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District of Columbia Water and Sewer Authority

Board of Directors

DC Retail Water and Sewer Rates Committee

July 28, 2026 / 9:30 am

Microsoft Teams meeting
Click here to join the meeting
Meeting ID: 279 733 836 762 780 Passcode: 9rG6Mo9Z

Call in (audio only) +1 202-753-6714,,314627232#
Phone Conference ID: 314 627 232#

1. **Call to Order** .... Rachna Bhatt, Chairperson
2. **Roll Call** .... Debra Mathis, Acting Board Secretary
3. **Monthly Report to DC Retail Water & Sewer Rates Committee** (Attachment A) .... Syed Khalil
4. **Responses to Comments and Recommendations for Approval of Proposed Rate for FY 2027 and FY 2028** (Attachment B) ....Lola Oyeyemi
5. **Action Item** (Attachment C) ....Lola Oyeyemi
   - Approval of FY 2027 & FY 2028 Rates, Charges and Fees (Action Item 1)
   - Approval of Revised Ten-Year Financial Plan FY 2026- FY2035 (Action Item 2)
6. **DC Retail Water and Sewer Rates Committee Workplan** (Attachment D) .... Lola Oyeyemi
   - FY 2026 DC Retail Rates Committee Workplan
7. **Agenda for September 22, 2026, Committee Meeting** (Attachment E) .... Rachna Bhatt, Chairperson
8. **Other Business**..Rachna Bhatt
9. **Executive Session***.. Rachna Bhatt
   - To obtain legal advice and preserve attorney-client privilege between an attorney and a public body under D.C. Official Code § 2-575(b)(4)(A);
10. **Adjournment** ....Rachna Bhatt

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.

*The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss 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 A

Fiscal Year 2026

Monthly Report to DC Retail Water and Sewer Rates Committee

Period Ending June 30, 2026

DEPARTMENT OF FINANCE

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

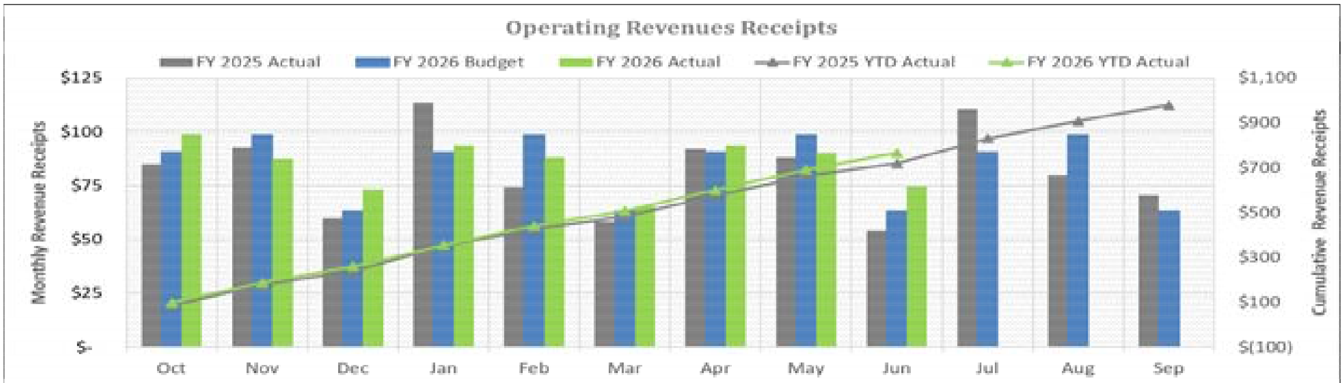
Syed Khalil, Vice President, Rates & Revenue

Monthly Report to DC Retail Water and Sewer Rates Committee

Fiscal Year-to-Date
As of June 30, 2026

Operating Revenues ($000's)

FY 2025 Actual			FY 2026 Year-to-Date Performance							Projections	
Total Annual	YTD June	CATEGORY	Revised Annual Budget	YTD Revised Budget	YTD Actual	% of Budget	Variance $ Fav(Unfav)	Variance % Fav(Unfav)	Year-End Projections	% of Budget
$576,751	$417,356	Residential / Commercial / Multi-Family	$582,965	$437,225	$444,772	76.3%	$7,547	1.7%	595,027	102.1%
92,625	69,699	Federal	99,339	74,504	75,192	75.7%	688	0.9%	100,256	100.9%
25,727	15,854	Municipal (DC Govt.)	27,259	20,444	19,799	72.6%	(645)	(3.2%)	26,888	98.6%
14,990	11,486	DC Housing Authority	15,176	11,382	10,135	66.8%	(1,247)	(11.0%)	14,425	95.0%
24,479	18,323	Metering Fee	24,400	18,300	18,338	75.2%	38	0.2%	24,422	100.1%
43,382	32,469	Water System Replacement Fee (WSRF)	42,717	32,037	32,571	76.2%	534	1.7%	43,384	101.6%
114,341	85,780	Wholesale	124,219	93,164	92,650	74.6%	(514)	(0.6%)	123,769	99.6%
24,989	18,138	PILOT/ROW	24,156	18,117	18,302	75.8%	185	1.0%	24,426	101.1%
61,225	48,751	All Other	67,963	50,973	52,974	77.9%	2,001	3.9%	64,256	94.5%
$978,509	**$717,856**	**TOTAL**	**$1,008,194**	**$756,146**	**764,733**	**75.9%**	**8,587**	**1.1%**	**$1,016,853**	**100.9%**



VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of June 2026, cash receipts totaled $764.7 million, or 75.9 percent of the FY 2026 Revised Budget. The YTD FY 2026 revised budgeted receipts were $756.1 million. Several categories of customers make payments on a quarterly basis, including the Federal Government (which made their third quarterly payment in April 2026), and wholesale customers (who made their third quarterly payment in May).

Favorable Variances	***Unfavorable Variances***
Residential, Commercial, and Multi-Family – Receipts for this category are higher at $444.8 million or 76.3 percent of the revised budget. June 2026 receipts were higher by $8.1 million as compared to the monthly revised budget of $48.6 million due to higher CRIAC and higher monthly consumption as compared to the monthly revised budget. *Federal* - YTD receipts total $75.2 million or 75.7 percent of the revised budget. The Federal government made its third quarter payment in April 2026. *Metering Fee* – Receipts are on track at $18.3 million or 75.2 percent of the revised budget. *Water System Replacement Fee (WSRF)* – Actual Receipts for WSRF totaled at $32.6 million or 76.2 percent of the revised budget. PILOT/ROW – The YTD receipts are slightly higher at $18.3 million or 75.8 percent of the revised budget. *Other Revenue* – Receipts are higher at $53.0 million or 77.9 percent of the revised budget mainly due to Miscellaneous Revenue ($1.9 million), Developer Fees ($1.2 million), Interest Earnings ($0.9 million), and Washington Aqueduct Backwash ($0.3 million). System Availability Fee (SAF) ($2.4 million), and Stormwater ($0.1 million) are lower than the revised budget.	*District Government* – Receipts are lower at $19.8 million or 72.6 percent of the revised budget due to lower consumption than budgeted. June 2026 receipts were slightly higher by $0.1 million as compared to the monthly revised budget of $2.3 million. *DC Housing Authority* – Receipts are lower at $10.1 million or 66.8 percent of the revised budget due to lower consumption than budgeted. June 2026 receipts were lower by $0.2 million as compared to the revised budget. 65 properties have transitioned to the Residential category, and several properties have experienced higher-than-normal vacancy rates due to ongoing renovations. *Wholesale* – The YTD actual receipts totaled $92.7 million or 74.6 percent of the revised budget. Potomac Interceptor (PI) receipts are slightly lower by $0.5 million due to lower flows.

Monthly Report to DC Retail Water and Sewer Rates Committee

Fiscal Year-to-Date
As of June 30, 2026
($ in millions)

Revenue Category	FY 2026 Revised Budget	YTD Revised Budget	Actual	Variance Favorable / (Unfavorable)		Actual % of Budget
Residential, Commercial, and Multi-family	$583.0	$437.2	$444.8	$7.6	1.7%	76.3%
Federal	$99.3	$74.5	$75.2	$0.7	0.9%	75.7%
District Government	$27.2	$20.4	$19.8	($0.6)	-3.2%	72.6%
DC Housing Authority	$15.2	$11.4	$10.1	($1.3)	-11.0%	66.8%
Customer Metering Fee	$24.4	$18.3	$18.3	$0.0	0.2%	75.2%
Water System Replacement Fee (WSRF)	$42.7	$32.0	$32.5	$0.5	1.7%	76.2%
Wholesale	$124.2	$93.2	$92.6	($0.6)	-0.6%	74.6%
Right-of-Way Fee/PILOT	$24.2	$18.1	$18.3	$0.2	1.0%	75.8%
Subtotal (before Other Revenues)	**$940.2**	**$705.1**	**$711.7**	**$6.6**	**0.9%**	**75.7%**
IMA Indirect Cost Reimb. For Capital Projects	9.1	6.9	6.9	0.0	0.0%	75.8%
DC Fire Protection Fee	17.6	13.2	13.2	0.0	0.0%	75.0%
Stormwater (MS4)	1.0	0.7	0.7	(0.1)	-14.3%	70.0%
Interest	13.4	10.0	10.9	0.9	9.0%	81.3%
Developer Fees (Water & Sewer)	9.0	6.8	8.0	1.2	17.6%	88.9%
System Availability Fee (SAF)	5.7	4.3	1.9	(2.4)	-55.8%	33.3%
Washington Aqueduct Backwash	3.1	2.3	2.7	0.3	13.0%	87.1%
Others	9.1	6.8	8.7	1.9	27.9%	95.6%
Subtotal	**68.0**	**51.0**	**53.0**	**$2.0**	**3.9%**	**77.9%**
Rate Stabilization Fund Transfer	$0.0	$0.0	$0.0	$0.0	0.0%	0.0%
Other Revenue Subtotal	**$68.0**	**$51.0**	**$53.0**	**$2.0**	**3.9%**	**77.9%**
Grand Total	**$1,008.2**	**$756.1**	**$764.7**	**$8.6**	**1.1%**	**75.9%**

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

Customer Category	Water	Sewer	Clean Rivers IAC	Metering Fee	WSRF	Total
Residential	37,661	59,403	25,522	8,236	7,488	138,309
Commercial	73,832	83,592	30,260	5,328	12,657	205,670
Multi-family	48,203	74,139	12,160	2,815	6,300	143,617
Federal	27,300	31,034	16,858	1,154	4,257	80,602
District Govt	5,171	6,995	7,633	618	1,567	21,984
DC Housing Authority	3,701	5,483	951	187	301	10,623
Total:	**195,867**	**260,646**	**93,385**	**18,338**	**32,571**	**600,807**

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	24,917	25,522	605	2%	77%
Commercial	39,450	29,588	30,260	673	2%	77%
Multi-family	15,612	11,709	12,160	451	4%	78%
Federal	22,478	16,859	16,858	(0)	0%	75%
District Govt	9,892	7,419	7,633	214	3%	77%
DC Housing Authority	1,465	1,099	951	(148)	-13%	65%
Total:	**122,119**	**91,589**	**93,385**	**1,795**	**2%**	**76%**

Monthly Report to DC Retail Water and Sewer Rates Committee

Fiscal Year-to-Date
As of June 30, 2026

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
January 31, 2026	$32.0	12,405
February 28, 2026	$32.8	12,611
March 31, 2026	$31.0	12,130
April 30, 2026	$32.0	12,343
May 31, 2026	$31.3	12,390
June 30, 2026	$32.6	12,516

Greater Than 90 Days by Customer

The overall delinquencies increased by $1.3 million in June 2026 as compared to the last month. The Multi-family Delinquencies increased by $0.9 million mainly due to a pause in disconnections since January 2026. Also, Commercial Delinquencies increased by $0.3 million driven by an increase in "mixed use" property type arrears.

Revenue recovery efforts continue to remain a priority in July, with a strong focus on reducing 90-day and greater delinquencies. Dunning activities continue, supported by targeted notification calls and system-generated Late Payment, Disconnection, and Intent-to-Lien notices. The restart of Multifamily and Commercial "mixed-use" disconnections is critical in select areas and is expected to drive meaningful reductions in aged delinquency. These efforts also create opportunities to connect customers with CAP assistance and flexible payment options.

	Number of Accounts			Month of Jun (All Categories)				Total Delinquent				
				Active		Inactive		May		Jun		
	W & S	Impervious Only	Total No. of	No. of	Amount	No. of	Amount	No. of	Amount	No. of	Amount	
	a/c	a/c	a/c	a/c	($)	a/c	($)	a/c	($)	a/c	($)	%
Commercial	8,411	1,814	10,225	1,013	4,528,318	135	$727,024	1,093	$4,973,345	1,148	$5,255,341	16%
Multi-family	9,137	301	9,438	1,444	17,059,944	49	$322,234	1,468	$16,505,556	1,493	$17,382,179	53%
Single-Family Residential	108,189	1,879	110,068	9,704	9,772,133	171	$231,536	9,829	$9,814,897	9,875	$10,003,669	31%
Total	**125,737**	**3,994**	**129,731**	**12,161**	**$31,360,395**	**355**	**$1,280,794**	**12,390**	**$31,293,797**	**12,516**	**$32,641,188**	**100%**

Notes: Included in the above $32.6M (or 12,516 accounts) of the DC Water Over 90 days delinquent accounts, $2,696,865.03 (or 1,058 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 (12,516) as a percentage of total accounts (129,731) is 9.6 percent.
-Delinquent impervious only accounts (1,058) as a percentage of total accounts (129,731) is 0.8 percent.
-Delinquent impervious only accounts (1,058) as a percentage of total delinquent accounts (12,516) are 8.5 percent.
-Delinquent impervious only accounts (1,058) as a percentage of total impervious only accounts (3,994) are 26.5 percent

Monthly Report to DC Retail Water and Sewer Rates Committee

Fiscal Year-to-Date
As of June 30, 2026

Customer Arrears Data

Arrears by Customer Category:

Category	> 30 Days No. of Accounts	> 30 Days Delinquent Amount	> 60 Days No. of Accounts	> 60 Days Delinquent Amount	> 90 Days No. of Accounts	> 90 Days Delinquent Amount
Commercial	1,985	$8,164,795	1,363	$6,102,646	1,148	$5,255,341
Multi Family	2,128	21,533,605	1,668	19,190,058	1,493	17,382,179
Residential	19,808	13,637,529	12,985	11,411,674	9,875	10,003,669
	23,921	**$43,335,929**	**16,016**	**$36,704,378**	**12,516**	**$32,641,188**

Arrears by WARD for Residential Category:

Ward	> 30 Days No. of Accounts	> 30 Days Delinquent Amount	> 60 Days No. of Accounts	> 60 Days Delinquent Amount	> 90 Days No. of Accounts	> 90 Days Delinquent Amount
1	1,171	$691,135	731	$552,309	531	$478,546
2	533	277,069	352	197,715	276	151,127
3	651	306,273	324	217,936	218	186,668
4	3,363	2,097,862	2,062	1,709,966	1,532	1,479,872
5	4,044	2,694,302	2,602	2,266,905	1,974	1,981,608
6	1,085	600,850	674	488,831	493	419,091
7	5,692	4,502,766	3,961	3,858,483	3,079	3,458,154
8	3,269	2,467,273	2,279	2,119,530	1,772	1,848,603
Total	**19,808**	**$13,637,529**	**12,985**	**$11,411,674**	**9,875**	**$10,003,669**

CAP+, CAP, CAP2 and CAP3 Customers in Arrears*

Ward	> 30 Days No. of Accounts	> 30 Days Delinquent Amount	> 60 Days No. of Accounts	> 60 Days Delinquent Amount	> 90 Days No. of Accounts	> 90 Days Delinquent Amount
CAP+	1,031	$816,776	908	$723,606	827	$633,232
CAP	599	351,404	492	303,482	431	256,514
CAP2	48	24,060	38	20,423	31	16,858
CAP3	5	2,837	4	2,594	4	2,330
Total	**1,683**	**$1,195,078**	**1,442**	**$1,050,106**	**1,293**	**$908,934**

