

*Item 10-1*

BEFORE THE  
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Madison Water Utility for Authority to Increase  
Water Rates

3280-WR-109

**FINAL DECISION**

This is the final decision in the proceeding conducted by the Public Service Commission (Commission) on the application of Madison Water Utility (applicant) for approval to increase water rates. This application is APPROVED subject to conditions.

**Introduction**

The applicant applied to the Commission on February 26, 2007, for authority to increase water rates. Pursuant to due notice, the Commission held a hearing at the Public Service Commission Building in Madison on August 8, 2007, before Administrative Law Judge Edward S. Marion.

**Findings of Fact**

1. The applicant's presently authorized rates for water utility service will produce operating revenues of \$18,492,338 for the 2007 test year. These rates fall short of the test year revenue needed by \$2,769,244.
2. The estimated net investment rate base applicable to water utility operations for the 2007 test year is \$70,290,355.
3. The rate changes set forth for water service in Appendix C will permit the applicant to earn the necessary revenue requirement and are consistent with the cost of service and rate design.

**Conclusions of Law**

1. The applicant is a municipal public utility as defined in Wis. Stat. § 66.0801.
2. The Commission has authority under Wis. Stat. §§ 196.03(1) and (3), 196.19, 196.20, 196.22, and 196.37(1), (2), and (3), to authorize the applicant to increase water utility rates and revise utility rules.

**Opinion**

Net Investment Rate Base

The estimated net investment rate base for the 2007 test year is as follows:

Utility Financed Plant in Service	\$100,197,835
Less: Accumulated Provision for Depreciation	<u>\$26,881,879</u>
Net Plant in Service	\$73,315,956
Plus: Working Capital	\$3,744,513
Plus: Materials and Supplies	799,269
Less: Regulatory Liability	<u>7,569,383</u>
Net Investment Rate Base	<u>\$70,290,355</u>

Comparative Income Statement

The estimated test year income statement showing the effect of the increase in revenue which will result from authorized rates is as follows:

	<u>At Present Rates</u>	<u>Authorized Increase</u>	<u>After Rate Increase</u>
Operating Revenues	\$18,492,338	\$2,769,244	\$21,261,582
Operating Expenses:			
Oper. & Maint. Exp.	\$11,094,600		\$11,094,600
Depreciation	2,159,733		2,159,733
Taxes & Tax Equiv.	<u>3,438,376</u>		<u>3,438,376</u>
Total Oper. Expenses	<u>\$16,692,709</u>		<u>\$16,692,709</u>
Oper. Income (or Loss)	<u>\$1,799,629</u>		<u>\$4,568,873</u>
Rate of Return	2.56%		6.50%

The depreciation expense included in the revenue requirement for the 2007 test year was computed using the depreciation rates shown in Appendix E. These depreciation rates are effective on January 1, 2007, for computing the depreciation expense on the average investment for each plant account.

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### Capital Structure

The applicant requested a return on net investment rate base of 6.50 percent. The applicant's capital employed in providing public utility service is estimated to be 61.56 percent municipal equity and 38.44 percent long-term debt. The composite cost of debt is 5.16 percent. A return on rate base of 6.50 percent will provide a 7.34 percent return on municipal equity and 3.28 times interest coverage.

### Cost of Service

The Commission staff submitted for the record an analysis of the cost of supplying water for general service and for public fire protection service. The staff used the base-extra capacity cost allocation method for the analysis. Under this method, the operating expenses are allocated first to the service cost functions of extra-capacity maximum-day and maximum-hour demand, base, customer, and fire protection and then to each of the customer classes served. Summaries of such analyses, based on allocations that are reasonable and just, are shown in Schedules 5 and 8 of Exhibit 4 of the record in this proceeding. Appendix B shows customer class revenue requirements resulting from the cost analysis compared with revenues at authorized rates.

