



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

DC Retail Water and Sewer Rates Committee

Tuesday, January 23, 2018

9:30am

- 1. **Call to Order** **Rachna Butani, Chairperson**
- 2. **FY 2019 & FY 2020 Proposed Rates, Charges & Fees (Attachment A)**.....**Matthew Brown**
- 3. **System Availability Fee Review (Attachment B)**.....**Matthew Brown**
- 4. **Action Items (Attachment C)**.....**Matthew Brown**
 - Proposal of FY 2019 & FY 2020 Rates (Action item 1)
 - Proposal of Ten Year Financial Plan FY 2018 – FY 2027 (Action Item 2)
 - Approval of Final Action to Extend the Effective Date of the System Availability Fee (Action Item 3)
- 5. **DC Retail Water and Sewer Rates Committee Workplan****Matthew Brown**
 - FY 2018 Proposed DC Retail Rates Committee Workplan (Attachment D)
- 6. **Agenda for February 20, 2018 Committee Meeting (Attachment E)**.....**Rachna Butani, Chairperson**
- 7. **Other Business**.....**Matthew Brown**
- 8. **Executive Session***
- 9. **Adjournment**

FOLLOW-UP-ITEMS – DC Retail Water and Sewer Rates Committee Meeting (December 7, 2017)

- 1.) Compare SFR Monthly Bill for Utilities with CSO Programs chart to include DC Water’s direct peers. (Chairperson Butani) **Status:** (January 2018)
- 2.) Provide case laws on the legal defensibility on price breaks. (Mr. Giancola) / (Henderson Brown, General Counsel) **Status:** (February 2018)

* 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



**Proposed FY 2019 and FY 2020 Rates, Charges and Fees
Presentation to Retail Rates Committee, January 23, 2018**

District of Columbia Water and Sewer Authority



Blue Plains Advanced Wastewater Treatment Plant

Multi-year Rate Proposal

- FY 2019 & FY 2020 Rates, Charges and Fees

FY 2018 – FY 2027 Financial Plan

- 10-year CIP disbursement budget
- Projected residential water and sewer rates
- Projected average residential customer bills

Multi-Year Rate Proposal

 **Management is proposing rates for FY 2019 and FY 2020**

 **Multi-year rates provide the following benefits:**

- Revenue certainty
- Budget discipline
- Expenditures better aligned with revenues
- Favorable credit rating agency treatment

 **Potential risks / considerations:**

- Reduced financial flexibility
- Limited ability to modify approved rate increases, if necessary
- Conservatism in financial projections

Utilities with Single and Multi-Year Rates

City / Utility	State	Years Adopted
Central Arkansas Water	AR	3 years
Central Arizona Water Conservation District	AZ	2 years
City of Riverside Public Utilities	CA	3-5 years
City of Santa Rosa Utilities Department	CA	2 years
East Bay Municipal Utility District	CA	2 years
Los Angeles Department of Water and Power	CA	5 years
San Francisco Public Utilities Commission	CA	5 years
Ventura Water	CA	4 years
Cobb County-Marietta Water Authority	GA	5 years
Honolulu Board of Water Supply	HI	5 years
Fort Wayne City Utilities	IN	3 years
Sewerage & Water Board of New Orleans	LA	5 years
City of Baltimore	MD	3 years
Cleveland Division of Water	OH	5 years
Montgomery County Environmental Services	OH	3 years
Northeast Ohio Regional Sewer District	OH	5 years
Philadelphia Water Department	PA	4 years
Charleston Water System	SC	3 years
Greenville Water	SC	5 years
Knoxville Utilities Board	TN	3 years
Nashville Metro Water Services	TN	3 years
City of Norfolk Dept. of Utilities	VA	10 years
Prince William County Service Authority	VA	3 years
City of Bellevue Utilities	WA	2 years
Seattle Public Utilities	WA	3 years
Tacoma Water	WA	2 years
Detroit Water & Sewerage Department	MI	1 year
Charlotte-Mecklenburg Utilities	NC	1 year
NYC Department of Environmental Protection	NY	1 Year
Las Vegas Water District	NV	1 year
San Diego County Water Authority	CA	1 year
Boston Water & Sewer Department	MA	1 year
Miami-Dade Water & Sewer Department	FL	1 year
City of Phoenix	AZ	1 year
Dallas Water Utility	TX	1 year
Richmond Department of Public Utilities	VA	1 year

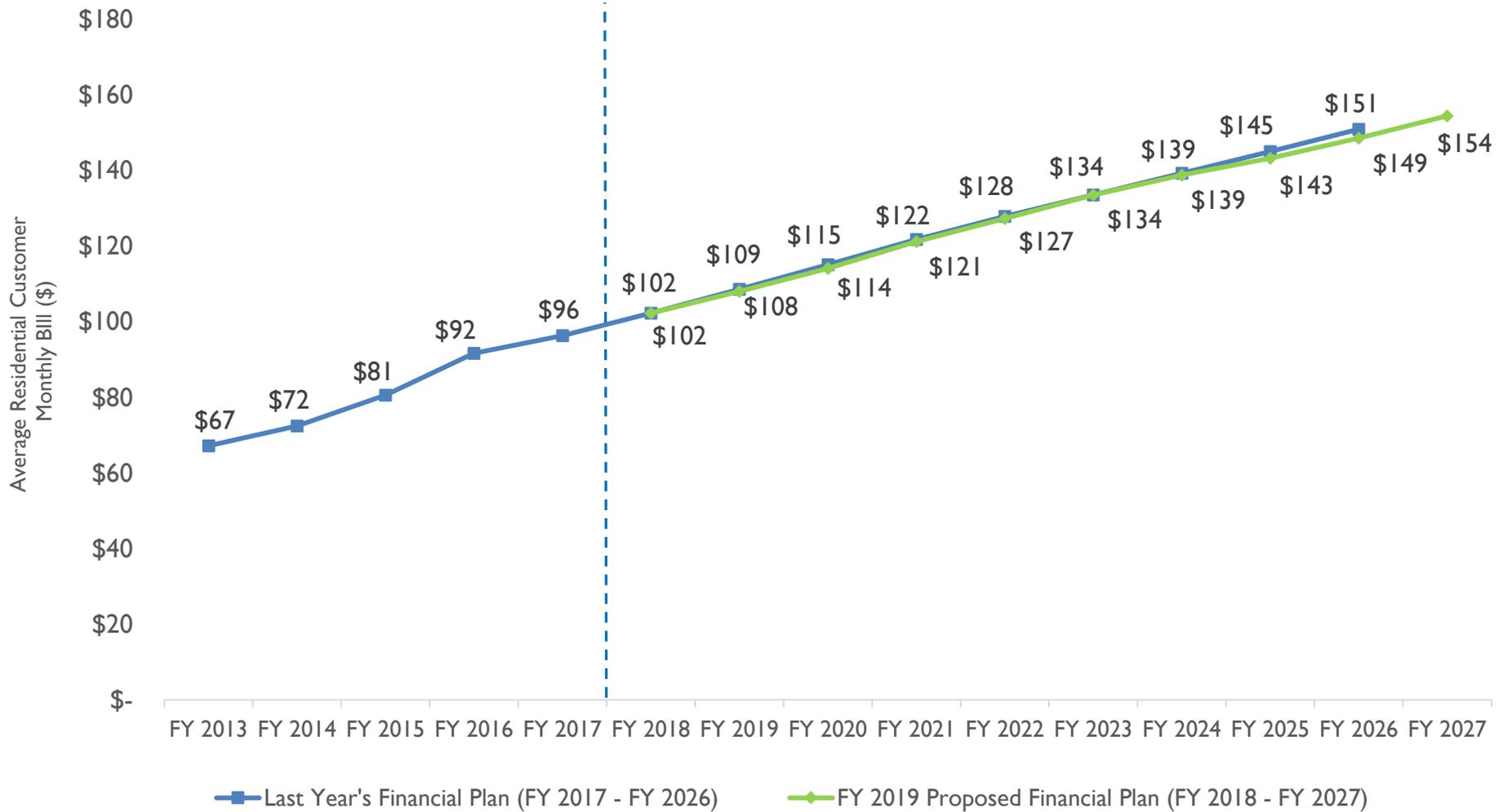
Source: Association of Metropolitan Water Agencies (AMWA) Survey in 2014

Overview of Rates & Revenues

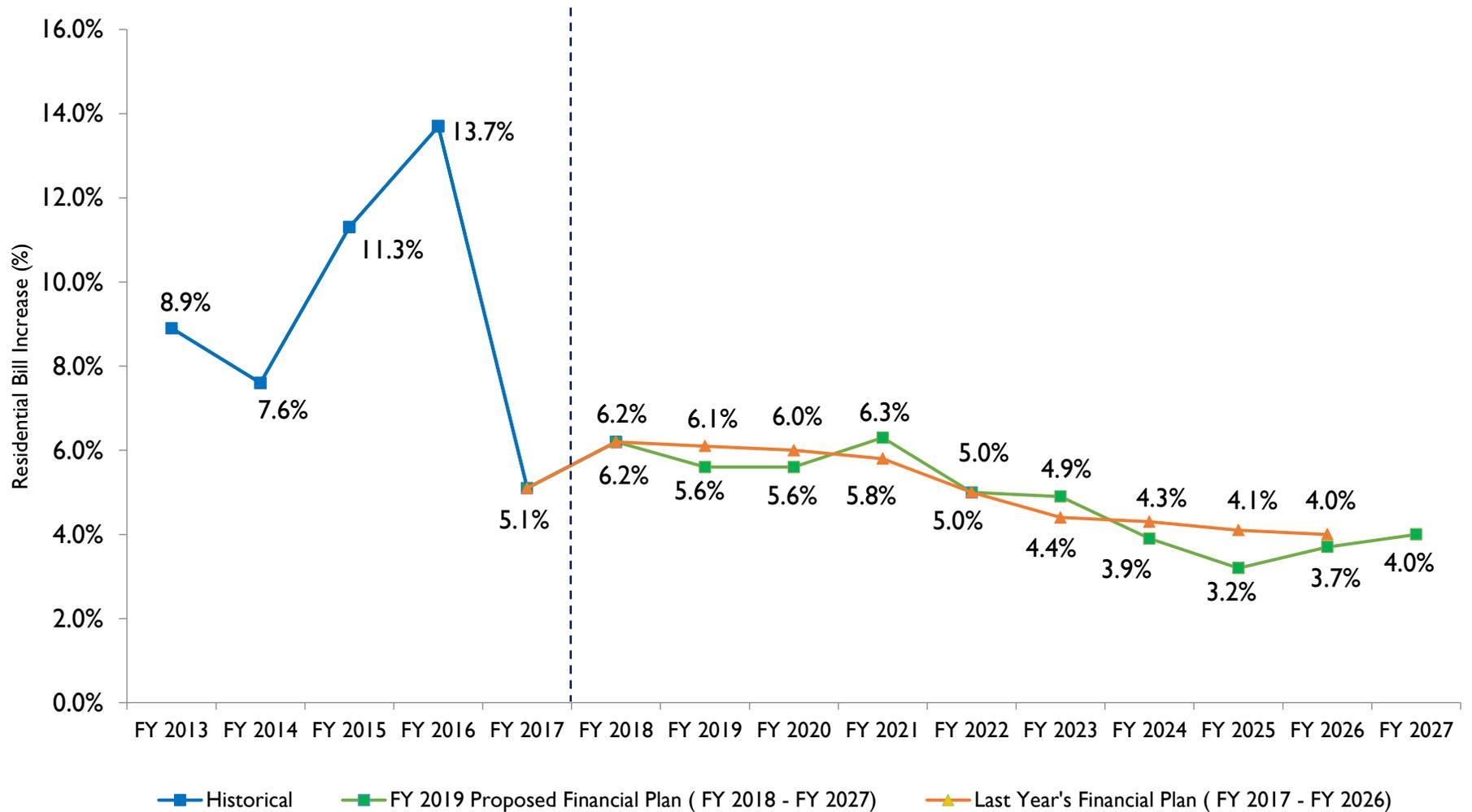
Proposed FY 2019 and FY 2020 Rates, Fees and Charges

