



Palmyra, WI
2025 Water Rate Study
Phase 1 & 2

July 7, 2025 Village Board Meeting

Why are we here?

- Utility is preparing for PFAS project & SDWFL
- Ehlers to identify water utility's fiscal sustainability
- Phase 1 – Long-Range Cash Flow Analysis
 - ✓ Historical Rate Performance
 - Last Full Rate Case with PSC: 9/25/2002
 - Last Simplified Rate Case: 12/17/2013
 - ✓ Future Projections
 - O&M, Depreciation, Funding Projects (Debt vs. Cash)

Why are we here?

- Phase 2 – Test Year 2025 Conventional Rate Case
 - ✓ Projected Rate Impact
 - ✓ Debt Coverage for SDWFL
 - ✓ Public Fire Protection Charge Conversion
 - Municipal to Direct Charge
 - Removes \$118,774 expense from GF levy

Test Year 2025 Conventional Rate Case

Revenue Requirement							Est	Application
Component	Description	2020	2021	2022	2023	2024	2025	
Cash Basis								
1	O&M and PILOT	\$215,254	\$238,769	\$274,693	\$265,427	\$317,856	\$316,068	Incl. Normalizations
2	Debt	\$0	\$141	\$20,642	\$20,600	\$25,375	\$151,296	WTP 30 Yr. SDWFL ³
3	Cash Funded Capital ¹	\$45,247	\$209,175	\$427,545	\$33,298	\$6,344	\$74,824	
Less:								
	Other Revenue	\$58,707	\$66,945	\$73,594	\$75,819	\$67,261	\$70,100	
	Interest Income	\$8,332	(\$14,717)	(\$28,085)	\$85,503	\$50,000		
	Revenue Requirement (Costs less Other Income)	\$193,462	\$395,857	\$677,371	\$158,003	\$232,314	\$472,087	
	User Rates Revenue	\$314,383	\$315,261	\$309,296	\$319,029	\$315,661	\$316,486	
	Rate Adequacy	\$120,921	(\$80,596)	(\$368,075)	\$161,026	\$83,347	(\$155,602)	
	Rate Adjustment Needed	0.00%	25.56%	119.00%	0.00%	0.00%	49.17%	
Utility Basis (PSC)								
1	O&M and PILOT	\$215,254	\$238,769	\$274,693	\$265,427	\$317,856	\$316,068	Incl. Normalizations
2	Depreciation	\$64,136	\$66,248	\$97,226	\$104,513	\$105,228	\$107,388	Added Capital
	NIRB	\$1,305,393	\$1,486,616	\$1,885,269	\$2,056,276	\$1,950,061	\$1,901,529	
	Benchmark ROI %	4.90%	4.90%	4.90%	6.50%	6.50%	6.70%	
3	Calculated ROI	\$63,964	\$72,844	\$92,378	\$133,658	\$126,754	\$127,402	
Less:								
	Other Revenue	\$58,707	\$66,945	\$73,594	\$75,819	\$67,261	\$70,100	
	Revenue Requirement (Costs less Other Income)	\$284,647	\$310,916	\$390,703	\$427,779	\$482,577	\$480,758	
	User Rates Revenue ²	\$314,383	\$315,261	\$309,296	\$319,029	\$315,661	\$316,486	
	Rate Adequacy	\$29,736	\$4,345	(\$81,407)	(\$108,750)	(\$166,916)	(\$164,273)	
	Rate Adjustment Needed	0.00%	0.00%	26.32%	34.09%	52.88%	53.12%	

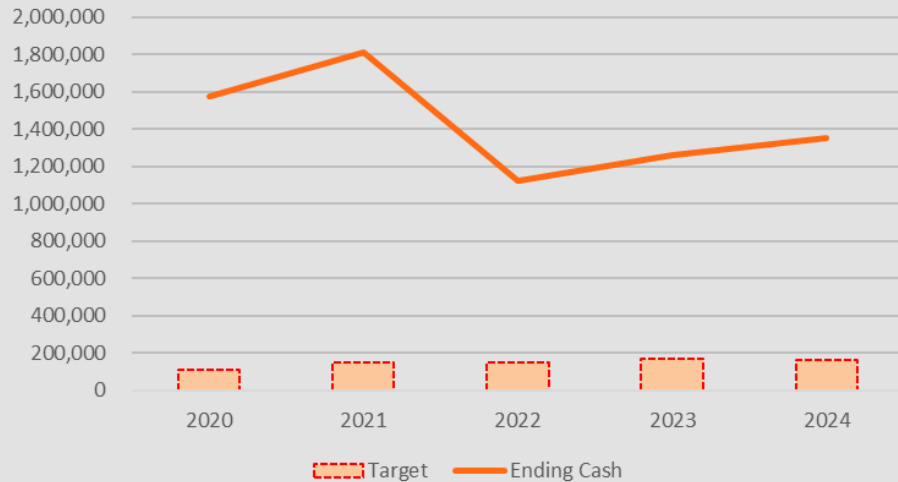
- 53.12% Revenue adjustment at benchmark rate of return
- ROR is up from 6.4% to 6.7% per PSC as of 6/16/2025)

