

## PROPOSAL FOR PROFESSIONAL SERVICES

July 10, 2019

RE: WWU PSC CA Intervention Assistance  
Milwaukee Water Works Wholesale  
Customer Group  
Baxter & Woodman No. 190904.10

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

Mark Uecker  
Village of Greendale  
6500 Northway  
Greendale WI 53129

Tom Nennig  
City of Mequon  
11333 N Cedarburg Rd  
Mequon WI 53092

Jeffrey Nettesheim  
Village of Menomonee Falls  
W156N8480 Pilgrim Rd  
Menomonee Falls WI 53051

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

Kayla Chadwick  
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 that your wholesale water supplier Milwaukee Water Works (MWW) has entered into a wholesale water supply contract with the City of Waukesha Water Utility (WWU). This long-term water supply contract was executed in December 2017.

For MWW to provide wholesale water service to WWU, MWW is planning to construct a pumping station facility in the vicinity of 76<sup>th</sup> Street and Oklahoma Avenue within the City of Milwaukee. A large transmission main pipeline will be constructed to deliver water to WWU's receiving station 10 miles away, and pass through the cities of West Allis and New Berlin.

WWU has submitted a request for construction authorization (CA) from the Wisconsin Public Service Commission (PSC) in November 2018, and recently revised its CA request documentation on April 24, 2019.

MWW intends to construct, own and operate the pumping station for exclusive service for its proposed new wholesale customer WWU, as well as own and operate a portion of the large water transmission main for exclusive service to WWU. MWW will incur signification costs for this infrastructure that is understood to be recovered through its retail and wholesale water rates to all existing MWW customers.

We understand that members of the MWW Wholesale Customer Group (MWC) have individually requested full party intervener status with PSC in this proceeding. The primary issues in which the MWC feel that they have a substantial interest in this proceeding includes (1) WWU's preferential treatment by MWW for exclusive wholesale service, (2) MWW incurring significant capital and ongoing annual operating costs that should be borne exclusively by WWU, and (3) the incomplete nature of WWU's construction authorization request that does not jointly include MWW's construction authorization request.

The MWC group includes the water utilities that serve the following municipalities:

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

We have assembled a very qualified team to assist you with this project. All team members are immediately available to work on the project to meet the anticipated proceeding schedule to be determined by PSC.

### **SCOPE OF WORK**

The project team will perform the following scope of services to assist the MWC in reviewing and intervening in the WWU construction authorization proceeding. The scope of work has been broken down into the following project tasks:

<b><u>Task</u></b>	<b><u>Description</u></b>
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- |   |   |
|---|---|
| 1 | Review and Analysis of WWU PSC CA submittal   |
| 2 | Development of Positions for Proceeding Hearing                                     |
| 3 | Participate in Proceeding Intervention  |
| 4 | Evaluate Impact to MWC of MWW's Capital and Operating Costs to Serve WWU (Optional) |

### **TASK 1 - REVIEW AND ANALYSIS OF WWU PSC CA SUBMITTAL**

WWU has already submitted a CA for their portion of the MWW water supply improvements in November 2018, and recently revised and updated their CA submittal in April 2019. Questions from PSC staff have apparently been sufficiently answered for PSC to issue a notice of proceeding on this docket on June 12, 2019.

For Task 1, the project team will perform the following:

1. Review the proposed project as submitted by WWU in their April 2019 CA resubmittal, and any other relevant proceeding docket documents and information as necessary.
2. Submit information requests to PSC or other parties involved in the proceeding, and review information responses.
3. Meet with MWC representatives to review current status of WWU's CA proceeding.
4. Meet with representatives of PSC as necessary to discuss WWU's project requiring PSC authorization.
5. Coordinate and/or attend meetings on MWC's behalf with WWU, PSC, or other intervening parties or their consultants.
6. Meet with WWU (and/or MWW) and its consultants to discuss and review its water supply project concept, design and costs.
7. Provide a common interface for communications with WWU and PSC during the project.
8. Meet with MWC representatives as needed during the project to receive direction on negotiations with WWU (and/or MWW).
9. Identify and prioritize issues that the MWC Group could raise in WWU's CA proceeding.
10. Participate in a meeting/teleconference with MWC representatives to brief them regarding the findings of the analysis, offer a recommended course of action, and select issues to pursue at the contested CA hearing.

