

# DC Water

## Cost of Service Study

Final Report / March 17, 2026





March 17, 2026

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

**Subject: FY 2027-2028 Cost of Service Study Report**

Dear Mr. Khalil,

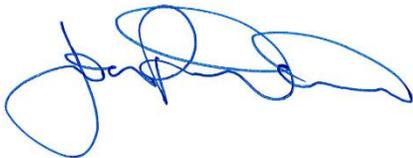
Raftelis Financial Consultants, Inc. (Raftelis) is pleased to provide this Cost of Service Study (COS Study) Report for DC Water. Over the past several months, we have worked closely with DC Water completing this engagement. The major tasks of this COS Study included the following:

- 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) 2027 and FY 2028; 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 2027-2028.

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,



**Jon Davis**  
*Senior Principal*



**Vanessa Bryant**  
*Manager*

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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 years (FY) 2027 and FY 2028; 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 2023, FY 2024, and FY 2025, relying on FY 2025 actuals and FY 2026-28 projections to create a forecast of billable units.

Since FY 2016, billable water flows have decreased by an average annual rate of approximately 0.7%. 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 assumptions.

Based on projected consumption, accounts, and ERUs in FY 2025-2028, 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 2026-2027 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 2027 and FY 2028 showed operating revenue slightly lower than DC Water’s Financial Plan by \$1,978,324 and \$4,721,304, 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 (2027)	Raftelis Model (2027)	Delta
<b>Revenue</b>			
<b>Operating</b>	\$987,935,192	\$985,956,868	\$(1,978,324)
<b>Non-Operating</b>	\$68,368,174	\$68,368,174	\$ -
<b>Total: Revenue</b>	\$1,056,303,365	\$1,054,325,042	\$(1,978,324)
<b>Expenses</b>			
<b>Operating</b>	\$478,001,010	\$478,001,012	\$2
<b>Debt Service</b>	\$257,897,673	\$257,897,671	\$(2)
<b>Cash Financed Capital Improvements</b>	\$76,846,031	\$76,846,031	\$ -
<b>Total: Expenses</b>	\$812,744,714	\$812,744,714	\$ -
<b>Net Cash Available for PAYGO Capital &amp; Other Cash Needs</b>	<b>\$243,558,651</b>	<b>\$241,580,327</b>	<b>\$(1,978,324)</b>

	DC Water Financial Plan (2028)	Raftelis Model (2028)	Delta
<b>Revenue</b>			
<b>Operating</b>	\$1,038,209,261	\$1,033,487,957	\$(4,721,304)
<b>Non-Operating</b>	\$70,096,806	\$70,096,806	\$ -
<b>Total: Revenue</b>	\$1,108,306,067	\$1,103,584,763	\$(4,721,304)
<b>Expenses</b>			
<b>Operating</b>	\$500,729,878	\$500,729,878	\$ -
<b>Debt Service</b>	\$300,830,718	\$300,830,718	\$ -
<b>Cash Financed Capital Improvements</b>	\$80,833,865	\$80,833,865	\$ -
<b>Total: Expenses</b>	\$882,394,461	\$882,394,461	\$ -
<b>Net Cash Available for PAYGO Capital &amp; Other Cash Needs</b>	<b>\$225,911,606</b>	<b>\$221,190,302</b>	<b>\$(4,721,305)</b>

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 2027	Water	Meter	Wastewater	CRIAC
<b>Retail Revenue Requirements</b>	\$769,786,533	\$241,012,265	\$24,484,154	\$375,801,501	\$128,488,613
<b>Percent of Retail Revenue Requirements</b>	100%	31.3%	3.2%	48.8%	16.7%
<b>Units of Service</b>		30,307,780	263,500	29,110,880	420,000
<b>Units</b>		Ccf	Equiv. Meters	Ccf	ERUs
<b>Calculated Unit Cost</b>		\$7.9522	\$92.9190	\$12.9093	\$305.9253
	FY 2028	Water	Meter	Wastewater	CRIAC
<b>Retail Revenue Requirements</b>	\$812,363,378	\$265,877,831	\$24,499,808	\$384,838,400	\$137,147,339
<b>Percent of Retail Revenue Requirements</b>	100%	32.7%	3.0%	47.4%	16.9%
<b>Units of Service</b>		30,002,172	263,500	28,747,583	420,000
<b>Units</b>		Ccf	Equiv. Meters	Ccf	ERUs
<b>Calculated Unit Cost</b>		\$8.8620	\$92.9784	\$13.3868	\$326.5413

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

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

	FY 2026 (Existing)	FY 2027 (Proposed)	FY 2028 (Proposed)	FY 2027		FY 2028	
				\$ Difference	% Difference	\$ Difference	% Difference
Water Volumetric Residential – Tier 1	\$5.78	\$6.49	\$7.11	\$0.71	12.3%	\$0.62	9.6%
Water Volumetric Residential – Tier 2	\$7.60	\$8.40	\$9.40	\$0.80	10.5%	\$1.00	11.9%
Water Volumetric – Multi-family	\$6.47	\$7.21	\$7.98	\$0.74	11.4%	\$0.77	10.7%
Water Volumetric – Non-Residential	\$7.84	\$8.66	\$9.71	\$0.82	10.5%	\$1.05	12.1%
Sewer Volumetric	\$12.52	\$12.91	\$13.39	\$0.39	3.1%	\$0.48	3.7%
Metering Fee	\$7.75	\$7.75	\$7.75	\$ -	0.0%	\$ -	0.0%
Clean Rivers IAC	\$24.23	\$25.50	\$27.22	\$1.27	5.2%	\$1.72	6.7%
WSRF	\$6.30	\$6.30	\$6.30	\$ -	0.0%	\$ -	0.0%
Backwash Rate	\$3.54	\$3.54	\$3.54	\$ -	0.0%	\$ -	0.0%
Groundwater Fee	\$3.76	\$3.90	\$3.90	\$0.14	3.7%	\$ -	0.0%

## 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 2027-FY 2028. 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 2027 and FY 2028; 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 2027 and FY 2028.

### 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 2026 Budget, FY 2027 Proposed Budget, and FY 2028 Preliminary Budget. Average total O&M cost increases from FY 2026-27 were 1.8%, driven primarily by increases in personnel services and water purchased. Average increases for FY 2027-28 were 4.9%, and average increases for FY 2028-29 were 3.1%. Although inflation in the DC area (as measured by the Consumer Price Index<sup>1</sup>) 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 revisit budget escalation estimates annually as part of its financial planning process.

Based on these escalation criteria, Raftelis is projecting overall O&M costs of \$484,809,844 and \$508,404,094, respectively, for test years FY 2027 and FY 2028. These figures do not include expenses related to the payment in lieu of taxes (PILOT) or the right of way (ROW) fee, but the numbers are inclusive of water purchase costs. Table 1 shows the increase in operating expenses from FY 2024 to FY 2027 and FY 2028.

**Table 1: Projected O&M Expenses**

	2026	2027	2028	'26-'27 Increase
<b>Operations</b>				
Wastewater Treatment - Operations	\$105,873,790	\$104,330,965	\$109,919,114	-1.46%
Wastewater Treatment – Process Engineering	8,977,337	9,118,258	9,456,392	1.57%
Maintenance Services	26,335,392	26,914,044	27,873,567	2.12%
Water Operations	85,305,870	101,797,502	109,608,900	19.33%
Sewer Operations	-	-	-	n/a
Customer Care	21,902,994	15,071,461	15,645,567	-31.19%
Pumping Operations	46,173,419	46,650,526	48,441,316	1.03%

<sup>1</sup> Bureau of Labor Statistics website, <https://www.bls.gov/regions/mid-atlantic/cpi-summary/2025/home.htm>.

	2026	2027	2028	'26-'27 Increase
Engineering & Technical Services	26,324,483	-	-	n/a
Wastewater Engineering	3,862,122	8,960,161	9,307,459	132.00%
Clean Water and Technology	5,505,763	5,062,849	5,239,330	-8.04%
Resource Recovery	8,095,523	8,325,430	8,592,330	2.84%
D.C Clean Rivers	4,236,626	4,118,108	4,265,248	-2.80%
CIP Infrastructure Management	6,202,805	-	-	n/a
Permit Operations	5,490,430	8,901,723	9,252,628	62.13%
Shared Services & Asset Management	-	14,915,865	15,502,031	n/a
Water Program & Lead Free DC	-	3,520,090	3,652,430	n/a

#### Administration

Office of the Chief Executive Officer	\$2,806,101	\$1,311,325	\$1,360,564	-53.27%
Office of the Chief Operating Officer	1,753,082	1,350,496	1,401,102	-22.96%
Office of the Secretary	1,035,555	1,055,426	1,093,499	1.92%
Internal Audit	864,655	864,413	890,345	-0.03%
Legal Affairs	8,594,407	8,045,149	8,321,128	-6.39%
Marketing and Communications	4,494,697	5,255,338	5,455,736	16.92%
Performance	2,837,363	4,043,862	4,189,182	42.52%
Human Resources	10,692,263	11,050,760	11,443,323	3.35%
Information Technology	11,403,415	12,345,078	12,795,917	8.26%
Procurement	7,908,332	8,086,156	8,405,524	2.25%
Compliance & Business Development	2,406,184	2,168,556	2,250,350	-9.88%
Finance	29,763,151	26,980,820	27,930,811	-9.35%
Non-Ratepayer Revenue Fund	1,030,000	200,000	206,000	-80.58%
Administrative Office	1,515,756	2,643,639	2,741,728	74.41%
Office of Emergency Management	1,736,479	1,975,777	2,048,768	13.78%
Facilities Management	10,911,223	13,483,736	13,966,553	23.58%
Security	11,372,333	12,936,227	13,356,850	13.75%
Occupational Safety & Health	3,527,771	3,435,134	3,563,298	-2.63%
Fleet Management	7,267,671	9,890,970	10,227,116	36.10%
<b>Total</b>	<b>\$476,226,995</b>	<b>\$484,809,844</b>	<b>\$508,404,094</b>	<b>1.80%</b>

### 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 2024, and Raftelis updated the forecast with FY 2025 account data, along with estimated usage data for FY 2025. 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).

Raftelis also used detailed projections of FY 2026-28 usage projections provided by DC Water staff to estimate test year units of consumption. Future water consumption projections in the Model beyond the two test years are based on estimated FY 2027 and FY 2028 usage with adjustments in subsequent years to reflect projected declines in consumption of 1.0% annually in FY 2029-2035. 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. Raftelis' estimation of CAP accounts in FY 2027-FY 2028 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 based on 100% of total water billings. The commercial wastewater consumption includes units of service for the water exempt customer class, 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 2022	FY 2023	FY 2024	FY 2025	FY 2026 <sup>1</sup>	FY 2027 <sup>2</sup>	FY 2028 <sup>2</sup>
<b>Water Consumption</b>							
Residential Adjusted	6,053,468	5,873,823	5,925,388	5,822,482	5,750,000	5,618,340	5,559,277
Residential	6,341,468	6,161,823	6,213,388	6,110,482	6,038,000	5,906,340	5,847,277
Tier 1	3,656,295	3,471,429	3,417,817	3,174,745	3,202,750	3,129,415	3,096,517
Tier 2	2,397,173	2,402,394	2,795,571	2,935,737	2,547,250	2,488,925	2,462,760
CAP Accounts	(288,000) <sup>1</sup>						
Commercial	10,622,833	10,811,375	11,612,631	11,407,776	11,171,000	10,244,520	10,142,075
Multi-family	9,322,193	9,311,183	9,564,179	9,499,209	9,396,000	8,908,020	8,818,940
Municipal	920,542	834,604	919,945	861,584	853,000	801,900	793,881
Federal	4,023,267	4,353,522	5,035,575	4,101,985	4,061,000	4,020,000	3,980,000
D.C. Housing Authority	824,862	889,780	894,653	729,367	722,000	715,000	708,000
<b>Total Water Consumption</b>	<b>31,767,164</b>	<b>32,074,287</b>	<b>33,952,371</b>	<b>32,422,404</b>	<b>31,953,000</b>	<b>30,307,780</b>	<b>30,002,172</b>
<b>% Change</b>	<b>1.5%</b>	<b>1.0%</b>	<b>5.9%</b>	<b>-4.5%</b>	<b>-1.4%</b>	<b>-5.1%</b>	<b>-1.0%</b>

1. Estimated

Raftelis updated DC Water's customer account data from actuals in FY 2024-2025, and FY 2025 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 2022	FY 2023	FY 2024	FY 2025	FY 2026 <sup>1</sup>	FY 2027 <sup>1</sup>	FY 2028 <sup>1</sup>
<b>Commercial</b>	9,598	9,423	10,348	10,350	10,350	10,350	10,350
<b>Federal</b>	471	464	741	779	779	779	779
<b>DC Housing</b>	1,062	1,150	1,150	995	995	995	995
<b>Municipal</b>	537	522	522	553	553	553	553
<b>Multi-Family</b>	8,925	8,916	8,916	9,309	9,309	9,309	9,309
<b>Residential</b>	112,483	110,815	111,540	111,774	111,774	111,774	111,774
<b>Soldier's Home</b>	3	3	3	3	3	3	3
<b>DC Water/Aqueduct</b>	24	25	23	23	23	23	23
<b>Wholesale</b>	1	1	1	1	1	1	1
<b>Total</b>	<b>133,104</b>	<b>131,319</b>	<b>133,447</b>	<b>133,787</b>	<b>133,787</b>	<b>133,787</b>	<b>133,787</b>

1. Accounts were projected from FY 2025 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.

### 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**

	2026	2027	2028
<b>Beginning Balance</b>	<b>\$411,766,074</b>	<b>\$96,772,915</b>	<b>\$121,466,546</b>
<b>Sources of Funds</b>			
Proceeds from Revenue Bonds	-	476,243,000	514,235,000
Proceeds from WIFIA Loan	26,000,000	26,081,218	-
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	30,000	29,000	86,500
System Availability Fee	5,700,000	5,700,000	5,700,000
Transfer from Operations - CRIAC	69,710,926	63,750,198	73,261,004
Transfer from Operations	199,302,301	250,528,549	212,847,700
Federal Grants – Infrastructure Funding	45,663,775	54,000,203	53,110,880
EPA Grants / DC Reimbursement	20,098,994	13,709,100	15,066,257
CSO Grants	-	-	-
Wholesale Customer Capital Contributions	119,438,000	166,497,000	222,655,000
Interest Income	5,850,000	2,384,958	9,949,235
<b>Subtotal: Sources</b>	<b>\$491,793,996</b>	<b>\$1,058,923,226</b>	<b>\$1,106,911,576</b>

