



DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Board of Directors

DC Retail Water and Sewer Rates Committee

Tuesday, February 20, 2018

9:30am

- 1. Call to Order Rachna Bhatt, Chairperson
2. FY 2018 Water, Sewer and CRIAC Cost of Service Review (Attachment A) Matthew Brown
3. FY 2019 & FY 2020 Proposed Rates, Charges & Fees (Attachment B) Matthew Brown
4. FY 2018 Fire Protection Fee Cost of Service Review (Attachment C) Matthew Brown
5. System Availability Fee Review (Attachment D) Matthew Brown
6. Action Items (Attachment E) Matthew Brown
7. DC Retail Water and Sewer Rates Committee Workplan Matthew Brown
8. Agenda for March 27, 2018 Committee Meeting (Attachment G) Rachna Bhatt, Chairperson
9. Other Business Matthew Brown
10. Executive Session*
11. Adjournment

FOLLOW-UP-ITEMS – DC Retail Water and Sewer Rates Committee Meeting (January 23, 2018)

- 1.) Provide case laws on the legal defensibility on price breaks. (Mr. Giancola) / (Henderson Brown, General Counsel) Status: (February 2018) Complete
2.) Provide to the Committee information whether Prince George’s County, Fairfax County and neighboring counties use multi-year rates. (Dr. Reverend Curry) Status: (February 2018) Complete
3.) For the SAF open house, notify the affordable housing community. (Mr. Franco) Status: (February 2018) Complete

* 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.



DC WATER

Retail Rates Committee

2018 Cost of Service Study

Draft Results | February 20, 2018

AGENDA

- Background
 - Objectives of the 2018 Cost of Service Study
- Revenue Sufficiency Analysis
 - FY 2019 Results
 - Cost and Rate Drivers
- Rate Equity & Retail Rate Structures
 - Status Quo
 - Cost of Service Update
 - Results and Customer Impacts
- Next Steps

Background

Background

DC Water conducts a Cost of Service Study every three years – Raftelis has performed the last three studies in 2009, 2012, and 2015.

Study Components

1. Revenue Sufficiency Analysis – Do the proposed rates recover adequate revenue to meet expenditures?
2. Cost of Service Analysis / Rate Equity – Are proposed existing rates equitably recovering the costs of providing service?
3. Alternative Rate Structure Analysis – Are there alternative rate structures that may more effectively meet DC Water's highest priority pricing objectives?

Objectives of the COS Study

- DC Water consistently prioritizes the following pricing objectives:
 1. Revenue Sufficiency – Rates should recover revenue necessary to operate and maintain the utility in perpetuity
 2. Cost of Service Recovery – Rates should be supported by industry practice and ensure that customers pay their fair share
 3. Simplicity – Rates and charges should be easy for our customers to understand
 4. Affordability – DC Water should minimize customer bills while not sacrificing good, clean, and safe service

Revenue Sufficiency Analysis

Revenue requirements are the total cash needs of the utility to fund operating and capital costs including all debt service obligations and reserve fund contributions.

Revenue Sufficiency Findings

Raftelis projects revenue based on rates and units of service (number of accounts, billed consumption, and impervious ERUs)

- Revenues under proposed rate increases are sufficient to fund utility cash needs in FY 2019.
- Reserve funds can be maintained at target levels.
- Debt service coverage is adequate to meet required bond covenants.

Comparison of Revenues & Expenses (FY 2019)

	<u>Financial Plan (1)</u>	<u>RFC Model</u>	<u>Delta</u>
Revenue			
Operating	\$ 619,218,466	\$ 619,374,490	\$ 156,024
Non-Operating	30,248,854	30,248,854	-
Total: Revenue	<u>649,467,320</u>	<u>649,623,344</u>	<u>156,024</u>
Expenses			
Operating (2)	\$ 338,498,706	\$ 338,497,996	\$ (710)
Debt Service	199,025,431	199,025,431	\$ -
Total: Expenses	<u>\$ 537,524,137</u>	<u>\$ 537,523,427</u>	<u>(710)</u>
<i>Net Cash Available for PAYGO Capital & Other Cash Needs</i>	<u><u>\$ 111,943,183</u></u>	<u><u>\$ 112,099,917</u></u>	<u><u>\$ 156,734</u></u>

(1) Financial Plan provided by DC Water Staff (dated 12.13.17)

(2) Includes PILOT and ROW fee.

Cost Drivers & Trends

- Capital costs are increasing due to regulatory requirements and infrastructure rehabilitation, particularly for wastewater and CSO mitigation
- DC Water has continued to make attempts and limiting Operating and Maintenance expense increases to keep rates as low as possible for customers
- Per capita consumption has continued to decrease causing overall billable consumption to decline

Rate Equity & Retail Rate Structures

Rate structures apportion the revenue requirements to retail customers based on the demands they place on the utility system.

Cost of Service Findings

- A reallocation of the costs associated with the Clean Rivers Impervious Area Charge (CRIAC) to the Sewer utility results in a reduction in the CRIAC and an increase in the Sewer volumetric charge
- The revenue collected from the Water System Replacement Fee, originally designed to fund the annual costs of 1% of DC Water's water service line renewal and replacement program, has been used in its entirety to offset the Water utility's revenue requirements, resulting in a decrease to all Water volumetric charges
- Although these two reallocations cause shifts in the cost structure, and subsequent rates, DC Water customers will see only minimal changes to their bills

Existing and Proposed Rates

Rate Component	FY 2018 (Existing)	FY 2019 Cost of Service	FY 2020 Cost of Service	FY 2019		FY 2020	
				% Difference	\$ Difference	% Difference	\$ Difference
Water Volumetric – Residential – Tier 1	\$ 3.39	\$ 2.91	\$ 3.06	(14.2%)	(\$ 0.48)	5.2%	\$ 0.15
Water Volumetric – Residential – Tier 2	\$ 4.26	\$ 3.90	\$ 4.10	(8.5%)	(\$ 0.36)	5.1%	\$ 0.20
Water Volumetric – Multi-Family	\$ 3.80	\$ 3.37	\$3.54	(11.3%)	(\$ 0.43)	5.0%	\$ 0.17
Water Volumetric – Non-Residential	\$ 4.40	\$ 4.05	\$ 4.25	(8.0%)	(\$ 0.35)	4.9%	\$ 0.20
Sewer Volumetric	\$ 6.00	\$ 7.75	\$ 8.14	29.2%	\$ 1.75	5.0%	\$ 0.39
Metering Fee	\$ 3.86	\$ 3.86	\$ 3.86	0.0%	\$ 0.00	0.0%	\$ 0.00
Clean Rivers IAC	\$ 25.18	\$ 23.00	\$ 25.58	(8.7%)	(\$ 2.18)	11.2%	\$ 2.58
WSRF	\$ 6.30	\$ 6.30	\$ 6.30	0.0%	\$ 0.00	0.0%	\$ 0.00

Residential Customer Monthly Bill

(5/8" / 6.2 Ccf)

RESIDENTIAL CUSTOMER MONTHLY BILL (5/8" / 6.2 CCF)

	Current	Cost of Service	Cost of Service	FY 2019		FY 2020	
	(FY 2018)	(FY 2019)	(FY 2020)	\$ Change	% Change	\$ Change	% Change
DC Water and Sewer Retail Rates	\$ 60.13	\$ 68.27	\$ 71.73	\$ 8.14	13.5%	\$ 3.46	5.1%
DC Water Clean Rivers IAC	25.18	23.00	25.58	(2.18)	-8.7%	2.58	11.2%
DC Water Customer Metering Fee	3.86	3.86	3.86	-	0.0%	-	0.0%
DC Water Water System Replacement Fee	6.30	6.30	6.30	-	0.0%	-	0.0%
Subtotal: DC Water Rates & Charges	\$ 95.47	\$ 101.43	\$ 107.47	\$ 5.96	6.2%	\$ 6.04	6.0%
District of Columbia PILOT	\$ 3.04	\$ 3.10	\$ 3.16	\$ 0.06	2.0%	\$ 0.06	2.0%
District of Columbia Right of Way Fee	1.12	1.12	1.18	-	0.0%	0.06	5.4%
District of Columbia Stormwater Fee	2.67	2.67	2.67	-	0.0%	-	0.0%
Subtotal District of Columbia Charges	\$ 6.83	\$ 6.89	\$ 7.01	\$ 0.06	0.9%	\$ 0.12	1.7%
Total Amount Appearing on DC Water Bill	\$ 102.30	\$ 108.32	\$ 114.48	\$ 6.02	5.9%	\$ 6.16	5.7%

