



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

DC Retail Water and Sewer Rates Committee

Tuesday June 25, 2013

9:30am

- 1. Call to OrderHoward Gibbs, Chairman
2. Potomac Interceptor Agreement Update Randy Hayman
3. Public Hearing on Proposed FY 2014 Retail Rates (Attachment A) Mark Kim
4. FY 2014 Management Recommendation on Retail Rates (Attachment B)..... Mark Kim
5. Action Items Mark Kim
6. Retail Rates Committee Workplan (Attachment D)..... Mark Kim
7. Other Business..... Mark Kim
8. Executive Session
9. Agenda for July 23, 2013 Committee Meeting (Attachment E)..... Howard Gibbs, Chairman
10. Adjournment



PUBLIC HEARING FOLLOW-UP

MAY 8, 2013

Presentation to:
DC Water Retail Water & Sewer Rates Committee

Mark Kim, Chief Financial Officer

June 25, 2013



PUBLIC HEARING HELD MAY 8, 2013

- Following presentations and testimony, several Board members asked for additional information on the following items:
 - PILOT and ROW fees
 - Late fees and penalties
 - Affordability programs

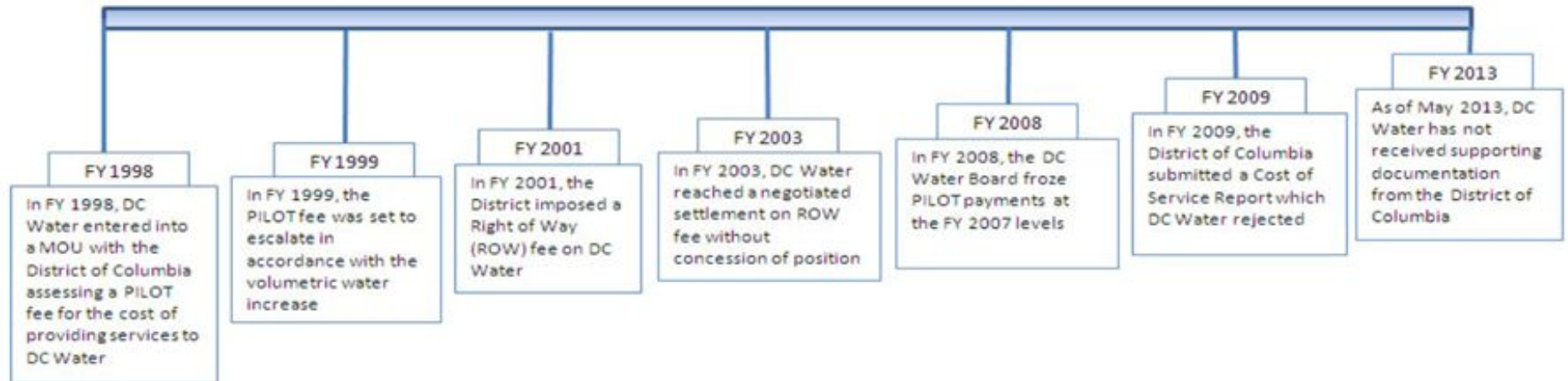


PILOT and ROW Fees



PILOT & ROW FEES

Timeline FY 1997 – FY 2013



- ❑ As of FY 2012, DC Water has paid \$189.5 million in PILOT fees and \$60.4 million in ROW fees
- ❑ Since 2008, DC Water PILOT payments per MOU totaled \$77.7 million
 - Per Board direction, annual PILOT payments is frozen at FY 2007 level of \$12.4 million with balance deposited in escrow
 - As of FY 2012, DC Water has paid \$63.4 million in PILOT fees and set aside in escrow \$14.3 million



LATE FEES AND PENALTIES



LATE FEES

- ❑ DC code (chapter 34) allows for 10% service charge for bills unpaid after 30 days:
 - Adds a 1% penalty compounded monthly for bills unpaid after 60 days
 - Turn on/turn off fees of \$50.00 have been established (less than recovery of manpower costs)

- ❑ Late fee revenue is incorporated into DC Water's revenue projections
 - In FY 2012, net late fee revenue was \$4.2 million

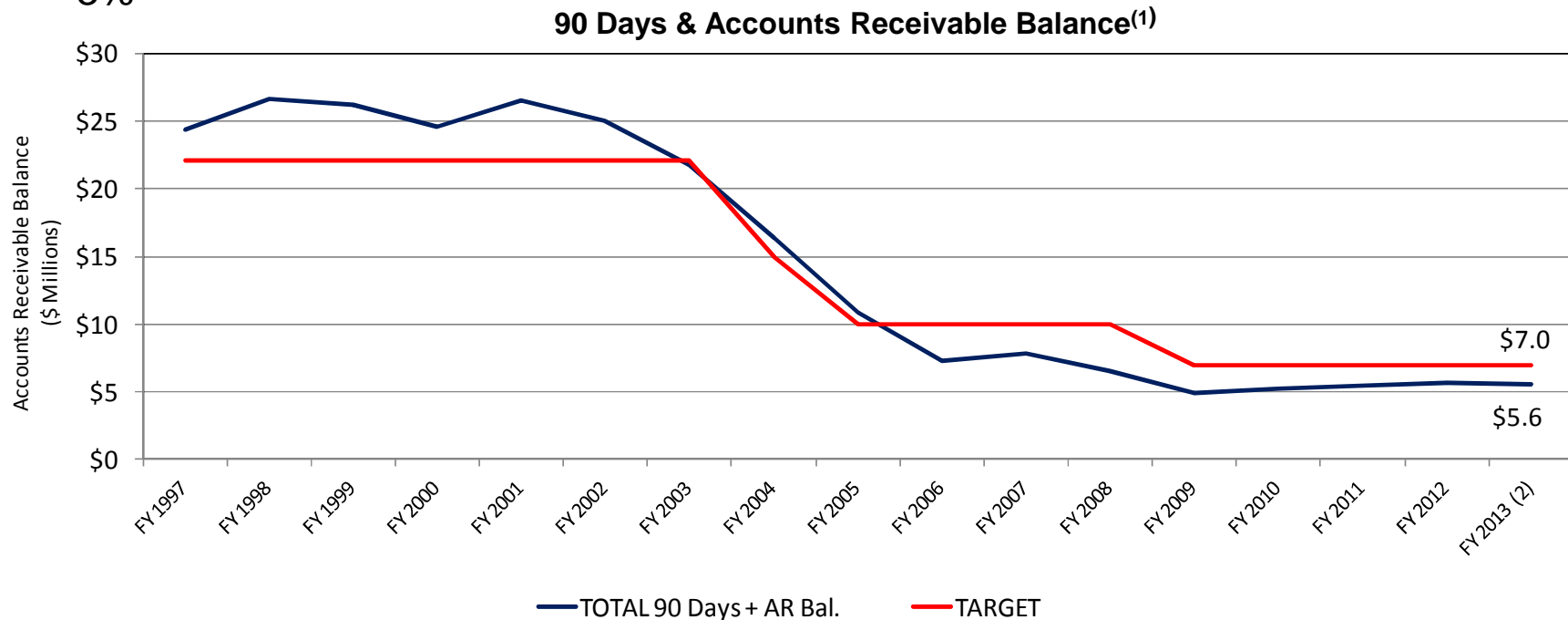
- ❑ Fee structure is printed on the back of the bill, and the specific cost to each customer on the front of the bill

