



How do they work?

PSC Financial Assistance Programs for Customer-side Lead Service Line Replacements

Webinar Training
October 30, 2025

Angela James, *Water Policy Advisor* Kathy Butzlaff, *Audit Manager*
Division of Water Utility Regulation and Analysis



1

Housekeeping

- This webinar is being recorded.
- Slides are available under the “handouts” tab.
- Please do not use the chat to ask questions – instead, use the “ask a question” function.
- Any questions we don’t get to today will be used to develop FAQs.
- We are working to build our website resources with:
 - Webinar recordings
 - FAQs
 - Handouts



2

Agenda

- Overview of Financial Assistance Programs (FAPs)
 - What are they?
 - What aren't they?
 - What is required under the law?
- What does the PSC review when approving FAPs in an LS docket?
- What should a community consider in developing a FAP?
- Case Studies and Prior Approvals



3

Why are we talking about Utility Financial Assistance Programs (FAPs)?

- Customer-owned lead service lines are private property and therefore are not treated the same as utility-owned infrastructure.
- Outside of the law creating FAPs, the Commission has found the use of rates to pay for the replacement of privately-owned LSLs to be unreasonable and discriminatory.
- Authorized in §196.372, Wis. Stats., FAPs are the only way that the Commission has allowed the use of regulated customer revenue (rates) to pay for work on private property.

4

4

A note on abbreviations...

- FAP – utility financial assistance programs
- PLSL – private lead service lateral, or customer-owned lead service lateral
- ULSL – utility lead service lateral, or utility-owned lead service line
- SDWLP – Safe Drinking Water Loan Program
- PF – Principal Forgiveness (under the Bipartisan Infrastructure Law, administered through the SDWLP)



5

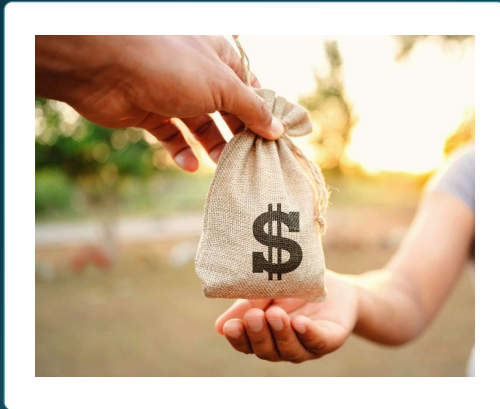
What are utility financial assistance programs (FAPs)?

- FAPs are utility programs offering financial assistance to "the owner of a property to which water utility service is provided" to "[assist] the owner in replacing customer-side water service lines containing lead".



6

In other words:



FAPs authorize a utility to become a grantor/lender, use ratepayer funds to create financial assistance tools, and help property owners pay for the replacement of their privately-owned LSLs.



7

What are utility financial assistance programs (FAPs) NOT?

- A utility FAP adopted under § 196.372, Stats. is **not** a construction program.
 - The Commission's review of the FAP application will focus on the design of the financial assistance, the eligibility of the property owners who can receive that assistance, the ways in which PLSL replacement costs are allocated to private property owners, and how the utility administers the financial assistance program.
- Approval of a FAP does not address any new revenue requirements.
 - FAPs are reviewed by the Commission in LS dockets. Any increases in rates will need to be addressed through a rate case (WR Docket) filed separately.



8

How does the law limit the FAP design?

PLSLs must be attached to utility infrastructure that is lead-free. If the utility infrastructure (main or lateral) contains lead, it must be replaced at the same time.

Financial assistance can be in the form of loans only, grants only, or a combination of grants + loans. Grants are limited to no more than one-half of the total cost to the owner of replacing their PLSL.



9

How does the law limit the FAP design (cont'd)?

If the water public utility intends to provide financial assistance as a percentage of the cost of replacing the PLSL, that percentage must be the same for each owner in a class of customers.

If the water public utility intends to provide financial assistance as a specific dollar amount, that dollar amount must be the same for each owner of a class of customers.



10

How does the law limit the FAP design (cont'd)?

FAPs are limited to the provision of "financial assistance to the owner of a property" for the purpose of "assisting the owner in replacing customer-side water service lines containing lead". No other uses are allowed.

Any loan provided as part of a FAP may not be forgiven by the water public utility or the municipality.

Revenue collected from charges applied to a class of customers to fund financial assistance may not exceed an amount equal to the financial assistance received by the class.



11

What does the law require the municipality to do?

- The city, town, or village in which the water public utility provides utility service must have enacted an ordinance that:
 - Permits the water public utility to provide the financial assistance;
 - Requires each owner of a premises located in that city, town or village that has a lead LSL to replace that LSL.
- Although not required by the FAP law, some communities have added municipal measures to these ordinances to assist in enforcing the provisions of the FAP.
- An ordinance meeting these requirements must be in place before a utility can implement the FAP.



12

What's the FAP approval process?

Utility Designs the FAP & Submits Application

Commission Reviews Application in LS Docket

Utility Implements Program (if approved)

Utility Applies for Rate Case Docket (if necessary)



13

What will the Commission review?

