



**MINUTES OF THE MEETING
DC RETAIL WATER AND SEWER RATES COMMITTEE
MARCH 26, 2024
(via Microsoft Teams)**

COMMITTEE MEMBERS PRESENT

1. Howard Gibbs, Vice Chairperson
2. Jed Ross, Alternate
3. Richard Jackson, Principal

DC WATER STAFF

1. David L. Gadis, CEO and General Manager
2. Matthew T. Brown, Chief Financial Officer and EVP Finance, Procurement and Compliance
3. Wayne Griffith, Chief Administration Officer and EVP
4. Jeffrey Thompson, Chief Operating Officer and EVP
5. Debra L. Mathis, Assistant Board Secretary

The DC Retail Water and Sewer Rates Committee meeting was called to order by Howard Gibbs, Vice Chairperson, at 9:31 AM. Assistant Board Secretary Debra L. Mathis called the roll.

I. MONTHLY REPORT TO THE DC RETAIL WATER AND SEWER RATES COMMITTEE

Matthew Brown, Chief Financial Officer and EVP noted that the Fire Protection Fee Cost of Service Study will be presented at the next Retail Water and Sewer Rates Committee meeting. The cost to provide the service for the District of Columbia has increased since COVID-19 as material costs have escalated, and DC Water requested an additional review of the consultant's work before it is presented to the Committee.

Mr. Brown presented the monthly financial report through February, noting that the financial results were consistent with the trend of prior months. The report included a favorable variance of about \$10.7 million (2.8% overall) against the budget. Mr. Brown highlighted both favorable and unfavorable variances. The Residential, Commercial, and Multi-Family categories are slightly ahead of budget due to higher than anticipated

consumption, primarily in the commercial category. Federal and PILOT, and Right-of-Way fees have favorable receipts compared to the budget. District Government has slightly lower receipts at \$9.9 million or 39.4 percent of the budget mainly due to lower consumption. The DC Housing Authority is lower at \$5.5 million or 37.3 percent of the budget due to not receiving the February payment, which was received late in March, and this will be reflected in next month's report. Other revenue is lower than budget due to lower than anticipated developer fees, system availability fees, and the Washington Aqueduct Backwash.

Mr. Brown noted an increase in greater than 90-days delinquency accounts where the dollar amount increased by approximately \$900,000 to \$31.7 million and the number of accounts by 150 to a total of 10,472 accounts. He noted that the primary driver of these increases was the multi-family category.

Ogechi Okpechi Director, DCW Permit Operations explained that DC Water Permit Operations is now processing refunds internally and is no longer working with the consultant. She reported that 46 accounts were processed in the last month, with a total refunded amount of over \$600,000. She also noted that the total amount of refunds processed for FY 2024 to date, is higher than what was processed for the whole of FY 2023, with 158 accounts processed and \$2.7 million refunded to date for FY24, while 105 accounts were processed in FY 2023 for a refund of \$1.7 million.

Ms. Okpechi stated that some accounts were debits, not credits, as the customer owed money to DC Water. Approximately 59 accounts totaling \$150,000 were debits. Ms. Okpechi elaborated that while reviewing these accounts, it was discovered that many work orders were not closed due to lack of inspections or missing deliverables. She stated that the Permit Operations team is working with developers to improve the documentation process.

Acting Chairperson Howard Gibbs inquired where the funds retained for refunds are held. Mr. Brown explained that the funds are held in the cash balance. Mr. Gibbs asked if a forfeiture is processed, there is no transfer of funds between accounts, which Mr. Brown confirmed. Mr. Gibbs asked how long the funds must be legally held before they are forfeited. Ms. Okpechi answered that the funds are held for ten years. Mr. Brown noted that the law only requires the funds to be held for two years, but it was decided to extend that time frame due to the nature of construction timelines and the large number of deposits. He also noted that these timelines may be revisited.

II. WATER AND SEWER RATES COMMITTEE WORKPLAN

Mr. Brown reviewed the Committee Workplan and highlighted two items. He noted that the Committee had started the ratemaking process. Mr. Brown reviewed the ratemaking

process timelines, stating that the Notice of Proposed Rulemaking (NOPR) was published on March 22. The public outreach period is underway, town hall meetings are being scheduled, the public hearing will take place on May 9, the public record will close on May 16, responses to public comments will be submitted to the Board on May 31, and Board approval of the Notice of Final Rulemaking on July 3. He noted that the ratemaking section at DC Water website contains information where the public can learn about how DC Water spends money and learn more about the proposed rates.

Mr. Brown also reviewed the revised schedule for the Fire Protection Service Fee, noting that the proposal is anticipated to be brought to the Committee on April 23. Followed by Board approval of the Notice of Proposed Rulemaking on May 2 and publication in the D.C. Register on May 17. Board approval of the Notice of Final Rulemaking is anticipated on July 3.

III. ADJOURNMENT

Mr. Gibbs adjourned the meeting at 9:45 am.