PSC Water Industry Meeting
MEETING SUMMARY
Monday, January 13, 2014

Attendees:
Jeff Ripp, PSC; Jeff Stone, PSC; Kathy Butzlaff, PSC; Denise Schmidt, PSC; Bruce Schmidt, PSC; Sam Shannon, PSC; Bridget Gysbers, PSC; Lawrie Kobza, MEG-Water; Mike Sullivan, Oak Creek Water; Jeffrey Novak, Milwaukee Water; Vicki Hellenbrand, Baker Tilly; Dave Lawrence, WRWA; Donna Scholl, Waukesha Water; Ed St. Peter, Kenosha Water; Pat Planton, SEH; Frank Miller, Cudahy Water/WWA; Kevin Mraz, Algoma Sanitary District; Mary Cardona (note-taker for WWA).

1. Division Administrator Topics – Jeff Stone

Administrator Stone reported visiting many utilities around the state in recent weeks to get familiar with the issues and various operations. Lateral insurance being offered by a private contractor is of particular concern to him right now (see discussion under #6 below).

2. Water Rate Cases Update – Timeliness, Workload - Kathy Butzlaff

Currently, PSC staff is working on 28 cases; this is down from 37 in November. Records show the average processing time for cases in 2013 was 143 days if two time-consuming contested cases are excluded (Oak Creek and Kenosha). From August on, the average processing time was 112 days. Kathy provided a Summary of Water Rate Case Processing Time to attendees that included data from 2010 – 2013. Utilities can expect a straightforward case with complete information, no impact fee, and no external hold-ups to take between 90 and 120 days to process. A simplified rate case may take as little as 14 days.

Many cases involve small utilities that are financing big projects, facing loan deadlines, or requesting rate increases. Some small utilities have not increased rates since the 1980s or 1990s. PSC staff is helping some small utilities with accounting procedures and impact fee collection issues.

The PSC has revised the design of the filing application and believes it will be easier to complete and process, although the same information is being requested. There are two new customer classifications: Irrigation Class (not mandatory) and Multi-family (mandatory). Establishing separate rates for these two new classes is optional.

Question: What is the average rate of increase in water rates over the last ten to fifteen years? No hard numbers are readily available to answer this question. Nationally, it may run twice the rate of inflation. In Wisconsin last year, 76 rate cases were presented and the average increase was 3%. Normally, there are between 70 and 100 cases per year.

Tax levy must be reduced if fire protection fees are raised. Jeff reminded the group that Act 20 requires that any new or increased fire protection fees adopted by municipalities after July 2 of last year must be offset by an equal reduction in the tax levy. This does not affect municipalities who included fire protection costs in utility rates prior to July 2, 2013.
3. Administrative Rule Update – Jeff Ripp

a. Meter Retention Rules (1-AC-227)
The commission has not yet adopted final meter retention rules for water utilities. The commission has asked staff to obtain more information from water utilities on meter retention issues. PSC staff has developed a set of questions for a short electronic survey and sent them to the PSC’s general counsel for review. When approved, staff will use the mailing list it has for the annual report to distribute the survey.

b. Application for Service (1-AC-229)
Staff has drafted the final version of this rule and sent it to the legislature and executive branch. The draft includes the language suggested by MEG-Water giving municipal water utilities the option of whether to require applications for water service.

c. Water Utility Service Rules (1-AC-233)
PSC staff has been meeting weekly and reviewing PSC 185 section by section. In editing the rules, staff is adhering to the Commission’s directive to make the rules consistent across utilities (electric, gas & water) wherever possible. It is becoming clear that the rule will not be any shorter, but hopefully, it will be easier to read. The initial review of the consumer rules is done. The rules will clarify the responsibility of customers and utilities for lateral repairs. Customer obligations will remain in X-1 of the utility's tariff. Staff is now looking at the meters section of PSC 185 and reviewing testing and accuracy language. Many of the engineering rules will be deleted since they are already in the DSPS rules or in the NR 800 series. Jeff hopes a draft will be available for industry review by this summer.

The PSC will strongly encourage utilities to adopt the standard rules in their tariffs whenever possible and if a utility cannot, the PSC will ask why the case requires an exception.

4. Annual Report

New software for the completion of the Annual Report on-line was released on Friday and an e-mail was sent to all utilities today. The new form is pretty similar to the old form. Whereas the old form prepopulated information on the contact page, utilities must now fill in the fields.

An Annual Report Helpline has been established. Utilities may call 608-267-2335 or email pscarhelpline@wisconsin.gov. Jeff Stone will be making the decision on any extension requests. A reminder that reports are due will be sent out 30 days prior to the deadline of April 1.

Cliff Koehler is retiring in mid-February. His expertise will be missed. Cliff has been training Rita Chapman to take over many of his responsibilities and the PSC is investing in a remote access program that will enable staff to temporarily see the computer screen of the person they are helping. The PSC has also hired a new database manager and is considering updating its system. Staff would like the ability to make minor corrections to forms submitted. Currently, the only option staff has is to request a utility to refile or keep a running list of minor errors that need to be corrected in reports.
5. Water Loss – Bruce Schmidt

*New system.* Last year utilities used a new PSC system to report water loss data. Utilities were then notified if they exceeded the regulatory thresholds for water loss. This year the list of recipients receiving the notice will be reviewed more judiciously and there will likely be a tolerance around the applicable regulatory water loss threshold. The form may also be simplified.

