



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

DC Retail Water and Sewer Rates Committee

Tuesday February 26, 2013

9:30am

- 1. **Call to Order**Howard Gibbs, Chairman
- 2. **Monthly Update (Attachment A)** Randy Hayman
 - Soldier’s Home
- 3. **Discussion of Clean Rivers IAC Incentive Program Budget Options (Attachment B)** Yvette Downs
- 4. **Action Item (Attachment C)**Yvette Downs
 - Proposal of Additional Language for new “Multi-Family” Customer Classification (Action Item 1)
- 5. **Retail Rates Committee Workplan (Attachment D)**Yvette Downs
- 6. **Other Business**Yvette Downs
- 7. **Executive Session**
- 8. **Agenda for March 26, 2013 Committee Meeting (Attachment E)** Howard Gibbs, Chairman
- 9. **Adjournment**

FOLLOW-UP ITEMS – Retail Rates Committee Meeting (December 18, 2012)

- 1. Provide options for a Clean Rivers IAC Incentive program within budget availability. **(Chairman Gibbs) Status:** See agenda

ATTACHMENT A

February 2013 Update on Soldiers' Home Delinquent Accounts

Soldiers Home

DC Water and the Armed Forces Retirement Home ("Soldiers' Home") are in dispute over unpaid sewer charges that date back many years. On January 17, 2013, DC Water entered into a 180 day tolling agreement in order to halt the applicable statute of limitations. This period will allow the parties to negotiate a resolution to the overdue billing and payment issues that Soldiers' Home has refused to pay. The parties are scheduling meetings to fully explore all options in the resolution of this matter.

NEXT STEPS

1. Provided the parties negotiate in good faith, the tolling agreement should allow for a 180 day window to negotiate a settlement that is not impacted by the statute of limitations.
2. In the event the negotiations are not effective or break down, DC Water will file for a declaratory judgment in federal court that seeks to void any earlier agreement exempting Soldiers Home for water and sewer service charges.
3. Other options for future projects on the Soldiers' Home site may be explored.



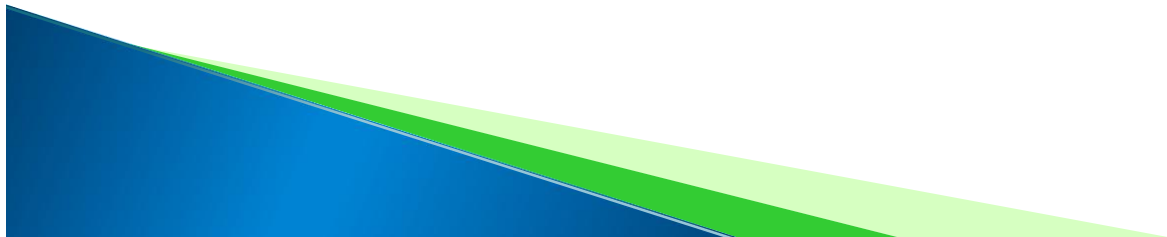
Clean Rivers Impervious Area Charge Credit (Incentive) Program

Clean Rivers IAC Incentive Program Budget Options
DC Retail Water and Sewer Rates Committee
February 26, 2013



Agenda

- Purpose
- Background/Status
- Clean Rivers IAC Discount Budget Scenarios
- Clean Rivers IAC Budget Impact
- Clean Rivers IAC Sensitivity Analysis
- Clean Rivers IAC Options





Purpose

- DC Water in coordination with the District Department of Environment (“DDOE”) is developing a credit program for Clean Rivers IAC customers:
- The goal of the credit program is to:
 - Provide an incentive to install certain eligible stormwater management practices that reduce the amount of stormwater runoff generated from a property.



Background/Status

- July 2011 - DDOE first proposed rulemaking was published on July 29, 2011

- October 2012 – DDOE published the second proposed rulemaking on October 2, 2012
 - Public comment period ended November 19, 2012
 - DDOE Legal Counsel revising final rulemaking
 - Rulemaking to be submitted to the Office of Policy, Legislature Affairs and Office of the City Administrator prior to submission to the DC Council for a review period of up to 45 days
 - In December 2012, DC Retail Water and Sewer Rates Committee reviewed options and asked for additional information



Background/Status, Cont.

