



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

DC Retail Water and Sewer Rates Committee

Tuesday, November 15, 2022
9:30 a.m.

Microsoft Teams

Join on your computer or mobile app

[Click here to join the meeting](#)

Or call in (audio only)

[+1 202-753-6714,,523943701#](#)

Phone Conference ID: 523 943 701#

- 1. Call to Order**Rachna Bhatt, Chairperson**
- 2. Roll Call..... **Alfonzo Kilgore Stukes**
- 3. **Monthly Report to DC Retail Water & Sewer Rates Committee (Attachment A)**..... **Matthew Brown**
- 4. **Operating Reserve and RSF Cost of Service Update (Attachment B)****Matthew Brown**
- 5. **DC Retail Water and Sewer Rates Committee Workplan** **Matthew Brown**
 - **FY 2023 Proposed DC Retail Rates Committee Workplan (Attachment C)**
- 6. **Agenda for December 20, 2022, Committee Meeting (Attachment D)**.....**Rachna Bhatt, Chairperson**
- 7. **Other Business**.....**Matthew Brown**
- 8. **Executive Session***.....**Rachna Bhatt, Chairperson**
- 9. **Adjournment****Rachna Bhatt, Chairperson**

*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 certain matters, including but not limited to: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); terms for negotiating a contract, including an employment contract, under D.C. Official Code § 2-575(b)(2); obtain legal advice and preserve attorney-client privilege or settlement terms under D.C. Official Code § 2-575(b)(4)(A); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security matters 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); third-party proprietary matters under D.C. Official Code § 2-575(b)(11); train and develop Board members and staff under D.C. Official Codes § 2-575(b)(12); adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters or violations of laws or regulations where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14); and other matters provided under the Act.

ATTACHMENT A



Fiscal Year 2023

Monthly Report to DC Retail Water and Sewer Rates Committee

Period Ending October 31, 2022

DEPARTMENT OF FINANCE

Matthew T. Brown, CFO & Executive Vice President, Finance and Procurement

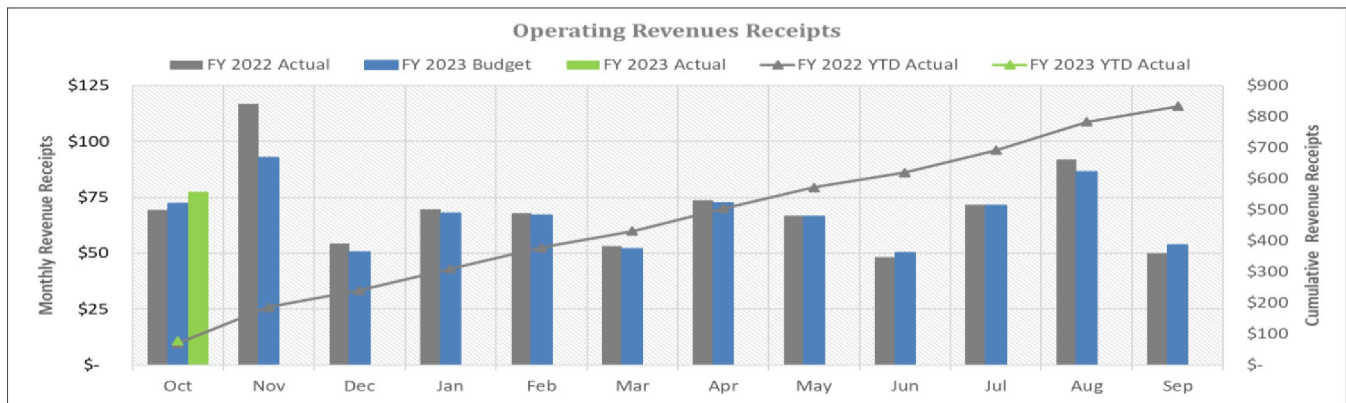
Syed Khalil, Director, Rates & Revenue

Monthly Report to DC Retail Water and Sewer Rates Committee

Fiscal Year-to-Date
As of October 31, 2022

Operating Revenues (\$000's)

