



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

*Retail Rates Committee
Wednesday January 25, 2011
9:30 a.m.*

MEETING MINUTES

COMMITTEE MEMBERS

David J. Bardin, Chair
Howard C. Gibbs, Vice-Chair
Alethia Nancoo
Alan Roth
Howard Croft
Brenda Richardson
Joseph Cotruvo

DC Water Staff

George Hawkins, General Manager
Olu Adebo, Chief Financial Officer
Linda R. Manley, Board Secretary
Randy Hayman, General Counsel
Yvette Downs, Director of Finance and Budget
Charles Kiely, Assistant General Manager

Call to Order

Chairman Bardin called the Retail Rates Committee meeting to order at 9:32am. He requested that the action item and executive session be moved up on the agenda as some Committee members would need to leave prior to completion of the full agenda.

Effective communication of Rates/Charges: Update of FY 2010 Residential Customer Consumption (Attachment B)

Ms. Downs summarized FY2010 consumption for 104,070 accounts comprising the Residential Customer Class by quartiles according to ascending usage:

Quartile	Annual Ccf usage	Monthly Ccf	Mean Ccf / mo.	Median Ccf / mo.
1 st	544,654	45,388	1.74	1.92
2 nd	1,353,563	112,797	4.34	4.33
3 rd	2,133,494	177,791	6.83	6.75
4 th	4,286,710	357,226	13.73	11.50
Total usage	8,318,421	693,202	6.66	5.50

She also presented trends of mean and median monthly residential usage:

	FY 2007	FY 2008	FY 2009	FY 2010
Mean	7.07	6.91	6.69	6.66
Median	5.75	5.58	5.50	5.50

Chairman Bardin complimented the staff on a job well done, expressing the view that these data would interest Board members and prove useful to the General Manager and outreach staff. He also requested the same information for the Non-residential Customer Class for the next Committee meeting.

Executive Session

The Committee entered executive session from 9:40 to 10:12 am.

Discussion on Ten Year Financial Plan Resolution (Attachment F)

The committee weighed concerns about transparency to the Board of cost allocations in both the ten-year financial plan and the 10-year Capital Improvement Program (CIP) summarized in a one-page handout presented by Chair Bardin. Pointing to a change in a rehabilitation project's allocation since last year's CIP approval, he noted that Management had aired that change before the Blue Plains Regional Committee (BPRC), but not the Board. The Committee requested a written report for its next meeting addressing a number of questions. The General Manager agreed to have a report, but noted that all the answers may not be available in time for that Committee meeting.

The Committee reviewed Management's revised draft resolution as distributed at the meeting, making minor language changes. The paragraphs following NOW THEREFORE BE IT RESOLVED would read:

The Board hereby accepts and approves the proposed Fiscal Year 2010-2019 Financial Plan that is supported by the attached Schedules A, B, C and D and in the proposed Fiscal Year 2012 Operating and Capital Budgets.

Acceptance and approval of the Financial Plan at this time shall not be construed as an endorsement of the projected cost allocations between the District of Columbia and any suburban jurisdiction or entity found in the Fiscal Year FY 2012 Operating and Capital Budgets and accompanying materials with respect to any project described therein. Any such cost allocation shall be subject to further revision based on good engineering practice, sound accounting methods, IMA and other legal compliance or any future determinations that the Board of Directors may make.

The column headings in Schedule D would add "actual" before FY 2009 and FY 2010 and "proposed" before FY 2012 retail rates. These changes will also be reviewed by the Finance and Budget Committee prior to the full Board meeting in February.

The Committee recognized that if the Finance and Budget Committee recommends lowering the pending FY 2012 operating budget proposal, its recommendation would impact both the 10-year Financial Plan and the FY 2012 rate proposal approved for public comment under Board resolution #11-11.

The Committee agreed that such a lowering of the budget would mechanically lower some of the numbers in Schedules to the Ten Year Financial Plan resolution. Further, if such a change is moved forward to the Board, a revised rate proposal resolution to replace #11-11 should be taken to the Board at the February meeting as well.

FY 2012 Retail Rate Proposal Schedule (Attachment A)

Mr. Adebo noted in that the schedule in Attachment A calls for the rates and the revised FY 2012 budget to be finalized by the full Board in July. This will allow focus on the development and review of the FY 2013 budget proposal thereafter.

Ms. Richardson noted that attendance at the Town Hall meetings has not been as robust

as desired despite significant efforts by staff to encourage community participation. She suggested that the agency consider the use of “ROBO” calls to encourage participation as well as filming the Town Halls and showing them on cable channel 16; the Mayor’s cable channel. In addition, Ms. Nancoo also suggested that the staff consider doing radio PSAs. The General Manager agreed to consider their recommendations.

Effective communication of Rates/Charges [continued]: **Gallons vs. cubic feet**

Ms. Downs stated that the Board of Directors has expressed an interest in exploring conversion of the current DC Water unit of water measure from hundred cubic feet measurement into thousand gallons. Across the industry, many different measurements are used: gallons, thousand gallons, cubic feet, hundred cubic feet. All DC Water meters measure consumption in cubic feet. Conversion to 1,000 gallons would require extensive investment in either hardware or software, as well as present major challenges to the billing control systems and historic billing processes that are in place. As Mr. Kiely explained, These type of conversions will be costly and time consuming.

Based on this, staff recommendation is to ensure that all external communication on water usage to customers includes a translation of Ccf to 1,000 gallons. For example, the current bill already provides the monthly use in gallons as well as Ccfs. Staff recommends that additional information be placed on the face of the bill such as the Ccf unit translation (=748 gallons) in a manner that is easily located by the customer.

Ms. Nancoo also suggested that this translation be placed clearly on the website in a transparent manner. Mr. Bardin noted a potential for confusion in statistical reporting to the Board and others that shifts back and forth from gallons purchased from the Washington Aqueduct to Ccf sold to retail customers and back to gallons that flow to Blue Plains WWTP.

Chair Bardin suggested that the General Manager inform all Board members how Management will communicate gallons and/or cubic feet to customers and others.

Retail Rates Committee Workplan (Attachment C)

Mr. Adebo said that staff expects to propose additional revenue enhancement measures in time for consideration during the public comment period for the FY 2012 rate proposal.

Chair Bardin requested staff to propose timing of an update on the Impervious Area Charge program and review of the Board’s related policy statements to be added to the work plan.

He also requested an overview on additional revenue enhancement options for future rate cycles and an overview of DC Water’s current revenue subtraction (or discount or exemption) programs.

Chairman Bardin and Mr. Adebo will revisit the work plan and modify as needed, for the next Committee meeting.

Follow Up LID Incentive – IAC Discounts Program

Chairman Bardin deferred discussion of the proposed LID Incentive – IAC Discounts Program for the February Committee meeting.

Action Items

See Ten Year Financial Plan Resolution, above.

Other Business

Chairman Bardin asked Mr. Adebo to update the Committee on the status of Howard University and Soldiers Home billings and unpaid bills. Mr. Adebo stated the Authority has a strategy with the help of the General Counsel, Finance and Budget and Customer Service Department who have taken the lead to resolve the issues as to each. Mr. Adebo mentioned that the Authority met with the CFO and an executive vice president of Howard University to get an understanding of the transaction and as to why they are not paying. Mr. Adebo expects a series of meetings until resolution and has informed Howard University that they must start making sewer payments at a minimum, even if under protest, in order to avoid further collection activity.

Adjournment

Hearing no further business, Chairman Bardin adjourned the meeting at 11:42am.