



MEMORANDUM

DATE: May 12, 2023

TO: Daniel Duchniak, General Manager

FROM: Cortney Nagel, Administrative Services Manager

RE: Wisconsin Public Service Commission Tariff Changes to Waukesha Water Utility Rates for Standby Charge and Public Fire Protection

The Public Service Commission of WI (PSC) is currently reviewing an increase to water rates that the Utility submitted in November 2022. There are two changes that the Utility can request to our current tariff.

The first rate is a standby water service charge. The charge reads as follows:

SWS-1 – Standby Water Service – A standby charge will apply to each lot or equivalent parcel of land for which water system facilities are available but not connected. An Equivalent parcel of land shall be each full 100 feet where unplatted. An isolated parcel of less than 100 feet shall be equivalent to a lot. Where more than one lot or equivalent is used as a unit and a customer is connected, the total charge for water service to such customer shall be not less than the standby charge applicable to several lots. This rate is not applicable to land declared by the local municipality as unbuildable.

This rate would be charged to all residents within the current service area, not currently using water service, with a lot adjacent to a road that has water main installed and would include vacant lots, lots that have permed off their water service, and those that have private wells. The charge generally ranges from 25% - 75% the cost of the water service charge for a 5/8" meter. The proposed 5/8" water service charge for step one of the Utility's rate increase request will be \$16.00, so the standby water service charge would range from \$4.00 per month to \$12.00 per month.

While this would bring in some additional revenue, water is not immediately available at many of these properties. In order to make water available, laterals would have to be installed (street side, property, or both). This would be very costly to the customer, so we are not recommending implementing this rate at this time.

The second charge that the Utility can request to include with the new rates is the public fire protection charge for non-general service customers. This rate reads as follows:

F-1 – Public Fire Protection (PFP) –

1. Standard Non-General Service Language (without adjacent lot sentence):

Under Wis. Stat. § 196.03(3)(b), the City of Waukesha has elected to make the charges in this schedule applicable to non-general service customers who own property that is located both within

the municipal limits and in an area where the utility has an obligation to provide water for public fire protection. Each parcel shall be billed at the 5/8-inch meter rate under this schedule.

2. Standard Non-General Service Language (with adjacent lot sentence):

Under Wis. Stat. § 196.03(3)(b), the City of Waukesha has elected to make the charges in this schedule applicable to non-general service customers who own property that is located both within the municipal limits and in an area where the utility has an obligation to provide water for public fire protection. The municipality has also elected to bill any person who owns 2 or more parcels that are adjacent to each other or divided only by a roadway or book, creek, river, or stream, as if that person's adjacent parcels were only one parcel. Each billable parcel shall be charged the 5/8-inch meter rate under this schedule.

This rate includes two options and would apply to all customers within the current service area that are not receiving water service, including vacant lots, lots that have permed off their water service, and those that have private wells. The first option would charge each parcel and the second option would consider all parcels adjacent to one another as one parcel. The charge would be equal to the 5/8" meter PFP rate for water customers. The proposed 5/8" meter PFP rate for step one is \$10.80, but will be reduced to approximately \$10.26 if this tariff is implemented.

There are approximately 1,430 lots that would be impacted by this PFP rate. Adding these additional lots will reduce the charge to all residents who are currently paying for PFP by \$0.54 per month for the 5/8" meter customers. The Utility feels that this is a reasonable charge to implement. Residents within the current service area that do not have or use water service continue to have fire protection available to them should the need arise. As a result, they should pay their share of the cost to have that service. The Utility would also like to recommend PFP option one. For simplicity, it will be much clearer to charge each parcel rather than interpret and apply the standard in option two.

Recommended Motion: Move to recommend that the Public Service Commission of Wisconsin include schedule F-1 – Public Fire Protection, standard non-general service language (without adjacent lot sentence) in the tariffs currently being prepared with the rate case filed on November 2, 2022.