

DWSD DIRECTIVE NO. 08 – 1
DETROIT WATER AND SEWERAGE DEPARTMENT
CAPITAL COST ASSESSMENT POLICY

It is the policy of the Board of Water Commissioners to ensure that capital costs related to new service requests and requests for additional service be appropriately assessed. This Capital Cost Assessment Policy (Policy) contains the criteria that the Detroit Water and Sewerage Department (DWSD) will use to evaluate requests for wholesale water and sewage services provided by DWSD through its water and wastewater systems (collectively, “System”). It applies to requests for service from new customers of the DWSD System and to requests for additional service connections from existing System customers. This Policy contains the guidelines for determining how the capital costs associated with the service request will be applied. As used in this Policy, the term “Customer” refers to both new and existing customers.

Criteria For Evaluation of Service Request

- The Customer must make a written request for the service it seeks from DWSD.
- The Customer must have an approved service contract with DWSD.
- DWSD must determine that granting the Customer’s request will not adversely affect DWSD’s ability to serve its existing customers. The Customer shall furnish all information reasonably required by DWSD to evaluate the service request.
- Admission to the DWSD water system does not guarantee admission to DWSD’s sewage system, and vice versa. A separate request must be made for each service desired.

Guidelines for Assessing Capital Costs

- A Customer shall pay all costs associated with connecting its system to DWSD’s System.
- If it is necessary to extend a DWSD water transmission main or sewage interceptor to serve the Customer, the Customer shall pay the capital costs associated with the infrastructure extension. If DWSD determines that the infrastructure will be sized to accommodate service to additional customers, the Customer shall pay the proportional cost of the new infrastructure attributable to its anticipated use of the infrastructure.
- Any DWSD-owned infrastructure deemed by DWSD to benefit other Customers of the DWSD System (including the cost of infrastructure referenced above that is not directly assigned to the Customer on a proportional basis) will be allocated on a “common-to-all” basis.
- Capital costs related to existing assets that will be utilized to serve the Customer will be recovered in the rates on the same basis applied to existing customers.

This Policy replaces the System Expansion Policy adopted in November 1998.

Adopted by the Board of Water Commissioners on May 28, 2008.