



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

*DC Retail Water and Sewer Rates Committee
1385 Canal Street SE, Washington, DC 20003
Tuesday, August 25, 2020*

9:30 a.m

(via Microsoft teams)

202-753-6714 Conference ID 725 751 866#

- 1. **Call to Order** **Rachna Bhatt, Chairperson**
- 2. **Roll Call**..... **Linda Manley**
- 3. **Approval of Proposed FY 2021 & FY 2022 Rates, Charges (Attachment A)**.....**Matthew Brown & Fees, Increase CRIAC Discount for CAP and Amend Regulations to make CAP2 Permanent**
- 4. **FY 2020 Net Cash Position Update (Attachment B)**.....**Matthew Brown**
- 5. **Action Item (Attachment C)**.....**Matthew Brown**
 - **Approval of Proposed FY 2021 & FY 2022 Rates, Charges & Fees, Increase CRIAC Discount for CAP and Amend Regulations to make CAP2 Permanent (Action Item 1)**
- 6. **DC Retail Water and Sewer Rates Committee Workplan (Attachment D)****Matthew Brown**
 - **FY 2020 Proposed DC Retail Rates Committee Workplan**
- 7. **Agenda for September 22, 2020 Committee Meeting (Attachment E)** .**Rachna Bhatt, Chairperson**
- 8. **Other Business****Matthew Brown**
- 9. **Executive Session***
- 10. **Adjournment**

*The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); contract negotiations under D.C. Official Code § 2-575(b)(2); legal, confidential or privileged matters under D.C. Official Code § 2-575(b)(4)(A); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2- 575(b)(10); proprietary matters under D.C. Official Code § 2-575(b)(11); train and develop members of a public body and staff under D.C. Official Codes § 2-575(b)(12); decision in an adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14), and other matters provided in the Act.

Attachment A



Approval of the Proposed FY 2021 and FY 2022 Rates, Charges and Fees, Increase the CRIAC Discount for CAP and Amend CAP2 Regulations
Presentation to Retail Rates Committee, August 25, 2020

District of Columbia Water and Sewer Authority



Blue Plains Advanced Wastewater Treatment Plant



Purpose

Seek Committees recommendation to the full Board for approval of the:

Multi-year Rate Proposal

- FY 2021 & FY 2022 Rates, Charges and Fees

Customer Metering Fee Proposal

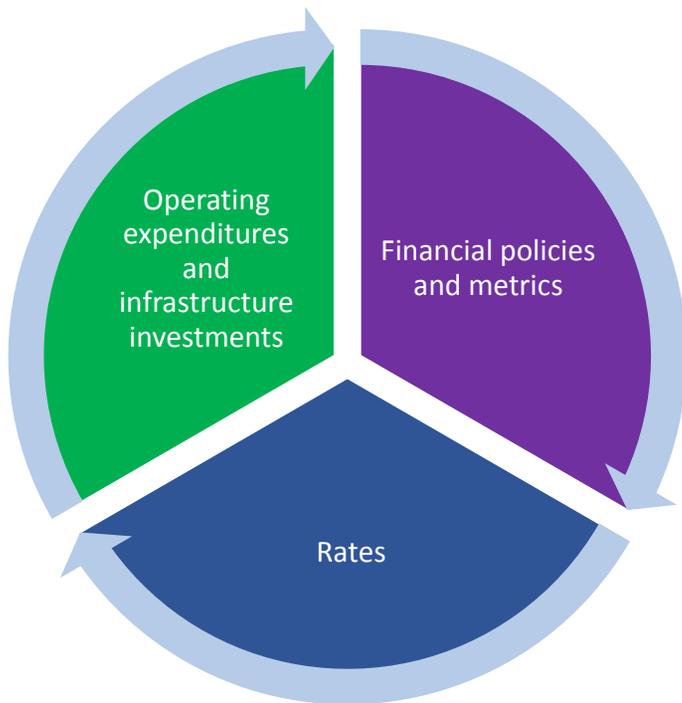
- FY 2021 & FY 2022 Customer Metering Fees

Proposal to increase the Clean Rivers IAC discount for CAP customers from 50% to 75%

Proposal to amend regulations to make DC Water's Customer Assistance Program II (CAP2) permanent



Budget, Rates, Capital Program, and Financial Plan



- Fully funds the Clean Rivers Program
- Doubles DC Water's current investment in water and sewer infrastructure by FY 2022 to reach a one percent replacement cycle and triples the investment by FY 2027 to reach a 1.5 percent replacement cycle
- Increases funds for fleet purchases by \$4 million to ensure crews have the equipment they need
- Continues the shift of a portion of Clean Rivers costs from the Impervious Area Charge to the sewer volumetric rate, bringing more equity to Clean Rivers funding
- Makes the CAP2 program permanent and expands CAP benefits to 75% of the CRIAC
- Takes advantage of low interest rates and current year savings to deliver rate increases that are smaller than previously forecasted
- Applies \$13 million in Rate Stabilization Funds over FY 2021 and FY 2022 to benefit customers



Outreach

- 💧 Extended the ratemaking public comment period to ensure that there was time and a venue to hear from customers
 - Public Hearing moved from June 10th to tonight, August 5th
- 💧 Ward Town Halls were made virtual
 - 4,276 District residents participated in the Ward Town Hall virtual meetings in FY 2020, as compared to 52 in FY 2019
- 💧 A Business Town Hall was also conducted on July 29 to ensure that we had conversation with non-residential customers
- 💧 All of DC Water ratemaking materials are posted at www.dcwater.com/ratemaking-process
- 💧 A Rate Calculator is on the website to allow customers to enter their consumption, meter size, and impervious area to better understand the impact of the rate proposal





Customer Assistance

- Participation in the Customer Assistance Programs (CAP) has increased this year, as a result of the pandemic and aggressive advertising and outreach
 - CAP has served 4,333 customers through June, as compared with 4,436 during the entire previous fiscal year
 - CAP2 has served 575 customers this year versus 191 during all of FY2019
 - CAP3, funded by the District, helped 104 customers as compared with 48 last year
- New emergency relief program, funded by the District during PHE +105 days, for residential customers eligible for any of the CAP programs
 - Customers can receive up to \$2,000 as a one-time credit
- Proposed CAP amendments will make CAP2 program permanent and increase CRIAC discount to 75 percent for CAP customers
- SPLASH – the SPLASH program offers assistance to families in need so that they can maintain critical water and sewer services until they get back on their feet. SPLASH has served 105 households through June, as compared to 276 during the entire previous fiscal year
- More information is available at www.dcwater.com/customer-assistance





Ratemaking at DC Water

- 💧 Municipal utilities rely on industry practice to make their own determination about how to best recover costs through their user charges
 - *Financing and Charges for Wastewater Systems*, a Manual of Practice published by the Water Environment Federation (2018), suggests that impervious area-based charges may be used in conjunction with volumetric rates to equitably recover costs of wet weather flows (p.189)
- 💧 In addition, DC Water's Board has adopted its own Rate Setting Policy, Resolution #11-10, January 6, 2011:
 - Rates that, together with other revenue sources, cover current costs and meet or exceed all bond and other financial requirements as well as goals set by the Board
 - Rates that yield a reliable and predictable stream of revenues, taking into account trends in costs and in units of service
 - Rates based on annually updated forecasts of operating and capital budgets
 - Rates that are legally defensible, based on objective criteria, and transparently designed
 - Rates structures that customers can understand and DC Water can implement efficiently and efficaciously
 - Rates increases, if required, that are implemented transparently and predictably



Establishment of Rates

- The Board of Directors approves the Budget and the Financial Plan that determines the revenue requirements to operate and maintain water and sewer infrastructure, upgrade our facilities, and improve the environment
- DC Water's rates are established by the Board of Directors after:
 - Presentation of Operating and Capital Costs for the applicable rate period to the Environmental Quality and Operations, Finance and Budget, and Retail Water and Sewer Rates Committee;
 - Presentation of the Cost of Service Study, which is published on DC Water's website;
 - Publication of the rate proposal in the *D.C. Register* for public comment;
 - Holding a Public Hearing to receive comments on the rate proposal, held 45 days after publication of the rate proposal in the *D.C. Register*;
 - Review of comments received during the public comment period and during the Public Hearing, which are published on DC Water's website; and
 - Recommendation from the DC Retail Water and Sewer Rates Committee.



Overview of Rates Proposal

- Multi-year rate proposal, FY 2021 and FY 2022
- DC Water advanced the Cost of Service Study to align it with the rate proposal
- Combined rate increase for average household customer lowered from 8.1% forecasted last year to 6.6% for FY 2021 and from 6.9% to 6.7% for FY 2022
 - Proposed annual water and sewer rate increase of 9.9% for FY 2021 and 7.8% for FY 2022
 - Continue Shift of CRIAC to sewer volumetric of 28% and 37% for FY 2021 and FY 2022, respectively
 - Proposed CRIAC of \$19.52 per ERU in FY 2021 and \$18.40 per ERU in FY 2022
 - Water System Replacement Fee (WSRF) remains the same
 - Customer Metering Fee increases to cover Customer Service costs
 - PILOT Fee for FY 2021 and FY 2022 will increase by \$0.03 and \$0.02 per Ccf respectively and Right-of-Way Fee will remain the same at \$0.19 per Ccf
 - Increase the Clean Rivers IAC discount for CAP customers from 50% to 75% and CAP2 Program made permanent



Customer Metering Fee

- In FY 2019, the Metering Fee recovered \$11.6 million
 - In FY 2003, established Metering Fee at \$2.01 for 5/8” meter
 - In FY 2011, increased Metering Fee to \$3.86 for 5/8” meter
 - Originally fee amount set to cover the capital costs of the original Automated Meter Infrastructure (AMI) system and meter purchase and installation (debt service) plus about \$4 million of Customer Service costs
- Current Cost of Service Study recommends recovering \$24.1 million in FY 2022, consistent with independent rate review recommendation
 - Includes costs associated with metering and billing
 - Customer assistance, shutoff/restore, and leak adjustment etc. remain in the volumetric charges
 - Proposed FY 2021 fee recovers \$15.4 million, all the debt service and coverage plus about half of the full Customer Service O&M allocation (\$4.96 for a 5/8” meter)
 - Proposed FY 2022 fee adds the additional half of Customer Service allocation for a total of about \$24.1 million (\$7.75 for a 5/8” meter)



CAP Amendments

- 💧 CAP - increasing the CRIAC discount from 50% to 75%
 - 💧 Reduces bill for customers with average household consumption to 1.7% of Area Median Income (AMI)
 - 💧 Change consistent with Independent Rate Review recommendation
- 💧 CAP2 - made permanent
- 💧 DC Water asked District Government to continue funding CAP3 and CRIAC Non-Profit Relief programs



Rate Stabilization Fund

- 💧 Budget proposes \$13 million withdrawal over FY 2021 and FY 2022
 - \$8 million in debt service savings in the current fiscal year, plus remaining \$5 million withdrawal from Rate Stabilization Fund to be deposited in FY 2020

- 💧 Apply \$2.5 million in FY 2021 and \$10.5 million in FY 2022

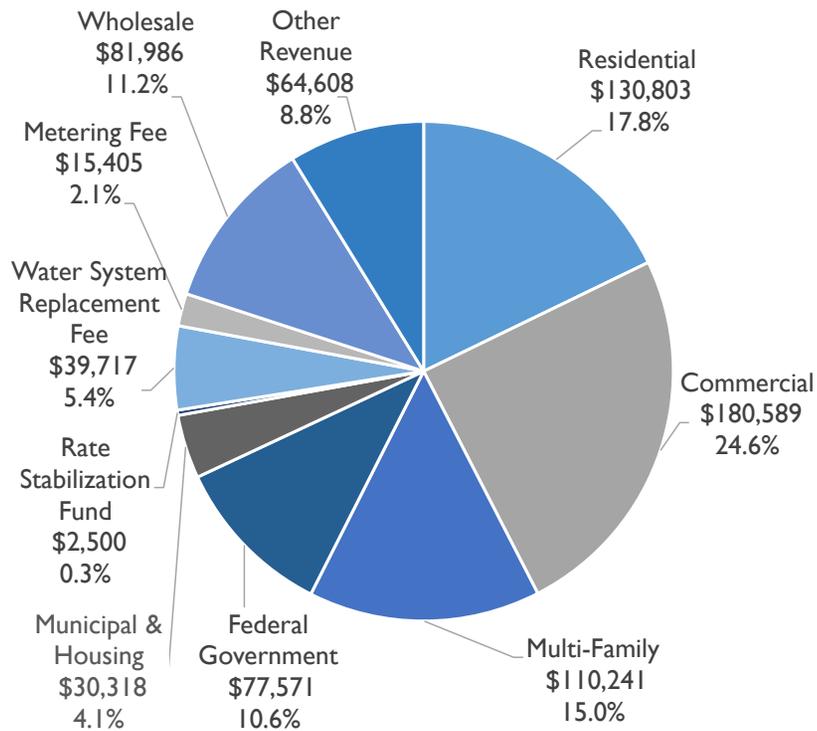




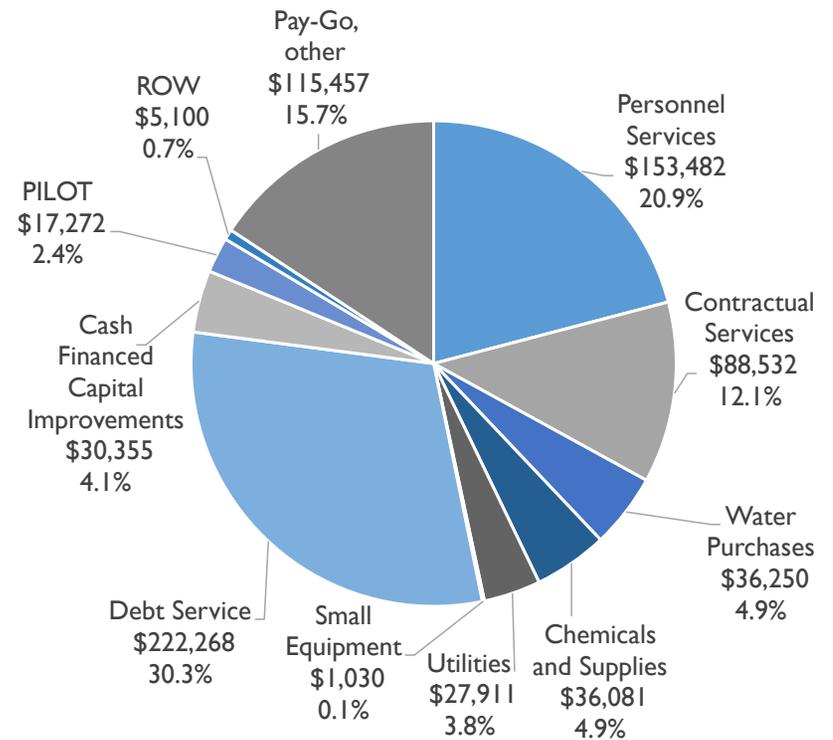
FY 2021 Operating: Sources and Uses of Funds