<b>Uses of Funds</b>			
Water Projects	186,757,451	247,102,517	256,794,300
Blue Plains Projects	83,198,690	114,783,057	136,497,600
Sanitary Sewer Projects	155,371,350	207,641,313	240,144,300
Combined Sewer	11,046,810	31,779,192	35,442,000
Combined Sewer Long Term Control Plan	226,435,207	279,236,588	286,250,500
Stormwater Projects	16,549,810	13,265,862	16,367,400
Non-Process Facilities	15,466,992	29,403,524	39,181,500
Washington Aqueduct Division Projects	49,479,900	35,770,000	35,770,000
Capital Equipment	29,400,945	39,664,047	38,397,509
Meter Replacement / AMR	3,080,000	5,583,496	5,583,496
Reimbursement for Prior Capital Expenditures	-	-	-
<b>Subtotal: Uses</b>	<b>\$776,787,156</b>	<b>\$1,004,229,596</b>	<b>\$1,090,428,605</b>
<b>Sources Minus Uses</b>	(284,993,160)	54,693,630	16,482,971
<b>Capital Contingency Reserve for LTCP</b>	30,000,000	30,000,000	30,000,000
<b>Sources Minus Uses Net of Reserves</b>	<b>\$(314,993,160)</b>	<b>\$24,693,630</b>	<b>\$13,517,029</b>
<b>Ending Balance</b>	<b>\$96,772,915</b>	<b>\$121,466,546</b>	<b>\$107,949,517</b>

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 2026-FY 2035 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**

	2027	2028
<b>Existing Debt</b>		
<b>Senior Debt</b>		
1998 Revenue Bonds	8,113,900	8,112,950
Series 2014A Revenue Bond	16,849,000	16,849,000
Series 2017A Revenue Bond	4,591,000	4,591,000
Series 2017B Revenue Bond	10,015,250	10,015,500
Series 2018A Revenue Bond	3,973,250	3,973,250
Series 2018B Revenue Bond	12,557,000	12,556,250
WIFIA Loan	2,924,065	6,371,286
<b>Subtotal: Senior Debt</b>	<b>\$59,024,465</b>	<b>\$62,469,236</b>
<b>Subordinated Debt</b>		
Jennings Randolph	805,191	805,191
EMCP	2,889,400	2,892,400
Series 2010A Subordinate Bond	15,258,508	20,464,389
Series 2014B Subordinate Bond	4,000,000	4,000,000
Series 2014C Subordinate Bond	2,746,800	2,746,800
Series 2015A Subordinate Bond	1,042,650	1,042,650
Series 2016A Subordinate Bond	11,637,588	11,637,588
Series 2019A Revenue Bond	4,708,700	4,708,700
Series 2019B Revenue Bond	6,340,250	3,336,500
Series 2019D Revenue Bond	9,004,333	9,560,817
Series 2022A Revenue Bond	25,688,757	25,690,163
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)	7,952,836	7,952,725
Series 2022D (Refunding)	1,723,544	1,452,354
Series 2022E (Soft put on 10/1/2027)	2,890,500	3,854,000

	2027	2028
Series 2024A (Current Refunding of Series 2014C)	28,529,250	23,312,750
Series 2024A (Tender Refunding of Series 2019D)	1,734,750	1,734,750
Series 2024A (Tender Refunding of Series 2022D)	1,183,750	1,183,750
Series 2024A (Tender Refunding of Series 2016A)	5,151,500	5,151,500
Series 2024A (Tender Refunding of Series 2015B)	5,118,000	5,118,000
Series 2024A (Tender Refunding of Series 2017B)	3,029,000	3,029,000
Series 2024A (Tender Refunding of Series 2018B)	746,500	746,500
Series 2024A (Tender Refunding of Series 2015A/2018A)	1,358,250	1,358,250
Series 2024B-1	1,990,800	1,992,633
Series 2024B-2	1,990,800	1,992,633
Series 2025A	2,774,750	12,659,750
Series 2025B (Green) (New Money)	7,278,450	11,453,450
Series 2025B (Green) (Current Refunding of Series 2015A)	10,069,500	-
Series 2025C-1	3,519,000	3,531,038
Series 2025C-2	3,519,000	3,531,038
<b>Subtotal: Subordinate Debt</b>	<b>\$187,759,526</b>	<b>\$193,020,173</b>
<b>Total: Existing Debt</b>	<b>\$246,783,991</b>	<b>\$255,489,409</b>
<b>Planned Debt</b>		
Future Debt- Senior	-	-
Future Debt- Subordinate	11,113,681	45,341,310
<b>Total: Planned Debt</b>	<b>\$11,113,681</b>	<b>\$45,341,310</b>
<b>Total Debt</b>	<b>\$257,897,671</b>	<b>\$300,830,719</b>
<b>% Change</b>		<b>16.6%</b>

## 3.2. Comparison to Forecast

DC Water's Financial Plan projects net cash available for paygo cash of \$243,558,651 in FY 2027 and \$225,911,606 in FY 2028. The variances of \$(1,983,124) in FY 2027 and \$(4,721,305) in FY 2028 when compared to Raftelis' forecast surpluses of \$241,580,327 and \$221,190,302, 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 actual and FY 2026 estimated flows. As a result, Raftelis is projecting operating revenues of \$985,956,868 in FY 2027, which includes \$851,866,470 in retail customer billing revenues and \$134,090,398 in wholesale revenues. Raftelis is projecting operating revenues of \$1,033,487,957 in FY 2028, which includes \$893,432,746 in retail

customer billing revenues and \$140,055,211 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 2027 DC Water Financial Plan	FY 2027 Raftelis Model	Delta
<b>Volumetric Charges</b>	\$633,656,051	\$631,368,066	\$(2,287,985)
<b>Metering Fee</b>	24,400,000	24,704,861	304,861
<b>Groundwater</b>	5,000	5,000	-
<b>WSRF</b>	42,717,000	42,717,000	-
<b>Right of Way/PILOT</b>	24,551,543	24,551,543	-
<b>CRIAC Revenue</b>	128,515,200	128,520,000	4,800
<b>Wholesale Revenue</b>	134,090,398	134,090,398	-
<b>Total Operating Revenue</b>	<b>\$987,935,192</b>	<b>\$985,952,068</b>	<b>\$(1,978,324)</b>

Operating Revenue	FY 2028 DC Water Financial Plan	FY 2028 Raftelis Model	Delta
<b>Volumetric Charges</b>	\$668,931,476	\$663,876,511	\$(5,054,965)
<b>Metering Fee</b>	24,400,000	24,704,861	304,861
<b>Groundwater</b>	5,000	5,000	-
<b>WSRF</b>	42,717,000	42,717,000	-
<b>Right of Way/PILOT</b>	24,940,574	24,940,574	-
<b>CRIAC Revenue</b>	137,160,000	137,188,800	28,800
<b>Wholesale Revenue</b>	140,055,211	140,055,211	-
<b>Total Operating Revenue</b>	<b>\$1,038,209,261</b>	<b>\$1,033,487,957</b>	<b>\$(4,721,304)</b>

### 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 as compared to DC Water's Financial Plan. Raftelis' projections were slightly lower and thus understated anticipated revenues. 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 2027 or FY 2028) 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 4.3. 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 2027 and FY 2028, metering fee revenues were 1.25% 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 2027 or FY 2028) 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 \$42,717,000 in both FY 2027 and FY 2028.

### 3.2.1.4. Impervious Area Charge

Raftelis' projections for CRIAC revenues are less than 0.1% higher than those in the Financial Plan in both test years. 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 match those used in DC Water's Financial Plan.

**Table 7: Total Revenue Comparison**

	FY 2027 DC Water Financial Plan	FY 2027 Raftelis Model	Delta
<b>Operating Revenue</b>			
Volumetric Charges	\$633,656,051	\$631,368,066	\$(2,287,985)
Metering Fee	24,400,000	24,704,861	304,861
Groundwater	5,000	5,000	-
Right of Way Fee/PILOT	24,551,543	24,551,543	-
Water System Replacement Fee (WSRF)	42,717,000	42,717,000	-
CRIAC Revenue	128,515,200	128,520,000	4,800
Wholesale Revenue	134,090,398	134,090,398	-
<b>Subtotal: Operating Revenue</b>	<b>\$987,935,192</b>	<b>\$985,956,868</b>	<b>\$(1,978,324)</b>
<b>Non-Operating Revenues</b>			
Interest Earnings	12,548,404	12,548,404	\$ -
Other Revenue	55,626,524	55,626,524	-
Northern Virginia Debt Service	193,246	193,246	-
<b>Subtotal: Non-Operating Revenue</b>	<b>\$68,368,174</b>	<b>\$68,368,174</b>	<b>\$ -</b>
<b>Total Revenue</b>	<b>\$1,056,303,365</b>	<b>\$1,054,325,042</b>	<b>\$(1,978,324)</b>

	FY 2028 DC Water Financial Plan	FY 2028 Raftelis Model	Delta
<b>Operating Revenue</b>			
Volumetric Charges	\$668,931,476	\$663,876,511	\$(5,054,965)
Metering Fee	24,400,000	24,704,861	304,861
Groundwater	5,000	5,000	-
Right of Way Fee/PILOT	24,940,574	24,940,574	-
Water System Replacement Fee (WSRF)	42,717,000	42,717,000	-
CRIAC Revenue	137,160,000	137,188,800	28,800
Wholesale Revenue	140,055,211	140,055,211	-
<b>Subtotal: Operating Revenue</b>	<b>\$1,038,209,261</b>	<b>\$1,033,487,957</b>	<b>\$(4,721,304)</b>
<b>Non-Operating Revenues</b>			
Interest Earnings	\$12,287,884	\$12,287,884	\$ -
Other Revenue	57,615,676	57,615,676	-
Northern Virginia Debt Service	193,246	193,246	-
<b>Subtotal: Non-Operating Revenue</b>	<b>\$70,096,806</b>	<b>\$70,096,806</b>	<b>\$ -</b>
<b>Total Revenue</b>	<b>\$1,108,306,067</b>	<b>\$1,103,584,763</b>	<b>\$(4,721,304)</b>

The Model forecasts total revenues in the test years that diverge from DC Water’s projections by less than 0.5% for each test year.

### 3.2.3. OPERATING EXPENSES

Operating expenses in the Model were forecast from DC Water’s FY 2026 Budget, FY 2027 Proposed Budget, and FY 2028 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 2027 DC Water Financial Plan	FY 2027 Raftelis Model	Delta
<b>Personnel Services</b>	\$195,602,291	\$195,602,291	\$ -
<b>Contractual Services</b>	99,993,902	99,993,903	1
<b>Water Purchases</b>	54,469,730	54,469,730	-
<b>Chemicals &amp; Supplies</b>	60,177,041	60,177,041	-
<b>Utilities &amp; Rent</b>	42,201,269	42,201,269	-
<b>Small Equipment</b>	1,005,234	1,005,235	1
<b>PILOT/ROW Fee</b>	24,551,543	24,551,543	-
<b>Total Operating Expenses</b>	<b>\$478,001,010</b>	<b>\$478,001,012</b>	<b>\$ 2</b>

	FY 2028 DC Water Financial Plan	FY 2028 Raftelis Model	Delta
<b>Personnel Services</b>	\$203,426,383	\$203,426,383	\$ -
<b>Contractual Services</b>	102,993,720	102,993,720	-
<b>Water Purchases</b>	60,462,139	60,462,139	-
<b>Chemicals &amp; Supplies</b>	63,982,352	63,982,352	-
<b>Utilities &amp; Rent</b>	43,889,319	43,889,319	-
<b>Small Equipment</b>	1,035,391	1,035,391	-
<b>PILOT/ROW Fee</b>	24,940,574	24,940,574	-
<b>Total Operating Expenses</b>	<b>\$500,729,878</b>	<b>\$500,729,878</b>	<b>\$ -</b>

### 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 2027	Raftelis Model 2027	Delta
1998 Revenue Bonds	\$8,113,900	\$8,113,900	\$ -
Series 2014A Revenue Bond	16,849,000	16,849,000	-
Series 2017A Revenue Bond	4,591,000	4,591,000	-
Series 2017B Revenue Bond	10,016,250	10,016,250	-
Series 2018A Revenue Bond	3,973,250	3,973,250	-
Series 2018B Revenue Bond	12,557,000	12,557,000	-
WIFIA Loan	2,924,065	2,924,065	-
Jennings Randolph	805,192	805,191	(1)
EMCP	2,889,400	2,889,400	-
Series 2010A Subordinate Bond	15,258,508	15,258,508	-
Series 2014B Subordinate Bond	4,000,000	4,000,000	-
Series 2014C Subordinate Bond	2,746,800	2,746,800	-
Series 2015A Subordinate Bond	1,042,650	1,042,650	-
Series 2016A Subordinate Bond	11,637,588	11,637,588	-
Series 2019A Subordinate Bond	4,708,700	4,708,700	-
Series 2019B Subordinate Bond	6,340,250	6,340,250	-
Series 2019D Subordinate Bond	9,004,333	9,004,333	-
Series 2022A Subordinate Bond	25,688,757	25,688,757	-

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	9,676,380	9,676,380	-
Series 2022E Subordinate Bond	2,890,500	2,890,500	-
Series 2024A (Current Refunding of Series 2014C)	28,529,250	28,529,250	-
Series 2024A (Tender Refunding of Series 2019D)	1,734,750	1,734,750	-
Series 2024A (Tender Refunding of Series 2022D)	1,183,750	1,183,750	-
Series 2024A (Tender Refunding of Series 2016A)	5,151,500	5,151,500	-
Series 2024A (Tender Refunding of Series 2015B)	5,118,000	5,118,000	-
Series 2024A (Tender Refunding of Series 2017B)	3,029,000	3,029,000	-
Series 2024A (Tender Refunding of Series 2018B)	746,500	746,500	-
Series 2024A (Tender Refunding of Series 2015A/2018A)	1,358,250	1,358,250	-
Series 2024B-1	1,990,800	1,990,800	-
Series 2024B-2	1,990,800	1,990,800	-
Series 2025A	2,774,750	2,774,750	-
Series 2025B (Green) (New Money)	7,278,450	7,278,450	-
Series 2025B (Green) (Current Refunding of Series 2015A)	10,069,500	10,069,500	-
Series 2025C-1	3,519,000	3,519,000	-
Series 2025C-2	3,519,000	3,519,000	-
WASA Bonds- Planned Subordinate	11,113,681	11,113,681	-
<b>Total: Debt Service</b>	<b>\$257,897,673</b>	<b>\$257,897,671</b>	<b>\$(1)</b>

Debt Service	DC Water Financial Plan 2028	Raftelis Model 2028	Delta
1998 Revenue Bonds	\$8,112,950	\$8,112,950	\$ -
Series 2014A Revenue Bond	16,849,000	16,849,000	-
Series 2017A Revenue Bond	4,591,000	4,591,000	-
Series 2017B Revenue Bond	10,015,500	10,015,500	-
Series 2018A Revenue Bond	3,973,250	3,973,250	-
Series 2018B Revenue Bond	12,556,250	12,556,250	-
WIFIA Loan	6,371,286	6,371,286	-
Jennings Randolph	805,191	805,191	-
EMCP	2,892,400	2,892,400	-

