



District of Columbia Water and Sewer Authority

PUBLIC HEARING ON

Proposed Retail Rates, Charges & Fees, Groundwater Sewer Rates, and High Flow Filter Backwash Sewer Rate for Fiscal Year 2027 & Fiscal Year 2028

June 23, 2026, 6:30 PM

AGENDA

Microsoft Teams Meeting

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Meeting ID: 281 938 152 863 630

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Phone conference ID: 234 094 553#

This meeting can also be viewed through a livestream: <https://dcwater.com/watch-board-meetings>

1. Call to Order Dr. Unique N. Morris-Hughes, Chairman
2. Roll Call.....Debra Mathis, Acting Board Secretary
3. Opening Statement Dr. Unique N. Morris-Hughes, Chairman
4. Opening Statement David L. Gadis, CEO and General Manager
5. DC Water Management Presentation.....Lola Oyeyemi, Acting CFO/EVP Finance & Procurement
 - [Proposed FY 2027 & FY 2028 Retail Water and Sewer Service Rates, PILOT Fees, ROW Fees, CRIAC, Groundwater Sewer Service Rates, and High Flow Filter Backwash Sewer Rates](#)
6. Presentation by Independent Consultant..... Amawalk Consulting Group, LLC
 - [Independent Review of Proposed FY 2027 & FY 2028 Retail Water and Sewer Service Rates, PILOT Fees, ROW Fees, CRIAC, Groundwater Sewer Service Rates, and High Flow Filter Backwash Sewer Rates](#)
7. Public Witnesses
 - Pre-registered Speakers
 - Other comments (time permitting)
8. Closing Statement.....Dr. Unique N. Morris-Hughes, Chairman
9. AdjournmentDr. Unique N. Morris-Hughes, Chairman

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.



Proposed FY 2027 and FY 2028 Rates, Charges and Fees

Public Hearing, June 23, 2026

District of Columbia Water and Sewer Authority





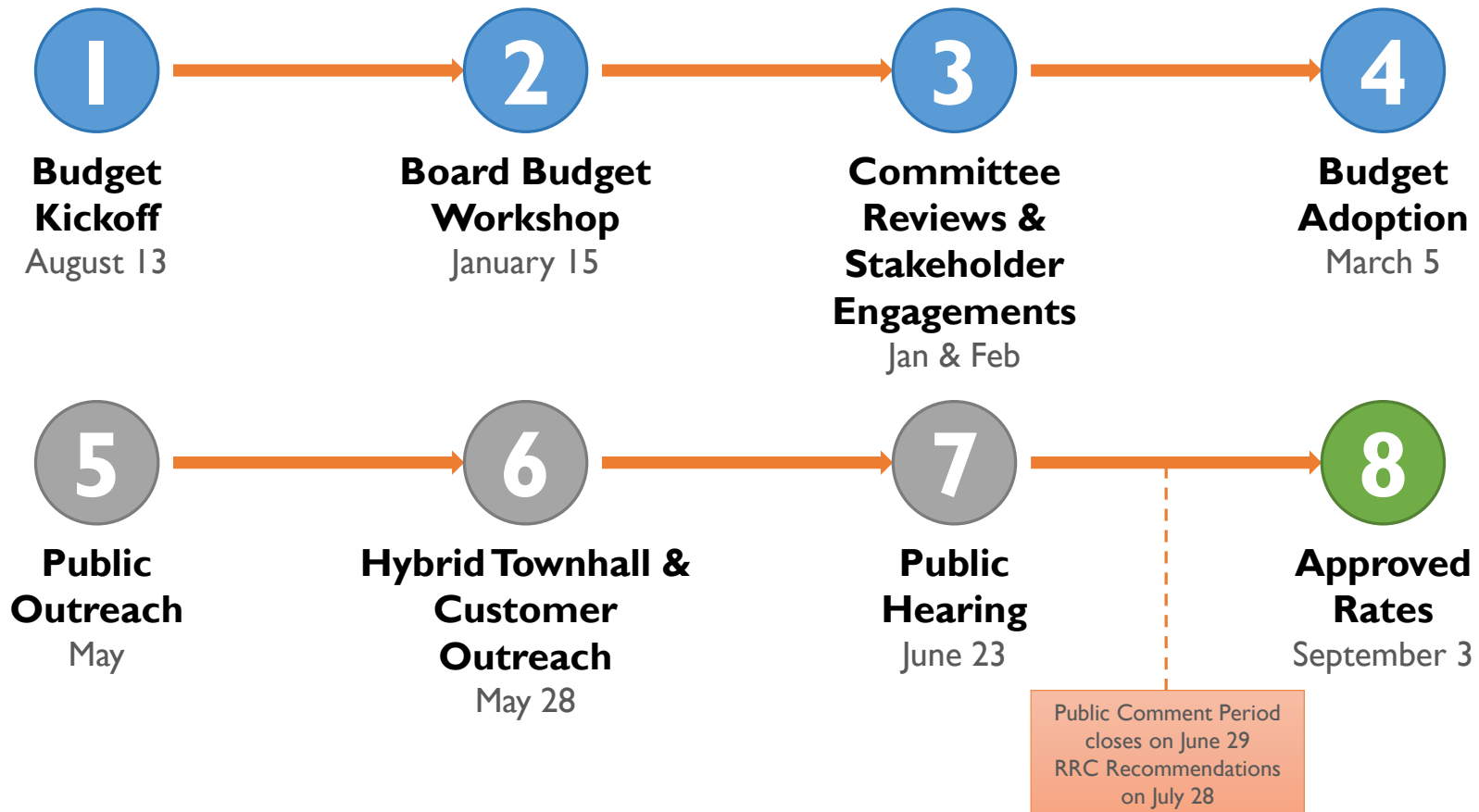
Purpose

- Present proposed rate adjustments
- Discuss DC Water's investment in:
 - People,
 - Infrastructure,
 - The environment, and
 - Clean water





DC Water's Budget and Ratemaking Process





💧 The proposed rate adjustments support and are consistent with DC Water's:

- Values
- Strategic Plan
- Mission to deliver safe and affordable service





DC Water Budget Overview

FY2026-2035
Approved
Capital
Investments
of **\$9.7 billion**

REGULATORY



\$1.04 billion

Continue eliminating lead service lines and meet regulatory requirements.



\$1.15 billion

Fully funds DC Water Clean Rivers projects to meet Consent Decree requirements



Sewer Infrastructure
\$2.86 billion

Rehab of high risk trunk sewers, pump stations and structures that control flow.



Blue Plains \$1.59 billion

Funds rehabilitation and upgrades including filters, primary treatment, and discovery center for Pure Water DC.



Water Infrastructure
\$1.74 billion

Rehab critical valves, large diameter transmission main assessments and resilience.



Washington Aqueduct
\$514 million

Invests in the Aqueduct's capital infrastructure for potable water treatment.

Inclusive of the \$785 million for Capital Equipment, Non-Process Facilities and Separate Stormwater totals the proposed 9.7 billion for Capital Investments.



DC Water Budget Overview

FY 2027
Approved
Operating
Budget of
\$844.1 million

NON-OPERATIONAL



\$346.0 million
Other non-operational needs for debt service and Paygo for the capital program.



\$24.0 million
PILOT & ROW payments to the District.

CORE OPERATIONAL

\$88.4 million



Funds critical infrastructure and facilities maintenance and repairs, software technology, legal, compliance, insurance, audit services, biosolids hauling services, government affairs, and workforce development.



\$5.0 million
Enhances customer engagement, stakeholder communication, and the Mark & Locate program to identify underground utility repairs and developments. Implements the leak assessment program to help customers fix property-side leaks affecting water bills.



\$227.0 million
Funds wages, retirement, health benefits for 1283 FTEs, supports overtime for emergency repairs and special projects, and career pathways, and training programs for apprentices and summer interns.



\$1.5 million
Funds the maintenance of the Green Infrastructure (GI) facilities to manage stormwater.

\$152.2 million



Funds fixed and nondiscretionary costs for chemicals & supplies, water purchase, and utilities.



Financial Metrics

DC Water’s Financial Metrics come from the Indenture, Board Policy and Management

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

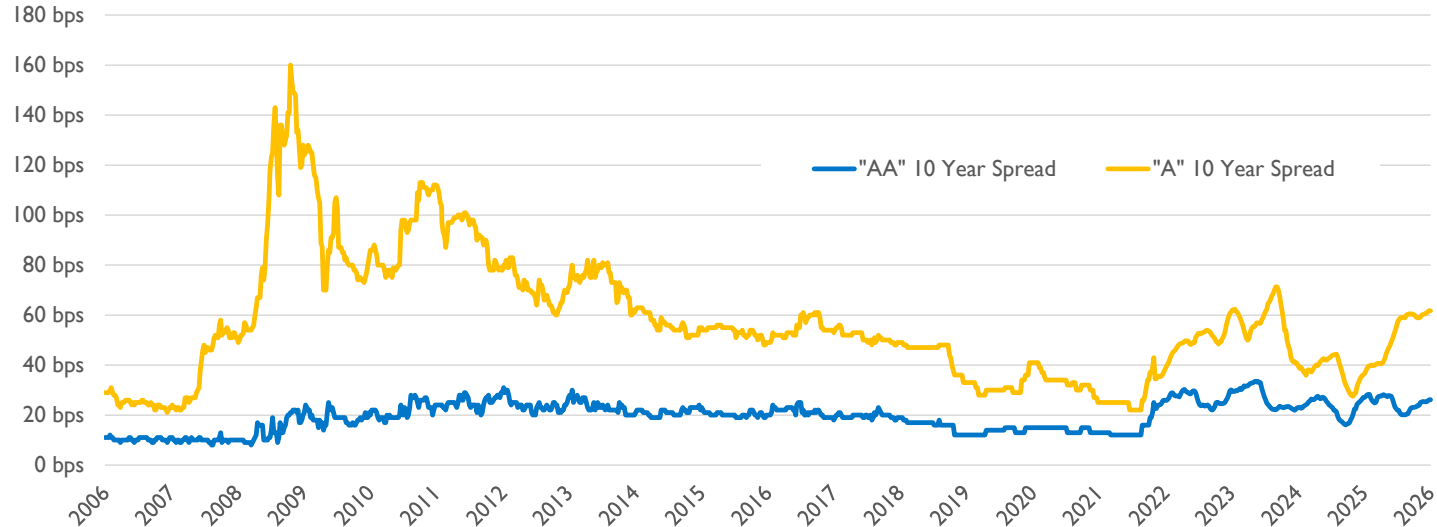
* Board of Directors added to the cash balance at the end of FY2023 to reach 267 Days of Cash and increase it to 350 days by FY2032. On July 3, 2025, the Board approved to transfer from the net Projected Cash Surplus \$17.5 million to Ending Cash Balance to increase Days of Cash on Hand from 267 to 282 days.



Interest Rates

- As interest rates rise, the borrowing cost differential between highly rated and lower rated borrowers has widened
- Maintaining our high bond rating will be even more important to providing safe and affordable service going forward in an uncertain interest environment
- Tax-exempt credit spreads increase during financial distress

30 Year History of "AA" and "A" Credit Spreads to "AAA" Benchmark in Tax-Exempt Market
3-Month Rolling Average Rates





Making The Case for Rate Adjustments

💧 The proposed increase in rates, fees and charges for FY 2027 and FY 2028 is needed to support



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

- Team Blue salaries, wages, and health benefits
- 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 under consideration by the District Council
- New public inconvenience fee for construction work projects in public spaces



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

Overview of Rate and Fees Proposals



STAYING THE SAME

No changes to these fees

- Water System Replacement Fee (WSRF)
- Customer Metering Fee
- High Flow Filter Backwash

Stable and predictable



CHANGING (AND WHY)

- Clean Rivers IAC
 - Supports Clean Rivers Project
 - Reduces pollution in local waterways
- Water and Sewer Rates
 - Rising operating and maintenance costs
 - Continued infrastructure investment
 - Regulatory requirements
- DC Stormwater Fee*

 **Supports reliable service and environmental protection**



NEW FEES

- Public Inconvenience Fee (PIF)
 - District's passthrough charges for construction work projects in public spaces

*There is a proposed increase of \$1.36 under consideration by the District Council that will increase the monthly stormwater fee from \$2.67 to \$4.03



Multi-Year Rate Proposal for FY 2027 and FY 2028

💧 RATES AND FEES STAYING THE SAME:

- Right-of-Way Fee at \$0.20 per Ccf
- Customer Metering Fee at \$7.75 for 5/8” meters
- Water System Replacement Fee (VSRF) at \$6.30 for 5/8” meters
- High-Flow Filter Backwash rate at \$3.54 per Ccf

💧 PROPOSED RATE CHANGES:

- 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
- PILOT Fee at \$0.62 per Ccf for FY 2027 and \$0.63 per Ccf for FY 2028
- Groundwater rate increased to \$3.90 per Ccf for FY 2027 and FY 2028
- District’s Stormwater Fee* increase from \$2.67 to \$4.03 per ERU

💧 PROPOSED NEW FEE*

- Public Inconvenience Fee of \$0.42 per Ccf will be effective FY 2027 to recover the charges associated with occupancy permits when construction projects in public spaces extend beyond 30 days

💧 Cost of Service Study aligned with rate proposal

💧 Combined rate increases lower than last year’s forecast*

Change in Average Household Charge*	Fiscal Year	
	2027	2028
Recommendation	6.6%	5.3%
Previous Forecast	6.7%	5.7%

*The Stormwater and Public Inconvenience Fees are under the review by the District Council. If passed, the increase in stormwater fee and any changes in the timeline for construction work in public spaces will have an impact on the average household charge.





