# DC Water

## Cost of Service Study

Final Report / February 28, 2024

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February 28, 2024

Syed Khalil
Vice President, Rates and Revenue
DC Water
1385 Canal St., SE
Washington, DC 20003

**Subject: FY 2025-2026 Cost of Service Study Report**

Dear Mr. Khalil,

Raftelis Financial Consultants, Inc. (Raftelis) is pleased to provide this Cost of Service Study (COS Study) Report for DC Water. Over the past several months, we have worked closely with DC Water completing this engagement. We would like to take this opportunity to thank you and your staff for the efforts and participation you put forth during the Study.

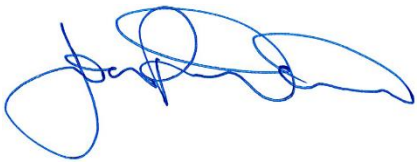
The major tasks of this COS Study included the following:

- Revenue Sufficiency Model (Model) – Raftelis conducted a revenue sufficiency analysis to independently forecast operating and capital costs along with units of service for fiscal year (FY) 2025 and FY 2026; these years served as the test years. We compared our forecasted revenue to the Financial Planning Model developed by DC Water staff to identify any revenue shortfalls for the test years.
- Cost of Service / Rate Equity Analysis – Raftelis reviewed and updated the cost of service allocation factors to ensure that proposed rates are equitable and that no cross subsidies exist between the various water and wastewater customer classes.

The Report summarizes the key findings and recommendations related to the financial plan and the proposed cost of service-based rates for FY 2025-2026.

It has been a pleasure working with you, and we thank you and DC Water staff for the support provided during the course of this study.

Sincerely,



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# APPENDIX: Supporting Schedules

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# 1. Executive Summary

## 1.1. Background of the Study

DC Water engaged Raftelis to perform a Cost of Service Study (COS Study). To meet the needs of DC Water's Task Order objectives, Raftelis prepared the following deliverables:

- Revenue Sufficiency Model (Model) – Raftelis conducted a revenue sufficiency analysis to independently forecast operating and capital costs along with units of service for fiscal year (FY) 2025 and FY 2026; these years served as the test years. We compared our forecasted revenue to the Financial Planning Model developed by DC Water staff to identify any revenue shortfalls for the test years.
- Cost of Service / Rate Equity Analysis – Raftelis reviewed and updated the cost of service allocation factors to ensure that proposed rates are equitable and that no cross subsidies exist between the various water and wastewater customer classes.

A summary of the methodology and findings from the Revenue Sufficiency and COS Study is included in this Executive Summary.

## 1.2. Revenue Sufficiency Model

There are three important forecasts in the revenue sufficiency analysis: operating expenditures, capital expenditures, and units of service. These three schedules project how much revenue DC Water will generate.

Units of service include number of customer accounts, billed water consumption, and equivalent residential units (ERUs). To forecast units of service in the most accurate manner, Raftelis reviewed billed water, customer accounts, and consumption data from FY 2021, FY 2022, and FY 2023.

Since FY 2014, billable water flows have decreased by an average annual rate of approximately 1.2%. This has occurred even though DC Water's customer base has increased slightly over the same period. The trend in declining consumption is likely related to a combination of the expanded use of low-flow fixtures and a broader awareness of resource conservation. This trend is consistent with the per capita declines in consumption that Raftelis has seen in other utilities with similar demographics and service area characteristics. The years prior to the pandemic experienced an increase in commercial consumption relative to other classes' consumption, but this trend levelled off in recent years, and consumption trends among classes have returned to pre-pandemic levels.

Raftelis has assumed that the count of Equivalent Residential Units (ERUs), which are used to calculate revenue from the Clean River's Impervious Area Charge (CRIAC), are consistent with DC Water's most recent update to its impervious area database.

Based on projected consumption, accounts, and ERUs in FY 2022-2023, Raftelis' calculated revenue from operations was consistent with DC Water's Financial Plan. In the aggregate, the variance in revenue when compared to the Financial Plan for FY 2023-2024 was less than 1% for both test years.

Our analysis found that DC Water has consistently been able to control operating expenditures at or below budgeted levels. Therefore, it was determined that budgeted operating expenditures provided a prudently conservative forecast for our sufficiency analysis. Capital expenditures consisted mainly of debt service and coverage requirements.

The revenue sufficiency forecasts for FY 2025 and FY 2026 showed operating revenue slightly higher than DC Water's Financial Plan by $141,299 and $1,594,696, respectively. A small discrepancy in user revenue data is expected, as Raftelis calculates revenue using raw consumption data, which usually diverges from the Financial Plan estimate. Expenses and non-operating revenue also differed slightly from the Financial Plan. These differences resulted from some late changes to the Financial Plan that could not be easily incorporated into the COS Study; these changes were deemed de minimis. A comparison of total revenues and expenses is provided in Table E- 1.

**Table E- 1: Comparison of Projected Revenue and Expenses**

| | DC Water Financial Plan (2025) | Raftelis Model (2025) | Delta |
|---|---|---|---|
| **Revenue** | | | |
| **Operating** | $869,703,969 | $870,823,018 | $1,119,049 |
| **Non-Operating** | $56,153,262 | $55,175,512 | $(977,750) |
| ***Total: Revenue*** | $925,857,231 | $925,998,530 | $141,299 |
| **Expenses** | | | |
| **Operating** | $444,206,851 | $444,310,839 | $103,988 |
| **Debt Service** | $249,495,035 | $249,495,035 | $ - |
| **Cash Financed Capital Improvements** | $60,436,466 | $ 60,502,659 | $66,193 |
| ***Total: Expenses*** | $754,138,352 | $754,308,534 | $170,181 |
| **Net Cash Available for PAYGO Capital & Other Cash Needs** | **$171,718,879** | **$171,689,997** | **$(28,882)** |

| | DC Water Financial Plan (2026) | Raftelis Model (2026) | Delta |
|---|---|---|---|
| **Revenue** | | | |
| **Operating** | $920,154,450 | $920,726,895 | $572,445 |
| **Non-Operating** | $56,900,135 | $57,922,385 | $1,022,250 |
| ***Total: Revenue*** | $977,054,585 | $978,649,280 | $1,594,695 |
| **Expenses** | | | |
| **Operating** | $464,946,778 | $464,942,826 | $(3,952) |
| **Debt Service** | $277,000,175 | $277,000,175 | $ - |
| **Cash Financed Capital Improvements** | $71,932,470 | $71,845,819 | $(86,651) |
| ***Total: Expenses*** | $813,879,423 | $813,788,820 | $(90,603) |
| **Net Cash Available for PAYGO Capital & Other Cash Needs** | **$163,175,162** | **$164,860,460** | **$1,685,298** |

Raftelis' model results are predicated on several assumptions. A more thorough discussion of these assumptions can be found in Section 3.3 of this report.

## 1.3. Cost of Service and Rate Equity

Raftelis was asked if the proposed rates represented the true cost of service. To assure that there was no subsidization within the retail customer base, we developed test year revenue requirements and allocated them to existing rate structure components using reasonable allocation factors. Dividing the allocated revenue requirement by the units of service yields the cost of service-based rates for all categories but water. Raftelis used a more detailed cost of service analysis, discussed further in the body of the report, to calculate DC Water's class-based, tiered water rates. Table E-2 presents the allocation of test year revenue requirements to the water volume charge, metering fee, wastewater volume charge, and the CRIAC.

**Table E- 2: Cost of Service Unit Costs**

| | FY 2025 | Water | Meter | Wastewater | CRIAC |
|---|---|---|---|---|---|
| **Retail Revenue Requirements** | $694,927,916 | $200,912,619 | $25,471,349 | $361,595,146 | $106,948,802 |
| **Percent of Retail Revenue Requirements** | 100% | 28.9% | 3.7% | 52.0% | 15.4% |
| **Units of Service** | | 31,234,000 | 273,806 | 29,979,448 | 420,000 |
| **Units** | | Ccf | Equiv. Meters | Ccf | ERUs |
| **Calculated Unit Cost** | | **$6.4325** | **$93.0269** | **$12.0614** | **$254.6400** |

| | FY 2026 | Water | Meter | Wastewater | CRIAC |
|---|---|---|---|---|---|
| **Retail Revenue Requirements** | $740,406,020 | $221,616,306 | $25,466,577 | $371,234,456 | $122,088,681 |
| **Percent of Retail Revenue Requirements** | 100% | 29.9% | 3.4% | 50.1% | 16.5% |
| **Units of Service** | | 30,918,000 | 273,806 | 29,663,458 | 420,000 |
| **Units** | | Ccf | Equiv. Meters | Ccf | ERUs |
| **Calculated Unit Cost** | | **$7.1679** | **$93.0095** | **$12.5149** | **$290.6873** |

1. *Note that final rates are rounded up only once calculated.*

## Table E- 3: Cost of Service Calculation and Proposed Rates

| | FY 2024 (Existing) | FY 2025 (Proposed) | FY 2026 (Proposed) | FY 2025 | | FY 2026 | |
|---|---|---|---|---|---|---|---|
| | | | | $ Difference | % Difference | $ Difference | % Difference |
| Water Volumetric Residential – Tier 1 | $4.38 | $5.21 | $5.78 | $0.83 | 18.95% | $0.57 | 10.94% |
| Water Volumetric Residential – Tier 2 | $5.70 | $6.81 | $7.60 | $1.11 | 19.47% | $0.79 | 11.60% |
| Water Volumetric – Multi-family | $5.00 | $5.82 | $6.47 | $0.82 | 16.40% | $0.65 | 11.17% |
| Water Volumetric – Non-Residential | $5.89 | $7.03 | $7.84 | $1.14 | 19.35% | $0.81 | 11.52% |
| Sewer Volumetric | $11.70 | $12.07 | $12.52 | $0.37 | 3.16% | $0.45 | 3.73% |
| Metering Fee | $7.75 | $7.75 | $7.75 | $ - | 0% | $ - | 0% |
| Clean Rivers IAC | $21.86 | $21.23 | $24.23 | $(0.63) | -2.88% | $3.00 | 14.13% |
| WSRF | $6.30 | $6.30 | $6.30 | $ - | 0% | $ - | 0% |
| Backwash Rate | $3.30 | $3.32 | $3.54 | $0.02 | 0.61% | $0.22 | 6.63% |
| Groundwater Fee | $3.50 | $3.50 | $3.76 | $ - | 0% | $0.26 | 7.43% |
| | | | | | | | |

# 2. Introduction

DC Water engaged Raftelis to provide consulting services for a Revenue Sufficiency and Cost of Service Study (COS Study). The main purpose of the COS Study was to review DC Water's existing Financial Planning Model (Financial Plan) and its inputs and to calculate cost of service-based retail rates for DC Water's upcoming rate adoption period of FY 2025-FY 2026. The Study was designed to ensure that there were no cross-subsidies among the various water and wastewater retail customer classes.

Raftelis conducted a revenue sufficiency analysis to independently forecast operating and capital costs along with units of service for FY 2025 and FY 2026; these two years served as test years. Raftelis compared their independent financial forecast to the forecast in the Financial Plan, identifying any revenue discrepancies for the test years.

## 2.1. Deliverables

Raftelis prepared three deliverables for this Study:

1. Revenue sufficiency/cost of service model schedules;
2. A report to document our study processes, results, and recommendations; and
3. A presentation to summarize the results of the study for the Retail Rates Committee of the DC Water Board.

Deliverables were presented in draft form to DC Water staff for review and comment. This report, the second deliverable, gives an overview of the COS Study's most important findings, discussed in detail below.

# 3. Revenue Sufficiency Analysis

Raftelis' revenue sufficiency analysis was intended to provide an independent forecast of revenues and expenditures. Raftelis completed a revenue sufficiency model (Model) and compared the results of this model to the corresponding results in the Financial Plan.

## 3.1. Revenue Sufficiency Model

The Model compares the revenues generated from existing rates and charges against DC Water's costs, or revenue requirements. The Model includes an independent forecast of operating and capital costs along with an analysis of the billable units of service. The analysis assumes test years of FY 2025 and FY 2026.

### 3.1.1. OPERATING EXPENSES

DC Water's actual and projected operating expenses were incorporated into the Model based on information taken from DC Water's FY 2024 Budget, FY 2025 Proposed Budget, and FY 2026 Preliminary Budget. Average total O&M cost increases from FY 2024-25 were 14%, driven primarily by increases in electricity and chemical costs. Average increases for FY 2025-26 were 5%. Although inflation in the DC area (as measured by the Consumer Price Index[1]) has recently dropped to approximately 3% from its post-pandemic peak of approximately 7.5%, the potential for future inflation in excess of 3% is realistic due to the commodity-intensive nature of the water and sewer industry, which demands significant amounts of treatment chemicals and electricity. DC Water should re-visit budget escalation estimates annually as part of its financial planning process.

Based on these escalation criteria, Raftelis is projecting overall O&M costs of $454,497,518 and $476,226,995, respectively, for test years FY 2025 and FY 2026. These figures do not include expenses related to the payment in lieu of taxes (PILOT) or the right of way (ROW) fee. Table 1 shows the increase in operating expenses from FY 2024 to FY 2025 and FY 2026.

[1] Bureau of Labor Statistics website, https://www.bls.gov/regions/mid-atlantic/news-release/consumerpriceindex_washingtondc.htm.

## Table 1: Projected O&M Expenses

| | 2024 | 2025 | 2026 | '24-'25 Increase |
|---|---|---|---|---|
| **Operations** | | | | |
| Wastewater Treatment - Operations | $83,544,135 | $99,253,586 | $105,873,790 | 18.80% |
| Wastewater Treatment – Process Engineering | 7,315,921 | 8,533,824 | 8,977,337 | 16.65% |
| Maintenance Services | 21,360,713 | 24,762,614 | 26,355,392 | 15.93% |
| Water Operations | 75,020,561 | 80,715,953 | 85,305,870 | 7.59% |
| Sewer Operations | 16,452,536 | - | - | n/a |
| Customer Service | 22,102,983 | 21,116,852 | 21,902,994 | -4.46% |
| Pumping Operations | 22,671,446 | 45,092,066 | 46,173,419 | 98.89% |
| Engineering & Technical Services | 24,948,843 | 25,394,628 | 26,324,483 | 1.79% |
| Wastewater Engineering | 3,603,312 | 3,722,461 | 3,862,122 | 3.31% |
| Clean Water and Technology | - | 5,055,132 | 5,505,763 | n/a |
| Resource Recovery | - | 7,775,267 | 8,095,523 | n/a |
| D.C Clean Rivers | 4,299,489 | 4,107,740 | 4,236,626 | -4.46% |
| CIP Infrastructure Management | 5,554,796 | 5,965,239 | 6,202,805 | 7.39% |
| Permit Operations | 4,647,867 | 5,286,000 | 5,490,430 | 13.73% |
| **Administration** | | | | |
| Office of the Chief Executive Officer | $2,894,914 | $2,711,592 | $2,806,101 | -6.33% |
| Office of the Chief Operating Officer | 1,495,171 | 1,691,818 | 1,753,082 | 13.15% |
| Office of the Secretary | 663,667 | 1,000,228 | 1,035,555 | 50.71% |
| Internal Audit | 767,202 | 839,471 | 864,655 | 9.42% |
| Legal Affairs | 8,673,619 | 8,312,391 | 8,594,407 | -4.16% |
| Marketing and Communications | 3,408,905 | 4,349,021 | 4,494,697 | 27.58% |
| Performance | 2,996,602 | 2,737,963 | 2,837,363 | -8.63% |
| Human Resources | 10,376,522 | 10,323,164 | 10,692,263 | -0.51% |
| Information Technology | 10,632,793 | 11,006,433 | 11,403,415 | 3.51% |
| Procurement | 7,817,442 | 7,610,973 | 7,908,332 | -2.64% |
| Compliance & Business Development | - | 2,317,590 | 2,406,184 | n/a |
| Finance | 25,602,220 | 29,282,885 | 29,763,151 | 14.38% |
| Non-Ratepayer Revenue Fund | 1,030,000 | 500,000 | 1,030,000 | -51.46% |
| Administrative Office | 794,903 | 1,466,111 | 1,515,756 | 84.44% |
| Office of Emergency Management | 1,746,359 | 1,682,069 | 1,736,479 | -3.68% |
| Facilities Management | 10,243,796 | 10,777,794 | 10,911,223 | 5.21% |
| Security | 8,936,140 | 11,057,064 | 11,372,333 | 23.73% |
| Occupational Safety & Health | 1,700,590 | 2,858,564 | 3,527,771 | 68.09% |

| | 2024 | 2025 | 2026 | '24-'25 Increase |
|---|---|---|---|---|
| Fleet Management | 7,851,915 | 7,191,024 | 7,267,671 | -8.42% |
| ***Total*** | **$398,705,362** | **$454,497,518** | **$476,226,995** | **14.0%** |

### 3.1.2. UNITS OF SERVICE

To project DC Water's future water revenues, Raftelis analyzed historic billing system data. Raftelis had previously incorporated billing data provided by DC Water Staff from FY 2011 through FY 2021, and Raftelis updated the forecast with FY 2022-2023 account data, along with estimated usage data for FY 2024-2026. The data consisted of billed water usage by customer class and category, the number of water meters by meter size per customer class and category, and impervious area as measured by equivalent residential units (ERUs).

Future water consumption projections in the Model are based on estimated FY 2025 and FY 2026 usage with adjustments in subsequent years to reflect projected declines in consumption of 1.0% annually in FY 2027-2032. These declines in consumption are based on an analysis of historical flow data. Raftelis believes that these reductions are appropriate due to expanded use of low-flow plumbing fixtures and a growing culture of resource conservation. This trend is consistent with the per capita reduction seen in other utilities with similar demographics and service area characteristics.

Based on a projection for eligible Customer Assistance Program (CAP) accounts, Raftelis included a reduction of 288,000 Ccf each year beginning in FY 2021. Raftelis' estimation of CAP accounts in FY 2025-FY 2026 is consistent with the Financial Plan, which incorporates 6,000 eligible CAP accounts and an approximate consumption of 48 Ccf per account, per year.

Projected wastewater flow is populated from actual water billings. However, the commercial wastewater category estimated consumption includes units of service for the water exempt category, which includes the Soldiers Home. Based on input from DC Water Staff, it was determined that the water exempt category is still required to pay for sewer services. The exemption from water service billings is a result of an existing agreement where DC Water maintains water facilities at these locations free of charge. Historical and projected consumption is displayed in Table 2.

## Table 2: Historical and Projected Consumption per Class and Category

| | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 |
|---|---|---|---|---|---|---|---|
| **Water Consumption** | | | | | | | |
| Residential Adjusted | 6,635,138 | 6,403,931 | 6,053,468 | 5,873,823 | 5,799,000 | 5,738,000 | 5,678,000 |
| Residential | 6,980,738 | 6,691,931 | 6,341,468 | 6,161,823 | 6,087,000 | 6,026,000 | 5,966,000 |
| Tier 1 | 3,715,677 | 3,727,088 | 3,656,295 | 3,471,429 | 3,230,043 | 3,196,066 | 3,162,646 |
| Tier 2 | 2,919,461 | 2,676,843 | 2,397,173 | 2,402,394 | 2,568,957 | 2,541,934 | 2,515,354 |
| CAP Accounts | (345,600) | (288,000)[1.] | (288,000)[1.] | (288,000)[1.] | (288,000)[2.] | (288,000)[2.] | (288,000)[2.] |
| Commercial | 10,154,277 | 9,138,569 | 10,622,833 | 10,811,375 | 10,559,000 | 10,453,000 | 10,348,000 |
| Multi-family | 9,017,482 | 9,274,352 | 9,322,193 | 9,311,183 | 9,181,000 | 9,089,000 | 8,998,000 |
| Municipal | 748,941 | 876,602 | 920,542 | 834,604 | 826,000 | 818,000 | 810,000 |
| Federal | 4,587,318 | 4,797,450 | 4,023,267 | 4,353,522 | 4,307,000 | 4,264,000 | 4,221,000 |
| D.C. Housing Authority | 794,434 | 808,267 | 824,862 | 889,780 | 881,000 | 872,000 | 863,000 |
| **Total Water Consumption** | **31,937,590** | **31,299,170** | **31,767,164** | **32,074,287** | **31,553,000** | **31,234,000** | **30,918,000** |
| *% Change* | **-3.3%** | **-2.0%** | **1.5%** | **1.0%** | **-1.6%** | **-1.0%** | **-1.0%** |

1. *Estimated*
2. *Projected*

Raftelis updated DC Water's customer account data from actuals in FY 2022-2023, and FY 2023 data served as the basis for projecting customer growth or decline. Because of low historical growth in accounts, user accounts were projected to remain constant each year. Historical actual and future projected customers are presented in Table 3.

