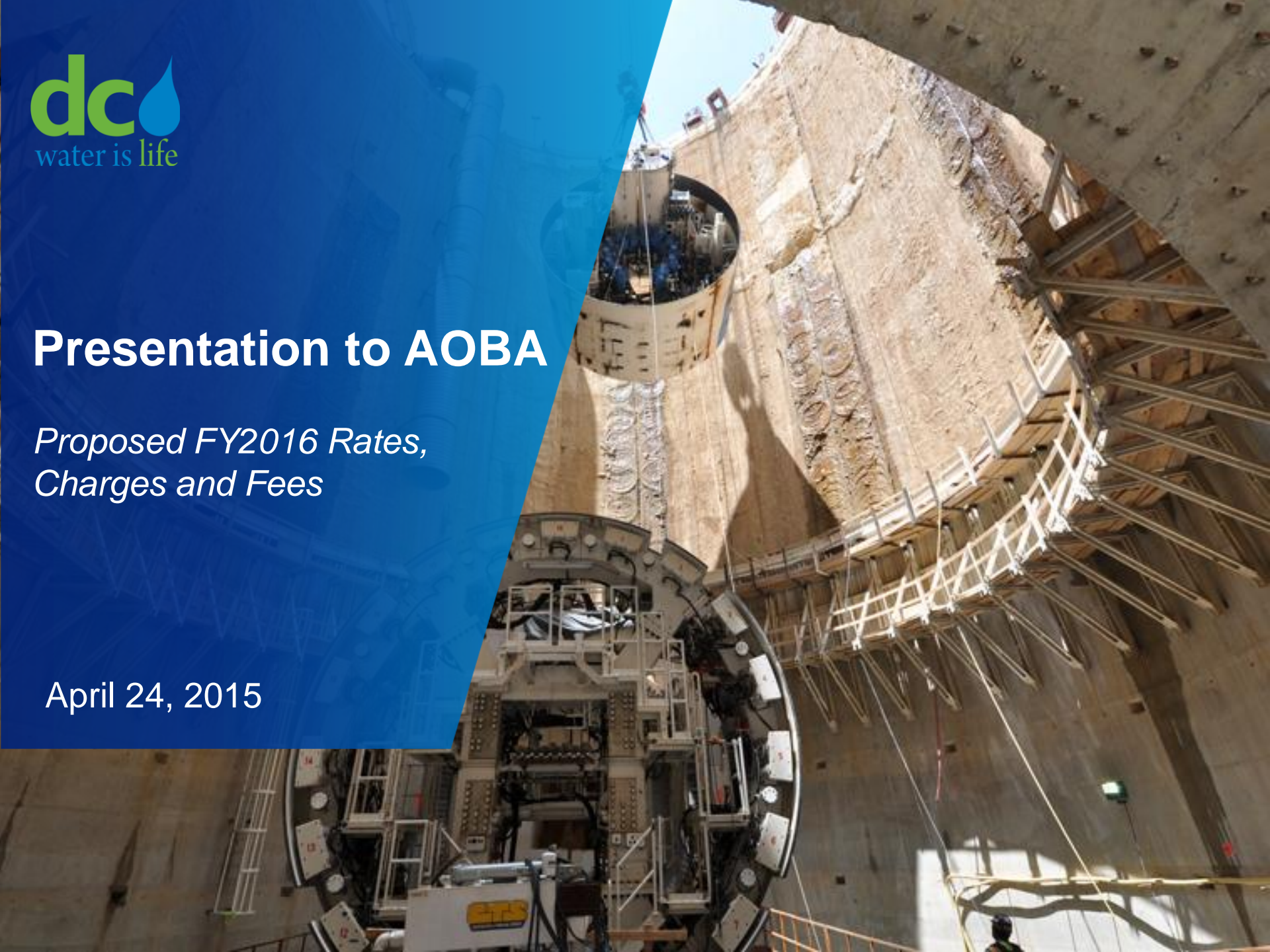




Presentation to AOBA

*Proposed FY2016 Rates,
Charges and Fees*

April 24, 2015





Agenda

- **Overview of DC Water**
- **Proposed FY2016 Rates, Charges and Fees**
 - Customer class based volumetric rates
 - Water Infrastructure Replacement Fee
- **Proposed FY2015 – FY2024 Financial Plan**
 - 10-year CIP disbursement budget
 - Projected water and sewer rates
 - Projected residential customer bills

dc  SOURCE





**WATER
TREATMENT
IS PROVIDED
BY THE
WASHINGTON
AQUEDUCT**



dc **DRINKING WATER QUALITY**

Each year, DC Water tests > 5,000 water samples from hydrants, residences and commercial buildings.

