VILLAGE OF MCFARLAND

Public Works & Utilities Committee

NOTICE OF PUBLIC MEETING

Wednesday, September 27, 2023 **6:00 PM** **McFarland Municipal Center**
Community Room

AGENDA

You are invited to this meeting through a Zoom webinar. The public may attend in-person or remotely through the webinar or telephone options listed below.

PLEASE CLICK THE LINK BELOW TO JOIN THE ZOOM WEBINAR:

https://us02web.zoom.us/j/87321231583

Or by Telephone: +1 (312) 626-6799

Webinar ID: 873 2123 1583

Press *9 to raise/lower hand. Press *6 to mute/unmute.

1. CALL TO ORDER, ROLL CALL.

2. PUBLIC APPEARANCES.
   a. This is an opportunity for members of the public to address the Public Works and Utilities Committee for items that are not on the agenda. Please remember this is a hybrid meeting conducted in person and through the Zoom online meeting platform. Meeting attendees wishing to address the Committee about items not on the agenda may do so at this time. Zoom attendees should type their name and address in the Question and Answer feature within the Zoom online meeting platform at this time. Members of the public who are present in person and wish to address the Committee should fill out a public comment form and turn into the meeting chairperson. When you are called upon to speak, state your name, address, and provide your comments to the Committee for their consideration. Please adhere to the 3-minute time limit. Additionally, you may send your public comments to public.works@mcfarland.wi.us to be included as part of the meeting.

      Members of the public may also speak during their selected agenda item as they designate on the public comment form or in the Question and Answer feature on Zoom.

3. APPROVAL OF MINUTES.
   a. Motion to approve the minutes of the August 28, 2023 Public Works & Utilities Committee meeting.

4. BUSINESS.
   a. Discussion and action to make a recommendation to the Village Board regarding the conventional rate case for test year 2024, for submission to the Public Service Commission.

   b. Discussion and action to make a recommendation to the Village Board regarding Resolution 2023-16: A resolution approving the change of Public Fire Protection to a direct charge to utility customers.

5. SCHEDULE NEXT MEETING DATE.
   a. Monday, October 23, 2023 at 6:00 p.m.

6. ADJOURNMENT.

Any person who has a qualifying disability as defined by the Americans with Disabilities Act that requires the meeting or materials at the meeting to be in an accessible location or format should contact the McFarland Municipal Center at (608)838-3153, 5915 Milwaukee Street, McFarland, Wisconsin, or village.clerk@mcfarland.wi.us by 2:00 p.m. at least 5 business days prior to the meeting so that any necessary arrangements can be made to accommodate each request. If the meeting or request is less than 5 business days from the meeting, requests for accommodations may still be made and reasonable efforts will be made to accommodate each request.

VILLAGE OF MCFARLAND

Public Works & Utilities Committee Minutes

Monday, August 28, 2023 - 6:00 PM

1. **CALL TO ORDER, ROLL CALL.**

   Trustee Wreh called the regular meeting of the Public Works & Utilities Committee to order at 6:00 PM in the Community Room of the Municipal Center. This meeting was also held via Zoom webinar.

   Members present: Edward Wreh, Hilary Brandt, Marc Nielsen, Chris Fredrick, Eric Kindschi, Matthew Coan

   Members not present: Pauline Boness

   Staff Present: Public Works Director Lee Igl, Assistant to the Public Works Director Aimee Irwin, Town & Country staff Brian Berquist, and Baker Tilly staff Jodi Dobson.

2. **PUBLIC APPEARANCES.**

   a. *This is an opportunity for members of the public to address the Public Works and Utilities Committee for items that are not on the agenda. Please remember this is a hybrid meeting conducted in person and through the Zoom online meeting platform. Meeting attendees wishing to address the Committee about items not on the agenda may do so at this time. Zoom attendees should type their name and address in the Question and Answer feature within the Zoom online meeting platform at this time. Members of the public who are present in person and wish to address the Committee should fill out a public comment form and turn into the meeting chairperson. When you are called upon to speak, state your name, address, and provide your comments to the Committee for their consideration. Please adhere to the 3-minute time limit. Additionally, you may send your public comments to public.works@mcfarland.wi.us to be included as part of the meeting.*

      Members of the public may also speak during their selected agenda item as they designate on the public comment form or in the Question and Answer feature on Zoom.

      None.

3. **APPROVAL OF MINUTES.**

   a. *Motion to approve the minutes of the July 24, 2023 Public Works & Utilities Committee meeting.*

      Motion by Trustee Wreh, seconded by Kindschi, to approve the minutes of the July 24, 2023 Public Works & Utilities Committee meeting. Motion carries 4 - 0 - 2, with Brandt and Nielsen abstaining.

4. **BUSINESS.**

   a. *Discussion regarding the conventional rate case for test year 2024.*

      Jodi Dobson of Baker Tilly reviewed the enclosed Water Rate Application Summary document. The document provided a comparison between the previously filed rate case in 2021 to the current rate case for test year 2024. Based on calculations, Dobson estimated that an increase of $11.00 per bi-monthly bill is required for the average customer. Dobson stated her team needs direction on the methodology for collecting the Public Fire Protection, as well as if it's the desire to change from a declining rate block to either a flat rate or an inclining rate block.

- Nielsen asked if the federal funding associated with the Exchange Street project was included in the rate case calculations. Fredrick explained that there are portions of the Exchange Street project that are funded by the village, such as water and sewer work which would be included in the calculations.
- Fredrick and Trustee Wreh asked for additional data regarding the utility customer base in order to make a decision regarding the rate structure.
- Fredrick expressed his concern related to the amount of debt service compared to the revenue brought in each year for future project years.

Nielsen presented his recommendations regarding the water rate case as stated in his email sent on August 25, 2023. His comments and recommendations include: concern about the economic inequity of including the cost of paving, curb and gutters in the utility plant rate base when streets are reconstructed and the annual payment made by the water utility to the village general fund exacerbates this economic inequity. Nielsen recommends that the auditor recalculate the water revenue requirement with the street, curb and gutter plant depreciated values removed and recalculate after removing the annual transfer of funds from the utility to the general fund.

Igl provided comments regarding non-profit entities that would not pay, explained the adjustments previously made regarding the allocation percentage, and the changes recommended by Nielsen would impact the tax levy.

Dobson explained that there is a value in the books for such items as water mains, which may include the allocated funds. As this value is set for the historical data, it is not able to be removed.

Trustee Wreh recommended that data be brought back to the committee regarding what other municipalities do for their allocation process.

5. SCHEDULE NEXT MEETING DATE.

a. *Wednesday, September 27, 2023 at 6:00 p.m.*

6. ADJOURNMENT.

Motion by Trustee Brandt, seconded by Fredrick, to adjourn at 6:50 p.m.

Pursuant to law, written notice of this meeting was given to the public and posted on the public bulletin board in accordance with Open Meetings Law.

Respectfully submitted,
Aimee Irwin
Assistant to the Public Works Director

VILLAGE OF
McFarland

SUMMARY SHEET

MEETING DATE: **Wednesday, September 27, 2023**

SECTION: **Business**

DEPARTMENT: **Public Works**

CONTACT: **Aimee Irwin, Assistant to the Public Works Director, Lee Igl, Public Works Director, Matt Schuenke, Village Administrator**

AGENDA ITEM: **Discussion and action to make a recommendation to the Village Board regarding the conventional rate case for test year 2024, for submission to the Public Service Commission.**

PREVIOUS ACTION:
None.

ISSUE SUMMARY:
Jodi Dobson with Baker Tilly will review the draft conventional water rate case for test year 2024. Baker Tilly has been compiling the data and information necessary to complete the Public Service Commission (PSC) conventional rate case during 2023. The last conventional rate case was completed in 2021. Apart from the conventional rate case, a simplified rate case was completed in 2019 and, prior to that, in 2010.

Enclosed is the current rate chart for reference. Also enclosed is the draft conventional rate case that will be filed with the Public Service Commission with approval by the committee and Village Board.

FINANCIAL/BUDGET IMPACT:
Baker Tilly will provide information about data compiled for the percentage rate increase.

VILLAGE PLAN REFERENCE:
None.

ORDINANCE REFERENCE:
None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:
Recommended motion:

Motion and second to recommend approval to the Village Board regarding the conventional rate case for test year 2024 as presented and for submission to the Public Service Commission.

ATTACHMENTS:
1. Rate Chart 2023
2. McFarland 2024TY Water Rate Study Draft 9.20.23

VILLAGE OF McFarland

3. McFarland 2024TY Water Rate Study Handout

Utility Rates

The current Water Utility, Sewer Utility and Stormwater Utility rates are summarized below.

	Water Rates	Sewer Rates	Stormwater Utility Rates
	New Rate	New Rate	Current Rates
	Aug. 13, 2021	Jan. 11, 2023	January 1, 2016
Volume Charges			
Charge per 1,000 Gallons less than 67,000 gal	$ 2.76	$ 5.50	Per ERU
Charge per 1,000 Gallons over 67,000 Gallons	$ 1.92	$ 5.50	Annual Rate
Customers outside Village limits < 67,000 gal	$ 3.45	$ 6.50	$ 88.98
Customers outside Village limits > 67,000 gal	$ 2.40	$ 6.50	
Bi-Monthly Base Charge			
5/8 Inch Meter	$ 16.00	$ 33.00	Per ERU
3/4 Inch Meter	$ 16.00	$ 33.00	Bi-Monthly
1 Inch Meter	$ 26.00	$ 47.89	$ 14.83
1.25 Inch Meter	$ 34.00	$ 57.78	
1.5 Inch Meter	$ 38.00	$ 71.78	
2 Inch Meter	$ 64.00	$ 101.31	
3 Inch Meter	$ 116.00	$ 168.21	
4 Inch Meter	$ 166.00	$ 264.45	
6 Inch Meter	$ 226.00	$ 506.45	
8 Inch Meter	$ 322.00		
10 Inch Meter	$ 464.00		
12 Inch Meter	$ 608.00		
Bi-Monthly Additional Meter Charge			
5/8 Inch Meter	$ 8.00		
3/4 Inch Meter	$ 8.00		
1 Inch Meter	$ 13.00		
1.25 Inch Meter	$ 17.00		
1.5 Inch Meter	$ 19.00		
2 Inch Meter	$ 32.00		
Reconnection Charges			
Reinstalling a meter / turning on a valve	$ 35.00		
Reinstalling a meter / turning on a valve ***after hours***	$ 45.00		
Private Fire (if applicable)			
2 inch or smaller connection	$ 18.00		
3 inch connection	$ 33.00		
4 inch connection	$ 55.00		
6 inch connection	$ 110.00		
8 inch connection	$ 175.00		
10 inch connection	$ 263.00		
12 inch connection	$ 350.00		
14 inch connection	$ 438.00		
16 inch connection	$ 525.00		

McFarland Water Utility

Forecasted Revenue Requirement

Test Year 2024

Prepared as of

October xx, 2023

Accountants' Compilation Report

To the Village Board
McFarland Water Utility

Management is responsible for the accompanying forecasted Attachments 1 through 19 (Attachments) as identified in the table of contents of McFarland Water and Sewer Utility, an enterprise fund of the Village of McFarland for the years ending December 31, 2023 and 2024, including the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the forecasted Attachments nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this forecasted Attachments.

There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying supplementary information, identified as historical financial information for the years ended December 31, 2020 through 2022 and non-financial information, contained in the Attachments is presented for purposes of additional analysis and is not a required part of the forecast. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not examined or reviewed the supplementary information and do not express an opinion, a conclusion nor provide any assurance on such information.

Madison, Wisconsin
October xx, 2023

Nature of Forecast

This financial forecast presents, to the best of management's knowledge and belief, McFarland Water Utility's (Utility's) expected results of operations for the forecast period. Accordingly, the forecast reflects its judgment as of October xx, 2023, the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Nature of Operations

The Utility is an enterprise fund of the Village of McFarland. The Utility is managed by the Public Works and Utilities Committee and the Village Board. The Utility is subject to regulation by the Public Service Commission of Wisconsin (PSCW) in matters of rates, financial reporting, and other procedures.

Revenue Recognition

Water revenues are recorded for service rendered based on water meter readings, with billings made to customers bi-monthly. The utility does not accrue beyond billing dates.

Expenses

Historical operation and maintenance expenses are reported on the accrual basis. Forecasted 2023 and 2024 expenses are also generally reported on the accrual basis with the exception of certain non-recurring major expenses which are normalized for rate-making purposes. This accounting for non-recurring expenses differs from generally accepted accounting principles. Expenses related to pensions are based on cash contributions, rather than GASB 68 expenses, as required by the PSCW.

Plant

Additions to and replacements of Utility plant are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation

Depreciation is computed using straight line rates authorized by the PSCW applied to the average plant investment balances for the calendar year.

Accumulated Depreciation

Salvage and cost of removal are projected based on historical trends and estimates from Utility management. A summary of forecasted salvage and cost of removal is shown on Attachment 13.

Depreciation expense charged to sewer is determined based on 1/2 of meters depreciation computed on Attachment 12.

Materials and Supplies

Materials and supplies are generally used for construction and for operation and maintenance work – not for resale. They are valued at lower of cost or market based on average prices and charged to construction or operation and maintenance expense when used.

Contributions in Aid of Construction

Contributions in aid of construction represent contributions received from customers for construction of plant. These amounts are not subject to repayment. Contributions are based on historical trends and estimates provided by Utility management on Attachment 11a.

Increased depreciation expense resulting from contributed plant cannot be recovered through user fees due to changes in the accounting and ratemaking treatment of contributions in aid of construction approved by the PSCW as of January 1, 2003. To ensure rates are adequate to meet debt coverage, an analysis of the 2024 estimated coverage is provided on Attachment 14.2.

Taxes

Taxes included in the forecast include the PSCW remainder assessment and social security taxes. Municipal utilities are exempt from income taxes and therefore no income tax liability is recorded by the Utility.

In 2023 the Village reassessed the value of all property subject to general property tax. Property tax equivalent for 2023 is based on mil rates estimated on the 2023 assessment and the assessment ratio inflated by the PSCW inflationary rate. Property tax equivalent for 2024 is based on 2023 mil rates inflated by the PSCW Inflationary rate and the assessment ratio was kept consistent. Social security expenses and PSCW remainder assessment tax in 2024 are increased by PSCW inflationary rate.

Financing

Forecasted debt issues were determined by management and management's registered municipal advisor.

Operating Revenues

The following assumptions are based on discussions with Utility management, analysis of historical data for 2020 through 2022, and expected changes for 2023 and 2024.

Metered Sales

Forecasted metered sales are based on average consumption per customer times the number of customers. The number of customers is forecasted based on current levels and analysis of prior years. Total consumption is distributed to the rate blocks based on percentages determined from the most recent historical consumer analysis. Please refer to Attachments 3A and 3B for a summary of forecasted volume and customer changes.

Public Fire Protection

Public fire protection is forecasted based on the number of customers forecasted on Attachment 3. The public fire protection computation is shown on Attachment 5.

