



The Proposed FY 2024 Budget

Presentation to the Joint Meeting of the D.C. Retail Water & Sewer Rates and Finance & Budget Committees on January 24, 2023

District of Columbia Water and Sewer Authority



- 💧 Provide detailed information on the Revised FY 2023 and Proposed FY 2024 Budgets:
 - Operating Expenditures
 - Ten-Year Capital Improvement Program
 - Revenues, Rates and Fees
 - Ten-Year Financial Plan
- 💧 Review the budget process and timelines for:
 - Committee review, Committee recommendation to the Board, and Board adoption



Budget Adoption Calendar

Timeline (2023)	Activity	Status
January 5	Budget Workshop with Board of Directors	✓
January 10	Office of People's Counsel Briefing	✓
January 13	Wholesale Customer Briefing	✓
Committee Discussions & Reviews		
January 19	Environmental Quality & Operations	✓
January 24	Joint DC Retail Water & Sewer Rates and Finance & Budget Committee	
February 2	Board Meeting (No Board Action Required)	
Committee Reviews, Recommendations & Actions		
February 16	Environmental Quality & Operations	
February 23	Finance & Budget	
February 28	DC Retail Water & Sewer Rates	
March 2	Board Adoption	
April	Submit Budget via the District to U.S. Congress	
October 1	Fiscal Year 2024 Begins	

The Proposed FY 2024 Budget and CIP

💧 Proposed Operating Expenditure Budget of \$737.6 million

- Operations and Maintenance (O&M) budget of \$433.9 million for personnel and non-personnel
- Debt Service budget of \$232 million and Cash Financed Capital Improvements budget of \$48.3 million
- PILOT & ROW payments to the District of \$23.4 million or an increase of \$0.4 million

💧 Proposed 10-year Capital Budget of \$6.95 billion

- Capital Projects – \$6.27 billion for mandated projects, equipment upgrades and rehabilitation at Blue Plains, and continued investments in the aging water and sewer infrastructure
- Capital Equipment – \$347.4 million equipment including pumps, motors, meters, backhoes, jet-vacs, catch basin trucks and other aged vehicles to meet operational needs
- Washington Aqueduct (WAD) – \$338.5 million for DC Water's share of WAD's capital program

💧 Proposed Financial Plan

- Includes previously approved FY 2024 rates and fees
- Revenue requirements support the forecasted operating expenditures and ten-year CIP
- Meets Board financial policy requirements



💧 The increase in operating revenues of \$36.1 million (retail & wholesale) in FY 2024 is needed to support:

- Increased costs for **salary and wages** plus **health benefits** to deliver vital water and sewer services and the addition of 17 positions to **improve operations**, \$15.4 million increase
- Fixed costs like **chemicals** and **energy** for wastewater treatment, \$1.4 million increase
- Purchase of **clean drinking water** from the Aqueduct, \$3.7 million increase
- Rising cost of **insurance premiums** needed to protect our assets, \$1.4 million increase
- Increased costs for professional service contracts including **maintenance and repairs** to ensure reliability of our assets and improve key performance indicators, \$2 million increase
- New initiatives to improve **customer engagement** and **stakeholder communication**, \$1.1 million increase
- CIP increases for programs like **Clean Rivers** and **Lead Free DC** programs through FY 2030 and **water and sewer infrastructure** projects



- 💧 DC Water has some of the most robust customer assistance programs in the nation
 - We know that some households cannot afford the vital service that we provide, so DC Water has implemented programs to help
 - Household incomes up to \$142,300 (household of 4) may qualify



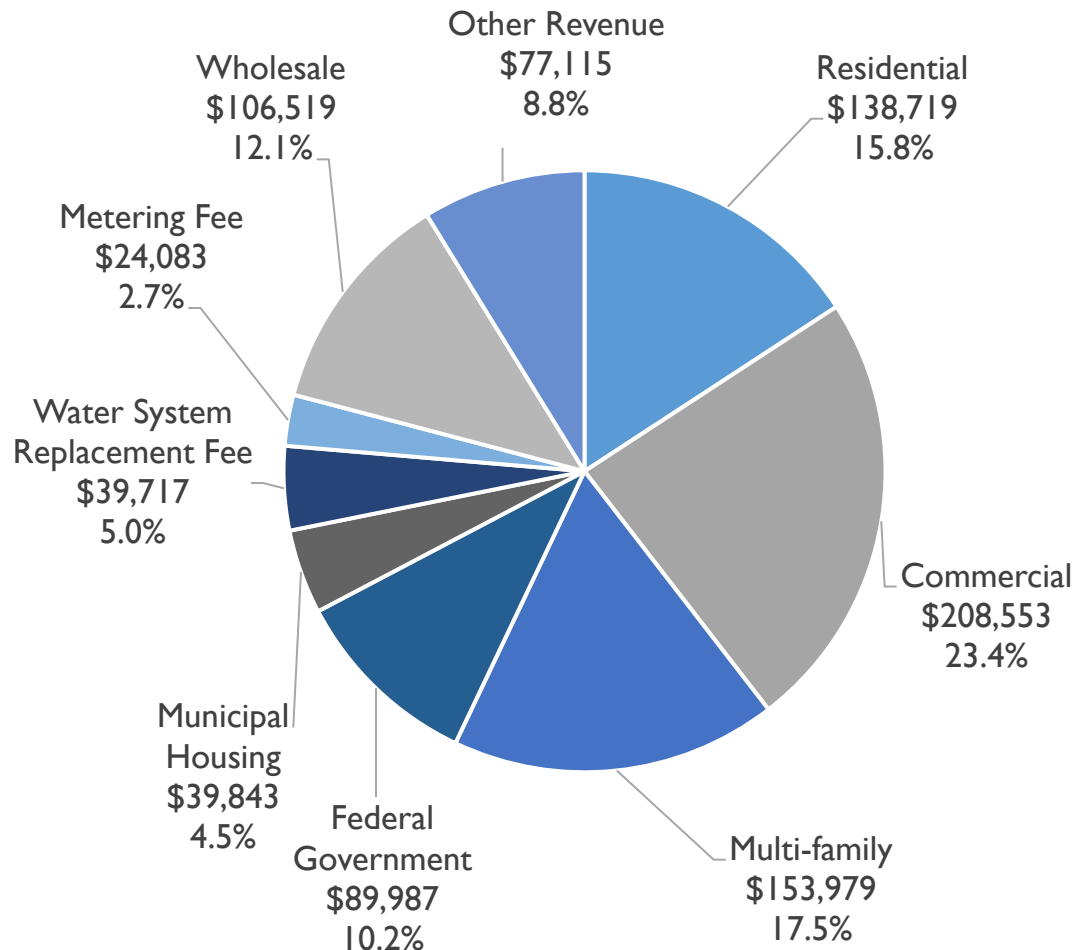
For more information, please see:
<https://www.dewater.com/customer-assistance>



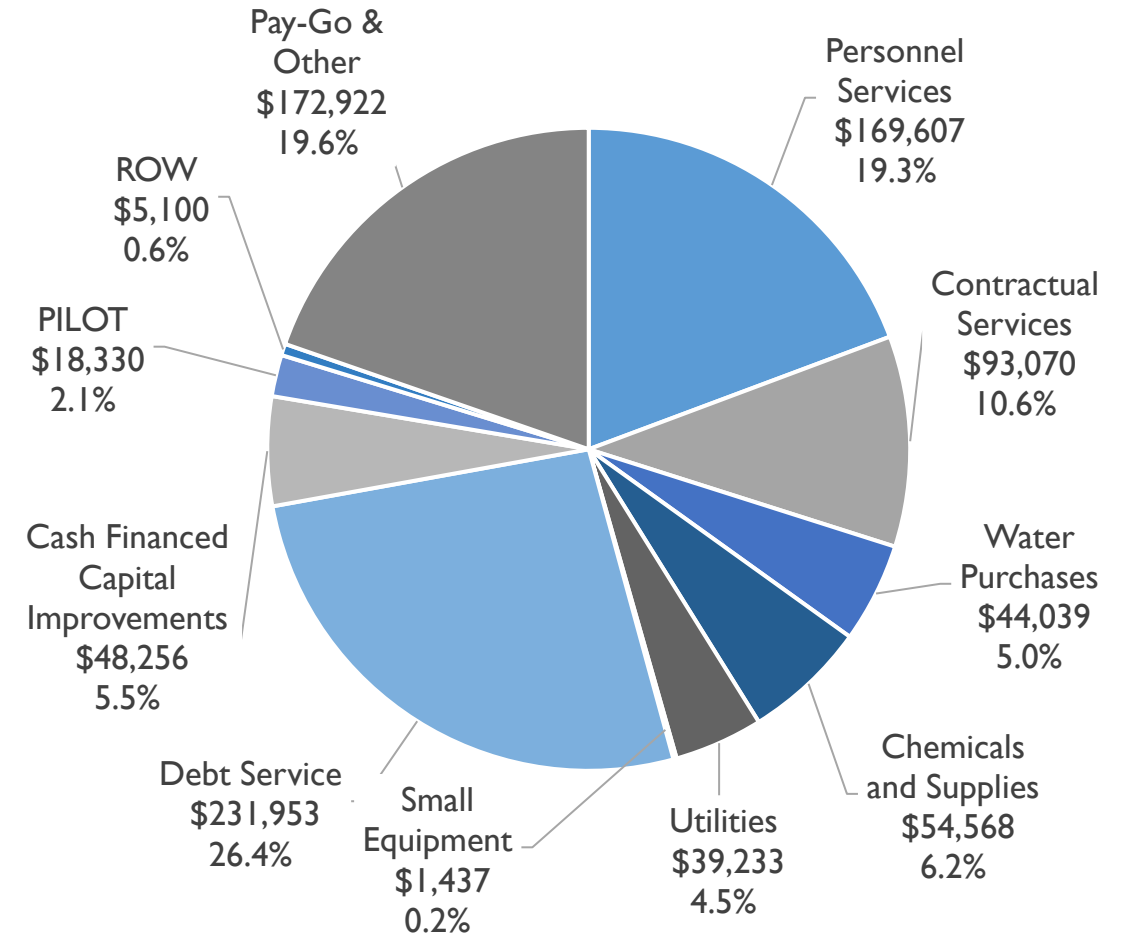
FY 2024 Operating: Sources and Uses of Funds

