

Dear Franklin Water Utility Customer,

The Cost of Public Water: Pending Public Service Commission Water Utility Applications

The Wisconsin Public Service Commission (WPSC) is a State board which must review and approve, if justified, applications for utility rate changes. There are two cases pending before the Wisconsin Public Service Commission (WPSC) which involve water bill rate increases for the Franklin Municipal Water Utility (Franklin Utility) and its customers. One is an Oak Creek Water and Sewer Utility (Oak Creek Utility) application and one is a Franklin Utility application. A third case was just completed for the Oak Creek Utility. Franklin is a wholesale water supply customer of the Oak Creek Utility, so WPSC cases involving Oak Creek can impact Franklin Utility water rates.

All Franklin Utility customers were mailed a notice on February 4, 2016 regarding the pending case involving the *Application of Oak Creek Water and Sewer Utility, Milwaukee County, Wisconsin, to Construct Pumping and Water Storage Improvements and New Disinfection Facilities at the Water Treatment Plant*, Public Service Commission Docket No. 4310-CW-108, and with regard to a public hearing which was held on February 16, 2016. The Franklin Utility was granted a request to intervene as a party in the case. The improvements and facilities described in the application filings are of substantial cost. The WPSC staff provided a notice for that public hearing which stated: "[t]he Oak Creek Water and Sewer Utility (Utility) has applied to the Commission for the approval of major improvements to the water treatment plant, including additional storage, a secondary disinfection system and two pumping stations, as well as other proposed modifications. The total estimated cost of this project is \$29,555,000. The Commission estimates the potential rate increase due to this project may be approximately 33 percent." The pending case is now set for another hearing on August 4, 2016 at 9:30 a.m. at the WPSC offices in Madison.

On July 27, 2015, the Franklin Municipal Water Utility filed an *Application of Franklin Municipal Water Utility, Milwaukee County, Wisconsin, for Authority to Increase Water Rates*, Docket No. 2105-WR-107. The application requested an overall increase in annual revenues of \$93,651, or an increase of 2 percent over present revenues, as necessary to manage the on-going costs of the Utility to provide a public water supply. WPSC staff has produced its accounting methods review of the application and is in discussion with Franklin regarding substantially increasing the Franklin Utility's 2 percent request, with numbers at the time of this writing approaching nearly 10 percent. The Franklin Utility remains in continuing discussions with WPSC staff with the goal of reducing the WPSC staff's cost projections. The application has been set for hearing on June 1, 2016, at 10:00 a.m. in the WPSC Amnicon Falls Hearing Room, 610 North Whitney Way in Madison. Public comment will be received in person at that hearing and will also be received from the Hearing Room at Franklin City Hall, 9229 West Loomis Road, Franklin, Wisconsin 53132. Also, Docket No. 2105-WR-107 is currently accepting public comments on the WPSC website.

Lastly, on April 13, 2016, the Oak Creek Utility filed a *Simplified Rate Case Application for Oak Creek Water and Sewer Utility*, Docket No. 4310-WQ-105. On their website, the WPSC describes a simplified rate case as "a simple and convenient means for...an inflationary type increase." The Oak Creek Utility requested a rate increase of 3 percent to the Franklin Utility's wholesale rate, and Franklin's customers would see an approximate 2 percent increase as a result of this action. On May 9, 2016, the WPSC issued their final decision on the matter and determined "the water rate increase is justified as requested".

All documents in the above mentioned cases are filed on the WPSC's Electronic Regulatory Filing (ERF) system. To view these documents: (1) go to the Commission's website at <http://psc.wi.gov>, (2) enter "[subject case Docket No. as referenced above]" in the box labeled "Link Directly to a Case," and (3) select "GO." Public comments may be made on the WPSC's website for each of the cases and/or at the public comment portion of the hearing set for the case. (At the time of this writing, no further public comment provisions are slated for Docket No. 4310-CW-108, which previously accepted public comments.)

The Franklin Municipal Water Utility and the Board of Water Commissioners and staff have through the years continuously and steadfastly strived to do all that they can to provide public water to customers at the lowest possible rates reasonably necessary to protect the public health, safety, and welfare. That policy and method of operation will not change. The remaining final determinations by the WPSC and the resulting rate projections are still subject to potential substantial change. For the two pending applications, continued evaluation, discussions with WPSC staff, and external factors, such as Waukesha's request for access to Lake Michigan water under the Great Lakes Compact, could still impact the final results.

Sincerely,

Gary R. Grobner, Citizen Chairman, Franklin Board of Water Commissioners