

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is made effective this 22nd day of October, 2009 by and between the parties described in Exhibit A attached hereto (collectively the “Parties”).

RECITALS

WHEREAS, on or about September 2, 2009, the Milwaukee Water Works (“MWW”) submitted a formal rate case, Case Number 3720-WR-107, to the Wisconsin Public Service Commission (“PSC”) for purposes of adjusting wholesale water rates paid by the Parties for purposes of providing water to the Parties’ customers (hereinafter the “Rate Case”); and

WHEREAS, the Parties have common interests and concerns which they wish to advance and protect with respect to the Rate Case, and have jointly moved to intervene in the Rate Case in order to protect the Parties’ interests; and

WHEREAS, on or about October 15, 2009 the Parties met to discuss the topic of cooperatively hiring Short Elliott Hendrickson Inc. for purposes of serving as a Rate Analyst (“Analyst”) on behalf of the Parties in conjunction with the Rate Case; and

WHEREAS, the Parties have agreed that the costs of hiring the Analyst for the Rate Case should be shared among the Parties in a proportion equivalent to the average percentage of the volume of water used and the dollars paid to the Milwaukee Water Works.

AGREEMENT

NOW, THEREFORE, the Parties agree as follows:

1. Incorporation by reference. All of the clauses contained in the Recitals, above, are incorporated herein by reference and made a part of this Agreement.

Payment of Analyst’s Fees. Upon the hiring of the Analyst by the Parties to perform the analysis associated with participation in the Rate Case, each party agrees to pay Analyst for its share of the Analyst’s fees incurred to date and projected to be incurred through the conclusion of the Analyst’s participation in the Rate Case on behalf of the Parties, in the proportion described in Exhibit B. It is understood that the fee amount of \$47,510 utilized in Exhibit B is utilized as an example only, based upon the Analyst’s estimated costs for conducting Analyst’s duties in conjunction with Phase I and Phase II of the Rate Case. However, should the actual costs of the Analyst’s participation in the Rate Case on behalf of the Parties be different from the estimated costs used in Exhibit B, the additional costs shall be shared by the Parties in a like proportion to that proportion used for illustration purposes in Exhibit B. If work beyond the consultant's Phase I and II is needed, approval will be obtained from communities before Phase III is undertaken.

2. Explanation and modification.

a. By signing this MOU, each of the Parties certifies that it has had an explanation of the contents of this Agreement by its respective counsel, and that all Parties agree to abide by the understandings reflected in this Agreement.

b. Any modifications of this MOU must be in writing and signed by all counsel.

3. Controlling law. This MOU shall be controlled by Wisconsin law.

4. Miscellaneous. This MOU may be executed in counterparts and via facsimile.

EXHIBIT A

CITY OF WEST ALLIS
A Wisconsin Municipal Corporation
7525 W. Greenfield Ave
West Allis, WI 53214

VILLAGE OF BROWN DEER
A Wisconsin Municipal Corporation
4800 West Green Brook Drive
Brown Deer, Wisconsin 53222

CITY OF WAUWATOSA
A Wisconsin Municipal Corporation
7725 W. North Ave
Wauwatosa, WI 53213

VILLAGE OF SHOREWOOD
A Wisconsin Municipal Corporation
3930 N. Murray Ave
Shorewood, WI 53211

VILLAGE OF MENOMONEE FALLS
A Wisconsin Municipal Corporation
W156 N8480 Pilgrim Road
Menomonee Falls, WI 53051

COUNTY OF MILWAUKEE
A Wisconsin Municipal Corporation
Milwaukee County Court House
Facilities Management Room G1
901 North 9th Street
Milwaukee, WI 53233

CITY OF NEW BERLIN
A Wisconsin Municipal Corporation
3805 S. Casper Dr
New Berlin, WI 53151

CITY OF MEQUON
A Wisconsin Municipal Corporation
11333 Cedarburg Rd
Cedarburg, WI 53092

VILLAGE OF GREENDALE
A Wisconsin Municipal Corporation
6500 Northway
Greendale, WI 53129

VILLAGE OF BUTLER
A Wisconsin Municipal Corporation
12621 W. Hampton Avenue
Butler, WI 53007

CITY OF WEST ALLIS
A Wisconsin Municipal Corporation

By: _____

Title: _____

Contact Information: _____

CITY OF WAUWATOSA
A Wisconsin Municipal Corporation

By: _____

Title: _____

Contact Information: _____

VILLAGE OF MENOMONEE FALLS
A Wisconsin Municipal Corporation

By: _____

Title: _____

Contact Information: _____

CITY OF NEW BERLIN
A Wisconsin Municipal Corporation

By: _____

Title: _____

Contact Information: _____

VILLAGE OF GREENDALE
A Wisconsin Municipal Corporation

By: _____

Title: _____

Contact Information: _____

VILLAGE OF BROWN DEER
A Wisconsin Municipal Corporation

By: _____

Title: _____

Contact Information: _____

VILLAGE OF SHOREWOOD
A Wisconsin Municipal Corporation

By: _____

Title: _____

Contact Information: _____

COUNTY OF MILWAUKEE
A Wisconsin Municipal Corporation

By: _____

Title: _____

Contact Information: _____

CITY OF MEQUON
A Wisconsin Municipal Corporation

By: _____

Title: _____

Contact Information: _____

VILLAGE OF BUTLER
A Wisconsin Municipal Corporation

By: _____

Title: _____

Contact Information: _____

EXHIBIT B

<u>Community</u>	<u>Volume Purchased</u>	<u>%</u>	<u>MWW Rev</u>	<u>%</u>	<u>Average of Volume & Revenue</u>	<u>Share of \$47,510</u>
West Allis	2,298,618,000	27%	\$2,257,963	24%	25.6%	\$12,163
Wauwatosa	1,813,199,000	21%	\$2,000,347	21%	21.4%	\$10,153
Menomonee Falls	1,164,278,000	14%	\$1,321,177	14%	13.9%	\$6,613
New Berlin	947,542,000	11%	\$1,095,460	12%	11.4%	\$5,433
Greendale	513,191,000	6%	\$718,318	8%	6.9%	\$3,261
Brown Deer	493,710,000	6%	\$569,997	6%	6.0%	\$2,829
Shorewood	436,379,000	5%	\$503,777	5%	5.3%	\$2,500
County Grounds	412,072,000	5%	\$421,850	5%	4.7%	\$2,224
Mequon	312,344,000	4%	\$292,771	3%	3.4%	\$1,617
Butler	124,641,000	1%	\$145,351	2%	1.5%	\$718
	8,515,974,000	100.00%	\$9,327,011	100.00%	100.0%	\$47,510

Notes:

1. Milwaukee County is not listed in the PSC report so data is from 2008 water bills
2. New Berlin volume purchased and MWW revenue is doubled to account for new connection in 2009
3. Total Estimated consultant proposal for Phase I and II is \$47,510