\$ in thousands

Sources - \$878.5 Million



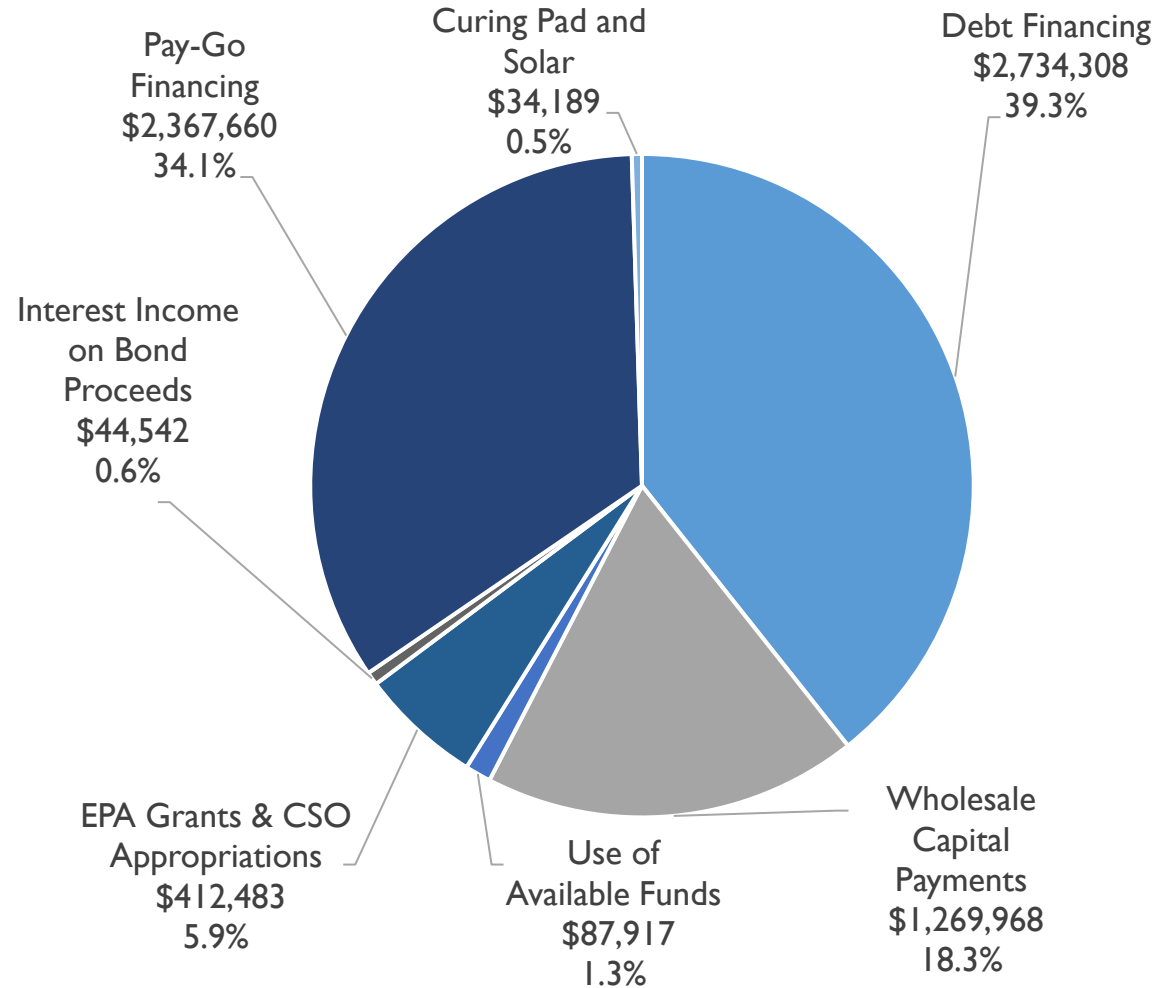
Uses - \$878.5 Million



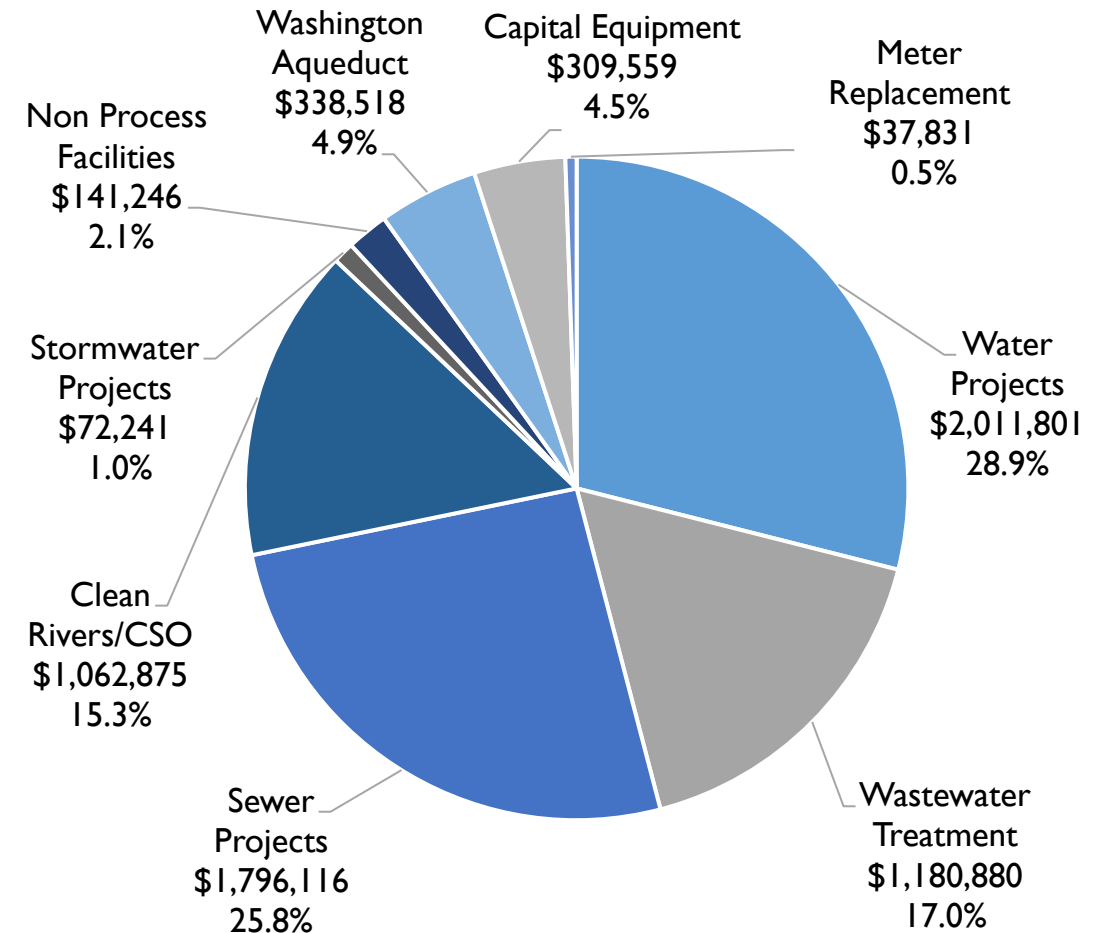
Ten Year CIP: Sources and Uses of Funds

\$ in thousands

Sources - \$6.95 Billion



Uses - \$6.95 Billion



Proposed Capital Improvement Program

Capital Improvement Program

\$605 MILLION ALLOCATED IN FY 2024 AND \$6.95 BILLION OVER THE TEN-YEAR PERIOD FOR INFRASTRUCTURE IMPROVEMENTS

- 💧 \$1.18 billion for upgrades at **Blue Plains**. Major projects include \$131.7 million for Effluent Filter and \$69.6 million for Secondary East and West Rebuild project
- 💧 \$962.6 million to complete the **Clean Rivers** program, including construction of the Potomac River Tunnel
- 💧 \$1.8 billion for **sewer system** upgrades to improve reliability and maintain capacity; includes \$325.4 million for Potomac Interceptor project
- 💧 \$1.4 billion to improve system that delivers **water** to our customers; projects will improve water quality, reduce risk of breaks and water loss and improve reliability of system
- 💧 \$612 million for the **Lead-Free DC** program to remove all lead service lines in the District by 2030
- 💧 \$141.2 million for **Non-Process Facilities**, including \$23.7 million for Solar
- 💧 \$338.5 million for infrastructure costs at the **Aqueduct**
- 💧 \$347.4 million for various **Capital Equipment** projects including fleet vehicles

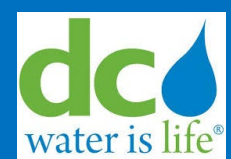


R Street NEBT - DCCR



Small Diameter Water Main I3D

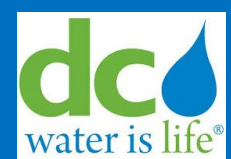
Details of the capital program will be discussed with the EQ&OPS Committee as part of the budget process



The Capital Improvement Program

- The **proposed ten-year CIP budget is \$6.95 billion** and includes proposed reductions in FY 2023 for capital projects and the Board-approved carry-over of funds for the purchase of vehicles and projected increase in the Aqueduct's capital projects
 - This is a \$531 million increase over the Board-approved CIP
- The **proposed lifetime budget is \$14.63 billion** and covers total commitments, including labor, for active projects prior to, during, and beyond the ten-year window

(Cash Disbursements \$ in thousands)	FY 2023 - FY 2032 CIP Disbursement Plan (Run 3C)											Lifetime Budget
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	10-yr Total	
NON PROCESS FACILITIES	\$ 22,104	\$ 24,614	\$ 25,247	\$ 32,462	\$ 24,646	\$ 3,879	\$ 2,293	\$ 2,000	\$ 2,000	\$ 2,000	\$ 141,246	\$ 269,010
WASTEWATER TREATMENT	71,907	84,442	117,684	137,739	145,555	143,319	140,299	132,166	123,098	84,671	1,180,881	3,535,160
COMBINED SEWER OVERFLOW	108,031	110,256	148,064	188,379	149,410	157,261	138,385	46,029	12,465	4,593	1,062,875	3,216,072
STORMWATER	7,509	12,839	8,319	7,571	5,837	3,812	4,305	7,162	8,682	6,205	72,241	216,779
SANITARY SEWER	68,031	118,457	185,109	168,564	222,916	277,735	271,002	222,140	143,246	118,914	1,796,116	2,727,733
WATER	108,909	188,371	238,506	242,278	247,009	242,826	221,357	203,725	154,341	164,479	2,011,801	3,572,035
CAPITAL PROJECTS	386,492	538,981	722,930	776,993	795,374	828,832	777,640	613,222	443,833	380,862	6,265,159	13,536,789
CAPITAL EQUIPMENT	47,421	30,535	31,654	31,776	34,334	34,334	34,334	34,334	34,334	34,334	347,390	347,390
WASHINGTON AQUEDUCT	67,523	35,155	29,480	29,480	29,480	29,480	29,480	29,480	29,480	29,480	338,518	338,518
ADDITIONAL CAPITAL PROJECTS	114,944	65,690	61,134	61,256	63,814	63,814	63,814	63,814	63,814	63,814	685,909	685,909
LABOR												404,476
TOTAL CAPITAL BUDGETS	\$ 501,437	\$ 604,671	\$ 784,064	\$ 838,249	\$ 859,188	\$ 892,646	\$ 841,454	\$ 677,036	\$ 507,647	\$ 444,676	\$ 6,951,067	\$ 14,627,174

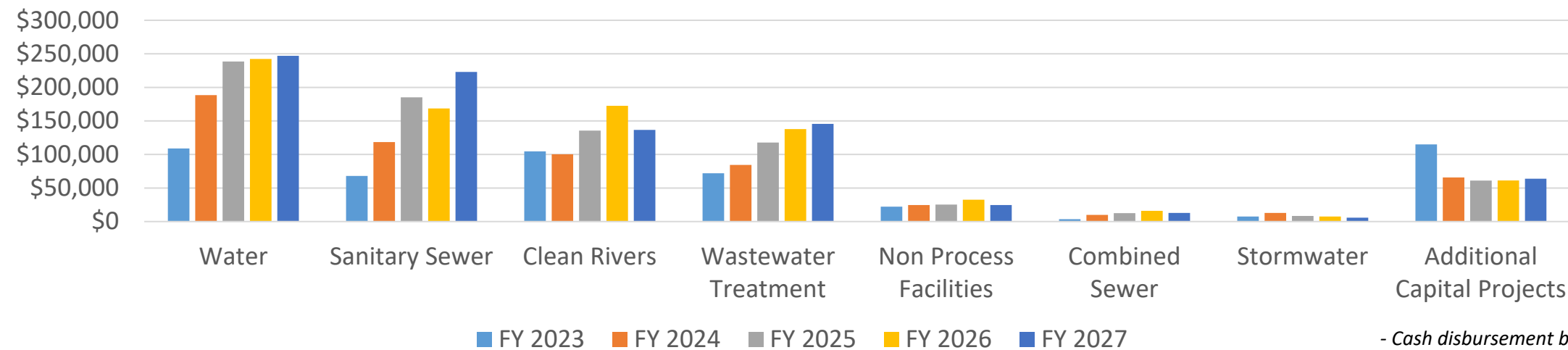


Near Term of the 10-Year CIP

- DC Water is proceeding with the increased investment in water and sewer projects as we advance the Lead-Free DC Program and approach the completion of the Clean Rivers tunneling program
 - Spending on water projects will more than double from \$108 million in FY 2023 to \$247 million by FY 2027
 - Spending on Lead-Free DC Program will increase from \$43 million in FY 2023 to \$110 million by FY 2026
 - Lead-Free DC Program accounts for 39% in FY 2023 and 45% in FY 2026 of overall spending on water projects
 - Significant growth in sewer projects from \$68 million in FY 2023 to \$223 million by FY 2027
 - Clean Rivers program is anticipated at 21% of the overall CIP in FY 2023, but only 5% by FY 2030 as the Potomac River Tunnel is completed
 - Spending on additional capital projects covers capital equipment and infrastructure improvements at the Aqueduct

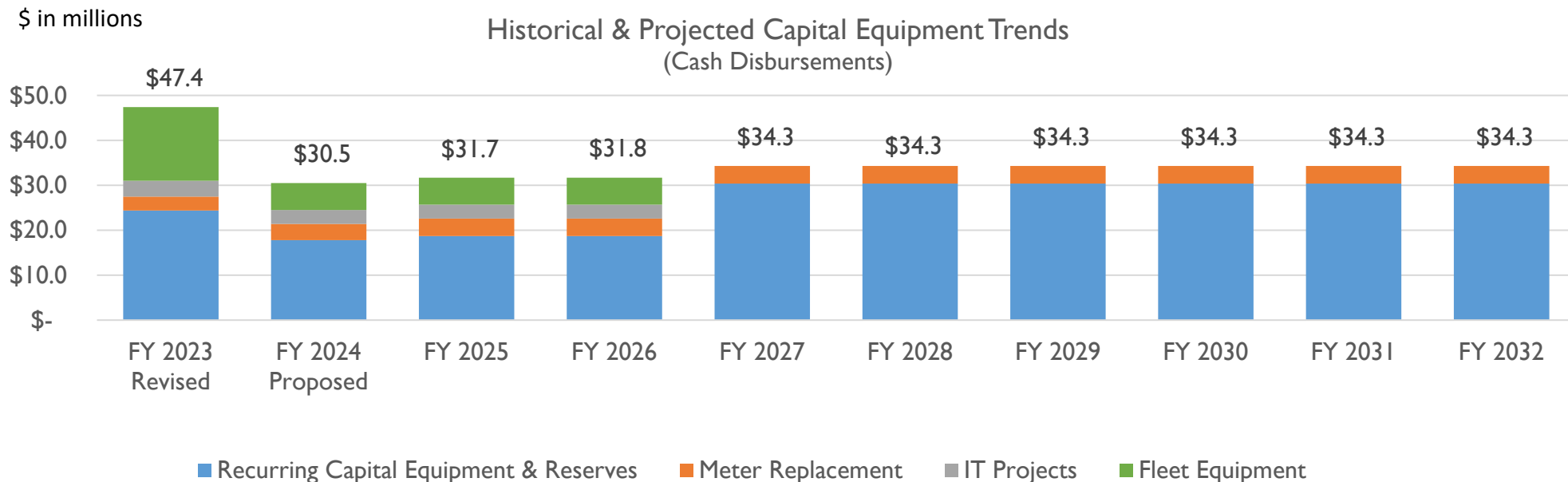
\$ in thousands

Projected Capital Disbursements (FY 2023 - FY 2027)



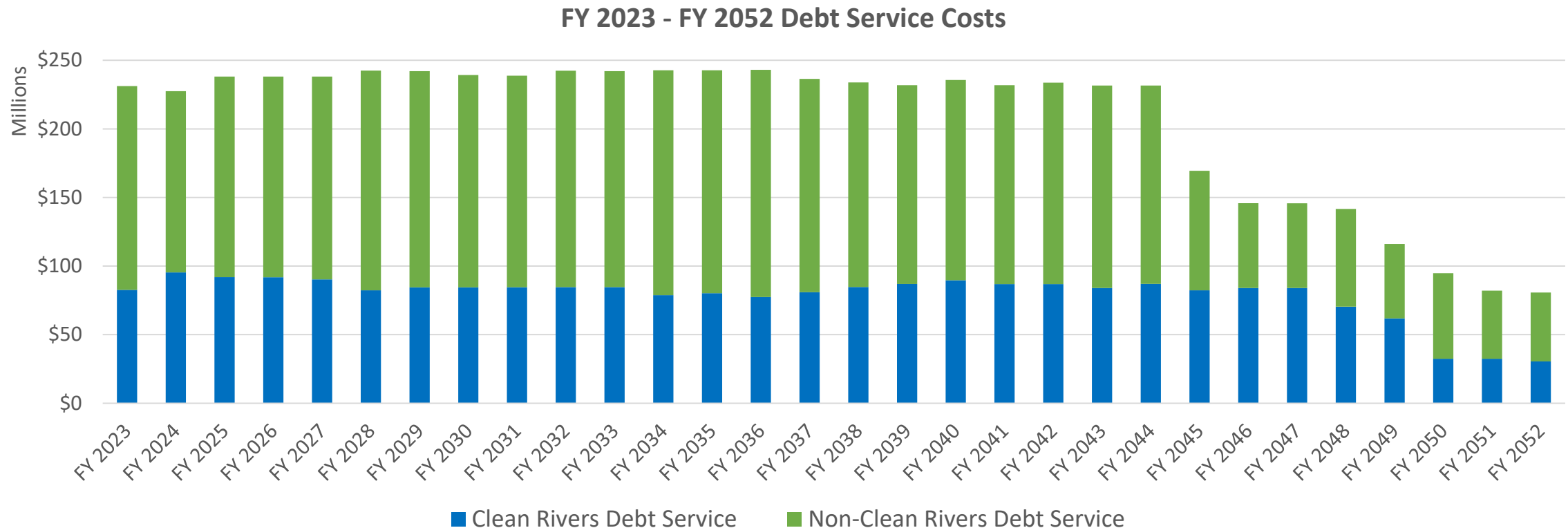
- Cash disbursement basis

- 💧 The overall FY 2023 budget is \$47.4 million and reflects the Board-approved carry-over of \$10.4 million from FY 2022 for the purchase of vehicles (anticipated for delivery in FY 2023) and \$7.2 million for the Aqueduct
- 💧 Ten-year disbursements of \$347.4 million for capital equipment include:
 - **Recurring Capital Equipment and Reserves** – This covers the purchase/replacement of pumps, motors, HVACs, roof, renovations, laptops, computers, servers, fire hydrants and includes the Authority-wide reserves for new facilities and unplanned equipment needs
 - **Information Technology (IT) Projects** – Funds new projects and upgrades to various Authority-wide technology systems
 - **Fleet Equipment** – Earmarks \$28.4 million from FY 2023 through FY 2025 to reduce vehicle backlog and help ensure that crews have the required equipment such as backhoes, jet-vacs, small and large dump trucks to meet operational needs

