

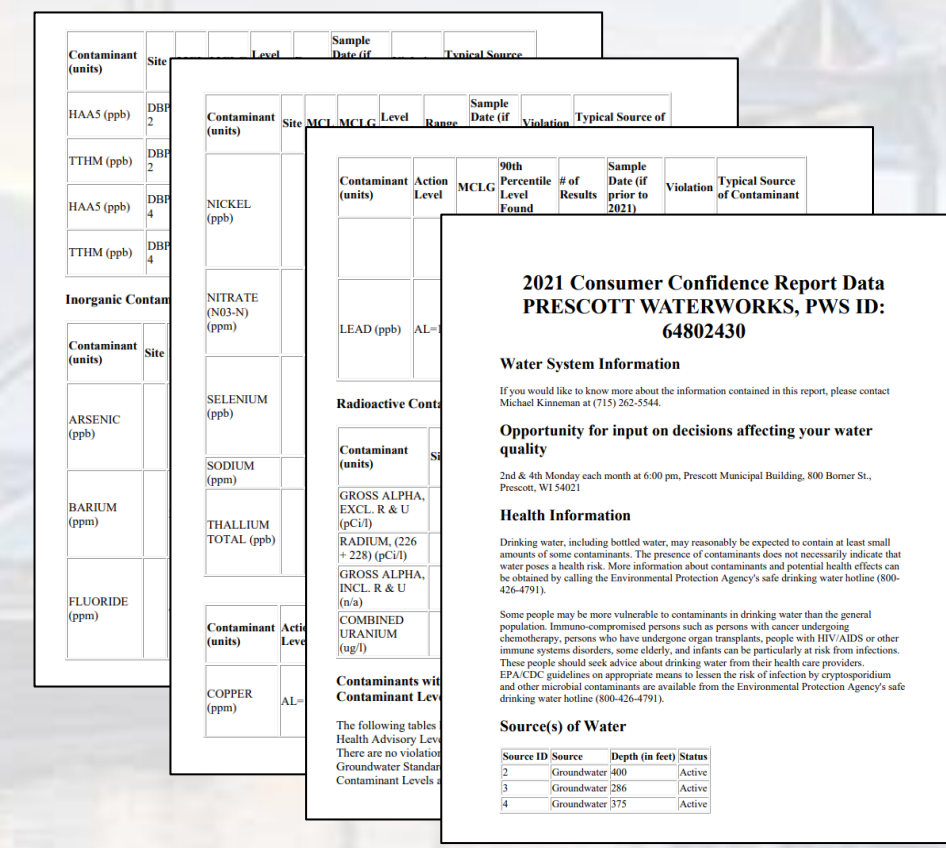


Wisconsin Waterworks Excellence Project

Report cards for the Badger State's water utilities

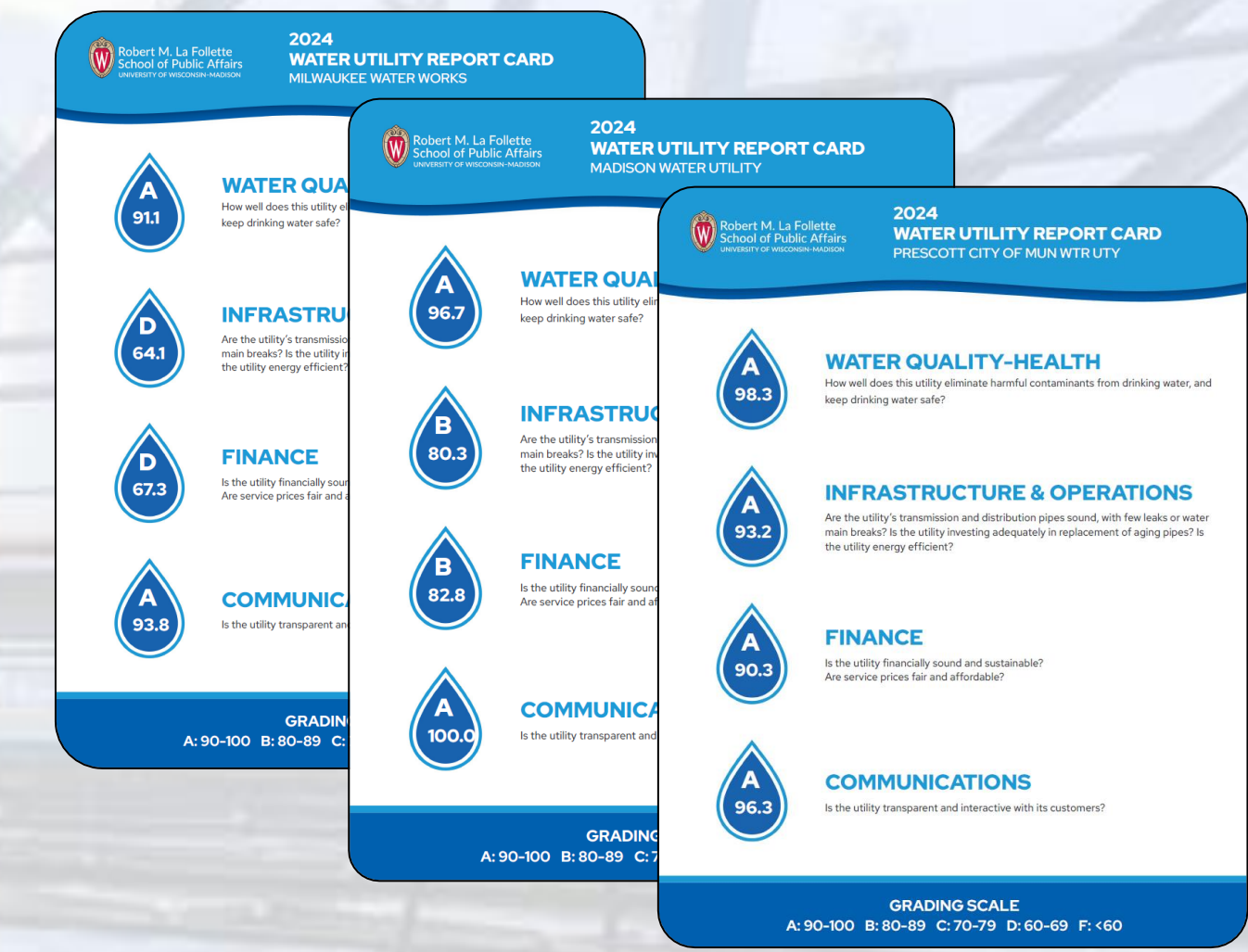
The problem | Water systems are literally (and figuratively!) buried

- Water prices easy to observe
- Water quality hard to observe
- Required Customer Confidence Reports confusing & ineffective
- ⇒ Public poorly understands water utilities
- ⇒ Little incentive for performance above minimum requirement
- ⇒ Governance failure: low accountability and underinvestment



