

**Racine Water and
Wastewater Utilities**

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May 14, 2009

To: Dave Brown, Finance Director

From: Kenneth M. Scolaro, Administrative Manager

Subject: 2008 Payment in Lieu of Taxes and Public Fire Protection Charge

Attached are our worksheets for the calculations of the 2008 payment in lieu of taxes and the PSC rate ruling on the 2008 public fire protection charge. Payment in lieu of taxes amounted to \$ 1,970,223.77, higher than the 1994 P.S.C. minimum rate. The 2008 public fire protection charge amounted to \$1,223,715.00. The net amount due to the City of Racine is **\$ 746,508.77**. If you concur with these figures, please send us an invoice detailing these numbers so we can process it for payment.

Just a quick note, the public fire protection charge was \$ 1,205,975.00 in 2002. The PSC had not significantly increased this amount for many years. However, in our recent rate case approved on 3/25/2009 the PSC has increased the public fire protection charge to \$1,588,929. This will be the amount due in 2009 payable in 2010. During budget time in the summer of 2008, we had no idea that the PSC would increase this charge by almost 30%. Should you have questions, please give me a call.

RACINE WATER UTILITY

Payment in Lieu of Taxes
2008 Taxes Payable in 2009

Property & Plant - 1/1/08	\$163,489,365	
Construction Work in Progress	257,860	\$163,747,225

Less: Rural Property	\$58,305,490	
Rural Work in Progress	0	
Transportation Equipment	1,171,519	59,477,009
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Net Utility Plant		\$104,270,216
Add: Materials & Supplies		253,449

Taxable Assets		\$104,523,665
Ratio Assessed to Full Value		1.006952053

Assessed Value		\$105,250,319

Calculation of Tax Rate:

	Total Tax Rate	Rate Affecting R. W. U.
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State	\$0.1685	
County	\$3.0836	
City	\$11.3410	\$11.3410
Unified	\$7.1661	\$7.1661
Vocational	\$1.2180	\$1.2180
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Total Tax	\$22.9772	\$19.7251
State Credit	\$1.1715	

Net Tax	\$21.8057	

Ratio Total R.W.D. to Total Tax 0.85846404

Net R.W.D. Tax Rate (Net Tax x Ratio) \$18.719409 /M

Payment in Lieu of Taxes \$ 1,970,223.77

Payment in Lieu of Taxes Per 1994 PSC Report \$ 1,075,080.49

RACINE WATER WORKS COMMISSION

Authorized Water Rates and Rules

Public Fire Protection Service - - - F-1

The annual charge for public fire protection service to the City of Racine shall be \$1,223,715.

This service shall include the use of hydrants for fire protection service only and such quantities of water as may be demanded for the purpose of extinguishing fires within the service area. This service shall also include water used for testing equipment and training personnel. For all other purposes, the metered or other rates set forth, or as may be filed with the Public Service Commission, shall apply.

Private Fire Protection Service - Unmetered - - - Upf-1

This service shall consist of permanent or continuous unmetered connections to the main for the purpose of supplying water to private fire protection systems such as automatic sprinkler systems, standpipes, and private hydrants. This service shall also include reasonable quantities of water used for testing check valves and other backflow prevention devices.

Private Fire Protection Service Demand Charges:

	<u>Quarterly</u>	<u>Monthly</u>
2-inch or smaller connection	\$ 18.00	\$ 6.00
3-inch connection	\$ 30.00	\$ 10.00
4-inch connection	\$ 45.00	\$ 15.00
6-inch connection	\$ 84.00	\$ 28.00
8-inch connection	\$ 135.00	\$ 45.00
10-inch connection	\$ 195.00	\$ 65.00
12-inch connection	\$ 270.00	\$ 90.00
14-inch connection	\$ 345.00	\$ 115.00
16-inch connection	\$ 420.00	\$ 140.00

Billing: Same as Schedule Mg-1.