

SERVICE DATE
Oct 02, 2019

PSC REF#:376708

Public Service Commission of Wisconsin
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PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of the Village of Milltown, Polk County, Wisconsin, as
a Water Public Utility, for Authority to Adjust Water Rates

3680-WR-104

FINAL DECISION

This is the Final Decision in the Class 1 proceeding conducted by the Public Service Commission (Commission) on the application of Village of Milltown 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 15, 2019, for authority to increase water rates. The applicant filed its rate application after receiving a letter from Commission staff outlining Commission staff's concerns regarding the applicant's financial integrity. ([PSC REF#: 372875](#).) Pursuant to due notice, the Commission held a telephonic hearing at Madison and Milltown on July 26, 2019, before Administrative Law Judge Michael E. Newmark. The parties, for purposes of review under Wis. Stat. §§ 227.47 and 227.53, are listed in Appendix A. The applicant is the only party to this proceeding.

Findings of Fact

1. The applicant's presently authorized rates for water utility service will produce operating revenues of \$136,460 for the 2019 test year. These rates fall short of the test year revenue needed by \$35,549 and are unreasonable.
2. The estimated net investment rate base applicable to water utility operations for the 2019 test year is \$317,284.

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. § 196.01(5)(a).
2. The Commission has authority under Wis. Stat. §§ 196.02(1), 196.03(1) and (3), 196.19, 196.20, 196.22, 196.37(1), (2), and (3), and 196.395 to authorize the applicant to increase water utility rates and revise tariff provisions.
3. The Commission has authority under Wis. Stat. § 15.02(4) to delegate to the Administrator of the Division of Water Utility Regulation and Analysis, those functions vested by law as enumerated above.

Opinion

Unauthorized Construction Project

In 2015, the applicant commenced construction of an automatic meter reading (AMR) system at a cost of \$128,147 without requesting or receiving a Certificate of Authority (CA) from the Commission. The applicant does not have any previous history of non-compliance with Wis. Admin. Code § PSC 184 or Wis. Stat. § 196.49. On September 4, 2019, the Commission reprimanded the applicant under docket 3680-WI-100 for commencing construction of the project without authorization, and noted that the remaining elements of the project were under review by Commission staff in docket 3680-CW-101. ([PSC REF#: 375264.](#)) On September 18, 2019, under docket 3680-WI-100, the applicant submitted a response to the Commission's letter of reprimand detailing actions it will take in order to prevent a repeat occurrence of commencing

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construction prior to receipt of construction authority. ([PSC REF#: 375979.](#)) On September 3, 2019, in docket 3680-CW-101, the Commission authorized the construction of the remaining components of the AMR system. ([PSC REF#: 375151.](#)) The Commission finds there are reasonable indications the applicant now understands the statutory requirements that require Commission approval prior to constructing projects above a certain cost threshold and notes the remaining components of the AMR project have been authorized under docket 3680-CW-101 for the reasons stated in that docket. As such, the Commission determines it is reasonable to allow recovery of the \$128,147 for construction of the AMR system.

Net Investment Rate Base

The estimated net investment rate base for the 2019 test year is as follows:

Utility Financed Plant in Service	\$664,604
Less: Accumulated Provision for Depreciation	<u>\$334,120</u>
Net Plant in Service	\$330,484
Plus: Materials and Supplies	4,832
Less: Regulatory Liability for Pre-2003 Accumulated Depreciation - CIAC	<u>18,032</u>
Net Investment Rate Base	<u>\$317,284</u>

Comparative Income Statement

Commission staff submitted in the record a revenue requirement for the test year as shown in Ex.-PSC-Revenue Requirement. 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	\$136,460	\$35,549	\$172,009
Operating Expenses:			
Oper. & Maint. Exp.	\$106,979		\$106,979
Depreciation	17,100		17,100
Taxes & Tax Equiv.	<u>31,749</u>		<u>31,749</u>
Total Oper. Expenses	<u>\$155,828</u>		<u>\$155,828</u>
Oper. Income (or Loss)	<u>(\$19,368)</u>		<u>\$16,181</u>
Rate of Return	NA%		5.10%

The depreciation expense included in the revenue requirement for the 2019 test year was computed using the depreciation rates shown in Appendix E. These depreciation rates are effective on January 1, 2019, for computing the depreciation expense on the average investment for each plant account.

As described in Ex.-PSC-Revenue Requirement ([PSC REF#: 368641](#)), the applicant has experienced high levels of non-revenue water since at least 2014. This high level of non-revenue water is costly to the applicant and places extra stress on its infrastructure without recovering revenue to maintain assets. While the applicant has taken steps to address its real losses and anticipates reduction of its non-revenue water in the future, the Commission finds it reasonable to require the applicant to use the Free AWWA Water Audit Spreadsheet Tool version 5.0 to conduct a detailed water audit that will separate non-revenue water into its real and apparent loss components, use the results of the audit to identify cost effective measures for reducing non-revenue water, and develop a plan that incorporates those measures.

Capital Structure

The applicant requested a 5.60 percent return on net investment rate base which was the benchmark rate of return at the time the application was requested. The benchmark rate of return is calculated weekly based on a three-month rolling average of municipal bond rates, with a floor determined annually. The benchmark rate of return at the time the revenue requirement was finalized for this case was 5.10 percent. The applicant's capital employed in providing public utility service is estimated to be 87.25 percent municipal equity that is associated with the net investment rate base and 12.75 percent long-term debt. A return on rate base of 5.10 percent will provide a 5.69 percent return on municipal earning equity and will provide adequate times interest coverage. This return on rate base will provide the municipality with sufficient earnings on its investment and maintain confidence in the utility's financial integrity without resulting in rates to customers that are excessive.