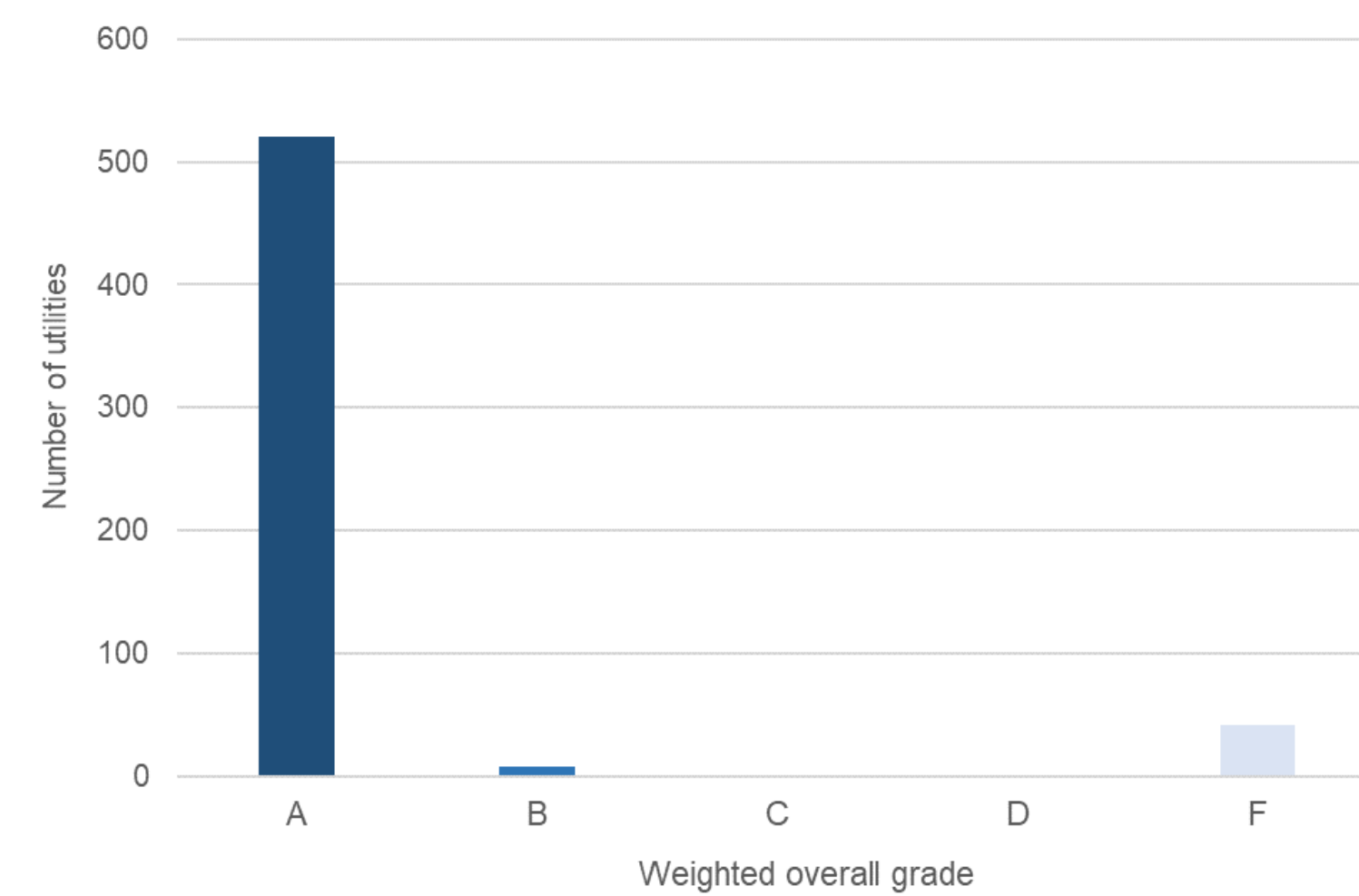
A solution | Report cards

- Intuitive, accessible performance information
- Objective data from DNR & PSC | 570 total systems
- Rigorous, independent evaluation—No grade inflation!
- ⇒ More accurate perception of quality & conditions
- ⇒ Stronger incentive for performance
- ⇒ Greater accountability & smarter policymaking



