



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

DC Retail Water and Sewer Rates Committee

Tuesday January 28, 2014

9:30am

- 1. **Call to Order** Alan Roth, Chairman
- 2. **Update on CAP Water Conservation Options (Attachment A)** Lauren Preston
- 3. **Update on SPLASH Options (Attachment B)** Lauren Preston
- 4. **Retail Water and Sewer Rates Committee Workplan** Mark Kim
 - **FY 2014 Proposed Retail Rates Committee Workplan (Attachment C)**
- 5. **Other Business** Mark Kim
- 6. **Executive Session**
- 7. **Agenda for February 25, 2014 Committee Meeting (Attachment D)** Alan Roth, Chairman
- 8. **Adjournment**

FOLLOW-UP-ITEMS – DC Retail Water and Sewer Rates Committee Meeting (November 19, 2013)

- 1. How does DC Water inform the senior population about our customer affordability programs. (**Ms. Richardson**) Status: January 28, 2014 (See Attachment A)
- 2. Add a link on DC Water website for customers to get information on conservation. (**Ms. Richardson**) Status: January 28, 2014 (See Attachment A)



CAP CUSTOMER CONSERVATION PROGRAMS

Presentation to:
The DC Water Retail Water & Sewer Rates Committee

Lauren Preston, Director of Customer Service

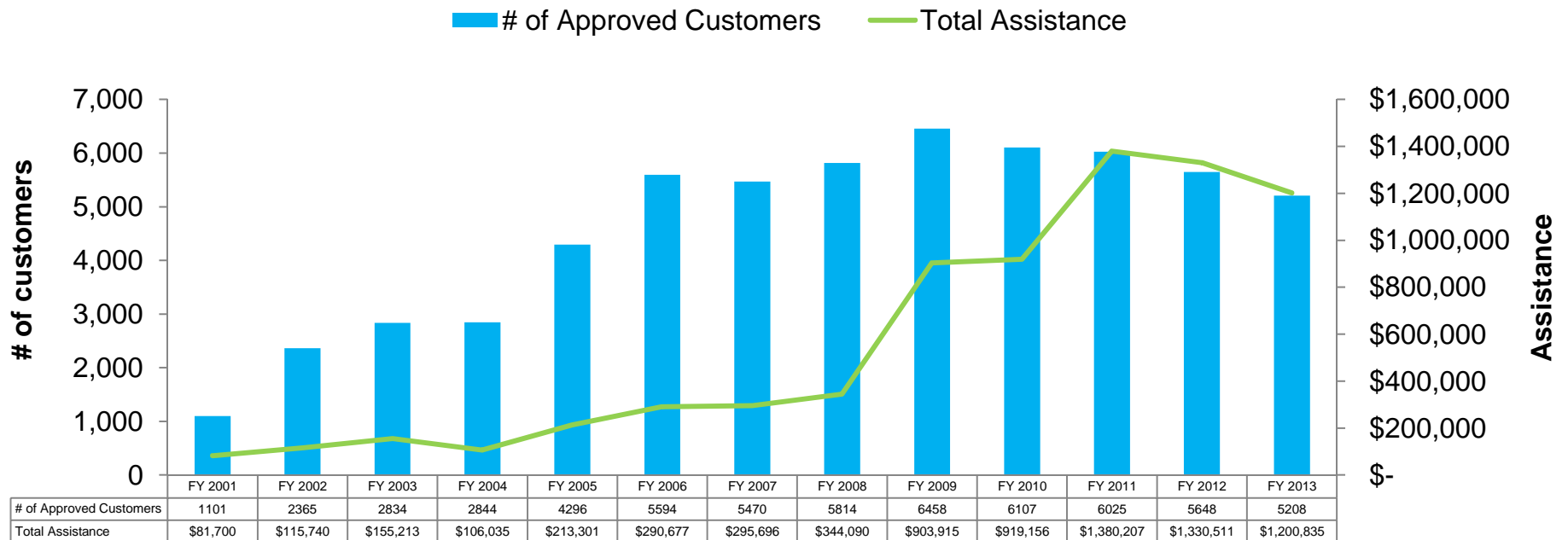
January 28, 2014



CAP Program History

Customer Assistance Program (“CAP”) Highlights:

- Implemented in FY 2001 to provide a discount of 4 Ccf per months for water services
- Expanded in FY 2004, FY 2009, and FY 2011 to include tenants who meet the financial eligibility requirements, to provide a discount of 4 Ccf per month for sewer services, and to discount the first 4 Ccf associated with the PILOT/ROW fee, respectively
- In FY 2013, CAP assisted over 5,200 customers and provided \$1.2 million in discounts. Since inception, the program has provided over \$7.3 million in assistance