* Based on number of accounts that have been given credit in Jun 2026

CAP+ Customer Arrears by Ward*

Ward	> 30 Days No. of Accounts	> 30 Days Delinquent Amount	> 60 Days No. of Accounts	> 60 Days Delinquent Amount	> 90 Days No. of Accounts	> 90 Days Delinquent Amount
1	49	$39,297	43	$34,113	38	$28,459
2	6	3,793	6	3,441	6	3,329
3	8	7,891	6	7,206	6	6,652
4	152	110,646	134	93,324	120	79,903
5	225	177,755	198	158,550	187	136,754
6	48	36,192	40	32,983	38	30,308
7	346	275,532	306	243,371	272	211,772
8	197	165,671	175	150,619	160	136,056
Total	**1,031**	**$816,776**	**908**	**$723,606**	**827**	**$633,232**

* Based on number of accounts that have been given credit in Jun 2026

Monthly Report to DC Retail Water and Sewer Rates Committee

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Customer Arrears Data

CAP Customer Arrears by Ward*

Ward	> 30 Days No. of Accounts	> 30 Days Delinquent Amount	> 60 Days No. of Accounts	> 60 Days Delinquent Amount	> 90 Days No. of Accounts	> 90 Days Delinquent Amount
1	24	$11,025	15	$9,119	14	$7,880
2	3	1,178	3	1,045	3	615
3	4	1,663	4	1,240	4	945
4	76	55,982	62	47,734	59	42,059
5	133	78,840	109	69,667	100	59,970
6	19	11,706	15	10,686	15	9,707
7	200	108,649	166	91,968	139	77,753
8	140	82,360	118	72,023	97	57,585
Total	**599**	**$351,404**	**492**	**$303,482**	**431**	**$256,514**

* Based on number of accounts that have been given credit in Jun 2026

CAP2 Customer Arrears by Ward*

Ward	> 30 Days No. of Accounts	> 30 Days Delinquent Amount	> 60 Days No. of Accounts	> 60 Days Delinquent Amount	> 90 Days No. of Accounts	> 90 Days Delinquent Amount
1	1	$1,082	1	$1,082	1	$1,082
2	2	540	1	243	1	134
3	0	0	0	0	0	0
4	3	345	1	267	1	267
5	6	3,641	3	3,089	2	2,428
6	1	229	1	199	0	0
7	21	8,661	20	7,151	16	5,872
8	14	9,562	11	8,392	10	7,076
Total	**48**	**$24,060**	**38**	**$20,423**	**31**	**$16,858**

* Based on number of accounts that have been given credit in Jun 2026

CAP3 Customer Arrears by Ward*

Ward	> 30 Days No. of Accounts	> 30 Days Delinquent Amount	> 60 Days No. of Accounts	> 60 Days Delinquent Amount	> 90 Days No. of Accounts	> 90 Days Delinquent Amount
1	0	$0	0	$0	0	$0
2	0	0	0	0	0	0
3	0	0	0	0	0	0
4	0	0	0	0	0	0
5	1	93	0	0	0	0
6	0	0	0	0	0	0
7	3	1,876	3	1,727	3	1,462
8	1	868	1	868	1	868
Total	**5**	**$2,837**	**4**	**$2,594**	**4**	**$2,330**

* Based on number of accounts that have been given credit in Jun 2026

Monthly Report to DC Retail Water and Sewer Rates Committee

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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 June 30, 2026, developer deposits had $31.64 million in credit balances (liability) and $11.87 million in debit balances (receivable).

Balances by Year as of June 30, 2026

Credit Balances (Liability)	Debit Balances (Receivables)
$31.64 million	$11.87 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	$	(280,948.64)	72	$	260,270.23	86	$	(20,678.41)
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	$	(134,162.53)	19	$	166,441.78	42	$	32,279.25
2010	$	(85,507.27)	22	$	119,485.85	37	$	33,978.58
2011	$	(227,558.15)	46	$	515,272.45	52	$	287,714.30
2012	$	(421,457.60)	96	$	438,018.76	82	$	16,561.16
2013	$	(484,816.51)	83	$	245,969.44	76	$	(238,847.07)
2014	$	(736,834.59)	78	$	958,910.12	59	$	222,075.53
2015	$	(747,795.93)	185	$	261,732.25	35	$	(486,063.68)
2016	$	(1,970,600.52)	279	$	428,152.95	51	$	(1,542,447.57)
Subtotal - 2001 through 2016	**$**	**(5,699,036.89)**	**953**	**$**	**4,961,462.66**	**698**	**$**	**(737,574.23)**
2017	$	(1,488,379.42)	348	$	411,221.17	109	$	(1,077,158.25)
2018	$	(2,107,205.81)	389	$	782,800.80	107	$	(1,324,405.01)
2019	$	(3,184,547.38)	331	$	1,570,696.68	151	$	(1,613,850.70)
2020	$	(3,272,792.64)	211	$	499,637.11	115	$	(2,773,155.53)
2021	$	(3,226,651.22)	261	$	517,334.98	139	$	(2,709,316.24)
2022	$	(4,068,532.63)	249	$	917,551.22	166	$	(3,150,981.41)
2023	$	(2,914,019.69)	161	$	1,021,912.81	121	$	(1,892,106.88)
2024	$	(2,484,053.07)	141	$	589,016.85	108	$	(1,895,036.22)
2025	$	(2,079,627.10)	154	$	291,885.25	87	$	(1,787,741.85)
2026	$	(1,119,587.07)	83	$	305,222.61	86	$	(814,364.46)
Subtotal - 2016 through 2026	**$**	**(25,945,396.03)**	**2,328**	**$**	**6,907,279.48**	**1,189**	**$**	**(19,038,116.55)**
Total	**$**	**(31,644,432.92)**	**3,281**	**$**	**11,868,742.14**	**1,887**	**$**	**(19,775,690.78)**

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.	(5,699,036.89)	953

Monthly Report to DC Retail Water and Sewer Rates Committee

Fiscal Year-to-Date
As of June 30, 2026

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 2,265 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	2265	
Refunded this month	22	$361,213.60
Refunded last month	17	$80,975.57
Refunded FY26	204	$3,105,131.30
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)	194	($108,683.44)
Number of Refund Accounts Reviewed, Awaiting Information from Developers*	***374***	***$2,190,418.52***
*Number of Refund Account Requested after forfeiture date***	75	$322,229.17

*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 Report to DC Retail Water and Sewer Rates Committee

Fiscal Year-to-Date
As of June 30, 2026

Payment Plan and Disconnection Report

		Residential					Commercial					Multifamily				
Ward	Zip Code	30-Day A/R	Active Plans	Plans Created	Plans Defaulted	Non-Pay Discon.	30-Day A/R	Active Plans	Plans Created	Plans Defaulted	Non-Pay Discon.	30-Day A/R	Active Plans	Plans Created	Plans Defaulted	Non-Pay Discon.*
	Total	**12,911**	**3,657**	**1,570**	**996**	**1,034**	**1,346**	**121**	**46**	**27**	**18**	**1,661**	**408**	**128**	**65**	**0**
1	20001	203	57	30	11	13	48	9	6	4	2	10				
	20009	143	23	7	7	12	30	3	1	1	2	43	9		1	
	20010	380	90	31	16	27	43	3	1	1		32	7	2	1	
2	20001	76	21	6	3	5	43	5		1		14	3	2	1	
	20004						3									
	20005	7	1				29	3	2			3	1			
	20006						14	1	1							
	20007	201	7	2	3	11	45	3			1	1				
	20008	9	1			1	11	2				1				
	20009	51	8	5	3	6	14	4		2		17	4		1	
	20011					1										
	20036					2	24	3	1			3	1	1		
	20037	8	1	1		1	7	1				3	1			
	20245										1					
3	20007	64	13	5	4	14	12	3			1	14	3	1		
	20008	43	5	2	3	4	20	4	1			2	1			
	20015	60	7	2	1	7	10	2	1			1				
	20016	155	28	9	5	23	117	2	1	1		3	1			
4	20010	26	5	2		2	1					3	1		1	
	20,011	1,604	489	226	122	128	115	10	2			130	42	14	5	
	20012	350	96	48	32	32	32	2		1		12	2		2	
	20015	70	18	8	6	4	1									
5	20001	219	65	22	19	19	14	2	2	1	1	7	2			
	20002	634	202	85	60	60	91	7	4	2		201	41	8	8	
	20011	216	59	27	16	19	2					6	2			
	20017	636	186	79	31	38	41	3	1		1	38	9	4	1	
	20018	887	272	116	65	49	109	12	6	6	3	30	7	3	1	
6	20001	18	9	4	1	1	14	1	1			4				
	20002	375	109	41	19	42	88	8	3	3	4	17	5	1	1	
	20003	218	26	10	10	16	45	4	1	2		17	3			
	20024	53	15	4	3	1	13	1	1			13	8	6		
	20032	1	1	1	1											
7	20001	3	1	1												
	20002	229	92	33	14	26	13	2				26	7	4		
	20003	99	27	12	5	5	23					9				
	20016	1	1	1	1											
	20,019	3,033	887	386	290	232	123	13	6	2	1	440	88	34	8	
	20020	573	150	57	39	35	13	1				58	23	4	4	
8	20002	3	2	1		1										
	20003	21	8	2	1	1	8									
	20,020	1,279	326	152	103	95	57	4	2			258	65	21	11	
	20023	2	1	1	1											
	20032	960	347	151	101	101	73	3	2		1	245	72	23	19	
	20332	1	1													

*Note: inactive accounts in arrears are not included in the above and the accounts by customer class are as follows: Res. 438, Com. 162 and MF 115

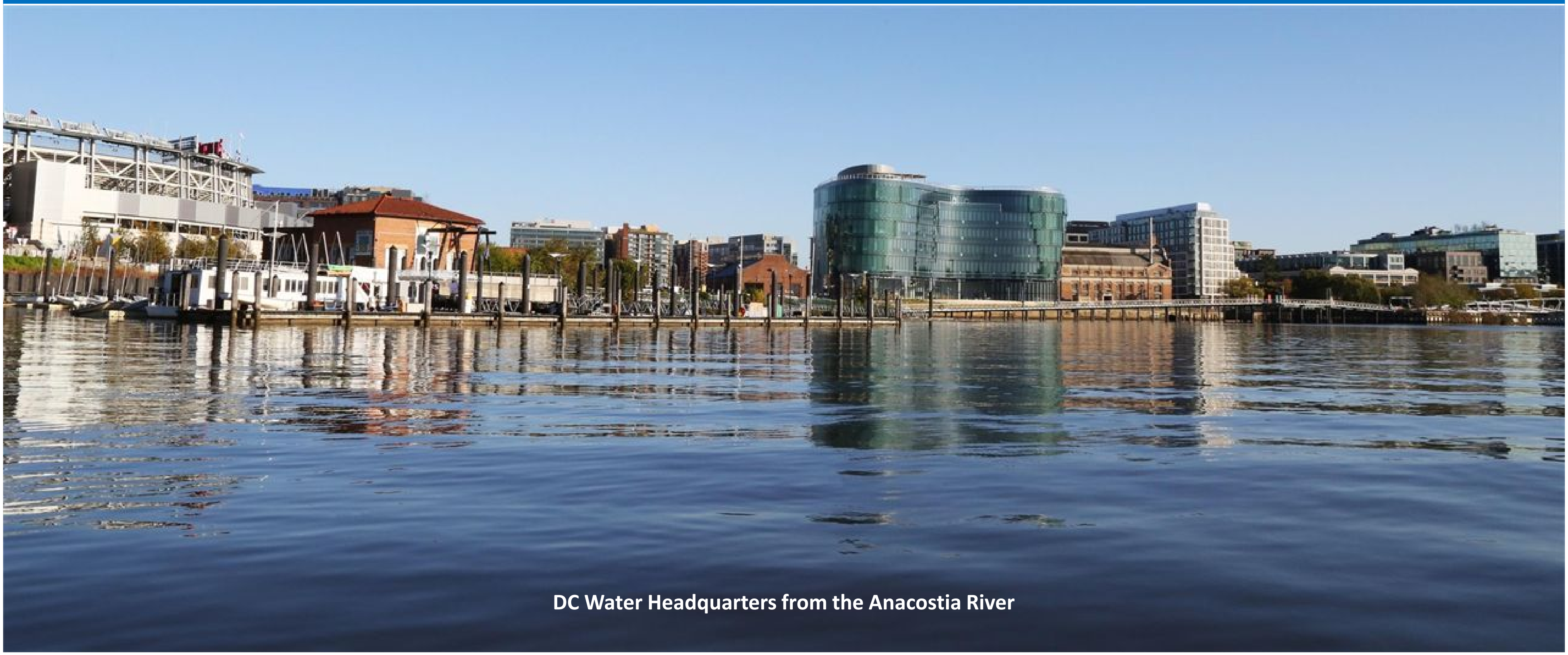
*Note: Disconnect Work Orders for Multi-Family Properties were created and not assigned for field completion but are manually managed for further collection actions

Attachment B

FY 2027 & FY 2028 Rate Proposal:
Final Recommendations & Public Comment Review

Presentation to Retail Water and Sewer Rates Committee on July 28, 2026

District of Columbia Water and Sewer Authority



DC Water Headquarters from the Anacostia River

Purpose

- Provide overview of responses to public comments including comments from the Office of People's Counsel (OPC) on proposed FY 2027 and FY 2028 rates & fees
  - Responses to public comments were provided to Board members and posted at DCWater.com on July 14, 2026
- Present recommendation to Committee regarding final adjusted FY 2027 and FY 2028 rates and fees and proposed revisions to the FY 2026 – FY 2035 financial plan
- Request the Committee to recommend the adjusted proposed rates, fees and charges (non-joint matter) to the Board for adoption and approval to publish the Notice of Final Rulemaking
  - DC Water will not establish the proposed PIF. The anticipated PIF costs will be absorbed using current year's Cash Surplus to keep Average Residential Rate increase below 6.0%.

Key Milestones - Budget & Ratemaking Process

Jan 2026	FY 2027 budget and two-year rate proposal introduced
Mar 2026	Budget adopted; rate proposal advanced
Apr–Jun 2026	Outreach, stakeholder engagement, town hall and public hearing
Jun 23 / Jun 29	Public hearing held; comment period closed
July 14	Responses to Public Comments provided to the Board and posted on website
July 23	Finance & Budget Committee Recommendation *(Adjusted 10-Year Financial Plan)*
July 28	Retail Rates Committee Recommendation *(Adjusted 10-Year Financial Plan & Rates Proposal)*
Sept 3/ 18	Board vote scheduled; NOFR Published

3

Overview of Proposed Rate Adjustments

DC Water's goal is to provide safe, reliable and affordable water for everyone.

