

PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of the Village of Cottage Grove, as a Water Public Utility,
for Authority to Construct the Well No. 2 Facility Replacement, in the
Village of Cottage Grove, Dane County, Wisconsin

1390-CW-106

Public Service Commission of Wisconsin
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FINAL DECISION

Introduction

On May 5, 2025, the Commission received an application from the Village of Cottage Grove, as a water public utility (applicant), pursuant to Wis. Stat. § 196.49 and Wis. Admin. Code ch. PSC 184. The applicant seeks authority to construct a replacement of the Well No. 2 Facility, in the Village of Cottage Grove, at an estimated total cost of \$2,265,000. The Commission found the application in this docket to be complete on July 18, 2025. The Commission issued a Notice of Investigation on August 7, 2025. No hearing was required nor held. No major concerns were brought to the attention of Commission staff.

The application is GRANTED, subject to conditions.

Findings of Fact

1. The applicant is a public utility as defined under Wis. Stat. § 196.01(5)(a) and provides water service to approximately 2,577 customers in Dane County.
2. The proposed project consists of constructing a replacement of the Well No. 2 Facility, at an estimated total cost of \$2,265,000.
3. The type of project proposed and the estimated cost of the project require Commission review and approval under Wis. Stat. § 196.49 and Wis. Admin Code ch. PSC 184.
4. No person requested a hearing in this investigation.
5. The applicant reported total operating revenues of \$2,032,368 in 2024.

6. Based on the applicant's PSC Annual Report, between 2020 and 2024, water sales increased by 14.13 percent, and average gallons per Residential customer decreased by 8.19 percent.

7. The proposed project is necessary to provide adequate and reliable service for present and future customers.

8. Completion of the proposed project would not substantially impair the efficiency of the service provided by the applicant.

9. Completion of the proposed project would not provide facilities unreasonably in excess of the applicant's probable future requirements.

10. The additional cost-of-service of the proposed project would be proportionate to the increase in value or available quantity of service.

11. No significant environmental consequences are associated with the proposed project.

12. No significant risk of flooding is associated with the proposed project.

13. Authorization of the proposed project is in the public interest.

Conclusions of Law

1. The Commission has authority under Wis. Stat. §§ 1.11, 44.40, 196.02, 196.025, 196.395, and 196.49, and Wis. Admin. Code chs. PSC 4 and 184 to issue a Final Decision and Certificate authorizing the applicant to construct the proposed facilities at an estimated total cost of \$2,265,000.

2. The Commission has authority under Wis. Stat. § 15.02(4) to delegate to the Administrator of the Division of Water Utility Regulation and Analysis those functions vested by

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law as enumerated above. It has delegated the authority to the Administrator of the Division of Water Utility Regulation and Analysis to issue a Final Decision and Certificate for the proposed project.

3. The estimated gross cost of this project exceeds the minimum threshold of applicant projects requiring Commission review and approval under Wis. Stat. § 196.49 and Wis. Admin. Code ch. 184.

4. The Commission may impose any term, condition, or requirement necessary to protect the public interest pursuant to Wis. Stat. §§ 196.02, 196.395, and 196.49.

5. The application is a Type III action under Wis. Admin. Code § PSC 4.10(3) and requires neither an environmental impact statement (EIS) nor an environmental assessment (EA).

Opinion

Project Description and Purpose

The applicant provides water service to its customers in the Village of Cottage Grove in Dane County. The applicant's existing water system consists of three wells, one elevated storage tank, and one stand pipe. The applicant proposes to construct a replacement of the Well No. 2 Facility at a cost of \$2,265,000.

The proposed project involves the demolition of the existing Well No. 2 Facility and the construction of a new well facility in its place. The existing well facility to be reconstructed is located at 205 Donna Street, Cottage Grove, Wisconsin. The new well facility will include two separate chemical rooms, a pump room, a replacement well pump, a backup generator for auxiliary power, and approximately 100 feet of new piping, along with associated mechanical and electrical equipment.

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The existing building is 320 square feet and currently contains a single room that serves as both a pump room and a chemical storage area. ([PSC REF#: 545194](#)). The new well facility will be approximately 554 square feet and contain three separate rooms: a pump room, a chlorine room, and a fluoride room. The pump room will house the well, associated piping, and mechanical and electrical systems, while the chemical rooms will provide dedicated spaces for the storage and feed systems for chlorine and fluoride, thereby enhancing operational safety and efficiency. The existing well pump motor and vacuum air release valve will be rehabilitated and reused as part of this project. ([PSC REF#: 550934](#)).

Project Need

The Village of Cottage Grove water system consists of three wells: Well No. 2 (625 gpm), Well No. 3 (900 gpm), and Well No. 4 (1000 gpm). All three wells serve 2,577 customers. The system also includes a 550,000-gallon standpipe, a 400,000-gallon elevated storage tank, and 41 miles of water main.

