



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

DC Retail Water and Sewer Rates Committee

Tuesday July 22, 2014

9:30am

- 1. **Call to Order**Alan Roth, Chairman
- 2. **FY 2015 Management Recommendation on Retail Rates** Mark Kim
- 3. **Action Items** Mark Kim
 - **FY 2015 Rates & Fee Changes (Effective October 1, 2014)**
 - a) Approval of proposed volumetric Retail Water rate
 - b) Approval of proposed volumetric Retail Sewer rate
 - c) Approval of proposed Clean Rivers Impervious Surface Area Charge
 - d) Approval of proposed Payment-in-Lieu of Taxes fees
- 4. **DC Retail Water and Sewer Rates Committee Workplan** Mark Kim
- 5. **Other Business** Mark Kim
- 6. **Executive Session**
- 7. **Agenda for September 23, 2014 Committee Meeting**Alan Roth, Chairman
- 8. **Adjournment**

FOLLOW-UP-ITEMS – DC Retail Water and Sewer Rates Committee Meeting (March 25, 2014)

No follow-up items



Management Recommendation FY 2015 Retail Rate and Fee Proposal

Presentation to:

DC Water Retail Water and Sewer Rates Committee

Mark Kim, Chief Financial Officer

July 22, 2014



FY 2015 Retail Rates and Fees Recommendation

□ Summary of management recommendations:

	FY 2014 Rates	FY 2015 Recommended Rates	Increase (\$)	Increase (%)
Water (Ccf)	\$3.61	\$3.88	\$0.27	7.5%
Sewer (Ccf)	\$4.41	\$4.74	\$0.33	7.5%
CRIAC (ERU)	\$11.85	\$16.75	\$4.90	41.4%
PILOT (Ccf)	\$0.53	\$0.61	\$0.08	15.0%
ROW ⁽¹⁾ (Ccf)	\$0.17	\$0.17	-	-

(1) There is no increase in the Right-of-Way fee, which remains same at \$0.17 per Ccf, {\$0.22 per 1,000 gallons}



Average Residential Customer Monthly Bill

	FY 2014	Recommended FY 2015	FY 2014 vs FY 2015 (\$)	FY 2014 vs FY 2015 (%)
DC Water and Sewer Retail Rates (Ccf), (1)	\$ 53.65	\$ 57.67	\$ 4.02	7.5%
DC Water Clean Rivers IAC (ERU)	11.85	16.75	4.90	41.4%
DC Water Customer Metering Fee	3.86	3.86	-	-
Subtotal DC Water Rates & Charges	\$ 69.36	\$ 78.28	\$ 8.92	12.9%
District of Columbia PILOT (Ccf), (1)	3.55	4.08	0.53	14.9%
District of Columbia Right-of-Way Fee (Ccf), (1)	1.14	1.14	-	-
District of Columbia Stormwater Fee (ERU), (2)	2.67	2.67	-	-
Subtotal District of Columbia Charges	\$ 7.36	\$ 7.89	\$ 0.53	7.2%
Total Amount Appearing on DC Water Bill	\$ 76.72	\$ 86.17	\$ 9.45	12.3%

(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

	FY 2014	Recommended FY 2015
DC Water Retail Rates (Ccf), (1)	\$ 53.65	\$ 57.67
DC Water Clean Rivers IAC (ERU)	11.85	16.75
DC Water Customer Metering Fee	3.86	3.86
Subtotal DC Water Rates & Charges	\$ 69.36	\$ 78.28
District of Columbia PILOT (Ccf), (1)	3.55	4.08
District of Columbia Right-of-Way Fee (Ccf), (1)	1.14	1.14
District of Columbia Stormwater Fee (ERU), (3)	2.67	2.67
Subtotal District of Columbia Charges	\$ 7.36	\$ 7.89
Total Amount	\$ 76.72	\$ 86.17
Less: CAP Discount (4 Ccf per month) (1), (2)	\$ (34.88)	\$ (37.60)
Total Amount Appearing on DC Water Bill	\$ 41.84	\$ 48.57
CAP Customer Discount as a Percent of Total Bill	-45.5%	-43.6%