### Rates

Water service rates authorized in this decision will result in an estimated net operating income of approximately \$4,568,873 which provides a 6.50 percent return on the water utility net investment rate base of \$70,290,355. The applicant was provided with staff's proposed rates for review prior to the hearing and had no objection to these rates.

As shown in attached Appendix B, the base-extra capacity cost allocation method results in a relatively wide range of increases in the charges to the various general service customer classes to reflect the cost of providing service to such classes. The percentage rate increase to any individual customer will not necessarily equal the overall percentage increase to the associated customer class, but will depend on the specific usage level of that customer.

The authorized rates as set forth in Appendix C are based on the cost of supplying various classes or types of service. These rates are reasonable and just. All customers will be required to pay an appropriate amount for the service provided.

Some typical water bills for residential, commercial, industrial, and public authority customers were computed using Schedule Mg-1 to compare existing rates with the new rates. That comparison is set forth in Appendix D.

The overall increase in annual revenues is 16 percent, comprised of a 16 percent increase in general service charges and a 10 percent increase in fire protection charges. A typical residential customer's bill will rise 16 percent. Rates have risen because of a 13 percent increase in gross plant investment and a 17 percent increase in operating expenses since the applicant's last rate case in 2005. The typical bills calculated using the authorized rates are below average when compared with those of similar water utilities in the state.

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The general service charges will increase by 16 percent, compared to a 10 percent increase in the annual public fire protection charge. The larger increase in general service charges results because a greater proportion of the annual operating costs is allocated to general service than was allocated at the time of the applicant's last rate proceeding, based on current ratios of maximum general service demand to available system fire protection capacity. The larger increase in general service charges is reasonable in that it appropriately reflects the cost of providing service.

The applicant's operating rules and water main extension rules are consistent with those of other Wisconsin water utilities. The rules were incorporated into the record by receipt of Exhibit 4 which incorporates the rules by reference. The rules are reasonable and just and in accordance with Commission policy and the Wisconsin Administrative Code.


The applicant bills semiannually. The authorized rates and rules for water service shall be made effective as soon as possible after issuance of this decision in accordance with Wis. Stat. §§ 196.21 and 196.40.

**Order**

1. Madison Water Utility shall discontinue its existing water rates and rules for service and make effective for water service the rates and rules set forth in Appendix C.
2. The effective date of this order shall be no sooner than one day after mailing to the parties to the proceedings. The applicant shall inform the Commission, in writing, of the date that the authorized rates and rules are to take effect.
3. Madison Water Utility shall inform each customer of the new rates as required by Wis. Admin. Code § PSC 185.33(1).

Dated at Madison, Wisconsin, August 9, 2007

For the Commission:

  
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 Amelia Ramirez  
 Administrator  
 Division of Water, Compliance, and Consumer Affairs

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See attached Notice of Appeal Rights

Notice of Appeal Rights

Notice is hereby given that a person aggrieved by the foregoing decision has the right to file a petition for judicial review as provided in Wis. Stat. § 227.53. The petition must be filed within 30 days after the date of mailing of this decision. That date is shown on the first page. If there is no date on the first page, the date of mailing is shown immediately above the signature line. The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

Notice is further given that, if the foregoing decision is an order following a proceeding which is a contested case as defined in Wis. Stat. § 227.01(3), a person aggrieved by the order has the further right to file one petition for rehearing as provided in Wis. Stat. § 227.49. The petition must be filed within 20 days of the date of mailing of this decision.

If this decision is an order after rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not an option.

This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

Revised 9/28/98

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Appendix A

Appearances:

Madison Water Utility, applicant, by

Robin G. Piper, Finance/Accounting Manager  
Ken Key, Customer Service Manager

Of the Commission Staff:

Steven A. Levine, Assistant General Counsel  
Bridgot A. Quandt, Public Utility Auditor  
David L. Prochaska, Public Utility Rate Analyst

No members of the public attended the hearing.

