



# **DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

## **BOARD OF DIRECTORS**

*Retail Rates Committee  
Tuesday, March 25, 2008  
9:00 a.m.*

## **MEETING MINUTES**

### **BOARD MEMBERS**

Robin Martin, Chairman  
David J. Bardin  
Howard Gibbs  
Brenda Richardson  
Alan Roth

### **WASA STAFF**

Jerry Johnson, General Manager  
Olu Adebo, Acting Chief Financial Officer  
Webster Barnes, Principal Counsel  
Linda R. Manley, Board Secretary  
Charles Kiely, Asst General Manager for  
Consumer Services

### **PRESENTERS**

Steve Kuhr, Deputy Project Manager, PB Consult  
Rachel Arulraj, PB Consult  
Dan Lanning, PB Consult

Chairman Martin called the meeting to order at 9:00 a.m.

### **Impervious Surface Rate Project**

#### **Project Update and Deliverables**

Steve Kuhr, Deputy Project Manager, PB Consult (PB), provided an update on the Impervious Surface Rate project. Mrs. Arulraj, PB Consult, updated the Committee on the IAB database. Mrs. Arulraj mentioned that they are researching different websites to complete the federal property data collection process. GSA provided a link to a website that has some information and PB Consult has begun to review and compare that data to the existing database. Mrs. Arulraj stated PB is on track for the data processing and is working on QA/QC procedures. Mr. Bardin asked that the website address be shared with the committee.

Mr. Bardin asked for a report from Mr. Adebo on how WASA will update the database when property changes hands, particularly when the customer does not have a water meter. Mr. Bardin stated that WASA should consider a MOU between the Office of Tax and Revenue and DCRA to provide for information sharing with WASA. Mr. Kiely explained that WASA has a third party billing process already in place where both the owner and lease holder are billed when the customer is not the property owner of record. Therefore, the ability to lien and the notification of outstanding obligations is never in question.

Chairman Martin asked when WASA will notify non-residential customers of the number of ERU's that will apply to each of those properties. Mr. Adebo replied that the project schedule has the non-residential customer data completed by the end of June. Mr. Adebo stated WASA will have some kind of notification process to inform non-residential customers before October 1 regarding either

the ERU number or the total amount of impervious area for their properties. That process of notification is still under development. Mrs. Arulraj replied PB is on target to complete the non-residential data.

#### Communication Plan/Outreach Efforts Update

Mr. Adebo updated the Committee on the IAB outreach activities. Chairman Martin asked if the feedback has been useful and if the communication has been modified based upon the feedback. Mr. Adebo replied that WASA is using the feedback from the first priority stakeholders to reshape the message as WASA moves forward with the second tier stakeholders. WASA has developed an IAB rack card and link on the website to include frequently asked questions. Mr. Bardin asked whether following the completion of the impervious area database for the non-residential properties the database would be made available to the public to access either their own properties or all properties. Mr. Adebo replied WASA should be able to provide the impervious information to the individual property owners. Mrs. Richardson asked whether WASA is encouraging people to attend the public hearings and if contact information is being collected to follow up prior to the public hearings. Mr. Adebo replied in the affirmative and noted that the time and location of the two June public hearings are on the last slide in the presentation. Also, statements are made to the stakeholder groups encouraging them to attend the public hearings and a sign in sheet is circulated when WASA during stakeholder meetings.

#### Committee Action Calendar

Mr. Adebo updated the Committee on the action calendar. Mr. Adebo noted that the Board Secretary will schedule the July Retail Rates Committee meeting and notify the Committee and Board members once the date is set.

#### IAB Billing Rate Structure and Customer Impact Analysis

Mr. Adebo introduced Mr. Dan Lanning, from PB Consult, to provide an update on the IAB Billing Rate Structure and Customer Impact analysis. Mr. Lanning reviewed the assumptions used in development of the proposed rate, including the assumption that all of the unknown properties under review fall in the non-residential classification. Chairman Martin ask whether whole or partial ERUs would be calculated under this proposal. Mr. Lanning replied that the assumptions included previous Committee feedback that ERU rounding for non-residential properties should not be used. Mr. Adebo replied that one of the proposals last month included rounding to whole numbers and staff, along with PB, incorporated the feedback from the Committee with the result that the model will use the exact ERU to one tenth decimal point. Mr. Bardin ask whether there are residential properties in the District of less than five hundred square feet where people are living. Mr. Lanning replied that OTR classifies some properties that size as residential. Mr. Bardin asked staff to look at the CAP customers to find out how many there are and the sizes of their residences to determine if there is a correlation between sizes of residential properties and participation in the CAP. As the CAP customer pool is over 3000, Chairman Martin noted that this review would be more relevant later in the process and the recommendation should be put on hold at this time. Mr. Roth added that a discussion was held in the Customer and Community Service on the need to clarify the CAP applicant and enrollment numbers with the DC Office of Energy. Therefore, it is premature to develop a report and recommendation on customer assistance for the impervious surface area charge. Chairman Martin reminded the Committee that General Counsel is preparing an answer on whether assistance can be offered on any sewer related billing rate. Mr. Johnson stated that the General Counsel will provide the Committee an answer at its next meeting.

