



# DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

## Board of Directors

*Joint Meeting of the  
DC Retail Water and Sewer Rates and  
Finance and Budget Committees*

*5000 Overlook Avenue, SW, Room 407  
Tuesday, September 27, 2016  
10:00 a.m.*

## AGENDA

- I. Call to Order ..... Rachna Butani, DC Retail Water and Sewer Rates, Vice Chairperson  
Timothy L. Firestine, Finance & Budget, Chairperson
- II. [CAP Customer Clean Rivers IAC Presentation \(Attachment 1\)](#) ..... Mark Kim
- III. 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)(1); legal, confidential or privileged matters under D.C. Official Code § 2-575(b)(4); 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); 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.



# Joint DC Retail Water and Sewer Rates and Finance & Budget Committees

*CAP Customer Clean Rivers IAC Presentation*

September 27, 2016

# Agenda

- **Customer Assistance Program (CAP) - Overview**
- **Customer Assistance (CAP) - Board Amendments**
- **CAP Customers Monthly ERUs by Tiers**
- **CAP Customer Bill**
- **Revenue Impact of CRIAC Credit**
- **CRIAC Credit Options**
- **Recommendation**

## Customer Assistance Program (CAP) - Overview

- The enabling legislation requires the Board to establish financial assistance programs for low-income residents and authorizes the Board to promulgate regulations:
  - The Authority shall offer financial assistance programs to mitigate the impact of any increases in retail water and sewer rates on low-income residents of the District, including a low-impact design incentive program - (DC Official Code § 34-2202.16 (b-1)(1)).
  - The Authority shall possess the power to make, adopt, and alter by-laws, rules, and regulations for the administration and regulation of its business and affairs - (DC Official Code § 34-2202.03 (3)).

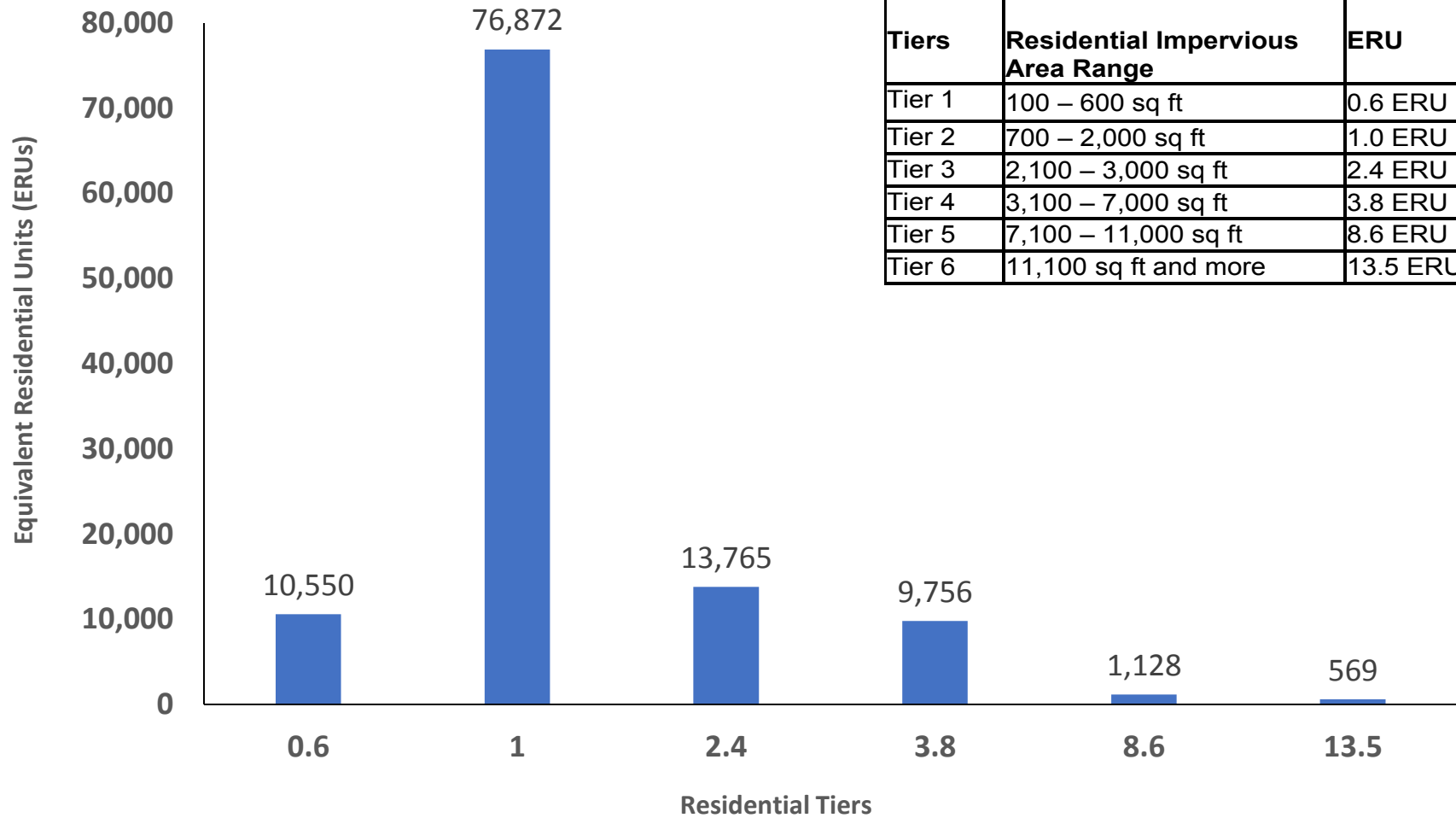
## Customer Assistance Program (CAP) - Board Amendments