Private Fire Protection

Private fire protection was forecasted based on actual 2023 connections. The calculation is shown on Attachment 6.

Other Water Revenues

Refer to Attachment 7 for expected changes in other water revenues.

Operating Expenses

Operation and maintenance expenses are forecasted based on the following:

1. Actual costs incurred from January 1, 2023 through May 31, 2023.
2. Historical trends from 2020 – 2022.
3. Specific knowledge of expenses the Utility will incur as outlined on Attachment 19.
4. Significant non-routine maintenance and other costs are normalized for rate making purposes.

ATTACHMENTS

Application to Increase Rates
Public Service Commission of Wisconsin
Division of Water Utility Regulation and Analysis
Hill Farms State Office Building - 6th Floor
4822 Madison Yards Way

3024 (1-1-2014)

(Filling this form out is in accordance with Wis. Stat. § 196.25)

The Public Service Commission of Wisconsin does not discriminate on the basis of disability in the provision of programs, services, or employment. If you are speech, hearing, or visually impaired and need assistance, call (608) 266-5481 or TTY (608)267-1479. We will try to find another way to get the information to you in a usable form.

Name of Utility:
McFarland Water and Sewer Utility

Type of rate increase requested:
☑ Water ☐ Sewer ☐ Both

DRAFT

Contact Personnel Information

	Utility	**Consultant**
Name	McFarland Water and Sewer Utility	Baker Tilly US, LLP
Contact Person (1)	Aimee Irwin--Assistant to the Public Works Director	
Contact Person (2)	Lee Igl - Public Works Director	Jodi Dobson, CPA, Partner
Street or P.O. Box	5115 Terminal Drive, PO Box 110	4807 Innovate Lane
City and Zip Code	McFarland 53558-0110	Madison, WI 53707
County or Counties	Dane	
Telephone Number (1)	608-838-7287	608-240-2571
Telephone Number (2)	608-838-3153	
E-Mail Address	aimee.irwin@mcfarland.wi.us	Jodi.Dobson@bakertilly.com
Fax Number	n/a	
Best Hours between 7:30 am & 5:00 pm	7:30 am to 3:30 pm	8 am - 4 pm
Days Available	Monday-Friday	Monday - Friday

Reason for Rate increase:

- ☐ Recent Construction
- ☑ Debt Service Coverage
- ☑ Increasing O&M Costs
- ☑ Other

Please select the reasons for requesting a rate increase from the drop down and provide additional information such as project information, debt service schedules, and other relevant information supporting the request for a rate increase:

Debt coverage (see provided debt information as required by rate case). Increasing O&M costs (salaries, supplies, etc). Future new Well #5 and rehabilitation to existing Wells #3 & #4. Transition of hydrant rental charge from the property tax levy to the utility rate payers.

Goals for rate proceeding:

- Affordability ☐
- Conservation ☑
- Particular Customer Class (provide detail) ☐
- Change to block rate structure ☐
- Change to PFP ☑
- Other ☐

Please describe any goals the utility would like to see addressed as part of this rate proceeding.

Establish rates to provide adequate revenue to cover increasing operating and capital expenses for aging infrastructure. Conservation goal: establish a rate structure which has higher rates for users with higher usage and lower rates for customers using lower usage. The current rate structure provides lower rates to higher users over 67,000 gallons. Adjust the charge for PFP from a municipal charge to direct charge to customers.

Required approvals:

Please describe what governing body the utility must recieve approval from in order to request this rate proceeding. Has the utility recieved such approval? Please provide documentation to demonstrate the approvals and any specific changes approved (amount of increase, PFP change, specific ROR, etc.)

The Public Works & Utilities Committee along with Village Board approved a proposal from Baker Tilly to conduct a conventional rate case on February 27, 2023 and March 14, 2023, respectively. The Public Works & Utilities Committee will consider and provide their recommendation to file the rate case along with a resolution to adjust the PFP charge to customers on September 25, 2023. The Village Board will provide their recommendation for filing and the PFP resolution on September 26, 2023. The Public Works & Utilities Committee will review and be provided summary information of the conventional rate case on August 28, 2023.

Public Involvement:

Please describe the measures taken to date to inform customers of the rate increase you are applying for. Please detail how the utility informed them, if the utility provided an estimated rate increase and any other information the utility has provided to the customer regarding the need for a rate increase.

The utility webpage provides details about the water utility participating in a conventional rate case. Information about the conventional rate case was issued in The Lookout electronic publication on July 27, 2023. Another article will be published in The Outlook, paper publication mailed to customers, which will be issued on September 21, 2023. Business items related to rates and the conventional rate case have been discussed at various Public Works & Utilities Committee meetings and along with Village Board meetings. There will be an upcoming Public Hearing as required. Information about this public hearing will be shared on the village's website, social media channels and applicable publications (The Outlook or The Lookout) depending on timing and availability.

Affordability:

Does the utility anticipate there will be customers with affordability concerns as a result of the rate increase? If yes, please describe any conversations the utility may have had with customers and/or local decision makers about this issue.

At this time, the utility is not aware of any affordability concerns.

Has the utility considered requesting reductions to its PILOT payment, shifting a portion of PFP to municipal charge, or altering its rate structure to try to address affordability.

The Utility could consider freezing the PILOT payment if desired but the property tax levy is no longer in a position to maintain the PFP municipal charge. Due to levy limits, a portion of this charge is being offset through fund balance. Further conservation efforts could be considered to address affordability and/or creation of a customer assistance program similar to what was enacted with the City of Madison.

Requests to increase rates require Commission approval. Pursuant to state statutes, a rate increase can only be authorized after public hearing. Municipal utilities are encouraged to hold telephonic hearings. A telephonic hearing is much like a hearing held in Madison except that the utility, Commission staff, the utility's consultant (if applicable), and customers participate via speaker phone from their respective locations. Telephonic hearings are advantageous for both the utility and its customers. Customers have an opportunity to participate with greater ease than afforded by a hearing held at the Commission's offices in Madison. Additionally, the time utility personnel are away from the office is significantly reduced.

In order to participate in a telephonic hearing, the utility must have a location which is handicapped accessible with a capacity of at least 10-15 persons. The utility also needs a speaker phone workable in the room in which the hearing is to be held. FAX and copy machines are also required. The FAX and copiers do not need to be located in the hearing room or even the building in which the hearing is to be held; however, the utility must have ready access. More details will be provided concerning scheduling and administering the telephonic hearing when Commission staff has completed processing your application to increase rates.

Please check one of the following:

(●) **Yes**, the utility can arrange a site for a telephonic hearing, either at the utility or at an alternate site. *(Please specify the site including building name, address, room number, and telephone number for the room in the space below.)*

Building Name:
McFarland Municipal Center

Room Number or Name:
Community Room

Address:
5915 Milwaukee St, McFarland WI 53558

Phone Number:
608-838-3153

( ) **No**, it is not feasible for our utility to host a telephonic hearing. We request that the hearing be scheduled in Madison. *(Please provide your specific reasons in the space below.)*

Mcfarland Water and Sewer Utility

PART 1: ATTACHMENT 1

Provide consumption data for the four largest customers in each customer class.

1. List the billing units consistent with Schedule Mg-1 in your tariff sheets.

1000 Gallons (Mgal)

2. During the last 12-month period, list the highest consumption billed for each of the four largest customers in each class. Please select four different customers in each class and not multiple bills from the same customer. A customer may be listed more than once only if they are served by more than one meter and the meter sizes are different.

3. List the meter size, billing date, and the billed consumption.

*** For privacy reasons, do not list any customer names.**

LISTING OF LARGEST CUSTOMERS BILLED

Customer Name	Class	Meter Size	Billing Date	Billed Consumption	Specify Units	No. of Month(s) of Consumption
Residential 1	Res.	5/8"	2/28/2023	97	Mgal	2 months
Residential 2	Res.	5/8"	11/30/2022	55	Mgal	2 months
Residential 3	Res.	5/8"	7/31/2022	97	Mgal	2 months
Residential 4	Res.	5/8"	7/31/2022	129	Mgal	2 months
Multifamily Residential 1	MF	2"	9/30/2022	477	Mgal	2 months
Multifamily Residential 2	MF	2"	9/30/2022	298	Mgal	2 months
Multifamily Residential 3	MF	3"	9/30/2022	221	Mgal	2 months
Multifamily Residential 4	MF	3"	10/31/2022	217	Mgal	2 months
Commercial 1	Com.	3"	9/30/2022	1,814	Mgal	2 months
Commercial 2	Com.	2"	12/31/2022	689	Mgal	2 months
Commercial 3	Com.	1 1/2"	8/31/2022	836	Mgal	2 months
Commercial 4	Com.	1 1/2"	1/31/2023	480	Mgal	2 months
Industrial 1	Ind.					
Industrial 2	Ind.					
Industrial 3	Ind.					
Industrial 4	Ind.					
Public Authority 1	P.A.	1"	3/1/2023	2,533	Mgal	2 months
Public Authority 2	P.A.	4"	5/31/2022	712	Mgal	2 months
Public Authority 3	P.A.	2"	8/31/2022	811	Mgal	2 months
Public Authority 4	P.A.	3"	11/30/2022	94	Mgal	2 months
Irrigation 1	Irr.					
Irrigation 2	Irr.					
Irrigation 3	Irr.					
Irrigation 4	Irr.					

PART 2:

Please answer each question about billing procedures.

1. How do you send your water bills?

Postcards

2. What is your current billing frequency for residential customers?

Other | 6 | **Number of bills per year?**

2a. Would you prefer to change the current billing frequency?

2b. If so, which billing frequency would be preferred?

3. How frequently do you read residential customer meters?

Other | Please explain | Bi-monthly | 6

4. Which of the following best describes the manner in which you read meters each billing period?

Meters are read in cycle (one-third of customers are read each month).

Please explain if meters read in cycles:

Meters are read in cycles. One half of the customers are read each month.

5. What is the estimated start date for reading meters for your next billing period? **7/11/2023**

Notes

VOLUME SALES

1. Provide the authorized rates for volume consistent with Schedule Mg-1.
2. Complete Attachment 2A using actual data from the latest 12 months for each customer class.
3. Provide the actual total volume for the most recent 12 months for each class.

Billing Periods per Year: 6

Actual Latest 12 Months Ending: May 31, 2023

Does the utility have class-based volume rates? No

Class-based rates are separate rate schedules for residential, multifamily, nonresidential (commercial, industrial, public authority) or irrigation classes

If the Utility had a rate change within the past year, be sure to use prorated rates. See instructions for more detail.

No

	Volume Block	Rate
First	67,000	$2.76
Next	-	
Next	-	
Next	-	
Over	67,000	$1.92

	Residential Units	Multifamily Residential Units	Commercial Units	Industrial Units	Public Authority Units	Irrigation Units	Total
First 67,000	143,866	13,434	15,021	0	3,254	0	175,575
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
Over 67,000	1,800	6,591	11,668	0	6,847	0	26,906
Total Units	145,666	20,025	26,689	0	10,101	0	202,481
Unit Revenues	$ 400,526	$ 49,733	$ 63,861	$ -	$ 22,127	$ -	$ 536,247

Notes

1. Provide the authorized meter charges consistent with Schedule Mg-1.

2. Complete Attachment 2B using actual data from the latest 12 months for each customer class.

3. Provide actual total billed revenues for the same 12 months. If variance between total revenues and actual billed revenue is greater than 3 percent for any customer class, the variance must be explained with a reason and any corrective plan to address the variance in the Notes.

4. Include Am-1 revenue(s) from additional rates on Attachment 7 - Account 474 (Other Water Revenues), not on Attachment 2B.

Billing Periods per Year: 6 **Actual Latest 12 Months Ending:** May 31, 2023

Meter Size	Charge	Residential Average No. of Meters	Multifamily Residential Average No. of Meters	Commercial Average No. of Meters	Industrial Average No. of Meters	Public Authority Average No. of Meters	Irrigation Average No. of Meters	Totals
5/8"	$16.00	3,166	3	163	0	9	0	3,341
3/4"	$16.00	1	0	0	0	0	0	1
1"	$26.00	1	21	29	0	5	0	56
1 1/4"	$34.00	0	0	0	0	0	0	0
1 1/2"	$38.00	1	26	10	0	6	0	43
2"	$64.00	0	8	8	0	4	0	20
2 1/2"	$0.00	0	0	0	0	0	0	0
3"	$116.00	0	2	1	0	3	0	6
4"	$166.00	0	0	0	0	1	0	1
6"	$226.00	0	0	0	0	0	0	0
8"	$322.00	0	0	0	0	0	0	0
10"	$464.00	0	0	0	0	0	0	0
12"	$608.00	0	0	0	0	0	0	0
Total Meters		3,169	60	211	0	28	0	3,468
Fixed Revenues		$ 304,416	$ 13,956	$ 26,220	$ -	$ 7,632	$ -	352,224
Total Volume Revenue		$ 400,526.16	$ 49,732.56	$ 63,860.52	$ -	$ 22,127.28	$ -	$ 536,247
Surcharges, etc.		$0	$0	$0	$0	$0	$0	$0
Total Revenues Per Analysis		$704,942	$63,689	$90,081	$0	$29,759	$0	$888,471
Total Actual Billed Revenues		$704,555	$63,759	$89,061	$0	$29,705	$0	$887,080
Dollar Variance		$387	($70)	$1,020	$0	$54	$0	$1,391
Percent Variance		0.05%	-0.11%	1.13%	0.00%	0.18%	0.00%	0.16%

(A) The annual revenues from meter charges are based upon the number of bills issued annually.

