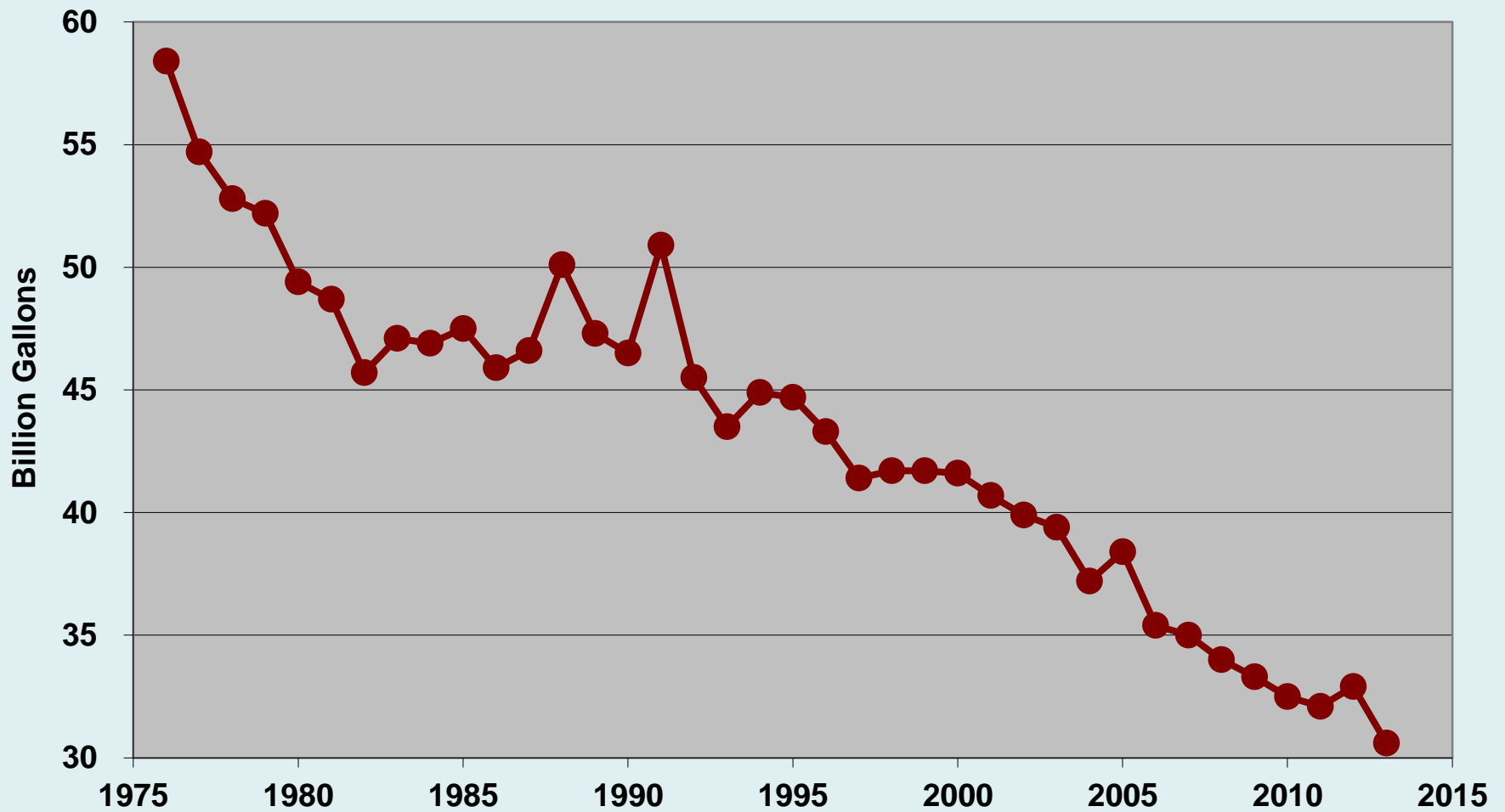


# Request for Water Rate Adjustment

- Maintain high quality drinking water
- Provide high level of service
- Support economic vitality of communities served
- Reinvest in infrastructure

