



District of Columbia Water and Sewer Authority Board of Directors

Finance and Budget Committee January 27, 2026 / 11:00am

Microsoft Teams meeting

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Meeting ID: 291 068 178 337 05 Passcode: gp9JW9ht

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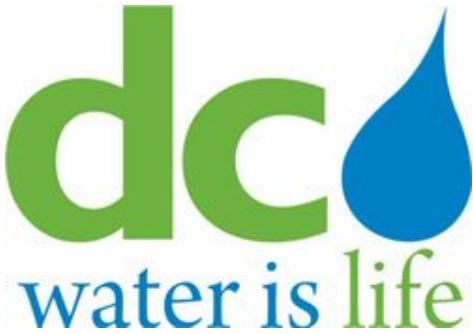
1. **Call to Order** Anthony Giancola, Chairperson
2. **Roll Call** Michelle Rhodd, Board Secretary
3. [**December 2025 Financial Report \(Attachment 1\)**](#) [**Lola Oyeyemi**](#)
4. [**Update on 2026 Refunding Activities \(Attachment 2\)**](#) [**Ivan Boykin**](#)
5. [**Action Items**](#) [**Lola Oyeyemi**](#)
 - A. Recommendation for Approval of Series 2026 A/B Bond Resolution and Related Documents
[**\(Attachment 3\)**](#)
 - [**1. Resolution**](#)
 - [**2. 38th Supplemental Indenture**](#)
 - [**3. Bond Purchase Agreement**](#)
 - [**4. Preliminary Official Statement**](#)
 - [**5. Escrow Agreement**](#)
6. [**Agenda for February 2026 Committee Meeting \(Attachment 4\)**](#) [**Anthony Giancola**](#)
7. **Executive Session*** [**Anthony Giancola**](#)
8. **Adjournment** [**Anthony Giancola**](#)

FOLLOW-UP ITEMS - There were no follow-up items from the Finance and Budget Committee meeting held on November 18, 2025.

This meeting is governed by the Open Meetings Act. Please address any questions or complaints arising under this meeting to the Office of Open Government at opengovoffice@dc.gov.

1The 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 certain matters, including but not limited to: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); terms for negotiating a contract, including an employment contract, under D.C. Official Code § 2-575(b)(2); obtain legal advice and preserve attorney-client privilege or settlement terms under D.C. Official Code § 2-575(b)(4)(A); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security matters 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); third-party proprietary matters under D.C. Official Code § 2-575(b)(11); train and develop Board members and staff under D.C. Official Codes § 2- 575(b)(12); adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters or violations of laws or regulations where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14); and other matters provided under the Act.

ATTACHMENT 1



Fiscal Year 2026

Monthly Financial Report

Period Ending December 31, 2025

DEPARTMENT OF FINANCE

Lola Oyeyemi, Acting CFO & EVP, Finance, Procurement & Compliance

Ivan Boykin, Vice President, Finance

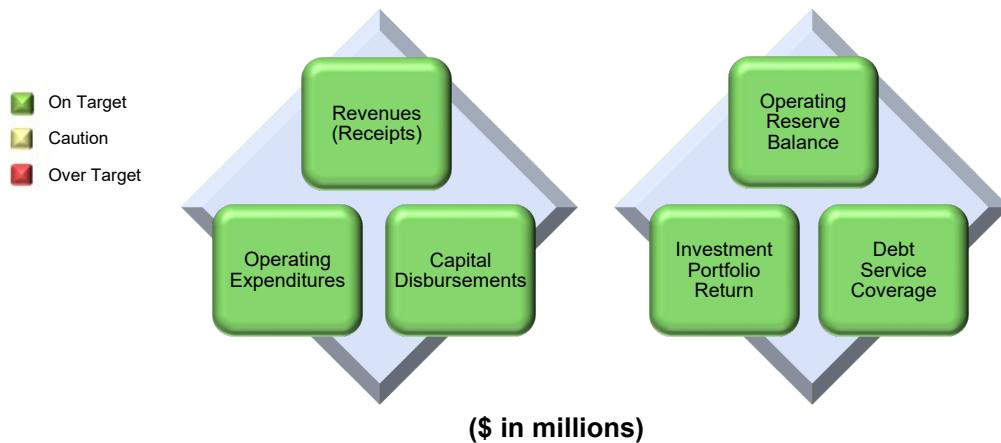
Syed Khalil, Vice President, Rates & Revenue

Lola Oyeyemi, Vice President, Budget

Henok Getahun, Controller

Monthly Financial Report**DECEMBER 2025****EXECUTIVE SUMMARY**

As of the end of the first quarter of FY 2025, with 25 percent of the fiscal year completed, we are on track with budgetary expectations and targeted performance metrics.



	Budget	YTD Budget	Actual	Variance Fav(Unfav) \$	Variance Fav(Unfav) %	Actual % Budget
Revenues (Receipts)	\$1,011.4	\$252.8	\$259.5	\$6.7	2.6%	25.7%
Expenditures	\$838.1	\$186.3	\$178.3	\$8.0	4.3%	21.3%
Capital Disbursements	\$913.4	\$264.9	\$179.2	\$85.7	32.4%	19.6%

Highlights:

- Finance met with three rating agencies (Moody's/S&P/Fitch) during the week of January 12 for review to obtain ratings for DC Water's upcoming February 2026 refunding bond deal for approximately \$260 million
- Detailed review of the Proposed FY 2027 Budget Proposals (Operating, 10-Year CIP, Two-Year Rates and Financial Plan) with various Board Committees continues in January with committee actions anticipated in February
- FY 2025 Year-End Closeout Status Update
 - Financial Statements Audit was completed with unmodified “clean” opinion issued on December 22, 2025, and results will be presented to the Audit and Risk committee in January
 - A133 Audit – anticipated completion before the end of February
 - Annual Comprehensive Financial Report – anticipated completion before the end of February
 - FY 2025 Green Bond Report – anticipated completion before the end of February

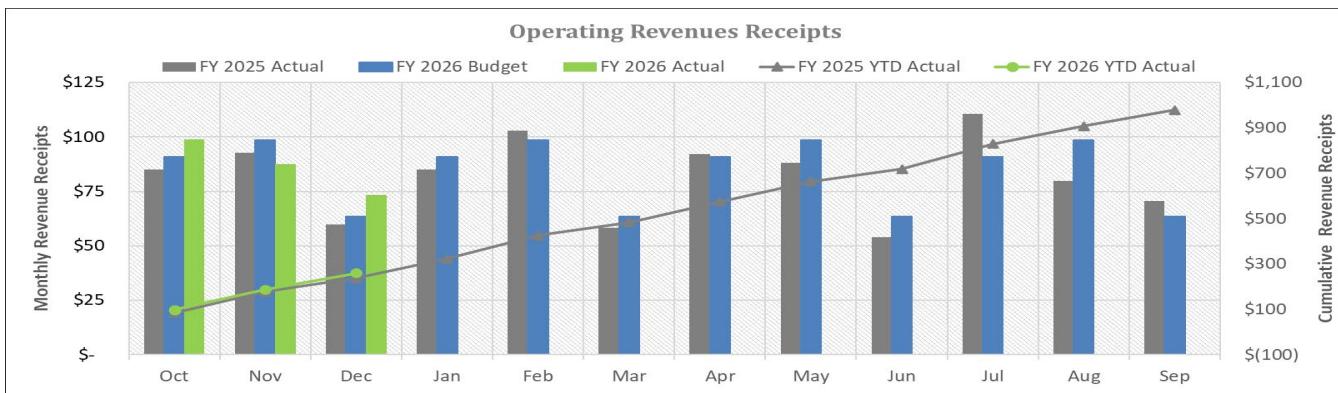
Lola Oyeyemi, Acting Executive Vice President & Chief Financial Officer

Monthly Financial Report

Fiscal Year-to-Date
As of December 31, 2025

Operating Revenues (\$000's)

FY 2025 Actual		CATEGORY	FY 2026						
Total Annual			Year-to-Date Performance						
YTD December	Annual Budget		YTD Budget	YTD Actual	% of Budget	Variance \$ Fav/(Unfav)	Variance % Fav/(Unfav)		
\$576,751	\$146,854	Residential / Commercial / Multi-Family* Federal Municipal (DC Govt.) DC Housing Authority Metering Fee Water System Replacement Fee (WSRF) Wholesale PILOT/ROW All Other	\$586,408	146,605	\$152,042	25.9%	\$5,437	3.7%	
92,625	23,847		99,339	24,835	25,064	25.2%	229	0.9%	
25,727	8,816		28,256	7,064	6,889	24.4%	(175)	(2.5%)	
14,990	2,495		18,120	4,530	3,315	18.3%	(1,215)	(26.8%)	
24,479	5,961		24,083	6,021	6,122	25.4%	101	1.7%	
43,382	10,503		40,717	10,179	10,874	26.7%	695	6.8%	
114,341	28,089		122,612	30,653	30,771	25.1%	118	0.4%	
24,989	6,449		24,156	6,039	6,527	27.0%	488	8.1%	
61,225	14,604		67,695	16,922	17,924	26.5%	1,002	5.9%	
\$978,509	\$247,618		TOTAL	\$1,011,386	\$252,848	259,528	25.7%	\$6,680	



VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of December 2025, cash receipts totaled \$259.5 million, or 25.7 percent of the FY 2026 Budget. The FY 2026 budgeted receipts were \$1,011.4 million. Several categories of customers make payments on a quarterly basis, including the Federal Government (which made their 1st quarterly payment in October 2025), and wholesale customers (who made their first quarterly payment in November).

Favorable Variances	Unfavorable Variances
<u>Residential, Commercial, and Multi-Family</u> – Receipts for this category are favorable at \$152.0 million or 25.9 percent of the budget. The December 2025 receipts were higher by \$5.0 million as compared to the monthly budget of \$48.9 million partly due to slightly higher CRIAC than the budget and partly due to collections from prior months' billings.	<u>District Government</u> – Receipts are lower at \$6.9 million or 24.4 percent of the budget. The receipts are lower mainly due to lower consumption as compared to the budget. The December 2025 receipts of \$3.8 million includes balance payment of last month. The monthly budget is \$2.4 million.
<u>Federal</u> - Actual receipts for FY2025 first quarter, received in October and November, totaled \$25.1 million or 25.2 percent of the budget.	<u>DC Housing Authority</u> – Receipts are slightly lower at \$3.3 million or 18.3 percent of the budget. The receipts are lower mainly due to lower consumption as compared to the budget. The December 2025 receipts are lower by \$0.3 million as compared to the budget of \$1.5 million.
<u>Metering Fee</u> – Receipts are on track at \$6.1 million or 25.4 percent of the budget.	
<u>Water System Replacement Fee (WSRF)</u> – Receipts for WSRF are on track at \$10.9 million or 26.7 percent of the budget.	
<u>Wholesale</u> – The YTD actual receipts totaled \$30.8 million or 25.1 percent of the budget.	
<u>PILOT/ROW</u> – The YTYD receipts are slightly higher at \$6.5 million or 27.0 percent of the budget.	
<u>Other Revenue</u> – Receipts are higher at \$17.9 million or 26.5 percent of the budget. Interest Earnings (\$1.5 million), Washington Aqueduct Backwash (\$0.4 million), Stormwater (\$0.1 million), and Miscellaneous Revenue (\$2.4 million) are higher than the budget. The receipts for Developer Fees (\$1.0 million), System Availability Fee (SAF \$1.2 million), and IMA Indirect Cost Reimbursement for Capital Projects (\$1.0 million) are lower than the budget.	

Monthly Financial Report

Fiscal Year-to-Date
As of December 31, 2025

Operating Expenditures (\$000's)

FY 2025 Actual		CATEGORY	FY 2026 Year-to-Date Performance					
Total Annual	YTD December		Annual Budget	YTD Budget	Actual	% of Budget	Variance \$ Fav(Unfav)	Variance % Fav(Unfav)
\$198,736	\$49,696	Personnel	\$217,462	\$ 53,070	\$51,560	23.7%	\$1,510	2.8%
89,951	26,963	Contractual Services	102,284	26,296	25,765	25.2%	530	2.0%
44,279	9,647	Water Purchases	48,149	10,845	10,244	21.3%	601	5.5%
58,202	13,592	Supplies & Chemicals	57,491	14,485	14,920	26.0%	(436)	(3.0%)
37,834	9,588	Utilities	41,659	11,354	10,430	25.0%	924	8.1%
1,290	270	Small Equipment	1,531	388	377	24.6%	11	2.9%
\$430,292	\$109,756	SUBTOTAL O&M	\$468,576	\$116,438	\$113,297	24.2%	\$3,141	2.7%
224,506	55,628	Debt Service	271,489	63,788	58,913	21.7%	4,875	7.6%
24,170	5,949	PILOT/ROW	24,170	6,043	6,043	25.0%	0	0.0%
58,438	0	Cash Financed Capital Improvements	73,897	0	0	0.0%	0	0.0%
\$737,406	\$171,333	TOTAL OPERATING	\$838,133	\$186,268	\$178,252	21.3%	\$8,016	4.3%
(25,928)	(7,029)	Capital Labor	(30,907)	(7,929)	(5,537)	17.9%	(2,392)	30.2%
\$711,478	\$164,304	TOTAL NET OPERATING	\$807,226	\$178,339	\$172,716	21.4%	\$5,624	3.2%



VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

Total operating expenditures for this period (including debt service and the Right-of-Way & PILOT fees) totaled \$178.3 million or 21.3 percent of the FY 2026 approved budget of \$838.1 million.

Management presented proposed amendments to the FY 2026 Operating Budget as part of the Proposed FY 2027 Budget delivered to the Board in January 2026, to reprogram \$24 million from debt services to CFCI to be applied to PAYGO to reduce future borrowing costs. Overall, the FY 2026 budget remains the same as the Board-adopted level.

These numbers include estimated incurred but unpaid invoices and are subject to revision during year-end close-out. The FY 2025 close-out process continues, which entails finalizing a number of GAAP-related accruals.

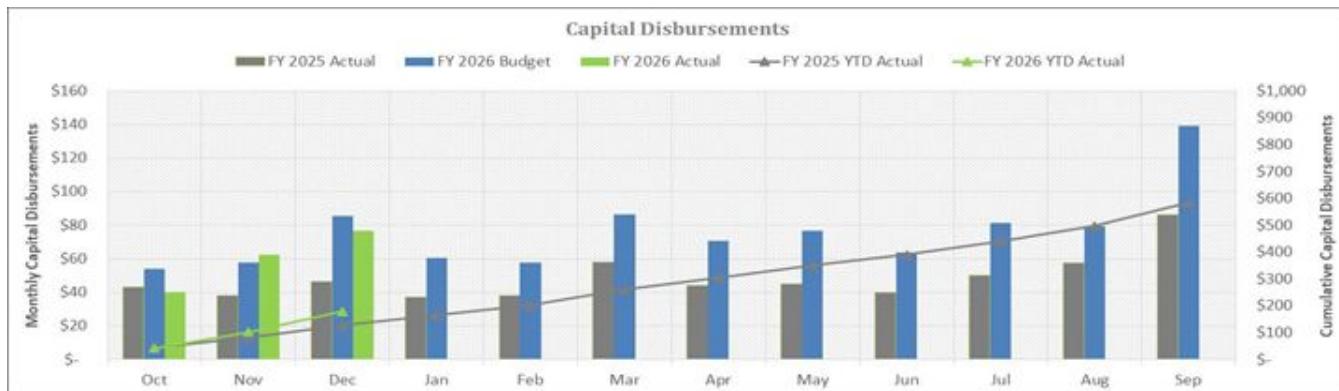
Favorable Variances	Unfavorable Variances
<p><u>Personnel Services</u> – Of the 1283 positions authorized, 1114 were filled at the end of December. The vacancy rate is 13.3 percent based on the total number of authorized positions.</p> <p><u>Contractual Services</u> – Spending is in line with expectations throughout the Authority at this time of the fiscal year.</p> <p><u>Water Purchases</u> – Reflects DC Water's share of Washington Aqueduct (WAD) expenditures (approx. 75 percent).</p> <p><u>Utilities</u> – YTD spending is in line with expectations for this time of the year and expected to increase as we progress through the winter peak season.</p> <p><u>Small Equipment</u> – Reflects equipment purchases and rentals through this reporting period.</p> <p><u>Debt Service</u> – YTD variance reflects actual cost of variable rate interest being lower than anticipated for variable rate bonds</p>	<p><u>Supplies & Chemicals</u> – YTD variance is primarily due to increased costs of critical spare parts required for operations. We will continue to monitor this item as we progress through the fiscal year.</p>

Monthly Financial Report

Fiscal Year-to-Date
As of December 31, 2025

Capital Disbursements (\$000's)

FY 2025 Actual		CATEGORY	FY 2026						
Total Annual	YTD December		Year-to-Date Performance				\$ Variance Fav(Unfav)	% Variance Fav(Unfav)	
			Annual Budget	YTD Budget	Actual	% of Budget			
\$5,186	\$998	Non Process Facilities	\$51,570	\$14,955	\$1,125	2.2%	\$13,830	92.5%	
	64,766		106,353	30,842	16,616	15.6%	14,227	46.1%	
	13,296		250,386	72,612	49,502	19.8%	23,109	31.8%	
	165,124		17,360	5,035	2,104	12.1%	2,930	58.2%	
	36,986		148,796	43,151	44,136	29.7%	(985)	(2.3%)	
	7,427		270,680	78,497	42,413	15.7%	36,085	46.0%	
\$542,174	\$121,725	SUBTOTAL CAPITAL PROJECTS	\$845,145	\$245,092	\$155,896	18.4%	\$89,196	36.4%	
19,911	5,536	Capital Equipment	32,481	9,419	5,585	17.2%	3,834	40.7%	
22,060	0		35,770	10,373	17,685	49.4%	(7,312)	(70.5%)	
\$41,971	\$5,536	SUBTOTAL ADD'L CAPITAL PROGRAMS	\$68,251	\$19,793	\$23,270	34.1%	(\$3,478)	(17.6%)	
\$584,145	\$127,261	TOTAL	\$913,396	\$264,885	\$179,167	19.6%	\$85,718	32.4%	

**VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS**

At the end of December 2025, capital disbursements totaled \$179.2 million or 19.3 percent of the FY 2026 approved budget, which is subject to revision as part of the FY 2027 budget process.

Detailed project performance will be provided to the Environmental Quality & Operations and Finance & Budget Committees as part of the quarterly CIP update by Shared Services and Asset Management department in February 2026.

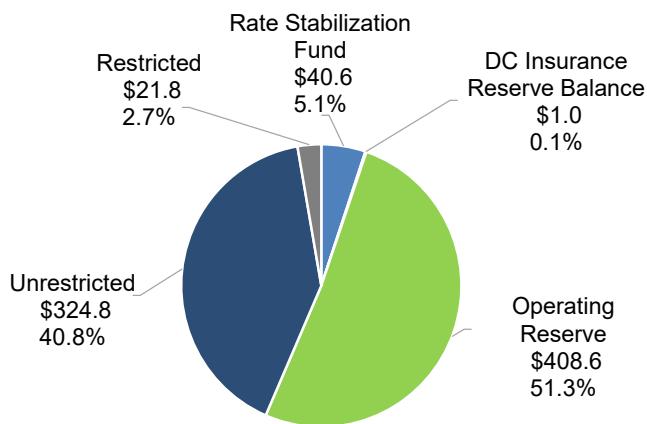
Capital Projects	Additional Capital Programs
<u>Non-Process Facilities</u> – Lower YTD disbursement in planned roof replacements and HVAC replacements.	<u>Capital Equipment</u> – YTD variance is mainly attributable to the unused funds in the Authority-wide reserves and underspending in the Ongoing Meter Replacement program. However, disbursements are expected to increase across all departments later in the fiscal year.
<u>Wastewater Treatment</u> – YTD disbursements in Liquids Processing and Plantwide program areas. Projects are progressing as planned.	<u>Washington Aqueduct</u> – The disbursement covers payment for the first quarter and a partial payment of the Aqueduct's fourth-quarter PAYGO bill from last year.
<u>Combined Sewer Overflow</u> – Lower YTD disbursements mainly for the DC Clean Rivers project.	
<u>Sanitary Sewer Service Area</u> – Higher YTD variance mainly due to Potomac Interceptor program work, Anacostia Sewer and Sanitary On-going projects.	
<u>Water Service Area</u> – YTD disbursement is mainly for the Lead-Free DC Program and Small Diameter Water Main projects which are progressing as planned	

Monthly Financial Report

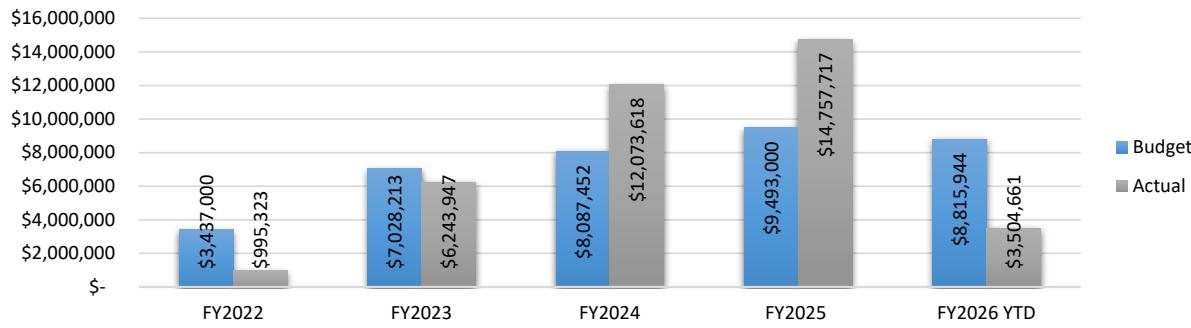
Fiscal Year-to-Date
As of December 31, 2025

Cash Investments (\$ in millions)**Cash Balances**

Rate Stabilization Fund Balance	\$40.64
DC Insurance Reserve Balance	1.00
Operating Reserve Accounts	
Renewal & Replacement Balance	35.00
O & M Reserve per Indenture	66.42
282 Days of Cash O&M Reserve	240.18
282 Days of Cash O&M Reserve Target FY2026	341.60
Excess Above 282 Days of Cash O&M Reserve	17.21
Operating Cash Balance	358.81
Operating Cash Balance Including RSF	400.45
Additional Reserve Accounts	
Unrestricted	
DC Water - FY2025 CSO Funding	0.01
Bond Fund - Construction 2025B	125.82
Bond Fund - Construction 2025C	176.56
Unrestricted Total	302.38
Restricted	
Debt Service Reserve - Series 1998	8.51
DC Water - DDOT Projects	12.99
District Funds	0.72
Restricted Total	22.23
Total All Funds	\$725.06

Breakdown of Cash Balances**Overall Portfolio Performance**

- The operating reserve balance was \$358.8 million as compared to the revised operating reserve management target level of \$341.6 million for FY 2026
- Average cash balance for the month of December was \$406.5 million
- Total investment portfolio was in compliance with the Authority's Investment Policy
- Operating funds interest income for December (on a cash basis) was \$1,195,100; YTD \$3,504,661
- A detailed investment performance report is attached

Operating Interest Income 5 Year History

Monthly Financial Report

Fiscal Year-to-Date
As of December 31, 2025

FY 2026 Cash Flow Summary (\$000's)

	Annual Budget Cash Basis	YTD Cash Budget	YTD Actual Cash Oct. 1, 2025 - Dec. 31, 2025	Variance Favorable (Unfavorable)
OPERATING BUDGET				
Cash Provided				
Retail	\$796,923	\$199,231	\$204,305	\$5,075 3%
Wholesale	122,612	30,653	30,771	\$118 0%
Other	91,450	22,862	24,160	\$1,298 6%
Total Cash Provided	1,010,984	252,746	259,237	6,491 3%
Operating Cash Used				
Personnel Services	186,555	50,644	50,400	(244) 0%
Contractual Services	102,284	27,189	27,057	(132) 0%
Chemicals & Supplies	57,491	13,266	20,086	\$6,820 51%
Utilities	41,659	10,139	8,119	(2,020) -20%
Water Purchases	48,149	9,993	11,366	\$1,373 14%
Small Equipment	1,531	207	304	\$97 47%
Total Operating Cash Used	437,669	111,438	117,331	5,893 5%
Defeasance D.S./Cash Financed Capital Construction	73,897		0	\$ 0%
Other Cash Used				
Debt Service	271,489	67,872	58,913	(8,959) -13%
Payment In Lieu of Taxes/Right of Way	24,170	6,043	6,043	\$ 0%
Total Other Cash Used	295,660	73,915	64,956	(8,959) -12%
Total Cash Used	807,226	185,353	182,287	(3,066) -2%
Net Cash Provided (Used) by Operating Act.	203,759	50,940	76,949	26,010
CAPITAL BUDGET				
Cash Provided				
Debt Proceeds	483,189	120,797	92,766	(28,031) -23%
Proceeds from WIFIA Loan	26,000	6,500	(6,500)	-100%
Cash Financed Capital Improvements	0			\$ 0%
System Availability Fee	7,700	1,925	(1,925)	-100%
Federal Grants - Infrastructure Funding	37,036	9,259	(9,259)	-100%
EPA Grants	13,461	3,365	7,407	\$4,041 120%
CSO Grants				\$ 0%
Interest Income	9,244	2,311	167	(2,144) -93%
Wholesale Capital Contributions	137,800	34,450	30,709	(3,741) -11%
Total Cash Provided	714,431	178,608	131,049	(47,559) -27%
Cash Used				
DC Water Capital Program	877,626	219,407	161,482	(57,925) -26%
Washington Aqueduct Projects	35,770	8,943	17,685	\$8,742 0%
Total Cash Used	913,396	228,349	179,167	(49,182) -22%
Net Cash/PAYGO Provided (Used) by Cap. Act.	(\$198,966)	(\$49,741)	(\$48,118)	\$1,624
Beginning Balance, October 1 (Net of Rate Stab. Fund) Projects				
Plus (Less) Operating Surplus	203,759	50,940	76,949	
Wholesale Customer Refunds for Prior Years	(3,000)	(750)		
Transfer to Rate Stabilization Fund				
Transfer to CAP Fund				
Transfer from CAP Fund				
Transfer from SAF				
Interest Earned from Bond Reserve	401	33	291	
DDOT 2002 MOU Transfers (CapEx Reimbursement years later)				
Miscellaneous (i.e. Settlement for previous years, Voided AP, etc.)				
Prior Year Federal Billing Reconciliation	(11,310)	(2,827)	(2,827)	
Project Billing Refunds				
Cash Used for Capital	(197,966)	(49,491)	(48,118)	
Balance Attributable to O&M Reserve	\$325,600			\$358,806
OTHER CASH RESERVES				
Rate Stabilization Fund	\$40,644			
DC Insurance Reserve	1,000			
Unrestricted Reserves	302,383			
Restricted Reserves	22,227			

Monthly Financial Report

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Monthly Financial Report

Fiscal Year-to-Date
As of December 31, 2025

Operating Revenues Detail

Revenue Category	FY 2026 Budget	Budget	Actual	Variance Favorable / (Unfavorable)	Actual % of Budget
Residential, Commercial, and Multi-family	\$586.4	\$146.5	\$152.0	\$5.5	3.7%
Federal	\$99.3	\$24.9	\$25.1	\$0.2	0.9%
District Government	\$28.3	\$7.1	\$6.9	(\$0.2)	-2.5%
DC Housing Authority	\$18.1	\$4.5	\$3.3	(\$1.2)	-26.8%
Customer Metering Fee	\$24.1	\$6.0	\$6.1	\$0.1	1.7%
Water System Replacement Fee (WSRF)	\$40.7	\$10.2	\$10.9	\$0.7	6.8%
Wholesale	\$122.6	\$30.7	\$30.8	\$0.1	0.4%
Right-of-Way Fee/PILOT	\$24.2	\$6.0	\$6.5	\$0.5	8.1%
Subtotal (before Other Revenues)	\$943.7	\$235.9	\$241.6	\$5.7	2.4%
IMA Indirect Cost Reimb. For Capital Projects	13.4	3.3	2.3	(1.0)	-30.3%
DC Fire Protection Fee	17.6	4.4	4.4	0.0	0.0%
Stormwater (MS4)	1.0	0.3	0.2	0.1	33.3%
Interest	9.2	2.3	3.8	1.5	65.2%
Developer Fees (Water & Sewer)	9.0	2.3	1.3	(1.0)	-43.5%
System Availability Fee (SAF)	7.7	1.9	0.7	(1.2)	-63.2%
Washington Aqueduct Backwash	2.6	0.6	1.0	0.4	66.7%
Others	7.2	1.8	4.2	2.4	133.3%
Subtotal	\$67.7	\$16.9	\$17.9	\$1.0	5.9%
Rate Stabilization Fund Transfer	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Other Revenue Subtotal	\$67.7	\$16.9	\$17.9	\$1.0	5.9%
Grand Total	\$1,011.4	\$252.8	\$259.5	\$6.7	2.6%
					25.7%

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

Customer Category	Water	Sewer	Clean Rivers IAC	Metering Fee	WSRF	Total
Residential	12,795	20,182	8,305	2,744	2,488	46,514
Commercial	25,579	28,961	9,874	1,783	4,238	70,434
Multi-family	16,694	25,677	3,974	942	2,107	49,394
Federal	9,100	10,345	5,619	385	1,419	26,867
District Govt	1,870	2,530	2,490	208	525	7,622
DC Housing Authority	1,214	1,799	302	61	98	3,473
Total:	67,252	89,492	30,565	6,121	10,874	204,305

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	FY2026 Budget	Year-To-Date Budget	Actual Received	Variance Favorable / <Unfavorable>	Variance % of YTD Budget	Actual % of Budget
Residential	33,222	8,306	8,305	(0)	0%	25%
Commercial	39,450	9,863	9,874	11	0%	25%
Multi-family	15,612	3,903	3,974	71	2%	25%
Federal	22,478	5,620	5,619	(0)	0%	25%
District Govt	9,892	2,473	2,490	17	1%	25%
DC Housing Authority	1,465	366	302	(64)	-18%	21%
Total:	122,119	30,530	30,565	35	0%	25%

Monthly Financial Report

Fiscal Year-to-Date
As of December 31, 2025

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
September 30, 2022	\$29.1	12,168
September 30, 2023	\$28.0	10,420
September 30, 2024	\$33.9	11,832
September 30, 2025	\$33.4	11,414
October 31, 2025	\$30.7	11,435
November 30, 2025	\$30.7	11,946
December 31, 2025	\$31.0	12,346

Greater than 90 Days by Customer

Notes: The temporary suspension of collection procedures in order to carry out the upgrade of the billing system to VertexOne in December 2017 was the cause of the increase in accounts receivable over 90 days (from the billing date) for September 2018. The increase in accounts receivable from March 2020 to September 2022 is primarily due to increased delinquencies and deferred payments due to the impact of COVID-19.

The overall delinquencies declined by \$2.7 million in October 2025. The Commercial Delinquencies declined by \$2.3 million mainly due to the \$2.2 million CSX Railroad settlement.

	Number of Accounts			Month of Dec (All Categories)				Total Delinquent			
				Active		Inactive		Nov		Dec	
	No. of a/c	Amount (\$)	No. of a/c	Amount (\$)	No. of a/c	Amount (\$)	No. of a/c	Amount (\$)	No. of a/c	Amount (\$)	%
Commercial	8,393	1,830	10,223	1,029	5,623,954	128	\$824,546	1,057	\$6,165,592	1,157	\$6,448,501 21%
Multi-family	9,101	303	9,404	1,235	14,690,007	42	\$252,863	1,243	\$15,004,271	1,277	\$14,942,870 48%
Single-Family Residential	108,147	1,902	110,049	9,760	9,422,926	152	\$218,175	9,646	\$9,490,250	9,912	\$9,641,101 31%
Total	125,641	4,035	129,676	12,024	\$29,736,887	322	\$1,295,584	11,946	\$30,660,113	12,346	\$31,032,471 100%

Notes: Included in the above \$31.0M (or 12,346 accounts) of the DC Water Over 90 days delinquent accounts, \$2,677,109.97 (or 1,091 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 (12,346) as a percentage of total accounts (129,676) is 9.5 percent.

-Delinquent impervious only accounts (1,091) as a percentage of total accounts (129,676) is 0.8 percent.

-Delinquent impervious only accounts (1,091) as a percentage of total delinquent accounts (12,346) are 8.8 percent.

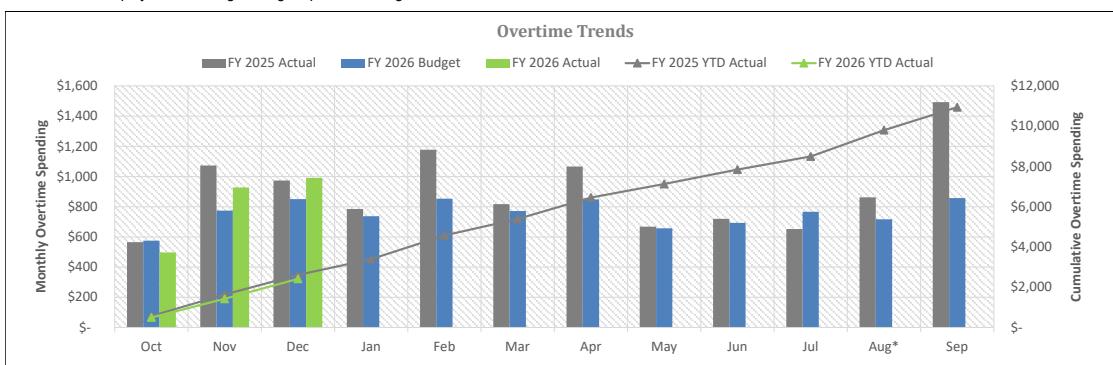
-Delinquent impervious only accounts (1,091) as a percentage of total impervious only accounts (4,035) are 27.0 percent

Monthly Financial Report

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Overtime by Department

Department	FY 2026			
	Budget	Actual*	YTD Actual % of Budget	% of Regular Pay
Office of OCOO	0	1,158	0.0%	0.7%
Wastewater Treatment Operations	1,538,020	317,645	20.7%	11.7%
Process Engineering	28,401	5,913	20.8%	0.7%
Maintenance Services	906,032	179,300	19.8%	7.8%
Clean Water and Technology	100,000	543	0.5%	0.2%
Resource Recovery	154,010	22,325	14.5%	8.7%
Water Operations	3,613,042	945,084	26.2%	16.4%
Pumping and Sewer Operations	2,904,321	677,227	23.3%	15.7%
Operations	9,243,825	2,149,195	23.3%	12.9%
Clean Rivers	0	0	0.0%	0.0%
Permit Operations ¹	65,000	53,485	82.3%	3.8%
Shared Services and Asset Management ²	7,000	45,977	656.8%	2.5%
Wastewater Engineering	500	61	12.3%	0.0%
Water Program and Lead Free DC	938,000	1,689	0.2%	0.7%
Engineering	1,010,500	101,213	10.0%	1.9%
Office of OCAO	0	0	0.0%	0.0%
Customer Care	282,972	45,712	16.2%	2.4%
Facilities Management	475,000	93,103	19.6%	8.5%
Fleet Management	4,000	86	2.1%	0.0%
Occupational Safety	3,000	3,077	0.0%	0.7%
Office of Emergency Management	0	0	0.0%	0.0%
Marketing & Communication	2,800	(1,077)	0.0%	-0.2%
Security	2,000	0	0.0%	0.0%
Administration	769,772	140,901	18.3%	2.8%
Information Technology	6,000	91	1.5%	0.0%
Board Secretary	0	0	0.0%	0.0%
Office of OCEO	0	0	0.0%	0.0%
Independent Offices	0	0	0.0%	0.0%
Finance	45,000	4,760	10.6%	0.2%
Procurement	120,000	19,040	15.9%	1.7%
Compliance	0	0	0.0%	0.0%
Finance, Procurement & Compliance	165,000	23,801	14.4%	0.6%
People and Talent	3,000	0	0.0%	0.0%
Government and Legal Affairs	2,000	0	0.0%	0.0%
Strategy and Performance	0	0	0.0%	0.0%
Total DC WATER	\$11,200,097	\$2,415,201	21.6%	7.1%

^{*}December 2025 actuals as of Pay Period #1 thru 12/27/25¹Permit Operations - High overtime usage mainly for developer construction inspections²Shared Services and Asset Management - High overtime usage for unplanned project earlier in the year, in addition to transfer of employees from Engineering as part of the organizational restructure.

Monthly Financial Report

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Capital Disbursements Detail by Program (\$000's)

Service Areas	Budget		Actual			Variance		
	REVISED BUDGET	YTD BUDGET	Oct - 25 - Nov - 25	Dec-25	YTD	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)
NON PROCESS FACILITIES								
Facility Land Use	\$51,570	\$14,955	\$1,068	\$57	\$1,125	2.2%	\$13,830	92.5%
	Subtotal	51,570	14,955	1,068	57	1,125	2.2%	13,830
WASTEWATER TREATMENT								
Liquids Processing	40,674	11,795	2,700	3,004	\$5,704	14.0%	6,091	51.6%
Plantwide	50,884	14,756	4,018	3,730	\$7,748	15.2%	7,008	47.5%
Solids Processing	14,796	4,291	2,021	1,143	\$3,164	21.4%	1,127	26.3%
Enhanced Nitrogen Removal Facilities	-	-	-	-	\$0	0.0%	0	0.0%
	Subtotal	106,353	30,842	8,739	7,877	16,616	15.6%	14,227
COMBINED SEWER OVERFLOW								
D.C. Clean Rivers	245,686	71,249	33,748	14,880	48,628	19.8%	22,621	31.7%
Combined Sewer	4,700	1,363	560	315	874	18.6%	489	35.8%
	Subtotal	250,386	72,612	34,307	15,195	49,502	19.8%	23,109
STORMWATER								
Local Drainage	3915	1,135	-	-	-	0.0%	1,135	100.0%
On-Going	640	185	75	7	82	12.9%	103	55.7%
Pumping Facilities	10959	3,178	845	1,177	2,022	18.4%	1,156	36.4%
Research and Program Management	694	201	-	-	-	0.0%	201	100.0%
Trunk/Force Sewers	1152	334	-	-	-	0.0%	334	100.0%
	Subtotal	17,360	5,035	920	1,184	2,104	12.1%	2,930
SANITARY SEWER								
Collection Sewers	21,009	6,092	2,282	2,227	4,509	21.5%	1,583	26.0%
On-Going	17,100	4,959	6,719	3,341	10,060	58.8%	-5,101	-102.9%
Pumping Facilities	9,880	2,865	3,707	1,717	5,424	54.9%	-2,559	-89.3%
Program Management	9,702	2,814	1,162	1,233	2,395	24.7%	418	14.9%
Interceptor/Trunk Force Sewers	91,105	26,421	15,451	6,297	\$21,747	23.9%	4,673	17.7%
	Subtotal	148,796	43,151	29,321	14,816	\$44,136	29.7%	-985
WATER								
Distribution Systems	84,530	24,514	5,829	4,075	9,905	11.7%	14,609	59.6%
Lead Program	133,460	38,704	13,588	8,485	22,073	16.5%	16,630	43.0%
On-Going	14,759	4,280	3,901	2,064	5,964	40.4%	-1,684	-39.4%
Pumping Facilities	8,716	2,528	126	199	324	3.7%	2,204	87.2%
Storage Facilities	18,404	5,337	198	-	198	1.1%	5,139	96.3%
Program Management	10,810	3,135	69	3,878	3,948	36.5%	-813	-25.9%
	Subtotal	270,680	78,497	23,712	18,701	42,413	15.7%	36,085
	Capital Projects	845,145	245,092	98,067	57,830	155,896	18.4%	89,196
CAPITAL EQUIPMENT								
WASHINGTON AQUEDUCT	\$32,481	\$9,419	4,583	1,002	5,585	17.2%	\$3,834	40.7%
Additional Capital Programs	35,770	\$10,373	-	17,685	17,685	49.4%	(7,312)	-70.5%
	Total	\$913,396	\$264,885	\$102,650	\$76,517	\$179,167	19.6%	\$85,718
								32.4%

Monthly Financial Report

Fiscal Year-to-Date
As of December 31, 2025

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 estimated 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 December 31, 2025, developer deposits had \$32.74 million in credit balances (liability) and \$11.82 million in debit balances (receivable).

Balances by Year as of December 31, 2025

	Credit Balances (Liability)	Debit Balances (Receivables)
	\$32.74 million	\$11.82 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	\$ -	-	\$ 9,066.08	6 \$	9,066.08
2005	\$ (282,698.64)	74	\$ 260,270.23	86 \$	(22,428.41)
2006	\$ (267,855.30)	22	\$ 271,416.02	74 \$	3,560.72
2007	\$ (114,482.12)	24	\$ 135,267.96	47 \$	20,785.84
2008	\$ (227,017.73)	27	\$ 189,458.72	48 \$	(37,559.01)
2009	\$ (135,490.53)	19	\$ 167,115.18	42 \$	31,624.65
2010	\$ (85,507.27)	22	\$ 138,885.22	37 \$	53,377.95
2011	\$ (228,832.78)	47	\$ 536,230.98	52 \$	307,398.20
2012	\$ (424,077.82)	97	\$ 434,651.37	83 \$	10,573.55
2013	\$ (499,097.36)	86	\$ 245,969.44	76 \$	(253,127.92)
2014	\$ (796,902.87)	88	\$ 963,242.49	61 \$	166,339.62
2015	\$ (883,895.08)	194	\$ 265,394.95	36 \$	(618,500.13)
Subtotal - 2001 through 2015	\$ (3,945,857.50)	700	\$ 4,578,968.69	651	\$ 633,111.19
2016	\$ (1,984,345.84)	280	\$ 454,468.31	53 \$	(1,529,877.53)
2017	\$ (1,576,299.58)	358	\$ 453,862.37	115 \$	(1,122,437.21)
2018	\$ (2,131,620.29)	390	\$ 810,924.71	112 \$	(1,320,695.58)
2019	\$ (3,245,491.34)	345	\$ 1,601,454.85	153 \$	(1,644,036.49)
2020	\$ (3,353,780.73)	220	\$ 514,580.26	119 \$	(2,839,200.47)
2021	\$ (3,373,857.53)	270	\$ 536,300.17	141 \$	(2,837,557.36)
2022	\$ (5,217,337.64)	272	\$ 928,692.48	168 \$	(4,288,645.16)
2023	\$ (3,019,115.89)	168	\$ 992,463.40	123 \$	(2,026,652.49)
2024	\$ (2,549,477.67)	148	\$ 513,602.15	102 \$	(2,035,875.52)
2025	\$ (2,345,943.03)	154	\$ 430,901.67	136 \$	(1,915,041.36)
Subtotal - 2016 through 2025	\$ (28,797,269.54)	2,605	\$ 7,237,250.37	1,222	\$ (21,560,019.17)
Total	\$ (32,743,127.04)	3,305	\$ 11,816,219.06	1,873	\$ (20,926,907.98)

Forfeiture Action

Accounts Forfeited on August 16, 2021	(4,838,938.52)	1,011
Accounts Forfeited on September 23, 2022	(1,286,705.10)	348
Accounts Forfeited on March 26, 2024	(1,621,242.25)	262
Accounts Forfeited on September 27, 2024	(764,105.79)	113
Accounts Forfeited on September 28, 2025	(969,992.94)	182
Accounts pending forfeiture determination and execution.	(3,945,857.50)	700

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Monthly Financial Report**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 activity on the account. For the last four years, annual statements were mailed to customers on June 20, 2025, March 26, 2024, April 28, 2023, and January 25, 2022.

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 period, 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 is requested, funds will 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 to customers on August 16, 2021, September 21, 2022, March 26, 2024, September 27, 2024, and September 28, 2025.

Refund Requests and Forfeiture Disputes

Following the distribution of annual account statements to customers on June 20, 2025, it was determined that refund requests impact a total of 2,047 accounts. The table below provides a summary of the progress made to date.

Construction Inspection Refund Data

	Number of Accounts	Amount (\$)
Refund request received to date	2047	
Refunded this month	39	\$324,077.89
Refunded last month	9	\$57,407.60
Refunded FY26	101	\$1,205,822.27
Refunded FY25	250	\$3,127,116.31
Refunded in FY24	369	\$6,931,447.14
Refunded in FY23 (Oct 22 - Sept 23)	105	\$1,756,574.39
Refund requests that are debits (\$0 balance or owe DC Water)	150	\$(63,548.59)
Number of Refund Accounts Reviewed, Awaiting Information from Developers*	367	\$2,146,892.92
Number of Refund Account Requested after forfeiture date**	33	\$159,241.56

*Documentation required to process the refund accounts has been thoroughly examined and assembled. DC Water is in the process of obtaining address verification and/or proof of payment from the developers to complete the refund issuance. Request for this information has already been communicated to the developers.

** These accounts were forfeited, and zero balance statements were sent to the developers before they requested a refund. As a result, these accounts are not eligible for a refund.

Monthly Financial Report



Investment Performance Report – December 2025

DC Water
Finance Division
Economic Update & Portfolio Summary

ECONOMIC COMMENTARY

- The Federal Open Market Committee (FOMC) lowered the target range for the federal funds rate by 25 basis points(bps) during its last meeting of 2025, setting the new range at 3.50%–3.75%. The vote included three dissents with two members preferring to keep rates unchanged and one favoring a larger 50 bp cut.
- The median projection from the "dot plot" continues to show one 25 bp rate cut in 2026 and another in 2027, though the wide dispersion in underlying projections underscores the growing difference of opinion within the Federal Reserve(Fed).
- The first estimate of third quarter real gross domestic product (GDP) showed the economy grew at an annualized pace of 4.3%, it's fastest in two years. Growth was driven by strong consumer and business spending and steadier trade dynamics. While the data is now several months old, it shows the economy was on solid footing heading into the government shutdown which began October 1.
- Official economic data released in December were "noisy" due to data collection issues caused by the government shutdown. Directionally, the data continues to show the labor market cooling and inflation remaining sticky with only modest progress towards the Fed's 2% target.

PORTFOLIO RECAP

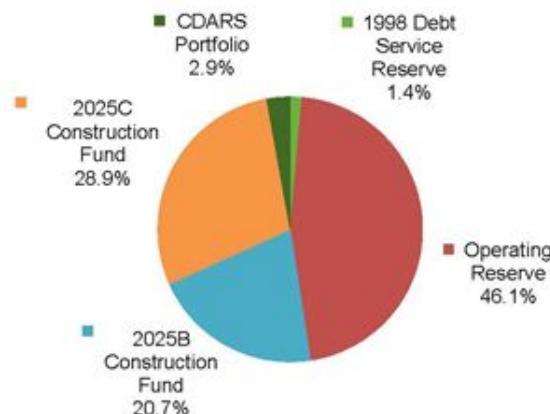
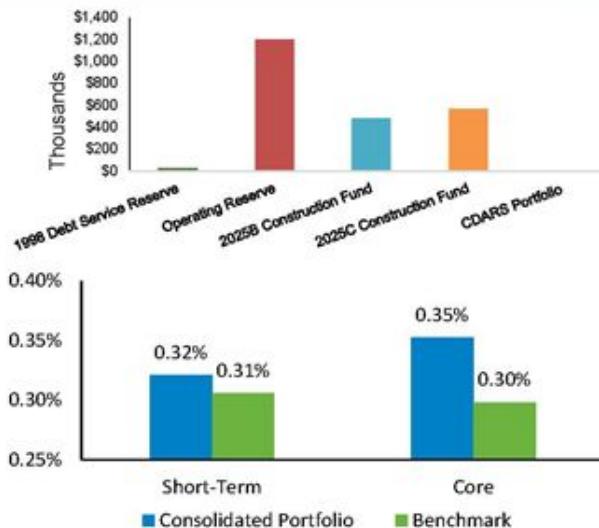
- The portfolio is diversified among Bank Deposits, U.S. Treasuries, Federal Agencies, Mortgage-Backed Securities, Supranational Bonds, Negotiable CDs, Corporate Notes/Bonds, Municipal Bonds, FDIC Insured CDs and SEC registered money market funds.
- The overall yield-to-maturity on cost of the portfolio is 3.73%. The short term consolidated composite periodic 1 month return was 0.32% and the benchmark of ICE BofA 3- month Treasury Index periodic 1 month return was 0.31%. The Core Consolidated Composite periodic 1 month return was 0.35% and the benchmark of ICE BofA 1-3 Year Treasury Index periodic 1 month return was 0.30%.

Operating Reserve and Bond Proceeds Portfolios

- During December, the investment advisor (PFMAM) purchased one corporate bond totaling \$460 thousand at a yield of 3.90% and three Treasury Notes totaling \$6.6 million with an average yield of 3.55%.

Operating Funds Interest Income Earnings³

- December 2025 - \$1,195,099.51
- Total FY 2026 - \$3,504,660.88

INVESTMENT PORTFOLIOS**Certificates of Deposit Account Registry Services (CDARS)****MONTHLY EARNINGS¹ AND PERFORMANCE²**

1. Monthly earnings shown are total accrual basis earnings based on amortized costs.

2. Please reference performance details under "portfolio recap" and on Page 10 of the Monthly Board Report.

3. Operating Funds Interest Income Earnings Reported by DC Water.

Prepared by PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc.

Monthly Financial Report

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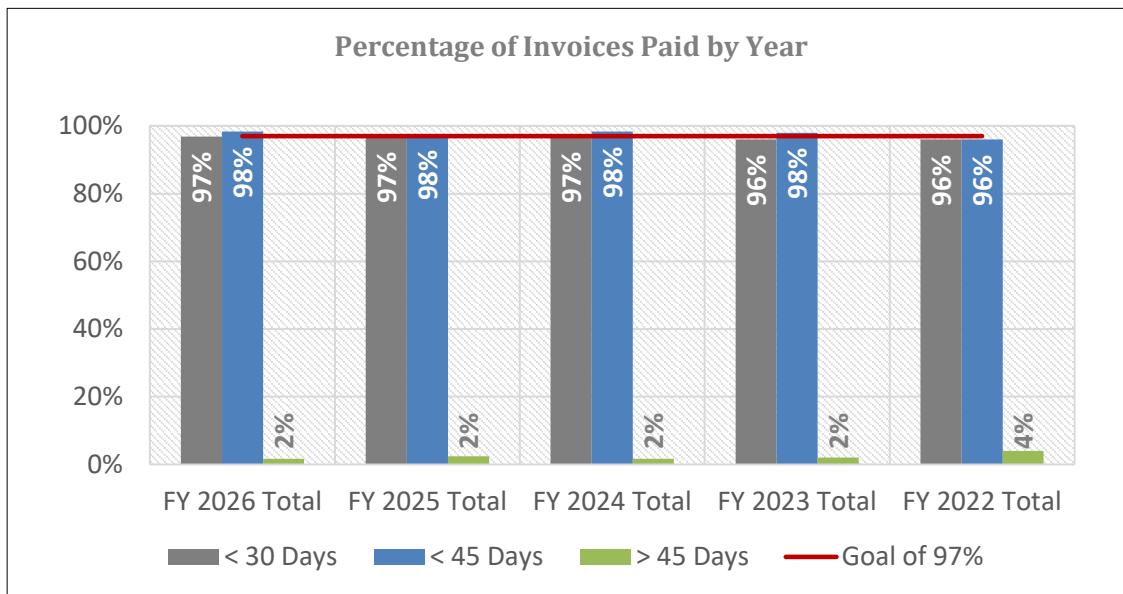
Accounts Payable Performance

Cumulative performance for the three-month period ending December 2025, a total of 5,803 vendor payments were processed and paid within 30 days compared to 5,891 in FY 2025 (as shown in the table below) and with a dollar value of \$219 million compared to \$173 million for FY 2025.

For FY 2026, approximately 96% of the invoices were paid within 30 days compared to 97% for FY 2025. The Authority's goal is to pay 97% of all undisputed invoices within 30 days.

Accounts Payable Performance				
	FY 2026 Number	FY 2026 Percent	FY 2025 Number	FY 2025 Percent
Less than 30	5,572	96.0%	5,704	96.8%
Less than 45	5,637	97.1%	5,792	98.3%
Greater than 45	166	2.9%	99	1.7%
Sub-Total ≤ 45	5,803	100%	5,891	100%
Retainage/Dispute	-	-	-	-
Total	5,803		5,891	

The chart below shows cumulative year to date historical performance for fiscal years 2022 through 2026.



Monthly Financial Report

Fiscal Year-to-Date
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Grants & Federal Appropriation Report

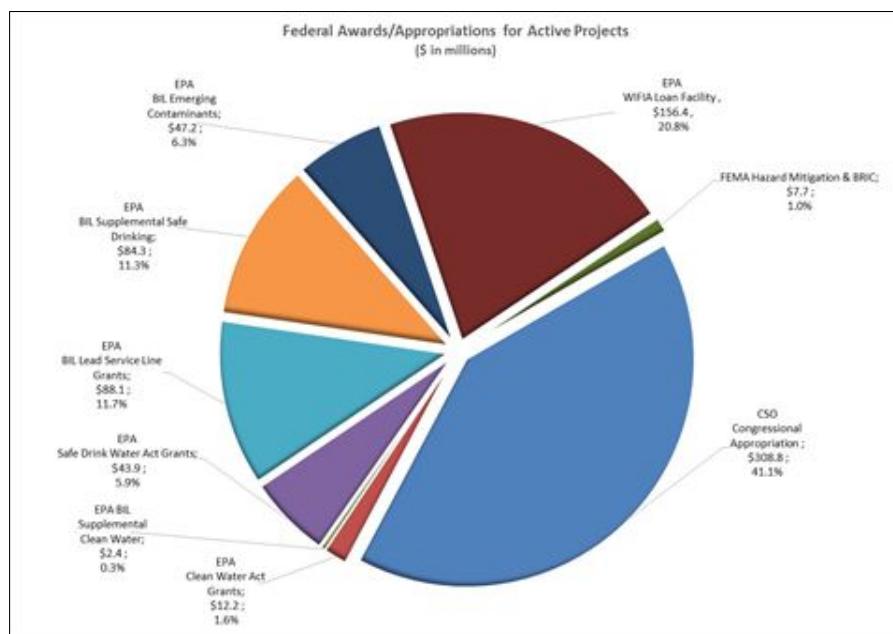
The Authority currently receives grants to fund portions of its capital project costs from the U.S. Environmental Protection Agency (EPA) and the Federal Emergency Management Agency (FEMA) among others.

The EPA grants are issued mainly under the Clean Water Act of 1972, the Safe Drinking Water Act of 1974, and the Infrastructure Investment and Jobs Act (IIJA, also known as BIL-Bipartisan Infrastructure Law). The grants under these acts support various Clean Water Projects- mainly Gravity Thickeners Upgrades; Safe Drinking Water Projects- mainly Small Diameter Water Main Replacements; Lead Service Lines Replacement Projects- new grants under IIJA/BIL to achieve the goal of lead-free Water Systems; and to start addressing the challenges from emerging contaminants including PFAS.

Additionally, On March 12, 2021, DC Water signed a WIFIA Loan Agreement with EPA for up to \$156,367,104, in loan facility to finance comprehensive infrastructure repair, rehabilitation, and replacement program project (WIFIA -N18143DC).

The FEMA Hazard Mitigation Grant Programs (HMGP) and Building Resilient Infrastructure and Communities (BRIC) Grants are issued under the Robert T. Stafford Disaster Relief and Emergency Assistance Act as amended by Disaster Recovery Act of 2018 (DRRA).

As of December 31, 2025, DC Water has \$751.0 million in total federal funds, including the WIFIA Loan Facility, for active projects, as indicated below:



The remaining balance of the EPA grants and WIFIA Loan facilities is \$219.3 million and \$52.1 million respectively as of December 31, 2025. FEMA grants have a balance of \$5.6 million as of December 31, 2025. Subsequent to December 31, 2025. We anticipate approximately \$40 million in FY25 BIL Lead Service Line Replacement allocations to be awarded soon.

Monthly Financial Report

DC Water has received twenty-eight separate Congressional CSO appropriations totaling \$308.8 million plus accrued interest of \$12.7 million, resulting in total CSO funding of \$321.5 million. The cumulative CSO appropriation life-to-date cash disbursement is \$321.5 million, based on requested reimbursements (drawdowns for eligible disbursements) through December 31, 2025. The Office of Management and Budget (OMB) has confirmed \$2,673,600 in FY26 CSO available funding under Public Law 119-14 which we expect to receive during second quarter from the US Treasury. The remaining CSO balance as of December 31, 2025, is \$6,295.09, which represents the interest earned on CSO funds through the month of December 31, 2025.

In FY 2026, DC Water signed a MOU with DOEE under which the Authority received \$356,951.53 in local DC funds to support Lead Pipe Replacement Assistance Program (LPRAP). As of December 31, 2025, the LPRAP program has incurred \$101,650 in eligible expenditures to be utilized against the approved funding. Final reconciliation of FY2026 expenditures will be completed at the end of the fiscal year.

In FY 2026 so far, DC Water has received \$24,342 from Clean Fuel Alliance Foundation as Pass-through funds from EPA under Diesel Emission Reduction Act (DERA) Grant. An invoice for \$50,427 is pending payment and there is \$559,040 in available balance to be billed in the Grant during FY 2026. DERA grants are a critical component of the United States' efforts to reduce air pollution and improve public health by reducing harmful emissions from diesel engines.

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FY 2025 Budget to Actual Performance (\$000's)**Operating Revenues**

Category	A REVISED	B	C = B/A % of	D = B-A \$
	BUDGET	ACTUAL	BUDGET	Fav/(Unfav)
Res. / Comm. / Multi.	\$547,903	576,750	105.3%	\$28,847
Federal	91,696	92,625	101.0%	\$929
Municipal (DC Govt.)	26,388	25,727	97.5%	(\$661)
DC Housing	17,027	14,990	88.0%	(\$2,037)
Metering Fee	24,083	24,479	101.6%	\$396
Water System Replacement Fee (WSRF)	40,717	43,382	106.5%	\$2,665
Wholesale	114,248	114,341	100.1%	\$93
PILOT/ROW	23,813	24,989	104.9%	\$1,176
All Other	65,988	61,225	92.8%	(\$4,763)
TOTAL	\$951,863	\$978,509	102.8%	\$26,645

Operating Expenditures

Category	A REVISED	B	C = B/A % of	D = A-B \$
	BUDGET	ACTUAL	BUDGET	Fav/(Unfav)
Personnel	\$209,633	\$197,802	94.4%	\$11,831
Contractual Services	102,284	90,012	88.0%	12,272
Water Purchases	45,330	43,498	96.0%	1,833
Chemicals & Supplies	55,585	56,834	102.2%	(1,249)
Utilities	40,318	39,731	98.5%	587
Small Equipment	1,364	1,311	96.1%	53
SUBTOTAL O&M	\$454,513	\$429,188	94.4%	\$25,325
Debt Service	243,969	224,506	92.0%	19,463
PILOT/ROW	23,796	23,796	100.0%	0
Cash Financed Capital Improvements	65,963	58,438	88.6%	7,525
TOTAL OPERATING	\$788,241	\$735,928	93.4%	\$52,313
Capital Labor	(34,087)	(25,789)	75.7%	(8,298)
TOTAL NET OPERATING	\$754,154	\$710,140	94.2%	\$44,014

Capital Disbursements

Service Area	A REVISED	B	C = B/A % of	D = A-B \$
	BUDGET	ACTUAL	BUDGET	Fav/(Unfav)
Non Process Facilities	\$18,181	\$5,186	28.5%	\$12,995
Wastewater Treatment	68,282	64,766	94.9%	3,516
Combined Sewer Overflow	223,832	165,124	73.8%	58,708
Stormwater	8,209	7,427	90.5%	782
Sanitary Sewer	146,901	109,368	74.5%	37,533
Water	185,094	190,303	102.8%	(5,209)
SUBTOTAL: CAPITAL PROJECTS	\$650,499	\$542,174	83.3%	\$108,325
Capital Equipment	31,476	19,911	63.3%	11,565
Washington Aqueduct	35,770	22,060	61.7%	13,710
SUBTOTAL: ADD'L CAPITAL PROGRAMS	\$67,246	\$41,971	62.4%	\$25,275
TOTAL	\$717,745	\$584,145	81.4%	\$133,600



Update on 2026 Refunding Activities

Presentation to Finance and Budget Committee on January 27, 2026

Ivan Boykin, Vice President of Finance

District of Columbia Water and Sewer Authority

ATTACHMENT 2





Purpose

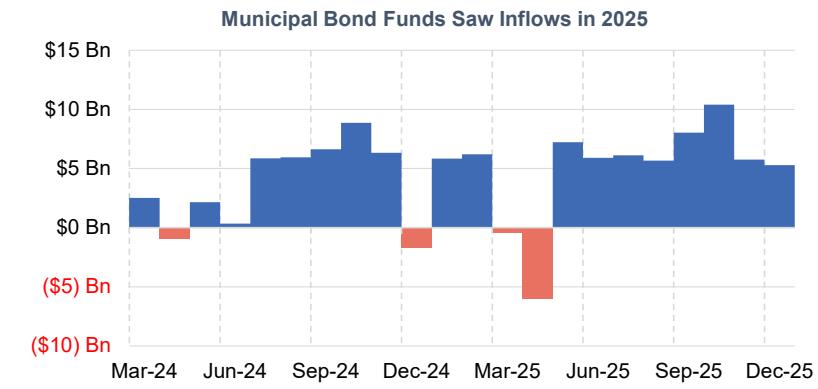
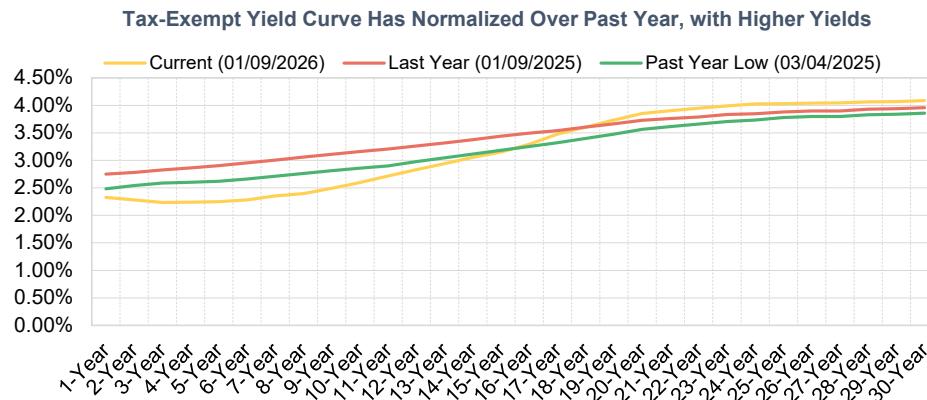
- ◆ To update the Committee on the upcoming plan of finance and seek the Committee's recommendation to the full Board to approve the proposed plan of finance and related documents:
 - Series 2026 A (Subordinate Lien, Fixed Rate Bonds)
 - Series 2026 B (Subordinate Lien, Fixed Rate Green Bonds)
- ◆ The Series 2026A&B Bonds will be authorized to refinance existing subordinate lien bonds including, Series 2014 C, 2015 A, 2016 A, 2022 A (Direct Placement) and Series 2010 A (Build America Bonds)



Recent Market Catalysts and Expectations for 2025

- Key municipal market catalysts in 2026 are expected to include:
 - Federal Reserve policy
 - Data on labor market and inflation
 - November 2026 mid-term elections and debt ceiling limit that is expected to coincide with this timing
 - Changes in tariff policy, which could impact economic growth and the labor market
 - Geopolitical events

Average Forecasts	Bond Yield Forecast (As of January 12, 2026)									
	Current	Q1 26	Q2 26	Q3 26	Q4 26	Q1 27	Q2 27	Q3 27	Q4 27	Q1 28
US 30-Year	4.82%	4.72%	4.68%	4.66%	4.67%	4.63%	4.63%	4.63%	4.65%	4.59%
US 10-Year	4.17%	4.11%	4.10%	4.09%	4.11%	4.07%	4.08%	4.09%	4.10%	4.08%
US 5-Year	3.76%	3.65%	3.61%	3.61%	3.61%	3.61%	3.65%	3.67%	3.68%	3.66%
US 2-Year	3.54%	3.44%	3.37%	3.33%	3.32%	3.31%	3.33%	3.35%	3.35%	3.32%
US 3-Month Term SOFR	3.65%	3.49%	3.29%	3.20%	3.16%	3.17%	3.17%	3.19%	3.19%	3.23%
Fed Funds Rate - Upper Bound	3.75%	3.57%	3.40%	3.27%	3.22%	3.20%	3.21%	3.22%	3.21%	3.23%
Fed Funds Rate - Lower Bound	3.50%	3.32%	3.15%	3.02%	2.97%	2.95%	2.96%	2.97%	2.96%	2.98%





Series 2026 A&B Refunding

- ◆ Series 2026 A & 2026 B bonds will be issued on the Subordinate Lien as tax-exempt fixed-rate bonds
- ◆ Purpose is to refund outstanding bonds for debt service savings
 - Potential refunding candidates include remaining 2014 C and 2015A bonds, along with 2016 A bonds with a call date of April 1, 2026
 - DC Water is actively evaluating an additional opportunity to refund the 2022A direct bank placement and generate incremental savings while eliminating existing bank covenants
 - Under current market conditions, DC Water anticipates net present value savings of \$26.2 million and refunded principal of \$296.4 million (8.9%)¹
 - Refunding will be executed only to the extent market conditions allow DC Water to exceed savings threshold included in Authorizing Resolution
- ◆ DC Water is also requesting authorization to refund 2010 A Build America Bonds (“BABS”), should favorable conditions present an opportunity at the time of sale
- ◆ Series 2026 B (Green Bonds) will be independently certified as Green Bonds and used to refund portions of debt that are allocable to Clean Rivers

¹: Preliminary, subject to change within the parameters of Board authorization; Calculations mirror those shown to rating agencies; Savings calculations do not include refunding of Series 2022A at this time; Does not include impacts of BAB refunding due to that portion of the transaction being covered by a different authorization parameter; Details on Slide 6



Build America Bond (“BAB”) Refunding

- DC Water has \$271.6 million of outstanding BABs that have been subject to reduced interest subsidies from the IRS since 2013 due to Sequestration and delayed subsidy payments since the pandemic
- DC Water bonds were sold with an Extraordinary Redemption Provision (“ERP”) feature that permits DC Water to redeem the bonds at a favorable price if interest subsidies are reduced or eliminated
- Wide variety of specific ERP language exists (with more restrictive language the subject of most investor dissent) but DC Water ERP is among most permissive

Series	Maturity	Outstanding Par (000s)	MWC Price (Any date)	MWC Price (1/5/2026)	ERP Price (Any date)	ERP Price (1/5/2026)
Series 2010A	10/01/2028	\$21,060	UST +30 bps	102.844	UST +100 bps	101.604
	10/01/2044	\$250,500	UST +30 bps	104.683	UST +100 bps	100.000

- Under current market conditions, DC Water could achieve roughly breakeven economics from a refunding transaction and eliminate risk of ongoing Sequestration and subsidy payment delays
- Over the past several years, significant number of issuers have exercised ERP and refunded BABs with tax-exempt debt to generate savings or to de-risk portfolio at a low cost, due to favorable market conditions
- Investors may incur losses when an ERP is triggered and therefore have voiced opposition in certain other cases where issuers have exercised ERP, but this opposition has waned as similar refunding transactions have become commonplace



Preliminary 2026 Plan of Finance

Overview

Series 2026A (Subordinate Lien, Fixed Rate)

- Current refunding to generate debt service savings
- Potential refunding candidates include portions of Series 2010A, Series 2014C and Series 2016A
- A refunding of Series 2022A is currently being evaluated and will be included if economically beneficial¹
- Series 2010A are Build America Bonds subject to Extraordinary Redemption Provision

Series 2026B (Green) (Subordinate Lien, Fixed Rate)

- Current refunding to generate debt service savings
- Potential refunding candidates include Series 2015A (Green) and portions of Series 2010A, Series 2014C, and Series 2016A
- A refunding of Series 2022A is currently being evaluated and will be included if economically beneficial¹
- Series 2010A are Build America Bonds subject to Extraordinary Redemption Provision
- Portions of bonds that funded Clean Rivers Project will be refunded with Series 2026B

Sources and Uses (\$)¹

	2026A	2026B (Green)	Total
Sources			
Par Amount	303,415,000	200,960,000	504,375,000
Net Premium	42,945,433	25,160,692	68,106,125
Debt Service Fund	6,898,152	4,975,286	11,873,438
Total Sources	353,258,585	231,095,977	584,354,563
Uses			
Refunding Escrow	350,828,226	229,483,392	580,311,619
Issuance Expenses	2,430,359	1,612,585	4,042,944
Total Uses	353,258,585	231,095,977	584,354,563
Refunding Statistics			
BABs Refunded Par (\$)	103,410,000	168,150,000	271,560,000
BAB NPV Savings (\$)	70,072	114,740	184,812
BAB NPV Savings (%)	0.07%	0.07%	0.07%
Current Refunded Par (\$)	240,260,000	56,090,000	296,350,000
Cur. Ref. NPV Savings (\$)	21,733,956	4,480,816	26,214,772
Cur. Ref. NPV Savings (%)	9.04%	7.98%	8.85%

Note: Preliminary, subject to change within the parameters of Board authorization; Calculations mirror those shown to rating agencies
 1: Savings calculations do not include refunding of Series 2022A at this time



Preliminary Financing Calendar

January 2026						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February 2026						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

March 2026						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Holiday

Key Dates

Timing	Event
Week of January 12, 2026	■ Rating Agency presentations
January 27, 2026	■ Finance and Budget Committee consideration of Plan of Finance
February 5, 2026	■ Board consideration of Plan of Finance
February 12, 2026	■ Series 2026 A&B Pricing
March 2, 2026	■ Series 2026 A&B Closing

Note: Preliminary, subject to change.



Summary

- ◆ DC Water seeks authorization to issue Series 2026 A & B bonds to refund outstanding debt for debt service savings
 - Refunding will be executed only to the extent market conditions allow DC Water to exceed savings thresholds included in Authorizing Resolution
- ◆ BAB refunding could permit DC Water to achieve modest savings and eliminate risk of ongoing Sequestration and subsidy payment delays
- ◆ Series 2026 B bonds issued to refund bonds that funded Clean Rivers will be independently certified as Green Bonds
- ◆ Pursuant to Authorizing Resolutions, DC Water Board will be asked to approve several documents related to the financing plan

ATTACHMENT 3

FINANCE & BUDGET COMMITTEE

ACTION ITEMS

Series 2026 A/B Bond Resolution and Related Documents

Presented and Adopted: February ___, 2026
Subject: Approving the Substantially Final Form of Certain
Documents, Authorizing the Sale and Setting Terms and
Details of the Series 2026AB Bonds

#26-_____
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("Authority"), at its meeting on February ___, 2026, upon consideration of a joint-use matter, by a vote of _____ (____) in favor and _____ (____) opposed Approving the Substantially Final Form of Certain Documents, Authorizing the Sale and Setting Terms and Details of the Series 2026AB Bonds.

WHEREAS, the Authority is authorized pursuant to the *Water and Sewer Authority Establishment and Department of Public Works Reorganization Act of 1996*, as amended, D.C. Code Section 34-2201.01 et seq. (the "WASA Act"), and the *District of Columbia Water and Sewer Authority Act of 1996*, Public Law 104-184; 110 Stat. 1696, to issue revenue bonds for undertakings authorized by the WASA Act, including to finance or refinance any cost, as defined in the WASA Act, D.C. Code Section 34-2202.01(2); and

WHEREAS, in accordance with the WASA Act, the Authority and Computershare Trust Company, N.A., as trustee (the "Trustee") (its predecessors in that capacity having been Norwest Bank Minnesota, N.A., Wells Fargo Bank Minnesota, N.A. and Wells Fargo Bank, N.A.), entered into the Master Indenture of Trust, dated as of April 1, 1998 (the "Master Indenture" and, as supplemented and amended, the "Indenture"), to provide for financing or refinancing the acquisition, construction, operation, maintenance and extension of the System (as defined in the Master Indenture) by the issuance of bonds, notes and other obligations payable solely from Net Revenues (as such terms are defined in the Master Indenture); and

WHEREAS, pursuant to the Twelfth Supplemental Indenture of Trust, dated October 27, 2010 (the "Twelfth Supplemental Indenture"), between the Authority and the Trustee, the Authority issued its Public Utility Subordinate Lien Revenue Bonds, Series 2010A (Federally Taxable – Issuer Subsidy – Build America Bonds) (the "Series 2010A Bonds"), in the aggregate principal amount of \$300,000,000; and

WHEREAS, pursuant to Section 301(b) of the Twelfth Supplemental Indenture, the Series 2010A Bonds are subject to extraordinary optional redemption prior to their stated maturities, at the option of the Authority, upon the occurrence of, *inter alia*, legislation

enacted by the Congress of the United States or an order, ruling, regulation the effect of which, as reasonably determined by the Authority, would be to suspend, reduce or terminate the payment from the United States Treasury to the Authority with respect to the Series 2010A Bonds pursuant to Sections 54AA or 6431 of the Internal Revenue Code; and

WHEREAS, since 2013 such payments with respect to the Series 2010A Bonds have been subject to an automatic reduction (sequestration) pursuant to the provisions of the Budget Control Act of 2011 and therefore the Authority's option for an extraordinary optional redemption of the Series 2010A Bonds has been triggered; and

WHEREAS, the Authority has heretofore entered into thirty-seven (37) supplemental indentures of trust with the Trustee in connection with the issuance of Senior Debt and Subordinate Debt (both as defined in the Indenture) or to amend and clarify the Master Indenture; and

WHEREAS, the Authority now intends: (i) to issue Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026A (the "Series 2026A Bonds") to: (a) currently refund or advance refund, as applicable, in conjunction with the Series 2026B Bonds (defined below), a portion of the Authority's outstanding Senior Debt and/or Subordinate Debt (the "Refunded Bonds") that are identified as Refunded Bonds in the Certificate of Award; (b) fund a Series 2026A Debt Service Reserve Requirement, (as defined herein), if determined necessary; and (c) pay certain costs of issuance of the Series 2026A Bonds; (ii) to issue Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026B (Green Bonds) (the "Series 2026B Bonds" and, collectively with the Series 2026A Bonds, the "Series 2026AB Bonds") to: (a) currently refund or advance refund, as applicable, a portion of the Refunded Bonds as identified in the Certificate of Award; (b) fund a Series 2026B Debt Service Reserve Requirement, (as defined herein), if determined necessary; and (c) pay certain costs of issuance of the Series 2026B Bonds; (iii) to designate the Series 2026AB Bonds as Subordinate Debt for purposes of the Indenture; and (vi) to secure the Series 2026AB Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, the CEO and General Manager, the Interim Chief Financial Officer and Executive Vice President, Finance, Procurement and Compliance, the Chief Operating Officer and Executive Vice President Operations & Engineering, and the Interim Chief Legal Officer and Executive Vice President, Government & Legal Affairs of the Authority have informed the Board that their offices have established "due diligence" procedures for reviewing the documents authorized by this Resolution with the Authority's bond counsel, disclosure counsel, financial advisors, underwriters, underwriters' counsel and other consultants and advisors, with a view to ensuring the accuracy of disclosure; and

WHEREAS, the Finance and Budget Committee met on January 27, 2026, to review the issuance of the Series 2026AB Bonds and recommended approval of this Resolution by the Board.

NOW THEREFORE, BE IT RESOLVED THAT:

1. The Board approves the Substantially Final Form of Certain Documents, Authorizing the Sale and Setting Terms and Details of the Series 2026AB Bonds:

Section 1. Definitions and Interpretations. Unless otherwise defined herein and unless the context indicates otherwise, the terms used herein and defined in the Indenture (including the Thirty-Eighth Supplemental Indenture as hereby approved) shall have the meanings assigned to them therein. In addition, the following terms used as defined terms in this Resolution shall have the meaning assigned to them in this Section:

“Authorized Officials” means the Chairman of the Board and the CEO and General Manager, the Chief Operating Officer and Executive Vice President Operations & Engineering, the Chief Financial Officer and Executive Vice President, Finance, Procurement and Compliance, the Vice President and Controller, the Vice President, Budget, the Vice President, Finance, and the Vice President, Rates and Revenue of the Authority, including any of the foregoing who are in an interim, acting or similar capacity, provided that any official other than the Chairman shall be designated by the Chairman as her designee for the purpose of executing and delivering any document authorized hereunder.

“Bond Purchase Agreement” means the Bond Purchase Agreement for the Series 2026AB Bonds between the Authority and the Original Purchasers, dated as of the same date as the Certificate of Award.

“Certificate of Award” means the certificate of an Authorized Official awarding the Series 2026AB Bonds to the Original Purchasers and specifying terms of the Series 2026AB Bonds, as provided for in Section 4 of this Resolution and identifying the Refunded Bonds, if any.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement executed by the Authority and the Trustee, dated as of the same date as the date of issuance and delivery of the Series 2026AB Bonds, as originally executed and as it may be amended from time to time in accordance with its terms.

“Escrow Agent” means the Trustee as Escrow Agent.

“Escrow Agreement” means the Escrow Agreement, dated the same date as the Series 2026AB Bonds, between the Authority and the Escrow Agent, providing for the Refunded Bonds to be deemed paid and no longer Outstanding under the Indenture.

“Financial Advisor” means, collectively, PFM Financial Advisors LLC and Sustainable Capital Advisors.

“Interest Payment Dates” means for the Series 2026AB Bonds, each April 1 and October 1, commencing on the April 1 or October 1 specified in the Certificate of Award as the first Interest Payment Date, and thereafter during the time the Series 2026AB Bonds are Outstanding.

“Original Purchasers” for the Series 2026AB Bonds means the purchasers identified as such in the Bond Purchase Agreement.

“Refunded Bonds” means any Outstanding Senior Debt and/or Subordinate Debt to be caused to be deemed paid and no longer Outstanding under the Indenture as the result of the deposit of certain proceeds of the Series 2026AB Bonds and any other funds in escrow under the Escrow Agreement and identified as the Refunded Bonds in the Certificate of Award.

“Savings Threshold” means, as applicable, that: (i) as the result of the refunding of the Refunded Bonds (other than any of the Authority’s outstanding Series 2010A Bonds), the Authority will achieve an aggregate reduction in bond debt service that has a present value at the time of sale of the Series 2026AB Bonds equal to at least three percent (3.0%) and will fulfill any other standards that any Authorized Official executing the Certificate of Award deems appropriate or (ii) the Chief Financial Officer and Executive Vice President, Finance, Procurement and Compliance, determines, in consultation with the Authority’s Financial Advisor, that the refunding of any Series 2010A Bonds included in the Refunded Bonds is in the best interests of the Authority.

“Series 2026A Debt Service Reserve Requirement” means, if determined in the Certificate of Award to be necessary, a required fund balance in the Series 2026A Debt Service Reserve Account or Accounts established under the Thirty-Eighth Supplemental Indenture, the amount of which shall be specified in the Certificate of Award, but which shall not exceed the maximum amount permitted to constitute a “reasonably required reserve or replacement fund” under the size limitation set forth in Section 1.148-2(f)(2) of the Treasury Regulations promulgated under the Code (taking into account any moneys in any other fund or account that may be required to be included in such computation) unless the Authority furnishes to the Trustee an opinion of nationally recognized bond counsel to the effect that the existence of a balance in the Series 2026A Debt Service Reserve Account in the amount of the specified required fund balance will not cause the interest on any Series 2026A Bonds intended to be excluded from gross income for federal income tax purposes not to be so excluded.

“Series 2026B Debt Service Reserve Requirement” means, if determined in the Certificate of Award to be necessary, a required fund balance in the Series 2026B Debt Service Reserve Account or Accounts established under the Thirty-Eighth Supplemental Indenture, the amount of which shall be specified in the Certificate of Award, but which shall not exceed the maximum amount permitted to constitute a “reasonably required

reserve or replacement fund" under the size limitation set forth in Section 1.148-2(f)(2) of the Treasury Regulations promulgated under the Code (taking into account any moneys in any other fund or account that may be required to be included in such computation) unless the Authority furnishes to the Trustee an opinion of nationally recognized bond counsel to the effect that the existence of a balance in the Series 2026B Debt Service Reserve Account in the amount of the specified required fund balance will not cause the interest on any Series 2026B Bonds intended to be excluded from gross income for federal income tax purposes not to be so excluded.

"Thirty-Eighth Supplemental Indenture" means the Thirty-Eighth Supplemental Indenture of Trust by and between the Authority and the Trustee, dated as of the same date as and relating to the Series 2026AB Bonds.

Any reference to the Authority or the Board, or to their members or officers, or to other public officers, boards, commissions, departments, institutions, agencies, bodies or entities, shall include those who or which succeed to their functions, duties or responsibilities by operation of law and also those who or which at the time may legally act in their place.

Section 2. Authorization, Designation and Purposes of Series 2026AB Bonds.

(a) Series 2026A Bonds. The Authority is authorized to issue, sell and deliver, as provided in this Resolution and the Certificate of Award, the Series 2026A Bonds which shall be designated "Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026A" and shall constitute Subordinate Debt for purposes of the Indenture. The issuance of the Series 2026A Bonds is authorized for the following purposes: (i) to currently refund or advance refund, as applicable, a portion of the Refunded Bonds, as identified in the Certificate of Award, and cause those Refunded Bonds to be deemed paid and no longer Outstanding for purposes of the Indenture; (ii) funding a Series 2026A Debt Service Reserve Requirement, if determined necessary in the Certificate of Award; and (c) paying issuance costs of the Series 2026A Bonds (including all or a portion of the fees and costs of any escrow bidding agent or verification agent engaged pursuant to Section 6). For those purposes the proceeds from the sale of the Series 2026A Bonds shall be allocated and deposited, as provided in the Thirty-Eighth Supplemental Indenture.

(b) Series 2026B Bonds. The Authority is authorized to issue, sell and deliver, as provided in this Resolution and the Certificate of Award, the Series 2026B Bonds which shall be designated "Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026B (Green Bonds)" and shall constitute Subordinate Debt for purposes of the Indenture. The issuance of the Series 2026B Bonds is authorized for the following purposes: (i) to currently refund or advance refund, as applicable, a portion of the Refunded Bonds, as identified in the Certificate of Award, and cause those Refunded Bonds to be deemed paid and no longer Outstanding for purposes of the Indenture; (ii) funding a Series 2026B Debt Service Reserve Requirement, if determined necessary in the Certificate of Award; and (c) paying issuance costs of the Series 2026B Bonds (including all or a portion of the fees and costs of any escrow bidding agent, verification

agent or independent sustainability consultant engaged pursuant to Section 6). For those purposes the proceeds from the sale of the Series 2026B Bonds shall be allocated and deposited, as provided in the Thirty-Eighth Supplemental Indenture.

(c) Designations. Any designation of bonds authorized above may be revised or clarified in the Certificate of Award, including, but not limited to, the issuance of a single series of bonds.

(d) Savings Threshold. Before an Authorized Official executes the Certificate of Award, the Authority's Financial Advisor shall have given the Authority a written certification that identifies the Refunded Bonds (consistent with this Resolution) and determines that the Authority's issuance and sale of the Series 2026AB Bonds on the terms set forth in the Certificate of Award and the application of the proceeds of the Series 2026AB Bonds and any other legally available funds to refund the Refunded Bonds (other than any of the Authority's outstanding Series 2010A Bonds) identified in the Financial Advisor's certificate will meet the Savings Threshold.

Section 3. Terms and Provisions Applicable to the Series 2026AB Bonds.

(a) Form, Transfer and Exchange. The Series 2026AB Bonds: (i) shall initially be issued only in fully registered form and substantially in the forms attached as Exhibits to the Thirty-Eighth Supplemental Indenture; (ii) shall initially be issued only to a Depository for holding in a book entry system, and shall be registered in the name of the Depository or its nominee, as Holder, and immobilized in the custody of the Depository, and (iii) shall not be transferable or exchangeable except as provided in the Thirty-Eighth Supplemental Indenture.

(b) Denominations and Dates. The Series 2026AB Bonds shall be dated as of the date of issuance and delivery, but in no event later than December 31, 2026, and there shall be a single Series 2026AB Bond representing each interest rate for each maturity of the Series 2026AB Bonds bearing the same series or subseries designation as provided in the Thirty-Eighth Supplemental Indenture.

(c) Principal Maturities. The principal of the Series 2026AB Bonds shall be paid in such amounts on each principal retirement date (whether at stated maturity date or a mandatory redemption date) as set forth in the Certificate of Award, provided that the final principal retirement date shall be no later than December 31, 2066 and, with respect to the Series 2026AB Bonds, the principal retirement schedule shall be consistent with the achievement of the Savings Threshold.

(d) Interest Rates and Interest Rate Periods for the Series 2026AB Bonds. The Series 2026AB Bonds shall bear interest on their unpaid principal amount payable on each Interest Payment Date, commencing on the first Interest Payment Date specified in the Certificate of Award, at such fixed rates per annum as set forth in the Certificate of Award as provided in Section 4(c) hereof; provided however, that the "true interest cost" (i.e., interest cost on bonds defined as the rate, compounded semiannually, necessary to

discount the amounts payable on the respective interest and principal payment dates to the purchase price received for the bonds) on the Series 2026AB Bonds shall not exceed a rate that would cause the Savings Threshold not to be achieved.

(e) Optional and Mandatory Redemption.

(i) *Optional Redemption of the Series 2026AB Bonds.*

Make Whole Optional Redemption. Prior to such date or dates as may be specified in the Certificate of Award for the various maturities of the Series 2026AB Bonds, the applicable Series 2026AB Bonds shall be subject to make whole redemption prior to their stated maturities, at the option of the Authority, from any source of available funds, as a whole or in part (in whole multiples of \$5,000). The Certificate of Award shall specify the method by which the make whole redemption price shall be determined, provided that should the redemption price exceed 110% of the principal amount of the applicable Series 2026AB Bonds to be redeemed, further action by the Board shall be necessary to take action on such redemption.

Other Optional Redemption. Additionally, from and after the date or dates specified in the Certificate of Award, the applicable Series 2026AB Bonds shall be subject to redemption prior to their stated maturities, at the option of the Authority, from any source of available funds, as a whole or in part (in whole multiples of \$5,000), at redemption prices specified in the Certificate of Award, provided that no such redemption price (not including accrued interest) shall exceed 102% of the principal amount of the applicable Series 2026AB Bonds to be redeemed.

(ii) *Mandatory Sinking Fund Redemption* - Any Series 2026AB Bonds may be designated in the Certificate of Award as Term Bonds and be subject to mandatory sinking fund redemption by lot on specified principal retirement dates at a price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption.

(f) Redemption Provisions. Redemption of Series 2026AB Bonds shall be effected in accordance with Article IV of the Master Indenture; provided, however, that notices of redemption of the Series 2026AB Bonds sent pursuant to Section 402 of the Master Indenture may specify that the redemption is conditional upon the Authority's depositing the funds needed to effect that redemption prior to the specified redemption date.

(g) Places and Manner of Payment. The principal of and the interest and any redemption premium on the Series 2026AB Bonds shall be payable at the places and in the manner specified in the Thirty-Eighth Supplemental Indenture.

(h) Execution. The Authorized Officials are, and each of them is, authorized and directed to execute the Series 2026AB Bonds, and the Secretary of the Board is

authorized and directed to affix the seal of the Authority to the Series 2026AB Bonds and to deliver them to the Trustee for authentication in accordance with the Indenture.

Section 4. Sale of Series 2026AB Bonds.

(a) General. The Series 2026AB Bonds shall be awarded and sold to the Original Purchasers in accordance with the Bond Purchase Agreement and the Certificate of Award, at a purchase price of not less than ninety-five percent (95%) of the aggregate of the products from multiplying the principal amount of each Series 2026AB Bonds times the percentage of such principal amount at which such Series 2026AB Bond shall be initially offered to the public, after subtracting from the aggregate of such products the premium payable for any municipal bond insurance policy applicable to the Series 2026AB Bonds.

(b) Bond Purchase Agreement. The Authorized Officials are, and each of them is, authorized and directed to execute and deliver the Bond Purchase Agreement between the Authority and the Original Purchasers, substantially in the form presented to this Authority, but with such changes not inconsistent with the Indenture and this Resolution and not substantially adverse to the Authority as may be approved by the Authorized Official executing the same on behalf of the Authority. The approval of any such changes by such Authorized Official and the determination by such Authorized Official that no such change is substantially adverse to the Authority shall be conclusively evidenced by the execution of the Bond Purchase Agreement by such Authorized Official. The price for and terms of the Series 2026AB Bonds and the sale thereof, all as provided in this Resolution, the Bond Purchase Agreement, the Certificate of Award, and the Thirty-Eighth Supplemental Indenture, are hereby approved and determined to be in the best interests of the Authority.

(c) Certificate of Award. Such sale and award shall be further evidenced by the Certificate of Award executed by an Authorized Official. The terms of the Series 2026AB Bonds approved in the Certificate of Award shall be incorporated into the Thirty-Eighth Supplemental Indenture. The Certificate of Award, subject to the restrictions set forth herein, shall: (i) with respect to each series or subseries of the Series 2026AB Bonds, specify the aggregate principal amount, the purchase price, the first Interest Payment Dates, the interest rate or rates, the principal retirement dates, the mandatory sinking fund requirements (if any), the redemption dates, and the redemption prices thereof; (ii) specify whether a municipal bond insurance policy, letter of credit, or other credit or liquidity facility shall be obtained with respect to any of the Series 2026AB Bonds and, if so, from whom and on what terms; (iii) specify the amount, if any, of the Series 2026A Debt Service Reserve Requirement and the Series 2026B Debt Service Reserve Requirement the and determine whether it shall be met entirely with (A) cash and Permitted Investments (as defined in the Indenture); (B) a Qualified Reserve Credit Facility (as defined in the Indenture); or (C) a specified combination of (A) and (B); and (iv) include any additional information that may be required or permitted to be stated therein by the terms of this Resolution and the Bond Purchase Agreement.