- Management recommends a multi-year rate proposal covering FY 2019 and FY 2020
- Proposed annual water and sewer rate increase of 13% for FY 2019 and 5% for FY 2020
- Proposed Clean Rivers Impervious Area Charge (CRIAC) of \$23.00 per ERU in FY 2019 and \$25.58 per ERU in FY 2020. CRIAC decreased from projected \$28.41 in FY 2019 to \$23.00 per ERU per month.
- Customer Metering Fee and Water System Replacement Fee (WSRF) will remain the same as in FY 2018
- Combined rate increase for water, sewer and CRIAC lowered from 6.1% forecasted last year to 5.6%

Historical and Projected Customer Bill

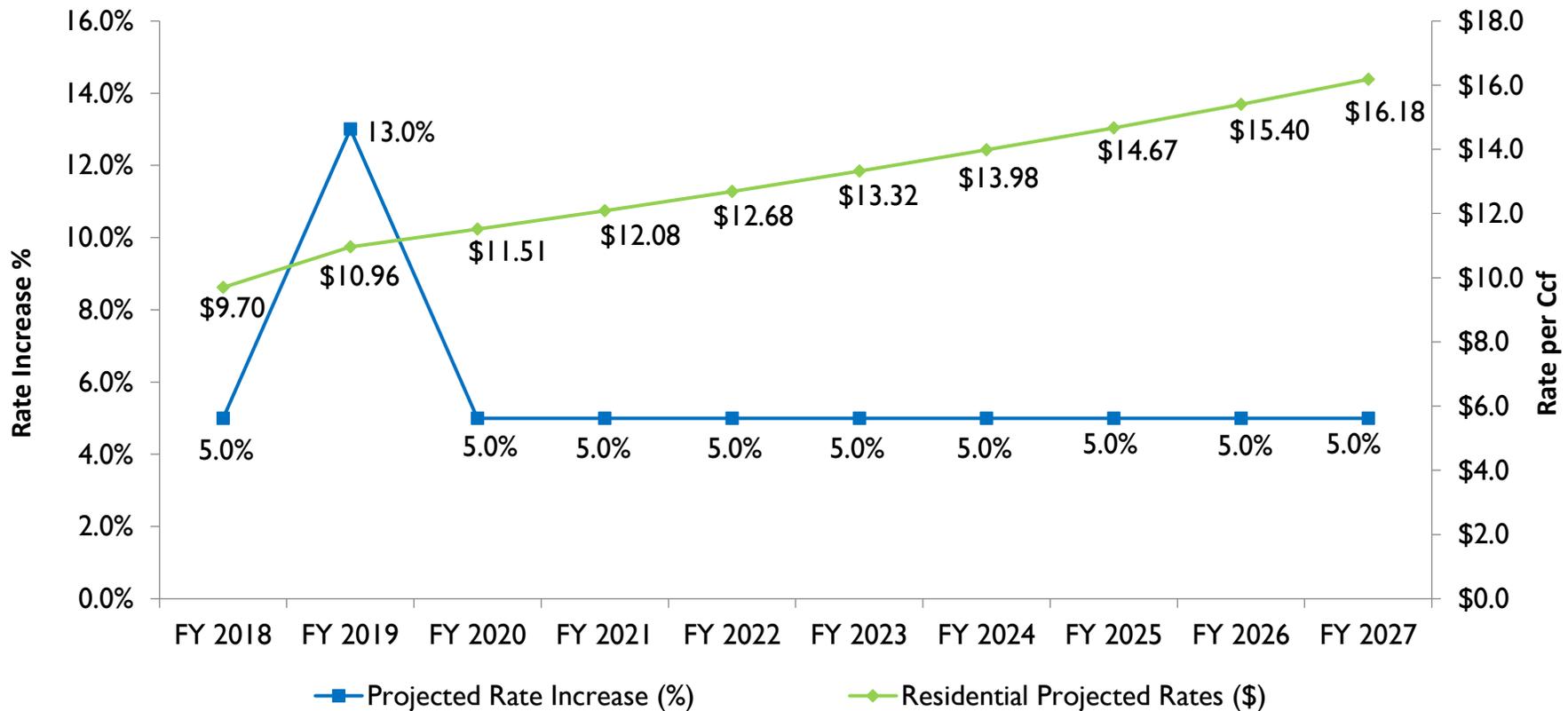


Historical and Projected Combined Rate Increases



Projected Water & Sewer Rates

- Projected annual rate increase of 13% in FY 2019 and 5% from FY 2020 to FY 2027
- Projected water and sewer rate increase from \$9.70 to \$16.18/Ccf



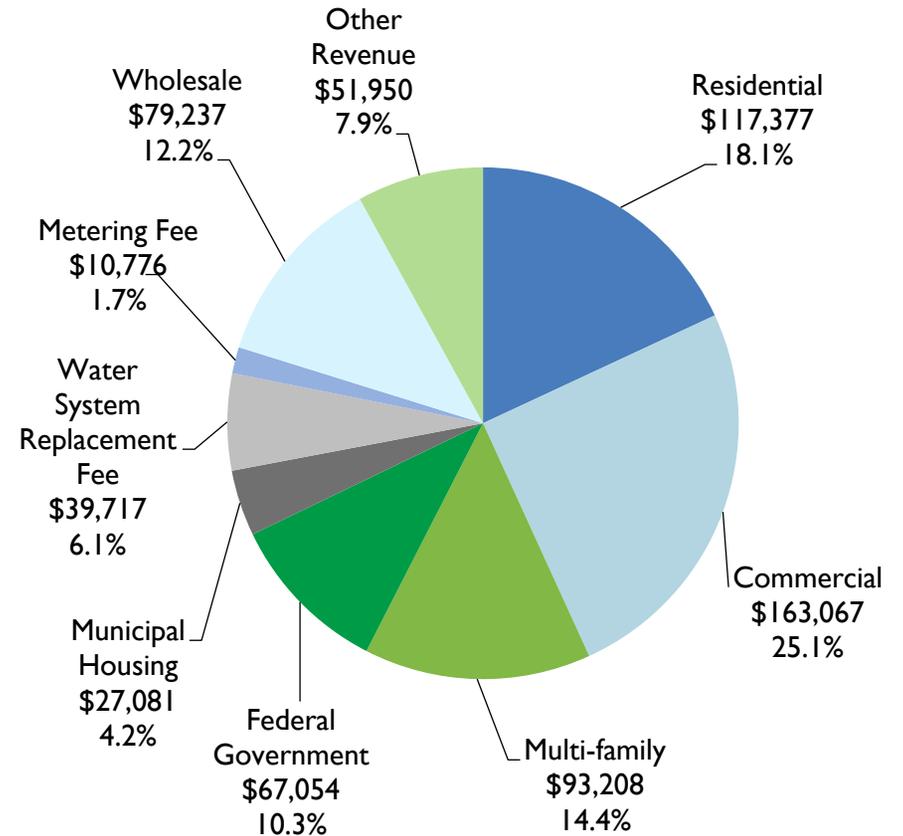
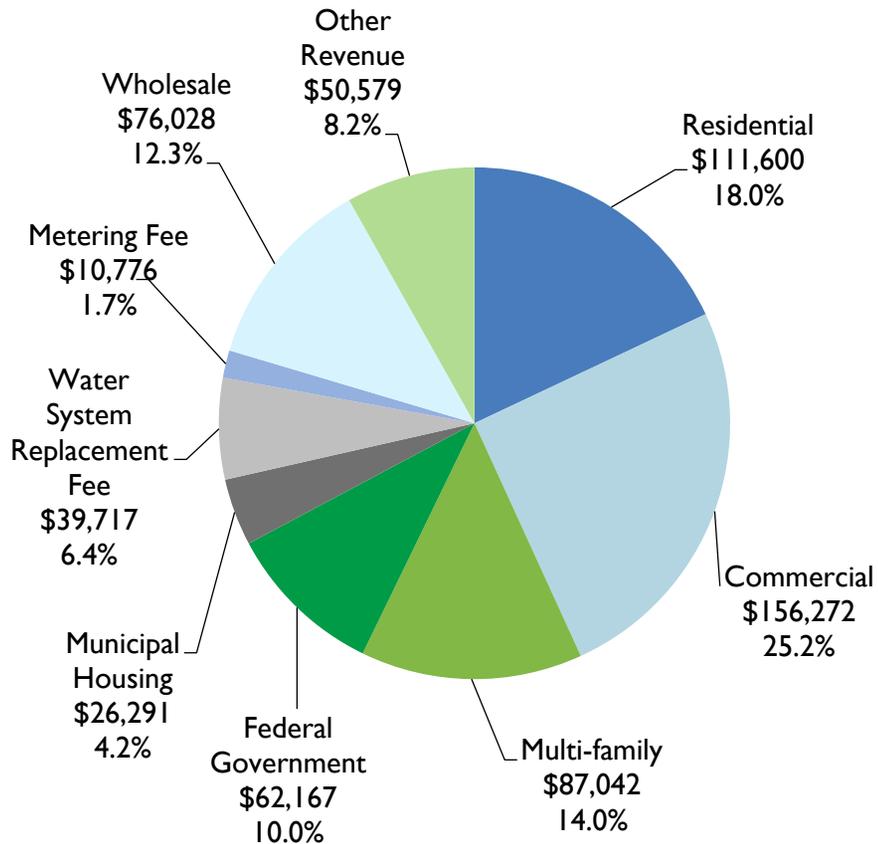
* Rates shown above reflect weighted water and sewer rates for the Residential customer category

FY 2018 vs. FY 2019 Operating Revenues

Revised FY 2018
\$620,472

(\$000's)

Proposed FY 2019
\$649,467



Revenue Comparison by Customer Class

- 💧 Total revenue is projected to increase by \$29.0M or 4.7% for FY 2019 and \$36.3M or 5.6% for FY 2020
- 💧 Retail revenue is projected to increase by \$24.4M or 4.9% for FY 2019 and \$30.7M or 5.9% for FY 2020
- 💧 Wholesale revenue is projected to increase by \$3.2M or 4.2% for FY 2019 and \$2.4M or 3.0% for FY 2020

