

2021 Performance Oversight Post-Hearing Questions
DC Water

Public Health Emergency:

1. At the hearing, General Manager Gadis noted that DC Water is working with DOEE to assess whether the District can proactively identify customers eligible for utility relief programs, and automatically enroll them in those programs.
 - What is the status of these discussions? When do you anticipate having an answer to whether this is possible?

Response: DC Water was successful in working with DHCD, DOEE and DHS in a data sharing agreement for the new multi-family program for customers who are categorically eligible, those that live in Affordable Housing Units, or those that received assistance from LIHEAP, TANF, SNAP, or DHS medical assistance. This approach has resulted in the quick roll-out of assistance dollars to tenants. Between the approval of the program by the Board on February 4th and March 25, this resulted in distribution of \$1,924,841.07 for 4,666 households.

DOEE also automatically qualifies a household for the District emergency assistance when they apply for the rate discount program (see below regulation). DC Water is holding discussions with DOEE to determine if this approach could be expanded to the residential program. We anticipate that these discussions will continue through April & May. DOEE has the following applicable regulation; however, they have noted “file an application with the Department” can be construed broadly – for example, they coordinate internally with other programs such as Solar for All which has a higher income threshold. Also, LIHEAP considers SNAP and TANF recipients to be categorically eligible for assistance – which flows through to CAP.

District of Columbia Municipal Regulations

§701 APPLICATION PROCESS

3701.1 In order for the Department to determine the financial eligibility of an applicant to receive CAP, CAP2, or CAP3 benefits, a person shall file an application with the Department.

- What are the barriers to this plan? Acknowledging that the District does not have eligibility information for all customers, are there barriers to identifying and auto-enrolling residents for whom we do have eligibility information?

Response: During our development of the multi-family program (MAP), it was identified that household rental assistance benefit could be impacted by the receipt of the MAP funds; therefore, when utilizing an automatic qualification approach, customers are notified of the potential impact and required to acknowledge and agree to accept the assistance.

In addition, the District may want to consider updating the above regulation (3701.1) to allow for other types of automatic approvals.

- Are there restrictions on use of federal relief dollars that could prevent the District from automatically enrolling customers?

Response: DOEE has determined there will be a single application for rental assistance and utility assistance and believes based on the below guidance from U.S. Treasury, that a customer must apply. The requirement for clients to apply specifically for the federal rental and utility assistance programs may dissuade eligible households from participating.

Application Process

An application for rental assistance may be submitted by either an eligible household or by a landlord on behalf of that eligible household. **Households and landlords must apply through programs established by grantees.** In general, funds will be paid directly to landlords and utility service providers. If a landlord does not wish to participate, funds may be paid directly to the eligible household. **Treasury cannot process applications from households and landlords. Please review the list of eligible grantees below and contact your state, local, or Tribal grant recipient for information on how to apply.**

Washington Aqueduct:

2. DC Water noted for the Committee that the agency purchased less water from the Aqueduct in FY 2020.
 - By exactly how much did consumption decrease, as compared to prior fiscal years?

Response:

Purchases from the Washington Aqueduct decreased by 4.4 percent from FY 2019 to FY 2020 (33,639 MG in FY 2020 versus 35,189 MG in FY2019. Purchases in other years were:

◆ FY2018 – 34,343 MG

◆ FY2017 – 35,827 MG

- Taking into account that DC Water charges a higher rate for water than the price it pays to the Aqueduct, what was the lost “profit” from this reduction in water consumption in FY 2020? What is DC Water’s typical profit margin on a gallon or CCF of water?

Response: DC Water is a cost recovery organization, and charges customers only the amount that it costs to purchase and deliver water to customers and to treat wastewater. The amount that DC Water pays the Aqueduct is only one of the costs to provide water to our customers. DC Water pays for approximately 75% of the costs of the Washington Aqueduct. In FY2020, DC Water paid the Aqueduct \$856.00 per million

gallons purchased, but not all water that is purchased is sold to our customers. Water is also used for firefighting, for flushing the system, and some is lost due to leakage. DC Water's rates are based on the demands that customers put on the system, including the peak demand. For the first four Ccf's residential customers were charged \$3.06 in FY2020, and the \$4.10 for each additional Ccf. Multi-family customers were charged \$3.54 per Ccf, and non-residential customers were charged \$4.25. All customers pay the same rate for sewer. Participants in the Customer Assistance Program (CAP) receive the first four Ccf's of water and sewer service for free.

Because of the decrease in consumption and an increase in receivables because of COVID, DC Water has taken steps to reduce costs including the deferral of about \$170 million in capital projects. DC Water does not make a profit, and we are working to align costs with reduced revenue.

Outreach Impact of COVID:

3. The agency's responses noted that one of its biggest hurdles in FY 2020 was shifting to virtual public meetings.
 - Were you able to hold as many public meetings in FY 2020 as other years, or did the public health emergency reduce overall agency outreach? Where the number of meetings was reduced due to the initial impact of the public health emergency, has the agency been able to resume a normal pace of meetings in FY 2021?

Response: DC Water has a robust public outreach program that typically engages with customers, other residents, and visitors to the District extensively throughout the year. Indeed, the public health emergency in 2020 did impact DC Water's outreach efforts. Most, if not all the community festivals, events, and meetings that we were scheduled to participate in were postponed or cancelled beginning in March of last year. DC Water also stopped hosting in-person meetings and suspended the popular tours of its Blue Plains Advanced Waste Water Treatment Plant.