## Table 3: Historical and Projected Customer Meters per Class and Category

| Customer Meters | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 |
|---|---|---|---|---|---|---|---|
| **Commercial** | 9,095 | 9,095 | 9,598 | 9,423 | 9,423 | 9,423 | 9,423 |
| **Federal** | 462 | 462 | 471 | 464 | 464 | 464 | 464 |
| **DC Housing** | 1,127 | 1,127 | 1,062 | 1,150 | 1,150 | 1,150 | 1,150 |
| **Municipal** | 524 | 524 | 537 | 522 | 522 | 522 | 522 |
| **Multi-Family** | 8,446 | 8,446 | 8,925 | 8,916 | 8,916 | 8,916 | 8,916 |
| **Residential** | 107,006 | 107,006 | 112,483 | 110,815 | 110,815 | 110,815 | 110,815 |
| **Soldier's Home** | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| **DC Water/Aqueduct** | 41 | 41 | 24 | 25 | 25 | 25 | 25 |
| **Wholesale** | 27 | 27 | 1 | 1 | 1 | 1 | 1 |
| ***Total*** | **126,731** | **126,731** | **133,104** | **131,319** | **131,319** | **131,319** | **131,319** |

1. *Accounts were projected from FY 2023 actuals.*

Raftelis also projected ERUs for use in the analysis of the CRIAC. Using ERU count from DC Water's most recent CRIAC Model, Raftelis assumed 420,000 CRIAC units beginning in FY 2021.

## 3.1.3. CAPITAL PLAN FINANCING

Financing for the Capital Plan is consistent with data from the Financial Plan and is displayed in summary in Table 4.

**Table 4: Capital Plan Financing**

| | 2024 | 2025 | 2026 |
|---|---|---|---|
| **Beginning Balance** | **$366,734,547** | **185,125,515** | **121,168,955** |
| **Sources of Funds** | | | |
| Proceeds from Revenue Bonds | $ - | $325,000,000 | $460,620,000 |
| Proceeds from WIFIA Loan | 26,000,000 | 26,000,000 | 26,000,000 |
| Environmental Impact Bond Proceeds | - | - | - |
| Proceeds from CP/EMCP/Treasury Notes/Digester Financing Option | - | - | - |
| Proceeds from CP/EMCP/Treasury Notes Pay-Off | - | - | - |
| Capital Equipment Financing | - | - | - |
| Curing Pad and Solar | - | - | 1,000,000 |
| System Availability Fee | 7,700,000 | 7,700,000 | 7,700,000 |
| Transfer from Operations - CRIAC | 63,348,491 | 60,976,767 | 69,710,926 |
| Transfer from Operations | 146,548,313 | 129,218,742 | 128,056,775 |
| Federal Grants – Infrastructure Funding | 24,597,650 | 29,754,659 | 31,664,659 |
| EPA Grants / DC Reimbursement | 13,005,236 | 20,144,456 | 12,948,973 |
| CSO Grants | - | - | - |
| Wholesale Customer Capital Contributions | 77,404,000 | 88,796,000 | 118,945,000 |
| Interest Income | 7,945,640 | 10,591,686 | 9,244,432 |
| **Subtotal: Sources** | **$366,549,330** | **$698,182,310** | **$865,890,765** |
| **Uses of Funds** | | | |
| Water Projects | $158,736,084 | $222,493,766 | $252,394,514 |
| Blue Plains Projects | 65,150,402 | 103,291,467 | 133,487,120 |
| Sanitary Sewer Projects | 80,599,332 | 92,234,977 | 123,853,825 |
| Combined Sewer | 4,879,708 | 9,374,524 | 10,932,822 |
| Combined Sewer Long Term Control Plan | 118,913,096 | 204,033,452 | 220,390,158 |
| Stormwater Projects | 7,292,860 | 13,564,862 | 7,958,081 |
| Non-Process Facilities | 13,074,148 | 19,899,722 | 25,189,941 |
| Washington Aqueduct Division Projects | 35,546,040 | 35,769,600 | 35,769,600 |
| Capital Equipment | 26,937,000 | 24,532,395 | 25,009,725 |
| Meter Replacement / AMR | 3,598,042 | 6,944,106 | 6,829,280 |
| Reimbursement for Prior Capital Expenditures | - | - | - |
| **Subtotal: Uses** | **$514,726,712** | **$732,138,870** | **$841,815,066** |
| **Sources Minus Uses** | $(148,177,382) | $(33,956,560) | $24,075,699 |
| **Capital Contingency Reserve for LTCP** | 33,431,650 | 30,000,000 | 30,000,000 |
| **Sources Minus Uses Net of Reserves** | $(181,609,032) | $(63,956,560) | $(5,924,301) |
| **Ending Balance** | **$185,125,515** | **$121,168,955** | **$115,244,654** |

DC Water is faced with a significant capital program over the forecast period to address water and wastewater infrastructure needs and system improvements. For the water utility, the primary drivers of the capital program include repair, replacement, and rehabilitation of water distribution system infrastructure; water pumping facility

repairs and improvements; continued implementation of the water lead abatement program; water storage facilities repairs and improvements; and capital contributions to the Washington Aqueduct related to water source of supply. For the wastewater utility, the primary drivers of the capital program include collection system reinvestment, improvements at the Blue Plains WWTP, including enhanced nitrogen removal facilities; repair, replacement, and rehabilitation of the collection and conveyance systems; and Environmental Protection Agency ("EPA") consent decree requirements associated with DC Water's Long-term Combined Sewer Overflow Control Plan ("CSO LTCP").

DC Water anticipates that the capital plan will be financed through a mix of proceeds from revenue bonds and commercial paper, federal grants, District of Columbia reimbursements, capital contributions from wholesale wastewater customers, revenues generated internally from rates, and cash reserves. Based on our evaluation, it appears that the Financial Plan provides for sufficient funding of the capital program. Raftelis also evaluated the proposed capital financing structure, with particular attention paid to assumptions related to the cost of financing for long-term revenue bonds. DC Water's current underlying bond rating from Standard and Poor's of AAA is an investment grade rating that indicates a strong capability to meet financial obligations. Moody's carries a rating of Aa1 for DC Water. Based on current market conditions, and assuming DC Water would either insure or fund a debt service reserve for future revenue bonds, the current estimated range of interest rates assumed in the Financial Plan is reasonable and provides a level of conservatism in the forecast. Regardless, DC Water should revise these assumptions, as appropriate, during its annual financial planning process. It is possible that alternative long-term financing options could be utilized which would require an update to the projected debt service repayment assumptions.

### 3.1.4. DEBT SERVICE

Debt service within the Model is based, in part, on information provided by DC Water's Financial Advisor and reflected in the Financial Plan. Raftelis calculated FY 2024-FY 2033 debt service based on projected funding needs in the CIP. A summary of the projected debt from is displayed below in Table 5.

**Table 5: Projected Debt Service**

| | 2025 | 2026 |
|---|---|---|
| **Existing Debt** | | |
| **Senior Debt** | | |
| 1998 Revenue Bonds | 8,114,200 | 8,113,950 |
| Series 2014A Revenue Bond | 16,849,000 | 16,849,000 |
| Series 2017A Revenue Bond | 4,591,000 | 4,591,000 |
| Series 2017B Revenue Bond | 13,256,750 | 13,253,000 |
| Series 2018A Revenue Bond | 5,000,000 | 5,000,000 |
| Series 2018B Revenue Bond | 13,324,000 | 13,326,250 |
| WIFIA Loan | 2,924,065 | 2,924,065 |
| ***Subtotal: Senior Debt*** | **$64,059,015** | **$64,057,265** |
| **Subordinated Debt** | | |
| Taxable Commercial Paper | $2,148,800 | $2,148,800 |
| Jennings Randolph | 805,191 | 805,191 |

| | 2025 | 2026 |
|---|---|---|
| EMCP | 2,889,400 | 2,892,400 |
| Series 2010A Subordinate Bond | 15,372,181 | 15,312,649 |
| Series 2012A, B-1, B-2, C Subordinate Bond | - | - |
| Series 2014B Subordinate Bond | 3,996,317 | 4,000,000 |
| Series 2014C Subordinate Bond | 28,643,900 | 28,799,900 |
| Series 2015A Subordinate Bond | 11,604,900 | 11,602,150 |
| Series 2015B Subordinate Bond | 8,944,800 | 8,944,800 |
| Series 2016A Subordinate Bond | 17,039,013 | 17,039,013 |
| Series 2019A Revenue Bond | 4,708,700 | 4,708,700 |
| Series 2019B Revenue Bond | 6,336,000 | 6,340,000 |
| Series 2019C Revenue Bond | 3,980,200 | 3,980,200 |
| Series 2019D Revenue Bond | 12,308,030 | 12,307,851 |
| Series 2022A Revenue Bond | 28,667,716 | 28,567,972 |
| Series 2022B Revenue Bond | 3,979,250 | 3,979,250 |
| Series 2022C-1 (New Money) | 3,523,450 | 3,523,450 |
| Series 2022C-1 (EIB CP Takeout) | 887,550 | 887,550 |
| Series 2022C-1 (Tender Refunding 2014C) | 1,072,350 | 1,072,350 |
| Series 2022C-1 (Tender Refunding 2015A) | 261,450 | 261,450 |
| Series 2022C-1 (Tender Refunding 2015B) | 3,176,400 | 3,176,400 |
| Series 2022C-2 | 176,720 | 176,720 |
| Series 2022D (New Money) | 7,951,172 | 7,954,926 |
| Series 2022D (Refunding) | 2,695,655 | 2,695,087 |
| Series 2022E (Soft put on 10/1/2027) | 2,890,500 | 2,890,500 |
| ***Subtotal: Subordinate Debt*** | **$174,059,645** | **$174,066,508** |
| ***Total: Existing Debt*** | **$238,118,660** | **$238,123,773** |
| **Planned Debt** | | |
| WASA Bonds Excluding CRIAC | $11,376,376 | $38,876,402 |
| ***Total: Planned Debt*** | **$11,376,376** | **$38,876,402** |
| ***Total Debt*** | **$249,495,036** | **$277,000,175** |
| *% Change* | | **11.0%** |

## 3.2. Comparison to Forecast

DC Water's Financial Plan projects net cash available for paygo cash of $171,718,879 in FY 2025 and $163,175,161 in FY 2026. The variances of $(28,882) in FY 2025 and $1,685,299 in FY 2026 when compared to Raftelis' forecast

surpluses of $171,689,997 and $164,860,460, respectively, is a result of several factors which are discussed below. While individual variances are highlighted in the following sections, a complete comparison schedule vs. the Financial Plan is also found in the Appendix.

## 3.2.1. OPERATING REVENUE

As discussed previously in Section 3.1.2, Raftelis has estimated billable water and sewer flows based on FY 2025 and FY 2026 estimated flows. As a result, Raftelis is projecting operating revenues of $870,823,018 in FY 2025, which includes $756,574,872 in retail customer billing revenues and $114,248,146 in wholesale revenues. Raftelis is projecting operating revenues of $920,726,895 in FY 2026, which includes $799,822,114 in retail customer billing revenues and $120,904,781 in wholesale revenues. A summary of the operating revenue comparison of the Model and the Financial Plan is provided below.

**Table 6: Operating Revenue Comparison**

| Operating Revenue | FY 2025 DC Water Financial Plan | FY 2025 Raftelis Model | Delta |
|---|---|---|---|
| **Volumetric Charges** | $559,843,450 | $560,340,491 | $497,041 |
| **Metering Fee** | 24,082,852 | 24,704,861 | 622,009 |
| **WSRF** | 40,717,000 | 40,717,000 | - |
| **Right of Way/PILOT** | 23,813,321 | 23,813,321 | - |
| **CRIAC Revenue** | 106,999,200 | 106,999,200 | - |
| **Wholesale Revenue** | 114,248,146 | 114,248,146 | - |
| ***Total Operating Revenue*** | **$869,703,969** | **$870,823,019** | **$1,119,050** |

| Operating Revenue | FY 2026 DC Water Financial Plan | FY 2026 Raftelis Model | Delta |
|---|---|---|---|
| **Volumetric Charges** | $588,174,786 | $588,125,222 | $(49,564) |
| **Metering Fee** | 24,082,852 | 24,704,861 | 622,009 |
| **WSRF** | 40,717,000 | 40,717,000 | - |
| **Right of Way/PILOT** | 24,155,831 | 24,155,831 | - |
| **CRIAC Revenue** | 122,119,200 | 122,119,200 | - |
| **Wholesale Revenue** | 120,904,781 | 120,904,781 | - |
| ***Total Operating Revenue*** | **$920,154,450** | **$920,726,895** | **$572,445** |

### 3.2.1.1. Volumetric Charges

Revenues from the volumetric charges are calculated primarily based on the projected rates from Raftelis' COS results multiplied by projected consumption. Slightly different calculation methods resulted in differences between Raftelis' projections and DC Water's Financial Plan. Raftelis uses historical billing data and removes CAP consumption using a different order of operations compared to DC Water's Financial Plan. Raftelis' projections were slightly higher, and thus overstated anticipated revenues. In FY 2025, volumetric revenues were 0.15% higher than those in the Financial Plan. Similarly, in FY 2026, volumetric revenues were 0.07% higher than those in the Financial Plan. These slight discrepancies are expected, and do not represent a material difference between Raftelis' forecast and DC Water's Financial Plan.

#### 3.2.1.2. Metering Fee

Revenues from the metering fee are calculated based on the projected rates in the Financial Plan (the Metering Fee will remain unchanged in FY 2025 or FY 2026) multiplied by the projected customers per meter size. They represent the recovery of Customer Service costs related to metering and billing as described in Section 4.6. Raftelis' projections of revenue from the metering fee differ slightly from the Financial Plan because Raftelis' projections are based on the latest available data on DC Water's meter counts, so a small difference in Metering Fee revenues was anticipated. In both FY 2025 and FY 2026, metering fee revenues were 2.5% higher than those in the Financial Plan.

#### 3.2.1.3. Water System Replacement Fee (WSRF)

The WSRF was originally set to recover approximately $40 million per year for ten years to fund water system renewal and replacement. Revenues from the WSRF are calculated based on the projected rates in the Financial Plan (the WSRF will not change in FY 2025 or FY 2026) multiplied by the projected customers per meter size. Raftelis' projection of revenue from the WSRF are consistent with the revenue in DC Water's Financial Plan. DC Water is projected to recover $40,717,000 in both FY 2025 and FY 2026.

#### 3.2.1.4. Impervious Area Charge

Raftelis' projections for CRIAC revenues are consistent with those in the Financial Plan. CRIAC revenues represent the allocation of some Clean Rivers capital costs to the sewer volumetric rate as described in Section 4.6.

### 3.2.2. NON-OPERATING REVENUE

Raftelis' projection of non-operating revenues is similar to those used in DC Water's Financial Plan. DC Water made some minor updates to the Financial Plan late in the COS Study and these changes were not able to be reflected in our projections. These changes reflected additional capital expenses in DC Water's latest capital improvement plan as well as adjustments to Backwash Rate revenue and Developer Fee revenue. It was important to include these additional expenses as the Financial Plan benchmark to which the DC Water Financial Plan is compared in the Revenue Sufficiency Analysis. After review of the changes and discussions with staff, we determined the changes did not represent a material difference from our projections. A comparison of total revenues is shown below.

## Table 7: Total Revenue Comparison

| | FY 2025 DC Water Financial Plan | FY 2025 Raftelis Model | Delta |
|---|---|---|---|
| **Operating Revenue** | | | |
| Volumetric Charges | $559,843,450 | $560,340,491 | $497,041 |
| Metering Fee | 24,082,852 | 24,704,861 | 622,009 |
| Infrastructure Surcharge | 40,717,000 | 40,717,000 | - |
| Right of Way Fee/PILOT | 23,813,321 | 23,813,321 | - |
| CRIAC Revenue | 106,999,200 | 106,999,200 | - |
| Wholesale Revenue | 114,248,146 | 114,248,146 | - |
| ***Subtotal: Operating Revenue*** | **$869,703,969** | **$870,823,019** | **$1,119,050** |
| **Non-Operating Revenues** | | | |
| Interest Earnings | $9,089,071 | $9,089,071 | $ - |
| Other Revenue | 46,870,945 | 45,893,195 | $(977,750) |
| Northern Virginia Debt Service | 193,246 | 193,246 | $ - |
| ***Subtotal: Non-Operating Revenue*** | **56,153,262** | **$55,175,512** | **$(977,750)** |
| ***Total Revenue*** | **$925,857,231** | **$925,998,531** | **$141,300** |

| | FY 2026 DC Water Financial Plan | FY 2026 Raftelis Model | Delta |
|---|---|---|---|
| **Operating Revenue** | | | |
| Volumetric Charges | $588,174,786 | $588,125,222 | $(49,564) |
| Metering Fee | 24,082,852 | 24,704,861 | 622,009 |
| Infrastructure Surcharge | 40,717,000 | 40,717,000 | - |
| Right of Way Fee/PILOT | 24,155,831 | 24,155,831 | - |
| CRIAC Revenue | 122,119,200 | 122,119,200 | - |
| Wholesale Revenue | 120,904,781 | 120,904,781 | - |
| ***Subtotal: Operating Revenue*** | **$920,154,450** | **$920,726,895** | **$572,445** |
| **Non-Operating Revenues** | | | |
| Interest Earnings | $8,815,944 | 8,815,944 | $ - |
| Other Revenue | 47,890,945 | 48,913,195 | $1,022,250 |
| Northern Virginia Debt Service | 193,246 | 193,246 | $ - |
| ***Subtotal: Non-Operating Revenue*** | **$56,900,135** | **$57,922,385** | **$1,022,250** |
| ***Total Revenue*** | **$977,054,585** | **$978,649,280** | **$1,594,695** |

The Model forecasts total revenues in the test years that diverge from DC Water's projections by less than 0.2% for each test year.

### 3.2.3. OPERATING EXPENSES

Operating expenses in the Model were forecast from DC Water's FY 2024 Budget, FY 2025 Proposed Budget, and FY 2026 Preliminary Budget. Note that the following operating expenses are shown with capitalized labor deducted from total Personnel Services. Small differences in expenses occur due to the estimation of capitalized labor and the units of service upon which the District PILOT is assessed.

**Table 8: Operating Expense Comparison**

| | FY 2025 DC Water Financial Plan | FY 2025 Raftelis Model | Delta |
|---|---|---|---|
| **Personnel Services** | $175,530,018 | $175,616,900 | $86,882 |
| **Contractual Services** | 102,283,509 | 102,283,509 | $ - |
| **Water Purchases** | 45,330,086 | 45,330,086 | $ - |
| **Chemicals & Supplies** | 55,585,084 | 55,585,084 | $ - |
| **Utilities & Rent** | 40,317,848 | 40,317,848 | $ - |
| **Small Equipment** | 1,364,090 | 1,364,090 | $ - |
| **PILOT/ROW Fee** | 23,796,216 | 23,813,321 | $17,105 |
| ***Total Operating Expenses*** | **$444,206,851** | **$444,310,839** | **$103,988** |

| | FY 2026 DC Water Financial Plan | FY 2026 Raftelis Model | Delta |
|---|---|---|---|
| **Personnel Services** | $182,551,219 | $182,561,576 | $10,357 |
| **Contractual Services** | 105,937,210 | 105,937,210 | $ - |
| **Water Purchases** | 48,555,894 | 48,555,894 | $ - |
| **Chemicals & Supplies** | 60,698,196 | 60,698,196 | $ - |
| **Utilities & Rent** | 41,759,812 | 41,759,812 | $ - |
| **Small Equipment** | 1,274,307 | 1,274,307 | $ - |
| **PILOT/ROW Fee** | 24,170,140 | 24,155,831 | $(14,309) |
| ***Total Operating Expenses*** | **$464,946,778** | **$464,942,826** | **$(3,952)** |

### 3.2.4. DEBT SERVICE

Because Raftelis updated the Model's existing debt service based on actual principal and interest schedules provided in the official statement to investors, slightly different assumptions were used to forecast planned debt issuance, resulting in a de minimis difference in planned debt service. A summary of the debt service comparison is displayed in Table 9.