Recent results show the lowest lead levels measured in the last decade (4 ppb).

Since 2004, replaced more than 19,000 lead service pipes on public property.

Provide free lead test kits and publish all test results in our annual Water Quality Report, which is available online at dcwater.com/testresults or by mail (202-787-2200).

dc WATER DISTRIBUTION SYSTEM

Pump 95 million gallons a day
through **1,350 miles of pipes**, 4 pumping
stations and other infrastructure

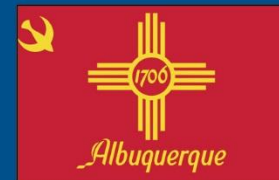


enough pipes to stretch from **DC to Oklahoma City**
(about a 20 hour drive)



WASTEWATER COLLECTION SYSTEM

1,900 miles of sewers (to collect sewage
and stormwater and convey it to Blue Plains)

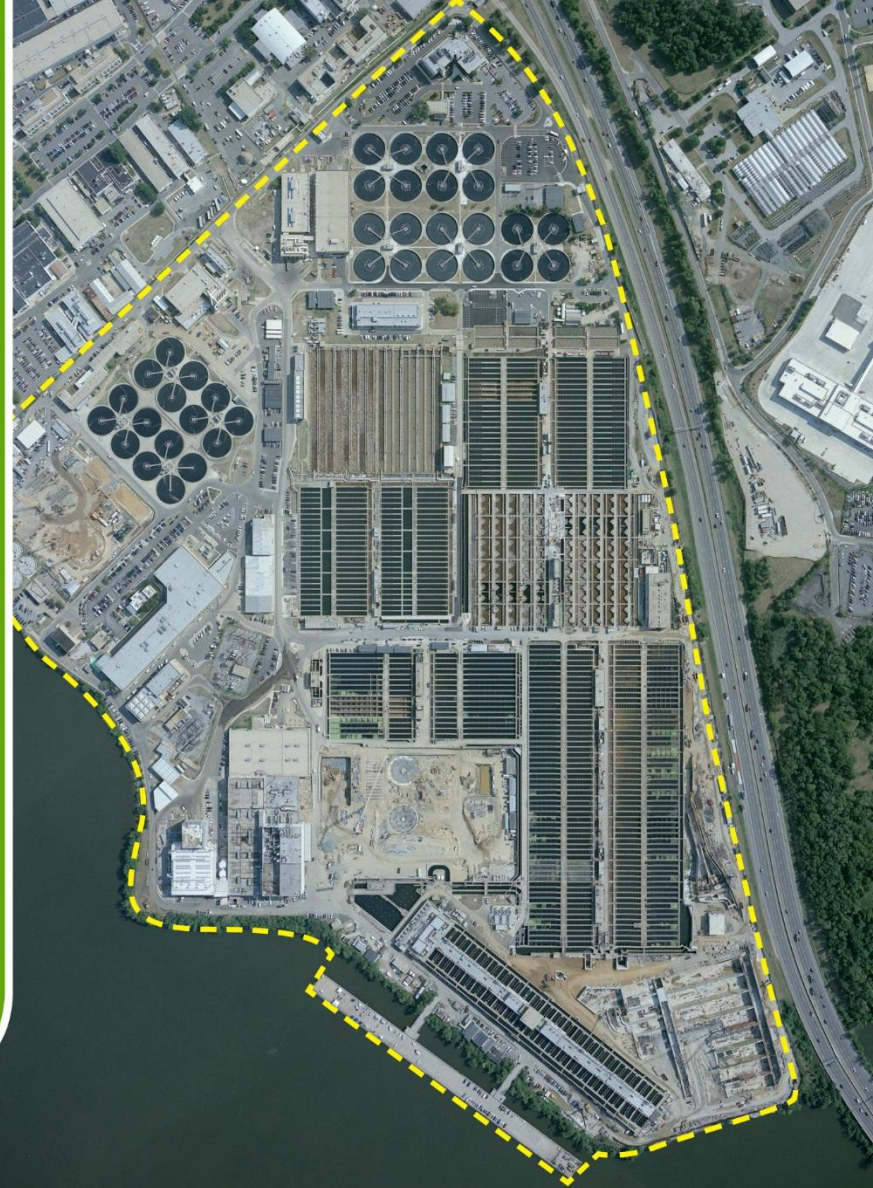


enough pipes to stretch from DC to Albuquerque

(about a 27 hour drive)



