
From: Daddow, Robert <daddowr@oakgov.com>
Sent: Thursday, February 05, 2015 8:13 AM
To: Baird, Richard (GOV)
Subject: RE: Flint - Random Thought - DWSD

Just sent an email. RJD

-----Original Message-----

From: Baird, Richard (GOV) [mailto:bairdr@michigan.gov]
Sent: Wednesday, February 04, 2015 4:31 PM
To: Bob Daddow
Subject: Re: Flint - Random Thought - DWSD

Did she ever respond?

Sent from my Verizon Wireless 4G LTE DROID On Jan 31, 2015 9:13 AM, "Daddow, Robert" <daddowr@oakgov.com> wrote:

At a recent public hearing at SEMCOG and in at least one document I've seen since, the quote was that Flint had been paying \$12.5 million annually.

Your letter to Flint offers \$847K monthly - or, \$10.2M. Is the differential the break you are referencing below and if so, it appears DWSD has already provided them a deal?

---- Original message ----

>Date: Fri, 30 Jan 2015 18:25:22 -0500 (EST)
>From: Sue McCormick <mccormick@dwdsd.org>
>Subject: Re: Flint - Random Thought
>To: Robert Daddow <daddowr@oakgov.com>
>Cc: poissong@oakgov.com,"Richard 'Baird (GOV)'"
><bairdr@michigan.gov>, Nicolette Bateson <bateson@dwdsd.org>
>

> The rate we offered Flint is a bit different than
> what we calculate for our contract customers. We
> adjusted the rate of return to reflect the short
> term, terminated contract status. In other words,
> the outstanding investment, that we made to serve
> Flint somewhat recently, will not be recovered
> without a long term contract. This differential
> rate of return is now being utilized by Genesee
> County who was served through the Flint contract, so
> add to the the additional complications. If we want
> to get to a lower rate for emergency 'short term'
> service, we can evaluate our options - but we would
> have to differentiate it somehow from Genesee or
> have additional revenue loss or legal exposure there
> and without a questions there will be huge political
> issues with our other customers.
>
> Sue F. McCormick, Director

> Detroit Water and Sewerage Department
 > 735 Randolph, Room 506
 > Detroit, Michigan 48226
 > Office (313)224-4701
 > Fax (313)224-6067
 > McCormic@dwsd.org
 >
 > -----
 >
 > From: "Robert Daddow" <daddowr@oakgov.com>
 > To: "Sue McCormick" <mccormick@dwsd.org>, "Nicolette
 > Bateson" <bateson@dwsd.org>
 > Cc: poissong@oakgov.com, "Richard 'Baird (GOV)'"
 > <bairdr@michigan.gov>
 > Sent: Friday, January 30, 2015 5:40:16 PM
 > Subject: Flint - Random Thought
 >
 > Sue / Nikki - today I chatted with Rich Baird on
 > the Flint matter given that they continue to have
 > on-going water quality problems. Numerous articles
 > are being written on this matter and I suspect it is
 > getting a bit tense in Flint over this critical
 > issue. They are balking at the cost of the DWSD
 > water - which I understand may be a bit more
 > expensive for them simply because of the distance
 > and elevation - completely understandable. The
 > attached letters indicate \$847K per month at a
 > standard commodity rate (which I now am beginning to
 > realize is one of the volume flow issues giving rise
 > to the situation we are in with all communities; but
 > we'll leave that alone for the moment).
 >
 >
 >
 > The attached letter suggest that they can re-connect
 > to the DWSD using the same rates offered to other
 > communities through June 30, 2015. This seems fair
 > and would not exacerbate the already sensitive issue
 > of the sizable rate increases the suburban and
 > retail customers are now facing. Notwithstanding
 > that matter, Mr. Baird inquired of some means of
 > lowering the rate to encourage Flint to return to
 > the DWSD fold on a marginal costing approach that
 > covers some portion of the fixed costs but may be
 > slightly lower than the amount offered in the
 > letter.
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 >
 > The optics of this matter to the suburban customers
 > now facing a 9% to 14% rate increases are
 > troublesome (sans any provision for the balance