*Compliance.* Bruce followed up with utilities that did not respond to an e-mailed request to fill out the water loss form. Approximately 120 utilities received a reminder after 30 days. After a second e-mail, two-thirds of the utilities had responded. After that, phone calls were made.

*Water loss criteria in PSC Rule 185.* PSC 185 sets non-revenue water loss standards for utility classes. If the tolerated water loss percentage is exceeded, a utility is required to submit a water loss control plan to the PSC. The PSC has developed a form for utilities to use to create this plan (distributed to attendees). With the data collected, the PSC will be able to track over time what actions utilities are taking to correct water loss and how effective these actions are from a cost standpoint.

*AWWA Free Water Audit Software.* The AWWA has developed a system enabling utilities to analyze water loss and is making it available free to members and non-members. Wisconsin is already collecting 90% of the data requested in the form except for two statistics: average length of customer service line (lateral) and average operating pressure. In order for Wisconsin to be included in the national database, it would need to start collecting this data. The PSC’s new database system will be able to feed numbers directly into the AWWA audit tool. Eventually, these last two pieces of data may be requested in the Annual Report.

The tool will enable utilities to assess the robustness of their distribution system. The audit computes an ILI number (infrastructure leakage index) for a utility and compares it to an average ILI number. A good number reflecting expected and unavoidable loss is between 15% and 20%. Utilities should see lower levels of loss in newer systems. Those with older systems will be able to evaluate whether or not it is time to rebuild infrastructure or reconfigure a system’s design to be more efficient.

The group discussed how difficult it would be to collect these last two pieces of data and the consensus was that it would be relatively easy to figure out the average length of customer service lines. Average operating pressure would need to be collected for various pressure districts (zones) in a utility’s service area and then averaged.

*Repairs on private property.* State law forbids municipalities from doing construction work on private property. If a lateral breaks on private property, a utility may hire a private contractor to repair the break and charge the property owner, or it can recommend contractors for a property owner to contact directly. Utilities may direct a property owner to repair a broken lateral and may also disconnect a customer if they refuse to do so.

*Enforcement of the meter replacement allowance.* In 1997, PSC regulations were revised to allow utilities to avoid meter testing if they adopted a 20 year meter replacement program. The regulations allow this exemption from meter testing as long as the system meets minimum water loss standards. The PSC will begin actively enforcing this provision. Utilities that do not meet minimum water loss standards will be notified by letter about what they need to do to comply.
6. Lateral insurance – Jeff Stone

It has come to the attention of Water Division Administrator Jeff Stone and others that there is a contractor soliciting residents with an offer of “lateral insurance.” The contractor is a legitimate company named HomeServe USA that may be distributing the solicitation statewide. HomeServe charges a monthly rate for the insurance. If the insured’s lateral is damaged, the policy covers the repairs as long as HomeServe does the repair. Thus the insurance is in reality more like a service contract. The impetus for offering this “insurance” appears to be a change in state law (Chapter 66) that bans public utilities from servicing laterals on private property. The solicitations are of concern for several reasons:

1. The insurance being offered initially covered only wastewater laterals. But the last appeal included drinking water laterals that rarely fail.
2. The insurance is expensive relative to other home insurance ($5 - $10/month).
3. The appeal makes it look as though it was sent from the municipality. People are getting the impression that it is either recommended by the municipality or required by the municipality.
4. The City of Milwaukee has endorsed use of the company’s lateral insurance and may be getting revenue from the company. The City of Madison may also have endorsed the insurance. There is concern that in doing so, the cities are endorsing a single contractor for work and/or they may be running afoul of state insurance laws, which forbid insurers from splitting commissions.

On the positive side, the marketing campaign by HomeServe has increased public awareness that property owners are responsible for the repair of laterals on their property.

Administrator Stone will be meeting with the Insurance Commissioner to discuss the issue and will continue to look into the matter. It was suggested that cities could help consumers by providing statistics on how often laterals break.

7. Infrastructure Surcharge Working Group (DSIC) - Vicki Hellenbrand

The small group presented its recommendation about alternative ratemaking methods to the PSC at a meeting attended by Kathy, Bruce and others. At this point, the small group would like to meet again via teleconference with the large working group to begin crafting a formal request to the PSC. At this meeting a deadline would be set for completion of the draft proposal. Vicki is willing to present this work at the Regulatory Affairs Seminar scheduled for May 7, 2014.

8. Delinquent tenant utility bill draft legislation – Lawrie Kobza

Note: Since the meeting, LRB–0613/2 has been released. These notes were updated to reflect the bill now circulating for sponsors.

