

Application Filing Requirements for PSC Approval of Financial Assistance Programs for Replacement of Customer-Side Service Lines Containing Lead (LSLs)

Section 196.372 of the Wisconsin Statutes authorizes water public utilities to provide financial assistance to the owner of property to which water utility service is provided for the purpose of assisting the owner in replacing customer-side lead-containing service lines (LSL) (Wis. Stat. § 196.372(2).)

The statute requires that the Commission review an application from a water public utility to determine if the proposed financing program administered by the water public utility is “unjust, unreasonable, or unfairly discriminatory.” Wis. Stat. § 196.372(3). Because the statute relates only to financial assistance provided by the water public utility, it is important that the program described in the utility’s application be limited to financial assistance the water public utility alone will provide. Application materials should not include information about financial assistance provided by any related municipality. For example, do not include information about municipal charges or assessments. Accordingly, please provide information answering the following application questions with respect to financial assistance provided by the water public utility only.

1. Utility contact information: name, title, address, phone, and email.
2. A description of the proposed financial assistance to be provided by the water public utility only. Wis. Stat. §196.372(3)(a).
3. A description of the water public utility’s method for funding the financial assistance. Wis. Stat. §196.372(3)(a). Please include only the water public utility’s funding method.
4. A description of the water public utility customers that would be eligible for financial assistance. In answering this question, the water public utility applicant should review and be mindful of the requirements in Wis. Stat. §196.372(3)(e) (3)(a)-(b) that each owner in a class of customers must be treated the same, as well as the general requirement that the program cannot be unjust or unfairly discriminatory. Wis. Stat. §196.372(3)(e)(1).
5. A certification that any grants provided by the water public utility as financial assistance to an owner will be limited to no more than one-half of the total cost to the owner of replacing the LSL. Wis. Stat. §196.372(3)(e)(2)(a).
6. A certification that any loan provided by the water public utility as financial assistance will not be forgiven. Wis. Stat. §196.372(3)(e)(2)(b).
7. If the water public utility intends to provide financial assistance as a percentage of the cost to replace a LSL, a certification that the percentage is the same for each owner in a class of customers. Wis. Stat. §196.372 (3)(e) (3)(a). If a utility does not

intend to provide financial assistance as a percentage of the cost of replacing the customer-side LSL, it need not answer this question.

8. If the water public utility intends to provide financial assistance as a specified dollar amount, a certification that the dollar amount is the same for each owner in a class of customers. Wis. Stat. §196.372 (3)(e) (3)(b). If a utility does not intend to provide financial assistance as a specific dollar amount, it need not answer this question.
9. Any updates to data provided on Page W-22 and W-29 of the water public utility's most recent PSC Annual Report.
10. A description of the process the water public utility intends to use to notify customers of the need to replace a LSL.
11. Does the utility intend to use disconnection procedures as part of its financial assistance program? If yes, provide a description of the proposed disconnection process.
12. An estimate of financial assistance program costs, by year, itemized by major accounts and subaccounts as identified in the Commission's [Uniform System of Accounts \(USOA\)](#). Costs should include all administrative, overhead, legal, and inspection costs.
 - a. Grant program costs should be estimated in a subaccount in Account 664 (Customer Installation Expense).
 - b. Loan program costs should be estimated in a subaccount in Account 124 (Other Investments).
 - c. Administrative costs should be estimated in a subaccount different from that used in a) in Account 664 (Customer Installation).
13. Assumptions used to develop estimates of program costs (average cost per customer-owned LSL, average length of LSL, etc.).
14. Identification and estimated amount of the program's funding sources. Please include only the water public utility's funding sources.
15. Describe how the utility will pay for program costs incurred before the utility files a conventional rate case requesting rate recovery of program costs. Does the utility intend to request deferral of costs incurred during this time period?
16. A certification that, for each customer receiving financial assistance, the utility will establish that either the water public utility-owned main or service line connected to the customer-owned service line does not contain lead or that it will be replaced at the time the customer-owned LSL is replaced. Wis. Stat. §196.372(2)(b).

17. A draft proposed tariff that specifies the rights and obligations of the utility and the customer that may receive financial assistance for the purpose of assisting the owner in replacing customer-side LSLs. Note: a sample tariff is available for the water public utility's use in its application.

18. Please be advised that, per Wis. Stat. §196.372(2)(a), the city, town, or village in which the water public utility provides utility service must enact an ordinance that permits the water public utility to provide financial assistance to the owner of a property to which water service is provided for the purpose of assisting the owner in replacing customer-side LSLs. The ordinance must require each owner of a premise located in the city, town, or village that is serviced by a customer-side water service line containing lead to replace that customer-side service line. Provide certification that such a municipal ordinance will be in place prior to commencing the utility's financial assistance program.

