



DISTRICT OF COLUMBIA WATER AND SEWER BOARD OF DIRECTORS

DC Retail Water and Sewer Rates Committee

Tuesday, February 26, 2013

MEETING MINUTES

COMMITTEE MEMBERS

Howard C. Gibbs, Chairperson
Rachna Butani
Alan Roth
Terry Bellamy
Brenda Richardson

DC WATER STAFF

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 9:31 a.m.

Soldiers' Home

Randy Hayman asked the Committee to move the discussion of Soldiers Home into executive session. Chairman Gibbs agreed and noted that the session would be held at the end of the agenda.

Discussion of Clean Rivers IAC Incentive Program Budget Options

Ms. Downs updated the Committee on the status of the Clean Rivers IAC Incentive program. Ms. Cahill of the General Counsel Office affirmed that DC Water is required to have its own incentive program, independent of DDOE. The DC Water incentive value can be determined by the Board of Directors. Chairman Gibbs asked Ms. Manley to re-circulate copies of the memos to the Committee members.

Ms. Downs provided an update on the activities of DDOE. Recent correspondence from DDOE notes that they are ready to submit the final rulemaking for a stormwater incentive program to the DC Office of Policy and Legislative Affairs and the Office of the City Administrator prior to submission to the DC City Council for a 45 day review period. DDOE will provide a courtesy copy of the rulemaking to DC Water in the near future. Chairman Gibbs asked about the timing of this submission and Ms. Downs replied a specific date was not provided.

DC Water analyzed the financial impact of providing credits to the Clean Rivers IAC, comparing 5%, 10%, 15% and 20% level of credit. DC Water received an update from DDOE on the known number of non-residential properties that have implemented Best Management Practices (BMP) and their associated ERUs. These properties may include BMPs that are eligible for the future incentive program, however, actual eligibility and the potential level of credits cannot be determined by DDOE at this time. Since 2011 when the last data set was received from DDOE, the number properties and potential ERUs has substantially increased with ERUs doubling to 81,445 ERU's. Based upon the data received from DDOE, DC Water staff compared the existing credit budget and determined

that a 4% incentive credit would be within the currently budgeted amount if 81,455 ERUs were determined to be eligible for full credit availability in FY 2014. Other percentage scenarios were examined and all indicated a reduction in revenues given the assumptions stated. Staff conducted additional scenarios assuming that the number of participants in a credit program would increase over the years. This would increase the revenue gap under each scenario. A review of the customer bill impacts was provided.

A number of options were discussed. Given that DC Water will not be able to increase Clean Rivers IAC fees in FY 2014, it was suggested that an initial program credit of 4% be considered in FY 2014 until better data was available to determine financial impacts. In the future, DC Water could increase the budget amount to cover the credit to be granted. Chairman Gibbs asked how the incentive expense would be covered. Ms. Downs replied that the cost of the credit would be built into the Clean Rivers IAC. In other words, every customer that is not in the incentive program would be charged a slightly higher fee to cover the loss of revenue required for the mandated DC Clean Rivers Project. Chairman Gibbs noted that residential customers are not anticipated to be high participants in such a program yet will pay higher rates to supplement credits given to primarily non-residential customers. Chairman Gibbs requested that staff present an option that includes customer differentiation on the DC Clean Rivers IAC between Residential, Non-Residential (and the proposed Multi-Family) customers. **[Follow Up]**. Mr. Bellamy asked who will decide whether a certain property has achieved best management practice. Ms. Downs replied that DDOE will determine eligibility as they do with the current low-income energy program. Chairman Gibbs suggested that DC Water contact the Office of Planning and discuss potential construction and non-residential growth that may impact the amount of eligible applicants in the future. **[Follow Up]**.

Ms. Butani recommended that in the first year DC Water should not exceed the \$500,000 budget and look in future years to modify the budget after information has been collected. Chairman Gibbs asked what the anticipated timeframe will be for implementation of the proposed incentive program. Ms. Downs replied that DDOE has proposed to start putting credits on the bill as of October 1, 2013 (FY 2014). Chairman Gibbs asked whether DC Water can propose an incentive program before the public hearing in May. Ms. Downs replied that it is feasible if the Committee agrees upon a proposal at the March 2013 meeting for Board approval in April 2013.

Action Item

Ms. Downs presented an action item which would add language to the DC Municipal Regulations (DCMR) regarding the Impervious Area Charge and non-potable water. This item is in support of the January 2013 Board approval to add a new Multi-Family customer classification and would provide consistency throughout the DCMR. The Committee agreed to move the action forward to the full Board for consideration.

Retail Rates Committee Workplan

The Committee approved the workplan.

Other Business

No other business was discussed.

Agenda for March 26, 2013 Committee Meeting

Chairman Gibbs approved the agenda for the March meeting.

Executive Session

The Committee unanimously moved to go into executive session.

Adjournment

After returning to open session, the meeting was adjourned at 11:00 am.

FOLLOW-UP ITEMS (February 26, 2013)

1. Analyze the potential allocation of Clean Rivers IAC credits based upon customer classification.
(Chairman Gibbs) Status: March 2013
2. Contact the Office of Planning to review the growth of construction in the District of Columbia.
(Chairman Gibbs) Status: March 2013