

Dear customer of the Village of Genoa City Water Utility,

The Village wanted to clear up some confusion and questions regarding the PSC letter that was sent out with the latest utility bill.

Does the PSC decision affect the Sewer Bill?

No. The PSC decision only affects the water portion of the quarterly utility bill.

Why does the water utility need the rate adjustment?

The last water rate adjustment was effective July 11, 2002. Since that time, water utility expenses for operations have increased and investments in capital assets have been necessary. For example, several projects are ongoing (County Highway B) and upcoming (Fellows Road). These projects will require the utility to recover enough revenues to cover additional debt payments. As the utility began preparing for the increases in expenses, the Village worked with their registered Municipal Advisor (Ehlers) to develop a cash flow projection. The projection identified a need to adjust revenues by 11% as depicted below.

Revenue Requirement		Shown with no increase						
Component	Description	2022	2023	2024	Est 2025	Future Planning		
					2026	2027	2028	
Cash Basis								
1	O&M and PILOT	\$569,558	\$591,918	\$626,897	\$561,950	\$577,426	\$593,338	\$609,700
2	Debt	\$222,445	\$218,673	\$232,752	\$281,666	\$158,943	\$208,465	\$246,100
3	Cash Funded Capital^	\$118,978	\$117,469	\$123,101	\$142,666	\$93,577	\$113,386	\$128,440
Less:								
	Other Revenue	\$18,718	\$20,141	\$29,461	\$17,500	\$17,675	\$17,852	\$18,030
	Interest Income	\$8,203	\$50,919	\$30,944	\$6,000	\$14,683	\$7,070	\$7,934
	Revenue Requirement (Costs less Other Income)	\$884,060	\$857,000	\$922,345	\$962,782	\$797,587	\$890,267	\$958,275
	User Rates Revenue	\$840,585	\$834,861	\$886,976	\$860,963	\$860,963	\$860,963	\$860,963
	Rate Adequacy	(\$43,475)	(\$22,139)	(\$35,369)	(\$101,819)	\$63,376	(\$29,304)	(\$97,312)
	Rate Adjustment Needed	5.17%	2.65%	3.99%	11.83%	0.00%	3.40%	11.30%

Notes:
^Includes minimum recommended debt coverage at 1.4x annual debt payment plus annual equipment purchases.

However, in the state of Wisconsin, water utilities do not choose their rate adjustments. Water utility rates are governed by the Public Service Commission of Wisconsin ("PSC").

How does the PSC calculate water rates?

Water utilities have two options to adjust water rates. Either through a Simplified Rate Case or a Conventional Rate Case.

- The Simplified Rate Case (SRC) is an inflationary type of increase that helps utilities maintain revenue continuity. The water utility must qualify under a set of criteria,

and the adjustment amount is standardized. The current allowable adjustment is 3%.

- The Conventional Rate Case (CRC) is a full rate review that allows utilities not only to adjust revenues to meet their needs but also make other adjustments to their tariff. The rates are calculated by the PSC in a formulaic approach to recovering operating expenses, taxes, depreciation and a rate of return. Given the formulaic nature it is advantageous for utilities to understand the formula to strategically build a rate adjustment plan to mitigate the overall rate adjustment.

After two presentations from the Village's registered Municipal Advisor (Ehlers) at the May 8th, 2025, and the July 10th, 2025, Village Board meetings, the Board decided to file a Conventional Rate Case application with the PSC in 2025 to mitigate the overall rate adjustment as depicted below. Had the Village waited to file the Conventional Rate Case application, the necessary rate adjustment would have been greater depending on the year it was filed as depicted below. This would have been the result, in part, of filing the rate-case application after the Fellows Road asset was booked into service. Filing before the completion of this project allowed the utility to file knowing a lower rate adjustment for residents would be possible now. After the application is filed, the PSC dictates the final allowable rate adjustment.