## Milwaukee Water Works Metered Water Sales



# Overview of 2014 Process

- MWW required to prepare entire filing
- Collected data to fill gaps from 2010 filing
- Updated Peaking Factors resulted in cost shift
  - Retail Residential Peaking Factors Decreased
  - Wholesale Peaking Factors Increased
- Calculated revenue requirement, performed cost of service analysis and allocated costs all driven by new documented data

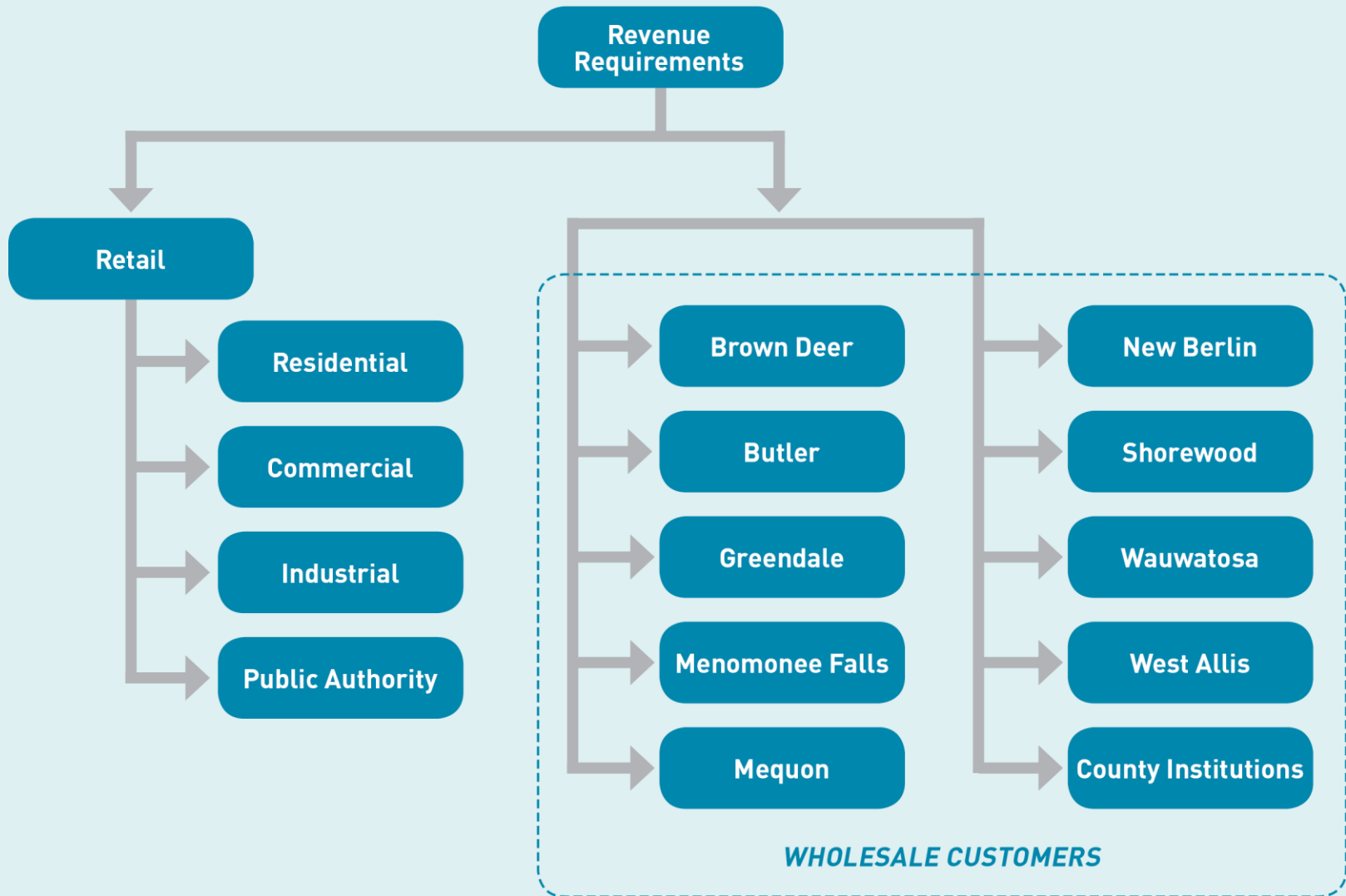
# Revenue Requirement

## Revenue Requirements

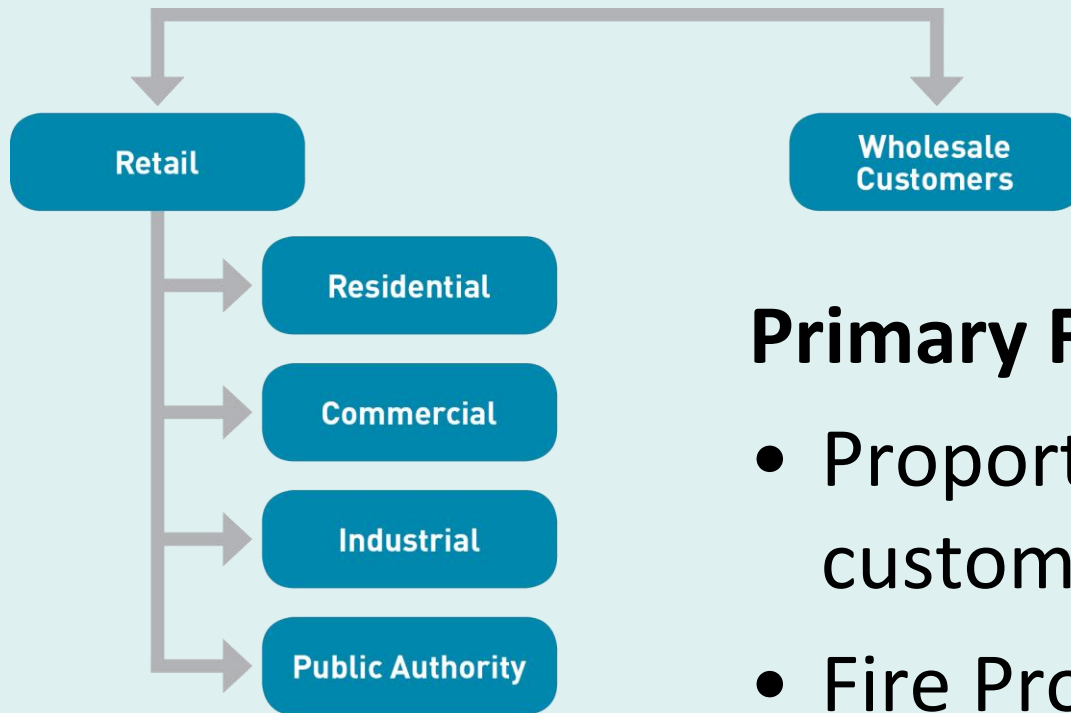
### Primary Factors

- O&M expense
- Depreciation
- Return on investment  
(rate base x rate of return)

# Cost of Service Analysis



# Cost Allocation



## Primary Factors

- Proportionate customer class demand
- Fire Protection
- Asset Allocations

# Results of Cost Allocation

(millions of dollars)

	Revenue at Present Rates	Revenue Required	Revenue at Proposed Rates
Retail	\$ 68.5	\$ 75.4	\$ 75.3
Wholesale	\$ 10.3	\$ 13.4	\$ 13.3
Total System	\$78.8	\$ 88.8	\$ 88.6

# Proposed Two-Step Rate Design

Residential	Current	First Step Increase	Proposed
	\$ 1.73 for first 100 Ccf	\$ 1.78 for first 100 Ccf	\$ 1.83 For all usage

Non-Residential	Current (per Ccf)	First Step Increase (per Ccf)	Proposed Rates (per Ccf)
First 100 Ccf	\$ 1.73	\$ 1.78	n/a
First 5,000 Ccf	\$ 1.63	\$ 1.68	\$ 1.87
Next 15,000 Ccf	\$ 1.08	\$ 1.11	\$ 1.21
Over 20,000 Ccf	\$ 0.97	\$ 1.00	\$ 1.08

