



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

DC Retail Water and Sewer Rates Committee

Tuesday February 21, 2017

9:30am

1. **Call to Order** Rachna Butani, Chairperson
2. **CAP Customer 50% CRIAC Credit Update** Mark Kim
3. **Action Item (Attachment A)** Mark Kim
Approval to expand the CAP benefits to include 50% credit off of the monthly CRIAC
(Action Item 1)
4. **CRIAC Restructuring Update (Attachment B)** Mark Kim
5. **DC Retail Water and Sewer Rates Committee Workplan** Mark Kim
 - **FY 2017 Proposed DC Retail Rates Committee Workplan (Attachment C)**
6. **Other Business** Mark Kim
7. **Executive Session**
8. **Agenda for March 28, 2017 Committee Meeting (Attachment D)** Rachna Butani, Chairperson
9. **Adjournment**

FOLLOW-UP-ITEMS – DC Retail Water and Sewer Rates Committee Meeting (November 15, 2016)

There were no follow-up items from the November 15, 2016 Committee meeting

* The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); contract negotiations under D.C. Official Code § 2-575(b)(1); legal, confidential or privileged matters under D.C. Official Code § 2-575(b)(4); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10); proprietary matters under D.C. Official Code § 2-575(b)(11); decision in an adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14), and other matters provided in the Act.

Attachment A

DC Retail Water and Sewer Rates Committee

Action Item

1. Approval of proposal to expand CAP benefits to eligible customers that are charged the monthly Clean Rivers IAC (CRIAC) by crediting 50 percent off of their monthly CRIAC

ACTION ITEM 1

Action Item

Expand the Customer Assistance Program (CAP) benefits to include 50% credit off of the monthly Clean Rivers IAC

1. Adoption of regulations to expanded Customer Assistance Program CAP):
 - a. Proposal to expand CAP benefits to eligible customers that are charged the monthly Clean Rivers IAC (CRIAC) by providing a 50 percent credit off of their monthly billed CRIAC.
 - Effective May 1, 2017, Eligible households and tenants shall receive a credit of 50 percent off of the monthly billed CRIAC.



DC Retail Water and Sewer Rates Committee

Clean Rivers IAC Restructuring Update

February 21, 2016

Agenda

- **Background**
- **Preliminary Analysis of CRIAC Restructuring**
- **Phase 2 – Scope of Work for CRIAC Restructuring**
- **Phase 2 - Project Timeline and Cost Estimate**
- **Considerations and Recommendation**

Background

- On July 7, 2016, the Board adopted Resolution #16-90 regarding the Clean Rivers Impervious Area Charge (CRIAC):
 - The resolution directed the General Manager to evaluate the Customer Assistance Program (CAP) and make a recommendation to the DC Retail Water and Sewer Rates Committee regarding the expansion of CAP to include a portion of the CRIAC fees.
 - The resolution also directed the General Manager to conduct a review of the impact of the CRIAC on various customer segments including low-income customers who do not qualify for CAP, non-profit, charitable and religious organizations and small businesses.
- On September 27, 2016, at a Joint Meeting of the DC Retail Water and Sewer Rates and the Finance and Budget Committees, management recommended an expansion of CAP to include a 50% CRIAC credit for eligible CAP customers. Management subsequently filed a Notice of Proposed Rulemaking (NOPR) and began a public comment period on the proposed CRIAC credit. The public comment period closed with no comments received, and management is recommending final approval of the CRIAC credit today.

Preliminary Analysis of CRIAC Restructuring

- On November 15, 2016, Raftelis Financial Consultants, Inc. presented to the DC Retail Water and Sewer Rates Committee a preliminary analysis of CRIAC restructuring:
 - Study Objective:
 - Define customer segments
 - Assess potential revenue shortfall
 - Develop cost recovery alternatives
 - Customer segments of interest:
 - Non-profit, charitable and religious organizations
 - Small businesses
 - Low-income residential customers (not eligible for CAP)
 - Study Methodology:
 - Collection of financial information to evaluate affordability
 - Sources of information for each segment of customer
 - Level of difficulty of obtaining information

Phase 2 – Scope of Work for CRIAC Restructuring

- In December 2016, Raftelis provided DC Water with a scope of work for Phase 2 of the CRIAC Restructuring Proposal
 - Industry and Utility Affordability Practices Analysis
 - Preliminary Revenue Modeling and Justification
 - Exempt customers (D.C. Government)
 - Hotel tax
 - Restaurant tax
 - Suburban Jurisdictions
 - Customer Segmentation Methodology Development:
 - Low-income residential customers that are not eligible for CAP
 - Non-profits – charitable and religious organizations
 - Non-profits – other (non-charitable and religious)
 - Small Businesses

Phase 2 - Project Timeline and Cost Estimate

- Phase 2 is projected to take 16 weeks at an estimated cost of approximately \$180,000
- A follow-up Phase 3 is required and would develop specific recommendations regarding:
 - Segmentation procedures
 - Numbers of eligible customers
 - Estimated loss revenue
 - Revenue recovery mechanisms
- The projected timeline and cost estimates for Phase 3 are not known at this time.

Considerations and Recommendation

- DC Water's new customer billing system is projected to go-live on November 27, 2017 (VertexOne).
 - VertexOne has the ability to capture more customer data and to assign separate codes for hotels, restaurants, embassies, hospitals, small businesses, charitable and religious organizations, non-profit organizations, single family residences, and multifamily townhouses, apartments and condominiums.
 - The current customer information system does not have the ability to capture this information and any changes to the current CRIAC would incur significant reprogramming costs to implement on a legacy system that is in the process of being replaced.
- In consideration of the on-going implementation of VertexOne and expect go-live date of November 2017, management recommends commencing Phase 2 of the CRIAC Restructuring upon the successful implementation of the new customer billing system.

Objective/ <i>Activities</i> /Task	Date of Activity	Completed	Responsible Department
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2. Conduct a Review of the Impact of the CRIAC on Various Customer Segments			
<p>a. <i>Conduct a review of the impact of the CRIAC on various customer segments including low-income customers who do not qualify for CAP, non-profit organizations and small businesses owners</i></p> <p>i. CRIAC overview to RRC</p> <p>ii. Discuss the CRIAC restructuring of various segments including low-income customers who do not qualify for CAP, non-profit, charitable and religious organizations and small businesses.</p>	<p>November 15, 2016</p> <p>February 21, 2017</p>	<p>√</p> <p>√</p>	Rates and Revenue

FY 2017 Proposed Committee Workplan			
Objective/ <i>Activities</i> /Task	Date of Activity	Completed	Responsible Department
3. Delinquent Accounts			
a. <i>Soldiers Home Negotiations</i>	Monthly, as needed		General Counsel
4. Alternative Charges			
a. <i>System Availability Fee (SAF) Go-live</i>	January 1, 2018		Permits
5. DCGIS FY 2014 Flyover			
a. <i>Update Committee on FY 2014 Flyover</i>	November 15, 2016	√	Customer Service



Attachment D

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

**TUESDAY, March 28, 2017; 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 April 25, 2017 Committee Meeting	Committee Chairman
Adjournment	

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