



Legislation Text

File #: 060161, **Version:** 0

060161
ORIGINAL
THE CHAIR

Resolution relative to review of Milwaukee Water Works' rates.

This resolution grants authority to the proper City officials to apply to the Public Service Commission of Wisconsin for an increase in water rates.

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 15 neighboring communities; and

Whereas, The Milwaukee Water Works is a valuable resource that provides a sound economic platform for the metropolitan Milwaukee area and produces a revenue stream that reduces the municipal tax levy; and

Whereas, The Milwaukee Water Works' last rate adjustment was in June 2002; and

Whereas, The Water Works has implemented efficiencies and other cost-savings measures, but has suffered reduced revenues due to decreasing water use and has also borne increased costs related to energy, security, water treatment chemicals, and salaries and benefits without passing those increases on to ratepayers; and

Whereas, The Water Works' projected rate of return of 2.67% for 2006 is substantially lower than the Public Service Commission's recommended rate of return of 6.5% for municipal utilities and presently authorized rates will produce revenues that will fall short of that needed to meet expenses in 2006 and future years and retained earnings will begin to be depleted to cover the gap; and

Whereas, Adequate revenue is essential to allow the Water Works to produce high quality drinking water and properly operate, maintain and repair its extensive infrastructure and; and

Whereas, A two-step rate increase would improve the revenue stream while softening the impact to customers; 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 cost of living rate increase and to implement this increase as soon as approved by the Public Service Commission (as Step 1 of the process); and, be it

Further Resolved, That, in addition as Step 2 of the process, the Superintendent of the Water Works submit to the Public Service Commission a request for a rate increase for implementation in 2007, via a full rate review and audit, requesting a rate of return that is lower than the recommended 6.5% in order to mitigate the impact on customers; and, be it

Further Resolved, That the water rates resulting from the full rate review that are recommended by the Public Service Commission 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 may impose a rate different from that requested.

Department of Public Works
Milwaukee Water Works
Water Administration
CML
May 31, 2006