A bill (LRB–0613/2) sought by landlords will likely be introduced by Senator Frank Lasee (R – Ledgeview) very soon. Stakeholders have been meeting for many months to develop compromise legislation that would retain the right of municipalities to place delinquent bills on the property tax rolls while addressing the concerns of landlords. Landlords have been particularly concerned about electric bills. The legislation is likely to be assigned to the committee Senator Lasee chairs, the Insurance and Housing Committee, and move quickly through the public hearing and executive action (voting) stages. Rep. Andre Jacque (R – De Pere) is expected to introduce a similar bill in
the Assembly. The law would take effect six months after passage. Here is what the bill contains:

If a property owner that is leasing property to residential tenants provides notice to the municipality that 1) the property is being leased for residential use and 2) that a tenant is responsible for the utilities in a unit, then:

Section 3, pages 4 - 5 – The utility must provide a list of tenants in arrears to the Clerk of Courts on October 15 when the annual notice of past due amount and intent to place delinquent utility charges on the property tax rolls is given. The draft says the Clerk must accept this list, however there is no requirement to post the list or take any other specific action. The municipality would have a lien upon the assets of the tenant. However, the draft does not direct the municipality to do anything with the lien. If the owner pays the bill, the lien on the tenant transfers from the municipality to the property owner. Municipalities are not required to track who paid the bill or reimbursements.

Section 5, pages 5 - 6 - Municipalities must serve notice on the owner of a rental building within 14 days of the date on which the tenant’s charges became past due. If municipalities serve this notice in a timely manner, they can place delinquent tenant bills on the owner’s property tax roll. If municipalities mail a copy of the next month’s bill to owners with a past due balance showing within that 14 day period, it would satisfy the bill’s provisions.

Sections 16 – 23, pages 9 – 11 – The bill would, for the first time, enable a private property owner who holds a lien to collect what is owed to them through the Department of Revenue’s power to redirect tax refunds from a debtor to a lienholder (the TRIP program). The municipality would be required to certify the debt to the DOR, and a property owner would be permitted to certify the debt to DOR. Currently only governmental bodies are eligible to use this program.

Three provisions in LRB-0613/2 apply to all residential tenancy situations:

Page 8, lines 1 – 4 – Upon request, utilities must inform an owner if a prospective tenant has any outstanding past-due utility charges from previous addresses. The section does not require utility service to be placed in a tenant’s name.

Page 8, lines 12 – 16 and Page 11 lines 5 – 10 – Utilities may adopt different application, deposit, disconnection or collection rules or practices for tenants versus owners. This would allow utilities to legally differentiate between types of utility users.

Page 8, lines 8 – 10 – A utility would not be required to offer deferred payment agreements to tenants.

9. The customer privacy law and publication of major water users

Because of the new customer privacy law, names of major water users may no longer be made public in a municipality’s annual report.

10. Next Meeting: MONDAY, April 14, 2014
Summary of Water Rate Case Processing Time

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2013*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Number of Cases</td>
<td>75</td>
<td>73</td>
<td>63</td>
<td>64</td>
<td>62</td>
</tr>
<tr>
<td>Average Processing Time (Days)</td>
<td>171</td>
<td>161</td>
<td>149</td>
<td>155</td>
<td>143</td>
</tr>
<tr>
<td>Median Processing Time (Days)</td>
<td>162</td>
<td>150</td>
<td>143</td>
<td>129.5</td>
<td>124.5</td>
</tr>
<tr>
<td>Number of Cases &gt; 180 Days</td>
<td>27</td>
<td>24</td>
<td>15</td>
<td>19</td>
<td>17</td>
</tr>
<tr>
<td>Percentage of Cases &gt; 180 Days</td>
<td>36.0</td>
<td>32.9</td>
<td>23.8</td>
<td>29.7</td>
<td>27.4</td>
</tr>
</tbody>
</table>

*Excludes Contested Cases: Oak Creek (745 Days) and Kenosha (292 Days).

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76 SRCs LAST YEAR, AVE TIME 14 DAYS
SRC 2014 INCREASE LIKELY 3%
Public Service Commission of Wisconsin

Water Loss Compliance Questions.

What are the reasons for the exceptionally high water loss?

1. One-time events. **If you answer “one-time events” then you will be asked to describe the event that caused your water problems.**

2. Ongoing problems.

High Water Loss: Ongoing Problems

1. List the size of your station meter(s) (meter(s) that measure the water entering the distribution system), their as-found accuracy, as-left accuracy and the date the meter(s) was last tested.

2. Residential meters:

   (1) Do you test your residential meters every 10 years? Yes No

   (2) Do you replace your residential meters every 20 years? Yes No

3. Estimate the average accuracy of your customer meters? (If average accuracy is 98.5%, enter as 98.5) %

4. The amount of water lost is a function of the water pressure on the distribution system. List each pressure district and its average water pressure (pounds per square inch).

5. Has your utility done a leak survey of its distribution system? Yes No

   If answer Yes Please answer the question (5.1)-(5.4) below


   (5.2) What components of the distribution system were surveyed? Mains, Hydrants, and/or Services.

   (5.3) What annual percent of the mains, hydrants and services did the leak survey examine? % (If survey is 50% or half of system, enter as 50)

   (5.4) How much is spent annually on leak detection activities? $ (Whole Number)

6. How much money do you spend annually on the maintenance of your mains, hydrants and services? $ (Whole Number)
AWWA WLCC Free Water Audit Software: Reporting Worksheet

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grade.