Mr. Bardin asked PB if the proposed rate would change if all of the current unknown properties were re-classified as single family residential properties. Mr. Adebo stated the proposed rates would not change because the ERU rate was calculated on the statistical group of fifteen hundred single family residential properties using the total impervious area and the cost pool. Mrs. Arulraj added that the risk of such a classification shift was extremely low as all of the unknowns are not within the single family classification within the OTR database.

Continuing with the presentation, a lengthy discussion surrounded the selection of individual properties used as examples. Mr. Roth asked whether the examples were typical or a specific property selected at random. Mr. Lanning replied that they were selected at random from a list, and that the information is not available yet within the database to provide typical or statistical median analysis of non-residential properties. After PB has completed the parcel by parcel determination within the database, then PB can provide such data. Chairman Martin asked PB to have a better plan at the next meeting to demonstrate how to represent the different kinds of properties for public presentation. Chairman Martin asked when the non-residential property will be reconciled. Mr. Adebo replied that the data cleansing will be complete by the end of June.

#### Residential Customer Impact on Proposed FY 2009 Water and Sewer Rates

Mr. Adebo reviewed the recommended revision to the FY 2009 proposed rate adjustments. Mr. Adebo reminded the Committee that the current FY 2009 proposal for volumetric water and sewer rates is an 8.5% increase. The effect is a total increase per Ccf of \$0.46 for retail water and sewer rates from \$5.37 in FY 2008 to \$5.83 FY 2009. The total average residential monthly bill would increase by \$4.24 from \$51.24 to \$55.48 (which is an effective increase of 8.3%). The proposal before the Committee includes an unbundling of the sewer rate from the water rate. The effect is a revised recommendation to adjust the volumetric sewer rate by 3.7% from \$3.23 to \$3.35 per Ccf in FY 2009 and to include the new Impervious Area Charge (IAC) of \$1.24 a month (or \$14.92 annually) per ERU. This would revise the average residential customer's total bill from the FY 2008 amount of \$51.24 to \$55.39 in FY 2009; an increase of \$4.15 per month or effective increase of 8.1%. Chairman Martin remarked that this is a reduction in the impact to the average residential customer of \$0.09 per month over the original proposal.

#### Independent Rates Consultant Selection Update

Mr. Adebo updated the committee on the independent rates consultant selection. Mr. Adebo informed the Committee that WASA is using the GSA schedule to select the rates consultants and plans to have the consultant on board one month before the hearings. The interviews of the consultant candidates by the Committee prior to selection will be scheduled for mid to late April. Chairman Martin asked whether using the GSA schedule means that a company not on the GSA schedule is unable to bid. Mr. Johnson responded that the Chairman's observation is correct. Mr. Bardin noted that an independent consultant should be identified earlier in FY 2009 to ensure that there is sufficient time to complete a more thorough review.

#### Action Item

##### Proposed Water and Sewer Rates, Right of Way and PILOT Fee For Fiscal Year 2009

Mr. Adebo asked the Committee to consider the action item in their package on the Proposed Water and Sewer Rates, Right of Way and PILOT Fee for FY 2009. Mr. Gibbs asked whether there has been analysis indicating that the revised recommendation is revenue neutral given that the experience for the average single family residence will result in some reduction in the bill. Mr. Adebo replied yes. Mr. Bardin ask whether the resolution submitted to the Board will address the revenue neutrality. Mr. Johnson stated that some statement to that effect can be included within the resolution, although the exact language needs to be determined. Chairman Martin ask whether this new resolution would supersede the previous resolution. Mr. Adebo replied that that is the intent. Chairman Martin mentioned that some notation in the variation of charges between single family residential and all other customers may need to be included within the resolution language. Mr. Adebo replied that the rate for ERU is for all customers; only the number of ERUs varies based on the category and customer. It was agreed by consensus to move this action item to the Board for approval. Mr. Bardin asked that staff prepare a report on the cost of ongoing administration of the IAB billing rate for review in the future.

**Other Business**

Mr. Kiely updated the committee on the sample bill. Committee members informed Mr. Kiely of several changes they would like to see on the final bill. Final changes will be reviewed by the Customer Service Committee.

**Adjournment**

Hearing no further business, Chairman Martin adjourned the meeting at 11:10 am