

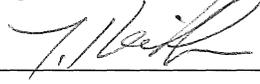
Internal Monitoring Report

Policy #: O-2D Affordability

Monitoring Frequency: Annual

Date: May 28, 2013

I certify that the following information is true.

Signed  _____, General Manager

Policy Language:

Madison Water Utility customers will pay an affordable rate for water, recognizing that this affects investment in infrastructure and water quality improvements.

Accordingly,

1. Water rates will be between the 25th and 75th percentile for Class AB utilities (those serving 4,000 customers or more) in Wisconsin.
2. Water rates will complement economic growth in the City of Madison.

General Manager's interpretation and its justification:

1. "Water rates" in this context means the average residential bill. To make a like kind comparison, a quarterly billing frequency is used across the board and consumption is assumed to be 18,750 gallons per quarter, which matches the City of Madison's consumption. Nonresidential water rates cannot be compared on an "apples-to-apples" basis due to differences in rate structures (class vs. non-class rates, different declining blocks, etc.) The question of nonresidential water rates relates to paragraph #2 below. The Public Service Commission of Wisconsin sets all class rates based on cost-of-service for a particular class (residential, commercial, industrial and public authority).
2. Water rates likely do not play a large role in private sector economic development decisions except in the potential case of water intensive industries. This will be confirmed and monitored through coordination with the City of Madison's planning and economic development staff.

Data directly addressing the General Manager's interpretation:

1. As the attached data show, the City of Madison's average residential water bill (if billed quarterly) would be \$66.00. This is below the median Class AB water utility bill of \$72.20 (Racine).
2. Feedback from the City of Madison Department of Planning and Community and Economic Development indicates that the cost of water has not been raised as a concern

for any future development, though large users would be sensitive to any future changes in supply and/or rates. The Water Utility's ability to provide high quality water service is viewed as an advantage.

I report compliance.

Attachment:

Residential Bill Comparison

Residential Bill Comparison

Wisconsin Class AB Utilities

Utility Name	County	Quarterly Bill (18,750 Gallons)	Date Rate Effective
SUPERIOR WATER LIGHT AND POWER CO	Douglas	\$177.25	1/1/2013
HOWARD VILLAGE OF WTR & SWR DEP	Brown	\$159.64	5/21/2012
MENASHA ELECTRIC & WATER UTILITIES	Winnebago	\$153.00	3/1/2012
ELKHORN LIGHT AND WATER	Walworth	\$148.25	7/1/2010
ALLOUEZ VILLAGE OF WATER DEPT	Brown	\$136.09	1/1/2012
BELLEVUE WATER UTILITY	Brown	\$135.90	1/1/2012
APPLETON WATER DEPT	Calumet	\$135.65	12/30/2010
DE PERE WATER DEPARTMENT	Brown	\$135.19	3/22/2011
HARTFORD CITY OF UTILITIES	Washington	\$133.31	1/8/2011
NEENAH CITY OF WATER UTILITY	Winnebago	\$129.94	1/1/2011
GRAND CHUTE TOWN OF SANITARY DIST 1	Outagamie	\$123.77	1/4/2011
KAUKAUNA UTILITIES	Outagamie	\$123.00	1/1/2011
FOND DU LAC WATER UTILITY	Fond du Lac	\$122.89	1/1/2010
MENASHA - TOWN OF - UTILITY DISTRICT	Winnebago	\$113.02	3/1/2012
OSHKOSH CITY OF WATER UTILITY	Winnebago	\$110.75	5/10/2011
PLEASANT PRAIRIE VILL OF WTR UTY	Kenosha	\$108.86	3/12/2012
FRANKLIN MUNICIPAL WATER UTILITY	Racine	\$107.97	9/2/2012
PORT WASHINGTON MUN WATER UTILITY	Ozaukee	\$104.62	1/3/2011
WISCONSIN RAPIDS WATER WORKS & LIGHTING COMMISSION	Wood	\$101.75	6/4/2012
TWO RIVERS WATER & LIGHT UTILITY	Manitowoc	\$98.09	8/15/2012
ANTIGO UTILITIES	Langlade	\$96.40	7/5/2012
SOUTH MILWAUKEE WATER UTILITY	Milwaukee	\$91.75	10/1/2010
MARSHFIELD UTILITIES	Wood	\$91.65	1/1/2012
LITTLE CHUTE MUNICIPAL WATER DEPT	Outagamie	\$91.13	9/9/2011
NEW BERLIN WATER UTILITY	Waukesha	\$89.57	2/15/2011
CALEDONIA VILLAGE OF WATER UTILITY	Racine	\$89.03	10/15/2012
ASHWAUBENON WATER AND SEWER UTILITY	Brown	\$87.38	6/1/2006
MENOMONEE FALLS VILLAGE OF WTR UTY	Waukesha	\$86.84	4/1/2011
OCONOMOWOC CITY OF UTILITIES	Waukesha	\$85.54	9/16/2011
WAUKESHA WATER UTILITY CITY OF	Waukesha	\$84.28	7/11/2012
WATERTOWN WATER DEPARTMENT	Jefferson	\$83.65	7/31/2012
PLOVER VILL OF MUN WTR UTY	Portage	\$83.06	9/14/2001
WAUWATOSA WATER UTILITY	Milwaukee	\$83.00	3/2/2013
MARINETTE MUNICIPAL WATER UTILITY	Marinette	\$82.26	3/1/2012
STURGEON BAY UTILITIES	Door	\$78.75	6/1/2009
SPARTA MUNICIPAL WATER DEPT	Monroe	\$78.72	11/15/2010
WHITEFISH BAY VILLAGE OF WTR UTY	Milwaukee	\$76.45	7/1/2012
WEST BEND CITY OF WATER UTY	Washington	\$73.60	4/1/2011
MILWAUKEE WATER WORKS	Milwaukee	\$73.01	6/1/2013
OAK CREEK WATER & SEWER UTILITY	Milwaukee	\$72.44	6/6/2011
RACINE WATER WORKS COMMISSION	Racine	\$72.20	8/22/2011
BEAVER DAM WATER UTILITY	Dodge	\$71.45	3/1/2005
GLENDALE WATER UTILITY	Milwaukee	\$71.27	11/14/2011

