

**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

*DC Retail Water and Sewer Rates Committee
Tuesday June 26, 2012
9:30am*

1. **Call to Order** Howard Gibbs, Chairman
2. **Monthly Update (Attachment A)** Randy Hayman
 - Howard University
 - Soldier's Home
3. **FY 2012 Cost of Service Study Status Update**..... Yvette Downs
4. **FY 2013 Management Recommendation on Retail Rates** Olu Adebo
 - [Public Hearing on Proposed FY 2013 Retail Rates Increase \(Attachment B\)](#)
 - a) [Payment in Lieu of Taxes PILOT Review \(Attachment C\)](#)
 - b) [Clean Rivers IAC on Public Space \(Attachment D\)](#)
 - [Alternative Review and Management Proposal \(Attachment E\)](#)
5. **Action Items** Olu Adebo
 - [FY 2013 Rates & Fee Changes \(effective October 1, 2012\) \(Attachment F\)](#)
 - a) [Approval of proposed volumetric Retail Water rate](#)
[Approval of proposed volumetric Retail Sewer rate](#)
[Approval of proposed Clean Rivers Impervious Surface Area Charge](#)
[Approval of proposed Right of Way/Payment in Lieu of Taxes fees](#)
 - b) [Approval of proposed Engineering Pretreatment fees](#)
 - c) [Approval of proposed Retail ground water sewer charge](#)
 - d) [Approval of proposed Clean Rivers Impervious Surface Area Charge billing frequency change](#)
 - e) [Approval of proposed Fire Protection Fee](#)
6. **Retail Rates Committee Workplan** Olu Adebo
 - [FY 2012 Retail Rates Committee Proposed Workplan \(Attachment G\)](#)
7. **Emerging Issues/Other Business**..... Olu Adebo
8. **Agenda for July 24, 2012 Committee Meeting (Attachment H)** Howard Gibbs, Chairman
9. **Adjournment**

FOLLOW-UP ITEMS – Retail Rates Committee Meeting (March 27, 2012)

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: TBD based upon availability of data
2. Review of the Potomac Interceptor contracts to see if there are opportunities to modify contracts to be similar to the IMA contracts (Mr. Bardin) Status: Defer Pending Final IMA

June 2012 Update on Howard University and Soldiers' Home Delinquent Accounts

Howard University

Without waiving rights to contest, Howard accepted terms of agreement under which they would begin making payments on current bills on the "Exempt Accounts". DC Water has asserted claimed arrearages which total \$5,447,494.00. Howard tendered a counter-offer, but the amount was not acceptable to resolve the claim and was rejected. General Counsels Norma Leftwich and Randy Hayman met on April 18, 2012, where Hayman presented a new counter-offer. Hayman is awaiting a response to our last counter-offer, and the two general counsels are planning to meet again within the next month. Additional meter testing occurred during May 2012. Many meters were replaced because they failed to capture total consumption at all flow levels, resulting in underbilling. All replaced meters are being retained in a secure location until final resolution of the billing dispute.

NEXT STEPS

1. Howard has indicated that it had some tests performed on some of the meters servicing its properties. Howard's general counsel was advised that customers have no authority to test meters, and such activity must not occur again. Our meters are maintained in accordance with specifications of the American Water Works Association (AWWA).
2. Provided the parties work in good faith to diligently pursue resolution, DC Water will not pursue further enforcement action.
3. If Howard fails to perform, DC Water's GM shall send notification of intent to lien to HU president.
4. DC Water will place liens on affected HU assets.
5. DC Water will pursue legal remedies to enforce collection against HU.

Soldiers' Home

The Office of the General Counsel has prepared a draft legal opinion regarding sewer services, which were not referenced in the 1938 agreement providing for perpetual free water service. It has been discussed internally and is being revised.

As agreed, consumption levels are being closely monitored. DC Water began delivering billing statements to Soldiers' Home, commencing the week of April 9, 2012. Two new meters have been installed; billing since January 1, 2012 is approximately \$25,000 per month for sewer services. Each month Soldier's Home sends a letter contesting the billing for all services, pending resolution of our negotiations. Placing additional DC Water facilities on the Soldiers' Home property is not a very viable option at this time.

NEXT STEPS

1. Finalize legal opinion
 - a. Transmit legal opinion to Soldiers home with letter from DC Water GM
 - b. Identify issues (reference new OGC legal opinion and Board Resolution 96-27)
 - c. Confirm Soldiers' Home's interest to renegotiate agreement equitably
 - d. Discuss next steps
2. Continue negotiation discussions with Mr. McManus at Soldiers' Home regarding an equitable adjustment to the operating agreement.

Public Hearing Comments Received on the Proposed FY 2013 Retail Rates Adjustments

1. Provide a 50% discount to low-income customers on the Clean Rivers IAC:

Response - See Attachment D

2. Decline to increase the FY 2013 PILOT increase:

Response - See Attachment C

3. Reduce the Clean Rivers IAC for residential customers only:

Response – The 2012 Cost of Service Study will be available July 2012. The issue of class segmentation and rate differentiation will be addressed in July 2012. The DC Retail Water and Sewer Rates Committee requested this review analysis be incorporated within the FY 2014.

4. Disclose amount of impervious area in public space currently exempt from Clean Rivers IAC recommend per Board policy:

Response – See Attachment D

5. Adopt Clean Rivers IAC Incentive Program and make it retroactive:

Response - The District Department of the Environment (DDOE) has been tasked with development of a credit program in coordination with DC Water:

1. Current status proposed rulemaking pending DDOE
2. DC Water working with DDOE to identify billing program requirements
3. Board action will be required to implement a DC Water credit program similar to the proposed stormwater program; any retroactive recommendation would be decided that time



Attachment - C

Payment in Lieu of Taxes Fee Update

DC Retail Water and Sewer Rates Committee Meeting June 26, 2012



Background



Background

- ✓ **FY 1997** – District started assessing a PILOT fee for cost of providing municipal services to DC Water
 - In FY 1997 and 1998 fee was equal to water and sewer bill paid by the District
 - Starting FY 1999 fee was based on formula tied to annual rate increase but no greater than cost of services provided by the District

FY 1997 - \$14 million

FY 2005 - \$11.2 million

FY 1998 - \$19.5 million

FY 2006 - \$11.8 million

FY 1999 - \$8.9 million

FY 2007 - \$12.4 million *

FY 2000 - \$9.2 million

FY 2008 - \$12.4 million *

FY 2001 - \$9.6 million

FY 2009 - \$12.4 million *

FY 2002 - \$9.8 million

FY 2010 - \$12.4 million *

FY 2003 - \$10.4 million

FY 2011 - \$12.4 million *

FY 2004 - \$10.7 million

FY 2012 - \$12.4 million*

* Starting in FY 2007 DC Water Board directed the GM to freeze the amount paid to the District at the FY 2007 level \$12.4 million pending receipt of satisfactory certification with support and documentation of services rendered from the DC CFO.

* In FY 2012 DC Water's Board froze the PILOT budget



Background Cont.

- ✓ **FY 2001** – in addition to the PILOT, the District imposed Right of Way (ROW) fee on DC Water and other entities that own conduits which occupy public space in the city. Estimated DC Water fee from \$14.4 - \$18 million annually. DC Water protested the assessment on the basis of the existing PILOT being paid as well as the fact that the District government retains full legal title to and interest in all assets made available for DC Water use under the Enabling legislation

- ✓ **FY 2003** – The District and DC Water reached negotiated settlement on several items including dispute on ROW and fire hydrant fee. The Agreement:
 - Fixed ROW at \$5.1M per year for 10 years (FY 2003 – 2013)
 - DC Water paid \$15.7 million representing three years (FY 2001-2003) of ROW fees
 - Established specific timing of payments for both DC Water and DC
 - Confirmed District's payment of DC Water-assessed fire hydrant fee



Background Cont.

- ✓ **FY 2007 Board Directive** – in September 2007, the DC Water Board of Directors directed the DC Water General Manager to freeze any future adjustment to the PILOT payments until the required MOU cost certification was obtained from the DCCFO

- ✓ **FY 2009 PILOT Cost of Service Study** – A certification and cost of service report was received from DC CFO
 - DC Water disputed several aspects of the study results
 - In order to resolve differences, without concession of their respective positions and for budget certainty both parties have been engaged in an extensive negotiation

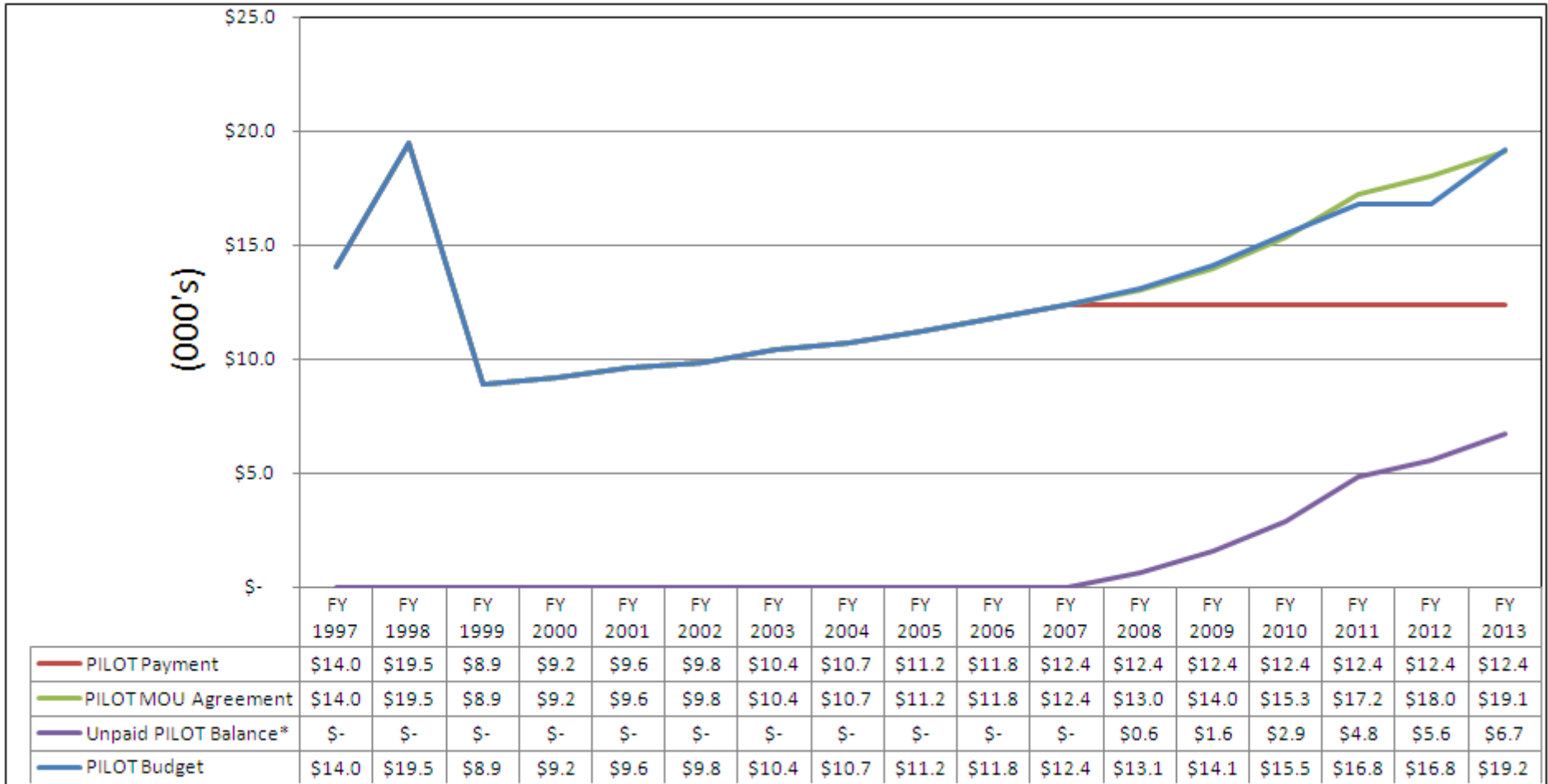


Background Cont.