BLUE PLAINS ADVANCED WASTEWATER TREATMENT PLANT



Treats an average of **300 million gallons** per day

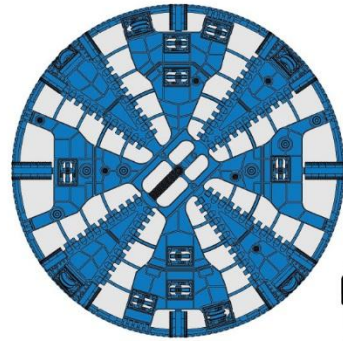


CAMBI THERMAL HYDROLYSIS ANAEROBIC DIGESTERS



dc
water is life

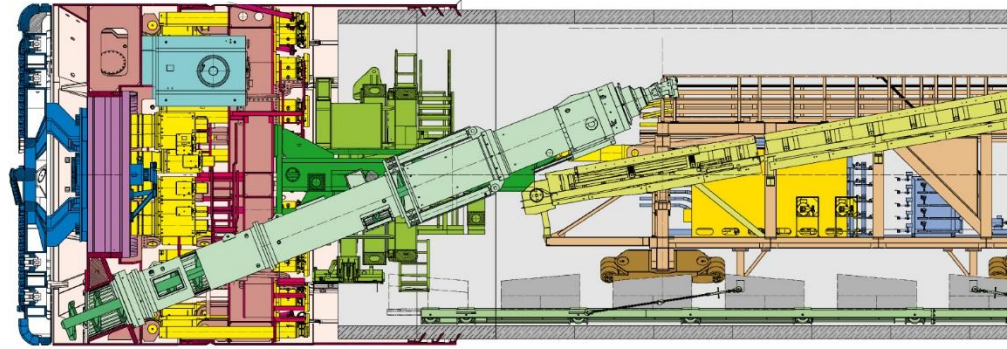
dc clean
RIVERS
PROJECT



26 feet tall



weighs 1,248 tons



350 feet long





Budget Priorities

- Health and safety of customers and employees
- Legal requirements and Board directives
- Customer service
- Efficiency

Budget Drivers

- Debt service
- Increased health plan costs
- Water purchases
- Contracts to operate and maintain new projects, facilities and programs



**NEW
PROPOSED
RATE
STRUCTURE
IN FY 2016**

per 1 Ccf (748 gallons)

Current
(FY 2015)

Proposed
(FY 2016)

dc Water Rate

Residential (0-4Ccf Lifeline Rate)	\$3.88	\$3.08
Residential (greater than 4Ccf)	\$3.88	\$3.87
Multi-Family	\$3.88	\$3.45
Non-Residential	\$3.88	\$3.99

dc Sewer Rate

Residential, Multi-Family, Non-Residential	\$4.74	\$5.44
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***** PILOT Fee** (Payment-in-Lieu of Taxes)

Residential, Multi-Family, Non-Residential	\$0.46	\$0.47
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***** Right-of-Way Fee** (ROW)

Residential, Multi-Family, Non-Residential	\$0.17	\$0.17
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**NEW
PROPOSED
RATE
STRUCTURE
IN FY 2016**

per ERU (Equivalent Residential Unit)

Current
(FY 2015)

Proposed
(FY 2016)

dc Clean Rivers Impervious Area Charge (IAC)

Residential, Multi-Family, Non-Residential	\$16.75	\$20.30
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******* Stormwater Fee

Residential, Multi-Family, Non-Residential	\$2.67	\$2.67
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by meter size

dc Customer Metering Fee

Residential (based on 5/8" meter)	\$3.86	\$3.86
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Multi-Family, Non-Residential	varies by meter size	
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dc Water System Replacement Fee

