



## Legislation Text

---

**File #: 060892, Version: 2**

---

060892  
SUBSTITUTE 2

THE CHAIR

Substitute resolution relating to the preliminary findings of the Public Service Commission of Wisconsin relative to a water rate increase.

This resolution authorizes and directs the Water Works to accept the Public Service Commission of Wisconsin's proposed revenue requirement that would yield an approximate 6% increase to customers on the sale of water and a 3.3% rate of return to the utility, and authorizes the implementation of the rate increase as soon as practicable after the effective date of the Public Service Commission order.

Whereas, Resolution 060161 authorized a two-step rate increase, the first step of which was a 3.4% increase implemented on September 1, 2006 and the second step of which was initiated on September 15, 2006 with the filing of an application to the Public Service Commission of Wisconsin for authority to increase water rates through the full rate review process; and

Whereas, The rate-making process involves the Milwaukee Water Works requesting a specified rate of return from the Public Service Commission of Wisconsin, the Public Service Commission of Wisconsin performing an audit of utility finances and then assigning rate increases to various classes of customers based on their cost of service study; and

Whereas, Milwaukee Water Works requested a rate of return which is lower than the benchmark of 6.5% in order to mitigate the impact on customers; and

Whereas, The Public Service Commission has reviewed the finances of the Water Works and has preliminarily determined that the Milwaukee Water Works' request for a 3.3% rate of return would satisfy the revenue requirement for the utility and would translate to an increase of approximately 6% on sales of water to Milwaukee retail and wholesale customers; and

Whereas, Resolution 060161 resolved that the water rates recommended by the Public Service Commission of Wisconsin be submitted to the Common Council for review prior to implementation, recognizing that the Public Service Commission is the ultimate regulatory authority for the financial condition of municipal water utilities in Wisconsin; and

Whereas, Any modification to the requested rate of return must be communicated to the Public Service Commission of Wisconsin at this stage of the rate-setting process; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the rate preliminarily determined by the Public Service Commission be affirmed without a request for modification; and, be it

Further Resolved, That the Public Service Commission of Wisconsin be requested to complete the rate setting process, including the required public hearing, and that the rate increase be implemented as soon as practicable after the effective date of the Public Service Commission order and in accordance with Wis. State. 196.21 and 196.40 and City of Milwaukee Charter 14-14.

Department of Public Works  
Milwaukee Water Works

Water Administration  
CML  
February 14, 2007