- On April 1, 1999, the Board initiated action to establish the Customer Assistance Program – (Board Resolution #99-32):
  - Directed Board Secretary to publish notice of proposed rulemaking and public hearing to receive comments on proposal to provide eligible customers an exemption of the first four (4) hundred cubic feet per quarter on water service charges.
  - Eligibility based on recommendations by the District of Columbia Energy Office based on household annual income.
  
- On June 1, 2000, the Board directed the General Manager to implement the Customer Assistance Program which, at a minimum, contained the following components – (Board Resolution #00-38):
  - Exempts four hundred cubic feet per month from water service charges for eligible participants.
  - Eligibility administered by a third-party entity determined by the General Manager based on income limits.
  - Participation limited to single-family, owner-occupied primary residential accounts.

## Customer Assistance Program (CAP) - Board Amendments Cont.

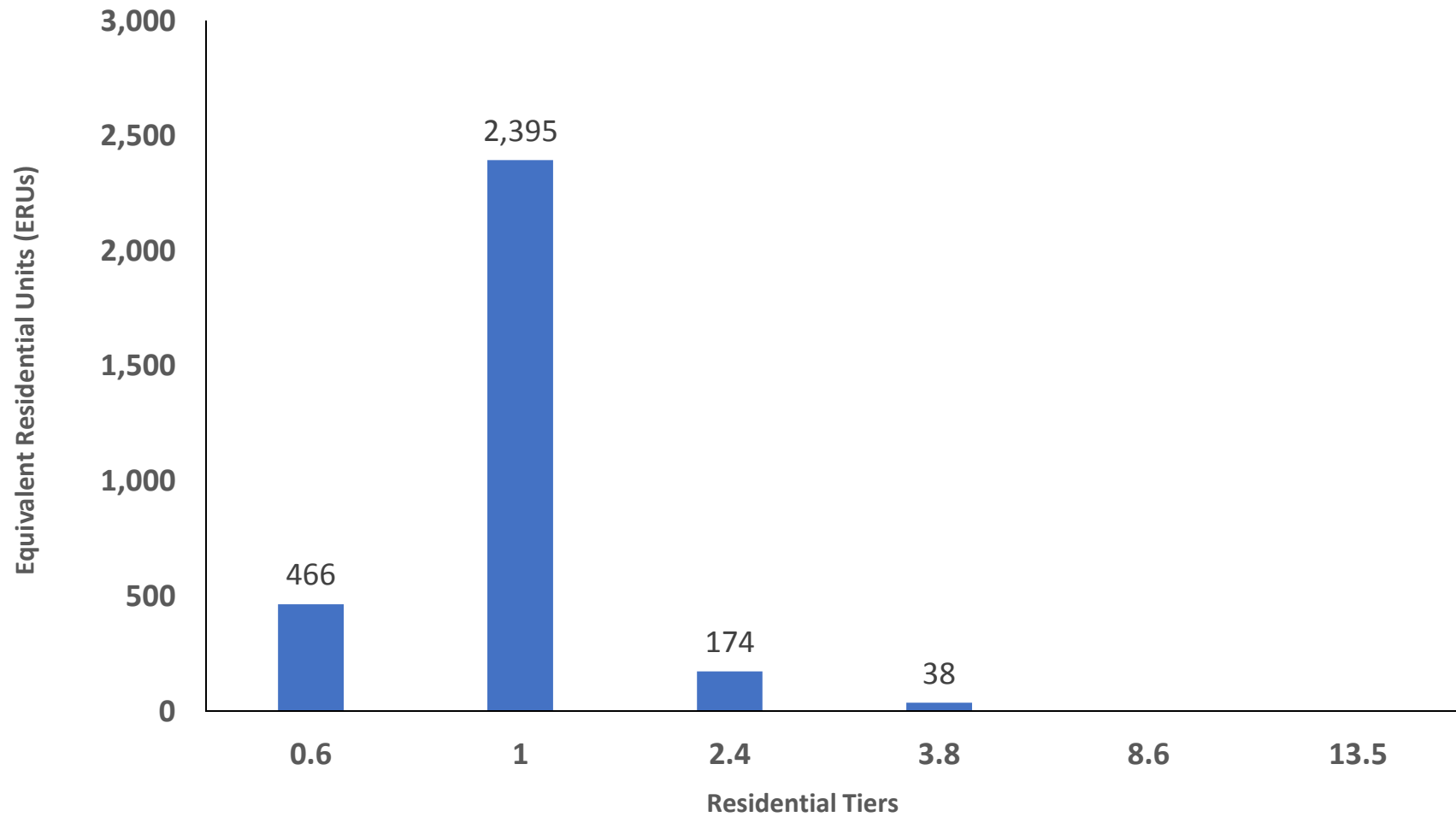
- On May 6, 2004, the Board expanded CAP to include tenants - (Board Resolution #04-38)
- On January 8, 2009, the Board expanded the CAP to apply to retail sewer service rates - (Board Resolution #09-24)
- On September 2, 2010, the Board expanded the CAP to apply to Payment in Lieu of Taxes (PILOT) and Right of Way (ROW) fees - (Board Resolution #10-86)
- On July 2, 2015, the Board expanded the CAP to include a 100% credit for the Water System Replacement Fee (WSRF) – (Board Resolution #15-67)
- On July 7, 2016, the Board directed the General Manager to evaluate the CAP and make a recommendation to the Retail Rates Committee regarding the expansion of CAP to include CRIAC fees as soon as practicable – (Board Resolution #16-60)