#### **TASK 2 – DEVELOPMENT OF POSITIONS FOR CONTESTED CASE HEARING**

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 MWC's positions on identified issues.
3. Prepare exhibits to support Wholesale Customers' positions on identified issues.
4. Prepare alternative project concepts as needed that address MWC's reasons for intervening in this proceeding.

#### **TASK 3 - PARTICIPATE IN PROCEEDING INTERVENTION**

1. Attend and participate in the pre-hearing conference on behalf of MWC.
2. Prepare written direct testimony and exhibits in support of MWC's positions on identified issues.
3. Review direct testimony and exhibits submitted by WWU and other rate case interveners.
4. Prepare rebuttal and surrebuttal testimony in response to testimony offered by WWU, PSC and other interveners.

5. Attend technical hearing, present testimony and cross-examine witnesses.
6. Prepare brief to PSC in support of MWC's position.
7. Review briefs submitted by WWU and other interveners, and prepare and submit reply brief.
8. Prepare decision matrix information, with cites to the record, for use by the Commissioners to render a decision on the proceeding.

#### **TASK 4 - EVALUATE IMPACT TO MWC OF MWW'S CAPITAL AND OPERATING COSTS TO SERVE WWU (OPTIONAL)**

1. Use the most current version of the MWC-MWW agreed-upon Two Step Cost Allocation model and modify it to include the improvements needed for MWW to serve WWU per WWU's CA project design concepts.
2. Provide an estimate, for purposes of MWC Group's information, of the anticipated changes to MWW cost of service to be allocated to its Retail and Wholesale Customers based on:
  - a. MWW incurs the proposed capital and operating costs to exclusively serve WWU per WWU's CA request.
  - b. WWU incurs the proposed costs in (a) above.
3. Provide MWC with a summary of the findings of the evaluation in a technical memorandum.

#### **ANTICIPATED PROJECT SCHEDULE**

The schedule for the proceeding has not been established by PSC yet. It is anticipated that the testimony portion of the proceeding could take place later in summer 2019, with an ultimate decision by the PSC Commissioners in late 2019 (at the earliest).

It is recommended that the services proposed for the tasks identified above be initiated very soon, as PSC is likely to schedule the proceeding's pre-hearing conference in the next several weeks.

#### **MWC RESPONSIBILITIES**

MWC, 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 MWC's policies and make decisions with respect to the Services.
3. **Decisions:** Provide all criteria and full information as to MWC 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**

The MWC 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 of the Baxter & Woodman project 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, Project Manager	\$220
Lawrie Kobza, Project Attorney	\$300
Christopher Kaempfer, Project Engineer	\$160

Because of the uncertainty of the project duration and PSC/WUU/MWW interactions required to adequately intervene in this proceeding, Baxter & Woodman has provided an estimate of the range of costs for services in this Proposal. Our team's estimated level of effort for the scope of services outlined in this Proposal is summarized below.

<u>Task</u>	<u>Description</u>	<u>Fee Estimate</u>
1	Review and Analysis of WWU PSC CA submittal	\$10,000 - \$20,000
2	Development of Positions for Proceeding Hearing	\$5,000 - \$15,000
3	Participate in Proceeding Intervention	\$50,000 - \$80,000
4	OPTIONAL: Evaluate WWU/MWW Cost Impact on MWC	\$10,000

It is agreed that after 90 percent of the estimated compensation has been earned on a task 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 MWC and confer with representatives of MWC 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 MWC 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 previously agreed to by the MWC Group for the 2014 MWW Rate Case project. This apportionment of project costs is summarized below.

<b>Water Utility</b>	<b>2014 Cost Breakdown</b>
West Allis	24.172%
Wauwatosa	22.022%
Menomonee Falls	14.661%
New Berlin	12.379%
Shorewood	6.995%
Brown Deer	6.808%
Greendale	6.260%
Mequon	5.185%
Butler	1.518%
<b>Total</b>	<b>100.00%</b>

### **Expenses**

The following items involve expenditures made by Baxter & Woodman employees or professional consultants on behalf of MWC. 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 MWC.