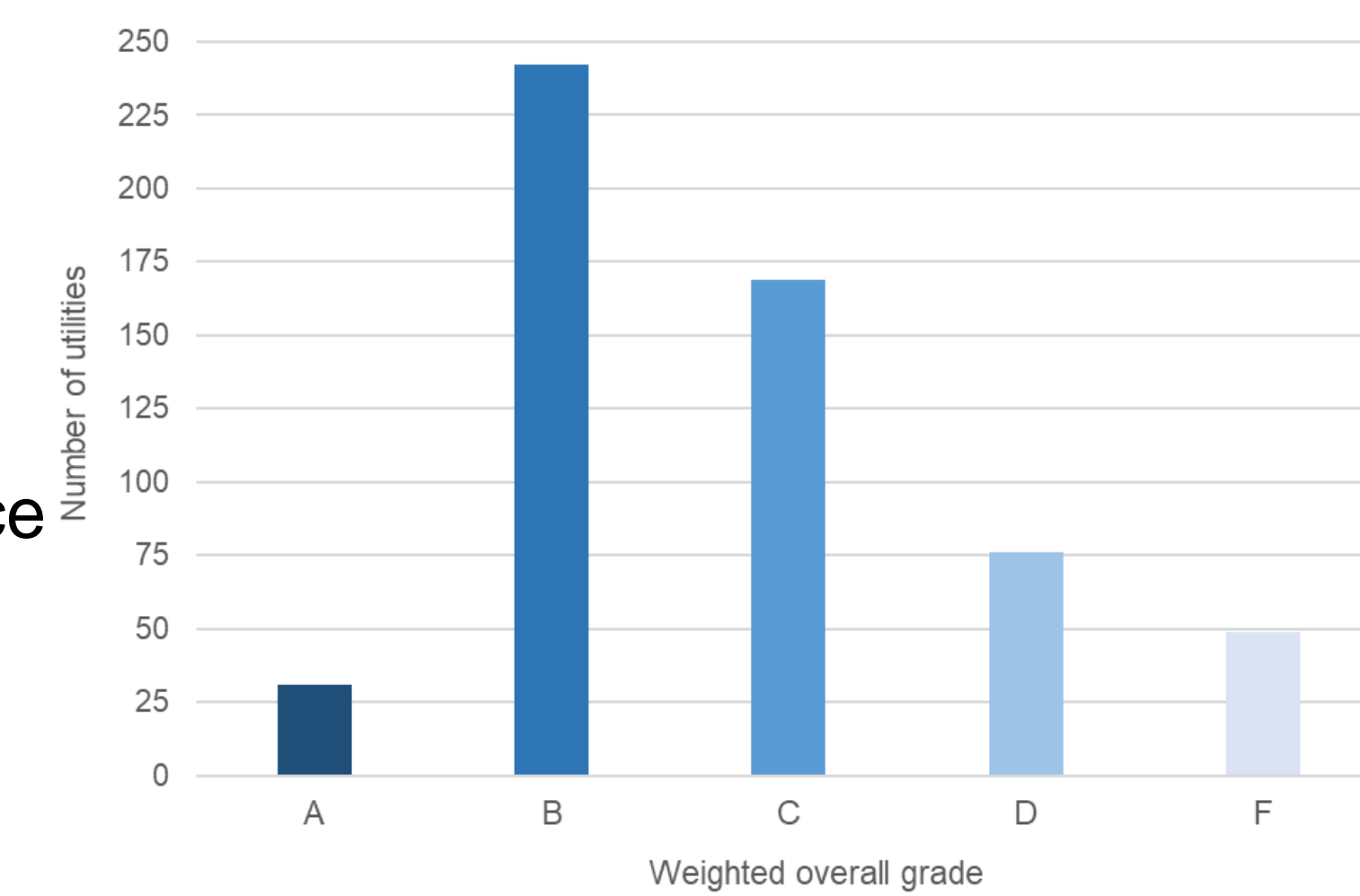
Water Quality - Health

- Acute & chronic contaminants graded separately
- Scored by max contaminant levels relative to MCL
- Excellent performance statewide
- ⇒ 90% earned A grades
- ⇒ Most contaminants far below regulatory levels
- ⇒ 41 F grades due to SDWA violations