Residential CAP Customer Monthly Bill

(5/8" / 6.2 Ccf)

RESIDENTIAL CAP CUSTOMER MONTHLY BILL (5/8" / 6.2 CCF)

	Current	Cost of Service	Cost of Service	FY 2019		FY 2020	
	(FY 2018)	(FY 2019)	(FY 2020)	\$ Change	% Change	\$ Change	% Change
DC Water and Sewer Retail Rates	\$ 60.13	\$ 68.27	\$ 71.73	\$ 8.14	13.5%	\$ 3.46	5.1%
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DC Water Customer Metering Fee	3.86	3.86	3.86	-	0.0%	-	0.0%
DC Water Water System Replacement Fee	6.30	6.30	6.30	-	0.0%	-	0.0%
Subtotal: DC Water Rates & Charges	\$ 95.47	\$ 101.43	\$ 107.47	\$ 5.96	6.2%	\$ 6.04	6.0%
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District of Columbia Right of Way Fee	1.12	1.12	1.18	-	0.0%	0.06	5.4%
District of Columbia Stormwater Fee	2.67	2.67	2.67	-	0.0%	-	0.0%
Subtotal District of Columbia Charges	\$ 6.83	\$ 6.89	\$ 7.01	\$ 0.06	0.9%	\$ 0.12	1.7%
Less: CAP Discount - 4 Ccf per Month	\$ (40.24)	\$ (45.36)	\$ (47.60)	\$ (5.12)	12.7%	\$ (2.24)	4.9%
Less: CAP Discount - 50% of CRIAC	(12.59)	(11.50)	(12.79)	1.09	-8.7%	(1.29)	11.2%
Less: CAP Discount - WSRF	(6.30)	(6.30)	(6.30)	-	-	-	0.0%
Subtotal: CAP Discount	\$ (59.13)	\$ (63.16)	\$ (66.69)	\$ (4.03)	6.8%	\$ (3.53)	5.6%
Total Amount Appearing on DC Water Bill with CAP Discount	\$ 43.17	\$ 45.16	\$ 47.79	\$ 1.99	4.6%	\$ 2.63	5.8%

Next Steps

THANK YOU

MSRB REGISTERED MUNICIPAL ADVISOR: RFC is a Registered Municipal Advisor with the MSRB and SEC under the Dodd-Frank Act and is fully qualified and capable of providing advice related to all aspects of utility financial and capital planning, including the size, timing, and terms of future debt issues. Any opinion, information, or recommendation included in this presentation, related to the size, timing, and terms of a future debt issue may be relied upon only for its intended purpose. This information is not intended as a recommendation to undertake a specific course of action related to the issuance of debt, or to indicate that a particular set of assumptions for the size, timing and terms of issuing debt will be available at the time debt is actually issued.





**Proposed FY 2019 and FY 2020 Rates, Charges and Fees
Presentation to Retail Rates Committee, February 20, 2018**

District of Columbia Water and Sewer Authority



Blue Plains Advanced Wastewater Treatment Plant

Agenda

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

Regional Utilities with Single and Multi-Year Rates

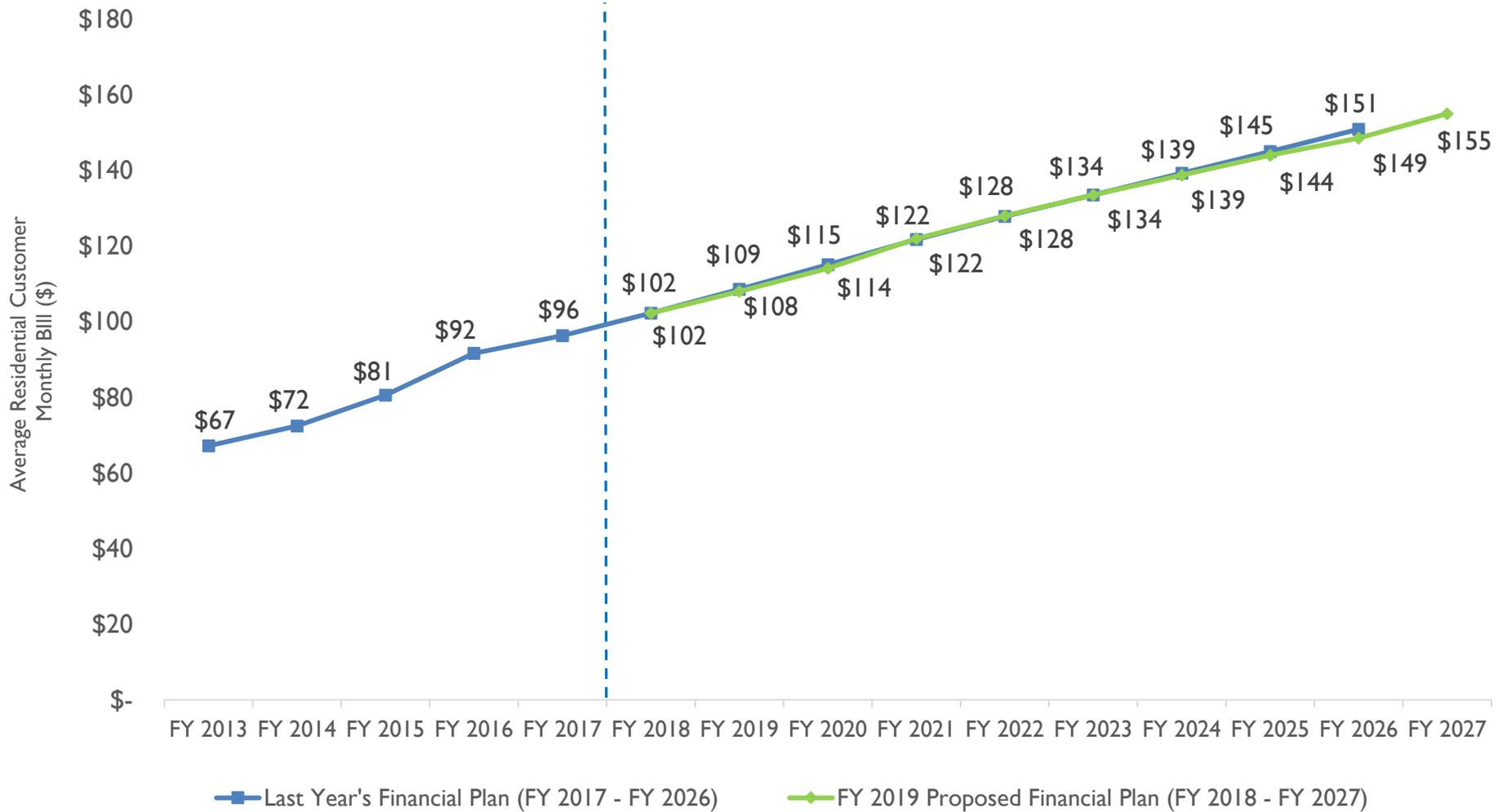
Utility	Rates Adopted	Period (years)	Effective Date(s)
Baltimore	8/16	3	10/16, 7/17, 7/18
WSSC (Montgomery & Prince Georges Co.)	5/17	1	7/17
Fairfax Water	12/16	1	4/17
Fairfax County (Sewer)	5/17	1	7/17
Philadelphia Water	6/16	2	7/16, 7/17
Richmond	4/17	1	7/17
Prince William County Service Authority	9/14	3	1/15, 1/16, 1/17* (* still in effect)
Loudoun Water	12/15	3	4/16, 4/17, 4/18