Proposed FY 2027 & FY 2028 Rates, Charges & Fees

	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								
Groundwater	Ccf	12.52	12.91	13.39	0.39	3.12	0.48	3.72
High-Flow Filter Backwash	Ccf	3.76	3.90	3.90	0.14	3.72	-	-
		3.54	3.54	3.54	-	-	-	-
DC Water Clean Rivers IAC	ERU	24.23	25.50	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 Public Inconvenience Fee *	Ccf	-	0.42	0.42	0.42	-	-	-
District of Columbia Stormwater Fee **	ERU	2.67	2.67	2.67	-	-	-	-



Note: Water and Sewer rate impact in FY 2027 is 6.0% and 6.0% in FY 2028 and that has Residential bill impact of 6.6% in FY 2027 and 5.3% in FY 2028. The shift in the balance between water and sewer rates has been determined by the recent cost of service study.

* Public Inconvenience Fee of \$0.42, effective FY 2027, is under review by the District Council.

** There is a proposed increase of \$1.36 under consideration by the District Council that will increase the monthly stormwater fee from \$2.67 to \$4.03 per ERU.

Proposed Rates for FY27 and FY28

Average Residential Customer Monthly Bill
(based on 5.42 Ccf consumption or 4,054 gallons)

	Units	Current (FY 2026)	Proposed (FY 2027)	Proposed (FY 2028)	
 DC Water Rates, Fees and Charges	Water / Sewer Retail Rates ⁽¹⁾	Ccf	\$101.77	\$107.86	\$114.36
	Clean Rivers IAC ⁽²⁾	ERU	\$24.23	\$25.50	\$27.22
	Customer Metering Fee	5/8"	\$7.75	\$7.75	\$7.75
	Water System Replacement Fee ⁽⁴⁾	5/8"	\$6.30	\$6.30	\$6.30
	DC Water Subtotal		\$140.05	\$147.41	\$155.63
	Increase / Decrease		\$8.84	\$7.36	\$8.22
 District of Columbia Charges	PILOT	Ccf	\$3.36	\$3.36	\$3.41
	Right-of-Way Fee ⁽¹⁾	Ccf	\$1.08	\$1.08	\$1.08
	Public Inconvenience Fee	Ccf	\$0.00	\$2.28	\$2.28
	Stormwater Fee* ⁽¹⁾	ERU	\$2.67	\$2.67	\$2.67
	District Subtotal ⁽³⁾		\$7.11	\$9.39	\$9.44
	Total Bill		\$147.16	\$156.80	\$165.07
Increase / Decrease		\$8.94	\$9.64	\$8.27	
Total Bill Percent Increase		6.5%	6.6%	5.3%	

*There is a proposed increase of \$1.36 under consideration by the District Council that will increase the monthly stormwater fee from \$2.67 to \$4.03

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

(2) Assumes average 1 Equivalent Residential Unit (ERU)

(3) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010

(4) DC Water "Water System Replacement Fee" of \$6.30 for 5/8" meter size effective October 1, 2015



Average Residential Customer Monthly Bill Impact



The proposed rates will increase the average residential customer's monthly bill **by 6.6% in FY 2027 and 5.3% in FY 2028**



Without the new **Public Inconvenience Fee** by the District, the overall bill impact will be **5.0% in FY 2027 and 5.4% in FY 2028**



Proposed **Stormwater Fee increase** from \$2.67 to \$4.03 per ERU by the District Council



With the **proposed Stormwater Fee increase**, overall customer bill impact will be **7.5% in FY 2027 and 5.2% in FY 2028**

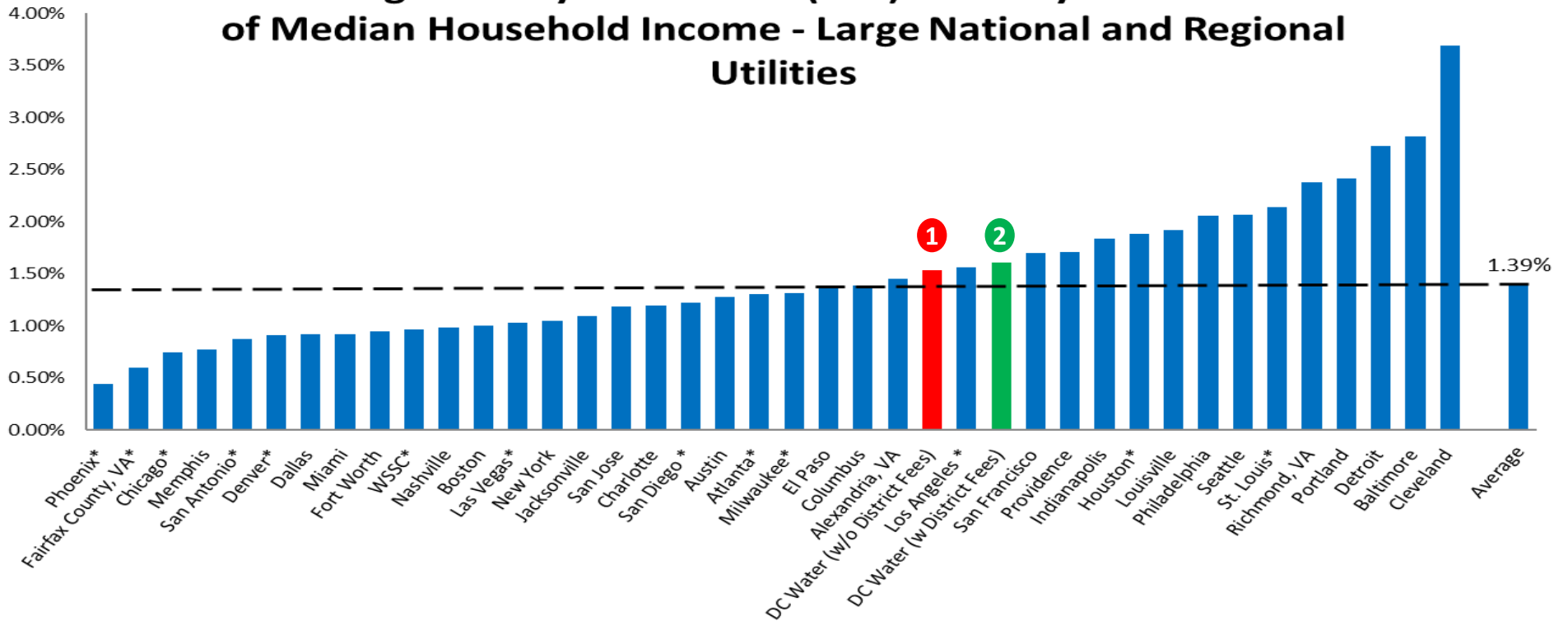
	FY 2027	FY 2028	
DC Water Rates, Fees and Charges	Water / Sewer Retail Rates and Clean Rivers IAC	\$7.36	\$8.22
District of Columbia Charges	PILOT, ROW, Public Inconvenience and Stormwater Fee	\$2.28	\$0.05
Total Bill Increase		\$9.64	\$8.27

Overall bill increase is subject to change based on proposed changes to the stormwater fee and public inconvenience fee under review by the District Council



Comparative User Charges: Large National & Regional Utilities

Single Family Residential (SFR) Monthly Bill as % of Median Household Income - Large National and 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.



CUSTOMER ASSISTANCE PROGRAMS

Bill Discount

- DC Water offers programs with incomes up to 100% Median Family Income (MFI)
- **CAP programs** offer even more robust assistance to households up to 20% MFI

Flexible Terms

- DC Water offers **Payment Plan Incentive Program** (through 9/30/2026) – Residential customers who meet the terms of their payment plans receive a credit to their arrears

Lifeline Rate

- **Lifeline Rate** provides a discount for the first four CCFs of water
- Customer can save money each month if they can conserve water

Temporary Assistance

- **SPLASH** program, paid for with customer, employee, and Board member contributions, provides one-time \$350 in Emergency assistance

Water Efficiency

- \$250,000 **Leak Assessment** program will provide water audits to help customers identify the source of leaks and high bills



CUSTOMER ASSISTANCE PROGRAMS



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

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
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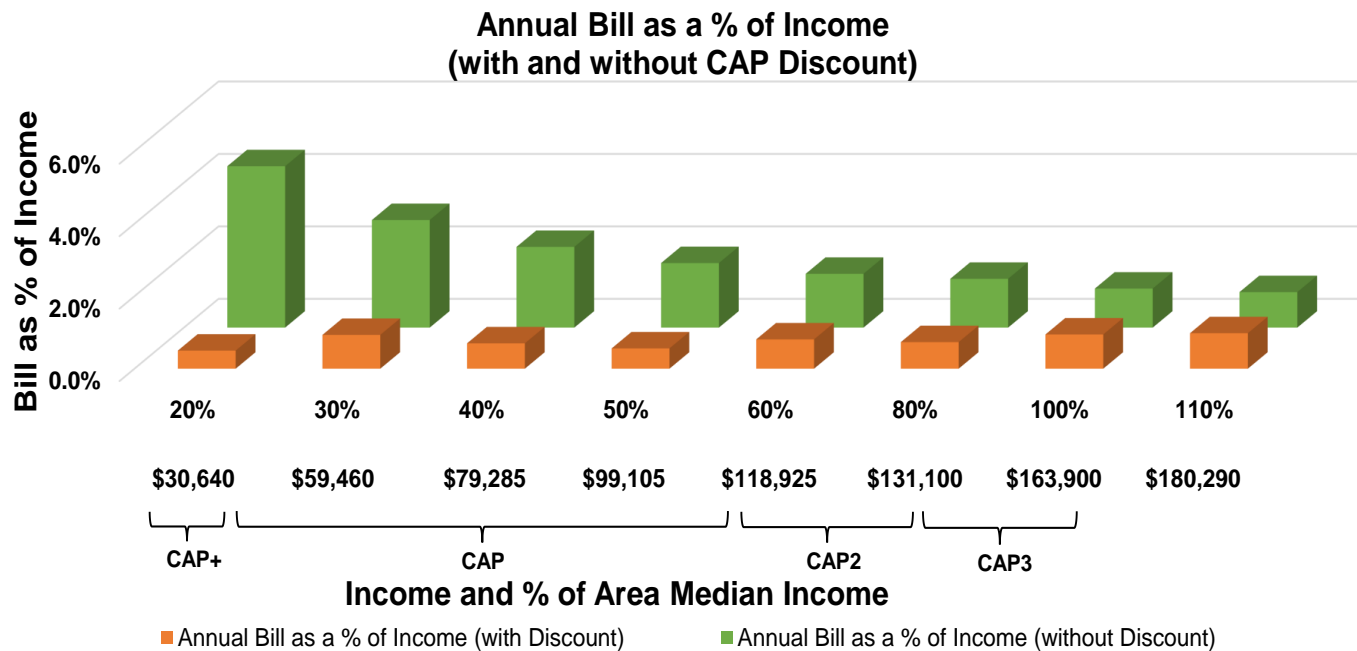
Water & Sewer	Discount of first 6 Ccf usage	Discount of first 4 Ccf usage	Discount of first 3 Ccf usage	-	-
CRIAC	75% discount	75% discount	50% discount	75% discount	90% discount
Water System Replacement Fee	100% discount	100% discount	-	-	-
FY 2027 ***					
- Discount	(\$137.73)	(\$106.31)	(\$70.95)	(\$19.13)	-
- Average Monthly Bill	\$19.07	\$50.49	\$85.85	\$137.67	
FY 2028 ***					
- Discount	(\$145.58)	(\$112.04)	(\$75.11)	(\$20.42)	-
- Average Monthly Bill	\$19.49	\$53.03	\$89.96	\$144.65	