Since the public health emergency has extended, we have not resumed our normal pace of meetings and events yet. However, we have pivoted our customer outreach efforts to add more virtual opportunities for engagement and enhanced our interagency partnerships with the Office of the People's Counsel and the Office on Aging, among others. We also hosted a very successful series of Town Hall Meetings in every ward of the city which allowed us to engage with more customers than ever before in these annual meetings with the Chief Executive Office and General Manager.

In addition, knowing our in-person outreach opportunities would be limited, we have utilized a full range of marketing efforts to ensure there is ample awareness of our customer assistance programs available to help residents during the pandemic. The tactics employed to promote the expanded customer assistance programs (CAP) have included advertising, promotion across all our social media platforms, earned media in local news outlets, and direct outreach to residents including seniors. These efforts proved largely successful, as the number of participants in the expanded customer

assistance programs for residents grew to 4,575 customers in 2020, a 29 percent increase from the previous year.

Here is a complete summary of our actions:

Direct Customer Outreach

- Customer Bill Messages (every month since March 2020)
- Customer Bill Insert (November 2020)
- Customer Call & Letter Campaigns
- Customer referral to program when they contact DC Water
- Reminder calls for past due and final bills
- Providing information on assistance when contacted by customers
- Added option for energy assistance on our phone tree

Advertising

- Paid print advertising in Washington Post, Washington Informer, Afro American, Mid-City DC, Hill Rag and East of the River papers (December 2020-January 2021)
- Developing a marketing and media buy plan to advertise DC Water Cares programs (In progress)

Social Media

- Paid digital advertising targeting District residents on Facebook and Instagram (January 2021)
- Postings on Nextdoor in neighborhoods across the District (Ongoing)

Earned Media

- Issued press release to announce new DC Water Cares customer and multifamily assistance programs. (February 4, 2021)
- Media pitching to promote customer assistance programs generated multiple stories including W. Post, WAMU radio, DCist.com, and WTOP. (February - Ongoing)
- On- line materials
- DC Water website (Updated in February including new page for multifamily assistance program)
- Mayor's coronavirus website now includes information for utility customers: <https://coronavirus.dc.gov/utilityhelp> (January 2021)

- How did public participation in your meetings change during the PHE? Did you find that fewer residents attended, or did you find that certain

communities report faced barriers to participation in remote meetings? If so, how did you work to reduce those barriers?

Response: Since 2010, DC Water has hosted Town Hall Meetings with customers in all eight wards, every year that new rates are proposed. In 2020, because of the public health emergency, DC Water decided to pivot to virtual meetings instead. One of our priorities was to ensure the meetings were accessible to anyone who wanted to participate, and we consulted with other District agencies to see what technologies they used for public meetings. Based on that research, we combined an online platform with a tele-town hall system that called every customer and invited them to participate in the meeting in their ward. The result was that more than 4,100 people participated, by far the most we have ever had attend the annual town hall meetings.

COVID-19 Consumption Impact:

4. Agency spending on wastewater treatment operations was lower than average in FY 2020 due to a decrease in flow into the plant, which the agency attributes to fewer tourists. Changes in tourism, however, were just one consumer behavior shift during the pandemic relevant to water usage.
 - Due to the increase in residents working from home, did we see greater use of wastewater systems in residential areas? If so, how will that use affect the anticipated lifespan of those mains and pipes? What does this mean for DC Water's Capital Improvements Plan?

Response: The average influent flow to the plant during the twelve-month period from March 1, 2020 to February 28, 2021 was 305 MGD, which is slightly higher than the 296 MGD observed during the pre-COVID-19 twelve-month period. It is difficult to determine the impact of COVID-19 on plant influent flow since influent flows are also impacted by hydrological factors such as precipitation and ground water elevation, besides drinking water consumption by residential and commercial customers in the District of Columbia.

However, influent loads to the plant were lower as demonstrated by the lower production of solids and demand for certain chemicals. Based on data analyses, the reduction in loads, such as pounds of nitrogen in the influent flow to the plant, are lower by over 5 percent as compared to influent loads during the pre-COVID-19 twelve-month period. Because of other factors that affect solids production and demand for chemicals, it is difficult to accurately determine the portion of the reduced influent loads due to COVID-19 Pandemic.

Increased usage due to residents working from home is not expected to affect the lifespan of water mains or sewers or the consequence or likelihood of failure of these assets.

Public Infrastructure:

5. According to the agency's responses, only 3.4 miles of small water mains were replaced in FY 2020. While this is significant growth over FY 2019, when only 1.2 miles of small water mains were replaced, it is far less than the 6.4 miles replaced in FY 2018. Given that the system has over 1,000 miles of small diameter mains, at this rate, replacing all of the small water mains would take more than 250 years.
- Recognizing the financial constraints the agency is under due to the public health emergency, how does the agency plan to finish this work at this pace? What is needed to get these replacements at a reasonable speed?

Response: DC Water is committed to replacing small diameter water mains at the rate of 1% (11 miles) per year. DC Water continues to select and design 11 miles of small diameter water mains per year, but due to the financial constraints and the public health emergency, construction bidding for these jobs has been delayed. It is anticipated that 8 miles will be replaced in FY21 and will resume replacing 11 miles per year as of FY22.