# Residential Customers Monthly ERUs by Tiers



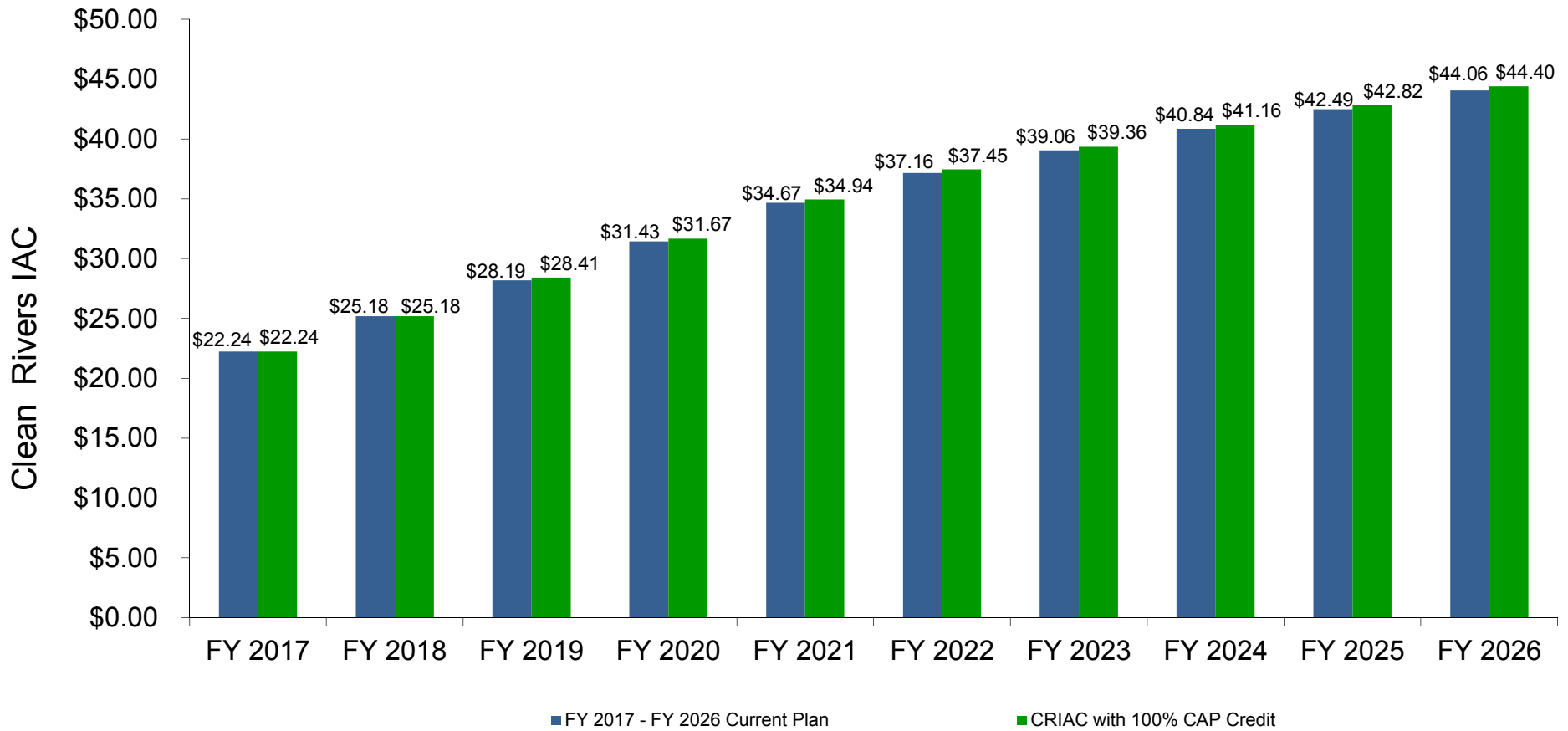
Tiers	Residential Impervious Area Range	ERU
Tier 1	100 – 600 sq ft	0.6 ERU
Tier 2	700 – 2,000 sq ft	1.0 ERU
Tier 3	2,100 – 3,000 sq ft	2.4 ERU
Tier 4	3,100 – 7,000 sq ft	3.8 ERU
Tier 5	7,100 – 11,000 sq ft	8.6 ERU
Tier 6	11,100 sq ft and more	13.5 ERU