- ❑ In addition, many investor owned utilities charge a security deposit for customers that are more than 60 days past due
 - DC Water has not implemented a security deposit



CUSTOMER ACCOUNT DELINQUENCIES

- ❑ In 1997, DC Water Accounts Receivable Balance was \$24.4 million with 21,855 number of accounts delinquent
- ❑ As of May 2013, DC Water's Accounts Receivable Balance was \$5.6 million with 9,156 number of accounts delinquent
- ❑ As of May 2013, DC Water's delinquency rate is 1.25%, which is less than the target of 3%



(1) Residential, Commercial, & Multi-Family Classes

(2) As of May 31, 2013

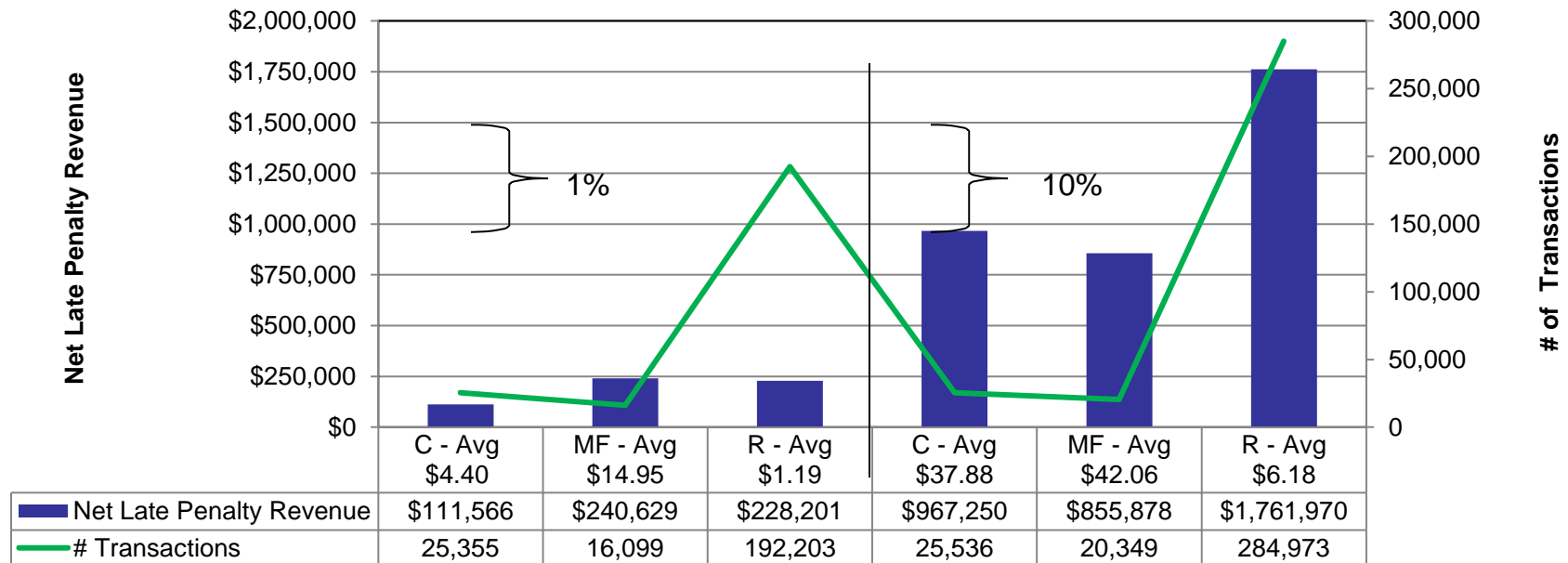


REVENUE FROM LATE FEES

- ☐ Revenue from Late Penalties (1%)
 - Multi-family properties contribute the most in absolute dollars and average per customer, and are also the most difficult and costly to pursue in collections
 - Residential customers are the greatest in transaction volume, and lowest in cost per penalty because of lower bills

- ☐ Revenue from Late Penalties (10%)
 - Multi-family properties have the highest average late fee, and smallest number of transactions
 - Most of this is due to a subset of about 700 properties that are chronically in arrears
 - Commercial Property late fees also tend to be concentrated in a small number of accounts

FY2012 Net Late Penalty Revenue





WAYS CUSTOMERS CAN AVOID LATE FEES

- Call or use website to request an extension
- Join budget plan
- Request extended payment plan
- Ask for customized due date
- Sign up for recurring automatic payments