- ✓ **FY 2012 – DC Water Board did not approve an increase to the PILOT budget in June 2011**
- ✓ **FY 2012 – DC Water established an escrow account for unpaid PILOT fees pending resolution of dispute**



PILOT Payments



* Based on the Board decision to freeze the PILOT payment to the District the unpaid PILOT balance represents the difference between the PILOT payment and the PILOT MOU agreement.



Next Steps



Next Steps

- ✓ Board discussion on FY 2013 rates and budget
- ✓ Re-negotiation of existing MOU and financial arrangement



Attachment - D

**Presented to the
DC Retail Water and Sewer Rates
Committee**

June 26, 2012

Clean Rivers IAC



Public Hearing Comments

- Disclose the amount of impervious area in public space currently exempt from the Clean Rivers IAC per board policy

- Reduce the Clean Rivers IAC for residential Customers only

- Provide a 50% discount on the Clean Rivers IAC to eligible low-income customers



Impervious Area in Public Space

□ Clean Rivers IAC Policy #1 states:

“Impervious surface rates shall be applied to all lots, parcels, properties and private streets throughout the District of Columbia (but not City or federally-owned rights of way)”

Total Amount of all Exempted Impervious Areas for the District of Columbia

Feature Type	Area (Sq. Ft)	% of Area (Sq. ft.)	ERU
Roads	233,068,111	80.2%	233,068
Sidewalks	56,488,987	19.4%	56,489
Bridges	765,574	0.3%	766
Rec area	19,433	0.0%	19
Stairs	212,848	0.1%	213
Total	290,554,952	100.0%	290,555

Total Impervious Area in the District of Columbia

Premise Type	IA (Sq. Ft)	% of Total IA	ERU	% of Total ERU**
Municipal	30,750,800	4.2%	30,751	4.3%
Residential	120,976,350	16.6%	114,647	15.9%
Multi-Family	45,671,600	6.3%	45,672	6.3%
District of Columbia Housing Authority	5,111,700	0.7%	5,112	0.7%
Exempt	3,781,400	0.5%	3,781	0.5%
DC Water	4,545,100	0.6%	4,545	0.6%
Commercial	142,535,200	19.6%	142,535	19.8%
Federal	83,410,100	11.5%	83,410	11.6%
Total IA in non-public Rights-of-Way	436,782,250	60.1%	430,453	59.7%
In Public Rights-of-Way	290,554,952	39.9%	290,555	40.3%
Total	727,337,202	100.0%	721,008	100.0%

* Approximately 40% of impervious area is in a public right-of-way and exempted from Clean Rivers IAC



Reduce Clean Rivers IAC for Residential Customers

- A Cost of Service study is currently under review and will include fee alternatives including class segmentation
- The FY 2012 Cost of Service study will be presented to the DC Water Retail Water and Sewer Rates Committee in July 2012



Clean Rivers IAC Income Based Discount

- ❑ DC Water Board policy provides for consideration of expansion of the Customer Assistance Program (CAP) to include the impervious surface based fee.
- ❑ DC legislation states: *“the Authority shall offer financial assistance programs to mitigate the impact of any increases in retail water and sewer rates on low-income residents of the District, including a low-impact design incentive program”*
- ❑ In March 2012, the DC Water Retail Water and Sewer Committee reviewed various options for expansion of the CAP, including potential income-based credits to both the Clean Rivers IAC and the existing volumetric credits and changing the eligibility requirements
 - ❑ The Committee agreed that any change should be thoughtful and within existing budget expectations and directed staff to continue evaluation of the issue and include a proposal within a future budget cycle



CAP Options Considered

- ❑ Fund Conservation Efforts – over 50% of eligible CAP customers use more than 8 ccf of water monthly:
 - Education:
 - DDOE requires conservation for program eligibility
 - Update outreach material
 - Target mailing to CAP customers
 - New conservation materials
 - Offer home audit
 - Provide leak detection tablets and instructions for follow up

- ❑ Increase volumetric assistance – the disproportionate use of water by CAP customers may be a function of household size and not lack of conservation:
 - In total by household
 - By number of people in household

- ❑ Provide credit on Clean Rivers IAC – this is the fastest growing line item on the customer bill:

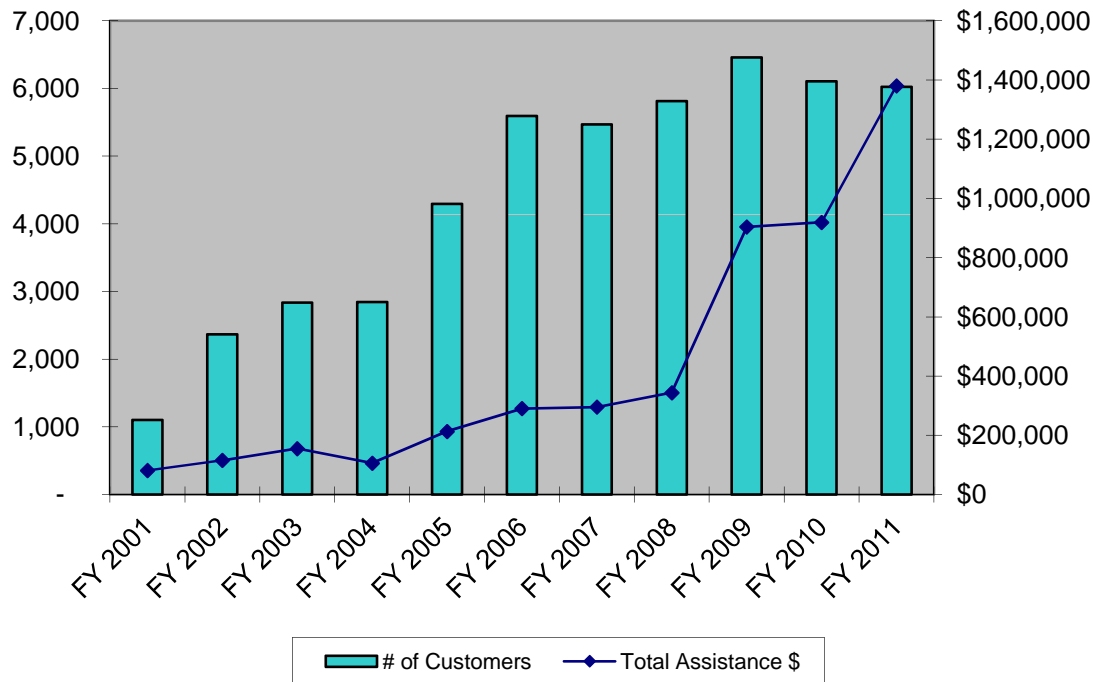
- ❑ Adjust Eligibility Requirements (higher income limits) – on average only 80% of CAP budget is used annually



CAP Residential Program

- DC Water provides assistance to approximately 6,000 customers every year through the CAP

Customer Assistance Program ¹



Total annual maximum discounts available:

- \$336 – Pepco*
- \$276 – Washington Gas
- \$376 – DC Water

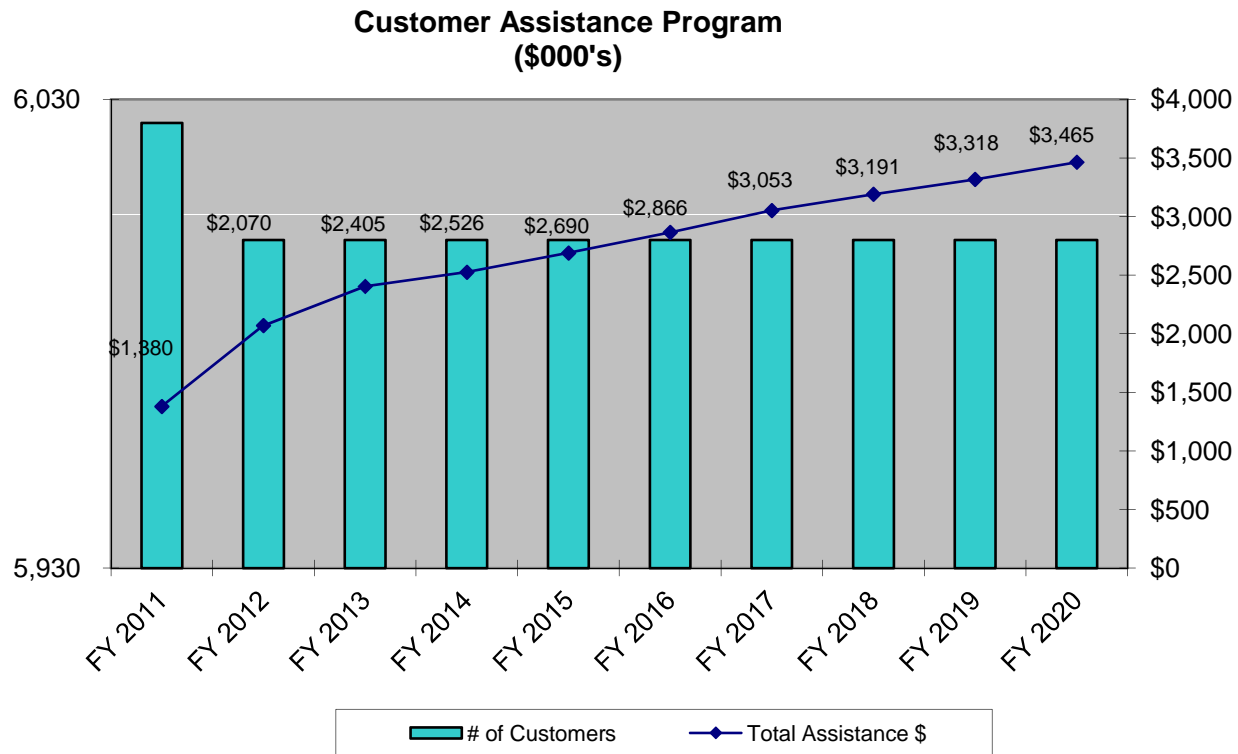
¹ 44 accounts billed in FY 2009 for FY 2008 eligibility year not included

* If heating is electric, maximum is \$528 per DDOE



Projected Costs of CAP Impact

- The FY 2011 – 2020 Financial Plan based on current methodology anticipates Customer Assistance Program budget cost rising from \$1.4 million to 3.5 million.



