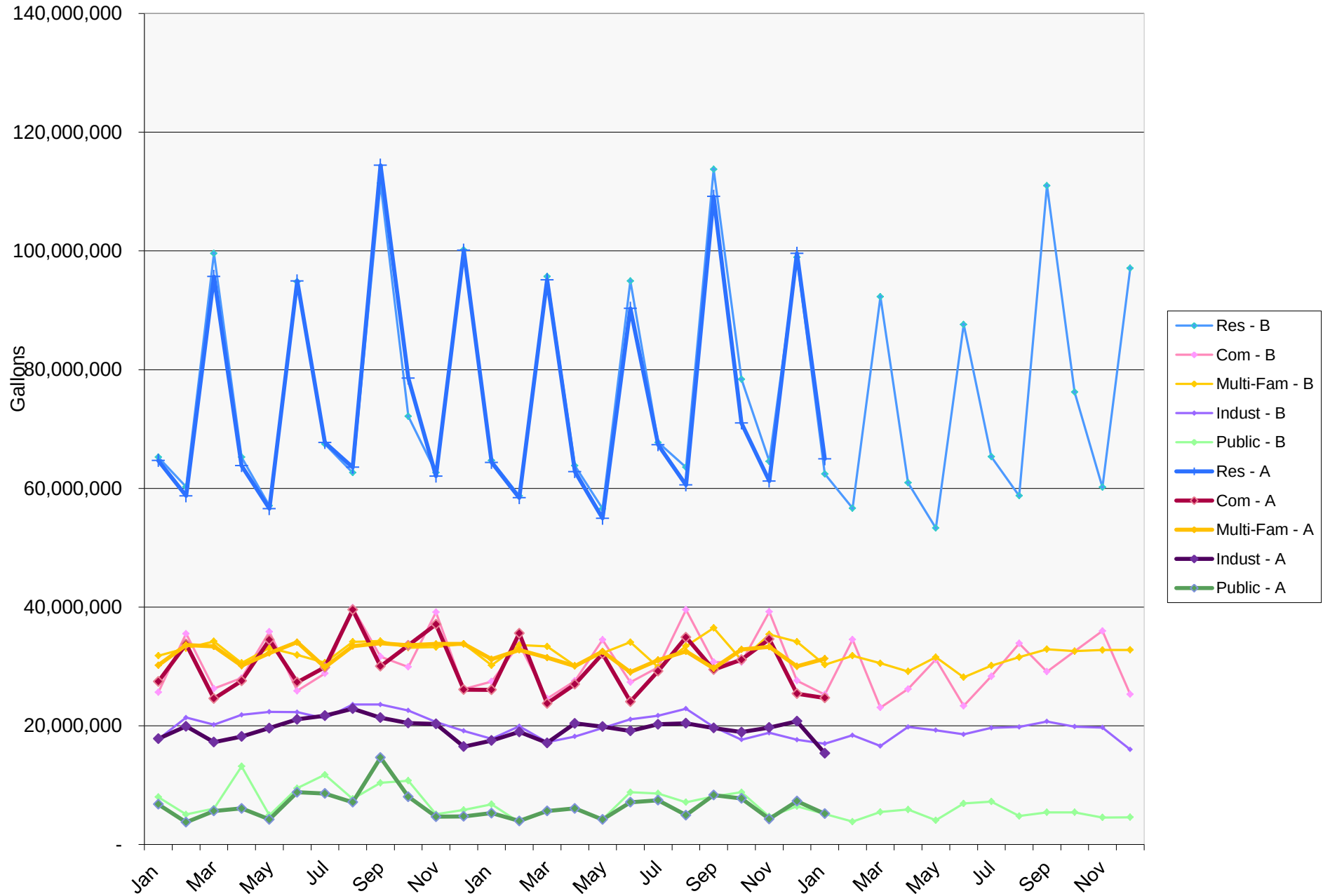


**WAUKESHA WATER UTILITY
STATEMENT OF REVENUES & EXPENSES
MONTH ENDED 1/31/2018**

	CURRENT MONTH				YEAR TO DATE				ANNUAL BUDGET
	ACTUAL'18	BUDGET'18	VARIANCE	%	ACTUAL'18	BUDGET'18	VARIANCE	%	
OPERATING REVENUES:									
Residential	\$339,082.39	\$353,384.25	(\$14,301.86)	(4.05)	\$339,082.39	\$353,384.25	(\$14,301.86)	(4.05)	\$4,935,965.56
Commercial	103,229.51	112,770.25	(9,540.74)	(8.46)	103,229.51	112,770.25	(9,540.74)	(8.46)	1,511,321.72
Industrial	53,760.71	60,473.11	(6,712.40)	(11.10)	53,760.71	60,473.11	(6,712.40)	(11.10)	790,195.60
Public	21,415.70	21,936.41	(520.71)	(2.37)	21,415.70	21,936.41	(520.71)	(2.37)	302,092.85
Multi Family	128,100.11	133,912.53	(5,812.42)	(4.34)	128,100.11	133,912.53	(5,812.42)	(4.34)	1,618,382.44
Irrigation	1,018.87	0.00	1,018.87	0.00	1,018.87	0.00	1,018.87	0.00	0.00
Total Metered Sales	\$646,607.29	\$682,476.55	(\$35,869.26)	(5.26)	\$646,607.29	\$682,476.55	(\$35,869.26)	(5.26)	\$9,157,958.17
Private Fire Capacity	\$17,763.29	\$18,621.58	(\$858.29)	(4.61)	\$17,763.29	\$18,621.58	(\$858.29)	(4.61)	\$222,476.02
Public Fire Capacity	144,528.33	162,539.10	(18,010.77)	(11.08)	144,528.33	162,539.10	(18,010.77)	(11.08)	2,113,211.26
Other Operating Revenues	24,747.65	27,212.62	(2,464.97)	(9.06)	24,747.65	27,212.62	(2,464.97)	(9.06)	473,981.97
TOTAL OPERATING REVENUES	\$833,646.56	\$890,849.85	(\$57,203.29)	(6.42)	\$833,646.56	\$890,849.85	(\$57,203.29)	(6.42)	\$11,967,627.42
OPERATING EXPENSES:									
Source	\$50,121.81	\$50,778.77	(\$656.96)	(1.29)	\$50,121.81	\$50,778.77	(\$656.96)	(1.29)	\$680,345.28
Pumping	83,728.45	97,224.84	(13,496.39)	(13.88)	83,728.45	97,224.84	(13,496.39)	(13.88)	1,071,398.85
Treatment	25,357.81	32,890.66	(7,532.85)	(22.90)	25,357.81	32,890.66	(7,532.85)	(22.90)	491,137.92
Distribution	92,883.50	93,243.11	(359.61)	(0.39)	92,883.50	93,243.11	(359.61)	(0.39)	1,337,137.56
Customer Service	22,602.32	9,074.33	13,527.99	149.08	22,602.32	9,074.33	13,527.99	149.08	127,755.52
Administrative	210,726.22	192,222.26	18,503.96	9.63	210,726.22	192,222.26	18,503.96	9.63	1,584,571.00
