

SERVICE DATE
Apr 12, 2017

PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of the Town of Scott, as a Water Public Utility, for
Authority to Construct a Metering Station and Pressure Reducing
Station, in the Town of Scott, Brown County, Wisconsin

5296-CW-101

FINAL DECISION

Introduction

On February 14, 2017, the Commission received an application from the Town of Scott, as a public water utility (Utility), pursuant to Wis. Stat. § 196.49 and Wis. Admin. Code ch. PSC 184. The Utility seeks authority to construct an above ground water metering station with chlorine injector and the replacement of an existing pressure reducing valve, in the Town of Scott, at an estimated total cost of \$458,146. The Commission issued a Notice of Investigation on March 23, 2017. No hearing was required nor held. No major concerns were brought to the attention of the Commission staff.

The application is GRANTED subject to conditions.

Findings of Fact

1. No person requested a hearing in this investigation.
2. The Utility is a public utility as defined under Wis. Stat. § 196.01(5)(a) and provides water service to approximately 706 customers in Brown County.
3. This project consists of constructing an above ground water metering station with chlorine injector and the replacement of an existing pressure reducing valve, in the Town of Scott, at an estimated total cost of \$458,146.

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4. The type of project and the estimated cost of this project require Commission review and approval under Wis. Stat. § 196.49 and Wis. Admin Code ch. PSC 184.

5. The Utility reported water operating revenues of \$234,956 in 2016.

6. The proposed project is necessary to provide adequate and reliable service for present and future customers.

7. Based on the Utility's annual report data, between 2012 and 2016, overall water sales declined by seven percent, and average gallons per residential customer declined by nine percent.

8. Completion of this project will not substantially impair the efficiency of the service provided by the Utility.

9. Completion of this project will not provide facilities unreasonably in excess of the Utility's probable future requirements.

10. When this project is completed, the additional cost-of-service of this project will be proportionate to the increase in value or available quantity of service.

11. No significant environmental consequences are associated with the project.

12. No significant risk of flooding is associated with this project.

13. The construction of the proposed project will not affect any historic properties.

14. The construction of the proposed project will not affect any endangered or threatened species.

15. Authorization of the project is in the public interest.

Conclusions of Law

1. The Commission has authority under Wis. Stat. §§ 1.11, 44.40, 196.02, 196.025, 196.395, and 196.49, and Wis. Admin. Code chs. PSC 4 and 184, to issue a certificate and order authorizing the Utility to construct the proposed facilities at an estimated total cost of \$458,146.

2. The Commission has authority under Wis. Stat. § 15.02(4) to delegate to the Administrator of the Division of Water, Telecommunications and Consumer Affairs, those functions vested by law as enumerated above. It has delegated the authority to the Administrator of the Division of Water, Telecommunications and Consumer Affairs to issue a Certificate of Authority for the proposed project.

3. The estimated gross cost of this project exceeds the minimum threshold of utility projects requiring Commission review and approval under Wis. Stat. § 196.49 and Wis. Admin. Code ch. 184.

4. The Commission may impose any term, condition or requirement necessary to protect the public interest pursuant to Wis. Stat. §§ 196.02, 196.395, and 196.49.

5. The application is a Type III action under Wis. Admin. Code § PSC 4.10(3) and requires neither an environmental impact statement (EIS) nor an environmental assessment (EA).

Discussion

The Utility provides water service to its customers in the Town of Scott, Brown County. The Utility's existing water system consists of one well, one elevated storage tank and 15 miles of water main.

The Utility is proposing construction of an above ground water metering station with chlorine injector and the replacement of an existing pressure reducing valve. This project is

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needed to provide the second in four proposed connection points between the Town of Scott and the Green Bay Water Utility, as described in the 2006 boundary agreement between the two communities. The proposed metering station will be located at Van Lanen Road. The metering station will contain a magmeter and chlorine injection equipment. The magmeter will measure wholesale water supplied from the Green Bay Water Utility to the Town of Scott Water Utility. This second connection point will provide redundancy to the Town of Scott water system. The chlorine injection equipment will boost residual chlorine levels as the water enters the Town of Scott service area. The replacement of an existing 4-inch pressure reducing valve on Van Lanen Road with a new 6-inch pressure reducing valve (including a new bypass valve) will allow the pressure reducing valve to be shut off while still providing flow to downstream customers. The project is scheduled to be constructed from June to October, 2017.

Cost and Rate Impacts

The total estimated cost of this project is \$458,146. The Utility plans to fund this project through a loan and municipal investment. The Utility is currently applying for a 41 percent rate increase with the Public Service Commission. Commission staff estimates that implementation of this project would result in the need to increase rates by 26 percent (the remaining 15 percent rate increase is due to other factors).