MADISON WATER UTILITY

Comparison of Revenue

at

Present Rates, Cost of Service and Authorized Rates

Customer Class	Revenue at Present Rates	Cost of Service		Authorized Rates		
		Revenue Required	Increase Over Present Rates	Revenue	Increase Over Present Rates	Percent of Cost of Service
Residential	\$ 7,267,379	\$ 8,564,141	18%	\$ 8,459,628	16%	99%
Commercial	5,544,591	6,165,441	11%	6,526,102	18%	106%
Industrial	797,916	945,114	18%	928,456	16%	98%
Public Authority	1,995,647	2,493,956	25%	2,326,692	17%	93%
Fitchburg	2,748	3,194	16%	3,220	17%	101%
Maple Bluff	83,866	98,704	18%	99,347	18%	101%
Shorewood Hills	77,756	91,497	18%	92,004	18%	101%
Waunona SD No. 2	47,448	55,796	18%	56,344	19%	101%
Public Fire Protection (Total)	1,775,928	1,944,680	10%	1,945,562	10%	100%
<b>Total</b>	<b>\$ 17,593,279</b>	<b>\$ 20,362,523</b>	<b>16%</b>	<b>\$ 20,437,355</b>	<b>16%</b>	<b>100%</b>
<b>Public Fire Protection</b>						
Madison	\$ 1,743,052	\$ 1,906,000	9%	\$ 1,906,882	9%	100%
Fitchburg	500	580	16%	580	16%	100%
Maple Bluff	12,568	14,800	18%	14,800	18%	100%
Shorewood Hills	12,516	14,720	18%	14,720	18%	100%
Waunona SD No. 2	7,292	8,580	18%	8,580	18%	100%
Total Wholesale	\$ 32,876	\$ 38,680	18%	\$ 38,680	18%	100%
<b>Total</b>	<b>\$ 1,775,928</b>	<b>\$ 1,944,680</b>	<b>10%</b>	<b>\$ 1,945,562</b>	<b>10%</b>	<b>100%</b>
<b>Total - General Service and Public Fire Protection</b>						
Madison	\$ 17,348,585	\$ 20,074,652	16%	\$ 20,147,760	16%	100%
Fitchburg	3,248	3,774	16%	3,800	17%	101%
Maple Bluff	96,434	113,504	18%	114,147	18%	101%
Shorewood Hills	90,272	106,217	18%	106,724	18%	100%
Waunona SD No. 2	54,740	64,376	18%	64,924	19%	101%
Total Wholesale	\$ 244,694	\$ 287,871	18%	\$ 289,595	18%	101%
<b>Total</b>	<b>\$ 17,593,279</b>	<b>\$ 20,362,523</b>	<b>16%</b>	<b>\$ 20,437,355</b>	<b>16%</b>	<b>100%</b>

**MADISON WATER UTILITY**

**Authorized Rates and Rules**

Public Fire Protection Service - - - Fd-1

Under Wis. Stat. § 196.03(3)(b), the municipality has chosen to have the utility bill the retail general service customers for public fire protection service.

This service shall include the use of hydrants for fire protection service only and such quantities of water as may be demanded for the purpose of extinguishing fires within the service area. This service shall also include water used for testing equipment and training personnel. For all other purposes, the metered or other rates set forth, or as may be filed with the Public Service Commission, shall apply.

Public Fire Protection Service Charges:

	<u>Semiannual</u>	<u>Quarterly</u>		<u>Semiannual</u>	<u>Quarterly</u>
5/8 -inch meter - \$	6.00	3.00	3 -inch meter - \$	550.00	275.00
3/4 -inch meter - \$	18.00	9.00	4 -inch meter - \$	1,175.00	587.50
1 -inch meter - \$	41.00	20.50	6 -inch meter - \$	2,250.00	1,125.00
1 1/4 -inch meter - \$	54.00	27.00	8 -inch meter - \$	5,250.00	2,625.00
1 1/2 -inch meter - \$	75.00	37.50	10 -inch meter - \$	8,000.00	4,000.00
2 -inch meter - \$	160.00	80.00	12 -inch meter - \$	11,000.00	5,500.00

Customers who are provided service under Schedules Mg-1, Ug-1, Mgt-1, or Mz-1 shall also be subject to the charges in this schedule.