FY 2022		CATEGORY	FY 2023					
Actual			Year-to-Date Performance					
Total Annual	YTD October		Annual Budget	YTD Budget	Actual	% of Budget	Variance \$ Fav(Unfav)	Variance % Fav(Unfav)
\$451,336	\$36,727	Residential / Commercial / Multi-Family	\$460,881	\$38,407	42,044	9.1%	\$3,637	9.5%
77,112	18,391	Federal	84,768	21,192	20,960	24.7%	(232)	(1.1%)
21,055	0	Municipal (DC Govt.)	21,039	1,753	2,100	10.0%	347	19.8%
13,210	1,141	DC Housing Authority	13,465	1,122	1,315	9.8%	193	17.2%
23,134	1,581	Metering Fee	24,083	2,268	2,280	9.5%	12	0.5%
42,079	4,363	Water System Replacement Fee (WSRF)	39,717	4,278	4,494	11.3%	216	5.0%
84,899	1,927	Wholesale	89,791	0	0	0.0%	0	0.0%
22,630	2,416	PILOT/ROW	23,070	2,398	2,762	12.0%	364	15.2%
98,140	2,978	All Other	47,249	2,976	1,820	3.9%	(1,156)	(38.8%)
\$833,694	\$69,523	TOTAL	\$804,064	\$74,394	\$77,775	9.7%	\$3,381	4.5%



VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of October 2022, cash receipts totaled \$77.8 million, or 9.7 percent of the FY 2023 budget. The total receipts budgeted for October were \$74.4 million. Several categories of customers make payments on a quarterly basis, including the Federal Government (which made their first quarterly payment in October), and wholesale customers (scheduled to make their first quarterly payment in November 2022).

Areas of Over-collection	Areas of Under-collection
<p><u>Residential, Commercial and Multi-Family</u> – Receipts for this category are slightly higher at \$42.0 million or 9.1 percent of the budget. The higher receipts are mainly due to higher consumption as compared to the budget. The October 2022 receipts were higher by \$3.6 million, or 9.5 percent as compared to the monthly budget of \$38.4 million.</p> <p><u>District Government</u> – Receipts are slightly higher at \$2.1 million or 10.0 percent of the budget. The October 2022 receipts slightly higher by \$0.3 million as compared to the monthly budget of 1.8 million.</p> <p><u>DC Housing</u> - Receipts are slightly higher at \$1.3 million or 9.8 percent of the budget. The October 2022 receipts are slightly higher by one hundred ninety-two thousand dollars as compared to the monthly budget of \$1.1 million.</p> <p><u>Wholesale</u> – The wholesale customers are scheduled to make their first quarter payment in November 2022.</p> <p><u>PILOT/ROW</u> – The receipts for PILOT/ROW are slightly higher at \$2.8 million or 12.0 percent of the budget. The October 2022 receipts are slightly higher by \$0.4 million as compared to the monthly budget of \$2.4 million.</p> <p><u>Other Revenue</u> - Receipts are slightly lower at \$1.8 million or 3.9 percent of the budget.</p>	<p><u>Federal</u> - Actual receipts through October 2022 total \$20.1 million or 24.7 percent of the budget. The Federal government made their first quarter payment in October 2022. The lower actual Federal receipt is due to disputed accounts of Soldiers Home.</p>

Monthly Report to DC Retail Water and Sewer Rates Committee

As of October 31, 2022

Operating Revenues Detail

(\$ in millions)

Revenue Category	FY 2022 Budget	YTD Budget	Actual	Variance Favorable /		Actual % of Budget
Residential, Commercial, and Multi-family	\$460.9	\$38.4	\$42.0	\$3.6	9.5%	9.1%
Federal	84.8	21.2	21.0	(0.2)	-1.1%	24.7%
District Government	21.0	1.8	2.1	0.3	19.8%	10.0%
DC Housing Authority	13.5	1.1	1.3	0.2	17.2%	9.8%
Customer Metering Fee	24.1	2.3	2.3	0.0	1.4%	9.6%
Water System Replacement Fee (WSRF)	39.7	4.3	4.5	0.2	5.2%	11.3%
Wholesale	89.8	0.0	0.0	0.0	0.0%	0.0%
Right-of-Way Fee/PILOT	23.1	2.4	2.8	0.4	16.8%	12.1%
Subtotal (before Other Revenues)	\$756.8	\$71.4	\$76.0	\$4.6	6.4%	10.0%
IMA Indirect Cost Reimb. For Capital Projects	5.9	0.5	0.0	(0.5)	-100.0%	0.0%
DC Fire Protection Fee	11.5	0.0	0.0	0.0	0.0%	0.0%
Stormwater (MS4)	1.0	0.1	0.0	(0.1)	-100.0%	0.0%
Interest	4.4	0.4	0.2	(0.2)	-50.0%	4.5%
Developer Fees (Water & Sewer)	6.0	0.5	0.4	(0.1)	-20.0%	6.7%
System Availability Fee (SAF)	7.7	0.5	0.7	0.1	15.7%	9.1%
Washington Aqueduct Backwash	3.3	0.3	0.0	(0.3)	-100.0%	0.0%
Others	7.4	0.6	0.5	(0.1)	-16.7%	6.8%
Subtotal	\$47.2	\$3.0	\$1.8	(\$1.2)	-40.0%	3.8%
Rate Stabilization Fund Transfer	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%
Other Revenue Subtotal	\$47.2	\$3.0	\$1.8	(\$1.2)	-39.5%	3.8%
Grand Total	\$804.1	\$74.4	\$77.8	\$3.4	4.5%	9.7%

BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY (\$ in 000's)

Customer Category	Clean Rivers					Total
	Water	Sewer	IAC	Metering Fee	WSRF	
Residential	\$3,665	\$5,781	\$2,197	\$898	\$772	\$13,313
Commercial	7,215	8,169	2,764	607	1,419	20,174
Multi-family	4,430	6,813	1,009	290	647	13,190
Federal	7,720	8,776	4,463	392	1,452	22,804
District Govt	621	840	640	71	169	2,340
DC Housing Authority	494	732	88	22	35	1,371
Total:	\$24,146	\$31,112	\$11,161	\$2,280	\$4,494	\$73,193

Note: The breakdown of Collections into Residential, Commercial, & Multi-family and Water and sewer is approximate as it is based on percentages of historical data and does not take into account adjustments and timing differences

Clean Rivers IAC - Actual vs Budget (\$ in 000's)

Customer Category	FY2023 Budget	Year-To-Date Budget	Actual Received	Variance	Variance % of YTD Budget	Actual % of Budget
				Favorable / <Unfavorable>		
Residential	\$24,093	\$2,008	\$2,197	\$189	9%	9%
Commercial	28572	2381	2764	383	16%	10%
Multi-family	11637	970	1009	40	4%	9%
Federal	18438	4610	4463	(146)	-3%	24%
District Govt	7680	640	640	(0)	0%	8%
DC Housing Authority	1006	84	88	4	5%	9%
Total:	\$91,426	\$10,692	\$11,161	\$469	4%	12%

Monthly Report to DC Retail Water and Sewer Rates Committee

Fiscal Year-to-Date
As of October 31, 2022

Retail Accounts Receivable (Delinquent Accounts)

The following tables show retail accounts receivable over 90 days (from the billing date) including a breakdown by customer class.

Greater Than 90 Days by Month

	\$ in millions	# of accounts
September 30, 2012	\$5.5	13,063
September 30, 2013	\$4.9	11,920
September 30, 2014	\$5.3	12,442
September 30, 2015	\$6.5	11,981
September 30, 2016	\$7.7	12,406
September 30, 2017	\$8.4	11,526
September 30, 2018	\$13.4	16,273
September 30, 2019	\$10.6	8,744
September 30, 2020	\$17.9	13,775
September 30, 2021	\$26.3	13,065
October 31, 2021	\$27.1	13,054
November 30, 2021	\$27.2	12,823
December 31, 2021	\$27.6	13,942
January 31, 2022	\$28.0	13,501
February 28, 2022	\$27.0	13,621
March 31, 2022	\$28.3	13,225
April 30, 2022	\$28.6	13,300
May 31, 2022	\$29.2	13,007
Jun 30, 2022	\$29.6	13,131
Jul 31, 2022	\$29.4	13,223
Aug 31, 2022	\$29.3	12,488
Sep 30, 2022	\$29.1	12,168
Oct 31, 2022	\$29.4	12,370

Notes: The increase in the accounts receivable over 90 days (from the billing date) is due to the temporary suspension of collections procedures because of the new billing system VertexOne, which was implemented in December 2017. The increase in accounts receivable from March 2020 to September 2022 is primarily due to increased delinquencies and deferred payments due to the impact of COVID-19.

Greater Than 90 Days by Customer

	Number of Accounts			Month of Oct (All Categories)				Total Delinquent				
	W & S	Impervious Only	Total No. of	Active		Inactive		Sep		Oct		%
				No. of	Amount	No. of	Amount	No. of	Amount	No. of	Amount	
a/c	a/c	a/c	a/c	(\$)	a/c	(\$)	a/c	(\$)	a/c	(\$)		
Commercial	9,093	2,154	11,247	1,214	7,263,599	58	\$191,232	1,248	\$7,226,512	1,272	\$7,454,831	25%
Multi-family	8,604	359	8,963	1,264	11,885,746	17	\$83,878	1,269	\$11,589,456	1,281	\$11,969,624	41%
Single-Family Residential	107,095	2,100	109,195	9,678	9,863,111	139	\$153,700	9,651	\$10,242,890	9,817	\$10,016,811	34%
Total	124,792	4,613	129,405	12,156	\$29,012,456	214	\$428,810	12,168	\$29,058,858	12,370	\$29,441,266	100%

Notes: Included in the above \$29.4M (or 12,370 accounts) of the DC Water Over 90 days delinquent accounts, \$4,823,162.36 (or 1,214 accounts) represents Impervious only accounts over 90 days delinquent.