**Milwaukee**  
**Water Works**

*Safe, Abundant Drinking Water.*



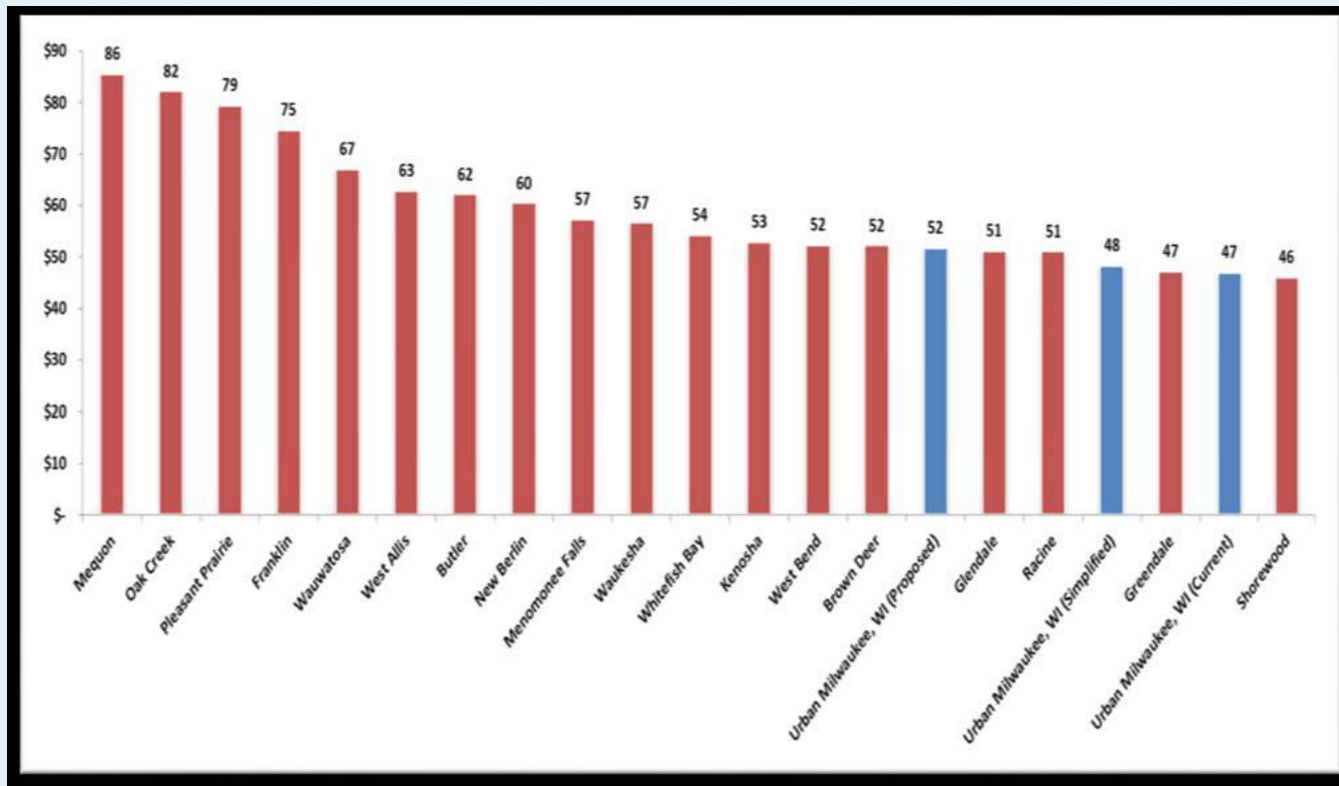
# Impacts to Customers

## Proposed two-step adjustment

	<i><b>Water use for one quarter (average)</b></i>	<i><b>Current charges per quarter</b></i>	<i><b>First step Adjustment (June 2014)</b></i>	<i><b>Second step Adjustment (Fall 2014)</b></i>	<i><b>Total charge per quarter with full adjustment</b></i>
<i><b>Residential, Single Family</b></i>	15 Ccf	\$ 41.09	\$ 1.20	\$ 2.69	\$ 44.98
<i><b>Commercial</b></i>	300 Ccf	\$ 550.60	\$ 16.55	\$ 47.00	\$ 614.15
<i><b>Industrial</b></i>	5,000 Ccf	\$ 8,487.23	\$259.82	\$ 940.00	\$ 9,687.05