Total	\$485,420.11	\$475,433.97	9,986.14	2.10	\$485,420.11	\$475,433.97	9,986.14	2.10	\$5,292,346.13
MANAGERS' MARGIN	348,226.45	415,415.88	(67,189.43)	(16.17)	348,226.45	415,415.88	(67,189.43)	(16.17)	6,675,281.29
Depreciation	153,752.37	152,003.45	1,748.92	1.15	153,752.37	152,003.45	1,748.92	1.15	1,824,041.40
Tax Equivalent	153,174.20	153,174.20	0.00	0.00	153,174.20	153,174.20	0.00	0.00	1,838,090.40
Other Taxes	13,589.93	12,124.45	1,465.48	12.09	13,589.93	12,124.45	1,465.48	12.09	158,227.20
TOTAL OPERATING EXPENSES	\$805,936.61	\$792,736.07	\$13,200.54	1.67	\$805,936.61	\$792,736.07	\$13,200.54	1.67	\$9,112,705.13
TOTAL OPERATING INCOME(LOSS)	\$27,709.95	\$98,113.78	(\$70,403.83)	(71.76)	\$27,709.95	\$98,113.78	(\$70,403.83)	(71.76)	\$2,854,922.29
NON OPERATING INCOME&(EXPENSE)	(153,765.16)	(196,059.79)	42,294.63	(21.57)	(153,765.16)	(196,059.79)	42,294.63	(21.57)	(467,892.24)
NET INCOME(LOSS)	(\$126,055.21)	(\$97,946.01)	(\$28,109.20)	28.70	(\$126,055.21)	(\$97,946.01)	(\$28,109.20)	28.70	\$2,387,030.05

WWU
Billed Gallons
Actual v Budget
2016 - 2018



**WAUKESHA WATER UTILITY
STATEMENT OF SOURCES AND USES OF CASH
PERIOD ENDING JANUARY 31, 2018**

Cash Balance - December 31, 2017

\$27,854,164

SOURCES:

Operations:

Customers - water sales	\$1,454,752
Waste Water Utility - joint metering billing	56,968
Rent of utility property - cellular leases	12,028
Receipts on sewer bills	1,393,767
Other - miscellaneous	9,653
Total Cash From Operating Activities	<u>\$2,927,168</u>

Capital and Related Financing Activities:

Grants	
Contributions	672
Issuance of long-term debt	
Sale of short-term debt	
Interest income	34,139
Total Cash From Capital/ Investing Activities	<u>\$34,811</u>

Total Cash Receipts

\$2,961,979

USES:

Salaries, wages, payroll taxes and benefits	\$254,783
Subcontracted and outside services	15,561
Disbursement to city for sewer transfer	1,063,828
Pumping power	58,043
Purchase of materials and supplies	57,657
Tax equivalent - PILOT	597,876
Acquisition of capital assets	1,406,287
Debt service - principal	
Debt service - interest	

Total Cash Used

\$3,454,034

Net Change in Cash

(\$492,055)