Billing: Same as Schedule Mg-1.

Private Fire Protection Service - Unmetered - - - Upf-1

This service shall consist of permanent or continuous unmetered connections to the main for the purpose of supplying water to private fire protection systems such as automatic sprinkler systems, standpipes, and private hydrants. This service shall also include reasonable quantities of water used for testing check valves and other backflow prevention devices.



Private Fire Protection Service Demand Charges:

<u>Size of Connection</u>	<u>Semiannual</u>	<u>Quarterly</u>
3/4-inch	\$ 4.30	\$ 2.15
1-inch	\$ 6.30	\$ 3.15
1 1/4-inch	\$ 8.30	\$ 4.15
1 1/2-inch	\$ 10.50	\$ 5.25
2-inch	\$ 14.80	\$ 7.40
3-inch	\$ 25.50	\$ 12.75
4-inch	\$ 37.80	\$ 18.90
6-inch	\$ 73.00	\$ 36.50
8-inch	\$ 114.00	\$ 57.00
10-inch	\$ 161.00	\$ 80.50
12-inch	\$ 208.00	\$ 104.00
14-inch	\$ 255.00	\$ 127.50
16-inch	\$ 302.00	\$ 151.00

Billing: Same as Schedule Mg-1.

General Service - Metered - - - Mg-1

Service Charges:

	<u>Semiannual</u>	<u>Quarterly</u>		<u>Semiannual</u>	<u>Quarterly</u>
5/8 -inch meter - \$	25.50	12.75	3 -inch meter - \$	166.00	83.00
3/4 -inch meter - \$	29.00	14.50	4 -inch meter - \$	248.00	124.00
1 -inch meter - \$	43.00	21.50	6 -inch meter - \$	424.00	212.00
1 1/4 -inch meter - \$	56.00	28.00	8 -inch meter - \$	654.00	327.00
1 1/2 -inch meter - \$	70.00	35.00	10 -inch meter - \$	964.00	482.00
2 -inch meter - \$	104.00	52.00	12 -inch meter - \$	1,284.00	642.00

Plus Volume Charges:

- First 50,000 cubic feet used semiannually or  
25,000 cubic feet used quarterly - \$1.20 per 100 cubic feet
- Over 50,000 cubic feet used semiannually or  
25,000 cubic feet used quarterly - \$0.86 per 100 cubic feet

Billing: Bills for water service are rendered semiannually or quarterly and become due and payable upon issuance following the period for which service is rendered. A late payment charge of 1 percent per month will be added to bills not paid within 20 days of issuance. This late payment charge will be applied to the total unpaid balance for utility service, including unpaid late payment charges. The late payment charge is applicable to all customers. The utility customer may be given a written notice that the bill is overdue no sooner than 20 days after the bill is issued. Unless payment or satisfactory arrangement for payment is made within the next 10 days, service may be disconnected pursuant to Wis. Admin. Code ch. PSC 185.

Combined Metering: Volumetric meter readings will be combined for billing if the utility for its own convenience places more than one meter on a single water service lateral. Multiple meters placed for the purpose of identifying water not discharged into the sanitary sewer are not considered for utility convenience and shall not be combined for billing. This requirement does not preclude the utility from combining readings where metering configurations support such an approach. Meter readings from individually metered separate service laterals shall not be combined for billing purposes.

Non-Sufficient Funds Charge - - - NSF-1

A \$25.00 charge will be applied to the customer's account when a check rendered for utility service is returned for non-sufficient funds. This charge may not be in addition to, but may be inclusive of, other non-sufficient funds charges when the check was for payment of multiple services.