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



Equitable

- 💧 CAP provides discounts to households up to 100% Area Median Income
- 💧 The Tiered Assistance provided lowers the portion of household income spent on water





Board Policy in Setting Rates Resolution #11-10

- DC Water strives to achieve the following, per Board policy:
 - Cover current costs and meet or exceed all bond and other financial requirements as well as goals set by the Board
 - Yield a reliable and predictable stream of revenues
 - Rates are based on annually updated forecasts for operating and capital budgets
 - A rate structure that is legally defensible, based on objective criteria, and transparently designed
 - A rate structure that customers can understand and DC Water can implement efficiently
 - Rate increases that are implemented transparently and predictably
- To the extent annual revenues exceed costs, the Board will utilize all available options to mitigate future customer impacts and annual rate increases, including transferring excess funds to the Rate Stabilization Fund





Establishment of Rates

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 DC Retail Water and Sewer Rates Committee and General Manager



Establishment of Rates

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





Public Outreach

DC Water met with residents and stakeholders at various community outreach events:

- One Hybrid Town Hall
- Virtual briefings for business and non-profit partners
- Virtual briefing for Council Constituent Services
- Virtual briefing for Mayor's Office of Community Relations staff (MOCRS)



- The meetings were widely publicized through numerous channels, including:
 - Press release
 - DC Water website
 - Nextdoor
 - X (Twitter), Facebook and Instagram
 - Councilmember Offices, ANCs and MOCRS



Establishment of Rates

- 💧 The Board of Directors approves the Budget and the Financial Plan that determines the revenue requirements to operate and maintain water and sewer infrastructure, upgrade our facilities, and improve the environment.
- 💧 The Board of Directors approves DC Water's proposed rates, charges and fees after:
 - ✓ Presentation of Operating and Capital Costs for the applicable rate period to the Environmental Quality and Operations, Finance and Budget, and DC Retail Water and Sewer Rates Committee;
 - ✓ Presentation of the Cost of Service Study and publication on DC Water's website;
 - ✓ Presentation of the Independent Review of Rates and Budget by Consultant and publication on DC Water's website;
 - ✓ Submittal of Cost of Service Study and Independent Review of Rates and Budget to Mayor and Council;
 - ✓ Publication of the rate proposal in the *D.C. Register* for public comment;
 - ✓ Holding a Public Hearing to receive comments on the rate proposal, held not less than 45 days after publication of the rate proposal in the *D.C. Register*;
 - ✓ Review of comments received during the public comment period and during the Public Hearing and DC Water's response to comments, and publication of both on DC Water's website; and
 - ✓ Recommendation from the DC Retail Water and Sewer Rates Committee and General Manager



Key Takeaways



DC Water's FY 2027 approved budget delivers on reliability, resilience, and affordability for all customers



Major operational and capital investments in infrastructure, workforce, and sustainability will ensure safe, clean water and robust service for the future



Proposed FY 2027 and FY 2028 rates are based on cost-of-service principles ensuring customers pay for the level of service they use, with fair and transparent charges



Average residential bills remain lower than previously forecasted, reflecting responsible financial planning and a commitment to customer affordability



Customer Assistance Programs continue to provide vital support for those in need



Looking ahead: DC Water remains focused on smart spending, innovation, and equitable outcomes for all communities



Detailed information on the adopted budgets and proposed rate adjustments available at <https://www.dewater.com/content/ratemaking-process-0>



Next Steps

Through Jun 29



Public Comment

Share feedback on the proposed rates

July 28, 2026



Committee Review

Retail Rates Committee recommends to Board

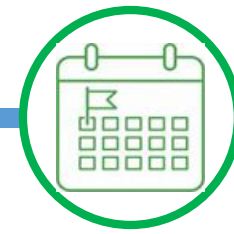
Sept 3, 2026



Board Approval

Final rulemaking adopted

Oct 1, 2026



FY 2027 Begins

New rates take effect

Email: Board.secretary@dcwater.com

DC Water will post responses on the website by July 14, 2026



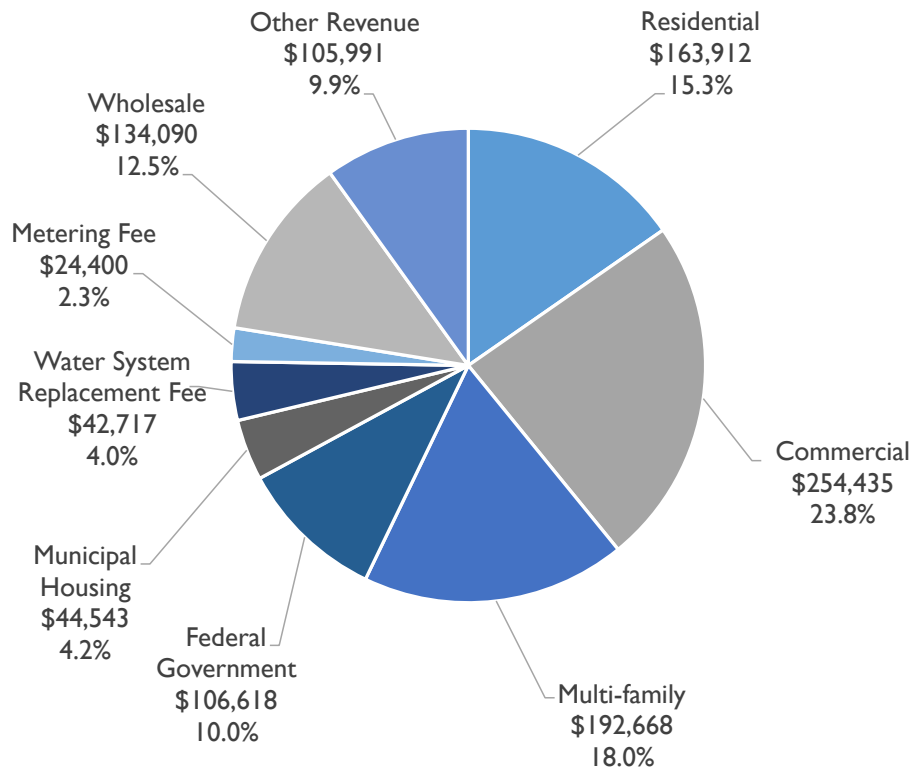
Appendix



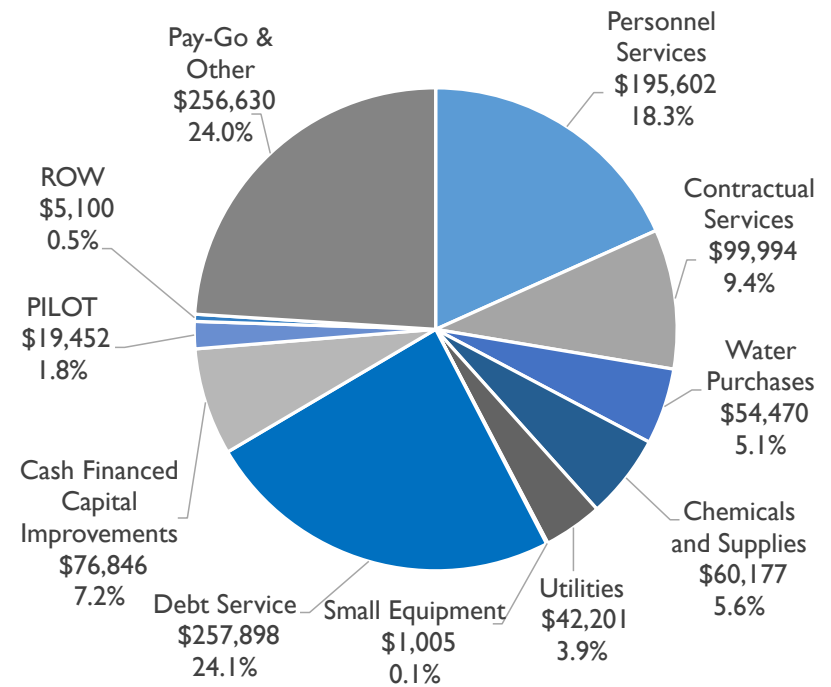
FY 2027 Operating: Sources and Uses of Funds