\$ in thousands

Sources - \$733.7 Million



Uses - \$733.7 Million

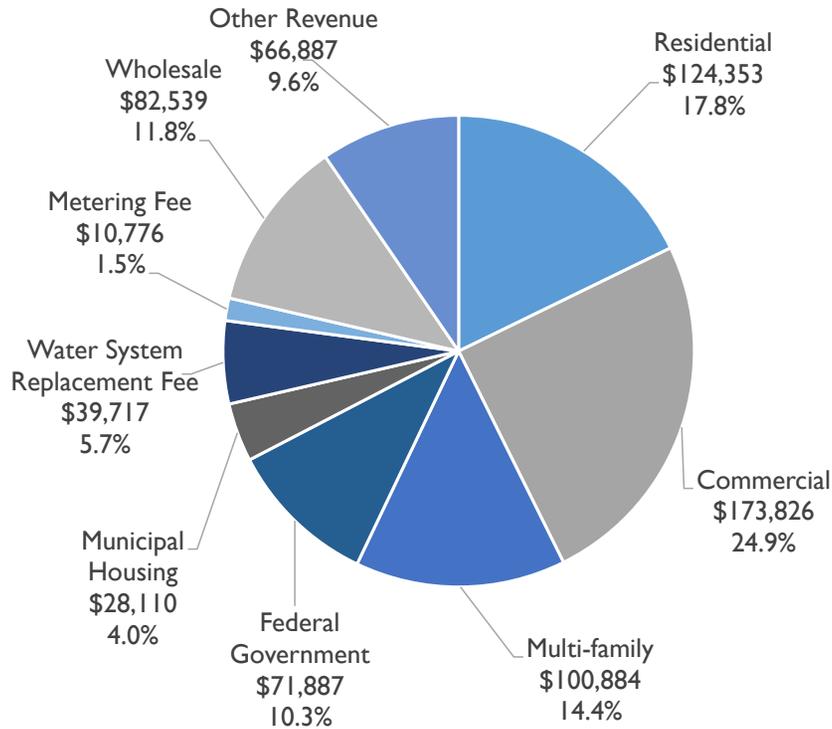




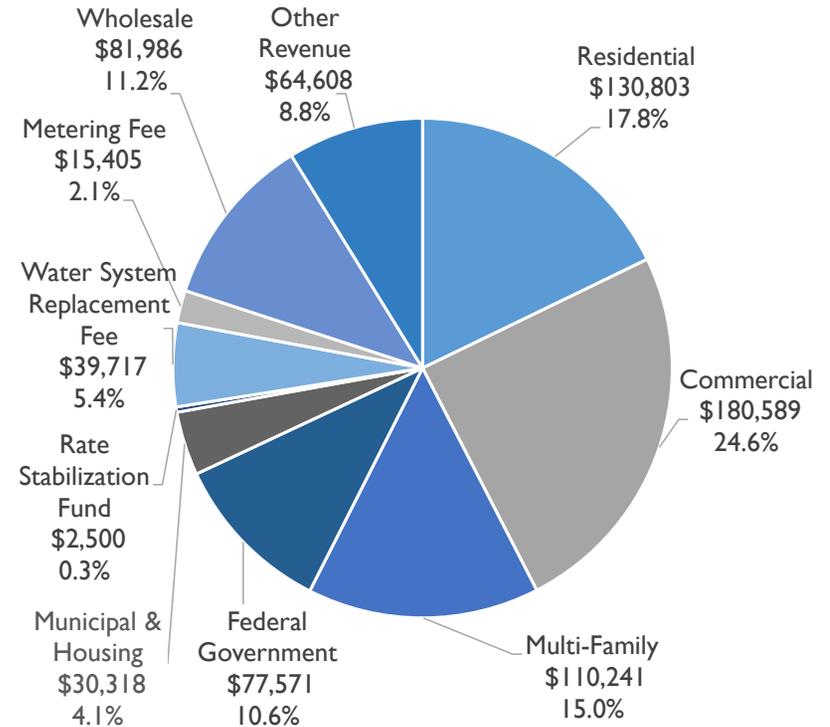
FY 2020 vs. FY 2021 Operating Revenues

\$ in thousands

Revised FY 2020
\$698,979



Proposed FY 2021
\$733,738

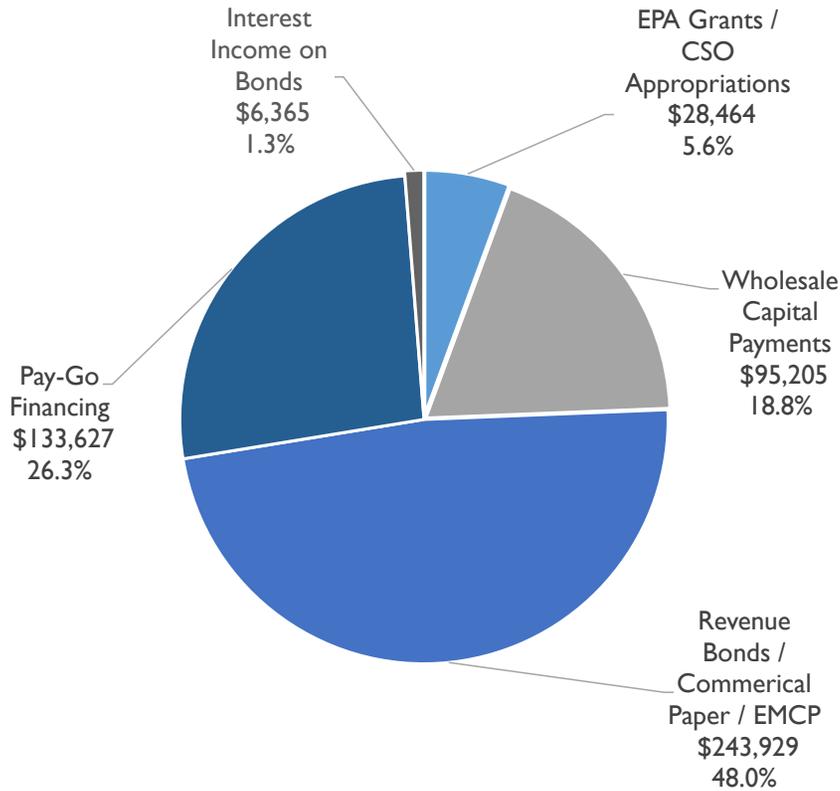




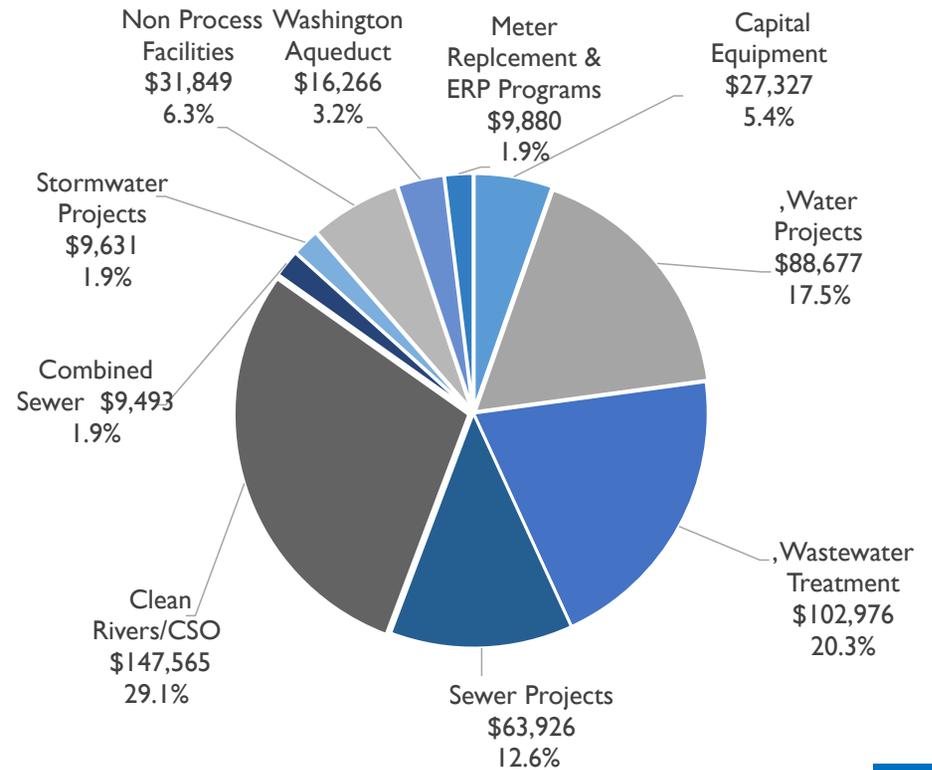
FY 2021 Capital: Sources and Uses of Funds

\$ in thousands

Sources - \$507.6 Million



Uses - \$507.6 Million





Revenue Comparison by Customer Class

- 💧 Total revenue is projected to increase by \$35.8 million or 5.1% for FY 2021 and \$32.6 million or 4.4% for FY 2022 mainly due to rate increases
- 💧 Retail revenue is projected to increase by \$35.1 million or 6.4% for FY 2021 and \$23.0 million or 3.9% for FY 2022 due to rate increases for both years
- 💧 Wholesale revenue is projected to decrease by \$0.6 million or -0.7% for FY 2021 due to lower flows and increase by \$2.5 million or 3.0% for FY 2022 due to 3.0 percent escalation

<i>\$ in thousands</i>	Revised FY 2020	Proposed FY 2021	Proposed FY 2022	FY 2021 vs FY 2020		FY 2022 vs FY 2021	
				Incr/(Decr)		Incr/(Decr)	
				\$	%	\$	%
Retail Revenue	\$549,553	\$584,644	\$607,652	\$35,091	6.4%	\$23,008	3.9%
Wholesale Revenue							
Potomac Interceptor (PI)	2,715	3,547	3,547	832	30.6%	-	-
Loudoun County Sanitation Authority (LCSA)	7,758	7,648	7,983	-110	-1.4%	335	4.4%
Washington Suburban Sanitary Commission (WSSC)	57,284	55,952	57,630	-1,332	-2.3%	1,678	3.0%
Fairfax County	14,782	14,839	15,285	57	0.4%	446	3.0%
Total Wholesale Revenue	\$82,539	\$81,986	\$84,445	-\$553	-0.7%	\$2,459	3.0%
Other Revenue	66,887	64,608	63,701	-2,279	-3.4%	-907	-1.4%
Rate Stabilization Fund	-	2,500	10,500	2,500	-	8,000	320.0%
Total Revenues	\$698,979	\$733,738	\$766,298	\$35,759	5.1%	\$32,560	4.4%



Proposed FY 2021 & FY 2022 Rates, Charges & Fees

	Units	Approved FY 2020	Proposed FY 2021	Proposed FY 2022	Incr./(Decr.) FY 2021		Incr./(Decr.) FY 2022	
					\$	%	\$	%
DC Water Retail Rates – Water:								
Residential – Lifeline (0- 4 Ccf)	Ccf	\$3.06	\$3.49	\$3.63	\$0.43	14.1%	\$0.14	4.0%
Residential – (> 4 Ccf)	Ccf	4.10	4.50	4.74	0.40	9.8	0.24	5.3
Multi-family	Ccf	3.54	3.96	4.15	0.42	11.9	0.19	4.8
Non-Residential	Ccf	4.25	4.65	4.91	0.40	9.4	0.26	5.6
DC Water Retail Rates – Sewer	Ccf	8.89	9.77	10.64	0.88	9.9	0.87	8.9
DC Water Clean Rivers IAC	ERU	20.94	19.52	18.40	-1.42	-6.8	-1.12	-5.7
DC Water Customer Metering Fee	5/8”	3.86	4.96	7.75	1.10	28.5	2.79	56.3
DC Water System Replacement Fee	5/8”	6.30	6.30	6.30	-	-	-	-
District of Columbia PILOT Fee	Ccf	0.51	0.54	0.56	0.03	5.9	0.02	3.7
District of Columbia Right of Way Fee	Ccf	0.19	0.19	0.19	-	-	-	-
District of Columbia Stormwater Fee	ERU	2.67	2.67	2.67	-	-	-	-



Average Residential Customer Monthly Bill

	Units	Current FY 2020	Proposed FY 2021	Proposed FY 2022
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 66.25	\$ 73.30	\$ 78.92
DC Water Clean Rivers IAC ⁽²⁾	ERU	20.94	19.52	18.40
DC Water Customer Metering Fee	5/8"	3.86	4.96	7.75
DC Water Water System Replacement Fee ⁽⁴⁾	5/8"	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 97.35	\$ 104.08	\$ 111.37
Increase / Decrease		\$ 5.01	\$ 6.73	\$ 7.29
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$ 2.76	\$ 2.93	\$ 3.04
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	1.03	1.03	1.03
District of Columbia Stormwater Fee ⁽³⁾	ERU	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.46	\$ 6.63	\$ 6.74
Total Amount Appearing on DC Water Bill		\$ 103.81	\$ 110.71	\$ 118.11
Increase / Decrease Over Prior Year		\$ 5.11	\$ 6.90	\$ 7.40
Percent Increase in Total Bill		5.2%	6.6%	6.7%

(1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)

(2) Assumes average 1 Equivalent Residential Unit (ERU)

(3) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010

(4) DC Water "Water System Replacement Fee" of \$6.30 for 5/8" meter size effective October 1, 2015



