

# **VERONA WATER UTILITY**

Verona, Wisconsin

## **REPORT ON FORECASTED WATER RATES**

Prepared as of

July 30, 2018

# VERONA WATER UTILITY

## TABLE OF CONTENTS

---

Accountants' Compilation Report	1
Summary of Significant Accounting Policies and Significant Assumptions	2 – 4
Application to Increase Rates	5
Telephonic Hearing Information	6
<b>Attachments</b>	
1 Listing of Largest Customers Billed During the Latest 12 Months	7
2a Volume Sales Actual 12 Months	8
2b Service Charges Actual 12 Months	9
2c Sales Forecast Historical Test Year	10
3a Volume Sales Test Year	11
3b Consumer Analysis Test Year	12
4 Public Fire Protection Revenue Test Year (Summary)	13
5 Public Fire Protection Revenue Test Year (Detail)	14
6 Private Fire Protection Revenue Test Year	15
7 Operating Revenues Test Year (Summary)	16
8 Taxes (Test Year Summary)	17
9 Property Tax Equivalent Computation	18
10 Operating Expenses	19 – 20
11 Utility Plant in Service – Utility Financed	21 – 22
11a Utility Plant in Service – Contributed	23 – 24
12 Depreciation Accrual and Expenses	25 – 26
13 Accumulated Depreciation, Materials and Supplies Inventory, and Regulatory Liability and Other Adjustments	27
14 Estimated Rate Base and Increase Requested	28
14a Forecasted Cash Flow	29
14b Forecasted Debt Coverage	30
15 Financing and Debt Summary	31
16 Impact Fees	32
17 Miscellaneous Information	33 – 34
18 Customer Notification	35
19 Notes	36 – 37

ACCOUNTANTS' COMPILATION REPORT

Verona Water Utility  
Verona, Wisconsin

Management is responsible for the accompanying forecasted Attachments 1 through 19 ("Attachments") as identified in the table of contents of the Verona Water Utility, an enterprise fund of the City of Verona for the forecasted year ending December 31, 2018, including the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a financial 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 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 the 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, 2014 through 2017 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.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
July 30, 2018

# VERONA WATER UTILITY

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT ASSUMPTIONS

---

### **NATURE OF FORECAST**

---

This financial forecast presents, to the best of management's knowledge and belief, the Verona Water Utility's expected results of operations for the forecast periods. Accordingly, the forecast reflects its judgment as of July 30, 2018, 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**

---

Verona Water Utility (utility) is a separate enterprise fund of the City of Verona. The utility is managed by the Public Works Committee. 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 quarterly. The utility does not record unbilled revenues.

---

### **EXPENSES**

---

Historical operation and maintenance expenses are reported on the accrual basis. Forecasted 2018 expenses also generally are 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.

---

### **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.

Calculation of plant additions and retirements for test year 2018 were based upon management's estimates and are summarized on Attachments 11 and 11a.

# VERONA WATER UTILITY

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT ASSUMPTIONS (cont.)

---

### **DEPRECIATION**

---

Depreciation is computed using straight line rates authorized by the PSCW applied to the average plant investment balances for the calendar year. See Attachment 12 for calculation of test year 2018 depreciation.

---

### **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 the sewer utility 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. The test year 2018 balance is based on the average balance from 2017 to 2018 and is calculated on Attachment 13.

---

### **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.

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 PSC as of January 1, 2003. To ensure rates are adequate to provide positive cash flow, an analysis of the 2018 estimated cash flows is provided on Attachment 14a.

---

### **TAXES**

---

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

Property tax equivalents for 2018 is based on the 2017 mill rates inflated by 2% and assessment ratio held level per Attachment 9. Social security expenses for 2018 are inflated by 3% in order to match wage increases. The PSCW remainder assessment tax is increased by the estimated percentage increase in revenues. See tax summary on Attachment 8 for detail.

# VERONA WATER UTILITY

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT ASSUMPTIONS (cont.)

---

### **OPERATING REVENUES**

---

The following assumptions are based on discussions with utility management, analysis of historical data for 2014 through 2017, and expected changes for 2018.

#### **METERED SALES**

Forecasted metered sales are based on average consumption per customer times the forecasted number of customers. The number of customers is forecasted based on current levels and anticipated growth. Total consumption is distributed to the rate blocks based on percentages determined from the most recent historical consumer analysis. Please refer to Attachment 2a for forecasted customer and volume changes.

#### **PUBLIC FIRE PROTECTION**

Public fire protection is forecasted based on the current flat fee municipal charge per the rate tariff and is shown on Attachment 4.

#### **PRIVATE FIRE PROTECTION**

Private fire protection was forecasted based on actual 2017 connections. The calculation is shown on Attachment 6.

#### **OTHER WATER REVENUE**

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

---

### **OPERATING EXPENSES**

---

Operation and maintenance expenses are forecasted based on the following:

1. Proposed 2018 utility budget.
  2. Historical trends from 2014 – 2017.
  3. Specific knowledge of expenses the utility will incur as outlined on Attachment 19.
  4. Significant non-routine maintenance costs are normalized for rate making purposes.
  5. Inflationary increases of 2% in 2018.
- 

### **DEBT SERVICE**

---

The utility is forecasting a new debt issue in 2018 for \$250,000 which is included on Attachment 15. Management anticipates the interests will range from 2.25% to 3.63% over the term of the bonds.

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



**Application to Increase Rates**  
**Public Service Commission of Wisconsin**  
 P.O. Box 7854  
 Madison, WI 53707-7854

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:  
 Verona Water Utility

Type of rate increase requested:  
 Water                       Sewer                       Both

Reason for rate increase request:  
 Current water revenues do not meet the needs of the utility. The water utility earned a 1.15% rate of return in 2017. The last full rate study was completed in 2010. Since that time the utility has experienced growth and significant capital investment.

Contact Personnel Information		
	Utility	Consultant
Name	Verona Water Utility	Baker Tilly Virchow Krause, LLP
Contact Person (1)	Theran Jacobson, P.E.	Jodi Dobson
Contact Person (2)	Vicki Lawry	Gwen Zech
Street or P.O. Box	410 Investment Court	PO Box 7398
City and Zip Code	Verona 53593	Madison 53707
County or Counties	Dane	
Telephone Number (1)	608-497-2071	608-240-2469
Telephone Number (2)	608-845-6495	608-240-2443
E-Mail Address	<a href="mailto:theran.jacobson@ci.verona.wi.us">theran.jacobson@ci.verona.wi.us</a> <a href="mailto:vicki.lawry@ci.verona.wi.us">vicki.lawry@ci.verona.wi.us</a>	<a href="mailto:jodi.dobson@bakertilly.com">jodi.dobson@bakertilly.com</a> <a href="mailto:gwen.zech@bakertilly.com">gwen.zech@bakertilly.com</a>
Fax Number	608-845-5761	608-249-8532
Best Hours between 7:30 am & 5:00 pm	8:00 am - 4:30 pm	8:00 am - 5:00 pm
Days Available	M - F	M - F

Verona Water Utility

Telephonic Hearing Information

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.)*

City Hall
Council chambers
111 Lincoln St. Verona, WI 53593
608-845-6495

- 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.)*

--

## **ATTACHMENTS**

Verona Water Utility

**PART 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 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 billing period date that the consumption was billed.

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"	3/31/2018	137	Mgal	3 months
Residential 2	Res.	5/8"	9/30/2017	96	Mgal	3 months
Residential 3	Res.	1"	6/30/2017	74	Mgal	3 months
Residential 4	Res.	5/8"	9/30/2017	74	Mgal	3 months
Multifamily Residential 1	MF	3"	9/30/2017	514	Mgal	3 months
Multifamily Residential 2	MF	2"	9/30/2017	743	Mgal	3 months
Multifamily Residential 3	MF	5/8"	9/30/2017	355	Mgal	3 months
Multifamily Residential 4	MF	2"	9/30/2017	757	Mgal	3 months
Commercial 1	Com.	6"	3/31/2018	3,749	Mgal	3 months
Commercial 2	Com.	4"	6/30/2017	1,612	Mgal	3 months
Commercial 3	Com.	2"	3/31/2018	1,117	Mgal	3 months
Commercial 4	Com.	1 1/2"	3/31/2018	1,108	Mgal	3 months
Industrial 1	Ind.	2"	6/30/2017	6,054	Mgal	3 months
Industrial 2	Ind.	3"	9/30/2017	1,457	Mgal	3 months
Industrial 3	Ind.	3"	12/31/2017	1,162	Mgal	3 months
Industrial 4	Ind.	4"	9/30/2017	1,066	Mgal	3 months
Public Authority 1	P.A.	2"	3/31/2018	1,642	Mgal	3 months
Public Authority 2	P.A.	2"	9/30/2017	612	Mgal	3 months
Public Authority 3	P.A.	3"	3/31/2018	233	Mgal	3 months
Public Authority 4	P.A.	2"	3/31/2018	190	Mgal	3 months
Irrigation 1	Irr.					
Irrigation 2	Irr.					
Irrigation 3	Irr.					
Irrigation 4	Irr.					

**PART 2:**

Provide information about your billing procedures.

1. How do you send your water bills?

Envelopes

2. What is your billing frequency for residential customers?

Quarterly

3. How frequently do you read residential customer meters?

Quarterly

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

Meters are read continuously on consecutive days until complete.

