

3/25/09
OFFICIAL STAMP
DATE

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Racine Water Works Commission, Racine County,
Wisconsin, for Authority to Increase Water Rates

4900-WR-110

FINAL DECISION

This is the final decision in the proceeding conducted by the Public Service Commission (Commission) on the application of the Racine Water Works Commission (applicant) for approval to increase water rates. This application is APPROVED subject to conditions.

Introduction

The applicant applied to the Commission on October 6, 2008, for authority to increase water rates. Pursuant to due notice, the Commission held a telephonic hearing at Madison and Racine on March 4, 2009, before Administrative Law Judge Michael E. Newmark.

Findings of Fact

1. The applicant's presently authorized rates for water utility service will produce operating revenues of \$15,750,337 for the 2009 test year. These rates fall short of the test year revenue needed by \$3,377,301.
2. The estimated net investment rate base applicable to water utility operations for the 2009 test year is \$81,308,838.
3. The rate changes set forth for water service in Appendix C will permit the applicant to earn the necessary revenue requirement and are consistent with the cost of service and rate design.

Conclusions of Law

1. The applicant is a municipal public utility as defined in Wis. Stat. §§ 66.0801 196.01(5).
2. The Commission has authority under Wis. Stat. §§ 196.03(1) and (3), 196.19, 196.20, 196.22, and 196.37(1), (2), and (3), to authorize the applicant to increase water utility rates and revise utility rules.

Opinion

Net Investment Rate Base

The estimated net investment rate base for the 2009 test year is as follows:

Utility Financed Plant in Service	\$112,394,861
Less: Accumulated Provision for Depreciation	<u>\$28,977,191</u>
Net Plant in Service	\$83,417,670
Plus: Materials and Supplies	\$260,000
Less: Regulatory Liability – Pre-2003 Depreciation on Contributed Plant	<u>\$2,368,832</u>
Net Investment Rate Base	<u>\$81,308,838</u>

Comparative Income Statement

The estimated test year income statement showing the effect of the increase in revenue which will result from authorized rates is as follows:

	<u>At Present Rates</u>	<u>Authorized Increase</u>	<u>After Rate Increase</u>
Operating Revenues	\$15,750,337	\$3,377,301	\$19,127,638
Operating Expenses:			
Oper. & Maint. Exp.	\$9,270,375		\$9,270,375
Depreciation	\$2,774,056		\$2,774,056
Taxes & Tax Equiv.	<u>\$2,259,346</u>		<u>\$2,259,346</u>
Total Oper. Expenses	<u>\$14,303,777</u>		<u>\$14,303,777</u>
Oper. Income (or Loss)	<u>\$1,446,560</u>		<u>\$4,823,861</u>
Rate of Return	1.78%		5.93%

The depreciation expense included in the revenue requirement for the 2009 test year was computed using the depreciation rates shown in Appendix E. These depreciation rates are effective on January 1, 2009, for computing the depreciation expense on the average investment for each plant account.

Capital Structure

The applicant requested a return on net investment rate base of 5.82 percent for retail water sales and 8.00 percent for wholesale water sales. The applicant's capital employed in providing public utility service that is associated with the net investment rate base is estimated to be 38.94 percent municipal equity and 61.06 percent long-term debt. The composite cost of debt is 4.02 percent.

The retail rate of return of 5.82 percent will provide a return on municipal equity of 8.64 percent on municipal earning equity and 2.37 times interest coverage.

A wholesale rate of return on rate base of 7.50 is authorized. This return of 7.50 percent will provide a 12.96 percent return on municipal equity and 3.06 times interest coverage. Long-term municipal debt plus two points has averaged 7.39 percent for the three-month period ending December 19, 2008. Given the uncertain market conditions and the desire to maintain a return on equity that is not unreasonably high, increasing this slightly to a wholesale return of 7.50 percent is reasonable for this rate case. This results in a composite return on net investment rate base of 5.93 percent. A return on rate base of 5.93 percent will provide an 8.92 percent return on municipal earning equity and 2.42 times interest coverage.

Cost of Service

The Commission staff submitted for the record an analysis of the cost of supplying water for general service and for public fire protection service. The staff used the base-extra capacity cost allocation method for the analysis. Under this method, the operating expenses are allocated first to the service cost functions of extra-capacity maximum-day and maximum-hour demand, base, customer, and fire protection and then to each of the customer classes served. Summaries of such analyses, based on allocations that are reasonable and just, are shown in Schedules 5 and 8 of Exhibit 4 of the record in this proceeding. Appendix B shows customer class revenue requirements resulting from the cost analysis compared with revenues at authorized rates.