OTHER LOCAL UTILITIES

- ❑ Investor owned utilities (Washington Gas, Pepco, Verizon) recover cost of carrying customer accounts in two ways – a direct charge late fee and an indirect cost spread out through base rates
- ❑ Direct charge for late fees
 - The arrears cost recovery is set through litigated rate cases managed through the Public Service Commission
 - Structure is 1% late fee if bill unpaid in 20 days, then 1.5% compounded each month
 - Pepco and Washington Gas have the same direct late fee structure
- ❑ Indirect cost recovery for delinquent accounts
 - Utilities are allowed a carrying cost built into general service rates of service for customer accounts receivable spread across all customers.
 - Washington Gas has a 12% carrying cost allowance on the typical A/R in arrears of \$10 - \$12 million, or \$1.2 to \$1.4 million annually
 - DC Water's typical A/R in 90 day arrears ranges from \$5.5 - \$6 million



Customer Affordability Programs and Demographics



CUSTOMER ASSISTANCE PROGRAMS (CAP)

- ❑ The Authority implemented the CAP in 2000 providing a discount of 4 Ccf per month 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 (this change allowed renters to qualify on income alone without having to meet homeowner status)
- ❑ 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



- ❑ The District Department of the Environment (DDOE) certifies CAP eligibility based on federal low-income guidelines:
 - Applicants must provide proof of income
 - Income eligibility criteria for Low Income Home Energy Assistance Program (LIHEAP) is established by the federal government
 - Income eligibility in DC for the LIHEAP is currently set at 60% of median household income

- ❑ The District's Utility Discount Programs establishes income eligibility at either 60% of median household income level or (200% of the poverty level in the District) as the maximum income level allowed in determining income eligibility

- ❑ Currently, a household with 2 persons will be eligible for the DC Water CAP if the income is less than \$31,274 (\$38,632 for 3 person household, \$45,991 for 4 person household)

- ❑ As of May 2013, DC Water has assisted 4,832 number of accounts by providing \$673,430



SERVING PEOPLE BY LENDING A SUPPORTING HAND (S.P.L.A.S.H)

- DC Water offers assistance to families in need so that they can maintain critical water and sewer services

- The program is administered by the Greater Washington Urban League

- Every dollar received by DC Water is distributed to eligible customers

- As of May 2013, DC Water's S.P.L.A.S.H Program has assisted 48,017 accounts by providing \$68,373



SENIOR DEMOGRAPHICS IN DC*

- ❑ The median income levels for this group are ~81% of the median DC household income.
- ❑ Given the new DDOE CAP income eligibility guidelines, few seniors experience financial hardship due to the DC Water bill

** The following 2011 data has been provided by the American Community Survey (ACS) which produces population, demographic and housing unit estimates. The American Community Survey (ACS) is a national household survey collected monthly which provides communities with reliable and timely demographic, housing, social and economic data every year. The ACS replaces the decennial census long form conducted by the Census Bureau.*

Washington DC Population Estimates	Total Population (617,996)	65 years and over (69,738)
Mean Earnings (2011)	\$102,282	\$83,317
Mean social security income (in \$)	\$13,831	\$14,894
% of population with social security income	18.7%	75.9%
Mean retirement income	\$38,800	\$38,423
% of population with retirement income	15%	55.4%
Population at or above 150% of poverty	75.7%	78.4%
Owner occupied	41.2%	60.3%
Average household size (of owner occupied residence)	2.32	2.22



Management Recommendation FY 2014 Retail Rate and Fee Proposal

Presentation to:

DC Water Retail Water and Sewer Rates Committee

Mark Kim, Chief Financial Officer

June 25, 2013



Summary of Management Recommendations

- Maintain proposed 5.5% increase in Water and Sewer rates of \$0.42/Ccf (\$7.60/Ccf to \$8.02/Ccf)

- Decrease the proposed Clean Rivers Impervious Surface Area Charge (IAC) by \$0.92 per ERU per month from (\$12.77/ERU to \$11.85/ERU)

- Maintain PILOT/ROW fee increase (\$0.66/Ccf to \$0.70/Ccf)

- Introduce new customer classification “Residential Multi-Family”

- Establish the DC Clean Rivers IAC Incentive Program

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



FY 2014 Retail Rates and Fees Recommendation

	FY 2013 Rates	FY 2014 Proposed Rates	FY 2014 Recommended Rates	Variance (\$)	Variance (%)
Water (Ccf)	\$3.42	\$3.61	\$3.61	-	-
Sewer (Ccf)	\$4.18	\$4.41	\$4.41	-	-
CRAIC ⁽¹⁾ (ERU)	\$9.57	\$12.77	\$11.85	-\$0.92	-7.2%
PILOT (Ccf)	\$0.50	\$0.53	\$0.53	-	-
ROW (Ccf)	\$0.16	\$0.17	\$0.17	-	-

(1) Recommendation would revise the proposed CRAIC from \$12.77 to \$11.85 or \$0.92 per ERU per month



Average Residential Customer Monthly Bill

	FY 2012	FY 2013	Proposed FY 2014	Recommended FY 2014	FY 2013 vs FY 2014 (%)
DC Water and Sewer Retail Rates (Ccf), (1)	\$ 48.17	\$ 50.84	\$ 53.65	\$ 53.65	5.5%
DC Water Clean Rivers IAC (ERU)	6.64	9.57	12.77	11.85	23.8%
DC Water Customer Metering Fee	3.86	3.86	3.86	3.86	0.0%
Subtotal DC Water Rates & Charges	\$ 58.67	\$ 64.27	\$ 70.28	\$ 69.36	7.9%
District of Columbia PILOT (Ccf), (1)	3.28	3.35	3.55	3.55	6.0%
District of Columbia Right of Way Fee (Ccf), (1)	1.00	1.07	1.14	1.14	6.3%
District of Columbia Stormwater Fee (ERU), (2)	2.67	2.67	2.67	2.67	0.0%
Subtotal District of Columbia Charges	\$ 6.95	\$ 7.09	\$ 7.36	\$ 7.36	3.8%
Total Amount Appearing on DC Water Bill	\$ 65.62	\$ 71.36	\$ 77.64	\$ 76.72	7.5%
Increase (\$)	\$ 5.33	\$ 5.74	\$ 6.28	\$ 5.36	
Increase (%)	8.8%	8.7%	8.8%	7.5%	