PLEASE CHOOSE REPORTING UNITS FROM THE INSTRUCTIONS SHEET BEFORE ENTERING DATA.

### WATER SUPPLIED

<table>
<thead>
<tr>
<th>Volume from own sources:</th>
<th>&lt; Enter grading in column 'E'</th>
</tr>
</thead>
<tbody>
<tr>
<td>Master meter error adjustment (enter positive value):</td>
<td></td>
</tr>
<tr>
<td>Water Imported:</td>
<td></td>
</tr>
<tr>
<td>Water Exported:</td>
<td></td>
</tr>
</tbody>
</table>

**WATER SUPPLIED:** 0.000

### AUTHORIZED CONSUMPTION

<table>
<thead>
<tr>
<th>Billed metered:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unbilled metered:</td>
</tr>
</tbody>
</table>

**Authorized Consumption:** 0.000

### WATER LOSSES (Water Supplied - Authorized Consumption)

<table>
<thead>
<tr>
<th>Apparent Losses:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Losses:</td>
</tr>
</tbody>
</table>

**Water Losses:** 0.000

### NON-REVENUE WATER

**Non-revenue Water:** 0.000

### SYSTEM DATA

**Length of mains:**

**Number of active AND inactive service connections:**

**Average length of customer service line:**

**Average operating pressure:**

### COST DATA

Total annual cost of operating water system:

Customer retail unit cost (applied to Apparent losses):

Variable production cost (applied to Real losses): $/.

### PERFORMANCE INDICATORS

**Financial Indicators**

Non-revenue water as percent by volume of Water Supplied:

Non-revenue water as percent by cost of operating system:

Annual cost of Apparent Losses:

Annual cost of Real Losses:

**Operational Efficiency Indicators**

Apparent Losses per service connection per day:

Real Losses per service connection per day:

Real losses per length of main per day:

Real Losses per service connection per day per meter (head) pressure:

Unavoidable Annual Real Losses (UARL):

Infrastructure Leakage Index (ILI) (Real Losses/UARL):

* only the most applicable of these two indicators will be calculated

**WATER AUDIT DATA VALIDITY SCORE:**

Add a grading value for 9 parameter(s) to enable an audit score to be calculated

**PRIORITY AREAS FOR ATTENTION:**

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Billed metered
2: Customer metering inaccuracies
3: Total annual cost of operating water system

For more information, click here to see the Grading Matrix worksheet.
<table>
<thead>
<tr>
<th>Item Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparent Losses</td>
<td>Unauthorized consumption + meter under-registration + data handling errors. Includes all types of inaccuracies associated with customer metering as well as data handling errors (meter reading and billing), plus unauthorized consumption (theft or illegal use). NOTE: Over-registration of customer meters, leads to under-estimation of Real Losses. Under-registration of customer meters, leads to over-estimation of Real Losses.</td>
</tr>
<tr>
<td>Authorized Consumption</td>
<td>Billed metered + billed unmetered + unbilled metered + unbilled unmetered. The volume of metered and/or unmetered water taken by registered customers, the water supplier and others who are implicitly or explicitly authorized to do so by the water supplier, for residential, commercial and industrial purposes. This does NOT include water sold to neighboring utilities (water exported). Authorized consumption may include items such as fire fighting and training, flushing of mains and sewers, street cleaning, watering of municipal gardens, public fountain, frost protection, building water, etc. These may be billed or unbilled, metered or unmetered.</td>
</tr>
<tr>
<td>Average length of customer service line</td>
<td>This is entered for unmetered services and in cold or other areas where meters are installed inside boxes and buildings. It is the length of customer service line either between the utility's service connection (often at the curbstop) and the meter, or to the building line (first point of customer consumption) if customers are unmetered. Note the length of service connection between the main and customer service line is owned by the utility and its length and potential leakage is accounted for in the WAM formula by the number of service connections. What role does the &quot;Average Length of Customer Service Line&quot; parameter serve in the Water Audit? In many water distribution systems the water utility has maintenance responsibility for a portion of the customer service piping from its connection point at the water main to the curbstop valve located midway to the customer building. The customer is responsible to maintain the customer service piping from the curbstop to the building premises. When leaks arise on customer service piping, water utilities respond faster to repair leaks than customers when the leak is on piping under their responsibility. Leak durations are...</td>
</tr>
<tr>
<td>Average operating pressure</td>
<td>The average pressure may be approximated when compiling the preliminary water audit. Once routine water auditing has been established, a more accurate assessment of average pressure should be pursued. If the water utility infrastructure is recorded in a Geographical Information System (GIS) the average pressure at many locations in the distribution system can be readily obtained. If a GIS does not exist, a weighted average of pressure data can be calculated from water pressure measured at various fire hydrants scattered across the water distribution system.</td>
</tr>
<tr>
<td>Billed Authorized Consumption</td>
<td>All consumption that is billed and authorized by the utility. This may include both metered and unmetered consumption. See &quot;Authorized Consumption&quot; for more information.</td>
</tr>
<tr>
<td>Billed metered consumption</td>
<td>All metered consumption which is billed. This includes all groups of customers such as domestic, commercial, industrial or institutional. It does NOT include water sold to neighboring utilities (water exported) which is metered and billed. The metered consumption data can be taken directly from billing records for the water audit period. The accuracy of yearly metered consumption data can be refined by including an adjustment to account for meter reading lagtime, however additional analysis is necessary to determine the adjustment value, which may or may not be significant.</td>
</tr>
<tr>
<td>Billed unmetered consumption</td>
<td>All billed consumption which is calculated based on estimates or norms but is not metered. This might be a very small component in fully metered systems (for example billing based on estimates for the period a customer meter is out or orser) but can go the key consumption component in systems without universal metering. It does NOT include water sold to neighboring utilities (water exported) which is unmetered but billed.</td>
</tr>
<tr>
<td>Connection density</td>
<td>Number of connections / length of mains</td>
</tr>
<tr>
<td>Customer metering inaccuracies</td>
<td>Apparent water losses caused by the collective under-registration of customer water meters. Many customer water meters will wear as large cumulative volumes of water are passed through them over time. This causes the meters to under-register. The auditor has two options for entering data for this component of the audit. The auditor can enter a percentage under-registration (typically an estimated value), this will apply the selected percentage to the two categories of metered consumption to determine the volume of water not recorded due to customer meter inaccuracy. Alternatively, if the auditor has substantial data from meter testing to arrive at their own volumes of such losses, this volume may be entered directly. Note that a value of zero will be accepted but an alert will appear asking if the customer population is unmetered. Since all metered systems have some degree of inaccuracy, then a positive value should be entered. A value of zero in this component is valid only if the water utility does not meter its customer population.</td>
</tr>
</tbody>
</table>
AN ACT to repeal 62.69 (2) (e) to (g); to renumber 71.935 (2); to renumber and amend 66.0809 (3), 66.0809 (5) (b) 1. and 71.935 (1) (a); to consolidate, renumber and amend 66.0809 (5) (b) (intro.) and 2.; to amend 66.0809 (5) (c), 66.0809 (5) (d), 66.0821 (2) (b), 66.0821 (4) (d), 71.93 (3) (a) 6., 71.935 (1) (c), 71.935 (3) (a), 71.935 (3) (b), 71.935 (4) and 200.55 (5) (d) 2.; and to create 66.0809 (3m), 66.0809 (5) (ag), 66.0809 (5) (bm), 66.0809 (7), 66.0809 (3), 66.0809 (9), 66.0809 (10), 71.935 (1) (a) 2., 71.935 (2) (b), 73.03 (72) and 196.37 (5) of the statutes; relating to: collection of certain utility arrearages by a municipal utility and the provision of municipal utility service to tenants.

