



VILLAGE OF WILLIAMS BAY

250 Williams Street | PO Box 580 | Williams Bay | WI | 53191 | williamsbay.org

Phone: 262-245-2700

NOTICE

WATER & SEWER (W&S) COMMITTEE MEETING WEDNESDAY, JANUARY 12, 2022 AT 5:45 PM VILLAGE HALL COUNCIL ROOM

AGENDA

The following agenda items may be considered for Discussion, Consideration, or Action

- I. Call to Order
- II. Roll Call
- III. PSC Correspondence - Water Rate Increase
- IV. Investigative Work on Fire Station Sanitary Sewer Gravity Line
- V. Adjourn

Rob Umans

Water & Sewer Chair

Requests from persons with disabilities, who need assistance to participate in this meeting or hearing, should be made to the Village Clerk's office in advance so the appropriate accommodations can be made.

Posted: 01/11/2022 5:00 PM



Public Service Commission of Wisconsin

Rebecca Cameron Valcq, Chairperson
Ellen Nowak, Commissioner
Tyler Huebner, Commissioner

4822 Madison Yards Way
P.O. Box 7854
Madison, WI 53707-7854

December 29, 2021

Ms. Lori Peternell, Village Treasurer
Williams Bay Municipal Water Utility
PO Box 580
Williams Bay, WI 5391

Re: Application of the Village of Williams Bay, Walworth
County, Wisconsin, as a Water Public Utility, for Authority
to Adjust Water Rates

6540-WR-101

Dear Ms. Peternell:

Public Service Commission (Commission) staff has analyzed the Williams Bay Municipal Water Utility's (Utility) application for a water rate increase. The application was received on August 27, 2021. The attached proposal contains Commission staff's proposed 2022 test year revenue requirement exhibit (Exhibit) and will serve as the basis for the cost of service study. Alex Hanna, Rate Analyst, will soon develop the cost of service study and a proposed rate design. A copy of that exhibit will be filed in the Electronic Records Filing System (ERF) separately upon completion. Commission staff will submit both proposals at the public hearing, which will be scheduled at a later date.

The Utility requested a 4.90% rate of return (ROR). The Utility's return on net investment rate base is lower than 6.00 percent of their test year operation and maintenance expenses. As a result, Commission staff's proposed revenue requirement provides a net operating income of \$39,020, which is approximately 6.00 percent of the applicant's test year operation and maintenance expenses. This amount represents an allowance for earnings fluctuations, which is consistent with past Commission final decisions in rate cases in which there was low or zero rate base to provide a rate of return.

Although the Utility has minimal long-term debt, the Utility should monitor future earnings and overall financial stability to maintain good financial health. The Utility was established on January 11, 1985. The current proceeding is the first conventional rate case (CRC) for the Utility. Commission staff recommends the Utility apply more frequently for rate adjustments in the future to ensure that its rates are adequate for future projects and it maintains financial stability. Commission staff also recommends the Utility continue to use the SRC process as it has in previous years.

The Utility established impact fees in 1996. The Utility planned to use the impact fees to build a new well, new clear well capacity, and elevated storage tank. The Utility placed the new well and new clear well capacity into service in 1999 and the elevated storage tank into service in 2006. The Utility recorded the assets as Utility Financed Plant. According to the PSC Water Utility Reference Manual, utilities should record plant financed by impact fees as Contributed Plant. In the proposed revenue requirement, Commission staff made an adjustment to reclassify the assets as Contributed Financed Plant. Schedule 5 of the Exhibit provides the adjustments to reclassify the assets. The Utility should make the adjustments in an amended 2020 PSC Annual Report and re-file the report prior to the hearing in this rate case.

On its rate case application, the Utility anticipated a rate increase of 40.42 percent. Commission staff's proposed increase is only 15.01 percent because of the adjustments to Utility Financed Plant described above. These adjustments caused a significant decrease to rate base, and lead to a lower return on net investment rate base and the 6.00 percent allowance on operation and maintenance expenses.