-Reportable delinquencies do not include balances associated with a long-standing dispute between DC Water and a large commercial customer.

-Delinquent accounts (12,370) as a percentage of total accounts (129,405) is 9.6 percent.

-Delinquent Impervious Only accounts (1,214) as a percentage of total accounts (129,405) is 1.0 percent.

-Delinquent Impervious Only accounts (1,214) as a percentage of total delinquent accounts (12,370) are 9.8 percent.

Monthly Report to DC Retail Water and Sewer Rates Committee

Fiscal Year-to-Date
As of October 31, 2022

Arrears by Customer Category

	Over 30 Days		Over 60 Days		Over 90 Days	
	No. of Accts	(\$)	No. of Accts	(\$)	No. of Accts	(\$)
Commercial	2,559	\$ 11,018,447.33	1,497	\$ 8,450,999.51	1,272	\$ 7,454,830.60
Multi-family	1,996	\$ 16,368,565.39	1,461	\$ 13,414,967.46	1,281	\$ 11,969,624.03
Residential	20,700	\$ 13,485,078.88	12,784	\$ 11,146,001.12	9,817	\$ 10,016,811.37

Arrears by WARD for Residential Category

	Over 30 Days		Over 60 Days		Over 90 Days	
	No. of Accts	(\$)	No. of Accts	(\$)	No. of Accts	(\$)
Ward 1	1,435	\$ 959,848.65	831	\$ 783,971.45	625	\$ 706,476.89
Ward 2	646	\$ 347,961.24	371	\$ 264,846.23	271	\$ 232,149.52
Ward 3	822	\$ 379,807.74	390	\$ 265,639.94	259	\$ 230,032.33
Ward 4	3,692	\$ 2,360,081.96	2,161	\$ 1,914,993.69	1,614	\$ 1,714,369.99
Ward 5	4,128	\$ 2,460,899.29	2,548	\$ 2,013,258.59	1,977	\$ 1,793,354.52
Ward 6	1,714	\$ 916,323.34	1,009	\$ 753,549.96	744	\$ 668,796.56
Ward 7	5,276	\$ 3,778,112.56	3,513	\$ 3,206,873.30	2,725	\$ 2,916,107.51
Ward 8	2,987	\$ 2,282,044.10	1,961	\$ 1,942,867.96	1,602	\$ 1,755,524.05
Total	20,700	\$ 13,485,078.88	12,784	\$ 11,146,001.12	9,817	\$ 10,016,811.37

CAP, CAP2 and CAP3 Customers in Arrears*

	Over 30 Days		Over 60 Days		Over 90 Days	
	No. of Accts	(\$)	No. of Accts	(\$)	No. of Accts	(\$)
CAP	2,850	\$ 1,181,848.95	1,852	\$ 906,632.33	1,190	\$ 763,567.65
CAP2	203	\$ 106,526.89	143	\$ 89,760.39	109	\$ 79,626.86
CAP3	0	\$ -	0	\$ -	0	\$ -

*Based on number of accounts that have been given credit in Oct 2022.

Monthly Report to DC Retail Water and Sewer Rates Committee

Customer Arrears Data

CAP Customer Arrears by Ward*

	Over 30 Days		Over 60 Days		Over 90 Days	
	No. of Accts	(\$)	No. of Accts	(\$)	No. of Accts	(\$)
Ward 1	141	\$ 48,461.45	88	\$ 33,331.84	52	\$ 25,066.77
Ward 2	25	\$ 4,302.90	19	\$ 2,284.32	14	\$ 1,474.59
Ward 3	18	\$ 4,919.54	11	\$ 3,274.55	5	\$ 2,691.35
Ward 4	432	\$ 209,023.97	278	\$ 161,987.44	175	\$ 141,375.01
Ward 5	551	\$ 231,540.73	347	\$ 176,849.22	225	\$ 151,629.78
Ward 6	181	\$ 34,939.75	107	\$ 19,669.70	50	\$ 14,700.90
Ward 7	873	\$ 312,412.41	587	\$ 229,285.36	365	\$ 188,780.64
Ward 8	629	\$ 336,248.20	415	\$ 279,949.90	304	\$ 237,848.61
Total	2,850	\$ 1,181,848.95	1,852	\$ 906,632.33	1,190	\$ 763,567.65

*Based on number of accounts that have been given credit in Oct 2022.