Analysis by the Legislative Reference Bureau
Under current law, if a municipal utility provides utility service to a property and payment for the service is in arrears, the utility has a lien on the property and may have arrearages inserted as a tax on the property if the following procedure is followed. On October 15, the utility or county treasurer must provide the owner or occupant of the property with a written notice of payment due. The notice must specify the amount of the arrearage and any penalty and must state that: 1) if payment is not received by November 1, an additional penalty will be assessed; a
2) if payment is not received by November 15, the arrearage amount and any penalties will become a lien on the property that will be collected as a tax on the property. On November 16, the utility or treasurer must certify and file with the county clerk a list of all properties for which a notice of arrears was given and for which arrears remain unpaid. The delinquent amount then becomes a lien upon the property and the clerk must insert the delinquent amount and any penalties as a tax against the property.

This bill provides that, if the municipal utility uses the arrearage collection procedure for a rental dwelling unit and provides a notice of arrearage to the owner, the municipality has a lien on the property of a tenant who is responsible for the arrearage. The utility or treasurer must then certify and file with the clerk of courts a list of those tenants. Also under this bill, if the owner pays the arrearage, the municipality must transfer the lien to the owner.

Also under current law, if a municipal utility provides electric or water service to a rental dwelling unit and the owner of the rental property provides the utility with certain information, including the name and address of the tenant who is responsible for paying for utility service, the utility may use the arrearage collection procedure described above only if the utility follows certain additional procedures for notifying both the owner and the tenant about any payments that are past due.

This bill allows an owner of a rental unit to request that a municipal utility terminate electric service to a rental dwelling unit if the tenant’s utility charges are past due and the tenant has received certain notices.

This bill also permits or requires certain actions of a municipal utility, including the following:

1) A municipal utility must refuse to establish electric utility service at a rental dwelling unit rented by a tenant if the tenant has outstanding past-due charges for utility service from the municipal utility, and must inform the owner of the rental unit of the past-due charges upon the owner’s request.

2) A municipal utility is not required to offer a customer who is a tenant at a rental dwelling unit a deferred payment agreement.

3) A municipal utility may adopt application, deposit, disconnection, or collection rules and practices that distinguish between customers based upon whether the customer is an owner or a lessee of the property receiving utility service where the possibility exists for unpaid bills of a tenant to become a lien.