Notes

2024 Test Year

Mcfarland Water and Sewer Utility

Sales Forecast Historical

Attachment 2C

DRAFT

Residential

Year	Avg. # Customers	Usage (Mgals)	Avg/Cust/Qtr (Mgals)	Change in Customer Ct
2019	3,003	136,341	11.35	0
2020	3,083	154,698	12.54	80
2021	3,291	156,160	11.86	208
2022	3,185	147,467	11.58	-106
2023	3,203	147,229	11.49	18
2024	3,267	150,171	11.49	64
Averages:				
5-year avg	3,153	148,379	11.76	0.00
4-year avg	3,191	151,389	11.86	50.00
3-year avg	3,226	150,285	11.65	40.00
2-year avg	3,194	147,348	11.53	-44.00
2023	3,203	147,229	11.49	18.00

Commercial

Year	Avg. # Customers	Usage (Mgals)	Avg/Cust/Qtr (Mgals)	Change in Customer Ct
2019	204	23,759	29.12	0
2020	210	23,163	27.58	6
2021	221	27,608	31.23	11
2022	214	24,497	28.62	-7
2023	215	27,067	31.47	1
2024	217	27,318	31.47	2
Averages:				
5-year avg	213	25,219	29.63	0.00
4-year avg	215	25,584	29.75	2.75
3-year avg	217	26,391	30.45	1.67
2-year avg	215	25,782	30.05	-3.00
2023	215	27,067	31.47	1.00

Multifamily Residential

Year	Avg. # Customers	Usage (Mgals)	Avg/Cust/Qtr (Mgals)	Change in Customer Ct
2019	70	14,390	51.39	0
2020	56	15,060	67.23	-14
2021	58	17,640	76.03	2
2022	63	19,413	77.04	5
2023	65	21,694	83.44	2
2024	67	22,361	83.44	2
Averages:				
5-year avg	62	17,639	70.67	0.00
4-year avg	61	18,452	76.25	-1.25
3-year avg	62	19,582	78.96	3.00
2-year avg	64	20,554	80.29	3.50
2023	65	21,694	83.44	2.00

Public Authority

Year	Avg. # Customers	Usage (Mgals)	Avg/Cust/Qtr (Mgals)	Change in Customer Ct
2019	21	7,065	84.11	0
2020	25	4,177	41.77	4
2021	26	4,744	45.62	1
2022	28	9,873	88.15	2
2023	33	11,905	90.19	5
2024	34	12,266	90.19	1
Averages:				
5-year avg	27	7,553	70.98	0.00
4-year avg	28	7,675	68.52	3.00
3-year avg	29	8,841	76.21	2.67
2-year avg	31	10,889	89.25	3.50
2023	33	11,905	90.19	5.00

Irrigation

Year	Avg. # Customers	Usage (Mgals)	Avg/Cust/Qtr (Mgals)	Change in Customer Ct
2019	0	0	#DIV/0!	0
2020	0	0	#DIV/0!	0
2021	0	0	#DIV/0!	0
2022	0	0	#DIV/0!	0
2023	0	0	#DIV/0!	0
2024	0	0	0.00	0
Averages:				
5-year avg	0	0	#DIV/0!	0.00
4-year avg	0	0	#DIV/0!	0.00
3-year avg	0	0	#DIV/0!	0.00
2-year avg	0	0	#DIV/0!	0.00
2023	0	0	#DIV/0!	0.00

Industrial

Year	Avg. # Customers	Usage (Mgals)	Avg/Cust/Qtr (Mgals)	Change in Customer Ct
2019	0	0	#DIV/0!	0
2020	0	0	#DIV/0!	0
2021	0	0	#DIV/0!	0
2022	0	0	#DIV/0!	0
2023	0	0	#DIV/0!	0
2024	0	0	0.00	0
Averages:				
5-year avg	0	0	#DIV/0!	0.00
4-year avg	0	0	#DIV/0!	0.00
3-year avg	0	0	#DIV/0!	0.00
2-year avg	0	0	#DIV/0!	0.00
2023	0	0	#DIV/0!	0.00

Mcfarland Water and Sewer Utility
VOLUME SALES

1. Provide the meter charges for the estimated test year.
2. Use the Utility's most current rates.
3. Provide complete details in Notes section concerning the gain or loss of any large customer, 20 percent change in usage from a customer class, or customers being reclassified to a different customer class.
4. If necessary, please describe any unusual situations in the Notes section.

Billing Periods per Year: 6

Does the utility have class-based volume rates? No

Note: *Only change these rates if there has been an SRC or adjustment for purchased water in the last 12 months*

	Volume Block	Rate
First	67,000	$2.76
Next	-	$0.00
Next	-	$0.00
Next	-	$0.00
Over	67,000	$1.92

	Residential Units	Multifamily Residential Units	Commercial Units	Industrial Units	Public Authority Units	Irrigation Units	Total
First 67,000	148,315	15,001	15,375	0	3,951	0	182,643
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
Over 67,000	1,856	7,360	11,943	0	8,315	0	29,473
Total Units	150,171	22,361	27,318	0	12,266	0	212,116
Unit Revenues	$ 412,913	$ 55,534	$ 65,366	$ -	$ 26,870	$ -	$ 560,683

Notes

Mcfarland Water and Sewer Utility

WATER UTILITY CONSUMER ANALYSIS

2024 Test Year Estimates for Test Year ATTACHMENT 3B

1. Provide the meter charges for the estimated test year.
2. Use the Utility's most current rates.
3. Provide complete details in Notes section concerning the gain or loss of any large customer, 10 percent change in customer count for a customer class, or customers being reclassified to a different customer class

Billing Periods per Year: **6**

Meter Size	Charge	Residential Average No. of Meters	Multifamily Residential Average No. of Meters	Commercial Average No. of Meters	Industrial Average No. of Meters	Public Authority Average No. of Meters	Irrigation Average No. of Meters	Totals
5/8"	$16.00	3,265	3	168	0	10	0	3,446
3/4"	$16.00	1	0	0	0	0	0	1
1"	$26.00	1	21	29	0	5	0	56
1 1/4"	$34.00	0	0	0	0	0	0	0
1 1/2"	$38.00	0	28	10	0	6	0	44
2"	$64.00	0	12	8	0	4	0	24
2 1/2"	$0.00	0	0	0	0	0	0	0
3"	$116.00	0	3	2	0	7	0	12
4"	$166.00	0	0	0	0	2	0	2
6"	$226.00	0	0	0	0	0	0	0
8"	$322.00	0	0	0	0	0	0	0
10"	$464.00	0	0	0	0	0	0	0
12"	$608.00	0	0	0	0	0	0	0
Total Meters		3,267	67	217	0	34	0	3,585
Fixed Revenues		$ 313,692	$ 16,644	$ 27,396	$ -	$ 11,508	$ -	$ 369,240.00
Total Volume Revenue		$ 412,913	$ 55,534	$ 65,366	$ -	$ 26,870	$ -	$ 560,683
Surcharges, etc.		$0	$0	$0	$0	$0	$0	$0
Total Estimated Revenues		$726,605	$72,178	$92,762	$0	$38,378	$0	$929,923

Estimated Customer Growth for the Test Year:

Customer Class	Number of Customers	Meter Sizes
Residential	98	5/8"
Multifamily	5	.5, 2,3"
Commercial	0	5/8, 3"
Industrial	0	
Public Auth.	0	5/8,3,4"
Irrigation	0	
Total	103	

Notes

Mcfarland Water and Sewer Utility

Historical data (Mgals)

Wholesale Revenues

2024 Test Year

NOTE: Only applies to utilities selling water at wholesale to another utilty.

ATTACHMENT 3W

1. List rates and billing frequency consistent with Schedule W-1 in your tariff sheet.
2. List test year consumption estimates for each wholesale customer.
3. Provide explanation in Notes section concerning any large changes in usage and/or gain or loss of a large wholesale customer.

Year	Wholesale Community -->	0	0	0	0	0	Total
2010		0	0	0	0	0	0
2011		0	0	0	0	0	0
2012		0	0	0	0	0	0
2013		0	0	0	0	0	0
2014		0	0	0	0	0	0
5-Year Average		0	0	0	0	0	0
4-Year Average		0	0	0	0	0	0
3-Year Average		0	0	0	0	0	0
2-Year Average		0	0	0	0	0	0
Enter Test Year Estimates on this Line		0	0	0	0	0	0

General Service	Wholesale Community -->	0	0	0	0	0	Total
Service Charge	Billing periods -->	0	0	0	0	0	
	Rate	0.00	0.00	0.00	0.00	0.00	
		0	0	0	0	0	0
Volume Charge							
	Mgals (derived from above)	0	0	0	0	0	
	Rate	0.00	0.00	0.00	0.00	0.00	
		0	0	0	0	0	0
		0	0	0	0	0	0

Public Fire Protection Service	Wholesale Community -->	0	0	0	0	0	Total
Service Charge	Semiannual/qtrly/monthly -->	0	0	0	0	0	
	Rate	0.00	0.00	0.00	0.00	0.00	
		0	0	0	0	0	0

Notes

Mcfarland Water and Sewer Utility

PUBLIC FIRE PROTECTION REVENUE (SUMMARY)

Estimated for Test Year 2024

2024 Test Year ATTACHMENT 4

1. This schedule is a summary of various methods of charging for Public Fire Protection and must be consistent with the Utility's current F-1 or Fd-1 tariff.
2. For a Municipal Charge based upon mains and/or hydrants or Direct Charges to Customers based upon equivalent meters or services, test year estimate is derived from Attachment 5
3. For all other charges, insert the test year estimate in the amount column.
4. For Direct Charges to Customers based upon a method other than equivalent meters or services, detail must be submitted to the PSC supporting this metod.

MUNICIPAL CHARGE		
Based upon Mains and Hydrants:		
Estimated Test Year Revenue	(Per Attachment 5)	$472,300
MUNICIPAL CHARGE		
Based upon a Flat Charge to Municipality:		
Estimated Test Year Revenue		$0
DIRECT CHARGE TO CUSTOMERS		
Based upon Equivalent Meters or Equivalent Services:		
Estimated Test Year Revenue	(Per Attachment 5)	$0
DIRECT CHARGE TO CUSTOMERS		
Based upon a Direct Charge Method other than in number 3 above		
Estimated Test Year Revenue		$0
Note: Detail Must be Submitted to PSC Supporting this Method		
CHARGES TO WHOLESALE CUSTOMERS		
Estimated Test Year Revenue	(Per attachment 3A)	$0
OTHER PUBLIC FIRE PROTECTION CHARGES TO CUSTOMERS FOR FIRE PROTECTION		
Based upon Charges for Water Used for Fire Protection (i.e., using Tariff Schedules F-2 or BW-1)		
Estimated Test Year Revenue		$0
TOTAL ESTIMATED TEST YEAR PUBLIC FIRE PROTECTION REVENUE		$472,300
TOTAL ESTIMATED TEST YEAR WHOLESALE FIRE PROTECTION REVENUE		$0

Notes

Mcfarland Water and Sewer Utility
PUBLIC FIRE PROTECTION REVENUE (SUPPORTING DETAIL)
Estimated for Test Year 2024

2024 Test Year ATTACHMENT 5

1. For a Municipal Charge based upon mains and/or hydrants, complete the Municipal Charge section.
i. Base units and charges are obtained from the current tariff sheet, typically Schedule F-1.
ii. Net additions for mains and hydrants units are derived from Attachment 17, Part One.

Municipal Charge

If Public Fire Protection Revenue is a Municipal Charge based upon mains and/or hydrants, complete the following.

Base annual charge (dollars)	$472,300
Base estimated transmission and distribution main (number of feet)	
Main size larger than (typically 4 or 6 inches)	
Charge per foot of main over base (dollars)	
Base number of hydrants	
Charge per hydrant over base (dollars)	

Based upon Mains and/or Hydrants:	Mains Inches & Larger		Number of Hydrants		Dollar Amount
Base Units and Charge (Per tariff schedule)	0	feet	0	hyd	$472,300
Balance - 12/31/2022	0		0		
2023 NET additions	1,204		4		
1/2 of test year 2024 NET Routine units added	0		0		
All of Test Year 2024 Major Units Added	0		0		
Test Year Average Units	1,204		4		
Test Year Units Over Base Units	1,204	feet	4	hyd	
times Authorized Rates per Unit (per tariff schedule)	$0.00		$0.00		
Increase in Revenue Over Base Amount	$0		$0		$0
Estimated Total Test Year Revenue					$472,300

2. For Direct Charges to Customers based upon equivalent meters or equivalent services,
complete Direct Charge to Customers section.
i. The Authorized Rates are obtained from the current tariff sheet, typically Schedule F-1 or Fd-1

Direct Charge to Customers

Based upon Equivalent Meters or Equivalent Services:

Insert Billings per Year if Different	**6**

Meter Size	Authorized Rate	Average No. of Meters (per Attachment 3)	Annual Revenue
5/8"	$0.00	3,446	$0
3/4"	$0.00	1	$0
1"	$0.00	56	$0
1 1/4"	$0.00	0	$0
1 1/2"	$0.00	44	$0
2"	$0.00	24	$0
2 1/2"	$0.00	0	$0
3"	$0.00	12	$0
4"	$0.00	2	$0
6"	$0.00	0	$0
8"	$0.00	0	$0
10"	$0.00	0	$0
12"	$0.00	0	$0
SUBTOTALS		3,585	$0
Surcharges or Rounding			$0
CALCULATED ANNUAL REVENUE			$0

Notes

Mcfarland Water and Sewer Utility

PRIVATE FIRE PROTECTION REVENUE
Estimated for Test Year 2024

1. To compute the test year Private Fire Protection Revenue, complete the applicable sections.
2. The Authorized Rates are obtained from the current tariff sheet, typically Schedule Upf-1.
3. Enter the test year Average Number of Connections based on size of the connection.

Insert Billings per Year if Different 6

Fire Connections:	**Connection Size**	**Average Number of Connections Each Billing**	**Annually**	**Authorized Rates**	**Annual Revenue**
	2" or smaller	11	66	$18.00	$1,188
	3"	0	0	$33.00	$0
	4"	6	36	$55.00	$1,980
	6"	50	300	$110.00	$33,000
	8"	14	84	$175.00	$14,700
	10"	2	12	$263.00	$3,156
	12"	0	0	$350.00	$0
	14"	0	0	$438.00	$0
	16"	0	0	$525.00	$0
		83	498		
Total Connection Revenue					$54,024

General Service Branches Off The Private Fire Connections	**Meter Sizes**	**Average Number of Meters Each Billing**	**Annually**	**Authorized Rates**	**Annual Amount**
	5/8"	0	0	$16.00	$0
	3/4"	0	0	$16.00	$0
	1"	0	0	$26.00	$0
	1 1/4"	0	0	$34.00	$0
	1 1/2"	0	0	$38.00	$0
	2"	0	0	$64.00	$0
	2 1/2"	0	0	$0.00	$0
	3"	0	0	$116.00	$0
	4"	0	0	$166.00	$0
	6"	0	0	$226.00	$0
	8"	0	0	$322.00	$0
		0	0		
Total General Branch Connection Revenues					$0

If Applicable, the Authorized Credit is Usually 30% of Total General Branch Revenues.
(However, the credit may be at a different percentage or if N/A, enter zero)

Insert Authorized Credit Percentage in this box (if applicable): $0

Total Estimated Test Year Revenue (Connection Revenue less Credit Amount) $54,024

Notes

Mcfarland Water and Sewer Utility

OPERATING REVENUES
Estimated for Test Year 2024

1. Test year revenue estimated amounts are derived for the following:
Metered Sales to General Customers; Private Fire Protection; and Public Fire Protection.
2. "Interim year" and other test year estimates should be based upon historical trends and other relevant information.
3. Test year revenue from additional rates or Am-1 meters should be included in Account 474 (Other Water Revenues) on this attachment, not Attachment 2B.
4. Any unusual situations that cause a variance in an account must be explained in the Notes.