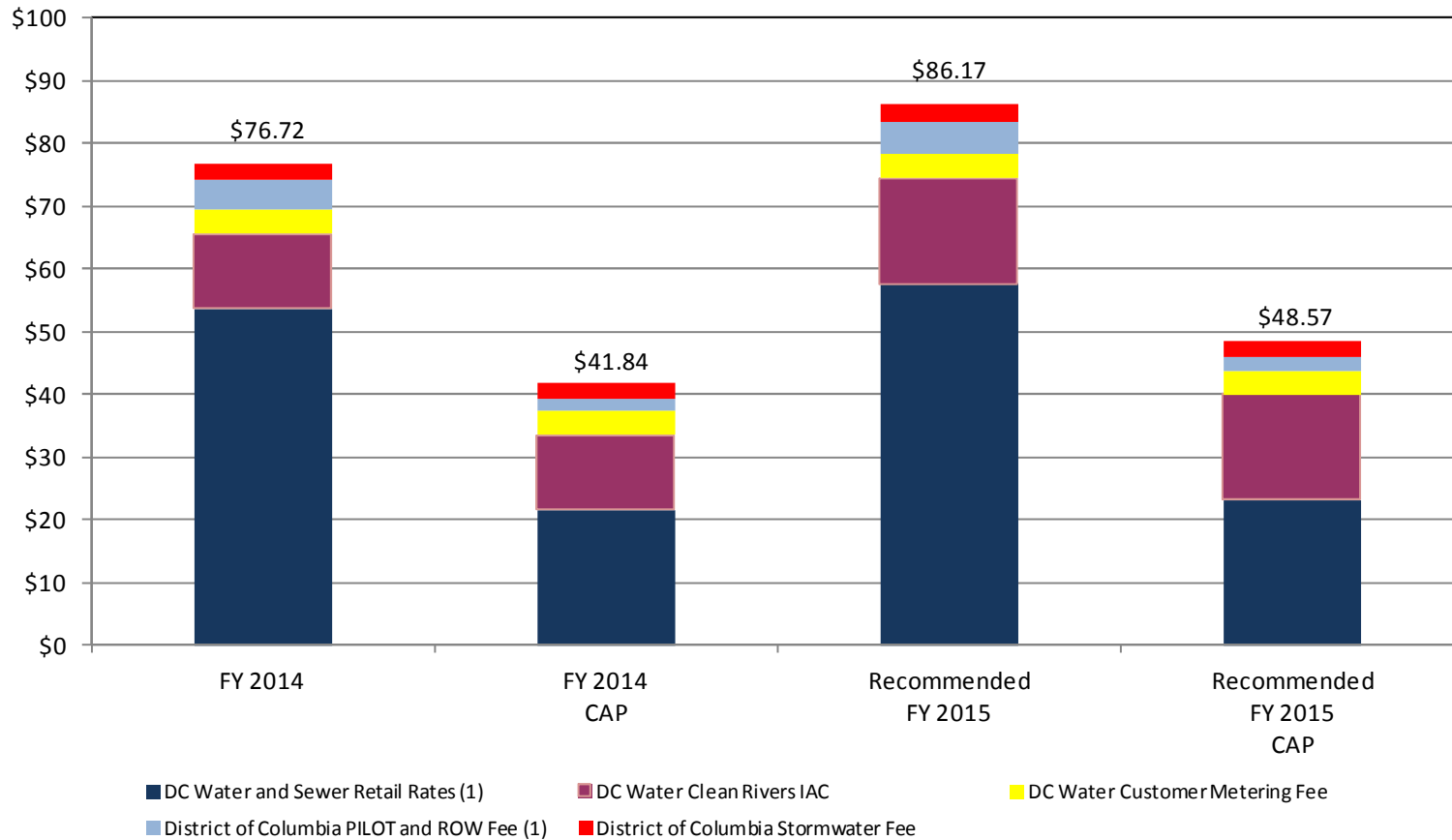
(1) Assumes average monthly consumption of 6.69 Ccf, or (5,004 gallons)

(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 & CAP Customer Monthly Bill



1. Assumes average monthly consumption of 6.69 Ccf (approximately 5,000 gallons)
 – FY 2015 rate per gallon is \$0.01 (water and sewer rates only)