Billing: Same as Schedule Mg-1.

Wholesale Water Service - - - W-1

Public Fire Protection Service

Service Charges:

	<u>Semiannual</u>	<u>Quarterly</u>
Fitchburg	\$ 290.00	\$ 145.00
Maple Bluff	\$ 7,400.00	\$ 3,700.00
Shorewood Hills	\$ 7,360.00	\$ 3,680.00
Waunona Sanitary District No. 2	\$ 4,290.00	\$ 2,145.00

General Service

Service Charges:

	<u>Semiannual</u>	<u>Quarterly</u>
Fitchburg	\$ 424.00	\$ 212.00
Maple Bluff	\$ 1,696.00	\$ 848.00
Shorewood Hills	\$ 1,926.00	\$ 963.00
Waunona Sanitary District No. 2	\$ 496.00	\$ 248.00

Volume Charges:

Fitchburg	\$1.08 per 100 cubic feet of water used
Maple Bluff	\$1.00 per 100 cubic feet of water used
Shorewood Hills	\$1.00 per 100 cubic feet of water used
Waunona Sanitary District No. 2	\$1.00 per 100 cubic feet of water used

Billing: Same as Schedule Mg-1.

Public Service - - - Mpa-1

Water service supplied to municipal buildings, schools, sewer treatment plants, etc., shall be metered and the regular metered service rates applied.

Water used on an intermittent basis for flushing sewers, street sprinkling, flooding skating rinks, drinking fountains, etc., shall be metered where meters can be set to measure the service. Where it is impossible to measure the service, the superintendent shall estimate the volume of water used based on the pressure, size of opening, and period of time water is allowed to be drawn. The estimated quantity used shall be billed at the rate of \$0.86 per 100 cubic feet.

Billing: Same as Schedule Mg-1.

General Water Service - Unmetered - - - Ug-1

Where the utility cannot immediately install its water meter, service may be supplied temporarily on an unmetered basis. Such service shall be billed at the rate of \$77.10 semiannually. This rate shall be applied only to single-family residential and small commercial customers and approximates the cost of 4,300 cubic feet of water semiannually under Schedule Mg-1. If it is determined by the utility that usage is in excess of 4,300 cubic feet of water semiannually, an additional charge per Schedule Mg-1 will be made for the estimated additional usage.

Billing: Same as Schedule Mg-1.

Seasonal, Emergency, or Temporary Service - - - Mgt-1

Seasonal customers\* shall pay an annual seasonal service charge equal to two times the applicable semiannual service charge in Schedule Mg-1. Water use in any semiannual period shall be billed at the applicable volume rates in Schedule Mg-1 and the charge added to the annual seasonal service charge.

For disconnections of service not previously considered as seasonal, emergency, or temporary, if service is resumed at the same premises by the same customer within a 12-month period, and if there has been no service to another customer during the intervening period, the customer shall be billed for the pro rata share of the applicable service charge for the period of disconnection.

Further, if service has been disconnected or a meter removed, a charge under Schedule R-1 is applied at the time of reconnection or meter reinstallation.

Billing: Same as Schedule Mg-1.

\*Seasonal customers are general service customers whose use of water is normally for recurring periods of less than a year.

Building and Construction Water Service - - - Mz-1

Where the customer meter has been installed, apply Schedule Mg-1 rates.

Where a temporary installation has been made, metered or unmetered, apply the appropriate rates under Schedule BW-1.

Billing: Same as Schedule Mg-1.

Bulk Water - - - BW-1

All bulk water supplied from the water system through hydrants or other connections shall be metered, or at the direction of the utility, estimated. Utility personnel or a utility-approved party shall supervise the delivery of water.

