

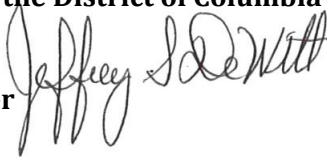
Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: November 27, 2018

SUBJECT: Fiscal Impact Statement – DC Water Consumer Protection Amendment Act of 2018

REFERENCE: Bill 22-662, Draft Committee Print as shared with the Office of Revenue Analysis on November 9, 2018

Conclusion

Funds are sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. The bill's implementation will cost approximately \$775,000 in fiscal year 2019 and \$2.8 million over the four-year financial plan period.

Background

The Office of the People's Counsel (OPC) is an independent District agency that advocates for natural gas, electric, and telephone consumers in the District and ensures that utility companies provide quality service and treat ratepayers equitably in making rate determinations. OPC is automatically party to any utility-related proceedings before the Public Service Commission (PSC) and can represent consumers before federal regulatory agencies. OPC can also independently investigate any utilities under the PSC jurisdiction.¹ OPC is funded by the utility companies within its purview, which recover OPC related costs from ratepayers.

The bill expands OPC authority to investigate and represent consumers in relation to DC Water.² The bill authorizes OPC to represent consumers in administrative hearings, advocate for ratepayers at DC Water Board of Directors rate setting hearings, appear on behalf of consumers before federal regulatory agencies, and independently investigate consumer complaints or disputes pertaining to

¹ An Act to provide a People's Counsel for the Public Service Commission in the District of Columbia and for other purposes, approved January 2, 1975 (88 Stat. 1975; D.C. Official Code § 34-804).

² DC Water is not under PSC jurisdiction.

DC Water.³ OPC can hire any employees or contractors it needs to support these activities, but unlike the other utilities it works with on behalf of consumers, the bill does not authorize OPC to recover any costs from DC Water. OPC should also provide advice and education to DC Water customers about their legal rights related to DC Water's services.

In addition to ongoing activities, the bill gives OPC one year to prepare and submit an audit on DC Water's billing activities, meter accuracy, and customer service operations. OPC should include in the audit recommendations for improving these activities. The bill requires DC Water to provide OPC with access to any information it needs to complete the audit.⁴ The bill also requires OPC to work with DC Water and the Department of Energy and Environment to develop a Consumer Bill of Rights.

The bill requires DC Water to give the public forty-five days' notice to allow for comments on any rate setting activities. DC Water must respond to any comments received from OPC as part of its new advocacy role on behalf of DC Water's customers.

Financial Plan Impact

Funds are sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. OPC will need to hire additional staff to manage the expansion of its duties to include advocacy and investigation related to DC Water's services and rates. This additional staff includes an assistant People's Counsel and seven consumer services specialists, including one supervisor. The additional staff will cost approximately \$600,000 in fiscal year 2019 and \$2.4 million over the four-year financial plan period. OPC will also need approximately \$100,000 in fiscal year 2019 and \$50,000 annually thereafter to initiate and maintain education and outreach efforts to DC Water customers.

The bill also requires OPC to conduct an audit of DC Water's billing activity, meter accuracy, and customer service operations within one year of the bill's effective date. This audit will cost OPC \$75,000 in fiscal year 2019.

The bill does not allow OPC to recover these costs from DC Water as it does for PSC regulated utilities, so the District has appropriated the necessary funding to OPC in the fiscal year 2019 through fiscal year 2022 budget and financial plan.

DC Water Consumer Protection Amendment Act of 2018					
Implementation Costs of Bill 22-662					
Fiscal Year 2019 – Fiscal Year 2022					
(\$000s)					
	FY 2019	FY 2020	FY 2021	FY 2022	Total
Personnel	\$600	\$601	\$619	\$626	\$2,446
Education and Outreach	\$100	\$50	\$50	\$50	\$250
Audit	\$75	\$0	\$0	\$0	\$75
Total	\$775	\$651	\$669	\$676	\$2,771

³ These can be complaints and disputes related to billing and payment plans, service connection and disconnection, customer service, and notice of construction schedules.

⁴ DC Water must respond to any OPC inquiries within fourteen business days.

The Honorable Phil Mendelson

FIS: Bill 22-662, "DC Water Consumer Protection Amendment Act of 2018," Draft Committee Print as shared with the Office of Revenue Analysis on November 9, 2018

DC Water will need to respond to the increased investigations and inquiries that may be driven by OPC and will need to increase staff in its legal and rate setting operations. DC Water is funded by ratepayers and will need to work within its current budget to hire the necessary staff or consultants to respond to OPC requests.