

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, June 25, 2019
9:30 a.m.*

- 1. **Call to Order** **Rachna Bhatt, Chairperson**
- 2. **FY 2020 Rate Proposal (Attachment A)**.....**Matthew Brown**
- 3. **Action Items (Attachment B)****Matthew Brown**
 - **Approval of Proposed FY 2020 Retail Rates, Charges and Fees and to increase the CRIAC Incentive Program Discount from 4% to 20% and (Action Item 1)**
- 4. **DC Retail Water and Sewer Rates Committee Workplan****Matthew Brown**
 - **FY 2019 Proposed DC Retail Rates Committee Workplan (Attachment C)**
- 5. **Agenda for July 23, 2019 Committee Meeting (Attachment D)**.....**Rachna Bhatt, Chairperson**
- 6. **Other Business****Matthew Brown**
- 7. **Executive Session***
- 8. **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.



Proposed FY 2020 Rates, Charges and Fees
Presentation to Retail Rates Committee, June 25, 2019

District of Columbia Water and Sewer Authority



Blue Plains Advanced Wastewater Treatment Plant



Purpose

- Seek Committee's recommendation to the full Board for approval of the proposed FY 2020 Rates, Charges and Fees and to amend the Clean Rivers IAC Incentive Program Discount from 4% to 20%



Overview of Rates Proposal

- Overall average household charges increase 5.7%, the same as previously forecasted for FY2020
 - The DC Water Board previously approved rates for FY2020
- Proposed change in the way that Clean Rivers costs are recovered
 - Determination that, on average, 37% of flows to Clean Rivers tunnels are from sanitary sewage, and it is therefore appropriate to move costs from the Clean Rivers Impervious Area Charge (based on impervious area) to the sewer volumetric rate
 - \$122.0 million in FY2020 for Clean Rivers; after 18% CRIAC shift, \$99.1 million for Clean Rivers and \$22.9 million for sewer volumetric
 - Phase-in CRIAC shift of 18% in FY 2020, 28% in FY 2021 and 37% in FY 2022 and beyond to Sewer Volumetric Rate
 - Change from previously approved rates:
 - Decrease the Clean Rivers Impervious Area Charge (CRIAC) from projected \$25.58 in FY 2020 to \$20.94 per ERU, per month
 - Increase the Water & Sewer rate by 11.5% in FY 2020
 - Average household charge changes from \$114.48 to \$114.49
 - Increase from 4% to 20% CRIAC discount from Stormwater Best Management Practices



Ratemaking at DC Water

- The DC Water Board has the sole ratemaking authority
- Rates are proposed based on Cost of Service studies, which are conducted every three years to ensure that rates appropriately reflect costs
- Rate proposals are recommended to the full Board by the DC Retail Water and Sewer Rates Committee, which are adopted only by Board members from the District of Columbia
- The Board adopts rates after review of the complete record including comments received during the public comment period and public hearing to ensure that they are reasonable, explained, and supportable
 - Cost of Service Studies allocate all DC Water costs to the appropriate service, such as water and sewer
 - The Cost of Service Study projections are then used for the year of the Cost of Service Study and the next two years
- Before the Board takes final action on any rate adjustment, DC Water publishes the proposed rates in the DC Register providing at least 45 days for the public to comment on the proposal, and then hold a public hearing
 - Practice is to also conduct “town hall” meetings



Ratemaking at DC Water

- DC Water performs a full COS Study every three years to synchronize rates and charges with the cost of providing service
 - 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 18% shift was calculated appropriately



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



CRIAC Background/History

- DC Water is mandated by a \$2.7 billion consent decree entered in the Federal District Court under the Clean Water Act to implement a mammoth program to resolve water pollution challenges. These challenges stem from a combined sewer system designed and built by the federal government over a century ago
- Prior to May 2009, DC Water recovered the Combined Sewer Overflow – Long Term Control Plan (CSO-LTCP) costs via the volumetric retail sewer charge
- Based on research, analysis and case studies, DC Water proposed to recoup the CSO-LTCP cost through a fixed Impervious Area Charge rather than the volumetric method
- Beginning May 2009, DC Water implemented the Clean Rivers Impervious Area Charge (IAC) to recoup the costs of the federally mandated \$2.7 billion Combined Sewer Overflow – Long Term Control Program (CSO-LTCP)

The logo for DC Progress, featuring the lowercase letters 'dc' in white next to a white water drop icon, with the word 'progress' in a white sans-serif font below it, all on a blue background.

dc
progress



clean rivers project

Investment is paying off.

- \$2.7 billion effort to reduce combined sewer overflows to Anacostia and Potomac rivers and Rock Creek
- Anacostia River Tunnel System opened in March 2018.
- In first year it captured 5 billion gallons of combined sewage and stormwater that otherwise would have overflowed into the Anacostia.
- Also captured more than 1,100 tons of trash, solids and other debris
- Capture rate is 90% - better than expected and 10% more than requirement
- Project is helping create jobs and boost economic development along the water – including the Wharf and Navy Yard neighborhood



- We've heard concerns about equity from some of our customers

criac overview of rates and revenue

The proposed budget:

- Decreases the Clean Rivers Impervious Area Charge (CRIAC) from projected \$25.58 in FY 2020 to \$20.94 per ERU, per month
- Increases the Water & Sewer rate by 11.5% in FY 2020



Single Family Home
1 ERU of Impervious Area
2 CCF's of Water Usage

Total Monthly Bill
Before Shift: \$62.21
After Shift: \$59.07



Multi-Family Building
1 ERU of Impervious Area
30 CCF's of Water Usage

Total Monthly Bill
Before Shift: \$413.88
After Shift: \$431.74



Current Proposal

- On March 26, 2019, the Retail Rates Committee heard a presentation on various methodologies that could equitably account for the stormwater and wastewater managed by the Clean Rivers Project by shifting a portion of Clean Rivers costs to a sanitary volumetric rate
 - Evaluated methodology based on pollutant concentration – results were determined to be too variable
 - Evaluated methodology calculated based on the percent of wastewater in Clean Rivers tunnels was determined to be justifiable
- As a result, the current proposal shifts 37% of Clean Rivers costs to the sewer volumetric rate by FY 2022
 - Gradual shift selected to help prevent rate shock to customers who will pay higher volumetric rates



Current Proposal

- The proposed shift is driven by a change in cost recovery methodology
 - Old Methodology – 100% of Clean Rivers costs were recovered through the Clean Rivers Impervious Area Charge (“CRIAC”)
 - New Methodology – Clean Rivers costs result from a combination of storm flow AND sanitary sewer flow into combined sewers; therefore, it is reasonable to recover those Clean Rivers costs through a combination of the CRIAC and the sewer charge
- DC Water Engineering analyzed historical flow and strength data to accurately determine storm and sanitary contributions to the Clean Rivers tunnels
- The sanitary sewer contribution is proposed to be recovered through the sewer volumetric rate while the storm contribution is recovered through the impervious area charge
- Raftelis built a financial model to calculate the impact of proposed cost recovery shifts on the CRIAC and Sewer Volumetric Rate
 - The shift reduces the CRIAC revenue requirement and the charge calculation
 - The volumetric rate must increase to fill that gap in order for the shift to be revenue neutral



Current Proposal

Outreach Activities:

- 💧 February 7, 2019 - Initial budget presented to the Board
- 💧 February 28 - Retail Water and Sewer Rates Committee discusses proposed rates, including “shift” of costs from CRIAC to volumetric and increase in CRIAC Incentive Discount Program
- 💧 March 26, 2019 - DC Retail Water and Sewer Rates Committee discusses proposed “shift” methodology in detail, and recommends revised rates and an increase in the CRIAC Incentive Discount Program to the full Board
- 💧 April 4, 2019 - Board approved proposed revised Fiscal Year 2020 Retail Sewer Service Rates and Clean Rivers Impervious Area Charge for publication in DC Register
- 💧 April 26, 2019 - Publish Notice of Proposed Rulemaking in DC Register for proposed sewer rate and CRIAC adjustments
- 💧 May 17, 2019 - Published Notice of Public Hearing to be held on June 12, 2019
- 💧 May 23-June 10, 2019 - Conducted eight Public Information Sessions, one in each ward, plus two meetings with the business community
- 💧 June 12, 2019 - Public Hearing
- 💧 June 17, 2019 – Record closes for public comments on proposed sewer rate and CRIAC adjustments