(\$000's)	Revised	Proposed	Proposed	FY 2019 vs		FY 2020 vs	
	FY 2018	FY 2019	FY 2020	FY 2018		FY 2019	
				Incr/(Decr)		Incr/(Decr)	
				\$	%	\$	%
Retail Revenue	\$493,865	\$518,281	\$549,000	\$24,416	4.9%	\$30,719	5.9%
Wholesale Revenue							
Potomac Interceptor (PI)	2,715	2,715	2,715	-	-	-	-
Loudoun County Sanitation Authority (LCSA)	5,418	6,150	6,416	732	13.5%	266	4.3%
Washington Suburban Sanitary Commission (WSSC)	55,320	57,628	59,357	2,308	4.2%	1,729	3.0%
Fairfax County	12,575	12,743	13,126	168	1.3%	383	3.0%
Total Wholesale Revenue	\$76,028	\$79,236	\$81,614	\$3,208	4.2%	\$2,378	3.0%
Other Revenue	50,579	51,950	55,154	1,371	2.7%	3,204	6.2%
Rate Stabilization Fund	-	-	-	-	-	-	-
Total Revenues	\$620,472	\$649,467	\$685,768	\$28,995	4.7%	\$36,301	5.6%

Proposed FY 2019 & FY 2020 Rates, Charges & Fees

	Units	Approved FY 2018	Proposed FY 2019	Proposed FY 2020	Incr/(Decr) FY 2019		Incr/(Decr) FY 2020	
					\$	%	\$	%
DC Water Retail Rates – Water:								
Residential – Lifeline (0- 4 Ccf)	Ccf	\$3.39	\$3.83	\$4.02	\$0.44	13.0%	\$0.19	5.0%
Residential – (> 4 Ccf)	Ccf	4.26	4.81	5.05	\$0.55	13.0%	\$0.24	5.0%
Multi-family	Ccf	3.80	4.29	4.50	\$0.49	13.0%	\$0.21	5.0%
Non-Residential	Ccf	4.40	4.97	5.22	\$0.57	13.0%	\$0.25	5.0%
DC Water Retail Rates – Sewer	Ccf	6.00	6.78	7.12	\$0.78	13.0%	\$0.34	5.0%
DC Water Clean Rivers IAC	ERU	25.18	23.00	25.58	(\$2.18)	(8.7%)	\$2.58	11.2%
DC Water Customer Metering Fee	5/8"	3.86	3.86	3.86	-	-	-	-
DC Water System Replacement Fee	5/8"	6.30	6.30	6.30	-	-	-	-
District of Columbia PILOT Fee	Ccf	0.49	0.50	0.51	\$0.01	2.0%	\$0.01	2.0%
District of Columbia Right of Way Fee	Ccf	0.18	0.18	0.19	-	-	\$0.01	1.0%
District of Columbia Stormwater Fee	ERU	2.67	2.67	2.67	-	-	-	-

Average Residential Customer Monthly Bill

- 💧 Average Residential Customer Monthly bill is based on 6.20 Ccf, or 4,638 gallons
 - Updated most recently in FY 2016 from average household usage of 6.69 Ccf to reflect decrease in usage

- 💧 Gives most households a year over year representation of their water bill:
 - 49% or 52,042 households use 4 Ccf or less per month
 - 60% or 64,714 households use 5 Ccf or less per month
 - 70% or 75,112 households use 6 Ccf or less per month
 - 78% or 82,940 households use 7 Ccf or less per month
 - 83% or 88,777 households use 8 Ccf or less per month
 - 87% or 93,063 households use 9 Ccf or less per month
 - 90% or 96,148 households use 10 Ccf or less per month
 - 99% or 105,462 households use 20 Ccf or less per month

Average Residential Customer Monthly Bill

	Units	FY 2017	Current FY 2018	Proposed FY 2019	Proposed FY 2020
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 57.25	\$ 60.13	\$ 67.94	\$ 71.33
DC Water Clean Rivers IAC	ERU	22.24	25.18	23.00	25.58
DC Water Customer Metering Fee	5/8"	3.86	3.86	3.86	3.86
DC Water Water System Replacement Fee ⁽³⁾	5/8"	6.30	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 89.65	\$ 95.47	\$ 101.10	\$ 107.07
Increase / Decrease		\$ 4.63	\$ 5.82	\$ 5.63	\$ 5.97
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$ 2.98	\$ 3.04	\$ 3.10	\$ 3.16
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	1.05	1.12	1.12	1.18
District of Columbia Stormwater Fee ⁽²⁾	ERU	2.67	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.70	\$ 6.83	\$ 6.89	\$ 7.01
Total Amount Appearing on DC Water Bill		\$ 96.35	\$ 102.30	\$ 107.99	\$ 114.08
Increase / Decrease Over Prior Year		\$ 4.70	\$ 5.95	\$ 5.69	\$ 6.09
Percent Increase in Total Bill		5.1%	6.2%	5.6%	5.6%

(1) Assumes average monthly consumption of 6.2 Ccf, or (4,638 gallons)

(2) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010

(3) DC Water "Water System Replacement Fee" of \$6.30 for 5/8" meter size effective October 1, 2015

Low Income CAP Customer Monthly Bill

	Units	FY 2017	Current FY 2018	Proposed FY 2019	Proposed FY 2020
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 57.25	\$ 60.13	\$ 67.94	\$ 71.33
DC Water Clean Rivers IAC	ERU	22.24	25.18	23.00	25.58
DC Water Customer Metering Fee	5/8"	3.86	3.86	3.86	3.86
DC Water Water System Replacement Fee	5/8"	6.30	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 89.65	\$ 95.47	\$ 101.10	\$ 107.07
Increase / Decrease		\$ 4.63	\$ 5.82	\$ 5.63	\$ 5.97
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$ 2.98	\$ 3.04	\$ 3.10	\$ 3.16
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	1.05	1.12	1.12	1.18
District of Columbia Stormwater Fee ⁽⁴⁾	ERU	\$ 2.67	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.70	\$ 6.83	\$ 6.89	\$ 7.01
Total Amount		\$ 96.35	\$ 102.30	\$ 107.99	\$ 114.08
Increase / Decrease Over Prior Year		\$ 4.70	\$ 5.95	\$ 5.69	\$ 6.09
Percent Increase in Total Bill		5.1%	6.2%	5.6%	5.6%
Less: CAP Discount (4 Ccf per month) ^{(1), (2)}		(38.36)	(40.24)	(45.16)	(47.36)
Water System Replacement Fee (WSRF) ⁽³⁾		(6.30)	(6.30)	(6.30)	(6.30)
Clean Rivers IAC ⁽⁵⁾		(11.12)	(12.59)	(11.50)	(12.79)
Total Amount Appearing on DC Water Bill		\$ 40.57	\$ 43.17	\$ 45.03	\$ 47.63
Increase / Decrease Over Prior Year		\$ (8.14)	\$ 2.60	\$ 1.86	\$ 2.60
CAP Customer Discount as a Percent of Total Bill		-57.9%	-57.8%	-58.3%	-58.2%

(1) Assumes average monthly consumption of 6.2 Ccf, or (4,638 gallons)

(2) Extension of CAP program in FY 2009 to first 4 Ccf of Water and Sewer and to first 4 Ccf of PILOT and ROW in FY 2011

(3) Assumes 100 percent discount for Water System Replacement Fee (WSRF) to CAP customers effective October 1, 2015

(4) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010

(5) Assumes 50 percent discount for the Clean Rivers IAC effective May 1, 2017

Average Residential Customer's Monthly Bill Comparison – FY 2018 vs FY 2019

			5.00%	13.00%	Incr/Decr	Incr/Decr
	Units		FY 2018	Proposed FY 2019	(\$)	(%)
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$	60.13	\$ 67.94	\$ 7.81	13.0%
DC Water Clean Rivers IAC	ERU		25.18	23.00	(2.18)	-8.7%
DC Water Customer Metering Fee	5/8"		3.86	3.86	-	0.0%
DC Water Water System Replacement Fee	5/8"		6.30	6.30	-	0.0%
Subtotal DC Water Rates & Charges		\$	95.47	\$ 101.10	\$ 5.63	5.9%
Increase / Decrease		\$	5.82	\$ 5.63	\$ (0.19)	-3.3%
Percent Increase in DC Water Portion of Bill			6.5%	5.9%		
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$	3.04	\$ 3.10	\$ 0.06	2.0%
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf		1.12	1.12	-	0.0%
District of Columbia Right-of-Way Fee / PILOT	Ccf		4.16	4.22	0.06	1.4%
District of Columbia Stormwater Fee	ERU		2.67	2.67	-	0.0%
Subtotal District of Columbia Charges		\$	6.83	\$ 6.89	\$ 0.06	0.9%
Total Amount Appearing on DC Water Bill		\$	102.30	\$ 107.99	\$ 5.69	5.6%
Increase / Decrease Over Prior Year		\$	5.95	\$ 5.69	\$ (0.26)	-4.4%
Percent Increase in Total Bill			6.2%	5.6%		

(1) Assumes average monthly consumption of 6.2 Ccf, or 4,638 gallons

- The table shows comparison of Residential Customer's Monthly Bill for FY 2018 and FY 2019
- The overall customer bill increase in FY 2018 was 6.2%
- Last year's projected ten-year (FY 2017 – FY 2026) average residential customer monthly bill estimated a combined increase of 6.1% in FY 2019, whereas the current proposed FY 2019 overall increase is 5.6%

Financial Plan Objectives

- 💧 **DC Water's 10-year financial plan serves as the fiscal roadmap to achieve the Board's strategic plan**
- 💧 **It is one of management's key tools to monitor progress in meeting financial goals and targets**
- 💧 **It also ensures meeting or exceeding all debt-related legal and policy requirements, as well as maintaining sufficient liquidity to meet all current financial obligations**
- 💧 **DC Water's financial plan objectives focus on:**
 - minimizing rate increases while meeting all financial obligations;
 - satisfying all indenture requirements and Board policies; and
 - maintaining the DC Water's current credit ratings of AAA/Aa1/AA

Ten Year Capital Improvement Plan (CIP)

