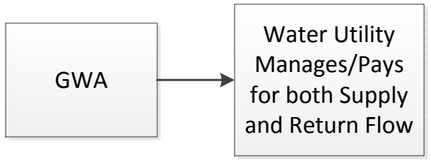
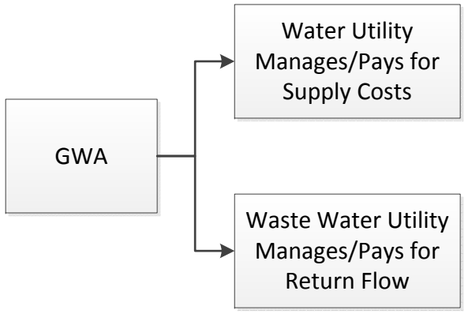
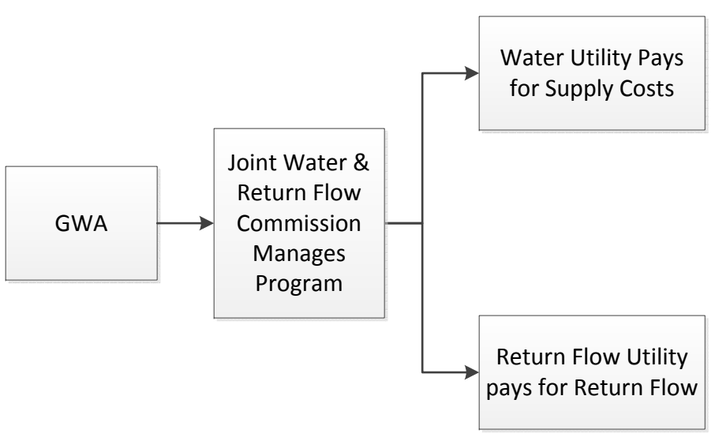
WAUKESHA WATER UTILITY

Future Water Supply
Financial Modeling
February 13, 2012

FINANCIAL GOALS

- Provides Cash for Project Expenditures
- Minimize Total Cost to the Rate Payers
- Minimize Public Disruption
- Minimize Excess Cash at Project End

Great Water Alliance (GWA)
Summary of Management/Financing Strategies

		PROS	CONS
EXISTING		• Program Management is aligned to meet Court Ordered Deadline • Diversion Permit holds WWU Commission responsible for Return Flow	• Subjects Return Flow to PSC Construction Approval; pressures Court Ordered Deadline • Construction Approval for Return Flow adds costs to project • PSC attorney questions whether water rates can pay for Return Flow
ALTERNATIVE I		• PSC Construction Approval for Return Flow eliminated; no longer pressures Court Ordered Deadline • PSC Construction Approval costs for Return Flow are avoided • WWT rates not PSC regulated so rates can raise slowly allowing customers time to adapt	• Clouds discussion relating to Waste Water Capital Budget • Costs for Return Flow get buried in Waste Water bills • More Complex Program Management out of sync with historical decisions : Inefficiencies put pressure on Court Ordered Deadline Parallel construction management could confuse the public Duplication of effort increases cost to the public Supply costs rise because purchasing power is diluted • Diversion Permit holds WWU Commission responsible for Return Flow; permit is not transferable to Waste Water
ALTERNATIVE II		• Program Management is aligned to eliminate inefficiencies, public confusion and increases in costs • Diversion Permit holds WWU Commission responsible for Return Flow; permit can be absorbed by restructured Joint Commission • Return Flow Utility not subject to PSC Construction Approval; eliminates pressure on Court Ordered Deadline • PSC Construction Approval costs for Return Flow are avoided • Return Flow rates not PSC regulated; can be established separately from water rates; costs transparent to customers • Return Flow Utility not PSC regulated so rates can raise slowly allowing customers time to adapt • Bond Revenue Requirement is less than WWT so rates will be 15% lower than if funded through City WWT.	• Joint Commission must be established • Internal accounting must be established