Infrastructure & Compliance

- DC Clean Rivers and Lead-Free DC regulatory programs
- Blue Plains rehabilitation for permit compliance
- Capital investment in water and sewer infrastructure
- Bond coverage and liquidity requirements

Operating Costs & Workforce

- Salaries, wages, and health benefits for 1100+ employees
- Clean drinking water from the Washington Aqueduct
- Rising costs of chemicals and energy for treatment
- Spare parts, maintenance, and repairs for asset reliability
- Insurance premiums protecting critical assets

Community & Customer Programs

- Apprenticeship opportunities for local residents
- Local small business opportunities through Lead-Free DC
- Customer assistance programs for eligible households

District Passthrough Charges

- Proposed stormwater fee passed by the District Council
- Absorb the Public Inconvenience Fee for construction work projects in public spaces beyond 60 days

Together, these investments and obligations drive the proposed FY 2027 and FY 2028 rate adjustments — combined increases for the average residential customer remain lower than last year's forecast

What Changed Since the Initial Proposal

District Impact: Average Customer Bill increase of 7.5% in FY 2027 and 5.2% in FY 2028

- Public Inconvenience Fee (PIF) to recover the charges associated with occupancy permits when construction projects in public spaces extend beyond 30 days
- Proposed increase in the Stormwater Fee from $2.67 to $4.03 per ERU

Initial Proposal: Average Customer Bill increase of 6.6% in FY 2027 and 5.3% in FY 2028

- Introduced a new Public Inconvenience Fee (PIF) of $0.42 per Ccf to recover $12.7 million per year, based on 30 days grace period

Board Action: Achieve Rates Below 6%

- Resolution #26-45 allocated $12.2 million from the projected FY 2026 cash position to increase days of cash on hand or transfer to Rate Stabilization Fund (RSF) to achieve rates below 6%

Final Proposal: Average Customer Bill increase of 5.9% in FY 2027 and 5.3% in FY 2028

- Reflects the District's proposed stormwater fee increase of $1.36 per ERU from $2.67 to $4.03
- District Council extended grace period to 60 days for utility operators and sunsets the increased PIF for DC Water starting FY 2031
- PIF cost estimate reduced to $4.4 million per year for construction work that extends beyond 60 days
- DC Water will absorb the PIF cost to keep bill increase below 6.0% through FY 2028 and will not establish the proposed PIF

Multi-Year Rate Proposal for FY 2027 and FY 2028

DC WATER'S RATES, CHARGES & FEES:

- Water and sewer rates increase by 6.0% each for FY 2027 and FY 2028
- Proposed CRIAC of $25.50 per ERU in FY 2027 and $27.22 per ERU in FY 2028
- Customer Metering Fee remains the same at $7.75 for 5/8" meters
- Water System Replacement Fee (WSRF) remains the same at $6.30 for 5/8" meters
- High-Flow Filter Backwash rate remains the same at $3.54 per Ccf
- Groundwater rate increased to $3.90 per Ccf for FY 2027 and FY 2028

PUBLIC INCONVENIENCE FEE:

- No new PIF will be charged to customer

DISTRICT'S RATES & FEES:

- PILOT Fee at $0.62 per Ccf for FY 2027 and $0.63 per Ccf for FY 2028
- Right-of-Way Fee remains the same as FY 2026 at $0.20 per Ccf for FY 2027 and FY 2028
- Stormwater Fee increased from $2.67 to $4.03 per ERU

Combined rate increases lower than previously proposed rates and last year's forecast

Change in Average Household Charge	Fiscal Year	
	2027	**2028**
Proposed + District Fees	7.5%	5.2%
Proposed (Initial)	6.6%	5.3%
Recommendation (Final)	**5.9%**	**5.3%**
Previous Forecast	6.7%	5.7%

Reflects changes from initial rate proposal introduced in January 2026

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Average Residential Customer Bill Impact

- Final proposal reflects the **increase of $1.36 per ERU** for stormwater and **excludes the proposed new PIF fee**
- Overall impact on the average residential customer is **reduced from 7.5% to 5.9% in FY 2027**, with no changes to the increase of 5.3% in FY 2028 compared to initial proposal

			District Impact		Initial Rate Proposal		Final Proposal	
	Units	Current FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2027	Proposed FY 2028	Proposed FY 2027	Proposed FY 2028
DC Water Water and Sewer Retail Rates (1)	Ccf	$ 101.77	No change		$ 107.86	$ 114.36	No change	
DC Water Clean Rivers IAC (2)	ERU	$ 24.23			$ 25.50	$ 27.22		
DC Water Customer Metering Fee	5/8"	$ 7.75			$ 7.75	$ 7.75		
DC Water Water System Replacement Fee (4)	5/8"	$ 6.30			$ 6.30	$ 6.30		
Subtotal DC Water Rates & Charges		**$ 140.05**	**$ 147.41**	**$ 155.63**	**$ 147.41**	**$ 155.63**	**$ 147.41**	**$ 155.63**
Percent Increase in DC Water Portion of Bill			5.3%	5.6%	5.3%	5.6%	5.3%	5.6%
District of Columbia PILOT Fee (1)	Ccf	$ 3.36	No change		$ 3.36	$ 3.41	No change	
District of Columbia Right-of-Way Fee (1)	Ccf	$ 1.08			$ 1.08	$ 1.08		
District of Columbia Public Inconvenience Fee (5)	Ccf	$ -	$ 2.28	$ 2.28	$ 2.28	$ 2.28	$ -	$ -
District of Columbia Stormwater Fee (3)	ERU	$ 2.67	$ 4.03	$ 4.03	$ 2.67	$ 2.67	$ 4.03	$ 4.03
Subtotal District of Columbia Charges		**$ 7.11**	**$ 10.75**	**$ 10.80**	**$ 9.39**	**$ 9.44**	**$ 8.47**	**$ 8.52**
Total Amount Appearing on DC Water Bill		**$ 147.16**	**$ 158.16**	**$ 166.43**	**$ 156.80**	**$ 165.07**	**$ 155.88**	**$ 164.15**
Increase / Decrease Over Prior Year		**$ 8.94**	**$ 11.00**	**$ 8.27**	**$ 9.64**	**$ 8.27**	**$ 8.72**	**$ 8.27**
Percent increase in Total Bill		**6.5%**	**7.5%**	**5.2%**	**6.6%**	**5.3%**	**5.9%**	**5.3%**
Increase / (Decrease) vs. District Impact - %					**-0.92%**	**0.05%**	**-1.55%**	**0.08%**
Increase / (Decrease) vs. District Impact - $					**$ (1.36)**	**$ (1.36)**	**$ (2.28)**	**$ (2.28)**

(1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)
(2) Assumes average 1 Equivalent Residential Unit (ERU)
(3) District Department of the Environment stormwater fee of $2.67 effective November 1, 2010
(4) DC Water "Water System Replacement Fee" of $6.30 for 5/8" meter size effective October 1, 2015
(5) Anticipated PIF costs will be absorbed using current year's Cash Surplus to keep Rate increase below 6.0%.

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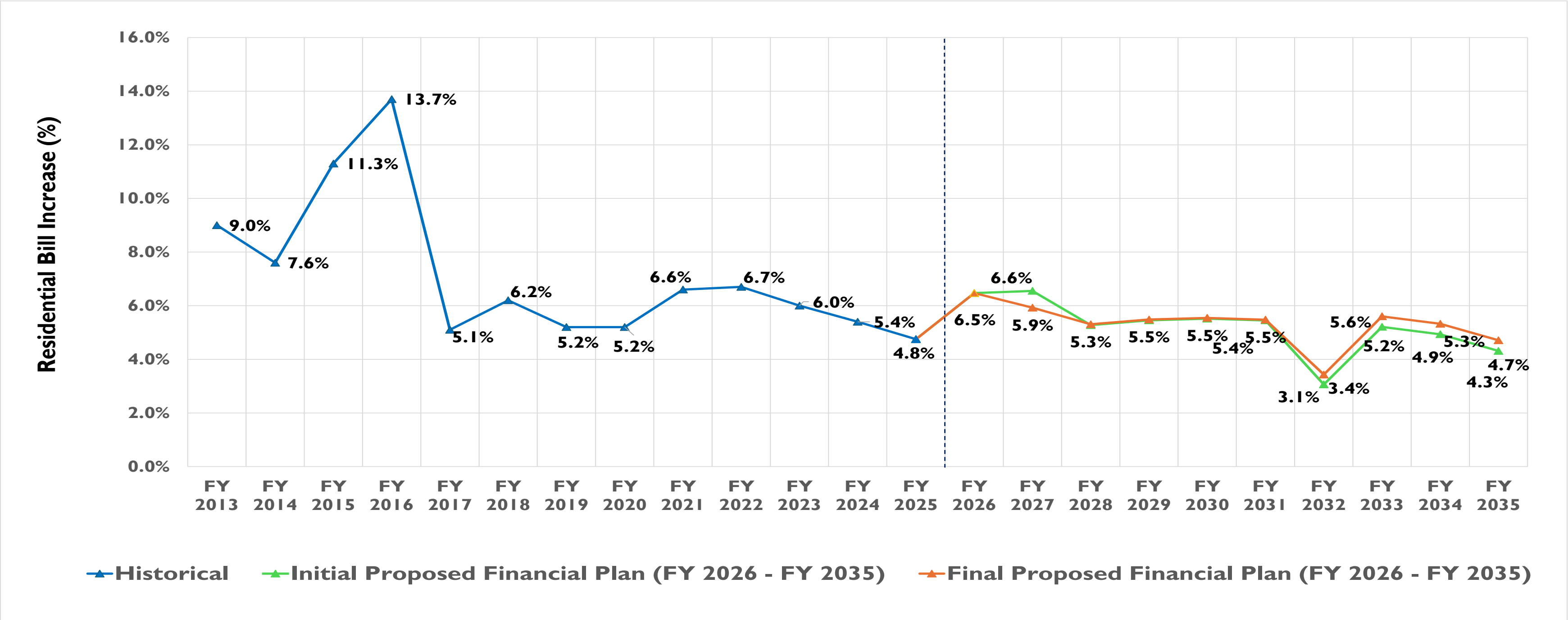
Management Recommendation: Historical and Projected Combined Bill Increases

- Initial Proposed Financial Plan - From FY 2032 and beyond, forecasted rates are higher than previously estimated – CIP $8.99B
- Final Proposed Financial Plan – Excludes revenue requirement for PIF costs; cumulative increase of 2% in volumetric water and sewer rates in the latter part of the ten-year financial plan (65.5% vs. 63.5%)



Proposed Revisions to FY 2027 and FY 2028 Operating Revenues Budgets

- FY 2027 and FY 2028 Revenues have been revised slightly downwards due to following:
  - Other Revenue – decrease due to removal of Public Inconvenience Fee (PIF) as DC Water is absorbing PIF costs to keep the average monthly residential household rate increase below 6.0%
  - Rate Stabilization Fund (RSF) – increased due to utilization of RSF to offset PIF costs

FY 2027	Initial Proposed	Revision	Final Proposed
Retail Revenue	829,293,251	-	829,293,251
Wholesale Revenue	134,090,398	-	134,090,398
Interest Earnings	12,548,404	-	12,548,404
Other Revenue	93,108,313	(12,737,000)	80,371,313
Interest on Bond Reserve	334,489	-	334,489
Rate Stabilization Fund (RSF)	-	4,400,000	4,400,000
Total	**$ 1,069,374,854**	**$ (8,337,000)**	**$ 1,061,037,854**

FY 2028	Initial Proposed	Revision	Final Proposed
Retail Revenue	873,213,476	-	873,213,476
Wholesale Revenue	140,055,211	-	140,055,211
Interest Earnings	12,287,884	-	12,287,884
Other Revenue	95,486,496	(12,737,000)	82,749,496
Interest on Bond Reserve	326,233	-	326,233
Rate Stabilization Fund (RSF)	-	4,400,000	4,400,000
Total	**$ 1,121,369,300**	**$ (8,337,000)**	**$ 1,113,032,300**

Revenue Comparison by Customer Class

- Total revenue is projected to increase by $52.8 million or 5.2% for FY 2027 and $52.0 million or 4.9% for FY 2028 mainly due to rate increase
  - *Retail Revenue* – Increase by $37.4 million or 4.7% in FY 2027 and $43.9 million or 5.3% in FY 2028
  - *Wholesale Revenue* – Increase by $9.9 million or 7.9% in FY 2027 and $6.0 million or 4.4% in FY 2028 due to increase in indirect cost rate from 20% to 25% and operations and maintenance expense projection . Revenue estimates are based on most recent flow data.

$ in thousands	Revised FY 2026	Final Proposed FY 2027	Final Proposed FY 2028	Revised FY 2026 vs Proposed FY 2027 Incr/(Decr)		Proposed FY 2027 vs Proposed FY 2028 Incr/(Decr)	
				$	%	$	%
Retail Revenue	$791,856	$829,293	$873,213	$37,437	4.7%	$43,920	5.3%
Wholesale Revenue							
Potomac Interceptor (PI)	5,154	5,154	5,154	-	0.0%	-	0.0%
Loudoun County Sanitation Authority (LCSA)	11,051	11,900	12,443	849	7.7%	543	4.6%
Washington Suburban Sanitary Commission (WSSC)	86,411	93,707	98,056	7,296	8.4%	4,349	4.6%
Fairfax County	21,603	23,330	24,402	1,727	8.0%	1,072	4.6%
Total Wholesale Revenue	$124,219	$134,091	$140,055	9,872	7.9%	5,964	4.4%
Other Revenue	92,119	93,254	95,364	1,135	1.2%	2,110	2.3%
Rate Stabilization Fund (RSF)	-	4,400	4,400	4,400	-	-	0.0%
Total Revenues	$1,008,194	$1,061,038	$1,113,032	$52,844	5.2%	$51,994	4.9%

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

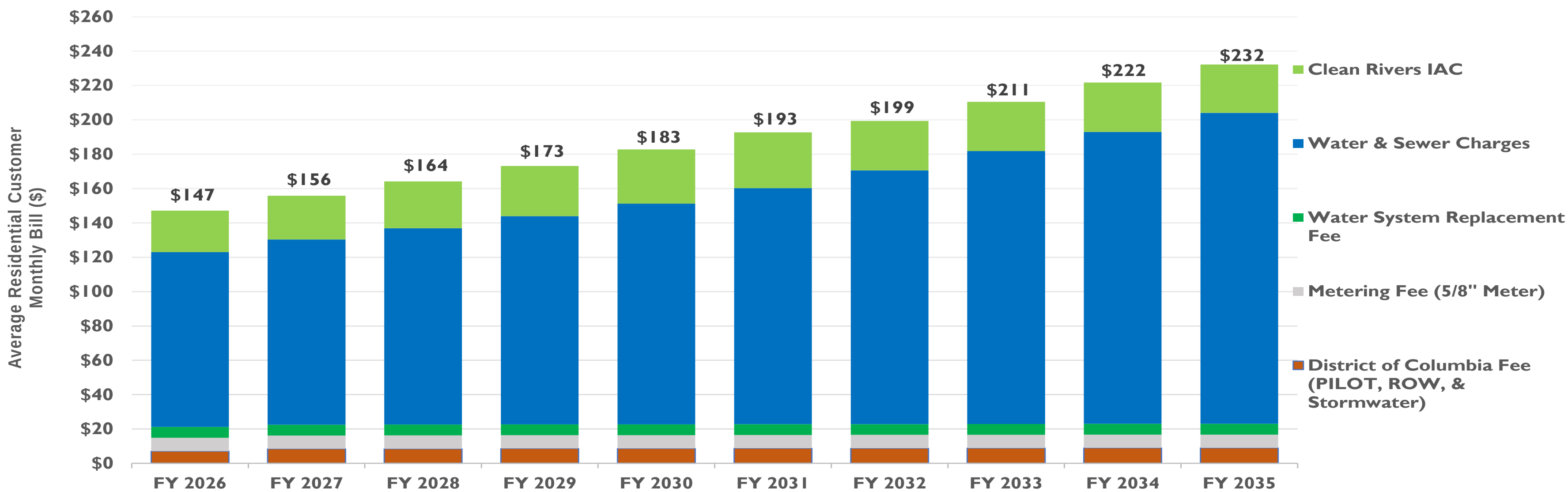
- The final proposal maintains a 6.0% overall rate increase in both FY2027 and FY2028, resulting in estimated customer bill impacts of 5.9% and 5.3%, respectively, with the water–sewer rate balance adjusted based on the recent cost-of-service study.

