



Village of Kimberly, WI

2024 Water Rate Study

Phase 2: PSC CRC Application & LRCFA

May 13, 2025 Public Works Committee

Why are we here?



Phase 1 completed 03/2025: Initial Long-Range Cash Flow Analysis



Phase 2: Ehlers completes PSC CRC Application



Ehlers presents initial results of application



Action: consensus to file application

Water: Historical Rate Implementation

- Last Conventional Rate Case (CRC) completed April 2019 for an overall rate increase of 23%
- Simplified Rate Case (SRC) completed in 2000, 2005 and 2009. None since last CRC
 - ✓ The Village is eligible for SRC based on 2024 PSCAR ROR. PSC allowable SRC is currently 3%
 - ✓ The Village was not eligible for SRC in 2020, 2021 and 2022

PSC Math Review

How much revenue should we generate from user rates?



Cash Basis

- + Op. and Maint. Expenses
- + Taxes/Transfer Payments
- + Debt Service (P&I)
- + Capital funded from rates
- Less Non-rate Revenue
- = Total Revenue Requirements

Utility Basis - PSC

- + Op. and Maint. Expenses
- + Taxes/Transfer Payments
- + Depreciation
- + Rate of Return on Rate Base
- Less Non-Rate Revenue
- = Total Revenue Requirements

Water Rate Application Initial Results

Revenue Requirement								Budget	Application
Component	Description	2020	2021	2022	2023	2024	2025	2025	
Cash Basis									
1	O&M and PILOT	\$1,117,142	\$1,187,699	\$2,250,626	\$2,088,292	\$1,540,961	\$1,291,271	\$1,507,948	Incl. Normalizations
2	Debt	\$145,459	\$144,726	\$143,914	\$0	\$0	\$0	\$0	
3	Cash Funded Capital	\$330,145	\$87,849	\$1,261,719	\$802,063	\$987,882	\$730,000	\$730,000	
Less:									
	Other Revenue	\$146,916	\$502,466	\$971,213	\$152,704	\$106,618	\$100,169	\$129,000	
	Interest Income	\$4,835	\$5,369	\$13,694	\$21,380	\$24,224	\$3,958	\$3,958	
	Revenue Requirement (Costs less Other Income)	\$1,440,995	\$912,439	\$2,671,352	\$2,716,271	\$2,398,001	\$1,917,144	\$2,104,990	
	User Rates Revenue	\$1,661,975	\$1,683,625	\$1,566,274	\$1,887,625	\$1,783,177	\$1,704,659	\$1,819,091	
	Rate Adequacy	\$220,980	\$771,186	(\$1,105,078)	(\$828,646)	(\$614,824)	(\$212,485)	(\$285,899)	
	Rate Adjustment Needed	0.00%	0.00%	70.55%	43.90%	34.48%	12.46%	15.72%	
Utility Basis (PSC)									
1	O&M and PILOT	\$1,117,142	\$1,187,699	\$2,250,626	\$2,088,292	\$1,540,961	\$1,291,271	\$1,507,948	Incl. Normalizations
2	Depreciation	\$260,376	\$262,458	\$273,930	\$276,110	\$284,954	\$304,313	\$296,508	Added Capital
	Average NIRB	\$6,085,729	\$6,006,421	\$6,588,022	\$7,010,539	\$7,150,954	\$7,208,323	\$7,473,205	Added Capital
	Benchmark ROI %	4.90%	4.90%	4.90%	6.50%	6.30%	6.20%	6.20%	
3	Calculated ROI	\$298,201	\$294,315	\$322,813	\$455,685	\$450,510	\$446,916	\$463,339	
Less:									
	Other Revenue	\$146,916	\$502,466	\$971,213	\$152,704	\$106,618	\$100,169	\$129,000	
	Revenue Requirement (Costs less Other Income)	\$1,528,803	\$1,242,006	\$1,876,156	\$2,667,383	\$2,169,807	\$1,942,331	\$2,138,795	
	User Rates Revenue	\$1,661,975	\$1,683,625	\$1,566,274	\$1,887,625	\$1,783,177	\$1,704,659	\$1,819,091	
	Rate Adequacy	\$133,172	\$441,619	(\$309,882)	(\$779,758)	(\$386,630)	(\$237,672)	(\$319,704)	
	Rate Adjustment Needed	0.00%	0.00%	19.78%	41.31%	21.68%	13.94%	17.98%	