Cost of Service

Commission staff submitted for the record an analysis of the cost of supplying water for general service and for public fire protection service. Commission 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 functional components of base, customer, extra-capacity maximum-day and extra capacity maximum-hour demand, and fire protection and then to each of the customer classes served. Summaries of these analyses are shown in Schedules 8 and 11 of Ex.-PSC-COSS and Rate Design, Commission staff's proposal in 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 \$16,181 which provides a 5.10 percent return on the water utility net investment rate base of \$317,284. The applicant was provided with Commission 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 rather will depend on the specific usage level of that customer.

One water customer appeared at the hearing in opposition to the rate increase. The customer expressed concern over the magnitude of the increase and the management of the utility. Additionally, two water customers submitted comments to the Commission. These comments reflect concerns over affordability and the rate increase generally. The Commission appreciates the customers' concern in this matter. However, the Commission finds that the revenue resulting from the authorized rates is necessary to provide for the financial needs of the utility over the long-term. The Commission further concludes that the rates as proposed by Commission staff would provide a reasonable and nondiscriminatory recovery of the revenue requirement. Accordingly, the Commission approves Commission staff's proposed rates as shown in Ex.-PSC-COSS and Rate Design of the hearing record.

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

Some typical water bills for residential, multifamily 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 27.81 percent, and is comprised of a 21.47 percent increase in general service charges and a 44.66 percent increase in fire protection charges. A typical residential customer's bill will rise 27.98 percent. Rates have risen because of a 30.98 percent increase in gross plant investment and a 33.27 percent increase in operating expenses since the applicant's last rate case in 2013. The typical bills calculated using the authorized rates are approximately average when compared with those of similarly sized water utilities in the state.

The annual public fire protection charge will increase by 44.66 percent, compared to a 21.47 percent increase in general service charges. The larger increase in the public fire protection charge results because a greater proportion of the annual operating costs is allocated to fire protection 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 the public fire protection charge is reasonable in that it appropriately reflects the cost of providing service.

The applicant has agreed to revise its tariff provisions (operating rules and main extension rules) to be consistent with those of other Wisconsin water utilities. The proposed

rules were incorporated into the record by receipt of Ex.-PSC-COSS and Rate Design which incorporates the rules by reference. They are in accordance with Commission policy and the Wisconsin Administrative Code.

Effective Date

The test year commenced on January 1, 2019. Pursuant to Wis. Stat. §§ 196.19, the changes in rates and tariff provisions that are authorized in this Final Decision take effect no sooner than one day after the date of service, provided that these rates and tariff provisions are filed with the Commission and the applicant makes a copy of the new rates available to the public before this date by placing a copy of the new rates at locations where customer payments are accepted, on the applicant's website, or in a form and place that is otherwise readily accessible to the public.

Order

1. This Final Decision takes effect one day after the date of service.
2. The authorized rate increases and tariff provisions shall take effect no sooner than one day after the day the applicant has: (a) filed these rates and tariff provisions with the Commission; and (b) made them available to the public at locations where customer payments are accepted, on the applicant's website, or in a form and place that is otherwise readily accessible to the public, pursuant to Wis. Stat. § 196.19 and Wis. Admin. Code § PSC 185.33(1)(f). If a copy of the new rates and tariff provisions is not made available to the public when they are filed with the Commission, the new rates and tariff provisions shall take effect one day after the day they are made available to the public.

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3. The rates approved in this docket shall take effect no later than 90 days from the service date of this Final Decision or as directed by the Commission or Commission staff.

4. No later than 180 days from the effective date of this Final Decision, the applicant shall use the most recent version of the AWWA Water Audit Spreadsheet to develop a non-revenue water control plan that includes a list of action items and timeframe for completing them. The applicant shall provide a copy of the audit and plan to the Commission.

5. Jurisdiction is retained.

Dated at Madison, Wisconsin, October 2, 2019

For the Commission:

A handwritten signature in black ink, appearing to read "Denise L. Schmidt". The signature is fluid and cursive, with the first name being the most prominent.

Denise L. Schmidt
Administrator
Division of Water Utility Regulation and Analysis

DLS:alf:jac DL:01700372

See attached Notice of Appeal Rights

PUBLIC SERVICE COMMISSION OF WISCONSIN
4822 Madison Yards Way
P.O. Box 7854
Madison, Wisconsin 53707-7854

**NOTICE OF RIGHTS FOR REHEARING OR JUDICIAL REVIEW, THE
TIMES ALLOWED FOR EACH, AND THE IDENTIFICATION OF THE
PARTY TO BE NAMED AS RESPONDENT**

The following notice is served on you as part of the Commission's written decision. 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.

PETITION FOR REHEARING

If this decision is an order following a contested case proceeding as defined in Wis. Stat. § 227.01(3), a person aggrieved by the decision has a right to petition the Commission for rehearing within 20 days of the date of service of this decision, as provided in Wis. Stat. § 227.49. The date of service is shown on the first page. If there is no date on the first page, the date of service is shown immediately above the signature line. The petition for rehearing must be filed with the Public Service Commission of Wisconsin and served on the parties. An appeal of this decision may also be taken directly to circuit court through the filing of a petition for judicial review. It is not necessary to first petition for rehearing.

