

**Racine Water and
Wastewater Utilities**

Keith E. Haas, P.E.
General Manager



City of Racine, Wisconsin

Michael L. Gitter, P.E.
Chief of Operations

Charles A. Schweitzer, P.E.
Chief Engineer

Kenneth M. Scolaro, C.P.A.
Administrative Manager

October 28, 2009

Mayor Larry Nelson
City of Waukesha
201 Delafield Street
Waukesha, WI 53188-3615

Dear Mayor Nelson:

We understand that the City of Waukesha is considering an application for Lake Michigan water in accordance with provisions of the Great Lakes Compact. We further understand that the application to use and return the water may be filed in the near future. As part of that permitting process, s. 281.346(4)(b)4m, Wis. Stats., requires an applicant to provide letters or resolutions from potential water suppliers as evidence of their support for meeting the water supply needs of the City of Waukesha.

Please consider this communication to indicate the support of the City of Racine and its water utility for negotiations with the City of Waukesha for the potential sale of Lake Michigan water to meet your water supply needs.

The Racine Water Utility currently has sufficient capacity to meet the 20-year projections of the needs of the Waukesha Water Utility of 9.1 mgd in 2028 and a maximum day of 15.28 mgd. We do not anticipate that supplying the Waukesha Water Utility with water would cause Racine to exceed its 60 mgd baseline over the next 20 years.

The types of improvements that would be required would include a pipeline and booster station between Racine and Waukesha. It is anticipated that the costs of such improvements would be paid for by Waukesha. Operations and maintenance costs to the point of transfer of ownership would be as assigned by the Public Service Commission in accordance with laws and guidelines in the state of Wisconsin for wholesale water customers through rate-making policy.

We understand that this letter does not commit the City of Racine or its water utility to spend any of its money on studies or design alternatives to facilitate any negotiations that may occur in the future. We also understand that this letter does not commit the City of Racine to a water sale but indicates a willingness to negotiate on a potential sale.

Sincerely,

A handwritten signature in black ink, appearing to be 'KEH', is written over a horizontal line.

Keith E. Haas, P.E.
General Manager

c: D. Duchniak



WATER and SEWER UTILITY

170 West Drexel Avenue, Oak Creek, WI 53154
(414) 570-8210
Fax: (414) 570-8215

December 3, 2009

Mayor Larry Nelson
City of Waukesha
201 Delafield Street
Waukesha, WI 53188-3615

Dear Mayor Nelson:

We understand that the City of Waukesha is considering an application for Lake Michigan water in accordance with provisions of the Great Lakes Compact. We further understand that the application to use and return the water may be filed in the near future. As part of that permitting process, s. 281.346(4)(b)4m, Wis. Stats., requires an applicant to provide letters or resolutions from potential water suppliers as evidence of their support for meeting the water supply needs of the City of Waukesha.


Please consider this communication to indicate the support of the City of Oak Creek for negotiations with the City of Waukesha for the potential sale of Lake Michigan water to meet your water supply needs.

The available expansion capability of the Oak Creek treatment plant would have sufficient capacity to meet Waukesha Water Utility's 20-year projections of approximately 15 million gallons per day. We anticipate that supplying Waukesha Water Utility with water would cause the Oak Creek treatment plant to exceed its baseline between 2015 and 2020. Any costs for additional Great Lakes Compact compliance requirements, related to exceeding our baseline, are anticipated to be paid by Waukesha.

The types of improvements that would be required would include one additional flocculation/sedimentation basin, four filters, and a transmission main and booster station between Oak Creek and Waukesha. It is anticipated that the costs of such improvements would be paid for by Waukesha funding the initial project costs, or through wholesale rates that provide Oak Creek with adequate debt service for these improvements. Operations and maintenance costs to the point of transfer of ownership would be determined by a cost-of-service study approved by the Public Service Commission of Wisconsin.

