

Subject: Approval of Revised Rate Setting Policies

**#11-10
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority, ("Authority"), at its meeting on January 6, 2011, upon consideration of a non-joint use matter decided by a vote of five (5) in favor and none (0) opposed to take the following action with respect to rate setting policies;

WHEREAS, on December 4, 1997, the Board approved Resolution #97-124 that established the Authority's rate setting policies; and

WHEREAS, during fiscal year 2010 the Retail Rates Committee ("Committee") embarked on a review of the Rate Setting Policy to ensure that the overall Authority objectives continue to be met; and

WHEREAS, the review included a comprehensive assessment of the various and sometimes competing objectives the Authority is seeking to accomplish in respect to different policy areas that affect rate setting; and

WHEREAS, the Committee sought to identify and prioritize the major objectives, while striving to achieve a reasonable balance between costs, cost allocations, customer impacts and other considerations in reaching rate decisions; and

WHEREAS, on December 15, 2010, upon consideration the Retail Rates Committee recommends that the Board adopt a revised rate setting policy, replacing Resolution #97-124;

NOW THEREFORE BE IT RESOLVED THAT:

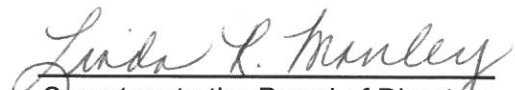
It is the policy of the Board of Directors of DC Water in setting retail rates, including charges and fees, pursuant to its statutory authority to strive to achieve the following:

1. Rates that, together with other revenue sources, cover current costs and meet or exceed all bond and other financial requirements as well as goals set by the Board.
2. Rates that yield a reliable and predictable stream of revenues, taking into account trends in costs and in units of service.
3. Rates based on annually updated forecasts of operating and capital budgets.

4. Rate structures that are legally defensible, based on objective criteria, and transparently designed.
5. Rate structures that customers can understand and DC Water can implement efficiently and efficaciously.
6. Rate increases, if required, that are implemented transparently and predictably.

To the extent annual revenues exceed costs, the Board's policy will continue to utilize all available options to mitigate future customer impacts and annual rate increases, including transferring some or all of such excess funds to the Rate Stabilization Fund.

This resolution is effective immediately,


Secretary to the Board of Directors