Residential (based on 5/8" meter)	–	\$6.30
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Multi-Family, Non-Residential	varies by meter size	
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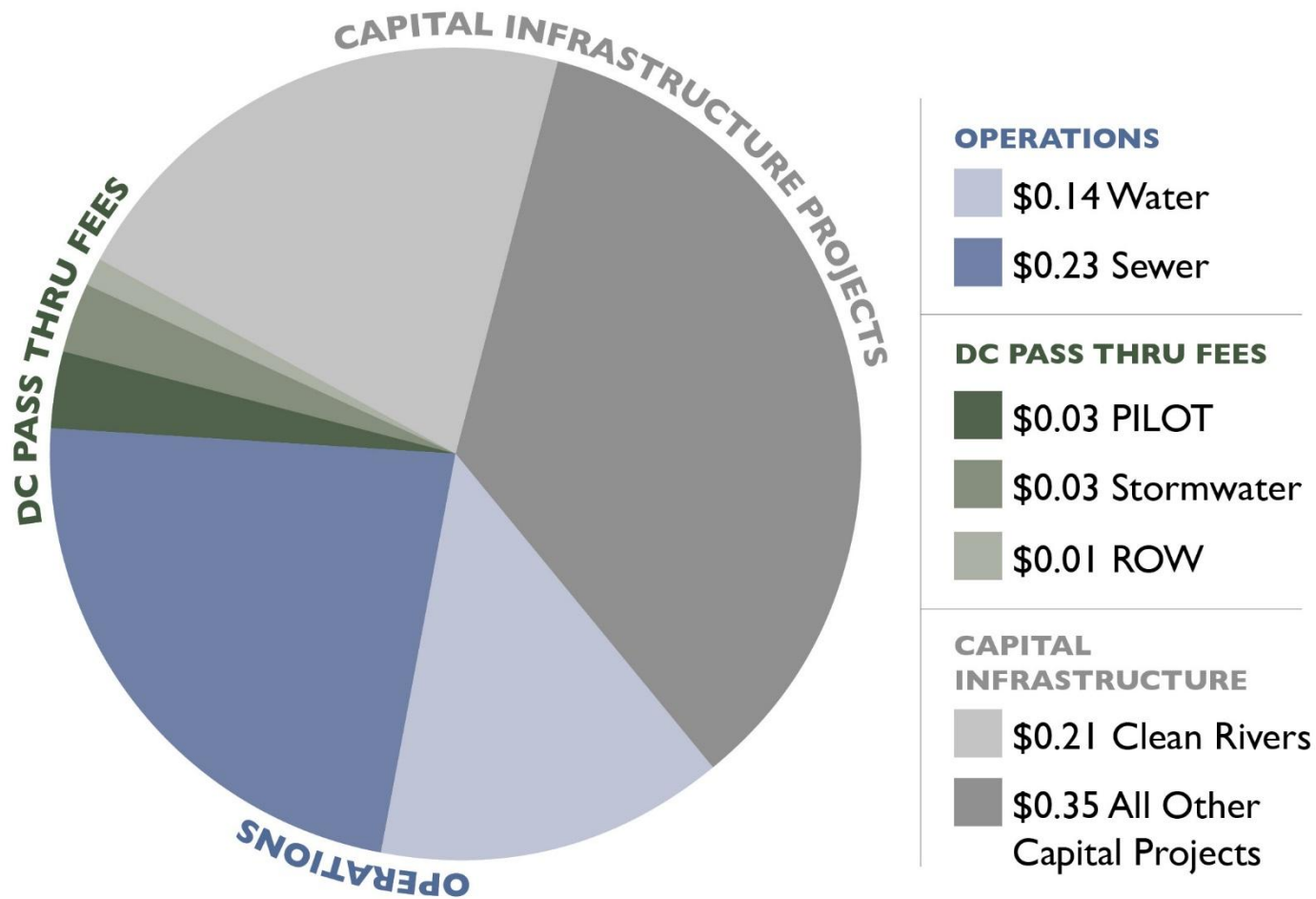
Sample Large Commercial Property (with cooling tower)