Account Number	Description	2020	2021	2022	Estimated 2023	Test Year 2024	
460	Unmetered Sales to General Customers						
	Residential	$3,499	$2,837	$4,119	$2,205	$2,249	
	Multifamily Residential	0	0	0	0	0	
	Commercial	0	0	0	0	0	
	Industrial	0	0	0	0	0	
	Public Authority	0	0	0	0	0	
	Irrigation	0	0	0	0	0	
	Total unmetered sales	$3,499	$2,837	$4,119	$2,205	$2,249	
461	Metered Sales to General Customers						
	Residential	$570,950	$622,511	$705,969	$708,537	$726,605	**(A)**
	Multifamily Residential	41,889	48,041	61,750	65,783	72,178	**(A)**
	Commercial	64,277	78,699	86,433	89,477	92,762	**(A)**
	Industrial	0	0	0	-	0	**(A)**
	Public Authority	11,321	18,162	29,477	35,009	38,378	**(A)**
	Irrigation	0	0	0	-	0	**(A)**
	Total metered sales	$688,437	$767,413	$883,629	$898,807	$929,923	
462	Private fire protection service	$37,324	$43,643	$52,161	$50,934	$54,024	**(B)**
463	Public fire protection service	325,250	386,988	472,300	472,300	472,300	**(C)**
465	Other water sales	0	0	0	-	0	
466	Sales for resale	0	0	0	-	0	
467	Interdepartmental sales	0	0	0	-	0	
	Total sales of water	$1,054,510	$1,200,881	$1,412,209	$1,424,245	$1,458,496	
	Other Operating Revenues:						
470	Forfeited discounts	$2,410	$4,600	$3,546	$3,416	$3,484	
472	Rents from water property	125,471	86,515	109,291	115,060	119,241	
473	Interdepartmental rents	0	0	0	-	0	
474	Other water revenues	10,293	6,655	14,623	18,279	16,282	
	Total other operating revenues	$138,174	$97,770	$127,460	$136,755	$139,007	
	Total Operating Revenues	$1,192,684	$1,298,651	$1,539,669	$1,561,000	$1,597,503	

NOTE: (A) 2024 test year General Service Revenue estimates must come from ATTACHMENT 3.
(B) 2024 test year Private Fire Protection Revenue estimates must come from ATTACHMENT 6.
(C) 2024 test year Public Fire Protection Revenue estimates must come from ATTACHMENT 4.

Notes

Mcfarland Water and Sewer Utility

Taxes (Account 408)
Estimated for Test Year 2024

1. The test year and interim year amounts are derived for the Property Tax Equivalent Payable for the Year, and the Local and School Tax Equivalent on Meters Charged to the Sewer Department (sewer meter allocation).
2. The test year and interim year meter allocations to the sewer department are based upon 50 percent of the beginning of year meter balance (Attachment 11, Account 346), the assessment ratio (Attachment 9) and the current year net local and school mill rate (Attachment 9).
i. If the meter allocation is other than 50 percent, insert the appropriate percentage in the cell formula.
3. If necessary, please describe unusual situations in the Notes.

Instructions for Taxes (Account 408)

The summary should be completed as follows:
1) For the years 2021 and 2022 the information is from the PSC Annual Reports, page W-6.
2) For Estimated 2023 and Test Year 2024, the Property Tax Equivalent must agree with the Property Tax Equivalent Computation on Attachment 9.
3) If the sewer department DOES NOT USE the meter reading of the water utility for determining the sewer bill, then the Meter Balance allocation should not be deducted. **Insert if other than 50%. ==>** 50

Description	Instructions Reference	Actual 2021	Actual 2022	Estimated 2023	Test Year 2024
Property Tax Equivalent Payable for the Year (from Attachment 9)	1) & 2)	$279,069	$258,404	$264,054	$288,483
Less: Local and school tax equivalent on meters charged to sewer dept.	1) & 3)	$6,583	$5,927	$9,955	$10,214
Net Property Tax Equivalent-Water Utility		$272,486	$252,477	$254,099	$278,269
Social Security Taxes	1)	$16,623	$19,998	$20,838	$21,380
PSC Remainder Assessment Tax	1)	$1,400	$1,262	$1,315	$1,349
Other (specify):	1)	$0	$0	$0	$0
Total Taxes		$290,509	$273,737	$276,252	$300,998

Notes

Mcfarland Water and Sewer Utility

Property Tax Equivalent Computation
Estimated for Test Year 2024

1. For the years 2021-2022, use actual information reported in the PSC Annual Reports.
2. For estimated 2023 and test year 2024:
   a) Plant - January 1 must come from Attachment 11 (Utility/Municipal Financed Plant) and Attachment 11a (Contributed Plant).
   b) Major Plant Additions (Both Utility Financed and Contributed) are included for the Test Year for rate case purposes.
   c) Construction Work In Progress (CWIP) and Plant Held for Future Use - January 1; excluding any amounts included as Major Plant Additions in Test Year.
   d) Materials and Supplies - January 1 must come from Attachment 13.
   e) Plant Outside Limits-January 1 - State the basis for any change from prior year.
   f) The utility must state what assumptions it made with regard to projecting the tax rates and assessment ratio.
3. If the municipality has authorized an amount as allowed by Wis. Stat. § 66.0811(2) [formerly § 66.069 (1)(c)], then place that amount on this line. If no authorization, leave blank. Fully explain the circumstances in Notes.
4. If the municipality has authorized an amount as allowed by Wis. Stat. § 66.0811(2), then that amount is the tax equivalent payable for the current year. If not, then the tax equivalent payable for the current year is the larger of either the tax equivalent computed for the current year or the 1994 tax equivalent payable in 1995.
5. The property tax equivalent is not applicable to Water Sanitary Districts.
6. If the local government adopted a resolution to set the PILOT lower, the Utility must provide a copy of the resolution along with Notes.
7. Describe unusual situations in the Notes.

Description	Instr.	Actual 2021	Actual 2022	Estimated 2023	Test Year 2024
Add:					
Utility Plant - January 1	1	$17,504,011	$18,431,499		
Utility/Municipal Financed Plant - January 1	2a)			$11,594,372	$12,636,972
Contributed Plant - January 1	2a)			$7,752,040	$8,019,340
Major Plant Additions in Test Year	2b)				$0
CWIP & Held for Future Use - January 1	2c)			$289,014	$253,325
Materials & Supplies - January 1	1,2d)	$19,450	$19,450	$19,450	$19,450
Less: Plant Outside Limits - January 1	1,2e)	$0	$0	$0	$0
Net Taxable Plant		$17,523,461	$18,450,949	$19,654,876	$20,929,087
Assessment Ratio (**show as a decimal**)	1,2f)	0.9783	0.9512	0.9911	0.9911
Assessed Plant Value		$17,142,413	$17,550,340	$19,480,713	$20,743,633
Current Year Net Local & Schools (L&S) Mill Rate (Line R below)	1,2f)	16.279433	14.723597	13.554657	13.907078
Tax Equivalent Computed for the Current Year (Plant Value times L&S Rate/1000)	1,3	$279,069	$258,404	$264,054	$288,483
1994 Tax Equivalent Payable in 1995	1	$78,428	$78,428	$78,428	$78,428
Tax Equivalent Authorized by Municipality	1,3	$0	$0		
Tax Equivalent Payable for the Current Year	1,4	$279,069	$258,404	$264,054	$288,483

Mill Rate Detail	Line Ref.	Actual 2021 Total	Actual 2022 Total	Estimated 2023 Total	Test Year 2024 Total
State tax rate	(A)	0.000000	0.000000	0.000000	0.000000
County tax rate	(B)	2.958350	2.861830	2.625372	2.693632
Local tax rate	(C)	6.169690	6.303180	5.782384	5.932726
School tax rate	(D)	10.751810	8.948810	8.209422	8.422867
Voc. school tax rate	(E)	0.824690	0.758550	0.695873	0.713966
Other tax rates-Local	(F1)	0.000000	0.000000	0.000000	0.000000
Other tax rates-Non-Local	(F2)	0.000000	0.000000	0.000000	0.000000
Total Tax Rate	(G)	20.704540	18.872370	17.313051	17.763190
Less: State Credit	(H)	1.711270	1.516980	1.335546	1.370270
Net Tax Rate	(I)	18.993270	17.355390	15.977505	16.392920
		Utility	Utility	Utility	Utility
Local tax rate (Line C above)	(J)	6.169690	6.303180	5.782384	5.932726
School tax rate (Line D above)	(K)	10.751810	8.948810	8.209422	8.422867
Voc. school tax rate (Line E above)	(L)	0.824690	0.758550	0.695873	0.713966
Other tax rates-Local (Line F1 above)	(M)	0.000000	0.000000	0.000000	0.000000
Total local & schools tax rates	(N)	17.746190	16.010540	14.687679	15.069559
Total tax rate (Line G above)	(O)	20.704540	18.872370	17.313051	17.763190
Ratio of local & school tax rate to total tax rate (Line N divided by O)	(P)	85.711588%	84.835874%	84.835879%	84.835879%
Net Tax Rate (Line I above)	(Q)	18.993270	17.355390	15.977505	16.392920
Net local and school rate: (Line P times Q)	(R)	16.279433	14.723597	13.554657	13.907078

Notes

Mcfarland Water and Sewer Utility

OPERATING EXPENSES
Estimated for Test Year 2024

1. A historical three-year average is provided. If expenses fluctuate from year to year, the average can be helpful when determining the interim and test year estimates.
2. If either the interim or test year estimate varies from the three-year average by more than plus or minus 15 percent, the cause(s) must be explained in the Notes.
3. The Utility must describe unusual situations in the Notes.

Acct. No.	Description	2020	2021	2022	Estimated 2023	Test Year 2024	2020, 2021, 2022 3 Year Average	Estimated 2023	Test Year 2024
600	Operation labor	$0	$0	$0	$0	$0	$0		
601	Purchased water	0	0	0	0	0	0		
602	Operation supplies and expenses	0	0	0	0	0	0		
605	Maintenance of water source plant	0	0	0	0	0	0		
	Total Source of Supply Expenses	$0	$0	$0	$0	$0	$0		
620	Operation labor	$11,684	$12,723	$10,751	$6,867	$7,004	$11,719	Explain	Explain
621	Fuel for power production	0	0	0	0	0	0		
622	Fuel or power purchased for pumping	44,578	44,959	49,119	54,724	56,147	46,219	Explain	Explain
623	Operation supplies and expenses	11,317	9,887	29,716	11,512	11,811	16,973	Explain	Explain
625	Maintenance of pumping plant	43,691	6,086	70,674	3,832	3,932	40,150	Explain	Explain
	Total Pumping Expenses	$111,270	$73,655	$160,260	$76,935	$78,894	$115,062		
630	Operation labor	$2,874	$29,209	$10,390	$8,160	$8,323	$14,158	Explain	Explain
631	Chemicals	14,740	14,674	17,481	15,573	15,978	15,632		
632	Operation supplies and expenses	0	0	0	0	0	0		
635	Maintenance of water treatment plant	348	2,596	3,056	3,184	3,267	2,000	Explain	Explain
	Total Water Treatment Expenses	$17,962	$46,479	$30,927	$26,917	$27,568	$31,789		
640	Operation labor	$28,445	$1,833	$46,892	$75,355	$76,863	$25,723	Explain	Explain
641	Operation supplies and expenses	13,398	9,711	27,768	22,317	22,883	16,959	Explain	Explain
650	Maintenance of distr. reservoirs	0	0	0	12,500	26,042	0		
651	Maintenance of mains	17,139	36,862	19,365	20,178	20,703	24,455	Explain	Explain
652	Maintenance of services	8,400	12,147	4,106	4,278	4,390	8,218	Explain	Explain
653	Maintenance of meters	3,613	2,472	4,322	4,504	4,621	3,469	Explain	Explain
654	Maintenance of hydrants	6,566	16,198	9,115	9,498	9,745	10,626		
655	Maintenance of other plant	175	1,544	75	598	614	598		
	Total Trans. & Distribution Expenses	$77,736	$80,767	$111,643	$149,228	$165,860	$90,049		

OPERATING EXPENSES
Estimated for Test Year 2024

Acct. No.	Description	2020	2021	2022	Estimated 2023	Test Year 2024	2020, 2021, 2022 3 Year Average	Estimated 2023	Test Year 2024
901	Meter reading labor	$995	$2,232	$13,986	$17,024	$17,365	$5,738	Explain	Explain
902	Accounting and collecting labor	19,785	18,283	30,085	37,910	38,668	22,718	Explain	Explain
903	Supplies and expenses	2,568	1,909	5,862	2,712	2,783	3,446	Explain	Explain
904	Uncollectible accounts	0	0	0	0	0	0		
906	Customer service and informational expense	0	0	0	8,135	8,347	0		
	Total Customer Accounts Expenses	$23,348	$22,424	$49,933	$65,781	$67,162	$31,902		
910	Sales Expenses	$0	$0	$0	$0	$0	$0		
920	Administrative and general salaries	$124,852	$166,789	$185,473	$217,179	$221,523	$159,038	Explain	Explain
921	Office supplies and expenses	12,157	12,082	11,948	9,491	9,738	12,062	Explain	Explain
922	Administrative expenses transferred -- credit	0	0	0	0	0	0		
923	Outside services employed	49,474	30,678	38,427	85,838	88,070	39,526	Explain	Explain
924	Property insurance	61,017	39,322	38,528	52,989	54,366	46,289		Explain
925	Injuries and damages	0	0	0	0	0	0		
926	Employee pensions and benefits	14,057	7,480	30,038	25,121	25,623	17,192	Explain	Explain
928	Regulatory commission expenses	7,820	0	0	6,000	6,000	2,607	Explain	Explain
930	Miscellaneous general expenses	49,093	53,662	58,783	61,039	62,626	53,846		Explain
933	Transportation expenses	22,397	19,416	19,031	38,796	39,805	20,281	Explain	Explain
935	Maintenance of general plant	0	0	0	0	0	0		
	Total Admin. And General Expenses	$340,867	$329,429	$382,228	$496,453	$507,750	$350,841		
	Total Oper. And Maint. Expenses	$571,183	$552,754	$734,991	$815,314	$847,234	$619,643		

NOTE: All 2023 and test year 2024 estimates that vary from the three year average by more than (plus or minus) 15 percent **must** be explained in detail in the Notes.

Notes

Mcfarland Water and Sewer Utility

UTILITY PLANT IN SERVICE
Estimated for Test Year 2024
Utility or Municipal Financed Transactions Only

1. If any Plant Additions require Construction Approval by the PSC, a request for approval must be submitted to the Commission for this rate increase application to be processed. Please list the construction docket number(s):
2. Do not include Plant financed by Contributions. Contributed Plant is shown in Attachment 11a.

