



**VILLAGE OF WESTON, MARATHON COUNTY, WISCONSIN**

**RESOLUTION NO. 2016-021**

**A RESOLUTION TO ANNUALLY EVALUATE ALL THE REVENUE REQUIREMENTS OF THE WATER UTILITY TO MAINTAIN MINIMUM CASH BALANCES AND APPLY FOR RATE INCREASES AS NECESSARY TO MAINTAIN THE BENCHMARK RATE OF RETURN ALLOWED BY THE PUBLIC SERVICE COMMISSION OF WISCONSIN**

**WHEREAS**, the Village of Weston's most recent water rate increase was effective March 18, 2009; and

**WHEREAS**, on November 16, 2015, the Village of Weston Board of Trustees approved a professional services agreement with financial consultant Ehlers to perform a water rate study; and

**WHEREAS**, Ehlers and Village staff evaluated the Water Utility's operational needs for 2016 and 2017, and capital budget needs for the period between 2016 and 2021; and

**WHEREAS**, the capital projects currently envisioned will require an estimated \$8.0M of funding to be recovered by the utility through operating revenues over terms yet to be determined by financing/debt instruments including revenue bonds and low interest loans; and

**WHEREAS**, in addition to capital requirements, operation and maintenance expenses can also be expected to increase with time; and

**WHEREAS**, the anticipated timing of future projects and operation and maintenance needs are unlikely to be met with an unchanging water rate structure; and

**WHEREAS**, the results of Ehlers study were presented to the Board of Trustees on October 12, 2016; and

**WHEREAS**, among Ehlers' recommendations is a water rate increase of 14.6%; and

**WHEREAS**, it is recommended that utility rates be adjusted at smaller increments on a more regular basis to avoid "rate shock" (any rate increase equal to or greater than 10%) to its customers; and

**WHEREAS**, the Public Service Commission of Wisconsin establishes a benchmark return on net investment rate base (rate of return) for Wisconsin water utilities adjusted periodically throughout each calendar year; and

**WHEREAS**, water utilities may file for "simplified rate increases" any time within 5 years of their last full rate case, provided their rate of return, based on their most recent annual report to the Public Service Commission of Wisconsin, falls 3% below the benchmark rate of return established by the Public Service Commission of Wisconsin for that year; and

**WHEREAS**, among the recommendations made by Ehlers is to "...examine the need for future "simplified" rate increases and full rate cases in future years as needed."

**NOW, THEREFORE, BE IT RESOLVED**, the Village of Weston Board of Trustees authorizes the Director of Public Works and Utilities and the Finance Director to annually evaluate the all the revenue requirements of the Water Utility to fund operations and maintain minimum cash balances to maintain the benchmark rate of return allowed by the Public Service Commission of Wisconsin to meet the goal of minimizing the likelihood of rate shock to its Water Utility customers in future years; and

**BE IT FURTHER RESOLVED**, to meet the stated goal, the Village Board of Trustees, will authorize one of the following actions on an as needed basis:

1. Consider and file for “simplified rate increases” for the Water Utility in any year the utility qualifies for a “simplified rate increase;” or
2. Consider and file full (conventional) rate cases in no greater than 5 year increments or as operations and maintenance and capital needs dictate a shorter time interval.

**PASSED BY THE BOARD OF TRUSTEES OF THE VILLAGE OF WESTON**, at a regular meeting thereof, this 21 day of the month of Nov, 2016.

VILLAGE OF WESTON, a Municipal Corporation of the State of Wisconsin.

By: Barbara Ermeling  
BARBARA ERMELING, Village President

ATTEST:

By: Sherry Weinkauff  
SHERRY WEINKAUF, Village Clerk

Vote: Passed