

**SERVICE DATE**  
**Dec 13, 2021**

PSC REF#: 427204

Public Service Commission of Wisconsin  
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**PUBLIC SERVICE COMMISSION OF WISCONSIN**

Application of the Village of Dresser, Polk County, Wisconsin, as a  
Water Public Utility, for Authority to Change its Method of Cost  
Recovery for Providing Public Fire Protection Service

1680-PFP-100

**FINAL DECISION**

This is the Final Decision in the Class 1 proceeding conducted by the Public Service Commission (Commission) on the application of the Dresser Municipal Water Utility (applicant) for approval to revise its method of cost recovery for providing public fire protection (PFP) service. This application is APPROVED, subject to conditions.

**Introduction**

The applicant applied to the Commission on September 15, 2021 for authority to revise its method of cost recovery for providing PFP service. Pursuant to due notice, the Commission held an audiovisual hearing on December 1, 2021 before Administrative Law Judge Michael E. Newmark. The parties, for purposes of review under Wis. Stat. §§ 227.47 and 227.53, are listed in Appendix A. The applicant is the only party to this proceeding.

**Findings of Fact**

1. The applicant's presently authorized rates provide for a total PFP charge of \$84,018. This charge is comprised of an annual municipal PFP charge of \$84,018 collected through property taxes. The applicant does not currently collect any PFP revenue through a direct charge on water customers' bills.

2. The Phase I rates set forth in Appendix B will permit the applicant to recover \$28,008, or 33 percent, of its PFP costs through direct charges on the water bills to all the

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applicant's general service customers. The applicant will recover the remaining \$56,012, or 67 percent, as an annual municipal PFP charge. The applicant anticipates these rates will go into effect on January 1, 2022.

3. The Phase II rates set forth in Appendix B will permit the applicant to recover \$56,012, or 67 percent, of its PFP costs through direct charges on the water bills to all the applicant's general service customers. The applicant will recover the remaining \$28,018, or 33 percent, as an annual municipal PFP charge. The applicant anticipates these rates will go into effect on January 1, 2023.

4. On July 8, 2021, the Commission issued a Final Decision in docket 1680-WR-103, where Order Point No. 5 required the applicant to file an application for a conventional rate case no later than two years from the date of the Final Decision in docket 1680-WR-103. The applicant anticipates it will request that the remaining \$28,018 in municipal PFP charge be recovered through direct charges to the applicant's general service customers as part of its next conventional rate case application.

#### **Conclusions of Law**

1. The applicant is a municipal public utility as defined in Wis. State. § 196.01(5)(a).
2. The Commission has authority under Wis. Stat. §§ 196.02(1), 196.03(1) and (3), 196.19, 196.20, 196.22, 196.37(1), (2), and (3), 196.395, and 196.40 to authorize the applicant to revise its method of recovering PFP costs.
3. The Commission has authority under Wis. Stat. § 15.02(4) to delegate to the Administrator of the Administrator of the Division of Water Utility Regulation and Analysis

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(Division Administrator), those functions vested by law as enumerated above and has delegated the authority to issue this Order to the Division Administrator.

### **Opinion**

At present, the applicant recovers a total PFP revenue of \$84,018 from the Village of Dresser (Village) through an annual municipal PFP charge. The municipality collects the \$84,018 through property taxes. The applicant requested to change its tariff to collect the entire cost of PFP through direct PFP charges on general service customers' water bills in three phases. (PSC REF#: 420794.) The applicant requested that one-third of the total PFP charge be transferred from municipal to direct charges in 2022, then another third in 2023, and the final third in 2024, at which time the applicant will recover the annual PFP charge entirely through a direct charge on general service customers' water bills. This request is in conformance with Wis. Stat. § 196.03(3)(b), which provides municipalities the option to recover all or a portion of the PFP costs from water general service customers. On September 15, 2021, the applicant submitted its Resolution authorizing this change to the Commission. (PSC REF#: 420794.)

In docket 1680-WR-103, the Commission ordered the applicant to file an application for a conventional rate case by July 8, 2023. (PSC REF#: 415552.) Accordingly, Commission staff included in Ex.-PSC-PFP Tariff Changes the first two phases of the PFP charge. The applicant would request implementation of the third phase of the PFP charge as part of its next conventional rate case. (PSC REF#: 424229.)