The FY2021-2030 Capital Improvements Plan recently approved by the DC Water Board of Directors including funding to replace 1% of small diameter water mains in FY2022-2027, increasing to 1.5% in FY2028-2030. DC Water believes this plan balances replacement of these mains with other competing priorities and affordability. Recent problems achieving the 1% annual replacement goal have been due to unforeseen short term financial constraints.

- Is this pace solely due to budget constraints, or are there issues with staffing or contractors?

Response: The recent pace of replacement has been limited primarily due to short term spending constraints. Most recently due to reductions in revenue due to COVID-19.

- How much money is needed to fully address this issue? What is the budget shortfall?

Response: As stated above, DC Water believes the recently approved FY2021-2030 Capital Improvements Plan strikes an appropriate balance between small diameter water main replacements and other competing priorities and affordability. Any acceleration of this program would require additional funding and resources beyond what is in the currently approved plan. The amount of additional funding would depend on the rate of replacement desired.

- Does this completed mileage include emergency repairs?

Response: No. Emergency repairs, which do not usually include significant pipe replacement, are not accounted for in the metrics. The length of distribution mains replaced during emergency repairs during the year is negligible in the context of the small diameter water main replacement program.

- On average, how much more does it cost to complete emergency repairs than if you completed this work in the normal course?

Response: A reactive approach is typically more expensive than a proactive approach. A few years back, DC Water compared the two approaches using costs from actual emergency projects. Result was reactive projects were 10 to 15 times more expensive than proactive projects. In addition, the economic impact on the community, and the detrimental effect on the DC Water brand, would be significant.

6. At the hearing, the Committee heard testimony regarding leaking sewer and wastewater lines in Rock Creek Park, which have a direct effect on the park's waterways. Please provide an update on what DC Water is doing to address the leaks, including what work was completed in FY 2020 and FY 2021, to date, and plans for remediation in FY 2021 and beyond.

Response: DC Water is assessing the sewers in the Rock Creek for leaks and will provide response to the testimony at a future date. Attached please find details on sewer projects in the Rock Creek. We have also attached location maps of the several projects. Please reference attachments: Attachment I Rock Creek Park Sewer Rehab Projects Status Update March 23, 2021, and Attachment II Projects in Rock Creek.

Lead Water Service Line Replacements

7. DC Water completed 499 full lead service line replacements in FY 2020, meaning there are 10,487 public lead service lines left to replace. At that pace, it will take 21 years to replace all of these lines.

- You've committed to replacing all the lead service lines in the District in 10 years. How are you going to meet that goal at this pace?

Response: DC Water is creating an aggressive lead service line replacement plan that identifies, prioritizes, and plans replacements by block. DC Water will need to work closely with DDOT to join projects and expediate reviews and permits.

- Can you confirm that the agency is committed to this goal? Please clarify whether this commitment is contingent on identifying additional funding for this work.

Response: Approximately 80 percent of work is unfunded at this time, however, federal funding could be available for this deficit.

- The agency's responses state that there could be "20% fewer total replacements" in FY 2020 and 2021 due to the public health emergency. How does that delay factor into meeting this goal?

Response: The LSR Plan was developed with current project data, therefore accounts for the reduced water main replacement project activity in FY20 and FY21.

- It is the Committee’s understanding that you are developing of plan that rethinks how we prioritize which lines are replaced first, to focus on equity. Please provide the Committee with information on this plan, including any changes to prioritization and the timing of the launch of the new plan.

Response: DC Water’s lead replacement plan is one with near-term and long-term priorities and tactics which we hope to synchronize throughout the course of the 10-year removal commitment.

Near-term priorities:

- Maximizing current resources by conducting outreach for the LPRAP and pipe material identification (asking customer to identify the pipe materials coming into the home and providing water samples)
- Effective coordination with DDOT to join projects and minimize approval time for block lead service line replacement projects
- Establish Funding Sources (ratepayer and non-ratepayer)

Long-term Priorities:

- Expansion of program resources and capabilities
- Leveraging strategic partnerships to maximize customer participation
- Identify legislative opportunities

DC water is committed to sharing this plan in full with Council by June 1, 2021

- Is it possible that this prioritization schedule could slow down the pace of replacements?

Response: No, prioritizing through a more equitable strategical order, which includes by-block replacements will have little effect on pace.

- Under this plan, how do you define vulnerable or historically underserved communities? How will you identify whether a property meets those criteria?

Response: The Plan describes the model and scoring criteria to prioritize the blocks. A primary factor is the Area Deprivation Index, which is a combination of income, education level, and other socio-economic factors. See Word Attachment “Area Deprivation Index” for the table of data inputs for the index.

8. The agency’s responses note that there are still 14,715 service lines of unknown composition.

- How many service lines was DC Water able to identify the composition of in FY 2020 and FY 2021, to date? How many contain lead?

Response:

FY20 – 507 service line materials identified; 145 identified to have lead pipe

FY21 – 710 service line materials identified; 53 identified to have lead pipe

- Are these unknown service lines factored into the 10-year replacement schedule? Will they be identified and replaced in the 10-year window?

Response: Yes, the Plan does include identification of unknown materials and replacement of those found to have lead pipe.

- Where a resident has an unknown service line, please describe the outreach they would receive from DC Water about testing their line for lead, including when and how often this outreach occurs?