Current Proposal

- For FY2020, current proposal increases water and sewer rates by 11.5 % rather than 5% approved a year ago
 - Sewer rate is \$8.89 per Ccf rather than previously approved \$8.14 per Ccf
- The CRIAC changes from \$25.58 approved a year ago to \$20.94



Current Proposal

- Many wastewater utilities with combined sewers allocate consent decree costs between sewer volumetric rates and impervious area charges
 - Philadelphia Water Department (PWD) – Consent decree of over \$3 billion includes green infrastructure, collection system upgrades, and treatment plant upgrades with cost recovery allocated between sewer volumetric rates and an impervious area charge. PWD uses revenues from both its impervious area charges and its sewer charges to pay the cost of its Long Term Control Plan
 - Northeast Ohio Regional Sewer District (Cleveland) – Consent decree covering 25 years and over \$3 billion for green and grey infrastructure (including tunnels) with cost recovery allocated between sewer volumetric rates and an impervious area charge
 - Richmond (VA) Department of Public Utilities – A 3-phase consent decree costing about \$700 million for green and grey infrastructure (including diversion structures) with cost recovery allocated between sewer volumetric rates and an impervious area charge



Current Proposal

💧 **Impact of a Shift to Volumetric Sewer Rate:**

- Shifting some of the Clean Rivers cost recovery to the volumetric rate gives customers more control over the amount that they pay towards the project
- As a class, Multi-family and Commercial would pay more while Federal Government would pay less
- Small volume customers in every class would generally pay less
- Average Residential customers would pay about the same
- Shift is phased in to help reduce rate shock



CRIAC Discount

- Resolution #13-80 – DC Water established the Clean Rivers Impervious Surface Area Charge (CRIAC) Incentive Discount Program
 - 4% maximum incentive credit
 - Concern about ensuring that DC Water has sufficient resources to pay mandated Clean Rivers costs
- The Incentive Program
 - Customers who manage stormwater on their property through the use of approved best management practices such as rain gardens, rain barrels, pervious paving, green roofs, bioretention practices, and stormwater
 - Eligibility determinations are made by the District Department of Energy and the Environment
- This budget proposes an increase from 4% to 20% for stormwater best management practices
 - Using data from the District Department of Energy and Environment (DOEE), DC Water estimates that for FY2020 the increase could be between \$70,000 and \$950,000
 - By FY2028, depending on the number of customers who access the program, the increased could be between \$2.7 million and \$4.0 million
 - Future rate proposals will reflect our actual experience



Current Proposal

- After extensive deliberation with the Board, commitment to addressing infrastructure challenges, continued focus on balancing needs with customer affordability, management's recommendation for the proposed 10-year CIP disbursements (FY 2019 – FY 2028) is **\$4.96 billion**:
 - funds the DC Clean Rivers project to meet Consent Decree requirements - \$1.34 billion
 - funds the Wastewater area for major rehabilitation for the liquids and biosolids processing projects and meet the NPDES permit - \$978.7 million
 - funds the Water Service area for the full replacement of small diameter water mains to achieve 1% per year - \$945.0 million
 - fully funds the Sewer Service area for pump stations requirements and ramp up to the annual 1% rehabilitation (17.5 mi/year) for the small lines - \$957.0 million
 - funds the Non Process Facilities, like HVAC, roofs, and fleet/sewer services relocation - \$138.0 million
 - fully funds the Stormwater pump stations - \$68.6 million
 - funds the critical infrastructure needs at the Washington Aqueduct that produces water for our customers - \$187.0 million
 - funds the capital equipment items to meet purchases/replacement of mechanical equipment, operational facilities, vehicle equipment, office renovations, and IT software/hardware - \$340.0 million
- The CIP for FY 2021 to FY 2028 increases the total 10-year CIP from \$4.0 billion to **\$5.0 billion**

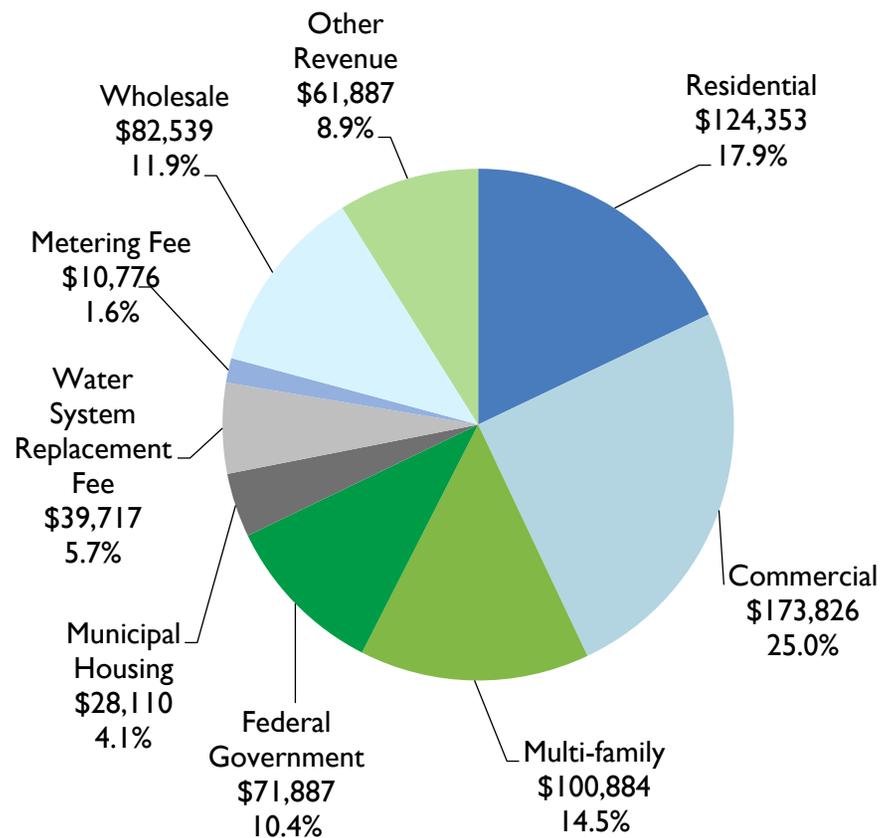
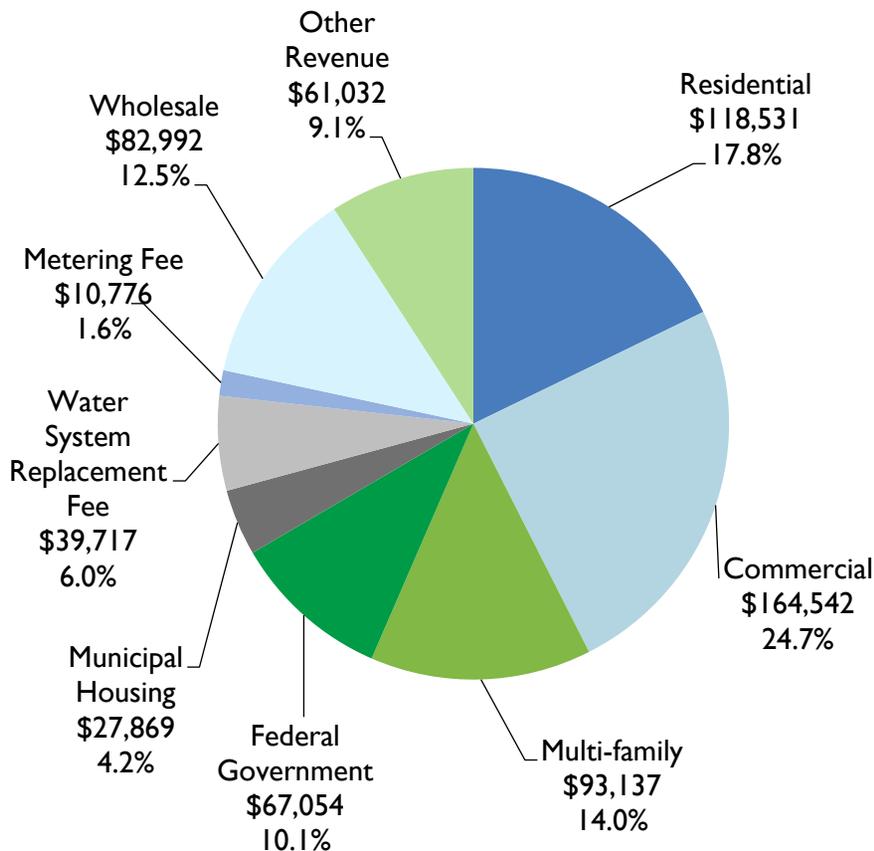


