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Office of the Interim
Chief Executive Officer
735 Randolph Street, Suite 1900
Detroit, Michigan 48226

January 24, 2022

To Our Water Member Partners:

On behalf of the Great Lakes Water Authority (GLWA), we invite you to the Public Hearing for the proposed FY 2023 wholesale water service charges scheduled for the Board of Directors meeting at **2:00 p.m. on Wednesday, February 23, 2022, via**

- **Zoom Telephonic Meeting- Public Call-In Number: 877 853 5247 Toll-Free (or 888 788 0099 Toll-Free); Meeting ID: 889 6690 8345; or,**
- **In Person (subject to capacity), Board Room, 5th Floor, 735 Randolph Street, Detroit, Michigan 48226.**

A copy of the public hearing notice is enclosed.

This hearing will provide GLWA an opportunity to present the Authority's budget which encompasses the Capital Improvement Program (CIP), estimated sales volume and other factors that serve as the basis for the proposed revenue requirements and schedule of charges for FY 2023. This hearing provides an additional opportunity for our member partners to comment or submit questions in writing related to the proposed charges. All comments or questions raised during the hearing will receive a written response.

Enclosed is your community's proposed service charges worksheet for FY 2023. This charges proposal is consistent with the worksheet distributed to you on January 4, 2022. The related proposed budget and calculations supporting the charges proposal were reviewed at the Charges Rollout Meeting #3 on January 6, 2022, and at the Charges Rollout Meeting #4 on January 20, 2022. We are pleased that several member partner communities also engaged in one-on-one meetings to review their charges worksheet the week of January 10, 2022. We hold that offer for one-on-one meetings open. If you, or members of your team, would like to review the charges worksheet with GLWA representatives, please send a request to outreach@glwater.org.

Please note that the proposed charges are subject to change after the public hearing and subsequent deliberation by the GLWA Board of Directors. Once charges are approved by the Board, we will send a final charges calculation worksheet to you.

Key Notes Related to the FY 2023 Budget and its impact on Charges

Proposed FY 2023 Budget

- ✓ You may recall that the Memorandum of Understanding (MOU), signed in September 2014, which created GLWA, established a fundamental goal to limit annual budget¹ increases to no more than 4 percent for each of the first 10 years of the Authority's operation. This commitment was carried forward into the subsequent 40-year lease agreement (Lease) between the City of Detroit and GLWA. For the seventh consecutive year, the budget adjustment is less than the 4 percent commitment.
- ✓ For FY 2023, that proposed revenue requirement budget increase is 3.5 percent.

¹ The annual budget (i.e. "revenue requirement") includes operation and maintenance expense, debt service, non-operating expenses and revenue financed capital.

- ✓ Of the proposed budget increase of 3.5 percent, a relatively small amount (0.3 percent) is needed to fund increased operating expenses while the remaining 3.2 percent is due largely to increased debt service commitments for capital improvements.

*Proposed FY 2023 **Charges***

- ✓ In addition to the budgeted revenue requirement increase of 3.5 percent, the proposed wholesale charges reflect a 0.2 percent increase to recover lower revenues associated with decreased sales volumes based on the uniform forecasting model. Thus, the proposed *system wide* charges revenue increase is 3.7 percent.
 - For the 84 model contract member partners that did not have a modification to their units of service demands, a uniform 3.4 percent increase is proposed for FY 2023. This group is referred to as the “no mod” class.
 - The difference between the 3.7 percent system wide charge increase, compared to the 3.4 percent “no mod” charge adjustment, is primarily due to unique contract commitments which are fixed and not increasing for FY 2023.
- ✓ This simplified, stable approach is similar to what has been employed in recent years due to the Contract Alignment Process (CAP) which was undertaken in 2019. The goal set, and met, was to provide charge stability among member partners. The result is that the FY 2023 Units of Service are only nominally changed from FY 2022, FY 2021, and FY 2020. In fact, only one model contract member partner has a max day and peak hour demand that impacts their proposed charges for FY 2023.
 - Please note that the CAP reopener process, where all model contract member partners will have the opportunity to change their contracted demands, will occur during calendar year 2022. This will impact the charges for FY 2024.

If you are unable to attend the Public Hearing you may alternately submit any comment or questions in writing via U.S. Mail or by E-Mail:

By U.S. Mail: Written comments should be mailed to the address below and should reference “February 23, 2022 Public Hearing on service charges proposed for Fiscal Year 2023” in the letter.

*Suzanne R. Coffey, Interim Chief Executive Officer
Great Lakes Water Authority
735 Randolph
Detroit, Michigan, 48226*

By E-Mail: Please email CEO@glwater.org on or before 3:00 p.m. on Tuesday, February 22, 2022 and should reference “February 23, 2022 Public Hearing on service charges proposed for Fiscal Year 2022” in the subject line of the e-mail.