New WWU Cleam Water Fund Program Gantt Water Supply & Delivery and Return Flow

Principal Payments

Current Year **2018**

Year	Principal Amount	Term	Interest Rate	2021	2022	2023	2024	>>>>>	2050	2051	2052
2015	-	30	2.38%	-	-	-	-		-	-	-
2016	-	30	2.38%	-	-	-	-		-	-	-
2017	-	30	2.38%	-	-	-	-		-	-	-
2018	-	30	2.38%	-	-	-	-		-	-	-
2019	-	30	2.38%	-	-	-	-		-	-	-
2020	63,894,891	30	2.38%	(1,483,414)	(1,518,720)	(1,554,865)	(1,591,871)		(2,934,277)	-	-
2021	43,573,320	30	2.38%	-	(1,011,619)	(1,035,696)	(1,060,345)		(1,954,522)	(2,001,039)	-
2022	18,145,378	30	2.38%	-	-	(421,272)	(431,298)		(795,007)	(813,928)	(833,299)
2023		30	2.38%	-	-	-	-		-	-	-
Total Annual D/S Principal				**(1,483,414)**	**(2,530,339)**	**(3,011,832)**	**(3,083,514)**		**(5,683,805)**	**(2,814,967)**	**(833,299)**

Interest Payments

Year	Principal Amount	Term	Interest Rate	2021	2022	2023	2024	>>>>>	2050	2051	2052
2015	-	30	2.38%	-	-	-	-		-	-	-
2016	-	30	2.38%	-	-	-	-		-	-	-
2017	-	30	2.38%	-	-	-	-		-	-	-
2018	-	30	2.38%	-	-	-	-		-	-	-
2019	-	30	2.38%	-	-	-	-		-	-	-
2020	63,894,891	30	2.38%	(1,520,698)	(1,485,393)	(1,449,248)	(1,412,242)		(69,836)	-	-
2021	43,573,320	30	2.38%	-	(1,037,045)	(1,012,968)	(988,319)		(94,142)	(47,625)	-
2022	18,145,378	30	2.38%	-	-	(431,860)	(421,834)		(58,125)	(39,204)	(19,833)
2023	-	30	2.38%	-	-	-	-		-	-	-
Total Annual D/S Interest				**(1,520,698)**	**(2,522,438)**	**(2,894,076)**	**(2,822,394)**		**(222,103)**	**(86,829)**	**(19,833)**

Total Debt Service = Principal and Interest	3,004,113	5,052,777	5,905,909	5,905,909	5,905,909	2,901,796	853,132	
CWP Revenue Requirement = 125%	3,755,141	6,315,971	7,382,386	7,382,386	7,382,386	3,627,245	1,066,415	
Return Flow Revenue Requirement = 110%	3,304,524	5,558,054	6,496,499	6,496,499	6,496,499	3,191,975	938,445	
Unnecessary Revenue Collected from Rate Payers	**$ 450,617**	**$ 757,917**	**$ 885,886**	**$ 885,886**	**$ 885,886**	**$ 435,269**	**$ 127,970**	**$ 26,576,588** **Unnecessary Revenue Collected from Rate Payers**

WWU
Effect of Smoothing Rate Increases
11/10/2017

Assumptions	
GWA Project Cost	$ 286,252,690
Financing	
SDWL	58,285,298
CWL	106,754,148
GO NANs & Draw Bonds rolled to WIFIA in 2023 & 2025	121,213,244
	$ 286,252,690