# CAP Customers Monthly ERUs by Tiers

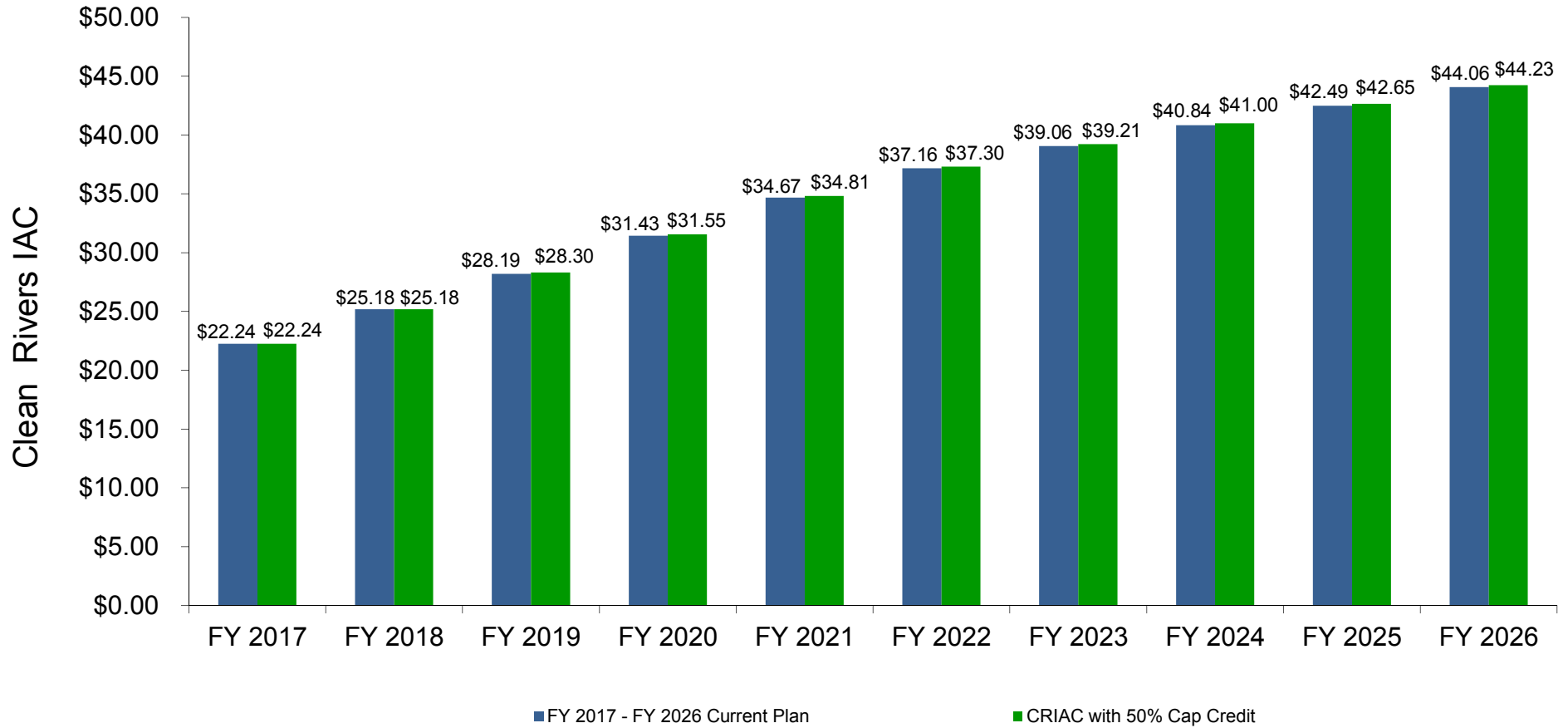




# Projected Monthly Clean Rivers IAC Charges (100% CRIAC Credit)



# Projected Monthly Clean Rivers IAC Charges (50% CRIAC Credit)



# CAP Customer Bill

**District of Columbia Water & Sewer Authority  
Average CAP Customer Monthly Bill  
FY 2016 - FY 2018**

	Units	Current FY 2016	Approved 5.0% FY 2017	Approved 5.0% FY 2018
DC Water and Sewer Retail Rates <sup>(1)</sup>	Ccf	\$ 54.56	\$ 57.25	\$ 60.13
DC Water Clean Rivers IAC	ERU	20.30	22.24	25.18
DC Water Customer Metering Fee	5/8"	3.86	3.86	3.86
DC Water Water System Replacement Fee	5/8"	6.30	6.30	6.30
<b>Subtotal DC Water Rates &amp; Charges</b>		<b>\$ 85.02</b>	<b>\$ 89.65</b>	<b>\$ 95.47</b>
Increase / Decrease		\$ 10.97	\$ 4.63	\$ 5.82
District of Columbia PILOT <sup>(1)</sup>	Ccf	\$ 2.91	\$ 2.98	\$ 3.04
