---------- Forwarded message ----------
From: Robert Daddow <daddowr@oakgov.com>
Date: Feb 12, 2015 11:32 PM
Subject: Re: Flint
To: "Baird, Richard (GOV)" <bairdr@michigan.gov>
Cc:

Should not have thought politically but financially in the first place. This is very doable. We need to chat. Rjd

On Feb 12, 2015, at 10:32 PM, Bart Foster <bfoster@fostergroupllc.com> wrote:

Actually, my quick take is about 8%.

Some background:
When Flint left, the annual revenue profile for the Water System was initially reduced by $12.5 million, However, we immediately recalculated the rate for Genesee County (recognizing their higher demands), to effectively "claw back" about $2 million of the reduction, so the net Flint impact is ~ $10.5 million, or just under 2.5% of the (reduced) Water System rate revenue. Assuming that same amount could be replaced, and all else being equal, the "system rate increase" could be reduced by about 3 percent, with a bit more of the reduction occurring in the suburban wholesale rate structure. Safe to say that (again, absent any other changes) the average suburban water rate increase would be closer to 8 percent compared to the current 11.1%.

Hope this helps . . .

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Thank you.

On Feb 12, 2015, at 7:02 PM, Bart Foster <bfoster@fostergroupllc.com> wrote:

Bob - in transit but will review and reply this evening.

Sent from my iPhone

On Feb 12, 2015, at 3:44 PM, Daddow, Robert <daddowr@oakgov.com> wrote:

Nikki / Bart – don't need a hard and fast number on this. However, it would seem to me that in a fixed cost system such as water, if Flint were to be hooked up again at the

$847K / month cited in Ms. McCormick's January 12th memorandum and after the release of the rates yesterday, bringing Flint back would – on a marginal cost basis – serve to mitigate the wholesale (suburban) customer rate increase of 11.1% cited in yesterday's presentation. Without going into a whole lot of detailed calculations (unless necessary), what would the impact of the inclusion of Flint starting say on July 1, 2015 (hypothetical date) be on the rate increase presently now in the public? A revised increase of what – 10.6% - looking for a high level sensitivity analysis here. Can you help? RJD