Overview of Rates & Revenues

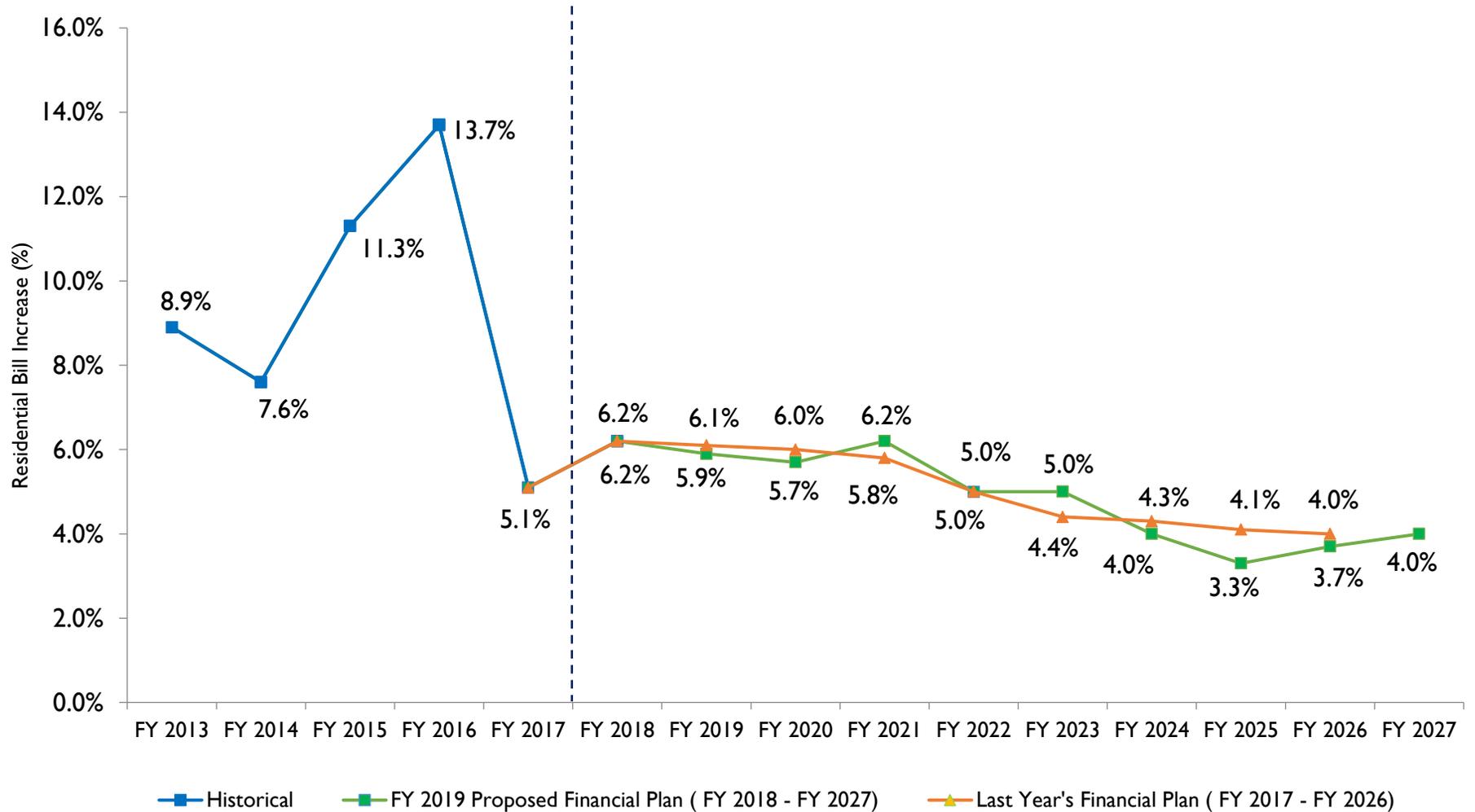
Proposed FY 2019 and FY 2020 Rates, Fees and Charges

- 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 5.9% (revised)