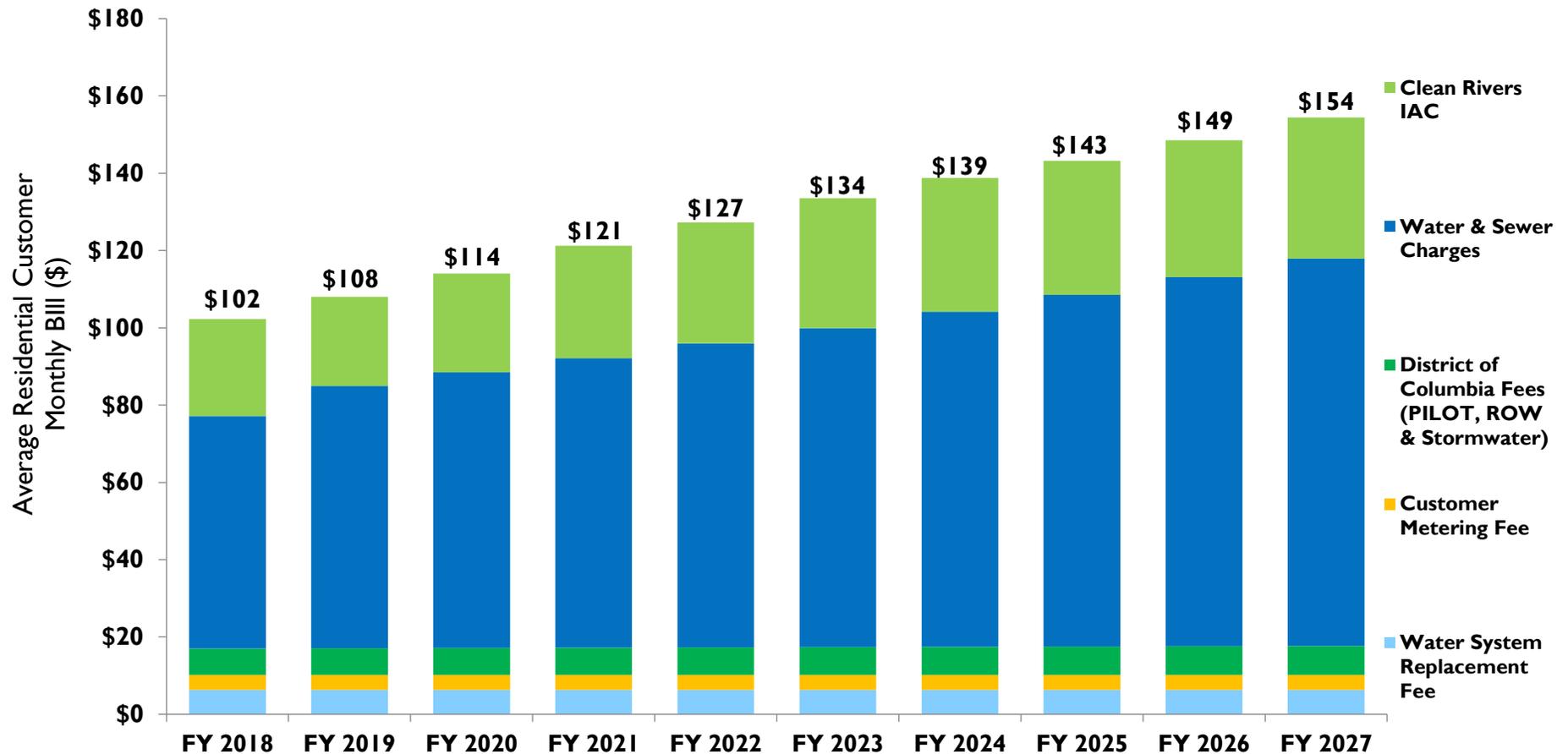
Proposed FY 2018 – FY 2027 CIP disbursement budget of \$4.0 billion

Service Area (\$000`s)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
NON PROCESS FACILITIES	\$ 32,194	\$ 33,107	\$ 18,907	\$ 7,860	\$ 1,551	\$ 25	\$ 6,615	\$ 7,773	-	-	\$ 108,032
WASTEWATER TREATMENT	95,485	74,617	77,853	87,960	89,820	69,560	51,607	62,172	117,623	129,252	855,948
COMBINED SEWER OVERFLOW *	181,816	200,343	160,554	148,121	203,085	164,508	79,694	65,611	135,797	92,819	1,432,348
STORMWATER	945	4,909	2,400	2,312	5,839	1,212	1,784	1,642	1,276	2,133	24,452
SANITARY SEWER	29,802	32,947	34,045	53,050	74,492	73,917	75,912	58,882	60,769	38,672	532,490
WATER	58,044	45,747	84,256	62,341	48,241	53,471	88,055	99,661	101,344	89,510	730,672
CAPITAL PROJECTS	398,285	391,670	378,015	361,644	423,029	362,694	303,666	295,742	416,809	352,386	3,683,941
CAPITAL EQUIPMENT	39,898	34,518	29,383	27,998	9,579	10,306	10,850	11,177	12,122	12,303	198,133
WASHINGTON AQUEDUCT	11,768	12,930	12,944	13,039	13,039	12,312	11,768	11,441	10,496	10,315	120,052
ADDITIONAL CAPITAL PROGRAMS	51,665	47,448	42,327	41,037	22,618	22,618	22,618	22,618	22,618	22,618	318,185
Total CIP	\$449,950	\$439,118	\$420,342	\$402,681	\$445,647	\$385,312	\$326,284	\$318,360	\$439,427	\$375,004	\$4,002,125

* Includes \$1,313 billion for DC Clean Rivers

Projected Average Residential Customer Bills

Projected average monthly residential customer bill ranges from \$102 in FY 2018 to \$154 in FY 2027



Recommendations

Adopt proposed FY 2019 & FY 2020 rates, charges and fees

- 13% increase in FY 2019
- 5% increase in FY 2018

Adopt FY 2018 – FY 2027 Financial Plan

- 10-year CIP disbursement budget
- Projected water and sewer rate increases

APPENDIX: Ten-Year Financial Plan

District of Columbia Water & Sewer Authority

FY 2018 – 2027 Financial Plan

(In 000's)

OPERATING	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Retail*	\$ 515,466	\$ 539,982	\$ 571,113	\$ 602,587	\$ 629,109	\$ 656,446	\$ 678,437	\$ 696,598	\$ 718,313	\$ 742,257
Wholesale*	76,028	79,237	81,614	84,062	86,584	89,182	91,857	94,613	97,451	100,375
Other	28,978	30,249	33,041	39,588	42,764	43,199	42,708	42,789	44,418	44,803
RSF	-	-	-	-	-	-	-	-	-	-
Operating Receipts (1)	\$ 620,472	\$ 649,467	\$ 685,768	\$ 726,237	\$ 758,456	\$ 788,827	\$ 813,002	\$ 834,000	\$ 860,182	\$ 887,436
Operating Expenses	(320,146)	(338,499)	(348,335)	(358,462)	(368,891)	(379,628)	(390,684)	(402,068)	(413,790)	(427,381)
Debt Service	(184,278)	(199,025)	(214,119)	(232,128)	(245,477)	(258,537)	(267,811)	(275,215)	(283,955)	(292,699)
Cash Financed Capital Improvement	\$ (35,260)	\$ (26,999)	\$ (28,556)	\$ (30,129)	\$ (37,747)	\$ (45,951)	\$ (47,491)	\$ (55,728)	\$ (64,648)	\$ (66,803)
Net Revenues After Debt Service	\$ 80,789	\$ 84,944	\$ 94,758	\$ 105,518	\$ 106,342	\$ 104,711	\$ 107,017	\$ 100,989	\$ 97,788	\$ 100,553
Operating Reserve-Beg Balance	147,212	140,000								
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(16,019)	(7,321)	(1,500)	-	-	-	-	-	-	-
Project Billing Refunds	(4,000)	(4,000)	(4,000)	-	-	-	-	-	-	-
Transfers To RSF	-	-	-	-	-	-	-	-	-	-
Pay-Go Financing	(67,982)	(73,624)	(89,258)	(105,518)	(106,342)	(104,711)	(107,017)	(100,989)	(97,788)	(100,553)
Operating Reserve - Ending Balance	\$ 140,000									
Rate Stabilization Fund Balance RSF (2)	\$ (61,450)									
Senior Debt Service Coverage	489%	561%	545%	544%	575%	559%	659%	674%	648%	624%
Combined Debt Service Coverage	164%	161%	165%	168%	168%	167%	166%	166%	166%	166%
Actual/Projected Water/Sewer Rate Increases	5.0%	13.0%	5.0%							
*Operating Receipts \$ Increase/Decrease										
Retail	20,228	24,515	31,131	31,474	26,522	27,338	21,991	18,161	21,715	23,945
Wholesale	(5,108)	3,209	2,377	2,448	2,522	2,598	2,675	2,756	2,838	2,924
*Operating Receipts % Increase/Decrease										
Retail	4.1%	4.8%	5.8%	5.5%	4.4%	4.3%	3.3%	2.7%	3.1%	3.3%
Wholesale	-6.3%	4.2%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

(1) Includes interest earnings on senior lien revenue bonds' debt service reserve fund

(2) FY 2018 planned transfers of \$0.0 million to Rate Stabilization Fund will maintain the total fund balance at \$61.45 million



System Availability Fee

Presentation to the DC Retail Water and Sewer Rates Committee, January 23, 2018

District of Columbia Water and Sewer Authority



Blue Plains Advanced Wastewater Treatment Plant

SAF Timeline

- 02/24/15 – *Management proposed Development Impact Fee (DIF)*
- 12/18/15 – *RRC recommended proposed System Availability Fee (SAF)*
- 01/07/16 – *Board approval of the SAF Notice of Proposed Rulemaking (NOPR)*
- 01/22/16 – *Published SAF NOPR in D.C. Register*
- 02/22/16 – *Comment period ended*
- 03/04/16 – *Published SAF notice of extension of public comment period in D.C. Register*
- 03/11/16 – *Extended comment period ended*
- 04/26/16 – *RRC review of public comments and recommendation on SAF*
- 05/05/16 – *Board approval of SAF Notice of Final Rulemaking (NOFR)*
 - *Delay the SAF effective date from April 1, 2016 until January 1, 2018*
 - *Extend the SAF installment plan period from December 31, 2019 to December 31, 2020*
 - *Extend the inactivity period for properties under renovation or redevelopment that are/have been inactive prior to DC Water's issuance of the Certificate of Approval from 12 months to 24 months*

SAF Timeline, (cont'd)

- 05/20/16 – *Published SAF NOFR in D.C. Register*
- 01/01/18 – *Proposed effective date of SAF (which was extended as listed below)*
- 12/07/17 – *RRC Recommended approval of the revised effective date (from January 1, 2018 to June 1, 2018) of the SAF regulations in Notice of Emergency & Proposed Rulemaking (NOE&PR)*
- 12/07/17 – *Board adopts (NOE&PR)*
- 12/22/17 – *Published NOE&PR in DC Register*
- 12/22/17-01/21/18 – *Public Comment Period – No comments received as of January 16th*
- 01/23/18 – *RRC recommends approval of final action to revise the effective date of the SAF in Notice of Final Rulemaking (NOFR) to June 1, 2018*
- 02/01/18 – *Board approves NOFR*
- 02/16/18 – *Publish NOFR in DC Register*

SAF Timeline, (cont'd)

- 11/28/17 – DC Water staff engages public outreach
- 02/20/18
- 02/20/18 – RRC meets to consider and recommend proposed amendments to SAF regulations
- 03/01/18 – Board approves Notice of Proposed Rulemaking (NOPR) that will change substantive provisions of the SAF regulations to accommodate impacts on projects with significant affordable housing components and/or other concerns (NOPR)
- 03/16/18 – Publish NOPR in DC Register
- 03/16/18- – Public Comment Period
- 04/16/18
- 04/24/18 – RRC meets and recommends final action to approve Notice of Final Rulemaking (NOFR)
- 05/03/18 – Board approves NOFR
- 05/18/18 – Publish NOFR in DC Register
- 06/01/18 – SAF Go-Live

Purpose of System Availability Fee (SAF)

- **Many utilities have implemented a fee assessed to new development (or redevelopment) to recover the investment in available system capacity:**
 - Water supply and treatment
 - Water storage and distribution
 - Wastewater and stormwater conveyance
 - Wastewater treatment
- **DC Water's SAF is designed to recover the proportionate share of system costs for new developments or redevelopments that require additional system capacity and is based upon meter size and average flow per meter size**
- **All revenue will be applied to the capital program as PAYGO, to reduce debt service costs for all retail customers**

