



Legislation Text

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ORIGINAL
THE CHAIR

Resolution relative to a rate increase for Milwaukee Water Works.

This resolution authorizes and directs the proper City officials to apply to the Public Service Commission of Wisconsin for a water rate increase of 3% using the simplified rate case process. The increase will not be implemented before September 1, 2017 for an effective 2017 annual increase of 1.0%.

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 must maintain adequate revenue to produce high quality drinking water and properly operate, maintain and repair its extensive infrastructure, and achieve an accelerated main replacement cycle; and

Whereas, The Milwaukee Water Works is eligible to apply for a rate adjustment using the Simplified Rate Case process because one full calendar year has elapsed since the last rate adjustment in September 2016 and the utility's rate of return of 3.8% is below the Public Service Commission of Wisconsin's benchmark rate of return of 5.2%; and

Whereas, The Simplified Rate Case process helps utilities maintain rate continuity so that customers benefit from avoiding sporadic, volatile rate increases; and

Whereas, the rate increase factor prescribed by the Public Service Commission for the Simplified Rate Case process for 2017 is 3%, which is an annualized increase of 1.0% for 2017 when implemented after August 31, 2017; and

Whereas, 3% would increase annual revenue by \$2.7 million and the increase to the average residential customer using 15 Ccf of water per quarter would be \$1.70 per quarter or \$6.80 per year; however, the increase would be in place for less than four months in 2017 so revenue would increase by \$891,000 and customer increase would be \$2.24 for the year; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the proper city officials are authorized and directed to apply to the Public Service Commission of Wisconsin for a 3% water rate increase using the simplified rate case process; and, be it

Further Resolved, That the rate increase will not be effective before September 1, 2017.

Department of Public Works
Milwaukee Water Works
Administration
Jennifer Gonda
June 13, 2016