

Washington Township

Sewer and Water Department
Superintendent - Steven Hohensee



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January 22, 2007

Board of Water Commissioners
735 Randolph
5th Floor Board Room
Detroit, MI 48226

Re: Public Hearing on Water and Sewerage Rates

The overall pumping cost for the Detroit Water & Sewer Department (DWSD) increased approximately 138.3% for the 2007-2008 rate season. Washington Township was told that the dramatic increase was due to the increase in energy costs and the way depreciation is calculated for the pumps. The costs of the pumps that are used in the system are allocated for the low lift pumps that are primarily used for water treatment processing and the high lift pumps and booster stations that are primarily used for distribution of the water out to the communities. These pumping costs for a community increase with distance, elevation, and peaking factors. Communities further away from DWSD's treatment plants and with higher peaking factors pay an exponentially higher pumping unit cost water rate than communities closer to Detroit or those with lower peaking factors. The distance and peaking factor costs are allocated in six of the rate calculation categories.

With the current DWSD rate methodology, the pumping costs for large volume water users are inappropriately smaller than the pumping unit costs for primarily residential communities [such as Washington Township] who are pumping smaller volumes of water. Therefore, large volume users receive a **higher level of service** with a discount and small volume users receive the **price gouge**. Large water users tend to have smaller peaking factors than smaller water users whose use may fluctuate significantly from season to season, but their smaller volume of use should not impact the system as dramatically as large volume users. Communities in close proximity to Washington Township using up to almost six times more water than Washington Township are paying about half the pumping unit cost that Washington Township pays. Common sense dictates that in order to deliver large volumes of water, large expensive pumps must be used. Washington Township appears to be **paying to subsidize** the cost of larger pumps that are needed to supply other communities with large volumes of water rather than the rate that would be needed to only supply Washington Township resident's needs.

An example is Chesterfield Township who uses about three times as much water as Washington Township and yet pays lower pumping unit costs than Washington Township. Water that supplies Chesterfield Township flows through Washington Township. For Chesterfield Township to have pumping unit cost rates less than half of what Washington Township has because they are at a lower elevation with lower peaking factors does not make sense when they receive about three times as much water, a significant portion of which travels through Washington Township.

Another example is Shelby Township, which borders Washington Township and uses almost six times as much water as Washington Township and pays a pumping unit cost of about 60% less than what Washington Township pays. A significant portion of Shelby Township's water is supplied from a DWSD backbone transmission main that travels through Washington Township and yet they pay lower pumping costs.

In fact, the backbone transmission line that runs through Washington Township supplies a significant portion of DWSD customers. Regardless of whether or not Washington Township was a DWSD customer, DWSD would have to pump water to supply these lower elevation customers to the south. Washington Township should not have to pay additional fees for larger volume users to benefit with lower rates.

Washington Township has been a member of the Technical Advisory Committee for the last few years. We have been actively promoting and pursuing the use of the hydraulic grade line for allocation of pumping costs which more fairly represent the delivery of water to each community, but to no avail.

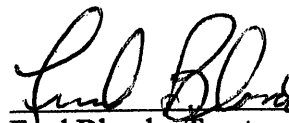
We are here today strongly requesting that the Detroit Board of Water Commissioners deny, and vote no, to this year's unjust increase to Washington Township, and to further investigate such an increase to smaller, primarily residential customers such as Washington Township.

Sincerely,



Steven E. Hohensee
Superintendent
Washington Township Water & Sewer Department

Washington Township Water & Sewer Committee:


Gary Kirsh, Supervisor
Fred Blonde, Trustee
Wayne Durham, Trustee

Pc: Washington Township Board of Trustees
Mr. Donald Brown, County Commissioner
Mr. William Westrick
Mr. Victor Mercado, Director, DWSD
Mr. Kevin Nosek, Professional Engineering Associates, Inc.
Mr. Gary Fujita, Deputy Director, DWSD