Under current law, if any person owes a debt of at least $20 to a county or municipality, and if the debt has been reduced to a judgment or the county or municipality has provided the debtor reasonable notice and an opportunity to be heard with regard to the debt, the county or municipality may certify the debt to the Department of Revenue (DOR) so that DOR may collect the debt by subtracting the debt amount from any tax refund owed to the debtor. Under current law, for purposes of certifying debt to DOR, a “municipality” means any city, village, or town, and includes any entity providing consolidated services among cities, villages, and towns.

Under the bill, if a municipality or owner of a rental dwelling unit has a lien against a tenant for unpaid utility services, the municipality or property owner may
certify that debt to DOR so that DOR may collect the debt by subtracting the lien amount from any tax refund owed to the tenant. Prior to taking a lien, the municipality must try to collect the debt by other means. Under the bill, DOR may use the same methods for collecting unpaid utility services as it uses for collecting unpaid taxes.

For further information see the state and local fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 62.69 (2) (e) to (g) of the statutes are repealed.

SECTION 2. 66.0809 (3) of the statutes is renumbered 66.0809 (3) (a) and amended to read:

66.0809 (3) (a) Except as provided in subs. (4) and (5), on October 15 in each year notice shall be given to the owner or occupant of all the lots or parcels of real estate to which utility service has been furnished prior to October 1 by a public utility operated by a town, city, or village, including a public utility under s. 62.69, and payment for which is owing and in arrears at the time of giving the notice. The department in charge of the utility shall furnish the treasurer with a list of the lots or parcels of real estate for which utility service charges are in arrears, and the notice shall be given by the treasurer, unless the governing body of the city, village, or town authorizes notice to be given directly by the department. The notice shall be in writing and shall state the amount of arrears, including any penalty assessed pursuant to the rules of the utility; that unless the amount is paid by November 1 a penalty of 10 percent of the amount of arrears will be added; and that unless the arrears, with any added penalty, are paid by November 15, the arrears and penalty will be levied as a tax against the lot or parcel of real estate to which utility service was furnished and for which payment is delinquent. The notice may be served by
delivery to either the owner or occupant personally, or by letter addressed to the
owner or occupant at the post-office address of the lot or parcel of real estate.

(b) On November 16, the officer or department issuing the notice shall certify
and file with the clerk a list of all lots or parcels of real estate, giving the legal
description, for which notice of arrears was given under par. (a) and for which arrears
remain unpaid, stating the amount of arrears and penalty. Each delinquent amount,
including the penalty, becomes a lien upon the lot or parcel of real estate to which the
utility service was furnished and payment for which is delinquent, and the clerk
shall insert the delinquent amount and penalty as a tax against the lot or parcel of
real estate.

(c) All proceedings in relation to the collection of general property taxes and to
the return and sale of property for delinquent taxes apply to the tax under par. (b)
if it is not paid within the time required by law for payment of taxes upon real estate.

(d) Under this subsection, if an arrearage is for utility service furnished and
metered by the utility directly to a manufactured home or mobile home unit in a
licensed manufactured and mobile home community, the notice shall be given to the
owner of the manufactured home or mobile home unit and the delinquent amount
becomes a lien on the manufactured home or mobile home unit rather than a lien on
the parcel of real estate on which the manufactured home or mobile home unit is
located. A lien on a manufactured home or mobile home unit may be enforced using
the procedures under s. 779.46 (2).

(e) This subsection does not apply to arrearages collected using the procedure
under s. 66.0627.

(f) In this subsection, "metered" means the use of any method to ascertain the
amount of service used or the use of a flat rate billing method.
SECTION 3. 66.0809 (3m) of the statutes is created to read:

66.0809 (3m) (a) If sub. (5) applies and a notice of arrears under sub. (3) (a) is given, on the date the notice of arrears is given, the officer or department shall certify and file with the clerk of courts a list of tenants of rental dwelling units responsible for arrears. The municipality has a lien upon the assets of each tenant listed under this paragraph in the amount of the arrears for which the tenant is responsible.

(b) If par. (a) applies and the owner of the rental dwelling unit has paid the municipality the amount provided in the notice of arrears given under sub. (3) (a) or the amount placed as tax against the real estate under sub. (3) (b), the municipality shall transfer the lien under par. (a) to the owner.

(c) Prior to taking a lien under par. (a), and prior to October 15, the municipality shall certify the amount of the arrears to the department of revenue for collection under s. 71.91 or attempt to collect the amount by another method. For purposes of this paragraph, methods for collecting unpaid taxes under s. 71.91, as they apply to collecting unpaid income and franchise taxes, apply to collecting arrears certified under this paragraph. When the municipality certifies the arrears to the department for collection, it shall also notify the tenant of the certification.

SECTION 4. 66.0809 (5) (ag) of the statutes is created to read:

66.0809 (5) (ag) The owner of a rental dwelling unit shall provide to each tenant to whom this subsection applies a notice about the process for collecting arrears under sub. (3m) and ss. 71.91 and 71.935 (2) (b), including the information provided to the owner under s. 73.03 (72).

