



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

DC Retail Water and Sewer Rates Committee

Tuesday, March 27, 2018

9:30am

- 1. **Call to Order** **Reverend Kendrick Curry, Vice Chairperson**
- 2. **Path to Achieve Asset Management (Attachment A)****Matthew Brown**
- 3. **DC Retail Water and Sewer Rates Committee Workplan****Matthew Brown**
 - **FY 2018 Proposed DC Retail Rates Committee Workplan (Attachment B)**
- 4. **Agenda for April 24, 2018 Committee Meeting (Attachment C)**.....**Reverend Kendrick Curry, Vice Chairperson**
- 5. **Other Business****Matthew Brown**
- 6. **Executive Session***
- 7. **Adjournment**

FOLLOW-UP-ITEMS – DC Retail Water and Sewer Rates Committee Meeting (February 20, 2018)

- 1) Provide the Committee an average customer monthly bill for all customer classes (Single family, Multi-family and Commercial) (Mr. Franco) **Status:** (March 2018)

* 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.



Path to Achieve Asset Management

District of Columbia Water And Sewer Authority

DC Retail Water and Sewer Rates Committee Meeting

March 27, 2018





Path to Achieve Asset Management

- Collaborative effort by Residents and Ratepayers, the Board of Directors, and the Executive Team
 - Explore investment in infrastructure
 - What is needed to fully meet asset management principles?
 - What are our peer utilities doing?
 - What is the cost of pro-active investment, as compared with addressing issues as they arise?
 - Exploration of alternative revenue sources
 - What funds could be available, other than from ratepayers?
 - Community outreach and education
 - Explain infrastructure investment, and consequences of investment
 - Gather ideas about addressing affordability
 - Impact on the financial plan
 - What is the impact on the operating budget, and what is the impact of pro-active investment as compared with addressing issues as they arise?
 - What could be financed through debt?
 - What are appropriate levels of PAYGO?
 - Customer affordability
 - What ways can we help ensure affordability?
 - What are our peer utilities doing to meet this challenge?



Committee Assignments

Path to Achieve Asset Management	Committee Assignments
Explore investment in infrastructure	Environmental Quality and Operations Committee
Exploration of alternative revenue sources	Finance and Budget Committee
Community outreach and education	Retail Rates Committee
Impact on the financial plan	Finance and Budget Committee
Customer affordability	Retail Rates Committee

- 💧 Committee reviews/discussions are intended to ensure optimization, accountability and transparency throughout the budget preparation process



RRC Path to Achieve Asset Management: Work Plan

Deliverables in May/June

- Communication Plan
 - Town Hall Meetings (March-April)
 - Video on aging infrastructure, upgrades underway and unmet needs
 - Incorporate infrastructure messaging in summer outreach events
 - Advertising and earned media
 - Participation in Value of Water Campaign – Imagine a Day Without Water
 - Infrastructure Week event and/or messaging
 - Social media content



Path to Achieve Asset Management: Work Plan

Deliverables in May/June

- Customer Affordability
 - Benchmarking
 - Customer Satisfaction Survey
 - Preliminary results show majority (65%) agree DC Water is an excellent value for the money and a good value compared to other utilities (64%)
 - Only 41% willing to pay more to improve the quality of water and sewer service



Path to Achieve Asset Management

Timeline (2018-2019)	Activity	Responsibility	Status
March 2018	Committee Work Plan Review	Executive Team	Complete
March - May	Town Hall Meetings & Public Hearing (FY 2019 & FY 2020 Retail Rates & Fees)	Executive Team	
April - June	Committee Work Plan Deliverables & Discussions	Executive Team	
May – June	Budget Kickoff : FY 2020 Operating, and FY 2019 – FY 2028 CIP & Financial Plan	Executive Team	
July 2018	Approval of FY 2019 Retail Rates & Fees	Board	
July	Alternative Scenarios & Recommendations - CIP & Customer Impacts for FY 2021 & beyond	CEO & GM	
November	Budget Workshop/Board Briefing	Executive Team	
Nov – Dec	Budget Recommendations & Adoption	Board	
Spring & Summer 2019	FY 2020 – FY 2029 Financial Plan & CIP, Operating, Revenues, Retail Rates & Fees	Executive Team	
Fall 2019	FY 2021 Budget Proposals - Asset Management Principles	Board	