Response: DC Water plans a targeted mailing (both US mail and email) to all daycares and residential buildings of unknown service line material this summer. The targeted homes are those in areas of older developments (homes built prior to 1960) where the likelihood of finding a lead service line is greater. DC Water plans to research past permit and engineering documents to identify service line materials of newer developments and anticipates by end of FY22, reducing the unknown inventory by 30% through this effort. DC Water plans a second mailing effort in the summer of FY22 to all the residential buildings without service line material data.

9. The agency has suggested that it could cost more than \$1 billion to replace all lead water service lines in the District. However, other estimates suggest that these costs could be far less—perhaps \$100 to \$200 million in total.

- Please provide a full breakdown of DC Water’s estimate for these costs, including noting where the agency’s estimate includes costs not directly related to the removal and replacement of lead water service lines.

Response: We are currently finalizing our project plan which identifies, prioritizes, and plans replacements by block.

- What is the average cost to DC Water to replace a lead water service line?

Response: The approximate cost to replace a lead water service line is \$8,500. This does not include the cost of restoration for a full lead service line.

- What is the average cost reported to DC Water for a contractor to replace a partial lead water service line on private property?

Response: Based on data gathered from the inception of Lead Pipe Replacement Assistance Program (October 2019-April 2021) the average cost to replace the private-only lead line by LPRAP plumbers is \$5,934.

10. One area of great concern is the number of partial replacements – properties where DC Water previously removed the portion of a lead water service line on public property but left behind the portion on private land. Your responses note that there are still 11,075 partials left in the District, and that only 131 were removed in FY 2020. At that pace, it would take over 84 years to replace all of the partials.

- The agency’s responses anticipate that DC Water could replace 6,000 partials in the next decade. How does the agency plan to increase the pace of partial replacements so drastically, given the current pace?

Response: Amendments to the law went into effect 3/16/2021 that allow DC Water to replace these partials during DC Water-initiated planned and emergency repair (CIPERR) work using District funds to pay 100% of private costs (given homeowner consent). These partials can also be replaced through the customer-initiated Lead Pipe Replacement Assistance Program (LPRAP) jointly administered with the Department of Energy and Environment. Customer participation increased by additional outreach and promotion, however, as the law stands today, homeowners are not required to replace their lead lines on private property.

Is this pace reasonable, at current funding levels?

Response: The pace is reasonable; however, it is dependent on homeowner participation. Additional incentives to the homeowner would assist this effort.

- Even this accelerated pace is concerning, as the District would not have removed all partials until 2040. What would be needed (funding, number of contractors, public outreach, etc.) to have these partials removed by the deadline set for the full replacements?

Response: Funding, other incentives to the homeowner, and inter agency focus to replace all lead service lines is needed. For example, a requirement to replace a lead service line prior to the sale of a home would assist. The cooperation with other District agencies will accelerate the execution of the pipe replacements once the homeowner has initiated the request.

- Only 223 eligible properties sought a replacement in FY 2020. What is the primary barrier to residents seeking out these replacements—public education, the disruption to their property, cost, or other factors?

Response: The primary barrier to a homeowner initiating a lead service line replacement is their cost.

11. It has come to the Committee’s attention that DC Water may have performed a number of partial replacements during FY 2019 and 2020.

- How many partial replacements did DC Water complete in FY 2019 and 2020? How many has DC Water completed in FY 2021, to date?

Response:

Fiscal Year	Full LSR	Partial LSR	% Partial
2019	426	47	11%
2020	377	21	6%
2021	341	8	2%

Notes: 1) Full LSR is a service line replacement conducted by DC Water that removed all lead pipe in the service line (includes public side was copper and private side was lead, but not

those conducted under LPRAP). 2) Public and Private side replacements completed within 30 days are counted as one Full LSR.

- Under what legal basis did DC Water complete these partial replacements?

Response: FY 2019 - Prior to the effective date of D.C. Law 22-0241, the “Lead Water Service Line Replacement and Disclosure Act of 2018, the District and now DC Water maintain, renewed and replaced water service lines in public space in accordance with D.C. Law 1-98, Water and Sewer Repair and Compensation Act of 1976, (D.C. Official Code 8-205); 21 DCMR § 110, Maintenance and Repair of Water Service Pipes; 12-F DCMR Plumbing Code Supplement of 2017 (Plumbing Code); and DC Water Board Resolutions #09-102 and #19-36. Water service lines were replaced during Capital Improvement Projects, Emergencies, and under DC Water Voluntary Full Replacement Program. Pursuant to Resolutions #09-102 and #19-36 and the Plumbing Code, DC Water is required to replace lead service lines in conjunction with the replacement/ rehabilitation of water mains and repair of lead water service lines. If the customer did not agree to replace the service line on their private property, DC Water was required to provide specific information about the risks related to partial replacements and additional mitigation efforts to help address such risks as discussed below.

FY 2020 and 2021 – After the effective date of D.C. Law 22-0241, DC Water completed water service replacements, in all but one case, in accordance with D.C. Official Code § 34-2158(a)(2). DC law permits DC Water to complete the replacement of the lead water service line after requesting consent from the property owner. In these cases, DC Water provided the required request for consent, but the customer did not consent to the replacement of the lead water service line on their property. The exception occurred in February 2020, when a customer was performing a home renovation and applied to participate in the Voluntary Full Replacement Program. After DC Water began replacing the lead water service line in public space, a DDOT Inspector stopped job before the public-side could be completed. The full replacement was completed on June 26, 2020.