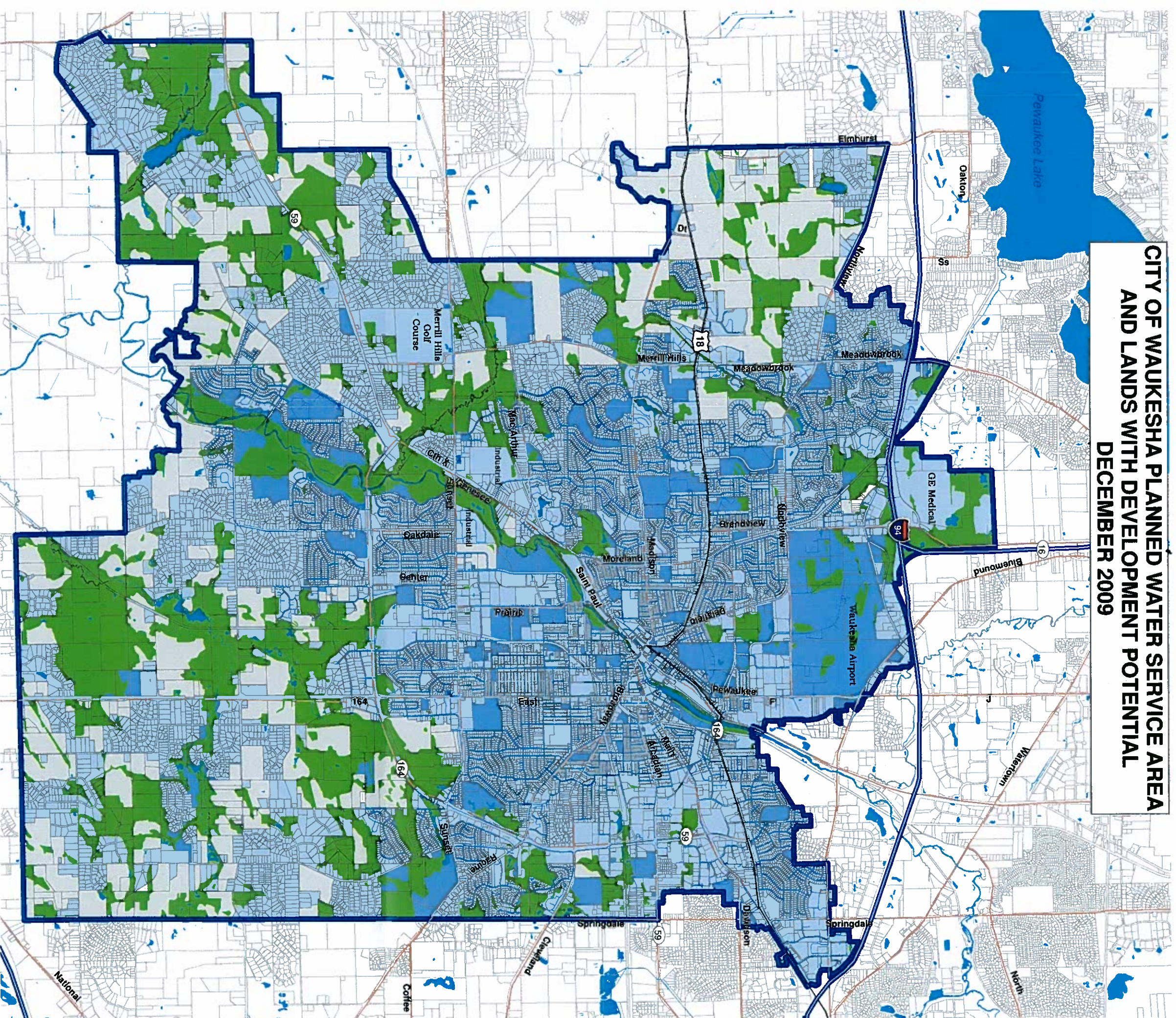
We understand that this letter does not commit the City of Oak Creek or its water utility to spend any of its money on studies or design alternatives to facilitate any negotiations that may occur in the future. We also understand that this letter does not commit the City of Oak Creek to a water sale but indicates a willingness to negotiate on a potential sale.

Sincerely,


Steven N. Yttri, CPA
General Manager

cc: Daniel Duchniak

CITY OF WAUKESHA PLANNED WATER SERVICE AREA AND LANDS WITH DEVELOPMENT POTENTIAL DECEMBER 2009



NOTES

LAND BASE:
85% Developed Land, Environmental Corridors & Wetlands
15% Available for Future Development

DEMOGRAPHICS IN 2000:
43.5% of the housing was rental housing
14% of the population was Hispanic or persons of color

SERVICE AREA:
The Planned Water Service Area includes:
The City of Waukesha, Town of Waukesha, portions of the City of Pewaukee (as defined in the border agreement)

The Planned Water Service Area does NOT include:
Oconomowoc, Delafield, Sussex, Pewaukee, Brookfield, New Berlin or Muskego

LEGEND

City of Waukesha Planned Water Service Area As Defined By SEWRPC

- Freeway
- Highway
- Major Road
- Existing Water Main
- Water
- Developed Land
- Municipally Owned Land (Including Parks and Schools)
- Wetlands and Environmental Corridors
- Land with Development Potential
- Parcel Lines



SCALE: 1 inch equals 4,500 feet

0 2,250 4,500 9,000
Feet

The City of Waukesha leads the county in affordable housing and has its own bus transport system.

DATA Data source for Planned Service Area, Environmental Corridors, and Wetlands is SEWRPC.
SOURCES: All other data is from the City of Waukesha.