Rates

Water service rates authorized in this decision will result in an estimated net operating income of approximately \$4,823,861 which provides a 5.93 percent return on the water utility net investment rate base of \$81,308,838. The applicant was provided with staff's proposed rates for review prior to the hearing and had no objection to these rates.

As shown in attached Appendix B, the base-extra capacity cost allocation method results in a relatively wide range of increases in the charges to the various general service customer classes to reflect the cost of providing service to such classes. The percentage rate increase to any individual customer will not necessarily equal the overall percentage increase to the associated customer class, but will depend on the specific usage level of that customer.

The authorized rates as set forth in Appendix C are based on the cost of supplying various classes or types of service. These rates are reasonable and just. All customers will be required to pay an appropriate amount for the service provided.

Some typical water bills for residential, commercial, industrial, and public authority customers were computed using Schedule Mg-1 to compare existing rates with the new rates. That comparison is set forth in Appendix D.

The overall increase in annual revenues is 22.2 percent, comprised of a 21.8 percent increase in general service rates (22.5 percent for retail and 13.5 percent for wholesale), a 26.2 percent increase in public fire protection charges (29.8 percent for retail and 29.1 percent for wholesale), and no increase in private fire protection charges. A typical residential customer's bill will rise 19.5 percent. There has been a 7.28 percent increase in gross plant investment since the applicant's last rate case in 2007. The typical bills calculated using the authorized rates are below average when compared with those of similar water utilities in the state.

The annual public fire protection charge will increase by 26.2 percent, compared to a 21.8 percent increase in general service rates. The larger increase in the public fire protection charge results because a greater proportion of the annual operating costs is allocated to fire protection than was allocated at the time of the applicant's last rate proceeding, based on current ratios of maximum general service demand to available system fire protection capacity. The larger increase in the public fire protection charge is reasonable in that it appropriately reflects the cost of providing service.

The authorized general service rates provide a greater percentage increase to large-volume users than for average residential customers. This greater increase is caused by the relatively larger increases in the rates for the high-volume rate blocks based on the results of the base-extra capacity cost allocation as discussed above. The greater increase to large-volume users is reasonable in that the authorized rates more appropriately reflect the cost of providing service than do the present rates.

The applicant's operating rules and water main extension rules are consistent with those of other Wisconsin water utilities. They were incorporated into the record by receipt of Exhibit 4 which incorporates the rules by reference. These rules are reasonable and just and in accordance with Commission policy and the Wisconsin Administrative Code.

The applicant bills quarterly (or monthly for large customers, at its discretion). The authorized rates and rules for water service shall be made effective as soon as possible after issuance of this decision in accordance with Wis. Stat. §§ 196.21 and 196.40.

Order

1. Racine Water Works Commission shall discontinue its existing water rates and rules for service and make effective for water service the rates and rules set forth in Appendix C.

Docket 4900-WR-110

2. The effective date of this order shall be the date of mailing to the parties. The applicant shall inform the Commission, in writing, of the date that the authorized rates and rules are to take effect.

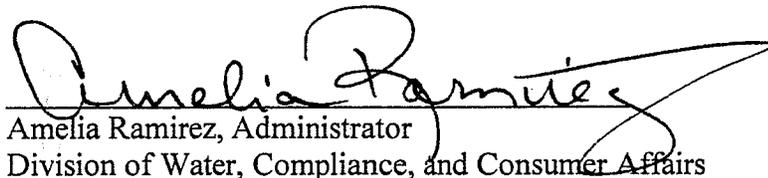
3. The rates approved in this docket are to be made effective no later than 90 days from the mailing date of this order or as directed by the Commission or Commission staff.

4. Racine Water Works Commission shall inform each customer of the new rates as required by Wis. Admin. Code § PSC 185.33(1).