District of Columbia Right-of-Way Fee <sup>(1)</sup>	Ccf	1.05	1.05	1.12
District of Columbia Stormwater Fee <sup>(4)</sup>	ERU	2.67	2.67	2.67
<b>Subtotal District of Columbia Charges</b>		<b>\$ 6.63</b>	<b>\$ 6.70</b>	<b>\$ 6.83</b>
<b>Total Amount</b>		<b>\$ 91.65</b>	<b>\$ 96.35</b>	<b>\$ 102.30</b>
Increase / Decrease Over Prior Year		\$ 11.03	\$ 4.70	\$ 5.95
<b>Percent Increase in Total Bill</b>		<b>13.7%</b>	<b>5.1%</b>	<b>6.2%</b>
Less: CAP Discount (4 Ccf per month) <sup>(1), (2)</sup>		\$ (36.64)	\$ (38.36)	\$ (40.24)
Water System Replacement Fee (WSRF) <sup>(3)</sup>		\$ (6.30)	\$ (6.30)	\$ (6.30)
<b>Total Amount Appearing on DC Water Bill</b>		<b>\$ 48.71</b>	<b>\$ 51.69</b>	<b>\$ 55.76</b>
Increase / Decrease Over Prior Year		\$ 5.09	\$ 2.98	\$ 4.07
<b>CAP Customer Discount as a Percent of Total Bill</b>		<b>-46.9%</b>	<b>-46.4%</b>	<b>-45.5%</b>