Attached as Schedule 4 is the list of depreciation rates that is the basis of Commission staff's estimated depreciation expense for the test year. Please note that some rates may be different than previously authorized. When the Final Decision is issued in this docket, these depreciation rates will be certified for use by the Utility effective January 1, 2022. Please note that the general service and public fire protection rates are typically effective within 90 days of the Final Decision.

The proposed Commission staff Exhibit is intended to provide the Commission with Commission staff's analysis and is not a final decision. After review of the attached Exhibit, the Utility may present its own case and may submit any additional information it believes to be pertinent to substantiate its position within five business days of the date of this letter. If Commission staff does not receive a response within that time, it will assume the Utility is in agreement with the staff proposal, and the Commission staff rate analyst will use the revenue requirement to develop a rate proposal. Please note that this is the Utility's primary opportunity to address any concerns or changes to Commission staff's proposed revenue requirement Exhibit.

In order to receive notification of official correspondence (i.e. data requests, notices, final decisions, etc.), individuals must subscribe to the Utility ID or PSC Docket. To subscribe, go to the Commission's Electronic Records Filing System (ERF). For help subscribing, go to Subscribing to Dockets.

Ms. Lori Peternell
Docket 6540-WR-101
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If you have any questions regarding the above, please contact me. If you have any questions regarding the status of your rate case, please contact Alex Hanna at (608) 267-2336 or by e-mail at Alex.Hanna@wisconsin.gov.

Sincerely,



Troy Gazza
Public Utility Auditor
Public Service Commission of Wisconsin
Division of Water Utility Regulation and Analysis
608.266.7173 | Troy.Gazza@wisconsin.gov

TKG:ams:krl:kle DL:01846800

Attachment

cc: Wayne Edwards, Williams Bay Municipal Water Utility
Jodi Dobson, Baker Tilly

Ex.-PSC-Revenue Requirement

Williams Bay Municipal Water Utility

Estimated 2022 Operating Income Statement

Net Investment Rate Base

and 2022 Estimated Revenue Requirement

Williams Bay Municipal Water Utility
6540-WR-101

Comparative Income Statement, Net Investment Rate Base, and PSC Adjustments

Net Operating Income Statement:	2019	2020	Estimated 2021	Utility Estimate 2022	PSC Staff Proposed Adjustments	PSC Staff Estimates Test Year 2022
Total Operating Revenues:	\$ 790,546	\$ 806,826	\$ 807,300	\$ 818,499	\$ 41,058	\$ 859,557
Operating Expenses:						
Source of Supply Expenses	422	242	200	200	0	200
Pumping Expenses	82,571	59,456	60,650	62,150	(0)	62,150
Water Treatment Expenses	172,501	181,128	205,500	220,000	(32,100)	187,900
Trans. and Distr. Expenses	121,063	155,428	167,500	168,500	(11,600)	156,900
Customer Accounts Expenses	55,782	55,599	58,300	58,800	(9,200)	49,600
Administrative and General Expenses	199,051	173,569	195,200	201,300	(7,714)	193,586
Total Operation & Maintenance Expenses	\$ 631,390	\$ 625,422	\$ 687,350	\$ 710,950	\$ (60,614)	\$ 650,336
Depreciation	\$ 177,816	157,769	201,821	205,795	(41,297)	164,498
Taxes	\$ 114,406	110,919	119,136	125,179	0	125,179
Total Operating Expenses	\$ 923,612	\$ 894,110	\$ 1,008,307	\$ 1,041,924	\$ (101,911)	\$ 940,013
Net Operating Income (Loss)	\$ (133,066)	\$ (87,284)	\$ (201,007)	\$ (223,425)	\$ 142,969	\$ (80,456)