## Table 9: Debt Service Comparison

| Debt Service | DC Water Financial Plan 2025 | Raftelis Model 2025 | Delta |
|---|---|---|---|
| 1998 Revenue Bonds | $8,114,200 | $8,114,200 | $ - |
| Series 2014A Revenue Bond | 16,849,000 | 16,849,000 | - |
| Series 2017A Revenue Bond | 4,591,000 | 4,591,000 | - |
| Series 2017B Revenue Bond | 13,256,750 | 13,256,750 | - |
| Series 2018A Revenue Bond | 5,000,000 | 5,000,000 | - |
| Series 2018B Revenue Bond | 13,324,000 | 13,324,000 | - |
| WIFIA Loan | 2,924,065 | 2,924,065 | - |
| Jennings Randolph | 805,191 | 805,191 | - |
| Commercial Paper | 2,148,800 | 2,148,800 | - |
| EMCP | 2,889,400 | 2,889,400 | - |
| Series 2010A Subordinate Bond | 15,372,181 | 15,372,181 | - |
| Series 2012A, B-1, B-2, C Subordinate Bond | - | - | - |
| Series 2014B Subordinate Bond | 3,996,317 | 3,996,317 | - |
| Series 2014C Subordinate Bond | 28,643,900 | 28,643,900 | - |
| Series 2015A Subordinate Bond | 11,604,900 | 11,604,900 | - |
| Series 2015B Subordinate Bond | 8,944,800 | 8,944,800 | - |
| Series 2016A Subordinate Bond | 17,039,013 | 17,039,013 | - |
| Series 2019A Subordinate Bond | 4,708,700 | 4,708,700 | - |
| Series 2019B Subordinate Bond | 6,336,000 | 6,336,000 | - |
| Series 2019C Subordinate Bond | 3,980,200 | 3,980,200 | - |
| Series 2019D Subordinate Bond | 12,308,030 | 12,308,030 | - |
| Series 2022A Subordinate Bond | 28,667,716 | 28,667,716 | - |
| Series 2022B Subordinate Bond | 3,979,250 | 3,979,250 | - |
| Series 2022C1 Subordinate Bond | 8,921,200 | 8,921,200 | - |
| Series 2022C2 Subordinate Bond | 176,720 | 176,720 | - |
| Series 2022D Subordinate Bond | 10,646,827 | 10,646,827 | - |
| Series 2022E Subordinate Bond | 2,890,500 | 2,890,500 | - |
| WASA Bonds – Planned Senior | - | - | - |
| WASA Bonds- Planned Subordinate | 11,376,376 | 11,376,376 | - |
| ***Total: Debt Service*** | **$249,495,035** | **$249,495,035** | **$ -** |

| Debt Service | DC Water Financial Plan 2026 | Raftelis Model 2026 | Delta |
|---|---|---|---|
| 1998 Revenue Bonds | $8,113,950 | $8,113,950 | $ - |
| Series 2014A Revenue Bond | 16,849,000 | 16,849,000 | - |
| Series 2017A Revenue Bond | 4,591,000 | 4,591,000 | - |
| Series 2017B Revenue Bond | 13,253,000 | 13,253,000 | - |
| Series 2018A Revenue Bond | 5,000,000 | 5,000,000 | - |
| Series 2018B Revenue Bond | 13,326,250 | 13,324,000 | - |
| WIFIA Loan | 2,924,065 | 2,924,065 | - |
| Jennings Randolph | 805,192 | 805,191 | (1) |
| Commercial Paper | 2,148,000 | 2,148,000 | - |
| EMCP | 2,892,400 | 2,892,400 | - |
| Series 2010A Subordinate Bond | 15,312,648 | 15,312,649 | 1 |
| Series 2012A, B-1, B-2, C Subordinate Bond | - | - | - |
| Series 2014B Subordinate Bond | 4,000,000 | 4,000,000 | - |
| Series 2014C Subordinate Bond | 28,799,900 | 28,799,900 | - |
| Series 2015A Subordinate Bond | 11,602,150 | 11,602,150 | - |
| Series 2015B Subordinate Bond | 8,944,800 | 8,944,800 | - |
| Series 2016A Subordinate Bond | 17,039,013 | 17,039,013 | - |
| Series 2019A Subordinate Bond | 4,708,700 | 4,708,700 | - |
| Series 2019B Subordinate Bond | 6,340,000 | 6,340,000 | - |
| Series 2019C Subordinate Bond | 3,980,200 | 3,980,200 | - |
| Series 2019D Subordinate Bond | 12,307,851 | 12,307,851 | - |
| Series 2022A Subordinate Bond | 28,567,972 | 28,567,972 | - |
| Series 2022B Subordinate Bond | 3,979,250 | 3,979,250 | - |
| Series 2022C1 Subordinate Bond | 8,921,200 | 8,921,200 | - |
| Series 2022C2 Subordinate Bond | 176,720 | 176,720 | - |
| Series 2022D Subordinate Bond | 10,650,013 | 10,650,013 | - |
| Series 2022E Subordinate Bond | 2,890,500 | 2,890,500 | - |
| WASA Bonds – Planned Senior | 16,123,650 | 16,123,650 | - |
| WASA Bonds- Planned Subordinate | 22,752,752 | 22,752,752 | - |
| ***Total: Debt Service*** | **$277,000,175** | **$277,000,175** | **$ -** |

To summarize, a comparison of total revenues and expenses is provided in Table 10.

**Table 10: Comparison of Revenues and Expenses**

| | DC Water Financial Plan (2025) | Raftelis Model (2025) | Delta |
|---|---|---|---|
| **Revenue** | | | |
| **Operating** | $869,703,969 | $870,823,018 | $1,119,049 |
| **Non-Operating** | $56,153,262 | $55,175,512 | $(977,750) |
| ***Total: Revenue*** | $925,857,231 | $925,998,530 | $141,299 |
| **Expenses** | | | |
| **Operating** | $444,206,851 | $444,310,839 | $103,988 |
| **Debt Service** | $249,495,035 | $249,495,035 | $ - |
| **Cash Financed Capital Improvements** | $60,436,466 | $ 60,502,659 | $66,193 |
| ***Total: Expenses*** | $754,138,352 | $754,308,534 | $170,181 |
| **Net Cash Available for PAYGO Capital & Other Cash Needs** | **$171,718,879** | **$171,689,997** | **$(28,882)** |

| | DC Water Financial Plan (2026) | Raftelis Model (2026) | Delta |
|---|---|---|---|
| **Revenue** | | | |
| **Operating** | $920,154,450 | $920,726,895 | $572,445 |
| **Non-Operating** | $56,900,135 | $57,922,385 | $1,022,250 |
| ***Total: Revenue*** | $977,054,585 | $978,649,280 | $1,594,695 |
| **Expenses** | | | |
| **Operating** | $464,946,778 | $464,942,826 | $(3,952) |
| **Debt Service** | $277,000,175 | $277,000,175 | $ - |
| **Cash Financed Capital Improvements** | $71,932,470 | $71,845,819 | $(86,651) |
| ***Total: Expenses*** | $813,879,423 | $813,788,820 | $(90,603) |
| **Net Cash Available for PAYGO Capital & Other Cash Needs** | **$163,175,162** | **$164,860,460** | **$1,685,298** |

### 3.2.5. REVENUE SUFFICIENCY ANALYSIS FINDINGS

Based on our independent projection based on rates and units of service (number of accounts, billed consumption, and impervious ERUs), Raftelis is able to conclude the following:

- Revenues under proposed rate increases are sufficient to fund utility cash requirements in FY 2025 and FY 2026;
- Reserve funds can be maintained at target levels; and
- Debt service coverage is adequate to meet required bond covenants.

# 4. Cost of Service Analysis

Raftelis evaluated the level of rate equity under the current rate structure. By developing cost of service-based rates and comparing them to proposed DC Water rates for the test years, FY 2025-FY 2026, Raftelis determined if existing water and sewer customer classes were subsidizing each other. Raftelis used the Model described in the previous sections to allocate costs and calculate cost of service-based rates and charges.

## 4.1. Revenue Requirements

To forecast the level of revenue necessary to ensure financial sufficiency for the utility, revenue requirements must be identified and projected for the test years. Revenue requirements include all costs incurred to operate the water and wastewater systems. These costs represent the annual cash needs of the utility for operation, but also examine existing and proposed debt, debt service coverage requirements, and the funding of target reserve fund balances. Revenue requirements are funded through sources identified in DC Water's capital improvement plan such as revenue bonds, capital reserves, and current year rate revenues. The revenue requirements identified in this process represent the costs that are currently being recovered from the retail rates.

**Operations and Maintenance Expenses.** First and foremost, the utility must recover costs associated with the routine operation, maintenance, and repair of the system. This component includes items in the DC Water budget such as labor, power, materials, PILOT, ROW fees, and most other costs associated with the day-to-day functioning of the system.

**Capital Improvement Plan.** Capital needs are one of the single largest components of a water and wastewater utility's cost structure. These expenditures pay for necessary infrastructure rehabilitation, replacements, expansions, and upgrades. Often, a portion of these costs are recovered through fund balance contributions or rate revenue with the balance funded through debt. Since DC Water has designed its metering fee to also recover ongoing AMR costs, this item in the Model has been added as an adjustment and included in the net revenue requirements.

**Capital Financing Plan.** Capital needs can be funded in a variety of ways, including, for example, revenue bonds, revolving fund loans, and rate revenues. By using the optimal blend of funding sources, it is possible to manage rate impacts, financial stability, and equitably allocate costs to customers over the useful life of the assets.

**Debt Service Coverage Requirements.** In addition to meeting cash flow needs, revenues must be adequate to satisfy minimum debt service coverage requirements set forth in DC Water's bond covenants. These requirements stipulate minimum debt coverage ratios as well as what revenues and expenses must be included in calculating coverage ratios. DC Water has set a more stringent management target coverage level of 1.6 times, tied to revenue requirements, to ensure availability of cash-funded capital and debt service as a percentage of revenue remains at sustainable levels.

Revenue requirements for each test year are presented in Table 11. Note that the PILOT/ROW Remittance is not included, because although it is an expense, it is ultimately reimbursed by the District of Columbia and is therefore not truly part of DC Water's cost of service.

### Table 11: Revenue Requirements for Rate Calculation

| Revenue Requirements | FY 2025 | FY 2026 |
|---|---|---|
| **Operating Expenses**[1] | $454,497,518 | $476,226,995 |
| **Debt Service** | 256,531,523 | 298,673,729 |
| **Adjustments – Coverage Allowance** | 173,298,914 | 162,984,238 |
| ***Total Revenue Requirements*** | **$884,327,955** | **$937,884,962** |

1. *Unlike the operating expenses shown in Table 10, operating expenses used for rate calculation purposes exclude District charges (payment in lieu of taxes), as these are not direct expenses for DC Water. However, operating expenses for rate calculation include capitalized labor expenses, resulting in a net increase from the operating expenses shown in Table 10.*

The revenue requirements are offset by operating and non-operating income other than user charges, resulting in net revenue requirements. The net revenue requirements represent the level of revenues that must be generated from retail user charges to meet the utility's operating and capital needs. Revenue offsets itemized within the Model include wholesale revenues, miscellaneous fees, and interest income. Table 12 summarizes the revenue offsets in the test years.

## Table 12: Test Years Revenue Offsets (FY 2025 and FY 2026)

| Revenue Offsets | FY 2025 | FY 2026 |
|---|---|---|
| **Wholesale Revenue** | | |
| LCSA + PI | $(13,996,667) | $(14,591,544) |
| WSSC | (79,591,175) | (84,440,697) |
| Fairfax County | (20,660,304) | (21,872,540) |
| **Other Revenue** | | |
| IMA Indirect Cost Reimbursement for Capital Projects | $(7,170,000) | $(9,660,000) |
| Development Contracts/Water Service Fees, Taps | (5,000,000) | (5,000,000) |
| Development Contracts/Liability Deposits/Sewer Service Fees | (3,000,000) | (3,000,000) |
| Funding for Non-Ratepayer Revenue Fund | (500,000) | (1,030,000) |
| Commercial Water Maintenance | - | - |
| DC Fire Protection Fee | (10,796,000) | (10,796,000) |
| System Availability Fee (SAF) | (7,700,000) | (7,700,000) |
| Backwash- DCW's prorata share | (4,620,000) | (4,620,000) |
| Transfer from DC PILOT/ROW Fund | - | - |
| DC Contribution of 50% PILOT Escrow to DCW | - | - |
| Sales to DC Agencies-Steam/Meter | - | - |
| Miscellaneous Revenues (Bid Deposits, Fleet Auction, Compost Sale) | (6,000,000) | (6,000,000) |
| Pipe Repair Sales/Replacement | - | - |
| Stormwater | (1,107,195) | (1,107,195) |
| Northern Virginia Debt Service | (193,246) | (193,246) |
| WSRF | (40,717,000) | (40,717,000) |
| Interest Income | (9,089,071) | (8,815,944) |
| ***Total Revenue Offsets*** | **$(210,140,658)** | **$(219,544,166)** |
| ***Total Revenue Requirements*** | **$884,327,955** | **$937,884,962** |
| ***Net Revenue Requirements*** | **$674,187,297** | **$718,340,796** |

Prior to finalizing net revenue requirements, some adjustments were made to ensure accuracy for the CRIAC calculation, and to account for delinquency rates (assumed to be 3%) when setting rates. The table below shows how the net revenue requirements of $674,187,297 and $718,340,796 for FY 2025 and FY 2026, respectively, were adjusted.

**Table 13: Adjustments to Net Revenue Requirements**

| Revenue Requirements | FY 2025 | FY 2026 |
|---|---|---|
| Unadjusted Net Revenue Requirement | $674,187,297 | $718,340,796 |
| Remove Capitalized O&M from CRIAC | - | - |
| Add $500,000 for CRIAC CAP | 500,000 | 500,000 |
| Add Delinquency Adjustment (3%) | 20,240,619 | 21,565,224 |
| ***Total Adjusted Revenue Requirements*** | **$694,927,916** | **$740,406,020** |

## 4.2. Allocation of Costs

Once the revenue requirements were projected for the test years, Raftelis evaluated the appropriateness of the allocation factors used in the most recent cost of service analysis. Specifically, Raftelis reviewed each major category of operating costs and identified a reasonable basis of allocation amongst the water volumetric charge, wastewater volumetric charge, and metering fee. Costs allocated to the wastewater volumetric charge were then allocated between the wastewater volumetric charge and the impervious area fee based on information provided in the engineering allocation analysis.

### 4.2.1. COST OF SERVICE INITIATIVES

The COS process included several initiatives to re-allocate costs. First, 37% of the costs associated with the CRIAC were re-allocated to the sewer volumetric rate. This re-allocation reflects the fact that the sewer utility pays for part of the Clean Rivers program expenses. This effort began in a prior COS Study and is fully phased in as part of this study. Second, the DC Water Operations budget included a reorganization of functions into the Pumping Operations division which required development of blended allocation between water and sewer volumetric rates. Finally, the revenue collected from the Water System Replacement Fee, designed to fund 1% of DC Water's annual renewal and replacement program, was used to offset the water utility's revenue requirements, resulting in an offset to all water volumetric charges.

### 4.2.2. COST ALLOCATION METHODOLOGY

Revenue requirements and revenue offsets related directly to providing water service or sewer service were allocated 100% to water or sewer, respectively. Revenue requirements and revenue offsets related entirely to the CSO LTCP were allocated 100% to the CRIAC. Customer service costs were allocated to the metering fee to account for the costs associated with meters and billing. The remaining costs were divided between water and sewer because almost all customers receive a bill for both services. For other direct operating costs, such as Maintenance Services, the same allocation factors were used as in the prior COS Study, with the majority of these costs allocated to wastewater. Engineering and Technical Services, which increased in cost since the previous COS study, are allocated mostly to sewer using the same allocation as Maintenance Services. CIP Infrastructure Management and Permit Operations were allocated based on CIP funding allocations and consultation with DC Water staff, respectively. Raftelis used similar percentages as in the last COS study to allocate Administration costs, which were based on reasonable allocation factors, such as revenues, employees, vehicles, etc., that were related to individual budget centers. The new O&M budget category Compliance and Business Development is allocated similarly to other O&M

Administrative categories. These assumptions are consistent with factors identified in DC Water's existing inter-municipal agreements ("IMA").

Responsibility for debt service coverage is distributed proportionately amongst the rates and charges based on the distribution of debt associated with water, sewer, and the CSO LTCP, respectively. Raftelis reviewed and updated allocations of existing debt service based on actual CIP expenditures. Future debt service associated with planned revenue bonds were allocated proportionately based on the projects identified in the CIP.

Table 14 presents the allocation of test year revenue requirements to the water volumetric charge, metering fee, wastewater volumetric charge, and the CRIAC. For the purpose of unit cost calculations, total revenue requirements allocated to each charge component were increased by 3% to reflect the rate of anticipated bill delinquencies prior to calculating rates.

**Table 14: Net Revenue Requirement Allocation and Cost of Service Calculation**

| | FY 2025 | Water | Meter | Wastewater | CRIAC |
|---|---|---|---|---|---|
| **Retail Revenue Requirements** | $694,927,916 | $200,912,619 | $25,471,349 | $361,595,146 | $106,948,802 |
| **Percent of Retail Revenue Requirements** | 100% | 28.9% | 3.7% | 52.0% | 15.4% |
| **Units of Service** | | 31,234,000 | 273,806 | 29,979,448 | 420,000 |
| **Units** | | Ccf | Equiv. Meters | Ccf | ERUs |
| **Calculated Unit Cost** | | **$6.4325** | **$93.0269** | **$12.0614** | **$254.6400** |

| | FY 2026 | Water | Meter | Wastewater | CRIAC |
|---|---|---|---|---|---|
| **Retail Revenue Requirements** | $740,406,020 | $221,616,306 | $25,466,577 | $371,234,456 | $122,088,681 |
| **Percent of Retail Revenue Requirements** | 100% | 29.9% | 3.4% | 50.1% | 16.5% |
| **Units of Service** | | 30,918,000 | 273,806 | 29,663,458 | 420,000 |
| **Units** | | Ccf | Equiv. Meters | Ccf | ERUs |
| **Calculated Unit Cost** | | **$7.1679** | **$93.0095** | **$12.5149** | **$290.6873** |

1. *Note that final rates are rounded up only once calculated.*

## 4.3. Metering Fee

The cost pool for the metering fee includes total revenue requirements of $25,471,349 in FY 2025 and $25,466,577 in FY 2026. The COS rates of $7.75/month in both FY 2025 and FY 2026 remain unchanged from the existing metering fee.

## 4.4. Water Volumetric Rate

As part of a previous COS Study, Raftelis recommended a class-based water volumetric rate to DC Water which was subsequently implemented in 2016. In a class-based volumetric rate structure, the customer classes that exhibit more

peaking in their water usage as compared to other classes are required to pay for their larger share of peaking-related costs. Calculating these rates involves allocating water system volumetric costs between base, or average, demand, and peak-demand, a two-step process.

The first step involves the allocation of all water system cost into functional components consistent with the operating characteristics of the utility. For DC Water these functional components included:

- Source of Supply and Treatment;
- Distribution;
- Storage;
- Pumping;
- Customer Service/Meter; and
- Administration/General.

Raftelis worked closely with DC Water Staff to review and evaluate water system operating costs and developed allocation factors to assign these costs into the categories identified above. Raftelis also reviewed historical capital expenditures identified in the Financial Plan over the past decade, which were used as a basis for allocating debt service and coverage between water source of supply and treatment and the distribution system. Other water revenues exclusive of user charges (revenue offsets) were allocated to the various system functions based on the revenue source. The most significant revenue offsets of note were the DC Fire Protection Fee, which was allocated evenly between water source of supply and treatment and water distribution, water service fees/taps, which was assigned to water distribution, and Water System Replacement Fee (WSRF) revenue, offsets the water volumetric revenue requirement.

Table 15 summarizes the allocation of water system costs to functional categories. Supporting detail for the cost allocations is provided in the Appendix.

**Table 15: Allocation of Water Costs into Functional Categories**

| | FY 2025 $ Allocated to Water | Source of Supply & Treatment | Distribution | Storage | Pumping | Customer Service/ Meter | Admin/ General |
|---|---|---|---|---|---|---|---|
| Operations | $102,452,318 | $10,219,326 | $68,768,980 | $8,680,335 | $10,982,644 | $957,098 | $2,843,935 |
| Administration | $52,972,270 | $ - | $ - | $ - | $ - | $ - | $52,972,270 |
| Debt Service | $70,020,671 | $23,676,502 | $40,162,726 | $ - | $ - | $2,981,443 | $3,200,000 |
| Revenue Offsets | $(64,749,461) | $(6,747,727) | $(11,747,727) | $ - | $ - | $ - | $(46,254,007) |
| Adjustment for Coverage | $40,092,403 | $14,205,901 | $24,097,636 | $ - | $ - | $1,788,866 | $ - |
| **Net Water System Revenue Requirements** | **$200,788,202** | **$41,354,003** | **$121,281,615** | **$8,680,335** | **$10,982,644** | **$5,727,407** | **$12,762,199** |
| **% Allocation** | | 20.6% | 60.4% | 4.3% | 5.5% | 2.9% | 6.4% |

| | FY 2026 $ Allocated to Water | Source of Supply & Treatment | Distribution | Storage | Pumping | Customer Service/ Meter | Admin/ General |
|---|---|---|---|---|---|---|---|
| Operations | $107,925,413 | $10,503,229 | $72,694,306 | $9,175,807 | $11,609,532 | $992,729 | $2,949,809 |
| Administration | $54,864,198 | $ - | $ - | $ - | $ - | $ - | $54,864,198 |
| Debt Service | $75,952,692 | $26,931,343 | $48,978,741 | $ - | $ - | $3,242,608 | $(3,200,000) |
| Revenue Offsets | $(64,891,554) | $(6,707,168) | $(11,707,168) | $ - | $ - | $ - | $(46,477,218) |
| Adjustment for Coverage | $47,491,615 | $16,158,806 | $29,387,245 | $ - | $ - | $1,945,565 | $ - |
| **Net Water System Revenue Requirements** | **$221,342,364** | **$46,886,210** | **$139,353,124** | **$9,175,807** | **$11,609,532** | **$6,180,902** | **$8,136,789** |
| **% Allocation** | | 21.2% | 63.0% | 4.1% | 5.2% | 2.8% | 3.7% |

1. *Note that the water revenue requirements above do not include the 3% delinquency adjustment, and they also do not include the re-allocation of a portion of water costs to the metering fee, shown in the "Customer Service/Meter" column of Table 16. Therefore, they differ from the total water revenue requirements shown in Table 14.*

Once costs were allocated into functional components, the next step in the process was to allocate functional costs into service cost or behavioral cost components, particularly volumetric costs into base and peaking components. Drawing on discussion with DC Water staff and industry experience, Raftelis developed reasonable percentages for distributing costs between serving base and peak demand. Table 16 summarizes the allocation of water system costs to functional components. Supporting detail for the cost allocations is provided in the Appendix.

