

DOWNRIVER UTILITY WASTEWATER AUTHORITY

OVERPAYMENT AND UNDERPAYMENT POLICY

DUWA is a public body corporate organized pursuant to Act 233. Representatives from DUWA's 13 Communities act as Board Members. DUWA's Board Members exercise all powers of DUWA. The Board Members meet monthly to jointly discuss, deliberate and determine the direction of DUWA's current and future operations. The DUWA Articles of Incorporation require that voting Representatives and Alternates be either an elected official or employee of the Community. The purpose of this policy is to ensure that the Authority, acting thru its System Manager and financial professionals, treats all Members equally. The Board is empowered to set policy for the Authority by a majority vote of the Members. A vote to adopt the policy shall not be used as an argument against the Member in the future on the basis of estoppel or laches.

I. Background

The DUWA Service Agreement, as approved by the DUWA Board October 13, 2016, and approved by all 13 Member Communities by March 21, 2017, provides the process for Member Communities to monitor Flow contributions. Article 4 of the Service Agreement states that the "process currently used to monitor Flows from the Communities is set forth in the System Monitoring Plan." The current System Monitoring Plan, revised April 9, 2015, gives guidance for Member Communities to estimate its Flow rates. The Flow rate estimates then become part of each Community's rates that are paid to DUWA, under Articles 5 and 6 of the DUWA Service Agreement. The Service Agreement is a contract between the Members and this policy is

subservient to that contract. Any conflict between the Service Agreement and this policy is controlled by the Service Agreement.

II. Overpayment Refund Policy

A Community has three (3) years from the date DUWA received a Flow estimate from the Community to question contest or dispute that Flow estimate and seek a refund on any payment made based on that Flow estimate. The Board shall not consider any question, contest, dispute or revision based on Flow estimates after three (3) years have elapsed from the date DUWA received that Flow estimate.

A Community may request a refund for overpayment based on a Flow estimate by making a request in writing to the System Manager. If the request is more than 90 days after the alleged error a \$500 processing fee is required. This fee is to cover some of the costs incurred in the initial review and analysis of the request by the System Manager and Authority's professional team. The System Manager, in conjunction with the Finance Committee, will evaluate that refund request and make a recommendation to the Board.

Following that recommendation, the DUWA Board shall approve or deny that refund request. Any further dispute of the DUWA Board's decision shall be governed by Article 10 of the DUWA Service Agreement (Dispute Resolution, Ex. H). The disputing Community shall abstain from votes associated with this matter.

If the DUWA Board approves a refund request, the credit to that requesting Community begins in the next budget year. To protect the integrity of the Authority finances, the Community shall receive no interest on the previous overpayment. The repayment credit period shall equal the time of the overpayment period, up to a maximum of three (3) years.

III. Underpayment Collection Policy

If the System Manager or the Finance Committee have concerns that a Member Community has under reported its Flow, for any reason, then the System Manager shall meet with the Member to discuss the alleged underpayment. If the Member agrees, a written plan for payment shall be entered into. If the Member disputes the underpayment, the System Manager shall present the situation to the full Board and seek direction. DUWA shall seek payment for all underpayments for a period of up to four (4) years. DUWA shall not charge any Member Community any interest on an underpayment.

A Community may pay the underpayment back over a period equal to the underpayment period, from one to four years. A Community shall pay the underpayment difference back to DUWA as part of its monthly payment for the period. Any dispute of the System Manager's or Finance Committee's determination on underpayment shall be resolved by the DUWA Board. Any further dispute of the DUWA Board's decision shall be governed by Article 10 of the DUWA Service Agreement (Dispute Resolution, Ex. H). The disputing Community shall abstain from votes associate with this matter.

Adopted by DUWA Board March 11, 2021