Cash Balance - January 31, 2018

\$27,362,109

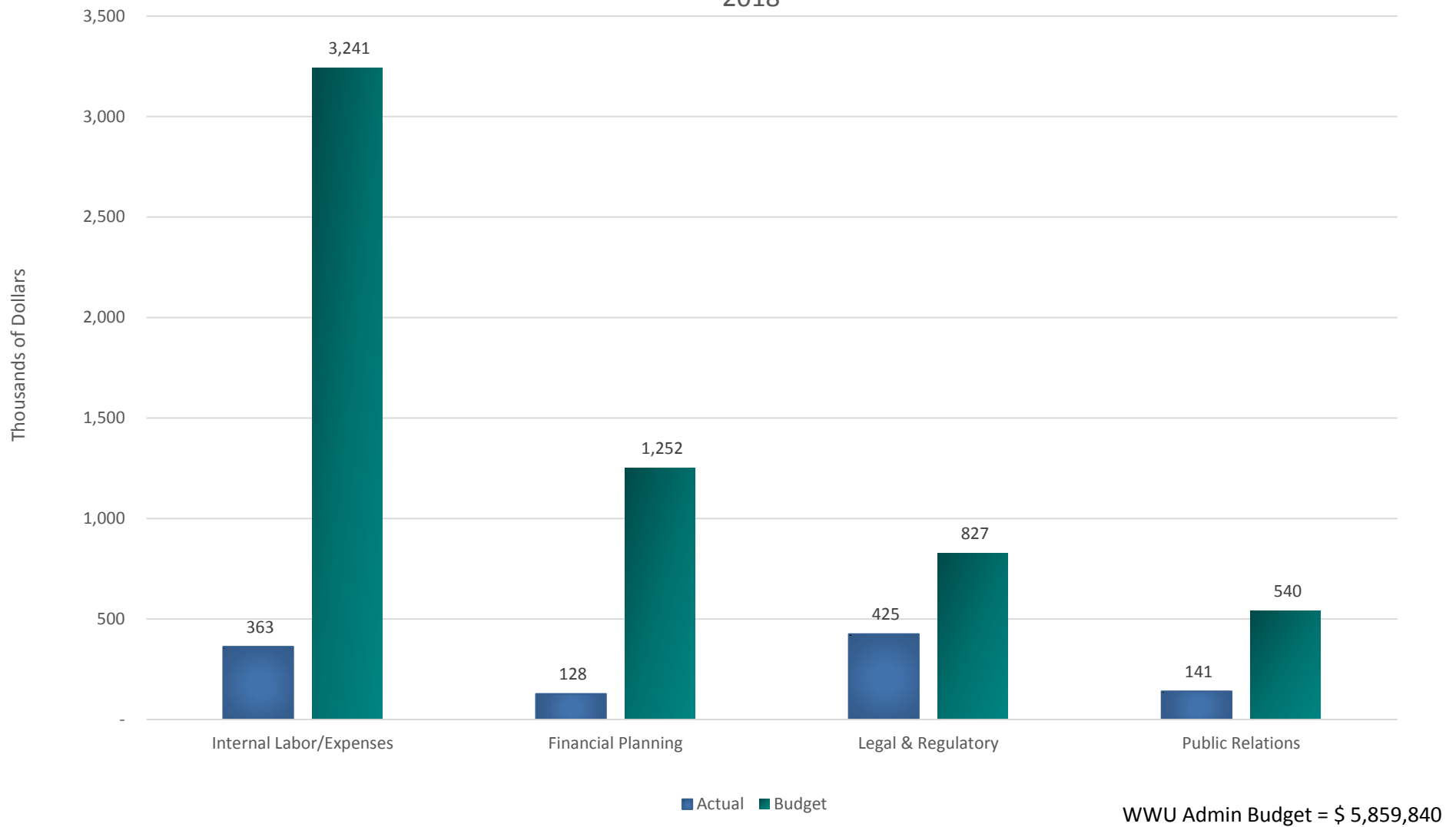
WWU
TRANSMISSION AND DISTRIBUTION
BUDGET VARIANCE ANALYSIS

Project	Project #	Description/Location	Budget	Current Estimate	PJC Total	Aldermanic District		Construction Completion	
WM offsets from WSB from Genesee Road to Fiddlers Creek Drive	M00501	Water Main offsets to accommodate changes in the storm sewer and roadway alignments. Project run by WDOT.		\$ 198,512	\$ 13,592	6	Jack Wells	Summer 2019	
						7	Daniel J. Manion		
						13	Dean Lemke		
						14	Bill Boyle		
Northview Rd - Grandview to Tallgrass	M00518	Replace 1,500 feet of 8-inch main from 1967 with 12-inch PVC water main on Northview Rd. between Grandview and Tallgrass. Project done with City.		\$ 620,866	\$ 19,662	5	Peter Bartels	October 2018	
						14	Bill Boyle		
South St - Grand to Barstow and Gaspar St - Main to Broadway	M00519	Replace 720 feet of 12-inch main from 1938 with 12-nch dulctile iron main on South St. from Grand to Barstow. Replace 280 feet of 6-inch main from 1909 with 8-inch ductile iron. Project done with City.		\$ 395,176	\$ 10,480	11	Erik Helgestad	July 2018	
Fairview - Motor to St Paul and Motor - Fairview to Washington	M00520	Replace 1,540 feet of 6-inch from 1927 with 8-inch PVC on Fairview - Motor to St. Paul and Motor - Fairview to Washington. Project done with City.		\$ 304,562	\$ 5,186	2	Eric Payne	September 2018	
Oakmont to Pebble Valley Zone	TBD	Extend 12" water main through easement connecting Pebble Valley and Oakmont.		\$ 325,000		14	Bill Boyle	December 2018	
Routine Projects			\$ 2,160,072	\$ 1,844,115	\$ 48,921				
Misc Routine			\$ 905,584	\$ 905,584	\$ 905,584				
Total Routine			\$ 3,065,656	\$ 2,749,699	\$ 954,505				
Main St - Barstow to Lombardi	GLCD0007	Replace 2,800 feet of 8-inch from 1909 with 24-inch ductile iron on Main St. from Barstow to Lombardi. Project being done with City sanitary.		\$ 1,936,571	\$ 22,103	3	Cassie Rodriguez	October 2018	
						11	Erik Helgestad		
N Moreland - Michigan to Summit	TBD	Replace 2,000 feet of 8-inch from 1957 with 16-inch ductile iron main on N. Moreland Blvd. from Michigan to Summit.		\$ 1,266,001		4	Joe Pieper	October 2018	
						15	Cory Payne		
Motor - Fairview to Mountain and Fairview - Motor to Dopp	GLCD0010	Replace 1,160 feet of 6-inch from 1917 with 20-inch ductile iron on Motor - Fairview to Mountain and Fairview - Motor to Dopp. Project done with City.		\$ 347,462	\$ 11,330	2	Eric Payne	September 2018	
Distribution System Improvements				\$ 4,001,241	\$ 3,550,034	\$ 33,432			
Total Transmission & Distribution				\$ 7,066,897	\$ 6,299,734	\$ 987,937			