Series 2010A Subordinate Bond	20,464,389	20,464,389	-
Series 2014B Subordinate Bond	4,003,683	4,003,683	-
Series 2014C Subordinate Bond	2,746,800	2,746,800	-
Series 2015A Subordinate Bond	1,042,650	1,042,650	-
Series 2016A Subordinate Bond	11,637,588	11,637,588	-
Series 2019A Subordinate Bond	4,708,700	4,708,700	-
Series 2019B Subordinate Bond	6,336,500	6,336,500	-
Series 2019D Subordinate Bond	9,560,817	9,560,817	-
Series 2022A Subordinate Bond	25,690,163	25,690,163	-
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	9,405,079	9,405,079	-
Series 2022E Subordinate Bond	3,854,000	3,854,000	-
Series 2024A (Current Refunding of Series 2014C)	23,312,750	23,312,750	-
Series 2024A (Tender Refunding of Series 2019D)	1,734,750	1,734,750	-
Series 2024A (Tender Refunding of Series 2022D)	1,183,750	1,183,750	-
Series 2024A (Tender Refunding of Series 2016A)	5,151,500	5,151,500	-
Series 2024A (Tender Refunding of Series 2015B)	5,118,000	5,118,000	-
Series 2024A (Tender Refunding of Series 2017B)	3,029,000	3,029,000	-
Series 2024A (Tender Refunding of Series 2018B)	746,500	746,500	-
Series 2024A (Tender Refunding of Series 2015A/2018A)	1,358,250	1,358,250	-
Series 2024B-1	1,992,633	1,992,633	-
Series 2024B-2	1,992,633	1,992,633	-
Series 2025A	12,659,750	12,659,750	-
Series 2025B (Green) (New Money)	11,453,450	11,453,450	-
Series 2025C-1	3,531,038	3,531,038	-
Series 2025C-2	3,531,038	3,531,038	-
WASA Bonds- Planned Subordinate	45,341,310	45,341,310	-
<b>Total: Debt Service</b>	<b>\$300,830,718</b>	<b>\$300,830,718</b>	<b>-</b>

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 (2027)	Raftelis Model (2027)	Delta
<b>Revenue</b>			
<b>Operating</b>	\$987,935,192	\$985,956,868	\$(1,978,324)
<b>Non-Operating</b>	68,368,174	68,368,174	-
<b>Total: Revenue</b>	\$1,056,303,365	\$1,054,325,042	\$(1,978,324)
<b>Expenses</b>			
<b>Operating</b>	\$478,001,010	\$478,001,012	\$2
<b>Debt Service</b>	257,897,673	257,897,671	(1)
<b>Cash Financed Capital Improvements</b>	76,846,031	76,846,031	-
<b>Total: Expenses</b>	\$812,744,714	\$812,744,714	\$ -
<b>Net Cash Available for PAYGO Capital &amp; Other Cash Needs</b>	<b>\$243,558,651</b>	<b>\$241,580,327</b>	<b>\$(1,978,324)</b>

	DC Water Financial Plan (2028)	Raftelis Model (2028)	Delta
<b>Revenue</b>			
<b>Operating</b>	\$1,038,209,261	\$1,033,487,957	\$(4,721,304)
<b>Non-Operating</b>	70,096,806	70,096,806	-
<b>Total: Revenue</b>	\$1,108,306,067	\$1,103,584,763	\$(4,721,304)
<b>Expenses</b>			
<b>Operating</b>	\$500,729,878	\$500,729,878	\$ -
<b>Debt Service</b>	300,830,718	300,830,718	-
<b>Cash Financed Capital Improvements</b>	80,833,865	80,833,865	-
<b>Total: Expenses</b>	\$882,394,461	\$882,394,461	\$ -
<b>Net Cash Available for PAYGO Capital &amp; Other Cash Needs</b>	<b>\$225,911,606</b>	<b>\$221,190,302</b>	<b>\$(4,721,305)</b>

### 3.2.5. REVENUE SUFFICIENCY ANALYSIS FINDINGS

Based on our independent projection of revenues, based on multiplying rates by respective 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 2027 and FY 2028;
- 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 2027-FY 2028, 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. The coverage allowance is also adjusted to ensure that rates are adjusted smoothly from one test year to the next, to avoid rate shock for customers.

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 2027	FY 2028
<b>Operating Expenses<sup>1</sup></b>	\$484,809,844	\$508,404,094
<b>Debt Service</b>	267,527,684	329,962,645
<b>Adjustments – Coverage Allowance</b>	226,966,610	189,967,587
<b>Total Revenue Requirements</b>	<b>\$979,304,138</b>	<b>\$1,028,334,325</b>

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 2027 and FY 2028)**

Revenue Offsets	FY 2027	FY 2028
<b>Wholesale Revenue</b>		
LCSA + PI	\$(17,054,149)	\$(17,597,346)
WSSC	(93,706,841)	(98,055,988)
Fairfax County	(23,329,408)	(24,401,877)
<b>Other Revenue</b>		
IMA Indirect Cost Reimbursement for Capital Projects	\$(12,820,000)	\$(17,348,000)
Development Contracts/Water Service Fees, Taps	(5,000,000)	(5,000,000)
Development Contracts/Liability Deposits/Sewer Service Fees	(4,000,000)	(4,000,000)
Funding for Non-Ratepayer Revenue Fund	(200,000)	(206,000)
DC Fire Protection Fee	(17,575,000)	(15,000,000)
System Availability Fee (SAF)	(5,700,000)	(5,700,000)
Backwash- DCW's prorata share	(3,043,415)	(3,043,415)
DDOT Expense Contingency	12,737,000	12,737,000
Miscellaneous Revenues (Bid Deposits, Fleet Auction, Compost Sale)	(6,180,914)	(6,211,066)
Stormwater	(1,107,195)	(1,107,195)
Northern Virginia Debt Service	(193,246)	(193,246)
WSRF	(42,717,000)	(42,717,000)
Interest Income	(12,548,404)	(12,287,884)
<b>Total Revenue Offsets</b>	<b>\$(232,438,572)</b>	<b>\$(240,132,017)</b>
<b>Total Revenue Requirements</b>	<b>\$979,304,138</b>	<b>\$1,028,334,325</b>
<b>Net Revenue Requirements</b>	<b>\$746,865,566</b>	<b>\$788,202,308</b>

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 \$746,865,566 and \$788,202,308 for FY 2027 and FY 2028, respectively, were adjusted.

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

Revenue Requirements	FY 2027	FY 2028
Unadjusted Net Revenue Requirement	\$746,865,566	\$788,202,308
Add \$500,000 for CRIAC CAP	500,000	500,000
Add Delinquency Adjustment (3%)	22,420,967	23,661,069
<b>Total Adjusted Revenue Requirements</b>	<b>\$769,786,533</b>	<b>\$812,363,378</b>

## 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 CRIAC 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, costs were reallocated from the water volumetric charge to the metering charge, reflecting fixed customer service operating costs. 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. Most 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. 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. 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 2027	Water	Meter	Wastewater	CRIAC
<b>Retail Revenue Requirements</b>	\$769,786,533	\$241,012,265	\$24,484,154	\$375,801,501	\$128,488,613
<b>Percent of Retail Revenue Requirements</b>	100%	31.3%	3.2%	48.8%	16.7%
<b>Units of Service</b>		30,307,780	263,500	29,110,880	420,000
<b>Units</b>		Ccf	Equiv. Meters	Ccf	ERUs
<b>Calculated Unit Cost</b>		\$7.9522	\$92.9190	\$12.9093	\$305.9253

	FY 2028	Water	Meter	Wastewater	CRIAC
<b>Retail Revenue Requirements</b>	\$812,363,378	\$265,877,831	\$24,499,808	\$384,838,400	\$137,147,339
<b>Percent of Retail Revenue Requirements</b>	100%	32.7%	3.0%	47.4%	16.9%
<b>Units of Service</b>		30,002,172	263,500	28,747,583	420,000
<b>Units</b>		Ccf	Equiv. Meters	Ccf	ERUs
<b>Calculated Unit Cost</b>		\$8.8620	\$92.9784	\$13.3868	\$326.5413

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

### 4.3. Metering Fee

The revenue requirements for the metering fee include \$24,484,154 in FY 2027 and \$24,499,808 in FY 2028. The COS rates of \$7.75/month in both FY 2027 and FY 2028 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 2027 \$ Allocated to Water	Source of Supply & Treatment	Distribution	Storage	Pumping	Customer Service/ Meter	Admin/ General
Operations	\$123,695,405	\$12,289,039	\$84,525,340	\$10,669,174	\$13,498,989	\$683,098	\$2,029,765
Administration	\$57,205,288	\$ -	\$ -	\$ -	\$ -	\$ -	\$57,205,288
Debt Service	\$78,327,282	\$23,809,403	\$42,111,258	\$ -	\$ -	\$2,906,622	\$9,500,000
Revenue Offsets	\$(61,198,161)	\$(10,650,938)	\$(2,913,938)	\$ -	\$ -	\$ -	\$(47,633,285)
Adjustment for Coverage	\$41,296,369	\$14,285,642	\$25,266,755	\$ -	\$ -	\$1,743,973	\$ -
<b>Net Water System Revenue Requirements</b>	<b>\$239,326,183</b>	<b>\$39,733,145</b>	<b>\$148,989,414</b>	<b>\$10,669,174</b>	<b>\$13,468,989</b>	<b>\$5,333,692</b>	<b>\$21,101,768</b>
<b>% Allocation</b>		16.6%	62.3%	4.5%	5.6%	2.2%	8.8%

	FY 2028 \$ Allocated to Water	Source of Supply & Treatment	Distribution	Storage	Pumping	Customer Service/ Meter	Admin/ General
Operations	\$132,343,259	\$12,765,378	\$90,799,545	\$11,461,133	\$14,501,001	\$709,118	\$2,107,084
Administration	\$59,241,508	\$ -	\$ -	\$ -	\$ -	\$ -	\$59,241,508
Debt Service	\$77,635,428	\$29,285,273	\$56,881,661	\$ -	\$ -	\$3,568,494	\$(12,100,000)
Revenue Offsets	\$(58,508,927)	\$(9,324,751)	\$(1,587,751)	\$ -	\$ -	\$ -	\$(47,596,425)
Adjustment for Coverage	\$53,841,257	\$17,571,164	\$34,128,997	\$ -	\$ -	\$2,141,096	\$ -
<b>Net Water System Revenue Requirements</b>	<b>\$264,552,524</b>	<b>\$50,297,063</b>	<b>\$180,222,452</b>	<b>\$11,461,133</b>	<b>\$14,501,001</b>	<b>\$6,418,708</b>	<b>\$1,652,166</b>
<b>% Allocation</b>		19.0%	68.1%	4.3%	5.5%	2.4%	0.6%

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 2027	Base	Extra Capacity	Customer Service/Meter	Admin/General
<b>Source of Supply (1)</b>	\$94,202,875	\$74,025,351	\$20,177,524	\$ -	\$ -
<b>Distribution</b>	94,519,684	80,341,732	14,177,953	-	-
<b>Storage</b>	10,669,174	8,535,340	2,133,835	-	-
<b>Pumping</b>	13,498,989	6,749,495	6,749,495	-	-
<b>Customer Service/Meter</b>	5,333,692	-	-	5,333,692	-
<b>Admin/General</b>	21,101,768	-	-	-	21,101,768
	<b>\$239,326,183</b>	<b>\$169,651,917</b>	<b>\$43,238,809</b>	<b>\$5,333,692</b>	<b>\$21,101,768</b>

	FY 2028	Base	Extra Capacity	Customer Service/Meter	Admin/General
<b>Source of Supply (1)</b>	\$110,759,202	\$87,035,442	\$23,723,761	\$ -	\$ -
<b>Distribution</b>	119,760,313	101,796,266	17,964,047	-	-
<b>Storage</b>	11,461,313	9,168,907	2,292,227	-	-
<b>Pumping</b>	14,501,001	7,250,501	7,250,501	-	-
<b>Customer Service/Meter</b>	6,418,708	-	-	6,418,708	-
<b>Admin/General</b>	1,652,166	-	-	-	1,652,166
	<b>\$264,552,524</b>	<b>\$205,251,115</b>	<b>\$51,230,535</b>	<b>\$6,418,708</b>	<b>\$1,652,166</b>

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 2025. The peak monthly capacity factors from this analysis were applied to projected annual usage in FY 2027 and FY 2028. 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 2027)		Max-Month (FY 2027)		
	Annual Usage (CCF)	Average Monthly Usage (CCF)	Peaking Factor	Total Monthly Capacity (CCF)	Extra Capacity (CCF)
<b>Residential Tier 1, 0-4 ccf</b>	3,129,415	260,785	1.00	260,785	-
<b>Residential Tier 2, &gt;4 ccf</b>	2,488,925	207,410	1.37	284,152	76,742
<b>Multi-Family</b>	9,623,020	801,918	1.14	914,187	112,269
<b>Commercial</b>	10,244,520	853,710	1.42	1,212,268	358,558
<b>Federal</b>	4,020,000	335,000	1.42	475,700	140,700
<b>Municipal</b>	801,900	66,825	1.42	94,892	28,067
<b>Total</b>	<b>30,307,780</b>	<b>2,525,648</b>		<b>3,241,983</b>	<b>716,335</b>

	Base (FY 2028)		Max-Month (FY 2028)		
	Annual Usage (CCF)	Average Monthly Usage (CCF)	Peaking Factor	Total Monthly Capacity (CCF)	Extra Capacity (CCF)
<b>Residential Tier 1, 0-4 ccf</b>	3,096,517	258,043	1.00	258,043	-
<b>Residential Tier 2, &gt;4 ccf</b>	2,462,760	205,230	1.37	281,165	75,935
<b>Multi-Family</b>	9,526,940	793,912	1.14	905,059	111,148
<b>Commercial</b>	10,142,075	845,173	1.42	1,200,146	354,973
<b>Federal</b>	3,980,000	331,667	1.42	470,967	139,300
<b>Municipal</b>	793,881	66,157	1.42	93,943	27,786
<b>Total</b>	<b>30,002,172</b>	<b>2,500,181</b>		<b>3,209,322</b>	<b>709,141</b>

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 2027	Base	Peaking	Base	Peaking	Allocation for Volumetric Revenue Requirements
<b>Residential Tier 1, 0-4 ccf</b>	10.3%	0.0%	\$19,696,181	\$ -	\$20,287,066
<b>Residential Tier 2, &gt;4 ccf</b>	8.2%	10.7%	15,665,006	4,632,255	20,906,148
<b>Multi-Family</b>	31.8%	15.7%	60,566,182	6,776,659	69,363,126
<b>Commercial</b>	33.8%	50.1%	64,477,832	21,642,983	88,704,439
<b>Federal</b>	13.3%	19.6%	25,301,418	8,492,813	34,808,508
<b>Municipal</b>	2.6%	3.9%	5,047,066	1,694,126	6,943,428
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>\$190,753,685</b>	<b>\$43,238,806</b>	<b>\$241,012,265</b>

FY 2028	Base	Peaking	Base	Peaking	Allocation for Volumetric Revenue Requirements
Residential Tier 1, 0-4 ccf	10.3%	0.0%	\$21,354,439	\$ -	\$21,995,072
Residential Tier 2, >4 ccf	8.2%	10.7%	16,983,871	5,485,784	23,143,745
Multi-Family	31.8%	15.7%	65,700,413	8,029,646	75,941,961
Commercial	33.8%	50.1%	69,942,554	25,644,312	98,454,472
Federal	13.3%	19.6%	27,447,181	10,063,460	38,635,960
Municipal	2.6%	3.9%	5,474,823	2,007,334	7,706,622
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>\$206,903,281</b>	<b>\$51,230,535</b>	<b>\$265,877,831</b>

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 2027	Volumetric Revenue Requirements	Annual Usage (CCF)	Class Based Volumetric Rate (per CCF)
Residential Tier 1	\$20,287,066	3,129,415	\$6.49
Residential Tier 2	20,906,148	2,488,925	\$8.40
Multi-Family	69,363,126	9,623,020	\$7.21
Commercial	88,704,439	10,244,520	\$8.66
Federal	34,808,508	4,020,000	\$8.66
Municipal	6,943,428	801,900	\$8.66
<b>Total</b>	<b>\$241,012,265</b>	<b>30,307,780</b>	

FY 2028	Volumetric Revenue Requirements	Annual Usage (CCF)	Class Based Volumetric Rate (per CCF)
Residential Tier 1	\$21,995,072	3,096,517	\$7.11
Residential Tier 2	23,143,745	2,462,760	\$9.40
Multi-Family	75,941,961	9,526,940	\$7.98
Commercial	98,454,472	10,142,075	\$9.71
Federal	38,635,960	3,980,000	\$9.71
Municipal	7,706,622	793,881	\$9.71
<b>Total</b>	<b>\$265,877,831</b>	<b>30,002,172</b>	

1. Note that rates shown are rounded.

For FY 2027, allocations to the water volumetric cost pool result in revenue requirements of \$241,012,265 which is then divided by projected units of service for the test year of 30,307,780 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 \$8.66 per Ccf, which is \$2.17 per Ccf higher than the Tier 1 Residential rate of \$6.49 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 \$7.21 per Ccf, which is \$1.19 per Ccf lower than the Tier 2 Residential rate of \$8.40 per Ccf.