- What information did DC Water provide to customers upon completing these partial replacements regarding (1) the harms of a partial replacement and (2) the availability of funds to remove the private portion of the lead line? In what format was this information provided? Please provide the Committee with a sample of these materials.

Response: DC Water notifies homeowners and residents of the spike in lead release following partial replacements. For planned work, we mailed information twice and hand delivered once prior to the service line replacements. The information included the opportunity to replace the lead pipe on private property, the increase in lead levels following the replacement activity, and the provision of a water filter for the resident to use following a lead service line replacement.

Please refer to attachments:

- 60 Day LSR Notification LoganCircle (Word)
- 120 Day LSR Notification LoganCircle (Word)
- 14 Day Combined (PDF)

- [LSR Flyer \(PDF\)](#)
- [LSR Flyer_Spanish \(PDF\)](#)

12. At the hearing, the General Manager discussed a legal opinion that suggests DC Water is limited in its ability to enter public property to address lead water service lines. Please share this legal opinion, including a summary of how DC Water believes this opinion restricts their ability to take action to remediate lead water service lines.

Response: [Please see the attached letter: Post Hearing Answer, Attachment A.](#)

Clean Rivers Project:

13. The agency’s responses included information on the number of households receiving CRIAC relief in FY 2020, broken down by income level, emergency relief, and nonprofits.

- Last summer, the Council authorized CRIAC funds to be used both for CRIAC relief and for low-income utility bill relief. Do these enrollment numbers include only use of funds for CRIAC relief, or these extended permitted uses?

Response: [The responses provided in question 46 only included the CRIAC Relief figures. The DOEE residential enrollment process qualifies applicants for all the customer assistance programs at once \(CAP, CAP2, CAP3, and the new District Emergency Relief program\), so the number of applications includes both programs. DOEE receives a delinquency file from DC Water and automatically pays off the past due balance for the qualified applicant at the time of submission. In addition, DC Water continues to monitor all CAP and CAP2 customers monthly throughout the remainder of the fiscal year to determine if they need additional bill assistance beyond the initial District payment and automatically applies the support. The figures related to the extended permitted use of District funds and the new residential DC Water Cares Program are as follows:](#)

Program	# assisted FY 2020	\$ assisted FY 2020	# assisted FY 2021	\$ assisted FY 2021
District Emergency Relief “CRIAC”	2,098	\$884,388.18	1,561	\$845,239.43
Residential DC Water Cares	N/A started in January 2021		733	324,611.43

* FY 2021 figures as of March 25, 2021

- The Committee noted that there was a large spike in enrollment during the period running from October 2020 to January 2021. In fact, enrollments during that quarter were almost equal to enrollments for the whole of FY 2020. What is the cause for this sudden spike in enrollments in FY 2021?

Response: The first quarter of the year is a higher number because CAP, CAP2, CAP3 and ERRP customers who were enrolled in the prior year are re-enrolling. In this fiscal year, those customers that enrolled in August 2020 or September 2020 were automatically enrolled in the new fiscal year due to the recent nature of the income verification. According to the FY2020 Utility Discount Program report figures, 70% of the recipients are returning households who were enrolled in the previous year. It is also our belief that because emergency bill assistance is now available, customers are more compelled to make use of the program.

As noted during the hearing, the Executive has proposed permanently using the CRIAC relief fund for low-income relief. Please provide the Committee with an analysis of total need for each type of relief (CRAIC and low-income). In addition, does the agency recommend continuing using the one SPR fund for this purpose, or creating two, separately funded SPR funds for each?

Response:

- \$1 million for the Emergency Residential Relief Program (ERRP). Under the initiatives of ERRP, we can continue to build our Customer Assistance Program. Last year DC Water made our CAP2 program permanent, and we expanded our CAP program to provide more assistance to those in need. We ask that the District continue funding for homeowners at area median income pay their water bills (CAP3).
- \$1.5 million for the Clean Rivers Impervious Area Charge (CRIAC) Non-Profit Relief Program. This program provides discounts on the Clean River Impervious Area Charge to eligible non-profit organizations; the most vulnerable of these being our houses of worship. Also, it is through the CRIAC that we continue to advance our efforts of Environmental Stewardship and Justice.

\$200K for CAP3 has been received from the District Government for FY2021. Program implemented in 2018 that provides benefits to DC Water customers with household incomes greater than 80 percent and upto 100% AMI who do not qualify for CAP or CAP2. Customers deemed eligible receive a 75% CRIAC discount.

As far as having specified buckets of funding, DCW would suggest the creation of (1) fund that would allow funding to be fluid based on need. For example, if the rate discount does is not fully utilized, it could be transferred to provide emergency assistance (ERRP).

14. In the agency's pre-hearing responses, you noted that the prior presidential administration froze an \$8 million federal appropriation for the Clean Rivers

Project. The responses also noted, absent Congress passing legislation by February 28th to reiterate that policy, the funds would be “unfrozen.”

- Can you confirm that those funds are no longer restricted? When does DC Water anticipate being able to access those funds?

Response: The federal appropriated funds are no longer restricted. DC Water received \$8.0 million in funding from the Bureau of the Fiscal Service as of February 9, 2021.

- What work is underway to lobby for a higher federal appropriation? As you know, Congress used to contribute much more for the project.