CAP2 Customer Arrears by Ward*

	Over 30 Days		Over 60 Days		Over 90 Days	
	No. of Accts	(\$)	No. of Accts	(\$)	No. of Accts	(\$)
Ward 1	6	\$ 962.99	3	\$ 409.96	2	\$ 292.01
Ward 2						
Ward 3	4	\$ 491.86	2	\$ 234.47	1	\$ 178.69
Ward 4	34	\$ 38,778.02	25	\$ 34,195.79	24	\$ 30,912.29
Ward 5	33	\$ 19,303.07	26	\$ 17,661.53	22	\$ 16,604.75
Ward 6	8	\$ 1,904.17	4	\$ 1,398.50	2	\$ 1,266.79
Ward 7	76	\$ 22,910.22	54	\$ 17,352.76	36	\$ 13,958.66
Ward 8	42	\$ 22,176.56	29	\$ 18,507.38	22	\$ 16,413.67
Total	203	\$106,526.89	143	\$ 89,760.39	109	\$ 79,626.86

*Based on number of accounts that have been given credit in Oct 2022.

CAP3 Customer Arrears by Ward*

	Over 30 Days		Over 60 Days		Over 90 Days	
	No. of Accts	(\$)	No. of Accts	(\$)	No. of Accts	(\$)
Ward 1	0	\$ -	0	\$ -	0	\$ -
Ward 2	0	\$ -	0	\$ -	0	\$ -
Ward 3	0	\$ -	0	\$ -	0	\$ -
Ward 4	0	\$ -	0	\$ -	0	\$ -
Ward 5	0	\$ -	0	\$ -	0	\$ -
Ward 6	0	\$ -	0	\$ -	0	\$ -
Ward 7	0	\$ -	0	\$ -	0	\$ -
Ward 8	0	\$ -	0	\$ -	0	\$ -
Total	0	\$ -	0	\$ -	0	\$ -

*Based on number of accounts that have been given credit in Oct 2022.

Developer Deposits

Monthly Report to DC Retail Water and Sewer Rates Committee

Developer Deposits are funds paid to DC Water for plans that are approved by the Permit Operations Department. They include:

- Flat fees for taps, abandonments, sewer connections, etc.
- Reimbursable fees for inspection labor hours charged to the account
- Deposits held as security against damage and uncharged accounts.
- Miscellaneous non-commercial account items (hydrant use, groundwater dewatering, waste hauler fees, etc.)
- As of October 31, 2022, developer deposits had \$43.6 million in credit balances (liability) and \$10.7 million in debit balances (receivable).

Balances by Year as of October 31, 2022

Year	Credit Balances (Liability)		Debit Balances (Receivables)		Net Balance
	Credit Balances	Number of Accounts with Credit Balances	Debit Balances	Number of Accounts with Debit Balances	
	\$43.6 million		\$10.7 million		
2001	\$ -	-	\$ 960,164.05	1	\$ 960,164.05
2002	\$ -	-	\$ 1,836.00	2	\$ 1,836.00
2004	\$ (749.61)	1	\$ 9,066.08	6	\$ 8,316.47
2005	\$ (389,745.13)	90	\$ 269,202.91	90	\$ (120,542.22)
2006	\$ (283,990.18)	32	\$ 284,522.42	78	\$ 532.24
2007	\$ (151,559.96)	31	\$ 150,176.99	50	\$ (1,382.97)
2008	\$ (348,658.90)	41	\$ 192,952.22	50	\$ (155,706.68)
2009	\$ (183,867.44)	30	\$ 206,963.29	48	\$ 23,095.85
2010	\$ (302,803.30)	47	\$ 150,020.05	40	\$ (152,783.25)
2011	\$ (481,578.67)	90	\$ 412,482.45	56	\$ (69,096.22)
2012	\$ (1,251,962.24)	253	\$ 465,386.05	96	\$ (786,576.19)
2013	\$ (2,144,878.50)	280	\$ 264,550.40	82	\$ (1,880,328.10)
2014	\$ (2,092,381.03)	283	\$ 956,572.91	64	\$ (1,135,808.12)
2015	\$ (1,627,451.17)	296	\$ 266,874.05	41	\$ (1,360,577.12)
2016	\$ (3,120,612.84)	366	\$ 524,915.10	63	\$ (2,595,697.74)
2017	\$ (2,359,064.76)	436	\$ 511,285.91	127	\$ (1,847,778.85)
2018	\$ (5,175,996.73)	553	\$ 1,422,619.18	124	\$ (3,753,377.55)
2019	\$ (7,407,021.80)	489	\$ 1,593,172.11	183	\$ (5,813,849.69)
2020	\$ (5,002,647.63)	368	\$ 793,044.37	185	\$ (4,209,603.26)
2021	\$ (5,348,219.29)	382	\$ 451,468.38	176	\$ (4,896,750.91)
2022	\$ (5,884,294.36)	361	\$ 815,420.85	237	\$ (5,068,873.51)
Total	\$ (43,557,483.54)	4,429	\$ 10,702,695.77	1,799	\$ (32,854,787.77)