(1) Assumes average monthly consumption of 6.69 Ccf (approximately 5,000 gallons)

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



Average CAP Residential Customer Monthly Bill

	FY 2012	FY 2013	Proposed FY 2014	Recommended FY 2014
DC Water Retail Rates (Ccf), (1)	\$ 48.17	\$ 50.84	\$ 53.65	\$ 53.65
DC Water Clean Rivers IAC (ERU)	6.64	9.57	12.77	11.85
DC Water Customer Metering Fee (Ccf)	3.86	3.86	3.86	3.86
Subtotal DC Water Rates & Charges	\$ 58.67	\$ 64.27	\$ 70.28	\$ 69.36
District of Columbia PILOT (Ccf), (1)	3.28	3.35	3.55	3.55
District of Columbia Right of Way Fee (Ccf), (1)	1.00	1.07	1.14	1.14
District of Columbia Stormwater Fee (ERU), (3)	2.67	2.67	2.67	2.67
Subtotal District of Columbia Charges	\$ 6.95	\$ 7.09	\$ 7.36	\$ 7.36
Total Amount	\$ 65.62	\$ 71.36	\$ 77.64	\$ 76.72
Less: CAP Discount (4 Ccf per month) (1), (2)	\$ (31.36)	\$ (33.04)	\$ (34.88)	\$ (34.88)
Total Amount Appearing on DC Water Bill	\$ 34.26	\$ 38.32	\$ 42.76	\$ 41.84
CAP Customer Discount as a Percent of Total Bill	-47.8%	-46.3%	-44.9%	-45.5%

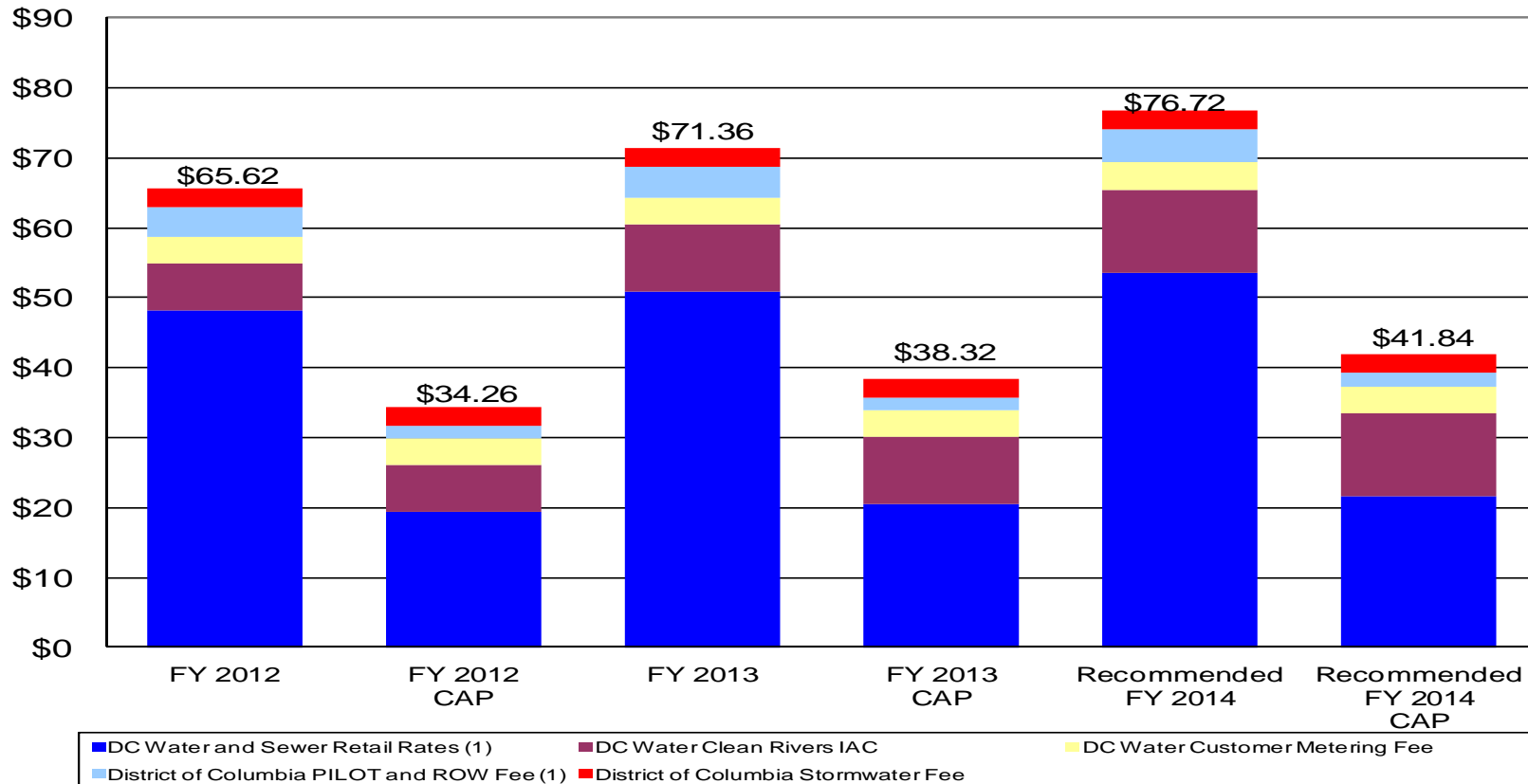
(1) Assumes average monthly consumption of 6.69 Ccf (approximately 5,000 gallons)

(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 & CAP Customer Monthly Bill



- Assumes average monthly consumption of 6.69 Ccf (approximately 5,000 gallons)
 - FY 2014 rate per gallon is \$0.01 (water and sewer rates only)



New Customer Classification “Residential Multi-Family”

- ❑ Residential – a single-family dwelling used for domestic purposes; a condominium or apartment unit where each unit is served by a separate service line and is individually metered and the unit is used for domestic purposes; or a multi-family structure of less than four apartment units where all the units are served by a single service line that is master metered.
- ❑ Multi-Family – a multi-family structure (such as a condominium or apartment dwelling) used for domestic purposes, with four or more units.
- ❑ Non-residential – all customers not within either the residential or multi-family class.