(d) Authorization of Bond Insurance and Qualified Reserve Credit Facilities. The submission of any applications to: (i) recognized providers of municipal bond insurance requesting the issuance of one or more municipal bond insurance policies to insure the Authority's obligation to make payments of principal of and interest on any of the Series 2026AB Bonds, and (ii) potential providers of Qualified Reserve Credit Facilities, is hereby ratified and approved. The Authorized Officials are, and each of them is, hereby authorized to specify in the Certificate of Award that the Authority shall accept one or more commitments for insurance from such providers, and one or more commitments for a Qualified Reserve Credit Facility. There is hereby authorized to be paid from the moneys deposited in the Series 2026A Costs of Issuance Subaccount such amount as is required to pay the premium and expenses for such insurance policies and Qualified Reserve Credit Facilities relating to the Series 2026A Bonds. There is hereby authorized to be paid from the moneys deposited in the Series 2026B Costs of Issuance Subaccount such amount as is required to pay the premium and expenses for such insurance policies and Qualified Reserve Credit Facilities relating to the Series 2026B Bonds. The Authorized Officials are, and each of them is, hereby further authorized to enter into a reimbursement agreement with the provider of any Qualified Reserve Credit Facility to provide for the Authority's reimbursement of the provider for any amounts drawn under the Qualified Reserve Credit Facility in a manner consistent with the Indenture. Any determination of the Authorized Officials under this paragraph shall be based on the written advice of the Financial Advisor.

(e) Certificates. The Authorized Officials are, and each of them is, authorized and directed, in their official capacities, to execute and deliver to the Original Purchasers, the certificates required by the Bond Purchase Agreement to be executed on behalf of the Authority.

(f) Delivery of Bonds. The Authorized Officials are, and each of them is, authorized and directed to make the necessary arrangements with the Original Purchasers to establish the date, location, procedure and conditions for the delivery of the Series 2026AB Bonds. The Authorized Officials are, and each of them is, further authorized and directed to make the necessary arrangements for the printing of the Series 2026AB Bonds, and the execution, authentication and delivery of the applicable Series 2026AB Bonds to DTC for the accounts of the Original Purchasers, in accordance with this Resolution and the Indenture, and upon the receipt of payment of the purchase price, to cause such amount to be applied in accordance with the terms and provisions of this Resolution and the Indenture.

Section 5. Allocation of Proceeds of the Series 2026AB Bonds: Tax Covenants.

(a) Allocation of Proceeds. The proceeds from the sale of the Series 2026AB Bonds shall be allocated, deposited and credited for the purposes approved in this Resolution and as specified in the Thirty-Eighth Supplemental Indenture.

(b) Tax Covenants. The Board authorizes the Authorized Officials to approve the tax covenants, authorizations and agreements necessary to achieve and maintain the tax-exempt status of the Series 2026AB Bonds.

Section 6. Thirty-Eighth Supplemental Indenture, Escrow Agreement and Other Documents. The Authorized Officials are, and each of them is, authorized in connection with the issuance of the Series 2026AB Bonds, to execute, acknowledge and deliver in the name of and on behalf of the Authority, the Thirty-Eighth Supplemental Indenture, substantially in the form thereof submitted to the Authority at or prior to this meeting, but with such changes therein as may be permitted by the Indenture and this Resolution and approved by the Authorized Officer executing the document on behalf of the Authority. The approval of those changes shall be conclusively evidenced by the execution of the document by an Authorized Official.

The Authorized Officials are, and each of them is, authorized in connection with the issuance of the Series 2026AB Bonds, to execute, acknowledge and deliver in the name of and on behalf of the Authority, the Escrow Agreement, substantially in the form thereof submitted to the Authority at or prior to this meeting, but with such changes therein as may be permitted by the Indenture and this Resolution and approved by the Authorized Officer executing the document on behalf of the Authority. If in the Certificate of Award, an Authorized Official determines that it is in the Authority's best interest to authorize the purchase of open-market securities to effect the advance refunding of the Refunded Bonds, the Authorized Official is authorized to engage an agent for the purchase of such securities. With respect to the Escrow Agreement and to the extent any escrow securities are to be purchased thereunder, the Certificate of Award shall designate an independent firm experienced in the preparation of verification reports to verify or certify such escrow securities to be of such maturities and interest payment dates, and to bear such interest, as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient together with any cash deposited with and to be retained in that form by the Escrow Agent, to pay the principal of and interest and any premium on the Refunded Bonds, on their respective maturity or redemption date or dates, as provided in the Escrow Agreement.

The Authorized Officials are, and each of them is, authorized in connection with the issuance of the Series 2026B Bonds, to engage an independent sustainability consultant to prepare an opinion regarding the Series 2026B Bonds conformance with the Green Bond Principles established by the International Capital Market Association.

The Authorized Officials and any other member, officer or employee of the Authority are each authorized to execute and deliver, on behalf of the Authority, such other certificates, documents and instruments related to the Series 2026AB Bonds as are necessary in connection with the transactions authorized in this Resolution, and to do all other things required of them or the Authority pursuant to the Indenture, the Thirty-Eighth Supplemental Indenture, the Bond Purchase Agreement, the Escrow Agreement and this Resolution.

No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future member of the Board or officer, employee or agent of the Authority in his or her individual capacity, and neither the members of the Board nor any officer of the Authority executing the Series 2026AB Bonds shall be liable personally thereon or be subject to any personal liability or accountability by reason of the issuance thereof. No member of the Board or officer, employee, agent or advisor of the Authority shall incur any personal liability with respect to any other action taken by him pursuant to this Resolution or the Indenture or any other document authorized by this Resolution, provided such member, officer, employee, agent or advisor acts in good faith.

Section 7. Official Statement; Continuing Disclosure. The Authorized Officials shall cause to be prepared and issued on behalf of the Authority, an official statement (the "Official Statement") relating to the original issuance of the Series 2026AB Bonds. The Authorized Officials are, and each of them is, authorized to execute the Official Statement on behalf of the Authority, which shall be in substantially the form of the Official Statement submitted to the Authority at this meeting, with such changes as the Authorized Official who executes it may approve, the execution thereof on behalf of the Authority by an Authorized Official to be conclusive evidence of such authorization and approval (including approval of any such changes), and copies thereof are hereby authorized to be prepared and furnished to the Original Purchasers for distribution to prospective purchasers of the Series 2026AB Bonds and other interested persons. The preliminary Official Statement, shall be "deemed substantially final" by the Authority within the meaning of Rule 15c2-12 of the Securities Exchange Commission, subject to completion as provided below.

The distribution by the Authority and by the Original Purchasers of the preliminary Official Statement and the Official Statement, in such form and with any changes as may be approved in writing by an Authorized Official, is hereby authorized and approved.

The Authority shall make sufficient copies of the Official Statement, with any supplements, available to the Original Purchasers to sell book entry interests in the Series 2026AB Bonds, and will provide copies as appropriate to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website at www.emma.msrb.org.

The Authorized Officials are each hereby authorized to furnish such information, to execute such instruments and to take such other action in cooperation with the Original Purchasers as may be reasonably requested to qualify the Series 2026AB Bonds for offer and sale under the Blue Sky or other securities laws and regulations and to determine their eligibility for investment under the laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Original Purchasers; provided, however, that the Authority shall not be required to register as a dealer or broker in any such state or jurisdiction or become subject to the service of process in any jurisdiction in which the Authority is not now subject to such service.

The Authorized Officials are each hereby further authorized: (i) to supplement and complete the “deemed substantially final” preliminary Official Statement by affixing thereto or inserting therein information to identify the Original Purchasers and to specify the final principal amount, interest rates and redemption provisions of the Series 2026AB Bonds, the price of the Series 2026AB Bonds to the general public, any credit enhancement provisions with respect to the Series 2026AB Bonds and any change in ratings of the Series 2026AB Bonds resulting from such credit enhancement, and such other information as is necessary to supplement and complete the Official Statement with the approved and agreed upon terms of Series 2026AB Bonds, and (ii) to make such other changes to the preliminary Official Statement or the Official Statement as are, in the judgment of an Authorized Official, necessary and appropriate in order to make the preliminary Official Statement or the Official Statement not materially misleading and to comply with applicable securities laws or otherwise to enable the Authority to fulfill its obligations regarding the preliminary Official Statement or the Official Statement under the Bond Purchase Agreement.

The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Resolution or the Indenture, failure of the Authority to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, any Holder of Series 2026AB Bonds may, and the Trustee may (and, at the request of the Holders of at least 25% in aggregate principal amount of Outstanding Series 2026AB Bonds, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Authority to comply with its obligations under this paragraph. The Authorized Officials are, and each of them is, hereby authorized and directed to execute and deliver the Continuing Disclosure Agreement in substantially the form submitted to the Authority at or prior to this meeting with such changes therein as may be approved by the officer executing the Continuing Disclosure Agreement. The approval of those changes shall be conclusively evidenced by the execution of the Continuing Disclosure Agreement by an Authorized Official.

Section 8. General. The appropriate officers and employees of the Authority will do all things necessary and proper to implement and carry out the orders and agreements set forth or approved in this Resolution for the proper fulfillment of the purposes thereof. The Authority shall furnish to the Original Purchasers of the Series 2026AB Bonds a true and certified transcript of all proceedings relating to the authorization and issuance of the Series 2026AB Bonds along with other information as is necessary or proper with respect to the Series 2026AB Bonds.

Section 9. Issuance of Single or Multiple Series. Notwithstanding anything herein to the contrary, if an Authorized Official, determines it to be advantageous to the Authority, the Series 2026AB Bonds may be issued in one series or each of the Series 2026A Bonds and Series 2026B Bonds may be issued in one or more separate series or subseries, each bearing a distinctive designation, provided that the Series 2026AB Bonds of all series in the aggregate, must satisfy the requirements and comply with the restrictions of this Resolution and the Indenture. Separate series and subseries of Series 2026AB

Bonds may be issued at the same or different times and so may have different dates of issuance. The Series 2026AB Bonds of each series and subseries shall be designated as provided in the applicable Certificate of Award. A separate Certificate of Award may be delivered for each series or subseries, and each reference in this Resolution to the Certificate of Award shall refer to each and all such Certificates of Award. A separate Supplemental Trust Indenture may be entered into for each series or subseries, and each reference in this Resolution to the Thirty-Eighth Supplemental Indenture, as applicable, shall refer to each and all such Supplemental Trust Indentures, but any Supplemental Trust Indenture subsequent to the Thirty-Eighth Supplemental Indenture shall bear a different designation. A separate Bond Purchase Agreement and Continuing Disclosure Agreement may be entered into for each series or subseries, and each reference in this Resolution to the Bond Purchase Agreement or to the Continuing Disclosure Agreement shall refer to each and all such Bond Purchase Agreements or Continuing Disclosure Agreements, respectively. A separate Official Statement may be prepared for each series or subseries, and each reference in this Resolution to the Official Statement shall refer to each and all such Official Statements.

2. This Resolution is effective immediately.

Secretary to the Board of Directors

THIRTY-EIGHTH SUPPLEMENTAL INDENTURE OF TRUST

between

**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

and

**COMPUTERSHARE TRUST COMPANY, N.A.
AS TRUSTEE**

Dated March [2], 2026

THIS THIRTY-EIGHTH SUPPLEMENTAL INDENTURE OF TRUST dated the [2nd] day of March, 2026 (as defined in more detail below, the “**Thirty-Eighth Supplemental Indenture**”), by and between the District of Columbia Water and Sewer Authority (the “**Authority**”), an independent authority of the District of Columbia (the “**District**”), and Computershare Trust Company, N.A., a national banking association organized under the laws of the United States, having a corporate trust office in St. Paul, Minnesota, as trustee (in such capacity, together with any successor in such capacity, herein called the “**Trustee**”), provides:

WHEREAS, the Authority and the Trustee (as successor to Norwest Bank, N.A., as trustee) entered into the Master Indenture of Trust, dated as of April 1, 1998 (the “**Master Indenture**” and, as previously supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Twelfth Supplemental Indenture, the Thirteenth Supplemental Indenture, the Fourteenth Supplemental Indenture, the Fifteenth Supplemental Indenture, the Sixteenth Supplemental Indenture, the Seventeenth Supplemental Indenture, the Eighteenth Supplemental Indenture, the Nineteenth Supplemental Indenture, the Twentieth Supplemental Indenture, the Twenty-First Supplemental Indenture, the Twenty-Second Supplemental Indenture, the Twenty-Third Supplemental Indenture, the Twenty-Fourth Supplemental Indenture, the Twenty-Fifth Supplemental Indenture, the Twenty-Sixth Supplemental Indenture, the Twenty-Seventh Supplemental Indenture, the Twenty-Eighth Supplemental Indenture, the Twenty-Ninth Supplemental Indenture, the Thirtieth Supplemental Indenture, the Thirty-First Supplemental Indenture, the Thirty-Second Supplemental Indenture, the Thirty-Third Supplemental Indenture, the Thirty-Fourth Supplemental Indenture, the Thirty-Fifth Supplemental Indenture, the Thirty-Sixth Supplemental Indenture and the Thirty-Seventh Supplemental Indenture, all as hereinafter defined, and as it may further be supplemented and amended in accordance with its terms, the “**Indenture**”), to provide for financing or refinancing the acquisition, construction, operation, maintenance and extension of the System (as defined in the Master Indenture) by the issuance of bonds, notes and other obligations payable solely from Net Revenues (as defined in the Master Indenture); and

WHEREAS, pursuant to the First Supplemental Indenture of Trust, dated as of April 1, 1998 (the “**First Supplemental Indenture**”), between the Authority and the Trustee, the Authority issued its Public Utility Revenue Bonds, Series 1998 (the “**Series 1998 Senior Lien Bonds**”) in the aggregate principal amount of \$266,120,000 to finance Costs of the System (as defined in the Master Indenture) and to refund then outstanding debt of the Authority; and

WHEREAS, the Master Indenture permits the Authority, for certain purposes and subject to certain conditions, to issue Other System Indebtedness (as defined therein) secured on a parity with the Series 1998 Senior Lien Bonds and referred to collectively with the Series 1998 Senior Lien Bonds as “Senior Debt,” and also permits the Authority to issue Subordinate Debt (as defined therein), to which it has pledged to its payment Net Revenues as a subordinate lien pledge after the pledge of Net Revenues to Senior Debt; and

WHEREAS, pursuant to the Second Supplemental Indenture of Trust, dated as of November 1, 2001 (the “**Second Supplemental Indenture**”), between the Authority and the Trustee, the Authority amended and supplemented the Master Indenture in accordance with its terms to clarify provisions thereof related to certain forms of Indebtedness (as defined in the Master Indenture, i.e., Senior Debt and Subordinate Debt) and thereby facilitate the issuance of such forms of Indebtedness; and

WHEREAS, pursuant to the Third Supplemental Indenture of Trust, dated as of November 1, 2001 (the “**Third Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Commercial Paper Notes defined therein as the Series A-B Notes, (ii) designated the Series A-B Notes as Subordinate Debt for purposes of the Indenture, and (iii) made provision for the securing of the Series A-B Notes and of the Reimbursement Obligations to the Bank that provided the Letters of Credit (all as defined therein) that secure the Series A-B Notes; and

WHEREAS, pursuant to the Fourth Supplemental Indenture of Trust, dated August 12, 2003 (the “**Fourth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinated Lien Revenue Bonds, Series 2003, dated August 12, 2003 (the “**Series 2003 Subordinate Bonds**”), in the aggregate principal amount of \$176,220,000 to finance certain Costs of the System and retire Series A-B Notes, (ii) designated the Series 2003 Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2003 Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Fifth Supplemental Indenture of Trust, dated August 3, 2004 (the “**Fifth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinated Lien Revenue Bonds, Series 2004, as Subseries 2004A-1, Subseries 2004A-2, Subseries 2004B-1 and Subseries B-2 (collectively, the “**Series 2004 Subordinate Bonds**”) in the aggregate principal amount of \$295,000,000 to finance certain Costs of the System, (ii) designated the Series 2004 Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2004 Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Sixth Supplemental Indenture of Trust, dated June 6, 2007 (the “**Sixth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinated Lien Revenue Bonds, Series 2007A (the “**Series 2007A Subordinate Bonds**”), in the aggregate principal amount of \$218,715,000 to finance certain Costs of the System and retire Series A-B Notes, (ii) designated the Series 2007A Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2007A Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Seventh Supplemental Indenture of Trust, dated June 6, 2007 (the “**Seventh Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinated Lien Taxable Revenue Bonds, Series 2007B (the “**Series 2007B Subordinate Bonds**”), in the aggregate principal amount of \$59,000,000 to finance certain Costs of the System, (ii) designated the Series 2007B Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2007B Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Eighth Supplemental Indenture of Trust, dated April 24, 2008 (the “**Eighth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinated Lien Revenue Refunding Bonds, Series 2008 (the “**Series 2008 Subordinate Bonds**”), in the aggregate principal amount of \$290,375,000 to (a) currently refund all of the outstanding Series 2004 Subordinate Bonds and a portion of the Series 2007B Subordinate Bonds, and (b) pay issuance costs of the Series 2008 Subordinate Bonds, (ii) designated the Series 2008 Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2008 Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Ninth Supplemental Indenture of Trust, dated December 19, 2008 (the “**Ninth Supplemental Indenture**”), between the Authority and the Trustee, the Authority agreed to confer on the Holders of the Series 2003 Subordinate Bonds additional rights related to the Reserve Credit Facility (as defined therein) and to cure any ambiguity or omission in the Indenture regarding the obligations of the Authority as a consequence of a downgrade of the Reserve Policy related to the Series 2003 Subordinate Bonds, or in the event that the Reserve Policy were to cease to be in effect; and

WHEREAS, pursuant to the Tenth Supplemental Indenture of Trust, dated February 12, 2009 (the “**Tenth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Senior Lien Revenue Bonds, Series 2009A (the “**Series 2009A Senior Lien Bonds**”), in the aggregate principal amount of \$300,000,000 to finance certain Costs of the System and retire Series A-B Notes, (ii) designated the Series 2009A Senior Lien Bonds as Senior Debt for purposes of the Indenture, and (iii) secured the Series 2009A Senior Lien Bonds by a pledge of Net Revenues on a parity with the pledge of Net Revenues that secures other Senior Debt, including, without limitation, other Senior Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Eleventh Supplemental Indenture of Trust, dated June 2, 2010, as supplemented and amended by the First Amendment to Eleventh Supplemental Indenture of Trust, dated April 5, 2013, and by the Second Amendment to Eleventh Supplemental Indenture of Trust, dated May 18, 2015 (together, the “**Eleventh Supplemental Indenture**”), each between

the Authority and the Trustee, the Authority: (i) authorized the issuance of its (a) Commercial Paper Notes, Series A (the “**2010 Series A Notes**”) in the aggregate principal amount of \$0 to finance certain Costs of the System, (b) Commercial Paper Notes, Series B (the “**2010 Series B Notes**”) in the aggregate principal amount of \$100,000,000 to finance certain Costs of the System, and (c) Commercial Paper Notes, Series C (the “**2010 Series C Notes**” and, together with the 2010 Series A Notes and the 2010 Series B Note, the “**Series 2010 Notes**”) in the aggregate principal amount of \$50,000,000 to finance certain Costs of the System, (ii) designated the Series 2010 Notes as Subordinate Debt for purposes of the Indenture, and (iii) made provision for the securing of the Series 2010 Notes and of the Authority’s reimbursement obligations to the Bank (as defined in the Eleventh Supplemental Indenture) that provided the Substitute Letters of Credit (as defined in the Eleventh Supplemental Indenture) that secure the Series 2010 Notes; and

WHEREAS, pursuant to the Twelfth Supplemental Indenture of Trust, dated October 27, 2010 (the “**Twelfth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinate Lien Revenue Bonds, Series 2010A (Federally Taxable – Issuer Subsidy – Build America Bonds) (the “**Series 2010A Subordinate Bonds**”), in the aggregate principal amount of \$300,000,000 to finance certain Costs of the System and fund capitalized interest on a portion of the Series 2010A Subordinate Bonds, subject to specified limitations, (ii) designated the Series 2010A Subordinate Bonds as Subordinate Debt for purposes of the Indenture, (iii) secured the Series 2010A Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future, and (iv) included provisions in the Indenture related to potential Direct Payments (as defined therein) received or expected to be received by the Authority, including certain provisions requiring the consent of the holders of a majority of Outstanding Bonds; and

WHEREAS, pursuant to the Thirteenth Supplemental Indenture of Trust, dated March 22, 2012 (the “**Thirteenth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i)(a) issued its Public Utility Subordinate Lien Revenue Bonds, Series 2012A (the “**Series 2012A Subordinate Bonds**”), in the aggregate principal of \$177,430,000 to finance certain Costs of the System and pay certain costs of issuance, (b) designated the Series 2012A Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (c) secured the Series 2012A Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; (ii)(a) issued its Public Utility Subordinate Lien Multimodal Revenue Bonds, Series 2012B (the “**Series 2012B Subordinate Bonds**”), in the aggregate principal amount of \$100,000,000 to finance certain Costs of the System, fund capitalized interest on a portion of the Series 2012B Subordinate Bonds subject to specified limitations, and pay certain costs of issuance, (b) designated the Series 2012B Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (c) secured the Series 2012B Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and (iii)(a) issued its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2012C

(the “**Series 2012C Subordinate Bonds**”), in the aggregate principal amount of \$163,215,000, and applied the proceeds thereof, together with any other funds of the Authority, to advance refund the Series 2003 Subordinate Bonds and caused them to be deemed paid and no longer Outstanding for purposes of the Indenture, and paid certain costs of issuance, (b) designated the Series 2012C Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (c) secured the Series 2012C Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Fourteenth Supplemental Indenture of Trust, dated as of August 1, 2013 (the “**Fourteenth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinate Lien Revenue Bonds, Series 2013A (the “**Series 2013A Subordinate Bonds**”), in the aggregate principal amount of \$300,000,000 to finance certain Costs of the System and pay certain costs of issuance, (ii) designated the Series 2013A Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2013A Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Fifteenth Supplemental Indenture of Trust, dated July 23, 2014 (the “**Fifteenth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Senior Lien Revenue Bonds, Series 2014A (Federally Taxable) (Green Bonds) (the “**Series 2014A Senior Lien Bonds**”), in the aggregate principal amount of \$350,000,000 to finance certain Costs of the System and pay certain costs of issuance, (ii) designated the Series 2014A Senior Lien Bonds as Senior Debt for purposes of the Indenture, and (iii) secured the Series 2014A Senior Lien Bonds by a pledge of Net Revenues on a parity with the pledge of Net Revenues that secures other Senior Debt, including, without limitation, other Senior Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Sixteenth Supplemental Indenture of Trust, dated July 23, 2014 (the “**Sixteenth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinate Lien Multimodal Revenue Bonds, Series 2014B (the “**Series 2014B Subordinate Bonds**”), in the aggregate principal amount of \$100,000,000 to finance certain Costs of the System and pay certain costs of issuance, (ii) designated the Series 2014B Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2014B Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Seventeenth Supplemental Indenture of Trust, dated November 20, 2014 (the “**Seventeenth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2014C (the “**Series 2014C Subordinate Bonds**”), in the aggregate principal amount

of \$377,700,000 to (a) advance refund all or a portion of the Authority's outstanding Series 2007A Subordinate Bonds, the Series 2008A Subordinate Bonds, and the Series 2009A Senior Lien Bonds, and current refund all of the Authority's outstanding Subseries 2012B-1 of the Series 2012 Subordinate Bonds, and (b) pay issuance costs of the Series 2014C Subordinate Bonds, (ii) designated the Series 2014C Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2014C Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Eighteenth Supplemental Indenture of Trust, dated October 15, 2015 (the "**Eighteenth Supplemental Indenture**"), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinate Lien Revenue Bonds, Series 2015A (Green Bonds) (the "**Series 2015A Subordinate Bonds**"), in the aggregate principal amount of \$100,000,000 to (a) finance certain Costs of the System, and (b) pay issuance costs of the Series 2015A Subordinate Bonds, (ii) designated the Series 2015A Subordinate Bonds as Subordinate Debt for purposes of the Indenture, (iii) secured the Series 2015A Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future, (iv) issued its Public Utility Subordinate Lien Revenue Bonds, Series 2015B (the "**Series 2015B Subordinate Bonds**" and, together with the Series 2015A Subordinate Bonds, the "**Series 2015A/B Subordinate Bonds**"), in an aggregate principal amount of \$250,000,000 to (a) finance certain Costs of the System, and (b) pay issuance costs of the Series 2015B Subordinate Bonds, (v) designated the Series 2015B Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (vi) secured the Series 2015B Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Nineteenth Supplemental Indenture of Trust, dated December 1, 2015 (the "**Nineteenth Supplemental Indenture**") between the Trustee and the Authority, the Authority: (i) authorized the issuance of its Extendable Municipal Commercial Paper Notes, Series A (the "**Series A EMCP Notes**"), in the aggregate principal amount of not to exceed \$100,000,000 outstanding at any time to finance certain Costs of the System, (ii) designated the Series A EMCP Notes as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series A EMCP Notes by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Twentieth Supplemental Indenture of Trust, dated February 24, 2016 (the "**Twentieth Supplemental Indenture**") between the Trustee and the Authority, the Authority: (i) issued its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2016A (the "**Series 2016A Subordinate Bonds**"), in the aggregate principal amount of \$389,110,000 to (a) refund all or a portion of the Authority's outstanding Series 2007A

Subordinate Bonds, Series 2008A Subordinate Bonds, and Series 2009A Senior Lien Bonds, and (b) pay issuance costs of the Series 2016A Subordinate Bonds, (ii) designated the Series 2016A Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2016A Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Twenty-First Supplemental Indenture of Trust, dated September 29, 2016 (the “**Twenty-First Supplemental Indenture**”) between the Trustee and the Authority, the Authority: (i) issued its Public Utility Subordinate Lien Revenue Bonds, Series 2016B (Environmental Impact Bonds) (the “**Series 2016B Subordinate Bonds**”), in the aggregate principal amount of \$25,000,000 to (a) finance certain Costs of the System (specifically, a portion of the costs of the Authority’s DC Clean Rivers Project), and (b) pay certain costs of issuance, (ii) designated the Series 2016B Subordinate Bonds as Subordinate Debt, as Variable Rate Indebtedness and as Tender Indebtedness for purposes of the Indenture, and (iii) secured the Series 2016B Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Twenty-Second Supplemental Indenture of Trust, dated February 23, 2017 (the “**Twenty-Second Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Senior Lien Revenue Bonds, Series 2017A (the “**Series 2017A Senior Lien Bonds**”), in the aggregate principal amount of \$100,000,000 to (a) finance certain Costs of the System (specifically, a portion of the costs of the Authority’s DC Clean Rivers Project), and (b) pay issuance costs of the Series 2017A Senior Lien Bonds, (ii) designated the Series 2017A Senior Lien Bonds as Senior Debt for purposes of the Indenture, (iii) secured the Series 2017A Senior Lien Bonds by a pledge of Net Revenues on a parity with the pledge of Net Revenues that secures other Senior Debt, including, without limitation, other Senior Debt that the Authority may issue from time to time in the future, (iv) issued its Public Utility Senior Lien Revenue Bonds, Series 2017B (the “**Series 2017B Senior Lien Bonds**” and, together with the Series 2017A Senior Lien Bonds, the “**Series 2017A/B Senior Lien Bonds**”), in an aggregate principal amount of \$200,000,000 to (a) finance certain Costs of the System, and (b) pay issuance costs of the Series 2017B Senior Lien Bonds, (v) designated the Series 2017B Senior Lien Bonds as Senior Debt for purposes of the Indenture, and (vi) secured the Series 2017B Senior Lien Bonds by a pledge of Net Revenues on a parity with the pledge of Net Revenues that secures other Senior Debt, including, without limitation, other Senior Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Twenty-Third Supplemental Indenture of Trust, dated April 30, 2018 (the “**Twenty-Third Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Senior Lien Revenue Bonds, Series 2018A (the “**Series 2018A Senior Lien Bonds**”), in the aggregate principal amount of \$100,000,000 to (a) finance certain Costs of the System (specifically, a portion of the costs of the Authority’s DC Clean Rivers Project), and (b) pay issuance costs of the Series 2018A Senior Lien Bonds, (ii) designated the

Series 2018A Senior Lien Bonds as Senior Debt for purposes of the Indenture, (iii) secured the Series 2018A Senior Lien Bonds by a pledge of Net Revenues on a parity with the pledge of Net Revenues that secures other Senior Debt, including, without limitation, other Senior Debt that the Authority may issue from time to time in the future, (iv) issued its Public Utility Senior Lien Revenue Bonds, Series 2018B (the “**Series 2018B Senior Lien Bonds**” and, together with the Series 2018A Senior Lien Bonds, the “**Series 2018A/B Senior Lien Bonds**”), in an aggregate principal amount of \$200,000,000 to (a) finance certain Costs of the System, (b) pay issuance costs of the Series 2018B Senior Lien Bonds and (c) refund all of the Authority’s then outstanding Commercial Paper Notes, Series B, (v) designated the Series 2018B Senior Lien Bonds as Senior Debt for purposes of the Indenture, and (vi) secured the Series 2018B Senior Lien Bonds by a pledge of Net Revenues on a parity with the pledge of Net Revenues that secures other Senior Debt, including, without limitation, other Senior Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Twenty-Fourth Supplemental Indenture of Trust, dated November 6, 2019 (the “Twenty-Fourth Supplemental Indenture”), between the Authority and the Trustee, the Authority: (i)(a) issued its Public Utility Subordinate Lien Revenue Bonds, Series 2019A (Green Bonds) (the “**Series 2019A Subordinate Bonds**”) in the aggregate principal amount of \$104,010,000 to (1) finance certain Costs of the System (specifically, a portion of the costs of the Authority’s DC Clean Rivers Project), and (2) pay issuance costs of the Series 2019A Subordinate Bonds, (b) designated the Series 2019A Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2019A Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future, and (ii)(a) issued its Public Utility Subordinate Revenue Bonds, Series 2019B (the “**Series 2019B Subordinate Bonds**” and, together with the Series 2019A Subordinate Bonds, the “**Series 2019A/B Subordinate Bonds**”) in an aggregate principal amount of \$58,320,000 to (1) finance certain Costs of the System, and (2) pay issuance costs of the Series 2019B Subordinate Bonds, (b) designated the Series 2019B Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2019B Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Twenty-Fifth Supplemental Indenture of Trust, dated November 6, 2019 (the “**Twenty-Fifth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinate Lien Multimodal Revenue Bonds, Series 2019C (the “**Series 2019C Subordinate Bonds**”), in the aggregate principal amount of \$99,505,000 to (a) finance certain Costs of the System, and (b) pay issuance costs of the Series 2019C Subordinate Bonds, (ii) designated the Series 2019C Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2019C Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Twenty-Sixth Supplemental Indenture of Trust, dated November 6, 2019 (the “**Twenty-Sixth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2019D (Federally Taxable) (the “**Series 2019D Subordinate Bonds**”), in the aggregate principal amount of \$343,160,000 to (a) refund the Authority’s outstanding Series 2013A Subordinate Bonds, and (b) pay issuance costs of the Series 2019D Subordinate Bonds, (ii) designated the Series 2019D Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2019D Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Twenty-Seventh Supplemental Indenture of Trust, dated April 8, 2020 (the “**Twenty-Seventh Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) entered into the 2020 Term Loan Agreement in connection with the Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2022A (the “**Series 2022A Subordinate Lien Refunding Bonds**”), (ii) pursuant to the 2020 Term Loan Agreement issued its Series 2022A Subordinate Lien Refunding Bonds in the aggregate principal amount of \$294,305,000 in July 2022 to (a)(I) refund all of its outstanding Series 2012A Subordinate Bonds and Series 2012C Subordinate Bonds; and (II) pay certain costs of issuance, (iii) designated the Series 2022A Subordinate Lien Refunding Bonds as Subordinate Debt for purposes of the Indenture, and (iv) secured the Series 2022A Subordinate Lien Refunding Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Twenty-Eighth Supplemental Indenture of Trust, dated as of March 5, 2021 (the “**Twenty-Eighth Supplemental Indenture**”) between the Authority and the Trustee, the Authority entered into a revised Master Letter of Credit Agreement with TD Bank, N.A. to provide letters of credit for the benefit of the Authority’s Rolling Owner Controlled Insurance Program, in an aggregate maximum amount at any one time outstanding of \$25,000,000 and secured the Reimbursement Obligations (as defined in the Twenty-Eighth Supplemental Indenture) by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Twenty-Ninth Supplemental Indenture of Trust, dated as of March 12, 2021 between the Authority and the Trustee, as amended by the First Amendment to the Twenty-Ninth Supplemental Indenture of Trust dated September 17, 2021 between the Authority and the Trustee (together, the “**Twenty-Ninth Supplemental Indenture**”), the Authority: (i) entered into a 2021 WIFIA Loan Agreement in connection with the Series 2021 Senior Lien Bonds; (ii) issued its Public Utility Senior Lien Revenue Bonds, Series 2021 Senior Lien Bonds (the “**Series 2021 Senior Lien Bonds**”) in the aggregate principal amount of up to \$156,367,104 to (1) finance certain Costs of the System (specifically, the costs of the 2021 WIFIA

Project as defined therein), and (2) pay issuance costs of the Series 2021 Senior Lien Bond, (iii) designate the Series 2021 Senior Lien Bond as Senior Debt for purposes of the Indenture, and (iv) secure the Series 2021 Senior Lien Bond by a pledge of Net Revenues on a parity with the pledge of Net Revenues that secures other Senior Debt, including, without limitation, other Senior Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Thirtieth Supplemental Indenture of Trust, dated as of March 23, 2022 (the “**Thirtieth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i)(a) issued its Public Utility Subordinate Lien Revenue Bonds, Series 2022B (Green Bonds) (the “**Series 2022B Subordinate Bonds**”), in the aggregate principal amount of \$79,585,000 to (1) finance certain Costs of the System (specifically, a portion of the costs of the Authority’s DC Clean Rivers Project), and (2) pay issuance costs of the Series 2022B Subordinate Bonds, (b) designate the Series 2022B Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (c) secure the Series 2022B Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future, (ii)(a) issue the Public Utility Subordinate Lien Revenue and Revenue Refunding Bonds, Series 2022C-1 in an aggregate principal amount of \$206,730,000 (the “**Series 2022C-1 Subordinate Bonds**”) to (1) finance certain Costs of the System, (2) refund a portion of the outstanding subordinate commercial paper notes, (3) purchase the Purchased Refunded Bonds (as defined therein) and (4) pay issuance costs of the Series 2022C Subordinate Bonds and (b) designate the Series 2022C-1 Subordinate Bonds as Subordinate Debt for purposes of the Indenture, (iii)(a) issue the Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2022C-2 in an aggregate principal amount of \$4,418,000 (the “**Series 2022C-2 Subordinate Bonds**”), and together with the Series 2022C-1 Subordinate Bonds, the “**Series 2022C Subordinate Bonds**”) to replace the Exchanged Refunded Bonds (as defined therein) and (b) designate the Series 2022C-2 Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iv) secure the Series 2022C Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, pursuant to the Thirty-First Supplemental Indenture of Trust, dated March 23, 2022 (the “**Thirty-First Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2022D (Federally Taxable) (the “**Series 2022D Subordinate Bonds**”) in the aggregate principal amount of \$148,925,000 to (a) finance certain Costs of the System, (b) refund a portion of the Authority’s outstanding Series 2014C Subordinate Bonds, and (c) pay issuance costs of the Series 2022D Subordinate Bonds, (ii) designate the Series 2022D Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secure the Series 2022D Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future;

WHEREAS, pursuant to the Thirty-Second Supplemental Indenture of Trust, dated as of March 23, 2022 (the “**Thirty-Second Supplemental Indenture**”), between the Authority and the

Trustee, the Authority: (i) issued its Public Utility Subordinate Lien Multimodal Revenue Bonds, Series 2022E (the “**Series 2022E Subordinate Bonds**”), in the aggregate principal amount of \$96,350,000 to: (a) finance certain Costs of the System, and (b) pay issuance costs of the Series 2022E Subordinate Bonds, (ii) designated the Series 2022E Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2022E Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future;

WHEREAS, pursuant to the Thirty-Third Supplemental Indenture of Trust, dated as of July 30, 2024 (the “**Thirty-Third Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2024A (the “**Series 2024A Subordinate Bonds**”), in the aggregate principal amount of \$506,360,000 to: (a) purchase the Tendered Bonds, as defined therein, and (b) currently refund the Refunded Bonds, as defined therein, and (c) pay issuance costs of the Series 2024A Subordinate Bonds; (ii) designate the Series 2024A Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secure the Series 2024A Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future;

WHEREAS, pursuant to the Thirty-Fourth Supplemental Indenture of Trust, dated as of July 30, 2024 (the “**Thirty-Fourth Supplemental Indenture**”), between the Authority and the Trustee, the Authority: (i) issued its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2024B (the “**Series 2024B Subordinate Bonds**”), in the aggregate principal amount of \$99,540,000 to: (a) currently refund the Series 2019C Subordinate Bonds and (b) pay issuance costs of the Series 2024B Subordinate Bonds; (ii) designate the Series 2024B Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secure the Series 2024B Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future;

WHEREAS, pursuant to the Thirty-Fifth Supplemental Indenture of Trust, dated August 8, 2024 (the “**Thirty-Fifth Supplemental Indenture**”) between the Trustee and the Authority, the Authority: (i) authorized the issuance of its Commercial Paper Notes, Series D (the “**Commercial Paper Notes**”), in the aggregate principal amount of not to exceed \$250,000,000 outstanding at any time to finance certain Costs of the System, (ii) designated the Commercial Paper Notes as Subordinate Debt for purposes of the Indenture, and (iii) secured the Commercial Paper Notes and of the Authority’s Reimbursement Obligations to the Bank (as defined in the Thirty-Fifth Supplemental Indenture) that provided the Letter of Credit (as defined in the Thirty-Fifth Supplemental Indenture) that secure the Commercial Paper Notes by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future;

WHEREAS, pursuant to the Thirty-Sixth Supplemental Indenture of Trust, dated August 13, 2025 (the “**Thirty-Sixth Supplemental Indenture**”) between the Trustee and the Authority, the Authority: (i) issued its (a) Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2025A (the “**Series 2025A Subordinate Bonds**”), in the aggregate principal amount of \$55,495,000, to: (1) currently refund the Refunded Bonds, as defined therein, and (2) pay issuance costs of the Series 2025A Subordinate Bonds; and (b) Public Utility Subordinate Lien Revenue and Revenue Refunding Bonds, Series 2025B (Green Bonds) (the “**Series 2025B Subordinate Bonds**” and together with the Series 2025A Subordinate Bonds, the “**Series 2025A/B Subordinate Bonds**”), in an aggregate principal amount of \$160,615,000, to: (1) finance certain Costs of the System (specifically, a portion of the costs of the Authority’s DC Clean Rivers Project), (2) currently refund the Refunded Green Bonds, as defined therein, and (3) pay issuance costs of the Series 2025B Subordinate Bonds; (ii) designated the Series 2025A/B Subordinate Bonds as Subordinate Debt for purposes of the Indenture; and (iii) secured the Series 2025A/B Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future;

WHEREAS, pursuant to the Thirty-Seventh Supplemental Indenture of Trust, dated August 13, 2025 (the “**Thirty-Seventh Supplemental Indenture**”) between the Trustee and the Authority, the Authority: (i) issued its (a) Public Utility Subordinate Lien Multimodal Revenue Bonds, Series 2025C (the “**Series 2025C Subordinate Bonds**”) in the original principal amount of \$175,950,000, to: (a) finance certain Costs of the System, and (b) pay issuance costs of the Series 2025C Subordinate Bonds, (ii) designated the Series 2025C Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (iii) secured the Series 2025C Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

WHEREAS, the Authority now intends to: (i)(a) issue its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026A (the “**Series 2026A Subordinate Bonds**”), in the aggregate principal amount of \$[**TBD**], to: (1) currently refund the Refunded Bonds, as defined herein, and (2) pay issuance costs of the Series 2026A Subordinate Bonds; (b) designate the Series 2026A Subordinate Bonds as Subordinate Debt for purposes of the Indenture, and (c) secure the Series 2026A Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and (ii)(a) issue its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026B (Green Bonds) (the “**Series 2026B Subordinate Bonds**” and together with the Series 2026A Subordinate Bonds, the “**Series 2026A/B Subordinate Bonds**”), in an aggregate principal amount of \$[**TBD**], to: (1) currently refund the Refunded Green Bonds, as defined herein, and (2) pay issuance costs of the Series 2026B Subordinate Bonds; (b) designate the Series 2026B Subordinate Bonds as Subordinate Debt for purposes of the Indenture; and (iii) secure the Series 2026B Subordinate Bonds by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net

Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future.

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereto agree, as follows:

ARTICLE I
THIRTY-EIGHTH SUPPLEMENTAL INDENTURE

Section 101. Authorization of Thirty-Eighth Supplemental Indenture.

This Thirty-Eighth Supplemental Indenture is authorized and executed by the Authority and delivered to the Trustee pursuant to and in accordance with Articles III and X of the Master Indenture. All terms, covenants, conditions and agreements of the Indenture shall apply with full force and effect to the Series 2026A/B Subordinate Bonds as Subordinate Debt and to the Holders thereof as Holders of Subordinate Debt, except as otherwise provided in this Thirty-Eighth Supplemental Indenture.

Section 102. Definitions.

Except as otherwise defined in this Thirty-Eighth Supplemental Indenture, capitalized words and terms defined in the Master Indenture as amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Twelfth Supplemental Indenture, the Thirteenth Supplemental Indenture, the Fourteenth Supplemental Indenture, the Fifteenth Supplemental Indenture, the Sixteenth Supplemental Indenture, the Seventeenth Supplemental Indenture, the Eighteenth Supplemental Indenture, the Nineteenth Supplemental Indenture, the Twentieth Supplemental Indenture, the Twenty-First Supplemental Indenture, the Twenty-Second Supplemental Indenture, the Twenty-Third Supplemental Indenture, the Twenty-Fourth Supplemental Indenture, the Twenty-Fifth Supplemental Indenture, the Twenty-Sixth Supplemental Indenture, the Twenty-Seventh Supplemental Indenture, the Twenty-Eighth Supplemental Indenture, the Twenty-Ninth Supplemental Indenture, the Thirtieth Supplemental Indenture, the Thirty-First Supplemental Indenture, the Thirty-Second Supplemental Indenture, the Thirty-Third Supplemental Indenture, the Thirty-Fourth Supplemental Indenture, the Thirty-Fifth Supplemental Indenture, the Thirty-Sixth Supplemental Indenture and the Thirty-Seventh Supplemental Indenture are used in this Thirty-Eighth Supplemental Indenture with the meanings assigned to them therein. In addition, the following words as used in this Thirty-Eighth Supplemental Indenture have the following meanings unless the context or use clearly indicates another or different intent or meaning:

“Book-entry form” or “book-entry system” means a form or system under which the physical Series 2026A/B Subordinate Bond certificates in fully registered form are issued only to a Depository or its nominee as Holder, with the certificated Series 2026A/B Subordinate Bonds held by and “immobilized” in the custody of the Depository, and the book-entry system, maintained by and the responsibility of the Depository and not maintained by or the responsibility

of the Authority or the Trustee, is the record that identifies, and records the transfer of the interests of, the owners of beneficial, book-entry interests in the Series 2026A/B Subordinate Bonds.

“Depository” means any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record ownership of book-entry interests in Series 2026A/B Subordinate Bonds, and to effect transfers of book-entry interests in Series 2026A/B Subordinate Bonds, and includes and means initially The Depository Trust Company (a limited purpose trust company) (“DTC”), New York, New York.

“Escrow Agent” means Computershare Trust Company, N.A., a national banking association organized under the laws of the United States, as Escrow Agent.

“Escrow Agreement” means the Escrow Agreement, dated March [2], 2026, between the Authority and the Escrow Agent, providing for the Refunded Bonds and the Refunded Green Bonds to be deemed paid and no longer Outstanding under the Indenture.

“Interest Payment Dates” for the Series 2026A/B Subordinate Bonds means each April 1 and October 1 commencing [TBD], 2026, and thereafter during the time the Series 2026A/B Subordinate Bonds are outstanding.

“Refunded Bonds” means certain of the Authority’s outstanding Series 20 [redacted] Subordinate Bonds [TBD- include listing of bonds to be refunded by the Series 2026A Bonds as identified in the Certificate of Award for the Series 2026A/B Bonds] to be currently refunded as identified in **Exhibit B**.

“Refunded Green Bonds” means certain of the Authority’s outstanding Series 20 [redacted] Subordinate Bonds [TBD- include listing of Green Bonds to be refunded by the Series 2026B Bonds as identified in the Certificate of Award for the Series 2026A/B Bonds] to be currently refunded as identified in **Exhibit B**.

“Series 2026A Construction Account” means the Series 2026A Construction Account established by this Thirty-Eighth Supplemental Indenture in the Construction Fund.

“Series 2026A Costs of Issuance Subaccount” means the Series 2026A Costs of Issuance Subaccount established by this Thirty-Eighth Supplemental Indenture in the Series 2026A Construction Account of the Construction Fund.

“Series 2026A Subordinate Bond Debt Service Reserve Requirement” means [zero][TBD].

“Series 2026A/B Escrow Account” means the Series 2026A/B Escrow Account established by this Thirty-Eighth Supplemental Indenture.

“Series 2026A/B Rebate Fund” means the Series 2026A/B Rebate Fund established by this Thirty-Eighth Supplemental Indenture.

“Series 2026A/B Resolution” means Resolution No. 26-__[TBD], adopted by the Authority’s Board of Directors on February 5, 2026, authorizing the Series 2026A/B Subordinate Bonds.

“Series 2026A/B Subordinate Bond Event of Default” means any of the events defined as such in Section 703 of this Thirty-Eighth Supplemental Indenture.

“Series 2026A/B Subordinate Bondholder” or “holder of Series 2026A/B Subordinate Bonds” means the registered owner of a Series 2026A/B Subordinate Bond.

“Series 2026A/B Subordinate Bonds Interest Subaccount” means the Series 2026A/B Subordinate Bonds Interest Subaccount established by this Thirty-Eighth Supplemental Indenture in the Subordinate Interest Account in the Subordinate Bond Fund.

“Series 2026A/B Subordinate Bonds Principal Subaccount” means the Series 2026A/B Subordinate Bonds Principal Subaccount established by this Thirty-Eighth Supplemental Indenture in the Subordinate Principal Account in the Subordinate Bond Fund.

“Series 2026B Construction Account” means the Series 2026B Construction Account established by this Thirty-Eighth Supplemental Indenture in the Construction Fund.

“Series 2026B Costs of Issuance Subaccount” means the Series 2026B Costs of Issuance Subaccount established by this Thirty-Eighth Supplemental Indenture in the Series 2026B Construction Account of the Construction Fund.

“Series 2026B Subordinate Debt Service Reserve Requirement” means [zero].

“Thirty-Eighth Supplemental Indenture” means this Thirty-Eighth Supplemental Indenture of Trust, dated March [2], 2026, between the Authority and the Trustee, which supplements and amends the Master Indenture, as previously supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Twelfth Supplemental Indenture, the Thirteenth Supplemental Indenture, the Fourteenth Supplemental Indenture, the Fifteenth Supplemental Indenture, the Sixteenth Supplemental Indenture, the Seventeenth Supplemental Indenture, the Eighteenth Supplemental Indenture, the Nineteenth Supplemental Indenture, the Twentieth Supplemental Indenture, the Twenty-First Supplemental Indenture, the Twenty-Second Supplemental Indenture, the Twenty-Third Supplemental Indenture, the Twenty-Fourth Supplemental Indenture, the Twenty-Fifth Supplemental Indenture, the Twenty-Sixth Supplemental Indenture, the Twenty-Seventh Supplemental Indenture, the Twenty-Eighth Supplemental Indenture, the Twenty-Ninth Supplemental Indenture, the Thirtieth Supplemental Indenture, the Thirty-First Supplemental Indenture, the Thirty-Second Supplemental Indenture, the Thirty-Third Supplemental Indenture, the Thirty-Fourth Supplemental Indenture, the Thirty-Fifth Supplemental Indenture, the Thirty-Sixth Supplemental Indenture and the Thirty-Seventh Supplemental Indenture.

Section 103. Reference to Articles and Sections.

Unless otherwise indicated, all references herein to particular articles or sections are references to articles or sections of this Thirty-Eighth Supplemental Indenture.

ARTICLE II **AUTHORIZATION, DETAILS AND FORM** **OF SERIES 2026A/B SUBORDINATE BONDS**

Section 201. Authorization of Series 2026A/B Subordinate Bonds.

Pursuant to Article III of the Master Indenture and, specifically, Section 305 thereof, and the Series 2026A/B Resolution, the Authority is authorized to issue:

(a) Series 2026A Subordinate Bonds in the aggregate principal amount of \$[TBD], for the purpose of: (i) currently refunding the Refunded Bonds; and (ii) paying issuance costs of the Series 2026A Subordinate Bonds. The Series 2026A Subordinate Bonds shall be issued as Subordinate Debt pursuant to the Indenture; and

(b) Series 2026B Subordinate Bonds in the aggregate principal amount of \$[TBD], for the purpose of: (i) currently refunding the Refunded Green Bonds; and (ii) paying issuance costs of the Series 2026B Subordinate Bonds. The Series 2026B Subordinate Bonds shall be issued as Subordinate Debt pursuant to the Indenture.

Section 202. Details of Series 2026A/B Subordinate Bonds.

The Series 2026A Subordinate Bonds shall be designated “Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026A”, shall be dated March [2], 2026, shall be issuable only as fully registered bonds in denominations of \$5,000 and multiples thereof, shall be numbered RA-1 upward and shall bear interest at rates, payable semiannually on the Interest Payment Dates, until their final payment or maturity, and shall mature on October 1 in years and amounts, as follows:

Due (Oct. 1)	Principal Amount	Interest Rate
[TBD]		

The Series 2026B Subordinate Bonds shall be designated “Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026B (Green Bonds)”, shall be dated March [2], 2026, shall be issuable only as fully registered bonds in denominations of \$5,000 and multiples thereof, shall be numbered RB-1 upward and shall bear interest at rates, payable semiannually on the Interest Payment Dates, until their final payment or maturity, and shall mature on October 1 in years and amounts, as follows:

Due (Oct. 1)	Principal Amount	Interest Rate
[TBD]		

Each Series 2026A/B Subordinate Bond shall bear interest: (a) from its date, if such Series 2026A/B Subordinate Bond is authenticated prior to the first Interest Payment Date, or (b) otherwise from the Interest Payment Date that is, or immediately precedes, the date on which such Series 2026A/B Subordinate Bond is authenticated; provided, however, that if at the time of authentication of any Series 2026A/B Subordinate Bond payment of interest is in default, such Series 2026A/B Subordinate Bond shall bear interest from the date to which interest has been paid. The interest payable on the Series 2026A/B Subordinate Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

Principal of and premium, if any, on the Series 2026A/B Subordinate Bonds shall be payable to the registered owners thereof upon the surrender of the applicable Series 2026A/B Subordinate Bonds at the designated office of the Trustee. Interest on the Series 2026A/B Subordinate Bonds shall be payable by check or draft mailed to the registered owners at their addresses as they appear on the fifteenth day of the month preceding the Interest Payment Date on the registration books kept by the Trustee; provided, however, if the Series 2026A/B Subordinate Bonds are registered in the name of a Depository or its nominee as registered owner or at the option of a registered owner of at least \$1,000,000 of Series 2026A Subordinate Bonds or the Series 2026B Subordinate Bonds, payment shall be made by wire transfer to an account within the United States pursuant to the wire instructions received by the Trustee with respect to each such payment from such registered owner. Principal, premium, if any, and interest shall be payable in lawful money of the United States of America.

Section 203. Form of Bonds.

The Series 2026A/B Subordinate Bonds shall be in substantially the form set forth in **Exhibits A-1 and A-2**, with such appropriate variations, omissions and insertions as are permitted or required by the Indenture.

Section 204. Depository Provisions.

The Series 2026A/B Subordinate Bonds shall initially be issued to a Depository for holding in a book-entry system. Those Series 2026A/B Subordinate Bonds shall be registered in the name of the Depository or its nominee, as registered owner, and immobilized in the custody of the Depository or the Trustee on behalf of the Depository; and shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository, without further action by the Authority.

If any Depository determines not to continue to act as a Depository for the Series 2026A/B Subordinate Bonds for holding in a book-entry system or the Authority determines to remove the Series 2026A/B Subordinate Bonds from a Depository, the Authority may attempt to have established a securities depository/book-entry system relationship with another qualified Depository. If the Authority does not or is unable to do so, the Authority, after making provision for notification of the owners of book-entry interests by appropriate notice to the then Depository and any other arrangements it deems necessary, shall permit withdrawal of the Series 2026A/B Subordinate Bonds from the Depository, and shall execute and direct the Trustee to authenticate and deliver Series 2026A/B Subordinate Bond certificates, in fully registered form, to the assigns of the Depository or its nominee (if such Series 2026A/B Subordinate Bonds were held by a

nominee), all at the cost and expense (including costs of printing or otherwise preparing and delivering replacement Series 2026A/B Subordinate Bonds), if the event is not the result of Authority action or inaction, of those persons requesting that authentication and delivery. Series 2026A/B Subordinate Bond certificates authenticated and delivered pursuant to this paragraph shall be in authorized denominations. In the event that Series 2026A/B Subordinate Bonds shall cease to be in book-entry form, then the Authority or the Depository shall provide to the Trustee the name, address of record and taxpayer identification number of each registered holder thereof. The Trustee may rely on such information without any investigation.

If the Series 2026A/B Subordinate Bonds are withdrawn from a Depository and printed bond certificates in fully registered form are or are to be authenticated and delivered pursuant to this Section, and if, in the opinion of Bond Counsel addressed to the Trustee, the delivery of coupon bonds payable to bearer would not result in the interest on any of the Series 2026A/B Subordinate Bonds then outstanding becoming includable in gross income for federal income tax purposes, the Authority, without the consent of or notice to any of the holders of the Series 2026A/B Subordinate Bonds, may authorize the exchange of Series 2026A/B Subordinate Bond certificates in fully registered form or Series 2026A/B Subordinate Bonds under a book-entry system for coupon bonds payable to bearer, in an aggregate principal amount not exceeding the then unmatured and unredeemed principal amount of the Series 2026A/B Subordinate Bonds, bearing interest at the same rate and maturing on the same date, with coupons attached representing all unpaid interest due or to become due thereon. Such certificated Series 2026A/B Subordinate Bonds will be registrable, transferable and exchangeable as set forth in Section 204 and Section 205 of the Master Indenture.

So long as a Depository holds the Series 2026A/B Subordinate Bonds in a book-entry system (i) it or its nominee shall be the registered owner of the Series 2026A/B Subordinate Bonds, (ii) notwithstanding anything to the contrary in this Thirty-Eighth Supplemental Indenture, determinations of persons entitled to payment of principal, premium, if any, and interest, transfers of ownership and exchanges and receipt of notices shall be the responsibility of the Depository and shall be effected pursuant to rules and procedures established by such Depository, (iii) the Authority and the Trustee shall not be responsible or liable for maintaining, supervising or reviewing the records maintained by the Depository, its participants or persons acting through such participants, and (iv) references in this Thirty-Eighth Supplemental Indenture to registered owners of the Series 2026A/B Subordinate Bonds shall mean such Depository or its nominee and shall not mean the beneficial owners of the Series 2026A/B Subordinate Bonds.

Section 205. Delivery of Series 2026A/B Subordinate Bonds.

The Trustee shall authenticate and deliver the Series 2026A/B Subordinate Bonds when there have been filed with or delivered to it the following items:

- (i) An original executed counterpart of this Thirty-Eighth Supplemental Indenture;
- (ii) A certified copy of applicable resolution(s) of the Board of Directors of the Authority and related Certificate of Award: (a) authorizing the execution and delivery of the Thirty-Eighth Supplemental Indenture, and (b) authorizing the issuance, sale, award, execution and delivery of the Series 2026A/B Subordinate Bonds.

(iii) A certificate signed by an Authorized Representative of the Authority and dated the date of such issuance, to the effect that:

(a) Either: (1) upon and immediately following such issuance, no Event of Default has occurred which has not been cured or waived, and no event or condition exists which, with the giving of notice or lapse of time or both, would become an Event of Default, or (2) if any such event or condition is happening or existing, specifying such event or condition, stating that the Authority will act with due diligence to correct such event or condition after the issuance of the Series 2026A/B Subordinate Bonds, and describing in reasonable detail the actions to be taken by the Authority toward such correction; and

(b) All required approvals, limitations, conditions and provisions precedent to the issuance of the Series 2026A/B Subordinate Bonds have been obtained, observed, met and satisfied.

(iv) An Opinion or Opinions of Counsel, subject to customary exceptions and qualifications, substantially to the effect that this Thirty-Eighth Supplemental Indenture has been duly authorized, executed and delivered to the Trustee, is a valid, binding and enforceable obligation of the Authority, and complies in all respects with the requirements of the Indenture.

(v) An opinion or opinions of Co-Bond Counsel, subject to customary exceptions and qualifications, substantially to the effect that the issuance of the Series 2026A/B Subordinate Bonds has been duly authorized, that the Series 2026A/B Subordinate Bonds are valid and binding limited obligations of the Authority, and that the interest on the Series 2026A/B Subordinate Bonds is excludable from gross income for purposes of Federal income taxation and District of Columbia income taxation.

(vi) A certificate of an Authorized Representative of the Authority, stating that rates, fees and charges are in effect or scheduled to go into effect to meet the Rate Covenant immediately after the issuance of the Series 2026A/B Subordinate Bonds.

(vii) A request and authorization of the Authority, signed by an Authorized Representative of the Authority, to the Trustee to authenticate and deliver such Bonds to the purchaser upon payment to the Trustee in immediately available funds for the account of the Authority of a specified sum plus accrued interest to the date of delivery.

(viii) An original executed counterpart of the Escrow Agreement for the current refunding of the Refunded Bonds and the Refunded Green Bonds.

ARTICLE III REDEMPTION OF SERIES 2026A/B SUBORDINATE BONDS

Section 301. Redemption Dates and Prices.

The Series 2026A/B Subordinate Bonds may not be called for redemption by the Authority except as provided below: [Conform redemption provisions to details specified in Certificate of Award]

(i) Optional Redemption.

(a) *[Make-Whole Optional Redemption.]* *[If Provided in the Certificate of Award]*

The Series 2026A Subordinate Bonds maturing on [TBD] are subject to redemption prior to their stated maturities, at the option of the Authority, on any date prior to [TBD] (the “Make-Whole Call Date”) from any source of available funds, as a whole or in part, at a redemption price equal to the Make-Whole Redemption Price (as defined in this Section 301(i)(a)), if any, plus accrued interest to the date fixed for redemption.

The Series 2026B Subordinate Bonds maturing on [TBD] are subject to redemption prior to their stated maturities, at the option of the Authority, on any date prior to [TBD] from any source of available funds, as a whole or in part, at a redemption price equal to the Make-Whole Redemption Price (as defined in this Section 301(i)(a)), if any, plus accrued interest to the date fixed for redemption.

The “Make-Whole Redemption Price” is equal to the greater of:

- (1) one hundred percent (100%) of the Amortized Value (as defined below) of the Series 2026A/B Subordinate Bonds to be redeemed; or
- (2) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2026A/B Subordinate Bonds to be redeemed from and including the Make-Whole Call Date to the maturity date of such Series 2026A/B Subordinate Bonds, not including any portion of those payments of interest accrued and unpaid as of the Make-Whole Call Date, discounted to the Make-Whole Call Date on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at a discount rate equal to the greater of (a) the Applicable Tax-Exempt Bond Rate (as defined below) minus [] basis points; or (b) zero basis points;

plus, in each case, accrued interest on such Series 2026A/B Subordinate Bonds to the Make-Whole Call Date.

“Amortized Value” means the product of the principal amount of the Series 2026A/B Subordinate Bonds to be redeemed and the price of such Series 2026A/B Subordinate Bonds expressed as a percentage, calculated based on the industry standard method of calculating bond prices, with a delivery date equal to the Make-Whole Call Date, a maturity date equal to the maturity date of such Bonds and a yield equal to the yield of such Series 2026A/B Subordinate Bonds.

“Applicable Tax-Exempt Bond Rate” means the “Interpolated AAA Yields” rate for the maturity date of each Bonds to be redeemed, as published by the Municipal Market Data (“MMD”) at least five calendar days, but not more than 60 calendar days, prior to the Make-Whole Call Date of the Series 2026A/B Subordinate Bonds to be redeemed, or if no such rate is established for the applicable maturity date, the “Interpolated AAA Yields” rate for the published maturities closest to the applicable maturity date.

Should the MMD no longer publish the “Interpolated AAA Yields” rate, then the Applicable Tax-Exempt Bond Rate will equal the “BVAL Muni AAA Monthly Callable Yields” rate for the maturity date (made available by Bloomberg at the close of each business day). In the further event that Bloomberg no longer publishes the “BVAL Muni AAA Monthly Callable Yields” rate, the Applicable Tax-Exempt Bond Rate will be determined by a verification agent appointed by the Authority, based upon the rate per annum equal to the semiannual equivalent yield to maturity for those tax-exempt general obligation bonds rated in the highest rating category by Moody’s Ratings and S&P Global Ratings, with a maturity date equal to the maturity date of such Series 2026A/B Subordinate Bonds having characteristics (other than the ratings) most comparable to those of such Series 2026A/B Subordinate Bonds in the judgment of the verification agent. The verification agent’s determination of the Applicable Tax-Exempt Bond Rate shall be final and binding in the absence of manifest error.

The Make-Whole Redemption Price will be determined by a verification agent, investment banking firm or financial advisor (which verification agent, investment banking firm or financial advisor shall be retained by the Authority at the expense of the Authority) in order to calculate such Make-Whole Redemption Price. The Trustee and the Authority may conclusively rely on such verification agent’s, investment banking firm’s or financial advisor’s determination of such Make-Whole Redemption Price and will bear no liability for such reliance.]

(b) *Optional Redemption On or After [TBD].*

[The Series 2026A Subordinate Bonds maturing on or after October 1, 20__[TBD] are subject to redemption prior to maturity at the option of the Authority on or after October 1, 20__[TBD], from any source, in whole or in part on any date, in such order of maturities as shall be determined by the Authority (and by lot within a maturity), at a redemption price of 100% of the principal amount thereof, together with accrued interest, if any, to the redemption date.]

[The Series 2026B Subordinate Bonds maturing on or after October 1, 20__[TBD] are subject to redemption prior to maturity at the option of the Authority on or after October 1, 20__[TBD], from any source, in whole or in part on any date, in such order of maturities as shall be determined by the Authority (and by lot within a maturity), at a redemption price of 100% of the principal amount thereof, together with accrued interest, if any, to the redemption date.]

(ii) Mandatory Redemption. The Series 2026A Subordinate Bonds each bearing interest at a rate of [REDACTED] % and maturing on October 1, 20[REDACTED] (the “Series 2026A Term Bonds”) are required to be redeemed prior to maturity on October 1 in years and amounts upon payment of 100% of the principal amount thereof plus interest accrued to the redemption date, as follows:

[TBD]

The Trustee shall provide for a mandatory redemption of the Series 2026A Term Bonds in accordance with the schedules set forth above; provided, however, that on or before the 70th day next preceding any such mandatory redemption date, the Authority may:

(a) deliver to the Trustee for cancellation Series 2026A Term Bonds of the maturity required to be redeemed on such mandatory redemption date in any aggregate principal amount desired; or

(b) instruct the Trustee in writing to apply a credit against the Authority's next mandatory redemption obligation for any such Series 2026A Term Bonds that previously have been redeemed (other than through mandatory redemption) and canceled but not theretofore applied as a credit against any mandatory redemption obligation.

Upon the occurrence of any of the events described in clauses (a) or (b) of the preceding sentence, the Trustee shall credit against the Authority's mandatory redemption obligation on the next mandatory redemption date the amount of such Series 2026A Term Bonds so delivered or previously redeemed. Any principal amount of such Series 2026A Term Bonds in excess of the principal amount required to be redeemed on such mandatory redemption date shall be similarly credited in an amount equal to the principal of such Series 2026A Term Bonds so purchased towards the sinking fund installments for the Series 2026A Term Bonds of such maturity on a pro rata basis in accordance with a certificate of an Authorized Representative of the Authority, which will direct the reduction of a ratable portion of each annual mandatory sinking fund installment requirement in accordance with the procedures set forth below. Within seven days of receipt of such Series 2026A Term Bonds or instructions to apply as a credit, any amounts remaining in the Sinking Fund Account in excess of the amount required to fulfill the remaining required mandatory redemption obligation on the next mandatory redemption date shall be used in such manner as determined at the written direction of the Authority.

[ADJUST IF THERE ARE MORE THAN ONE SERIES 2026A TERM BOND AND/OR ANY SERIES 2026B TERM BONDS SPECIFIED IN THE CERTIFICATE OR AWARD]

The particular maturities of the Series 2026A/B Subordinate Bonds to be redeemed at the option of the Authority will be determined by the Authority upon advice from Co-Bond Counsel.

If fewer than all of the Series 2026A/B Subordinate Bonds are called for redemption, they shall be called in such order of maturity as the Authority may determine and direct the Trustee in writing. If less than all of the Series 2026A/B Subordinate Bonds of any maturity date is called for redemption, the Series 2026A/B Subordinate Bonds to be redeemed shall be selected by the Depository pursuant to its rules and procedures or, if the book-entry system is discontinued, shall be selected by the Trustee by lot in such manner as the Trustee in its discretion may determine. The portion of any Series 2026A/B Bond to be redeemed shall be in the principal amount of \$5,000 or some integral multiple thereof. In selecting Series 2026A/B Bonds for redemption, each Series 2026A/B Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Series 2026A/B Bond by \$5,000. If a portion of a Series 2026A/B Subordinate Bond shall be called for redemption, a new Series 2026A/B Subordinate Bond in principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon the surrender thereof.

Section 302. Notice of Redemption.

Notice of redemption of Series 2026A/B Subordinate Bonds shall be given in the manner set forth in Section 402 of the Master Indenture, as though the Series 2026A/B Subordinate Bonds constituted “Bonds” for purposes of that Section; provided, however, that notices of redemption of Series 2026A/B Subordinate Bonds sent pursuant to Section 402 of the Master Indenture shall either (i) explicitly state that the proposed redemption is conditioned on there being on deposit in the applicable fund or account on the redemption date sufficient money to pay the full redemption price of the Series 2026A/B Subordinate Bonds to be redeemed, or (ii) be sent only if sufficient money to pay the full redemption price of the Series 2026A/B Subordinate Bonds to be redeemed is on deposit in the applicable fund or account. Notwithstanding the foregoing and the otherwise applicable requirement of Section 402 of the Master Indenture that the Trustee send notice of a call for redemption not fewer than 30 days prior to the redemption date, the Trustee may send any notice of redemption of Series 2026A/B Subordinate Bonds not fewer than 20 days prior to the redemption date or such shorter period of time as may be acceptable to the Depository while the Series 2026A/B Subordinate Bonds are in book-entry form and registered with a Depository, initially DTC.

ARTICLE IV

APPLICATION OF PROCEEDS OF SERIES 2026A/B SUBORDINATE BONDS

Section 401. Application of Proceeds of Series 2026A/B Subordinate Bonds and Related Amounts.

The net proceeds of the Series 2026A/B Subordinate Bonds in the amount of \$[TBD], which represents the sum of (a) the par amount of such Series 2026A Subordinate Bonds (\$[TBD]), plus original issue premium (\$[TBD]), and less the underwriters’ discount (\$[TBD]), plus (b) the par amount of such Series 2026B Subordinate Bonds (\$[TBD]), plus original issue premium (\$[TBD]), and less the underwriters’ discount (\$[TBD]), at the request and direction of the Authority shall be applied as follows:

(i) \$[TBD] from the net proceeds of the Series 2026A Subordinate Bonds shall be deposited in the Series 2026A/B Escrow Account together with \$[TBD] from the Series _____ Subordinate Bonds Interest Subaccount in the Subordinate Interest Account in the Subordinate Bond Fund[TBD] and transferred to the Escrow Agent to currently refund the Refunded Bonds;

(ii) \$[TBD] from the net proceeds of the Series 2026A Subordinate Bonds shall be deposited in the Series 2026A Costs of Issuance Subaccount of the Series 2026A Construction Account of the Construction Fund and used to pay costs of issuance of the Series 2026A Subordinate Bonds;

(iii) \$[TBD] from the net proceeds of the Series 2026B Subordinate Bonds shall be deposited in the Series 2026A/B Escrow Account together with \$[TBD] from the Series _____ Subordinate Bonds Interest Subaccount in the Subordinate Interest Account in the Subordinate Bond Fund[TBD] and transferred to the Escrow Agent to currently refund the Refunded Green Bonds; and

(iv) \$[TBD] from the net proceeds of the Series 2026B Subordinate Bonds shall be deposited in the Series 2026B Costs of Issuance Subaccount of the Series 2026B Construction Account of the Construction Fund and used to pay costs of issuance of the Series 2026B Subordinate Bonds;

ARTICLE V FUNDS AND ACCOUNTS

Section 501. Series 2026A Construction Account, Series 2026B Construction Account and Series 2026A/B Escrow Account.

(i) In the Construction Fund, there shall be established a Series 2026A Construction Account and, within that Account, a Series 2026A Costs of Issuance Subaccount. The portion of the proceeds of the Series 2026A Subordinate Bonds specified in Section 401(ii) shall be deposited in the Series 2026A Costs of Issuance Subaccount and used to pay costs of issuance related to the Series 2026A Subordinate Bonds. When all costs of issuance have been paid or moneys have been reserved to pay all remaining unpaid costs of issuance, the balance of any Series 2026A Subordinate Bond proceeds remaining in excess of the amount to be reserved for payment of unpaid costs of issuance shall be deposited in the Subordinate Bond Fund to be used solely to pay principal of and interest on the Series 2026A Subordinate Bonds, in either case to the extent approved by Bond Counsel.

(ii) In the Construction Fund, there shall be established a Series 2026B Construction Account and, within that Account, a Series 2026B Costs of Issuance Subaccount. The portion of the proceeds of the Series 2026B Subordinate Bonds specified in Section 401(iv) shall be deposited in the Series 2026B Costs of Issuance Subaccount and used to pay costs of issuance related to the Series 2026B Subordinate Bonds. When all costs of issuance have been paid or moneys have been reserved to pay all remaining unpaid costs of issuance, the balance of any Series 2026B Subordinate Bond proceeds remaining in excess of the amount to be reserved for payment of unpaid costs of issuance shall be deposited in the Subordinate Bond Fund to be used solely to pay principal of and interest on the Series 2026B Subordinate Bonds, in either case to the extent approved by Bond Counsel.

(iii) The Trustee shall establish and hold the Series 2026A/B Escrow Account for the purpose of receiving the portion of the proceeds of the Series 2026A/B Subordinate Bonds to be deposited therein specified in Section 401(i) and (iii). Those proceeds, together with any other funds to be deposited in the Series 2026A/B Escrow Account pursuant to the Escrow Agreement, shall be applied pursuant to the Escrow Agreement to the payment of the principal of, interest on and redemption price of the Refunded Bonds and the Refunded Green Bonds.

Section 502. Series 2026A/B Subordinate Bonds Subaccounts in the Interest Account and Principal Account.

(i) Within the Subordinate Interest Account there shall be established a “Series 2026A/B Subordinate Bonds Interest Subaccount.” Within the Subordinate Principal Account there shall be established a “Series 2026A/B Subordinate Bonds Principal Subaccount.”

(ii) In accordance with Section 604(e) of the Master Indenture, Net Revenues shall be deposited in the Series 2026A/B Subordinate Bonds Interest Subaccount on or prior to the last Business Day of each of the six months prior to any month in which an Interest Payment Date occurs, in an amount equal to one-sixth (1/6) of the interest due and payable on the Series 2026A/B Subordinate Bonds on such Interest Payment Date.

(iii) In accordance with Section 604(e) of the Master Indenture, Net Revenues shall be deposited in the Series 2026A/B Subordinate Bonds Principal Subaccount on or prior to the last Business Day of each of the twelve months prior to any month in which principal of Series 2026A/B Subordinate Bonds is payable on their stated maturity date or pursuant to mandatory redemption requirements, in an amount equal to one-twelfth (1/12) of the principal amount scheduled to be due and payable on the Series 2026A/B Subordinate Bonds in such month.

Section 503. Series 2026A/B Rebate Fund. There is hereby established the Series 2026A/B Rebate Fund which shall be used in accordance with (i) Article VIII hereof, and (ii) the Authority’s covenants in the Tax Compliance Certificate of the Issuer, executed by the Authority, dated March [2], 2026.

ARTICLE VI
SECURITY FOR SERIES 2026A/B SUBORDINATE BONDS

Section 601. Security for Series 2026A/B Subordinate Bonds.

The Series 2026A/B Subordinate Bonds shall be secured as Subordinate Debt under the Indenture, including, without limitation, by a pledge of: (i) Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures Subordinate Debt, including, without limitation, any other Subordinate Debt that the Authority may issue in the future, without preference, priority or distinction of any Series 2026A/B Subordinate Bond over any other Series 2026A/B Subordinate Bond or of any Subordinate Debt over any other Subordinate Debt, as provided in the Indenture; and (ii) the moneys and Permitted Investments in the Subordinate Bond Fund on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, any other Subordinate Debt that the Authority may issue in the future, without preference, priority or distinction of any Series 2026A/B Subordinate Bond over any other Series 2026A/B Subordinate Bond or of any Subordinate Debt over any other Subordinate Debt, as provided in the Indenture.

Pursuant to the WASA Act (as defined in the Master Indenture), the Authority hereby includes in this Thirty-Eighth Supplemental Indenture the pledge of the District to the Authority and any holders of its bonds that, except as provided in the WASA Act, the District will not limit or alter rights vested in the Authority to fulfill agreements made with holders of the bonds, or in any way impair the rights and remedies of the holders of the bonds until the bonds, together with

the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of the holders of the bonds are fully met and discharged.

ARTICLE VII DEFAULTS AND REMEDIES

Section 701. Application of Article IX and Other Remedies Provisions of the Master Indenture.

The Series 2026A/B Subordinate Bonds do not constitute “Bonds” under the Master Indenture. Accordingly, the provisions of Article IX of the Master Indenture that confer certain rights upon the Holders of Bonds or a specified percentage thereof do not apply to the Series 2026A/B Subordinate Bonds or to the Series 2026A/B Subordinate Bondholders. Pursuant to Section 305 of the Master Indenture, the Series 2026A/B Subordinate Bonds, as Subordinate Debt, may not be accelerated if any Senior Debt is outstanding.

Section 702. Rights of Series 2026A/B Subordinate Bondholders Upon Occurrence of Events of Default.

In addition to and in furtherance and implementation of the rights that Series 2026A/B Subordinate Bondholders have under the penultimate paragraph of Section 906 of the Master Indenture, Sections 703 through 711, inclusive, of this Thirty-Eighth Supplemental Indenture shall apply to the Series 2026A/B Subordinate Bonds.

Section 703. Events of Default.

Each of the following events shall be a Series 2026A/B Subordinate Bond Event of Default:

- (i) Default in the due and punctual payment of the principal of or premium, if any, on any Series 2026A/B Subordinate Bond (whether at maturity or call for redemption);
- (ii) Default in the due and punctual payment of the interest on any Series 2026A/B Subordinate Bond;
- (iii) Failure of the Authority to make the deposits required by subsection (e) or subsection (f) of Section 604 of the Master Indenture at the time and in the amount required from Net Revenues available for such deposit under the Indenture; or
- (iv) Failure of the Trustee to apply moneys in accordance with the penultimate paragraph of Section 906 of the Master Indenture.

Section 704. Remedies of Series 2026A/B Subordinate Bondholders.

Upon the occurrence and continuation of a Series 2026A/B Subordinate Bond Event of Default, the Trustee may, and if requested by the holders of not less than 25% in aggregate principal amount of outstanding Series 2026A/B Subordinate Bonds and if indemnified to its

reasonable satisfaction, shall proceed to protect and enforce their rights by mandamus or other suit, action or proceeding at law or in equity, including an action for specific performance.

No remedy conferred by this Indenture upon or reserved to the Trustee and Series 2026A/B Subordinate Bondholders is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee and Series 2026A/B Subordinate Bondholders hereunder or now or hereafter existing at law, in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or Series 2026A/B Subordinate Bond Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Series 2026A/B Subordinate Bond Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Series 2026A/B Subordinate Bond Event of Default hereunder by the Trustee or Series 2026A/B Subordinate Bondholders shall extend to or shall affect any subsequent Series 2026A/B Subordinate Bond Event of Default or shall impair any rights or remedies consequent thereon.

Section 705. Right of Series 2026A/B Subordinate Bondholders to Direct Proceedings.

The holders of a majority in aggregate principal amount of Series 2026A/B Subordinate Bonds then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Thirty-Eighth Supplemental Indenture or any other proceedings hereunder; provided, however, that the Trustee is provided indemnity satisfactory to it and such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Section 706. Application of Moneys.

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys, the outstanding fees, expenses, liabilities and advances incurred or reasonably anticipated to be made by the Trustee, and the fees and the expenses of the Authority in carrying out this Thirty-Eighth Supplemental Indenture, be deposited in the Series 2026A/B Subordinate Bonds Interest Subaccount or the Series 2026A/B Subordinate Bonds Principal Subaccount, as the case may be, and applied as follows and for no other purpose:

(i) All such moneys shall be applied:

First - To the payment to the persons entitled thereto of all installments of interest then due on the Series 2026A/B Subordinate Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such

installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Series 2026A/B Subordinate Bonds; and

Second - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Series 2026A/B Subordinate Bonds which shall have become due (other than Series 2026A/B Subordinate Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Series 2026A/B Subordinate Bonds due on any particular date, then to the payment of such principal and premium, if any, ratably, according to the amount of such principal due on such date, to the persons entitled thereto, without any discrimination or preference.

(ii) Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) on which such application is to be made and on such date interest shall cease to accrue on the amounts of principal to be paid. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date.

Section 707. Remedies Vested in Trustee.

All rights of action (including the right to file proof of claims) under this Thirty-Eighth Supplemental Indenture or under any of the Series 2026A/B Subordinate Bonds may be enforced by the Trustee without the possession of any of the Series 2026A/B Subordinate Bonds or the production thereof in any trial or other proceeding relating thereto and any such suit or proceeding instituted by the Trustee may be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Series 2026A/B Subordinate Bondholders, and any recovery of judgment shall be for the equal benefit of the Series 2026A/B Subordinate Bondholders.

Section 708. Limitation on Suits.

Except to enforce the rights given under Sections 704 and 705 of this Thirty-Eighth Supplemental Indenture, no Series 2026A/B Subordinate Bondholder shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy hereunder, unless: (i) a Series 2026A/B Subordinate Bond Event of Default has occurred and is continuing and the Holders of 25% in aggregate principal amount of Series 2026A/B Subordinate Bonds then outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (ii) such requesting Series 2026A/B Subordinate Bondholders have offered to the Trustee indemnity as provided in Section 1101(l) of the Master Indenture, (iii) the Trustee has thereafter failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name, (iv) no direction inconsistent with such written request has been given to the Trustee by the holders of a majority in aggregate principal amount of Series 2026A/B Subordinate

Bonds then outstanding, and (v) notice of such action, suit or proceeding is given to the Trustee; it being understood and intended that no one or more Series 2026A/B Subordinate Bondholders shall have any right in any manner whatsoever to affect, disturb or prejudice the Indenture by its or their action or to enforce any rights hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner herein provided and for the equal benefit of all Series 2026A/B Subordinate Bondholders then outstanding. The notification, request and offer of indemnity set forth above, at the option of the Trustee, shall be conditions precedent to the execution of the powers and trusts of this Thirty-Eighth Supplemental Indenture and to any action or cause of action for the enforcement of this Thirty-Eighth Supplemental Indenture or for any other remedy hereunder.

Section 709. Termination of Proceedings.

In case the Trustee shall have proceeded to enforce any right under this Thirty-Eighth Supplemental Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Authority and the Trustee shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 710. Waivers of Events of Default.

Subject to the Indenture (including, without limitation, Section 1101 of the Master Indenture), the Trustee may in its discretion waive any Series 2026A/B Subordinate Bond Event of Default hereunder or any action taken pursuant to any Series 2026A/B Subordinate Bond Event of Default, and shall do so at the written request of the holders of: (i) a majority in aggregate principal amount of Series 2026A/B Subordinate Bonds then outstanding in respect of which default in the payment of principal and/or premium, if any, and/or interest exists, or (ii) a majority in aggregate principal amount of Series 2026A/B Subordinate Bonds then outstanding in the case of any other Series 2026A/B Subordinate Bond Event of Default; provided, however, that there shall not be waived without the written consent of all then Outstanding Series 2026A/B Subordinate Bondholders (a) any Series 2026A/B Subordinate Bond Event of Default in the payment of the principal of any Outstanding Series 2026A/B Subordinate Bonds (whether at maturity or by mandatory redemption), or (b) any default in the payment when due of the interest on any such Series 2026A/B Subordinate Bonds unless, prior to such waiver or rescission,

(1) there shall have been paid or provided for all arrears of interest with interest, to the extent permitted by law, at the rate borne by the Series 2026A/B Subordinate Bonds on overdue installments of interest, all arrears of principal and premium, if any, and all expenses of the Trustee in connection with such default, and

(2) in case of any such waiver or rescission or in the case of any discontinuance, abandonment or adverse determination of any proceeding taken by the Trustee on account of any such default, the Authority, the Trustee, and the Series 2026A/B Subordinate Bondholders shall be restored to their former positions and rights hereunder respectively.

No such waiver or rescission relating to the Series 2026A/B Subordinate Bonds shall extend to any subsequent or other default or impair any right consequent thereon.

Section 711. Non-Impairment of Authority's Obligation to Pay Principal, Premium and Interest.

Nothing in this Thirty-Eighth Supplemental Indenture shall, however, affect or impair the obligation of the Authority to pay the principal of, premium, if any, and interest on each of the Series 2026A/B Subordinate Bonds to the respective Holders thereof at the time and place, from the source and in the manner specified in the Indenture.

**ARTICLE VIII
TAX COVENANTS**

Section 801. Tax Covenants – General.

(i) The Authority covenants that it will use, and will restrict the use and investment of, the proceeds of the Series 2026A/B Subordinate Bonds in such manner and to such extent as may be necessary so that (a) the Series 2026A/B Subordinate Bonds will not constitute private activity bonds, arbitrage bonds or hedge bonds under Sections 141, 148 or 149 of the Code, or be treated other than as bonds to which Section 103(a) of the Code applies, and (b) the interest on the Series 2026A/B Subordinate Bonds will not be treated as an item of tax preference under Section 57 of the Code.

(ii) The Authority further covenants that (a) it will take or cause to be taken such actions that may be required of it for the interest on the Series 2026A/B Subordinate Bonds to be and remain excluded from gross income for federal income tax purposes, (b) it will not take or authorize to be taken any actions that would adversely affect that exclusion, and (c) it, or persons acting for it, will, among other acts of compliance, (1) apply the proceeds of the Series 2026A/B Subordinate Bonds to the governmental purposes of the borrowing, (2) restrict the yield on investment property, (3) make timely and adequate payments to the federal government, including but not limited to the required payment of any Rebate Amounts under Section 148(f) of the Code, as further provided in Section 802 hereof, (4) maintain books and records and make calculations and reports, and (5) refrain from certain uses of those proceeds and, as applicable, of property financed with such proceeds, all in such manner and to the extent necessary to assure that exclusion of that interest under the Code.

(iii) The Authorized Representative of the Authority is hereby authorized (a) to make or effect any election, selection, designation, choice, consent, approval or waiver on behalf of the Authority with respect to the Series 2026A/B Subordinate Bonds as the Authority is permitted to make or give under the federal income tax laws, including, without limitation, any of the elections provided for or available under Section 148 of the Code, for the purpose of assuring, enhancing or protecting favorable tax treatment or status of the Series 2026A/B Subordinate Bonds or interest thereon or assisting compliance with requirements for that purpose, reducing the burden or expense of such compliance, reducing the rebate amount or payments of penalties, or making payments of special amounts in lieu of making computations to determine, or paying, excess earnings as rebate, or obviating those amounts or payments, as determined by the Authorized Representative of the Authority, which action shall be in writing and signed by the Authorized Representative of the Authority, (b) to take any and all other actions, make or obtain calculations, make payments, and

make or give reports, covenants and certifications of and on behalf of the Authority, as may be appropriate to assure the exclusion of interest from gross income and the intended tax status of the Series 2026A/B Subordinate Bonds, and (c) to give one or more appropriate certificates, for inclusion in the transcript of proceedings for the Series 2026A/B Subordinate Bonds, setting forth the reasonable expectations of the Authority regarding the amount and use of all the proceeds of the Series 2026A/B Subordinate Bonds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of the interest on and the tax status of the Series 2026A/B Subordinate Bonds.

Section 802. Calculation and Payment of Rebate.

(i) As used in this Section 802:

“Bond Year” means the annual period (or such shorter period from the date of issuance of the Series 2026A/B Subordinate Bonds) provided for the computation of the Rebate Amount for the Series 2026A/B Subordinate Bonds under Section 148(f) of the Code. The last day of a Bond Year shall be the close of business on the day preceding the anniversary of the issuance of the Series 2026A/B Subordinate Bonds unless the Authority selects another date on which to end a Bond Year in the manner permitted by the Code, and notifies the Trustee in writing of such selection.

“Computation Date” means:

(i) (a) the last day of each fifth Bond Year while the Series 2026A/B Subordinate Bonds are outstanding, and (b) the date on which the last Series 2026A/B Subordinate Bonds are retired, or

(ii) such other date or dates elected by the Authority as may be permitted under the Code for computation of the Rebate Amount.

“Rebate Amount” means, as of any Computation Date, the amount then payable (or payable within 60 days of such date) to the United States pursuant to Section 148(f) of the Code and the applicable Treasury Regulations (final or temporary) thereunder.

(ii) Promptly after each Computation Date, the Authority, or an independent public accounting firm or Bond Counsel engaged by or on behalf of the Authority, shall calculate the Rebate Amount, if any, as of that Computation Date.

(iii) Within 60 days after each Computation Date, and at any other time directed by the Authorized Representative of the Authority, the Authority shall pay to the United States in accordance with Section 148(f), from any lawfully available funds, an amount equal to 90% (or such greater percentage not in excess of 100% as the Authorized Representative of the Authority may determine to pay) of the Rebate Amount determined from the Delivery Date to the end of such fifth Bond Year (but less any portion of the Rebate Amount previously paid to the United States pursuant to this Section). Within 60 days after the payment in full of all outstanding Series 2026A/B Subordinate Bonds, the Authorized Representative of the Authority, on behalf of the Authority shall pay to the United States in accordance with Section 148(f), from any lawfully available funds, an amount equal to 100% of the Rebate Amount determined from the Delivery

Date to the date of such payment in full of all outstanding Series 2026A/B Subordinate Bonds (but less any portion of the Rebate Amount previously paid to the United States pursuant to this Section 802(iii)).

(iv) The Authority shall keep or provide for the keeping of records of the computations made pursuant to this Section 802, payments made pursuant to this Section and all original source documents pertaining to the investment of gross proceeds and the expenditure of gross proceeds for at least six years after the maturity or retirement of the Series 2026A/B Subordinate Bonds.

(v) The Authority, in connection with investments of the proceeds of the Series 2026A/B Subordinate Bonds in nonpurpose investments, will not pay or agree to pay to a party other than the United States any portion of the Rebate Amount with respect to the Series 2026A/B Subordinate Bonds through a transaction or series of transactions that reduce the aggregate amount earned on all nonpurpose investments in which gross proceeds of the Series 2026A/B Subordinate Bonds are invested or that result in a smaller profit or a larger loss than would have resulted in an arm's length transaction in which yield on the Series 2026A/B Subordinate Bonds was not relevant to the Authority or the other party.

(vi) If the Authority and the Trustee receive a written opinion of Bond Counsel that such action would not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2026A/B Subordinate Bonds, the Authorized Representative of the Authority may, without the consent of or notice to any bondholders, adopt supplements to this Thirty-Eighth Supplemental Indenture to the extent necessary or desirable to modify, supplement or replace this Section 802 consistent with the other covenants of the Authority in this Thirty-Eighth Supplemental Indenture.

(vii) If at any time the Authority receives a written opinion of Bond Counsel that failure to comply with this Section 802 or any part of this Section 802 would not adversely affect the exclusion of interest on the Series 2026A/B Subordinate Bonds from gross income for federal income tax purposes, the Authority may discontinue compliance with this Section 802 or part of this Section 802 to the extent set forth in that opinion.

ARTICLE IX MISCELLANEOUS

Section 901. Limitation of Rights.

With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Thirty-Eighth Supplemental Indenture or the Series 2026A/B Subordinate Bonds is intended or shall be construed to give to any person other than the parties hereto and the Series 2026A/B Subordinate Bondholders any legal or equitable right, remedy or claim under or in respect to this Thirty-Eighth Supplemental Indenture or any covenants, conditions and agreements herein contained since this Thirty-Eighth Supplemental Indenture and all of the covenants, conditions and agreements hereof are intended to be and are for the sole and exclusive benefit of the parties hereto and the Series 2026A/B Subordinate Bondholders as herein provided.

Section 902. Severability.

If any provision of this Thirty-Eighth Supplemental Indenture shall be held invalid, illegal, or unenforceable by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof, and this Thirty-Eighth Supplemental Indenture shall be construed and enforced as if such illegal, illegal, or unenforceable provision had not been contained herein.

Section 903. Successors and Assigns.

This Thirty-Eighth Supplemental Indenture shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 904. Limitations on Liability.

No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future member of the Board of Directors of the Authority or officer, employee or agent of the Authority in his or her individual capacity, and neither the members of the Board of Directors of the Authority nor any officer of the Authority executing the Series 2026A/B Subordinate Bonds shall be liable personally on the Series 2026A/B Subordinate Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No member of the Board of Directors of the Authority or officer, employee, agent or advisor of the Authority shall incur any personal liability with respect to any other action taken by him or her pursuant to this Thirty-Eighth Supplemental Indenture or the Indenture or any other document authorized by the Indenture, provided such member, officer, employee, agent or advisor acts in good faith.

Section 905. Applicable Law.

This Thirty-Eighth Supplemental Indenture shall be governed by the applicable laws of the District of Columbia.

Section 906. Counterparts and Electronic Signatures.