Please explain if meters read in cycles:

5. What is the estimated start date for reading meters for your next billing period?

6/13/2018

Verona Water Utility

VOLUME SALES

Billing Periods per Year:  Actual Latest 12 Months Ending:

Does the utility have class-based volume rates?   
 Class-based rates are separate rate schedules for residential, multifamily, nonresidential (commercial, industrial, public authority) or irrigation classes

Which rate schedules do you have?  
 Nonresidential  Multifamily   
 Irrigation

	Volume Block	Residential	Nonresidential	Multifamily Residential
First	30,000	\$2.47	\$2.78	\$2.78
Next	70,000	\$2.47	\$2.52	\$2.52
Next	-	\$0.00	\$0.00	\$0.00
Next	-	\$0.00	\$0.00	\$0.00
Over	100,000	\$2.47	\$1.56	\$1.56

	Residential Units	Multifamily Residential Units	Commercial Units	Industrial Units	Public Authority Units	Irrigation Units	Total
First 30,000	201,664	10,256	19,938	3,113	4,036	0	239,007
Next 70,000	5,165	14,662	19,850	3,933	4,783	0	48,393
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
Over 100,000	84	15,768	47,833	38,348	8,742	0	110,775
<b>Total Units</b>	<b>206,913</b>	<b>40,686</b>	<b>87,621</b>	<b>45,394</b>	<b>17,561</b>	<b>0</b>	<b>398,175</b>
<b>Unit Revenues</b>	<b>\$ 511,075</b>	<b>\$ 90,058</b>	<b>\$ 180,069</b>	<b>\$ 78,388</b>	<b>\$ 36,911</b>	<b>\$ -</b>	<b>\$ 896,501</b>

Please refer to Accountants' Report, Summary of Significant Accounting Policies, and Significant Assumptions.

**SERVICE CHARGES**

<b>Billing Periods per Year:</b>		4		<b>Actual Latest 12 Months Ending:</b>				March 30, 2018	
		<b>Residential</b>	<b>Multifamily Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Public Authority</b>	<b>Irrigation</b>		
<b>Meter Size</b>	<b>Charge</b>	Average No. of Meters	Average No. of Meters	Average No. of Meters	Average No. of Meters	Average No. of Meters	Average No. of Meters		<b>Totals</b>
5/8"	\$15.71	4,225	10	243	19	9	0		4,506
3/4"	\$15.71	0	0	0	0	0	0		0
1"	\$27.81	4	31	58	8	8	0		109
1 1/4"	\$38.63	0	0	0	0	0	0		0
1 1/2"	\$46.35	2	23	18	4	8	0		55
2"	\$70.04	0	23	24	5	16	0		68
2 1/2"	\$0.00	0	0	0	0	0	0		0
3"	\$108.15	0	4	17	2	3	0		26
4"	\$164.80	0	0	4	1	1	0		6
6"	\$290.46	0	0	4	0	0	0		4
8"	\$440.84	0	0	5	0	1	0		6
10"	\$638.60	0	0	2	0	0	0		2
12"	\$835.33	0	0	0	0	0	0		0
<b>Total Meters</b>		4,231	91	375	39	46	0		4,782
<b>Fixed Revenues</b>		\$ 266,315	\$ 16,515	\$ 60,347	\$ 5,751	\$ 11,142	\$ -		360,069
<b>Total Volume Revenue</b>		\$ 511,075.11	\$ 90,058.00	\$ 180,069.12	\$ 78,388.18	\$ 36,910.76	\$ -		\$ 896,501
<b>Surcharges, etc.</b>		(\$8,542)	\$0	\$0	\$0	\$2,604	\$0		-\$5,938
<b>Total Revenues Per Analysis</b>		\$768,848	\$106,573	\$240,416	\$84,139	\$50,656	\$0		\$1,250,632
<b>Total Actual Billed Revenues</b>		\$750,514	\$106,666	\$237,923	\$83,804	\$49,466	\$0		\$1,228,373
<b>Dollar Variance</b>		\$18,334	(\$93)	\$2,493	\$335	\$1,190	\$0		\$22,259
<b>Percent Variance (B)</b>		2.38%	-0.09%	1.04%	0.40%	2.35%	0.00%		1.78%

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

(B) If the percent variance is greater than 3%, the variance must be explained in detail in the Notes, Attachment 19.

Please refer to Accountants' Report, Summary of Significant Accounting Policies, and Significant Assumptions.

**Verona Water Utility  
Test Year 2018  
Sales Forecast Historical**

<b>Residential</b>					<b>Commercial</b>				
<u>Year</u>	<u>Avg. # Customers</u>	<u>Usage (Mgals)</u>	<u>Avg/Cust/Qtr (Mgals)</u>	<u>Change in Customer Ct</u>	<u>Year</u>	<u>Avg. # Customers</u>	<u>Usage (Mgals)</u>	<u>Avg/Cust/Qtr (Mgals)</u>	<u>Change in Customer Ct</u>
2013	3,396	186,805	13.75	0	2013	917	145,052	39.55	0
2014	3,468	181,359	13.07	72	2014	884	108,628	30.72	-33
2015	3,548	181,163	12.77	80	2015	906	109,179	30.13	22
2016	4,203	201,699	12.00	655	2016	384	90,270	58.77	-522
2017	4,231	203,531	12.03	28	2017	375	85,603	57.07	-9
2018	4,341	212,190	12.22	110	2018	386	90,160	58.39	11
<b>Averages:</b>					<b>Averages:</b>				
<b>5-year avg</b>	3,769	190,911	12.66	0.00	<b>5-year avg</b>	693	107,746	38.86	0.00
<b>4-year avg</b>	3,863	191,938	12.42	208.75	<b>4-year avg</b>	637	98,420	38.61	-135.50
<b>3-year avg</b>	3,994	195,464	12.23	254.33	<b>3-year avg</b>	555	95,017	42.80	-169.67
<b>2-year avg</b>	4,217	202,615	12.01	341.50	<b>2-year avg</b>	380	87,937	57.93	-265.50
<b>2017</b>	4,231	203,531	12.03	28.00	<b>2017</b>	375	85,603	57.07	-9.00

<b>Multifamily Residential</b>					<b>Public Authority</b>				
<u>Year</u>	<u>Avg. # Customers</u>	<u>Usage (Mgals)</u>	<u>Avg/Cust/Qtr (Mgals)</u>	<u>Change in Customer Ct</u>	<u>Year</u>	<u>Avg. # Customers</u>	<u>Usage (Mgals)</u>	<u>Avg/Cust/Qtr (Mgals)</u>	<u>Change in Customer Ct</u>
2013	0	0	#DIV/0!	0	2013	46	15,714	85.40	0
2014	76	32,278	106.18	76	2014	46	16,681	90.66	0
2015	83	35,346	106.46	7	2015	47	18,249	97.07	1
2016	88	36,461	103.58	5	2016	46	16,678	90.64	-1
2017	92	40,708	110.62	4	2017	45	16,795	93.31	-1
2018	91	40,690	111.79	-1	2018	46	17,560	95.43	1
<b>Averages:</b>					<b>Averages:</b>				
<b>5-year avg</b>	68	28,959	106.78	0.00	<b>5-year avg</b>	46	16,823	91.43	0.00
<b>4-year avg</b>	85	36,198	106.78	23.00	<b>4-year avg</b>	46	17,101	92.94	-0.25
<b>3-year avg</b>	88	37,505	106.95	5.33	<b>3-year avg</b>	46	17,241	93.70	-0.33
<b>2-year avg</b>	90	38,585	107.18	4.50	<b>2-year avg</b>	46	16,737	91.96	-1.00
<b>2017</b>	92	40,708	110.62	4.00	<b>2017</b>	45	16,795	93.31	-1.00

<b>Irrigation</b>					<b>Industrial</b>				
<u>Year</u>	<u>Avg. # Customers</u>	<u>Usage (Mgals)</u>	<u>Avg/Cust/Qtr (Mgals)</u>	<u>Change in Customer Ct</u>	<u>Year</u>	<u>Avg. # Customers</u>	<u>Usage (Mgals)</u>	<u>Avg/Cust/Qtr (Mgals)</u>	<u>Change in Customer Ct</u>
2013	0	0	#DIV/0!	0	2013	75	35,376	117.92	0
2014	0	0	#DIV/0!	0	2014	75	35,166	117.22	0
2015	0	0	#DIV/0!	0	2015	75	35,431	118.10	0
2016	0	0	#DIV/0!	0	2016	40	39,047	244.04	-35
2017	0	0	#DIV/0!	0	2017	39	43,379	278.07	-1
2018	0	0	0.00	0	2018	39	45,390	290.96	0
<b>Averages:</b>					<b>Averages:</b>				
<b>5-year avg</b>	0	0	#DIV/0!	0.00	<b>5-year avg</b>	61	37,680	154.93	0.00
<b>4-year avg</b>	0	0	#DIV/0!	0.00	<b>4-year avg</b>	57	38,256	167.06	-9.00
<b>3-year avg</b>	0	0	#DIV/0!	0.00	<b>3-year avg</b>	51	39,286	191.33	-12.00
<b>2-year avg</b>	0	0	#DIV/0!	0.00	<b>2-year avg</b>	40	41,213	260.84	-18.00
<b>2017</b>	0	0	#DIV/0!	0.00	<b>2017</b>	39	43,379	278.07	-1.00

Please refer to Accountants' Report, Summary of Significant Accounting Policies, and Significant Assumptions.