	Units	Current FY 2026	Proposed FY 2027	Proposed FY 2028	Incr. /(Decr.) FY 2026 vs FY 2027		Incr. /(Decr.) FY 2027 vs FY 2028	
					$	%	$	%
DC Water Retail Rates – Water:								
Residential – Lifeline (0- 4 Ccf)	Ccf	$5.78	$6.49	$7.11	$0.71	12.28%	$0.62	9.55%
Residential – (> 4 Ccf)	Ccf	7.60	8.40	9.40	0.80	10.53	1.00	11.90
Multi-family	Ccf	6.47	7.21	7.98	0.74	11.44	0.77	10.68
Non-Residential	Ccf	7.84	8.66	9.71	0.82	10.46	1.05	12.12
DC Water Retail Rates – Sewer	Ccf	12.52	12.91	13.39	0.39	3.12	0.48	3.72
Groundwater	Ccf	3.76	3.90	3.90	0.14	3.72	-	-
High-Flow Filter Backwash	Ccf	3.54	3.54	3.54	-	-	-	-
DC Water Clean Rivers IAC	ERU	24.23	25.5	27.22	1.27	5.24	1.72	6.75
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75	-	-	-	-
DC Water System Replacement Fee	5/8"	6.30	6.30	6.30	-	-	-	-
District of Columbia PILOT Fee	Ccf	0.62	0.62	0.63	-	-	0.01	1.61
District of Columbia Right of Way Fee	Ccf	0.20	0.20	0.20	-	-	-	-
District of Columbia Inconvenience Fee (1)	Ccf	-	-	-	-	-	-	-
District of Columbia Stormwater Fee	ERU	2.67	4.03	4.03	1.36	50.94	-	-

(1) DC Water will not establish the proposed PIF. The anticipated PIF costs will absorb using current year's Cash Surplus to keep Rate increase below 6.0%

Final Projected Average Residential Customer Bill

- Initial projected average monthly residential customer bill ranges from $147 in FY 2026 to $230 in FY 2035, which is lower than projected in the FY 2025 revised financial plan ($138 in FY 2025 to $245 in FY 2034)
- Final Projected average monthly residential customer bill ranges from $147 in FY 2026 to $232 in FY 2035 and excludes the previously proposed PIF Fee



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

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Customer Assistance Programs

DC WATER CARES

- DC Water recognizes customer affordability concerns and offers layered assistance programs to help eligible households

Programs/ Discounts	CAP+ At or Below 20% MFI	CAP1 Above 20% MFI and Below 60% SMI*	CAP2 Above 60% SMI and Below 80% MFI	CAP3** Above 80% MFI and Below 100% MFI	CRIAC** Non-profit organizations
Water & Sewer	Discount of first 6 Ccf usage	Discount of first 4 Ccf usage	Discount of first 3 Ccf usage	-	-
CRIAC	75% discount	75% discount	50% discount	75% discount	90% discount
Water System Replacement Fee	100% discount	100% discount	-	-	-

* State Median Income ** District funded programs *** Assumes average residential monthly consumption of 5.42 Ccf, or (4,054 gallons)

To apply: Call DOEE at 202-350-9649, or visit https://doee.dc.gov/service/receive-discounts-your-utility-bills-udp

CAP+, CAP, CAP2 and CAP3 Discounts

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

Program	Income Treshhold [6]	Charges (Discounts)	Current FY2026	Proposed FY2027	Proposed FY2028
CAP+[2]	$39,642 (20% SMI)	Total Amount before Discounts [1]	$ 147.16	$ 155.88	$ 164.15
		Discounts	(130.68)	(137.73)	(145.58)
		Total Amount Appearing on DC Water Bill	$ 16.48	$ 18.15	$ 18.57
CAP[3]	$118,926 (60% SMI)	Total Amount before Discounts [1]	$ 147.16	$ 155.88	$ 164.15
		Discounts	(100.95)	(106.31)	(112.04)
		Total Amount Appearing on DC Water Bill	$ 46.21	$ 49.57	$ 52.11
CAP2[4]	$131,100 (80% AMI)	Total Amount before Discounts [1]	$ 147.16	$ 155.88	$ 164.15
		Discounts	(67.02)	(70.95)	(75.11)
		Total Amount Appearing on DC Water Bill	$ 80.14	$ 84.93	$ 89.04
CAP3[5]	$163,900 (100% AMI)	Total Amount before Discounts [1]	$ 147.16	$ 155.88	$ 164.15
		Discounts	(18.17)	(19.13)	(20.42)
		Total Amount Appearing on DC Water Bill	$ 128.99	$ 136.75	$ 143.73

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

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

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

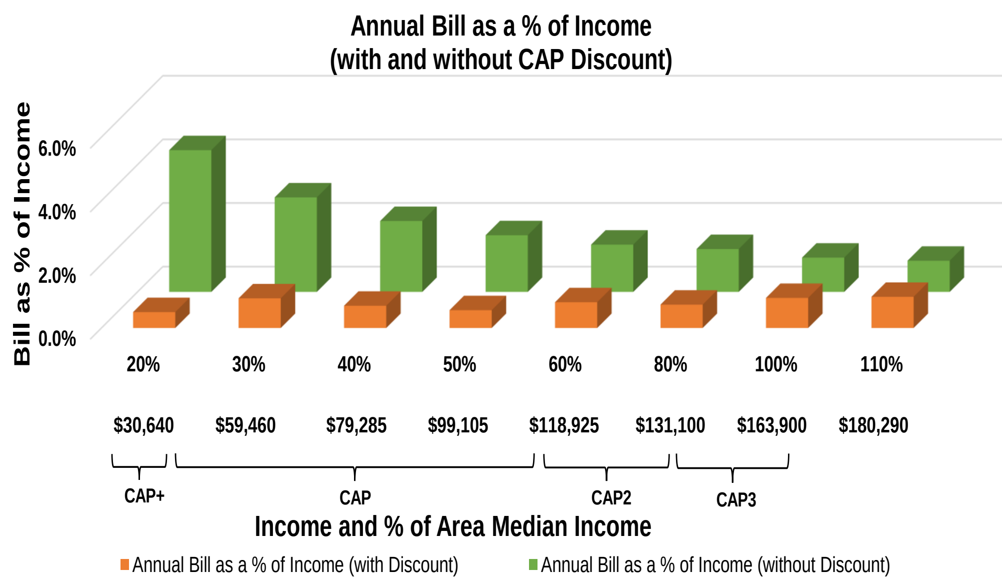
(4) CAP2 provides a discount on the first 300 cubic feet (2,244 gallons) of water and sewer services (with the exception of PILOT and ROW fees) and a 50 percent reduction in the monthly CRIAC fee

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

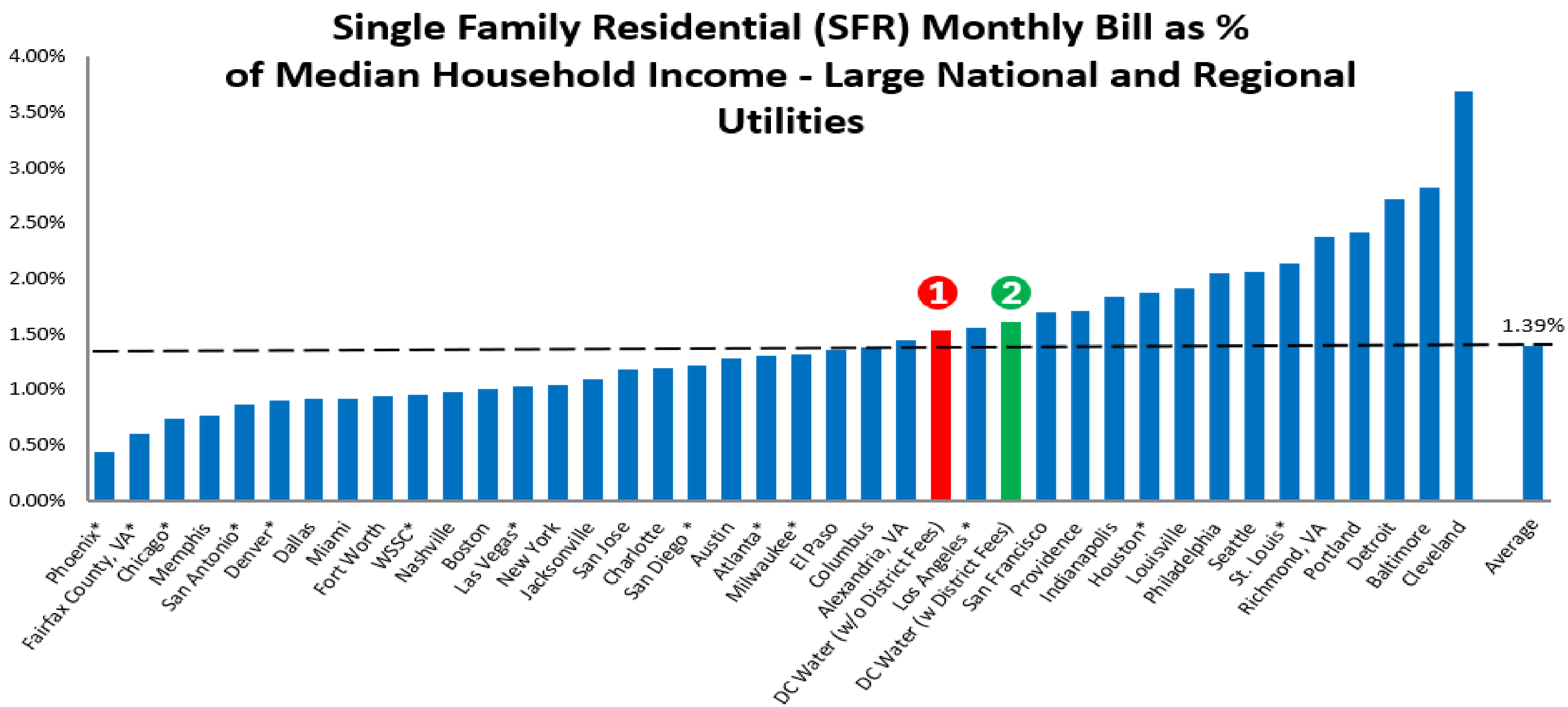
(6) Income Thresholds are based on a family of four

Equitable

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



Comparative User Charges: Large National & Regional Utilities



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

Note: Reflects rates and fees in place as of November 1, 2025. Some cities use property tax revenue or other revenues to pay for part of the cost of water, wastewater, or stormwater services, as indicated by * in the graph above. In such situations, the user charge will not reflect the full cost of water, wastewater or stormwater services.

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DC Water's Budget Priorities

LEAD FREE DC

Advances removal of lead service lines

Achieves rate increases lower than previous forecasts

Holds the line on authorized headcount by reallocating vacancies

DC WATER CARES

Expands customer assistance programs

Funds the consent decree requirement for the Clean Rivers program

Allocates additional funds to address aging water and sewer systems

Invests in critical infrastructure at the Aqueduct

ESG report highlights progress towards meeting climate, equity, and governance goals

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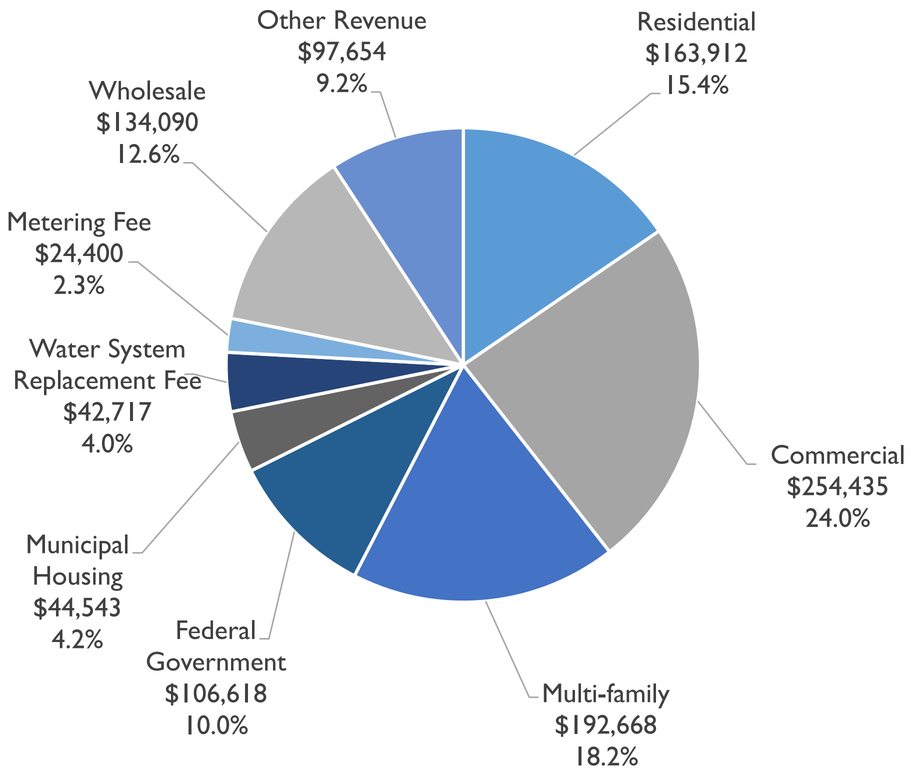
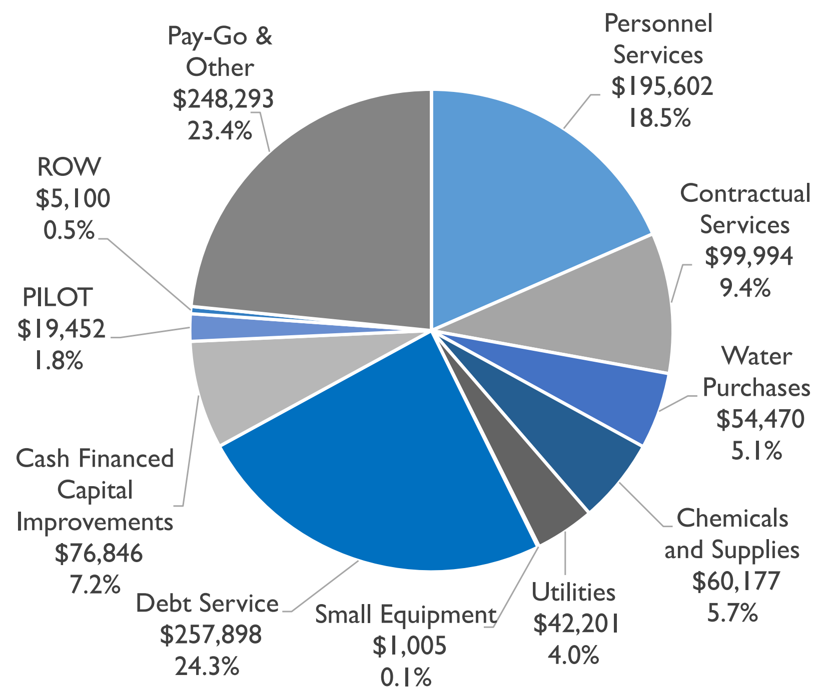
FY 2027 Operating: Sources and Uses of Funds