Revenue Requirement		Shown with no increase						
					Est	Future Planning		
Component	Description	2022	2023	2024	2025	2026	2027	2028
Utility Basis (PSC)					PSC Decision			
1	O&M and PILOT	\$569,558	\$591,918	\$626,897	\$547,287	\$577,426	\$593,338	\$609,700
2	Depreciation	\$141,414	\$147,412	\$211,657	\$171,423	\$183,260	\$205,820	\$206,934
	NIRB	\$3,654,141	\$3,530,334	\$3,844,928	\$4,683,104	\$4,561,221	\$4,945,756	\$4,776,879
	PSC Benchmark ROI %	4.90%	6.50%	6.20%	6.00%	6.00%	6.00%	6.00%
3	PSC Calculated ROI	\$179,053	\$229,472	\$238,386	\$280,987	\$273,673	\$296,745	\$286,613
	Less:							
	Other Revenue	\$18,718	\$20,141	\$29,461	\$20,000	\$17,675	\$17,852	\$18,030
	Interest Income							
	Revenue Requirement (Costs less Other Income)	\$871,307	\$948,661	\$1,047,479	\$979,697	\$1,016,684	\$1,078,052	\$1,085,216
	User Rates Revenue	\$840,585	\$834,861	\$886,976	\$841,909	\$860,963	\$860,963	\$860,963
	Rate Adequacy	(\$30,722)	(\$113,800)	(\$160,503)	(\$137,788)	(\$155,721)	(\$217,089)	(\$224,253)
	Rate Adjustment Needed	3.65%	13.63%	18.10%	16.64%	18.09%	25.21%	26.05%

What did I pay for water service prior to the PSC decision?

All utility customers pay a fixed charge per quarter and a usage charge per quarter to pay for the costs of the system based on the PSC math established July 11, 2002. In addition, taxpayers paid for Public Fire Protection ("PFP") provided by the water utility through their tax bill. The PFP charge recovers the cost of providing water for fighting fires and the extra capacity built into the system that is necessary to rapidly deliver a large volume of water to a fire anywhere within the municipality's water service area. These costs include a portion

of the wells, pumps, storage facilities, water mains, hydrants and an estimated quantity of water used for this purpose. Sample quarterly costs for a sample customer (5/8" meter using 10,000 gallons per quarter) are depicted below.

Year	Water Portion of Utility Bill			
	Water Vol. Charge ¹	Water User Charge ²	PFP Charge	Utility Bill (Quarterly)
2025	<u>Tiered</u> 5.84	<u>Serv.</u> 39.00	58.10	\$ 155.50

Notes:

1. Current water volumetric rate is \$5.84 per 1,000 gallons for the first 30,000 gallons.

2. The water user charges include a quarterly service charge of \$39.00.

3. The usage is assumed to be 10,000 Gallons per quarter.

PFP charged on tax bill as part of local levy. Charge shown is taking average residential assessment from 2025 SOA of 271,614 and PFP mill rate of 0.86 then dividing by 4 to get a quarterly amount.

What will I pay for water service based on the proposed PSC decision?

All utility customers pay a fixed charge per quarter and a usage charge per quarter to pay for the costs of the system based on the PSC math established in the current rate case. Public Fire Protection costs are now paid by water customers and non-water customers on their water bill. Sample quarterly costs for a sample customer (5/8" meter using 10,000 gallons per quarter) are depicted below.

Year	Water Portion of Utility Bill					
	Increase	Water Vol. Charge ¹	Water User Charge ²	PFP Charge	Utility Bill (Quarterly)	Quarterly Bill Change
2025	0.00%	<u>Tiered</u> 5.84	<u>Serv.</u> 39.00	58.10	\$ 155.50	\$ -
2026	15.84%	8.05	45.00	53.85	\$ 179.35	\$ 23.85

Notes:

1. Current water volumetric rate is \$5.84 per 1,000 gallons for the first 30,000 gallons.

2. The water user charges include a quarterly service charge of \$39.00.

3. The usage is assumed to be 10,000 Gallons per quarter.

PFP charged on tax bill as part of local levy. Charge shown is taking average residential assessment from 2025 SOA of 271,614 and PFP mill rate of 0.86 then dividing by 4 to get a quarterly amount.

