



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

BOARD OF DIRECTORS

*Retail Rates Committee
Tuesday, September 23, 2008
9:30 a.m.*

MEETING MINUTES

COMMITTEE MEMBERS

Robin B. Martin, Chairman
David J. Bardin
Howard Gibbs

WASA STAFF

Jerry N. Johnson, General Manager
Olu Adebo, Acting Chief Financial Officer
Avis M. Russell, General Counsel
Linda R. Manley, Board Secretary

Chairman Martin called the scheduled Retail Rates Committee meeting to order at 9:30 a.m.

Impervious Surface Project Update

Mr. Johnson updated the Retail Rates Committee on the activities surrounding the IAB project. A project status update was provided to the Committee in early September and a lot of progress has been made under the new approach to the project implementation. Mr. Johnson informed the Committee that three project workshops have been undertaken and staff and the consultants have been co-located at the Customer Service offices to keep the project on track. WASA's internal team and task force are meeting on a weekly basis regarding the activities that need to be done. The QA/QC team has been enhanced for data collections and data management issues.

Mr. Adebo introduced new WASA people assigned to the project team: Mr. Louis Desjardins and Ms. Lauren Foley. Mr. Desjardins will focus on development of the IAB database and Ms. Foley will be the Customer Service lead. Mr. Reginald Lipscomb will continue to work on rate related activities and Mr. Mohammed will lead the QA/QC process. With the new approach WASA is not relying solely on PB, but taking a more directive approach to managing the project. The two teams are more embedded and working from the same site at 810 First Street. Mr. Desjardins and Ms. Foley provided the Committee with their background and experiences in their individual areas of expertise.

Mr. Desjardins reviewed the presentation that was attached to the Committee package including the revised project timeline. The highlights include the restructuring of WASA support so that three main areas have focus and resources: rates/legislation, database development and business process development. Currently, the draft Applications Development Plan and Concepts of Operations documents have been delivered to WASA. WASA has been working with PB aggressively to clean and prepare the data for the database. The strategy calls for the database to be delivered in five geographic blocks beginning in early October and ending in November. Currently, Ms. Foley is working on

continuing the documentation of the business processes and aggressively hiring IAB staff to be on board in January so that they can be trained on time before the system becomes operational on April 1, 2009. Legislation was introduced this month in the DC City Council to allow WASA to implement impervious area charges for sewerage.

Mr. Bardin noted that the Board has adopted IAB policy #3 that requires a report in January, 2009, on the efforts to implement a multiple tiered system for residential customers, yet this is not included within the revised project schedule. Mr. Adebo stated with the revised project schedule focused on making sure we make the April 1, 2009, target. Activities leading to the multiple tiered system will need to be incorporated into the schedule.

Mr. Desjardins continued to describe current and upcoming activities. Through various datasets from the National Park Service, General Service Administration, and National Capital Planning Commission, WASA and PB have been able to fill in the gaps of ownership from the dataset received from DC GIS. Review of existing premise data against the DC OTR data has been manually reviewed and the new information was used to update WASA's existing customer service database. Various assumptions as outlined in the information provided to the Committee have been made to enable PB consult to automate the assignment of impervious surfaces to most of the properties. Manual research is required to assign the remaining properties. Mr. Adebo stated that the team has made great progress in the data cleanup exercise, for instance as of last week the more than 8,000 discrepancies in premise match information had been reduced to approximately 300. The QA/QC sampling plan was reviewed and discussed. Mr. Early of PB Consult addressed the Committee and informed them that things are much better and reiterated that the schedule is tight, and would require both WASA and PB staff close interaction to meet the deadlines.

Mr. Gibbs asked about the rationale for the 85% mass rule. Mr. Adebo replied that some buildings and parking lots cross multiple property lines. Most of the separate properties are owned by the same person and allow us to automate the process to assign the larger portion of the structures to the lot that contains the largest portion of the structure(s). Mr. Early added that 5,000 of these scenarios have been identified so far and there are many buildings that are shown in the GIS layer as a single building but are actually multiple buildings. In such cases, various methods of manual inspection and verification have been made and the structures were split on the property line.

Chairman Martin asked what the responsibilities of the WASA IAB staff would be. Mr. Kiely responded that the staff will be responsible for customer service. Chairman Martin asked how long will the current IAB staff be employed, Mr. Kiely responded by saying that we will have a small group (5 people) within customer service that will manage the IAB process going forward starting, April, 2009. Mr. Kiely mentioned that Laura Foley will head up the customer service process changes related to IAB including QA/QC, reconciliation of data and doing site inspections.

Chairman Martin asked when staff anticipated providing sample billings to each customer. Mr. Adebo responded that the timing of the bill is forthcoming and that each customer would receive a generic bill. Mr. Kiely discussed the development of the new bills and the cycles required when rate changes are implemented.

The Committee discussed the impervious area legislation introduced by Councilmember Graham's committee. The legislation included several items not previously discussed or recommended by WASA when the original drafts were reviewed. Also, no schedule for hearings or final enact had been provided as of the date of the Retail Rates Committee meeting. The General Manager mentioned that the formal analysis from a legal standpoint has not been completed and he anticipates it being completed before the upcoming board meeting. Committee members had some additional questions regarding the legislation and General Counsel suggested that these issues be discussed in executive session if the Committee desired detailed discussion. Gordon Fry mentioned that he had spoken with the Councilmember's staff on Friday (September 19, 2008) and they indicated that they would try to provide a schedule as soon as possible. Chairman Martin stated that before legislation gets to the stage of hearing or public workshops, the WASA board would like to express opinions regarding the legislation. The General Manager and Chairman Martin asked Mr. Fry to try to arrange a meeting with Councilmember Graham to discuss the proposed legislation.

A review and discussion of the updated impact analysis using DC OTR class use codes followed. Mr. Adebo noted that the results sustain previous findings regarding reallocation of costs. The largest adjustment appears to be within the commercial and federal customer class categories. However, there may be further adjustments once the DC OTR class codes are matched against the WASA CIS database of customer classes. For clarity, Chairman Martin asked Mr. Adebo to make changes on slide 10 to distinguish charges between the impervious area charge per ERU and the water & sewer volumetric charge per Ccf.

Other Business

Mr. Bardin stated that information has been provided to him that demonstrates that suburbs send sewage to Blue Plains for two basic reasons: (a) Dry weather flows to Blue Plains, and (b) wet weather flows to Blue Plains that have freedom to overflow into receiving waters. Given that years have gone by without a consensus among the IMA signatories and true up of WASA billings to the wholesale customers for a share of the combined sewer control costs, Mr. Bardin asked that the Committee recommend to the Board a policy that future retail rate increases shall charge D.C. retail rate payers for no more than DC's capital cost share under the IMA formula (~ 40% DC, 60% suburbs) subject to true up or true down in light of any regional consensus that may be achieved.

Chairman Martin noted that Board briefings on the use of both DC and suburban customers of CSO LTCP and the facilities for the BTN projects should be scheduled prior to any discussions of cost allocations.

Adjournment

Hearing no further business, Chairman Martin entered into executive session at 11:47am. Public session was resumed at 12:39pm and hearing no further business, Chairman Martin adjourned the meeting at 12:40 pm.