



**MINUTES OF THE MEETING
DC RETAIL WATER AND SEWER RATES COMMITTEE
JANUARY 28, 2025
(via Microsoft Teams)**

COMMITTEE MEMBERS PRESENT

1. Rachna Bhatt, Chairperson
2. Howard Gibbs, Vice-Chairperson
3. Anthony Giancola, Principal
4. Richard Jackson, Principal
5. Jed Ross, Principal

DC WATER STAFF

1. David L. Gadis, Chief Executive Officer and General Manager
2. Matthew T. Brown, Chief Financial Officer Finance and EVP, Finance, Procurement, and Compliance
3. Marc K. Battle, Chief Legal Officer and EVP, Government and Legal Affairs
4. Wayne Griffith, Chief Administration Officer and EVP
5. Jeffrey Thompson, Chief Operating Officer and EVP
6. Michelle Rhodd, Secretary to the Board

The DC Retail Water and Sewer Rates Committee meeting was called to order by Rachna Bhatt, Chairperson, at 9:30 AM. Board Secretary Michelle Rhodd called the roll.

I. MONTHLY REPORT TO THE DC RETAIL WATER AND SEWER RATES COMMITTEE

Matthew Brown, Chief Financial Officer and EVP, Finance, Compliance and Procurement presented the Monthly Financial Report through Q1-FY 2025, noting that the DC Water revenues are on track to budget. There were favorable variances in the Residential, Commercial, Multi-Family, Federal, and Municipal, Water System Replacement Fee, Pilot, and Other categories.

FY 2025 revenues were adjusted in the revised budget to increase overall revenue by three percent. This includes an additional \$16 million in the Residential, Commercial, and Multi-Family category to reflect Commercial revenues that declined during the COVID-19 pandemic but are now Commercial consumption is within 1% of pre-COVID-19 levels. An

additional \$9.4 million was allocated to the Other category to account for the Fire Protection Fee, which had not been factored in when the budget was approved.

There was a negative variance of \$1.7 million in the DC Housing Authority category due to a missed payment.

Delinquent accounts increased by approximately \$1 million, with the number of accounts rising from 11,854 to 12,161, primarily driven by multi-family accounts, which comprised 55 percent of the total \$36.4 million owed.

Committee member Anthony Giancola expressed concern about the trend, noting that delinquent accounts had been increasing at a rate of approximately \$1 million per month since the start of the fiscal year. He suggested that the multi-family delinquency rate be raised with the chair of the Committee of Transportation and Environment when Mr. Gadis speaks with the Committee in early February 2025.

Mr. Brown agreed that the growing delinquency balance is a concern, highlighting that the DC Water offers some of the best customer assistance programs for residential customers, though multi-family dwellings remain a challenge.

Committee member Howard Gibbs expressed sympathy for renters who pay for their utilities but are dependent on landlords who may not be paying for tenants' utility bills. He suggested that the City Council consider requiring new apartment buildings to have individually metered water systems.

Wayne Griffith, Chief Administrative Officer and EVP stated that a strategy was in development, including a marketing and communications campaign. He noted that any action would interface with Government Affairs and Customer Care to help pinpoint areas where delinquency rates could be improved.

Marc Battle, Chief Legal Officer and EVP, Legal and Government Affairs added that his department, along with Kristen Williams', Chief Communications and Stakeholders Engagement Officer and EVP, team was drafting messaging to raise the issue with DC Council to gain support, particularly in addressing multi-family delinquencies. He stated that he and Ms. Williams had met with the Department of Buildings to address other issues and discuss taking a whole-government approach, including potentially suspending building occupancy permits for properties with significant arrears.

Mr. Griffith also noted that technological options were being explored to adjust flows in areas where customers are not paying.

Chairperson Bhatt acknowledged the concern over multi-family delinquencies but also highlighted that delinquency in the commercial category is a concern, as it represents a large dollar amount for a small number of accounts. Mr. Brown explained that commercial delinquencies are sometimes related to multi-family delinquencies when buildings have a mix of commercial and residential units due to a shared meter.

Mr. Griffith stated that he will conduct further additional analysis to identify trends among delinquent customers, including whether some delinquencies were linked to complexity in shared-meter buildings

Mr. Brown reviewed the Customer Assistance Program report, in particular, highlighting the high participation in the new CAP+ program.

The Developer Deposits report included a summary of all deposits from 2001 through 2014, which had a net balance of \$421,423. Mr. Brown noted that consultants conducting the Cost of Service Study of Miscellaneous Fees were exploring the possibility of charging fixed permit fees to reduce the need for reimbursable developer deposits.

Mr. Giancola inquired whether President Trump's action to halt all grant funding had impacted the DC Water. Mr. Brown explained that the DC Water had secured \$199 million out of the \$400 million in grants awarded, and the executive order appeared to affect only new grants, not those already secured. However, at least two watermain projects could be impacted.

Committee member Richard Jackson stated that no specific information had yet been received from the EPA although updates were expected soon. David Gadis, Chief Executive Office and General Manager, noted that an update would be provided in the upcoming Friday report to the Board. He also mentioned that the DC Water had recently signed with a federal lobby group that might offer additional insight.

II. FY 2025 PROPOSED RRC COMMITTEE WORK PLAN

Mr. Brown reviewed the work plan, noting that all items in Sections 1 through 3 were complete. The next steps include finalizing the FY 2025 Revised and FY 2026 Proposed Revenue Budget and Financial Plan, which will be discussed at the meeting to immediately follow. The Cost of Service Study of Potomac Interceptor and Cost of Service Study to establish Miscellaneous Fees will be presented to Retail Rate Committee in the spring of 2025. Mr. Brown also noted that we have started planning of next year's Cost of Service Study for Water, Sewer and CRIAC rate making.

III. AGENDA FOR FEBRUARY 25, 2025 COMMITTEE MEETING

The February 25, 2025 meeting will include the monthly update, committee work plan, and any other items the committee wishes to discuss.

IV. ADJOURNMENT

The meeting adjourned at 10:01 am.

Follow-up Actions:

1. Mr. Griffith will conduct further analysis to identify trends among delinquent customers, including whether some delinquencies were linked to complexity in shared-meter buildings.