PETITION FOR JUDICIAL REVIEW

A person aggrieved by this decision has a right to petition for judicial review as provided in Wis. Stat. § 227.53. In a contested case, the petition must be filed in circuit court and served upon the Public Service Commission of Wisconsin within 30 days of the date of service of this decision if there has been no petition for rehearing. If a timely petition for rehearing has been filed, the petition for judicial review must be filed within 30 days of the date of service of the order finally disposing of the petition for rehearing, or within 30 days after the final disposition of the petition for rehearing by operation of law pursuant to Wis. Stat. § 227.49(5), whichever is sooner. If an *untimely* petition for rehearing is filed, the 30-day period to petition for judicial review commences the date the Commission serves its original decision.¹ The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

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

Revised: March 27, 2013

¹ See *Currier v. Wisconsin Dep't of Revenue*, 2006 WI App 12, 288 Wis. 2d 693, 709 N.W.2d 520.

CONTACT LIST FOR SERVICE BY PARTIES

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**Village of Milltown Water Utility
Comparison of Revenue
at
Present Rates, Cost of Service and Authorized Rates**

<u>Customer Class</u>	<u>Revenue at Present Rates</u>	<u>Cost of Service</u>		<u>Authorized Rates</u>		
		<u>Revenue Required</u>	<u>Increase over Present Rates</u>	<u>Revenue</u>	<u>Increase over Present Rates</u>	<u>Percent of Cost of Service</u>
Residential	\$65,562	\$78,740	20.10%	\$78,823	20.23%	100.10%
Multifamily Residential	\$6,594	\$8,551	29.68%	\$8,424	27.75%	98.51%
Commercial	\$18,431	\$23,465	27.31%	\$22,949	24.51%	97.80%
Industrial	\$1,116	\$1,118	0.16%	\$1,391	24.68%	124.49%
Public Authority	\$1,149	\$914	-20.48%	\$1,423	23.84%	155.75%
Public Fire Protection	<u>\$34,964</u>	<u>\$50,577</u>	44.66%	<u>\$50,577</u>	44.66%	100.00%
Total	<u>\$127,816</u>	<u>\$163,365</u>	<u>27.81%</u>	<u>\$163,587</u>	<u>27.99%</u>	<u>100.14%</u>

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Appendix C

Village of Milltown Water Utility
Authorized Water Rates and Rules

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Village of Milltown Water Utility

Water Rate File Changes

New or Amended

F-1
Upf-1
Mg-1
Am-1
OC-1
Mpa-1
Ug-1
Sg-1
BW-1
R-1
Cz-1
X-1
X-2
X-3

Public Service Commission of Wisconsin

Village of Milltown Water Utility

Public Fire Protection Service

Public fire protection 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.

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.

Quarterly Public Fire Protection Service Charges:

5/8 - inch meter:	\$ 27.72	3 - inch meter:	\$ 417.00
3/4 - inch meter:	\$ 27.72	4 - inch meter:	\$ 693.00
1 - inch meter:	\$ 69.54	6 - inch meter:	\$ 1,386.00
1 1/4 - inch meter:	\$ 102.51	8 - inch meter:	\$ 2,220.00
1 1/2 - inch meter:	\$ 138.75	10 - inch meter:	\$ 3,327.00
2 - inch meter:	\$ 222.00	12 - inch meter:	\$ 4,437.00

Customers who are provided service under Schedules Mg-1, Ug-1 or Sg-1 shall also be subject to the charges in this schedule according to the size of their primary meter. Customers who are provided service under Schedule Am-1 are exempt from these charges for any additional meters.

Billing: Same as Schedule Mg-1.

Public Service Commission of Wisconsin

Village of Milltown Water Utility

Private Fire Protection Service - Unmetered

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.

Quarterly Private Fire Protection Service Demand Charges:

2 - inch or smaller connection:	\$	15.00
3 - inch connection:	\$	27.00
4 - inch connection:	\$	45.00
6 - inch connection:	\$	93.00
8 - inch connection:	\$	147.00
10 - inch connection:	\$	219.00
12 - inch connection:	\$	294.00
14 - inch connection:	\$	366.00
16 - inch connection:	\$	441.00

Billing: Same as Schedule Mg-1.

Public Service Commission of Wisconsin

Village of Milltown Water Utility

General Service - Metered

Quarterly Service Charges:

5/8 - inch meter:	\$ 24.00	3 - inch meter:	\$ 120.00
3/4 - inch meter:	\$ 24.00	4 - inch meter:	\$ 175.00
1 - inch meter:	\$ 36.00	6 - inch meter:	\$ 300.00
1¼ - inch meter:	\$ 45.00	8 - inch meter:	\$ 462.00
1½ - inch meter:	\$ 54.00	10 - inch meter:	\$ 663.00
2 - inch meter:	\$ 75.00	12 - inch meter:	\$ 873.00

Plus Volume Charges:

First	25,000	gallons used each quarter:	\$4.20 per 1,000 gallons
Next	175,000	gallons used each quarter:	\$3.54 per 1,000 gallons
Over	200,000	gallons used each quarter:	\$2.85 per 1,000 gallons

Billing: Bills for water service are rendered quarterly and become due and payable upon issuance following the period for which service is rendered. A late payment charge of 3 percent but not less than 50 cents will be added to bills not paid within 20 days of issuance. This ONE-TIME 3 percent late payment charge will be applied only to any unpaid balance for the current billing period's usage. This 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 and 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 when metering configurations support such an approach. Meter readings from individually metered separate service laterals shall not be combined for billing purposes.

Public Service Commission of Wisconsin

Village of Milltown Water Utility

Additional Meter Rental Charge

Upon request, the utility shall furnish and install additional meters to:

- A. Water service customers for the purpose of measuring the volume of water used that is not discharged into the sanitary sewer system; and
- B. Sewerage service customers who are not customers of the water utility for the purpose of determining the volume of sewage that is discharged into the sanitary sewer system.

The utility shall charge a meter installation charge of \$20.00 and a quarterly rental fee for the use of this additional meter.