Completing the Application

- Phase I initial rate adjustment was presented at 13.94% while current application is 17.98%
- Throughout the completion of the application the 2024 PSC Annual Report was published and further analysis of 2025 Budget completed.
 - ✓ 2024 Annual Report listed \$1,186,806 in capital assets additions vs \$474,000 projected 2024 YE (From 2025 Budget). Booked CWIP from YE 2023.
 - Higher asset additions adds to PSC math and overall amount of rate base
 - ✓ 2025 Budget expenses increased by \$200k due to increase in Heart of Valley runoff payments
 - PSC allows for normalizing one-time costs averaging out year over year expenses. Heart of the Valley cost is large increase in cost but will maintain that higher level going forward.

Water: Future Projection Initial PSC App.

	Budget	Projected								
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenues										
Total Revenues from User Rates ¹	\$1,819,091	\$2,146,125	\$2,210,509	\$2,276,824	\$2,345,129	\$2,415,483	\$2,487,948	\$2,562,586	\$2,562,586	\$2,805,487
Percent Increase to User Rates	0.00%	17.98%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	0.00%	9.48%
Cumulative Percent Rate Increase	0.00%	17.98%	21.52%	25.16%	28.92%	32.79%	36.77%	40.87%	40.87%	54.22%
Dollar Amount Increase to Revenues		\$327,034	\$64,384	\$66,315	\$68,305	\$70,354	\$72,464	\$74,638	\$0	\$242,901
Total Other Revenues	\$132,958	\$132,456	\$135,886	\$138,371	\$142,626	\$144,425	\$149,261	\$153,697	\$178,878	\$164,001
Total Revenues	\$1,952,049	\$2,278,582	\$2,346,395	\$2,415,195	\$2,487,756	\$2,559,908	\$2,637,209	\$2,716,283	\$2,741,464	\$2,969,488
Less: Expenses										
Operating and Maintenance ²	\$1,339,253	\$1,379,406	\$1,420,762	\$1,463,359	\$1,507,233	\$1,552,423	\$1,598,968	\$1,646,909	\$1,696,288	\$1,747,147
PILOT Payment	\$168,695	\$172,069	\$175,510	\$179,020	\$182,601	\$186,253	\$189,978	\$193,777	\$232,533	\$237,184
Net Before Debt Service and Capital Expenditures	\$444,101	\$727,107	\$750,122	\$772,815	\$797,921	\$821,231	\$848,263	\$875,596	\$812,643	\$985,158
Debt Service										
Existing Debt P&I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New (2025-2034) Debt Service P&I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfer In (Out)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Capital Improvements	\$220,000	\$735,000	\$516,360	\$187,450	\$706,780	\$125,000	\$235,000	\$35,000	\$2,440,000	\$140,000
Debt Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Annual Cash Flow	\$224,101	(\$7,893)	\$233,762	\$585,365	\$91,141	\$696,231	\$613,263	\$840,596	(\$1,627,357)	\$845,158
Restricted and Unrestricted Cash Balance:										
Balance at first of year	\$642,368	\$866,469	\$858,576	\$1,092,338	\$1,677,704	\$1,768,845	\$2,465,077	\$3,078,339	\$3,918,936	\$2,291,579
Net Annual Cash Flow Addition/(subtraction)	\$224,101	-\$7,893	\$233,762	\$585,365	\$91,141	\$696,231	\$613,263	\$840,596	-\$1,627,357	\$845,158
Balance at end of year	\$866,469	\$858,576	\$1,092,338	\$1,677,704	\$1,768,845	\$2,465,077	\$3,078,339	\$3,918,936	\$2,291,579	\$3,136,736
PSC Days Cash on Hand	146	137	191	328	338	490	613	779	403	565

Notes:

- 1) Assumes no changes in customer count or usage beyond Test Year.
- 2) Assumes 3.00% annual inflation beyond budget year.

