



## DISTRICT OF COLUMBIA WATER AND SEWER BOARD OF DIRECTORS

### DC Retail Water and Sewer Rates Committee

Tuesday, September 24, 2013

### MEETING MINUTES

#### **COMMITTEE MEMBERS**

Howard C. Gibbs, Chairperson  
Alan Roth  
Brenda Richardson

#### **DC WATER STAFF**

Mark Kim, Chief Financial Officer  
Linda R. Manley, Board Secretary  
Randy Hayman, General Counsel

#### **Call to Order**

Chairman Gibbs called the Committee meeting to order at 9:31a.m.

#### **Update on DCGIS Flyover Information**

Mr. Kim introduced the consultant, Mr. Louis Desjardins who briefed the committee on the update of District of Columbia Geographic Information System (DCGIS) flyover information. Mr. Desjardins explained that the initial database was created by DCGIS in 1999 and updated in 2005. It was subsequently updated in 2008 and 2010. DCGIS is planning a new flyover in late October/early November 2013 with the planimetric data and orthoimagery being available in the Spring of 2014. DC Water is planning to begin an update of the entire database in the Fall of 2014 and has included \$800K in the proposed FY 2015 capital budget.

Mr. Desjardins further explained that currently the updates in CRIAC database are triggered by new premises being made active by a move in and a meter set or from customer calls or simple visual inspection of changes in ownership information or orthoimagery. All available sources of impervious surface areas are used including orthoimagery, most recent planimetric data and even site plans. In addition, he also informed that the assigned Impervious Areas do not include streets as they are considered public Right-of-Way. The system is designed to allow for a reasonable assessment of areas that are considered as impervious.

In FY2014, DCGIS will change their processing methodology to include more features to support the DC Water CRIAC process and DDOE River Smart project. The current planimetric data is not perfect as many driveways were not captured in the planimetric data. In addition, site visits will be required in FY 2014 to ensure that these areas are included in the impervious area data set and are recorded correctly.

#### **FY 2013 Potomac Interceptor Cost of Service Study and Customer Rate Update**

Mr. Kim briefed the Committee on the results of the FY 2013 Potomac Interceptor (PI) Cost of Service Study. He noted that the purpose of the study is to set rates for the period FY2014-FY2016 for the four small PI users, Town of Vienna, Dulles International Airport, National Park Service and Department of the Navy. The 86<sup>th</sup> U.S. Congress authorized the design and construction of the Potomac Interceptor on June 12, 1960. The small PI customer agreements are separate from the IMA agreements and the Loudoun County Sanitation Authority Agreement. Under the Agreement, the small PI customers' rates are to be adjusted periodically (three year or greater intervals). The

charges are based on proportionate allocation of capital and operating costs and are recovered through a rate per million gallons of wastewater flow. Small PI customers are billed quarterly, based on measured flow. Mr. Kim stated the following objectives of the PI Cost of Study (COS):

- Determine cost of providing services to the PI customers for FY 2010 FY 2013 and true-up balances
- Estimate costs of services and PI customer flows for FY 2014-FY 2016
- Establish a rate for cost recovery for the FY 2014–FY 2016 period

In supporting the analysis, Mr. Kim explained the rate model methodology: 1) Capital costs are allocated based on reserved capacity, 2) Operating and Maintenance costs are allocated based on wastewater flow and, 3) Total Capital and Operating and Maintenance costs divided by projected wastewater flow is equal to the rate in dollars per million gallons. He indicated that the FY 2014-FY 2016 rates show a reduction for all four small PI users. The variation in the rates is due to various factors such as over or under estimation of flows, significant true-up amounts to recover prior period's underpayment, increase in operating and maintenance and capital costs, etc.

Mr. Kim also informed that the preliminary findings of the Cost of Service Study were reported to the PI customers subject to the Committee review and briefing to Board of Directors after finalization of PI COS. Chairman Gibbs inquired about the variation in rates over the years. Mr. Kim assured the Committee that the FY2014-FY2016 proposed rates were computed based on a collaborative effort between DC Water and the PI Customers. This collaborative effort includes the PI Customers advising of possible future planned activities that will impact the flows.

Mr. Roth inquired whether the 30 year period for amortization of capital costs is included in the PI agreement. Mr. Kim indicated that he will follow-up in the next meeting.

### **Action Items**

The committee recommended that PI COS and FY 2014-FY2016 rates be moved forward to the Board of Directors.

### **Retail Rates Committee Workplan**

Mr. Kim presented a recap on the FY2013 completed Committee Workplan and the new proposed FY 2014 Committee Workplan. All the items on the FY2013 Workplan were addressed and completed with a few items carried forward as additional follow-up in the FY2014 Committee Workplan. Mr. Kim informed that customer segmentation study, high strength rate alternatives and redevelopment impact fee will be incorporated in the FY 2015 Cost of Service Study. Chairman Gibbs asked to include potential revenue generating initiatives in FY 2014 Workplan. He also asked to add overviews of GIS activities in FY 2014 workplan in order to provide information about new buildings, parking lots, and other impervious surface areas added to the database. Ms. Richardson suggested adding a link on DC Water website for customers to get information on conservation.

Chairman Gibbs asked whether the Board resolution is required for approval of rates. Mr. Kim stated that PI rates do not need an action item because these are not retail rates. As is the practice, the Committee Chairman updates the Board.

The General Counsel reported that the currently existing contracts for the PI customers are valid and effective; therefore, no modifications are required at this time.

### **Other Business**

No other business was discussed.

### **Agenda for November 19, 2013 Committee Meeting**

Committee moved the November meeting from November 26 to November 19, 2013.

### **Executive Session**

The Committee unanimously moved to an executive session. The Committee reconvened into the public meeting.

### **Adjournment**

The meeting was adjourned at 11:30am.

### **Follow-Up Items - DC Retail Water and Sewer Rates Committee Meeting (September 24, 2013)**

1. Calculate average CAP customer monthly bill using higher Ccf per month vs. average residential monthly usage of 6.69 Ccf. (Alan Roth) Status: November 19, 2013
2. How does DC Water inform the senior population about our customer affordability programs. (Ms. Richardson) Status: November 19, 2013
3. Add a link on DC Water website for customers to get information on conservation. (Ms. Richardson) Status: FY 2014
4. Is 30 year period for amortization of capital costs included in the PI agreement? (Mr. Roth) Status: November 19, 2013