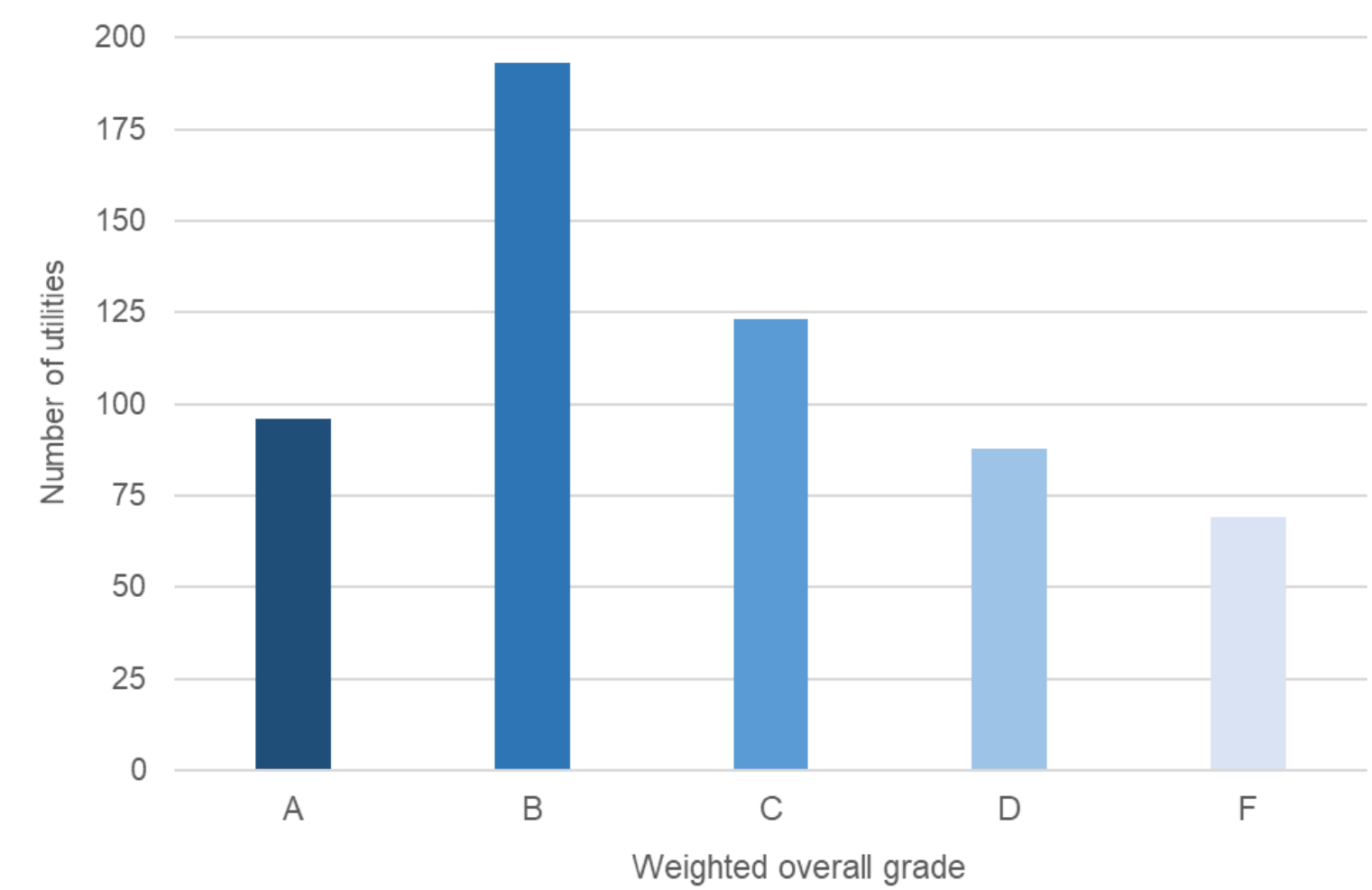
Infrastructure & Operations

- Infrastructure indicators
Main breaks | Water loss
Avg age of Mains | Main replacement rate
- Operations indicators
Energy consumption | Op Expenses | SDWA compliance
- Mixed performance
- ⇒ 73% earned B or C grades
- ⇒ 22% scored D-F range
- ⇒ Infrastructure most important area for improvement



