

Date: October 28, 2025

To: Common Council

John Weidl, City Manager

From: Rachelle Blitch, Director of Financial and Administrative Services

Re: Comparison of Utility Rates – Whitewater and Comparable Communities

Purpose

The purpose of this memorandum is to provide a comparative overview of water and sewer utility rates in the City of Whitewater relative to other Wisconsin communities of similar size and service structure. This information supports future rate-setting discussions and helps ensure Whitewater's rates remain equitable, compliant and financially sustainable.

Overview of Data for Water and Sewer

Data were compiled for a standard residential customer with:

- 3/4-inch meter
- Monthly water usage: 5,000 gallons (approximately 668 cubic feet)

Rates include:

- Water service charge
- Water volume charge(s)
- Sewer service charge
- Sewer volume charge

Findings

Whitewater's total monthly cost of **\$111.81** remains within five percent of the median for comparable Wisconsin utilities, indicating that current rates are appropriately positioned within the statewide range.

Communities such as Fort Atkinson and River Falls show lower monthly costs, primarily due to reduced sewer rates. In contrast, Jefferson and East Troy maintain higher base service charges, resulting in higher overall bills despite comparable usage.

Billing frequency also influences perception: communities that bill quarterly (such as East Troy, Jefferson, and Weston) issue larger but less frequent statements, though their total annual costs remain similar to those that bill monthly.

Special Notes

Jefferson, Fort Atkinson, Weston and Delavan all have BOD surcharge fees. BOD stands for Biochemical Oxygen Demand and it measures the amount of oxygen that microorganisms need to break down organic matter in wastewater over a set period (typically 5 days). A BOD surcharge is an additional fee charged by a sewer utility to customers whose wastewater has higher than normal concentrations of organic material. They also charge additional fees for high levels of other chemicals such as nitrogen and suspended solids. Since we are unsure of how this gets applied it was not part of the average customer calculation but should be noted.

Role of the Public Service Commission (PSC) in Water Rate Setting

The Public Service Commission of Wisconsin (PSC) regulates all municipal water utilities in the state, including Whitewater's. The PSC ensures that rates are just, reasonable, and sufficient to support the full cost of operating and maintaining the water system.

Key aspects of the PSC's role include:

- **Rate Approval:** Any change to water rates must be reviewed and approved by the PSC before implementation. This process involves a detailed cost-of-service analysis to confirm that rates are fair across all customer classes (residential, commercial, institutional, and industrial).
- **Financial Oversight:** The PSC requires utilities to maintain revenues that are adequate to fund operations, maintenance, debt service, and future capital reinvestment—while preventing excessive charges to ratepayers.
- **Transparency and Accountability:** Water utilities must file annual reports with the PSC detailing financial performance, operating expenses, and infrastructure investments.
- **Public Input:** The PSC process includes opportunities for public review and comment during formal rate case proceedings.

Unlike water rates, sewer and stormwater rates are not regulated by the PSC and are established locally by the Common Council upon staff recommendation. These rates are set based on the City's enterprise fund performance, infrastructure needs, and compliance requirements.

Conclusion

Whitewater's current water and sewer rates are competitive and well within the normal range compared to peer municipalities. The City's total cost is approximately **16 percent below** the highest system analyzed and **11 percent above** the lowest, indicating that existing rates are both balanced and appropriate.

As the City continues to monitor operational costs and regulatory requirements, collaboration with the PSC on future water rate reviews will remain essential to maintaining a reliable, financially stable utility system.