5. The Commission retains jurisdiction.

Dated at Madison, Wisconsin, March 12, 2009

For the Commission:


Amelia Ramirez, Administrator
Division of Water, Compliance, and Consumer Affairs

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See attached Notice of Appeal Rights

PUBLIC SERVICE COMMISSION OF WISCONSIN
610 North Whitney Way
P.O. Box 7854
Madison, Wisconsin 53707-7854

**NOTICE OF RIGHTS FOR REHEARING OR JUDICIAL REVIEW, THE
TIMES ALLOWED FOR EACH, AND THE IDENTIFICATION OF THE
PARTY TO BE NAMED AS RESPONDENT**

The following notice is served on you as part of the Commission's written decision. This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

PETITION FOR REHEARING

If this decision is an order following a contested case proceeding as defined in Wis. Stat. § 227.01(3), a person aggrieved by the decision has a right to petition the Commission for rehearing within 20 days of mailing of this decision, as provided in Wis. Stat. § 227.49. The mailing date is shown on the first page. If there is no date on the first page, the date of mailing is shown immediately above the signature line. The petition for rehearing must be filed with the Public Service Commission of Wisconsin and served on the parties. An appeal of this decision may also be taken directly to circuit court through the filing of a petition for judicial review. It is not necessary to first petition for rehearing.

PETITION FOR JUDICIAL REVIEW

A person aggrieved by this decision has a right to petition for judicial review as provided in Wis. Stat. § 227.53. In a contested case, the petition must be filed in circuit court and served upon the Public Service Commission of Wisconsin within 30 days of mailing of this decision if there has been no petition for rehearing. If a timely petition for rehearing has been filed, the petition for judicial review must be filed within 30 days of mailing of the order finally disposing of the petition for rehearing, or within 30 days after the final disposition of the petition for rehearing by operation of law pursuant to Wis. Stat. § 227.49(5), whichever is sooner. If an *untimely* petition for rehearing is filed, the 30-day period to petition for judicial review commences the date the Commission mailed its original decision.¹ The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

If this decision is an order denying rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not permitted.

Revised: December 17, 2008

¹ See *State v. Currier*, 2006 WI App 12, 288 Wis. 2d 693, 709 N.W.2d 520.

Appearances:

Racine Water Works Commission, applicant, by

Keith E. Haas, General Manager
Kenneth Scolaro, Administrative Manager
Susan Cryer, Assistant Administrative Manager
Michael Gitter, Chief of Operations
Jim Fiacco, Consultant
Eric Granum, Consultant

Of the Commission Staff:

Jeffry J. Patzke, Assistant General Counsel
Kathleen A. Butzlaff, Public Utility Auditor
David L. Prochaska, Public Utility Rate Analyst

As Interest May Appear:

Ronald G. Keland, Commissioner, Village of Caledonia Water Utility

RACINE WATER WORKS COMMISSION

Comparison of Revenue

at

Present Rates, Cost of Service and Authorized Rates

Customer Class	Revenue at Present Rates	Cost of Service		Authorized Rates		
		Revenue Required	Increase Over Present Rates	Revenue	Increase Over Present Rates	Percent of Cost of Service
Residential	\$ 5,970,336	\$ 7,143,213	19.6%	\$ 7,125,776	19.4%	100%
Commercial	2,149,548	2,613,009	21.6%	2,644,419	23.0%	101%
Industrial	3,937,594	4,932,160	25.3%	4,978,556	26.4%	101%
Public Authority	601,504	811,928	35.0%	749,983	24.7%	92%
Village of Caledonia	1,063,524	1,206,743	13.5%	1,209,524	13.7%	100%
Private Fire	179,616	179,616	0.0%	179,616	0.0%	100%
PFPP (Total)	<u>1,318,215</u>	<u>1,710,969</u>	29.8%	<u>1,710,969</u>	29.8%	100%
Total	<u>\$ 15,220,337</u>	<u>\$ 18,597,638</u>	22.2%	<u>\$ 18,598,843</u>	22.2%	100%
Public Fire Protection (PFPP)						
Racine	\$ 1,223,715	\$ 1,588,929	29.8%	\$ 1,588,929	29.8%	100%
Village of Caledonia	<u>\$ 94,500</u>	<u>\$ 122,040</u>	29.1%	<u>\$ 122,040</u>	29.1%	100%
Total	<u>\$ 1,318,215</u>	<u>\$ 1,710,969</u>	29.8%	<u>\$ 1,710,969</u>	29.8%	100%
Total - General Service and Public Fire Protection						
Racine	\$ 14,062,313	\$ 17,268,855	22.8%	\$ 17,267,279	22.8%	100%
Village of Caledonia	<u>\$ 1,158,024</u>	<u>\$ 1,328,783</u>	14.7%	<u>\$ 1,331,564</u>	15.0%	100%
Total	<u>\$ 15,220,337</u>	<u>\$ 18,597,638</u>	22.2%	<u>\$ 18,598,843</u>	22.2%	100%

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 \$1,588,929.