Acct. No.	Plant account	Actual Balance 12/31/2022	2023 Additions Notes (A,B)	2023 Retirements Note (B)	Adjustments	Estimated Balance 12/31/2023	Estimate 2024 Major Construction Additions Notes (A,B)	Estimate 2024 Major Construction Retirements Note (B)	Estimate 2024 Routine Construction Additions Notes (A,B)	Estimate 2024 Routine Construction Retirements Note (B)	Estimated Balance 12/31/2024	Test Year Average Balance
	Intangible Plant											
301	Organization	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
302	Franchises and consents	0	0	$0	0	0	0	0	0	0	0	0
303	Miscellaneous intangible plant	0	0	$0	0	0	0	0	0	0	0	0
	Total Intangible Plant	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Source of Supply											
310	Land and land rights	$1,300	$0	$0	$0	$1,300	$0	$0	$0	$0	$1,300	$1,300
311	Structures and improvements	0	0	0	0	0	0	0	0	0	0	0
312	Collecting and impounding reservoirs	0	0	0	0	0	0	0	0	0	0	0
313	Lake, river, and other intakes	0	0	0	0	0	0	0	0	0	0	0
314	Wells and springs	211,239	0	0	0	211,239	0	0	0	0	211,239	211,239
316	Supply mains	0	0	0	0	0	0	0	0	0	0	0
317	Other water source plant	0	0	0	0	0	0	0	0	0	0	0
	Total Source of Supply Plant	$212,539	$0	$0	$0	$212,539	$0	$0	$0	$0	$212,539	$212,539
	Pumping Plant											
320	Land and land rights	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
321	Structures and improvements	145,092	0	0	0	145,092	0	0	0	0	145,092	145,092
323	Other power production equipment	0	0	0	0	0	0	0	0	0	0	0
325	Electric pumping equipment	190,401	0	0	0	190,401	0	0	0	0	190,401	190,401
326	Diesel pumping equipment	0	0	0	0	0	0	0	0	0	0	0
328	Other pumping equipment	22,216	0	0	0	22,216	0	0	0	0	22,216	22,216
	Total Pumping Plant	$357,709	$0	$0	$0	$357,709	$0	$0	$0	$0	$357,709	$357,709
	Water Treatment Plant											
330	Land and land rights	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
331	Structures and improvements	0	0	0	0	0	0	0	0	0	0	$0
332	Sand or Other Media Filtration Equip	0	0	0	0	0	0	0	0	0	0	$0
333	Membrane Filtration Equipment	0	0	0	0	0	0	0	0	0	0	$0
334	Other Water Treatment Equipment	4,498	0	0	0	4,498	0	0	0	0	4,498	$4,498
	Total Water Treatment Plant	$4,498	$0	$0	$0	$4,498	$0	$0	$0	$0	$4,498	$4,498

Mcfarland Water and Sewer Utility

UTILITY PLANT IN SERVICE
Estimated for Test Year 2024
Utility or Municipal Financed Transactions Only

Acct. No.	Plant account	Actual Balance 12/31/2022	2023 Additions Notes (A,B)	2023 Retirements Note (B)	Adjustments	Estimated Balance 12/31/2023	Estimate 2024 Major Construction Additions Notes (A,B)	Estimate 2024 Major Construction Retirements Note (B)	Estimate 2024 Routine Construction Additions Notes (A,B)	Estimate 2024 Routine Construction Retirements Note (B)	Estimated Balance 12/31/2024	Test Year Average Balance
	Transmission and Distribution Plant											
340	Land and land rights	$8,314	$0	$0	$0	$8,314	$0	$0	$0	$0	$8,314	$8,314
341	Structures and improvements	0	0	0	0	0	0	0	0	0	0	0
342	Distribution reservoirs and standpipes	362,300	0	0	0	362,300	0	0	0	0	362,300	362,300
343	Transmission and distribution mains	6,526,989	861,905	121,900	0	7,266,994	0	0	637,193	40,900	7,863,287	7,565,141
345	Services	1,388,721	140,272	18,100	0	1,510,893	0	0	325,649	17,000	1,819,542	1,665,218
346	Meters	1,481,961	0	0	0	1,481,961	0	0	0	0	1,481,961	1,481,961
348	Hydrants	599,334	69,823	6,000	0	663,157	0	0	76,908	2,600	737,465	700,311
349	Other transmission and distr. plant	0	0	0	0	0	0	0	0	0	0	0
	Total Transmission and Distr. Plant	$10,367,619	$1,072,000	$146,000	$0	$11,293,619	$0	$0	$1,039,750	$60,500	$12,272,869	$11,783,245
	General Plant											
389	Land and land rights	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
390	Structures and improvements	0	0	0	0	0	0	0	0	0	0	0
391	Office furniture and equipment	0	0	0	0	0	0	0	0	0	0	0
391.1	Office furniture & equip - Computers	9,946	0	0	0	9,946	0	0	0	0	9,946	9,946
392	Transportation equipment	268,027	79,000	0	0	347,027	0	0	57,000	36,900	367,127	357,077
393	Stores equipment	0	0	0	0	0	0	0	0	0	0	0
394	Tools, shop and garage equipment	75,432	43,000	5,700	0	112,732	0	0	8,000	5,700	115,032	113,882
395	Laboratory equipment	6,649	0	0	0	6,649	0	0	0	0	6,649	6,649
396	Power operated equipment	111,808	0	0	0	111,808	0	0	0	0	111,808	111,808
397	Communication equipment	179,843	2,500	2,200	0	180,143	0	0	3,000	2,600	180,543	180,343
397.1	SCADA equipment	0	0	0	0	0	0	0	0	0	0	0
398	Miscellaneous equipment	302	0	0	0	302	0	0	0	0	302	302
	Total General Plant	$652,007	$124,500	$7,900	$0	$768,607	$0	$0	$68,000	$45,200	$791,407	$780,007
	Total Plant In Service	$11,594,372	$1,196,500	$153,900	$0	$12,636,972	$0	$0	$1,107,750	$105,700	$13,639,022	$13,137,998

Please enter the construction docket(s) below:

Notes

Mcfarland Water and Sewer Utility

Contributed Plant
Estimated for Test Year 2024
Contributed Plant Transactions Only

1. If any Plant Additions require Construction Approval by the PSC, a request for approval must be submitted to the Commission for this rate increase application to be processed. Please list the construction docket number(s):

Acct. No.	**Plant account**	**Actual Contributed Plant 12/31/2022**	**Estimated 2023** Additions Note (A)	Retirements	Adjustments	**Estimated Balance 12/31/2023**	**Estimate 2024 – Major Construction** Additions Note (A)	Retirements	**Routine Construction** Additions Note (A)	Retirements	**Estimated Balance 12/31/2024**
	Intangible Plant										
301	Organization	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
302	Franchises and consents	0	0	0	0	0	0	0	0	0	0
303	Miscellaneous intangible plant	0	0	0	0	0	0	0	0	0	0
	Total Intangible Plant	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Source of Supply										
310	Land and land rights	$31,000	$0	$0	$0	$31,000	$0	$0	$0	$0	$31,000
311	Structures and improvements	0	0	0	0	0	0	0	0	0	0
312	Collecting and impounding reservoirs	0	0	0	0	0	0	0	0	0	0
313	Lake, river, and other intakes	0	0	0	0	0	0	0	0	0	0
314	Wells and springs	0	0	0	0	0	0	0	0	0	0
316	Supply mains	0	0	0	0	0	0	0	0	0	0
317	Other water source plant	0	0	0	0	0	0	0	0	0	0
	Total Source of Supply Plant	$31,000	$0	$0	$0	$31,000	$0	$0	$0	$0	$31,000
	Pumping Plant										
320	Land and land rights	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
321	Structures and improvements	0	0	0	0	0	0	0	0	0	0
323	Other power production equipment	0	0	0	0	0	0	0	0	0	0
325	Electric pumping equipment	0	0	0	0	0	0	0	0	0	0
326	Diesel pumping equipment	0	0	0	0	0	0	0	0	0	0
328	Other pumping equipment	0	0	0	0	0	0	0	0	0	0
	Total Pumping Plant	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Water Treatment Plant										
330	Land and land rights	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
331	Structures and improvements	0	0	0	0	0	0	0	0	0	0
332	Sand and other media filtration Equip	0	0	0	0	0	0	0	0	0	0
333	Membrane Filtration Equipment	0	0	0	0	0	0	0	0	0	0
334	Other Water Treatment Equipment	0	0	0	0	0	0	0	0	0	0
	Total Water Treatment Plant	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Contributed Plant

Estimated for Test Year 2024

Contributed Plant Transactions Only

Acct. No.	Plant account	Actual Contributed Plant 12/31/2022	Estimated 2023 Additions Note (A)	Estimated 2023 Retirements	Adjustments	Estimated Balance 12/31/2023	Estimate 2024 Major Construction Additions Note (A)	Estimate 2024 Major Construction Retirements	Estimate 2024 Routine Construction Additions Note (A)	Estimate 2024 Routine Construction Retirements	Estimated Balance 12/31/2024
	Transmission and Distribution Plant										
340	Land and land rights	$46,936	$0	$0	$0	$46,936	$0	$0	$0	$0	$46,936
341	Structures and improvements	0	0	0	0	0	0	0	0	0	0
342	Distribution reservoirs and standpipes	868,805	0	0	0	868,805	0	0	0	0	868,805
343	Transmission and distribution mains	4,992,421	173,600	0	0	5,166,021	0	0	0	0	5,166,021
345	Services	1,152,394	70,400	0	0	1,222,794	0	0	0	0	1,222,794
346	Meters	0	0	0	0	0	0	0	0	0	0
348	Hydrants	659,384	23,300	0	0	682,684	0	0	0	0	682,684
349	Other transmission and distr. plant	0	0	0	0	0	0	0	0	0	0
	Total Transmission and Distr. Plant	$7,719,940	$267,300	$0	$0	$7,987,240	$0	$0	$0	$0	$7,987,240
	General Plant										
389	Land and land rights	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
390	Structures and improvements	0	0	0	0	0	0	0	0	0	0
391	Office furniture and equipment	0	0	0	0	0	0	0	0	0	0
391.1	Office furniture & equip - Computers	0	0	0	0	0	0	0	0	0	0
392	Transportation equipment	0	0	0	0	0	0	0	0	0	0
393	Stores equipment	0	0	0	0	0	0	0	0	0	0
394	Tools, shop and garage equipment	0	0	0	0	0	0	0	0	0	0
395	Laboratory equipment	0	0	0	0	0	0	0	0	0	0
396	Power operated equipment	0	0	0	0	0	0	0	0	0	0
397	Communication equipment	1,100	0	0	0	1,100	0	0	0	0	1,100
397.1	SCADA equipment	0	0	0	0	0	0	0	0	0	0
398	Miscellaneous equipment	0	0	0	0	0	0	0	0	0	0
	Total General Plant	$1,100	$0	$0	$0	$1,100	$0	$0	$0	$0	$1,100
	Total	$7,752,040	$267,300	$0	$0	$8,019,340	$0	$0	$0	$0	$8,019,340

Please list the construction docket(s) below:

Notes

Mcfarland Water and Sewer Utility

DEPRECIATION ACCRUAL AND EXPENSE

Estimated for Test Year 2024

1. The Estimated 2023 Depreciation Accrual in Column (A) is to be calculated based upon the current depreciation rates.
2. The Test Year 2024 Depreciation Accrual in Column (B) is to be based upon the PSC Recommended Depreciation Benchmark Rates (revised March 2, 2000) or upon the Utility Proposed Rates for the test year.
i. If any rate other than the benchmark will be used for the test year, the rate should be entered. If an account is fully depreciated, a depreciation rate of 0% must be inserted.
3. Enter the appropriate adjustment information at the bottom of the schedule to reconcile the depreciation accrual to the estimated depreciation expense.
4. In the Notes, the Utility must describe unusual situations such as Miscellaneous Credits or adjustments

			Estimated 2023 (per Attach. 11)			Test Year 2024 (per Attachment 11)				
Acct. No.	**Plant account**	**Depr. Rate (A)**	**Avg. Depreciable Balance**	**Depreciation Accrual**	**Depr. Rate (B)**	**Average Depreciable Balance** Major	Routine	**Depreciation Accrual** Major	Routine	**Test Year Total**
301-303	Total Intangible Plant	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Source of Supply									
310	Land and land rights	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
311	Structures and improvements	0.00%	$0	$0	3.20%	$0	$0	$0	$0	$0
312	Collecting and impounding reservoirs	0.00%	$0	0	1.70%	0	0	0	0	0
313	Lake, river, and other intakes	0.00%	$0	0	1.70%	0	0	0	0	0
314	Wells and springs	2.90%	$211,239	6,126	2.90%	0	211,239	0	6,126	6,126
316	Supply mains	0.00%	$0	0	1.80%	0	0	0	0	0
317	Other water source plant	0.00%	$0	0	4.50%	0	0	0	0	0
	Total Source of Supply Plant			$6,126						$6,126
	Pumping Plant									
320	Land and land rights	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
321	Structures and improvements	3.20%	$145,092	$4,643	3.20%	$0	$145,092	$0	$4,643	$4,643
323	Other power production equipment	0.00%	$0	0	4.40%	0	0	0	0	0
325	Electric pumping equipment	4.40%	$190,401	8,378	4.40%	0	190,401	0	8,378	8,378
326	Diesel pumping equipment	0.00%	$0	0	4.40%	0	0	0	0	0
328	Other pumping equipment	4.40%	$22,216	978	4.40%	0	22,216	0	978	978
	Total Pumping Plant			$13,999						$13,999
	Water Treatment Plant									
330	Land and land rights	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
331	Structures and improvements	0.00%	$0	$0	3.20%	$0	$0	$0	$0	$0
332	Sand or Other Media Filtration Equip	0.00%	$0	0	3.30%	0	0	0	0	0
333	Membrane Filtration Equipment	0.00%	$0	0	6.00%	0	0	0	0	0
334	Other Water Treatment Equipment	6.00%	$4,498	270	6.00%	0	4,498	0	270	270
	Total Water Treatment Plant			$270						$270

Mcfarland Water and Sewer Utility
DEPRECIATION ACCRUAL AND EXPENSE
Estimated for Test Year 2024

