

# Internal Monitoring Report

Policy #: O-2D Affordability

Monitoring Frequency: Annual

Date: May 22, 2012

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 25<sup>th</sup> and 75<sup>th</sup> percentile for Class AB utilities (those serving 4,000 customers or more) in Wisconsin.
2. Water rates will complement economic growth in Madison.

## General Manager's interpretation and its justification:

1. "Water rates" in this context means the average residential bill. To make an apples-to-apples comparison, a quarterly billing frequency is used across the board, and the consumption is assumed to be 16,500 gallons per quarter, which matches Madison's consumption.
2. Water rates likely do not play a large role in private sector economic development decisions except in the case of water intensive industries. As long as Madison's residential water costs remain affordable and commercial/industrial rates are based on cost of service, water rates will complement economic growth in Madison.

## Data directly addressing the General Manager's interpretation:

As the attached data show, Madison's average residential water bill (if we billed quarterly) would be \$59.70. This is below the median Class AB water utility bill of \$64.46 (Beaver Dam) and meets the percentile requirement set forth in the policy (42<sup>nd</sup> percentile).

## I report compliance.

### Attachment:

Residential Bill Comparison