This Thirty-Eighth Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument. This Thirty-Eighth Supplemental Indenture shall be valid, binding, and enforceable against a party only when executed and delivered by an authorized individual on behalf of the party by means of (i) any electronic signature permitted by the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, and/or any other relevant electronic signatures law, including relevant provisions of the Uniform Commercial Code (collectively, "Signature Law"); (ii) an original manual signature; or (iii) a faxed, scanned, or photocopied manual signature. Each electronic signature or faxed, scanned, or photocopied manual signature shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Each party hereto shall be entitled to conclusively rely upon, and shall have no liability with respect to, any faxed, scanned, or photocopied manual signature, or other electronic signature, of any party and shall have no duty to investigate, confirm or otherwise verify the validity or authenticity thereof. For avoidance of doubt, original manual signatures shall be used for execution or indorsement of writings when

required under the Uniform Commercial Code or other Signature Law due to the character or intended character of the writings.

Section 907. U.S.A. PATRIOT Act.

The parties hereto acknowledge that in accordance with the customer identification program requirements under the USA PATRIOT Act and its implementing regulations, the Trustee in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties hereby agree that they shall provide the Trustee with such information as it may request including, but not limited to, each party's name, physical address, tax identification number and other information that will help the Trustee identify and verify each party's identity such as organizational documents, certificate of good standing, license to do business, or other pertinent identifying information.

Section 908. Waiver of Jury Trial.

THE AUTHORITY AND THE TRUSTEE EACH HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE BONDS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

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IN WITNESS WHEREOF, the Authority and the Trustee have caused this Thirty-Eighth Supplemental Indenture to be executed in their respective corporate names as of the date first above written.

**DISTRICT OF COLUMBIA WATER
AND SEWER AUTHORITY**

By _____
[Lola Oyeyemi
Interim Chief Financial Officer and
Executive Vice President, Finance,
Procurement and Compliance]

**COMPUTERSHARE TRUST COMPANY, N.A.,
AS TRUSTEE**

By _____
Authorized Signatory

Signature Page to
Thirty-Eighth Supplemental Indenture
(Series 2026A/B Subordinate Bonds)

EXHIBIT A-1

SERIES 2026A SUBORDINATE BOND FORM

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Authority or its agent for registration of transfer, exchange, or payment, and any certificate is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

REGISTERED NO.	AMOUNT
RA-_____	\$_____

UNITED STATES OF AMERICA

DISTRICT OF COLUMBIA

WATER AND SEWER AUTHORITY

**PUBLIC UTILITY SUBORDINATE LIEN REVENUE REFUNDING BOND
SERIES 2026A**

INTEREST RATE _____ %	MATURITY DATE October 1, [____]	DATED DATE March [2], 2026	CUSIP 254845[____]
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REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The District of Columbia Water and Sewer Authority (the “Authority”), for value received, hereby promises to pay upon surrender hereof at the designated corporate trust office of Computershare Trust Company, N.A., as trustee, or its successor in trust (the “Trustee”), under the Indenture, as hereinafter defined, solely from the sources and as hereinafter provided, to the registered owner hereof, or registered assigns or legal representative, the principal sum stated above on the maturity date stated above, subject to prior redemption as hereinafter provided, and to pay, solely from such sources, interest hereon semiannually on each April 1 and October 1, beginning [REDACTED] 1, 2026, at the annual rate stated above, calculated on the basis of a 360-day year of twelve 30-day months. Interest is payable from the date of this Series 2026A Subordinate Bond (unless payment of interest hereon is in default, in which case this Series 2026A Subordinate Bond shall bear interest from the date to which interest has been paid). Interest is payable by check or draft mailed to the registered owner hereof at its address as it appears on the fifteenth day of the month preceding each interest payment date on registration books kept by the Trustee; provided, however, that if the Series 2026A Subordinate Bonds, as hereinafter defined, are registered in the

name of a securities depository or its nominee as registered owner or at the option of a registered owner of at least \$1,000,000 of Series 2026A Subordinate Bonds, payment will be made by wire transfer to an account within the United States pursuant to the most recent wire instructions received by the Trustee from such registered owner. Principal, premium, if any, and interest are payable in lawful money of the United States of America. Capitalized terms which are not defined herein shall have the meanings set forth in the Indenture.

Notwithstanding any other provision hereof, this Series 2026A Subordinate Bond is subject to book-entry form maintained by The Depository Trust Company (“DTC”), and the payment of principal, premium, if any, and interest, the providing of notices and other matters shall be made as described in the Authority’s Blanket Letter of Representations to DTC.

This Series 2026A Subordinate Bond is one of an issue of \$[TBD] Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026A (the “Series 2026A Subordinate Bonds”), of like date and tenor, except as to number, denomination, rate of interest, privilege of redemption and maturity. The Series 2026A Subordinate Bonds are being issued on the same day as the Authority’s \$[TBD] Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026B (Green Bonds) (the “Series 2026B Subordinate Bonds” and, together with the Series 2026A Subordinate Bonds, the “Series 2026A/B Subordinate Bonds”). The Series 2026A Subordinate Bonds are issued under a Master Indenture of Trust, dated as of April 1, 1998, between the Authority and the Trustee (f.k.a. Norwest Bank, N.A.) (the “Master Indenture”), as amended and supplemented by the Thirty-Eighth Supplemental Indenture of Trust, dated March [2], 2026, between the Authority and the Trustee (the “Thirty-Eighth Supplemental Indenture”), and as previously amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Twelfth Supplemental Indenture, the Thirteenth Supplemental Indenture, the Fourteenth Supplemental Indenture, the Fifteenth Supplemental Indenture, the Sixteenth Supplemental Indenture, the Seventeenth Supplemental Indenture, the Eighteenth Supplemental Indenture, the Nineteenth Supplemental Indenture, the Twentieth Supplemental Indenture, the Twenty-First Supplemental Indenture, the Twenty-Second Supplemental Indenture, the Twenty-Third Supplemental Indenture, the Twenty-Fourth Supplemental Indenture, the Twenty-Fifth Supplemental Indenture, the Twenty-Sixth Supplemental Indenture, the Twenty-Seventh Supplemental Indenture, the Twenty-Eighth Supplemental Indenture, the Twenty-Ninth Supplemental Indenture, the Thirtieth Supplemental Indenture, the Thirty-First Supplemental Indenture, the Thirty-Second Supplemental Indenture, the Thirty-Third Supplemental Indenture, the Thirty-Fourth Supplemental Indenture, the Thirty-Fifth Supplemental Indenture, the Thirty-Sixth Supplemental Indenture and the Thirty-Seventh Supplemental Indenture, all as defined in the Thirty-Eighth Supplemental Indenture (the “Indenture”). The Series 2026A Subordinate Bonds are secured under the Indenture as Subordinate Debt by a pledge of Net Revenues subordinate to the pledge that secures Senior Debt and on a parity to the pledge that secures other Subordinate Debt. Reference is hereby made to the Indenture for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Authority and the Trustee, the rights of the holders of the Series 2026A Subordinate Bonds and the terms upon which the Series 2026A Subordinate Bonds are issued and secured.

The Series 2026A Subordinate Bonds and the premium, if any, and the interest thereon are limited obligations of the Authority payable from Net Revenues of the System, subject to the prior payment therefrom of the principal of and interest due and payable on all Senior Debt heretofore and hereafter issued or incurred by the Authority, and from certain other funds and accounts pledged thereto by, and on the terms set forth in, the Indenture. The Series 2026A Subordinate Bonds shall be without recourse to the District of Columbia (the "District"). The Series 2026A Subordinate Bonds shall not be general obligations of the District, shall not be a pledge of or involve the faith and credit or the taxing power of the District, shall not constitute a debt of the District, and shall not constitute lending of the public credit for private undertakings.

[INCLUDE MAKE-WHOLE REDEMPTION LANGUAGE IF PROVIDED IN THE CERTIFICATE OF AWARD] The Series 2026A Subordinate Bonds shall be subject to redemption prior to their stated maturities, at the option of the Authority, on any date prior to October 1, 20_[TBD] from any source of available funds, as a whole or in part, at a redemption price equal to the principal amount thereof plus the Make-Whole Premium, if any, plus accrued interest to the date fixed for redemption, all as specified in Section 301(a)(i) of the Thirty-Eighth Supplemental Indenture.]

The Series 2026A Subordinate Bonds maturing on or after October 1, 20_[TBD] are subject to redemption prior to maturity at the option of the Authority on or after October 1, 20_[TBD], from any source, in whole or in part on any date, in such order of maturities as shall be determined by the Authority (and by lot within a maturity), at a redemption price of 100% of the principal amount thereof, together with accrued interest, if any, to the redemption date.

[The Series 2026A Term Bonds maturing on October 1, 20_[TBD] are required to be redeemed prior to maturity on October 1 in years and amounts upon payment of 100% of the principal amount thereof plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
[TBD]	

The particular maturities of the Series 2026A Subordinate Bonds to be redeemed at the option of the Authority will be determined by the Authority upon advice from Co-Bond Counsel.

If less than all of the Series 2026A Subordinate Bonds are called for redemption, they shall be called in such order of maturity as the Authority may determine and direct the Trustee in writing. If less than all of the Series 2026A Subordinate Bonds of any maturity date are called for redemption, the Series 2026A Subordinate Bonds to be redeemed shall be selected by DTC pursuant to its rules and procedures or, if the book-entry system is discontinued, shall be selected by the Trustee by lot in such manner as the Trustee in its discretion may determine. The portion of any Series 2026A Subordinate Bond to be redeemed shall be in the principal amount of \$5,000 or some integral multiple thereof. In selecting Series 2026A Subordinate Bonds for redemption, each Series 2026A Subordinate Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Series 2026A Subordinate Bond by \$5,000. If a portion of a Series 2026A Subordinate Bond shall be called for redemption, a new

Series 2026A Subordinate Bond in principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon the surrender thereof.

If any of the Series 2026A Subordinate Bonds or portions thereof are called for redemption, the Trustee shall send notice of the call for redemption, identifying the Series 2026A Subordinate Bonds or portions thereof to be redeemed, not fewer than 30 nor more than 60 days prior to the redemption date, by facsimile, registered or certified mail or overnight express delivery, to the registered owner of each such Series 2026A Subordinate Bond; provided, however, the Trustee may send any notice of redemption of Series 2026A Subordinate Bonds not fewer than 20 days prior to the redemption date or such shorter period of time as may be acceptable to the Depository while the Series 2026A Subordinate Bonds are in book-entry form and registered with a Depository. Provided funds for their redemption are on deposit at the place of payment on the redemption date, all Series 2026A Subordinate Bonds or portions thereof so called for redemption shall cease to bear interest on such date, shall no longer be secured by the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture. If a portion of the Series 2026A Subordinate Bonds shall be called for redemption, a new Series 2026A Subordinate Bond in principal amount equal to the unredeemed portion thereof will be issued to DTC or its nominee upon the surrender thereof, or if the book-entry system is discontinued, to the registered owners of the Series 2026A Subordinate Bonds upon the surrender thereof.

The registered owner of this Series 2026A Subordinate Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein or to take any action with respect to any Event of Default or Series 2026A/B Subordinate Bond Event of Default under the Indenture or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. Specifically, and without limiting the generality of the foregoing, the Series 2026A Subordinate Bonds, as Subordinate Debt, may not be accelerated if any Senior Debt is outstanding. Modifications or alterations of the Indenture, or of any supplement thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future member of the Board of Directors of the Authority or officer, employee or agent of the Authority in his or her individual capacity, and neither the members of the Board of Directors of the Authority nor any officer of the Authority executing the Series 2026A Subordinate Bonds shall be liable personally on the Series 2026A Subordinate Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No member of the Board of Directors of the Authority or officer, employee, agent or advisor of the Authority shall incur any personal liability with respect to any other action taken by him or her pursuant to this Series 2026A Subordinate Bond, the Thirty-Eighth Supplemental Indenture or the Indenture or any other document authorized by the Indenture, provided such member, officer, employee, agent or advisor acts in good faith.

The Series 2026A Subordinate Bonds are issuable as registered bonds in denominations of \$5,000 and integral multiples thereof. Upon surrender for transfer or exchange of this Series 2026A Subordinate Bond at the principal corporate trust office of the Trustee, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Trustee, the Authority shall execute, and

the Trustee shall authenticate and deliver in exchange, a new Series 2026A Subordinate Bond or Series 2026A Subordinate Bonds in the manner and subject to the limitations and conditions provided in the Indenture, having an equal aggregate principal amount, in authorized denominations, of the same series, form and maturity, bearing interest at the same rate and registered in the name or names as requested by the then registered owner hereof or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the Authority, except that the Trustee may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Trustee shall treat the registered owner as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the owner, except that interest payments shall be made to the person shown as owner on the fifteenth day of the month preceding each interest payment date.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this Series 2026A Subordinate Bond have happened, exist and have been performed.

This Series 2026A Subordinate Bond shall not become obligatory for any purpose or be entitled to any security or benefit under the Indenture or be valid until the Trustee shall have executed the Certificate of Authentication appearing hereon and inserted the date of authentication hereon.

IN WITNESS WHEREOF, the DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY has caused this Series 2026A Subordinate Bond to be executed by the manual or facsimile signatures of the Chairman of the Board of Directors, its seal to be affixed hereto or a facsimile to be printed hereon and attested by the manual or facsimile signature of the Secretary to the Authority, and this Series 2026A Subordinate Bond to be dated March [2], 2026.

ATTEST:

Secretary to the Authority

Chairman

[SEAL]

CERTIFICATE OF AUTHENTICATION

Date Authenticated: _____

This Series 2026A Subordinate Bond is one of the Series 2026A Subordinate Bonds described in the within mentioned Indenture.

Computershare Trust Company, N.A.,
Trustee

By _____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

(please print or typewrite name and address, including zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEE

_____ : _____
_____ : _____
_____ : _____

the within Series 2026A Subordinate Bond and all rights thereunder, hereby irrevocably
constituting and appointing

_____, Attorney, to transfer said Series
2026A Subordinate Bond on the books kept for the registration thereof, with full power of
substitution in the premises.

Dated: _____

Signature Guaranteed

NOTICE: Signature(s) must be
guaranteed by an Eligible Guarantor
Institution such as a Commercial
Institution such as a Commercial Bank,
Trust Company, Securities Broker/Dealer,
Credit Union, or Savings Association who
is a member of a medallion program
approved by The Securities Transfer
Association, Inc.

NOTICE: The signature above must
correspond with the name of the registered
owner as it appears on the front of this Series
2026A Subordinate Bond in every
particular, without alteration or enlargement
or any change whatsoever.

EXHIBIT A-2

SERIES 2026B SUBORDINATE BOND FORM

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Authority or its agent for registration of transfer, exchange, or payment, and any certificate is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

REGISTERED NO.	AMOUNT
RB-_____	\$ _____

UNITED STATES OF AMERICA

DISTRICT OF COLUMBIA

WATER AND SEWER AUTHORITY

**PUBLIC UTILITY SUBORDINATE LIEN REVENUE REFUNDING BOND
SERIES 2026B (GREEN BONDS)**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	October 1, [____]	March [2], 2026	254845[____]

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The District of Columbia Water and Sewer Authority (the “Authority”), for value received, hereby promises to pay upon surrender hereof at the designated corporate trust office of Computershare Trust Company, N.A., as trustee, or its successor in trust (the “Trustee”), under the Indenture, as hereinafter defined, solely from the sources and as hereinafter provided, to the registered owner hereof, or registered assigns or legal representative, the principal sum stated above on the maturity date stated above, subject to prior redemption as hereinafter provided, and to pay, solely from such sources, interest hereon semiannually on each April 1 and October 1, beginning [REDACTED] 1, 2026, at the annual rate stated above, calculated on the basis of a 360-day year of twelve 30-day months. Interest is payable from the date of this Series 2026B Subordinate Bond (unless payment of interest hereon is in default, in which case this Series 2026B Subordinate Bond shall bear interest from the date to which interest has been paid). Interest is payable by check or draft mailed to the registered owner hereof at its address as it appears on the fifteenth day of the month preceding each interest payment date on registration books kept by the Trustee; provided, however, that if the Series 2026B Subordinate Bonds, as hereinafter defined, are registered in the

name of a securities depository or its nominee as registered owner or at the option of a registered owner of at least \$1,000,000 of Series 2026B Subordinate Bonds, payment will be made by wire transfer to an account within the United States pursuant to the most recent wire instructions received by the Trustee from such registered owner. Principal, premium, if any, and interest are payable in lawful money of the United States of America. Capitalized terms which are not defined herein shall have the meanings set forth in the Indenture.

Notwithstanding any other provision hereof, this Series 2026B Subordinate Bond is subject to book-entry form maintained by The Depository Trust Company (“DTC”), and the payment of principal, premium, if any, and interest, the providing of notices and other matters shall be made as described in the Authority’s Blanket Letter of Representations to DTC.

This Series 2026B Subordinate Bond is one of an issue of \$[TBD] Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026B (Green Bonds) (the “Series 2026B Subordinate Bonds”), of like date and tenor, except as to number, denomination, rate of interest, privilege of redemption and maturity. The Series 2026B Subordinate Bonds are being issued on the same day as the Authority’s \$[TBD] Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026A (the “Series 2026A Subordinate Bonds” and, together with the Series 2026B Subordinate Bonds, the “Series 2026A/B Subordinate Bonds”). The Series 2026B Subordinate Bonds are issued under a Master Indenture of Trust, dated as of April 1, 1998, between the Authority and the Trustee (f.k.a. Norwest Bank, N.A.) (the “Master Indenture”), as amended and supplemented by the Thirty-Eighth Supplemental Indenture of Trust, dated March [2], 2026, between the Authority and the Trustee (the “Thirty-Eighth Supplemental Indenture”), and as previously amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Twelfth Supplemental Indenture, the Thirteenth Supplemental Indenture, the Fourteenth Supplemental Indenture, the Fifteenth Supplemental Indenture, the Sixteenth Supplemental Indenture, the Seventeenth Supplemental Indenture, the Eighteenth Supplemental Indenture, the Nineteenth Supplemental Indenture, the Twentieth Supplemental Indenture, the Twenty-First Supplemental Indenture, the Twenty-Second Supplemental Indenture, the Twenty-Third Supplemental Indenture, the Twenty-Fourth Supplemental Indenture, the Twenty-Fifth Supplemental Indenture, the Twenty-Sixth Supplemental Indenture, the Twenty-Seventh Supplemental Indenture, the Twenty-Eighth Supplemental Indenture, the Twenty-Ninth Supplemental Indenture, the Thirtieth Supplemental Indenture, the Thirty-First Supplemental Indenture, the Thirty-Second Supplemental Indenture, the Thirty-Third Supplemental Indenture, the Thirty-Fourth Supplemental Indenture, the Thirty-Fifth Supplemental Indenture, the Thirty-Sixth Supplemental Indenture and the Thirty-Seventh Supplemental Indenture, all as defined in the Thirty-Eighth Supplemental Indenture (the “Indenture”). The Series 2026B Subordinate Bonds are secured under the Indenture as Subordinate Debt by a pledge of Net Revenues subordinate to the pledge that secures Senior Debt and on a parity to the pledge that secures other Subordinate Debt. Reference is hereby made to the Indenture for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Authority and the Trustee, the rights of the holders of the Series 2026B Subordinate Bonds and the terms upon which the Series 2026B Subordinate Bonds are issued and secured.

The Series 2026B Subordinate Bonds and the premium, if any, and the interest thereon are limited obligations of the Authority payable from Net Revenues of the System, subject to the prior payment therefrom of the principal of and interest due and payable on all Senior Debt heretofore and hereafter issued or incurred by the Authority, and from certain other funds and accounts pledged thereto by, and on the terms set forth in, the Indenture. The Series 2026B Subordinate Bonds shall be without recourse to the District of Columbia (the "District"). The Series 2026B Subordinate Bonds shall not be general obligations of the District, shall not be a pledge of or involve the faith and credit or the taxing power of the District, shall not constitute a debt of the District, and shall not constitute lending of the public credit for private undertakings.

[INCLUDE MAKE-WHOLE REDEMPTION LANGUAGE IF PROVIDED IN THE CERTIFICATE OF AWARD] The Series 2026B Subordinate Bonds shall be subject to redemption prior to their stated maturities, at the option of the Authority, on any date prior to October 1, 20_[TBD] from any source of available funds, as a whole or in part, at a redemption price equal to the principal amount thereof plus the Make-Whole Premium, if any, plus accrued interest to the date fixed for redemption, all as specified in Section 301(a)(i) of the Thirty-Eighth Supplemental Indenture.]

The Series 2026B Subordinate Bonds maturing on or after October 1, 20_[TBD] are subject to redemption prior to maturity at the option of the Authority on or after October 1, 20_[TBD], from any source, in whole or in part on any date, in such order of maturities as shall be determined by the Authority (and by lot within a maturity), at a redemption price of 100% of the principal amount thereof, together with accrued interest, if any, to the redemption date.

[The Series 2026B Term Bonds maturing on October 1, 20_[TBD] are required to be redeemed prior to maturity on October 1 in years and amounts upon payment of 100% of the principal amount thereof plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
[TBD]	

The particular maturities of the Series 2026B Subordinate Bonds to be redeemed at the option of the Authority will be determined by the Authority upon advice from Co-Bond Counsel.

If less than all of the Series 2026B Subordinate Bonds are called for redemption, they shall be called in such order of maturity as the Authority may determine and direct the Trustee in writing. If less than all of the Series 2026B Subordinate Bonds of any maturity date are called for redemption, the Series 2026B Subordinate Bonds to be redeemed shall be selected by DTC pursuant to its rules and procedures or, if the book-entry system is discontinued, shall be selected by the Trustee by lot in such manner as the Trustee in its discretion may determine. The portion of any Series 2026B Subordinate Bond to be redeemed shall be in the principal amount of \$5,000 or some integral multiple thereof. In selecting Series 2026B Subordinate Bonds for redemption, each Series 2026B Subordinate Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Series 2026B Subordinate Bond by \$5,000. If a portion of a Series 2026B Subordinate Bond shall be called for redemption, a new

Series 2026B Subordinate Bond in principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon the surrender thereof.

If any of the Series 2026B Subordinate Bonds or portions thereof are called for redemption, the Trustee shall send notice of the call for redemption, identifying the Series 2026B Subordinate Bonds or portions thereof to be redeemed, not fewer than 30 nor more than 60 days prior to the redemption date, by facsimile, registered or certified mail or overnight express delivery, to the registered owner of each such Series 2026B Subordinate Bond; provided, however, the Trustee may send any notice of redemption of Series 2026B Subordinate Bonds not fewer than 20 days prior to the redemption date or such shorter period of time as may be acceptable to the Depository while the Series 2026B Subordinate Bonds are in book-entry form and registered with a Depository. Provided funds for their redemption are on deposit at the place of payment on the redemption date, all Series 2026B Subordinate Bonds or portions thereof so called for redemption shall cease to bear interest on such date, shall no longer be secured by the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture. If a portion of the Series 2026B Subordinate Bonds shall be called for redemption, a new Series 2026B Subordinate Bond in principal amount equal to the unredeemed portion thereof will be issued to DTC or its nominee upon the surrender thereof, or if the book-entry system is discontinued, to the registered owners of the Series 2026B Subordinate Bonds upon the surrender thereof.

The registered owner of this Series 2026B Subordinate Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein or to take any action with respect to any Event of Default or Series 2026A/B Subordinate Bond Event of Default under the Indenture or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. Specifically, and without limiting the generality of the foregoing, the Series 2026B Subordinate Bonds, as Subordinate Debt, may not be accelerated if any Senior Debt is outstanding. Modifications or alterations of the Indenture, or of any supplement thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future member of the Board of Directors of the Authority or officer, employee or agent of the Authority in his or her individual capacity, and neither the members of the Board of Directors of the Authority nor any officer of the Authority executing the Series 2026B Subordinate Bonds shall be liable personally on the Series 2026B Subordinate Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No member of the Board of Directors of the Authority or officer, employee, agent or advisor of the Authority shall incur any personal liability with respect to any other action taken by him or her pursuant to this Series 2026B Subordinate Bond, the Thirty-Eighth Supplemental Indenture or the Indenture or any other document authorized by the Indenture, provided such member, officer, employee, agent or advisor acts in good faith.

The Series 2026B Subordinate Bonds are issuable as registered bonds in denominations of \$5,000 and integral multiples thereof. Upon surrender for transfer or exchange of this Series 2026B Subordinate Bond at the principal corporate trust office of the Trustee, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Trustee, the Authority shall execute, and

the Trustee shall authenticate and deliver in exchange, a new Series 2026B Subordinate Bond or Series 2026B Subordinate Bonds in the manner and subject to the limitations and conditions provided in the Indenture, having an equal aggregate principal amount, in authorized denominations, of the same series, form and maturity, bearing interest at the same rate and registered in the name or names as requested by the then registered owner hereof or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the Authority, except that the Trustee may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Trustee shall treat the registered owner as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the owner, except that interest payments shall be made to the person shown as owner on the fifteenth day of the month preceding each interest payment date.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this Series 2026B Subordinate Bond have happened, exist and have been performed.

This Series 2026B Subordinate Bond shall not become obligatory for any purpose or be entitled to any security or benefit under the Indenture or be valid until the Trustee shall have executed the Certificate of Authentication appearing hereon and inserted the date of authentication hereon.

IN WITNESS WHEREOF, the DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY has caused this Series 2026B Subordinate Bond to be executed by the manual or facsimile signatures of the Chairman of the Board of Directors, its seal to be affixed hereto or a facsimile to be printed hereon and attested by the manual or facsimile signature of the Secretary to the Authority, and this Series 2026B Subordinate Bond to be dated March [2], 2026.

ATTEST:

Secretary to the Authority

Chairman

[SEAL]

CERTIFICATE OF AUTHENTICATION

Date Authenticated: _____

This Series 2026B Subordinate Bond is one of the Series 2026B Subordinate Bonds described in the within mentioned Indenture.

Computershare Trust Company, N.A.,
Trustee

By _____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

(please print or typewrite name and address, including zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEE

_____ : _____
_____ : _____
_____ : _____

the within Series 2026B Subordinate Bond and all rights thereunder, hereby irrevocably
constituting and appointing

_____, Attorney, to transfer said Series
2026B Subordinate Bond on the books kept for the registration thereof, with full power of
substitution in the premises.

Dated: _____

Signature Guaranteed

NOTICE: Signature(s) must be
guaranteed by an Eligible Guarantor
Institution such as a Commercial
Institution such as a Commercial Bank,
Trust Company, Securities Broker/Dealer,
Credit Union, or Savings Association who
is a member of a medallion program
approved by The Securities Transfer
Association, Inc.

NOTICE: The signature above must
correspond with the name of the registered
owner as it appears on the front of this Series
2026B Subordinate Bond in every
particular, without alteration or enlargement
or any change whatsoever.

EXHIBIT B

REFUNDED BONDS
(Series 2026A Subordinate Bonds)

[TBD]

REFUNDED GREEN BONDS
(Series 2026B Subordinate Bonds)

[TBD]

M&A draft 1-16-2026

BOND PURCHASE AGREEMENT

\$ _____
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026A

\$ _____
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026B (Green Bonds)

February , 2026

District of Columbia Water and Sewer Authority
1385 Canal Street S.E.
Washington, DC 20003

Ladies and Gentlemen:

B of A Securities, Inc., as representative of the underwriters (the "Representative") on behalf of itself and on behalf of _____ (collectively, the "Underwriters"), offer to enter into this bond purchase agreement (this "Agreement") with the District of Columbia Water and Sewer Authority (the "Authority"). The offer made hereby is subject to acceptance thereof by execution of this Agreement and its delivery to the Representative, on behalf of the Underwriters, at or prior to 5:00 p.m., New York, New York Time, on the date hereof, or on such other date or such other time as may be agreed upon by the Underwriters. Upon such acceptance, this Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Authority and the Underwriters. If this offer is not so accepted, it is subject to withdrawal by the Representative on behalf of the Underwriters upon written notice delivered to the Authority at any time prior to acceptance. Terms used but not defined herein are defined in the Indenture identified below.

1. **Purchase and Sale of Bonds.** On the terms and conditions and on the basis of the representations, warranties, covenants and agreements set forth herein, the Representative, on behalf of the Underwriters, hereby agrees to purchase from the Authority for offering to the public, and the Authority hereby agrees to sell and deliver to the Underwriters for such purpose, all (but not less than all) of its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026A, in the original principal amount of \$ _____ (the "Series 2026A Bonds") and all (but not less than all) of its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026B, in the original principal amount of \$ _____ (the "Series 2026B Bonds," and collectively with the Series 2026A Bonds, the "Bonds"). The proceeds of the Series 2026A Bonds will be used to (i) refund certain portions of the Authority's Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2010A, its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2014C and its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2016A (the "Refunded Bonds") and (ii) pay the costs and expenses of issuing and delivering the Series

2026A Bonds. The proceeds of the Series 2026B Bonds will be used to (i) refund all or certain of the Authority's outstanding Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2015A (Green Bonds) (ii) refund certain of the Authority's Refunded Bonds (the "Refunded Green Bonds") and (iii) pay the costs and expenses of issuing and delivering the Series 2026B Bonds. The purchase price of the Series 2026A Bonds will be \$ _____ (the par amount of the Series 2026A Bonds less the Underwriters' discount of \$ _____ plus original issue premium of \$ _____). The purchase price of the Series 2026B Bonds will be \$ _____ (the par amount of the Series 2026B Bonds less the Underwriters' discount of \$ _____ plus original issue premium of \$ _____). The Bonds will mature on the dates and in the amounts and will bear interest and will be subject to redemption prior to maturity as set forth on Exhibit A hereto.

2. **Bond Authorization.** The Bonds shall be issued under and pursuant to provisions of the laws of the United States of America and the District of Columbia (the "District"), including particularly, an act of the Council of the District entitled the "Water and Sewer Authority Establishment and Department of Public Works Reorganization Act of 1996," as amended, codified at District of Columbia Official Code Ann. Sections 34-2201.01 *et seq.*, and the acts amendatory thereof and supplemental thereto (the "Act"), and an act of the United States Congress entitled the "District of Columbia Water and Sewer Authority Act of 1996" (Public Law 104-184), as amended (the "Federal Act"), and all proceedings necessary to authorize and provide for the issuance of the Bonds, including Resolution No. 26- _____ adopted by the Board of Directors of the Authority, on February , 2026 (the "Resolution"). The Bonds are issued under the Master Indenture of Trust, dated as of April 1, 1998 (the "Master Indenture"), between the Authority and Computershare Trust Company, N.A., as trustee (the "Trustee"), as amended and supplemented, including by the Thirty-Eighth Supplemental Indenture of Trust, dated as of the Closing Date (as defined below) (the "Thirty-Eighth Supplemental Indenture" and together with the Master Indenture as previously amended and supplemented the "Indenture") between the Authority and the Trustee, substantially in the forms previously delivered to us.

3. **Closing.** At 11:00 a.m. Eastern Standard Time on March , 2026, or at such other time and date as may be mutually agreed upon by the Authority and the Underwriters (the "Closing Date"), the Authority will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriters in definitive form, duly executed and authenticated, together with the other documents hereinafter required, and, subject to the terms and conditions hereof, the Underwriters will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof in federal funds to the order of the Authority (the "Closing"). Delivery of the Bonds will be made through the facilities of The Depository Trust Company, New York, New York. The Closing will occur at the offices of Squire Patton Boggs (US) LLP, Washington, D.C., or such other place as may be mutually agreed on by the Authority and the Underwriters.

4. **Public Offering of the Bonds.** It is a condition of the Authority's obligation to sell and deliver the Bonds to the Underwriters, and of the obligation of the Underwriters to purchase and accept delivery of the Bonds, that the entire principal amount of the Bonds is sold and delivered by the Authority and accepted and paid for by the Underwriters at the Closing. The Underwriters intend to make an initial public offering of all of the Bonds at prices not in excess of the initial public offering prices set forth on the cover page of the Official Statement.

The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the initial public offering prices.

5. **Preliminary and Final Official Statement.** The Authority ratifies and consents to the legally permissible use by the Underwriters, prior to the date hereof, of the Preliminary Official Statement, dated February , 2026, relating to the Bonds (the “Preliminary Official Statement”) in connection with the public offering of the Bonds and the Authority represents that such Preliminary Official Statement is deemed final as of its date and as of the date hereof under Rule 15c2-12 (“Rule 15c2-12”) promulgated by the U.S. Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended (the “1934 Exchange Act”), except for Permitted Omissions (as defined in Rule 15c2-12). The form of the final Official Statement of the Authority relating to the Bonds, dated February , 2026, including the cover page and Appendices thereto, and any revisions, amendments or supplements thereto (the “Official Statement”) as have been approved by the Authority, Co-Bond Counsel, and the Representative. The Authority authorizes, approves, ratifies and confirms the distribution of the Preliminary Official Statement and the Official Statement in paper and electronic format by the Underwriters in connection with the public offering and sale of the Bonds.

The Authority agrees to provide to the Underwriters, at such addresses as the Underwriters specify, as many copies of the Official Statement as the Underwriters reasonably request as necessary to comply with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board (the “MSRB”). The Authority agrees to deliver the Official Statement within seven business days after the date hereof and not later than one business day before the Closing Date and in sufficient time to accompany any confirmation that requests payment from any customer and to permit the Underwriters to comply with the requirements of Rule 15c2-12 (defined below). The Preliminary Official Statement and the Official Statement may be revised, amended, changed or supplemented by the Authority after the execution of this Agreement only with the permission of the Underwriters.

If, during the period from the date hereof to and including the date which is 25 days after the “end of the underwriting period” (as hereinafter defined), there shall exist any event, including, but not limited to, any material adverse change in the financial condition, results of operation or condition, financial or otherwise, of the Authority, and of which the Authority has knowledge, which, in the opinion of the Underwriters and counsel to the Underwriters or in the opinion of the Authority, requires a supplement or amendment to the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, when it is delivered to a potential investor, the Authority will supplement or amend or cause to be supplemented or amended the Official Statement in a form and in a manner approved by the Underwriters and the Authority and will furnish to the Underwriters such supplement or amendment in sufficient quantity to permit the Underwriters to comply with the requirements of Rule 15c2-12 (“Rule 15c2-12”) promulgated by the Securities and Exchange Commission (the “SEC”) under the 1934 Exchange Act.

For the purpose of the preceding paragraph, the Authority may assume that the “end of the underwriting period” (in accordance with and as defined in Rule 15c2-12) means the Closing Date unless the Representative advises the Authority in writing on the Closing Date that there

remains an unsold balance of the Bonds, in which case the “end of the underwriting period” means the date as of which the Representative notifies the Authority that the Underwriters, directly or as a syndicate, no longer retain an unsold balance of the Bonds for sale to the public. The deemed end of the underwriting period, in order to allow the Underwriters to comply with Rule 15c2-12, shall be extended for additional periods of 30 days each upon receipt of written notification from the Underwriters that any Bonds remain unsold however, in no event shall the “end of the underwriting period” extend beyond the date sixty (60) days from the Closing Date. The Representative agrees to provide to the Authority written notification that none of the Bonds remain unsold which will be deemed the end of the underwriting period.

The Representative hereby agrees to deliver a copy of the printed paper form of the Official Statement to the MSRB in an electronic format prescribed by the MSRB for its Electronic Municipal Market Access (“EMMA”) website at www.emma.msrb.org within one (1) business day of receipt of the executed final Official Statement by the Underwriters.

6. **Representations, Warranties and Covenants of the Authority.** The Authority hereby represents, warrants, covenants and agrees as follows:

a. The Authority is, and at the Closing Date will be, a duly organized and validly existing corporate body and independent authority of the District established under the laws of the United States and the District, including the Act and the Federal Act, with the full legal right, power and authority to (i) adopt the Resolution, (ii) execute, deliver and perform its obligations under this Agreement, the Indenture, the Certificate of Award of the Authority establishing the purchase price, maturities, interest rates, redemption provisions and other terms of the Bonds, dated the date hereof (the “Certificate of Award”), and the Continuing Disclosure Agreement of the Authority dated as of the Closing Date (the “Continuing Disclosure Agreement,” and together with this Agreement and the Indenture, the “Bond Documents”); (iii) perform its obligations under the Water Sales Agreement, dated as of July 31, 1997, between the Authority and the United States of America, acting through the Secretary of the Army (the “Water Sales Agreement”) and the Blue Plains Intermunicipal Agreement of 2012 between the District, Fairfax County, Virginia, Montgomery County, Maryland, Prince George’s County, Maryland and the Washington Suburban Sanitary Commission (the “IMA,” and together with the Water Sales Agreement, the “System Agreements”), (iv) sell, issue and deliver the Bonds to the Underwriters as provided herein, and (v) carry out and consummate the transactions contemplated by the Resolution, the Bond Documents, the Preliminary Official Statement, the Official Statement and the System Agreements; and the Authority has complied, and at the Closing Date will be in compliance, in all material respects, with the Act and the Federal Act and with the obligations on its part in connection with the issuance of the Bonds contained in the Bonds, the Resolution, the Indenture, the Preliminary Official Statement, the Official Statement and this Agreement.

b. The Authority (i) has duly and validly adopted the Resolution, (ii) has authorized the execution and delivery of the Bond Documents, (iii) is authorized to execute, issue, sell and deliver the Bonds in book-entry form, (iv) is authorized to appoint, and has appointed, Computershare Trust Company, N.A., as Trustee (the “Trustee”), (v) is authorized to apply and will apply the proceeds of the Bonds as provided in and subject to all of the terms and provisions of the Resolution, including the payment or reimbursement of the Authority expenses

incurred in connection with the negotiation, marketing, issuance and delivery of the Bonds to the extent required by Section 15, (vi) has taken or will take on or before the Closing Date, all action necessary or appropriate for (a) execution, issuance, sale and delivery of the Bonds, in book-entry form to the Underwriters, (b) approval, execution and delivery of and the performance by the Authority of its obligations contained in the Bonds and the Bond Documents, (c) the approval, distribution and use of the Preliminary Official Statement and the approval, execution, distribution and use of the Official Statement for use by the Underwriters in connection with the public offering of the Bonds and (d) the consummation by it of all other transactions described in the Official Statement, the Bond Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Authority in order to carry out, give effect to, and consummate the transactions described herein and in the Official Statement.

c. The adoption of the Resolution, the execution and delivery of the Bond Documents, the execution, issuance, sale and delivery of the Bonds in book-entry form and the performance by the Authority of its obligations hereunder and thereunder, and the performance by the Authority of its obligations under the System Agreements (collectively, the "Authority Undertakings") are within the corporate powers of the Authority and are not in conflict with and will not constitute a breach, default or result in a violation of (i) the Act, (ii) any federal constitutional or federal or District statutory provision, including the Federal Act, (iii) any agreement or other instrument to which the Authority is a party, or (iv) any order, rule, regulation, decree or ordinance of any court of competent jurisdiction, government or governmental authority having jurisdiction over the Authority or its property.

d. The District has authorized the Authority to use all of the property and assets of the water distribution and wastewater collection, treatment and disposal systems of the Authority (the "System"), uninterrupted by the District, for as long as any revenue bonds of the Authority, including the Bonds, remain outstanding. The Authority has the full legal right, power and authority to operate the System and to collect and pledge the Revenues therefrom in accordance with the Indenture.

e. The Resolution or other appropriate actions adopted or taken by the Authority establishing the rates and charges for services of the System described in the Preliminary Official Statement and the Official Statement have been duly adopted or taken and are in full force and effect.

f. The System Agreements and all other agreements, permits, licenses, consents, approvals, actions, consent decrees and settlement orders material to the operation and management of the System, including the collection of the Revenues therefrom as described in the Preliminary Official Statement and the Official Statement, are in full force and effect as of the date hereof and will be on the Closing Date, and the Authority is not and will not be in default thereunder or in breach thereof. The System Agreements have been duly authorized, executed and delivered by the Authority and constitute valid and binding obligations of the Authority enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity.

g. The Bonds, when issued, delivered to the Underwriters and paid for, in accordance with the Act, the Resolution, the Indenture and this Agreement, will have been duly authorized, executed, issued and delivered by the Authority and will constitute valid and binding obligations of the Authority, enforceable against the Authority in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity. The Bonds are not a pledge of and do not involve the faith and credit or the taxing power of the District and the District shall not be liable thereon. The Bonds, the Indenture and the Resolution conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement and the proceeds of the sale of the Bonds will be applied as described in the Preliminary Official Statement and the Official Statement.

h. The Authority is not currently failing to comply and except as disclosed in the Preliminary Official Statement and the Official Statement, has not failed to comply during the past five years with any continuing disclosure obligation pursuant to Rule 15c2-12. The Authority has agreed to deliver to the Underwriters a Continuing Disclosure Agreement with respect to the Bonds that complies with the requirements of Rule 15c2-12.

i. This Agreement constitutes, and, upon execution and delivery by the Authority and the other parties thereto, each of the other Bond Documents will constitute, the valid, binding and enforceable obligation of the Authority in accordance with their respective terms, subject to applicable bankruptcy, insolvency, and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity.

j. The Authority is not in material breach of or material default under any applicable constitutional provision or law of the United States, the District or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which it is a party or to which it or any of its property or assets is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the execution and delivery of the Bonds, this Agreement and the other Bond Documents and the adoption of the Resolution, and compliance with the provisions contained therein and herein, and in the System Agreements, do not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement, or other instrument to which it is a party or any of its property or assets are otherwise subject, nor will any such execution, delivery, adoption, or compliance result in the creation or imposition of any lien, charge, or other security interest or encumbrance of any nature whatsoever upon any of its property or assets or under the terms of any such law, regulation or instrument, except as provided by the Bonds.

k. All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter have been duly obtained or, with respect to the issuance of the Bonds, will be obtained prior to the issuance of the Bonds, which are required for the due authorization by or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Authority of its obligations in connection with the issuance of the Bonds and under this Agreement, except for such approvals, consents and orders as may be

required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds.

l. Except as otherwise described in the Preliminary Official Statement and the Official Statement, there is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Authority, threatened against the Authority (i) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds, the use of the Preliminary Official Statement or the Official Statement or the collection of the Revenues pledged to the payment of the principal of and interest on the Bonds, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity, enforceability, due authorization, execution or delivery of the Bonds, including this Agreement or the other Bond Documents, or the validity or enforceability of the System Agreements, nor, to the best knowledge of the Authority, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Bond Documents, (iii) questioning the tax-exempt status of the Bonds under the laws of the United States or the tax-exempt status of the Bonds under the laws of the District, (iv) affecting or in any way contesting the corporate existence or powers of the Authority or the titles of the officers of the Authority to their respective offices, (v) which may result in any material adverse change in the business or the financial condition or the financial prospects of the Authority or (vi) asserting that the Preliminary Official Statement or the Official Statement or any supplement thereto contains any untrue statement of a material fact or omits any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

m. The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request in order to (i) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate, (ii) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and (iii) continue such qualifications in effect so long as required for the distribution of the Bonds and will advise the Representative promptly of receipt by the Authority of any written notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose; provided, however, that the Authority will not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

n. The audited balance sheets of the Authority for the years ended September 30, 2025 and September 30, 2024, and the related statements of revenues, expenditures and changes in net assets and cash flows for the fiscal year ended on such date, as set forth in the Preliminary Official Statement and the Official Statement, are true, complete and correct and fairly present the financial condition of the Authority as of such date and the results of its operations for such fiscal year. There has been no material adverse change in the financial condition of the Authority since September 30, 2025, except as described in the Preliminary Official Statement and the Official Statement. The financial statements of, and other financial information of the Authority in the Preliminary Official Statement and in the Official Statement fairly present the financial position and results of the Authority as of the dates and for the periods

therein set forth, and except as noted in the Preliminary Official Statement and in the Official Statement, the other historical financial information set forth in the Preliminary Official Statement and in the Official Statement has been presented on a basis consistent with that of the Authority's audited financial statements included or incorporated by reference in the Preliminary Official Statement and in the Official Statement.

o. The Authority has duly authorized, approved and delivered the Preliminary Official Statement and the Official Statement to the Underwriters.

p. The Preliminary Official Statement, as of its date and as of the date of this Agreement, did not and does not, and the Official Statement, is, as of its date and (unless the Official Statement is amended or supplemented pursuant to this Agreement) at all times subsequent thereto during the period up to and including the Closing Date, did not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If between the date of the Official Statement and the Closing Date any event shall occur or any pre-existing fact or condition shall become known to the Authority that might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority shall promptly notify the Underwriters thereof, and if in the reasonable opinion of the Representative, such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Underwriters, which approval shall not be unreasonably withheld. If the Official Statement is supplemented or amended as aforesaid, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the underwriting period, as defined in Section 5, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which made, not misleading.

q. The obligation of the Authority to know or provide information within the knowledge of the Authority is limited to providing information that is in the actual knowledge of, or reasonably should have been in the actual knowledge of, the key staff members of the Authority listed in the Official Statement under the caption "Senior Management" or their respective successors.

r. The Authority undertakes that, for a period beginning with the day on which the Bonds are delivered to the Underwriters and ending on the 25th day following the end of the underwriting period, as defined in Section 5, it will apprise the Underwriters of all material developments, if any, occurring with respect to the Authority, and if requested by the Underwriters, at the Authority's expense, prepare a supplement to the Official Statement in respect of any such material event.

s. The Authority has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Authority is a bond issuer whose arbitrage certificates may not be relied upon.

t. Any certificate signed by an authorized delegate of the Authority in connection with the transactions described in this Agreement will be deemed a representation, warranty, covenant and agreement by the Authority to the Underwriters as to the statements made therein.

u. Prior to the Closing, the Authority will not take any action within or under its control that will cause any adverse change of a material nature in the Authority's financial position, or its results of operations or condition, financial or otherwise.

v. The Authority will not, prior to the Closing, offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, except in the ordinary course of business, without the prior approval of the Representative.

w. The Bonds, and the Thirty-Eighth Supplemental Indenture conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement under the caption "THE SERIES 2026AB BONDS" and in Appendix C "GLOSSARY AND SUMMARY OF THE INDENTURE."

7. **Representations of Underwriters.** The Underwriters represent and warrant that they will offer the Bonds, subject to this Agreement, only pursuant to the Official Statement and the Underwriters agree to make a public offering of the Bonds at the initial offering prices or yields set forth in the Official Statement as the Underwriters may deem necessary or desirable in connection with the offering and sale of the Bonds and to sell the Bonds to dealers (including dealer banks and dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices. At the Closing, the Representative, on behalf of the Underwriters, shall deliver to the Authority a certificate, acceptable to Co-Bond Counsel, substantially in the form of Exhibit D hereto. The Underwriters agree to deliver a final Official Statement to all purchasers of the Bonds in accordance with all applicable legal requirements.

8. **Rights to Cancellation by Underwriters.** The Underwriters will have the right to cancel their obligation to purchase, accept delivery of and to pay for the Bonds if between the date hereof and the Closing Date, the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds shall be materially adversely affected in the reasonable judgment of the Representative, on behalf of the Underwriters, by the occurrence of any of the following: (a) legislation has been enacted by or introduced in Congress or a decision by a federal court of the United States or the United States Tax Court has been rendered, or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency has been made or proposed to be made with respect to federal taxation on revenues or other income to be derived from the operation of the Authority, or other actions or events have occurred which have the purpose or effect, directly or indirectly, of materially adversely affecting the federal income tax consequences of any of the transactions contemplated in connection herewith, including the

tax-exempt status of bonds issued by the Authority under the Internal Revenue Code of 1986, as amended, or (b) legislation has been enacted, or actively considered for enactment with an effective date being prior to the date of the issuance of the Bonds, or a decision by a court of the United States has been rendered, or a ruling or regulation by the SEC or another governmental agency having jurisdiction of the subject matter has been made, the effect of which is that the Bonds are not exempt from the registration or other requirements of the Securities Act of 1933, as amended and as then in effect (the "1933 Securities Act"), or that the Indenture is not exempt from the qualification or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect (the "Trust Indenture Act"), or (c) a stop order, ruling or regulation by the SEC has been issued or made, the effect of which is that the issuance, offering or sale of the Bonds as contemplated hereby or by the Official Statement is or would be in violation of any provision of the 1933 Securities Act, or of the 1934 Exchange Act, or of the Trust Indenture Act, or (d) there exists any event which in the reasonable judgment of the Underwriters either (i) makes untrue or incorrect any statement or information of a material fact contained in the Official Statement or the Preliminary Official Statement or (ii) is not reflected in the Official Statement or the Preliminary Official Statement but should be reflected therein in order to make the statements and information contained therein, in light of the circumstances under which they were made, not misleading, and, in either such event the Authority refuses to permit the Official Statement to be supplemented to correct or supply such statement or information, or the statement or information as supplemented is such as in the reasonable judgment of the Underwriters would materially adversely affect the market for the Bonds or the sale, at the contemplated offering price, by the Underwriters of the Bonds, or (e) there has occurred any new outbreak of hostilities (including, without limitation, an act of terrorism) or escalation of hostilities existing prior to the date hereof or any other extraordinary event, material national or international calamity or crisis, including a financial crisis, not existing on the date hereof, or (f) any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates or the establishment of minimum or maximum prices) or any material increase of restrictions now in force (including the extension of credit by, or a charge to the net capital requirements of, Underwriters) shall have been established by the New York Stock Exchange, the SEC, any other federal agency, the Congress of the United States, or by Executive Order, or (g) there is in force a general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange or (h) a general banking moratorium has been declared by Federal, District or New York authorities, or (i) there has occurred since the date hereof any material adverse change in the affairs of the Authority from that reflected in the financial information and data of the Authority included in or as an appendix to the Official Statement or the Preliminary Official Statement, other than as previously disclosed to the Underwriters, or (j) a material disruption in securities settlement, payment or clearance services shall have occurred, or (k) there shall have occurred any downgrading or published negative credit watch or similar published information from a rating agency that on the date hereof has published a rating (or has been asked to furnish a rating on the Bonds) on any of the Authority's debt obligations, which action reflects a change or possible change in the ratings accorded any such obligations of the Authority (including any rating to be accorded to the Bonds) or (l) there shall have occurred any downgrading or published negative credit watch or similar published information from a rating agency that at the date of this Agreement has published a rating (or has been asked to furnish a rating on the Bonds) on any of the Authority's debt obligations, which

action reflects a change or possible change, in the ratings accorded any such obligations of the Authority (including any rating to be accorded the Bonds).

9. Rights to Cancellation by the Authority. The Authority will have the right to cancel its obligation to issue, sell and deliver the Bonds if between the date hereof and the Closing Date, the market price or marketability of the Bonds shall be materially adversely affected, in the reasonable judgment of the Authority, by the occurrence of any of the following: (a) legislation has been enacted by or introduced in Congress or a decision by a federal court of the United States or the United States Tax Court has been rendered, or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency has been made or proposed to be made with respect to federal taxation on revenues or other income to be derived from the operation of the Authority, or other actions or events have occurred which have the purpose or effect, directly or indirectly, of materially adversely affecting the federal income tax consequences of any of the transactions contemplated in connection herewith, or (b) legislation has been enacted, or actively considered for enactment with an effective date being prior to the date of the issuance of the Bonds, or a decision by a court of the United States has been rendered, or a ruling or regulation by the SEC or another governmental agency having jurisdiction of the subject matter has been made, the effect of which is that the Bonds are not exempt from the registration or other requirements of the 1933 Securities Act, or that the Indenture is not exempt from the qualification or other requirements of the Trust Indenture Act, or (c) a stop order, ruling or regulation by the SEC has been issued or made, the effect of which is that the issuance, offering or sale of the Bonds as contemplated hereby or by the Official Statement is or would be in violation of any provision of the 1933 Securities Act, or of the 1934 Exchange Act, or of the Trust Indenture Act, or (d) there has occurred any new outbreak of hostilities (including, without limitation, an act of terrorism) or escalation of hostilities existing prior to the date hereof or any other extraordinary event, material national or international calamity or crisis, including a financial crisis, not existing on the date hereof, or (e) any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates or the establishment of minimum or maximum prices) or any material increase of restrictions now in force (including the extension of credit by, or a charge to the net capital requirements of, Underwriters) shall have been established by the New York Stock Exchange, the SEC, any other federal agency, the Congress of the United States, or by Executive Order, or (f) there is in force a general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange or (g) a general banking moratorium has been declared by Federal, District or New York authorities, or (h) a material disruption in securities settlement, payment or clearance services shall have occurred.

10. Conditions to Obligations of Underwriters at Closing. The Underwriters have entered into this Agreement in reliance on the representations, warranties, covenants and agreements of the Authority contained herein, and in reliance on the representations, warranties, covenants and agreements to be contained in the documents and instruments to be delivered at the Closing and on the performance by the Authority of its obligations hereunder, as of the Closing Date. Accordingly, the Underwriters' obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds, are conditioned on the performance by the Authority of its obligations to be performed hereunder and the delivery of such documents and instruments

enumerated herein in form and substance reasonably satisfactory to the Underwriters and Orrick, Herrington & Sutcliffe LLP, and McKenzie & Associates, co-counsel to the Underwriters, at or before the Closing, and are also subject to the following additional conditions:

a. The representations, warranties, covenants and agreements of the Authority contained herein are true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

b. The provisions of the Act and the Federal Act, as in effect on the date of this Agreement, shall be in full force and effect and shall not have been amended, except as to amendments which, in the reasonable opinion of the Underwriters, are not adverse to the interest of the Underwriters or the Bondholders;

c. At the time of the Closing, the Resolution is in full force and effect in accordance with its terms and has not been amended, modified or supplemented, and the Official Statement has not been supplemented or amended, except in any such case as may have been agreed to by the Underwriters;

d. At the time of the Closing, all official action of the Authority relating to the Bonds, the Bond Documents and the System Documents are in full force and effect in accordance with their respective terms and have not been amended, modified or supplemented, except in each case as may have been agreed to by the Underwriters;

e. At the time of the Closing the Authority will perform or will have performed all of its obligations required under or specified in this Agreement, the Resolution and the Indenture, or contemplated by the Resolution, the Indenture or the Official Statement, to be performed prior to the Closing; and

f. At or before the Closing, the Underwriters will have received true and correct copies of each of the following documents:

i. A certified copy of the Resolution;

ii. The Official Statement and each supplement or amendment, if any, thereto, executed by the Authority;

iii. Counterparts of each of the fully executed Bond Documents and the System Agreements;

iv. The approving opinion of Co-Bond Counsel in substantially the form attached to the Preliminary Official Statement and the Official Statement as Appendix F and a supplemental opinion, dated the Closing Date, in form and substance satisfactory to the Underwriters, and reliance letters with respect to such opinions addressed to Computershare Trust Company, N.A., as Trustee;

v. An opinion, dated the Closing Date, of the Chief Legal Officer and Executive Vice President Government & Legal Affairs, of the Authority, substantially in the form of Exhibit B hereto;

vi. An opinion, dated the Closing Date, of Orrick, Herrington & Sutcliffe LLP and McKenzie & Associates, co-counsel to the Underwriters, substantially in the form of Exhibit C hereto;

vii. An opinion, dated the Closing Date, of Squire Patton Boggs (US) LLP and Bellamy Penn LLC, in their capacity as co-disclosure counsel to the Authority, in form and substance satisfactory to the Underwriters and their co-counsel;

viii. An opinion, dated the Closing Date, of counsel to the Trustee, in a form approved by the Underwriters and their co-counsel;

ix. A signed Financial Feasibility Opinion Letter dated _____, 2026, of Amawalk Consulting Group LLC (the “Financial Feasibility Consultant”), regarding the financial feasibility of the issuance of the Bonds in substantially the form attached to the Preliminary Official Statement and the final Official Statement as Appendix A and a certificate of the Financial Feasibility Consultant with respect to the issuance and sale of the Bonds, permitting the use of such letter and references to said firm in the Preliminary Official Statement and the Official Statement in form and substance satisfactory to the Underwriters;

x. One or more certificates of the Authority, dated the Closing Date, (A) to the effect that the representations, warranties, covenants and agreements of the Authority herein are true and correct on and as of the Closing Date as if made on the Closing Date, and that the Authority has performed all obligations to be performed hereunder as of the Closing Date; (B) to the effect that the Bond Documents, the Bonds and the System Agreements have not been modified, amended or repealed after the date hereof without the written consent of the Underwriters; (C) to the effect that no material change has occurred with respect to the System from the period from the date of this Agreement through the Closing Date;

xi. Evidence of the completion of Internal Revenue Service Form 8038-G with respect to the issuance of the Bonds;

xii. Evidence that Moody’s Ratings (“Moody’s”), S&P Global Ratings (“S&P”) and Fitch Ratings (“Fitch”) have issued ratings on the Bonds of [“Aa2”, “AA+” and “AA” respectively;]

xiii. Such additional legal opinions, certificates, instruments and other documents as the Underwriters may reasonably request to evidence the truth and accuracy, as of the Closing Date, of the Authority’s representations, warranties, covenants and agreements contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Authority on or prior to the Closing Date of all the agreements then to be performed and conditions then to be satisfied by it.

All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement will be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriters.

11. Obligations Upon Cancellation. If the Authority is unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept the delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds is terminated for any reason permitted by this Agreement, this Agreement will terminate and neither the Underwriters nor the Authority will be under any further obligation hereunder, except that the Authority and the Underwriters shall pay their respective expenses as set forth in Section 15.

12. Certain Information Provided by Underwriters. The Underwriters confirm and the Authority acknowledges that the statements with respect to the public offering of the Bonds by the Underwriters set forth on the cover page of the Official Statement, the legend concerning over-allotments in the Official Statement and the text under the caption “UNDERWRITING” in the Official Statement constitute the only information concerning the Underwriters furnished in writing to the Authority by or on behalf of the Underwriters for inclusion in the Official Statement.

13 Establishment of Issue Price.

a. The Representative on behalf of the Underwriters agrees to assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit D**, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the Authority and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the Authority under this Section to establish the issue price of the Bonds may be taken on behalf of the Authority by PFM Financial Advisors LLC and Sustainable Capital Advisors (collectively, the “Municipal Advisor”) and any notice or report to be provided to the Authority may be provided to the Municipal Advisor.

b. The Authority will treat the first price at which at least 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Bond Purchase Agreement, the Representative shall report to the Authority the price or prices at which the Underwriters have sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Representative agrees to promptly report to the Authority the prices at which Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public, provided that, the Underwriters’ reporting obligation after the Closing Date may be reasonable periodic intervals or otherwise upon request of the Authority.

c. The Authority acknowledges that, in making the representation set forth in this subsection, the Representative will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering price rule, if applicable, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group

to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The Authority further acknowledges that each Underwriter shall solely be liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

d. The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Representative is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Representative that either the 10% test has been satisfied as to the Bonds of that maturity or all of the Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, and

(ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with any related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Representative or the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

e. The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

i. "public" means any person other than an underwriter or a related party,

ii. "underwriter" means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling

group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

iii. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

iv. “sale date” means the date of execution of this Bond Purchase Agreement by all parties.

14. **No Advisory or Fiduciary Role.** The Authority acknowledges and agrees that: (i) the transactions contemplated by this Agreement are arm’s-length, commercial transactions between the Authority and the Underwriters in which the Underwriters are acting solely as principals, and are not acting as an agent, a municipal advisor, financial advisor or fiduciary to the Authority; (ii) the Underwriters have not assumed any advisory or fiduciary responsibility to the Authority with respect to the transactions contemplated hereby and the discussions, conferences, negotiations, undertakings and procedures leading thereto (irrespective of whether the Underwriters or their affiliates have provided other services or are currently providing other services to the Authority on other matters); (iii) the only obligations the Underwriters have to the Authority with respect to the transaction contemplated hereby expressly are set forth in this Agreement; (iv) the Authority has consulted its own financial and/or municipal, legal, accounting, tax, and other advisors, as applicable, to the extent it has deemed appropriate; and (v) this Agreement expresses the entire relationship between the parties hereto.

15. **Expenses.** The Authority will pay all costs of issuance of the Bonds including, but not limited to (a) the cost of preparation and posting of the Preliminary Official Statement and the cost of preparation, posting, printing and delivery of the Official Statement, including the number of copies the Underwriters and the Authority deem reasonable; (b) any cost of preparation of the Bonds; (c) the fees and disbursements of Co-Bond Counsel; (d) the fees and disbursements of any accountants, consultants, financial advisors or additional legal counsel retained in connection with the issuance of the Bonds, including the Independent Engineer and the Financial Feasibility Consultant; (e) fees for Bond ratings and CUSIP numbers; (f) the expenses of travel, lodging and meals for Authority representatives in connection with the negotiation, marketing, issuance and delivery of the Bonds; (g) all advertising expenses in connection with the public offering of the Bonds, including investor meetings; (h) the costs of filing fees required by any of the Blue Sky laws; and (i) all reasonable and necessary out-of-pocket expenses associated with the issuance of the Bonds. The Authority shall reimburse the Underwriters for the fees and expenses of Underwriters’ co-counsel, any expense advanced or incurred by the Underwriters for which the Authority is responsible hereunder including (f) above and other reasonable expenses incurred in connection with the performance of

Underwriters' obligations hereunder (reimbursement may be included in the expense component of the Underwriters' discount, which the Underwriters acknowledge includes their expenses as set forth in Section 1).

16. Notices. Any notice or other communication to be given to the Authority under this Agreement may be given by delivering the same in writing to the address shown on the first page of this Agreement to the attention of the [Interim] Chief Financial Officer and Executive Vice President, Finance and Procurement, and any notice or other communication to be given to the Representative under this Agreement may be given by delivering the same in writing to B of A Securities, Inc. 4 Penn Center, 1600 JFK Boulevard, Philadelphia, PA 19103 Attention: William Sicks, Director.

17. Parties in Interest; Survival of Representations and Warranties. This Agreement, when accepted in accordance with the provisions hereof, shall constitute the entire agreement between the Authority and the Underwriters and is made solely for the benefit of the Authority and the Underwriters (including the successors or assigns of the Authority or the Underwriters) and no other person will acquire or have any right hereunder or by virtue hereof. All of the Authority's and Underwriters' representations, warranties, covenants and agreements contained in this Agreement will remain operative and full force and effect regardless of (a) any investigations made by or on behalf of the Underwriters; or (b) delivery of and payment for the Bonds pursuant to this Agreement.

18. Effective Date. This Agreement will become effective upon its acceptance by the Authority, as evidenced by the execution hereof by the appropriate official of the Authority and will be valid and enforceable at the time of such acceptance.

19. Execution in Counterparts. This Agreement may be executed in counterparts each of which shall be regarded as an original and all of which shall constitute one and the same document.

20. Finder. The Authority represents and warrants that no finder or other agent of a finder has been employed or consulted by it in connection with this transaction.

21. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the District of Columbia.

By: B OF A SECURITIES, INC.,
as Representative of the Underwriters

By: _____
Authorized Representative

[SIGNATURE PAGE TO SERIES 2026A/B BOND PURCHASE AGREEMENT]

Accepted: February , 2026

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

By _____

Name:

Title: [Interim]Chief Financial Officer and Executive Vice
President, Finance, Procurement and Compliance

[SIGNATURE PAGE TO SERIES 2026A/B BOND PURCHASE AGREEMENT]

EXHIBIT A

\$ _____
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
Public Utility Subordinate Lien Revenue Refunding Bonds,
Series 2026A

*Priced to the par call date of October 1, 203 .

\$ _____
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
Public Utility Subordinate Lien Revenue Refunding Bonds,
Series 2026B (Green Bonds)

Series 2026B Serial Bonds

*Priced to the par call date of October 1, 203

Series 2026B Term Bonds

Term Bond due October 1, 2010, Yield

*Priced to the par call date of October 1, 203

TERMS OF REDEMPTION

Optional Redemption

The Series 2026A Bonds are subject to optional redemption prior to maturity on or after October 1, 203__ from any source, in whole or in part on any date, in such order of maturities as shall be determined by the Authority (and by lot within a maturity), at a redemption price of 100% of the principal amount thereof, together with accrued interest, if any, to the redemption date.

The Series 2026B Bonds are subject to optional redemption prior to maturity on or after October 1, 203__ from any source, in whole or in part on any date, in such order of maturities as shall be determined by the Authority (and by lot within a maturity), at a redemption price of 100% of the principal amount thereof, together with accrued interest, if any, to the redemption date.

MANDATORY SINKING FUND REDEMPTION

The Series 2026A Term Bonds maturing on October 1, 20__ shall be subject to mandatory sinking fund redemption, on October 1 of that respective year, as follows:

<u>Year</u>	<u>Principal</u>
-------------	------------------

*Final maturity.

The Series 2026B Term Bonds maturing on October 1, 20__ shall be subject to mandatory sinking fund redemption, on October 1 of that respective year, as follows:

<u>Year</u>	<u>Principal</u>
-------------	------------------

*Final maturity.

EXHIBIT B

FORM OF AUTHORITY'S CHIEF LEGAL OFFICER AND EXECUTIVE VICE
PRESIDENT, GOVERNANCE & LEGAL AFFAIRS OPINION

March , 2026

District of Columbia Water and Sewer Authority
1385 Canal Street S.E.
Washington, DC 20003

\$ _____
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026A

\$ _____
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026B (Green Bonds)

Ladies and Gentlemen:

I am the Chief Legal Officer and Executive Vice President, Governance & Legal Affairs to the District of Columbia Water and Sewer Authority (the "Authority") and in connection with the issuance by the Authority of its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026A and its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026B (collectively, the "Bonds"). I have reviewed an executed copy of the Bond Purchase Agreement, dated February , 2026, between the Authority and B of A Securities, Inc., as Representative on behalf of the Underwriters, with respect to the Bonds, (the "Bond Purchase Agreement") and the Preliminary Official Statement, dated February , 2026 (the "Preliminary Official Statement") and the Official Statement, dated February , 2026, being distributed in connection with the issuance of the Bonds (collectively, the "Official Statement"). Capitalized terms used and not defined herein shall have the respective meanings given to such terms in the Bond Purchase Agreement.

I have also examined an act of the Council of the District of Columbia entitled the "Water and Sewer Authority Establishment and Department of Public Works Reorganization Act of 1996," codified, as amended, at District of Columbia Official Code Ann. Sections 34-2201.01 *et seq.*, and the acts amendatory thereof and supplemental thereto (the "Act"), and an act of the United States Congress entitled the "District of Columbia Water and Sewer Authority Act of 1996" (Public Law 104-184), as amended (the "Federal Act"), certified copies of proceedings of the Authority authorizing the issuance of the Bonds, including the Resolution and such other proceedings as I have considered necessary or advisable to render the following opinions.

In rendering the following opinions, I have relied on representations of the Authority as to matters of fact without independent investigation or verification and, as to matters of law, the representations of Co-Bond Counsel without independent research or verification and have assumed the genuineness of all signatures, the authenticity of all documents tendered to me as originals and the conformity to original documents of all documents submitted to me as certified or photostatic copies.

Based upon review of the materials described above and subject to the recitals and qualifications herein contained, to the best of my knowledge, information and belief, it is my opinion that:

1. The Authority is a body corporate duly created, organized and validly existing as an independent authority of the District under the Act and under the Federal Act (the Act and the Federal Act being sometimes hereinafter referred to as, the "Acts"). The Authority has the full legal right, power and authority to (i) adopt the Resolution, (ii) issue the Bonds, (iii) execute, deliver and perform its obligations under the Bond Documents, and (iv) perform its obligations under the System Agreements.

2. The Federal Act was duly enacted by Congress, and the Act was duly enacted by the Council of the District of Columbia. The Acts remain in full force and effect. The Act transferred all assets and liabilities of the Water and Sewer Utility Administration ("WASUA") as indicated on the balance sheet prepared by WASUA, effective April 17, 1996, on an interim basis for the exclusive use and possession of the Authority for so long as any revenue bonds of the Authority, including the Bonds, remain outstanding.

3. The Resolution was adopted by the Authority and has not been amended since the date of the adoption thereof and remains in full force and effect as of the date hereof.

4. (i) The adoption of the Resolution, the issuance of the Bonds, the execution and delivery of the Bond Documents and the performance of the Authority's obligations thereunder, and (ii) the performance of the Authority's obligations under the System Agreements, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Authority, a breach of or default under any agreement or other instrument to which the Authority is a party, or any existing law, administrative regulation, court order, settlement order or consent decree to which the Authority is subject.

5. Except as otherwise described in the Preliminary Official Statement and the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best of my knowledge, threatened against the Authority (i) seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds, the use of the Official Statement or the collection of the revenues pledged to the payment of the principal of and interest on the Bonds, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity, enforceability, due authorization, execution or delivery of the Bonds, including the Bond Purchase Agreement or the other Bond Documents, or the validity or enforceability of the System Agreements, (iii) questioning the tax-exempt status of the Bonds under the laws of the United States or the tax-

exempt status of the Bonds under the laws of the District, (iv) in any way contesting the corporate existence or powers of the Authority or the titles of the officers of the Authority to their respective offices, (v) which may result in any material adverse change in the business or the financial condition or the financial prospects of the Authority or (vi) asserting that the Preliminary Official Statement or the Official Statement contains any untrue statement of a material fact or omits any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

6. The statements and information contained in the Preliminary Official Statement and the Official Statement under the caption entitled "LITIGATION," are true, correct and complete in all material respects, and the information under such caption does not contain any untrue statement of a material fact and does not omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect.

7. Pursuant to the Acts, the Authority has the full legal right, power and authority to operate the System and to collect and pledge the Revenues therefrom in accordance with the Indenture.

8. The Authority has approved the form of the Preliminary Official Statement and the Official Statement, the execution of the Official Statement and the delivery of the Official Statement to the purchasers of the Bonds.

9. The Authority has obtained the consents, approvals, authorizations or other orders required for the consummation of the transactions contemplated by the Bond Purchase Agreement, including the issuance of the Bonds.

This opinion and all documents which relate to this opinion are to be construed in accordance with the laws of the District and the United States of America. This opinion is rendered solely for the use of the Authority and may not be relied on by any other person.

Very truly yours,

Chief Legal Officer and Executive Vice President Governance & Legal Affairs

EXHIBIT C

FORM OF OPINION OF UNDERWRITERS' COUNSEL

March , 2026

\$ _____
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026A

\$ _____
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026B (Green Bonds)

B of A Securities, Inc., as Representative
4 Penn Plaza
1600 JFK Boulevard
Philadelphia, PA 19103

Ladies and Gentlemen:

We have acted as counsel for you as the representative (the "Representative") acting on behalf of yourself and other underwriters (the "Underwriters") in connection with your purchase from the District of Columbia Water and Sewer Authority (the "Authority") of its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026A and its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026B (Green Bonds) (collectively, the "Bonds"), pursuant to the Bond Purchase Agreement, dated February , 2022 (the "Purchase Agreement"), between you and the Authority. The Bonds are to be issued pursuant to the Master Indenture of Trust, dated as of April 1, 1998 (the "Master Indenture"), as amended and supplemented to the date of delivery of the Bonds (the "Indenture"), including by the Thirty-Eighth Supplemental Indenture of Trust dated the date of issuance and delivery of the Bonds (the "Supplemental Indenture"), by and between the Authority and Computershare Trust Company, N.A., as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Agreement.

In that connection, we have reviewed the Indenture, the Preliminary Official Statement of the Authority dated February , 2026 (the "Preliminary Official Statement") and the Official Statement of the Authority, dated February , 2026, with respect to the Bonds (the "Official Statement"), the Continuing Disclosure Agreement, dated March , 2026 (the "Continuing Disclosure Agreement"), the Purchase Agreement, certificates of the Authority, the Trustee and others, the opinions referred to in paragraph 10(f)(vi) of the Purchase Agreement, and such records and documents, and we have made such investigations of law, as we have deemed appropriate as a basis for the opinions and conclusions hereinafter expressed. We do not assume any responsibility for any electronic version of the Official Statement and assume that any such version is identical in all material respects to the printed version.

In arriving at the opinions and conclusions hereinafter expressed, we are not expressing any opinion or view on, and with your permission are assuming and relying on, the validity, accuracy and sufficiency of the records, documents, certificates and opinions referred to above, including the accuracy of all factual matters represented and legal conclusions contained therein, including (without limitation) any representations and legal conclusions regarding the due authorization, issuance, delivery, validity and enforceability of the Bonds, and any laws, documents and instruments that may be related to the issuance, payment or security of the Bonds. We have assumed that all records, documents, certificates and opinions that we have reviewed, and the signatures thereto, are genuine.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement and the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as your counsel, to assist you with your responsibility with respect to the Preliminary Official Statement and the Official Statement, we participated in conferences with your representatives and representatives of the Authority, Squire Patton Boggs (US) LLP and Bellamy Penn LLP, as co-bond counsel and as co-disclosure counsel, financial advisors, feasibility consultants and others, during which the contents of the Official Statement and related matters were discussed. Based on our participation in the above-mentioned conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon, on oral and written statements and representations of the Authority and others and on the records, documents, certificates, opinions and matters herein mentioned (as set forth above), we advise you as a matter of fact and not opinion that, during the course of our representation of you on this matter, no facts came to the attention of the attorneys in our firm rendering legal services to you in connection with the Preliminary Official Statement and the Official Statement which caused us to believe that the Preliminary Official Statement and the Official Statement as of their dates and as of the date hereof (except for any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any information about litigation to which the Authority is a party, any management discussion and analysis, Appendices to the Preliminary Official Statement and the Official Statement, or any information about book-entry, DTC, ratings, rating agencies, and tax exemption of the Bonds, which we expressly exclude from the scope of this paragraph and as to which we express no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. No responsibility is undertaken or view expressed with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Preliminary Official Statement and the Official Statement.

3. In our opinion, the Continuing Disclosure Agreement with respect to the Bonds for the benefit of the holders thereof, satisfies in all material respects the requirements for such an agreement in paragraph (b) (5) of the Rule 15c2-12; provided that, for purposes of this opinion, we are not expressing any view regarding the content of the Official Statement that is not expressly stated in numbered paragraph 2 of this letter.

We are furnishing this letter to you pursuant to paragraph 10(f)(vi) of the Purchase Agreement solely for your benefit as the Representative. We disclaim any obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

EXHIBIT D

FORM OF UNDERWRITERS' CERTIFICATE

\$ _____
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026A

\$ _____
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026B (Green Bonds)

UNDERWRITERS' CERTIFICATE

March , 2026

B of A Securities, Inc. ("B of A Securities, Inc."), for itself and as representative of the other underwriters for the bonds identified above (the "Issue"), issued by the District of Columbia Water and Sewer Authority (the "Issuer"), based on its knowledge regarding the sale of the Issue, certifies as of this date as follows:

1. Issue Price.

[If the issue price is determined using only the general rule (actual sales of at least 10%) in Regulations § 1.148-1(f)(2)(i) and at least 10% of each maturity has been sold as of the Closing Date:

1.1 As of the date of this certificate, for each Maturity of the Issue, the first price at which at least 10% of such Maturity of the Issue was sold to the Public is the respective price listed in the final Official Statement, dated _____, 2026 for the Issue (the "Sale Price" as applicable to respective Maturities). The aggregate of the Sale Prices of each Maturity is \$ _____ (the "Issue Price").]

[If the issue price is determined using only the general rule (actual sales of at least 10%) in Regulations § 1.148-1(f)(2)(i) and at least 10% of each maturity has not been sold as of the Closing Date:

1.1 As of the date of this Certificate, for each [Maturity] [of the _____ Maturities] of the Issue, the first price at which at least 10% of [each] such Maturity of the Issue was sold to the Public (the "10% Test") are the respective prices listed in **Schedule A** attached hereto.

1.2 With respect to each of the _____ Maturities of the Issue:

(i) As of the date of this Certificate, the Underwriters have not sold at least 10% of these Maturities of the Issue at any single price.

(ii) As of the date of this Certificate, B of A Securities, Inc. reasonably expects that the price at which at least 10% of each of these Maturities of the Issue will be sold to the Public will be the respective price or prices listed on the attached **Schedule A** as the “Reasonably Expected Sale Prices for Undersold Maturities.”

(iii) B of A Securities, Inc. will provide actual sales information (substantially similar to the information contained on **Schedule B**) as to the price at which at least 10% of each such Maturity (i.e., the Undersold Maturity or Maturities) of the Issue is sold to the Public.

(iv) On the date the 10% Test is satisfied with respect to all Maturities of the Issue, B of A Securities, Inc. will execute a supplemental certificate substantially in the form attached hereto as **Schedule C** with respect to any Maturities for which the 10% Test has not been satisfied as of the Closing Date.**]

[If the issue price is determined using a combination of actual sales (Regulations § 1.148-1(f)(2)(i)) and hold-the-offering-price (Regulations § 1.148-1(f)(2)(ii)):

1.1 As of the date of this certificate, for each Maturity of the Issue listed on Schedule A as the “General Rule Maturities,” the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A (the “Sale Price” as applicable to each Maturity of the General Rule Maturities).

1.2 The Underwriters offered the Maturities listed on Schedule A as the “Hold-the-Offering-Price Maturities” to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices” as applicable to each Maturity of the Hold-the-Offering-Price Maturities) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Issue is attached to this certificate as Schedule B.

1.3 As set forth in the Bond Purchase Agreement dated _____, 2026, between the Authority and Underwriters, the Underwriters agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Issue of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement contains the agreement of each dealer who is a member of the selling group, and any retail distribution agreement contains the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. The Underwriters have not offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Issue during the Holding Period.

The aggregate of the Sale Prices of the General Rule Maturities and the Initial Offering Prices of the Hold-the-Offering-Price Maturities is \$[_____] (the “Issue Price”).]

[If the issue price is determined using only the hold-the-offering-price rule in Regulations § 1.148-1(f)(2)(ii):

1.1 As set forth in the Bond Purchase Agreement dated _____, 2026, between the Authority and the Underwriters, the Underwriters agreed in writing that, (i) for each Maturity of the Issue, it would neither offer nor sell any of such Maturity of the Issue to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement contains the agreement of each dealer who is a member of the selling group, and any retail distribution agreement contains the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. The Underwriters have not offered or sold any Maturity of the Issue at a price that is higher than the respective Initial Offering Price for that Maturity of the Issue during the Holding Period.]

[1.2, 1.3, 1.4, 1.2] Definitions. [NOTE: If issue price is determined using only the general rule (actual sales of 10%), delete the definitions of “Holding Period” and “Sale Date.”]

[“Holding Period” means, for each Hold-the-Offering-Price Maturity of the Issue, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____, 2026), or (ii) the date on which the Underwriters sold at least 10% of such Maturity of the Issue to the Public at prices that are no higher than the Initial Offering Price for such Maturity.]

“Maturity” means bonds of the Issue with the same credit and payment terms. Bonds of the Issue with different maturity dates, or bonds of the Issue with the same maturity date but different stated interest rates, are treated as separate Maturities.

“Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

[“Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Issue. The Sale Date of the Issue is _____, 2026.]

“Underwriter” means (i) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Issue to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Issue to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Issue to the Public).

All capitalized terms not defined in this Certificate have the meaning set forth in the Authority's Tax Compliance Certificate or in Attachment A to it.

[2. Reserve Fund.

The funding of the Reserve Fund as provided in the Trust Agreement securing the Issue is reasonably required, was a vital factor in marketing the Issue, facilitated the marketing of the Issue at an interest rate comparable to that of bonds and other obligations of a similar type and is not in excess of the amount necessary for such purpose.]

[3. Yield.

3.1 The Yield on the Issue is _____ %, being the discount rate that, when used in computing the present worth of all payments of principal and interest to be paid on the Issue, computed on the basis of a 360-day year and semi-annual compounding, produces an amount equal to the Issue Price of the Issue as stated in paragraph 1.1 [and computed with the adjustments stated in paragraphs 3.2 and 4.3].

3.2 Discount Bonds Subject to Mandatory Early Redemption. [No bond of the Issue that is subject to mandatory early redemption has a stated redemption price that exceeds the Initial Offering Price of such bond by more than one-fourth of 1% multiplied by the product of its stated redemption price at maturity and the number of years to its weighted average maturity date.] **[Or]** [The stated redemption price at maturity of the bonds of the Issue maturing in the year[s] 20__, which are the only bonds of the Issue that are subject to mandatory early redemption, exceeds the Initial Offering Price of such bonds by more than one-fourth of 1% multiplied by the product of the stated redemption price at maturity and the number of years to the weighted average maturity date of such bonds. Accordingly, in computing the Yield on the Issue stated in paragraph 3.1, those bonds were treated as redeemed on each mandatory early redemption date at their present value rather than at their stated principal amount.]

3.3 Premium Bonds Subject to Optional Redemption. No bond of the Issue:

- Is subject to optional redemption within five years of the Issuance Date of the Issue.
- That is subject to optional redemption has an Initial Offering Price that exceeds its stated redemption price at maturity by more than one-fourth of 1% multiplied by the product of its stated redemption price at maturity and the number of complete years to its first optional redemption date.]]

[4. Weighted Average Maturity.

The weighted average maturity (defined below) of the Issue is _____ years **[For refunding issues:** and the remaining weighted average maturity of the Refunded Bonds is _____ years. The weighted average maturity of an issue is equal to the sum of the products of the

Initial Offering Price of each maturity of the issue and the number of years to the maturity date of the respective maturity (taking into account mandatory but not optional redemptions), divided by the Initial Offering Price of the entire Issue.]

5. Underwriter's Discount. The Underwriter's discount is \$ _____, being the amount by which the aggregate Issue Price (as set forth in paragraph 1.1) exceeds the price paid by B of A Securities, Inc. to the Authority for the Issue.

The signer is an officer of B of A Securities, Inc. and duly authorized to execute and deliver this Certificate of the Underwriters for itself and as representative of the other Underwriters. B of A Securities, Inc. understands that the certifications contained in this Certificate will be relied on by the Issuer in making certain of its representations in its Tax Compliance Certificate and in completing and filing the Information Return for the Issue, and by Squire Patton Boggs (US) LLP and Bellamy Penn LLP, as co-bond counsel ("Bond Counsel"), in rendering certain of their legal opinions in connection with the issuance of the Issue.

B of A Securities, Inc. has performed these calculations with the express understanding and agreement of Bond Counsel and the Issuer that, notwithstanding the performance of these calculations and the delivery of this certificate: (i) in doing so we are not acting as Municipal Advisor (as defined in Section 15 of the Securities Exchange Act), (ii) we do not have a fiduciary duty to the Issuer, and (iii) we are not to be construed as a "paid preparer" of any tax returns of the Issuer, including specifically (but not limited to) Form 8038-G.

Notwithstanding the foregoing, B of A Securities, Inc. reminds you that we are not accountants or actuaries, nor are we engaged in the practice of law. Accordingly, while we believe the calculations described above to be correct, we do not warrant them to be so, nor do we warrant their validity for purposes of Sections 103 and 141 through 150 of the Code.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents B of A Securities, Inc.'s interpretation of any laws, including specifically Sections 103 and 148 of the Code and the Treasury Regulations thereunder.

Dated: _____, 2026 B OF A SECURITIES, INC.

By: B OF A SECURITIES, INC.
as Representative of the Underwriters

[NOTE: If the general rule is used for each Maturity (i.e., actual sales of at least 10% of each Maturity) and at least 10% of each Maturity has been sold as of the Closing, there is no schedule to attach if the initial offering prices set forth in the Official Statement for the Issue are the first prices at which at least 10% of each Maturity is sold. Otherwise, attach a schedule that shows the first price at which at least 10% of each Maturity was sold.]

[OR]

[If the issue price is determined using a combination of the general rule (actual sales) and hold-the-offering-price rule:

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES
(Attached)

[NOTE: With respect to each Maturity of the Issue, Schedule A should include each Maturity's (i) maturity date, (ii) principal amount, (iii) coupon, (iv) yield, and (v) the sale prices/initial offering prices (as applicable).]

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

[OR]

[If the issue price is determined using only the hold-the-offering-price rule in Regulations § 1.148-1(f)(2)(ii):

SCHEDULE A
INITIAL OFFERING PRICES OF THE ISSUE
(Attached)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

[OR]

If the issue price is determined using only the general rule (actual sales of at least 10%) in Regulations § 1.148-1(f)(2)(i) and at least 10% of each maturity has not been sold as of the Closing Date:

SCHEDULE A
TO
ISSUE PRICE CERTIFICATE

Actual Sales Information as of Closing Date

<u>Maturity/CUSIP</u>	<u>Coupon</u>	<u>Date Sold</u>	<u>Time Sold</u>	<u>Par Amount</u>	<u>Sale Price</u>
-----------------------	---------------	------------------	------------------	-------------------	-------------------

[[**Reasonably Expected Sales Prices for Undersold Maturities as of Closing Date

<u>Maturity/CUSIP</u>	<u>Coupon</u>	<u>Par Amount</u>	<u>Offering Prices</u>
-----------------------	---------------	-------------------	------------------------

**]

**SCHEDULE B
TO
ISSUE PRICE CERTIFICATE

Actual Sales for Undersold Maturities as of the Closing Date

<u>Maturity/CUSIP</u>	<u>Date Sold</u>	<u>Time Sold</u>	<u>Par Amount</u>	<u>Sale Price</u>
------------------------------	-------------------------	-------------------------	--------------------------	--------------------------

**]

PRELIMINARY OFFICIAL STATEMENT DATED [FEBRUARY , 2026]

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: Standard & Poor's: []

Moody's: []

Fitch:

NGS" herein

See "RATINGS" herein

In the opinion of Squire Patton Boggs (US) LLP and Bellamy Penn LLC, Co-Bond Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2026AB Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and (ii) the Series 2026AB Bonds and the interest thereon are exempt from District taxation, except estate, inheritance and gift taxes. Interest on the Series 2026AB Bonds may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

[DC Water Logo]

\$[2026A PAR]*

\$[2026B PAR]*

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
Public Utility Subordinate Lien Revenue Refunding Bonds,
Series 2026A**

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
Public Utility Subordinate Lien Revenue Refunding Bonds,
Series 2026B
(Green Bonds)**

Dated: Date of Delivery

Authority for Issuance. The Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026A Bonds (the “2026A Bonds”) and the Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026B Bonds (Green Bonds) (the “Series 2026B Bonds” and together with the Series 2026A Bonds, the “Series 2026AB Bonds”) are being issued by the District of Columbia Water and Sewer Authority (the “Authority,” also commonly referred to as “DC Water”) pursuant to a Master Indenture of Trust, dated as of April 1, 1998 (the “Master Indenture”), by and between the Authority and Computershare Trust Company, N.A., as trustee (the “Trustee”), as amended and supplemented from time to time, including as amended and supplemented by the Thirty-Eighth Supplemental Indenture of Trust, by and between the Authority and the Trustee, dated the date of issuance and delivery of the Series 2026A Bonds (the “Thirty-Eighth Supplemental Indenture” and, together with the Master Indenture, as previously amended and supplemented, the “Indenture”).

Use of Proceeds. The proceeds of the Series 2026A Bonds will be used to (i) refund certain portions of the Authority's outstanding Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2010A, Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2014C, and Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2016A (the "Refunded Bonds") and (ii) pay the costs of issuing the Series 2026A Bonds. The proceeds of the Series 2026B Bonds will be used to (i) refund all or certain of the Authority's outstanding Public Utility Subordinate Lien Revenue Bonds, Series 2015A (Green Bonds) (the "Refunded Green Bonds"), (ii) refund certain of the Authority's Refunded Bonds and (iii) pay the costs of issuing the Series 2026B Bonds.

Denominations and Interest. The Series 2026AB Bonds will be issued initially in denominations of \$5,000 or any integral multiple thereof. The Series 2026AB Bonds will mature in the years and amounts and accrue interest from their date of delivery at the rates set forth on the inside cover page of this Official Statement. Interest on the Series 2026AB Bonds will be calculated on the basis of a 360-day year of twelve 30-day months, payable semi-annually on each April 1 and October 1, commencing October 1, 2026.

Book-Entry Only. The Series 2026AB Bonds will be issued in fully registered form in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”) under the book-entry only system maintained by DTC or its nominee. So long as Cede & Co. is the registered owner of the Series 2026AB Bonds, the principal of and premium, if any, and interest on the Series 2026AB Bonds will be payable by the Trustee to DTC, which will in turn remit such payments to its participants for subsequent disbursement to beneficial owners of the Series 2026AB Bonds, as more fully described herein. See APPENDIX E – “DTC Book-Entry System and Global Clearance Procedures.”

Redemption. The Series 2026AB Bonds are subject to redemption prior to maturity, as more fully described herein. See "THE SERIES 2026AB BONDS – Redemption Provisions."

Security. The Series 2026AB Bonds will be secured by a pledge of Net Revenues that will be subordinate to the pledge of Net Revenues that secures the Outstanding Senior Debt and any other Senior Debt the Authority may issue from time to time in the future, and on a parity with the pledge of Net Revenues that secures the Outstanding Subordinate Debt and any other Subordinate Debt the Authority may issue from time to time in the future, without preference, priority or distinction of any Subordinate Debt over any other Subordinate Debt, all as further described and defined herein. The Series 2026AB Bonds will not be secured by a Debt Service Reserve Fund. See "SECURITY FOR THE SERIES 2026AB BONDS."

Limited Obligation. The Series 2026AB Bonds shall be special, limited obligations of the Authority payable solely from the Net Revenues of the Authority. The Series 2026AB Bonds shall be without recourse to the District of Columbia (the "District"). The Series 2026AB Bonds shall not be general obligations of the District or of the Authority. The Series 2026AB Bonds shall not be a pledge of or involve the faith and credit or the taxing power of the District, shall not constitute a debt of the District, the United States of America or any User Jurisdiction (as defined herein) or any agency or instrumentality of any User Jurisdiction, and neither the District, the United States, any User Jurisdiction nor any agency or instrumentality of any User Jurisdiction shall be liable thereon. The Series 2026AB Bonds also shall not constitute the lending of the public credit for private undertakings as prohibited by the Home Rule Act (as defined herein). The Authority has no taxing power.

Green Bonds. The Series 2026B Bonds have been designated as “Green Bonds.” Kestrel has provided an independent external review and opinion that the Series 2026B Bonds conform with the four core components of the International Capital Market Association Green Bond Principles, and therefore qualify for Green Bonds designation. See “DESIGNATION OF BONDS AS GREEN BONDS” herein and APPENDIX G – “Second Party Opinion” attached for more information.