Net Investment Rate Base:	Utility Estimates Test Year 2022	PSC Staff Proposed Adjustments	PSC Staff Estimates Test Year 2022
Utility Plant in Service	6,277,053	\$ (1,767,392)	\$ 4,509,661
Less: Accumulated Provision for Depreciation	4,567,729	(823,718)	3,744,011
Net Plant in Service	\$ 1,709,324	\$ (943,674)	\$ 765,650
Add: Materials and Supplies	\$ 0	0	0
Less: Regulatory Liability - pre-2003 Depreciation on Contributed Plant	\$ 41,292	0	41,292
Net Investment Rate Base	\$ 1,668,032	\$ (943,674)	\$ 724,358
Rate of Return	N/A		N/A

Williams Bay Municipal Water Utility
Estimated Income Statement and Revenue Requirement
for the 2022 Test Year
to Yield a 6.00% Allowance of O&M Expenses

	Present Rates	Increase	After Rate Increase
Total Operating Revenues:	\$ 859,557	\$ 119,476	\$ 979,033
Operating Expenses:			
Source of Supply Expenses	200		200
Pumping Expenses	62,150		62,150
Water Treatment Expenses	187,900		187,900
Trans. and Distr. Expenses	156,900		156,900
Customer Accounts Expenses	49,600		49,600
Administrative and General Expenses	193,586		193,586
Total Operation & Maintenance Expenses	\$ 650,336		\$ 650,336
Depreciation	\$ 164,498		\$ 164,498
Taxes	\$ 125,179		\$ 125,179
Total Operating Expenses	\$ 940,013		\$ 940,013
Net Operating Income (Loss)	\$ (80,456)		\$ 0
Rate of Return	<u>N/A</u>		<u>N/A</u>
Utility Plant in Service	4,509,661		4,509,661
Less:			
Accumulated Provision for Depreciation	3,744,011		3,744,011
Net Plant in Service	\$ 765,650		\$ 765,650
Add: Materials and Supplies	\$ 0		\$ 0
Less: Regulatory Liability - pre-2003 Depreciation on Contributed Plant	\$ 41,292		\$ 41,292
Net Investment Rate Base	\$ 724,358		\$ 724,358

**Williams Bay Municipal Water Utility
6540-WR-101**

	Adjustments at 4.90% ROR
Utility Requested Rate Increase	\$ 305,159 40%
 Increased Revenue (Lower rate increase necessary) Revised Residential Sales to reflect a two year average. The Utility stated this is a more appropriate test year estimate.	 \$ (30,506)
 Increased Revenue (Lower rate increase necessary) Revised Multifamily Sales to reflect an accurate customer count. There were errors in the report used in previous years and used to determine the Utility's test year estimate.	 \$ (1,397)
 Increased Revenue (Lower rate increase necessary) Revised Commercial Sales to reflect a five year average for usage and an updated customer count provided by the Utility.	 \$ (9,220)
 Acct. 630 - Operation Labor Utility Estimate 65,000 Staff Estimate 53,400 Adjustment	 \$ (11,600)
Decreased due to the Utility previously allocating pensions and benefits to labor accounts. Pensions and benefits will be correctly recorded in AC 926 moving forward.	
 Acct. 632 - Operation Supplies and Expenses Utility Estimate 22,000 Staff Estimate 1,500 Adjustment	 \$ (20,500)
Adjusted to reflect a three year average. The Utility's estimate was based off of incorrect numbers being reported on previous Annual Reports.	
 Acct. 640 - Operation Labor Utility Estimate 66,000 Staff Estimate 54,400 Adjustment	 \$ (11,600)
Decreased due to the Utility previously allocating pensions and benefits to labor accounts. Pensions and benefits will be correctly recorded in AC 926 moving forward.	

Schedule 3
Page 2 of 2

Acct. 902 - Accounting and Collecting Labor

Utility Estimate 52,500

Staff Estimate 43,300

Adjustment \$ (9,200)

Decreased due to the Utility previously allocating pensions and benefits to labor accounts. Pensions and benefits will be correctly recorded in AC 926 moving forward.

Acct. 920 - Administrative and General Salaries

Utility Estimate 43,000

Staff Estimate 35,400

Adjustment \$ (7,600)

Decreased due to the Utility previously allocating pensions and benefits to labor accounts. Pensions and benefits will be correctly recorded in AC 926 moving forward.