Bulk water sales are:

- A. Water supplied by tank truck or from hydrant for the purpose of extinguishing fires outside the utility's immediate service area;

- B. Water supplied by tank truck or from hydrant for purposes other than extinguishing fires, such as irrigation or the filling of swimming pools; or,
- C. Water supplied from hydrants or other temporary connections for general service type applications. (Water supplied for construction purposes - see Schedule Mz-1.)

Metered Hydrant and Other Measured Connection Charges

A charge for the volume of water used will be billed to the party using the water at \$1.20 per 100 cubic feet. A service charge, in addition to the volumetric charge, will be \$40.00. In addition, for meters that are assigned to bulk water customers for more than 30 days, the applicable service charge in Schedule Mg-1 will apply after the first 30 days.

Unmetered Hydrant Charges

Hydrants may be used for short periods upon payment of charges as specified, with such usage subject to conditions outlined here or specified by the rules and regulations of the water utility.

Charge for initial period not to exceed 15 days - \$160.00

This charge is based on the following:

Service charge for installation -	\$100.00
Water usage charge -	\$60.00
(minimum of 37,400 gallons or 5,000 cubic feet)	

Additional Charges

Installation of additional valves at same time as initial installation -	\$20.00
Moving valve to another hydrant vicinity -	\$40.00
Water usage charge (after initial period of use beyond 15 days) -	\$4.00 per day
Hydrant flow test -	\$80.00 per test

Deposits

The water utility may require reasonable deposits for the temporary use of its equipment under this and other rate schedules. The deposit(s) collected will be refunded upon return of the utility's equipment. Damaged or lost equipment will be repaired or replaced at the customer's expense.

Billing: Same as Schedule Mg-1.

Reconnection Charges - - - R-1

	<u>During Normal Business Hours</u>	<u>After Normal Business Hours</u>
Reinstallation of meter, including valving at curb stop	\$ 40.00	\$ 60.00
Valve turned on at curb stop	\$ 30.00	\$ 50.00

Note: No charge for disconnection.

Billing: Same as Schedule Mg-1.

Water Lateral Installation Charge - - - Cz-1

Subdivision developers shall be responsible, where the main extension has been approved by the utility, for the water service lateral installation costs from the main through the curb stop and box.

When the cost of service laterals installed during a utility main extension are to be collected through assessment, the assessment rate will be determined for each installation project based on the actual cost of that project.

The initial water service lateral(s), not installed as part of a subdivision development or an assessable utility extension, will be installed at the property owner's expense from the main through the curb stop and box as follows:

<u>Size</u>	<u>Improvement Service Lateral</u>	<u>Regular Service Lateral</u>
1, 1½, and 2-inch	By Utility at Actual Cost	By Property Owner's Contractor
4-inch and larger	By Utility at Actual Cost	By Utility at Actual Cost or by Property Owner's Contractor

A water service lateral is a water supply pipe laid from a water main through the curb stop and box, usually set 8 feet into the street right of way.

An improvement service lateral is a water service lateral installed in a new plat or a new street project prior to paving where service will not be used until a later date.

A regular service lateral is a water service lateral installed upon application by the property owner.

Madison Water Utility will make no connections to the property owner's service lateral. Connection will be made by the property owner's plumber.

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If a property owner requests that a service lateral be installed by a Board of Public Works approved contractor, all work shall be done in accordance with the City of Madison Standard Specifications for Public Works Construction. A water utility inspector must be present during installation, and the property owner is responsible for paying an inspection fee at the time of application. This inspection fee shall be a reasonable cost as set forth in the water utility's Fee Schedule approved by the Board of Water Commissioners. The contractor shall provide the water utility a minimum notice of one working day so that an inspector can be scheduled. The contractor shall also provide the water utility with the cost of installation for the street portion of the service lateral.

Lead Service Laterals

When property owners apply for lead service lateral replacement, new service laterals will be installed on the utility side at no expense to the property owner if they are properly sized. If existing service laterals are not properly sized, the water utility will install the adequate size and the property owner will be charged for the incremental cost of materials and labor as set forth in the water utility's Fee Schedule approved by the Board of Water Commissioners.

