

BEFORE THE  
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of the City of Milwaukee, Milwaukee County, as  
a Water Public Utility, for Authority to Increase Water Rates

3720-WR-104

**FINAL DECISION**

This is the final decision in the Class 1 proceeding conducted by the Public Service Commission (Commission) on the application of the City of Milwaukee (applicant) for approval to increase water rates. This application is APPROVED subject to conditions.

**Introduction**

The applicant applied to the Commission on August 3, 2001, for authority to increase water rates. Pursuant to due notice, the Commission held a hearing at Milwaukee on January 30, 2002, before Administrative Law Judge David Whitcomb.

**Findings of Fact**

1. The applicant's presently authorized rates for water utility service will produce operating revenues of \$65,254,182 for the 2001 test year. These rates fall short of the test year revenue needed by \$6,361,972.
2. The estimated net investment rate base applicable to water utility operations for the 2001 test year is \$270,647,838.
3. The rate changes set forth for water service in Appendix C will permit the applicant to earn the necessary revenue requirement and are consistent with the cost of service and rate design.

**Conclusions of Law**

1. The applicant is a public utility as defined in Wis. Stat. § 196.01(5)(a).
2. The Commission has authority under Wis. Stat. §§ 196.03(1) and (3), 196.20(1), and 196.37(1), (2), and (3), to authorize the applicant to increase water utility rates and revise utility rules.

**Opinion**

The estimated net investment rate base for the 2001 test year is as follows:

	Net Investment Rate Base
\$463,636,820	Water Utility Plant in Service
	Less: Accumulated Provision for Depreciation
195,279,141	Contributions in Aid of Construction
\$268,357,679	Net Investment
<u>2,290,159</u>	Plus: Materials and Supplies
<u>\$270,647,838</u>	Net Investment Rate Base

Comparative Income Statement

The estimated test year income statement showing the effect of the increase in revenue which will result from authorized rates is as follows:

	<u>At Present Rates</u>	<u>Authorized Increase</u>	<u>After Rate Increase</u>
Operating Revenues	\$65,254,182	\$6,361,972	\$71,616,154
Operating Expenses:			
Oper. & Maint. Exp.	\$33,636,721		\$33,636,721
Depreciation	11,147,120		11,147,120
Taxes & Tax Equiv.	<u>9,240,204</u>		<u>9,240,204</u>
Total Oper. Expenses	<u>\$54,024,045</u>		<u>\$54,024,045</u>
Oper. Income (or Loss)	<u>\$11,230,137</u>		<u>\$17,592,109</u>
Rate of Return	4.15%		6.50%

The depreciation expense included in the revenue requirement for the 2001 test year was computed using the depreciation rates shown in Exhibit 5 of the record of this proceeding. These depreciation rates are effective on January 1, 2002, for computing depreciation expense on average investment for each account.

Capital Structure

The applicant initially requested a return on net investment rate base of 6.00 percent but subsequently revised its request to 6.50 percent. The applicant's capital employed in providing public utility service is estimated to be 78.29 percent municipal equity and 21.71 percent long-term debt. The composite cost of debt is 4.74 percent. A return on rate base of 6.50 percent will provide a 6.67 percent return on municipal equity and adequate times interest coverage.

Cost of Service

The Commission staff submitted for the record an analysis of the cost of supplying water for general service and for public fire protection service. The staff used the base-extra capacity cost allocation method for the analysis. Under this method, the operating expenses are allocated first to the service cost functions of extra-capacity maximum-day and maximum-hour demand, base, customer, and fire protection and then to each of the customer classes served. Summaries of such analyses, based on allocations that are reasonable and just, are shown in Exhibit 6 of the record in this proceeding. Appendix B shows customer class revenue requirements resulting from the cost analysis compared with revenues at authorized rates.

Water service rates authorized in this decision will result in an estimated net operating income of approximately \$17,592,109 which provides a 6.50 percent return on the water utility net investment rate base of \$270,647,838. The applicant and several parties to the case were provided with staff's proposed rates for review prior to the hearing.

Mr. Victor Frank, President of Brown Deer Water Commission, read a statement for the record. Mr. Frank did not contest the case but expressed concern that the rates proposed by staff are not consistent with the cost allocation study and result in lower rates for the Village of Menomonee Falls and Wisconsin Gas Company. The rate mitigation is at the cost of slightly higher rates to the other wholesale customers. Mr. Frank requested that in future rate cases the Commission design rates that more closely approximate the results of the cost of service study. He also requested applicant work closely with the Commission staff in establishing initial rates for any future, new wholesale customers.

As shown in attached Appendix B, the base-extra capacity cost allocation method results in a relatively wide range of increases in the charges to the various general service customer classes to reflect the cost of providing service to such classes. To provide for historical continuity in applicant's rates, the Commission concludes that it is reasonable to authorize general service rates that move in the direction of the base-extra capacity cost analysis as described above, with intent to make further adjustments in that direction in subsequent rate proceedings. In moving toward the cost of service in authorized rates, the Commission tempers the rate increase to the customer classes that, according to the cost analysis, should receive the largest percentage increases. The resulting revenue difference is recovered through rates to the remaining customer classes. The percentage rate increase to any individual customer will not necessarily equal the overall percentage increase to the associated customer class, but will depend on the specific usage level of that customer.

The authorized rates as set forth in Appendix C are based on the cost of supplying various classes or types of service. These rates are reasonable and just. All customers will be required to pay an appropriate amount for the service provided.

Some typical water bills for residential, commercial, industrial, and public authority customers were computed using Schedule Mg-1 to compare existing rates with the new rates. That comparison is set forth in Appendix D.