### Table 16: Allocation of Functional Costs into Cost Categories

| | FY 2025 | Base | Extra Capacity | Customer Service/Meter | Admin/General |
|---|---|---|---|---|---|
| **Source of Supply (1)** | $86,684,089 | $68,117,030 | $18,567,058 | $ - | $ - |
| **Distribution** | 75,951,529 | 64,558,800 | 11,392,729 | - | - |
| **Storage** | 8,680,335 | 6,944,268 | 1,736,067 | - | - |
| **Pumping** | 10,982,644 | 5,491,322 | 5,491,322 | - | - |
| **Customer Service/Meter** | 5,727,407 | - | - | 5,727,407 | - |
| **Admin/General** | 12,762,199 | - | - | - | 12,762,199 |
| | $200,788,202 | $145,111,420 | $37,187,177 | $5,727,407 | $12,762,199 |

| | FY 2026 | Base | Extra Capacity | Customer Service/Meter | Admin/General |
|---|---|---|---|---|---|
| **Source of Supply (1)** | $95,422,104 | $74,999,147 | $20,442,957 | $ - | $ - |
| **Distribution** | 90,797,230 | 77,177,646 | 13,619,585 | - | - |
| **Storage** | 9,175,807 | 7,340,646 | 1,835,161 | - | - |
| **Pumping** | 11,609,532 | 5,804,766 | 5,804,766 | - | - |
| **Customer Service/Meter** | 6,180,902 | - | - | 6,180,902 | - |
| **Admin/General** | 8,136,789 | - | - | - | 8,139,789 |
| | $221,342,364 | $165,322,204 | $41,702,469 | $6,180,902 | $8,136,789 |

1. *Water purchase costs were re-allocated discretely in this step from Distribution to Source of Supply (compare to Net Water System Revenue Requirements in Table 15).*

### 4.4.1. WATER SUPPLY & TREATMENT

DC Water, the City of Arlington (Arlington), and the City of Falls Church (Falls Church) purchase potable water from the Washington Aqueduct. The total annual cost of the Aqueduct, which is operated by the Army Corps of Engineers, is allocated amongst these three utilities based on both average and peak usage. The cost allocation methodology assigns costs into fixed and variable components. Fixed costs, which represent the majority of operating costs and include costs related to providing system capacity, are allocated based on peak-daily demand. Variable costs, which are a function of the amount of water produced and include chemicals and electricity, are allocated based on average usage.

It is important to note the wholesale water purchase methodology does not include a specific allocation of system capacity that DC Water has "purchased" in the Washington Aqueduct. However, DC Water pays for extra water capacity to meet peak demand, so it is reasonable to allocate some portion of source of supply and treatment costs to an extra capacity component. For the purpose of this analysis, and based on a review of historical billing data, Raftelis assigned 79% of water source of supply and treatment to the base component and the remaining 21% of water source of supply and treatment to the extra capacity component. Although it would be preferable to review more detailed water production statistics to enhance the precision of this estimate, DC Water does not own water production facilities, so allocating about a quarter of source of supply and treatment costs to extra capacity is reasonable and consistent with industry standards and practices.

### 4.4.2. WATER DISTRIBUTION

Based on the results of the Customer Class Segmentation Study completed by Raftelis in 2011, DC Water's system peaks significantly in aggregate. This is consistent with a predominantly urban customer base with more limited elective consumption, particularly irrigation from residential customers. As a result, a significant portion of water transmission and distribution costs are associated with serving a base level of demand. However, it is a common practice within the industry to allocate a small percentage of distribution system costs to a peaking component, as DC Water has sized its system to serve peak demand. For this COS Study, Raftelis assigned 15% of the distribution system costs to system peaking. We believe this is consistent with percentages used in other studies for utilities with similar operating characteristics.

### 4.4.3. WATER STORAGE

Like water distribution, it is reasonable to allocate a portion of water storage costs to a peaking component. DC Water utilizes storage facilities to provide adequate supply and pressure to serve both average and peak demand. Because peaking is relatively low, the extra capacity component should include a relatively small portion of total storage costs. For this COS analysis, Raftelis assigned 20% of the storage costs to system peaking. We believe this is consistent with percentages used in other studies for utilities with similar operating characteristics.

### 4.4.4. WATER PUMPING

A significant portion of the costs allocated to water pumping are associated with the electricity required to operate the pumping facilities. DC Water has sized its pumping equipment to serve both average and peak demand. During peak times, DC Water pays additional cost for power to accommodate the higher demand for pumping, and it is appropriate to allocate this additional cost to a peaking component. As a result, Raftelis has assigned 50% of the pumping costs to system peaking. We believe this is consistent with percentages used in other studies for utilities with similar operating characteristics.

Raftelis reviewed and evaluated peak monthly usage compared to average monthly usage for FY 2023. The peak monthly capacity factors from this analysis were applied to projected annual usage in FY 2025 and FY 2026. The max month total capacity is determined by multiplying the average monthly usage by the peaking factor for each customer class. The total monthly capacity is subtracted from the average monthly usage to determine the extra capacity. The results are presented in Table 17.

**Table 17: Peak Monthly Flow by Customer Class**

| | Base (FY 2025) | | Max-Month (FY 2025) | | |
|---|---|---|---|---|---|
| | Annual Usage (CCF) | Average Monthly Usage (CCF) | Peaking Factor | Total Monthly Capacity (CCF) | Extra Capacity (CCF) |
| **Residential Tier 1, 0-4 ccf** | 3,196,066 | 266,339 | 1.00 | 266,339 | - |
| **Residential Tier 2, >4 ccf** | 2,541,934 | 211,828 | 1.37 | 290,204 | 78,376 |
| **Multi-Family** | 9,961,000 | 830,083 | 1.14 | 946,295 | 116,212 |
| **Commercial** | 10,453,000 | 871,083 | 1.42 | 1,236,938 | 365,855 |
| **Federal** | 4,264,000 | 355,333 | 1.42 | 504,573 | 149,240 |
| **Municipal** | 818,000 | 68,167 | 1.42 | 96,797 | 28,630 |
| ***Total*** | **31,234,000** | **2,602,833** | | **3,341,146** | **738,313** |

| | Base (FY 2026) | | Max-Month (FY 2026) | | |
|---|---|---|---|---|---|
| | Annual Usage (CCF) | Average Monthly Usage (CCF) | Peaking Factor | Total Monthly Capacity (CCF) | Extra Capacity (CCF) |
| **Residential Tier 1, 0-4 ccf** | 3,162,646 | 263,554 | 1.00 | 263,554 | - |
| **Residential Tier 2, >4 ccf** | 2,515,354 | 209,613 | 1.37 | 287,170 | 77,557 |
| **Multi-Family** | 9,861,000 | 821,750 | 1.14 | 936,795 | 115,045 |
| **Commercial** | 10,348,000 | 862,333 | 1.42 | 1,224,513 | 362,180 |
| **Federal** | 4,221,000 | 351,750 | 1.42 | 499,485 | 147,735 |
| **Municipal** | 810,000 | 67,500 | 1.42 | 95,850 | 28,350 |
| ***Total*** | **30,918,000** | **2,576,500** | | **3,307,367** | **730,867** |

Allocation factors for base and peaking were determined based on the proportion of annual usage and extra capacity, respectively, falling under each customer class category. These factors were multiplied by the costs allocated to base and peak flows, respectively. The volumetric revenue requirements (see Table 18) were escalated by a delinquency rate of 3%. The result was a distribution of water volumetric revenue requirements by customer class.

## Table 18: Allocation of Base and Peak Volumetric Costs by Customer Class

| FY 2025 | Base | Peaking | Base | Peaking | Allocation for Volumetric Revenue Requirements |
|---|---|---|---|---|---|
| **Residential Tier 1, 0-4 ccf** | 10.2% | 0.0% | $16,154,655 | $ - | $16,639,295 |
| **Residential Tier 2, >4 ccf** | 8.1% | 10.6% | 12,848,317 | 3,947,639 | 17,299,834 |
| **Multi-Family** | 31.9% | 15.7% | 50,348,310 | 5,853,322 | 57,887,681 |
| **Commercial** | 33.5% | 49.6% | 52,835,145 | 18,427,300 | 73,400,319 |
| **Federal** | 13.7% | 20.2% | 21,552,574 | 7,516,886 | 29,941,544 |
| **Municipal** | 2.6% | 3.9% | 4,134,617 | 1,442,029 | 5,743,945 |
| ***Total*** | **100%** | **100%** | **$157,873,618** | **$37,187,177** | **$200,912,619** |

| FY 2026 | Base | Peaking | Base | Peaking | Allocation for Volumetric Revenue Requirements |
|---|---|---|---|---|---|
| **Residential Tier 1, 0-4 ccf** | 10.2% | 0.0% | $17,743,366 | $ - | $18,275,667 |
| **Residential Tier 2, >4 ccf** | 8.1% | 10.6% | 14,111,869 | 4,425,304 | 19,093,289 |
| **Multi-Family** | 31.9% | 15.7% | 55,323,085 | 6,564,344 | 63,744,051 |
| **Commercial** | 33.5% | 49.6% | 58,055,297 | 20,665,601 | 81,082,524 |
| **Federal** | 13.7% | 20.2% | 23,681,040 | 8,429,600 | 33,073,960 |
| **Municipal** | 2.6% | 3.9% | 4,544,336 | 1,617,620 | 6,346,815 |
| ***Total*** | **100%** | **100%** | **$173,458,993** | **$41,702,469** | **$221,616,306** |

Volumetric revenue requirements were divided by the respective usage in each customer class, resulting in cost of service-based rates, below.

## Table 19: Class-Based Volumetric Rates

| FY 2025 | Volumetric Revenue Requirements | Annual Usage (CCF) | Class Based Volumetric Rate (per CCF) |
|---|---|---|---|
| **Residential Tier 1** | $16,639,295 | 3,196,066 | $5.21 |
| **Residential Tier 2** | 17,299,834 | 2,541,934 | $6.81 |
| **Multi-Family** | 57,887,681 | 9,961,000 | $5.82 |
| **Commercial** | 73,400,319 | 10,453,000 | $7.03 |
| **Federal** | 29,941,544 | 4,264,000 | $7.03 |
| **Municipal** | 5,743,945 | 818,000 | $7.03 |
| ***Total*** | **$200,912,619** | **31,234,000** | |

| FY 2026 | Volumetric Revenue Requirements | Annual Usage (CCF) | Class Based Volumetric Rate (per CCF) |
|---|---|---|---|
| **Residential Tier 1** | $18,275,667 | 3,162,646 | $5.78 |
| **Residential Tier 2** | 19,093,289 | 2,515,354 | $7.60 |
| **Multi-Family** | 63,744,051 | 9,861,000 | $6.47 |
| **Commercial** | 81,082,524 | 10,348,000 | $7.84 |
| **Federal** | 33,073,960 | 4,221,000 | $7.84 |
| **Municipal** | 6,346,815 | 810,000 | $7.84 |
| ***Total*** | **$221,616,306** | **30,918,000** | |

1. *Note that rates shown are rounded.*

For FY 2025, allocations to the water volumetric cost pool result in revenue requirements of $200,912,619 which is then divided by projected units of service for the test year of 31,234,000 Ccf. Non-Residential customers had the highest peaking factors and, therefore, were allocated a higher proportion of peaking costs, resulting in a volumetric rate of $7.03 per Ccf, which is $1.82 per Ccf higher than the Tier 1 Residential rate of $5.21 per Ccf. Conversely, Multi-Family customers had lower peaking factors and, therefore, were allocated a lower proportion of peaking costs, resulting in a volumetric rate for Multi-Family customers of $5.82 per Ccf, which is $0.99 per Ccf lower than the Tier 2 Residential rate of $6.81 per Ccf.

For FY 2026, allocations to the water volumetric cost pool result in revenue requirements of $221,616,306, which is then divided by projected units of service for the test year of 30,918,000 Ccf. Non-Residential customers had the highest peaking factors and, therefore, were allocated a higher proportion of peaking costs, resulting in a volumetric rate of $7.84 per Ccf, which is $2.06 per Ccf higher than the Tier 1 Residential rate of $5.78 per Ccf. Conversely, Multi-Family customers had lower peaking factors and, therefore, were allocated a lower proportion of peaking costs, resulting in a volumetric rate for Multi-Family customers of $6.47 per Ccf, which is $1.13 per Ccf lower than the Tier 2 Residential rate of $7.60 per Ccf.

## 4.5. Wastewater Volumetric Rate

One major objective of the cost of service process is to appropriately rebalance revenue recovery between water and wastewater rates. Since the last study, water costs have increased faster than wastewater costs, suggesting a need to rebalance volumetric rates. As compared to water revenue requirements, which totaled $200,912,619 and $221,616,306 in FY 2025 and FY 2026, respectively, wastewater revenue requirements totaled $361,595,146 in FY 2025 and $371,234,456 in FY 2026. Wastewater revenue requirements were divided by the test years' projected usage volumes of 29,979,448 Ccf and 29,663,458 Ccf, respectively, which results in respective volumetric rates of $12.07 and $12.52.

## 4.6. Impervious Area Charge

Total revenue requirements allocated to the CRIAC for the test years totaled $106,948,802 for FY 2025 and $122,088,681 for FY 2026. As discussed in section 4.2.1, 37% of the CRIAC costs were re-allocated to the wastewater volumetric charge to reflect the fact that wastewater pays for a portion of CSO mitigation costs. Raftelis divided the CRIAC revenue requirements by units of service, as measured by ERUs, and calculated respective rates of $21.23 and $24.23 per ERU for FY 2023 and FY 2024. The roughly 14% increase in the CRIAC from FY 2025 to FY 2026 is due to the timing of CSO-related debt payments.

## 4.7. Backwash Rate and Groundwater Fee

Both the Backwash Rate and the Groundwater Fee are updated as part of the biannual COS Study as both are approved through the same retail rate setting process. The Backwash Rate was established in 2021 to recover the cost of treating low-strength, high-volume effluent from the Washington Aqueduct. A separate report submitted to DC Water on June 25, 2021, outlines the justification and approach for the Backwash Rate calculation methodology. The Groundwater Fee, last updated in FY 2022, was updated according to the methodology that has been used since the 2018 COS Study. Table 20 outlines these fees for the two test years.

**Table 20: Backwash Rate and Groundwater Fee**

| FY 2025 | Backwash Rate | Groundwater Fee |
|---|---|---|
| Revenue Requirements | $163,181,797 | $172,187,838 |
| Offset Deduction | $(63,722,430) | $(67,239,286) |
| **Net Revenue Requirements** | **$99,459,367** | **$104,948,552** |
| Sewer Flow (Ccf) | 29,979,448 | 29,979,448 |
| ***Rate*** | **$3.32** | **$3.50** |

| FY 2026 | Backwash Rate | Groundwater Fee |
|---|---|---|
| Revenue Requirements | $171,701,594 | $182,297,162 |
| Offset Deduction | $(66,556,708) | $(70,663,870) |
| **Net Revenue Requirements** | **$105,144,886** | **$111,633,293** |
| Sewer Flow (Ccf) | 29,663,458 | 29,663,458 |
| ***Rate*** | **$3.54** | **$3.76** |

## 4.8. COS / Rate Equity Conclusions

The results of the COS analysis support several conclusions and/or recommendations for consideration by DC Water staff and the Board, which are summarized below.

- Overall bill increases for FY 2025 are driven primarily by increases to the water volumetric rate. Bill increases for FY 2026 are primarily due to increased CRIAC borrowing as volumetric rate increases moderately.
- The cost of service suggests that DC Water should increase its water and sewer rates year over year, as compared to existing FY 2024 rates, to fully recover costs and meet financial policy targets. The only rate that declines from FY 2024 to FY 2025 is the CRIAC charge, which subsequently increases in FY 2026.
- The calculated water and sewer rates are designed to generate revenues consistent with projected revenues in the Financial Plan in FY 2025 and FY 2026.
- The Metering Fee and WSRF will remain constant during the test year period.
- The PILOT and ROW District Charge on the DC Water bill are increasing during the FY 2026 test year.
- Average customer usage remains at 5.42 Ccf/month, as it was for the previous COS study.

In general, the existing rate structure provides for a reasonable allocation of cost recovery to utility customers. Raftelis recommends no additional rate structure changes at this time.

## 4.9. Stormwater Cost Recovery

Storm water in the District is managed through two systems, a combined system that mixes storm water and sanitary flow, and a separated system handling only storm water. The CRIAC was developed to fund the combined system. DC Water shares responsibility with the District for managing the separated system and has historically recovered costs through the sewer volumetric rate. In 2023, DC Water undertook an analysis to help identify the costs associated with operating and maintaining the separated system. Raftelis recommends that these costs are most appropriately recovered through an impervious area-based charge as they correlate more closely with property runoff than metered water usage. Once DC Water has identified the costs of the separated system, it should consider recovering them through an IAC. As of this COS Study, these costs were still being developed. Raftelis recommends that this issue be revisited in the next COS Study.

# 5. Proposed Rates and Impacts

Through our COS analysis, Raftelis calculated proposed rates for FY 2025 and FY 2026, along with corresponding customer impacts. Table 21 presents the existing and proposed rates, along with the increases presented with both percentages and dollars. Table 22 and Table 23 present the customer impacts for a typical Residential customer and a typical Residential CAP customer, respectively, associated with the proposed FY 2025 and FY 2026 rates.

### Table 21: Existing and Proposed Rates

| | FY 2024 (Existing) | FY 2025 (Proposed) | FY 2026 (Proposed) | FY 2025 | | FY 2026 | |
|---|---|---|---|---|---|---|---|
| | | | | $ Difference | % Difference | $ Difference | % Difference |
| Water Volumetric Residential – Tier 1 | $4.38 | $5.21 | $5.78 | $0.83 | 18.95% | $0.57 | 10.94% |
| Water Volumetric Residential – Tier 2 | $5.70 | $6.81 | $7.60 | $1.11 | 19.47% | $0.79 | 11.60% |
| Water Volumetric – Multi-family | $5.00 | $5.82 | $6.47 | $0.82 | 16.40% | $0.65 | 11.17% |
| Water Volumetric – Non-Residential | $5.89 | $7.03 | $7.84 | $1.14 | 19.35% | $0.81 | 11.52% |
| Sewer Volumetric | $11.70 | $12.07 | $12.52 | $0.37 | 3.16% | $0.45 | 3.73% |
| Metering Fee | $7.75 | $7.75 | $7.75 | $ - | 0% | $ - | 0% |
| Clean Rivers IAC | $21.86 | $21.23 | $24.23 | $(0.63) | -2.88% | $3.00 | 14.13% |
| WSRF | $6.30 | $6.30 | $6.30 | $ - | 0% | $ - | 0% |
| Backwash Rate | $3.30 | $3.32 | $3.54 | $0.02 | 0.61% | $0.22 | 6.63% |
| Groundwater Fee | $3.50 | $3.50 | $3.76 | $ - | 0% | $0.26 | 7.43% |
| | | | | | | | |

The tables below show the typical customer's bill under existing and proposed rates. The typical bill is based on a 5/8" meter and 1 ERU of impervious area. As was the case in the previous COS study completed in 2022, the average customer usage is 5.42 Ccf/month.

### Table 22: Residential Customer Monthly Bill Impacts

| | Current (FY 2024) | Calculated (FY 2025) | Calculated (FY 2026) | FY 2025 $ Change | FY 2025 % Change | FY 2026 $ Change | FY 2026 % Change |
|---|---|---|---|---|---|---|---|
| DC Water and Sewer Retail Rates | $ 89.03 | $ 95.93 | $ 101.77 | $ 6.90 | 7.8% | $ 5.84 | 6.1% |
| DC Water Clean Rivers IAC | 21.86 | 21.23 | 24.23 | (0.63) | -2.9% | 3.00 | 14.1% |
| DC Water Customer Metering Fee | 7.75 | 7.75 | 7.75 | - | 0.0% | - | 0.0% |
| DC Water Water System Replacement Fee | 6.30 | 6.30 | 6.30 | - | 0.0% | - | 0.0% |
| **Subtotal: DC Water Rates & Charges** | **$ 124.94** | **$ 131.21** | **$ 140.05** | **$ 6.27** | **5.0%** | **$ 8.84** | **6.7%** |
| District of Columbia PILOT | $ 3.31 | $ 3.31 | $ 3.36 | $ - | 0.0% | $ 0.05 | 1.5% |
| District of Columbia Right of Way Fee | 1.03 | 1.03 | 1.08 | - | 0.0% | 0.05 | 4.9% |
| District of Columbia Stormwater Fee | 2.67 | 2.67 | 2.67 | - | 0.0% | - | 0.0% |
| Subtotal District of Columbia Charges | $ 7.01 | $ 7.01 | $ 7.11 | $ - | 0.0% | $ 0.10 | 1.4% |
| **Total Amount Appearing on DC Water Bill** | **$ 131.95** | **$ 138.22** | **$ 147.16** | **$ 6.27** | **4.8%** | **$ 8.94** | **6.5%** |

Customers who qualify for DC Water's Customer Assistance Program (CAP) receive a discount on their bill, as shown below. CAP customers receive their first 4 Ccf of monthly water and sewer usage free, and the District PILOT and ROW charges associated with the first 4 Ccf of usage are also waived. CAP customers do not pay the Water System Replacement Fee. In addition, CAP customers pay a reduced CRIAC each month. Beginning in FY 2021, DC Water increased the CRIAC discount from 50% to 75%.