PSC Decision in rate case.

For this sample customer their quarterly charges for water service prior to the rate case were \$155.50 and after the rate case will be \$179.35 or a \$23.85 change to quarterly costs (\$95.40 change to annual water costs) for water service. It is important to note that quarterly bills do not just have water but also sewer charges. The sewer charges will **not** change because of this PSC rate decision.

I used to pay for Public Fire Protection on my tax bill, therefore will my tax bill go down?

The Village only controls one of four-line items on the tax bill. Questions on the school, county, or technical college portions of the tax bill should be directed to those specific entities. All communities in Wisconsin face challenges each year in developing their budget because of state-imposed limits on revenue sources. As expenses continue to go up and revenues have been unable to keep pace with the increases in costs necessary to provide the same level of services residents expect. As depicted below, moving the public fire protection fee to a direct charge on the water bill provided the Village with an opportunity to restabilize the budget increasing expense line items to match actual or averages in expenses to ensure financial stability for the Village for several years to come as well as keep a flat property tax levy from the prior year. Failure to make this adjustment in 2026 would have resulted in either decreases to expenses that result in decreases in services for residents or the need to increase the property tax levy. The Village continues to implement and look for cost savings when possible and will continue to do so in the future to minimize impacts for residents whenever possible. However, as depicted below many properties likely saw an increase to the Village portion of their property tax bill due to the reassessment of property values. Wherein due to state regulations the Village was required to reassess all property values to market value. Wisconsin Department of Revenue (DOR) revaluation rules require municipalities to assess all property at full market value at least once every five years to ensure equitable taxation. Revaluations are mandatory when assessments are not in substantial compliance with state law (70.05 or 70.75).

On January 30th, 2026, the PSC issued its final decision in docket 2200-WR-102 for the new rates for the Village of Genoa City Municipal Water Utility. These new rates will become effective beginning March 16th, 2026.