Our primary objective continues to be one of providing our member partners with wholesale water and wastewater services of unquestionable quality at fair and equitable charges. We thank you for your participation and collaboration with GLWA during Charges Rollout and throughout the year.

Sincerely,

Suzanne R. Coffey

Suzanne R. Coffey, P.E.
Interim Chief Executive Officer



Individuals or groups wishing to make oral presentations are encouraged to participate by Zoom because at this time the State of Michigan, Department of Health and Human Services as well as other local health departments within the GLWA service area have declared emergencies related to the risk of infection associated with the COVID-19 pandemic.

Individuals or groups giving oral presentations are encouraged to also submit their presentations in writing. Oral presentations should be brief to allow all parties the opportunity to participate. A time limit will be imposed based upon registration at the hearing.

The Public Hearing on FY 2023 Water and Sewerage service charges proposed by the Great Lakes Water Authority scheduled for February 23, 2022 at 2:00 p.m. will be held in person, through Zoom videoconferencing, and by telephone through Zoom's telephonic capabilities.

Members of the public may offer comment in the following manners:

By Zoom videoconferencing: Members of the public who wish to use Zoom videoconferencing to attend the meeting and/or offer public comment may utilize the following link to attend:

<https://glwater.zoom.us/j/88966908345?pwd=Tkt3NTFodjEyZU44TzJQd0xweU0wUT09>

During the portions of the hearing designated for public participation may "raise their hand" by using that feature within the software program.

In Person (subject to capacity): Members of the public who, subject to capacity, wish to attend the meeting and/or offer public comment in person may attend the meeting in the Board Room, 5th Floor, 735 Randolph, Detroit, MI 48226.

By Telephone: Members of the public who wish to attend the meeting and/or offer public comment by telephone should call in at the number indicated above, press *9 on their keypad to "raise their hand for public comment." During other portions of the meeting, members of the public are asked to mute their line by pressing *6 on their keypad to mute or unmute their line.

By E-Mail: Members of the public may provide written comments to the Board by emailing those comments to CEO@glwater.org on or before 3:00 p.m. on Tuesday, February 22, 2022 and should reference "February 23, 2022 Public Hearing on service charges proposed for Fiscal Year 2023" in the subject line of the e-mail. The opportunity to submit written comments by e-mail may remain open throughout the duration of the Public Hearing.

By U.S. Mail: members of the public may provide written comments by United States mail addressed to:

Suzanne R. Coffey P.E., Interim Chief Executive Officer
Great Lakes Water Authority
735 Randolph
Detroit, Michigan, 48226



**GREAT LAKES WATER AUTHORITY
NOTICE OF PUBLIC HEARING
PROPOSED FY 2023 WATER AND SEWERAGE SERVICE CHARGES**

Notice is hereby given that the Great Lakes Water Authority Board of Directors will hold a Public Hearing on Water and Sewerage service charges proposed by the Great Lakes Water Authority for Fiscal Year 2023.

DATE: Wednesday, February 23, 2022

TIME: 2:00 p.m.

PLACE: In person, Zoom Videoconferencing, and Telephonic Hearing

Join Zoom Meeting

<https://glwater.zoom.us/j/88966908345?pwd=Tkt3NTFodjEyZU44TzJQd0xweU0wUT09>

Meeting ID: 889 6690 8345

Passcode: 546743

In Person (subject to capacity)

Board Room, 5th Floor
735 Randolph Street
Detroit, Michigan 48226

Telephonic

Public Call-In Number: 877 853 5247 US Toll-Free
or 888 788 0099 US Toll-Free

Meeting ID: 889 6690 8345

Passcode: 546743

The proposed service charges are scheduled to take effect on July 1, 2022.

The proposed schedule of charges is available for public inspection online at <https://www.glwater.org/financials/>.

Individuals or groups wishing to make oral presentations or submit prepared statements pertaining to the proposed service charges may do so at the Public Hearing as outlined in this notice. Individuals or groups wishing to make oral presentations may appear in person but are encouraged to participate via the Zoom as indicated in this notice.