- In the Interim, DDOE has provided updated data as follows:
 - 924 non-residential properties with known Best Management Practices identified have 81,455.1 ERUs (compared to the 44,547.8 ERUs provided by DDOE in 2011)
 - Data does not include residential properties (DDOE assumes that the residential impact will not be significant based upon the DDOE stormwater fee)
 - Currently DDOE is not able to forecast the growth of potentially eligible properties
 - Data does not include unregulated sites that may also be eligible for discounts
 - Properties include approved (not necessarily constructed) BMPs and assumes 100% eligibility for full credits

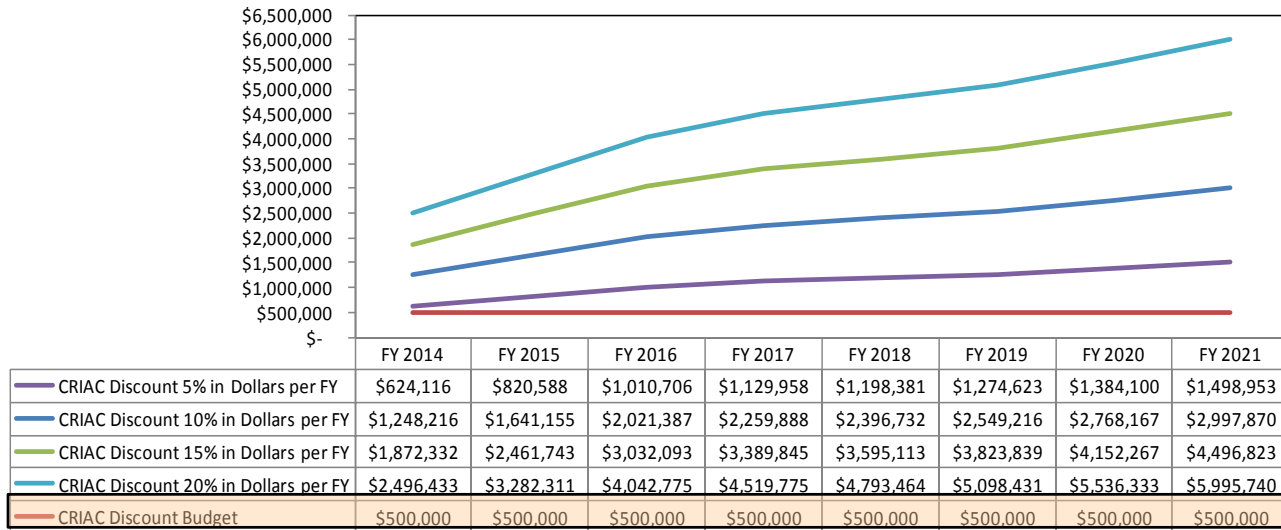


Clean Rivers IAC Discount Budget Scenarios

Based upon 81,455.1 non-residential ERUs an incentive of 4% could be funded within the available \$500,000 budget.

- 5% in FY 2014 would reduce the CRIAC revenues by \$124K
- Credits in future years would require an increase in the CRIAC
- Every \$2.5m increases the CRIAC approximately \$0.05 a month

Discount Budget Scenarios
(Annual)