Historical and Projected Customer Bill

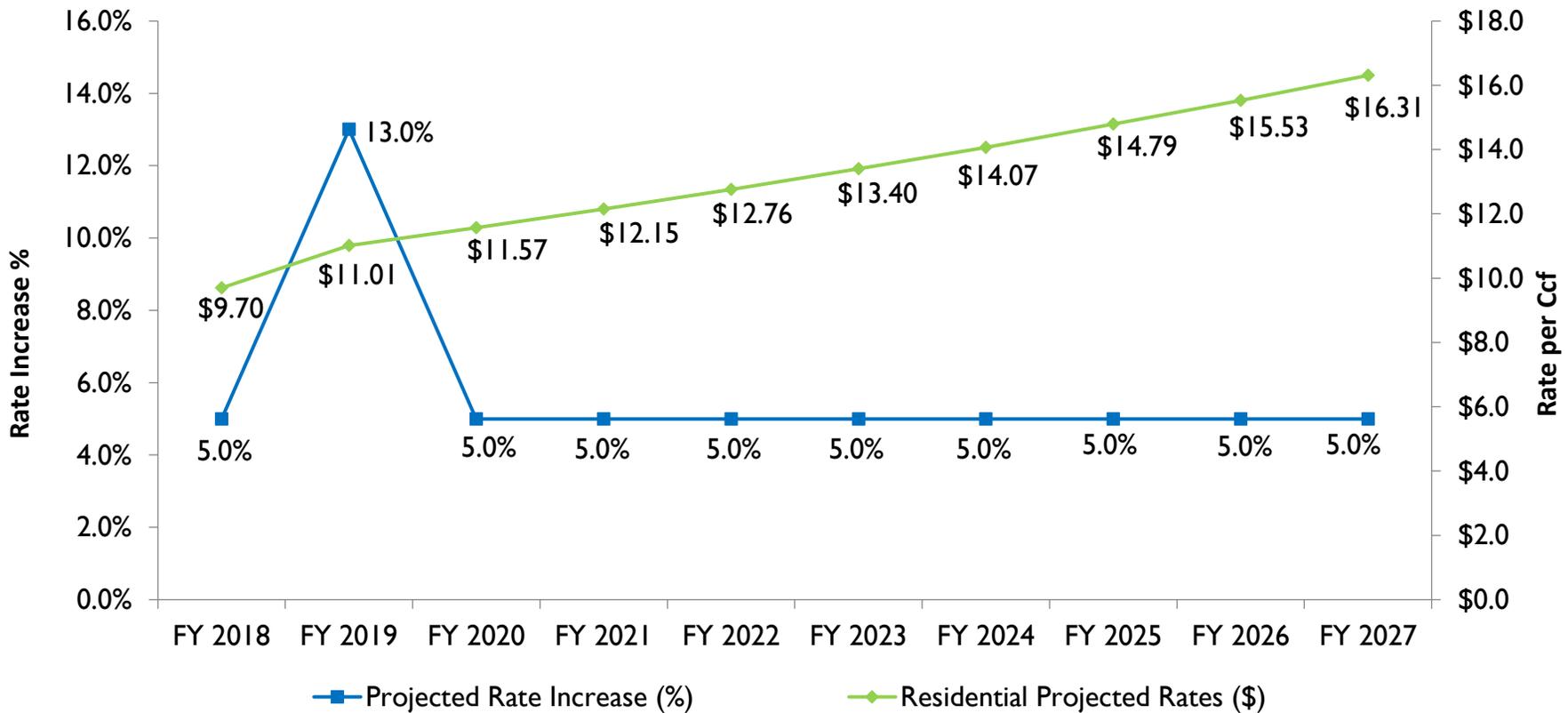


Historical and Projected Combined Rate Increases



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 \$16.31/Ccf



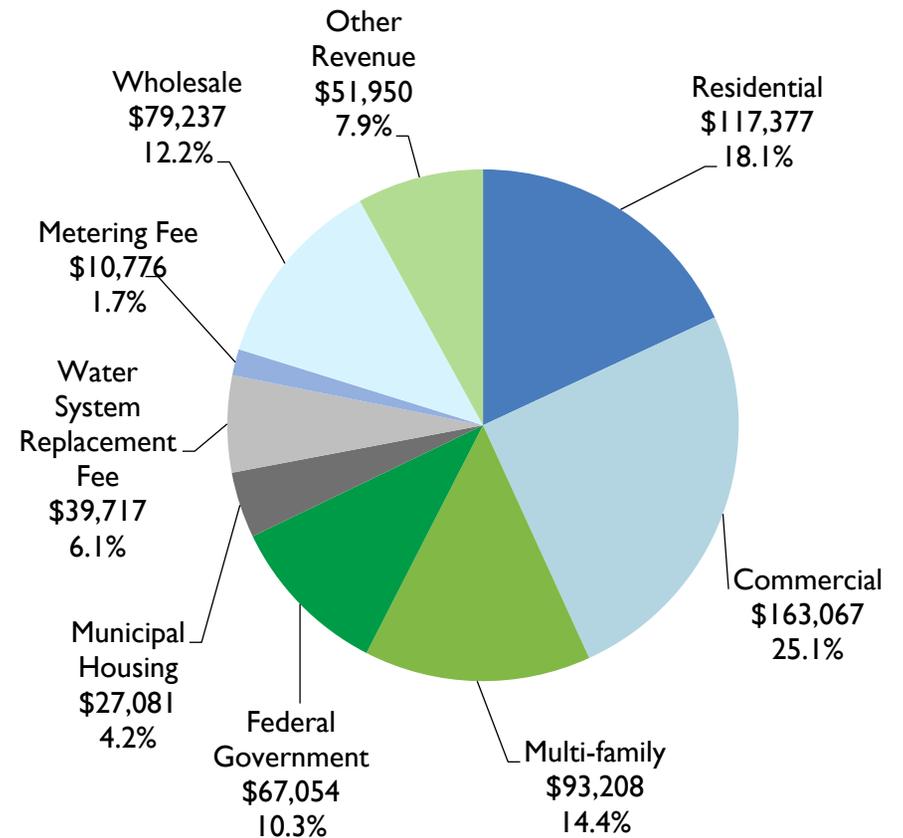
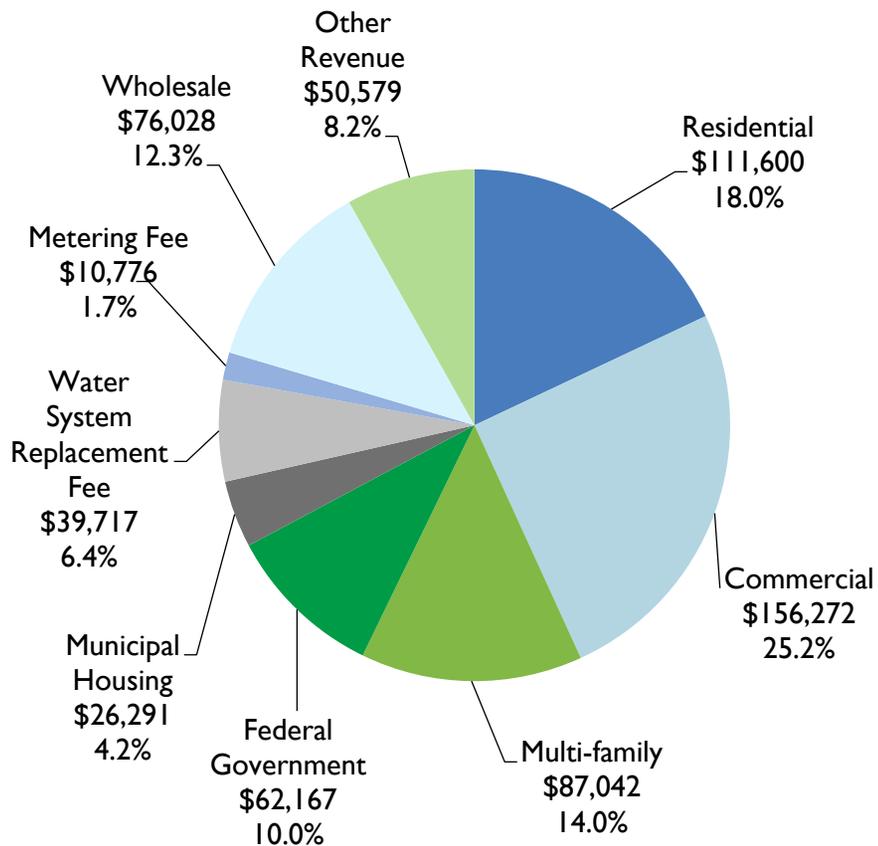
* Rates shown above reflect weighted water and sewer rates for the Residential customer category

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%

FY19 Proposed vs. COS Rates

Rate Component	Proposed	Cost of Service	% Difference	\$ Difference
Water Volumetric – Residential – Tier 1	\$ 3.83	\$ 2.91	(24.0%)	(\$ 0.92)
Water Volumetric – Residential – Tier 2	\$ 4.81	\$ 3.90	(18.9%)	(\$ 0.91)
Water Volumetric – Multi-Family	\$ 4.29	\$ 3.37	(21.4%)	(\$ 0.92)
Water Volumetric – Non-Residential	\$ 4.97	\$ 4.05	(18.5%)	(\$ 0.92)
Sewer Volumetric	\$ 6.78	\$ 7.75	14.3%	\$ 0.97
Metering Fee	\$ 3.86	\$ 3.86	0.0%	\$ 0.00
Clean Rivers IAC	\$ 23.00	\$ 23.00	0.0%	\$ 0.00
WSRF	\$ 6.30	\$ 6.30	0.0%	\$ 0.00

- Proposed rates are based on DC Water’s Financial Plan projections
- Cost of Service rates are adjusted based on how costs are incurred

FY 2018 Cost of Service Study Findings

- Every three years DC Water conducts Cost of Service Study for the Water and Sewer rates, and the Clean Rivers Impervious Area Charge (CRIAC) to update actual and projected expenditures to ensure that these charges are appropriately recovering costs.
- DC Water has taken several actions over the last several years to lower CRIAC costs including Century Bonds, refinancing older debt for savings, and restructuring debt so the relief is provided to today's customers. These savings are now reflected in the projected charges.
- A reallocation of the costs associated with the Clean Rivers Impervious Area Charge (CRIAC) to the Sewer utility results in a reduction in the CRIAC and an increase in the Sewer volumetric charge.
- The revenue collected from the Water System Replacement Fee, originally designed to fund the annual costs of 1% of DC Water's water service line renewal and replacement program, has been used in its entirety to offset the Water utility's revenue requirements, resulting in a decrease to all Water volumetric charges.
- Although these two reallocations cause shifts in the cost structure, and subsequent rates, DC Water customers will see only minimal changes to their bills.

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	\$2.91	\$3.06	(\$0.48)	(14.2%)	\$0.15	5.2%
Residential – (> 4 Ccf)	Ccf	4.26	3.90	4.10	(\$0.36)	(8.5%)	\$0.20	5.1%
Multi-family	Ccf	3.80	3.37	3.54	(\$0.43)	(11.3%)	\$0.17	5.0%
Non-Residential	Ccf	4.40	4.05	4.25	(\$0.35)	(8.0%)	\$0.20	4.9%
DC Water Retail Rates – Sewer	Ccf	6.00	7.75	8.14	\$1.75	29.2%	\$0.39	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	5.5%
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	\$ 68.27	\$ 71.73
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	\$ 101.43	\$ 107.47
Increase / Decrease		\$ 4.63	\$ 5.82	\$ 5.96	\$ 6.04
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	\$ 108.32	\$ 114.48
Increase / Decrease Over Prior Year		\$ 4.70	\$ 5.95	\$ 6.02	\$ 6.16
Percent Increase in Total Bill		5.1%	6.2%	5.9%	5.7%

(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	\$ 68.27	\$ 71.73
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	\$ 101.43	\$ 107.47
Increase / Decrease		\$ 4.63	\$ 5.82	\$ 5.96	\$ 6.04
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	\$ 108.32	\$ 114.48
Increase / Decrease Over Prior Year		\$ 4.70	\$ 5.95	\$ 6.02	\$ 6.16
Percent Increase in Total Bill		5.1%	6.2%	5.9%	5.7%
Less: CAP Discount (4 Ccf per month) ^{(1), (2)}		(38.36)	(40.24)	(45.36)	(47.60)
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	\$ 45.16	\$ 47.79
Increase / Decrease Over Prior Year		\$ (8.14)	\$ 2.60	\$ 1.99	\$ 2.63
CAP Customer Discount as a Percent of Total Bill		-57.9%	-57.8%	-58.3%	-58.3%

(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

	Units	5.00% FY 2018	13.00% Proposed FY 2019	Incr/Decr (\$)	Incr/Decr (%)
DC Water Water and Sewer Retail Rates ⁽¹⁾	Ccf	\$ 60.13	\$ 68.27	\$ 8.14	13.5%
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	\$ 101.43	\$ 5.96	6.2%
Increase / Decrease		\$ 5.82	\$ 5.96	\$ 0.14	2.4%
Percent Increase in DC Water Portion of Bill		6.5%	6.2%		
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	\$ 108.32	\$ 6.02	5.9%
Increase / Decrease Over Prior Year		\$ 5.95	\$ 6.02	\$ 0.07	1.2%
Percent Increase in Total Bill		6.2%	5.9%		

(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 5.9% (revised)

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)

