

DATE MAILED

SEP 23 2010

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of South Milwaukee Water Utility, Milwaukee County,
Wisconsin, for Authority to Increase Water Rates

5590-WR-106

FINAL DECISION

This is the Final Decision in the Class 1 proceeding conducted by the Public Service Commission (Commission) on the application of South Milwaukee Water Utility (applicant) for approval to increase water rates. This application is APPROVED subject to conditions.

Introduction

The applicant applied to the Commission on April 2, 2010, for authority to increase water rates. Pursuant to due notice, the Commission held a telephonic hearing at Madison and South Milwaukee on September 9, 2010, before Administrative Law Judge Michael E. Newmark. The applicant is the only party to this proceeding.

Findings of Fact

1. The applicant's presently authorized rates for water utility service will produce operating revenues of \$2,211,691 for the 2010 test year. These rates fall short of the test year revenue needed by \$1,111,091.
2. The estimated net investment rate base applicable to water utility operations for the 2010 test year is \$15,498,010.
3. The rate changes set forth for water service in Appendix C will permit the applicant to earn the necessary revenue requirement and are consistent with the cost of service and rate design.

Conclusions of Law

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

Opinion

Net Investment Rate Base

The estimated net investment rate base for the 2010 test year is as follows:

Utility Financed Plant in Service	\$18,832,877
Less: Accumulated Provision for Depreciation	<u>\$3,129,732</u>
Net Plant in Service	\$15,703,145
Plus: Materials and Supplies	47,076
Less: Regulatory Liability for Pre-2003 Accumulated Depreciation - CIAC	<u>252,211</u>
Net Investment Rate Base	<u>\$15,498,010</u>

Comparative Income Statement

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

	<u>At Present Rates</u>	<u>Authorized Increase</u>	<u>After Rate Increase</u>
Operating Revenues	\$2,211,691	\$1,111,091	\$3,322,782
Operating Expenses:			
Oper. & Maint. Exp.	\$1,315,142		\$1,315,142
Depreciation	560,694		560,694
Amortization	123,867		123,867
Taxes & Tax Equiv.	<u>431,943</u>		<u>431,943</u>
Total Oper. Expenses	<u>\$2,431,646</u>		<u>\$2,431,646</u>
Oper. Income (or Loss)	<u>(\$219,955)</u>		<u>\$891,136</u>
Rate of Return	-%		5.75%

The depreciation expense included in the revenue requirement for the 2010 test year was computed using the depreciation rates shown in Appendix E. These depreciation rates are

effective on January 1, 2010, for computing the depreciation expense on the average investment for each plant account.

Capital Structure

The applicant's capital employed in providing public utility service that is associated with the net investment rate base is estimated to be 37.10 percent municipal equity and 62.90 percent long-term debt. The composite cost of debt is 2.61 percent. A return on rate base of 5.75 percent will provide an adequate return on municipal earning equity and 3.50 times interest coverage.

Cost of Service

The Commission staff submitted for the record an analysis of the cost of supplying water for general service and for public fire protection service. The staff used the base-extra capacity cost allocation method for the analysis. Under this method, the operating expenses are allocated first to the service cost functions of extra-capacity maximum-day and maximum-hour demand, base, customer, and fire protection and then to each of the customer classes served. Summaries of such analyses, based on allocations that are reasonable and just, are shown in Schedules 8 and 11 of Exhibit 4 of the record in this proceeding. Appendix B shows customer class revenue requirements resulting from the cost analysis compared with revenues at authorized rates.

Rates

Water service rates authorized in this decision will result in an estimated net operating income of approximately \$891,136 which provides a 5.75 percent return on the water utility net investment rate base of \$15,498,010. The applicant was provided with staff's proposed rates for review prior to the hearing and had no objection to these rates.