Overview of CAP Program

- As of September 2013, DC Water enrolled 5,208 households in the Customer Assistance Plan
 - Enrollments begin a new program year in October 2014
 - The maximum value per month \$34.88 in FY 2014, up from \$33.04 in FY 2013, and proposed \$37.60 in FY 2015
 - Since 2006, DC Water enrolled 5,200 – 6,000 customers per year
 - In December 2012 Retail Rates Committee asked staff to evaluate feasibility of conservation programs for CAP customers



Common Reasons for Large Water Bills

- 💧 Inefficient plumbing fixtures
 - Low flush 1.6 gallon toilet vs. 3.5 gallon type saves \$75 - \$100 per year based on 10 to 14 flushes per day

- 💧 Undetected or unrepaired interior plumbing leaks
 - Undetected toilet leak can easily cost \$20 per day

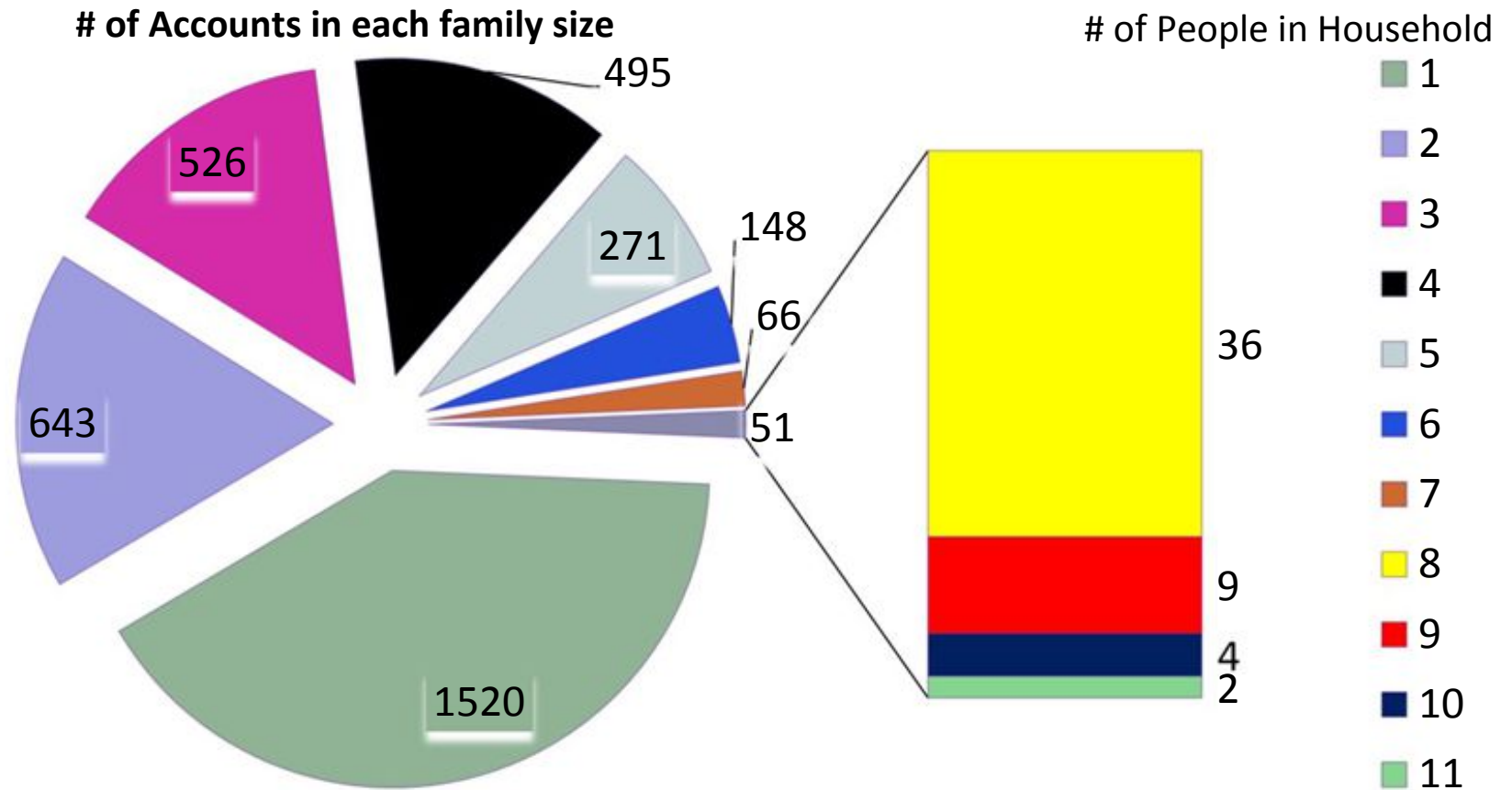
- 💧 Sudden breaks of service lines (frozen pipes or similar damage)
 - Customer is responsible for 50% of the cost of lost water when an underground break happens underground on private property; 100% if the break is above ground