FY 2023 Suburban Wholesale Water Service Charge Schedule Calculation *
Grosse Pt. Woods

"One Pager" Simplified FY 2023 Water Charge Calculations

	(1)	(2)	(3)	(4)	
	<u>Total System</u>	<u>St. Clair County BPW</u>	<u>Non Master Metered Group</u>	<u>All Other Members</u>	
					<i>(1) - (2) - (3)</i>
<u>Baseline Units of Service Data</u>					
1 Annual Sales - <i>Mcf</i>	17,682,100	25,100	4,863,200	12,793,800	<i>Sales = 36 mo "hybrid" -> 9/21</i>
2 Average Day Units - <i>Mcf</i>	48,444.1	68.8	13,323.8	35,051.5	<i>Line (1) / 365</i>
3 Allocated Non-Revenue Water - <i>Mcf</i>	6,920.3	18.6	1,365.2	5,536.5	<i>Allocated share based on distance and sales</i>
4 Commodity Units - <i>Mcf</i>	55,364.4	87.4	14,689.0	40,588.0	<i>Line (2) + Line 3</i>
5 Max Day Units - <i>mgd</i>	772.68	2.53	142.80	627.36	<i>Contract or proxy</i>
6 Max Day Units - <i>Mcf</i>	110,213.1	356.8	20,454.5	89,401.8	<i>Line (5) x 1,000/7.48 + Line 3</i>
7 Peak Hour Units - <i>mgd</i>	989.45	2.53	173.43	813.49	<i>Contract or proxy</i>
8 Peak Hour Units - <i>Mcf</i>	139,190.4	356.8	24,549.4	114,284.2	<i>Line (7) x 1,000/7.48 + Line 3</i>
9 Distance - <i>miles</i>	24.7	45.4	17.5	26.2	<i>Avg from WTPs to connections</i>
10 Elevation - <i>feet</i>	686	774	624	719	<i>Avg of connections to System</i>
11 Dist-Elev Factor - <i>miles</i>	31.9	60.9	18.8	36.6	<i>[Line (10)-610]/10.56 + Ln 9</i>
<u>Cost Pool Units of Service</u>					
12 Commodity Units - <i>Mcf</i>	55,363.7	87.4	14,689.0	40,587.3	<i>Line (4)</i>
13 Max Day Units - <i>Mcf/Day</i>	110,213.1	356.8	20,454.5	89,401.8	<i>Line (6)</i>
14 Peak Hour Increment - <i>Mcf/Day</i>	28,977.3	0.0	4,094.9	24,882.4	<i>Line (8) - Line (6)</i>
15 Peak Hour Distance - <i>Mcf-miles/Day</i>	3,444,150.3	16,199.3	428,527.3	2,999,423.7	<i>Line (8) x Line (9)</i>
16 Commodity Distance-Elevation - <i>Mcf-miles/Day</i>	1,766,005.6	5,322.7	276,370.2	1,484,312.7	<i>Line (4) x Line (11)</i>
17 Max Day Distance-Elevation - <i>Mcf-miles/Day</i>	3,694,200.4	21,729.8	386,400.5	3,286,070.1	<i>Line (6) x Line (11)</i>
18 Peak Hour Distance-Elevation - <i>Mcf-miles/Day</i>	4,572,017.3	21,729.8	464,504.6	4,085,782.9	<i>Line (8) x Line (11)</i>
19 Peak Hour Increment Dist-Elev - <i>Mcf-miles/Day</i>	877,816.7	0.0	78,104.1	799,712.6	<i>Line (14) x Line (11)</i>
20 Suburban Equivalent Meters	67,158	413	0.0	66,745	<i>Equivalent 5/8" master meters</i>
<u>Cost Pool Shares</u>					
21 Commodity Units - <i>Mcf</i>	100.0%	0.158%	26.532%	73.310%	<i>Relative Share of Line 12</i>
22 Max Day Units - <i>Mcf/Day</i>	100.0%	0.324%	18.559%	81.117%	<i>Relative Share of Line 13</i>
23 Peak Hour Increment - <i>Mcf/Day</i>	100.0%	0.000%	14.132%	85.868%	<i>Relative Share of Line 14</i>
24 Peak Hour Distance - <i>Mcf-miles/Day</i>	100.0%	0.470%	12.442%	87.087%	<i>Relative Share of Line 15</i>
25 Commodity Distance-Elevation - <i>Mcf-miles/Day</i>	100.0%	0.301%	15.649%	84.049%	<i>Relative Share of Line 16</i>
26 Max Day Distance-Elevation - <i>Mcf-miles/Day</i>	100.0%	0.588%	10.460%	88.952%	<i>Relative Share of Line 17</i>
27 Peak Hour Distance-Elevation - <i>Mcf-miles/Day</i>	100.0%	0.475%	10.160%	89.365%	<i>Relative Share of Line 18</i>
28 Peak Hour Increment Dist-Elev - <i>Mcf-miles/Day</i>	100.0%	0.000%	8.898%	91.102%	<i>Relative Share of Line 19</i>
29 Suburban Equivalent Meters	100.0%	0.615%	0.000%	99.385%	<i>Relative Share of Line 20</i>
<u>Revenue Requirement Allocation</u>					
	<i>(a)</i>				
30 Commodity	9,193,900	14,500	2,439,300	6,740,100	<i>Line 21 x Column (1)</i>
31 Max Day Usage	161,984,100	524,400	30,062,700	131,397,000	<i>Line 22 x Column (1)</i>
32 Peak Hour Increment	7,290,300	0	1,030,200	6,260,100	<i>Line 23 x Column (1)</i>
33 Peak Hour Distance	87,447,700	411,300	10,880,400	76,156,000	<i>Line 24 x Column (1)</i>
34 Commodity Distance-Elevation	19,043,500	57,400	2,980,200	16,005,900	<i>Line 25 x Column (1)</i>
35 Max Day Distance-Elevation	13,230,600	77,800	1,383,900	11,768,900	<i>Line 26 x Column (1)</i>
36 Peak Hour Distance-Elevation	42,842,400	203,600	4,352,700	38,286,100	<i>Line 27 x Column (1)</i>
37 Peak Hour Increment Distance-Elevation	9,521,900	0	847,200	8,674,700	<i>Line 28 x Column (1)</i>
38 Suburban Only - Meter Related	4,391,600	27,000	0	4,364,600	<i>Line 29 x Column (1)</i>
39 Total	354,946,000	1,316,000	53,976,600	299,653,400	
40 "Wholesale Service" Revenue - Existing Charges	342,296,100	983,400	52,346,300	288,966,400	
41 "Wholesale Service" Adjustment Required - \$	12,649,900	332,600	1,630,300	10,687,000	
42 "Wholesale Service" Adjustment Required - %	3.70%	33.82%	3.11%	3.70%	<i><-- Simplified Wholesale Charge Adjustment</i>