Well No. 2 is located at 205 Donna Street. The well was originally drilled in 1972 and was reconstructed in 2002. The well house has one room that houses the pump and chemical feed equipment. According to the applicant, the well house condition is deteriorating, and the piping around the chemical injection point is discolored and corroding. The applicant has also noticed minor issues with the natural gas engine.

The Wisconsin Department of Natural Resources (DNR) 2022 Sanitary Survey Report (SSR), identified that separate chemical rooms with proper ventilation for all chemicals are not provided and are now required at new installations. ([PSC REF#: 545191](#).) The existing building also has other non-conforming features mentioned in the 2022 DNR SSR, such as water main not

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made of approved materials and inappropriate locations of sampling faucets for each type of sample.

The life expectancy of a sandstone well like Well No. 2 is roughly 80 years. Since the existing well was drilled in 1972, it would be expected to remain in service through and beyond its life expectancy of 2040. The applicant indicated that the existing Well No. 2 Facility would not reach its anticipated useful life without resolving deficiencies in the well facility in the near future. Therefore, reconstructing the facility and rehabilitating the well will enhance service quality and extend the well's functional life.

Alternatives

The applicant evaluated five alternatives. The first and selected alternative involved the reconstruction of the current Well No. 2 Facility. Reconstruction will provide a facility that houses a separate pump room and chemical room storage, which will address the DNR requirement to provide separate chemical rooms with proper ventilation. This alternative would extend the useful life of the well at a total cost of \$2,265,000. The applicant noted that it anticipates design constraints as this will be a reconstruction project. The applicant selected this alternative over the third and fifth alternative for its lower cost. ([PSC REF#: 550934.](#))

The second alternative was the "Take No Action" alternative. Although this alternative would have no cost, the applicant did not select this alternative because it would not address the deficiencies, and the well will not be utilized to its optimal useful life.

The third alternative involved abandoning the current well and building a new well and well house. This alternative would avoid the design restraints associated with the reconstruction of the existing Well No. 2 Facility but would result in additional costs and work associated with

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locating a new well, well site reporting, and land acquisition for construction of the well and well house. The applicant indicated that this alternative would cost \$2,500,000 and is a higher-cost alternative than the selected Alternative 1.

The fourth alternative involved exploring the possibility of reducing water loss, but the applicant already has very low water loss and non-revenue water. The applicant stated that it already has a 95 percent ratio of sales to pumpage. The applicant stated that although this alternative would have a low upfront cost, it would result in only a small gain. It would not address the deficiencies identified at the Well No. 2 Facility or extend the useful life of the well to its optimal extent.

The fifth and final alternative involved developing an interconnection with the City of Madison Water Utility. The applicant indicated that this is the highest-cost alternative and would have a greater impact on the cost of service to the community, even though a mutual connection would benefit both communities. This alternative would cost \$3,600,000 and would also require agreement and coordination between the communities and would not address the concerns with the existing Well No. 2 Facility.

Environmental Review

This is a Type III action under Wis. Admin Code § PSC 4.10(3). No unusual circumstances suggesting the likelihood of significant environmental effects on the human environment have come to the Commission's attention. Neither an EIS under Wis. Stat. § 1.11 nor an EA is required.

Project Cost, Construction Schedule, Rate Impact

The total estimated cost of this project is \$2,265,000. The applicant plans to fund this project with \$240,000 from General Obligation Promissory Notes Series 2025A and \$2,025,000 from Water Revenue Bonds 2026. The applicant plans to construct the proposed project from February 2026 to May 2027. Commission staff estimates that implementation of this project will result in the need to increase customer water rates by 15.00 percent. The Commission provides the estimated rate impact for general information. The actual amount of any rate increase would be determined at the time the applicant submits an application for a rate increase. The amount of any increase would depend on several factors including, but not limited to, project financing, growth in customer demand, inflation, actual project costs, and the rate of return authorized.

Conclusion

The project, as conditioned herein, complies with Wis. Stat. § 196.49(3)(b). The project will not substantially impair the efficiency of the applicant’s service. No interruptions to water service are expected. The existing Well Nos. 1, 3, and 4 will remain operational until the proposed reconstruction of the new facility is finished and Well No. 2 is returned to service.

Reconstruction of the facility and the addition of energy efficient equipment will improve the efficiency of the system by extending the useful life of the well. The applicant reports a firm well capacity of 900 gpm with Well No. 2 out of service, and a historic maximum day demand of 878 gpm from 2012, ensuring that the current service will not be affected because of project construction.