Verona Water Utility

VOLUME SALES

Estimates for Test Year

Billing Periods per Year:

Does the utility have class-based volume rates? **Yes**

Which rate schedules do you have?

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

Nonresidential  Multifamily Irrigation

	Volume Block	Rate	Nonresidential	Irrigation	Multifamily Residential
First	30,000	\$2.47	\$2.78		\$2.78
Next	70,000	\$2.47	\$2.52		\$2.52
Next	-	\$0.00	\$0.00		\$0.00
Next	-	\$0.00	\$0.00		\$0.00
Over	100,000	\$2.47	\$1.56		\$1.56

	Residential Units	Multifamily Residential Units	Commercial Units	Industrial Units	Public Authority Units	Irrigation Units	Total
First 30,000	206,940	10,260	20,524	3,110	4,040	0	244,874
Next 70,000	5,170	14,660	20,434	3,930	4,780	0	48,974
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
Over 100,000	80	15,770	49,202	38,350	8,740	0	112,142
<b>Total Units</b>	<b>212,190</b>	<b>40,690</b>	<b>90,160</b>	<b>45,390</b>	<b>17,560</b>	<b>0</b>	<b>405,990</b>
<b>Unit Revenues</b>	<b>\$ 524,109</b>	<b>\$ 90,067</b>	<b>\$ 185,306</b>	<b>\$ 78,375</b>	<b>\$ 36,911</b>	<b>\$ -</b>	<b>\$ 914,769</b>

Please refer to Accountants' Report, Summary of Significant Accounting Policies, and Significant Assumptions.

Verona Water Utility

**WATER UTILITY CONSUMER ANALYSIS**  
Estimates for Test Year

<b>Billing Periods per Year:</b>		<b>4</b>						
		<b>Residential</b>	<b>Multifamily Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Public Authority</b>	<b>Irrigation</b>	
<b>Meter Size</b>	<b>Charge</b>	Average No. of Meters	Average No. of Meters	Average No. of Meters	Average No. of Meters	Average No. of Meters	Average No. of Meters	<b>Totals</b>
5/8"	\$15.71	4,335	10	243	19	9	0	4,616
3/4"	\$15.71	0	0	0	0	0	0	0
1"	\$27.81	4	31	61	8	8	0	112
1 1/4"	\$38.63	0	0	0	0	0	0	0
1 1/2"	\$46.35	2	23	19	4	8	0	56
2"	\$70.04	0	23	24	5	16	0	68
2 1/2"	\$0.00	0	0	0	0	0	0	0
3"	\$108.15	0	4	24	2	3	0	33
4"	\$164.80	0	0	4	1	1	0	6
6"	\$290.46	0	0	4	0	0	0	4
8"	\$440.84	0	0	5	0	1	0	6
10"	\$638.60	0	0	2	0	0	0	2
12"	\$835.33	0	0	0	0	0	0	0
<b>Total Meters</b>		4,341	91	386	39	46	0	4,903
<b>Fixed Revenues</b>		\$ 273,227	\$ 16,515	\$ 63,894	\$ 5,751	\$ 11,142	\$ -	\$ 370,528.92
<b>Total Volume Revenue</b>		\$ 524,109	\$ 90,067	\$ 185,306	\$ 78,375	\$ 36,911	\$ -	\$ 914,769
<b>Surcharges, etc.</b>		(\$8,500)	\$0	\$0	\$0	\$2,600	\$0	(\$5,900)
<b>Total Estimated Revenues</b>		\$788,836	\$106,582	\$249,200	\$84,126	\$50,653	\$0	\$1,279,398
<b>Estimated Customer Growth for the Test Year:</b>								
<b>Customer Class</b>	Number of Customers	Meter Sizes						
Residential	110							
Multifamily	0							
Commercial	11							
Industrial	0							
Public Auth.	0							
Irrigation	0							
Total	121							

Please refer to Accountants' Report, Summary of Significant Accounting Policies, and Significant Assumptions.

**Verona Water Utility**

**PUBLIC FIRE PROTECTION REVENUE (SUMMARY)**  
 Estimated for Test Year 2018

<b>MUNICIPAL CHARGE</b>		
Based upon Mains and Hydrants:		
Estimated Test Year Revenue	(Per Attachment 5)	\$0
<b>MUNICIPAL CHARGE</b>		
Based upon a Flat Charge to Municipality:		
Estimated Test Year Revenue		\$478,019
<b>DIRECT CHARGE TO CUSTOMERS</b>		
Based upon Equivalent Meters or Equivalent Services:		
Estimated Test Year Revenue	(Per Attachment 5)	\$0
<b>DIRECT CHARGE TO CUSTOMERS</b>		
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		
<b>CHARGES TO WHOLESALE CUSTOMERS</b>		
Estimated Test Year Revenue	(Per attachment 3A)	\$0
<b>OTHER PUBLIC FIRE PROTECTION CHARGES TO CUSTOMERS FOR FIRE PROTECTION</b>		
Based upon Charges for Water Used for Fire Protection (i.e., using Tariff Schedules F-2 or BW-1)		
Estimated Test Year Revenue		\$0
<b>TOTAL ESTIMATED TEST YEAR PUBLIC FIRE PROTECTION REVENUE</b>		<u>\$478,019</u>
<b>TOTAL ESTIMATED TEST YEAR WHOLESALE FIRE PROTECTION REVENUE</b>		<u>\$0</u>

Verona Water Utility

**PUBLIC FIRE PROTECTION REVENUE (SUPPORTING DETAIL)**  
Estimated for Test Year 2018

**Municipal Charge**

If Public Fire Protection Revenue is a Municipal Charge based upon mains and/or hydrants, complete the following. Base charges and units are obtained from the current green tariff sheet, typically Schedule F-1.

Base annual charge (dollars)	\$0
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	0
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	\$0
Balance - 12/31/2016	<input type="text" value="0"/>	<input type="text" value="0"/>	
2017 NET additions	10,539	23	
1/2 of test year 2018 NET Routine units added	1,475	5	
All of Test Year 2018 Major Units Added	300	0	
Test Year Average Units	<u>12,314</u>	<u>28</u>	
Test Year Units Over Base Units	12,314 feet	28 hyd	
times Authorized Rates per Unit (per tariff schedule)	<u>\$0.00</u>	<u>\$0.00</u>	
Increase in Revenue Over Base Amount	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Total Test Year Revenue			\$0

**Direct Charge to Customers**

Based upon Equivalent Meters or Equivalent Services:

Insert Billings per Year if Different	<input type="text" value="4"/>
---------------------------------------	--------------------------------

Meter Size	Authorized Rate	Average No. of Meters (per Attachment 3)	Annual Revenue
5/8"	\$0.00	4,616	\$0
3/4"	\$0.00	0	\$0
1"	\$0.00	112	\$0
1 1/4"	\$0.00	0	\$0
1 1/2"	\$0.00	56	\$0
2"	\$0.00	68	\$0
2 1/2"	\$0.00	0	\$0
3"	\$0.00	33	\$0
4"	\$0.00	6	\$0
6"	\$0.00	4	\$0
8"	\$0.00	6	\$0
10"	\$0.00	2	\$0
12"	\$0.00	0	\$0

SUBTOTALS	<u>4,903</u>	<u>\$0</u>
Surcharges or Rounding		<input type="text" value="\$0"/>
CALCULATED ANNUAL REVENUE		<u>\$0</u>

Verona Water Utility

PRIVATE FIRE PROTECTION REVENUE

Estimated for Test Year 2018

Insert Billings per Year if Different <input type="text" value="4"/>					
<b>Fire Connections:</b>	<b>Connection Size</b>	<b>Average Number of Connections Each Billing</b>	<b>Annually</b>	<b>Authorized Rates</b>	<b>Annual Revenue</b>
	2" or smaller	3	12	\$20.00	\$240
	3"	2	8	\$36.00	\$288
	4"	10	40	\$61.00	\$2,440
	6"	93	372	\$121.00	\$45,012
	8"	9	36	\$194.00	\$6,984
	10"	1	4	\$291.00	\$1,164
	12"	0	0	\$424.00	\$0
	14"	0	0	\$460.00	\$0
	16"	0	0	\$550.00	\$0
		118	472		
Total Connection Revenue					\$56,128
<b>General Service Branches Off The Private Fire Connections</b>	<b>Meter Sizes</b>	<b>Average Number of Meters Each Billing</b>	<b>Annually</b>	<b>Authorized Rates</b>	<b>Annual Amount</b>
	5/8"	0	0	\$15.71	\$0
	3/4"	0	0	\$15.71	\$0
	1"	0	0	\$27.81	\$0
	1 1/4"	0	0	\$38.63	\$0
	1 1/2"	0	0	\$46.35	\$0
	2"	0	0	\$70.04	\$0
	2 1/2"	0	0	\$0.00	\$0
	3"	0	0	\$108.15	\$0
	4"	0	0	\$164.80	\$0
	6"	0	0	\$290.46	\$0
8"	0	0	\$440.84	\$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): <input type="text"/>					\$0
Total Estimated Test Year Revenue (Connection Revenue less Credit Amount)					<u>\$56,128</u>
Please refer to Accountants' Report, Summary of Significant Accounting Policies, and Significant Assumptions.					

