

DOWNRIVER UTILITY WASTEWATER AUTHORITY

MAJOR WATER LOSS 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 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 System Monitoring Plan, gives guidance for Member Communities to estimate its Flow. The Flow estimates then become part of each Community's revenue requirements 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.

In Michigan, breaks in water lines are common. Municipalities regularly fix water lines because of breaks caused by weather, construction, road repairs, etc. Generally, water line breaks are located and repaired in a timely manner. Occasionally, a major water line break go undetected for a significant period of time. This policy is to outline how DUWA will address a request for an adjustment to flow calculations based on a major water line break that went undetected for a lengthy period of time. The goal of the policy is to ensure reasonable accurate Flows.

II. Definition

1. A “Major Water Loss” is a single water line break of 100gpm or more.
2. A “Designated Period” means the Major Water Loss went undetected for at least 2 months.

III. Major Water Loss Policy

A Community has one (1) year from repairing a broken line resulting in Major Water Loss for a Designated Period to request an adjustment to Flow by DUWA that impacts the Community’s revenue requirements. The Community shall submit an analysis of the Major Water Loss and information on its due diligence to locate the line break to the System Manager for review. At that time a \$500.00 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 and Technical Committees, will evaluate the Flow adjustment request and make a recommendation to the Board. The System Manager should recognize that each of the 13 communities have different systems and flexibility in the Major Water Loss and Designated Period may be appropriate for the Board to consider.

Following that recommendation, the DUWA Board shall approve or deny the 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 Community advancing the Flow adjustment may vote on the request matter.

If the DUWA Board approves an adjustment, it shall only be on a going forward basis starting from the month after the Major Water Loss break was repaired. To protect the integrity of the Authority finances, the Community shall receive no interest or retroactive application.

IV. Review. This policy should be reviewed by the Board every 5 years.

Adopted by DUWA Board June 9, 2022