Calculation of SAF - Net System Asset Value

- The SAF is a one-time fee based upon prior capital investments made by DC Water in certain system assets
- Specifically, only “trunk and treatment” assets were used in calculating the SAF (i.e., water and wastewater treatment plants, water transmission mains, and wastewater interceptors)
- The assets were valued at replacement cost less accumulated depreciation and outstanding debt service principle
- The net system asset value is calculated at a cost per gallon per day (GPD) based on total system capacity
- The capacity for any new account (development or redevelopment) is based on meter size and GPD for that meter size

SAF

Methodology (cont'd)

SAF Based Upon Meter Size

- The SAF fee schedule is scaled based on meter size and average water use for customers of the same meter size within the DC Water system
- Scaling for the SAF is consistent with methodology used for the WSRF (Water System Replacement Fee)
- The SAF methodology is consistent with industry standards published by American Water Works Association (AWWA) and Water Environment Federation (WEF)
- Other utilities, such as WSSC, have adopted a SAF based upon the number of fixtures

Methodology (cont'd)

Meter Size Versus Fixture Count

- Water meter size is a function of fixture count as well as mechanical demands and system requirements
- Fixture account alone may not capture all of the water demand; however, the meter size computations do so more precisely
- In addition, the SAF is only based upon peak demand flow and excludes fire service demand

Ability To Right-Size Water Meters

- DC Water allows property owners to “neck-down” water lateral lines to smaller water meter sizes
- The service pipe should be sized for velocity and head loss and the meter sized to match the peak demand flow
- Reductions by one standard pipe size will be approved, reductions greater than one pipe diameter would be by exception

Methodology (cont'd)

SAF Credits For Existing Connections

- A SAF credit will be given if development/redevelopment projects are removing existing connections from the water and sewer system
- The net SAF due will be equal to the difference between the property's new SAF and the SAF determined by the old meters being removed
- Accordingly, projects that do not require a marginal increase in system capacity will not be assessed a SAF

Sample Redevelopment Scenario With SAF Credit

- A non-residential redevelopment project will demolish 20 residential properties with 1" meters and require a new single 4" meter:
 - New 4" SAF = \$289,782
 - Less SAF credit = \$78,880 (20 x \$3,944)
 - Net SAF due = \$210,902

Proposed SAF Schedule

💧 Residential accounts with a 1" or smaller meter size will be charged the same fees:

Meter Size	# of Accounts	Est. Usage (GPD)	Water Fee	Sewer Fee	Total Fee
Residential (5/8", 3/4", 1")	101,440	206.24	\$ 1,135	\$ 2,809	\$ 3,944

💧 Residential (> 1"), Multi-Family and Non-Residential accounts will have fees based on meter size:

Meter Size	# of Accounts	Est. Usage (GPD)	Water Fee	Sewer Fee	Total Fee
1" or smaller	10,917	233	\$1,282	\$3,173	\$4,455
1"x1.25"	0	372	\$2,047	\$5,066	\$7,113
1.5"	4,173	998	\$5,491	\$13,591	\$19,082
2"	3,803	2,022	\$11,125	\$27,536	\$38,661
3"	1,064	5,907	\$32,500	\$80,442	\$112,942
4"	1,091	15,156	\$83,388	\$206,394	\$289,782
6" and larger	710	41,666	\$229,246	\$567,408	\$796,654

SAF Scaled for Larger Meter Sizes

- Reason why \$796,653 was the maximum SAF for meter sizes 6" and above and not higher for 8", 10", etc. is listed below:

The SAF was scaled up for larger meter sizes looking at average usage by meter size in the DC Water System. The main reasons to group larger meter sizes are:

- There are very few of these larger meters in the system (about 35 meters 8" or larger). As a result, the average usage was quite variable and was not a reliable indicator of the capacity a new account of the size would command
- Several of these larger meters were used on emergency connections to the water system and, under normal operations, had no flow at all, which further skewed the calculation of average flow
- In FY 2016 and FY 2017, no large meter greater than 6" was installed for new development
- Due to these reasons, 6" meters and larger were grouped (totaling 699 meters) to get a more consistent average

Preliminary SAF Revenue Projections

-  Preliminary revenue projections are based on the number of new permits issued less an allowance for redevelopment credits

Meter Size	Proposed Fee	Estimated # per year	Estimated Credit (%)	Net Additions	Projected Revenue
1" Meter	\$3,944	150	40%	90	\$ 354,960
1.5" Meter	\$19,082	50	40%	30	\$ 572,460
3" and Larger	\$112,942	100	40%	60	\$ 6,776,520
Total:					\$ 7,703,940

-  All SAF revenue would be allocated for Pay-Go capital contributions towards the system's "truck and treatment" assets
-  Any SAF revenue would help to mitigate future required water and sewer rate increases resulting from lower debt service costs

SAF Budget Assumptions

Board Resolution #16-39 gave approval to:

- Delay the SAF effective date from April 1, 2016 until January 1, 2018
- Extend the SAF installment plan period from December 31, 2019 to December 31, 2020
- Extend the inactivity period for properties under renovation or redevelopment that are/have been inactive prior to DC Water's issuance of the Certificate of Approval from 12 months to 24 months
- DCRA Construction Permit applicants that submitted plans and specifications to DC Water prior to the effective date of these regulations, shall not be subject to the SAF
- After the effective date of these regulations to December 31, 2020, the property owner may request to pay the SAF in four equal installments, with the final payment due on or before one year after the execution date of a Payment Plan Agreement

In consideration of the above, the projected SAF revenue in the Financial Plan FY 2018 – FY 2027 was calculated as follows:

- FY 2018 - \$7.7million x 25% = \$1.9 million
 - FY 2019 - \$7.7million x 50% = \$3.9 million
 - FY 2020 - \$7.7million x 75% = \$5.8 million
 - FY 2021 - \$7.7 million x 100% = \$7.7 million
- FY 2027

Previous SAF Comments from Notice Publications in DC Register

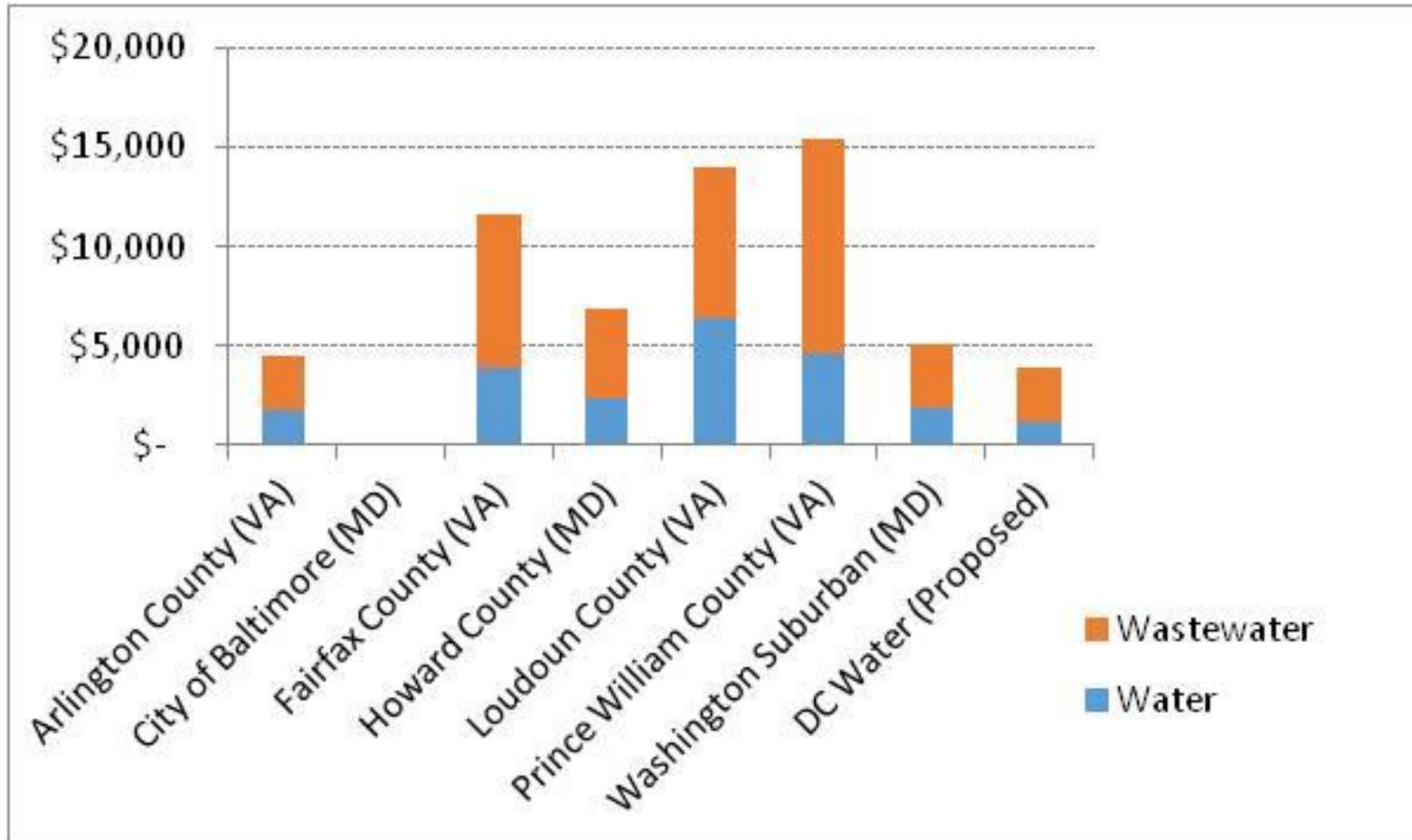
- **DC Water has received comments requesting changes in the SAF regulations:**
 - Study impact of SAF on affordable housing projects in the District to evaluate if anything can be done for affordable housing
 - Consider the multiple connection issue, which results in excessive SAF
 - Extension of the one year exemption period to two years. Under the current SAF regulations, a construction permit applicant that submits plans and specifications to DC Water prior to the effective date of the SAF must receive a Certificate of Approval from DC Water within one year to avoid paying the SAF
 - Automatic extension of the one year exemption period for delays incurred in other DC agency approvals, litigation, and force majeure events
 - Extend the SAF payment plan period to two years from 12/31/2020 (FY 2021) to 12/31/2021 (FY 2022)
 - Extend the one year limitation on the length of the SAF installment payment plan to two to three years
 - Receive an automatic refund when DCRA denies or revokes a construction permit. Under the current regulations, an applicant whose construction permit is denied or revoked must petition DC Water for a refund of the SAF

Proposed Action

- 01/23/18 – RRC recommends approval of final action to revise the effective date of the SAF in Notice of Final Rulemaking (NOFR) to June 1, 2018*
- 02/01/18 – Board approves NOFR*
- 02/20/18 – RRC meets to consider and recommend proposed amendments to SAF regulations*
- 03/01/18 – Board approves Notice of Proposed Rulemaking (NOPR) that will change substantive provisions of the SAF regulations to accommodate impacts on projects with significant affordable housing components and/or other concerns (NOPR)*
- 04/24/18 – RRC meets and recommends final action to approve Notice of Final Rulemaking (NOFR)*
- 05/03/18 – Board approves NOFR*
- 06/01/18 – SAF Go-Live*