Thank you

Village of Genoa City Water Utility

2026 BUDGET FOR VILLAGE OF GENOA CITY					
Walworth and Kenosha Counties, Wisconsin					
GENERAL FUND:	2025 Estimated	2026 Proposed Budget	Change from 2025 Est. (\$)	Change from 2025 Est. (%)	
REVENUES					
TAXES					
GENERAL PROPERTY TAXES	\$ 2,178,117.00	\$ 2,178,117.00	\$ -	0.00%	
TAXES FRM MUNI UTILITY	\$ 126,000.00	\$ 120,000.00	\$ (6,000.00)	-4.76%	
SPECIAL ASSESSMENTS	\$ 4,849.18	\$ -	\$ (4,849.18)	-100.00%	
INTERGOVERNMENTAL REVENUES	\$ 423,904.00	\$ 505,634.27	\$ 81,730.27	19.28%	
LICENSES & PERMITS	\$ 135,000.00	\$ 147,250.00	\$ 12,250.00	9.07%	
FINES, FORFEITS & PENALTIES	\$ 51,500.00	\$ 51,000.00	\$ (500.00)	-0.97%	
PUBLIC CHARGES FOR SERVICES	\$ 260,000.00	\$ 260,049.12	\$ 49.12	0.02%	
MISCELLANEOUS REVENUES	\$ 140,000.00	\$ 126,100.00	\$ (13,900.00)	-9.93%	
OTHER FINANCING SOURCES	\$ 125,000.00	\$ 208,417.50	\$ 83,417.50	66.73%	
TOTAL REVENUES	\$ 3,444,370.18	\$ 3,596,567.89	\$ 152,197.71	4.42%	
EXPENDITURES					
GENERAL GOVERNMENT	\$ 561,242.98	\$ 595,165.06	\$ 33,922.08	6.04%	
LAW ENFORCEMENT	\$ 806,848.00	\$ 884,876.78	\$ 78,028.78	9.67%	
FIRE PROTECTION	\$ 191,833.00	\$ 200,818.86	\$ 8,985.86	4.68%	
PUBLIC FIRE PROTECTION-WATER	\$ 318,763.00	\$ -	\$ (318,763.00)	-100.00%	
PUBLIC WORKS	\$ 372,774.24	\$ 362,470.25	\$ (10,303.99)	-2.76%	
SANITATION	\$ 215,712.00	\$ 236,806.08	\$ 21,094.08	9.78%	
HEALTH & HUMAN SERVICES	\$ 5,000.00	\$ 5,500.00	\$ 500.00	10.00%	
CULTURE, REC & EDUCATION	\$ 169,490.87	\$ 166,000.00	\$ (3,490.87)	-2.06%	
CONSERVATION & DEVELOPMENT	\$ 193,651.42	\$ 53,000.00	\$ (140,651.42)	-72.63%	
EQUIPMENT & VEHICLE OUTLAY	\$ -	\$ -	\$ -	N/A	
DEBT SERVICE	\$ 581,275.86	\$ 967,820.30	\$ 386,544.44	66.50%	
OTHER FINANCING SOURCES	\$ -	\$ 124,110.56	\$ 124,110.56	N/A	
TOTAL EXPENDITURES	\$ 3,416,591.37	\$ 3,596,567.89	\$ 179,976.52	5.27%	
GENERAL PROPERTY TAXES	\$ 2,178,117.00	\$ 2,178,117.00	\$ -	0.00%	
Allocated to Kenosha Co.	\$ 3,220.88	\$ 3,055.23	\$ (165.65)	-5.14%	
Allocated to Walworth Co.	\$ 2,174,896.12	\$ 2,175,061.77	\$ 165.65	0.01%	
Tax Bill Impact Kenosha Co.					
Assessed Value (TID OUT)	\$ 298,400.00	\$ 499,600.00	\$ 201,200.00	67.43%	
Tax Rate	\$ 10.79	\$ 6.12	\$ (4.68)	-43.34%	
SAMPLE PROPERTY VALUE	\$ 199,800.00	\$ 333,000.00	\$ 133,200.00	66.67%	
SAMPLE PROPERTY TAX BILL	\$ 2,156.61	\$ 2,036.41	\$ (120.20)	-5.57%	
Tax Bill Impact Walworth Co.					
Assessed Value (TID OUT)	\$ 201,494,500.00	\$ 355,673,400.00	\$ 154,178,900.00	76.52%	
Tax Rate	\$ 10.79	\$ 6.12	\$ (4.68)	-43.34%	
SAMPLE PROPERTY VALUE	\$ 198,000.00	\$ 362,500.00	\$ 164,500.00	83.08%	
SAMPLE PROPERTY TAX BILL	\$ 2,137.18	\$ 2,216.81	\$ 79.63	3.73%	

Again, the school, county, or technical college portions of the tax bill may have changed at varying magnitude as shown from a sample bill below.

TAXING JURISDICTION	2024 EST. STATE AIDS ALLOCATED TAX DIST.	2025 EST. STATE AIDS ALLOCATED TAX DIST.	2024 NET TAX	2025 NET TAX	% TAX CHANGE
WALWORTH COUNTY	52,394	65,747	752.67	812.90	8.0%
Village of Genoa City	377,406	456,910	2,137.18	2,216.81	3.7%
Genoa City J2 School Dist	2,667,849	2,617,850	1,582.90	1,869.31	18.1%
Lake Geneva-Genoa City UHS	133,129	137,159	610.28	692.12	13.4%
Gateway Technical	208,537	212,163	183.52	196.55	7.1%
TOTAL	3,439,315	3,489,829	5,266.55	5,787.69	9.9%

