

Presented and Adopted: February 4, 2010
SUBJECT: Proposed Water and Sewer Service Rates, Right-of-Way (ROW) and Payment in Lieu of Taxes (PILOT) Fee, Impervious Area Charge (IAC) and Customer Metering Fee for Fiscal Year 2011

#10-29
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

The District members of the Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("the Authority") at the Board meeting held on February 4, 2010 in a non-joint use matter, decided by a vote of six (6) in favor and none (0) opposed, to take the following action with respect to the proposed retail rates for water and sewer service, impervious area charge (IAC), the right of way occupancy fee pass through charge (ROW) and payment in lieu of taxes (PILOT) fee and customer metering fee.

WHEREAS, the Board has adopted a rate-setting policy that calls for implementation of retail rate increases in a gradual and predictable manner, avoiding large one-time rate increases; and

WHEREAS, the Board has adopted a ten year financial plan that requires annual rate increases to generate sufficient revenues to pay for the Authority's projected operating and capital expenses and will assure compliance with Board policies regarding maintenance of senior debt coverage and cash reserves; and

WHEREAS, the Retail Rates Committee met on December 18, 2009 to consider the proposed rate and fee changes and cost drivers; and

WHEREAS, after extensive discussion at the January 7, 2010 meeting of the Board the Chairman of the Board remanded certain budget issues to the Environmental Quality and Operations, Retail Services, Retail Rates and Finance and Budget Committees (jointly referred to as the "Committees") for further review and to give the General Manager an opportunity to analyze the budget based on the Board discussions; and

WHEREAS, the Retail Rates Committee met on January 26, 2010 to consider the January 2010 General Manager's proposed rate and fee changes; and

WHEREAS, the Retail Rates Committee recommended that the Board consider for public comment a combined retail water and sewer rate increase of \$0.77 per Ccf; and

WHEREAS, the increase in water and sewer rates would result in a combined water and sewer rate that approximates \$6.89 per One Hundred Cubic Feet (“Ccf”) or \$0.92 per 100 gallons of metered water and sewer use; and

WHEREAS, the Retail Rates Committee recommended that the Board consider for public comment an increase in the impervious area charge of \$1.25 per Equivalent Residential Unit (ERU) to recover the \$2.7 billion costs of the Combined Sewer Overflow Long-Term Control Plan (CSO LTCP); and

WHEREAS, the Retail Rates Committee recommended that the Board in order to reduce the Authority’s continued exposure to consumption fluctuation consider for public comment an increase in the fixed metering charge which previously only recovered costs for replacing meters, to now include costs for installing, operating and maintaining meters; and

WHEREAS, the Retail Rates Committee recommended that the Board consider for public comment an increase in the fixed customer metering charge based on meter size ranging from \$1.85 per month for a 5/8 inch meter (typical size for a residential customer meter) to \$167.69 per month for a 16 inch meter, to recover the costs of installing, operating, maintaining and replacing meters; and

WHEREAS, the Retail Rates Committee recommended that the Board consider for public comment an increase in the ROW / PILOT fee of \$0.06 per Ccf to recover the full cost of this District of Columbia government charges, pending approval of a PILOT certification of cost from the District of Columbia Chief Financial Officer (DC CFO); and

WHEREAS, the public comment and notification process of the proposed rate and fee increases will occur over the next several months and it is the intent of the Board to take final action on the proposed rate and fee increases at the conclusion of the notification and comment period; and

WHEREAS, adoption of these rates and fee changes would increase the monthly bill of the average residential customer using 6.69 Ccf approximately \$8.66 per month or \$103.92 per year; and

WHEREAS, the Authority’s retail revenue projections for Fiscal Year 2011 reflect an approximate \$37.17 million increase due to the proposed \$24.67 million increase in retail water and sewer rates, an approximate \$1.9 million increase due to the proposed ROW / PILOT fee increase, and an approximate \$5.4 million increase due to the proposed IAC increase, and an approximate \$5.2 million increase due to the proposed customer metering fee increase.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board finds that the Authority's projected expenditures require that it propose, for public comment, the approximate rate and fee increases described below:

Water Service Rates

- a. An increase in the rate for retail metered water service from \$2.51 per One Hundred Cubic Feet ("Ccf"), to \$3.10 per Ccf, effective October 1, 2010

Sewer Service Rates

- b. An increase in the rate for retail sanitary sewer service from \$3.61 per One Hundred Cubic Feet ("Ccf") to \$3.79 per Ccf, effective October 1, 2010
- c. An increase in the annual Impervious Area Charge (IAC) from \$26.40 to \$41.40 per Equivalent Residential Unit (ERU). The charge per ERU will be billed monthly at \$3.45 for each ERU, effective October 1, 2010

Right of Way Occupancy Fee Pass Through Charge / PILOT Fee

- d. An increase in the ROW / PILOT fee from \$0.57 per Ccf to \$0.63 per Ccf, effective October 1, 2010 divided as follows:
 - i. District of Columbia Right of Way fee - \$0.14 per Ccf.
 - ii. Payment in Lieu of Taxes to the Office of the Chief Financial Officer (OCFO) of the District of Columbia - \$0.49 per Ccf; and

Customer Metering Fee

- e. An increase in the customer metering fee, based on meter size from, \$2.01 to \$3.86 for a 5/8 inch meter (typical residential customer meter.), Increases for other meter sizes as shown in the table of fees below, effective October 1, 2010

Meter Size:	5/8"	3/4"	1	1x1.25	1x1.5	2	2x1/2	3	3x5/8	3x3/4	4	4x3/4	4x1	4x2	4x2 5/8	6	6 X 1	6 X 1 X 1/2	6x1.5	6x3 3/4	8	8x2	8x4x1	10	10x6	10x2	12	16	
Proposed Customer Metering Fee	\$ 3.86	\$ 4.06	\$ 4.56	\$ 4.83	\$ 6.68	\$ 7.54	\$ 8.00	\$ 76.98	\$ 77.94	\$ 77.94	\$ 137.37	\$ 138.15	\$ 138.15	\$ 138.15	\$ 181.04	\$ 288.14	\$ 272.70	\$ 323.09	\$ 323.09	\$ 323.09	\$ 323.29	\$ 323.29	\$ 323.29	\$ 358.26	\$ 317.91	\$ 403.62	\$ 403.62	\$ 329.66	\$ 349.45

2. The General Manager is authorized to take all steps necessary in his judgment and as otherwise required, to initiate the public comment process and shall provide notice of the proposed rate adjustments in the manner provided by 21 DCMR, Chapter 40 and the District of Columbia's Administrative Procedures.

This resolution is effective immediately.


Secretary to the Board of Directors