



# City of Verona

Verona Water Utility  
410 Investment Court  
Verona, WI 53593

Phone: (608) 845-6695 Fax: (608) 845-5761

July 3, 2019

City of Verona Water Utility Customers  
Verona, WI

Subject: Verona Water Utility Rate Case

The Verona Water Utility has filed an application with the Public Service Commission of Wisconsin (PSCW) to increase water rates. The increase is necessary due to an 83.10 percent increase in gross plant investment and a 57.40 percent increase in operating expenses since the last water rate case was completed in 2011.

The total increase in water revenues requested is \$695,496 which will result in an estimated overall rate increase of 40.29 percent over the water utility's present revenues. If the request is granted, the water bill for an average residential customer with a 5/8-inch or 3/4-inch meter who uses 13,000 gallons of water per quarter will increase from \$47.82 to \$66.24, or 38.52%.

A telephonic public hearing on the application has been scheduled for Wednesday, July 31, 2019, at 3:00 p.m. in the Council Chambers at Verona City Hall, 111 Lincoln Street, Verona, Wisconsin. Scheduling questions regarding this hearing may be directed to the PSCW at (608) 266-3766.

A person may testify in this proceeding without becoming a party and without attorney representation. A person may submit this testimony in only one of the following ways:

- **Web Comment.** Go to the Commission's web site at <http://psc.wi.gov>, click on "File a Comment". On the next page select the "File a comment" link that appears for docket number 6100-WR-103. Web comments shall be received no later than the day before the hearing.
- **Oral Comment.** Spoken testimony at the public session.
- **Written Comment.** Instead of speaking at the hearing, write out a comment and submit it at the public session.
- **Mail Comment.** All comments submitted by U.S. Mail shall be received no later than the day before the hearing and shall be addressed to: Attn: Docket 6100-WR-103 Comments, Public Service Commission, P.O. Box 7854, Madison, WI 53707-7854.

The PSCW intends to webcast this hearing live on the PSCW's web site at <http://psc.wi.gov> under the "PSC Live Broadcast" button.

All documents in this docket are filed on the Commission's Electronic Records Filing (ERF) system. To view these documents: (1) go to the Commission's E-Services Portal at <http://apps.psc.wi.gov>, (2) enter "6100-WR-103" in the box labeled "Quick Single Docket Search," and (3) select "Documents".

Below is a list of the Official Public Notice Publications and other unofficial notifications or public information regarding the rate case.

**Official Public Notice Publication:**

1. Verona Press July 18, 2019
2. Verona Press July 25, 2019
3. Verona City Center, 111 Lincoln Street, Verona, WI 53593, Month of July
4. Verona Public Works, 410 Investment Court, Verona, WI 53593, Month of July
5. Verona Library, 500 Silent Street, Verona, WI 53593, Month of July
6. Miller & Son's Supermarket, 210 S. Main Street, Verona, WI 53593, Month of July

**Other unofficial notifications or public information regarding case:**

1. July 23, 2018 Public Works, Sewer, & Water Utility Committee Meeting
2. Verona Press issue, August 16, 2018
3. Verona Press web posting, August 16, 2018  
[http://www.unifiednewsgroup.com/verona\\_press/news/utility-seeks-percent-water-rate-hike/article\\_6f7ee63e-eaf8-5a3c-bce3-bb5a3d8c6ede.html](http://www.unifiednewsgroup.com/verona_press/news/utility-seeks-percent-water-rate-hike/article_6f7ee63e-eaf8-5a3c-bce3-bb5a3d8c6ede.html)
4. Website link <http://www.ci.verona.wi.us/632/Water-Rate-Study>
5. May 28, 2019 Public Works, Sewer, & Water Utility Committee Meeting
6. 2018 public works newsletter insert into 2018 quarter four bill
7. 2019 quarter two utility billings note section
8. City of Verona July 2019 newsletter
9. 2019 public works newsletter insert into 2019 quarter two bill

Below are the common what, why, and when questions we hope to answer in this information release outlined below:

**What:**

The water utility is a self-sustaining enterprise fund operated by the Public Works Department and governed by the City of Verona Public Works, Sewer, & Water Committee and ultimately Common Council. The water utility applied for a rate increase to the Public Service Commission of Wisconsin (PSC-W) – Water Division in July of 2018.

