

Water Utility

Budget Service Descriptions:

Water Supply

The Madison Water Utility serves over 66,000 customers, providing approximately 11 billion gallons of water a year. The Utility operates 22 wells to supply the water, which is delivered to customers through over 840 miles of water main.

| Service Summary | | | |
|----------------------------|------------------------|-------------------------|---------------------------|
| | 2012 Actual | 2013 Adopted | 2014 Executive |
| Total Expenditures | \$ 32,335,304 | \$ 33,546,291 | \$ 0 |
| Less Inter-Agency Billings | 32,335,304 | 33,546,291 | 0 |
| Net Total | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

Water Utility Summary by Major Object of Expenditure

| | 2012 Actual | 2013 Adopted | 2013 Projected | 2014 Request | 2014 Executive | 2014 Adopted |
|----------------------------|------------------------|-------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| Permanent Salaries | \$ 6,967,185 | \$ 7,332,911 | \$ 7,332,911 | \$ 7,355,505 | \$ 0 | \$ 0 |
| Hourly Employee Pay | 137,749 | 200,310 | 200,310 | 252,000 | 0 | 0 |
| Overtime Pay | 294,418 | 204,398 | 204,398 | 300,000 | 0 | 0 |
| Fringe Benefits | 2,689,142 | 2,706,578 | 2,706,578 | 2,734,321 | 0 | 0 |
| Purchased Services | 3,913,528 | 5,086,450 | 5,086,450 | 4,618,100 | 0 | 0 |
| Supplies | 1,378,311 | 2,118,282 | 2,118,282 | 1,771,000 | 0 | 0 |
| Inter-Departmental Charges | 756,234 | 862,475 | 862,475 | 914,829 | 0 | 0 |
| Debt/Other Financing Uses | 15,698,471 | 14,469,687 | 14,469,687 | 16,404,670 | 0 | 0 |
| Capital Assets | 500,267 | 565,200 | 565,200 | 696,600 | 0 | 0 |
| Total Expenditures | <u>\$ 32,335,304</u> | <u>\$ 33,546,291</u> | <u>\$ 33,546,291</u> | <u>\$ 35,047,025</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Inter-Agency Billings | <u>32,335,304</u> | <u>33,546,291</u> | <u>33,546,291</u> | <u>35,047,025</u> | <u>0</u> | <u>0</u> |
| Net Budget | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ (0)</u> | <u>\$ 0</u> | <u>\$ 0</u> |

| | | <u>2012</u> | <u>2013</u> | <u>2013</u> | <u>2014</u> | <u>2014</u> | <u>2014</u> |
|-------|------|---------------------|---------------------|---------------------|---------------------|------------------|----------------|
| | | <u>Actual</u> | <u>Adopted</u> | <u>Projected</u> | <u>Request</u> | <u>Executive</u> | <u>Adopted</u> |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | | <u>\$ 1,378,311</u> | <u>\$ 2,118,282</u> | <u>\$ 2,118,282</u> | <u>\$ 1,771,000</u> | <u>\$ 0</u> | <u>\$ 0</u> |

Inter-Departmental Charges

| | | | | | | | |
|-------|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------|-------------|
| 56020 | Attorney-Inter-D (Pmts To) | 11,968 | 11,500 | 11,500 | 11,500 | 0 | 0 |
| 56330 | Finance Dept-Inter-D (Pmts To) | 37,904 | 37,904 | 37,904 | 37,904 | 0 | 0 |
| 56340 | Info Technology-Inter-D (Pmts To) | 73,663 | 70,000 | 70,000 | 108,871 | 0 | 0 |
| 56380 | Human Res-Inter-D (Pmts To) | 51,088 | 52,110 | 52,110 | 53,152 | 0 | 0 |
| 56440 | Health-Inter-D (Pmts To) | 65,805 | 68,415 | 68,415 | 79,525 | 0 | 0 |
| 56460 | Treasurer-Inter-D (Pmts To) | 70,313 | 126,436 | 126,436 | 127,786 | 0 | 0 |
| 56530 | Engineering-Inter-D (Pmts To) | 92,769 | 73,970 | 73,970 | 58,250 | 0 | 0 |
| 56540 | Sewer Utility-Inter-D (Pmts To) | 19,798 | 15,000 | 15,000 | 20,000 | 0 | 0 |
| 56550 | Fleet Service-Inter-D (Pmts To) | 8,430 | 5,000 | 5,000 | 7,500 | 0 | 0 |
| 56571 | TE Signs-Inter-D (Pmts To) | 14,548 | 15,377 | 15,377 | 15,383 | 0 | 0 |
| 56630 | Streets-Inter-D (Pmts To) | 3,972 | 15,000 | 15,000 | 10,000 | 0 | 0 |
| 56950 | Insurance Fund-Inter-D (Pmts To) | 68,354 | 83,085 | 83,085 | 63,155 | 0 | 0 |
| 56960 | Workers Comp-Inter-D (Pmts To) | <u>237,366</u> | <u>288,678</u> | <u>288,678</u> | <u>321,803</u> | <u>0</u> | <u>0</u> |
| 56290 | Economic Dev-Inter-D (Pmts To) | 256 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | | <u>\$ 756,234</u> | <u>\$ 862,475</u> | <u>\$ 862,475</u> | <u>\$ 914,829</u> | <u>\$ 0</u> | <u>\$ 0</u> |