DC Water Rate	Units	FY 2015		FY 2016	
		Current	Proposed	Current	Proposed
Water Retail Rates (650 Ccf)	Ccf	\$ 2,522.00	\$ 2,593.50		
Sewer Retail Rates (267 Ccf)	Ccf	1,265.58	1,452.48		
Clean Rivers IAC (43.60 ERU)	ERU	730.30	885.08		
Customer Metering Fee	3"	76.98	76.98		
Water System Replacement Fee	3"	-	232.13		
Metering Fee Sewer Additive		4.06	4.06		
Metering Fee Sewer Subtractive		6.88	6.88		
Subtotal: DC Water Rates & Charges		\$ 4,605.80	\$ 5,251.11		
District of Columbia PILOT	Ccf	\$ 299.00	\$ 305.50		
District of Columbia Right-of-Way Fee	Ccf	110.50	110.50		
District of Columbia Stormwater Fee	ERU	116.41	116.41		
Subtotal District of Columbia Charges		\$ 525.91	\$ 532.41		
Total Amount Appearing on DC Water Bill		\$ 5,131.71	\$ 5,783.52		
Increase / Decrease Over Prior Year			\$ 651.81		
Percent Increase in Total Bill					12.7%

Sample Large Multi-family Property (300 units)

DC Water Rate	Units	FY 2015 Current	FY 2016 Proposed
Water Retail Rates (1,274 Ccf)	Ccf	\$ 4,943.12	\$ 4,395.30
Sewer Retail Rates (1,274 Ccf)		6,038.76	6,930.56
Clean Rivers IAC (59 ERU)	ERU	988.25	1,197.70
Customer Metering Fee	6"	268.14	268.14
Water System Replacement Fee	6"	-	1,292.14
Subtotal: DC Water Rates & Charges		\$ 12,238.27	\$ 14,083.84
District of Columbia PILOT	Ccf	\$ 586.04	\$ 598.78
District of Columbia Right-of-Way Fee	Ccf	216.58	216.58
District of Columbia Stormwater Fee	ERU	157.53	157.53
Subtotal District of Columbia Charges		\$ 960.15	\$ 972.89
Total Amount Appearing on DC Water Bill		\$ 13,198.42	\$ 15,056.73
Increase / Decrease Over Prior Year			\$ 1,858.31
Percent Increase in Total Bill			14.1%

WHERE WILL EACH DOLLAR GO?



(based on 6.69 Ccf consumption or 5,004 gallons)



SYSTEM UPGRADES

- Replacing 1 percent of water mains/year
- \$40 million/year
- In FY 2016, separating out cost of replacing aging pipes (Water System Replacement Fee)
- Ensure stable, dedicated funding source for this effort

Customer Class Based Water Rates

Customer Class	Monthly Peaking Factor
Residential	1.15
Multi-Family / DC Housing	1.16
Non-Residential	1.39