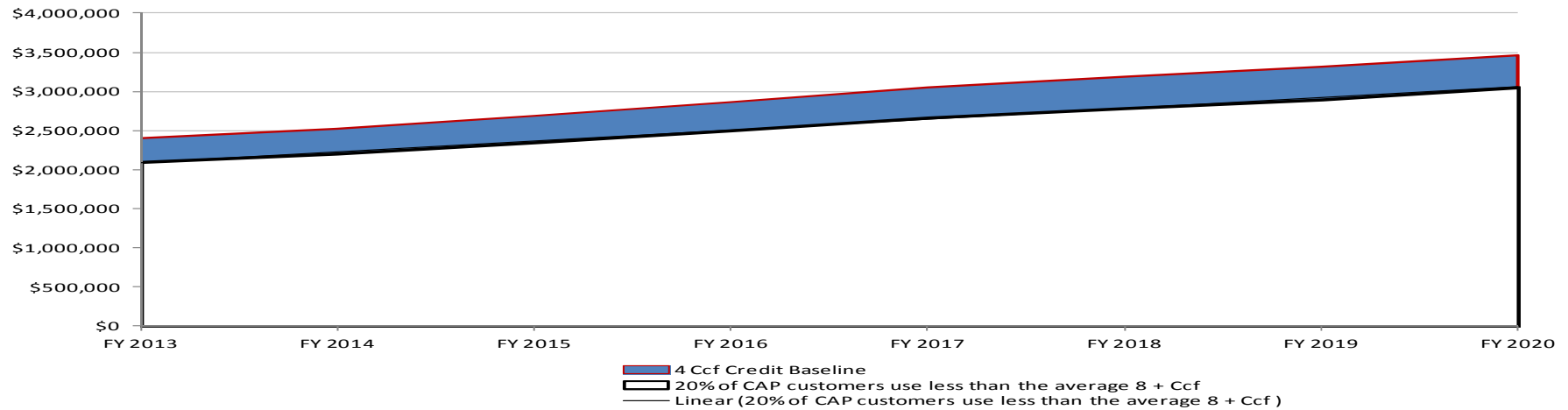
*Assumes 6,000 CAP customers FY 2012 – 2020

* FY 2011 actual



Costs of Residential CAP Options

- Assuming only 80 percent of the budget is used, certain changes could be absorbed within allocated budget

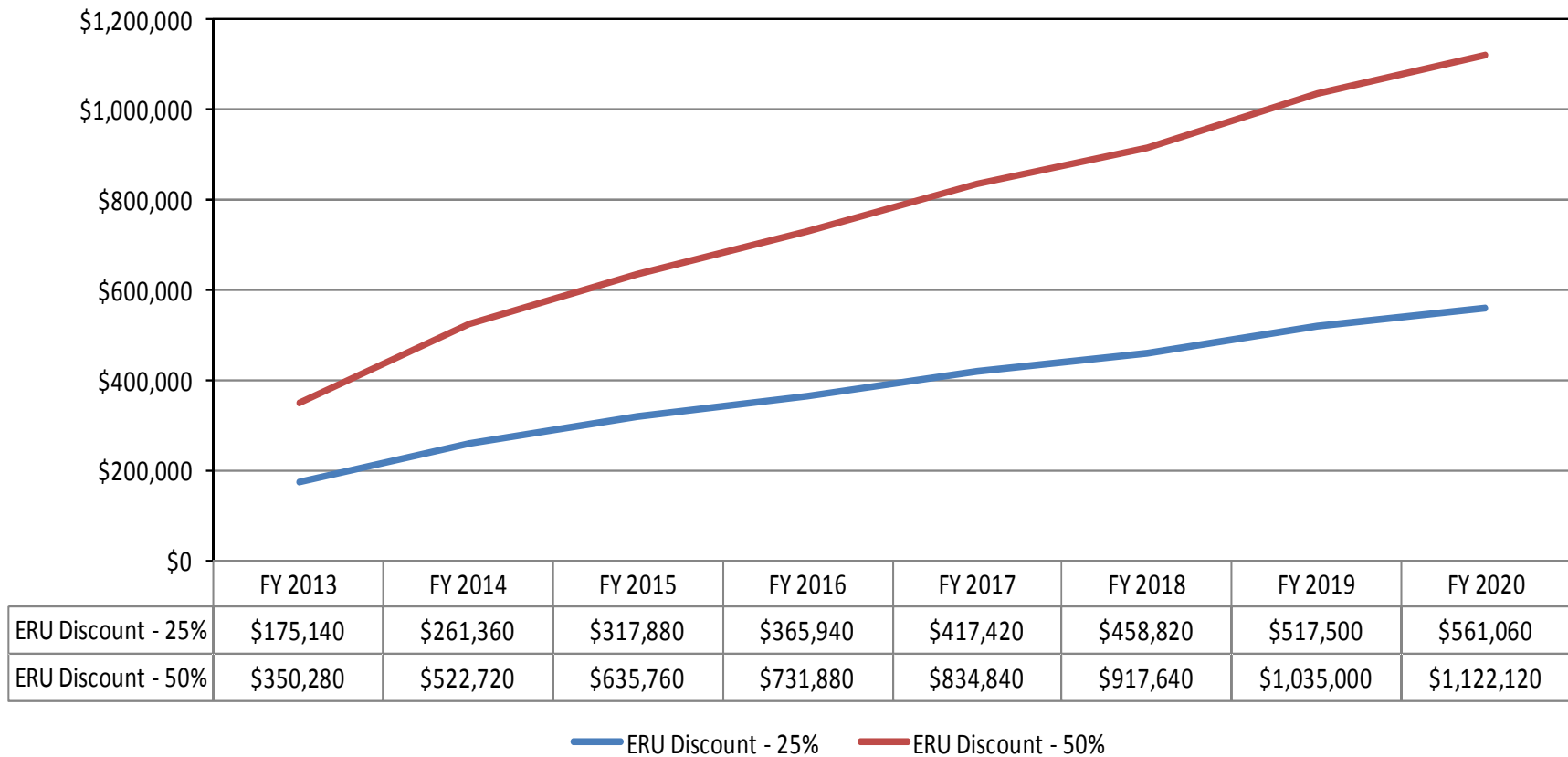


Limit - Potential dollars that may provide flexibility to change									
CAP	\$ 300,600	\$ 315,720	\$ 336,240	\$ 358,200	\$ 381,600	\$ 398,880	\$ 414,720	\$ 405,360	
5 Ccf incremental	\$ 601,200	\$ 631,440	\$ 672,480	\$ 716,400	\$ 763,200	\$ 797,760	\$ 829,440	\$ 905,760	
6 Ccf incremental	\$ 1,202,400	\$ 1,262,880	\$ 1,344,960	\$ 1,432,800	\$ 1,526,400	\$ 1,595,520	\$ 1,658,880	\$ 1,779,840	
25% Clean Rivers IAC Credit	\$ 175,140	\$ 261,360	\$ 317,880	\$ 365,940	\$ 417,420	\$ 458,820	\$ 517,500	\$ 561,060	
Conservation Outreach	Additional research required								
Adjust Eligibility Requirements	Determined by DDOE								



Impact of Comment from Public Hearing

50% Option for review would exceed available budget limits





Appendix



DC Water Customer Assistance Programs (CAP)

- In recognition of the hardship upon low-income residents of any bills and the necessity of water for all while balancing conservation efforts:
 - The Authority implemented the CAP in 2000 providing a discount of 4 Ccf per months of water service for single family residential homeowners that meet income eligibility guidelines.
 - In FY 2004, the Authority expanded the CAP to include tenants who meet the financial eligibility requirements and whose primary residence is separately metered by the Authority.
 - In January 2009, the Authority further expanded the CAP to provide a discount of 4 Ccf per month of sewer services to eligible customers.
 - In FY 2011, the discount was expanded to the first 4 Ccf associated with the PILOT/ROW fee in addition to the current discount provided on water and sewer services.



Approval and Eligibility

- The District Department of the Environment (DDOE) certifies CAP eligibility based on federal low-income guidelines:
 - Applicants must provide proof of income
 - Only one application is required to apply for all utility discounts
 - Participants must certify that they are aware of water conservation measures to participate in the program

- Income eligibility criteria for LIHEAP is established by the federal government
 - Varies from state to state
 - Income eligibility in DC for the LIHEAP is currently set at 60% of median household income



Approval and Eligibility, Cont.