For FY 2028, allocations to the water volumetric cost pool result in revenue requirements of \$265,877,831, which is then divided by projected units of service for the test year of 30,002,172 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 \$9.71 per Ccf, which is \$2.60 per Ccf higher than the Tier 1 Residential rate of \$7.11 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 \$7.98 per Ccf, which is \$1.42 per Ccf lower than the Tier 2 Residential rate of \$9.40 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 \$241,012,265 and \$265,877,831 in FY 2027 and FY 2028, respectively, wastewater revenue requirements totaled \$375,801,501 in FY 2027 and \$384,838,400 in FY 2028. Wastewater revenue requirements were divided by the test years' projected usage volumes of 29,110,880 Ccf and 28,747,583 Ccf, respectively, which results in respective volumetric rates of \$12.91 and \$13.39.

## 4.6. Impervious Area Charge

Total revenue requirements allocated to the CRIAC for the test years totaled \$128,488,613 for FY 2027 and \$137,147,339 for FY 2028. 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 \$25.50 and \$27.22 per ERU for FY 2027 and FY 2028. The approximately 5.2% increase in the CRIAC from FY 2026 to FY 2027 is due to the timing of CSO-related debt payments.

## 4.7. Backwash Rate and Groundwater Fee

Both the Low Strength WAD 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 2026, 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 2027	Backwash Rate	Groundwater Fee
Revenue Requirements	\$172,203,497	\$191,438,704
Offset Deduction	\$(69,209,868)	\$(78,163,512)
<b>Net Revenue Requirements</b>	<b>\$102,993,629</b>	<b>\$113,275,192</b>
Sewer Flow (Ccf)	29,110,880	29,110,880
<i>Rate</i>	<b>\$3.54</b>	<b>\$3.90</b>

FY 2028	Backwash Rate	Groundwater Fee
Revenue Requirements	\$177,815,544	\$196,185,817
Offset Deduction	\$(76,168,006)	\$(84,322,946)
<b>Net Revenue Requirements</b>	<b>\$101,647,539</b>	<b>\$111,862,872</b>
Sewer Flow (Ccf)	28,747,583	28,747,583
<i>Rate (1)</i>	<b>\$3.54</b>	<b>\$3.90</b>

1. Note that rates shown are rounded.

## 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 2027 are driven primarily by increases to the water volumetric rate. Bill increases for FY 2028 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 2026 rates, to fully recover costs and meet financial policy targets.
- The calculated water and sewer rates are designed to generate revenues consistent with projected revenues in the Financial Plan in FY 2027 and FY 2028.
- The Metering Fee and WSRF will remain constant during the test year period.
- The PILOT and ROW District Charge will remain constant during FY 2027, and the PILOT will increase slightly in FY 2028.
- 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

Stormwater in the District is managed through two systems: a combined system that mixes stormwater and sanitary flow, and a separate system handling only stormwater. 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 2027 and FY 2028, 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 2027 and FY 2028 rates.

**Table 21: Existing and Proposed Rates**

	FY 2026 (Existing)	FY 2027 (Proposed)	FY 2028 (Proposed)	FY 2027		FY 2028	
				\$ Difference	% Difference	\$ Difference	% Difference
Water Volumetric Residential – Tier 1	\$5.78	\$6.49	\$7.11	\$0.71	12.3%	\$0.62	9.6%
Water Volumetric Residential – Tier 2	\$7.60	\$8.40	\$9.40	\$0.80	10.5%	\$1.00	11.9%
Water Volumetric – Multi-family	\$6.47	\$7.21	\$7.98	\$0.74	11.4%	\$0.77	10.7%
Water Volumetric – Non-Residential	\$7.84	\$8.66	\$9.71	\$0.82	10.5%	\$1.05	12.1%
Sewer Volumetric	\$12.52	\$12.91	\$13.39	\$0.39	3.1%	\$0.48	3.7%
Metering Fee	\$7.75	\$7.75	\$7.75	\$ -	0.0%	\$ -	0.0%
Clean Rivers IAC	\$24.23	\$25.50	\$27.22	\$1.27	5.2%	\$1.72	6.7%
WSRF	\$6.30	\$6.30	\$6.30	\$ -	0.0%	\$ -	0.0%
Backwash Rate	\$3.54	\$3.54	\$3.54	\$ -	0.0%	\$ -	0.0%
Groundwater Fee	\$3.76	\$3.90	\$3.90	\$0.14	3.7%	\$0.00	0.0%

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 2024, the average customer usage is 5.42 Ccf/month.

**Table 22: Residential Customer Monthly Bill Impacts**

	Current (FY 2026)	Calculated (FY 2027)	Calculated (FY 2028)	FY 2027		FY 2028	
				\$ Change	% Change	\$ Change	% Change
DC Water and Sewer Retail Rates	\$ 101.77	\$ 107.86	\$ 114.36	\$ 6.09	6.0%	\$ 6.50	6.0%
DC Water Clean Rivers IAC	24.23	25.50	27.22	1.27	5.2%	1.72	6.7%
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%
<b>Subtotal: DC Water Rates &amp; Charges</b>	<b>\$ 140.05</b>	<b>\$ 147.41</b>	<b>\$ 155.63</b>	<b>\$ 7.36</b>	<b>5.3%</b>	<b>\$ 8.22</b>	<b>5.6%</b>
District of Columbia PILOT	\$ 3.36	\$ 3.36	\$ 3.41	\$ -	0.0%	\$ 0.05	1.5%
District of Columbia Right of Way Fee	1.08	1.08	1.08	-	0.0%	-	0.0%
District of Columbia Inconvenience Fee Fee	-	2.28	2.28	2.28	-	-	0.0%
District of Columbia Stormwater Fee	2.67	2.67	2.67	-	0.0%	-	0.0%
Subtotal District of Columbia Charges	\$ 7.11	\$ 9.39	\$ 9.44	\$ 2.28	32.1%	\$ 0.05	0.5%
<b>Total Amount Appearing on DC Water Bill</b>	<b>\$ 147.16</b>	<b>\$ 156.80</b>	<b>\$ 165.07</b>	<b>\$ 9.64</b>	<b>6.6%</b>	<b>\$ 8.27</b>	<b>5.3%</b>

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 2026)	Calculated (FY 2027)	Calculated (FY 2028)	FY 2027		FY 2028	
				\$ Change	% Change	\$ Change	% Change
DC Water and Sewer Retail Rates	\$ 101.77	\$ 107.86	\$ 114.36	\$ 6.09	6.0%	\$ 6.50	6.0%
DC Water Clean Rivers IAC	24.23	25.50	27.22	1.27	5.2%	1.72	6.7%
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%
<b>Subtotal: DC Water Rates &amp; Charges</b>	<b>\$ 140.05</b>	<b>\$ 147.41</b>	<b>\$ 155.63</b>	<b>\$ 7.36</b>	<b>5.3%</b>	<b>\$ 8.22</b>	<b>5.6%</b>
District of Columbia PILOT	\$ 3.36	\$ 3.36	\$ 3.41	\$ -	0.0%	\$ 0.05	1.5%
District of Columbia Right of Way Fee	1.08	1.08	1.08	-	0.0%	-	0.0%
District of Columbia Inconvenience Fee Fee	-	2.28	2.28	2.28	-	-	0.0%
District of Columbia Stormwater Fee	2.67	2.67	2.67	-	0.0%	-	0.0%
Subtotal District of Columbia Charges	\$ 7.11	\$ 9.39	\$ 9.44	\$ 2.28	32.1%	\$ 0.05	0.5%
Less: CAP Discount - 4 Ccf per Month	\$ (76.48)	\$ (80.88)	\$ (85.32)	\$ (4.40)	5.8%	\$ (4.44)	5.5%
Less: CAP Discount - % of CRIAC	(18.17)	(19.13)	(20.42)	(0.96)	5.3%	(1.29)	6.7%
Less: CAP Discount - WSRF	(6.30)	(6.30)	(6.30)	-	-	-	0.0%
Subtotal: CAP Discount	\$ (100.95)	\$ (106.31)	\$ (112.04)	\$ (5.36)	5.3%	\$ (5.72)	5.4%
CAP Discount Percentage	68.6%	67.8%	67.9%				
<b>Total Amount Appearing on DC Water Bill with CAP Discount</b>	<b>\$ 46.21</b>	<b>\$ 50.49</b>	<b>\$ 53.03</b>	<b>\$ 4.28</b>	<b>9.3%</b>	<b>\$ 2.54</b>	<b>5.0%</b>

APPENDIX:  
**Supporting Schedules**

DC Water  
Comparison vs. Financial Plan

	Financial Plan 2027	Raftelis Model 2027	Delta 2027
<b>OPERATING REVENUE:</b>			
Residential & Commercial	\$ 519,408,565	\$ 518,157,989	\$ (1,250,576)
D. C. Government	18,205,080	17,306,668	(898,412)
Federal Government	81,656,606	81,656,606	-
D. C. Housing Authority	14,385,800	14,246,804	(138,996)
Groundwater	5,000	5,000	-
Metering Fee	24,400,000	24,704,861	304,861
Water System Replacement Fee (WSRF)	42,717,000	42,717,000	-
Right-of-Way Fee / PILOT	24,551,543	24,551,543	-
CRIAC CSO Revenue	128,515,200	128,520,000	4,800
Total Retail Revenue	<u>\$ 853,844,794</u>	<u>\$ 851,866,470</u>	<u>\$ (1,978,324)</u> <i>-0.23%</i>
<b>WHOLESALE REVENUE:</b>			
LCSA + PI	\$ 17,054,149	\$ 17,054,149	-
WSSC	93,706,841	93,706,841	-
Fairfax County	23,329,408	23,329,408	-
Total Wholesale Revenue	<u>\$ 134,090,398</u>	<u>\$ 134,090,398</u>	<u>\$ -</u>
<b>TOTAL OPERATING REVENUE</b>	<u>\$ 987,935,192</u>	<u>\$ 985,956,868</u>	<u>\$ (1,978,324)</u> <i>-0.20%</i>
<b>NON-OPERATING REVENUE:</b>			
Interest Earnings	\$ 12,548,404	\$ 12,548,404	\$ -
Other Revenue	55,626,524	55,626,524	-
Northern Virginia Debt Service	193,246	193,246	-
Total Non-Operating Revenue	<u>\$ 68,368,174</u>	<u>\$ 68,368,174</u>	<u>\$ -</u>
<b>TOTAL REVENUE</b>	<u>\$ 1,056,303,365</u>	<u>\$ 1,054,325,042</u>	<u>\$ (1,978,324)</u> <i>-0.19%</i>
<b>OPERATING EXPENSE:</b>			
Personnel Services	\$ 195,602,291	\$ 195,602,291	\$ 0
Contractual Services	99,993,902	99,993,903	1
Water Purchases	54,469,730	54,469,730	-
Chemicals & Supplies	60,177,041	60,177,041	0
Utilities & Rent	42,201,269	42,201,269	(0)
Small Equipment	1,005,234	1,005,235	1
Payment in Lieu of Taxes / Right of Way Fee	24,551,543	24,551,543	-
Total Operating Expenditures	<u>\$ 478,001,010</u>	<u>\$ 478,001,012</u>	<u>\$ 2</u> <i>0.00%</i>
<b>NET REVENUES</b>	<u>\$ 578,302,355</u>	<u>\$ 576,324,030</u>	<u>\$ (1,978,325)</u>
<b>DEBT SERVICE:</b>			
Jennings Randolph	\$ 805,192	\$ 805,191	\$ (1)
1998 Revenue Bonds	8,113,900	8,113,900	-
Series 2014A	16,849,000	16,849,000	-
Series 2017A&B	14,607,250	14,607,250	-
Series 2018A&B	16,530,250	16,530,250	-
WIFIA Loan	2,924,065	2,924,065	(0)
WASA Bonds - Planned - Subordinate	11,113,681	11,113,681	-
Series 2010A Subordinate Bond	15,258,508	15,258,508	(0)
Series 2014B Subordinate Bond	4,000,000	4,000,000	(0)
Series 2014C Subordinate Bond	2,746,800	2,746,800	-
Series 2015A&B Subordinate Bond	1,042,650	1,042,650	-
Series 2016A Subordinate Bond	11,637,588	11,637,588	-
Series 2019A Subordinate Bond	4,708,700	4,708,700	-
Series 2019B Subordinate Bond	6,340,250	6,340,250	-
Series 2019D Subordinate Bond	9,004,333	9,004,333	-
Series 2022A Subordinate Bond	25,688,757	25,688,757	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	9,676,380	9,676,380	(0)
Series 2022E Subordinate Bond	2,890,500	2,890,500	-
Series 2024A (Current Refunding of Series 2014C)	28,529,250	28,529,250	-
Series 2024A (Tender Refunding of Series 2019D)	1,734,750	1,734,750	-
Series 2024A (Tender Refunding of Series 2022D)	1,183,750	1,183,750	-
Series 2024A (Tender Refunding of Series 2016A)	5,151,500	5,151,500	-
Series 2024A (Tender Refunding of Series 2015B)	5,118,000	5,118,000	-
Series 2024A (Tender Refunding of Series 2017B)	3,029,000	3,029,000	-
Series 2024A (Tender Refunding of Series 2018B)	746,500	746,500	-
Series 2024A (Tender Refunding of Series 2015A/2018A)	1,358,250	1,358,250	-
Series 2024B-1	1,990,800	1,990,800	-
Series 2024B-2	1,990,800	1,990,800	-
Series 2025A	2,774,750	2,774,750	-
Series 2025B (Green) (New Money)	7,278,450	7,278,450	-
Series 2025B (Green) (Current Refunding of Series 2015A)	10,069,500	10,069,500	-
Series 2025C-1	3,519,000	3,519,000	-
Series 2025C-2	3,519,000	3,519,000	-
EMCP	2,889,400	2,889,400	-
Total Debt	<u>\$ 257,897,673</u>	<u>\$ 257,897,671</u>	<u>\$ (2)</u> <i>0.00%</i>
Cash Financed Capital Improvements	<u>\$ 76,846,031</u>	<u>\$ 76,846,031</u>	<u>\$ -</u>
Debt + Cash	<u>\$ 334,743,704</u>	<u>\$ 334,743,703</u>	<u>\$ (1)</u>
<b>TOTAL DISBURSEMENTS</b>	<u>\$ 812,744,714</u>	<u>\$ 812,744,714</u>	<u>\$ 0</u> <i>0.00%</i>
<b>Total Surplus (Deficit)</b>	<u>\$ 243,558,651</u>	<u>\$ 241,580,327</u>	<u>\$ (1,978,324)</u> <i>-0.8%</i>