The overall increase in annual revenues is 10 percent, comprised of a 10 percent increase in retail and wholesale general service charges and a 10 percent increase in fire protection charges. A typical residential retail customer's bill will increase 11 percent, with the exception of those residing in West Milwaukee, which will increase 10 percent. Rates have risen because of a 4 percent increase in gross plant investment and a 5 percent increase in operating expenses since the applicant's last rate case in 1999. The typical bills calculated using the authorized rates are below average when compared with those of other Class AB water utilities in the state.

For the municipalities outside the City of Milwaukee that are served at retail, the cost study shows an overall decrease in costs. However, Wis. Stat. § 66.29 (2)(h) provides that charges for service to customers outside of the Milwaukee city limits, "shall not be less than one-quarter more than those charged to the inhabitants of the city for like use of water." This statutory requirement results in higher rates than would be required to cover the cost of providing service for all municipalities outside the City of Milwaukee that are served at retail, with the exception of West Milwaukee. As a result, this statutory requirement was the controlling factor in the design of rates for outside retail customers. The resulting authorized rates are comprised of the rates applicable within the City of Milwaukee plus 25 percent.

The cost study shows an increase of 10 percent for West Milwaukee. West Milwaukee owns and maintains its water distribution system. Adjusting for this factor, the statutory requirement described above does not control as it does for the other municipalities outside Milwaukee receiving retail service.

The overall increase in public fire-protection charges for the entire Milwaukee system from the cost study is 10 percent. The increase in retail public fire-protection charges resulting from the cost study is 63 percent for Hales Corners and 59 percent for Greenfield. The authorized retail public-fire protection charges move in the direction of the cost study but have been tempered to maintain the increase to 30 percent and 26 percent, respectively, above existing levels. As warranted, further adjustment of these rates in the direction of the cost of service will be made in subsequent proceedings.

The City of Milwaukee will have an increase in public fire protection of 7 percent. Applicant requested retail fire rates that would continue to provide for direct billing of water utility public fire protection costs to general service customers. This request is in conformance with Wis. Stat. § 196.03(3)(b), which provides municipalities the option to include the public fire protection charges directly in the water utility bills of general service customers. As requested, authorized rates as set forth in Appendix C, Schedule F-1, F-1.2, F-1.3 and F-1.4, provide for the direct charging of public fire protection costs to general service customers. These rates are reasonable and just. All customers will be required to pay an appropriate amount for the service provided.

In the authorized rates for wholesale general service, the average increase for the wholesale customers ranges from approximately 7 percent to 23 percent. The average increase in wholesale public fire protection charges is 39 percent. The three newest wholesale customers are receiving a public fire protection charge for the first-time in this rate case. Excluding the three newest wholesale customers, the average increase in wholesale public fire protection charges is 1 percent.

Some typical water bills for residential, commercial, public authority, and industrial customers were computed, using Schedule Mg-1 to compare existing rates with the new rates for Milwaukee, West Milwaukee and Suburban Retail. Such comparison is set forth in Appendix D. Also shown is a comparison of present and authorized rates for each wholesale customer. These

schedules are intended to show the range of impacts on water bills and are not intended to be all-inclusive.

Applicant's existing operating rules Chapters 1-6 of the general tariff are outdated and need refreshing. The Commission will require the applicant to update and revise its operating rules to reflect current utility practice and law changes. Such rule revision shall be filed with Commission staff within 90 days of the mailing date of this order.

The applicant bills some larger customers monthly and the remaining customers quarterly. The authorized rates for water service shall be made effective as soon as possible after issuance of this decision in accordance with Wis. Stat. §§ 196.21 and 196.40.

**Order**

1. The City of Milwaukee, Milwaukee County, as a water public utility (applicant), shall discontinue its existing water rates for service and make effective for water service the rates set forth in Appendix C.

2. The effective date of this order shall be no sooner than one day after mailing to the parties to the proceedings. The applicant shall inform the Commission, in writing, of the date that the authorized rates are to take effect.

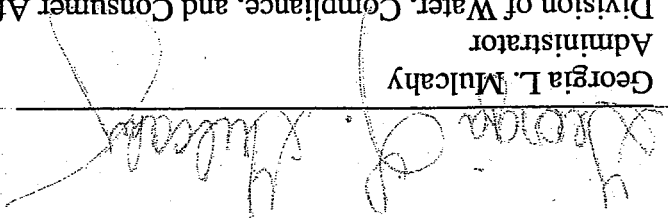
3. The applicant shall file with the Commission within 90 days of the mailing date of this order, updated and revised operating rules replacing Chapters 1-6 of the existing general tariff.

4. The applicant shall inform each customer of the new rates as required by Wis. Admin. Code § PSC 185.33(1).

Dated at Madison, Wisconsin, February 14, 2002

For the Commission:

Georgia L. Mulcahy  
Administrator  
Division of Water, Compliance, and Consumer Affairs



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See attached Notice of Appeal Rights

Notice of Appeal Rights

Notice is hereby given that a person aggrieved by the foregoing decision has the right to file a petition for judicial review as provided in Wis. Stat. § 227.53. The petition must be filed within 30 days after the date of mailing of this decision. That date is shown on the first page. If there is no date on the first page, the date of mailing is shown immediately above the signature line. The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

Notice is further given that, if the foregoing decision is an order following a proceeding which is a contested case as defined in Wis. Stat. § 227.01(3), a person aggrieved by the order has the further right to file one petition for rehearing as provided in Wis. Stat. § 227.49. The petition must be filed within 20 days of the date of mailing of this decision.

If this decision is an order after rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not an option.