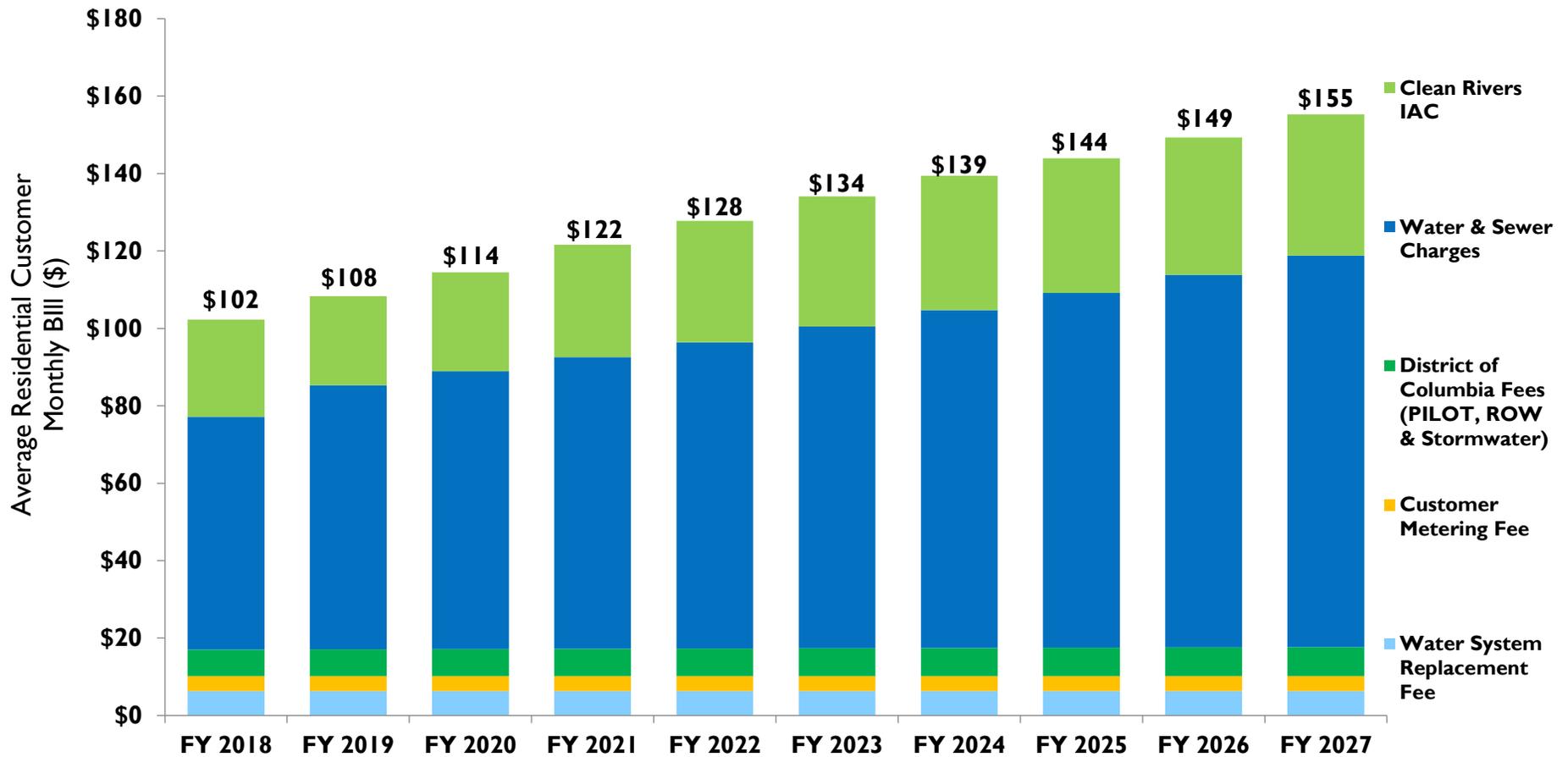
Proposed FY 2018 – FY 2027 CIP disbursement budget of \$4.0 billion

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 \$155 in FY 2027



Recommendations

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

- 13% increase in FY 2019
- 5% increase in FY 2020

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

Attachment C



Retail Water & Sewer Rates Committee

Fire Protection Cost of Service Fees

February 20, 2018

Background

- DC Water assesses a fire protection fee to the District based on Title 21 DCMR, Chapter 21, Section 4103 Fire Protection Service Fee (April 2000).
- The purpose of this presentation is to review the findings of the 2018 Cost of Service (COS) Study and recommend the appropriate fees for recovering those costs from the District.

2013 Fire Protection MOU

DC Water and the District FEMS executed an MOU that required DC Water to perform the following:

- ❑ Inspect all public fire hydrants once per year in accordance with National Fire Protection Association (NFPA) guidelines
- ❑ Identify and install new hydrants as part of its ongoing CIP
- ❑ Develop manuals and protocols for hydrant inspection and inspection data management
- ❑ Ensure that the required preventative maintenance is performed on each hydrant as required by the manufacturer
- ❑ Flow test all hydrants every 6 years
- ❑ Providing water supply personnel on scene to FEMS when requested for 2 alarm fires or greater

Methodology

- Reviewed and tabulated historical fire service costs of DC Water (FY 2013-17)
- Compared recent DC Water costs with the revenues received from the District for fire protection services
- Developed projections of DC Water costs under the most recent MOU for FY 2018-21
- Developed cost recovery options for consideration by DC Water

Changes Since the Prior Report

- DC Water decreased usage of outside contractors for the fire protection work; in-house resources are now providing the services.
- Payments by the District of \$10.796 million from FY 2015 through the current year have enabled it to catch up somewhat on its obligations to DC Water for fire protection; the shortfall at the end of FY 2018 is estimated to be about \$0.9 million, assuming capitalization of construction costs.

Cost of Service - Historical and Projected

Cost Category	2013	2014	2015	2016	2017	2018	2019	2020	2021
	Historical					Projected			
Direct Fire Costs									
1 Full time assigned personnel costs	1,369,145	903,814	852,481	928,964	1,006,617	1,036,815	1,067,920	1,099,957	1,132,956
2 Hydrant Parts	520,973	48,158	38,104	67,608	67,155	69,170	71,245	73,382	75,584
3 Material & Equipment (Fire Hydrant Program)	114,146	382,794	386,902	160,256	427,642	440,472	453,686	467,296	481,315
4 Hydrant Installation and Restoration	1,580,771	465,354	287,125	200,886	708,698	729,959	751,858	774,413	797,646
5 Personnel loaned from other departments (documented via WO)	546,562	1,328,698	1,228,069	1,054,792	2,053,752	2,115,365	2,178,826	2,244,191	2,311,516
6 DDOT Open Space Permits	23,203	32,986	284,548	435,591	358,096	368,839	379,904	391,301	403,040
7 Paid to Fire Department for Inspection Services (NTE)	134	0	0	0	0	0	0	0	0
8 Fire Protection Cost of Service Study		6,660	31,429			42,946			44,234
9 Burden applied to DC Water personnel costs Burden applies to Personnel loaned (Hourly Rate, Salary Rate & OH)	1,492,368	985,157	971,828	1,059,019	1,147,543	1,285,651	1,324,220	1,363,947	1,404,865
10	595,753	1,448,280	1,399,998	1,202,463	2,341,278	2,623,052	2,701,744	2,782,796	2,866,280
11 Burden applied to Parts	260,486	24,079	18,290	32,452	32,234	42,885	44,172	45,497	46,862
12 Burden applied to Material & Equipment	<u>57,073</u>	<u>191,397</u>	<u>185,713</u>	<u>76,923</u>	<u>205,268</u>	<u>273,092</u>	<u>281,285</u>	<u>289,724</u>	<u>298,415</u>
13 Subtotal Direct Costs	6,560,615	5,817,376	5,684,487	5,218,955	8,348,283	9,028,246	9,254,859	9,532,504	9,862,714
Allocated Fire Costs									
14 Fire Share of Water Base Costs @ 0.5%	489,717	546,010	513,771	530,766	532,574	559,197	575,973	593,253	611,050
15 Fire Share of Peak Costs @ 1.62% for 2013, increasing to 1.64% by 2016	<u>196,315</u>	<u>302,288</u>	<u>235,984</u>	<u>282,220</u>	<u>270,663</u>	<u>288,624</u>	<u>297,282</u>	<u>306,201</u>	<u>315,387</u>
16 Subtotal	686,033	848,298	749,754	812,986	803,236	847,821	873,256	899,453	926,437
17 Allocated Public Fire Costs	515,167	637,842	563,762	612,362	605,550	639,162	658,337	678,087	698,429
18 Total Direct and Allocated Public Fire Costs	7,075,782	6,455,218	6,248,250	5,831,317	8,953,833	9,667,407	9,913,195	10,210,591	10,561,143
19 PAYGO %	9%	4%	24%	12%	19%	20%	31%	29%	34%
20 Less: Construction Costs not Paid via PAYGO	1,441,563	448,933	217,891	176,643	572,889	586,990	518,209	551,583	527,296
21 Expense- Related Fire Costs	5,634,219	6,006,285	6,030,359	5,654,674	8,380,945	9,080,417	9,394,986	9,659,008	10,033,848
22 Capital Costs to be Amortized	1,441,563	448,933	217,891	176,643	572,889	586,990	518,209	551,583	527,296
23 Debt Service Allocation Ratio Based on Cumulative Costs	3.32%	2.75%	2.13%	1.77%	1.76%	1.56%	1.43%	1.39%	1.33%
24 Debt Service to be Allocated (Excludes Issuances Prior to 2007)	56,011,156	68,827,134	94,873,440	110,152,741	122,666,429	144,997,329	166,606,015	182,077,312	200,090,534
25 Fire Share of Debt Service	1,861,010	1,890,700	2,023,842	1,951,366	2,159,151	2,266,955	2,375,579	2,534,344	2,653,298
26 Total Annual Costs	7,495,229	7,896,985	8,054,201	7,606,040	10,540,096	11,347,372	11,770,565	12,193,352	12,687,146
27 District Payment	6,885,340	6,885,340	10,796,000	10,796,000	10,796,000	10,796,000	10,796,000	10,796,000	10,796,000
28 Annual Difference	-609,889	-1,011,645	2,741,799	3,189,960	255,904	-551,372			
29 2006-18 Cumulative Difference (Payments vs.Costs)	-5,513,073	-6,524,717	-3,782,918	-592,958	-337,054	-888,426			
30 Level charges (2019-21) including catch-up							12,527,000	12,527,000	12,527,000