Notes:

- 1) Includes recommended debt coverage at 1.25x annual debt payment
- 2) Application User Rate Revenue does not include other revenue and private fire protection.
- 3) Note - a 20 Year loan would yield 20% higher rate adj. needed

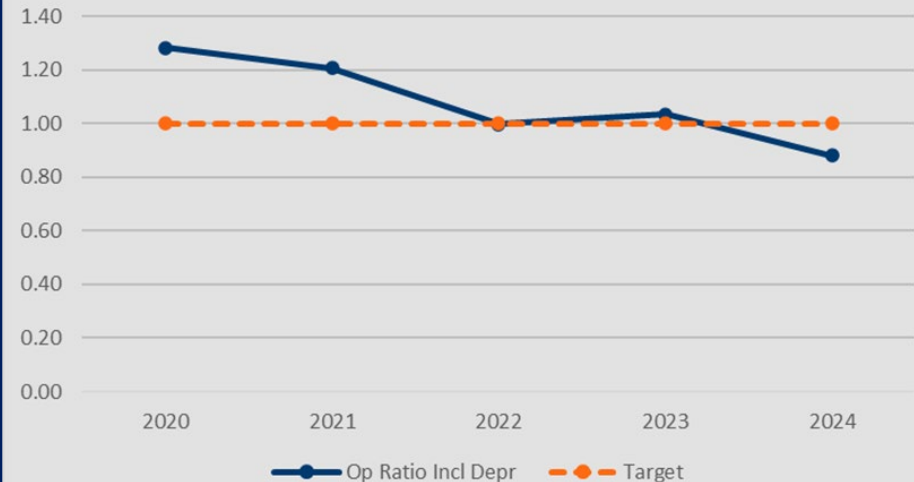
Historical Rate Performance

Reserves - Actual vs. Target



- Reserves – can the utility pay 4 mos. of O&M + next year’s debt?

Operating Ratio including Depreciation



CRC Cashflow Projection

	Budget	Projected								
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenues										
Total Revenues from User Rates ¹	\$306,774	\$469,730	\$469,730	\$483,822	\$483,822	\$498,336	\$498,336	\$513,286	\$513,286	\$528,685
Percent Increase to User Rates	0.00%	53.12%	0.00%	3.00%	0.00%	3.00%	0.00%	3.00%	0.00%	3.00%
Cumulative Percent Rate Increase	0.00%	53.12%	53.12%	57.71%	57.71%	62.44%	62.44%	67.32%	67.32%	72.34%
Dollar Amount Increase to Revenues		\$162,956	\$0	\$14,092	\$0	\$14,515	\$0	\$14,950	\$0	\$15,399
Total Other Revenues	\$128,536	\$76,381	\$78,011	\$79,001	\$80,030	\$81,028	\$82,064	\$83,066	\$93,999	\$95,363
Total Revenues	\$435,310	\$546,111	\$547,740	\$562,822	\$563,852	\$579,364	\$580,400	\$596,352	\$607,285	\$624,048
Less: Expenses										
Operating and Maintenance ²	\$240,269	\$247,405	\$254,753	\$262,320	\$270,113	\$278,138	\$286,402	\$294,913	\$303,677	\$312,702
PILOT Payment	\$51,422	\$52,450	\$53,499	\$54,569	\$55,661	\$56,774	\$57,910	\$59,068	\$60,249	\$61,454
Net Before Debt Service and Capital Expenditures	\$143,619	\$246,256	\$239,488	\$245,933	\$238,078	\$244,452	\$236,089	\$242,372	\$243,360	\$249,892
Debt Service										
Existing Debt P&I	\$25,125	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New (2025-2034) Debt Service P&I	\$0	\$28,726	\$151,296	\$151,272	\$151,248	\$151,223	\$151,197	\$151,171	\$151,144	\$151,117
Total Debt Service	\$25,125	\$28,726	\$151,296	\$151,272	\$151,248	\$151,223	\$151,197	\$151,171	\$151,144	\$151,117
Transfer In (Out)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Capital Improvements	\$37,000	\$6,330,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Debt Proceeds	\$0	\$6,300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Annual Cash Flow	\$81,494	\$187,530	\$58,193	\$64,661	\$56,831	\$63,229	\$54,891	\$61,201	\$62,215	\$68,775
Restricted and Unrestricted Cash Balance:										
Balance at first of year	\$1,350,415	\$1,431,909	\$1,619,439	\$1,677,631	\$1,742,292	\$1,799,123	\$1,862,352	\$1,917,243	\$1,978,444	\$2,040,660
Net Annual Cash Flow Addition/(subtraction)	\$81,494	\$187,530	\$58,193	\$64,661	\$56,831	\$63,229	\$54,891	\$61,201	\$62,215	\$68,775
Balance at end of year	\$1,431,909	\$1,619,439	\$1,677,631	\$1,742,292	\$1,799,123	\$1,862,352	\$1,917,243	\$1,978,444	\$2,040,660	\$2,109,435
"All-in" Debt Coverage	5.72	8.57	1.58	1.63	1.57	1.62	1.56	1.60	1.61	1.65
Revenue Bond Debt Coverage	N/A	10.40	1.94	1.99	1.94	1.99	1.94	1.99	2.01	2.06
PSC Days Cash on Hand	2,084	2,051	1,736	1,775	1,803	1,836	1,858	1,885	1,911	1,940
Notes:				Legend:						
1) Assumes no changes in customer count or usage beyond Test Year.				Simplified Rate Case (projected eligibility)						
2) Assumes 3.00% annual inflation beyond budget year.				Conventional (Full) Rate Case						

