

..Number
121524

..Version
PROPOSED SUBSTITUTE A

..Reference

..Sponsor
THE CHAIR

..Title
Resolution authorizing an application for a rate increase for Milwaukee Water Works.

..Analysis
This resolution grants authority to the proper City officials to apply to the Public Service Commission of Wisconsin for a cost of living increase in water rates to be effective as soon as approved by the Public Service Commission.

..Body
Whereas, The Milwaukee Water Works is a self-financing business enterprise of the City of Milwaukee that provides safe and abundant drinking water in the City of Milwaukee and 16 neighboring communities; and

Whereas, The Milwaukee Water Works is a valuable resource that provides a sound economic platform for the metropolitan Milwaukee area and contributes an annual Payment in Lieu of Taxes that reduces the municipal tax levy; and

Whereas, Milwaukee Water Works water is an excellent value wherein the cost of water for a residential customer using 21 Ccf of water per quarter is \$49.98 which is significantly lower compared to other neighboring municipalities as exhibited in the table below:

CITY	Water plus Service Charge	Fire Protection	Total Quarterly Bill
Milwaukee	\$49.98	\$ 5.58	\$ 55.56
Oak Creek	\$64.31	\$17.61	\$ 81.92
Waukesha	\$73.18	\$16.41	\$ 89.59
Whitefish Bay	\$67.53	\$27.24	\$ 94.77
Port Washington	\$91.22	\$17.47	\$110.69

; and Whereas, Milwaukee Water Works residential costs for 21 Ccf of water per quarter rank 77th lowest of the 82 water utilities in the seven-county region of southeastern Wisconsin as shown on the attached exhibit; and

Whereas, The cost of Milwaukee Water Works water to business and industry is highly competitive, ranking in the lower third of Wisconsin Class AB utilities and comparable cities in the Midwest as shown on the attached exhibits; and

Whereas, The Milwaukee Water Works' last rate adjustment was requested in September 2009 and implemented in February 2011 and even after this increase, rates for all customer classes remain well below those of local and regional competitors; and

Whereas, overall water sales have declined by 17% in the last 10 years, largely related to losses in industrial customer base and increased household water efficiency, which continue to constrain sales and revenue growth; and

Whereas, Milwaukee Water Works cannot invest sufficiently in plants and distribution at current rates and the projected 2012 rate of return of 2.0% is well below the benchmark of 5.5% for municipally-owned water utilities in the state; and

Whereas, on March 1, 2012 the Public Service Commission of Wisconsin released the 2013 rate increase factor of 3.0% that should be used in the Simplified rate Case Process for 2013; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, That the Superintendent of the Milwaukee Water Works is authorized and directed to submit to the Public Service Commission of Wisconsin an application for a rate increase of 3.0% using the Commission's simplified rate case process and to implement this increase as soon as approved by the Commission.

..Requestor
Department of Public Works
Milwaukee Water Works

..Drafter
Administration
Carrie M. Lewis
March 4, 2013