



## DISTRICT OF COLUMBIA WATER AND SEWER BOARD OF DIRECTORS

### DC Retail Water and Sewer Rates Committee

Tuesday, March 26, 2013

### MEETING MINUTES

#### COMMITTEE MEMBERS

Howard C. Gibbs, Chairperson  
Rachna Butani  
Alan Roth  
Brenda Richardson  
Howard Croft

#### DC WATER STAFF

Mark Kim, Chief Financial Officer  
Yvette Downs, Finance and Budget Director  
Linda R. Manley, Board Secretary  
Leonard Benson, Acting General Manager  
Randy Hayman, General Counsel

#### Call to Order

Chairman Gibbs called the Committee meeting to order at 9:34 a.m.

#### Soldiers' Home

Mr. Hayman updated the Committee on the status of Soldiers' Home. He noted that there were some improvements since their last meeting.

General Counsel Hayman and Mr. Adebo (Intel Business Solutions) met with the General Manager, the lead Attorney and the lead Engineer to discuss the status of the agreement. Soldier's Home is willing to pay for the sewer but not water.

Soldier's Home agreed to submit its position paper on the current agreement and possible revision thereto. They also agreed that DC Water and Soldiers' Home engineering staff will meet in April to tour the property in order to explore separate metering on the exempt accounts. Mr. Hayman stated that Soldier's Home was in the process of selling some of the facilities. If sold, the new occupant would not have access to free water and would have to pay for both water and sewer. Mr. Gibbs asked whether DC Water has a process in place to make sure that the new property owners are billed accurately for the services. General Counsel Hayman replied that it will be ensured through the process of negotiation.

#### Discussion of Clean Rivers IAC Incentive Program Budget Options

Ms. Downs updated the Committee on the status of the Clean Rivers IAC Incentive program. In 2011, DDOE estimated that 44,548 ERUs may implement eligible BMPs, but that has been revised to 924 properties or 81,500 ERUs, an 83 percent increase. DDOE is not able to forecast the growth of potentially eligible properties and the data does not include unregulated sites that may also be eligible for discounts. Ms. Downs noted that Authority contacted the Department of Planning, but was referred to DCRA. DC Water analyzed the number of undeveloped properties in the database and the results showed a 2 percent growth in the number of ERUs. This result was based on past trends.

The number of ERUs listed in the scenarios below pertains to Non-Residential and Multi-Family classes but does not include Residential properties. The scenario assumes a 4 percent maximum discount based on 81,500 ERUs. The lost revenue will increase from \$660K in 2015 to \$1.2 million in 2021. This gap may be greater if program growth exceeds 81,500 eligible ERUs. If all customers absorbed that cost, rates would increase by \$0.04/ERU per month in FY 2015 and \$0.18/ERU per month in FY 2021. Alternatively, If only Non-Residential customers absorbed the increase, rates would go up \$0.08/ERU per month in FY 2015 and \$0.37/ERU per month in FY 2021.

## 4% CRIAC Credit with 81, 500 qualifying ERUs

Credit Percentage	4.0%	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Eligible Non-Res ERUs	81,500								
<b>% Discount Based Credit Program</b>									
Projected CRIAC (\$/ERU)		\$ 12.77	\$ 16.79	\$ 20.68	\$ 23.12	\$ 24.52	\$ 26.08	\$ 28.32	\$ 30.67
Current Credit Budget		\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Proposed Credit Budget (% Discount)		\$ 499,562	\$ 656,825	\$ 809,002	\$ 904,454	\$ 959,222	\$ 1,020,250	\$ 1,107,878	\$ 1,199,810
<b>Delta</b>		\$ 438	\$ (156,825)	\$ (309,002)	\$ (404,454)	\$ (459,222)	\$ (520,250)	\$ (607,878)	\$ (699,810)
Incremental Program Cost		\$ -	\$ 156,825	\$ 309,002	\$ 404,454	\$ 459,222	\$ 520,250	\$ 607,878	\$ 699,810
Incremental Program Cost (per monthly ERU)									
Funded By:									
Non-Residential Only (\$/ERU)		\$ -	\$ 0.08	\$ 0.16	\$ 0.22	\$ 0.24	\$ 0.28	\$ 0.32	\$ 0.37
All Customers (\$/ERU)		\$ -	\$ 0.04	\$ 0.08	\$ 0.11	\$ 0.12	\$ 0.14	\$ 0.16	\$ 0.18
<b>Adjusted CRIAC</b>									
Non-Residential Only (\$/ERU)		\$ 12.77	\$ 16.87	\$ 20.84	\$ 23.34	\$ 24.76	\$ 26.36	\$ 28.64	\$ 31.04
All Customers (\$/ERU)		\$ 12.77	\$ 16.83	\$ 20.76	\$ 23.23	\$ 24.64	\$ 26.22	\$ 28.48	\$ 30.85

Chairman Gibbs asked as to how DDOE would handle the number of customers who applied for a credit. Mr. Kim (CFO) addressed Chairman Gibbs' concern with three options:

1. Don't limit the program, so everyone who applies and qualifies receives the full credit; or
2. Limit the program to the existing CRIAC credit budget of \$500,000, so once the budget is exhausted no additional applications would be accepted; or
3. Limit the program to the existing CRIAC credit budget of \$500,000, and give all qualified applicants a prorated share of the credit budget.

Mr. Roth suggested that the effective start date of October 1, 2013 be revised until the implementation of DDOE program.

### **Action Item**

Ms. Downs presented an action item which would establish a three year pilot credit program for the DC Clean Rivers IAC with a 4 percent maximum incentive credit (actual to be calculated based on

the proposed DDOE formula) with a budget of \$500,000. The Committee agreed to move the action forward to the full Board for consideration.

### **Retail Rates Committee Workplan**

Ms. Downs noted that the workplan was rearranged. Chairman Gibbs stated that the workplan should reflect the fact that the Authority has accomplished the addition of a separate class called Multi-Family. Ms. Downs also suggested that the Committee should work on including the strategic plan into the workplan.

Mr. Roth asked for clarification on item 5 – “Review of the Potomac Interceptor contracts to see if there are opportunities to modify contracts to be similar to the IMA contracts”. Ms. Downs stated that it was on the former Committee Chairman’s calendar to review the PI users for modification. Mr. Gibbs asked the status on the allocation of DC PI flows that are located in Maryland. Mr. Benson explained that the Regional Committee will address the matter in the next meeting. Mr. Benson noted that the new 2012 IMA will reflect the change.

### **Other Business**

No other business was discussed.

### **Agenda for April 23, 2013 Committee Meeting**

Chairman Gibbs cancelled the April 23<sup>rd</sup> meeting. The next tentative meeting is scheduled for May based on what transpires in the public hearing.

### **Adjournment**

The meeting was adjourned at 10:45am.

### **FOLLOW-UP ITEMS (March 26, 2013)**

No follow-ups.