$ in thousands

Sources - $1.06 billion



Uses - $1.06 billion



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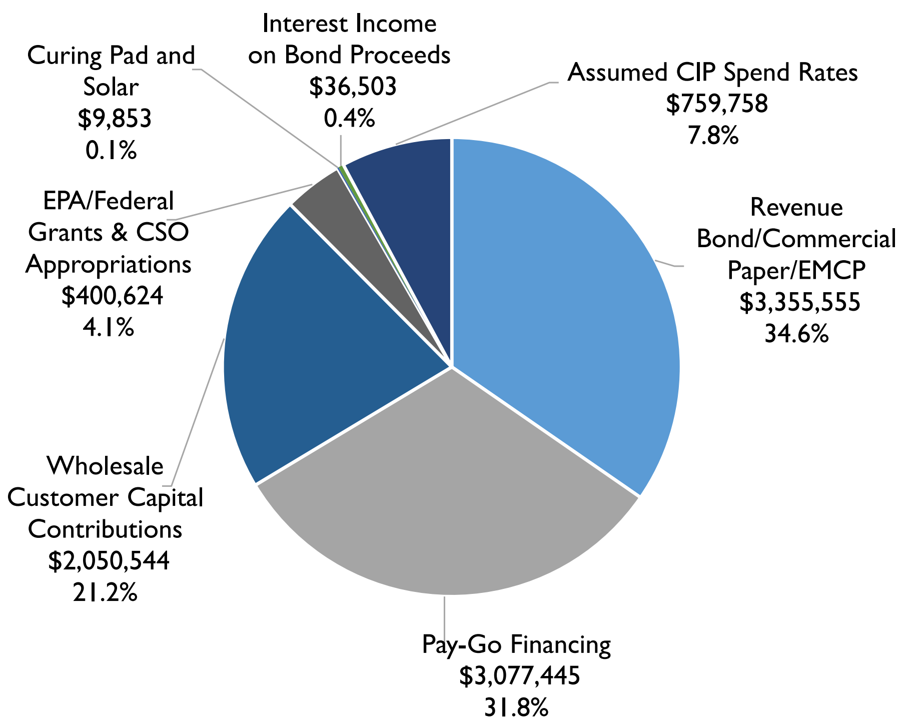
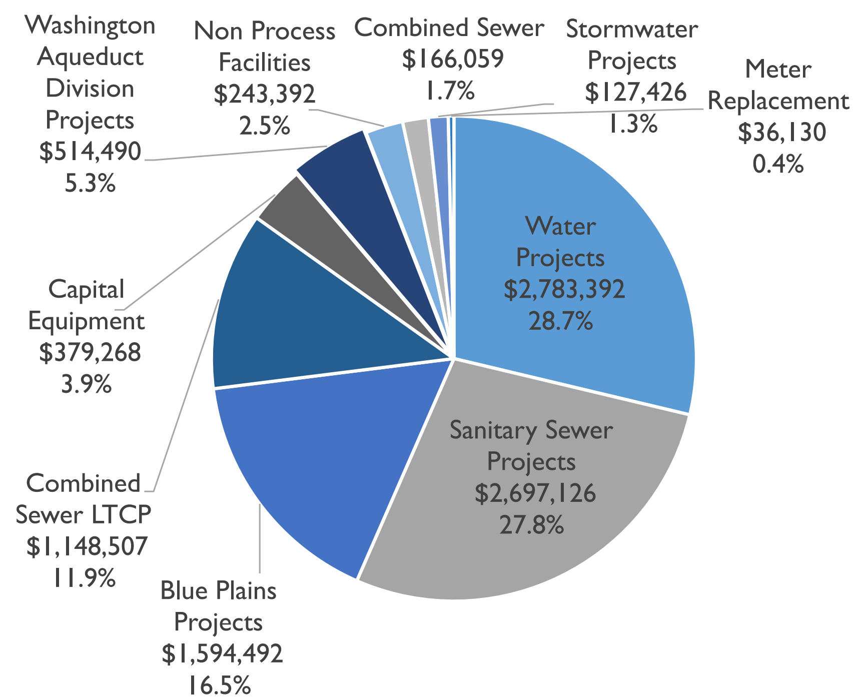
Ten Year CIP: Sources and Uses of Funds

$ in thousands

Sources - $9.69 Billion



Uses - $9.69 Billion



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

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

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Ten-Year Financial Plan Assumptions

- Maintain Debt Service as a percentage of revenue equal to 33.0 percent or less
- Maintain combined coverage of 160 percent
- Maintain 282 days of cash excluding Rate Stabilization Fund. On October 5, 2023, the Board approved a revised Statement of Financial Policies that set a cash target of 350 days of projected operating expenses to be achieved gradually by 2032 through the use of year end surplus. Management recommends to allocate $6.1 million from projected FY 2026 Net Cash Surplus to increase Days Cash on Hand by 5 days, from 282 days to 287 days
- Transfer of $4.4 million from RSF each in FY 2027 and FY 2028 to the General Fund to offset PIF costs to maintain rate increase below 6%
- FY 2025 actual consumption declined by 5.4 percent. Assumed 0.7 percent conservation for FY 2026 and 1.0 percent conservation for FY 2027 and onwards
- FY 2025 Debt Service was lower as compared to budget due to refinancing benefits and deferred borrowing
- Assume CIP spend rate of 90 percent based on historical results, except for the mandated Clean Rivers program, Capital Equipment and the Washington Aqueduct

Key Changes in the Revised Financial Plan

- Average revenue requirement of $12.7 million per year for PIF costs was removed from the Financial Plan
  - **DC Water will not establish the proposed Public Inconvenience Fee (PIF), starting FY 2027**
  - Cumulative increase of 2% in volumetric water and sewer rates mainly in the latter part of the ten-year financial plan (65.5% vs. 63.5%)
- Rate Stabilization Fund (RSF) grows by $11.1 million, from $40.6 million to $51.7 million
  - Board-approved transfer of $5 million from projected FY 2026 net cash to align with Board policy target of 5% of projected retail revenues
  - Management recommendation of $6.1 million from projected FY 2026 net cash to offset PIF costs to maintain rate increase below 6%
- RSF transfer of $4.4 million in FY 2027 and FY 2028 to the General Fund to offset PIF costs to maintain rate increase below 6%
- Reflects preliminary FY 2026 year-end projections for operating revenues, expenditure and capital disbursements
- Liquidity strengthened, with Days Cash on Hand increasing to 282–291 days. Reflects the proposed recommendation for use of projected FY 2026 net cash of $6.1 million to increase Days Cash on Hand by 5 days, from 282 days to 287 days in FY 2026
- Coverage ratios remained strong, with Combined Coverage at 1.81x–2.35x, well above the 1.8x management target and 1.6x Board policy
- Debt affordability improved, as Debt Service as a Percent of Revenue decreased from 24.4%–32.4% to 23.8%–32.4%, providing greater financial flexibility while maintaining compliance with all financial targets

dc

Proposed Revised Financial Plan

In 000's

OPERATING	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
Retail	828,827	853,845	898,154	942,103	989,001	1,038,284	1,070,208	1,124,449	1,177,798	1,226,162
Wholesale	123,769	134,090	140,055	145,657	151,484	157,543	163,845	170,399	177,215	184,303
Other	64,256	68,703	70,423	71,609	75,172	71,210	73,574	76,686	82,249	73,328
Rate Stabilization Fund (RSF) [2]	-	4,400	4,400	-	-	-	-	-	-	-
Operating Receipts [1]	$ 1,016,853	$ 1,061,038	$ 1,113,032	$ 1,159,370	$ 1,215,656	$ 1,267,036	$ 1,307,627	$ 1,371,533	$ 1,437,261	$ 1,483,792
Operating Expenses	461,774	478,001	500,730	520,158	540,356	561,353	583,182	605,876	629,469	653,997
Debt Service	238,818	257,160	298,765	329,994	356,188	381,031	407,939	429,007	456,065	474,529
Cash Financed Capital Improvement	$ 97,938	$ 76,846	$ 80,834	$ 84,789	$ 89,010	$ 93,446	$ 96,319	$ 101,200	$ 106,002	$ 110,355
Net Revenues After Debt Service	$ 218,322	$ 249,030	$ 232,703	$ 224,428	$ 230,102	$ 231,207	$ 220,187	$ 235,449	$ 245,725	$ 244,912
Operating Reserve-Beg Balance	333,716	350,719	354,600	372,600	386,600	401,600	418,600	434,600	450,900	468,900
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(8,679)	(497)	(10,000)	-	-	-	-	-	-	-
Project Billing Refunds	(2,900)	(2,000)	-	-	-	-	-	-	-	-
Transfer to DC Insurance Reserve/Payment Incentive Plai	(1,000)	(1,000)	-	-	-	-	-	-	-	-
Transfers to RSF [2]	(11,100)	-	-	-	-	-	-	-	-	-
Pay-Go Financing	(177,640)	(241,652)	(204,703)	(210,428)	(215,102)	(214,207)	(204,187)	(219,149)	(227,725)	(225,912)
Operating Reserve - Ending Balance	$ 350,719	$ 354,600	$ 372,600	$ 386,600	$ 401,600	$ 418,600	$ 434,600	$ 450,900	$ 468,900	$ 487,900
Rate Stabilization Fund Balance RSF	$ 51,744	$ 47,344	$ 42,944	$ 42,944	$ 42,944	$ 42,944	$ 42,944	$ 42,944	$ 42,944	$ 42,944
Senior Debt Service Coverage	968%	1023%	1004%	1021%	838%	878%	797%	773%	848%	850%
Combined Debt Service Coverage	233%	235%	210%	201%	197%	192%	184%	185%	183%	181%
Actual/Projected Water/Sewer Rate Increases	6.00%	6.00%	6.00%	6.00%	6.00%	7.00%	7.50%	7.50%	7.00%	6.50%
Operating Receipts $ Increase/Decrease										
Retail	25,884	25,017	44,309	43,949	46,898	49,283	31,925	54,240	53,349	48,364
Wholesale	9,428	10,321	5,965	5,602	5,826	6,059	6,302	6,554	6,816	7,089
Operating Receipts % Increase/Decrease										
Retail	3.2%	3.0%	5.2%	4.9%	5.0%	5.0%	3.1%	5.1%	4.7%	4.1%
Wholesale	8.2%	8.3%	4.4%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

[1] Includes interest earnings on senior lien revenue bonds' debt service reserve fund
[2] FY 2026 - FY 2035 planned transfer of $11.1 million to RSF and $4.4 million each in FY27 and FY28 to offset the Public Inconvenience Fee (PIF) costs, which will keep the total fund balance at 51.744 million in FY27 and 47.344 million in FY28

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dc water is life

Financial Metrics

Metrics	Indenture Requirements	Board Policy	Management Target	Initial Financial Plan	Final Financial Plan
Days of Cash on Hand (excluding RSF)	60 Days	250 Days, or goal of 350 days by 2032	–	282 – 283 Days	282 – 291 Days
Combined Coverage Ratio	–	1.6X	1.8X	1.80X – 2.39X	1.81X – 2.35X
Senior Coverage	1.2X	–	–	7.90X – 10.45X	7.73X – 10.23X
Subordinate Coverage	1.0X	–	–	2.02X – 2.80X	2.03X – 2.75X
Debt Service as a % of Revenue	–	–	33% of Revenue or Less	24.4% - 32.4%	23.8% - 32.4%
Rate Stabilization Fund (RSF)	–	Establish a targeted balance of 5% of retail revenues	–	$40.6 million	$51.7 million

Resilient

- *Board of Directors added to the cash balance at the end of FY2023 to reach 267 Days of Cash and increase it to 350 days by FY2032.*
- *On July 3, 2025, the Board approved to transfer from the Net Projected Cash Surplus $17.5 million to Ending Cash Balance to increase Days of Cash on Hand from 267 to 282 days.*
- *On September 3, 2026, the Board will consider the management recommendation to approve the transfer from the Net Projected Cash Surplus $6.1 million to Ending Cash Balance to increase Days of Cash on Hand from 282 to 287 days.*

Public Outreach

- DC Water held Town Hall Meeting on May 28, 2026, in advance of the Public Hearing on June 23, 2026 to:
  - Inform customers about the Proposed FY 2027 and FY 2028 rates, fees and charges
  - Discuss the Capital Improvement Program, and
  - Promote all the existing and new customer assistance programs
- The meeting was widely publicized through numerous channels, including:
  - Councilmember Offices
  - Advisory Neighborhood Commissions (ANCs)
  - DCWater.com website
  - X (formerly Twitter), Facebook, Instagram, and BlueSky
  - Nextdoor
  - Paid digital and print advertising
- DC Water held briefings with the Office of People's Counsel on the budget and proposed two-year rates

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Public Participation

- DC Water appreciates all who have participated in the budget and ratemaking process, including the Board, OPC, and the public from the time that the budget was introduced in January 2026
- We all share the goals of providing safe and affordable service for our customers

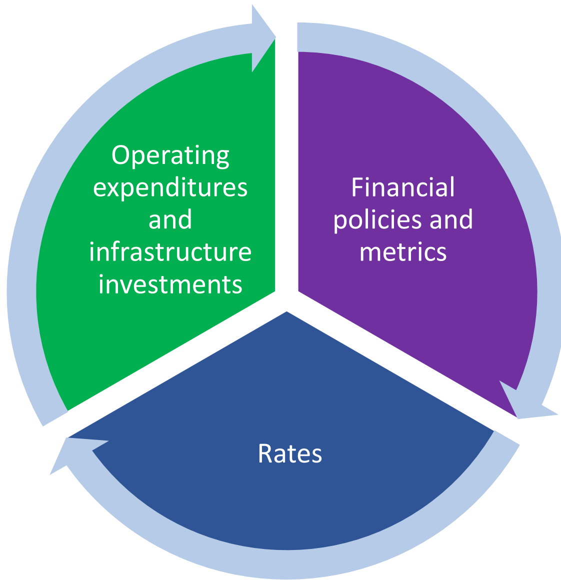
Case for a Rate Adjustment

Operating Budget Impacted by Rising Costs

- Holds the line on authorized headcount to drive efficiencies by reallocating vacancies to new needs
- $131.8 million required for the purchase of drinking water from the Washington Aqueduct, chemicals and energy
- Reflects increased costs for insurance premiums, critical spare parts, maintenance and repairs and various professional service contracts
- Over the ten-year period, debt service costs increase from $247.4 million in FY 2026 to $472.6 million by FY 2035

Infrastructure Investment

- Allocates $9.69 billion for infrastructure and compliance over the next ten years
- Prioritizes projects using an asset management approach and other criteria (including mandates, health and safety, potential failure, and good engineering)
- Funds regulatory programs such as Lead Free DC and Clean Rivers
- Increases investments to ensure a sustainable water and sewer infrastructure
- $3.6 billion in new debt to be leveraged over the next ten years to pay for infrastructure improvements



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Consideration for Rate Adjustments

- **Resolution #26-45** - Board allocated $12.2 million from the projected FY 2026 cash position to increase days of cash on hand or allocate to RSF to offset the PIF and achieve rates below 6%
- Days of Cash Board Policy
  - Goal of achieving 350 days of cash through the allocation of year-end surpluses by 2032
  - Current Board-approved Financial Plan projection is 282 days of cash at the end of FY 2026
  - Each day of cash is approximately $1.2 million, and an additional 68 days is needed to meet the goal by FY 2032
- **Finance & Budget Committee Action**: Considerations for the use of the $12.2 million from the projected FY 2026 cash position of $22.1 million
  - Allocate $6.1 million to increase days of cash on hand by 5 days from 282 days to 287 days; and
  - Transfer $6.1 million to Rate Stabilization Fund (RSF)
- Considerations for Rate Adjustments
  - Utilization of $4.4 million in each of FY27 and FY28 from RSF to maintain rate increase below 6%
  - DC Water will not establish the proposed PIF. The anticipated PIF costs will be absorbed using current year's Cash Surplus to keep Average Residential Rate increase below 6.0%.

Summary of Public Comments

- DC Water received 18 comments received from the Office of People's Counsel (OPC) and 11comments from the public covering the following themes:

Affordability
Concern about cumulative bill burden and impacts on residents, especially seniors and fixed-income households.

Transparency
Requests for clearer capital planning, assumptions, and accountability.

Alternative Funding
Requests to demonstrate grants, partnerships, and other funding options before rate increases.

Capital Costs
Questions about the scale, pace, cost estimates, and scenarios for major programs.

Financing Strategy
Requests about debt financing, pay-as-you-go capital, and interest rate sensitivity.

Assistance Programs
Interest in broader eligibility, automatic enrollment, and rate design improvements.

- Responses to public comments were provided to Board members and posted at DCWater.com on July 14 and included in the Appendix section

Establishment of Rates

Board Committee Review

Operating and Capital Costs to Environmental Quality and Operations, Finance and Budget, and DC Retail Water and Sewer Rates Committee;

Cost of Service Study

Presented to Rates Committee and published on the website; Also submitted to the Mayor and DC Council

Independent Review of Rates

Presented to Rates Committee and published on the website; Also submitted to the Mayor and DC Council

Public Feedback

Publication of the rate proposal in the *D.C. Register* for public comment; Public Hearing to receive comments on the rate proposal; Review of comments received and DC Water's response to comments

Recommendation from the General Manager to the DC Retail Water and Sewer Rates Committee

DC Water's rigorous budget process balances the level infrastructure investment with customer rates

Management Recommendations

- Management requested Finance and Budget Committee to recommend the approval to the Board for
  - Allocation of $6.1 million from the projected FY 2026 cash position to increase days of cash on hand by 5 days from 282 days to 287 days
  - Transfer of $6.1 million from the projected FY 2026 cash position to Rate Stabilization Fund (RSF)
- Management requests the Committee recommend the approval of the proposed revised FY 2026 – 2035 financial plan to the Board for adoption
  - Transfer of $4.4 million from RSF in each FY2027 and FY2028 to the General Fund to offset Public Inconvenience Fee (PIF) costs to maintain rate increase below 6%
- Management requests the Committee recommend the adjusted proposed rates, fees and charges (non-joint matter) to the Board for adoption and approval to publish the Notice of Final Rulemaking
  - DC Water will not establish the proposed PIF. The anticipated PIF costs will be absorbed using current year's Cash Surplus to keep Average Residential Rate increase below 6.0%.