(1) Assumes average monthly consumption of 6.20 Ccf, or (4,638 gallons)

(2) Extension of CAP program in FY 2011 to first 4 Ccf of PILOT and ROW

(3) Assumes 100 percent discount for Water System Replacement Fee (WSRF) to CAP customers

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

# CAP Customer Bill (100% CRIAC Credit)

## District of Columbia Water & Sewer Authority Average CAP Customer Monthly Bill FY 2016 - FY 2018

	Units	Current FY 2016	100% CRIAC Credit FY 2017	100% CRIAC Credit FY 2018
DC Water and Sewer Retail Rates <sup>(1)</sup>	Ccf	\$ 54.56	\$ 57.25	\$ 60.13
DC Water Clean Rivers IAC	ERU	20.30	22.24	25.18
DC Water Customer Metering Fee	5/8"	3.86	3.86	3.86
DC Water Water System Replacement Fee	5/8"	6.30	6.30	6.30
<b>Subtotal DC Water Rates &amp; Charges</b>		<b>\$ 85.02</b>	<b>\$ 89.65</b>	<b>\$ 95.47</b>
Increase / Decrease		\$ 10.97	\$ 4.63	\$ 5.82
District of Columbia PILOT <sup>(1)</sup>	Ccf	\$ 2.91	\$ 2.98	\$ 3.04
District of Columbia Right-of-Way Fee <sup>(1)</sup>	Ccf	1.05	1.05	1.12
District of Columbia Stormwater Fee <sup>(4)</sup>	ERU	2.67	2.67	2.67
<b>Subtotal District of Columbia Charges</b>		<b>\$ 6.63</b>	<b>\$ 6.70</b>	<b>\$ 6.83</b>
<b>Total Amount</b>		<b>\$ 91.65</b>	<b>\$ 96.35</b>	<b>\$ 102.30</b>
Increase / Decrease Over Prior Year		\$ 11.03	\$ 4.70	\$ 5.95
<b>Percent Increase in Total Bill</b>		<b>13.7%</b>	<b>5.1%</b>	<b>6.2%</b>
Less: CAP Discount (4 Ccf per month) <sup>(1), (2)</sup>		\$ (36.64)	\$ (38.36)	\$ (40.24)
Water System Replacement Fee (WSRF) <sup>(3)</sup>		\$ (6.30)	\$ (6.30)	\$ (6.30)
Clean Rivers IAC <sup>(5)</sup>		\$ -	\$ (22.24)	\$ (25.18)
<b>Total Amount Appearing on DC Water Bill</b>		<b>\$ 48.71</b>	<b>\$ 29.45</b>	<b>\$ 30.58</b>
Increase / Decrease Over Prior Year		\$ 5.09	\$ (19.26)	\$ 1.13
<b>CAP Customer Discount as a Percent of Total Bill</b>		<b>-46.9%</b>	<b>-69.4%</b>	<b>-70.1%</b>

(1) Assumes average monthly consumption of 6.20 Ccf, or (4,638 gallons)

(2) Extension of CAP program in FY 2011 to first 4 Ccf of PILOT and ROW

(3) Assumes 100 percent discount for Water System Replacement Fee (WSRF) to CAP customers