FY 2019 vs. FY 2020 Operating Revenues

Revised FY 2019
\$665,650

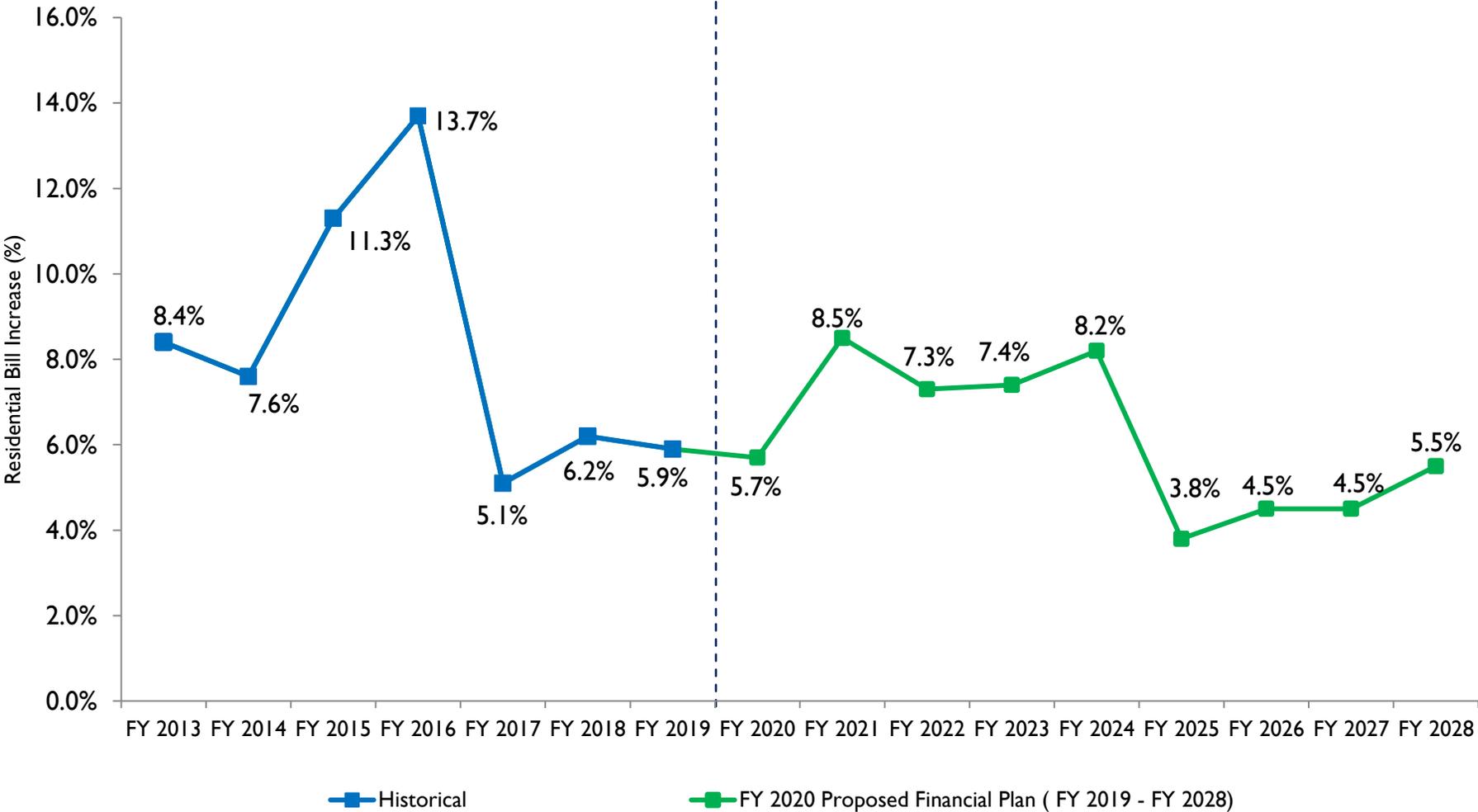
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Proposed FY 2020
\$693,979



