

## PROPOSAL FOR PROFESSIONAL SERVICES

February 15, 2022

RE: MWW 2022 Rate Case Assistance  
Milwaukee Water Works Wholesale  
Customer Group  
Baxter & Woodman No. 211644.10

Mike Brofka  
City of West Allis  
7525 W Greenfield Ave  
West Allis WI 53214-4688

Jim Hart  
City of New Berlin  
3805 S Casper Drive  
New Berlin WI 53151

Tom Nennig  
Village of Brown Deer  
4800 W Green Brook Dr  
Brown Deer WI 53223

David Simpson  
City of Wauwatosa  
7725 W North Ave  
Wauwatosa WI 53213

Todd Michaels  
Village of Greendale  
6500 Northway  
Greendale WI 53129

Jim Voigt  
City of Mequon  
11333 N Cedarburg Rd  
Mequon WI 53092

Matt Janecke  
Village of Menomonee Falls  
W156N8480 Pilgrim Rd  
Menomonee Falls WI 53051

Leeann Butschlick  
Village of Shorewood  
3930 N Murray Ave  
Shorewood WI 53211

Kayla Thorpe  
Village of Butler  
12621 W Hampton Ave  
Butler WI 53007

Thank you for inviting Baxter & Woodman to propose professional services for this project. We appreciate the information that you provided related to this project, which has helped us better understand your requirements and related issues. This proposal responds to your request, including a description of our proposed Scope of Services and budget information.

### PROJECT DESCRIPTION

We understand Milwaukee Water Works (MWW) recently filed for approval from the Public Service Commission of Wisconsin (PSC) for authority to increase water rates. MWW has requested the use of the Two-Step cost allocation methodology that was negotiated and jointly approved by MWW and the Milwaukee Water Works wholesale customer group (MWCG) in 2021. PSC will determine the actual level of the rate change for each retail customer class and wholesale customer after reviewing MWW's application and other submitted documents, and after holding a public hearing. The actual increase to individual customers will vary with water usage and the ultimate rates authorized by PSC.

MWCG desires to hire a team of water rate analysts to review the accuracy and appropriateness of this rate increase request. MWCG includes the water utilities for the following municipalities:

- Brown Deer
- Butler
- Greendale
- Menomonee Falls
- Mequon
- New Berlin
- Shorewood
- Wauwatosa
- West Allis

As you will see in our proposal, we have assembled a very qualified team to assist you with this project. All team members are available to work on the project to meet the anticipated rate case schedule to be proposed by PSC.

## **SCOPE OF SERVICES**

The project team will perform the following scope of services to assist the MWCG in reviewing and responding to MWW's conventional rate case application submitted to PSC. The scope of work has been broken down into the following project tasks:

### **Task    Description**

- 1     Analysis and Review of MWW Rate Application
- 2     Development of Positions for Contested Case Hearing (if needed)
- 3     Participate in Contested Case (if needed)

### **Task 1 - Analysis and Review of the Milwaukee Water Works Rate Application**

MWW has already submitted a conventional water rate application to PSC in early February 2022, and has also filed its proposed revenue requirement and cost of service study documents prepared by its rate consultants. For Task 1, the project team will perform the following:

1. Assist the MWCG members in requesting Full Party Status in MWW's rate case (Docket 3720-WR-109).
2. Review MWW's proposed test year revenue requirement documentation.
3. Confirm MWW and MWCG member water demands and usage pattern variations submitted in MWW's rate case cost of service study.
4. Review the Two-Step cost of service study submitted by MWW, and note any changes or deviations from the methodology agreed to by both parties in April 2021.
5. Submit information requests to MWW for information necessary for the review, and review responsive information.
6. Analyze MWW's submission to determine the proposed changes in MWW's revenue requirements and cost of service allocation from the last conventional MWW rate case in 2014, and how they impact the MWCG members.
7. Identify and prioritize issues that MWCG could raise in MWW's rate case proceeding with PSC.
8. Participate in a meeting/conference call with MWCG representatives to brief them regarding the findings of the analysis, offer a recommended course of action, and select issues to pursue at the contested case hearing (if needed).

## **TASK 2 – DEVELOPMENT OF POSITIONS FOR CONTESTED CASE HEARING (IF NEEDED)**

For Task 2, the project team will perform the following:

1. Assign issues to team members. Identify witnesses to testify at the contested case hearing on each issue.
2. Develop Wholesale Customers' positions on identified issues.
3. Prepare exhibits to support Wholesale Customers' positions on identified issues.

## **TASK 3 - PARTICIPATE IN CONTESTED CASE (IF NEEDED)**

1. Prepare written direct testimony and exhibits in support of MWCG position on identified issues.
2. Review direct testimony and exhibits submitted by MWW and other rate case interveners.
3. Prepare rebuttal and surrebuttal testimony in response to testimony offered by MWW and other interveners.
4. Attend technical hearing, present testimony and cross-examine witnesses.
5. Prepare brief to the Commission in support of the MWCG position.
6. Review briefs submitted by MWW and other interveners, and prepare and submit reply brief.
7. Prepare Decision Matrix information, with cites to the record, for the Commission.

## **ANTICIPATED RATE CASE SCHEDULE**

PSC will be proposing a rate case schedule for Docket 3720-WR-109 in the near future. Task 1 (and Task 2 if needed) will need to be completed prior to the dates to be scheduled for the submittal of any written testimony by MWCG for this rate case.

