

## QUARTERLY REPORT OF THE INDEPENDENT CONSUMER ADVOCATE

October-December, 2021

As expected, during this quarter, most of the activity of the Independent Consumer Advocate was focused on the annual budget and rate setting process of the MDC. In addition, there were several consumer issues addressed as well as transition activities as a new Consumer Advocate will begin on January 1, 2022. As in years past, the annual Consumer meeting was held in October as required by statute.

### CUSTOMER ISSUES

There were six individual customer issues addressed ranging from access to prior billing history to proper crediting of an account after a real estate sale. Half of the customer issues related to sewer problems which were carried over from the previous quarter. The backwater valve/sump pump program was explained to several of these customers who appeared eligible for the program.

### TRANSITION

As noted above a new Consumer Advocate has been named and will take office on January 1. The current Consumer Advocate has had several conversations with his successor in order to make the transition as seamless as possible.

### BUDGET ISSUES

The ICA spent a considerable amount of time examining the budget and rates proposed by management. He prepared a statement seeking several adjustments to the proposals but was unsuccessful in convincing the MDC to make the changes. The changes included a different rate structure for the customer sewer service charge, a reduction in the ad valorem, and the near elimination of any increase in the water rate.

The proposed rates increased the customer sewer service charge (csc) from \$7.00 a month to \$9.00 per month for all customers regardless of size. The increase was based on a study commissioned by the MDC which determined that a larger portion of sewer costs should come from individual sewer customers instead of the ad valorem charge levied against member municipalities. While the ICA has questions regarding the data and methodology used to make this determination, it argued that if there was to be an increase it should be allocated based on water meter size as recommended in the Raftellis study. (While a second version of this study appeared at the 11<sup>th</sup> hour, it too found that such an allocation would be consistent with how most water and sewer agencies allocate these costs). Had there been such an allocation based on water meter size, there would be less of an increase to 1-4 family residential customers. This allocation was rejected.

The second adjustment sought by the ICA was to reduce the sewer user charge levied against larger users and tax-exempt customers. This charge is levied as required by EPA regulations and its calculation is dictated by the EPA. The increase, 11.1%, was significantly larger than the ad valorem increase. Again, despite repeated requests for the calculation, the study supporting the increase which

purportedly to be in accord with Federal regulations, was not supplied until too late in the process to allow for a careful review.

Lastly, the ICA urged a vacancy adjustment to payroll expenses. The budget assumes all authorized positions are filled every day of the year. This is not realistic, and history demonstrates that it has not been achieved. Had this adjustment been adopted, the increase in the ad valorem could have been reduced and the increase in water rates also reduced.

#### CONCLUSION

This is the last quarterly report to be submitted by this ICA. It has been an honor and privilege to serve the consumers of the MDC for the last four years. I thank you for your support. I urge you to support my successor in his endeavors.

Respectfully Submitted,

David Silverstone

Independent Consumer Advocate

December 31, 2021.