Bold Totals are Based on Bids



Future Water Supply
WWU Admin Sub Costs
2018



Monthly Interim Report

Waukesha Water Utility
Future Water Supply

February 13, 2018

This update is solely intended for the use of Waukesha Water Utility's internal management and for Waukesha Water Utility's discussions with the Owner's Engineer and Contractor. The update is not intended to be and should not be used by any other parties without prior written consent from Baker Tilly Virchow Krause, LLP



Audit Status

Scope and Objectives

Waukesha Water Utility (“WWU” or “Owner”) engaged Baker Tilly Virchow Krause, LLP (Baker Tilly, “we” or “our”) to perform construction audit services on the Future Water Supply project. Greeley and Hansen (“GH” or “PM/CM”) is the Program Manager and Construction Manager engaged by the Owner.

The primary objective of this engagement is to verify whether project expenditures billed to Waukesha Water Utility are adequately supported, verifiable and appropriately allocated to the project.

Current Period Significant Events

This section of the monthly interim report summarizes Audit Issues and Requests for Information during the current period. The project-to-date Audit Issues (AI) and Request for Information (RFI) logs are included as attachments with this document.

Current Period Audit Issues

During the current period, we reviewed Invoice No. 17. There were no new Audit Issues during the current period.

Current Period Request for Information

There were no new RFI’s during the current period.

Exhibit 5: Earned Value Analysis

Earned Value Narrative

The Earned Value (EV) technique is being used to monitor the Program scope, schedule and cost, and to assess overall Program performance. The components of EV are the work breakdown structure, the schedule and the estimated costs. By connecting these components, future Program performance can be predicted and proactive actions can be taken to stay on track.

The work breakdown structure is a grouping of Program elements that define and organize the scope of the Program. For this Program, the work breakdown structure is defined by the Task and subtask activities, deliverables, meetings and workshops. An estimated cost, or Planned Value (PV), duration and interdependencies are assigned to the Task and subtask activities, deliverables, meetings and workshop. A PV cumulative cost curve is used to identify the value at any point in time of the work that is planned to be done.