It is strongly recommended that the services proposed for Task 1 be initiated immediately.

## **PROJECT TEAM**

The two key project team members that were closely involved on behalf of MWCG over the past 13 years with the two previous MWW rate cases and the 2014 Rate Point negotiations will be available to assist with this rate case. These project team members include **Patrick Planton** and **Lawrie Kobza**.

## MWCG RESPONSIBILITIES

MWCG, at its expense, shall do the following in a timely manner so as not to delay the Services.

1. **Information / Reports:** Furnish the Baxter & Woodman project team with relevant project-related information, all of which Baxter & Woodman may rely upon without independent verification in performing the Services.
2. **Representative:** Designate a representative for the Project who shall have the authority to transmit instructions, receive information, interpret and define MWCG's policies and make decisions with respect to the Services.
3. **Decisions:** Provide all criteria and full information as to MWCG requirements for the Project, obtain (with Baxter & Woodman's assistance, if applicable) necessary approvals, attend Project-related meetings, provide interim reviews on an agreed-upon schedule, make decisions on Project alternatives, and generally participate in the Project to the extent necessary to allow the Baxter & Woodman project team to perform the Services.
4. **Other Responsibilities:** Pay directly any required fees associated with the Project.

## COMPENSATION

### Hourly Basis Option

MWCG and Baxter & Woodman select the hourly basis for payment for services provided by the project team. Baxter & Woodman shall be compensated monthly. Monthly charges for services shall be based on the Baxter & Woodman project team's current billing rates for applicable employees plus charges for any expenses incurred. Current billing rates shall be the Actual Billing Rates of Personnel Method as summarized below.

**Actual Billable Rates of Personnel Method** - Applicable billing rates for our team members shall be based on the actual billable rates of personnel plus the cost of expenses as outlined below.

Hourly billing rates for the key project team members is as follows:

Patrick Planton, Water Rates Specialist	\$225
Lawrie Kobza, Attorney	\$340

Our estimate of the costs for services in this Proposal is summarized below.

Task 1:	\$25,000
Task 2:	To be determined if needed
Task 3:	To be determined if needed

It is agreed that after 90 percent of the estimated compensation has been earned and if it appears that completion of the services cannot be accomplished within the remaining 10 percent of the estimated compensation, Baxter & Woodman will notify MWCG and confer with representatives of MWCG to determine the basis for completing the work.

### Other Provisions Concerning Payments

1. Invoices will be prepared in accordance with Baxter & Woodman's standard invoicing practices and will be submitted monthly to MWCG by Baxter & Woodman, unless otherwise agreed.
2. Invoices are due and payable within 30 days of receipt.
3. The cost for our team's services will be apportioned as agreed to by the MWCG for the 2022 MWW Rate Case project. This apportionment of project costs is summarized below.

Water Utility	Cost Breakdown	Estimated Task 1 Cost
West Allis	24.276%	\$6,070
Wauwatosa	23.271%	\$5,820
Menomonee Falls	14.810%	\$3,700
New Berlin	12.919%	\$3,230
Shorewood	5.494%	\$1,370
Brown Deer	6.190%	\$1,550
Greendale	6.191%	\$1,550
Mequon	5.331%	\$1,330
Butler	1.518%	\$380
<b>Total</b>	<b>100.00%</b>	<b>\$25,000</b>

### Expenses

The following items involve expenditures made by Baxter & Woodman employees or professional consultants on behalf of MWCG. Their costs are not included in the hourly charges made for services and shall be paid for as described in this Proposal.

1. Transportation and travel expenses.
2. Lodging and meal expense connected with the Project.
3. Report or documentation reproduction expenses.
4. Other special expenses required in connection with the Project.

Additional services not identified in the scope, such as additional meetings or presentations, can be provided on a time and expense basis for the Baxter & Woodman project team members involved. Additional services will only be provided upon written authorization by MWCG.

### SCHEDULE

The Baxter & Woodman project team is available to begin this work immediately.

## SUMMARY

This letter proposal represents the entire understanding between MWCG and Baxter & Woodman in respect to providing services for this project, and may only be modified in writing signed by both parties. If it satisfactorily sets forth your understanding of our services, please sign below in the space provided. Please sign two copies keeping one for your files and returning one to us.

We appreciate this opportunity to work with MWCG. Upon review of our proposal, please do not hesitate to contact Patrick Planton at (262) 395-6406 if you have any questions or if you need additional information.

Sincerely,

BAXTER & WOODMAN, INC.  
CONSULTING ENGINEERS

A handwritten signature in purple ink that reads "Derek J. Wold".

Derek J. Wold, P.E., BCEE  
Executive Vice President

A handwritten signature in purple ink that reads "Patrick S. Planton".

Patrick S. Planton, P.E., MBA  
Water Rates Specialist

**CITY OF WEST ALLIS**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**VILLAGE OF SHOREWOOD**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**CITY OF WAUWATOSA**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**VILLAGE OF GREENDALE**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**VILLAGE OF MENOMONEE FALLS**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**VILLAGE OF BROWN DEER**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**CITY OF NEW BERLIN**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**CITY OF MEQUON**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**VILLAGE OF BUTLER**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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