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

The Commission received written public comments from 17 individuals expressing opposition to the rate increase. In general, these comments indicated concerns with the overall magnitude of the increase and its impact on customers, but not with the details of the cost of service study or the rate design. In addition, 39 water customers appeared at the hearing of which 29 registered in opposition, two registered in support, and eight registered as interest may appear. Of those appearing at the hearing, 12 provided oral comments describing the reasons for their opposition to the rate increase. Most expressed concern with the level of rate increase in this bad economic environment. Another raised concern about the effects of the rate increase on a local business that wishes to expand production and hire more people. One person commented on the effects of the rate increase on landlords whose tenants would be unable to pay their water bills. A few customers commented that the City could have investigated other options before constructing expensive plant improvements.

The Commission appreciates and is sensitive to the customers' concerns in this matter. However, the Commission finds that the revenue resulting from the authorized rates is necessary to provide for the financial needs of the utility over the long-term. Applicant has elected a lower than market rate of return. This decision results in lowering the requested rate increase by \$116,235 or approximately 10 percent.

A significant factor in the need for this larger increase is the result of the \$9,400,000 water treatment plant improvements the utility made to its existing facilities in 2009. The utility did investigate the alternatives to South Milwaukee maintaining its own water supply when these plant improvements were in their planning stage. Price quotes were obtained for wholesale water purchase arrangements with neighboring systems where South Milwaukee would continue to maintain its utility operations, distribution system maintenance, meter reading, billing, etc. The total package of wholesale water costs and water transmission main construction did not favor abandonment of South Milwaukee's water treatment plant.

The Commission concludes that the rates as proposed by Commission staff would provide a reasonable and nondiscriminatory recovery of the revenue requirement. Accordingly, the Commission will hereby authorize staff's proposed rates as shown in Exhibit 5 of the hearing record.

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

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

The overall increase in annual revenues is 53 percent, comprised of a 58 percent increase in general service charges and a 35 percent increase in fire protection charges. A typical residential customer's bill will rise 56 percent. Rates have risen because of an 83 percent increase in gross plant investment and a 42 percent increase in operating expenses since the applicant's last rate case in 2004. The typical bills calculated using the authorized rates are above average when compared with those of similar water utilities in the state.

The general service charges will increase by 58 percent, compared to a 35 percent increase in the annual public fire protection charge. The larger increase in general service charges results because a greater proportion of the annual operating costs is allocated to general service than was allocated at the time of the applicant's last rate proceeding, based on current ratios of maximum general service demand to available system fire protection capacity. The larger increase in general service charges is reasonable in that it appropriately reflects the cost of providing service.

The authorized general service rates provide a greater percentage increase to large-volume users than for average residential customers. This greater increase is caused by the

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

The applicant has agreed to revise its operating rules to be consistent with those of other Wisconsin water utilities. The proposed rules were incorporated into the record by receipt of Exhibit 4 which incorporates the rules by reference. The proposed rules are reasonable and just and in accordance with Commission policy and the Wisconsin Administrative Code.

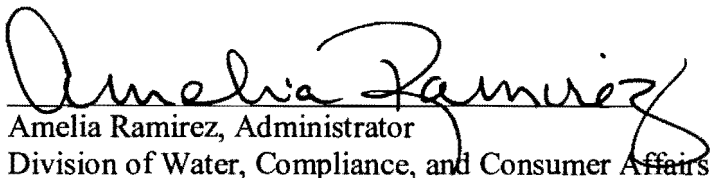
The applicant bills tri-annually. The authorized rates and rules for water service shall be made effective as soon as possible after issuance of this decision in accordance with Wis. Stat. §§ 196.21 and 196.40.

Order

1. South Milwaukee Water Utility shall discontinue its existing water rates and rules for service and make effective for water service the rates and rules set forth in Appendix C.
2. The effective date of this Final Decision shall be no sooner than one day after mailing to the parties. The applicant shall inform the Commission, in writing, of the date that the authorized rates and rules are to take effect.
3. The rates approved in this docket are to be made effective no later than 90 days from the mailing date of this Final Decision or as directed by the Commission or Commission staff.
4. South Milwaukee Water Utility shall inform each customer of the new rates as required by Wis. Admin. Code § PSC 185.33(1).
5. The Commission retains jurisdiction.