Low Income CAP Customer Monthly Bill

	Units	Current FY 2020	Proposed FY 2021	Proposed FY 2022
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 66.25	\$ 73.30	\$ 78.92
DC Water Clean Rivers IAC	ERU	20.94	19.52	18.40
DC Water Customer Metering Fee	5/8"	3.86	4.96	7.75
DC Water Water System Replacement Fee	5/8"	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 97.35	\$ 104.08	\$ 111.37
Increase / Decrease		\$ 5.01	\$ 6.73	\$ 7.29
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$ 2.76	\$ 2.93	\$ 3.04
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	1.03	1.03	1.03
District of Columbia Stormwater Fee ⁽⁴⁾	ERU	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.46	\$ 6.63	\$ 6.74
Total Amount		\$ 103.81	110.71	118.11
Increase / Decrease Over Prior Year		\$ 5.11	\$ 6.90	\$ 7.40
Percent Increase in Total Bill		5.2%	6.6%	6.7%
Less: CAP Discount (4 Ccf per month) ^{(1), (2)}		(50.60)	(55.96)	(60.08)
Water System Replacement Fee (WSRF) ⁽³⁾		(6.30)	(6.30)	(6.30)
Clean Rivers IAC ⁽⁵⁾		(10.47)	(14.64)	(13.80)
Total Amount Appearing on DC Water Bill		\$ 36.44	33.81	37.93
Increase / Decrease Over Prior Year		\$ 0.90	\$ (2.63)	\$ 4.12
CAP Customer Discount as a Percent of Total Bill		-64.9%	-69.5%	-67.9%

(1) Assumes average monthly consumption of 5.42 Ccf, or (4,054 gallons)

(2) Expansion of CAP program in FY 2009 assumes discount to first 4 Ccf of Water and Sewer and to first 4 Ccf of PILOT and ROW in FY 2011

(3) Assumes 100 percent discount for Water System Replacement Fee (WSRF) to CAP customers effective October 1, 2015

(4) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010

(5) Assumes 50 percent discount for FY2020 and 75% discount for FY2021 and FY2022 for the Clean Rivers IAC



Independent Review of Rate Structure and CAP - Conclusions

• An independent review of DC Water's rates and rate structure found:

- The current customer classes are appropriate and consistently seen in the industry
- The four Ccf monthly water lifeline threshold is appropriate and consistent with benchmarked utilities
- The cost of service study is generally consistent with industry standards for rate making
- The current Metering Fee could be expanded to recover a greater amount of fixed operating and capital costs
 - Change proposed in current rate proposal
- Use of the CRIAC to recover consent decree-related capital costs is appropriate
- Use of ERU as the basis for recovering the CRIAC is appropriate
- Given redevelopment in the District, continue to conduct parcel analysis on a regular basis. The analysis should include an evaluation of the appropriateness of 1,000 sq. ft. as the basis for the ERU for residential parcels
- The current cost elements recovered via the CRIAC are appropriate and should not include wastewater treatment costs
- Recover system costs, including I/I (infiltration and inflow) costs, via wastewater rates and charges as is DC Water's current practice
- The approach used to determine the suburban cost allocation for Clean Rivers (7.1%) provides a technical basis for allocating these costs



Financial Plan Objectives

- 💧 DC Water's 10-year financial plan serves as the fiscal roadmap to achieve the Board's strategic plan
- 💧 It is one of management's key tools to monitor progress in meeting financial goals and targets
- 💧 It also ensures meeting or exceeding all debt-related legal and policy requirements, as well as maintaining sufficient liquidity to meet all current financial obligations
- 💧 DC Water's financial plan objectives focus on:
 - minimizing rate increases while meeting all financial obligations;
 - satisfying all indenture requirements and Board policies; and
 - maintaining the DC Water's current credit ratings of AAA/Aa1/AA+



Ten-Year Financial Plan Assumptions

- Maintain Debt Service as a percentage of revenue equal to 33.0 percent or less
- Maintain combined coverage of 160 percent
- Maintain 250 days of cash including Rate Stabilization Fund
- FY 2019 actual consumption declined by 1.8 percent. Assumed 1.5 percent conservation each for FY 2020 and FY 2021 and 1.0 percent in FY 2022 and onwards
- FY 2019 Debt Service was lower as compared to budget due to deferring bond issuance as well as achieving lower interest than projected. The new plan assumed lower interest rates with slightly lower Debt Service projections



Ten-Year Financial Plan

\$ in thousands

OPERATING	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Retail*	\$ 571,666	\$ 607,107	\$ 630,495	\$ 669,848	\$ 723,657	\$ 752,224	\$ 791,988	\$ 833,503	\$ 879,616	\$ 928,122
Wholesale*	82,539	81,986	84,445	86,978	89,588	92,275	95,044	97,895	100,832	103,857
Other	44,774	42,145	40,858	44,081	46,959	51,637	54,692	54,970	56,935	57,752
RSF	-	2,500	10,500	-	-	-	-	-	-	-
Operating Receipts ⁽¹⁾	\$ 698,979	\$ 733,738	\$ 766,298	\$ 800,907	\$ 860,204	\$ 896,136	\$ 941,724	\$ 986,368	\$ 1,037,383	\$ 1,089,731
Operating Expenses	(347,881)	(365,658)	(376,303)	(387,553)	(399,149)	(411,101)	(423,421)	(436,120)	(449,209)	(462,701)
Debt Service	(205,137)	(222,268)	(240,497)	(257,460)	(271,238)	(286,756)	(299,489)	(315,321)	(332,807)	(348,316)
Cash Financed Capital Improvement	\$ (28,556)	\$ (30,355)	\$ (37,830)	\$ (46,889)	\$ (50,656)	\$ (60,178)	\$ (71,279)	\$ (75,015)	\$ (79,165)	\$ (83,531)
Net Revenues After Debt Service	\$ 117,405	\$ 115,456	\$ 111,668	\$ 109,005	\$ 139,161	\$ 138,101	\$ 147,535	\$ 159,912	\$ 176,202	\$ 195,183
Operating Reserve-Beg Balance	186,764	180,000	185,000	194,000	201,000	205,000	215,000	220,000	230,000	240,000
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(5,372)	(3,184)	(5,490)	-	-	-	-	-	-	-
Project Billing Refunds	(4,000)	(4,000)	-	-	-	-	-	-	-	-
Transfers To RSF	(13,000)	-	-	-	-	-	-	-	-	-
Pay-Go Financing	(101,797)	(103,272)	(97,178)	(102,005)	(135,161)	(128,101)	(142,535)	(149,912)	(166,202)	(185,183)
Operating Reserve - Ending Balance	\$ 180,000	\$ 185,000	\$ 194,000	\$ 201,000	\$ 205,000	\$ 215,000	\$ 220,000	\$ 230,000	\$ 240,000	\$ 250,000
Rate Stabilization Fund Balance RSF ⁽²⁾	\$ (74,450)	\$ (71,950)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)
Senior Debt Service Coverage	459%	502%	533%	513%	616%	647%	632%	618%	660%	769%
Combined Debt Service Coverage	171%	172%	169%	170%	179%	177%	181%	182%	184%	187%
Actual/Projected Water/Sewer Rate Increases	11.5%	9.9%	7.8%	8.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
*Operating Receipts \$ Increase/Decrease										
Retail	7,460	35,441	23,388	39,353	53,809	28,567	39,764	41,514	46,113	48,507
Wholesale	423	(554)	2,460	2,533	2,609	2,688	2,768	2,851	2,937	3,025
*Operating Receipts % Increase/Decrease										
Retail	1.3%	6.2%	3.9%	6.2%	8.0%	3.9%	5.3%	5.2%	5.5%	5.5%
Wholesale	0.5%	-0.7%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

⁽¹⁾ Includes interest earnings on senior lien revenue bonds' debt service reserve fund

⁽²⁾ FY 2021 planned transfers of \$0.0 million to Rate Stabilization Fund and \$2.5 million utilization will bring the total fund balance to \$71.95 million

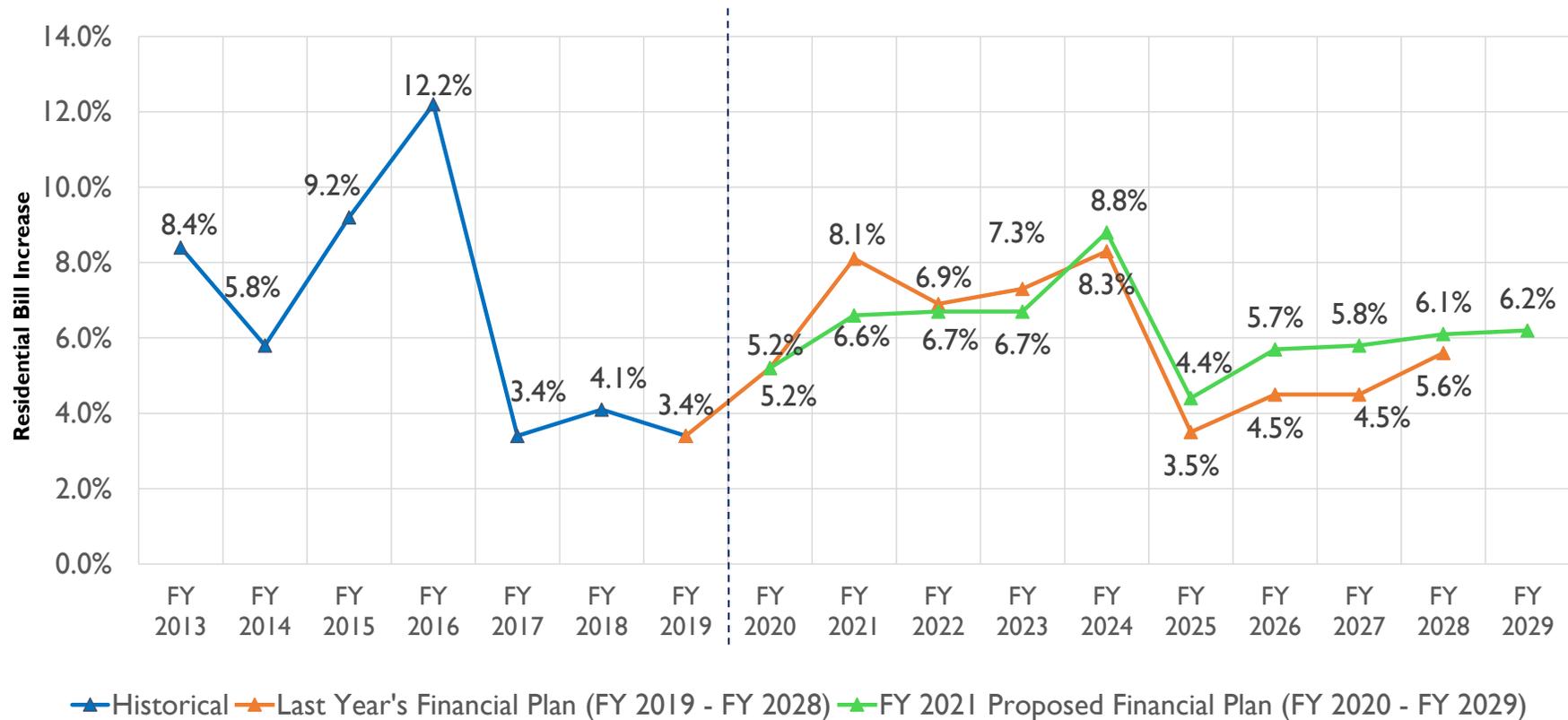


Financial Metrics

Metrics	Indenture Requirement	Board Policy	Management Target
Days of Cash on Hand	—	\$125.5 million or 120 Days	250 Days
Combined Coverage Ratio	—	—	1.6X
Senior Coverage	1.2X	1.4X	—
Subordinate Coverage	1.0X	1.0X	—
Debt Service as a % of Revenue	—	—	33% of Revenue or Less
Rate Stabilization Fund	—	—	10% of Revenue



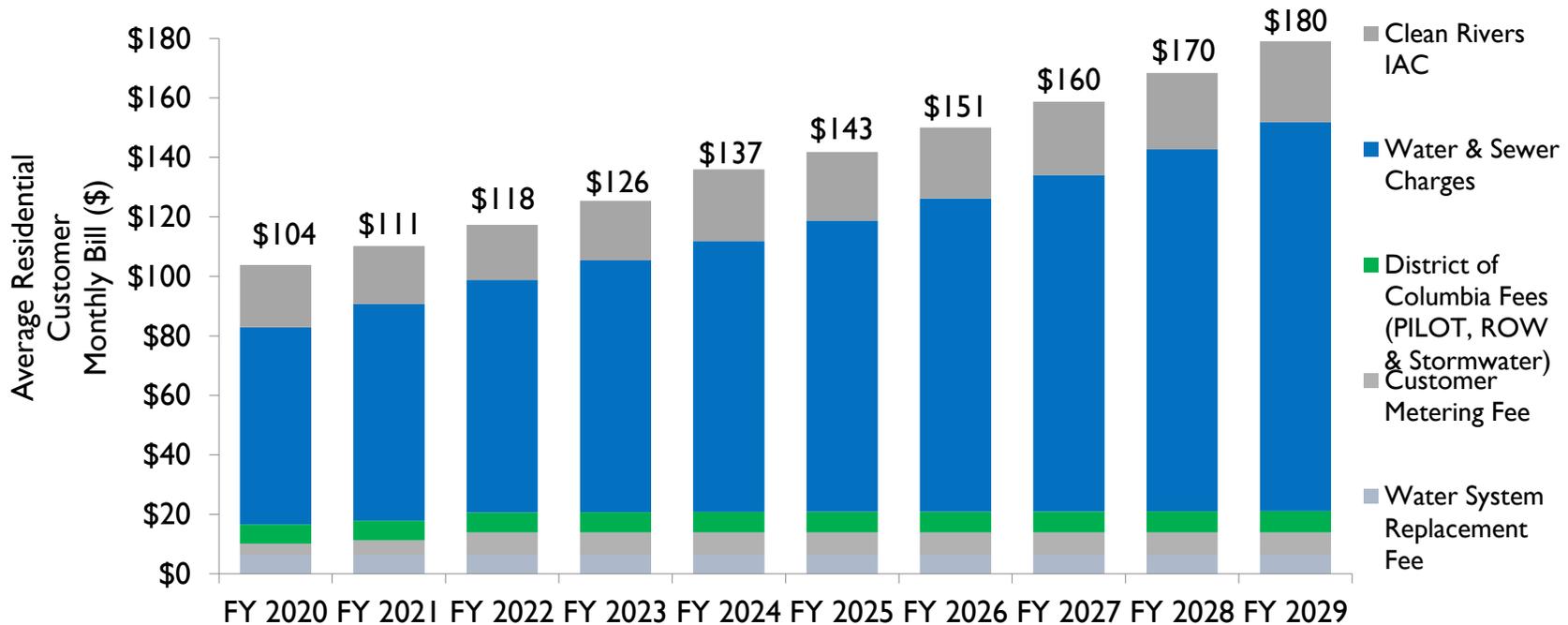
Historical and Projected Combined Rate Increases for Average Residential Customer





