



Waukesha Water Utility

SERVING WAUKESHA SINCE 1886

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MEMORANDUM

DATE: June 19, 2019

TO: Dan Duchniak, General Manager

FROM: Joe Ciurro, Administrative Services Manager

RE: Application to Raise Water Rates

I am recommending that the Utility apply to the Wisconsin Public Service Commission (PSC) for an increase to water rates. In the numerous stages of planning for the Great Lakes Water Supply project, we have illustrated the need for consistent, smooth rate increases for both water and return flow related activities. We continue to analyze the impact to our customers on the overall water, sewer and return flow bills.

As part of the original plan discussed with you in April 2018, the Water Utility bypassed applying for a rate increase for 2019 as return flow and sewer rates had notable increases scheduled. However, that rate plan called for water rates to increase approximately by 20% in 2020.

Rate Revenue Increase Projections - Global View

	2018	2019	2020	2021
Return Flow Rate Increase	100.00%	200.00%	17.00%	47.50%
Return Flow Rate Rev. (annualized)	\$ 1,200,000	\$ 3,542,729	\$ 4,095,814	\$ 5,987,713
Water Rate Increase	9.69%	0.00%	20.00%	10.00%
Water Rate Revenues	\$ 11,493,700	\$ 11,264,800	\$ 13,344,600	\$ 14,539,200
Combined RF/Wtr Rate Revenues	\$ 12,693,700	\$ 14,807,529	\$ 17,440,414	\$ 20,526,913
Combined Wtr/RF Rate Increase	21.14%	16.65%	17.78%	17.70%
Sewer Rate Increase	9.61%	9.25%	9.50%	9.50%
Sewer Rate Revenues	\$ 14,631,887	\$ 15,985,336	\$ 17,503,943	\$ 19,166,817
Combined RF/Wtr/Swr Rate Revenues	\$ 27,325,587	\$ 30,792,865	\$ 34,944,357	\$ 39,693,730
Combined RF/Wtr/Swr Rate Increase	13.75%	12.69%	13.48%	13.59%

Given the potential to amortize certain planning and early design costs and to fund expected increases in operating expenses, as budgeted, I believe the Utility would qualify for a 15% - 20% increase in rates. The precise increase would be determined by the PSC and would come back to the Commission for its approval. If the Commission agrees, the Utility would file an application and expect to secure approval before the end of the year.

Recommended Motion: Move to submit an application to the PSC to request an increase to water rates.