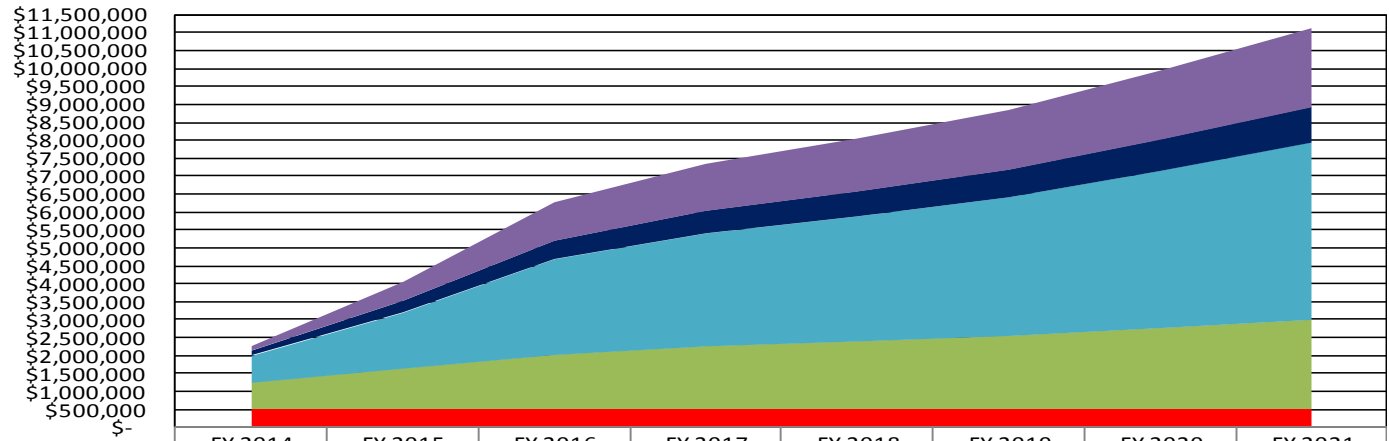
* Assumes 81,455.1 Non-Residential ERUs per DDOE as of January 2013 (no additional participants assumed)



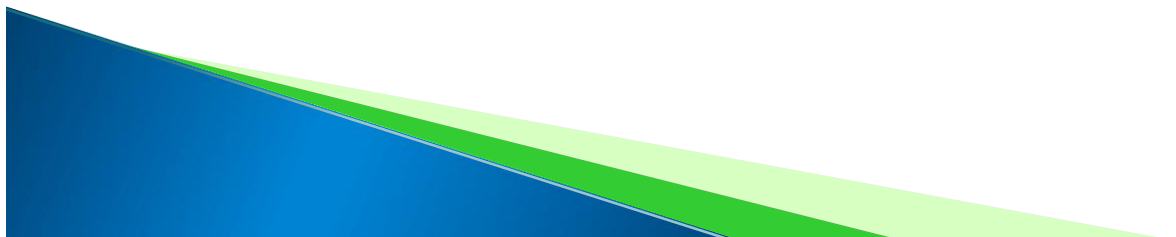
Clean Rivers IAC Budget Impact

Program growth projections are uncertain. However, it is the goal of DDOE to increase the number of BMPs within the District of Columbia.

* DC Water assumes applicants will increase by 25% in FY 2015 and 2016 and 3% in FY 2017 – 2021



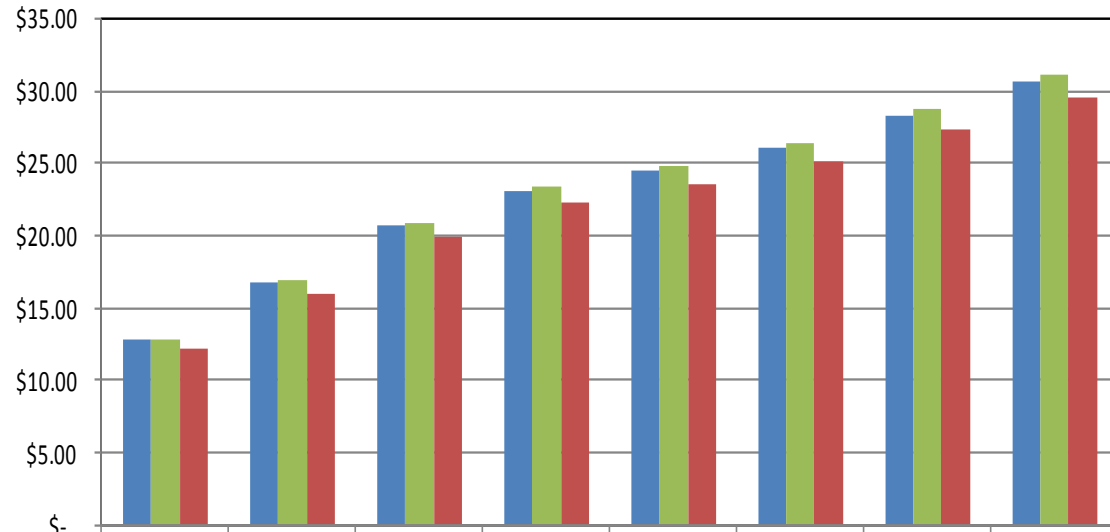
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Incremental CRIAC Discount 5% w/Projected Growth*	\$124,116	\$525,735	\$1,079,228	\$1,318,527	\$1,486,505	\$1,676,277	\$1,934,093	\$2,215,157
Incremental CRIAC Discount 5%	\$124,116	\$320,588	\$510,706	\$629,958	\$698,381	\$774,623	\$884,100	\$998,953
Incremental CRIAC Discount 10% w/Projected Growth*	\$748,216	\$1,551,444	\$2,658,417	\$3,137,005	\$3,472,956	\$3,852,494	\$4,368,117	\$4,930,237
Incremental CRIAC Discount 10%	\$748,216	\$1,141,155	\$1,521,387	\$1,759,888	\$1,896,732	\$2,049,216	\$2,268,167	\$2,497,870
CRIAC Discount Budget	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000