Appendix

Regional Fee Comparison (Residential 1" and Less)



* Source: Raftelis Financial Consultants, Inc. 2013 Survey

Regional Fee Comparison (Non-Residential)

Utility	Service	Size	Fee	DC Water Proposed Fee	Difference
Fairfax Water Authority (VA)	water	2"	\$42,150	\$11,125	\$31,025
	water	10"	\$605,700	\$229,246	\$376,454
Howard County DPW (MD)	water	2"	\$7,680	\$11,125	(\$3,445)
	water	10"	\$336,000	\$229,246	\$106,754
Loudoun Water Authority (VA)	water	2"	\$78,168	\$11,125	\$67,043
Prince William County Service Authority (VA)	water	2"	\$55,200	\$11,125	\$44,075
Loudoun Water Authority (VA)	sewer	2"	\$94,752	\$27,536	\$67,216
Prince William County Service Authority (VA)	sewer	2"	\$129,600	\$27,536	\$102,064

- Comparisons for regional utilities that publish System Availability Fee by meter size are shown here
- Some utilities do not publish fees for larger accounts or they scale fees differently
- WSSC charges its fee based upon number of fixtures and not meter size

Water Fee Calculation

		OCLD	RCNLD	OCLD + CIP	RCNLD + CIP
Categories:					
AQU	Aqueduct	\$ 233,657,382	\$ 333,682,481	\$ 263,657,382	\$ 363,682,481
SEN	Little Senaca Reservoir	6,334,718	14,973,524	6,334,718	14,973,524
WAT	Water Transmission (8)	563,052,893	866,774,067	563,138,002	866,859,177
	Unrestricted Reserves (5)	49,175,000	49,175,000	49,175,000	49,175,000
Total Buy-In Value		\$ 852,219,992	\$ 1,264,605,073	\$ 882,305,102	\$ 1,294,690,182
	less: Debt Service Credit	20.0%	\$ (228,099,829)	\$ (228,099,829)	\$ (238,382,031) \$ (238,382,031)
Net Buy-In Value		\$ 624,120,163	\$ 1,036,505,243	\$ 643,923,071	\$ 1,056,308,151

		Unit Cost (in \$/gpd)		Unit Cost (in \$/gpd)	
		OCLD	RCNLD	OCLD + CIP	RCNLD + CIP
Categories:					
AQU	Aqueduct	192	\$ 1.217 \$ 1.738	\$ 1.373	\$ 1.894
SEN	Little Senaca Reservoir	192	0.033 0.078	0.033	0.078
WAT	Water Transmission (8)	192	2.933 4.514	2.933	4.515
	Unrestricted Reserves (5)	192	0.256 0.256	0.256	0.256
Total Buy-In Value		\$ 4.439	\$ 6.586	\$ 4.595	\$ 6.743
	less: Debt Service Credit	192	\$ (1.188) \$ (1.188)	\$ (1.242)	\$ (1.242)
Net Buy-In Value (in \$/gpd)		\$ 3.251	\$ 5.398	\$ 3.354	\$ 5.502
Water Capacity per ERU (gpd)		206.24	206.24	206.24	206.24
Fee per ERU		\$ 670.41	\$ 1,113.38	\$ 691.68	\$ 1,134.65

Wastewater Fee Calculation

		OCLD	RCNLD	OCLD + CIP	RCNLD + CIP
Categories:					
WWT	Wastewater Treatment	\$ 1,407,632,232	\$ 4,379,762,892	\$ 1,996,300,232	\$ 4,968,430,892
CSO	Combined Sewer System (5)	102,773,706	185,231,640	755,726,706	838,184,640
STW	Stormwater	-	-	-	-
SEW	Sanitary Sewer System (6)	39,628,722	67,817,821	66,088,422	94,277,521
	Unrestricted Reserves (7)	91,325,000	91,325,000	91,325,000	91,325,000
Total Buy-In Value		\$ 1,641,359,660	\$ 4,724,137,353	\$ 2,909,440,360	\$ 5,992,218,053
	less: Debt Service Credit	80.0%	\$ (912,399,317)	\$ (912,399,317)	\$ (953,528,123)
Net Buy-In Value		\$ 728,960,343	\$ 3,811,738,036	\$ 1,955,912,237	\$ 5,038,689,930

		Unit Cost (in \$/gpd)		Unit Cost (in \$/gpd)		
		OCLD	RCNLD	OCLD + CIP	RCNLD + CIP	
	Capacity (MGD)					
Categories:						
WWT	Wastewater Treatment	370	\$ 3.804	\$ 11.837	\$ 5.395	\$ 13.428
CSO	Combined Sewer System (5)	370	0.278	0.501	2.043	2.265
STW	Stormwater	370				
SEW	Sanitary Sewer System (6)	370	0.107	0.183	0.179	0.255
	Unrestricted Reserves (7)	370	0.247	0.247	0.247	0.247
Total Buy-In Value			\$ 4.436	\$ 12.768	\$ 7.863	\$ 16.195
	less: Debt Service Credit	370	\$ (2.47)	\$ (2.47)	\$ (2.58)	\$ (2.58)
Net Buy-In Value (in \$/gpd)			\$ 1.970	\$ 10.302	\$ 5.286	\$ 13.618
WWater Capacity per ERU (gpd)			206.24	206.24	206.24	206.24
Fee per ERU			\$ 406.33	\$ 2,124.68	\$ 1,090.24	\$ 2,808.59

DC Retail Water and Sewer Rates Committee

Action Items

1. FY 2019 & FY 2020 Proposed Retail Rates, Charges and Fees
(Action item 1)
2. Proposed Ten Year Financial Plan FY 2018 – FY 2027
(Action Item 2)
3. Approval of Final Action to Extend the Effective Date of the System
Availability Fee (Action Item 3)

ACTION ITEM 1

FY 2019 & FY 2020 Rates, Charges & Fees (Effective October 1, 2018 and October 1, 2019)

1. Management recommends the following Retail Rates, Charges and Fees for FY 2019 & FY 2020:

Water Service Rates

- An increase in the rate for metered water services:

Metered Water Services

	FY 2018		FY 2019		FY 2020		FY 2019 vs. FY 2018 Incr. / (Decr.)		FY 2020 vs. FY 2019 Incr. / (Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers - (0 – 4)	\$3.39	\$4.53	\$3.83	\$5.12	\$4.02	\$5.37	\$0.44	\$0.59	\$0.19	\$0.25
Residential customers – (> 4)	\$4.26	\$5.70	\$4.81	\$6.43	\$5.05	\$6.75	\$0.55	\$0.73	\$0.24	\$0.32
Multi-Family customers	\$3.80	\$5.08	\$4.29	\$5.74	\$4.50	\$6.02	\$0.49	\$0.66	\$0.21	\$0.28
Non-Residential customers	\$4.40	\$5.88	\$4.97	\$6.65	\$5.22	\$6.98	\$0.57	\$0.77	\$0.25	\$0.33

Sewer Service Rates

- An increase in the rate for metered sewer services:

Metered Sewer Services

	FY 2018		FY 2019		FY 2020		FY 2019 vs. FY 2018 Incr. / (Decr.)		FY 2020 vs. FY 2019 Incr. / (Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers	\$6.00	\$8.02	\$6.78	\$9.06	\$7.12	\$9.52	\$0.78	\$1.04	\$0.34	\$0.46
Multi-Family customers	\$6.00	\$8.02	\$6.78	\$9.06	\$7.12	\$9.52	\$0.78	\$1.04	\$0.34	\$0.46
Non-Residential customers	\$6.00	\$8.02	\$6.78	\$9.06	\$7.12	\$9.52	\$0.78	\$1.04	\$0.34	\$0.46

- A decrease in the annual Clean Rivers Impervious Area Charge (CRIAC) from \$302.16 to \$276.00 per Equivalent Residential Unit (ERU) in FY 2019.
- An increase in the annual Clean Rivers Impervious Area Charge (CRIAC) from \$276.00 to \$306.96 per Equivalent Residential Unit (ERU) in FY 2020.

The charge per ERU will be billed monthly at:

Clean Rivers Impervious Area Charge (CRIAC)

	FY 2018	FY 2019	FY 2020	FY 2019 vs. FY 2018 Incr. / (Decr.)	FY 2020 vs. FY 2019 Incr. / (Decr.)
	ERU	ERU	ERU	ERU	ERU
Residential customers	\$25.18	\$23.00	\$25.58	(\$2.18)	\$2.58
Multi-Family customers	\$25.18	\$23.00	\$25.58	(\$2.18)	\$2.58
Non-Residential customers	\$25.18	\$23.00	\$25.58	(\$2.18)	\$2.58

**District of Columbia Pass Through Charge
Right-of-Way Occupancy / PILOT Fee**

- There is no increase in the **Right-of-Way Occupancy Fee** in FY 2019:
- An increase in the **Right-of-Way Occupancy Fee** for FY 2020:

ROW

	FY 2018		FY 2019		FY 2020		FY 2019 vs. FY 2018 Incr. / (Decr.)		FY 2020 vs. FY 2019 Incr. / (Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers	\$0.18	\$0.24	\$0.18	\$0.24	\$0.19	\$0.25	\$0.00	\$0.00	\$0.01	\$0.01
Multi-Family customers	\$0.18	\$0.24	\$0.18	\$0.24	\$0.19	\$0.25	\$0.00	\$0.00	\$0.01	\$0.01
Non-Residential customers	\$0.18	\$0.24	\$0.18	\$0.24	\$0.19	\$0.25	\$0.00	\$0.00	\$0.01	\$0.01

- An increase in the **Payment-in-Lieu of Taxes Fee** for FY 2019 and FY 2020:

PILOT

	FY 2018		FY 2019		FY 2020		FY 2019 vs. FY 2018 Incr. / (Decr.)		FY 2020 vs. FY 2019 Incr. / (Decr.)	
	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.	Ccf	1,000 Gal.
Residential customers	\$0.49	\$0.66	\$0.50	\$0.67	\$0.51	\$0.68	\$0.01	\$0.01	\$0.01	\$0.01
Multi-Family customers	\$0.49	\$0.66	\$0.50	\$0.67	\$0.51	\$0.68	\$0.01	\$0.01	\$0.01	\$0.01
Non-Residential customers	\$0.49	\$0.66	\$0.50	\$0.67	\$0.51	\$0.68	\$0.01	\$0.01	\$0.01	\$0.01

ACTION ITEM 2

Proposed Ten Year Financial Plan FY 2018 – FY 2027

1. Attached is a summary of the 10-year Financial Plan, which is based on the following key assumptions for FY 2019 and FY 2020:

FY 2019

- Operating receipts totaling \$649.5 million, an increase of \$29.0 million over FY 2018 funded through;
 - Retail Revenue – increase of \$24.4 million
 - Wholesale Revenue – increase of \$3.2 million
 - Other Revenue – increase of \$1.4 million
- Operating disbursements of \$564.5 million in FY 2019; and
- A ten-year capital improvement plan (FY 2018 – FY 2027) of \$4.0 billion on a cash disbursement basis.