This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

Revised 9/28/98

Appendix A

Appearances:

City of Milwaukee, applicant, by

Linda Burke, Assistant City Attorney

Carrie Lewis, Superintendent

Richard A. Stehmer, Special Assistant

Earl D. Smith, Business Manager

Jeffrey A. Novak, Accountant

Of the Commission Staff:

Jeffrey Patzke, Assistant General Counsel

Bruce Manthey, Public Utility Auditor

Kathleen Butzlaff, Public Utility Auditor

Thomas J. McDonald, Public Utility Rate Analyst

Vishwa Kashyap, Public Utility Rate Engineer

As Interest May Appear:

Victor P. Frank, Brown Deer Water Utility

Martin Glodowski, Brown Deer Water Utility

Jeff Tschudy, Wauwatosa Water Utility

James R. Wojcehowicz, Wauwatosa Water Utility

Kris Moen, West Allis Water Utility

John A. Mayer, Utility Rate Consultant



**Appendix B**

Urban Milwaukee

**MILWAUKEE WATER WORKS**

Comparison of Revenue

at

Present Rates, Cost of Service and Authorized Rates

CUSTOMER CLASS	REVENUE AT PRESENT RATES	COST OF SERVICE		AUTHORIZED RATES		
		REVENUE REQUIRED	INCREASE OVER PRESENT RATES	REVENUE	INCREASE OVER PRESENT RATES	PERCENT COST OF SERVICE
Residential	\$23,293,076	\$25,938,523	11%	\$25,756,565	11%	99%
Commercial	\$13,400,811	\$14,963,538	12%	\$14,737,652	10%	99%
Industrial	\$7,299,334	\$8,067,500	11%	\$8,005,895	10%	99%
Public Authority	\$1,559,013	\$2,031,899	30%	\$1,711,642	10%	84%
Public Fire Protection	\$3,735,632	\$3,905,290	5%	\$3,986,204	7%	102%
<b>TOTAL</b>	<b>\$49,287,866</b>	<b>\$54,906,750</b>	<b>11%</b>	<b>\$54,197,958</b>	<b>10%</b>	<b>99%</b>

**WEST MILWAUKEE  
MILWAUKEE WATER WORKS**

Comparison of Revenue

at

Present Rates, Cost of Service and Authorized Rates

**Appendix B**

CUSTOMER CLASS	REVENUE AT PRESENT RATES		REVENUE REQUIRED		COST OF SERVICE INCREASE		COST OF SERVICE OVER INCREASE		AUTHORIZED RATES	
	PERCENT	PERCENT	REVENUE	PERCENT	REVENUE	PERCENT	REVENUE	PERCENT	PERCENT	PERCENT
Residential	106%	\$101,369	\$104,955	4%	\$111,554	10%		10%		
Commercial	106%	\$64,184	\$66,658	4%	\$70,600	10%		10%		
Industrial	85%	\$383,159	\$498,119	30%	\$421,786	10%		10%		
Public Authority		\$0	\$0		\$0					
Public Fire Protection		\$85,959	\$93,396	9%	\$93,588	9%		9%		
<b>TOTAL</b>		<b>\$634,671</b>	<b>\$763,128</b>	<b>20%</b>	<b>\$697,528</b>	<b>10%</b>		<b>10%</b>		<b>91%</b>

**Appendix B**

**Suburban Milwaukee  
MILWAUKEE WATER WORKS  
Comparison of Revenue  
at  
Present Rates, Cost of Service and Authorized Rates**

CUSTOMER CLASS	REVENUE AT PRESENT RATES	COST OF SERVICE		AUTHORIZED RATES		
		REVENUE REQUIRED	INCREASE OVER PRESENT RATES	REVENUE	INCREASE OVER PRESENT RATES	PERCENT COST OF SERVICE
Residential	\$2,477,831	\$2,345,007	-5%	\$2,738,991	11%	117%
Commercial	\$1,554,722	\$1,322,196	-15%	\$1,711,329	10%	129%
Industrial	\$172,900	\$169,436	-2%	\$190,065	10%	112%
Public Authority	\$7,608	\$5,118	-33%	\$8,375	10%	164%
Public Fire Protection	\$476,271	\$639,504	34%	\$558,404	17%	87%
<b>TOTAL</b>	<b>\$4,689,332</b>	<b>\$4,481,260</b>	<b>-4%</b>	<b>\$5,207,164</b>	<b>11%</b>	<b>116%</b>

Appendix B

MILWAUKEE WATER WORKS - WHOLESAL AND COUNTY INSTITUTIONS  
 AT  
 COMPARISON OF REVENUE  
 PRESENT RATES, COST OF SERVICE and AUTHORIZED RATES