Acct. No.	Plant account	Depr. Rate (A)	Estimated 2023 (per Attach. 11) Avg. Depreciable Balance	Depreciation Accrual	Depr. Rate (B)	Test Year 2024 (per Attachment 11) Average Depreciable Balance Major	Average Depreciable Balance Routine	Depreciation Accrual Major	Depreciation Accrual Routine	Test Year Total
	Transmission and Distribution Plant									
340	Land and land rights	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
341	Structures and improvements	0.00%	$0	$0	3.20%	$0	$0	$0	$0	$0
342	Distribution reservoirs and standpipes	1.90%	$362,300	6,884	1.90%	0	362,300	0	6,884	6,884
343	Transmission and distribution mains	1.30%	$6,896,992	89,661	1.30%	0	7,565,141	0	98,347	98,347
345	Services	2.90%	$1,449,807	42,044	2.90%	0	1,665,218	0	48,291	48,291
346	Meters	5.50%	$1,481,961	81,508	5.50%	0	1,481,961	0	81,508	81,508
348	Hydrants	2.20%	$631,246	13,887	2.20%	0	700,311	0	15,407	15,407
349	Other transmission and distr. plant	0.00%	$0	0	5.00%	0	0	0	0	0
	Total Transmission and Distr. Plant			$233,984						$250,437
	General Plant									
389	Land and land rights	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
390	Structures and improvements	0.00%	$0	$0	2.90%	$0	$0	$0	$0	$0
391	Office furniture and equipment	0.00%	$0	0	5.80%	0	0	0	0	0
391.1	Office furniture & equip - Computers	26.70%	$9,946	2,656	26.70%	0	9,946	0	2,656	2,656
392	Transportation equipment	13.30%	$307,527	40,901	13.30%	0	357,077	0	47,491	47,491
393	Stores equipment	0.00%	$0	0	5.80%	0	0	0	0	0
394	Tools, shop and garage equipment	5.80%	$94,082	5,457	5.80%	0	113,882	0	6,605	6,605
395	Laboratory equipment	5.80%	$6,649	386	5.80%	0	6,649	0	386	386
396	Power operated equipment	7.50%	$111,808	8,386	7.50%	0	111,808	0	8,386	8,386
397	Communication equipment	15.00%	$179,993	26,999	15.00%	0	180,343	0	27,051	27,051
397.1	SCADA equipment	0.00%	$0	0	9.20%	0	0	0	0	0
398	Miscellaneous equipment	5.80%	$302	18	5.80%	0	302	0	18	18
	Total General Plant			$84,803						$92,593
	Total		$12,101,561	$339,182		$0	$13,128,384	$0	$363,425	$363,425
	Miscellaneous Credits (Charges) to Accrual			$0					Miscellaneous Credits (Charges) to Accrual	$0

	Estimated 2023		Test Year 2024
Estimated Depreciation Accrual (To Attachment 13)==>	$339,182	(To Attachment 13)==>	$363,425
Meter depr. allocated to sewer (deduction) 50 % <=Change if different	(40,754)	50 % <=Change if different allocation to sewer	(40,754)
Adjustments & Depreciation charged clearing accounts, etc: add (deduct):	0		0
(Specify)	0		0
(Specify)	0		0
Estimated Depreciation Expense	$298,428	Test Year Depreciation Expense (To Attachment 14)==>	$322,671

Please enter any full depreciated assets below:

Notes

1. The depreciation accrual totals for 2023 and 2024 must agree with Attachment 12. For rate case purposes, major construction additions are factored into the calculated accrual as if in service the entire year.
2. The plant retirements totals for 2023 and 2024 must agree with Attachment 11. If test year retirements are being retired as a result of major construction project, indicate that portion in the major projects column.
3. If there is a variance to the prior year balance of more or less than 15%, please state the basis used for developing the M & S estimates for 2023 & 2024.
4. Explain adjustments in Notes section.

Accumulated Depreciation (Account 111.1)				Major Projects	Routine	Total	Test Year Average Balance
January 1, 2023 Balance		(Estimated)				$3,563,878	
Add:	Annual Accrual	(per Attachment 12)	(A)			339,182	
	Salvage	(Estimated)			$0	0	
Less:	Retirements	(per Attachment 11)	(B)			153,900	
	Cost of Removal	(Estimated)			$0	0	
Adjustments		increase (decrease)	(C)		0	0	
December 31, 2023 Balance		(Estimated)				$3,749,160	$3,749,160
Add:	Annual Accrual	(per Attachment 12)	(A)	$0	$363,425	363,425	181,713
	Salvage	(Estimated)		0	0	0	0
Less:	Retirements	(per Attachment 11)	(B)	0	105,700	105,700	52,850
	Cost of Removal	(Estimated)		0	0	0	0
December 31, 2024 Balance		(Estimated)				$4,006,885	
					Test Year Average Balance		$3,878,023

Materials and Supplies Inventory					Test Year Average Balance
Account Balances:					
December 31, 2020	(Actual)		$19,450		
December 31, 2021	(Actual)		19,450		
December 31, 2022	(Actual)		19,450		
December 31, 2023	(Estimated)	(D)	19,450		$9,725
December 31, 2024	(Estimated)	(D)	19,450		9,725
				Test Year Average Balance	$19,450

Regulatory Liability and Other Adjustments			Regulatory Liab (Acct 253)	Total	Test Year Average Balance
Account Balances:					
December 31, 2022	(Actual)	(E)	$22,823	$22,823	
December 31, 2023	(Estimated)	(E)	$0	0	$0
December 31, 2024	(Estimated)	(E)	0	0	$0
			Test Year Average Balance		$0

Notes

Mcfarland Water and Sewer Utility

Estimated for Test Year 2024

1. Part One calculates the Net Operating Income (loss) for the test year. All amounts are derived from other attachments except Amortization Expense, Account 404, which , if applicable, must be entered and the purpose specified.
2. Part Two is a calculation of Average Net Investment Rate Base for the test year. All amounts are derived from other attachments
3. Part Three calculates the estimated requested increase.
i. Enter a requested rate of return (ROR) in the highlighted box and the estimated increase is calculated.
ii. Generally, the current benchmark rate is used for most situations. If the Utility requests a different ROR, please describe the reasons in the Notes. An example of supporting detail would be a Cash Flows statement.

Part One:	Total Operating Revenues	(per Attachment 7)		$1,597,503
	Total Operation and Maintenance Expenses	(per Attachment 10)		$847,234
	Depreciation Expense	(per Attachment 12)		322,671
	Amortization Expense--Account # 404 (specify):			0
	Taxes	(per Attachment 8)		300,998
	Total Operating Expenses			$1,470,903
	Net Operating Income (Loss)-Test Year 2024			$126,600
Part Two:	Utility Plant In Service--Financed by Utility or Municipality:			
	Test Year Average Balance	(per Attachment 11)		$13,137,998
	Materials and Supplies:			
	Test Year Average Balance	(per Attachment 13)		19,450
	Less: Accumulated Depreciation:			
	Test Year Average Balance	(per Attachment 13)		3,878,023
	Regulatory Liability and Other:			
	Test Year Average Balance	(per Attachment 13)		0
	Average Net Investment Rate Base (NIRB)			$9,279,425
Part Three:	Average Net Investment Rate Base	(per Part Two above)		$9,279,425
	TIMES Rate of Return Requested			
	(Enter requested rate in this box.)		6.20%	6.20%
	Return on Average Net Investment Rate Base (NIRB)			$575,324
	Total Operation and Maintenance Expenses	(per Part One above)		$847,234
	TIMES allowance on O&M expenses			6.00%
	Operating Allowance			$50,834
	Enter the larger of either:			
	The Return on NIRB (A) **or** the Operating Allowance (B)			$575,324
	Less: Estimated Net Operating Income (Loss)	(per Part One above)		126,600
	Increase Requested-Test Year 2024			$448,724
	Overall Percentage Increase in Total Sales of Water at Current Rates:		31.95%	

Notes

ATTACHMENT 14.1

McFarland Water Utility

CASH FLOW
Forecasted 2024 - With Full Debt Service

	Without Increase Forecasted 2024	With Increase Forecasted 2024
Operating Income/(Loss)	$ 126,600	$ 126,600
Sewer Operating Income/(Loss) (Excluding Depreciation)	27,165	27,165
Rate Increase	-	448,724
Add:		
Depreciation	322,671	322,671
Investment Income	128,728	128,728
Less:		
Bond Debt Payments (Principal & Interest)*	(1,084,499)	(1,084,499)
Net Cash Flow Available for Capital Projects, Contingencies or Reserves	$ (479,336)	$ (30,611)
Average Capital Additions Funded with Utility Earnings	34,000	34,000
Net Cash Flows	$ (513,336)	$ (64,611)

* - Forecasted Bond Debt Payments include the first year of 2024 Revenue Bonds payments.

ATTACHMENT 14.2

McFarland Water Utility

DEBT COVERAGE
Forecasted 2024

	Without Increase Forecasted 2024	With Increase Forecasted 2024
Actual Net Earnings		
Operating revenues	$ 1,597,503	$ 1,597,503
Rate Increase	-	448,724
Interest income	128,728	128,728
Operation and maintenance expenses	(847,234)	(847,234)
Taxes other than equivalent	(12,515)	(12,515)
Actual Net Earnings	$ 866,482	$ 1,315,206
Required Net Earnings		
Minimum Earnings Required:		
Debt service - revenue bonds*	$ 630,671	$ 630,671
Coverage factor	1.25	1.25
Minimum Earnings Required	$ 788,339	$ 788,339
Estimated Debt Coverage - as Defined in Bond Resolutions	1.10	1.67
DEBT COVERAGE WITH PILOT		
Defined Earnings (above)	$ 866,482	$ 1,315,206
Less: Tax Equivalent	(288,483)	(288,483)
Adjusted Defined Earnings	$ 577,999	$ 1,026,723
Revenue Bond Debt Service Above	$ 630,671	$ 630,671
True Total Debt Coverage	0.92	1.63

* Includes 2022 revenue bonds and rull year of debt service on proosed 2024 revenue bonds.

Mcfarland Water and Sewer Utility
FINANCING AND DEBT SUMMARY

2024 Test Year ATTACHMENT 15

FINANCING OF PLANT ADDITIONS (Including Contributed Plant)

1. Identify the sources of financing plant additions for interim and test years. Use descriptions provided or specify other types of financing.

Description	Estimated 2023	Test Year 2024
Contributed Plant by Developers	267,300	
Contributed Plant by Customers		
Special Assessments--Collections and Tax Roll		
Grants for Plant Additions		
Plant Paid for by Municipality		
Plant Paid for by TIF District		
Proceeds from Debt Issued during Year		1,039,750
Special Construction Funds	1,196,500	
Available Cash or Invested Funds		
Utility Earnings		68,000
Other: (Specify)		
Total	$ 1,463,800	$ 1,107,750
Utility Financed Plant from Attachment 11	1,196,500	1,107,750
Contributed Plant from Attachment 11a	267,300	-
Total	$ 1,463,800	$ 1,107,750

The total financing of additions should agree to the total additions to plant as forecast on Attachments 11 and 11a.

DEBT SUMMARY

1. List Utility's debt issues. Use only one line for each existing and estimated new debt issue.
i. Include the corresponding annual interest, either accrued or payable, for each issue.
ii. All debt issues for all utility departments and non-utility sewer departments reported in the PSC annual report must be included, unless a separate balance sheet and income statement are provided.
2. If necessary, please describe unusual situations in the Notes.

	Estimated 2023		Estimated 2024		Estimated 2025	
Description	**Annual Interest Expense (1)**	**Outstanding Principal End of Year**	**Annual Interest Expense (1)**	**Outstanding Principal End of Year**	**Annual Interest Expense (1)**	**Outstanding Principal End of Year**
Outstanding Debt Issues - Detailed List:						
2015 G.O. Promissory Note	$7,578	$185,000	$3,978	$0	$0	$0
2017 G.O. Promissory Note	$4,900	$170,000	$3,400	$90,000	$1,800	$0
2019 G.O. Promissory Note	$15,800	$470,000	$14,100	$380,000	$11,400	$290,000
2020 G.O. Promissory Note	$8,400	$440,000	$7,350	$370,000	$6,300	$300,000
2022 Revenue Bonds	$122,424	$3,042,125	$116,764	$2,929,935	$112,276	$2,813,430
2024 Revenue Bonds				$5,225,500	$235,148	$5,058,931
Totals	$159,102	$4,307,125	$145,592	$8,995,435	$366,924	$8,462,361

Note (1): Include as Interest Expense amounts which will be reported in Account 427, Interest on Long Term Debt; in Account 430, Interest on Debt to Municipality; and Account 431, Other Interest Charges.

Notes

The 2022 borrowing is for both 2022 and 2023 projects.
The 2024 borrowing is for both 2024 and 2025 projects (to be in service in 2026).

Mcfarland Water and Sewer Utility

IMPACT FEES

A. This attachment requests information about impact fees. If the utility has impact fees, please complete the schedule and supply the impact fee study and impact fee ordinance as a separate file on ERF.

Is the utility currently collecting impact fees, capacity assessments, or other such fees? Yes

If yes, answer the following:

1) Describe the facilities to be constructed using the impact fees.

Towers
Mains
Wells

2) Provide the year the impact fees were adopted. 4/1/1998

3) Provide the year the facilities were or will be constructed. 2020

4) Provide a copy of the most recent impact fee study and impact fee ordinance.

Note: If more than one water utility impact fee exists, answer the above questions for each project.
If more space is needed please include an explanation in the footnotes on Attachment 19.

Notes

Mcfarland Water and Sewer Utility

MISCELLANEOUS
Test Year 2024

2024 Test Year ATTACHMENT 17

Part One: If plant accounts in **Attachment 11 and/or Attachment 11a** (Utility Plant in Service) have transactions for the interim or test year for **Account 343 (Mains)** or **Account 348 (Hydrants)** specify the units added and/or retired for each account .

	Year	Attachment 11 Units Added	Attachment 11 Units Retired	Attachment 11a Units Added	Attachment 11a Units Retired	Net Units	Indicate diameter(s) and length(s) of main added and retired
Feet of Main	2023	4,059	2,855			1,204	936 feet 8', and retire 1,338 fee
Feet of Main-Routine	2024	2,740	2,740			0	t 6" & 2,600 feet 10', and retire
Feet of Main-Major Projects	2024					0	
Hydrants	2023	10	6			4	
Hydrants-Routine	2024	7	7			0	
Hydrants-Major Projects	2024					0	

Water Service Installation

Does the utility wish to revise Schedule Cz-1, the charge for installing a water service?

No

Late Fees

The Wisconsin Administrative Code provides alternatives for late payment charges on delinquent bills for service. If the utility is also regulated by the PSC for electric and/or sewer rates, it is recommended that the charge be consistent for all. Please indicate which late payment charge the utility wants to be included in its tariff.

3% one time charge

Other Charges (Schedule OC-1)

Non-Sufficient Funds	No
Special Billing Charge	No
Special Meter Reading Charge	No
Missed Appointment Charge	Yes
Real Estate Closing Charge	No

Normal: 7AM - After Hours: After 3:30PM

Reconnection Charges (Schedule R-1)

Normal Business Hours:	$ 35.00
After Hours:	$ 45.00

	Field Staff	Admin Staff	Vehicle
# of Hours			
Hourly Rate			
R-1 Total	**$ -**	**$ -**	**$ -**

Public Fire Protection Charges (Schedule F-1)

How **will** the utility collect the PFP charge?

Direct Charge on Water Bill

Method for calculating direct charges: Equivalent Meter

Will direct charges also be applied to non-customers who own property in the municipality?

No

If your utility collects PFP through a **municipal** charge, please answer the following question.