Completion of this project will not provide facilities unreasonably in excess of the applicant’s probable future requirements. The facility is being reconstructed to extend the

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optimal life of an existing well which has current well capacity of 675 gpm. The project also addresses deficiencies identified in the DNR SSR by replacing aging infrastructure. If the well is taken out of service, the applicant will have an ongoing deficiency in the system. Hence, the project will not provide facilities in excess of the applicant's probable future requirements.

When placed in service, the project will improve the value of available quantity of service in proportion to the addition to the applicant's cost of service. The applicant plans to enhance the well capacity by adding a new, higher-capacity pump (800 gpm) which will improve the quantity of service. The applicant expects that the increased overall efficiency of the reconstructed facility will result in savings that will offset the overall cost of the project.

Certificate

The Village of Cottage Grove, as a water public utility, is authorized to construct the facilities proposed in its May 5, 2025 application, at a total cost of \$2,265,000, subject to the conditions in this Final Decision.

Order

1. The applicant's application for authority to construct facilities in Dane County, at an estimated total cost of \$2,265,000, is granted.
2. The Commission, consistent with its past practice, shall review in a future rate proceeding the recoverability of costs associated with the project. If it is discovered or identified that the project cost, including *force majeure* costs, may exceed the estimated cost by more than 10 percent, the applicant shall, within 30 days of when it becomes aware of the possible change or cost increase, notify the Commission of the accounts or categories where costs deviate from

those authorized and shall itemize and segregate those costs by major accounts and provide sufficient documentation to support and explain the reasons for such deviations.

3. The applicant shall notify and obtain approval from the Commission before proceeding with any substantial change in the scope, design, size, or location of the approved project.

4. The applicant shall obtain all necessary federal, state, and local permits prior to commencement of construction.

5. If the applicant does not begin on-site physical construction within two years of the effective date of this Final Decision, the certificate authorizing the project shall become void unless the applicant: (a) files a written request for an extension of time with the Commission before the date on which the certificate becomes void; and (b) is granted an extension by the Commission.

6. If the applicant has not begun on-site physical construction and has not filed a written request for an extension before the date the certificate becomes void, the applicant shall inform the Commission of those facts in writing within 20 working days after the date on which the certificate becomes void.

7. The applicant shall submit to the Commission the final actual costs segregated by the Commission's Uniform System of Accounts within one year after the in-service date. For those accounts where actual costs deviate significantly from those authorized, the final cost report shall itemize and explain the reasons for any such deviations.

8. This Final Decision takes effect one day after the date of service.

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9. Jurisdiction is retained.

Dated at Madison, Wisconsin, this 29th day of August, 2025.

For the Commission:

A handwritten signature in black ink, appearing to read 'A.P. Galvin', with a long horizontal flourish extending to the right.

Andrew P. Galvin
Administrator
Division of Water Utility Regulation and Analysis

APG:ZS:rgs DL:02086711

Attachment: Notice of Rights

PUBLIC SERVICE COMMISSION OF WISCONSIN
4822 Madison Yards Way
P.O. Box 7854
Madison, Wisconsin 53707-7854

**NOTICE OF RIGHTS FOR REHEARING OR JUDICIAL REVIEW, THE
TIMES ALLOWED FOR EACH, AND THE IDENTIFICATION OF THE
PARTY TO BE NAMED AS RESPONDENT**

The following notice is served on you as part of the Commission's written decision. This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

PETITION FOR REHEARING

If this decision is an order following a contested case proceeding as defined in Wis. Stat. § 227.01(3), a person aggrieved by the decision has a right to petition the Commission for rehearing within 20 days of the date of service of this decision, as provided in Wis. Stat. § 227.49. The date of service is shown on the first page. If there is no date on the first page, the date of service is shown immediately above the signature line. The petition for rehearing must be filed with the Public Service Commission of Wisconsin and served on the parties. An appeal of this decision may also be taken directly to circuit court through the filing of a petition for judicial review. It is not necessary to first petition for rehearing.

PETITION FOR JUDICIAL REVIEW

A person aggrieved by this decision has a right to petition for judicial review as provided in Wis. Stat. § 227.53. In a contested case, the petition must be filed in circuit court and served upon the Public Service Commission of Wisconsin within 30 days of the date of service of this decision if there has been no petition for rehearing. If a timely petition for rehearing has been filed, the petition for judicial review must be filed within 30 days of the date of service of the order finally disposing of the petition for rehearing, or within 30 days after the final disposition of the petition for rehearing by operation of law pursuant to Wis. Stat. § 227.49(5), whichever is sooner. If an *untimely* petition for rehearing is filed, the 30-day period to petition for judicial review commences the date the Commission serves its original decision.¹ The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

If this decision is an order denying rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not permitted.

Revised: March 27, 2013

¹ See *Currier v. Wisconsin Dep't of Revenue*, 2006 WI App 12, 288 Wis. 2d 693, 709 N.W.2d 520.