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.

General Service - Metered - - - Mg-1

Service Charges:

	<u>Quarterly</u>	<u>Monthly</u>		<u>Quarterly</u>	<u>Monthly</u>
5/8 -inch meter - \$	16.50	5.50	3 -inch meter - \$	102.00	34.00
3/4 -inch meter - \$	16.50	5.50	4 -inch meter - \$	150.00	50.00
1 -inch meter - \$	27.00	9.00	6 -inch meter - \$	261.00	87.00
1 1/4 -inch meter - \$	36.00	12.00	8 -inch meter - \$	393.00	131.00
1 1/2 -inch meter - \$	45.00	15.00	10 -inch meter - \$	564.00	188.00
2 -inch meter - \$	66.00	22.00	12 -inch meter - \$	738.00	246.00

Plus Volume Charges:

First 15,000 cubic feet used per quarter - \$1.85 per 100 cubic feet
or 5,000 cubic feet used per month

Next 185,000 cubic feet used per quarter - \$1.57 per 100 cubic feet
or 61,667 cubic feet used per month

Over 200,000 cubic feet used per quarter - \$1.27 per 100 cubic feet
or 66,667 cubic feet used per month

Billing: Bills for water service are rendered quarterly or monthly and become due and payable upon issuance following the period for which service is rendered. A late payment charge of 1 percent per month will be added to bills not paid within 20 days of issuance. This late payment charge will be applied to the total unpaid balance for utility service, including unpaid late payment charges. This late payment charge is applicable to all customers. The utility customer may be given a written notice that the bill is overdue no sooner than 20 days after the bill is issued. Unless payment or satisfactory arrangement for payment is made within the next 10 days, service may be disconnected pursuant to Wis. Admin. Code ch. PSC 185.

Combined Metering: Volumetric meter readings will be combined for billing if the utility for its own convenience places more than one meter on a single water service lateral. Multiple meters placed for the purpose of identifying water not discharged into the sanitary sewer are not considered for utility convenience and shall not be combined for billing. This requirement does not preclude the utility from combining readings where metering configurations support such an approach. Meter readings from individually metered separate service laterals shall not be combined for billing purposes.

Other Charges - - - OC-1

Non-Sufficient Funds Charge:

A \$30.00 charge will be applied to the customer's account when a check rendered for utility service is returned for non-sufficient funds. This charge may not be in addition to, but may be inclusive of, other non-sufficient funds charges when the check was for payment of multiple services.

Real Estate Closing Account Fee:

The status of account fee is to be charged only in connection with real estate closings that require a written form. The charge is \$12.00.

Billing: Same as Schedule Mg-1.

General Service - Suburban - - - Mg-2

Water customers residing outside the corporate limits of the City of Racine shall be billed at the regular rates for service (Schedule Mg-1) plus a 25 percent surcharge.

Billing: Same as Schedule Mg-1.

Wholesale Service - - - W-1

Public Fire Protection Service Charges:

	<u>Annual</u>	<u>Quarterly</u>	<u>Monthly</u>
Village of Caledonia -	\$ 122,040	\$ 30,510	\$ 10,170

General Service Charges*:

	<u>Annual</u>	<u>Quarterly</u>	<u>Monthly</u>
Village of Caledonia -	\$ 12,324	\$ 3,081	\$ 1,027

*Based on Schedule Mg-1 service charges for all wholesale meters.

Volume Charges:

Village of Caledonia - \$1.64 per 100 cubic feet

Billing: Same as Schedule Mg-1.

Public Service - - - Mpa-1

Water service supplied to municipal buildings, schools, sewer treatment plants, etc., shall be metered and the regular metered service rates applied.

Water used on an intermittent basis for flushing sewers, street sprinkling, flooding skating rinks, drinking fountains, etc., shall be metered where meters can be set to measure the service. Where it is impossible to measure the service, the superintendent shall estimate the volume of water used based on the pressure, size of opening, and period of time water is allowed to be drawn. The estimated quantity used shall be billed at the rate of \$1.57 per 100 cubic feet.

Billing: Same as Schedule Mg-1.

General Water Service - Unmetered - - - Ug-1

Where the utility cannot immediately install its water meter, service may be supplied temporarily on an unmetered basis. Such service shall be billed at the rate of \$55.35 per quarter (or \$18.45 per month). This rate shall be applied only to single-family residential and small commercial customers and approximates the cost of 2,100 cubic feet of water per quarter (or 700 cubic feet of water per month) under Schedule Mg-1. If it is determined by the utility that usage is in excess of 2,100 cubic feet of water per quarter (or 700 cubic feet of water per month), an additional charge per Schedule Mg-1 will be made for the estimated additional usage.