- The Utility Discount Programs use 150 percent of the federal poverty level as the maximum income level allowed in determining income eligibility:
 - Eligibility for Utility Discount Programs is established through the Public Service Commission for Gas, Electric, and Telephone, and DC Water Board for Water and Sewer

Income Guidelines FY 2011

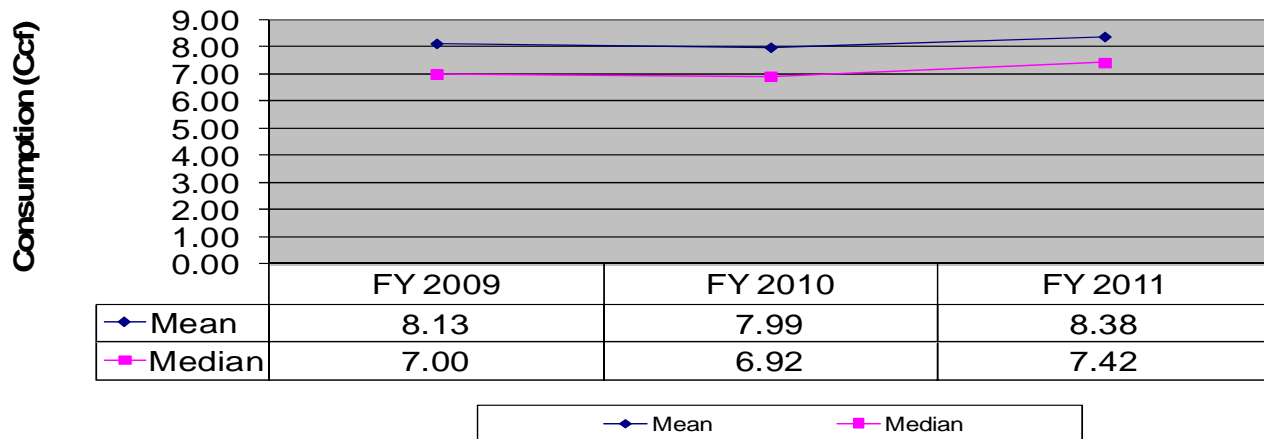
Household Size	Maximum Annual Income
1	\$21,702
2	\$28,380
3	\$35,057
4	\$41,735
5	\$48,412
6	\$55,090
7	\$56,342
8	\$57,594



CAP Customer Consumption

Monthly Use	FY 2009		FY 2010		FY 2011	
	# of accounts	% of accounts	# of accounts	% of accounts	# of accounts	% of accounts
Less than 4 Ccf	1,443	22.4%	1,444	23.7%	1,180	19.6%
4-8 Ccf	1,774	27.6%	1,668	27.3%	1,604	26.6%
Greater than 8 Ccf	3,197	50.0%	2,995	49.0%	3,241	53.8%
Total CAP Customers	6,414	100.0%	6,107	100.0%	6,025	100.0%

CAP Customer Consumption Per Account





Clean Rivers (IAC) Tier Distribution

- 97% of the FY 2011 approved Customer Assistance Program (CAP) customers were charged 1 ERU or less a month or less:

Tiers	Size of Impervious Area (Square Feet)	Equivalent Residential Unit (ERU)	# of CAP-eligible customers with this size property
Tier 1	100 - 600	0.6	1,437
Tier 2	700 - 2,000	1.0	4,388
Tier 3	2,100 - 3,000	2.4	181
Tier 4	3,100 - 7,000	3.8	18
Tier 5	7,100 - 11,000	8.6	1
Tier 6	11,100 and more	13.5	-



Clean Rivers IAC Discount Scenarios

Scenario 1 - (4 Ccf per month) & (Clean Rivers IAC 25% Credit)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Total Amount	\$ 72.12	\$ 79.72	\$ 86.67	\$ 93.42	\$ 100.63	\$ 106.14	\$ 112.34	\$ 118.18
Less: CAP Discount (4 Ccf per month)	(33.40)	(35.08)	(37.36)	(39.80)	(42.40)	(44.32)	(46.08)	(48.12)
Less: Clean Rivers IAC (25% Credit per ERU)	(2.43)	(3.63)	(4.42)	(5.08)	(5.80)	(6.37)	(7.19)	(7.79)
Less: CAP Discount (4 Ccf per Month) and Clean Rivers IAC Credit (25%)	(35.83)	(38.71)	(41.78)	(44.88)	(48.20)	(50.69)	(53.27)	(55.91)
Total Amount Appearing on DC Water Bill	\$ 36.29	\$ 41.01	\$ 44.89	\$ 48.54	\$ 52.43	\$ 55.45	\$ 59.07	\$ 62.27
Increase / Decrease Over Prior Year	\$ 2.03	\$ 4.72	\$ 3.88	\$ 3.65	\$ 3.89	\$ 3.02	\$ 3.62	\$ 3.20
CAP Customer Discount as a Percent of Total Bill	-49.7%	-48.6%	-48.2%	-48.0%	-47.9%	-47.8%	-47.4%	-47.3%

Scenario 2 - (4 Ccf per month) & (Clean Rivers IAC 50% Credit)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Total Amount	\$ 72.12	\$ 79.72	\$ 86.67	\$ 93.42	\$ 100.63	\$ 106.14	\$ 112.34	\$ 118.18
Less: CAP Discount (4 Ccf per month)	(33.40)	(35.08)	(37.36)	(39.80)	(42.40)	(44.32)	(46.08)	(48.12)
Less: Clean Rivers IAC (50% Credit per ERU)	(4.87)	(7.26)	(8.83)	(10.17)	(11.60)	(12.75)	(14.38)	(15.59)
Less: CAP Discount (4 Ccf per Month) and Clean Rivers IAC Credit (50%)	(38.27)	(42.34)	(46.19)	(49.96)	(54.00)	(57.07)	(60.46)	(63.71)
Total Amount Appearing on DC Water Bill	\$ 33.85	\$ 37.38	\$ 40.48	\$ 43.45	\$ 46.63	\$ 49.07	\$ 51.88	\$ 54.47
Increase / Decrease Over Prior Year	\$ (0.41)	\$ 3.53	\$ 3.10	\$ 2.97	\$ 3.18	\$ 2.44	\$ 2.81	\$ 2.59
CAP Customer Discount as a Percent of Total Bill	-53.1%	-53.1%	-53.3%	-53.5%	-53.7%	-53.8%	-53.8%	-53.9%



FY 2013 Retail Rate and Fee Proposal

June 26, 2012

**Presented To: DC Water Retail Water and
Sewer Rates Committee**



PURPOSE

- 💧 Review and Recommend approval of retail rate and fee increases for FY 2013:
 - Review FY 2012 projected financial performance
 - Review revised FY 2013 budget proposal and assumptions
 - Public hearing comments
- 💧 Present recommendations on PAYGO and Rate Stabilization Fund in accordance with Board-approved resolutions
- 💧 Consider recommendations for revised FY 2013 retail rate proposal based on FY 2012 year-end projections



FY 2013 RETAIL RATES & FEES RECOMMENDATION AS PUBLISHED

- 💧 Combined Water and Sewer rate increase of \$0.47 per Ccf:
 - Water - \$3.24 per Ccf to \$3.45 per Ccf
 - Sewer - \$3.96 per Ccf to \$4.22 per Ccf } 6.5 % Increase
- 💧 Clean Rivers Impervious Surface Area Charge (IAC):
 - \$6.64 per ERU per month to \$9.73 per ERU per month
- 💧 DC Government Charges¹:
 - PILOT/ROW Fee increase from \$0.64 to \$0.68 per Ccf
- 💧 Revise billing frequency for standalone IA accounts with 3 or more ERUs to monthly rather than every 6 months
- 💧 Clarify cooling tower and non-potable water source sewer fee
- 💧 Groundwater Fee (construction accounts only):
 - \$2.33 per Ccf
- 💧 DC Fire Protection Annual Fee:
 - \$640 per public hydrant to \$770 per public hydrant
- 💧 Pretreatment Fees and Charges per schedule

¹ This fee recovers the full cost of the Payment in Lieu of Taxes fee charged by the District of Columbia government



AVERAGE RESIDENTIAL CUSTOMER MONTHLY BILL

	FY 2011	FY 2012	Proposed FY 2013
Total Amount Appearing on DC Water Bill	\$ 60.29	\$ 65.62	\$ 72.12
DC Water Water & Sewer Retail Rates (1)	\$ 46.09	\$ 48.17	\$ 51.31
Clean Rivers IAC	3.45	6.64	9.73
DC Water Customer Metering Fee	3.86	3.86	3.86
Subtotal DC Water Rates & Charges	\$ 53.40	\$ 58.67	\$ 64.90
District of Columbia PILOT Fee	\$ 3.28	\$ 3.28	\$ 3.48
District of Columbia Right of Way Fee	0.94	1.00	1.07
District of Columbia Stormwater Fee	2.67	2.67	2.67
Subtotal District of Columbia Charges	\$ 6.89	\$ 6.95	\$ 7.22
Percent Increase in Total Bill	17.0%	8.8%	9.9%
(1) Assumes average monthly consumption of 6.69 Ccf, or 5,004 gallons.			



AVERAGE CAP RESIDENTIAL CUSTOMER MONTHLY BILL

	FY 2011	FY 2012	Proposed FY 2013
Total Amount Appearing on DC Water Bill After CAP Discount	\$ 30.21	\$ 34.26	\$ 38.72
Less: CAP Discount (4Ccf per month)	\$ (30.08)	\$ (31.36)	\$ (33.40)
Amount Appearing on DC Water Bill Prior to CAP Discount	\$ 60.29	\$ 65.62	\$ 72.12
DC Water Water & Sewer Retail Rates (1)	\$ 46.09	\$ 48.17	\$ 51.31
DC Water Clean Rivers IAC	3.45	6.64	9.73
DC Water Customer Metering Fee	3.86	3.86	3.86
Subtotal DC Water Rates & Charges	\$ 53.40	\$ 58.67	\$ 64.90
District of Columbia PILOT Fee	\$ 3.28	\$ 3.28	\$ 3.48
District of Columbia Right of Way Fee	0.94	1.00	1.07
District of Columbia Stormwater Fee	2.67	2.67	2.67
Subtotal District of Columbia Charges	\$ 6.89	\$ 6.95	\$ 7.22
Percent Increase in Average CAP Residential Customer Monthly Bill	11.7%	13.4%	13.0%
(1) Assumes average monthly consumption of 6.69 Ccf, or 5,004 gallons.			