The Series 2026AB Bonds are offered when, as and if issued by the Authority and received by the Underwriters (as defined herein). Certain legal matters with respect to the issuance of the Series 2026AB Bonds are subject to the approval of Squire Patton Boggs (US) LLP and Bellamy Penn LLC, Co-Bond Counsel to the Authority. Squire Patton Boggs (US) LLP and Bellamy Penn LLC also serve as Co-Disclosure Counsel to the Authority in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the Authority by its General Counsel and for the Underwriters by Orrick, Herrington & Sutcliffe LLP and McKenzie & Associates PC, Co-Underwriters' Counsel. It is expected that the Series 2026AB Bonds will be available for delivery through the facilities of DTC on or about [March 1, 2026].

BofA Securities

[placeholder for co-managers]

This cover page, including the inside cover page, contains certain information for quick reference only. It is not a summary of this Official Statement. Prospective purchasers must read the entire Official Statement to obtain the information essential to the making of an informed investment decision.

Dated: 2026

* Preliminary, subject to change.

MATURITY SCHEDULE*

\$[2026A PAR]‡
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
Public Utility Subordinate Lien Revenue Refunding Bonds
Series 2026A

Maturity (Oct. 1)	Principal Amount	Serial Bonds*		
		Interest Rate	Yield	CUSIP No.†
		%	%**	

* Preliminary; subject to change.

** Yield calculated to first optional redemption date of October 1, 20__.

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MATURITY SCHEDULE***\$[2026B PAR]***

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
Public Utility Subordinate Lien Revenue Refunding Bonds,
Series 2026B
(Green Bonds)

Serial Bonds*

Maturity (Oct. 1)	Principal Amount	Interest Rate	Yield	CUSIP No.

Term Bonds*

\$ _____ % Term Bonds, due October 1, 20__, Yield _____ %** CUSIP 254845 __[†]

* Preliminary, subject to change.

** Yield calculated to first optional redemption date of October 1, 20__.

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District of Columbia Water and Sewer Authority
1385 Canal Street, S.E.
Washington, D.C. 20003
(202) 787-2714
www.dewater.com

Principal Board Members Jurisdiction

Dr. Unique Morris-Hughes, Chair	<i>District of Columbia</i>
Rachna Butani Bhatt	<i>District of Columbia</i>
Anthony Giancola	<i>District of Columbia</i>
Howard Gibbs	<i>District of Columbia</i>
Christopher Herrington	<i>Fairfax County</i>
Richard Jackson	<i>District of Columbia</i>
Fariba Kassiri	<i>Montgomery County</i>
Jennifer Macedonia	<i>Montgomery County</i>
Dr. Samuel B. Moki	<i>Prince George's County</i>
Jed Ross	<i>District of Columbia</i>
Kevin Stephen	<i>Prince George's County</i>

Alternate Board Members Jurisdiction

Sarah Motsch	<i>Fairfax County</i>
John Markovs	<i>Montgomery County</i>
Amy Stevens	<i>Montgomery County</i>
Oluseyi Olugbenle	<i>Prince George's County</i>
Derrick Coley	<i>Prince George's County</i>
Robert Hawkins	<i>District of Columbia</i>
Dr. Jimmy Ortiz	<i>District of Columbia</i>
Dr. Alexander McPhail	<i>District of Columbia</i>
Vacant	<i>District of Columbia</i>
Vacant	<i>District of Columbia</i>
Vacant	<i>District of Columbia</i>

Authority Management

David Gadir	<i>Chief Executive Officer and General Manager</i>
Matthew T. Brown	<i>Chief Operating Officer and Executive Vice President, Operations and Engineering</i>
Lola Oyeyemi	<i>Acting Chief Financial Officer and Executive Vice President, Finance Procurement and Compliance.</i>
Wayne Griffith	<i>Chief of Staff and Executive Vice President, Strategy and Performance</i>
Kirsten Williams	<i>Chief Administrative Officer and Executive Vice President, Administration</i>
Amber Jackson	<i>Interim Chief Legal Officer and Chief People Officer and Executive Vice President, People and Talent</i>

Authority Consultants and Counsel

<i>Co-Bond Counsel</i>	Squire Patton Boggs (US) LLP and Bellamy Penn LLC
<i>Co-Disclosure Counsel</i>	Squire Patton Boggs (US) LLP and Bellamy Penn LLC
<i>Financial Feasibility Consultant</i>	Amawalk Consulting Group LLC
<i>Engineering Feasibility Consultant</i>	PEER Consultants, P.C.
<i>Co-Financial Advisors</i>	PFM Financial Advisors LLC and Sustainable Capital Advisors

IMPORTANT NOTICES

No Offering May be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriters to give any information or to make any representations with respect to this offering, other than as contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the Underwriters.

No Unlawful Offer, Solicitation or Sale. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2026AB Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Use of this Official Statement. This Official Statement is provided in connection with the sale of the Series 2026AB Bonds referred to herein and may not be reproduced or be used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract or agreement among the Authority, the Underwriters and the purchasers or owners of any offered Series 2026AB Bonds. This Official Statement is being provided to prospective purchasers either in bound printed form ("original bound format") or in electronic format on the following website: www.munios.com. This Official Statement may be relied upon only if it is in its original bound format or if it is printed in its entirety directly from such website.

Preparation of this Official Statement. The information contained in this Official Statement has been derived from information provided by the Authority and other sources which are believed to be reliable. Additional information, including financial information, concerning the Authority is available from the Authority's website. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied on by any other party. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

No Registration or Approval. The Series 2026AB Bonds have not been registered with the U.S. Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, in reliance upon exceptions contained in the Act. Neither the SEC nor any other federal or state securities commission or regulatory authority has approved or disapproved of the Series 2026AB Bonds or passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

Forecasts and Forward-Looking Statements. Statements contained in this Official Statement that do not reflect historical facts are forward-looking statements. Forward-looking statements can be identified by words such as "estimate," "project," "anticipate," "expect," "intend," "believe," "plan," "budget," "predict," "may," "should," and similar expressions. Projections, forecasts, assumptions, expressions of opinions, estimates and other forward-looking statements are not to be construed as representations of fact and are qualified in their entirety by the cautionary statements set forth in this Official Statement. The forward-looking statements are based on various assumptions and estimates and are inherently subject to risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material, which could affect the ability to fulfill some or all of the obligations under the Series 2026AB Bonds. All forward-looking statements included in this Official Statement are based on information available on the date of this Official Statement, and the Authority assumes no obligation to update any such forward-looking statements.

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OFFICIAL STATEMENT

\$[2026A PAR][*]	\$[2026B PAR][*]
DISTRICT OF COLUMBIA WATER AND SEWER	DISTRICT OF COLUMBIA WATER AND SEWER
AUTHORITY	AUTHORITY
Public Utility Subordinate Lien Revenue	Public Utility Subordinate Lien Revenue
Refunding Bonds, Series 2026A	Refunding Bonds, Series 2026B (Green Bonds)

INTRODUCTION

General

This Official Statement, including the cover page and the appendices hereto (the “Official Statement”), is provided in connection with the issuance by the District of Columbia Water and Sewer Authority (the “Authority,” also commonly referred to as “DC Water”) of its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026A, in the original principal amount of \$[2026A PAR]^{*} and its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2025B, in the original principal amount of \$[2026B PAR].^{*}

Capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings ascribed thereto in APPENDIX C – “Glossary and Summary of the Indenture.”

Authorization

The Series 2026AB Bonds are being issued pursuant to the Master Indenture of Trust, dated as of April 1, 1998 (the “Master Indenture”), as amended and supplemented to the date of delivery of the Series 2026AB Bonds (the “Indenture”), including by the Thirty-Eighth Supplemental Indenture of Trust, to be dated the date of issuance and delivery of the Series 2026AB Bonds (the “Thirty-Eighth Supplemental Indenture”) by and between the Authority and Computershare Trust Company, N.A., as trustee (the “Trustee”). The Series 2026AB Bonds are also being issued pursuant to a resolution of the Authority’s Board of Directors passed at its February 5, 2026 meeting.

District of Columbia Water and Sewer Authority

The Authority is an independent authority of the District of Columbia (the “District”), which was created in April 1996 and began operating on October 1, 1996, under and pursuant to an act of the Council of the District (the “Council”), which is entitled the “Water and Sewer Authority Establishment and Department of Public Works Reorganization Act of 1996” (D.C. Law 11-111) (D.C. Code §§ 34-2201.01 *et seq.*), as amended and supplemented (the “Act”), and an act of the U.S. Congress entitled the “District of Columbia Water and Sewer Authority Act of 1996” (Public Law 104-184) (the “Federal Act”). The Council was authorized to adopt the Act pursuant to the authority set forth in the District of Columbia Self-Government and Governmental Reorganization Act (P.L. 93-198; 87 Stat 774; D.C. Official Code, 2006 Repl., §§ 1-201 *et. seq.*), as amended (the “Home Rule Act”). See “THE AUTHORITY.”

The Authority provides retail water and wastewater services to approximately 700,000 residents in the District and wholesale wastewater conveyance and treatment to approximately 1.8 million people in major suburban areas of Prince George’s and Montgomery Counties in Maryland and Fairfax and Loudoun Counties in Virginia (collectively, the “User Jurisdictions”). Pursuant to the Act, the District authorized the Authority to use all of the property and assets of the water distribution system (the “Water System”) and the wastewater collection, treatment and disposal system (the “Wastewater System” and, together with the Water System, the “System”) formerly operated by the District, for as long as any revenue bonds of the Authority, including the Series 2026AB Bonds, remain outstanding. In accordance with the Act, the District retains full legal title to and a complete equitable interest in the System. See “THE SYSTEM.”

The Authority’s service area consists of the District and certain areas of the User Jurisdictions and, therefore, certain demographic, economic and statistical information relating to the District and the User Jurisdictions may be relevant to prospective purchasers of the Series 2026AB Bonds. The Authority makes no representation as to the accuracy or completeness of information derived from other sources.

^{*} Preliminary, subject to change.

Use of the Series 2026AB Bond Proceeds

The proceeds of the Series 2026A Bonds will be used to (i) refund certain portions of the Authority's outstanding Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2010A, Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2014C, and Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2016A (the "Refunded Bonds") and (ii) pay the costs of issuing the Series 2026A Bonds. The proceeds of the Series 2026B Bonds will be used to (i) refund all or certain of the Authority's outstanding Public Utility Subordinate Lien Revenue Bonds, Series 2015A (Green Bonds) (the "Refunded Green Bonds"), (ii) certain of the Authority's Refunded Bonds and (iii) pay the costs of issuing the Series 2026B Bonds. The Authority has designated the Series 2026B Bonds as "Green Bonds" based on, among other things, an independent external review by Kestrel of the DC Clean Rivers Project, the Refunded Green Bonds and the Series 2026B Bonds for alignment with the International Capital Market Association ("ICMA") Green Bond Principles. The term "Green Bond" is neither defined in, nor related to the Indenture, and its use herein is for identification purposes only and is not intended to provide or imply to provide that a holder of the Series 2026B Bonds is entitled to any additional security other than as provided in the Indenture. For a description of Kestrel's assessment process, see "DESIGNATION OF BONDS AS GREEN BONDS" and APPENDIX G – "Second Party Opinion."

Security and Source of Payment

Under the Indenture, the Authority may issue "Senior Debt" and "Subordinate Debt" from time to time. The Series 2026AB Bonds will constitute Subordinate Debt under the Indenture. The Series 2026AB Bonds will be secured by a lien on and a pledge of Net Revenues that is subordinate to the pledge of Net Revenues that secures the Outstanding Senior Debt and any other Senior Debt the Authority may issue from time to time in the future, and on a parity with the pledge of Net Revenues that secures the Outstanding Subordinate Debt and any other Subordinate Debt the Authority may issue from time to time in the future, without preference, priority or distinction of any Subordinate Debt over any other Subordinate Debt.

Prior to the issuance of the Series 2026AB Bonds, approximately \$914.0 million in aggregate principal amount of Senior Debt and approximately \$2.9 billion in aggregate principal amount of Subordinate Debt will be outstanding. See "OUTSTANDING INDEBTEDNESS."

The Series 2026AB Bonds will be payable solely from Net Revenues after the funding of certain Funds and Accounts established under the Indenture. The principal sources of Net Revenues are the payments received by the Authority pursuant to its rates and charges imposed for the use of and the services furnished by the System, as described in the Indenture. See "SECURITY FOR THE SERIES 2026AB BONDS – Lien and Pledge of the Master Indenture" and "RATES AND CHARGES." The Series 2026AB Bonds will not be secured by a Debt Service Reserve Fund.

The Series 2026AB Bonds shall be special and limited obligations of the Authority. The Series 2026AB Bonds shall be without recourse to the District. The Series 2026AB Bonds shall not be general obligations of the District or of the Authority. The Series 2026AB Bonds shall not be a pledge of or involve the faith and credit or the taxing power of the District, shall not constitute a debt of the District, the United States of America or any User Jurisdiction or any agency or instrumentality of any User Jurisdiction, and neither the District, the United States, any User Jurisdiction, nor any agency or instrumentality of any User Jurisdiction shall be liable thereon. The Series 2026AB Bonds also shall not constitute the lending of the public credit for private undertakings as prohibited by the Home Rule Act of the District. The Authority has no taxing power.

Rate Covenant and Financial Forecast

The Master Indenture includes a rate covenant as described below. Rates, fees and charges are established by the Authority and are not subject to regulatory approval, nor are they subject to other regulations under current law. In general, and as more fully described herein, the Rate Covenant provides that the Authority covenants to fix, charge, revise and collect rates, fees and other charges for the use of and the services furnished by the System sufficient in each Fiscal Year so that:

(i) Revenues collected by the Authority in such Fiscal Year will be sufficient to pay at least the actual Operating Expenses and required deposits and payments; and

(ii) Net Revenues shall be sufficient in each Fiscal Year to be at least equal to the sum of (a) an amount equal to one hundred and twenty percent (120%) of the Annual Debt Service on Senior Debt; and (b) one hundred percent (100%) of the Annual Debt Service on Subordinate Debt.

See “SECURITY FOR THE SERIES 2026AB BONDS – Rate Covenant” herein. The Board also maintains debt service coverage policy goals in excess of the Rate Covenant. See “FINANCIAL OPERATIONS – Financial Policies” herein. Additional financial information, including certain projections of revenues, disbursements and debt service coverage, is included in “FINANCIAL OPERATIONS – Projected Financial Operations” herein.

Capital Improvement Program

The Authority utilizes an annually adopted ten-year Capital Improvement Program (the “Capital Improvement Program” or the “CIP”) to plan and manage the capital investments necessary to fulfill its service missions, comply with regulatory requirements and preserve and upgrade its water and wastewater systems. The Authority updates the CIP annually in conjunction with its budget process, based on detailed project review by engineering staff, external engineering consultants retained by the Authority, operations staff and senior management. The Authority intends to finance the costs of the CIP from a number of sources, including future bonds and other forms of indebtedness, grants, certain operating revenues and wholesale customer contributions. As more fully described herein, the Authority estimates the cost of the current ten-year CIP at \$8.991 billion on a cash disbursement basis. The CIP as shown in Table 5 of this Official Statement is part of the proposed financial plan of January 2026 (the “Proposed Financial Plan”), which is yet to be approved by the Board and is subject to change. The Board regularly makes adjustments to the ten-year CIP. See “CAPITAL IMPROVEMENT PROGRAM.”

Miscellaneous

This Official Statement contains brief descriptions of the Series 2026AB Bonds, the Authority, the System, the Capital Improvement Program, the Indenture and certain provisions of the Act. Such descriptions and the summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be comprehensive or definitive, and each such document, statute, report or instrument is qualified in its entirety by reference to each such document, statute, report or instrument, copies of which are available from the Authority. All references to the Series 2026AB Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Insofar as any statements are made in this Official Statement involving matters of opinion, regardless of whether expressly so stated, they are intended merely as such and not as representations of fact.

The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Authority since the date hereof. This Official Statement is not to be construed as a contract or agreement between the Authority or the Underwriters and the purchasers or owners of any of the Series 2026AB Bonds.

Inquiries regarding information about the Authority and the financial matters contained in this Official Statement may be directed to the Acting Chief Financial Officer and Executive Vice President, Finance Procurement and Compliance of the Authority at (202) 787-2000.

THE SERIES 2026AB BONDS

General

The Series 2026AB Bonds will be dated their date of delivery and will bear interest at the rates set forth on the inside cover page of this Official Statement. Interest on the Series 2026AB Bonds will be calculated on the basis of a 360-day year of twelve 30-day months, payable semi-annually on each April 1 and October 1, commencing October 1, 2026 (each, an “Interest Payment Date”), and will mature on the dates and in the principal amounts as set forth on the inside cover page of this Official Statement.

Book-Entry Only System

The Series 2026AB Bonds will be issued in fully registered form and, when issued, will be held by DTC or its nominee, as securities depository with respect to the Series 2026AB Bonds. Individual purchases of interests in the Series 2026AB Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Individual purchasers or acquirers will not receive physical delivery of bond certificates. So long as Cede & Co. is the registered owner of the Series 2026AB Bonds as nominee of DTC, references herein to the holders or registered owners of the Series 2026AB Bonds will mean Cede & Co. and will not mean the beneficial owners (“Beneficial Owners”) of the Series 2026AB Bonds. Beneficial interests in the Series 2026AB Bonds may be held through DTC directly as a participant or indirectly through organizations that are participants. See APPENDIX E – “DTC Book-Entry System and Global Clearance Procedures.”

As long as the Series 2026AB Bonds are held by DTC or its nominee, interest will be paid to Cede & Co., as nominee of DTC, in same-day funds on each Interest Payment Date. If the book-entry only system is discontinued, bond certificates will be delivered as described in the Indenture, and Beneficial Owners (as defined herein) will become registered owners of the Series 2026AB Bonds (the “Bondholders”). If the book-entry only system is discontinued, interest on the Series 2026AB Bonds shall be payable on each Interest Payment Date by check or draft mailed to the registered owner at the address as it appears on the 15th day of the month preceding an Interest Payment Date on the registration books kept by the Trustee.

Neither the Authority, the Trustee nor the Underwriters will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) the providing of notice or payments to the Direct Participants, Indirect Participants or beneficial owners, (iii) the selection by DTC or by any Direct or Indirect Participant of any beneficial owner to receive payment in the event of a partial redemption of the Series 2026AB Bonds or (iv) any other action taken by DTC or its partnership nominee as owner of the Series 2026AB Bonds. For more information on DTC and the book-entry only system, see APPENDIX E – “DTC Book-Entry System and Global Clearance Procedures.”

Redemption Provisions*

Series 2026A Bonds

Optional Redemption. The Series 2026A Bonds maturing on or after October 1, 2037, are subject to optional redemption prior to maturity on or after October 1, 2036, from any source, in whole or in part on any date, in such order of maturities as shall be determined by the Authority (and by lot within a maturity), at a redemption price of 100% of the principal amount thereof, together with accrued interest, if any, to the redemption date.

[Mandatory Redemption. The Series 2026A Bonds maturing on October 1, 20__ (the “Series 2026A 20__ Term Bonds”) are subject to mandatory sinking fund redemption in part (in accordance with the procedures described below in “– Selection of the Series 2026A Bonds to be Redeemed”), prior to maturity on October 1, in the years set forth below, at a redemption price equal to the principal amount of the Series 2026A Bonds called for redemption plus interest accrued to the redemption date.]

Series 2026A 20__ Term Bonds*	
Year	Amount

[†] Final Maturity

Series 2026B Bonds

Optional Redemption. The Series 2026B Bonds maturing on or after October 1, 2037, are subject to optional redemption prior to maturity on or after October 1, 2036, from any source, in whole or in part on any date, in such order of maturities as shall be determined by the Authority (and by lot within a maturity), at a redemption price of 100% of the principal amount thereof, together with accrued interest, if any, to the redemption date.

[Mandatory Redemption. The Series 2026B Bonds maturing on October 1, 20__ (the “Series 2026B 20__ Term Bonds”) are subject to mandatory sinking fund redemption in part (in accordance with the procedures described below in “– Selection of the Series 2026B Bonds to be Redeemed”), prior to maturity on October 1, in the years set forth below, at a redemption price equal to the principal amount of the Series 2026B Bonds called for redemption plus interest accrued to the redemption date.]

* Preliminary, subject to change

Series 2026B 20__ Term Bonds*	
Year	Amount

[†] Final Maturity

The principal amount of the Series 2026AB Bonds required to be redeemed on any redemption date pursuant to the operation of mandatory sinking fund redemption provisions will be reduced, at the option of the Authority, by the principal amount of any Series 2026AB Bond scheduled for redemption on such redemption date or dates, that, at least 45 days prior to the mandatory sinking fund redemption date, (i) has been acquired by the Authority and delivered to the Trustee for cancellation, (ii) has been acquired and canceled by the Trustee, at the direction of the Authority, at a price not exceeding the principal amount of such Series 2026AB Bond plus accrued interest to the date of acquisition thereof, or (iii) has been redeemed pursuant to the optional redemption provisions and not previously credited to a scheduled mandatory redemption. Upon such purchase of such Series 2026AB Bonds, the Trustee shall then credit an amount equal to the principal of such Series 2026AB Bonds so purchased towards the sinking fund installments for the Series 2026AB Bonds of such maturity in such order as may be determined by the Authority in a certificate of an Authorized Official, which will direct the reduction of a ratable portion of each annual mandatory sinking fund installment requirement in accordance with the procedures set forth under “ – Selection of the Series 2026AB Bonds to be Redeemed” below.

Selection of the Series 2026AB Bonds to be Redeemed. The particular maturities of the Series 2026AB Bonds to be redeemed at the option of the Authority will be determined by the Authority in its sole discretion.

If less than all of a Series 2026AB Bond of a maturity is called for prior redemption and if the Series 2026AB Bonds are registered in book-entry only form and DTC or a successor securities depository is the sole registered owner of such Series 2026AB Bonds, the particular Series 2026AB Bonds or portions thereof to be redeemed shall be selected by DTC in accordance with DTC procedures, or, if the book-entry only system is discontinued, by the Trustee by lot in such manner as the Trustee in its discretion may determine. In either case, (i) the portion of any Series 2026AB Bond to be redeemed shall be in the principal amount of \$5,000 or integral multiples thereof and (ii) in selecting Series 2026AB Bonds for redemption, each Series 2026AB Bond shall be considered as representing that number of the Series 2026AB Bonds that is obtained by dividing the principal amount of such Series 2026AB Bond by \$5,000.

Notice of Redemption

The Authority shall not be responsible for mailing a notice of redemption to anyone other than DTC or another qualified securities depository or its nominee unless no qualified securities depository is the registered owner of the Series 2026AB Bonds. If no qualified securities depository is the registered owner of the Series 2026AB Bonds, a notice of redemption shall be mailed to the registered owners of the Series 2026AB Bonds. See “THE SERIES 2026AB BONDS – Book-Entry Only System.”

The Trustee shall send notice of the call for redemption, identifying the Series 2026AB Bonds or portions thereof to be redeemed, not fewer than 20 days prior to the redemption date or such shorter period as may be acceptable to DTC while the Series 2026AB Bonds are in book-entry form and registered to DTC (i) by registered or certified mail or overnight express delivery, to the holder of each Series 2026AB Bond to be redeemed at the address as it appears on the registration books kept by the Trustee, (ii) by registered or certified mail or overnight express delivery, to all organizations registered as securities depositories with the SEC and (iii) to each nationally recognized municipal securities information repository designated as such by the SEC. Failure to give any notice specified in (i) above, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2026AB Bond with respect to which no such failure or defect has occurred. Failure to give any notice specified in (ii) or (iii) above, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2026AB Bond with respect to which the notice specified in (i) above is correctly given. If the notices of redemption are sent before there is sufficient money on deposit in the applicable fund or account to pay the full redemption price of the Series 2026AB Bonds, the notice of redemption of the Series 2026AB Bonds shall specify that the redemption is conditional upon there being on deposit in the applicable fund or account on the redemption date sufficient money to pay the full redemption price of the Series 2026AB Bonds to be redeemed.

Any notice of redemption shall be mailed by first-class mail, postage prepaid. Notice of redemption also shall be given by Electronic Means to a Depository. A certificate of the Trustee shall conclusively establish the mailing of any such notice for all purposes.

PLAN OF FINANCE

The proceeds of the Series 2026A Bonds will be used to (i) refund a portion of the Refunded Bonds and (ii) pay the costs of issuing the Series 2026A Bonds.

The proceeds of the Series 2026B Bonds will be used to (i) refund the Refunded Green Bonds, (ii) refund a portion of the Refunded Bonds and (iii) pay the costs of issuing the Series 2026B Bonds.

The refunding of the Refunded Bonds and the Refunded Green Bonds will be dependent on market conditions on the pricing date. The Authority may include or exclude refunding candidates within the limits described in the authorizing documentation for the Series 2026AB Bonds.

Based on the results of an independent external review by Kestrel of the Series 2026B Bonds for alignment with the ICMA Green Bond Principles, the Authority has designated the Series 2026B Bonds as “Green Bonds.”* See “DESIGNATION OF BONDS AS GREEN BONDS” and APPENDIX G – “Second Party Opinion.” See also, “INTRODUCTION – Recent Developments – Environmental, Social and Governance, – Blueprint 2.0 and – Green Bond Framework” herein.

SOURCES AND USES OF FUNDS[†]

The proceeds of the Series 2026AB Bonds are expected to be applied as follows:

	Series 2026A Bonds	Series 2026B Bonds	Total
Sources of Funds			
Par Amount			
[Net] Original Issue Premium			
Authority Contribution			
Total Sources			

Uses of Funds

Deposit to Series 2026A/B Escrow Account	
Deposit to Series 2026A Construction Account	
Deposit to Series 2026B Construction Account	
Underwriters' Discount	
Other Costs of Issuance	
Total Uses	

[Balance of page intentionally left blank]

* The term “Green Bond” is not defined in and do not relate to the Indenture, and is used herein for identification purposes only.
† Preliminary, subject to change.

SECURITY FOR THE SERIES 2026AB BONDS

Lien and Pledge of the Master Indenture

General. The Series 2026AB Bonds are authorized and when issued will be issued in accordance with the statutes of the District and the United States, and will constitute valid and legally binding special and limited obligations of the Authority.

The Series 2026AB Bonds will constitute Subordinate Debt under the Indenture, payable solely from the Net Revenues of the System. Net Revenues are Revenues less Operating Expenses (as defined in the Indenture). Revenues are defined as all moneys received as income, rates, fees, charges, receipts, profits and other moneys derived by the Authority from its ownership and operation of the System, and for the use of and for the services furnished by the System, including Connection Fees (as defined in the Indenture), transfers from the Rate Stabilization Fund to the Revenue Fund, proceeds of any business interruption insurance, and investment earnings on all of the funds held by the Trustee under the Indenture and the Authority, except any rebate fund that may be created under the Indenture. Revenues do not include refundable customer deposits, the IMA Capital Payments (as defined in the Indenture) or other payments solely in aid of construction, the EPA Grants or similar payments, or the proceeds resulting from the sale of all or a portion of the System.

The Series 2026AB Bonds are payable and secured on a subordinate basis to the Outstanding Senior Debt and all other Senior Debt hereafter issued or incurred by the Authority pursuant to the Indenture, and on a parity basis with the Outstanding Subordinate Debt and all other Subordinate Debt hereafter issued or incurred by the Authority pursuant to the Indenture. The Authority expects to issue additional Senior Debt and Subordinate Debt in the future. For a listing of the Authority's Outstanding Senior Debt and Subordinate Debt, see "OUTSTANDING INDEBTEDNESS."

The Master Indenture defines "Senior Debt" as Bonds and Other System Indebtedness, and "Bonds" as bonds, notes or other obligations issued pursuant to the Master Indenture, but not including Other System Indebtedness and Subordinate Debt. "Other System Indebtedness" means any indebtedness issued or incurred in connection with the System that the Authority is required, or has elected, to treat as payable on a parity basis with the Bonds with respect to the pledge of Net Revenues. "Subordinate Debt" means bonds, notes or other obligations issued in connection with the System that are expected to be paid from and have pledged to their payment Net Revenues on a subordinate lien basis after the pledge of Net Revenues to Senior Debt.

The Indenture pledges to the payment of the principal of and premium, if any, and interest on all Senior Debt and Subordinate Debt (at their respective levels of priority of security) that may from time to time be outstanding: (i) all right, title and interest of the Authority in and to the Net Revenues; (ii) all moneys or securities in any of the funds or Accounts established under the Indenture (other than the Operating Fund, and all Accounts in the Construction Fund other than the Construction Account, except to the extent a specific Account or subaccount therein relates, and is pledged, solely to specific series of Bonds or Subordinate Debt); and (iii) all rights and privileges of every kind and nature appurtenant to, all proceeds of, and all right, title and claim which the Authority now or may hereafter acquire in the aforesaid property, subject only to the provisions of the Indenture and the Act relating to the use and application thereof. Furthermore, the Indenture provides for specific Accounts in the Debt Service Reserve Fund to be pledged solely to the Senior Debt to which they relate and specific Accounts in the Subordinate Debt Service Reserve Fund to be pledged solely to the Subordinate Debt to which they relate. The Series 2026AB Bonds are not secured by a Debt Service Reserve Fund, therefore no Account in the Subordinate Debt Service Reserve Fund will be established for the Series 2026AB Bonds.

Statutory Lien. The Act provides that a pledge of the Authority is binding from the time it is made. Any funds, or property pledged, are subject to the lien of a pledge without physical delivery. The lien of a pledge is binding as against parties having any tort, contract, or other claim against the Authority regardless of notice. Neither the resolution stipulating the terms for sale of Authority bonds nor any other instrument creating a pledge need be recorded.

Segregated Funds. The Act establishes the Water and Sewer Enterprise Fund and requires the Authority to operate it in accordance with generally accepted accounting principles. The Revenue Fund created by the Master Indenture constitutes the Water and Sewer Enterprise Fund. The Revenue Fund is required to be held by the Authority, subject to the lien of the Indenture.

According to the Act, subject to the provisions made by the Authority for security of revenue bonds, all revenues, proceeds, and moneys from whatever source derived (except those collected or received from the stormwater fee) which are collected or received by the Authority will be credited to the Revenue Fund and will not, at any time, be transferred to, lapse into, or be commingled with the General Fund of the District, or any other funds or accounts of the District, except for limited circumstances under which such funds shall be transferred to the District to pay for goods and services and

property contracted for by the Authority from the District, or as otherwise authorized by law. See “THE AUTHORITY – Authority’s Relationship to the District,” “CUSTOMER BASE, RATES AND CHARGES – Components of Retail Rates and Charges – Stormwater Fee.”

Direct Payments

General. The Series 2010A Bonds are Build America Bonds, a form of “direct payment bonds” issued pursuant to the American Recovery and Reinvestment Act of 2009 (the “Recovery Act”), which allowed an issuer to apply to receive subsidy payments directly from the Secretary of the United States Treasury. An amount equal to thirty-five percent (35%) of the Authority’s semiannual interest payments on the Series 2010A Bonds is to be paid to the Authority by the federal government in the form of Direct Payments.

The Direct Payments on the Series 2010A Bonds do not constitute Revenues under the Indenture and so are not part of the pledged Net Revenues, but, upon receipt, all Direct Payments are required to be deposited by the Authority or the Trustee into the appropriate subaccount in the Subordinate Interest Account in the Subordinate Bond Fund and, upon deposit, become available to be applied solely to the purposes for which the Indenture permits funds in such subaccount, account and fund to be applied, including to pay debt service on the Series 2010A Bonds.

Rate Covenant. On October 26, 2010, the Twelfth Supplemental Indenture amended the Master Indenture to provide that, for purposes of determining the Authority’s compliance with the Rate Covenant, the amount of any Direct Payment received by the Authority or the Trustee in any Fiscal Year shall be credited against (i) Annual Debt Service on Senior Debt in such Fiscal Year if such Direct Payment is related to Senior Debt or (ii) Annual Debt Service on Subordinate Debt in such Fiscal Year if such Direct Payment is related to Subordinate Debt. This amendment became effective upon the execution of the Twelfth Supplemental Indenture.

Additional Bonds Test. The Twelfth Supplemental Indenture also amended the Master Indenture to provide that, subject to the requirements of the Master Indenture for obtaining bondholder consent, for the purposes of computing Annual Debt Service on any Direct Payment BABs or Other System Indebtedness as to which Direct Payments are expected to be made (whether previously issued or proposed to be issued by the Authority) in connection with any proposed issuance of additional Bonds or Other System Indebtedness, the amount of any Direct Payment expected to be received by the Authority or the Trustee in the then current or any future Fiscal Year shall be credited against the Annual Debt Service on such Direct Payment BABs. This amendment became effective on November 20, 2014, upon the issuance of the Authority’s Series 2014C Bonds, in connection with which the Authority obtained the required consent of a majority (specifically, 50.5%) of the Holders of the Outstanding Bonds.

No Assurances. No assurances are provided that the Authority will receive the Direct Payments. The Direct Payments do not constitute a full faith and credit guarantee of the United States of America. Such payments are required to be paid by the United States Treasury under the Recovery Act, but the amount of any Direct Payment is subject to change by the United States Congress. The Authority is obligated to make all payments of principal and interest on the Series 2010A Bonds whether or not it receives the Direct Payments pursuant to the Recovery Act.

Sequestration. Direct Payments are classified under federal budget rules as mandatory spending programs. Since 2013, mandatory spending programs, such as Direct Payments, have been subject to an automatic reduction (sequestration) pursuant to the provisions of the Budget Control Act of 2011 (the “Budget Control Act”). As a result of the sequestration, payments due to the Authority on the Series 2010A Bonds have been reduced in the following approximate amounts: (i) \$248,000 (4.3%) (Fiscal Year 2013), (ii) \$411,000 (7.2%) (Fiscal Year 2014), (iii) \$417,000 (7.3%) (Fiscal Year 2015), (iv) \$389,000 (6.8%) (Fiscal Year 2016), (v) \$394,000 (6.9%) (Fiscal Year 2017), (vi) \$377,000 (6.6%) (Fiscal Year 2018), (vii) \$354,000 (6.2%) (Fiscal Year 2019), (viii) \$337,000 (5.9%) (Fiscal Year 2020), (ix) \$322,000 (5.7%) (Fiscal Year 2021), (x) \$318,000 (5.7%) (Fiscal Year 2022), (xi) \$314,000 (5.7%) (Fiscal Year 2023), (xii) \$309,000 (5.7%) (Fiscal Year 2024), (xiii) \$304,000 (5.7%) (Fiscal Year 2025).

Under the Budget Control Act there may be additional sequester orders for future fiscal years through and including fiscal year 2030. Any such additional sequester order signed by the President may or may not establish a different reduction value. The Authority cannot predict what percentage, if any, cuts may be made to Direct Payments in the future. The projected financial operations of the Authority, as presented herein (see “FINANCIAL OPERATIONS – Projected Financial Operations”) and the projected debt service shown in “DEBT SERVICE REQUIREMENTS – Outstanding Senior and Subordinate Debt” reflects the known subsidy reduction of 5.7% for Fiscal Year 2026, and assumes Direct Payments equal to 32% of the interest payments on Series 2010A Bonds in each year starting in Fiscal Year 2027. The Authority is obligated to make all payments of principal of and interest on the Series 2010A Bonds whether or not such Direct Payments are received.

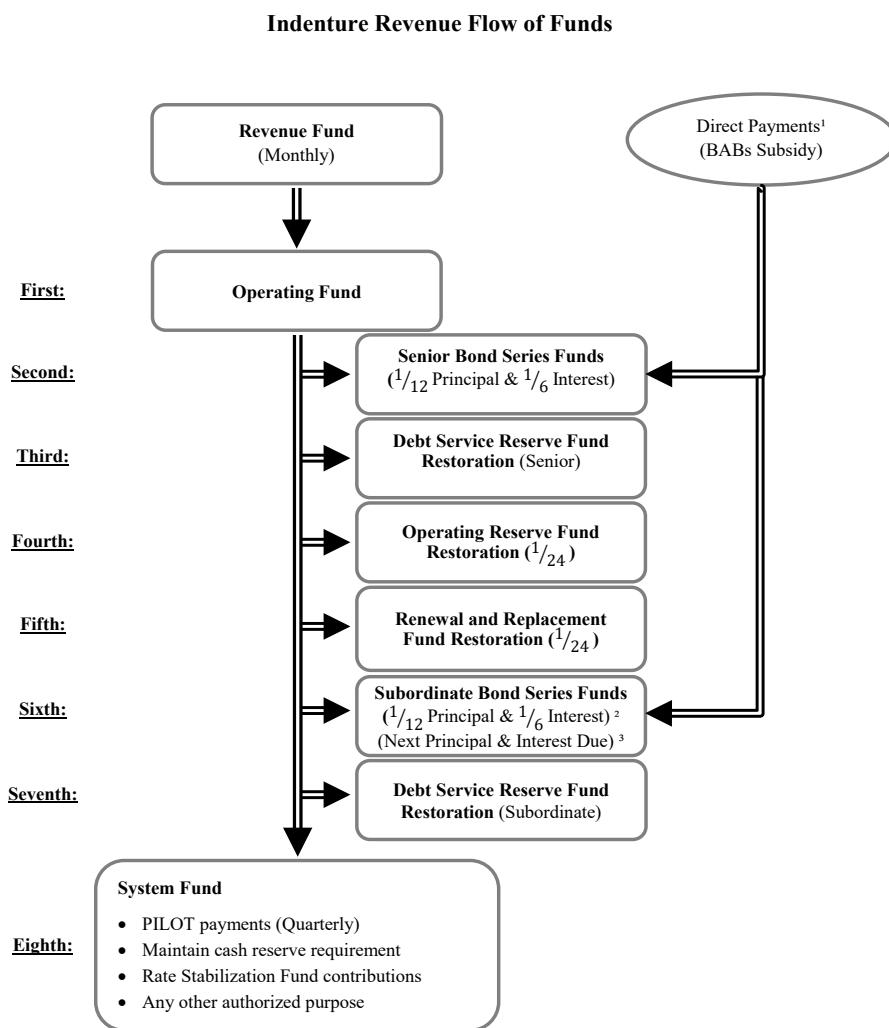
[In the event that the Series 2010A Bonds are refinanced by the Authority, the Authority will apply for a final Direct Payment reflecting the amount that the Authority is entitled to receive through the date that the Series 2010A Bonds are legally defeased.]

Limited Remedies of Holders of Subordinate Debt

The Indenture prohibits the acceleration of Subordinate Debt if any Senior Debt (including Bonds) is outstanding. The Indenture confers upon the holders of not less than 25% of the aggregate principal amount of Outstanding Bonds (which includes Senior Debt only, not Subordinate Debt) the right to direct the Trustee to protect and enforce their rights by mandamus or other suit, action or proceeding, and confers upon the holders of a majority of the aggregate principal amount of Outstanding Bonds the right to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or any other proceedings under the Indenture, in accordance with the provisions of law and the Indenture. The Indenture does not confer those rights upon any specified percentage of the holders of Subordinate Debt.

Flow of Funds

The Authority deposits all revenues, as received, in the Revenue Fund. The chart below depicts a simplified flow of Revenues required by the Indenture after being deposited into the Revenue Fund. This chart is for illustrative purposes only, is in no way comprehensive or definitive, and must be read in conjunction with the entire Official Statement.



¹ The Twelfth Supplemental Indenture amended the above-described deposit requirements in the Master Indenture by providing that, upon receipt of any Direct Payment, the Authority or the Trustee shall cause it to be deposited (i) in the appropriate subaccounts in the Interest Account in the Bond Fund if such Direct Payment relates to Bonds or Other System Indebtedness, and (ii) in the appropriate subaccount in the Subordinate Interest Account in the Subordinate Bond Fund if such Direct Payment relates to Subordinate Debt, and shall cause it to be applied solely to the purposes to which the Indenture permits funds in such subaccount, account and fund to be applied.

²For fixed rate Subordinate Debt

³For variable rate Subordinate Debt

Pursuant to the Indenture, all Revenues received by the Authority shall be deposited in the Revenue Fund to be held by the Authority; provided, however, that upon an Event of Default, the Authority will transfer all amounts in all Authority-held funds to the Trustee, and the Trustee shall hold such moneys in trust for the benefit of the holders of Indebtedness.

Each month, the Authority shall transfer from the Revenue Fund to the Operating Fund an amount sufficient to pay Operating Expenses during such month. Thereafter, Net Revenues shall be disbursed on the last Business Day of each month in the following order (as noted above, the term "Series of Bonds" refers to Senior Debt):

- i. To the subaccounts in the Interest Account established for each Series of Bonds the amounts, if any, set forth in the applicable Supplemental Indentures with respect to each Series of Bonds, and an amount equal to 1/6 of the interest due on each Series of Bonds to pay interest required to be paid on any interest payment date related to such Series of Bonds.
- ii. On a parity with (i) above, to the subaccounts in the Principal Account established for each Series of Bonds and Sinking Fund Account in the Bond Fund the amounts, if any, set forth in the applicable Supplemental Indentures with respect to each Series of Bonds and an amount equal to 1/12 of the principal due on each Series of Bonds.
- iii. To the applicable Account in the Debt Service Reserve Fund with respect to each Series of Bonds the amounts, if any, necessary to restore the amount on deposit therein to the related Series Debt Service Reserve Requirement. For a description of the requirements for and the uses of the Debt Service Reserve Fund, see "Certain Reserve Funds – Debt Service Reserve Fund and Subordinate Debt Service Reserve Fund" below.
- iv. To the Operating Reserve Fund the amounts, if any, necessary to restore the amounts on deposit therein to the Operating Reserve Requirement, which requirement shall be funded within 24 months of any withdrawal and replenished from time to time by depositing 1/24 of the Operating Reserve Requirement on the last Business Day of each month after such withdrawal, if necessary. For a description of the requirements for and the uses of the Operating Reserve Fund, see "Certain Reserve Funds – Operating Reserve Fund" below.
- v. To the Renewal and Replacement Reserve Fund, to the extent that there has been a withdrawal from such fund, the amounts necessary to make the amounts on deposit therein equal to the Renewal and Replacement Reserve Requirement. Such withdrawn amounts shall be funded within 24 months by depositing in such fund 1/24 of the Renewal and Replacement Reserve Requirement on the last Business Day of each month after such withdrawal. For a description of the uses of the Renewal and Replacement Reserve Fund, see "Certain Reserve Funds – Renewal and Replacement Reserve Fund" below.
- vi. To the Subordinate Bond Fund, the amount equal to the deposits to such funds and Accounts required by the related Supplemental Indentures or other documents evidencing such debt. Generally, an amount equal to 1/6 of the interest and 1/12 of the principal next due on any fixed rate Subordinate Debt shall be deposited each month, and generally an amount equal to interest and principal next due on any variable rate Subordinate Debt shall be deposited prior to any date on which such interest and principal is due.
- vii. To the applicable Account, if any, in the Subordinate Debt Service Reserve Fund with respect to each Subordinate Debt issue the amounts, if any, necessary to restore the amount on deposit therein to the related Subordinate Debt Reserve Requirement or to reimburse the provider of any Qualified Reserve Credit Facility for amounts drawn thereunder and to pay related costs.
- viii. To the System Fund, any moneys remaining in the Revenue Fund, after all deposits and transfers required by (i) through (vii) above have been made. Moneys in the System Fund may be used for any authorized purpose. On the following dates, moneys on deposit in the System Fund shall be used to make the following payments:
 - (a) on each May 15, and quarterly thereafter, to the District to make the payment in lieu of taxes (the "PILOT") required by the District Memorandum of Understanding relating to the PILOT dated January 29, 1998, as amended;

- (b) on each September 1, an amount retained by the Authority in the System Fund necessary to satisfy the Cash Reserve Requirement (250 days of cash on hand); and
- (c) on each September 30, to the Rate Stabilization Fund, the amount that the Board determines based on an analysis of the Authority's financial performance conducted by the CEO and General Manager (the "CEO") and reported to the Board for approval not later than its regularly scheduled meeting in July of each Fiscal Year. For a description of the uses of the Rate Stabilization Fund, see "Certain Reserve Funds – Rate Stabilization Fund" below.

The Twelfth Supplemental Indenture amended the above-described deposit requirements in the Master Indenture by providing that, upon receipt of any Direct Payment, the Authority or the Trustee shall cause it to be deposited (i) in the appropriate subaccount in the Interest Account in the Bond Fund if such Direct Payment relates to Bonds or Other System Indebtedness, and (ii) in the appropriate subaccount in the Subordinate Interest Account in the Subordinate Bond Fund if such Direct Payment relates to Subordinate Debt, and shall cause it to be applied solely to the purposes to which the Indenture permits funds in such subaccount, account and fund to be applied. See "Lien and Pledge of Master Indenture – Direct Payments – Sequestration" above.

For a more extensive discussion of the terms and provisions of the Indenture including the security for the Series 2026AB Bonds, the funds and Accounts established by the Indenture and the purposes to which moneys in such funds and Accounts may be applied, see APPENDIX C – "Glossary and Summary of the Indenture."

Certain Reserve Funds

Debt Service Reserve Fund and Subordinate Debt Service Reserve Fund. The Indenture creates a Debt Service Reserve Fund and a Subordinate Debt Service Reserve Fund, each to be held by the Trustee. The Indenture permits, but does not require, the Authority to specify a debt service reserve requirement for each issuance of Senior Debt or Subordinate Debt and to make provision for the means by which any such reserve requirements will be met. The Authority will not specify a debt service reserve requirement for the Series 2026AB Bonds.

Operating Reserve Fund. The Master Indenture creates an Operating Reserve Fund in which the Authority must maintain a balance equal to at least 60 days of operating and maintenance expenses of the prior fiscal year. Money in the Operating Reserve Fund shall be used to pay, to the extent necessary, Operating Expenses of the Authority. In addition, to the extent that the amount on deposit in the Bond Fund is insufficient to make the required interest and principal payments on Senior Debt, money in the Operating Reserve Fund shall be used prior to any withdrawal from the Debt Service Reserve Fund to satisfy any such deficiencies. The Board has adopted a policy of funding operating reserves to a level in excess of that required by the Master Indenture. See "SECURITY FOR THE SERIES 2026AB BONDS - Certain Reserve Funds – Discretionary Reserves" below. [As of December 31, 2025, the balance in the Operating Reserve Fund was \$[67.6] million, which represents 60 days of operating and maintenance expenses from the prior fiscal year.]

Renewal and Replacement Reserve Fund. The Master Indenture creates a Renewal and Replacement Reserve Fund to be held by the Authority to provide funding for unforeseen or emergency needs. Money in the Renewal and Replacement Reserve Fund may be used to pay for any capital expenditures related to the System. In addition, to the extent that the amounts on deposit in the Bond Fund and the Operating Reserve Fund are insufficient to make the required interest and principal payments on Senior Debt, money in the Renewal and Replacement Reserve Fund shall be used prior to any withdrawal from the Debt Service Reserve Fund to satisfy any such deficiencies. The Master Indenture allows this requirement to be met if an amount equal to 2% of the original cost value of plant in service, or some other amount as approved by the Board, is held by the Authority. The Board has adopted a policy requiring the Authority to maintain a balance of at least \$35.0 million in the Renewal and Replacement Reserve Fund. As of December 31, 2025, the balance in the Renewal and Replacement Reserve Fund was \$35.0 million.

Rate Stabilization Fund. The Master Indenture creates a Rate Stabilization Fund to be held by the Authority, the moneys in which may be transferred by the Authority to the Revenue Fund at any time. The Board has adopted a Rate Stabilization Fund Policy allowing moneys to be transferred to the Rate Stabilization Fund from the System Fund annually based on an analysis of the Authority's financial performance conducted by the CEO and General Manager or designee and reported to the Board for approval during the fourth quarter of each Fiscal Year, and at other times at the direction of the Board. In addition, the Rate Stabilization Fund Policy (i) establishes a targeted Rate Stabilization Fund (RSF) balance of 5% of retail revenues; (ii) provides that contributions to the RSF may be directed by the Board through the allocation of a year-end surplus or by the CEO and General Manager from savings or revenues from projects funded by the RSF; and (iii) provides that the RSF may be used for: (A) emergencies or unplanned events to prevent rate spikes, (B) investments in technologies or other initiatives that could reduce operating expenditures, and (C) application to revenues to reduce rate

increases, defease higher cost debt, or as PAYGO to reduce debt service costs. As of December 31, 2025, the balance in the Rate Stabilization Fund was \$40.6 million. The Authority may withdraw funds from the Rate Stabilization Fund in the future to reduce rate increases that might otherwise be required or for other purposes as directed by the Board. See “FINANCIAL OPERATIONS – Reserve Funds – Rate Stabilization Fund” and “FINANCIAL OPERATIONS – Projected Financial Operations.”

Discretionary Reserves. The Board has adopted a policy of funding operating reserves at a level in excess of the 60-day operating and maintenance reserve required by the Master Indenture. Prior to October 7, 2021, Board policy required the Authority to have cash reserves equal to 120 days of budgeted operating and maintenance costs calculated on an average daily balance basis, with the objective of maintaining at least \$125.5 million in operating reserves. Effective October 7, 2021, the Authority is required to have cash reserves equal to 250 days of projected operating expenses calculated on an average daily balance basis in the budget and all years of the financial plan. On October 5, 2023, the Board revised the Statement of Financial Policies to maintain the policy of keeping a minimum of 250 days of cash on hand in each fiscal year based on projected operating expenses and set a goal of achieving 350 days of cash on hand by 2032. For purposes of calculating a total operating reserve cash balance for compliance with this requirement, the balances in the Operating Reserve Fund, the Discretionary Reserves and the Renewal and Replacement Reserve Fund are included but the Rate Stabilization Fund is excluded. [As noted above, on December 31, 2025, the balance in the Operating Reserve Fund was \$[35.0] million.] As of December 31, 2025, the Authority had Discretionary Reserves of \$[256.2] million resulting in a total operating reserve cash balance of \$358.9 million (324 days cash on hand), which exceeded the Board’s policy requirement for Fiscal Year 2025 of \$341.6 million (282 days cash on hand).

Pursuant to Board policy, the Authority’s reserves are independently evaluated every five years. In 2024, Amawalk independently evaluated the adequacy of the Authority’s reserves and concluded that current Board policy provides for an appropriate level of reserves.

Rate Covenant

Master Indenture Covenant. The Master Indenture includes a rate covenant (the “Rate Covenant”) as described below. Rates, fees and charges are established by the Board pursuant to the Act and the District of Columbia Administrative Procedure Act (D.C. Official Code § 2-505) and are not subject to regulatory approval, nor are they subject to other regulations under current law. (For a description of the pledge of the District not to limit or alter rights vested in the Authority to fulfill agreements made with holders of its bonds, see “COVENANT BY THE DISTRICT OF COLUMBIA.”) The Authority has never failed to satisfy the Rate Covenant, which provides that the Authority shall fix, charge, revise and collect rates, fees and other charges for the use of and the services furnished by the System sufficient in each Fiscal Year so that:

- i. Revenues collected by the Authority in such Fiscal Year will be sufficient to pay at least: (a) the actual Operating Expenses; (b) Annual Debt Service on Senior Debt; (c) any amount necessary to be deposited in any Account in the Debt Service Reserve Fund relating to a Series of Bonds to restore the amount on deposit therein to the Series Debt Service Reserve Requirement; (d) the amount required to pay Annual Debt Service on the Subordinate Debt (including any reserves in connection therewith and the restoration thereof); (e) any amount necessary to be deposited in the Operating Reserve Fund and the Renewal and Replacement Reserve Fund to maintain the required balances therein; and (f) any amount necessary to make any PILOT payments in such Fiscal Year; and
- ii. Net Revenues shall be sufficient in each Fiscal Year to be at least equal to the sum of (a) an amount equal to one hundred and twenty percent (120%) of the Annual Debt Service on Senior Debt; and (b) one hundred percent (100%) of the Annual Debt Service on Subordinate Debt.

If at the end of any Fiscal Year the Authority is not in compliance with the Rate Covenant, or if the Authority fails for three consecutive months to make the deposits required under the Indenture to the Interest Account and the Principal Account (or the Sinking Fund Account, as applicable) or there is a deficiency in a Series Debt Service Reserve Account for longer than three consecutive months, the Authority shall immediately request a Qualified Independent Consultant to submit a written report and recommendations with respect to increases in the Authority’s rates, fees and other charges and improvements in the operations of and the services rendered by the System and the Authority’s accounting and billing procedures necessary to bring the Authority into compliance with the Rate Covenant. The report and recommendations shall be filed with the Trustee and the Authority within 120 days from the date of discovery of noncompliance with the Rate Covenant. The Authority shall promptly revise its rates, fees and charges, and alter its

operations and services to conform with the report and recommendations of the Qualified Independent Consultant to the extent permitted by law.

Deposit and Crediting of Direct Payments. The Twelfth Supplemental Indenture amended the Master Indenture to provide that, for purposes of determining the Authority's compliance with the Rate Covenant, the amount of any Direct Payment received by the Authority or the Trustee in any Fiscal Year shall be credited against (i) Annual Debt Service on Senior Debt in such Fiscal Year if such Direct Payment related to Senior Debt or (ii) Annual Debt Service on Subordinate Debt in such Fiscal Year if such Direct Payment related to Subordinate Debt. This amendment became effective upon the execution of the Twelfth Supplemental Indenture. See "SECURITY FOR THE SERIES 2026AB BONDS – Direct Payment Bonds – Sequestration."

Additional Board Policy. In addition to the Rate Covenant described above, on October 7, 2021, the Board adopted a revised financial policy of fixing, charging, revising and collecting rates, fees and other charges for the use of and the services furnished by the System sufficient in each Fiscal Year so that Net Revenues shall be at least equal to one hundred and sixty percent (160%) of the combined Annual Debt Service in each such Fiscal Year. See "FINANCIAL OPERATIONS – Financial Policies." The Authority consistently has met or exceeded its financial policy goals after their adoption. There can be no assurance, however, that the Board will not change this financial policy or that the Authority will continue to meet this policy goal.

Additional Senior Debt

The Indenture provides that the Authority may issue additional Senior Debt and Other System Indebtedness, including Bonds, to pay Costs of the System only upon satisfaction of certain requirements, including, among other things, receipt by the Trustee of the following:

- i. evidence that upon issuance of such Bonds, each Series Debt Service Reserve Account within the Debt Service Reserve Fund will contain the applicable Series Debt Service Reserve Requirement; and
- ii. either: (a) a certificate of the Authorized Representative of the Authority stating that, based on the Authority's financial records, the Authority would have been able to meet the Rate Covenant taking into account (1) the maximum Annual Debt Service on the proposed additional Series of Bonds, and (2) the rates, fees and other charges which are in effect at the time of the delivery of the proposed additional Series of Bonds; or (b) a written statement of a Qualified Independent Consultant, which projects Operating Expenses, Revenues and Net Revenues for five full Fiscal Years following the date of issuance of such proposed additional Series of Bonds, which projection does not include the actual debt service for any Indebtedness to be refunded, and which demonstrates that, on the basis of such projection, the Authority can comply with the Rate Covenant.

If any Bonds are issued to refund any Indebtedness, the Trustee must receive the following:

- i. evidence that the Authority has made provision as required by the Indenture for the payment or redemption of all Indebtedness to be refunded; and
- ii. either: (a) a written determination by the Authorized Representative of the Authority that the Annual Debt Service requirements for each Fiscal Year in which there will be Outstanding Indebtedness not to be refunded will not increase more than 5% over what the Annual Debt Service requirements for such Fiscal Year would have been on all Senior Debt immediately prior to the issuance of such Bonds, and that the final maturity of Indebtedness being refunded has not been extended; or (b) a certificate of the Authority stating that, based on the Authority's financial records, the Authority would have been able to meet the Rate Covenant, taking into account (1) the maximum Annual Debt Service on the proposed additional Series of Bonds, and (2) the rates, fees and other charges which are in effect at the time of the delivery of the proposed additional Series of Bonds; or (c) a written statement of a Qualified Independent Consultant, that projects Operating Expenses, Revenues and Net Revenues for five full Fiscal Years following the date of issuance of such proposed additional Series of Bonds, which projection does not include the actual debt service for any Indebtedness to be refunded, and that demonstrates that, on the basis of such projection, the Authority can comply with the Rate Covenant.

The Authority may incur or refinance Other System Indebtedness provided that: (i) the documents relating to the Other System Indebtedness acknowledge that such debt constitutes Other System Indebtedness under the Master Indenture and is subject to the applicable terms and conditions thereof, and specify the amounts and due dates of Annual Debt Service with respect to the Other System Indebtedness; (ii) the conditions of the Master Indenture regarding the issuance of Bonds

have been met as if the Other System Indebtedness was an additional Series of Bonds; (iii) the Trustee receives written notice of the issuance of the Other System Indebtedness and the material terms and conditions thereof, and the Trustee shall register the holder as owner thereof as such on its books and records; and (iv) the Trustee receives an Opinion of Counsel that the documents creating the Other System Indebtedness have been duly authorized, executed and delivered on behalf of the Authority and constitute valid, binding and enforceable obligations. In connection with the incurrence of any Other System Indebtedness, the Trustee shall enter into an intercreditor arrangement with the holder of such Other System Indebtedness, the terms of which shall be determined at the time of incurrence of such Other System Indebtedness.

The Master Indenture was amended with bondholder consent to include provisions regarding the crediting of Direct Payments for the purposes of computing Annual Debt Service on any Direct Payment BABs or Other System Indebtedness as to which Direct Payments are expected to be made in connection with any proposed issuance of additional Bonds or Other System Indebtedness. See “SECURITY FOR THE SERIES 2026AB BONDS – Direct Payments – Sequestration.”

Additional Subordinate Debt

Under the Indenture, the Authority may at any time issue Subordinate Debt and pledge Net Revenues thereto so long as rates, fees and charges are in effect or scheduled to go into effect to meet the Rate Covenant immediately after the issuance of such Subordinate Debt. The Authority has modified the Master Indenture to include provisions regarding the crediting of Direct Payments for the purposes of computing Annual Debt Service on any Direct Payment BABs or other Indebtedness as to which Direct Payments are expected to be made in connection with any proposed issuance of additional Bonds, Subordinate Debt or Other System Indebtedness. See “SECURITY FOR THE SERIES 2026AB BONDS – Direct Payments – Sequestration.”

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DEBT SERVICE REQUIREMENTS

Outstanding Senior and Subordinate Debt

The following tables set forth the annual debt service requirements for (i) Outstanding Senior Debt, (ii) Outstanding Subordinate Debt, and (iii) the Series 2026AB Bonds, as well as annual and aggregate totals.

Fiscal Year Ending September 30 ¹	Outstanding Subordinate Debt ^{2,3,4,5,6,7}	Series 2026A & 2026B (Green) Bonds			Refunded Subordinate Debt	Total Outstanding Subordinate Debt	Direct Payments Relating to Series 2010A Bonds ⁸	Total Subordinate Debt ⁸	Total Outstanding Senior Debt ⁹	Total Senior and Subordinate Debt Service
		Principal	Interest	Total						
2026 ¹⁰	\$ 193,370,179	\$	\$	\$	\$ 193,370,179	\$ (4,942,328)	\$ 188,427,850	\$ 59,020,265	\$ 247,448,115	
2027	192,462,353				192,462,353	(4,702,827)	187,759,526	59,024,465	246,783,991	
2028	197,631,650				197,631,650	(4,611,477)	193,020,173	62,469,236	255,489,409	
2029	201,765,960				201,765,960	(4,426,435)	197,339,524	54,353,036	251,692,560	
2030	201,125,999				201,125,999	(4,232,061)	196,893,938	51,491,786	248,385,724	
2031	201,827,940				201,827,940	(4,034,152)	197,793,787	51,184,036	248,977,823	
2032	201,276,830				201,276,830	(3,830,589)	197,446,240	54,697,786	252,144,026	
2033	206,932,941				206,932,941	(3,618,456)	203,314,485	48,146,536	251,461,021	
2034	216,992,269				216,992,269	(3,399,962)	213,592,307	44,198,536	257,790,843	
2035	219,355,642				219,355,642	(3,174,929)	216,180,713	40,073,286	256,253,999	
2036	216,975,093				216,975,093	(2,944,242)	214,030,851	45,208,536	259,239,387	
2037	210,018,066				210,018,066	(2,705,427)	207,312,639	42,506,036	249,818,675	
2038	206,031,750				206,031,750	(2,459,985)	203,571,765	40,259,786	243,831,551	
2039	201,885,714				201,885,714	(2,207,298)	199,678,416	40,048,036	239,726,452	
2040	193,745,571				193,745,571	(1,948,692)	191,796,880	48,394,286	240,191,165	
2041	179,033,674				179,033,674	(971,165)	178,062,508	61,691,036	239,753,544	
2042	180,685,181				180,685,181	(741,097)	179,944,085	61,687,736	241,631,821	
2043	181,873,703				181,873,703	(502,723)	181,370,980	61,683,986	243,054,966	
2044	182,944,803				182,944,803	(255,779)	182,689,023	61,692,736	244,381,759	
2045	116,417,436				116,417,436	-	116,417,436	70,941,286	187,358,722	
2046	91,047,549				91,047,549	-	91,047,549	70,940,836	161,988,385	
2047	90,979,484				90,979,484	-	90,979,484	70,940,586	161,920,070	
2048	90,919,289				90,919,289	-	90,919,289	66,896,786	157,816,075	
2049	65,298,678				65,298,678	-	65,298,678	66,895,286	132,193,964	
2050	74,135,852				74,135,852	-	74,135,852	36,874,036	111,009,888	
2051	61,317,030				61,317,030	-	61,317,030	36,869,286	98,186,316	
2052	59,997,477				59,997,477	-	59,997,477	36,870,286	96,867,762	
2053	59,100,125				59,100,125	-	59,100,125	23,220,286	82,320,410	
2054	58,188,238				58,188,238	-	58,188,238	23,220,286	81,408,523	
2055	57,563,600	-	-	-	57,563,600	-	57,563,600	23,220,286	80,783,886	
2056	53,392,864	-	-	-	53,392,864	-	53,392,864	23,220,286	76,613,150	
2057	52,061,148	-	-	-	52,061,148	-	52,061,148	23,220,286	75,281,434	
2058	32,849,600	-	-	-	32,849,600	-	32,849,600	23,220,286	56,069,886	
2059	31,676,400	-	-	-	31,676,400	-	31,676,400	23,220,286	54,896,686	
2060	30,504,008	-	-	-	30,504,008	-	30,504,008	23,220,286	53,724,294	
2061-2104 ¹¹	-	-	-	-	-	-	-	16,849,000	16,849,000	
2105	-	-	-	-	-	-	-	44,918,000	44,918,000	
2106	-	-	-	-	-	-	-	44,917,758	44,917,758	
2107	-	-	-	-	-	-	-	44,918,480	44,918,480	
2108	-	-	-	-	-	-	-	44,917,986	44,917,986	
2109	-	-	-	-	-	-	-	44,918,053	44,918,053	
2110	-	-	-	-	-	-	-	44,918,215	44,918,215	
2111	-	-	-	-	-	-	-	44,917,860	44,917,860	
2112	-	-	-	-	-	-	-	44,918,233	44,918,233	
2113	-	-	-	-	-	-	-	44,918,340	44,918,340	
2114	-	-	-	-	-	-	-	44,918,040	44,918,040	
Total¹²	\$4,811,384,094	\$ -	\$ -	\$ -	\$ -	\$4,811,384,094	\$ (55,709,624)	\$4,755,674,470	\$2,821,358,776	\$7,577,033,246

1. Amounts due October 1 are shown as debt service for the preceding Fiscal Year ending September 30 (since the amounts actually are required to be set aside in such Fiscal Year). For example, debt service payments due October 1, 2026, are shown in the Fiscal Year ending September 30, 2026.
2. Outstanding Subordinate Debt is calculated excluding the impact of Direct Payments related to the Series 2010A Bonds; see "SECURITY FOR THE SERIES 2026A/B BONDS – Direct Payments – Sequestration."
3. Includes the Authority's Debt Service requirements for Government Notes associated with Jennings Randolph.
4. Series 2014B Bonds are weekly-reset variable rate bonds payable through a Liquidity Facility provided by TD Bank, N.A., which expires on July 23, 2030. For calculation of the projected debt service requirement, the all-inclusive rate was assumed to be 4%. The debt is assumed to amortize in Fiscal Year 2041 - Fiscal Year 2050.
5. Series 2024B Bonds are daily-reset variable rate bonds payable through a Liquidity Facility provided by TD Bank, N.A., which expires on July 29, 2029; For calculation of the projected debt service requirement, the all-inclusive rate was assumed to be 4%. The debt is assumed to amortize in Fiscal Year 2050 - Fiscal Year 2054.
6. Series 2025C Bonds are daily-reset variable rate bonds payable through a Liquidity Facility provided by Bank of America, N.A., which expires on August 11, 2028. For calculation of the projected debt service requirement, the all-inclusive rate was assumed to be 4%. The debt is assumed to amortize in Fiscal Year 2055 - Fiscal Year 2060.
7. The Authority currently has \$50.0 million of Extendable Maturity Commercial Paper outstanding. Debt service is based on a hypothetical amortization of 30 years with an assumed interest rate of 3.50%.
8. Calculated including the impact of Direct Payments related to the Series 2010A Bonds. With respect to the effect of sequestration on the receipt by the Authority of Direct Payments on its Series 2010A Bonds, a reduction of 5.7% was applied to Fiscal Year 2026. Thereafter, the subsidy amount is assumed to be 32% of the interest payments. For a discussion of the effect of sequestration on the Direct Payments to be received by the Authority, see "SECURITY FOR THE SERIES 2026AB BONDS – Direct Payments – Sequestration."
9. Outstanding Senior Debt includes the full expected amortization associated with the Senior Lien Water Infrastructure Finance and Innovation Act of 2014 ("WIFIA") loan balance of \$156,367,104. The current balance is \$104,285,886; Principal amortization on the WIFIA loan will occur semi-annually from April 1, 2028 through October 1, 2060 with interest accrued at 1.87% which is the fixed rate of the WIFIA loan.
10. Fiscal Year 2026 includes full year of debt service payments regardless of any payments that have been previously made as of the date of posting of this document.
11. Amounts shown for Fiscal Year 2061 - Fiscal Year 2104 are annual totals for each fiscal year and do not represent the cumulative total.
12. Amounts represent cumulative totals for all fiscal years shown; totals from consolidated rows are included.

List of Outstanding Indebtedness

The Authority's indebtedness as of the date of this Official Statement is set forth in Table 1 below. For a summary of the annual debt service payments for the Authority's existing indebtedness, see "FINANCIAL OPERATIONS – Debt Service."

TABLE 1. OUTSTANDING INDEBTEDNESS
(\$ IN THOUSANDS)

	Original Principal Amount	Interest Rates	Final Maturity	Amount Outstanding¹
Senior Debt				
Series 1998 Bonds	\$ 266,120	5.50%	2028	\$ 21,890
Series 2014A Bonds ⁵	350,000	4.81	2114	350,000
Series 2017A Bonds	100,000	4.00-5.00	2052	100,000
Series 2017B Bonds	200,000	4.00-5.00	2044	100,850
Series 2018A Bonds	100,000	5.00	2049	79,465
Series 2018B Bonds	200,000	5.00	2049	157,520
Series 2021 Bond (WIFIA) ³	156,367	1.87	2060	104,286
Total Senior Debt				\$ 914,011
Subordinate Debt				
Series 2010A Bonds ^{2,4}	\$ 300,000	5.422-5.522%	2044	\$ 271,560
Series 2014B Bonds	100,000	Variable Rate	2050	100,000
Series 2014C Bonds ²	377,700	4.00	2041	68,670
Series 2015A Bonds ²	100,000	4.00-5.00	2045	21,465
Series 2016A Bonds ²	389,110	3.00-5.00	2039	261,860
Series 2019A Bonds	104,010	4.00-5.00	2049	104,010
Series 2019B Bonds	58,320	5.00	2037	54,900
Series 2019D Bonds	343,160	2.016-3.207	2048	278,970
Series 2022A Bonds	294,305	1.71-2.53	2036	229,650
Series 2022B Bonds	79,585	5.00	2047	79,585
Series 2022C Bonds	211,148	4.00-5.00	2051	211,148
Series 2022D Bonds	148,925	2.062-3.526	2044	98,485
Series 2022E Bonds ⁶	96,350	Variable Rate	2057	96,350
Series 2024A Bonds	506,360	5.00	2044	493,665
Series 2024B Bonds ⁷	99,540	Variable Rate	2054	99,540
Series 2025A Bonds	55,495	5.00	2044	55,495
Series 2025B Bonds	160,615	5.00-5.25	2054	160,615
Series 2025C Bonds ⁸	175,950	Variable Rate	2060	175,950
Additional Subordinate Obligations				
TD Bank Master Letter of Credit	\$ 25,000	Variable Rate	N/A	\$ -
Government Notes				
Jennings Randolph Reservoir Debt	\$ 18,269	3.25%	2041	\$ 8,864
Commercial Paper Notes ("CP Notes")				
Series B CP Notes ⁹	\$ -	Variable Rate	-	\$ -
Series C CP Notes ⁹	\$ -	Variable Rate	-	\$ -
Series D CP Notes ^{10,11}	\$ 250,000	Variable Rate	2029	\$ -
Extendable Municipal Commercial Paper Notes ("EMCP Notes")				
Series A EMCP Notes ^{12,13}	\$ 100,000	Variable Rate	-	\$ 50,000
Total Subordinate Debt				\$ 2,920,782
Total Outstanding Debt				\$ 3,834,793

- ¹ Amounts outstanding are as of the date of this Official Statement and do not reflect any amortization of accrued principal of the refunding of the Refunded Bonds or the Refunded Green Bonds.
2. Indicates the series of bonds may be wholly or partially refunded upon the issuance of the Series 2026A Bonds and Series 2026B Bonds. The use of proceeds of the Series 2026A Bonds and the Series 2026B Bonds for the purchase or refunding of the marked bond series is preliminary and subject to change.
3. Maximum amount. \$104,285,886 was outstanding as of the posting of this Official Statement.
4. Taking into account the Direct Payment subsidy, the Series 2010A Bonds had an all-in-true interest cost of 3.6%. With respect to the effect of sequestration on the receipt by the Authority of Direct Payments on its Series 2010A Bonds, see "SECURITY FOR THE SERIES 2026AB BONDS – Direct Payments – Sequestration."
5. The Series 2014B Bonds are weekly-reset variable rate bonds supported by a Liquidity Facility provided by TD Bank, N.A.
6. The Series 2022E Bonds are multimodal variable rate bonds currently bearing a 3.00% fixed rate until the mandatory tender date of October 1, 2027.
7. The Series 2024B Bonds are daily-reset variable rate bonds supported by a Liquidity Facility provided by TD Bank, N.A.
8. The Series 2025C Bonds are a daily-reset variable bonds supported by a Liquidity Facility provided by Bank of America, N.A.
9. Series B CP and Series C CP not currently supported by a liquidity facility, and can therefore not be utilized.
10. Maximum amount authorized to be outstanding at any one time for the Series D CP Notes is \$250 million; the Series D CP Notes are supported by a Letter of Credit provided by TD Bank, N.A.
11. Final maturity of the Series D CP Notes reflects expiration of current credit facility.
12. Maximum amount authorized to be outstanding at any one time for the Series A EMCP Notes is \$100 million.
13. The Series A EMCP notes are placed for an original maturity date not to exceed 90 days. At their original maturity date, the EMCP notes may be repaid, remarketed and resold as new Series A EMCP notes, or extended at the option of the Authority to an extended maturity date not greater than 270 days from their initial issuance. Should the Series A EMCP Notes be remarketed and resold, upon such resale the Series A EMCP Notes will mature on such date or dates as provided in the terms of the remarketing and resale (up to a maximum original maturity date of 90 days and a maximum extended maturity date of 270 days).

Source: Authority records.

Outstanding Senior Debt

As indicated in Table 1, as of the date of this Official Statement, the Authority had Senior Debt outstanding in the aggregate principal amount of approximately \$914.0 million consisting of its Public Utility Senior Lien Revenue Bonds, Series 1998 (the “Series 1998 Senior Bonds”), its Public Utility Senior Lien Revenue Bonds, Series 2014A (Federally Taxable) (Green Bonds) (the “Series 2014A Senior Bonds”), its Public Utility Senior Lien Revenue Bonds, Series 2017A (Green Bonds) (the “Series 2017A Senior Bonds”), its Public Utility Senior Lien Revenue Bonds, Series 2017B (the “Series 2017B Senior Bonds”), its Public Utility Senior Lien Revenue Bonds, Series 2018A (Green Bonds) (the “Series 2018A Senior Bonds”), its Public Utility Senior Lien Revenue Bonds, Series 2018B (the “Series 2018B Senior Bonds”) and its Public Utility Senior Lien Revenue Bonds, Series 2021 Senior Lien Bonds (the “Series 2021 Bond (WIFIA)”). The Authority expects to issue additional Senior Debt in the future to finance capital improvements to the System. See “CAPITAL IMPROVEMENT PROGRAM.”

WIFIA Bond. In September 2021, the Authority issued a Senior Lien Bond under the Indenture to evidence its repayment obligation to the United States Environmental Protection Agency (“EPA”) under a WIFIA Loan Agreement. Pursuant to the terms of the WIFIA Loan Agreement, the EPA agreed to loan the Authority an amount up to \$156,367,104 to fund a portion of a Comprehensive Infrastructure Repair, Rehabilitation, and Replacement Program Project (the “WIFIA Project”) and eligible expenses. The WIFIA Bond is payable from and secured by a pledge of Net Revenues on parity with Senior Lien Debt. As of the date of this Official Statement, the Authority has drawn \$104,285,886 of the WIFIA Loan.

Outstanding Subordinate Debt

The Subordinate Debt summarized in Table 1 consists of the following categories of outstanding debt: (i) Subordinate bonds; (ii) Government Notes; (iii) Commercial Paper Notes; and (iv) Extendable Municipal Commercial Paper Notes (the “EMCP Notes”). As of the date of this Official Statement, the Authority had Subordinate Debt outstanding in the aggregate principal amount of approximately \$2.92 billion.

Subordinate Bonds. As of the date of this Official Statement, approximately \$2.86 billion of Subordinate bonds was outstanding, consisting of its Public Utility Subordinate Lien Revenue and Revenue Refunding Bonds of various series listed in Table 1. Table 1 includes certain series of Bonds that may be refunded in connection with the issuance of the Series 2026AB Bonds. The Authority expects to issue additional Subordinate bonds in the future to finance capital improvements to the System. See “CAPITAL IMPROVEMENT PROGRAM.”

Master Letter of Credit Agreement. The Authority entered into a revised Master Letter of Credit Agreement with TD Bank, N.A. to provide letters of credit for the benefit of the Authority’s Rolling Owner Controlled Insurance Program, in an aggregate maximum amount at any one time outstanding of \$25,000,000 and secured the Reimbursement Obligations (as defined in the Twenty-Eighth Supplemental Indenture) by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future.

Government Notes. The Authority is responsible for debt service on notes payable to the federal government for the construction of the Jennings Randolph Reservoir. As of the date of this Official Statement, \$8.9 million of Government Notes was outstanding. Upon the issuance of the Series 2026AB Bonds, the amount of outstanding Government Notes will remain unchanged.

Commercial Paper Notes. On August 8, 2024, the Authority established a commercial paper facility authorized to issue CP Notes in an amount not to exceed \$250 million pursuant to the Indenture, as supplemented by the Thirty-Fifth Supplemental Indenture. As of the date of this Official Statement, no CP Notes under this facility have been issued. The proceeds of the CP Notes are expected to provide funds to pay (i) certain costs incurred in connection with the construction of certain capital improvements to its wastewater collection treatment and disposal system and its water system, (ii) obligations of the one or more bank under each bank note resulting from draws under one or more letters of credit, (iii) the costs of issuance of the CP Notes and (iv) any expenditure permitted by law under the Indenture that in the opinion of Co-Bond Counsel will not, in and of itself, adversely affect the exclusion from gross income for federal tax purposes of interest on the CP Notes issued as tax-exempt obligations. The CP Notes will be secured by a pledge of Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, the Series 2026AB Bonds and other Subordinate Debt that the Authority may issue from time to time in the future. Any issuance of CP Notes is not dependent upon the Authority’s issuance of the Series 2026AB Bonds, and the Series 2026AB Bonds will be sold separately and independently from the CP Notes.

Extendable Municipal Commercial Paper Notes. The Authority has established an extendable municipal commercial program to provide an additional source of interim financing for Costs of the System. The EMCP Notes are not supported by a credit facility or credit enhancement, but instead are solely supported by a subordinate lien on and pledge of Net Revenues on a parity with the lien on and pledge of Net Revenues that secures Outstanding Subordinate Debt and any other Subordinate Debt that the Authority may issue in the future. The Board has authorized one series of EMCP Notes not to exceed \$100 million outstanding at any one time. As of the date of this Official Statement, \$50 million of the EMCP Notes are outstanding.

Interest Rate Exchange Agreements and Guaranteed Investment Contracts

The Authority has not previously entered into any interest rate exchange agreements or any guaranteed investment contracts.

THE AUTHORITY

General

The Authority is a corporate body and an independent authority created pursuant to the Act that has a separate legal existence within the District government. The Council of the District of Columbia (the “Council”) created the Authority in 1996 to expedite the repair, replacement, rehabilitation, modernization and extension of existing water distribution and sewage collection, treatment and disposal systems, and the financing, on a self-sustaining basis, of capital and operation expenses relating thereto. The Authority began operations on April 18, 1996, and in June 2010, adopted a new logo and rebranded itself as “DC Water.” Prior to creation of the Authority, the District, through its Department of Public Works, Water and Sewer Utility Administration (“WASUA”), operated and maintained the System. In accordance with the Act, the Council authorized the Authority to use all of the property and assets of the System and transferred to the Authority any liabilities of the District that were directly attributable to the System. The District has retained full legal title to, and a complete equitable interest in, the System. In accordance with the Act, however, the System must remain under the control of the Authority for as long as any Authority revenue bonds remain outstanding.

The Authority currently provides retail water and wastewater services to approximately 700,000 residents of the District of Columbia and wholesale wastewater conveyance and treatment to approximately 1.8 million residents of Prince George’s and Montgomery Counties in Maryland and Fairfax and Loudoun Counties in Virginia. In addition, the Authority annually serves approximately [25.9] million visitors to the area and approximately [765,600] workers in the District. In addition to providing services to the White House, the U.S. Congress and the Supreme Court, the Authority also counts among its customers a number of international organizations, including the International Monetary Fund and numerous diplomatic embassies. The Authority also provides services to a number of nationally recognized cultural and educational institutions, including the John F. Kennedy Center for the Performing Arts, and Georgetown, Howard, American, Catholic, Gallaudet and George Washington Universities.

The Authority operates the largest advanced wastewater treatment facility in the United States and is in material compliance with all requisite permits. Since its creation as an independent authority of the District, the Authority has become a leader in the water and wastewater industry. The Board has provided stable leadership and a focus on establishing long-term policies and planning, particularly financial stability. Under its leadership, the Authority has adopted and implemented financial and rate-setting policies that have enhanced financial performance. The Authority’s unrestricted cash, cash equivalents and investment balances have increased from \$55.8 million as of September 30, 1998, to \$398.8 million as of September 30, 2025. The Authority’s operating revenues have increased from \$258.4 million in Fiscal Year 1998 to \$1.0 billion in Fiscal Year 2025. [As of December 31, 2025, the balance in the Operating Reserve Fund was \$[67.6] million, which represents 60 days of operating and maintenance expenses from the prior fiscal year.]

Honors and Recognitions

The Authority’s accomplishments are consistently recognized by industry associations and publications. The Government Finance Officers Association (“GFOA”) has given the Authority the Certificate of Achievement for Excellence in Financial Reporting Program every year since 1997, and the Distinguished Budget Presentation Award every year since 2001. In addition, DC Water received the Popular Annual Financial Reporting (PAFR) Award from the GFOA for its Fiscal Year 2023 annual financial report. Receiving the PAFR Award, along with the Excellence in Financial Reporting and Distinguished Budget Presentation Awards, earned the Authority the coveted ‘Triple Crown’ of governmental financial reporting for the second year in a row.

In 2025, The National Association of Clean Water Agencies (NACWA) presented the Authority with a Platinum Peak Performance Award for 13 consecutive years of 100% compliance with the requirements of the U.S. Environmental Protection Agency's National Pollutant Discharge Elimination System (NPDES).

NACWA honored DC Water in 2024 with a National Environmental Achievement Award (NEAA) for Community Leadership. The award specifically recognized the success of our workforce development, contract compliance, and business development teams who are impacting lives in the community.

DC Water was recognized by the Underground Construction Association, a division of Society for Mining, Metallurgy and Exploration, at the annual North American Tunneling Conference. Highlighting the impressive success of the Northeast Boundary Tunnel, the group honored the Authority with the 2024 Project of the Year Award, among projects in the more than \$500 million category.

Purposes and Powers

The Act requires the Authority to establish, fix and revise fees, rates or other charges for the use of, or services furnished, rendered or made available by the System, owned, leased or utilized by the Authority at least in an amount sufficient, together with other revenues available to the Authority, if any, to pay its costs, the principal of and interest on and other requirements pertaining to its bonds, and to make transfers to the District of amounts equal to the debt service payments on the District General Obligation Bonds, which financed WASUA capital projects, as such debt service and transfers become due and payable. All such General Obligation Bonds are now retired.

Pursuant to the Home Rule Act, the Council delegated to the Authority, under the Act, its power to issue revenue bonds, including the Series 2026AB Bonds, for the purpose of financing "water and sewer facilities" (as such term is defined in the Home Rule Act). Pursuant to the Home Rule Act and the Act, the Authority is required to submit its annual operating budget to the District for its review and recommendations; however, the District has no power to change the annual budget of the Authority. After receiving the Authority's budget, the District then submits its annual operating budget, of which the Authority's budget is a part, to the U.S. Congress for approval. See "- Authority's Relationship to the District" and "FINANCIAL OPERATIONS – Annual Budget."

Board of Directors

The Authority is governed by a Board of Directors consisting of 11 principal and 11 alternate members, each appointed for a staggered four-year term. Six principal members (appointed by the Mayor of the District with the advice and consent of the Council) represent the District and five principal members (appointed by the Mayor on the recommendations of the User Jurisdictions) represent the User Jurisdictions, two each from Prince George's and Montgomery Counties in Maryland, and one from Fairfax County, Virginia. The powers of the Authority are vested in and exercised by the Board at meetings duly called and held where a quorum of at least six members is present. All Board members participate in decisions directly affecting the management of joint-use facilities which are those facilities used by all three jurisdictions. Only the six members appointed to represent the District participate in those matters that affect District of Columbia ratepayers and in setting rates, fees and charges for various services that affect only District of Columbia residents. The Board meets monthly, except during August, and operates through various standing and ad-hoc committees. The committees include Executive, Environmental Quality and Operations, Finance and Budget, Human Resources and Labor Relations, Audit and Risk, Strategic Management, Governance, and District of Columbia Retail Water and Sewer Rates. The current principal members of the Board are listed below.

Principal Board Members	Appointing Authority	Term Start Date ¹	Term Expiration
Dr. Unique Morris-Hughes, Chair	District of Columbia	January 2025	September 2027
Rachna Bhatt	District of Columbia	July 2012	September 2026
Anthony Giancola	District of Columbia	July 2021	September 2028
Howard Gibbs	District of Columbia	October 2022	September 2028
Christopher Herrington	Fairfax County	December 2021	September 2027
Richard Jackson	District of Columbia	March 2024	September 2028
Fariba Kassiri	Montgomery County	June 2019	May 2028
Jennifer Macedonia	Montgomery County	December 2025	May 2027
Dr. Samuel B. Moki	Prince George's County	October 2025	September 2029
Jed Ross	District of Columbia	January 2025	September 2027
Kevin Stephen	Prince George's County	October 2025	September 2026

¹ Term start date indicates start of the Board member's initial term as a principal member.

Source: Authority records.

The following are short biographies of the principal members of the Board.

Dr. Unique Morris-Hughes (District of Columbia)

Dr. Unique Morris-Hughes serves the Authority as Board Chair, and also the Director of the District of Columbia Department of Employment Services (DOES). In her role as State Labor Secretary, she is directly responsible for more than \$150 million in local, federal and specific-purpose funds administered by the District of Columbia and the federal government for workforce development programs and training, unemployment compensation, universal paid leave administration and labor standards enforcement along with more than \$80 million in active capital projects. Dr. Morris-Hughes earned a Ph.D. from the University of Maryland Eastern Shore, an MBA from Trinity University, and a BA in English from Johnson C. Smith University.

Rachna Bhatt (District of Columbia)

Ms. Bhatt was appointed as a principal member to the Board in July 2012. Ms. Bhatt serves as Director at HRGM Corporation, and has been with HRGM since 2001. Previously, Ms. Bhatt served as an Associate for Wachovia Securities, and as a consultant for Deloitte & Touche, LLP. Ms. Bhatt serves as a board member for the Professional Women in Construction and holds a Virginia Class A Contractor's License. Ms. Bhatt holds a Bachelor of Science in Business Administration from Georgetown University and a Master in Business Administration from The Wharton School, University of Pennsylvania, with a major in Real Estate and Management.

Anthony Giancola (District of Columbia)

Mr. Giancola was appointed a principal member of the Board in 2021. He is a licensed professional engineer in the District of Columbia. His active duty career in the Civil Engineer Corps, U. S. Navy, achieving the rank of Commander, included tours in the Public Works (4), Contracts, Seabees, and as a Staff Civil Engineer (2). Since military retirement, he has worked as the Public Works Director, City of Takoma Park, Maryland and Chief Engineer, Public Works Department, Frederick County, Maryland. He served as the Executive Director, National Association of County Engineers from October 1993 - June 2011 before retirement. He is a former chair of the Transportation Research Board (TRB) Low Volume Roads Committee (2001-2007) and serves on the Roadway Safety Foundation Advisory Committee (1997 – present). Active in community activities, he was the President of Plan Takoma, Inc., a nonprofit 501(c) 3 community organization in the District of Columbia from 1984-1998; was an appointed member of the DC Convention Center Community Advisory Committee (1995 to 2015 serving as 2nd Vice President); and was an appointed Alternate member of the Board of Directors of the Washington Metropolitan Area Transit Authority (2007 - 2011 District of Columbia and 2011 - 2016 Federal).

Howard Gibbs (District of Columbia)

Mr. Gibbs is an Adjunct Professor of Structural Engineering, University of the District of Columbia, College of Agriculture, Urban Sustainability and Environmental Sciences. From 1972 to 2007 he was employed by the Potomac Electric Power Company (PEPCO) in the Civil and Substation Engineering Department, where he performed civil/structural engineering design and development of substations and other facilities. Prior to his appointment as a Principal Board Member in 2022, he served as an Alternate Member of the Board of Directors of D.C. Water since 2006. Mr. Gibbs has been affiliated with numerous professional engineering organizations, including Lifetime Member of the American Society of Civil Engineers, the National Society of Professional Engineers Fellow, the District of Columbia Board of Professional Engineers Vice Chair from 1997 to 2016, and the District of Columbia Society of Professional Engineers Vice Chair from 1997-2016. Mr. Gibbs holds a Bachelor of Science Degree in Civil Engineering (Summa Cum Laude), 1979, and a Master of Science Degree in Engineering Management, the George Washington University, 1996. Mr. Gibbs has received the Lifetime Achievement Award from the District of Columbia Council of Engineering and Architectural Societies, Distinguished Service Award from the National Council of Examiners for Engineering and Surveying, and Meritorious Service Awards, District of Columbia Engineering and Architectural Societies, 2005 and 2012.

Christopher Herrington (Fairfax County)

Mr. Herrington was appointed a principal member of the Board in 2021. He began his appointment as director of the Department of Public Works and Environmental Services of Fairfax County in 2021. He has over 25 years of local government experience with the City of Austin, Texas. He served as the assistant director for the Watershed Protection Department and as Austin's senior environmental policy officer, advising public officials, city departments and the public on a wide variety of development projects. While serving as Austin's senior environmental policy officer, Herrington

worked to ensure that the protection of Austin's natural resources and residents received the highest priority in all public and private development. He has a dual background in ecology and engineering and has authored numerous publications on water quality and the environment. Herrington has a Bachelor of Science in Biology and a Master of Science in Civil Engineering, both from the University of Texas at Austin.

Richard Jackson (District of Columbia)

Mr. Jackson is the Director of the Department of Energy and Environment (DOEE) of the District. He provides strategic guidance and leadership to a workforce of more than 450 environmental professionals and oversees the daily operations of five administrations that work collaboratively to protect the environment and conserve natural resources in the District of Columbia. Mr. Jackson joined DOEE in 2008 as a hazardous waste inspector in the Environmental Services Administration (ESA). During his tenure, he has established the Rail Safety and Emergency Response Division (RSERD), provided oversight for the District of Columbia's Indoor Mold Inspection and Compliance Program, and managed the Site Remediation and Response Program. Notably, as Associate Director of the Toxic Substances Division, he led the largest and most complex river remediation project in the District—The Anacostia River Sediment Remediation Project -- a major step towards creating a cleaner, swimmable, fishable Anacostia River. Prior to his appointment as interim director, he served as senior deputy director at DOEE. He has over 20 years of experience in the chemical and environmental engineering industry and has successfully led teams to solve a wide range of environmental issues. He has extensive experience in hazardous waste management, chemical production and processing, nuclear power plant maintenance, occupational safety, research development, and quality assurance auditing. Mr. Jackson spent 21 years with the U.S. Navy as a nuclear submariner operating nuclear reactors, power generation and propulsion systems, and maintaining weapons systems.

Fariba Kassiri (Montgomery County)

Ms. Kassiri was appointed principal member of the Board in 2019. Ms. Kassiri is the Montgomery County Deputy Chief Administrative Officer (DCAO) and joined the Office of the County Executive in 2006. She is responsible for assisting the Chief Administrative Officer (CAO) in managing the operations and performance of County Government. In doing so, she provides administrative oversight to the directors of County departments and ensures that departments' core activities align with the County's Effective and Sustainable priority outcome and comply with all applicable policies, procedures, and regulations. Prior to joining Montgomery County, Ms. Kassiri spent four years as Special Advisor to the Prince George's County Chief Administrative Officer, providing recommendations to the County Executive and Chief Administrative Officer on a wide array of issues, programs, and policies. Ms. Kassiri holds a Bachelor of Science degree in Civil and Environmental Engineering from the University of Colorado, and a Master's degree in Public Policy specializing in finance and management from the University of Maryland.