Projected Average Residential Customer Bill

Projected average monthly residential customer bill ranges from \$104 in FY 2020 to \$180 in FY 2029



* Assumes average residential consumption of 5.42 Ccf, or 4,054 gallons, per month. Ccf = hundred cubic feet, or 748 gallons



Customer Impacts

Residential Avg. Ccf 5.42, ERU 1	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Water & Sewer Rate (%)	11.5%	9.9%	7.8%	8.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
CRIAC (\$/ERU)	\$20.94	\$19.52	\$18.40	\$19.58	\$24.07	\$23.07	\$23.82	\$24.56	\$25.64	\$26.78
Avg. Customer Bill (\$)	\$104	\$111	\$118	\$126	\$137	\$143	\$151	\$160	\$170	\$180
Avg. Customer Bill (%)	5.2%	6.6%	6.7%	6.7%	8.8%	4.4%	5.7%	5.8%	6.1%	6.2%
Multi-family Avg. Ccf 86.14, ERU 6.83	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Water & Sewer Rate (%)	11.5%	9.9%	7.8%	8.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
CRIAC (\$/ERU)	\$20.94	\$19.52	\$18.40	\$19.58	\$24.07	\$23.07	\$23.82	\$24.56	\$25.64	\$26.78
Avg. Customer Bill (\$)	\$1,341	\$1,447	\$1,538	\$1,654	\$1,791	\$1,896	\$2,022	\$2,157	\$2,304	\$2,461
Avg. Customer Bill (%)	8.1%	8.0%	6.2%	7.6%	8.3%	5.9%	6.6%	6.7%	6.8%	6.8%
Commercial Avg. Ccf 115.82 ERU 14.17	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Water & Sewer Rate (%)	11.5%	9.9%	7.8%	8.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
CRIAC (\$/ERU)	\$20.94	\$19.52	\$18.40	\$19.58	\$24.07	\$23.07	\$23.82	\$24.56	\$25.64	\$26.78
Avg. Customer Bill (\$)	\$2,029	\$2,163	\$2,285	\$2,456	\$2,669	\$2,814	\$2,994	\$3,189	\$3,401	\$3,629
Avg. Customer Bill (%)	6.8%	6.6%	5.7%	7.5%	8.7%	5.4%	6.4%	6.5%	6.7%	6.7%



Public Hearing Comments on the Rate Proposal

	Individual/ Organization	Comments	DC Water Response
1	Fred D. Carney	Notice to intent to put lien on my house for approximately \$800 water bill	<ul style="list-style-type: none"> Customer Service reached out to Mr. Carney to talk about customer installment plans. He decided to de-enroll from e-bill and receive paper statements monthly Customer Service confirmed that the intent to lien had been sent one week before the lien process was suspended by DC Water because of the Public Health Emergency
2	Eric Jay Jones, Apartment and Office Building Association of Metropolitan Washington (AOBA)	<p>a) Concerned that rates are increasing during a time when water usage was already projected to decrease prior to the declared public health</p> <p>b) Rates should be flat as opposed to increasing</p>	<ul style="list-style-type: none"> DC Water is a cost recovery organization, and rates are based on the cost to provide water and sewer services and to make infrastructure investments. It does not make a profit. The proposed rate increase is smaller than was projected a year ago as a result of debt refinancing and efforts to control costs, and withdrawal funds from the Rate Stabilization Fund The continued decline in water usage is a challenge for DC Water and for water and sewer utilities across the country. DC Water has projected a decline of 1.5% in FY 2021 and 1.0% per year in FY 2022 and future years. At the same time that water usage is declining, costs continue to rise, and infrastructure continues to age. Therefore, DC Water must raise rates in order to generate the revenue necessary to operate and make infrastructure investments
		<p>c) Landlords unable to collect gross rent during the declared public emergency and for 30 days thereafter</p> <p>d) Rates will impact those hit hardest by the economic downturn “pandemic” (businesses)</p>	<ul style="list-style-type: none"> During the public health emergency, DC Water has reconnected previously disconnected customers for non-payment, waived late fees, partnered with the District for emergency assistance for those impacted by COVID, provides assistance to low income customers through the DC Water and District funded CAP and CRIAC relief programs, promotes public and employee contributions to SPLASH program that provided emergency assistance to customers, paused placing liens during the Public Health Emergency, and is working with customers by arranging payment plans



Public Hearing Comments on the Rate Proposal

	Individual/ Organization	Comments	DC Water Response
		<p>e) Concern that the proposed budget numbers continue to be estimated at a four percent cost of inflation, which continues to be higher than the consumer price index</p>	<ul style="list-style-type: none"> • This is DC Water’s third, two-year rate proposal. The Board began adopting two-year rate proposals in 2016 • Multi-year rate proposals are common for water and sewer utilities, and multi-year rate proposals provide a number of benefits including better revenue certainty, budget discipline, the opportunity to better align expenditures with revenues, a favorable view by rating agencies, and better predictability for our ratepayers • There are a number of inflationary measures that could be used to project costs, but we have applied the measure that is most appropriate to DC Water: our historical expenditure growth. • In large part, DC Water’s expenditures are fixed <ul style="list-style-type: none"> • Salary and wage growth is based on the terms of an agreement with our union partners • Chemical and energy costs depend on market prices and the amount of flow treated at Blue Plains • Water purchase costs are based on the cost of the Washington Aqueduct to treat water



Public Hearing Comments on the Rate Proposal

	Individual/ Organization	Comments	DC Water Response
3	Joanne Capper	a) Concern about previous rate growth, and the current rate proposal	<ul style="list-style-type: none"> • DC Water is a cost recovery organization, and rates are based on the cost to provide water and sewer services and to make infrastructure investments. DC Water does not make a profit • To help mitigate the impact of rate increases on low-income residential homeowner and tenant customers, DC Water provides Customer Assistance Programs (Income Eligibility Households): <ul style="list-style-type: none"> • The CAP program offers a 100% discount on the first 4 Ccf of water and sewer service, the PILOT and ROW fees, 100% of the WSRF, and 50% (will increase to 75%) of the CRIAC • The CAP2 offers program offers a 100% discount on the first 3 Ccf of water and sewer service and 50% of the CRIAC – program will be made permanent • The CAP3 program, funded by the District, offers a 75% discount of the CRIAC • CRIAC Residential Relief Program (ERRP), funded by the District, to eligible residential households to receive bill assistance up to \$2,000 as a one-time emergency benefit. In addition, eligible households will receive billing discount under CAP, CAP2, or CAP3 • DC Water also provides assistance to nonprofit organizations through the District funded CRIAC Nonprofits Relief Program that provides 90% CRIAC billed relief • DC Water continues to implement a “shift” of costs for the Clean Rivers program from the impervious area charge (CRIAC) to the sewer volumetric rates to help improve equity • Customer Service reached out to Ms. Capper to discuss her concerns and explain that rates cover the cost of service providing water and sewer services. Customer Service directed Ms. Capper to the DC Water website for more information about the proposed rates



Public Hearing Comments on the Rate Proposal

	Individual/ Organization	Comments	DC Water Response
		b) Had questions about paying for lead pipe replacement	<ul style="list-style-type: none"> • DC Water provides information about lateral material at dcwater.com/leadmap, emailing lead@dcwater.com, or by calling (202) 787-4044 • DC Water has several programs that can assist customer remove lead pipes; for more information see dcwater.com/replacelead <ul style="list-style-type: none"> • DC Water pays for lead pipe replacement in public space, and the homeowner is responsible for the portion on private property • District funds are now available to help customers pay for replacement on private property if the public space portion was already previously replaced, or if DC Water is doing a water main project in your neighborhood
		c) Questions about Board composition	<ul style="list-style-type: none"> • The Board of Directors is comprised of six members from the District and five from the suburban jurisdictions • DC Water’s rates are determined only by the District of Columbia members of the Board who are appointed by the Mayor and confirmed by the DC Council



OPC Comments

💧 **Comment I:** DC Water Should Take a Measured Approach in Its Pending Rate Adjustment to Reflect the Negative Economic Impacts and Financial Uncertainty Resulting from the COVID-19 Pandemic

💧 **DC Water Response**

- DC Water agrees that it has taken a measured approach to the FY21 and 22 Rate proposals
- COVID-19 has impacted DC Water, our community, and our ratepayers, and DC Water and its employees are on the front lines working to defeat this pandemic
- DC Water is a cost recovery organization, and it does not make a profit
 - The proposed rates are based on a Cost of Service Study and are set to recover the costs of operating the utility and to investing in infrastructure, including the Clean Rivers program
- DC Water has taken a number of actions to assist customers
 - Water has been restored to residential customers who had previously been disconnected for non-payment
 - Late fees are waived, and DC Water is working with customers to develop payment arrangements
 - DC Water has paused placing liens during the public health emergency
 - In partnership with the District, over \$2 million is available to customers to pay past-due balances during the public health emergency + 105 days. Customers can qualify for up to \$2,000 per household
 - Customers can qualify for our customers assistance programs (CAP, CAP2, and CAP3) if COVID has impacted their finances. Customers with incomes up to \$121,300 can qualify for one of these programs



OPC Comments

DC Water Response (Comment I, continued)

- The current rate proposal is less than we estimated a year ago
 - DC Water has taken advantage of its high credit rating to refinance debt at lower costs, hold the line on expenditure growth, and is withdrawing \$13 million from the Rate Stabilization Fund and applying it over FY2021 and FY2022. All of these actions provide savings for our customers
- As part of the current proposal:
 - CRIAC relief for CAP customers will be increased from 50% to 75% off their billed CRIAC charge, and
 - The CAP2 program will be made permanent



OPC Comments

💧 **Comment 2:** The NOPR Proposals Must Meet the Long-Established “Just and Reasonable” Standard for Public Utility Rates

💧 **DC Water Response**

- DC Water concurs. The referenced standard is the foundation upon which DC Water, through the Board and the DC Retail Water and Sewer Rates Committee sets and adjusts rates
- The Board and its committees engaged in a two-month long budget and rate deliberation process, in addition to hearing from customers who submitted comments in person and in writing about the proposed rates. This deliberative process and supporting analyses provide the record that ensures the Board’s decisions are not only just and reasonable, but also well explained and supported by the record.
- The Board, through the DC Retail Water and Sewer Rates Committee and Finance and Budget Committee, have sole rate making authority with respect to all DC Water retail rates and charges
- DC Water staff and their consultant advisors present rate recommendations to the Board supported by extensive financial planning and cost of service analyses
- As part of the rate setting process, the Board publishes proposed rates in the *D.C. Register* and solicits comments through extensive public outreach efforts, including Ward Town Hall Meetings (in-person or virtually) and considers the comments submitted such as those provided by OPC
- The Public Hearing provides a formal opportunity for customers and organizational representatives to offer oral and written comments to the District members of the Board of Directors
- This thorough process ensures that proposed rates are reasonably based on the financial needs of the utility, supported by cost of service principles, and understandable for customers



OPC Comments

💧 **Comment 3:** The FY2022 Rate Proposals Should be Postponed Until After the FY2022 Financial Planning Process Concludes in 2021

💧 **DC Water Response**

- Multi-year rate proposal are common for water and sewer utilities, and this is DC Water's third, two-year rate proposal.
- Multi-year rate proposals provide a number of benefits including better revenue certainty, budget discipline, the opportunity to better align expenditures with revenues, a favorable view by rating agencies, and better predictability for our ratepayers
- There are a number of inflationary measures that could be used to project costs, but we have applied the measure that is most appropriate to DC Water: our historical expenditure growth
- In large part, DC Water's expenditures are fixed
 - Salary and wage growth is based on the terms of an agreement with our union partners
 - Chemical and energy costs depend on market prices and the amount of flow treated at Blue Plains
 - Water purchase costs are based on the cost of the Washington Aqueduct to treat water



OPC Comments

💧 DC Water Response (Comment 3, continued)

- The cost of the ratemaking process is borne by our customers
 - DC Water now conducts its Cost of Service Study every two years to align with the two-year rate proposal
 - DC Water does not have the staff or consultant infrastructure for an annual rate-setting process. Adding these resources would increase the cost of ratemaking and customers would bear those costs
- DC Water does not make a profit like the other utilities in Washington DC. To the extent that DC Water performs better than its financial projections DC Water is able to place funds in the Rate Stabilization Fund for future allocation by the Board or use PAYGO for infrastructure renewal costs and reduce future borrowing or take other actions to provide additional relief to low income customers
- The two-year rate proposal has been before the Board and the public since January 2020, and the proposal is consistent with the two-year Cost of Service Study
- If financial conditions significantly alter the projections, DC Water can still adjust FY 2022 rates in 2021



OPC Comments

- **Comment 4:** DC Water Should Consider Additional Lifeline Tiers for the Wastewater rate, Stormwater rate, Customer Fee, and Water System Replacement Fee Similar to the Water Lifeline Tier for Residential Customers

- **DC Water Response**

- DC Water employs a Rate Setting Policy adopted by the Board of Directors that prioritizes a Cost-of-Service methodology and conformance with industry-accepted rate setting principles
 - This Cost-of-Service methodology is laid out in texts such as the M-I Rates Manual published by the American Waterworks Association, Finance and Charges for Wastewater Systems (MOP-27) published by the Water Environment Federation, and Water and Wastewater Finance and Pricing 4th Edition published by CRC Press.
 - In Cost-of-Service methodology, water and wastewater customers are charged based on the demands they place on the utility systems
 - Demand drivers for the water system consist of both average day demands and peak demands, each with specific costs developed in the 2021 Cost of Service Study
 - The Water Lifeline tier recovers costs solely base demand costs and the second tier recovers proportional base costs plus peaking costs. DC Water consumption data supports this tiered water rate structure.
- There is no equivalent demand driver and no supporting data for creating similar tier structures for either the sewer volumetric rate, Metering Fee, or the Water System Replacement Fee



OPC Comments

- **Comment 5:** DC Water Should Change the Actual Combined Debt Service Coverage Ratios From 1.75 for FY2021 and 1.71 for FY2022 to a Debt Service Coverage Ratio of 1.6 or Less