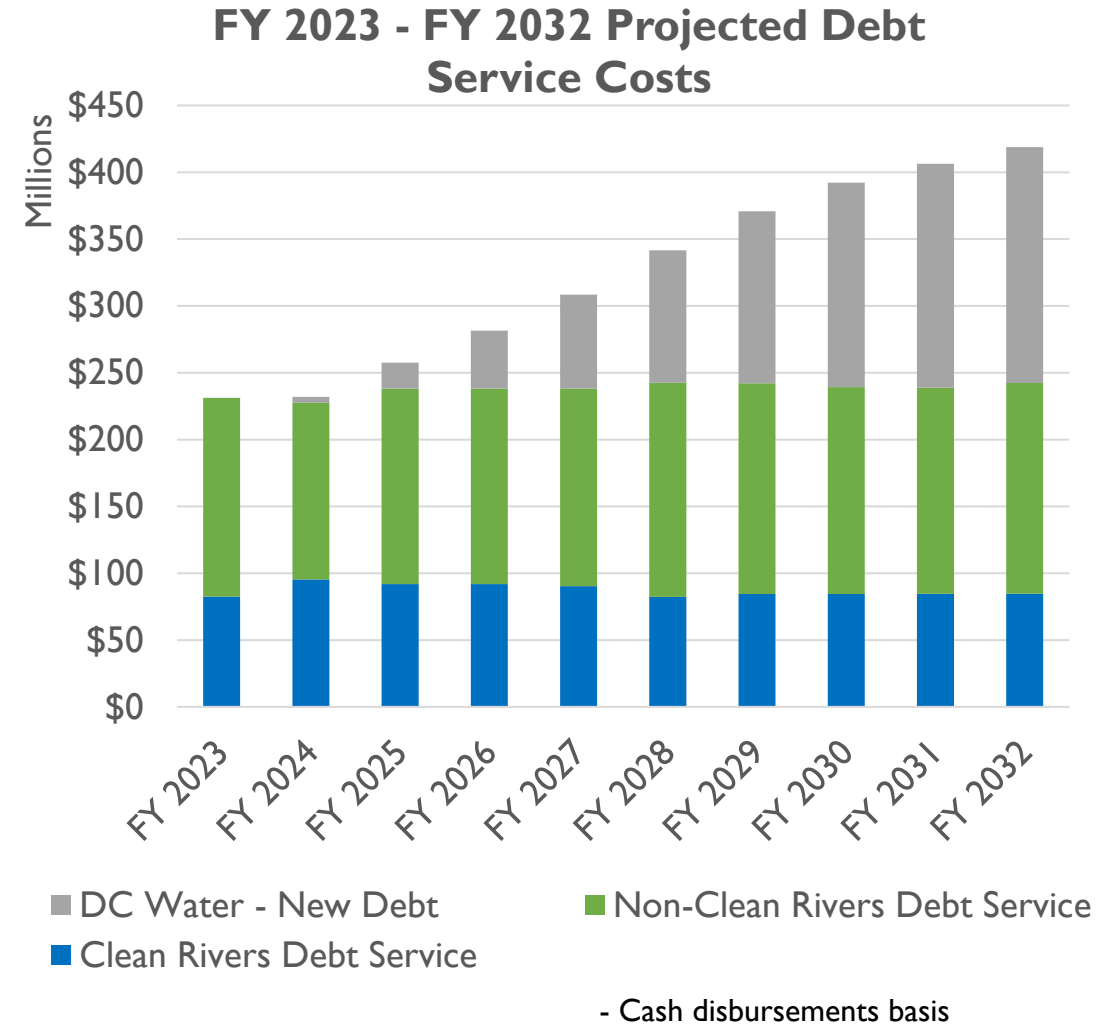


Debt Service for Existing Debt

- Debt service costs *for current debt* are projected to be approximately \$6.2 billion over the next 30 years through 2052
 - Clean Rivers debt service costs are \$2.4 billion and Non-Clean Rivers debt service costs are \$3.8 billion



- To advance the capital program, DC Water will borrow an additional \$2.7 billion over the next ten years
- These new debt service costs will require additional rate increases

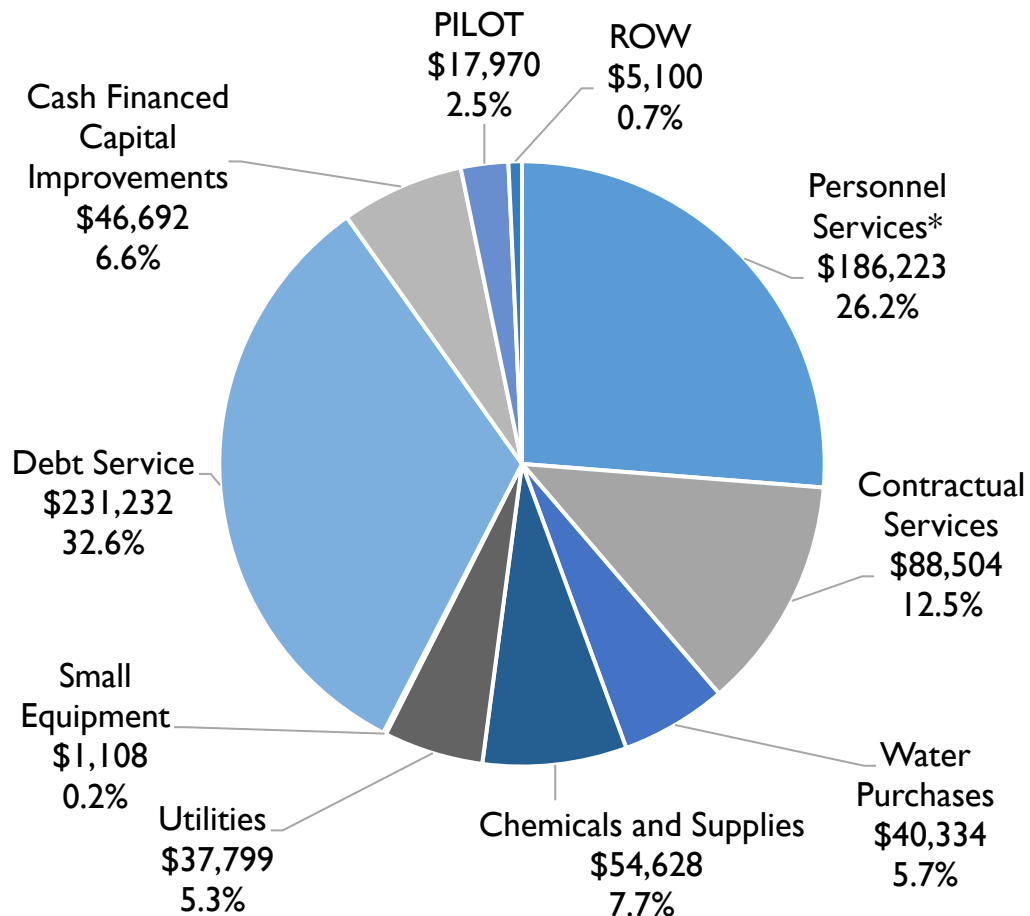


Proposed Operating Expenditure Budget

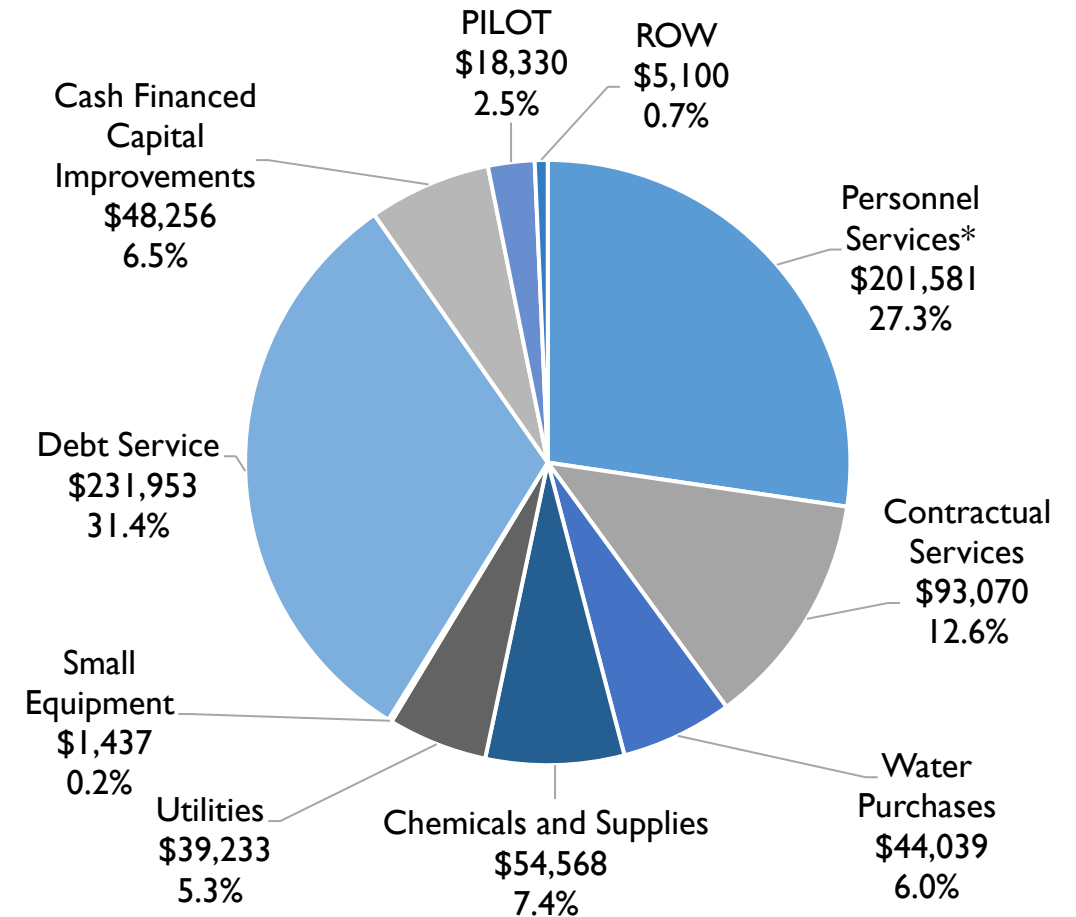
Revised FY 2023 vs. FY 2024 Expenditure Budgets

\$ in thousands

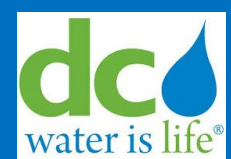
Proposed Revised FY 2023 \$709,589



Proposed FY 2024 \$737,567



* Personnel Services include capital labor charges

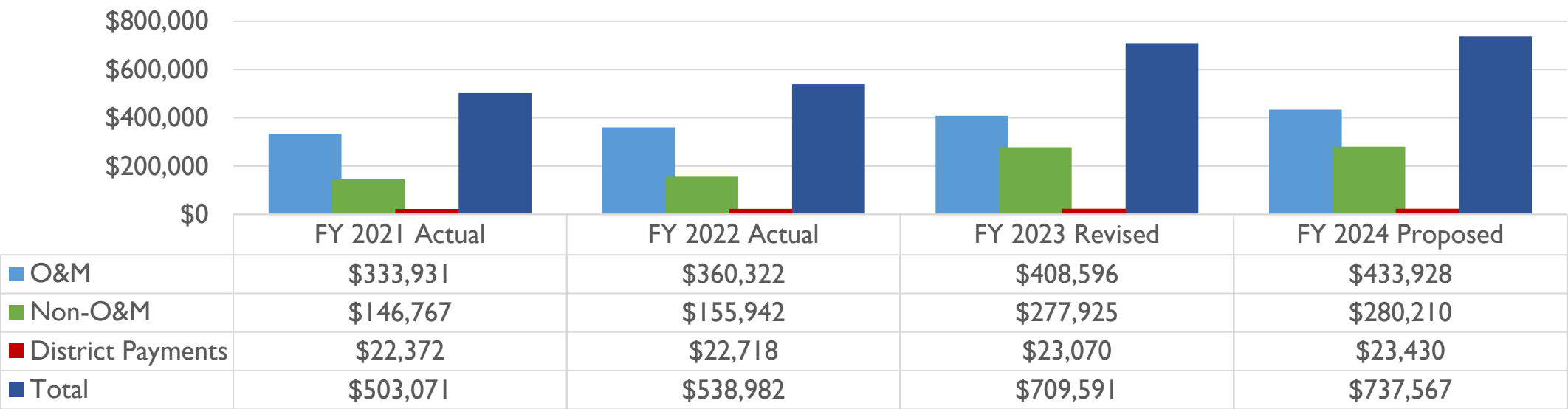


Operating Budget Trends

- **Operations & Maintenance (O&M)** costs include personnel, chemicals, supplies, utilities, contractual services, water purchase and small equipment
 - Historically, O&M costs have been consistently stable with an average growth of 3% per year. There was an 8% increase in FY 2022 compared to FY 2021 due to cost pressures in chemicals and energy
- **Non-O&M** costs include debt service cost and Cash Financed Capital Improvement (CFCI)
 - Debt service is one of the fastest-growing components of the overall budget and represents 31% of the total operating budget in FY 2024
- **District payments** is the Payment-in-Lieu of Taxes (PILOT) and Right of Way (ROW))

\$ in thousands

Annual Operating Expenditures



Operating Budget Comparison by Cost Category

- Proposed revision for FY 2023 reflects additional \$20.6 million to cover cost pressures in chemicals and energy
- Proposed FY 2024 Operations & Maintenance expenditure is projected to be \$433.9 million, an increase of \$25.3 million or 6.2%
- The overall operating expenditure is projected to be \$737.6 million, an increase of \$28 million or 3.9%

(\$000's)	FY 2022			FY 2023		FY 2024	(Increase)/ Decrease	
	Approved	Actuals	Variance	Proposed	Revised	Proposed	\$	%
Regular Pay	\$ 132,173	\$ 125,169	\$ 7,004	\$ 137,044	\$ 147,203	\$ (10,159)		-7.4%
Benefits	40,038	38,872	1,166	40,960	45,869	(4,909)		-12.0%
Overtime	8,143	9,188	(1,045)	8,218	8,509	(291)		-3.5%
Total Personnel Services	180,353	173,229	7,124	186,222	201,581	(15,359)		-8.2%
Chemical and Supplies	34,202	39,189	(4,988)	54,628	54,568	60		0.1%
Utilities	27,329	37,820	(10,491)	37,799	39,233	(1,434)		-3.8%
Contractual Services	88,504	75,878	12,626	88,504	93,070	(4,566)		-5.2%
Water Purchases	35,217	33,345	1,872	40,334	44,039	(3,705)		-9.2%
Small Equipment	1,108	862	246	1,108	1,437	(329)		-29.7%
Total Non-Personnel Services	186,359	187,094	(735)	222,373	232,347	(9,974)		-4.5%
Total Operations & Maintenance	366,711	360,323	6,388	408,595	433,928	(25,333)		-6.2%
Debt Service	231,164	209,768	21,396	231,232	231,953	(721)		-0.3%
PILOT & ROW	22,718	22,718	-	23,070	23,430	(360)		-1.6%
Cash Financed Capital Improvements	37,830	37,830	-	46,692	48,256	(1,564)		-3.4%
Total Non-O&M	291,712	270,315	21,396	300,994	303,639	(2,645)		-0.9%
Total Operating Expenditure	658,423	630,638	27,785	709,589	737,567	(27,978)		-3.9%
Capital Labor Charges	(25,086)	(24,413)	(673)	(30,435)	(31,974)	1,539		-5.1%
Net Operating Expenditure	\$ 633,337	\$ 606,225	\$ 27,112	\$ 679,154	\$ 705,593	\$ (26,439)		-3.9%