CUSTOMER CLASS	REVENUE AT PRESENT RATES		REVENUE REQUIRED		INCREASE OVER PRESENT RATES		INCREASE OVER PRESENT RATES		PERCENT COST OF SERVICE
	REVENUE	AT PRESENT RATES	REVENUE	REQUIRED	INCREASE OVER PRESENT RATES	AUTHORIZED RATES	PERCENT	COST OF SERVICE	
BROWN DEER:	\$504,317	\$541,380	\$541,380	\$46,634	7.3%	\$564,083	\$46,600	11.9%	104.2%
GENERAL									99.9%
FIRE	\$46,272	\$46,634	\$46,634		0.8%			0.7%	
GREENDALE:	\$574,982	\$633,655	\$633,655	\$54,406	10.2%	\$652,920	\$54,400	13.6%	103.0%
GENERAL									100.0%
FIRE	\$53,984	\$54,406	\$54,406		0.8%			0.8%	
SHOREWOOD:	\$435,912	\$445,738	\$445,738	\$59,918	2.3%	\$466,794	\$60,000	7.1%	104.7%
GENERAL									100.1%
FIRE	\$57,976	\$59,918	\$59,918		3.3%			3.5%	
WAUWATOSA:	\$1,956,691	\$2,053,402	\$2,053,402	\$131,059	4.9%	\$2,098,422	\$131,200	7.2%	102.2%
GENERAL									100.1%
FIRE	\$129,920	\$131,059	\$131,059		0.9%			1.0%	
WEST ALLIS:	\$2,102,606	\$2,217,637	\$2,217,637	\$142,493	5.5%	\$2,260,080	\$142,400	7.5%	101.9%
GENERAL									99.9%
FIRE	\$141,384	\$142,493	\$142,493		0.8%			0.7%	
MILWAUKEE COUNTY INSTITUTIONS:									
GENERAL	\$341,020	\$360,246	\$360,246		5.6%	\$375,088		10.0%	104.1%
BUTLER:									
GENERAL	\$130,032	\$143,574	\$143,574	\$46,034	10.4%	\$145,140	\$39,000	11.6%	101.1%
FIRE	\$0	\$46,034	\$46,034						84.7%
MEMONEE FALLS:									
GENERAL	\$950,091	\$1,241,976	\$1,241,976		30.7%	\$1,088,588	\$82,800	14.6%	87.6%
FIRE	\$0	\$92,067	\$92,067						89.9%
WISCONSIN GAS CO.									
GENERAL	\$81,913	\$114,479	\$114,479		39.8%	\$100,992		23.3%	88.2%
FIRE	\$0	\$23,017	\$23,017						78.2%

**Milwaukee Water Works**

**Authorized Rates and Rules**

**Public Fire-Protection Service - City of Milwaukee --- F-1**

Under Wis. Stat. § 196.03(3)(b), the municipality has chosen to have the utility bill the retail general service customers for public fire-protection service.

This service shall include the use of hydrants for fire-protection service only and such quantities of water as may be demanded for the purpose of extinguishing fires within the municipal boundary. This service shall also include water used for testing equipment and training personnel. For all other purposes, the metered or other rates set forth, or as may be filed with Public Service Commission, shall apply.

The base annual charge of \$3,986,204 was used in the calculation of the public fire-protection charge.

**Quarterly Public Fire-Protection Service Charges:**

5/8 - inch meter - \$ 3.75	3 - inch meter - \$120.00
3/4 - inch meter - \$ 3.75	4 - inch meter - \$195.00
1 - inch meter - \$17.25	6 - inch meter - \$369.00
1 1/4 - inch meter - \$22.00	8 - inch meter - \$645.00
1 1/2 - inch meter - \$39.00	10 - inch meter - \$825.00
2 - inch meter - \$60.00	

Customers who are provided service under Schedule Mg-1, shall also be subject to the charges in this schedule.

**Billing:** Same provisions as for general service in Schedule Mg-1.

**Public Fire Protection Service- Suburban Retail Communities - - - F-1.1**

For public fire-protection service furnished to areas served at retail outside of the City of Milwaukee, the annual charge to cover the use of facilities in place December 31, 2001, shall be as follows:

St. Francis	\$167,591
Hales Corners	\$ 31,223 plus Schedule F-1.3
Greenfield	See Schedule F-1.2
West Milwaukee	See Schedule F-1.4

Public Fire-Protection Service-Suburban: Greenfield - - - F-1.2

Availability: This schedule is applicable for public fire-protection service. Under Wis. Stat. § 196.03(3)(b), the municipality has chosen to have the utility directly bill public fire-protection to all classes of retail general service customers.

Rate: The base charge of \$323,513 was used in the calculation of the public fire-protection charge per equivalent meter.

Public fire-protection charge by meter size per quarter:

3-	inch meter-	\$ 81.00
4-	inch meter-	\$162.00
6-	inch meter-	\$288.00
8-	inch meter-	\$444.00
10-	inch meter-	\$666.00
12-	inch meter-	\$999.00
3/8-	inch meter-	\$ 6.45
1/2-	inch meter-	\$27.00
3/4-	inch meter-	\$ 6.45
1-	inch meter-	\$13.35
1 1/4-	inch meter-	\$14.25
2-	inch meter-	\$39.00

Customers who are provided service under Schedule Mg-2 shall also be subject to the charges in this schedule.

Billing : Same provisions as for general service in Schedule Mg-1.

Public Fire-Protection Service - Suburban: Hales Corners - - - F-1.3

Availability: This schedule is applicable for public fire-protection service. Under Wis. Stat. § 196.03(3)(b), the municipality has chosen to have the utility directly bill public fire-protection to all classes of retail general service customers.

Rate: The base charge of \$36,077 was used in the calculation of the public fire-protection charge per equivalent meter.

Public fire-protection charge by meter size per quarter:

3-	inch meter-	\$ 81.00
4-	inch meter-	\$144.00
6-	inch meter-	\$270.00
8-	inch meter-	\$432.00
10-	inch meter-	\$645.00
12-	inch meter-	\$861.00
3/8-	inch meter-	\$ 5.40
1/2-	inch meter-	\$27.00
3/4-	inch meter-	\$ 5.40
1-	inch meter-	\$13.35
1 1/4-	inch meter-	\$14.25
2-	inch meter-	\$42.00

Customers who are provided service under Schedule Mg-2 shall also be subject to the charges in this schedule.

Billing : Same provisions as for general service in Schedule Mg-1.

Public Fire-Protection Service - Suburban: West Milwaukee - - - - F-1.4

Availability: This schedule is applicable for public fire-protection service. Under Wis. Stat. § 196.03(3)(b), the municipality has chosen to have the utility directly bill public fire-protection to all classes of retail general service customers.

Rate: The base charge of \$93,588 was used in the calculation of the public fire-protection charge per equivalent meter.