Based on Commission staff's proposal, the applicant would recover its PFP costs by direct billing its water general service customers based on the equivalent meters method in the following two phases:

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- Phase I: Move \$28,006, or 33 percent, of the current \$84,018 collected for the municipal charge to direct charges. The new PFP charges for Phase I would be \$56,012 collected from the municipal charge and \$28,006 collected from direct charges.
- Phase II: Move \$56,012, or 67 percent, of the current \$84,018 collected from the municipal charge to direct charges. The new PFP charges for Phase II would be \$28,006 collected from the municipal charge and \$56,012 collected from direct charges.

As a result of the request to change the method of collecting PFP charges, the bill for an average residential customer with a 5/8-inch or 3/4-inch meter who uses 3,000 gallons of water per month will increase from \$24.95 to \$29.42, or 17.92 percent, from current rates to Phase I. The same customer will see an increase of \$29.42 to \$33.89, or 15.19 percent, from Phase I to Phase II. From current rates to the implementation of Phase II, this customer will see an increase from \$24.95 to \$33.89, or 35.83 percent.

The summary of these rates appears in the record as Ex.-PSC-PFP Tariff Changes. (PSC REF#: 424229.) Prior to the hearing, Commission staff provided the applicant with Commission staff's proposed rates for review, and the applicant had no objection to these rates.

As requested, authorized rates set forth in Appendix B, Schedule F-1, provide for PFP rates that reflect the applicant's request and are consistent with the Commission's standard methodology for calculating PFP charges based on equivalent meters. These rates are reasonable and just. All customers will be required to pay an appropriate amount for the service provided.

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Schedule Mg-2, General Service Suburban, which is intended to recover costs related to providing PFP to water customers residing outside the corporate limits of the municipality, is not applicable when a utility bills PFP charges to these customers directly. Accordingly, Schedule Mg-2 is removed from the applicant's filed water tariff.

### **Public Comments**

One customer filed a comment on the Commission's Electronic Records Filing (ERF) system concerning the fact that the transfer of the PFP charges from the municipal charge to customer direct bills represents an increase in customer rates. The customer expressed concern at the magnitude of the increase and noted that compared to property taxes, the equivalent meters method of calculating direct charges for PFP leads to higher meter charges for customers with larger meter sizes. No customers attended the audiovisual hearing to provide comment.

The Commission appreciates the customer's concerns. The Commission concludes that the rates as proposed by Commission staff would provide a reasonable and nondiscriminatory recovery of the PFP charge and is in conformance with Wis. Stat. § 196.03(3)(b). The Commission further finds that a phased in approach to directly charging customers the PFP amount approved in docket 1680-WR-103 helps customers manage the impact of the overall increase. Accordingly, the Commission approves Commission staff's proposed tariff changes as shown in Ex.-PSC-PFP Tariff Changes of the hearing record.

### **Effective Date**

The applicant bills on a monthly basis. Pursuant to Wis. Stat. § 196.19, the changes in rates and associated tariff provisions that are authorized in this Final Decision take effect no sooner than one day after the date of service, provided these rates and tariff provisions are filed with the Commission and the applicant makes a copy of the new rates available to the public before this date

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by placing a copy of the new rates at locations where customer payments are accepted, on the applicant's website, or in a form and place that is otherwise readily accessible to the public.

### **Order**

1. This Final Decision takes effect one day after the date of service.
2. The authorized rate changes and tariff provisions shall take effect no sooner than one day after the day the applicant has: (a) filed these rates and tariff provisions with the Commission; and (b) made them available to the public at locations where customer payments are accepted, on the applicant's website, or in a form and place that is otherwise readily accessible to the public, pursuant to Wis. Stat. § 196.19 and Wis. Admin. Code § PSC 185.33(1)(f). If a copy of the new rates and tariff provisions is not made available to the public when they are filed with the Commission, the new rates and tariff provisions shall take effect one day after the day they are made available to the public.
3. The Phase I rates approved in this docket shall take effect no later than 90 days from the service date of this Final Decision or as directed by the Commission or Commission staff. This is anticipated to be January 1, 2022.
4. The Phase II rates approved in this docket shall be effective after the applicant has informed the Commission, in writing, that they wish to implement Phase II. This is anticipated to be January 1, 2023.

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5. Jurisdiction is retained.

Dated at Madison, Wisconsin, December 10, 2021.

For the Commission:

A handwritten signature in black ink, appearing to read "Denise L. Schmidt". The signature is written in a cursive, flowing style.

