

Questions and Answers about the Water Rate Increase

- **What is the water rate increase?**

The Milwaukee Water Works has been given permission to request a rate increase of approximately 28% for City of Milwaukee customers and approximately 36 % for suburban communities which purchase drinking water from Milwaukee. The actual rates will be set during the next few months by the Public Service Commission of Wisconsin (PSC). Depending on PSC action, the earliest the rate increase would go into effect would be for water used after December 15, 2009.

- **How will the rate increase affect my bill for water?**

For Milwaukee customers, the rate increase applies only to the water charges on the Municipal Services Bill administered by the water utility. The cost of water for the average single family residential account in Milwaukee will increase \$11 per quarter, to \$50 per quarter. The average single family in Milwaukee uses 17 Ccf (hundred cubic feet) of water per quarter, or 12,717 gallons per quarter. With the new rate, the average single family will pay 55 cents per day for water. Two-and-one-half gallons of water will cost one cent.

Milwaukee has traditionally had low water rates compared with the cost of providing the water and compared with water rates in the United States. Even with the rate increase, Milwaukee's water continues to be an excellent value. The U.S. Environmental Protection Agency reports Americans on average pay \$500 per year for municipal drinking water. The rate in Milwaukee will be \$200 per year.

With the rate increase, Milwaukee will have the 59th least expensive water of the 78 water utilities in the seven-county region of southeastern Wisconsin. Of the 50 largest cities in the U.S., Milwaukee will have the 37th least expensive water.

- **Why is a rate increase needed?**

Since 2007, increased costs, including rising costs for wages and benefits, electric power, fuel, and maintaining aging infrastructure, have challenged the Milwaukee Water Works. The cost of chemicals used to treat water so it is safe to drink more than doubled in the first six months of 2009 compared to 2008, and less water was treated in 2009. Water usage has decreased 12% in the past three years alone, and is down an additional 2.3% to date this year compared with 2008 at this time. Less water sold means there is less money to pay for higher operational costs. The revenue from the rate increase will allow the utility to continue to produce high quality drinking water, to properly operate and maintain its extensive infrastructure, and will allow current service levels to be maintained.

Because the Milwaukee Water Works is part of City government, it must pay for services supplied by other City departments. Such payments help to reduce the property tax. The water utility contributes approximately \$10 million in payment in lieu of taxes and an additional \$12 million in other payments for

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City services. The 2008 Payment in Lieu of Taxes offset the property tax levy by \$0.29 per one thousand dollars of assessed valuation.

- **What is the rate increase for suburbs that purchase water from Milwaukee?**

Milwaukee will ask the PSC to increase the rates by approximately 36% for suburban wholesale customers, proportionately more than Milwaukee customers. Only three suburban municipalities are charged more for water than Milwaukee – Hales Corners, Greenfield, and St. Francis. These communities receive exactly the same “retail” services that City of Milwaukee residents receive – water, billing service, and maintenance of the piping systems. By state statute, these municipalities are charged 25% more than Milwaukee customers for the same services.

The other suburban municipalities that receive Milwaukee water are “wholesale” customers. They receive treated water only and their municipal utilities install and repair water mains, perform water quality testing, read meters, and bill customers. All of Milwaukee’s wholesale customers are charged the same price for the water sold to them. In the proposed rate structure for the increase, these wholesale communities will see a greater *percent* increase for the water sold to them than Milwaukee. The actual increase they will see on their individual bills will depend on their own water utility. The wholesale customers are Brown Deer, Butler, Greendale, Menomonee Falls, Mequon, Milwaukee County Grounds, New Berlin, Shorewood, Wauwatosa, and West Allis. The PSC sets rates for all municipally owned water utilities in the state.

- **Private industry has had to cut back – government should, too.**

As water use and revenues have been falling, the Milwaukee Water Works has been working since 2000 to reduce and hold down costs and operate efficiently. A complete reorganization and downsizing of the utility was recognized with an Association of Metropolitan Water Agencies award in 2003. The smaller organization remains in place while continuing to provide 24-hour water treatment, control center, and distribution system repair services. Non-critical positions that open through employee retirement or resignation are not filled. Non-essential overtime was eliminated. The utility is increasing its use of technology and automation to improve efficiency. Savings are being achieved in energy and fuel use. Through operational innovation and public education about water waste, the utility has increased savings of treated water to 500 million gallons each year. In 2008, the Milwaukee Water Works received two American Water Works Association awards for water efficiency.

- **Why is it so important to reinvest money in the water utility?**

A modern, efficient, reliable water utility is one of the most important foundations of Milwaukee’s quality of life. We count on the Milwaukee Water Works to deliver safe drinking water to protect public health, fight fires, and supply the water needs of business and industry. Investments in the utility ensure that residents of Milwaukee and nearby suburbs have adequate supplies of high quality water 365 days a year.

The Milwaukee Water Works is also an important asset that supports economic growth. A sustainable water utility encourages location of new companies and the development of business – growth that benefits both taxpayers and water consumers.

Milwaukee Water Works Customer Service Monday-Friday, 7:30 a.m. to 5:00 p.m.
Phone (414) 286-2830 Fax (414) 286-2672 TDD (414) 286-2025
Non-emergency email: watwebcs@milwaukee.gov

For water emergencies after hours and on weekends, please call the 24-hour Control Center, (414) 286-3710.