Dated at Madison, Wisconsin, September 22, 2010

For the Commission:


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

AR:VMK:pr:g:\order\pending\5590-WR-106 Final Decision

See attached Notice of Appeal Rights

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

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

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

PETITION FOR REHEARING

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

PETITION FOR JUDICIAL REVIEW

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

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

Revised: December 17, 2008

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

Appearances:

South Milwaukee Water Utility, applicant, by

Douglas Fisher, Superintendent
Jane Niggemann, Office Manager
Wendi Unger, CPA/Partner

Of the Commission Staff:

Kathleen Butzlaff, Audit Manager
Vishwa Kashyap, Rate Engineer

In Opposition:

Harry Glinecki, Utility Customer
Melanie Poser, Utility Customer
Chris Lampton Sr., Utility Customer
Kathleen Chronert, Utility Customer
Douglas Poff, Utility Customer
William Beebe, Utility Customer
Mike Narloch, Utility Customer
William Schober, Utility Customer
Carol Michalzik, Utility Customer
Ellen Alexander, Utility Customer
Alvin Berezinski, Utility Customer
Cathy Bruck, Utility Customer
Lawrence Zimmerman, Utility Customer
Jerome Kromraj, Utility Customer
Doyne Parmelee, Utility Customer
Christine Paul, Utility Customer
Cynthia Weiss, Utility Customer
Robert Chronert, Utility Customer
Judith Kromraj, Utility Customer
Maxine Lendobeja, Utility Customer
Nicole House, Utility Customer
Bernadine Williams, Utility Customer
Carol Grotte, Utility Customer
Kristin Drenzek, Utility Customer
Shirley Kendziorski, Utility Customer
Mary Ann Pajewski, Utility Customer
Shelly Maittand, Utility Customer
LaVonne Leonard, Utility Customer
Dolores Fenelon, Utility Customer

In Support:

Ruth Wisniewski, Utility Customer
Tami Mayzik, Utility Customer

As Interest May Appear:

John Leonard, Utility Customer
Shirley Kurowski, Utility Customer
Sally Gabriel, Utility Customer
Kris Osiecki, Utility Customer
Helen Fisher, Utility Customer
Adeline Barrett, Utility Customer
Pat Emer, Utility Customer
Mike Karbowski, Utility Customer

South Milwaukee Water Utility

Comparison of Revenue

at

Present Rates, Cost of Service and Authorized Rates

Customer Class	Revenue at Present Rates	Cost of Service		Authorized Rates		
		Revenue Required	Increase Over Present Rates	Revenue	Increase Over Present Rates	Percent of Cost of Service
Residential	\$ 1,120,564	\$ 1,686,134	50%	\$ 1,745,808	56%	104%
Commercial	341,355	580,988	70%	559,042	64%	96%
Industrial	95,904	164,771	72%	157,444	64%	96%
Public Authority	88,405	168,699	91%	144,244	63%	86%
Public Fire Protection	<u>450,616</u>	<u>607,342</u>	35%	<u>607,342</u>	35%	100%
Total	<u>\$ 2,096,844</u>	<u>\$ 3,207,934</u>	<u>53%</u>	<u>\$ 3,213,880</u>	<u>53%</u>	<u>100%</u>

South Milwaukee Municipal Water Utility

Authorized Water Rates and RulesPublic Fire Protection Service - - - F-1

The annual charge for public fire protection service to the City of South Milwaukee shall be \$607,342.

This service shall include the use of hydrants for fire protection service only and such quantities of water as may be demanded for the purpose of extinguishing fires within the service area. This service shall also include water used for testing equipment and training personnel. For all other purposes, the metered or other rates set forth, or as may be filed with the Public Service Commission, shall apply.