Debt / Other Financing Uses

| | | | | | | | |
|-------|--------------------------|----------------------|----------------------|----------------------|----------------------|-------------|-------------|
| 57110 | Principal - Debt Service | 4,017,717 | 4,802,357 | 4,802,357 | 5,768,158 | 0 | 0 |
| 57120 | Interest - Debt Service | 3,835,307 | 4,299,088 | 4,299,088 | 4,717,256 | 0 | 0 |
| 57200 | Payment In Lieu Of Taxes | <u>5,017,460</u> | <u>5,368,242</u> | <u>5,368,242</u> | <u>5,919,256</u> | <u>0</u> | <u>0</u> |
| 57999 | Reserves Generated | 2,827,987 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | | <u>\$ 15,698,471</u> | <u>\$ 14,469,687</u> | <u>\$ 14,469,687</u> | <u>\$ 16,404,670</u> | <u>\$ 0</u> | <u>\$ 0</u> |

Inter-Agency Billings

Billings to Departments

| | | <u>2012</u> | <u>2013</u> | <u>2013</u> | <u>2014</u> | <u>2014</u> | <u>2014</u> |
|------------------------------------|-------------------------------|----------------------|----------------------|----------------------|----------------------|------------------|----------------|
| | | <u>Actual</u> | <u>Adopted</u> | <u>Projected</u> | <u>Request</u> | <u>Executive</u> | <u>Adopted</u> |
| Water Utility | | | | | | | |
| 59530 | ID Pmt From City Engineering | 123 | 15,000 | 15,000 | 15,000 | 0 | 0 |
| 59540 | ID Pmt From Sewer Utility | 1,609,804 | 2,046,177 | 2,046,177 | 2,021,287 | 0 | 0 |
| 59560 | ID Pmt From Storm Utility | 132,600 | 148,300 | 148,300 | 122,500 | 0 | 0 |
| 59630 | ID Pmt From Streets Division | <u>3,857</u> | <u>5,000</u> | <u>5,000</u> | <u>5,000</u> | <u>0</u> | <u>0</u> |
| 59290 | ID Pmt From Economic Dev Div | 2,326 | 0 | 0 | 0 | 0 | 0 |
| 59550 | ID Pmt From Fleet Service | 1,300 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | <u>\$ 1,750,011</u> | <u>\$ 2,214,477</u> | <u>\$ 2,214,477</u> | <u>\$ 2,163,787</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Other Sources | | | | | | | |
| 75214 | Late Sewer Bill Fees | 262,111 | 304,340 | 304,340 | 282,412 | 0 | 0 |
| 76231 | Dane County Space Rent | 0 | 1,900 | 0 | 0 | 0 | 0 |
| 76920 | Water | 30,122,378 | 30,671,651 | 30,671,651 | 32,407,126 | 0 | 0 |
| 78110 | Interest On Investments | 198,779 | 125,100 | 125,100 | 191,500 | 0 | 0 |
| 79410 | Transfer In From General Fund | 0 | 21,999 | 21,999 | 0 | 0 | 0 |
| 79999 | Reserves Applied | <u>0</u> | <u>206,824</u> | <u>206,824</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 78220 | Operating Lease Payments | 2,025 | 0 | 1,900 | 2,200 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | #N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | <u>\$ 30,585,293</u> | <u>\$ 31,331,814</u> | <u>\$ 31,331,814</u> | <u>\$ 32,883,238</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Total Inter-Agency Billings | | <u>\$ 32,335,304</u> | <u>\$ 33,546,291</u> | <u>\$ 33,546,291</u> | <u>\$ 35,047,025</u> | <u>\$ 0</u> | <u>\$ 0</u> |

Estimated Operating Revenue

| | 2013 Projected | 2014 Budget |
|--|-------------------|-------------------|
| 2012 Water Sales per Annual Report (including accrued revenue) | 29,409,758 | |
| 2013 Decremental Sales | <u>-1,170,241</u> | <u>28,239,517</u> |
| | 28,239,517 | |
| Rate Increase ___% (effective August 2014 bills) | <u>28,239,517</u> | <u>3,404,343</u> |
| | | 31,643,860 |
| New Customers per Annual Report p. 35 (metered residential sales p.40 divided by # of residential customers p. 35) | <u>43,778</u> | <u>43,778</u> |
| | 28,283,295 | 31,687,638 |
| Other Operating Revenues per WP #2: | | |
| Late Fees/Customer Penalties @ 0.8912% | 252,072 | 282,412 |
| Water for Construction (also per Annual Rpt) | 30,708 | 30,708 |
| Other Water Revenue (also per Annual Rpt) | 243,411 | 243,411 |
| Merchandising and Jobbing | 513 | 513 |
| Investment Income | 190,090 | 191,500 |
| Interest charged to Construction | 9,977 | 9,977 |
| Gain from Property Disposal | 0 | 7,043 |
| Other | 181,240 | 181,240 |
| Transfers - Antenna Revenue | <u>248,796</u> | <u>248,796</u> |
| | 1,156,807 | 1,195,600 |
| | 29,440,102 | 32,883,238 |