- **DC Water Response**

- DC Water uses several financial metrics to ensure that its finances remain strong and in order to maintain its high credit rating
 - Without a high credit rating, DC Water would pay more for its debt, and that would increase rates or limit infrastructure investments that reduce the risk of system failure for our customers
 - Coverage, the percentage of revenue used to pay debt service, and the number of days of cash are all credit strengths and help reduce the risk for DC Water and our ratepayers.
- Coverage is a measure of the amount of cash that DC Water uses to fund its capital program
- While coverage in FY2021 and FY2022 exceed the management target of 1.6, debt service as a percentage of revenue will be higher in FY2021 than it was in the financial plan estimates for FY2019 or FY2020
- Reducing coverage would push this metric even higher and this would require drawing additional cash from bonds, increasing debt service costs over the ten-year period beyond what is shown in the financial plan
 - The result would be higher rates for our customers over the ten-year period than what is currently projected



OPC Comments

💧 **Comment 6:** DC Water's Enhancements to its CAP Programs are a Positive Development to Assist Low- and Middle-Income Consumers

💧 **DC Water Response**

- DC Water appreciates the support from OPC with regard to our proposal to expand the benefit for the Customer Assistance Program (CAP) from 50 to 75 percent of the Clean Rivers Impervious Area Charge (CRIAC) and to make the CAP2 program permanent



Recommendation

- **Recommend to the full Board the approval of the proposed FY 2021 and FY 2022 rates, charges and fees**
- **Recommend to the full Board the adoption of the proposed Customer Metering Fees for FY 2021 & FY 2022**
- **Recommend to the full Board the adoption of the proposed amended regulations to increase to the Clean Rivers IAC discount for CAP customers from 50% to 75%**
- **Recommend to the full Board the adoption of the proposed amended regulations to make DC Water's Customer Assistance Program II (CAP2) permanent**



Next Steps



Next Steps

- Board meeting to be held on September 3, 2020, for Board approval to:
 - Adopt proposed FY 2021 & FY 2022 rate, charges & fees
 - Amend regulations to increase the CRIAC discount for CAP customers from 50 % to 75%
 - Amend regulations to make CAP2 permanent
- October 1, 2020 implementation (FY 2021 rates, charges & fees, CAP and CAP2 revisions)
- October 1, 2021 implementation (FY 2022 rates, charges & fees)



Appendix



Ratemaking at DC Water

- In FY 2020, DC Water conducted a Cost of Service Study (COS) to align the COS with the multi-year rates proposal, therefore both will be done every two years going forward. Previously, the COS was done every three years.
 - The last COS Study was completed in March, 2018 by Raftelis consultants
 - Reallocated cost from water to sewer since Water System Replacement Fee helped to offset cost recovery by the Water Volumetric Rate
 - Reduced the CRIAC based on actual cost outlays
 - Prior 2015 COS Study laid groundwork for rate structure changes
 - Water System Replacement Fee – Established to fund Distribution System Replacement
 - Class-based Water Volumetric Rates – Established Residential, Multi-Family, and Non-Residential water rates based on class peaking characteristics
 - Periodically, DC Water also reviews all Miscellaneous Fees to ensure full cost recovery
 - Raftelis also worked with DC water this year to help ensure that the proposed 28% and 37% shift for the FY 2021 and FY 2022 was calculated appropriately



Establishment of Rates

- Water and sewer utilities recover costs in a variety of ways; DC Water's rates must be just, equitable, reasonable, well explained, and based on cost of service principles
 - The proposed rates are just and reasonable, and they are sufficient, equitable, and consistent in their proposed application to our customer classes
 - Rates support expenditures that have been discussed in detail at the Board's Budget Workshop, and in Environmental Quality and Operations, Finance and Budget, and Retail Rate Committee meetings
 - Raftelis conducted the most recent Cost of Service Study, and its results support our rate proposal



Customer Assistance

💧 For information on customer assistance programs, please visit dcwater.com/CAP

💧 CAP

- Provides a discount on the first 400 cubic feet (3,000 gallons) of water, sewer, PILOT and ROW services used each month. Eligible households will receive a 75 percent reduction in the monthly CRIAC fee and a Water Service Replacement Fee waiver. The monthly discount is approximately \$77 a month

💧 CAP 2

- Provides a discount on the first 300 cubic feet (2,250 gallons) of water and sewer services used each month (with the exception of PILOT and ROW fees) and a 50 percent reduction in the monthly CRIAC fee. The monthly discount is approximately \$50 a month

💧 CAP 3

- District funded program, provides a discount of 75 percent off of the monthly CRIAC. The monthly discount is approximately \$15 a month.



Customer Assistance

💧 Emergency Residential Relief Program

- District funded program for eligible households who may receive bill assistance up to \$2,000 per year as a one-time emergency benefit

💧 S.P.L.A.S.H. (Serving People By Lending A Supporting Hand)

- Provides one-time assistance up to \$350 per year. Administered by Greater Washington Urban League. Funded by donations from customers, community and DC Water employees

💧 CRIAC Nonprofit Relief Program

- District funded program provided assistance for eligible organizations with Clean Rivers Impervious Area Charge (CRIAC). Participants can receive credits of up to 90 percent of the CRIAC portion of their water bill



COVID-19

💧 Customer Focus

- Reconnected residential customers and suspended customer disconnections for non-payment
- Suspended late fees
- Partnered with District for the Emergency Relief to District residents
- Suspended placing liens

💧 Overall consumption decline

- Residential, Multi-family, and DC Housing Authority consumption is up
- Commercial, Municipal, and Federal consumption is down

💧 Revenue (Cash Receipts) Impacts

- Increase in delinquencies
- Decrease in Permit Fees, Development Contractors Fee (water and sewer), Late Fees, System Availability Fee and Waste Hauling Disposal Fees





10-Year CIP

- 💧 The proposed FY 2020 disbursement includes the underspending from FY 2019 to remain congruent with previously approved rate increases
- 💧 Ramp-up to modified Baseline CIP beginning in FY 2021

Service Area (\$000's)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	10-Yr Total	Last Year's CIP	(Increase) /Decrease
Non-Process Facilities	\$ 42,066	\$ 31,849	\$ 20,665	\$ 6,831	\$ 11,058	\$ 10,396	\$ 3,901	\$ 3,553	\$ 3,560	\$ 3,600	\$ 137,479	\$ 138,067	\$ 588
Wastewater Treatment	77,536	102,976	113,378	107,232	107,312	70,680	97,878	101,839	132,256	138,165	1,049,252	978,738	(70,514)
Clean Rivers	162,197	147,565	179,833	129,272	67,536	59,909	148,771	103,265	88,890	115,049	1,202,288	1,262,589	60,301
Combined Sewer	9,239	9,493	12,816	16,553	16,731	8,568	6,699	7,572	8,972	12,435	109,078	79,178	(29,900)
Stormwater	6,869	9,631	7,535	4,170	5,392	4,660	4,201	4,306	6,869	5,057	58,690	68,608	9,918
Sanitary Sewer	44,933	63,926	115,541	88,110	91,562	138,341	159,814	176,789	175,873	174,032	1,228,922	957,135	(271,787)
Water	62,163	88,677	108,878	109,000	92,905	101,765	116,319	146,791	154,916	154,697	1,136,112	945,015	(191,097)
CAPITAL PROJECTS	405,004	454,118	558,645	461,168	392,496	394,318	537,584	544,115	571,337	603,035	4,921,821	4,429,330	(492,491)
Capital Equipment	31,703	37,207	33,790	32,315	33,000	33,000	33,000	33,000	33,000	33,000	333,015	340,324	7,309
Washington Aqueduct	15,515	16,266	18,572	37,841	12,699	33,875	9,508	12,863	24,068	13,971	195,178	187,127	(8,051)
ADDITIONAL CAPITAL PROGRAMS	47,218	53,473	52,362	70,156	45,698	66,875	42,509	45,863	57,068	46,971	528,193	527,450	(743)
TOTAL CIP	\$ 452,223	\$ 507,590	\$ 611,008	\$ 531,322	\$ 438,194	\$ 461,193	\$ 580,093	\$ 589,978	\$ 628,404	\$ 650,006	\$ 5,450,013	\$ 4,956,780	\$ (493,233)
Last Years CIP (Increase)/Decrease	420,342 (31,880)	467,016 (40,574)	561,724 (49,284)	530,006 (1,317)	422,607 (15,587)	450,358 (10,835)	585,454 5,361	535,666 (54,312)	544,490 (83,914)	439,117 (210,890)	4,956,780 (493,232)		



Value of Robust Credit Ratings

- Current credit ratings unlock significant value given size and scope of new money capital plan and potential refinancings
- 20-year average life for \$2 billion of capital borrowing

Rating	Yield Differential vs. AAA Rating	Individual Bond Sale (\$200 million)			Aggregate Capital Program (\$2 billion)		
		Annual Cost Differential (\$200 million)	Total Cost Differential (Through Maturity)	PV at 3.50%	Annual Cost (\$2 billion)	Total Cost Differential (Through Maturity)	PV at 3.50% (\$200MM Issued Annually)
AAA	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AA+	0.10%	200,000	4,000,000	2,708,463	2,000,000	40,000,000	22,700,481
AA	0.20%	400,000	8,000,000	5,416,927	4,000,000	80,000,000	45,400,961
AA-	0.25%	500,000	10,000,000	6,771,158	5,000,000	100,000,000	56,751,201
A+	0.35%	700,000	14,000,000	9,479,622	7,000,000	140,000,000	79,451,682
A	0.45%	900,000	18,000,000	12,188,085	9,000,000	180,000,000	102,152,162
A-	0.60%	1,200,000	24,000,000	16,250,780	12,000,000	240,000,000	136,202,883

Note: for demonstrative purposes only. Assumes 20-year average credit spreads as of January 2020. Each \$100 million issue assumed structured as a 20-year bullet maturity at par.



Rating Agency Viewpoint

Summary of Rating Agency Views		
Moody's Investors Service	Standard & Poor's	Fitch Ratings
Aa1 (Sr.) / Aa2 (Sub.) / P-1 (Short-term) Stable Outlook	AAA (Sr.) / AA (Sub.) / A-1+ (Short-term) Stable Outlook	AA+ (Sr.) / AA (Sub.) / FI+ (Short-term) Stable Outlook
Strengths		
<ul style="list-style-type: none"> — Large service area bolstered by considerable wealth and institutional presence — Excellent rate management record — Liquidity is solid, and indenture requirements and board policies will protect the authority's cash position in the future — Strong financial metrics because the utility has consistently raised rates to ensure good debt service coverage — No unfunded pension or OPEB liability 	<ul style="list-style-type: none"> — Robust service area that includes highly rated entities in D.C., Maryland, and Virginia — Strong financial management, including conservative financial forecasts and a detailed CIP — Governing board's demonstrated willingness to adjust rates — View that the management team remains committed to balancing environmental stewardship and a socially responsible agenda with ongoing financial commitments — Liquidity and reserves that include high levels of unrestricted cash and investments 	<ul style="list-style-type: none"> — Essential service provider to a large and economically diverse territory with an affluent customer base — Affordable user charges and demonstrated ability / willingness to raise rates, which is done independently of outside oversight — Rate structure aligned towards greater fixed cost recovery — Strong financial margins and healthy liquidity — Projections include rate increases sufficient for stable debt service coverage metrics
Challenges		
<ul style="list-style-type: none"> — Heavy capital needs, in part from regulatory mandates — Need for further rate increases to support substantial capital plan with falling consumption 	<ul style="list-style-type: none"> — Downward pressure could come from a precipitous collapse in financial performance, a change in the way the federal government pays the Authority, or prolonged interruption in operations 	<ul style="list-style-type: none"> — Elevated debt and large CIP — Rating stability will depend on the authority's ability and willingness to continue to adjust and structure rates to maintain financial results in line with historical results and to accommodate rising debt



Select Peer Group

Selected Peer	Type	Moody's Rating (Senior)	S&P Rating (Senior)	Total Operating Revenues (\$000s)	Total Annual Debt Service (\$000s)	Debt Ratio	Long Term Debt (\$000s)	Total Debt Service Coverage	DS as a % of Total Operating Revenues	Days Cash on Hand	Average Bill as % of Median Effective Buying Income
Atlanta, GA	Water & Sewer	Aa2	AA-	488,089	206,344	44.7%	3,158,564	2.6x	42.3%	1,356	4.1%
Charlotte, NC	Water & Sewer	Aaa	AAA	424,327	148,053	36.6%	1,471,334	1.9x	34.9%	960	1.8%
Dallas, TX	Water & Sewer	Aa2	AAA	668,624	202,597	46.3%	2,719,857	1.9x	30.3%	269	1.6% ¹
DC Water	Water & Sewer	Aa1	AAA	684,502	178,400	44.8%	3,273,034	2.2x	26.1%	280	1.6%
Louisville MSD, KY	Sewer	Aa3	AA	294,368	135,021	58.3%	1,959,198	1.6x	45.9%	283	1.3% ¹
Metro St. Louis Sewer District, MO	Sewer	Aa1	AAA	401,109	84,025	41.0%	1,510,664	2.9x	21.0%	516	1.2% ¹
NE Ohio Regional Sewer District	Sewer	Aa1	AA+	326,059	101,881	50.5%	1,619,111	2.1x	31.3%	798	2.8%
NYC Water	Water & Sewer	Aa1	AAA	3,819,799	694,100	92.0%	30,045,906	3.6x	18.2%	305	2.1%
San Antonio, TX	Water & Sewer	Aa1	AA+	691,046	152,442	44.2%	2,843,030	2.5x	22.1%	539	1.9%

Source: Moody's Financial Ratio Analysis database, as of January 31, 2020. Various S&P Reports for Bills as a % of Monthly EBI. All data as of FY2018 for San Antonio, DC Water, Dallas and NE Ohio. All other data as of FY2019
 1: Calculated based on S&P methodology. Not available from S&P



FY 2020 Projected Net Cash Position Update

Presentation to the Retail Rates and Finance & Budget
Committees

Matthew T. Brown, CFO & EVP, Finance & Procurement

August 25, 2020



PURPOSE

- 💧 Provide revised year-end revenue and expenditure projections
- 💧 Provide update on the jurisdictional ROCIP reimbursement
- 💧 Discuss the options for the use of projected year-end cash position and seek the Committee's recommendation to the Board on its use



