

Rate Case Update

As required by: Policy #EL-2d: Financial Condition & Activities

Date: May 18, 2011

- The application to increase rates by 9% was filed with the Public Service Commission (PSC) on October 6, 2010.
- After review, PSC Staff sent a request with 24 questions for further information on November 2, 2010. Utility staff responded on November 11, 2010 with answers to all 24 questions. PSC staff sent 6 follow-up questions on November 8, 2010 and utility staff responded with answers on November 10, 2010. PSC staff requested additional information on November 15, 2010 and utility staff responded with answers on November 17th and there were two follow-up telephone questions and conversations with answers provided during the calls by utility staff.
- Revenue requirements have been completed as of December 16, 2010.
- Cost of Service study is continuing, and then completed rate design begins.
- Clean Wisconsin filed a Request to Intervene in our current rate application on December 7, 2010. Melissa Mallott contacted the Utility prior to the intervention filing request to let us know that they would like to be involved in this rate application.
- A pre-hearing conference was held February 8, 2011. PSC staff, utility staff and Clean Wisconsin met to discuss any issues related to the current rate case.
- A follow up meeting was held with Clean Wisconsin on February 14, 2011.
- Response to Clean Wisconsin's First Set of Discovery was filed on March 9, 2011.
- Direct Testimony of Tom Heikkinen was filed on March 15, 2011.
- A hearing before the Administrative Law Judge was held at 9:30am on April 6, 2011.
- For anyone monitoring activity in the PSCW's Electronic Regulatory Filing (ERF) System, you may have noticed two "complaints" filed on April 13 in our rate case. I reviewed the documents and they are not actual complaints, but public comments. The public comment period ended on April 6 so the option to file a comment electronically was unavailable on the 13th, but the option to file the comments as a complaint was available. The comments filed on the 13th are included in the ERF site but are not a part of the official record and will not be considered as a part of the final decision/outcome.
- The PSCW held a hearing on Thursday April 14, 2011 and they awarded Clean Wisconsin \$5,962.50 in Intervenor Compensation for the sole purpose of negotiating and hopefully finalizing a stipulation with the City of Madison Water Utility on the issues that were specified in their application for intervenor status. Ref 1-IC-443.
- Initial briefs will be due on April 27 at noon.
- Response briefs to be filed May 4 at noon.
- After briefs and response briefs have been filed, the application to increase rates is ready for disposition. By default all applications are delegated to the Water Division Administrator, the chairperson of the Public Service Commission of Wisconsin can decide that the application will be heard by the commission. If that occurs, the application will be placed on the commission calendar in May. It is hoped that we will have a final disposition by the end of May. If that is the case, we would be able to start prorating the rate increase in on the September 1st bills and be fully implemented on the February 1st 2012 bill.

- The Utility and Clean Wisconsin agreed to a stipulation to be submitted for this rate case. The stipulation is attached.
- Here is the Proposed Rate Design:

General Service - Metered - - - Mg-1

Service Charges (All Customer Classes):

	<u>Semiannual</u>	<u>Quarterly</u>	<u>Monthly</u>
3/8 -inch meter	\$ 27.00	13.50	4.50
1/4 -inch meter	\$ 31.50	15.75	5.25
1 -inch meter	\$ 46.50	23.25	7.75
1 1/4 -inch meter	\$ 60.00	30.00	10.00
1 1/2 -inch meter	\$ 75.00	37.50	12.50
2 -inch meter	\$ 111.00	55.50	18.50
3 -inch meter	\$ 180.00	90.00	30.00
4 -inch meter	\$ 270.00	135.00	45.00
6 -inch meter	\$ 465.00	232.50	77.50
8 -inch meter	\$ 720.00	360.00	120.00
10 -inch meter	\$ 1,056.00	528.00	176.00
12 -inch meter	\$ 1,410.00	705.00	235.00

Plus Volume Charges:

Residential Customers:

All water used - \$2.10 per 100 cubic feet or
\$2.81 per 1,000 gallons

Nonresidential Customers:

First 50,000 cubic feet used semiannually or - \$1.75 per 100 cubic feet or
25,000 cubic feet used per quarter or \$2.34 per 1,000 gallons
8,333 cubic feet used per month

Over 50,000 cubic feet used semiannually or - \$1.37 per 100 cubic feet or
25,000 cubic feet used per quarter or \$1.83 per 1,000 gallons
8,333 cubic feet used per month

- The Public Service Commission of Wisconsin issued a final decision in Docket 3280-WR-112 authorizing our rate increase on May 5, 2011. The rate design as proposed above was approved.
- A letter was transmitted to the Public Service Commission of Wisconsin on May 6, 2011 stating that Madison Water utility would begin prorating the new rates on May 9, 2011. The first monthly bills that any portion of the increase will appear on are the August 1, 2011 bills.