### Table 23: Residential CAP Customer Monthly Bill Impacts

| | Current (FY 2024) | Calculated (FY 2025) | Calculated (FY 2026) | FY 2025 $ Change | FY 2025 % Change | FY 2026 $ Change | FY 2026 % Change |
|---|---|---|---|---|---|---|---|
| DC Water and Sewer Retail Rates | $ 89.03 | $ 95.93 | $ 101.77 | $ 6.90 | 7.8% | $ 5.84 | 6.1% |
| DC Water Clean Rivers IAC | 21.86 | 21.23 | 24.23 | (0.63) | -2.9% | 3.00 | 14.1% |
| DC Water Customer Metering Fee | 7.75 | 7.75 | 7.75 | - | 0.0% | - | 0.0% |
| DC Water Water System Replacement Fee | 6.30 | 6.30 | 6.30 | - | 0.0% | - | 0.0% |
| **Subtotal: DC Water Rates & Charges** | **$ 124.94** | **$ 131.21** | **$ 140.05** | **$ 6.27** | **5.0%** | **$ 8.84** | **6.7%** |
| District of Columbia PILOT | $ 3.31 | $ 3.31 | $ 3.36 | $ - | 0.0% | $ 0.05 | 1.5% |
| District of Columbia Right of Way Fee | 1.03 | 1.03 | 1.08 | - | 0.0% | 0.05 | 4.9% |
| District of Columbia Stormwater Fee | 2.67 | 2.67 | 2.67 | - | 0.0% | - | 0.0% |
| Subtotal District of Columbia Charges | $ 7.01 | $ 7.01 | $ 7.11 | $ - | 0.0% | $ 0.10 | 1.4% |
| Less: CAP Discount - 4 Ccf per Month | $ (67.52) | $ (72.32) | $ (76.48) | $ (4.80) | 7.1% | $ (4.16) | 5.8% |
| Less: CAP Discount - % of CRIAC | (16.40) | (15.92) | (18.17) | 0.47 | -2.9% | (2.25) | 14.1% |
| Less: CAP Discount - WSRF | (6.30) | (6.30) | (6.30) | - | - | - | 0.0% |
| Subtotal: CAP Discount | $ (90.22) | $ (94.54) | $ (100.95) | $ (4.33) | 4.8% | $ (6.41) | 6.8% |
| CAP Discount Percentage | 68.4% | 68.4% | 68.6% | | | | |
| **Total Amount Appearing on DC Water Bill with CAP Discount** | **$ 41.73** | **$ 43.68** | **$ 46.21** | **$ 1.95** | **4.7%** | **$ 2.53** | **5.8%** |

APPENDIX:

# Supporting Schedules

**DC Water**
**Comparison vs. Financial Plan**

| | Financial Plan 2025 | Raftelis Model 2025 | Delta 2025 |
|---|---|---|---|
| OPERATING REVENUE: | | | |
| Residential & Commercial | $ 458,360,146 | $ 459,016,226 | $ 656,080 |
| D. C. Government | 15,623,800 | 15,610,167 | (13,633) |
| Federal Government | 70,254,425 | 70,254,425 | - |
| D. C. Housing Authority | 15,600,080 | 15,454,673 | (145,407) |
| Groundwater | 5,000 | 5,000 | - |
| Metering Fee | 24,082,852 | 24,704,861 | 622,009 |
| Water System Replacement Fee (WSRF) | 40,717,000 | 40,717,000 | - |
| Right-of-Way Fee / PILOT | 23,813,321 | 23,813,321 | - |
| CRIAC CSO Revenue | 106,999,200 | 106,999,200 | - |
| Total Retail Revenue | $ 755,455,823 | $ 756,574,872 | $ 1,119,049 |
| | | | *0.15%* |
| WHOLESALE REVENUE: | | | |
| LCSA + PI | $ 13,996,667 | $ 13,996,667 | - |
| WSSC | 79,591,175 | 79,591,175 | - |
| Fairfax County | 20,660,304 | 20,660,304 | - |
| Total Wholesale Revenue | $ 114,248,146 | $ 114,248,146 | $ - |
| TOTAL OPERATING REVENUE | $ 869,703,969 | $ 870,823,018 | $ 1,119,049 |
| | | | *0.13%* |
| NON-OPERATING REVENUE: | | | |
| Interest Earnings | $ 9,089,071 | $ 9,089,071 | $ - |
| Other Revenue | 46,870,945 | 45,893,195 | (977,750) |
| Northern Virginia Debt Service | 193,246 | 193,246 | - |
| Total Non-Operating Revenue | $ 56,153,262 | $ 55,175,512 | $ (977,750) |
| TOTAL REVENUE | $ 925,857,231 | $ 925,998,530 | $ 141,299 |
| | | | *0.02%* |
| OPERATING EXPENSE: | | | |
| Personnel Services | $ 175,530,018 | $ 175,616,900 | $ 86,882 |
| Contractual Services | 102,283,509 | 102,283,509 | 0 |
| Water Purchases | 45,330,086 | 45,330,086 | 0 |
| Chemicals & Supplies | 55,585,084 | 55,585,084 | 0 |
| Utilities & Rent | 40,317,848 | 40,317,848 | 0 |
| Small Equipment | 1,364,090 | 1,364,090 | (0) |
| Payment in Lieu of Taxes / Right of Way Fee | 23,796,216 | 23,813,321 | 17,105 |
| Total Operating Expenditures | $ 444,206,851 | $ 444,310,839 | $ 103,988 |
| | | | *0.02%* |
| NET REVENUES | $ 481,650,380 | $ 481,687,691 | $ 37,311 |
| DEBT SERVICE: | | | |
| Jennings Randolph | $ 805,191 | $ 805,191 | $ 0 |
| 1998 Revenue Bonds | 8,114,200 | 8,114,200 | - |
| Series 2014A | 16,849,000 | 16,849,000 | - |
| Series 2017A&B | 17,847,750 | 17,847,750 | - |
| Series 2018A&B | 18,324,000 | 18,324,000 | - |
| WIFIA Loan | 2,924,065 | 2,924,065 | - |
| WASA Bonds - Planned - Senior | - | - | - |
| WASA Bonds - Planned - Subordinate | 11,376,376 | 11,376,376 | - |
| Capital Equipment Financing | - | - | - |
| Series 2010A Subordinate Bond | 15,372,181 | 15,372,181 | (0) |
| Series 2012A,B-1,B-2,C Subordinate Bond | - | | - |
| Series 2014B Subordinate Bond | 3,996,317 | 3,996,317 | - |
| Series 2014C Subordinate Bond | 28,643,900 | 28,643,900 | - |
| Series 2015A&B Subordinate Bond | 20,549,700 | 20,549,700 | - |
| Series 2016A Subordinate Bond | 17,039,013 | 17,039,013 | - |
| Series 2019A Subordinate Bond | 4,708,700 | 4,708,700 | - |
| Series 2019B Subordinate Bond | 6,336,000 | 6,336,000 | - |
| Series 2019C Subordinate Bond | 3,980,200 | 3,980,200 | - |
| Series 2019D Subordinate Bond | 12,308,030 | 12,308,030 | - |
| Series 2022A Subordinate Bond | 28,667,716 | 28,667,716 | (0) |
| Series 2022B Subordinate Bond | 3,979,250 | 3,979,250 | - |
| Series 2022C1 Subordinate Bond | 8,921,200 | 8,921,200 | - |
| Series 2022C2 Subordinate Bond | 176,720 | 176,720 | - |
| Series 2022D Subordinate Bond | 10,646,827 | 10,646,827 | - |
| Series 2022E Subordinate Bond | 2,890,500 | 2,890,500 | - |
| EMCP | 2,889,400 | 2,889,400 | - |
| Commercial Paper | 2,148,800 | 2,148,800 | - |
| Total Debt | $ 249,495,035 | $ 249,495,036 | $ 0 |
| | *Check* | | *0.00%* |
| Cash Financed Capital Improvements | $ 60,436,466 | $ 60,502,659 | $ 66,193 |
| Debt + Cash | $ 309,931,501 | $ 309,997,695 | $ 66,193 |
| TOTAL DISBURSEMENTS | $ 754,138,352 | $ 754,308,534 | $ 170,182 |
| | | | *0.02%* |
| Total Surplus (Deficit) | $ 171,718,879 | $ 171,689,997 | $ (28,882) |
| | | | *0.0%* |

**DC Water**
**Comparison vs. Financial Plan**

| | Financial Plan 2026 | Raftelis Model 2026 | Delta 2026 |
|---|---|---|---|
| OPERATING REVENUE: | | | |
| Residential & Commercial | $ 482,502,251 | $ 483,082,990 | $ 580,738 |
| D. C. Government | 16,491,600 | 16,477,459 | (14,141) |
| Federal Government | 72,787,564 | 72,322,231 | (465,334) |
| D. C. Housing Authority | 16,388,370 | 16,237,543 | (150,827) |
| Groundwater | 5,000 | 5,000 | - |
| Metering Fee | 24,082,852 | 24,704,861 | 622,009 |
| Water System Replacement Fee (WSRF) | 40,717,000 | 40,717,000 | - |
| Right-of-Way Fee / PILOT | 24,155,831 | 24,155,831 | - |
| CRIAC CSO Revenue | 122,119,200 | 122,119,200 | - |
| Total Retail Revenue | $ 799,249,669 | $ 799,822,114 | $ 572,446 |
| | | | *0.07%* |
| WHOLESALE REVENUE: | | | |
| LCSA + PI | $ 14,591,544 | $ 14,591,544 | - |
| WSSC | 84,440,697 | 84,440,697 | - |
| Fairfax County | 21,872,540 | 21,872,540 | - |
| Total Wholesale Revenue | $ 120,904,781 | $ 120,904,781 | $ - |
| TOTAL OPERATING REVENUE | $ 920,154,450 | $ 920,726,895 | $ 572,446 |
| | | | *0.06%* |
| NON-OPERATING REVENUE: | | | |
| Interest Earnings | $ 8,815,944 | $ 8,815,944 | $ - |
| Other Revenue | 47,890,945 | 48,913,195 | 1,022,250 |
| Northern Virginia Debt Service | 193,246 | 193,246 | - |
| Total Non-Operating Revenue | $ 56,900,135 | $ 57,922,385 | $ 1,022,250 |
| TOTAL REVENUE | $ 977,054,585 | $ 978,649,280 | $ 1,594,696 |
| | | | *0.16%* |
| OPERATING EXPENSE: | | | |
| Personnel Services | $ 182,551,219 | $ 182,561,576 | $ 10,357 |
| Contractual Services | 105,937,210 | 105,937,210 | 0 |
| Water Purchases | 48,555,894 | 48,555,894 | 0 |
| Chemicals & Supplies | 60,698,196 | 60,698,195 | (1) |
| Utilities & Rent | 41,759,812 | 41,759,812 | (0) |
| Small Equipment | 1,274,307 | 1,274,307 | (0) |
| e for e Payment in Lieu of Taxes / Right of Way Fee | 24,170,140 | 24,155,831 | (14,309) |
| Total Operating Expenditures | $ 464,946,778 | $ 464,942,826 | $ (3,952) |
| | | | *0.00%* |
| NET REVENUES | $ 512,107,807 | $ 513,706,454 | $ 1,598,648 |
| DEBT SERVICE: | | | |
| Jennings Randolph | $ 805,192 | $ 805,191 | $ (1) |
| 1998 Revenue Bonds | 8,113,950 | 8,113,950 | - |
| Series 2014A | 16,849,000 | 16,849,000 | - |
| Series 2017A&B | 17,844,000 | 17,844,000 | - |
| Series 2018A&B | 18,326,250 | 18,326,250 | - |
| WIFIA Loan | 2,924,065 | 2,924,065 | - |
| WASA Bonds - Planned - Senior | 16,123,650 | 16,123,650 | - |
| WASA Bonds - Planned - Subordinate | 22,752,752 | 22,752,752 | - |
| Capital Equipment Financing | - | - | - |
| Series 2010A Subordinate Bond | 15,312,648 | 15,312,649 | 1 |
| Series 2012A,B-1,B-2,C Subordinate Bond | - | - | - |
| Series 2014B Subordinate Bond | 4,000,000 | 4,000,000 | (0) |
| Series 2014C Subordinate Bond | 28,799,900 | 28,799,900 | - |
| Series 2015A&B Subordinate Bond | 20,546,950 | 20,546,950 | - |
| Series 2016A Subordinate Bond | 17,039,013 | 17,039,013 | - |
| Series 2019A Subordinate Bond | 4,708,700 | 4,708,700 | - |
| Series 2019B Subordinate Bond | 6,340,000 | 6,340,000 | - |
| Series 2019C Subordinate Bond | 3,980,200 | 3,980,200 | - |
| Series 2019D Subordinate Bond | 12,307,851 | 12,307,851 | - |
| Series 2022A Subordinate Bond | 28,567,972 | 28,567,972 | (0) |
| Series 2022B Subordinate Bond | 3,979,250 | 3,979,250 | - |
| Series 2022C1 Subordinate Bond | 8,921,200 | 8,921,200 | - |
| Series 2022C2 Subordinate Bond | 176,720 | 176,720 | - |
| Series 2022D Subordinate Bond | 10,650,013 | 10,650,013 | - |
| Series 2022E Subordinate Bond | 2,890,500 | 2,890,500 | - |
| EMCP | 2,892,400 | 2,892,400 | - |
| Commercial Paper | 2,148,000 | 2,148,000 | - |
| Total Debt | $ 277,000,175 | $ 277,000,175 | $ (0) |
| | *Check* | | *0.00%* |
| Cash Financed Capital Improvements | $ 71,932,470 | $ 71,845,819 | $ (86,651) |
| Debt + Cash | $ 348,932,646 | $ 348,845,994 | $ (86,651) |
| TOTAL DISBURSEMENTS | $ 813,879,424 | $ 813,788,820 | $ (90,603) |
| | | | *-0.01%* |
| Total Surplus (Deficit) | $ 163,175,161 | $ 164,860,460 | $ 1,685,299 |
| | | | *1.03%* |

**DC Water**
**Revenue Requirements FY 2025**

| | | Volume | Meter Charge | Wastewater | CSO | Test Year 1: 2025 | Water | Meter Charge | Wastewater | CSO | % Check | Groundwater | | Low Strength | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Operations | | | | | | | | | | | | | | | | |
| | Wastewater Treatment - Operations | | | 100.00% | | $ 99,253,586 | $ - | $ - | $ 99,253,586 | $ - | - | 64% | $63,724,147 | 64% | $63,724,147 | *Direct* |
| | Wastewater Treatment - Process Engineering | | | 100.00% | | 8,533,824 | - | - | 8,533,824 | - | - | 64% | $5,479,003 | 64% | $5,479,003 | *Direct* |
| | Maintenance Services | 7.00% | | 93.00% | | 24,762,614 | 1,733,383 | - | 23,029,231 | - | - | 33% | $7,707,287 | 33% | $7,707,287 | *Direct* |
| | Water Operations | 100.00% | | | | 80,715,953 | 80,715,953 | - | - | - | - | | | | | |
| | Sewer Operations | | | 100.00% | | - | - | - | - | - | - | 100% | $0 | 100% | $0 | *Direct* |
| | Customer Care | 18.00% | 46.00% | 36.00% | | 21,116,852 | 3,801,033 | 9,713,752 | 7,602,067 | - | - | 33% | $2,544,215 | 33% | $2,544,215 | *Indirect* |
| | Pumping Operations | 20.00% | | 80.00% | | 45,092,066 | 9,018,413 | - | 36,073,653 | - | - | 100% | $36,073,653 | 100% | $36,073,653 | *Direct* |
| | Engineering & Technical Services | 7.00% | | 93.00% | | 25,394,628 | 1,777,624 | - | 23,617,004 | - | - | 33% | $7,903,999 | 33% | $7,903,999 | *Indirect* |
| | WasteWater Engineering | | | 100.00% | | 3,722,461 | - | - | 3,722,461 | - | - | 33% | $1,245,811 | 33% | $1,245,811 | *Indirect* |
| | Clean Water and Technology | | | 100.00% | | 5,055,132 | - | - | 5,055,132 | - | - | 33% | $1,691,822 | 33% | $1,691,822 | *Indirect* |
| | Resource Recovery | | | 100.00% | | 7,775,267 | - | - | 7,775,267 | - | - | 33% | $2,602,180 | 33% | $2,602,180 | *Indirect* |
| | D.C. Clean Rivers | | | | | 4,107,740 | - | - | 2,690,567 | 1,417,173 | | | | | | |
| | CIP Infrastructure Management | 46.32% | 0.50% | 53.18% | | 5,965,239 | 2,762,912 | 30,007 | 3,172,320 | - | - | 33% | $1,061,693 | 33% | $1,061,693 | *Indirect* |
| | Permit Operations | 50.00% | | 50.00% | | 5,286,000 | 2,643,000 | - | 2,643,000 | - | - | 33% | $884,544 | 33% | $884,544 | *Indirect* |
| | *Subtotal Operations* | | | | | $ 336,781,362 | $ 102,452,318 | $ 9,743,759 | $ 223,168,111 | $ 1,417,173 | | | | | | |
| | *Check* | | | | | - | - | | | | | | | | | |
| Administration | | Volume | Meter Charge | Wastewater | CSO | | | | | | | | | | | |
| | Office of the Chief Executive Officer | 45.00% | | 55.00% | | $ 2,711,592 | $ 1,220,216 | $ - | $ 1,491,376 | $ - | - | 33% | $499,125 | 33% | $499,125 | *Overhead* |
| | Office of the Chief Operating Officer | 45.00% | | 55.00% | | 1,691,818 | 761,318 | - | 930,500 | - | - | 33% | $311,414 | 33% | $311,414 | *Overhead* |
| | Office of the Secretary | 45.00% | | 55.00% | | 1,000,228 | 450,103 | - | 550,125 | - | - | 33% | $184,113 | 33% | $184,113 | *Overhead* |
| | Internal Audit (outsourced) | 45.00% | | 55.00% | | 839,471 | 377,762 | - | 461,709 | - | - | 33% | $154,522 | 33% | $154,522 | *Overhead* |
| | Legal Affairs | 45.00% | | 55.00% | | 8,312,391 | 3,740,576 | - | 4,571,815 | - | - | 33% | $1,530,068 | 33% | $1,530,068 | *Overhead* |
| | Marketing and Communications | 45.00% | | 55.00% | | 4,349,021 | 1,957,060 | - | 2,391,962 | - | - | 33% | $800,528 | 33% | $800,528 | *Overhead* |
| | Performance | 45.00% | | 55.00% | | 2,737,963 | 1,232,083 | - | 1,505,880 | - | | 33% | $503,979 | 33% | $503,979 | *Overhead* |
| | Human Resources | 45.00% | | 55.00% | | 10,323,164 | 4,645,424 | - | 5,677,740 | - | - | 33% | $1,900,193 | 33% | $1,900,193 | *Overhead* |
| | Information Technology | 45.00% | | 55.00% | | 11,006,433 | 4,952,895 | - | 6,053,538 | - | - | 33% | $2,025,962 | 33% | $2,025,962 | *Overhead* |
| | Procurement | 45.00% | | 55.00% | | 7,610,973 | 3,424,938 | - | 4,186,035 | - | - | 33% | $1,400,957 | 33% | $1,400,957 | *Overhead* |
| | Compliance & Business Development | 45.00% | | 55.00% | | 2,317,590 | 1,042,916 | - | 1,274,675 | - | - | 33% | $426,601 | 33% | $426,601 | *Overhead* |
| | Finance | 45.00% | | 55.00% | | 29,282,885 | 13,177,298 | - | 16,105,587 | - | - | 33% | $5,390,123 | 33% | $5,390,123 | *Overhead* |
| | Non-Ratepayer Revenue Fund | 45.00% | | 55.00% | | 500,000 | 225,000 | - | 275,000 | - | - | 33% | $92,035 | 33% | $92,035 | *Overhead* |
| | Administrative Office | 45.00% | | 55.00% | | 1,466,111 | 659,750 | - | 806,361 | - | - | 33% | $269,868 | 33% | $269,868 | *Overhead* |
| | Office of Emergency Management | 45.00% | | 55.00% | | 1,682,069 | 756,931 | - | 925,138 | - | - | 33% | $309,620 | 33% | $309,620 | *Overhead* |
| | Facilities Management | 45.00% | | 55.00% | | 10,777,794 | 4,850,007 | - | 5,927,787 | - | - | 33% | $1,983,877 | 33% | $1,983,877 | *Overhead* |
| | Security | 45.00% | | 55.00% | | 11,057,064 | 4,975,679 | - | 6,081,385 | - | - | 33% | $2,035,282 | 33% | $2,035,282 | *Overhead* |
| | Occupational Safety and Health | 45.00% | | 55.00% | | 2,858,564 | 1,286,354 | - | 1,572,210 | - | - | 33% | $526,178 | 33% | $526,178 | *Overhead* |
| | Fleet Management | 45.00% | | 55.00% | | 7,191,024 | 3,235,961 | - | 3,955,063 | - | - | 33% | $1,323,657 | 33% | $1,323,657 | *Overhead* |
| | *Subtotal Administration* | | | | | $ 117,716,157 | $ 52,972,270 | $ - | $ 64,743,886 | $ - | | | | | | |
| | *Check* | | | | | - | - | | | | | | | | | |
| **Total O&M** | | | | | | **$ 454,497,518** | **$ 155,424,589** | **$ 9,743,759** | **$ 287,911,997** | **$ 1,417,173** | | | | | | |
| | *Check* | | | | | - | - | | | | | | | | | |

