



CITY OF LA CROSSE UTILITIES

WATER - SEWER - STORM

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MEMORANDUM

To: Board of Public Works
From: Tina Erickson, Utilities Finance & Compliance Manager
Derek Greebon, Superintendent of Water Utility
Date: July 1, 2024
Subject: Water Utility Rates

The La Crosse Water Utility (Utility) rates are established by the Wisconsin Public Service Commission (PSC) to ensure water utilities have sufficient financial capacity to provide the critical services that contribute to the health and safety of our community. The PSC uses standard business concepts in determining the revenue required for a water utility to provide safe, reliable, environmentally responsible, and equitable rates to our customers. The last rate increase was approved by the PSC and implemented by the Utility in 2019. Currently, La Crosse residential customers pay less than a penny per gallon for water, and around a penny per gallon for wastewater.

To ensure the financial health and resiliency of the Utility, it is recommended that a full rate review be completed a minimum of every five years, or more frequently based on the annual financial review. Though the Utility maintained a healthy cash fund and rate of return at year-end 2023, there are several large capital improvement projects and deferred maintenance needs that will impact our finances significantly over the next couple of years.

To safeguard the financial integrity of the Utility, the Utility recommends that we submit a rate increase application with the PSC for a complete financial review in the fall of 2024. Once the PSC completes their revenue requirement proposal and rate design, a public hearing will be held for community members. We would expect a final decision and implementation of the PSC rate order by early 2025.