

## Fox Crossing Utility Water Rate Change Application Notice

As announced in the spring of 2021, Fox Crossing Utilities has been working on a water rate study. On September 30, 2021, a rate file application was filed with the Public Service Commission of Wisconsin (PSCW) to increase water rates. The last water rate increase was effective March 1, 2012. During the past 9 years, operating costs for the utility have risen significantly. In addition, the utility has replaced a significant quantity of mains and made substantial upgrades to the treatment plants and wells, which has always been costly, but even more so the last few years due to increased construction and material costs. With the announcement this summer of Clearwater Paper shutting down its' operations on Lake Street, the rate file application is even more timely. Clearwater accounted for approximately 13% of all water usage, approximately 85M gallons, and about \$365,000 of billing revenue.

The utility was created in the 1960's with ductile iron and cast iron piping for the mains, which had an expected useful life of 60 to 80 years. However, the utilities' experience has been only 40 to 50 years, with several areas being less than 30 years, which is attributed to the soil conditions of the Village. The PSCW authorized rates does include a depreciation component, but, with the infrastructure needing to be replaced earlier than expected, the rate structure is not adequate. Note however that the initial infrastructure costs for new sub-divisions and additions to the water system are paid for by the project developer and then contributed to the utility district.

These contributing factors have led to a decrease in operating income, cash flow, and rate of return for the utility; creating cash flow challenges and the utility to come close to not meeting required debt coverage financial covenants.

Over the next few months, the PSCW will review the application submitted, hold a public hearing, and ultimately issue new rates and rate tariff file. We expect the rates to be effective during the middle of 2022. The initial study and application is requesting a rate increase of 36.25% but we expect this to change based on the PSCW review.

The PSCW's rate case process provides transparency and the opportunity for comment. More detailed information on rate case proceedings can be found at the PSCW website (<https://psc.wi.gov/Pages/Home.aspx>) and its' Frequently Asked Questions page (<https://psc.wi.gov/Pages/ForConsumers/UtilityRatesFAQ.aspx>)

To receive notifications of documents that are filed to PSCW's Electronic Records Filing System, you can subscribe to the docket (**#3550 WR 106**) here <https://apps.psc.wi.gov/ERF/ERF/ERFhome.aspx>.