COVID IMPACT ON DC WATER

- 💧 Reduced consumption is impacting revenue
- 💧 Operations modified to protect staff, work from home for positions that can
- 💧 Focus on customer
 - Reconnected customers previously disconnected for non-payment, 222 customers through August 9
 - Late fees waived
 - Partnered with the District for emergency assistance for those impacted by COVID
 - Paused placing liens during Public Health Emergency
 - Working with customers by arranging payment plans



CONSUMPTION

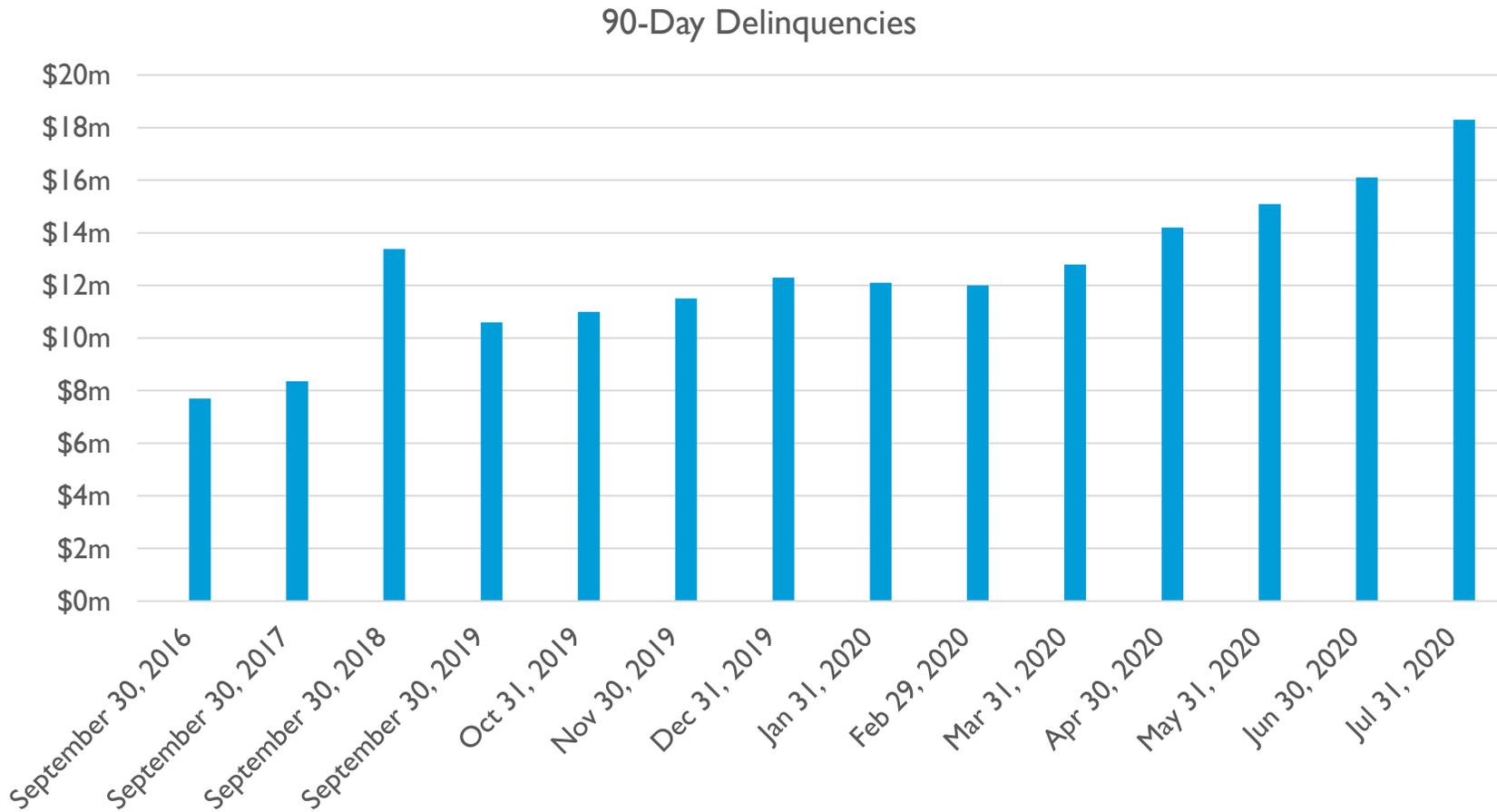
Overall consumption has declined as a result of COVID impact

- Multi-family and Residential consumption increased, and Commercial, Federal and Municipal consumption declined
- With filling of vacant customer staff, billed consumption increased 6.6% in March and 14.4% in April due to catch up of backlogged billing exceptions
- With warmer weather and re-opening of businesses, water consumption increased
 - Year over year, consumption was down 16% in May, 6% in June and 2% in July
 - Commercial consumption was down 44% in May versus a year ago, but only down 25% in June and 20% in July versus a year ago



CUSTOMER 90-DAY DELINQUENCIES

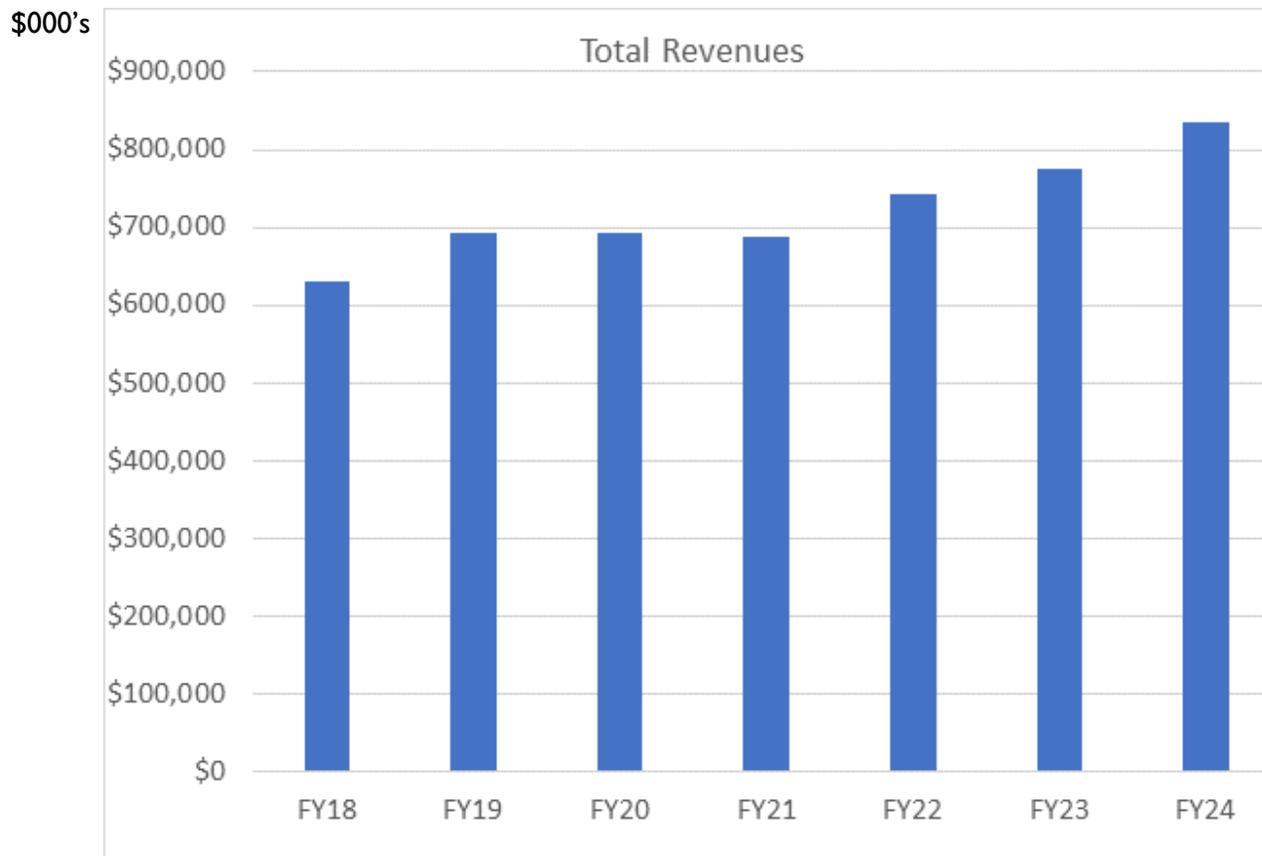
Customer 90-day delinquencies have increased 40% since March





TOTAL PROJECTED REVENUES

- 💧 Uncertainty remains
- 💧 Despite rate increase, total revenues are flat from FY19 to FY20, as a result of decreased consumption and increased delinquencies





DC WATER COVID RESPONSE

- 💧 DC Water responded to COVID by delaying non-critical purchases and activities and pausing some hiring
 - Deferred proactive inspections, repairs and maintenance on equipment
 - Reduced hours for professional services e.g. field controllers, calibration & instrumentation, low voltage, automotive maintenance, internal audit etc.
 - Reduced various services based on lower than anticipated costs for litigation, claims, biosolids hauling, software maintenance and claims, with risks being monitored
 - Reduced purchase of office supplies, custodial supplies, promotional items and specialized equipment
 - Suspended DC Water sponsored events, travels, training and conferences due to COVID-19 pandemic
 - Curtailed overtime



CHANGE FROM PREVIOUS FORECAST OPERATING

- As a result of proactive action and favorable prices on chemical and energy, previously reported was estimated \$23.8 million of underspending
- Additional \$4.7 million underspending now projected:
 - \$1.3 million in Personnel Services from overtime savings and pause in hiring
 - \$3.4 million additional savings projected in Non-Personnel Services:
 - Chemicals & Supplies (\$1.0 million decrease) – favorable prices of major chemicals, and ongoing management initiative to only procure essential supplies
 - Utilities (\$2.1 million decrease) – favorable electricity market price, plus energy hedges, better performance from CHP plant production, and improved water usage on the Plant for treatment processes
 - Contracts and Small Equipment (\$0.3 million decrease) – management decision to delay and curtail spending to essential services, including travel restrictions



CHANGE FROM PREVIOUS FORECAST CIP

- Previously reported \$58.1 million in reduced spending in response to the pandemic by identifying projects that can be deferred and reprioritizing contracts
- Additional \$30.5 million projected in underspending (from Quarter 2 to Quarter 3):
 - Non Process Facilities (\$5.7 million decrease) – delay in starting Floatable Debris Dock replacement and later than anticipated HQO retention payment
 - Combined Sewer Overflow (\$4.8 million decrease) – change in estimated payments for Rock Creek and Potomac Green Infrastructure (GI) projects – Phase I
 - Wastewater Treatment (\$9.5 million decrease) – later than anticipated start on Influent Screen project and closeout payment for Tunnel Dewatering Pump Station
 - Water, Sewer & Stormwater (\$10.5 million decrease) – slower than anticipated rehabilitation/replacement of infrastructure



REVENUE FORECAST

- 💧 DC Water previously forecasted a revenue shortfall of \$35 million; this has improved as a result of:
 - Filling of four vacant Customer Service billing agent positions and decreased call volume allows catch up on backlogged billing exceptions; despite reductions in consumption, year-over year billed consumption increased 6.6% in March and 14.4% in April
 - As warmer weather arrived and some businesses reopened, water use increased. Year-over-year consumption was down 16% in May but was only down 6% in June; Commercial consumption down 44% in May versus a year ago, but only down 25% in June versus a year ago
 - Customer Service Department working with customers on bill assistance, including emergency assistance and payment plans



CHALLENGES REMAIN

- 💧 Forecast has improved, though revenue likely flat from last year
- 💧 Impact of COVID impact on consumption in FY2021 unknown
 - DC Water will need to maintain flexibility in order to respond to revenue challenges
 - All capital infrastructure projects are needed, though smaller portion of the capital program is mandated
 - Projects that can be deferred have been identified
 - Need to continue prioritizing our customers



UPDATE ON ROCIP BILLING

- 💧 ROCIP (Rolling Owner Controlled Insurance Program) is paid for and provided by DC Water and covers prime contractors and their subcontractors for construction work; coverage includes workers' compensation and general liability
- 💧 To date, ROCIP costs are billed to IMA Partners after the program has ended and audited by the ROCIP Insurance Carriers
 - Total ROCIP costs incurred through September 30, 2019 for programs I, II, and III was \$58 million and \$11.3 million was allocated and billed to the IMA Partners in July 2020
 - Of this amount \$1 million is reserved for audit reconciliation, leaving \$10.3 million available for allocation
- 💧 ROCIP claims will continue to be submitted and processed for several years even after the program ends resulting in additional billings
- 💧 Going forward, DC Water plans to include estimated amounts of ROCIP charges on capital bills and true-up the actual amounts after the program ends and is audited