Quarterly Additional Meter Rental Charges:

5/8 - inch meter:	\$	12.00
3/4 - inch meter:	\$	12.00
1 - inch meter:	\$	18.00
1 1/4 - inch meter:	\$	22.50
1 1/2 - inch meter:	\$	27.00
2 - inch meter:	\$	37.50

This schedule applies only if the additional meter is installed on the same service lateral as the primary meter and either:

- A. The additional meter is 3/4-inch or smaller if the metering configuration is the Addition Method; or
- B. The additional meter is 2-inch or smaller for all other metering configurations.

If the additional meter is larger than 2-inch or larger than 3/4-inch and installed in the Addition Method, each meter shall be treated as a separate account and Schedule Mg-1 rates shall apply.

Billing: Same as Schedule Mg-1.

Public Service Commission of Wisconsin

Village of Milltown Water Utility

Other Charges

Payment Not Honored by Financial Institution Charge: The utility shall assess a \$20.00 charge when a payment rendered for utility service is not honored by the customer's financial institution. This charge may not be in addition to, but may be inclusive of, other such charges when the payment was for multiple services.

Billing: Same as Schedule Mg-1.

RATE FILE

Sheet No. 1 of 1

Schedule No. Mpa-1

Amendment No. 13

Public Service Commission of Wisconsin

Village of Milltown Water Utility

Public Service

Metered Service

Water used by the Village of Milltown on an intermittent basis for flushing sewers, street washing, flooding skating rinks, drinking fountains, etc., shall be metered and billed according to the rates set forth in Schedule Mg-1.

Unmetered Service

Where it is impossible to meter the service, the utility shall estimate the volume of water used based on the pressure, size of opening, and the period of time the water is used. The estimated quantity shall be billed at the volumetric rates set forth in Schedule Mg-1, excluding any service charges.

Billing: Same as Schedule Mg-1.

Public Service Commission of Wisconsin

Village of Milltown Water Utility

General Water Service - Unmetered

Service may be supplied temporarily on an unmetered basis where the utility cannot immediately install a water meter, including water used for construction. Unmetered service shall be billed the amount that would be charged to a metered residential customer using 9,000 gallons of water quarterly under Schedule Mg-1, including the service charge for a 5/8-inch meter. If the utility determines that actual usage exceeds 9,000 gallons of water quarterly, an additional charge for the estimated excess usage shall be made according to the rates under Schedule Mg-1.

This schedule applies only to customers with a 1-inch or smaller service connection. For customers with a larger service connection, the utility shall install a temporary meter and charges shall be based on the rates set forth under Schedule Mg-1.

Billing: Same as Schedule Mg-1.

Public Service Commission of Wisconsin

Village of Milltown Water Utility

Seasonal Service

Seasonal customers are general service customers who voluntarily request disconnection of water service and who resume service at the same location within 12 months of the disconnection, unless service has been provided to another customer at that location in the intervening period. The utility shall bill seasonal customers the applicable service charges under Schedule Mg-1 year-round, including the period of temporary disconnection.

Seasonal service shall include customers taking service under Schedule Mg-1, Schedule Ug-1, or Schedule Am-1.

Upon reconnection, the utility shall apply a charge under Schedule R-1 and require payment of any unpaid charges under this schedule.

Billing: Same as Schedule Mg-1, unless the utility and customer agree to an alternative payment schedule for the period of voluntary disconnection.

Public Service Commission of Wisconsin

Village of Milltown Water Utility

Bulk Water

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

Bulk water sales are:

- A. Water supplied by tank trucks or from hydrants for the purpose of extinguishing fires outside the utility's service area;
- B. Water supplied by tank trucks or from hydrants for purposes other than extinguishing fires, such as water used for irrigation or filling swimming pools; or,
- C. Water supplied from hydrants or other temporary connections for general service type applications, except that Schedule Ug-1 applies for water supplied for construction purposes.

A service charge of \$20.00 and a charge for the volume of water used shall be billed to the party using the water. The volumetric charge shall be calculated using the highest volumetric rate for residential customers under Schedule Mg-1. In addition, for meters that are assigned to bulk water customers for more than 7 days, the applicable service charge in Schedule Mg-1 will apply after the first 7 days.

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

Billing: Same as Schedule Mg-1.

Public Service Commission of Wisconsin

Village of Milltown Water Utility

Reconnection Charges

The utility shall assess a charge to reconnect a customer, which includes reinstalling a meter and turning on the valve at the curb stop, if necessary. A utility may not assess a charge for disconnecting a customer.

During normal business hours:	\$20.00
After normal business hours:	\$25.00

Billing: Same as Schedule Mg-1.

RATE FILE

Sheet No. 1 of 1

Schedule No. Cz-1

Amendment No. 13

Public Service Commission of Wisconsin

Village of Milltown Water Utility

Water Lateral Installation Charge
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The utility shall charge a customer for the actual cost of installing a water service lateral from the main through curb stop and box if these costs are not contributed as part of a subdivision development or otherwise recovered under Wis. Stats. Chapter 66.

Billing: Same as Schedule Mg-1.

Village of Milltown Water Utility

Water Utility Operating Rules

Compliance with Rules

All persons now receiving water service from this water utility, or who may request service in the future, shall be considered as having agreed to be bound by the rules and regulations as filed with the Public Service Commission of Wisconsin.

Establishment of Service

Application for water service may be made in writing on a form furnished by the water utility. The application will contain the legal description of the property to be served, the name of the owner, the exact use to be made of the service, and the size of the service lateral and meter desired. Note particularly any special refrigeration, fire protection, or water-consuming air-conditioning equipment.