FY 2020

- Operating receipts totaling \$685.8 million, an increase of \$36.3 million over FY 2019 funded through;
 - Retail Revenue – increase of \$30.7 million
 - Wholesale Revenue – increase of \$2.4 million
 - Other Revenue – increase of \$3.2 million
- Operating disbursements of \$591.0 million in FY 2020; and
- A ten-year capital improvement plan (FY 2018 – FY 2027) of \$4.0 billion on a cash disbursement basis.

The FY 2018 – FY 2027 Financial Plan is projected to meet the Board's policy requirement of senior debt coverage of 140 percent and an operating reserve of 120 days of budgeted operations and maintenance costs with the objective of maintaining at least \$125.5 million in operating reserves.

**District of Columbia Water & Sewer Authority
FY 2018 – 2027 Financial Plan
(In 000's)**

OPERATING	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Retail*	\$ 515,466	\$ 539,982	\$ 571,113	\$ 602,587	\$ 629,109	\$ 656,446	\$ 678,437	\$ 696,598	\$ 718,313	\$ 742,257
Wholesale*	76,028	79,237	81,614	84,062	86,584	89,182	91,857	94,613	97,451	100,375
Other	28,978	30,249	33,041	39,588	42,764	43,199	42,708	42,789	44,418	44,803
RSF	-	-	-	-	-	-	-	-	-	-
Operating Receipts (1)	\$ 620,472	\$ 649,467	\$ 685,768	\$ 726,237	\$ 758,456	\$ 788,827	\$ 813,002	\$ 834,000	\$ 860,182	\$ 887,436
Operating Expenses	(320,146)	(338,499)	(348,335)	(358,462)	(368,891)	(379,628)	(390,684)	(402,068)	(413,790)	(427,381)
Debt Service	(184,278)	(199,025)	(214,119)	(232,128)	(245,477)	(258,537)	(267,811)	(275,215)	(283,955)	(292,699)
Cash Financed Capital Improvement	\$ (35,260)	\$ (26,999)	\$ (28,556)	\$ (30,129)	\$ (37,747)	\$ (45,951)	\$ (47,491)	\$ (55,728)	\$ (64,648)	\$ (66,803)
Net Revenues After Debt Service	\$ 80,789	\$ 84,944	\$ 94,758	\$ 105,518	\$ 106,342	\$ 104,711	\$ 107,017	\$ 100,989	\$ 97,788	\$ 100,553
Operating Reserve-Beg Balance	147,212	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Other Misc (Disbursements)/Receipts										
Wholesale/Federal True Up	(16,019)	(7,321)	(1,500)	-	-	-	-	-	-	-
Project Billing Refunds	(4,000)	(4,000)	(4,000)	-	-	-	-	-	-	-
Transfers To RSF	-	-	-	-	-	-	-	-	-	-
Pay-Go Financing	(67,982)	(73,624)	(89,258)	(105,518)	(106,342)	(104,711)	(107,017)	(100,989)	(97,788)	(100,553)
Operating Reserve - Ending Balance	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000
Rate Stabilization Fund Balance RSF (2)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)	\$ (61,450)
Senior Debt Service Coverage	489%	561%	545%	544%	575%	559%	659%	674%	648%	624%
Combined Debt Service Coverage	164%	161%	165%	168%	168%	167%	166%	166%	166%	166%
Actual/Projected Water/Sewer Rate Increases	5.0%	13.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
*Operating Receipts \$ Increase/Decrease										
Retail	20,228	24,515	31,131	31,474	26,522	27,338	21,991	18,161	21,715	23,945
Wholesale	(5,108)	3,209	2,377	2,448	2,522	2,598	2,675	2,756	2,838	2,924
*Operating Receipts % Increase/Decrease										
Retail	4.1%	4.8%	5.8%	5.5%	4.4%	4.3%	3.3%	2.7%	3.1%	3.3%
Wholesale	-6.3%	4.2%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

(1) Includes interest earnings on senior lien revenue bonds' debt service reserve fund
(2) FY 2018 planned transfers of \$0.0 million to Rate Stabilization Fund will maintain the total fund balance at \$61.45 million

**District of Columbia Water & Sewer Authority
Average Residential Customer Monthly Bill
FY 2018 - FY 2027**

	Units	Current FY 2018	Proposed FY 2019	Proposed FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 60.13	\$ 67.94	\$ 71.33	\$ 74.92	\$ 78.64	\$ 82.56	\$ 86.66	\$ 90.97	\$ 95.50	\$ 100.30
DC Water Clean Rivers IAC	ERU	25.18	23.00	25.58	29.07	31.33	33.62	34.66	34.75	35.45	36.46
DC Water Customer Metering Fee	5/8"	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86	3.86
DC Water Water System Replacement Fee ⁽³⁾	5/8"	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30
Subtotal DC Water Rates & Charges		\$ 95.47	\$ 101.10	\$ 107.07	\$ 114.15	\$ 120.13	\$ 126.34	\$ 131.48	\$ 135.88	\$ 141.11	\$ 146.92
Increase / Decrease		\$ 5.82	\$ 5.63	\$ 5.97	\$ 7.08	\$ 5.98	\$ 6.21	\$ 5.14	\$ 4.40	\$ 5.23	\$ 5.81
District of Columbia PILOT Fee ⁽¹⁾	Ccf	\$ 3.04	\$ 3.10	\$ 3.16	\$ 3.22	\$ 3.29	\$ 3.35	\$ 3.41	\$ 3.47	\$ 3.53	\$ 3.60
District of Columbia Right-of-Way Fee ⁽¹⁾	Ccf	1.12	1.12	1.18	1.18	1.18	1.18	1.24	1.24	1.24	1.24
District of Columbia Stormwater Fee ⁽²⁾	ERU	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67
Subtotal District of Columbia Charges		\$ 6.83	\$ 6.89	\$ 7.01	\$ 7.07	\$ 7.14	\$ 7.20	\$ 7.32	\$ 7.38	\$ 7.44	\$ 7.51
Total Amount Appearing on DC Water Bill		\$ 102.30	\$ 107.99	\$ 114.08	\$ 121.22	\$ 127.27	\$ 133.54	\$ 138.80	\$ 143.26	\$ 148.55	\$ 154.43
Increase / Decrease Over Prior Year		\$ 5.95	\$ 5.69	\$ 6.09	\$ 7.14	\$ 6.05	\$ 6.27	\$ 5.26	\$ 4.46	\$ 5.29	\$ 5.88
Percent Increase in Total Bill		6.2%	5.6%	5.6%	6.3%	5.0%	4.9%	3.9%	3.2%	3.7%	4.0%

(1) Assumes average monthly consumption of 6.2 Ccf, or (4,638 gallons)

(2) District Department of the Environment stormwater fee of \$2.67 effective November 1, 2010

(3) DC Water "Water System Replacement Fee" of \$6.30 for 5/8" meter size effective October 1, 2015

District of Columbia Water & Sewer Authority
Retail Rates, Charges and Fees
FY 2018 - FY 2020

	Units	Current FY 2018	Proposed FY 2019	Proposed FY 2020
DC Water Retail Rates Water (Residential Lifeline 0 - 4 Ccf)	Ccf	\$ 3.39	\$ 3.83	\$ 4.02
DC Water Retail Rates Water (Residential > 4 Ccf)	Ccf	\$ 4.26	\$ 4.81	\$ 5.05
DC Water Retail Rates Water (Multi-Family)	Ccf	\$ 3.80	\$ 4.29	\$ 4.50
DC Water Retail Rates Water (Non-Residential)	Ccf	\$ 4.40	\$ 4.97	\$ 5.22
DC Water Retail Rates Sewer	Ccf	\$ 6.00	\$ 6.78	\$ 7.12
DC Water Clean Rivers IAC	ERU	\$ 25.18	\$ 23.00	\$ 25.58
DC Water Customer Metering Fee	5/8"	\$ 3.86	\$ 3.86	\$ 3.86
DC Water Water System Replacement Fee	5/8"	\$ 6.30	\$ 6.30	\$ 6.30
District of Columbia PILOT Fee	Ccf	\$ 0.49	\$ 0.50	\$ 0.51
District of Columbia Right-of-Way Fee	Ccf	\$ 0.18	\$ 0.18	\$ 0.19
District of Columbia Stormwater Fee	ERU	\$ 2.67	\$ 2.67	\$ 2.67

ACTION ITEM 3

Approval of Final Action to Extend the Effective Date of the System Availability Fee (SAF)

Management Recommendation:

- A. Amend the Effective Date of the SAF from January 1, 2018 to June 1, 2018 as provided in Attachment A.

Attachment A

Chapter 1, WATER SUPPLY, of Title 21 DCMR, WATER AND SANITATION, is amended as follows:

Section 112, FEES, is amended by revising the effective date of Subsection 112.11 to read as follows:

112.11 Effective June 1, 2018, DCRA Construction Permit Applicants and federal facilities shall be assessed a System Availability Fee (SAF) for new water and sewer connections and renovation or redevelopment projects for existing connections to the District’s potable water and sanitary sewer systems based on the SAF meter size in accordance with the following fee schedule and requirements:

- (a) Residential customers shall be charged a System Availability Fee based on the SAF meter size as listed below:

SAF Meter Size (inches)	Water System Availability Fee	Sewer System Availability Fee	Total System Availability Fee
5/8"	\$ 1,135	\$ 2,809	\$ 3,944
3/4"	\$ 1,135	\$ 2,809	\$ 3,944
1"	\$ 1,135	\$ 2,809	\$ 3,944
1"x1.25"	\$ 2,047	\$ 5,066	\$ 7,113
1.5"	\$ 5,491	\$ 13,591	\$ 19,082
2"	\$ 11,125	\$ 27,536	\$ 38,661

- (b) Multi-Family and all Non-Residential customers shall be charged a System Availability Fee based on the SAF meter size as listed below:

SAF Meter Size (inches)	Water System Availability Fee	Sewer System Availability Fee	Total System Availability Fee
1" or smaller	\$ 1,282	\$ 3,173	\$ 4,455
1"x1.25"	\$ 2,047	\$ 5,066	\$ 7,113
1.5"	\$ 5,491	\$ 13,591	\$ 19,082
2"	\$ 11,125	\$ 27,536	\$ 38,661
3"	\$ 32,500	\$ 80,442	\$ 112,942
4"	\$ 83,388	\$ 206,394	\$ 289,782
6"	\$ 229,246	\$ 567,408	\$ 796,654
8"	\$ 229,246	\$ 567,408	\$ 796,654
8"x2"	\$ 229,246	\$ 567,408	\$ 796,654
8"x4"x1"	\$ 229,246	\$ 567,408	\$ 796,654
10"	\$ 229,246	\$ 567,408	\$ 796,654
12"	\$ 229,246	\$ 567,408	\$ 796,654
16"	\$ 229,246	\$ 567,408	\$ 796,654

- (c) The SAF meter size shall be computed for the peak water demand, excluding fire demand in accordance with D.C. Construction Codes Supplement, as amended,

Chapter 3 (Water Meters) of this title, and DC Water Standard Details and Guideline Masters.