APPENDIX



Operating Expenditures

(\$ 000's)				
	FY 2014 Revised	FY 2015 Approved	FY 2015 Revised	Increase/ (Decrease)
Personnel Services	\$ 119,765	\$ 135,544	\$ 135,544	\$ -
Contractual Services	76,043	76,944	76,944	-
Water Purchases	27,991	28,831	28,831	-
Chemicals and Supplies	30,909	36,187	36,187	-
Utilities	30,714	30,416	30,416	-
Small Equipment	993	1,028	1,028	-
Subtotal O&M Expenditures	\$ 286,416	\$ 308,950	\$ 308,950	\$ -
Debt Service	130,120	160,264	160,264	-
Cash Financed Capital Improvements	-	20,058	20,058	-
Payment in Lieu of Taxes	20,081	21,587	21,587	-
Right of Way	5,100	5,100	5,100	-
Subtotal Debt Service & PILOT/ROW	\$ 155,301	\$ 207,009	\$ 207,009	\$ -
Total O&M Expenditures	\$ 441,717	\$ 515,959	\$ 515,959	\$ -
Personnel Services charged to Capital Projects	(12,960)	(17,266)	(17,266)	-
Total Net Operating Expenditures	\$ 428,757	\$ 498,693	\$ 498,693	\$ -

Operating Expenditure Budget - \$516.0M

Remains at the Board-approved level with reallocations for projected departmental personnel costs



Recommendations for FY 2014 Projected Cash Surplus

- 💧 Increase refund to wholesale customers by \$0.4M
- 💧 Transfer \$7.7M to PILOT Reserve
- 💧 Transfer \$1.275M to ROW Reserve in the Fourth Quarter 2014 for a total of \$5.1M
- 💧 Increase contribution to PAYGO by \$0.6M
- 💧 Maintain working capital of \$16M above the O&M Reserve

Cash Basis (\$ in millions)			
	FY 2014 REVISED	FY 2014 PROJECTION	VARIANCE \$
Beginning Cash Balance	\$ 141.5	\$ 141.5	\$ -
Plus (Less) Operating Surplus	38.3	68.1	(29.8)
Wholesale Customer Refunds from Prior Years	(9.7)	(10.1)	0.4
Interest Earned From Bond Reserve	0.1	0.1	
Prior Year Federal Billing Reconciliation	(6.0)	(6.0)	
DC PILOT Reserve Fund		(7.7)	7.7
DC ROW Reserve Fund		(5.1)	5.1
Cash Used for Capital	(23.7)	(24.3)	0.6
Ending Cash Balance	\$ 140.5	\$ 156.5	\$ (16.0)
Recommendations			
Additional Refund to Wholesale Customers			\$ 0.4
Transfer to DC PILOT Reserve			7.7
Transfer to DC ROW Reserve			5.1
Additional Transfer to PAYGO			0.6
Maintain working capital above target cash balance			16.0
Total Cash Surplus Recommendations			\$ 29.8

DC Retail Water and Sewer Rates Committee

Action Items

- 1A. 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 Payment-in-Lieu of Taxes fees

Action Item 1A

FY 2015 Rate & Fee Changes (Effective October 1, 2014)

1. Approval of proposed retail rates metered volumetric water & sewer, DC Clean Rivers IAC and Payment-in-Lieu of Taxes charges and fees:

Water Service Rates

- a. An increase in the rate for retail metered water service from \$3.61 per One Hundred Cubic Feet (“Ccf”), (\$4.83 per 1,000 gallons) to:
 - Residential customers: \$3.88 per Ccf (\$5.19 per 1,000 gallons)
 - Multi-Family customers: \$3.88 per Ccf (\$5.19 per 1,000 gallons)
 - Non – residential customers: \$3.88 per Ccf (\$5.19 per 1,000 gallons)

