



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

BOARD OF DIRECTORS

*Retail Rates Committee
Tuesday, May 20, 2008
9:00 a.m.*

MEETING MINUTES

COMMITTEE MEMBERS

Robin B. Martin, Chairman
David J. Bardin
Howard Gibbs
Brenda Richardson
Alan Roth
Joseph Cotruvo

WASA STAFF

Jerry N. Johnson, General Manager
Olu Adebo, Acting Chief Financial Officer
Avis Russell, General Counsel
Linda R. Manley, Board Secretary
Mohammad Tariq, IAB Project Manager
Gordon Fry, Director, Intergovernmental
Relations

PRESENTER

Steve Kuhr, Deputy Project Manager, PB Consult
Rachel Arulraj, PB Consult

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

Impervious Surface Rate Project

Consultant's project Update and Deliverables

Mr. Adebo, Acting CFO stated that Mr. Kuhr, of PB Consult, will update the Retail Rates Committee on the IAB project. Mr. Kuhr stated that since last month PB has delivered 40,000 single family residential properties plus 7,000 non single family residential properties for review and staff has provided some comments on the properties. Mr. Kuhr noted that the final database deliverable will calculate the impervious areas for non-single family residential properties; not individual single family properties. Mr. Kuhr informed the Committee that PB is continuing the work schedule on the business process and will continue over the next two months. Mr. Kuhr stated PB will continue developing the database and deliver the next 40,000 properties at the end of May. Mrs. Arulraj, PB Consult, elaborated on the delivery of 40,000 properties last month. Mrs. Arulraj stated the data discrepancies are currently being addressed by PB Consult and WASA together and that they are not time consuming to correct.

Mr. Bardin asked PB Consult to explain the difference between clean up of the datasets compared to calculation of the impervious area within the database. Mrs. Arulraj replied that PB pulled the different datasets from public agencies, assigned the polygons to a specific property, verifying the ownership with Office of Tax and Revenue records, and then the property is "cleaned up". Once each property is appropriately identified with polygons assigned to property limits, it is possible to identify the impervious features to each property. The final property delivery for non single family properties includes the identification of all impervious features to each of these properties and a calculation within the database totaling the area of impervious square footage. Mr. Cotruvo asked

for a definition of non single family residential property. Mrs. Arulraj replied that a non single family residential property is based on WASA classifications used in the ECIS system or everything that is not single family residential. Mrs. Richardson asked PB Consult to give examples of some of the discrepancies found in the 47,000 properties delivered. Mrs. Arulraj replied in the interim deliverable there are a few patches of impervious areas not assigned to properties. Chairman Martin asked what additional effort would it take to add the impervious area surface calculations for the single family residential properties. Mrs. Arulraj replied it would be difficult to say at this moment and that PB Consult would get back to WASA with an answer. Mr. Bardin asked how does PB plan to divide up the actual impervious area of a property line? Mrs. Arulraj replied PB Consult is working with WASA to come up with a clean definition of this assignment. Mr. Johnson stated staff has understood the Board's intent to be that all impervious area serving the private property would be assigned to the property, even if they have extending themselves into the public right of way.

Outreach Update

Mr. Adebo updated the Committee on the outreach efforts. Chairman Martin stated that the outreach schedule ends on June 23, 2008 and WASA should schedule meetings thru April 1, 2009 due to the IAC new live date. Mr. Adebo replied that these are just the scheduled meetings to date and WASA will be scheduling more meetings. Mr. Johnson acknowledged that WASA will conduct additional meetings and a revised schedule will be developed. Mrs. Richardson stated that a shorter version of the IAC presentation should be used for community meetings with more graphics.

IAB Database Update

Mr. Adebo stated WASA received 47,000 datasets and key deliverables were the architecture and tools to navigate through the database along with polygon, impervious area and premises. Mr. Mohammad Tariq, IAB Project Manager, updated the committee on the interim IAB database. Chairman Martin mentioned that the parking lot shown on the database appears to go across the polygon line therefore inquired whether that is an error or an anomaly. Mr. Adebo replied it's one of the anomalies that needs to be addressed. Mr. Tariq stated that the two datasets are based on two levels of accuracies the property polygon may not be as accurate as the building itself.

QA/QC Process

Mr. Adebo updated the Committee on the QA/QC process. Mr. Adebo mentioned that as part of PB Consult's deliverable they will provide their QA/QC process.