Response: DC Water is always seeking opportunity to help advance and coordinate our efforts as it relates to the funding needs that many of our projects and initiatives require. To date DCW has received \$268.8 million for the Authority’s \$2.8 billion total Clean Rivers project cost. It is believed that increased funding for key existing federal programs such as the Clean Water State Revolving Fund, Sewer Overflow and Stormwater Reuse Municipal Grant, as well as WIFIA amongst others will help improve the large gaps that exist between programming needs and available resources. DC Water is in the process of outlining an aggressive and targeted legislative strategy that will hopefully help identify where additional funding resides, but also allow the utility to implement its strategy via a lens of equity. Earlier this year, our Chief Operating Officer, Ms. Kishia Powell testified in front of the U.S. Senate Committee on Environmental and Public Works on behalf of DC Water and the National Association of Clean Water Agencies laying a framework for this discussion.

15. The Water and Sewer Operations Amendment Act of 2002 prohibits DC Water from charging customers for the cost of treating groundwater discharged from improved real property.

Overview/Background: Notwithstanding any operational issues, the Department of Government and Legal Affairs has determined that the current legislation will need to be revised to authorize DC Water to charge customers for discharging groundwater post development. Current legislation limits DC Water to only charge for the discharge of groundwater from unimproved real property under construction and groundwater remediation sites. The proposed legislation would authorize DC Water to charge customers for discharging post development groundwater, and address equity, compliance, and budget issues.

Background:

On June 13, 1990, the Council of the District of Columbia, enacted "District of Columbia Water and Sewer Operations Amendment Act of 1990", (D.C. Law 8-136; D.C. Official Code §34- 2107(a)(3)), which authorized DC Water to charge customers for their discharge of wastewater derived from of groundwater or cooling. However, in response to budgetary concerns raised by the District Government, on October 1, 2002, the Council amended D.C. Official Code § 34- 2107(a)(3)) in the Fiscal Year 2003 Budget Support Act of 2002. The amendment restricted DC Water to

only charge for the discharge of groundwater for unimproved real property under construction. Consequently, DC Water is currently only authorized to charge for temporary groundwater discharges at construction projects and from groundwater remediation sites.

- What customers are likely to have groundwater discharges on their property—residential customers? Businesses? Would such a charge disparately affect certain wards or neighborhoods?

Response: The 1999 Public Hearing presentation reported 300-500 properties that were discharging groundwater to the sewer system. The properties impacted are more likely to be non-residential commercial properties that have basements deep enough to be below the groundwater table. Metro is another major contributor and properties with basements near the shoreline of the Potomac and Anacostia River and Rock Creek discharge groundwater to the District sewer system. In the 2002 legislation that prohibited charging for the discharge of groundwater from improved properties, the Council noted the “District [had] 1,600 buildings, many of which have groundwater.”

- Where DC Water could charge for this service, what do you anticipate would be the range of potential costs to a customer?

Response: Currently, groundwater is charged for the new construction and groundwater remediation sites on unimproved real property. In FY20, DC Water issued seven groundwater meters for construction projects and tracked an additional five customers who installed their own groundwater meters as required by their Temporary Discharge Authorization permits issued by DC Water. Two of these customers had negligible flow and were not billed. In FY21, DC Water issued three groundwater meters for construction projects. In FY21, nine customers are being tracked who have been directed to install their own meters. The range of expected flows for groundwater from construction projects is 50 to 80,000 CCF per year, depending on location and type of construction. Groundwater is also being charged for two remediation sites on unimproved real property with flows ranging from 120 to 5,000 CCF per year. The DC Council had prohibited charging for the discharge of groundwater from improved properties. If permitted, DC Water could charge these properties that are discharging groundwater into the sewer system. The groundwater sewer charge will pay for the costs of moving and treating groundwater pumped into the sewer system. In FY 2021 the groundwater charge is \$2.83 per Ccf, which is a little more than a quarter of the retail sanitary sewer service rate of \$10.64.

- Do other water utilities charge for treating groundwater discharge?

Response: Some utilities charge for groundwater discharge into their sewer system to recover the cost of moving and treating groundwater pumped into the sewer system. For example, New York City DEP and Philadelphia Water Department charge for groundwater discharged to their sewer system.

- How would such a charge be assessed by DC Water – both, how would DC Water track groundwater runoff, and what is the actual measurement used (by gallon or CCF of groundwater treated, or some other metric)?

Response: The groundwater charge is determined through Cost-of-Service Study (COS) conducted by an independent consultant. The current groundwater rate is \$2.83 per Ccf. The quantity of groundwater discharged into the system is measured through a meter in Ccf (100 cubic feet = 748 gallons).

Energy:

16. At the hearing, the General Manager and Chairperson Cheh discussed whether it could be possible for the agency's renewable assets to supply all of DC Water's energy needs.

- Acknowledging that the agency may not collect site-level data on energy use, what is the average yearly energy use for DC Water, in total?

Response: DC Water uses approximately 250,000 MWhrs of electricity per year to meet its needs. The vast majority of this (220,000 MWhrs) is used at Blue Plains.

- How much energy do the existing renewable assets currently produce for DC Water?

Response: At Blue Plains, we generate approximately 70,000 MWhrs/yr of renewable electricity from the CHP turbines. Phase I of solar has a guarantee of 5,000 MWhrs in the first year of operation.

