

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING is made and entered into as of dates set forth herein below, by and between the CITY OF GREEN BAY, WISCONSIN ("Green Bay"), a local governmental unit and political subdivision and body public and corporate of the State of Wisconsin, the GREEN BAY WATER UTILITY, by and through the GREEN BAY WATER COMMISSION, (hereinafter "Green Bay" unless otherwise specifically referenced) and the VILLAGE OF HOBART, WISCONSIN, a local governmental unit and political subdivision and body public and corporate of the State of Wisconsin ("Hobart") and the VILLAGE OF PULASKI, WISCONSIN, a local governmental unit and political subdivision and body public and corporate of the State of Wisconsin ("Pulaski").

PRELIMINARY RECITALS

WHEREAS, Green Bay is the owner and operator of a municipal waterworks system that treats Lake Michigan water for distribution to its retail customers within the corporate municipal boundaries of the City of Green Bay; and

WHEREAS, Hobart is the owner of a municipal waterworks system that uses water obtained from Green Bay under and pursuant to the terms and conditions of a Wholesale Water Service Agreement by and between Green Bay and Hobart of August, 2009 and its subsequent amendments (the "Hobart Agreement"); and

WHEREAS, Pulaski is desirous of purchasing potable water from Green Bay at wholesale to satisfy the potable water needs of its customers and to meet safe drinking water standards on a long-term basis; and

WHEREAS, Green Bay is willing to sell potable water to the Pulaski at wholesale subject to the terms and conditions of a Wholesale Water Service Agreement based upon the Hobart Agreement with additional provisions related to the contemplated delivery of the Green Bay water through, in part, the Hobart waterworks system; and

WHEREAS, the Parties hereto have entered into and are continuing discussions and negotiations as to the terms, conditions, limitations and operational format for the sale, provision and delivery of potable water by and from Green Bay to Pulaski, through, in part, the Village of Hobart waterworks system; and

WHEREAS, the Parties hereto are desirous of entering into this Memorandum of Understanding to set forth some, but not all, of the material general terms, conditions, operational formats, rights, duties, responsibilities, obligations and limitations of the Parties hereto in connection with the sale of potable water by Green Bay to the Pulaski, through, in part, the Village of Hobart waterworks system.

ARTICLE I
PURPOSE AND SCOPE

Section 1.1 Purpose. The purpose of this Memorandum of Understanding is to provide the framework for the continuation of the development of a written wholesale water service agreement between Green Bay and Pulaski for the sale and delivery of potable water by Green Bay to Pulaski and for the purchase by Pulaski of potable water from Green Bay.

Section 1.2 Limitation of Scope. This Memorandum of Understanding is not intended to set forth all of the essential and material terms, and conditions of a final written and approved wholesale water service agreement by, between and among the Parties hereto. This Memorandum of Understanding is not intended to be binding upon any Party hereto.

ARTICLE II
PROJECT DESCRIPTION

Section 2.1 Wholesale Water Sale. Green Bay will agree to sell to Pulaski and that Pulaski will agree to purchase from the Green Bay, under the terms, conditions and limitations to be defined in the Agreement, a maximum daily amount of potable water based on a current average daily amount of 330,000 gallons per day.

Section 2.2 Water Delivery and Transmission Facilities. The Parties will work together to develop, design and construct facilities necessary for Green Bay to deliver potable water to Pulaski through Hobart to a pipeline beginning at the northwestern municipal boundary of Hobart and running to the southeastern municipal boundary of Pulaski (the "Project"). The potable water delivery and transmission facilities will include, at Pulaski's expense, the construction and maintenance of pumping, metering, and pressure reducing facilities. Green Bay will, at its expense, provide and maintain a flow meter at Pulaski's metering station located along the transmission main route on County Trunk Highway U.

ARTICLE III
CURRENT UNDERSTANDINGS AND CONTINUED NEGOTIATIONS

Section 3.1 Acknowledgement. The Parties acknowledge that they have not yet reached a full agreement for the terms, conditions and limitations for the wholesale, sale and transmission of potable water from Green Bay to Pulaski and that until all the terms, conditions and limitations have been agreed upon by all Parties hereto there shall be no such agreement

Section 3.2 Consensus Understandings. On the basis of previous discussions and negotiations at the staff level under the framework of the Project description set forth in Article II, the Parties acknowledge that they have reached a consensus understanding with respect to the following terms, conditions and limitations for the wholesale sale, transmission and delivery of potable water from Green Bay to Pulaski.

- a. Agreement Framework. That the framework and foundation for any agreement hereunder for the wholesale sale and delivery of potable water from Green Bay to Pulaski shall be based upon the framework and format of the Green Bay Water Utility Wholesale Water Service Agreement as previously approved by the Wisconsin Public Service Commission (the "PSC").