DC Water  
Comparison vs. Financial Plan

	Financial Plan 2028	Raftelis Model 2028	Delta 2028
<b>OPERATING REVENUE:</b>			
Residential & Commercial	\$ 548,799,474	\$ 545,068,843	\$ (3,730,631)
D. C. Government	19,311,600	18,163,972	(1,147,628)
Federal Government	85,690,442	85,690,442	-
D. C. Housing Authority	15,129,960	14,953,254	(176,706)
Groundwater	5,000	5,000	-
Metering Fee	24,400,000	24,704,861	304,861
Water System Replacement Fee (WSRF)	42,717,000	42,717,000	-
Right-of-Way Fee / PILOT	24,940,574	24,940,574	-
CRIAC CSO Revenue	137,160,000	137,188,800	28,800
Total Retail Revenue	\$ 898,154,050	\$ 893,432,746	\$ (4,721,304) <i>-0.53%</i>
<b>WHOLESALE REVENUE:</b>			
LCSA + PI	\$ 17,597,346	\$ 17,597,346	-
WSSC	98,055,988	98,055,988	-
Fairfax County	24,401,877	24,401,877	-
Total Wholesale Revenue	\$ 140,055,211	\$ 140,055,211	\$ -
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 1,038,209,261</b>	<b>\$ 1,033,487,957</b>	<b>\$ (4,721,304)</b> <i>-0.45%</i>
<b>NON-OPERATING REVENUE:</b>			
Interest Earnings	\$ 12,287,884	\$ 12,287,884	\$ -
Other Revenue	57,615,676	57,615,676	-
Northern Virginia Debt Service	193,246	193,246	-
Total Non-Operating Revenue	\$ 70,096,806	\$ 70,096,806	\$ -
<b>TOTAL REVENUE</b>	<b>\$ 1,108,306,067</b>	<b>\$ 1,103,584,763</b>	<b>\$ (4,721,304)</b> <i>-0.43%</i>
<b>OPERATING EXPENSE:</b>			
Personnel Services	\$ 203,426,383	\$ 203,426,383	\$ (0)
Contractual Services	102,993,720	102,993,720	(0)
Water Purchases	60,462,139	60,462,139	-
Chemicals & Supplies	63,982,352	63,982,352	(0)
Utilities & Rent	43,889,319	43,889,319	0
Small Equipment	1,035,391	1,035,391	(0)
Payment in Lieu of Taxes / Right of Way Fee	24,940,574	24,940,574	(0)
Total Operating Expenditures	\$ 500,729,878	\$ 500,729,878	\$ (0) <i>0.00%</i>
<b>NET REVENUES</b>	<b>\$ 607,576,189</b>	<b>\$ 602,854,885</b>	<b>\$ (4,721,304)</b>
<b>DEBT SERVICE:</b>			
Jennings Randolph	\$ 805,191	\$ 805,191	\$ 0
1998 Revenue Bonds	8,112,950	8,112,950	-
Series 2014A	16,849,000	16,849,000	-
Series 2017A&B	14,606,500	14,606,500	-
Series 2018A&B	16,529,500	16,529,500	-
WIFIA Loan	6,371,286	6,371,286	(0)
WASA Bonds - Planned - Subordinate	45,341,310	45,341,310	-
Series 2010A Subordinate Bond	20,464,389	20,464,389	0
Series 2014B Subordinate Bond	4,003,683	4,003,683	-
Series 2014C Subordinate Bond	2,746,800	2,746,800	-
Series 2015A&B Subordinate Bond	1,042,650	1,042,650	-
Series 2016A Subordinate Bond	11,637,588	11,637,588	-
Series 2019A Subordinate Bond	4,708,700	4,708,700	-
Series 2019B Subordinate Bond	6,336,500	6,336,500	-
Series 2019D Subordinate Bond	9,560,817	9,560,817	-
Series 2022A Subordinate Bond	25,690,163	25,690,163	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	9,405,079	9,405,079	(0)
Series 2022E Subordinate Bond	3,854,000	3,854,000	-
Series 2024A (Current Refunding of Series 2014C)	23,312,750	23,312,750	-
Series 2024A (Tender Refunding of Series 2019D)	1,734,750	1,734,750	-
Series 2024A (Tender Refunding of Series 2022D)	1,183,750	1,183,750	-
Series 2024A (Tender Refunding of Series 2016A)	5,151,500	5,151,500	-
Series 2024A (Tender Refunding of Series 2015B)	5,118,000	5,118,000	-
Series 2024A (Tender Refunding of Series 2017B)	3,029,000	3,029,000	-
Series 2024A (Tender Refunding of Series 2018B)	746,500	746,500	-
Series 2024A (Tender Refunding of Series 2015A/2018A)	1,358,250	1,358,250	-
Series 2024B-1	1,992,633	1,992,633	-
Series 2024B-2	1,992,633	1,992,633	-
Series 2025A	12,659,750	12,659,750	-
Series 2025B (Green) (New Money)	11,453,450	11,453,450	-
Series 2025B (Green) (Current Refunding of Series 2015A)	-	-	-
Series 2025C-1	3,531,038	3,531,038	-
Series 2025C-2	3,531,038	3,531,038	-
EMCP	2,892,400	2,892,400	-
Total Debt	\$ 300,830,718	\$ 300,830,719	\$ 0 <i>Check</i> <i>0.00%</i>
Cash Financed Capital Improvements	\$ 80,833,865	\$ 80,833,865	\$ -
Debt + Cash	\$ 381,664,583	\$ 381,664,583	\$ 0
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 882,394,461</b>	<b>\$ 882,394,461</b>	<b>\$ 0</b> <i>0.00%</i>
<b>Total Surplus (Deficit)</b>	<b>\$ 225,911,606</b>	<b>\$ 221,190,302</b>	<b>\$ (4,721,305)</b> <i>-2.09%</i>

FY 2027

DC Water  
Revenue Requirements FY 2027

		Test Year 1:													
	Volume	Meter Charge	Wastewater	CSO	2027	Water	Meter Charge	Wastewater	CSO	% Check	Groundwater	Low Strength			
<b>Operations</b>															
Wastewater Treatment - Operations			100.00%		\$ 104,330,965	\$ -	\$ -	\$ 104,330,965	\$ -	-	63%	\$65,959,919	63%	\$65,959,919	Direct
Wastewater Treatment - Process Engineering			100.00%		9,118,258	-	-	9,118,258	-	-	63%	\$5,764,728	63%	\$5,764,728	Direct
Maintenance Services	7.00%		93.00%		26,914,044	1,883,983	-	25,030,061	-	-	33%	\$8,233,925	33%	\$8,233,925	Direct
Water Operations	100.00%				101,797,502	101,797,502	-	-	-	-	33%	\$0	33%	\$0	Direct
Sewer Operations			100.00%		-	-	-	-	-	-	100%	\$0	100%	\$0	Direct
Customer Care	18.00%	46.00%	36.00%		15,071,461	2,712,863	6,932,872	5,425,726	-	-	33%	\$1,784,855	33%	\$1,784,855	Indirect
Pumping Operations	20.00%		80.00%		46,650,526	9,330,105	-	37,320,421	-	-	100%	\$37,320,421	100%	\$37,320,421	Direct
Engineering & Technical Services	7.00%		93.00%		-	-	-	-	-	-	33%	\$0	33%	\$0	Indirect
WasteWater Engineering			100.00%		8,960,161	-	-	8,960,161	-	-	100%	\$8,960,161	33%	\$2,947,548	Indirect
Clean Water and Technology			100.00%		5,062,849	-	-	5,062,849	-	-	33%	\$1,665,482	33%	\$1,665,482	Indirect
Resource Recovery			100.00%		8,325,430	-	-	8,325,430	-	-	33%	\$2,738,746	33%	\$2,738,746	Indirect
D.C. Clean Rivers					4,118,108	-	-	2,616,689	1,501,419	-	33%	\$860,790	33%	\$860,790	Indirect
CIP Infrastructure Management	43.45%	0.94%	55.61%		-	-	-	-	-	-	33%	\$0	33%	\$0	Indirect
Permit Operations	50.00%		50.00%		8,901,723	4,450,862	-	4,450,862	-	-	33%	\$1,464,162	33%	\$1,464,162	Direct
Shared Services and Asset Management			100.00%		14,915,865	-	-	14,915,865	-	-	33%	\$4,906,745	33%	\$4,906,745	Direct
Water Program and Lead Free DC	100.00%				3,520,090	3,520,090	-	-	-	-	33%	\$0	33%	\$0	Indirect
<i>Subtotal Operations</i>					\$ 357,686,982	\$ 123,695,405	\$ 6,932,872	\$ 225,557,287	\$ 1,501,419						
<i>Check</i>															
<b>Administration</b>															
Office of the Chief Executive Officer	45.00%		55.00%		\$ 1,311,325	\$ 590,096	\$ -	\$ 721,229	\$ -	-	33%	\$237,256	33%	\$237,256	Overhead
Office of the Chief Operating Officer	45.00%		55.00%		1,350,496	607,723	-	742,773	-	-	33%	\$244,344	33%	\$244,344	Overhead
Office of the Secretary	45.00%		55.00%		1,055,426	474,942	-	580,484	-	-	33%	\$190,957	33%	\$190,957	Overhead
Internal Audit (outsourced)	45.00%		55.00%		864,413	388,986	-	475,427	-	-	33%	\$156,397	33%	\$156,397	Overhead
Legal Affairs	45.00%		55.00%		8,045,149	3,620,317	-	4,424,832	-	-	33%	\$1,455,599	33%	\$1,455,599	Overhead
Marketing and Communications	45.00%		55.00%		5,255,338	2,364,902	-	2,890,436	-	-	33%	\$950,842	33%	\$950,842	Overhead
Performance	45.00%		55.00%		4,043,862	1,819,738	-	2,224,124	-	-	33%	\$731,651	33%	\$731,651	Overhead
Human Resources	45.00%		55.00%		11,050,760	4,972,842	-	6,077,918	-	-	33%	\$1,999,401	33%	\$1,999,401	Overhead
Information Technology	45.00%		55.00%		12,345,078	5,555,285	-	6,789,793	-	-	33%	\$2,233,580	33%	\$2,233,580	Overhead
Procurement	45.00%		55.00%		8,086,156	3,638,770	-	4,447,386	-	-	33%	\$1,463,018	33%	\$1,463,018	Overhead
Compliance & Business Development	45.00%		55.00%		2,168,556	975,850	-	1,192,706	-	-	33%	\$392,354	33%	\$392,354	Overhead
Finance	45.00%		55.00%		26,980,820	12,141,369	-	14,839,451	-	-	33%	\$4,881,607	33%	\$4,881,607	Overhead
Non-Ratepayer Revenue Fund	45.00%		55.00%		200,000	90,000	-	110,000	-	-	33%	\$36,186	33%	\$36,186	Overhead
Administrative Office	45.00%		55.00%		2,643,639	1,189,638	-	1,454,002	-	-	33%	\$478,310	33%	\$478,310	Overhead
Office of Emergency Management	45.00%		55.00%		1,975,777	889,100	-	1,086,677	-	-	33%	\$357,475	33%	\$357,475	Overhead
Facilities Management	45.00%		55.00%		13,483,736	6,067,681	-	7,416,055	-	-	33%	\$2,439,596	33%	\$2,439,596	Overhead
Security	45.00%		55.00%		12,936,227	5,821,302	-	7,114,925	-	-	33%	\$2,340,536	33%	\$2,340,536	Overhead
Occupational Safety and Health	45.00%		55.00%		3,435,134	1,545,810	-	1,889,324	-	-	33%	\$621,515	33%	\$621,515	Overhead
Fleet Management	45.00%		55.00%		9,890,970	4,450,936	-	5,440,033	-	-	33%	\$1,789,561	33%	\$1,789,561	Overhead
<i>Subtotal Administration</i>					\$ 127,122,861	\$ 57,205,288	\$ -	\$ 69,917,574	\$ -						
<i>Check</i>															
<b>Total O&amp;M</b>					\$ 484,809,844	\$ 180,900,693	\$ 6,932,872	\$ 295,474,861	\$ 1,501,419						
<i>Check</i>															

