

Presented and Adopted: January 10, 2008
SUBJECT: Proposed Water and Sewer Service Rates, Right of Way and PILOT Fee For Fiscal Year 2009

#08-18
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 January 10, 2008 decided by a vote of (5) in favor and (0) opposed, to take the following action with respect to the proposed retail rates for water and sewer service, the right of way and payment in lieu of taxes (PILOT) 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 19, 2007 to consider the proposed rate and fee changes; and

WHEREAS, the Retail Rates Committee recommended that the Board consider for public comment a retail rate increase of approximately 8.5 percent; and

WHEREAS, the Retail Rates Committee recommended that the Board consider for public comment an increase in the PILOT fee to recover the full cost of the Authority's right of way and PILOT payments to the District of Columbia government pending receipt of 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, the Authority's revenue projections for Fiscal Year 2009 reflect an approximate \$13.1 million increase due to the proposed 8.5 percent increase in retail rates and an estimated \$1.1 million due to the proposed PILOT fee increase; and

WHEREAS, Board Resolution #07-86 directs the General Manager to develop and implement charges and rates necessary to recover CSO LTCP costs based upon impervious surface areas rather than gallons of water purchased by customers and this impervious rate is not currently reflected in the various rates recommended by the Retail Rates Committee and the Budget and Finance Committee on December 19, 2007.

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 \$2.14 per One Hundred Cubic Feet ("Ccf"), to \$2.32 per Ccf, effective October 1, 2008.

Sewer Service Rates

- b. An increase in the rate for retail sanitary sewer service from \$3.23 per Ccf to \$3.51 per Ccf, effective October 1, 2008.

Right of Way/PILOT Fee

- c. An increase in the Right of Way/PILOT fee from \$0.47 per Ccf to \$0.52 per Ccf, effective October 1, 2008, divided as follows:
 - i. Payment in Lieu of Taxes to the Office of the Chief Financial Officer (OCFO) of the District of Columbia - \$0.39 per Ccf; and
 - ii. District of Columbia Right of Way fee - \$0.13 per Ccf.

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