PRETREATMENT FEES

Industrial User Permitting Fee	
Permit Initial Fee	\$2,000.00
Permit Renewal Fee	\$600.00
Industrial User Annual Compliance Fees	
Significant or Non-Significant Categorical Industrial User	
1 Outfall	\$2,500.00
2 or more Outfalls	\$3,500.00
Significant Non-Categorical Industrial User	
1 Outfall	\$2,500.00
2 or more Outfalls	\$3,500.00
Non-Significant Non-Categorical User	
1 Outfall	\$550.00
2 or more Outfalls	\$700.00



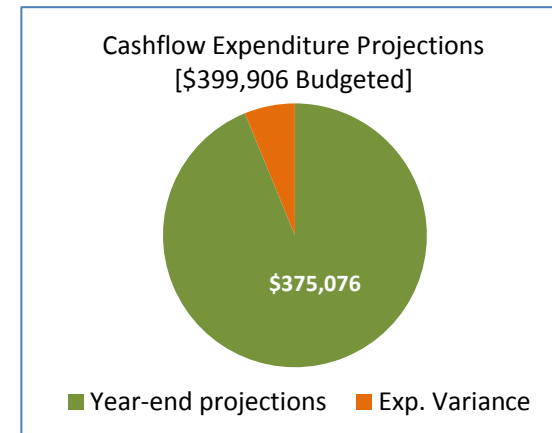
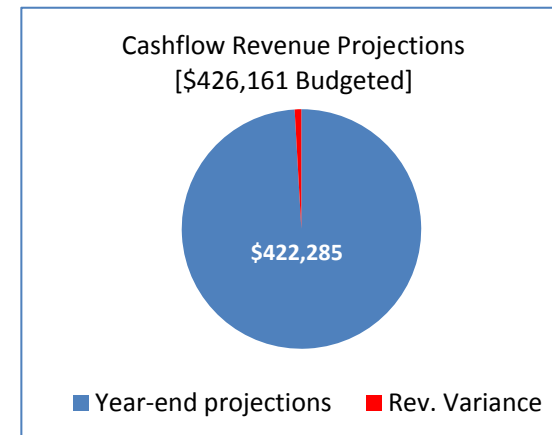
FY 2012 AND FY 2013 FINANCIAL PROJECTIONS



FY 2012 FINANCIAL PERFORMANCE (PROJECTIONS – CASH BASIS)

\$20.5M excess cash above the operating reserve requirement is anticipated at year-end

- FY 2012 revenues slightly lower than budget (\$3.8M or -0.9% projected)
 - Water and Sewer revenues projected at about 99% of budget due to lower than budgeted consumption – approx 3.5% decline compared to previous year
 - Other Revenues are projected to be in line with the budget
 - Assumes full draw down of \$6.5m RSF
- Operating cash-used projected to be below budget (\$24.8M or -6.2%):
 - Utilities (\$7.6M)
 - Contractual Services (\$6.2M)
 - Chemicals (\$3.8M)
 - Personnel (\$3.3M)
 - Water purchases (\$2.1M)
- Debt Service (\$1.1M)





FY 2013 REVISED REVENUE REQUIREMENT

FY 2013 Revised Budget (in millions)			
	Approved	Revised	Change
Exp Budget	\$ (456.80)	\$ (442.70)	\$ 14.10
Rev Projection	\$ 459.90	\$ 456.30	\$ (3.60)
Revenue Requirement change			\$ 10.50
Wholesale Share			\$ (2.50)
Retail Share			\$ 8.00

- 💧 Although, \$10.5m of lower revenue requirement is anticipated only \$6.4m is permanent
 - \$2.5 m is expected to reduce the wholesale customer bill, leaving \$3.9m of permanent reduction in revenue requirement to retail customers



REVENUE ASSUMPTIONS FOR REVISED FY 2013

- Consumption assumption
 - Retail revenue is lower by an additional 1.5% due to a decline in consumption
 - Clean Rivers IAC projected to be lower by approximately \$0.4 million due to fewer billable ERUs (397k rather than 401)
- Wholesale Revenue
 - Wholesale revenue is lower by \$2.5M due to share of lower budget



FY 2012 CASH SURPLUS AND FY 2013 REVISED REVENUE REQUIREMENT

Budget Variances - Cash
Basis (In Millions)

		FY 2012 Projected	FY 2013 Revised	Cumm
Retail Revenue				
	W/S	-\$4.0	-\$3.2	-\$7.2
	IAC	\$0.0	-\$0.4	-\$0.4
Expenditures:				
	O/M	\$23.0	\$6.0	\$29.0
	Debt Service	\$1.5	\$8.1	\$9.6
Total Cash Surplus		\$20.5	\$10.5	\$31.0
<i>Refund to Wholesale customers</i>		<i>-\$5.8</i>	<i>-\$2.5</i>	<i>-\$8.3</i>
DC Rate Payer Share		\$14.7	\$8.0	\$22.7



DISCUSSIONS OF OPTIONS (FOR USE OF EXCESS CASH)



OPTIONS FOR BOARD'S CONSIDERATIONS

- 💧 Approximately \$31M of combined excess cash and lower revenue requirement is anticipated between FY 2012 and FY 2013, if:
 - Current projections hold true; and
 - Board acts on all FY 2013 rate proposals without amendments
- 💧 Approximately \$8.3M of excess cash will be refunded to wholesale customers.
 - The balance of **\$22.7M** will be available for various Board considerations to retail customers. These options include:
 - ❑ Buy Down Current Proposed Rates
 - ❑ Transfer to RSF to buy down future rates
 - ❑ Pay-Go contribution to lower future debt service costs
 - ❑ Rebate to customers to offer immediate cash relief
 - ❑ Fund Incentive Program



OPTIONS FOR BOARD'S CONSIDERATIONS

Utilize additional PAYGO

- For FY 2013, \$13.7M is currently anticipated for PAYGO (each additional \$1m will result in approx. \$65K in avoided annual debt service cost or \$650k over 10-year plan)

Additional transfer to RSF

- Additional RSF contribution for future flexibility



OPTIONS FOR BOARD'S CONSIDERATIONS

- Lower proposed FY 2013 retail rate adjustments
 - Proposed water/sewer rate increase of approximately 6.5%
 - Each 1% change in water/sewer volumetric rates generates approximately \$2.8M in additional revenue
 - Proposed impervious area charge monthly increase of \$3.09/ERU
 - Each 1% change in ERU rate (or \$0.07 per monthly ERU) is equivalent to \$0.35M in additional revenue

- Rebates to retail customers – some of the excess cash can be refunded to customer via a rebate or credit on bills (each 1% rebate will result in approximately \$2.8M in total cash refund).

Rebate Option	Credit per Ccf	Typical Residential Customer Rebate Per Year
0.5 Percent	\$0.03	\$2.64
1.0 Percent	\$0.07	\$5.28
1.5 Percent	\$0.11	\$7.92

- Other uses – Fund Incentive Program



RETAIL RATE ADJUSTMENT SCENARIOS



FY 2013 RETAIL RATE WATER AND SEWER RATES ADJUSTMENT

	FY 2012	FY 2013 6.5% Proposal	FY 2013 6.0% Scenario	FY 2013 5.5% Scenario	Units of Measurement
Water	\$3.24	\$3.45	\$3.43	\$3.42	per Ccf
Sewer	\$3.96	\$4.22	\$4.20	\$4.18	per Ccf



FY 2013 MONTHLY CLEAN RIVERS IMPERVIOUS SURFACE AREA CHARGE ADJUSTMENT

	FY 2012	FY 2013 Proposal	FY 2013 Scenario – 1*	Units of Measurement
Monthly Clean Rivers Impervious Area Surface Charge	\$6.64	\$9.73	\$9.57	per ERU

	FY 2012	Proposed FY 2013	Scenario - 1* FY 2013
Revenue Requirement	\$ 31,961,909	\$ 46,799,549	\$ 45,699,549
<i>Less:</i>			
<i>Delinquencies Allowance 3%</i>	\$ 958,857	\$ 1,403,986	\$ 1,370,986
<i>IAC Credit Program</i>	\$ 500,000	\$ 500,000	\$ 500,000
Net Projected Cash Receipts	\$ 30,503,052	\$ 44,895,563	\$ 43,828,563
Total Estimated ERU's	401,000	401,000	397,800
Annual Rate Per ERU	\$ 79.71	\$ 116.71	\$ 114.88
Monthly ERU	\$ 6.64	\$ 9.73	\$ 9.57

ERU - Equivalent Residential Unit, 1,000 sq. ft.

- Lower interest on bonds for Clean Rivers Project reduced the revenue requirement by approximately \$1.1M
- Projected ERU's lower in FY 2013



FY 2013 PILOT RATE ADJUSTMENT

	FY 2012 PILOT = \$16.9M	FY 2013 Proposal PILOT = \$19.2M	FY 2013 Scenario – 1* Per PILOT MOU = \$18.2M	FY 2013 Scenario – 2* PILOT = \$16.9M	Units of Measurement
PILOT	\$0.49	\$0.52	\$0.52	\$0.50	per Ccf
ROW	\$0.15	\$0.16	\$0.16	\$0.16	per Ccf

* Assumes lower consumption in FY 2013

	FY 2012 Approved Budget	FY 2013 Approved Budget	Scenario -1* FY 2012 Approved Budget Per PILOT MOU	Scenario -2* In FY 2013 Freeze PILOT
DC PILOT Payment	\$ 16,882,000	\$ 19,215,000	\$ 18,214,365	\$ 16,882,000



FY 2013 DC FIRE PROTECTION FEE ADJUSTMENT

	FY 2012	FY 2013 Proposal	FY 2013 Recommendation
DC Fire Protection Fee	\$640	\$770	\$748

DC Fire Protection Fee

	Proposed FY 2013	Revised FY 2013
Projected DC Fire Protection Cost	\$ 7,007,000	\$ 6,800,000
Number of Hydrants in the District	9,100	9,100
Cost per Hydrant	\$ 770.00	\$ 747.25

* Proposed DC Fire Protection Fee calculated with higher projected DC fire protection cost



MANAGEMENT RECOMMENDATIONS



FY 2012 AND FY 2013 DC WATER CASH SURPLUS

- 💧 FY 2012 Projected Cash Surplus (retail shares) of \$14.7 million:
 - Transfer \$5.0 million to Pay-Go
 - Transfer \$5.5 million to Rates Stabilization
 - Provide \$4.2 million for Customer Rebate

- 💧 FY 2013 reduced retail revenue requirement of \$8.0 million:
 - Permanent reduction of \$3.9 million
 - Buy down Clean Rivers IAC \$1.1 million
 - Buy down retail rates by \$2.8 million (or 1%)
 - Transfer \$4.1 million to Rate Stabilization Fund

- 💧 Note that if the Board decides to freeze the PILOT budget, this will further lower the revenue requirement in FY 2013 and provide an opportunity to lower the PILOT charge



FY 2013 RETAIL RATES AND FEES RECOMMENDATION

	FY 2012	FY 2013 6.5% Proposal	FY 2013 5.5% Recommended	FY 2013 Variance Inc. / (Dec.)	Units of Measurement
Water ¹	\$3.24	\$3.45	\$3.42	(\$0.03)	per Ccf
Sewer ¹	\$3.96	\$4.22	\$4.18	(\$0.04)	per Ccf
Monthly Clean Rivers Impervious Area Surface Charge ²	\$6.64	\$9.73	\$9.57	(\$0.16)	per ERU
PILOT	\$0.49	\$0.52	\$0.50 ³	(\$0.02)	per Ccf
ROW	\$0.15	\$0.16	\$0.16	-	per Ccf
Groundwater	\$2.33	\$2.33	\$2.33	-	Per Ccf
DC Fire Protection Fee	\$640	\$770	\$748	(\$22.00)	Annually per public hydrant

