

Water Utility Rate Increase Details 11/4/20 Meeting

Water Utility is our only regulated Utility, which means that all rate adjustments are considered/approved by the Public Service Commission of Wisconsin (PSC)

Last Conventional Rate Increase: 10/1/2017

Last Short Rate Case(SRC): 12/1/2015(implemented in 2016 and another in 2015)

Note: We have completed 'Purchased Water Adjustments' over time as Milwaukee has had rate changes, which also helps us minimally each time that occurs.

Staff began working on the current case last fall/assuming authorization from Council to pull the case/submit it based on budgetary needs.

Case was submitted to the PSC in January of 2020/PSC staff completes the rate analysis-reviews staff request/validate our numbers/normalize one-time costs and revenues/make adjustments as needed. PSC then performs a 'cost of service study' to ensure set the new rates according to customer class(residential/commercial/industrial/public), making sure that the rates are equitable for each class.

Present Rates provide a 3.7% Rate of Return/Proposed rates provide for a 4.9% Rate of Return

2020 Budgetary Increase – 11%

Original Rate Case Submission/Increase requested was much larger: \$971,483, or 11.3% increase, with a 7% Rate of Return

Analyzed Results: \$318,060 increase, which equates to an overall 3.89% rate increase, with a 4.9% Rate of Return. (Industrial-3% increase/Residential and Commercial-4%/Multi-Fam-7%/Public-1% and PFP-1%)

Results of the analysis are much more realistic, make sense to me(outsider), tie out to our PSC Reports, and are very supportable.

Key Facts: 10.43% increase in gross plant investments since the last case in 2017.

Reasons for the increase: Technology(transition from the manual meter reading to radio meter reading)-over the past few years(did not have rates in place to support this/Labor and Benefit increases over time/increase in the cost of materials, supplies, contracts, maintenance agreements, etc.).