Public fire-protection charge by meter size per quarter:

5/8 - inch meter -	\$10.80	3- inch meter -	\$ 159.00
3/4- inch meter -	\$10.80	4- inch meter -	\$ 267.00
1- inch meter -	\$25.50	6- inch meter -	\$ 531.00
1 1/4- inch meter -	\$37.50	8- inch meter -	\$ 846.00
1 1/2- inch meter -	\$52.50	10- inch meter -	\$1,245.00
2- inch meter -	\$84.60	12- inch meter -	\$1,692.00

Customers who are provided service under Schedule Mg-2 shall also be subject to the charges in this schedule.

Billing: Same provisions as for general service in Schedule Mg-1.

Private Fire-Protection Service --- Pf-1

Within City of Milwaukee

<u>Size of Connection</u>	<u>Quarterly Charge</u>
1 - inch	\$ 12.00
1 1/2 - inch	\$ 14.25
2 - inch	\$ 16.50
3 - inch	\$ 21.00
4 - inch	\$ 33.00
6 - inch	\$ 60.00
8 - inch	\$ 81.00
10 - inch	\$123.00
12 - inch	\$231.00
14 - inch	\$249.00
16 - inch	\$474.00

Outside City of Milwaukee (Urban rate above plus 25 percent surcharge rounded up to nearest cent)

Size of Connection	Quarterly Charge
1 - inch	\$ 15.00
1½ - inch	\$ 17.82
2 - inch	\$ 20.63
3 - inch	\$ 26.25
4 - inch	\$ 41.25
6 - inch	\$ 75.00
8 - inch	\$101.25
10 - inch	\$153.75
12 - inch	\$288.75
14 - inch	\$311.25
16 - inch	\$592.50

Billing : Same provisions as for general service in Schedule Mg-1.

Private Fire-Protection Service - Special --- PF-2

Delete.

General Service - Urban --- Mg-1

Quarterly Service Charges:

Size of Meter	Charge	Size of Meter	Charge
¾ - inch or smaller	\$ 10.70	8 - inch	\$ 765.00
1 - inch or 1¼ - inch	\$ 22.70	10 - inch	\$1,136.00
1½ - inch	\$ 44.00	12 - inch	\$2,088.00
2 - inch	\$ 72.00	14 - inch	\$2,290.00
3 - inch	\$140.00	16 - inch	\$2,490.00
4 - inch	\$280.00	20 - inch	\$3,450.00
6 - inch	\$495.00	24 - inch	\$5,774.00



Charge for Water Used Per Quarter:

			<u>Per 100 Cubic Feet</u>	<u>Per 1,000 Gallons</u>
First	10,000 cubic feet or 75,000 gallons		\$1.180	\$1.577
Next	490,000 cubic feet or 3,675,000 gallons		\$1.090	\$1.457
Next	1,500,000 cubic feet or 11,250,000 gallons		\$0.680	\$0.909
Over	2,000,000 cubic feet or 15,000,000 gallons		\$0.630	\$0.842

Billing:

Late Payment Charge - 5 percent late payment charge. (See Rules)

Large volume retail customers may be billed monthly based on monthly water meter readings at the discretion of the Milwaukee Water Works.

General Service - Urban - - - - Mg 1.1

Other Charges:

Non-sufficient funds charge 1/ \$20.00

1/ This fee is for the processing and collecting of NSF checks.

Interim Meter Readings taken by Utility Staff:

Charge: \$20.00 per reading.

Basis for charge: In situations where such readings (taken between regular quarterly readings) are required for real estate closings, changes in tenancy, etc., Milwaukee Water Works accepts the customer's reading.

Application: This charge would be made whenever the customer requests that a utility person make the reading.

Investigation Charge:

Charge: \$20.00 per investigation following the first free investigation.

Basis for Charge: Investigations have been performed by the utility as a customer service, generally to identify leaks. They generally are scheduled in advance and the customer is advised to be present to give access to the building. At times, the customer fails to be present or is unable to give full access. Some customers demand additional investigations within a short period of time under circumstances that do not warrant the additional effort. This charge for additional investigations compensates the Milwaukee Water Works for the resulting cost.

Application: This charge applies whenever a customer fails to be present at a scheduled investigation and the customer reschedules the investigation. A first no-show would not be charged. A second no-show would be chargeable. This charge would also be made for a second or subsequent investigation scheduled within a three month period.

Billing: Same provisions as for general service in Schedule Mg-1.

Suburban Retail Service - - - Mg-2

Quarterly Service Charges: (Urban rates plus 25 percent rounded up to the nearest cent)

Size of Meter	Charge	Size of Meter	Charge
¾ - inch or smaller	\$ 13.38	8 - inch	\$ 956.25
1 - inch or 1¼ - inch	\$ 28.38	10 - inch	\$1,420.00
1½ - inch	\$ 55.00	12 - inch	\$2,610.00
2 - inch	\$ 90.00	14 - inch	\$2,862.50
3 - inch	\$175.00	16 - inch	\$3,112.50
4 - inch	\$350.00	20 - inch	\$4,312.50
6 - inch	\$618.75	24 - inch	\$7,217.50

Volume Charge for Water Used Per Quarter - West Milwaukee:

First 10,000 cubic feet	\$0.671 per 100 cubic feet
Next 490,000 cubic feet	<del>\$0.637</del> per 100 cubic feet
Next 1,500,000 cubic feet	\$0.501 per 100 cubic feet
Over 2,000,000 cubic feet	\$0.490 per 100 cubic feet

Volume Charge for Water Used Per Quarter - City of St. Francis, Greenfield, Franklin, Hales Corners, Glendale, West Allis, Shorewood, Wauwatosa, Brown Deer and similarly served areas:

			<u>Per 100 Cubic Feet</u>	<u>Per 1,000 Gallons</u>
First	10,000 cubic feet or 75,000 gallons		\$1.475	\$1.972
Next	490,000 cubic feet or 3,675,000 gallons		\$1.363	\$1.822
Next	1,500,000 cubic feet or 11,250,000 gallons		\$0.850	\$1.136
Over	2,000,000 cubic feet or 15,000,000 gallons		\$0.788	\$1.053

Monthly Billing:

Large volume suburban retail customers may be billed monthly based on monthly water meter readings at the discretion of the Milwaukee Water Works.

