

RESOLUTION ADOPTING WHOLESALE CUSTOMER RATES FOR THE CITY OF FLINT FOR APRIL 17, 2014 THROUGH JUNE 30, 2014

Whereas, the City of Flint (“City”) entered into a water service agreement on December 25, 1965 with the City of Detroit Board of Water Commissioners (“Board”); and

Whereas, after the initial the term of that 35 year agreement, either party may terminate the agreement upon one year’s written notice; and

Whereas, on April 16, 2013, the City announced that it will provide water to its customers through the Karegnondi Pipeline; and

Whereas, on April 16, 2013 the Board provided a one year notice of intent to terminate service under the December 25, 1965 agreement as provided for in that agreement; and

Whereas, the contract between the City and the Board ends April 16, 2014; and

Whereas, the Karegnondi Pipeline is under construction and the Board has not been advised of alternate water service to City customers; and

Whereas, the Board will continue to provide service to the City at a rate that reflects the City’s unique status without a wholesale water contract; and

Whereas, the revenue requirement and general methodology used to develop rates for suburban wholesale customers was applied to provide a wholesale customer rate for the City for the interim period April 17, 2014 through the end of the current rate year of June 30, 2014; and

Whereas, at the February 12, 2014 Board Workshop the Board received a presentation and analysis of the interim rates of a fixed monthly charge of \$814,176 and a commodity charge of \$14.35/Mcf based upon estimated consumption of 300,000 Mcf for the interim period; and

Whereas, the Board has determined that the proposed rates are in the best interests of DWSD’s customers,

BE IT RESOLVED THAT:

- 1) The Detroit Water and Sewerage Department, Board of Water Commissioners adopts the fixed monthly charge of \$814,176 and a

commodity charge of \$14.35/Mcf for the interim period the City for the interim period of April 17, 2014 through the end of the current rate year of June 30, 2014.

- 2) DWSD staff is directed to develop new rates and charges for Fiscal Year 2014-15 which will be effective for service starting July 1, 2014 based upon additional information to be provided by the City.
- 3) The Director of DWSD is authorized to take such other action as may be necessary to accomplish the intent of this vote.