FY 2027

	Volume	Meter Charge	Wastewater	CSO	2027	Water	Meter Charge	Wastewater	CSO	% Check	Groundwater	Low Strength		
Debt Service														
1998 Revenue Bonds	16.23%	8.19%	72.88%	2.70%	\$ 8,113,900	\$ 1,316,565	\$ 664,528	\$ 5,913,732	\$ 219,075	-				
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%		10,016,250	3,549,720	455,435	6,011,095	-	-				
Series 2018A				100.00%	3,973,250	-	-	-	3,973,250	-				
Series 2018B	29.18%	6.13%	64.69%		12,557,000	3,663,930	769,836	8,123,234	-	-				
WiFi Loan	44.21%		55.79%		2,924,065	1,292,851	-	1,631,214	-	-				
DC Water Bonds Planned	27.48%	0.91%	25.18%	46.42%	20,743,693	5,701,398	188,535	5,223,748	9,630,013	-	\$ -			
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%	15,258,508	2,453,568	128,171	3,228,700	9,448,068	-				
Series 2014B Subordinate Bond	25.63%	0.66%	73.71%		4,000,000	1,025,219	26,341	2,948,440	-	-				
Series 2014C Subordinate Bond	29.76%	0.54%	48.42%	21.29%	2,746,800	817,347	14,795	1,329,980	584,678	-				
Series 2015A Subordinate Bond				100.00%	1,042,650	-	-	-	1,042,650	-				
Series 2015B Subordinate Bond	44.40%	2.87%	52.73%		-	-	-	-	-	-				
Series 2016A Subordinate Bond	38.91%	0.74%	47.86%	12.49%	11,637,588	4,528,188	85,635	5,569,945	1,453,819	-				
Series 2019A Subordinate Bond				100.00%	4,708,700	-	-	-	4,708,700	-				
Series 2019B Subordinate Bond	43.45%	0.94%	55.61%	0.00%	6,340,250	2,754,874	59,495	3,525,881	-	-				
Series 2019C Subordinate Bond	26.58%	3.60%	69.81%		-	-	-	-	-	-				
Series 2019D Subordinate Bond	28.81%	0.62%	36.87%	33.70%	9,004,333	2,593,943	56,019	3,319,910	3,034,460	-				
Series 2022A Subordinate Bond	11.15%	0.52%	14.60%	73.73%	25,688,757	2,864,296	133,582	3,750,559	18,940,321	-				
Series 2022B Subordinate Bond				100.00%	3,979,250	-	-	-	3,979,250	-				
Series 2022C-1 (New Money)	43.08%	2.43%	54.49%	0.00%	3,523,450	1,517,735	85,627	1,920,087	-	-				
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%				7,952,836	7,952,836	-	-	-	-				
Series 2022D (Refunding)	29.76%	0.54%	48.42%	21.29%	1,723,544	512,864	9,283	834,527	366,870	-				
Series 2022E (Soft Put 10/1/2027)	43.08%	2.43%	54.49%	0.00%	2,890,500	1,245,091	70,245	1,575,164	-	-				
Series 2024A (Current Refunding of Series 2014C)	29.76%	0.54%	48.42%	21.29%	28,529,250	8,489,260	153,664	13,813,648	6,072,678	-				
Series 2024A (Tender Refunding of Series 2019D)	28.81%	0.62%	36.87%	33.70%	1,734,750	499,742	10,793	639,605	584,611	-				
Series 2024A (Tender Refunding of Series 2022D)	87.49%	0.10%	8.62%	3.79%	1,183,750	1,035,643	1,136	102,091	44,881	-				
Series 2024A (Tender Refunding of Series 2016A)	38.91%	0.74%	47.86%	12.49%	5,151,500	2,004,450	37,907	2,465,594	643,548	-				
Series 2024A (Tender Refunding of Series 2015B)	44.40%	2.87%	52.73%	0.00%	5,118,000	2,272,518	146,872	2,698,609	-	-				
Series 2024A (Tender Refunding of Series 2017B)	35.44%	4.55%	60.01%	0.00%	3,029,000	1,073,466	137,727	1,817,807	-	-				
Series 2024A (Tender Refunding of Series 2018B)	29.18%	6.13%	64.69%	0.00%	746,500	217,817	45,766	482,917	-	-				
Series 2024A (Tender Refunding of Series 2015A/2018A)	0.00%	0.00%	0.00%	100.00%	1,358,250	-	-	-	1,358,250	-				
Series 2024B-1	26.58%	3.60%	69.81%	0.00%	1,990,800	529,210	71,728	1,389,862	-	-				
Series 2024B-2	26.58%	3.60%	69.81%	0.00%	1,990,800	529,210	71,728	1,389,862	-	-				
Series 2025A	44.40%	2.87%	52.73%	0.00%	2,774,750	1,232,058	79,628	1,463,065	-	-				
Series 2025B (Green) (New Money)				100.00%	7,278,450	-	-	-	7,278,450	-				
Series 2025B (Green) (Current Refunding of Series 2015A)	0.00%	0.00%	0.00%	100.00%	10,069,500	-	-	-	10,069,500	-				
Series 2025C-1	43.45%	0.94%	55.61%	0.00%	3,519,000	1,529,025	33,021	1,956,954	-	-				
Series 2025C-2	43.45%	0.94%	55.61%	0.00%	3,519,000	1,529,025	33,021	1,956,954	-	-				
Capital Equipment Financing	17.44%	2.82%	28.94%	50.80%	-	-	-	-	-	-				
Financial Policy Contingency pro forma adj.	14.30%	8.35%	52.97%	24.38%	66,450,000	9,500,000	5,550,000	35,200,000	16,200,000	-				
Coverage Allowance					160,516,610	41,296,369	2,232,922	53,237,121	63,750,198	60%				
Adjustment to Proposed Debt to Align with CRIAC:					\$ 20,743,693				\$ 9,630,013					
New CRIAC Percent:									46%					
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:						27.48%	0.91%	25.18%	46%					
Check									0.0%					
<b>Total Debt</b>					\$ 267,527,684	\$ 68,827,282	\$ 3,721,537	\$ 88,728,536	\$ 106,250,329		23%	\$28,778,585	23%	\$28,778,585
Check					-	25.7%	1.4%	33.2%	39.7%		50%	\$191,438,704	48%	\$185,426,090
Check					-									
<b>Total Capital Cost</b>					\$ 494,494,294	\$ 119,623,651	\$ 11,504,459	\$ 177,165,657	\$ 186,200,527					

**FY 2027**

	Volume	Meter Charge	Wastewater	CSO	2027	Water	Meter Charge	Wastewater	CSO
<b>Wholesale Revenue</b>	Volume	Meter Charge	Wastewater	CSO					
LCSA + PI			100.00%	0.00%	\$ (17,054,149)	\$ -	\$ -	\$ (17,054,149)	\$ -
WSSC			100.00%	0.00%	(93,706,841)	-	-	(93,706,841)	-
Fairfax County			100.00%	0.00%	(23,329,408)	-	-	(23,329,408)	-
<b>Other Revenue</b>									
IMA Indirect Cost Reimb. For Capital Projects			100.00%		(12,820,000)	-	-	(12,820,000)	-
Dev. Contr/Water Services Fees, Taps	100.00%				(5,000,000)	(5,000,000)	-	-	-
Dev. Contr/Liability Deposits/Sewer Service Fees			100.00%		(4,000,000)	-	-	(4,000,000)	-
Funding for Non-Ratepayer Revenue Fund	50.00%		50.00%		(200,000)	(100,000)	-	(100,000)	-
Commercial Water Maintenance	100.00%				-	-	-	-	-
DC Fire Protection Fee	100.00%				(17,575,000)	(17,575,000)	-	-	-
System Availability Fee	50.00%		50.00%		(5,700,000)	(2,850,000)	-	(2,850,000)	-
Washington Aqueduct's Backwash- DCW's prorata share			100.00%		(3,043,415)	-	-	(3,043,415)	-
Public Inconvenience Fee	100.00%				12,737,000	12,737,000	-	-	-
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%		(6,180,914)	-	-	(6,180,914)	-
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%				(42,717,000)	(42,717,000)	-	-	-
Interest Income	45.00%		55.00%		(12,548,404)	(5,646,782)	-	(6,901,622)	-
<b>Total Revenue Offsets</b>					<b>\$ (232,438,572)</b>	<b>\$ (61,198,161)</b>	<b>\$ -</b>	<b>\$ (171,240,411)</b>	<b>\$ -</b>
<b>Unadjusted Revenue Requirement</b>					<b>\$ 746,865,566</b>	<b>\$ 239,326,183</b>	<b>\$ 18,437,331</b>	<b>\$ 301,400,107</b>	<b>\$ 187,701,946</b>
<u>CRIAC Adjustments</u>									
Adjusted CRIAC Total - Before Re-allocation to Sewer								\$ 171,501,946	
Percent Reallocation from CRIAC to Sewer					\$ (565,040)			37.00%	
Reallocation from CRIAC to Sewer							63,455,720	(63,455,720)	
Reallocated CRIAC Revenue Requirements								108,046,226	
CRIAC Rev. Req. Plus 500,000 CAP								108,546,226	
<b>Revenue Requirement for Rate Calculations</b>					<b>\$ 747,365,566</b>	<b>\$ 239,326,183</b>	<b>\$ 18,437,331</b>	<b>\$ 364,855,827</b>	<b>\$ 124,746,226</b>
<u>Water and Meter Fee Adjustments</u>									
Reallocation from Water to Meter						(5,333,692)	\$ 5,333,692		
Adjusted Water and Meter Revenue Requirements						\$ 233,992,491	\$ 23,771,023		
<b>Adjusted Revenue Requirements + Delinquency</b>					<b>\$ 769,786,533</b>	<b>\$ 241,012,265</b>	<b>\$ 24,484,154</b>	<b>\$ 375,801,501</b>	<b>\$ 128,488,613</b>

*Check*

**Operations**

Maintenance Services	\$ 1,883,983	\$ -	\$ 1,465,077	\$ 184,929	\$ 233,978	\$ -	\$ -
Water Operations	101,797,502	-	79,162,675	9,992,274	12,642,553	-	-
Customer Care	2,712,863	-	-	-	-	683,098	2,029,765
Pumping Operations	9,330,105	7,838,177	1,160,196	146,445	185,287	-	-
Permit Operations	4,450,862	4,450,862	-	-	-	-	-
Water Program and Lead Free DC	3,520,090	-	2,737,393	345,526	437,171	-	-
	\$ 123,695,405	\$ 12,289,039	\$ 84,525,340	\$ 10,669,174	\$ 13,498,989	\$ 683,098	\$ 2,029,765

**Administration**

Office of the Chief Executive Officer	\$ 590,096	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 590,096
Office of the Chief Operating Officer	607,723	-	-	-	-	-	607,723
Office of the Secretary	474,942	-	-	-	-	-	474,942
Internal Audit (outsourced)	388,986	-	-	-	-	-	388,986
Legal Affairs	3,620,317	-	-	-	-	-	3,620,317
Marketing and Communications	2,364,902	-	-	-	-	-	2,364,902
Performance	1,819,738	-	-	-	-	-	1,819,738
Human Resources	4,972,842	-	-	-	-	-	4,972,842
Information Technology	5,555,285	-	-	-	-	-	5,555,285
Procurement	3,638,770	-	-	-	-	-	3,638,770
Compliance & Business Development	975,850	-	-	-	-	-	975,850
Finance	12,141,369	-	-	-	-	-	12,141,369
Non-Ratepayer Revenue Fund	90,000	-	-	-	-	-	90,000
Administrative Office	1,189,638	-	-	-	-	-	1,189,638
Office of Emergency Management	889,100	-	-	-	-	-	889,100
Facilities Management	6,067,681	-	-	-	-	-	6,067,681
Security	5,821,302	-	-	-	-	-	5,821,302
Occupational Safety and Health	1,545,810	-	-	-	-	-	1,545,810
Fleet Management	4,450,936	-	-	-	-	-	4,450,936
	\$ 57,205,288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,205,288

**Total Water O&M**

	\$ 180,900,693	\$ 12,289,039	\$ 84,525,340	\$ 10,669,174	\$ 13,498,989	\$ 683,098	\$ 59,235,053
	-	6.8%	46.7%	5.9%	7.5%	0.4%	32.7%

**Debt Service (1)**

1998 Revenue Bonds	\$ 1,316,565	\$ 283,839	\$ 767,418	\$ -	\$ -	\$ 265,308	\$ -
Series 2017B	3,549,720	1,117,345	2,147,535	-	-	284,839	-
Series 2018B	3,663,930	1,223,691	2,296,811	-	-	143,427	-
WIFIA Loan	1,292,851	-	1,292,851	-	-	-	-
DC Water Bonds Planned	5,701,398	1,505,058	4,069,230	-	-	127,110	-
EMCP	1,482,283	495,058	929,200	-	-	58,025	-
Jennings Randolph	805,191	805,191	-	-	-	-	-
Series 2010A Subordinate Bond	2,453,568	652,390	1,763,869	-	-	37,309	-
Series 2014B Subordinate Bond	1,025,219	201,968	799,671	-	-	23,580	-
Series 2014C Subordinate Bond	817,347	161,017	637,531	-	-	18,799	-
Series 2016A Subordinate Bond	4,528,188	1,512,338	2,838,590	-	-	177,260	-
Series 2019B Subordinate Bond	2,754,874	611,713	1,835,138	-	-	308,023	-
Series 2019D Subordinate Bond	2,593,943	575,978	1,727,935	-	-	290,029	-
Series 2022A Subordinate Bond	2,864,296	564,266	2,234,151	-	-	65,879	-
Series 2022C-1 (New Money)	1,517,735	400,653	1,083,246	-	-	33,837	-
Series 2022C-1 (Tender Refunding) (2014C)	319,092	62,861	248,892	-	-	7,339	-
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)	7,952,836	7,952,836	-	-	-	-	-
Series 2022D (Refunding)	512,864	101,034	400,034	-	-	11,796	-
Series 2022E (Soft Put 10/1/2027)	1,245,091	328,680	888,652	-	-	27,759	-
Series 2024A (Current Refunding of Series 2014C)	8,489,260	1,672,384	6,621,623	-	-	195,253	-
Series 2024A (Tender Refunding of Series 2019D)	499,742	110,966	332,899	-	-	55,876	-
Series 2024A (Tender Refunding of Series 2022D)	1,035,643	204,022	807,801	-	-	23,820	-
Series 2024A (Tender Refunding of Series 2016A)	2,004,450	669,452	1,256,532	-	-	78,466	-
Series 2024A (Tender Refunding of Series 2015B)	2,272,518	715,321	1,374,845	-	-	182,353	-
Series 2024A (Tender Refunding of Series 2017B)	1,073,466	337,895	649,433	-	-	86,138	-
Series 2024A (Tender Refunding of Series 2018B)	217,817	72,747	136,543	-	-	8,527	-
Series 2024B-1	529,210	117,510	352,529	-	-	59,171	-
Series 2024B-2	529,210	117,510	352,529	-	-	59,171	-
Series 2025A	1,232,058	387,815	745,379	-	-	98,864	-
Series 2025C-1	1,529,025	189,607	1,309,822	-	-	29,597	-
Series 2025C-2	1,529,025	189,607	1,309,822	-	-	29,597	-

Financial Policy Contingency pro forma adj.