**Verona Water Utility**  
**OPERATING REVENUES**  
 Estimated for Test Year 2018

Account Number	Description	2014	2015	2016	Estimated 2017	Test Year 2018
<b>460</b>	Unmetered Sales to General Customers					
	Residential	\$4,432	\$3,366	\$3,318	\$2,887	\$3,200
	Multifamily Residential	0	0	0	0	0
	Commercial	58,294	16,771	32,455	608	16,600
	Industrial	645	1,334	0	113	500
	Public Authority	2,365	0	1,440	1,482	1,000
	Irrigation	0	0	0	0	0
	Total unmetered sales	\$65,736	\$21,471	\$37,213	\$5,090	\$21,300
<b>461</b>	Metered Sales to General Customers					
	Residential	\$636,781	\$638,269	\$744,002	\$740,811	\$788,836 (A)
	Multifamily Residential	82,869	90,393	96,456	106,586	106,582 (A)
	Commercial	300,609	320,579	252,916	249,676	249,200 (A)
	Industrial	65,410	65,482	72,301	80,424	84,126 (A)
	Public Authority	44,990	47,812	46,751	48,019	50,653 (A)
	Irrigation	0	0	0	0	0 (A)
	Total metered sales	\$1,130,659	\$1,162,535	\$1,212,426	\$1,225,516	\$1,279,398
<b>462</b>	Private fire protection service	\$43,768	\$46,914	\$52,184	\$55,305	\$56,128 (B)
<b>463</b>	Public fire protection service	464,096	464,096	475,118	478,019	478,019 (C)
<b>465</b>	Other water sales	0	0	0	0	0
<b>466</b>	Sales for resale	0	0	0	0	0
<b>467</b>	Interdepartmental sales	0	0	0	0	0
	Total sales of water	\$1,704,259	\$1,695,016	\$1,776,941	\$1,763,930	\$1,834,845
	Other Operating Revenues:					
<b>470</b>	Forfeited discounts	\$7,945	\$6,738	\$5,535	\$5,941	6,100
<b>472</b>	Rents from water property	121,902	103,148	118,411	119,435	113,700
<b>473</b>	Interdepartmental rents	0	0	0	0	-
<b>474</b>	Other water revenues	54,114	70,916	43,606	70,732	61,800
	Total other operating revenues	\$183,961	\$180,802	\$167,552	\$196,108	\$181,600
	Total Operating Revenues	\$1,888,220	\$1,875,818	\$1,944,493	\$1,960,038	\$2,016,445
<b>NOTE:</b>	(A) 2018 test year General Service Revenue estimates must come from ATTACHMENT 3.					
	(B) 2018 test year Private Fire Protection Revenue estimates must come from ATTACHMENT 6.					
	(C) 2018 test year Public Fire Protection Revenue estimates must come from ATTACHMENT 4.					

Please refer to Accountants' Report, Summary of Significant Accounting Policies, and Significant Assumptions.

**Verona Water Utility**

**Taxes (Account 408)**

Estimated for Test Year 2018

**Instructions for Taxes (Account 408)**

The summary should be completed as follows:

- 1) For the years 2015 and 2016 the information is from the PSC Annual Reports, page W-6.
- 2) For Estimated 2017 and Test Year 2018, 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 2015	Actual 2016	Estimated 2017	Test Year 2018
Property Tax Equivalent Payable for the Year (from Attachment 9)	1) & 2)	\$677,292	\$658,433	\$694,045	\$786,532
<b>Less:</b> Local and school tax equivalent on meters charged to sewer dept.	1) & 3)	\$12,990	\$13,747	\$14,952	\$15,330
Net Property Tax Equivalent-Water Utility		\$664,302	\$644,686	\$679,093	\$771,202
Social Security Taxes	1)	\$21,024	\$23,970	\$22,701	\$24,000
PSC Remainder Assessment Tax	1)	\$1,664	\$1,939	\$1,866	\$2,700
Other (specify):	1)	\$0	\$0	\$0	\$0
<b>Total Taxes</b>		<b>\$686,990</b>	<b>\$670,595</b>	<b>\$703,660</b>	<b>\$797,902</b>

Please refer to Accountants' Report, Summary of Significant Accounting Policies, and Significant Assumptions.

**Verona Water Utility**  
**Property Tax Equivalent Computation**  
 Estimated for Test Year 2018

<b>Instructions (Instr.) for the Property Tax Equivalent Computation</b>						
1. For the years 2015-2016, use actual information reported in the PSC Annual Reports.						
2. For estimated 2017 and test year 2018:						
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.						
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.						
	<u>Description</u>	<u>Instr.</u>	Actual 2015	Actual 2016	Estimated 2017	Test Year 2018
<b>Add:</b>						
	Utility Plant - January 1	1	\$35,787,706	\$37,638,255		
	Utility/Municipal Financed Plant - January 1	2a)			\$16,064,975	\$16,523,130
	Contributed Plant - January 1	2a)			\$23,392,772	\$24,842,599
	Major Plant Additions in Test Year	2b)				\$2,500,000
	CWIP & Held for Future Use - January 1	2c)			\$82,104	\$41,060
	Materials & Supplies - January 1	1,2d)	\$26,796	\$35,414	\$34,549	\$37,928
	Less: Plant Outside Limits - January 1	1,2e)	\$0	\$0	\$0	\$0
	<b>Net Taxable Plant</b>		<b>\$35,814,502</b>	<b>\$37,673,669</b>	<b>\$39,574,400</b>	<b>\$43,944,717</b>
	<b>Assessment Ratio (show as a decimal)</b>	1,2f)	<b>0.9796</b>	<b>0.9430</b>	<b>0.8999</b>	<b>0.8999</b>
	<b>Assessed Plant Value</b>		<b>\$35,083,886</b>	<b>\$35,526,270</b>	<b>\$35,613,003</b>	<b>\$39,545,851</b>
	<b>Current Year Net Local &amp; Schools (L&amp;S)</b>					
	Mill Rate (Line R below)	1,2f)	19.314503	18.533695	19.488523	19.889108
	<b>Tax Equivalent Computed for the Current Year (Plant Value times L&amp;S Rate/1000)</b>	1,3	<b>\$677,628</b>	<b>\$658,433</b>	<b>\$694,045</b>	<b>\$786,532</b>
	<b>1994 Tax Equivalent Payable in 1995</b>	1	<b>\$96,999</b>	<b>\$96,999</b>	<b>\$96,999</b>	<b>\$96,999</b>
	<b>Tax Equivalent Authorized by Municipality</b>	1,3	<b>\$0</b>	<b>\$0</b>		
	<b>Tax Equivalent Payable for the Current Year</b>	1,4	<b>\$677,292</b>	<b>\$658,433</b>	<b>\$694,045</b>	<b>\$786,532</b>
		Line	Actual	Actual	Estimated	Test Year
	<b>Mill Rate Detail</b>	<b>Ref.</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
			<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
	State tax rate	(A)	0.173200	0.179600	0.000000	0.176400
	County tax rate	(B)	2.500800	3.308000	3.490300	3.560106
	Local tax rate	(C)	10.330700	6.034800	5.771600	5.887032
	School tax rate	(D)	9.533100	12.680700	14.183100	14.466762
	Voc. school tax rate	(E)	0.737200	1.021900	1.046000	1.066920
	Other tax rates-Local	(F1)	0.000000	0.000000	0.000000	0.000000
	Other tax rates-Non-Local	(F2)	0.173200	0.000000	0.000000	0.000000
	<b>Total Tax Rate</b>	(G)	<b>23.448200</b>	<b>23.225000</b>	<b>24.491000</b>	<b>25.157220</b>
	Less: State Credit	(H)	1.464300	1.416400	1.763500	1.798770
	<b>Net Tax Rate</b>	(I)	<b>21.983900</b>	<b>21.808600</b>	<b>22.727500</b>	<b>23.358450</b>
			<b>Utility</b>	<b>Utility</b>	<b>Utility</b>	<b>Utility</b>
	Local tax rate (Line C above)	(J)	10.330700	6.034800	5.771600	5.887032
	School tax rate (Line D above)	(K)	9.533100	12.680700	14.183100	14.466762
	Voc. school tax rate (Line E above)	(L)	0.737200	1.021900	1.046000	1.066920
	Other tax rates-Local (Line F1 above)	(M)	0.000000	0.000000	0.000000	0.000000
	<b>Total local &amp; schools tax rates</b>	(N)	<b>20.601000</b>	<b>19.737400</b>	<b>21.000700</b>	<b>21.420714</b>
	<b>Total tax rate (Line G above)</b>	(O)	<b>23.448200</b>	<b>23.225000</b>	<b>24.491000</b>	<b>25.157220</b>
	<b>Ratio of local &amp; school tax rate to total tax rate (Line N divided by O)</b>	(P)	<b>87.857490%</b>	<b>84.983423%</b>	<b>85.748642%</b>	<b>85.147381%</b>
	<b>Net Tax Rate ( Line I above)</b>	(Q)	<b>21.983900</b>	<b>21.808600</b>	<b>22.727500</b>	<b>23.358450</b>
	<b>Net local and school rate: (Line P times Q)</b>	(R)	<b>19.314503</b>	<b>18.533695</b>	<b>19.488523</b>	<b>19.889108</b>

