

~~Presented and Adopted: December 4, 1997~~

SUBJECT: Proposed Rate Setting Policies

#97-124
**RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The **District** members-of the Board of Directors ("**Board**") of the D.C. Water and Sewer Authority ("the Authority") at the Board meeting held on December 4, 1997, decided by a vote of () in favor and () opposed to approve the following action with respect to the proposed rate setting policies; (a matter not affecting the general management of joint-use sewerage facilities):

wHEREAS, The **WASA** Board of Directors have been delegated all of the District of Columbia, Chief Financial **Officer's** duties, powers, and responsibilities with regard to the financial operations of the, District of Columbia Water and Sewer Authority.

Be it resolved that:

1. **WASA** will strive to set rates and fees based on the **actual** cost to deliver each service. **WASA** will **periodically** review the components that make up the rates through a cost-of-business study for every service **WASA** provides.
2. **The Authority will achieve a positive net income and cash flow each year.**
3. ~~**WASA will set rates to cover all current costs and to allow the utility to meet all bond covenant requirements.**~~
4. **WASA** will set rates that are based on annually updated lo-year forecasts of operating and capital budgets.
5. Based on the lo-year forecasts, **WASA** will attempt **to implement** any required rate increase in a gradual and predictable manner and avoid larger, one-time rate increases.
6. As cash reserves and/or revenues permit, **WASA** will establish a rate stabilization fund or other innovative approaches to assist in mitigating annual rate increases.

This resolution is effective immediately.


Secretary to the Board of Directors