Forfeiture Action		(0.00)
Accounts Forfeited on August 16, 2021	(4,838,938.52)	1,011
Accounts Forfeited on September 23, 2022	(1,286,705.10)	348
Accounts with refund requests or activities within the last 10 years or pending analysis for forfeiture action.	(3,394,915.43)	615

Monthly Report to DC Retail Water and Sewer Rates Committee

Developer Deposits

Customer Communication

Statements are provided to customers when there is activity on the account. To ensure that all customers are aware of the balances, statements are also mailed annually irrespective of whether there is an activity on the account. During 2022 and 2021, annual statements were mailed to customers on January 25, 2022, and February 25, 2021.

By law, refunds are to be requested by the account owner within two years of completion (DC Code § 34-2401.10). If not requested in that time frame, these accounts can be forfeited and closed. DC Water has placed a statement on invoices beginning in November 2019 notifying customers of the District law and that funds would be forfeited unless a refund is requested within two years of project completion or account inactivity. A notification to customers that is posted on our website indicates that unless a refund was requested, funds would be forfeited for projects without activity for ten years. AOBA and DCBIA have been asked to notify their membership to examine the invoices.

For accounts that were forfeited, zero balance statements were mailed out on Monday, August 16, 2021, and September 21, 2022.

Refund Requests and Forfeiture Disputes

In response to the notification by DC Water, more than 400 different customers have submitted refund requests (impacting approximately 1,700 accounts) as of October 31, 2022.

Time is required to research and process the refund requests, and the Permit Operations staff are working through these requests now.

Additionally, after the forfeiture action in August 2021, 75 accounts totaling \$335,000 have disputed their forfeitures via emails or phone calls. The Authority is processing these disputes with established guidelines through the appeal procedures

At the end of September 2022, a second annual forfeiture was performed closing out accounts that were 10-years inactive. At that time a mass write-off of 367 accounts was executed totaling \$3,860,000.

Monthly Report to DC Retail Water and Sewer Rates Committee

Disconnection Moratorium Legislation Reporting Requirement

Fiscal Year-to-Date
As of October 31, 2022

Number of Active Accounts by Zip Code & Customer Class															
Zip Code	Residential					Commercial					Multifamily				
	30-Day A/R	Active Plans	Plans Created	Plans Defaulted	Non-Pay Discon.	30-Day A/R	Active Plans	Plans Created	Plans Defaulted	Non-Pay Discon.	30-Day A/R	Active Plans	Plans Created	Plans Defaulted	Non-Pay Discon.*
20000	1														
20001	597	80	15	12	11	123	16	2	1	4	38	2	1	1	
20002	1,306	180	57	30	38	208	11	2	6	8	223	34	7	10	
20003	359	39	9	12		81	4		2	3	26	9	1		
20005	9	1				22	2	1		1	2				
20006						7					1	1	1		
20007	248	15	4	7	7	70	8	2	1	2	22				
20008	75	10	1		2	28	6	3	1	3	10				
20009	247	22	3	2	6	62	12	2	1	1	46	6	2	1	
20010	427	55	19	5	7	54	5	2	1	2	32	8	2		
20011	1847	294	106	66	26	148	11	3	2	2	136	21	4	6	
20012	393	71	24	15	9	40	6		1	1	11			1	
20015	128	15	4	1	2	10				2	2				
20016	180	15	3	5	5	50	3			3	2				
20017	619	93	28	25	12	36	2				31	4	1	1	
20018	844	127	48	17	7	117	12	1		4	22	5	1	4	
20019	2757	337	133	89	44	152	9	1	2	4	283	48	8	6	
20020	1684	217	89	47	39	70	7	3		2	312	41	15	11	
20023	1														
20024	46	5	2	2	3	15	2			1	15	1			
20032	886	137	42	21	22	83	4	2		2	240	38	11	9	
20036	4	1				29	6	1	1		4	1	1		
20037	16	1				12	1		1	1	4				
20045						1									
20057						3									
20059						1									
20064						1									
20017	1														
20429						1									
Total	12675	1715	587	356	240	1424	127	25	20	46	1462	219	55	50	

**Note: inactive accounts in arrears are not included in the above and the accounts by customer class are as follows: Res. 396, Com. 96 and MF 41*