Please see the COS Report for assumptions and notes

Cost Recovery: Recommendations

- From FY 2006 through FY 2018 (estimated), DC Water expended approximately \$84.1 million (including allocated debt service for certain capital costs) to provide fire protection services to the District.
- The District has reimbursed DC Water approximately \$83.2 million for the same period, including the anticipated 2018 payment, leaving approximately \$0.9 million unrecovered.
- It is recommended that the “true-up” of the shortfall in District reimbursements be spread over the next three years (FY 2019 – FY 2021) which, when added to the projected costs, results in a new fire protection service fee of approximately \$12.527 million per year, paid quarterly.



System Availability Fee

Presentation to the DC Retail Water and Sewer Rates Committee, February 20, 2018

District of Columbia Water and Sewer Authority



Blue Plains Advanced Wastewater Treatment Plant

System Availability Fee (SAF)

- 💧 **Recommendation regarding changes to the System Availability Fee (SAF)**
- 💧 **Incorporates suggestions from:**
 - Public Comments
 - Open House
 - Board of Directors
 - The District, through the Deputy Mayor for Economic Development's office

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 – Open House on 01/09/2018
- 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

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 count 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" or 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 meter large 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 were 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

Recommendation

DC Water recommends approval of the System Availability Fee:

- Effective June 1, 2018
- **With changes that incentivize the creation of additional affordable housing units**
 - Responds to one of the most frequently heard comments
 - DC Water would provide credits equal to:
 - \$3,944 for each individually metered affordable housing residential structure of three units or less
 - The percent of affordable housing units in a residential structure of four or more units
 - Affordable Housing Units defined consistent with existing Federal or District programs

Recommendation

Management has considered both oral and written comments

Most fall into these major categories:

- Provide a discount for developments with multiple connections
- Lower the cost for a single family connection
- Delay implementation
- Delay implementation for specific events
- Provide refunds more easily
- Spread out payments or extend the payment plan
- Provide “credit” for water and sewer infrastructure work that is performed by developers
- Allow necking down of laterals
- Provide more information to developers about the implementation process
- Provide credit for the creation of affordable housing

Comments

- 💧 **Suggestion: Provide discounts for developments with multiple connections**
- 💧 **DC Water Response: No change recommended**
 - Misconception that the SAF would be duplicated for back-up meters
 - Calculation relies on per meter connection to calculate peak domestic demand excluding fire demand
 - Credits given for existing connections based on existing meter size

Suggestion: Lower the cost for a single family connection

DC Water Response: No change recommended

- The SAF for Residential accounts with a 1” or smaller meter size would be \$3,944
- The SAF is based on peak domestic demand excluding the cost of fire suppression
- Very highly unlikely that there is a single family residential unit home that has peak domestic demand requiring a 1.5” meter

Comments

- 💧 **Suggestion: Delay implementation** (example: extend one-year exemption period to two years)

- 💧 **DC Water Response:** No change recommended. DC Water will provide clarity on project grandfathering
 - The effective date has been extended twice to June 1, 2018
 - Construction permit applicants that submit project plans and specifications prior to June 1, 2018 will not be required to pay the SAF if Certificate of Approval is issued before June 1, 2019
 - After the effective date, DC Water will require all projects to submit their plans to DCRA prior to DC Water's issuance of the Certificate of Approval

Comments

- 💧 **Suggestion: Extend grandfathering period due to specific events** (example: other DC agency approval delays, appeals, litigation, and force majeure events)

- 💧 **DC Water Response:** Consider extensions on a case-by-case basis for force majeure events
 - In the event a force majeure event results in the closure of DC Water for one or more days one week before June 1, 2019, which prevents DC Water from issuing the Certificate of Approval, DC Water will extend the SAF grandfathering period for those impacted projects

Previous SAF Comments from Notice Publications in DC Register

- 💧 **Suggestion: Provide refunds more easily** (Example: Receive an automatic refund when DCRA denies or revokes a construction permit)
- 💧 **DC Water Response: No change recommended**
 - Under the current regulations, an applicant whose DCRA permit is not issued or revoked or the project is not constructed must submit a written request to DC Water for a refund of the SAF
 - DC Water agrees with the need to issue refunds in a timely manner
 - However, automatic refunds cannot be provided because DC Water would not otherwise be aware of the status of the permit or project
 - Applicants need to notify DC Water of the change in the status of their permit or project

Previous SAF Comments from Notice Publications in DC Register

- 💧 **Suggestion: Spread out payments or extend the payment plan period**
- 💧 **DC Water Response: No change to the payment plan period**
 - Extension of the payment plan schedule would create an administrative burden for tracking
 - Current SAF regulations enable payment in four equal installments payments over a one year period
 - Tracking payments could be complicated with changes in ownership
 - Due to the extension of the effective date, the installment period has been extended

Previous SAF Comments from Notice Publications in DC Register

- 💧 **Suggestion: Provide “credit” for water and sewer infrastructure work that is performed by developers**

- 💧 **DC Water response: No change recommended**
 - The SAF recovers needed investments in additional system capacity in the water and sewer treatment systems and the trunk water and sewer conveyance systems

 - There is no “double count”; the SAF calculation does not include assets for the local distribution of water and sewer

 - New developments often need upgraded water and sewer infrastructure in order to accommodate the system demands requirements for their project

 - DC Water’s capital plan replaces water and sewer infrastructure (currently the water program replaces about 1 percent a year)

Suggestion: Allow necking down of water laterals

DC Water Response: This is already allowed

- DC Water supports necking down of laterals where appropriate
- Necking down is already allowed under current practice
- Project applicants can categorically reduce laterals by one size, and can further reduce if appropriate documentation is submitted to DC Water that confirms that the small meter size meets peak water demand (including fire demand) requirements

Suggestion: Provide more information about the implementation of the fee

DC Water Response: DC Water agrees

- DC Water is committed to providing accurate and timely information to potentially impacted customers
- We will provide updated FAQs on our website when proposed regulations are published in the DC Register (March 16, 2018)
- Customer Service and Permit Center staff will answer additional questions as they arise

Comments

💧 Suggestion: Provide credit for creation of affordable housing

DC Water Response: Agree

- For any new premises, building or structure that includes one or more affordable housing unit (AHU), DC Water shall provide a AHU Credit equal to:
 - \$3,944 for each individually metered affordable housing residential structure of three (3) or less units (e.g., single-family structure, townhouse, condominium, cooperative housing unit, or apartment).
 - The percent of affordable housing units in a residential structure of four or more units
- For a renovation or redevelopment project that includes replacing existing affordable housing units and the construction of additional affordable housing units, DC Water shall provide a credit based on the net number of affordable housing units
- **Affordable Housing Unit** – a housing unit that is offered for rent or for sale for residential occupancy and as a result of a federal or District subsidy, incentive or benefit, and is made available and affordable to households whose income limit requirements are established by the federal or District program or agency or the Council for the District of Columbia
- Documentation including Land Disposition Development Agreement, Zoning Commission Order, Planned Unit Development Covenant, Certificate of Inclusionary Zoning, or Letter from District financing agency at the time of project plan submission to DC Water will be required to demonstrate creation of affordable housing units

Changes to the Proposed Regulations

The SAF regulations have been revised to include the following changes:

- Added Affordable Housing Credit procedures and requirements
- Changed “DC Water’s Guideline Masters” to “DC Water’s Meter Sizing Instructions and Worksheets” - used for determining the peak water demand
- Clarified the documents needed to qualify for grandfathering projects and requirement to submit DCRA Building Permit and have it “accepted for review” before issuance of Certificate of Approval
- Clarified that any overdue payments for Payment Plan Agreement will be subject to DC Water’s collections process
- Other editorial revisions

Proposed Action

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)

Appendix

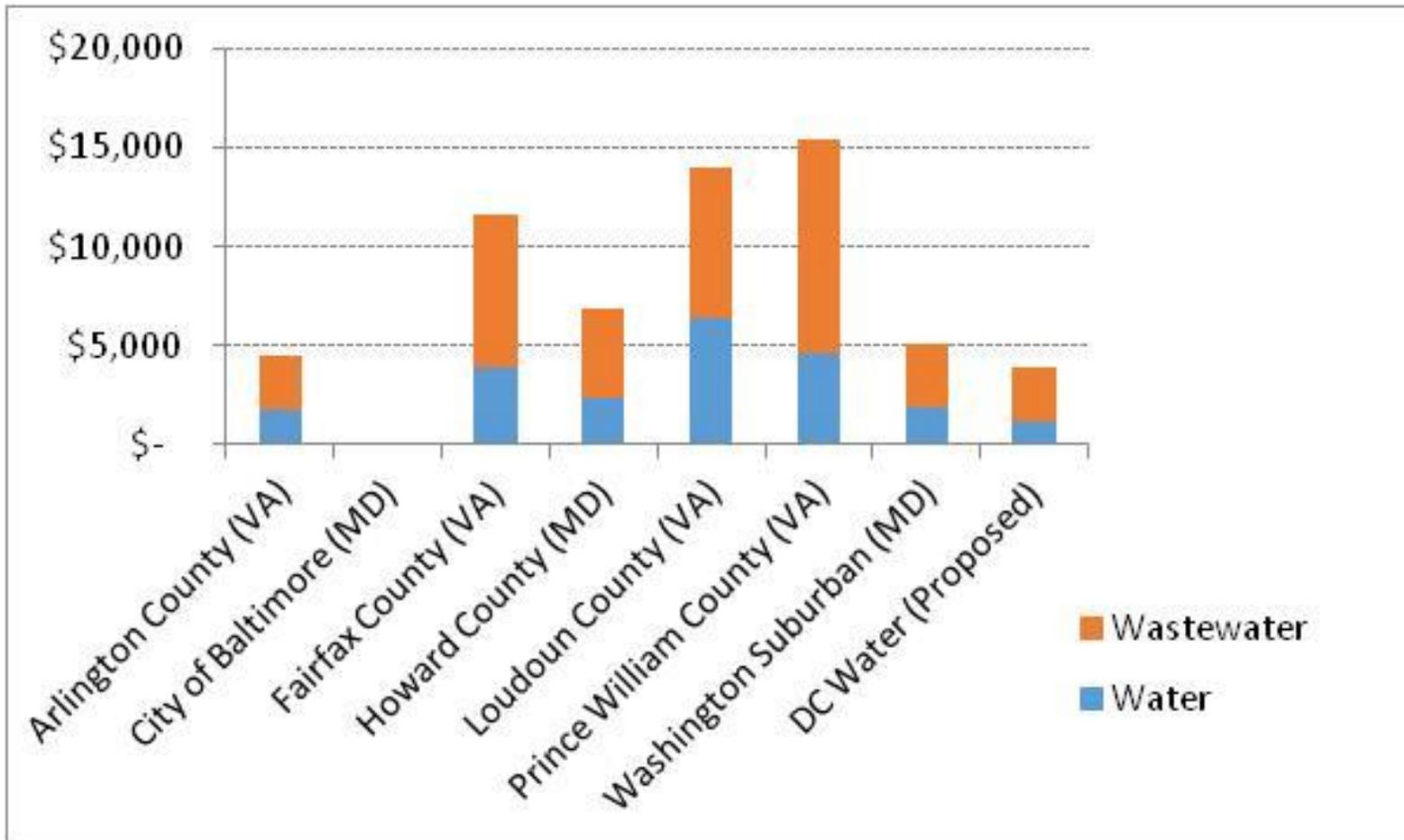
SAF Timeline

SAF Not Required If

SAF Payment Plan If

Before June 1, 2018	Before June 1, 2019	Before June 1, 2021
Applicants	DC Water	Applicants
<p>Submit to DC Water Civil Site utility plans proposing the connections of water and sewer between the structure to be served and the public water and sewer system. Plans submitted must include documents required by submission checklist.</p>	<p>Issues Certificate of Approval within one year of the effective date. Requires payment of plan review fees and other fees, review of plans, issuance of invoice, approved SWM plans (if required) and approval of the project in Project Dox by DC Water.</p> <p>DCRA Building Permit must be accepted for review before June 1, 2019</p>	<p>May Request Payment Plan Agreement to pay SAF in four equal installments paid within one year. Last payment must be no later than one year after the execution date of a Payment Plan Agreement.</p>

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
CSO	Combined Sewer System (5)	370	0.278	0.501	2.043
STW	Stormwater	370			
SEW	Sanitary Sewer System (6)	370	0.107	0.183	0.179
	Unrestricted Reserves (7)	370	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)
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
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. Fire Protection Fee Proposal FY 2018 - FY 2021 (Action Item 3)
4. Recommendation of Proposed Amendments to System Availability Fee
(SAF) (Action Item 4)

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

- A change in the rate for metered water services:

Metered Water Services

	FY 2018		FY 2019		FY 2020		FY 2019 vs. FY 2018		FY 2020 vs. FY 2019	
	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	\$2.91	\$3.89	\$3.06	\$4.09	(\$0.48)	(\$0.64)	\$0.15	\$0.20
Residential customers – (> 4)	\$4.26	\$5.70	\$3.90	\$5.21	\$4.10	\$5.48	(\$0.36)	(\$0.49)	\$0.20	\$0.27
Multi-Family customers	\$3.80	\$5.08	\$3.37	\$4.51	\$3.54	\$4.73	(\$0.43)	(\$0.57)	\$0.17	\$0.22
Non-Residential customers	\$4.40	\$5.88	\$4.05	\$5.42	\$4.25	\$5.68	(\$0.35)	(\$0.46)	\$0.20	\$0.26

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		FY 2020 vs. FY 2019	
	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	\$7.75	\$10.36	\$8.14	\$10.88	\$1.75	\$2.34	\$0.39	\$0.52
Multi-Family customers	\$6.00	\$8.02	\$7.75	\$10.36	\$8.14	\$10.88	\$1.75	\$2.34	\$0.39	\$0.52
Non-Residential customers	\$6.00	\$8.02	\$7.75	\$10.36	\$8.14	\$10.88	\$1.75	\$2.34	\$0.39	\$0.52

- 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	\$ 68.27	\$ 71.73	\$ 75.33	\$ 79.12	\$ 83.10	\$ 87.26	\$ 91.67	\$ 96.27	\$ 101.13
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	\$ 101.43	\$ 107.47	\$ 114.56	\$ 120.61	\$ 126.88	\$ 132.08	\$ 136.58	\$ 141.88	\$ 147.75
Increase / Decrease		\$ 5.82	\$ 5.96	\$ 6.04	\$ 7.09	\$ 6.05	\$ 6.27	\$ 5.20	\$ 4.50	\$ 5.30	\$ 5.87
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	\$ 108.32	\$ 114.48	\$ 121.63	\$ 127.75	\$ 134.08	\$ 139.40	\$ 143.96	\$ 149.32	\$ 155.26
Increase / Decrease Over Prior Year		\$ 5.95	\$ 6.02	\$ 6.16	\$ 7.15	\$ 6.12	\$ 6.33	\$ 5.32	\$ 4.56	\$ 5.36	\$ 5.94
Percent Increase in Total Bill		6.2%	5.9%	5.7%	6.2%	5.0%	5.0%	4.0%	3.3%	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	\$ 2.91	\$ 3.06
DC Water Retail Rates Water (Residential > 4 Ccf)	Ccf	\$ 4.26	\$ 3.90	\$ 4.10
DC Water Retail Rates Water (Multi-Family)	Ccf	\$ 3.80	\$ 3.37	\$ 3.54
DC Water Retail Rates Water (Non-Residential)	Ccf	\$ 4.40	\$ 4.05	\$ 4.25
DC Water Retail Rates Sewer	Ccf	\$ 6.00	\$ 7.75	\$ 8.14
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

DC RETAIL WATER AND SEWER RATES COMMITTEE PROPOSED FIRE PROTECTION SERVICE FEE

ACTION ITEM 1: DISTRICT OF COLUMBIA FIRE PROTECTION SERVICE FEE

DC Water requests that the DC Retail Water and Sewer Rates Committee recommend to the Board of Directors the publication for rulemaking, the proposed amendment to the fire protection service fee, as shown below:

- 4103.1 The Charge to the District of Columbia for fire protection service, including, but not limited to the delivery of water flows for firefighting as well as maintaining and upgrading public fire hydrants in the District of Columbia, (plus the cost of fire hydrant inspections performed by the DC Fire and Emergency Medical Services) shall be Ten Million Seven Hundred Ninety Six Thousand Dollars (\$10,796,000) per fiscal year (FY) for FY 2018, and Twelve Million Five Hundred Twenty Seven Thousand Dollars (\$12,527,000) for FY 2019, FY 2020, and FY 2021.
- 4103.2 The fee may be examined every three years to determine if the fee is sufficient to recoup the actual costs for providing this service. In the event the costs are not being recouped, the District shall pay the difference and the fee will be appropriately adjusted pursuant to the rulemaking process.