- 💧 Large families
 - 14% of our CAP customers have 5 or more family members
 - 51 CAP households have 8 or more family members
 - 58% of CAP eligible households are 1 or 2 people – their high use is more commonly a leak than an wasteful use of water



CAP Customers Household Size

- 58% of CAP customers have 1 or 2 people in home; 45% have at least 1 senior citizen in the home
- There are 51 families with 8 or more people in the home



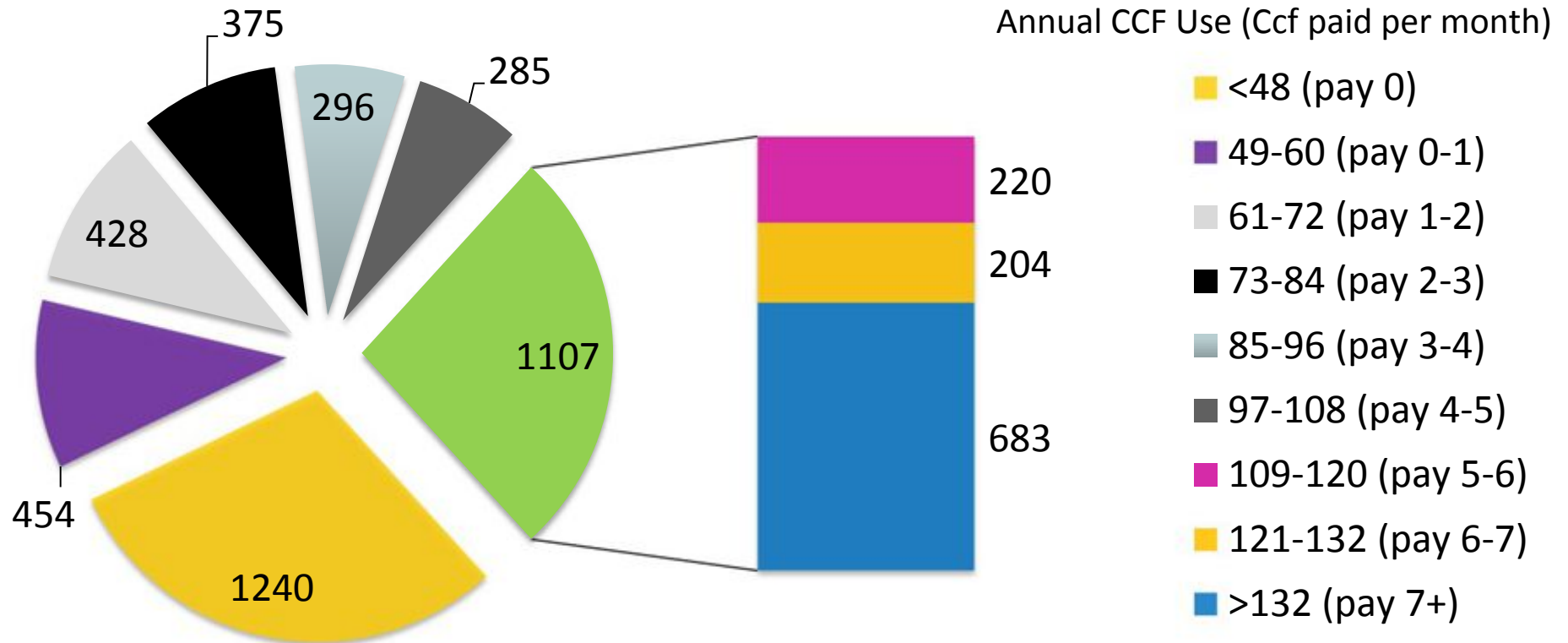
*From DDOE demographic data as of June 2013, based on 3,720 CAP households