SECTION 5. 66.0809 (5) (b) (intro.) and 2. of the statutes are consolidated, renumbered 66.0809 (5) (b) and amended to read:
66.0809 (5) (b) If this subsection applies, a municipal public utility may use sub. (3) to collect arrearages incurred after the owner of a rental dwelling unit has provided the utility with written notice under par. (a) only if the municipality complies with at least one of the following: 2. In order to comply with this subdivision, if a customer who is a tenant has charges for water or electric service provided by the utility that are past due, the municipal public utility shall serve notice of the past-due charges on the owner of the rental dwelling unit within 14 days of the date on which the tenant’s charges became past due. The municipal public utility shall serve notice in the manner provided in s. 801.14 (2).

**SECTION 6.** 66.0809 (5) (b) 1. of the statutes is renumbered 66.0809 (5) (am) and amended to read:

66.0809 (5) (am) In order to comply with this subdivision, a municipal public utility shall send bills for water or electric service to a customer who is a tenant in the tenant’s own name. Each time that a municipal public utility notifies a customer who is a tenant that charges for water or electric service provided by the utility to the customer are past due for more than one billing cycle, the utility shall also serve a copy of the notice on the owner of the rental dwelling unit in the manner provided in s. 801.14 (2). If a customer who is a tenant vacates his or her rental dwelling unit, and the owner of the rental dwelling unit provides the municipal public utility, no later than 21 days after the date on which the tenant vacates the rental dwelling unit, with a written notice that contains a forwarding address for the tenant and the date that the tenant vacated the rental dwelling unit, the utility shall continue to send past-due notices to the customer at his or her forwarding address until the past-due charges are paid or until notice has been provided under sub. (3) (a).

**SECTION 7.** 66.0809 (5) (bm) of the statutes is created to read:
66.0809 (5) (bm) 1. No earlier than 14 days after receiving a notice under sub. (5) (b) of a tenant's past-due charges for electric service, the owner of a rental unit may request that the municipal public utility terminate electric service to the rental dwelling unit.

2. Upon receipt of a request under subd. 1., the municipal public utility shall serve notice on the tenant that unless all past-due charges are paid within 10 days, electric service to the rental dwelling unit will be terminated. The municipal public utility shall serve notice in the manner provided in s. 801.14 (2).

3. Except as provided under rules of the public service commission prohibiting disconnections during certain periods and subject to the procedural requirements under those rules, unless all past-due charges are paid, the municipal utility shall terminate electric service to the rental dwelling unit within 14 days after serving the notice under subd. 2.

SECTION 8. 66.0809 (5) (c) of the statutes is amended to read:

66.0809 (5) (c) A municipal public utility may demonstrate compliance with the notice requirements of par. (b) -1. or -2. (bm) by providing evidence of having sent the notice by U.S. mail or, if the person receiving the notice has consented to receive notice in an electronic format, by providing evidence of having sent the notice in an electronic format.

SECTION 9. 66.0809 (5) (d) of the statutes is amended to read:

66.0809 (5) (d) If this subsection applies and a municipal public utility is permitted to collect arrearages under sub. (3), the municipal public utility shall provide all notices under sub. (3) to the tenant and to the owner of the property or a person designated by the owner.

SECTION 10. 66.0809 (7) of the statutes is created to read:
66.0809 (7) A municipal utility may require a prospective customer to submit an application for water or electric service.

SECTION 11. 66.0809 (8) of the statutes is created to read:

66.0809 (8) (a) A municipal public utility shall disclose to the owner of a rental dwelling unit, upon the owner’s request, whether a new tenant has outstanding past-due charges for utility service to that municipal public utility in that tenant’s name at a different address.

(b) A municipal public utility shall refuse to establish electric utility service to a rental dwelling unit leased by a tenant unless any outstanding past-due charges for utility service in the tenant’s name to that municipal public utility are paid.

SECTION 12. 66.0809 (9) of the statutes is created to read:

66.0809 (9) A municipal utility is not required to offer a customer who is a tenant at a rental dwelling unit a deferred payment agreement.

SECTION 13. 66.0809 (10) of the statutes is created to read:

66.0809 (10) A municipal utility may adopt application, deposit, disconnection, or collection rules and practices that distinguish between customers based upon whether the customer owns or leases the property that is receiving utility service where the possibility exists for any unpaid bills of a tenant to become a lien on the property that is receiving utility service.

SECTION 14. 66.0821 (2) (b) of the statutes is amended to read:

66.0821 (2) (b) The governing body of a municipality, and the officials in charge of the management of the sewerage system as well as other officers of the municipality, are governed in the discharge of their powers and duties under this section by ss. 66.0809 to 66.0813 or 62.69-(2)-(f), to the extent consistent with this
section, or, in the case of a metropolitan sewerage district created under ss. 200.21
to 200.65, by ss. 200.55 and 200.59.

**SECTION 15.** 66.0821 (4) (d) of the statutes is amended to read:

66.0821 (4) (d) Sewerage service charges shall be collected and taxed and shall
be a lien upon the property served in the same manner as water rates are taxed and
collected under s. 62.69 (2) (f) or 66.0809 to the extent applicable, except that charges
of a metropolitan sewerage district created under ss. 200.21 to 200.65 shall be
assessed and collected as provided in s. 200.55 (5).

**SECTION 16.** 71.93 (3) (a) 6. of the statutes, as created by 2013 Wisconsin Act
20, is amended to read:

71.93 (3) (a) 6. Debt certified under s. 71.935 (2) (a) and then s. 71.935 (2) (b).