Denise L. Schmidt  
Administrator  
Division of Water Utility Regulation and Analysis

DLS:alf:krl DL:01844354

See attached Notice of Appeal Rights

PUBLIC SERVICE COMMISSION OF WISCONSIN  
4822 Madison Yards 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 the date of service of this decision, as provided in Wis. Stat. § 227.49. The date of service is shown on the first page. If there is no date on the first page, the date of service 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 the date of service 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 the date of service 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 serves its original decision.<sup>1</sup> 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: March 27, 2013

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<sup>1</sup> See *Currier v. Wisconsin Dep't of Revenue*, 2006 WI App 12, 288 Wis. 2d 693, 709 N.W.2d 520.



**CONTACT LIST FOR SERVICE BY PARTIES**

**PUBLIC SERVICE COMMISSION OF WISCONSIN**

(Not a party but must be served per Wis. Stat. § 227.53)

KARA KOONCE; ANDREW FISHER

4822 MADISON YARDS WAY

PO BOX 7854 MADISON, WI 53707

KARA.KOONCE@WISCONSIN.GOV; ANDREW.FISHER@WISCONSIN.GOV

**DRESSER MUNICIPAL WATER UTILITY**

JODI GILBERT

PO BOX 547

DRESSER WI 54009-0547

VOD@CENTURYTEL.NET

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Appendix B

**Dresser Municipal Water Utility**  
**Authorized Water Rates – Phase I**

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**Dresser Municipal Water Utility**  
**Water Rate File Changes – Phase I**

**Amended**

F-1

**Deleted**

Mg-2

Dresser Municipal Water Utility

**Public Fire Protection Service**

Public fire protection service includes 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.

Municipal Charge:

The annual charge for public fire protection service to the Village of Dresser shall be \$56,012. The utility may bill for this amount in equal installments.

Direct Charge:

Under the Wis. Stat. 196.03(3)(b), the municipality has chosen to have the utility bill the remaining public fire protection service charge to the retail general service customers.

Monthly Public Fire Protection Service Charges:

5/8 - inch meter:	\$ 4.47	3 - inch meter:	\$ 69.00
3/4 - inch meter:	\$ 4.47	4 - inch meter:	\$ 111.00
1 - inch meter:	\$ 11.19	6 - inch meter:	\$ 222.00
1 1/4 - inch meter:	\$ 16.56	8 - inch meter:	\$ 357.00
1 1/2 - inch meter:	\$ 22.35	10 - inch meter:	\$ 537.00
2 - inch meter:	\$ 36.00	12 - inch meter:	\$ 714.00

Customers who are provided service under Schedules Mg-1, Ug-1, or Sg-1 shall also be subject to the charges in this schedule according to the size of their primary meter. Customers who are provided service under Schedule Am-1 are exempt from these charges for any additional meters.

Billing: Same as Schedule Mg-1.

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**Dresser Municipal Water Utility**

**Authorized Water Rates – Phase II**

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**Dresser Municipal Water Utility**  
**Water Rate File Changes – Phase II**

**Amended**

F-1

Public Service Commission of Wisconsin

Dresser Municipal Water Utility

Public Fire Protection Service

Public fire protection service includes 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.

Municipal Charge:

The annual charge for public fire protection service to the Village of Dresser shall be \$28,006. The utility may bill for this amount in equal installments.

Direct Charge:

Under the Wis. Stat. 196.03(3)(b), the municipality has chosen to have the utility bill the remaining public fire protection service charge to the retail general service customers.

Monthly Public Fire Protection Service Charges:

5/8 - inch meter:	\$ 8.94	3 - inch meter:	\$ 135.00
3/4 - inch meter:	\$ 8.94	4 - inch meter:	\$ 225.00
1 - inch meter:	\$ 22.35	6 - inch meter:	\$ 447.00
1 1/4 - inch meter:	\$ 33.06	8 - inch meter:	\$ 717.00
1 1/2 - inch meter:	\$ 44.70	10 - inch meter:	\$ 1,074.00
2 - inch meter:	\$ 72.00	12 - inch meter:	\$ 1,431.00

Customers who are provided service under Schedules Mg-1, Ug-1, or Sg-1 shall also be subject to the charges in this schedule according to the size of their primary meter. Customers who are provided service under Schedule Am-1 are exempt from these charges for any additional meters.

Billing: Same as Schedule Mg-1.