| | Volume | Meter Charge | Wastewater | CSO | 2025 | Water | Meter Charge | Wastewater | CSO | % Check | Groundwater | Low Strength |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Debt Service | | | | | | | | | | | | |
| 1998 Revenue Bonds | 16.23% | 8.19% | 72.88% | 2.70% | $ 8,114,200 | $ 1,316,614 | $ 664,552 | $ 5,913,951 | $ 219,083 | - | | |
| Series 2014A | | | | 100.00% | 16,849,000 | - | - | - | 16,849,000 | - | | |
| Series 2017A | | | | 100.00% | 4,591,000 | - | - | - | 4,591,000 | - | | |
| Series 2017B | 35.44% | 4.55% | 60.01% | | 13,256,750 | 4,698,140 | 602,779 | 7,955,831 | - | - | | |
| Series 2018A | | | | 100.00% | 5,000,000 | - | - | - | 5,000,000 | - | | |
| Series 2018B | 29.18% | 6.13% | 64.69% | | 13,324,000 | 3,887,728 | 816,859 | 8,619,413 | - | - | | |
| WIFIA Loan | 44.21% | | 55.79% | | 2,924,065 | 1,292,851 | - | 1,631,214 | - | - | | |
| DC Water Bonds Planned | 31.70% | 1.05% | 29.04% | 38.22% | 18,412,863 | 5,836,163 | 192,991 | 5,347,222 | 7,036,487 | - | $ - | |
| Commercial Paper | 51.30% | 1.70% | 47.00% | | 2,148,800 | 1,102,350 | 36,453 | 1,009,997 | - | - | | |
| EMCP | 51.30% | 1.70% | 47.00% | | 2,889,400 | 1,482,283 | 49,016 | 1,358,101 | - | - | | |
| Jennings Randolph | 100.00% | | | | 805,191 | 805,191 | - | - | - | - | | |
| Series 2010A Subordinate Bond | 16.08% | 0.84% | 21.16% | 61.92% | 15,372,181 | 2,471,847 | 129,126 | 3,252,753 | 9,518,454 | - | | |
| Series 2014B Subordinate Bond | 25.63% | 0.66% | 73.71% | | 3,996,317 | 1,024,275 | 26,317 | 2,945,725 | - | - | | |
| Series 2014C Subordinate Bond | 29.76% | 0.54% | 48.42% | 21.29% | 28,643,900 | 8,523,376 | 154,282 | 13,869,161 | 6,097,082 | - | | |
| Series 2015A Subordinate Bond | | | | 100.00% | 11,604,900 | - | - | - | 11,604,900 | - | | |
| Series 2015B Subordinate Bond | 44.40% | 2.87% | 52.73% | | 8,944,800 | 3,971,712 | 256,691 | 4,716,397 | - | - | | |
| Series 2016A Subordinate Bond | 38.91% | 0.74% | 47.86% | 12.49% | 17,039,013 | 6,629,884 | 125,382 | 8,155,157 | 2,128,589 | - | | |
| Series 2019A Subordinate Bond | | | | 100.00% | 4,708,700 | - | - | - | 4,708,700 | - | | |
| Series 2019B Subordinate Bond | 49.87% | 1.21% | 48.92% | | 6,336,000 | 3,159,904 | 76,828 | 3,099,268 | - | - | | |
| Series 2019C Subordinate Bond | 26.58% | 3.60% | 69.81% | | 3,980,200 | 1,058,047 | 143,406 | 2,778,747 | - | - | | |
| Series 2019D Subordinate Bond | 33.07% | 0.80% | 32.43% | 33.70% | 12,308,030 | 4,069,685 | 98,948 | 3,991,591 | 4,147,806 | - | | |
| Series 2022A Subordinate Bond | 11.15% | 0.52% | 14.60% | 73.73% | 28,667,716 | 3,196,450 | 149,072 | 4,185,487 | 21,136,707 | - | | |
| Series 2022B Subordinate Bond | | | | 100.00% | 3,979,250 | - | - | - | 3,979,250 | - | | |
| Series 2022C-1 (New Money) | 27.02% | 0.54% | 30.97% | 41.47% | 3,523,450 | 951,961 | 19,070 | 1,091,260 | 1,461,159 | - | | |
| Series 2022C-1 (EIB CP Takeout) | | | | 100.00% | 887,550 | - | - | - | 887,550 | - | | |
| Series 2022C-1 (Tender Refunding) (2014C) | 29.76% | 0.54% | 48.42% | 21.29% | 1,072,350 | 319,092 | 5,776 | 519,224 | 228,258 | - | | |
| Series 2022C-1 (Tender Refunding) (2015A) | | | | 100.00% | 261,450 | - | - | - | 261,450 | - | | |
| Series 2022C-1 (Tender Refunding) (2015B) | 44.40% | 2.87% | 52.73% | | 3,176,400 | 1,410,400 | 91,154 | 1,674,846 | - | - | | |
| Series 2022C-2 | 44.40% | 2.87% | 52.73% | | 176,720 | 78,468 | 5,071 | 93,181 | - | - | | |
| Series 2022D (New Money) | 100.00% | | | | 7,951,172 | 7,951,172 | - | - | - | - | | |
| Series 2022D (Refunding) | 29.76% | 0.54% | 48.42% | 21.29% | 2,695,655 | 802,128 | 14,519 | 1,305,216 | 573,792 | - | | |
| Series 2022E (Soft Put 10/1/2027) | 27.02% | 0.54% | 30.97% | 41.47% | 2,890,500 | 780,951 | 15,644 | 895,227 | 1,198,678 | - | | |
| Capital Equipment Financing | 17.44% | 2.82% | 28.94% | 50.80% | - | - | - | - | - | - | | |
| Financial Policy Contingency pro forma adj. | 16.51% | 17.44% | 66.05% | 0.00% | 19,380,000 | 3,200,000 | 3,380,000 | 12,800,000 | - | - | | |
| Coverage Allowance | | | | | 153,918,914 | 40,092,403 | 2,204,362 | 50,645,381 | 60,976,767 | 60% | | |
| | | | | | | - | | | | | | |
| Adjustment to Proposed Debt to Align with CRIAC: | | | | | $ 18,412,863 | | | | $ 7,036,487 | *update this cell for each new model version - changes* | | |
| *New CRIAC Percent:* | | | | | | 16.512% | 17.441% | 66.047% | 38% | | | |
| *Diff. between CIP and CRIAC Percent:* | | | | | | | | | 0.0% | | | |
| *Non-CRIAC Ratios:* | | | | | | 51.3% | 1.7% | 47.0% | | | | |
| *Amount to Add to Existing CIP Percents:* | | | | | | 0.0% | 0.0% | 0.0% | | | | |
| *New Allocations:* | | | | | | 31.70% | 1.05% | 29.04% | 38% | | | |
| *Check* | | | | | | | | 0.0% | - | | | |
| **Total Debt** | | | | | **$ 256,531,523** | **$ 66,820,671** | **$ 3,673,937** | **$ 84,408,969** | **$ 101,627,946** | | 23% $19,601,383 | 23% $19,601,383 |
| *Check* | | | | | - | 26.0% | 1.4% | 32.9% | 39.6% | | 46% $172,187,838 | 46% $172,187,838 |
| *Check* | | | | | - | - | | | | | | |
| **Total Capital Cost** | | | | | **$ 429,830,437** | **$ 110,113,074** | **$ 9,258,299** | **$ 147,854,350** | **$ 162,604,713** | | | |

| | Volume | Meter Charge | Wastewater | CSO | 2025 | Water | Meter Charge | Wastewater | CSO |
|---|---|---|---|---|---|---|---|---|---|
| Wholesale Revenue | Volume | Meter Charge | Wastewater | CSO | | | | | |
| LCSA + PI | | | 100.00% | 0.00% | $ (13,996,667) | $ - | $ - | $ (13,996,667) | $ - |
| WSSC | | | 100.00% | 0.00% | (79,591,175) | - | - | (79,591,175) | - |
| Fairfax County | | | 100.00% | 0.00% | (20,660,304) | - | - | (20,660,304) | - |
| Other Revenue | | | | | | | | | |
| IMA Indirect Cost Reimb. For Capital Projects | | | 100.00% | | (7,170,000) | - | - | (7,170,000) | - |
| Dev. Contr/Water Services Fees, Taps | 100.00% | | | | (5,000,000) | (5,000,000) | - | - | - |
| Dev. Contr/Liability Deposits/Sewer Service Fees | | | 100.00% | | (3,000,000) | - | - | (3,000,000) | - |
| Funding for Non-Ratepayer Revenue Fund | 50.00% | | 50.00% | | (500,000) | (250,000) | - | (250,000) | - |
| Commercial Water Maintenance | 100.00% | | | | - | - | - | - | - |
| DC Fire Protection Fee | 100.00% | | | | (10,796,000) | (10,796,000) | - | - | - |
| System Availability Fee | 50.00% | | 50.00% | | (7,700,000) | (3,850,000) | - | (3,850,000) | - |
| Washington Aqueduct's Backwash- DCW's prorata share | | | 100.00% | | (4,620,000) | - | - | (4,620,000) | - |
| Transfer from DC PILOT/ROW Fund | 32.55% | | 67.45% | | - | - | - | - | - |
| DC Contribution of 50% PILOT Escrow to DCW | 32.55% | | 67.45% | | - | - | - | - | - |
| Sales to DC Agencies-Steam/Meter | 100.00% | | | | - | - | - | - | - |
| Misc. Rev: Bid Deposits, Fleet Auction, Compost Sales | | | 100.00% | | (6,000,000) | - | - | (6,000,000) | - |
| Pipe Repair Sales/Replacement | 100.00% | | | | - | - | - | - | - |
| Stormwater | | | 100.00% | | (1,107,195) | - | - | (1,107,195) | - |
| Northern Virginia Debt Service | 24.00% | | 76.00% | | (193,246) | (46,379) | - | (146,867) | - |
| WSRF | 100.00% | | | | (40,717,000) | (40,717,000) | - | - | - |
| Interest Income | 45.00% | | 55.00% | | (9,089,071) | (4,090,082) | - | (4,998,989) | - |
| **Total Revenue Offsets** | | | | | **$ (210,140,658)** | **$ (64,749,461)** | **$ -** | **$ (145,391,197)** | **$ -** |
| *Check* | | | | | - | - | | | |
| **Unadjusted Revenue Requirement** | | | | | **$ 674,187,297** | **$ 200,788,202** | **$ 19,002,058** | **$ 290,375,150** | **$ 164,021,886** |
| | | | | | | - | | | |
| CRIAC Adjustments | | | | | | | | | |
| Adjusted CRIAC Total - Before Re-allocation to Sewer | | | | | | | | | $ 164,021,886 |
| Percent Reallocation from CRIAC to Sewer | | | | | $ (538,585) | | | | 37.00% |
| Reallocation from CRIAC to Sewer | | | | | | | | 60,688,098 | (60,688,098) |
| Reallocated CRIAC Revenue Requirements | | | | | | | | | 103,333,788 |
| CRIAC Rev. Req. Plus 500,000 CAP | | | | | | | | | 103,833,788 |
| **Revenue Requirement for Rate Calculations** | | | | | **$ 674,687,297** | **$ 200,788,202** | **$ 19,002,058** | **$ 351,063,248** | **$ 103,833,788** |
| | | | | | - | | | | |
| Water and Meter Fee Adjustments | | | | | | | | | |
| Reallocation from Water to Meter | | | | | | (5,727,407) | $ 5,727,407 | | |
| Adjusted Water and Meter Revenue Requirements | | | | | | $ 195,060,795 | $ 24,729,465 | | |
| **Adjusted Revenue Requirements + Delinquency** | | | | | **$ 694,927,916** | **$ 200,912,619** | **$ 25,471,349** | **$ 361,595,146** | **$ 106,948,802** |
| | | | | | | - | | | |

| | $ Allocated to Water | Source of Supply & Treatment | Distribution | Storage | Pumping | Customer Service/Meter | Admin/General |
|---|---|---|---|---|---|---|---|
| Operations | | | | | | | |
| Maintenance Services | $ 1,733,383 | $ - | $ 1,347,963 | $ 170,146 | $ 215,274 | $ - | $ - |
| Water Operations | 80,715,953 | - | 62,768,640 | 7,922,944 | 10,024,369 | - | - |
| Sewer Operations | - | - | - | - | - | - | - |
| Customer Care | 3,801,033 | - | - | - | - | 957,098 | 2,843,935 |
| Pumping Operations | 9,018,413 | 7,576,326 | 1,121,437 | 141,553 | 179,097 | - | - |
| Engineering & Technical Services | 1,777,624 | - | 1,382,367 | 174,489 | 220,769 | - | - |
| WasteWater Engineering | - | - | - | - | - | - | - |
| D.C. Clean Rivers | - | - | - | - | - | - | - |
| CIP Infrastructure Management | 2,762,912 | - | 2,148,574 | 271,203 | 343,135 | - | - |
| Permit Operations | 2,643,000 | 2,643,000 | - | - | - | - | - |
| | $ 102,452,318 | $ 10,219,326 | $ 68,768,980 | $ 8,680,335 | $ 10,982,644 | $ 957,098 | $ 2,843,935 |
| Administration | | | | | | | |
| Office of the Chief Executive Officer | $ 1,220,216 | $ - | $ - | $ - | $ - | $ - | $ 1,220,216 |
| Office of the Chief Operating Officer | 761,318 | - | - | - | - | - | 761,318 |
| Office of the Secretary | 450,103 | - | - | - | - | - | 450,103 |
| Internal Audit (outsourced) | 377,762 | - | - | - | - | - | 377,762 |
| Legal Affairs | 3,740,576 | - | - | - | - | - | 3,740,576 |
| Marketing and Communications | 1,957,060 | - | - | - | - | - | 1,957,060 |
| Performance | 1,232,083 | - | - | - | - | - | 1,232,083 |
| Human Resources | 4,645,424 | - | - | - | - | - | 4,645,424 |
| Information Technology | 4,952,895 | - | - | - | - | - | 4,952,895 |
| Procurement | 3,424,938 | - | - | - | - | - | 3,424,938 |
| Compliance & Business Development | 1,042,916 | - | - | - | - | - | 1,042,916 |
| Finance | 13,177,298 | - | - | - | - | - | 13,177,298 |
| Non-Ratepayer Revenue Fund | 225,000 | - | - | - | - | - | 225,000 |
| Administrative Office | 659,750 | - | - | - | - | - | 659,750 |
| Office of Emergency Management | 756,931 | - | - | - | - | - | 756,931 |
| Facilities Management | 4,850,007 | - | - | - | - | - | 4,850,007 |
| Security | 4,975,679 | - | - | - | - | - | 4,975,679 |
| Occupational Safety and Health | 1,286,354 | - | - | - | - | - | 1,286,354 |
| Fleet Management | 3,235,961 | - | - | - | - | - | 3,235,961 |
| | $ 52,972,270 | $ - | $ - | $ - | $ - | $ - | $ 52,972,270 |
| ***Total Water O&M*** | **$ 155,424,589** | **$ 10,219,326** | **$ 68,768,980** | **$ 8,680,335** | **$ 10,982,644** | **$ 957,098** | **$ 55,816,205** |
| | - | 6.6% | 44.2% | 5.6% | 7.1% | 0.6% | 35.9% |
| Debt Service (1) | | | | | | | |
| 1998 Revenue Bonds | $ 1,316,614 | $ 283,850 | $ 767,446 | $ - | $ - | $ 265,317 | $ - |
| Series 2014A | - | - | - | - | - | - | - |
| Series 2017A | - | - | - | - | - | - | - |
| Series 2017B | 4,698,140 | 1,478,834 | 2,842,315 | - | - | 376,992 | - |
| Series 2018A | - | - | - | - | - | - | - |
| Series 2018B | 3,887,728 | 1,269,287 | 2,477,571 | - | - | 140,870 | - |
| WIFIA Loan | 1,292,851 | - | 1,292,851 | - | - | - | - |
| DC Water Bonds Planned | 5,836,163 | 1,540,633 | 4,165,415 | - | - | 130,115 | - |
| Commercial Paper | 1,102,350 | 293,782 | 794,298 | - | - | 14,270 | - |
| EMCP | 1,482,283 | 483,944 | 944,629 | - | - | 53,710 | - |
| Jennings Randolph | 805,191 | 805,191 | - | - | - | - | - |
| Series 2010A Subordinate Bond | 2,471,847 | 657,250 | 1,777,010 | - | - | 37,587 | - |
| Series 2014B Subordinate Bond | 1,024,275 | 201,782 | 798,934 | - | - | 23,558 | - |
| Series 2014C Subordinate Bond | 8,523,376 | 1,679,105 | 6,648,233 | - | - | 196,038 | - |
| Series 2015A Subordinate Bond | - | - | - | - | - | - | - |
| Series 2015B Subordinate Bond | 3,971,712 | 1,250,176 | 2,402,835 | - | - | 318,701 | - |
| Series 2016A Subordinate Bond | 6,629,884 | 2,164,561 | 4,225,091 | - | - | 240,231 | - |
| Series 2019A Subordinate Bond | - | - | - | - | - | - | - |
| Series 2019B Subordinate Bond | 3,159,904 | 701,649 | 2,104,946 | - | - | 353,309 | - |
| Series 2019C Subordinate Bond | 1,058,047 | 234,937 | 704,810 | - | - | 118,300 | - |
| Series 2019D Subordinate Bond | 4,069,685 | 903,663 | 2,710,989 | - | - | 455,032 | - |
| Series 2022A Subordinate Bond | 3,196,450 | 629,701 | 2,493,231 | - | - | 73,518 | - |
| Series 2022B Subordinate Bond | - | - | - | - | - | - | - |
| Series 2022C-1 (New Money) | 951,961 | 251,299 | 679,438 | - | - | 21,224 | - |
| Series 2022C-1 (EIB CP Takeout) | - | - | - | - | - | - | - |
| Series 2022C-1 (Tender Refunding) (2014C) | 319,092 | 62,861 | 248,892 | - | - | 7,339 | - |
| Series 2022C-1 (Tender Refunding) (2015A) | - | - | - | - | - | - | - |
| Series 2022C-1 (Tender Refunding) (2015B) | 1,410,400 | 443,952 | 853,274 | - | - | 113,174 | - |
| Series 2022C-2 | 78,468 | 24,699 | 47,472 | - | - | 6,296 | - |
| Series 2022D (New Money) | 7,951,172 | 7,951,172 | - | - | - | - | - |
| Series 2022D (Refunding) | 802,128 | 158,019 | 625,660 | - | - | 18,449 | - |
| Series 2022E (Soft Put 10/1/2027) | 780,951 | 206,156 | 557,384 | - | - | 17,411 | - |
| Capital Equipment Financing | - | - | - | - | - | - | - |
| Financial Policy Contingency pro forma adj. | 3,200,000 | - | - | - | - | - | 3,200,000 |
| ***Total Water Debt*** | **$ 70,020,671** | **$ 23,676,502** | **$ 40,162,726** | **$ -** | **$ -** | **$ 2,981,443** | **$ 3,200,000** |
| | - | *33.8%* | *57.4%* | *0.0%* | *0.0%* | *4.3%* | *4.6%* |
| Revenue Offets | | | | | | | |
| Wholesale Revenue | | | | | | | |
| LCSA + PI | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| WSSC | - | - | - | - | - | - | - |
| Fairfax County | - | - | - | - | - | - | - |
| Other Revenue | | | | | | | |
| IMA Indirect Cost Reimb. For Capital Projects | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Dev. Contr/Water Services Fees, Taps | (5,000,000) | - | (5,000,000) | - | - | - | - |
| Dev. Contr/Liability Deposits/Sewer Service Fees | - | - | - | - | - | - | - |
| Funding for Non-Ratepayer Revenue Fund | (250,000) | - | - | - | - | - | (250,000) |
| Commercial Water Maintenance | - | - | - | - | - | - | - |
| DC Fire Protection Fee | (10,796,000) | (5,398,000) | (5,398,000) | - | - | - | - |
| System Availability Fee | (3,850,000) | - | - | - | - | - | (3,850,000) |
| Washington Aqueduct's Backwash- DCW's prorata share | - | - | - | - | - | - | - |
| Transfer from DC PILOT/ROW Fund | - | - | - | - | - | - | - |
| DC Contribution of 50% PILOT Escrow to DCW | - | - | - | - | - | - | - |
| Sales to DC Agencies-Steam/Meter | - | - | - | - | - | - | - |
| Misc. Rev: Bid Deposits, Fleet Auction, Compost Sales | - | - | - | - | - | - | - |
| Pipe Repair Sales/Replacement | - | - | - | - | - | - | - |
| Stormwater | - | - | - | - | - | - | - |
| Northern Virginia Debt Service | (46,379) | - | - | - | - | - | (46,379) |
| WSRF | (40,717,000) | - | - | - | - | - | (40,717,000) |
| Interest Income | (4,090,082) | (1,349,727) | (1,349,727) | - | - | - | (1,390,628) |
| ***Total Water Revenue Offsets*** | **$ (64,749,461)** | **$ (6,747,727)** | **$ (11,747,727)** | **$ -** | **$ -** | **$ -** | **$ (46,254,007)** |
| | - | | | | | | |
| Unadjusted Net Water Revenue Requirements | $ 160,695,799 | $ 27,148,101 | $ 97,183,979 | $ 8,680,335 | $ 10,982,644 | $ 3,938,541 | $ 12,762,199 |
| | | *16.9%* | *60.5%* | *5.4%* | *6.8%* | *2.5%* | *7.9%* |
| Adjustment for DS Coverage | $ 40,092,403 | $ 14,205,901 | $ 24,097,636 | $ - | $ - | $ 1,788,866 | $ - |
| | - | | | | | | |
| **Adjusted Net Water Revenue Requirements** | **$ 200,788,202** | **$ 41,354,003** | **$ 121,281,615** | **$ 8,680,335** | **$ 10,982,644** | **$ 5,727,407** | **$ 12,762,199** |
| | - | 20.6% | 60.4% | 4.3% | 5.5% | 2.9% | 6.4% |