Service will be furnished only if (1) the premises have a frontage on a properly platted street or public strip in which a cast iron or other long-life water main has been laid, or where the property owner has agreed to and complied with the provisions of the water utility's filed main extension rule, (2) the property owner has installed or agrees to install a service lateral from the curb stop to the point of use that is not less than 6 feet below the surface of an established or proposed grade and meets the water utility's specifications, and (3) the premises have adequate piping beyond the metering point.

The owner of a multi-unit dwelling has the option of being served by individual metered water service to each unit. The owner, by selecting this option, is required to provide interior plumbing and meter settings to enable individual metered service to each unit and individual disconnection without affecting service to other units. Each meter and meter connection will be treated as a separate water utility account for the purpose of the filed rules and regulations.

No division of the water service lateral to any lot or parcel of land shall be made for the extension and independent metering of the supply to an adjoining lot or parcel of land. Except for duplexes, no division of a water service lateral shall be made at the curb for separate supplies for two or more separate premises having frontage on any street or public service strip, whether owned by the same or different parties. Duplexes may be served by one lateral provided (1) individual metered service and disconnection is provided and (2) it is permitted by local ordinance.

Buildings used in the same business, located on the same parcel, and served by a single lateral may have the customer's water supply piping installed to a central point so that volume can be metered in one place.

The water utility may withhold approval of any application where full information of the purpose of such supply is not clearly indicated and set forth by the applicant property owner.

Village of Milltown Water Utility

Water Utility Operating Rules

Reconnection of Service

Where the water utility has disconnected service at the customer’s request, a reconnection charge shall be made when the customer requests reconnection of service. See Schedule R-1 for the applicable rate.

A reconnection charge shall also be required from customers whose services are disconnected (shut off at curb stop box) because of nonpayment of bills when due. See Schedule R-1 for the applicable rate.

If reconnection is requested for the same location by any member of the same household, or, if a place of business, by any partner of the same business, it shall be considered as the same customer.

Temporary Metered Service, Meter, and Deposits

An applicant for temporary water service on a metered basis shall make and maintain a monetary deposit for each meter installed as security for payment for use of water and for such other charges which may arise from the use of the supply. A charge shall be made for setting the valve and furnishing and setting the meter. See Schedule BW-1 for the applicable rate.

Water for Construction

When water is requested for construction purposes or for filling tanks or other such uses, an application shall be made to the water utility, in writing, giving a statement of the amount of construction work to be done or the size of the tank to be filled, etc. Payment for the water for construction may be required in advance at the scheduled rates. The service lateral must be installed into the building before water can be used. No connection with the service lateral at the curb shall be made without special permission from the water utility. In no case will any employee of the water utility turn on water for construction work unless the contractor has obtained permission from the water utility.

Customers shall not allow contractors, masons, or other persons to take unmetered water from their premises without permission from the water utility. Any customer failing to comply with this provision may have water service discontinued and will be responsible for the cost of the estimated volume of water used.

Public Service Commission of Wisconsin

Village of Milltown Water Utility

Water Utility Operating Rules

Use of Hydrants

In cases where no other supply is available, permission may be granted by the water utility to use a hydrant. No hydrant shall be used until the proper meter and valve are installed. In no case shall any valve be installed or moved except by an employee of the water utility.

Before a valve is set, payment must be made for its setting and for the water to be used at the scheduled rates. Where applicable, see Schedule BW-1 for deposits and charges. Upon completing the use of the hydrant, the customer must notify the water utility to that effect.

Operation of Valves and Hydrants and Unauthorized Use of Water - Penalty

Any person who shall, without authority of the water utility, allow contractors, masons, or other unauthorized persons to take water from their premises, operate any valve connected with the street or supply mains, or open any fire hydrant connected with the distribution system, except for the purpose of extinguishing fire, or who shall wantonly damage or impair the same, shall be subject to a fine as provided by municipal ordinance. Utility permission for the use of hydrants applies only to such hydrants that are designated for the specific use.

Refunds of Monetary Deposits

All money deposited as security for payment of charges arising from the use of temporary water service on a metered basis, or for the return of a hydrant valve and fixtures if the water is used on an unmetered basis, will be refunded to the depositor on the termination of the use of water, the payment of all charges levied against the depositor, and the return of the water utility's equipment.

Service Laterals

No water service lateral shall be laid through any trench having cinders, rubbish, rock or gravel fill, or any other material which may cause injury to or disintegration of the service lateral, unless adequate means of protection are provided by sand filling or such other insulation as may be approved by the water utility. Service laterals passing through curb or retaining walls shall be adequately safeguarded by provision of a channel space or pipe casing not less than twice the diameter of the service connection. The space between the service lateral and the channel or pipe casing shall be filled and lightly caulked with an oakum, mastic cement, or other resilient material and made impervious to moisture.

In backfilling the pipe trench, the service lateral must be protected against injury by carefully hand tamping the ground filling around the pipe. There should be at least 6 inches of ground filling over the pipe, and it should be free from hard lumps, rocks, stones, or other injurious material.

Public Service Commission of Wisconsin

Village of Milltown Water Utility

Water Utility Operating Rules

Service Laterals (continued)

All water service laterals shall be of undiminished size from the street main into the point of meter placement. Beyond the meter outlet valve, the piping shall be sized and proportioned to provide, on all floors, at all times, an equitable distribution of the water supply for the greatest probable number of fixtures or appliances operating simultaneously.

Replacement and Repair of Service Laterals

The service lateral from the main to and through the curb stop will be maintained and kept in repair and, when worn out, replaced at the expense of the water utility. The property owner shall maintain the service lateral from the curb stop to the point of use.