1. Does the utility have water customers that reside outside the municipal limits? Yes
2. **If yes**, does the utility wish to provide an outside utility rate to recover public fire protection costs through a Schedule Mg-2? No

Schedule X-4: Deferred Payment Agreements (DPA)

Do you request to amend the utility's tariff related to DPA's for residential customers? No

Schedule X-4: Continued

1. Do you currently offer leak credits to water customers? If so, please provide your policy on Attach19.	No
Select the rate **option** for billing excess usage due to leak:	
Option 1) the lowest volumetric rate provided in the utility's Schedule Mg-1.	No
Option 2) $X.YZ per [1,000 gallons/100 cubic feet]. See your records or most recent cost study.	Yes
2. Do you currently offer budget billing to water customers? If so, please provide your policy on Attach19.	No

General Service Rate Design (Schedule Mg-1)

Please indicate the preferred rate design for each customer class:

General/Residential	Uniform Rate
Multifamily Residential	Uniform Rate
Non-Residential	Uniform Rate

Please indicate if you would like an irrigation rate or an additional meter charge (choose one or none).

Irrigation Rate	No
Additional Meter Charge (Am-1)	Yes

Are you interested in rate design to promote conservation goals? Yes

If you decide to pursue an irrigation rate, then please provide the following information:

The Public Service Commission of Wisconsin defines the irrigation customer class as "customers who have water service provided primarily for landscape irrigation. For the purpose of this schedule, landscape irrigation includes the use of water to sustain crops, lawns, or landscapes on any residential, commercial, industrial, or public authority property, including water used for irrigating athletic fields, parks, and golf courses. Irrigation customers include those customers that have multiple meters installed on a single lateral for the purpose of measuring water that is not discharged to the sanitary sewer system. The utility shall classify each additional meter as an irrigation meter and treat each meter as a separate general service customer."

1) We will eliminate Schedule Am-1 from your tariff. All existing Am-1 deduct meters will become irrigation meters

2) Please identify all of your irrigation customers. This will become your new irrigation customer class that will receive its own unique uniform water rate. Water for irrigation will have higher volume rates than general service volume rates

3) Update the meter count, fixed revenues, volume revenues, and total actual billed revenues for the irrigation customer class as shown in Attachment 2B. Remember that as you add a meter to the irrigation class, you must subtract it from one of the other customer classes.

4) Please identify the annual combined consumption of the irrigation meters by rate block. Update Attachment 2A accordingly. Remember that as you add consumption to the irrigation customer class, you must subtract it from some of the other customer classes. The irrigation usage must be based on your customers that will be reclassified as irrigation customers.

Describe any proposed modifications to the general service rates or list any other proposed tariff or schedule changes below:
Also, please indicate any tariff language the Utility currently has that is considered non-standard. (e.g. X-1, Mg-1, F-1, etc.)

NOTE: Utilities proposing a modified rate structure should submit detailed customer billing information for the most recent 12 months. For each billing period, include an analysis by customer class of the number of customer bills ending in each 1,000 gallon or 100 cubic foot increment, the total number of bills in the billing period, and the total volume of sales in the billing period. For residential customers, it is suggested that the increments be in 1,000's of gallons, up to 25,000 gallons per month (75,000 gallons per quarter), and then by 5,000 gallon increments.

Rebate Programs

Does the Utility wish to establish a new rebate or incentive program for water saving fixtures and/or water efficiency process changes? No

If yes, the Utility must obtain PSC approval before spending additional ratepayer-generated funds on these efforts. In general, the PSC allows utilities to spend one to two percent of total operating revenues on water conservation programs. Please provide the PSC with an implementation plan that is consistent with “Implementing Toilet Rebates and Other Incentive Programs” found on our website:

http://psc.wi.gov/conservation/documents/wc-RebateProgram.pdf

Once a conservation program is approved, the Utility will be required to report annually on the costs, gallon savings, and other supporting information about its program by completing page W-27 in the WEGS Annual Reporting System.

Are there any specific timing constraints that this case is depending on? Are there any external deadlines related to funding or other issues (DNR or safe drinking water) that Commission staff should be aware of?

Footnotes

Mcfarland Water and Sewer Utility
WATER CONSERVATION SPENDING
Test Year 2024

1. This attachment requests information about the utilty's water conservation spending. The utility only needs to complete this schedule if it has a PSC approved water conservation program.

2. If the utility has a conservation program that was authorized by the PSC, please complete the deferred expense schedule below.

Deferred Expense Schedule:

Program Year Ending (a)	Beginning Balance (b)	Account 186 Expenditures (c)	Account 253 Collections (d)	End of Year Expenses (e)
December 31,				
December 31,				
December 31,				
December 31,				
Net Balance of Acct. 186 (debit) and Acct. 253 (credit) Last Actual Year				$0
Amortization Expense (Net Balance Divided by 3)				$0
Estimated Future Annual Expenditures				$0
Total Expenses (To be Recorded in Account 906)				$0

What are the estimated effects of the utility's planned water conservation and efficiency program on water sales for the test year? Estimate the reduction in volumetric sales, by customer class, for the test year. Test year sales in Attachment 3 should reflect adjustments for conservation.

Customer Class	Test Year Sales Without Conservation	Conservation Adjusted Test Year Sales
Residential		
Multifamily		
Commercial		
Industrial		
Public Authority		
Other		

Additional Comments:

Additional Notes

Attachment 3A:
Public Authority - Forecasted consumption to be consistent with the consumption per customer for the previous 12 months.

Attachment 3B:
Public Authority - Forecasted customers to be consistent with the customer count on 5/31/2023, adjusted for the 5-year change average.

Attachment 10C:

620, 630, 640 - Operation Labor:
This is based on actual hours employees spend on tasks related to expenses. In 2019 the Village emphasized accurately capturing hours and time associated with these tasks resulting in the fluctuations in expense recorded in this account. Changes between labor expense accounts (620, 630, 640, 901, 902, and 920) result from the utility more accurately capturing time in the correct account. In 2022, the utility's overall payroll increased due to the allocation of between 26% and 50% of two additional employees' payroll to utilities. In 2023 an additional position was added to the utility.

622 - Fuel or power purchased for pumping:
The increasing costs are the result of power cost increases and more water pumped with increasing sales

623 - Operation supplies and expenses:
Variance due to having more repairs and ongoing maintenance with aging infrastructure in 2022.

625 - Maintenance of pumping plant:
In 2022 the maintenance costs were unusually high. The utility completed well rehabs, which resulted in the high actual amount of 70,674.

635 - Maintenance of water treatment plant:
Scale maintenance has been minimal, resulting in lower amounts in 2020 and 2021. The increase in 2022 is due to ongoing maintenance of chemical pumps and increasing repair parts costs.

641 - Operation supplies and expenses:
Variance due to having more repairs and ongoing maintenance with aging infrastructure. Additionally, the repair parts costs increased.

651 - Maintenance of mains:
In 2021 the maintenance costs were unusually high due to construction projects with water main work. Fewer repairs have been required as of recently, therefore less expense.

652 - Maintenance of services:
Fewer repairs have been required as of recently, therefore less expense.

653 - Maintenance of meters:
Additional supplies are needed for meters changing and upgrading meters in the system.

901 - Meter reading labor:
This is based on actual hours employees spent on tasks related to expenses. In 2019 the Village emphasized accurately capturing hours and time associated with these tasks resulting in the fluctuations in expense recorded in this account. Changes between labor expense accounts (620, 630, 640, 901, 902, and 920) result from the utility more accurately capturing time in the correct account. In 2022, the utility's overall payroll increased due to the allocation of payroll for two additional employees to utilities. In 2023 an additional position was added to the utility.

902 - Accounting and collecting labor:
This is based on actual hours employees spent on tasks related to expenses. In 2019 the Village emphasized accurately capturing hours and time associated with these tasks resulting in the fluctuations in expense recorded in this account. Changes between labor expense accounts (620, 630, 640, 901, 902, and 920) result from the utility more accurately capturing time in the correct account. In 2022, the utility's overall payroll increased due to the allocation of payroll for two additional employees to utilities. In 2023 an additional position was added to the utility.

903 - Supplies and expenses:
Fewer supplies are required.

920 - Administrative and general salaries:
This is based on actual hours employees spent on tasks related to expenses. In 2019 the Village emphasized accurately capturing hours and time associated with these tasks resulting in the fluctuations in expense recorded in this account. Changes between labor expense accounts (620, 630, 640, 901, 902, and 920) result from the utility more accurately capturing time in the correct account. In 2022, the utility's overall payroll increased due to the allocation of payroll for two additional employees to utilities. In 2023 an additional position was added to the utility.

921 - Office supplies and expenses:
Fewer supplies are required.

923 - Outside services employed:
Increases caused by the new IT company and attorney fees.

924 - Property Insurance
Property insurance is anticipated to continue to increase resulting in 2024 being further from the historical average.

926 - Employee pensions and benefits:
In 2022 the benefits costs were high due to the utility's share of the payout of two sick leave at retirement. The utility forecasts one employee's retirement in the next couple of years.

928 - Regulatory commission expenses:
The increase is due to an increase in the Water Rate Study costs. The cost of the water rate study was normalized over a 3 year period.

933 - Transportation expenses:
The increase is due to an increase in ongoing maintenance and repair costs for aging vehicles.

Mcfarland Water and Sewer Utility

2024

2024 Test Year **Required Supplemental Information** ATTACHMENT 19a

Pensions and Benefits Expense

a. Pension and Benefits Expense should include Pensions, Health Insurance, Life Insurance, and other employee benefits. It should not include employee payroll taxes and employee reimbursement expenses such as phone and transportation. The totals on this schedule should equal the total Pensions and Benefits Expense listed on Attachment 10.

b. Expense details should be provided for the test year and three prior years for Account 686 (Class D) or Account 926 (Classes AB and C).

	2021	2022	2023	2024
Pensions	2035	3567	5284	5390
Health Insurance	5347	13334	14671	14965
Life Insurance	98	145	166	168
Retirement fund		12992	5000	5100
Total for Account 686 or 926	7480	30038	25121	25623

These totals should agree with Attach10

Membership Dues

a. Membership Dues should include each organization the Utility belongs to as well as the account number that Membership Dues are recorded in.

b. For each organization the utility belongs to, identify the amount of the dues for the years noted below and indicate what expense account is charged.

	Account	2023	2024
AWWA	600-53710-320-000	65	65
WRWA			
MEG - water			
Alliance for Water Efficiency			
APWA MEMBERSHIP	600-53710-320-000	62	62
Other-Explain			

Water Tower Painting

a. Water Tower Painting should include each water tower painting. Please provide an explanation on the Current Cost in the Notes.

b. The normalized cost of water tower painting should be included in the forecast for Account 650 (Class C&D utilities) or Account 672 (Class AB utilities). Also, see Instructions - Attachment 10.

Description	Year Last Painted	Next Date To Be Painted	Prior Cost	Current Cost	Number of Years Between Paintings	Annual Normalization
Holscher Road Tower	2000	2024	0	325000	24	13542
Burma Road Tower	2005	2023	205000	225000	18	12500

Other Normalizations

See Instructions for Attachment 10.

Explain on Attachment 19.

Second Meters

a. Does the utility have any customers with second meters to measure water not discharged to the sanitary sewer system? Yes

b. Does the utility have rate schedule Am-1, Additional Meter Rental Charge? Yes

For more information about second meters, please visit the "*What are the allowable configurations and applicable charges for additional meters*?" on the Commission's wesbite using the following link. FAQs: Meters

If yes, fill out the summary below.

Revenues from additional meters should be reported in Account 474, Other Water Revenue on Attachment 7.

Last Actual Year End Count	Residential	Multifamily	Commercial	Industrial	Public Authority	
General Service Meters	3,142	62	206	0	28	*Columns H to L on W-23*
Additional Meters	43	1	8	0	0	*Columns I or Q on W-23*
Total	**3185**	**63**	**214**	**0**	**28**	

The totals should agree with the meter counts reported on page W-23 of Annual Report.

If the utility does not have Schedule Am-1 but has customers with seconds meters, how are these customers billed for the second meter?

N/A The utility has schedule Am-1

Payroll Allocations

If employees perform work for more than one function, please explain how costs are assigned to the water utility.

For example, when an employee performs work for municipal parks, sewer, water, and private lead service lines, describe how the salary and wages dollars are assigned to the regulated water utility.

Staff are instructed and record their time based on the job function they perform. If multiple job functions occur in one day, they must split their time between the various functions. Each staff timecard has a large amount of tasks available to code their time to and those selections then proportionally charge the various accounts.

Notes

Required Supplemental Information

On January 25, 2019, the PSC sent communication to all municipal utilities outlining recent decisions to allow utilities to recover credit card processing fees through rates. As stated in that letter, municipal utilities may now request recovery of credit cards fees in a conventional rate case. If the Utility currently allows customers to pay utility bills using a credit card, please answer Question #1. If the Utility currently wants to include the cost to process credit cards payments in the estimated test year O&M expenses, please answer Question #2

1. Does the Utility currently offer credit card billing? If yes, provide the following: **Yes**

A. Does the Utility or customer currently pay the transaction fee?

Utility

B. What expense account(s) does the Utility use to record credit card fees?

600-53715-210-000

C. Provide the most recent three years of credit card fee expense.

Year	$
2020	3138
2021	6180
2022	7807

D. Identify either the vendor or the third party company used by the utility.

Payment Service Network (PSN)

E. Provide a breakdown of the cost per transaction and any other fees that are incurred by the Utility.

Credit Cards fee 2.9%, Checking/Savings account fee $1.05 per transaction, BillPay $0.30 per transaction. Each of these charges is determined based on the type of payment method utilized by the customer. Not all three would be charged on a single transaction.

2. Did the Utility include any expenses related to accepting credit cards in the test year O&M forecast? If not, does the Utility want to include such expenses in the current application? If yes to either question, please provide further information on the **Yes**

A. Provide the test year estimate and methodology used to determine the forecast?

Water Utility share: 2023 - $8,135, 2024 -8,347. The utility doesn't expect an increase in credit card payment transactions. Therefore the prior year expense adjusted for the PSC inflation rate is used for the estimate.

B. Provide the allocation percentage(s) and methodology used to allocate credit card fees across utilities or shared services.

Fees are split evenly between three accounts (water, sewer, and stormwater).

C. What O&M account did the Utility use for the test year estimate?

906

D. Identify the vendor the Utility will be using.

Payment Service Network (PSN)

E. Provide a breakdown of the cost per transaction and any other fees that will be incurred by the Utility.

Credit Cards fee 2.9%, Checking/Savings account fee $1.05 per transaction, BillPay $0.30 per transaction. Each of these charges is determined based on the type of payment method utilized by the customer. Not all three would be charged on a single transaction.

F. What percentage of customers currently pay by credit card?

2019 - 17%, 2020 - 20%, 2021 -27%, 2022 -31%

G. Does the Utility expect more customers to use credit cards if this payment option is offered at no charge to the customer? If so, what percentage of customers do you estimate will pay by credit card?

The utility does not expect an increase in usage.

H. Has the utility worked with vendor(s) to negotiate lower fees?
- H1: Identify utility efforts to minimize fees.
- H2: Provide name of vendor(s) contacted.
- H3: Provide quoted amount(s) from each vendor contacted.

The utility evaluates any potential rate increases as they occur. At this time the utility has not explored other vendors.