	9,500,000	-	-	-	-	-	9,500,000
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**Total Water Debt**

	\$ 78,327,282	\$ 23,809,403	\$ 42,111,258	\$ -	\$ -	\$ 2,906,622	\$ 9,500,000
	-	30.4%	53.8%	0.0%	0.0%	3.7%	12.1%

**Revenue Offsets**

**Other Revenue**

Dev. Contr/Water Services Fees, Taps	(5,000,000)	-	(5,000,000)	-	-	-	-
Funding for Non-Ratepayer Revenue Fund	(100,000)	-	-	-	-	-	(100,000)
DC Fire Protection Fee	(17,575,000)	(8,787,500)	(8,787,500)	-	-	-	-
System Availability Fee	(2,850,000)	-	-	-	-	-	(2,850,000)
Public Inconvenience Fee	12,737,000	-	12,737,000	-	-	-	-
Northern Virginia Debt Service	(46,379)	-	-	-	-	-	(46,379)
WSRF	(42,717,000)	-	-	-	-	-	(42,717,000)
Interest Income	(5,646,782)	(1,863,438)	(1,863,438)	-	-	-	(1,919,906)

**Total Water Revenue Offsets**

	\$ (61,198,161)	\$ (10,650,938)	\$ (2,913,938)	\$ -	\$ -	\$ -	\$ (47,633,285)
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Unadjusted Net Water Revenue Requirements

	\$ 198,029,814	\$ 25,447,503	\$ 123,722,660	\$ 10,669,174	\$ 13,498,989	\$ 3,589,719	\$ 21,101,768
	-	12.9%	62.5%	5.4%	6.8%	1.8%	10.7%

Adjustment for DS Coverage

	\$ 41,296,369	\$ 14,285,642	\$ 25,266,755	\$ -	\$ -	\$ 1,743,973	\$ -
	-	-	-	-	-	-	-

**Adjusted Net Water Revenue Requirements**

	\$ 239,326,183	\$ 39,733,145	\$ 148,989,414	\$ 10,669,174	\$ 13,498,989	\$ 5,333,692	\$ 21,101,768
	-	16.6%	62.3%	4.5%	5.6%	2.2%	8.8%

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

Functional Categories	Test Year	Allocation Percentages			
	2027	Base	Extra Capacity Max-Month	Customer Service/Meter	Admin/General
Source of Supply & Treatment	\$ 94,202,875	78.6%	21.4%	0.0%	0.0%
Distribution	94,519,684	85.0%	15.0%	0.0%	0.0%
Storage	10,669,174	80.0%	20.0%	0.0%	0.0%
Pumping	13,498,989	50.0%	50.0%	0.0%	0.0%
Customer Service/Meter	5,333,692	0.0%	0.0%	100.0%	0.0%
Admin/General	21,101,768	0.0%	0.0%	0.0%	100.0%

**Total** \$ **239,326,183**

Allocation of Adjusted Test Year Revenue Requirements			
Base	Extra Capacity Max-Month	Customer Service/Meter	Admin/General
\$ 74,025,351	\$ 20,177,524	\$ -	\$ -
80,341,732	14,177,953	-	-
8,535,340	2,133,835	-	-
6,749,495	6,749,495	-	-
-	-	5,333,692	-
-	-	-	21,101,768
<b>\$ 169,651,917</b>	<b>\$ 43,238,806</b>	<b>\$ 5,333,692</b>	<b>\$ 21,101,768</b>

	Base	Average Monthly Usage (CCF)	Peaking Factor	Max-Month	Allocation for Volumetric Revenue Req.
Residential Customers					
0-4 ccf	3,129,415	260,785	1.00	260,785	-
>4 ccf	2,488,925	207,410	1.37	284,152	76,742
Multi-Family/DC Housing	9,623,020	801,918	1.14	914,187	112,269
Non-Residential (Commercial) - Small Meters	6,461,194	538,433	1.42	764,575	226,142
Non-Residential (Commercial) - Large Meters	3,783,326	315,277	1.42	447,694	132,416
Non-Residential (Federal)	4,020,000	335,000	1.42	475,700	140,700
Non-Residential (Municipal)	801,900	66,825	1.42	94,892	28,067
	<b>30,307,780</b>	<b>2,525,648</b>		<b>3,241,983</b>	<b>716,335</b>

	Base	Max-Month	Base	Max-Month	Allocation for Volumetric Revenue Req.
Residential Customers					
0-4 ccf	10.3%	0.0%	19,696,181	-	20,287,066
>4 ccf	8.2%	10.7%	15,665,006	4,632,225	20,906,148
Multi-Family/DC Housing	31.8%	15.7%	60,566,182	6,776,659	69,363,126
Non-Residential (Commercial) - Small Meters	21.3%	31.6%	40,666,011	13,650,176	55,945,673
Non-Residential (Commercial) - Large Meters	12.5%	18.5%	23,811,821	7,992,806	32,758,766
Non-Residential (Federal)	13.3%	19.6%	25,301,418	8,492,813	34,808,058
Non-Residential (Municipal)	2.6%	3.9%	5,047,066	1,694,126	6,943,428
	<b>100.0%</b>	<b>100.0%</b>	<b>\$ 190,753,685</b>	<b>\$ 43,238,806</b>	<b>\$ 241,012,265</b>

**Volumetric Capital to Include:** 54% **Volumetric Capital to Include:** 100%

<b>WAD Rate:</b>		<b>Re-calculated Groundwater Fee</b>	
2027		2027	
Revenue Requirements		Revenue Requirements	
Direct O&M	\$ 123,649,899	Direct O&M	\$ 123,649,899
Capital	15,555,992	Capital	28,778,585
Indirect O&M	9,997,420	Indirect O&M	16,010,033
Overhead	23,000,186	Overhead	23,000,186
	<u>\$ 172,203,497</u>		<u>\$ 191,438,704</u>
Offsets % to Include	41%	Offsets % to Include	46%
Offsets Amount	\$ (70,309,868)	Offsets Amount	\$ (78,163,512)
Adj. for Rate Smoothing	\$ 1,100,000	Adj. for Rate Smoothing	\$ -
<i>Total Rev. Requirements</i>	<i>\$ 102,993,629</i>	<i>Total Rev. Requirements</i>	<i>\$ 113,275,192</i>
Sewer Usage (ccf)	29,110,880	Sewer Usage (ccf)	29,110,880
<b>Calculated Rate</b>	<b>\$ 3.54</b>	<b>Calculated Rate</b>	<b>\$ 3.89</b>

FY 2028

DC Water  
Revenue Requirements FY 2028

														Test Year 2:																	
														2028	Water	Meter Charge	Wastewater	CSO	% Check	Groundwater	Low Strength										
<b>Operations</b>																															
Wastewater Treatment - Operations	0%	0%	100%	0%	\$ 109,919,114	\$ -	\$ -	\$ 109,919,114	\$ -	-	-	63%	\$69,492,847	63%	\$69,492,847	Direct															
Wastewater Treatment - Process Engineering	0%	0%	100%	0%	9,456,392	-	-	9,456,392	-	-	-	63%	\$5,978,502	63%	\$5,978,502	Direct															
Maintenance Services	7%	0%	93%	0%	27,873,567	1,951,150	-	25,922,418	-	-	-	33%	\$8,527,476	33%	\$8,527,476	Direct															
Water Operations	100%	0%	0%	0%	109,608,900	109,608,900	-	-	-	-	-	33%	\$0	33%	\$0	Direct															
Sewer Operations	0%	0%	100%	0%	-	-	-	-	-	-	-	100%	\$0	100%	\$0	Direct															
Customer Care	18%	46%	36%	0%	15,645,567	2,816,202	7,196,961	5,632,404	-	-	-	33%	\$1,852,844	33%	\$1,852,844	Indirect															
Pumping Operations	20%	0%	80%	0%	48,441,316	9,688,263	-	38,753,053	-	-	-	100%	\$38,753,053	100%	\$38,753,053	Direct															
Engineering & Technical Services	7%	0%	93%	0%	-	-	-	-	-	-	-	33%	\$0	33%	\$0	Indirect															
WasteWater Engineering	0%	0%	100%	0%	9,307,459	-	-	9,307,459	-	-	-	100%	\$9,307,459	33%	\$3,061,795	Indirect															
Clean Water and Technology	0%	0%	100%	0%	5,239,330	-	-	5,239,330	-	-	-	33%	\$1,723,538	33%	\$1,723,538	Indirect															
Resource Recovery	0%	0%	100%	0%	8,592,316	-	-	8,592,316	-	-	-	33%	\$2,826,541	33%	\$2,826,541	Indirect															
D.C. Clean Rivers	0%	0%	100%	0%	4,265,248	-	-	4,265,248	-	-	-	33%	\$894,376	33%	\$894,376	Indirect															
CIP Infrastructure Management	40.76%	0.88%	58.35%	0.00%	-	-	-	2,718,787	1,546,461	-	-	33%	\$0	33%	\$0	Indirect															
Permit Operations	50%	0%	50%	0%	9,252,628	4,626,314	-	4,626,314	-	-	-	33%	\$1,521,879	33%	\$1,521,879	Direct															
Shared Services and Asset Management	0%	0%	100%	0%	15,502,031	-	-	15,502,031	-	-	-	33%	\$5,099,571	33%	\$5,099,571	Direct															
Water Program and Lead Free DC	100%	0%	0%	0%	3,652,430	3,652,430	-	-	-	-	-	33%	\$0	33%	\$0	Indirect															
Subtotal Operations					\$ 376,756,299	\$ 132,343,259	\$ 7,196,961	\$ 235,669,618	\$ 1,546,461							"Coverage Allowance"															
<b>Administration</b>																															
Office of the Chief Executive Officer	45.00%	0.00%	55.00%	0.00%	\$ 1,360,564	\$ 612,254	\$ -	\$ 748,310	\$ -	-	-	33%	\$246,165	33%	\$246,165	Overhead															
Office of the Chief Operating Officer	45.00%	0.00%	55.00%	0.00%	1,401,102	630,496	-	770,606	-	-	-	33%	\$253,500	33%	\$253,500	Overhead															
Office of the Secretary	45.00%	0.00%	55.00%	0.00%	1,093,499	492,075	-	601,425	-	-	-	33%	\$197,846	33%	\$197,846	Overhead															
Internal Audit (outsourced)	45.00%	0.00%	55.00%	0.00%	890,345	400,655	-	489,690	-	-	-	33%	\$161,089	33%	\$161,089	Overhead															
Legal Affairs	45.00%	0.00%	55.00%	0.00%	8,321,128	3,744,508	-	4,576,620	-	-	-	33%	\$1,505,532	33%	\$1,505,532	Overhead															
Marketing and Communications	45.00%	0.00%	55.00%	0.00%	5,455,736	2,455,081	-	3,000,655	-	-	-	33%	\$987,100	33%	\$987,100	Overhead															
Performance	45.00%	0.00%	55.00%	0.00%	4,189,182	1,885,132	-	2,304,050	-	-	-	33%	\$757,944	33%	\$757,944	Overhead															
Human Resources	45.00%	0.00%	55.00%	0.00%	11,443,323	5,149,495	-	6,293,828	-	-	-	33%	\$2,070,427	33%	\$2,070,427	Overhead															
Information Technology	45.00%	0.00%	55.00%	0.00%	12,795,917	5,758,163	-	7,037,754	-	-	-	33%	\$2,315,150	33%	\$2,315,150	Overhead															
Procurement	45.00%	0.00%	55.00%	0.00%	8,405,524	3,782,486	-	4,623,038	-	-	-	33%	\$1,520,801	33%	\$1,520,801	Overhead															
Compliance & Business Development	45.00%	0.00%	55.00%	0.00%	2,250,350	1,012,657	-	1,237,692	-	-	-	33%	\$407,153	33%	\$407,153	Overhead															
Finance	45.00%	0.00%	55.00%	0.00%	27,930,811	12,568,865	-	15,361,946	-	-	-	33%	\$5,053,488	33%	\$5,053,488	Overhead															
Non-Ratepayer Revenue Fund	45.00%	0.00%	55.00%	0.00%	206,000	92,700	-	113,300	-	-	-	33%	\$37,271	33%	\$37,271	Overhead															
Administrative Office	45.00%	0.00%	55.00%	0.00%	2,741,728	1,233,778	-	1,507,951	-	-	-	33%	\$496,058	33%	\$496,058	Overhead															
Office of Emergency Management	45.00%	0.00%	55.00%	0.00%	2,048,768	921,946	-	1,126,822	-	-	-	33%	\$370,681	33%	\$370,681	Overhead															
Facilities Management	45.00%	0.00%	55.00%	0.00%	13,966,553	6,284,949	-	7,681,604	-	-	-	33%	\$2,526,952	33%	\$2,526,952	Overhead															
Security	45.00%	0.00%	55.00%	0.00%	13,356,850	6,010,582	-	7,346,267	-	-	-	33%	\$2,416,639	33%	\$2,416,639	Overhead															
Occupational Safety and Health	45.00%	0.00%	55.00%	0.00%	3,563,298	1,603,484	-	1,959,814	-	-	-	33%	\$644,703	33%	\$644,703	Overhead															
Fleet Management	45.00%	0.00%	55.00%	0.00%	10,227,116	4,602,202	-	5,624,914	-	-	-	33%	\$1,850,380	33%	\$1,850,380	Overhead															
Subtotal Administration					\$ 131,647,795	\$ 59,241,508	\$ -	\$ 72,406,287	\$ -																						
<b>Total O&amp;M</b>																															
					\$ 508,404,094	\$ 191,584,767	\$ 7,196,961	\$ 308,075,905	\$ 1,546,461																						

FY 2028

Debt Service	Volume	Meter Charge	Wastewater	CSO	2028	Water	Meter Charge	Wastewater	CSO	% Check	Groundwater	Low Strength		
	1998 Revenue Bonds	16.23%	8.19%	72.88%	2.70%	\$ 8,112,950	\$ 1,316,411	\$ 664,450	\$ 5,913,040	\$ 219,050	-			
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%	10,015,500	3,549,454	455,401	6,010,645	-	-				
Series 2018A	0.00%	0.00%	0.00%	100.00%	3,973,250	-	-	-	3,973,250	-				
Series 2018B	29.18%	6.13%	64.69%	0.00%	12,556,250	3,663,711	769,790	8,122,749	-	-				
WIFIA Loan	44.21%	0.00%	55.79%	0.00%	6,371,286	2,817,011	-	3,554,275	-	-				
DC Water Bonds Planned	28.93%	0.87%	31.08%	39.12%	74,473,236	21,545,020	648,482	23,147,808	29,131,926	-	\$ -			
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%	20,464,389	3,290,674	171,901	4,330,265	12,671,550	-				
Series 2014B Subordinate Bond	25.63%	0.66%	73.71%	0.00%	4,003,683	1,026,163	26,365	2,951,155	-	-				
Series 2014C Subordinate Bond	29.76%	0.54%	48.42%	21.29%	2,746,800	817,347	14,795	1,329,980	584,678	-				
Series 2015A Subordinate Bond	0.00%	0.00%	0.00%	100.00%	1,042,650	-	-	-	1,042,650	-				
Series 2015B Subordinate Bond	44.40%	2.87%	52.73%	0.00%	-	-	-	-	-	-				
Series 2016A Subordinate Bond	38.91%	0.74%	47.86%	12.49%	11,637,588	4,528,188	85,635	5,569,945	1,453,819	-				
Series 2019A Subordinate Bond	0.00%	0.00%	0.00%	100.00%	4,708,700	-	-	-	4,708,700	-				
Series 2019B Subordinate Bond	40.76%	0.88%	58.35%	0.00%	6,336,500	2,582,901	55,958	3,697,641	-	-				
Series 2019C Subordinate Bond	26.58%	3.60%	69.81%	0.00%	-	-	-	-	-	-				
Series 2019D Subordinate Bond	27.03%	0.59%	38.69%	33.70%	9,560,817	2,583,847	55,979	3,698,996	3,221,995	-				
Series 2022A Subordinate Bond	11.15%	0.52%	14.60%	73.73%	25,690,163	2,864,453	133,589	3,750,764	18,941,357	-				
Series 2022B Subordinate Bond	0.00%	0.00%	0.00%	100.00%	3,979,250	-	-	-	3,979,250	-				
Series 2022C-1 (New Money)	43.08%	2.43%	54.49%	0.00%	3,523,450	1,517,735	85,627	1,920,087	-	-				
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%	7,952,725	7,952,725	-	-	-	-				
Series 2022D (Refunding)	29.76%	0.54%	48.42%	21.29%	1,452,354	432,167	7,823	703,219	309,145	-				
Series 2022E (Soft Put 10/1/2027)	43.08%	2.43%	54.49%	0.00%	3,854,000	1,660,121	93,660	2,100,219	-	-				
Series 2024A (Current Refunding of Series 2014C)	29.76%	0.54%	48.42%	21.29%	23,312,750	6,937,021	125,567	11,287,858	4,962,304	-				
Series 2024A (Tender Refunding of Series 2019D)	28.81%	0.62%	36.87%	33.70%	1,734,750	499,742	10,793	639,605	584,611	-				
Series 2024A (Tender Refunding of Series 2022D)	87.49%	0.10%	8.62%	3.79%	1,183,750	1,035,643	1,136	102,091	44,881	-				
Series 2024A (Tender Refunding of Series 2016A)	38.91%	0.74%	47.86%	12.49%	5,151,500	2,004,450	37,907	2,465,594	643,548	-				
Series 2024A (Tender Refunding of Series 2015B)	44.40%	2.87%	52.73%	0.00%	5,118,000	2,272,518	146,872	2,698,609	-	-				
Series 2024A (Tender Refunding of Series 2017B)	35.44%	4.55%	60.01%	0.00%	3,029,000	1,073,466	137,727	1,817,807	-	-				
Series 2024A (Tender Refunding of Series 2018B)	29.18%	6.13%	64.69%	0.00%	746,500	217,817	45,766	482,917	-	-				
Series 2024A (Tender Refunding of Series 2015A/2018A)	0.00%	0.00%	0.00%	100.00%	1,358,250	-	-	-	1,358,250	-				
Series 2024B-1	26.58%	3.60%	69.81%	0.00%	1,992,633	529,697	71,794	1,391,142	-	-				
Series 2024B-2	26.58%	3.60%	69.81%	0.00%	1,992,633	529,697	71,794	1,391,142	-	-				
Series 2025A	44.40%	2.87%	52.73%	0.00%	12,659,750	5,621,242	363,299	6,675,209	-	-				
Series 2025B (Green) (New Money)	0.00%	0.00%	0.00%	100.00%	11,453,450	-	-	-	11,453,450	-				
Series 2025B (Green) (Current Refunding of Series 2015A)	0.00%	0.00%	0.00%	100.00%	-	-	-	-	-	-				
Series 2025C-1	40.76%	0.88%	58.35%	0.00%	3,531,038	1,439,331	31,183	2,060,524	-	-				
Series 2025C-2	40.76%	0.88%	58.35%	0.00%	3,531,038	1,439,331	31,183	2,060,524	-	-				
Capital Equipment Financing	17.44%	2.82%	28.94%	50.80%	-	-	-	-	-	-				
Financial Policy Contingency pro forma adj.	151.06%	-37.33%	93.63%	-107.37%	(8,010,000)	(12,100,000)	2,990,000	(7,500,000)	8,600,000	-				
Coverage Allowance					197,977,587	53,841,257	2,692,707	68,182,619	73,261,004	60%				
Adjustment to Proposed Debt to Align with CRIAC:					\$ 74,473,236				\$ 29,131,926					
<i>New CRIAC Percent:</i>									39%					
<i>Diff. between CIP and CRIAC Percent:</i>		80.00%							0.0%					
<i>Non-CRIAC Ratios:</i>						47.5%	1.4%	51.1%						
<i>Amount to Add to Existing CIP Percents:</i>						0.0%	0.0%	0.0%						
<i>New Allocations:</i>						28.93%	0.87%	31.08%	39%					
Check								0.0%						
<b>Total Debt</b>					\$ 329,962,645	\$ 89,735,428	\$ 4,487,846	\$ 113,637,699	\$ 122,101,673		23%	\$26,388,855	23%	\$26,388,855
Check					-	27.2%	1.4%	34.4%	37.0%		50%	\$196,185,817	48%	\$189,940,154
Check					-	-	-	-	-					
<b>Total Capital Cost</b>					\$ 519,930,231	\$ 131,476,684	\$ 10,170,553	\$ 174,320,318	\$ 203,962,676					