**DC Water**
**Allocation to Functional Water Categories**

| | Test Year | Allocation Percentages | | | |
|---|---|---|---|---|---|
| Functional Categories | 2025 | Base | Extra Capacity Max-Month | Customer Service/Meter | Admin/General |
| Source of Supply & Treatment | $ 86,684,089 | 78.6% | 21.4% | 0.0% | 0.0% |
| Distribution | 75,951,529 | 85.0% | 15.0% | 0.0% | 0.0% |
| Storage | 8,680,335 | 80.0% | 20.0% | 0.0% | 0.0% |
| Pumping | 10,982,644 | 50.0% | 50.0% | 0.0% | 0.0% |
| Customer Service/Meter | 5,727,407 | 0.0% | 0.0% | 100.0% | 0.0% |
| Admin/General | 12,762,199 | 0.0% | 0.0% | 0.0% | 100.0% |
| **Total** | **$ 200,788,202** | | | | |

| Allocation of Adjusted Test Year Revenue Requirements | | | |
|---|---|---|---|
| Base | Extra Capacity Max-Month | Customer Service/Meter | Admin/General |
| $ 68,117,030 | $ 18,567,058 | $ - | $ - |
| 64,558,800 | 11,392,729 | - | - |
| 6,944,268 | 1,736,067 | - | - |
| 5,491,322 | 5,491,322 | - | - |
| - | - | 5,727,407 | - |
| - | - | - | 12,762,199 |
| **$ 145,111,420** | **$ 37,187,177** | **$ 5,727,407** | **$ 12,762,199** |

| Residential Customers | Base | Average Monthly Usage (CCF) | Peaking Factor | Max-Month | Allocation for Volumetric Revenue Req. |
|---|---|---|---|---|---|
| 0-4 ccf | 3,196,066 | 266,339 | 1.00 | 266,339 | - |
| >4 ccf | 2,541,934 | 211,828 | 1.37 | 290,204 | 78,376 |
| Multi-Family/DC Housing | 9,961,000 | 830,083 | 1.14 | 946,295 | 116,212 |
| Non-Residential (Commercial) | 10,453,000 | 871,083 | 1.42 | 1,236,938 | 365,855 |
| Non-Residential (Federal) | 4,264,000 | 355,333 | 1.42 | 504,573 | 149,240 |
| Non-Residential (Municipal) | 818,000 | 68,167 | 1.42 | 96,797 | 28,630 |
| | **31,234,000** | **2,602,833** | | **3,341,146** | **738,313** |

| Residential Customers | Base | Max-Month | Base | Max-Month | Allocation for Volumetric Revenue Req. |
|---|---|---|---|---|---|
| 0-4 ccf | 10.2% | 0.0% | 16,154,655 | - | 16,639,295 |
| >4 ccf | 8.1% | 10.6% | 12,848,317 | 3,947,639 | 17,299,834 |
| Multi-Family/DC Housing | 31.9% | 15.7% | 50,348,310 | 5,853,322 | 57,887,681 |
| Non-Residential (Commercial) | 33.5% | 49.6% | 52,835,145 | 18,427,300 | 73,400,319 |
| Non-Residential (Federal) | 13.7% | 20.2% | 21,552,574 | 7,516,886 | 29,941,544 |
| Non-Residential (Municipal) | 2.6% | 3.9% | 4,134,617 | 1,442,029 | 5,743,945 |
| | **100.0%** | **100.0%** | **$ 157,873,618** | **$ 37,187,177** | **$ 200,912,619** |

| Residential Customers | |
|---|---|
| 0-4 ccf | $ 5.21 |
| >4 ccf | $ 6.81 |
| Multi-Family/DC Housing | $ 5.82 |
| Non-Residential (Commercial) | $ 7.03 |
| Non-Residential (Federal) | $ 7.03 |
| Non-Residential (Municipal) | $ 7.03 |

| **Volumetric Capital to Include:** | 54% | **Volumetric Capital to Include:** | 100% | **Volumetric Capital to Include:** | 100% |
|---|---|---|---|---|---|
| **WAD Rate:** | | **Re-calculated Groundwater Fee** | | **Current Groundwater Fee for Comparison** | |
| | 2025 | | 2025 | | FY 2018 |
| Revenue Requirements | | Revenue Requirements | | Revenue Requirements | |
| Direct O&M | $ 112,984,089 | Direct O&M | $ 112,984,089 | Direct O&M | $ 90,049,129 |
| Capital | 10,595,342 | Capital | 19,601,383 | Capital | 17,752,540 |
| Indirect O&M | 17,934,264 | Indirect O&M | 17,934,264 | Indirect O&M | 5,241,791 |
| Overhead | 21,668,101 | Overhead | 21,668,101 | Overhead | 17,571,790 |
| | $ 163,181,797 | | $ 172,187,838 | | $ 130,615,249 |
| Offsets % to Include | 44% | Offsets % to Include | 46% | Offsets % to Include | 47% |
| Offsets Amount | $ (63,722,430) | Offsets Amount | $ (67,239,286) | Offsets Amount | $ (43,134,728) |
| *Total Rev. Requirements* | *$ 99,459,367* | *Total Rev. Requirements* | *$ 104,948,552* | *Total Rev. Requirements* | *$ 87,480,520* |
| Sewer Usage (ccf) | 29,979,448 | Sewer Usage (ccf) | 29,979,448 | Sewer Usage (ccf) | 30,897,804 |
| **Calculated Rate** | **$ 3.32** | **Calculated Rate** | **$ 3.50** | **Calculated Rate** | **$ 2.83** |

**DC Water**
**Revenue Requirements FY 2026**

| | Volume | Meter Charge | Wastewater | CSO | Test Year 2: 2026 | Water | Meter Charge | Wastewater | CSO | % Check | Groundwater | | Low Strength | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Operations | | | | | | | | | | | | | | | |
| Wastewater Treatment - Operations | 0% | 0% | 100% | 0% | $ 105,873,790 | $ - | $ - | $ 105,873,790 | $ - | - | 64% | $67,974,542 | 64% | $67,974,542 | *Direct* |
| Wastewater Treatment - Process Engineering | 0% | 0% | 100% | 0% | 8,977,337 | - | - | 8,977,337 | - | - | 64% | $5,763,753 | 64% | $5,763,753 | *Direct* |
| Maintenance Services | 7% | 0% | 93% | 0% | 26,355,392 | 1,844,877 | - | 24,510,515 | - | - | 33% | $8,203,034 | 33% | $8,203,034 | *Direct* |
| Water Operations | 100% | 0% | 0% | 0% | 85,305,870 | 85,305,870 | - | - | - | - | | | | | |
| Sewer Operations | 0% | 0% | 100% | 0% | - | - | - | - | - | - | 100% | $0 | 100% | $0 | *Direct* |
| Customer Care | 18% | 56% | 26% | 0% | 21,902,994 | 3,942,539 | 12,265,676 | 5,694,778 | - | - | 33% | $1,905,895 | 33% | $1,905,895 | *Indirect* |
| Pumping Operations | 20% | 0% | 80% | 0% | 46,173,419 | 9,234,684 | - | 36,938,735 | - | - | 100% | $36,938,735 | 100% | $36,938,735 | *Direct* |
| Engineering & Technical Services | 7% | 0% | 93% | 0% | 26,324,483 | 1,842,714 | - | 24,481,770 | - | - | 33% | $8,193,414 | 33% | $8,193,414 | *Indirect* |
| WasteWater Engineering | 0% | 0% | 100% | 0% | 3,862,122 | - | - | 3,862,122 | - | - | 33% | $1,292,552 | 33% | $1,292,552 | *Indirect* |
| Clean Water and Technology | 0% | | 100% | | 5,505,763 | - | - | 5,505,763 | - | - | 33% | $1,842,636 | 33% | $1,842,636 | *Indirect* |
| Resource Recovery | 0% | | 100% | | 8,095,523 | - | - | 8,095,523 | - | - | 33% | $2,709,362 | 33% | $2,709,362 | *Indirect* |
| D.C. Clean Rivers | | | | | 4,236,626 | - | - | 2,778,938 | 1,457,688 | | | | | | |
| CIP Infrastructure Management | 49% | 1% | 51% | 0% | 6,202,805 | 3,009,513 | 51,257 | 3,142,035 | - | - | 33% | $1,051,558 | 33% | $1,051,558 | *Indirect* |
| Permit Operations | 50% | 0% | 50% | 0% | 5,490,430 | 2,745,215 | - | 2,745,215 | - | - | 33% | $918,752 | 33% | $918,752 | *Indirect* |
| Subtotal Operations | | | | | $ 354,306,556 | $ 107,925,413 | $ 12,316,934 | $ 232,606,522 | $ 1,457,688 | "Coverage Allowance" | | | | | |
| *Check* | | | | | - | - | | | | | | | | | |
| Administration | Volume | Meter Charge | Wastewater | CSO | | | | | | | | | | | |
| Office of the Chief Executive Officer | 45.00% | 0.00% | 55.00% | 0.00% | $ 2,806,101 | $ 1,262,746 | $ - | $ 1,543,356 | $ - | - | 33% | $516,521 | 33% | $516,521 | *Overhead* |
| Office of the Chief Operating Officer | 45.00% | 0.00% | 55.00% | 0.00% | 1,753,082 | 788,887 | - | 964,195 | - | - | 33% | $322,691 | 33% | $322,691 | *Overhead* |
| Office of the Secretary | 45.00% | 0.00% | 55.00% | 0.00% | 1,035,555 | 466,000 | - | 569,555 | - | - | 33% | $190,615 | 33% | $190,615 | *Overhead* |
| Internal Audit (outsourced) | 45.00% | 0.00% | 55.00% | 0.00% | 864,655 | 389,095 | - | 475,560 | - | - | 33% | $159,158 | 33% | $159,158 | *Overhead* |
| Legal Affairs | 45.00% | 0.00% | 55.00% | 0.00% | 8,594,407 | 3,867,483 | - | 4,726,924 | - | - | 33% | $1,581,979 | 33% | $1,581,979 | *Overhead* |
| Marketing and Communications | 45.00% | 0.00% | 55.00% | 0.00% | 4,494,697 | 2,022,614 | - | 2,472,083 | - | - | 33% | $827,342 | 33% | $827,342 | *Overhead* |
| Performance | 45.00% | 0.00% | 55.00% | 0.00% | 2,837,363 | 1,276,813 | - | 1,560,550 | - | - | 33% | $522,276 | 33% | $522,276 | *Overhead* |
| Human Resources | 45.00% | 0.00% | 55.00% | 0.00% | 10,692,263 | 4,811,518 | - | 5,880,745 | - | - | 33% | $1,968,133 | 33% | $1,968,133 | *Overhead* |
| Information Technology | 45.00% | 0.00% | 55.00% | 0.00% | 11,403,415 | 5,131,537 | - | 6,271,878 | - | - | 33% | $2,099,035 | 33% | $2,099,035 | *Overhead* |
| Procurement | 45.00% | 0.00% | 55.00% | 0.00% | 7,908,332 | 3,558,749 | - | 4,349,582 | - | - | 33% | $1,455,693 | 33% | $1,455,693 | *Overhead* |
| Compliance & Business Development | 45.00% | 0.00% | 55.00% | 0.00% | 2,406,184 | 1,082,783 | - | 1,323,401 | - | - | 33% | $442,908 | 33% | $442,908 | *Overhead* |
| Finance | 45.00% | 0.00% | 55.00% | 0.00% | 29,763,151 | 13,393,418 | - | 16,369,733 | - | - | 33% | $5,478,526 | 33% | $5,478,526 | *Overhead* |
| Non-Ratepayer Revenue Fund | 45.00% | 0.00% | 55.00% | 0.00% | 1,030,000 | 463,500 | - | 566,500 | - | - | 33% | $189,593 | 33% | $189,593 | *Overhead* |
| Administrative Office | 45.00% | 0.00% | 55.00% | 0.00% | 1,515,756 | 682,090 | - | 833,666 | - | - | 33% | $279,006 | 33% | $279,006 | *Overhead* |
| Office of Emergency Management | 45.00% | 0.00% | 55.00% | 0.00% | 1,736,479 | 781,416 | - | 955,063 | - | - | 33% | $319,635 | 33% | $319,635 | *Overhead* |
| Facilities Management | 45.00% | 0.00% | 55.00% | 0.00% | 10,911,223 | 4,910,050 | - | 6,001,173 | - | - | 33% | $2,008,437 | 33% | $2,008,437 | *Overhead* |
| Security | 45.00% | 0.00% | 55.00% | 0.00% | 11,372,333 | 5,117,550 | - | 6,254,783 | - | - | 33% | $2,093,314 | 33% | $2,093,314 | *Overhead* |
| Occupational Safety and Health | 45.00% | 0.00% | 55.00% | 0.00% | 3,527,771 | 1,587,497 | - | 1,940,274 | - | - | 33% | $649,359 | 33% | $649,359 | *Overhead* |
| Fleet Management | 45.00% | 0.00% | 55.00% | 0.00% | 7,267,671 | 3,270,452 | - | 3,997,219 | - | - | 33% | $1,337,766 | 33% | $1,337,766 | *Overhead* |
| Subtotal Administration | | | | | $ 121,920,439 | $ 54,864,198 | $ - | $ 67,056,241 | $ - | | | | | | |
| *Check* | | | | | - | - | | | | | | | | | |
| **Total O&M** | | | | | **$ 476,226,995** | **$ 162,789,610** | **$ 12,316,934** | **$ 299,662,763** | **$ 1,457,688** | | | | | | |
| *Check* | | | | | - | - | | | | | | | | | |

| | Volume | Meter Charge | Wastewater | CSO | 2026 | Water | Meter Charge | Wastewater | CSO | % Check | Groundwater | | Low Strength | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Debt Service | | | | | | | | | | | | | | |
| 1998 Revenue Bonds | 16.23% | 8.19% | 72.88% | 2.70% | $ 8,113,950 | $ 1,316,573 | $ 664,532 | $ 5,913,769 | $ 219,077 | - | | | | |
| Series 2014A | 0.00% | 0.00% | 0.00% | 100.00% | 16,849,000 | - | - | - | 16,849,000 | - | | | | |
| Series 2017A | 0.00% | 0.00% | 0.00% | 100.00% | 4,591,000 | - | - | - | 4,591,000 | - | | | | |
| Series 2017B | 35.44% | 4.55% | 60.01% | 0.00% | 13,253,000 | 4,696,811 | 602,609 | 7,953,580 | - | - | | | | |
| Series 2018A | 0.00% | 0.00% | 0.00% | 100.00% | 5,000,000 | - | - | - | 5,000,000 | - | | | | |
| Series 2018B | 29.18% | 6.13% | 64.69% | 0.00% | 13,326,250 | 3,888,384 | 816,997 | 8,620,869 | - | - | | | | |
| WIFIA Loan | 44.21% | 0.00% | 55.79% | 0.00% | 2,924,065 | 1,292,851 | - | 1,631,214 | - | - | | | | |
| DC Water Bonds Planned | 30.51% | 0.92% | 32.78% | 35.79% | 60,549,956 | 18,473,062 | 556,019 | 19,847,320 | 21,673,554 | - | $ - | | | |
| Commercial Paper | 47.52% | 1.43% | 51.05% | 0.00% | 2,148,000 | 1,020,674 | 30,721 | 1,096,605 | - | - | | | | |
| EMCP | 47.52% | 1.43% | 51.05% | 0.00% | 2,892,400 | 1,374,394 | 41,368 | 1,476,638 | - | - | | | | |
| Jennings Randolph | 100.00% | 0.00% | 0.00% | 0.00% | 805,191 | 805,191 | - | - | - | - | | | | |
| Series 2010A Subordinate Bond | 16.08% | 0.84% | 21.16% | 61.92% | 15,312,649 | 2,462,274 | 128,626 | 3,240,156 | 9,481,592 | - | | | | |
| Series 2014B Subordinate Bond | 25.63% | 0.66% | 73.71% | 0.00% | 4,000,000 | 1,025,219 | 26,341 | 2,948,440 | - | - | | | | |
| Series 2014C Subordinate Bond | 29.76% | 0.54% | 48.42% | 21.29% | 28,799,900 | 8,569,796 | 155,122 | 13,944,695 | 6,130,288 | - | | | | |
| Series 2015A Subordinate Bond | 0.00% | 0.00% | 0.00% | 100.00% | 11,602,150 | - | - | - | 11,602,150 | - | | | | |
| Series 2015B Subordinate Bond | 44.40% | 2.87% | 52.73% | 0.00% | 8,944,800 | 3,971,712 | 256,691 | 4,716,397 | - | - | | | | |
| Series 2016A Subordinate Bond | 38.91% | 0.74% | 47.86% | 12.49% | 17,039,013 | 6,629,884 | 125,382 | 8,155,157 | 2,128,589 | - | | | | |
| Series 2019A Subordinate Bond | 0.00% | 0.00% | 0.00% | 100.00% | 4,708,700 | - | - | - | 4,708,700 | - | | | | |
| Series 2019B Subordinate Bond | 48.86% | 1.25% | 49.89% | 0.00% | 6,340,000 | 3,097,716 | 79,479 | 3,162,805 | - | - | | | | |
| Series 2019C Subordinate Bond | 26.58% | 3.60% | 69.81% | 0.00% | 3,980,200 | 1,058,047 | 143,406 | 2,778,747 | - | - | | | | |
| Series 2019D Subordinate Bond | 32.39% | 0.83% | 33.07% | 33.70% | 12,307,851 | 3,987,017 | 102,296 | 4,070,793 | 4,147,746 | - | | | | |
| Series 2022A Subordinate Bond | 11.15% | 0.52% | 14.60% | 73.73% | 28,567,972 | 3,185,329 | 148,553 | 4,170,924 | 21,063,166 | - | | | | |
| Series 2022B Subordinate Bond | 0.00% | 0.00% | 0.00% | 100.00% | 3,979,250 | - | - | - | 3,979,250 | - | | | | |
| Series 2022C-1 (New Money) | 27.02% | 0.54% | 30.97% | 41.47% | 3,523,450 | 951,961 | 19,070 | 1,091,260 | 1,461,159 | - | | | | |
| Series 2022C-1 (EIB CP Takeout) | 0.00% | 0.00% | 0.00% | 100.00% | 887,550 | - | - | - | 887,550 | - | | | | |
| Series 2022C-1 (Tender Refunding) (2014C) | 29.76% | 0.54% | 48.42% | 21.29% | 1,072,350 | 319,092 | 5,776 | 519,224 | 228,258 | - | | | | |
| Series 2022C-1 (Tender Refunding) (2015A) | 0.00% | 0.00% | 0.00% | 100.00% | 261,450 | - | - | - | 261,450 | - | | | | |
| Series 2022C-1 (Tender Refunding) (2015B) | 44.40% | 2.87% | 52.73% | 0.00% | 3,176,400 | 1,410,400 | 91,154 | 1,674,846 | - | - | | | | |
| Series 2022C-2 | 44.40% | 2.87% | 52.73% | 0.00% | 176,720 | 78,468 | 5,071 | 93,181 | - | - | | | | |
| Series 2022D (New Money) | 100.00% | 0.00% | 0.00% | 0.00% | 7,954,926 | 7,954,926 | - | - | - | - | | | | |
| Series 2022D (Refunding) | 29.76% | 0.54% | 48.42% | 21.29% | 2,695,087 | 801,959 | 14,516 | 1,304,941 | 573,671 | - | | | | |
| Series 2022E (Soft Put 10/1/2027) | 27.02% | 0.54% | 30.97% | 41.47% | 2,890,500 | 780,951 | 15,644 | 895,227 | 1,198,678 | - | | | | |
| Capital Equipment Financing | 17.44% | 2.82% | 28.94% | 50.80% | - | - | - | - | - | - | | | | |
| Financial Policy Contingency pro forma adj. | 19.73% | 1.36% | 78.91% | 0.00% | (16,220,000) | (3,200,000) | (220,000) | (12,800,000) | - | - | | | | |
| Coverage Allowance | | | | | 179,204,238 | 47,491,615 | 2,417,624 | 59,584,072 | 69,710,926 | 60% | | | | |
| Adjustment to Proposed Debt to Align with CRIAC: | | | | | $ 60,549,956 | | | | $ 21,673,554 | *update this cell for each new model version - changes* | | | | |
| *New CRIAC Percent:* | | | | | | | | | 36% | | | | | |
| *Diff. between CIP and CRIAC Percent:* | | 80.00% | | | | | | | 0.0% | | | | | |
| *Non-CRIAC Ratios:* | | | | | | 47.5% | 1.4% | 51.1% | | | | | | |
| *Amount to Add to Existing CIP Percents:* | | | | | | 0.0% | 0.0% | 0.0% | | | | | | |
| *New Allocations:* | | | | | | 30.51% | 0.92% | 32.78% | 36% | | | | | |
| *Check* | | | | | | | | 0.0% | - | | | | | |
| **Total Debt** | | | | | **$ 298,673,729** | **$ 79,152,692** | **$ 4,029,373** | **$ 99,306,787** | **$ 116,184,877** | | 23% | $23,060,943 | 23% | $23,060,943 |
| *Check* | | | | | - | 26.5% | 1.3% | 33.2% | 38.9% | | 46% | $182,297,162 | 46% | $182,297,162 |
| *Check* | | | | | | - | | | | | | | | |
| **Total Capital Cost** | | | | | **$ 461,657,967** | **$ 123,444,307** | **$ 6,226,997** | **$ 146,090,859** | **$ 185,895,804** | | | | | |