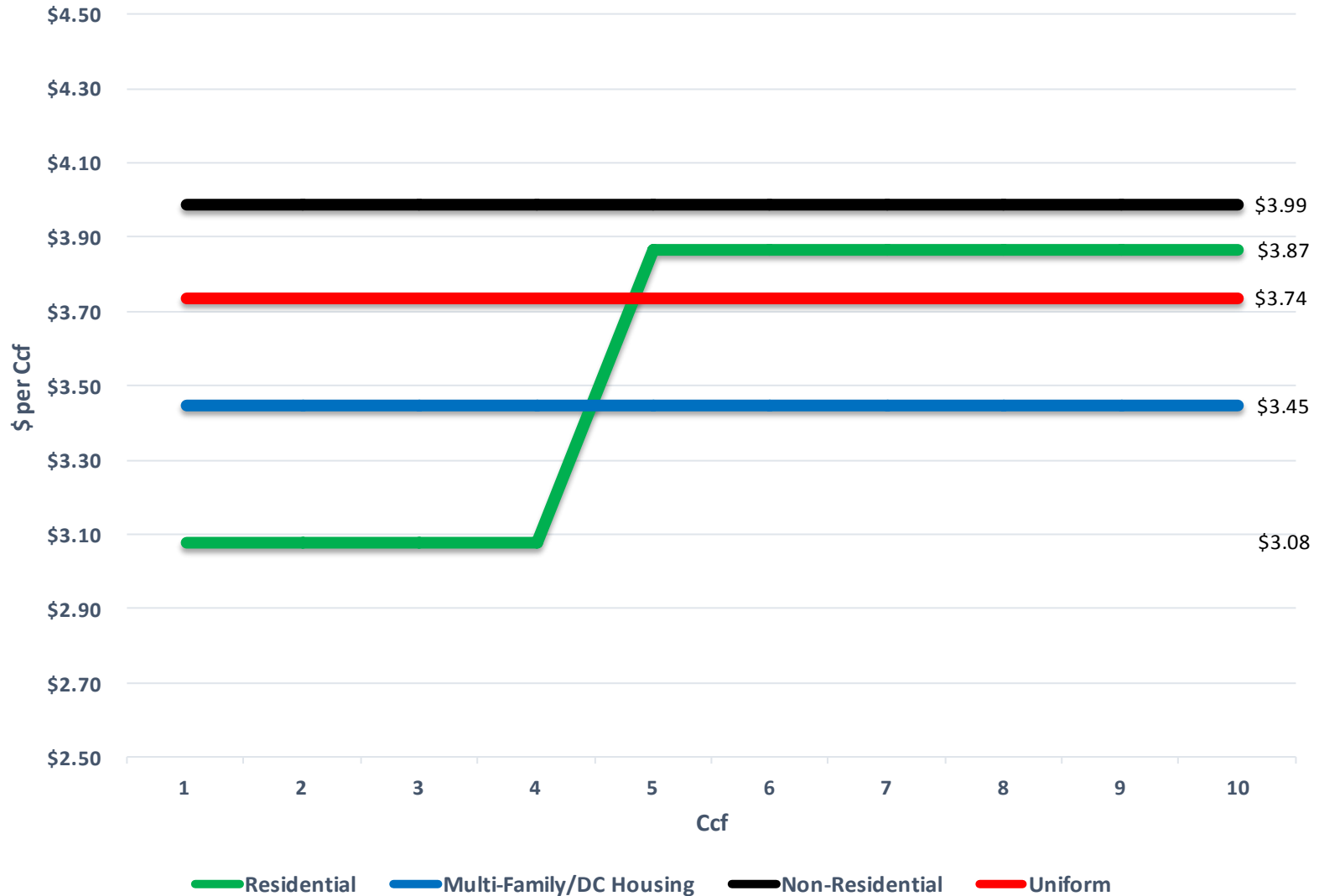
- Based upon an analysis of the peak demand of different customer classes, we are proposing establishing class-based volumetric rates
- Given the relatively small difference between Residential and Multi-Family monthly peaking factors, we propose establishing the same rate for these two customer classes

Water System Replacement Fee (WSRF)

Meter Size	Monthly Fee
5/8"	\$ 6.30
3/4"	\$ 7.39
1"	\$ 9.67
1"x1.25"	\$15.40
1.5"	\$41.35
2"	\$ 83.75
3"	\$ 232.13
4"	\$ 561.02
6"	\$ 1,292.14
8"	\$ 5,785.51
8"x2"	\$ 1,899.60
8"x4"x1"	\$ 2,438.35
10" and Greater	\$ 6,679.65

- DC Water is proposing adopting a “Water System Replacement Fee”
- Fixed monthly fee set to recover the costs of the 1% renewal and replacement program for water service lines
- The fee would be based upon meter size and average flow

FY2016 Water Rate Structure Comparison



Ten Year Capital Improvement Plan (CIP)