Appendix



F&B Committee Work Plan

Deliverables in May/June

- Major Operating Budget expenditure drivers, including personnel, parts/supplies, maintenance, chemicals, and energy
- Financial Plans for various capital program scenarios
 - Key metrics: coverage ratios, overall debt levels
 - Financial analysis of the cost of corrective v. preventative maintenance
- Peer Analysis
 - Debt levels
 - Amount of program paid for through PAYGO
 - Alternative revenues
- Recommendation on Rate Stabilization Fund contributions and withdrawals



EQ & Ops Committee Proposed Work Plan

- April - What are peer utilities experiencing?
 - Age of system
 - Materials and design
 - Service life
 - Infrastructure failure experience
 - Infrastructure investment approach
- April, May & June – What is needed to fully meet asset management principles?
 - Current state of repair
 - Site visits

Explore Investment in Infrastructure

1. **What is needed to fully meet asset management principles?**
2. What are our peer utilities doing?
3. **What is the cost of pro-active investment vs. addressing issues as they arise.**



EQ & Ops Committee Proposed Work Plan

June – What is the cost of pro-active investment vs. addressing issues as they arise?

- Cost of emergency repairs
 - Direct costs
 - Indirect costs
 - Socioeconomic costs
- Other impacts
 - Continued failures, breaks, backups, etc
 - Water quality and discolored water
 - Continually adjusting priorities & changing plans
 - Capitalization of emergency repairs
 - Risk of SSO Consent Decree
 - Safety
 - Socioeconomic impacts
- Examples

Explore Investment in Infrastructure

1. What is needed to fully meet asset management principles?
2. What are our peer utilities doing?
3. **What is the cost of pro-active investment vs. addressing issues as they arise?**



EQ & Ops Committee Proposed Work Plan

July - What is needed to fully meet asset management principles?

- Review of previously presented scenarios
- Alternative ramp up scenarios
- Tours and site visits

Explore Investment in Infrastructure

1. What is needed to fully meet asset management principles?
2. What are our peer utilities doing?
3. What is the cost of pro-active investment vs. addressing issues as they arise?

Attachment B

FY 2018 Proposed RRC Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
1. Propose and Establish Retail Rates for FY 2019 & FY 2020			
a. <i>FY 2019 & FY 2020 Budget presentation to Board</i>	January 4, 2018	√	Chief Financial Officer
b. <i>FY 2019 & FY 2020 Proposed Rates, Charges & Fees presented to RRC</i>	January 23, 2018	√	Rates and Revenue
c. <i>RRC recommendation on proposed FY 2019 & FY 2020 rates</i>	February 20, 2018	√	Rates and Revenue
d. <i>Board approves proposed FY 2019 & FY 2020 rates</i>	March 1, 2018	√	
e. <i>Publish Proposed Rates and Fees in DC Register</i>	March 16, 2018	√	General Counsel
f. <i>Public Comment and Outreach</i>	March 16 - June 11, 2018		External Affairs
g. <i>Public Hearing</i>	May 9, 2018		Board Secretary
h. <i>Public Hearing Record Closes</i>	June 11, 2018		
i. <i>RRC final recommendation to approve FY 2019 & FY 2020 rates</i>	June 26, 2018		Rates and Revenue
j. <i>Board approves FY 2019 & FY 2020 rates</i>	July 5, 2018		
k. <i>Publish Final Rates and Fees in DC Register</i>	July 20, 2018		General Counsel
l. <i>Rates Go-Live</i>	October 1, 2018 (FY 2019) October 1, 2019 (FY 2020)		Rates and Revenue and Customer Service
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	√	