DC Clean Rivers IAC Incentive Program

- ❑ Establish a three year pilot credit program for the DC Clean Rivers IAC with a 4% maximum incentive credit (actual credit amount to be calculated based upon the DDOE formula proposed on October 5, 2012) not to exceed an annual, established budget allowance.
- ❑ The cost for the credits will be applied to the rate of the associated customer category. The effective date for the DC Clean Rivers IAC Incentive Program will be the effective date of the DDOE (RiverSmart Rewards) stormwater credit program, but not earlier than October 1, 2013.
- ❑ Eligibility will be determined by DDOE's Stormwater Management Division based upon its published eligibility guidelines and criteria. Any eligibility appeals will be addressed by DDOE in accordance with their published procedures.



APPENDIX



FY 2013 OPERATING EXPENDITURE BUDGET

(\$000's)

	FY 2013 Revised	FY 2013 Projections	Variance	
			\$	%
Personnel Services	\$ 116,609	\$ 115,511	\$ (1,098)	-0.9%
Contractual Services	82,350	67,793	(14,557)	-17.7%
Water Purchases	31,513	27,176	(4,337)	-13.8%
Chemicals and Supplies	31,360	28,073	(3,287)	-10.5%
Utilities	34,185	26,898	(7,287)	-21.3%
Small Equipment	993	1,054	61	6.1%
Subtotal O & M Expenditures	\$ 297,009	\$ 266,504	\$ (30,505)	-10.3%
Debt Service	121,330	111,419	(9,911)	-8.2%
Payment in Lieu of Taxes	16,882	16,882	-	0.0%
Right of Way	5,100	5,100	-	0.0%
Subtotal Debt Service & PILOT/ROW	\$ 143,312	\$ 133,401	\$ (9,911)	-6.9%
Total O & M Expenditures	\$ 440,321	\$ 399,905	\$ (40,416)	-9.2%



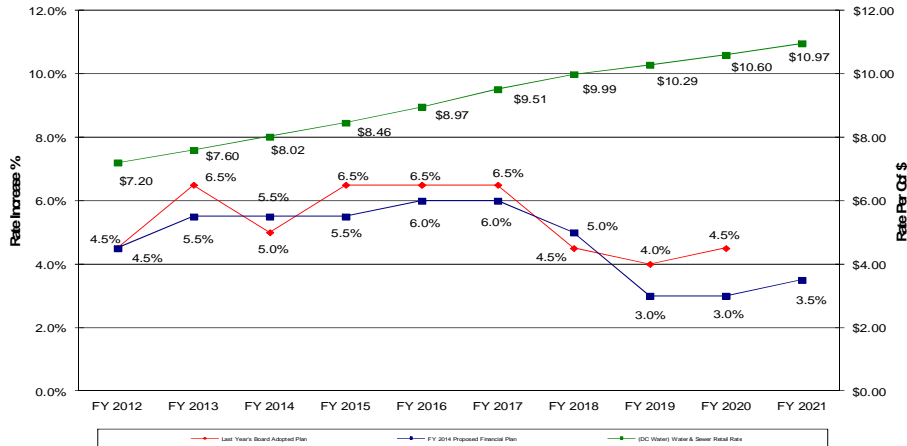
Recommendations for FY 2013 Projected Cash Surplus

Cash Basis (\$ in millions)			
	FY 2013 REVISED	FY 2013 PROJECTION	VARIANCE \$
Beginning Cash Balance	\$ 140.3	\$ 140.3	\$ -
Plus (Less) Operating Surplus	28.9	69.2	(40.3)
Wholesale Customer Refunds from Prior Years	(5.8)	(5.8)	
Interest Earned From Bond Reserve	0.1	0.1	
Transfer to Rate Stabilization Fund	(4.1)	(4.1)	
Prior Year Federal Billing Reconciliation	(5.1)	(5.1)	
DC PILOT Reserve Fund			
Customer Rebate	(4.2)	(3.3)	(0.9)
Cash Used for Capital	(24.5)	(24.5)	
Ending Cash Balance	\$ 125.5	\$ 166.7	\$ (41.2)
<u>Recommendations</u>			
Additional Refund to Wholesale Customers			\$ 3.9
Transfer to DC PILOT Reserve			7.9
Additional Transfer to Rate Stabilization Fund			3.4
Additional Transfer to PAYGO			10.0
Maintain working capital above O&M Reserve			16.0
Total Cash Surplus Recommendations			\$ 41.2