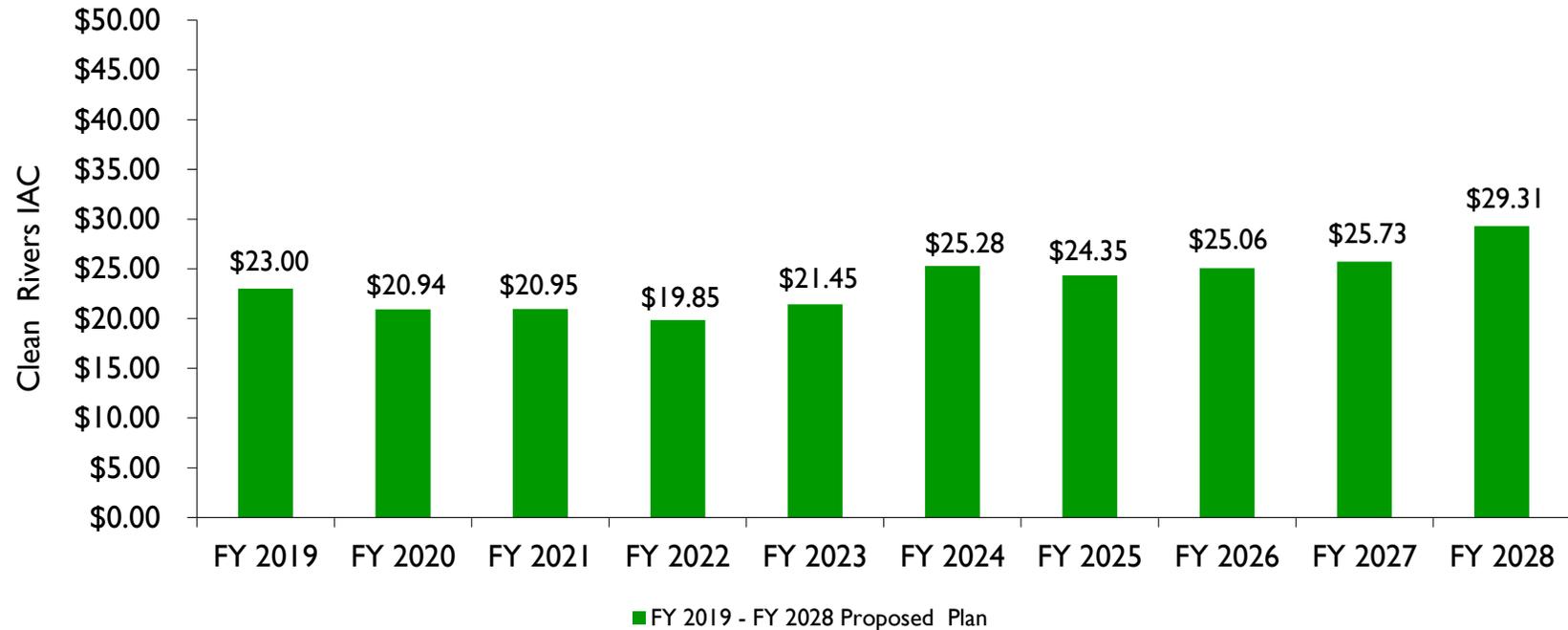


Historic and Projected Combined Household Increases for Residential Customers





Projected Clean Rivers Impervious Area Charge

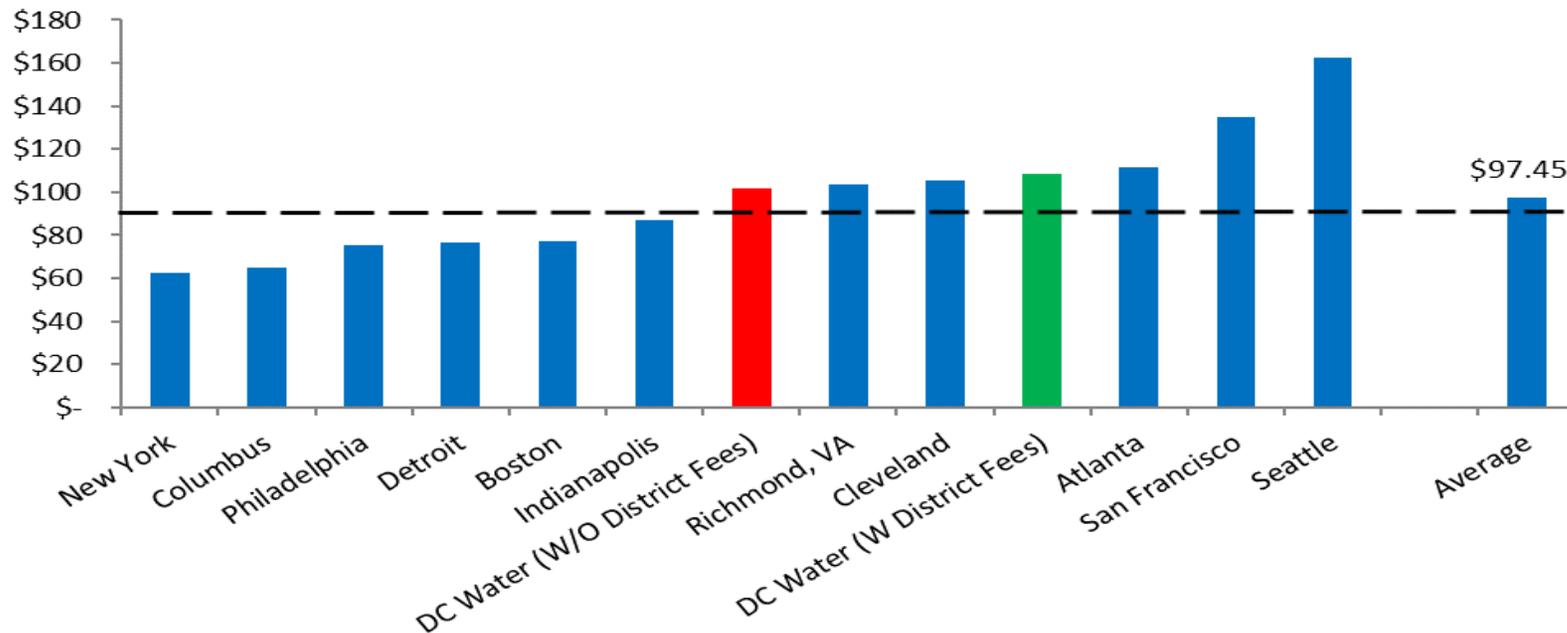


- Charges are driven by debt service and Pay-Go costs necessary to support the \$2.7 billion Clean Rivers Project
- The annual Clean Rivers Project costs for the average residential customer (700 – 2,000 sq. ft. of impervious area) is projected to increase from \$251.28 in FY 2020 to \$351.72 in FY 2028



DC Water Compared to CSO Communities

- DC Water is implementing an expensive consent decree program, \$2.7 billion paid for by 700,000 residents (or 125,000 customer accounts)

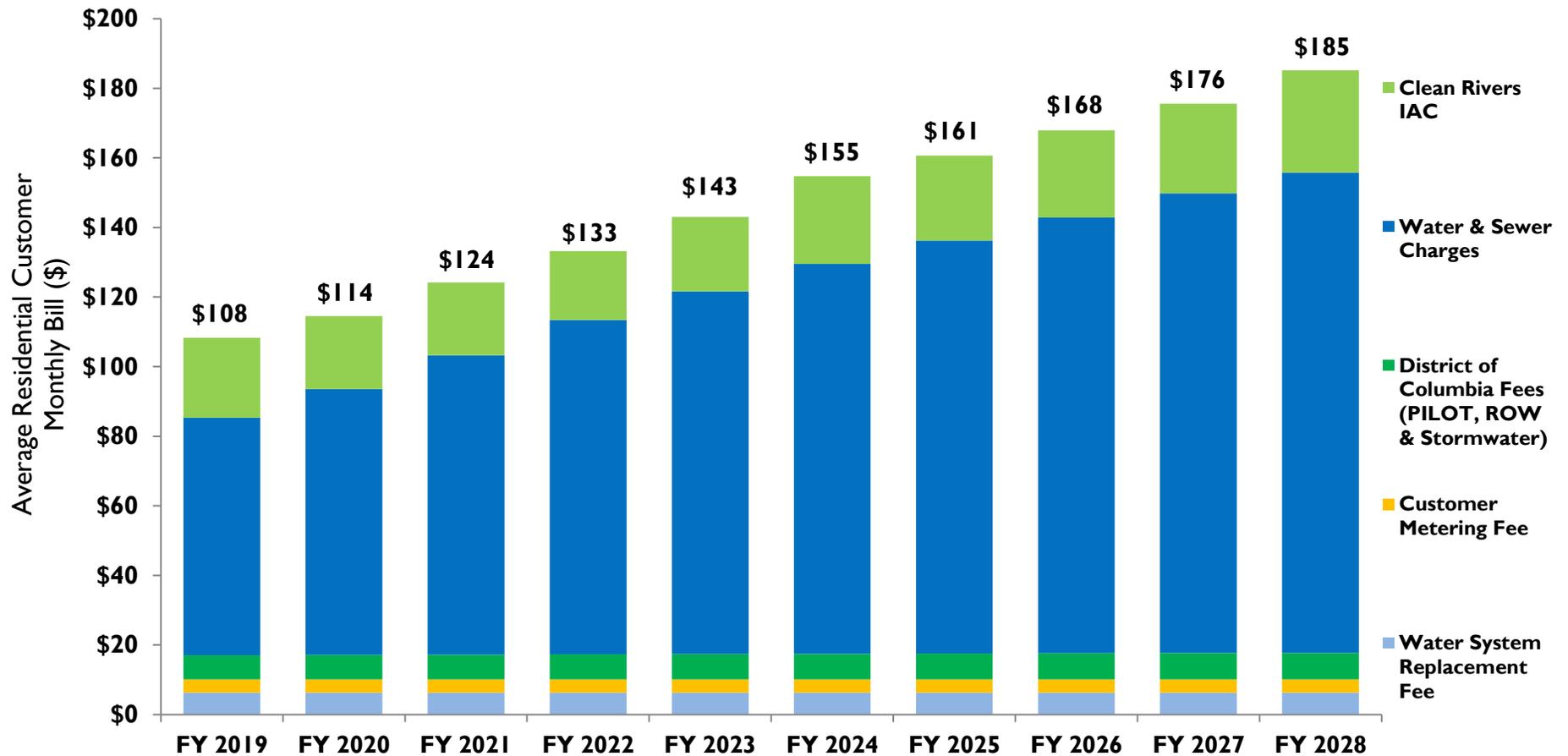


* Assumes average residential consumption of 6.20 Ccf, or 4,638 gallons, per month. Ccf = hundred cubic feet, or 748 gallons
 Reflects rates and fees in place as of November 1, 2018



Projected Average Residential Customer Bill

Projected average monthly residential customer bill ranges from \$108 in FY 2019 to \$185 in FY 2028





Customer Impacts Water & Sewer Lines Replacement (18%-28%-37%)

