



**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS**

DC Retail Water and Sewer Rates Committee

Tuesday January 24, 2012

MEETING MINUTES

COMMITTEE MEMBERS

Howard Gibbs, Chairman
Brenda Richardson
Howard Croft
Alan Roth
Adam Clampitt (via Telephone)

DC WATER STAFF

Olu Adebo, Chief Financial Officer
Randy Hayman, General Counsel
Katherine Cahill, Principal Counsel
LaVeeda Garlington, Principal Counsel
Linda Manley, Board Secretary
Yvette Downs, Director of Finance & Budget

Call to Order

Chairman Gibbs called the Committee meeting to order at 9:37am.

Monthly Update

Howard University (HU)

General Counsel Hayman referred the Committee to the update provided in the Committee package. As noted in the package, DC Water is preparing a response to the counter-offer submitted by Howard University. After some discussion by the Committee, Mr. Hayman noted that no final action will be taken without returning to the Committee to inform them of the recommended action.

Soldiers Home

Turning to the status of negotiations with the US Airmen and Soldiers Home, the DC Water General Counsel is preparing a legal opinion regarding sewer services that were not referenced in the 1938 agreement which provided free water services for the Home. General Counsel Hayman stated that the legal opinion should be completed in February. The results of the legal opinion, together with the appraisal of the property currently used by DC Water for its underground facility and the existing and proposed facility use not related to the Soldiers Home activities, will form the basis of next steps and negotiation position.

Pretreatment Fees

A presentation on the proposed Pretreatment Fees was included within the Committee package. The presentation reviewed some of the information provided to the Committee in April 2010, which formed the basis of fee recommendations that were posted in the DC

Register for public comment in May 2011. A subset of those recommendations, (the Pretreatment Fees), were not finalized in July 2011 with the rest of the original proposal as comments were received on the related regulations that delayed finalizing those regulations. However, the regulations are now moving forward to be finalized and management recommends that the Committee move forward with the associated fees to enable DC Water to recover the cost of implementation of the new pretreatment regulations. To ensure transparency, staff recommends that the new fees be again published for rate making and included as part of the May 2012 Public Hearing, with a target effective date of October 1, 2012. Ms. Richardson asked whether these fees will be discussed at the upcoming town hall meetings. Chief Financial Adebo replied that DC Water will include these fees as part of the package and documents shared at the town hall meetings. The town hall meetings are geared toward the retail customers, and all are welcomed to discuss these fees. Ms. Downs noted that there are other community and association meetings held during the public comment period and this information will be included during those meetings as well.

Mr. Roth inquired about the services covered by these proposed fees. Ms. Elaine Wilson, administrator of the proposed regulations, explained that these fees cover the pretreatment program for permitting, inspections and sampling program of our industrial users. EPA requires DC Water to permit certain industrial users based on the type of industry and flow value. These fees would recover the cost of inspecting, sampling and permitting of the industrial users once a year. Certain limits have been established in the regulations regarding certain pollutants. If these users are at that limit or may have a potential to exceed the limit then they would be required to obtain a permit. EPA requires DC Water to permit these users based on certain categories. The industrial users are required to pre-treat their flow to meet DC Water limits before they go into DC Water treatment plant. As an example, some of the significant industrial users include The Bureau of Engraving, Amtrak, and Dulles Airport. Some of the non-significant industrial users are hospitals and laundries.

Billing Frequency Change for Impervious Only Accounts

Ms. Preston, Director of Customer Service, updated the Committee on the billing frequency for impervious only accounts. When the Clean Rivers Impervious Area Charge (IAC) was implemented there were about nine thousand properties identified as impervious only; or properties without metered water service. DC Water made a decision to bill some impervious only customers on a monthly basis and some customers every six months, based on the efficiency of sending out a low monthly bill versus the cost of processing and mailing those bills. In addition, it did not seem reasonable to ask a customer to mail in a small bill monthly. As the average ERU price continues to increase, DC Water staff recommends that the customers to be billed six months be reduced to those impervious customers with less than 3 ERUs who are not on a group bill payment. Ms. Richardson asked about the categories of these customers. Ms. Preston replied they include parking lots, garages, and carriage house garages separate from the customer property. There was some discussion regarding customers who may claim hardship for payment of these bills. Ms. Preston noted that the current CAP program does not apply to the Clean Rivers IAC and non-residential customers are not eligible for the CAP. However, part of the reason for the recommended change is to mitigate potential financial impacts. By converting the larger

properties to monthly payments, the “Please Pay” bill should be more manageable as the fee rises over the next few years.

Ms. Richardson asked that town hall meetings be specifically noted as a part of the public comment period.

Action Items

By consensus of the Committee, Chairman Gibbs recommended that both action items on the agenda be forwarded the full Board of Directors.

Mr. Roth asked that in the future for action items involving rulemaking, a copy of the proposed language for inclusion in the DC Register be included for reference.

DC Retail Water and Sewer Rates Committee WorkPlan

Chief Financial Officer Adebo updated the Committee on the DC Retail Water and Sewer Rates Committee Workplan. Specific focus was given to expectations of the review of the CAP program currently planned for March 2012. The review will include evaluation of the effectiveness of the current program, options or recommendations for changes which will include the impact of the options on the customer bill as well as the fiscal impact on DC Water operations.

Emerging Issues/Other Business

No Discussion

Agenda for February 28, 2012 Committee Meeting

Chairman Gibbs approved the agenda for the next meeting.

Adjournment

Hearing no further business the meeting was adjourned at 10:34am.

FOLLOW-UP ITEMS – Retail Rates Committee Meeting (January 24, 2012)

1. 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 (Mr. Bardin) Status: FY 2012
2. Review of the Potomac Interceptor contracts to see if there are opportunities to modify contracts to be similar to the IMA contracts (Mr. Bardin) Status: Defer Pending Final IMA