Verona Water Utility

**OPERATING EXPENSES**  
Estimated for Test Year 2018

Acct. No.	Description	2014	2015	2016	2014, 2015, 2016			Estimated 2017	Test Year 2018	Test Year 2018
					Estimated 2017	Test Year 2018	3 Year Average			
600	Operation labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
601	Operation labor and expenses	0	0	0	0	0	0	0	0	
602	Purchased water	0	0	0	0	0	0	0	0	
603	Miscellaneous expenses	0	0	0	0	0	0	0	0	
604	Rents	0	0	0	0	0	0	0	0	
610	Maintenance supervision and engineering	0	0	0	0	0	0	0	0	
611	Maintenance of structures and improvements	0	0	0	0	0	0	0	0	
612	Maint. of collecting and impounding reservoirs	0	0	0	0	0	0	0	0	
613	Maintenance of lake, river, and other intakes	0	0	0	0	0	0	0	0	
614	Maintenance of wells and springs	0	0	0	0	0	0	0	0	
616	Maintenance of supply mains	0	0	0	0	0	0	0	0	
617	Maintenance of misc. water source plant	0	0	0	0	0	0	0	0	
Total Source of Supply Expenses		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
620	Operation supervision and engineering	\$9,800	\$11,221	\$15,169	\$14,517	\$15,300	\$12,063	Explain	Explain	
621	Fuel for power production	0	0	0	0	0	0			
622	Power production labor and expenses	0	0	0	0	0	0			
623	Fuel or power purchased for production	85,314	73,671	73,562	90,337	80,800	77,516	Explain		
624	Pumping labor and expenses	5,957	4,977	6,551	5,493	5,800	5,828			
625	Expenses transferred--credit	0	0	0	0	0	0			
626	Miscellaneous expenses	0	0	0	0	0	0			
627	Rents	0	0	0	0	0	0			
630	Maintenance supervision and engineering	0	0	0	0	0	0			
631	Maintenance of structures and improvements	0	0	0	0	0	0			
632	Maintenance of power production equipment	0	0	0	0	0	0			
633	Maintenance of pumping equipment	14,175	14,056	13,920	15,091	14,600	14,050			
Total Pumping Expenses		\$115,246	\$103,925	\$109,202	\$125,438	\$116,500	\$109,458			
640	Operation supervision and engineering	\$9,811	\$10,877	\$12,770	\$17,092	\$17,600	\$11,153	Explain	Explain	
641	Chemicals	14,183	14,846	12,759	13,134	13,900	13,929			
642	Operation labor and expenses	15,477	16,946	16,067	13,817	16,100	16,163			
643	Miscellaneous expenses	0	0	0	0	0	0			
644	Rents	0	0	0	0	0	0			
650	Maintenance supervision and engineering	0	0	0	0	0	0			
651	Maintenance of structures and improvements	0	0	0	0	0	0			
652	Maintenance of water treatment equipment	2,594	15	687	2,491	1,100	1,099	Explain		
Total Water Treatment Expenses		\$42,065	\$42,684	\$42,283	\$46,534	\$48,700	\$42,344			

**NOTE:** All 2017 and test year 2018 estimates that vary from the three year average by more than (plus or minus) 15 percent **must** be explained in detail in the Notes.

Please refer to Accountants' Report, Summary of Significant Accounting Policies, and Significant Assumptions.

**Verona Water Utility**  
**OPERATING EXPENSES**  
 Estimated for Test Year 2018

Acct. No.	Description	2014, 2015, 2016							
		2014	2015	2016	Estimated 2017	Test Year 2018	3 Year Average	Estimated 2017	Test Year 2018
660	Operation supervision and engineering	\$64,810	\$52,324	\$72,345	\$66,093	\$71,300	\$63,160		
661	Storage facilities expenses	0	0	0	0	0	0		
662	Transmission and distribution expenses	29,490	30,730	34,759	18,807	27,600	31,660	Explain	
663	Meter expenses	0	0	0	0	0	0		
664	Customer installations expenses	0	0	0	0	0	0		
665	Miscellaneous expenses	0	0	0	0	0	0		
666	Rents	0	0	0	0	0	0		
670	Maintenance supervision and engineering	0	0	0	0	0	0		
671	Maintenance of structures and improvements	0	0	0	0	0	0		
672	Maintenance of distr.reservoirs and standpipes	33,826	45,900	55,878	73,944	59,700	45,201	Explain	Explain
673	Maintenance of transmission and distr. mains	27,204	53,652	22,482	13,855	30,600	34,446	Explain	
675	Maintenance of services	9,659	22,350	19,721	17,011	20,100	17,243		Explain
676	Maintenance of meters	26,450	38,507	32,288	23,234	32,000	32,415	Explain	
677	Maintenance of hydrants	6,730	4,192	4,347	3,778	4,200	5,090	Explain	Explain
678	Maintenance of miscellaneous plant	118	2,686	0	0	0	935	Explain	Explain
Total Transmission and Distribution Expenses		\$198,287	\$250,341	\$241,820	\$216,722	\$245,500	\$230,149		
901	Supervision	\$0	\$0	\$0	\$0	\$0	\$0		
902	Meter reading labor	4,437	4,421	7,082	0	0	5,313	Explain	Explain
903	Customer records and collection expenses	9,171	8,706	10,818	9,090	10,200	9,565		
904	Uncollectible accounts	0	0	0	0	0	0		
905	Miscellaneous customer accounts expenses	0	0	0	0	0	0		
906	Customer service and Information Expenses	0	0	0	0	0	0		
Total Customer Accounts Expenses		\$13,608	\$13,127	\$17,900	\$9,090	\$10,200	\$14,878		
910	Sales Expenses	\$0	\$0	\$0	\$0	\$0	\$0		
920	Administrative and general salaries	\$41,913	\$39,593	\$53,366	\$62,920	\$64,800	\$44,957	Explain	Explain
921	Office supplies and expenses	17,138	22,815	24,743	20,383	23,100	21,565		
922	Administrative expenses transferred -- credit	0	0	0	0	0	0		
923	Outside services employed	89,395	84,559	37,032	42,165	40,400	70,329	Explain	Explain
924	Property insurance	0	12,000	12,000	19,871	20,300	8,000	Explain	Explain
925	Injuries and damages	0	0	0	0	0	0		
926	Employee pensions and benefits	75,813	82,843	90,203	98,189	103,800	82,953	Explain	Explain
928	Regulatory commission expenses	0	0	300	0	4,400	100	Explain	Explain
929	Duplicate charges -- credit	0	0	0	0	0	0		
930	Miscellaneous general expenses	205	2,765	2,351	1,158	2,100	1,774	Explain	Explain
931	Rents	0	0	0	0	0	0		
932	Maintenance of general plant	2,608	3,610	2,269	2,020	2,700	2,829	Explain	
Total Admin. And General Expenses		\$227,072	\$248,185	\$222,264	\$246,706	\$261,600	\$232,507		
Total Oper. And Maint. Expenses		\$596,278	\$658,262	\$633,469	\$644,490	\$682,500	\$629,336		

**NOTE:** All 2017 and test year 2018 estimates that vary from the three year average by more than (plus or minus) 15 percent **must** be explained in detail in the Notes.

Please refer to Accountants' Report, Summary of Significant Accounting Policies, and Significant Assumptions.

Verona Water Utility

UTILITY PLANT IN SERVICE  
Estimated for Test Year 2018  
Utility or Municipal Financed Transactions Only

Acct. No.	Plant account	Actual Balance 12/31/2016	Estimated 2017		Adjustments	Estimated Balance 12/31/2017	Estimate 2018		Estimated Balance 12/31/2018	Test Year Average Balance	
			Additions Notes (A,B)	Retirements Note (B)			Major Construction Additions Notes (A,B)	Major Construction Retirements Note (B)			Routine Construction Additions Notes (A,B)
<b>Intangible Plant</b>											
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
<b>Source of Supply</b>											
310	Land and land rights	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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	886,061	0	0	0	886,061	2,453,600	0	0	3,339,661	3,339,661
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	\$886,061	\$0	\$0	\$0	\$886,061	\$2,453,600	\$0	\$0	\$3,339,661	\$3,339,661
<b>Pumping Plant</b>											
320	Land and land rights	\$65,089	\$0	\$0	\$0	\$65,089	\$0	\$0	\$0	\$65,089	\$65,089
321	Structures and improvements	2,291,861	0	0	0	2,291,861	0	0	0	2,291,861	2,291,861
323	Other power production equipment	0	0	0	0	0	0	0	0	0	0
325	Electric pumping equipment	1,444,338	22,400	7,955	0	1,458,783	0	0	120,000	36,000	1,500,783
326	Diesel pumping equipment	0	0	0	0	0	0	0	0	0	0
328	Other pumping equipment	50,709	0	0	0	50,709	0	0	0	0	50,709
	Total Pumping Plant	\$3,851,997	\$22,400	\$7,955	\$0	\$3,866,442	\$0	\$0	\$120,000	\$36,000	\$3,950,442
<b>Water Treatment Plant</b>											
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 or 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	120,145	0	0	0	120,145	0	0	0	0	\$120,145
	Total Water Treatment Plant	\$120,145	\$0	\$0	\$0	\$120,145	\$0	\$0	\$0	\$0	\$120,145

Please refer to Accountants' Report, Summary of Significant Accounting Policies, and Significant Assumptions.