Billing: Same as Schedule Mg-1.

Seasonal, Emergency, or Temporary Service - - - Mgt-1

Seasonal customers* shall pay an annual seasonal service charge equal to four times the applicable quarterly service charge (or twelve times the applicable monthly service charge) in Schedule Mg-1. Water use in any billing period shall be billed at the applicable volume rates in Schedule Mg-1 and the charge added to the annual seasonal service charge.

For disconnections of service not previously considered as seasonal, emergency, or temporary, if service is resumed at the same premises by the same customer within a 12-month period, and if

there has been no service to another customer during the intervening period, the customer shall be billed for the pro rata share of the applicable service charge for the period of disconnection.

Further, if service has been disconnected or a meter removed, a charge under Schedule R-1 shall be applied at the time of reconnection or meter reinstallation.

*Seasonal customers are general service customers whose use of water is normally for recurring periods of less than a year.

Billing: Same as Schedule Mg-1.

Building and Construction Water Service - - - Mz-1

For single-family and small commercial buildings, apply the unmetered rate (Schedule Ug-1).

For large commercial, industrial, or multiple apartment buildings, a temporary metered installation shall be made and general metered rates (Schedule Mg-1) applied.

Billing: Same as Schedule Mg-1.

Bulk Water - - - BW-1

All bulk water supplied from the water system through hydrants or other connections shall be metered, or at the direction of the utility, estimated. Utility personnel or a utility-approved party shall supervise the delivery of water.

Bulk water sales are:

- A. Water supplied by tank trucks or from hydrants for the purpose of extinguishing fires outside the utility's immediate service area;
- B. Water supplied by tank trucks or from hydrants for purposes other than extinguishing fires, such as irrigation or the filling of swimming pools; or,
- C. Water supplied from hydrants or other temporary connections for general service type applications. (Water supplied for construction purposes - see Schedule Mz-1.)

A charge for the volume of water used will be billed to the party using the water at \$1.85 per 100 cubic feet. A service charge, in addition to the volumetric charge, will be \$50.00. In addition, for meters that are assigned to bulk water customers for more than 30 days, the applicable service charge in Schedule Mg-1 will apply after the first 30 days.

The water utility may require reasonable deposits for the temporary use of its equipment under this and other rate schedules. The deposit(s) collected will be refunded upon return of the utility's equipment. Damaged or lost equipment will be repaired or replaced at the customer's expense.

Billing: Same as Schedule Mg-1.

Reconnection Charges - - - R-1

	<u>During Normal Business Hours</u>	<u>After Normal Business Hours</u>
Reinstallation of meter, including valving at curb stop	\$ 50.00	\$ 65.00
Valve turned on at curb stop	\$ 45.00	\$ 60.00

Note: No charge for disconnection.

Billing: Same as Schedule Mg-1.

Water Lateral Installation Charge - - - Cz-1

Subdivision developers shall be responsible, where the main extension has been approved by the utility, for the water service lateral installation costs from the main through the curb stop and box.

When the cost of a utility main extension is to be collected through assessment by the municipality, the actual average water lateral installation costs from the main through the curb stop and box shall be included in the assessment of the appropriate properties.

The initial water service lateral(s), not installed as part of a subdivision development or an assessable utility extension, will be installed from the main through the curb stop and box by the utility, for which the actual cost will be charged.

Billing: Same as Schedule Mg-1.

Rules and Regulations - - - X-1

Delete Schedule X-1 (10 pages). Incorporate the operating rules for municipal water utilities as provided by the Public Service Commission.

Water Main Extension Rule - - - X-2

Water mains will be extended for new customers on the following basis:

- A. Where the cost of the extension is to immediately be collected through assessment by the municipality against the abutting property, the procedure set forth under Wis. Stat. § 66.0703 will apply, and no additional customer contribution to the utility will be required.
- B. Where the municipality is unwilling or unable to make a special assessment, the extension will be made on a customer-financed basis as follows:
 - 1. The applicant(s) will advance as a contribution in aid of construction the total amount equivalent to that which would have been assessed for all property under A.
 - 2. Part of the contribution required in B.1. will be refundable. When additional customers are connected to the extended main within 10 years of the date of completion, contributions in aid of construction will be collected equal to the amount which would have been assessed under A. for the abutting property being served. This amount will be refunded to the original contributor(s). In no case will the contributions received from additional customers exceed the proportionate amount which would have been required under A., nor will it exceed the total assessable cost of the original extension.
- C. When a customer connects to a transmission main or connecting loop installed at utility expense within 10 years of the date of completion, there will be a contribution required of an amount equivalent to that which would have been assessed under A.

