

### Options for Addressing Rate Shock Concerns:

It is important to note that phased-in rates (PIRs) ultimately delay the utility in achieving its required revenue requirement. While this is not preferred because the utility needs the full revenue requirement, the Commission sometimes permits it when utilities are faced with a significant increase. While PIRs may be a useful tool to address rate shock for some utilities, phasing rates ultimately means delaying needed revenues to the utility. For more information, see [Phased-In Rates](#).

While PIRs may be a beneficial for some utilities, there are other tools available that utilities should consider.

- **Billing Frequency:** Increasing the utility's billing frequency provides more timely information to customers, which gives them an opportunity to manage their water use and bills more easily. Additionally, monthly billing helps with the cash flow of the utility, allowing for more regular revenue to be available for operating expenses.
- **Block rates - move to a uniform structure or class-based rates:** Uniform and class-based rates are more cost-of-service based than traditional declining rate block structures.
- **Rate Design: Fixed vs. Variable:** Typically, the fixed costs of a water utility are approximately 80% of the revenue requirement. In contrast, the service/meter charge is approximately 25% to 50% of the average Residential bill.
- **Public Fire Protection (PFP) Charges ([PFP Options](#)):** A utility may request a change to its method of recovery for PFP from a municipal charge to a direct charge, or a combination of municipal and direct charges in a CRC/WR Docket or through a PFP docket.
- **PILOT:** Under Wisconsin Stat. §66.0811(2), the governing body of a municipality is allowed to authorize a lower PILOT expense or set the expense at \$0. For more information on PILOT, see the [PILOT Report](#).
- **Lower Rate of Return (ROR):** A utility may request a ROR lower than the benchmark to minimize rate increases. While this may be effective in lowering rates in the short term, it will cause the utility to experience decreased cash flow and may stunt future capital investment in the long term.
- [Customer Assistance Resources](#)