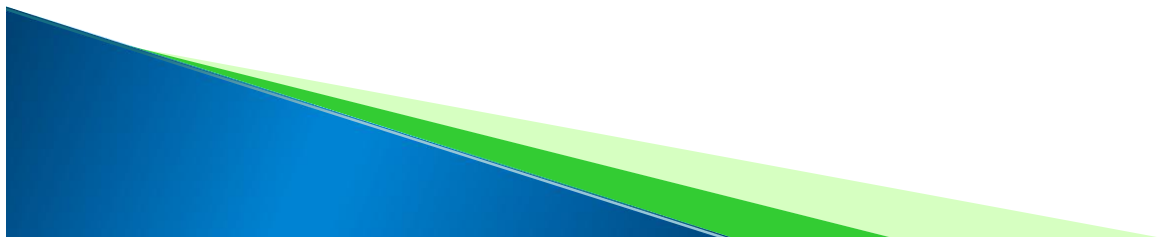


Clean Rivers IAC Sensitivity Analysis

CRIAC Discount Impact (5%)



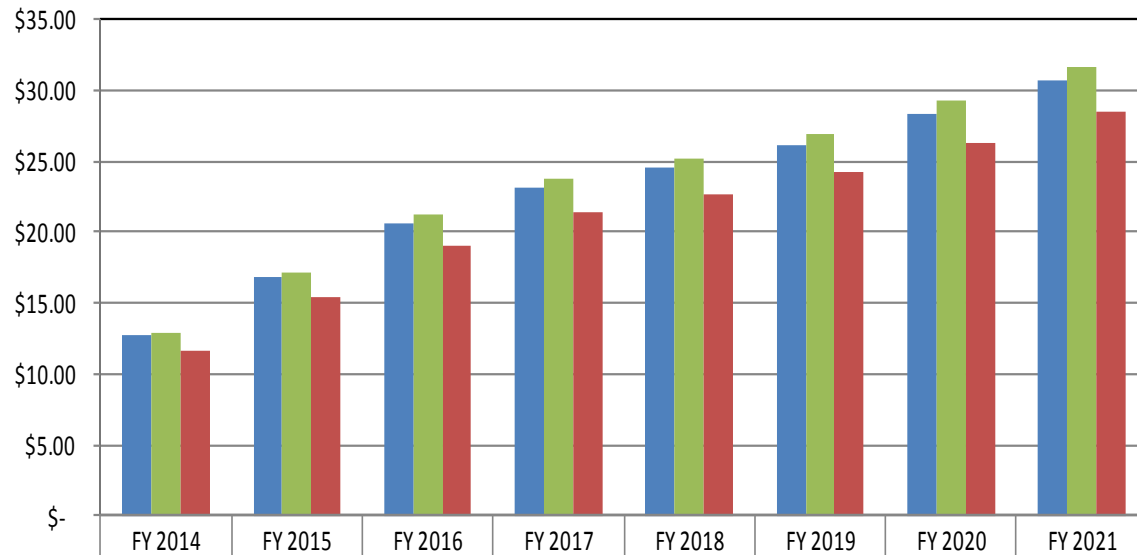
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
■ Projected CRIAC Charges	\$12.77	\$16.79	\$20.68	\$23.12	\$24.52	\$26.08	\$28.32	\$30.67
■ CRIAC Discount 5% Impact w/Projected Growth	\$12.80	\$16.90	\$20.91	\$23.40	\$24.83	\$26.43	\$28.73	\$31.13
■ CRIAC after 5% discount applied	\$12.16	\$16.06	\$19.86	\$22.23	\$23.59	\$25.11	\$27.29	\$29.58