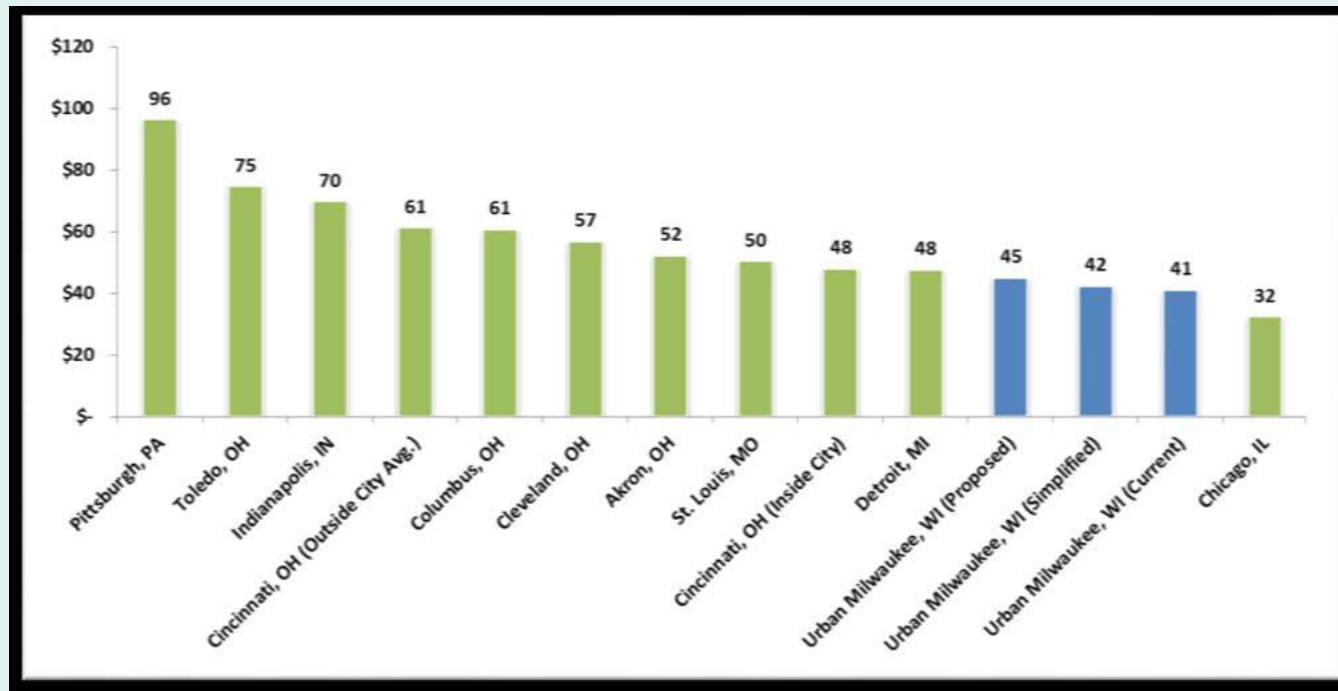
# Residential Bill Comparison

*15 Ccf per quarter, includes public fire protection*



