
To: Chairman Board and members of the Public Works Commission
From: Peter Hartz – Water Systems Manager

October 03, 2024

Re: October 08, 2024, Public Works Commission meeting agenda item

Water Systems:

- 1.) **Review and take possible action** – Presentation by Ehlers & Associates 2024 Water Rate Study progress and summary of phase 1 findings.

Background: On July 23, 2024, this commission approved moving forward with Ehlers to begin the study of the water rates and provide a review of said rates that were last adjusted in April of 2017. For the water utility to continue with our private lead service replacement program, the Public Service Commission of Wisconsin requires a review of the water rates as part of our Safe Drinking Water loan application, no funds will be awarded without the review and study of the water rates to assure adequate revenue is available for operations, capital projects, and debt service payments.

Budget goal: This aligns with investments and infrastructure planning.

Financial Impact: The estimated lead service replacement is approximately \$14.02 million, although the loan amount and debt service payment is still pending with the State, we estimate that approximately ½ of the loan (\$7 million) will require a debt repayment schedule, and the water utility will need to pay 100% of our public side lead replacements estimated to be approximately \$5.5 million. The new program will not be at 100% principal forgiveness as it has been in the past few years.

Recommendation: I recommend we move forward and complete the application for a conventional rate case with the PSC in preparation for the 2025 private lead service replacement program SDWL award.

Note: Submitting an application to the PSC for a rate review does not authorize a rate increase.

Thank you for your attention to this matter. Should you have any questions, or need further clarification please don't hesitate to reach out to me.

Best regards,

Peter Hartz
Water Systems Manager