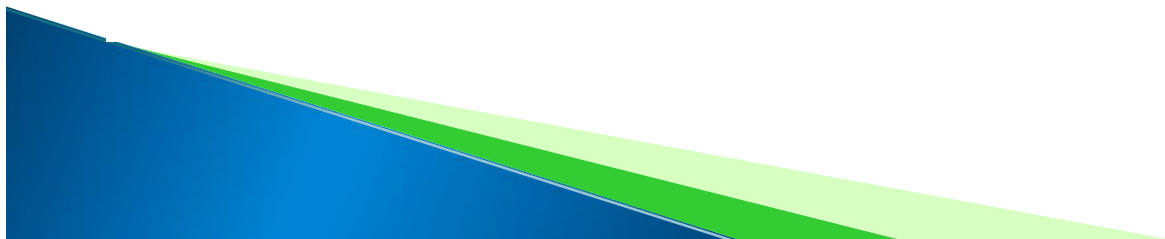


Clean Rivers IAC Sensitivity Analysis, Cont.

CRIAC Discount Impact (10%)



■ Projected CRIAC Charges	\$12.77	\$16.79	\$20.68	\$23.12	\$24.52	\$26.08	\$28.32	\$30.67
■ CRIAC Discount 10% Impact w/Projected Growth	\$12.93	\$17.12	\$21.24	\$23.78	\$25.25	\$26.89	\$29.24	\$31.70
■ CRIAC after 10% discount applied	\$11.63	\$15.40	\$19.11	\$21.40	\$22.72	\$24.20	\$26.31	\$28.53





Clean Rivers IAC Options

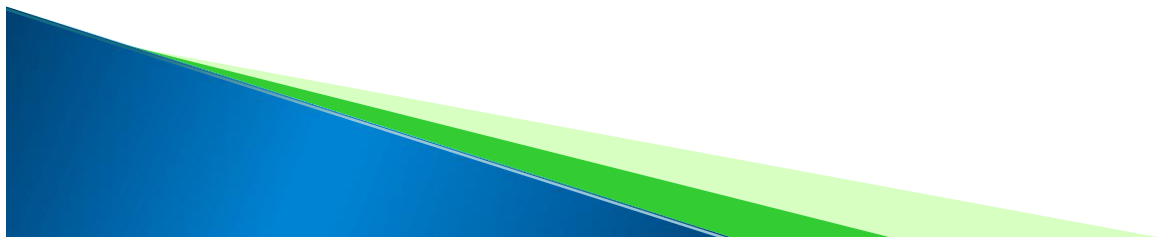
- Percentage Discount/Credit:
 - 4%
 - 5%
 - 10%
 - 15%
 - 20%

- Graduated Credit:
 - 1st year 5%
 - 2nd year 10%

- Not to exceed budget:
 - Establish dollar threshold
 - Limit number of participants to available threshold



Discussion



**DC Retail Water and Sewer Rates Committee
Action Items**

1. Proposal of Additional Language for new "Multi-Family" Customer Classification

ACTION ITEM 1

DC Retail Water and Sewer Rates Committee Proposed FY 2014 Action Item

1. Management recommendation is to propose additional language for public comment which will incorporate the "Multi-Family" customer classification into other related District of Columbia Municipal Proposed Regulations. These sections were not previously included within Board Resolution #13-12:

Amend Chapter 4 section 4101.1 Customer Classification for Procedures to the Clean Rivers Impervious Area Charge Adjustment for the existing sections 402.7 and 402.8:

- 402.7 Non-residential and multi-family owners or their agents may seek an impervious surface area charge adjustment if the owner or agent can establish that the property has been assigned to the wrong rate class, the impervious service area used in the computation of the charge is incorrect or if the ownership information is incorrect.
- 402.8 Non-residential and multi-family owners or their agents shall submit a site survey, prepared by a registered professional land surveyor, showing impervious surfaces on the site and other information that may be requested by DC Water.