Residential – Avg. 6.2 Ccf / IERU Baseline \$5.0B Phase-In 18%-28%-37%	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Water & Sewer Rate (%)	13.0%	11.5%	12.5%	11.5%	8.5%	7.5%	6.0%	5.5%	5.5%	4.5%
CRIAC (\$/ERU)	\$23.00	\$20.94	\$20.95	\$19.85	\$21.45	\$25.28	\$24.35	\$25.06	\$25.73	\$29.31
Avg. Customer Bill (\$)	\$108	\$114	\$124	\$133	\$143	\$155	\$161	\$168	\$176	\$185
Avg. Customer Bill (%)	5.9%	5.7%	8.5%	7.3%	7.4%	8.2%	3.8%	4.5%	4.5%	5.5%

Multi-family – Avg. 92.6 Ccf / 6.3 ERU Baseline \$5.0B Phase-In 18%-28%-37%	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Water & Sewer Rate (%)	13.0%	11.5%	12.5%	11.5%	8.5%	7.5%	6.0%	5.5%	5.5%	4.5%
CRIAC (\$/ERU)	\$23.00	\$20.94	\$20.95	\$19.85	\$21.45	\$25.28	\$24.35	\$25.06	\$25.73	\$29.31
Avg. Customer Bill (\$)	\$1,303	\$1,413	\$1,558	\$1,704	\$1,837	\$1,981	\$2,077	\$2,180	\$2,289	\$2,403
Avg. Customer Bill (%)	9.2%	8.5%	10.3%	9.4%	7.8%	7.8%	4.8%	5.0%	5.0%	4.9%

Commercial – Avg. 114 Ccf / 13.1 ERU Baseline \$5.0B Phase-In 18%-28%-37%	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Water & Sewer Rate (%)	13.0%	11.5%	12.5%	11.5%	8.5%	7.5%	6.0%	5.5%	5.5%	4.5%
CRIAC (\$/ERU)	\$23.00	\$20.94	\$20.95	\$19.85	\$21.45	\$25.28	\$24.35	\$25.06	\$25.73	\$29.31
Avg. Customer Bill (\$)	\$1,850	\$1,978	\$2,164	\$2,345	\$2,527	\$2,732	\$2,852	\$2,990	\$3,134	\$3,299
Avg. Customer Bill (%)	7.7%	6.9%	9.4%	8.3%	7.7%	8.1%	4.4%	4.8%	4.8%	5.2%



This Budget continues the CAP Program

✓ CAP customers would receive a discount of 58.8%

	Units	Current FY 2019	Proposed FY 2020
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 68.27	\$ 76.38
DC Water Clean Rivers IAC	ERU	23.00	20.94
DC Water Customer Metering Fee	5/8"	3.86	3.86
DC Water Water System Replacement Fee	5/8"	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 101.43	\$ 107.48
Increase / Decrease		\$ 5.96	\$ 6.05
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$ 3.10	\$ 3.16
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	1.12	1.18
District of Columbia Stormwater Fee ⁽⁴⁾	ERU	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.89	\$ 7.01
Total Amount		\$ 108.32	\$ 114.49
Increase / Decrease Over Prior Year		\$ 6.02	\$ 6.17
Percent Increase in Total Bill		5.9%	5.7%
Less: CAP Discount (4 Ccf per month) ^{(1), (2)}		(45.36)	(50.60)
Water System Replacement Fee (WSRF) ⁽³⁾		(6.30)	(6.30)
Clean Rivers IAC ⁽⁵⁾		(11.50)	(10.47)
Total Amount Appearing on DC Water Bill		\$ 45.16	\$ 47.12
Increase / Decrease Over Prior Year		\$ 1.99	\$ 1.96
CAP Customer Discount as a Percent of Total Bill		-58.3%	-58.8%

(1) Assumes average monthly consumption of 6.2 Ccf, or (4,638 gallons)

(2) Expansion of CAP program in FY 2009 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

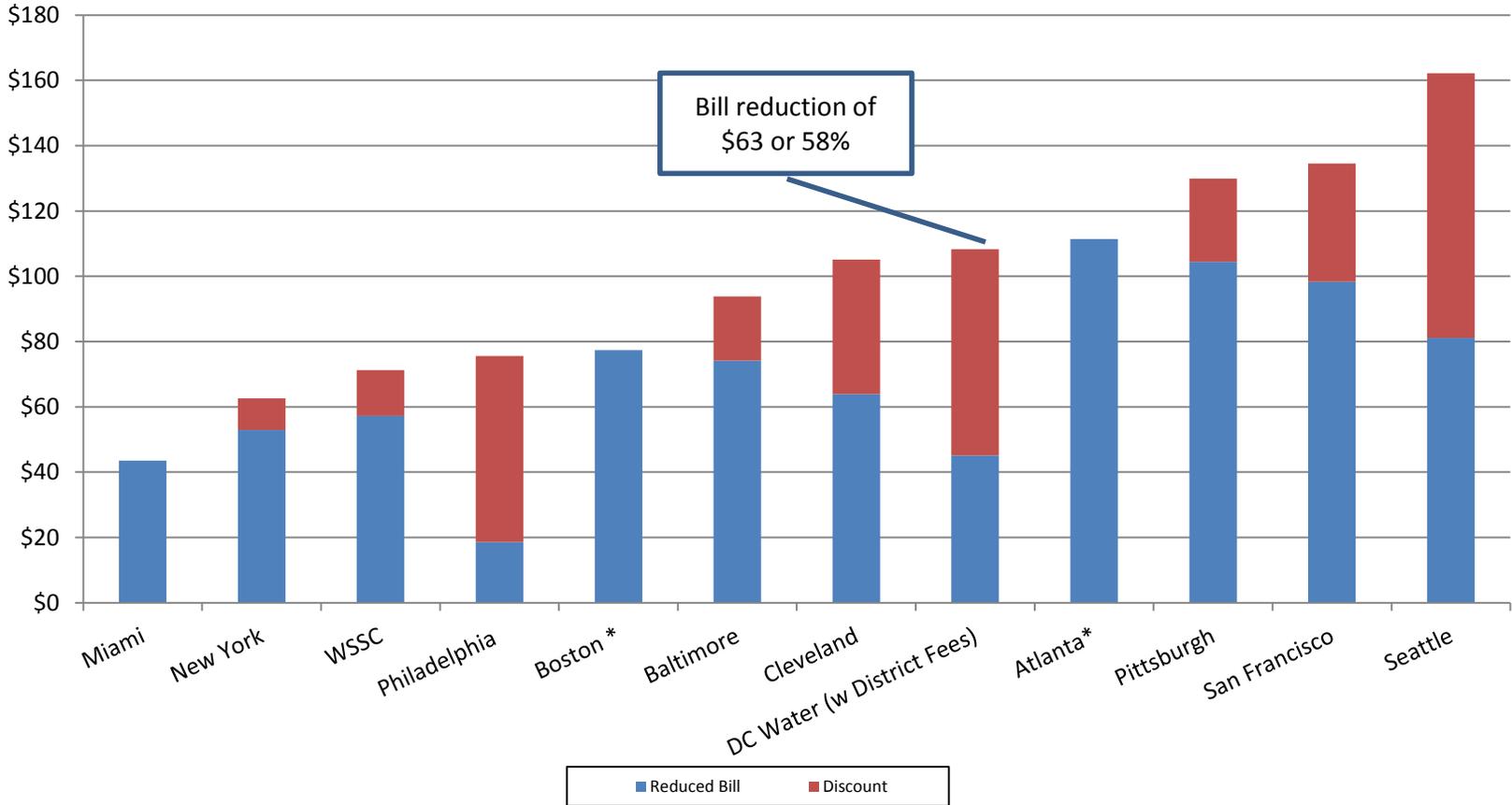
(5) Assumes 50 percent discount for the Clean Rivers IAC effective May 1, 2017

DC Water and District CAP Programs

- Comparison of existing (CAP) and new customer assistance programs (CAP2 and CAP3)

	CAP	CAP2	CAP3	CRIAC Non-Profit
	Existing	New	New	New
Funding	DC Water	DC Water	District	District
Income Eligibility (Households of four persons)	\$59,457	\$93,750	\$117,200	Non-residential customers
Water and Sewer	4 CCFs	3 CCFs	-	-
District Fees	Waived	-	-	-
Water System Replacement Fee	Waived	-	-	-
CRIAC	50% discount	50% discount	75% discount	90% discount
Monthly Discount	\$63.16	\$43.48	\$17.25	Varies based on the no. of ERUs

SFR Monthly Bills – Comparison of Charges With & With Out Income-Based Affordability Programs



* Boston provides a 30% discount on water bills for senior citizens or fully disabled customers with no income eligibility requirement. Atlanta provides a 30% discount on bills for seniors citizens who meet income eligibility requirement.

