



DISTRICT OF COLUMBIA WATER AND SEWER BOARD OF DIRECTORS

DC Retail Water and Sewer Rates Committee

Tuesday, December 18, 2012

MEETING MINUTES

COMMITTEE MEMBERS

Howard C. Gibbs, Chairperson
Rachna Butani
Alan Roth
Howard Croft

DC WATER STAFF

George Hawkins, General Manager
Randy Hayman, General Counsel
Yvette Downs, Acting Chief Financial Officer
Linda R. Manley, Board Secretary

Call to Order

Chairman Gibbs called the Committee meeting to order at 9:40 a.m.

Howard University & Soldiers' Home

Mr. Hayman updated the Committee on the status of Howard University and Soldiers' Home. DC Water continues to have active communication with both Howard University and Soldiers' Home. DC Water and Howard University have had several discussions regarding the outstanding \$3.1 million.

In September 2012, DC Water had a positive discussion with Steve McManus, the Chief Operating Officer at Soldier's Home. However, the in-house counsel was not interested in signing a tolling agreement. DC Water then provided a detailed letter of legal opinion explaining why the money is owed. DC Water anticipates a response from Soldiers' Home by next week and is hopeful that the Home will sign the agreement. If no agreement is reached, DC Water will take the appropriate next steps.

FY 2014 Customer Assistance Program

Ms. Downs reviewed the Customer Assistance Program (CAP) presentation. Previously, the Committee asked staff to look at expanding the CAP program to include the impervious area charge. Ms. Downs reviewed the history of the CAP, including the most recent change in FY 2011 which expanded the discount provided on water and sewer to include the first four Ccf associated with PILOT/ROW fees. Of the utility assistance programs run by DDOE, (the responsible party for determining LIHEAP program eligibility), CAP has one of the most generous discounts. DC Water provides assistance to approximately 6,000 customers each year through the CAP. This assistance cost approximately \$1.3 million for FY 2012. Mr. Gibbs noted that the program costs were slightly less in FY 2012 than in FY 2011. Ms. Downs noted that given the anticipated rate increases within the proposed Ten Year Financial Plan, the entire program would cost \$3.4 million by FY 2021.

Ms. Downs reviewed consumption trends of the average CAP participant. With the AWWA average daily use as a benchmark, there appears to be a higher consumption rate per person in CAP

households than the per person average in other US households. Higher usage was particularly noticeable in CAP households with 1 to 2 people. It was noted that more than 50% of the average CAP customer bills utilize 8 or more Ccfs a month.

The Committee reviewed two options for discussion: (1) revision of the existing CAP program to include a credit on the Clean Rivers IAC; and (2) development of a conservation program for CAP customers.

Ms. Downs discussed possible revisions to the existing CAP program: 25%, 50%, or 100% credit toward Clean Rivers IAC, accompanied by reduced volumetric assistance of 4, 3, and 2 Ccfs credit respectively. Based on staff analysis, the most affordable alternative was to make no change to existing volumetric credit of 4 Ccfs and to provide an additional 25% credit for the IAC. This approach is the most affordable within the existing Ten Year Financial Plan and has the best overall impact on the customer bill.

Ms. Butani asked if staff has considered spending budget savings on CAP to research high customer bills. For example, could simple repairs need be the cause for excessive consumption? Ms. Downs noted that DC Water currently offers a free home water audits once a year to all customers and dye tablets are made available to customers upon request or during special outreach opportunities. In addition, extensive educational and conservation materials are provided to DC Water customers. DC Water has engaged in conversation with the DDOE-managed "Sustainable Energy Utility" (SEU). SEU's focus is outreach to all DC businesses and residents to encourage energy management practices. Given the related goals and resources existing throughout various DC government agencies, an opportunity exists to develop partnerships with other agencies.

Mr. Croft advocated a pilot program to explore conservation options. Mr. Hawkins noted that there is time to explore partnership options and potential pilots without adjusting the existing CAP, given that the largest adjustments in IAC do not materialize until FY 2015 and FY 2016. DC Water will reach out to the City agencies over the next year to investigate options in support of conservation efforts. This would provide an opportunity to revisit IAC credit expansion prior to FY 2015. Mr. Gibbs noted the merit of a pilot program and the goal is to provide some relief to the customers. Based on the consumption in the CAP households, there is room for conservation and savings to the customers. Mr. Hawkins noted that this type of pilot program adds the additional benefit of direct interaction with the customers.

Mr. Roth noted that DC Water should review the legality and precedent associated with this type of pilot program. Mr. Hawkins agreed. The staff recommendation is to take more time to determine whether a plausible program exists and to investigate further prior to coming back to the Committee. This will allow time for input from the Committee for the formulation of the FY 2015 budget.

Discussion of Clean Rivers IAC Incentive Program

Ms. Downs updated the Committee on the Clean Rivers IAC Incentive Program, its background, and purpose. She noted that the District Department of Environment (DDOE) has received seven comments to its recent rulemaking and is currently reviewing the comments to decide whether or not changes are substantial enough to warrant an additional review period.

Under the program as proposed, DDOE responsibilities are to design and implement a credit program in coordination with DC Water. DC Water is responsible for accepting, reviewing,

inspection, and administration all eligible applications. Mr. Roth asked whether the credit only applies to commercial properties. Ms. Downs responded that it applies to both commercial and homeowner properties. However, a simplified application process will be applied to properties with less than 2,000 square feet of impervious surface. DDOE is proposing to offer up to a 55% credit. DC Water suggests that the initial credit for the Clean River IAC not exceed a 20% given the unknown volume of applications. Chairman Gibbs asked that the engineers take a look at the DDOE rainfall capture assumptions.

Ms. Downs noted DC Water has budgeted \$500,000 for the Clean Rivers IAC incentive budget. Various scenarios of 20%, 25% and 30% discounts on the Clean Rivers IAC reviewed and all exceed the FY 2014 budget levels. Chairman Gibbs asked that staff provided an option for a Clean Rivers IAC incentive program where the incentive is determined by the budget availability (**Follow Up**)

Action Items

Ms. Downs asked the Committee to recommend the proposed action items for the FY 2014 Ten Year Financial Plan and FY 2014 Retail Rates and Fees Adjustments. The Committee recommended that the actions items be moved to the full Board for approval.

Retail Rates Committee Workplan

Ms. Downs updated the Committee on the Retail Rates workplan. Chairman Gibbs stated that the date for item number two, DC Water Affordability budget recommendation, will change based on the Committee discussion. The date change will allow staff to figure out what can be done on incentives to conserve the high usage of CAP customers.

Other Business

No other business was discussed

Agenda for January 22, 2013 Committee Meeting

Chairman Gibbs approved the agenda for the January meeting.

Adjournment

Hearing no further business the meeting was adjourned at 11:20 am.

FOLLOW-UP ITEMS (December 18, 2012)

1. Provide options for a Clean Rivers IAC incentive program within budget availability. (Chairman Gibbs) Status: January 2013