1 Recommendation would revise the proposed combined volumetric water and sewer rate by \$0.07 per Ccf from \$7.67 to \$7.60

2 Proposed billing frequency changes for Impervious only Accounts (this revision will change the current billing frequency for impervious only properties to lower the monthly threshold from more than 25 ERU's to 3 or more ERU's)

3 Rate is based on a freeze in the PILOT budget of \$16.9



FY 2013 RETAIL RATES AND FEES RECOMMENDATION

💧 Pretreatment Fees and Charges per schedule

Industrial User Permitting Fee	
Permit Initial Fee	\$2,000.00
Permit Renewal Fee	\$600.00
Industrial User Annual Compliance Fees	
Significant or Non-Significant Categorical Industrial User	
1 Outfall	\$2,500.00
2 or more Outfalls	\$3,500.00
Significant Non-Categorical Industrial User	
1 Outfall	\$2,500.00
2 or more Outfalls	\$3,500.00
Non-Significant Non-Categorical User	
1 Outfall	\$550.00
2 or more Outfalls	\$700.00



CUSTOMER IMPACTS



AVERAGE RESIDENTIAL CUSTOMER MONTHLY BILL

	Units	FY 2011	FY 2012	Proposed 6.5% FY 2013	Recommended 5.5% FY 2013
DC Water Retail Rates (1)	Ccf	\$ 46.09	\$ 48.17	\$ 51.31	\$ 50.83
DC Water Clean Rivers IAC	ERU	3.45	6.64	9.73	9.57
DC Water Customer Metering Fee		3.86	3.86	3.86	3.86
Subtotal DC Water Rates & Charges		\$ 53.40	\$ 58.67	\$ 64.90	\$ 64.26
Percent Increase in DC Water Portion of Bill		18.3%	9.9%	10.6%	9.5%
District of Columbia PILOT (1)	Ccf	\$ 3.28	\$ 3.28	\$ 3.48	\$ 3.35
District of Columbia Right of Way Fee (1)	Ccf	0.94	1.00	1.07	1.07
District of Columbia Stormwater Fee (2)	ERU	2.67	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.89	\$ 6.95	\$ 7.22	\$ 7.09
Total Amount Appearing on DC Water Bill		\$ 60.29	\$ 65.62	\$ 72.12	\$ 71.35
Increase / Decrease Over Prior Year		\$ 8.76	\$ 5.33	\$ 6.50	\$ 5.73
Percent Increase in Total Bill		17.0%	8.8%	9.9%	8.7%

(1) Assumes average monthly consumption of 6.69 Ccf, or (5,004 gallons)

(2) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010



AVERAGE CAP RESIDENTIAL CUSTOMER MONTHLY BILL

	Units	FY 2011	FY 2012	Proposal 6.5% FY 2013	Recommended 5.5% FY 2013
DC Water Retail Rates (1)	Ccf	46.09	48.17	51.31	50.83
DC Water Clean Rivers IAC	ERU	3.45	6.64	9.73	9.57
DC Water Customer Metering Fee		3.86	3.86	3.86	3.86
Subtotal DC Water Rates & Charges		\$ 53.40	\$ 58.67	\$ 64.90	\$ 64.26
Percent Increase in DC Water Portion of Bill		18.3%	9.9%	10.6%	9.5%
District of Columbia PILOT (1)	Ccf	\$ 3.28	\$ 3.28	\$ 3.48	\$ 3.35
District of Columbia Right of Way Fee (1)	Ccf	\$ 0.94	\$ 1.00	\$ 1.07	\$ 1.07
District of Columbia Stormwater Fee (3)	ERU	2.67	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.89	\$ 6.95	\$ 7.22	\$ 7.09
Total Amount		\$ 60.29	\$ 65.62	\$ 72.12	\$ 71.35
Less: CAP Discount (4 Ccf per month) (1), (2)		(30.08)	(31.36)	(33.36)	(33.04)
Total Amount Appearing on DC Water Bill		\$ 30.21	\$ 34.26	\$ 38.76	\$ 38.31
Increase / Decrease Over Prior Year		\$ 3.16	\$ 4.05	\$ 4.50	\$ 4.05
CAP Customer Discount as a Percent of Total Bill		-49.9%	-47.8%	-46.3%	-46.3%

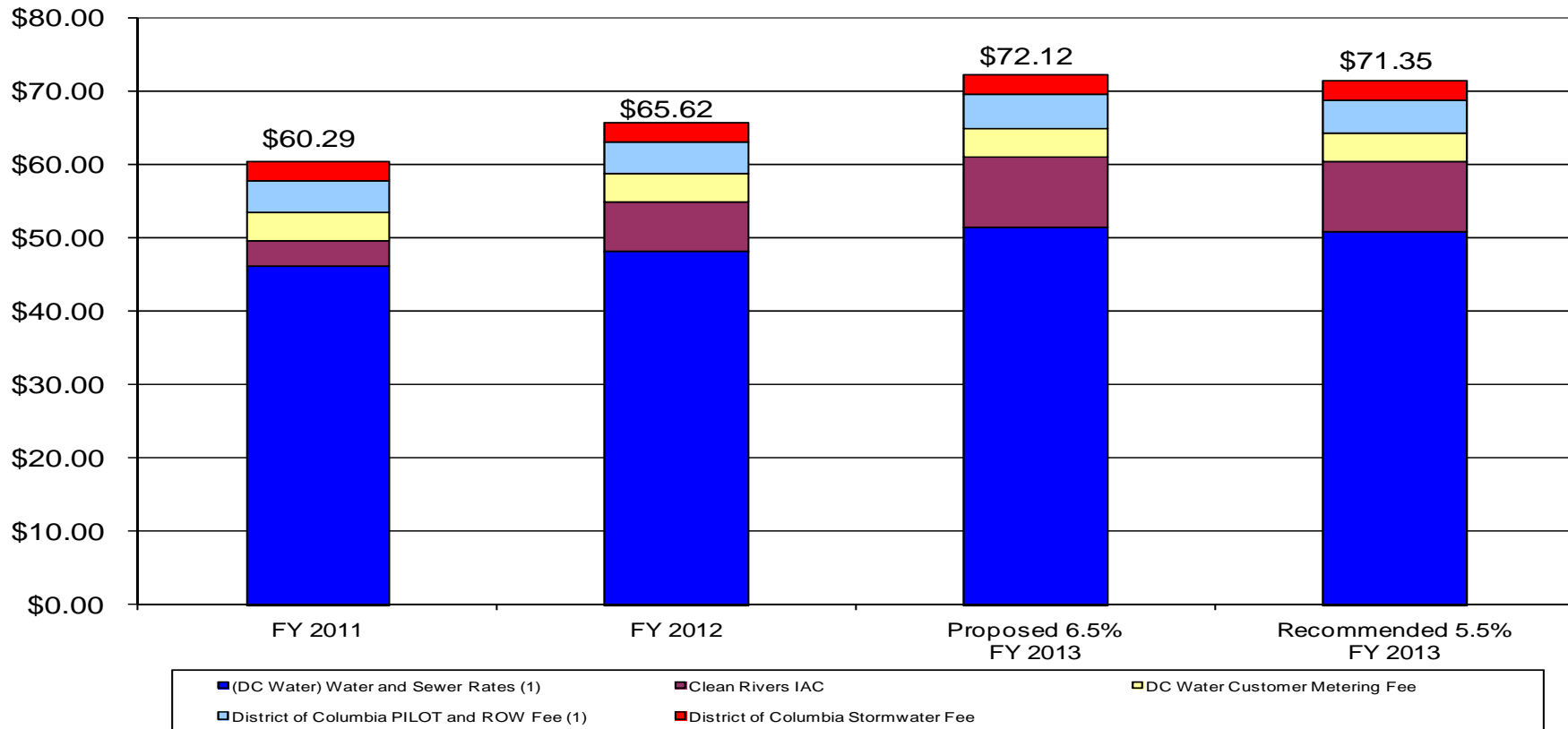
(1) Assumes average monthly consumption of 6.69 Ccf, or (5,004 gallons)

