

**MANITOWOC PUBLIC UTILITIES**

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May 19, 2016

Filed via ERF System

Mr. Stephen Kemna, P.E.
Public Service Commission of Wisconsin
610 North Whitney Way
Madison, WI 53707-7854

RE: INVESTIGATION INTO THE METHODS USED BY WISCONSIN'S WATER UTILITIES IN ALLOCATING PUBLIC FIRE PROTECTION COSTS (05-WI-104)

Dear Mr. Kemna,

Manitowoc Public Utilities (MPU) supports the comments provided by the Municipal Environmental Group – Water Division (MEG-Water). In particular, MPU believes all utilities should be given the option of which method they prefer to use for recovering public fire protection (PFP) costs. We would like the PSCW to understand the impacts of requiring MPU to utilize the proposed Class Absorption Method for recovering costs. Currently MPU utilizes the equivalent meters method and recovers costs via fixed charges. The proposed Class Absorption Method would shift recovery of costs from fixed charges to volumetric, which puts utilities at risk for not recovering their full revenue requirements as conservation efforts increase and advances are made in efficient appliances.

Currently PFP revenues account for 14% of MPU's total revenues from retail customers. Of the total retail revenues for metered service in 2015, fixed charge revenue accounted for 25%. Shifting additional cost recovery to volumetric charges would reduce this to 21% or \$750,000. This would not allow recovery for actual fixed costs incurred by MPU.

We ask the PSCW for consideration when making the final decision on this matter. Please contact me if you should have any questions at (920) 686-4342.

Thank you,

Nilaksh Kothari, P.E.
General Manager