Water Main Installations in Platted Subdivisions - - - X-3

Application for installation of water mains in regularly platted real estate development subdivisions shall be filed with the utility.

If the developer, or a contractor employed by the developer, is to install the water mains (with the approval of the utility), the developer shall be responsible for the total cost of construction.

If the utility or its contractor is to install the water mains, the developer shall be required to advance to the utility, prior to the beginning of the construction, the total estimated cost of the extension. If the final costs exceed estimated costs, an additional billing will be made for the balance of the cost due. This balance is to be paid within 30 days. If final costs are less than estimated, a refund of the overpayment will be made by the water utility.

RACINE WATER WORKS COMMISSION

Customer Water Bill Comparison at Present and Authorized Rates

Customer Type	Meter Size (Inches)	Volume 100 Cu. Ft.	Quarterly		Percent Change
			Bills at Old Rates	Bills at New Rates	
Small Residential	5/8	12	\$ 33.54	\$ 38.70	15.4%
Average Residential	5/8	21	46.32	55.35	19.5%
Large Residential	5/8	50	87.50	109.00	24.6%
Commercial	5/8	75	123.00	155.25	26.2%
Commercial	3/4	100	158.50	201.50	27.1%
Commercial	1	200	302.00	383.00	26.8%
Commercial	1 1/2	500	692.00	872.00	26.0%
Commercial	2	1,000	1,333.00	1,678.00	25.9%
Commercial	3	1,500	1,989.00	2,499.00	25.6%
Large Public Authority	4	8,000	8,657.00	10,952.00	26.5%
Large Public Authority	4	10,000	10,657.00	13,492.00	26.6%
Large Commercial	6	18,000	18,768.00	23,763.00	26.6%
Large Public Authority	6	24,000	24,768.00	31,383.00	26.7%
Large Commercial	12	26,000	27,245.00	34,400.00	26.3%
Large Public Authority	8	40,000	40,900.00	51,835.00	26.7%
Large Industrial (Monthly)	6	20,000	20,219.00	25,664.00	26.9%
Large Industrial (Monthly)	12	85,000	85,415.00	108,410.00	26.9%
Large Industrial (Monthly)*	10	300,000	375,446.25	476,752.50	27.0%

*Outside the corporate limits of the City of Racine and, therefore, subject to the 25% surcharge per Schedule Mg-2.

Racine PFP Charge (Annual)	1,223,715.00	1,588,929.00	29.8%
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RACINE WATER WORKS COMMISSION

**Schedule of Depreciation Rates
Effective January 1, 2009**

<u>Account Number</u>	<u>Class of Plant</u>	<u>Depr. Rate</u>
	SOURCE OF SUPPLY PLANT	
313	Lake, River and Other Intakes	2.3%
316	Supply Mains	1.5%
	PUMPING PLANT	
321	Structures and Improvements	2.8%
323	Other Power Production Equipment	4.4%
325	Electric Pumping Equipment	4.4%
	WATER TREATMENT PLANT	
331	Structures and Improvements	2.5%
332.1	Water Treatment Equipment -- Filtration	2.7%
332.2	Water Treatment Equipment -- Chlorination	6.0%
332.3	Water Treatment Equipment -- Membrane Filtration Media	10.0%
332.4	Water Treatment Equipment -- Membrane Filtration System	4.0%
	TRANSMISSION AND DISTRIBUTION PLANT	
342	Distribution Reservoirs and Standpipes	1.6%
343	Transmission and Distribution Mains	1.2%
345	Services	2.2%
346	Meters	6.3%
348	Hydrants	1.6%
	GENERAL PLANT	
390	Structures and Improvements	4.3%
391	Office Furniture and Equipment	5.8%
391.1	Computer Equipment	15.0%
392	Transportation Equipment	13.3%
394	Tools, Shop and Garage Equipment	5.8%
395	Laboratory Equipment	5.8%
396	Power Operated Equipment	8.5%
397	Communication Equipment	8.3%
397.1	SCADA Equipment	8.3%