(2) Extension of CAP program in FY 2011 to first 4 Ccf of PILOT and ROW

(3) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010



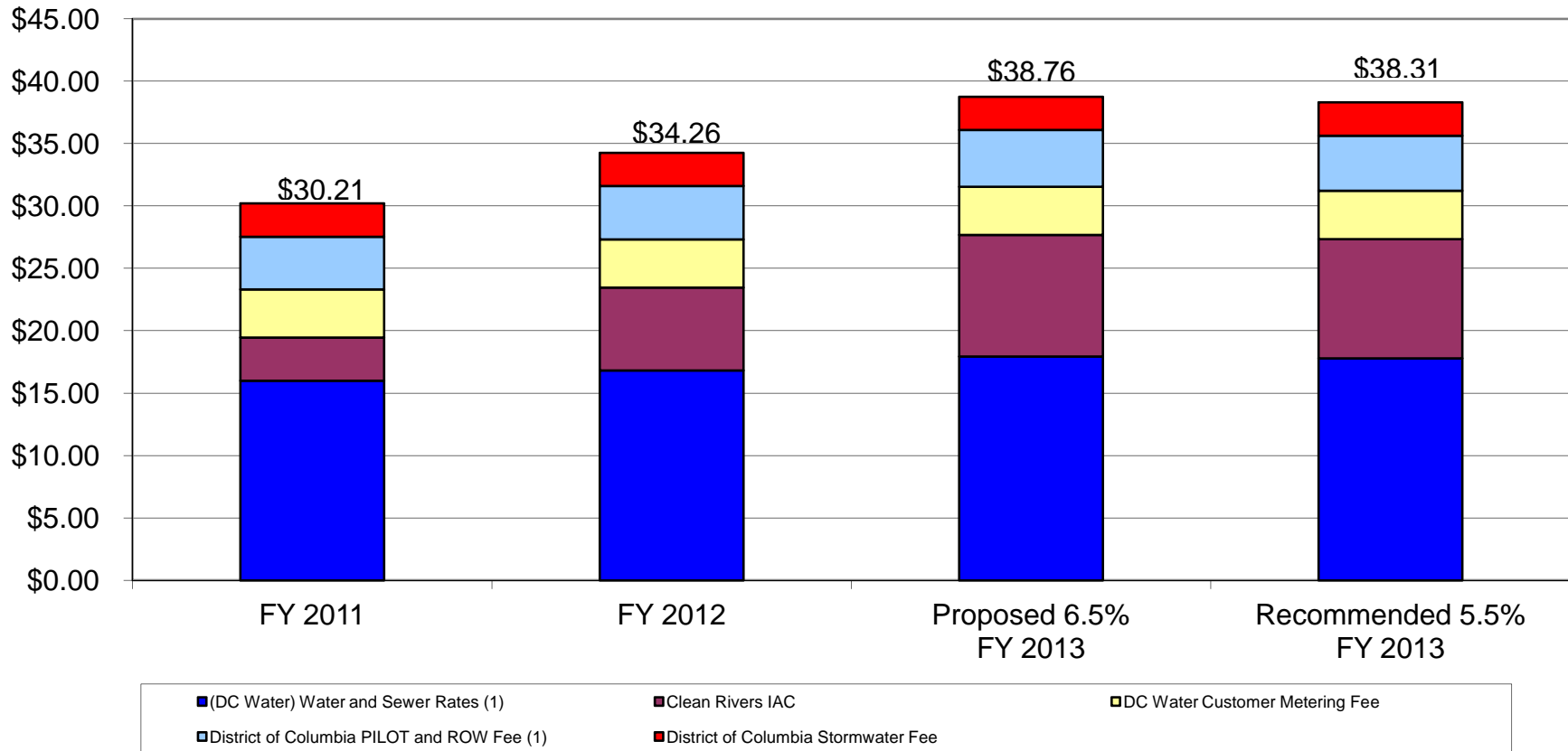
AVERAGE RESIDENTIAL CUSTOMER MONTHLY BILL



- Assumes average monthly consumption of 6.69 Ccf, or 5,004 gallons
 – FY 2013 rate per gallon is \$0.01(water and sewer rates only)



AVERAGE CAP CUSTOMER MONTHLY BILL



- Assumes average monthly consumption of 6.69 Ccf, or 5,004 gallons
 – FY 2013 rate per gallon is \$0.01(water and sewer rates only)



APPENDIX



REVISED FY 2013 OPERATING BUDGET SUMMARY

(\$000's)

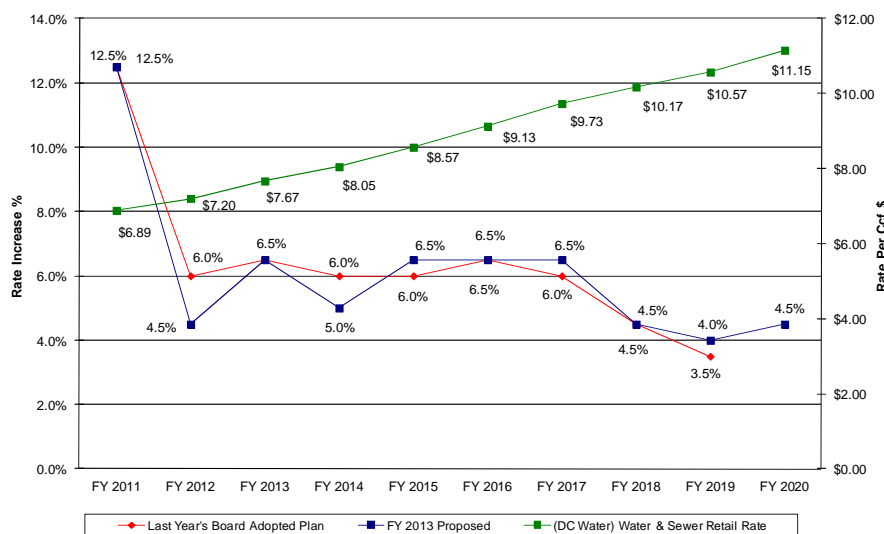
	FY 2013 Approved	FY 2013 Revised	Increase / (Decrease)	Percentage Change
Personnel Services	\$ 117,796	\$ 116,609	\$ (1,188)	-1.0%
Non-Personnel Services	185,272	180,401	(4,871)	-2.6%
Operations & Maintenance Expenditures	303,069	297,009	(6,059)	-2.0%
Debt Service	129,392	121,330	(8,062)	-6.2%
Payment in Lieu of Taxes	19,215	19,215	-	0.0%
Right of Way Fee	5,100	5,100	-	0.0%
Total Operating Budget	\$456,775	\$442,654	(\$14,121)	-3.1%
PS Charged to Capital Projects	(16,690)	(16,690)	-	0.0%
Net Operating Expenditures	\$440,085	\$425,964	(\$14,121)	-3.2%
Authorized Positions	1,243	1,243	-	0.0%
Budgeted/Filled Positions	1,204	1,212	8	0.7%
Vacancy Rate	3%	2%		

Revised FY 2013 budget decreases by \$14.1M or 3.1 percent from the Board-approved FY 2013 budget

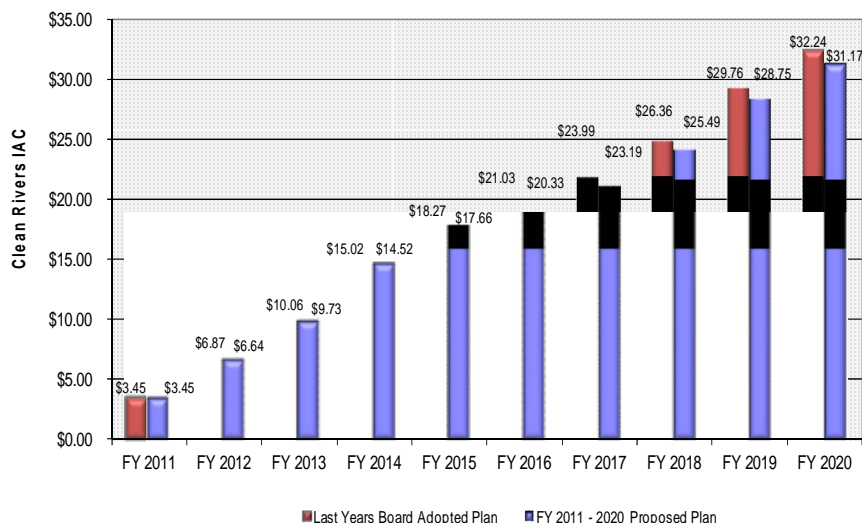


FY 2013 PROPOSED RETAIL RATE CHANGES AS PUBLISHED

Water & Sewer Rates



Clean Rivers IAC



Proposed \$0.47 increase per Ccf, {\$0.63 per 1,000 gallons} in FY 2013

- Combined Water and Sewer rate of \$7.67 per Ccf

Rate increase ranging from 4.0% to 12.5%

Proposed Clean Rivers IAC range rate increases from \$3.45 to \$31.17 per ERU

Proposed PILOT increase of \$0.03 per Ccf (\$0.04 per 1,000 gallons)

Proposed ROW increase of \$0.01 per Ccf (\$0.01 per 1,000 gallons)



DC WATER RETAIL RATE INCREASES COMPARED TO OTHER UTILITIES

Large CSO Communities	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
DC Water	-5.25%	2.50%	5.00%	5.50%	5.00%	5.50%	7.50%	9.00%	12.50%	4.50%	6.50%
New York City Dept. of Environmental Protection	6.60%	5.50%	5.50%	3.00%	9.40%	11.50%	14.50%	12.90%	12.90%	7.50%	7.00%
Boston Water and Sewer Commission	12.80%	5.80%	0.00%	9.85%	9.25%	5.60%	3.48%	3.95%	2.90%	5.90%	6.25%
City of Atlanta Dept. of Watershed Management (Inside-City)	0.00%	22.00%	1.00%	4.40%	10.00%	10.00%	27.50%	12.50%	12.00%	12.00%	0.00%
Philadelphia Water Department	7.00%	1.60%	12.80%	1.90%	6.70%	4.20%	7.10%	6.40%	5.70%	5.90%	6.10%

- NYC DEP approved 7% increase for 2013.
- Boston projected rate increase for 2013 is 6.25%.
- Atlanta Watershed 2013 rates are not yet available. They have proposed no rate increases for 2013 in Feb 2012 if the 1% sales tax to fund sewer projects is reauthorized. The sales tax was reauthorized in May 2012.
- Philadelphia Water Department proposed 6.1% rate increase for 2013.
- Increases do not reflect other available dedicated taxes or state funding potentially available to some agencies.



FY 2011 - 2020 PROJECTED AVERAGE RESIDENTIAL MONTHLY BILL AS PUBLISHED

	Units	FY 2011	FY 2012	Proposed FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
DC Water Retail Rates (1)	Ccf	\$ 46.09	\$ 48.17	\$ 51.31	\$ 53.85	\$ 57.33	\$ 61.08	\$ 65.09	\$ 68.04	\$ 70.71	\$ 74.59
DC Water Clean Rivers IAC	ERU	3.45	6.64	9.73	14.52	17.66	20.33	23.19	25.49	28.75	31.17
DC Water Customer Metering Fee		3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86
Subtotal DC Water Rates & Charges		\$ 53.40	\$ 58.67	\$ 64.90	\$ 72.23	\$ 78.85	\$ 85.27	\$ 92.14	\$ 97.39	\$ 103.32	\$ 109.62
Increase / Decrease		\$ 8.25	\$ 5.27	\$ 6.23	\$ 7.33	\$ 6.62	\$ 6.43	\$ 6.86	\$ 5.25	\$ 5.94	\$ 6.30
District of Columbia PILOT (1)	Ccf	\$ 3.28	\$ 3.28	\$ 3.48	\$ 3.68	\$ 3.95	\$ 4.21	\$ 4.48	\$ 4.68	\$ 4.88	\$ 5.15
District of Columbia Right of Way Fee (1)	Ccf	0.94	1.00	1.07	1.14	1.20	1.27	1.34	1.40	1.47	1.54
District of Columbia PILOT/ROW Fee		4.22	4.28	4.55	4.82	5.15	5.48	5.82	6.08	6.35	6.69
District of Columbia Stormwater Fee (2)	ERU	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.89	\$ 6.95	\$ 7.22	\$ 7.49	\$ 7.82	\$ 8.15	\$ 8.49	\$ 8.75	\$ 9.02	\$ 9.36
Total Amount Appearing on DC Water Bill		\$ 60.29	\$ 65.62	\$ 72.12	\$ 79.72	\$ 86.67	\$ 93.42	\$ 100.63	\$ 106.14	\$ 112.34	\$ 118.98
Increase / Decrease Over Prior Year		\$ 8.76	\$ 5.33	\$ 6.50	\$ 7.60	\$ 6.95	\$ 6.75	\$ 7.21	\$ 5.51	\$ 6.20	\$ 6.64
Percent Increase in Total Bill		17.0%	8.8%	9.9%	10.5%	8.7%	7.8%	7.7%	5.5%	5.8%	5.9%