\$ in thousands

Sources - \$1.07 billion



Uses - \$1.07 billion

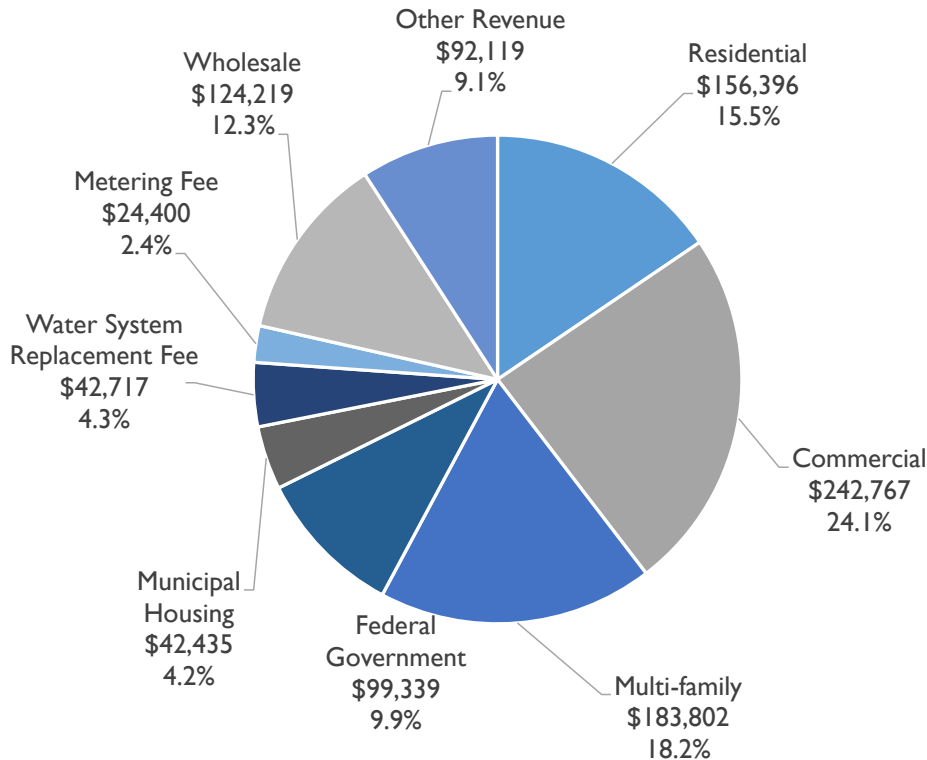




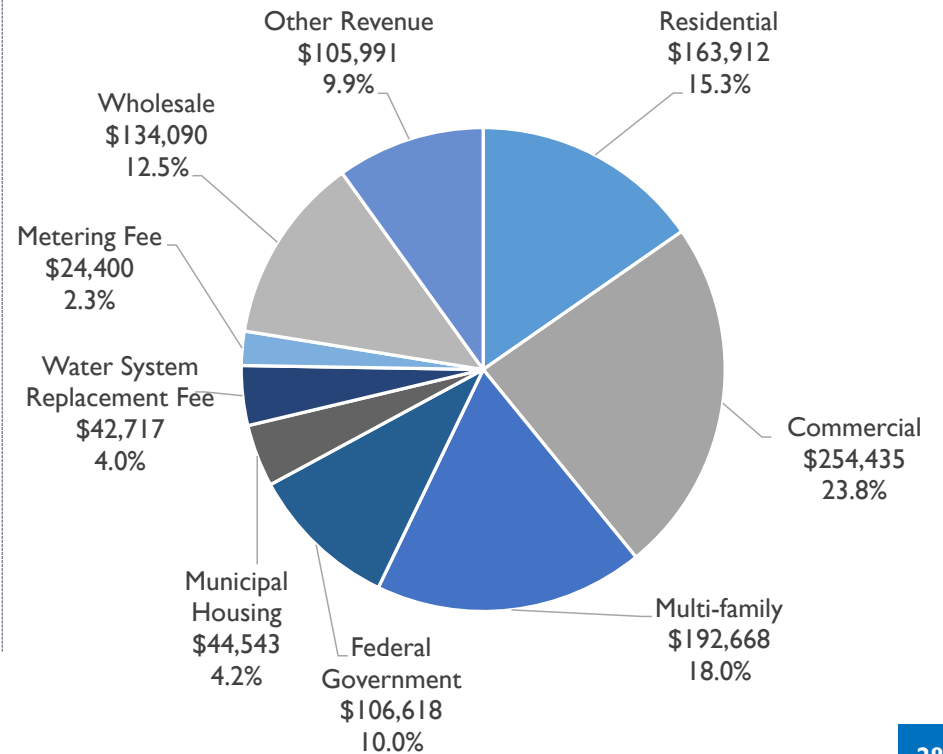
FY 2026 vs. FY 2027 Operating Revenues

\$ in thousands

Revised FY 2026
\$1.01 billion



Proposed FY 2027
\$1.07 billion

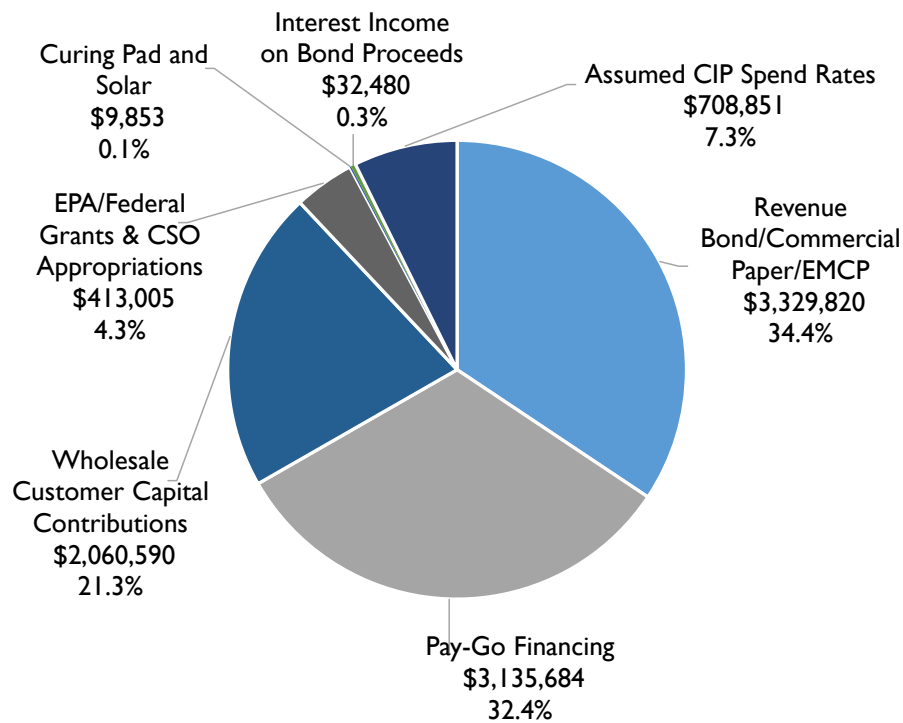




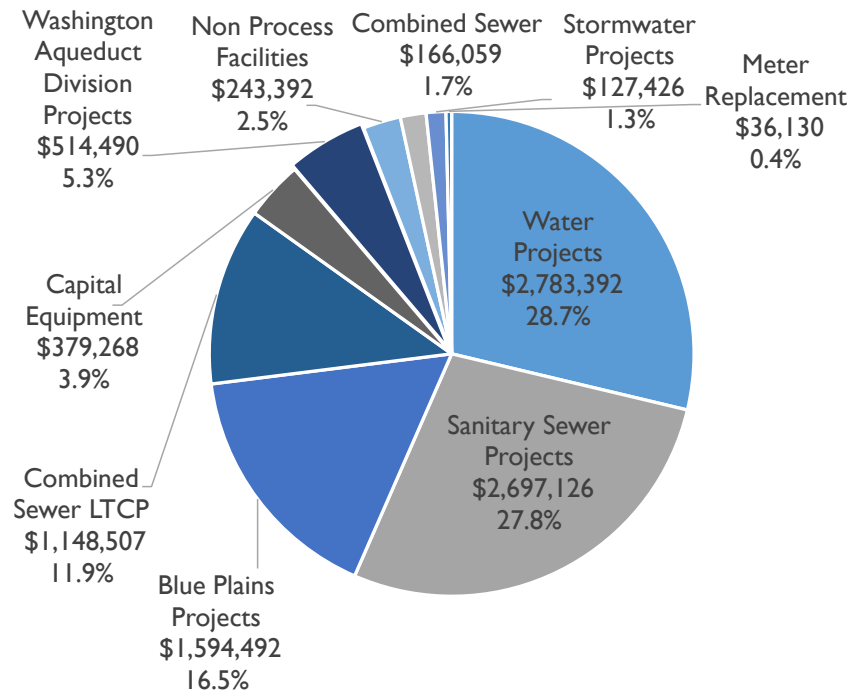
Ten Year CIP: Sources and Uses of Funds

\$ in thousands

Sources - \$9.69 Billion



Uses - \$9.69 Billion



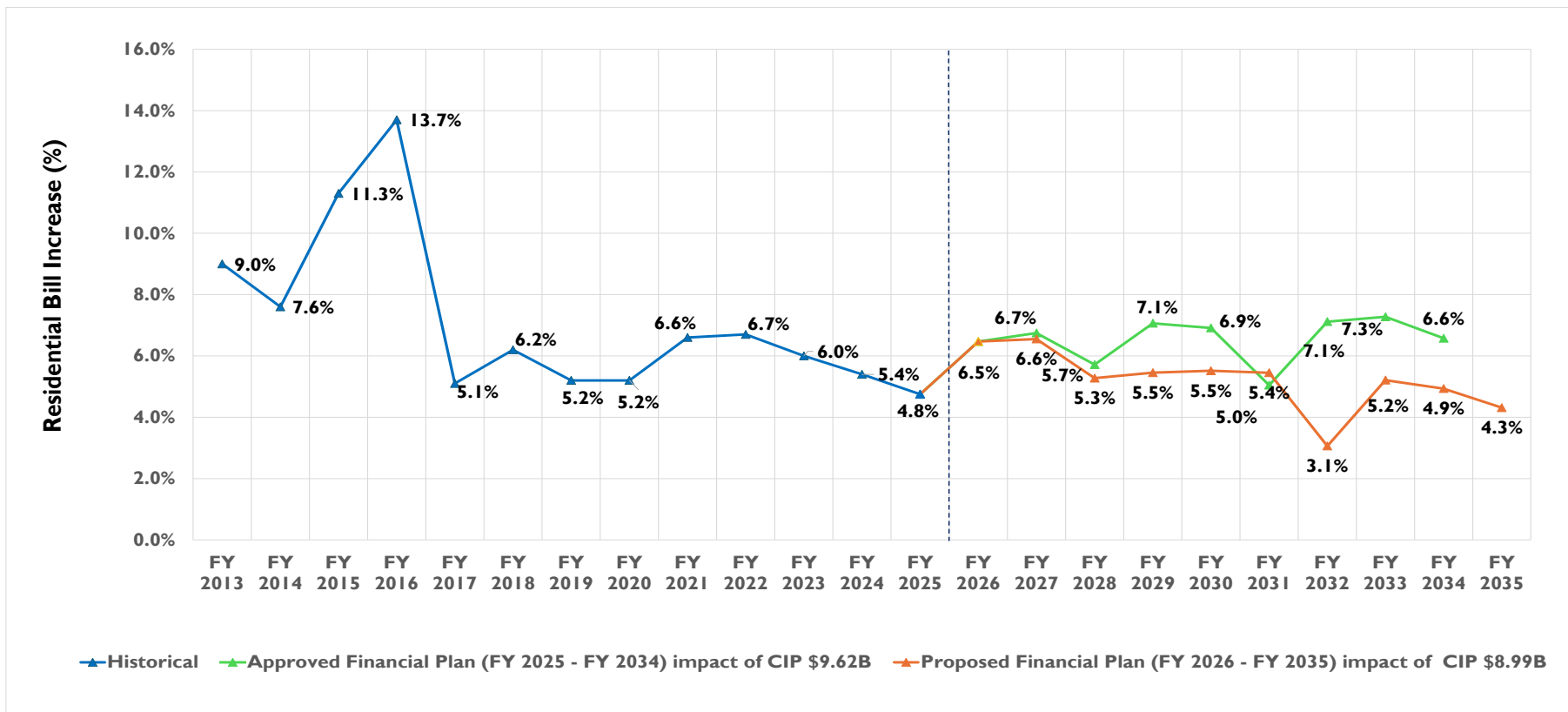
Note: Graphs may not total to 100% due to rounding to the nearest 0.1%

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



Historical and Projected Combined Rate Increases

From FY 2027 and beyond, forecasted rates are lower than previously estimated costs





Independent Review of the Proposed Rates for FY 2027 and FY 2028

June 23, 2026

Amawalk
Consulting Group LLC



Purpose

- To provide the findings and conclusions of Independent Review of the Rates



Independent COS Study

- The Independent review of Proposed Rates and Budget is conducted every two years to provide independent assessment of Cost of Service Study for Water and Sewer. The last Independent Review was performed in FY2024
- The work is performed by independent consultants to bring an unbiased perspective, which ensures that the study is impartial and objective. The consultants have specialized knowledge and experience in conducting COS studies. Their experience can lead to more accurate and thorough analysis
- Amawalk Consulting is experienced in providing consulting services for various COS studies for operating reserves, renewal and replacement reserves, rate stabilization funds, independent review of rates, charges and fee, and affordability benchmarking studies.
- Amawalk serves New York Water, the Boston Water and Sewer Commission, the Philadelphia Water, Sewer & Stormwater Rate Board and the North Texas Municipal Water District.
- Shan Lin and Ed Markus conducted the review and are presenting the results; they have worked together for over 20 years and collectively have over 68 years of experience in the water, wastewater and stormwater industry.

Outline

- Objectives of the Review
- Financial Performance
- Operating & Capital Performance
- Industry Recognition
- Benefits of Strong Financial Performance
- Why are Rate Increases Necessary
- Why Invest in Capital Improvements
- Proposed 2027 and 2028 Rates
- Industry Comparisons
- Affordability of User Charges
- Conclusions
- Appendix



Slide 4

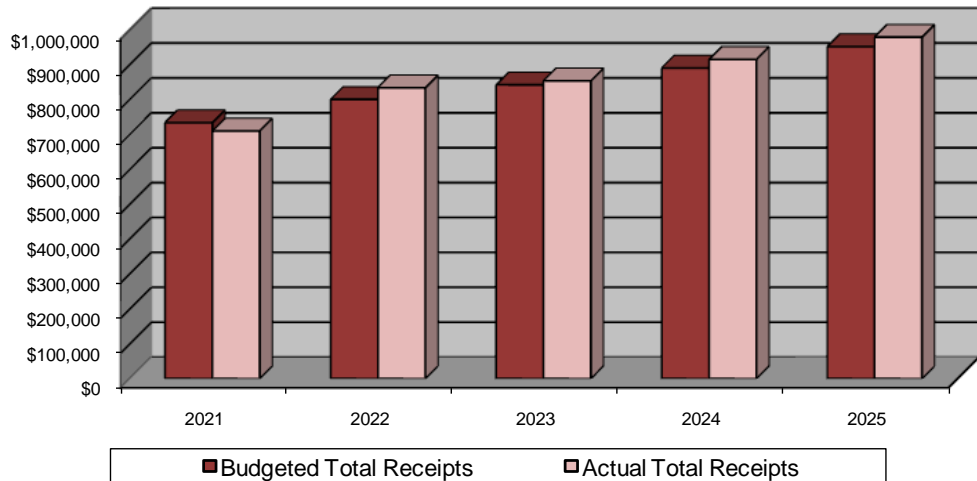
Objectives of the Review

- **Rate Sufficiency:** Ensure that rates are sufficient to meet funding requirements for all current and long-term liabilities and debt obligations.
- **CSO Cost Assignment:** Understand the logic and confirm the reasonableness of costs assigned to the CRIAC and wastewater rates.
- **Policy Review:** Examine DC Water practices and policies relative to those of peer utilities in conducting the review. Ensure that the proposed rates are consistent with the Board of Directors' rate-setting policies.
- **Rate Model Assumptions:** Review the model assumptions for reasonableness and the equitable allocation of costs and retail rates.
- **Identify and Understand the Risks & Opportunities in the Budget.**
- **Customer Impact:** Understand and explain the impacts on typical customers in each class as well as examples of customers that may be significantly impacted by the proposed changes in rates and charges.
- **Affordability:** Understand and explain the impacts of DC Water's affordability assistance programs on the bills of qualifying customers under the rate proposals for 2027 and 2028.
- **Present the results to the Retail Rates Committee and the Board of Directors and testify at the public hearing about the efficacy of the proposed rates.**

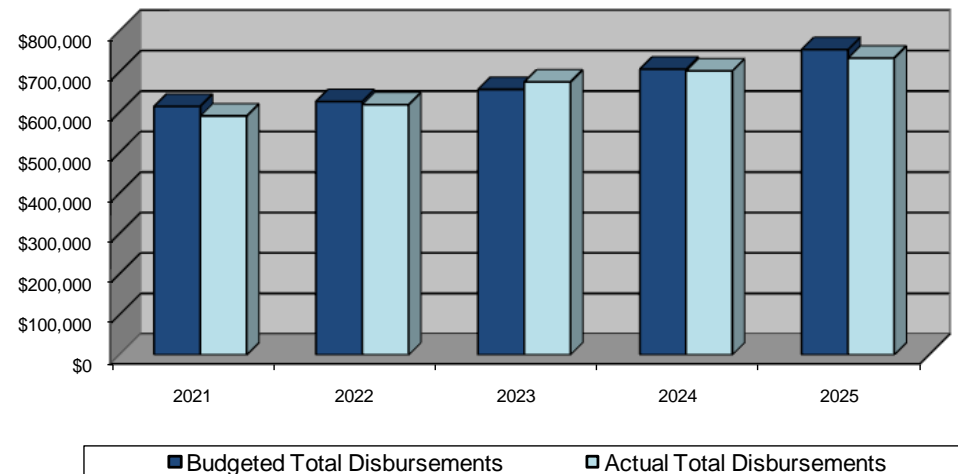
Financial Performance – Receipts/Expenditures

- From 2021 – 2025: actual cash receipts averaged 1.6% > budget; in 2021 actual cash receipts were 3.3% < budget due to COVID impacts on customer usage.
- From 2021 – 2025: actual expenditures averaged 1.1% < budget.
- YTD 2026 results through Dec 31 are slightly better than budgeted. No material changes for 2027 and 2028.