**Note: Disconnect Work Orders for Multi-Family Properties were created and not assigned for field completion but are manually managed for further collection actions*



Update on Operating Reserves Study

Presentation to Retail Rates Committee, November 15, 2022

District of Columbia Water and Sewer Authority

Attachment B



Blue Plains Advanced Wastewater Treatment Plant



Purpose

- To provide an update on the Operating Reserves Study, including the Renewal and Replacement Fund and the Rate Stabilization Study



Operating Reserves

• The Operating Reserves Study was last completed in 2018, it is conducted every five years

- Contingency funds to sustain financial operations in response to significant unanticipated events or emergencies; cash flow; other needs

• Scope for 2023 study for Operating Reserves:

- Analysis of the Operating Cash Reserves, including Renewal and Replacement Reserve (R&R)
- Stability of revenues and predictability of expenditures
- Historical liquidity experience including operating and capital expenditures cash flow
- Practices of other highly-rated water & wastewater utilities
- Rating agency perspectives on reserves
- 250-day operating cash requirement plus Rate Stabilization Fund

Rate Stabilization Fund - \$35.6M

250 Day Operating Cash Reserves - \$235.6M

Renewal and Replacement - \$35.0M

Operating Reserve Fund (60 Days, per indenture)- \$55.5M

Additional Cash - \$145.1



Renewal & Replacement Reserves

💧 Renewal & Replacement Reserves

- Contingency funds to sustain financial operations in response to significant unanticipated events or emergencies, examples include:
- Master Indenture of Trust requires the maintenance of a R&R Reserve Fund in an amount equal to 2% of the original cost of plant in service or other such amounts as approved by the Board following a review by an independent consultant
- During FY 2004, upon recommendation of an independent consultant, the Board established the level of the R&R Reserve Fund in the amount of \$35.0 million
- In FY 2018, the results of analysis of consultants supported the Board's decision to maintain the balance in the Fund at \$35.0 million



Rate Stabilization Fund (RSF)

Rate Stabilization Fund

- An additional contingency and a further source of liquidity to sustain financial operations in event of unexpected increases in expenses or capital costs, or reductions in revenues
 - Greater flexibility in using RSF moneys compared to the R&R Reserve or the non-discretionary portion of the Operating Reserve
 - Can help provide some one-time smoothing of increases in rates
- The average balance of the fund over the last ten years was \$53.3 million, with a high of \$90.2 million in FY2020 and a low of \$22.5 million in FY2014. The balance of fund at the end of FY2022 is projected at \$35.6 million

Scope

- Review of Board and management policy decisions and objectives concerning the RSF
- Peer comparisons including both policies and RSF levels
- Potential risks and other available mitigation measures to the projections of cash flow and rates
- Possible revisions to DC Water policies and procedures regarding the use of the RSF
- Review and recommendations for all aspects of the RSF including an appropriate name for the fund



- 💧 DC Water is completing a data request from the consultant
 - 19 items
 - Include current policies, consumption information by class, judgements, accounts payable information, financing sources for the capital program, and actual cash flow reports
- 💧 Amawalk initiated the reserves and RSF study on October 3; gathering data on the practices of other water, sewer & stormwater utilities for comparison with DC Water
 - Peer selection criteria include: large, highly-rated, national & regional, many with combined sewer systems
 - Utilities include Massachusetts Water Resources Authority (Boston), Philadelphia, Baltimore, WSSC, New York, Dallas, San Antonio, San Francisco, Denver, Great Lakes (Detroit) & Louisville
 - Explanatory factors will be considered in making comparisons; e.g., independence from local governments or alternative sources of revenue such as taxes



- Key areas of comparison include:
 - Financial requirements and targets: debt service coverage, reserves, RSF, rating, and other parameters relative to financial characteristics of the utilities
 - Utility policies regarding reserve and RSF values, utility practices regarding the use of reserves and RSF, and other matters
 - Results: Debt service coverage, reserves, RSF, ratings, and other parameters
- A preliminary summary of the peer comparisons will be available for the January 2023 Committee meeting; the full draft report is due on February 28, 2023



