

**MADISON WATER UTILITY
MADISON, WISCONSIN**

**OVERVIEW OF RATE CASE FILING
WITH PUBLIC SERVICE COMMISSION OF WISCONSIN
February 26, 2014**

Introduction:

Madison Water Utility (MWU) is preparing for its upcoming rate case filing with the Public Service Commission of Wisconsin (PSCW). MWU's goal is to have the new rates fully implemented by fall 2014.

Background:

In consultation with City Purchasing, MWU followed City procurement requirements in soliciting proposals from firms for providing assistance to MWU with its rate case filing.

MWU last filed a rate case application for an increase in its rates with the PSCW on October 6, 2010. The PSCW issued a rate order granting a 9% increase in rates to MWU on May 3, 2011. MWU bills its customers on a six-month billing cycle. MWU began billing its customers under the new rate order on August 1, 2011, and the rate increase became fully effective January 1, 2012. MWU anticipates converting its semiannual accounts to monthly billing during the summer of 2014.

MWU recently implemented a system-wide Advanced Metering Infrastructure that captures hourly meter readings for all of its customers with initial data going back to July 2012. Hourly data is kept in a Meter Data Management System *MeterSense* from Harris Utilities in an Oracle database, while the six month billing data is maintained using Customer Information Software *CIS Infinity* from Advanced Utility Systems in a SQL database.

MWU received proposals from qualified national, regional and local firms. Again, in consultation with City Purchasing, MWU formed a committee of several MWU managers that is currently in the process of reviewing and evaluating each of the proposals received. A decision as to the firm to be selected is expected to be made some time in the near future.

Scope of Work:

- Perform detailed customer demand analysis (historical trend analysis of overall consumption, customer bill analysis to look at consumption by water usage block, ratio of peak day/peak hour demand to average day demand, etc.)
- Perform analysis of MWU revenue requirement considering O&M expense, depreciation expense, PILOT payment, and necessary rate of return on net investment base.
- Charges to be included in the new rates are: multi-family rate, seasonal conservation rate, cross connection charge, returned payment charge, public fire protection charge applying to all properties where water is available, and distribution system improvement charge.

Scope of Work, Cont'd

- Prepare MWU's proposal for cost of service study and rate design by customer classification to the PSCW.