

Simplified Rate Case (SRC) Application Instructions

State Statute 196.193 provides specific conditions a utility must meet in order to qualify for a Simplified Rate Case ("SRC"), a water rate increase without a hearing.

The SRC Application process includes the following steps:

- Step One:** Complete the SRC Eligibility Review
- Step Two:** Create Customer Notice and Application
- Step Three:** Save/Print SRC Application and Customer Notice
- Step Four:** Publish the Customer Notice
- Step Five:** File Application and copy of Customer Notice

As more particularly described below, the utility first enters certain information that allows the Commission's system to determine whether the utility is eligible for the SRC process (**Step One**). Next, the utility can use the system to Create a Customer Notice and an Application (**Step Two**), to be printed for future use. The Application and Customer Notice must be printed by the utility (**Step Three**) so that notice can be provided to customers, either through newspaper publication or mailing, before the Application is submitted to the Commission, (**Step Four**). Only after the utility has issued its Customer Notice may the utility file its Application, with a copy of the issued Customer Notice (**Step Five**).

Step 1. Complete the SRC Eligibility Review - The first step of the SRC process, the Eligibility Review, applies historical and financial criteria to determine if the utility is eligible for the SRC.

The SRC process utilizes a rate increase factor and benchmark rate of return factor which are revised annually as of March 1. These factors are combined with information from the most recent PSC annual report to check that a utility is financially eligible for an SRC. During January and February when utilities have not yet filed their annual reports, information from the previous annual report is used. For example, in February 2020, the 2018 annual report is used. After the revised factors are effective, beginning on March 1, the annual report from the preceding calendar year must be used. Therefore, a utility must ensure its PSC annual report is filed prior to applying for an SRC.

The Eligibility Review includes two financial tests:

- The revenue increase from the proposed SRC combined with the prior year's net operating income must not exceed the benchmark rate of return determined by the Commission, or
- The revenue increase from the proposed SRC combined with the prior year's net operating income, must not exceed 6 percent of the utility's prior year's total operation and maintenance expenses.

The Eligibility Review program will also check that several other criteria are met to ensure a utility qualifies for an increase using the SRC process. These checks are shown on the following screens and include:

- If the utility's present general service and public fire-protection service rates were authorized in a conventional rate case, they must have been in effect for the full calendar year (January – December) that the above-mentioned PSC annual report covers.
- If the utility is a Class AB utility, the requested SRC effective date must be less than five years from the effective date of the last rate increase authorized under the conventional rate case process.
- If the utility's present general service and public fire-protection service rates were authorized in an SRC, the proposed SRC effective date must be at least 12 months after the effective date of the last SRC.
- If the utility is a Class C or D utility, the cumulative rate increases authorized under the SRC process must be less than 40 percent higher than the level established in the last conventional rate case.
- The proposed SRC effective date must be at least 45 days from both the date on which the application is filed with the PSC and the date of the customer notice.

Selecting an Effective Date: The utility will be prompted to select an effective date for new SRC rates. That effective date must be **at least 45 days** from the date that the Commission formally receives the utility's SRC application. If a utility does not wish to prorate, the utility should make the rate increase effective for service beginning on the date of the utility's first meter reading following the 45 day period (please keep in mind this is unlikely to be a weekend or holiday). Please note that the bills generated based upon that meter reading are for consumption that occurred while the current rates were still in effect. Once the new rates are put into effect, they cover the consumption that occurs from that date going forward. It is at the next meter reading that the bills generated will reflect the new rates.

Step 2- Create Customer Notice

If after completing the Eligibility Review the utility is eligible for an SRC increase, the utility will be prompted for customer notice information and the system will create a Commission-approved Customer Notice for the utility's use. Per the statutory references below, the utility must issue a Customer Notice prior to filing its SRC Application, and must provide a copy of the issued Customer Notice when its SRC Application is later submitted. Please note that the Application cannot be submitted before the Customer Notice is issued.

196.193 Water and sewer rate increases without hearings

(4) NOTICE REQUIREMENTS. A utility seeking an increase in rates under this section shall notify all customers, upon a form approved by the commission, by newspaper publication or by mail. The utility shall include a copy of the issued notice in its filing of an application under this section. The notice shall include all of the following:

- a. The anticipated date of filing of the rate increase application and the anticipated effective date of the rate increase.
- b. The impact on customer bills resulting from the rate increase calculated for at least 5 different usage levels, including an average residential usage level.
- c. A statement that the increase is being proposed under this section and that no hearing is required.
- d. Other information required by the commission to be included in a notice under this subsection.

