



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

BOARD OF DIRECTORS

Retail Rates Committee
Tuesday, June 24, 2008
9:00 a.m.

MEETING MINUTES

COMMITTEE MEMBERS

Robin B. Martin, Chairman
David J. Bardin
Howard Gibbs

WASA STAFF

Jerry N. Johnson, General Manager
Olu Adebo, Acting Chief Financial Officer
Avis Russell, General Counsel
Debra Mathis, Executive Assistant
to the Board Secretary
Mohammad Tariq, IAB Project Manager
Gordon Fry, Director, Government Relations

PRESENTER

Steve Kuhr, Deputy Project Manager, PB Consult
David Early, Principal PB Consult

Chairman Martin called the meeting to order at 9:00 a.m.

Impervious Surface Rate Project Update

Consultant's Project Update and Deliverables

Mr. Kuhr of PB Consult provided the Committee an update on the IAB project. Mr. Kuhr stated that over the last month PB delivered a second batch of data totaling 90,000 properties including 12,000 non-single family residential properties. Mr. Kuhr noted that the final database will be delivered in early July. Mr. Kuhr stated over the last month PB and WASA customer service staff worked to eliminate data anomalies and PB is reviewing the data under their quality control process. Mr. Kuhr noted that the kickoff of the business process tasks and workshops was held with customer service staff and PB will continue to work with customer service staff over the next couple of months to define the work processes that need to be in place for implementation of the IAB.

Mr. Bardin requested that an email be sent from the GM or CFO to the Retail Rates Committee members that confirms the delivery of the completed database upon receipt from the consultants. Mr. Bardin asked whether PB has an analysis of the impacts of the sewage rate unbundling on the all of the properties. Mr. Kuhr replied this type of analysis will be done once the database is complete. There was some discussion about a number of analysis and business decisions that are still under development. It was noted that the

delivery of the database and the timeline for development of the business processes remain the same and are on target.

Mr. Early of PB Consult updated the Retail Rates Committee on PB's independent quality assurance/quality control (QA/QC) procedures. Mr. Early stated the QA/QC team consists of five people to look at the data, documentation, software and tools of the database being delivered to WASA. The QA/QC process has been initiated by the team and is ongoing. Chairman Martin asked if the QA/QC is completely independent of WASA staff. Mr. Early replied yes. There was a short discussion on the consultant's process, including the use of sampling and timeframe. It was noted that some of the data issues currently under review were systemic and required business process decisions by WASA.

IAB Database Update

Mr. Adebo discussed database anomalies that require policy decisions. Mr. Adebo noted that these issues require an individual, specific, manual process to resolve each item or each scenario. Mr. Gibbs asked approximately how many of these anomalies have been discovered thus far. Mr. Adebo replied that it is uncertain yet as many of the scenarios are within the data that will not be received until the last delivery in early July. Chairman Martin asked whether WASA will have to go through each of the 26,000 properties or only where there are anomalies. Mr. Adebo mentioned once WASA receives the database WASA will look for data consistency as part of the QA/QC process.

Chairman Martin stated that an important goal is consistency and that customers should not feel that the impervious area surface charge is different as it is applied from one property to the next. Mr. Adebo mentioned that WASA staff is working on development of processes that are consistent with the policy and consistency is one of the QA/QC elements to be tested.

Mr. Bardin asked how much impervious area square footage WASA is classifying as exempt public space. There was discussion regarding the treatment of sidewalks that continue directly up to the buildings with no break and may run over the property lines. Mr. Bardin asked that staff research some previous modeling done by Casey Trees to see how much of the CSO area they calculated for streets, sidewalks and buildings by square footage. Mr. Adebo noted that he would try to obtain that information from Casey Trees.

QA/QC Process

Mr. Mohammad Tariq, IAB Project Manager, briefed the Committee on the QA/QC process. Mr. Tariq noted that the approach for QA/QC will consist of two processes: visual and automated and the results of the review will be documented. It is anticipated that this will be an iterative process between WASA and the consultant. Mr. Adebo mentioned that WASA's project timeframe always included the iterative process and an allowance exists so that this can be done between July and September.