Billing: Same provisions as for general service in Schedule Mg-1.

Miscellaneous Service Schedules - - - Mz-1, page 2 of 2 (Mz-1.1), Mz-1.2, Mz-1.3 and B-1

Delete.

Miscellaneous Service Schedule - - - - Mz-1

Miscellaneous Public Use

Deposits:

Hydrant wrench	\$ 250.00
Hydrant cap	\$ 250.00
Meter-when required	\$ 350.00

Hydrant wrench and cap must be returned at the expiration of the hydrant use permit.

Water service provided through a fire hydrant for the following:

Sewer (flushing) -- for each 100 lineal feet of main or portion thereof: \$ 12.50

Construction uses (includes dust control, landscaping, asbestos removal, paving, concrete sawing, etc.) Other miscellaneous uses (includes festivals, farmlands under a state of emergency resulting from drought conditions, etc.) Meter requirement at the discretion of the Milwaukee Water Works.

Fire Hydrant - Water service provided through a fire hydrant for the following:

Unmetered Hydrant Use:

General Service Charge: \$ 50.00 per week  
For water used in excess of 7,000 gallons: Apply Schedule Mg-1 General Service Rates per 1,000 gallons for estimated volume.

Metered Hydrant Use:

General Service Charge: \$ 40.00 per week  
Meter Installation: \$ 250.00 per occurrence.  
For water used: Apply Schedule Mg-1 General Service Rates per 1,000 gallons.

Use of Water for Garden Plots Off Public Hydrants:

Unmetered water used for garden plots on city property from public hydrants shall be charged the following rates for service:

Per growing season (April through September)

For Irrigable Site:

\$50.00 service charge per hydrant connection per season.  
\$15.00 per 1,000 square feet or portion thereof.  
This volume is approximately 9,500 gallons per 1,000 square feet per growing season.

For Hand Carried Site:

\$40.00 service charge per hydrant connection per season.  
\$ 5.00 per 1,000 square feet or portion thereof.  
This volume is approximately 3,200 gallons per 1,000 square feet per growing season.

City boulevards irrigated by sprinklers: \$15.00 per 1,000 square feet annually

Provision of water by means of a temporary hose connection at customer's request. Chargeable hose connection fee is \$550.00.

Outside of the City:

An additional charge of 25 percent will be added for water used outside the city.

Miscellaneous Public Use - Optional

Public drinking fountains, each - per season (six months) - - - \$330.00

Suburban Resale Service - Metered - - - W-1

General Service Charges and Public Fire-Protection Service Charges:

	<u>Quarterly General Service</u>	<u>Quarterly Fire Protection</u>	<u>Monthly General Service</u>	<u>Monthly Fire Protection</u>
Brown Deer	\$ 58,150	\$11,650	\$19,383	\$ 3,883
Greendale	\$ 84,250	\$13,600	\$28,083	\$ 4,533
Shorewood	\$ 49,000	\$15,000	\$16,333	\$ 5,000
Wauwatosa	\$190,750	\$32,800	\$63,583	\$10,933
West Allis	\$171,000	\$35,600	\$57,000	\$11,867
County Institutions	\$ 36,000	\$ 0	\$12,000	\$ 0
Butler	\$ 15,000	\$ 9,750	\$ 5,000	\$ 3,250
Menomonee Falls	\$ 70,000	\$20,700	\$23,333	\$ 6,900
Wisconsin Gas	\$ 8,500	\$ 4,500	\$ 2,833	\$ 1,500

Maximum Hourly Demand:

The above stated service charge applies to the base maximum hourly demand stated below. The base maximum hourly demand will continue through March of 2002 or until a higher maximum hourly demand is established on or after March of 2002. The base maximum hourly demands are stated as follows:

Base Maximum Hourly Demand

Brown Deer	273 CCF
Greendale	306 CCF
Shorewood	242 CCF
Wauwatosa	972 CCF
West Allis	977 CCF
County Institutions	161 CCF
Butler	100 CCF
Menomonee Falls	606 CCF
Wisconsin Gas	210 CCF

\*CCF = 100 cubic feet

For a change in the maximum hourly demand on which the above service charge is predicated, increase or decrease the service charge per quarter by \$84.00 or per month by \$28.00 for each CCF (100 cubic feet) per hour that exceeds or lags the current maximum hour. Only adjust above the base or lower down to the base. Never go below the base maximum hourly demand stated on this schedule.

Each new maximum hourly demand shall apply for the current and the succeeding three quarters unless a new higher demand is created during such period.

Exceptions:

1. Exclusive of peak demand due to water main break where seller is notified by resale customer within 48 hours after resale customer becomes aware of main break. To qualify for exception, resale customer must reduce its hourly demand to less than the currently applicable maximum hourly demand within four hours of the time it becomes aware of the main break.
2. Exclusive of the use of water for fire-protection service where seller is notified by resale customer within 48 hours.
3. The 48 hour notification requirements stated above are exclusive of Saturdays, Sundays and legal holidays.

Commodity charge:

\$0.44 per 100 cubic feet

Suburban Resale Service - Metered - - - W-1, page 2 of 2 (W-1.1 and W-1.2), W-1.3, W-1.4 and W-1.5

Delete.

