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Future water rates on target with past projections

Lake Michigan water supply is on time, on budget

New predictions for water rates following Waukesha's switch to a Lake Michigan water supply are on target with estimates made at the start of the project, water utility officials say.

"Despite a number of major challenges, including current shortages of supplies and labor, water rates at the end of the project will be in line with the estimates we gave to residents at the start of the project," according to Dan Duchniak, general manager of the Waukesha Water Utility. "The city, the utility and our contractors are all committed to keeping the cost of water in line with what we told our ratepayers."

Total water bills in 2027, when the ongoing costs of the new water supply are fully reflected in rates, will be about \$149 per month for the average residential customer, up from the current average of \$95 per month. The bills will include charges for the water supply, return flow to Lake Michigan and wastewater services for a family using about 4,000 gallons of water per month. The projected rate is lower than the \$155 per month that was estimated in a 2018 mailing to city residents and posted online.

Water supply and return flow costs in 2027 will make up \$96 per month of the \$149 bill, according to the utility's estimates. "In 2016, when the project was approved by the Great Lakes governors, we estimated that water and return flow rates would be \$95 to \$105 per month," Duchniak said. "I am proud that we were able to stick to our word and actually come in on the low end of that range."

Duchniak said the water bill projections include all the costs of operating and maintaining the water and wastewater utilities. "We were able to keep rates on target despite the dramatic increases in the costs of supplies, materials and equipment, along with the labor shortage that everyone is experiencing," he said.

He also noted some of the increased costs of water can be offset by reduced water

softening costs. “Lake Michigan water is much softer than groundwater. Families will be able to save as much as \$300 per year by reducing or eliminating softener use,” he said.

Water rates are actually determined by the Wisconsin Public Service Commission. Utility staff will submit a rate case to the state this fall but expect approval to take about a year.

Typical total water bills are projected to increase from the current \$95 per month on the following schedule:

- o For 2023, to \$100 per month (+5.3%).
- o For 2024, to \$114 per month (+14.4%).
- o For 2025, to \$134 per month (+17.6%).
- o For 2026, to \$147 per month (+9.4%).
- o For 2027, to \$149 per month (+14%).

Duchniak said rates will increase most significantly in 2024 and 2025 as construction costs are accounted for. Waukesha explored the possibility of smoothing out increases over additional years, but that would not comply with PSC protocols, he said.

The project to build the infrastructure needed to bring Lake Michigan water from Milwaukee and then return it after use and treatment began in 2020 and is known as the Great Water Alliance. The switch to the new water supply will occur next year.

Overall construction, including of a booster pumping station near East Broadway and Les Paul Parkway, is 72% complete. That includes 29 miles of the 36 miles of pipeline needed to bring water from Milwaukee and return it to the Root River, a Lake Michigan tributary.

Long-term use of Waukesha’s current groundwater supply is environmentally unsustainable. In addition, the water supply is contaminated with radium. Waukesha must be in full compliance with federal drinking water standards for radium by September 2023.

“Every community needs a healthy water supply,” said Waukesha Mayor Shawn Reilly. “Providing safe water that we can count on for the long-term has been a goal of city leaders for the past two decades, but it will finally be a reality for our families and businesses next year.

“There was no do-nothing option. Our alternatives were thoroughly explored and the switch to Lake Michigan water was the most affordable alternative,” he said. “All the Great Lakes states and provinces agreed that it was our only reasonable water supply alternative.”

Reilly said the city has been doing all it can to keep the costs in line. “For example, we worked with the federal government, including our congressmen and senators, to receive low-cost financing that will reduce interest costs by about \$1 million per year. And the agreement we negotiated in 2017 to purchase water from the City of Milwaukee will save the average residential ratepayer over \$200 per year, compared to other suppliers. That will keep more than \$4 million per year in the Waukesha economy,” he said.

The mayor also noted that the pipelines for the project go through neighboring communities. “We called the project the Great Water Alliance because it has depended on the cooperation of our neighbors. We appreciate that patience that residents and neighboring officials have shown during our construction project.”

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