



Waukesha Water Utility

SERVING WAUKESHA SINCE 1886

115 DELAFIELD STREET
WAUKESHA, WI 53188-3615

Telephone: (262) 521-5272 • Fax: (262) 521-5265 • E-mail: waukwu@execpc.com

Thursday, June 28, 2007

For more information, contact:

Dan Duchniak

(262) 521-5272 ext. 518

Waukesha bills include new water rates

New bills reflect June 1 rate increase and conservation rates

More changes likely in coming years, utility says

The first water bills reflecting rate increases and a new conservation rate structure will be sent to customers this week, according to the Waukesha Water Utility.

The Wisconsin Public Service Commission (PSC) recently approved a 17.92% revenue increase for the water utility, effective June 1, to cover increasing costs, including removal of radium from drinking water.

With its new rates, Waukesha will be the first utility in the state to charge residential customers more per gallon as water use increases. "The new rates are just one piece of our comprehensive conservation plan and will help raise public awareness of the importance of conserving water," said Waukesha Mayor Larry Nelson.

The rate increase and conservation rates apply to water used on and after June 1, 2007. Water use before and after that date is separated and prorated so that the appropriate rates are applied. An insert explaining the new rates will be included with water bills.

PSC commissioners enthusiastically endorsed the new conservation, or inclining, rates last month. "We are proud to be a model for other utilities," Nelson said. "We expect to be refining and expanding this program over the next several years as we get more information about its impacts."

He said the utility is exploring possible new billing methods for duplexes, which are subject to the conservation rates. The utility will also be examining whether to add larger multi-family residential units under the inclining rate structure.

The utility's general manager Dan Duchniak said the utility would discuss expansion of the new structure to non-residential customers next year. "This is just the first step. We

started with inclining rates for residential customers because they have the largest fluctuations in water use. By helping reduce peak use, we can reduce our required capacity for radium compliance and reduce costs associated with radium compliance,” he said.

In addition, Duchniak said, a large number of businesses have already reduced their water use to save money. “Businesses are also facing a larger overall increase in rates than residential users,” he said.

The new conservation rates are part of a comprehensive water conservation program adopted by the utility in March of 2006, which includes a ban on daytime sprinkling. Sprinkling is only allowed from 5 p.m. to 9 a.m., two days per week.

“Last year was our first year with the sprinkling ban, and our average daily use dropped 7%,” Duchniak said. He noted that this year will be the first in which fines of \$172 will be imposed on violators. “We don’t anticipate many compliance problems. The public understands the need to conserve.”

Duchniak said one of the easiest ways for most people to avoid increasing water rates is to limit lawn sprinkling. “People can also look at purchasing low-flow faucets and shower heads, and replacing older toilets,” he said. He said a family of four can save \$75 to \$200 per year by replacing pre-1994 toilets. Information on conservation is available on the utility’s web site at: http://www.ci.waukesha.wi.us/WaterUtility/conservation_1.html.

The city is facing both short-term and long-term water supply problems.

The short-term problem is compliance with federal and state mandates to reduce radium in drinking water. The utility is spending \$13.5 million in capital expenditures to bring the city’s water system into compliance with the radium standards.

In addition, the utility has a longer-term goal of developing a new water supply. Radium is just one of the growing quality and quantity problems in the current deep aquifer source. Years of over-pumping by southeastern Wisconsin (including Milwaukee until the 1950s), along with a geological feature that limits water recharge, makes continued use of the deep aquifer unsustainable.

Once a new source is developed, the utility intends to eliminate the use of the deep aquifer and restrict the use of the shallow aquifer.

The utility has worked with experts to examine its options and has concluded that its long-term supply options are to go east to Lake Michigan surface water or west in Waukesha County for groundwater. The utility has said that the Lake Michigan option is more sustainable because, unlike the Illinois diversion, the water would be returned to Lake Michigan, avoiding any impacts on lake levels.