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McFarland Water Utiltiy
TY2024 Water Rate Application Summary

	TY2021	TY2024	Change
Plant in service	$ 10,004,244	$ 13,137,998	31%
Materials & supplies	19,450	19,450	
Accumulated depreciation	(3,154,274)	(3,878,023)	
Regulatory liability	(57,055)	-	
Net rate base	$ 6,812,365	$ 9,279,425	36%
Operating revenues	$ 1,465,712	$ 1,597,503	9%
Operating expenses			
O&M	580,313	847,234	46%
Depreciation	232,998	322,671	38%
Taxes	318,595	300,998	-6%
Total	1,131,906	1,470,903	
Operating income	$ 333,806	$ 126,600	
Rate of return	4.9%	1.4%	
Benchmark rate of return		*6.2%*	
Increased needed		*$ 448,724*	

Average Customer Impact (bi-monthly bill)	
Bill at current rates	$ 35.32
Estimated bill at new rates	$ 46.60

Mcfarland Water and Sewer Utility

Estimated for Test Year 2024

1. Part One calculates the Net Operating Income (loss) for the test year. All amounts are derived from other attachments except Amortization Expense, Account 404, which , if applicable, must be entered and the purpose specified.
2. Part Two is a calculation of Average Net Investment Rate Base for the test year. All amounts are derived from other attachments
3. Part Three calculates the estimated requested increase.
i. Enter a requested rate of return (ROR) in the highlighted box and the estimated increase is calculated.
ii. Generally, the current benchmark rate is used for most situations. If the Utility requests a different ROR, please describe the reasons in the Notes. An example of supporting detail would be a Cash Flows statement.

Part One:	Total Operating Revenues	(per Attachment 7)	$1,597,503
	Total Operation and Maintenance Expenses	(per Attachment 10)	$847,234
	Depreciation Expense	(per Attachment 12)	322,671
	Amortization Expense--Account # 404 (specify):		0
	Taxes	(per Attachment 8)	300,998
	Total Operating Expenses		$1,470,903
	Net Operating Income (Loss)-Test Year 2024		$126,600
Part Two:	Utility Plant In Service--Financed by Utility or Municipality:		
	Test Year Average Balance	(per Attachment 11)	$13,137,998
	Materials and Supplies:		
	Test Year Average Balance	(per Attachment 13)	19,450
	Less: Accumulated Depreciation:		
	Test Year Average Balance	(per Attachment 13)	3,878,023
	Regulatory Liability and Other:		
	Test Year Average Balance	(per Attachment 13)	0
	Average Net Investment Rate Base (NIRB)		$9,279,425
Part Three:	Average Net Investment Rate Base	(per Part Two above)	$9,279,425
	TIMES Rate of Return Requested		
	(Enter requested rate in this box.)	6.20%	6.20%
	Return on Average Net Investment Rate Base (NIRB)		$575,324
	Total Operation and Maintenance Expenses	(per Part One above)	$847,234
	TIMES allowance on O&M expenses		6.00%
	Operating Allowance		$50,834
	Enter the larger of either:		
	The Return on NIRB (A) **or** the Operating Allowance (B)		$575,324
	Less: Estimated Net Operating Income (Loss)	(per Part One above)	126,600
	Increase Requested-Test Year 2024		$448,724
	Overall Percentage Increase in Total Sales of Water at Current Rates:	31.95%	

Notes

ATTACHMENT 14.1

McFarland Water Utility

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CASH FLOW
Forecasted 2024 - With Full Debt Service

	Without Increase Forecasted 2024	With Increase Forecasted 2024
Operating Income/(Loss)	$ 126,600	$ 126,600
Sewer Operating Income/(Loss) (Excluding Depreciation)	27,165	27,165
Rate Increase	-	448,724
Add:		
Depreciation	322,671	322,671
Investment Income	128,728	128,728
Less:		
Bond Debt Payments (Principal & Interest)*	(1,084,499)	(1,084,499)
Net Cash Flow Available for Capital Projects, Contingencies or Reserves	$ (479,336)	$ (30,611)
Average Capital Additions Funded with Utility Earnings	34,000	34,000
Net Cash Flows	$ (513,336)	$ (64,611)

* - Forecasted Bond Debt Payments include the first year of 2024 Revenue Bonds payments.

ATTACHMENT 14.2

McFarland Water Utility

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DEBT COVERAGE
Forecasted 2024

	Without Increase Forecasted 2024	With Increase Forecasted 2024
Actual Net Earnings		
Operating revenues	$ 1,597,503	$ 1,597,503
Rate Increase	-	448,724
Interest income	128,728	128,728
Operation and maintenance expenses	(847,234)	(847,234)
Taxes other than equivalent	(12,515)	(12,515)
Actual Net Earnings	$ 866,482	$ 1,315,206
Required Net Earnings		
Minimum Earnings Required:		
Debt service - revenue bonds*	$ 630,671	$ 630,671
Coverage factor	1.25	1.25
Minimum Earnings Required	$ 788,339	$ 788,339
Estimated Debt Coverage - as Defined in Bond Resolutions	1.10	1.67
DEBT COVERAGE WITH PILOT		
Defined Earnings (above)	$ 866,482	$ 1,315,206
Less: Tax Equivalent	(288,483)	(288,483)
Adjusted Defined Earnings	$ 577,999	$ 1,026,723
Revenue Bond Debt Service Above	$ 630,671	$ 630,671
True Total Debt Coverage	0.92	1.63

* Includes 2022 revenue bonds and rull year of debt service on proosed 2024 revenue bonds.

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Mcfarland Water and Sewer Utility
FINANCING AND DEBT SUMMARY

2024 Test Year ATTACHMENT 15

FINANCING OF PLANT ADDITIONS (Including Contributed Plant)

1. Identify the sources of financing plant additions for interim and test years. Use descriptions provided or specify other types of financing.

Description	Estimated 2023	Test Year 2024
Contributed Plant by Developers	267,300	
Contributed Plant by Customers		
Special Assessments--Collections and Tax Roll		
Grants for Plant Additions		
Plant Paid for by Municipality		
Plant Paid for by TIF District		
Proceeds from Debt Issued during Year		1,039,750
Special Construction Funds	1,196,500	
Available Cash or Invested Funds		
Utility Earnings		68,000
Other: (Specify)		
Total	$ 1,463,800	$ 1,107,750
Utility Financed Plant from Attachment 11	1,196,500	1,107,750
Contributed Plant from Attachment 11a	267,300	-
Total	$ 1,463,800	$ 1,107,750

The total financing of additions should agree to the total additions to plant as forecast on Attachments 11 and 11a.

DEBT SUMMARY

1. List Utility's debt issues. Use only one line for each existing and estimated new debt issue.
i. Include the corresponding annual interest, either accrued or payable, for each issue.
ii. All debt issues for all utility departments and non-utility sewer departments reported in the PSC annual report must be included, unless a separate balance sheet and income statement are provided.
2. If necessary, please describe unusual situations in the Notes.

	Estimated 2023		Estimated 2024		Estimated 2025	
Description	**Annual Interest Expense (1)**	**Outstanding Principal End of Year**	**Annual Interest Expense (1)**	**Outstanding Principal End of Year**	**Annual Interest Expense (1)**	**Outstanding Principal End of Year**
Outstanding Debt Issues - Detailed List:						
2015 G.O. Promissory Note	$7,578	$185,000	$3,978	$0	$0	$0
2017 G.O. Promissory Note	$4,900	$170,000	$3,400	$90,000	$1,800	$0
2019 G.O. Promissory Note	$15,800	$470,000	$14,100	$380,000	$11,400	$290,000
2020 G.O. Promissory Note	$8,400	$440,000	$7,350	$370,000	$6,300	$300,000
2022 Revenue Bonds	$122,424	$3,042,125	$116,764	$2,929,935	$112,276	$2,813,430
2024 Revenue Bonds				$5,225,500	$235,148	$5,058,931
Totals	$159,102	$4,307,125	$145,592	$8,995,435	$366,924	$8,462,361

Note (1): Include as Interest Expense amounts which will be reported in Account 427, Interest on Long Term Debt; in Account 430, Interest on Debt to Municipality; and Account 431, Other Interest Charges.

Notes

The 2022 borrowing is for both 2022 and 2023 projects.
The 2024 borrowing is for both 2024 and 2025 projects (to be in service in 2026).

VILLAGE OF
McFarland

SUMMARY SHEET

MEETING DATE: **Wednesday, September 27, 2023**

SECTION: **Business**

DEPARTMENT: **Public Works**

CONTACT: **Lee Igl, Public Works Director, Matt Schuenke, Village Administrator, Aimee Irwin, Assistant to the Public Works Director**

AGENDA ITEM: **Discussion and action to make a recommendation to the Village Board regarding Resolution 2023-16: A resolution approving the change of Public Fire Protection to a direct charge to utility customers.**

PREVIOUS ACTION:
None.

ISSUE SUMMARY:
The Village provides public fire protection services through our Fire and Rescue Department. A key piece to fighting fires is obviously the provision of water to do so. The creation of a water utility and the installation of mains that provide water to homes also affords the opportunity to add hydrants for public fire protection within an urban setting. If we didn't have the infrastructure through the utility, we wouldn't have the ability to install hydrants that access the mains for water and would be setup with tenders (large tanker like trucks) for rural fire protection systems. The public fire protection charge is created as a cost recovery means to provide this water especially in large rapid quantities. An overview is summarized through this link via the PFC. The entire infrastructure (i.e. – assets) including hydrants are paid for by the rate payers and is a functionality within a system born through the utility. All properties in the Village are protected in this manner through the service provided by the levy but not all properties pay directly for that protection as they do within the utility. If we shift the charge from the levy to the rate payer, all users of the utility are supporting the cost to allow for the ability to provide this service allowing for fire protection to be provided in this manner. In its current state, the tax levy covers this cost which, in theory, for the tax exempt properties they benefit from service without covering the cost. It is all a public service and making it consistent in how/who provides it through what payment mechanism addresses that issue.

We are not alone in making this shift. Within the current region the following communities charge their Public Fire Protection through the Utility: Cottage Grove, DeForest, Edgerton, Fitchburg, Madison, Marshall, Middleton, Monona, Mount Horeb, Oregon, Stoughton, Sun Prairie, Waunakee, and Westport. Essentially these make up nearly all of our comparables. Statewide it varies a bit more. A bit dated but in 2016 the PSC did a study on PFP and noted that 33% of utilities statewide recovered this through a direct charge, 15% through a combination of direct and municipal (tax levy) and 49% through a municipal charge (tax levy). About half the utilities in the State, 7 years ago were charging at least some amount for public fire protection to the rate payers. It is likely that today this number has increased given the fiscal challenges municipalities face to fund their operations.

As part of the conventional rate case being filed with the Public Service Commission, a resolution is required in order to move the Public Fire Protection from the tax levy to a direct charge to utility customers. The current rate file for the utility, schedule F-1, explains that the Public Fire Protection Service is an annual charge to the Village of McFarland in the amount of $472,300.

Operationally speaking the Village does not have very much control on the levy where as through the rate application process has more discretion on how/when it makes application to the PSC. The tax levy is limited by net new construction on how much it can raise each year which does not have an exemption for public fire protection. The charge is paid for 100% through the levy which creates a limiting factor operationally on how service can be provided. A shift from the levy to the rates can free up those funds to allow for those funds to go towards other operational needs identified by the Village. Within the utility though, we have discretion on whether to make application to the PSC for a conventional or simple rate case in order to fund its operations. As stated earlier, the shift also casts a wider net on properties than we presently are able to do on the levy. This is a familiar issue most municipalities find themselves in, and at least partially reason why we have to consider this change given the fiscal constraints we are under and the lack of local control we have to fully manage our operational costs.

FINANCIAL/BUDGET IMPACT:
The presently budgeted amount as set by the last conventional rate case is $475,000 inclusion on the tax levy for the public fire protection charge. The current median home value for a single family home in the Village is $390,600 as of January 1, 2023. Given that this is a 100% levy expense, we would expect it to cost the median home approximately $128.02 per year.

Estimating the PFP charge directly to customers is a little challenging because it depends on two things: (1) the total amount of costs that is allocated to the PFP function in the new rate study and (2) the number of customers by meter size. In an overly simplistic manner, the current total of $475,000 divided by the number of customers would be $132/year which is a method in which the charge is applied the same to all customers. Essentially, this is comparable to what is experienced on the levy. However, if meters of 1" and larger have a higher charge at a different scale then the residential charge with smaller meters would be less. The conventional rate case will increase the PFP charge and then we will need to recalculate this formula based on what the application is decided on to the PFC.

VILLAGE PLAN REFERENCE:
None.

ORDINANCE REFERENCE:
None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:
Recommended motion:

VILLAGE OF
McFarland

Motion and second to recommend approval to the Village Board for resolution 2023-16: a resolution approving the change of Public Fire Protection to a direct charge to utility customes.

ATTACHMENTS:

1. 2023-16 Fire Protection Charge Shift

RESOLUTION 2023-16

A RESOLUTION AUTHORIZING THE DIRECT CHARGE OF PUBLIC FIRE PROTECTION

WHEREAS, the Village of McFarland(the 'Municipality') owns and operators the McFarland Water and Sewer Utility (the 'Utility) as a public utility; and

WHEREAS, the Municipality provides fire protection for the benefit of the public health, safety, and well-being of its residence; and

WHEREAS, the Municipality is authorized by the Wisconsin Public Service Commission (PSC) to recover the cost of providing and maintaining fire hydrants used for public protection; and

WHEREAS, the Municipality has included the annual public fire protection charge due to the water utility on the Village's property tax levy; and

WHEREAS, Wisconsin State Statute Section 196.03(3)(b) allows the Village Board to collect the public fire protection charge through the tax levy or as a direct charge on the water utility bills or a combination of both;

WHEREAS, to provide greater equity for the cost the Village Board desires to place the entire public fire protection charge on the utility bills as a direct charge for all general customer users; and

WHEREAS, the Municipality desires to use the equivalent meter method for calculating the direct charge;

NOW THEREFORE, BE IT RESOLVED, that the Village Board does request Public Service Commission approval to place the entire Public Fire Protection charge as a direct charge on the utility bill using the equivalent meter method; and

BE IT FURTHER RESOLVED, that Village staff are authorized to work with Public Service Commission staff in implementing this request and this chis change shall be effective upon review and approval by the Public Service Commission of the State of Wisconsin.

Adopted and approved this __ day of ___________, 2023.

APPROVED:

____
Carolyn A. Clow, Village President

ATTEST:

____
Cassandra Suettinger, Deputy Administrator/Clerk

RESOLUTION # 2023-16	
MOTION	SECOND
ACTION	DATE
Adopted	
Referred	
Tabled	
Withdrawn	
Defeated	
Published	
INDIVIDUAL VOTING RECORD	
Brandt -	Flaherty –
Brassington –	Jerke –
Clow –	Wreh –
Fessler –	
VOTING RESULTS	
Motion Carried	
Motion Defeated:	