4,185* CAP Customers with Annual Ccf Sales

- 1,694 (41%) of CAP customers use <60 Ccf per year; they pay for 0 – 1 Ccf per month
- 1,384 (33%) use between 60 and 108 CCF per year; they pay for 1 – 5 Ccf per month
- 1,107 (26%) use more than 108 Ccf per year, paying for 5 Ccf or more per month

of Accounts in each annual Ccf sales group



* Analysis based on 4,185 CAP customers who had a full year of service at one location and no adjusted bills for leaks or estimated meter readings



Conservation Program Considerations

- Who qualifies and might need this service? An estimate of our existing CAP customers, extrapolating from a detailed study of 283 high use CAP customers:
 - There are about 500 CAP-eligible small households (≤ 4 people) with high usage who could benefit from conservation or other emergency plumbing services
 - Within the 500, as many as 390 have one or more seniors



Possible Offerings to Help High Use Affordability

💧 Education/Communication:

- Targeted mailing and phone calls to CAP customers using more than >8 Ccf/month offering advice on saving water
- Leak testing tools distributed with CAP application and DDOE weatherization visits
- DC Water train DDOE weatherization staff on water saving techniques and plumbing problems to seek

💧 Water Use or Bill Reduction – would require Board action or Policy Changes:

- Greater CAP allowance for larger families
- One time forgiveness for water lost due to leaks
- Limited funding to reimburse emergency plumbing repairs



Emergency Plumbing Repairs

💧 \$125 to \$175 (Small Cost)

- Replace toilet flapper/flush kit
- Replace broken washing machine hose
- Shut off/make safe a leaking water heater
- Repair a leaking kitchen or bathroom faucet
- Install low-flow shower head

A \$15,000 budget allotment could cover:

50 small cost repairs plus
10 medium cost repairs plus
3 high cost repairs

💧 \$350 - \$550 (Medium Cost)

- Replace a kitchen or bathroom faucet including low flow fixtures
- Install a new Water-Sense low flow toilet

💧 \$700+ (High Cost)

- Replace a bathtub or shower faucet and shower head (including wall controls)
- Provide emergency replacement of up to 30 feet of broken plumbing lines in basement after pipes freeze

💧 \$1,000 + (High Cost) (cost varies) – repair or replace underground service line



Conservation Program Conclusion

- 💧 We do not recommend a conservation program for only low-income customers for high efficiency plumbing fixture replacement. If a wide-scale conservation program is considered, we recommend special outreach to this audience
- 💧 We will commit to expanded education and communication with CAP customers who have greater than 10 Ccf per month usage on average, including providing toilet leak dye tablets, enrolling them in high usage notification alerts, and sending conservation materials
- 💧 We will offer DDOE a supply of our education materials on wise water usage and toilet repairs if they want to give some out during their weatherization appointments
- 💧 We already met with senior services agencies and AARP/Legal Services to the Elderly to ask for their help with CAP enrollment



Senior Outreach for CAP


- 💧 CAP and SPLASH information are at Outreach events where we have a table set-up
- 💧 CAP and SPLASH Information is in ***What's on Tap*** in the November 2012 and August 2013 issues
- 💧 CAP and SPLASH also gets at least two special bill messages each year
- 💧 CAP and SPLASH Information is included in the printed ***DC Water Guide to Customer Services***
(online: http://www.dewater.com/news/publications/customer_service.pdf)
- 💧 CAP and SPLASH has its own page on our website
 - http://www.dewater.com/customercare/special_programs.cfm
 - <http://www.dewater.com/customercare/faq.cfm>
- 💧 CAP and SPLASH is mentioned in the GM's testimony every year at the rates and oversight hearings
- 💧 When conducting media interviews, especially regarding rates, External Affairs staff mention both CAP and SPLASH
- 💧 In FY2013 we included CAP in presentations to seniors in Ward 7 and Ward 8 at the invitation of the Division of Insurance and Banking
- 💧 DC Office on Aging and AARP agreed to help with publicity in FY 2014




Appendix



FY 2013 Household Income to Participate in DDOE Weatherization Programs

 Household Size -
Weatherization Maximum
Annual Income*

1. \$23,915
2. \$31,374
3. \$38,632
4. \$45,991
5. \$53,350
6. \$60,708
7. \$68,067
8. \$75,426

 Household Size – CAP
Program Maximum Annual
Income*

1. \$27,425
2. \$35,864
3. \$44,302
4. \$52,741
5. \$61,180
6. \$69,618
7. \$71,200
8. \$72,873

*Weatherization maximum annual income is based on 200% of the Federal Poverty Level

* CAP maximum annual income is based on 60% of median income



Senior Demographics in DC

- The average resident 65 and older lives in an owner occupied home with 2.22 persons
- The median income levels for this group are ~81% of the median DC household income.

