

Presented and Adopted: September 7, 2006
SUBJECT: Final Water and Sewer Service Rates & Right of
Way/PILOT Fee For Fiscal Year 2007

#06-69
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

The District members of the Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at the Board meeting held on September 7, 2006 decided by a vote of four (4) in favor and one (1) opposed, to approve the following action with respect to proposed retail rates for water and sewer service and the right of way/payment in lieu of taxes (PILOT) fee (a matter not affecting the general management of joint-use sewerage facilities):

WHEREAS, the Board has adopted a rate-setting policy that calls for implementation of retail rate increases in a gradual and predictable manner, avoiding large one-time rate increases; and

WHEREAS, the Board has adopted a ten year financial plan that requires annual rate increases to generate sufficient revenues to pay for the Authority's projected operating and capital expenses and will assure compliance with Board policies regarding maintenance of senior debt coverage and cash reserves; and

WHEREAS, on February 3, 2006, the Authority published notice of a proposed rulemaking (53 DCR 678) which, if adopted, would increase the rate for retail metered water service from \$1.93 per One Hundred Cubic Feet of water used to \$2.07 per One Hundred Cubic Feet of water used, effective October 1, 2006; and

WHEREAS, in the same notice, the Authority published notice of a proposed rulemaking (53 DCR 678) which, if adopted, would increase the rate for retail sanitary sewer service from \$2.91 per One Hundred Cubic Feet of water used, to \$3.11 per One Hundred Cubic Feet of water used, effective October 1, 2006; and

WHEREAS, in the same notice, the Authority published notice of proposed rulemaking (53 DCR 680) which, if adopted, would increase the Right of Way Occupancy Fee Pass Through Charge/Pilot Fee from \$0.42 per One Hundred Cubic Feet of water used to \$0.44 per One Hundred Cubic Feet of water used, effective October 1, 2006; and

WHEREAS, the comment period on the notice of proposed rulemaking for retail water and sewer rates and the Right of Way Occupancy Fee Pass Through Charge/Pilot Fee and the Metering Fees for fire service meters ended on March 5, 2006; and

WHEREAS, the Authority published a public hearing notice in the D.C. Register on April 28, 2006 (53 DCR 3472), which described the same rate and fee proposals referred to above; and

WHEREAS, a notice of public hearing on the rate and fee proposals was also published in the June 1, 2006 edition of the Washington Post, the Washington Times; other community newspapers; and posted on the Authority's website; and

WHEREAS, on June 8, 2006, a public hearing was held to receive comments on the rate and fee proposals; and

WHEREAS, the Authority also conducted nine (9) community meetings from April through June to receive comments on the rate and fee proposals; and

WHEREAS, the record of the June 8, 2006 public hearing was left open to receive written comments for a period of 30 days through July 7, 2006; and

WHEREAS, comments were received before, during and after the June 8, 2006 public hearing; and

WHEREAS, the Retail Rates Committee met on July 27, 2006 to consider the comments offered at the June 8, 2006 public hearing, comments received during the open record period, and during the comment period of the proposed rulemaking and recommendations from the General Manager regarding action on the proposed rate and fee changes; and

WHEREAS, the Retail Rates Committee has considered comments made at the June 8, 2006 public hearing, during the open record period and during the comment period of the proposed rulemaking and the General Manager's report on the matter which sets forth the basis for the proposed rate and fee adjustments; and

WHEREAS, given the revenue requirements of the Authority, anticipated expenditures and potential federal funding the General Manager recommended a rate increase of approximately 6%; and

WHEREAS, upon consideration of the comments offered at the public hearing and during the comment periods, the Retail Rates Committee made a recommendation to raise rates no greater than five percent (5%), given the revenue requirements of the Authority, anticipated expenditures and potential federal funding; and

WHEREAS, adoption of a rate increase of approximately five percent (5%) would increase the average residential customer's monthly bill by approximately \$2.19 per month or \$26.28 per year; and

WHEREAS, the increase in water and sewer rates would result in a combined water and sewer rate that approximates 67 and 9/10 cents per 100 gallons of metered water; and

WHEREAS, the adoption of final rules and rates recommended by the Retail Rates committee would:

1. Provide for a Fiscal Year 2007 increased revenue requirement from retail rates of approximately \$6.7 million and an increased revenue requirement from the right of way / PILOT fee of approximately \$1.4 million;
2. Implement a retail rate increase of approximately five percent (5%) for Fiscal Year 2007, effective October 1, 2006; and

WHEREAS, after consideration of the recommendation of the Retail Rates Committee, the report of the General Manager on this subject and public comments at the June 8, 2006 public hearing and during the comment period of the proposed rulemaking and open record period, the District members of the Board of Directors determined that the recommendation of the Retail Rates Committee has merit.

NOW THEREFORE BE IT RESOLVED THAT:

The Board finds that the Authority's projected expenditures require that it adopt a rate increase of approximately five percent (5%) with the following changes in retail water and sewer rates:

1. Revise retail water rates as follows:
 - A. Increase the rate for water service from \$1.93 per One Hundred Cubic Feet of water used, to \$2.03 per One Hundred Cubic Feet of water used, effective October 1, 2006;
2. Revise retail sewer rates as follows:
 - A. Increase the rate for sewer service from \$2.91 per One Hundred Cubic Feet of water used, to \$3.06 per One Hundred Cubic Feet of water used, effective October 1, 2006;
3. Revise the right of way/PILOT fee as follows:

- A. Increase the fee for right of way / PILOT from \$0.42 per One Hundred Cubic Feet of water used, to \$0.44 per One Hundred Cubic Feet of water used, effective October 1, 2006.

NOW THEREFORE BE IT FURTHER RESOLVED THAT:

1. The General Manager shall publish a notice of final rulemaking that is consistent with the intentions expressed in this resolution.
2. The General Manager is authorized to take all actions as may be required to insure that the final regulations conform to the publication requirements of the Office of Documents.

This resolution is effective immediately.


Secretary to the Board of Directors