Market Cost Pressures and Budget Drivers

- 💧 Chemicals – Average growth of \$14.6 million or 50.3 percent from FY 2022 to FY 2023
 - Chemical costs exceeded the budget by \$3.9 million in FY 2022 mainly due to higher than anticipated unit prices for major chemicals such as methanol, ferric chloride, sodium hypochlorite
 - Current forecasts average 31 percent spike in the unit prices for major chemicals
- 💧 Electricity – Significant increase of \$9.2 million above the budget in FY 2022
 - Energy prices skyrocketed from \$78.88 per MWh in FY 2020 to \$139.36 per MWh in FY 2022, resulting in almost 50 percent increase in costs
 - DC Water continues to monitor the energy market for opportunities to hedge its energy portfolio to assure budget certainty and mitigate significant budget impact
 - Currently, 10MW has been hedged for FY 2023 and 8MW for FY 2024 (Annual usage of 33MW)
- 💧 Water – Increased usage due to changes made in the treatment process

Proposed FY 2023 Budget Revision

- 💧 Operating Expenditure Budget – Proposed increase of \$20.2 million
 - Board-adopted budget of \$686.4 million was amended upward by \$6 million using \$3 million from the FY 2022 net cash and \$3 million from projected underspending in debt service to address chemical and energy pressures
 - Proposed Revisions:
 - Chemical costs - proposed increase of \$14.6 million
 - Electricity - proposed increase of \$4 million
 - Water Usage increase - proposed increase of \$2 million
 - Debt Service - reduction of \$3.4 million due to structure of new debt and refinancing

	Adopted	Amendment	Amended	Revision	Revised
Operations & Maintenance	\$ 381,961,933	\$ 6,000,000	\$ 387,961,933	\$ 20,634,000	\$ 408,595,933
Debt Service	234,679,318	(3,000,000)	231,679,318	(446,823)	231,232,495
PILOT & ROW	23,070,220		23,070,220		23,070,220
Cash Financed Capital Improvement	46,691,694		46,691,694		46,691,694
Total Operating Budget	\$ 686,403,165	\$ 3,000,000	\$ 689,403,165	\$ 20,187,177	\$ 709,590,342

RETAIN AND ATTRACT THE BEST TALENT TO DELIVER SUPERIOR CUSTOMER SERVICE

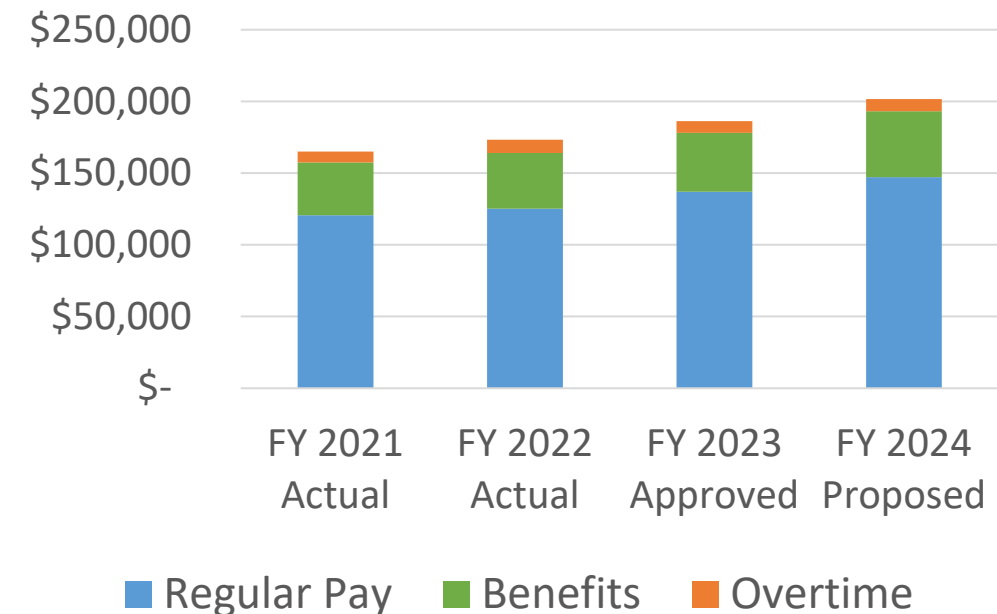
💧 Personnel Services – Increase of \$15.4 million or 8.2%

- **Regular Pay** – Increase of \$10.2 million for
 - Merit increases and bonus payments consistent with the union agreement which will expire September 30, 2023
 - 73 new positions approved as part of the FY 2023 budget cycle
 - 13 positions supported by revenues from increased miscellaneous fees, starting FY 2023
 - 17 new positions proposed in FY 2024
 - Career advancement framework for impacted employees at Blue Plains
 - Apprenticeship program for 17 apprentices
 - Summer internship program
- **Benefits** – \$4.9 million based on current forecasts for health costs and retirement contributions due to increase in salaries
- **Overtime** – Slight increase of \$0.3 million due to the increase in salaries and is mainly used for emergency repairs of ageing infrastructure



Personnel Services

\$ in thousands



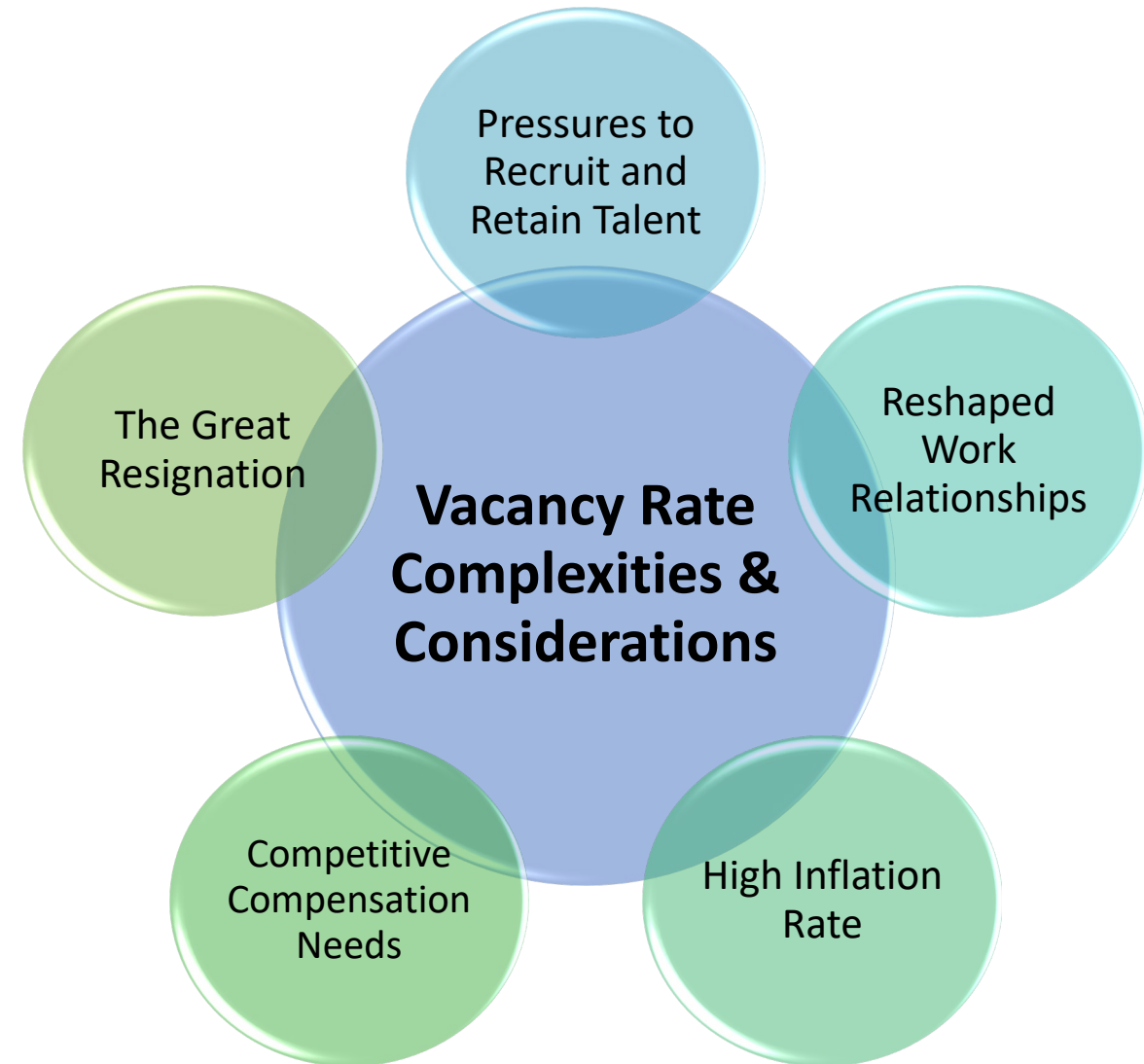
Additional FTEs in FY 2024

Below are the additional FTEs proposed in the FY 2024 budget. These have been partially funded at \$1.9 million consistent with projected recruitment timeline and activities. The annualized costs will be included in future personnel budget

Cluster	Dept. Proposal	Proposed Request	Program
People & Talent	4	2	<ul style="list-style-type: none"> • Create focus on Diversity, Equity and Inclusion (DEI) efforts and support increased recruitment efforts
Marketing & Communication	9	4	<ul style="list-style-type: none"> • Increased demand for specialists to support customer communications, social media, graphics and video design activities
Strategy & Performance	2	1	<ul style="list-style-type: none"> • Continue in-house expansion of innovation program
Shared Services	13	2	<ul style="list-style-type: none"> • Entry-level Safety Technicians to safety provide day to day boots on the ground support and increase engagement and communication with staff
Customer Care	3		<ul style="list-style-type: none"> • No recommendations
Wastewater	7	5	<ul style="list-style-type: none"> • Additional mechanics to maintain the increased assets at the Blue Plains • Increase in-house crane operations to support Bloom production
Pumping & Sewer Services	10	2	<ul style="list-style-type: none"> • Continue high quality condition assessment, asset availability, inspections, calibration, instrumentation reviews and coverage during after hours
Engineering	5	1	<ul style="list-style-type: none"> • In-house resource for as-builds program with offsetting reduction in contractual services
Total	53	17	

Vacancy Challenges & Opportunities

- 💧 DC Water like many organization faces challenges with increased vacancy trends based on market trends
- 💧 One recruiter in each Fiscal Year has been approved for FY 2023 and FY 2024 to support the increased recruitment efforts
- 💧 Management plans to leverage the Blueprint 2.0 program goals to modernize its compensation strategies and solutions, based on market data, to continue to attract and retain the right talent
- 💧 These process improvements will help to better inform our hiring strategies and lower the historically high vacancy rate

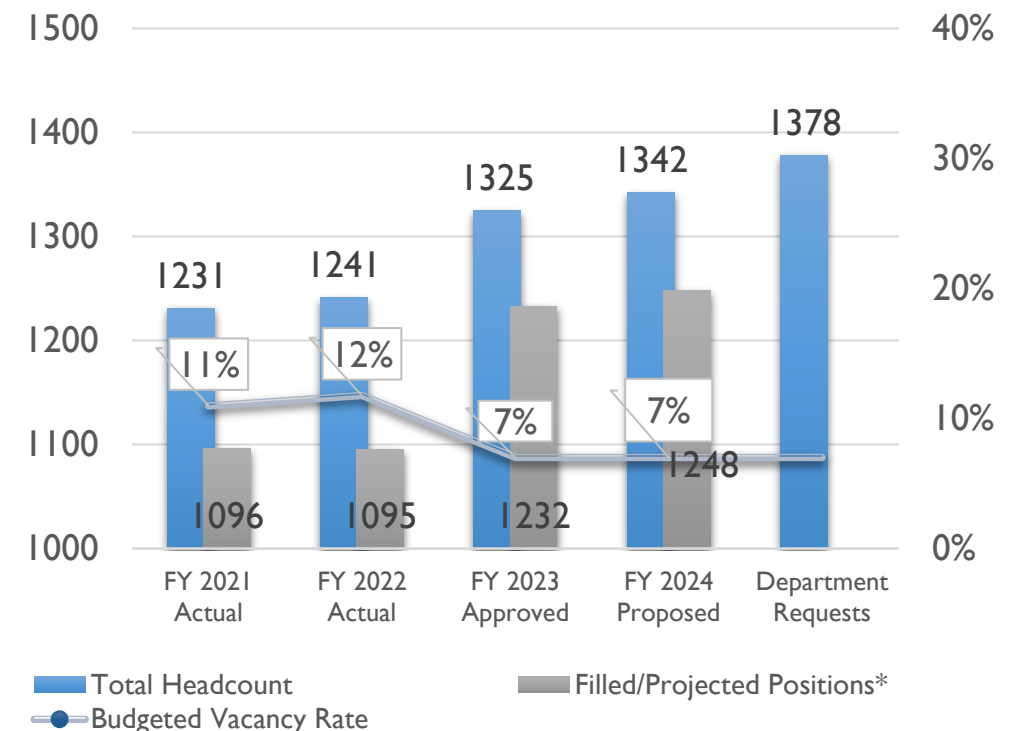


STRATEGIC DIRECTION: ACHIEVE LOWER VACANCY RATE

- Historical vacancy rate based on Authorized headcount is 9% - 12% per year
- YTD vacancy rate through December 2022 is 17% due to the new positions added for FY 2023
- Proposed FY 2024 headcount of 1342 FTEs
 - Adds 17 new positions to maintain our increased assets, provide customer engagement and communication needs, and support recruitment and Diversity, Equity and Inclusion efforts
- Budgeted vacancy rate of 7% assumed in FY 2023 & FY 2024
 - If all positions were fully budgeted that would add \$13.8 million to the budget and revenue requirements



Historical & Projected Headcount



* Projected positions include filled positions and vacant positions for FY 2023 & FY 2024