Public Hearing and Written Comments

	Summary of Comment	DC Water Response
Apartment and Office Building Association of Metropolitan Washington (AOBA)	DC Water is departing from the “polluter pays principle” by moving from an impervious area charge to the sewer volumetric rate	DC Water has determined that, on average, 37% of the flows to the Clean Rivers tunnels are from wastewater, and concluded that the proposal improves equity in its funding of the \$2.7 billion Clean Rivers program by shifting a portion of the costs to the volumetric rate. DC Water has maintained its commitment to the “polluter pays principal” by reassessing the sources that are contributing to the Clean River’s tunnel costs
	DC Water has not presented sufficient evidence to support the CRIAC shift to sewer volumetric shift, nor has DC Water explained how these costs will not double charge retail sewer customers	DC Water worked with the same consultant who produced the 2018 Cost of Service Study to ensure that costs were allocated appropriately. The proposal moves a portion of the Clean Rivers cost from the Clean Rivers Impervious Area Charge to the sewer volumetric rate. Independent rate consultants testified at the hearing that the shift was revenue neutral
	Businesses who will be hit hardest by the increase are also experiencing hardship, but their reality has been given no consideration	One of DC Water’s ratemaking goals is to ensure that all rate payers pay their fair share. The intent of the shift in the allocation of Clean Rivers tunnel costs is not to increase the costs to some customers and increase the costs to others, but seeks an equitable allocation of the costs based on the sources that are managed by the Clean Rivers system. The unintended consequence of the equitable redistribution will result in some customers paying the same charges, while other will pay more or less than their current charges

Public Hearing and Written Comments.

	Summary of Comment	DC Water Response
District of Columbia Office of the People's Council (OPC)	1.The rates proposed must adhere to the reasonableness standard for public utility rates	DC Water concurs, and believes that the Board's deliberative process accomplished by DC Water through its work with the Stakeholder Alliance, internal analysis, and the work of the Retail Rates Committee and supporting analyses provide the record that ensures that their decision to adjust the sewer rate and CRIAC fees are not only just and reasonable, but also well explained and supported by the record.
	2.The Board must demonstrate that the increase to the retail sewer volumetric rate is just and reasonable	DC Water conducts a Cost of Service (COS) study every three years, which was last done in 2018. DC Water worked with the same consultant who produced that COS to ensure that costs were allocated appropriately and reasonably
	3.The Board must demonstrate that the shift is just and reasonable	DC Water conducts a COS study every three years, which was last done in 2018. DC Water worked with the same consultant who produced that COS Study to ensure that costs were allocated appropriately and reasonably
	4.The Board must determine the rate impact of increasing the CRIAC incentive from 4% to 20%	The increase in the CRIAC Incentive Discount is estimated to cost between \$70,000 and \$950,000 in FY2021, and will not impact rates. We do not anticipate that the discount program will have any significant impact on rates in the future.

Public Hearing and Written Comments.

	Summary of Comment	DC Water Response
District of Columbia Office of the People’s Council (OPC)	5. DC Water should consider alternative proposals to mitigate rising CRIAC, such as those in the recent DC Council report	DC Water will continue to assess proposals to slow the growth of the CRIAC and all of the rates that it charges its customers. DC Water takes seriously its responsibility to its customers and the environment, and works to continue to improve the efficiency and effectiveness of its programs and operations.
DC Appleseed	DC Appleseed is concerned about the impact of the proposal on low income residents	<p>The proposed rate shift is cost neutral for households with average water use and average amount of impervious area, and DC Water acknowledges that properties that use more water, such as multi-family customers, will pay more</p> <p>Residential customers with household income less than \$117,200 are eligible for discounts under the Customer Assistance Programs, which will mitigate impacts to these customers.</p>
	DC Appleseed expressed concern about transparency of studies and other documents used by DC Water	DC Water believes that the deliberative process and supporting analyses provides the Board, Committee, and the public with all of the information necessary to understand make a reasoned, explained and supported decision. This information is provided on DC Water website to make transparent the basis for the decisions.

Public Hearing and Written Comments

	Summary of Comment	DC Water Response
Jordan Maurand – 6 th Street, N.W.Washington DC	Resident of a multi-family building and doesn't feel that his charges should increase "so parking lots across the city can get a break"; also concern that low income customers live in multi-family buildings. Concerned that a reduction in CRIAC will reduce incentive to install permeable pavers	DC Water acknowledges that most multi-family customers will pay more under the current proposal. The proposal is based on a determination that, on average, 37% of water in Clean Rivers tunnels is wastewater By increasing the credit from 4% to 20% for stormwater best management practices, DC Water believes that will be a greater incentive for the installation of measures that reduce stormwater runoff, such as permeable pavers
Gil Landau – Massachusetts Avenue N.W., Washington DC	Opposes proposal. "The project's goal is reducing water runoff pollution due to impervious areas and [is] thus the correct way to charge customers"	DC Water has determined that, on average, 37% of the flows to the Clean Rivers tunnels are from wastewater, and believes that the proposal improves equity in its funding of the \$2.7 billion Clean Rivers program by shifting a portion of the costs to the volumetric rate
Doug Siglin – Principal Rain Credits	Supports the decrease in the CRIAC and the increase the CRIAC incentive program	DC Water appreciates the support for the rate sift and believes it will achieve a greater equitable allocation of the costs to the sources that flow to the Clean Rivers tunnels

Public Hearing and Written Comments

	Summary of Comment	DC Water Response
<p>Daniel Warwick & Kari Cunnigham – Dupont Circle Advisory Neighborhood Commission (ANC) 2B</p>	<p>Does not support proposal to shift a portion of costs to volumetric rate, believes that the proposal will make DC less equitable and less resilient, concerned about impact on multi-family buildings. Supports CRIAC incentive program and expanded CAP programs</p>	<p>The proposed rate shift is cost neutral for households with average water use and average amount of impervious area, and DC Water acknowledges that properties that use more water, such as multi-family customers, will pay more but the shift achieves a greater equitable allocation of the costs so that all rate payers pay their fair share.</p>
<p>Sally Kram, Esq – Director of Public and Government Affairs</p>	<p>Fees to abate pollution should be charged in an equitable manner; the burden should not be placed on one class of customer</p>	<p>Proposal is based on a determination that, on average, 37% of the flows to the Clean Rivers tunnels are from wastewater, and believes that the proposal improves equity in its funding of the \$2.7 billion Clean Rivers program by shifting a portion of the costs to the volumetric rate</p> <p>All customer classes will pay the same sewer volumetric rate and impervious area charge per ERU</p>
<p>Solomon Keene Jr, Hotel Association of Washington DC</p>	<p>Opposes proposal to shift a portion of the Clean Rivers charge – concerned about being charged twice (sewer fee plus additional amount for Clean Rivers), believes proposal weakens link between rate and source of pollution, believes right-of-way should be charged</p>	<p>DC Water believes that the shift will not result in a double charge. The proposal is to shift the proportional costs from CRIAC to the volumetric rate based on their respective contributions.</p> <p>The proposal is based on a determination that, on average, 37% of water in Clean Rivers tunnels is wastewater</p>



Recommendation

- 💧 Recommendation to the full Board for approval of the proposed FY 2020 Rates, Charges and Fees and to amend the Clean Rivers IAC Incentive Program Discount from 4% to 20%

Attachment B

DC Retail Water and Sewer Rates Committee

Action Items

1. Approval of Proposed FY 2020 Retail Rates, Charges and Fees and to increase the Clean Rivers IAC Incentive Program Discount from 4% to 20%

ACTION ITEM 1

FY 2020 Rates, Charges and Fees (Effective October 1, 2019)

