



Village of Kronenwetter, WI
2023 Water Rate Study
Phase 1: Long-Range Cash Flow Analysis

August 1, 2023 Utility Committee Meeting

Why are we here?

- Water Utility encountering increased capital investment
- Ehlers to identify fiscal sustainability
- Our Process
 - ✓ Historical Rate Performance
 - ✓ Future Projections
 - O&M and Depreciation
 - Funding Project(s): Debt vs. Cash
 - ✓ Rate Impact

Water Rates Historical Implementation

- Last Conventional Rate Case (CRC) completed December 20, 1999.
- Since then
 - ✓ UF Plant up (added capital) 184.7%
 - ✓ O&M up 40%; Depr. Up 62%
 - ✓ Usage & Cust. Count up 170%
 - ✓ 2022 PSC AR ROR = 14.64%
- No Simplified Rate Cases (SRC) completed since CRC.

Water: Historical Rate Performance

Revenue Requirement		Shown with no increase				Est	Budget
Component	Description	2018	2019	2020	2021	2022	2023
Cash Basis							
1	O&M and PILOT	\$483,487	\$497,410	\$505,191	\$420,465	\$341,802	\$510,342
2	Debt	\$113,015	\$0	\$0	\$0	\$0	\$0
3	Cash Funded Capital^	\$121,568	\$108,975	\$31,300	\$46,378	\$54,744	\$40,000
Less:							
	Other Revenue	\$39,810	\$42,021	\$45,198	\$45,699	\$45,737	\$31,360
	Interest Income	\$6,201	\$8,568	\$6,395	\$4,363	\$3,942	\$15,000
	Revenue Requirement (Costs less Other Income)	\$672,059	\$555,796	\$484,898	\$416,781	\$346,867	\$503,982
	User Rates Revenue	\$702,723	\$688,576	\$752,008	\$780,577	\$793,875	\$752,500
	Rate Adequacy	\$30,665	\$132,780	\$267,110	\$363,796	\$447,008	\$248,518
	Rate Adjustment Needed	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Utility Basis (PSC)							
1	O&M and PILOT	\$483,487	\$497,410	\$505,191	\$420,465	\$341,802	\$510,342
2	Depreciation	\$85,155	\$88,205	\$90,070	\$91,305	\$93,223	\$106,483
	NIRB	\$2,862,116	\$2,885,208	\$2,867,720	\$2,810,223	\$2,645,311	\$3,130,171
	PSC Benchmark ROR (%)	4.90%	5.70%	4.90%	4.90%	4.90%	6.50%
3	PSC Benchmark ROR (\$)	\$140,244	\$164,457	\$140,518	\$137,701	\$129,620	\$203,461
Less:							
	Other Revenue	\$39,810	\$42,021	\$45,198	\$45,699	\$45,737	\$31,360
	Interest Income	\$6,201	\$8,568	\$6,395	\$4,363	\$3,942	\$15,000
	Revenue Requirement (Costs less Other Income)	\$662,875	\$699,483	\$684,186	\$599,409	\$514,966	\$773,926
	User Rates Revenue	\$702,723	\$688,576	\$752,008	\$780,577	\$793,875	\$752,500
	Rate Adequacy	\$39,848	(\$10,907)	\$67,822	\$181,168	\$278,909	(\$21,426)
	Rate Adjustment Needed	0.00%	1.58%	0.00%	0.00%	0.00%	2.85%

Rates performing on a cash basis; can add 248k D.S.

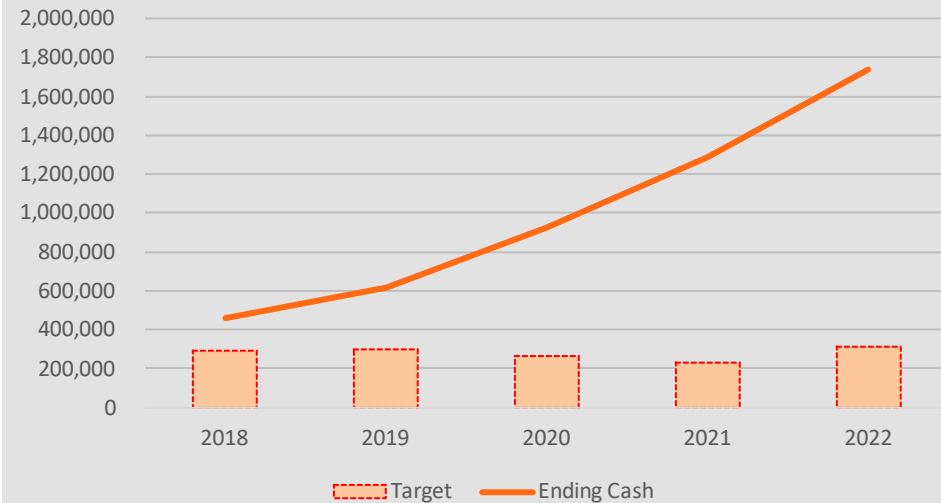
Let's investigate the history further....