### **SCHEDULE**

The Baxter & Woodman project team is available to begin this work immediately. Baxter & Woodman will coordinate a project schedule with MWC based upon information availability and the anticipated proceeding schedule established by PSC.

**SUMMARY**

This letter proposal represents the entire understanding between MWC 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 MWC. 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



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



Patrick S. Planton, P.E., MBA  
Water Department Manager

**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: \_\_\_\_\_



## STANDARD TERMS AND CONDITIONS

**Agreement** - These Standard Terms and Conditions, together with the letter proposal, constitute the entire integrated agreement between the Owner and Baxter & Woodman, Inc. (BW) and take precedence over any other provisions between the Parties. These terms may be amended, but only if both parties consent in writing.

**Owner's Responsibility** - Provide BW with all criteria and full information for the Project. BW will rely, without liability, on the accuracy and completeness of all information provided by the Owner including its consultants, contractor, specialty contractors, manufacturers, suppliers and publishers of technical standards without independently verifying that information. The Owner warrants that all known hazardous materials on or beneath the site have been identified to BW. BW and their consultants shall have no responsibility for the discovery, presence, handling, removal or disposal of, or exposure of persons to, unidentified or undisclosed hazardous materials unless this service is set forth in the proposal.

**Schedule for Rendering Services** - The agreed upon services shall be completed within a reasonable amount of time. If BW is hindered, delayed or prevented from performing the services as a result of any act or neglect of the Owner or force majeure, BW's work shall be extended and the rates and amounts of BW's compensation shall be equitably adjusted in writing executed by all Parties.

**Invoices and Payments** - The fees to perform the proposed scope of services constitute BW's estimate to perform the agreed upon scope of services. Circumstances may dictate a change in scope, and if this occurs, an equitable adjustment in compensation and time shall be made by all parties. No service for which added compensation will be charged will be provided without first obtaining written authorization from the Owner.

**Opinion of Probable Construction Costs** - BW's opinion of probable construction costs represents its reasonable judgment as a professional engineer. Owner acknowledges that BW has no control over construction costs of contractor's methods of determining prices, or over competitive bidding, of market conditions. BW cannot and does not guarantee that proposals, bids, or actual construction costs will not vary from BW's opinion of probable construction costs.

**Standards of Performance** - (1) The standard of care for all services performed or furnished by BW, will be completed with the same care and skill ordinarily used by professionals practicing under similar circumstances, at the same time and in the same locality on similar projects. BW makes no guarantees or warranties, express or implied, in connection with its services; (2) BW shall be responsible for the technical accuracy of its services and documents; (3) BW shall use reasonable care to comply with all applicable laws and regulations and Owner-mandated standards; (4) BW may employ such sub-consultants as BW deems necessary to assist in the performance or furnishing of the services, subject to reasonable, timely, and substantive objection by Owner; (5) BW shall not supervise, direct, control, or have authority over any contractor work, nor have authority over or be responsible for the means, methods, techniques sequences, or procedures of construction selected or used by any contractor, or the safety precautions and programs incident thereto, for security or safety of the site, nor for any failure of a contractor to comply with laws and regulations applicable to such contractor's furnishing and performing of its work; (6) BW neither guarantees the performance of any contractor nor assumes responsibility for contractor's failure to furnish and perform the work in accordance with the contract documents; (7) BW is not responsible for the acts or omissions of any contractor, subcontractor, or supplier, or any of their agents or employees or any other person at the site or otherwise furnishing or performing any work; (8) Shop drawing and submittal review by BW shall apply to only the items in the submissions and only for the purpose of assessing if upon installation or incorporation in the Project work they are generally consistent with the construction documents. Owner agrees that the contractor is solely responsible for the submissions (regardless of the format in which provided, i.e. hard copy or electronic transmission) and for compliance with the construction documents. Owner further agrees that BW's review and action in relation to these submissions shall not constitute the provision of means, methods, techniques, sequencing or procedures of construction or extend to safety programs or precautions. BW's consideration of a component does not constitute acceptance of the assembled item; (9) BW's site observation during construction shall be at the times agreed upon in the Project scope. Through standard, reasonable means, BW will become generally familiar with observable completed work. If BW observes completed work that is inconsistent with the construction documents, that information shall be communicated to the contractor and Owner for them to address.