(a) FY 2022 Allocated Revenue Requirement + 3.5% - See Report Table 4

FY 2023 Suburban Wholesale Water Service Charge Schedule Calculation *
Grosse Pt. Woods

	(1)	(2)	(3)	(4)	
	FY 23 Wholesale Revenue Requirements	Detroit Ownership Adjustment	Flint KWA Debt Service Adjustment	Highland Park Bad Debt Adjustment	FY 2023 TOTAL Revenue Requirements
	\$	\$	\$	\$	\$
Revenue Requirement Analysis Summary					
1 Proforma FY 2023 Revenue - Existing Charges	1,220,200	84,000	24,400	4,300	1,332,900
2 System Charge Adjustment - Index (a)	3.70%	-0.12%	0.41%	4.65%	3.40%
3 System Charge Adjustment - Amount	<u>45,100</u>	<u>(100)</u>	<u>100</u>	<u>200</u>	<u>45,300</u>
4 Allocated FY 2023 Revenue Requirements	1,265,300	83,900	24,500	4,500	1,378,200

See Report Table 2

*Wholesale Rev Req't Adj
See Report Table 6*

*Overall Charge Adj
See Report Table 7*

FY 2023 Service Charge Schedule

5 Total Amount Required from Charges			1,378,200	
6 Fixed Monthly Charges @	60%		826,900	\$68,900 per month
7 Commodity Charges @	40%	69,400	551,400	\$7.95 per Mcf **

** Commodity Revenue Requirement adjusted to match 12 "rounded" monthly payments

(a) Uniform adjustment for ALL 84 Member Partner whose demand units of service are unchanged from FY 2022. See Page 2.

	Existing FY 2022 Charges	Proposed FY 2023 Charges	Variance	% Variance	
Charge Comparison					
8 Fixed Monthly Charge - \$/month	67,700	68,900	1,200	1.77%	
9 Commodity Charge - \$/Mcf	7.50	7.95	0.45	6.00%	
10 Projected FY 2023 Sales - Mcf	69,400	69,400	0	0.00%	
11 Projected FY 2023 Revenue - \$	1,332,900	1,378,500	45,600	3.42%	
12 Average Unit Cost - \$/Mcf	19.21	19.86	0.66	3.42%	Matches Line 2 (minor rounding ~)

* The proposed charges in this document are preliminary in nature and are subject to change or modification by the Great Lakes Water Authority Board following a public hearing on the FY 2023 Financial Plan and service charge schedules for the System.
The public hearing is scheduled for February 23, 2022. The Notice of this Public Hearing can be found in the customer portal.



Written comments by U.S. mail should reference "February 23, 2022 Public Hearing on service charges proposed for Fiscal Year 2023" in the letter. The opportunity to submit written comments by U.S. mail may remain open throughout the duration of the Public Hearing.

If a member of the public requires accommodation due to a disability, please contact CEO@glwater.org or (844) 455-GLWA (4592) not less than 72 hours prior to the date of the meeting.