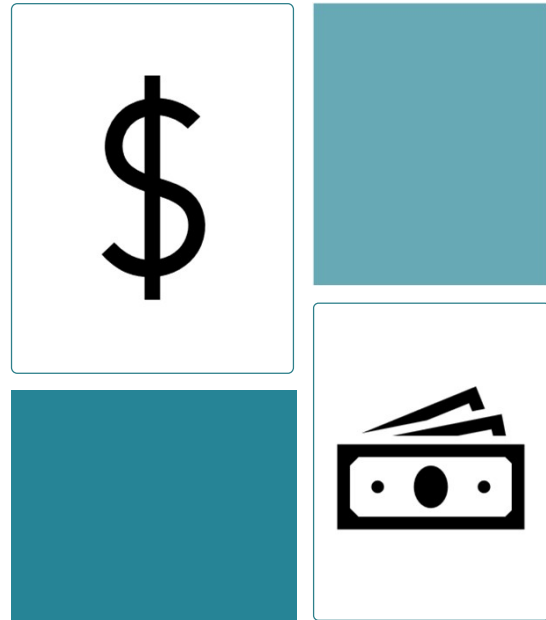
The commission can only approve FAPs that are not “unjust, unreasonable, or unfairly discriminatory.” An application will need the following information:

1. Description of the proposed financial assistance
(*e.g., grants, loans or a combination of grants/loans*)
2. Description of the method for funding the financial assistance
(*e.g., cash on hand, future revenue, internal revolving loan*)
3. Description of the property owners served by the water public utility that would be eligible for financial assistance
(*e.g., which classes, how many property owners each year*)
4. Any other information relevant to the action requested by the Commission
(*e.g., how administered to ensure fairness, document expenditures, etc.*)



14

PSC will look at
the program
design,
financial
assumptions &
fiscal impacts



15

15

Rate Recovery

- First case is pending before the commission now.
- How you design your program may impact your rates:
 - Grants and admin costs are eligible for rate recovery. Programs that include grants are more likely to impact rates.
 - Since loans are paid back to the utility, they do not go into the calculation of rates. 100% loan programs may not impact rates.
- Some communities have implemented the FAP without seeking rate recovery because costs have been manageable.
 - Have not sought rate recovery for administrative costs.
 - Have had sufficient cash-on-hand to "seed" loan programs.

16

Annual Reporting for FAPs

1. Document all PSLSLs replaced with financial assistance in W-29, Privately-Owned Water Service Lines, in Column (i).
2. Update F-07, utility Balance Sheet, to reflect outstanding receivables from loans made to customers
3. Document Costs in W-05, Water Operation & Maintenance Expenses, in the account that corresponds to utility reporting Class:
 - a) Class AB: 664 (Customer Installation Expenses)
 - b) Class C: 641 (Operation Supplies & Expenses)
 - c) Class D: 640 (Operation Supplies & Expenses)
4. Footnotes are your friend! For W-05 entries, use footnotes to break costs into subaccounts by (costs of grants) and (administrative costs)



17

Communities are using various approaches to removing lead across their systems...

Different Funding Sources

- Safe Drinking Water Loan Program
- BIL-Funded Lead Service Line Replacement Program
- Municipal Sources
 - Property Taxes
 - Fees
- Utility Revenue
 - For Utility-owned Lead Infrastructure
 - For financial assistance to customers

Implementation Strategies

- Managed by Utility
- Managed by Municipality
- Managed by Consulting Contractor
- Allowing property owners to hire contractors to remove customer-side LSLs



18

Your community's policy decisions influence the FAP.

Since the FAP provides financial assistance to property owners to help with their financial obligations, how your community chooses to pass costs onto property owners will influence how much the FAP will cost ratepayers.

Since no costs associated with work on private property may be paid for by utility rates, all costs associated with this private work must either be billed to the property owner or paid for by a non-utility source like the municipality.

It is only after determining how much the property owner owes that the cost of the FAP can be determined. Since the FAP may provide no more than half its financial assistance in the form of grants, the rest will be in the form of a loan owed by the property owner.

19

19



Some communities have been granted resources through the BIL-Funded Lead Service Line program, which can provide up to 100% principal forgiveness to property owners.



Some communities are borrowing SDWLP \$ and passing on the responsibility for repaying the loan to property owners (e.g., alternative revenue pledge), who are paying the municipality back through loans.



Other communities are setting up programs funded by taxpayer dollars to fund grants to property owners to mitigate what property owners owe for their share of LSL replacement.

Communities are making different decisions about whether the property owner pays...

20

What should you consider when designing your FAP?

- Will you offer both grants and loans, or only loans or grants?
- Who will be eligible for participating in the program? All customer classes?
- Who will administer the financial assistance to property owners?
- How will you fund the program (e.g., rate increase, internal revolving loan)?
- How will you bill customers for any loans you offer?
- How much interest – if any - will you charge on loans, and how will you use that interest?



21

What should you consider when designing your FAP (cont'd)?