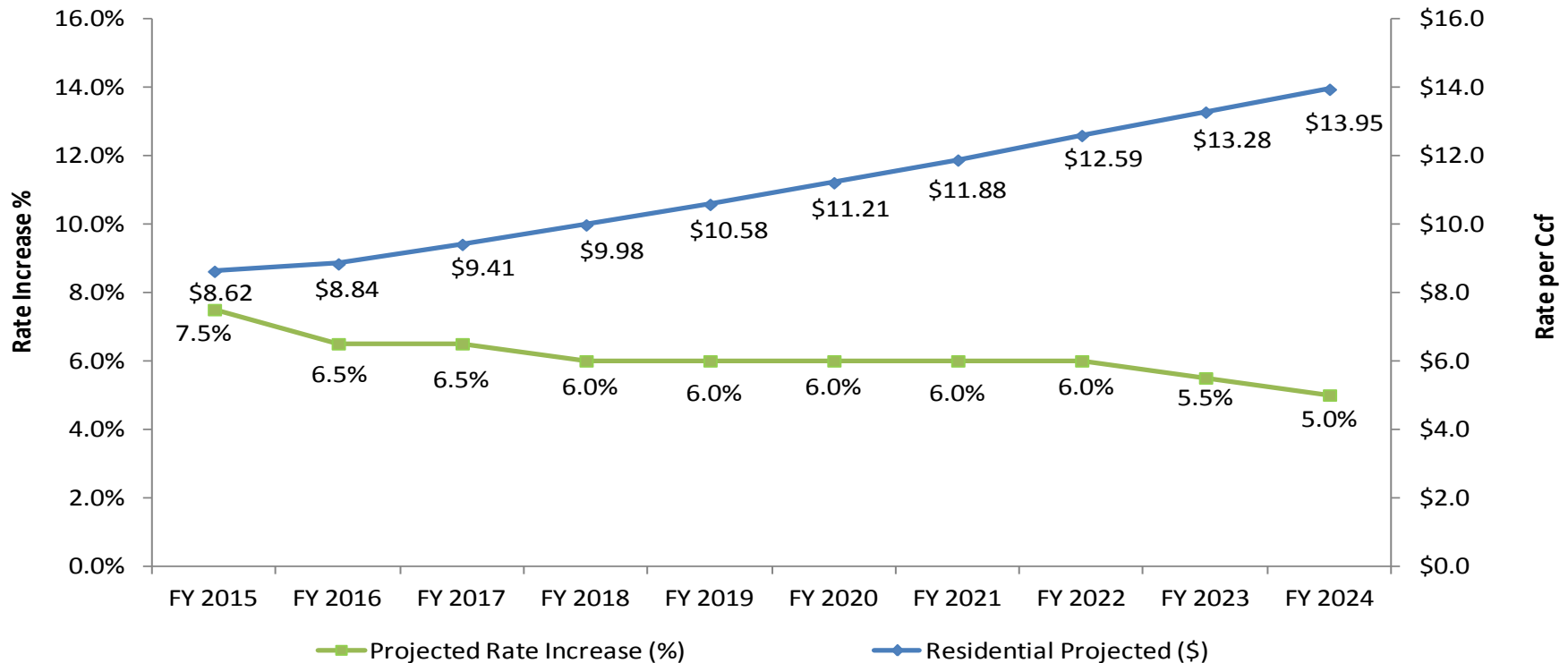
- Proposed FY2015 – FY2024 CIP disbursement budget of \$3.8 billion
- Peak capital spending projected in FY2015, with annual declines through FY2020

Service Area (\$000's)	FY 2015 Revised	FY 2016 Proposed	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Total
Wastewater Treatment	\$ 206,260	\$ 149,375	\$ 121,268	\$ 110,405	\$ 62,461	\$ 64,267	\$ 52,006	\$ 50,750	\$ 37,094	\$ 29,285	\$ 883,171
Sanitary Sewer	40,258	42,175	51,076	42,956	39,711	44,960	25,896	33,524	45,712	39,116	405,384
Combined Sewer Overflow	271,101	238,703	159,531	129,091	165,594	176,571	136,958	115,203	139,437	91,442	1,623,631
Stormwater	2,559	1,178	1,726	1,848	760	772	691	1,115	970	1,270	12,889
Water	65,006	67,546	58,968	50,862	48,795	61,249	68,201	61,153	59,828	68,645	610,250
Capital Projects	585,183	498,977	392,570	335,162	317,321	347,818	283,752	261,745	283,041	229,758	3,535,326
Total AMR / Meter /CIS	7,900	14,389	14,707	11,345	6,672	1,000	500	500	500	500	58,013
Washington Aqueduct	10,000	10,864	10,850	10,936	11,060	11,045	11,226	11,212	11,081	10,842	109,116
Capital Equipment	22,191	24,810	24,018	15,683	14,282	9,058	9,058	8,058	7,433	7,017	141,608
Sub-Total	40,091	50,063	49,575	37,964	32,014	21,103	20,784	19,770	19,014	18,359	308,737
Total CIP	\$ 625,274	\$ 549,040	\$ 442,145	\$ 373,126	\$ 349,335	\$ 368,921	\$ 304,536	\$ 281,515	\$ 302,055	\$ 248,117	\$ 3,844,063

* Includes \$1,426 million for DC Clean Rivers

Projected Residential Water & Sewer Rates

- Projected annual rate increases range from 5.0% to 7.5%
- Projected water and sewer rate increase from \$8.62 to \$13.95/Ccf





Questions?