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Appendix

OPC Comments

- **Comment 1:** Clarify how DC Water quantifies and ranks asset risk across water, sewer, and treatment systems, and how the FY 2027–FY 2036 CIP measurably reduces those risks. For example, clarify what reductions in break rates, overflow events, or service interruptions are expected from the proposed main replacements, interceptor projects, and Blue Plains investments

DC Water Response:

- DC Water applies a risk-based asset management framework to prioritize capital investments across its drinking water, wastewater collection, and treatment systems based on the likelihood and consequence of asset failure. This includes public health, regulatory compliance, service reliability, and cost considerations
- The FY 2027–FY 2036 Capital Improvement Program focuses on high-risk assets, including aging water mains, critical system components, and structurally vulnerable sewer and interceptor facilities, as well as projects required to meet regulatory obligations, recognizing the age and scale of the system

OPC Comments

- **Comment 2:** For major projects and large programmatic categories, clarify what benchmarking or market analyses support the proposed cost estimates. Explain how DC Water differentiates between scope growth and changes in engineering standards when explaining cost increases

DC Water Response:

- DC Water capital cost estimates are developed using internal historical data, external market benchmarks, independent engineering analyses, and recent bid information
- Complex or high-risk projects are subject to additional reviews reflecting current market and delivery conditions
- DC Water distinguishes between scope growth (additional functional requirements or expanded project limits) and changes in engineering standards (regulatory criteria, safety updates or industry best practices)
- Not all cost increases are discretionary; many reflect compliance with evolving standards or broader market conditions beyond DC Water's control

dc

OPC Comments (cont'd)

- **Comment 3:** Explain what technical or engineering criteria determine whether a project is classified as an emergency capital repair outside the CIP. Explain how these projects are approved, tracked, and reported

DC Water Response:

- DC Water applies a risk-based asset management framework to prioritize capital investments across its drinking water, wastewater collection, and treatment systems based on the likelihood and consequence of asset failure. This includes public health, regulatory compliance, service reliability, and cost considerations
- Emergency repairs are triggered by imminent or active failures threatening public health and safety, environmental compliance, or continuity of essential service. These repairs are approved through established controls and are executed immediately, often at higher cost than planned projects
- Depending on scale and duration, work is executed through on-call Inspection, Repair and Rehabilitation (IR&R) or Indefinite-Delivery & Indefinite Quantity (IDIQ) contracts with pre-negotiated pricing, or through emergency procurement procedures authorized under DC Water policy
- Once emergency conditions have been stabilized, projects are reviewed to determine whether any follow-on work should transition to longer term renewal projects

OPC Comments (cont'd)

- **Comment 4:** For major projects and large programmatic categories, clarify what benchmarking or market analyses support the proposed cost estimates. Explain how DC Water differentiates between scope growth and changes in engineering standards when explaining cost increases

DC Water Response:

- Factors that support DC Water's ability to execute the proposed Capital Improvement Program(CIP) are based on current staffing resources, demonstrated quality performance, and observed contractor participation
- DC Water also acknowledges that execution of the CIP is subject to external factors such as market conditions, labor availability and quality, regulatory, and emergency response uncertainties
- The Authority maintains internal and external resources designed to provide scalable capacity across project phases, and recent procurement activity indicates continued contractor interest in major projects, subject to factors outside DC Water's control

OPC Comments (cont'd)

- **Comment 5:** Clarify what the long-term strategy for steadying debt financing and pay-as-you-go capital funding is

DC Water Response:

- DC Water's long-term strategy is to balance Pay-Go funding with short- and long-term debt financing to support critical infrastructure investment while managing rate impacts and long-term debt levels
- As outlined in DC Water's Financial Policies, key commitments include maintaining combined debt service coverage of at least 160%, cash reserves of at least 250 days of operating expenses, and a structurally balanced budget
- DC Water also maintains a $250 million commercial paper program for short-term financing flexibility and may use the Rate Stabilization Fund to help mitigate future customer impacts and reduce rate volatility

OPC Comments (cont'd)

- **Comment 6:** Explain how DC Water will demonstrate to customers that rising rates correspond to measurable improvements in reliability, safety, and service quality

DC Water Response:

- DC Water appreciates the feedback.
- DC Water demonstrates the connection between rate adjustments and measurable improvements in reliability, safety, and service quality through targeted capital investments, public performance reporting, and customer outreach
- Key performance metrics are reported publicly, and information on upcoming and ongoing capital projects is available online, including project scope, timelines, and community impacts. This allows customers to see where rate-funded investments are being made and how those investments support system reliability, regulatory compliance, public health, water quality, sewer system performance, and service continuity
- DC Water also conducts community outreach, educational programming, and public engagement to explain infrastructure needs, describe how capital investments improve service, and respond to customer questions in accessible formats

OPC Comments (cont'd)

- **Comment 7:** How do you plan an Interest Rate Sensitivity Analysis for planned borrowing

DC Water Response:

- All planned debt for DC Water must pass an additional bonds test, including interest rate sensitivity for coverage ratios
- DC Water's financial policy requires 1.6x coverage and limits variable rate debt to 20–25%
- DC Water is required to certify revenue sufficiency and meet specific financial tests outlined in its bond indenture to ensure we can meet our annual debt service obligations

OPC Comments (cont'd)

- **Comment 8:** Can you model a five-year extension of the current CIP timeline to evaluate rate smoothing impacts?

DC Water Response:

- DC Water's CIP is updated annually and structured to address critical needs, including priority, scope, and schedule within budget constraints
- The project schedules for mandated projects are difficult to adjust. Reducing or ing the CIP timeline arbitrarily could increase risk for critical infrastructure such as Blue Plains and large water and sewer assets
- The CIP is already financially constrained and balances investment needs with affordability
- DC Water will prepare CIP scenarios as part of the next ratemaking cycle for the Board's consideration

dc

OPC Comments (cont'd)

#	Comment	DC Water Response
9	Can you provide peer benchmarking, comparing DC Water's projected debt ratios to those of similarly situated large urban water utilities.	DC Water's financial metrics are in line with its peers in the highest rating categories.

Selected Peers	Type	M/S/F (Senior)	Total Operating Revenues ($000)	Total Annual Debt Service ($000)	Debt Ratio	Total Debt Service Coverage	Debt Service as a % of Operating Revenues	Days Cash on Hand	Average Bill as % of Median Effective Buying Income
NYC Water	Water & Sewer	Aa1/AAA/AA+	4,821,078	1,988,800	92.6%	1.4x	41.3%	371	1.7%
Dallas, TX	Water & Sewer	Aa2/AAA/AA+	844,856	265,151	51.6%	1.7x	31.4%	253	1.1%
San Antonio, TX	Water & Sewer	Aa1/AA+/AA+	898,550	213,316	46.8%	2.3x	23.7%	523	1.1%
NE Ohio Regional Sewer District	Sewer	Aa1/AA+/NR	420,568	107,349	45.1%	3.1x	25.5%	1,317	2.1%
WSSC Water	Water & Sewer	Aaa/AAA/AAA	1,033,065	344,712	44.2%	1.3x	33.4%	289	1.9%
DC Water	Water & Sewer	Aa1/AAA/AA+	978,509	224,506	43.1%	2.4x	22.9%	318	2.1%
Metro St. Louis Sewer District, MO	Sewer	Aa1/AAA/AA+	524,053	125,320	42.0%	2.8x	23.9%	599	1.0%
Charlotte, NC	Water & Sewer	Aaa/AAA/AAA	616,523	160,430	41.9%	2.4x	26.0%	599	1.3%
Atlanta, GA	Water & Sewer	Aa2/AA-/AA	517,122	231,567	33.5%	1.9x	44.8%	541	2.3%
Fairfax Sewer	Sewer	Aaa/AAA/AAA	282,614	67,017	33.2%	2.5x	23.7%	453	0.7%
Fairfax Water	Water	Aaa/AAA/AAA	221,141	50,323	20.6%	2.4x	22.8%	166	0.3%

Source: Sourced to the Moody's MFRA Database updated FY2025 data for each entity, except for NE Ohio RSD, which is as of FY2024; Certain DC Water financial data sourced from the FY2025 ACFR (Exhibit 12); Average Bill as & of Median EBI calculated using the rate schedules from each entity and the EBI from jurisdictions approximating each utilities service territory; EBI data sourced from Claritas
Note: NYC Water's credit is structured with a gross pledge of revenues, which allows for weaker relative financial performance with similar credit ratings
WSSC Water's credit is structured with a springing pledge of property tax assessments, which allows for weaker relative financial performance with similar credit ratings

OPC Comments (cont'd)

- **Comment 10:** Identify the specific asset management or risk assessment framework DC Water uses. Explain how risk is defined, quantified, prioritized, and reduced over time. Indicate whether this framework is an industry-standard methodology or one customized for DC Water's system and asset mix
  - In addition: What specific reductions in key risk indicators (such as asset failures, service interruptions, or compliance risks) are expected as a result of major CIP investments? How does DC Water track and report changes in systemwide risk over the life of the CIP? Please provide an illustrative example or scenario showing how risk is assessed and reduced for a representative critical asset

DC Water Response:

- DC Water uses a risk-based asset management framework—tailored to its system but aligned with industry practice—in which risk is defined as Likelihood of Failure (LoF) × Consequence of Failure (CoF), with LoF driven by condition, and performance data, and CoF reflecting impacts to service, public health, environment, and cost
- Risk is quantified (e.g., 1–100 scores banded into priorities) and used to rank assets, with highest-risk assets prioritized in the CIP alongside regulatory drivers. CIP investments (e.g., main replacements, interceptor rehab, facility upgrades) are expected to gradually reduce the probability of failures such as main breaks, overflows, and service disruptions over time rather than immediately systemwide
- DC Water tracks system risk through annual model updates

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OPC Comments (cont'd)

- **Comment 11:** Identify the specific metrics, performance indicators, industry standards, compliance requirements, and external references (such as professional organizations or research institutions) that DC Water relies on when developing capital cost estimates
  - Further, please explain: How DC Water differentiates between cost increases related to scope growth versus changes in engineering, safety, or regulatory standards. What criteria or thresholds are used to determine when a cost increase is justified as non-discretionary. Which specific regulatory or engineering standards have recently resulted in material cost increases for CIP projects

DC Water Response:

- DC Water develops capital cost estimates primarily to support CIP planning and contractor negotiation, using a structured process grounded in industry standards such as Association for the Advancement of Cost Engineering (AACE) classifications, historical bid data, and Engineering News-Record (ENR) based escalation
- Cost increases are evaluated through this framework, with adjustments driven by market conditions—particularly recent construction cost escalation and inflation in labor and materials—as well as evolving regulatory and permitting requirements (e.g., Environmental Protection Agency (EPA), The District Department of Transportation (DDOT) and local agency standards), which are incorporated into project budgets as necessary

OPC Comments (cont'd)

- **Comment 12:** Provide a summary of emergency capital repairs undertaken over the past five years. In addition, describe the process from initial threat identification or trigger through repair completion or stabilization
  - The internal controls and decision-making framework used to authorize emergency work., how risk is evaluated during and after emergency conditions
  - Whether DC Water tracks recurring emergency failures by asset type or location, and how this information is used in long-term capital planning

DC Water Response:

- DC Water addresses major and minor emergency repairs (e.g., watermain and sewer interceptor failures and force main collapses) through its Incident Command System (ICS) framework, which provides a structured approach from initial trigger through stabilization and repair
- The ICS enables rapid authorization and deployment of emergency work under clear command authority and established controls, while risk is continuously assessed during the incident and formally evaluated afterward through after-action reviews
- DC Water also tracks recurring failures by asset type and location, using this information to inform condition assessment programs and prioritize long-term CIP investments

OPC Comments (cont'd)

- **Comment 13:** Provide historical information on CIP project delivery, including on-time and on-budget performance. Additionally, please describe current and anticipated vacancy rates for engineering, construction management, and related positions supporting the proposed CIP, and required training for DC Water staff involved in CIP delivery minimum qualifications, certifications, or specialties required for external contractors and consultants engaged in CIP projects.

DC Water Response:

- With regards to on-budget performance, over the last 10-years, the average Fiscal Year actual spend, compared to the baseline planned spend has averaged 95% . On-time performance has averaged approx. 55% over the past 3 years, based on the % of the fiscal year schedule milestone KPIs met within the expected 90-day window. This is mainly due to changing the project delivery approach and repackaging, rather than individual project schedule slippage
- With regards to training, DC Water staff have multiple training sessions and SOPs associated with the tools used for our CIP delivery. With regards to minimum qualifications, broadly: for Engineering Consultants; Licensed PE in DC; experience in water/wastewater design; familiarity with DC Water standards
- For Contractors; OSHA safety certification; proven record in utility-scale projects; bonding and insurance per DC Water procurement policy. For Program Mgt; PMP or equivalent certification; experience with public-sector capital programs; ability to manage multi-disciplinary teams
- Vacancy rate within engineering is approx. 15% as of June 2026

OPC Comments (cont'd)

- **Comment 14:** Identify the target ranges DC Water anticipates for the use of Pay-As-You-Go funding versus debt financing over the CIP period. Further, please explain:, what market or financial conditions would prompt adjustments to this funding strategy
  - How such adjustments are evaluated to mitigate future rate impacts on customers

DC Water Response:

- DC Water targets a debt service coverage ratio of 1.6x. That means we collect $1.60 for each $1.00 of principal and interest cost. Of every $1.60 collected for debt and coverage, $0.60 or 37.5% is then available for pay-as-you-go capital
- Changes to the CIP, changes to regulatory requirements, or changes within financial markets may necessitate a change in this funding strategy
- All changes in conditions or funding strategy would be tested using DC Water's Financial Planning Model. This model reflects rates required to meet legal requirements, Board policies and directives over the long-term planning horizon

OPC Comments (cont'd)

- **Comment 15:** Identify the specific customer-facing performance metrics or historical key performance indicators that are directly linked to the FY 2027–FY 2028 rate proposals, in addition: how frequently are these performance measures reported
  - How are performance results reviewed internally and communicated to customers and how does DC Water use these metrics to demonstrate that rate increases correspond to improvements in service reliability, safety, or quality

DC Water Response:

- DC Water links its FY 2027–FY 2028 rate proposals to a series of customer-facing performance indicators that measure service reliability, water quality, environmental compliance, capital delivery, affordability, and customer service outcomes
- Metrics are monitored through monthly management reviews, Board committee reporting, and the CEO's Monthly Report. Performance results are communicated publicly through Board meetings, budget and rate presentations, annual budget documents, public hearings, and monthly CEO reports
- DC Water uses these measures to demonstrate that rate increases support customer benefits, including reliable water and wastewater service, regulatory compliance, infrastructure renewal, environmental stewardship, customer affordability programs, and long-term financial sustainability

OPC Comments (cont'd)

- **Comment 16:** Please show the change in interest rate and/or the cost of borrowing or debt servicing, if DC water generates additional capital from grants, the federal government, or pay-go?