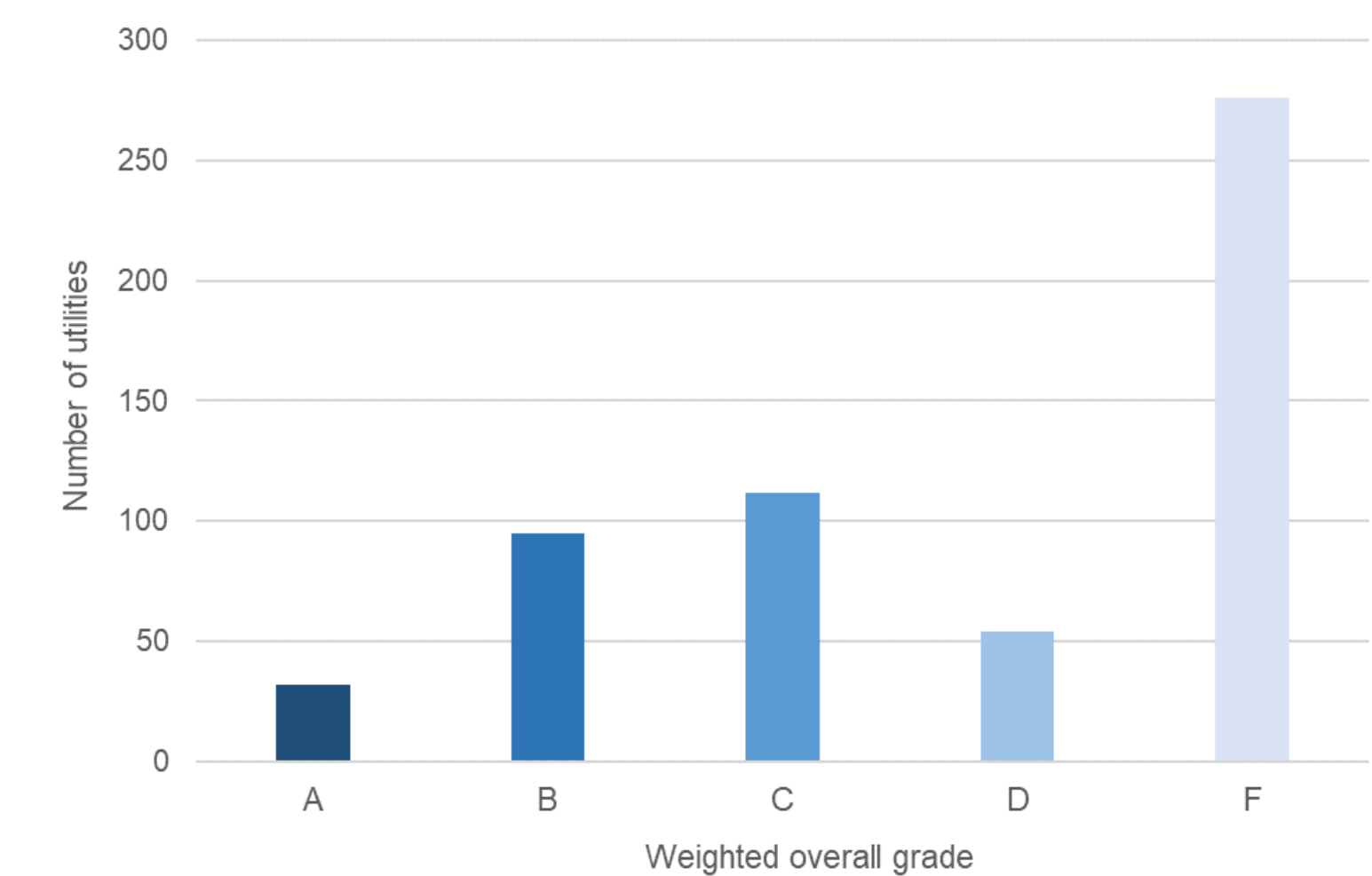
Finance

- Financial strength indicators
Debt-to-Asset Ratio | Return on Equity | Op Reserve
- Rates & revenue indicators
Tax burden | Affordability | Proportionality
- Mixed performance
- ⇒ 51% earned A or B grades
- ⇒ 28% scored D-F range
- ⇒ Affordability generally strong
- ⇒ Many utilities have weak reserves & ROE