(1) Assumes average monthly consumption of 6.69 Ccf, or (5,004 gallons)

(2) District Department of Environment stormwater fee of \$2.67 effective November 1, 2010

DC Retail Water and Sewer Rates Committee

Action Items

- 5A. Approval of proposed volumetric Retail Water rate
Approval of proposed volumetric Retail Sewer rate
Approval of proposed Clean Rivers Impervious Surface Area Charge
Approval of proposed Right of Way/Payment in Lieu of Taxes fees
- 5B. Approval of proposed Pretreatment fees
- 5C. Approval of proposed Retail ground water, cooling water and non-potable water source sewer charge
- 5D. Approval of proposed Clean Rivers Impervious Surface Area Charge billing frequency change
- 5E. Approval of proposed Fire Protection Fee

Action Item 5A

FY 2013 Rate & Fee Changes (Effective October 1, 2012)

1. Approval of proposed retail rates metered volumetric water & sewer, Clean Rivers IAC, ROW and PILOT charges and fees:

Water Service Rates

- a. An increase in the rate for retail metered water service from \$3.24 per One Hundred Cubic Feet (“Ccf”), (\$4.33 per 1,000 gallons) to:
 - Residential customers: \$3.42 per Ccf (\$4.57 per 1,000 gallons)
 - Non – residential customers: \$3.42 per Ccf (\$4.57 per 1,000 gallons)

Sewer Service Rates

- b. An increase in the rate for retail sanitary sewer service from \$3.96 per One Hundred Cubic Feet (“Ccf”), (\$5.29 per 1,000 gallons) to:
 - Residential customers: \$4.18 per Ccf (\$5.59 per 1,000 gallons)
 - Non – residential customers: \$4.18 per Ccf (\$5.59 per 1,000 gallons)
- c. An increase in the **annual** Clean Rivers Impervious Area Charge (IAC) from \$79.68 to \$114.84 per Equivalent Residential Unit (ERU). The charge per ERU will be billed monthly at:
 - Residential customers: \$9.57 for each ERU
 - Non – residential customers: \$9.57 for each ERU

Right of Way Occupancy Fee Pass Through Charge / PILOT Fee

- i. An increase in the District of Columbia Right of Way fee from \$0.15 per Ccf or (\$0.20 per 1,000 gallons) to:
 1. Residential customers: \$0.16 per Ccf (\$0.21 per 1,000 gallons).
 2. Non – residential customers: \$0.16 per Ccf (\$0.21 per 1,000 gallons).

- ii. An increase in the Payment in Lieu of Taxes paid to the Office of the Chief Financial Officer (OCFO) of the District of Columbia from \$0.49 per Ccf or (\$0.66 per 1,000 gallons) to:
 - 1. Residential customers: \$0.50 per Ccf (\$0.67 per 1,000 gallons)
 - 2. Non – residential customers: \$0.50 per Ccf (\$0.67 per 1,000 gallons)

Action Item 5B

FY 2013 Rate & Fee Changes
(Effective October 1, 2012)

1. Approval of proposed pretreatment fees:

Pretreatment Fees:

Industrial User Permitting Fee	
Permit Initial Fee	\$2,000.00
Permit Renewal Fee	\$600.00
Industrial User Annual Compliance Fees	
Significant or Non-Significant Categorical Industrial User	
1 Outfall	\$2,500.00
2 or more Outfalls	\$3,500.00
Significant Non-Categorical Industrial User	
1 Outfall	\$2,500.00
2 or more Outfalls	\$3,500.00
Non-Significant Non-Categorical User	
1 Outfall	\$550.00
2 or more Outfalls	\$700.00

Action Item 5C

FY 2013 Rate & Fee Changes (Effective October 1, 2012)

1. Approval of proposed retail ground water, cooling water and non-potable water sewer charge:

Ground Water Sewer Charge

- (a) The retail groundwater sewer charge for unimproved real property under construction shall be two dollars and thirty-three cents (\$2.33) per CCF (one hundred cubic feet (1 CCF) equals seven hundred forty-eight and five hundredths gallons (748.05 gals.)) for groundwater discharged into the District's wastewater sewer system

Cooling Water Sewer Charge

- (b) The retail cooling water sewer charge for residential and non-residential customers shall be the retail sanitary sewer service rate set forth in section 4101.1(a) for cooling water discharged into the District's wastewater sewer system; and

Non-Potable Water Source Sewer Charge

- (c) The retail non-potable water source sewer charge for residential and non-residential customers shall be the retail sanitary sewer service rate set forth in section 4101.1 (a) for non-potable water discharged into the District's wastewater sewer system.

Action Item 5D

FY 2013 Rate & Fee Changes (Effective October 1, 2012)

1. Approval of proposed billing frequency changes for Impervious Only Accounts:

Impervious Only Accounts:

Revise the current billing frequency for impervious only properties to lower the monthly threshold from more than 25 ERUs to 3 or more ERUs to read as follows:

Impervious Only Properties are properties that do not currently have metered water/sewer service (e.g. parking lots) and may require the creation of new accounts. Impervious Only Properties with three (3) or more ERU's shall be billed monthly; those with less than three (3) ERU's shall be billed every six (6) months.

Action Item 5E

FY 2013 Rate & Fee Changes (Effective October 1, 2012)

1. Approval of proposed fire protection service fee:

Fire Protection Service Fee

- a. An increase in the fee charged to the District of Columbia for fire protection service, including, but not limited to the delivery of water flows for firefighting as well as maintaining and upgrading public fire hydrants in the District of Columbia, from \$640.00 per fire hydrant annually to \$748.00 per fire hydrant, per year, effective October 1, 2012.
 - The fee may be examined every three years to determine if the fee is sufficient to recoup the actual costs for providing this service. In the event the costs are not being recouped, the District shall pay the difference and the fee will be appropriately adjusted pursuant to the rulemaking process.

Attachment – G

FY 2012 Retail Rates Committee Proposed Workplan

Committee Activity	Committee Calendar	Completed
1. FY 2013 Retail Rate Activities <ul style="list-style-type: none"> a. Rate Proposal to committee b. Committee recommendation c. Public Outreach d. Public Hearing e. Committee recommendation on FY 2013 rates 	October 2011 December 2011 March/April 2012 May 2012 June 2012	√ √ √ √
2. Implement LID Incentive Program for customers who utilize Best Management Practice in conjunction with DDOE <ul style="list-style-type: none"> a. Legal evaluation of the DDOE proposed program; and b. Evaluate alternatives for the Clean Rivers IAC discounts c. Prepare revenue impact analysis d. Propose IAC Discount Program <ul style="list-style-type: none"> i. IAC Discount Program Proposal to committee ii. Committee recommendation iii. Public Outreach iv. Public Hearing v. Committee recommendation on FY 2013 IAC Discount Program 	Ongoing-Coordinating with DDOE on program planning – <i>On hold pending DDOE publication of revised regulation proposal</i> TBD TBD TBD TBD	
3. 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 <ul style="list-style-type: none"> a. Consider implementation of Developer/Impact Fees <ul style="list-style-type: none"> i. Review draft developer fee ii. Committee recommendation iii. Board approval iv. Publish DCMR b. Revisit CAP program and possible modifications (Expansion and or methodology) 	September 2012 December 2012 January 2013 February 2013	

Attachment – G

<ul style="list-style-type: none"> i. Update committee on CAP program ii. Committee recommendation on CAP program with FY 2014 Budget Submission 	<ul style="list-style-type: none"> March 2012 December 2012 	<ul style="list-style-type: none"> √
<ul style="list-style-type: none"> c. Miscellaneous Fees and Charge <ul style="list-style-type: none"> i. Update Committee on Miscellaneous Fees ii. Committee Recommendation on Miscellaneous Fees iii. Board Approval on Miscellaneous Fees iv. Publish in DC Register v. Committee Action on Miscellaneous Fees 	<ul style="list-style-type: none"> December 2011 January 2012 February 2012 February 2012 June 2012 	<ul style="list-style-type: none"> √ √ √ √
<ul style="list-style-type: none"> 4. FY 2012 Cost of Service Study <ul style="list-style-type: none"> i. Notice to Proceed ii. Receive Draft Report iii. Present to the Retail Rates Committee iv. Final Report 	<ul style="list-style-type: none"> November 2011 June 2012 July 2012 September 2012 	<ul style="list-style-type: none"> √
<ul style="list-style-type: none"> 5. Review of charges/rates for specific customers <ul style="list-style-type: none"> a. Howard University, Soldier’s Home Negotiations and Town of Vienna Update 	<ul style="list-style-type: none"> Monthly 	
<ul style="list-style-type: none"> 6. “PILOT” evaluation – In coordination with District Government Review and Propose replacement for assessing PILOT and related issues. <ul style="list-style-type: none"> a. PILOT discussion with committee 	<ul style="list-style-type: none"> June 2012 	
<ul style="list-style-type: none"> 7. IAC Program Evaluation 	<ul style="list-style-type: none"> March 2012 	<ul style="list-style-type: none"> √
<ul style="list-style-type: none"> 8. Fire Protection Fee Cost of Service Study <ul style="list-style-type: none"> a. Present Draft Fire Cost of Service Study to Retail Rates b. Submit copy of report to DCCFO & DC City Administrator for review c. Rate proposal to Committee 	<ul style="list-style-type: none"> December 2011 December 2011 March 2012 	<ul style="list-style-type: none"> √ √ √

Attachment – G

d. Committee Meeting & Public Hearing	May 2012	√
e. Committee recommendation on revised fee	June 2012	
9. Billing Frequency Change for Impervious Only Accounts		
a. DC Retail Water & Sewer Rates Committee Discussion and Recommendation on FY 2013 Billing Frequency Change for Impervious Only Accounts	January 2012	√
b. Board Action on FY 2013 Billing Frequency Change for Impervious Only Accounts	February 2012	√
c. Publish in DC Register	February 2012	√
d. Board Approval	July 2012	
e. Go-Live	October 2012	
10. Retail Groundwater Sewer Charge		
a. Rate Proposal to committee	March 2012	√
b. Committee recommendation	March 2012	√
c. Public Outreach	March/April 2012	√
d. Public Hearing	May 2012	√
e. Committee recommendation on FY 2013 rates	June 2012	



Attachment - H

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

TUESDAY, July 24, 2012; 9:30 a.m.
AGENDA

Call to Order	Committee Chairman
Monthly Updates	Chief Financial Officer
Committee Workplan	Chief Financial Officer
Emerging Issues/Other Business	Chief Financial Officer
Agenda for September 25, 2012 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