



**MINUTES OF THE MEETING  
DC RETAIL WATER AND SEWER RATES COMMITTEE  
MAY 27, 2025  
(via Microsoft Teams)**

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**COMMITTEE MEMBERS PRESENT**

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

**DC WATER STAFF**

1. David L. Gadis, Chief Executive Officer and General Manager
2. Matthew Brown, Chief Financial Officer and EVP
3. Marc Battle, Chief Legal Officer and EVP
4. Kirsten Williams, 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 9:34 AM. Board Secretary Michelle Rhodd called the roll.

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

Matthew Brown, CFO and EVP, presented the monthly report for the period ending April 30, 2025, noting that the Authority's revenue was favorable to the revised budget by approximately 2.8 percent or \$15.7 million. Positive variances were reported in the Residential, Commercial, and Multi-Family category, which was two percent ahead of budget due to higher consumption and Clean Rivers Impervious Area Charge (CRIAC) collections above budget; the Federal category was 1.3 percent ahead of budget; and the Water System Replacement fee, was six percent ahead of budget due to higher than expected revenue collections. An unfavorable variance was noted in the DC Housing Authority category due to a late payment. The Wholesale category significantly exceeded budget, as Fairfax and Loudoun counties made their quarterly payments early.

Delinquent accounts slightly decreased in the dollar value and number of accounts. The Multifamily category accounts for 54 percent of the 90-day delinquent balance.

Mr. Brown reviewed the Developer Deposits report and noted continued progress in reducing the backlog. In April, 17 accounts were processed, resulting in approximately \$60,000 in refunds. Mr. Brown also reported that the revised fee proposal under the 2025 Cost of Service Study to Establish Miscellaneous Fees and Charges is currently out for public comment. The proposed shift from deposits to fixed fees is expected to support long-term management of deposits.

Ogechi Okpechi, Director of Permit Operations, responded to Chair Bhatt reporting that the backlog of developer deposits has been essentially cleared. Ms. Okpechi noted that, at the start of the project, outstanding deposits dated back to 2018. The permit operations team has since completed processing deposits through the end of 2023. Some accounts remain pending due to the need for developers to submit supporting documentation before refunds can be issued. Ms. Okpechi further noted that most accounts opened after 2023 are associated with ongoing projects. In response to Committee member Anthony Giancola, Ms. Okpechi confirmed that the current credit balance of approximately \$26 million is appropriate for ongoing operations and that the deposits project has largely stabilized.

## **II. EXTEND THE PAYMENT PLAN INCENTIVE PROGRAM UNTIL 9/30/2026**

Meisha Thomas, Director of Customer Care, presented a request to extend the Payment Plan Incentive program through September 30, 2026. The proposal included increasing the assistance provided through the program from 40 percent to 50 percent credit of the payments made towards delinquent balances, and to fund the program for FY2026 with \$1 million from the Rate Stabilization Fund (RSF).

Ms. Thomas provided an overview of the program, which was launched on June 1, 2024, to support residential customers with outstanding balances of \$500 or more aged 60 days or longer. Under the program, customer received a 40 percent credit applied every fourth month, contingent on three consecutive months of on-time payments. The program was funded at \$2 million per year in FY2024 and FY2025 from the RSF.

A core objective of the initiative is to help customers re-establish consistent monthly payments. The proposed extension would ensure that customers who initiate payment plans after June 2025 remain eligible for benefits. Increasing the credit to 50 percent is intended to accelerate balance reduction, provide stronger incentives, and reduce the volume of disconnection orders.

Ms. Thomas reported that in FY 2024, 470 customers participated in the program resulting in \$122,000 in adjustments. In FY2025 to date, 1,375 have accessed the program at a rate of approximately 150 customers per month, for just over \$382,000 in adjustments year to date. As of April 2025, 66 percent of program participants are

maintaining payments; The aim is to increase the percentage of customers that maintain their plans by providing a higher incentive. Ms. Thomas noted that the program was available to the entire residential population and was not income based.

Ms. Thomas noted that as of April 30, 2025, there were approximately 9,000 delinquent customers in the residential population, of which 3,413 were eligible for the program and 939 had enrolled. Efforts to recruit the remaining 2,474 eligible customers include email campaigns and customized flyers.

Chair Bhatt inquired about the use of paper mail to reach eligible customers. Ms. Thomas noted that email had proven to be much more effective than paper mail or phone calls. Mr. Giancola noted that Ms. Thomas had indicated there was an option to also use robocalls and stated that any efforts to expand outreach would be appreciated.

In FY2024, 470 customers participated in the program and approximately \$1.87 million were spent. As of FY2025, 1,375 customers participated and approximately \$1.67 million were spent. The current projected expenditure is approximately \$650,000. In 2026 the request is to fund the program at \$1 million using the RSF.