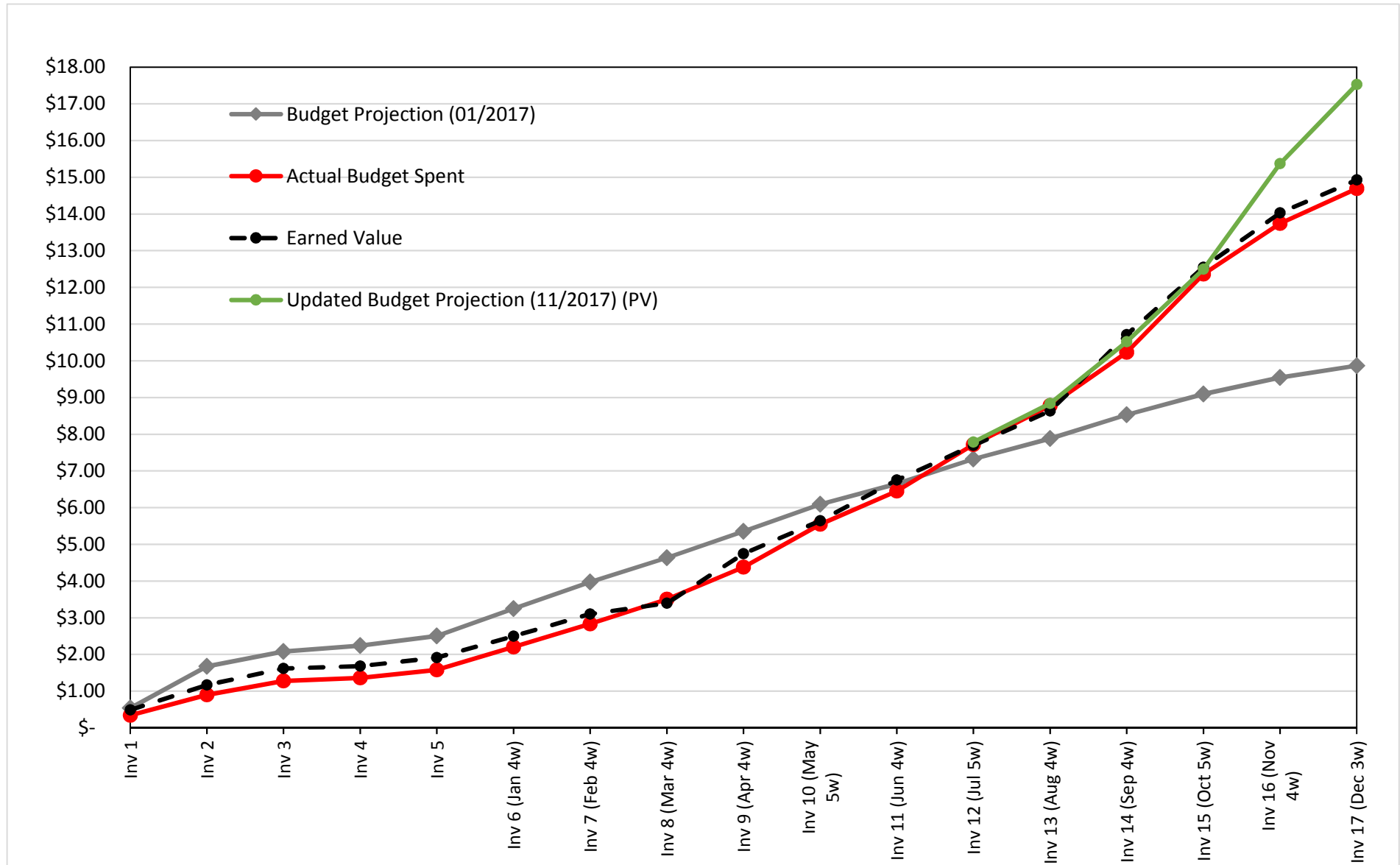
On a monthly basis, the value of the work completed as a percentage of the PV is determined by the Program Manager and defines the EV which is shown on the cumulative cost curve. The monthly Program invoices define the Actual Costs (AC) which are also shown on the cumulative cost curve. Using the cumulative cost curves developed for the overall Program and each Task, the Schedule Performance Index (SPI) and the Cost Performance Index (CPI) are calculated. SPI is calculated by dividing EV by PV. The CPI is calculated by dividing EV by AC.

At the December 2017 Commission Meeting, the WWU Commission approved the 2018 Milwaukee Route Study for \$1,345,565 and the Phase 2 2018 budget of \$13,999,908. This makes the full approved budget \$34,964,410.

The 2018 budgets approved by the Commission in December 2017 have not been added to the Earned Value charts in this Exhibit as those charts are through December 2017. For Invoice 18, the Earned Value charts will be updated to reflect the planned expenditure of the 2018 budgets through December 2018.

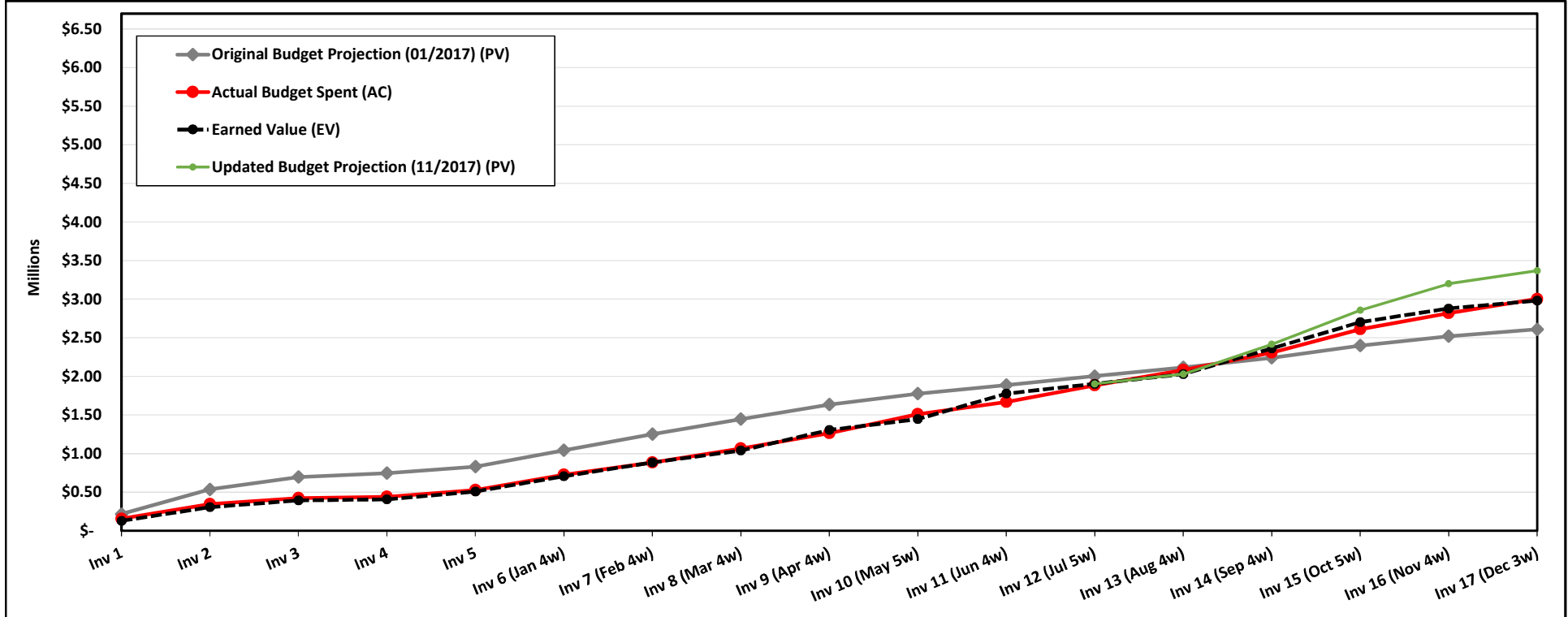
The work progress and challenges for each Task are noted on the following graphs.