Residential Bill Comparison

Wisconsin Class AB Utilities

Utility Name	County	Quarterly Bill (18,750 Gallons)	Date Rate Effective
MILWAUKEE WATER WORKS	Milwaukee	\$70.88	2/8/2011
DARBOY JOINT SANITARY DISTRICT NO. 1	Outagamie	\$69.88	5/1/2011
WEST ALLIS MUNICIPAL WATER UTILITY	Milwaukee	\$66.75	7/27/2011
GREEN BAY WATER UTILITY	Brown	\$66.50	3/6/2013
MADISON WATER UTILITY	Dane	\$66.00	5/9/2011
GREENDALE VILLAGE OF WATER UT	Milwaukee	\$65.44	6/1/2013
STEVENS POINT MUN WATER UTILITY	Portage	\$65.00	5/1/2012
GRAFTON WATER & WASTEWATER UTILITY	Ozaukee	\$63.19	12/24/2009
BROOKFIELD MUNICIPAL WATER UTILITY	Waukesha	\$63.15	9/1/2011
WAUNAKEE WATER AND LIGHT COMMISSION	Dane	\$61.13	7/1/2012
SHAWANO CITY OF WATER & SEWER UTILITY	Shawano	\$60.50	1/1/2009
WESTON WATER UTILITY	Marathon	\$60.31	3/18/2009
CUDAHY CITY OF WATER UTILITY	Milwaukee	\$60.30	8/1/2011
VERONA WATER UTILITY	Dane	\$60.25	7/1/2011
BELOIT WATER UTILITY	Rock	\$58.40	12/1/2010
MILWAUKEE WATER WORKS	Milwaukee	\$58.39	6/1/2013
STOUGHTON WATER UTILITY	Dane	\$58.13	9/1/2010
WAUSAU WATER UTILITY	Marathon	\$57.70	7/1/2010
EAU CLAIRE MUNICIPAL WATER UTILITY	Eau Claire	\$57.67	2/1/2013
GERMANTOWN WATER UTILITY	Washington	\$54.90	9/15/2010
MANITOWOC PUBLIC UTILITIES	Manitowoc	\$54.50	1/1/2012
KENOSHA WATER UTILITY	Kenosha	\$54.21	12/31/2009
SUN PRAIRIE UTILITIES	Dane	\$53.20	6/4/2010
MONROE MUNICIPAL WATER UTILITY	Green	\$51.00	4/2/2010
CHIPPEWA FALLS DEPT OF PUBLIC UTIL	Chippewa	\$50.69	12/1/2009
BARABOO CITY WATER WORKS	Sauk	\$48.79	3/20/2012
HUDSON PUBLIC UTILITIES	Saint Croix	\$48.45	7/1/1997
FORT ATKINSON CITY OF WATER UTILITY	Jefferson	\$48.20	9/1/2010
LA CROSSE WATER UTILITY	La Crosse	\$48.00	1/1/2013
LAKE GENEVA UTILITY COMMISSION	Walworth	\$47.10	11/26/1991
MILWAUKEE WATER WORKS	Milwaukee	\$47.08	6/1/2013
FITCHBURG WATER UTILITY	Dane	\$46.95	7/1/2012
MENOMONIE CITY OF WATER DEPT	Dunn	\$46.58	12/1/2002
MIDDLETON MUNICIPAL WATER UTILITY	Dane	\$45.81	3/31/2011
MILWAUKEE WATER WORKS	Milwaukee	\$45.71	2/8/2011
JANESVILLE WATER UTILITY	Rock	\$44.90	1/1/2013
ONALASKA MUNICIPAL WATER UTILITY	La Crosse	\$43.00	12/7/2010
SHEBOYGAN WATER UTILITY	Sheboygan	\$43.00	2/1/2012
RIVER FALLS MUNICIPAL UTILITY	Pierce	\$42.00	4/13/2012

Median	\$71.83
Average	\$80.56
Standard Deviation	31.8421