UTILITY PLANT IN SERVICE  
Estimated for Test Year 2018  
Utility or Municipal Financed Transactions Only

Acct. No.	Plant account	Actual Balance 12/31/2016	Estimated 2017		Adjustments	Estimated Balance 12/31/2017	Estimate 2018				Estimated Balance 12/31/2018	Test Year Average Balance
			Additions Notes (A,B)	Retirements Note (B)			Major Construction Additions Notes (A,B)	Major Construction Retirements Note (B)	Routine Construction Additions Notes (A,B)	Routine Construction Retirements Note (B)		
<b>Transmission and Distribution Plant</b>												
340	Land and land rights	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
341	Structures and improvements	0	0	0	0	0	0	0	0	0	0	0
342	Distribution reservoirs and standpipes	1,731,960	0	0	0	1,731,960	0	0	0	0	1,731,960	1,731,960
343	Transmission and distribution mains	4,814,970	388,119	1,320	(7,280)	5,194,489	38,800	0	693,700	9,100	5,917,889	5,575,589
345	Services	1,011,357	2,731	3,863	0	1,010,225	0	0	92,000	4,800	1,097,425	1,053,825
346	Meters	1,705,136	15,540	7,709	0	1,712,967	0	0	45,000	13,500	1,744,467	1,728,717
348	Hydrants	712,167	50,846	3,070	0	759,943	7,600	0	81,300	1,700	847,143	807,343
349	Other transmission and distr. plant	45,213	0	0	0	45,213	0	0	0	0	45,213	45,213
Total Transmission and Distr. Plant		\$10,020,803	\$457,236	\$15,962	(\$7,280)	\$10,454,797	\$46,400	\$0	\$912,000	\$29,100	\$11,384,097	\$10,942,647
<b>General Plant</b>												
389	Land and land rights	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
390	Structures and improvements	451,000	0	0	0	451,000	0	0	0	0	451,000	451,000
391	Office furniture and equipment	8,156	0	0	0	8,156	0	0	0	0	8,156	8,156
391.1	Office furniture & equip - Computers	62,421	0	0	0	62,421	0	0	37,500	11,300	88,621	75,521
392	Transportation equipment	482,352	37,400	27,684	0	492,068	0	0	13,000	3,000	502,068	497,068
393	Stores equipment	0	0	0	0	0	0	0	0	0	0	0
394	Tools, shop and garage equipment	38,026	0	0	0	38,026	0	0	0	0	38,026	38,026
395	Laboratory equipment	0	0	0	0	0	0	0	0	0	0	0
396	Power operated equipment	7,702	0	0	0	7,702	0	0	0	0	7,702	7,702
397	Communication equipment	0	0	0	0	0	0	0	0	0	0	0
397.1	SCADA equipment	136,312	0	0	0	136,312	0	0	0	0	136,312	136,312
398	Miscellaneous equipment	0	0	0	0	0	0	0	0	0	0	0
Total General Plant		\$1,185,969	\$37,400	\$27,684	\$0	\$1,195,685	\$0	\$0	\$50,500	\$14,300	\$1,231,885	\$1,213,785
Total Plant In Service		\$16,064,975	\$517,036	\$51,601	(\$7,280)	\$16,523,130	\$2,500,000	\$0	\$1,082,500	\$79,400	\$20,026,230	\$19,524,680
<b>Notes:</b>												
(A) 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):							Please enter the construction docket(s) below:					
(B) Do not include Plant financed by Contributions. Contributed Plant is shown in Attachment 11a.												

Please refer to Accountants' Report, Summary of Significant Accounting Policies, and Significant Assumptions.

Verona Water Utility  
**Contributed Plant**  
 Estimated for Test Year 2018  
**Contributed Plant Transactions Only**

Acct. No.	Plant account	Actual	Estimated 2017			Estimated	Estimate 2018				Estimated
		Contributed Plant 12/31/2016	Additions Note (A)	Retirements	Adjustments	Balance 12/31/2017	Major Construction Additions Note (A)	Retirements	Routine Construction Additions Note (A)	Retirements	Balance 12/31/2018
<u>Intangible Plant</u>											
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
	<b>Total Intangible Plant</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Source of Supply</u>											
310	Land and land rights	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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
	<b>Total Source of Supply Plant</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Pumping Plant</u>											
320	Land and land rights	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
321	Structures and improvements	34,067	0	0	0	34,067	0	0	0	0	34,067
323	Other power production equipment	0	0	0	0	0	0	0	0	0	0
325	Electric pumping equipment	230,197	0	0	0	230,197	0	0	0	0	230,197
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
	<b>Total Pumping Plant</b>	<b>\$264,264</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$264,264</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$264,264</b>
<u>Water Treatment Plant</u>											
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
	<b>Total Water Treatment Plant</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Please refer to Accountants' Report, Summary of Significant Accounting Policies, and Significant Assumptions.

Verona Water Utility  
**Contributed Plant**  
 Estimated for Test Year 2018  
 Contributed Plant Transactions Only

Acct. No.	Plant account	Actual Contributed Plant 12/31/2016	Estimated 2017			Estimated Balance 12/31/2017	Estimate 2018				Estimated Balance 12/31/2018
			Additions	Retirements	Adjustments		Major Construction		Routine Construction		
			Note (A)			Note (A)		Note (A)			
<u>Transmission and Distribution Plant</u>											
340	Land and land rights	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
341	Structures and improvements	0	0	0	0	0	0	0	0	0	0
342	Distribution reservoirs and standpipes	1,297,054	0	0	0	1,297,054	0	0	0	0	1,297,054
343	Transmission and distribution mains	18,268,638	1,171,039	41,700	7,280	19,405,257	0	0	187,300	0	19,592,557
345	Services	1,907,304	193,061	4,100	0	2,096,265	0	0	65,800	0	2,162,065
346	Meters	0	0	0	0	0	0	0	0	0	0
348	Hydrants	1,655,512	136,647	12,400	0	1,779,759	0	0	20,000	0	1,799,759
349	Other transmission and distr. plant	0	0	0	0	0	0	0	0	0	0
Total Transmission and Distr. Plant		\$23,128,508	\$1,500,747	\$58,200	\$7,280	\$24,578,335	\$0	\$0	\$273,100	\$0	\$24,851,435
<u>General Plant</u>											
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	0	0	0	0	0	0	0	0	0	0
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		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total		\$23,392,772	\$1,500,747	\$58,200	\$7,280	\$24,842,599	\$0	\$0	\$273,100	\$0	\$25,115,699
<b>Note:</b>											
(A) If any of the additions listed above require that Construction Approval be obtained from the PSC, such approval must have been sought in order for this rate increase application to be processed.										Please list the construction docket(s) below: <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	
NOTE: Construction Approval is required for Contributed Plant as well as Plant Financed by the Utility and Municipality.											

Please refer to Accountants' Report, Summary of Significant Accounting Policies, and Significant Assumptions.

**Verona Water Utility**  
**DEPRECIATION ACCRUAL AND EXPENSE**  
 Estimated for Test Year 2018

- A. The Estimated 2017 Depreciation Accrual in Column (A) is to be calculated based upon the current depreciation rates.  
 B. The Test Year 2018 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.

Acct. No.	Plant account	Depr. Rate (A)	Estimated 2017 (per Attach. 11)		Depr. Rate (B)	Test Year 2018 (per Attachment 11)		Major	Routine	Major	Routine	Test Year Total
			Avg. Depreciable Balance	Depreciation Accrual		Average Depreciable Balance	Depreciation Accrual					
<b>301-303</b>	Total Intangible Plant	N/A	N/A	N/A	N/A	N/A	N/A			N/A	N/A	N/A
	<u>Source of Supply</u>											
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	\$0	\$0
312	Collecting and impounding reservoirs	0.00%	\$0	0	1.70%	0	0	0	0	0	0	0
313	Lake, river, and other intakes	0.00%	\$0	0	1.70%	0	0	0	0	0	0	0
314	Wells and springs	2.90%	\$886,061	25,696	2.90%	2,453,600	886,061	71,154	25,696	96,850	96,850	96,850
316	Supply mains	0.00%	\$0	0	1.80%	0	0	0	0	0	0	0
317	Other water source plant	0.00%	\$0	0	4.50%	0	0	0	0	0	0	0
	Total Source of Supply Plant			\$25,696								\$96,850
	<u>Pumping Plant</u>											
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%	\$2,291,861	\$73,340	3.20%	\$0	\$2,291,861	\$0	\$73,340	\$73,340	\$73,340	\$73,340
323	Other power production equipment	0.00%	\$0	0	4.40%	0	0	0	0	0	0	0
325	Electric pumping equipment	4.40%	\$1,451,561	63,869	4.40%	0	1,500,783	0	66,034	66,034	66,034	66,034
326	Diesel pumping equipment	0.00%	\$0	0	4.40%	0	0	0	0	0	0	0
328	Other pumping equipment	4.40%	\$50,709	2,231	4.40%	0	50,709	0	2,231	2,231	2,231	2,231
	Total Pumping Plant			\$139,440								\$141,605
	<u>Water Treatment Plant</u>											
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	\$0	\$0
332	Sand or Other Media Filtration Equip	0.00%	\$0	0	3.30%	0	0	0	0	0	0	0
333	Membrane Filtration Equipment	0.00%	\$0	0	6.00%	0	0	0	0	0	0	0
334	Other Water Treatment Equipment	6.00%	\$120,145	7,209	6.00%	0	120,145	0	7,209	7,209	7,209	7,209
	Total Water Treatment Plant			\$7,209								\$7,209

Please refer to Accountants' Report, Summary of Significant Accounting Policies, and Significant Assumptions.