Management requested the Retail Rates Committee recommend Board approval to:

- extend the Payment Plan Incentive Program until September 30, 2026;
- increase assistance from 40 percent to 50 percent credit of the payments made towards the delinquent balance; and
- fund the program at \$1 million from the RSF.

Mr. Giancola inquired whether there was any discussion of going higher than the proposed 50 percent credit and Ms. Thomas stated 50 percent was the highest amount discussed. Chair Bhatt suggested that providing more than 50 percent of the bill seemed lopsided. Mr. Giancola suggested that the Authority might consider giving multi-family property owners a discount of perhaps 5 to 10 percent to encourage payment. Vice Chair Howard Gibbs asked whether the requested funds just cover the anticipated credits or if they also cover administration costs, and noted a concern about offering the higher credit, suggesting that offering a longer payback period may be an alternative. Ms. Thomas noted that administration costs are not included in the requested funding. As well, customers only receive the credit if they maintain payments for three months and if they default in that three months they have to start over. Mr. Brown noted that the program was created to help incentive adherence to payment plans. He noted that the program has been overall successful in that regard.

The Committee agreed to recommend the request to the Board for approval.

### **III. CUSTOMER PAYMENTS AND FEES UPDATE**

Henok Getahun, Treasury and Debt Manager, presented the customer payments and fees update and discussed changes in DC Water's retail payments following the

implementation of credit card fees.

DC Water's credit card fees rose from \$1.2 million in FY2019 to \$2.7 million in FY2023, driven by increased web-based transactions. To reduce these costs, a new payment platform was launched in February 2024 that stops the authority from absorbing credit card fees and now includes American Express alongside Visa, Discover and Mastercard. The platform introduced a \$1.95 fee for residential payments up to \$1,000, and 2.65 percent fee for non-residential payments up to \$100,000. Fees are waived for customers enrolled in the Customer Assistance program (CAP) a. Multiple payment options remain available including credit card, and free payments options such as e-check, EFT, and staff -processed direct payments. .

After implementation of the new payment gateway, a look back analysis was conducted and found that annually, retail credit card payments decreased from 30 percent to 10 percent, dropping from \$222 million before implementation to \$79 million after implementation. Overall, 18 percent of residential customers shifted to ACH payments while 89% of non-residential customers moved to ACH and check payments from credit card payments. Since February 2024, the Authority saved approximately \$2.7 million annually in credit card fees.

Chair Bhatt expressed concerns about the growth in check fraud and asked whether encouraging payment by check was fraught with issues and if DC Water should pay for credit card fees. Mr. Brown replied that the Authority occasionally sees fraudulent checks on the Accounts Payable side and would monitor whether check payments were an issue for customer bill payments. Ms. Thomas acknowledged that there can be issues where checks take a while to arrive by mail and the Authority must reverse late payment fees.

Mr. Getahun responded to Chair Bhatt, noting that the Authority works with a merchant vendor and the fees for all cards are the same. Prior to this arrangement, there was a range of credit card rates and Vice President Finance Ivan Boykin noted that some could be as high as \$8 per transaction. Mr. Brown confirmed that DC Water's current payment fees program is similar in structure to that used by other water and non-water utilities.

Mr. Boykin noted that some previous credit card presentations to the Committee had details of the fee comparisons with other utilities, and he agreed to circulate those presentations to the Committee post meeting.

#### **IV. DC RETAIL WATER AND SEWER RATES COMMITTEE WORKPLAN**

Mr. Brown reviewed the Committee workplan noting that Items 1 through 5 were complete. Item 6, the 2025 cost of service study to established miscellaneous fees and charges, was ongoing with the public comment period set to close on June 16, 2025. A final recommendation to approve the fees will be issued on June 24, 2025. The Board will approve the notice of final rulemaking (NOFR) on July 3, publish the NOFR on July 18, and the fees will go live on October 1, 2025.

The ratemaking process for FY2027 and FY2028 has begun, and budget preparation is underway. The proposed budget will be presented in January 2026.

Additionally, the next Board of Directors meeting will include a discussion of delinquent accounts and the Soldiers Home negotiations.

#### **V. AGENDA FOR JUNE 24, 2025, COMMITTEE MEETING**

The meeting on June 24, 2025, will include the monthly update, the Committee workplan, the recommendation for miscellaneous fees, and any other items the Committee wishes to discuss.

#### **VI. ADJOURNMENT**

The meeting adjourned at 10:23 AM.

#### **Follow-up Actions:**

1. Mr. Boykin will provide the Committee with previous credit card presentations that have details of the fee comparisons with other utilities.