| | Volume | Meter Charge | Wastewater | CSO | 2026 | Water | Meter Charge | Wastewater | CSO |
|---|---|---|---|---|---|---|---|---|---|
| Wholesale Revenue | | | | | | | | | |
| LCSA + PI | 0% | 0% | 100% | 0% | $ (14,591,544) | $ - | $ - | $ (14,591,544) | $ - |
| WSSC | 0% | 0% | 100% | 0% | (84,440,697) | - | - | (84,440,697) | - |
| Fairfax County | 0% | 0% | 100% | 0% | (21,872,540) | - | - | (21,872,540) | - |
| Other Revenue | | | | | | | | | |
| IMA Indirect Cost Reimb. For Capital Projects | 0% | 0% | 100% | 0% | (9,660,000) | - | - | (9,660,000) | - |
| Dev. Contr/Water Services Fees, Taps | 100% | 0% | 0% | 0% | (5,000,000) | (5,000,000) | - | - | - |
| Dev. Contr/Liability Deposits/Sewer Service Fees | 0% | 0% | 100% | 0% | (3,000,000) | - | - | (3,000,000) | - |
| Funding for Non-Ratepayer Revenue Fund | 50% | 0% | 50% | 0% | (1,030,000) | (515,000) | - | (515,000) | - |
| Commercial Water Maintenance | 100% | 0% | 0% | 0% | - | - | - | - | - |
| DC Fire Protection Fee | 100% | 0% | 0% | 0% | (10,796,000) | (10,796,000) | - | - | - |
| System Availability Fee | 50% | 0% | 50% | 0% | (7,700,000) | (3,850,000) | - | (3,850,000) | - |
| Washington Aqueduct's Backwash- DCW's prorata share | 0% | 0% | 100% | 0% | (4,620,000) | - | - | (4,620,000) | - |
| Transfer from DC PILOT/ROW Fund | 33% | 0% | 67% | 0% | - | - | - | - | - |
| DC Contribution of 50% PILOT Escrow to DCW | 33% | 0% | 67% | 0% | - | - | - | - | - |
| Sales to DC Agencies-Steam/Meter | 100% | 0% | 0% | 0% | - | - | - | - | - |
| Misc. Rev: Bid Deposits, Fleet Auction, Compost Sales | 0% | 0% | 100% | 0% | (6,000,000) | - | - | (6,000,000) | - |
| Pipe Repair Sales/Replacement | 100% | 0% | 0% | 0% | - | - | - | - | - |
| Stormwater | 0% | 0% | 100% | 0% | (1,107,195) | - | - | (1,107,195) | - |
| Northern Virginia Debt Service | 24% | 0% | 76% | 0% | (193,246) | (46,379) | - | (146,867) | - |
| WSRF | 100% | 0% | 0% | 0% | (40,717,000) | (40,717,000) | - | - | - |
| Interest Income | 45% | 0% | 55% | 0% | (8,815,944) | (3,967,175) | - | (4,848,769) | - |
| **Total Revenue Offsets** | | | | | **$ (219,544,166)** | **$ (64,891,554)** | **$ -** | **$ (154,652,612)** | **$ -** |
| *Check* | | | | | - | - | | | |
| **Unadjusted Revenue Requirement** | | | | | **$ 718,340,796** | **$ 221,342,364** | **$ 18,543,931** | **$ 291,101,010** | **$ 187,353,492** |
| CRIAC Adjustments | | | | | | | | | |
| Adjusted CRIAC Total - Before Re-allocation to Sewer | | | | | | | | | $ 187,353,492 |
| Percent Reallocation from CRIAC to Sewer | | | | | | | | | 37.00% |
| Reallocation from CRIAC to Sewer | | | | | | | | 69,320,792 | (69,320,792) |
| Reallocated CRIAC Revenue Requirements | | | | | | - | | | 118,032,700 |
| CRIAC Rev. Req. Plus 500,000 CAP | | | | | | | | | 118,532,700 |
| **Revenue Requirement for Rate Calculations** | | | | | **$ 718,840,796** | **$ 221,342,364** | **$ 18,543,931** | **$ 360,421,802** | **$ 118,532,700** |
| | | | | | (0.00) | | | | |
| Water and Meter Fee Adjustments | | | | | | | | | |
| Reallocation from Water to Meter | | | | | | (6,180,902) | $ 6,180,902 | | |
| Adjusted Water and Meter Revenue Requirements | | | | | | $ 215,161,462 | $ 24,724,832 | | |
| **Adjusted Revenue Requirements + Delinquency** | | | | | **$ 740,406,020** | **$ 221,616,306** | **$ 25,466,577** | **$ 371,234,456** | **$ 122,088,681** |

| | $ Allocated to Water | Source of Supply & Treatment | Distribution | Storage | Pumping | Customer Service/Meter | Admin/General |
|---|---|---|---|---|---|---|---|
| Operations | | | | | | | |
| Maintenance Services | $ 1,844,877 | $ - | $ 1,434,666 | $ 181,090 | $ 229,121 | $ - | $ - |
| Water Operations | 85,305,870 | - | 66,337,982 | 8,373,483 | 10,594,405 | - | - |
| Sewer Operations | - | - | - | - | - | - | - |
| Customer Care | 3,942,539 | - | - | - | - | 992,729 | 2,949,809 |
| Pumping Operations | 9,234,684 | 7,758,014 | 1,148,330 | 144,947 | 183,392 | - | - |
| Engineering & Technical Services | 1,842,714 | - | 1,432,984 | 180,878 | 228,852 | - | - |
| WasteWater Engineering | - | - | - | - | - | - | - |
| D.C. Clean Rivers | - | - | - | - | - | - | - |
| CIP Infrastructure Management | 3,009,513 | - | 2,340,344 | 295,409 | 373,761 | - | - |
| Permit Operations | 2,745,215 | 2,745,215 | - | - | - | - | - |
| | $ 107,925,413 | $ 10,503,229 | $ 72,694,306 | $ 9,175,807 | $ 11,609,532 | $ 992,729 | $ 2,949,809 |
| Administration | | | | | | | |
| Office of the Chief Executive Officer | $ 1,262,746 | $ - | $ - | $ - | $ - | $ - | $ 1,262,746 |
| Office of the Chief Operating Officer | 788,887 | - | - | - | - | - | 788,887 |
| Office of the Secretary | 466,000 | - | - | - | - | - | 466,000 |
| Internal Audit (outsourced) | 389,095 | - | - | - | - | - | 389,095 |
| Legal Affairs | 3,867,483 | - | - | - | - | - | 3,867,483 |
| Marketing and Communications | 2,022,614 | - | - | - | - | - | 2,022,614 |
| Performance | 1,276,813 | - | - | - | - | - | 1,276,813 |
| Human Resources | 4,811,518 | - | - | - | - | - | 4,811,518 |
| Information Technology | 5,131,537 | - | - | - | - | - | 5,131,537 |
| Procurement | 3,558,749 | - | - | - | - | - | 3,558,749 |
| Compliance & Business Development | 1,082,783 | - | - | - | - | - | 1,082,783 |
| Finance | 13,393,418 | - | - | - | - | - | 13,393,418 |
| Non-Ratepayer Revenue Fund | 463,500 | - | - | - | - | - | 463,500 |
| Administrative Office | 682,090 | - | - | - | - | - | 682,090 |
| Office of Emergency Management | 781,416 | - | - | - | - | - | 781,416 |
| Facilities Management | 4,910,050 | - | - | - | - | - | 4,910,050 |
| Security | 5,117,550 | - | - | - | - | - | 5,117,550 |
| Occupational Safety and Health | 1,587,497 | - | - | - | - | - | 1,587,497 |
| Fleet Management | 3,270,452 | - | - | - | - | - | 3,270,452 |
| | $ 54,864,198 | $ - | $ - | $ - | $ - | $ - | $ 54,864,198 |
| ***Total Water O&M*** | **$ 162,789,610** | **$ 10,503,229** | **$ 72,694,306** | **$ 9,175,807** | **$ 11,609,532** | **$ 992,729** | **$ 57,814,007** |
| | - | 6.5% | 44.7% | 5.6% | 7.1% | 0.6% | 35.5% |
| Debt Service (1) | | | | | | | |
| 1998 Revenue Bonds | $ 1,316,573 | $ 283,841 | $ 767,423 | $ - | $ - | $ 265,309 | $ - |
| Series 2014A | - | - | - | - | - | - | - |
| Series 2017A | - | - | - | - | - | - | - |
| Series 2017B | 4,696,811 | 1,478,415 | 2,841,511 | - | - | 376,885 | - |
| Series 2018A | - | - | - | - | - | - | - |
| Series 2018B | 3,888,384 | 1,269,501 | 2,477,989 | - | - | 140,894 | - |
| WIFIA Loan | 1,292,851 | - | 1,292,851 | - | - | - | - |
| DC Water Bonds Planned | 18,473,062 | 4,876,528 | 13,184,686 | - | - | 411,849 | - |
| Commercial Paper | 1,020,674 | 272,015 | 735,447 | - | - | 13,213 | - |
| EMCP | 1,374,394 | 448,720 | 875,873 | - | - | 49,801 | - |
| Jennings Randolph | 805,191 | 805,191 | - | - | - | - | - |
| Series 2010A Subordinate Bond | 2,462,274 | 654,705 | 1,770,128 | - | - | 37,441 | - |
| Series 2014B Subordinate Bond | 1,025,219 | 201,968 | 799,671 | - | - | 23,580 | - |
| Series 2014C Subordinate Bond | 8,569,796 | 1,688,250 | 6,684,440 | - | - | 197,105 | - |
| Series 2015A Subordinate Bond | - | - | - | - | - | - | - |
| Series 2015B Subordinate Bond | 3,971,712 | 1,250,176 | 2,402,835 | - | - | 318,701 | - |
| Series 2016A Subordinate Bond | 6,629,884 | 2,164,561 | 4,225,091 | - | - | 240,231 | - |
| Series 2019A Subordinate Bond | - | - | - | - | - | - | - |
| Series 2019B Subordinate Bond | 3,097,716 | 687,840 | 2,063,520 | - | - | 346,356 | - |
| Series 2019C Subordinate Bond | 1,058,047 | 234,937 | 704,810 | - | - | 118,300 | - |
| Series 2019D Subordinate Bond | 3,987,017 | 885,307 | 2,655,921 | - | - | 445,789 | - |
| Series 2022A Subordinate Bond | 3,185,329 | 627,510 | 2,484,557 | - | - | 73,263 | - |
| Series 2022B Subordinate Bond | - | - | - | - | - | - | - |
| Series 2022C-1 (New Money) | 951,961 | 251,299 | 679,438 | - | - | 21,224 | - |
| Series 2022C-1 (EIB CP Takeout) | - | - | - | - | - | - | - |
| Series 2022C-1 (Tender Refunding) (2014C) | 319,092 | 62,861 | 248,892 | - | - | 7,339 | - |
| Series 2022C-1 (Tender Refunding) (2015A) | - | - | - | - | - | - | - |
| Series 2022C-1 (Tender Refunding) (2015B) | 1,410,400 | 443,952 | 853,274 | - | - | 113,174 | - |
| Series 2022C-2 | 78,468 | 24,699 | 47,472 | - | - | 6,296 | - |
| Series 2022D (New Money) | 7,954,926 | 7,954,926 | - | - | - | - | - |
| Series 2022D (Refunding) | 801,959 | 157,986 | 625,528 | - | - | 18,445 | - |
| Series 2022E (Soft Put 10/1/2027) | 780,951 | 206,156 | 557,384 | - | - | 17,411 | - |
| Capital Equipment Financing | - | - | - | - | - | - | - |
| Financial Policy Contingency pro forma adj. | (3,200,000) | - | - | - | - | - | (3,200,000) |
| ***Total Water Debt*** | **$ 75,952,692** | **$ 26,931,343** | **$ 48,978,741** | **$ -** | **$ -** | **$ 3,242,608** | **$ (3,200,000)** |
| | - | *35.5%* | *64.5%* | *0.0%* | *0.0%* | *4.3%* | *-4.2%* |
| Revenue Offets | | | | | | | |
| Wholesale Revenue | | | | | | | |
| LCSA + PI | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| WSSC | - | - | - | - | - | - | - |
| Fairfax County | - | - | - | - | - | - | - |
| Other Revenue | | | | | | | |
| IMA Indirect Cost Reimb. For Capital Projects | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Dev. Contr/Water Services Fees, Taps | (5,000,000) | - | (5,000,000) | - | - | - | - |
| Dev. Contr/Liability Deposits/Sewer Service Fees | - | - | - | - | - | - | - |
| Funding for Non-Ratepayer Revenue Fund | (515,000) | - | - | - | - | - | (515,000) |
| Commercial Water Maintenance | - | - | - | - | - | - | - |
| DC Fire Protection Fee | (10,796,000) | (5,398,000) | (5,398,000) | - | - | - | - |
| System Availability Fee | (3,850,000) | - | - | - | - | - | (3,850,000) |
| Washington Aqueduct's Backwash- DCW's prorata share | - | - | - | - | - | - | - |
| Transfer from DC PILOT/ROW Fund | - | - | - | - | - | - | - |
| DC Contribution of 50% PILOT Escrow to DCW | - | - | - | - | - | - | - |
| Sales to DC Agencies-Steam/Meter | - | - | - | - | - | - | - |
| Misc. Rev: Bid Deposits, Fleet Auction, Compost Sales | - | - | - | - | - | - | - |
| Pipe Repair Sales/Replacement | - | - | - | - | - | - | - |
| Stormwater | - | - | - | - | - | - | - |
| Northern Virginia Debt Service | (46,379) | - | - | - | - | - | (46,379) |
| WSRF | (40,717,000) | - | - | - | - | - | (40,717,000) |
| Interest Income | (3,967,175) | (1,309,168) | (1,309,168) | - | - | - | (1,348,839) |
| ***Total Water Revenue Offsets*** | **$ (64,891,554)** | **$ (6,707,168)** | **$ (11,707,168)** | **$ -** | **$ -** | **$ -** | **$ (46,477,218)** |
| | - | | | | | | |
| Unadjusted Net Water Revenue Requirements | $ 173,850,748 | $ 30,727,404 | $ 109,965,879 | $ 9,175,807 | $ 11,609,532 | $ 4,235,337 | $ 8,136,789 |
| | | *17.7%* | *63.3%* | *5.3%* | *6.7%* | *2.4%* | *4.7%* |
| Adjustment for DS Coverage | $ 47,491,615 | $ 16,158,806 | $ 29,387,245 | $ - | $ - | $ 1,945,565 | $ - |
| | - | | | | | | |
| **Adjusted Net Water Revenue Requirements** | **$ 221,342,364** | **$ 46,886,210** | **$ 139,353,124** | **$ 9,175,807** | **$ 11,609,532** | **$ 6,180,902** | **$ 8,136,789** |
| | - | 21.2% | 63.0% | 4.1% | 5.2% | 2.8% | 3.7% |

**DC Water**
**Allocation to Functional Water Categories**

| Functional Categories | Test Year 2026 | Allocation Percentages Base | Extra Capacity Max-Month | Customer Service/Meter | Admin/General |
|---|---|---|---|---|---|
| Source of Supply & Treatment | $ 95,442,104 | 78.6% | 21.4% | 0.0% | 0.0% |
| Distribution | 90,797,230 | 85.0% | 15.0% | 0.0% | 0.0% |
| Storage | 9,175,807 | 80.0% | 20.0% | 0.0% | 0.0% |
| Pumping | 11,609,532 | 50.0% | 50.0% | 0.0% | 0.0% |
| Customer Service/Meter | 6,180,902 | 0.0% | 0.0% | 100.0% | 0.0% |
| Admin/General | 8,136,789 | 0.0% | 0.0% | 0.0% | 100.0% |
| **Total** | **$ 221,342,364** | | | | |

| Allocation of Adjusted Test Year Revenue Requirements | | | |
|---|---|---|---|
| Base | Extra Capacity Max-Month | Customer Service/Meter | Admin/General |
| $ 74,999,147 | $ 20,442,957 | $ - | $ - |
| 77,177,646 | 13,619,585 | - | - |
| 7,340,646 | 1,835,161 | - | - |
| 5,804,766 | 5,804,766 | - | - |
| - | - | 6,180,902 | - |
| - | - | - | 8,136,789 |
| **$ 165,322,204** | **$ 41,702,469** | **$ 6,180,902** | **$ 8,136,789** |

| Residential Customers | Base | Average Monthly Usage (CCF) | Peaking Factor | Max-Month | Allocation for Volumetric Revenue Req. |
|---|---|---|---|---|---|
| 0-4 ccf | 3,162,646 | 263,554 | 1.00 | 263,554 | - |
| >4 ccf | 2,515,354 | 209,613 | 1.37 | 287,170 | 77,557 |
| Multi-Family/DC Housing | 9,861,000 | 821,750 | 1.14 | 936,795 | 115,045 |
| Non-Residential (Commercial) | 10,348,000 | 862,333 | 1.42 | 1,224,513 | 362,180 |
| Non-Residential (Federal) | 4,221,000 | 351,750 | 1.42 | 499,485 | 147,735 |
| Non-Residential (Municipal) | 810,000 | 67,500 | 1.42 | 95,850 | 28,350 |
| | **30,918,000** | **2,576,500** | | **3,307,367** | **730,867** |

| Residential Customers | Base | Max-Month | Base | Max-Month | Allocation for Volumetric Revenue Req. |
|---|---|---|---|---|---|
| 0-4 ccf | 10.2% | 0.0% | 17,743,366 | - | 18,275,667 |
| >4 ccf | 8.1% | 10.6% | 14,111,869 | 4,425,304 | 19,093,289 |
| Multi-Family/DC Housing | 31.9% | 15.7% | 55,323,085 | 6,564,344 | 63,744,051 |
| Non-Residential (Commercial) | 33.5% | 49.6% | 58,055,297 | 20,665,601 | 81,082,524 |
| Non-Residential (Federal) | 13.7% | 20.2% | 23,681,040 | 8,429,600 | 33,073,960 |
| Non-Residential (Municipal) | 2.6% | 3.9% | 4,544,336 | 1,617,620 | 6,346,815 |
| | **100.0%** | **100.0%** | **$ 173,458,993** | **$ 41,702,469** | **$ 221,616,306** |

| Residential Customers | |
|---|---|
| 0-4 ccf | $ 5.78 |
| >4 ccf | $ 7.60 |
| Multi-Family/DC Housing | $ 6.47 |
| Non-Residential (Commercial) | $ 7.84 |
| Non-Residential (Federal) | $ 7.84 |
| Non-Residential (Municipal) | $ 7.84 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Volumetric Capital to Include:** | | 54% | **Volumetric Capital to Include:** | | 100% | **Volumetric Capital to Include:** | | 100% |
| **WAD Rate:** | | | **Re-calculated Groundwater Fee** | | | **Current Groundwater Fee for Comparison** | | |
| | | 2026 | | | 2026 | | | FY 2018 |
| Revenue Requirements | | | Revenue Requirements | | | Revenue Requirements | | |
| Direct O&M | $ | 118,880,064 | Direct O&M | $ | 118,880,064 | Direct O&M | $ | 90,049,129 |
| Capital | | 12,465,374 | Capital | | 23,060,943 | Capital | | 17,752,540 |
| Indirect O&M | | 17,914,169 | Indirect O&M | | 17,914,169 | Indirect O&M | | 5,241,791 |
| Overhead | | 22,441,986 | Overhead | | 22,441,986 | Overhead | | 17,571,790 |
| | $ | 171,701,594 | | $ | 182,297,162 | | $ | 130,615,249 |
| Offsets % to Include | | 43% | Offsets % to Include | | 46% | Offsets % to Include | | 47% |
| Offsets Amount | $ | (66,556,708) | Offsets Amount | $ | (70,663,870) | Offsets Amount | $ | (43,134,728) |
| *Total Rev. Requirements* | *$* | *105,144,886* | *Total Rev. Requirements* | *$* | *111,633,293* | *Total Rev. Requirements* | *$* | *87,480,520* |
| Sewer Usage (ccf) | | 29,663,458 | Sewer Usage (ccf) | | 29,663,458 | Sewer Usage (ccf) | | 30,897,804 |
| **Calculated Rate** | **$** | **3.54** | **Calculated Rate** | **$** | **3.76** | **Calculated Rate** | **$** | **2.83** |