If an owner fails to repair a leaking or broken service lateral from the curb to the point of metering or use within such time as may appear reasonable to the water utility after notification has been served on the owner by the water utility, the water will be shut off and will not be turned on again until the repairs have been completed.

Abandonment of Service

If a property owner changes the use of a property currently receiving water service such that water service will no longer be needed in the future, the water utility may require the abandonment of the water service at the water main. In such case, the property owner may be responsible for all removal and/or repair costs, including the water main and the utility portion of the water service lateral.

Charges for Water Wasted Due to Leaks

See Wis. Admin. Code § PSC 185.35 or Schedule X-4, if applicable.

Thawing Frozen Service Laterals

See Wis. Admin. Code § PSC 185.88 or Schedule X-4, if applicable.

Curb Stop Boxes

The curb stop box is the property of the water utility. The water utility is responsible for its repair and maintenance. This includes maintaining, through adjustment, the curb stop box at an appropriate grade level where no direct action by the property owner or occupant has contributed to an elevation problem. The property owner is responsible for protecting the curb stop box from situations that could obstruct access to it or unduly expose it to harm. The water utility shall not be liable for failure to locate the curb stop box and shut off the water in case of a leak on the owner’s premises.

Village of Milltown Water Utility

Water Utility Operating Rules

Installation of Meters

Meters will be owned, furnished, and installed by the water utility or a utility-approved contractor and are not to be disconnected or tampered with by the customer. All meters shall be so located that they shall be protected from obstructions and permit ready access for reading, inspection, and servicing, such location to be designated or approved by the water utility. All piping within the building must be supplied by the owner. Where additional meters are desired by the owner, the owner shall pay for all piping. Where applicable, see Schedule Am-1 for rates.

Repairs to Meters

Meters will be repaired by the water utility, and the cost of such repairs caused by ordinary wear and tear will be borne by the water utility.

Repair of any damage to a meter resulting from the carelessness of the owner of the premises, owner's agent, or tenant, or from the negligence of any one of them to properly secure and protect same, including any damage that may result from allowing a water meter to become frozen or to be damaged from the presence of hot water or steam in the meter, shall be paid for by the customer or the owner of the premises.

Service Piping for Meter Settings

Where the original service piping is installed for a new metered customer, where existing service piping is changed for the customer's convenience, or where a new meter is installed for an existing unmetered customer, the owner of the premises at his/her expense shall provide a suitable location and the proper connections for the meter. The meter setting and associated plumbing shall comply with the water utility's standards. The water utility should be consulted as to the type and size of the meter setting.

Turning on Water

The water may only be turned on for a customer by an authorized employee of the water utility. Plumbers may turn the water on to test their work, but upon completion must leave the water turned off.

Sprinkling Restrictions and Emergency Water Conditions

Where the municipality has a policy regarding sprinkling restrictions and/or emergency water conditions, failure to comply with such may result in disconnection of service.

See Wis. Admin. Code § PSC 185.37.

Public Service Commission of Wisconsin

Village of Milltown Water Utility

Water Utility Operating Rules

Failure to Read Meters

Where the water utility is unable to read a meter, the fact will be plainly indicated on the bill, and either an estimated bill will be computed or the minimum charge applied. The difference shall be adjusted when the meter is again read, that is, the bill for the succeeding billing period will be computed with the gallons or cubic feet in each block of the rate schedule doubled, and credit will be given on that bill for the amount of the bill paid the preceding period. Only in unusual cases shall more than three consecutive estimated or minimum bills be rendered.

If the meter is damaged (see Surreptitious Use of Water) or fails to operate, the bill will be based on the average use during the past year, unless there is some reason why the use is not normal. If the average use cannot be properly determined, the bill will be estimated by some equitable method.

See Wis. Admin. Code § PSC 185.33.

Complaint Meter Tests

See Wis. Admin. Code § PSC 185.77.

Inspection of Premises

During reasonable hours, any officer or authorized employee of the water utility shall have the right of access to the premises supplied with service for the purpose of inspection or for the enforcement of the water utility's rules and regulations. Whenever appropriate, the water utility will make a systematic inspection of all unmetered water taps for the purpose of checking waste and unnecessary use of water.

See Wis. Stat. § 196.171.

Vacation of Premises

When premises are to be vacated, the water utility shall be notified, in writing, at once, so that it may remove the meter and shut off the water supply at the curb stop. The owner of the premises shall be liable for prosecution for any damage to the water utility's property. See "Abandonment of Service" in Schedule X-1 for further information.

Deposits for Residential Service

See Wis. Admin. Code § PSC 185.36.

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Village of Milltown Water Utility

Water Utility Operating Rules

Deposits for Nonresidential Service

See Wis. Admin. Code § PSC 185.361.

Deferred Payment Agreement

See Wis. Admin. Code § PSC 185.38 or Schedule X-4, if applicable.

Dispute Procedures

See Wis. Admin. Code § PSC 185.39.

Disconnection and Refusal of Service

See Wis. Admin. Code § PSC 185.37.

The following is an example of a disconnection notice that the utility may use to provide the required notice to customers.

DISCONNECTION NOTICE

Dear Customer:

The bill enclosed with this notice includes your current charge for water utility service and your previous unpaid balance.

You have 10 days to pay the water utility service arrears or your service is subject to disconnection.

If you fail to pay the service arrears or fail to contact us within the 10 days allowed to make reasonable deferred payment arrangement or other suitable arrangement, we will proceed with disconnection action.

To avoid the inconvenience of service interruption and an additional charge of (amount) for reconnection, we urge you to pay the full arrears IMMEDIATELY AT ONE OF OUR OFFICES.

If you have entered into a Deferred Payment Agreement with us and have failed to make the deferred payments you agreed to, your service will be subject to disconnection unless you pay the entire amount due within 10 days.