Standby Service to the Cudahy Water Utility - - - Ws-1

Rates:

Standby Charge: \$3,200 per year, payable in equal installments on

January 1 and July 1 for the year, in advance.

Commodity Charge:

\$0.60 per 100 cubic feet

Standby Service to the North Shore Water Commission - - - Ws-3

Rates:

Standby Charge: \$2,500 per year, payable in equal installments on January 1 and July 1 for the year, in advance.

Commodity Charge: \$0.60 per 100 cubic feet

Standby Service to the Village of Butler - - - Ws-4

Delete.

Standby Service to the Village of Greendale - - - Ws-5

Rates:

Standby Charge: \$7,600 per year, Payable in equal installments on January 1 and July 1 for the year, in advance.

Commodity Charge: Apply commodity charge specified in rate schedule W-1 plus a 25 percent surcharge.

Charges for Connections, Repairs and Resetting Meters --- Lc-1

Permit Application Charge

The charge for each separate application made for a tap, branch, or extension includes a \$50 fee to cover administrative and clerical functions and is not refundable in the event of a cancellation.

Tapping Charge

The tapping charge includes furnishing and installing the corporation stop, furnishing the curb stop and unmetered water for construction purposes for one and two family homes. A service box is not included. Paved areas require a roadway service box and cover for which an additional \$80 will be charged. Add 25 percent to tapping charge for outside the City of Milwaukee.

Main size (Inches)	Service Pipe Size (Inches)		
	1	1½	2
4	\$470*	\$560*	\$670*
6	\$190	\$560*	\$690*
8 and larger	\$190	\$510	\$610

\*Includes tapping saddle

Branch Charge

The branch charge includes furnishing and installing a special sleeve or tee as required, the branch valve (gate or butterfly) and furnishing the value box and cover. Add 25 percent to branch charge for outside the City of Milwaukee.

Main Size (Inches)	3	4	6	8	10	12
6	\$1,230 *	\$1,300	\$1,350	N/A	N/A	N/A
8	\$1,230 *	\$1,350	\$1,430	\$1,780	N/A	N/A
12	N/A	\$1,880	\$2,060	\$2,230	\$2,470	\$2,610
16	N/A	\$3,710	\$3,920	\$3,780	\$3,960	\$3,860
20	N/A	\$3,670 **	\$4,030	\$3,890	\$4,070	\$3,970

N/A Not applicable

\* Plumber must supply a reducer at branch valve to install a 3-inch pipe.

\*\* Plumber must supply a reducer at branch valve to install a 4-inch pipe.

Extension (meters) Charge

The extension charge includes furnishing, testing and installing the meter and automatic meter reading (AMR) device, except AMR device is not available for compound/turbine meters. Prices on request for meter types and sizes not listed.

Meter Size (Inches)	Positive Displacement	Compound Turbine
5/8	\$210	N/A
3/4	\$230	N/A
1	\$260	N/A
1 1/2	\$440	N/A
2	\$530	N/A
2	N/A	\$1,120
3	N/A	\$1,610
4	N/A	\$2,460
6	N/A	\$3,530
8	N/A	\$5,040
10	N/A	\$6,320
4x2	N/A	\$5,930
6x2	N/A	\$7,730
8x2	N/A	\$10,310
10x2	N/A	\$15,320



Repair Charges

Rule 4.1.3 of City of Milwaukee, Department of Public Works, Milwaukee Water Works, Rules and Regulations Governing Water Service, requires that damage through customer negligence be repaired by the utility at the customer's expense. Repair expense will be billed at established rates for parts and labor for actual time and material used.

Charges for complaint tests will be made in accordance with Wis. Admin. Code §§ PSC 185.77 and 185.78

Meter Reset Charges:

Meter Size (Inches)	Charges
3/8	\$ 30
3/4	\$ 30
1	\$ 30
1 1/2	\$ 100
2	\$ 130
2C	\$ 210
3	\$ 280
4	\$ 280
6	\$ 420
8	\$ 560
10	\$ 560
4x2	\$ 560
6x2	\$ 560
8x2	\$ 840
10x2	\$ 1,120

Remote Register Meter Attachments - - - Mr-1

Delete.

Remote Reading Devices - Rules - - - 4.1.4

Delete.

Surcharge Rates for Nonconservant Air-Conditioning and Refrigeration - - - Ac-1

Delete.

Operating Rules and Regulations and Main Extension Rule - - - Chapters 1 through 6

The utility is required to file updated language to reflect current practice and legal requirements within 90 days of the mailing date of the rate order in Docket 3720-WR-104.

TJM:dwh:W:\Orders\3720-WR-104 Milwaukee Water Works Appendix C.doc

# Appendix D

## Urban Milwaukee

### Milwaukee Water Works

#### Customer Water Bill Comparison at Present and Authorized Rates

Customer Type	Meter Size (Inches)	Volume 100 Cu. Ft.	Quarterly		Percent Change
			Bills at Old Rates	Bills at New Rates	
Residential	5/8	10	\$ 20.37	\$ 22.50	10%
Residential	5/8	15	25.70	28.40	11%
Residential	5/8	20	31.02	34.30	11%
Avg. Residential	5/8	34	45.93	50.82	11%
Commercial	1	45	68.61	75.85	11%
Commercial	1	90	116.53	128.95	11%
Commercial	1	133	159.95	176.72	10%
Commercial	2	224	294.77	325.16	10%
Public Authority	3	1,030	1,157.17	1,271.70	10%
Industrial	3	2,973	3,086.57	3,389.57	10%
Industrial	3	50,000	31,469.38	34,699.00	10%
Industrial	3	100,000	59,919.38	66,199.00	10%
Industrial	4	250,000	145,396.56	160,839.00	11%
Industrial	6	500,000	287,841.99	318,554.00	11%
Industrial	6	680,000	390,261.99	431,954.00	11%
Public Fire Protection (Annual charge)			3,735,632.00	3,986,204.00	7%