Washington DC Population Estimates	Total Population (617,996)	65 years and over (69,738)
Male	292,312	27,825
Female	325,684	41,913
Mean Earnings (2011)	\$102,282	\$83,317
Mean social security Income (in \$\$)	\$13,831	\$14,894
% of population with social security income	18.7%	75.9%
Mean Retirement income	\$38,800	\$38,423
% of population with retirement income	15%	55.4%
Population at or above 150% of poverty	75.7%	78.4%
Owner occupied	41.2%	60.3%
Average household size (of owner occupied residence)	2.32	2.22

The following 2011 data has been provided by the American Community Survey (ACS) which produces population, demographic and housing unit estimates. The American Community Survey (ACS) is a national household survey collected monthly which provides communities with reliable and timely demographic, housing, social and economic data every year. The ACS replaces the decennial census long form conducted by the Census Bureau.



SPLASH Options Update

Presentation to:

The DC Retail Water & Sewer Rates Committee

Lauren Preston, Director of Customer Service

January 28, 2014



SPLASH - Purpose and Administration

- Serving People by Lending a Supporting Hand (SPLASH) was established in 2001 to help families in financial distress pay their DC Water bill rather than lose service
- The program was originally funded by DC Water customers and the DC Water community; last year expanded to include a payroll deduction option for DC Water employees
- The program is administered directly by the Greater Washington Urban League (GWUL), using funds collected by DC Water from customers, employees and the public
- GWUL distributes every dollar contributed to eligible customers
- DC Water pays GWUL a 10% administrative cost allowance on all donations collected (\$12,600 in FY 2013)
- Incentives - DC Water can provide GWUL additional payments if:
 - 2% supplemental payment if SPLASH fund receives 120% more in annual contributions or 140% increase in number of recipients or
 - 4% supplemental payment if SPLASH fund receives 130% more in annual contributions or 150% increase in number of recipients



SPLASH Solicitation Requirements

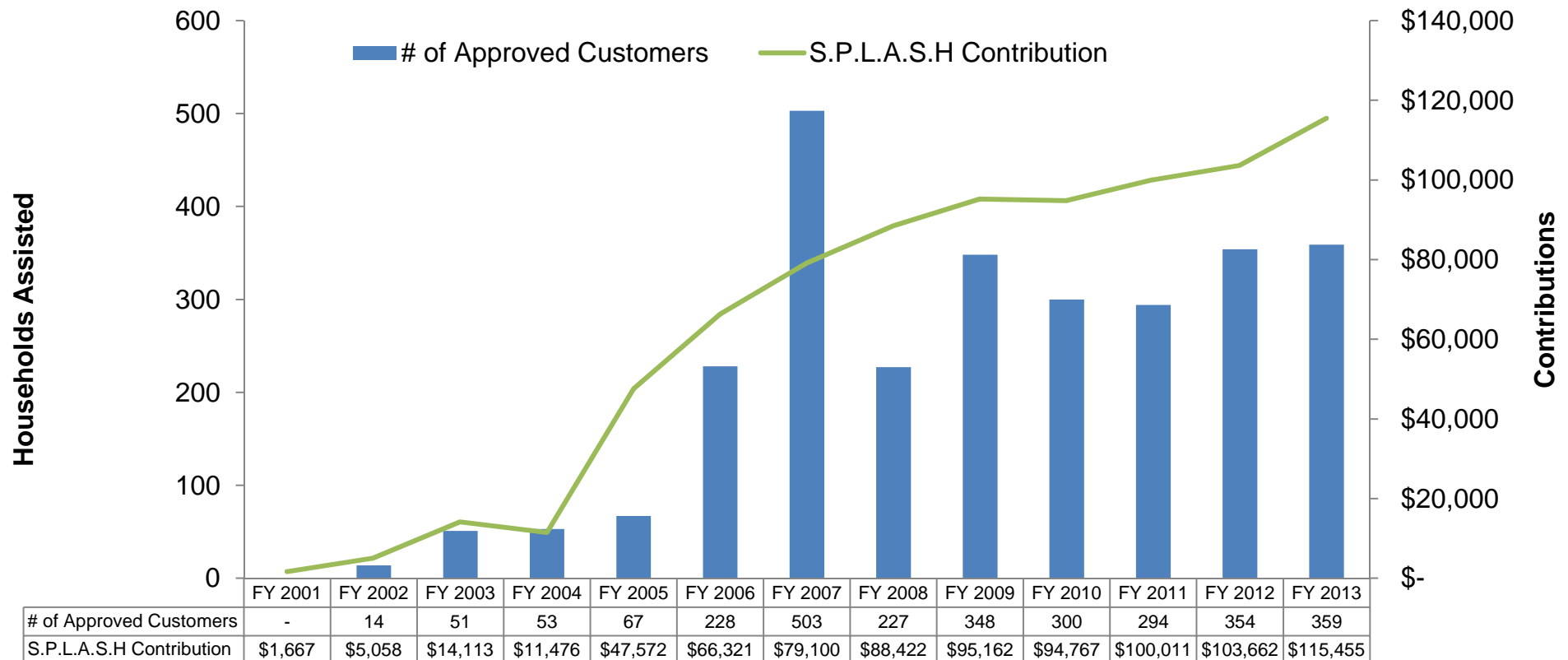
- Authority to solicit and receive donations for SPLASH is governed by a Memorandum of Understanding between DC Water and DC Office of Partnerships and Grant Services (OPGS)
 - Limits donations to \$500 from individuals and \$2,000 from corporate donors
 - Higher donation amounts require compliance with OPGS's regular donations application procedures
 - Donors must certify that they: have no pending matters before DC Water that presents a conflict of interest; are not seeking special treatment and will not receive anything in return
 - Donations may come from individuals, organizations, businesses, etc., in the form of negotiable instruments, such as a check, money order, or in-kind items, etc.
 - Cash donations are prohibited



