



**DISTRICT OF COLUMBIA WATER AND SEWER
AUTHORITY
BOARD OF DIRECTORS**

DC Water Retail Water and Sewer Rates Committee

Tuesday November 22, 2011

MEETING MINUTES

COMMITTEE MEMBERS

Howard Gibbs, Chair
Alethia Nancoo
Alan Roth

DC WATER STAFF

Olu Adebo, Chief Financial Officer
Randy Hayman, General Counsel
Linda Manley, Board Secretary
Yvette Downs, Director of Finance and Budget

Call to Order

Chairman Gibbs called the Committee meeting to order at 9:40 am.

Monthly Updates

Howard University (HU)

Mr. Randy Hayman General Counsel gave an update on Howard University terms and agreements to the Committee. He stated that a meeting has been scheduled for December 1, 2011 to discuss and try to resolve payment of the arrearages totaling \$5.4 million. Mr. Hayman reported that Howard University has been paying current billings since June 2011 under protest. Effective October 1, DC Water began billing for water and sewer services. If Howard University fails to perform, DC Water General Manager will send notification of intent to lien to the Howard's President and place liens on affected properties if needed.

Ms. Nancoo inquired whether the University is paying through an escrow account or paying directly since HU was paying under protest. Mr. Adebo responded that the payments are direct and correspondence has been made through Office of General Counsel and CFO. Ms. Nancoo asked whether there are any indications that Howard University will contest charges in the near future. Mr. Hayman could not verify that it will never happen. However, but significant payments have been made to date. Mr. Adebo informed the Committee that there are three components to the issue:

1. Sewer charges – no exemption. DC Water's position to Howard University is that the customer should pay the bill while disputing. So far, the payments have been made.
2. Water charges – DC Water began billing Howard University for water use effective Oct 1st.

3. Over \$5M in arrearage - Reflects back payments for sewer services billed since 2004 to June 2011. This is the amount that will be the focus of the December 1, 2011 meeting.

Soldiers Home

Mr. Hayman reviewed the status of ongoing discussions with the Soldiers' Home. Chairman Gibbs asked for clarification on the need for an appraisal. Mr. Hayman responded that the appraisal is to establish a value for the current site of the DC Water reservoir, as well as the value of an additional site at the Home for a new facility that is under consideration. This appraisal will assist DC Water in determining the best location for the site and for a price we are willing to pay. All options will be explored, (purchase, leasing or alternative sites).

Retail Rates Proposal

A brief discussion was held on the presentation provided. Having no particular comments during the meeting, the Committee was reminded that they have the opportunity to submit any questions to Ms. Manley prior to the next December Committee meeting. The Committee will be asked to take formal action at the December 2011 meeting.

Mr. Roth stated that the impact of the planned escalation of the Clean Rivers fee upon low income customers was discussed at another DC Water Board committee meeting. He urged the Committee to accelerate the discussion of an assistance program for low income customers. The Committee agreed that it will move forward with the current proposal next month while evaluating assistance options prior to the Public Hearing anticipated in May 2012.

Update on DDOE Stormwater Discount Program

Ms. Downs gave the Committee a brief update on the Impervious Area Charge Incentive program currently under development by the District Department of the Environment. At the last Committee meeting, the Committee requested that staff come back with a proposal assuming that the DDOE plan for the rulemaking would have gone forward. However, DDOE has received several comments on the rulemaking and will need to repost the rulemaking for another 30 day period. DC Water has not received a revised version so far, and is waiting to review the document before making further proposals.

Ms. Nancoo asked if staff anticipates that the revised proposal will be different from what had been published earlier. Mr. Adebo responded not in the approach. The General Manager stated that there are generally two policy questions that need to be addressed: 1.) Do you make the discount retroactive to some period in the past; and 2.) how large is the discount? Both have potentially large financial consequences. In parallel to this incentive program, EPA has issued a new MS4 permit to the District that is more stringent than the last one. So, the cost faced by the District is increasing. Ms. Nancoo asked whether the timeline on issuance of new revised proposal is known. Mr.

Adebo stated that DC Water gave DDOE a timeframe which attempts to align the rulemaking with the DC Water rate making calendar.

Chairman Gibbs asked what type of effort it takes to align DC Water bills with this new incentive program. Mr. Adebo responded that the software adjustments required will take some time to plan and implement, and staff has been working with DDOE on this program to insure that the basic structure can be implemented with the billing technology available.

Retail Rates Committees WorkPlan

Mr. Adebo asked if Chairman Gibbs wants to review the workplan by exception.

Mr. Roth asked for clarity on the timing for the committee recommendations on the budget and how decisions made by either the Retail Rates committee and/or the Budget and Finance committee might affect the proposal to the Board. Mr. Adebo proposed that the Retail Rates committee meet subsequent to the Finance and Budget Committee meeting currently scheduled for Thursday, December 23, 2011. Any changes recommended by either committee will be flagged in the final proposal to the Board.

There were some discussions on Permit Fees. Mr. Roth stated that at the November Water Quality and Water Services Committee meeting. Mr. Clampit questioned the cost differential between residential and small commercial permit applicants given that Mr. McDermott described both applicant types as having the same sized meters. Mr. Adebo stated that Mr. Kiely had expressed this question/concern to him and staff will address this at a later meeting.

Emerging Issues/Other Business

There were some discussions on Accounts Receivables regarding the status of the largest and oldest accounts on the list. General Manager Hawkins noted that this information has been provided in the past and can be provided again at the desire of the Committee. It was noted that the Accounts Receivable is reviewed monthly by the Finance and Budget Committee, therefore, it was agreed that the issue would be referred to the Finance and Budget Committee with updates being provided to the Retail Rates Committee

Agenda for Next Committee Meeting

Chairman Gibbs reviewed the pro-forma agenda for the December 27th meeting. Mr. Adebo requested a change to the planned meeting date due to the holiday schedule. The committee agreed to move the meeting from December 27th to December 23rd at 9:30a.m.

A copy of the Rate setting policy was included within the Committee package. Chairman Gibbs requested that the Committee review the material and forward any questions or comments to the Board Secretary.

Adjournment

Hearing no further business, the meeting was adjourned at 10:35am.

FOLLOW-UP ITEMS – Retail Rates Committee Meeting (November 22, 2011)

1. Provide an example of the updating required and quality controls available to reconcile non-residential data found in the DCGIS 2005 flyover information and a more recent update to the flyover data. This example should be provided at a future Retail Rates Committee meeting (Mr. Bardin) Status: FY 2012
2. Provide a list of customers names in water only category (Nancoo) Status: December 2011
3. Provide summary of DC municipal regulations regarding DC Water's activities on private fire hydrants in the District of Columbia (Howard Gibbs) Status: December 2011
4. Clarify the basis for residential versus small commercial permit fees adopted by the Board in July 2011 (Mr. Roth) Status: December 2011
5. Refer potential detailed discussion of accounts receivable to the Finance and Budget Committee for further consideration (Mr. Roth) Status: November 2011