Impervious Area Billing (IAB) Legislation

Ms. Russell updated the Committee on the recommendation for impervious area billing legislation. Ms. Russell explained that WASA was given the authority to set rates. However, the code provides that the sewage rates are based on volume for water delivered and consumed. Ms. Russell mentioned that if WASA wants to change the code, WASA would need legislation in place. Mr. Roth mentioned that subsequent enactment of the WASA enabling legislation gave the Board broad powers to set rates and he asked whether that later legislation has any effect of overriding the earlier code provisions. Ms. Russell replied that WASA was given the authority to set rates and its predecessor WASUA did not have rights to set rates and they remained with the council. However, the DC codes specify how those rates can be applied.

Chairman Martin asked for the legislative proposal that staff is proposing to DC Council. Mr. Gordon Fry, Director of Intergovernmental Relations informed the Committee that WASA requested that this issue be included within the budget support act, but Chairman Graham chose not to include this language and wants a hearing on a standalone bill. Mr. Fry explained that staff with Chairman Graham's office anticipate the introduction of a bill after the budget is completed by Council, with a hearing some time in June and the first reading to be held the first week of July. Council will recess from July 15 to September 15 and the second reading will be the first week of October. WASA will need to have emergency legislation introduced so that the language revisions can go into effect

immediately, with temporary legislation introduced to extend the 90 day emergency legislation another 225 days before it becomes permanent. Chairman Martin asked whether there is proposed language available. Ms. Russell mentioned that copies were provided at the last Board meeting and no changes have been made to the language.

Mr. Bardin asked whether the language is flexible enough to allow the Board to unbundle the water rate or use the impervious area database to deal with other costs besides sewer cost in the future. Ms. Russell replied the legislation is solely focused on sewer rates. Ms. Russell explained that the 1954 code does not set forth a mechanism by which water rates are charged. Chairman Martin asked if WASA wanted a fixed charged for certain classes of customers for water, is WASA allowed to do that now. Ms. Russell replied affirmatively. Under WASA rate setting authority, WASA can create classes. Chairman Martin asked whether classes can be created under a non volumetric basis. Ms. Russell replied that there is no limit on the water side. Mr. Bardin asked General Counsel to clarify the advice: Is WASA free to set rates, if reasonable, based on some other non-volumetric basis other than sewer? Ms. Russell replied that current legislation does not set forth how water rates are to be charged. Therefore, WASA can charge rates in a manner consistent with the services provided.

There was much discussion on strategies and risks to move forward with legislative remedies. Mr. Roth requested a legal assessment of prevailing against challenges to the rate implementation Mr. Bardin requested that an executive session be held at the next full board meeting to cover the following: (1) General Counsel will be prepared to discuss all legislative issues, risks and options regarding implementation of impervious surface rates; (2) An excerpt of all references to the impervious surface rates included within the current budget support act before the DC Council be provided to the Board; (3) the Board and staff address issues surrounding the commitment of \$2 million to a program and availability of statutory authority.

Expansion of the Customer Assistance program (CAP)

Ms. Russell discussed the expansion of the Customer Assistance Program (CAP) with the Committee as requested at a previous Retail Rates Committee meeting. Ms. Russell stated that the current WASA regulation applies to water and excludes sewage. Ms. Russell stated that the committee packages include a statement from Council indicating that it is permissible to reduce rates for low income individuals for sewage charges, provided that the gap is covered by the remaining rate payers. Mrs. Richardson asked Ms. Russell to clarify what is meant by creating a customer class. Ms. Russell replied that WASA contacted EPA and was informed that it is not necessary to create a customer class. Ms. Russell mentioned that an opinion was written by former general council on the CAP program and was distributed to the Committee members. Ms. Russell explained that if WASA anticipates making changes to the current regulation then it would be necessary to have a regulation change which is something the Board can do.

Mr. Bardin noted that the Board of Directors originally made the decision to use an existing DC qualification standard already in place within the DC Office of Energy. Mr. Bardin proposed that the Retail Rates Committee recommend a rate making proposal to expand the CAP to include the sewage portion of bill for existing eligible customer to be considered by the full board at the June meeting and that it take effect October 1, 2008. Chairman Martin noted that the Customer Service Committee is in the processing of reviewing the CAP and SPLASH programs, including reviewing the numbers served and effective outreach. Also, the rate changes have already been published and the public hearings are already in place. Therefore, Chairman Martin requested that an educational package on the history of the CAP program, along with a proposal or options for expansion of the program be provided at the next Retail Rates Committee meeting.

Adjournment

Hearing no further business, Chairman Martin adjourned the meeting at 11:05 am.