SPLASH Program History

Highlights:

- In FY 2013, SPLASH helped 359 households with \$115,455* in contributions
- Since inception, the program has provided over \$822,786 in assistance
- We should reach a big milestone by summer 2015 - **\$1 million** in cumulative help



* FY 2013 Contribution Breakdown: DC Water Contributions (onetime) \$7,676, DC Water Round Up \$85,197, DC Water Staff \$19,085, Razoo & Others \$3,497



SPLASH Contributors

DC Water Customers:

- Most contributions are through our bills. Typical gift is \$15 to \$17 per year per recurring donor

Community Donations:

- In 2011, DC Water former Board member David Bardin, in conjunction with the GWUL, established a SPLASH account at RAZOO, an online website for private fundraising
- RAZOO allows the community to make donations directly to SPLASH
- Since its inception, \$14,944 has been donated via RAZOO

DC Water Employees:

- About a quarter of our employees contributed, most by payroll deduction, increasing our funds by 15% vs. FY 2011



SPLASH Enrollment and Eligibility

💧 SPLASH Enrollment:

- Enrollment is funding constrained – 359 households received help in FY 2013
- To qualify for SPLASH, customers must meet income guidelines and be at risk for service shut off
- If approved, customers can receive up to \$350 once a year
- A customer can receive both CAP and SPLASH; more customers receive CAP than SPLASH because of funding limitations
- CAP discount plus \$350 in SPLASH covers the full annual bill for a customer who uses 5 Ccf a month with 1 ERU

Household Size-Maximum Income*:



1	- \$27,425
2	- \$35,864
3	- \$44,302
4	- \$52,741
5	- \$61,180
6	- \$69,618
7	- \$71,200
8	- \$72,873