Chairman Martin asked if the Committee be briefed at the next meeting on the business process. Mr. Adebo replied yes. Mr. Bardin asked that at the next Committee meeting staff give a summary and understanding of the present impact of the unbundling on a multi-family building and the other classes. Mr. Adebo noted that this information can be presented once the database is completed. Mr. Adebo mentioned currently WASA only has data for half of the non residential properties. Mr. Johnson stated a couple of properties

can be pulled out separately but it would be only a rough representation and not a final analysis of impacts by customer class.

Impervious Area Billing (IAB) Legislation

Ms. Russell and Mr. Fry updated the Committee on the impervious area rate legislation. Mr. Fry noted that a meeting has been scheduled on June 30 with Council Chairman Vincent Gray. Mr. Fry has not been able to schedule a meeting with Councilmember Graham due to his travel schedule. Mr. Bardin suggested that WASA included stakeholders such as DC Appleseed as part of the legislative planning efforts to testify at future hearings. Mr. Fry stated that part of WASA's communication strategy is to outreach to these groups to get testimony and support. Chairman Martin mentioned that the District of Columbia Department of Environment (DDOE) has an interest in getting this legislation passed based on the fact that the stormwater rate will not be implemented until the WASA impervious area surface charge is implemented.

Customer Assistance Program (CAP)

Mr. Johnson updated the Committee on the Customer Assistance Program (CAP). Mr. Johnson mentioned that the CAP program was established to provide an assistance level of water to low income customers in the District under an exemption that equals about 3,000 gallons of water. The program is run by the DC Office of Energy and the maximum exemption per year is about \$102. Each year WASA participates in the Joint Utility Discount Day (JUDD) and generally WASA has one hundred or so staff to assist with the preliminary screening in this process. The administration cost for the CAP program includes JUDD, marketing and advertising performed by the DC Office of Energy within DDOE. Chairman Martin asked whether qualified applicants are denied assistance because of lack of available funds. Mr. Johnson replied no. Mr. Bardin asked if the Board adopt the staff recommendations whether the administrative costs would increase. Mr. Johnson replied he does not believe the cost will increase.

After a review of the presentation, Mr. Johnson stated that management recommendations are to:

- aggressively work with the Urban League to increase grant and donation contributions from outside sources for emergency benefits under the SPLASH program
- aggressively utilize a referral list for social service and community groups that offer financial assistance to DC residents
- review the marketing program with DDOE to ensure that the maximum outreach to potential eligible customers is realized without burdening remaining rate payers
- request that the District of Columbia reduce the PILOT fee to support general rate reductions for all customers or contribute a portion of the PILOT fee to SPLASH and/or CAP program
- expand the CAP to give discounts for both water and sewer charges

Chairman Martin asked how WASA will measure success. Mr. Johnson replied that performance measures would need to be determined. It was noted that the chart on slide 20 appeared to indicate that the sewage rate would remain flat through 2016. Mr. Johnson stated that staff would review the chart and revise as necessary. Mr. Johnson recommended that any changes to the CAP to incorporate sewage discounts would be targeted for the April 2009 timeframe with other planned rate adjustments and be made

retroactive to October, 2008, for the customers who are eligible. The costs will be reviewed as staff goes through the budget and rate making process to determine if additional revenue is needed. Mr. Johnson stated that normally WASA should make such a decision in September as these options could impact the rate by 0.4 percent. Chairman Martin asked whether this could result in a proposed rate increase from 8.5% to 9.0%. Mr. Johnson noted that WASA can not set a rate higher than the 8.5% due to publishing of rates in the DCMR. Another rate making process would be necessary. Mr. Bardin requested that in July, the Board consider and approve a resolution and policy to cover expanding the CAP as recommended.

Follow - Up Items

Mr. Adebo updated the Committee on the follow up items and stated that the draft proposed rule making has been forwarded to the Committee for their review. Mr. Gibbs suggested that a new definition of customer may be necessary as all current customers have meters. Ms. Russell mentioned the regulations do not define customers. Mr. Bardin stated he would like to see this amendment to the rules on the agenda in the next Committee meeting.

Adjournment

Hearing no further business, Chairman Martin adjourned the meeting at 11:35 am