- Please provide information on all solar and other renewable opportunities that DC Water is undertaking or considering, including the timing for each and any information on actual or anticipate energy generation from the asset?

Response: DC Water Potential Solar Installations. An implementation schedule has not been developed to date. This is a function of permitting and availability of funding.

Location	Acreage	Size	Cost	Type	Interconnection
BP Phase 2	36 ac	10.5 MW	\$40M	Carport	Blue Plains
BP Curing Pad	1.0	1	\$2.1M	Rooftop	Blue Plains
Blue Plains Subtotal	37	11.5	\$42.1M	Mixed	Blue Plains
Bryant Street (w/ PS roof)	4.6	1.9	\$6.5M	Mixed	Behind meter
Bryant Street (ex PS roof)	4.3	1.6	\$5.6M	Mixed	Behind meter
Fort Reno (all DCW)	3.0	1.4	\$4.3M	Mixed	Unknown
Fort Stanton No. 1	0.5	0.2	\$550k	Ground	Sale
Fort Stanton No. 2	2.5	1.0	\$3.0M	Ground	Sale
Potomac Pump Station	0.9	0.4	\$1.1M	Ground	Behind meter
Swirl Facility	0.3	0.1	\$0.3M	Flat roof	Unknown
Main PS Roof	0.6	0.5	\$1.4M	Rooftop	Behind meter
Anacostia PS Roofs	0.3	0.2	\$0.7M	Rooftop	Behind meter
Soldiers' Home	2.7	1.0	\$3.2M	Ground	Sale
Sewer Services	3.3	1.3	\$4.4M	Carport	Sale
Fleet Services	2.3	0.9	\$3.0M	Carport	Sale
Realistic OTF Subtotal	15.0	6.1 MW	\$19.9M	---	---
Realistic DCW Total	52.0	17.6 MW	\$62M	---	

17. The agency's responses state that DC Water is not considering accepting food waste in the existing digester; the Committee notes, however, that partnering with DPW to do this work could be a thoughtful way to handle a chunk of our waste stream.

- If the concern is contamination, would it be feasible to build another digester just for food waste—given you've noted that there is space to build two more digesters?

Response: DC Water look forward to working with DPW to develop a technically feasible and economically viable way to process food waste. As we stated in the past, there are risks related to losing the value of DC Water's digester gas due to the change in its EPA fuel designation, as well transfer of nutrient allocations (nitrogen and phosphorus) from solid waste (not included in Chesapeake Bay load calculations) to Blue Plains. We believe that we must collaboratively find a solution that will work within IMA guidelines, will not cause a burden for DC Water ratepayers, or increase the nutrient loading on the plant beyond its current treatment capability.

We look forward to reviewing and refreshing our past studies and continuing to explore options towards the solution.

- Have you discussed this idea with DPW—including whether they would consider contributing funds to build a new digester? If so, what was the result of those discussions?

Response: We have communicated to DPW that because of EPA's stance on RIN values and because of our capacity and nutrient loading issues, committing to food waste is a challenge. Due to these issues as well as constraints on real estate and the increased nutrient loads, we have not spoken with DPW about co-funding new digesters at Blue Plains.

18. In the agency's responses, you note that operational concerns at the Fort Stanton Reservoir prompted the agency to delay moving forward with solar on the site. What were those concerns, and how can they be addressed?

Response: The concerns were related to protecting the reservoir roof and membrane. We recently coordinated with the group managing the reservoir area and worked through all operational issues. This is no longer an issue.

19. The agency responses note that you are in the process of drawing up an RFP for a full energy usage audit update for the plant, but that this is on hold due to DOEE undertaking a similar analysis.

- Can you share more details on DOEE's audit? What is the scope and timeline for DOEE's audit?

Response: The effort referred to in our response was an opportunity to partner the US Department of Energy (DOE). We are participating in a US DOE SWITer program, designed to help optimize wastewater operations energy use/needs. We believe we may get energy auditing assistance through this program so have put our RFP for potentially redundant work on hold.

20. Please share the agency's plans for fleet electrification, including any timelines for implementation.

- Are there any barriers DC Water faces to fleet electrification—such as budgetary limitations, the type of vehicles used by the agency, logistics of charging infrastructure installation, or other issues?

Response: DC Water has launched an initiative to develop a comprehensive fleet management plan which should include a detailed strategy for electrification of the Authority's fleet, including a decision-making criterion and an implementation approach. The most pressing barrier at this point is technology and infrastructure for the larger equipment, as most advances in vehicle electrification are in passenger and light commercial/buses. Heavy equipment/combination engines, such as DC Water's combo Jet Vac truck, will not run efficiently using electric engines, and there are limited electrical systems and components for commercial vehicles that can replace conventional mechanical systems because of the higher loads. Charging stations are in most DC Water locations, and as the technology advances DC Water will seek to switch from traditional fuel vehicles to electric whenever feasible.

- Have you developed a sustainability plan for your fleet? If so, please share that plan with the Committee. If not, do you plan to develop such a plan?

Response: DC Water does not have a formal sustainability plan currently; however, the effort to develop a fleet management plan is underway. Since 2008 we have looked at alternative fuels including B20, B100, E85 and electric for the fleet. We have worked with USDOE, DPW, DDOE, Washington Gas, DC Fire/EMS along with WMATA and Pepco seeking enterprise solution in sustainability and electrification. DC Water has made great strides in meeting the Mayor's DC Net Zero Goals. Fleet Management leads the effort to modernize and reduce the carbon impact of our fleet while improving air quality across the District. Once DC Water transitions to the new facility in Prince George's county in 2022 and can grasp the new operational needs, space and capacity, a sustainability plan will be documented as part of our Comprehensive Fleet Management Plan.