Acct. 930 - Miscellaneous General Expense

Utility Estimate 20,000

Staff Estimate 19,886

Adjustment \$ (114)

Decreased to remove a portion of membership dues associated with lobbying.

Depreciation Expense

Utility Estimate 205,795

Staff Estimate 164,498

Adjustment \$ (41,297)

Adjusted due to a reclassification of plant financed by impact fees. The plant has previously been recorded as Utility Financed Plant.

Adjustment to Ratebase

Utility Estimate 1,668,032

Staff Estimate 724,358

Difference (943,674)

Adjusted due to a reclassification of plant financed by impact fees. The plant has previously been recorded as Utility Financed Plant.

Adjustment to ROR based on 4.90% ROR \$ (46,240)

Adjustment to the allowance for 6.0% of O&M \$ 3,590

Staff Estimated Rate Increase

\$ 119,475
15%

Williams Bay Municipal Water Utility

Schedule of Water Depreciation Rates
Effective January 1, 2022

Account Number	Account Title	Depreciation Rate
	SOURCE OF SUPPLY PLANT	
314	Wells and Springs	2.90%
	PUMPING PLANT	
321	Structures and Improvements	3.20%
325	Electric Pumping Equipment	4.40%
328	Other Pumping Equipment	4.40%
	WATER TREATMENT PLANT	
331	Structures and Improvements	3.20%
332	Water Treatment Equipment	3.30%
	TRANSMISSION AND DISTRIBUTION PLANT	
342	Distribution Reservoirs and Standpipes	1.90%
343	Transmission and Distribution Mains	1.30%
345	Services	2.90%
346	Meters	5.50%
348	Hydrants	2.20%
	GENERAL PLANT	
390	Structures and Improvements	2.90%
391	Office Furniture and Equipment	5.80%
391.1	Computer Equipment	26.70%
392	Transportation Equipment	13.30%
394	Tools, Shop and Garage Equipment	5.80%
395	Laboratory Equipment	5.80%
397	Communication Equipment	15.00%
397.1	SCADA Equipment	9.20%
398	Miscellaneous Equipment	5.80%

Schedule 5

	<u>Debit</u>	<u>Credit</u>
Account 101.2 (Utility Plant in Service - Contributed Plant)		
Account 101.1 (Utility Plant in Service - Financed by Utility)	\$ 1,767,892	\$ 1,767,892
<i>(To reclasssify plant assets financed by impact fees from Utility-Financed to Contributed)</i>		
Account 111.2 (Accum. Depr - Contributed Plant)		
Account 111.1 (Accum. Depr - Utility-Financed Plant)	\$ 782,428	\$ 782,428
<i>(To reclasssify annual accumulated depreciation from Utility-Financed to Contributed)</i>		
Account 216.2 (Unappropriated Surplus - Contributed)		
Account 216.1 (Unappropriated Surplus - Earnings)	\$ 782,428	\$ 782,428
<i>(To reclasssify annual accumulated depreciation from Utility-Financed to Contributed)</i>		

Estimate of Upcoming Water Utility Project Cost

Village of Williams Bay, Wisconsin

	Planned Year for Expense	Item	Need For Project	Estimated Cost
	2022	Optimize Corrosion Control Investigation/Pilot Study	See the June 30, 2021 letter from the WDNR regarding Department Modification of Optimal Corrosion Control Treatment Determination; answer due 12-31-2022	\$120,000
	2022	Chlorination Improvements Design and Permitting	Phase 2 of Corrosion Control Investigation	\$150,000
	2023	Chlorination Improvements - Construction	Water Plant Modifications to include chlorine for control of ammonia, granular media replacement and new booster pumps for high zone.	\$2,500,000
	2022	Well 2 Pump Replacement	Well 2 pump is from 1980's and needs to be deeper to provide long term service- Part of Chlorination Improvements.	\$180,000
	2023	Reactor Cleaning and Painting and Permitting	This needs to be done about every 20 years. If not done, the Village will not provide soft water or reduce radium.	\$200,000
	2023	STH 67 Water Main Improvements	Water main associated with WDOT Construction	\$1,000,000
	2022	Southwick Creek Realignment - Design and Permitting	Needed to expand at the water plant and remove the water plant from the floodway. No WDNR participation.	\$50,000
	2023	Southwick Creek Realignment - Construction	Needed to expand at the water plant and remove the water plant from the floodway. No WDNR participation. Must be done in winter.	\$1,000,000
	2022	Loch Vista Water Main Replacement	Requested by Subdivision prior to pavement replacement in Subdivision. Existing pipe is from the 1930's.	\$1,100,000
			Totals =	\$6,300,000