**Verona Water Utility**  
**DEPRECIATION ACCRUAL AND EXPENSE**  
 Estimated for Test Year 2018

Acct. No.	Plant account	Estimated 2017 (per Attach. 11)			Test Year 2018 (per Attachment 11)				Test Year Total	
		Depr. Rate (A)	Avg. Depreciable Balance	Depreciation Accrual	Depr. Rate (B)	Average Depreciable Balance		Depreciation Accrual		
						Major	Routine	Major		Routine
<u>Transmission and Distribution Plant</u>										
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%	\$1,731,960	32,907	1.90%	0	1,731,960	0	32,907	32,907
343	Transmission and distribution mains	1.30%	\$5,001,090	65,014	1.30%	38,800	5,536,789	504	71,978	72,482
345	Services	2.90%	\$1,010,791	29,313	2.90%	0	1,053,825	0	30,561	30,561
346	Meters	5.50%	\$1,709,052	93,998	5.50%	0	1,728,717	0	95,079	95,079
348	Hydrants	2.20%	\$736,055	16,193	2.20%	7,600	799,743	167	17,594	17,761
349	Other transmission and distr. plant	5.00%	\$45,213	2,261	5.00%	0	45,213	0	2,261	2,261
Total Transmission and Distr. Plant				\$239,686						\$251,051
<u>General Plant</u>										
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	2.90%	\$451,000	\$13,079	2.90%	\$0	\$451,000	\$0	\$13,079	\$13,079
391	Office furniture and equipment	5.80%	\$8,156	473	5.80%	0	8,156	0	473	473
391.1	Office furniture & equip - Computers	26.70%	\$62,421	16,666	26.70%	0	75,521	0	20,164	20,164
392	Transportation equipment	13.30%	\$487,210	64,799	13.30%	0	497,068	0	66,110	66,110
393	Stores equipment	0.00%	\$0	0	5.80%	0	0	0	0	0
394	Tools, shop and garage equipment	5.80%	\$38,026	2,206	5.80%	0	38,026	0	2,206	2,206
395	Laboratory equipment	0.00%	\$0	0	5.80%	0	0	0	0	0
396	Power operated equipment	7.50%	\$7,702	578	7.50%	0	7,702	0	578	578
397	Communication equipment	0.00%	\$0	0	15.00%	0	0	0	0	0
397.1	SCADA equipment	9.20%	\$136,312	12,541	9.20%	0	136,312	0	12,541	12,541
398	Miscellaneous equipment	0.00%	\$0	0	5.80%	0	0	0	0	0
Total General Plant				\$110,342						\$115,151
Total			\$16,105,180	\$522,373		\$2,500,000	\$16,959,591	\$71,825	\$540,041	\$611,866
Miscellaneous Credits (Charges) to Accrual				\$0						\$0
Estimated Depreciation Accrual (To Attachment 13)==>				\$522,373						\$611,866
Meter depr. allocated to sewer (deduction) 50% <=Change if different				(46,999)						(47,540)
Adjustments & Depreciation charged clearing accounts, etc: add (deduct):				0						0
(Specify)				0						0
(Specify)				0						0
Estimated Depreciation Expense				\$475,374						\$564,326
										Test Year Depreciation Expense (To Attachment 14)==>

Please refer to Accountants' Report, Summary of Significant Accounting Policies, and Significant Assumptions.

Verona Water Utility

Estimated for Test Year 2018

<b>Accumulated Depreciation (Account 111.1)</b>				<b>Major Projects</b>	<b>Routine</b>	<b>Total</b>	<b>Test Year Average Balance</b>
January 1, 2017 Balance	(Estimated)					\$3,992,933	
Add: Annual Accrual	(per Attachment 12)	(A)				522,373	
Salvage	(Estimated)			\$25,933		25,933	
<b>Less:</b> Retirements	(per Attachment 11)	(B)				51,601	
Cost of Removal	(Estimated)			\$0		0	
Adjustments	increase (decrease)	(C)		1,284		1,284	
December 31, 2017 Balance	(Estimated)					\$4,490,922	\$4,490,922
Add: Annual Accrual	(per Attachment 12)	(A)	\$71,825	\$540,041		611,866	341,846
Salvage	(Estimated)		0	0		0	0
<b>Less:</b> Retirements	(per Attachment 11)	(B)	0	79,400		79,400	39,700
Cost of Removal	(Estimated)		0	0		0	0
December 31, 2018 Balance	(Estimated)					\$5,023,388	
						<b>Test Year Average Balance</b>	<b>\$4,793,068</b>
<b>Materials and Supplies Inventory</b>							
Account Balances:							<b>Test Year Average Balance</b>
December 31, 2014	(Actual)		\$26,796				
December 31, 2015	(Actual)		35,414				
December 31, 2016	(Actual)		34,549				
December 31, 2017	(Estimated)	(D)	37,928				\$18,964
December 31, 2018	(Estimated)	(D)	37,928				18,964
						<b>Test Year Average Balance</b>	<b>\$37,928</b>
<b>Regulatory Liability and Other Adjustments</b>							
Account Balances:							<b>Test Year Average Balance</b>
			Regulatory Liab (Acct 253)		<u>Total</u>		
December 31, 2016	(Actual)	(E)	\$262,611		\$262,611		
December 31, 2017	(Estimated)	(E)	\$225,096		225,096		\$112,548
December 31, 2018	(Estimated)	(E)	187,581		187,581		\$93,791
						<b>Test Year Average Balance</b>	<b>\$206,339</b>
<p>Note: (A) The depreciation accrual totals for 2017 and 2018 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.</p> <p>(B) The plant retirements totals for 2017 and 2018 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.</p> <p>(C) Explain adjustments on Attachment 19.</p> <p>(D) 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 &amp; S estimates for 2017 &amp; 2018.</p> <p>(E) Explain Other on Attachment 19.</p>							

**Verona Water Utility**  
**Estimated for Test Year 2018**

<b>Part One:</b>	Total Operating Revenues	(per Attachment 7)	\$2,016,445
	Total Operation and Maintenance Expenses	(per Attachment 10)	\$682,500
	Depreciation Expense	(per Attachment 12)	564,326
	Amortization Expense--Account # 404 (specify):		0
	Taxes	(per Attachment 8)	797,902
	Total Operating Expenses		\$2,044,728
	<b>Net Operating Income (Loss)-Test Year 2018</b>		(\$28,283)
<hr/>			
<b>Part Two:</b>	Utility Plant In Service--Financed by Utility or Municipality: Test Year Average Balance	(per Attachment 11)	\$19,524,680
	Materials and Supplies: Test Year Average Balance	(per Attachment 13)	37,928
	Less: Accumulated Depreciation: Test Year Average Balance	(per Attachment 13)	4,793,068
	Regulatory Liability and Other: Test Year Average Balance	(per Attachment 13)	206,339
	<b>Average Net Investment Rate Base (NIRB)</b>		\$14,563,201
<hr/>			
<b>Part Three:</b>	Average Net Investment Rate Base	(per Part Two above)	\$14,563,201
	<b>TIMES</b> Rate of Return Requested (Enter requested rate in this box.)	5.00%	5.00%
	Return on Average Net Investment Rate Base (NIRB)		\$728,160
	Total Operation and Maintenance Expenses	(per Part One above)	\$682,500
	<b>TIMES</b> allowance on O&M expenses		6.00%
	Operating Allowance		\$40,950
	<b>Enter the larger of either:</b> The Return on NIRB (A) or the Operating Allowance (B)		\$728,160
	Less: Estimated Net Operating Income (Loss)	(per Part One above)	(28,283)
	<b>Increase Requested-Test Year 2018</b>		\$756,443
	Overall Percentage Increase in Total Sales of Water at Current Rates:	41%	

## VERONA WATER UTILITY

## CASH FLOW ANALYSIS

Forecasted 2018

	<u>Forecasted Without Increase</u>	<u>Forecasted With Increase</u>
Operating Income	\$ (28,300)	\$ (28,300)
Add:		
Depreciation	564,300	564,300
Interest Income on Investments	21,000	21,000
Water Rate Increase		756,400
Less:		
Routine Capital Investment	(191,440)	(191,440)
Debt payments		
Interest	(86,400)	(86,400)
Principal	(435,000)	(435,000)
Net Cash Flow	<u>\$ (155,840)</u>	<u>\$ 600,560</u>

## VERONA WATER UTILITY

### DEBT COVERAGE SCHEDULE JOINT WATER AND SEWER REVENUE BONDS\*

Forecasted 2018

	Forecasted Without Increase	Forecasted With Increase
<b>WATER</b>		
Operating Income	\$ (28,300)	\$ (28,300)
Rate Increase	-	756,400
Depreciation	564,300	564,300
Investment Income	21,000	21,000
<b>SEWER DEFINED EARNINGS**</b>	544,986	544,986
Defined Earnings	<u>\$ 1,101,986</u>	<u>\$ 1,858,386</u>
Highest Revenue Bond Debt Service (2018)	\$ 402,520	\$ 402,520
x ratio	1.25	1.25
Required Earnings	<u>\$ 503,200</u>	<u>\$ 503,200</u>
Debt Coverage - Revenue debt only	<u>2.74</u>	<u>4.62</u>

For Comparison - Debt Coverage Including GO Debt:

Highest Annual Debt Service (2018)	\$ 820,490	\$ 820,490
x ratio	1.25	1.25
Required Earnings	<u>\$ 1,025,600</u>	<u>\$ 1,025,600</u>
Debt Coverage	<u>1.34</u>	<u>2.26</u>
Debt Coverage without tax equivalent	<u>1.44</u>	<u>2.36</u>

\* The revenue bonds pledge defined earnings jointly for water and sewer. The analysis presents data from both water and sewer utility earnings and outstanding debt issues.