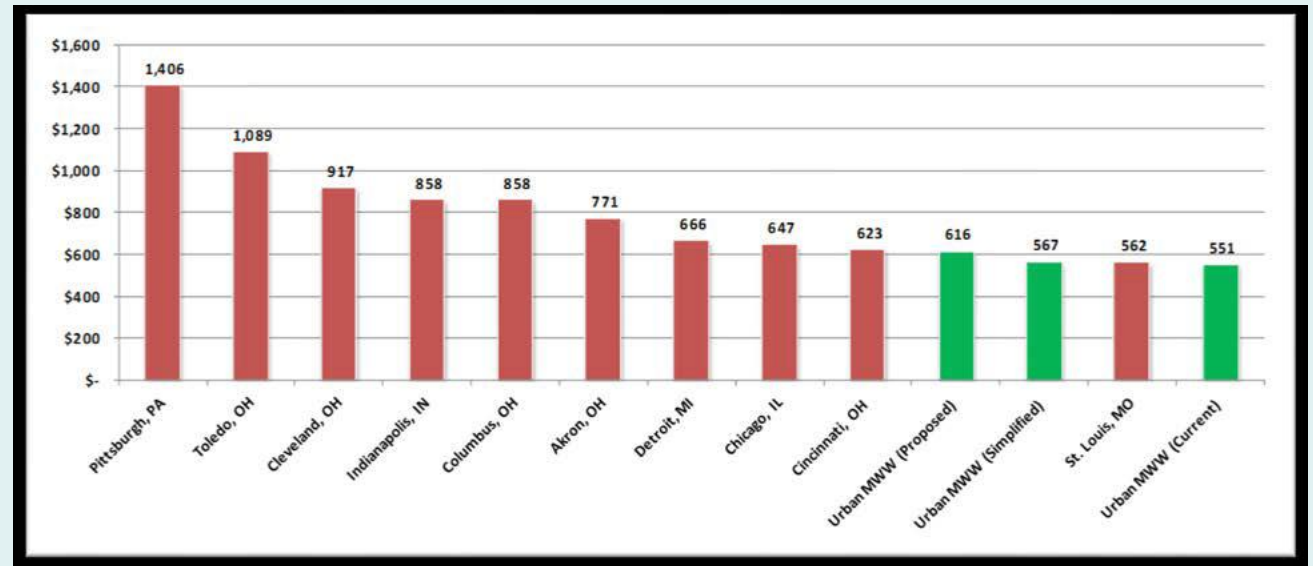
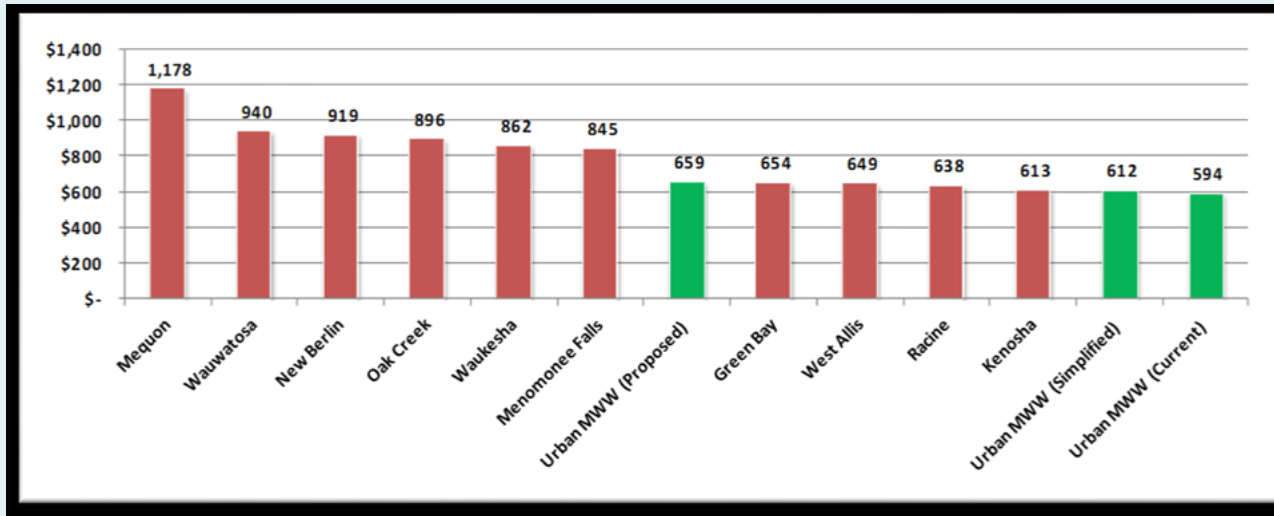
# Residential Bill Comparison