VILLAGE OF WILLIAMS BAY
Sanitary Sewer System Infiltration Reduction
Engineer's Report
January 10, 2022

- Enclosed is a December 2021 summary sheet from WalCoMet showing a breakdown of the waste strength components and volumes for each entity, including Williams Bay. The waste strength for Williams Bay should be higher and contain approximately 200 mg/L BOD, 250 mg/L of suspended solids, and 30 mg/L of ammonia as nitrogen. WalCoMet has record of this information as far back as 2011; Williams Bay has a history of providing similar lower strength sewage.
- We recently assisted staff in the collection and testing of raw sewage samples (3 grab samples from 8 locations) within the Williams Bay system. This testing was done after a historically dry summer, historically low groundwater conditions, and without measurable rain a week prior. See Exhibit A for the sample locations and Table 1 for the sample results and pump run times. The samples from Lift Station 4 (Fire Station) and Lift Station 5 (Conference Point Camp) are much lower than the composite sample taken by WalCoMet at the WB-1 Station on Stark Street. The volume from Lift Station 4 (LS-4) and Lift Station 5 (LS-5) totaled 152,000 gallons, or approximately 20 percent of the total flow to WalCoMet on this day. The WalCoMet volume charge is \$1.17/1000 gallons. The number of pump starts per hour at these two stations was nearly constant. The Village has the potential to save \$170 per day if they eliminated the clear water from these two systems; extrapolated, this could approach \$60,000/year.
- Enclosed is a proposal from Great Lakes for mobilization and televising 2000 feet of sanitary sewer; we ask that the Village allow for the televising of the gravity sewer tributary to LS-4 and the gravity sewer tributary to LS-5. The intent of the televising is to locate the source of clear water and to determine if it is coming from the Village-owned mainline or the privately-owned laterals. There is supposedly \$35,000 in the 2022 budget; we expect to be able to televise these two sections for approximately \$15,000.



PLANT PERFORMANCE SUMMARY

December, 2021

Monthly Flow & Loading Summary

Entity	FLOW (MG)	Totals - Pounds			Average Concentration mg/L			
		BOD	TSS	NH3-N	BOD	TSS	NH3-N	PO4
Delavan	20.586	46,871	44,810	5,459.7	273	261	31.8	
Elkhorn	28.298	56,727	60,797	6,536.9	240	258	27.3	
DLSD	13.240	22,526	27,605	2,197.4	210	248	20.1	
WCI	1.943	3,046	3,516	348.4	188	217	21.5	
Wms Bay	16.149	18,721	21,549	1,926.0	139	160	14.3	
Inspiration Ministries	0.232	7,998	10,571	790.5	258	341	25.5	
GNSD & Interlaken	5.797	8,896	10,588	894.4	184	219	18.5	
Village of Darien	2.768	7,295	7,064	1,209.7	316	306	52.4	
Town of Darien	1.429	1,764	1,156	131.1	148	97	11.0	
LCSD	3.164	8,998	9,526	1,414.4	341	361	53.6	
Mallard Ridge	0.722	7,476	895	8,381.7	1,465	165	1,612.5	
WalCoMet	94.328	7,800	10,755	890.7	308	423	34.9	6.9