💧 Chemicals & Supplies – \$54.6 million is relatively flat

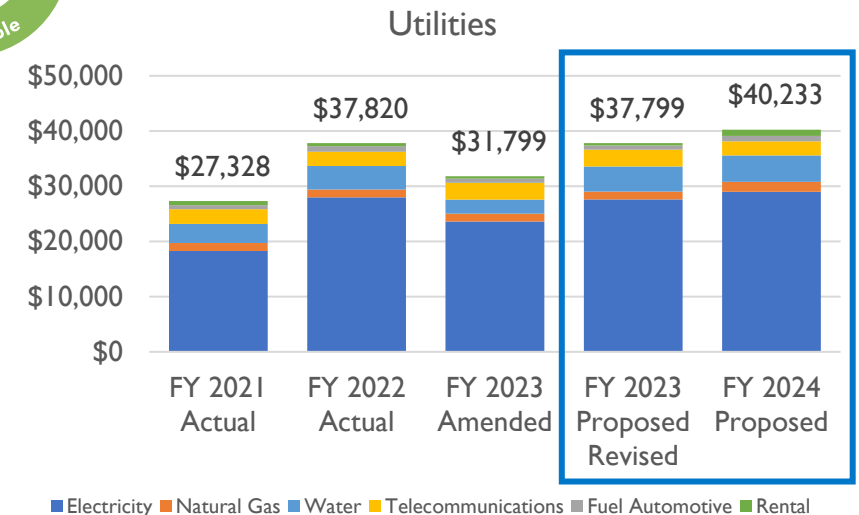
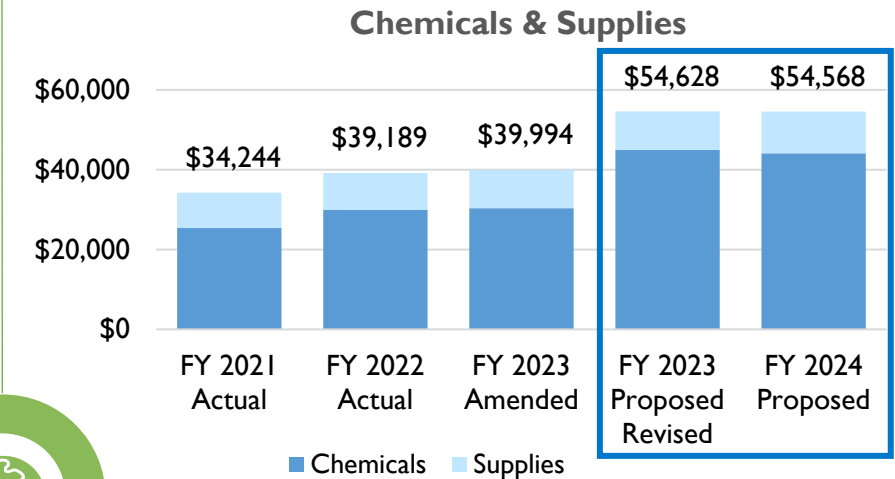
- *Chemicals* – \$0.9 million decrease for major chemicals (e.g., Methanol) used in the wastewater treatment process which is subject to volatility in the energy market
- *Supplies* – \$0.9 million increase is for critical parts and supplies needed for the maintenance of DC Water equipment and facilities

💧 Utilities – \$40.2 million or increase of \$2.4 million

- *Electricity* – \$1.3 million increase for energy needed to operate the Plant, Pump Stations and Operational facilities. Onsite electric generation of 7MW from the Combined Heat & Power Facility continues to reduce the rate of growth of electricity costs and DC Water’s reliance on the power grid
- *Water Usage* – Increase of \$0.2 million is due to changes made in the treatment process at the Plant
- *Gas & Automotive Fuel* – Increase of \$0.5 million based on forecasts for fuel prices driven by the energy market
- *Rental of Land & Structures* – Increase of \$0.7 million partly due to space rental needs for sewer vehicles and funding for the water usage by Soldiers Home
- *Telecommunications* – Decrease of \$0.5 million based on spending trends



\$ in thousands



Water Purchases and Small Equipment

💧 Water Purchase – \$44 million or an increase of \$3.7 million

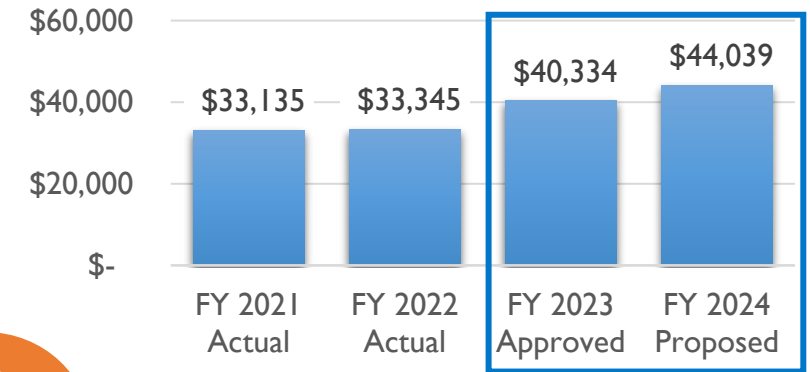
- DC Water purchases drinking water from the Washington Aqueduct and is responsible for approximately 75% of the Aqueduct's projected operating costs
- This includes funding for DC Water's share of the McMillan Sewer backwash (\$3.5 million) with offsetting revenue opportunity

💧 Small Equipment – \$1.4 million or increase of \$0.3 million

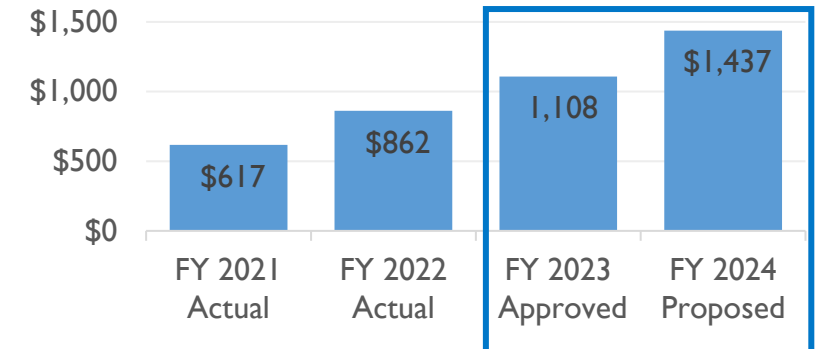
- This is mainly for the purchase of small items such as office equipment, cameras, small appliances and tools, rental of postage machines, etc.
- Proposed increase is due to inflationary cost pressures for critical equipment

\$ in thousands

Water Purchases



Small Equipment



ABOUT 53% OF OVERALL CONTRACTUAL SERVICES IS ALLOCATED TO CRITICAL MAINTENANCE AND PROFESSIONAL SERVICES TO KEEP OUR ASSETS IN GOOD OPERATIONAL AND RELIABLE CONDITION

Areas of Decreases

- Credit card fees through initiative to charge for use
- Workers' compensation claims consistent with historical trends
- Reduced estimates for various programs including temporary staffing, leak detection assistance and other contracts

Areas of Increases

- Maintenance and repairs of various equipment (HVAC, elevators, security) and facilities including the new Fleet and Sewer Services buildings
- Rising cost of insurance premiums
- New and expanded programs to support Building Information Management (BIM), PFAS monitoring, customer engagement, marketing campaigns, innovation, strategic activities
- Training and workforce development for staff

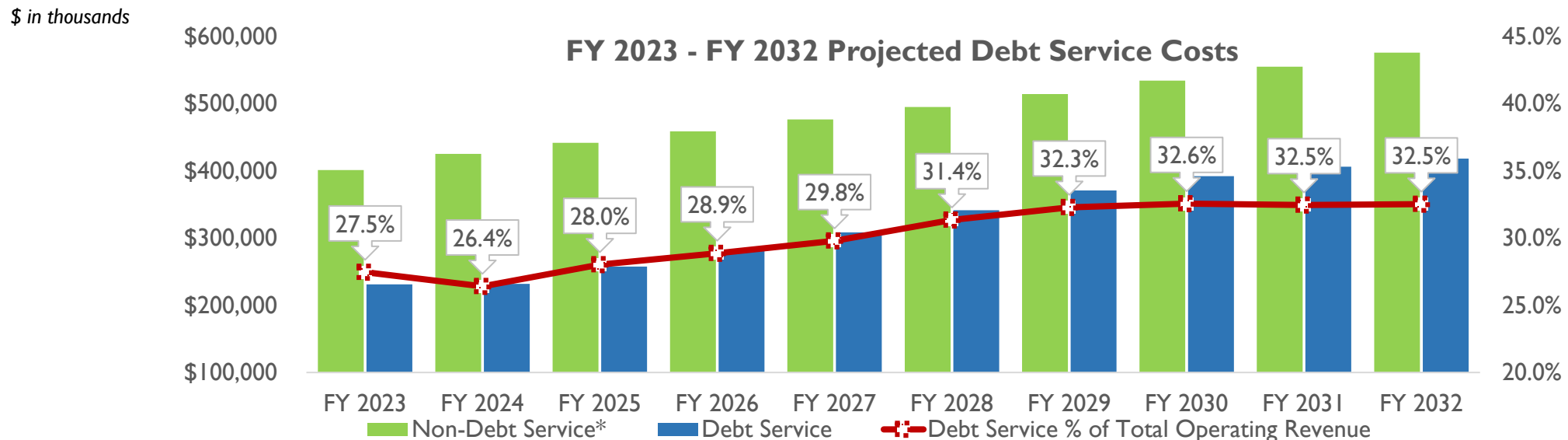
(000s)	FY 2023 Approved	FY 2024 Proposed	(Increase) / Decrease	
			\$	%
Maintenance and Repairs	\$ 9,683	\$ 12,547	\$ (2,864)	-30%
Software and Hardware Maintenance	11,130	11,596	(466)	-4%
Professional Services	37,764	37,222	543	1%
Contractual Services	12,166	12,932	(766)	-6%
Insurance and Bonds	4,127	5,561	(1,434)	-35%
Judgements Indemnities and Claims	3,320	2,488	832	25%
Employee Training & Travel	2,070	2,619	(549)	-27%
Government Fees	453	453	(0)	0%
Professional Fees & Audit Costs	2,103	2,305	(202)	-10%
Non-RatePayer Revenue Fund	1,000	1,030	(30)	-3%
Other Contractuals	5,687	5,348	339	6%
Total Contractual Services	\$ 89,504	\$ 94,100	\$ (4,596)	-5%

Professional Services - Includes funding for Combined Heat & Power facility support, credit card fees, litigation, legal contingency, community outreach programs, research & development, temporary staffing, information system support, security, strategic programs, employee-employment related and other compliance services

Contractual Services - Covers hauling and disposal, biosolids hauling, grit removal & disposal, wet well cleaning, industrial cleaning, catch basin & reservoir cleaning, janitorial, trash removal services, etc.

💧 Debt service is the largest driver in the operating budget

- \$3.8 billion in debt currently outstanding, including \$1.5 billion issued for Clean Rivers
- Represents 32.9% of the total operating expenditure budget and 26.4% of operating revenue in FY 2024
- Over the next ten years, about \$2.7 billion is anticipated to be borrowed to fund capital expenditures
- Debt service cost is projected to grow from \$231.2 million in FY 2023 to \$418.8 million by FY 2032 (approx. 81% increase)



* Non-Debt Service includes O&M, PILOT, ROW and CFCI estimates

Non Operations & Maintenance Budget Drivers

- 💧 **Debt Service** – \$232.0 million or increase of \$0.7 million
 - 💧 New debt service costs for debt projected to be issued in FY 2024 offset by reductions in existing debt

- 💧 **PILOT & ROW** – \$23.4 million or increase of \$0.4 million consistent with MOUs
 - PILOT – Increase of \$0.4 million for payments to the District
 - ROW – Remains at the FY 2022 level of \$5.1 million for payments to the District

- 💧 **Cash Financed Capital Improvements** – \$48.3 million or increase of \$1.6 million
 - PAYGO funding

- 💧 **Capital Labor Charges** – \$32.0 million or increase of \$1.5 million
 - Funds personnel costs incurred on capital projects
 - Continues the in-sourcing of key engineering functions to support the capital program

Chemicals and Energy

- FY 2023 Revised and FY 2024 Proposed budgets reflect current cost pressures
- Budget reflects most likely scenario based on analysis of business unit and budget office; If cost pressures subside, there could be budget savings

Contractual Services

- Budgeted throughout the Authority
- Full funding required to issue contracts

Personnel

- As of December 2022, 1095 of the budgeted 1325 positions was filled; vacancies are budgeted less than 2080 hours (vacancy credit)
- Vacancies in excess of budget assumptions would drive budget savings

💧 Budget for Cash Financed Capital Improvements (CFCI) serves as a contingency

- Budgeted funds are used as pay-as-you-go (PAYGO) capital funding
- If operating costs exceed budget, CFCI is reprogrammed out and PAYGO is reduced
- If operating costs are less, unspent budget will be reprogrammed to CFCI and used as PAYGO, reducing debt service costs for all customers

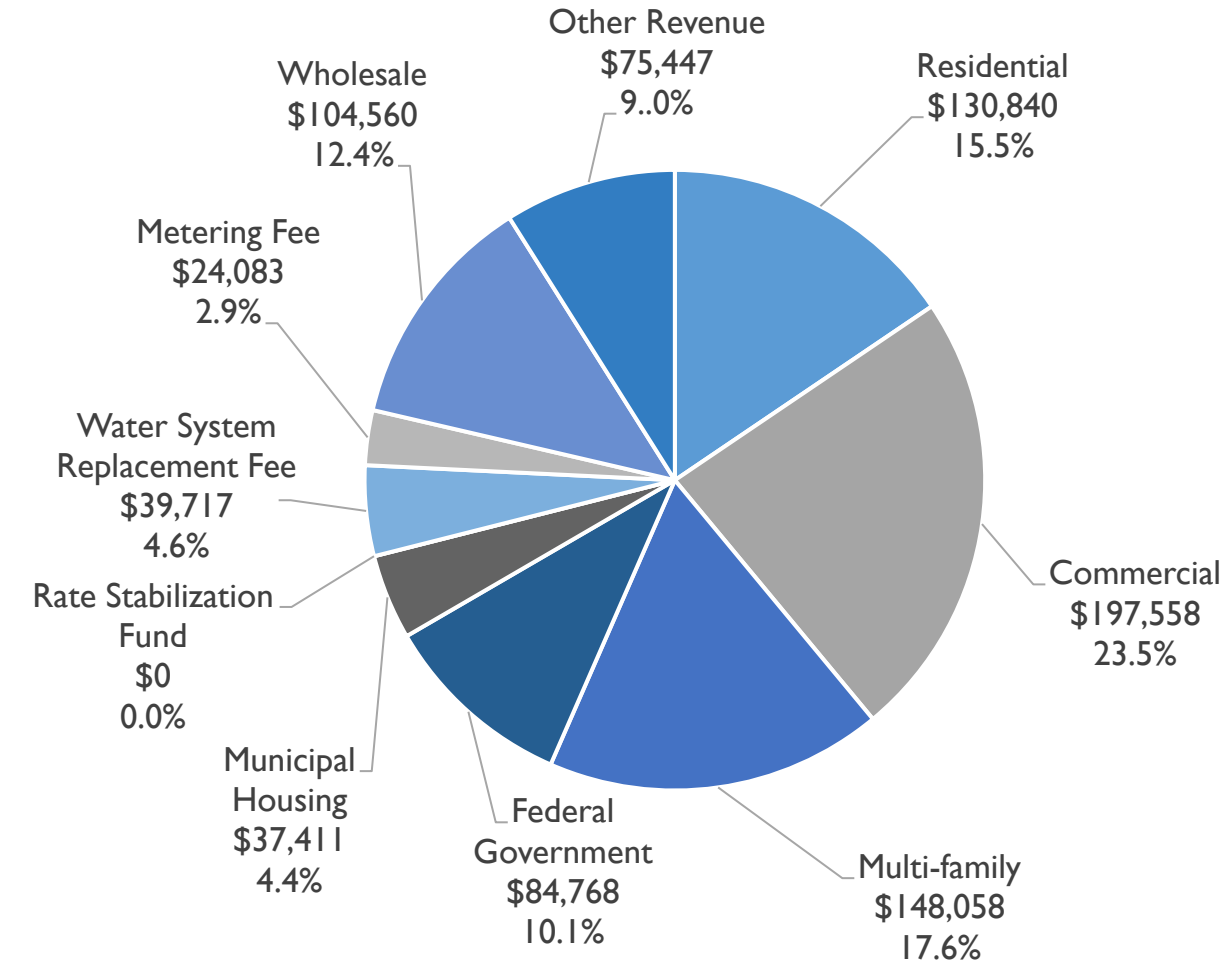
- 💧 Personnel - Overtime during emergencies, increased healthcare cost, lower than anticipated vacancy rate, and other leave adjustments typically funded by vacancies
- 💧 Union Agreement – Current Labor Compensation Agreement with the five unions expiring September 30, 2023
- 💧 Chemicals - Market volatilities, unit prices, rain events, process optimization
- 💧 Utilities - Market volatilities, onsite energy optimization, solar project output & timeline
- 💧 New Facilities - Parts, equipment and maintenance requirement for tunnels, treatment facilities and the new buildings for Fleet Services and Sewer Services
- 💧 Biosolids/BLOOM - Hauling/marketing of 70,000 tons
- 💧 Litigation & Insurance - Impacts of unanticipated legal cases and insurance policy requirements