Jennifer Macedonia (Prince George's County)

[DC Water to review bio] Ms. Macedonia serves as the Director of the Montgomery County Department of Environmental Protection ("DEP"), where she leads efforts to implement the County's Climate Action Plan, promote Zero Waste goals and sustainability initiatives, and enhance environmental resilience throughout the County. Ms. Macedonia is a mechanical engineer with over 30 years of experience in environmental policy, climate strategy, and leadership in the clean energy sector. Prior to her appointment at DEP, she held senior roles at the EPA, most recently as Deputy Assistant Administrator for Implementation in the Office of Air and Radiation. There, she led the rollout of over \$10 billion in Inflation Reduction Act investments and helped design 15 new federal programs to reduce emissions and improve air quality. Ms. Macedonia also served as the EPA's Deputy Associate Administrator for Policy where she led agency initiatives to boost climate and environmental justice protections for clean energy supply chains and major infrastructure projects. Ms. Macedonia holds a B.S. in Mechanical Engineering from Villanova University and serves on the Boards of DC Water and Project Green Schools.

Dr. Samuel B. Moki (Montgomery County)

[DC Water to review bio] Dr. Moki serves as Director of the Department of Environment ("DOE") and brings more than 22 years of experience as an adjunct instructor at various universities in the Washington, D.C. area, where he has taught undergraduate and graduate-level courses extensively. His tenure at DOE includes roles such as Special Assistant to the Director (2006-2007) and Associate Director of the Environmental and Sustainability Services Division (2007-2013). Additionally, he was appointed Solid Waste Commissioner for Prince George's County from 2007-2013 and subsequently worked as Grants Manager for DOE from 2013-2014. Between 2015 and 2024, Dr. Moki served as a contractual Public Board Member charged with personnel and program evaluations for the United States Department of Agriculture. He also contributed as a Commissioner on Maryland's Governor's Commission for African Affairs. As a

published author of books, book chapters, and peer-reviewed articles, Dr. Moki demonstrates a strong commitment to environmental stewardship. He consistently pursues opportunities to advance environmental preservation and improvement throughout Prince George's County. Through leadership in advocacy, program initiatives, and customer service, Dr. Moki remains dedicated to elevating the Department of Environment's mission and impact within the community. Dr. Moki holds a law degree, two master's degrees - in criminal justice and environmental management - and earned his Ph.D. in political science with a minor in public administration from Howard University, in Washington, D.C.

Jed Ross (District of Columbia)

Mr. Ross, Chief Risk Officer of the District of Columbia, was appointed by the Mayor of the District of Columbia and confirmed by the D.C. Council in 2015. In December of 2016, Mr. Ross completed an Executive Education Program from Harvard Business School focusing on Enterprise Risk Management. In his current role, Mr. Ross oversees the D.C. Office of Risk Management and the 80 plus employees and contractor staff supporting the District of Columbia risk management concerns. The areas of oversight managed by Mr. Ross are: Risk Prevention and Safety (Loss Control), Enterprise Risk Management, Insurance (All Lines, but mainly Property), Workers' Compensation, and Tort Liability. Mr. Ross earned his J.D. from the Syracuse University College of Law, and a B.S. in Marketing and Distribution Management from the Indiana University's Kelley School of Business.

Kevin Stephen (Prince George's County)

[DC Water to review bio] Mr. Stephen serves as Deputy Chief Administrative Officer on the Prince George's County Executive's leadership team. In this capacity, he assists the County Executive and Chief Administrative Officer in managing day-to-day government operations and facilitating coordination among various agencies. He oversees the Government Infrastructure, Technology, and Environment cluster, which comprises the DOE, the Department of Public Works and Transportation, the Department of Permitting, Inspections, and Enforcement, and the Office of Information Technology. Additionally, Mr. Stephen acts as liaison to the Washington Suburban Sanitary Commission, Washington Metropolitan Area Transit Authority, Washington Suburban Transit Commission, and all public electric and gas utilities. With more than 30 years of leadership experience spanning both public and private sectors, Mr. Stephen has supported local, state, and federal organizations. His expertise includes governance, strategic planning, business process management and re-engineering, program and project management, capital planning, investment control, and financial management. He has significant experience in information technology, focusing on asset management and enterprise architecture, and has directed projects related to artificial intelligence and cybersecurity. His public sector background encompasses acquisition management, while his private sector roles have included business development, sales, account management, brand management, and marketing. Mr. Stephen holds a Bachelor of Science degree from the University of Maryland at College Park, as well as a Master of Business Administration from the Fuqua School of Business at Duke University. He is also a certified Project Management Professional.

Organizational Structure

The Authority's day-to-day operations are managed by the Chief Executive Officer (CEO), who is appointed by the Board. The CEO is supported by the Senior Executive Team (SET) that is comprised of the Chief Financial Officer (CFO) and Executive Vice President (EVP), Finance Procurement and Compliance; the Chief Operating Officer (COO) and EVP, Operations and Engineering; the Chief Legal Officer and EVP, Government and Legal Affairs; the Chief Information Officer, EVP Information Technology, the Chief Administration Officer (CAO) and EVP, Administration; the Chief People Officer and EVP, People and Talent; and the Chief of Staff and EVP Strategy and Performance.

The COO oversees Operations and Engineering (including Blue Plains, water and sewer services, Clean Rivers, permit operations, and design and construction). The CAO oversees shared services (fleet, facilities, safety, security, and emergency management), customer care and marketing and communications.

The CFO oversees the departments of Finance, Accounting, Budget and Rates and Revenue, and Procurement and Compliance.

Senior Executive Team

The Authority has in place a senior and mid-level management team with a broad range of private and public sector utility experience. The following are short biographies of key members of the Authority's Senior Executive Team.

David Gadis, CEO and General Manager

Mr. Gadis was appointed CEO and General Manager in 2018. Mr. Gadis brings 20 years of industry experience to the role, most recently as Executive Vice President of Veolia North America (VNA), where he led North American

business development operations, and was responsible for corporate growth and \$3 billion in revenue. Mr. Gadis has been a frequent presenter at utility and government services conferences, including the U.S. Conference of Mayors, speaking on both Underground Infrastructure and Managing Utilities, as well as the National League of Cities and the National Association of Public Private Partnerships. Mr. Gadis earned a basketball scholarship to Southern Methodist University and was a four-year basketball player and team captain before graduating from SMU with a B.A. in Marketing Communications.

Matthew T. Brown, [Chief Operating Officer and Executive Vice President, Operations and Engineering]

[Subject to COO's review] [Mr. Brown is the Chief Operating Officer and Executive Vice President, Operations and Engineering. In this role he has overall responsibility for the Authority's operations. Mr. Brown previously served as the Director of the Mayor's Office of Budget and Finance of the District of Columbia and Director of the District Department of Transportation (DDOT). Mr. Brown began his career in the New York City Management of Budget and has served as Budget Director for the Washington Metropolitan Area Transit Authority, as an analyst with the Milwaukee Metropolitan Sewerage District, and as a project manager for Public Financial Management. He holds a B.A. in Political Science from Texas Wesleyan University, and an M.P.A. in Budget and Public Finance from George Washington University.]

Lola Oyeyemi, Acting Chief Financial Officer and Executive Vice President, Finance Procurement and Compliance.

[Subject to Acting CFO's review] [Ms. Oyeyemi is the Acting Chief Financial Officer and Executive Vice President, Finance Procurement and Compliance. In this role she has overall responsibility for the Authority's financial management and procurement activities, including rates and revenue, accounting operations and financial reporting, budget formulation and execution, treasury, investment and debt management, and goods and services and capital procurement. Prior to this role, Ms. Oyeyemi served DC Water as Vice President, Budget. In that capacity, she led DC Water's team of financial professionals in the development, implementation and direct oversight of its annual operating budget and ten-year capital improvement plan (CIP). She holds a bachelor's degree in accounting from the University of Ilorin, and is a Certified Chartered Global Management Accountant (CGMA) and a Certified Public Accountant (CPA). She is a member of the Government Finance Officers Association (GFOA).]

Wayne Griffith, Chief of Staff and Executive Vice President, Strategy and Performance

Mr. Griffith serves the Authority as Chief of Staff and Executive Vice President, Strategy and Performance. Mr. Griffith is a utility management professional with over 40 years' experience in the water infrastructure market. As Chief of Staff, he promotes and delivers programs to optimize assets, improve revenues, and enhance resources, achieving improved levels of performance and service. He is responsible for the development and execution of the Authority's strategic plan, Blueprint 2.0. This includes Strategic Management, Enterprise Program Management, Sustainability & Innovation program development and management, and Enterprise Risk Management. He has a unique blend of industry leading private sector operations management, niche utility business development and consulting experience. Most recently, Wayne led the national asset management practice for WSP, New Zealand. He has a B.S. in Environmental Engineering from Temple University and M.S. in Environmental Engineering from Michigan State University.

Kirsten B. Williams, Chief Administrative Officer and Executive Vice President, Administration

Ms. Williams has served as Chief Administrative Officer and Executive Vice President, Administration for the Authority since 2021 and has over twenty years of professional communications and stakeholder engagement experience. Most recently, Kirsten served as the Deputy Executive Director of the Public Service Commission of the District of Columbia. She previously served as the Senior Public Affairs Manager at Pepco. In this role, Ms. Williams addressed policy and legislative matters in the District, as well as stakeholder relations with government entities, community leaders, business organizations and non-profit groups. Ms. Williams has also served as an Attorney Advisor at the Federal Energy Regulatory Commission where she provided counsel on matters related to market-based rates and regional stakeholder processes. She earned two Bachelors of Science degrees in Public Relations and Public Communications from Appalachian State University, a Master of Public Administration from Appalachian State University and a Juris Doctorate from Howard University School of Law. Ms. Williams has served as a member of the Appalachian State University Board of Visitors and on Appalachian's Department of Communication Professional Advisory Board.

Amber Jackson, [Interim Chief Legal Officer and] Chief People Officer and Executive Vice President, People and Talent

[Subject to review] Amber Jackson, Esq. is the Chief People Officer and Executive Vice-President, People & Talent at the District of Columbia Water and Sewer Authority (DC Water). Appointed to this role in March 2025, Ms. Jackson brings over fifteen years of extensive experience in human resources, employment law, and labor relations. Ms. Jackson is responsible for providing strategic direction and executive leadership to all of DC Water's human resources functions. This includes overseeing talent management, employee engagement, labor relations, and HR compliance. Throughout her career, Ms. Jackson has been recognized for her ability to navigate complex legal and HR landscapes, her commitment to fostering a positive organizational culture, and her dedication to employee engagement and development. Ms. Jackson holds a Juris Doctor degree and is a licensed attorney, bringing a unique blend of legal expertise and human resources acumen to her role. Her contributions have been pivotal in shaping the policies and practices that support DC Water's mission of providing high-quality water services in a safe, environmentally friendly, and efficient manner.

Authority's Relationship to the District

General. In accordance with section 207(e) of the Act, the District retains full legal title to, and a complete equitable interest in, the System; however, the System must remain under the control of the Authority for as long as any Authority revenue bonds remain outstanding. The District also has the power to appoint certain Board members, see “– Board of Directors” above.

According to the Home Rule Act, as amended by the “District of Columbia Water and Sewer Authority Independence Preservation Act,” P.L. 110-273, enacted by the Congress on July 15, 2008, (i) the authority of the District’s Chief Financial Officer to hire, supervise and remove certain financial management employees, set forth in Section 424A of the Home Rule Act (D.C. Official Code Section 1-204.25), does not apply to personnel of the Authority and (ii) the financial management, personnel and procurement functions and responsibilities of the Authority shall be established exclusively pursuant to the rules and regulations adopted by the Board.

Pursuant to the Home Rule Act and the Act, the Authority is required to submit its annual operating budget to the District for its review and recommendations; however, the District has no power to change the annual budget of the Authority. After receiving the Authority’s budget, the District then submits its annual operating budget, of which the Authority’s budget is a part, to the U.S. Congress for approval. See “FINANCIAL OPERATIONS – Annual Budget.”

The Act provides that, subject to the provisions made by the Authority for security of revenue bonds, all revenues, proceeds, and moneys (except those collected or received from the stormwater fee) which are collected or received by the Authority will be credited to a segregated fund and will not, at any time, be transferred to, lapse into, or be commingled with the General Fund of the District or any other funds or accounts of the District, except for limited circumstances under which funds will be transferred to the District to pay for goods and services and property contracted for by the Authority from the District, or as otherwise authorized by law. See “SECURITY FOR THE SERIES 2026AB BONDS – Lien on and Pledge of Net Assets – Segregated Funds.”

The Act also provides that, except as provided in the Act, the District will not limit or alter rights vested in the Authority to fulfill agreements made with holders of Authority bonds, or in any way impair the rights and remedies of the holders of Authority bonds. See “COVENANT BY THE DISTRICT OF COLUMBIA.”

The DC Water Consumer Protection Amendment Act of 2018, DC Law 22-299, effective April 11, 2019 (the “OPC Act”), amended the Act authorizing the Office of the People’s Counsel, an independent agency of the District of Columbia government to (1) represent District of Columbia rate payers at DC Water administrative hearings; (2) represent the interests of and advocate for District of Columbia ratepayers at public hearings; (3) represent and advocate for District of Columbia ratepayers at proceedings before local and federal regulatory agencies and courts; (4) investigate the services given by, and the rates charges by, the Authority; and (5) advise and educate the Authority customers about their legal rights and responsibilities pursuant to the rules governing service by the Authority. The OPC Act also requires the Authority to provide the public at least 45 days notice to consider adjustments to water and wastewater rates before a public hearing is held and to provide a written response to the OPC if it submits any written comments on the establishment or adjustments of water and wastewater rates. The OPC Act has not had a material impact on the Authority or its finances. See “CUSTOMER BASE, RATES AND CHARGES – Customer Assistance Programs”.

The “District of Columbia Water and Sewer Authority Omnibus Amendment Act of 2020” (“Transparency Act”), effective March 16, 2021, codified the Authority’s rate-making practices, while maintaining the Authority’s long-standing autonomy and independent financial authority. The Act: (1) provides the public with remote meeting access for open

Board meetings and public hearings; (2) requires reporting requirements for emergency events; (3) permits public comments on water and sewer rate changes from the date of publication of the hearing notice, through 5 days after the hearing (50 days); (4) creates a report, to be transmitted to the DC Water Board of Directors, responding to comments the Authority received during the rate making process; (5) publishes the report on its website, within 15 days after the end of the public comment period; (6) transmits a copy of the Independent Review of the Proposed Rates Report and the Cost of Service study to the Mayor and the Council, and publishes the report and study on DC Water's website at least 45 days before any public hearing on water and sewer rates; (7) establishes requirements regarding private-side replacements of lead service lines; and (8) requires lead service line replacement reporting. The Transparency Act has not had a material impact on the Authority or its finances.

Memoranda of Understanding. The Authority is presently operating under, and is in compliance with, the following Memoranda of Understanding (each, a "Memorandum of Understanding" or "MOU") with the District.

- A January 29, 1998, Memorandum of Understanding provides that the Authority will pay the District a PILOT for government services it receives from the District (the "1998 PILOT MOU"). This MOU provides that, beginning in Fiscal Year 1999, the annual PILOT will be based on the amount due from the Authority to the District for the previous Fiscal Year plus a percentage increase in an amount equivalent to the Authority's System-wide rate increase for the current Fiscal Year. The District and the Authority amended the 1998 PILOT MOU pursuant to a September 4, 2014 Memorandum of Understanding, as amended and restated on December 15, 2014 (the "2014 PILOT MOU"). According to the 2014 PILOT MOU, the amount of the PILOT payment increases by two percent per annum based on the amount of the prior year's annual PILOT payment. In addition, the Authority will deduct one-fourth of the annual fire protection service fee for services provided by the Authority to the District from the annual PILOT payment. In Fiscal Year 2024 and Fiscal Year 2025, the Authority made PILOT payments to the District in the amount of \$23.4 million and \$23.8 million, respectively. The 2014 PILOT MOU remained in effect until September 30, 2024. Since the parties did not execute a new amendment to the 1998 PILOT MOU before September 30, 2024, the terms of the 2014 PILOT MOU remain in force until a new amendment has been executed.
- A September 12, 2003, Memorandum of Understanding provides that the Authority will make quarterly payments to the District for its public right of way occupancy permit fee (the "2003 ROW MOU"). Under the terms of this MOU, the Authority was obligated to pay the District an annual fee of \$5.1 million through September 30, 2013, the expiration date of the MOU. On October 2, 2014, the District and the Authority entered in a new Memorandum of Understanding (the "2014 ROW MOU") that amended the 2003 ROW MOU to establish the amount of the ROW Fee payment of \$5.1 million to the District for Fiscal Years 2015 to 2024 and revised the expiration date to September 30, 2024. As with the 2014 PILOT MOU, the parties did not execute a new ROW MOU before September 30, 2024, and the terms of the 2014 ROW MOU remain in force until a new amendment has been executed.
- A July 25, 2008, Memorandum of Understanding between the District Department of Energy and Environment ("DOEE") and the Authority establishes the basis for the billing and collection of a stormwater fee by the Authority on behalf of DOEE, and the transfer of those fees on a pass-through basis to DOEE. This MOU extends for one-year periods at the option of the Parties. See "THE SYSTEM – The Wastewater System – District Stormwater Permit and Management Program" and "CUSTOMER BASE, RATES AND CHARGES – Components of Retail Rates and Charges."
- A May 3, 2013, Memorandum of Understanding between the District of Columbia Fire and Emergency Medical Services Department ("FEMS") and the Authority memorializes the ongoing commitment between the two agencies to share information about public fire hydrant inspections and upgrades. The Authority is required to inspect all public fire hydrants once per year in accordance with National Fire Protection Association ("NFPA") guidelines, and FEMS may, as time permits, also conduct a second inspection of fire hydrants in coordination with the Authority. The Authority is responsible for identifying and installing new hydrants as part of its ongoing capital program, developing manuals and protocols for hydrant inspection and inspection data management, and ensuring that the required preventative maintenance is performed on each hydrant as required by the manufacturer. The Authority is required to flow test all hydrants every six years, and those hydrants that have been upgraded as part of the capital program will be tested upon being placed in service to ensure proper pressure and operation. Furthermore, the Authority has committed to providing water supply personnel on scene to FEMS when

requested for two-alarm or greater fires. The Authority annually bills the District to recover the Authority's costs for these fire hydrant protection services activities.

- A September 11, 2014, Memorandum of Understanding provides the terms by which the District and the Authority will cooperate in the execution of the Northeast Boundary Neighborhood Protective Project (the "2014 Bloomingdale MOU"). This MOU established the value of incremental capital expenditures totaling \$58,579,499 incurred by the Authority at the request of the District in order to mitigate overland flooding and wastewater backups in the Bloomingdale and LeDroit Park neighborhoods in Northwest Washington, D.C. The District has entered into an agreement with the Authority for the amounts spent pursuant to the 2014 Bloomingdale MOU, to be paid in ten equal annual installments, commencing January 2016, and has made the payments on a timely basis.

Employees and Labor Relations

The total number of authorized positions for the Authority for Fiscal Year 2025 is 1,283. As of December 31, 2025, the Authority had 1,114 full-time equivalent employees, of whom 675 were represented by five unions:

- American Federation of Government Employees ("AFGE") consisting of Locals 631, 872 and 2553;
- American Federation of State, County and Municipal Employees ("AFSCME"), Local 2091; and,
- National Association of Government Employees ("NAGE"), Local R3-06.

DC Water completed negotiation on the new Master Compensation Agreement with the five unions. The new Master Compensation Agreement was signed by all parties on November 7, 2024, and continues to be in effect since that date.

The percentage of current employees eligible to retire within the next five and ten years (based on age and years of service) is shown in Table 2.

Table 2. Percentage of Current Employees Eligible to Retire Within the Next Five and Ten Years

	(based on age and years of service)		
	12/31/2025	12/31/2030	12/31/2035
Employees	22%	40%	54%
Directors and Executives	33%	53%	74%

Source: Authority records.

Building off the 2019 Succession Planning Pilot, DC Water's People and Talent team continues to enhance and execute its succession plan with a focus on critical positions and identified successors, while mitigating the risk and impact of talent loss by proactively engaging, developing, and retaining a high performing workforce. The Fiscal Year 2026 Succession Planning process runs through September 30, 2026.

Retirement/Pension Plan

Most DC Water employees participate in Defined Contribution type retirement plans. In the 401(a) Defined Contribution plan, all contributions are made by DC Water, who contributes 7% of employee base pay each pay period. An additional matching contribution is made (dollar for dollar) when employees defer money into the 457(b). The maximum match is 5%. Employees with salaries more than the social security wage base receive an additional 5% contribution each pay period for the salary above the social security wage base. This plan requires three (3) years of service to be fully vested (Cliff Vesting Schedule). In the 457(b) Deferred Compensation plan, employees may defer salary on a pre-tax basis up to the annual limits established by the IRS. Finally, in the Retirement Health Savings Plan, non-union employees who leave DC Water after 5 years of service with an unused sick leave balance of equal or greater than 100 hours have the value of the sick leave cashed out and deposited into a Retirement Health Savings Plan for the benefit of the employee.

The Authority has a small group (31 as of December 31, 2025) of employees participating under Federal Benefits. Most of the employees were hired before October 1, 1987. In the Civil Service Retirement (CSR) plan, each pay period DC Water contributes 7% of base pay and the employee contributes 7% of base pay into the CSR system. When these employees retire, their pension is paid by the Federal Government and administered by the Office of Personnel

Management. DC Water bears no post-retirement cost. The Federal Retirement Health and Life plan consists of a grandfathered group who may continue to participate in the Federal Health Benefits Plan at the same cost share arrangement as active employees. The employer share is assumed by the federal government and administered by OPM after retirement.

The Authority has no unfunded pension liability or other post-employment benefits liability under any of the plans described above.

Risk Management and Insurance

The Authority has two comprehensive risk management and insurance programs. These programs are reviewed annually and competitively bid. Management utilizes its independent insurance advisor, qualified brokers and carriers to purchase insurance coverage. The most recent risk management operations, insurance assessment and renewal process was completed in July 2025. The Authority's operations insurance policies (including excess liability, workers' compensation, property, equipment, crime, fiduciary, public officials' and employment practices liability) are renewed annually on July 1. Since the passage of the Terrorism Risk Insurance Act of 2002 ("TRIA"), terrorism coverage is included under all insurance policies. The Authority's Rolling Owner Controlled Insurance Programs (ROCIP) are scheduled to be maintained through November 2030.

Strategic Initiatives

Blueprint 2.0 (Strategic Plan)

The Authority continues to implement Blueprint 2.0, its enterprise-wide strategic plan that took effect in October 2021 and is designed to guide the Authority through 2027 and beyond. Blueprint 2.0 sets out five Organizational Imperatives, which are defined outcomes essential to achieving strategic goals. The Imperatives have been developed through engagement with a cross section of key stakeholders and are used to frame strategy and address upcoming challenges. The Blueprint 2.0 Imperatives are (1) healthy, safe and well, (2) reliable, (3) resilient, (4) sustainable and (5) equitable.

Impact + Resilience

The Authority released its Impact + Resilience Report in May 2025, which builds on its previous work in consideration of factors in the natural world and activities that impact stakeholders, and frames the Authority's commitment to operating under a resilient and fair governance framework. This report continues its focus on resilience across multiple dimensions of the Authority's operations. Running one of the country's largest water and wastewater utilities responsibly and efficiently relies on the awareness and prioritization of the impact we have in our community and the environment in which we operate. The Authority's ambitions disclosed in this report are aligned with the Imperatives developed under Blueprint 2.0.

The complete document can be found at www.dewater.com/impact-reporting. This reference to the Authority's website is for informational purposes only; neither the website nor the information contained on the website shall be deemed incorporated herein by reference. The Authority is not obligated to continue to provide information found on its website.

Participation of Certified Local, Small, Disadvantaged, and Women Owned Business Enterprises

The Authority is committed to promoting economic and business development in the District of Columbia and the region it services. In carrying out its mission, the Authority does not discriminate on the basis of race, color, national origin, or sex in the award and performance of any projects. The Authority is committed to serving its community and ensuring fairness in contracting, in strict compliance with all applicable laws and regulations. As such, the Authority actively encourages the participation of certified disadvantaged business enterprises (DBEs) and women-owned business enterprises (WBEs) in its contracting and procurement activities. Since 2020, certified firms were awarded more than \$1 billion (39%) of the total contracts and subcontracts awarded on DC Water projects.

Emergency Management Accreditation Program

In 2019, DC Water became the first utility in the world to receive accreditation under the Emergency Management Accreditation Program (EMAP). EMAP is an internationally recognized accreditation that evaluates emergency management programs against 73 American National Standard Institute (ANSI) standards. The accreditation process validates competencies in subject areas such as threat identification, hazard mitigation, continuity of operations, emergency response, recovery procedures, emergency alerts and notifications, training and exercises, and much more

including administration and stakeholder engagement. The accreditation process begins with a lengthy self-assessment and culminates with an on-site assessment wherein a team of emergency management peers from across the country reviews documentation, conducts interviews with staff, and observes demonstrations of the Authority emergency response capabilities and compliance measures. This rigorous accreditation is typically reserved for state and municipal government emergency management agencies. By achieving EMAP accreditation, The Authority established itself as the model for water and wastewater utility emergency management programs. To maintain the EMAP accreditation, the Authority must reevaluate our emergency management program every five years. The Authority attained reaccreditation in March, 2025. Annual reports are submitted to EMAP to demonstrate continued compliance with the EMAP standards. DC Water will seek reaccreditation again in 2030.

Potential Impact of Unexpected Events

General

The Authority's infrastructure could sustain damage and loss of use as a result of certain unexpected events, such as terrorist attacks, extreme weather events and other natural occurrences, fires and explosions, spills of hazardous substances, strikes and lockouts, sabotage, wars, blockades and riots. While the Authority has attempted to address the risk of loss through the purchase of insurance, certain of these events may not be covered. Furthermore, even for events that are covered by insurance, the Authority cannot guarantee that coverage will be sufficient or that insurers will pay claims in a timely manner. From time to time, the Authority may change the types of, and limits and deductibles on, the insurance coverage that it carries. The Authority cannot predict what effects any of these events may have on the Authority's ability to generate Revenues, but the effects may be materially adverse.

Risk Factors Related to Public Health Emergencies

There can be no assurance concerning the possibility of future public health emergencies, including but not limited to global pandemics, that negatively impact the Authority's customer base and operations, including future variants of the coronavirus. The Authority cannot predict (i) the duration or extent a future pandemic or other public health emergency; (ii) the implementation, duration, or expansion of governmental restrictions; (iii) what effect any pandemic-related restrictions or warnings may have on the economy, the District or the Authority; (iv) whether and to what extent a future pandemic or other public health emergency may disrupt the local or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact the construction of the CIP or other operations; (v) the extent to which a future pandemic or other public health emergency may result in changes in demand for water, or may have an impact on water customers or suppliers or the water industry, generally; (vi) whether or to what extent the Authority may provide deferrals, forbearances, adjustment or other changes to the arrangements with its customers; (vii) whether actions taken by Federal and state and local governments (including the District) to mitigate the impact of a future pandemic or other public health emergency will have the intended effects; or (viii) whether any of the foregoing may have a material adverse effect on the finances and operations of the Authority.

Global Climate Change

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. Over the next 25 to 100 years, such extreme events and conditions are expected to increasingly disrupt and damage critical infrastructure and property as well as regional economies and industries that depend on natural resources and favorable climate conditions. Disruptions could include more frequent and longer-lasting power outages, fuel shortages and service disruptions. Coastal public infrastructure may be threatened by the continued increase in the frequency and extent of high-tide flooding due to sea level rise, and inland infrastructure, including access to roads, the viability of bridges and the safety of pipelines, may be affected by increases in the severity and frequency of heavy precipitation events. Near-coastal areas like the greater Washington, D.C. metropolitan area (which contains areas of land that are at or near sea level) may be at risk of substantial flood damage over time, affecting private development and public infrastructure. As a result, many residents, businesses, and governmental operations within this area could be negatively impacted and possibly displaced, reducing the number of rate payers and users of the system. In addition, local public agencies and governmental entities could be required to mitigate these climate change effects at a potentially material cost. The Authority continues to pursue the completion of a floodwall at Blue Plains designed to withstand a 500-year storm event to reduce the risk of service disruptions from floods.

Ensuring a Safe & Reliable Computing Environment

As a retail utility and critical infrastructure asset, the Authority is a potential target of an array of threats from the casual hacker to a state sponsored cyber terrorist. It is the Authority's priority and responsibility to maintain a safe and reliable computing environment. The Authority was the first water utility to adopt the voluntary Cyber Security framework outlined in Executive Order 13636, "Improving Critical Infrastructure Cyber Security," issued in February 2013. This Cyber Security framework is now formally known as the NIST Cybersecurity Framework (the "NIST Framework"). The NIST Framework forms the foundation of the Authority's Cyber Security program. Coupled with a layered defense approach, a default deny strategy, a privilege access control policy and a comprehensive cyber awareness program, the Authority strives to ensure the highest level of protection across its three separate computing environments (one traditional business networks and two operational networks, which do not have direct internet access).

The NIST Framework focuses on six (6) primary pillars of excellence. The Authority helps to:

Govern — The organization's cybersecurity risk management strategy, expectations, and policy are established, communicated, and monitored. The Govern Function provides outcomes to inform what an organization may do to achieve and prioritize the outcomes of the other five Functions in the context of its mission and stakeholder expectations. Governance activities are critical for incorporating cybersecurity into an organization's broader enterprise risk management (ERM) strategy. Govern addresses an understanding of organizational context; the establishment of cybersecurity strategy and cybersecurity supply chain risk management; roles, responsibilities, and authorities; policy; and the oversight of cybersecurity strategy.

Identify — Develop an organizational understanding to manage cybersecurity risks to systems, people, assets, data and capabilities. The activities in the Identify Function are foundational for effective use of the NIST framework. Understanding the business context, the resources that support critical functions, and the related cybersecurity risks enables an organization to focus and prioritize its efforts, consistent with its risk management strategy and business needs. Examples of outcome categories include Asset Management, Business Environment, Governance, Risk Assessment and Risk Management.

Protect — Develop and implement appropriate safeguards to ensure delivery of critical services. The Protect Function supports the ability to limit or contain the impact of a potential cybersecurity event. Examples of outcome categories include Identity Management and Access Control, Awareness and Training, Data Security, Information Protection Processes and Procedures and Patch Management and Protective Technology.

Detect — Develop and implement appropriate activities to identify the occurrence of a cybersecurity event. The Detect Function enables timely discovery of cybersecurity events. Examples of outcome categories include Anomalies and Event detection, Security Continuous Monitoring and Correlation Analysis.

Respond — Develop and implement appropriate activities to take action when cybersecurity incident is suspected or detected. The Respond Function supports the ability to contain the impact of a potential cybersecurity incident. Examples of outcome categories include Response Planning, Communications Analysis, Mitigation, and Incident Management.

Recover — Develop and implement appropriate activities to maintain plans for resilience and to restore any capabilities or services that were impaired due to a cybersecurity incident. The Recover Function supports timely recovery to normal operations to reduce the impact from a cybersecurity incident. Examples of outcome categories include Recovery Planning, Backup and Replication and Recovery Management.

In addition to the NIST Framework, the Authority has implemented information systems with consideration to IT-related risks that could impact the Authority or the Water and Wastewater Systems of the Authority. The information system's goal is met through the following security objectives: confidentiality – data stored on an information system is not disclosed to unauthorized individuals; integrity – there has not been an unauthorized alteration of the data while in storage or in transit, and the information system is free from unauthorized changes; availability – the system functions as designed and service is available to authorized users upon demand; accountability – actions of an entity may be traced uniquely to that entity; assurance – confidence that the security measures protect the information system and the information it processes.

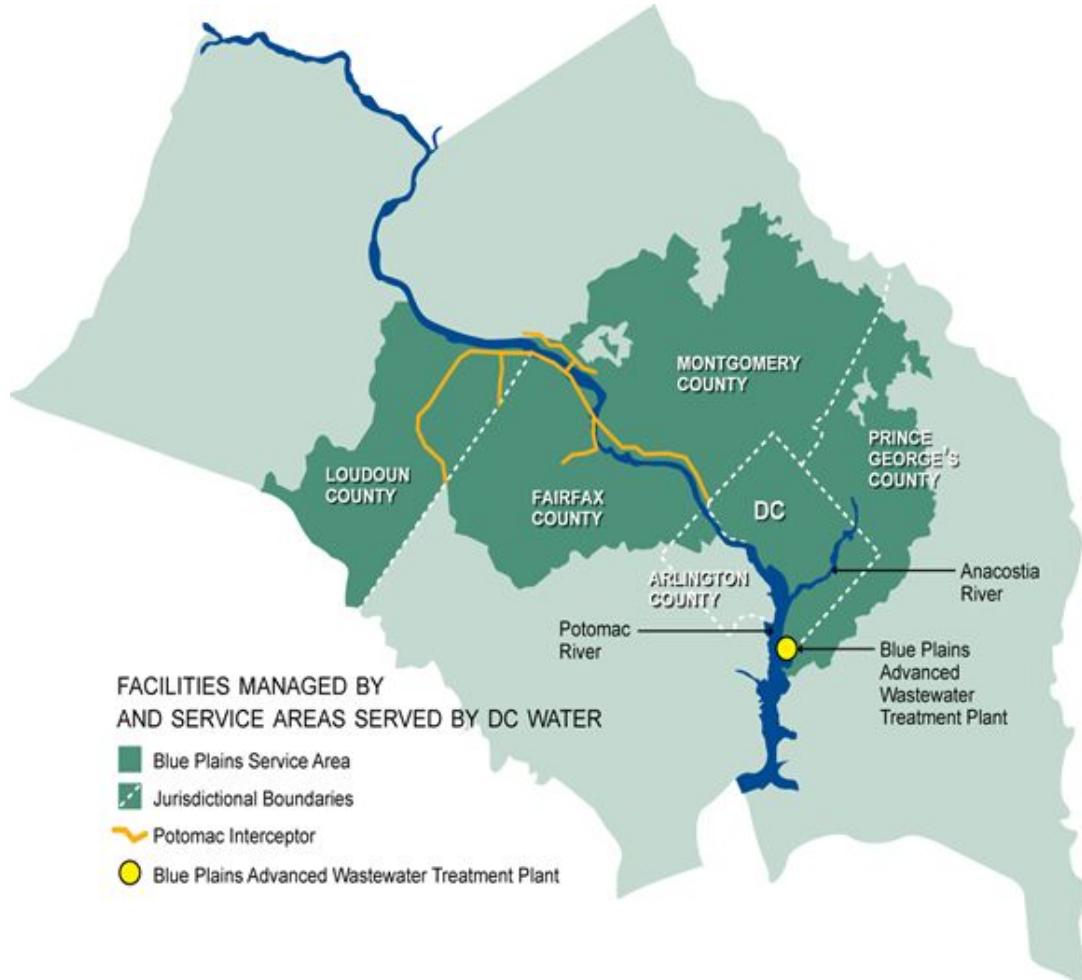
Adopting the NIST Framework and implementing information systems alone will not ensure the Authority and the Water and Wastewater Systems are protected from a cyber-threat. A shift to a higher-level focus on Cyber Resiliency is necessary. The Authority continues to evaluate, implement, and exercise technologies that allow the organization to continue to provide critical water and wastewater services during adverse conditions. Authority staff meets regularly with

technology providers to ensure deployed technology is configured optimally to mitigate disruptions, minimize impacts while maintaining complete situational awareness of the threat landscape. The Authority's success is achieved by institutionalizing the elements of the NIST Framework, information system and Cyber Resilience.

The Authority also has an established network of resources, which it leverages to proactively assess new and evolving risks, including vendors, internal auditors, peer utilities, WaterISAC and government partners. These resources contribute to continuously improving the Authority's capabilities. Finally, the Authority has purchased Cyber Liability and Breach Notification insurance coverage for third party liability and privacy notification expenses resulting from data breaches. Effective June 5, 2025, the Board approved an increase in the total aggregate coverage from \$5 million to \$10 million.

THE SYSTEM

The Authority provides retail water distribution to the District and wastewater treatment, collection and disposal services to the District and certain neighboring counties in Maryland and Virginia. The following section describes the Water and Wastewater Systems of the Authority, including a description of the Aqueduct.



The Wastewater System

Blue Plains Advanced Wastewater Treatment Plant

The Authority operates the Blue Plains Advanced Wastewater Treatment Plant (“Blue Plains”), the largest advanced wastewater treatment facility in the United States. The original wastewater treatment facility at the site of Blue Plains was built in 1938. The original facility provided only primary treatment for up to 130 million gallons per day (“mgd”). Subsequently, there have been several expansions and upgrades. Since 1983, Blue Plains has provided advanced treatment, which includes nutrient removal, filtration and dechlorination. Blue Plains’ capacity is 384 mgd.

Service Area

The Blue Plains service area spans 725 square miles and includes the District (retail service), parts of Arlington, Fairfax and Loudoun Counties, and the Town of Vienna in Virginia, parts of Prince George’s and Montgomery Counties in Maryland, Washington Dulles International Airport and various U.S. Government agencies located in Virginia and

Maryland (wholesale service). The population of the Blue Plains service area totals approximately 2.5 million, consisting of approximately 700,000 residents of the District and 1.8 million residents of the surrounding jurisdictions. In addition, the Authority annually serves approximately [24.6] million visitors to the area and approximately [800,000] workers in the District.

Wholesale Customer Agreements

Intermunicipal Agreements – In 1985, the District signed the Blue Plains Intermunicipal Agreement of 1985 (the “1985 IMA”) with Fairfax County in Virginia, Montgomery and Prince George’s Counties in Maryland and the Washington Suburban Sanitary Commission (the “WSSC”) in order to address wastewater treatment, biosolids management and cost allocation rights, obligations and objectives with respect to Blue Plains. A significant portion of the wastewater collection and all of the wastewater treatment and related biosolids management required by the 1985 IMA was provided by the District at Blue Plains until 1996, when the District created the Authority as an independent authority with regional responsibilities to provide those services through the operation and management of Blue Plains and associated facilities. The District, however, retained and continues to hold title to the real property, appurtenances and fixtures of Blue Plains.

The 1985 IMA was replaced in 2012 by a new Intermunicipal Agreement (the “2012 IMA”), which was negotiated, approved and executed by each of the signatories to the 1985 IMA, in addition to the Authority. The 2012 IMA incorporates provisions and establishes terms relating to: facility location; current and long-range infrastructure planning and development; allocation of wastewater treatment capacity of Blue Plains and associated facilities and related peak flows for the collection system; funding and allocation of the capital costs of wastewater treatment, biosolids management and O&M costs; responsibilities with respect to pretreatment and operational requirements; the process of making future wastewater capacity planning decisions, including load allocations; mechanisms for coordination among the parties; and long-term management of the wastewater treatment and disposal process. Under those terms, the cost of operations and maintenance of Blue Plains are shared among the 2012 IMA signatories on an actual basis, whereas the costs of the capital program of Blue Plains are shared among the 2012 IMA signatories commensurate with their respective capacity allocations, with 45.8% of Blue Plains flow capacity allocated to the District and the remainder to the WSSC (on behalf of Montgomery and Prince George’s Counties) and Fairfax County. The 2012 IMA also establishes the Authority’s right to require the User Jurisdictions to off-load flows to other wastewater treatment plants as necessary to provide the Authority capacity as needed to serve the District’s portion of the service area.

Potomac Interceptor Agreements – Since October 1963, the District has entered into separate, limited allocation agreements with several entities that were tributaries to the Potomac Interceptor sewer as provided by statute. Certain of those agreements remain in effect and include users that did not participate in the IMA as signatories, but are allocated flow capacity under the 2012 IMA in accordance with the original individual agreements they entered into with the District prior to the 1985 IMA. Those entities include the Department of Transportation/Federal Aviation Administration on behalf of Washington Dulles International Airport, the Department of the Navy, the National Park Service, and the Town of Vienna, Virginia, which together account for less than 1% of Blue Plains allocated flow capacity. These Potomac Interceptor agreements provide for the pro-rata recovery, through the District, of the Authority’s costs of constructing, operating and maintaining the Potomac Interceptor sewer and certain major interceptor sewers within the Blue Plains service territory. A separate Potomac Interceptor agreement was executed after the 1985 IMA with the Loudoun County Sanitation Authority and is described below.

Loudoun County Sanitation Authority Agreement – In November 1998, the Authority and the District executed an agreement with the Loudoun County Sanitation Authority (“LCSA”) allocating the right to limited Potomac Interceptor flow capacity to the LCSA, including the treatment and disposal of the associated wastewater at Blue Plains. Consistent with that agreement, the 2012 IMA allocates commensurate Blue Plains flow capacity to the LCSA, although it is also not a signatory to the IMA. The agreement requires LCSA to pay for its share of the Potomac Interceptor and Blue Plains operating and capital costs, following the IMA methodology (i.e., based upon metered flows for operating costs and a pro rata capacity allocation for capital costs).

Wastewater Collection

The wastewater collection system consists of approximately 1,944 miles of sanitary, stormwater and combined sewers, 50,000 manholes, 26,000 catch basins, 22 flow metering stations, nine sewage pumping stations, 16 stormwater pumping stations, twelve miles of tunnels (23-feet in diameter and buried over 100 feet deep), 18 drop shafts, 25 diversion chambers and approximately 230 green infrastructure facilities. The Authority has completed detailed assessments and a

large number of improvements to many of the pumping stations. See “THE SYSTEM – Wastewater Regulation and Permits” below.

Sanitary Sewer System

A sanitary sewer system serves two-thirds of the District’s land area. The system includes 600 miles of interceptor and sewer collection pipes with eight sanitary pumping stations. The typical operation is a gravity flow system with a few pumping stations to pump across higher grades in the District. Since 2007, the Authority has completed a number of upgrades to its sanitary sewer system, which have made the system compliant with new code standards and regulations, and increased the efficiency and effectiveness of several of the system’s pump stations.

Combined Sewer Overflow Wastewater System

Approximately one-third of the District’s land area is served by a combined sewer overflow (“CSO”) wastewater system that combines both stormwater and wastewater in a single conveyance system. Combined sewer systems are common among older cities throughout the United States. The District’s combined sewer system conveys only sanitary flow to Blue Plains during dry weather. During and immediately following periods of heavy rainfall, however, the combined sanitary and stormwater flows frequently exceed the capacity of the combined sewer system and a combination of stormwater and untreated wastewater is discharged through one or more of the 46 potentially active existing CSO outfalls authorized in the Authority’s NPDES Permit. See “THE SYSTEM - Wastewater Regulation and Permits – NPDES Permit” below.

Biosolids Marketing

Blue Plains biosolids processing facilities consist of thermal hydrolysis and anaerobic digestion. These facilities produce approximately 500 tons of biosolids per day (25 truckloads). These biosolids are considered Class A (as defined by EPA) and are currently applied directly to farmland at various sites in Virginia, Maryland, and Pennsylvania with short-term storage being utilized as an alternate method if weather conditions do not allow land application immediately. Because the biosolids are Class A, the Authority has maximum flexibility in its efforts to recycle biosolids produced at Blue Plains. See “CAPITAL IMPROVEMENT PROGRAM – Categories of CIP Projects – Wastewater Treatment Projects.” DC Water markets a fertilizer product, Bloom, made from biosolids to farmers, landscapers, soil blenders and construction firms. DC Water sold 65,000 tons of Bloom in a record year recently, and sales growth continues as we expand our markets. [DC Water treats our biosolids as an asset rather than a liability and in doing so, DC Water generated over \$2 million in revenue and \$12.5 million in savings from fiscal year 2017 to fiscal year 2024 over traditional recycling methods.]*[Add FY25 revenues to these totals]*

Wastewater Regulation and Permits

NPDES Permit. Blue Plains is authorized to discharge treated effluent to the Potomac River through two outfalls (Outfalls 001 and 002) pursuant to an NPDES permit (the “NPDES Permit”) that was reissued to the Authority by the EPA effective August 26, 2018. Discharges through Outfall 002, which consist of sanitary flow and some combined sewer flow from the CSO system during and following rainfall events, receive complete treatment. Combined sewer flows that exceed Blue Plains’ capacity receive partial treatment and are discharged through Outfall 001. The NPDES Permit also authorizes discharges to the Anacostia River, the Potomac River and Rock Creek from the combined sewer system through a total of 46 CSO outfalls and three emergency relief outfalls. The NPDES Permit expired on August 25, 2023. Upon expiration, the terms and conditions automatically continued and remain fully effective and enforceable. On February 13, 2023, DC Water submitted its reissuance permit application to EPA Region 3 and awaits their issuance of the draft NPDES Permit.

The NPDES Permit requires that discharges from the CSO outfalls not exceed those limits necessary to comply with applicable water quality standards under the Clean Water Act, 33 U.S.C. § 1251 *et seq.* (the “Clean Water Act”). The Authority was the first agency to meet the voluntary nutrient reduction goal of the 1987 Chesapeake Bay Agreement. See “– *The Chesapeake Bay Agreements*” below. The NPDES Permit also requires the implementation of a Nine Minimum Controls program (the “NMC Program”), consisting of proper operation and maintenance of the existing collection and treatment system to minimize untreated discharges from the CSO outfalls, as well as the implementation of a CSO Long-Term Control Plan (the “DC Clean Rivers Project”)* designed to control CSO discharges to prevent them from causing or contributing to violations of applicable water quality standards.

* Note that in Official Statements of the Authority prior to 2022 the DC Clean Rivers Project was referred to as the “CSO LTCP”.

The DC Clean Rivers Project is being implemented pursuant to a consent decree among the Authority, the District, and the United States dated March 25, 2005 (the “2005 LTCP Consent Decree”). In 2016, the Authority successfully renegotiated an amendment to the 2005 LTCP Consent Decree that modifies the DC Clean Rivers Project to include green/gray infrastructure in the Potomac Watershed and green infrastructure in the Rock Creek Watershed. According to the amended 2005 LTCP Consent Decree (the “1st Amended Decree”) pursuant to the DC Clean Rivers Project, the Authority will construct 18 miles of tunnels with a combined storage capacity of 201 million gallons, five new tunnels, a low lift pumping station, several diversion structures and sewers to collect CSO overflows, and green infrastructure to control selected CSOs. On December 22, 2020, the parties filed a second amended consent decree (the “2nd Amended Decree”), which amended provisions regarding the Rock Creek Sewershed Projects. The 2nd Amended Decree requires the Authority to achieve the 9.5 million gallons of storage in the CSO 049 sewershed by (i) constructing a 4.2 million gallon storage facility, (ii) constructing at least 92 acres (3 million gallons) of green infrastructure, targeted sewer separation, and downspout disconnections, and (iii) credits 2.3 million gallons of other green infrastructure controlled acres constructed in the CSO 049 sewershed. The 2005 LTCP Consent Decree, as amended by the 2nd Amended Decree, does not have an expiration date.

The DC Clean Rivers Project continues on schedule. [The Fiscal Year 2025 – Fiscal Year 2034 CIP includes approximately \$1.1 billion for the costs of the DC Clean Rivers Project and combined sewer projects.] See “CAPITAL IMPROVEMENT PROGRAM – Categories of CIP Projects – Combined Sewer Overflow Projects.” Effective May 1, 2009, the Authority implemented a rate structure that more equitably allocates the costs of the DC Clean Rivers Project to retail customers based on the impervious surface area on customers’ properties. See “CUSTOMER BASE, RATES AND CHARGES –Components of Retail Rates and Charges – *Clean Rivers Impervious Area Charge*.”

Industrial Pretreatment Program. As with most large wastewater systems, the Authority, under the provisions of the Clean Water Act, operates an industrial pretreatment program to control the discharge into the wastewater system of industrial wastewater containing certain toxins or prohibited pollutants. The Authority regulates 48 “significant industrial users” or “SIUs” as defined by EPA regulations within the Blue Plains service area. Nine SIUs are managed by the Authority, of which 6 of these users are physically located within the District of Columbia. The remaining 39 SIUs are managed by the User Jurisdictions.

Wastewater Consent Decree and Stipulated Agreement and Orders. Upon its creation, the Authority assumed responsibility for compliance with various legal actions taken against the District related to the operation of, and discharges from, Blue Plains, specifically including a judicial Consent Decree issued in 1995 (the “1995 Consent Decree”) and a subsequent Stipulated Agreement and Order (the “1996 Stipulated Agreement and Order”). The Authority is presently in compliance with all of the requirements under each of the 1995 Consent Decree and the 1996 Stipulated Agreement and Order. The EPA Region III has acknowledged satisfaction of these requirements, although the 1995 Consent Decree remains in effect.

The Chesapeake Bay Agreements. In 1987, the Mayor of the District and the Governors of the Commonwealths of Virginia and Pennsylvania and the State of Maryland entered into the 1987 Chesapeake Bay Agreement, committing each jurisdiction to, and subsequently achieving, a 40% reduction of nutrients, such as nitrogen and phosphorus, reaching the main stem of the Chesapeake Bay by the year 2000. Unlike many municipal wastewater treatment facilities that discharge into the Chesapeake Bay, the Authority has historically removed phosphorus and nitrogen. As a supplemental environmental project in settlement of liability for stipulated penalties under the 1995 Consent Decree, the Authority installed a pilot program to test a nitrogen reduction process on one-half of its wastewater, which demonstrated a greater than 40% nitrogen reduction in completely treated effluent. As a result, in 2000, the Authority began operation of full plant scale biological nutrient removal.

In 2000, the parties entered into Chesapeake 2000, a comprehensive agreement to guide further efforts to improve the water quality in the Chesapeake Bay through 2010. In April 2007, the EPA issued a modification to the Authority’s NPDES Permit, reflecting a new total nitrogen effluent limit for Blue Plains, which was developed to match the goals of Chesapeake 2000. In addition to meeting the new effluent limit for total nitrogen, the Authority had existing NPDES Permit requirements for treating wet weather flows at Blue Plains as part of its long-term control plan for the combined sewer system. In October 2007, the Authority submitted to the EPA the Blue Plains Total Nitrogen Removal/Wet Weather Plan (“TN/Wet Weather Plan”), setting forth the Authority’s proposal and schedule to attain the new nitrogen limit and to satisfy its wet weather treatment obligations. The principal TN/Wet Weather systems include the Blue Plains Enhanced Nitrogen Removal Facilities program (“ENRF”), which was designed to achieve advanced effluent treatment with nitrification and denitrification facilities, and the extension of the tunnels system from Poplar Point to Blue Plains, including tunnel dewatering and enhanced clarification facilities at the tunnels system terminus. In September 2008, the

Authority submitted to the EPA a summary report that provided a plan for implementing the wet weather aspects of the TN/Wet Weather Plan. The EPA approved the TN/Wet Weather Plan in July 2010 and incorporated these changes into the amended 2005 LTCP Consent Decree.

The Authority's NPDES Permit, effective September 30, 2010, required the Authority to comply with a new total nitrogen discharge limit at Outfall 002 of 4,377,580 pounds per year by January 1, 2015. The ENRF was completed and began treating the full Blue Plains plant flow in October 2014, satisfying the Authority's obligation to begin compliance by January 1, 2015. See "CAPITAL IMPROVEMENT PROGRAM – Categories of CIP Projects – Wastewater Treatment Projects."

On June 16, 2014, the parties to Chesapeake 2000 and the Governors of the State of Delaware, New York and West Virginia entered into the Chesapeake Watershed Agreement ("2014 Chesapeake Agreement") committing to have in place practices and controls to achieve 60% reduction of nutrients and sediments by 2017. On March 9, 2018, the Authority began operation of all TN/Wet Weather systems, which satisfies the requirements of the 2014 Chesapeake Agreement.

The Authority's current NPDES Permit, effective August 26, 2018, requires the Authority to operate the ENRF to meet the total nitrogen effluent limit at Outfall 002 of not more than 4,370,078 pounds per year which is assigned to Outfall 002. The Authority is in compliance with these requirements.

Air Quality Regulations. The Authority has applied for and received from the DOEE numerous air quality construction and operating permits under Chapter 2 of Title 20 of the District of Columbia Municipal Regulations for several emission sources. The terms of the Chapter 2 air quality permits as well as other applicable requirements relating to air pollution will eventually be incorporated into an air quality operating permit under Chapter 3 of Title 20 of the District of Columbia Municipal Regulations ("Chapter 3 Operating Permit"). The Authority submitted an application to the DOEE for the Chapter 3 Operating Permit in March 2008 and the application was updated in June 2020 to include all new sources.

Future Matters. In addition to continued compliance with its current permits, agreements and regulations described above, in the future, the Authority's wastewater discharges may become subject to additional federal or local requirements. As the EPA or the District promulgate additional regulations, the Authority may be required to modify operations and/or construct facilities beyond those contemplated in the CIP. As an example, on November 23, 2015, the Authority filed a declaratory action in the U.S. District Court for the District of Columbia against the EPA, seeking to correct alleged technical errors in a regulatory action related to the Total Maximum Daily Load ("TMDL") for E. coli. The TMDL, as approved, did not account for the normal day-to-day variability at Blue Plains and, if enforced against the Authority, could have required significant capital improvements at Blue Plains. On January 13, 2017, EPA issued a revised decision rationale, which resolved the issues that the Authority challenged. On March 13, 2017, the parties filed a motion to dismiss the Authority's complaint and the case was closed. However, the EPA's revised decisional rationale was challenged in a separate proceeding filed by the Anacostia Riverkeeper, Inc., Kingman Park Civic Association and Potomac Riverkeeper Network (the "Plaintiffs"). On August 12, 2019, the U.S. District Court for the District of Columbia held that the TMDL for E. coli that DOEE developed and EPA approved (based on its revised decision rationale) did not comply with the Clean Water Act. On August 7, 2020, EPA and DOEE informed Plaintiff's that they had not developed the revised TMDL, and it would take 7-10 years to complete because they plan to first revise the District's water quality standards pursuant to a "use attainability analysis" to remove the current designated use of primary contact recreation in District waters under certain conditions. On December 7, 2020, the Plaintiff's requested the court extend the stay of vacatur to provide more time to work with EPA and DOEE to confer about the new plan. On December 15, 2020, the court granted the motion to stay vacatur until November 7, 2021, which was subsequently extended to May 9, 2022. On July 14, 2022, the court issued an Order further extending the stay of vacatur until December 15, 2024. The court also set forth a schedule of activities and requirements for EPA and DOEE beginning after DOEE submits final water quality standards for E. coli to EPA, requirements to submit status reports every six months beginning August 1, 2022; and requirement to meet with Plaintiffs twice annually. On December 13, 2024, EPA filed an unopposed motion to extend the stay of vacatur. EPA reported that the District of Columbia's plan for developing the replacement E.coli TMDL would not be done until 2032. As a result, EPA proposed disapproving the District's existing TMDL, which would then require EPA to develop the replacement TMDL for the District. EPA calculated it would need an additional 42-month extension of the stay on the court's vacatur, to June 15, 2028. On March 3, 2025, the court issued an Order granting the extension of the stay of vacatur until June 15, 2028 and required EPA to continue to meet with the Plaintiffs and provide status reports to the court every six months. The court also adopted EPA's plan to assume responsibility for developing the revised E. coli TMDL. The

Authority will continue to monitor the development of the replacement TMDL and will advocate, as necessary, on behalf of itself and its rate payers.

The Water System

The Washington Aqueduct

Established in 1852, the Washington Aqueduct Division of the U.S. Army Corps of Engineers (the “USACE”) provides water to the District and parts of Virginia. The USACE owns and operates the Washington Aqueduct (the “Aqueduct”), including its two water treatment plants, raw water conduits, reservoirs, pumping stations and treated water transmission lines.

On January 15, 2026, the Board authorized the Chief Executive Officer and General Manager to negotiate with the federal executive and legislative branches regarding the terms and conditions for the purchase of the Aqueduct. A final agreement to purchase the Aqueduct would remain subject to the Board’s final approval and any other requirements set forth in the Authority’s enabling legislation. While this section describes the current arrangements between the Authority and USACE with respect to the Aqueduct, the Aqueduct’s capital improvement plan, and the costs and responsibilities for water distribution and water treatment, all such arrangements are subject to change in the event the Authority purchases the Aqueduct.

The Aqueduct facilities supply treated water to distribution systems of the Authority, Arlington County, Fairfax County Water Authority (“FCWA”) (collectively, the “Aqueduct Customers”), the federal government, and other parts of northern Virginia. In January 2014, FCWA assumed ownership and operation of the water distribution system previously owned and operated by the City of Falls Church. The Authority is responsible for distributing and managing the treated water to the District and several other governmental customers outside the District. The Authority purchases approximately 73% of the finished water produced by the Aqueduct, and Arlington County and the FCWA purchase the remainder. The Authority’s share of the water purchased from the Aqueduct in the last ten Fiscal Years is set forth in Table 3. For a discussion regarding the reduction in consumption and customer demand, see “CUSTOMER BASE, RATES AND CHARGES – Customer Demand.”

Table 3. Historical Water Demand

Fiscal Year ended September 30	Annual Deliveries to System (MG)	Average Day (MGD)	Max Day (MGD)
2016	36,363	99.4	127.7
2017	35,827	98.2	122.7
2018	34,343	94.1	132.5
2019	35,189	96.4	133.3
2020	33,639	91.9	123.4
2021	34,719	95.1	124.2
2022	34,763	95.2	115.0
2023	34,448	94.4	122.1
2024	36,781	100.5	137.2
2025	36,758	100.7	126.3

Source: Authority records.

The Aqueduct draws water from the Potomac River, which is the predominant source of water in the District and the User Jurisdictions. As a result of the Potomac River’s importance for maintaining adequate water supply, the Interstate Commission on the Potomac River Basin (“ICPRB”) and the Metropolitan Washington Council of Governments (“COG”), have maintained a drought plan since 1978, through which the Potomac River’s water supply is supplemented by a 23.5 billion gallon reserve that is stored at three separate off-river reservoirs. Due to the maintenance of this strategic reserve, the ICPRB has been able to effectively manage drought conditions and effectively allocate water resources during drought events.

The federal Safe Drinking Water Act Amendments of 1996 authorized the Secretary of the Army with the consent of the Authority, the City of Falls Church and Arlington County to either establish a non-federal public or private utility to receive title to operate, maintain and manage the Aqueduct or to allow the USACE to remain as owner and operator with

the Authority, the City of Falls Church and Arlington County having some input into strategic operations, direction, operations and capital improvement of the Aqueduct. In May 1998, the Authority, the City of Falls Church, Arlington County and the USACE executed a Memorandum of Understanding that the USACE would continue to own and operate the Aqueduct facilities. In December 2013, the Authority, FCWA, Arlington County and the USACE executed a revised Memorandum of Understanding to include the FCWA as the successor in interest to the City of Falls Church.

The Aqueduct has developed a capital improvement program, including improvements to the Dalecarlia and McMillan Water Treatment Plants (each a “WTP”), raw water conduits, pumping stations and reservoirs. [Over the next ten years, the Authority estimates that its share of the cost of the Aqueduct capital improvements will be \$501 million, which is accounted for in the CIP.] See “CAPITAL IMPROVEMENT PROGRAM – Categories of CIP Projects – Washington Aqueduct Projects.”

Water Sales Agreement

Pursuant to a Water Sales Agreement, dated as of July 31, 1997, by and between the Authority and the USACE (the “Water Sales Agreement”), the USACE sells and furnishes to the Authority all of the finished water that the Authority requires for the operation of the Water System to the extent that the USACE has water and facilities available at the Aqueduct. In accordance with the Water Sales Agreement, the Authority is obligated to make monthly payments into an escrow account to be used by the USACE to cover the Authority’s pro rata share, based on its consumption of water, of the costs of the operation and capital improvement of the Aqueduct. The Authority currently contributes approximately 73% of capital and operating expenditures of the Aqueduct. The Water Sales Agreement remains in effect but may be terminated by either party giving the other party not less than six months’ prior written notice.

Water Supply

The Aqueduct obtains its water supply from two Potomac River intakes at Great Falls and Little Falls. Two other regional water suppliers, FCWA and WSSC, also obtain water from the same area of the Potomac River for processing at their drinking water treatment facilities. Water for the Authority is withdrawn at the Great Falls intake and flows by gravity through two nine-mile conduits to the Dalecarlia Reservoir. Water may also be withdrawn from the Little Falls intake and pumped to the Dalecarlia Reservoir. The Dalecarlia Reservoir acts as a presedimentation basin for water drawn into the Dalecarlia WTP and for water diverted to the Georgetown Reservoir for subsequent treatment at the McMillan WTP.

In 1978, the United States, the District, the State of Maryland, the Commonwealth of Virginia and the FCWA entered into a Low Flow Allocation Agreement to provide a basis for allocation of resources during severe drought conditions and outline procedures to be followed in such circumstances. Water supply reservoirs developed on Little Seneca Creek and the north branch of the Potomac River are designed to augment the natural flow of the Potomac River during low flow conditions and ensure that the Washington metropolitan area will have sufficient water for years to come.

Raw Water Supply Agreements

A series of agreements ensures the continuous adequate supply of water to the Aqueduct’s and the Authority’s customers. The following are the Authority’s raw water supply agreements:

The Savage Reservoir Maintenance and Operation Cost Sharing Agreement was executed in June 1982. Pursuant to the laws of the State of Maryland, the Upper Potomac River District contracted with the District, WSSC, FCWA and Allegheny County, Maryland, to share the operation, maintenance, repair and replacement costs of the Savage Reservoir project located in western Maryland. This agreement provides for releases from Savage Reservoir that mix with, and thereby reduce, the acidic nature of the Jennings Randolph Lake waters. The Savage Reservoir cost-sharing agreement was incorporated by reference into the Water Supply Coordination Agreement described below.

The Little Seneca Lake Cost Sharing Agreement was executed in July 1982 by and among the District, WSSC and FCWA to construct a dam and reservoir to provide an adequate supply of potable water continuing into the current century. This agreement calls for WSSC to finance, construct, operate and maintain Little Seneca Lake. The Authority’s share of the project and operating and maintenance costs under the agreement is 40%. The Little Seneca Lake Cost Sharing Agreement was incorporated by reference into the Water Supply Coordination Agreement described below.

The Water Supply Coordination Agreement was executed in July 1982 by and among WSSC, FCWA and the Aqueduct to provide for the coordinated operation of its water supply sources and cooperative regional management of the water supply system and the cost-sharing arrangement for any water supply projects for the Washington metropolitan area, if and when they are needed.

The Novation and Future Water Supply Storage Agreement was executed in July 1982, by and among the United States, the Maryland Potomac Water Authority, WSSC, FCWA and the District, to provide for initial water supply storage in the Jennings Randolph Lake reservoir of approximately two billion gallons. The Novation and Future Water Supply Storage Agreement increased the amount of water supply storage to 13.4 billion gallons, or 32% of the reservoir's total storage. Of the remaining reservoir storage 40% is designated for water quality and 28% for flood control.

Water Treatment and Storage

The Authority receives finished water from the Dalecarlia and McMillan WTPs. The original Dalecarlia WTP was completed in 1928 and underwent major expansion and improvements in 1964. The McMillan WTP was constructed in 1985 on the site of the original 1905 plant. The design capacity of the Dalecarlia and McMillan WTPs was based on population growth and water use projections that are greater than have been realized to date. The total treatment capacity of the plants of 384 mgd currently exceeds the day-to-day demands and peak requirements of their respective service areas.

Finished water from the Dalecarlia WTP and McMillan WTPs is pumped by the Dalecarlia Pumping Station and Bryant Street Pumping Station, respectively, to the water distribution system. Each treatment plant has large clearwells that provide the last stage of disinfection (Dalecarlia's has 44.5 million gallons and McMillan's has 33 million gallons). The Authority operates three additional pump stations (Fort Reno Pump Station, Alaska Pump Station, and Anacostia Pump Station), four underground reservoirs (Brentwood, Soldiers' Home, Fort Reno Reservoir No. 1, and Fort Stanton Reservoir No. 1), and three elevated tanks (St. Elizabeth's Elevated Tank, Good Hope Elevated Tank and Boulevard Elevated Tank). The combined storage of the Authority's reservoirs and tanks is 53 million gallons. The Aqueduct owns and operates three reservoirs (Foxhall, Van Ness and Fort Reno Reservoir No. 2) with a combined storage of 49 million gallons that serve the Aqueduct's Customers' distribution systems. Flexibility in the distribution system is provided in that Dalecarlia and Bryant Street Pump Station each can pump to the reservoirs in the distribution system as circumstances warrant.

Sold vs. Pumped Ratio

The Authority regularly monitors the ratio of water billed to customers (sold water) versus water it purchases from the Aqueduct (pumped water). Unlike many other water utilities, the Authority does not adjust this ratio for water used in normal system activities, such as firefighting and system maintenance, including flushing of water mains and hydrant testing.

The sold versus pumped ratio declined from 70.87% in 2024 to 67.17% in 2025. Water sales figures are derived from the operating budget of the Authority and may not be consistent with the audited financial statements for each year. The cost of unbilled water is not substantial relative to total annual expenses of the Authority.

Water System Regulation and Permits

Drinking Water Quality

The water operations of the Aqueduct and the Authority are subject to the requirements of the federal Safe Drinking Water Act of 1974, 42 U.S.C. § 300f et. seq., as amended in 1986 and 1996 by Congress. The 1986 amendments to the Safe Drinking Water Act extended the regulatory agenda of the EPA to include, among other things, the development of drinking water standards for contaminants.

The Aqueduct and the Authority are in compliance with all physical, chemical, radiological and bacteriological standards established by the regulations currently in effect under the Safe Drinking Water Act and are studying the potential impacts of proposed rules as well as those still under development by the EPA. As the EPA promulgates additional regulations, there is a potential that the Aqueduct or the Authority will be required to modify operations and/or construct facilities beyond those contemplated by the CIP. The Aqueduct and the Authority management believe, however, that planned capital projects should address all current regulatory requirements.

NPDES Permit and Water Treatment System Sediments

Until April 2003, during high flow periods, the Aqueduct discharged river sediments that are removed during the treatment process in the Potomac River. The NPDES Permit issued in March 2003 included discharge limitations on sediments. The Aqueduct entered into a Federal Facilities Compliance Agreement ("FFCA") with EPA Region III, which provides a legally mandated plan and an enforceable compliance schedule for achieving the effluent discharge limitations in the NPDES Permit. The Aqueduct evaluated various options for residuals collection, conveyance, processing and disposal and selected a process which dewatered the residuals on site and transports them off-site for disposal. Construction on this project commenced in Fiscal Year 2008, and it was completed and placed into service on November 22, 2012 at a

cost to the Authority of \$98.6 million. See “CAPITAL IMPROVEMENT PROGRAM – Categories of CIP Projects – Washington Aqueduct Projects.”

Aqueduct Discharge

The Aqueduct approached the Authority in 2016 regarding the possibility of sending filter backwash to Blue Plains to meet the USEPA’s Filter Backwash Rule. The Authority agreed to accept the discharge at a nominal rate that would recover the costs of conveyance, treatment and disposal. The filter backwash has relatively weak waste characteristics; the Authority anticipates no significant impact on treatment and disposal expenses. All discharges will be interruptible during wet weather events and moderated through use of an equalization basin.

The Authority authorized Raftelis to study the cost of handling the discharge. Based on the results of that study, a new Backwash Rate was proposed beginning in Fiscal Year 2022. The Rate has been increased since then and reflects a cost of service-based approach that is consistent in methodology with Board Rate-Setting Policy and with all existing retail rates.

Lead Levels

Pursuant to the Safe Drinking Water Act, the Lead and Copper Rule promulgated in 1991 by the EPA (the “Lead and Copper Rule”) establishes maximum contaminant level goals and action levels for lead and copper. Large water suppliers, such as the Authority, are required to perform periodic monitoring and optimize corrosion control of water so as to minimize leaching of lead and copper contaminants into drinking water. If more than 10% of the tap water samples contain lead above the “action level” of 15 micrograms per liter, the water supplier is required to perform public education and to optimize the corrosion control treatment. If, after optimal corrosion control treatment has been implemented, the lead level in water at the tap continues to exceed the action level, the supplier must annually replace 7% of existing lead service lines that it owns. Alternatively, the water supplier may demonstrate through testing that individual lead service lines that it owns do not have lead levels above the action level (called “sampling in lieu of replacement”). The supplier may perform a combination of these two actions to attain the 7% annual replacement level. In the District, property owners own the lead service lines.

In August 2002, the Authority reported to EPA Region III that results for the sampling period from July 2001 to June 2002 demonstrated lead levels in excess of the threshold for action established by the Lead and Copper Rule. Elevated lead levels were believed to be linked to changes in the Aqueduct’s water treatment methods. In November 2000, the Aqueduct had switched from free chlorine to chloramines disinfection to reduce the concentration of disinfection byproducts under the federal Disinfectant Byproducts Rule. Elevated lead levels began appearing within a year of the chlorine/chloramines switchover.

In February 2004, EPA Region III commenced an audit of the Authority’s compliance with the Lead and Copper Rule and found noncompliance with regard to sampling, monitoring, public notification and reporting requirements. In an Administrative Order dated June 17, 2004, as supplemented on January 14, 2005, and amended on June 8, 2005 (collectively, the “Administrative Order”), EPA Region III and the Authority agreed to remedies for the issues identified by the compliance audit. The Authority and the Aqueduct undertook appropriate measures to implement corrosion control treatment. Lead levels have consistently been below the action level since 2005 and the Authority is no longer subject to the Administrative Order from EPA Region III.

Pursuant to a Consent Agreement and Final Order (“CAFO”) executed on May 2, 2007, the Authority agreed to pay a civil penalty in the amount of \$10,000 to EPA Region III for certain alleged reporting violations of the Lead and Copper Rule. The CAFO resolved all of the civil claims in connection with these allegations. EPA Region III and the DOJ also conducted an investigation to determine whether any criminal violations occurred in connection with the Annual Report on lead service line replacement Program the Authority filed with EPA Region III in October 2003 and the two different methods the Authority used to test lead levels. In October 2008, EPA Region III and the DOJ informed the Authority that it would take no adverse action against the Authority, thereby resolving all criminal claims against the Authority in connection with this matter.

In addition to the measures undertaken by the Authority pursuant to the Administrative Order, in 2004 the Authority commenced a voluntary lead service line replacement program, even though not legally required to do so under the Lead and Copper Rule. In order to reduce adverse impacts and costs to ratepayers, lead service line replacement construction work was performed in conjunction with sewer laterals, small valves and water main repair work, and the replacement of broken or defective hydrants. However, this resulted in a large number of partial lead service line replacements because many property owners declined to replace the lead service line on their private property. In 2008,

in response to research indicating that partial lead service line replacements are not effective in reducing lead levels, the Authority discontinued its accelerated replacement program. In September 2009, the Board approved modifications of the Authority's lead service line replacement policy to encourage full service line replacements and to manage costs. Under the modified policy, public lead service lines (between the main and the property line) will continue to be replaced with copper pipes in conjunction with: (i) the Authority's water main replacement projects when the Authority must replace the water service pipe to connect to a new water main, and (ii) when the customer replaces the private portion of lead service lines and requests that the Authority replace the public portion of the lead service line.

In December 2010, the CDC published a study of the District's water supply conducted from 1998 to 2006, which concluded that children living in the District were exposed to high levels of lead despite an attempt to prevent the water from being contaminated by partial lead service line replacements. The 2010 CDC Study confirms information the Authority received in previous years which led the Authority in 2008 to discontinue the partial lead service line replacements. Partial line replacements can cause agitation that temporarily releases lead into the home, which can cause a temporary spike in lead levels. As described above, the Authority modified its lead service line replacement program in 2009 and continues its efforts to address lead in drinking water by: (i) monitoring household lead levels to ensure drinking water is in compliance with the EPA drinking water standards, (ii) conducting research on household plumbing characteristics, (iii) offering free lead testing, (iv) recommending full lead service line replacements on public and private property, (v) providing free water filters and lead testing following a full or partial lead service line replacement, (vi) recommending that pregnant women and children under the age six should use filtered tap water for drinking and cooking until all sources of lead impacting water are removed, and (vii) participating in coordinated District interagency meetings and responses to lead in water issues.

The Lead Water Service Line Replacement and Disclosure Amendment Act of 2018, D.C. Law 22-241, effective March 13, 2019 and as amended by D.C. Law 23-229 effective March 16, 2021 (the "Line Replacement Act"), established new programs to fund the replacement of the lead service lines on private property. The Authority is strictly limited, however, from replacing only a portion of a lead water service line that is on public property and must conduct full replacements, unless the property owner does not consent to the replacement or is required to perform the replacement pursuant to the federal Lead and Copper Rule.

The EPA promulgated the Lead and Copper Rule Revisions on January 15, 2021. EPA followed with revisions on December 30, 2024 with the Lead and Copper Rule Improvements ("LCRI"). These revisions lowered the 90th percentile tap water lead action level from 15 to 10 micrograms per liter and modified the sampling protocol that will take effect in 2028. DC Water's LCR lead compliance results from 2024 and the first half of 2025 ranged from 1-2 micrograms per liter. The LCRI will add additional samples to the compliance calculation and based on past data, the 90th percentile ranged from 3-5 micrograms per liter.

The LCRI requires DC Water to undertake a 10-year program to replace all lead and galvanized service lines under DC Water's control, including service lines with unknown material, beginning in 2027. [While the estimated cost of the lead service line replacement program in the CIP is \$1.1 billion over the next 10 years, from Fiscal Year 2025 to Fiscal Year 2034, the Authority estimates a total program cost, including expenditures that will occur following the ten-year fiscal period to the EPA's LCRI deadline of 2037, of \$1.8 billion.]

The Lead Free DC Initiative (LFDC) is working to replace approximately 42,000 lead and galvanized service lines with copper service lines across the District. This effort follows a data-driven approach to systematically identify high-priority areas for replacement, with a particular focus on communities most affected by lead exposure—especially children, who are at higher risk for health complications.

LFDC determines priority areas based on several key factors:

- The presence of vulnerable populations, including children and expecting families, who face the greatest health risks from lead exposure.
- Locations where lead service lines are more prevalent, increasing the likelihood of lead exposure.
- The number of critical facilities in the area, such as schools and child development centers.

Additionally, DC Water aligns pipe replacements with other infrastructure projects, like water main upgrades, to reduce disruptions and avoid multiple projects affecting the same community.

[The Authority estimates the cost of the lead service line replacement program in the CIP at \$1.04 billion over the next 10 years to remove lead and brass service lines.] In addition, the CIP assumes that private side costs of

approximately \$[237] million will be paid for with outside sources, including funds from the District of Columbia and from Infrastructure Investment and Jobs Act (IIJA). See “CAPITAL IMPROVEMENT PROGRAM – Categories of CIP Projects – Water Projects.”

PFAS (Forever Chemicals)

Per-and polyfluoroalkyl substances (PFAS), also known as Forever Chemicals, are manufactured chemicals that have been used in industry and consumer products since the 1940s. There are thousands of different PFAS, some of which have been more widely used and studied than others. Some PFAS are used in consumer products to create non-stick and water-resistant surfaces, and others are also found in firefighting foams and industrial processes. Certain PFAS can cause serious health problems if humans are exposed to them over a long period of time or at certain critical life stages including pregnancy and early childhood.

On April 10, 2024, the EPA issued a final rule setting maximum contaminant levels for two chemicals—Perfluorooctanoic acid (PFOA) and Perfluorooctanesulfonic acid (PFOS) and a combination of four others where the maximum contaminant level is a Hazard Index. Public water systems, including the Authority, have five years to address PFAS problems, if any – three years to sample their systems and establish the existing levels of PFAS, and an additional two years to install water treatment technologies if their levels are too high. On May 14, 2025, EPA announced the agency will keep the current National Primary Drinking Water Regulations (NPDWR) for PFOA and PFOS. As part of this action, EPA also announced its intent to extend the PFOA and PFOS Maximum Contaminant Level compliance deadlines and establish a federal exemption framework. Additionally, EPA announced its intent to rescind the regulations and reconsider the regulatory determinations for PFHxS, PFNA, HFPO-DA (commonly known as GenX), and the Hazard Index mixture of these three PFAS plus PFBS to ensure the determinations and any resulting drinking water regulation follow the Safe Drinking Water Act process.

The Washington Aqueduct began testing for PFAS using sensitive methods that can detect to 2 parts per trillion (ppt) in 2023. The EPA’s maximum contaminant levels for the Perfluorooctanoic acid (PFOA) and Perfluorooctanesulfonic (PFOS) are 4.0 ppt based on a running annual average from each treatment plant. As of September 2025, the running annual averages ranged from 0 to 0.6 ppt for PFOA and 0.8 to 2.4 ppt for PFOS. The Hazard Indices were 0 ppt for all sampling events and the maximum contaminant level for the index is 1 ppt.

The Authority is in the process of examining the scope and potential costs of its obligations under the new rule, which may necessitate significant new capital improvement as well as operating expenditures. As owner of the Aqueduct, USACE would be responsible for implementing any required mitigation measures subject to the Authority’s approval. Should the Authority purchase the Aqueduct, however, it may be responsible for the costs of future mitigation measures.

Protection of the Water System and Wastewater System

In 2000, the Authority developed and implemented an extensive security program in conjunction with the District’s Metropolitan Police Department and various federal agencies, including the Federal Bureau of Investigation and the Bureau of Alcohol, Tobacco and Firearms (the “2000 Security Program”). After the events of September 11, 2001, and in response to certain provisions of the Bioterrorism Act of 2002 and amendments to the Safe Drinking Water Act pertaining to security for community water systems, the Authority implemented additional security measures beyond the 2000 Security Program.

The Aqueduct and each of the Aqueduct Customers have independent obligations under law to protect the community water systems they operate. Both the Authority and the Aqueduct completed studies of Water System vulnerability using the Sandia National Laboratories RAM-W methodology. The vulnerability reports were submitted to EPA Region III in March 2003 to fulfill the Bioterrorism Act requirement for a vulnerability assessment.

Blue Plains and the primary water and wastewater distribution facilities it operates are fenced, gated and manned 24 hours a day by security officers. Major security technology video surveillance, intrusion alarm monitoring, and access control management system upgrades are utilized, with significant security technology upgrades in progress at several facilities and properties. The secondary distribution facilities are monitored by vehicular security patrols as well as some security technologies. The Authority also employs cameras and other monitoring equipment at these facilities.

Access to facilities operated by the Aqueduct is also controlled, and the Aqueduct has increased security at both staffed and remotely operated facilities. In conformance with the requirements of the Safe Drinking Water Act, the Aqueduct contracted with the Interstate Commission on the Potomac River Basin to develop a source water assessment and monitoring program. The program was implemented in 2002. In 2003, the Aqueduct together with the Fairfax County Water Authority and the WSSC founded the Potomac River Drinking Water Source Protection Partnership to further the

goals of watershed protection. In 2014, the Aqueduct and the Authority collaborated with the Metropolitan Washington Council of Governments to pilot a web-based regional source water assessment tool (“WaterSuite”) building on the static 2002 assessment prepared by the Interstate Commission on the Potomac River Basin. The WaterSuite tool emphasizes chemicals stored throughout the watershed and draws upon federal, state, and local databases for insights into potential chemical contaminants. The physical security of the Aqueduct facilities that (i) collect water from the Potomac River, (ii) process the water to Safe Drinking Water Act standards, and (iii) deliver the water into the Authority’s distribution system are all maintained via a wide variety of means including gated facilities, armed guards, video surveillance, and employee protocols. All Aqueduct employees have current federal background investigations that are required for their employment. The electronic business records of the Aqueduct are handled on systems accredited by the Department of Defense to give a high assurance of control over unauthorized intrusion. The industrial control systems that function to control treatment plant processes and data transfer operate in a contained environment (i.e., no connection to the Internet). These systems are also accredited by Department of Defense and Department of the Army agencies and are constantly monitored for possible compromise.

For information regarding the cyber security measures taken to protect the Authority and the Water and Waste Water Systems, see “THE AUTHORITY – Risks from Unexpected Events – Ensure a Safe and Reliable Computing Environment.”

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CAPITAL IMPROVEMENT PROGRAM

General

The Authority utilizes an annually adopted ten-year Capital Improvement Program to plan and manage the capital investments necessary to fulfill its service missions, comply with regulatory requirements and preserve and upgrade its Water and Wastewater Systems. The Authority updates the CIP annually in conjunction with its budget process, based on detailed project review by engineering staff, external engineering consultants retained by the Authority and senior management.

The Authority evaluates and prioritizes capital projects based on specific criteria. These criteria are fundamental in developing a CIP based on demonstrated needs and are set forth in Table 4 and described below.

Table 4. Capital Improvement Program Criteria
(\$ in thousands)¹

Fiscal Year	Mandates ²	Health and Safety ³	Board Policy ⁴	Potential Failure ⁵	High Profile Good Neighbor ⁶	Good Engineering		Good Engineering / Lower Payback ⁸	Total
						/ High Payback ⁷	/ Lower Payback ⁸		
FY 2026	\$ 225,415	\$ 7,336	\$ 135,349	\$ 48,773	\$ 3,674	\$ 257,212	\$ 99,027	\$ 776,787	
FY 2027	279,237	22,993	207,924	81,586	19,587	279,015	181,911	1,072,251	
FY 2028	286,251	23,030	211,477	144,022	30,339	237,550	234,314	1,166,983	
FY 2029	246,763	15,686	207,479	122,535	35,153	243,977	205,852	1,077,446	
FY 2030	75,192	11,238	209,403	137,515	26,896	317,707	227,645	1,005,595	
FY 2031	34,630	18,475	159,094	69,783	45,998	359,147	233,367	920,494	
FY 2032	-	17,550	157,959	68,356	23,715	395,870	237,932	901,382	
FY 2033	-	17,355	171,416	107,676	11,615	374,335	241,582	923,979	
FY 2034	-	17,355	181,052	189,810	3,560	362,847	237,600	992,224	
FY 2035	-	7,275	221,272	131,230	3,072	284,680	205,612	853,141	
Total	\$ 1,147,487	\$ 158,293	\$ 1,862,425	\$ 1,101,285	\$ 203,609	\$ 3,112,341	\$ 2,104,840	\$ 9,690,281	
% of Total	12%	2%	19%	11%	2%	32%	22%		

¹ Column and row totals may not add due to rounding.

² Agreements, regulatory standards, court orders, issues and permits requirements, stipulated agreements, etc.

³ Projects required to address public safety.

⁴ Projects undertaken as a result of the Board's commitments to outside agencies.

⁵ Projects related to facilities in danger of failing or critical to meeting permit requirements.

⁶ Projects that address public concerns.

⁷ Projects that are necessary to fulfill mission and upgrade facilities.

⁸ Lower priority projects.

Source: Authority records.

Since its establishment in 1996 through September 30, 2025, the Authority has expended approximately \$9.50 billion, on a cash disbursement basis, for capital improvement projects, including \$1.65 billion for Water System infrastructure projects, \$2.91 billion for projects at Blue Plains, \$754.5 million for sanitary sewer projects, \$3.00 billion for the DC Clean Rivers Project and combined sewer projects, \$68.2 million for stormwater projects, \$144.6 million for non-process facilities, \$474.34 million for projects at the Aqueduct, \$387.7 million for capital equipment and \$116.0 million for meter replacement/Automated Meter Reading ("AMR") projects.

The Authority estimates the cost of the Fiscal Year 2026 - 2035 CIP at \$9.68 billion on a cash disbursement basis, including approximately \$2.78 billion for Water System infrastructure projects, \$1.59 billion for wastewater treatment projects at Blue Plains, \$2.70 billion for sanitary sewer projects, \$1.31 billion for the DC Clean Rivers Project and combined sewer projects (Combined Sewer LTCP), \$127.4 million for stormwater projects, \$243.4 million for non-process facilities, \$514 million for Washington Aqueduct Division projects, \$379 million for capital equipment and \$36.13 million for meter replacement/AMR projects. The Fiscal Year 2026 - 2035 CIP is part of the Proposed Financial Plan and remains subject to Board approval.

An overview of the CIP project categories and the sources of funding is set forth in Table 5. Every large water and wastewater utility provider encounters differences in planned versus actual capital spending due to a variety of factors that impact the lifetime and cash flow of each capital improvement project. The figures shown in Table 4 reflect the total planned CIP amounts by capital category and by year, as approved by the Board.

The Authority has estimated the differences between planned and projected actual construction cash flow in each year. The projected actual construction cash flow in each year assumes that mandated spending, such as what is needed for the Long-Term Control Plan will occur 100% at planned levels while spending for most project categories will be at 90% of the amounts shown in the planned CIP. The “Capital Improvement Plan Crosswalk” section of Table 5 shows the total planned CIP amounts from Table 4, less the calculated difference in each year, with the result being the projected actual capital spending by year. Multiple sources of funds will be used to pay for the projected actual capital spending by year as shown in Table 5.

Table 5. Fiscal Year 2026-2035 Capital Improvement Program
Sources and Uses of Capital Funds
Fiscal Years ended/ending September 30
(\$ in thousands)^{1,2,3}

	Capital Improvement Plan Crosswalk											Total (2026-35)
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035		
	776,787	1,072,251	1,166,983	1,077,446	1,005,595	920,494	901,382	923,979	992,224	853,141	9,690,281	
Total Capital Improvement Plan												
Spend Rate Assumption Reduction ⁴												
CIP Assumed in Financial Plan												
	Projected											
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total (2026-35)
Beginning Balance (A.)	238,907	411,766	96,773	121,467	107,950	102,803	102,075	102,109	97,914	101,832	101,798	411,766
Sources of Funds												
Proceeds from Revenue Bonds	325,000	0	476,243	514,235	448,493	332,078	337,397	306,264	293,182	287,696	282,151	3,277,739
Proceeds from WIFIA Loan	25,673	26,000	26,081	0	0	0	0	0	0	0	0	52,081
Environmental Impact Bond Proceeds	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from CP/EMCP/Treasury Notes/Digesters Financing Option	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from CP/EMCP/Treasury Notes												
Pay-off	0	0	0	0	0	0	0	0	0	0	0	0
Capital Equipment Financing	0	0	0	0	0	0	0	0	0	0	0	0
Curing Pad and Solar	0	30	29	87	2,855	1,824	1,044	1,012	1,032	996	944	9,853
System Availability Fee	3,516	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	57,000
Transfer from Operations - CRIAC	60,977	69,711	63,750	73,261	84,286	90,946	93,219	62,623	62,624	62,624	61,136	724,180
Transfer from Operations	213,564	199,302	250,529	212,848	216,652	219,781	221,948	242,330	258,339	267,095	265,679	2,354,503
Federal Grants - Infrastructure Funding	26,207	45,664	54,000	53,111	53,111	53,111	24,053	16,673	8,336	0	0	308,059
EPA Grants/FEMA Grants/DC Reimbursement	23,690	20,099	13,709	15,066	14,071	7,000	7,000	7,000	7,000	7,000	7,000	104,946
CSO Grants	8,087	0	0	0	0	0	0	0	0	0	0	0
Wholesale Customer Capital Contributions	68,830	119,438	166,497	222,655	200,742	238,938	181,579	205,982	239,823	302,560	182,376	2,060,590
Interest Income	1,460	5,850	2,385	9,949	2,803	2,075	2,109	1,914	1,832	1,798	1,763	32,480
Total Sources of Funds (B.)	757,004	491,794	1,058,923	1,106,912	1,028,713	951,453	874,049	849,499	877,869	935,469	806,750	8,981,431
Uses of Funds												
Water Projects	190,303	186,757	247,103	256,794	272,343	281,112	241,788	232,734	258,881	269,596	276,621	2,523,728
Blue Plains Projects	64,766	83,199	114,783	136,498	124,503	147,965	155,206	178,608	166,270	175,221	161,111	1,443,363
Sanitary Sewer Projects	109,368	155,371	207,641	240,144	200,912	270,590	259,552	265,723	279,950	324,041	239,025	2,442,950
Combined Sewer Projects	3,385	11,047	31,779	35,442	17,484	19,225	7,984	11,098	10,000	11,000	11,000	166,059
Combined Sewer LTCP (Clean Rivers Project)	161,739	226,435	279,237	286,251	246,763	75,192	34,630	0	0	0	0	1,148,507
Stormwater Projects	7,427	16,550	13,266	16,367	25,057	26,287	11,629	2,086	2,025	1,889	1,182	116,338
Non-Process Facilities	5,186	15,467	29,404	39,182	39,463	24,771	20,129	20,049	13,124	9,738	9,273	220,599
Washington Aqueduct Projects	22,060	49,480	35,770	35,770	35,770	71,540	71,540	71,540	71,540	35,770	514,490	
Capital Equipment	19,511	29,401	39,664	38,398	37,681	38,269	38,558	38,855	39,162	39,478	39,803	379,268
Meter Replacement/AMR/CIS/ERP	399	3,080	5,583	5,583	3,883	3,000	3,000	3,000	3,000	3,000	3,000	36,130
Total Uses of Funds (C.)	584,145	776,787	1,004,230	1,090,429	1,003,859	922,181	844,015	823,693	843,951	905,503	776,784	8,991,433
Sources Minus Uses (D.=B.-C.)	172,859	(284,993)	54,694	16,483	24,854	29,272	30,034	25,805	33,918	29,966	29,966	(10,002)
Capital Contingency Reserve for LTCP (E.)	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Use Capital Contingency Reserve for LTCP (F.)	0	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(300,000)
Sources Minus Uses Net of Reserve (G.=D.-E.+F.)	142,859	(344,993)	(5,306)	(43,517)	(35,146)	(30,728)	(29,966)	(34,195)	(26,082)	(30,034)	(30,034)	(340,002)
Ending Balance (H.=A.+D.+F.)	411,766	96,773	121,467	107,950	102,803	102,075	102,109	97,914	101,832	101,798	101,764	101,764

¹ DC Water sets aside capital cash on hand from the above sources to serve as a contingency for the Clean Rivers Project. The Ending Balance shown above in each year is inclusive of these funds.

² Totals may not add due to rounding.