**Great Lakes Water Supply Program PM/CM
Program
Earned Value Chart
Phase 1 and 2
(Excluding Allowances and Contingencies)**



% Spent 83.8%
Actual Budget Spent \$14,692,386.93

Schedule Performance Index (SPI) 0.85
Cost Performance Index (CPI) 1.02

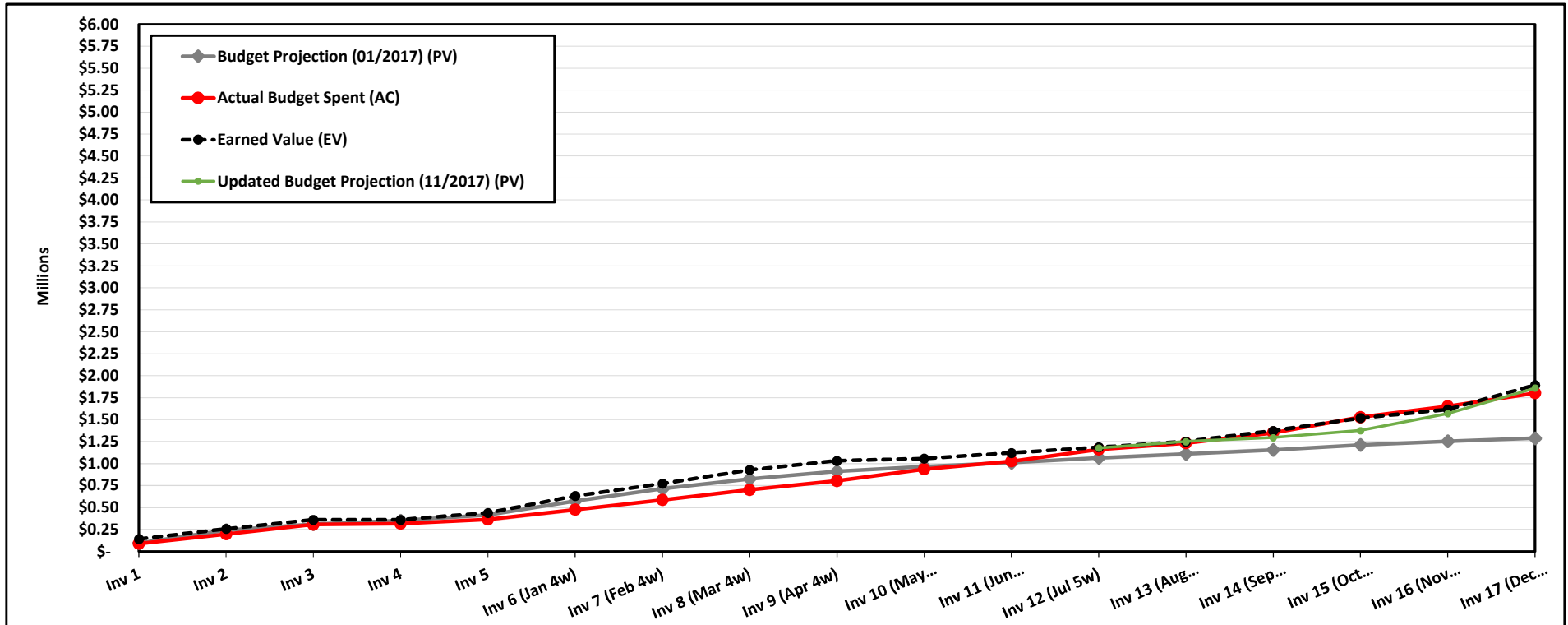


Earned Value Calculations	
Budget at completion ^{(BAC)(1)} (BAC)	\$ 3,387,225.00
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 409,598.72
Cost Variance ^(CV) (CV=EV-AC)	\$ (22,965.95)
Schedule Variance ^(SV) (SV=EV-PV)	\$ (387,230.40)
Cost Performance Index ^(CPI) (CPI=EV/AC)	0.99
Schedule Performance Index ^(SPI) (SPI=EV/PV)	0.89
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	0.88
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 3,413,322.67
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ (26,097.67)

(1) Task 1 Budget at Completion includes Program Contingency Authorizations

Task 1	Program Management Plan/Progress
	- Performed QM Review of four Program deliverables: Draft Preliminary Design Report, Preliminary Program-wide Soil and Groundwater Management Plan. - Submitted and obtained approval of three Task Authorizations - Initiated Subconsultant Amendments in anticipation of the approved 2018 Budgets. - Held two (2) Program Team Task 1 meetings. - Revised and updated to the Financial Management System (FMS) reporting and dashboard tools including development of an internal budget monitoring tool integrated with the subconsultant invoicing.