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

(5) Assumes 100 percent discount for Clean Rivers IAC

# CAP Customer Bill (50% CRIAC Credit)

**District of Columbia Water & Sewer Authority  
Average CAP Customer Monthly Bill  
FY 2016 - FY 2018**

	Units	Current FY 2016	50% CRIAC Credit FY 2017	50% CRIAC Credit FY 2018
DC Water and Sewer Retail Rates <sup>(1)</sup>	Ccf	\$ 54.56	\$ 57.25	\$ 60.13
DC Water Clean Rivers IAC	ERU	20.30	22.24	25.18
DC Water Customer Metering Fee	5/8"	3.86	3.86	3.86
DC Water Water System Replacement Fee	5/8"	6.30	6.30	6.30
<b>Subtotal DC Water Rates &amp; Charges</b>		<b>\$ 85.02</b>	<b>\$ 89.65</b>	<b>\$ 95.47</b>
Increase / Decrease		\$ 10.97	\$ 4.63	\$ 5.82
District of Columbia PILOT <sup>(1)</sup>	Ccf	\$ 2.91	\$ 2.98	\$ 3.04
District of Columbia Right-of-Way Fee <sup>(1)</sup>	Ccf	1.05	1.05	1.12
District of Columbia Stormwater Fee <sup>(4)</sup>	ERU	2.67	2.67	2.67
<b>Subtotal District of Columbia Charges</b>		<b>\$ 6.63</b>	<b>\$ 6.70</b>	<b>\$ 6.83</b>
<b>Total Amount</b>		<b>\$ 91.65</b>	<b>\$ 96.35</b>	<b>\$ 102.30</b>
Increase / Decrease Over Prior Year		\$ 11.03	\$ 4.70	\$ 5.95
<b>Percent Increase in Total Bill</b>		<b>13.7%</b>	<b>5.1%</b>	<b>6.2%</b>
Less: CAP Discount (4 Ccf per month) <sup>(1), (2)</sup>		\$ (36.64)	\$ (38.36)	\$ (40.24)
Water System Replacement Fee (WSRF) <sup>(3)</sup>		\$ (6.30)	\$ (6.30)	\$ (6.30)
Clean Rivers IAC <sup>(5)</sup>		\$ -	\$ (11.12)	\$ (12.59)
<b>Total Amount Appearing on DC Water Bill</b>		<b>\$ 48.71</b>	<b>\$ 40.57</b>	<b>\$ 43.17</b>
Increase / Decrease Over Prior Year		\$ 5.09	\$ (8.14)	\$ 2.60
<b>CAP Customer Discount as a Percent of Total Bill</b>		<b>-46.9%</b>	<b>-57.9%</b>	<b>-57.8%</b>

(1) Assumes average monthly consumption of 6.20 Ccf, or (4,638 gallons)

(2) Extension of CAP program in FY 2011 to first 4 Ccf of PILOT and ROW

(3) Assumes 100 percent discount for Water System Replacement Fee (WSRF) to CAP customers

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

(5) Assumes 50 percent discount for Clean Rivers IAC

# Revenue Impact of CRIAC Credit

	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b><u>100% CRIAC Credit</u></b>					
Current Financial Plan	\$ 102,869,309	\$ 116,505,731	\$ 130,533,885	\$ 145,568,986	\$ 160,654,122
Plan with 100% CRIAC Credit	102,049,187	115,577,194	130,533,885	145,568,986	160,654,122
Decrease in Revenue	\$ 820,122	\$ 928,537	\$ -	\$ -	\$ -
Increase in monthly CRIAC per ERU	-	\$ -	\$ 0.22	\$ 0.24	\$ 0.27
<b><u>50% CRIAC Credit</u></b>					
Current Financial Plan	\$ 102,869,309	\$ 116,505,731	\$ 130,533,885	\$ 145,568,986	\$ 160,654,122
Plan with 50% CRIAC Credit	102,459,248	116,041,463	130,533,885	145,568,986	160,654,122
Decrease in Revenue	\$ 410,061	\$ 464,268	\$ -	\$ -	\$ -
Increase in monthly CRIAC per ERU	\$ -	\$ -	\$ 0.11	\$ 0.12	\$ 0.14

# Revenue Impact and CRIAC Credit Options

- Revenue requirements for CRIAC will remain the same
  
- FY 2017 and FY 2018 CRIAC has been approved by the Board and any CRIAC credit in these years will reduce the projected revenue. However, the Authority will use the projected FY 2016 surplus to cover the FY 2017 and FY 2018 CAP CRIAC loss of revenue.
  
- For FY 2019 to FY 2026 the CRIAC will have to be increased to meet the revenue requirements
  
- There are three options for CRIAC credit:
  - Dollar credit
  - ERU credit
  - Percent of CRIAC credit (50% or 100%)

# Recommendation

- Expand CAP to include a 100% credit for CRIAC
  - Target implementation date of January 1, 2017
  - Retroactive credit given for qualifying accounts to October 1, 2016