DC Water Response:

- Additional grant funding, federal appropriations, or increased PAYGO financing would not directly change the market interest rates assumed by DC Water. Rather, these funding sources would reduce the amount of debt that must be issued to finance the Capital Improvement Program
- As a result, future debt service costs (principal and interest) would decline, reducing long-term financing costs and future rate pressure
- DC Water evaluates these impacts through its Financial Planning Model while maintaining compliance with Board financial policies, including targeted debt service coverage and liquidity requirements

OPC Comments (cont'd)

- **Comment 17:** Regarding peer-group comparison, please show the debt-service per ratepayer served for the peer groups compared. Please show the debt service for the case where DC Water increases "days cash on hand"

DC Water Response:

- DC Water appreciates the feedback. The data requested for peer-group comparison is not readily available and will be evaluated in the next Cost of Service study for Rates
- DC Water measures debt service as a percent of revenues and has established a target of no greater than 33% to ensure a balance of financial sustainability and affordability. DC Water compares favorably in this metric, when compared with may peer utilities
- DC Water increases its days of cash on hand on an annual basis based on the Board-approved Financial Policies which set a goal to achieve days of cash requirement of 350 days by 2032 by prioritizing the allocation of year-end surplus
- For FY 2025, Days of cash on hand was 283 days, excluding Rate Stabilization Fund and the Debt Service was $224.5 million
- The Days cash on hand in the current Ten-Year Financial Plan (FY2026-FY2035) ranges from 282 to 283 days

OPC Comments (cont'd)

- **Comment 18:** Over the past 2-3 years, OPC has recommended disaggregating residential rate classes into 3 or 4 groups based on usage profile. Please state the reasons for not considering this recommendation

DC Water Response:

- DC Water does not concur with this recommendation
- DC Water's rate structure is based on cost-of-service study with class-based water rates reflecting class peaking characteristics
- Currently, customers who consume more water pay more based on metered usage
- In order to disaggregate the single-family residential class as suggested, DC Water would have to demonstrate clear and repeatable usage characteristics that correlate to utility costs
- This data nexus, required by Cost-of Service (COS) standards, has not been identified

Summary of Other Comments

- **Comment 1:** Commenter opposed the proposed rate increases, citing their potential financial impact on seniors, particularly those living on fixed incomes.
  - **Response:** DC Water offers a variety of customer assistance programs to help customers with their water bill. Eligible customers may receive bill discounts, extended payment arrangements, and other assistance. Please contact our Customer Service at 202-354-3600 or visit dcwater.com/cares
- **Comment 2:** A longtime District homeowner and single parent expressed frustration with rising utility bills after losing her 34-year federal career and struggling to replace her income.
  - **Response:** DC Water offers bill discounts, assistance programs, and interest-free payment arrangements. Please contact our Customer Service at 202-354-3600 or visit dcwater.com/cares
- **Comment 3:** The customer questions why his water bill is extremely high when he is the only person living in the household.
  - **Response:** Customer assistance and manageable payment options may be available. Contact Customer Service at 202-354-3600 or visit dcwater.com/cares for personalized support
- **Comment 4:** A senior homeowner on a fixed income cited repeated rate increases, two approximately $350 bills caused by a running toilet and disputed high-usage alerts, and rising utility costs that are making homeownership increasingly unaffordable. She requested a 10-year moratorium on DC Water rate increases.
  - **Response:** Our review identified several high-usage alerts, and customer's account is enrolled in CAP and may qualify for a free leak assessment. Contact Customer Service at 202-354-3600 or visit dcwater.com/cares. Billing disputes must be submitted within 20 days of the bill date, with hearing requests filed within 15 days of the determination

Summary of Other Comments (cont'd)

- **Comment 5:** The customer requests that the proposed FY2027 and FY2028 increases be reduced by half because they would reduce pension income available for other essential expenses.
  - **Response:** DC Water's proposed rates balance affordability with essential investments in infrastructure, environmental compliance, and reliable service. Customer Assistance Programs, including bill discounts, financial assistance, and flexible payment arrangements, are available at 202-354-3600 or dcwater.com/cares
- **Comment 6:** The customer expressed concern that low- and middle-income households will struggle with additional increases, particularly as she transitions to a reduced income despite conserving water.
  - **Response:** DC Water's rate structure promotes a discount for water with our Lifeline rate. Our lowest rate is charged for the first 4 CCs, about 3,000 gallons. For more information, please see dcwater.com/lifeline-rate . Bill discounts, financial assistance, and flexible payment arrangements are available at 202-354-3600 or dcwater.com/cares.
- **Comment 7:** A District resident opposed the proposed FY2027 and FY2028 rate increases until concerns regarding the transparency, accountability, affordability, and independent review of DC Water's lead service line replacement budget are satisfactorily addressed.
  - **Response:** DC Water recognizes the concern regarding Lead Free DC's costs, transparency, and oversight. Replacement costs vary by jurisdiction due to differences in labor, permitting, restoration requirements, regulations, and program scope. DC Water is pursuing cost savings through direct material purchases, streamlined permitting, local workforce support, larger block-by-block projects, and coordinated paving. Current cost information is available on the Lead-Free DC website, and historical spending is available through DC Water's FOIA webpage.

Summary of Other Comments (cont'd)

#	Summary of Comments	DC Water Responses
8	**Rate Justification and Lead Replacement Costs** A District resident urged DC Water to reduce the proposed FY2027 and FY2028 residential rate increases, citing: **Water Quality:** No perceived improvement despite annual increases. **Affordability:** Increases exceed inflation. **Regional Costs:** Rates are higher than Montgomery County. **Lead Costs:** Replacement costs exceed nearby jurisdictions. **Justification:** Need is unclear given prior increases and other funding.	DC Water understand the concerns regarding water quality, affordability, regional comparisons, Lead Free DC costs, and the justification for the proposed rate increases. **Water Quality:** Rates support monitoring, treatment, maintenance, lead replacement, and aging infrastructure upgrades. **Rate Need:** Increases reflect higher operating costs, debt service, and capital investments—not inflation alone. **Regional Comparison:** DC Water's customer bill vary based on rate structures, funding sources, service responsibilities, and major obligations, including the mandated Clean Rivers Project and federally required lead service line replacement. Some jurisdictions also use property taxes or other revenues, so customer charges may not reflect the full cost of service. **Lead Costs:** DC Water's costs include permitting, traffic control, roadway work, and property restoration, which may not be included in other jurisdictions' estimates. DC Water continues pursuing efficiencies through coordinated construction and larger replacement projects. **Funding and Cost Control:** Federal and District funding reduces but does not fully cover costs; DC Water continues to pursue program efficiencies and cost savings. **Affordability:** DC Water recognizes affordability concerns but requires rate increases to ensure reliable service, infrastructure, financial obligations, and lead replacement.
9	**Clean Rivers Funding and Late Fees** The customer opposes another increase, arguing that revenues previously collected for the Anacostia River Tunnel should fund future projects and objects to DC Water's late fees.	DC Water recognizes concerns about another rate increase. The mandated Clean Rivers Project remains underway through 2030, and continued funding is needed to reduce sewer overflows, improve water quality, and maintain reliable service. Late-payment charges are authorized by District law and help encourage timely payment and manage delinquent balances. Customers facing hardship may call 202-354-3600 or visit dcwater.com/cares for assistance.

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Other Comments (cont'd)

#	Summary of Comments	DC Water Responses
10	An affordable housing provider supported necessary infrastructure investment but raised the following concerns: **Affordability:** Consider the cumulative impact of rising costs on seniors, working families, and low- and moderate-income households. **Customer Assistance:** Strengthen outreach and connect eligible residents with available assistance programs. **Infrastructure Investment:** Explain how additional rate revenue will strengthen the water system and measurably improve reliability and customer service. **Affordable Housing:** Consider the impact on housing providers, resident services, housing stability, and long-term affordability.	DC Water appreciate the testimony and recognizes the need to balance infrastructure investment with affordability. **Customer Assistance:** DC Water offers bill discounts, emergency assistance, flexible payment arrangements, and other support. Customers may call 202-354-3600 or visit dcwater.com/cares. **Affordable Housing:** DC Water recognizes that higher utility costs may affect housing stability and long-term affordability. DC Water provides Affordable Housing Units (AHU) credits against the System Availability Fee for eligible AHU in qualifying development and redevelopment projects. **Infrastructure Investment:** Proposed rates support safe and reliable water and sewer service. DC Water will continue reporting how rate revenues are used, project progress, and resulting service improvements. **Ongoing Commitment:** Affordability, housing stability, economic mobility, and the needs of long-time District residents will remain important considerations in rate-setting decisions.

Other Comments (cont'd)

#	Summary of Comments	DC Water Responses
11	A DC Water ratepayer opposed the proposed 6.6% FY2027 and 5.3% FY2028 increases and raised the following concerns: **Affordability:** Rising costs and flat fees disproportionately burden working-class and fixed-income households. **Infrastructure Funding:** Clean Rivers, Lead Free DC, and other capital projects should rely less on residential ratepayers. **Green Infrastructure:** Provide greater, permanent rate reductions for River Smart participants. **Rate Design:** Restructure flat fees and adopt a more progressive system based on usage, property type, or other equitable factors. **Senior and Homestead Relief:** Offer deeply discounted infrastructure fees and automatic eligibility for qualifying customers. **Commercial Cost Recovery:** Strengthen billing and enforcement for developers, heavy users, and polluters. **Alternative Financing:** Maximize grants, bonds, federal loans, private capital, and project-specific financing before raising residential rates. **Rate Reconsideration:** Reconsider or reject the increases in favor of structural relief, senior assistance, green incentives, and more equitable cost recovery.	DC Water recognizes the need to balance essential infrastructure investment with affordability and equitable cost recovery. **Affordability:** Proposed rates fund safe and reliable service, while impacts on seniors, fixed-income residents, and working families remain an important consideration. DC Water offers bill discounts, emergency assistance, flexible payment arrangements, and other support. Customers may call 202-354-3600 or visit dcwater.com/cares. **Infrastructure Funding:** Clean Rivers and Lead Free DC are funded through rates, debt, grants, and other sources; DC Water requires sufficient revenues to operate the system and repay financing. **Green Infrastructure:** River Smart is administered by DOEE. DC Water will continue coordinating with DOEE and has noted the request for enhanced or permanent incentives. **Rate Design:** DC Water's rate structure is based on cost-of-service study with class-based water rates reflecting class peaking characteristics. **Senior and Homestead Relief:** Customer assistance is available, but automatic eligibility would require legal review, data sharing, and coordination with District agencies. **Commercial Cost Recovery:** New polluter-pays charges or impact fees would require legal authority, cost analysis, and review for fairness and feasibility. **Alternative Financing:** DC Water uses grants, bonds, federal loans, and other financing tools, but borrowed funds must ultimately be repaid through stable revenues.

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Attachment C

DC Retail Water and Sewer Rates Committee

Action Items

1. Approval of FY 2027 & FY 2028 Rates, Charges and Fees (Action Item 1)

2. Approval of Revised Ten-Year Financial Plan FY 2026- FY2035 (Action Item 2)

ACTION ITEM 1

Recommend Approval of Final Proposed FY 2027 & FY 2028 Water and Sewer Rates, Charge & Fees, Retail Groundwater Sanitary Sewer Service Rate and High Flow Filter Backwash Sewer Rate (Effective October 1, 2026 and October 1, 2027)

Management requests the DC Retail Water and Sewer Rates Committee recommend to the Board of Directors the approval and adoption of the Notice of Final Rulemaking to amend the Right-of-Way and PILOT fees in 21 DCMR 112.8; Retail Metered Water Rates in 4100.3; Retail Sanitary Sewer Rate in 4101.1(a); Groundwater Sewer Rate in 4101.2; CRIAC in 4101.3; and High Flow Filter Backwash Sewer Rate in 4101.8 for FY 2027 and FY 2028, as summarized below:

1. FY 2027 & FY 2028 Rates, Charges & Fees

Water Service Rates

- Increasing the retail rates for **Metered Water Service** for FY 2027 and FY 2028 as follows:

Metered Water Services

	FY 2026		FY 2027		FY 2028		FY 2027 vs. FY 2026 Incr. / (Decr.)		FY 2028 vs. FY 2027 Incr. / (Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential - Lifeline (0-4 Ccf)	$5.78	$7.73	$6.49	$8.68	$7.11	$9.51	$0.71	$0.95	$0.62	$0.83
Residential - (>4 Ccf)	$7.60	$10.16	$8.40	$11.23	$9.40	$12.57	$0.80	$1.07	$1.00	$1.34
Multi-Family	$6.47	$8.65	$7.21	$9.64	$7.98	$10.67	$0.74	$0.99	$0.77	$1.03
Non-Residential	$7.84	$10.48	$8.66	$11.58	$9.71	$12.98	$0.82	$1.10	$1.05	$1.40

Sanitary Sewer Service Rates

- Increasing the retail rate for Sanitary Sewer Service per 1 Ccf of water use for FY 2027 and FY 2028 as follows:

Metered Sewer Services

	FY 2026		FY 2027		FY 2028		FY 2027 vs. FY 2026 Incr. / (Decr.)		FY 2028 vs. FY 2027 Incr. / (Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential Customers	$12.52	$16.74	$12.07	$16.14	$12.52	$16.74	-$0.45	-$0.60	$0.45	$0.60
Multi-Family	$12.52	$16.74	$12.07	$16.14	$12.52	$16.74	-$0.45	-$0.60	$0.45	$0.60
Non-Residential	$12.52	$16.74	$12.91	$17.26	$13.39	$17.90	$0.39	$0.52	$0.48	$0.64

- Increasing the **annual CRIAC** from $290.76 to $306.00 per Equivalent Residential Unit (ERU) in FY 2027 from $306.00 to $326.64 per ERU in FY 2028.

- Adjusting CRIAC charge per ERU billed monthly for FY 2027 and FY 2028 is as follows:

Clean River Impervious Area Charge (CRIAC)

	FY 2026	FY 2027	FY 2028	FY 2027 vs. FY 2026 Incr. / (Decr.)	FY 2028 vs. FY 2027 Incr. / (Decr.)
	ERU	ERU	ERU	ERU	ERU
Residential Customers	$24.23	$25.50	$27.22	$1.27	$1.72
Multi-Family	$24.23	$25.50	$27.22	$1.27	$1.72
Non-Residential	$24.23	$25.50	$27.22	$1.27	$1.72

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

- For FY 2027 and FY 2028, there is no increase of the **Right-of-Way Occupancy Fee, which remains at $0.20 per Ccf**.

ROW

	FY 2026		FY 2027		FY 2028		FY 2027 vs. FY 2026 Incr. / (Decr.)		FY 2028 vs. FY 2027 Incr. / (Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential Customers	$0.20	$0.27	$0.20	$0.27	$0.20	$0.27	$0.00	$0.00	$0.00	$0.00
Multi-Family	$0.20	$0.27	$0.20	$0.27	$0.20	$0.27	$0.00	$0.00	$0.00	$0.00
Non-Residential	$0.20	$0.27	$0.20	$0.27	$0.20	$0.27	$0.00	$0.00	$0.00	$0.00

- For FY 2027, there is no increase of the **Payment-in-Lieu of Taxes Fee, which remains at $0.62 per Ccf**.

- Increasing the **Payment-in-Lieu of Taxes Fee** for FY 2028 as follows:

PILOT

	FY 2026		FY 2027		FY 2028		FY 2027 vs. FY 2026 Incr. / (Decr.)		FY 2028 vs. FY 2027 Incr. / (Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential Customers	$0.62	$0.83	$0.62	$0.83	$0.63	$0.84	$0.00	$0.00	$0.01	$0.01
Multi-Family	$0.62	$0.83	$0.62	$0.83	$0.63	$0.84	$0.00	$0.00	$0.01	$0.01
Non-Residential	$0.62	$0.83	$0.62	$0.83	$0.63	$0.84	$0.00	$0.00	$0.01	$0.01

2. Retail Groundwater Sanitary Sewer Service Rate

- Propose increasing the retail **Groundwater Sanitary Sewer Service** rate for the discharge of groundwater from an unimproved real property, property under construction, or under groundwater remediation for FY 2027 and FY 2028 as follows:

Groundwater

FY 2026		FY 2027		FY 2028		FY 2027 vs. FY 2026 Incr. / (Decr.)		FY 2028 vs. FY 2027 Incr. / (Decr.)	
Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
$3.76	$5.03	$3.90	$5.21	$3.90	$5.21	$0.14	$0.18	$0.00	$0.00

3. High Flow Filter Backwash Sewer Rate

- For FY 2027 and FY 2028, there is no increase of the **High Flow Filter Backwash Sewer Rate**, **which remains at $3.54 per Ccf.**

High Flow Filter Backwash Wastewater Retail Sewer Rate

FY 2026		FY 2027		FY 2028		FY 2027 vs. FY 2026 Incr. / (Decr.)		FY 2028 vs. FY 2027 Incr. / (Decr.)	
Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
3.54	4.73	3.54	4.73	3.54	4.73	$0.00	$0.00	$0.00	$0.00

4. District of Columbia Public Inconvenience Fee

- DC Water will not establish the proposed PIF. The anticipated PIF costs for FY 2027 and FY 2028 will be absorbed using FY 2026 Net Cash Surplus to keep Average Residential Rate increase below 6.0%.