Task 1	Program Management Challenges
	- The Task 1 budget was increased by the 2017 Milwaukee Route Study Amendment approved by the Commission at their November 2017 meeting. - It is noted that the Updated Budget Projection included effort to complete the Preliminary Design Report if Oak Creek was selected as the wholesale water supplier. With the selection of Milwaukee as the wholesale water supplier, the Preliminary Design Report will be completed in early 2018. This accounts for the majority of the gap between the planned and earned values for Task 1. The rest is accounted for in reduced QM time and efficiencies gained in invoicing. The Task 1 year-end remaining budget of \$383,500 will be utilized before utilizing the 2018 approved budget for Task 1.



Note: Task 2 amount for Invoice 6 was reported incorrectly in the previous version of this earned value analysis. The corrected cumulative amount is \$984.33 higher.

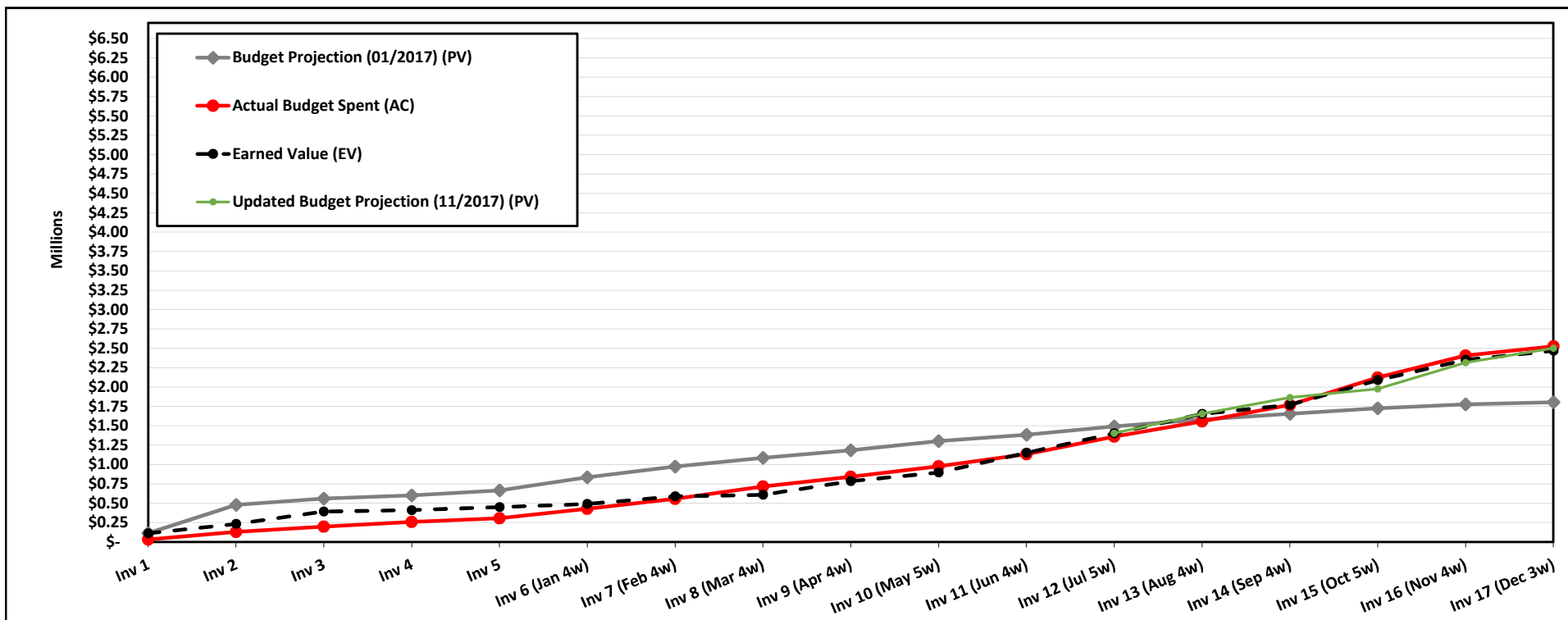
Earned Value Calculations	
Budget at completion ^(BAC) (BAC)	\$ 1,893,420.57
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ -
Cost Variance ^(CV) (CV=EV-AC)	\$ 91,002.60
Schedule Variance ^(SV) (SV=EV-PV)	\$ 34,265.00
Cost Performance Index ^(CPI) (CPI=EV/AC)	1.05
Schedule Performance Index ^(SPI) (SPI=EV/PV)	1.02
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	1.07
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 1,802,417.97
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ 91,002.60

Task 2 Programmatic Support Services Plan/Progress

- Coordinated and prepared for the Water Supply Contact signing between the City of Waukesha and City of Milwaukee held at the Waukesha County Business Alliance on December 20, 2017.
- Held five (5) Program team Task 2 meetings.
- Responded to media requests associated with the Water Supplier selection and questions regarding anticipated rate increases.
- Assisted in discussions regarding Public Service Commission review of public communications and outreach and reporting of activities and the scope of such activities.