\*\* Sewer defined earnings are as calculated in the 12/31/2017 audited financial statements



Verona Water Utility

IMPACT FEES

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.

- 2001 Southeast booster station
- 2001 Southeast mains
- 2002 Southeast tower
- 2008 Meister Road Extension
- 2010-2012 N. Nine Mound Road Extension
- 2016-2018 Water mains

2) Provide the year the impact fees were adopted.

3/23/1998

3) Provide the year at which the assessment of impact fees will end.

2020

4) Provide the year the facilities were or will be constructed.

2001-2018

**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.

Verona Water Utility

MISCELLANEOUS  
Test Year 2018

**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		Attachment 11a		Net Units
		Units Added	Units Retired	Units Added	Units Retired	
Feet of Main	2017	3,709	210	7,470	430	10,539
Feet of Main-Routine	2018	1,147	1,362	3,165	0	2,950
Feet of Main-Major Projects	2018	300	0	0	0	300
Hydrants	2017	9	1	17	2	23
Hydrants-Routine	2018	9	0	0	0	9
Hydrants-Major Projects	2018	0	0	0	0	0

**Water Service Installation**  
Does the utility wish to revise Schedule Cz-1, the charge for installing a water service?  
Yes - Based on Actual Cost

**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.  
1% per month charge

**Other Charges (Schedule OC-1)**  
Non-Sufficient Funds  Yes Amount: \$ 30.00  
Is the Utility also regulated for electric and/or sewer rates?  No - water rates only  
Amount charged by your financial institution: \$30.00  
Special Billing Charge  
Special Meter Reading Charge  
Missed Appointment Charge  
Real Estate Closing Charge  
Other

**Reconnection Charges (Schedule R-1)**  
Normal Business Hours: \$ 407.00  
After Hours: \$ 465.00

	Field Staff	Admin Staff	Vehicle
# of Hours	2.00	1.00	2.00
Hourly Rate	\$ 168.00	\$ 39.00	\$ 16.00
<b>R-1 Total</b>	<b>\$ 336.00</b>	<b>\$ 39.00</b>	<b>\$ 32.00</b>

**Public Fire Protection Charges (Schedule F-1)**  
How will the utility collect the PFP charge?  
Municipal Charge

**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.  
**Option 2**) \$X.YZ per [1,000 gallons/100 cubic feet]. See your records or most recent cost study.

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:

<b>General/Residential</b>	Uniform Rate
<b>Multifamily Residential</b>	Uniform Rate
<b>Non-Residential</b>	Declining Block Rate

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

<b>Irrigation Rate</b>	No
<b>Additional Meter Charge (Am-1)</b>	No

**Are you interested in rate design to promote conservation goals?**  No

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 and
- 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 due
- 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:

**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.

**Please list any other proposed tariff or schedule changes below**

VERONA WATER UTILITY

CUSTOMER NOTIFICATION

Test Year 2018

1. Pursuant to Wis. Admin. Code § PSC 2.10, your utility is required to provide notice to customers of the filing of the rate increase
  - a. If billing is monthly by envelope, a bill insert over one complete billing cycle is required.
  - b. If billing is by a method other than monthly by envelope, a special mailing or a display advertisement in a newspaper having general circulation is required.
  - c. If your utility serves fewer than 1,000 customers, a notice may be posted in at least 3 public places.
2. The notice shall contain the following information:
  - a. The amount of the request.
  - b. The reasons for the request.
  - c. The date, time and location of the hearing and how customers can contact the Public Service Commission regarding scheduling.
  - d. The effect (dollar and percentage) on the average residential customer if the request were to be granted.
3. Your utility is required to file proof of notice no later than 3 days prior to the hearing.
4. Public Service Commission staff will assist your utility in complying with the notice requirements.

Below is an example notice that your utility may use. An electronic (Microsoft Word) version of this example notice for you to customize will be included in the e-mail confirmation which will be sent to you within two weeks of our receipt of your Application to Increase Rates.

**PUBLIC NOTICE TO ALL CUSTOMERS OF {NAME OF WATER UTILITY}**

The {Name of Water Utility} has filed an application with the Public Service Commission of Wisconsin (PSCW) to increase water rates. The increase is necessary {state the reason(s) for the request to increase water rates}.

The total increase in water revenues requested is \$\_\_\_\_\_ which will result in an estimated overall rate increase of \_\_\_\_\_% over the water utility's present revenues. If the request is granted, the water bill for an average residential customer with a 5/8-inch or 3/4-inch meter who uses \_\_\_\_\_ {gallons / cubic feet} of water per {month / quarter} will increase from \$\_\_\_\_\_ to \$\_\_\_\_\_, or \_\_\_\_\_%.

A telephonic public hearing on the application has been scheduled for {Day of the Week}, {Month} {Day}, {Year}, at \_\_\_\_:\_\_\_\_ {a.m./p.m.} in the {Room?}, {Building}, {Street Address}, {Municipality}, Wisconsin. Scheduling questions regarding this hearing may be directed to the PSCW at (608) 266-3766.

If you have any questions, please contact {{Name?}, {Title?} / {Name of Water Utility?}} at {Telephone Number}.

**Verona Water Utility  
2018  
NOTES**

---

**Attachment 2B**

Residential surcharge credits represents the difference in meter rental charges between Mg-1 and Am-1 meter rates for an additional meter.

Public authority surcharge represents a 25% surcharge is charged to a customer outside the City of Verona as outlined in Mg-2

In 2016, the utility identified customers who had been improperly classified as commercial who should have been reported as residential as defined by the PSC chart of accounts. The utility corrected the customer classifications upon discovery of the error and is working to ensure all customers are refunded the difference between the two rate classes.

**Attachment 10\_AB**

Acct 620, 640, 662, and 902 - The increases in actual 2017 and forecasted 2018 relate to the utility tracking actual time spent working by employees instead of allocations. As such, pensions and benefits increased based on increased payroll costs.

Acct 623 - Increase due to timing of invoice receipt, some 2016 power costs were recorded in 2017. The utility will ensure proper cut off in 2018 and forecasted 2018 based on a 3 year average expense inflated by 2%.

Acct 652 - Increased maintenance occurred in 2017 which occurs as needed every few years.

Acct 672, 673, 675, 676, 677, 678 - 2017 is based on actual expenses incurred during the year for maintenance of distribution plant. Related labor increased or decreased based on better labor tracking tools in place during 2017. Forecasted 2018 is based on a 3 year average plus 2% inflation rate.

Acct 920 - The utility hired a full time accountant in 2016. Forecasted 2018 includes a 3% wage increase.

Acct 923 - In 2014 and 2015, the utility underwent a GIS enhancement project, which increased the 3 year average. Forecasted 2018 is based on the average of 2016 and 2017 actual costs inflated by 2%

Acct 924 - The utility received a property insurance allocation starting in 2015. Forecasted 2018 includes a 2% increase from 2017 actual expense.

**Verona Water Utility  
2018  
NOTES**

**Attachment 10\_AB (cont.)**

Acct 926 - The following presents a historical trend of employee pensions and benefits:

	2014	2015	2016	2017	2018
Sick and Vacation	13,287	20,902	14,974	27,823	28,600
Insurance (Health, Dental, Life)	44,185	44,694	56,250	51,268	51,700
WRS	18,341	17,247	18,979	19,098	23,500

Sick and vacation was inflated 3% over prior year, insurance was based on 2018 utility budget and WRS contributions was calculated from management's budgeted labor multiplied by 6.7% contribution rate applicable to 2018.

The increases in actual 2017 and forecasted 2018 relate to the utility tracking actual time spent working by employees instead of allocations. As such, pensions and benefits increased based on increased payroll costs.

Acct 928 - Forecasted PSC charges of \$2,000 for the water rate study annualized over 3 years or \$2,100 plus \$4,000 for the annualized rate study cost.

Acct 930, 932 - Actual 2017 expenses and forecasted 2018 is based on an average of 2015 - 2017 actual, inflated by 2%

**Attachment 11**

The utility received counsel approval to undergo a water meter replacement program in 2009. Costs were incurred beginning in 2011.

**Attachment 15**

As of December 31, 2017, there were unspent bond proceeds of \$600,000 which will be used to finance 2018 capital additions.