

Supplemental Checklist – Utility Expansion, Acquisition and Interconnection

Utility Service Area Expansion

In general, the authority to serve water in a municipality automatically expands into an annexed area, and no application to the PSC is required. When a water utility service area expands by ordinance outside a municipality's boundaries, however, additional PSC authorization is required. Occasionally, a service area expansion case might involve more complicated circumstances. For example, two municipal water utilities may both wish to extend service into an unincorporated area without water service that is located between them. There may also be situations where a water utility desires to serve customers in a municipality that another utility is already authorized to serve, in which case additional legal provisions found in section 196.50 of the Wisconsin Statutes need to be applied. The supplemental checklist for utility service area expansion should include the following items:

1. Map showing the utility's existing and proposed service areas.
2. Map showing the service area boundaries of any nearby utilities.
3. Map showing the existing and proposed mains near and within the proposed service area expansion.
4. Written agreement (memorandum of understanding or water service agreement) between the utility expanding its service area and the municipality (or utility) that currently governs (or serves) the proposed area. The written agreement should include:
 - The extent of the service expansion.
 - Who may connect to the new main.
 - Whether these new customers are retail or wholesale customers.
 - Discussion of any annexation issues/requirements related to the service area expansion.
 - Discussion which methods in Schedule X-2 are being used to pay for any new mains.
 - Proposed rates based on standard cost-of-service and rate design principles.

Utility Acquisition – Utility A acquires Utility B

1. "Asset Purchase Agreement" between Utility A and B including:
 - Map showing Utility B's existing water utility service area, Utility A's existing water utility service area, and Utility A's proposed water utility service area.
 - List the number of customers by customer class and meter size that will be transferred from Utility B to Utility A.
 - Itemized list per Uniform System of Accounts of all water plant that will be sold/contributed from Utility B to Utility A.
 - Compute sale price (or identify as contributed plant) of water plant based on book value of itemized plant. Provide detailed description with original cost and depreciation rates.
 - List of Utility B's debt and plan for paying debt prior to or as part of the utility acquisition.
 - Water service agreement stating that Utility B's former customers will now become retail customers of Utility A and will pay the same tariffed rates as all other retail customers of Utility A.
 - Estimate of the acquisition's rate impact on Utility B's water customers and Utility A's water customers.

- Proof that all requirements have been met for Wis. Stats. 66.0803, 66.0817, 196.49, 196.80 and 196.81.
 - Plans to notify customers of the change in water service provider.
 - Plans to coordinate with DNR for utility acquisition.
 - Plans to migrate Utility B's customer billing information to Utility A's billing system.
2. Utility B then applies to the PSC for authority to abandon service (Docket XXXX-WA-XXX). The contents of the application should include all relevant items listed in Wis. Admin. Code ch. PSC 184.04(3) as well as the Asset Purchase Agreement. The application must be uploaded to the PSC ERF system under the utility's identification number.
 3. Utility A concurrently applies to the PSC for authority to acquire the water system facilities and operations of Utility B (Docket XXXX-CW-XXX). Utility A's application should include all relevant items listed in Wis. Admin. Code ch. PSC 184.04(3) as well as the Asset Purchase Agreement. The application must be uploaded to the ERF system under the utility's identification number.

Utility Interconnection

1. Written agreement (memorandum of understanding or water service agreement) between the two utilities making the interconnection. The written agreement should include:
2. Proof that DNR has been notified.
3. Map showing location of all new and existing interconnections.
4. Description of physical connection between utilities and method for measuring usage.
5. Proposed rates based on standard cost-of-service and rate design principles.