This rulemaking will be effective upon publication of the Notice of Final Rulemaking in the *D.C. Register*.

The proposed schedule of rulemaking shall be as follows:

February 20, 2018	Presentation of proposal to Rates Committee
March 1, 2018	BOD Approval of NOPR
March 16, 2018	Publish NOPR in the <i>D.C. Register</i>
March 16 - April 16, 2018	Public Comment period
April 24, 2018	Presentation of final proposal to Rates Committee
May 3, 2018	BOD Approval of NOFR
May 18, 2018	Publish NOFR in the <i>D.C. Register</i>

ACTION ITEM 4

Recommend Approval of Proposed Amendments to System Availability Fee (SAF) Regulations in Notice of Proposed Rulemaking (NOPR)

Management Recommendation:

- A. Amend the proposed System Availability Fee (SAF) regulations in Notice of Proposed Rulemaking (NOPR) as provided in Attachment A.

Attachment A – SAF Notice of Proposed Rulemaking

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
3”	\$ 32,500	\$ 80,442	\$ 112,942

- (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's Meter Sizing Instructions and Worksheets.
- (d) The System Availability Fee shall be assessed for any premise, building or structure that requires a new 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 premise, building or structure that uses an existing 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) 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.
- (h) For any new premise, building or structure that includes one or more affordable housing unit (AHU), DC Water shall also provide a AHU Credit equal to:
 - (1) Three Thousand Nine Hundred Forty-Four dollars (\$3,944) for each individually metered affordable housing residential structure of three (3) or less units (e.g., single-family structure, townhouse, condominium, cooperative housing association unit, or apartment).
 - (2) The percentage of affordable housing units in a metered multi-family residential structure of four or more housing units (condominium, cooperative housing association, or apartment) determined as follows: % AHU (or % Net AHU) equals the number of AHUs (or Net AHU) divided by total number of residential units times one hundred (100).
- (i) For a renovation or redevelopment project that includes replacing existing affordable housing units and the construction of additional affordable

housing units, DC Water shall provide a credit based on the Net AHU as provided in Section 112.11(g).

- (j) The Net AHU shall be determined based on the difference between the total number of affordable housing units existing prior to the renovation/redevelopment project and the total number of affordable housing units after constructed after completing the renovation/redevelopment project.
- (k) Projects that request AHU or Net AHU Credits shall submit one or more of the following documents:
 - (1) Land Disposition Development Agreement;
 - (2) Zoning Commission Order;
 - (3) Planned Unit Development Covenant;
 - (4) Certificate of Inclusionary Zoning; or
 - (5) Letter from the District financing agency that establishes the number of AHU in the property.
- (l) If the net System Availability Fee (less AHU or Net AHU Credits) is zero or less, no System Availability Fee shall be charged.
- (m) If the net System Availability Fee (less AHU or Net AHU Credits) is greater than zero, DC Water shall assess the System Availability Fee.
- (n) 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.
- (o) 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 necessary to meet the requirements listed in DC Water Project Submission Checklist has been accepted for review by DC Water in support of a DCRA Building Permit for the project, without substantial revisions that results in the change in the peak water demand for the project;
 - (3) The DCRA Building Permit for the premise, building, or structure requiring water and sewer service is submitted to DCRA and accepted for review by DCRA within one year after the effective date of these regulations; and

- (4) DC Water issues the Certificate of Approval within one year after the effective date of these regulations, unless DC Water's review is delayed due to a force majeure event that closes DC Water's offices for one or more days one week before June 1, 2019.
- (p) For federal facilities, payment of the System Availability Fee shall be a condition of DC Water's issuance of the Certificate of Approval.
- (q) Before June 1, 2021, the property owner may request to pay the System Availability Fee in four equal installments, with the final payment due no later than 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. Any overdue payments under the Payment Plan Agreement shall be treated as overdue bill for water and sewer service charges as set forth in 21 DCMR § 427.
- (r) In the case that the DCRA Construction Permit is not issued or is revoked or the project is not constructed, upon written request from the property owner, DC Water shall issue the property owner a refund of the System Availability Fee.

Section 199, DEFINITIONS, is amended by adding the following terms and definitions to read as follows:

Affordable Housing Unit – a housing unit that is offered for rent or for sale for residential occupancy and as a result of a federal or District subsidy, incentive or benefit, and is made available and affordable to households whose income limit requirements are established by a federal or District program or agency or the Council for the District of Columbia.

Force Majeure Event - an event arising from causes beyond the control of DC Water or the control of any entity controlled by DC Water, which results in the closure of DC Water facilities.

Attachment F

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>FY 2019 & FY 2020 Proposed Rates, Charges & Fees presented to RRC</i>	January 23, 2018	√	Rates and Revenue
c. <i>RRC recommendation on proposed FY 2019 & FY 2020 rates</i>	February 20, 2018	√	Rates and Revenue
d. <i>Board approves proposed FY 2019 & FY 2020 rates</i>	March 1, 2018		
e. <i>Publish Proposed Rates and Fees in DC Register</i>	March 16, 2018		General Counsel
f. <i>Public Comment and Outreach</i>	March 16 - June 11, 2018		External Affairs
g. <i>Public Hearing</i>	May 9, 2018		Board Secretary
h. <i>Public Hearing Record Closes</i>	June 11, 2018		
i. <i>RRC final recommendation to approve FY 2019 & FY 2020 rates</i>	June 26, 2018		Rates and Revenue
j. <i>Board approves FY 2019 & FY 2020 rates</i>	July 5, 2018		
k. <i>Publish Final Rates and Fees in DC Register</i>	July 20, 2018		General Counsel
l. <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 2018 - FY 2021			
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	April 24, 2018		Rates and Revenue
f. BOD approves Notice of Final Rulemaking (NOFR) for final Fire Protection Service Fee	May 3, 2018		
g. Publish NOFR in DC Register	May 18, 2018		General Counsel
h. Fire Protection Service Fee Go-Live	May 18, 2018		Rates and Revenue

Attachment F

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>Present COS to Retail Rates Committee</i>	February 20, 2018	√	Rates & Revenue
b. <i>Present final COS to Board</i>	March 1, 2018		
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
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

FY 2018 Proposed Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
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 F

FY 2018 Proposed Committee Workplan			
Objective/Activities/Task	Date of Activity	Completed	Responsible Department
11. System Availability Fee (continued)			
<i>b. Publish a Notice of Proposed Rulemaking to Amend Substantive Provisions of the SAF Regulations</i>			
1) <i>DC Water conducts public outreach (includes Open House on Feb. 9, 2018)</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		General Counsel
4) <i>Publish NOPR in DC Register</i>	March 16, 2018		Board Secretary
5) <i>Public Comment Period</i>	March 16 – April 16, 2018		Rates & Revenue Permits
6) <i>RRC recommends final action to approve Notice of Final Rulemaking (NOFR)</i>	April 24, 2018		
7) <i>Board approves NOFR</i>	May 3, 2018		General Counsel & Permits
8) <i>Publish NOFR in DC Register</i>	May 18, 2018		
9) <i>SAF Go-Live</i>	June 1, 2018		
<i>c. 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 G

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

**TUESDAY, March 27, 2018; 9:30 a.m.
AGENDA**

Call to Order	Committee Chairman
Monthly Updates	Chief Financial Officer
Committee Workplan	Chief Financial Officer
Agenda for April 24, 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