Billing: Same as Schedule Mg-1.

Rules and Regulations - - - X-1

Delete Schedule X-1 (10 pages). Incorporate the operating rules for municipal water utilities as provided by the Public Service Commission.

Water Main Extension Rule - - - X-2

Application

Written application for extension of a water main shall be made to the Water Utility Manager by the owner of the property to be benefited, or his authorized agent. The application shall state the location of the premises to be served by its officially recorded description. To support an application, the applicant may submit the signatures of owners of land fronting on said main extension agreeing to their intent to apply for water service upon completion of said extension.

Location of Property to be Served

All property to be served by the main extension shall front on an existing public right-of-way or public water main easement, unless specifically authorized by resolution of the Madison Common Council.

Methods for Installation of Mains

A. Private Contracts

This is the most common method for installing mains. It is intended for use when all the property to be serviced by the main extension is under one ownership. The method is as follows:

1. The developer applies for a main extension and indicates that the mains are to be installed by private contract.
2. The Board of Public Works introduces a resolution to the Common Council whereby the Council orders the main laid and authorizes the Mayor and City Clerk to enter into a contract with the developer for the installation of the mains by private contract.
3. The developer and the City enter into a contract whereby the City agrees to provide water service and the developer agrees to install all water mains 10 inches and smaller at no cost to the City. For mains 12 inches and larger, the City agrees to pay the incremental material cost between 10 inch and the size installed. The developer further agrees to prepay all City costs of the project; to provide a performance bond, irrevocable letter of credit, or certified check for the full amount of the project to be in effect for one year after acceptance of the project; and upon acceptance of the project to turn ownership and control of the mains over to the water utility.
4. The developer engages a contractor who is qualified by the Board of Public Works who installs the water mains.
5. Upon completion of the project, the water utility will require certification that all bills are paid and will then introduce a resolution to the Common Council accepting the project. One year after the acceptance, the bond, irrevocable letter of credit, or the certified check will be released.

B. Water Utility Contract with Future Assessments and Refunds

This method may be used at the option of the Water Utility Manager when a large portion of the project will benefit property not under the ownership of the developer. The method is as follows:

1. The water utility will determine the amount, based on the assessment rate as per Chapter 13.19 of the City Ordinances, which would be assessed if the entire project were to be immediately assessable.



2. The Board of Public Works introduces a resolution to the Common Council whereby the Council orders the mains to be laid and authorizes the Mayor and City Clerk to enter into a contract with the party applying for the main.
3. The City and the party applying for the main enter into a contract whereby the City agrees to install the main and the party applying for the main agrees to prepay the amount determined in B.1. The City further agrees that, after all the costs of the project are accounted for, a revised assessment rate shall be determined as per the procedure outlined in Chapter 13.19. The City further agrees that as property along the mains, which is not under the ownership of the party requesting the mains, becomes assessable, the City will assess said property in accordance with Chapter 13.19. If said property is assessed within 10 years of the date of acceptance of the project, the assessments shall be returned to the party requesting the main. If the property is assessed after that date, the water utility shall retain the assessments.
4. The City then lets a contract and has the mains installed.

C. Water Utility Contract with Assessments

This method is intended for use only upon approval of the Water Utility Manager when funds are available for utility financed mains. The method is intended mainly for use when there is no party requesting water service, such as when mains are installed in street projects or to improve the hydraulic characteristics of the distribution system.

In those cases where this method is used to install mains upon application, the person requesting the mains shall be responsible for grading the street prior to main construction and for any additional construction costs due to frozen ground.