FY 2028

	Volume	Meter Charge	Wastewater	CSO	2028	Water	Meter Charge	Wastewater	CSO
Wholesale Revenue									
LCSA + PI	0%	0%	100%	0%	\$ (17,597,346)	\$ -	\$ -	\$ (17,597,346)	\$ -
WSSC	0%	0%	100%	0%	(98,055,988)	-	-	(98,055,988)	-
Fairfax County	0%	0%	100%	0%	(24,401,877)	-	-	(24,401,877)	-
Other Revenue									
IMA Indirect Cost Reimb. For Capital Projects	0%	0%	100%	0%	(17,348,000)	-	-	(17,348,000)	-
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%	(4,000,000)	-	-	(4,000,000)	-
Funding for Non-Ratepayer Revenue Fund	50%	0%	50%	0%	(206,000)	(103,000)	-	(103,000)	-
Commercial Water Maintenance	100%	0%	0%	0%	-	-	-	-	-
DC Fire Protection Fee	100%	0%	0%	0%	(15,000,000)	(15,000,000)	-	-	-
System Availability Fee	50%	0%	50%	0%	(5,700,000)	(2,850,000)	-	(2,850,000)	-
Washington Aqueduct's Backwash- DCW's prorata share	0%	0%	100%	0%	(3,043,415)	-	-	(3,043,415)	-
Public Inconvenience Fee	100%	0%	0%	0%	12,737,000	12,737,000	-	-	-
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%	(6,211,066)	-	-	(6,211,066)	-
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%	(42,717,000)	(42,717,000)	-	-	-
Interest Income	45%	0%	55%	0%	(12,287,884)	(5,529,548)	-	(6,758,336)	-
<b>Total Revenue Offsets</b>					<b>\$ (240,132,017)</b>	<b>\$ (58,508,927)</b>	<b>\$ -</b>	<b>\$ (181,623,090)</b>	<b>\$ -</b>
<b>Unadjusted Revenue Requirement</b>					<b>\$ 788,202,308</b>	<b>\$ 264,552,524</b>	<b>\$ 17,367,514</b>	<b>\$ 300,773,133</b>	<b>\$ 205,509,137</b>
<i>Check</i>									
<u>CRIAC Adjustments</u>									
Adjusted CRIAC Total - Before Re-allocation to Sewer								\$ 196,909,137	
Percent Reallocation from CRIAC to Sewer								37.00%	
Reallocation from CRIAC to Sewer								72,856,381	(72,856,381)
Reallocated CRIAC Revenue Requirements								-	124,052,756
CRIAC Rev. Req. Plus 500,000 CAP									124,552,756
<b>Revenue Requirement for Rate Calculations</b>					<b>\$ 788,702,308</b>	<b>\$ 264,552,524</b>	<b>\$ 17,367,514</b>	<b>\$ 373,629,514</b>	<b>\$ 133,152,756</b>
<u>Water and Meter Fee Adjustments</u>									
Reallocation from Water to Meter						(6,418,708)	\$ 6,418,708		
Adjusted Water and Meter Revenue Requirements						\$ 258,133,816	\$ 23,786,221		
<b>Adjusted Revenue Requirements + Delinquency</b>					<b>\$ 812,363,378</b>	<b>\$ 265,877,831</b>	<b>\$ 24,499,808</b>	<b>\$ 384,838,400</b>	<b>\$ 137,147,339</b>

**Operations**

Maintenance Services	\$ 1,951,150	\$ -	\$ 1,517,309	\$ 191,522	\$ 242,319	\$ -	\$ -
Water Operations	109,608,900	-	85,237,197	10,759,028	13,612,675	-	-
Customer Care	2,816,202	-	-	-	-	709,118	2,107,084
Pumping Operations	9,688,263	8,139,064	1,204,732	152,067	192,400	-	-
Permit Operations	4,626,314	4,626,314	-	-	-	-	-
Water Program and Lead Free DC	3,652,430	-	2,840,307	358,517	453,607	-	-
	\$ 132,343,259	\$ 12,765,378	\$ 90,799,545	\$ 11,461,133	\$ 14,501,001	\$ 709,118	\$ 2,107,084

**Administration**

Office of the Chief Executive Officer	\$ 612,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 612,254
Office of the Chief Operating Officer	630,496	-	-	-	-	-	630,496
Office of the Secretary	492,075	-	-	-	-	-	492,075
Internal Audit (outsourced)	400,655	-	-	-	-	-	400,655
Legal Affairs	3,744,508	-	-	-	-	-	3,744,508
Marketing and Communications	2,455,081	-	-	-	-	-	2,455,081
Performance	1,885,132	-	-	-	-	-	1,885,132
Human Resources	5,149,495	-	-	-	-	-	5,149,495
Information Technology	5,758,163	-	-	-	-	-	5,758,163
Procurement	3,782,486	-	-	-	-	-	3,782,486
Compliance & Business Development	1,012,657	-	-	-	-	-	1,012,657
Finance	12,568,865	-	-	-	-	-	12,568,865
Non-Ratepayer Revenue Fund	92,700	-	-	-	-	-	92,700
Administrative Office	1,233,778	-	-	-	-	-	1,233,778
Office of Emergency Management	921,946	-	-	-	-	-	921,946
Facilities Management	6,284,949	-	-	-	-	-	6,284,949
Security	6,010,582	-	-	-	-	-	6,010,582
Occupational Safety and Health	1,603,484	-	-	-	-	-	1,603,484
Fleet Management	4,602,202	-	-	-	-	-	4,602,202
	\$ 59,241,508	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,241,508

**Total Water O&M**

	\$ 191,584,767	\$ 12,765,378	\$ 90,799,545	\$ 11,461,133	\$ 14,501,001	\$ 709,118	\$ 61,348,591
	-	6.7%	47.4%	6.0%	7.6%	0.4%	32.0%

**Debt Service (1)**

1998 Revenue Bonds	\$ 1,316,411	\$ 283,806	\$ 767,328	\$ -	\$ -	\$ 265,277	\$ -
Series 2017B	3,549,454	1,117,262	2,147,374	-	-	284,818	-
Series 2018B	3,663,711	1,223,618	2,296,674	-	-	143,419	-
WIFIA Loan	2,817,011	-	2,817,011	-	-	-	-
DC Water Bonds Planned	21,545,020	5,687,464	15,377,218	-	-	480,337	-
EMCP	1,374,394	459,024	861,568	-	-	53,802	-
Jennings Randolph	805,191	805,191	-	-	-	-	-
Series 2010A Subordinate Bond	3,290,674	874,972	2,365,664	-	-	50,038	-
Series 2014B Subordinate Bond	1,026,163	202,154	800,407	-	-	23,602	-
Series 2014C Subordinate Bond	817,347	161,017	637,531	-	-	18,799	-
Series 2016A Subordinate Bond	4,528,188	1,512,338	2,838,590	-	-	177,260	-
Series 2019B Subordinate Bond	2,582,901	573,527	1,720,580	-	-	288,795	-
Series 2019D Subordinate Bond	2,583,847	573,737	1,721,210	-	-	288,900	-
Series 2022A Subordinate Bond	2,864,453	564,297	2,234,274	-	-	65,882	-
Series 2022C-1 (New Money)	1,517,735	400,653	1,083,246	-	-	33,837	-
Series 2022C-1 (Tender Refunding) (2014C)	319,092	62,861	248,892	-	-	7,339	-
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)	7,952,725	7,952,725	-	-	-	-	-
Series 2022D (Refunding)	432,167	85,137	337,090	-	-	9,940	-
Series 2022E (Soft Put 10/1/2027)	1,660,121	438,239	1,184,870	-	-	37,012	-
Series 2024A (Current Refunding of Series 2014C)	6,937,021	1,366,593	5,410,876	-	-	159,551	-
Series 2024A (Tender Refunding of Series 2019D)	499,742	110,966	332,899	-	-	55,876	-
Series 2024A (Tender Refunding of Series 2022D)	1,035,643	204,022	807,801	-	-	23,820	-
Series 2024A (Tender Refunding of Series 2016A)	2,004,450	669,452	1,256,532	-	-	78,466	-
Series 2024A (Tender Refunding of Series 2015B)	2,272,518	715,321	1,374,845	-	-	182,353	-
Series 2024A (Tender Refunding of Series 2017B)	1,073,466	337,895	649,433	-	-	86,138	-
Series 2024A (Tender Refunding of Series 2018B)	217,817	72,747	136,543	-	-	8,527	-
Series 2024B-1	529,697	117,618	352,854	-	-	59,226	-
Series 2024B-2	529,697	117,618	352,854	-	-	59,226	-
Series 2025A	5,621,242	1,769,398	3,400,779	-	-	451,064	-
Series 2025C-1	1,439,331	178,484	1,232,986	-	-	27,860	-
Series 2025C-2	1,439,331	178,484	1,232,986	-	-	27,860	-

Financial Policy Contingency pro forma adj.

	(12,100,000)	-	-	-	-	-	(12,100,000)
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**Total Water Debt**

	\$ 77,635,428	\$ 29,285,273	\$ 56,881,661	\$ -	\$ -	\$ 3,568,494	\$ (12,100,000)
	-	37.7%	73.3%	0.0%	0.0%	4.6%	-15.6%

**Revenue Offsets**

**Other Revenue**

Dev. Contr/Water Services Fees, Taps	(5,000,000)	-	(5,000,000)	-	-	-	-
Funding for Non-Ratepayer Revenue Fund	(103,000)	-	-	-	-	-	(103,000)
DC Fire Protection Fee	(15,000,000)	(7,500,000)	(7,500,000)	-	-	-	-
System Availability Fee	(2,850,000)	-	-	-	-	-	(2,850,000)
Public Inconvenience Fee	12,737,000	-	12,737,000	-	-	-	-
Northern Virginia Debt Service	(46,379)	-	-	-	-	-	(46,379)
WSRF	(42,717,000)	-	-	-	-	-	(42,717,000)
Interest Income	(5,529,548)	(1,824,751)	(1,824,751)	-	-	-	(1,880,046)

**Total Water Revenue Offsets**

	\$ (58,508,927)	\$ (9,324,751)	\$ (1,587,751)	\$ -	\$ -	\$ -	\$ (47,596,425)
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**Unadjusted Net Water Revenue Requirements**

	\$ 210,711,268	\$ 32,725,900	\$ 146,093,456	\$ 11,461,133	\$ 14,501,001	\$ 4,277,612	\$ 1,652,166
	-	15.5%	69.3%	5.4%	6.9%	2.0%	0.8%

**Adjustment for DS Coverage**

	\$ 53,841,257	\$ 17,571,164	\$ 34,128,997	\$ -	\$ -	\$ 2,141,096	\$ -
	-	-	-	-	-	-	-

**Adjusted Net Water Revenue Requirements**

	\$ 264,552,524	\$ 50,297,063	\$ 180,222,452	\$ 11,461,133	\$ 14,501,001	\$ 6,418,708	\$ 1,652,166
	-	19.0%	68.1%	4.3%	5.5%	2.4%	0.6%



**Volumetric Capital to Include:** 54% **Volumetric Capital to Include:** 100%

<b>WAD Rate:</b>		<b>Re-calculated Groundwater Fee</b>	
2028		2028	
Revenue Requirements		Revenue Requirements	
Direct O&M	\$ 129,373,328	Direct O&M	\$ 129,373,328
Capital	14,264,246	Capital	26,388,855
Indirect O&M	10,359,094	Indirect O&M	16,604,757
Overhead	23,818,877	Overhead	23,818,877
	<u>\$ 177,815,544</u>		<u>\$ 196,185,817</u>
Offsets % to Include	43%	Offsets % to Include	47%
Offsets Amount	\$ (77,968,006)	Offsets Amount	\$ (86,022,946)
Adj. for Rate Smoothing	\$ 1,800,000	Adj. for Rate Smoothing	\$ 1,700,000
<i>Total Rev. Requirements</i>	<i>\$ 101,647,539</i>	<i>Total Rev. Requirements</i>	<i>\$ 111,862,872</i>
Sewer Usage (ccf)	28,747,583	Sewer Usage (ccf)	28,747,583
<b>Calculated Rate</b>	<b>\$ 3.54</b>	<b>Calculated Rate</b>	<b>\$ 3.89</b>