Step 3 – Save/Print SRC Application and Notice

After completing the Eligibility Review and providing information required to create the Customer Notice, the utility will be provided with electronic copies of both the SRC Application and Customer Notice. Both should be saved for later use. The SRC Application should not be submitted at this time! It should be saved for use AFTER the utility has officially provided notice to its customers, and has obtained any necessary local approvals.

Step 4 - Publish the Customer Notice

After any necessary local approvals have been obtained, the utility must issue the Commission-approved Customer Notice by newspaper publication or mail. Once notice has been issued, the SRC Application, with a copy of the Customer Notice, can be filed with the Commission.

Step 5 - File Application and Copy of Customer Notice

Once the Customer Notice has been issued, the utility must submit the completed Application with a copy of the issued Customer Notice to the Commission using the [Electronic Records Filing \(ERF\)](#) system on the Commission's website. Utilities should note that the utility has not filed an application until it has uploaded the SRC Application file with the Customer Notice s to the ERF system.

The Commission will create a docket upon receipt of the application. SRC applications are generally processed within 45 days of the application.

- For general questions about the process of electronic filing, utilities should contact the records Management Unit at (608) 261-8524 or via e-mail at pscrecs@wisconsin.gov.
- If a utility has not received correspondence from the Commission within 30 days of the submission of its application, the utility can contact the Commission by calling (608) 266-3766 or via e-mail at PSCWaterAppMail@wisconsin.gov, and indicate that the utility is checking on the status of utility's filing.

Receiving Communications from the PSC - Subscribe to the Docket!

- As of January 1, 2020, all official correspondence related to water utility dockets are sent via email notifications from the ERF system. This includes all documents that are posted to ERF for specific rate cases (i.e. data requests, memos, orders, etc.). In order for utilities, consultants, and other interested parties to receive these documents, they must be subscribed to the specific docket number for a case.
- To receive e-mail notifications, the Application must be submitted and a PSC Docket must be created. Once the Application is submitted, the Commission sends a notification that the filing was accepted, including the application's docket number, to the applicant. The applicant must then go to [ERF](#) and click on ERF – EZ Subscriptions. Simply enter the docket (case) number, an e-mail address, and click the Send Code Now link. Within seconds that address will receive an email with a five digit code. Enter the code in the One-Time Code box and click the Subscribe Now button. An address can unsubscribe at any time by clicking the link in the e-mail notification. For help Subscribing, go to [Subscribing to Dockets](#).



SRC Application: Eligibility Review - Historical Checks - Water

Kronenwetter Water Utility (2901)

Effective Date of the Last Full Rate Case: **12/20/1999**

Rates from last full rate case have been in effect for at least one full calendar year and the current annual report has been filed. **Yes**

If Class AB, it has been 5 years or less since the last full rate case. **NA**

Effective Date of the Last SRC:

Rates from the last SRC have been in effect for one year (12 months). **NA**

Water Meter Rates

5/8" meter rate at the last full rate case: **16.20**

Current 5/8" meter rate: **16.20**

If Class C or D, current rate is less than 40% higher than the last full rate case. **Yes**

5/8" meter rate percent increase since last full rate case:
0.00%

[Continue - SRC Eligibility](#)



E-Services Portal



SRC Application: Eligibility Review – Financial Checks - Water

Kronenwetter Water Utility (2901)

This short calculation uses amounts from the PSC annual report to determine if the utility meets the financial requirements of the SRC statute.

If either line 8 or line 12 is answered "yes," the utility has met the financial eligibility test. Please note, if the utility reports a negative Average Net

Rate Base (line 6), the rate of return test on line 8 does not apply and it must qualify based on the O&M expense coverage test on line 12.

	Annual Report Information	Page	
1	Total Sales of Water	W-1	\$813,929
2	Rate Increase Factor		4.1%
3	Line 1 * Line 2		\$33,371
4	Net Operating Income (Operating Revenues - Operating Expenses)	W-1	\$342,076
5	Adjusted Total Operating Income (Line 3 + Line 4)		\$375,447
6	Average Net Rate Base - Water Utility	F-23	\$2,711,845
7	Line 5 / Line 6		13.8%
8	Test 1 - Financial Eligibility Qualifies *		No *
9	Adjusted Operating Income (Line 5)		\$375,447
10	Total Operation & Maintenance (O&M) expense (600 and 900 accounts only)	W-1	\$417,333
11	Line 9 / Line 10		90.0%
12	Test 2 - Financial Eligibility Qualifies **		No **

* Eligible if line 7 <= 6.50%

** Eligible if line 11 <= 6.0%

Sorry, your utility does not meet the financial requirement test.