ESTIMATED WATER REVENUE

| Billing Months | REVENUE/ RATE | | 2013 | | |
|-------------------|-------------------|----------|-------------------|-------------------|------------------------|
| | 2012 ACTUAL | INCREASE | ACTUAL / ESTIMATE | INCREASE | |
| FEBRUARY | 2,685,810 | 1.27% | 2,719,972 A | 34,162 | |
| MARCH | 2,131,832 | -7.93% | 1,962,873 A | -168,959 | |
| APRIL | 2,511,568 | 6.00% | 2,662,198 A | 150,629 | |
| MAY | 2,205,827 | -0.14% | 2,202,652 A | -3,176 | |
| JUNE | 1,997,553 | -4.33% | 1,911,042 A | -86,510 | |
| JULY | 2,200,907 | -3.60% | 2,121,629 A | -79,278 | |
| AUGUST | 2,707,100 | -10.03% | 2,435,444 A | -271,656 | -424,788 |
| SEPTEMBER | 2,284,165 | 0.00% | 2,079,134 E | -205,031 | E is 2011 |
| OCTOBER | 3,154,433 | 0.00% | 2,708,502 E | -445,931 | E is 2011 |
| NOVEMBER | 2,750,190 | 0.00% | 2,425,114 E | -325,075 | E is 2011 |
| DECEMBER | 2,146,716 | 0.00% | 2,087,974 E | -58,741 | E is 2011 |
| JANUARY | 2,313,427 | 0.00% | 2,282,522 E | -30,906 | E is 2011 |
| | <u>29,089,527</u> | | <u>27,599,056</u> | <u>-1,490,472</u> | |
| Per Annl Reprt | <u>29,409,758</u> | | <u>320,231</u> | <u>320,231</u> | |
| | 320,231 ? | | <u>27,919,286</u> | <u>-1,170,241</u> | net estimated decrease |

| Billing Months | PREVIOUS YEAR \$ | RATE INCREASE | 2014 ESTIMATE | ESTIMATED ADDITIONAL REVENUE |
|-------------------|---------------------|------------------|-------------------|------------------------------------|
| | | | | |
| FEBRUARY | 2,719,972 | 0.00% | 2,719,972 E | 0 |
| MARCH | 1,962,873 | 0.00% | 1,962,873 E | 0 |
| APRIL | 2,662,198 | 0.00% | 2,662,198 E | 0 |
| MAY | 2,202,652 | 0.00% | 2,202,652 E | 0 |
| JUNE | 1,911,042 | 0.00% | 1,911,042 E | 0 |
| JULY | 2,121,629 | 0.00% | 2,121,629 E | 0 |
| AUGUST | 2,435,444 | 22.00% | 2,971,241 E | 535,798 |
| SEPTEMBER | 2,079,134 | 22.00% | 2,536,543 E | 457,409 |
| OCTOBER | 2,708,502 | 22.00% | 3,304,372 E | 595,870 |
| NOVEMBER | 2,425,114 | 22.00% | 2,958,640 E | 533,525 |
| DECEMBER | 2,087,974 | 22.00% | 2,547,329 E | 459,354 |
| JANUARY | 2,282,522 | 22.00% | 2,784,676 E | 502,155 |
| | <u>27,599,056</u> | | <u>30,683,167</u> | <u>3,084,112</u> |
| From above | <u>320,231</u> | | <u>320,231</u> | <u>320,231</u> |
| | <u>27,919,287</u> | | <u>31,003,398</u> | <u>3,404,343</u> |

2014 rate increase = ___% beginning with 08/01/14 bill

MADISON WATER UTILITY

September 17, 2013

Items to be included in the next Rate Case Application

1. Multi-family Residential Rate
 2. Water Conservation Rates
 3. Cross Connection Program
 4. Returned Payment Fee/Charge
 5. Public Fire Protection Charge
 6. Distribution System Improvement Charge
 7. Contribution to MWU Financial Reserves
 8. Possible Two-year Phase-in of Rate Increase
- Item pending monthly billing and usage information to be obtained from AMI starting April 2014. Take cost out of rate base and charge fee to affected owners instead.
- This broadened \$25 fee replaces the current Non-Sufficient Funds Charge (NSF-1) of \$25 specific to checks; to include customer stop payments, customer accounts closed, ACH returns, etc., and is intended to incorporate all of the various ways that customer payments are not honored by financial institutions.
- Applies to all properties where water is available; where there is a city water main.
- Specifically for water main replacements.
- As part of the revenue requirement.