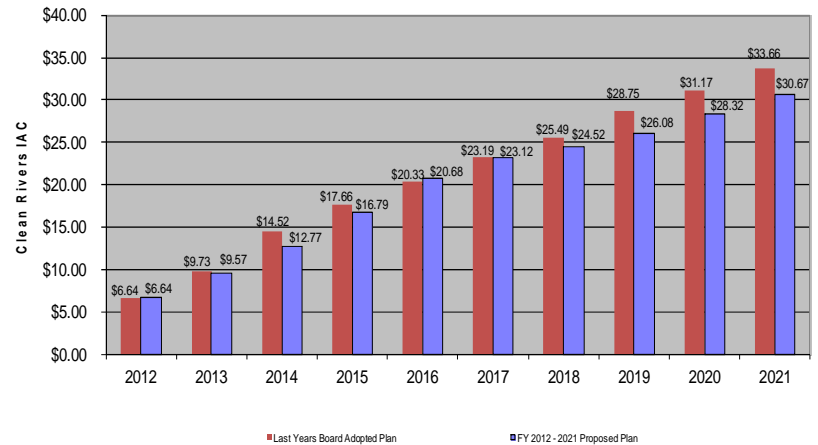


FY 2014 Proposed Retail Rate Changes as Published

Water & Sewer Rates



DC Clean Rivers IAC



- ❑ Proposed \$0.42 increase per Ccf, {\$0.56 per 1,000 gallons} in FY 2014
 - Combined Water and Sewer rate of \$8.02 per Ccf
- ❑ Rate increase ranging from 3.0% to 6.0%

- ❑ Proposed Clean Rivers IAC range rate increases from \$6.64 to \$30.67 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)



FY 2012 - 2021 Projected Average Residential Monthly Bill as Published

	Units	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
DC Water and Sewer Retail Rates (1)	Ccf	\$ 48.17	\$ 50.84	\$ 53.65	\$ 56.60	\$ 60.01	\$ 63.62	\$ 66.83	\$ 68.84	\$ 70.91	\$ 73.39
DC Water Clean Rivers IAC	ERU	6.64	9.57	12.77	16.79	20.68	23.12	24.52	26.08	28.32	30.67
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		\$ 58.67	\$ 64.27	\$ 70.28	\$ 77.25	\$ 84.55	\$ 90.60	\$ 95.21	\$ 98.78	\$ 103.09	\$ 107.92
Increase / Decrease		\$ 5.27	\$ 5.60	\$ 6.01	\$ 6.97	\$ 7.30	\$ 6.05	\$ 4.61	\$ 3.57	\$ 4.31	\$ 4.83
District of Columbia PILOT (1)	Ccf	3.28	3.35	3.55	3.75	3.95	4.21	4.42	4.55	4.68	4.82
District of Columbia Right of Way Fee (1)	Ccf	1.00	1.07	1.14	1.20	1.27	1.34	1.40	1.47	1.54	1.61
District of Columbia PILOT/ROW Fee	Ccf	4.28	4.42	4.69	4.95	5.22	5.55	5.82	6.02	6.22	6.43
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		\$ 6.95	\$ 7.09	\$ 7.36	\$ 7.62	\$ 7.89	\$ 8.22	\$ 8.49	\$ 8.69	\$ 8.89	\$ 9.10
Total Amount Appearing on DC Water Bill		\$ 65.62	\$ 71.36	\$ 77.64	\$ 84.87	\$ 92.44	\$ 98.82	\$ 103.70	\$ 107.47	\$ 111.98	\$ 117.02
Increase / Decrease Over Prior Year		\$ 5.33	\$ 5.74	\$ 6.28	\$ 7.23	\$ 7.57	\$ 6.38	\$ 4.88	\$ 3.77	\$ 4.51	\$ 5.04
Percent Increase in Total Bill		8.8%	8.7%	8.8%	9.3%	8.9%	6.9%	4.9%	3.6%	4.2%	4.5%

(1) Assumes average monthly consumption of 6.69 Ccf (approximately 5,000 gallons)

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



DC Water Retail Rate Increases Compared to Other Utilities

Large CSO Communities	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Avg. Rate Inc.
DC Water	5.00%	5.50%	5.00%	5.50%	7.50%	9.00%	12.50%	4.50%	5.50%	5.50%	6.77%
New York City Dept. of Environmental Protection	5.50%	3.00%	9.40%	11.50%	14.50%	12.90%	12.90%	7.50%	7.00%	5.60%	9.44%
Boston Water and Sewer Commission ⁽¹⁾	0.00%	9.85%	9.25%	5.60%	3.48%	3.95%	2.90%	5.90%	3.90%	N/A	5.15%
City of Atlanta Dept. of Watershed Management (Inside-City)	1.00%	4.40%	10.00%	10.00%	27.50%	12.50%	12.00%	12.00%	0.00%	N/A	10.19%
Philadelphia Water Department	12.80%	1.90%	6.70%	4.20%	7.10%	6.40%	5.70%	5.90%	5.80%	5.80%	6.23%

(1) Adopt water and sewer rates January 1

- NYC DEP approved 5.6% increase for 2014.
- Boston projected rate increase for 2014 is not available
- Atlanta Watershed have adopted 0% rate increase for 2013 due to reauthorization of the 1% sales tax to fund sewer projects in May 2012. Their 2014 rates are not yet available.
- Philadelphia Water Department proposed 5.8% rate increase for 2014.

DC Retail Water and Sewer Rates Committee

Action Items

- 5A. Approval of proposed Customer Classifications for Retail Rates
- 5B. 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
- 5C. Approval of proposed DC Clean Rivers Impervious Area Charge Incentive Program

Action Item 5A

FY 2014 Rate & Fee Changes (Effective October 1, 2013)

1. Approval of proposed amendment to Section 402, "Initiating A Challenge," of Chapter 4, "Contested Water and Sewer Bills," and Section 4101, "Rates for Sewer Service," of Chapter 41, "Retail Water and Sewer Rates," of Title 21, "Water and Sanitation," of the District of Columbia Municipal Regulations:

Customer Classification for Water and Sewer Rates

- a. The customer classification for water and sewer rates shall consist of a residential class, multi-family class and a non-residential class.
 - Residential – a single-family dwelling used for domestic purposes; a condominium or apartment unit where each unit is served by a separate service line and is individually metered and the unit is used for domestic purposes; or a multi-family structure of less than four apartment units where all the units are served by a single service line that is master metered
 - Multi-Family – a multi-family structure (such as a condominium or apartment dwelling) used for domestic purposes, with four or more units
 - Non-residential – all customers not within either the residential or multi-family class
- b. **Section 402, INITIATING A CHALLENGE of Chapter 4, CONTESTED WATER AND SEWER BILLS, of Title 21, WATER AND SANITATION, of the DCMR is amended as follows:**

Subsections 402.7 and 402.8 are amended to read as follows:

- 402.7 Non-residential and multi-family owners or their agents may seek an impervious surface area charge adjustment if the owner or agent can establish that the property has been assigned to the wrong rate class, the impervious service area used in the computation of the charge is incorrect or if the ownership information is incorrect.
- 402.8 Non-residential and multi-family owners or their agents shall submit a site survey, prepared by a registered professional land surveyor, showing impervious surfaces on the site and other information that may be requested by DC Water.