Actual vs. Revised Budget Cash Receipts (\$000s)



Actual vs. Budgeted Disbursements (\$000s)



While not a guarantee of future results, this track record offers a degree of comfort that expenditure and revenue estimates, including those for 2027 & 2028, are prudently developed.

Financial Performance – Coverage/Days Cash

Debt Service Coverage & Days Cash on Hand – Actual & Projected (Cash Basis):

	Actual					Projected		
	2021	2022	2023	2024	2025	2026	2027	2028
Combined Coverage	1.86	2.29	2.07	2.32	2.40	2.24	2.39	2.11
Days Cash on Hand (Excl RSF, Assume 360 Days/Year)	214	268	267	290	283	282	283	283

Compliance with Key Financial Policies:

- ✓ Minimum cash balance of 250 days of projected operating expenses, with a goal of achieving 350 days by 2032.
- ✓ Combined debt service coverage of 1.60 or greater.
- ✓ Funding of the CIP with the proceeds of debt as well as cash from operations.

While not a guarantee of future results, this track record offers a degree of comfort that coverage and reserve estimates, including those for 2027 & 2028, are prudently developed.

Benefits of Strong Financial Performance

Rating Agency Recognition (as of February 2026)

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

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

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

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

Operating & Capital Performance

- The digester facilities & waste-to-energy facilities are yielding multiple benefits – lower expenses, fewer biosolids and a high quality product.
- Vacancy rates for jobs are somewhat higher than typical levels; not unusual among utilities in the post-COVID period.
- CIP projects are typically on time and close to budget; change orders and claims continue to be a small % of costs.
- The most recent Independent Engineering Report gave high grades to the facilities and people of DC Water; identified needs are being addressed.
- CIP spending in upcoming years is significant, and much higher than recent years: in 2021-25, average annual capital spending was \$447M; the 2026-2028 average is \$957M, more than double per year.
- Significant drivers of DC Water's CIP are: completion of the Clean Rivers Program, lead service line replacement, upgrading of aging infrastructure.

DC Water continues to meet or exceed the Board's operating goals. Capital needs are significant and will support the long-term delivery of reliable water and wastewater services in the District. Strong operating and capital performance helps manage the cost of providing service and mitigates risks.

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Industry Recognition

- The Authority earned the coveted ‘Triple Crown’ of governmental financial reporting awards for the second year in a row: the PAFR Award, Excellence in Financial Reporting and Distinguished Budget Presentation.
- In 2025, The National Association of Clean Water Agencies (NACWA) presented the Authority with a Platinum Peak Performance Award for 13 consecutive years of 100% compliance with the requirements of the U.S.EPA discharge permit.
- NACWA honored DC Water in 2024 with a National Environmental Achievement Award (NEAA) for Community Leadership; specifically recognizing the success in workforce development, contract compliance, and business development teams impacting lives in the community.
- DC Water was recognized by the Underground Construction Association at the annual North American Tunneling Conference. With the impressive success of the Northeast Boundary Tunnel, the group honored the Authority with the 2024 Project of the Year Award, among projects in the more than \$500 million category.

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

Why Are Rate Increases Necessary

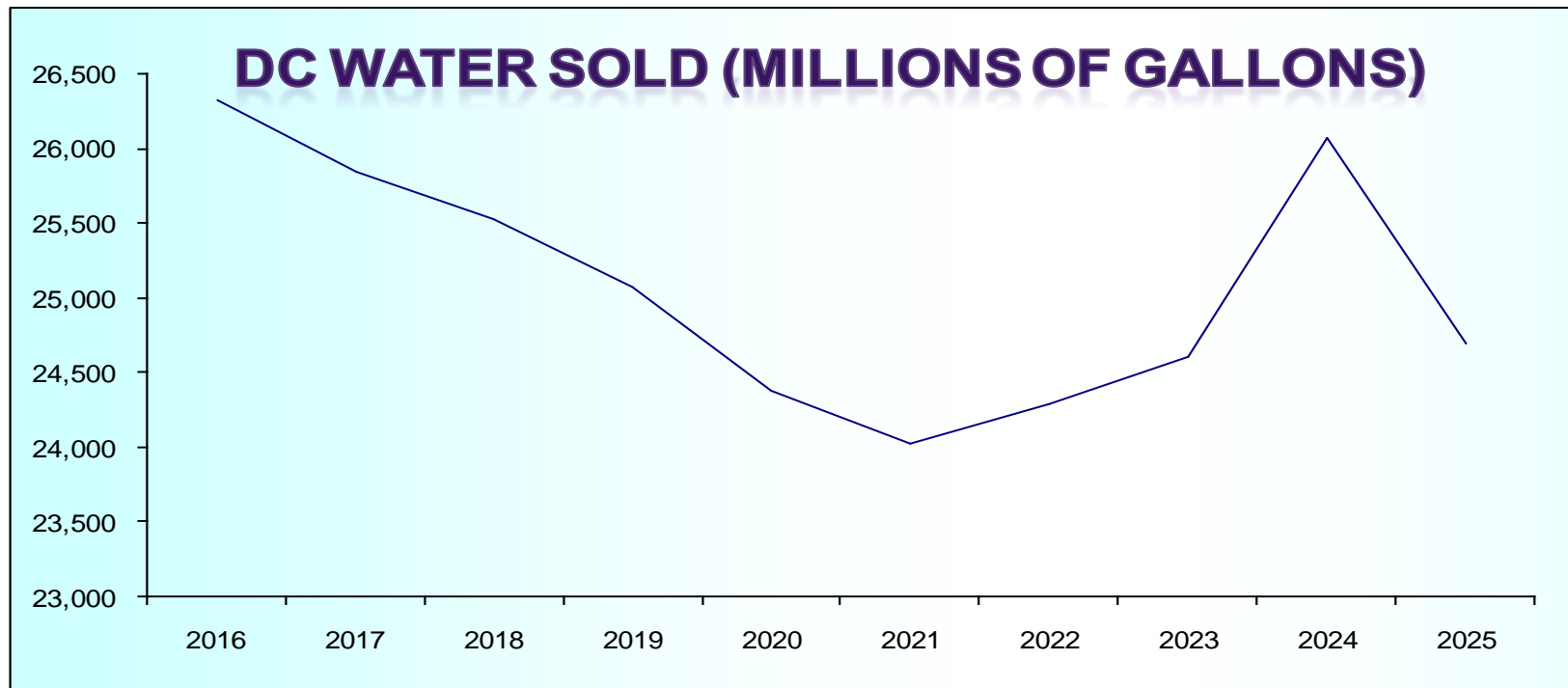
- Increases in capital spending:
 - Debt service will be 31.7% of total disbursements in 2027 and 34.1% in 2028, increasing by 4.2% and 16.6% vs. the prior year, respectively.
 - Cash-financed construction from all sources increases by an average of 10.7% for the period of 2027 and 2028 compared to 2025 and 2026; the use of cash for construction reduces the need to issue more debt and helps support the strong credit rating of DC Water.
- Increases in operating expenses:
 - Total O&M expenses, excluding PILOT/ROW, increase by \$15.8M or 3.6% for 2027 and by \$22.3M or 4.9% for 2028.
- Long-term water use is declining:
 - Long-term water demand is declining (next slide).
- The new inconvenience fee of the District increases charges for all customers.
- DC Water receives no subsidies:
 - Unlike cities such as Atlanta (sales tax) or Milwaukee (property tax), DC Water revenues pay all bills.

Many of these factors are driving rates up in other cities as well.

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Why Are Rate Increases Necessary – Declining Demand

- Long-term retail water demand is slowly declining; total usage has declined by 6.2% from 2016 through 2025. There was a major federal leak in 2024.
- Year-to-date 2026 water sales as of December 31 are 0.9% lower than in 2025.
- Usage is assumed to decline at the rate of 1.0% per year in 2027 and each year thereafter. New York, Boston & Philadelphia assume annual declines in sales.
- About 61% of total cash receipts from all sources in 2027 and 2028 are expected from consumption-related retail charges.



Slide 12

Why Invest in Capital Improvements

- Clean Rivers Program:
 - The program began in 2006 and continues through 2030 to build storage tunnels, pump stations, green infrastructure, other facilities.
 - Reduces flooding in the District during heavy rain; thousands of tons of trash, debris & solids removed; billions of gallons of sewage/stormwater captured instead of entering waterways; much cleaner waterways.
- Lead, Galvanized & Brass Service Line Replacement:
 - DC Water expects to spend \$1.8 billion to replace 51,000 lines in part by leveraging funds in the federal bi-partisan infrastructure package.
 - Prioritizes lead replacement for: (1) vulnerable populations most impacted by lead exposure (children and seniors) and (2) communities that are historically underserved, and experience disproportionately poorer health.
- Water Main & Sewers:
 - Many water mains & sewers are quite old and in need of repair or replacement.
 - The CIP includes nearly \$5 billion for water & sewer projects in 2026-2035.

These & many other investments support the quality of life in the District. **Slide 13**

Proposed 2027 and 2028 Rates

	Units	2026	2027	2028	Change 2027 vs 2026		Change 2028 vs 2027	
					\$	%	\$	%
DC Water Rates								
Water								
Residential 0-4 Ccf (Lifeline)	Ccf	\$5.78	\$6.49	\$7.11	\$0.71	12.3%	\$0.62	9.6%
Residential > 4 Ccf	Ccf	\$7.60	8.40	\$9.40	0.80	10.5	1.00	11.9
Multi-Family	Ccf	\$6.47	7.21	\$7.98	0.74	11.4	0.77	10.7
Non-Residential	Ccf	\$7.84	8.66	\$9.71	0.82	10.5	1.05	12.1
Sewer (Excluding CRIAC)	Ccf	12.52	12.91	13.39	0.39	3.1	0.48	3.7
Clean Rivers IAC	ERU	24.23	25.50	27.22	1.27	5.2	1.72	6.7
Customer Metering Fee	5/8"	7.75	7.75	7.75	0.00	0.0	0.00	0.0
Water System Replacement Fee	5/8"	6.30	6.30	6.30	0.00	0.0	0.00	0.0
Groundwater Fee	Ccf	3.76	3.90	3.90	0.14	3.7	0.00	0.0
District Rates								
PILOT Fee	Ccf	0.62	0.62	0.63	0.00	0.0	0.01	1.6
Right of Way Fee	Ccf	0.20	0.20	0.20	0.00	0.0	0.00	0.0
Public Inconvenience Fee	Ccf		0.42	0.42	0.42	New	0.00	0.0
Stormwater Fee	ERU	2.67	2.67	2.67	0.00	0.0	0.00	0.0

■ Management Recommendations:

- Percentage increases in water rates are greater than increases in sewer rates in each year to better match revenues with the cost of service.
- CRIAC rates are increasing to correspond to higher debt service.
- The proposed rates are intended to raise retail revenue by 4.6% in 2027 and 5.2% in 2028.
- Reflects the draft Cost of Service Study findings of February 2026.

