

Rate Case Update

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

Date: April 22, 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

**BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN**

Application of Madison Water Utility, Dane County,
Wisconsin, for Authority to Increase Water Rates

Docket No. 3280-WR-112

STIPULATION OF MADISON WATER UTILITY AND CLEAN WISCONSIN

WHEREAS Madison Water Utility ("Madison") has pending before the Public Service Commission of Wisconsin ("Commission") a request to establish water rates in the above-captioned proceeding ("Proceeding");

WHEREAS Clean Wisconsin was granted full party status in this Proceeding;

WHEREAS Madison and Clean Wisconsin (each individually a "Party" and collectively the "Parties") wish to agree to the issues in this Proceeding discussed herein;

NOW THEREFORE Madison and Clean Wisconsin hereby agree that the Commission should incorporate the following provisions in its final decision in this Proceeding.

1. *Scope of Agreement.* This Stipulation represents the complete and final agreement regarding the issues in this Proceeding discussed herein between the Parties.
2. *Commercial and Industrial Conservation Program.* The Parties agree that Madison will conduct a survey of its existing commercial and industrial customers to determine which types of conservation measures are most in demand and would be most effective in reducing water consumption. Madison will coordinate with Clean Wisconsin to develop and conduct the survey. Madison will file these survey results with the Commission as part of its 2012 rate case application or as a supplement to its application if the results are not yet available at the time of filing. Based on this survey, Madison will consider including a proposal to the Commission in its 2012 rate case application to expand its conservation program to include options available to commercial and industrial customers. Madison will evaluate, at a minimum, water conservation education, a fixture-based rebate program, water use audits for the commercial and industrial classes, and other conservation measures provided in Wis. Admin. Code § NR 852, and coordinate with Clean Wisconsin on this evaluation and program development.
3. *Multitenant Residential Conservation Program.* The Parties agree that Madison will conduct a survey of its existing multitenant residential customers as part of the installation of advanced meter infrastructure ("AMI") to determine the number of each type of multitenant residence in its service territory and the number of meters serving each residence. Madison will file these survey results with the Commission as part of its 2013 rate case application or as a supplement to its application if the results are not yet available at the time of filing. Based on this survey, Madison will

evaluate whether to expand its conservation program to include options for multitenant residences, including conservation education and water use audits, and coordinate with Clean Wisconsin on this evaluation and program development.

4. *Monthly Billing.* As a condition to the approval by the Commission of that part of its revenue requirement attributable to AMI, Madison will use commercially reasonable efforts to transition from semi-annual to monthly billing as AMI installation is completed per city section and offer customers the option to use electronic billing upon transitioning from semi-annual to monthly billing.
5. *Conservation Rates.* The Parties agree that Madison will file a proposal with the Commission to implement seasonal rates for the summer months of peak consumption for the residential class as part of its 2013 rate case application. Madison will evaluate whether to include different rates for multitenant residences and coordinate with Clean Wisconsin on this evaluation and rate development.
6. *Emerging Toxins.* The Parties agree that Madison will coordinate with Clean Wisconsin to further develop the Madison water quality program to address emerging toxins, including improving its annual water quality report and website.
7. *Effective Date.* This Stipulation shall become effective and shall bind the Parties on the date of its execution by both Parties.
8. *Cooperation.* The Parties shall cooperate in obtaining Commission approval for this Stipulation and its implementation.
9. *Entire Agreement.* The Parties acknowledge and agree that this Stipulation represents a carefully negotiated package of benefits and obligations through the voluntary compromise positions and interests of the Parties. The Parties will support Commission approval of this Stipulation only as a whole. If the Commission approves this Stipulation with conditions or takes other actions that constitute material changes to the benefits or obligations hereunder, the affected Party may, in its sole discretion, terminate this Stipulation and petition the Commission to reopen this Proceeding. The Parties further acknowledge that they do not view this Stipulation or any of its individual provisions alone or in combination with others as having any value as precedent outside this Proceeding.
10. *Commission Authority.* Acceptance of this Stipulation is not intended to limit the authority of the Commission in any way.