Enclosed is an estimated rate structure prepared by PSC-W staff that will be presented to the PSC-W Commission for action.

**Why:**

The most recent rate cases implemented by the water utility were as follows:

1. 2016 – simplified rate increase, increases set annual by PSC-W
2. 2011 – conventional rate increase
3. 2001 – rate increase
4. 1998 – rate increase

Since the last conventional rate increase in 2011 the water utility has experienced the following:

- A. Operating & maintenance expenses have increased 13% (average of 1.6% per year)
- B. Total operating expenses have increased 57% since 2011
- C. Over last eight years the utility has invested over \$10 million in infrastructure resulting in
  - o 126% increase in rate base

- Rate base is the value of property on which a public utility is permitted to earn a specified rate of return, in accordance with rules set by a regulatory agency. In general, the rate base consists of the value of property as used by the utility in providing service
- 136% increase in depreciation of assets
  - Assets are defined but not limited to water mains piping, valves, and hydrants.
- 80% increase in tax equivalent payment
  - Tax equivalent payment is payment made to the City of Verona lieu of property taxes

D. Revenues have only increased 18% based on customer and usage growth

**When:**

The PSC- W will ultimately act of the effective date of the rate increase but the utility will have 90 days to implement the rates once the final order is issued from the PSC-W. The target date Verona Water Utility staff is anticipating having new rates effective is October 1, 2019.

**Moving Forward:**

The Verona water utility will look to use simplified rate increases to follow inflation and reduce the percentage of the conventional rate increases.

To monitor water usages please create your personal eye-on water account. This program has been in place since July of 2016 and is an effective tool for users. For additional information please see the website link at <http://www.ci.verona.wi.us/560/Eye-On-Water> or call the public works department at 608-845-6695.

Please contact the public works department at 608-845-6695 with any questions.

Sincerely,



Theran P. Jacobson, P.E.  
Public Works Director

**Enclosures:**

Rate structure, 1 page

cc:

file

Drafted / reviewed by:  
TPJ/km

S:\VERONA WATER WORKS\RATE STUDY (FULL)\2018\PRESS RELEASES\VERONA WATER UTILITY\_RATE CASE\_PUBLIC HEARING NOTICE\_2019-07-03.DOCX

**Verona Water Utility**

**Customer Water Bill Comparison at Present and Proposed Rates**

Customer Type	Meter Size	Volume (1000 Gallons)	Quarterly		Percent Change
			Bills at Old Rates	Bills at New Rates	
Small Residential	5/8"	7	\$ 33.00	\$ 45.36	37.45%
Average Residential	5/8"	13	\$ 47.82	\$ 66.24	38.52%
Large Residential	5/8"	30	\$ 89.81	\$ 125.40	39.63%
Large Residential	1"	75	\$ 213.06	\$ 297.00	39.40%
Large Residential	5/8"	125	\$ 324.46	\$ 456.00	40.54%
Multifamily Residential	5/8"	350	\$ 665.51	\$ 1,274.00	91.43%
Multifamily Residential	2"	650	\$ 1,187.84	\$ 2,423.00	103.98%
Multifamily Residential	2"	750	\$ 1,343.84	\$ 2,781.00	106.94%
Multifamily Residential	3"	500	\$ 991.95	\$ 1,952.00	96.78%
Commercial	1 1/2"	1,100	\$ 1,866.15	\$ 3,217.00	72.39%
Commercial	2"	1,100	\$ 1,889.84	\$ 3,250.00	71.97%
Commercial	4"	1,500	\$ 2,608.60	\$ 4,526.00	73.50%
Commercial	6"	3,725	\$ 6,205.26	\$ 10,972.00	76.82%
Industrial	2"	6,000	\$ 9,533.84	\$ 16,970.00	78.00%
Industrial	3"	1,450	\$ 2,473.95	\$ 4,296.00	73.65%
Industrial	3"	1,100	\$ 1,927.95	\$ 3,316.00	72.00%
Industrial	4"	1,000	\$ 1,828.60	\$ 3,126.00	70.95%
Public Authority	2"	175	\$ 446.84	\$ 660.00	47.70%
Public Authority	2"	600	\$ 1,109.84	\$ 1,850.00	66.69%
Public Authority	2"	1,600	\$ 2,669.84	\$ 4,650.00	74.17%
Public Authority	3"	225	\$ 562.95	\$ 866.00	53.83%