Private Fire Protection Service - Unmetered - - - Upf-1

This service shall consist of permanent or continuous unmetered connections to the main for the purpose of supplying water to private fire protection systems such as automatic sprinkler systems, standpipes, and private hydrants. This service shall also include reasonable quantities of water used for testing check valves and other backflow prevention devices.

Triannual Private Fire Protection Service Demand Charges:

2-inch or smaller connection	\$ 32.00
3-inch connection	\$ 60.00
4-inch connection	\$ 100.00
6-inch connection	\$ 200.00
8-inch connection	\$ 320.00
10-inch connection	\$ 480.00
12-inch connection	\$ 640.00

Billing: Same as Schedule Mg-1.

General Service - Metered - - - Mg-1

Triannual Service Charges:

5/8 -inch meter - \$	24.00	3 -inch meter - \$	132.00
3/4 -inch meter - \$	24.00	4 -inch meter - \$	204.00
1 -inch meter - \$	36.00	6 -inch meter - \$	300.00
1 1/4 -inch meter - \$	48.00	8 -inch meter - \$	420.00
1 1/2 -inch meter - \$	60.00	10 -inch meter - \$	800.00
2 -inch meter - \$	84.00	12 -inch meter - \$	780.00

Plus Volume Charges:

First	5,000 cubic feet used triannually - \$2.95 per 100 cubic feet
Next	95,000 cubic feet used triannually - \$2.60 per 100 cubic feet
Next	900,000 cubic feet used triannually - \$2.25 per 100 cubic feet
Over	1,000,000 cubic feet used triannually - \$1.90 per 100 cubic feet

Billing: Bills for water service are triannually and become due and payable upon issuance following the period for which service is rendered. A late payment charge of 3 percent but not less than 50 cents will be added to bills not paid within 20 days of issuance. This ONE-TIME 3 percent late payment charge will be applied only to any unpaid balance for the current billing period's usage. This late payment charge is applicable to all customers. The utility customer may be given a written notice that the bill is overdue no sooner than 20 days after the bill is issued. Unless payment or satisfactory arrangement for payment is made within the next 10 days, service may be disconnected pursuant to Wis. Admin. Code ch. PSC 185.

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

Other Charges - - - OC-1

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

Billing: Same as Schedule Mg-1.

General Service - Suburban - - - Mg-2

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

Billing: Same as Schedule Mg-1.

Public Service - - - Mpa-1

Water service supplied to municipal buildings, schools, sewer treatment plants, etc., shall be metered and the regular metered service rates (Schedule Mg-1) applied.

Water used on an intermittent basis for flushing sewers, street sprinkling, flooding skating rinks, drinking fountains, etc., shall be metered where meters can be set to measure the service. Where it is impossible to measure the service, the superintendent shall estimate the volume of water used based on the pressure, size of opening, and period of time water is allowed to be drawn. The estimated quantity used shall be billed at the rate of \$2.25 per 100 cubic feet.

Billing: Same as Schedule Mg-1.

General Water Service - Unmetered - - - Ug-1

Where the utility cannot immediately install its water meter, service may be supplied temporarily on an unmetered basis. Such service shall be billed at the rate of \$97.75 triannually. This rate shall be applied only to single-family residential and small commercial customers and approximates the cost of 2,500 cubic feet of water triannually under Schedule Mg-1. If it is determined by the utility that usage is in excess of 2,500 cubic feet of water triannually, an additional charge per Schedule Mg-1 will be made for the estimated additional usage.

Billing: Same as Schedule Mg-1.

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

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

For disconnections of service not previously considered as seasonal, emergency, or temporary, if service is resumed at the same premises by the same customer within a 12-month period, and if there has been no service to another customer during the intervening period, the customer shall be billed for the pro rata share of the applicable service charge for the period of disconnection.

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

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

Billing: Same as Schedule Mg-1.

Building and Construction Water Service - - - Mz-1

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

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

Billing: Same as Schedule Mg-1.

