

Reply to Common Council File No. 121524  
From DOA Budget and Management Division

March 4, 2013

Ref: 13010

Common Council File No. 121524 is a resolution authorizing Milwaukee Water Works (MWW) to apply to the Wisconsin Public Service Commission (PSC) for a simplified rate increase of 3% to be effective as soon as approved by the PSC.

Compared with other municipal utilities in the state, MWW's rate of return and net revenue are below average. This is directly related to the fact that MWW's rates for all customers are among the lowest in southeastern Wisconsin, and lower than every other major water supplier on Lake Michigan. Net revenue is a major source of financing for main replacements and treatment facility upgrades, and lower rates are becoming a hindrance to adequate main relay and repair.

Under the proposed increase, water charges for typical residential customers (21 Ccf/Quarter) will increase \$1.67 per quarter, or \$0.56/month. Even with the increase, water costs will still be less than 1% of Milwaukee's median household income. Since 2006, growth in water charges for city residents have grown at rates far below other household expenses.

**RECOMMENDATION: ADOPT FILE NUMBER 121524.**



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