- How do you ensure all property owners have equal access to the financial assistance?
- How many participants do you expect to access the financial assistance provided by the FAP each year? How much will they need?
- How long do you expect the FAP to exist?
- How will your FAP adjust to changes in your construction, funding, or other project parameters?
- How will you assign costs to each customer to determine the amount that they are eligible to receive from the FAP?



22

What should you consider when designing your FAP (cont'd)?

- How will you deal with nonpayment? Will you use both municipal and utility measures? (*e.g., tax rolls, disconnection, etc.*)
- What kind of approvals do you need from the municipality, and how will you get them?
- How will you separate costs/payments associated with the private-side replacements from other costs/payments associated with utility-side replacement?
- How will you track and account for the costs associated with running the financial assistance program?



23

Community	Date	Customer Cost Covered	Grant/Loans
Kenosha	8/31/2018	100%	Grant – up to 50%/\$2000; Remainder in a 10 year loan at same interest rate paid by utility
Manitowoc	3/19/2019	Up to \$6,000	Loans only; 10 year loan at 2.5%
Menasha	6/6/2019	100%	Utility Grant (up to \$1,000); Municipal Grant (up to \$1,000); remainder in the form of a loan; no interest
Kaukauna	6/25/2020	100%	10-year loan at 4%/year
Fond du Lac	5/12/2020	100%	Grant up to 50%; remainder as a loan at the current municipal bond rate + 2%
Sun Prairie	5/12/2020	100%	Grant up to 50%/\$2,000; remainder as a 5-year loan at 0% interest
Sheboygan	7/23/2020	100%	Grant up to 50%/\$2,500; remainder as a 6-year loan at 0% interest
Green Bay	6/11/2020	100%	Grant up to \$2500; remainder paid by customer or given option of a 5-year loan at 0% interest
Shorewood	11/30/2022	100%	Grant for 50% and loan for 36 months at 0% interest rate
Edgerton	4/13/2023	50%	Grant for 50%; remainder payable by owner (no loans)
Watertown	9/26/2023	100%	Grants up to \$5K; remainder payable as 1 year loan at 2.5%
Racine	2/2/2024	50%	Grant for up to 50%; remainder payable by owner (no loans)
New Richmond	7/31/2025	100%	Loans only; 10 year loan at 3%



24

City of New Richmond LSL Utility FAP



25

[Don't know the utility ID?](#)

[View Documents Filed in the Last 2 Days](#)

PSC REF#:

Quick Single Docket Search



Case
Information



Documents

New Richmond Decision

- The Commission approved the New Richmond FAP on July 31, 2025
- Docket: 4140-LS-100
- PSC Ref#: 556845
- Search for the docket on ERF:

<https://apps.psc.wi.gov/ERF/ERF/ERFhome.aspx>

26

New Richmond Utility Profile

Utility Service Territory in St. Croix County:

- 5,674 Retail Customers
- 4,188 Residential
- 326 Commercial
- 33 Industrial
- 32 Public Authority
- 70 Multifamily Residential
- 1,025 Irrigation

Utility Financials:

- 2024 water sales revenue: \$2,196,160.
- Strong financial position

Lead Status

- Estimates 364 customer-side LSLs (182 galvanized and 182 unknown)
- Approximately 8% of service lines in the system



27

New Richmond Utility FAP Design

Type of Financial Assistance:

- Loans only – no grants.
- Every property owner is eligible for a loan up to \$4,000
- Charging 3% interest, payable over 10 years.

How administered:

- Collected through a special charge added to the water utility bill.
- Utility staff to administer the loan program
- Estimate about 18 loans/year
- Will operate as a revolving loan fund – repayments from customers will fund loans made in future years.



28

New Richmond FAP Financial Considerations

- Estimated Cost to Property Owners for LSL Replacement = \$1,207,228.13
- Estimated Cost of Utility Financial Assistance Program
 - Approximately 18 loans/year @ \$72,000 each year
 - Initial cost to establish program: \$316,608 from Cash On Hand
 - Property Owners will be charged 3% per year on loans
- Rate Impact:
 - Since loans are paid back to the utility, does not require additional revenue
 - Since cash on hand is sufficient to start the program, utility does not require additional revenue

29

New Richmond FAP Reporting

Cost to administer the FAP

- Subaccount 641
(Operation Supplies and Expenses)

Cost of loans provided to Customers

- Subaccount 124
(Other Investments)



30

Summary

- FAPs can be a useful tool to help private property owners afford the cost to replace their lead service lines.
- However, FAPs are limited to the provision of financial assistance. FAP approval allows the Utility to become a grantor/lender to property owners, using funds derived from all customers.
- FAP approval in an LS docket does not provide any additional revenue. Revenue requirements are examined in a rate case.
- Utilities should consider their unique needs, financial status, and pacing of LSL Replacement in designing their FAP.



31

For more information

- Sign up for our newsletter!
- https://public.govdelivery.com/accounts/WIPSC/subscriber/new?topic_id=WIPSC_4
- Reach out:
angela.james@wisconsin.gov



32

32