SEE MADISON GENERAL ORDINANCE 13.19

## MADISON WATER UTILITY

## Customer Water Bill Comparison at Present and Authorized Rates

Customer Type	Meter Size (Inches)	Volume 100 Cu. Ft.	Semiannual			Semiannual Bills With Fire		
			Bill at Old Rates	Bill at New Rates	Percent Change	Bill at Old Rates	Bill at New Rates	Percent Change
Small Residential	5/8	20	\$ 43.90	\$ 49.50	13%	\$ 49.50	\$ 55.50	12%
Average Residential	5/8	43	\$ 66.21	\$ 77.10	16%	\$ 71.81	\$ 83.10	16%
Commercial	5/8	75	\$ 97.25	\$ 115.50	19%	\$ 102.85	\$ 121.50	18%
Large Residential	5/8	100	\$ 121.50	\$ 145.50	20%	\$ 127.10	\$ 151.50	19%
Commercial	3/4	150	\$ 173.00	\$ 209.00	21%	\$ 190.50	\$ 227.00	19%
Commercial	1	450	\$ 477.50	\$ 583.00	22%	\$ 517.10	\$ 624.00	21%
Commercial	1 1/2	1,000	\$ 922.00	\$ 1,100.00	19%	\$ 994.00	\$ 1,175.00	18%
Commercial	2	2,000	\$ 1,695.00	\$ 1,994.00	18%	\$ 1,849.50	\$ 2,154.00	16%
Commercial	4	7,500	\$ 5,903.00	\$ 6,868.00	16%	\$ 6,778.50	\$ 8,043.00	19%
Commercial	4	15,000	\$ 11,453.00	\$ 13,318.00	16%	\$ 12,328.50	\$ 14,493.00	18%
Large Industrial	4	30,000	\$ 22,553.00	\$ 26,218.00	16%	\$ 23,428.50	\$ 27,393.00	17%
Large Industrial	6	80,000	\$ 59,723.00	\$ 69,394.00	16%	\$ 61,783.00	\$ 71,644.00	16%
Large Public Authority	10	95,000	\$ 71,343.00	\$ 82,834.00	16%	\$ 78,038.00	\$ 90,834.00	16%
Large Public Authority	8	115,000	\$ 85,845.00	\$ 99,724.00	16%	\$ 90,995.00	\$ 104,974.00	15%
Large Industrial	6	270,000	\$ 200,323.00	\$ 232,794.00	16%	\$ 202,383.00	\$ 235,044.00	16%
Public Fire Protection - Madison (Annual total)						\$ 1,743,052.00	\$ 1,906,882.00	9%
Public Fire Protection - Wholesale (Annual total)						\$ 32,876.00	\$ 38,680.00	18%

## MADISON WATER UTILITY

## Schedule of Depreciation Rates

Effective January 1, 2007

<u>Account Number</u>	<u>Class of Plant</u>	<u>Depr. Rate</u>
	SOURCE OF SUPPLY PLANT	
312	Collecting and Impounding Reservoirs	2.3%
314	Wells and Springs	2.9%
	PUMPING PLANT	
321	Structures and Improvements	3.3%
325	Electric Pumping Equipment	4.0%
	WATER TREATMENT PLANT	
332	Water Treatment Equipment	6.7%
	TRANSMISSION AND DISTRIBUTION PLANT	
342	Distribution Reservoirs and Standpipes	1.9%
343	Transmission and Distribution Mains	1.2%
345	Services	2.3%
346	Meters	5.5%
348	Hydrants	1.6%
	GENERAL PLANT	
390	Structures and Improvements	2.9%
391	Office Furniture and Equipment	6.7%
391.1	Computer Equipment	15.0%
392	Transportation Equipment - Note 1	UNIT
393	Stores Equipment	5.8%
394	Tools, Shop and Garage Equipment	5.8%
395	Laboratory Equipment	5.8%
396	Power Operated Equipment - Note 1	UNIT
397	Communication Equipment	9.2%
397.1	SCADA/Telemetry Equipment	9.2%

Note 1 - The utility uses a unit basis for Account 392 and Account 396, which is certified for use even though these are not the benchmark rates.