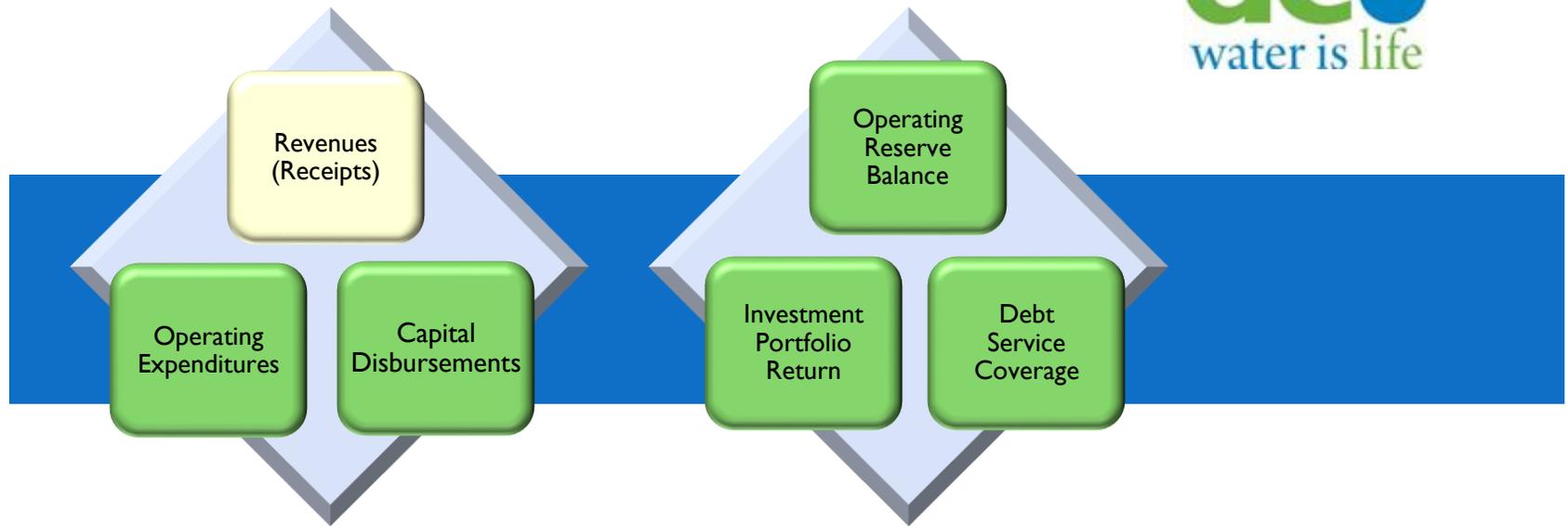
BOARD POLICIES ON YEAR-END FORECAST

💧 DC Water Board policies provide direction on year-end forecast

- Resolution #11-22 directs the use of operating cash in excess of any reserve requirements to be used for capital financing (paygo) or repayment of higher cost of debt; Board has also previously directed the hold-over of cash to be allocated in the future
- Resolution #11-10 states a policy of using surplus to mitigate future customer impacts and annual rate increases, including transferring some or all of such excess funds to the Rate Stabilization Fund (RSF)
- Resolution #10-76 says that transfers into the RSF will be determined annually based on financial performance and at other times at the direction of the Board
 - Resolution further directs the General Manager to report the year-end forecast and recommendations for its use to the Finance and Budget Committee no later than its regularly scheduled meeting in July, for recommendation and Board action at its September meeting
 - DC Water is reporting a revised year-end forecast now, earlier projections indicated that there would be a budget shortfall as a result of the impact of COVID

FY 2020 REVISED YEAR-END PROJECTIONS

Summary (as of July 31, 2020)



(\$ in Millions)	Annual Budget (Rev.)	YTD July Actual	YTD % of Budget	Year-End Projection	Year-End % of Budget	Mid-Year Projection	Mid-Year % of Budget
Operating Revenues/Receipts	\$699.0	\$589.7	84%	\$692.2	99%	\$663.7	95.0%
Operating Expenditures	\$606.5	\$442.1	73%	\$578.0	95%	\$582.7	96%
Capital Disbursements	\$452.2	\$270.1	60%	\$363.6	80%	\$394.1	87%
ROCIP				\$10.3			



OPERATING REVENUES

\$000's

Category	Revised Budget	YTD Actual	Year-End Projections	Projected Variance (\$)	Projected % of Budget	Mid-Year Projections	Projected Variance (\$)	Projected % of Budget
Residential, Commercial, and Multi-family	\$399,063	\$328,366	\$392,031	(\$7,032)	-1.8%	\$363,594	(\$35,469)	-8.9%
Federal	71,887	71,954	71,887	0	0.0%	71,887	-	0.0%
District Government	17,585	14,699	17,199	(386)	-2.2%	16,115	(1,470)	-8.4%
DC Housing Authority	10,525	9,019	10,679	154	1.5%	10,667	142	1.3%
Customer Metering Fee	10,776	10,013	11,765	989	9.2%	11,708	932	8.6%
Water System Replacement Fee (WSRF)	39,717	35,643	41,099	1,382	3.5%	40,751	1,034	2.6%
Wholesale	82,539	59,616	79,239	(3,300)	-4.0%	82,539	-	0.0%
Right-of-Way Fee/PILOT	22,113	18,103	20,837	(1,276)	-5.8%	21,167	(946)	-4.3%
Subtotal (before Other Revenues)	\$654,205	\$547,413	\$644,737	(\$9,468)	-1.4%	\$618,428	(\$35,777)	-5.5%
Other Revenue without RSF:								
IMA Indirect Cost Reimb. For Capital Projects	4,589	2,929	3,879	(710)	-15.5%	4,073	(516)	-11.2%
DC Fire Protection Fee	12,527	14,259	14,259	1,732	13.8%	14,259	1,732	13.8%
Stormwater (MS4)	1,000	829	1,099	99	9.9%	1,099	99	9.9%
Interest	3,966	3,846	3,902	(64)	-1.6%	3,305	(661)	-16.7%
Development Contractors Fee (Water & Sewer)	6,000	9,216	9,748	3,748	62.5%	7,853	1,853	30.9%
System Availability Fee (SAF)	5,775	3,213	3,072	(2,703)	-46.8%	3,021	(2,754)	-47.7%
Others	10,917	7,976	11,497	580	5.3%	11,693	776	7.1%
Subtotal	\$44,774	42,267	\$47,455	\$2,681	6.0%	\$45,303	\$529	1.2%
Rate Stabilization Fund Transfer	-	-	-	-	-	-	-	-
Grand Total	\$698,979	\$589,680	\$692,191	(\$6,788)	-1.0%	\$663,731	(\$35,248)	-5.0%



OPERATING EXPENDITURES

Total operating expenditures are projected at a net decrease of \$28.5 million or 5% of the FY2020 revised budget

(\$000's)	FY 2018 Actual	FY 2019 Actual	FY 2020 Revised Budget	FY 2020 YTD Actual*	FY 2020 Year-End Projections	FY 2020 Mid-End Projections	Projected Variance	FY 2021 Approved
<i>Authorized Headcount</i>	1260	1274	1223	1126	1226	1226	(3)	1,231
<i>Filled/Budgeted Headcount</i>	1165	1274	1223	1089	1115	1115	108	
<i>Vacant Headcount</i>	95						-	
Salary	\$ 123,803	\$ 123,906	\$ 131,377	\$ 102,936	\$ 126,791	\$ 127,802	\$ 4,586	\$ 136,440
Regular Pay	114,109	115,118	122,671	96,572	118,720	119,081	3,951	127,673
On-call time	706	617	622	565	669	669	(47)	613
Overtime	8,988	8,171	8,084	5,800	7,402	8,052	682	8,154
Benefits	33,832	34,073	39,303	29,390	35,427	35,714	3,876	41,424
Total Personnel Services	\$ 157,635	\$ 157,979	\$ 170,680	\$ 132,326	\$ 162,218	\$ 163,516	\$ 8,462	\$ 177,863
Chemicals	23,131	26,860	25,181	18,744	22,566	23,107	2,614	27,779
Supplies	7,351	8,119	7,977	5,690	7,062	7,451	915	8,302
Utilities	26,158	25,778	26,953	19,856	23,828	25,975	3,126	27,911
Contractual Services	74,914	76,206	81,886	58,469	74,690	74,913	7,196	88,532
Water Purchases	28,357	32,430	34,929	22,700	31,389	31,389	3,540	36,250
Small Equipment	700	731	989	478	536	653	453	1,030
Total Non-Personnel Services	\$ 160,610	\$ 170,125	\$ 177,914	\$ 125,937	\$ 160,070	\$ 163,487	\$ 17,844	\$ 189,804
Total O&M Expenses	\$ 318,245	\$ 328,104	\$ 348,594	\$ 258,263	\$ 322,288	\$ 327,003	\$ 26,306	\$ 367,667
Debt Service	178,399	193,035	207,340	165,509	205,137	205,137	2,203	222,268
PILOT / ROW	21,376	21,702	22,034	18,361	22,034	22,034	-	22,372
Payment in Lieu of Taxes	16,276	16,602	16,934	14,111	16,934	16,934	-	17,272
Right of Way	5,100	5,100	5,100	4,250	5,100	5,100	-	5,100
Cash Financed Capital Improvements	35,260	26,999	28,556	-	28,556	28,556	-	30,355
Total Debt Service/PILOT/ROW/CFCI	235,035	241,736	257,929	183,871	255,727	255,727	2,203	274,996
Total Operating Expenditures	\$ 553,279	\$ 569,839	\$ 606,523	\$ 442,134	\$ 578,015	\$ 582,730	\$ 28,508	\$ 642,663
<i>Less: PS charged to Capital Projects</i>	<i>(15,527)</i>	<i>(17,588)</i>	<i>(22,748)</i>	<i>(20,660)</i>	<i>(23,722)</i>	<i>(23,722)</i>	974	(24,382)
Total Net Operating Expenditures	\$ 537,752	\$ 552,251	\$ 591,775	\$ 421,474	\$ 554,293	\$ 559,008	\$ 37,482	\$ 618,281



CAPITAL DISBURSEMENTS

Total capital disbursements are projected at a net decrease of \$88.6 million or 20% of the FY2020 revised budget

Capital Disbursements (\$000's)								
Service Area	FY 2019 Actual	FY 2020 Budget	YTD Actual	Year-End Projections	Mid-Year Projections	Projected Variance (\$)	Projected % of Budget	FY 2021 Budget
Non Process Facilities	\$ 8,529	\$ 42,066	\$ 8,272	\$ 8,646	\$ 14,349	\$ 33,420	79%	\$ 31,849
Wastewater Treatment	53,127	77,536	39,321	63,954	73,424	13,582	18%	102,976
Combined Sewer Overflow	221,752	171,436	138,026	168,039	172,788	3,397	2%	157,058
Stormwater	2,210	6,869	2,570	3,699	4,126	3,170	46%	9,631
Sanitary Sewer	36,224	44,933	17,803	29,634	35,607	15,299	34%	63,926
Water	45,310	62,163	34,811	50,969	55,092	11,195	18%	88,677
SUBTOTAL CAPITAL PROJECTS	367,152	405,004	240,803	324,941	355,386	80,063	20%	454,118
Capital Equipment	21,367	31,703	19,030	25,578	25,613	6,125	19%	37,207
Washington Aqueduct	10,847	15,515	10,296	13,072	13,072	2,443	16%	16,266
SUBTOTAL: ADD'L CAPITAL PROGRAMS	32,215	47,218	29,326	38,650	38,685	8,568	18%	53,473
TOTAL CIP DISBURSEMENTS	\$ 399,366	\$ 452,223	\$ 270,129	\$ 363,592	\$ 394,071	\$ 88,631	20%	\$ 507,590



FY 2020 PROJECTED NET CASH POSITION UPDATE

\$000's					
Category	Board Approved Financial Plan	Year-End Projection*	Variance Positive / (Negative)	Mid-Year Projection*	Variance Positive / (Negative)
Total Revenue	\$698,979	\$692,191	(\$6,788)	\$663,731	(\$35,248)
Total Expense	553,018	525,737	27,281	530,452	22,566
Cash Financed Capital Improvements (CFCI)	28,556	28,556	-	28,556	-
Revenue Less Expense and CFCI	\$117,405	\$137,898	\$20,493	\$104,723	(\$12,682)
County Refunds / Mid-Year Projected Refund (Reversal)	(5,599)	(5,599)	-	(5,599)	-
Project Billing Refunds	(4,000)	(4,000)	-	(4,000)	-
Prior Year's Federal Billing Reconciliation	227	227	-	227	-
NET INCOME / PLANNED CAPITAL CONTRIBUTIONS	\$108,033	\$128,526	\$20,493	\$95,351	(\$12,682)
Beginning Cash Balance over Target	46,764	46,764	-	46,764	-
Transfer to Capital Improvement Program (CIP)	(101,797)	(101,797)	-	(88,516)	13,281
Transfer to Rate Stabilization Fund (RSF)	(13,000)	(13,599)	(\$599)	(13,599)	(599)
Total	40,000	\$59,894	\$19,894	\$40,000	-

* Preliminary unaudited year-end projections, subject to change



FISCAL ANALYSIS OF FY2020 PROJECTED NET CASH SURPLUS

- 💧 The net cash surplus and ROCIP reconciliation are one-time funds, and should be used for one-time purposes
- 💧 Customer Assistance
 - \$3 million to continue the Emergency Residential Relief Program in FY2021 to provide one-time assistance to customers impacted by COVID. Assistance up to \$2,000 per residential customer
 - \$7 million for a new program to provide one-time assistance to multi-family buildings where occupants have been negatively impacted by COVID and payment plans are established and adhered to; assistance amount to be determined and provided per affordable unit, and will be on a matching basis
 - \$5 million held for FY2022 targeted assistance for customers in need
- 💧 Infrastructure - \$10 million would add two additional small diameter water replacement projects, targeting locations with a high number of lead service lines



FISCAL ANALYSIS OF FY2020 PROJECTED NET CASH SURPLUS

- 💧 Given uncertainty related to COVID, deposit to the Rate Stabilization Fund or carryover of funds in the cash balance to provide operational flexibility to address any contingencies in FY2021

- 💧 Rates
 - A 1% reduction in retail water and sewer rates would equate to approximately a \$4 million annual reduction or a \$40 million revenue loss over the 10-year financial plan
 - Use of \$10 million would equate to a one-time reduction in the proposed rate by 0.25% (or from 6.6% to 6.35% for FY2021) to account for lost revenue over the next 10-year period while holding future rate increases at current projected levels
 - Use of \$20 million for PAYGO would equate to a one-time reduction in the proposed rate by 0.40% (or from 6.6% to 6.2% for FY2021)
 - A \$1 per ERU per month reduction would equate to approximately \$5 million per year or \$50 million over the ten-year financial plan



CONSIDERATIONS

💧 Uncertainty

- The full impact of COVID on DC, water consumption, revenues, and our customers remains unclear
- Many of DC Water's costs are fixed

💧 Outstanding debt

- DC Water has \$3.5 billion in debt outstanding, over \$1 billion alone is for the Clean Rivers program
- The use of debt ensures that DC Water can address critical infrastructure issues, and keep customer rates much lower than if cash was used
- DC Water must maintain a strong financial position in order to advance planned infrastructure improvements, including water and sewer rehabilitation initiative

💧 One-time funding

💧 Customer Focus

- Some customers have been negatively impacted by COVID
- DC Water has the opportunity to direct assistance to those who need it during the pandemic



MANAGEMENT RECOMMENDATION

💧 Net cash position of \$19.9 million

- The net cash position is the result of savings achieved by DC Water by pausing certain activities
- Management recommends transferring \$4.9 million to the Rate Stabilization Fund to provide operational flexibility to address any contingencies in FY2021
- Management recommends directing \$15 million of these resources to low-income customers, including those negatively impacted by COVID:
 - \$3 million to continue the Emergency Residential Relief Program in FY2021 to provide one-time assistance to customers impacted by COVID. Assistance up to \$2,000 per residential customer
 - \$7 million for a new program to provide one-time assistance to multi-family buildings where occupants have been negatively impacted by COVID and payment plans are established and adhered to; assistance amount to be determined and provided per affordable unit, and will be on a matching basis
 - \$5 million held for FY2022 targeted assistance for customers in need