Operating Revenues and Financial Plan

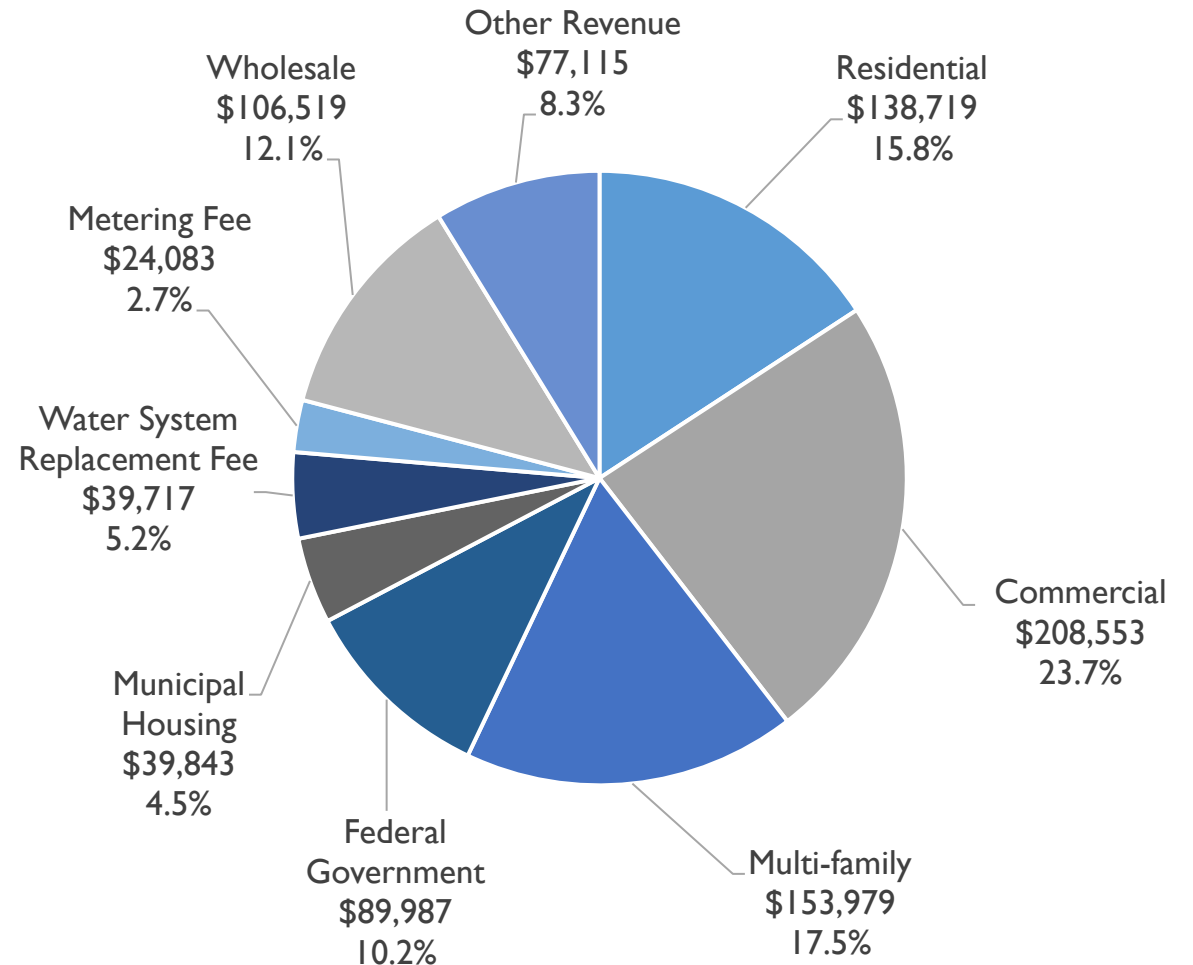
FY 2023 vs. FY 2024 Operating Revenues

\$ in thousands

Revised FY 2023 \$842.4 million



Proposed FY 2024 \$878.5 million



💧 FY 2023 and FY 2024 Revenues have been revised upward due to following:

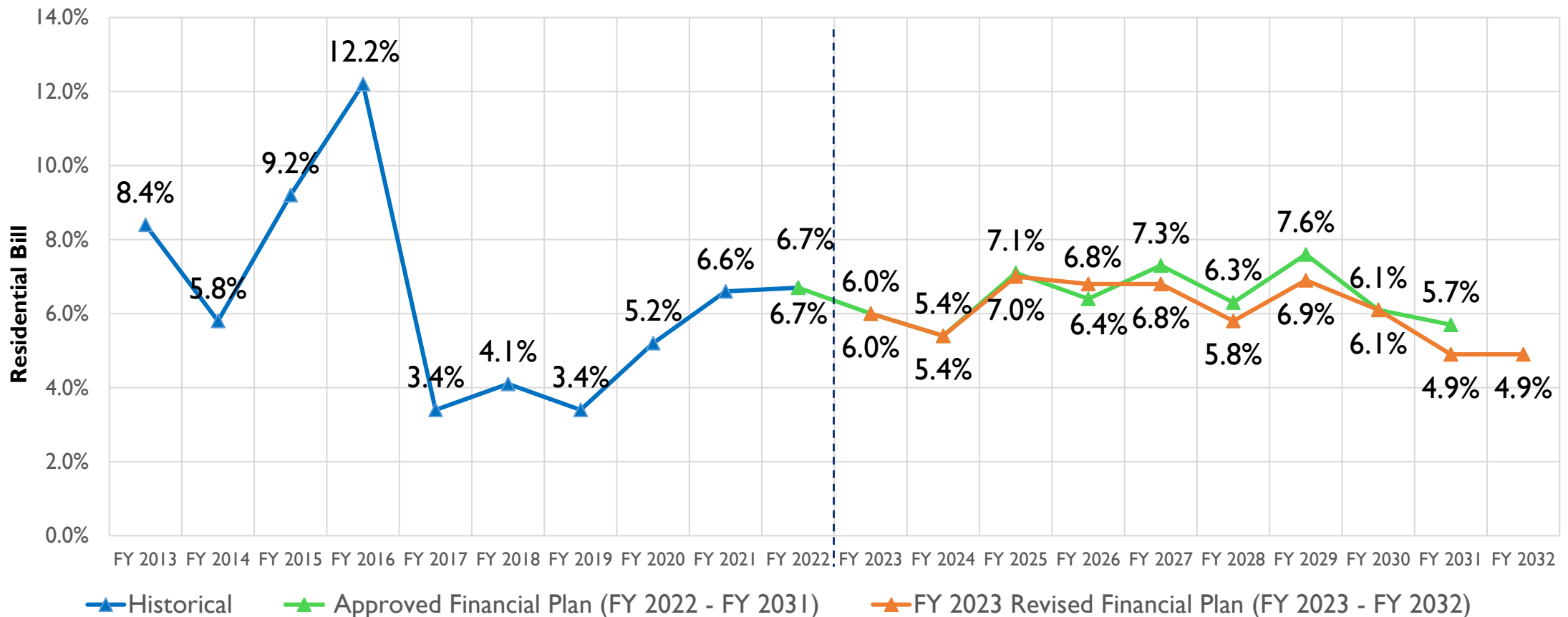
- Retail Revenue – higher projected consumption by 1.0 million Ccf
- Wholesale Revenue – increase in O&M cost
- Interest Earnings and Interest on Bond Reserves – higher projected interest rates
- Other Revenue – increase in projected Engineering/Permit fee based on Cost of Service

FY 2023	Current	Revision	Proposed
Retail Revenue	\$ 667,024,202	\$ 18,481,139	\$ 685,505,341
Wholesale Revenue	85,720,070	18,839,431	104,559,501
Interest Earnings	4,161,829	2,866,384	7,028,213
Other Revenue	42,861,646	1,966,795	44,828,441
Interest on Bond Reserve	225,034	295,811	520,845
Total	\$ 799,992,781	\$ 42,449,560	\$ 842,442,341

FY 2024	Current	Revision	Proposed
Retail Revenue	\$ 689,378,359	\$ 28,932,111	\$ 718,310,470
Wholesale Revenue	89,142,239	17,376,830	106,519,069
Interest Earnings	4,150,788	3,544,015	7,694,803
Other Revenue	44,756,646	882,795	45,639,441
Interest on Bond Reserve	276,595	74,296	350,891
Total	\$ 827,704,627	\$ 50,810,047	\$ 878,514,674

Historical and Projected Combined Rate Increases

- FY 2023 and FY 2024 rates were previously adopted
- In FY 2027 and beyond, forecasted rates are slightly lower than previously estimated because of increase in projected revenues mainly due to higher consumption forecast



Revenue Comparison by Customer Class

- Total revenue is projected to increase by \$8.8 million for FY 2023 as compared to FY 2022 Actual and increase by \$36.1 million or 4.3% for FY 2024 due to the rate increase
 - *Retail Revenue* – Decrease by \$17.6 million or 2.6% in FY 2023 and increase by \$32.4 million or 4.9% in FY 2024. The decrease in FY 2023 is due to utilization of \$52.1 million RSF in FY 2022; \$41.6 million RSF was transferred to ending cash balance
 - *Wholesale Revenue* – Increase by \$19.7 million or 23.2% in FY 2023 and increase by \$2.0 million or 1.9% for FY 2024 due to operations and maintenance expense projection. Revenue estimates are based on most recent flow data

\$ in thousands	Actual FY 2022	Revised FY 2023	Proposed FY 2024	FY 2023 vs FY 2022		FY 2024 vs FY 2023	
				Incr/(Decr)		Incr/(Decr)	
				\$	%	\$	%
Retail Revenue	\$680,026	\$662,435	\$694,881	-\$17,591	-2.6%	\$32,446	4.9%
Wholesale Revenue							
Potomac Interceptor (PI)	3,405	3,547	3,547	141	4.1%	-	0.0%
Loudoun County Sanitation Authority (LCSA)	7,695	9,300	9,538	1,604	20.8%	239	2.6%
Washington Suburban Sanitary Commission (WSSC)	59,049	73,648	74,959	14,599	24.7%	1,312	1.8%
Fairfax County*	14,749	18,066	18,475	3,316	22.5%	409	2.3%
Total Wholesale Revenue	\$84,899	\$104,560	\$106,519	\$19,659	23.2%	\$1,960	1.9%
Other Revenue	68,670	75,447	77,115	6,777	9.9%	1,668	2.2%
Rate Stabilization Fund (RSF)	-	-	-	-	-	-	-
Total Revenues**	\$833,595	\$842,442	\$878,515	\$8,846	1.1%	\$36,073	4.3%

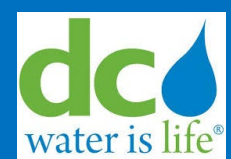
* The reduced revenues for Fairfax reflects decrease in percentage flow in 2021 (9.16%) as compared to 9.78% that was used in the FY 2022 approved budget last year. Most recent flow that is available at the time of preparing the projections is used to estimate revenue. However, actual costs will be distributed, and revenues recouped using actual flows for FY 2023 and FY 2024

** FY 2022 receipts include \$41.6 million RSF amount, which was transferred to ending cash balance

- 💧 DC Water's 10-year financial plan serves as the fiscal roadmap to achieve the Board's strategic plan
- 💧 It is one of management's key tools to monitor progress in meeting financial goals and targets
- 💧 It also ensures meeting or exceeding all debt-related legal and policy requirements, as well as maintaining sufficient liquidity to meet all current financial obligations
- 💧 DC Water's financial plan objectives focus on:
 - Minimizing rate increases while meeting all financial obligations;
 - Satisfying all indenture requirements and Board policies; and
 - Maintaining DC Water's current credit ratings of AAA/Aa1/AA+

Ten-Year Financial Plan Assumptions

- 💧 Maintain Debt Service as a percentage of revenue equal to 33.0 percent or less
- 💧 Maintain combined coverage of 160 percent
- 💧 Maintain 250 days of cash excluding Rate Stabilization Fund
- 💧 FY 2021 actual consumption declined by 2.0 percent. Assumed 12.0 percent decline in consumption in Commercial category in FY 2022 and 1.0 percent conservation each year for all other categories for FY 2022 and onwards
- 💧 FY 2021 Debt Service was lower as compared to budget due to deferring bond issuance, refunding and achieving lower interest than projected. The new plan assumed lower interest rates with slightly lower Debt Service projections



Ten-Year Financial Plan

\$ in thousands

OPERATING	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Retail	\$685,505	\$ 718,310	\$ 755,081	\$ 802,038	\$ 852,254	\$ 898,145	\$ 953,657	\$1,006,114	\$1,049,289	\$1,081,751
Wholesale	104,560	106,519	110,780	115,211	119,819	124,612	129,597	134,781	140,172	145,779
Other	52,377	53,685	53,625	58,319	63,816	67,423	65,912	64,501	62,804	60,816
RSF	-	-	-	-	-	-	-	-	-	-
Operating Receipts ⁽¹⁾	\$842,442	\$ 878,515	\$ 919,485	\$ 975,568	\$1,035,890	\$1,090,180	\$1,149,166	\$1,205,396	\$1,252,264	\$1,288,346
Operating Expenses	(401,231)	(425,383)	(441,828)	(458,923)	(476,695)	(495,170)	(514,376)	(534,342)	(555,099)	(576,678)
Debt Service	(231,232)	(231,953)	(257,615)	(281,518)	(308,481)	(341,582)	(370,871)	(392,286)	(406,343)	(418,816)
Cash Financed Capital Improvement	\$ (46,692)	\$ (48,256)	\$ (60,406)	\$ (72,183)	\$ (76,703)	\$ (80,833)	\$ (85,829)	\$ (90,550)	\$ (94,436)	\$ (97,358)
Net Revenues After Debt Service	\$163,287	\$ 172,922	\$ 159,636	\$ 162,943	\$ 174,011	\$ 172,596	\$ 178,090	\$ 188,218	\$ 196,387	\$ 195,495
Operating Reserve-Beg Balance	257,374	274,600	282,600	292,600	303,600	314,600	327,600	340,600	354,600	368,600
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(11,688)	(11,256)	-	-	-	-	-	-	-	-
Pay-Go Financing	(134,373)	(153,665)	(149,636)	(151,943)	(163,011)	(159,596)	(165,090)	(174,218)	(182,387)	(180,495)
Operating Reserve - Ending Balance	\$274,600	\$ 282,600	\$ 292,600	\$ 303,600	\$ 314,600	\$ 327,600	\$ 340,600	\$ 354,600	\$ 368,600	\$ 383,600
Rate Stabilization Fund Balance RSF ⁽²⁾	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)	\$ (35,644)
Senior Debt Service Coverage	580%	734%	783%	699%	644%	659%	656%	620%	645%	617%
Combined Debt Service Coverage	196%	201%	195%	192%	189%	181%	178%	178%	178%	176%
Actual/Projected Water/Sewer Rate Increases	9.50%	3.25%	9.00%	7.50%	8.00%	8.00%	7.50%	7.50%	6.50%	6.50%
Operating Receipts \$ Increase/Decrease										
Retail	34,950	32,805	36,770	46,957	50,216	45,890	55,513	52,457	43,174	32,463
Wholesale	19,660	1,960	4,261	4,431	4,608	4,793	4,984	5,184	5,391	5,607
Operating Receipts % Increase/Decrease										
Retail	5.4%	4.8%	5.1%	6.2%	6.3%	5.4%	6.2%	5.5%	4.3%	3.1%
Wholesale	23.2%	1.9%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