Agency Administration:

21. The agency reported that 148 out of 1256 positions were vacant at the end of FY 2020, two-thirds of which were more than a year old. One position is over 1,000 days old.

- What are you doing to fill these vacant positions? For the very old vacancies, are you considering eliminating those positions?

Response: DC Water is focused on Mission Critical positions, with goal of business continuity. We have a stringent approval process with approvals up to and including the Chief Executive Office and General Manager, to ensure the need and impact of positions. Currently, we have a robust recruiting pipeline of positions sourced, interviews underway, and offers pending. DC Water also continues to leverage our Internal Talent Marketplace and encourage internal mobility across the Authority. Elimination of vacant positions is typically done as part of the annual budget development process. DC Water has the flexibility to repurpose aged vacancies to meet staffing needs that arise during the year and can be absorbed within the Board-adopted budget.

- Is there actual funding associated with these positions, or are they unfunded and listed here to reflect agency vacancy savings?

Response: There was funding associated with vacant positions, and this was accounted for in the overall underspending in the operating budget for FY 2020. Management continues to review vacancies, assess staffing needs, and backfill only critical positions to align overall expenses with reduced revenue forecasts due to the impact of the COVID-19 pandemic.

Strategy:

22. In the agency's responses to the Committee's pre-hearing questions, you described several new initiatives begun in FY 2020.

- First, you described a "Procurement Consolidation & Transformation" initiative, aimed at "streamlin[ing] and enhanc[ing] our capital procurement capabilities, align[ing] ourselves with leading practices to ensure transparency, increase value, manage risk, and address customer affordability." Can you share further details on the anticipated deliverables of this initiative, and provide more depth on what the initiative aims to address? Is this project solely limited to an examination of your capital procurement practices, or a broader examination of agency practices?

Response: Anticipated deliverables of the capital procurement transformation include the establishment of a Capital Procurement Department within the Procurement & Compliance Department, implementation of industry's best practices into DC Water's capital procurement process, and establishment of clear segregation of duties.

This initiative is aimed to making the procurement process more strategic than transactional, to increase the participation by contractor community, and to promote the competition and business diversity and inclusion. The strategic procurement process will include the activities such as the market analysis to early identify available contractors and their capabilities as well as any potential challenges and risks, and the enhanced business development and outreach effort to increase the awareness, interest, and participation by local business community as well as CBEs, DBEs, MBEs and WBEs. And it also includes the analysis and examination of the past processes and requirements aimed at reducing the entry barriers from doing business with DC Water.

In addition, the capital procurement will be led by the procurement professionals who are highly experienced in the capital infrastructure projects and who can design the appropriate solicitation process for each capital project to adopt to the latest market conditions and still maximize the participation and competition. This will also segregate the duties in the contractor selection process which was led previously by the Engineering Department and its contractors. The new capital procurement process is also designed to enhance the consistency, fair competition, and transparency, especially with the use of one of the best industry procurement system (Oracle) which was deployed in October 2020. This will also allow the Engineering team to focus on the core strength of designing and managing capital projects.

The transformation of the DC Water procurement started 6 years ago. The Goods and Services procurement department was completely transformed 6 years ago through the reorganization of the procurement department and implementation of the industry best procurement practices in the strategic sourcing and category management. The Department of Procurement is aimed to bring similar transformation for the capital procurement. This transformation is also a part of DC Water's strategic initiative of becoming a high performing organization that will result in the high productivity, efficiency, and improved financial results to benefit the rate payers.

- You also described the development of a new strategic plan, The Blueprint 2.0, with working on this starting in October 2020. Please provide more details on the scope of the updated strategic plan, including what portions of agency operations the strategic plan will address. Furthermore, what role will the Board play in formulation or approval of this plan?

Response: The scope of the updated strategic plan encompasses the full extent of utility operations and management under the leadership of the CEO. The utilities operations include Government and Legal Affairs, Finance and Procurement, People and Talent, Strategy and Performance, Engineering and Operations, Customer Experience, and Administration. This is a prime opportunity to chart a fresh new direction with the guidance of the organization's current Values of Trust, Teamwork, Accountability, Safety, Well-Being and Customer Focus and the Vision of being known for superior service, ingenuity, and stewardship to advance the health and well-being of our diverse workforce and communities. The Blueprint 2.0 will leverage the advancements made over the past 3 years under the guidance of the Blueprint's strategic programs of Driving Performance, Employee Experience, Leveraging Technology, Operational Safety, Customer Experience and Resilience and Readiness.

The Board of Directors play an important role in the formulation of the new strategic plan. This kicked off with an exclusive management/board work session in November 2020 that focused on the reflection of past several year's performance and previous strategies. The work session also allowed for the discovery of the things that are important for consideration in the upcoming strategic planning process. This was facilitated through an application a recognized global framework established by the United Nations Sustainable Development Goals. Subsequent to the work session, the Board of Directors have also been engaged in one-on-one interviews to get individual perspective on the strategy. We will continue to consult and inform the Board of Directors through the remaining process and will obtain their approval of The Blueprint 2.0 later this year.