Legend:

- Simplified Rate Case (projected eligibility)
- Conventional (Full) Rate Case

Water: Impact on Avg. Res. Bill

Year	Water					Utility Bill (Annual)	Change Over Prior Year	% of MHI (68,295)	Year
	Increase	Water Vol. Charge ¹	Water User Charge ²	Utility Bill (Monthly)	Change Over Prior Year				
		<u>Tiered</u>	<u>Serv. + PFP</u>						
2024		3.82	11.50	\$ 23.92		\$ 286.98		0.42%	2024
2025	0.00%	3.82	11.50	\$ 23.92	\$ -	\$ 286.98	\$ -	0.42%	2025
2026	17.98%	4.51	13.57	\$ 28.21	\$ 4.30	\$ 338.57	\$ 51.59	0.50%	2026
2027	3.00%	4.64	13.97	\$ 29.06	\$ 0.85	\$ 348.73	\$ 10.16	0.51%	2027
2028	3.00%	4.78	14.39	\$ 29.93	\$ 0.87	\$ 359.19	\$ 10.46	0.53%	2028
2029	3.00%	4.92	14.83	\$ 30.83	\$ 0.90	\$ 369.97	\$ 10.78	0.54%	2029
2030	3.00%	5.07	15.27	\$ 31.76	\$ 0.92	\$ 381.07	\$ 11.10	0.56%	2030
2031	3.00%	5.22	15.73	\$ 32.71	\$ 0.95	\$ 392.50	\$ 11.43	0.57%	2031
2032	3.00%	5.38	16.20	\$ 33.69	\$ 0.98	\$ 404.27	\$ 11.77	0.59%	2032
2033	0.00%	5.38	16.20	\$ 33.69	\$ -	\$ 404.27	\$ -	0.59%	2033
2034	9.48%	5.89	17.74	\$ 36.88	\$ 3.19	\$ 442.59	\$ 38.32	0.65%	2034
Total Change over planning period					\$ 12.97	\$ 155.61			

Notes:

1. Current water volumetric rate is \$3.82 per 1,000 gallons for the first 16,000 gallons per month.
2. The water user charges include a monthly service charge of \$6.00 plus a public fire protection charge of \$5.50 for a 5/8 inch meter.
3. The usage is assumed to be 3,250 Gallons per month.

Water Rate Comparison – By County (2)

Utility Name	County	Utility Class	Min. Qtrly Bill (0.625" meter)	6000 GAL	12000 GAL	15000 GAL	Effective Date
Bear Creek Water Utility	Outagamie	D	\$69.00	\$134.40	\$199.80	\$232.50	8/28/2019
Town of Lawrence Water Utility	Brown	C	\$36.00	\$89.10	\$142.20	\$168.75	8/1/2024
Denmark Municipal Water Utility	Brown	C	\$51.00	\$95.16	\$139.32	\$161.40	3/15/2024
Town of Scott Water Utility	Brown	D	\$36.00	\$85.56	\$135.12	\$159.90	1/4/2024
Village of Wrightstown Water Utility	Brown	C	\$43.26	\$88.38	\$133.50	\$156.06	6/1/2022
Village of Howard Water and Sewer Department	Brown	AB	\$50.70	\$91.80	\$132.90	\$153.45	1/20/2021
De Pere Water Department	Brown	AB	\$33.00	\$82.08	\$131.16	\$155.70	6/1/2024
Kaukauna Utilities	Outagamie	AB	\$37.80	\$84.28	\$130.76	\$154.00	10/16/2023
Village of Allouez Water Department	Brown	AB	\$34.50	\$72.60	\$120.30	\$144.15	1/1/2022
Town of Grand Chute Sanitary District 1	Outagamie	AB	\$21.00	\$69.84	\$118.68	\$143.10	7/1/2024
Ledgeview Sanitary District No 2	Brown	C	\$38.19	\$74.37	\$110.55	\$128.64	9/17/2020
GREENLEAF WATER UTILITY	Brown	D	\$37.50	\$70.20	\$102.90	\$119.25	12/18/2024
Bellevue Water Utility	Brown	AB	\$28.74	\$64.32	\$99.90	\$117.69	7/20/2015
Kimberly Municipal Water Utility (TY2033 Adj.)	Outagamie	C	\$27.07	\$61.54	\$96.01	\$113.25	Proj. 1/1/2034
Appleton Water Department	Outagamie	AB	\$21.90	\$58.38	\$94.86	\$113.10	1/1/2018
Fox Crossing Utilities	Outagamie	AB	\$21.00	\$55.14	\$93.24	\$112.29	11/15/2024
Combined Locks Water Utility	Outagamie	C	\$24.72	\$57.66	\$90.60	\$107.07	8/20/2019
Village of Hobart Water Utility	Brown	C	\$32.40	\$60.60	\$88.80	\$102.90	1/1/2024
Freedom Sanitary District No 1	Outagamie	C	\$31.74	\$58.74	\$85.74	\$99.24	6/16/2021
Pulaski Water Department	Brown	C	\$29.67	\$57.51	\$85.35	\$99.27	9/18/2024
Shiocton Municipal Utility	Outagamie	D	\$25.92	\$55.38	\$84.84	\$99.57	12/21/2023
Seymour Municipal Water Utility	Outagamie	C	\$28.20	\$56.16	\$84.12	\$98.10	4/28/2017
Town of Holland Sanitary District #1	Brown	D	\$22.50	\$52.50	\$82.50	\$97.50	12/31/2023
Ashwaubenon Water And Sewer Utility	Brown	AB	\$24.81	\$53.01	\$81.21	\$95.31	4/26/2023
Suamico Water Utility	Brown	C	\$30.00	\$55.08	\$80.16	\$92.70	6/14/2023
New London Electric and Water Utility	Outagamie	C	\$36.99	\$57.87	\$78.75	\$89.19	3/1/2024
Village of Hortonville Water and Sewer	Outagamie	C	\$29.25	\$53.85	\$78.45	\$90.75	3/21/2016
Kimberly Municipal Water Utility (TY2025 Adj.)	Outagamie	C	\$21.24	\$48.28	\$75.32	\$88.84	Proj. 1/1/26
Green Bay Water Utility	Brown	AB	\$27.00	\$51.00	\$75.00	\$87.00	8/1/2024
Nichols Municipal Water Utility	Outagamie	D	\$27.00	\$48.90	\$70.80	\$81.75	12/18/2020
Darboy Joint Sanitary District No 1	Outagamie	AB	\$18.00	\$44.16	\$70.32	\$83.40	9/24/2021
Little Chute Municipal Water Department	Outagamie	AB	\$19.11	\$43.95	\$68.79	\$81.21	9/29/2015
Kimberly Municipal Water Utility (CURRENT)	Outagamie	C	\$18.00	\$40.92	\$63.84	\$75.30	4/1/2019
Greenville Utilities	Outagamie	C	\$26.55	\$44.73	\$62.91	\$72.00	1/1/2025
Black Creek Municipal Water and Sewer Utility	Outagamie	D	\$24.48	\$42.42	\$60.36	\$69.33	1/1/2025