³ Preliminary results, unaudited.

⁴ From FY2027-FY2036, capital items have been reduced by 10% to account for expected spending realities; excludes Combined Sewer LTCP (Clean Rivers Project), Combined Sewer Overflow Projects, Capital Equipment, Meter Replacement/AMR/CIS/ERP, and Washington Aqueduct Projects.

Source: Authority records.

Categories of CIP Projects

Water System Projects. Projects in the water service area are designed to maintain an adequate and reliable potable water supply to customers and to provide required fire protection for the District. This work also includes the elimination and replacement of all lead service lines in the District of Columbia. Categories of projects include the rehabilitation and replacement of water mains, water service connections, storage facilities, and pumping stations. The Authority has completed several critical improvements to the Water System, including cross connection removal, and major pumping station and storage facility rehabilitation.

The CIP includes approximately \$2.52 billion in projected disbursements for Water System projects, including new system storage facilities, large diameter water main rehabilitation, renewal of small diameter water mains (including ancillary items, such as fire hydrants, valves and service connections) at the rate of 1.0% annually, DDOT-related water main projects, and significantly enhanced funding for the lead service line replacement program for the water distribution system. See “THE SYSTEM – The Water System – Water System Regulation and Permits – Lead Levels.”

Blue Plains – Wastewater Treatment Projects. Capital projects in the wastewater treatment service area are required to rehabilitate, upgrade or provide new facilities at Blue Plains to ensure that it can reliably meet its NPDES Permit requirements and produce a consistent, high-quality dewatered solids product for land application. The Authority has undertaken several major capital improvement projects to rehabilitate, replace or add new processes and capacity at Blue Plains in recent years, including: (i) a new facility was placed in service in 2015 to comply with NPDES requirements to reduce nitrogen in the plant effluent; (ii) facilities to digest solids after thermal hydrolysis treatment were placed in operation in 2015, reducing the volume by [50% (reducing hauling and recycling costs)] and resulting in production of Class A biosolids, which can be applied to land without any pathogen-related restrictions at the site and also can be bagged and marketed to the public for application to lawns and gardens, thereby increasing beneficial reuse options; (iii) a combined heat and power facility to utilize digester gas produced by the process to generate electricity (up to one-third of plant needs) along with steam for the thermal hydrolysis and digestion process, and a belt filter press facility to dewater the Class A product were placed in service in 2016; (iv) a facility upgrade to improve secondary treatment performance for more efficient overall nitrogen removal capability was completed in 2018; (v) construction of a new facility to treat high nitrogen load dewatering recycles was completed in 2018; (vi) the design phase for an upgrade of a raw wastewater pump station, the filtration and disinfection facility and the gravity thickener complex that was completed in 2018; (vii) an upgrade of one of the influent pumping facilities, which was completed in 2019; and (viii) a tunnel dewatering pump station and enhanced clarification facilities to pump out and treat flows captured through the Authority’s ongoing combined sewer overflow projects were completed and placed in operation in 2018.

The projected ten-year disbursements for wastewater treatment projects are approximately \$1.59 billion, which includes approximately \$951.8 million in disbursements for liquid processing projects, \$266.5 million for solids processing and \$376.0 million for plant-wide projects.

Sanitary Sewer Projects. The CIP includes approximately \$2.7 billion in projected disbursements for sanitary sewer projects including \$1.99 billion for interceptor and trunk sewers and \$710.5 million for sanitary sewers, pumping facilities and related projects including the rehabilitation of six sanitary sewer pumping stations – Potomac, Main & O, Swirl Facility, East Side, and 3rd & Constitution Avenue, as well as sewer condition assessments that cover 60 miles of the system per year through 2026. Rehabilitation of the District’s major assets including the Potomac Interceptor, B Street/New Jersey Avenue Trunk Sewer, Northeast Boundary Trunk Sewer, Anacostia Force Main and portions of the other 35 major sewers are also included. Creekbed sewers and sewers under buildings will largely be rehabilitated as part of these projects. The program to rehabilitate other small and large diameter sewers including replacement and lining of laterals, and replacement of manholes, is an ongoing project of the Authority.

In 2016, the Authority completed a Sewer System Asset Management Plan. This Plan includes a risk tool that calculates the consequence of failure and likelihood of failure for each sewer in the system. This information can then be used to prioritize sewers for inspection/condition assessment and/or rehabilitation. The Plan also includes a high level risk assessment for all pumping stations in the system which can also be used to help prioritize proposed CIP projects for these facilities. The Sewer System Facilities Plan represents the culmination of an initiative involving sewer inspection and condition assessment, development of a sewer GIS database, hydraulic monitoring and modeling to assess system capacity and the development of prioritized activities for system improvement.

Combined Sewer Overflow Projects. The CIP includes \$1.31 billion for the DC Clean Rivers Project and combined sewer projects. The DC Clean Rivers Project is designed to control combined sewer overflow discharges to prevent them from causing or contributing to violations of applicable water quality standards. See “THE SYSTEM –

Wastewater Regulation and Permits – NPDES Permit.” Through the DC Clean Rivers Project, the Authority is constructing combined sewage storage/conveyance tunnels that are designed to intercept and store combined sewage until Blue Plains can receive and treat it. The DC Clean Rivers Project includes a variety of capital improvement projects throughout the System including three large tunnel systems which will accommodate the storage of combined sewer overflows (“CSOs”) from storm events until they can be conveyed to Blue Plains for treatment. Approximately one-third of the System is served by a combined sewer system, in which both sanitary sewage and stormwater flow through the same pipes. When the collection system reaches capacity, typically during periods of heavy rainfall, the system is designed to overflow the excess diluted sewage or CSOs.

The DC Clean Rivers Project also includes the Authority’s green infrastructure initiative. See “THE SYSTEM – Wastewater Regulation and Permits.” The green infrastructure initiative is the construction of green infrastructure facilities and the implementation of green infrastructure practices to manage 92 impervious acres in the Rock Creek sewershed. The green infrastructure coupled with the construction of the Pinney Branch Tunnel, the CSO tunnel in Rock Creek, provide the degree of control necessary for CSOs to achieve compliance with water quality standards in Rock Creek. Green infrastructure technologies capture, infiltrate, treat and reuse polluted stormwater runoff before it enters the sewer system. Examples of green infrastructure technologies include rain gardens, porous pavements, bioswales, green roofs, infiltration planters, trees and tree boxes, and rainwater harvesting for non-potable uses such as landscape irrigation.

When completed, the DC Clean Rivers Project will reduce the combined sewer overflow volume by 96% in an average rainfall year (exceeding the EPA standard of 85%), reducing pollution to the Potomac, Anacostia and Rock Creek waterways, improving water quality, and reducing locally generated debris from the combined sewer system and local waterways. The Authority expects to implement the DC Clean Rivers Project, which commenced in March 2005, over a 25-year period, at a total estimated cost (including funds spent prior to Fiscal Year 2025) of \$3.56 billion. In the CIP, expenditures for the DC Clean Rivers Project are projected to be complete in Fiscal Year 2031, as scheduled.

Stormwater Projects. The projected disbursements for the stormwater service area in the CIP are approximately \$127.4 million and include extensions to the system and relief of certain sewers as well as rehabilitation or replacement of deteriorated storm sewers. Also, included in the budget is the rehabilitation of the stormwater pumping stations operated and maintained by the District.

Non-Process Facilities Projects. This area accommodates projects approved under the non-process facilities master plan and related improvements necessary to support Authority critical operations. The CIP includes approximately \$243.34 million in projected disbursements for facility land use projects. In Fiscal Year 2019, the Authority completed its Administrative Headquarters Building at the Main & O Street Campus and relocated over 300 employees into the new LEED Platinum facility.

Washington Aqueduct Projects. The Aqueduct provides wholesale water treatment services to the Authority and other Aqueduct Customers. See “THE SYSTEM – The Water System – The Washington Aqueduct.” Under federal legislation enacted and a memorandum of understanding executed in 1997, the Aqueduct Customers have a role in the oversight of the Aqueduct’s operations and its capital improvement program. The Aqueduct successfully designed, constructed and implemented a new orthophosphate corrosion control system at its water treatment plants in 2005 that meets the optimal corrosion control requirements of the Lead and Copper Rule. The CIP includes approximately \$514 million for Aqueduct projects. See “THE SYSTEM – The Water System – Water System Regulation and Permits – NPDES Permit and Water Treatment System Sediments.” In the event the Authority purchases the Aqueduct as discussed in “THE SYSTEM – The Water System – The Washington Aqueduct,” the Authority may amend the CIP to include additional costs for Aqueduct capital improvements.

Capital Equipment Projects. The CIP includes approximately \$379 million for major information technology projects, vehicle fleet upgrades, and large equipment projects at Blue Plains and the major water and sewer pumping stations.

Meter Replacement Projects. The CIP includes approximately \$36.1 million for ongoing meter replacements and continued automated meter reading system improvements and upgrades to the AMR equipment. These improvements are part of the Authority’s preventative maintenance program for the advanced meter infrastructure, which collects data from approximately 120,000 meter readings per day and is an essential asset to the Authority’s billing process.

CIP Financing Sources

The Authority expects to finance the CIP from multiple sources including (i) proceeds of revenue bonds, notes, and the WIFIA loan, (ii) income from certain fees and charges, pay-as-you-go funds and interest income (all of which

constitute Revenues under the Indenture), as well as (iii) federal and other grants and wholesale customer contributions (which are excluded from the definition of Revenues under the Indenture). The CIP financing sources in the Proposed Financial Plan are summarized below.

Revenue Bonds/Commercial Paper Notes. The Authority expects to finance approximately \$3.28 billion, or 36.5%, of the sources of funds with new long-term debt. The Authority has used, and expects to use in the future, its Commercial Paper Notes and EMCP Notes to fund capital needs on an interim basis, followed by issuance of long-term revenue bonds (or other forms of indebtedness, as appropriate) to retire outstanding Commercial Paper Notes and EMCP Notes and provide permanent financing for CIP costs. As approved by the Board, the total amount of Commercial Paper Notes outstanding at any time cannot exceed \$250 million. As of the date of this official statement, there were no CP Notes outstanding. As approved by the Board, the total amount of Series A EMCP Notes outstanding at any one time cannot exceed \$100 million. As of the date of this Official Statement, \$50 million of the Series A EMCP Notes were outstanding.

WIFIA Loan. DC Water has secured a long-term, low interest loan (the “WIFIA Loan”) for up to \$156.4 million for infrastructure repair, rehabilitation and replacement pursuant to WIFIA, a federal credit program administered by the EPA. The interest rate on the WIFIA Loan is 1.87%; principal payments are assumed to begin in Fiscal Year 2028 and the final repayment is in Fiscal Year 2060. Including the amounts drawn in Fiscal Year 2025, the Authority currently expects to finance \$52.1 million of the CIP, or 0.6%, from the undrawn proceeds of the WIFIA Loan.

Solar Energy. Solar panels at DC Water facilities generate value from a combination of reduced utility bills, sale of electricity, solar renewable energy credits (SRECs), and license fees. DC Water has six such facilities at present; four are located at Blue Plains (including Blue Plains Phase I), one at Ames Place, and one at Brentwood Reservoir. In Fiscal Year 2025, these facilities generated about \$600,000 in net value. The Curing Pad, a new solar facility, is expected to enter service during Fiscal Year 2026.

DC Water has identified 16 candidate locations for installation of new solar panels. From Fiscal Year 2026 to Fiscal Year 2035, DC Water anticipates spending approximately \$9.9 million to develop some of these solar facilities. The expenditure is expected to be financed from the funds generated by the solar facilities.

System Availability Fee. On February 1, 2018, the Board approved a new System Availability Fee (“SAF”) to be effective June 1, 2018. The SAF is intended to be a one-time fee, assessed to a property owner of any premises, building or structure, to recover the cost of system capacity servicing all metered water service and sanitary sewer connections renovation or redevelopment projects that require an upsized meter size connection to the water and sewer system in the District. For a renovation or redevelopment project on a property that already has the Authority meters and accounts, credits will be applied for the older meters being removed from the system. Such fees are common in the industry and among utilities in the region. The SAF is based on meter size. The Authority currently expects to finance \$57 million, or 0.6%, of the sources of funds with revenues generated by the SAF.

Clean Rivers Impervious Area Charge. The Authority currently expects to finance about \$724.2 million, or 8.1%, of the sources of funds with revenues received from the Clean Rivers Impervious Area Charge (“CRIAC”), which was first implemented in Fiscal Year 2009 to recover the costs of the DC Clean Rivers Project. For more information regarding the CRIAC, see “CUSTOMER BASE, RATES AND CHARGES – Components of Retail Rates and Charges – Clean Rivers Impervious Area Charge.”

Pay-As-You-Go Funds. The Authority expects to finance approximately \$2.35 billion, or 26.2%, of the sources of funds with pay-as-you-go funds. Revenues in excess of those required to meet operating and maintenance expenses, to make debt service payments and to fund reserves can be used, at the discretion of the Authority, to fund a portion of the CIP. The projected financial operations of the Authority assume that such amounts are used as a source of funds for the CIP. In addition, the Authority established a separate line item in its operating budget beginning in Fiscal Year 2015 to provide funds for additional cash-financed capital construction, the defeasance of debt, or other uses at the discretion of the Authority. The projected financial operations of the Authority assume that the amounts in this line item are also used as a source of funds for the CIP. The Board has also adopted a policy that authorizes any funds in excess of the operations and maintenance reserve and any other significant one-time cash infusions to be used to finance the CIP or to pay off higher cost debt. The projected financial operations of the Authority assume at this time that no such excess funds are available from these potential sources.

Interest Income on Bond Proceeds. The Authority estimates that \$32.5 million in interest income, or 0.4% of the sources of funds, will be available to finance the CIP. Subject to Federal tax law requirements relating to use of the proceeds of tax-exempt bonds, the Authority uses interest earned on the proceeds of its bonds as a source of funds for the CIP. This

interest income is treated as non-operating revenue of the Authority that is available to pay debt service, if needed. The use of this income for capital funding purposes represents another source of pay-as-you-go capital.

Federal and Other Grants. The Authority expects to finance approximately \$413.0 million, or 4.6%, of the sources of funds with federal and other grants. The Authority receives annual grants from the federal government under the Clean Water Act and Safe Drinking Water Act for a variety of projects at Blue Plains and for the Water System to improve drinking water supplies and wastewater treatment. Unlike most public water or wastewater utilities, the Authority receives appropriations in the form of grants and not as loans pursuant to a State Revolving Fund program. Under the terms of these grants, payments to the Authority are made on a reimbursable basis, with unclaimed appropriations remaining available to be obligated in subsequent years. In addition, the Authority has received a special Congressional appropriation for improvements to the combined sewer system. Under the Wet Weather Water Quality Act of 2000 that codified the EPA's 1994 National CSO Policy, the U.S. Congress authorized grant funding for the DC Clean Rivers Project. These appropriations require a 50% match from the Authority.

In fiscal years 2021 through 2025, the Authority received an average \$8.0 million in grant funding for the DC Clean Rivers Project per year. The Authority also expects to be reimbursed by the District for certain capital investments. Federal and other grants do not constitute Revenues under the Indenture.

Wholesale Customer Contributions. The Authority expects to finance approximately \$2.06 billion, or 22.9%, of the sources of funds with wholesale customer contributions. Under the terms of the 2012 IMA, the Authority's wholesale customers share the cost of operating, maintaining and making capital improvements at Blue Plains. A separate agreement with the Loudoun County Sanitation Authority ("LCSA") allows the Authority to recoup capital and operating costs from the LCSA on the same basis as provided for in the 2012 IMA. Contribution levels are governed by the agreements that provide for the pro-rata reimbursement for capital improvements based on the capacity allocated to each wholesale customer. As of the date of this Official Statement, all wholesale customers were current on their capital contributions payments. Wholesale customer contributions do not constitute Revenues under the Indenture.

Cost Estimates

Although actual bid prices for recent construction projects, on average, have been slightly below the engineering cost estimates for such projects, the costs shown in the CIP reflect the Authority's practice of increasing construction cost estimates by 3% annually to the midpoint of construction. There are no assurances that the actual rate of inflation in construction costs will not increase significantly above the assumed rate of inflation or that such increases will not have an adverse impact on the financial operations of the Authority.

An additional consideration regarding the construction cost estimates is the value of change orders relative to the total cost of construction work performed. The cost of construction-related change orders executed by the Authority for contracts (excluding unplanned work performed for emergency repair contracts) in Fiscal Year 2024 and Fiscal Year 2025 was \$15.66 million or 1.9% of the total original value of the contracts of \$777.03 million, inclusive of thirteen construction contracts, one of which included allowances that reduced the need for change orders. The relatively low value of change orders compared to the total construction costs incurred is an indication that project designs are thorough and that projects are being effectively managed during construction.

CUSTOMER BASE, RATES AND CHARGES

Customer Categories and Accounts

As of September 30, 2025, the System had 133,605 active, metered water and wastewater accounts. Except for wholesale accounts, the majority of accounts receive both water and wastewater service. The Authority's customer accounts are divided into three categories: (i) residential, multifamily and commercial, (ii) governmental and (iii) wholesale. The number of accounts in each of the categories as of September 30, 2025 is set forth in Table 6.

Table 6. Customer Categories and Accounts [Update Percentages for FY25]

Customer Category	Number of Accounts	% of Total Operating Revenue
Residential, Multifamily, Commercial	125,592	63%
Governmental (Federal, District and D.C. Housing Authority) ¹	1,940	16
Wholesale	7	17
Total	127,539	96%²

¹ The D.C. Housing Authority is the only District agency that is billed separately. The remaining District agencies are billed as part of a composite bill for the government.

² The remaining 4% of the Authority's operating revenue comes from capital contributions, interest income, and other revenue.

Source: Authority records and the Authority's Annual Report.

Customer Base

The Authority's customer and revenue base is diverse, consisting of a wide variety of residential, commercial and governmental customers, as well as wholesale wastewater customers. In Fiscal Year 2025, the residential, commercial and multifamily customer revenue represented approximately 98.5% of total operating revenue.

The commercial portion of the customer base includes a variety of uses, including nationally recognized universities and regional hospitals, commercial office space with tenants that are national associations, lobbying firms, major law firms and large hotels. Table 7 reflects the Authority's ten largest commercial customer accounts in the last five fiscal years. [In Fiscal Year 2024, the ten largest commercial customer accounts represented 3.11% of total operating revenues.]

[update FY25] Table 7. Ten Largest Commercial Customers¹

Customer	Revenues				
	2024	2023	2022	2021	2020
Howard University	4,993,766	4,765,717	3,663,172	3,065,479	3,710,923
Washington Hospital Center	4,421,445	3,379,146	3,188,277	2,728,267	2,455,804
George Washington University	4,296,977	3,809,717	3,456,763	2,285,071	3,268,007
Georgetown University	3,009,273	2,901,301	3,030,532	2,434,834	1,958,462
American University ²	2,921,999	-	-	2,904,844	987,647
Catholic University	2,736,920	1,751,633	1,570,521	-	-
Metropolitan Washington Airports Authority	2,180,084	1,567,382	-	-	-
Children's Hospital	2,102,238	-	1,621,805	1,451,942	1,279,259
Wharf Horizontal REIT Leasehold	1,887,341	-	-	-	-
Amtrak	1,825,697	1,686,500	-	-	-
Gallaudet University	-	1,449,858	1,491,808	1,278,783	-
Medstar-Georgetown Medical Center	-	-	1,329,146	1,166,894	1,031,263
William C Smith & Co	-	2,874,585	3,149,593	2,767,263	2,496,772
Horning Brothers	-	2,271,422	2,235,641	2,276,290	2,076,006
Cafritz	-	-	-	-	1,092,288
Total	\$30,375,740	\$26,457,261	\$24,737,257	\$22,359,669	20,356,430
% of Total Operating Revenues	3.11%	2.94%	2.97%	2.90%	2.76%

¹ Years where no figure is shown indicate years where the customer was not among the ten largest commercial customers for the given year.

² Fiscal Year 2021 figure is result of overbilling, the correction is reflected in Fiscal Year 2022.

Source: DC Water Department of Customer Service

Table 8 reflects the Authority's ten largest government customers in last five fiscal years. [In Fiscal Year 2024, the ten largest government customers represented 8.23% of total operating revenues.]

[update FY25] **Table 8. Ten Largest Government Customers¹**

	2024	2023	2022	2021	2020
Bolling Air Force Base ²	\$20,653,090	\$7,286,112	\$5,703,529	\$12,567,892	\$4,798,312
D.C. Housing Authority	15,409,870	15,094,266	12,574,996	11,345,071	9,921,080
U.S. General Services Administration	10,915,010	10,013,337	9,741,460	10,816,058	9,536,411
U.S. Congress/Fed Legislative	7,027,594	5,570,008	4,659,746	3,391,970	6,157,111
Smithsonian Institution	6,170,430	5,527,940	4,802,274	4,146,701	6,138,774
Federal Naval Research Lab	5,506,159	6,419,833	5,995,495	4,707,425	3,553,343
National Park Service	5,422,284	4,621,394	3,287,476	2,839,593	2,707,685
D.C. Board of Education	3,277,353	3,756,702	4,116,350	3,876,997	2,908,559
D.C. Recreation and Parks	3,156,033	-	-	2,159,393	-
Department Defense VA	2,974,232	3,848,500	3,567,662	4,018,325	4,003,435
Department of the Navy	-	2,497,750	3,388,084	-	1,894,810
Total	\$80,512,062	\$64,635,841	\$57,837,072	\$59,869,426	\$51,619,519
% of Total Operating Revenues	8.23%	7.19%	6.95%	7.19%	7.01%

¹ Years where no figure is shown indicate years where the customer was not among the ten largest government customers for the given year.

² Increase in Fiscal Year 2021 from Fiscal Year 2020 is in part due to an account merger. The increase in revenue from Fiscal Year 2023 to Fiscal Year 2024 resulted from actual billings from meter readings as compared to estimates in prior years, a leak at Joint Base Anacostia from January 2024 to August 2024, and a combined 3.25% increase in the retail water and wastewater rate in Fiscal Year 2024.

Source: DC Water Department of Customer Service

Customer Demand

Table 9 shows the average percentage of annual water consumption by customer category from Fiscal Year 2021 through Fiscal Year 2025. The results illustrate the diversification of the Authority's customer base.

Table 9. Average Annual Consumption By Customer Category¹
Fiscal Years 2021 - 2025
(millions of Ccf)

	Average Annual	% of Total
Residential Single-Family	6.28	19.2%
Commercial ²	10.64	32.5%
Residential Multi-Family	9.36	28.6%
D.C. Municipal Government ³	1.21	3.7%
Federal Government	4.46	13.6%
D.C. Housing Authority	0.83	2.5%
Total Consumption	32.78	100.0%

¹ Totals may not add due to rounding.

² Includes consumption at commercial facilities and selected facilities at Soldiers' Home.

³ Reflects consumption at District of Columbia Government facilities and the Authority facilities.

Source: Authority Records

Table 10 shows projected annual consumption for the Authority's customer categories for Fiscal Years 2026 through 2030. The Authority's use of the AMR program, including the replacement and repair of meters, significantly reduces estimated meter readings and improves the reporting of actual consumption.

Table 10. Projected Annual Consumption by Major Customer Category ^{1,2}
Fiscal Years ended/ending September 30
(millions of Ccf)

	Projected				
	2026	2027	2028	2029	2030
Residential Single-Family	6.04	5.98	5.92	5.86	5.80
Commercial	11.17	11.06	10.95	10.84	10.73
Residential Multi-Family	9.40	9.30	9.21	9.12	9.03
D.C. Municipal Government ³	1.10	1.09	1.08	1.07	1.06
Federal Government	4.06	4.02	3.98	3.94	3.90
D.C. Housing Authority	0.72	0.72	0.71	0.70	0.69
Total Consumption	32.49	32.16	31.84	31.52	31.21

¹ Totals may not add due to rounding.

² Total water consumption in Fiscal Years 2026 - 2030 reflects: the assumption of a 1% annual decline, is based on the Proposed Financial Plan, and is subject to change.

³ Reflects consumption at District of Columbia Government facilities and the Authority facilities.

Source: Authority Records.

Some fluctuation in consumption can occur in a given year due to variations in weather conditions and other factors such as billing adjustments. Usage over the long-term is impacted by the replacement of older fixtures and water-consuming appliances with more efficient units. Consumption in Fiscal Year 2021 was impacted by the pandemic, with significant decreases in non-residential customer usage compared to previous years. Total consumption in Fiscal Year 2021 was 31.80 million Ccf, representing a decline from the prior year of 2.0%. In Fiscal Years 2022, 2023, 2024 and 2025, total consumption was 32.20 million Ccf, 32.65 million Ccf, 34.52 million Ccf, and 32.72 million Ccf, respectively, representing increases from prior years of 1.3%, 1.4% and 5.7% through Fiscal Year 2024 and a decrease of 5.2% in Fiscal Year 2025. Federal consumption in Fiscal Year 2024 was affected by a significant leak that was later corrected. See "CUSTOMER BASE, RATES AND CHARGES – Rate-Setting Authority" for additional information.

In the Proposed Financial Plan, the Authority assumes that consumption will total 32.49 million Ccf in Fiscal Year 2026, representing a decrease of about 1.0% from the prior year. The Authority further assumes that long-term total water consumption will decline at the rate of 1.0% per year in Fiscal Year 2027 through Fiscal Year 2030. The expectation that future sales will decline is consistent with long-term trends in the Washington, D.C. region as well as the projected sales in other large cities in the northeast United States.

There is some risk that consumption could be lower than anticipated during the Projection Period. In particular, it is not possible at this time to estimate the potential effects on federal consumption of more federal employees working in their respective offices in the District instead of at home as well as workforce reductions in federal agencies. The risk is mitigated to some extent in that revenues from the federal government are determined in advance and then subject to a true-up after the year is completed. In addition, the consumption risk is mitigated to a significant extent by retail revenue that is not consumption-related: customer receipts from the meter charge, the Water System Replacement Fee (as defined below) and the CRIAC, are unaffected by changes in the quantity of customer water use. Consumption-based retail water and wastewater revenues within the District are estimated to comprise about 61.1% of total revenues (excluding the PILOT/ROW Fee) in Fiscal Years 2026 through 2030. The Authority evaluates its water consumption projections annually in connection with its budget preparations and more frequently if the need arises.

Rate-Setting Authority

The Authority recovers the costs of operations, maintenance and debt service through retail rates and fees, wholesale customer charges and other miscellaneous non-operating income such as interest earnings. The Board establishes the Authority's rates, fees and charges. Only the six Board members representing the District vote on setting retail water and wastewater rates and fees for the retail customers who are customers within the District. No approvals from federal or local officials are required in order to set rates.

Retail Rates, Fees and Charges

The Authority's retail rate structure is designed to align the Authority's revenues and expenditures by establishing customer class-based volumetric water rates based upon peaking factors, to create a progressive rate structure for its residential customers by establishing lifeline water rates that discount core consumption and to fund the Authority's water main replacement program by establishing the monthly, fixed Water System Replacement Fee (the "Water System Replacement Fee"). For a summary of the Authority's retail rates, fees and charges, see "CUSTOMER BASE, RATES AND CHARGES- Components of Retail Rates and Charges" and "CUSTOMER BASE, RATES AND CHARGES – Historical and Projected Retail Rates" below.

Since Fiscal Year 2017, the Authority has set retail rates and charges for two-year periods. The benefits of the multi-year rate setting include: greater revenue certainty, increased budget discipline, and better alignment between revenues and expenditures. The retail rates and charges are expected to change each year. See "CUSTOMER BASE, RATES AND CHARGES – Historical and Projected Retail Rates". If the Authority determines that revenues are materially less than expected and/or debt service or operating expenses are materially higher than budgeted, the Authority may adjust its retail rates and charges during the Fiscal Year. Historically, there has been no need for the Authority to make such changes during a Fiscal Year.

In calendar year 2019, the Authority modified the adopted wastewater rate and the CRIAC: the wastewater rate for Fiscal Year 2020 increased from the adopted rate and the CRIAC decreased from the adopted rate, with the resulting revenues being relatively unchanged. Further adjustments in the recovery of costs through the wastewater rate and the CRIAC are reflected in the actual and projected rates after Fiscal Year 2020.

The Authority receives annual grant funding under the Clean Water Act which requires the maintenance of wastewater charges sufficient to defray costs of operation, maintenance and replacement and surcharges for industrial discharges into the System's sewers levied in conformity with formulas set forth in the Clean Water Act and regulations thereunder. See "CAPITAL IMPROVEMENT PROGRAM - CIP Financing Sources."

Federal Government Charges

The Authority's forecasted water and wastewater charges for the federal government are prepared and included in the federal budget 18 months in advance of the commencement of the Authority's Fiscal Year based on the prevailing consumption estimates, projected retail rate increases as included in the current ten-year financial plan and adjustments for prior year true-ups. The federal government budgets for and pays its bills quarterly directly from the U.S. Treasury based on the estimates provided by the Authority in advance. Under the current billing process, any differences between the projected and the actual charges are netted against a future year's billing. Federal government revenues are expected to constitute approximately 7.8% of the Authority's total annual revenues during Fiscal Year 2026 through Fiscal Year 2030 (excluding the PILOT/ROW Fee and transfers from Rate Stabilization Fund).

Water consumption billed to Federal accounts in recent years has shown significant year to year fluctuation. Fiscal Year 2022 consumption, which reflects part of the pandemic period, was 16.8% lower than the prior year. Fiscal Year 2023 usage was 8.6% higher than the consumption in Fiscal Year 2022. Consumption in Fiscal Year 2024 was 15.7% higher than the prior year due to a major leak. Fiscal Year 2025 actual usage was 18.5% lower than in Fiscal Year 2024. Previous federal efforts to reduce potable water and landscaping use as well as an initiative to allow federal employees to work at home instead of the office were among the factors contributing to the changes in annual federal use. The Authority also continued to inspect, test, calibrate and replace large capacity meters installed at federal properties to ensure that usage is appropriately measured.

As noted herein, ongoing changes in the federal workforce as well as workforce policy may affect consumption in 2026 and future years. The projected revenues from the federal government assume that consumption will decline at the rate of 1.0% annually.

Wholesale Customer Charges

The Authority provides wholesale wastewater treatment services to User Jurisdictions at Blue Plains. Each wholesale customer's share of operating costs at Blue Plains is recovered in accordance with the Blue Plains Intermunicipal Agreement of 1985, the 2012 IMA, the Potomac Interceptor Agreements and the Loudoun County Sanitation Authority Agreement (as discussed in more detail in "THE SYSTEM – The Wastewater System"), and is based on actual costs of operating and maintaining the plant and the collection facilities, prorated to each User Jurisdiction based on its respective actual share of wastewater flows. A User Jurisdiction's share of capital costs is based on its share of capacity allocations in the plant. Both operating and capital payments are made on a quarterly basis. Wholesale customer revenues are expected

to constitute approximately 12.7% of the Authority's total annual revenues during Fiscal Year 2026 through Fiscal Year 2030 (excluding the PILOT/ROW Fee and transfers from Rate Stabilization Fund).

Wholesale customers are billed based on the adopted budget for that Fiscal Year. Capital-related charges are billed quarterly with payments due on the 15th day of the second month following the end of the quarter. The operating and maintenance-related charges are billed annually by mid-October and payments are due each November, February, May and August. Following each Fiscal Year, the Authority prepares a reconciliation that determines the actual costs and each wholesale customer's appropriate share of such costs. Adjustments are then billed or credited to the wholesale customers in the first quarter of the subsequent Fiscal Year.

Components of Retail Rates and Charges

The primary retail rates and fees include water and wastewater charges, the clean rivers impervious area charge, the PILOT/ROW Fee and the stormwater fee.

Water and Wastewater Charges

Water and Wastewater Consumption Rates. Water and wastewater consumption rates are based on metered water usage and are stated in terms of hundred cubic feet ("Ccf"). Through Fiscal Year 2015, each of the Authority's three customer classes (i.e., Residential, Multi-Family and Non-Residential) were charged the same consumption rates. In Fiscal Year 2015, the Authority retained Raftelis Financial Consultants, Inc. ("RFC") to analyze the allocation of costs between the water and wastewater rates, as well as the peak demand factors of its various customer classes, and to prepare a cost of service study (the "2015 COS Study"). Based on the findings of the 2015 COS Study, the Authority's management recommended a restructuring of the rates, charges and fees to the Board to include water rate classes for Residential, Multi-Family and Non-Residential customers. Wastewater rates remain uniform for all customers. The Board adopted this new rate structure for Fiscal Year 2016, effective October 1, 2015.

The Authority undertakes a cost of service study every two years to ensure that its rates are appropriately capturing actual expenditures. The last cost of service study was prepared by RFC and presents results for fiscal years 2025 and 2026. The current 2026 cost of service study to establish rates for fiscal years 2027 and 2028 is in progress. The cost of service study rate recommendations are intended to regularly rebalance retail rates and charges with the actual cost of providing services to customers. Tables 12 and 13 present historical, current and projected rates and charges.

Customer Metering Fee. The Authority assesses a metering fee to recover costs associated with installing, operating and maintaining meters and the AMR system. The metering fee is charged as a separate line item on retail customer bills and varies by meter size. The metering fee was increased in Fiscal Year 2021 and in Fiscal Year 2022; it was unchanged in Fiscal Years 2023 through 2026 and is expected to remain the same in Fiscal Years 2027 through 2030, providing \$24.4 million in revenue per year.

Water System Replacement Fee. The Authority implemented the meter-based Water System Replacement Fee in Fiscal Year 2016 in order to recover the cost of the renewal and replacement program for water infrastructure. The Water System Replacement Fee is unchanged in Fiscal Years 2026 and is expected to remain the same in Fiscal Years 2027 through 2030; generating \$42.7 million in revenue per year.

Clean Rivers Impervious Area Charge

Overview. In Fiscal Year 2009, the Authority approved the development and implementation of the CRIAC to recover the costs of the DC Clean Rivers Project, mandated by the EPA Region III pursuant to the 2005 LTCP Consent Decree. The DC Clean Rivers Project is being implemented over a 25-year period at a total cost of \$3.56 billion. See "THE SYSTEM – Wastewater Regulation and Permits – NPDES Permit." Prior to the implementation of the CRIAC, the DC Clean Rivers Project cost was bundled in the wastewater rate based on the amount of water consumed.

The CRIAC is based on the amount of impervious area on a property, rather than on the amount of water consumption, which is a more equitable method of recovering the DC Clean Rivers Project costs. It allows the Authority to expand its customer base by charging all properties that generate stormwater, including those that may not use water (e.g., parking lots). An impervious area is a man-made surface that cannot be easily penetrated by water, such as a rooftop, a paved driveway, a patio, a swimming pool or a parking lot that impedes the percolation of water into the subsoil and plant growth. The Authority maintains a database in which it classifies each parcel located within the District as pervious or impervious. This database and the classifications therein provide the basis for the District's billing of the CRIAC.

All residential customers are charged Equivalent Residential Units (“ERUs”) based upon six tiers that reflect the amount of impervious surface area on each residential lot. The tiers and the number of properties within each tier are shown as of September 30, 2025 in Table 11.

Table 11. Equivalent Residential Unit Tiers

Tiers	Size of Impervious Area (square feet)	Equivalent Residential Unit	No. of Properties (as of September 30, 2025)
Tier 1	100 – 600	0.6	18,759
Tier 2	700 – 2,000	1	81,617
Tier 3	2,100 – 3,000	2.4	6,252
Tier 4	3,100 – 7,000	3.8	2,834
Tier 5	7,100 – 11,000	8.6	150
Tier 6	11,100 and more	13.5	71

Source: Authority records.

The CRIAC is applied to all lots, parcels, properties and private streets throughout the District that are greater than 100 square feet, except for District or federally owned rights-of-way. The CRIAC is added to the customer’s metered and fixed charge water and wastewater service bill and billed monthly unless the property is impervious only and has no other metered water or wastewater service. The CRIAC will be reviewed regularly and adjusted as appropriate by the Board.

CRIAC rates in Fiscal Year 2019 and each year thereafter through 2024 were lower than in 2018 and wastewater rates were higher due to both: a) increases in the cost of service, and b) an allocation of a portion of the costs of the LTCP to wastewater charges in lieu of the CRIAC. The allocation of a portion of LTCP costs to wastewater charges is based on an analysis prepared by the Authority which estimated the percentage of sanitary sewage in combined wastewater and stormwater. Amawalk reviewed the Authority’s analysis and found it to be reasonable and consistent with industry practice. As a result of the changes in LTCP cost allocation, the CRIAC rates in Fiscal Year 2022, Fiscal Year 2023, Fiscal Year 2024 and Fiscal Year 2025 were \$18.40 per ERU, \$18.14 per ERU, \$21.86 per ERU and \$21.23 per ERU respectively. In Fiscal Year 2026, the CRIAC rate is \$24.23 per ERU. In Fiscal Year 2027 and Fiscal Year 2028, the projected CRIAC rates are \$25.50 per ERU and \$27.22 per ERU, respectively. In Fiscal Year 2029 and Fiscal Year 2030, the projected CRIAC rates are \$29.25 per ERU and \$31.54 per ERU, respectively.

CRIAC Incentive Program. The Water and Sewer Authority Equitable Ratemaking Amendment Act of 2008 (the “2008 Amendment Act”) authorized the Authority’s CEO to restrict combined sewer flow into the District from Maryland and Virginia and required the Authority to, among other things, offer financial assistance programs to mitigate the impact of any increases in retail water and wastewater rates on low-income residents of the District, including a low-impact design incentive program. The 2008 Amendment Act also amended the District of Columbia Public Works Act of 1954 to broaden the bases for the determination of sanitary sewer service charges to include impervious surface area and to provide for an appeal process for the assessment of an impervious surface fee.

Pursuant to the 2008 Amendment Act, the Authority, together with the DOEE, established the CRIAC Incentive Program to provide an incentive reducing the amount of stormwater runoff generated from a property. The CRIAC Incentive Program provides a 20% maximum incentive credit to property owners, with the actual credit amount calculated based upon a formula provided by the DOEE.

CRIAC Credit. In Fiscal Year 2025, the Board adopted the expansion of the CAP for eligible single-family residential accounts and individually metered accounts to include a fifty percent (50%) or seventy-five percent (75%) credit of the monthly billed CRIAC depending on whether the customer qualifies under CAP+, CAP, CAP2 or CAP3. Non-profit organizations may qualify for a credit of up to 90% of the CRIAC portion of the water bill. The CRIAC credit was first implemented in Fiscal Year 2017. See “– Customer Assistance Programs” below.

PILOT/Right of Way Occupancy Fee

These fees recover the cost of the PILOT and Right of Way fees (collectively, the “PILOT/ROW Fee”), which are charges levied by the District for payments in lieu of taxes and occupancy or use of public spaces or rights of way including that used by the Authority for its underground infrastructure. The Authority passes the PILOT/ROW Fee through

to retail customers based on metered water consumption as a separate line item on the bills. Effective October 1, 2025 (i.e., for Fiscal Year 2026), the Authority's PILOT/ROW Fee is \$0.82 per Ccf. The PILOT/ROW Fee is expected to increase gradually each year through Fiscal Year 2030.

Stormwater Fee

The Authority's retail water and wastewater bills also include a stormwater fee levied on behalf of the District government, which the Authority transfers to DOEE on a pass-through basis. The stormwater fee is charged as a separate line item on retail customer bills. The DOEE has rate-setting authority for stormwater services provided by the District and the Authority expects to work collaboratively with the DOEE to set future rates. See "THE AUTHORITY – Authority's Relationship to the District." The stormwater fee charged to retail customers is currently \$2.67 per ERU, which rate has been in effect since October 1, 2016. The stormwater fee is assumed to remain the same for Fiscal Years 2027 through 2030.

Although the Authority no longer administers the program, pursuant to the July 25, 2008 MOU with DOEE, the Authority retains a portion of the stormwater fee revenues to cover its share of District stormwater expenditures. See "THE AUTHORITY – Authority's Relationship to the District – *Memoranda of Understanding*" and "FINANCIAL OPERATIONS – System Revenues – *Stormwater Revenues*." The stormwater fees that are transferred to the District do not constitute Revenues under the Indenture, however, the stormwater fee revenues that are retained by the Authority to cover its share of stormwater expenditures are considered non-operating revenues of the Authority and do constitute Revenues under the Indenture.

Historical and Projected Retail Rates

The Board approves the Authority's retail water and wastewater rates as part of the ten-year financial plan, which includes annual rate increases, in line with the Board's policy of implementing rate increases in a gradual and predictable manner.

Table 12 sets forth historical water and wastewater rates and the CRIAC of the Authority. Table 13 sets forth the current water consumption and wastewater usage rates as well as the CRIAC of the Authority for Fiscal Year 2026 and the projected rates for Fiscal Years 2027 through 2030 based on the Proposed Financial Plan. Revenue resulting from the CRIAC will recover about 38% of the construction cost of the LTCP for the period of Fiscal Year 2026 through Fiscal Year 2030. The Board adopted the Fiscal Year 2026 operating budget (the "Fiscal Year 2026 Budget") on March 6, 2025. The Authority conducted a public hearing on May 8, 2024 for its proposed rates and charges for Fiscal Year 2026.

Federal government customers in Virginia pay the Arlington County retail rate, which is \$5.85 per 1,000 gallons for water in 2026 plus a base charge. Federal government customers in Maryland pay according to the WSSC rates, which include a fixed charge and a consumption-based charge that increases with higher levels of usage.

Table 12. Historical Water and Wastewater Retail Rates and Charges¹
(\$ per Ccf)

Fiscal Year	Water Rate	Wastewater Rate	Combined Rate	Percent Increase	CRIAC Rate (Per ERU)	Meter Charge (Per 5/8" Meter) ³	Water System Replacement Fee (Per 5/8" Meter) ³
2021²							
Residential - 0-4 Ccf	3.49	9.77	13.26	9.9%	19.52	4.96	6.30
Residential - >4 Ccf	4.50	9.77	14.27				
Multi-Family	3.96	9.77	13.73				
Non-Residential	4.65	9.77	14.42				
2022²							
Residential - 0-4 Ccf	3.63	10.64	14.27	7.8%	18.40	7.75	6.30
Residential - >4 Ccf	4.74	10.64	15.38				
Multi-Family	4.15	10.64	14.79				
Non-Residential	4.91	10.64	15.55				
2023²							
Residential - 0-4 Ccf	4.28	11.26	15.54	9.5%	18.14	7.75	6.30
Residential - >4 Ccf	5.58	11.26	16.84				
Multi-Family	4.90	11.26	16.16				
Non-Residential	5.78	11.26	17.04				
2024²							
Residential - 0-4 Ccf	4.38	11.70	16.08	3.25%	21.86	7.75	6.30
Residential - >4 Ccf	5.70	11.70	17.40				
Multi-Family	5.00	11.70	16.70				
Non-Residential	5.89	11.70	17.59				
2025²							
Residential - 0-4 Ccf	5.21	12.07	17.28	8.00%	21.23	7.75	6.30
Residential - >4 Ccf	6.81	12.07	18.88				
Multi-Family	5.82	12.07	17.89				
Non-Residential	7.03	12.07	19.10				

¹ Rates and charges are billed monthly.

² Percent increase reflects the overall average increase in water and wastewater charges for all customers; the increases for individual customers vary by customer class and consumption.

³ The Meter Charge and the Water System Replacement Fee as shown reflect a customer with a 5/8" meter. The Charge and the Fee vary by the size of the meter.

Source: Authority Records.

Table 13. Current and Projected Retail Rates and Charges¹
(\$ per Ccf for Water & Wastewater, Other Charges are \$ Per Unit as Noted)

	Units	2026	Current		Projected ²	
			2027	2028	2029	2030
Water Rates						
Residential - 0-4 Ccf	Ccf	5.78	6.49	7.11	7.54	7.99
Residential - >4 Ccf	Ccf	7.60	8.40	9.40	9.96	10.56
Multi-Family	Ccf	6.47	7.21	7.98	8.46	8.97
Non-Residential	Ccf	7.84	8.66	9.71	10.29	10.91
Wastewater Rates						
Water & Wastewater % Change ³	%	6.00%	6.00%	6.00%	6.00%	6.00%
CRIAC	ERU	24.23	25.50	27.22	29.25	31.54
Meter Charge ⁴	5/8" Meter	7.75	7.75	7.75	7.75	7.75
Water System Replacement Fee ⁴	5/8" Meter	6.30	6.30	6.30	6.30	6.30

¹ Rates and charges are billed monthly.

² Rates for Fiscal Years 2027 through 2030 are projected based on the Proposed Financial Plan and are subject to change. In the event that future rate increases are somewhat lower than the current forecast, then the differential in rates may be made up in the remaining years of the projection period, or offset by lower than expected costs in such years. No material impact on coverage or reserves is expected if that were to occur.

³ Percent increase reflects the overall average increase for all customers; the increases for individual customers vary by customer class and consumption.

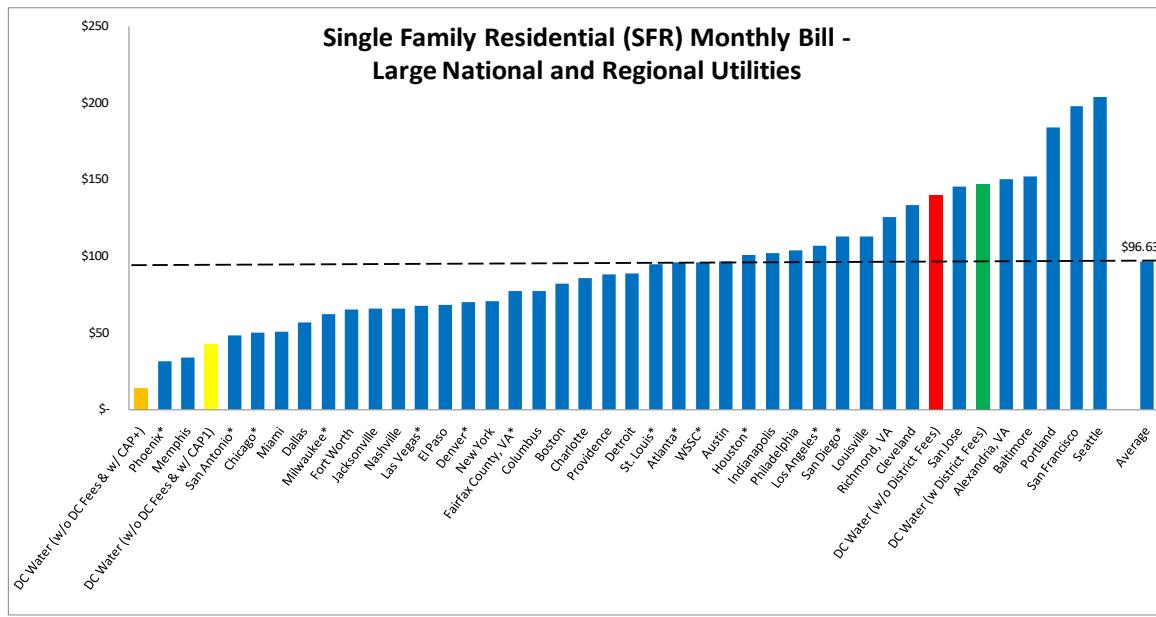
⁴ The Meter Charge and the Water System Replacement Fee as shown reflect a customer with a 5/8" meter. The Charge and the Fee vary by the size of the meter.

Retail Rate Comparison

The Authority's retail rates are comparable to those of other utilities in the metropolitan Washington, D.C., region and other similar utilities in the eastern United States and nationally. Table 14 compares the Authority's combined water, wastewater and impervious area residential charges to these utilities. The table reflects the Authority's Fiscal Year 2026 rate and fee charges; rates for other utilities are as of November 1, 2025. The Authority's Fiscal Year 2026 rate and fee charges are shown both with and without the pass-through of the District's PILOT/ROW Fee in the amount of \$0.82 per Ccf, and the DOEE residential stormwater rate of \$2.67 per ERU per month.

The Authority offers robust assistance to qualifying low income ratepayers through its Customer Assistance Program (CAP). Table 14 also illustrates the monthly bill for a CAP customer with average Single Family Residential characteristics; CAP customer bills are significantly lower than the average Single Family Residential bill.

Table 14. Comparison of Average Authority Water and Wastewater Bill to Bills of Other Utilities^{1,2,3}



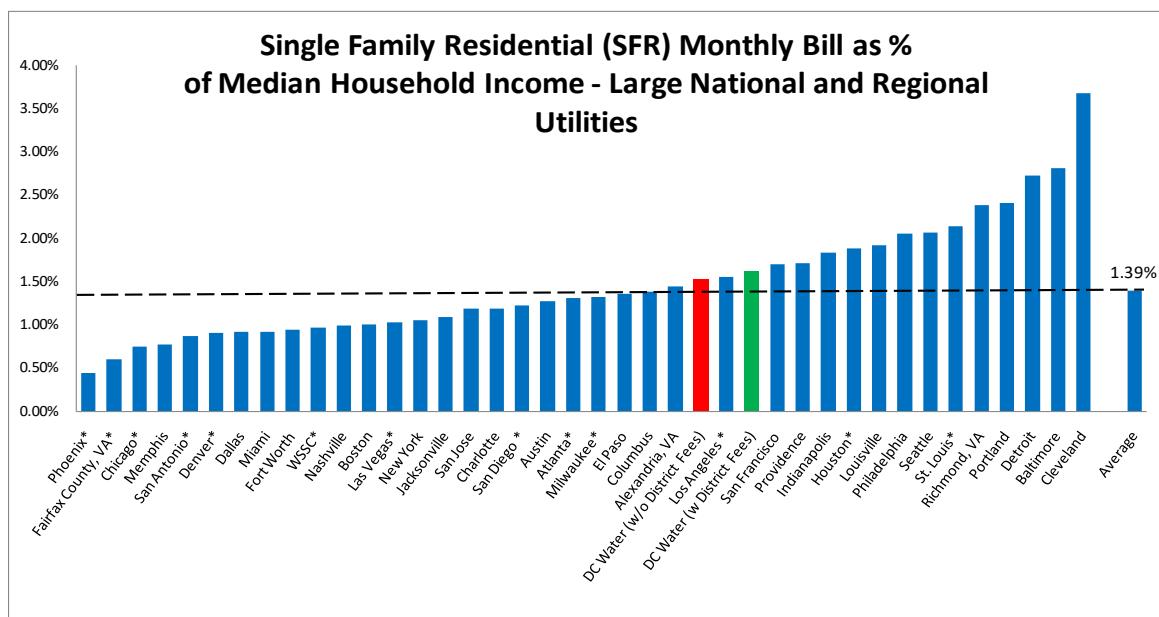
¹ Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month.

² User charges are based upon information provided by the identified cities and standardized assumptions regarding water consumption, wastewater discharge, stormwater drainage area and other factors. Actual charges in each city will vary in accordance with local usage patterns. There may be significant differences in typical single family residential usage among cities which results in charges that are different than shown above. Some cities bill for sewer use on the basis of winter water consumption which could affect sewer billings if a customer's use was not uniform throughout the year. Sewer charges include stormwater charges in those cities where separate stormwater fees are assessed. Some cities use property tax revenue or other revenues to pay for part of the cost of water, wastewater or stormwater services. In such situations, the user charges will not reflect the full cost of water, wastewater or stormwater services. Some cities impose charges that become part of the cost of water/sewer services. Water/sewer bills in some cities are subject to sales taxes, gross receipts taxes and/or other fees. Affordability programs are used by many cities to reduce the annual charges to eligible customers.

³ Charges for all utilities reflect rate schedules in effect on November 1, 2025. The Authority's charges with District fees include the PILOT/ROW fee totaling \$0.82 per Ccf and the DOEE residential stormwater rate of \$2.67 per ERU per month.

The median income in the District is competitive with the median income in many other jurisdictions. Table 15 illustrates the Authority's charges for a single family residential customer as a percentage of median income compared to similar data for other water and wastewater utilities.

Table 15. Comparison of Average Authority Water and Wastewater Bill (As Percentage of Median Income) to Bills of Other Utilities^{1,2,3}



¹ Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Median household income from U.S. Census Bureau, 2024 American Community Survey 1-Year Estimates.

² User charges are based upon information provided by the identified cities and standardized assumptions regarding water consumption, wastewater discharge, stormwater drainage area and other factors. Actual charges in each city will vary in accordance with local usage patterns. There may be significant differences in typical single family residential usage among cities which results in charges that are different than shown above. Some cities bill for sewer use on the basis of winter water consumption which could affect sewer billings if a customer's use was not uniform throughout the year. Sewer charges include stormwater charges in those cities where separate stormwater fees are assessed. Some cities use property tax revenue or other revenues to pay for part of the cost of water, wastewater or stormwater services. In such situations, the user charges will not reflect the full cost of water, wastewater or stormwater services. Some cities impose charges that become part of the cost of water/sewer services. Water/sewer bills in some cities are subject to sales taxes, gross receipts taxes and/or other fees. Affordability programs are used by many cities to reduce the annual charges to eligible customers.

³ Charges for all utilities reflect rate schedules in effect on November 1, 2025. The Authority's charges with District fees include the PILOT/ROW fee totaling \$0.82 per Ccf and the DDOE residential stormwater rate of \$2.67 per ERU per month.

Collections

The Authority has implemented policies and business practices intended to optimize the collection of customer billings. Measures are taken, including cross checks with property records, to ensure that all users of the Authority's system are being billed. With the AMR system, the Authority can access customer usage data at any time and can alert customers to apparent leaks promptly. The Authority employs a comprehensive collection strategy that integrates several consumer services functions along with an aggressive customer contact process that addresses collections issues early when outstanding balances are within the range of customers' ability to pay, improved lien processing for delinquent accounts, and enhanced coordination efforts with other District agencies.

The Authority's collection program includes: (i) assessing customers a 10% late fee if their bill is not paid by day 31 after the date of billing, and sending customers a friendly reminder notice; (ii) placing a call to the customer using an automatic notification call program on day 34; (iii) sending the customer notice of intent to disconnect service on day 39 (which, in accordance with District laws and regulations gives customer 15 days to pay the delinquent bill and maintain service); (iv) mailing to the owner of the property an intent to place a lien on the property on day 65 (which gives the owner 10 additional days to pay the bill before a lien is placed on their property) and imposing an additional 1% penalty per

month on all delinquent balances after 60 days; (v) placing a call to the customer on day 67 to inform him/her of the Authority's intent to place a lien on the property if the delinquent bill is not paid; and (vi) placing a lien on the property on day 80. The lien becomes a part of the public record and appears on the owner's credit report and adversely affects their FICO score. The Authority will remove a lien only if the delinquent account balance is paid in full, and/or if the lien was placed in error. Once paid, the lien is removed and reflected as "satisfied" on the credit report but the customer's FICO score is not changed unless the customer contacts the credit bureau. The Authority's liens are continuous, which entitles the Authority to collect the current outstanding balance owed by a customer regardless of the balance at the time the lien was placed.

The Authority utilizes collection analysts who make calls to owners of delinquent accounts with a focus on the top 250 delinquent accounts. The Authority also takes legal action to have delinquent multi-family apartment building owners placed in receivership. This may result in the Authority receiving a percentage of the tenants' rent that is collected by a court-appointed Receiver before the owner can collect any rent. The account stays in receivership until paid in full.

After all efforts to collect have been exhausted, and as a last resort, the Authority will disconnect service for non-payment and not restore it until the delinquent bill is paid. The AMR system allows the Authority to know if water is being used after service has been disconnected due to non-payment. If this occurs, the meter will be removed or locked and service will not be restored until the delinquent amount, plus any applicable fees, are paid in full.

Table 16 shows the cumulative retail (including commercial) customer balances that were delinquent more than 90 days.

Table 16. Retail Customer Cumulative Delinquent Balances
(\$ in millions)

As of September 30,	Amount ¹	Percent of Total Revenue
2021	26.3	3.7
2022	29.1	3.5
2023	28.0	3.3
2024	33.9	3.7
2025	33.4	3.4

¹ Amounts shown are as of the end of each Fiscal Year for balances delinquent more than 90 days and do not include previously disputed amounts for Howard University (now resolved) and the Soldiers' Home (now the Armed Forces Retirement Home) discussed below.

Source: Authority records.

Emergency Legislation. On October 1, 2025, "DC Water Disconnection and Billing Clarification Temporary Amendment Act of 2025" became effective. The temporary legislation confirms the Authority's ability to assess a one-time late fee of up to 10% for unpaid charges after 30 days, and a continuing penalty of 1% per month for unpaid balances after 60 days. For disconnections for non-payment at multi-family properties, the legislation requires DC Water to provide at least 30 working days' notice posted outside the premises and at each unit if publicly accessible. The temporary legislation also requires DC Water to submit a monthly report to the Council, the Office of the Attorney General, and the Office of the Tenant Advocate detailing how many properties received a disconnection notice, how many were actually disconnected, how many had service restored, how many entered payment plans, how many had bill payment assumed by tenants through a tenant association, and how many properties were placed in receivership. The legislation also designates the Authority as a covered entity under the District's Language Access Act. The temporary legislation will remain in effect for no longer than 225 days, which expires May 14, 2026; however, the Council is considering permanent legislation, Bill 26-443, that contains these amendments.

DC Water believes that the temporary legislation will not have a material impact on DC Water's finances. [DC Water cannot predict the financial impact of the permanent legislation once effective.]

[Subject to DC Water review:] Currently Bill 26-443, the DC Water Billing and Disconnection Modernization Amendment Act of 2025, is before the Council for consideration. Bill 26-443 would require the Authority to establish customer incentive programs through which the Authority offers customers a discount for enrolling in an automatic payment program or establishing a third-party guarantor, to clarify the rules for petitioning for and administering a

receivership for properties with delinquent water and sewer service charges, to clarify the process for initiating a lien proceeding against real property with delinquent water and sewer service charges, to establish a timeline for the Authority to issue bills to customers and determine when customers' accounts are past due or delinquent, to require that the Authority provide notice to District agencies and customers when an account becomes delinquent, to require that an account be delinquent for a certain period of time before the Authority is authorized to terminate service to a property, to prohibit water disconnections during forecasts of extreme temperature, and to require specific data to be reported to the Council on a monthly basis; to authorize the Authority to impose additional charges and penalties for the late payment of bills, to clarify the bill dispute process and timeframes; and to empower the Director of the Department of Energy and Environment to provide grants to nonprofit organizations or private entities providing free legal services to ratepayers related to water and sewer service and to require that the Authority make conforming amendments to the applicable regulations.]

Special Accounts

The Authority has historically provided some Armed Forces Retirement Home (AFRH) accounts with free water service in exchange for the use of certain parcels of AFRH property to maintain a reservoir that provides water to the District. In 2018, the Authority filed a lawsuit to resolve its claims against the AFRH regarding sewer service charges including retrospective charges for the period of 2012 to 2018 under the 1954 Public Works Act. On September 10, 2021, the court affirmed the Authority's entitlement to sanitary sewer service charges for fiscal year 2021 sanitary sewer services, but denied the Authority's claims of \$707,097.77 for stormwater charges and \$7,487,138.27 for retrospective charges. The court also ordered the parties to file a joint status report on or before September 30, 2021, reporting the amount due the Authority for Fiscal Year 2021. On September 30, 2021, the parties filed a Joint Status report noting that the \$1,747,090.49 in the federal cost of service estimate for Fiscal Year 2021 included costs for water services, which the Authority did not claim, and other charges such as IAC and D.C. Stormwater Fee, which the court did not grant. Both parties affirmed the amount due for sewer services totaled \$607,496. The parties held different positions regarding the inclusion of ancillary charges for metering services, PILOT and Right-of-Way that the Authority attributes to sewer services totaling less than \$26,000. On July 3, 2024, the court issued its Opinion and Order awarding damages to the Authority of \$633,150.91: \$607,496.79 for sewer services, and \$25,654.12 for Metering, Right-of-Way, and PILOT Fees. On August 28, 2024, the AFRH appealed that Order. The AFRH and the Authority filed their briefs to the court of Appeals for the Federal Circuit, and the District filed an Amicus Brief in support of the Authority. On August 21, 2025, the AFRH filed a Reply Brief. The Parties await direction from the court for scheduling oral arguments.

On December 14, 2023, the Authority filed a second lawsuit to resolve claims against AFRH regarding sewer service charges totaling \$2.3 million for Fiscal Year 2022, 2023, and 2024, CRIAC charges totaling \$3.6 million for period of 2017 to present, and D.C. Stormwater Fee charges totaling \$732,000 for the period of 2017 to present. As of the date of this Official Statement, on September 20, 2024, the court stayed the claims in this case regarding the sanitary sewer charges, pending the outcome of the first case. The court also lifted the stay regarding the CRIAC and D.C. Stormwater Fees charges. On February 4, 2025, AFRH filed a Partial Motion to Dismiss, claiming 1) they are not liable to pay the CRIAC Fee because there is no waiver of sovereign immunity for CRIAC under the statutory provision allegedly cited by the Authority, and 2) they have not been authorized to pay the stormwater fee from the AFRH Trust Fund. After an exchange on motions by the Authority and AFRH, opposing and supporting the Partial Motion to Dismiss, on June 12, 2025, the court issued an Order dismissing AFRH Motion to Dismiss. The case was stayed during the U.S. government shutdown from October 1 to November 12, 2025. On November 4, 2025, the court issued an order lifting the stay finding, "a continued stay is contrary to the just, speedy, and inexpensive determination of this matter." The court set the schedule for the case with fact discovery closing on January 3, 2026.

Other than AFRH, there are no exempt accounts, nor does the Authority anticipate the addition of any new exempted accounts.

Customer Assistance Programs

The Authority has several programs to assist low-income customers in paying their water bills: Customer Assistance Program (CAP+, CAP, CAP II, and CAP III, a District funded program), Serving People by Lending A Supporting Hand ("S.P.L.A.S.H.") funded by voluntary contributions, and programs launched to assist customers negatively impacted by COVID. The Authority also works with the District to implement the District of Columbia Low-Income Household Water Assistance Program (LIHWAP) that provides bill payment assistance benefits to DC Water customers.

Customer Assistance Program. The Authority implemented the CAP in 2001 providing a discount of up to 4 Ccf per month of water service for single family residential homeowners that meet annual household income eligibility

guidelines below sixty percent (60%) of the State Median Income (SMI) for the District of Columbia. The CAP has been enhanced in subsequent years, as summarized below. Enhancements were effective either on the first day of the Fiscal year or during the year shown.

<u>Fiscal Year</u>	<u>CAP Enhancement</u>
2004	Include tenants who meet the financial eligibility requirements and whose primary residence is separately metered by the Authority
2009	Provide a discount of 4 Ccf per month of water and sewer services
2011	Provide a discount of the first 4 Ccf of PILOT/ROW Fee
2016	Provide a 100% discount of the new Water System Replacement Fee (WSRF)
2017	Provide a 50% credit on the billed Clean Rivers Impervious Area Charge (CRIAC)
2018	Provide a discount of 3 Ccf per month of water and sewer services (excluding PILOT/ROW) for expanded income guidelines
2018	Provide a 50% credit on the billed Clean Rivers Impervious Area Charge (CRIAC) for expanded income guidelines
2018	Provide a 75% credit on the billed Clean Rivers Impervious Area Charge (CRIAC) for eligible customers under expanded income guidelines (excludes water and sewer services credits)
2018	Provide up to 90% credit on the billed Clean Rivers Impervious Area Charge (CRIAC) for eligible non-profit organizations, (CRIAC Non-Profit Relief Program, funded by the District)
2019	Enacted CAP II and CAP III program for customers not eligible for the CAP program
2020	Enacted Emergency Residential Relief Program for residential customers who have delinquent bills during the pandemic. In Fiscal Year 2020, the Authority's Board adopted an increase in the CAP program maximum credit from 50% to 75%, effective October 1, 2020.
2021	Enacted Multi-Family Assistance and Residential Assistance programs to assist tenants during the pandemic.
2025	Introduced CAP+ which is a new program that will provide an additional two hundred cubic feet of water and sewer services to customers with incomes at 20 percent of the Area Median Income (AMI) or lower.

Table 17A sets forth the number of customers assisted and the total discount provided through the CAP discount since Fiscal Year 2021. The projected revenues of the Authority take into consideration the discounts provided to low-income customers under the CAP, CAP+ and CAP II. CAP III and the CRIAC Non-Profit Relief Program are funded by the District.

Beginning in Fiscal Year 2019, CAP II expanded CAP for low-income residential customers who do not qualify for CAP with a household income up to 80% of the AMI. Eligible customers receive a discount of up to 3 Ccf per month for water and sewer services and a 50% discount for the CRIAC. CAP III is a District-funded program that provides benefits to DC Water customers with household income greater than 80% and up to 100% AMI who do not qualify for CAP or CAP II. An eligible customer under CAP III receives a 75% discount for the CRIAC.

Table 17A. Customer Assistance Program Discount

Fiscal Year	Customers Assisted	Water/Wastewater PILOT/ROW (\$)	WSRF Discount (\$)	CRIAC Credit (\$)	Total Amount (\$)
2021	5,630	1,603,620	272,823	501,884	2,378,326
2022	6,943	3,374,166	547,815	949,377	4,871,357
2023	8,172	1,694,773	257,591	446,637	2,399,001
2024	6,362	1,777,195	262,488	547,015	2,586,698
2025	7,804	2,096,614	249,960	525,059	2,871,632

Source: Authority Records.

Table 17B sets for the number of customers assisted and the total discount provided through the CAP II and CAP III discount from Fiscal Year 2021 to Fiscal Year 2025. The District also funded the CRIAC Nonprofit Relief Program, which is designed to provide CRIAC credits to nonprofit organizations as determined by the DOEE. An eligible customer under the Nonprofit Relief Program receives up to a 90% discount for CRIAC.

Table 17B. Customer Assistance Program II and III Discount

Fiscal Year	Customers Assisted	Water/Wastewater PILOT/ROW (\$)	CRIAC Credit (\$)	Total Amount (\$)
2021 – CAP II	835	172,555	73,082	245,637
2021 – CAP III	191	-	36,059	36,059
2022 – CAP II	711	244,374	93,988	338,362
2022 – CAP III	204	-	33,026	33,026
2023 – CAP II	875	103,180	36,535	139,714
2023 – CAP III	36	-	6,342	6,342
2024 – CAP II	579	113,310	47,276	160,586
2024 – CAP III	29	-	4,714	4,714
2025 – CAP II	490	73,552	29,102	102,654
2025 – CAP III	51	-	5,749	5,749

Source: Authority records

S.P.L.A.S.H. Through the S.P.L.A.S.H. program, the Authority offers assistance to families in need so that they can receive critical water services. S.P.L.A.S.H. is funded solely by contributions from the community, customers and from the Authority employees. The Authority has redesigned its water and sewer bills to make it easier for its customers to make contributions to S.P.L.A.S.H. The Authority pays all administrative costs of this program, which is administered directly by the Greater Washington Urban League (GWUL). All contributions are deposited in a bank account from which the (GWUL) makes payments on behalf of eligible customers with annual household incomes below sixty percent (60%) of the State Median Income (SMI) for the District of Columbia. Every dollar received by the Authority is distributed to eligible customers. Table 18 shows the number of customers assisted by the Authority and the total amount distributed through the S.P.L.A.S.H. program since Fiscal Year 2021.

Table 18. S.P.L.A.S.H Program Distribution

Fiscal Year	Participating Customers	S.P.L.A.S.H Value
2021	96	29,866
2022	131	41,783
2023	277	90,765
2024	339	111,820
2025	240	81,007

Source: Authority records.

Customer Service Operations

The Department of Customer Care reports to the Chief Administrative Officer and is responsible for meter installations, meter reading, meter testing, billing and collections. The Authority continuously evaluates its customer service offerings to ensure that customers receive the best possible service.

FINANCIAL OPERATIONS

Historical Financial Operations

[The Authority derives its revenues primarily from retail customer payments for water, wastewater and stormwater services, which on a cash basis account for 81.0% of total revenues, and wholesale customer payments for wastewater treatment services, which account for [11.8]% of total revenues (excluding the PILOT/ROW Fee for Fiscal Years 2021 through 2025). The Authority's operating revenues have steadily increased since its creation, due largely to rate and fee increases approved by the Board, which are discussed in more detail in the section entitled "RATES AND CHARGES – Historical and Projected Water and Wastewater Retail Rates."]

The Authority is committed to optimizing the cost of service it offers and as a result places emphasis on managing its expenses. The Authority's Budget Department closely monitors spending to ensure compliance with approved operating and capital budgets. This includes preparation of daily and monthly management reports for each operating unit and financial system controls that prevent overspending. The Authority's Finance Department provides detailed monthly reports on cash and investments, revenues, operating budget and capital spending to the Board's Finance and Budget Committee. In addition, the Authority's Department of Operations and Engineering provides quarterly updates on the CIP status to the Board's Environmental Quality and Sewerage Services and Water Quality and Water Services Committees, as well as to the Finance and Budget Committee.

Table 19 presents historical revenues, expenses and changes in net position using information contained in the audited financial statements for Fiscal Years 2020 through 2024. The Authority's complete financial statements for the Fiscal Years Ended September 30, 2023 and 2024, are attached hereto as APPENDIX B.]

Table 19. Historical Revenues, Expenses and Change in Net Position
Fiscal Year Ended September 30, 2025
(\$ In thousands)

	2021	2022	2023	2024 Restated	2025
REVENUES					
Operating revenues:					
Residential, commercial and multi-family customers	\$474,380	\$522,057	\$562,351	\$611,963	\$637,161
Federal government	86,422	76,680	85,716	106,502	94,566
District government and DC Housing Authority	50,020	51,407	53,737	58,447	62,031
Charges for wholesale wastewater treatment	127,410	135,285	152,755	152,701	167,370
Other	32,325	46,781	44,204	48,369	43,156
Total Operating Revenues	\$770,557	\$832,210	\$898,763	\$977,982	\$1,004,284
Non-operating revenues:					
Interest income	2,760	4,458	20,878	27,757	26,081
Total Revenues	\$773,317	\$836,668	\$919,641	\$1,005,739	\$1,030,365
EXPENSES					
Operating expenses					
Personnel services	142,352	149,655	156,336	167,274	173,050
Contractual services	73,227	69,308	81,150	81,621	82,361
Chemicals, supplies and small equipment	35,411	40,974	55,562	60,370	59,183
Utilities and rent	27,331	38,158	37,365	34,202	39,731
Depreciation and amortization	138,074	146,375	149,478	154,897	164,300
Water purchases	33,135	33,345	33,609	38,904	43,498
Payment in lieu of taxes and right of way fee	22,372	22,718	23,070	23,430	23,796
Total operating expenses	\$471,902	\$500,533	\$536,570	\$560,698	\$585,919
Operating income					
Interest income	2,760	4,458	20,878	27,757	26,081
Interest expense and fiscal charges	\$155,672	\$162,868	\$146,391	\$161,455	\$145,102
Total non-operating revenue (expenses)	\$(152,912)	\$(158,410)	\$(125,513)	\$(133,698)	\$(119,021)
Change in net position before Federal grants and contributions	\$145,743	\$173,267	\$236,680	\$283,586	\$299,344
Contributions of capital from Federal government	42,093	31,434	29,519	35,831	46,583
Change in net position	\$187,836	\$204,701	\$266,199	\$319,417	\$345,927
Net position, beginning of year	\$2,473,433	\$2,661,604	\$2,866,305	\$3,123,766	\$3,443,183
Net position, end of year	\$2,661,269	\$2,866,305	\$3,132,504	\$3,443,183	\$3,789,110

Source: Authority records.

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Historical Debt Service Coverage

[The Authority has exceeded the Rate Covenant requirement of 1.20x Senior Debt service coverage set forth in the Indenture and the Authority's policy goal of 1.40x Senior Debt service coverage in each of the last five Fiscal Years, as shown in Table 20. On October 7, 2021, the Board adopted a revised statement of financial policies that strengthens the Authority's debt service coverage policy goal to 1.60x on a combined debt service coverage basis. As shown in Table 20 below, the Authority has also exceeded this increased coverage target in each of the last five Fiscal Years.]

Table 20. Historical Debt Service Coverage¹
Fiscal Year Ended September 30, 2025
($\$$ in thousands)

	2021	2022	2023	2024	2025
Net Revenues (A)	\$ 714,114	\$ 828,095	\$ 857,151	\$ 910,017	\$ 965,920
Operating expenses (B)					\$ 426,358
	332,830	348,402	389,376	399,547	
Net Revenues available for debt service (C=A-B)	\$ 381,284	\$ 479,693	\$ 467,775	\$ 510,470	\$ 539,562
Debt Service:					
Senior Debt Service (D)	\$ 75,085	\$ 73,474	\$ 74,114	\$ 55,514	\$ 56,010
Subordinate debt service (E)	\$ 129,793	\$ 136,293	\$ 151,739	\$ 164,559	\$ 168,496
Total Outstanding debt service (F=D+E)	\$ 204,878	\$ 209,767	\$ 225,853	\$ 220,073	\$ 224,506
Senior Debt Service Coverage (C/D)	5.08x	6.53x	6.31x	9.20x	9.63x
Net Revenue available for					
Subordinate Debt Service (C-D)	\$ 306,199	\$ 406,219	\$ 393,661	\$ 454,956	\$ 483,552
Subordinate debt service coverage [(C-D)/E]	2.36x	2.98x	2.59x	2.76x	2.87x
Combined debt service coverage (C/F)	1.86x	2.29x	2.07x	2.32x	2.40x

¹ Prepared in accordance with the Indenture, which closely corresponds to cash basis accounting. Debt service on the Series 2010A Bonds (which is included in Subordinate Debt Service above) reflects the Direct Payments the Authority receives from the U.S. Treasury. The Authority has agreed to deposit the Direct Payments related to the Series 2010A Bonds directly into the Series 2010A Interest Account of the Subordinate Lien Bond Fund to pay interest when due on the Series 2010A Bonds. With respect to the effect of Sequestration on the receipt by the Authority of Direct Payments on its Series 2010A Bonds, see "SECURITY FOR THE SERIES 2026AB BONDS – Direct Payments – Sequestration."

Source: Authority records.

Annual Budget*Annual Budget Process*

The Authority's budgetary process is based on an integrated approach that links its operating and capital requirements to its ten-year financial plan. Preparation of the Authority's budget begins with the preparation of the ten-year financial plan in the spring of each year. The Authority's operating budgets and the CIP are developed based on the financial parameters laid out in the financial plan and in Board policy. Management presents its proposed operating budgets, the CIP and the ten-year financial plan to the Board's Environmental Quality and Sewerage Services, Water Quality and Water Services, and Finance and Budget Committees for their review, with final action by the full Board typically scheduled for January of each year. Upon final approval by the Board, the Authority's budget is forwarded to the District for inclusion in its submission to the President as described below.

Under the Act and the Federal Act, the Authority is required to prepare and annually submit to the Mayor of the District for inclusion in the annual budget of the District estimates of the expenditures and appropriations necessary for the operation of the Authority for each Fiscal Year. All such estimates are required to be forwarded by the Mayor to the Council for its action without revision. The Council may comment or make recommendations concerning such annual estimates but has no authority to revise such estimates. Such annual estimates constitute a part of the annual budget of the District required to be submitted by the Mayor to the President of the United States for transmission by the President to the U.S. Congress. In accordance with the District's Home Rule Act, except as noted below, no amount may be obligated or expended by any officer or employee of the District, including the Authority, unless such amount has been approved by act of Congress and then only according to such act. Pursuant to the Federal Act, the limitation described in the preceding sentence is not applicable to expenditures by the Authority for any of the following purposes: (i) any amount obligated or

expended from the proceeds of any revenue bonds of the Authority; (ii) any amount obligated or expended for debt service on such revenue bonds; (iii) any amount obligated or expended to secure any revenue bonds of the Authority; or (iv) any amount obligated or expended for repair, maintenance, or capital improvement to the System facilities financed by any revenue bonds of the Authority. In addition, pursuant to Public Law 105-33 (D.C. Code Section 1-204.45a(b)), if the Authority has excess revenues, such excess revenues may be obligated or expended for capital projects.

The Approved Fiscal Year 2026 Budget

The Board adopted the Fiscal Year 2026 operating budget (the “Fiscal Year 2026 Budget”) on March 6, 2025.

The Revised Fiscal Year 2025 Budget for operating expenditures totaled \$788.2 million, which was \$50.7 million or 6.9% higher than the Revised Fiscal Year 2024 Budget, primarily due to increases in debt service costs associated with the Authority’s CIP and expenses for personnel and contractual services. The Fiscal Year 2026 Budget for operating expenditures totals \$838.1 million, which is \$ 49.9 million or 6.3% higher than the Revised Fiscal Year 2025 Budget, primarily due to increases in debt service costs, an increase to the budgeted amount for cash-financed construction, higher personnel expenses and increases to various other operations and maintenance costs.

Beginning in Fiscal Year 2015, the Authority includes a separate line item in its operating budget to provide funds for additional cash-financed capital construction, the defeasance of debt, or other uses at the discretion of the Authority. The amounts in this line item could alternatively be used by the Authority to help address potential shortfalls in cash receipts or increases in expenses, should the need arise. In addition, the Authority has the ability to adjust its rates, as necessary, to provide the required revenues in each year.

Projected Financial Operations

Table 21 was prepared by Amawalk in its capacity as the financial feasibility consultant to the Authority, and it shows (i) the actual (preliminary, unaudited) cash flows, cash reserves and debt service coverage for Fiscal Year 2025 and (ii) projected cash flows, cash reserves and debt service coverage for Fiscal Years 2026 through 2030. The projected revenues reflect the increases in rates and charges adopted by the Authority for Fiscal Year 2026 and the anticipated increases in rates and charges for Fiscal Years 2028 through 2030.

The projected financial results for Fiscal Years 2026 through 2030 reflect the Fiscal Year 2026 Budget as adopted by the Authority and incorporate assumptions as of the date of this Official Statement as provided for in the Proposed Financial Plan. For information regarding financial results in Fiscal Year 2025, see “FINANCIAL OPERATIONS – Federally-Mandated Budget Reduction for Fiscal Year 2025.”

The projected debt service requirements do not include the potential impacts on debt service of the Series 2026AB Bonds. The Authority anticipates issuing approximately \$1.80 billion of new money bonds from Fiscal Year 2026 through and including Fiscal Year 2030. There are no deposits to the debt service reserve fund assumed for the Series 2026AB Bonds, and any anticipated future bonds; the Authority may decide to make contributions to the debt service reserve fund in the future at its discretion.

The Authority has the option to issue future bonds as either Senior Debt or Subordinate Debt. The combined debt service coverage would remain the same if the Authority were to elect to issue Senior Debt in lieu of Subordinate Debt or vice versa in a given year. Decisions regarding the issuance of future debt as Senior Debt will be made by the Authority at the time of debt issuance.

For more information in respect of Amawalk’s analysis, see “Financial Feasibility Opinion Letter of Amawalk Consulting Group dated [_____, 2026]” in APPENDIX A.

Table 21. Analysis of Actual and Projected Financial Results
Fiscal Years ended/ending September 30
(\$ in thousands)¹

	Actual³ 2025	Projected⁴			
		2026	2027	2028	2029
Revenues and Payment Obligations					
Revenues					
Retail Revenues ²	777,954	791,856	829,293	873,213	916,766
Wholesale Revenues	114,341	124,219	134,090	140,055	145,657
Other Non-Operating Revenues	86,214	92,119	105,991	108,101	109,873
Transfer from RSF	0	0	0	0	0
(Contributions to RSF)	(5,000)	0	0	0	0
Total Revenues	973,509	1,008,194	1,069,375	1,121,369	1,172,296
County Refunds / PILOT	6,205	(3,000)	(3,000)	(3,000)	0
Projected Billing Refunds	(3,127)	(2,000)	0	0	0
Prior Year Federal Billing Reconciliation	(11,049)	(11,310)	2,503	(7,000)	0
AP Voided Checks/ACH Return for Previous Years, Miscell.	382	0	0	0	0
Net Revenues (A)	965,920	991,884	1,068,877	1,111,369	1,172,296
Operating Expenses (B)	426,358	437,669	453,449	475,789	494,821
Net Revenues Available for Debt Service (C=A-B)	539,562	554,215	615,428	635,580	677,476
Total Senior Debt Service (D) ^{5,6}	56,010	59,020	59,024	62,469	64,819
Total Subordinate Debt Service (E) ^{5,6,7,8,9}	168,496	188,428	198,873	238,361	266,681
Total Outstanding & Projected Debt Service (F=D+E)	224,506	247,448	257,898	300,831	331,501
Debt Service Coverage					
Calculation of Net Revenues Available for Senior Debt Service					
Senior Debt Service Coverage (C/D)	9.63x	9.39x	10.43x	10.17x	10.45x
Calculation of Subordinate Debt Service Coverage					
Net Revenue Available for Senior Debt Service (C)	539,562	554,215	615,428	635,580	677,476
Less Senior Debt Service (D)	(56,010)	(59,020)	(59,024)	(62,469)	(64,819)
Net Revenue Available for Subordinate Debt Service (C-D)	483,552	495,195	556,403	573,111	612,656
Subordinate Debt Service Coverage [(C-D)/E]	2.87x	2.63x	2.80x	2.40x	2.30x
Combined Debt Service Coverage (C/F)	2.40x	2.24x	2.39x	2.11x	2.04x
Subordinated Payment Obligations					
Payment In Lieu of Taxes/Right of Way Fee (G)	23,796	24,170	24,552	24,941	25,337
Cash Financed Capital Improvements (H) ¹⁰	58,438	97,938	76,846	80,834	84,789
Revenues Less Disbursements (I=A-B-F-G-H)	232,822	184,659	256,133	228,975	235,848
Reserve Balances					
Beginning Cash Reserve Balance (J)	320,513	333,716	341,600	354,600	372,600
Cash Reserve Balance Breakdown					
Beginning Undesignated Reserve Balance	220,790	232,293	235,540	246,655	262,025
Additions to/(Transfers from) Undesignated Reserve					
Annual Balance from Operations	240,411	200,968	256,630	238,975	235,848
(Refund to)/Payment from IMA	6,205	(3,000)	(3,000)	(3,000)	0
Projected Billing Refunds	(3,127)	(2,000)	0	0	0
Prior Year Federal Billing Reconciliation	(11,049)	(11,310)	2,503	(7,000)	0
AP Voided Checks/ACH Return for Previous Years, Miscell.	382	0	0	0	0
Pay-Go Capital Financing	(219,619)	(176,775)	(243,133)	(210,975)	(221,848)
(Transfers to)/Transfers from 60-Day Reserve	(1,700)	(4,636)	(1,885)	(2,630)	(3,723)
Ending Undesignated Reserve Balance	232,293	235,540	246,655	262,025	272,302
Beginning 60-Day Operating Reserve Balance	64,723	66,423	71,060	72,945	75,575
Additions to/(Transfers from) 60-Day Reserve	1,700	4,636	1,885	2,630	3,723
60-Day Operating Reserve Balance	66,423	71,060	72,945	75,575	79,298
Beginning Renewal & Replacement Balance	35,000	35,000	35,000	35,000	35,000
Additions to/(Transfers from) Renewal & Replacement Reserve	0	0	0	0	0
Renewal & Replacement Balance	35,000	35,000	35,000	35,000	35,000
Ending Balance Cash Reserve	333,716	341,600	354,600	372,600	386,600
Cash Reserve Requirement Per Board Policy (267 Days of Cash on Hand as reflected in budget adopted by the Board on March 6, 2025)	232,293	338,144	350,336	367,596	382,300
Beginning Rate Stabilization Fund Balance	35,644	40,644	40,644	40,644	40,644
Transfers from Operations (Additions to Rate Stabilization Fund)	5,000	0	0	0	0
Additions to Operations/(Transfers from) Rate Stabilization Fund	0	0	0	0	0
Rate Stabilization Fund Balance	40,644	40,644	40,644	40,644	40,644

- 1 Totals may not add due to rounding.
- 2 Includes retail revenue from water and wastewater charges as well as the Clean Rivers Impervious Area Charge.
- 3 Fiscal Year 2025 reflects preliminary unaudited results.
- 4 Fiscal Year 2026 - 2030 projections are based on the Proposed Financial Plan.
- 5 Debt service is shown on a cash basis, and may differ from the Annual Report.
- 6 The Authority has received a loan to finance a portion of its CIP pursuant to the Water Infrastructure Finance and Innovation Act of 2014 (WIFIA), a federal credit program administered by EPA for eligible water and wastewater infrastructure projects. The loan amount is up to \$156 million to be disbursed over multiple years. The projected debt service includes repayment of the WIFIA loan as a senior obligation; the effective interest rate is 1.87% annually which is lower than the projected rate that would be required if the Authority issued bonds in lieu of accepting the loan proceeds.
- 7 Anticipated future bonds in Fiscal Year 2029 are assumed to be issued on a Senior lien basis. Anticipated future bonds in all other years of the Reporting Period are currently assumed to be issued on a subordinate lien basis. The Authority may decide in the future to issue bonds on a senior or subordinate basis. Debt service for anticipated future bonds is calculated based on a term of 35 years and level annual debt service and assumed annual interest rates of 6.00%. The sizing of each anticipated bond issue includes an allowance of 1.5% of the proceeds for the cost of issuance. No deposits to the debt service reserve fund are assumed for the issuance of anticipated future bonds.
- 8 The Total Subordinate Debt Service is net of the Build America Bonds (BABs) subsidies the Authority expects to receive from the United States Treasury equal to 32% of the interest payable on the Series 2010A Bonds. It reflects the reduction in BABs subsidy payments due to expected continuing effects of sequestration. See "SECURITY FOR THE SERIES 2026AB BONDS - Direct Payments – Sequestration."
- 9 Subordinated debt service includes an allowance in each year for the interest costs of Extendible Maturity Commercial Paper (EMCP). In Fiscal Year 2026 through Fiscal Year 2030, subordinated debt service includes an allowance of \$2.89 million per year for interest on Tax-Exempt EMCP. See "DEBT SERVICE REQUIREMENTS."
- 10 The Authority includes funds in its annual budget that are intended to be used to defease outstanding debt or pay for construction on a cash basis. These funds are separate from the Pay-Go Capital Financing amounts referenced under Reserve Funds above and are presently assumed to be added to the Pay-Go amounts and deposited in total as a source of funds for the CIP. Alternatively, these funds could be used to cover unexpected declines in revenues or increases in expenses. The Authority reserves the right to modify the amount of the funds and the usage of funds during each year.

Source: Amawalk

See "FINANCIAL OPERATIONS – Federally-Mandated Budget Reduction for Fiscal Year 2025" for information regarding the above results for Fiscal Year 2025.

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Federally-Mandated Budget Reduction for Fiscal Year 2025

On March 15, 2025, President Trump signed into law the “Full-Year Continuing Appropriations and Extensions Act, 2025,” which, among other requirements, mandated a reduction in DC Water’s Fiscal Year 2025 Board-Approved Budget to Fiscal Year 2024 levels. This resulted in a \$51 million reduction to the Operating Budget that had been in place since October 1, 2024 and a \$779 million reduction to the \$7.2 billion multi-year CIP.

The mandated reduction in Fiscal Year 2025 to prior year budget levels applied to operating expenditures. Adopted rates and resulting projections of revenues were not affected by the legislation.

DC Water took a series of actions to mitigate the effect of the \$51 million reduction in expenditures; these actions and their estimated cost reductions include: a) instituted a hiring freeze and constraints on overtime (\$9.2 million); b) suspended non-critical contractual services contracts by March 26, 2025 (\$9.4 million); c) revised the expected debt service payments based on current financial market conditions and updated borrowing plans to recognize potential savings versus budget (\$17.3 million); d) reduced cash-financed construction deposits (\$13.3 million); and e) made other budget adjustments (\$2.2 million). Based on the preceding actions, actual Fiscal Year 2025 expenditures were lower than the budgeted amounts for Fiscal Year 2025. Based on actual revenues and expenditures, DC Water deposited \$5.0 million to the Rate Stabilization Fund and added moneys to its operating reserves. There were no practical impacts to the CIP because the entire ten-year CIP is approved every year.

The Authority advises that its delivery of water, wastewater and stormwater services was unaffected by the mandated reduction in expenditures and DC Water’s actions. It is currently assumed that Fiscal Year 2026 operating expenditures will be consistent with the amounts contained in the Fiscal Year 2026 Budget as adopted by the Authority and summarized in Tables 21 and 23.

System Revenues

The Authority collects revenues from retail and wholesale customers as well as other sources that include fees paid by developers and interest earnings on available funds. Authority revenues also include transfers from the Rate Stabilization Fund. Table 22 shows actual revenues (unaudited) of the Authority for Fiscal Year 2025, and the projected revenues for Fiscal Years 2026 through 2030.

Table 22. Historical and Projected Revenue on a Cash Basis
Fiscal Years ended/ending September 30
(\$ in thousands)^{1,2}

	Actual³	Projected⁴				
	2025	2026	2027	2028	2029	2030
Retail Revenue						
Residential, Commercial, Multi-Family	496,395	494,676	519,409	548,799	576,157	604,866
D.C. Municipal Government	16,706	17,367	18,205	19,312	20,266	21,267
Federal Government	71,183	76,861	81,657	85,690	89,924	94,366
D.C. Housing Authority	13,832	13,711	14,386	15,130	15,877	16,662
Groundwater ⁵	0	5	5	5	5	5
Metering Fee	24,479	24,400	24,400	24,400	24,400	24,400
Water System Replacement Fee	43,382	42,717	42,717	42,717	42,717	42,717
CRIAC	111,976	122,119	128,515	137,160	147,420	158,976
Total Retail Revenue	777,954	791,856	829,293	873,213	916,766	963,259
Wholesale Revenue						
Loudoun County & Potomac Interceptor	14,090	16,205	17,054	17,597	18,301	19,033
WSSC	79,591	86,411	93,707	98,056	101,978	106,057
Fairfax County	20,660	21,603	23,329	24,402	25,378	26,393
Total Wholesale Revenue	114,341	124,219	134,090	140,055	145,657	151,484
Other Revenues						
District Stormwater Revenues - Authority's Share	992	1,008	1,107	1,107	1,107	1,107
Transfer from Rate Stabilization Fund	0	0	0	0	0	0
Miscellaneous Revenues	45,172	53,382	67,256	69,245	67,202	70,265
Aqueduct Debt Service Revenue from Falls						
Church and Arlington	193	193	193	193	193	193
Interest Income	14,868	13,380	12,883	12,614	16,034	16,609
D.C. Right of Way Occupancy Fee/PILOT	24,989	24,156	24,552	24,941	25,337	25,742
Total Other Revenue	86,214	92,119	105,991	108,101	109,873	113,916
Total Operating Cash Receipts	978,509	1,008,194	1,069,375	1,121,369	1,172,296	1,228,658
Less: Contributions to Rate Stabilization Fund	(5,000)	0	0	0	0	0
Total Operating Cash Receipts with RSF Transfers	973,509	1,008,194	1,069,375	1,121,369	1,172,296	1,228,658

¹ Totals may not add due to rounding.

