

**DETERMINATION AND FINDINGS
FOR
SOLE SOURCE PROCUREMENT**

1. **Authorizationⁱ**

- D.C. Code § 34-801
- D.C. Code § 34-804
- 15 D.C.M.R. § 3700

2. **Minimum Need**

The Office of the People’s Counsel for the District of Columbia (“OPC” or “Office”) requests the services of SAGE Management Consultants, LLC for the purpose of providing expert technical assistance regarding the District of Columbia Water and Sewer Authority’s Preparation and Response to Flooding Issues.

3. **Estimated Fair and Reasonable Price**

The total contract (“not –to-exceed”) price is \$35,000.

4. **Facts That Justify a Sole Source Procurement**

- A. The Office of the People’s Counsel is an independent agency of the District of Columbia Government. By law, it is the advocate for consumers of natural gas, electric, water and landline telephone services in the District. District of Columbia law designates the Office as a party to all utility-related proceedings before the District of Columbia Public Service Commission (“PSC” or “DC PSC” or “Commission”). The Office also represents the interests of District ratepayers before federal regulatory agencies. The Office is authorized to investigate the operation and valuation of utility companies independently of any pending proceedings.
- B. The Office of the People’s Counsel has had established executed contracts in place with SAGE Management Consultants, LLC in the past to assist the agency in evaluating various other issues involving water services offered in the District of Columbia. In the past they have been tasked with reviewing the “*Raftelis Report*” (DC Water’s cost of service study). At this time a new contract is needed to ensure their services can be retained to assist OPC moving forward in reviewing and making recommendations, as appropriate, concerning the appropriate balance for DC Water’s Rate Stabilization Fund, the advisability and estimated effect of a mandatory flood insurance policy, and the DC Water After-Action Report. Due to the complexity of these on-going issues and because SAGE Management Consultants, LLC is exclusively familiar with the tasks at hand and has been heavily involved in assisting OPC’s litigation efforts in the past, OPC feels confident that sole source procurement is necessary to ensure adequate and needed technical services are retained in overseeing the on-going interests of DC ratepayers of local water services.

SAGE Management Consultants, LLC has extensive experience working with OPC and additionally with handling similar issues related specifically to water utilities. SAGE Management Consultants, LLC has a breadth of knowledge and experience in dealing with water and wastewater utilities. They have provided expert witness testimony and reports to regulatory commissions, federal and state district courts, and a legislative committee in conjunction with lawsuits, rate cases, and other regulatory proceedings. SAGE Management Consultant, LLC has proven to be uniquely qualified in providing OPC with an acute niche of needed regulatory and litigation support services. These services are needed so as to specifically accomplish the following:

Analysis of an appropriate balance in DC Water’s Rate Stabilization Fund:

- Review the balance in the Rate Stabilization Fund over the past ten years;
- Analyze uses of this fund or changes in the fund balance over ten years;
- Correlate fund balance or use of funds with financial results;
- Review stated policies concerning the purpose and use of this fund;
- Review the procedures governing the balance and use of this fund;
- Review similar funds for two comparable water utilities:
 - Policies and procedures;
 - Balance levels in relation to stated purposes;
- Compare and contrast with DC Water;
 - Stated purposes;
 - Uses; and
 - Balances.
- Make recommendations, as applicable;

Mandatory Flood Insurance:

- Review flood insurance requirements in the District of Columbia;
- Review D.C. areas affected by chronic flooding problems;
- Research the cost of flood insurance for the areas affected;
- Determine the range of the effect of flood insurance premium costs on customers affected;
- Research the alternative of DC Water providing the insurance for the flood prone customers and socializing the cost to all customers via a rider rate.
- Make recommendations, as applicable.

Review of DC Water’s After-Action Report:

- Review DC Water’s After-Action Report;
- Prepare a list of questions concerning the report;
- Prepare comments regarding identified issues from the report;
- Make recommendations concerning the report, as applicable.

C. SAGE Management Consultants, LLC has extensive experience assisting OPC in offering technical services and support in the past regarding various topics. Based on the nature and complexity of the issues at hand and based on the familiarity of the tasks to be performed

within the timeframe required, OPC believes it is justified in awarding a sole source contract to SAGE Management Consultants, LLC.

D. It is for the reasons outlined herein that it is recommended that a sole source contract be awarded to SAGE Management Consultants, LLC.

5. **Certification by the Contracting Officer**

I hereby certify that the above facts are accurate and complete.

Christopher K. Sellers
Contracting Officer

Date

DETERMINATION

Based on the above findings and in accordance with the District of Columbia procurement regulations: *DC Law: 34-804*; *DC Law: 34-801*; and *15 D.C.M.R. §3700*, I hereby determine that the award of a sole source contract for the services described herein is in the best interest of the Office of the People’s Counsel.

Eric B. Scott, Esq.
Chief Operating Officer

Date

ⁱ Procurement authority is vested in the Commission pursuant to § 13(c) (2) of the Residential Real Property Seller Disclosure, Funeral Services Date Charge, and Public service Commission Independent Procurement Authority Act of 1998 (D.C. Law 12-263). The Commission is statutorily exempt from the D.C. procurement rules as set forth in D.C. Official Code § 1-1181 et seq.

D.C. Code § 34-804, hereby established within the Public Service Commission of the District of Columbia, as established by D.C. Code § 34-801, as Office to be known as the “Office of the People’s Counsel.” The Office shall be a party, as of right, in any investigation, valuation, revaluation, or proceeding of any nature by the Public Service Commission of or concerning a public utility operating in the District of Columbia.

15 D.C.M.R. § 3700: Public Utilities and Cable Television – Public Service Commission Rules of Practice and Procedure.