

**TFG**  
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**MEMORANDUM**

Proposed FY 2018 Water and Sewer Service Charges

February 15, 2017

To: Sue McCormick

From: Bart Foster

Submitted herewith are recommended schedules of proposed water and sewer wholesale service charges for each Customer. The schedules also indicate the recommended total annual “wholesale service” water and sewer revenue requirement for the City of Detroit Retail Customer Class. We note that several elements for the total annual revenue requirement for the Detroit Class are still in development, including the “pass through” amounts for the local retail system and the impact of bad debt expense estimates on the overall revenue requirement.

These schedules replace the PRELIMINARY schedules contained in our January 24, 2017 memorandum, which were formally presented to Customers at the January 26 Customer roll out meeting. The proposed Water charge schedules are unchanged from the PRELIMINARY proposals. As discussed in our earlier memorandum, the PRELIMINARY Sewer charge proposals included schedules presenting two alternative Scenarios. Some of the data used to develop recommended modifications to the relative Customer SHARES for FY 2018 was subject to ongoing review at that time. We originally published two versions of schedules pending the outcome of that review, and the PRELIMINARY charge calculation sheets for individual Customers reflected the higher charge of the two scenarios for each Customer.

On Monday February 13, we received what we understand to be the final vetting of the technical data. That final review confirmed our original assumptions for Scenario 1 from the preliminary proposals, but also included in an unanticipated change in the flow volumes for the City of Dearborn. As a result of incorporating the final technical data, we can eliminate the two Scenario approach. The attached Sewer charge schedule indicates the results of that analysis, and compares the updated recommended charges with the “originally notified” charges. The recommended charges reflect minor decreases for Dearborn and most other Customers.

We are prepared to present these recommended schedules of proposed water and sewer wholesale service charges at the February 16 roll out meeting.

Proposed FY 2018 Wholesale Water Schedule of Charges \*  
and Total **Wholesale** Revenue Requirement for the Detroit Customer Class

Customer	Proposed Service Charges		Customer	Proposed Service Charges	
	Fixed Mo \$/mo	Commodity \$/Mcf		Fixed Mo \$/mo	Commodity \$/Mcf
Allen Park	118,700	7.01	Melvindale	34,000	6.08
Almont Village	11,100	9.91	New Haven, Village of	18,100	8.96
Ash Township	38,000	7.56	N O C W A	1,189,200	10.22
Belleville	15,800	8.81	Northville	38,300	9.54
Berlin Township	36,600	10.10	Northville Township	310,300	18.68
Brownstown Township	174,300	10.07	Novi	453,600	13.25
Bruce Twp	8,800	67.88	Oak Park	67,900	5.43
Canton Township	663,900	15.83	Oakland Co. Drain Comm.	3,300	3.02
Center Line	24,200	5.94	Plymouth	51,800	9.88
Chesterfield Township	195,300	9.56	Plymouth Township	218,400	10.28
Clinton Township	400,500	7.93	Redford Township	173,900	8.06
Commerce Township	252,300	20.64	River Rouge	35,500	5.35
Dearborn	482,600	6.23	Riverview	46,700	8.36
Dearborn Heights	194,300	7.33	Rockwood	15,200	11.43
Eastpointe	82,500	5.79	Romeo	12,700	16.95
Ecorse	72,800	3.90	Romulus	188,400	7.69
Farmington	50,000	8.44	Roseville	135,400	5.44
Farmington Hills	455,800	9.96	Royal Oak Township	11,400	7.69
Ferndale	50,100	5.91	S O C W A	1,167,900	7.24
Flat Rock	61,000	7.63	Shelby Township	692,500	13.87
Fraser	66,500	8.36	South Rockwood	5,200	8.06
Garden City	83,900	7.49	Southgate	110,900	7.18
Gibraltar	23,900	11.05	St. Clair County-Burtchville	14,900	14.74
Grosse Ile Township	65,200	12.62	St. Clair County-Greenwood	20,300	14.23
Grosse Pt. Park	72,800	9.53	St. Clair Shores	158,500	6.12
Grosse Pt. Shores	31,600	12.82	Sterling Heights	813,200	10.56
Grosse Pt. Woods	74,600	8.29	Sumpter Township	32,700	9.00
Hamtramck	34,800	4.72	Sylvan Lake	12,000	14.30
Harper Woods	44,500	6.21	Taylor	247,000	7.02
Harrison Township	73,100	6.32	Trenton	108,400	9.62
Hazel Park	35,700	5.56	Troy	686,800	12.04
Huron Township	72,100	9.42	Utica	30,200	9.94
Imlay City	50,600	10.75	Van Buren Township	148,000	9.21
Imlay Twp	700	70.00	Walled Lake	46,500	12.07
Inkster	93,800	7.68	Warren	517,000	6.05
Keego Harbor	15,500	11.90	Washington Township	107,900	12.24
Lapeer	70,600	10.05	Wayne	141,500	11.94
Lenox Township	14,900	6.84	West Bloomfield Township	492,200	14.94
Lincoln Park	113,100	6.34	Westland	307,800	7.76
Livonia	695,800	11.28	Wixom	123,900	14.36
Macomb Township	545,300	14.02	Woodhaven	104,400	13.43
Madison Heights	103,300	5.87	Ypsilanti Comm Util Auth	553,800	8.96
Mayfield Twp	1,700	24.00			