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Inadequate Rates										
Rate Increase		0	0	0	0	0	0	0	0	0
Bills	$ 338	$ 338	$ 338	$ 338	$ 338	$ 338	$ 338	$ 338	$ 338	$ 338
Cash Over/Under Minimum	$ 31,006,393	$ 31,658,678	$ 30,556,312	$ 29,221,201	$ 16,418,706	$ (2,270,192)	$ (25,333,755)	$ (53,600,506)	$ (83,956,010)	$ (114,018,571)
Net Revenue Requirement = 125%	1047%	699%	546%	142%	73%	-39%	-31%	-32%	-35%	-37%
Rate Shock										
Rate Increase		0%	0%	0%	33%	68%	19%	3%	34%	2%
Bills	$ 338	$ 338	$ 338	$ 338	$ 449	$ 754	$ 898	$ 925	$ 1,239	$ 1,264
Cash Over/Under Minimum	$ 31,006,393	$ 31,658,678	$ 30,556,312	$ 29,221,201	$ 20,037,992	$ 14,914,562	$ 10,174,321	$ 1,096,197	$ 74,553	$ 143,995
Net Revenue Requirement = 125%	1047%	699%	546%	142%	127%	125%	126%	126%	208%	212%
Rate Smoothing										
Rate Increase		12%	12%	12%	12%	42%	19%	10%	10%	5%
Bills	$ 338	$ 378	$ 424	$ 474	$ 531	$ 754	$ 898	$ 988	$ 1,086	$ 1,141
Cash Over/Under Minimum	$ 31,006,393	$ 32,974,782	$ 34,672,427	$ 37,809,249	$ 31,361,257	$ 26,322,723	$ 21,668,011	$ 14,717,392	$ 8,834,499	$ 4,965,544
Net Revenue Requirement = 125%	1047%	868%	832%	265%	167%	126%	126%	144%	167%	179%

Waukesha Water Utility
SERVING WAUKESHA SINCE 1886
PO Box 1648 Waukesha, WI 53187-1648
Telephone 262 521 5272 Fax 262 521 5265
www.waukesha-water.com

WATER & WASTEWATER BILL

Amount Due: **$ 333.19**
Payment Due By: **Oct 20, 2017**

Customer #	Account #	User Class
000703	107948000	Residential

Service Address
1164 ALDORO DR

RETURN SERVICE REQUESTED
CHRIS KADRICH
1164 ALDORO DR
WAUKESHA WI 53188

AMOUNT PAID _____

RETURN THIS PORTION WITH YOUR PAYMENT

SUMMARY OF CHARGES

Customer # 000703 Account # 107948000

Service Address: 1164 ALDORO DR

WATER & RETURN FLOW UTILITIES

Meter Reading End Date	Begin Date	End Read	Begin Read	Usage
08/21/17	05/19/17	417500	399000	**18500**

Water Usage **18500**

Water Use Charge (Rate per 1000 Gallons)

	10.30	X	$2.94	=	$30.28
Next	8.20	X	$3.81	=	$31.24

Water Service Charge	$24.83
Fire Capacity Charge	$17.41
Water Utility Charges	$103.76
Return Flow Utility Charge	$103.76
TOTAL WATER & RETURN FLOW CHARGES	$207.52

WASTEWATER UTILITY

Meter Reading End Date	Begin Date	End Read	Begin Read	Usage
08/21/17	05/19/17	417500	399000	18500

Wastewater Discharge 18500

Wastewater Use Charge (Rate per 1000 Gallons)

18.50	X	$6.02	=	$111.37

Wastewater Service Charge	$14.30
TOTAL WASTEWATER UTILITY CHARGES	$125.67

PREVIOUS BILL	PAYMENTS	ADJ/PENALTY	CURRENT CHG	AMT DUE BY	AMT DUE AFTER
$238.18	$238.18CR		$333.19	Oct 20, 2017 $ 333.19	Oct 20, 2017 $336.52

IMPORTANT INFORMATION

The Waukesha Water Utility is complying with our order and stipulation from the State of Wisconsin in regard to its radium compliance. We continue to work with the DNR to bring our system into final compliance with the radium standards.

2017 City of Waukesha Leaf Pickup period is 10/16-12/8, please see the enclosed schedule or check the city website for details. Enclosed please find and review the enclosed Radium Notice.

$100 rebates are available for 1.28 gpf toilets, $25 rebates are available for showerheads, and $20 rebates are available for rain barrels. Please visit our website for details.

Failure to receive bill does not exempt customer from penalty.

01971149-1