FY 2018 Proposed Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
3. Waste Hauler and High Strength Waste Fee Regulations			
a. RRC recommend proposal for Waste Hauler and High Strength Waste Fees	September 26, 2017	√	Rates & Revenue Wastewater Treatment
b. Board approves proposal for Waste Hauler and High Strength Waste Fees	October 5, 2017	√	
c. Publish NOPR for Waste Hauler and High Strength Waste Fees in DC Register	October 27, 2017	√	General Counsel
d. Public Comment and Outreach	October 27 – November 27, 2017	√	Board Secretary
e. RRC final recommendation for Waste Hauler and High Strength Waste Fees	December 7, 2017	√	Rates & Revenue Wastewater Treatment
f. Board approves final Waste Hauler and High Strength Waste Fees	January 4, 2018	√	
g. Publish final NOFR for Waste Hauler and High Strength Waste Fees in DC Register	January 19, 2018	√	General Counsel
h. Waste Hauler Fees Go-Live	February 1, 2018	√	Wastewater Treatment
i. High Strength Waste Fees Go-Live	April 1, 2018		
4. Fire Protection Service Fee for FY 2018 - FY 2021			
a. RRC recommends approval of proposed Fire Protection Service Fee	February 20, 2018	√	Rates and Revenue
b. BOD approves Notice of Proposed Rulemaking (NOPR)	March 1, 2018	√	
c. Publish NOPR in DC Register	March 16, 2018	√	General Counsel
d. Public Comment Period	March 16 - April 16, 2018		Board Secretary
e. RRC recommends approval of final Fire Protection Service Fee	April 24, 2018		Rates and Revenue
f. BOD approves Notice of Final Rulemaking (NOFR) for final Fire Protection Service Fee	May 3, 2018		
g. Publish NOFR in DC Register	May 18, 2018		General Counsel
h. Fire Protection Service Fee Go-Live	May 18, 2018		Rates and Revenue

Attachment B

FY 2018 Proposed Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
5. 2018 Cost of Service Study for Water, Sewer and CRIAC			
a. <i>Present COS to Retail Rates Committee</i>	February 20, 2018	√	Rates & Revenue
b. <i>Present final COS to Board</i>	March 1, 2018	√	
6. 2018 Cost of Service Miscellaneous Fees and Charges			
<i>Miscellaneous Fees & Charges</i>			
a. <i>RRC recommends COS and proposed amendments for Miscellaneous Fees & Charges</i>	March 27, 2018		Rates & Revenue
b. <i>Board approves Notice of Proposed Rulemaking (NOPR)</i>	April 5, 2018		
c. <i>Publish NOPR in DC Register</i>	April 20, 2018		General Counsel
d. <i>Public Comment period</i>	April 20 – May 21, 2018		Board Secretary
e. <i>RRC recommends approval of final amendments for Miscellaneous Fees & Charges</i>	June 26, 2018		Rates & Revenue
f. <i>Board approves Notice of Final Rulemaking (NOFR)</i>	July 5, 2018		
g. <i>Publish NOFR in DC Register</i>	July 20, 2018		General Counsel
h. <i>Miscellaneous Fees & Charges Go-Live</i>	October 1, 2018 (FY 2019)		Rates and Revenue and Customer Service
<i>2018 COS for Groundwater</i>			
a. <i>RRC recommends COS and proposed amendments for Groundwater Rate</i>	March 27, 2018		Rates & Revenue
b. <i>Board approves Notice of Proposed Rulemaking (NOPR)</i>	April 5, 2018		
c. <i>Publish Proposed Groundwater Rate NOPR in DC Register</i>	April 20, 2018		General Counsel
d. <i>Public Comment Period and Outreach</i>	April 20 – June 11, 2018		External Affairs
e. <i>Public Hearing</i>	May 9, 2018		Board Secretary
f. <i>Public Hearing Record Closes</i>	June 11, 2018		
g. <i>RRC final recommendation to approve Groundwater Rate</i>	June 26, 2018		Rates & Revenue
h. <i>Board approved Notice of Final Rulemaking (NOFR)</i>	July 5, 2018		
i. <i>Publish Final Groundwater Rates in DC Register</i>	July 20, 2018		General Counsel
j. <i>Groundwater Rate Go-Live</i>	October 1, 2018 (FY 2019)		Rates and Revenue and Customer Service
7. Rate Setting Policy			
a. <i>Review of Rate Setting Policies</i>	November 14, 2017	√	Rates & Revenue