Next Steps

- 💧 Proceed with planned work
- 💧 Provide regular updates to the Committee

Attachment C

FY 2023 Proposed RRC Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
1. Proposal to 1) Remove FY 2022 CAP2 Recertification Requirements Language; and 2) Extend DC Water Cares: Residential Assistance Program and Multifamily Assistance Program for FY 2023			
a. <i>Presentation to RRC on proposal to amend Customer Assistance Program (CAP)</i>	June 28, 2022	√	Customer Service
b. <i>RRC recommends Board approval to amend the CAP regulations for CAP2, and extension of DC</i>	June 28, 2022	√	RRC
c. <i>Board approval to publish Notice of Emergency and Proposed Rulemaking (NOEPR) to amend the CAP regulations for CAAP2, and DC Water Cares Residential and Multifamily Assistance Programs extension</i>	July 7, 2022	√	Board of Directors
d. <i>Publish NOEPR and Notice of Public Hearing in DC Register</i>	July 22, 2022	√	DGLA
e. <i>Public comment period</i>	July 22 – September 19, 2022	√	OMAC & Board Secretary
f. <i>Public Hearing</i>	September 14, 2022	√	Board of Directors
g. <i>Public comment period closes</i>	September 19, 2022	√	Board Secretary
h. <i>RCC approves final proposal to amend CAP regulations for CAP2 and DC Water Cares Residential and Multifamily Assistance Programs extension</i>	September 27, 2022	√	RRC
i. <i>Implement extended DC Water Cares RAP and MAP in FY 2023</i>	October 1, 2022	√	Customer Care
j. <i>Board approval to publish Notice of Final Rulemaking to Approval of Notice of Final Rulemaking (NOFR)</i>	October 6, 2022	√	Board of Directors
k. <i>Publish NOFR in D.C Register</i>	October 21, 2022	√	DGLA
l. <i>Continue Implementing DC Water Cares RAP and MAP Programs in FY 2023</i>	October 21, 2022	√	Customer Care

Attachment C

FY 2023 Proposed RRC Committee Workplan

Objective/Activities/Task	Date of Activity	Completed	Responsible Department
---------------------------	------------------	-----------	------------------------

2. 2023 COS for Operating Reserves			
a. Present 2023 Operating Reserves Cost of Service Study for FY 2024 – FY 2028 to RRC	February 28, 2023		Rates and Revenue
b. Post Final COS on DC Water's website	March 31, 2023		

Objective/Activities/Task	Date of Activity	Completed	Responsible Department
---------------------------	------------------	-----------	------------------------

3. 2023 COS for Renewal & Replacement Reserves			
a. Present 2023 Renewal and Replacement Reserves Cost of Service Study for FY 2024 – FY 2028 to RRC	February 28, 2023		Rates and Revenue
b. Post Final COS on DC Water's website	March 31, 2023		

4. 2023 COS for Rate Stabilization Fund (RSF)			
a. Present 2023 Rate Stabilization Fund Cost of Service Study for FY 2024 – FY 2028 to RRC	February 28, 2023		Rates and Revenue
b. Discussion with the Committee	TBD		
c. Post Final COS on DC Water's website	March 31, 2023		

5. 2023 COS for Engineering Inspection			
a. Present 2023 Cost of Service Study for Engineering Inspection for FY 2024 – FY 2028 to RRC	July 25, 2023		Engineering
b. Post Final COS on DC Water's website	August 31, 2023		

Attachment C

FY 2023 Proposed RRC Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
6. 2023 COS for Federally Owned Water Mains (FOWM)			
<i>a. Present 2023 Cost of Service Study for Federally Owned Water Mains to RRC</i>	TBD		Engineering
<i>b. Post Final COS on DC Water's website</i>	TBD		
7. 2023 COS for Stormwater Charges and Recovery Methodology			
<i>a. Present 2023 Cost of Service Study for Stormwater Charges and Recovery Methodology to RRC</i>	TBD		Rates and Revenue
<i>b. Post Final COS on DC Water's website</i>	TBD		
8. 2023 COS for Water Supply Reliability and Resilience			
<i>a. Present 2023 Cost of Service Study for Water Supply Reliability and Resilience to RRC</i>	TBD		Engineering
<i>b. Post Final COS on DC Water's website</i>	TBD		
9. 2023 COS for Water, Sewer and CRIAC			
<i>a. Present 2023 Cost of Service Study for Water, Sewer and CRIAC to RRC</i>	January 24, 2024		Rates and Revenue
<i>b. Post Final COS on DC Water's website</i>	TBD		

Attachment C

FY 2023 Proposed RRC Committee Workplan

Objective/*Activities*/Task

10. Delinquent Accounts			
a. <i>Soldiers Home Negotiations</i>	Monthly, as needed		DGLA

Objective/ <i>Activities</i> /Task	Date of Activity	Completed	Responsible Department
------------------------------------	------------------	-----------	------------------------

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



Attachment D

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

**Tuesday, December 20, 2022; 9:30 a.m.
AGENDA**

Call to Order	Committee Chairman
Monthly Updates	Chief Financial Officer
Committee Workplan	Chief Financial Officer
Agenda for January 24, 2023 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