Bulk Water - - - BW-1

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

Bulk water sales are:

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

A charge for the volume of water used will be billed to the party using the water at \$2.95 per 100 cubic feet. A service charge, in addition to the volumetric charge, will be \$40.00. In addition,

for meters that are assigned to bulk water customers for more than 30 days, the applicable service charge in Schedule Mg-1 will apply after the first 30 days.

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

Billing: Same as Schedule Mg-1.

Remote Reading Register Meter Attachment - - - Mr-1

Delete.

Reconnection Charges - - - R-1

	<u>During Normal Business Hours</u>	<u>After Normal Business Hours</u>
Reinstallation of meter, including valving at curb stop	\$ 40.00	\$ 50.00
Valve turned on at curb stop	\$ 35.00	\$ 45.00

Note: No charge for disconnection.

Billing: Same as Schedule Mg-1.

Water Lateral Installation Charge - - - Cz-1

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

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

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

Billing: Same as Schedule Mg-1.

Rules and Regulations - - - X-1

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

Water Main Extension Rule - - - X-2

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

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

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

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

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

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

South Milwaukee Water Utility

Customer Water Bill Comparison at Present and Authorized Rates

Customer Type	Meter Size (Inches)	Volume 100 Cu. Ft.	Triannual		Percent Change
			Bills at Old Rates	Bills at New Rates	
Small Residential	5/8	12	\$ 39.16	\$ 59.40	52%
Average Residential	5/8	25	62.82	97.75	56%
Large Residential	5/8	45	99.22	156.75	58%
Commercial	5/8	121	216.24	356.10	65%
Commercial	3	1,265	2,001.24	3,345.75	67%
Commercial	3	1,305	2,055.64	3,435.75	67%
Commercial	3	1,373	2,148.12	3,588.75	67%
Public Authority	4	2,016	3,077.13	5,107.50	66%
Commercial	2	2,160	3,179.96	5,311.50	67%
Industrial	3	3,352	4,839.56	8,041.50	66%
Industrial	6	3,430	5,115.64	8,385.00	64%
Public Authority	6	4,615	6,727.24	11,051.25	64%
Public Authority	3	6,216	8,734.60	14,485.50	66%
Public Authority	6	8,020	11,358.04	18,712.50	65%
Industrial	4	9,727	13,564.09	22,457.25	66%
Public Fire Protection (Annual charge)			450,616.00	607,342.00	35%

South Milwaukee Water Utility
Schedule of Depreciation Rates
Effective January 1, 2010

<u>Account Number</u>	<u>Class of Plant</u>	<u>Depr. Rate</u>
	SOURCE OF SUPPLY PLANT	
313	Lake, River and Other Intakes	1.7%
	PUMPING PLANT	
321	Structures and Improvements	3.2%
325	Electric Pumping Equipment	4.4%
328	Other Pumping Equipment	4.4%
	WATER TREATMENT PLANT	
331	Structures and Improvements	3.2%
332	Sand and Other Media Filtration Equipment	3.3%
333	Membrane Filtration Equipment	6.0%
334	Other Water Treatment Equipment	6.0%
	TRANSMISSION AND DISTRIBUTION PLANT	
342	Distribution Reservoirs and Standpipes	1.9%
343	Transmission and Distribution Mains	1.3%
345	Services	2.9%
346	Meters	5.5%
348	Hydrants	2.2%
	GENERAL PLANT	
390	Structures and Improvements	2.9%
391	Office Furniture and Equipment	5.8%
391.1	Computer Equipment	26.7%
392	Transportation Equipment	13.3%
393	Stores Equipment	5.8%
394	Tools, Shop and Garage Equipment	5.8%
395	Laboratory Equipment	5.8%
396	Power Operated Equipment	7.5%
397	Communication Equipment	15.0%
397.1	SCADA Equipment	9.2%
398	Miscellaneous Equipment	8.3%