FY 2018 Proposed Committee Workplan			
Objective/ <i>Activities</i> /Task	Date of Activity	Completed	Responsible Department
8. Water System Replacement Fee			
a. <i>Review of unmetered fire service lines and their financial impact.</i>	November 14, 2017	√	Rates & Revenue General Manager
b. <i>Review of combined domestic and fire service lines and their financial impact.</i>	November 14, 2017	√	
9. New VertexOne ECIS Billing System (on-going)			
a. <i>New VertexOne customer bill</i>	November 14, 2017	√	Customer Service
10. Delinquent Accounts			
a. <i>Soldiers Home Negotiations</i>	Monthly, as needed		General Counsel
11. System Availability Fee			
a. <i>Publish a Notice of Emergency and Proposed Rulemaking to Extend Effective Date of the System Availability Fee (SAF)</i>			
1) <i>RRC recommends approval of only the revised effective date of the SAF regulations in Notice of Emergency & Proposed Rulemaking (NOE&PR)</i>	December 7, 2017	√	Rates & Revenue/ Permits
2) <i>Board adopts NOE&PR</i>	December 7, 2017	√	General Counsel Board Secretary
3) <i>Publish NOE&PR in DC Register</i>	December 22, 2017	√	
4) <i>Public Comment Period</i>	December 22, 2017 – January 21, 2018	√	
5) <i>RRC recommends approval of final action to revise the effective date of the SAF in Notice of Final Rulemaking (NOFR) to June 1, 2018</i>	January 23, 2018	√	Rates & Revenue Permits
6) <i>Board approves NOFR</i>	February 1, 2018	√	General Counsel
7) <i>Publish NOFR in DC Register</i>	February 16, 2018	√	
8) <i>Go-Live June 1, 2018</i>	February 16, 2018	√	

Attachment B

FY 2018 Proposed Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
11. System Availability Fee (continued)			
b. <i>Publish a Notice of Proposed Rulemaking to Amend Substantive Provisions of the SAF Regulations</i>			
1) <i>DC Water conducts public outreach (includes Open House on Feb. 9, 2018)</i>	November 28 – February 20, 2018	√	Rates & Revenue Permits and OGC
2) <i>RRC recommends approval of proposed amendments to SAF regulations in Notice of Proposed Rulemaking (NOPR)</i>	February 20, 2018	√	Rates & Revenue Permits
3) <i>Board approves NOPR</i>	March 1, 2018	√	General Counsel Board Secretary Rates & Revenue Permits
4) <i>Publish NOPR in DC Register</i>	March 16, 2018	√	
5) <i>Public Comment Period</i>	March 16 – April 16, 2018		
6) <i>RRC recommends final action to approve Notice of Final Rulemaking (NOFR)</i>	April 24, 2018		
7) <i>Board approves NOFR</i>	May 3, 2018		General Counsel & Permits
8) <i>Publish NOFR in DC Register</i>	May 18, 2018		
9) <i>SAF Go-Live</i>	June 1, 2018		
c. <i>System Availability Fee Review</i>			
1) <i>System Availability Fee (SAF) Methodology and Assumptions Review</i>	January 23, 2018	√	Rates & Revenue/ Permits

* Dates subject to change



Attachment C

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

**TUESDAY, April 24, 2018; 9:30 a.m.
AGENDA**

Call to Order	Committee Chairman
Monthly Updates	Chief Financial Officer
Committee Workplan	Chief Financial Officer
Agenda for June 26, 2018 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