**SECTION 17.** 71.935 (1) (a) of the statutes is renumbered 71.935 (1) (a) (intro.)
and amended to read:

71.935 (1) (a) (intro.) “Debt” means -a- **the following:**

1. A parking citation of at least $20 that is unpaid and for which there has been
no court appearance by the date specified in the citation or, if no date is specified, that
is unpaid for at least 28 days; an unpaid fine, fee, restitution or forfeiture of at least
$20; and any other debt that is at least $20, including debt related to property taxes,
if the debt has been reduced to a judgment or the municipality or county to which the
debt is owed has provided the debtor reasonable notice and an opportunity to be
heard with regard to the debt.

**SECTION 18.** 71.935 (1) (a) 2. of the statutes is created to read:

71.935 (1) (a) 2. A lien under s. 66.0809 (3m).

**SECTION 19.** 71.935 (1) (b) of the statutes is amended to read:
71.935 (1) (b) "Debtor" means a person who owes a debt to a municipality or county or to the owner of a rental dwelling unit for arrears, as described under s. 66.0809 (3m).

**SECTION 20.** 71.935 (2) of the statutes is renumbered 71.935 (2) (a).

**SECTION 21.** 71.935 (2) (b) of the statutes is created to read:

71.935 (2) (b) If a municipality or property owner has a lien against a tenant under s. 66.0809 (3m), the municipality shall, or property owner may, certify that debt to the department so that the department may set off the debt against any refund owed to the tenant. The municipality shall certify the debt to the department as provided in par. (a). The property owner shall certify the debt to the department in the manner prescribed by the department.

**SECTION 22.** 71.935 (3) (a) of the statutes is amended to read:

71.935 (3) (a) If the debt remains uncollected and, in the case of a parking citation, if the debtor has not contested the citation within 20 days after the notice under sub. (2), the department shall set off the debt against any refund that is owed to the debtor after the setoff under s. 71.93. Any legal action contesting a setoff shall be brought against the municipality or, county, or property owner that certified the debt under sub. (2).

**SECTION 23.** 71.935 (3) (b) of the statutes is amended to read:

71.935 (3) (b) The department shall provide the information obtained under sub. (2) to the department of administration. Before reducing any disbursement as provided under this paragraph, the department of administration shall contact the department to verify whether a certified debt that is the basis of the reduction has been collected by other means and, in the case of a parking citation, whether the debtor has contested the citation within 20 days after the notice under sub. (2). If
the certified debt remains uncollected and, in the case of a parking citation, the
citation has not been contested within 20 days after the notice under sub. (2), the
department of administration shall, after any reduction under s. 71.93, reduce the
disbursement by the amount of the debtor's certified debt under sub. (2), notify the
department of such reduction and disbursement, and remit the amount of the
reduction to the department in the manner prescribed by the department. If more
than one debt certified under sub. (2) exists for any debtor, the disbursement shall
be reduced first by the earliest debt certified. Any legal action contesting a reduction
under this paragraph shall be brought against the municipality or county, or
property owner that certified the debt under sub. (2).

**SECTION 24.** 71.935 (4) of the statutes is amended to read:

71.935 (4) Within 30 days after the end of each calendar quarter, the
department shall settle with each municipality and, county, and property owner for
the amounts set off or reduced against certified debts for the municipality or county,
or property owner during that calendar quarter.

**SECTION 25.** 73.03 (72) of the statutes is created to read:

73.03 (72) To prepare and distribute to landlords information about the process
for collecting arrears under ss. 66.0809 (3m), 71.91, and 71.935 (2) (b) so that the
landlords may provide the information to tenants.

**SECTION 26.** 196.37 (5) of the statutes is created to read:

196.37 (5) It is not unreasonable or unjustly discriminatory for a municipal
public utility to adopt application, deposit, disconnection, or collection rules and
practices that distinguish between customers based upon whether the customer
owns or leases the property that is receiving utility service where the possibility
exists for any unpaid bills of a tenant to become a lien on the property that is
receiving utility service.

SECTION 27. 200.55 (5) (d) 2. of the statutes is amended to read:

200.55 (5) (d) 2. Any city, town, or village may collect and tax charges made by
it to users in the same manner as water rates are taxed and collected under s. 62.69
(2) (f) or 66.0809. Charges taxed under this subdivision are a lien upon the property
served, as provided in s. 62.69 (2) (f) or 66.0809.

SECTION 28. Initial applicability.

(1) The treatment of sections 62.69 (2) (e) to (g), 66.0809 (3) and (5) (b) (intro.),
1., and 2., 66.0821 (2) (b) and (4) (d), and 200.55 (5) (d) 2. of the statutes first applies
to arrearages incurred on the effective date of this subsection.

(2) The treatment of section 66.0809 (3m) of the statutes first applies to a notice
of arrears given on the effective date of this subsection.

(3) The treatment of section 66.0809 (8) (b) of the statutes first applies to a
request for utility service made on the effective date of this subsection.

SECTION 29. Effective date.

(1) This act takes effect on the 1st day of the 6th month beginning after
publication.

(END)