The new inconvenience fee of the District will apply to all customers starting in 2027.

Unchanged rates are: Metering Fee, WSRF, ROW Fee and DC Stormwater Fee.

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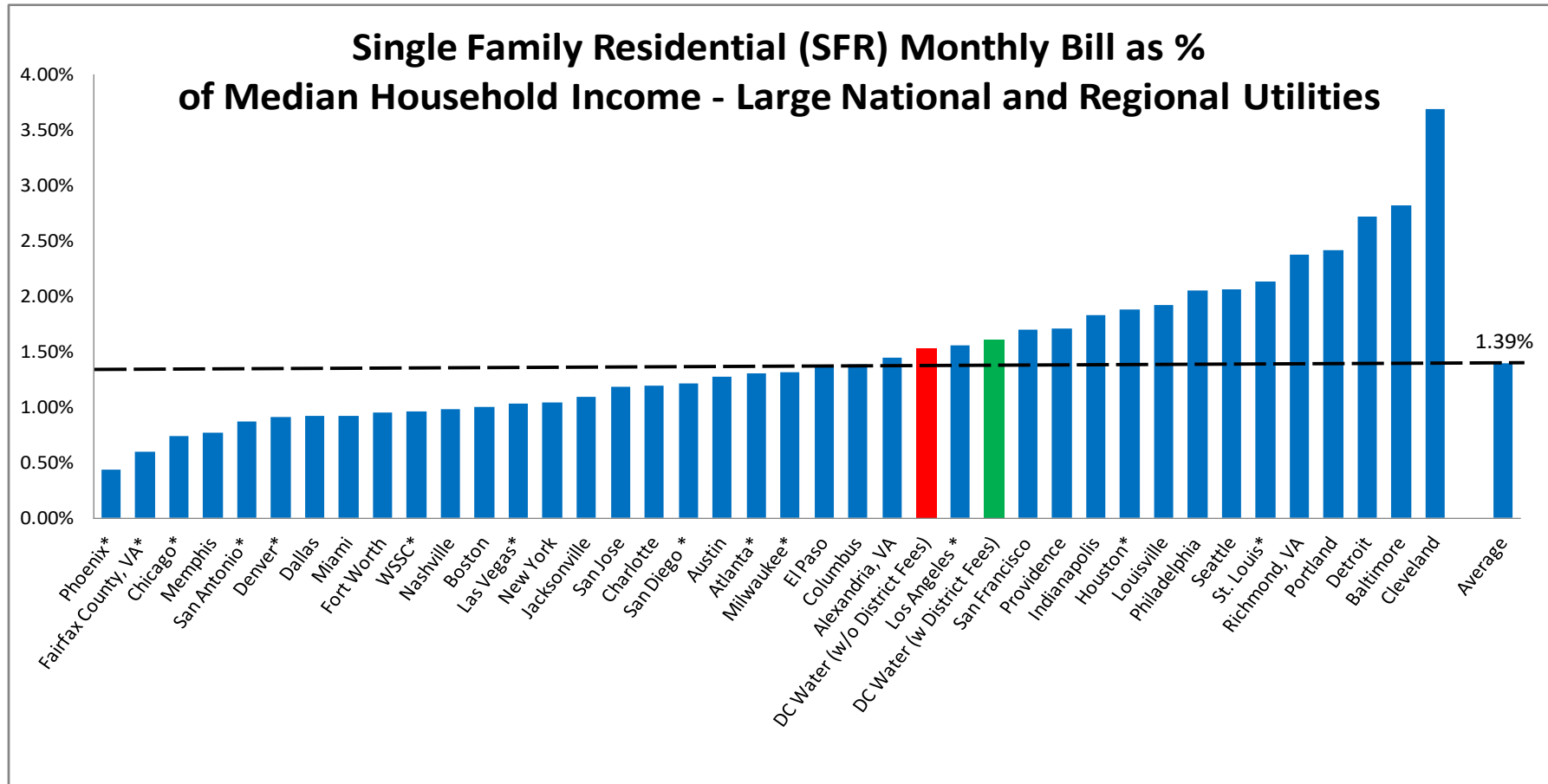
Proposed 2027 & 2028 Rates: Billing Impacts

	Ave SFR	Ave SFR in CAP +	Ave SFR in CAP I	Ave Multi-Family	Sample Commercial	Sample Cemetery	Sample Non-Profit - Low Usage	Sample Non-Profit - High Usage
Monthly Bill - 2026 Rates (\$)	147	16	46	1,945	74,532	3,210	1,847	21,345
Monthly Bill - 2027 Rates (\$)	157	19	50	2,088	80,030	3,364	1,934	22,819
Monthly Bill - 2028 Rates (\$)	165	20	53	2,208	85,251	3,569	2,048	24,279
% Change 2026-2027	7%	16%	9%	7%	7%	5%	5%	7%
% Change 2027-2028	5%	2%	5%	6%	7%	6%	6%	6%
Assumptions:								
Consumption (Ccf/month)	5.42	5.42	5.42	86.14	3,332.33	4.7	7.36	804.07
Meter Size	5/8"	5/8"	5/8"	1.5"	8 x 2"	5/8"	2"	1" & 4"
ERU	1	1	1	6.83	52.2	115.1	59.2	128.6

- New District Public Inconvenience Fee will be first applied to all customers in 2027.
- Typical single family customers would experience increases of 7% and 2027 and 5% in 2028, or about \$8-\$10 per month.
- CAP+ customers would experience increases of 16% and 2% in 2027 and 2028, respectively, or about \$1-\$3 per month in each year. CAP 1 customers would have increases of 9% and 5%, respectively, or about \$3-\$4 per month in each year.

Impacts on customer classes other than single family residential in each year depend on water use and the number of ERUs.

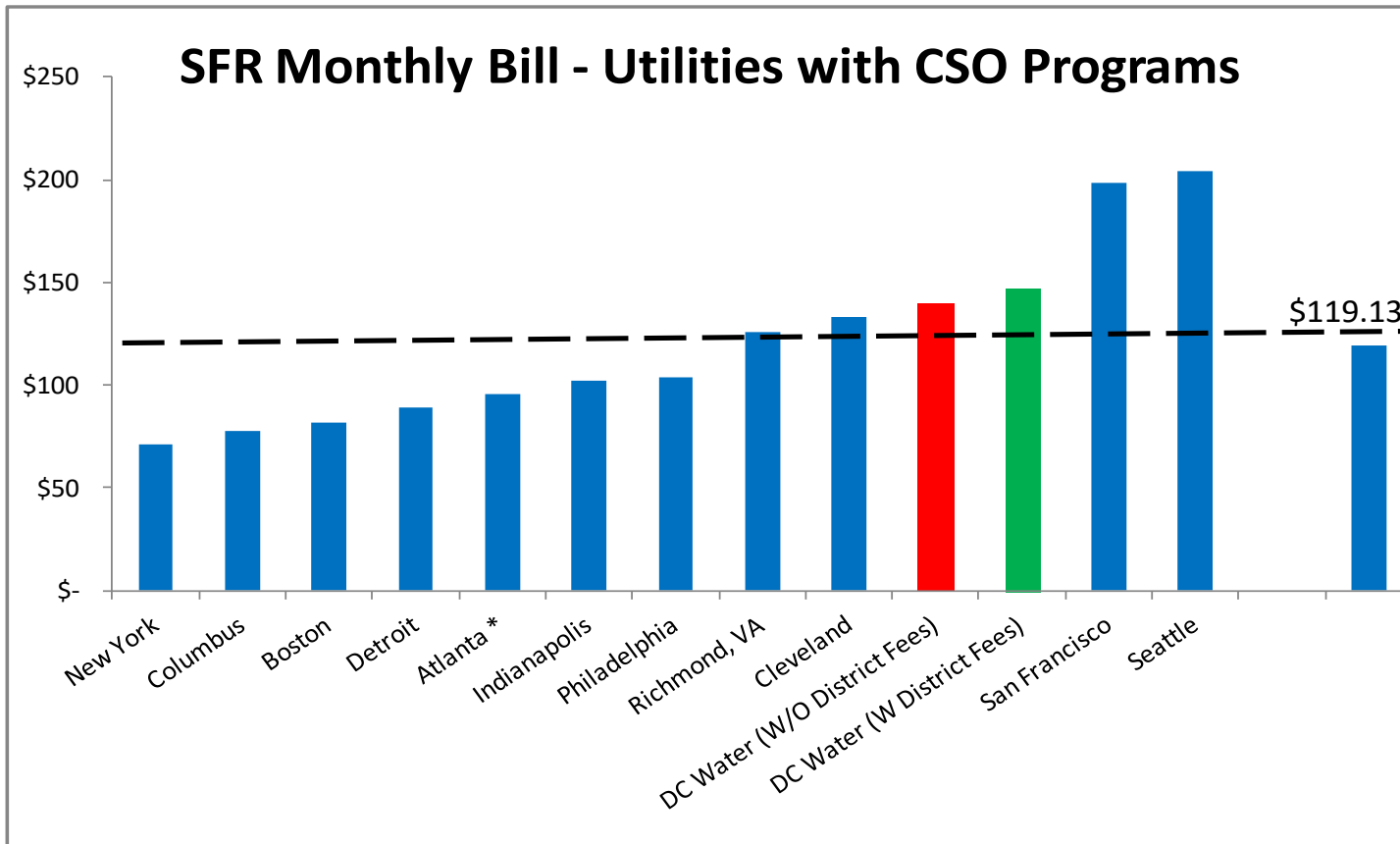
Comparison: Affordability of User Charges



Note: Reflects rates and fees in place as of November 2025. Some cities utilities use property tax revenue or other revenues to pay for part of the cost of water, wastewater, or stormwater services, as indicated by * in the graph above. Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.

Water, sewer, stormwater charges (without District fees) as a % of median household income are reasonable at 1.53%, somewhat higher than peers.

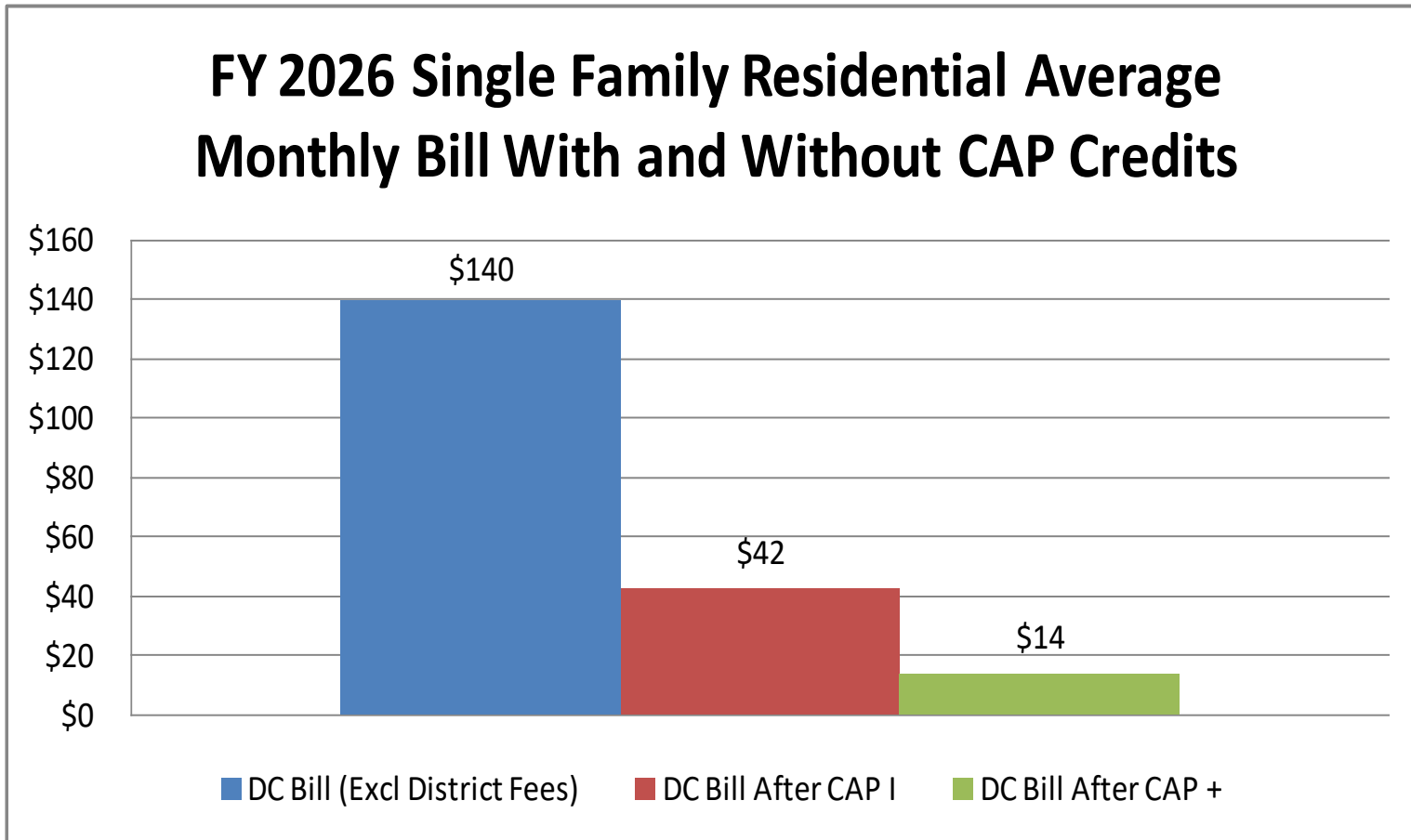
Comparison of Charges: CSO Utilities



Note: Reflects rates and fees in place as of December 2021. Some cities utilities use property tax revenue or other revenues to pay for part of the cost of water, wastewater, or stormwater services, as indicated by * in the graph above. Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.