If you have a reason for delaying the payment, call us and explain the situation.

Public Service Commission of Wisconsin

Village of Milltown Water Utility

Water Utility Operating Rules

Disconnection and Refusal of Service (continued)

DISCONNECTION NOTICE (continued)

PLEASE CALL THIS TELEPHONE NUMBER, (telephone number), IMMEDIATELY IF:

1. You dispute the notice of delinquent account.
2. You have a question about your water utility service arrears.
3. You are unable to pay the full amount of the bill and are willing to enter into a deferred payment agreement with us.
4. There are any circumstances you think should be taken into consideration before service is discontinued.
5. Any resident is seriously ill.

Illness Provision: If there is an existing medical emergency in your home and you furnish the water utility with a statement signed by either a licensed Wisconsin physician or a public health official, we will delay disconnection of service up to 21 days. The statement must identify the medical emergency and specify the period of time during which disconnection will aggravate the existing emergency.

Deferred Payment Agreements: If you are a residential customer and you are unable to pay the full amount of the water utility service arrears on your bill, you may contact the water utility to discuss arrangements to pay the arrears over an extended period of time.

This time payment agreement will require:

1. Payment of a reasonable amount at the time the agreement is made.
2. Payment of the remainder of the outstanding balance in monthly installments over a reasonable length of time.
3. Payment of all future water utility service bills in full by the due date.

In any situation where you are unable to resolve billing disputes or disputes about the grounds for proposed disconnection through contacts with our water utility, you may make an appeal to the Public Service Commission of Wisconsin by calling (800) 225-7729.

(WATER UTILITY NAME)

Village of Milltown Water Utility

Water Utility Operating Rules

Collection of Overdue Bills

An amount owed by the customer may be levied as a tax as provided in Wis. Stat. § 66.0809.

Surreptitious Use of Water

When the water utility has reasonable evidence that a person is obtaining water, in whole or in part, by means of devices or methods used to stop or interfere with the proper metering of the water utility service being delivered, the water utility reserves the right to estimate and present immediately a bill for unmetered service as a result of such interference, and such bill shall be payable subject to a 24-hour disconnection of service. If the water utility disconnects the service for any such reason, the water utility will reconnect the service upon the following conditions:

- A. The customer will be required to deposit with the water utility an amount sufficient to guarantee the payment of the bills for water utility service.
- B. The customer will be required to pay the water utility for any and all damages to water utility equipment resulting from such interference with the metering.
- C. The customer must further agree to comply with reasonable requirements to protect the water utility against further losses.

See Wis. Stat. §§ 98.26 and 943.20.

Repairs to Mains

The water utility reserves the right to shut off the water supply in the mains temporarily to make repairs, alterations, or additions to the plant or system. When the circumstances will permit, the water utility will give notification, by newspaper publication or otherwise, of the discontinuance of the water supply. No credit will be allowed to customers for such temporary suspension of the water supply.

See Wis. Admin. Code § PSC 185.87.

Duty of Water Utility with Respect to Safety of the Public

It shall be the duty of the water utility to see that all open ditches for water mains, hydrants, and service laterals are properly guarded to prevent accident to any person or vehicle, and at night there shall be displayed proper signal lighting to insure the safety of the public.

Village of Milltown Water Utility

Water Utility Operating Rules

Handling Water Mains and Service Laterals in Excavation Trenches

Contractors must call Digger’s Hotline and ensure a location is done to establish the existence and location of all water mains and service laterals as provided in Wis. Stat. § 182.0175. Where water mains or service laterals have been removed, cut, or damaged during trench excavation, the contractors must, at their own expense, cause them to be replaced or repaired at once. Contractors must not shut off the water service laterals to any customer for a period exceeding 6 hours.

Protective Devices

- A. Protective Devices in General: The owner or occupant of every premise receiving water supply shall apply and maintain suitable means of protection of the premise supply and all appliances against damage arising in any manner from the use of the water supply, variation of water pressure, or any interruption of water supply. Particularly, such owner or occupant must protect water-cooled compressors for refrigeration systems by means of high and/or low pressure safety cutout devices. There shall likewise be provided means for the prevention of the transmission of water ram or noise of operation of any valve or appliance through the piping of their own or adjacent premises.
- B. Relief Valves: On all "closed systems" (i.e., systems having a check valve, pressure regulator, reducing valve, water filter, or softener), an effective pressure relief valve shall be installed at or near the top of the hot water tank or at the hot water distribution pipe connection to the tank. No stop valve shall be placed between the hot water tank and the relief valve or on the drain pipe. See applicable plumbing codes.
- C. Air Chambers: An air chamber or approved shock absorber shall be installed at the terminus of each riser, fixture branch, or hydraulic elevator main for the prevention of undue water hammer. The air chamber shall be sized in conformance with local plumbing codes. Where possible, the air chamber should be provided at its base with a valve for water drainage and replenishment of air.

Cross-Connections

Every person owning or occupying a premise receiving municipal water supply shall maintain such municipal water supply free from any connection, either of a direct or of an indirect nature, with a water supply from a foreign source or of any manner of connection with any fixture or appliance whereby water from a foreign supply or the waste from any fixture, appliance, or waste or soil pipe may flow or be siphoned or pumped into the piping of the municipal water system.

See Wis. Admin. Code § NR 811.06.