Notes:

^AIncludes annual capital not funded with debt and recommended debt coverage at 1.1x annual debt payment

Water: Historical Financial Indicators

Reserves - Actual vs. Target



- Reserves to fund deficits and capital (5 mo. O&M + Debt = Target)

Future Capital

Projects	Funding	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Totals
Water Meter Change Out	Cash	40,000	40,000	40,000								120,000
Water Filtration Project	Revenue Debt	1,050,000	2,525,000									3,575,000
Water & Sewer GIS System	Cash		50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	450,000
10 Year Well Inspection	Cash			50,000				50,000				100,000
Well 3	Revenue Debt										4,000,000	4,000,000
Actual CIP Costs		1,090,000	2,615,000	140,000	50,000	50,000	50,000	100,000	50,000	50,000	4,050,000	8,245,000
Sources of Funding		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
G.O. Debt		0	0	0	0	0	0	0	0	0	0	0
Revenue Debt		1,050,000	2,525,000	0	0	0	0	0	0	0	4,000,000	7,575,000
Grants/Aids		0	0	0	0	0	0	0	0	0	0	0
Special Assessment		0	0	0	0	0	0	0	0	0	0	0
User Fees		0	0	0	0	0	0	0	0	0	0	0
Cash		40,000	90,000	140,000	50,000	50,000	50,000	100,000	50,000	50,000	50,000	670,000
Total		1,090,000	2,615,000	140,000	50,000	50,000	50,000	100,000	50,000	50,000	4,050,000	8,245,000

- Well 3 project offset by 2.2M cash as seen in Table 7

Water: Future Projection

	Budget 2023	Projected								
		2024	2025	2026	2027	2028	2029	2030	2031	2032
Revenues										
Total Revenues from User Rates ¹	\$752,500	\$752,500	\$775,075	\$798,327	\$822,277	\$846,945	\$872,354	\$898,524	\$925,480	\$1,136,705
Percent Increase to User Rates	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	22.82%
Cumulative Percent Rate Increase	0.00%	0.00%	3.00%	6.09%	9.27%	12.55%	15.93%	19.41%	22.99%	51.06%
Dollar Amount Increase to Revenues		\$0	\$22,575	\$23,252	\$23,950	\$24,668	\$25,408	\$26,171	\$26,956	\$211,225
Total Other Revenues	\$49,360	\$46,824	\$47,292	\$47,765	\$48,242	\$48,725	\$49,212	\$49,704	\$50,537	\$51,386
Total Revenues	\$801,860	\$799,324	\$822,367	\$846,092	\$870,519	\$895,670	\$921,566	\$948,229	\$976,018	\$1,188,091
Less: Expenses										
Operating and Maintenance ²	\$510,342	\$515,445	\$520,600	\$525,806	\$531,064	\$536,375	\$541,738	\$547,156	\$552,627	\$558,154
PILOT Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Before Debt Service and Capital Expenditures	\$291,518	\$283,878	\$301,767	\$320,286	\$339,455	\$359,296	\$379,827	\$401,073	\$423,390	\$629,937
Debt Service										
Existing Debt P&I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New (2023-2032) Debt Service P&I	\$0	\$85,106	\$231,722	\$231,672	\$231,621	\$231,569	\$231,515	\$231,459	\$231,402	\$291,427
Total Debt Service	\$0	\$85,106	\$231,722	\$231,672	\$231,621	\$231,569	\$231,515	\$231,459	\$231,402	\$291,427
Transfer In (Out)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Capital Improvements	\$1,090,000	\$2,615,000	\$140,000	\$50,000	\$50,000	\$50,000	\$100,000	\$50,000	\$50,000	\$4,134,600
Debt Proceeds	\$1,050,000	\$2,525,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,060,000
Net Annual Cash Flow	\$251,518	\$108,772	(\$69,955)	\$38,614	\$57,834	\$77,727	\$48,313	\$119,613	\$141,988	(\$1,736,090)
Restricted and Unrestricted Cash Balance:										
Balance at first of year	\$1,735,651	\$1,987,169	\$2,095,941	\$2,025,986	\$2,064,599	\$2,122,434	\$2,200,161	\$2,248,473	\$2,368,087	\$2,510,075
Net Annual Cash Flow Addition/(subtraction)	\$251,518	\$108,772	-\$69,955	\$38,614	\$57,834	\$77,727	\$48,313	\$119,613	\$141,988	-\$1,736,090
Balance at end of year	\$1,987,169	\$2,095,941	\$2,025,986	\$2,064,599	\$2,122,434	\$2,200,161	\$2,248,473	\$2,368,087	\$2,510,075	\$773,985
"All-in" Debt Coverage	N/A	3.34	1.30	1.38	1.47	1.55	1.64	1.73	1.83	2.16
PSC Days Cash on Hand	1,331	1,184	1,112	1,132	1,164	1,207	1,232	1,300	1,380	222