Sewer Service Rates

- b. An increase in the rate for retail sanitary sewer service from \$4.41 per One Hundred Cubic Feet (“Ccf”), (\$5.89 per 1,000 gallons) to:
 - Residential customers: \$4.74 per Ccf (\$6.33 per 1,000 gallons)
 - Multi-Family customers: \$4.74 per Ccf (\$6.33 per 1,000 gallons)
 - Non – residential customers: \$4.74 per Ccf (\$6.33 per 1,000 gallons)
- c. An increase in the **annual** Clean Rivers Impervious Area Charge (IAC) from \$142.20 to \$201.00 per Equivalent Residential Unit (ERU). The charge per ERU will be billed monthly at:
 - Residential customers: \$16.75 for each ERU
 - Multi-Family customers: \$16.75 for each ERU
 - Non – residential customers: \$16.75 for each ERU

Right-of-Way Occupancy Fee Pass Through Charge / PILOT Fee

- d. There is no increase in the Right-of-Way fee:
 - Residential customers: \$0.17 per Ccf (\$0.22 per 1,000 gallons)

- Multi-Family customers: \$0.17 per Ccf (\$0.22 per 1,000 gallons)
 - Non – residential customers: \$0.17 per Ccf (\$0.22 per 1,000 gallons)
- e. 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 \$0.53 per Ccf or (\$0.71 per 1,000 gallons) to:
- Residential customers: \$0.61 per Ccf (\$0.82 per 1,000 gallons)
 - Multi-Family customers: \$0.61 per Ccf (\$0.82 per 1,000 gallons)
 - Non – residential customers: \$0.61 per Ccf (\$0.82 per 1,000 gallons)

FY 2014 Proposed 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 2015</i> <ul style="list-style-type: none"> i. Budget and Rate Proposal Briefing following Board meeting ii. RRC Committee recommendation iii. Board approval iv. Publish Proposed Rates in DCMR v. Public Outreach vi. Public Hearing vii. Committee recommendation on FY 2015 rates viii. Board Approval on FY 2015 rates ix. Publish Final Rates in DCMR 	<ul style="list-style-type: none"> November 7, 2013 November 19, 2013 December 2013 January 17, 2014 April 2014 May 14, 2014 July 22, 2014 September 2014 September 2014 	<ul style="list-style-type: none"> √ √ √ √ √ √ √ 	<ul style="list-style-type: none"> Rates and Revenue General Counsel External Affairs Board Secretary General Counsel

2. DC Water Affordability			
<ul style="list-style-type: none"> a. <i>CAP & SPLASH Updates (Expansion and/or methodology)</i> <ul style="list-style-type: none"> i. Explore CAP water conservation options ii. Explore SPLASH options b. Negotiation with EPA over CSO Consent Decree <ul style="list-style-type: none"> i. Integrated Planning Framework (IPF) Overview of Affordability 	<ul style="list-style-type: none"> January 28, 2014 January 28, 2014 March 25, 2014 	<ul style="list-style-type: none"> √ √ √ 	<ul style="list-style-type: none"> Rates and Revenue Customer Service Customer Service DETS

3. 2015 Cost of Service Study Water & Sewer			
<ul style="list-style-type: none"> a. <i>Rate Structure Alternatives</i> b. <i>Customer Consumption Analysis</i> c. <i>Development Impact Fee</i> 	<ul style="list-style-type: none"> March 25, 2014 Fall 2014 Fall 2014 	<ul style="list-style-type: none"> √ 	<ul style="list-style-type: none"> Rates and Revenue Rates and Revenue Rates and Revenue

FY 2014 Proposed Committee Workplan			
Objective/ <i>Activities/Task</i>	Date of Activity	Completed	Responsible Department
4. 2015 Cost of Service Study Fire Protection Fee			
a. <i>Fire Protection Fee COS</i>	October 2014		Rates and Revenue
5. Delinquent Accounts			
a. <i>Soldiers Home Negotiations</i>	Monthly		General Counsel
6. Strategic Plan			
a. Develop Alternative Revenue Sources and Achieve Realistic Revenue Projections (DC Water Strategic Plan Framework)	On-going updates to Committee		Rates and Revenue
i. <i>Identify and evaluate potential revenue generating initiatives annually</i>			
7. DCGIS FY 2014 Flyover			
a. <i>Update Committee on FY 2014 Flyovers</i>	Fall 2014		Customer Service



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

TUESDAY, September 23, 2014; 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 October 23, 2014 Joint Committee Meeting	Committee Chairman
Adjournment	

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