

'Inequities' seen in suburban water rate hikes

Challenge likely as board sends report to customers

By TOM LONERGAN

A state law that may lead to water rate increases of more than 100 percent for some suburban communities "will have to be tested," according to a suburban representative on the Detroit Board of Water Commissioners.

"I think someone will challenge the law," said John Lamerato, general manager of the Southeastern Oakland County Water Authority, which distributes water to a dozen cities, including Birmingham, Southfield and Lathrup Village.

The water board this week distributed a report on planned water rate increases to its 56 suburban customers.

SYSTEMWIDE, the median wholesale increase, to be effective Dec. 1, is 43 percent, according to the Detroit Water and Sewerage Department (DWSD).

That means half the increases are more than 43 percent and half less. They range from "slight increases" for some suburban customers to "those of more than 100 percent."

The Detroit City Council must approve the rates, which DWSD says will lead to residential water bill hikes of 25 percent quarterly, based on an average household water consumption of 4,000 cubic feet.

A 1917 state law — which apparently hasn't been a factor in past DWSD water rates — permits the city-owned utility to charge suburban wholesale customers within 10 miles of its borders at least the same wholesale rate

Detroit pays but no more than double that rate.

DETROIT'S proposed wholesale rate is \$2.75 per 1,000 cubic feet (mcf), a 15 percent increase from the current rate of \$2.39.

Those suburban customers more than 10 miles away can be charged more than double, according to the law. Lamerato said it will lead to "inequities."

For example, Avon Township's wholesale water rate will increase 119 percent from \$3.11 per 1,000 cubic feet (mcf) to \$6.83.

That is an "actual cost of service" rate determined by DWSD's rate consultant, Camp Dresser & McKee of Detroit, which conducted a year-long study of water rates.

WEST BLOOMFIELD Township's actual cost of service rate is \$11.95 mcf, but the proposed rate is \$5.50 because the township is within 10 miles of Detroit and can only be charged double Detroit's \$2.75 rate.

West Bloomfield's current wholesale rate is \$2.93 mcf. The proposed \$5.50 rate is an 89 percent increase.

Avon Township gets no break on its rate because it's more than 10 miles from Detroit and thus can be charged more than double, according to the law.

All the rates were determined on an actual cost of service basis, Camp Dresser's Paul Brown told the water board Monday, and were adjusted upward or downward to comply with the law.

LAMERATO SAID: "Some municipi-

palities are paying a lot more than actual cost of service because of the law and some are paying a lot less."

"You have destroyed the utility concept," he said.

"In 1917, there were very few customers other than the City of Detroit," said Lamerato. "We are now the metropolitan Detroit system. We aren't the Detroit system."

DWSD Director Charles Beckham is also expecting a rate challenge lawsuit.

"The question is, do we want to get sued for complying with the state law or not complying? We're going to get sued either way."

The last DWSD rate hike of 39 percent, in 1976, was challenged in court by more than 70 suburbs. That suit is still pending.

Lamerato noted that all prior rate increases applied equally to Detroit and the suburbs. "It was 10 cents or 20 cents for everyone," he said.

'I think someone will challenge the law,'

— John Lamerato, general manager of Southeastern Oakland County Water Authority

The proposed rates are expected to generate \$146 million between Dec. 1 and July 1, 1982, Beckham said.

He said "inflation has been devastating" to DWSD.

Since 1976, Beckham said the department's labor costs have increased 25 percent, electricity, 55 percent, gas, 90 percent and chemicals, between 11 and 35 percent.

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