Notes:
1) Assumes no changes in customer count or usage beyond Test Year.
2) Assumes 1.00% annual inflation beyond budget year.

Legend:
Simplified Rate Case (projected eligibility)
Conventional (Full) Rate Case

Water: Impact on Avg. Res. Bill

Year	Water					Sewer					Utility Bill (Annual)	Change Over Prior Year	% of MHI (84,435)	Year
	Increase	Water Vol. Charge ¹	Water User Charge ²	Utility Bill (Quarterly)	Change Over Prior Year	Increase	Sewer Vol. Charge ³	Sewer User Charge ³	Utility Bill (Quarterly)	Change Over Prior Year				
		<u>Tiered</u>	<u>Serv. + PFP</u>				<u>1,000 Gal</u>	<u>Gen Service</u>						
2022		3.59	29.40	\$ 72.48			3.39	21.85	\$ 62.53		\$ 540.04		0.64%	2022
2023	0.00%	3.59	29.40	\$ 72.48	\$ -	0.00%	3.39	21.85	\$ 62.53	\$ -	\$ 540.04	\$ -	0.64%	2023
2024	0.00%	3.59	29.40	\$ 72.48	\$ -	8.00%	3.66	23.60	\$ 67.53	\$ 5.00	\$ 560.05	\$ 20.01	0.66%	2024
2025	3.00%	3.70	30.28	\$ 74.65	\$ 2.17	8.00%	3.95	25.49	\$ 72.93	\$ 5.40	\$ 590.36	\$ 30.31	0.70%	2025
2026	3.00%	3.81	31.19	\$ 76.89	\$ 2.24	8.00%	4.27	27.52	\$ 78.77	\$ 5.83	\$ 622.66	\$ 32.30	0.74%	2026
2027	3.00%	3.92	32.13	\$ 79.20	\$ 2.31	5.00%	4.48	28.90	\$ 82.71	\$ 3.94	\$ 647.64	\$ 24.98	0.77%	2027
2028	3.00%	4.04	33.09	\$ 81.58	\$ 2.38	5.00%	4.71	30.35	\$ 86.84	\$ 4.14	\$ 673.68	\$ 26.05	0.80%	2028
2029	3.00%	4.16	34.08	\$ 84.02	\$ 2.45	5.00%	4.94	31.86	\$ 91.19	\$ 4.34	\$ 700.84	\$ 27.16	0.83%	2029
2030	3.00%	4.29	35.11	\$ 86.54	\$ 2.52	5.00%	5.19	33.46	\$ 95.75	\$ 4.56	\$ 729.16	\$ 28.32	0.86%	2030
2031	3.00%	4.42	36.16	\$ 89.14	\$ 2.60	3.00%	5.35	34.46	\$ 98.62	\$ 2.87	\$ 751.04	\$ 21.87	0.89%	2031
2032	22.82%	5.42	44.41	\$ 109.49	\$ 20.34	3.00%	5.51	35.49	\$ 101.58	\$ 2.96	\$ 844.25	\$ 93.21	1.00%	2032
Total Change over planning period					\$ 37.01						\$ 39.05	\$ 304.21		

Notes:

1. Current water volumetric rate is \$3.59 per 1,000 Gallons up to the first 15,000 gallons per quarter.
2. The water user charges include a quarterly service charge of \$16.20 plus a public fire protection charge of \$13.20 for a 5/8 inch meter.
3. The current Sewer volumetric rate is \$3.39 per 1,000 gallons and a service charge of \$21.85 for 5/8 inch meter.
4. The usage is assumed to be 12,000 Gallons per quarter.