*15 Ccf per quarter  
public fire protection not included*



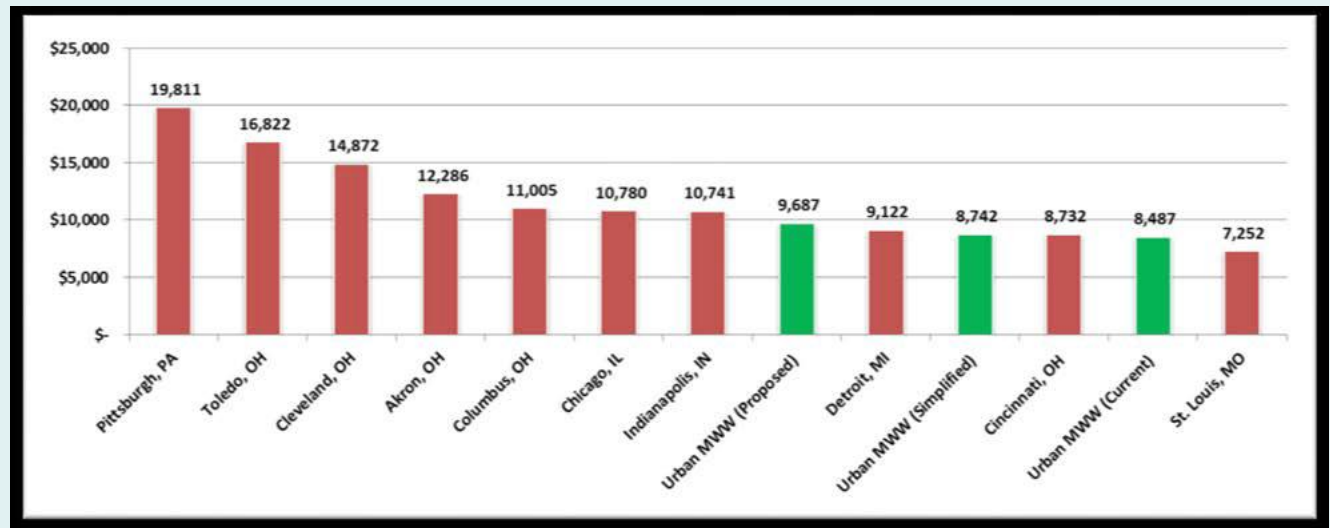
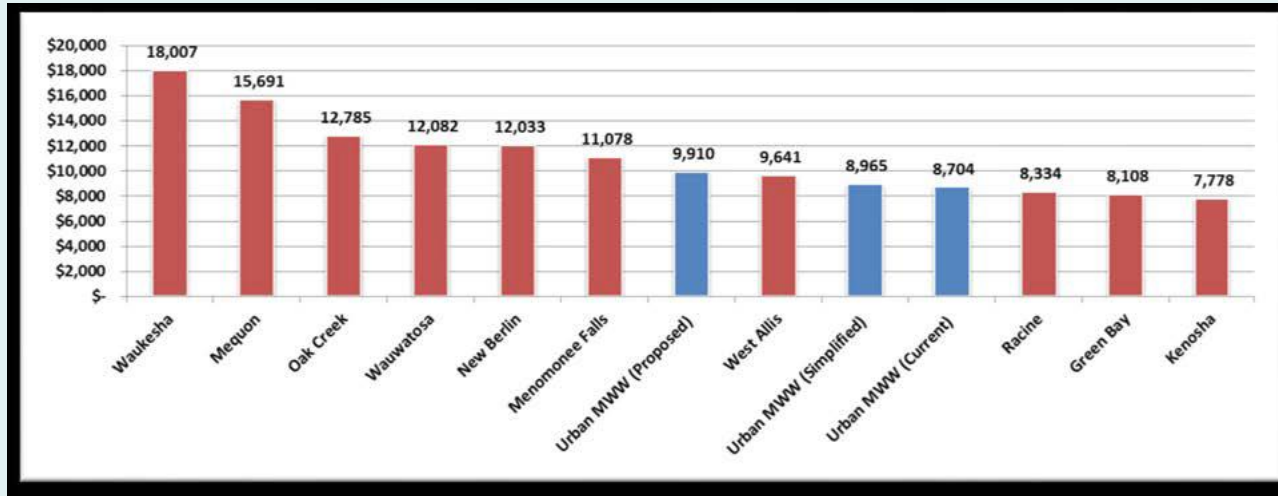
# Commercial Bill Comparison

*300 Ccf per quarter*



# Industrial Bill Comparison

*5,000 Ccf per quarter*



# Next Steps

- Approval by Common Council and Mayor
- Outreach to customers
- Submit applications (full rate case, simplified rate case)
- File testimony
- Public hearings
- PSC issues Final Decision

A close-up photograph of a clear glass filled with water. Numerous small, clear bubbles are rising from the bottom of the glass towards the surface, creating a dynamic and fresh appearance. The background is a soft, out-of-focus light blue.

# Questions?

**Milwaukee**  
**Water Works**

*Safe, Abundant Drinking Water.*