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

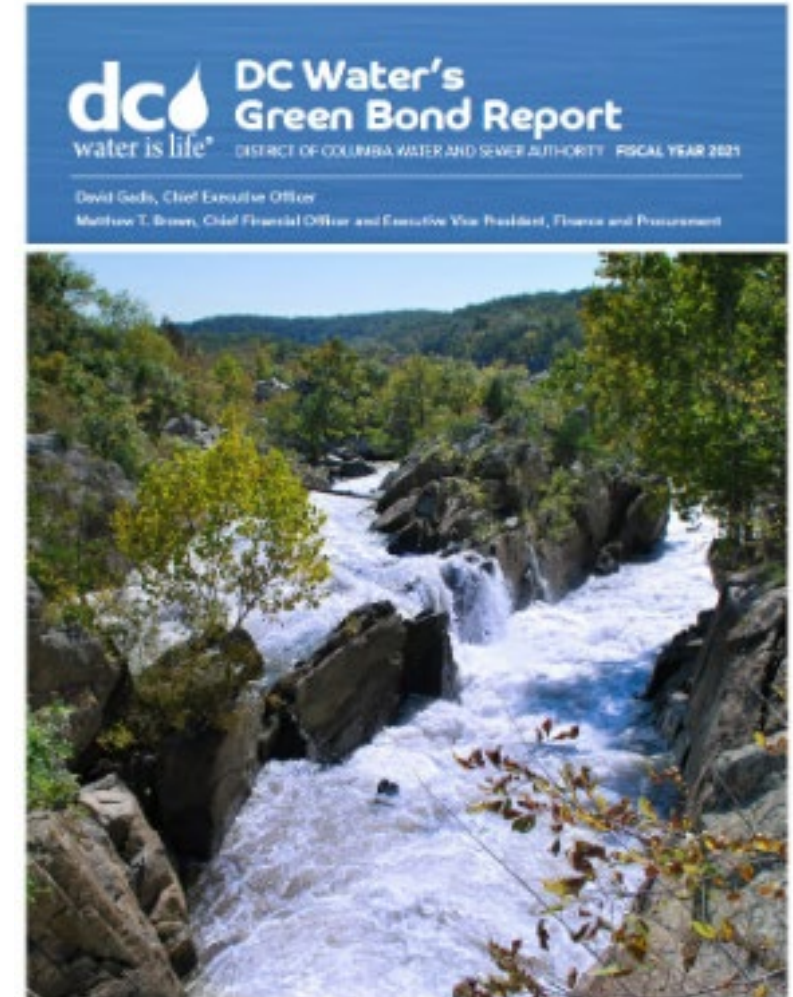
⁽²⁾ FY 2024 planned transfer of \$0.0 million to Rate Stabilization Fund and \$0.0 million utilization will keep the total fund balance at \$35.644 million.

Metrics	Indenture Requirement	Board Policy	Management Target	Financial Plan
Days of Cash on Hand (excluding RSF)	60 days	250 Days	—	252 - 263 Days
Combined Coverage Ratio	—	1.6X	—	1.76X – 2.01X
Senior Coverage	1.2X	—	—	5.80X – 7.83X
Subordinate Coverage	1.0X	—	—	2.07X – 2.45X
Debt Service as a % of Revenue	—	—	33% of Revenue or Less	26% - 33%

Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing

Intent to Reimburse Capital Expenditures

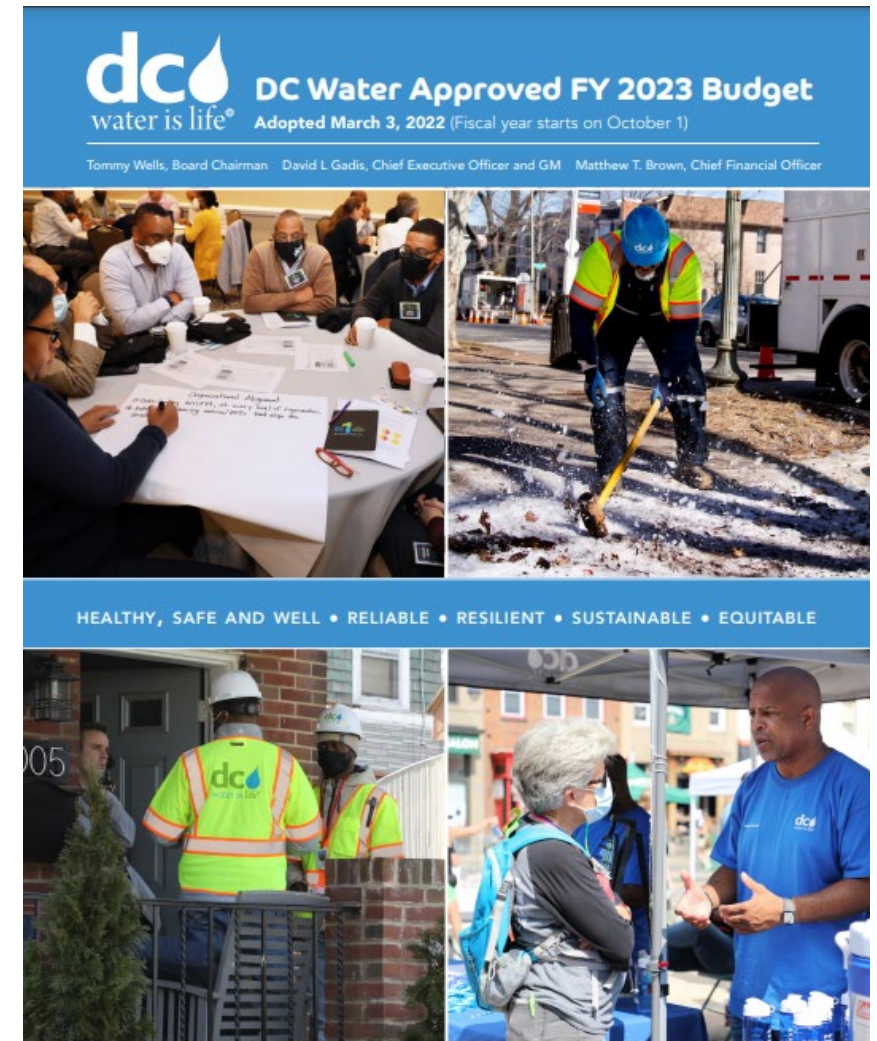
- Approval to reimburse DC Water for “Costs of the System” as defined in the Master Indenture; allows DC Water to reimburse itself for capital expenditures with debt proceeds
- For FY 2023 and FY 2024 amount requested is \$269 million; DC Water has three years from the time of the last expenditure to make the reimbursement
 - Reductions in capital spending due to supply chain issues, delayed DC Water's access to enter the market in 2023
 - Borrowing for FY 2023 and FY 2024 was combined for approximately \$269 million
- As part of the request to issue a specific series of debt in the future, the Board will be asked to adopt a specific resolution that confirms the intent for the actual amount financed with actual reimbursed expenses



Next Steps

In February, management will present the following recommendations to the respective Committees for appropriate actions to the full Board for approval:

- 💧 Proposed Operating Expenditure Budget
 - Revised FY 2023 budget of \$709.6 million and Proposed FY 2024 budget of \$737.6 million
- 💧 Proposed Capital Budget
 - Revised FY 2023 budget of \$501.4 million and Proposed FY 2024 budget of \$604.7 million
 - FY 2023 – FY 2032 Capital Disbursements of \$6.95 billion
 - Lifetime Project Budget of \$14.63 billion
- 💧 Proposed FY 2023 & 2024 Operating Revenues
 - Rates and Fees remain the same as Approved last year
- 💧 Proposed FY 2023 – FY 2032 Financial Plan, including the revenue requirements to support the operating and capital budgets
- 💧 Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing



Budget Adoption Calendar

Board Member
Questions &
Follow-Up

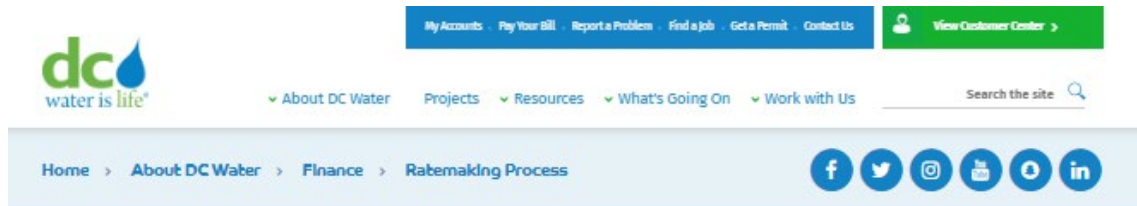
- Submit budget-related questions to Board Secretary at astukes@dcwater.com
- Questions will be distributed to appropriate staff with formal response to the Board
- Budget materials published on the website for customers

February
Committee
Reviews,
Recommendations
& Actions

March 2
Board Adoption

	Environmental Quality & Operations	DC Retail Water & Sewer Rates	Finance & Budget
FY 2023 - FY 2032 Capital Budget (<i>Disbursements & Lifetime</i>)	Action Required		Action Required
FY 2023 & FY 2024 Operating Expenditure Budgets			Action Required
Intent to Reimburse Capital Expenditures with Proceeds of a Borrowing			Action Required
FY 2023 - FY 2032 Financial Plan		Action Required	Action Required

Complete Budget Briefing available online at <https://www.dewater.com/budget-and-rate-review-documents-0>



The screenshot shows the DC Water website's 'Ratemaking Process' page. The header includes the DC Water logo, navigation links (My Accounts, Pay Your Bill, Report a Problem, Find a Job, Get a Permit, Contact Us, View Customer Center), and a search bar. The breadcrumb trail is: Home > About DC Water > Finance > Ratemaking Process. Social media icons for Facebook, Twitter, Instagram, YouTube, and LinkedIn are displayed. The main heading is 'Ratemaking Process'.

Ratemaking Process

The Board's Strategic Plan and 10-year financial plan provide the framework for the formulation, prioritization, implementation and monitoring of the annual budget process.

The annual budget process typically begins with planning in June and official kickoff in July of each year for the Operating and Capital Budgets. Plans and budgets are prepared at an appropriate level of detail for each management level. Assumptions inherent in the plans and budgets reflect the entity's historical experience, current conditions and Executive Team's directives. Once decisions are finalized for the operating and capital budgets, management develops the financial plan and rate model including various scenarios to ensure a balanced budget for recovery of costs. Further review is undertaken with independent consultants including benchmarking our proposed rates with peers in the industry. DC Water develops two-year rate proposals. The benefits of multi-year rates include greater revenue certainty, increased budget discipline and better alignment between revenues and expenditures.

The proposed budgets are finalized during the fall of each year, and introduced to the Board during the Budget Workshop typically in January. The Committees then submit their recommendations to the full Board for adoption and DC Water's adopted budget is included in the District of Columbia's budget submission to U.S. Congress.

DC Water's adopted budget and proposed rates are communicated via various news and media outlets as well as town hall meetings in each ward and a public hearing to provide customers the opportunity to comment on the changes. Once the budgets are appropriated by Congress and the final rates approved by the Board, they become effective on October 1st of each year.

IN THIS SECTION

- [FY 2024 Proposed Budget](#)
- [FY 2023 Approved Budget](#)
- [FY 2023 and FY 2024 Approved Rates](#)
- [Budget and Rate Review Documents](#)

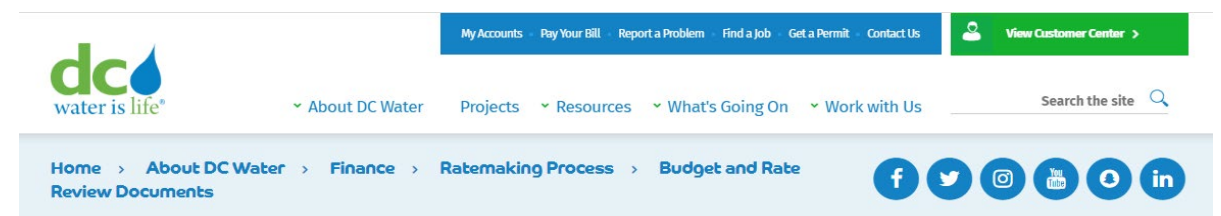
OTHER LINKS & DOCUMENTS

Online Tools

- [Rate Comparison Tool](#)
- [Impervious Area Calculator](#)

FY 2023 & FY 2024 Approved Rate Documents

- [Responses to Comments and Recommendations on Proposed Rates](#)
- [FY 2023 & FY 2024 Proposed Rates Presentation - RRC February 22, 2022](#)
- [Independent Review of Proposed Rates for FY 2023 and FY 2024 - Report](#)
- [Independent Review of Proposed FY 2023 & FY 2024 Rates, Charges & Fees Presentation - RRC February 22, 2022](#)
- [2022 Cost of Service Study](#)
- [2022 Cost of Service Study Presentation - RRC January 25, 2022](#)



The screenshot shows the DC Water website's 'Budget and Rate Review Documents' page. The header is identical to the previous page. The breadcrumb trail is: Home > About DC Water > Finance > Ratemaking Process > Budget and Rate Review Documents. Social media icons for Facebook, Twitter, Instagram, YouTube, and LinkedIn are displayed. The main heading is 'Budget and Rate Review Documents'.

Budget and Rate Review Documents

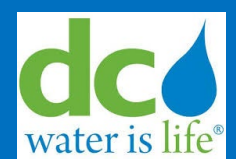
Date	Title
January 5, 2023	Budget Workshop with the Board FY 2024 Proposed Budget



Are You In The Know?

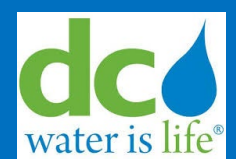
Board of Directors meetings are held the first Thursday of every month and are open to the public. Join us in-person or watch online.

