



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

Retail Rates Committee

Thursday, May 26, 2011

Immediately Following Joint Committee Meeting

1. **Call to Order** David J. Bardin, Chairman
2. **Update Long Range Rate Planning Items** Yvette Downs
3. **Monthly Update (Attachment A)** Randy Hayman
 - Howard University
 - Soldier's Home
 - Town of Vienna
4. **Retail Rates Committee Workplan (Attachment B)** Olu Adebo
5. **Emerging Issues/Other Business** Olu Adebo
6. **Agenda for June 28, 2011 Committee Meeting (Attachment C)** David J. Bardin, Chairman
7. **Adjournment**

FOLLOW-UP ITEMS – Retail Rates Committee Meeting (April 26, 2011)

1. Provide an example of the updating required and quality controls available to reconcile non-residential data found in the DCGIS 2005 flyover information and a more recent update to the flyover data. This example should be provided at a future Retail Rates Committee meeting (Mr. Bardin) Status: FY 2011
2. Combine ERU with volumetric data from non-residential customers in a way that enables better understanding of rate impacts. (Mr. Bardin) Status: See Attachment D
3. Additional rankings and analyses of DC Water and peer utilities (Mr. Roth) Status: See Attachment E
4. Report on impact of past payments issues as to Town of Vienna, VA – whether resolved or still unresolved – on retail rates for FY 2012 (Mr. Bardin) Status: See Attachment A

Attachment A

May Update on Delinquent Accounts

Howard University

We have prepared documents to assist in enforcement proceedings and are confirming ownership records where necessary. A conference call between the offices of the General Counsel and the Chief Financial Officer for DC Water and Howard University occurred on May 3, 2011. In response to assertion from Howard that it had never received bills for the 39 accounts, copies of monthly billings since 2004, along with account notes regarding communication with Howard representatives are being forwarded to the University. A follow-up conference call was to be scheduled within two weeks, but the joint inspection timing may require that the call be pushed back a week. Based on DC Office of Tax and Revenue records, we anticipate that accounts for at least two properties will be deleted from the list.

NEXT STEPS

1. DC Water and HU staff will perform walk-through to confirm location, meter number, current reading and street address for all 39 accounts at issue.
2. Follow-up conference call will be scheduled.
3. DC Water's GM shall send notification of intent to lien to HU president if the follow-up conference call is unproductive
4. DC Water will place liens on affected HU assets
5. DC Water will pursue legal remedies to enforce collection against HU
6. Effective Oct. 1, 2011, DC Water will bill Howard for water services on accounts

Soldiers' Home

The Office of the General Counsel is preparing a legal opinion regarding sewer services, which were not referenced in the 1938 agreement providing for perpetual free water service.

NEXT STEPS

1. Obtain professional appraisal of the value of the Reservoir site (both current and proposed facilities)
2. Engage Soldiers' Home in discussions to determine baseline for negotiations including:
 - a. Footprint for planned development

- b. Metering to track current usage, as well as possible sub-metering to track usage for new facilities brought online through expanded development
- 3. Write letter from GM to the Soldiers' Home
 - a. Identify issues (reference new OGC legal opinion and Board Resolution 96-27)
 - b. Confirm Soldiers' Home's interest to renegotiate agreement equitably
 - c. Discuss next steps
 - d. Confirm identity of person authorized to negotiate on behalf of the Home

Town of Vienna

The Town of Vienna is one of the four small users of the Potomac Interceptor. Their charges are based on a proportionate allocation share of capital and operating costs and are recovered through a rate per million gallons of wastewater. The Town has an outstanding balance to be paid to DC Water. The Town had an independent accounting firm create a report of the monies owed to DC Water. Our calculation of the cost of service is disputed by the Town.

We met with the Town's attorney two weeks ago and discussed outstanding issues of cost of services rendered and payment. We have agreed to meet again in a couple of weeks to further discuss.

Attachment B

FY 2010 Revised Retail Rates Committee & FY 2011 Proposed Workplan

Committee Activity	Committee Calendar	Completed
1. FY 2012 Retail Rate Activities a. Rate Proposal to committee b. Committee recommendation c. Public Outreach d. Public Hearing e. Committee recommendation on FY 2012 rates	October 2010 December 2010 March/April 2011 May 2011 June 2011	√ √ √ √
2. Implement LID Incentive Program for customers who utilize Best Management Practice a. Prepare revenue impact analysis	Ongoing-Coordinating with DDOE on program planning; Overview presented December 15, 2010: Request to post public notice to be determined TBD	
3. Review and Update BOD Resolution for Rate Setting a. Last reviewed in 1997 b. Ways to Minimize Customer Impacts from Rate Increases	January 6, 2011, Board approved resolutions	√
4. Review and Update Committee on long-range rate issues, including follow-up on FY 2009 Cost of Service Study results, prior to next cost of service study a. Review and understand customer demographics b. Consider/Review Other Misc Charges/Fees c. Consider Implementation of Developer/Impact Fees	April - June, 2011 March - April, 2011 FY 2012 March 22, 2011: Management update on items 4b for FY 2012 implementation April 26, 2011: Retail Rate Committee to approve and recommend to Board implementation of items 4b in FY 2012 May 5, 2011: Board to adopt Retail Rates Committee proposal of items 4b for FY 2012	√ √ √ √