* SPLASH maximum annual income is based on 60% of median income

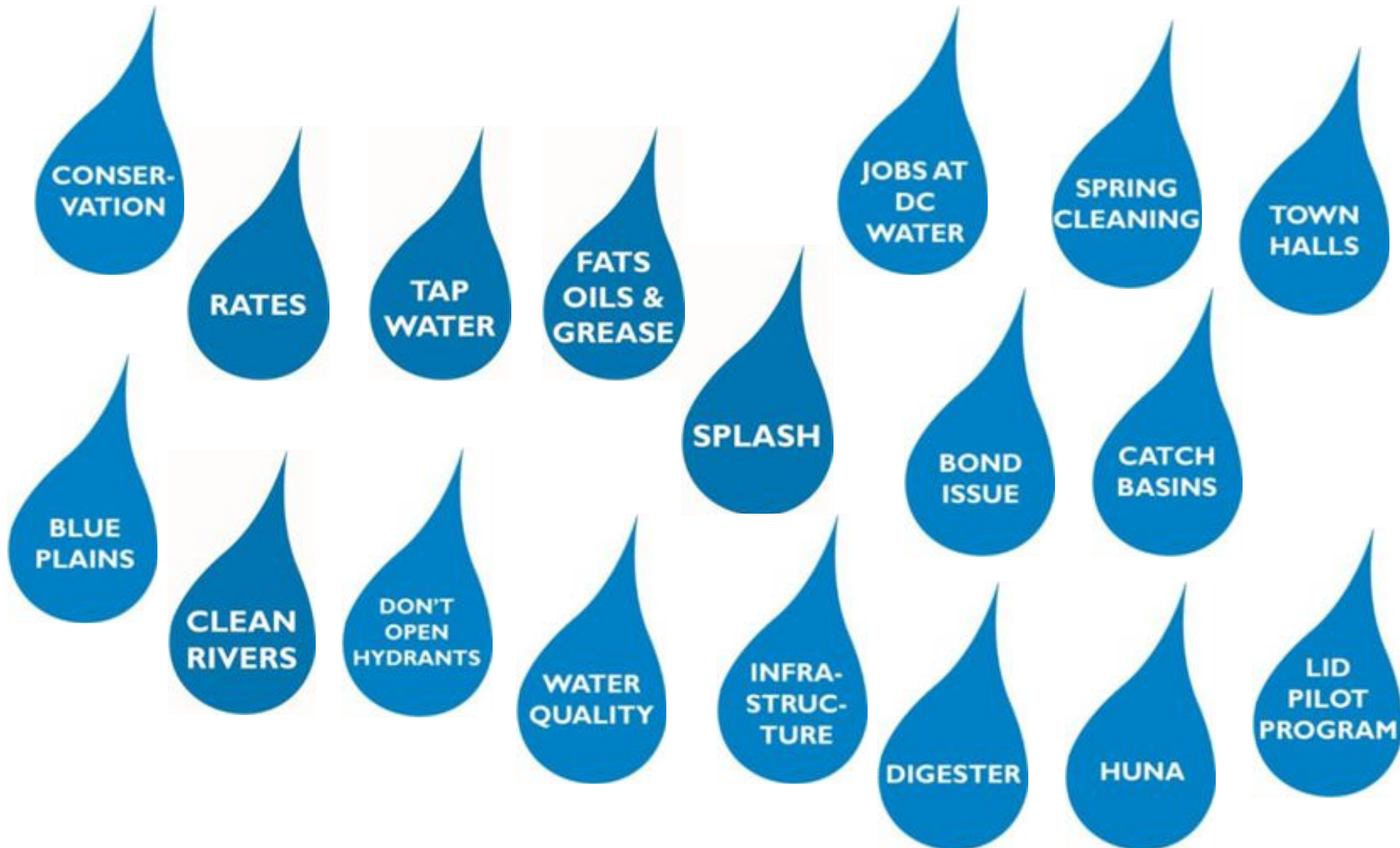


SPLASH Program Outreach Activity

- 💧 Bill inserts are mailed to advise customers of both the CAP & SPLASH programs
- 💧 A message from the General Manager regarding CAP & SPLASH informs a customer when a customer calls and is placed on hold
- 💧 Customer Service representatives discuss both CAP & SPLASH programs as appropriate when speaking with customers
 - DDOE & GWUL telephone numbers and locations are provided to customers who need assistance
- 💧 DC Water handbook includes information regarding both CAP & SPLASH and is sent to new customers who establish service
- 💧 DC Water promotes the DC Water Makes A SPLASH program during the Annual Benefits Open Season
- 💧 GWUL advertises SPLASH in its literature periodically



Can a Wider Audience Hear Us?





Conclusions

- 💧 More donations would allow us to help more customers
- 💧 There are significant challenges to DC Water finding other fundraising sources for the program (see Appendix)
- 💧 THANK YOU to DC Water employees – 15% donation increase was from them. It is time to see if more will participate



Appendix



Potential SPLASH Alternatives

Alternatives	Pros	Cons	Legal Consideration
Increase Donor Base	Easy to implement new donors	Need outreach program; incremental gift is modest per donor (\$15-\$17/year)	None
Increase the “Round Up” Options (maybe round up plus \$5)	Easy to implement	Might require some programming costs; customers might not want to add that much more	None, but must comply with SPLASH MOU limits - \$500 maximum individual donation and \$2,000 corporate donation
Fund Raising Directed to General Community	Easy to implement if round up or Razoo or direct to GWUL	Lots of needs compete for charitable dollars. With limited communication time, is this the most important message we want to convey?	None, but must comply with SPLASH MOU limits - \$500 maximum individual donation and \$2,000 corporate donation
Philanthropic Organization Adopting Fund Raising for SPLASH	Need is easy to explain and justify. Beneficiaries are quickly helped	Overhead costs for fundraising might be high for limited base of donations	Organization required to execute a MOU with the DC Office of Partnerships and Grant Services