# Appendix D

## West Milwaukee

### Milwaukee Water Works

#### Customer Water Bill Comparison at Present and Authorized Rates

Customer Type	Meter Size (Inches)	Volume 100 Cu. Ft.	Quarterly		Percent Change
			Bills at Old Rates	Bills at New Rates	
Small Residential	5/8	10	\$ 18.25	\$ 20.09	10%
Residential	5/8	15	21.30	23.45	10%
Residential	5/8	25	27.40	30.16	10%
Avg. Residential	5/8	34	32.89	36.19	10%
Commercial	1	40	50.25	55.28	10%
Commercial	1	45	53.30	58.64	10%
Commercial	1	75	71.60	78.77	10%
Commercial	2	100	142.43	157.10	10%
Public Authority	2	155	174.28	192.14	10%
Commercial	2	211	206.70	227.81	10%
Commercial	2	911	612.00	673.71	10%
Commercial	3	4,185	2,585.20	2,844.25	10%
Industrial	3	4,885	2,990.50	3,290.15	10%
Industrial	3	9,700	5,195.58	5,718.10	10%
Industrial	3	145,000	65,507.08	72,128.40	10%
Public Fire Protection (Annual charge)			85,959.00	93,588.00	9%

## Appendix D

### Suburban Milwaukee

### Milwaukee Water Works

## Customer Water Bill Comparison at Present and Authorized Rates

Customer Type	Meter Size (Inches)	Volume 100 Cu. Ft.	Quarterly		Percent Change
			Bills at Old Rates	Bills at New Rates	
Small Residential	5/8	10	\$ 25.47	\$ 28.13	10%
Residential	5/8	15	32.13	35.51	11%
Residential	5/8	25	45.45	50.26	11%
Avg. Residential	5/8	29	50.78	56.16	11%
Commercial	1	37	75.13	83.02	10%
Commercial	1	45	85.79	94.82	11%
Commercial	1	75	125.75	139.07	11%
Commercial	2	100	214.63	237.50	11%
Public Authority	2	155	282.89	312.47	10%
Commercial	2	211	352.38	388.79	10%
Commercial	2	911	1,221.08	1,342.89	10%
Commercial	3	4,185	5,361.67	5,890.36	10%
Industrial	3	4,885	6,230.37	6,844.46	10%
Industrial	3	9,700	10,020.28	10,996.20	10%
Industrial	3	145,000	107,138.08	118,251.20	10%

Note: rates calculated by using Milwaukee Inside City rates plus 25% surcharge.

Appendix D

MILWAUKEE WATER WORKS - WHOLESAL AND COUNTY INSTITUTIONS

SELECTED CUSTOMER WATER BILL COMPARISON USING PRESENT AND AUTHORIZED RATES

CUSTOMER CLASS	1/		CONSUMPTION (100) (CUBIC FEET)	REVENUE AT PRESENT RATES	REVENUE AT AUTHORIZED RATES	PERCENT INCREASE
	REVENUE	AT				
BROWN DEER	753,370	\$550,589	\$610,683	10.9%		
GREENDALE	718,000	\$628,966	\$707,320	12.5%		
SHOREWOOD	615,440	\$493,888	\$526,794	6.7%		
WAUWATOSA	3,035,050	\$2,086,611	\$2,229,622	6.9%		
WEST ALLIS	3,582,000	\$2,243,990	\$2,402,480	7.1%		
MILWAUKEE COUNTY INSTITUTIONS	525,200	\$341,020	\$375,088	10.0%		
BUTLER	193,500	\$130,032	\$184,140	41.6%		
MEMONONEE FALLS	1,837,700	\$950,091	\$1,171,388	23.3%		
WISCONSIN GAS CO.	152,255	\$81,913	\$118,992	45.3%		

1/ Includes Public Fire-Protection Charge except the Milwaukee County Institutions.

## Appendix D

### MILWAUKEE WATER WORKS - PUBLIC FIRE PROTECTION CHARGES

#### SELECTED CUSTOMER WATER BILL COMPARISON USING PRESENT AND AUTHORIZED RATES

CUSTOMER CLASS	REVENUE AT PRESENT RATES	REVENUE REQUIRED	REVENUE AT AUTHORIZED RATES	PERCENT INCREASE
<b>URBAN &amp; SUBURBAN - RETAIL FIRE</b>				
MILWAUKEE	\$3,735,632	\$3,893,161	\$3,986,204	6.7%
WEST MILWAUKEE	\$85,959	\$92,282	\$93,588	8.9%
GREENFIELD	\$256,912	\$407,257	\$323,513	25.9%
ST. FRANCIS	\$167,591	\$145,246	\$167,591	0.0%
HALES CORNER	\$51,768	\$84,532	\$67,300	30.0%
<b>WHOLESALE - FIRE</b>				
BROWN DEER	\$46,272	\$46,034	\$46,600	0.7%
GREENDALE	\$53,984	\$53,706	\$54,400	0.8%
SHOREWOOD	\$57,976	\$59,218	\$60,000	3.5%
WAUWATOSA	\$129,920	\$129,391	\$131,200	1.0%
WEST ALLIS	\$141,384	\$140,658	\$142,400	0.7%
BUTLER		\$46,034	\$39,000	
MENOMONEE FALLS		\$92,067	\$82,800	
WISCONSIN GAS CO.		\$23,017	\$18,000	