Attachment B

<ul style="list-style-type: none"> d. Evaluate future strategies for unbundling volumetric rates (Fixed/Volumetric rates) e. Alternative rate structures review f. Revisit CAP program and possible modifications (Expansion and or methodology) g. Preliminary understanding of revenue subtractions, discounts, exemptions 	<p>April - July, 2011</p> <p>FY 2012</p> <p>FY 2012</p> <p>April, 2011</p>	√
<p>5. Effectively Communicate Rates/Charges</p> <ul style="list-style-type: none"> a. Determine appropriate benchmark <ul style="list-style-type: none"> i. Typical Residential Customer & Non – Residential Customer ii. Utility and City Peer Comparison b. Consider changing from Ccf to Gallons c. Review names/titles of certain bill line items d. Howard University and Soldier's Home Negotiations Update e. Improving cost allocations communications with Board (e.g., NMC Outfall Sewer Rehab D2) 	<p>March, 2011</p> <p>January, 2011</p> <p>March, 2011</p> <p>Monthly</p> <p>March 2011</p>	<p>√</p> <p>√</p> <p>√</p> <p></p> <p>√</p>
<p>6. "PILOT" evaluation – In coordination with District Government Review and Propose new methodology for assessing PILOT and unrelated issues.</p>	<p>To be determined</p>	
<p>7. IAC Program Evaluation</p>	<p>FY 2012</p>	



Attachment C

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

**TUESDAY, June 28, 2011; 9:00 a.m.
AGENDA**

Call to Order	Committee Chairman
Monthly Updates	Chief Financial Officer
FY 2012 Rate Proposal Discussion	Chief Financial Officer
Action Item FY 2012 Rate Proposal	Chief Financial Officer
Committee Workplan	Chief Financial Officer
Emerging Issues/Other Business	Chief Financial Officer
Agenda for July 26, 2011 Committee Meeting	Chief Financial Officer
Adjournment	Committee Chairman

*Detailed agenda can be found on DC Water's website at www.dewater.com/about/board_agendas.cfm

Attachment D

District of Columbia Water & Sewer Authority **Average Non - Residential Monthly Bill Impact**

	<u>FY 2011</u>
DC Water Retail Rates (1)	\$ 668.33
DC Water Clean Rivers IAC (2)	64.89
DC Water Customer Metering Fee (3)	7.54
Subtotal DC Water Rates & Charges	\$ 740.76
District of Columbia PILOT (1)	\$ 47.53
District of Columbia Right of Way Fee (1)	13.58
District of Columbia PILOT/ROW Fee	61.11
District of Columbia Stormwater Fee (2)	50.22
Subtotal District of Columbia Charges	\$ 111.33
 Total Amount Appearing on DC Water Bill	 \$ 852.09

Assumptions:

(1) Using the AWWA 2010 Water and Wastewater Rate Survey assumption for meter size of a commercial/light industrial customers, a 2" meter has been assumed

(2) Based on actual available DC Water data, non-residential customers with 2" meters:

- a) Average 97 Ccfs (or 72,556 gallons) consumption a month
- b) Average 18.81 ERU's

Attachment E

Alternate Comparisons of Similar Utilities

AWWA Median Household Income ratio (as compared to DC)	AWWA Affordability Index	Cost of Living Index	SFR Monthly Bill	If you live in:
0.81	N/A	89.70	\$ 29.24	Memphis
1.03	0.9%	101.00	\$ 30.44	Phoenix
0.80	1.0%	93.40	\$ 30.76	El Paso
0.59	1.6%	-	\$ 32.63	Miami-Dade
0.98	N/A	103.80	\$ 33.41	Denver
1.10	N/A	110.30	\$ 37.26	Las Vegas
0.90	1.2%	94.50	\$ 37.75	San Antonio
0.94	1.4%	91.50	\$ 42.90	Dallas
0.91	1.4%	-	\$ 43.66	Houston
			\$ 45.76	Indianapolis, IN
0.92	1.5%	-	\$ 47.29	Fort Worth
1.23	1.3%	-	\$ 47.85	WSSC (Laurel, MD)
0.98	1.4%	-	\$ 48.32	Nashville, TN
0.91	N/A	145.40	\$ 48.85	Los Angeles
1.17	1.2%	90.00	\$ 49.97	Charlotte, NC
0.95	1.6%	214.30	\$ 51.11	New York City
-	N/A	98.60	\$ 53.12	Detroit
1.00	1.5%	137.20	\$ 53.40	DC Water (W/O District Fees)
0.67	N/A	-	\$ 55.36	Providence, RI
0.94	1.6%	-	\$ 57.32	Columbus
1.01	1.5%	99.10	\$ 57.69	Jacksonville
0.77	2.1%	124.10	\$ 57.85	Philadelphia
1.06	1.7%	-	\$ 58.23	Austin
0.65	N/A	99.30	\$ 58.63	Cleveland
0.72	N/A	-	\$ 59.88	Louisville
1.00	1.5%	137.20	\$ 60.29	DC Water
0.99	2.1%	135.40	\$ 60.44	Boston
1.75	N/A	-	\$ 64.35	San Jose
1.14	2.1%	140.30	\$ 78.78	San Diego
0.00	0.0%	169.50	\$ 79.23	San Francisco
1.14	2.8%	121.50	\$ 105.95	Seattle
0.87	4.1%	96.50	\$ 110.04	Atlanta
1.00	N/A	121.40	\$ 111.16	Portland (OR)
			\$ 55.72	Average