



# Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street  
Chicago, IL 60611

## Legislation Text

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**File #:** 17-1083, **Version:** 1

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### **TRANSMITTAL LETTER FOR BOARD MEETING OF OCTOBER 19, 2017**

#### COMMITTEE ON JUDICIARY

Mr. David St. Pierre, Executive Director

Authority to settle Beaver Oil Company, Inc.'s 2015 User Charge liability in the total amount of \$450,792.62, Board Appeal No. 17B-001

Dear Sir:

The Metropolitan Water Reclamation District of Greater Chicago ("District") and Beaver Oil Company, Inc. ("Beaver Oil") have reached a settlement of Board Appeal No. 17B-001 arising out of Beaver Oil's 2015 User Charge liability, thereby eliminating the need for a formal hearing before the District's Board of Commissioners ("Board").

By way of background, on February 19, 2016, Beaver Oil submitted its User Charge Annual Certified Statement ("RD-925") for year 2015 to the District. In that RD-925, Beaver Oil reported a Net User Charge ("NUC") of \$453,921.93. The NUC was calculated by: (1) merging the District's and Beaver Oil's sampling data for biochemical oxygen demand ("BOD") and suspended solids ("SS") on a flow-weighted average basis, (2) applying that merged data to Beaver Oil's reported annual flow volume to calculate a Total Wastewater Loading Charge, and (3) adding a Minimum Pretreatment Requirement Charge.

After reviewing Beaver Oil's RD-925, the District revised Beaver Oil's NUC. Specifically, the District decreased the merged BOD and SS flow-weighted average because Beaver Oil had inadvertently used outdated data in its calculation. On its own, this revision would have led to a slightly decreased NUC. However, the District also revised the annual flow volume and the Minimum Pretreatment Requirement Charge, which had the net effect of significantly increasing the NUC to \$1,317,731.28.

The District advised Beaver Oil of this revision in a Notification of Revision dated June 1, 2016. In that correspondence, the District explained that Beaver Oil's flow meter calibration records were unacceptable for all but 3 months of 2015 and that, therefore, the District had to recompute Beaver Oil's volume using the maximum daily flow for 9 months of the year. The District also increased Beaver Oil's Minimum Pretreatment Requirement Charge based on five sample points that are specified in Beaver Oil's Discharge Authorization.

Beaver Oil appealed the revised NUC to the District's Director of Monitoring & Research ("Director"), and a corresponding appeal meeting took place on August 22, 2016. Based on that appeal, the Director determination revised the NUC using Beaver Oil's average, rather than maximum, daily flow. This resulted in a revised NUC of \$904,609.05, which the Director communicated to Beaver Oil by letter dated January 31, 2017.

In order to dispute the Director's determination, Beaver Oil timely filed the subject matter appeal on February 24, 2017. A Preliminary User Charge Hearing for this appeal was conducted on July 21, 2017. At that hearing, Beaver Oil asserted that its actual daily flow (as reported in its RD-925) should be used for calculating Beaver Oil's NUC. The District agreed to recalculate Beaver Oil's NUC using that volume in exchange for Beaver Oil's

agreement to undertake certain best management practices that will further ensure accurate and proper reporting in the future and will be memorialized in Beaver Oil's Discharge Authorization ("DA"). Pursuant to the above, the District will use Beaver Oil's reported annual flow volume to calculate a revised NUC of \$450,792.62.

The District's Monitoring & Research Department has approved the settlement and the Hearing Officer retained by the Board to adjudicate this matter, Jonathan A. Rosenblatt, has also approved the settlement on these terms.

Therefore, the General Counsel respectfully requests that the Board of Commissioners approve the settlement of Beaver Oil's 2015 Net User Charge liability in the total amount of \$450,792.62, and for authority to execute such documents as may be necessary to effect same.

Requested, Susan T. Morakalis, General Counsel, STM:LLD:JTM:bh  
Respectfully Submitted, Mariyana T. Spyropoulos, Chairman Committee on Judiciary  
Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for October 19, 2017