This estimated rate impact is provided for general information. The actual amount of any rate increase would be determined at the time that the Utility submits an application for a rate increase. The amount of any increase would depend on several factors, including but not limited to, project financing, growth in customer demand, inflation, actual project costs, and the requested rate of return.

Analysis

Some utility construction projects require approval from the Wisconsin Department of Natural Resources (DNR). The Commission's review of construction projects and the DNR's review are complementary, with the DNR ensuring the project will provide public health and safety, and the Commission ensuring the project is reasonable in cost and necessary to meet the probable future requirements of the utility.

The project, as conditioned herein, complies with Wis. Stat. § 196.49(3)(b). The project will not substantially impair the efficiency of this Utility's service. In fact, the addition of this project will improve the efficiency of the Utility. Presently the Utility is flushing water at selected dead ends to maintain a residual chlorine level in the mains. The addition of the chlorine injection equipment will allow the Utility to add chlorine at a location that is closer to the areas where chlorine levels are low, thus eliminating the need to waste water to maintain adequate chlorine levels. Also, by locating the chlorine addition point at this meter station the Utility only needs to dose a small portion of the system which keeps the chlorine usage to a minimum. This meter station also adds efficiencies to the system by providing an additional connection to the Green Bay Water Utility and providing redundancy for the Town of Scott Water Utility's two lower pressure zones.

Completion of this project will not provide facilities unreasonably in excess of the Utility's probable future requirements. The proposed metering station is the second of four planned connection points that serve the entire Town of Scott. The metering station is needed at this time to improve water quality and provide system redundancy in the Utility's lower pressure

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zone. The station is being designed for minimum service at this time with the ability to expand in the future as flows increase.

When placed in service, the project will increase the value of available quantity of service in proportion to any addition to this Utility's cost of service. The metering station and pressure reducing valve will help the Utility provide a more consistent supply of water to the customers in this area, and improve the quality of water by providing an adequate level of disinfection per DNR requirements. The project provides the minimum infrastructure required to adequately monitor the system. The building is being located on a parcel owned by NEW Water, and agreements will be executed to minimize costs as compared to the Utility owning and maintaining its own site. An alternative to the proposed project included the construction of additional looping of water main to provide the system redundancy provided by the second connection point and pressure reducing valve. The main looping is estimated to cost approximately \$1,500,000, which is less cost effective than the proposed project.

This is a Type III action under Wis. Admin. Code § PSC 4.10(3). No unusual circumstances suggesting the likelihood of significant environmental effects on the human environment have come to the Commission's attention. Neither an environmental impact statement under Wis. Stat. § 1.11 nor an environmental assessment is required.

Certificate

The Town of Scott, as a public utility, is authorized to construct the facilities proposed in its February 14, 2017, application, at a total estimated cost of \$458,146, subject to the conditions in this Certificate of Authority and Order.

Order

1. The Utility's application for authority to construct facilities in Brown County, at an estimated total cost of \$458,146 is granted, subject to the conditions in this Certificate of Authority and Order.

2. This authorization is for the specific project as described in the application, at the stated project cost. Should the scope, design, or location of the project change significantly, or if it is discovered or identified that the project cost, including force majeure costs, may exceed the estimated cost by more than 10 percent, the Utility shall promptly notify the Commission as soon as it becomes aware of the possible change or cost increase and provide a reason for the change.

3. If the Utility does not begin on-site physical construction within two years of the effective date of this Certificate of Authority and Order, the certificate authorizing the project shall become void unless the Utility: a) files a written request for an extension of time with the Commission before the date on which the certificate becomes void; and b) is granted an extension by the Commission.

4. If the Utility has not begun on-site physical construction and has not filed a written request for an extension before the date the certificate becomes void, the Utility shall inform the Commission of those facts in writing within 20 working days after the date on which the certificate becomes void.

5. The Utility shall submit to the Commission the final actual costs segregated by the Commission's uniform system of accounts within one year after the in-service date. For those accounts which actually deviate significantly from those authorized, the final cost report shall itemize and explain the reasons for any such deviations.

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6. This Final Decision takes effect one day after the date of service.
7. Jurisdiction is retained.

Dated at Madison, Wisconsin, April 12, 2017

For the Commission:



Steven A. Knudson
Administrator
Division of Water, Telecommunications and Consumer Affairs

SAK:SPK:pc:DL:01504097

See attached Notice of Rights

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

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

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

PETITION FOR REHEARING

If this decision is an order following a contested case proceeding as defined in Wis. Stat. § 227.01(3), a person aggrieved by the decision has a right to petition the Commission for rehearing within 20 days of 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.¹ The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

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

Revised: March 27, 2013

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