1. Approval of the following Proposed Retail Rates, Charges and Fees for FY 2020:

Water Service Rates Approved and Published per Resolution 19-21 on July 5, 2019

- Increased the rate for metered water services:

Metered Water Services

	FY 2019		FY 2020		FY 2020 vs. FY 2019 Incr. / (Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers - (0 – 4)	\$2.91	\$3.89	\$3.06	\$4.09	\$0.15	\$0.20
Residential customers – (> 4)	\$3.90	\$5.21	\$4.10	\$5.48	\$0.20	\$0.27
Multi-Family customers	\$3.37	\$4.51	\$3.54	\$4.73	\$0.17	\$0.22
Non-Residential customers	\$4.05	\$5.42	\$4.25	\$5.68	\$0.20	\$0.26

Sewer Service Rates Proposed for Final Approval

- Proposal to increase the rate for metered sewer services:

Metered Sewer Services

	FY 2019		FY 2020		FY 2020 vs. FY 2019 Incr. / (Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers	\$7.75	\$10.36	\$8.89	\$11.89	\$1.14	\$1.53
Multi-Family customers	\$7.75	\$10.36	\$8.89	\$11.89	\$1.14	\$1.53
Non-Residential customers	\$7.75	\$10.36	\$8.89	\$11.89	\$1.14	\$1.53

- Proposal to decrease the annual Clean Rivers Impervious Area Charge (CRIAC) from \$276.00 to \$251.28 per Equivalent Residential Unit (ERU) in FY 2020.

The charge per ERU will be billed monthly at:

Clean Rivers Impervious Area Charge (CRIAC)

	FY 2019	FY 2020	FY 2020 vs. FY 2019
	ERU	ERU	Incr. / (Decr.) ERU
Residential customers	\$23.00	\$20.94	(\$2.06)
Multi-Family customers	\$23.00	\$20.94	(\$2.06)
Non-Residential customers	\$23.00	\$20.94	(\$2.06)

**District of Columbia Pass Through Charge
Right-of-Way Occupancy / PILOT Fee
Approved and Published per Resolution 19-21 on July 5, 2018**

- Increased the **Right-of-Way Occupancy Fee** for FY 2020:

ROW

	FY 2019		FY 2020		FY 2020 vs. FY 2019	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers	\$0.18	\$0.24	\$0.19	\$0.25	\$0.01	\$0.01
Multi-Family customers	\$0.18	\$0.24	\$0.19	\$0.25	\$0.01	\$0.01
Non-Residential customers	\$0.18	\$0.24	\$0.19	\$0.25	\$0.01	\$0.01

- Increased the **Payment-in-Lieu of Taxes Fee** for FY 2020:

PILOT

	FY 2019		FY 2020		FY 2020 vs. FY 2019	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers	\$0.50	\$0.67	\$0.51	\$0.68	\$0.01	\$0.01
Multi-Family customers	\$0.50	\$0.67	\$0.51	\$0.68	\$0.01	\$0.01
Non-Residential customers	\$0.50	\$0.67	\$0.51	\$0.68	\$0.01	\$0.01

**District of Columbia Clean Rivers
Impervious Area Charge Incentive Program
Proposed for Final Approval**

- Proposal to increase the Clean Rivers IAC Incentive Program Discount from 4% to 20%. Cost of the credits will be applied to the rate of the associated customer category.

Attachment C

FY 2019 Proposed RRC Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
1. Propose and Establish Retail Rates for FY 2020			
a. FY 2020 Budget presentation to Board	February 7, 2019	√	Chief Financial Officer
b. FY 2020 Proposed Rates, Charges & Fees presented to RRC	February 28, 2019	√	Rates and Revenue
c. RRC recommendation on proposed FY 2020 rates	March 26, 2019	√	Rates and Revenue
d. Board approves proposed FY 2020 rates	April 4, 2019	√	
e. Publish Proposed Rates and Fees in <i>D.C. Register</i>	April 26, 2019	√	Legal Affairs
f. Public Comment (Consumer Protection Act 45-day Public Notice)	April 26 – June 17, 2019	√	Marketing & Comm.
g. Public Hearing	June 12, 2019	√	RRC
h. Public Hearing Record Closes	June 17, 2019	√	Board Secretary
i. RRC final recommendation to approve FY 2020 rates	June 25, 2019		Rates and Revenue
j. Board approves FY 2020 rates	July 11, 2019		
k. Publish Final Rates and Fees in <i>D.C. Register</i>	July 26, 2019		Legal Affairs
l. Rates Go-Live	October 1, 2019 (FY 2020)		Rates and Revenue
2. Conduct a Review of the Impact of the CRIAC on Various Customer Segments (on-going) <i>including low-income customers who do not qualify for CAP, non-profit organizations and small businesses owners</i>			
a. CRIAC overview to RRC	November 15, 2016	√	Rates and Revenue
b. Discuss the CRIAC restructuring of various segments including low-income customers who do not qualify for CAP, non-profit, charitable and religious organizations and small businesses.	February 21, 2017	√	
c. Comparison of how other utilities with impervious area charges segment non-residential customers and provide discounts/credits/ exemptions	November 14, 2017	√	
d. Stakeholder Alliance “Clean Rivers Reformulation Strategies” meeting	September 20, 2018	√	
	October 11, 2018	√	
	December 13, 2018	√	
	January 10, 2019	√	
	April 11, 2019	√	

Attachment C

FY 2019 Proposed RRC Committee Workplan			
Objective/ <i>Activities</i> /Task	Date of Activity	Completed	Responsible Department
3. Delinquent Accounts			
a. <i>Soldiers Home Negotiations</i>	Monthly, as needed		Legal Affairs
4. Establish CAP2 Program and Rules to Implement District CAP3 and CRIAC Nonprofit Relief Programs to Mitigate Impacts of DC Water Rates, Fees and Charges on Low-Income Residents Currently not Eligible for CAP and District of Columbia Identified Customers			
a. <i>Regulations to Establish CAP2 Program and Rules for Implementing District CAP3 and CRIAC Nonprofit Relief Programs</i>			
1) Presentation to RRC on Rate Policy Options and the RSF	April 24, 2018	√	Rates & Revenue
2) Presentation to Joint RRC & F&B Committees on one-time transfer of \$6 Million from the RSF to FY 2019 Budget	June 26, 2018	√	
3) F&B Committee recommends one-time transfer of \$6 Million from the RSF to FY 2019 Budget	June 26, 2018	√	Rates & Revenue
4) Board approved one-time transfer from RSF in FY 2019	July 5, 2018	√	
5) RRC update and approval of proposed CAP2 Program and rules implementing District CAP3 and CRIAC Nonprofit Relief Programs	September 25, 2018	√	Rates & Revenue
6) Board approval of CAP2 Program and rules implementing District CAP3 Nonprofit Relief Programs	October 4, 2018	√	
7) Publish NOPR for CAP2 Program and rules implementing District CAP3 and Nonprofit Relief Programs in <i>D.C. Register</i>	October 19, 2018	√	Legal Affairs
8) Publish NOPH for Public Hearing	October 19, 2018	√	Legal Affairs
9) Public Comment Period	October 19 – November 19, 2018	√	Marketing & Comm.
10) Update the RRC on the CAP expansion communication plan & system implementation	October 23, 2018	√	Rates & Revenue
11) Public Hearing	October 30, 2018	√	RRC