Docket 5-AFR-1600

Sample Tariff
LSL-1 and LSL-2

SAMPLE

Docket 5-AFR-1600 LSL Replacement AFR

Draft Tariff

New or Amended

Sample LSL-1

Sample LSL-2

SAMPLE

Public Service Commission of Wisconsin

Utility Name

Financial Assistance for Replacement of Customer-Side Service Lines Containing Lead (LSLs)

The Utility has established a financial assistance program to assist property owners with the costs associated with the removal and replacement of customer-side service lines containing lead (LSLs) connected to the Utility's water distribution system. For purposes of the financial assistance program, the customer-side service line is from the curb stop to the property's water meter.

A. Utility Inspection and Inventory

In order to implement the financial assistance program, the Utility may request that the property owner permit an authorized Utility employee or representative reasonable access to the property in order to inspect and determine or confirm the customer-side service line's construction material.

B. LSL Replacement in Conjunction with Utility-Side Replacement

In the event the Utility has planned replacement of the Utility-side line or water main containing lead, the LSL connected to the Utility's distribution system must be replaced at the same time.

At least **X(X) (30, 45 or 60)** days prior to the scheduled date of the Utility-side replacement, the Utility shall notify the property owner in writing of the scheduled date of the replacement. The property owner must schedule replacement of the LSL within **X(X) (30, 45 or 60)** days of receiving the **X(X) (30, 45 or 60)** day notice from the Utility. The LSL replacement must coincide with the Utility's replacement of the Utility's line or water main containing lead.

C. LSL Replacement Without Utility-Side Replacement

If the Utility identifies that a customer-side service line contains lead, the Utility shall notify the property owner that the customer-side service line contains lead and must be replaced. Unless the Utility grants an extension, the property owner must replace the LSL within **X(X) (12, 24, 36)** months of notification.

Public Service Commission of Wisconsin

Utility Name

Financial Assistance for Replacement of Customer-Side Service Lines Containing Lead (LSLs)

D. LSL Replacement – Financial Assistance Program

The Utility shall make financial assistance available to all property owners who have an LSL. The Utility will make financial assistance available to such property owners in the form of a **grant and/or loan** that will cover costs associated with replacement of a LSL.

In order to receive financial assistance, a property owner must submit **Utility Program Specific Requirements**.

E. Loan Agreement and Process

The Utility will provide financial assistance only after **Utility Program Specific Requirements**. Financial assistance is contingent upon the LSL being replaced.

Upon completion of the LSL replacement, **Utility Program Specific Requirements**

Public Service Commission of Wisconsin

Utility Name

Financial Assistance for Replacement of Customer-Side Service Lines Containing Lead (LSLs)

F. Loan Agreement Term and Repayment

The term of the loan will include a **X** month repayment period with an interest charge of **X** percent. The loan will be repaid in equal installments invoiced to the property owner **monthly, quarterly, annually.**

The Utility shall not forgive the amount loaned to a property owner.

Public Service Commission of Wisconsin

Utility Name

Financial Assistance for Replacement of Customer-Side Service Lines Containing Lead (LSLs) and Disconnection

The Utility may disconnect water service in accordance with Schedule X-1 and Wis. Admin. Code § PSC 185.37 when one of the following occurs:

A. Failure to Provide Access to Inventory Customer-Side Service Line

If the property owner does not provide the requested reasonable access for inspections to determine or confirm the customer-side service line's construction material as described in Schedule LSL-1, the Utility may proceed to disconnect water service following the notification and disconnection procedures set forth in the Utility's tariffs and Wis. Admin. Code § PSC 185.37. Reconnection charges shall apply.

B. Failure to Replace LSL When Required as Part of a Utility Replacement

If the property owner does not replace the LSL, or any necessary and reasonable agreement with the customer is not in place as described in Schedule LSL-1, the Utility may refuse to reconnect the property owner's water service or may proceed to disconnect water service following the notification and disconnection procedures set forth in Schedule X-1 and Wis. Admin. Code § PSC 185.37. Reconnection charges shall apply.

C. Failure to Replace LSL When Not Required as Part of a Utility Replacement

If the property owner does not replace the LSL by the date specified by the Utility pursuant to Schedule LSL-1, the Utility may proceed to disconnect water service following the notification and disconnection procedures set forth in Schedule X-1 and Wis. Admin. Code § PSC 185.37. Reconnection charges shall apply.