Appendix



CIP by Program Area

(Cash Disbursements \$ in thousands)	FY 2023 - FY 2032 CIP Disbursement Plan (Run 3C)											Last Years	(Increase)/	Lifetime
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	10-yr Total	10-yr	Decrease	
NON PROCESS FACILITIES														
Facility Land Use	22,104	24,614	25,247	32,462	24,646	3,879	2,293	2,000	2,000	2,000	141,246	102,208	(39,038)	269,010
Subtotal	22,104	24,614	25,247	32,462	24,646	3,879	2,293	2,000	2,000	2,000	141,246	102,208	(39,038)	269,010
WASTEWATER TREATMENT														
Liquid Processing	41,050	28,977	47,726	83,307	75,562	77,488	89,520	59,692	61,829	60,116	625,266	657,512	32,247	1,272,081
Plantwide	14,596	39,838	51,239	40,909	50,182	39,544	25,388	20,231	16,742	3,140	301,809	282,489	(19,320)	530,955
Solids Processing	12,939	14,427	17,374	12,887	17,573	24,873	17,971	30,464	34,339	21,011	203,857	214,160	10,303	944,041
Enhanced Nitrogen Removal Facilities	3,322	1,201	1,346	637	2,238	1,414	7,420	21,779	10,188	405	49,949	60,502	10,553	788,082
Subtotal	71,907	84,442	117,684	137,739	145,555	143,319	140,299	132,166	123,098	84,671	1,180,881	1,214,664	33,783	3,535,160
COMBINED SEWER OVERFLOW														
DC Clean Rivers Program	104,558	100,329	135,619	172,452	136,585	146,829	132,388	33,847	-	-	962,607	1,116,863	154,255	2,992,358
Combined Sewer Overflow Program	3,473	9,927	12,445	15,927	12,825	10,432	5,997	12,182	12,465	4,593	100,267	100,303	36	223,714
Subtotal	108,031	110,256	148,064	188,379	149,410	157,261	138,385	46,029	12,465	4,593	1,062,875	1,217,166	154,291	3,216,072
STORMWATER														
Storm Local Drainage Program	654	1,686	1,905	735	977	965	1,163	1,067	916	853	10,921	10,455	(466)	82,760
Storm On-Going Program	1,081	942	519	876	842	1,084	1,287	935	-	-	7,566	9,780	2,214	10,072
Storm Pumping Facilities	4,829	8,692	4,161	4,126	3,732	1,417	1,579	4,948	7,642	4,957	46,083	42,918	(3,165)	64,227
Stormwater Program Managemet	173	437	517	476	286	346	275	212	124	395	3,243	1,483	(1,759)	15,178
Stormwater Trunk/Force Sewers	772	1,082	1,216	1,358	-	-	-	-	-	-	4,428	600	(3,828)	44,543
Subtotal	7,509	12,839	8,319	7,571	5,837	3,812	4,305	7,162	8,682	6,205	72,241	65,236	(7,005)	216,779
SANITARY SEWER														
Sanitary Collection System	4,582	25,217	58,615	60,253	61,914	54,330	54,582	56,493	57,843	58,000	491,829	325,762	(166,067)	728,214
Sanitary On-Going Projects	14,096	17,352	14,667	15,091	15,542	16,020	16,500	15,297	15,289	15,756	155,610	143,702	(11,908)	233,439
Sanitary Pumping Facilities	3,085	8,434	8,813	16,171	16,011	28,020	37,639	45,222	27,375	10,231	201,000	170,349	(30,652)	265,049
Sanitary Program Management	9,087	9,612	7,638	7,640	8,634	10,520	10,688	7,927	4,451	1,116	77,313	83,462	6,149	191,900
Interceptor/Trunk Force Sewers	37,182	57,842	95,377	69,410	120,816	168,845	151,593	97,201	38,289	33,811	870,364	638,851	(231,514)	1,309,131
Subtotal	68,031	118,457	185,109	168,564	222,916	277,735	271,002	222,140	143,246	118,914	1,796,116	1,362,125	(433,991)	2,727,733
WATER														
Water Distribution Systems	30,986	72,384	89,285	97,369	118,521	125,347	123,510	126,497	122,606	126,784	1,033,289	879,719	(153,569)	2,102,409
Lead Free DC Program	42,477	77,504	107,944	109,838	91,370	74,797	62,971	44,771	-	-	611,672	628,951	17,280	816,318
Water On-Going Projects	18,280	17,292	16,825	17,779	19,351	18,915	20,691	21,601	20,879	22,623	194,235	176,668	(17,567)	261,206
Water Pumping Facilities	5,910	10,202	7,983	7,734	6,391	7,029	4,547	2,678	2,408	2,414	57,295	41,711	(15,584)	95,574
Water Storage Facilities	6,447	6,811	11,754	4,438	3,834	9,658	4,997	3,536	3,328	5,096	59,899	51,475	(8,423)	175,104
Water Service Program Management	4,809	4,179	4,716	5,120	7,542	7,080	4,641	4,641	5,120	7,563	55,412	50,904	(4,508)	121,424
Subtotal	108,909	188,371	238,506	242,278	247,009	242,826	221,357	203,725	154,341	164,479	2,011,801	1,829,430	(182,371)	3,572,035
CAPITAL PROJECTS	386,492	538,981	722,930	776,993	795,374	828,832	777,640	613,222	443,833	380,862	6,265,159	5,790,828	(474,330)	13,536,789
CAPITAL EQUIPMENT	47,421	30,535	31,654	31,776	34,334	34,334	34,334	34,334	34,334	34,334	347,390	375,302	27,912	347,390
WASHINGTON AQUEDUCT	67,523	35,155	29,480	29,480	29,480	29,480	29,480	29,480	29,480	29,480	338,518	253,768	(84,750)	338,518
ADDITIONAL CAPITAL PROJECTS	114,944	65,690	61,134	61,256	63,814	63,814	63,814	63,814	63,814	63,814	685,909	629,070	(56,838)	685,909
LABOR														404,476
TOTAL CAPITAL BUDGETS	501,437	604,671	784,064	838,249	859,188	892,646	841,454	677,036	507,647	444,676	6,951,067	-	-	14,627,174
FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	10-yr Total			
Prior Year Board Approved CIP	567,507	647,004	668,633	619,913	735,924	822,910	783,185	669,154	496,528	409,140	-	6,419,899	-	13,377,458
Delta (inc)/dec		145,567	63,962	(164,150)	(102,325)	(36,277)	(109,461)	(172,300)	(180,508)	(98,507)	(444,676)	(531,168)	-	(1,249,716)



Average Residential Customer Monthly Bill

				Units	FY 2022	Approved FY 2023	Approved FY 2024
DC Water Water and Sewer Retail Rates	(1)	Ccf	\$	78.92	\$	86.07	\$ 89.03
DC Water Clean Rivers IAC	(2)	ERU		18.40		18.14	21.86
DC Water Customer Metering Fee		5/8"		7.75		7.75	7.75
DC Water Water System Replacement Fee	(4)	5/8"		6.30		6.30	6.30
Subtotal DC Water Rates & Charges			\$	111.37	\$	118.26	\$ 124.94
Increase / Decrease			\$	7.29	\$	6.89	\$ 6.68
District of Columbia PILOT Fee	(1)	Ccf	\$	3.04	\$	3.20	\$ 3.31
District of Columbia Right-of-Way Fee	(1)	Ccf		1.03		1.03	1.03
District of Columbia Stormwater Fee	(3)	ERU		2.67		2.67	2.67
Subtotal District of Columbia Charges			\$	6.74	\$	6.90	\$ 7.01
Total Amount Appearing on DC Water Bill			\$	118.11	\$	125.16	\$ 131.95
Increase / Decrease Over Prior Year			\$	7.40	\$	7.05	\$ 6.79
Percent Increase in Total Bill					6.7%	6.0%	5.4%

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

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

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

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

- 💧 DC Water offers some of the nation's most financially supportive customer assistance programs:

Lifeline Rate

- Provides a discount to residential customers on the first 2,992 gallons used each month

CAP

- Provides monthly discounts to residential customers with household incomes less than \$142,300 (family of four)

One-Time Assistance

- SPLASH provides one-time emergency assistance to customers
- New programs for residential and multi-family customers

Payment Terms

- DC Water provides flexible payment terms for customers to get back on track



Seniors with incomes
up to \$99,600 can
qualify for discounts
(single family household)

CAP

60% SMI

\$91,225 (family of 4)

Discount on the first 400 cubic ft. of water and sewer services + 75% reduction in the monthly CRIAC fee + WSRF waiver

\$85/month discount

CAP2

80% AMI

\$113,850 (family of 4)

Discount on the first 300 cubic ft. of water and sewer services + 50% reduction in the monthly CRIAC fee

\$56/month discount

CAP3

100% AMI

\$142,300 (family of 4)

Discount of 75% off the monthly CRIAC fee

\$14/month discount

CRIAC Non-Profit Relief

District-funded program to assist Non-profit organizations with Clean Rivers Impervious Area Charge (CRIAC)

* These CAP amounts are for the current year (FY 2023) and not for the budget year (FY 2024)

Emergency Assistance

- Up to \$2,000 per household
- District Funded

Residential Assistance

- Up to \$2,000 per household
- DC Water Funded

Multi-Family Assistance

- Up to \$2,000 per household, 80% to tenant
- DC Water Funded

StayDC

- Additional assistance with utility bills
- DC Funded

Low-Income Household Water Assistance (LIHWAP)

- Provides funds to assist Households with water and sewer bills
- Federally Funded

💧 CAP, CAP2 and CAP3 discounts and income thresholds

Program	Income Threshold ⁵	Charges (Discounts)	FY 2022	Approved FY 2023	Approved FY 2024
CAP ²	\$91,225 (60% SMI)	Total Amount before Discounts ¹	\$118.11	\$125.16	\$131.95
		Discounts	(80.18)	(85.19)	(90.22)
		Total Amount Appearing on DC Water Bill	\$37.93	\$39.97	\$41.73
CAP2 ³	\$113,850 (80% AMI)	Total Amount before Discounts ¹	\$ 118.11	\$ 125.16	\$ 131.95
		Discounts	(52.01)	(55.69)	(59.17)
		Total Amount Appearing on DC Water Bill	\$ 66.10	\$ 69.47	\$ 72.78
CAP3 ⁴	\$142,300 (100% AMI)	Total Amount before Discounts ¹	\$ 118.11	\$ 125.16	\$ 131.95
		Discounts	(13.80)	(13.61)	(16.40)
		Total Amount Appearing on DC Water Bill	\$ 104.31	\$ 111.55	\$ 115.55

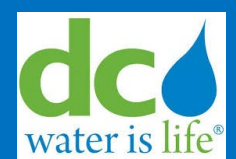
(1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)

(2) CAP provides a discount on the first 400 cubic feet (3,000 gallons) of water and sewer services, 75 percent reduction in the monthly CRIAC fee and WSRF waiver

(3) CAP2 provides a discount on the first 300 cubic feet (2,250 gallons) of water and sewer services (with the exception of PILOT and ROW fees) and a 50 percent reduction in the monthly CRIAC fee

(4) CAP3 provides discount of 75 percent off of the monthly CRIAC

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



Average CAP Customer Monthly Bill

	Units	FY 2022		Approved FY 2023		Approved FY 2024
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$	78.92	\$	86.07	\$ 89.03
DC Water Clean Rivers IAC	ERU		18.40		18.14	21.86
DC Water Customer Metering Fee	5/8"		7.75		7.75	7.75
DC Water Water System Replacement Fee	5/8"		6.30		6.30	6.30
Subtotal DC Water Rates & Charges		\$	111.37	\$	118.26	\$ 124.94
Increase / Decrease		\$	7.29	\$	6.89	\$ 6.68
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$	3.04	\$	3.20	\$ 3.31
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf		1.03		1.03	1.03
District of Columbia Stormwater Fee ⁽⁴⁾	ERU		2.67		2.67	2.67
Subtotal District of Columbia Charges		\$	6.74	\$	6.90	\$ 7.01
Total Amount		\$	118.11	\$	125.16	\$ 131.95
Increase / Decrease Over Prior Year		\$	7.40	\$	7.05	\$ 6.79
Percent Increase in Total Bill			6.7%		6.0%	5.4%
Less: CAP Discount (4 Ccf per month) ^{(1), (2)}		\$	(60.08)	\$	(65.28)	\$ (67.52)
Water System Replacement Fee (WSRF) ⁽³⁾			(6.30)		(6.30)	(6.30)
Clean Rivers IAC ⁽⁵⁾			(13.80)		(13.61)	(16.40)
Total Amount Appearing on DC Water Bill		\$	37.93	\$	39.97	\$ 41.73
Increase / Decrease Over Prior Year		\$	4.12	\$	2.04	\$ 1.76
CAP Customer Discount as a Percent of Total Bill			-67.9%		-68.1%	-68.4%

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

(2) Expansion of CAP program in FY 2009 assumes discount to first 4 Ccf of Water and Sewer and to first 4 Ccf of PILOT and ROW in FY 2011

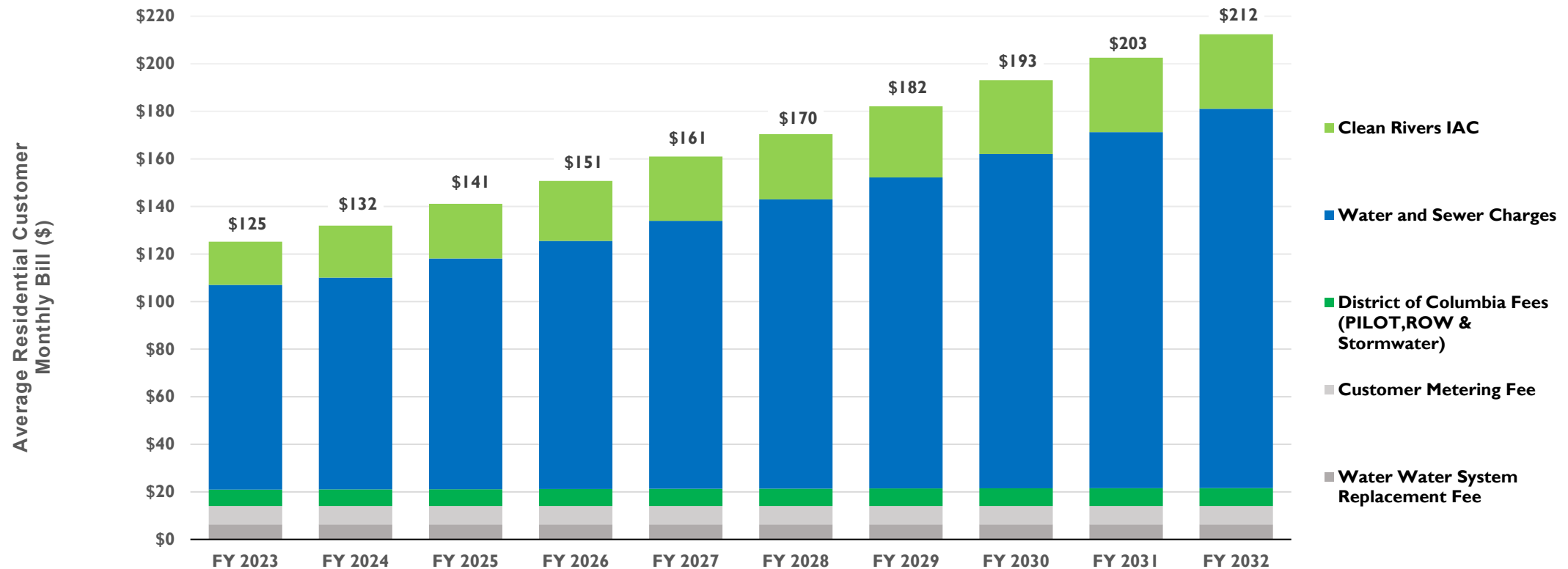
(3) Assumes 100 percent discount for Water System Replacement Fee (WSRF) to CAP customers effective October 1, 2015

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

(5) Assumes 75% discount for the Clean Rivers IAC effective October 1, 2020.

Projected Average Residential Customer Bill

- Projected average monthly residential customer bill ranges from \$125 in FY 2023 to \$212 in FY 2032



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