Public Service Commission of Wisconsin

Village of Milltown Water Utility

Water Main Extension Rule

Water mains will be extended for new customers on the following basis:

- A. Where the cost of the extension is to immediately be collected through assessment by the municipality against the abutting property, the procedure set forth under Wis. Stat. § 66.0703 will apply, and no additional customer contribution to the utility will be required.
- B. Where the municipality is unwilling or unable to make a special assessment, the extension will be made on a customer-financed basis as follows:
 - 1. The applicant(s) will advance as a contribution in aid of construction the total amount equivalent to that which would have been assessed for all property under paragraph A.
 - 2. Part of the contribution required in paragraph B.1. will be refundable. When additional customers are connected to the extended main within 10 years of the date of completion, contributions in aid of construction will be collected equal to the amount which would have been assessed under paragraph A. for the abutting property being served. This amount will be refunded to the original contributor(s). In no case will the contributions received from additional customers exceed the proportionate amount which would have been required under paragraph A., nor will it exceed the total assessable cost of the original extension.
- C. When a customer connects to a transmission main or connecting loop installed at utility expense within 10 years of the date of completion, there will be a contribution required of an amount equivalent to that which would have been assessed under paragraph A.

Public Service Commission of Wisconsin

Village of Milltown Water Utility

Water Main Installations in Platted Subdivisions

Application for installation of water mains in regularly platted real estate development subdivisions shall be filed with the utility.

If the developer, or a contractor employed by the developer, is to install the water mains (with the approval of the utility), the developer shall be responsible for the total cost of construction.

If the utility or its contractor is to install the water mains, the developer shall be required to advance to the utility, prior to the beginning of the construction, the total estimated cost of the extension. If the final costs exceed estimated costs, an additional billing will be made for the balance of the cost due. This balance is to be paid within 30 days. If final costs are less than estimated, a refund of the overpayment will be made by the water utility.

Village of Milltown Water Utility
Customer Water Bill Comparison at Present and Proposed Rates

Customer Type	Meter Size	Volume (1000 Gallons)	Quarterly			Quarterly Including Public Fire Protection		
			Bills at Old Rates	Bills at New Rates	Percent Change	Bills at Old Rates	Bills at New Rates	Percent Change
Small Residential	5/8"	5	\$ 38.07	\$ 45.00	18.20%	\$ 56.55	\$ 72.72	28.59%
Average Residential	5/8"	9	\$ 51.47	\$ 61.80	20.07%	\$ 69.95	\$ 89.52	27.98%
Large Residential	5/8"	50	\$ 174.07	\$ 217.50	24.95%	\$ 192.55	\$ 245.22	27.35%
Large Residential	5/8"	100	\$ 312.07	\$ 394.50	26.41%	\$ 330.55	\$ 422.22	27.73%
Large Residential	5/8"	200	\$ 588.07	\$ 748.50	27.28%	\$ 606.55	\$ 776.22	27.97%
Multifamily Residential	1"	85	\$ 277.16	\$ 353.40	27.51%	\$ 323.02	\$ 422.94	30.93%
Multifamily Residential	1"	150	\$ 456.56	\$ 583.50	27.80%	\$ 502.42	\$ 653.04	29.98%
Multifamily Residential	1 1/2"	200	\$ 603.83	\$ 778.50	28.93%	\$ 696.53	\$ 917.25	31.69%
Multifamily Residential	2"	70	\$ 266.66	\$ 339.30	27.24%	\$ 414.98	\$ 561.30	35.26%
Commercial	5/8"	230	\$ 652.87	\$ 834.00	27.74%	\$ 671.35	\$ 861.72	28.36%
Commercial	1 1/2"	350	\$ 927.83	\$ 1,206.00	29.98%	\$ 1,020.53	\$ 1,344.75	31.77%
Commercial	1 1/2"	1,700	\$ 3,843.83	\$ 5,053.50	31.47%	\$ 3,936.53	\$ 5,192.25	31.90%
Commercial	2"	130	\$ 432.26	\$ 551.70	27.63%	\$ 580.58	\$ 773.70	33.26%
Industrial	5/8"	5	\$ 38.07	\$ 45.00	18.20%	\$ 56.55	\$ 72.72	28.59%
Industrial	5/8"	10	\$ 54.82	\$ 66.00	20.39%	\$ 73.30	\$ 93.72	27.86%
Industrial	5/8"	15	\$ 71.57	\$ 87.00	21.56%	\$ 90.05	\$ 114.72	27.40%
Industrial	1"	60	\$ 208.16	\$ 264.90	27.26%	\$ 254.02	\$ 334.44	31.66%
Public Authority	5/8"	5	\$ 38.07	\$ 45.00	18.20%	\$ 56.55	\$ 72.72	28.59%
Public Authority	5/8"	7	\$ 44.77	\$ 53.40	19.28%	\$ 63.25	\$ 81.12	28.25%
Public Authority	5/8"	10	\$ 54.82	\$ 66.00	20.39%	\$ 73.30	\$ 93.72	27.86%
Public Authority	1 1/2"	40	\$ 162.23	\$ 212.10	30.74%	\$ 254.93	\$ 350.85	37.63%

Village of Milltown Water Utility

**Schedule of Water Depreciation Rates
Effective January 1, 2019**

Account Number	Account Title	Depreciation Rate
	SOURCE OF SUPPLY PLANT	
314	Wells and Springs	2.90%
	PUMPING PLANT	
321	Structures and Improvements	3.20%
325	Electric Pumping Equipment	4.40%
	TRANSMISSION AND DISTRIBUTION PLANT	
342	Distribution Reservoirs and Standpipes	1.90%
343	Transmission and Distribution Mains	1.30%
345	Services	2.90%
346	Meters	5.50%
348	Hydrants	2.20%
	GENERAL PLANT	
391	Office Furniture and Equipment	5.80%
391.1	Computer Equipment	26.70%
397.1	SCADA Equipment	9.20%
398	Miscellaneous Equipment	5.80%