Section 4101, RATES FOR SEWER SERVICE, of Chapter 41, RETAIL WATER AND SEWER RATES, of Title 21 WATER AND SANITATION, of the DCMR is amended as follows:

Paragraphs 4101.1 (d) and (e) are amended to read as follows:

- (d) The retail cooling water sewer charge 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
- (e) The retail non-potable water source sewer charge 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.

Subsection 4101.4 is amended to read as follows:

- 4101.4 All non-residential and multi-family customers shall be assessed ERU(s) based upon the total amount of impervious surface area on each lot. This total amount of impervious surface shall be converted into ERU(s), truncated to the nearest one-hundred (100) square feet.

Action Item 5C

FY 2014 Rate & Fee Changes (Effective October 1, 2013)

1. Approval of proposed DC Clean Rivers Impervious Surface Area Charge Incentive Program:

Consistent with Board Resolution #08-34 adopted in March 2008

- a. Establish a three year pilot credit/discount program for the DC Clean Rivers Impervious Surface Area Charge (IAC) with a 4% maximum incentive credit/discount, not to exceed an annual established budget allowance. The costs for the credits/discounts will be applied to the rate of the associated customer category. The effective date for the DC Clean Rivers IAC Incentive Program will be the effective date of the District Department of the Environment (RiverSmart Rewards) stormwater credit/discount program, but not earlier than October 1, 2013.
- b. **Title 21, WATER AND SANITATION, Chapter 41, Retail Water and Sewer Rates of the DCMR is amended by adding sections 4105 through 4109, as follows:**

4105 DISTRICT OF COLUMBIA CLEAN RIVERS IMPERVIOUS SURFACE AREA CHARGE INCENTIVE DISCOUNT PROGRAM: PURPOSE

4105.1 The purposes of sections 4105 through 4109 are to:

- (a) Implement the District of Columbia Clean Rivers Impervious Surface Area Charge Incentive Program;
- (b) Provide an incentive for the installation of eligible best management practices that reduce the amount of stormwater runoff from a property, as determined by District Department of the Environment (DDOE); and
- (c) Comply with the requirements of the Water and Sewer Authority Equitable Ratemaking Amendment Act of 2008, effective March 25, 2009 (D.C. Law 17-370; D.C. Official Code § 34-2202.16a. (2010 Repl.).

4106 DISTRICT OF COLUMBIA CLEAN RIVERS IMPERVIOUS SURFACE AREA CHARGE INCENTIVE DISCOUNT PROGRAM: ELIGIBILITY

4106.1 Each DC Water customer that is billed for the Clean Rivers Impervious Surface Area Charge (IAC) pursuant to section 4101 of this chapter, shall be eligible to

receive a DC Clean Rivers Impervious Surface Area Charge Incentive (IAC Incentive) Discount as provided in sections 4105 through 4109 of this chapter.

- 4106.2 The IAC Incentive Discounts are subject to the availability of funds and maximum budget limits established by DC Water's budget appropriations.
- 4106.3 DC Water shall apply an IAC Incentive Discount towards a customer's bill based on DDOE's approval of a stormwater fee discount for the customer's property.
- 4106.4 A customer shall receive an IAC Incentive Discount beginning on the effective date of this section after DC Water receives DDOE's storm water fee discount approval for that property.
- 4106.5 The IAC Incentive Discount shall be retroactive to the effective date of these rules, or the date from which DDOE calculates a stormwater fee discount, whichever is later.
- 4106.6 The IAC Incentive Discount shall not be retroactive to the original installation date of the DDOE approved stormwater BMP.
- 4106.7 DC Water shall calculate the IAC Incentive Discount to be applied towards a customer's IAC:
- (a) As a recurring discount to the IAC billed pursuant to § 4101 of this chapter;
 - (b) Beginning, the billing period that follows DC Water receipt and processing of DDOE's stormwater fee discount approval. For customers billed on a semi-annual basis, the discount will appear on their next bill normally in March and September; and
 - (c) Ending, under the criteria provided in § 4106.6 of this chapter.
- 4106.8 A DC Water customer shall, in order to receive an IAC Incentive Discount:
- (a) Be current on all DC Water billed payments; and
 - (b) Satisfy all DDOE requirements to receive a stormwater fee discount.
- 4106.9 The IAC Incentive Discount shall expire on the first of:
- (a) The expiration of DDOE's approved stormwater fee discount period provided in Chapter 5 of this title;
 - (b) DDOE's revocation of the stormwater fee discount;

- (c) The sale or transfer of the property to a new owner; or
- (d) Three (3) years after the effective date of this section.

4107 DISTRICT OF COLUMBIA CLEAN RIVERS IMPERVIOUS SURFACE AREA CHARGE INCENTIVE DISCOUNT PROGRAM: DISCOUNT CALCULATION

4107.1 The IAC Incentive Discount shall not exceed the maximum allowable IAC Incentive Discount percentage, which shall be four percent (4%) of the otherwise chargeable Clean Rivers Impervious Area Charge in the first year of the IAC Discount program, which may change in subsequent years subject to DC Water's budget appropriations.

4107.2 The maximum allowable IAC Incentive Discount percentage is subject to change annually based on DC Water's budget appropriations.