\* Wholesale charges will be effective July 1, 2017

Allocated Detroit Annual Wholesale Revenue Req't (a)

**\$15,851,800 - Effective July 1, 2017**

(a) Reflects wholesale costs only

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Proposed FY 2018 Sewer Charges Comparison  
and Total Wholesale Revenue Requirement for the Detroit Retail Class

	Originally Notified Monthly Chg (a)	Modified Recommended Charges			
		Monthly Chg	Variance	%Variance	
<u>Suburban Wholesale</u>					
1	OMID	6,328,700	6,328,700	0	0.0%
2	Rouge Valley	4,616,800	4,611,100	(5,700)	-0.1%
3	Oakland GWK	3,855,900	3,850,800	(5,100)	-0.1%
4	Evergreen Farmington	2,960,500	2,957,000	(3,500)	-0.1%
5	NE Wayne Co	2,117,600	2,114,900	(2,700)	-0.1%
6	Dearborn	1,723,100	1,693,700	(29,400)	-1.7%
7	Grosse Pointe Farms	229,500	229,500	0	0.0%
8	Grosse Pointe Park	154,700	154,500	(200)	-0.1%
9	Melvindale	129,700	129,700	0	0.0%
10	Farmington	97,700	97,700	0	0.0%
11	Center Line	87,200	87,200	0	0.0%
12	Allen Park	72,300	72,100	(200)	-0.3%
13	Highland Park	469,900	469,000	(900)	-0.2%
14	Hamtramck	329,800	329,100	(700)	-0.2%
15	Grosse Pointe	75,700	75,400	(300)	-0.4%
16	Harper Woods	19,200	19,200	0	0.0%
17	Redford Township	21,300	21,300	0	0.0%
18	Wayne County #3	3,900	3,900	0	0.0%
19	Subtotal Suburban Wholesale (a)	23,293,500	23,244,800	(48,700)	-0.2%
20	Annualized Wholesale Figures (a)	278,770,400	278,937,600	167,200	0.1%
21	Annual Detroit Revenue Req't	179,534,900	179,295,700	(239,200)	-0.1%
22	Total (a)	458,305,300	458,233,300	(72,000)	0.0%

(a) The "originally notified" charges in this table reflect the higher of the 2 preliminary Scenarios for each individual Customer. The annualized figures for the wholesale class at large, and in total, reflect application of one specific Scenario.

Proposed FY 2018 Sewage Disposal System Rate Schedule  
Industrial Specific Retail Sewer Charges

<b>Industrial Waste Control Charges</b>		<b>Pollutant Surcharges</b>	
<u>Meter Size - inches</u>	<u>Charge</u> \$/mo	<u>Pollutant</u>	<u>Charge</u> \$/lb
5/8	5.72	BIOCHEMICAL OXYGEN DEMAND (BOD)	
3/4	8.58	for concentrations > 275 mg/l	<b>0.486</b>
1	14.30		
1-1/2	31.46		
2	45.76	TOTAL SUSPENDED SOLIDS (TSS)	
3	82.94	for concentrations > 350 mg/l	<b>0.493</b>
4	114.40		
6	171.60		
8	286.00	PHOSPHORUS (P)	
10	400.40	for concentrations > 12 mg/l	<b>7.266</b>
12	457.60		
14	572.00		
16	686.40	FATS, OIL AND GREASE (FOG)	
18	800.80	for concentrations > 100 mg/l	<b>0.468</b>
20	915.20		
24	1,029.60		
30	1,144.00	SEPTAGE DISPOSAL FEE	
36	1,258.40	Per 500 gallons of disposal	<b>47.00</b>
48	1,372.80		