- (d) The System Availability Fee shall be assessed for any new premises, building or structure that requires a metered water service connection to the District's potable water and/or sanitary sewer systems.
- (e) The System Availability Fee shall be assessed for renovation or redevelopment projects for any premises, building or structure that requires a metered water service connection to the District's potable water and/or sanitary sewer systems.
- (f) For a renovation or redevelopment project on a property that already had/has a DC Water meter(s) and account(s), DC Water shall determine the net System Availability Fee based on the difference between the property's new System Availability Fee determined by the SAF meter size(s) and the System Availability Fee determined by the old meter size(s) for the meters(s) being removed from the system.
- (g) If the net System Availability Fee is zero or less, no System Availability Fee shall be charged.
- (h) If the net System Availability Fee is greater than zero, DC Water shall provide System Availability Fee credits for the removed capacity and assess the net System Availability Fee.
- (i) Properties under renovation or redevelopment shall not receive a System Availability Fee credit for the DC Water account(s) that have been inactive for more than twenty-four (24) months prior to DC Water's issuance of the Certificate of Approval.
- (j) For DCRA Construction Permit applicants, payment of the System Availability Fee shall be a condition for DC Water's issuance of the Certificate of Approval.
- (k) DCRA Construction Permit applicants that submitted plans and specifications to DC Water prior to the effective date of these regulations, shall not be subject to the System Availability Fee provided:
 - (1) The DC Water Engineering Review fee(s) has been paid;
 - (2) The plans, specifications and other information conform to the requirements of the D.C. Construction Codes Supplement, as amended, and are sufficiently complete to allow DC Water to complete its Engineering Review without substantial changes or revisions; and
 - (3) DC Water issues the Certificate of Approval within one year after the effective date of these regulations.

- (l) For federal facilities, payment of the System Availability Fee shall be a condition of DC Water's issuance of the Certificate of Approval.
- (m) After the effective date of these regulations to December 31, 2020, the property owner may request to pay the System Availability Fee in four equal installments, with the final payment due on or before one year after the execution date of a Payment Plan Agreement. Execution of a Payment Plan Agreement and payment of the first installment payment, shall be a condition of DC Water's issuance of the Certificate of Approval.
- (n) In the case that the DCRA Construction Permit is not issued or is revoked or the construction project is abandoned or discontinued, upon written request from the property owner, DC Water shall issue the property owner a refund of the System Availability Fee.

Attachment D

FY 2018 Proposed RRC Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
1. Propose and Establish Retail Rates for FY 2019 & FY 2020			
a. <i>FY 2019 & FY 2020 Budget presentation to Board</i>	January 4, 2018	√	Chief Financial Officer
b. <i>RRC recommendation on proposed FY 2019 & FY 2020 rates</i>	January 23, 2018		Rates and Revenue
c. <i>Board approves proposed FY 2019 & FY 2020 rates</i>	February 1, 2018		
d. <i>Publish Proposed Rates and Fees in DC Register</i>	February 16, 2018		General Counsel
e. <i>Public Comment and Outreach</i>	February 16 - June 11, 2018		External Affairs
f. <i>Public Hearing</i>	May 9, 2018		Board Secretary
g. <i>Public Hearing Record Closes</i>	June 11, 2018		
h. <i>RRC final recommendation to approve FY 2019 & FY 2020 rates</i>	June 26, 2018		Rates and Revenue
i. <i>Board approves FY 2019 & FY 2020 rates</i>	July 5, 2018		
j. <i>Publish Final Rates and Fees in DC Register</i>	July 20, 2018		General Counsel
k. <i>Rates Go-Live</i>	October 1, 2018 (FY 2019) October 1, 2019 (FY 2020)		Rates and Revenue and Customer Service
2. Conduct a Review of the Impact of the CRIAC on Various Customer Segments (on-going) <i>including low-income customers who do not qualify for CAP, non-profit organizations and small businesses owners</i>			
a. CRIAC overview to RRC	November 15, 2016	√	Rates and Revenue
b. 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.	February 21, 2017	√	
c. Comparison of how other utilities with impervious area charges segment non-residential customers and provide discounts/credits/ exemptions	November 14, 2017	√	

FY 2018 Proposed Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
3. Waste Hauler and High Strength Waste Fee Regulations			
a. RRC recommend proposal for Waste Hauler and High Strength Waste Fees	September 26, 2017	√	Rates & Revenue Wastewater Treatment
b. Board approves proposal for Waste Hauler and High Strength Waste Fees	October 5, 2017	√	
c. Publish NOPR for Waste Hauler and High Strength Waste Fees in DC Register	October 27, 2017	√	General Counsel
d. Public Comment and Outreach	October 27 – November 27, 2017	√	Board Secretary
e. RRC final recommendation for Waste Hauler and High Strength Waste Fees	December 7, 2017	√	Rates & Revenue Wastewater Treatment
f. Board approves final Waste Hauler and High Strength Waste Fees	January 4, 2018	√	
g. Publish final NOFR for Waste Hauler and High Strength Waste Fees in DC Register	January 19, 2018	√	General Counsel
h. Waste Hauler Fees Go-Live	February 1, 2018		Wastewater Treatment
i. High Strength Waste Fees Go-Live	April 1, 2018		
4. Fire Protection Service Fee for FY '18, '19, '20, and '21			
a. RRC recommends approval of proposed Fire Protection Service Fee	February 20, 2018		Rates and Revenue
b. BOD approves Notice of Proposed Rulemaking (NOPR)	March 1, 2018		
c. Publish NOPR in DC Register	March 16, 2018		General Counsel
d. Public Comment Period	March 16 - April 16, 2018		Board Secretary
e. RRC recommends approval of final Fire Protection Service Fee	June 26, 2018		Rates and Revenue
f. BOD approves Notice of Final Rulemaking (NOFR) for final Fire Protection Service Fee	July 5, 2018		
g. Publish NOFR in DC Register	July 20, 2018		General Counsel
h. Fire Protection Service Fee Go-Live	July 20, 2018		Rates and Revenue

Attachment D

FY 2018 Proposed Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
5. 2018 Cost of Service Study for Water, Sewer and CRIAC			
a. <i>RRC recommends COS and proposed rates & charges for Water, Sewer & CRIAC</i>	February 20, 2018		Rates & Revenue
b. <i>Board approves Notice of Proposed Rulemaking (NOPR)</i>	March 1, 2018		
c. <i>Publish NOPR in DC Register</i>	March 16, 2018		General Counsel
d. <i>Public Comment and Outreach</i>	March 16 – June 11, 2018		External Affairs
e. <i>Public Hearing</i>	May 9, 2018		Board Secretary
f. <i>Public Hearing Record Closes</i>	June 11, 2018		
g. <i>RRC recommends approval of final rates & charges for Water, Sewer and CRIAC</i>	June 26, 2018		Rates & Revenue
h. <i>BOD approves Notice of Final Rulemaking (NOFR)</i>	July 5, 2018		
i. <i>Publish NOFR in DC Register</i>	July 20, 2018		General Counsel
j. <i>Water, Sewer and CRIAC Go-Live</i>	October 1, 2018 (FY 2019)		Rates and Revenue and Customer Service
6. 2018 Cost of Service Miscellaneous Fees and Charges			
a. <i>RRC recommends COS and proposed amendments for Miscellaneous Fees & Charges</i>	March 27, 2018		Rates & Revenue
b. <i>Board approves Notice of Proposed Rulemaking (NOPR)</i>	April 5, 2018		
c. <i>Publish NOPR in DC Register</i>	April 20, 2018		General Counsel
d. <i>Public Comment period</i>	April 20 – May 21, 2018		Board Secretary
e. <i>RRC recommends approval of final amendments for Miscellaneous Fees & Charges</i>	June 26, 2018		Rates & Revenue
f. <i>Board approves Notice of Final Rulemaking (NOFR)</i>	July 5, 2018		
g. <i>Publish NOFR in DC Register</i>	July 20, 2018		General Counsel
h. <i>Miscellaneous Fees & Charges Go-Live</i>	October 1, 2018 (FY 2019)		Rates and Revenue and Customer Service
7. Rate Setting Policy			
a <i>Review of Rate Setting Policies</i>	November 14, 2017	√	Rates & Revenue

FY 2018 Proposed Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
8. Water System Replacement Fee			
a. <i>Review of unmetered fire service lines and their financial impact.</i>	November 14, 2017	√	Rates & Revenue General Manager
b. <i>Review of combined domestic and fire service lines and their financial impact.</i>	November 14, 2017	√	
9. New VertexOne ECIS Billing System (on-going)			
a. <i>New VertexOne customer bill</i>	November 14, 2017	√	Customer Service
10. Delinquent Accounts			
a. <i>Soldiers Home Negotiations</i>	Monthly, as needed		General Counsel
11. System Availability Fee			
a. <i>Publish a Notice of Emergency and Proposed Rulemaking to Extend Effective Date of the System Availability Fee (SAF)</i>			
1) <i>RRC recommends approval of only the revised effective date of the SAF regulations in Notice of Emergency & Proposed Rulemaking (NOE&PR)</i>	December 7, 2017	√	Rates & Revenue/ Permits
2) <i>Board adopts NOE&PR</i>	December 7, 2017	√	General Counsel Board Secretary
3) <i>Publish NOE&PR in DC Register</i>	December 22, 2017	√	
4) <i>Public Comment Period</i>	December 22, 2017 – January 21, 2018	√	
5) <i>RRC recommends approval of final action to revise the effective date of the SAF in Notice of Final Rulemaking (NOFR) to June 1, 2018</i>	January 23, 2018		Rates & Revenue Permits
6) <i>Board approves NOFR</i>	February 1, 2018		General Counsel
7) <i>Publish NOFR in DC Register</i>	February 16, 2018		
8) <i>Go-Live June 1, 2018</i>	February 16, 2018		

Attachment D

FY 2018 Proposed Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
11. System Availability Fee (continued)			
b. <i>Publish a Notice of Proposed Rulemaking to Amend Substantive Provisions of the SAF Regulations</i>			
1) <i>DC Water conducts public outreach</i>	November 28 – February 20, 2018		Rates & Revenue Permits and OGC
2) <i>RRC recommends approval of proposed amendments to SAF regulations in Notice of Proposed Rulemaking (NOPR)</i>	February 20, 2018		Rates & Revenue Permits
3) <i>Board approves NOPR</i>	March 1, 2018		
4) <i>Publish NOPR in DC Register</i>	March 16, 2018		General Counsel
5) <i>Public Comment Period</i>	March 16 – April 16, 2018		Board Secretary
6) <i>RRC recommends final action to approve Notice of Final Rulemaking (NOFR)</i>	April 24, 2018		Rates & Revenue Permits
7) <i>Board approves NOFR</i>	May 3, 2018		
8) <i>Publish NOFR in DC Register</i>	May 18, 2018		General Counsel & Permits
9) <i>SAF Go-Live</i>	June 1, 2018		
c. <i>System Availability Fee Review</i>			
1) <i>System Availability Fee (SAF) Methodology and Assumptions Review</i>	January 23, 2018		Rates & Revenue/ Permits

* Dates subject to change



Attachment E

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

**TUESDAY, February 20, 2018; 9:30 a.m.
AGENDA**

Call to Order	Committee Chairman
Monthly Updates	Chief Financial Officer
Committee Workplan	Chief Financial Officer
Agenda for March 27, 2018 Committee Meeting	Committee Chairman
Other Business	Chief Financial Officer
Adjournment	

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