4107.3 The IAC Incentive Discount shall be calculated as follows:

- (a) DDOE will send DC Water the DDOE approved maximum volume of stormwater runoff retained (in Equivalent Residential Units (ERUs)) by an approved and eligible BMP(s) during a one and two tenths inch (1.2 in.) rainfall event;
- (b) Multiply the number of ERUs of step "(a)" by the maximum allowable discount percentage; and
- (c) Multiply the step "(b)" result by the IAC per ERU specified in § 4101 of this chapter.

4107.4 The calculated IAC Incentive Discount shall be applied to each Clean Rivers Impervious Area Charge billed.

4107.5 The IAC Incentive Discount will appear on the customer's DC Water bill beginning with the billing period that follows DC Water's receipt and processing of DDOE's approved maximum volume of stormwater runoff retained (in ERUs). For customers billed on a semi-annual basis, the discount will appear on their next bill, which is normally in March and September.

4108 DISTRICT OF COLUMBIA CLEAN RIVERS IMPERVIOUS SURFACE AREA CHARGE INCENTIVE DISCOUNT PROGRAM: DISCOUNT REDUCTION

4108.1 If DDOE determines that a customer's stormwater fee discount shall be reduced, DC Water shall reduce the IAC Incentive Discount proportionately upon receipt of DDOE's decision to reduce the stormwater retention value expressed in ERUs for the property.

4109 DISCTRICT OF COLUMBIA CLEAN RIVERS IMPERVIOUS SURFACE AREA CHARGE INCENTIVE DISCOUNT PROGRAM: ADMINISTRATIVE APPEALS AND JUDICIAL REVIEW

4109.1 Any appeals related to a DDOE action regarding BMP application review or approval, eligibility, and stormwater retention volume calculations shall be taken in accordance with section 563 of this title.

4109.2 Appeals of DC Water actions regarding the IAC Incentive Discount shall be taken in accordance with chapter 4 of this title.

Section 4199, DEFINITIONS, is amended to add the following definitions, and these additional definitions shall be inserted in the correct alphabetical order:

DC Water - the District of Columbia Water and Sewer Authority.

DDOE - the District Department of the Environment.

Best Management Practice (BMP) - Structural or nonstructural practice that minimizes the impact of stormwater runoff on receiving waterbodies and other environmental resources, especially by reducing runoff volume and the pollutant loads carried in that runoff.

FY 2013 Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
1. Develop Realistic Retail Rate Revenue Projections and Alternative Retail Revenue Sources			
<ul style="list-style-type: none"> a. <i>Propose and establish Retail Rates in FY 2014 and new customer classification</i> <ul style="list-style-type: none"> i. Rate Proposal to Joint Committee ii. Review rate design options (customer segmentation) iii. Committee recommendation iv. Board approval v. Publish DCMR vi. Public Outreach vii. Public Hearing viii. Committee recommendation on FY 2014 rates b. <i>Review draft Developer Fees</i> c. <i>Final FY 2012 Cost of Service Study</i> d. <i>Potomac Interceptor Cost of Service</i> e. <i>Soldiers Home Negotiations</i> 	<ul style="list-style-type: none"> October 2012 November 2012 December 2012 January 2013 March 2013 March/April 2013 May 2013 June 2013 November 2012 November 2012 July 2013 Monthly 	<ul style="list-style-type: none"> √ √ √ √ √ √ √ √ √ √ 	<ul style="list-style-type: none"> Rates and Revenue Rates and Revenue Rates and Revenue General Counsel
2. DC Water Affordability			
<ul style="list-style-type: none"> a. <i>Revisit CAP program and possible modifications (Expansion and or methodology)</i> <ul style="list-style-type: none"> i. Committee review of CAP program with FY 2014 Budget Submission ii. Explore CAP water conservation options b. <i>Implement LID Incentive Program for customers who utilize Best Management Practice in conjunction with DDOE</i> <ul style="list-style-type: none"> i. Legal evaluation of the DDOE proposed program; and ii. Evaluate alternatives for the Clean Rivers IAC discounts iii. Prepare revenue impact analysis 	<ul style="list-style-type: none"> December 2012 On-going December 2012 February/March 2013 February/March 2013 	<ul style="list-style-type: none"> √ √ √ √ 	<ul style="list-style-type: none"> Rates and Revenue Customer Service Rates and Revenue

FY 2013 Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
2. DC Water Affordability			
iv. Committee review on CRIAC Incentive Program with FY 2014 Budget Submission	December 2012	√	Rates and Revenue
v. Committee Recommendation	March 2013	√	
vi. Board Approval	April 2013	√	
vii. Publish DC Register	April 2013	√	
viii. Public Outreach	April 2013	√	
ix. Public Hearing	May 2013	√	
x. Committee recommendation on FY 2014 CRIAC Discount Program	June 2013	√	
<i>c. Implement Customer Segmentation water volumetric rates by customer class with differentiation based on peaking characteristics</i>	October 1, 2015		Rates and Revenue
<i>d. Implement Re-Development Impact Fee</i>	October 1, 2015		Rates and Revenue
<i>e. High Strength Rate Alternatives</i>	October 1, 2015		Rates and Revenue
3. Develop Alternative Revenue Sources and Achieve Realistic Revenue Projections (DC Water Strategic Plan Framework)			
<i>a. Identify and evaluate potential revenue generating initiatives annually</i>	To be incorporated within Strategic Planning Initiatives		Rates and Revenue
4. 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			
	September 2013		Customer Service
5. Review of the Potomac Interceptor contracts to see if there are opportunities to modify contracts to be similar to the IMA contracts			
	On-going		General Counsel



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

TUESDAY, July 23, 2013; 9:30 a.m.
AGENDA

Call to Order	Committee Chairman
Monthly Updates	Chief Financial Officer
Committee Workplan	Chief Financial Officer
Other Business	Chief Financial Officer
Agenda for September 24, 2013 Committee Meeting	Committee Chairman
Adjournment	

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