- No PFP for some (charged different by utility)
- Sorted by 12 kgal consumption column

Rate Structure Changes: Public Fire Protection

- CRC allows for tariff changes, and one common change is converting PFP from levy charge to water bill
- Currently charge 100k to tax bill and remainder to water bill
- Due to levy limits GF Expenditures > GF Revenues
 - ✓ There is a solution to reduce GF Expenditures!
 - ✓ By moving PFP to water bill it eliminates GF expenditure line item and free up about 100k to GF budget
 - ✓ Must change as a part of Conventional Rate Case

100k PFP Conversion Estimated Impact

Meter Size	Average Number of Customers by Meter Size								EQ meters Ratio	Equivalent Meters	PFP Costs Converted	
	Residential	Multifamily Residential	Commercial	Industrial	Public Authority	Wholesale	Non-Customers	Totals			Annual Rate	\$ 100,000.00
5/8"	2,563	20	127	3	5		76	2,794	1	2794	\$	28.38
1"		17	16	1	6			40	2.5	100	\$	70.94
1 1/2"		14	16	2	7			39	5	195	\$	141.88
2"		2	4	2	2			10	8	80	\$	227.01
3"		2	2	1	2			7	15	105	\$	425.65
4"		1		1			4	6	25	150	\$	709.42
6"				1			1	2	50	100	\$	1,418.84
										3524	\$	28.38 Base Rate

Notes:

1 Currently charge on tax bill and water bill. Current PFP Mill Rate is \$.18. For an avg. RES assessment of 190,780 it would be \$33.75 per year.

- Adds a \$2.36 charge to monthly RES water bill or \$28.38 annually
- Currently avg. RES AV: 190k & pay \$33.75 annually
- Subject to changes for PFP costs reviewed during CRC process

Recommendations

- File CRC Application for Test Year 2025 at benchmark ROR
- Completing a CRC in 2025 with PSC Math helps to decrease rate adjustment the Village would be looking at for the Well Replacement project in 2033.
- Converting PFP from current levy charge to directly on water bill
- PSC CRC Rate Proceedings ESTIMATED Timeline:
 - Audit: 2-3 months
 - Public Hearing: 4-5 months
 - Implementation: 6 months
 - *Subject to PSC timing*





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