² All figures are presented on a cash receipt basis.

³ Fiscal Year 2025 reflects preliminary unaudited results.

⁴ Revenues in each year are based on the Proposed Financial Plan and are dependent upon several factors including: the rates as adopted by the Board, water consumption by customers, rates of bill collection and other matters.

⁵ Groundwater revenue refers to receipts from customers that pump groundwater into the sewer system.

An overview of the revenue components on a cash basis is provided below.

Retail Water and Wastewater Revenues

Retail revenues comprise the vast majority of all System revenues. In Fiscal Years 2021 through 2025, retail revenues accounted for approximately 81.9% of total revenue (excluding the PILOT/ROW Fee and the effects of withdrawals from the Rate Stabilization Fund), and wholesale customer payments represented about 12.1% of total revenues, with the remaining 6.0% coming from a variety of sources, such as interest income, the District fire protection fee, System Development Fees, IMA contributions for indirect costs and fees from service installations. Retail revenues are derived primarily from water and wastewater service charges of the Authority that are based on water consumption as described earlier in this Official Statement. Other sources of retail revenue include the customer metering fee, CRIAC, and Water System Replacement Fee. See “CUSTOMER BASE, RATES AND CHARGES – Components of Retail Rates and Charges.”

The Authority has projected that revenues from retail customers, excluding the CRIAC and PILOT/ROW Fees, will be \$791.9 million in Fiscal Year 2026, or 78.6% of the Authority’s total revenues (excluding the PILOT/ROW Fee and transfers from the Rate Stabilization Fund). This amount includes approximately \$1221 million from the CRIAC and \$42.7 million from the Water System Replacement Fee. Excluding CRIAC and the Water System Replacement Fee, Fiscal Year 2026 projected revenue is expected to be \$627.0 million, or 0.7% higher than the Fiscal Year 2025 revenues from retail customers from the same sources. The projected increase in retail revenue assumes that the consumption of retail customers will be 1.0% lower in Fiscal Year 2026 compared to Fiscal Year 2025.

Revenues from retail customers are projected to be \$829.3 million in Fiscal Year 2027. This amount includes approximately \$128.5 million from the CRIAC and \$42.7 million from the Water System Replacement Fee and excludes the PILOT/ROW Fee. Without the effects of the CRIAC and the Water System Replacement Fee, the Fiscal Year 2027 projected revenue of \$658.1 million represents an increase of \$31.0 million or 5.0% compared to the projected Fiscal Year 2026 revenues.

Retail revenues in Fiscal Years 2028 through 2030 are anticipated to increase in each year reflecting both the effects of anticipated changes in rates (as illustrated in Table 13) as well as the expectation that water demand will decrease by 1.0% annually.

Clean Rivers Impervious Area Charge Revenues

The revenues from the CRIAC were \$112.0 million in Fiscal Year 2025. CRIAC revenues have increased or decreased in recent years due to rate adjustments to better reflect the cost of service. When rates and revenues from the CRIAC are expected to be lower, rates and revenues from wastewater charges are expected to be higher due to both: a) increases in the cost of service, and b) an allocation of a portion of the costs of the LTCP to wastewater charges in lieu of the CRIAC. The allocation of a portion of LTCP costs to wastewater charges is based on an analysis prepared by the Authority which estimates that sanitary sewage portion of combined wastewater and stormwater. Amawalk previously reviewed the Authority’s analysis and found it to be reasonable and consistent with industry practice. The revenues from the CRIAC in Fiscal Year 2026 and subsequent years are expected to change reflecting the effects of projected rate increases. Revenues from CRIAC are expected to be \$122.1 million in Fiscal Year 2026, \$128.5 million in Fiscal Year 2027, \$137.2 million in Fiscal Year 2028, \$147.4 million in Fiscal Year 2029 and \$159.0 million in Fiscal Year 2030.

Water System Replacement Fee

The revenues from Water System Replacement Fee were \$43.4 million in Fiscal Year 2025. It is assumed for projection purposes that the Water System Replacement Fee will generate \$42.7 million per year from Fiscal Year 2026 and through 2030.

Stormwater Revenues

In Fiscal Year 2025, the Authority collected \$1.0 million in stormwater fees from its retail accounts to cover its share of District stormwater expenditures. DC Water anticipates that it will collect \$1.0 million in Fiscal Year 2026 and \$1.1 million in each Fiscal Year from 2026 through 2030. The District Council has stormwater rate-setting authority for stormwater services provided by the District. The projected revenue from stormwater fees that are payable to the District are based on the current stormwater rate which is assumed to be constant during the projection period. For more information regarding the stormwater fee, see “CUSTOMER BASE, RATES AND CHARGES – Components of Retail Rates and Charges – Stormwater Fee.”

Wholesale Revenues

The Authority's wholesale revenues for wastewater operations are stable and reflect modest increases in the cost of service and changes in the volumes of wastewater flow from suburban customers. In Fiscal Year 2025, the Authority received \$114.3 million in revenue from its wholesale customers pursuant to the IMA. Revenues from wholesale customers are expected to increase to \$124.2 million in Fiscal Year 2026, \$134.1 million in Fiscal Year 2027, \$140.1 million in Fiscal Year 2028, \$145.7 million in Fiscal Year 2029 and \$151.5 million in Fiscal Year 2030. The revenues from the wholesale customers in Fiscal Years 2026 through 2030 are projected to increase reflecting the effects of projected cost increases for such customers as well as the expectation that water demand will decrease by 1% annually.

The preceding figures do not include the effects of prior year billing reconciliations in each year. Such figures also do not include the annual capital contributions of wholesale customers; the anticipated capital contributions are shown in the Sources of Funds section of Table 5 – Fiscal Year 2026-35 Capital Improvement Program.

Loan Repayment from Arlington County and Falls Church

The Authority provided a loan to the Aqueduct to finance certain improvements at the Aqueduct. This loan is repaid to the Authority by Arlington County, Virginia, and Falls Church, Virginia, as Aqueduct Customers, in the form of a credit that is issued to the Authority on the monthly water bills generated by the Aqueduct. The amount of the credit is determined by the Aqueduct in accordance with the Water Sales Agreement, and the annual amount is expected to be approximately \$193,000 from Fiscal Year 2026 through Fiscal Year 2030.

Interest Income on Reserve Funds

Interest income is earned on the available funds of the Authority and a portion of the interest earnings may be used to pay operating and maintenance expenses or capital costs of the Authority.

Interest earnings will fluctuate from year to year based on changes in cash flow, reserve requirements, fund balances and market conditions affecting interest rates and other investment terms. In Fiscal Year 2025, the Authority received \$14.9 million in revenue from interest earnings. The Authority has projected interest earnings of \$13.4 million in Fiscal Year 2026, \$12.9 million in Fiscal Year 2027, \$12.6 million in Fiscal Year 2028, \$16.0 million in Fiscal Year 2029 and \$16.6 million in Fiscal Year 2030, including interest earned from the bond reserves. The assumed annual interest earnings rates for the funds are: 2.5% in each year in Fiscal Years 2026 through 2030. Projected fund balances and interest rate assumptions are reviewed annually as part of the Authority's budget process.

Miscellaneous Revenue

The Authority realizes revenue from several sources classified as miscellaneous, such as charges for late payments by customers, service installation charges, service line repairs, engineering reviews, the sale of manuals, the conveyance and treatment of backwash water from the Washington Aqueduct, and fees charged to commercial waste haulers. Miscellaneous revenues in Fiscal Year 2025 were \$46.2 million. Revenues from these sources are expected to increase to \$54.4 million in Fiscal Year 2026. Miscellaneous revenues are expected to total \$68.4 million per year in Fiscal Year 2027, \$70.4 million in Fiscal Year 2028, \$68.3 million in Fiscal Year 2029, and \$71.4 million in Fiscal Year 2030.

These amounts also include payments for various development-related services provided by the Authority and charges to the District for fire protection services. The System Availability Fee and Fire Protection Fee are significant sources of miscellaneous revenue at \$5.7 million and \$17.6 million, respectively, in Fiscal Year 2026. The Authority's annual investments (operating and capital) in fire protection assets and services increased significantly following the execution of the Memorandum of Understanding between the Authority and the District of Columbia Fire and EMS Department (FEMS) on October 25, 2007. The fees charged by the Authority are intended to recover the costs incurred by the Authority related to fire protection services provided by the water system including, but not limited to, the ability to deliver water for firefighting as well as maintaining and upgrading fire hydrants. The Authority's investments will continue in future years but at a pace that is much lower than the peak years of Fiscal Year 2008 and Fiscal Year 2009. The projected miscellaneous revenues assume that the District will make such payments in each year or that a combination of payments and credits against Authority payments to the District will result in the Authority receiving the full amounts expected from the District.

PILOT/ROW Fee

The total combined revenues from the PILOT/ROW Fee are assumed in the financial forecast to total \$24.2 million in Fiscal Year 2026, and increase gradually each year to \$25.7 million in Fiscal Year 2030. The Authority and the

District have negotiated MOUs for both the PILOT and the ROW (see “THE AUTHORITY – Authority’s Relationship to the District”).

System Expenditures

Operating Expenses

Table 23 presents the historical Operating and Maintenance (“O&M”) expenses of the Authority for Fiscal Year 2025, the approved (projected) O&M expenses for Fiscal Year 2026, and the projected O&M expenses for Fiscal Years 2027 through 2030 on a cash disbursement basis.

The approved expenses for Fiscal Year 2026 represent a 2.7% increase over the expenses for Fiscal Year 2025, excluding the PILOT/ROW Fee payments to the District. The anticipated expenses for Fiscal Year 2027 reflect an increase of 3.6% over the projected expenses for Fiscal Year 2026, excluding the PILOT/ROW Fee payments to the District.

See “FINANCIAL OPERATIONS – Federally-Mandated Budget Reduction for Fiscal Year 2025” for certain factors that affected expenses in that year.

Table 23. Historical and Projected Operation and Maintenance Costs on a Cash Disbursement Basis
Fiscal Years ended/ending September 30
(\$ in thousands)^{1, 2}

	Actual ³		Projected ⁴			
	2025	2026	2027	2028	2029	2030
Personnel Services	170,592	186,555	195,602	203,426	211,563	220,026
Contractual Services	96,713	102,284	99,994	102,994	107,113	111,398
Water Purchases	43,595	48,149	54,470	60,462	62,881	65,396
Chemical & Supplies	80,580	57,491	60,177	63,982	66,542	69,203
Utilities & Rent	33,330	41,659	42,201	43,889	45,645	47,471
Small Equipment	1,548	1,531	1,005	1,035	1,077	1,120
Total O&M Expenses	426,358	437,669	453,449	475,789	494,821	514,614
PILOT & D.C. Occupancy ROW Fee	23,796	24,170	24,552	24,941	25,337	25,742
Total Expenses	450,155	461,839	478,001	500,730	520,158	540,356

1 Totals may not add due to rounding.

2 All figures are presented on a cash disbursement basis.

3 Fiscal Year 2025 reflects preliminary unaudited results.

4 Fiscal Year 2026 - 2030 expense projections are based on the Proposed Financial Plan.

Table 24 provides a comparison of the budgeted versus actual costs for Fiscal Years 2023, 2024 and 2025 on an accrual basis. As illustrated in Table 24, the Authority has historically under-spent its annual budget for O&M expenses as one component of the budget. Individual line items of expense may be higher or lower in a given year, but aggregate expenses are historically less than budgeted.

Table 24. Budget to Actual Expense Comparison
Fiscal Years Ended September 30
(\$ in thousands)¹

Category	2023			2024			2025		
	Approved Budget	Actual Cost	Variance	Approved Budget	Actual Cost	Variance	Approved Budget ²	Actual Cost ³	Variance
Personnel Services	\$186,223	\$183,316	\$2,907	\$201,581	\$192,995	8,586	\$209,633	\$198,736	\$10,897
Contractual Services	88,504	88,309	195	93,070	\$89,276	3,794	102,284	\$89,951	12,333
Water Purchases	40,334	33,609	6,725	44,039	\$38,904	5,135	45,330	\$44,279	1,051
Chemical & Supplies	54,628	53,082	1,546	54,568	\$55,586	(1,018)	55,585	\$58,202	(2,617)
Utilities & Rent	37,799	37,361	438	39,233	\$34,202	5,031	40,318	\$37,834	2,484
Small Equipment	1,108	1,244	(136)	1,437	\$1,599	(162)	1,364	\$1,290	74
Debt Service	231,232	225,852	5,380	231,953	\$220,073	11,880	243,969	\$224,506	19,463
Cash Financed Capital Improvements	23,505	35,730	(12,225)	48,256	\$58,575	(10,319)	65,963	\$58,438	7,525
PILOT/ ROW Fee	23,070	23,070	-	23,430	\$23,430	0	23,796	\$24,170	(374)
Total Costs	\$686,403	\$681,573	\$4,830	\$737,567	\$714,638	\$22,929	\$788,242	\$737,406	\$50,836

¹ All figures are presented on an accrual basis. Fiscal Year 2024 figures are preliminary and subject to change.

² Indicates approved budget, as amended.

³ These figures include estimated incurred but unpaid invoices and are subject to revision during year-end closeout and final audit.

Source: Authority records.

Several factors affecting future expenses are described herein. The Authority has undertaken long-term initiatives to optimize the cost of service. Management's forecast of operations and maintenance expenses reflects continued emphasis on managing such expenses. Examples of historical and ongoing initiatives are outlined in the description of the major categories of expense. Management continually monitors expenditures and reports the results monthly to the Board's Finance and Budget Committee. The Authority also has the option, in any given year, to defer certain expenses in order to stay within its budget and conform to Board policy requirements.

Labor-Related Expenses

Personnel costs are directly affected by staffing levels, salaries and wages, fringe benefits including retirement contributions, overtime expenditures and other factors.

Certain individuals at the Authority are responsible for planning and implementing the CIP. The salaries, wages and fringe benefits of such personnel are charged to capital projects and are paid for through the sources of funds for the CIP.

Salaries and Fringe Benefits. The Authority provides its employees with a comprehensive fringe benefit package, including coverage for health insurance, group term life insurance, dental care, vision care, disability coverage and retirement plans. The fringe benefit component of total labor costs in recent years has been impacted by the increasing cost of health care coverage. [updates to come for FY25] [Fringe benefits are budgeted to be 22.1% of the total personnel services budget in Fiscal Year 2025 and 22.9% of the total personnel services budget in Fiscal Year 2026.]

While employed by the Authority, employees contribute to a retirement fund and the Authority contributes a proportional match. Once an employee retires, the Authority has no further financial obligations relating to those employees. Some retired employees may be eligible to receive a federal pension. In addition, the federal government also may assume the employer portion of the healthcare coverage for eligible employees. The Authority is and expects to continue to remain current with its benefit payments.

See “THE AUTHORITY – Employees and Labor Relations” herein for further information regarding the Authority’s labor force and the status of collective bargaining agreements.

Overtime Expenses. The Authority uses overtime work by its employees to address unplanned repairs and service needs (e.g., to repair water main breaks that occur outside of normal business hours) as well as to provide resources to offset unfilled positions and to reduce the need for contractual labor. [Overtime expenses in Fiscal Year 2024, including an allowance for fringe benefits, totaled \$53.0 million, or about 27.5% of total personnel services costs.]

Total Personnel Expenses. [In Fiscal Year 2024, personnel expenses were budgeted at \$201.6 million. In Fiscal Year 2025, the budget personnel expenses are \$209.6 million, an increase of 4.0% from the prior year. Personnel expenses are projected to increase at an average annual rate of 3.7% for Fiscal Year 2026 and then 4.0% per year for Fiscal Years 2027 through 2029. The projected rate of increase is supported by the Authority’s demonstrated ability to maintain adequate staffing levels and reduce overtime costs through improvements in its facilities and business practices, as well as the expectation that new employees in the upcoming years will have lower salaries and benefits compared to the employees who will retire during that same period.]

Non-Labor Operating Expenses

There are four major categories of non-labor related operating expenses: contractual services (which includes the processing and disposal of biosolids), water purchases, chemicals and supplies, and utilities and rent (which includes electricity needed to operate the Authority facilities). A brief overview of the four major categories of non-labor expenses is provided below.

Contractual Services. Contractual services include the outside services necessary for the Authority to operate and maintain facilities, including the hauling of biosolids from the Blue Plains treatment facility to the disposal location, building maintenance and repair, the maintenance of certain machinery, equipment and vehicles, and other contractual or professional services.

The actual cash basis costs for contractual services in Fiscal Year 2025 were \$96.7 million. The budgeted amounts for contractual services in Fiscal Year 2026 are \$102.3 million and the projected amount for Fiscal Year 2027 is \$100.0 million. Contractual services expenses are assumed to increase at the average annual rate of 3.0% in Fiscal Year 2028 and 4.0% in Fiscal Years 2029 and 2030.

Also included within contractual services is the Authority’s purchase of annual insurance policies. The policies cover property, equipment, worker’s compensation, umbrella and excess liability, crime and fidelity, public officials’ liability, and fiduciary liability.

Water Purchases. The Authority purchases all of its treated drinking water from the Aqueduct on the basis of a 1997 agreement between the Authority and the Corps of Engineers, the operator of the Aqueduct. Under the terms of the agreement and based on its usage in relation to the other Aqueduct Customers, the Authority pays an average of approximately 75% of the Aqueduct’s operating costs. The Authority’s share of Aqueduct capital costs is reflected in the Authority’s CIP.

The actual operating costs for water purchases in Fiscal Year 2025 were \$43.6 million on a cash basis. The budgeted amount for water purchases in Fiscal Year 2026 and the projected amount for Fiscal Year 2027 are \$48.1 million and \$54.5 million, respectively. An average annual increase in water supply costs of 11.0% is projected in Fiscal Year 2028 and 4.0% per year is assumed in Fiscal Years 2029 and 2030.

Chemicals and Supplies. The chemicals and supplies component of the Authority’s operating and maintenance expenses includes, but is not limited to, office, laboratory, custodial and maintenance supplies, automotive supplies, uniforms, and chemicals. Chemicals are the largest portion of this component. The Authority continues to implement a QA/QC program for managing dry polymer selection, procurement, and use. The most cost effective dry polymer products, for different process applications at Blue Plains, are selected based on laboratory and full scale tests. The selected products are “fingerprinted” to verify the consistency in the quality of future deliveries.

The actual expenses for chemicals and supplies in Fiscal Year 2025 on a cash basis were \$80.6 million. The budgeted expenses for chemicals and supplies in Fiscal Year 2026 and the projected amount for Fiscal Year 2027 are \$57.5 million and \$60.2 million, respectively. An average increase in costs for chemicals and supplies of 6.3% is projected in Fiscal Year 2028 and 4.0% annually is assumed in Fiscal Years 2029 and 2030.

Utilities and Rent. The Authority is a major user of energy, primarily for the operation of the Blue Plains Wastewater Treatment Facilities. [In Fiscal Year 2024, approximately 72% of the expenses associated with utilities and

rent were attributable to the cost of power. The combined heat, power and solar facilities provide over 27% of the plant's energy needs.] See "CAPITAL IMPROVEMENT PROGRAM – Categories of CIP Projects – Blue Plains – Wastewater Treatment Projects." The Authority has taken a proactive approach to the procurement of power and its pricing. On October 1, 2014, the Authority entered into a five-year full service electricity contract, with five optional years, to purchase power from Constellation New Energy, Inc., previously ConEdison Solutions. As part of its power purchasing strategy in the deregulated environment, this contract allows the Authority to lock in blocks of power at a fixed price when futures pricing meets budget targets. To the extent that the Authority has power needs that exceed the locked in fixed price blocks, the price of the additional power would be established each day at market rates with direct pass-through of all costs. This contract includes an enhanced process for block power purchases that gives the Authority access to the wholesale market. The Authority's Department of Finance, Accounting and Budget monitors the energy market on a continuous basis. The contract was modified and extended through September 30, 2026.

In June 2018, the Authority entered into a Solar Power Purchase Agreement ("Solar PPA") with Marbury Point Solar LLC, which is controlled by Ameresco, Inc., a renewable energy asset development company ("Ameresco"). Under this agreement, Ameresco now owns, operates, and maintains the solar photovoltaic distributed generation system at Blue Plains to provide a portion of the electricity necessary for its operation. The Solar PPA has an initial term of 20 years, renewable at the discretion of the Authority for a one-time 5-year term addition. The Authority is committed to purchasing all of the energy output from the Solar PPA installation. Ameresco is committed to providing a specified minimum annual energy production obligation per the Solar PPA contract. The Authority may terminate the Solar PPA at any time at a specified value from \$24,972,127 through the twentieth year valued at \$1,048,575 by year. Upon expiration of the Solar PPA, the Authority may purchase the subject solar system from Ameresco at fair market value. The Blue Plains Phase I Solar Project began generating power in June 2021. The Authority, as dictated by the Solar PPA and adjusted by the 2017 Contract Administration Memorandum, pays a graduated price starting from the first year at \$0.0186/kWh to the twenty-fifth year at \$0.0317/kWh for the power and has avoided paying grid power costs, which were approximately [\$0.11/kWh in Fiscal Year 2024]. [Electricity produced by this system saved the Authority approximately \$550,000 in electricity costs, after expenses, in Fiscal Year 2024.]

Reserve Funds

The Authority maintains various reserve funds as previously described herein. See "SECURITY FOR THE SERIES 2026AB BONDS – Certain Reserve Funds – Discretionary Reserves; – Operating Reserve Fund; – Rate Stabilization Fund; and – Renewal and Replacement Reserve Fund."

Financial Policies

The Authority has developed a ten-year financial plan to ensure compliance with certain Indenture requirements and the Board's financial policies. This plan is updated at least annually, taking into account revisions to the CIP, current and prior year financial performance and other changes. The policies summarized below reflect revisions adopted by the Board and effective October 2023.

Financial Policies, Debt Policy and Guidelines

The policies are designed to promote sound financial management, achieve high quality investment grade bond ratings help ensure the lowest cost of debt necessary to finance the Authority's long-term capital program, guide day-to-day financial and management decisions by the Authority, and reduce financial risk associated with events that could interrupt customer payments or financial markets, or require a large unanticipated outlay of cash (major repairs). The Authority will maintain strong levels of Operating Cash Reserves that exceed the Master Indenture requirements. On October 7, 2021, the Board approved a Statement of Financial Policies which established a minimum cash balance of 250 days of projected operating expenses and minimum combined debt service coverage of 160%. On October 5, 2023, the Board approved a revised Statement of Financial Policies that set a cash target of 350 days of projected operating expenses to be achieved gradually by 2032 through the use of year-end surplus. Days of Cash on Hand will be calculated on an average daily balance basis for the projections in the Financial Plan. It is the policy of the Board that the Financial Plan developed by the CEO and General Manager and adopted by the Board will contain a minimum combined debt service coverage of 1.60x for the budget and all years of the Financial Plan. Debt service coverage will be calculated in accordance with the Master Indenture. The Authority will, whenever possible, use the least costly type of financing for capital projects, based on a careful evaluation of the Authority's capital and operating requirements and financial position for each year. The Authority will attempt to match the period of debt repayment, in total, with the lives of the assets financed by any such debt. The Authority will use operating cash in excess of the Board's Operating Cash Reserve requirement and any other significant one-time cash infusions for capital financing, repayment of higher cost debt (debt defeasance), or non-recurring

expenses that reduce ongoing costs. The budget and the financial plan will be structurally balanced; the Authority will use onetime revenues for one-time expenses.

Rate-Setting Policies

The Authority's rate-setting policies are based on the following principles:

- Rates and fees will be based on the actual cost to deliver each service.
- Current rates must be sufficient to cover current costs and to meet all bond covenants.
- The Authority will achieve a positive net income and cash flow each year.
- Rates will be based on an annually updated ten-year financial plan (both operating and capital).
- Rate increases will be implemented in a gradual and predictable manner, avoiding large one-time rate increases.
- Contributions to and usage of the Rate Stabilization Fund as needed to avoid "rate shock." Each year, after reviewing financing improvements from cash and any other non-recurring financing uses of excess operating cash, the annual Rate Stabilization Fund deposit, if any, is determined.

Cash Management and Investment Policies

In January 2022, the Board amended its comprehensive Statement of Investment Policy. The statement outlines broad investment policies to include delegation of certain authority to the CEO, investment objectives, collateralization of deposits, selection of financial institutions, protection of funds, permitted investments, limits on maturities, investment of bond proceeds and investment reporting.

The Office of Treasury and Debt produces daily and monthly internal reports on all cash management and investment activities, with significant peer oversight within the Chief Financial Officer's office, monthly reports to the CEO and quarterly reports to the Board's Finance and Budget Committee that enables them to monitor compliance with Board policies.

Extendable Municipal Commercial Paper Policy

On October 1, 2015, the Board adopted a formal policy relating to the Authority's EMCP Notes. The goal of this policy is to ensure that the Authority is able to pay (either from its own funds, the proceeds of a new issuance of Series A Notes, or a new issue of bonds or Commercial Paper Notes) the principal of and interest on any outstanding EMCP Notes on the original maturity date or extended maturity date thereof, as the case may be.

Green Bond Framework

On October 7, 2021, the Board adopted a Green Bond Framework to formalize the process and commitments that govern the Authority's issuance of Green Bonds. The Green Bond Framework governs the use of Green Bond proceeds, project selection and evaluation processes, management of Green Bond proceeds and disclosure. At the time of issuance of a Green Bond, the Authority's policy is to seek an independent Second Party Opinion on the sustainability of the Green Bond to be issued.

ENGINEERING FEASIBILITY REPORT

The Authority retained PEER Consultants, P.C. ("PEER") to prepare the Independent Engineering Assessment of the DC Water Wastewater and Water Systems dated September 30, 2023 (the "Independent Engineering Assessment"), a copy of which is available on the Authority's website at www.dewater.com. Pursuant to the Indenture requirement for an inspection of the System at least once every five years, an independent engineering inspection reviews the Authority's progress in implementing capital projects and its plans to initiate additional capital improvements. The inspection evaluates the adequacy of the Authority's CIP to maintain its water and wastewater infrastructure and to continue providing reliable service of a high quality to its customers. The Independent Engineering Assessment should be read in its entirety for a complete understanding of the assumptions, considerations, estimates and calculations upon which these conclusions are based.

FINANCIAL FEASIBILITY OPINION LETTER

The Authority retained Amawalk Consulting Group LLC as its financial feasibility consultant, in which capacity Amawalk prepared the Financial Feasibility Opinion Letter dated [February __, 2026], which is attached hereto as APPENDIX A. Amawalk provides financial and management consulting services to water and wastewater utilities, local governments and other organizations. Examples of the consulting services offered by the firm include: cost of service and

rate studies; financial modeling; feasibility studies to support the issuance of debt; competitive assessments, including benchmarking and implementation of best practices; analyses supporting the consolidation of services; and the formation/start-up of public authorities including transition planning.

The conclusions set forth in the Financial Feasibility Opinion Letter reflect Amawalk's analysis of the Authority's anticipated financial results for Fiscal Years 2026 to 2030. Amawalk has assisted the Authority in preparing certain portions of this Official Statement relating to historical and projected financial performance of the Authority. The Financial Feasibility Opinion Letter has not been updated to reflect any changes occurring after the date of the Financial Feasibility Opinion Letter. The Financial Feasibility Opinion Letter presents findings and conclusions based upon the analysis of financial statements and reports prepared by or for the Authority and other information provided by the Authority or others which is summarized or referred to therein, including conclusions, assumptions, considerations and recommendations regarding the operation of the System, the necessary improvements and betterments thereto and the steps that should be taken to assure adequate reliable bulk power supply at reasonable cost.

Amawalk concluded that the Authority has the ability to effectively execute its mission, operate its System to provide uninterrupted service, maintain regulatory compliance, and finance and implement its Current CIP within the Indenture and Board policy requirements. **The Financial Feasibility Opinion Letter and this Official Statement should be read in its entirety for a complete understanding of the assumptions, considerations, estimates and calculations upon which these conclusions are based.**

In the analysis of the forecast of future operations summarized in this Official Statement, Amawalk has reviewed certain assumptions with respect to conditions, events and circumstances which may occur in the future. These assumptions are reasonable and attainable as of the date of the Financial Feasibility Opinion Letter, although actual results may differ from those forecast as influenced by the conditions, events and circumstances which actually occur.

DESIGNATION OF BONDS AS GREEN BONDS

Green Bonds Designation

Per the International Capital Market Association ("ICMA"), Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects and which are aligned with the four core components of the Green Bond Principles. The four core components are: 1. Use of Proceeds; 2. Process for Project Evaluation and Selection; 3. Management of Proceeds; and 4. Reporting.

Kestrel has determined that the Series 2026B Bonds are in conformance with the four core components of the ICMA Green Bond Principles, as described in Kestrel's 'Second Party Opinion', which is attached hereto as APPENDIX G.

Independent Second Party Opinion on Green Bonds Designation and Disclaimer

For over 23 years, Kestrel has been consulting in sustainable finance. Kestrel is an Approved Verifier accredited by the Climate Bonds Initiative and the market leader for Second Party Opinions in US public finance. Kestrel reviews corporate and public finance transactions worldwide for alignment with ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and the Climate Bonds Initiative Standards and Criteria. Municipal bonds are benchmarked with Kestrel Sustainability Intelligence™.

The Second Party Opinion issued by Kestrel does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the Series 2026B Bonds. Second Party Opinions provided by Kestrel are not a recommendation to any person to purchase, hold, or sell the Series 2026B and designations do not address the market price or suitability of these bonds for a particular investor and do not and are not in any way intended to address the likelihood of timely payment of interest or principal when due.

In issuing the Second Party Opinion, Kestrel has assumed and relied upon the accuracy and completeness of the information made publicly available by the Authority or that was otherwise made available to Kestrel.

TAX MATTERS

Series 2026AB Bonds

In the opinion of Squire Patton Boggs (US) LLP and Bellamy Penn LLC, Co-Bond Counsel, under existing law: (i) interest on the Series 2026AB Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; and (ii) the Series 2026AB Bonds and the interest thereon are exempt from District taxation, except estate, inheritance and gift taxes. Co-Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2026AB Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Authority contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2026AB Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Co-Bond Counsel will not independently verify the accuracy of the Authority’s representations and certifications or the continuing compliance with the Authority’s covenants.

The opinion of Co-Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Co-Bond Counsel’s legal judgment as to exclusion of interest on the Series 2026AB Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (the “IRS”) or any court. Co-Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Authority may cause loss of such status and result in the interest on the Series 2026AB Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2026AB Bonds. The Authority has covenanted to take the actions required of it for the interest on the Series 2026AB Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2026AB Bonds, Co-Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Co-Bond Counsel’s attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2026AB Bonds or the market value of the Series 2026AB Bonds.

Interest on the Series 2026AB Bonds may be subject: (1) to a federal branch profits tax imposed on certain foreign corporations doing business in the United States; (2) to a federal tax imposed on excess net passive income of certain S corporations; and (3) to the alternative minimum tax imposed under Section 55(b) of the Code on “applicable corporations” (within the meaning of Section 59(k) of the Code). Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2026AB Bonds. Co-Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2026AB Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel’s engagement with respect to the Series 2026AB Bonds ends with the issuance of the Series 2026AB Bonds, and, unless separately engaged, Co-Bond Counsel is not obligated to defend the Authority or the owners of the Series 2026AB Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the IRS does audit the Series 2026AB Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of the Series 2026AB Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not

limited to selection of the Series 2026AB Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2026AB Bonds.

Prospective purchasers of the Series 2026AB Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Series 2026AB Bonds at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Co-Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Council and State legislatures. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2026AB Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2026AB Bonds will not have an adverse effect on the tax status of interest on the Series 2026AB Bonds or the market value or marketability of the Series 2026AB Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2026AB Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax that was in effect at that time, and eliminated the tax-exempt advance refunding of tax-exempt bonds and tax-advantaged bonds, among other things. Additionally, investors in the Series 2026AB Bonds should be aware that future legislative actions might increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Series 2026AB Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Series 2026AB Bonds may be affected and the ability of holders to sell their Bonds in the secondary market may be reduced.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Series 2026AB Bonds (“Discount Bonds”) may be offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2026AB Bonds, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the issue price (described above) for that Discount Bond who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Series 2026AB Bonds (“Premium Bonds”) may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner’s tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the existence of OID or bond premium, the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds, other federal tax consequences in respect of OID and bond premium, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

COVENANT BY THE DISTRICT OF COLUMBIA

Under the Act, the District pledges to the Authority and any holders of the bonds that, except as provided under the Act, the District will not limit or alter rights vested in the Authority to fulfill agreements made with holders of the bonds, or in any way impair the rights and remedies of the holders of the bonds until the bonds, together with interest thereon, with interest on any unpaid installments of interest and all costs and expenses in connection with any action or proceedings by or on behalf of the holders of the bonds, are fully met and discharged.

LITIGATION

There is not now pending or, to the best of the Authority's knowledge, threatened any litigation restraining or enjoining the issuance or delivery of the Series 2026AB Bonds or questioning or affecting the validity of the Series 2026AB Bonds, the proceedings and authority under which they are to be issued, nor is the creation, organization, or existence of the Authority being contested. Nor is there any litigation pending or, to the best of the Authority's knowledge, threatened which (i) in any manner questions the right of the Authority to operate the System or its right to conduct its activities in accordance with the provisions of the Act and of the Indenture or (ii) if determined adversely to the Authority, would have a material adverse impact on the financial condition of the Authority.

The Authority is subject to a variety of suits and proceedings arising out of its ordinary course of operations, some of which may be adjudicated adversely to the Authority. Any such litigation is of a routine nature which does not affect the right of the Authority to conduct its business or the validity of its obligations.

LEGAL MATTERS

Certain legal matters relating to the issuance of the Series 2026AB Bonds are subject to the approving opinions of Squire Patton Boggs (US) LLP and Bellamy Penn LLC, Co-Bond Counsel, which will be furnished upon delivery of the Series 2026AB Bonds, substantially in the form set forth as APPENDIX F. Squire Patton Boggs (US) LLP and Bellamy Penn LLC also serve as Co-Disclosure Counsel to the Authority in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the Authority by its Interim Chief Legal Officer and Executive Vice President, Government & Legal Affairs, and for the Underwriters by their co-counsel, Orrick, Herrington & Sutcliffe LLP and McKenzie & Associates.

INDEPENDENT AUDITORS

The financial statements of the Authority for Fiscal Years ended [September 30, 2023 and 2024] included in this Official Statement have been audited by KPMG LLP ("KPMG"). KPMG has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG also has not performed any procedures relating to this Official Statement.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Prior to the delivery of the Series 2026AB Bonds, [verification agent], an independent accounting firm, as Verification Agent, will deliver a report on the mathematical accuracy of certain computations contained in schedules relating to the refunding of the Refunded Bonds and the Refunded Green Bonds. These computations will relate to the adequacy of the money and maturing principal amounts of the securities on deposit in the Series 2026A/B Escrow Account for the payment, when due, of principal of and interest on the Refunded Bonds and the Refunded Green Bonds. The Verification Agent will express no opinion on the assumptions provided to it, nor as to the exclusion from gross income for federal income tax purposes of the interest on the Series 2026AB Bonds.

THE TRUSTEE

The Authority has appointed Computershare Trust Company, N.A., a national banking association organized under the laws of the United States, to serve as Trustee. The Trustee is to carry out those duties assignable to it under the Master Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy or completeness of the

information set forth in this Official Statement or for the recitals contained in the Indenture or the Series 2026AB Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application of the proceeds of such Series 2026AB Bonds by the Authority. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Series 2026AB Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Series 2026AB Bonds, the technical or financial feasibility of the Project, or the investment quality of the Series 2026AB Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

RATINGS

S&P Global Ratings (“S&P”), Moody’s Ratings (“Moody’s”) and Fitch Ratings (“Fitch”) have assigned long-term municipal bond ratings of “[]”, “[]” and “[]” respectively, to the Series 2026AB Bonds. A securities rating is not a recommendation to buy, sell or hold the Series 2026AB Bonds and may be subject to revision or withdrawal at any time. A rating reflects only the view of the rating agency giving such rating. An explanation of the significance of the ratings may be obtained from: S&P at 55 Water Street, New York, New York 10041; from Moody’s at 7 World Trade Center, New York, New York 10007; and from Fitch Ratings at 300 West 57th Street New York, New York 10019. There is no assurance that a rating will apply for any given period of time, or that a rating will not be revised or withdrawn. A revision or withdrawal of a rating may have an effect on the market price of or the market for the Series 2026AB Bonds.

CONTINUING DISCLOSURE

In accordance with the requirements of the Rule promulgated by the SEC, the Authority will enter into the Continuing Disclosure Agreement dated the date of delivery of the Series 2026AB Bonds, which will constitute a written undertaking for the benefit of the Owners of the Series 2026AB Bonds, solely to assist the Underwriters in complying with subsection (b)(5) of the Rule. Pursuant to the Continuing Disclosure Agreement, the Authority has covenanted to provide certain financial information on an annual basis and to provide notice of certain enumerated events. See APPENDIX D – “Form of the Continuing Disclosure Agreement” for detailed provisions of the Continuing Disclosure Agreement.

The Authority posted notice of two financial obligations in the form of extensions of letters of credit four days late on March 15, 2024.

FINANCIAL ADVISORS

PFM Financial Advisors LLC and Sustainable Capital Advisors have served as co-financial advisors to the Authority with respect to the issuance of the Series 2026AB Bonds.

UNDERWRITING

BofA Securities, Inc., on behalf of itself and as representative (the “Representative”) of the underwriters identified on the front cover of this Official Statement (collectively, the “Underwriters”), has agreed to purchase from the Authority the Series 2026AB Bonds at an aggregate purchase price equal to \$[] (which amount constitutes the aggregate principal amount of the Series 2026AB Bonds of \$[], plus original issue premium of \$[], less the Underwriters’ discount of \$[]).

A Bond Purchase Agreement by and among the Authority and the Representative, on behalf of itself and as representative of the Underwriters dated [], 2026 (the “Series 2026AB Bond Purchase Agreement”), provides that the Underwriters will purchase all of the Series 2026AB Bonds if any are purchased, and the obligation to make such purchases is subject to certain terms and conditions set forth in the Series 2026AB Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The Series 2026AB Bonds may be offered and sold to certain dealers (including dealers depositing the Series 2026AB Bonds into investment trusts) at prices lower than the public offering prices and such public offering prices may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Authority and to persons and entities with relationships with the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

In addition, certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the Authority as Underwriters) for the distribution of the Series 2026AB Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

LEGALITY FOR INVESTMENT

The Act provides that the bonds of the Authority are legal instruments in which public officers and public bodies of the District, insurance companies, insurance company associations and other persons carrying on an insurance business, banks, bankers, banking institutions, including savings and loan associations, building and loan associations, trust companies, savings banks, savings associations, investment companies and other persons carrying on a banking business, administrators, guardians, executors, trustees and other fiduciaries and other persons authorized to invest in bonds or in other obligations of the District, may legally invest funds, including capital, in their control.

The bonds are also, by the Act, securities which legally may be deposited with, and received by, public officers and public bodies of the District or any agency of the District for any purpose for which the deposit of bonds or other obligations of the District is authorized by law.

RELATIONSHIP OF PARTIES

In addition to representing the Authority as Co-Bond Counsel and Co-Disclosure Counsel, Squire Patton Boggs (US) LLP from time to time represents the Authority in other matters, including environmental, regulatory and personnel matters. From time to time, Squire Patton Boggs (US) LLP also represents one or more members of the underwriting group as its or their counsel in municipal bond transactions and other matters, but not in any matters related to the Authority.

MISCELLANEOUS

All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed. To the extent that any statements herein include matters of opinion, or estimates of future expenses and income, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

The agreement of the Authority with the holders of the Series 2026AB Bonds is fully set forth in the Indenture. Neither any advertisement of the Series 2026AB Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Series 2026AB Bonds.

The information contained herein should not be construed as representing all conditions affecting the Authority or the Series 2026AB Bonds. The foregoing statements relating to the Act, the Federal Act, the Indenture and other documents are summaries of certain provisions thereof, and in all respects are subject to and qualified in their entirety by express reference to the provisions of such documents in their complete forms.

The attached Appendices A through G are integral parts of this Official Statement and should be read in their entirety, together with all of the foregoing statements.

**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

By: _____

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

APPENDIX A

**FINANCIAL FEASIBILITY OPINION LETTER OF
AMAWALK CONSULTING GROUP LLC
DATED [FEBRUARY __, 2026]**

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Amawalk Consulting Group LLC

48 WALL STREET, SUITE 1100, NEW YORK, NY 10005 • TEL: 212.361.0050 • MOBILE: 551.427.2242

[PLACEHOLDER]

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY
FOR THE YEARS ENDED [SEPTEMBER 30, 2024 AND 2025]**

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APPENDIX C

GLOSSARY AND SUMMARY OF THE INDENTURE

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GLOSSARY

In addition to the terms defined elsewhere in this Official Statement, the following are definitions of certain terms used in this Official Statement, and the Indenture. Terms used but not defined herein shall have the meanings set forth in the Master Indenture, as previously amended and supplemented and as further amended and supplemented by the Thirty-Eighth Supplemental Indenture.

“Account” shall mean any of the various Accounts, sometimes created within a fund, under the Indenture.

“Annual Budget” shall mean the budget by that name referred to in the Indenture.

“Annual Debt Service” shall mean the amount of payments required to be made for principal of and interest on any specified Indebtedness, including mandatory sinking fund redemptions and payments pursuant to agreements with providers of credit enhancement or liquidity support with respect to such Indebtedness, to reimburse such providers for debt service payments made, with respect to such Indebtedness, scheduled to come due within a specified Fiscal Year, but excluding any capitalized interest funded from proceeds of Bonds. For purposes of calculating Annual Debt Service, the following assumptions are to be used to calculate the principal and interest due in such specified Fiscal Year:

(a) In determining the principal amount due in the Fiscal Year, payment shall be assumed to be made in accordance with any amortization schedule established for such Indebtedness (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization), including any scheduled redemption of such specified Indebtedness on the basis of accredited value and, for such purpose, the redemption payment shall be deemed a principal payment;

(b) If any of the specified Indebtedness constitutes Tender Indebtedness, then Annual Debt Service on the options or obligations of the holders of such Indebtedness to tender the same for purchase or payment prior to their stated maturity or maturities shall be treated as a principal maturity occurring on the first date on which owners of such Indebtedness may or are required to tender such Indebtedness, except that any such option or obligation to tender Indebtedness shall be ignored and not treated as a principal maturity if (1) such Indebtedness is rated at least in the “A” rating category (without regard to any rating refinement or gradation by numerical modifier or otherwise) by a Rating Agency, or such Indebtedness is rated in the two highest short-term note or commercial paper rating categories by a Rating Agency, and (2) any obligation the Authority may have, other than its obligation on such Indebtedness, to reimburse any provider of a credit or liquidity facility or a bond insurance policy, or similar arrangement, shall either be subordinate to the obligation of the Authority on such Indebtedness, or shall have been incurred under and shall have met the tests and conditions for the issuance of such specified indebtedness set forth in the Indenture;

(c) If any of the specified Indebtedness constitutes Variable Rate Indebtedness, the interest rate on such Indebtedness shall be assumed to be 100% of the greater of (1) the daily average interest rate on such Indebtedness during the 12 months ending with the month preceding the date of calculation, or such shorter period that such Indebtedness shall have been Outstanding or (2) the rate of interest on such indebtedness on the date of calculation; provided that, with respect to any Variable Rate Indebtedness which is being issued on the date of computation, the initial rate of such indebtedness upon such issuance shall be used;

(d) If any of the specified Indebtedness constitutes Balloon Indebtedness, then, for purposes of determining the annual amount payable on account of principal of and interest on such Indebtedness, such Indebtedness that is or would be Balloon Indebtedness shall be amortized on a level debt service basis over the lesser of a term of 30 years or the actual term of the Indebtedness; and the interest rate used for such computation shall be the rate quoted in the 30-year revenue bond index, or revenue bond index related to the actual term of the Indebtedness, as applicable, published by The Bond Buyer no more than two weeks prior to the date of calculation, or if that index is no longer published, another similar index selected by the Authority, or if the Authority fails to select a replacement index, an interest rate equal to 80% of the yield for outstanding United States Treasury bonds having an equivalent maturity as the Indebtedness on the date of issuance, or if there are no such Treasury bonds having equivalent maturities, 80% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States of America ranked by assets;

(e) If any of the specified Indebtedness constitutes Short-Term Obligations, then for purposes of determining the Annual Debt Service on such Indebtedness, the Authority shall include the amount of any interest payments due on such Indebtedness if such interest is payable from Net Revenues during such Fiscal Year, and ignore any principal payments due on such Indebtedness if (1) such Indebtedness is rated at least in the “A” rating category (without regard to any rating refinement or gradation by numerical modifier or otherwise) by a Rating Agency, or such Indebtedness is rated in the two highest short-term note or commercial paper rating categories by a Rating Agency, (2) there is in place

a letter of credit, liquidity facility, a bond insurance policy, or similar arrangement (a “Credit Facility”), and the Authority’s obligation to reimburse the provider of such Credit Facility is subordinate to the Authority’s obligation to pay debt service on Bonds, and (3) there are no unreimbursed draws under any Credit Facility securing any Short-Term Obligations. If there are any unreimbursed draws under a Credit Facility related to such Indebtedness, the principal payment obligation due on such Indebtedness shall be determined to be the principal due under such Credit Facility and shall be calculated in accordance with the amortization schedule set forth with respect to such Credit Facility.

(f) If any of the specified Indebtedness constitutes Bond Anticipation Notes, then for purposes of determining the annual amount payable on account of principal of and interest on such Indebtedness, such Indebtedness shall be amortized on a level debt service basis over a term of 30 years. Interest on such Indebtedness shall equal the actual fixed rate of interest payable during the Fiscal Year. If such Indebtedness is Variable Rate Indebtedness, interest payable during such Fiscal Year shall be calculated in accordance with subsection (c) above.

(g) For any Indebtedness for which a binding commitment, letter of credit or other credit arrangement providing for the extension of such Indebtedness beyond its original maturity date exists, the computation of the annual amount payable on account of principal and interest on such Indebtedness shall, at the option of the Authority, be made on the assumption that such Indebtedness will be amortized in accordance with such credit arrangement; and

(h) Except for Hedge Agreements, Interest Rate Swaps are to be disregarded in calculating the Series Debt Service Reserve Requirement. Upon incurrence of a Hedge Agreement, all calculations, including for the annual amount on account of principal and interest on Indebtedness subject to the Hedge Agreement, shall be made using the Hedge Fixed Rate for the applicable period and such Indebtedness shall not be considered as Variable Rate Indebtedness for such period.

“Authority” shall mean the District of Columbia Water and Sewer Authority, an independent authority of the District.

“Authorized Representative of the Authority” shall mean such person or persons as may be designated to act on behalf of the Authority by a certificate executed by the Chair of the Board of Directors and on file with the Trustee.

“Balloon Indebtedness” shall mean indebtedness having a term of longer than 60 months and 25% or more of the principal of which matures on the same date and which portion of the principal of such indebtedness is not required to be amortized by payment or redemption prior to such date. If any indebtedness consists partially of Variable Rate Indebtedness and partially of indebtedness bearing interest at a fixed rate, the portion constituting Variable Rate Indebtedness and the portion bearing interest at a fixed rate shall be treated as separate issues for purposes of determining whether any such indebtedness constitutes Balloon indebtedness.

“Board of Directors” shall mean the board of directors that was established to govern the Authority pursuant to Section 204 of the WASA Act, codified, as amended, at D.C. Code Section 34-2202.04.

“Bond Anticipation Notes” shall mean any notes issued in anticipation of the issuance of Bonds.

“Bond Counsel” shall mean an attorney or firm of attorneys nationally recognized on the subject of municipal bonds.

“Bond Fund” shall mean the Bond Fund established in the Indenture.

“Bondholders” or **“holders”** of Bonds shall mean the registered owners of Bonds.

“Bonds” shall mean any bonds, notes or other obligations issued from time to time pursuant to Article III, including Bond Anticipation Notes, but not including Other System Indebtedness and Subordinate Debt.

“Business Day” shall mean a day on which banking business is transacted, but not including a Saturday, Sunday or legal holiday, or any day on which banking institutions are authorized by law to close in the city in which the Trustee has its principal corporate trust office or in the District of Columbia.

“Cash Reserve Requirement” shall mean those certain balances required to be maintained by the Authority pursuant to the annual credit policies established by the Authority.

“Code” shall mean the Internal Revenue Code of 1986, as amended, including applicable regulations, rulings and revenue procedures promulgated or applicable thereunder.

“Connection Fees” shall mean all nonrecurring fees that the Authority collects from developers, builders or others (1) to compensate the Authority for providing System capacity, and (2) to connect facilities related to installation of and expansion to the System.

“Contracted Services” shall mean (a) services rendered or facilities provided to the Authority in respect to the System or (b) the performance of functions for or on behalf of the Authority that are similar to those performed by the System, from a specific project or system, pursuant to a contract, lease, service agreement or another similar arrangement. No designation or characterization of payments pursuant to the terms of a particular Service Contract will affect the Authority’s right to make designations as to the Debt Service Component, Operating Component, and Remaining Component of the Cost of Contracted Services thereunder.

“Construction Fund” shall mean the Construction Fund established in the Indenture.

“Consulting Engineer” shall mean (a) an Independent Consulting Engineer or (b) the designated person(s) within the Authority or of any successor department who is (1) an engineer experienced in the field of water or wastewater or stormwater (as appropriate), and (2) licensed and registered as a professional engineer in the District.

“Cost” shall mean Cost as set forth in the Indenture.

“Cost of Contracted Services” shall mean the payments to be made by the Authority for Contracted Services under service contracts as set forth in the Indenture, which may consist of any of the following three components: a Debt Service Component, an Operating Component, and a Remaining Component, as designated by the CEO and General Manager or his designee for each Service Contract.

“Debt Service Component” shall mean the portion of the Cost of Contracted Services that an Authorized Representative of the Authority determines, in a certificate delivered to the Trustee, to be for the purpose of paying a fixed charge or the principal of or interest on the obligations, directly or indirectly associated with rendering the Contracted Services, of the person providing the Contracted Services.

“Debt Service Reserve Fund” shall mean the Debt Service Reserve Fund established in the Indenture.

“Depository” shall mean any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record ownership of book-entry interests in the Series 2026AB Bonds, and to effect transfers of book-entry interests in the Series 2026AB Bonds, and includes and means initially The Depository Trust Company (a limited purpose trust company).

“Direct Payment” means a credit payment allowed pursuant to Section 54AA(g) of the Code with respect to Direct Payment BABs that is payable to the Authority by the U.S. Treasury, as provided in Section 6431 of the Code, or any other payment by the U.S. Treasury to the Authority to subsidize or reimburse the Authority for all or a portion of the interest cost that the Authority may incur on Indebtedness that qualifies for such payment under any successor or substantially similar program to Direct Payment BABs.

“Direct Payment BABs” means Indebtedness that constitutes “Build America Bonds” within the meaning of Section 54AA(d) of the Code and that are qualified bonds within the meaning of Section 54AA(g), the interest on which is includable in gross income for federal income tax purposes and with respect to which the Authority shall have made an irrevocable election to receive one or more Direct Payments.

“District General Obligation Bonds” shall mean the District general obligation bonds issued to finance capital projects of the System and the Aqueduct.

“District MOU relating to the Payment of General Obligation Debt” shall mean the Memorandum of Understanding between the Office of the Chief Financial Officer of the District of Columbia and the Authority dated as of March 13, 1998.

“District MOU relating to the PILOT” shall mean the Memorandum of Understanding between the Office of the Chief Financial Officer of the District of Columbia and the Authority dated as of January 29, 1998, as amended, including, without limitation, pursuant to a September 4, 2014 Memorandum of Understanding, as further amended and restated on December 15, 2014.

“EPA Grants” shall mean grants provided by the Environmental Protection Agency for the construction of water and wastewater projects.

“EPA Grant Account” shall mean the EPA Grant Account established in the Indenture.

“Event of Default” shall mean any of the events enumerated in Section 901 of the Master Indenture or otherwise in the Indenture.

“Fiscal Year” shall mean the twelve-month period, beginning on October 1 of one year and ending on September 30 of the following year, or such other fiscal year of 12 months as may be selected by the Authority.

“Fitch” shall mean Fitch Ratings, Inc. or its successors.

“Government Certificates” shall mean certificates representing proportionate ownership of Government Obligations, which Government Obligations are held by a bank or trust company organized under the laws of the United States of America or any of its states in the capacity of custodian of such certificates.

“Government Obligation” shall mean (a) bonds, notes and other direct obligations of the United States of America, (b) securities unconditionally guaranteed as to the timely payment of principal, if applicable, and interest by the United States of America, or (c) bonds, notes and other obligations of any agency of the United States of America unconditionally guaranteed as to the timely payment of principal and interest by the United States of America.

“Hedge Agreement” shall mean an Interest Rate Swap, cap, collar, floor, forward or other hedging agreement, arrangement or security however denominated, expressly identified pursuant to its terms as being entered into in connection with and in order to hedge interest rate fluctuations on all or a portion of any Indebtedness where (a) interest on such Indebtedness or such portion of such Indebtedness is payable at a variable rate of interest for any future period of time or is calculated at a varying rate per annum, and (b) a fixed rate is specified by the Authority in such agreement, or such Indebtedness, taken together with such agreement, results in a net fixed rate payable by the Authority for such period of time (the “Hedge Fixed Rate”), assuming the Authority and the party(ies) with whom the Authority has entered into the agreement make all payments required to be made by the terms of the agreement, provided that no such agreement may be entered into by the Authority unless any termination or similar payment which may be payable by the Authority thereunder is expressly subordinate to the obligation of the Authority on the Indebtedness.

“Holder” shall mean the owner of Bonds, Other System Indebtedness or Subordinate Debt, as the case may be.

“Home Rule Act” shall mean the District of Columbia Home Rule Act, approved December 24, 1973 (P.L.93-198; 87 Stat. 774; D.C. Official Code §§ 1-201.01 et. seq.), as amended.

“IMA Capital Payments” shall mean the payments made to the Authority for shared capital costs of the wastewater portion of the System by the signatories to the Blue Plains Intermunicipal Agreement of 1985.

“Indebtedness” shall mean Senior Debt and Subordinate Debt.

“Indenture” shall mean the Master Indenture, as supplemented or amended by one or more Supplemental Indentures, including the Thirty-Eighth Supplemental Indenture.

“Independent Consulting Engineer” shall mean an independent engineer, who is not an employee of the Authority, but is experienced in the field of water, wastewater or stormwater (as appropriate) and licensed and registered as a professional engineer in the District.

“Interest Account” shall mean the Interest Account in the Bond Fund established in the Indenture.

“Interest Payment Dates” for the Series 2026AB Bonds shall mean each April 1 and October 1, commencing [October 1, 2026], and thereafter during the time the Series 2026AB Bonds are outstanding.

“Interest Rate Swap” shall mean a contract pursuant to which a party (the “Counterparty”) has agreed to make payments to the Authority during a particular period equal to the interest payable on specified Indebtedness or on a specified nominal amount at the actual rate or rates or, if on a nominal amount at a stated rate or rates, payable thereon and, in consideration therefor, the party obligated on the Indebtedness or otherwise executing the agreement agrees to make payments to the Counterparty equal to the interest required to be paid on the specified Indebtedness or stated to be due on the nominal amount during the period calculated as if the specified Indebtedness or nominal amount bore an assumed rate of interest specified in the contract.

“Master Indenture” shall mean the Master Indenture of Trust dated as of April 1, 1998, by and between the Authority and the Trustee.

“Moody’s” shall mean Moody’s Investors Service, Inc., New York, New York, or its successors.

“Net Proceeds” shall mean the gross proceeds from any insurance recovery or recovery in any condemnation proceeding remaining after payment of attorneys’ fees, fees and all other expenses incurred in collection of such gross proceeds.

“Net Revenues” shall mean Revenues less Operating Expenses.

“Operating Component” shall mean the portion of the Cost of Contracted Services (excluding any Debt Service Component) reasonably determined by an Authorized Representative of the Authority, in a certificate delivered to the Trustee from time to time, to be directly or indirectly attributable to the portion of the Costs of Contracted Services that represents operating expense for the provision of the Contracted Services; provided, however, if no such determination is made, all of the Cost of Contracted Services (excluding any Debt Service Component) will be treated as Operating Component.

“Operating Expenses” shall mean all current expenses directly or indirectly attributable to the ownership or operation of the System, including reasonable and necessary usual expenses of administration, operation, maintenance and repair, costs for billing and collecting the rates, fees and other charges for the use of or the services furnished by the System, the cost of purchased water, amounts to reimburse the Authority for administrative expenses incurred in connection with the System, insurance and surety bond premiums, credit enhancement and liquidity support fees, legal, engineering, auditing and financial advisory expenses, expenses and compensation of the Trustee, and deposits into a self-insurance program as described in the Indenture. Operating Expenses shall not include any payments in lieu of taxes, allowance for depreciation and amortization. Operating Expenses shall also exclude expenses which constitute extraordinary, nonrecurring and non-continuing expenses of the System in the written opinion of the Qualified Independent Consultant.

“Operating Fund” shall mean the Operating Fund established in the Indenture.

“Operating Reserve Fund” shall mean the Operating Reserve Fund established in the Indenture.

“Operating Reserve Requirement” shall mean an amount equal to 60 days of Operating Expenses based on the Operating Expenses relating to the Fiscal Year prior to such calculation, or an amount determined by a Qualified Independent Consultant.

“Opinion of Counsel” shall mean an opinion of any attorney or firm of attorneys acceptable to the Trustee, who may be counsel for the Authority, but who shall not be an employee of either the Authority or the Trustee.

“Other System Indebtedness” shall mean (a) any Debt Service Component that the Authority is required, or has elected, to treat as payable on a parity with the Bonds with respect to the pledge of Net Revenues, and (b) any other Indebtedness incurred by the Authority pursuant to the Indenture that the Authority is required, or has elected, to treat as payable on a parity with the Bonds with respect to the pledge of Net Revenues, including, but not limited to, the Treasury Loans.

“Outstanding” shall mean, when used as descriptive of obligations, that such obligations have been authorized, issued, authenticated and delivered under the Indenture or a different document and have not been canceled or surrendered to the Trustee or a comparable trustee for cancellation, deemed to have been paid as provided in the Indenture, have had other obligations issued in exchange therefor or had their principal become due and moneys sufficient for their payment deposited with the Trustee as provided in the Indenture or, for Indebtedness other than Bonds or Subordinate Debt issued under the Indenture, otherwise so treated under comparable issuance documents. In determining whether holders of a requisite aggregate principal amount of the Outstanding Indebtedness have concurred in any request, demand, authorization, direction, notice, consent or waiver under the Indenture or other documents, words referring to or connoting “principal of” or “principal amount of” Outstanding Indebtedness shall be deemed also to be references to, to connote and to include the accreted value of Indebtedness of any Series as of the immediately preceding interest compounding date for such Indebtedness. Indebtedness that is owned by the Authority shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

“Permitted Investments” shall mean: (i) direct obligations of the United States of America (including obligations issued or held, in book-entry only form on the books of the Department of the Treasury of the United States of America and including certificates or other instruments evidencing ownership interests in such direct obligations of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America; (ii) obligations issued or guaranteed by Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Banks, Government National Mortgage Association, Federal National Mortgage Association, Farmer’s Home Administration, Federal Home Loan Mortgage Corporation or Federal Housing Administration; or by any agency, department or instrumentality of the United States if such obligations are rated in one of the two highest rating categories by Fitch, S&P and Moody’s if in any such case the timely payment of principal and interest on such obligations is backed by the full faith and credit of the United States of America; (iii) investment agreements meeting the investment criteria issued by a credit enhancer; (iv) interest-bearing bankers acceptances or

certificates of deposit of, or time deposits in any bank (including the Trustee), lead bank of a parent holding company, or any savings and loan associations whose unsecured obligations are rated in one of the two highest rating categories by Fitch, S&P and Moody's, provided such deposits are either (a) secured at all times, in the manner and to the extent provided by law, by collateral security (described in clause (i) or (ii) of this definition) of a market value of no less than the amount of moneys so invested or (b) fully insured by the Federal Deposit Insurance Corporation; (v) repurchase agreements which satisfy the following criteria: (a) repurchase agreement which provides for the transfer of securities from dealer banks or securities firms to the Trustee or its agents, and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash, plus a yield to the Trustee, in exchange for the securities at a specified date; (b) repurchase agreement must be between the Trustee and a dealer bank or securities firm which are either a primary dealer on the Federal Reserve reporting dealer list or a bank rated "A" or above by Fitch, S&P and Moody's; (c) the written repurchase agreement must include the following terms: (1) securities which are acceptable for transfer are (A) direct United States government obligations, or (B) obligations of federal agencies backed by the full faith and credit of the United States government; (2) with respect to control of the collateral, if the dealer bank or securities firm supplied the collateral pursuant to the repurchase agreement, it may not retain possession of such collateral and the collateral must be delivered to the Trustee (unless the Trustee is supplying the collateral) or a third party acting as agent for the Trustee before or simultaneous with payment; and (3) the securities must be valued weekly, marked-to-market at current market price plus accrued interest, the value of collateral must be equal to 102% of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement, plus accrued interest, and if the value of securities held as collateral is less than 102% of the value of the cash transferred by Trustee, then additional cash and/or acceptable securities must be transferred; and (d) to the extent required by a credit enhancer, an opinion of Bond Counsel, to the effect that such repurchase agreements are obligations in which public funds are permitted to be invested under District law, shall be delivered to the Trustee, with a copy to the Series 1998 Bond Insurer; (vi) commercial paper of "prime" quality of the highest ranking or the highest rating category as provided by Fitch, S&P and Moody's; (vii) obligations, the interest on which is exempt from federal income taxation, and which, if rated by the Rating Agencies, are rated by Fitch, Moody's and S&P in one of the two highest rating categories of such rating agencies; (viii) a time deposit account drawn on the Trustee for amounts whose aggregation is less than \$5,000; (ix) mutual funds, including any such fund of the Trustee or any affiliate of the Trustee, which invest exclusively in any investment described in clauses (i) through (viii) otherwise left uninvested in the funds; and (x) Federally tax-exempt bonds which are not subject to the AMT for individuals and subject to a put option at par at least semi-annually and rated at least "double-A" by Moody's, S&P or Fitch, and in the highest short-term rating category by such rating agency.

"Principal Account" shall mean the Principal Account in the Bond Fund established in the Indenture.

"Qualified Independent Consultant" shall mean an independent professional consultant having the skill and experience necessary to provide the particular certificate, report or approval required by the Indenture or any Supplemental Indenture in which such requirement appears, including an Independent Consulting Engineer and an independent certified public accountant.

"Rate Covenant" shall mean the obligation of the Authority to fix, charge, collect and revise rates, fees and other charges for the use of, and the services furnished by, the System sufficient to meet the requirements of the Indenture.

"Rate Stabilization Fund" shall mean the fund so designated which is established pursuant to the Indenture.

"Rating Agency" or **"Rating Agencies"** shall mean Fitch, Moody's or Standard & Poor's, or any of them, and their successors. The Authority may seek a rating from any other nationally recognized securities rating agency.

"Remaining Component" shall mean the portion of the Cost of Contracted Services which is not embraced in the definition of Debt Service Component or Operating Component.

"Renewal and Replacement Reserve Fund" shall mean the Renewal and Replacement Reserve Fund established in the Indenture.

"Renewal and Replacement Reserve Requirement" shall mean \$35,000,000 or such other amount as may be determined by a Qualified Independent Consultant, subject to approval by the Board of Directors.

"Reserve Determination Date" shall mean (a) each interest payment date for the Bonds, or (b) any other date established in writing by an Authorized Representative of the Authority for the valuation of obligations on deposit in any Series Debt Service Reserve Account.

"Revenues" shall mean all moneys received as income, rates, fees, charges, receipts, profits and other moneys derived by the Authority from its ownership and operation of the System, and for the use of and for the services furnished

by the System, including Connection Fees, transfers from the Rate Stabilization Fund to the Revenue Fund, proceeds of any business interruption insurance, and investment earnings on all of the funds held by the Trustee under the Indenture and the Authority, except any rebate fund that may be created under the Indenture. Revenues shall not include refundable customer deposits, the IMA Capital Payments or other payments solely in aid of construction, the EPA Grants or similar payments, or the proceeds resulting from the sale of all or a portion of the System. For purposes of determining the total amount of Revenues in any year, there shall be deducted an amount equal to the amount transferred from the System Fund to the Rate Stabilization Fund pursuant to the Indenture.

“Senior Debt” shall mean Bonds, including the Series 1998 Bonds, the Series 2014A Bonds, the Series 2017A Bonds, the Series 2017B Bonds, the Series 2018A Bonds, the Series 2018B Bonds, the Series 2021 Bonds (WIFIA) and Other System Indebtedness.

“Series” or “Series of Bonds” shall mean a separate series of Bonds issued under the Indenture and a Supplemental Indenture.

“Series Debt Service Reserve Requirement” for any Series of Bonds shall have the meaning set forth in the Supplemental Indenture authorizing such Series of Bonds.

“Series 2026A Bonds” shall mean the Authority’s Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026A, issued pursuant to the Thirty-Eighth Supplemental Indenture.

“Series 2026A Construction Account” shall mean the Series 2026A Construction Account established by the Thirty-Eighth Supplemental Indenture in the Construction Fund.

“Series 2026A Costs of Issuance Subaccount” shall mean the Series 2026A Costs of Issuance Subaccount established by the Thirty-Eighth Supplemental Indenture in the Series 2026A Construction Account of the Construction Fund.

“Series 2026AB Bonds” shall mean the Series 2026A Bonds together with the Series 2026B Bonds.

“Series 2026A/B Escrow Account” shall mean the Series 2026A/B Escrow Account established by the Thirty-Eighth Supplemental Indenture.

“Series 2026A/B Rebate Fund” shall mean the Series 2026AB Rebate Fund established by the Thirty-Eighth Supplemental Indenture.

“Series 2026AB Resolution” shall mean the Resolution [] adopted by the Authority’s Board on February 5, 2026, authorizing the Series 2026AB Bonds.

“Series 2026A Subordinate Bonds Interest Subaccount” shall mean the Series 2026A Subordinate Bonds Interest Subaccount established by the Thirty-Eighth Supplemental Indenture in the Interest Account in the Bond Fund.

“Series 2026AB Subordinate Bonds Principal Subaccount” shall mean the Series 2026A Subordinate Bonds Principal Subaccount established by the Thirty-Eighth Supplemental Indenture in the Principal Account in the Bond Fund.

“Series 2026B Bonds” shall mean the Authority’s Public Utility Subordinate Lien Revenue Bonds, Series 2026B (Green Bonds), issued pursuant to the Thirty- Eighth Supplemental Indenture.

“Series 2026B Construction Account” shall mean the Series 2026B Construction Account established by the Thirty- Eighth Supplemental Indenture in the Construction Fund.

“Series 2026B Costs of Issuance Subaccount” shall mean the Series 2026B Costs of Issuance Subaccount established by the Thirty- Eighth Supplemental Indenture in the Series 2026B Construction Account of the Construction Fund.

“Service Contracts” shall mean any contracts or agreements for Contacted Services entered into by the Authority from time to time.

“Short-Term Obligations” shall mean Subordinate Debt issued pursuant to the Indenture, the payment of principal of which is scheduled to be payable within one year from the date of issuance and is contemplated to be refinanced either (a) through the issuance of additional Short-Term Obligations pursuant to a commercial paper or other similar program, or (b) through the issuance of Indebtedness.

“Sinking Fund Account” shall mean the Sinking Fund Account in the Bond Fund created in the Indenture.

“Standard and Poor’s” shall mean Standard & Poor’s Global Ratings Services, New York, New York, or its successors.

“Subordinate Bond Fund” shall mean the Subordinate Bond Fund created in the Indenture.

“Subordinate Debt” shall mean the Series 2010A Bonds, the Series 2014B Bonds, the Series 2014C Bonds, the Series 2015A Bonds, the Series 2015B Bonds, the Series 2016A Bonds, the Series 2019A Bonds, the Series 2019B Bonds, the Series 2019C Bonds, the Series 2019D Bonds, the Series 2022A Bonds, the Series 2022B Bonds, the Series 2022C-1 Bonds, the Series 2022C-2 Bonds, the Series 2022D Bonds, the Series 2022E Bonds, the Series 2024A, the Series 2024B, the Series 2025A, the Series 2025B, the Series 2025C, and the Series A EMCP Notes, and any other bonds, notes or other obligations issued in connection with the System (a) which are expected to be paid from Net Revenues and designated by the Authority as Subordinate Debt, and (b) which have pledged to their payment Net Revenues as a subordinate lien pledge after the pledge of Net Revenues to Senior Debt, including but not limited to any Debt Service Component and Remaining Component that the Authority is required, or has elected, to treat as Subordinate Debt, and the District General Obligation Bonds.

“Subordinate Debt Service Reserve Fund” shall mean the Subordinate Debt Service Reserve Fund created in the Indenture.

“Supplemental Indenture” shall mean any Supplemental Indenture supplementing or modifying the provisions of the Indenture entered into by the Authority and the Trustee pursuant to the Indenture.

“System” shall mean all plants, systems, facilities, equipment, real and personal property and tangible and intangible property, together with all future extensions, improvements, enlargements and additions thereto, and all replacements thereof, used, or to be used, in connection with the collection, transmission, treatment and disposal of wastewater and stormwater flow, and the supply, treatment, storage and distribution of water.

“Tender Indebtedness” shall mean any indebtedness a feature of which is an option or obligation on the part of the holders of such indebtedness to tender all or a portion of such indebtedness to a fiduciary for purchase or redemption prior to the stated maturity date of such indebtedness, which may include Variable Rate Indebtedness with such a feature.

“Term Bonds” shall mean any Bonds stated to mature on a specified date and required to be redeemed in part prior to maturity according to a sinking fund schedule.

“Treasury Loans” shall mean those certain obligations of the Authority to make payments related to debt service on certain promissory notes from the Secretary of the Army to the United States Treasury set forth in the Water Sales Agreement and any future obligations of the Authority to the United States of America consistent therewith.

“Trustee” shall mean Computershare Trust Company, National Association, as successor to Norwest Bank Minnesota, National Association, or its successors serving as such under the Indenture.

“Trustee’s Fees and Expenses” shall mean an initial acceptance fee and an annual administrative fee plus expenses in accordance with the fee schedule set forth in an agreement between the Trustee and the Authority, as the same may be renegotiated from time to time.

“Thirty-Eighth Supplemental Indenture” shall mean the Thirty-Eighth Supplemental Indenture of Trust, dated [redacted], 2026 by and between the Authority and the Trustee.

“Variable Rate Indebtedness” shall mean any indebtedness the interest rate on which is not established at the time of incurrence at a fixed or constant rate, provided that (a) the maximum interest rate on such indebtedness and the maximum rate payable to any liquidity provider with respect to such indebtedness shall be specified at the time of issuance of such indebtedness; (b) any liquidity facility of any liquidity provider shall cause such indebtedness to be rated by a Rating Agency in one of the two highest short-term rating categories of such Rating Agency; (c) any accelerated principal payments or any interest in excess of the bond interest rate payable to such liquidity provider shall be subordinate to the payment of debt service on Bonds, and (d) any two or more series of Bonds that are issued on the same date, the interest on which when such series are considered in the aggregate shall be a fixed or constant rate, shall not be considered Variable Rate Indebtedness.

“WASA Act” shall mean the Water and Sewer Authority Establishment and Department of Public Works Reorganization Act of 1996, as amended, D.C. Code Sections 34-2201.01 *et seq.*

“Water Sales Agreement” shall mean the Water Sales Agreement dated as of July 31, 1997, by and between the United States of America, acting through the Secretary of the Army, and the Authority.

SUMMARY OF INDENTURE

The following is a summary of certain provisions of the Indenture. It is not a complete recital of the terms of the Indenture. Unless otherwise noted, section numbers shown parenthetically refer to the Master Indenture; those preceded by the prefix "TSI" refer to the Thirty-Eighth Supplemental Indenture.

Security (Granting Clauses)

The Authority, to provide for the payment of each Series of Bonds and Subordinate Debt issued under the Indenture and to secure the performance and observance of all the covenants, agreements and conditions in such Bonds, Subordinate Debt, Other System Indebtedness or credit enhancement agreements, does grant a security interest in, assign, transfer, pledge and grant and convey unto the Trustee and its successors and assigns forever, for the benefit of the holders of the Indebtedness and credit enhancers, if any, until the applicable credit enhancement is no longer outstanding and no amounts are due under the related documents, the following property: (A) amounts on deposit from time to time, and any investment earnings thereon, in the Bond Fund and Debt Service Reserve Fund (with respect to related Senior Debt), in the Subordinate Bond Fund and the Subordinate Debt Service Reserve Fund (with respect to related Subordinate Debt) and any other funds and accounts created pursuant to the Indenture, including the earnings thereon, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein; provided, however, that there expressly is excluded from any pledge, assignment, lien or security interest created by the Indenture any amount on deposit in the Operating Fund; (B) amounts constituting Net Revenues pledged pursuant to the Indenture; (C) any and all other property of any kind from time to time thereafter by delivery or by writing of any kind specifically conveyed, pledged, assigned or transferred, as and for additional security under the Indenture for the Bonds, by the Authority or by anyone on its behalf or with its written consent in favor of the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture; and (D) all right, title and interest of the Authority owned or hereafter acquired in and to proceeds from the sale of Bonds or Subordinate Debt issued under the Indenture required to be deposited in the Construction Account pursuant to the provisions of the Indenture (except as limited by the following provisos) and all right, title, and interest in and to the investments held in the Construction Account (except as limited by the following provisos) pursuant to the provisions of the Indenture; provided, however, that the Authority may establish one or more separate accounts in the Construction Account to be funded with proceeds of any particular Series of Bonds or Subordinate Debt issue, which accounts and the proceeds of the particular Series of Bonds deposited therein (together with all investments thereof and investment income earned thereon) may be pledged solely to the payment of one or more designated Series of Bonds or Subordinate Debt issue for any designated periods, or otherwise, all as permitted in the Indenture, including any Supplemental Indenture.

To have and to hold all properties pledged, assigned and conveyed by the Authority under the Indenture including all additional property which by the terms thereof has or may become subject to the encumbrance thereof, unto the Trustee and its successors in trust and its assigns forever, subject, however, to the rights reserved under the Indenture.

To have and to hold in trust upon the terms and trusts set forth in the Indenture for the equal and proportionate benefit, security and protection of all Holders from time to time of all Senior Debt issued thereunder or under other documents and secured by the Indenture, without privilege, priority or distinction as to lien or otherwise of any of the Senior Debt over any of the others except as otherwise provided in the Indenture, and on a basis subordinate and junior thereto, upon the terms and trusts therein set forth for the equal and proportionate benefit, security and protection of all Holders and related credit enhancers from time to time of all Subordinate Debt issued under the Indenture or under other documents and secured by the Indenture, without privilege, priority or distinction as to lien or otherwise of any of the Subordinate Debt over any of the others, except as otherwise provided in the Indenture.

However, if the Authority shall pay fully and promptly when due all liabilities, obligations and sums at any time secured thereby or provide for the payment thereof in accordance with the Indenture, and shall promptly, faithfully and strictly keep, perform and observe, or cause to be kept, performed and observed, all of the covenants, warranties and agreements of the Indenture and related documents, then the Indenture shall be and become void and of no further force and effect; otherwise, the same shall remain in full force and effect, and upon the trusts and subject to the covenants and conditions set forth in the Indenture.

Purposes of Bonds (Section 301)

Bonds may be issued (a) to pay Costs, (b) to refund any Indebtedness secured by or payable from Net Revenues, including any Bonds, or (c) for a combination of such purposes.

Parity Senior Debt (Section 302)

The Indenture constitutes a continuing irrevocable pledge of Net Revenues to secure payment of the principal of, premium, if any, and interest on all Senior Debt that may from time to time be issued and Outstanding. Each Senior Debt issue shall be issued pursuant to a Supplemental Indenture or evidenced by other documents and shall be equally and ratably secured by the pledge of Net Revenues under the Indenture, without preference, priority or distinction; provided, however, that the moneys in any Series Debt Service Reserve Account shall only secure the applicable Series of Senior Debt, and provided further that any Senior Debt may have additional revenues or other security pledged to its payment. Nothing in the Indenture shall be construed, as (a) requiring that any Senior Debt bear interest at the same rate or in the same manner as any other Senior Debt, have the same, or an earlier or later, maturity, or be subject to mandatory, optional or extraordinary redemption prior to maturity on the same basis as any other Senior Debt, (b) prohibiting the Authority from entering into financial arrangements designed to assure that moneys will be available for the payment of certain Senior Debt at its maturity, or (c) prohibiting the Authority from pledging moneys or assets of the Authority other than those pledged in the Indenture for the benefit of certain Senior Debt.

Conditions for Issuing Bonds (Section 303)

The Indenture requires that certain documents be filed with the Trustee prior to the issuance and authentication of any Series of Bonds. These requirements include a requirement that if the Bonds are issued to pay Costs, except in the case of the initial Series of Bonds issued under the Indenture, the Authority provide the Trustee with (1) evidence that upon issuance of such Bonds, each Series Debt Service Reserve Account within the Debt Service Reserve Fund will contain the applicable Series Debt Service Reserve Requirement, and (2) either (A) a certificate of the CEO and General Manager, the Chief Financial Officer or Authorized Representative of the Authority, stating that based on the Authority's financial records for any 12 consecutive months of the last 18 months prior to the issuance of such Bonds, the Authority would have been able to meet the Rate Covenant, taking into account (i) the maximum Annual Debt Service on the proposed additional Series of Bonds in the current or any future Fiscal Year, and (ii) the rates, fees and other charges which are in effect and any future changes therein as have been approved by the Board of Directors at the time of the delivery of the proposed additional Series of Bonds, or (B) a written statement of a Qualified Independent Consultant that projects Operating Expenses, Revenues and Net Revenues for five full Fiscal Years following the date of issuance of such proposed additional Series of Bonds and that demonstrates that, on the basis of such projection, the Authority can comply with the Rate Covenant, taking into account those rates, fees and other charges which are in effect at the time of the delivery of the proposed additional Series of Bonds and any future changes therein as have been approved by the Board of Directors of the Authority at the time of the delivery of the proposed additional Series of Bonds.

The Indenture also requires as a condition of issuance where Bonds are issued to refund any Indebtedness, the following: (1) evidence that the Authority has made provision as required by the Indenture for the payment or redemption of all indebtedness to be refunded; (2) either (A) a written determination by the CEO and General Manager, the Chief Financial Officer, or Authorized Representative of the Authority, or other evidence satisfactory to the Trustee that after the issuance of such Bonds and the provision for payment or redemption of all Indebtedness to be refunded, the Annual Debt Service requirements for each Fiscal Year in which there will be Outstanding Indebtedness not to be refunded will not increase more than 5% over what the Annual Debt Service requirements for such Fiscal Year would have been on all Senior Debt immediately prior to the issuance of such Bonds, including the Indebtedness to be refunded (if such Indebtedness was Senior Debt), and that the final maturity of Indebtedness being refunded has not been extended, or (B) a certificate of the CEO and General Manager, the Chief Financial Officer or Authorized Representative of the Authority, stating that based on the Authority's financial records for any 12 consecutive months of the last 18 months prior to the issuance of such Bonds, the Authority would have been able to meet the Rate Covenant, taking into account (i) the maximum Annual Debt Service on the proposed additional Series of Bonds in the current or any future Fiscal Year, but not the actual debt service on the Indebtedness to be refunded, and (ii) the rates, fees and other charges which are in effect and any future changes therein as have been approved by the Board of Directors at the time of the delivery of the proposed additional Series of Bonds, or (C) a written statement of a Qualified Independent Consultant that projects Operating Expenses, Revenues and Net Revenues for five full Fiscal Years following the date of issuance of such proposed additional Series of Bonds, which such projection does not include the actual debt service for any Indebtedness to be refunded, and demonstrates, on the basis of such projection, that the Authority can comply with the Rate Covenant, taking into account those rates, fees and other charges which are in effect at the time of the delivery of the proposed additional Series of Bonds and any future changes therein as have been approved by the Board of Directors at the time of the delivery of the proposed additional Series of Bonds.

Other System Indebtedness (Section 304)

The Authority may incur or refinance Other System Indebtedness provided that (1) the documents relating to the Other System Indebtedness acknowledge that such debt constitutes Other System Indebtedness under the Indenture and is subject to the applicable terms and conditions thereof, specify the amounts and due dates of Annual Debt Service with respect to the Other System Indebtedness, (2) certain requirements of the Indenture for issuing Bonds described under "Conditions for Issuing Bonds (Section 303)" have been met as if the Other System Indebtedness was an additional Series of Bonds, (3) the Trustee receives written notice of the issuance of the Other System Indebtedness and the material terms and conditions thereof, and the Trustee shall register the holder as owner thereof as such on its books and records, and (4) the Trustee receives an Opinion of Counsel that the documents creating the Other System Indebtedness have been duly authorized, executed and delivered on behalf of the Authority and constitute valid, binding and enforceable obligations. In connection with the incurrence of any Other System Indebtedness, the Trustee shall enter into an intercreditor arrangement with the holder of such Other System Indebtedness, the terms of which shall be determined at the time of incurrence of such Other System Indebtedness. The Authority shall fulfill its obligations under all contracts or agreements creating Other System Indebtedness as they may exist from time to time.

Parity Subordinate Debt (Section 305)

Notwithstanding anything in the Indenture to the contrary, the Authority may at any time issue additional Subordinate Debt on a parity with the Outstanding Subordinate Debt and pledge Net Revenues thereto so long as rates, fees and charges are in effect or scheduled to go into effect to meet the Rate Covenant immediately after the issuance of such Subordinate Debt. Subordinate Debt may not be accelerated if any Senior Debt is outstanding.

Treatment of Direct Payments in Connection with Additional Indebtedness (Section 306)

For the purposes of computing Annual Debt Service on any Direct Payment BABs or other Indebtedness as to which Direct Payments are expected to be made (whether previously issued or proposed to be issued by the Authority) in connection with any proposed issuance of additional Subordinate Debt, the amount of any Direct Payment expected to be received by the Authority or the Trustee in the then current or any future Fiscal Year shall be credited against the Annual Debt Service on such Direct Payment BABs.

Custody and Application of Bond Proceeds (Section 501; TSI Section 501)

The proceeds of Bonds which are issued to pay Costs of the System shall be held in trust by the Trustee and used solely to pay Costs of the System. The proceeds of Bonds which are issued to refund any Indebtedness secured by or payable from Net Revenues, shall be held by the Trustee, an escrow agent or other party, as specifically provided in the Supplemental Indenture related to such refunding. The Indenture establishes a Construction Fund, to be held by the Authority. Amounts on deposit in the Construction Fund shall be used to pay Costs. The Trustee established a Construction Account, for the benefit of the holders of the Bonds which shall be considered part of the Construction Fund. The Authority established an EPA Grant Account and a Payments in Aid of the Construction Account in the Construction Fund to be held by the Authority. The proceeds of a Series of Bonds shall be deposited in the related Series Construction Subaccount. Reimbursements from EPA Grants and similar payments shall be deposited in the EPA Grant Account, IMA Capital Payments and other payments in aid of construction shall be deposited in the Payments in Aid of Construction Account. The Authority may establish additional Accounts and subaccounts within the Construction Fund as may be provided in a Supplemental Indenture. The Thirty-Eighth Supplemental Indenture establishes the Series 2026A Construction Account in the Construction Fund, which shall be used for payment of the Costs of the System, and within the Series 2026A Construction Account, a Series 2026A Cost of Issuance Subaccount, which shall be used for the payment of costs of issuance of the Series 2026A Bonds. The Thirty-Eighth Supplemental Indenture also establishes the Series 2026B Construction Account in the Construction Fund and within the Series 2026B Construction Account, a Series 2026B Cost of Issuance Subaccount, which shall be used for the payment of costs of issuance of the Series 2026B Bonds. (TSI Section 501).

Deposits shall be made to the credit of the Construction Fund and any Accounts and subaccounts as provided in the applicable Supplemental Indenture. All earnings on moneys in each Account and subaccount shall be credited to such Account and subaccount. Payments from the Construction Account may be made upon submittal by the Chief Financial Officer of an appropriate requisition form to the Trustee on a bi-weekly, or less often basis. The Trustee shall pay the costs listed in the requisition within 2 days of receipt thereof. The Trustee shall retain copies of all such requisitions and shall pay the obligations set forth in the requisition out of money in the applicable Series Subaccount in the Construction Account. When all items of Costs have been paid or moneys have been reserved to pay all remaining unpaid Costs, the balance of any Bond proceeds remaining in excess of the amount to be reserved for payment of unpaid Costs shall be (a)

transferred to the Bond Fund to be used solely to pay principal of and interest on the Series of Bonds which provided such proceeds to the extent approved by Bond Counsel, or (b) used to pay all or any portion of the Costs designated by the Authority and approved by Bond Counsel, but the balance of any Series 2026AB Bond proceeds remaining in excess of the amount to be reserved for payment of unpaid Costs shall be deposited in the Bond Fund to be used solely to pay principal of and interest on the Series 2026AB Bonds, to the extent approved by Bond Counsel.

Costs of the System (Section 502)

Costs shall mean any and all reasonable expenses related to the purposes or activities of the Authority including expenses for operating and maintenance activities; expenses for preconstruction and construction, acquisition, alteration, improvement, enlargement of furnishing, fixturing and equipping, reconstruction and rehabilitation of the water distribution and wastewater and stormwater collection, treatment, and disposal systems of the Authority, including without limitation, the purchase or lease expense for all lands, structures, real or personal property, rights, rights-of-way, roads, franchises, easements, and interest acquired or used for, or in connection with the Authority; the expenses of demolishing or removing buildings or structures on land acquired by the Authority, including the expenses incurred for acquiring any lands to which the buildings may be moved or located; the expenses incurred for all utility lines, structures or equipment charges, and interest on financial obligations incurred for a period as the Authority may reasonably determine to be necessary for the effective functioning of the water distribution and wastewater and stormwater collection, treatment, and disposal systems; provisions for reserves, enlargements, additions, and improvements; expenses incurred for architecture, engineering, energy efficiency technology, design and consulting, financial and legal services, letters of credit, bond insurance, debt service or debt service reserve insurance, surety bonds or similar credit enhancement instruments, plans, specification studies, surveys, and estimates of expenses and of revenues; expenses necessary or incident to determining the feasibility of improvements to the water distribution and wastewater and stormwater collection, treatment, and disposal systems, the financing of such improvements, including a proper allowance for contingencies, and the provision of reasonable initial working capital for operating the improved systems and expenses for obtaining potable water for distribution.

Rate Covenant (Section 601)

The Authority shall fix, charge and collect such rates, fees and other charges for the use of and the services furnished by the System and shall, from time to time and as often as shall appear necessary, revise such rates, fees and other charges so as to meet the following two independent requirements:

(1) Revenues, shall be sufficient in each Fiscal Year to pay (A) the actual Operating Expenses for such Fiscal Year, (B) the amount required to pay Annual Debt Service on Senior Debt in such Fiscal Year, (C) any amount necessary to be deposited in any Series Debt Service Reserve Account to restore the amount on deposit therein to the amount of the Series Debt Service Reserve Requirement, (D) the amount required to pay Annual Debt Service on Subordinate Debt in such Fiscal Year (including reserves in connection therewith and the restoration thereof), (E) any amount necessary to be deposited in the Operating Reserve Fund and the Renewal and Replacement Reserve Fund to maintain the required balances therein, and (F) any amount necessary to make any payments in lieu of taxes in such Fiscal Year.

(2) Net Revenues shall be sufficient in each Fiscal Year to be at least equal to the sum of (A) 120% of the Annual Debt Service with respect to Senior Debt for such Fiscal Year, and (B) 100% of Annual Debt Service with respect to Subordinate Debt for such Fiscal Year.

From and after the date of the Twelfth Supplemental Indenture, for purposes of determining the Authority's compliance with the Rate Covenant (but not for the purposes of determining compliance with the Indenture's restrictions on the Authority's issuance of additional Senior Debt or additional Subordinate Debt), the amount of any Direct Payment received by the Authority or the Trustee in any Fiscal Year shall be credited against (i) Annual Debt Service on Senior Debt in such Fiscal Year if such Direct Payment related to Senior Debt or (ii) Annual Debt Service on Subordinate Debt in such Fiscal Year if such Direct Payment related to Subordinate Debt.

If at the end of any Fiscal Year the Authority is not in compliance with the Rate Covenant, or if the Authority fails for three consecutive months to make the deposits required under "Disposition of Revenues" to the Interest Account and the Principal Account (or the Sinking Fund Account, as applicable) or there is a deficiency in a Series Debt Service Reserve Account for longer than three consecutive months, the Authority shall immediately request a Qualified Independent Consultant to submit a written report and recommendations with respect to increases in the Authority's rates, fees and other charges and improvements in the operations of and the services rendered by the System and the Authority's accounting and billing procedures necessary to bring the Authority into compliance with the Rate Covenant. The report

and recommendations shall be filed with the Trustee and the Authority within 120 days from the date of discovery of noncompliance with the Rate Covenant. The Authority shall promptly revise its rates, fees and charges, and alter its operations and services to conform with the report and recommendations of the Qualified Independent Consultant to the extent permitted by law. If the Authority promptly revises its rates, fees, charges, operations, services and procedures in conformity with the report and recommendations of the Qualified Independent Consultant and otherwise follows such recommendations to the extent permitted by law so that the Authority is expected to be, when its actions become fully effective, in compliance with the Rate Covenant, then any failure to meet the Rate Covenant will not constitute an Event of Default under the Indenture so long as no other Event of Default has occurred and is continuing.