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

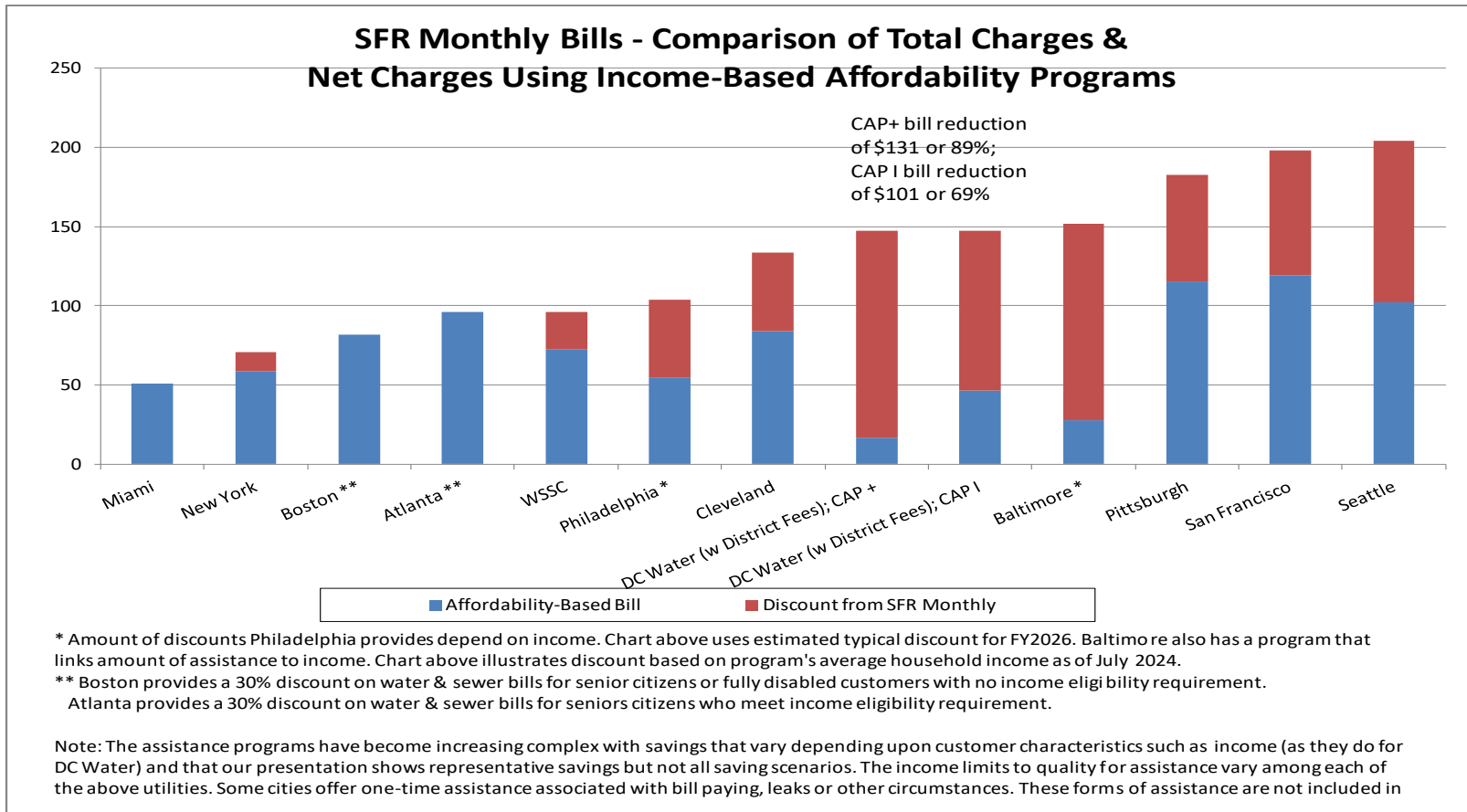
Affordability of User Charges: DC Water Customer Assistance Program (CAP)



Note: A family of 4 at the 2025 Federal Poverty level spends 0.5% and 1.6% of income on DC Water bills, respectively, after CAP + and CAP I credits.

In 2025, 2,177 customers were eligible for the new CAP + and 5,086 customers qualified for CAP 1. An average of 6,438 customers used CAP 1 in 2021-25.

Affordability of User Rates: DC Water CAP With Peers



Note: Reflects rates and fees in place as of November 2025. Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.

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

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Affordability of DC Water User Charges - Available Programs

PROGRAM	DESCRIPTION	ELIGIBILITY	HOW TO APPLY
Customer Assistance Program (Monthly Discounts for Residential Customers)	<ul style="list-style-type: none"> - Eligible households receive discounts on water and sewer services and/or discounts on some fees. (CAP+, CAP 1, CAP 2, CAP 3) - Discounts range from \$218 to \$1,572 annually. 	<ul style="list-style-type: none"> - Income eligible customers verified by DOEE. 	Call DOEE at 202-350-9649, or visit https://doee.dc.gov/node/1375571 .
CRIAC Relief for Nonprofit Organizations	<ul style="list-style-type: none"> - Credits of up to 90% of the CRIAC portion of a nonprofit's water bill. 	<ul style="list-style-type: none"> - Income eligible non-profit organizations, verified by DOEE. 	Visit https://doee.dc.gov/node/1375751 or call 311.
Flexible Payment Plans	<ul style="list-style-type: none"> - Repay past due balances over time. More flexible options now available. No late fees accrue while meeting payment plan obligations. 	<ul style="list-style-type: none"> - Customers with a balance may be eligible. 	Call DC Water at 202-354-3600 or visit, mydcwater.com
SPLASH (One-time Emergency Assistance)	<ul style="list-style-type: none"> - Up to \$350. - DC Water employees, customers and others donate to this one-time assistance fund for those facing disconnection. 	<ul style="list-style-type: none"> - Income eligible customers, verified by Greater Washington Urban League. 	Call the Greater Washington Urban League Mon-Fri 9am-5pm at 202-265-8200.

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

Conclusions

- DC Water's proposed 2027 and 2028 rates have been reasonably developed, reflect the anticipated revenue requirements of the System, adhere to Board policies and industry standards and are comparable to other utilities.
- If water usage declines at a faster rate than assumed rate, interest rates are higher than expected or unforeseen major expenses are encountered, the actual financial results could differ from current projections. The rate structure of DC Water with charges not tied to consumption helps mitigate a portion of the risks of lower usage. The potential for some underspending in 2027 and 2028, the ability to use some money designated for defeasance and the availability of the RSF also provides some flexibility and risk mitigation in such circumstances.
- Affordability is a current and long-term concern in the water and wastewater industry as the cost of providing service continues to increase. DC Water's CAP programs (original, II & III), CAP + and SPLASH and its use of a lifeline rate are: 1) consistent with industry practices and 2) robust in the level of assistance to low income billpayers compared to peers.

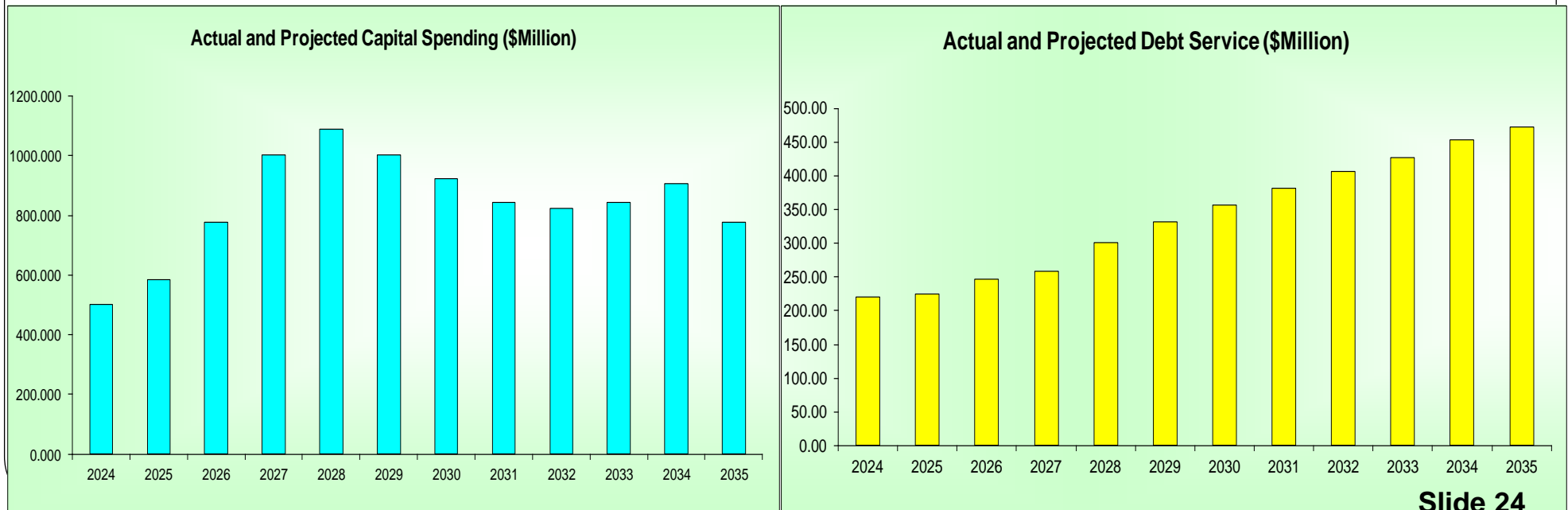
Conclusions

- The annual spending for capital improvements is significant and the primary driver of increasing rates in future years. The need for the improvements is well-documented. The use of current cash plus prudent levels of borrowing will help manage increases in total debt as well as annual debt service.
- The reserve funds of DC Water provide liquidity and help support strong credit ratings. Such funds provide a prudent backup in the event that unexpected financial conditions are encountered. Strong credit ratings help optimize the cost of borrowing money for the capital program. DC Water's reserve fund practices are consistent with those of other highly-rated utilities.

Appendix – Supporting Information

Why Rate Increases Are Needed – Capital Investment/Debt Service

- DC Water is investing in its water and sewer infrastructure to ensure that high quality services are provided on a reliable basis. As result of the commitment by the Board to continue to address aging infrastructure challenges, DC Water is ramping up its investment to reach a 1.5% replacement cycle for small diameter water mains.
- Debt service compared to the prior year increases by \$10.5M in 2027 and \$42.9M in 2028; such payments are an important % of total disbursements: 31.7% in 2027 and 34.1% in 2028.



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

- Total O&M expenses, excluding PILOT/ROW, are expected to increase by \$15.8M in 2027 and \$22.3M in 2028, or 3.6% and 4.9%, respectively.
- DC Water budgeted \$97.9M in 2026 for cash-financed construction/bond defeasance; the amounts in 2027 and 2028 are \$76.8M and \$80.8M, respectively. The purpose is to reduce the amount of debt to be issued, enhance coverage, provide cash flow flexibility and support the credit rating.