- b. PSC Approval. The Parties acknowledge that any final agreement that they may reach will be subject to final approval by the PSC before service can commence.
- c. Term. That the term of the wholesale water service agreement shall be through December 31, 2030.
- d. Interconnection Facilities. That subject to review and approval by Green Bay, Pulaski shall design, construct, and finance such interconnection facilities as the Parties determine necessary in accordance with prudent utility practices to safely accept, receive, transmit and convey potable water provided by Green Bay from the Hobart waterworks system to the Pulaski waterworks system.
- e. Wholesale Water Service Rate. The initial wholesale water service rate for potable water sold to Pulaski by the Green Bay shall be at the initial volume rate set by the PSC under PSC standard rate-making and regulatory principles and procedures at the time of connection. In future rate proceedings before the PSC, the wholesale rate would increase or decrease by the same percentage increase or decrease of the lowest rate approved by the PSC for any Green Bay Retail Customer, as set forth on the Green Bay Water Utility's General Service – Metered Schedule (MG 1), or any subsequent replacement tariff on file with the PSC. The wholesale water service rate established by Green Bay does not include any interconnection transmission fees, costs, rates, or charges (the “Conveyance Rate”) that may be imposed by Hobart for the transmission of Green Bay potable water through a portion of the Hobart water works system as provided pursuant to Subsection 3.2(g) hereof.
- f. PSC Rate Setting. Beginning January 1, 2031, the applicable wholesale water rate in effect for the sale of potable water by the Green Bay to Pulaski shall be set by the PSC under PSC standard rate-making and regulatory principles and procedures.
- g. Conveyance Rate. In addition to the wholesale water service rate payable to Green Bay, Pulaski shall also be subject to a Conveyance Rate to be determined and set by Hobart, based upon the Conveyance Rate Formula established by the PSC, for the receipt and transmission of potable water from Green Bay to be delivered to Pulaski, which Conveyance Rate will be determined and set at the time of connection.
- h. Interruption of Service. Green Bay shall, in emergency or maintenance situations, have the ability to curtail or interrupt service and delivery of water.
- i. Quarterly Billing. Green Bay and Hobart shall bill Pulaski on a quarterly basis for their respective service charges.
- j. Prudent Utility Practice. During the term of any agreement between and among the Parties hereto the Parties shall, at all times, own, operate, maintain, repair and replace their respective waterworks systems in a manner consistent with prudent utility practice.
- k. Financial Responsibilities. During the term of any agreement hereunder, Pulaski will plan and budget for all costs, expenses, fees and charges associated with its

wholesale purchase of potable water from Green Bay and its Conveyance Rate charges through Hobart.

Section 3.3 Continued Negotiations. The Parties agree to continue discussions and negotiations through their respective staffs, agents, and representatives to address the following matters as well as any such additional matters as may arise during the course of those discussions and negotiations:

- a. Maximum Daily Demand. That Pulaski's maximum daily potable water demand through December 31, 2030 will be 954,000 gallons per day and that Green Bay can, absent emergency circumstances, meet and supply Pulaski's maximum daily potable water demands.
- b. Interconnection Facilities. The design and location of the facilities necessary to interconnect the Hobart waterworks system with the Pulaski waterworks system, including, but not limited to the metering stations, right-of-way rights and interconnection plans and specifications.
- c. Connection Costs. The costs payable by Pulaski for connecting to the Green Bay waterworks system through the Hobart waterworks system.
- d. Conveyance Rate. The charges and fees to be payable to Hobart for its receipt of Green Bay potable water for transmission to Pulaski's interconnection facilities.
- e. Financing. Financing arrangements for the design, development, and construction of Pulaski's waterworks system interconnection facilities.
- f. Technical Operational Memorandum. The Parties will develop a technical memorandum for the operations of the interconnected waterworks systems.
- g. Agreement Termination. Provisions for winding up the wholesale water service in the event the parties would, in the future, determine to terminate the water service agreement.

ARTICLE IV

MISCELLANEOUS PROVISIONS

Section 4.1 Due Diligence. The Parties agree to act expeditiously and with due diligence to carry out and complete their responsibilities in connection with this Project and Agreement.

Section 4.2 Amendments. Any amendments to this Memorandum of Understanding are strictly prohibited unless such amendment is agreed to, in writing, by all Parties hereto. There shall be no oral agreements. Electronic writings, including e-mail messages, text messages, tweets, instant messages and their content and any attachments thereto and any prior or subsequent communications, including oral discussions or negotiations concerning some or all of the proposed project are not intended to represent and do not reflect an offer or acceptance to enter into, amend, modify, revise, terminate, abrogate, extend, or create a binding contract, agreement or transaction, and are not intended to and do not in any way bind any Party to this Memorandum.

Section 4.3 Binding Agreement. There shall be no binding agreement by, between or among any Party hereto unless and until all Parties hereto first enter into a written document entitled "WHOLESALE WATER SERVICE AGREEMENT by and between the CITY OF GREEN BAY and the VILLAGE OF PULASKI" after having obtained formal approval thereof by their respective governing bodies, being the Green Bay Water Commission for the Green Bay Water Utility, the Green Bay City Council for the City of Green Bay, the Hobart Village Board for the Village of Hobart; the Pulaski Village Board for the Village of Pulaski; and, the Wisconsin Public Service Commission.

IN WITNESS WHEREOF, the parties hereto have by their duly authorized officers and representatives set their hands and affixed their seals on the date set forth below their name.

CITY OF GREEN BAY

Attest:

By: _____
Eric Genrich, Mayor

By: _____
Celestine Jeffreys, Clerk

GREEN BAY WATER UTILITY

Attest:

By: _____
John Heugel, President

By: _____
Tom Karmen, Secretary/Treasurer

VILLAGE OF HOBART

Attest:

By: _____
Richard Heidel, Village President

By: _____
Katrina Bruecker, Village Clerk

VILLAGE OF PULASKI

Attest:

By: _____
Keith Chambers, Village
President

By: _____
Karen Ostrowski, Village Clerk