Proj. Impact on Sample Residential Water Bill

Year	Water					Utility Bill (Annual)	Change Over Prior Year	% of MHI (80,709)	Year
	Increase	Water Vol. Charge ¹	Water User Charge ²	Utility Bill (Quarterly) ³	Change Over Prior Year				
		<u>Tiered</u>	<u>Serv. + PFP</u>						
2024		3.11	18.54	\$ 55.86		\$ 223.44		0.28%	2024
2025	0.00%	3.11	18.54	\$ 55.86	\$ -	\$ 223.44	\$ -	0.28%	2025
2026	53.12%	4.76	28.39	\$ 85.53	\$ 29.67	\$ 342.13	\$ 118.69	0.42%	2026
2027	0.00%	4.76	28.39	\$ 85.53	\$ -	\$ 342.13	\$ -	0.42%	2027
2028	3.00%	4.90	29.24	\$ 88.10	\$ 2.57	\$ 352.39	\$ 10.26	0.44%	2028
2029	0.00%	4.90	29.24	\$ 88.10	\$ -	\$ 352.39	\$ -	0.44%	2029
2030	3.00%	5.05	30.12	\$ 90.74	\$ 2.64	\$ 362.97	\$ 10.57	0.45%	2030
2031	0.00%	5.05	30.12	\$ 90.74	\$ -	\$ 362.97	\$ -	0.45%	2031
2032	3.00%	5.20	31.02	\$ 93.46	\$ 2.72	\$ 373.85	\$ 10.89	0.46%	2032
2033	0.00%	5.20	31.02	\$ 93.46	\$ -	\$ 373.85	\$ -	0.46%	2033
2034	3.00%	5.36	31.95	\$ 96.27	\$ 2.80	\$ 385.07	\$ 11.22	0.48%	2034
Total Change over planning period					\$ 40.41	\$ 161.63			

Notes:

1. Current water volumetric rate is \$3.11 per 1,000 gallons for the first 30,000 gallons used per quarter (declining rate block structure)
2. The water user charges include a quarterly service charge of \$18.54 for a 5/8 inch meter.
3. Assumes usage for sample residential user of 12,000 gallons per quarter.

Rate Comparison – Jefferson County

Utility ID	Utility Name	County	Utility Class	Min. Quarterly Bill (5/8" meter)	6000 GAL	12000 GAL	15000 GAL	18750 GAL	75000 GAL	Effective Date
920	Cambridge Municipal Water Utility	Jefferson	D	66	148.5	231	272.25	323.81	1093.68	5/1/2024
3000	Lake Mills Light And Water Department	Jefferson	C	34.83	70.77	106.71	124.68	147.14	484.08	10/1/2023
6220	Waterloo Water And Light Commission	Jefferson	C	38.88	68.7	98.52	113.43	132.07	411.63	9/1/2023
2752	Jefferson Water Utility	Jefferson	C	31.59	59.19	86.79	100.59	117.84	360.99	1/1/2024
6230	Watertown Water Department	Jefferson	AB	25.2	55.6	86	101.2	120.2	397.4	4/15/2017
4520	Village of Palmyra Water and Sewer Utility - PROJECTED TY25 CRC INCREASE	Jefferson	D	28.39	56.96	85.53	99.82	117.67	355.91	TBD
2060	City of Fort Atkinson Water Utility	Jefferson	AB	21.71	49.23	76.75	90.51	107.71	271.36	7/1/2024
6520	Whitewater Municipal Water Utility	Jefferson	C	29.4	47.28	71.16	83.1	98.03	321.9	4/28/2023
2770	Johnson Creek Water Utility	Jefferson	C	37.23	52.47	67.71	75.33	84.86	227.73	6/28/2024
4520	Village of Palmyra Water and Sewer Utility - CURRENT RATES	Jefferson	D	18.54	37.2	55.86	65.19	76.85	232.44	12/17/2013

- Assumes 53.12% increase.
- No PFP (charged different by utility)
- Sorted highest to lowest by 12,000 Gallons

Recommendations

- File Test Year 2025 PSC CRC
 - ✓ Rate increase is needed for debt coverage requirements to support SDWFL future debt payments for PFAS project
 - ✓ If filing after 7/31/2025, would need to include PFAS project assets – full PSC rate adjustment would likely double
- Request conversion of PFP from levy to direct charge
 - ✓ Will require resolution to be adopted before PSC public hearing (Fall 2025 – TBD)
- Consider future Simplified Rate Increases
 - ✓ Sustain recommended all-in debt coverage

Questions?