Rate Comparison - By County (2)

Utility Name	County	Utility Class	Min. Qtrly Bill (0.625 inch meter)	6000 GAL	12000 GAL	15000 GAL	18750 GAL	75000 GAL	Effective Date
Junction City Water Utility	Portage	D	\$57.00	\$129.60	\$202.20	\$238.50	\$261.38	\$594.50	6/27/2018
Maine Water Utility	Marathon	D	\$57.06	\$125.16	\$193.26	\$227.31	\$269.87	\$908.31	1/1/2022
Village of Dorchester Water Utility	Marathon	D	\$54.00	\$99.00	\$144.00	\$166.50	\$194.63	\$578.25	9/26/2013
Abbotsford Municipal Water Utility	Marathon	D	\$30.90	\$80.94	\$130.98	\$156.00	\$187.28	\$656.40	8/27/2015
Stratford Municipal Water and Electric Utility	Marathon	D	\$33.00	\$81.00	\$129.00	\$153.00	\$183.00	\$549.75	7/19/2017
Village of Amherst Water Utility	Portage	D	\$38.19	\$77.01	\$115.83	\$135.24	\$159.50	\$490.14	4/29/2022
Wausau Water Utility	Marathon	AB	\$25.65	\$70.29	\$114.93	\$137.25	\$165.15	\$583.65	7/1/2023
Spencer Municipal Water Utility	Marathon	D	\$34.20	\$69.90	\$105.60	\$123.45	\$145.76	\$450.20	1/1/2014
Mosinee Municipal Water And Sewer Utility	Marathon	C	\$36.00	\$69.36	\$102.72	\$119.40	\$140.25	\$427.80	4/1/2022
City of Colby Municipal Water Utility	Marathon	D	\$35.52	\$67.50	\$99.48	\$115.47	\$135.46	\$415.92	9/15/2022
Village of Water Marathon and Sewer Utility	Marathon	D	\$34.50	\$65.10	\$95.70	\$111.00	\$130.13	\$390.00	4/1/2016
Marshfield Utilities	Marathon	AB	\$28.44	\$59.80	\$91.16	\$106.84	\$126.44	\$420.44	7/1/2019
Kronenwetter Water Utility (PLAN 51%)	Marathon	C	\$24.47	\$57.01	\$89.55	\$105.82	\$125.24	\$416.70	TBD
Rothschild Municipal Water Utility	Marathon	C	\$29.06	\$57.80	\$86.54	\$100.91	\$118.87	\$388.31	10/1/2022
Athens Municipal Water Utility	Marathon	D	\$23.67	\$53.79	\$83.91	\$98.97	\$117.80	\$384.42	1/1/2022
Village of Hatley Water Utility	Marathon	D	\$39.91	\$45.23	\$77.15	\$93.11	\$113.06	\$329.96	1/1/2023
Schofield Municipal Water and Sewer Utility	Marathon	C	\$27.40	\$51.70	\$76.00	\$88.15	\$103.34	\$308.20	9/10/2022
Edgar Municipal Water Utility	Marathon	D	\$24.12	\$49.68	\$75.24	\$88.02	\$104.00	\$324.92	1/1/2021
Whiting Municipal Water And Sewer Utility	Portage	D	\$18.90	\$43.08	\$67.26	\$79.35	\$94.46	\$307.90	7/13/2013
Kronenwetter Water Utility (INITIAL 3%)	Marathon	C	\$16.69	\$38.87	\$61.06	\$72.15	\$85.40	\$284.13	TBD
Kronenwetter Water Utility CURRENT	Marathon	C	\$16.20	\$37.74	\$59.28	\$70.05	\$82.91	\$275.85	12/20/1999
Village of Plover Municipal Water Utility	Portage	AB	\$18.00	\$37.98	\$57.96	\$67.95	\$80.44	\$267.30	4/1/2022
Weston Water Utility	Marathon	AB	\$25.08	\$40.50	\$57.46	\$67.48	\$80.01	\$301.18	10/15/2022
Stevens Point Municipal Water Utility	Portage	AB	\$29.66	\$41.18	\$52.70	\$58.46	\$65.66	\$173.66	12/1/2021
Rib Mountain San Dist	Marathon	C	\$34.99	\$36.93	\$48.57	\$54.39	\$61.67	\$163.59	7/1/2023

- No PFP (charged different by utility)
- Sorted by 12 kgal consumption column

Recommendations

- Not eligible for SRC based on 2022 PSC AR results
- This plan identifies
 - ✓ max use of SRC where available then CRC
 - Projected eligibility upon release of 2024 PSC report (5/1/25)
 - ✓ 2032 projected solved for min. coverage; not PSC rate adjustment

Questions?