ACTION ITEM 2

Recommend Board Approval of Proposed Revised Ten Year Financial Plan FY 2026 – FY 2035

1. Attached is a summary of the revised 10-year Financial Plan, which is based on the following key assumptions for FY 2027 and FY 2028:

FY 2027

- Operating receipts totaling $1,061.04 million ($8.33 million less), an increase of $52.85 million (versus $61.18 million) over FY 2026 funded through;
    - Retail Revenue – increase of $37.44 million
    - Wholesale Revenue – increase of $9.87 million
    - Other Revenue – decrease of $5.54 million ($8.33 million less)
- Operating disbursements of $812.01 million ($0.73 million less) in FY 2027; and
- A ten-year capital improvement plan (FY 2026 – FY 2035) of $8.94 billion ($50 million less) on a cash disbursement basis.

FY 2028

- Operating receipts totaling $1,113.03 million ($8.34 million less), an increase of $51.99 million over FY 2027 funded through;
    - Retail Revenue – increase of $43.92 million
    - Wholesale Revenue – increase of $5.96 million
    - Other Revenue – increase of $2.11 million
- Operating disbursements of $880.33 million ($2.06 million less) in FY 2028; and
- A ten-year capital improvement plan (FY 2026 – FY 2035) of $8.94 billion ($50 million less) on a cash disbursement basis.

The FY 2026 – FY 2035 Financial Plan is projected to meet the Board's Statement of Financial Policies' requirement of combined debt service coverage of 160 percent and an operating reserve of 282 days of budgeted operations and maintenance costs.

District of Columbia Water & Sewer Authority
Revised FY 2026 – FY 2035 Financial Plan
(In 000's)

OPERATING	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
Retail	828,827	853,845	898,154	942,103	989,001	1,038,284	1,070,208	1,124,449	1,177,798	1,226,162
Wholesale	123,769	134,090	140,055	145,657	151,484	157,543	163,845	170,399	177,215	184,303
Other	64,256	68,703	70,423	71,609	75,172	71,210	73,574	76,686	82,249	73,328
Rate Stabilization Fund (RSF) [(2)]	-	4,400	4,400	-	-	-	-	-	-	-
Operating Receipts [(1)]	$ 1,016,853	$ 1,061,038	$ 1,113,032	$ 1,159,370	$ 1,215,656	$ 1,267,036	$ 1,307,627	$ 1,371,533	$ 1,437,261	$ 1,483,792
Operating Expenses	461,774	478,001	500,730	520,158	540,356	561,353	583,182	605,876	629,469	653,997
Debt Service	238,818	257,160	298,765	329,994	356,188	381,031	407,939	429,007	456,065	474,529
Cash Financed Capital Improvement	$ 97,938	$ 76,846	$ 80,834	$ 84,789	$ 89,010	$ 93,446	$ 96,319	$ 101,200	$ 106,002	$ 110,355
Net Revenues After Debt Service	$ 218,322	$ 249,030	$ 232,703	$ 224,428	$ 230,102	$ 231,207	$ 220,187	$ 235,449	$ 245,725	$ 244,912
Operating Reserve-Beg Balance	333,716	350,719	354,600	372,600	386,600	401,600	418,600	434,600	450,900	468,900
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(8,679)	(497)	(10,000)	-	-	-	-	-	-	-
Project Billing Refunds	(2,900)	(2,000)	-	-	-	-	-	-	-	-
Transfer to DC Insurance Reserve/Payment Incentive Pla	(1,000)	(1,000)	-	-	-	-	-	-	-	-
Transfers to RSF [(2)]	(11,100)	-	-	-	-	-	-	-	-	-
Pay-Go Financing	(177,640)	(241,652)	(204,703)	(210,428)	(215,102)	(214,207)	(204,187)	(219,149)	(227,725)	(225,912)
Operating Reserve - Ending Balance	$ 350,719	$ 354,600	$ 372,600	$ 386,600	$ 401,600	$ 418,600	$ 434,600	$ 450,900	$ 468,900	$ 487,900
Rate Stabilization Fund Balance RSF	$ 51,744	$ 47,344	$ 42,944	$ 42,944	$ 42,944	$ 42,944	$ 42,944	$ 42,944	$ 42,944	$ 42,944
Senior Debt Service Coverage	968%	1023%	1004%	1021%	838%	878%	797%	773%	848%	850%
Combined Debt Service Coverage	233%	235%	210%	201%	197%	192%	184%	185%	183%	181%
Actual/Projected Water/Sewer Rate Increases	6.00%	6.00%	6.00%	6.00%	6.00%	7.00%	7.50%	7.50%	7.00%	6.50%
Operating Receipts $ Increase/Decrease										
Retail	25,884	25,017	44,309	43,949	46,898	49,283	31,925	54,240	53,349	48,364
Wholesale	9,428	10,321	5,965	5,602	5,826	6,059	6,302	6,554	6,816	7,089
Operating Receipts % Increase/Decrease										
Retail	3.2%	3.0%	5.2%	4.9%	5.0%	5.0%	3.1%	5.1%	4.7%	4.1%
Wholesale	8.2%	8.3%	4.4%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

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

[(2)] *FY 2026 - FY 2035 planned transfer of $11.1 million to RSF and $4.4 million each in FY27 and FY28 to offset the Public Inconvenience Fee (PIF) costs, which will keep the total fund balance at 51.744 million in FY27 and 47.344 million in FY28*

District of Columbia Water & Sewer Authority

Average Residential Customer Monthly Bill

FY 2026- FY 2035

	Units	Current FY 2026	Proposed FY 2027	Proposed FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
DC Water Water and Sewer Retail Rates (1)	Ccf	101.77	107.86	114.36	121.21	128.47	137.45	147.78	158.88	169.98	181.02
DC Water Clean Rivers IAC (2)	ERU	24.23	25.50	27.22	29.25	31.54	32.51	28.74	28.75	28.76	28.11
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75
DC Water Water System Replacement Fee (4)	5/8"	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		**$ 140.05**	**$ 147.41**	**$ 155.63**	**$ 164.51**	**$ 174.06**	**$ 184.01**	**$ 190.57**	**$ 201.68**	**$ 212.79**	**$ 223.18**
Increase / Decrease		$ 8.84	$ 7.36	$ 8.22	$ 8.88	$ 9.55	$ 9.95	$ 6.56	$ 11.11	$ 11.11	$ 10.39
Percent Increase in DC Water Portion of Bill		**6.7%**	**5.3%**	**5.6%**	**5.7%**	**5.8%**	**5.7%**	**3.6%**	**5.8%**	**5.5%**	**4.9%**
District of Columbia PILOT Fee (1)	Ccf	$ 3.36	$ 3.36	$ 3.41	$ 3.47	$ 3.52	$ 3.58	$ 3.63	$ 3.69	$ 3.74	$ 3.79
District of Columbia Right-of-Way Fee (1)	Ccf	1.08	1.08	1.08	1.14	1.14	1.14	1.14	1.14	1.19	1.19
District of Columbia Right of Way / PILOT Fee		4.44	4.44	4.49	4.61	4.66	4.72	4.77	4.83	4.93	4.98
District of Columbia Public Inconvenience Fee (5)	Ccf	-	-	-	-	-	-	-	-	-	-
District of Columbia Stormwater Fee (3)	ERU	2.67	4.03	4.03	4.03	4.03	4.03	4.03	4.03	4.03	4.03
Subtotal District of Columbia Charges		**$ 7.11**	**$ 8.47**	**$ 8.52**	**$ 8.64**	**$ 8.69**	**$ 8.75**	**$ 8.80**	**$ 8.86**	**$ 8.96**	**$ 9.01**
Total Amount Appearing on DC Water Bill		**$ 147.16**	**$ 155.88**	**$ 164.15**	**$ 173.15**	**$ 182.75**	**$ 192.76**	**$ 199.37**	**$ 210.54**	**$ 221.75**	**$ 232.19**
Increase / Decrease Over Prior Year		**$ 8.94**	**$ 8.72**	**$ 8.27**	**$ 9.00**	**$ 9.60**	**$ 10.01**	**$ 6.61**	**$ 11.17**	**$ 11.21**	**$ 10.44**
Percent increase in Total Bill		**6.5%**	**5.9%**	**5.3%**	**5.5%**	**5.5%**	**5.5%**	**3.4%**	**5.6%**	**5.3%**	**4.7%**

(1) Assumes average monthly consumption of 5.42
(2) Assumes average 1 Equivalent Residential Unit (ERU)
(3) District Department of the Environment stormwater fee of $2.67 effective November 1, 2010
(4) DC Water "Water System Replacement Fee" of $6.30 for 5/8" meter size effective October 1, 2015
(5) Anticipated PIF costs will be absorbed using current year's Cash Surplus to keep Rate increase below 6.0%

District of Columbia Water & Sewer Authority
Retail Rates, Charges and Fees
FY 2026 - FY 2028

	Units	Current FY 2026	Proposed FY 2027	Proposed FY 2028
DC Water Retail Rates – Water:				
Residential – Lifeline (0- 4 Ccf)	Ccf	$5.78	$6.49	$7.11
Residential – (> 4 Ccf)	Ccf	7.60	8.4	9.40
Multi-family	Ccf	6.47	7.21	7.98
Non-Residential	Ccf	7.84	8.66	9.71
DC Water Retail Rates – Sewer	Ccf	12.52	12.91	13.39
Groundwater	Ccf	3.76	3.90	3.90
High-Flow Filter Backwash	Ccf	3.54	3.54	3.54
DC Water Clean Rivers IAC	ERU	24.23	25.5	27.22
DC Water Customer Metering Fee	5/8"	7.75	7.75	7.75
DC Water System Replacement Fee	5/8"	6.30	6.30	6.30
District of Columbia PILOT Fee	Ccf	0.62	0.62	0.63
District of Columbia Right of Way Fee	Ccf	0.20	0.20	0.20
District of Columbia Public Inconvenience Fee [(1)]	Ccf	0.00	0.00	0.00
District of Columbia Stormwater Fee	ERU	2.67	4.03	4.03

[(1)] DC Water will not establish the proposed PIF. The anticipated PIF costs will be absorbed using current year's Cash Surplus to keep Average Residential Rate increase below 6.0%

Attachment D

FY 2026 RRC Committee Workplan

Objective/*Activities*/Task	Date of Activity	Completed	Responsible Department

1. Establish Retail Rates, Fees & Charges for FY 2027 & FY 2028	Date of Activity	Completed	Responsible Department
a. Present FY 27 & FY 28 Budget & Rates to Board	January 15, 2026	√	Rates & Revenue
b. Present FY 27 & FY 28 Proposed Rates, Fees & Charges to RRC	January 27, 2026	√	
c. Present Independent Review of Rates-by Consultants	February 23, 2026	√	
d. RRC recommendation on Proposed FY 27 & FY 28 Rates, Fees & Charges	February 23, 2026	√	Rates & Revenue
e. Board approves Notice of Proposed Rulemaking (NOPR) for Proposed FY 27 & FY 28 Rates, Fees & Charges	March 5, 2026	√	Board of Directors
f. Submit Independent Review of Proposed Rates and 2025 Cost of Service Study to Mayor and Council and post both on DC Water's website	March 17, 2026	√	Rates & Revenue
g. Publish NOPR in D.C. Register for Proposed FY 27 & FY 28 Rates, Fees & Charges & Notice of Public Hearing	March 20, 2026	√	DGLA
h. Outreach and Public Comment Period	March 20 – June 29, 2026	√	Government Affairs & Marketing & Comm. Rates & Revenue
i. Presentation to Change Public Hearing Date and Extend Public Comment Period	April 28, 2026		OMAC and Rates & Revenue
j. RRC recommends changed date for Public Hearing and/or Extension of Public Comment Period	April 28, 2026	√	Rates & Revenue
k. Board approves change to date for Public Hearing and/or Extension of Public Comment Period	May 7, 2026	√	Board of Directors
l. Publish Notice of Extension of Public Comment Period and/or Notice of Public Hearing	May 22, 2026	√	DGLA
m. Presentation on Rates Affordability by Consultants	May 26, 2026	√	Rates & Revenue
n. Townhall Meeting	May 28, 2026	√	OMAC
o. Public Hearing	June 23, 2026	√	District Board Members
p. Public Hearing Record & Public Comment Period Closes	June 29, 2026	√	Board Secretary
q. Submit Response to Public Comments report to Board and post on DC Water website and respond to OPC Comments, if applicable	July 14, 2026	√	Rates & Revenue and DGLA
r. Present final FY 27 & FY 28 Rates, Fees & Charges to RRC for recommendation to Board	July 28, 2026	√	Rates & Revenue
s. Board approves Notice of Final Rulemaking (NOFR) for FY 27 & FY 28 Rates, Charges & Fees	September 3, 2026		Board of Directors
t. Publish NOFR in D.C. Register for Amended Rates, Fees & Charges	September 18, 2026		DGLA

Attachment D

1. Establish Retail Rates, Fees & Charges for FY 2027 & FY 2028	Date of Activity	Completed	Responsible Department
u. Amended Rates, Fees & Charges Go-Live	October 1, 2026 (FY '27) October 1, 2027 (FY '28)		Customer Care

2. 2025 Cost of Service Study (COS) for Water, Sewer and CRIAC			
a. Present 2025 Cost of Service Study for Water, Sewer and CRIAC to RRC	January 27, 2026	√	Rates & Revenue
b. Post Final COS on DC Water's website	March 17, 2026	√	Rates & Revenue

3. 2026 Cost of Service Study to Amend System Availability Fee (SAF)			
a. Present COS Update and Propose Amendments to SAF for RRC Recommendation	March 18, 2026	√	Rates & Revenue/ Permit Operations
b. Board Approval of Notice of Proposed Rulemaking (NOPR) for SAF	April 7, 2026	√	Board of Directors
c. Publish NOPR in DC Register	April 24, 2026	√	DGLA
d. Public Comment period	April 24 – May 25, 2026	√	Marketing & Comm.
e. RRC Final Recommendation to Approve Amendments for SAF	June 23, 2026	√	Rates & Revenue/ Permit Operations
f. Board Approval of Notice of Final Rulemaking (NOFR)	July 2, 2026	√	Board of Directors
g. Publish NOFR in DC Register	July 24, 2026	√	DGLA
h. SAF Go-Live	October 1, 2026		Rates & Revenue/ Permit Operations

4. 2025 Cost of Service Study to Establish Miscellaneous Fees and Charges			
a. Present COS Update and Proposed Amendments to Miscellaneous Fees & Charges for RRC Recommendation	April 22, 2025	√	Rates & Revenue
b. Board Approval of Notice of Proposed Rulemaking (NOPR) for Miscellaneous Fees & Charges	May 1, 2025	√	Board of Directors
c. Publish NOPR in DC Register	May 16, 2025	√	DGLA
d. Public Comment period	May 16 – June 16, 2025	√	Marketing & Comm.
e. RRC Final Recommendation to Approve Amendments for Miscellaneous Fees & Charges	June 24, 2025	√	Rates & Revenue/ Customer Care
f. Board Approval of Notice of Final Rulemaking (NOFR)	July 3, 2025	√	Board of Directors
g. Publish NOFR in DC Register	July 25, 2025	√	DGLA
h. Miscellaneous Fees & Charges including Engineering and Permitting Fees Go-Live	October 1, 2025	√	Rates & Revenue/ Customer Care

5. Delinquent Accounts			
a. Soldiers Home Negotiations	Monthly, as needed		DGLA

Attachment E

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

Tuesday, September 22, 2026; 9:30 AM
AGENDA

Call to Order	Committee Chairman
Monthly Updates	Chief Financial Officer
Committee Workplan	Chief Financial Officer
Agenda for October 27, 2026 Committee Meeting	Committee Chairman
Other Business	Chief Financial Officer
Adjournment	

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