Annual Budget (Section 602)

Before the beginning of each Fiscal Year, the Authority shall adopt a budget for the operation of the System for the ensuing Fiscal Year, which shall be called the Annual Budget. The Annual Budget shall be prepared in such manner as to show in reasonable detail (1) Revenues estimated to be received during such Fiscal Year, (2) Operating Expenses expected to be incurred during such Fiscal Year, (3) the amount of principal of, premium, if any, and interest on the Bonds that will become due during such Fiscal Year, (4) the amount of principal of, premium, if any, and interest on Other System Indebtedness that will become due during such Fiscal Year, (5) any amount necessary to be deposited in the Debt Service Reserve Fund to restore the amount on deposit in each Account therein to the amount of the applicable Series Debt Service Reserve Requirement, (6) any amount necessary to be deposited in the Operating Reserve Fund to restore the amount on deposit therein to the amount of the Operating Reserve Requirement, (7) any amount necessary to be deposited in the Renewal and Replacement Reserve Fund to restore the amount on deposit therein to the amount of the Renewal and Replacement Reserve Requirement, (8) the amount of principal of, premium, if any, and interest on the Subordinate Debt that will become due during such Fiscal Year, (9) any amount necessary to be deposited in the Subordinate Debt Service Reserve Fund to restore the amount on deposit therein to the amount of the Subordinate Debt Service Reserve Requirement, and (10) the amount of Net Revenues available during such Fiscal Year to meet the Rate Covenant. The Annual Budget shall be prepared in sufficient detail to show the amounts to be deposited in the various funds, Accounts and subaccounts created by or under the Indenture or funds and accounts otherwise required to be maintained on behalf of the System. The Authority may amend the Annual Budget at any time during the Fiscal Year. If for any reason an Annual Budget has not been adopted within the time required in the Indenture, the last previously adopted Annual Budget shall be deemed to provide for and regulate and control expenditures during such Fiscal Year until an Annual Budget for such Fiscal Year has been adopted. A copy of the Annual Budget and any amendments thereto shall be filed promptly with the Trustee.

Funds and Accounts (Section 603)

The Indenture establishes the following funds and Accounts to be held by the Authority or Trustee, as applicable: (a) Revenue Fund to be held by the Authority, subject to the lien of the Indenture (the Water and Sewer Authority Enterprise Fund created pursuant to Section 207 of the WASA Act, codified, as amended, at D.C. Code Section 34-2202.07, constitutes the Revenue Fund); (b) Operating Fund to be held by the Authority not subject to the lien of the Indenture (the Operating and Maintenance Account created pursuant to Section 154 of Public Law 104-134, codified at D.C. Code Section 34-2202.41, constitutes the Operating Fund); (c) Bond Fund, in which there shall be established an Interest Account, a Principal Account and a Sinking Fund Account, and a separate subaccount in each such Account with respect to each Series of Bonds or Other System Indebtedness issued under the Indenture, as applicable, to be held by the Trustee, subject to the lien of the Indenture; (d) Debt Service Reserve Fund, in which there shall be established a Series Debt Service Reserve Account for each Series of Bonds or Other System Indebtedness issue which has a Series Debt Service Reserve Requirement, to be held by the Trustee, subject to the lien of the Indenture; (e) Operating Reserve Fund to be held by the Authority, subject to the lien of the Indenture; (f) Renewal and Replacement Reserve Fund to be held by the Authority, subject to the lien of the Indenture; (g) Subordinate Bond Fund to be held by the Trustee, subject to the lien of the Indenture; (h) Subordinate Debt Service Reserve Fund to be held by the Trustee, subject to the lien of the Indenture; (i) Rate Stabilization Fund to be held by the Authority, subject to the lien of the Indenture; and (j) System Fund to be held by the Authority, subject to the Lien of the Indenture.

Disposition of Revenues (Section 604)

All Revenues shall be deposited in the Revenue Fund to be held by the Authority; provided, however, that upon an Event of Default, the Authority will transfer all amounts in all the Authority held funds to the Trustee, and the Trustee shall hold such moneys in trust for the beneficiaries under the Indenture. From and after the occurrence of such Event of Default, the Authority shall deliver all Revenues to the Trustee as and when received. Prior to any such Event of Default, throughout the month, but no later than the last Business Day of each month, the Authority shall transfer from the Revenue Fund to the Operating Fund an amount sufficient to pay Operating Expenses during such month. Thereafter, Net Revenues

shall be disbursed on the last Business Day of each month in the following order (except that no distinction or preference shall exist in the use in an amount sufficient to make the following deposits of Net Revenues for payment into the Interest Account, the Principal Account or the Sinking Fund Account of the Bond Fund, such accounts being on a parity with each other as to payment from Net Revenues):

- (a) To the Bond Fund:
 - (1) to the subaccounts established for each Series of Bonds or Other System Indebtedness in the Interest Account, the amounts, if any, set forth in the applicable Supplemental Indenture with respect to each Series of Bonds or Other System Indebtedness; provided, however, that if such Other System Indebtedness is evidenced by documents other than a Supplemental Indenture, to the related interest accounts set forth therein, as applicable; and such deposits shall be adjusted to give credit for any other available money then in such interest account or subaccount, or otherwise available and designated to be used for such purpose. Moneys in the Interest Account shall be used to pay interest required to be paid on any interest payment date related to such Series of Bonds or Other System Indebtedness, as applicable.
 - (2) to the subaccounts established for each Series of Bonds or Other System Indebtedness in the Principal Account and Sinking Fund Account, the amounts, if any, set forth in the applicable Supplemental Indentures with respect to each Series of Bonds or Other System Indebtedness; provided, however, that if such Other System Indebtedness is evidenced by documents other than a Supplemental Indenture, to the related principal account and sinking fund account set forth therein, as applicable; and such deposits shall be adjusted to give credit for any other available money then in the principal or sinking fund account or subaccount or otherwise available and designated to be used for such purpose. Moneys in the Principal Account shall be used to pay principal required to be paid on any principal payment date related to such Series of Bonds or Other System Indebtedness, as applicable. Moneys in the Sinking Fund Account shall be used to pay the amount required for mandatory sinking fund redemption on the applicable redemption date related to such Series of Bonds or Other System Indebtedness, as applicable,
- (b) To the applicable Account in the Debt Service Reserve Fund with respect to each Series of Bonds, the amounts, if any, necessary to restore the amount on deposit therein to the related Series Debt Service Reserve Requirement; and to the extent applicable, amounts necessary to restore the amount on deposit in the debt service reserve fund related to Other System Indebtedness to the amounts required to be on deposit therein, and such amounts shall be transferred to such fund.
- (c) To the Operating Reserve Fund, the amounts, if any, necessary to restore the amounts on deposit therein to the Operating Reserve Requirement. Such amounts shall be funded within 24 months of withdrawal by depositing in such fund 1/24 of the Operating Reserve Requirement on the last Business Day of each month after such withdrawal, if necessary. Moneys in the Operating Reserve Fund shall be used to pay, to the extent necessary, Operating Expenses of the Authority. In addition, to the extent that moneys on deposit in the Bond Fund are insufficient to make the required interest and principal payments, moneys in the Operating Reserve Fund shall be used prior to any withdrawal from the Debt Service Reserve Fund, to satisfy any such deficiencies.
- (d) To the Renewal and Replacement Reserve Fund, an amount equal to the Renewal and Replacement Reserve Requirement. Such amounts shall be funded within 24 months of the applicable Closing Date to the extent not already deposited by depositing 1/24 of the Renewal and Replacement Reserve Requirement on the last Business Day of each month in such fund. In addition, to the extent that there has been a withdrawal from such fund, the Trustee shall deposit Net Revenues to the fund, in the amounts necessary to make the amounts on the deposit therein equal to the Renewal and Replacement Reserve Requirement. Such withdrawn amounts shall be funded within 24 months by depositing in such fund 1/24 of the Renewal and Replacement Reserve Requirement on the last Business Day of each month after such withdrawal. Moneys in the Renewal and Replacement Reserve Fund may be used to pay for any capital expenditures related to the System. In addition, to the extent that moneys on deposit in the Bond Fund and the Operating Reserve Fund are insufficient to make the required interest and principal payments, moneys in the Renewal and Replacement Reserve Fund shall be used prior to any withdrawal from the Debt Service Reserve Fund to satisfy any such deficiencies.
- (e) To the Subordinate Bond Fund, the amount equal to the deposits to such funds and accounts required by the related Supplemental Indenture or other documents evidencing such debt. To the extent that Subordinate Debt is issued pursuant to Subordinate Debt documents, applicable amounts shall be transferred to the respective Subordinate Debt trustee.

(f) To the applicable Account, if any, in the Subordinate Debt Service Reserve Fund with respect to each Subordinate Debt issue, the amounts, if any, necessary to restore the amount on deposit therein to the related debt service reserve requirement or to reimburse the provider of any Qualified Reserve Credit Facility for amounts drawn thereunder and to pay related costs. To the extent that the Subordinate Debt is issued pursuant to Subordinate Debt Documents, applicable amounts shall be transferred to the respective Subordinate Debt trustee.

(g) To the System Fund, any moneys remaining in the Revenue Fund after all deposits and transfers required by subsections (a) through (f) of Section 604 have been made. Moneys in the System Fund may be used for any authorized purpose. On the following dates, moneys on deposit in the System Fund were required or are required be used to make the following payments:

(1) on each May 15 and quarterly thereafter, to the District to make the payment in lieu of taxes required by the District MOU relating to the PILOT;

(2) on September 1, 1998, an amount retained by the Authority in the System Fund necessary to satisfy the Cash Reserve Requirement;

(3) on each September 1, commencing September 1, 1999: (a) an amount to the District to make those certain principal and interest prepayments related to the District General Obligation Bonds pursuant to the District MOU relating to the Payment of General Obligation Debt; and (b) an amount retained by the Authority in the System Fund necessary to satisfy the Cash Reserve Requirement; and

(4) at any time to the Rate Stabilization Fund, the amount that the CEO and General Manager may determine, in his discretion, to transfer to the Rate Stabilization Fund.

With respect to prepayments made pursuant to section (g)(3)(a) above, if the Authority does not have Net Revenues sufficient to make such payment on September 1 of such fiscal year, the Authority must make such payment no later than November 1 of such fiscal year. Failure to make such payment prior to November 1 shall not constitute an Event of Default.

The Authority shall provide the Trustee with a monthly certificate which certifies that the transfers required by subsections (c), (d) and (g) have been made and sets forth the respective balances of such funds. If the Authority fails to make the transfers required by subsections (a) through (g) the Trustee shall give notice of such failure to the Authority within 10 days of such failure. Notwithstanding anything in the Indenture to the contrary, at any time that the Authority is required to make transfers pursuant to subsections (a) through (g), and there are insufficient Net Revenues to make all required transfers pursuant to such subsections, the Authority shall make the transfers in the order set forth above first from Net Revenues, then from any other legally available monies. In the event the balance on deposit in the Principal Account, Sinking Fund Account or the Interest Account is insufficient for the purposes thereof, the Authority shall transfer to the Trustee for deposit in such Accounts such amounts as may be necessary therefor first from the Operating Reserve Fund, second from the Renewal and Replacement Fund, and then from the applicable Series Debt Service Reserve Account pursuant to the section entitled "Debt Service Reserve Fund (Section 606)". The Trustee shall provide for a mandatory sinking fund redemption of any Term Bonds in accordance with the schedules set forth in the Supplemental Indenture for such Bonds; provided, however, that on or before the 70th day next preceding any such sinking fund payment date, the Authority may: (1) deliver to the Trustee for cancellation Term Bonds of the maturity required to be redeemed on such sinking fund payment date in any aggregate principal amount desired; or (2) instruct the Trustee to apply a credit against the Authority's next sinking fund redemption obligation for any such Term Bonds that previously have been redeemed (other than through the operation of the sinking fund) and canceled but not theretofore applied as a credit against any sinking fund redemption obligation. Upon the occurrence of any of the events described in the subsections (1) or (2) above, the Trustee shall credit against the Authority's sinking fund redemption obligation on the next sinking fund payment date the amount of such Term Bonds so delivered or previously redeemed. Any principal amount of such Term Bonds in excess of the principal amount required to be redeemed on such sinking fund payment date shall be similarly credited in such order as may be determined by the Authority against future payments to the Sinking Fund Account and shall similarly reduce the principal amount of the Term Bonds of the applicable Series to be redeemed on the next sinking fund payment date. Within seven days of receipt of such Term Bonds or instructions to apply as a credit, any amounts remaining in the Sinking Fund Account in excess of the amount required to fulfill the remaining required sinking fund redemption obligation on the next sinking fund payment date shall be used in such manner as determined at the direction of the Authority. In the event the amount on deposit in the Interest Account on any interest payment date shall exceed the amount required to pay interest on the Senior Debt on the next interest payment date, the Authority shall, if the amount on deposit in any Series Debt Service Reserve Account is less than the applicable Series Debt Service Reserve Requirement, instruct

the Trustee to transfer such excess to any Series Debt Service Reserve Account to the extent of such deficiency, and otherwise retain any remaining excess in the Interest Account or instruct the Trustee to transfer any remaining excess to the related Principal Account to be credited against subsequent required deposits thereto, as determined by the Authority.

If the amount on deposit in the Principal Account or Sinking Fund Account on any principal or mandatory redemption payment date exceeds the amount required on such date to pay Bonds at maturity or to redeem Term Bonds pursuant to mandatory sinking fund requirements, the Authority shall, if the amount on deposit in any Series Debt Service Reserve Account is less than the applicable Series Debt Service Reserve Requirement, instruct the Trustee to transfer such excess to the Series Debt Service Reserve Account to the extent of such deficiency, and otherwise retain such excess in the Principal Account or instruct the Trustee to transfer such excess to the Interest Account to be credited against subsequent required deposits thereto, as determined by the Authority.

With respect to the Direct Payments by providing that, upon receipt of any Direct Payment, the Authority or the Trustee shall cause it to be deposited (i) in the appropriate subaccounts in the Interest Account in the Bond Fund if such Direct Payment relates to Bonds or Other System Indebtedness, and (ii) in the appropriate subaccount in the Subordinate Interest Account in the Subordinate Bond Fund if such Direct Payment relates to Subordinate Debt, and shall cause it to be applied solely to the purposes to which the Indenture permits funds in such subaccount, account and fund to be applied.

Rate Stabilization Fund (Section 605)

The Rate Stabilization Fund authorized by the Indenture shall be held by the Authority in an Account separate and apart from all other funds and Accounts of the Authority and payments therefrom shall be made as provided in the Indenture. Moneys may be transferred by the Authority to the Rate Stabilization Fund from the System Fund as provided in the section captioned "Disposition of Revenues (Section 604)" as determined by the Authority. At any time the Authority may transfer from the Rate Stabilization Fund to the Revenue Fund the amount determined by the Authority to be transferred from the Rate Stabilization Fund.

Debt Service Reserve Fund (Section 606)

Each Supplemental Indenture under which a Series of Bonds is issued shall establish an Account in the Debt Service Reserve Fund related to such Series of Bonds that shall be funded pursuant to the terms of a Supplemental Indenture. The Series Debt Service Reserve Requirement shall be deposited in the Account related to such Series. Amounts in each Account in the Debt Service Reserve Fund shall be used to pay debt service on the related Series of Bonds on the date such debt service is due when insufficient funds for that purpose are available in the Bond Fund; provided, however, that all amounts in an Account in the Debt Service Reserve Fund shall be used, together with other amounts available for such purpose under the Indenture, to provide for payment of the related Series of Bonds when the aggregate of such amounts is sufficient for such purpose. Amounts in each Account of the Debt Service Reserve Fund shall be pledged to Holders of Bonds of the related Series. The Debt Service Reserve Fund has not been pledged as security for the payment of any Subordinate Debt.

In lieu of or in addition to cash or investments, at any time the Authority may cause to be deposited to the credit of any Series Debt Service Reserve Account any form of credit facility, including a surety bond, in the amount of all or a portion of the Series Debt Service Reserve Requirement, irrevocably payable to the Trustee as beneficiary for the Holders of the respective Series of Bonds, provided that the Trustee has received evidence satisfactory to it that (a) the provider of the credit facility has a credit rating in one of the two highest credit rating categories by two Rating Agencies, (b) the obligation of the Authority to pay the fees of and to reimburse the provider of the credit facility is subordinate to its obligation to pay debt service on the respective Series of Bonds, (c) the term of the credit facility is at least 36 months, (d) the only condition to a drawing under the credit facility is insufficient amounts in the applicable funds and Accounts held by the Trustee with respect to such Series of Bonds when needed to pay debt service on such Series or the expiration of the credit facility, and (e) the provider of the credit facility shall notify the Authority and the Trustee at least 24 months prior to the expiration of the credit facility. If (1) the Authority receives such expiration notice and the provider of such credit facility does not extend its expiration date, (2) the Authority receives notice of the termination of the credit facility, or (3) the Authority receives notice that the provider of such credit facility no longer has a credit rating in one of the two highest credit rating categories by two Rating Agencies, the Authority immediately shall (A) provide a substitute credit facility that meets the requirements set forth in the foregoing sentences, (B) deposit the Series Debt Service Reserve Requirement to the respective Series Debt Service Reserve Account (i) in equal monthly installments over the next succeeding 24 months in the case of receipt of an expiration notice, (ii) prior to the termination date in the case of receipt of a termination notice, or (iii) immediately in the case of such reduction in credit rating, or (C) instruct the Trustee to draw on such credit facility in the amount of the Series Debt Service Reserve Requirement (i) 12 months prior to expiration of

the credit facility in the case of receipt of an expiration notice, (ii) prior to the termination date in the case of receipt of a termination notice, or (iii) immediately in the case of such reduction in credit rating and deposit the amount drawn to the Series Debt Service Reserve Account.

If a disbursement is made pursuant to any credit facility, the Authority shall either (a) reinstate the maximum limits of such credit facility, or (b) deposit to the credit of the applicable Series Debt Service Reserve Account moneys in the amount of the disbursement made under such credit facility from available Net Revenues. To the extent such moneys are still insufficient, then the Authority shall transfer to the Trustee from any legally available moneys the amount of such deficiency as soon as practicable and in any event within 24 months by depositing one-twenty-fourth of the required amount each month.

Amounts, if any, released from any Series Debt Service Reserve Account, upon deposit to the credit of such Account of a credit facility, upon designation by an Authorized Representative of the Authority and accompanied by an Opinion of Bond Counsel that such use will not adversely affect the exclusion from gross income of interest on the respective Series of Bonds, shall be transferred (a) to the subaccount of the Principal Account with respect to such Series of Bonds and used to pay principal of or to redeem such Bonds, or (b) to the Authority to be used to pay all or any portion of the Costs designated by the Authority and approved by Bond Counsel.

On or within five days after each Reserve Determination Date, the Trustee shall determine if the balance on deposit in each Series Debt Service Reserve Account was, as of the Reserve Determination Date, at least equal to the applicable Series Debt Service Reserve Requirement. In making such determination, any obligations in the Series Debt Service Reserve Account shall be valued in accordance with the Indenture. In the event the amount on deposit in a Series Debt Service Reserve Account exceeds the applicable Series Debt Service Reserve Requirement, the Trustee shall (a) transfer such excess to the Bond Fund to be deposited in the related Series subaccount in the Interest Account and the related Series subaccount in the Principal Account to the extent amounts in such subaccounts are less than the amounts required to be paid on the next interest payment date and principal payment date, respectively, (b) thereafter transfer such excess to the Bond Fund to be deposited, as directed by an Authorized Representative of the Authority, in the Interest Account or the Principal Account to the extent amounts in such accounts are less than the amounts required to be paid on the next interest payment date and principal payment date, respectively, and (c) transfer such excess to the Authority to be used to pay all or any portion of Costs designated by the Authority and approved by Bond Counsel; provided, however, that if an Authorized Representative of the Authority calls for a Reserve Determination Date in connection with the refunding and/or defeasance of a Series of Bonds, then the Trustee is authorized to take such refunding and/or defeasance into account in valuing the Series Debt Service Reserve Account securing such Series of Bonds and is further authorized to apply the amount of any surplus arising from such valuation to reduce the amount of the refunding bonds and/or to provide for the defeasance of the Series of Bonds in such manner as the Authorized Representative of the Authority may direct.

Payments in Aid of Construction (Section 607)

The Authority shall use any payments made to the Authority by any persons as payment for constructing water, wastewater or stormwater facilities at the request of such persons, whether such payments are made prior to or after such construction, only to pay the cost of such construction. After completion of such construction, the Authority may use any moneys remaining after such construction is completed to pay all or any portion of Costs designated by the Authority and approved by Bond Counsel.

Other Funds and Accounts (Section 608)

The Authority may establish in each Supplemental Indenture such other funds and Accounts within funds as the Authority may determine to be desirable.

Pledge of Net Revenues and Certain Funds and Accounts (Section 609; TSI Section 601)

Net Revenues are pledged equally and ratably to the payment of principal of and interest on all Senior Debt, subject only to the right of the Authority to make application thereof to other purposes as provided in the Indenture. All funds created under the Indenture other than the Operating Fund shall be trust funds and are pledged (except as provided in the next sentence and as described in the next paragraph hereof) equally and ratably to the payment of the principal of and interest on all Senior Debt, subject only to the right of the Authority to make application thereof, or to direct the Trustee to make application thereof, to other purposes as provided in the Indenture. The lien and trust created under the Indenture are for the benefit of the Holders of Senior Debt and for their additional security until all the Senior Debt has been paid; provided, however, that the moneys in each Series Debt Service Reserve Account and each Series Construction Account

or subaccount shall only secure the applicable Series of Bonds that provided such moneys, and moneys in any account of the Bond Fund relating to a particular Senior Debt shall only secure such Senior Debt. Notwithstanding the foregoing and anything else in the Indenture to the contrary, pursuant to the terms of the Water Sales Agreement, to the extent that the United States of America, acting through the Secretary of the Army, requires that the Authority establish a special fund consisting of separately identifiable fees, charges, rents and rates (the "Special Revenues") assessed by the Authority on its retail customers after the effective date of the Indenture in order to pay for the principal and interest due on the Treasury Loans, the Department of the Treasury shall have a security interest in such Special Revenues only, and the Treasury Loans shall no longer be secured by the remaining Net Revenues, nor be considered Indebtedness for the purposes of the Indenture. The Treasury Loan holder shall have an interest senior to the interest of holders of Indebtedness in such Special Revenues. All further terms and conditions of such Special Fund shall be set forth in a Supplemental Indenture related thereto.

The Series 2026AB Bonds are secured as Subordinate Debt under the Indenture and, as such, are secured by a pledge of (i) Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures Subordinate Debt, including, without limitation, any other Subordinate Debt that the Authority may issue in the future, without preference, priority or distinction of any Series 2026AB Bond over any other Series 2026AB Bond or of any Subordinate Debt over any other Subordinate Debt, as provided in the Indenture; and (ii) the moneys and Permitted Investments in the Subordinate Bond Fund on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, any other Subordinate Debt that the Authority may issue in the future, without preference, priority or distinction of any Series 2026AB Bond over any other Series 2026AB Bond or of any Subordinate Debt over any other Subordinate Debt, as provided in the Indenture. (TSI Section 601).

Covenant of the District of Columbia (TSI Section 601)

Under to the WASA Act, the District pledges to the Authority and any holders of its bonds that, except as provided in the WASA Act, the District will not limit or alter rights vested in the Authority to fulfill agreements made with holders of the bonds, or in any way impair the rights and remedies of the holders of the bonds until the bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of the holders of the bonds are fully met and discharged.

Payment of Indebtedness; Limited Obligations (Section 801)

The Authority shall promptly pay or cause to be paid when due the principal of (whether at maturity, by acceleration, call for redemption or otherwise), premium, if any, and interest on the Indebtedness at the places, on the dates and in the manner provided in the Indenture and in the Indebtedness according to the true intent and meaning thereof; provided, however, that such obligations are not general obligations of the Authority, but are limited obligations payable solely from Net Revenues, except to the extent payable from the proceeds of Indebtedness, the income, if any, derived from the investment thereof, certain reserves, proceeds of credit enhancement, income from investments pursuant to the Indenture or proceeds of Insurance, which Net Revenues and other moneys are specifically pledged to such purposes in the manner and to the extent provided in the Indenture. The Series 2026AB Bonds are special and limited obligations of the District. The Series 2026AB Bonds shall be without recourse to the District. The Series 2026AB Bonds shall not be general obligations of the District, shall not be a pledge of or involve the faith and credit or the taxing power of the District, and shall not constitute lending of the public credit for private undertakings.

Limitations on Indebtedness (Section 802)

The Authority shall not issue any bonds, notes or other obligations that shall be secured by a pledge of Net Revenues (a) senior to the pledge of Net Revenues securing the Senior Debt, (b) except in compliance with the Indenture, on a parity with the pledge of Net Revenues securing the Senior Debt, or (c) except in compliance with the section captioned "Subordinate Debt (Section 305)", subordinate to the pledge of Net Revenues securing the Senior Debt. The Authority shall not issue Bonds, Other System Indebtedness or Subordinate Debt unless the Authority complies with the Indenture, including those provisions described in "Conditions for Issuing Bonds (Section 303)," "System Indebtedness (Section 304)" and "Subordinate Debt (Section 305)," as applicable.

Covenants and Representations of the Authority (Section 803)

The Authority shall faithfully observe and perform all covenants, conditions and agreements on its part contained in the Indenture, in every issue of Indebtedness issued thereunder and in all proceedings of the Authority pertaining thereto. The Authority represents that it is duly authorized under the WASA Act to issue the Indebtedness, to execute the Indenture, and to pledge Net Revenues in the manner and to the extent set forth in the Indenture. The Authority covenants that it will

take all action necessary for issuance of the Indebtedness and the execution of the Indenture, and that upon issuance the Indebtedness will be valid and enforceable obligations of the Authority according to the import thereof.

Covenants with Credit Banks, Insurers, etc. (Section 804)

The Authority may make such covenants and agreements in a Supplemental Indenture as it may determine to be appropriate with any Insurer, credit bank or other financial institution that agrees to insure or to provide credit or liquidity support to enhance the security or the value of any Indebtedness. Such covenants and agreements may be set forth in the applicable Supplemental Indenture and shall be binding on the Authority and all the holders of Indebtedness the same as if such covenants were set forth in full in the Indenture.

Operation and Maintenance (Section 805)

The Authority shall establish and enforce reasonable rules and regulations governing the use of and the services furnished by the System, shall maintain and operate the System in an efficient and economical manner, shall maintain the same in good repair and sound operating condition and shall make all necessary repairs, replacements and renewals. All compensation, salaries, fees and wages paid by the Authority in connection with the operation and maintenance of the System shall be reasonable. The Authority shall observe and perform all of the terms and conditions contained in the WASA Act and the Water Sales Agreement and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the System or the Authority.

Free Service, Competing Service, Billing and Enforcement of Charges (Section 806)

The Authority shall not permit connections to or use of the System or provide any services of the System without making a charge therefor in accordance with the Authority's schedule of rates, fees and charges for the System other than those connections, use or services already in existence; provided, however, the Authority may accept proffers and other forms of payment in lieu of cash payments that the Authority deems are in its best interest to accept, provided that such proffers do not cause a violation of the Rate Covenant. The Authority shall not provide, grant any franchise to provide, or give consent for anyone else to provide any services which would compete with the System unless the Authority determines that such franchise or provision of services would provide services that the Authority has determined are not in its best interest to provide and would not materially impair the interests of the holders of Indebtedness.

The Authority shall bill customers for the services of the System no less frequently than quarterly. If any rates, fees or other charges for the use of or for the services furnished by the System shall not be paid within 60 days after the same shall become due and payable, or within such shorter time as may be determined by the Authority, the Authority shall at the expiration of such period, to the extent permitted by applicable laws and regulations, disconnect the premises from the System or otherwise suspend service to such premises until such delinquent rates, fees or other charges and any interest, penalties or charges for reconnection of service to such delinquent customer shall have been paid in accordance with the policies of the Authority, or a payment plan with respect to such amounts has become effective. The Authority shall take all such action as may be necessary to perfect liens upon real estate for the amount of any unpaid rates, fees or other charges described in Section 806 of the Indenture or any unpaid connection charges or other charges so that such liens will be binding upon subsequent bona fide purchasers for valuable consideration without actual notice thereof.

Sale or Encumbrance of System (Section 807)

Neither the System nor any integral part thereof shall be leased, sold, mortgaged or otherwise disposed of without an Independent Consulting Engineer's certification that such disposition will not have a negative impact on the overall viability of the System unless the proceeds of such disposition, together with any other legally available moneys, are sufficient to pay the principal of, premium, if any, and interest on all Indebtedness then Outstanding and the proceeds are used for such purpose; provided, that the Authority may from time to time sell, exchange or otherwise dispose of any equipment, motor vehicles, machinery, fixtures, apparatus, tools, instruments or other movable property if it determines that such articles are no longer needed or are no longer useful in connection with the System, and the proceeds thereof may be used for any lawful purpose determined by the Authority. The Authority shall not create or suffer to be created any lien or charge upon the System or any part thereof or any lien or charge upon Net Revenues and other moneys pledged herein ranking equally with, prior to, or subordinate to the lien and charge of the Indebtedness, except as provided in the Indenture. Notwithstanding anything in the Indenture to the contrary, the Authority may acquire items of personal property constituting part of the System under lease purchase agreements or similar financing arrangements entered into in the ordinary course of business which may be subject to purchase money security interests or other liens in an aggregate amount not to exceed five percent (5%) of the net amount of plant, property and equipment.

Notwithstanding the provisions of the preceding paragraph, the Authority may sell, transfer or otherwise dispose of all or substantially all of the System for purposes of consolidating the System with or merging the System into one or more regional water, wastewater or stormwater systems of which the Authority is a participating member jurisdiction if: (1) the successor entity assumes in writing all of the Indebtedness then Outstanding, (2) the successor entity covenants in writing to comply with the Rate Covenant, (3) the Authority obtains an opinion of Bond Counsel, subject to the customary exceptions and qualifications, substantially to the effect that the assumption by the successor entity of all of the Indebtedness then Outstanding shall not have an adverse effect on the tax-exempt status of the interest on any such Indebtedness the interest on which was excludable from gross income for purposes of Federal income taxation when issued, and (4) the ratings on the Indebtedness then Outstanding will not adversely be affected by such assumption.

Notwithstanding the provisions of the preceding paragraph, the Authority may lease or sell the Blue Plains Wastewater Treatment Plant if: (1) the lessor [sic] or purchaser entity assumes in writing all of the Indebtedness then Outstanding relating to the plant, (2) the successor entity covenants in writing to comply with the Rate Covenant, as applicable, (3) the Authority obtains an opinion of Bond Counsel, subject to the customary exceptions and qualifications, substantially to the effect that the assumption by the lessor [sic] or purchaser entity of all of the Indebtedness then Outstanding shall not have an adverse effect on the tax-exempt status of the interest on any such Indebtedness the interest on which was excludable from gross income for purposes of Federal income taxation when issued, and (4) the ratings on such Indebtedness then Outstanding will not adversely be affected by such assumption.

Insurance (Section 808)

The Authority shall continuously maintain insurance with recognized responsible commercial insurance companies against such risks and in such amounts as are customary for public bodies owning and operating similar systems, including (a) insurance against loss or damage to the System, (b) public liability insurance against liability for bodily injury, including death resulting therefrom, and for damage to property, including loss of use thereof, arising out of the ownership or operation of the System, and (c) workers' compensation insurance with respect to the System. In lieu of insurance written by commercial insurance companies, the Authority may maintain a program of self-insurance or participate in group risk financing programs, including sponsored insurance programs, risk pools, risk retention groups, purchasing groups and captive insurance companies, and in state or Federal insurance programs; provided, however, that the Authority shall obtain and maintain on file a tri-annual favorable written opinion of a Qualified Independent Consultant that such alternative is reasonably acceptable with respect to the coverages under all the circumstances.

Damage, Destruction, Condemnation and Loss of Title (Section 809)

If all or any part of the System is destroyed or damaged by fire or other casualty, condemned or lost by failure of title, the Authority shall restore promptly the property destroyed or damaged to substantially the same condition as before such destruction, damage, condemnation or loss of title with such alterations and additions as the Authority may determine and which will not impair the capacity or character of the System for the purpose for which it is then being used or is intended to be used. The Authority shall apply so much as may be necessary of such Net Proceeds received on account of any such destruction, damage, condemnation or loss of title to payment of the cost of such restoration, either on completion or as the work progresses. If such Net Proceeds are not sufficient to pay in full the cost of such restoration, the Authority shall pay so much of the cost as may be in excess of such Net Proceeds from any legally available moneys. Any balance of such Net Proceeds remaining after payment of the cost of such restoration shall be deposited in the Bond Fund.

Records and Accounts; Inspections and Reports (Section 810)

The Authority shall keep proper books of records and accounts, separate from any of its other records and accounts, showing complete and correct entries of all transactions relating to the System, and the Trustee shall have the right at all reasonable times to inspect the System and all records, accounts and data relating thereto. The Authority shall also cause a certified audit of its records and accounts to be made in accordance with generally accepted accounting principles by an independent certified public accountant at the end of each Fiscal Year which shall reflect in reasonable detail the financial condition and results of operation of the System and whether the Authority has complied with the Rate Covenant and to deliver such report to the Trustee. The Authority shall cause an Independent Consulting Engineer at least once every five years to inspect the System and make a written report thereof which shall include such Independent Engineer's findings and recommendations as to the maintenance of the System and the construction of additions, extensions and improvements to the System and capital replacements thereof. Such report shall be completed in sufficient time so that the Authority may take into account any recommendations thereof in preparing its next Annual Budget.

Capital Budget (Section 811)

The Authority shall annually adopt a multiyear financial plan for capital expenses encompassing at least the forthcoming five fiscal years.

Service Contracts (Section 812)

The Authority may enter into Service Contracts for the benefit of the System, provided that the Authority specifies in writing the items payable as the Debt Service Component, Operating Component or Remaining Component of the Cost of Contracted Services and provided, further that the Authority shall not enter into any Service Contracts that would create Debt Service Components that constitute Other System Indebtedness unless the Authority satisfies the test set forth in the section entitled "Conditions for Issuing Bonds (Section 303)" for Bonds issued to pay Costs, except in the case of the initial Series of Bonds. The Authority shall faithfully fulfill all lawful requirements of all Service Contracts and shall require all other parties thereto to fulfill their lawful obligations thereunder. The Authority shall determine in writing on or before the effective date of any Service Contract the amounts and due dates of any Debt Service Component and the interest and principal portions of such components.

Events of Default – General (Section 901)

Each of the following events shall be an Event of Default:

- (a) Default in the due and punctual payment of the principal of, premium, if any, on any Bond (whether at maturity, call for redemption or otherwise);
- (b) Default in the due and punctual payment of the interest on any Bond;
- (c) Failure by the Authority to observe the covenant set forth in Section 604(g)(3)(a) of the section entitled "Disposition of Revenues";
- (d) Subject to the remedial provisions of the Rate Covenant, failure of the Authority to observe and perform any of its other covenants, conditions or agreements under the Indenture or in the Bonds for a period of 60 days after written notice either from the Trustee or Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding (unless the Trustee agrees in writing to an extension of such time prior to its expiration), specifying such failure and requesting that it be remedied, or in the case of any such default that cannot with due diligence be cured within such 60 day period, failure of the Authority to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence within 60 days thereafter; provided, however, any such cure period shall not exceed an aggregate of 120 days without the prior written consent of Financial Security Assurance, Inc., as long as any of the Authority's \$266,120,000 Public Utility Revenue Bonds, Series 1998 are Outstanding;
- (e) The Authority shall fail to make any required payment with respect to any Other System Indebtedness, and any period of grace with respect thereto shall have expired, or an event of default as defined in any mortgage, indenture, or instrument under which there may be issued, or by which there may be secured or evidenced any Other System Indebtedness, shall occur, which event of default shall not have been waived by the holder of such mortgage, indenture or instrument provided, however, that such default shall not constitute an Event of Default within the meaning of Section 901 of the Indenture if within 30 days, or within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the Other System Indebtedness is commenced, the Authority in good faith shall commence proceedings to contest the obligation to pay or the existence of such Other System Indebtedness;
- (f) (1) commencement by the Authority of a voluntary case under the Federal bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or state bankruptcy, insolvency or similar law, (2) consent by the Authority to the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official for the Authority, the System or any substantial part of the Authority's property, or to the taking possession by any such official of the System or any substantial part of the Authority's property, (3) making by the Authority of any assignment for the benefit of creditors, or (4) taking corporate action by the Authority in furtherance of any of the foregoing
- (g) The entry of any (1) decree or order for relief by a court having jurisdiction over the Authority or its property in an involuntary case under the Federal bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or state bankruptcy, insolvency or other law, (2) appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official for the Authority, the System or any substantial part of the Authority's property, or (3) order for the termination or liquidation of the Authority or its affairs; or

(h) Failure of the Authority within 60 days after the commencement of any proceedings against it under the Federal bankruptcy laws, or any other applicable Federal or state bankruptcy, insolvency or similar law, to have such proceedings dismissed or stayed.

Notice to Holders of Senior Debt of Certain Default (Section 902)

If the Trustee is required to draw moneys from the Debt Service Reserve Fund to pay principal or interest on the Bonds and the Authority fails to begin replenishing the Debt Service Reserve Fund within 60 days in accordance with the replenishment requirements of the Indenture or fails to make any deposit required by the Indenture, then the Trustee shall send a notice to the Holders of Senior Debt that have related Debt Service Reserve Accounts, notifying them of the Authority's failure to replenish such draws.

Acceleration of Bonds (Section 903)

Upon the occurrence and continuation of an Event of Default, the Trustee may (and if requested by the holders of not less than 25% in aggregate principal amount of Bonds then Outstanding shall) by written notice to the Authority, declare the entire unpaid principal of the Bonds due and payable and, thereupon, the entire unpaid principal of the Bonds shall forthwith become due and payable. Upon any such declaration the Authority shall forthwith pay to the holders of the Bonds the entire unpaid principal of, premium, if any, and accrued interest on the Bonds, but only from Net Revenues and other moneys specifically pledged in the Indenture for payments of Bondholders. If at any time after such a declaration and before the entry of a final judgment or decree in any suit, action or proceeding instituted on account of such default or before the completion of the enforcement of any other remedy under the Indenture, the principal of all Bonds that have matured or been called for redemption pursuant to any sinking fund provision and all arrears of interest have been paid and any other Events of Default which may have occurred have been remedied, then the Trustee may, by written notice to the Authority, rescind or annul such declaration and its consequences. No such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon. Subordinate Debt may not be accelerated if any Senior Debt is Outstanding.

Other Remedies and Rights of Bondholders (Section 904)

Upon the occurrence and continuation of an Event of Default, the Trustee may (and if requested by the holders of not less than 25% in aggregate principal amount of Bonds Outstanding and if indemnified in accordance with prevailing industry standards shall) proceed to protect and enforce their rights by mandamus or other suit, action or proceeding at law or in equity, including an action for specific performance of any covenant or agreement contained in the Indenture. No remedy conferred by the Indenture upon or reserved to the Trustee and Bondholders is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee and holders of Bonds under the Indenture or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any default or Event of Default under the Indenture by the Trustee or Bondholders shall extend to or affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Right of Bondholder to Direct Proceedings (Section 905)

Anything in the Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or any other proceedings thereunder; provided, however, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Application of Moneys – General (Section 906)

All moneys received by the Trustee pursuant to any right given or action taken under the Indenture, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys, the expenses, liabilities and advances incurred or made by the Trustee and its fees and the expenses of the Authority in carrying out the Indenture, shall be deposited in the Bond Fund and applied for no other purpose than as follows, unless the principal of all of the Bonds shall have become due or shall have been declared due and payable:

First – To the payment to the persons entitled thereto of all installments of interest then due on the Senior Debt, in the order of the maturity of the installments of such interest and; if the amount available shall not be sufficient to pay in

full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in the Senior Debt; and

Second – To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Senior Debt which shall have become due (other than Senior Debt called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), to pay in full Senior Debt due on any particular date and then to the payment of such principal and premium, if any, ratably, according to the amount of such principal due on such date, to the persons entitled thereto, without any discrimination or preference.

If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid on the Senior Debt, including, to the extent permitted by law, interest on overdue installments of interest, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Senior Debt over any other Senior Debt, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Senior Debt.

If the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of the Indenture, then, subject to the provisions Section 906 of the Indenture in the event that the principal of all the Senior Debt shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of Section 906 of the Indenture. Whenever moneys are to be applied pursuant to the provisions of Section 906, such moneys shall be applied at such times and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) on which such application is to be made and, on such date, interest shall cease to accrue on the amounts of principal to be paid. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date. Whenever there are moneys remaining after application to the Bond Fund for the payment of Senior Debt, the Trustee shall apply such remaining moneys, allocated in a similar manner as provided above, to the payment of Subordinate Debt. Whenever the principal of and premium, if any, and interest on all Indebtedness have been paid under the provisions of Section 906 of the Indenture, all payments required by the terms of any Supplemental Indenture have been paid and all expenses and charges of the Trustee have been paid, any balance remaining in the several funds created by the Indenture shall be paid to the Authority as provided in the Indenture.

Remedies Vested in Trustee (Section 907)

All rights of action (including the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee may be brought in its name as Trustee, without the necessity of joining as plaintiffs or defendants any Bondholders, and any recovery of judgment shall be for the equal benefit of the Bondholders.

Limitation on Suits (Section 908)

Except to enforce the rights described under “Other Remedies; Rights of Bondholders (Section 904)” and “Right of Bondholders to Direct Proceedings (Section 905)”, no Bondholder shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy under the Indenture, unless (a) a default has occurred and is continuing of which the Trustee has been notified as provided in the Indenture, or of which under the Indenture the Trustee is deemed to have notice, (b) such default has become an Event of Default and the holders of 25% in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (c) such requesting Bondholders have offered to the Trustee indemnity as provided in the indenture, (d) the Trustee has thereafter failed or refused to exercise the powers granted under the Indenture, or to institute such action, suit or proceeding in its, own name, (e) no direction inconsistent with such written request has been given to the Trustee by the holders of a majority in aggregate principal amount of Bonds then Outstanding, and (f) notice of such action, suit or proceeding is given to the Trustee, it being understood and intended that no one or more holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the Indenture by its or their action, or to enforce any rights under the Indenture except in the manner therein provided, and that

all proceedings at law or in equity shall be instituted and maintained in the manner herein provided and for the equal benefit of the holders of all Bonds then Outstanding. The notification, request and offer of indemnity set forth in the Indenture, at the option of the Trustee, shall be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy under the Indenture.

Waivers of Events of Default (Section 910)

The Trustee may in its discretion waive any Event of Default under the Indenture or any action taken pursuant to any Event of Default and rescind any acceleration of maturity of principal of and interest on the Bonds, and shall do so at the written request of the holders of (a) a majority in aggregate principal amount of Bonds then Outstanding in respect of which default in the payment of principal and/or premium, if any, and/or interest exists, or (b) a majority in aggregate principal amount of Bonds then Outstanding in the case of any other default, provided, however, that (1) there shall not be waived without the written consent of the holders of all Bonds then Outstanding (A) any Event of Default in the payment of the principal of any Outstanding Bonds (whether at maturity or by sinking fund redemption), or (B) any default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission, (i) there shall have been paid or provided for all arrears of interest with interest, to the extent permitted by law, at the rate borne by the Bonds on overdue installments of interest, all arrears of principal of, premium, if any, and all expenses of the Trustee in connection with such default, and (ii) in case of any such waiver or rescission or in the case of any discontinuance, abandonment or adverse determination of any proceeding taken by the Trustee on account of any such default, the Authority, the Trustee, and the holders of Bonds shall be restored to their former positions and rights under the Indenture respectively; (2) no acceleration of maturity described under "Acceleration (Section 903)" made at the request of the holders of 25% in aggregate principal amount of Bonds then Outstanding shall be rescinded unless requested by the holders of at least 25% in aggregate principal amount of Bonds then Outstanding; and (3) any such waiver and/or rescission shall only be effective with respect to the Bonds if the holders of Other System Indebtedness shall have waived any event of default related to such Other System Indebtedness or any action taken pursuant to such event of default and/or rescinded any declaration of maturity of principal of and interest on the Other System indebtedness. No such waiver or rescission relating to the Bonds shall extend to any subsequent or other default, or impair any right consequent thereon.

Unconditional Right to Receive Principal, Premium and Interest (Section 911)

Nothing in the Indenture, however, shall affect or impair the right of the Trustee or any Bondholder to enforce, by action at law, payment of the principal of, premium, if any, or interest on any Bond at and after the maturity thereof, or on the date fixed for redemption or upon the same being declared due prior to maturity as herein provided, or the obligation of the Authority to pay the principal of, premium, if any, and interest on each of the Bonds issued under the Indenture to the respective holders thereof at the time and place, from the source and in the manner expressed in the Indenture and in the Bonds.

Supplemental Indentures Not Requiring Consent of Holders of Bonds (Section 1001)

The Authority and the Trustee may, without the consent of, or notice to, any of the Bondholders, enter into Supplemental Indentures as shall not be inconsistent with the intent of the terms and provisions of the Indenture, to (a) cure any ambiguity, formal defect or omission in the Indenture; (b) grant to or confer upon the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred on the Bondholders; (c) add to the covenants and agreements of the Authority in the Indenture other covenants and agreements to be observed by the Authority; (d) modify, amend or supplement the Indenture in such manner as required to permit the Authority to comply with the provisions of the Code relating to the rebate to the United States of America of earnings derived from the investment of the proceeds of Bonds, provided that such modification, amendment or supplement does not materially adversely affect the holders of all Outstanding Bonds; (e) modify, amend or supplement the Indenture in such manner as may be required by a Rating Agency to maintain or enhance its rating on the Senior Debt, provided that such modification, amendment or supplement does not materially adversely affect the holders of all Outstanding Bonds; (f) modify, amend or supplement the Indenture to implement any covenants or agreements contemplated by the Indenture; (g) authorize the issuance of and to secure one or more issues of Indebtedness pursuant to the Indenture; (h) amend any agreement with a securities depository relating to a book-entry only system to be maintained with respect to any Bonds; or (i) modify, amend or supplement the Indenture in any manner that the Trustee concludes is not materially adverse to the holders of all Outstanding Bonds.

Supplemental Indentures Requiring Consent of Bondholders (Section 1002)

Exclusive of Supplemental Indentures authorized by Section 1001 of the Indenture and subject to the terms and provisions contained in Section 1002 of the Indenture, the holders of not less than a majority in aggregate principal amount

of Outstanding Bonds shall have the right, from time to time, notwithstanding anything in the Indenture to the contrary, to consent to the execution by the Authority and the Trustee of such other agreements or agreements supplemental to the Indenture as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in particular, any of the terms or provisions contained in the Indenture and any Supplemental Indentures; provided, however, that nothing in the Indenture shall permit, or be construed as permitting, (a) an extension of the maturity of the principal of or the interest on any Bonds, (b) a privilege or priority of any Senior Debt over any other Senior Debt, (c) a reduction in the aggregate principal amount of Bonds required for consent to any Supplemental Indentures, (d) a reduction in the principal amount of or premium, if any, on any Bonds or the rate of interest thereon, or (e) an extension of time or a reduction in amount of any payment required by any sinking fund that may be applicable to any Bonds, without the consent of the holders of all of the Outstanding Bonds; provided, however that there shall be no modification of the Net Revenue pledge which secures the Other System Indebtedness nor of the Net Revenue pledge which secures the Subordinate Debt, if such respective modification would adversely affect the interests of the holders of such debt.

If at any time the Authority shall request the Trustee to enter into any Supplemental Indenture, the Trustee shall cause notice of the proposed execution of such Supplemental Indenture to be sent by registered or certified mail to the registered owner of each Bond at his address as it appears on the registration books. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the corporate trust office of the Trustee for inspection by all Bondholders. If, within 90 days or such longer period as shall be prescribed by the Authority following the giving of such notice, the holders of not less than a majority in aggregate principal amount of Outstanding Bonds, or in the case of (a) through (e) above, the holders of all Outstanding Bonds, shall have consented to and approved the execution thereof as herein provided, no holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation hereof, or in any manner to question the propriety thereof, or to enjoin or restrain the Trustee or the Authority from executing such Supplemental Indenture or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as permitted and provided in the Indenture, the Indenture shall be and be deemed to be modified and amended in accordance therewith. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of consent or any calculation of Outstanding Bonds provided for in the Indenture. At the time of any such calculation, the Authority shall furnish the Trustee a certificate of an Authorized Representative of the Authority upon which the Trustee may rely, describing all Bonds so to be excluded.

Discharge of Indenture (Section 1201)

If (1) all Bonds and Subordinate Debt issued under the Indenture shall have become due and payable in accordance with their terms or otherwise as provided in the Indenture or have been duly called for redemption or irrevocable instructions to call the Bonds or Subordinate Debt issued hereunder to pay them at maturity have been given by the Authority to the Trustee, and (2) the Trustee holds for such purpose cash or obligations that are either noncallable direct obligations of the United States of America or noncallable obligations, timely payment of which is guaranteed by the United States of America, the principal of and the Interest on which, as verified by a licensed independent certified public accountant (that carries errors and omissions insurance) reasonably acceptable to the Trustee and the Authority, at seniority will be sufficient (without reinvestment) (A) to redeem in accordance with the Indenture all Bonds or Subordinate Debt issued thereunder that have been called for redemption, or for which irrevocable instructions for call for redemption have been given, on the date set for such redemption, (B) to pay at maturity all Bonds or Subordinate Debt issued hereunder not irrevocably called for redemption, (C) to pay interest accruing on all Bonds or Subordinate Debt issued hereunder prior to its redemption or payment at maturity, (D) to make all payments required by the terms of any Supplemental Indenture, and (E) to pay the Trustee's fees and expenses and any other fees and expenses for which the Authority is responsible under the Indenture, including the costs and expenses of cancelling and discharging the Indenture, and (b) the Trustee shall have received notification from the holders of all other Indebtedness that such Indebtedness has been paid, or payment has been provided for such Indebtedness, in accordance with the documents related thereto, then the Trustee shall, at the expense of the Authority, cancel and discharge the Indenture and execute and deliver to the Authority such instruments in writing as shall be necessary to cancel the lien hereof, and assign and deliver to the Authority any property at the time subject to the Indenture that may then be in its possession, except moneys or securities in which such moneys are invested which are held by the Trustee for the payment of principal, or premium, if any, or interest on the Bonds and Subordinate Debt issued hereunder;

Bonds for the payment or redemption of which cash or noncallable direct obligations of the United States of America the principal of and premium, if any, and interest on which will be sufficient therefor, as determined by the Trustee in reliance on a report of a licensed independent certified public accountant, shall have been deposited with the Trustee

(whether upon or prior to the date of their maturity or their redemption date) shall be deemed to be paid and no longer Outstanding; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or arrangements satisfactory to the Trustee shall have been made for the giving thereof.

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

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FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the District of Columbia Water and Sewer Authority (the "Issuer") in connection with the issuance of its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026A (the "Series 2026A Bonds") and its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026B (Green Bonds) (the "Series 2026B Bonds" and together with the Series 2026A Bonds, the "Series 2026AB Bonds" or the "Bonds"). The Series 2026AB Bonds are being issued pursuant to the Master Indenture of Trust, dated as of April 1, 1998 (the "Master Indenture"), as amended and supplemented to the date of delivery of Series 2026AB Bonds (the "Indenture"), including by the Thirty-Eighth Supplemental Indenture of Trust, to be dated the date of issuance and delivery of the Series 2026AB Bonds (the "Thirty-Eighth Supplemental Indenture") by and between the Authority and Computershare Trust Company, N.A., as trustee (the "Trustee"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Series 2026AB Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission ("S.E.C.") Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

"Participating Underwriter" shall mean the original underwriters of the Series 2026AB Bonds required to comply with the Rule in connection with offering of the Series 2026AB Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 240 days after the end of the Issuer's fiscal year (which shall be June 1 of each year, so long as the Issuer's fiscal year ends on September 30), commencing with the report for the fiscal year ending September 30, 2026 (which is due not later than June 1, 2027), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Series 2026AB Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the MSRB an Annual Report by the

date required in subsection (a), the Issuer shall, in a timely manner, send or cause to be sent to the MSRB a notice to that effect.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the Issuer) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) the Issuer's annual comprehensive financial report (the "ACFR"), which includes audited financial statements prepared in accordance with generally accepted accounting principles in effect from time to time. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available; and

(b) to the extent not included in the ACFR, material historical financial and operating data concerning the Issuer and the Revenues of the Issuer generally of the type found in the tables included in the Issuer's Official Statement dated [_____, 2026] relating to the Series 2026AB Bonds (the "Official Statement") under the captions "THE SYSTEM," "CAPITAL IMPROVEMENT PROGRAM," "CUSTOMER BASE, RATES AND CHARGES" and "FINANCIAL OPERATIONS."

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including Official Statements of debt issues of the Issuer or related public entities, which have been made available to the public on the MSRB's website. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2026AB Bonds in a timely manner not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2026AB Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2026AB Bonds or other material events affecting the tax status of the Series 2026AB Bonds;
2. Modifications to rights of Bond holders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Series 2026AB Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
7. Appointment of a successor or additional trustee or the change of name of a trustee;
8. Incurrence of a financial obligation of the Issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer or obligated person, any of which affect security holders, if material; or
9. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Issuer or obligated person, any of which reflect financial difficulties.

For purposes of items 8 and 9 above, “financial obligation” means: (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the Issuer shall determine if such event would be material under applicable federal securities laws.

(d) If the Issuer learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the Issuer shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections 5(a)(7) or 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2026AB Bonds. If such termination occurs prior to the final maturity of the Series 2026AB Bonds, the Issuer shall give notice of such termination in a filing with the MSRB.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. The initial Dissemination Agent shall be the Issuer.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2026AB Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2026AB Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2026AB Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Agreement, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Series 2026AB Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement; provided, that any such action may be instituted only in the District of Columbia. The sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Series 2026AB Bonds, and shall create no rights in any other person or entity.

Date: [], 2026

DISTRICT OF COLUMBIA WATER AND SEWER
AUTHORITY

By: _____
Lola Oyeyemi
Acting Chief Financial Officer and Executive Vice
President, Finance Procurement and Compliance

APPENDIX E

DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

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The information set forth in this Appendix E is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream Banking (DTC, Euroclear and Clearstream Banking together, the “Clearing Systems”) currently in effect. The information set forth in this Appendix E concerning the Clearing Systems has been obtained from sources that the Authority believes to be reliable, but none of the Authority, the Trustee or the Underwriters take any responsibility for the accuracy, completeness or adequacy of the information in this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The Authority will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Series 2026AB Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2026AB BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2026AB BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2026AB BONDS.

DTC BOOK-ENTRY ONLY SYSTEM

The description that follows of the procedures and record keeping with respect to beneficial ownership interests in the Series 2026AB Bonds, payments of principal, premium, if any, and interest on the Series 2026AB Bonds to DTC, its nominee, Participants, or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Series 2026AB Bonds and other bond-related transactions by and between DTC, Participants and Beneficial Owners is based on information furnished by DTC. The Authority and the Underwriters take no responsibility for the accuracy thereof.

The Depository Trust Company (“DTC”) will act as securities depository for the Series 2026AB Bonds. The Series 2026AB Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2026AB Bond will be issued for the Series 2026AB Bonds of each series and maturity in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers, and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of ___. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Series 2026AB Bonds under the DTC system must be made by or through Direct Participants, who will receive a credit for such Series 2026AB Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2026AB Bonds Bond (the “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial

Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026AB Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2026AB Bonds, except in the event that use of the book-entry system for the Series 2026AB Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026AB Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede& Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2026AB Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026AB Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2026AB Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2026AB Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE SERIES 2026AB BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER OF ANY NOTICE AND OF ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE SERIES 2026AB BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2026AB Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2026AB Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2026AB Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirement as may be in effect from time to time. Payment of principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2026AB Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2026AB Bonds Bond certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2026AB Bonds Bond certificates will be printed and delivered.

So long as Cede & Co. is the registered owner of the Series 2026AB Bonds, as partnership nominee for DTC, references herein to Bondholders or registered owners of the Series 2026AB Bonds (other than under the caption "TAX MATTERS") shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 2026AB Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, CEDE & CO., ANY DTC PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2026AB BONDS; (III) THE SELECTION BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2026AB BONDS; (IV) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE SERIES 2026AB BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2026AB BONDS; OR (VI) ANY OTHER MATTER.

The information in this Appendix E concerning DTC has been obtained from sources that the Underwriters believe to be reliable, but the Underwriters take no responsibility for the accuracy thereof or make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

APPENDIX F

PROPOSED FORM OF OPINION OF CO-BOND COUNSEL

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[redacted], 2026

To: District of Columbia Water and Sewer Authority

BofA Securities, Inc.
New York, New York,
as Representative of the Underwriters of the Series 2026AB Bonds

Re: District of Columbia Water and Sewer Authority
Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026A Bonds
Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026B (Green Bonds)

We have served as co-bond counsel to our client, the District of Columbia Water and Sewer Authority (the "Authority"), and not as counsel to any other person, in connection with the issuance by the Authority of its \$ [redacted] Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026A (the "Series 2026A Bonds") and its \$ [redacted] Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026B (Green Bonds) (the "Series 2026B Bonds" and together with the Series 2026A Bonds, the "Series 2026AB") dated the date of this letter.

The Series 2026AB Bonds are issued pursuant to the Master Indenture of Trust, dated as of April 1, 1998 (the "Master Indenture"), between the Authority and Computershare Trust Company, National Association, as successor to Norwest Bank Minnesota, National Association (the "Trustee"), as supplemented and amended, including by the Thirty-Eighth Supplemental Indenture of Trust, dated as of the same date as and relating to the Series 2026AB Bonds (the "Thirty-Eighth Supplemental Indenture" and, together with the Master Indenture as previously amended and supplemented, the "Indenture"), between the Authority and the Trustee. Capitalized terms not otherwise defined in this letter are used as defined in the Indenture.

In our capacity as co-bond counsel, we have examined the transcript of proceedings relating to the issuance of the Series 2026AB Bonds, a copy of the signed and authenticated Series 2026AB Bond of the first maturity, the Indenture and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that, under existing law:

1. The Series 2026AB Bonds and the Indenture are valid and binding obligations of the Authority, enforceable in accordance with their respective terms.
2. The Series 2026AB Bonds constitute special, limited obligations of the Authority, and the principal of and interest and any premium (collectively, "debt service") on the Series 2026AB Bonds, together with debt service on other Subordinate Debt or Senior Debt that the Authority has issued or may in the future issue under the Indenture, are payable solely from the Net Revenues and certain funds and accounts established under the Indenture. The Series 2026AB Bonds are secured as Subordinate Debt under the Indenture, including, without limitation, by a pledge of (i) Net Revenues subordinate to the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures Subordinate Debt; and (ii) the moneys and Permitted Investments in the Bond Fund on a parity with the pledge of Net Revenues that secures other Subordinate Debt. The Series 2026AB Bonds and the payments of debt service are not general obligations of the District of Columbia and are not secured by an obligation or pledge of any money raised by taxation.
3. Interest on the Series 2026AB Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The Series 2026AB Bonds and the interest thereon are exempt from District of Columbia taxation, except estate, inheritance and gift taxes. We express no opinion as to any other tax consequences regarding the Series 2026AB Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without

independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Authority.

In rendering those opinions with respect to treatment of the interest on the Series 2026AB Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the Authority. Failure to comply with certain of those covenants subsequent to issuance of the Series 2026AB Bonds may cause interest on the Series 2026AB Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the Series 2026AB Bonds and the enforceability of the Series 2026AB Bonds and the Indenture are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as co-bond counsel in connection with the original issuance and delivery of the Series 2026AB Bonds has concluded upon delivery of this letter.

Very truly yours,

APPENDIX G

SECOND PARTY OPINION, DATED [_____, 2026]

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APPENDIX H
SUMMARY OF BONDS TO BE REFUNDED

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REFUNDED BONDS*

Refunded Series	Maturity Date (Oct. 1)	Coupon (%)	Principal Amount	CUSIP No. 254845[†]
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* Preliminary, subject to change.

DRAFT 01-21-26

ESCROW AGREEMENT

Among

DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY

and

COMPUTERSHARE TRUST COMPANY, N.A.
as Escrow Agent

with respect to

\$[TBD]
Public Utility Subordinate Lien Revenue Refunding Bonds
Series 2026A

\$[TBD]
Public Utility Subordinate Lien Revenue Refunding Bonds
Series 2026B (Green Bonds)

Dated: March [2], 2026

ESCROW AGREEMENT

This ESCROW AGREEMENT is made and entered into as of March [2], 2026 between the District of Columbia Water and Sewer Authority (the “Authority”) and Computershare Trust Company, N.A., a national banking association organized under the laws of the United States of America, having a corporate trust office in St. Paul, Minnesota, as the escrow agent (in such capacity, the “Escrow Agent”).

W I T N E S S E T H:

WHEREAS, the Authority has heretofore duly issued, pursuant to a Master Indenture of Trust, dated as of April 1, 1998 (the “Master Indenture”), as supplemented and amended through the Twentieth Supplemental Indenture of Trust, dated February 24, 2016, its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2016A (the “Series 2016A Bonds”), of which \$[000,000,000] is currently outstanding; and

WHEREAS, the Authority has decided to issue its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026A (the “Series 2026A Bonds”), issued in an aggregate principal amount of \$[TBD], and its Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026B (Green Bonds) (the “Series 2026B Bonds” and, together with the Series 2026A Bonds, the “Series 2026A/B Bonds”), issued in an aggregate principal amount of \$[TBD], pursuant to the Master Indenture, as previously amended and supplemented and as further supplemented by the Thirty-Eighth Supplemental Indenture of Trust, dated March [2], 2026, by and between the Authority and Computershare Trust Company, N.A. as the Trustee (the “Thirty-Eighth Supplemental Indenture” and, together with the Master Indenture, as previously amended and supplemented, the “Indenture”); and

WHEREAS, a portion of the proceeds of the Series 2026A/B Bonds, together with other funds of the Authority, will be used to purchase, on behalf of and for the account of the Authority, escrow securities in the par amount, at the yield and with the maturity set forth in **Appendix C** attached hereto (the “Escrow Securities”) which, along with cash, shall be deposited in the Series 2026A/B Escrow Account established pursuant to the Thirty-Eighth Supplemental Indenture; and

WHEREAS, the cash and the Escrow Securities deposited into the Series 2026A/B Escrow Account, together with investment income thereon, will provide sufficient funds to pay interest on and redeem the [Series 2016A Bonds] (the “Refunded Bonds”) shown in **Appendix A** in accordance with the schedule of payments (the “Refunded Bond Payments”) as shown in **Appendix B**; and

WHEREAS, the Authority is entering into this Escrow Agreement with the Escrow Agent simultaneously with the delivery of the Series 2026A/B Bonds in order to insure that the required procedures will be followed to make the Refunded Bond Payments; and

WHEREAS, the Authority has taken action to cause to be delivered to the Escrow Agent for deposit in or credit to the Series 2026A/B Escrow Account immediately available funds from the proceeds of the Series 2026A/B Bonds and other funds of the Authority, which will be used to purchase the Escrow Securities and which, together with the investment earnings thereon and certain uninvested cash, will be sufficient to make the Refunded Bond Payments, and to have the

mathematical accuracy of the computations relating to the sufficiency of such Series 2026A/B Escrow Account moneys to be verified by [TBD] (the “Verification Agent”).

NOW, THEREFORE, the Authority, the Trustee and the Escrow Agent hereby agree as follows:

Section 1. Funding and Maintenance of the Series 2026A/B Escrow Account.

(a) The Authority hereby agrees to direct the Trustee to transfer \$[TBD] to the Escrow Agent for deposit into the Series 2026A/B Escrow Account consisting of: (i) \$[TBD] of the proceeds of the Series 2026A Bonds; (ii) \$[TBD] from the Series [TBD] Subordinate Bonds Interest Subaccount in the Subordinate Interest Account in the Subordinate Bond Fund; (iii) \$[TBD] of the proceeds of the Series 2026B Bonds; and (iv) \$[TBD] from the Series [TBD] Subordinate Bonds Interest Subaccount in the Subordinate Interest Account in the Subordinate Bond Fund.

(b) The Escrow Agent hereby acknowledges the receipt and deposit in the Series 2026A/B Escrow Account of an amount equal to \$[TBD] in immediately available funds.

(c) Until all principal of, premium, if any, and interest on the Refunded Bonds have been paid in full, the Escrow Agent shall maintain the Series 2026A/B Escrow Account as a special segregated and irrevocable escrow account. The Series 2026A/B Escrow Account shall be for the benefit of the holders of the Refunded Bonds. All securities, investments and moneys held therein shall be wholly segregated from all other securities, investments or moneys on deposit with the Escrow Agent, if any. All securities, investments and moneys held in the Series 2026A/B Escrow Account shall be irrevocably pledged to secure the payment of the principal of, premium, if any, and interest on the Refunded Bonds.

Section 2. Investment of the Series 2026A/B Escrow Account.

(a) The Escrow Agent represents and acknowledges that, concurrently with the deposit of the amounts into the Series 2026A/B Escrow Account as described in Section 1 hereof, it shall apply \$[TBD] of such funds to purchase, on behalf of and for the account of the Authority, the Escrow Securities as shown on **Appendix C**. The remaining deposit of \$[TBD] shall be held in cash. The Escrow Securities shall be non-callable prior to the date upon which such securities shall be needed to pay the applicable Refunded Bond Payments. The Escrow Securities may be sold, transferred, disposed of or redeemed only at the direction of the Authority, as set forth in subsection (d) hereof, and shall mature on or before the time the proceeds thereof will be required for the payment of the applicable Refunded Bond Payments.

(b) Any amounts received from the Escrow Securities or held in cash referenced in clause (a) above that are not needed at the time of receipt to make the aforesaid payment on the Refunded Bonds shall remain in trust for the benefit of the holders of the Refunded Bonds, uninvested, until applied as aforesaid; provided, that such amounts shall be applied to the purchase of Substitute Obligations (as defined in Section 2(d)(ii) hereof), and the interest thereon shall be applied in such manner, as may be specified in writing by the Authority, but only if the Escrow Agent receives (i) the certificate of an independent public accountant described in Section 2(d)(ii)(A) hereof with respect to such purchase of Substitute Obligations and such application of

the interest thereon, and (ii) an approving opinion of Bond Counsel to the effect that such use of funds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunded Bonds.

(c) The Series 2026A/B Escrow Account shall be maintained to and including the date upon which the Escrow Agent makes the final payment of the principal of, premium, if any, and interest on the Refunded Bonds, whereupon the Escrow Agent shall, upon the written direction of the Authority, sell or redeem any Escrow Securities remaining in the Series 2026A/B Escrow Account and shall deliver to the Authority any money received from such sales and any money then remaining in the Series 2026A/B Escrow Account.

Based on the report, dated [March 2], 2026, prepared by the Verification Agent (the “Verification Report”), a copy of which is attached as **Appendix D** hereto, which verifies the mathematical accuracy of the computations prepared by PFM Financial Advisors LLC and confirms the calculations of PFM Financial Advisors LLC that the Escrow Securities, together with the investment earnings thereon and certain uninvested cash on deposit in the Series 2026A/B Escrow Account will be sufficient to make the Refunded Bond Payments as specified in **Appendix B**, the Authority represents that the Escrow Securities and certain uninvested cash on deposit in the Series 2026A/B Escrow Account, together with interest thereon, will be sufficient to pay interest on and redeem the Refunded Bonds on the dates specified in **Appendix B**. The Escrow Agent shall not be liable or responsible for: (y) the accuracy of the Verification Report or (z) the accuracy of the calculations of PFM Financial Advisors LLC with respect to required deposits into the Series 2026A/B Escrow Account.

(d)(i) Except as otherwise provided in this Section 2, the Escrow Agent shall have no power or duty to invest any funds held under this Escrow Agreement or to sell, redeem, transfer or otherwise dispose of or make substitutions of the Escrow Securities. Subject to the provisions of subsection (b), any funds held in the Series 2026A/B Escrow Account that are not invested shall be held in cash.

(ii) At the request of the Authority and upon compliance with the conditions contained herein, the Escrow Agent shall sell, transfer or otherwise dispose of or request the redemption of all or a portion of the Escrow Securities, and shall substitute for such Escrow Securities, direct non-callable obligations of the United States of America (the “Substitute Obligations”), whereupon, references in this Escrow Agreement to Escrow Securities shall include any such Substitute Obligations. The Authority hereby covenants and agrees that it will not request the Escrow Agent to exercise any of the powers described in this Section in any manner which would adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Refunded Bonds. The Escrow Agent shall purchase such Substitute Obligations with the proceeds derived from the sale, transfer, disposition or redemption of such Escrow Securities. The transaction may be effected only if the Authority delivers to the Escrow Agent:

(A) a report of nationally recognized independent certified public accountants which verifies the mathematical accuracy of the computations which reflect the principal amount of such Substitute Obligations, together with the interest income to be received thereon, will be sufficient to make timely payments on the Refunded Bonds;

(B) a certificate of the Authority that, based on such verification report prepared by independent certified public accountants, the amount deposited in the Series 2026A/B Escrow Account will be sufficient to pay the Refunded Bond Payments as specified in **Appendix B**;

(C) a certificate of the Trustee acknowledging the deposit of moneys and the receipt of the verification report described in (A) above as to the sufficiency of the Substitute Obligations to make the Refunded Bond Payments; and

(D) an opinion of Bond Counsel to the effect that the sale, transfer, disposition or redemption of the Escrow Securities and purchase of such Substitute Obligations (i) will not affect the exclusion from gross income for Federal income tax purposes of interest on the Refunded Bonds, and (ii) is permitted hereunder.

The Escrow Agent shall not be liable or responsible for any loss resulting from any investment or reinvestment made pursuant to this subsection unless such loss is due to the gross negligence or willful misconduct (as finally determined by a court of competent jurisdiction) of the Escrow Agent.

(e) The Escrow Agent shall have no liability for the payment of the principal of, premium, if any, and interest on the Refunded Bonds, except from the Escrow Securities and moneys on deposit in the Series 2026A/B Escrow Account.

Section 3. Payment and Redemption of the Refunded Bonds. The Authority hereby requests and irrevocably instructs the Escrow Agent, and the Escrow Agent hereby agrees, to collect and deposit in the Series 2026A/B Escrow Account the principal of and interest on the Escrow Securities held for the account of the Series 2026A/B Escrow Account as promptly as such principal and interest becomes due, and to apply such principal and interest, together with any other moneys and the principal of and interest on any other securities deposited in the Series 2026A/B Escrow Account to pay the Refunded Bond Payments specified in **Appendix B**.

Section 4. Defeasance and Redemption Notices.

(a) The Authority hereby requests and irrevocably instructs the Trustee and the Trustee hereby agrees to promptly provide notice by first class mail to the Municipal Securities Rulemaking Board (“MSRB”), Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (“S&P”), Moody’s Investor Service, Inc. (“Moody’s”) and Fitch Ratings, Inc. (“Fitch”) of the current refunding of the Refunded Bonds and the deposit of the Escrow Securities and any money in escrow for that purpose. A form of the defeasance notice for each of the Refunded Bonds is attached as **Appendix E** hereto.

(b) The Authority hereby requests and irrevocably instructs the Trustee and the Trustee hereby agrees to provide notice of redemption of the Refunded Bonds as follows:

(i) For the Refunded Bonds, not less than thirty (30) days nor more than sixty (60) days prior to April 1, 2026, in the form of the notice attached hereto as **Appendix F**, by registered or certified mail or overnight express delivery, to (a) the registered owner of each the

Refunded Bonds at the address as it appears on the registration books kept by the Trustee and (b) MSRB; and

(ii) [Expand as needed for all Series of Refunded Bonds].

(c) To the extent permitted by the bond documents pertaining to the Refunded Bonds, any of the notices provided in this Section 4 may be provided by means of facsimile transmission, email transmission or other similar electronic means of communications providing evidence of transmission.

Section 5. Possible Deficiencies.

(a) If at any time the Escrow Agent has actual knowledge that the moneys in the Series 2026A/B Escrow Account, including the anticipated proceeds of the Escrow Securities, will not be sufficient to make all payments required by Section 3 hereof, the Escrow Agent shall notify the Authority in writing as soon as is reasonably practicable of the amount of such deficiency and the reason therefor, if the reason is actually known to the Escrow Agent.

(b) The Escrow Agent shall in no manner be responsible for the Authority's failure to address any such deficiency.

Section 6. Duties of Escrow Agent. So long as the Refunded Bonds are outstanding, the Escrow Agent shall forward a monthly statement to the Authority describing the Escrow Securities held, including the income earned thereon and the maturities thereof, and any withdrawals of moneys from the Series 2026A/B Escrow Account since the last statement furnished pursuant to this Section.

Section 7. Fees and Costs.

(a) The Escrow Agent shall be compensated, based on itemized invoices submitted to the Authority, for its reasonable fees, expenses and disbursements incurred with respect to service rendered hereunder.

(b) The Escrow Agent also shall be entitled to additional fees and reimbursements for costs incurred, including, but not limited to, attorneys' fees and expenses and accountants' services and fees, in connection with any litigation and court costs which may at any time be instituted involving this Escrow Agreement.

(c) The right to receive compensation notwithstanding, the Escrow Agent acknowledges that it, as Escrow Agent, has no claim for any such payment under the Indenture and that it has no lien on the moneys on deposit in the Series 2026A/B Escrow Account for such payment.

(d) In the event of the resignation of the Escrow Agent prior to the expiration of this Escrow Agreement, the Escrow Agent shall rebate to the Authority a ratable portion of any fee theretofore paid by the Authority to the Escrow Agent for its services under this Escrow Agreement.

(e) The provisions of this Section 7 shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent.

Section 8. Resignation of Escrow Agent. The Escrow Agent may resign and be discharged of its duties hereunder provided that: (i) the Authority has received written notice at least thirty (30) days prior to such resignation; (ii) the Authority has appointed a successor to the resigning party; (iii) the Authority has received an instrument of acceptance in form and substance acceptable to it, executed by the successor; and (iv) the resigning party has duly delivered to its successor hereunder all of the escrow documents including the Indenture and this Escrow Agreement, the Escrow Securities, and moneys and investments held by the resigning party. Such resignation shall take effect only upon the occurrence of all of the events listed in clauses (i) through (iv) above. Upon receipt by the Authority of the written notice described in clause (i) above, the Authority shall use its best efforts to obtain a successor to such resigning party as soon as possible. Notwithstanding the foregoing, if the Authority fails to appoint a successor within thirty (30) days, the Escrow Agent reserves the right to petition a court of competent jurisdiction to appoint a successor, with the fees and expenses (including attorney fees and expenses and court costs) of such petition to be fully paid for by the Authority.

Section 9. Termination of Escrow Agreement. This Escrow Agreement shall terminate when the principal of, premium, if any, and interest on the Refunded Bonds have been paid in full; provided, that moneys held by the Escrow Agent for the payment and discharge of any of the Refunded Bonds which remain unclaimed five (5) years after the date when all of such Refunded Bonds shall have become due and payable, either at their stated maturity dates or by call for earlier redemption, shall at the written request of the Authority, be repaid by the Escrow Agent to the Authority, as its absolute property, free from the lien created by the Indenture. The Escrow Agent shall thereupon be released and discharged with respect thereto and hereto and the holders of such Refunded Bonds shall look only to the Authority for the payment of such Refunded Bonds.

Section 10. Benefit of Agreement; Amendments.

(a) This Agreement is made for the benefit of the Authority and the holders from time to time of the Refunded Bonds except as otherwise expressly provided herein.

(b) This Agreement shall not be repealed, revoked, rescinded, altered, amended or supplemented in whole or in part without the written consent of the Escrow Agent and the holders of the unpaid Refunded Bonds; provided, however, that upon prior written notice to Moody's, Fitch and S&P and (1) receipt by each such agency of draft copies of any such proposed amendment, and (2) receipt from each such agency of the notice that such amendment shall not adversely affect its rating on the Refunded Bonds, the Authority and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such amendment to this Agreement that will not adversely affect the rights of such holders and that will not be inconsistent with the terms and provisions of this Agreement (the "Amendment"), for any one or more of the following purposes:

(i) to correct or cure any ambiguity or formal defect or omission in this Agreement;

(ii) to grant to, or confer upon, the Escrow Agent for the benefit of such holders any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent;

(iii) to subject to this Agreement additional funds, securities or property; and

(iv) to sever any invalid provision from this Agreement.

(c) The Escrow Agent shall not undertake or execute any Amendment unless it has received:

(i) If the Amendment affects the aggregate amount or payment terms of the Escrow Securities, an opinion of an independent certified public accountant reasonably acceptable to the Authority that after such Amendment the interest on and maturing principal of the Escrow Securities, without further reinvestment, and any other funds then held pursuant to this Agreement will provide moneys in amounts and at times as necessary to pay all principal of and redemption premium and interest on the Refunded Bonds as the same are due or are called for redemption as set forth in Section 2; and

(ii) An opinion of Bond Counsel that the Amendment (A) will not affect the exclusion from gross income for Federal income tax purposes of interest on the Refunded Bonds, (B) is in compliance with the Internal Revenue Code of 1986, as amended, and (C) the Amendment complies with the requirements of this Section 10.

(d) The Authority shall provide Moody's, Fitch and S&P with written notice prior to such time as this Agreement shall be replaced, revoked, rescinded, altered, amended or supplemented at the following addresses:

Moody's Investors Service, Inc.
Public Finance Rating Desk/Refunded Bonds
7 World Trade Center
250 Greenwich Street, 23rd Floor
New York, NY 10007

Standard & Poor's, a division of The McGraw -Hill Companies, Inc.
25 Broadway, 21st Floor
New York, New York 10004

Fitch Ratings
300 West 57th Street
New York, New York 10004

Section 11. Notices. Any notice, authorization, request or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid, addressed as follows:

If to the Authority, at:

District of Columbia Water and Sewer Authority
1385 Canal Street, S.E.
Washington, DC 20003
Attn: Chief Financial Officer and Executive Vice President,
Finance, Procurement and Compliance

If to the Escrow Agent, at:

Computershare Trust Company, N.A.
Attn: Cody Fedorishen
1505 Energy Park Drive
St. Paul, MN 55108

Any of such addresses may be changed at any time upon written notice of such change being sent by United States registered mail, postage prepaid, to the other parties by the party affecting the change. Any notices to the holders of the Refunded Bonds shall be made in a manner as prescribed in the Indenture.

Section 12. Time of Performance. Whenever, under the terms of this Escrow Agreement, the performance date of any act to be done hereunder shall fall on a day which is not a legal banking day or upon which the Escrow Agent is not open for business, the performance thereof on the next succeeding business day shall be deemed to be in full compliance with this Escrow Agreement. The Escrow Agent shall perform all obligations imposed upon it under this Escrow Agreement in a timely manner.

Section 13. Reliance by Escrow Agent; Force Majeure; No Special, Indirect or Consequential Damages.

(a) The Escrow Agent shall be entitled to rely and act upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document reasonably believed by it to be genuine and to have been signed and presented by the proper party or parties. The Escrow Agent may consult with Bond Counsel, or, in the discretion of the Escrow Agent, it may consult with its own counsel as to anything arising in connection with the duties herein undertaken, and it shall not be liable for any action taken or omitted by it in good faith in reasonable reliance upon such written instructions or upon the written opinions of such counsel; provided, however, that before relying upon the opinion of its own counsel it shall furnish to the Authority and to Bond Counsel a copy of such opinion.

(b) In no event shall the Escrow Agent be liable for any failure or delay in the performance of its obligations hereunder because of circumstances beyond the Escrow Agent's control, including, but not limited to, any act or provision of any present or future law or regulation or governmental authority, acts of God, flood, natural disaster, disease, epidemic or pandemic, quarantine, national emergency, war (whether declared or undeclared), civil unrest, terrorism, accidents, fire, riot, strikes or work stoppages for any reason, labor dispute, embargo, government action, including any laws, ordinances, regulations or the like which restrict or prohibit the providing of the services contemplated by this Agreement, inability to obtain material, equipment, or communications or computer facilities, or the failure of equipment or interruption of

communications or computer facilities, malware or ransomware, unavailability of the Federal Reserve Bank wire or telex system or other wire or other funds transfer system, unavailability of any securities clearing system, and other causes beyond the Escrow Agent's control whether or not of the same class or kind as specifically named above.

(c) Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The Escrow Agent shall not be liable, directly or indirectly, for any damages, losses or expenses arising out of the services provided hereunder, other than damages, losses or expenses which have been finally adjudicated to have directly resulted from the Escrow Agent's negligence or willful misconduct.

(d) No provision of this Escrow Agreement shall require the Escrow Agent to risk or advance its own funds or otherwise incur any financial liability or potential financial liability in the performance of its duties or the exercise of its rights under this Escrow Agreement.

Section 14. Governing Law. To the fullest extent permitted by law, this Escrow Agreement shall be interpreted, construed and enforced pursuant to the laws of the District.

Section 15. Severability. If any provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Escrow Agreement. The Escrow Agent shall provide Moody's, Fitch and S&P with written notice, at the addresses set forth in Section 10, if any provision of this Escrow Agreement should be held to be invalid or unenforceable.

Section 16. Execution of Counterparts and Electronic Signatures. This Escrow Agreement may be executed in any number of counterparts each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument. This Escrow Agreement shall be valid, binding, and enforceable against a party only when executed and delivered by an authorized individual on behalf of the party by means of (i) any electronic signature permitted by the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, and/or any other relevant electronic signatures law, including relevant provisions of the Uniform Commercial Code/UCC (collectively, "Signature Law"); (ii) an original manual signature; or (iii) a faxed, scanned, or photocopied manual signature. Each electronic signature or faxed, scanned, or photocopied manual signature shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Each party hereto shall be entitled to conclusively rely upon, and shall have no liability with respect to, any faxed, scanned, or photocopied manual signature, or other electronic signature, of any party and shall have no duty to investigate, confirm or otherwise verify the validity or authenticity thereof. For avoidance of doubt, original manual signatures shall be used for execution or indorsement of writings when required under the UCC or other Signature Law due to the character or intended character of the writings.

Section 17. Successors of the Escrow Agent. Any corporation or association into which the Escrow Agent may be converted or merged or with which it may be consolidated or to

which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto shall be and become the successor Escrow Agent hereunder, vested and subject to all duties and obligations imposed hereunder with all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding; provided, that the Escrow Agent shall promptly give notice of such conversion, sale, merger, consolidation or transfer to the Authority, and the Authority shall have 45 days to exercise an option to appoint a successor Escrow Agent by an instrument in writing delivered to the then current Escrow Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed each on its behalf as of the day and year first above written.

**DISTRICT OF COLUMBIA WATER
AND SEWER AUTHORITY**

By: _____

Lola Oyeyemi
Interim Chief Financial Officer and Executive Vice
President, Finance, Procurement and Compliance

**COMPUTERSHARE TRUST COMPANY, N.A.,
AS ESCROW AGENT**

By: _____

Name: _____

Title: _____

APPENDIX A

LISTING OF REFUNDED BONDS

Refunded Series 20_____ Bonds

Maturity	Principal Amount	Interest Rate	CUSIP
TBD			

APPENDIX B

REFUNDED BOND PAYMENTS

Date	Interest	Principal Redeemed	Total
TBD			

APPENDIX C**DESCRIPTION OF THE ESCROW SECURITIES**

Type of Security	CUSIP or ID	Maturity Date	Par Amount	Interest Rate	Price	Cost	Accrued Interest	Total Cost
TBD								
<hr/>								
Totals			\$			\$		\$

APPENDIX D

VERIFICATION REPORT

APPENDIX E**FORM OF DEFEASANCE NOTICE**

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
Public Utility Subordinate Lien Revenue Bonds
Series 20_____

On March [2], 2026, the District of Columbia Water and Sewer Authority (the “Authority”) deposited in escrow with Computershare Trust Company, N.A., as escrow agent (the “Escrow Agent”) under the Escrow Agreement dated March 2, 2026, by and among the Authority, the Escrow Agent and Computershare Trust Company, N.A., as the trustee (the “Escrow Agreement”), relating to certain outstanding maturities of the Authority’s Public Utility Subordinate Lien Revenue Bonds, Series 20_____ listed below (the “Series 20_____ Refunded Bonds”), escrow securities that have been certified by [TBD], to be of such maturities and interest payment dates and bearing such interest as will, without further investment or reinvestment, except as provided in the Escrow Agreement, provide moneys to pay when due the interest on and the principal of the Series 20_____ Refunded Bonds through their redemption date of April 1, 2026:

Maturity	Principal Amount	Interest Rate	CUSIP No.

As a result of this deposit, the Series 20_____ Refunded Bonds are deemed to have been paid and no longer to be outstanding bonds of the Authority.

The CUSIP numbers printed herein are inserted for the convenience of the holders, and no representation is made as to the correctness of such numbers either as printed on the Series 20_____ Refunded Bonds or as contained herein.

_____, 2026

COMPUTERSHARE TRUST COMPANY, N.A.,
as Escrow Agent

NOTICE REQUIREMENTS:

As soon as possible after the funding of the Series 2026A/B Escrow Account, notice shall be provided to the Municipal Securities Rulemaking Board, Moody's Investors Service, Standard & Poor's Ratings Services, and Fitch Ratings, Inc.

APPENDIX F**FORM OF REDEMPTION NOTICE****DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY****Public Utility Subordinate Lien Revenue Bonds
Series 20_____**

NOTICE IS HEREBY GIVEN pursuant to a Master Indenture of Trust, dated as of April 1, 1998, by and between the District of Columbia Water and Sewer Authority (the "Authority") and Norwest Bank Minnesota, N.A., predecessor to Computershare Trust Company, N.A., as trustee, as supplemented and amended through the _____ Supplemental Indenture of Trust, dated _____, 20____, by and between the Authority and Wells Fargo Bank, N.A., predecessor to Computershare Trust Company, N.A., as trustee (as supplemented and amended, the "Indenture"), providing for the issuance of the Authority's \$000,000,000 Public Utility Subordinate Lien Revenue Bonds, Series 20____ (the "Series 20____ Bonds"), that the following Series 20____ Bonds (the "Series 20____ Refunded Bonds") will be redeemed on April 1, 2026:

Maturity	Principal Amount	Interest Rate	CUSIP No.
TBD			

The Series 20____ Refunded Bonds will be redeemed at a redemption price of 100% of the principal amount thereof together with interest accrued to [April 1], 2026. Holders of the Series 20____ Refunded Bonds should present them for redemption on or before [April 1], 2026, by mail to:

Registered/Certified Mail

Computershare Trust Company, N.A.
Corporate Trust Operations
P.O. Box 1517
Minneapolis, MN 55480-1517

Air Courier

Computershare Trust Company, N.A.
Corporate Trust Operations
1505 Energy Park Drive
St. Paul, MN 55108

Interest on the Series 20____ Refunded Bonds will cease to accrue on [April 1], 2026.

Redemption of the Series 20____ Refunded Bonds is conditioned upon the Authority depositing with the trustee moneys and/or securities sufficient to pay the principal and accrued interest on the Series 20____ Refunded Bonds as of [April 1], 2026. Failure of the Authority to make such deposit shall not constitute an event of default under the Trust Agreement.

IMPORTANT: The CUSIP numbers printed herein are inserted for the convenience of the holders, and no representation is made as to the correctness of such numbers either as printed on the Series 20 Refunded Bonds or as contained herein.

IMPORTANT INFORMATION REGARDING TAX CERTIFICATION AND POTENTIAL WITHHOLDING:

Pursuant to U.S. federal tax laws, you have a duty to provide the applicable type of tax certification form issued by the U.S. Internal Revenue Service (“IRS”) to Computershare Trust Company, N.A., Corporate Trust Services to ensure payments are reported accurately to you and to the IRS. In order to permit accurate withholding (or to prevent withholding), a complete and valid tax certification form must be received by Computershare Trust Company, N.A., Corporate Trust Services before payment of the redemption proceeds is made to you. Failure to timely provide a valid tax certification form as required will result in the maximum amount of U.S. withholding tax being deducted from any redemption payment that is made to you.

**DISTRICT OF COLUMBIA WATER AND
SEWER AUTHORITY**

By: **COMPUTERSHARE TRUST
COMPANY, N.A., as Trustee**

_____, 2026



ATTACHMENT 4

District of Columbia Water and Sewer Authority

Board of Directors

Finance and Budget Committee February 26, 2026 / 9:30am

Microsoft Teams meeting

[Click here to join the meeting](#)

Meeting ID: 258 192 568 581 Passcode: k2HB9HM3

Call in (audio only) [202-753-6714, 636623879#](tel:202-753-6714,636623879#)

Phone Conference ID: 636 623 879#

1. **Call to Order** Anthony Giancola, Chairperson
2. **Roll Call** Michelle Rhodd, Board Secretary
3. **January 2026 Financial Report (Attachment 1)** Lola Oyeyemi
4. **Capital Improvement Program Quarterly Update (Attachment 2)** Paul Guttridge
5. **Proposed FY 2027 Budgets (Attachment 3)** Lola Oyeyemi
6. **Agenda for March 2026 Committee Meeting (Attachment 4)** Anthony Giancola
7. **Executive Session*** Anthony Giancola
8. **Adjournment** Anthony Giancola

This meeting is governed by the Open Meetings Act. Please address any questions or complaints arising under this meeting to the Office of Open Government at opengovoffice@dc.gov.

¹The 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 certain matters, including but not limited to: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); terms for negotiating a contract, including an employment contract, under D.C. Official Code § 2-575(b)(2); obtain legal advice and preserve attorney-client privilege or settlement terms under D.C. Official Code § 2-575(b)(4)(A); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security matters 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); third-party proprietary matters under D.C. Official Code § 2-575(b)(11); train and develop Board members and staff under D.C. Official Codes § 2- 575(b)(12); adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters or violations of laws or regulations where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14); and other matters provided under the Act.