Potential SPLASH Alternatives (Cont'd)

Alternatives	Pros	Cons	Legal Consideration
Consider increasing CAP discounts so the current SPLASH benefit can help a greater number of people	If customers have a smaller amount they are responsible to pay, might not fall into arrears and might need less payment assistance	CAP is funded by DC Water's other customers through ratemaking, not by voluntary donation	Will need to amend 21 DCMR 4102 to formally increase CAP discounts
Special Events	Could promote message of how we care to a different audience; might be source of large donation(s)	Expensive to pursue; Would need to find participants/audience; competing with other charities	Must comply with SPLASH MOU
Grant Funding	Could be a source of larger gifts than round up provides	Expensive to pursue and to comply with grant requirements. Would require additional in-house staffing or outsourcing, raising overhead costs	Must comply with SPLASH MOU

FY 2014 Proposed Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department

1. Develop Realistic Retail Rate Revenue Projections and Alternative Retail Revenue Sources			
<ul style="list-style-type: none"> a. <i>Propose and establish Retail Rates in FY 2015</i> <ul style="list-style-type: none"> i. Budget and Rate Proposal Briefing following Board meeting ii. RRC Committee recommendation iii. Board approval iv. Publish Proposed Rates DCMR v. Public Outreach vi. Public Hearing vii. Committee recommendation on FY 2015 rates viii. Board Approval on FY 2015 rates ix. Publish Final Rates DCMR 	<ul style="list-style-type: none"> November 7th, 2013 November 19th, 2013 December 2013 January 2014 March/April 2014 May 2014 June 2014 July 2014 August 2014 	<ul style="list-style-type: none"> √ √ √ √ 	<ul style="list-style-type: none"> Rates and Revenue General Counsel External Affairs External Affairs General Counsel

2. DC Water Affordability			
<ul style="list-style-type: none"> a. <i>CAP & SPLASH Updates (Expansion and/or methodology)</i> <ul style="list-style-type: none"> i. Explore CAP water conservation options ii. Explore SPLASH options b. Negotiation with EPA over CSO Consent Decree <ul style="list-style-type: none"> i. Clean Rivers – Green Infrastructure Initiatives ii. Integrated Planning Framework (IFP) Overview from Clean Rivers 	<ul style="list-style-type: none"> January 28th, 2014 January 28th, 2014 Spring 2014 Spring 2014 	<ul style="list-style-type: none"> √ √ 	<ul style="list-style-type: none"> Rates and Revenue Customer Service Customer Service DETS/External Affairs DETS/General Counsel

3. 2015 Cost of Service Study			
<ul style="list-style-type: none"> a. <i>Customer Segmentation water volumetric rates by customer class with differentiation based on peaking characteristics</i> b. <i>Re-Development Impact Fee</i> c. <i>High Strength Rate Alternatives</i> 	<ul style="list-style-type: none"> Spring 2014 Spring 2014 Spring 2014 		<ul style="list-style-type: none"> Rates and Revenue Rates and Revenue Rates and Revenue

FY 2014 Proposed Committee Workplan			
Objective/ <i>Activities</i> /Task	Date of Activity	Completed	Responsible Department
4. Delinquent Accounts			
a. <i>Soldiers Home Negotiations</i>	Monthly		General Counsel
5. Strategic Plan			
a. Develop Alternative Revenue Sources and Achieve Realistic Revenue Projections (DC Water Strategic Plan Framework)	On-going updates to Committee		Rates and Revenue
i. <i>Identify and evaluate potential revenue generating initiatives annually</i>			
6. DCGIS FY 2014 Flyover			
a. <i>Update Committee on FY 2014 Flyovers</i>	Summer 2014		Customer Service



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

TUESDAY, February 25, 2014; 9:30 a.m.
AGENDA

Call to Order	Committee Chairman
Monthly Updates	Chief Financial Officer
Committee Workplan	Chief Financial Officer
Other Business	Chief Financial Officer
Agenda for March 25, 2014 Committee Meeting	Committee Chairman
Adjournment	

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