WAUKESHA WATER UTILITY RATE CHANGE INFORMATION

The Public Service Commission of Wisconsin has authorized the Waukesha Water Utility to increase its water rates by 17.92%. This increase is due to the Utility's need to provide necessary revenue to offset operational costs and earn a prudent rate of return, which is used to maintain the water system.

The increase is effective for service rendered on and after June 1, 2007. The new rates will be phased in during the June, July, August, and September billing periods, depending on the reading dates. Below is a comparison of the old and new rates.

WATER RATES

QUARTERLY SERVICE CHARGE

(Based on 91 Days)

Meter Size	Old Rate	New Rate
5/8"	\$ 16.80	\$ 19.50
3/4"	\$ 16.80	\$ 19.50
1"	\$ 27.00	\$ 33.00
1 1/4"	\$ 36.00	\$ 45.00
1 1/2"	\$ 45.00	\$ 54.00
2"	\$ 69.00	\$ 84.00
3"	\$ 111.00	\$ 141.00
4"	\$ 144.00	\$ 195.00
6"	\$ 240.00	\$ 321.00
8"	\$ 300.00	\$ 402.00

USAGE (VOLUMETRIC) CHARGE

Non-Residential

(Commercial, Industrial, Public)

Gallons	Rate per 1,000 gallons	
	Old Rate	New Rate
First 75,000	\$1.69	\$1.95
Next 1,425,000	\$1.46	\$1.83
Over 1,500,000	\$1.14	\$1.61

Residential

Gallons	Rate per 1,000 gallons	
	Old Rate	New Rate
First 75,000	\$1.69	\$1.95
Next 1,425,000	\$1.46	\$2.20
Over 1,500,000	\$1.14	\$2.70

PUBLIC FIRE PROTECTION (FIRE CAPACITY) CHARGE

(Based on 91 Days)

QUARTERLY CHARGE

Meter Size	Rate
5/8"	\$ 11.79
3/4"	\$ 11.79
1"	\$ 29.52
1 1/4"	\$ 43.50
1 1/2"	\$ 59.10
2"	\$ 94.50
3"	\$ 177.00
4"	\$ 297.00
6"	\$ 591.00
8"	\$ 945.00

Please note: There are no changes in the Public Fire Protection Rates.

PRIVATE FIRE PROTECTION

Service Size	Old Rate	New Rate
2" & Under	\$ 8.40	\$ 9.30
3"	\$ 15.60	\$ 17.40
4"	\$ 26.10	\$ 29.10
6"	\$ 52.50	\$ 58.50
8"	\$ 84.00	\$ 93.00
10"	\$126.00	\$186.00
12"	\$183.00	\$234.00

Questions & Answers Regarding the Above Changes

- When were the rates last changed?** *The last increase (adjustment) for the water rates was in November of 2005.*
- Who oversees the rate increase process?** *Because the Water Utility is a publicly regulated Utility, the Public Service Commission of Wisconsin (PSCW) oversees, audits, and approves all rate adjustments. Prior to approval, a Public Notice was published in the Waukesha Freeman, and a public hearing was held to give information on the proposed increase, receive customer input, and answer questions posed by customers.*
- Why are the above charges broken down into so many subsections?** *Again, because the PSCW regulates the Water Utility, and sets the rates according to the type of service rendered, each type of service needs to be billed separately. In setting the rates, the PSCW looks at each function of the Utility separately and allocates the appropriate resources to cover the costs associated with each function.*
- How are Residential Customers and Non-Residential Customers defined?** *Residential Customers, as defined by the PSCW, are those accounts for service addresses that have only one or two family living units. Non-Residential Customers include properties classified as commercial (which includes properties having three or more living units), industrial, and public.*
- Why was an inclining rate structure added for Residential Customers?** *The inclining, rather than declining, rate structure is part of the Utility's Water Conservation Plan, and the first step in aligning all rates with the conservation plan. Because the residential customer class fluctuates the most between winter and summer, and causes the usage peaks, the goal is to reduce the peak usage and lower the capacity needed to serve all customers.*

Please note that the current rates and an explanation of the charges are printed on the back of every bill. Feel free to contact the Utility at (262) 521-5272, with any other questions you may have.