O&M Expenditure (\$ M)	2026 Projected	2027 Proposed Budget	2028 Proposed Budget	2027 Budget vs 2026 Projected	2028 Budget vs 2027 Budget
Personnel Services	186.6	195.6	203.4	4.8%	4.0%
Contractual Services	102.3	100.0	103.0	-2.2%	3.0%
Water Purchases	48.1	54.5	60.5	13.1%	11.0%
Chemicals & Supplies	57.5	60.2	64.0	4.7%	6.3%
Utilities & Rent	41.7	42.2	43.9	1.3%	4.0%
Small Equipment	1.5	1.0	1.0	-34.3%	3.0%
Total	437.7	453.4	475.8	3.6%	4.9%
PILOT/ROW Fees	24.2	24.6	24.9	1.6%	1.6%
Debt Service	247.4	257.9	300.8	4.2%	16.6%
Defeasance D.S./Cash Financed Capital Construction	97.9	76.8	80.8	-21.5%	5.2%
Total Operating Disbursements	807.2	812.7	882.4	0.7%	8.6%

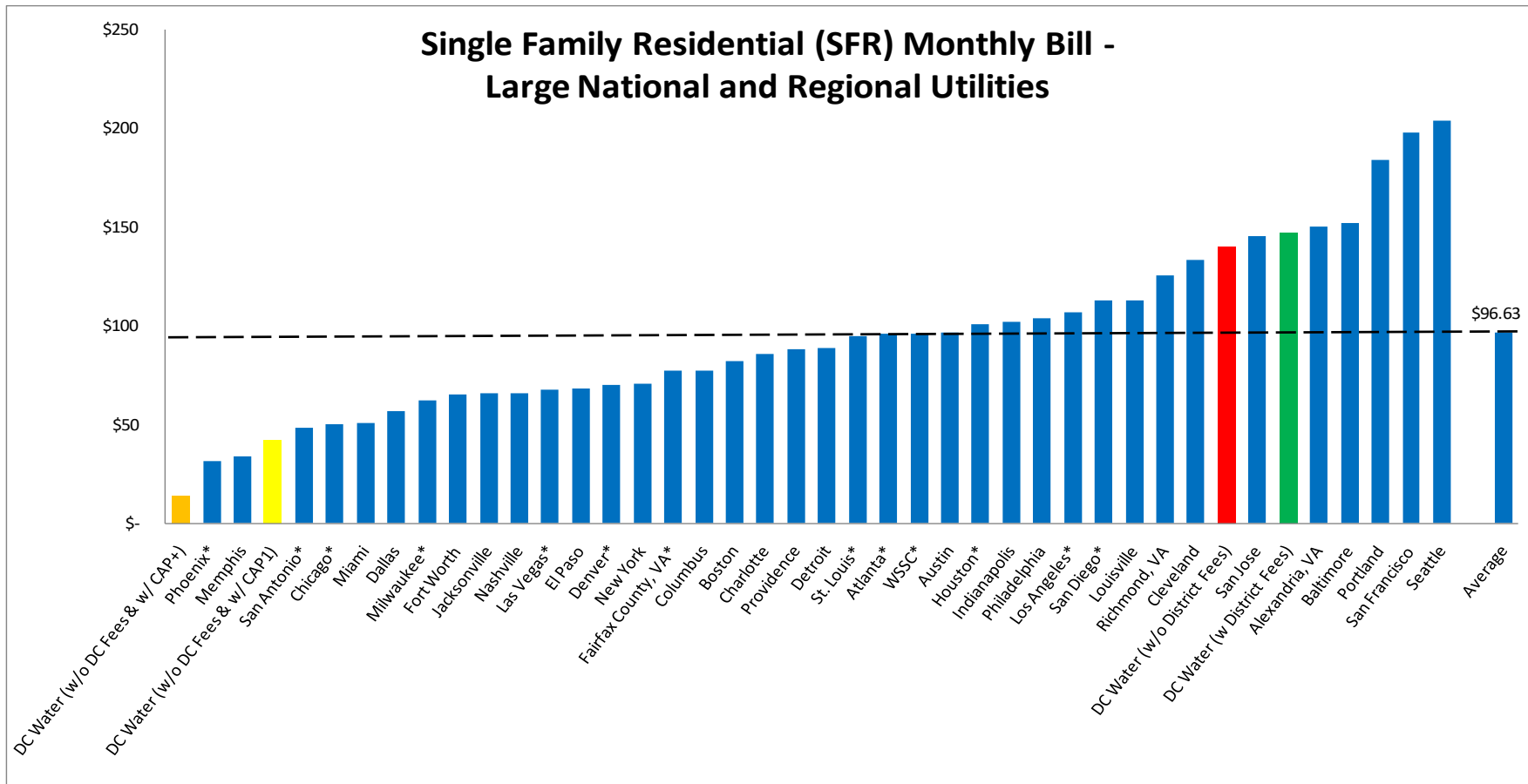
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Why Rate Increases Are Needed - Revenues

- Total revenues are expected to increase by \$61.2M in 2027 and \$52.0M in 2028, or 6.1% and 4.9%, respectively.
- Nearly all of the increase in Other Revenue in 2027 and 2028 (\$12.7M/year) is attributable to the new Inconvenience Fee of the District.

Revenue (\$ Million)	2026 Projected	2027 Proposed Budget	2028 Proposed Budget	2027 Budget vs 2026 Projected	2028 Budget vs 2027 Budget
Retail	816.0	853.8	898.2	4.6%	5.2%
Wholesale	124.2	134.1	140.1	7.9%	4.4%
Interest	13.0	12.5	12.3	-3.8%	-2.1%
Other	54.6	68.6	70.5	25.6%	2.9%
Transfers from Rate Stabilization Fund	0.0	0.0	0.0		
Total	1,007.9	1,069.0	1,121.0	6.1%	4.9%

Industry Comparisons: Rates/Charges

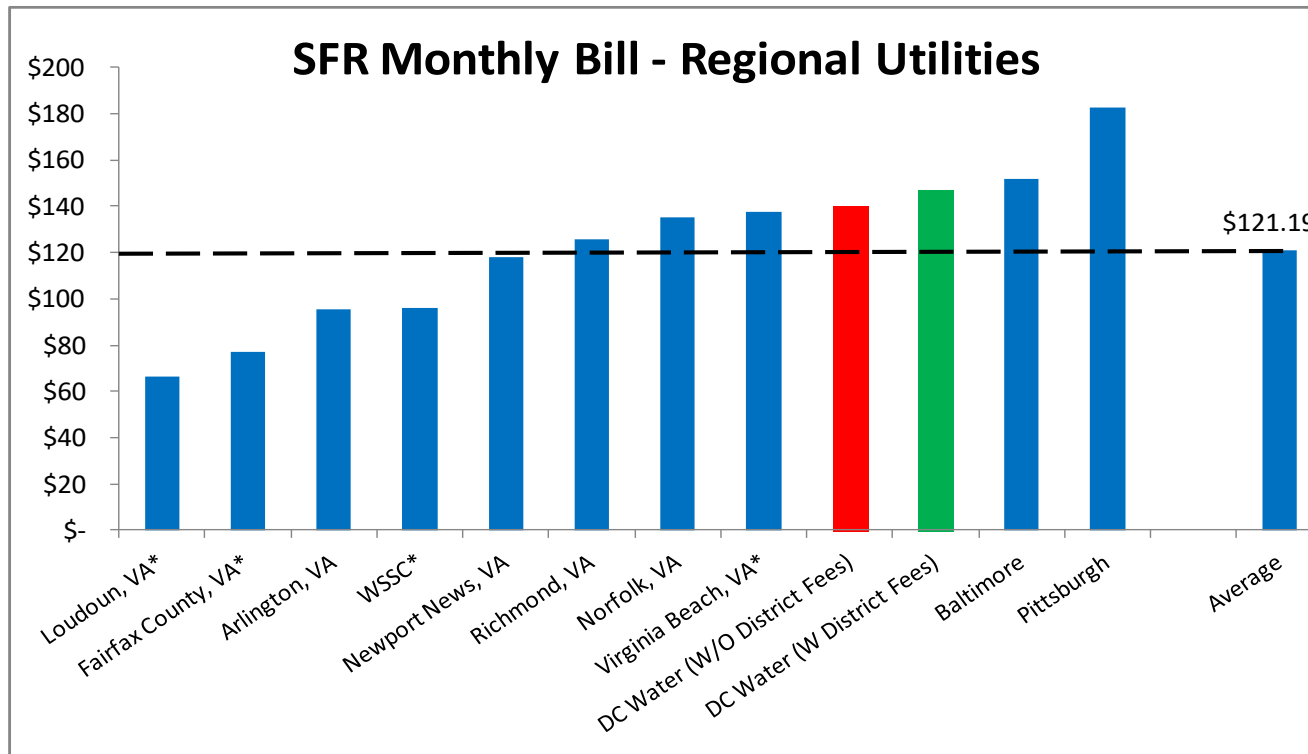


Note: Reflects rates and fees in place as of November 2025. Some cities use property tax revenue or other revenues to pay for part of the cost of water, wastewater, or stormwater services, as indicated by * in the graph above. In such situations, the user charge will not reflect the full cost of water,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

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

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Industry Comparisons: DC Water & Regional Utilities



Note: Reflects rates and fees in place as of November 2025. Some cities utilities use property tax revenue or other revenues to pay for part of the cost of water, wastewater, or stormwater services, as indicated by * in the graph above. Assumes average residential consumption of 5.42Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons.

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

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

Residential Utility Assistance Program	Level of Assistance	Eligibility
DC Water: Customer Assistance Program (CAP+, CAP1, CAP2, and CAP3)	CAP+: discount on the first 6Ccf of water and sewer use each month, a 75% reduction in CRIAC fee, and a Water Service Replacement CAP1: discount on the first 4Ccf of water and sewer use each month, a 75% reduction in CRIAC fee, and a Water Service Replacement Fee waiver CAP2: discount on the first 3Ccf of water and sewer use each month (exclude PILOT/ROW) and 50% reduction in CRIAC fee CAP3: 75% off the monthly CRIAC fee	Income eligible customers verified by DOEE (October 2025 – September 2026 for a family of 4, \$39,642 for CAP+, \$118,926 for CAP1, \$131,100 for CAP2, and \$163,900 for CAP3)
PEPCO: Residential Aid Discount Program (RAD)/Part of DOEE Utility Discount Program	Potential discounts of \$300-\$475 annually on electric bills	Income eligible customers certified by DOEE (October 2025 – September 2026 for a family of 4 up to \$131,100 annually)
Washington Gas: Residential Essential Service/Part of DOEE Utility Discount Program	About 48% discount on the total bill during winter heating season and 50% discount on the monthly customer charge during the non-winter heating season	Income eligible customers certified by DOEE (October 2025 – September 2026 for a family of 4 up to \$131,100 annually)
Washington Gas: Arrearage Management Program	Forgiveness of up to \$3,000 of past due balance if the customer successfully complete a 12-month payment plan	Income eligible customers verified by DOEE are automatically enrolled
Xfinity (Comcast): Internet Essentials	Provides 75/10 Mbps internet service for \$14.95 a month or 100/20 Mbps internet service for \$29.95 a month. No activation fees and no equipment rental fees. Option to purchase a laptop for \$149.99 plus tax.	Eligible for public assistance programs or with income at or below 200% of federal poverty guideline (\$64,300 for a family of 4) and is not an existing customer. Should not have outstanding debt to Comcast that is less than one year old
Verizon Wireless	No discounted service was found in DC	N/A
Verizon (home phone or Fios home internet): Lifeline Discount Program	Voice is \$1-3/month; broadband is \$9.25 monthly discount off any Fios plan.	Either eligible for a qualifying federal assistance program or with income at or below 135% of federal poverty guidelines (\$43,403 for a family of 4)
Verizon Internet: Forward Program	Up to \$30/month credit on internet bills, setup charge applies	Enrolled in the Lifeline Program or another qualified assistance program
Astound (RCN): Internet First	150 Mbps Internet for \$19.95 a month plus tax. First 3 months are free for new customers. No installation fees and modem is included	Participate in public assistance programs and have not subscribed to RCN services within the sixty (60) day period immediately prior to applying for the program
DirecTV and Dish	N/A	N/A
AT&T: Access	Up to 100Mbps is \$30 per month plus tax or for fiber plans up to 1Gig receive \$20 discount. No installation fees and modem is included	Either eligible for a qualifying public assistance program or with income at or below 200% of federal poverty guidelines (\$64,300 for a family of 4).
Assurance Wireless: Lifeline	Free phone (new customers), unlimited text and talk, and 10GB data per month	Either eligible for a qualifying federal assistance program or with income at or below 135% of federal poverty guidelines (\$43,403 for a family of 4).
Amazon	About 53% discount on membership	Participates in public assistance programs

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