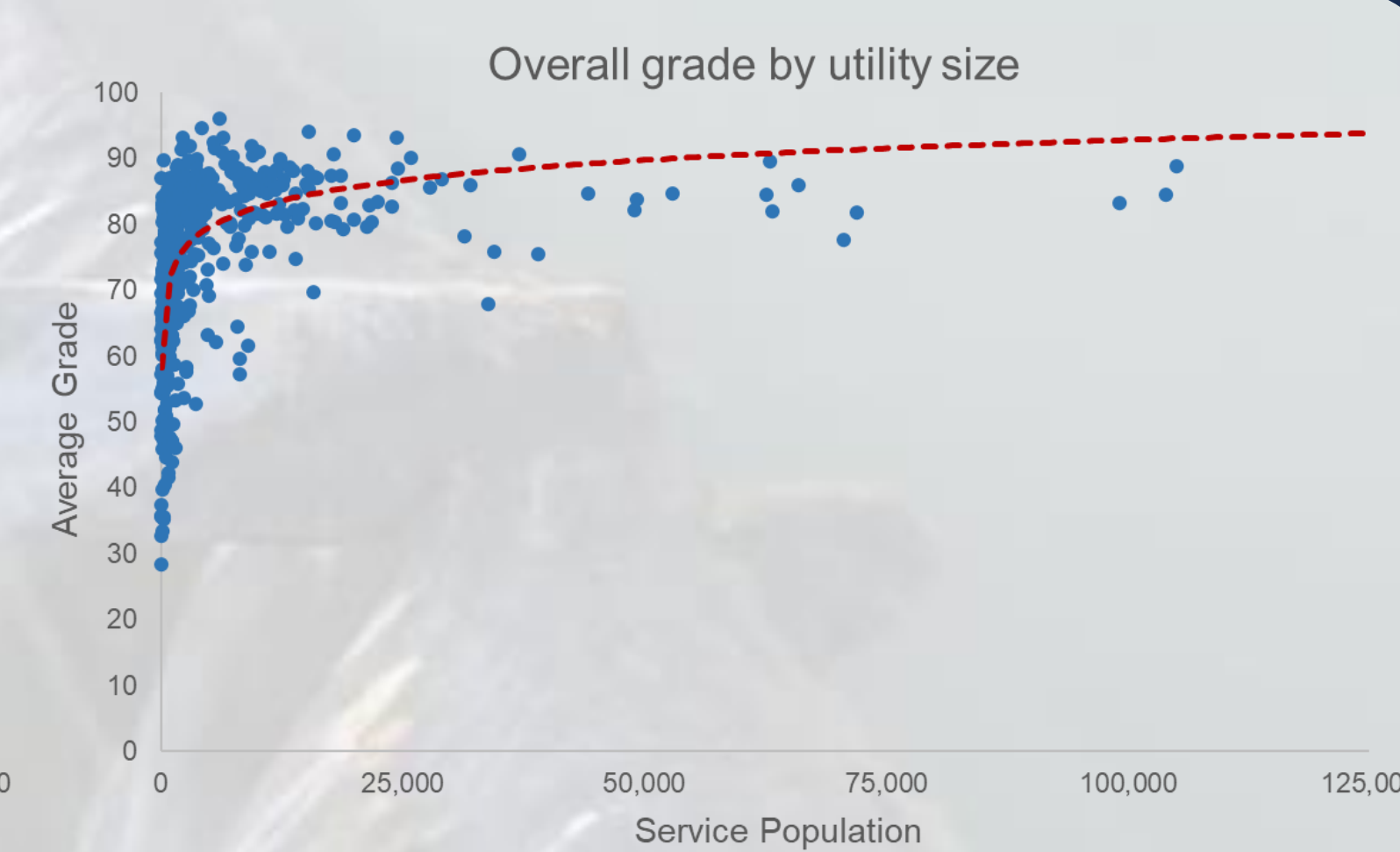
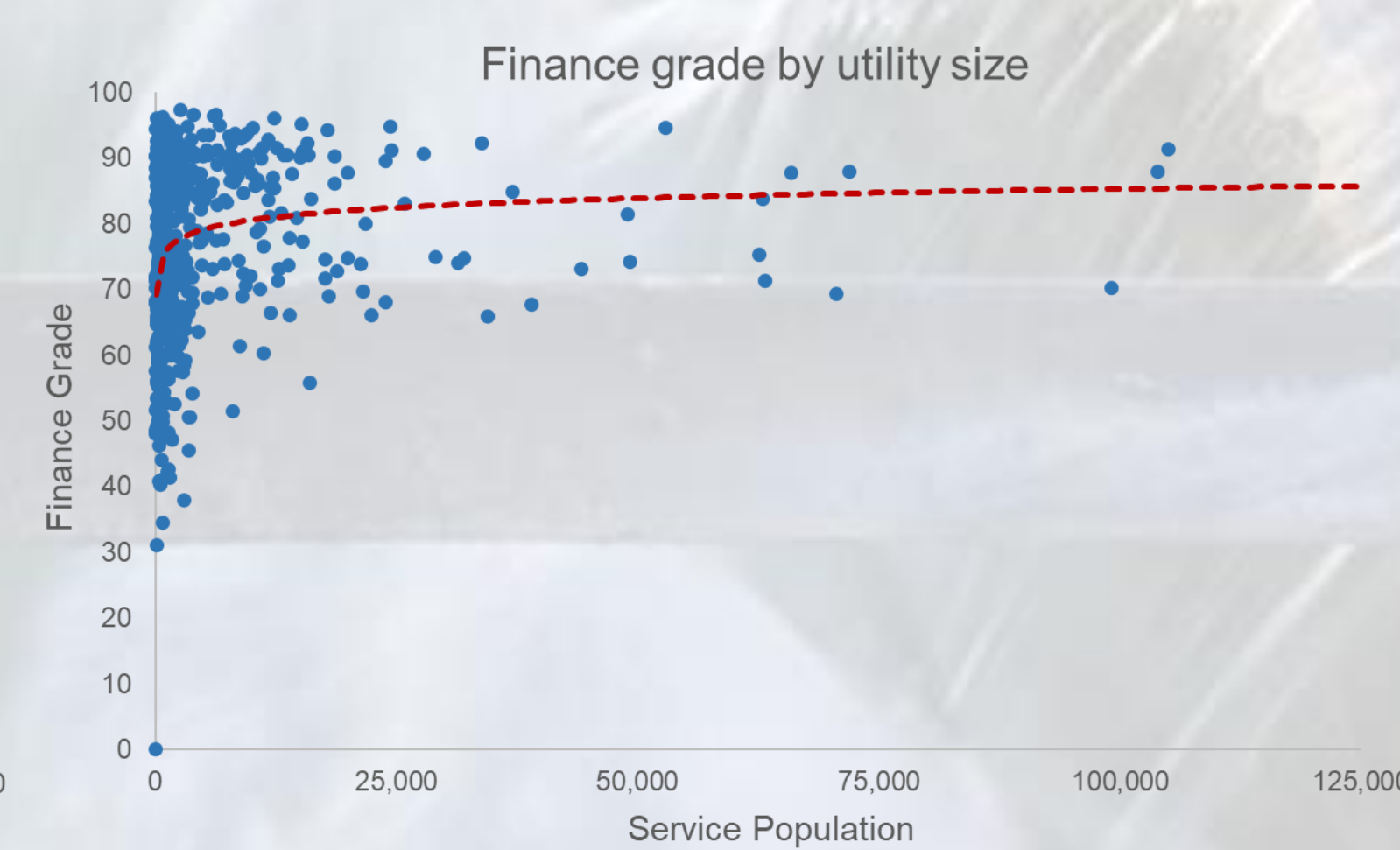
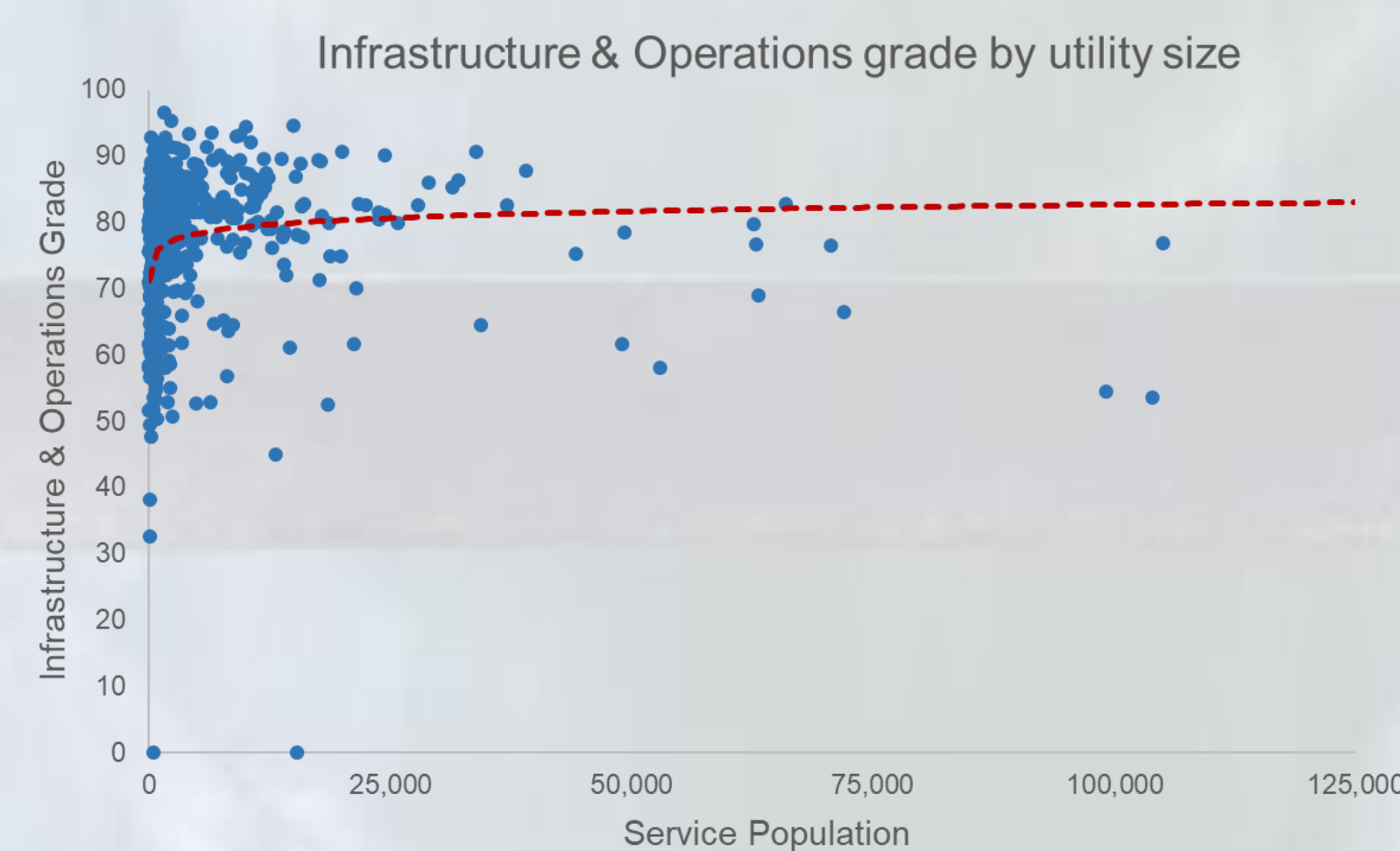
Communications

- Transparency indicators
CCR & rates available online | website accessibility
- Interactivity indicators
Phone, email, meeting info | Online pay | Social media
- Poor overall performance
- ⇒ Only 6% earned A grades
- ⇒ Half earned failing grades
- ⇒ Opportunity for improvement



Analysis | Correlates of excellence

- Large & medium systems show solid-to-strong performance
- Small systems show high variation
- Policy implications
- ⇒ Health & water quality regulation largely effective
- ⇒ Infrastructure & financial weaknesses threaten sustainability
- ⇒ Small utilities need greater capacity



Madison (pop. 235,000) and Milwaukee (pop. 590,547) not graphed