CAP2 including responses ro comments	November 16, 2021	√	RRC

Attachment E

FY 2022 Proposed RRC Committee Workplan

Objective/Activities/Task	Date of Activity	Completed	Responsible Department
5. Proposal to Amend CAP Regulations to Extend DC Water Cares Residential and Multi-family Programs for FY 2022 and Waive FY 2021 CAP2 Customer Recertification Requirement for FY 2022 (Continued)			
<i>m. RRC recommendation for Board to approve and adopt for publication of NOFR for DC Water Cares RAP and MAP Programs and Waiver of CAP2 Recertification for FY 2022</i>	November 16, 2021	√	RRC
<i>n. Board approval and adoption for publication of NOFR for DC Water Cares RAP and MAP Programs and Waiver of CAP2 Recertification for FY 2022</i>	December 2, 2021	√	Board of Directors
<i>o. Publish NOFR in the D.C. Register</i>	December 17, 2021	√	DGLA
<i>p. Continue Implementing DC Water Cares RAP and MAP Programs and Waiver of FY 2021 CAP2 Customer's Recertification Requirement for FY 2022</i>	December 17, 2021	√	Customer Service

Objective/Activities/Task	Date of Activity	Completed	Responsible Department
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6. Amend 21 DCMR Chapter 4			
<i>a. Present Proposed Revisions to Regulations for Customers Challenging their Bills to RRC</i>	July 27, 2021	√	Customer Service
<i>b. RRC recommendations for Board approval for of proposal proposed to amendments to 21 DCMR Chapter 4 regulations</i>	July 27, 2021	√	RRC
<i>c. Board Approval to Publish Notice of Proposed Rulemaking (NOPR) to Amend 21 DCMR Chapter 4 regulations</i>	September 2, 2021	√	Board of Directors
<i>d. Publish NOPR in DC Register</i>	September 17, 2021	√	Legal Affairs
<i>e. Outreach and Public Comment Period</i>	Sept. 17 – Oct. 18, 2021	√	OMAC & Board
<i>f. RRC recommendation for Board approval and adoption of final amendments to 21 DCMR Chapter 4 regulations</i>	November 16, 2021	√	Secretary RRC
<i>g. Board Approval and Adoption of Notice of Final Rulemaking (NOFR) to Amend 21 DCMR Chapter 4 regulations</i>	December 2, 2021	√	Board of Directors
<i>h. Publish NOFR in the DC Register</i>	December 17, 2021	√	DGLA
<i>i. Chapter 4 Rules and Billing System – Go Live</i>	December 17, 2021	√	Customer Service

Attachment E

FY 2022 Proposed RRC Committee Workplan

Objective/Activities/Task	Date of Activity	Completed	Responsible Department
7. 2022 Cost of Service Miscellaneous Fees and Charges			
a. <i>RRC COS Update and Recommendation on Proposed Amendments to Miscellaneous Fees & Charges</i>	March 22, 2022		Rates & Revenue
b. <i>Board Approval of Notice of Proposed Rulemaking (NOPR) for Miscellaneous Fees & Charges</i>	April 7, 2022		Board of Directors
c. <i>Publish NOPR in DC Register</i>	April 22, 2022		DGLA
d. <i>Public Comment period</i>	April 22 – May22, 2022		Board Secretary
e. <i>RRC Final Recommendation to Approve Amendments for Miscellaneous Fees & Charges</i>	May 24, 2022		Rates & Revenue
f. <i>Board Approval of Notice of Final Rulemaking (NOFR)</i>	June 2, 2022		Board of Directors
g. <i>Publish NOFR in DC Register</i>	June 17, 2022		DGLA
h. <i>Miscellaneous Fees & Charges Go-Live</i>	June 17, 2022		Rates & Revenue/ Permitting/Customer Care

8. Delinquent Accounts			
a. <i>Soldiers Home Negotiations</i>	Monthly, as needed		DGLA

9. Rate Stabilization Fund			
a. Rate Stabilization Fund	Monthly, as needed		Rates & Revenue



Attachment F

**D.C. WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS
RETAIL WATER & SEWER RATES
COMMITTEE MEETING**

**Tuesday, March 22, 2022; 9:30 a.m.
AGENDA**

Call to Order	Committee Chairman
Monthly Updates	Chief Financial Officer
Committee Workplan	Chief Financial Officer
Agenda for April 26, 2022 Committee Meeting	Committee Chairman
Other Business	Chief Financial Officer
Adjournment	

*Detailed agenda can be found on DC Water's website at www.dewater.com/about/board_agendas.cfm