Loading Comparison - Current Month to Plant Design Criteria

Avg Daily Influent Loadings				Plant Design Criteria	
FLOW	3,042,839	Gallons	31.80	9,570,000	Max. Month
BOD	7,800	Pounds	51.65	15,100	Max. Month
TSS	10,755	Pounds	87.44	12,300	Max. Month
PHOSPHORUS	174	Pounds	65.42	266	Max. Month
NH3-N	890.7	Pounds	32.19	2767	Max. Month

Permit Comparison - Current Month to Permit Limits

	Final Effluent			Monthly Avg Permit Limit	
	Monthly Average		%		
BOD	1.6	mg/L	11.23	14.00	mg/L
TSS	0.9	mg/L	6.19	14.00	mg/L
PHOSPHORUS	0.61	mg/L	76.54	0.80	mg/L
NH3-N	0.123	mg/L	2.61	4.70	mg/L

Maximum Daily Flow to Plant
3.468

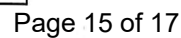


Table 1
December 7, 2021 Sample Results
 Sanitary Sewer Inflow Reduction
 Village of Williams Bay

Contaminant	WalCoMet Result See Exhibit A - at WB-1	Sampling Location - See Exhibit A							
		1	2	3	4	5	6	7	8
Biochemical Oxygen Demand (mg/L)	139	105	276	354	<30	45	405	234	199
Suspended Solids (mg/L)	260	54	262	300	2	2	470	90	116
Ammonia as Nitrogen (mg/L)	14.3	20.2	36.2	51.2	1.98	8.36	57.9	60.7	29.8

Pump Run Times and WalCoMet Volume 12-7-21

		7:30	11:00	2:30	24 hr	total
Harris Rd						
#1	(1)	2	12	18	42	84
	(2)	2	9	16	42	
Circle Pkwy						
#2	(1)	0	4	4	10	18
	(2)	0	0	3	8	
Washington						
#3	(1)	2	4	6	12	24
	(2)	0	3	4	12	
Edgewater						
#4	(1)	23	70	114	330	606
	(2)	17	57	95	276	
ConP. Pt.						
#5	(1)	6	26	38	113	213
	(2)	6	20	33	100	
Stam						
#6	(1)	4	4	4	9	17
	(2)	0	0	5	8	
Prairie View						
#7	(1)	0	3	3	12	25
	(2)	3	6	6	13	
Bailey Est.						
#8	(1)	0	3	3	10	21
	(2)	2	5	6	11	
WalCo Met						
		8,358	8,446	8,594	9,176	X1000



3600 Kewaunee Road
Green Bay, WI 54311
Phone: (920)863-3663
Fax: (920)863-3662

Quotation

Quote Number
17318

Quote Date
Dec 14, 2021

Quoted to:

VILLAGE OF WILLIAMS BAY
P.O. Box 580
250 Williams St
Williams Bay, WI 53191

Page
1

Quote Good Thru	Payment Terms	Sales Rep
1/13/22	Net 30 Days	BH

Description	Unit of Measure	Quantity	Unit Price	Extension
SANITARY SEWER INSPECTION	.			
MOBILIZATION/DEMOBILIZATION - TV UNIT AND CREW	L SUM	1.00	1,025.000	1,025.00
PIPE INSPECTION / EASEMENT	FOOT	2,000.00	1.150	2,300.00
QUANTITIES ARE ESTIMATED, ACTUAL QUANTITIES WILL BE INVOICED	.			
WE MAY HAVE TO PULL CABLE BETWEEN HOUSES TO REACH MANHOLES MID STRETCH.	.			
OUR FIBER OPTIC TV UNIT HAS 1600' OF CABLE	.			

Please notify Great Lakes within 30 days if the quotation is accepted and the above prices will be honored.
This acknowledgment will enable us to schedule your work more efficiently.
If prevailing wages apply - this quote will be adjusted accordingly. Bond fee and/or additional insurance requirements are not included in the quote amount. If applicable, add the amount(s) to this quote.

Subtotal	3,325.00
Sales Tax	
Total	3,325.00