💧 The ROCIP amount billed less the audit reserve is \$10.3 million

- Management recommends transferring this amount to the Rate Stabilization Fund to provide operational flexibility to address any contingencies in FY2021

Attachment C

DC Retail Water and Sewer Rates Committee

Action Item

1. Approval of Proposed FY 2021 & FY 2022 Rates, Charges & Fees, Increase CRIAC Discount for CAP and Amend Regulations to make CAP2 Permanent (Action Item 1)

ACTION ITEM 1

FY 2021 & FY 2022 Rates, Charges & Fees, Increasing CAP CRIAC Discount and Amend Regulations to make CAP2 Permanent (Effective October 1, 2020 and October 1, 2021)

1. Approval of proposed Retail Rates, Charges and Fees for FY 2021 & FY 2022, Increase CAP Customer Clean Rivers Impervious Area Charge (CRIAC) Discount and Amend Regulations to make CAP2 Permanent:

Water Service Rates

- Retail rates for metered water services:

Metered Water Services

	FY 2020		FY 2021		FY 2022		FY 2021 vs. FY 2020 Incr. / (Decr.)		FY 2022 vs. FY 2021 Incr. / (Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers - (0 – 4)	\$3.06	\$4.09	\$3.49	\$4.67	\$3.63	\$4.85	\$0.43	\$0.58	\$0.14	\$0.18
Residential customers – (> 4)	\$4.10	\$5.48	\$4.50	\$6.02	\$4.74	\$6.34	\$0.40	\$0.54	\$0.24	\$0.32
Multi-Family customers	\$3.54	\$4.73	\$3.96	\$5.29	\$4.15	\$5.55	\$0.42	\$0.56	\$0.19	\$0.26
Non-Residential customers	\$4.25	\$5.68	\$4.65	\$6.22	\$4.91	\$6.56	\$0.40	\$0.54	\$0.26	\$0.34

Sanitary Sewer Service Rates

- Retail rates for metered sanitary sewer services:

Metered Sewer Services

	FY 2020		FY 2021		FY 2022		FY 2021 vs. FY 2020 Incr. / (Decr.)		FY 2022 vs. FY 2021 Incr. / (Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers	\$8.89	\$11.89	\$9.77	\$13.06	\$10.64	\$14.22	\$0.88	\$1.17	\$0.87	\$1.16
Multi-Family customers	\$8.89	\$11.89	\$9.77	\$13.06	\$10.64	\$14.22	\$0.88	\$1.17	\$0.87	\$1.16
Non-Residential customers	\$8.89	\$11.89	\$9.77	\$13.06	\$10.64	\$14.22	\$0.88	\$1.17	\$0.87	\$1.16

- A decrease in the annual Clean Rivers Impervious Area Charge (CRIAC) from \$251.28 to \$234.24 per Equivalent Residential Unit (ERU) in FY 2021.
- A decrease in the annual Clean Rivers Impervious Area Charge CRIAC from \$234.24 to \$220.80 per ERU in FY 2022.

- The charge per ERU will be billed monthly at:

Clean Rivers Impervious Area Charge (CRIAC)

	FY 2020	FY 2021	FY 2022	FY 2021 vs. FY 2020 Incr. / (Decr.)	FY 2022 vs. FY 2021 Incr. / (Decr.)
	ERU	ERU	ERU	ERU	ERU
Residential customers	\$20.94	\$19.52	\$18.40	(\$1.42)	(\$1.12)
Multi-Family customers	\$20.94	\$19.52	\$18.40	(\$1.42)	(\$1.12)
Non-Residential customers	\$20.94	\$19.52	\$18.40	(\$1.42)	(\$1.12)

**District of Columbia Pass Through Charge
Right-of-Way Occupancy / PILOT Fee**

- There is no increase in the **Right-of-Way Occupancy Fee** in FY 2021 and FY 2022:
- The **Right-of-Way Occupancy Fee** for FY 2021 and FY 2022 shall be as follows:

ROW

	FY 2020		FY 2021		FY 2022		FY 2021 vs. FY 2020 Incr. / (Decr.)		FY 2022 vs. FY 2021 Incr. / (Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers	\$0.19	\$0.25	\$0.19	\$0.25	\$0.19	\$0.25	\$0.00	\$0.00	\$0.00	\$0.00
Multi-Family customers	\$0.19	\$0.25	\$0.19	\$0.25	\$0.19	\$0.25	\$0.00	\$0.00	\$0.00	\$0.00
Non-Residential customers	\$0.19	\$0.25	\$0.19	\$0.25	\$0.19	\$0.25	\$0.00	\$0.00	\$0.00	\$0.00

- An increase in the **Payment-in-Lieu of Taxes Fee** for FY 2021 and FY 2022:

PILOT

	FY 2020		FY 2021		FY 2022		FY 2021 vs. FY 2020 Incr. / (Decr.)		FY 2022 vs. FY 2021 Incr. / (Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers	\$0.51	\$0.68	\$0.54	\$0.72	\$0.56	\$0.75	\$0.03	\$0.04	\$0.02	\$0.03
Multi-Family customers	\$0.51	\$0.68	\$0.54	\$0.72	\$0.56	\$0.75	\$0.03	\$0.04	\$0.02	\$0.03
Non-Residential customers	\$0.51	\$0.68	\$0.54	\$0.72	\$0.56	\$0.75	\$0.03	\$0.04	\$0.02	\$0.03

- An increase in the **Customer Metering Fees**, effective October 1, 2020 for FY 2021 and October 1, 2021 for FY 2022:

Customer Metering Fees

Meter Size	FY 2020	FY 2021	FY 2022
5/8"	\$ 3.86	\$ 4.96	\$ 7.75
3/4"	\$ 4.06	\$ 5.22	\$ 8.16
1"	\$ 4.56	\$ 5.86	\$ 9.16
1x1.25"	\$ 4.83	\$ 6.21	\$ 9.70
1.5"	\$ 6.88	\$ 8.85	\$ 13.82
2"	\$ 7.54	\$ 9.69	\$ 15.14
2x1/2"	\$ 8.00	\$ 10.28	\$ 16.07
2x5/8"	\$ 8.00	\$ 10.28	\$ 16.07
3"	\$ 76.98	\$ 98.92	\$ 154.56
3x5/8"	\$ 77.94	\$ 100.16	\$ 156.49
3x3/4"	\$ 77.94	\$ 100.16	\$ 156.49
4"	\$ 137.37	\$ 176.52	\$ 275.81
4x3/4"	\$ 138.15	\$ 177.52	\$ 277.38
4x1"	\$ 138.15	\$ 177.52	\$ 277.38
4x2"	\$ 138.15	\$ 177.52	\$ 277.38
4x2x5/8"	\$ 181.04	\$ 232.64	\$ 363.49
6"	\$ 268.14	\$ 344.56	\$ 538.37
6x1"	\$ 272.70	\$ 350.42	\$ 547.52
6x1x1/2"	\$ 272.70	\$ 350.42	\$ 547.52
6x1/2"	\$ 323.09	\$ 415.17	\$ 648.70
6x3x3/4"	\$ 323.09	\$ 415.17	\$ 648.70
6x3"	\$ 323.09	\$ 415.17	\$ 648.70
8"	\$ 323.29	\$ 415.42	\$ 649.10
8x2"	\$ 323.29	\$ 415.42	\$ 649.10
8x4x1"	\$ 358.26	\$ 460.36	\$ 719.31
10"	\$ 317.91	\$ 408.51	\$ 638.30
10x2"	\$ 403.62	\$ 518.65	\$ 810.38
10x6x1"	\$ 403.62	\$ 518.65	\$ 810.38
10x6"	\$ 403.62	\$ 518.65	\$ 810.38
12"	\$ 329.66	\$ 423.61	\$ 661.89
12x6"	\$ 329.66	\$ 423.61	\$ 661.89
16"	\$ 349.45	\$ 449.04	\$ 701.62

Clean Rivers IAC Discount for CAP Customers

- The proposed increased CAP customer CRIAC discount shall be revised from 50% to 75%, effective October 1, 2020.

Customer Assistance Program II (CAP2)

- Proposal to amend regulations to make DC Water's Customer Assistance Program II (CAP2) permanent

Attachment D

FY 2020 Proposed RRC Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
1. Propose and Establish Retail Rates for FY 2021 & FY 2022			
a. <i>Present FY 21 & FY 22 Budget to Board</i>	January 2, 2020	√	EVP F&P
b. <i>Present FY 21 & FY 22 Proposed Rates, Charges & Fees to RRC</i>	January 28, 2020	√	Rates and Revenue
c. <i>RRC recommendation on Proposed FY 21 & FY 22 Rates, etc.</i>	February 25, 2020	√	Rates and Revenue
d. <i>Board approves Notice of Proposed Rulemaking (NOPR) for Proposed FY 21 & FY 22 Rates, etc.</i>	March 5, 2020	√	Board of Directors
e. <i>Publish NOPR in D.C. Register for Proposed Rates, etc.</i>	March 20, 2020	√	Legal Affairs
f. <i>Outreach and Public Comment Period</i>	March 20 - August 10, 2020	√	Marketing & Comm.
g. <i>RRC recommendation to extend public comment period to 8/10/20 and change Public Hearing date to 8/05/20</i>	April 28, 2020	√	Rates and Revenue
h. <i>Board approves extension of public comment period to 8/10/20 and changing Public Hearing date to 8/5/20</i>	May 7, 2020	√	Board of Directors
i. <i>Publish Notice extending public comment period and Notice of Public Hearing changing date to 8/5/20</i>	May 22, 2020	√	Legal Affairs
j. <i>Public Hearing</i>	August 5, 2020	√	Board of Directors
k. <i>Public Hearing Record Closes</i>	August 10, 2020	√	Board Secretary
l. <i>Present final FY 21 & FY 22 Rates, etc. to RRC for recommendation to Board</i>	August 25, 2020		Rates and Revenue
m. <i>Board approves Notice of Final Rulemaking (NOFR) for FY 21 & FY 22 Rates, Charges & Fees</i>	September 3, 2020		Board of Directors
n. <i>Publish NOFR in D.C. Register for Amended Rates, etc.</i>	September 18, 2020		Legal Affairs
o. <i>Amended Rates, etc. Go-Live</i>	October 1, 2020 (FY 2021) October 1, 2021 (FY 2022)		Rates and Revenue
2. 2021 Cost of Service Study (COS) for Water, Sewer and CRIAC			
a. <i>Present COS to RRC</i>	November 19, 2019	√	Rates and Revenue
b. <i>Post final COS on DC Water's website</i>	March 5, 2020	√	

Attachment D

FY 2020 Proposed RRC Committee Workplan

Objective/ <i>Activities</i> /Task	Date of Activity	Completed	Responsible Department
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3. Independent Review of Rate Structure and Customer Assistance Programs (CAP)			
a. Presentation to RRC on Independent Review of Rate Structure <i>and Customer Assistance Programs (CAP)</i>	November 19, 2019	√	Rates and Revenue
b. <i>Post final Independent Review of Rate Structure and Customer Assistance Programs (CAP) on DC Water's website</i>	March 5, 2020	√	

4. Amend Regulations for Engineering Review and Miscellaneous Fees			
a. <i>Present COS Update and Recommendation on Proposed Amendment to Miscellaneous Fees & Charges to RRC</i>	October 22, 2019	√	Rates & Revenue
b. <i>Board Approval of Notice of Proposed Rulemaking (NOPR) to Amend Regulations for Engineering Review and Miscellaneous Fees</i>	November 7, 2019	√	
c. <i>Publish NOPR in D.C. Register</i>	November 22, 2019	√	Legal Affairs
d. <i>Public Comment Period</i>	November 23 – December 23, 2019	√	Board Secretary
e. <i>RRC Final Recommendation to Approve Amendment of Regulations for Engineering Review and Miscellaneous Fees</i>	January 28, 2020	√	Rates & Revenue
f. <i>Board Approval of Notice of Final Rulemaking (NOFR)</i>	February 6, 2020	√	
g. <i>Publish NOFR in D.C. Register</i>	February 21, 2020	√	Legal Affairs
h. <i>Amend Regulations for Engineering Review and Miscellaneous Go-Live</i>	March 2, 2020	√	Rates and Revenue

5. CAP2 Outreach Plan Update			
a. <i>CAP2 Outreach Plan Update</i>	Monthly, as needed		Office of Marketing and Communications (OMAC)

6. Delinquent Accounts			
a. <i>Soldiers Home Negotiations</i>	Monthly, as needed		Legal Affairs

Attachment D

FY 2020 Proposed RRC Committee Workplan			
Objective/ <i>Activities</i> /Task	Date of Activity	Completed	Responsible Department

7. Rate Stabilization Fund			
a. Rate Stabilization Fund	Monthly, as needed		Rates & Revenue

8. Amend Bill Dispute Rules			
a. Present proposed revisions to regulations for customers challenging their bills to RRC	April 28, 2020	√	Customer Service
b. Board Approval to Publish Notice of Proposed Rulemaking (NOPR) to Amend Bill Dispute Rules	May 7, 2020	√	
c. Publish NOPR in DC Register	May 22, 2020	√	Legal Affairs
d. Outreach and Public Comment Period	May 22 – June 22, 2020	√	OMAC & Board Secretary
e. Present Comments and Final Proposed Rule to RRC for Final Recommendation to Approve Amendment of Regulations for Bill Disputes	June 23, 2020	√	Customer Service
f. Board Approval of Notice of Final Rulemaking (NOFR) to Amend Bill Dispute Rules	July 2, 2020	√	
g. Publish NOFR in DC Register	July 17, 2020	√	Legal Affairs
h. Bill Dispute Rules and Billing System – Go Live	July 17, 2020	√	Customer Service

* Dates subject to change



Attachment E

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

**Tuesday, September 22, 2020; 9:30 a.m.
AGENDA**

Call to Order	Committee Chairman
Monthly Updates	Chief Financial Officer
Committee Workplan	Chief Financial Officer
Agenda for October 20, 2020 Committee Meeting	Committee Chairman
Other Business	Chief Financial Officer
Adjournment	

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