**Insurance** - BW will maintain insurance coverage with the following limits and Certificates of Insurance will be provided to the Owner upon written request:

Worker's Compensation: Statutory Limits	Excess Umbrella Liability:	\$5 million per claim and aggregate
General Liability: \$1 million per claim	Professional Liability:	\$5 million per claim
\$2 million aggregate		\$5 million aggregate
Automobile Liability: \$1 million combined single limit		

BW's liability under this Agreement, based on any theory of liability or for any cause of action, shall not exceed the total amount of BW's contract amount for the project. Any claim against BW arising out of this Agreement may be asserted by the Owner, but only against the entity and not against BW's directors, officers, shareholders or employees, none of whom shall bear any liability and may not be subject to any claim.

**Indemnification and Mutual Waiver** - (1) To the fullest extent permitted by law, Engineer shall indemnify and hold harmless the Owner, which shall include such party's officers and employees, from claims, costs, losses, and damages arising out of or relating to the Project, provided that such claims, costs, losses, or damages are attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property, including the loss of use resulting therefrom, but only to the extent caused by the indemnifying party's negligent acts or omissions (2) In the event claims, losses, damages or expenses are caused by the joint or concurrent fault of the Engineer and Owner, they shall be borne by each party in proportion to their respective fault, as determined by a court of competent jurisdiction; (3) The Owner acknowledges that the Engineer is a business corporation and not a professional service corporation, and further acknowledges, accepts, and agrees that the Engineer's officers, directors, and employees shall not be subject to any personal liability for services provided under this Agreement

**Termination** - Either party may terminate this Agreement upon ten (10) business days' written notice to the other party in the event of failure by the other party to perform with the terms of the Agreement through no fault of the terminating party. A condition precedent to termination shall be an opportunity for the Parties to meet. If this Agreement is terminated, Owner shall receive reproducible copies of drawings, developed applications and other completed documents. Owner shall be liable for, and promptly pay for all services and reimbursable expenses rendered to the date of suspension/termination of services.

**Use of Documents** - BW documents are instruments of service and BW retains ownership and property interest (including copyright and right of reuse). Client shall not rely on such documents unless in printed form, signed or sealed by BW or its consultant. Electronic format of BW's design documents may differ from the printed version and BW bears no liability for errors, omissions or discrepancies. Reuse of BW's design documents is prohibited and Client shall defend and indemnify BW from all claims, damages, losses and expenses, including attorney's fees, consultant/expert fees, and costs arising out of or resulting from said reuse. BW's document retention policy will be followed upon Project closeout, and project documents will be kept for a period of 14 years after Project closeout.

**Successors, Assigns, and Beneficiaries** - Nothing in this Agreement shall be construed to create, impose, or give rise to any duty owed by Client or BW to any third party, including any lender, Contractor, Contractor's subcontractor, supplier, manufacturer, other individual, entity or public body, or to any surety for or employee of any of them. All duties and responsibilities undertaken pursuant to this Agreement are for the sole and exclusive benefit of the Client and BW and not for the benefit (intended, unintended, direct or indirect) of any other entity or person.

**Dispute Resolution** - All disputes between the Parties shall first be negotiated between them for a period of thirty (30) days. If unresolved, disputes shall be then submitted to mediation as a condition precedent to litigation. If mediation is unsuccessful, litigation in the county where the Project is pending shall be pursued.

**Miscellaneous Provisions** - (1) This Agreement is to be governed by the law of the state or jurisdiction in which the Project is located. (2) All notices must be in writing and shall be deemed effectively served upon the other party when sent by certified mail, return receipt requested; (3) All express representations, waivers, indemnifications, and limitations of liability included in this Agreement will survive its completion or termination for any reason; (4) Any provision or part of the Agreement held to be void or unenforceable under any Laws or Regulations shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon the Owner and BW, which agree that the Agreement shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close to expressing the intention of the stricken provision; (5) A party's non-enforcement of any provision shall not constitute a waiver of the provision, nor shall it affect the enforceability of that provision or of the remainder of this Agreement; (6) To the fullest extent permitted by law, all causes of action arising under this Agreement shall be deemed to have accrued, and all statutory periods of limitation shall commence, no later than the date of substantial completion, which is the point where the Project can be utilized for the purposes for which it was intended.