Amend section 4101.1 Cooling Water and Sewer Charge and Non-Potable Water Sewer Charge:

- (d) The retail cooling water sewer charge shall be the retail sanitary sewer service rate set forth in section 4101.1(a) for cooling water discharged into the District's wastewater sewer system; and
- (e) The retail non-potable water source sewer charge shall be the retail sanitary sewer service rate set forth in section 4101.1(a) for non-potable water discharged into the District's wastewater sewer system.

Amend section 4101.4 Clean Rivers Assessment Rules:

- All non-residential and multi-family customers shall be assessed ERU(s) based upon the total amount of impervious surface area on each lot. This total amount of impervious surface shall be converted into ERU(s), truncated to the nearest one-hundred (100) square feet.

ATTACHMENT D

FY 2013 Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department

1. Develop Realistic Retail Rate Revenue Projections and Alternative Retail Revenue Sources			
<i>a. Propose and establish Retail Rates in FY 2014</i> <ul style="list-style-type: none"> i. Rate Proposal to Joint Committee ii. Review rate design options (customer segmentation) iii. Committee recommendation iv. Board approval v. Publish DCMR vi. Public Outreach vii. Public Hearing viii. Committee recommendation on FY 2014 rates 	October 2012 November 2012 December 2012 January 2013 March 2013 March/April 2013 May 2013 June 2013	√ √ √ √	Rates and Revenue
<i>b. Review draft Developer Fees</i>	November 2012	√	Rates and Revenue
<i>c. Final FY 2012 Cost of Service Study</i>	November 2012	√	Rates and Revenue
<i>d. Potomac Interceptor Cost of Service</i>	TBD		Rates and Revenue
<i>e. Soldiers Home Negotiations</i>	Monthly		General Counsel

2. DC Water Affordability			
<i>a. Revisit CAP program and possible modifications (Expansion and or methodology)</i> <ul style="list-style-type: none"> i. Committee review of CAP program with FY 2014 Budget Submission ii. Explore CAP water conservation options 	December 2012 On-going	√	Rates and Revenue
<i>b. Implement LID Incentive Program for customers who utilize Best Management Practice in conjunction with DDOE</i> <ul style="list-style-type: none"> i. Legal evaluation of the DDOE proposed program; and ii. Evaluate alternatives for the Clean Rivers IAC discounts iii. Prepare revenue impact analysis 	December 2012 February 2103 February 2103	√	Rates and Revenue

FY 2013 Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
2. DC Water Affordability			
iv. Committee review on CRIAC Incentive Program with FY 2014 Budget Submission	December 2012	√	Rates and Revenue
v. Committee Recommendation	TBD based on DDOE status		
vi. Public Outreach	TBD		
vii. Public Hearing	TBD		
viii. Committee recommendation on FY 2014 CRIAC Discount Program	TBD		
3. Develop Alternative Revenue Sources and Achieve Realistic Revenue Projections (DC Water Strategic Plan Framework)			
a. <i>Identify and evaluate potential revenue generating initiatives annually</i>	To be incorporated within Strategic Planning Initiatives		Rates and Revenue
4. Provide an example of the updating required and quality controls available to reconcile non-residential data found in the DCGIS 2005 flyover information and a more recent update to the flyover data. This example should be provided at a future Retail Rates Committee meeting			
	TBD based upon availability of data		Rates and Revenue
5. Review of the Potomac Interceptor contracts to see if there are opportunities to modify contracts to be similar to the IMA contracts			
	Defer Pending Final IMA		Rates and Revenue
6. Rate Structure Alternatives			
a. <i>Implement Customer Segmentation water volumetric rates by customer class with differentiation based on peaking characteristics</i>	October 1, 2015		Rates and Revenue
b. <i>Implement Re-Development Impact Fee</i>	October 1, 2015		Rates and Revenue
c. <i>High Strength Rate Alternatives</i>	October 1, 2015		Rates and Revenue



ATTACHMENT E

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

TUESDAY, March 26, 2013; 9:30 a.m.
AGENDA

Call to Order	Committee Chairman
Monthly Updates	Chief Financial Officer
Committee Workplan	Chief Financial Officer
Emerging Issues/Other Business	Chief Financial Officer
Agenda for April 23, 2013 Committee Meeting	Chief Financial Officer
Adjournment	Committee Chairman

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