Attachment C

FY 2019 Proposed RRC Committee Workplan			
Objective/ <i>Activities/Task</i>	Date of Activity	Completed	Responsible Department
4. Establish CAP2 Program and Rules to Implement District CAP3 and CRIAC Nonprofit Relief Programs to Mitigate Impacts of DC Water Rates, Fees and Charges on Low-Income Residents Currently not Eligible for CAP and District of Columbia Identified Customers, (Continued)			
12) Special RRC meeting to recommend final CAP2 Program and rules implementing District CAP3 Program and reserve action on CRIAC Nonprofit Relief Program	November 29, 2018	√	Rates & Revenue
13) Board approval of CAP2 Program and rules implementing District CAP3 Program	December 6, 2018	√	
14) Publish final NOFR for CAP2 Program and rules implementing District CAP3 Program in D.C. Register	December 21, 2018	√	Legal Affairs
15) Go-Live	January 1, 2019	√	Rates and Revenue and Customer Care
16) RRC meeting to recommend final action on rules implementing District CRIAC Nonprofit Relief Program	December 18, 2018	√	Rates and Revenue
17) Board approval of rules implementing District CRIAC Nonprofit Relief Program	December 19, 2018	√	
18) Publish final NOFR for rules implementing District CRIAC Nonprofit Relief Program in <i>D.C. Register</i>	December 28, 2018	√	Legal Affairs
19) Go-Live	January 1, 2019	√	Rates and Revenue and Customer Care
4a. <u>Amend Regulations to Extend CAP2 Program to FY 2020</u>			
1) Presentation to RRC to Extend CAP2 Program to FY 2020	May 28, 2019	√	Rates & Revenue
2) Board Approval to Extend CAP2 Program to FY 2020	June 6, 2019	√	
3) Publish NOPR to Extend CAP2 Program to FY 2020 and NOPH for Public Hearing in <i>D.C. Register</i>	June 21, 2019	√	Legal Affairs
4) Public Comment Period (Consumer Protection Act 45-day Public Notice)	June 21, 2019 – August 19, 2019		Board Secretary
5) Public Hearing	August 14, 2019		RRC
6) Public Hearing Record Closes	August 19, 2019		Board Secretary

Attachment C

FY 2019 Proposed RRC Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
4a. Amend Regulations to Extend CAP2 Program to FY 2020			
7) Special RRC Meeting to Recommend Final CAP2 Program Extension to FY 2020	August 27, 2019		Rates & Revenue
8) Board Approval of Final CAP2 Program Extension to FY 2020	September 5, 2019		Legal Affairs
9) Publish NOFR to Extend CAP2 Program to FY 2020 in <i>D.C. Register</i>	September 20, 2019		
10) Go-Live	October 1, 2019 (FY 2020)		Rates and Revenue and Customer Care
5. 2018 Cost of Service Miscellaneous Fees and Charges			
a. <i>RRC COS Update and Recommendation on Proposed Amendments to Miscellaneous Fees & Charges</i>	October 23, 2018	√	Rates & Revenue
b. <i>Board Approval of Notice of Proposed Rulemaking (NOPR) for Miscellaneous Fees & Charges</i>	November 1, 2018	√	
c. <i>Publish NOPR in DC Register</i>	November 23, 2018	√	Legal Affairs
d. <i>Public Comment period</i>	November 23 – December 24, 2018	√	Board Secretary
e. <i>RRC Final Recommendation to Approve Amendments for Miscellaneous Fees & Charges</i>	January 22, 2019	√	Rates & Revenue
f. <i>Board Approval of Notice of Final Rulemaking (NOFR)</i>	February 7, 2019	√	
g. <i>Publish NOFR in DC Register</i>	February 22, 2019	√	Legal Affairs
h. <i>Miscellaneous Fees & Charges Go-Live</i>	June 3, 2019 (FY 2019)		Rates and Revenue/ Customer Care/Permit
i. <i>Permitting & Engineering Fees Go-Live</i>	August 1, 2019 (FY 2019)		Operations/Pretreatment Legal Affairs
5a. <u>Adopt Regulations to Implement New FOG and CCC-BPA Fees</u>			
a. <i>Present Proposed Implementation Regulations to EQ&O Committee for New FOG and CCC-BFP Fees</i>	April 18, 2019	√	
b. <i>Board Approval of Notice of Proposed Rulemaking for Implementing New FOG and CCC-BFP Fees</i>	May 2, 2019	√	
c. <i>Publish NOPR in D.C. Register</i>	May 17, 2019	√	Legal Affairs
d. <i>Public Comment Period</i>	May 17– June 17, 2019	√	Board Secretary
e. <i>Present Final Rulemaking to EQ&O Committee to Implement New FOG and CCC-BFP Fees</i>	June 20, 2019	√	

Attachment C

FY 2019 Proposed RRC Committee Workplan			
Objective/ <i>Activities/Task</i>	Date of Activity	Completed	Responsible Department
5a. Adopt Regulations to Implement New FOG and CCC-BPA Fees			
<i>f. Board Approval of Notice of Final Rulemaking (NOFR) to Implement New FOG and CCC-BFP Fees</i>	July 11, 2019		Legal Affairs
<i>g. Publish NOFR in D.C. Register</i>	July 26, 2019		
<i>h. Implement New FOG and CCC-BFP Fees Go-Live</i>	August 1, 2019		
6. Retail Groundwater Sewer Rate Ratemaking			
<i>a. RRC Update and Recommendation on Proposed Retail Groundwater Sewer Rate</i>	October 23, 2018	√	Rates & Revenue
<i>b. Board Approval of Proposed Notice of Proposed Rulemaking (NOPR) for Retail Groundwater Sewer Rate</i>	November 1, 2018	√	
<i>c. Publish NOPR in DC Register</i>	November 16, 2018	√	Legal Affairs
<i>d. Public Comment period</i>	November 16 – December 17, 2018	√	Marketing & Comm.
<i>e. Public Hearing</i>	August 14, 2019		RRC
<i>f. Public Hearing Record Closes</i>	August 19, 2019		Board Secretary
<i>g. RRC Final Recommendation to Approve Amendments for Retail Groundwater Sewer Rate</i>	August 27, 2019		Rates & Revenue
<i>h. Board Approval of NOFR</i>	September 5, 2019		
<i>i. Publish NOFR in DC Register</i>	September 20, 2019		Legal Affairs
<i>j. Retail Groundwater Sewer Charge Go-live</i>	October 1, 2019 (FY 2020)		Rates and Revenue/ Customer Care
7. Amend District of Columbia Clean Rivers Impervious Area Charge Incentive Program from 4% to 20%			
<i>a. FY 2020 Budget presentation to Board</i>	February 7, 2019	√	Rates & Revenue
<i>b. RRC update on Proposed Amendments for CRIAC Incentive Program</i>	February 28, 2019	√	Rates and Revenue
<i>c. RRC recommendation on proposed FY 2020 CRIAC Incentive</i>	March 26, 2019	√	Rates and Revenue
<i>d. Board approval of proposed Amendments for CRIAC Incentive program</i>	April 4, 2019	√	
<i>e. Publish proposed Amendments to CRIAC Incentive Program in D.C. Register</i>	April 26, 2019	√	Legal Affairs
<i>f. Public Comment</i>	April 26 – May 27, 2019	√	Marketing & Comm.

Attachment C

FY 2019 Proposed RRC Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
7. Amend District of Columbia Clean Rivers Impervious Area Charge Incentive Program			
g. RRC final recommendation for approval of Amendments to <i>CRIAC Incentive program</i>	June 25, 2019		Rates and Revenue
h. Board approval of Amendments for <i>CRIAC Incentive program</i>	July 11, 2019		Rates & Revenue
i. Publish NOPR for CRIAC Incentive program in <i>D.C. Register</i>	July 26, 2019		Legal Affairs
j. Amended CRIAC Incentive program Go-Live	October 1, 2019 (FY 2020)		Rates and Revenue/ Customer Care
8. 2019 Potomac Interceptor Cost of Service Study			
a. <i>2019 Potomac Interceptor Cost of Service Study (FY 2020 – FY 2022 rates are proposed)</i>	May 28, 2019	√	Rates & Revenue
9. Path to Achieve Asset Management			
a. <i>Path to Achieve Asset Management Update</i>	October 23, 2018 December 6, 2018	√ √	Rates & Revenue
10. FY2020 Budget Considerations			
a. <i>FY2020 Budget Considerations</i>	December 6, 2018	√	Rates & Revenue
11. Cost of Service Studies			
a. <i>Cost of Service Studies Update</i>	TBD		Rates & Revenue

* Dates subject to change



Attachment D

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

**Tuesday, July 23, 2019; 9:30 a.m.
AGENDA**

Call to Order	Committee Chairman
Monthly Updates	Chief Financial Officer
Committee Workplan	Chief Financial Officer
Agenda for August 27, 2019 Special 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