Task 2 Programmatic Support Services Challenges

- The Task 2 budget was increased by the 2017 Milwaukee Route Study Amendment approved by the Commission at their November 2017 meeting.



Note: The Task 3 amount for Invoice 5 was reported incorrectly in the previous version of this Report. The correct cumulative amount is \$263.96 lower.
The Task 3 Budget at completion amount was revised to reflect Task Authorizations and contract amendments

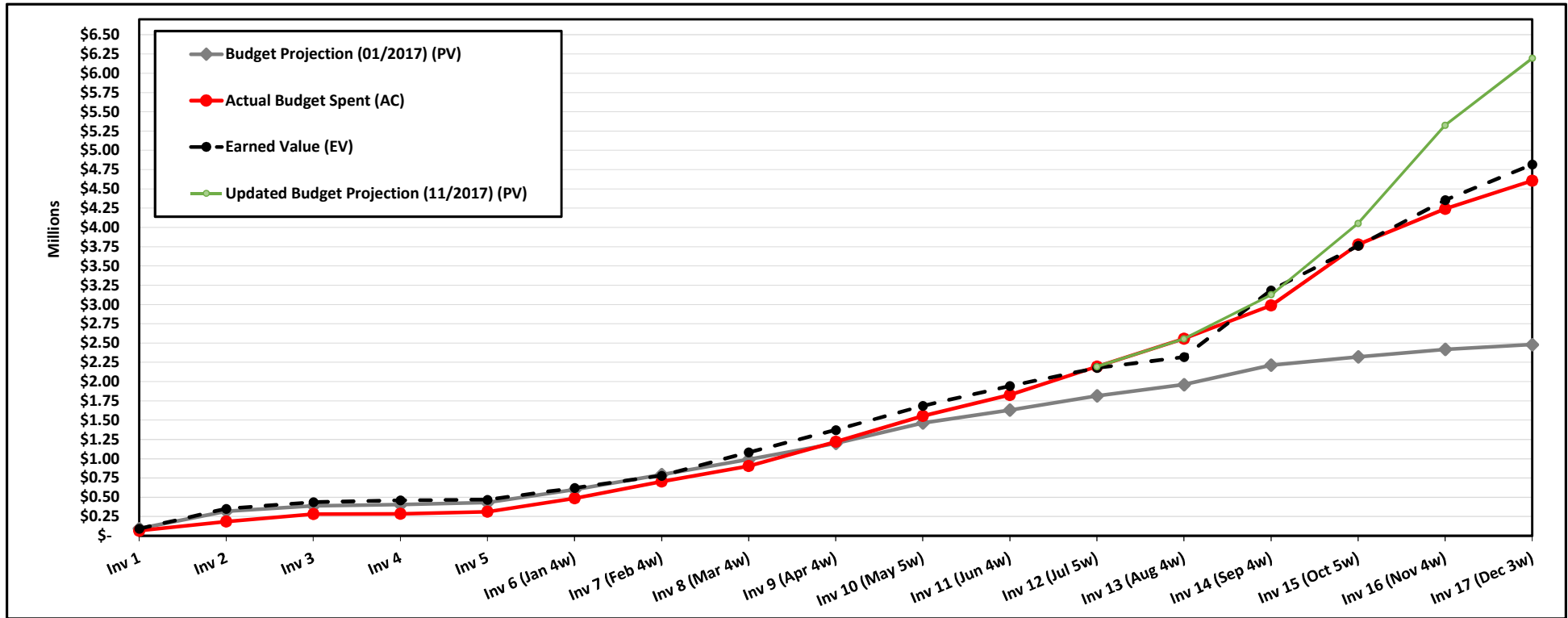
Earned Value Calculations	
Budget at completion ^{(BAC)(1)} (BAC)	\$ 2,940,263.42
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 481,213.96
Cost Variance ^(CV) (CV=EV-AC)	\$ (56,552.00)
Schedule Variance ^(SV) (SV=EV-PV)	\$ (32,253.03)
Cost Performance Index ^(CPI) (CPI=EV/AC)	0.98
Schedule Performance Index ^(SPI) (SPI=EV/PV)	0.99
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	0.97
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 3,007,587.23
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ (67,323.81)

Task 3 Permitting Plan/Progress

- Submitted the Clean Water Plant (CWP) Wisconsin Pollutant Discharge Elimination System (WPDES) Permit Application including supporting documents to Wisconsin Department of Natural Resources (WDNR).
- Held three (3) Program meetings.
- Submitted the Revised Program-Wide Soil and Groundwater Management Plan to the Program Team for QM review.
- Submitted the draft Supplemental Environmental Impact Report to the Program Team for QM review.
- Obtained permits in the City of Waukesha to support field investigations for the Return Flow Corridor.

Task 3 Permitting Challenges

- Ongoing WDNR negotiations on the Return Flow Management Plan have delayed the completion of the document and was therefore not included in the WPDES application.

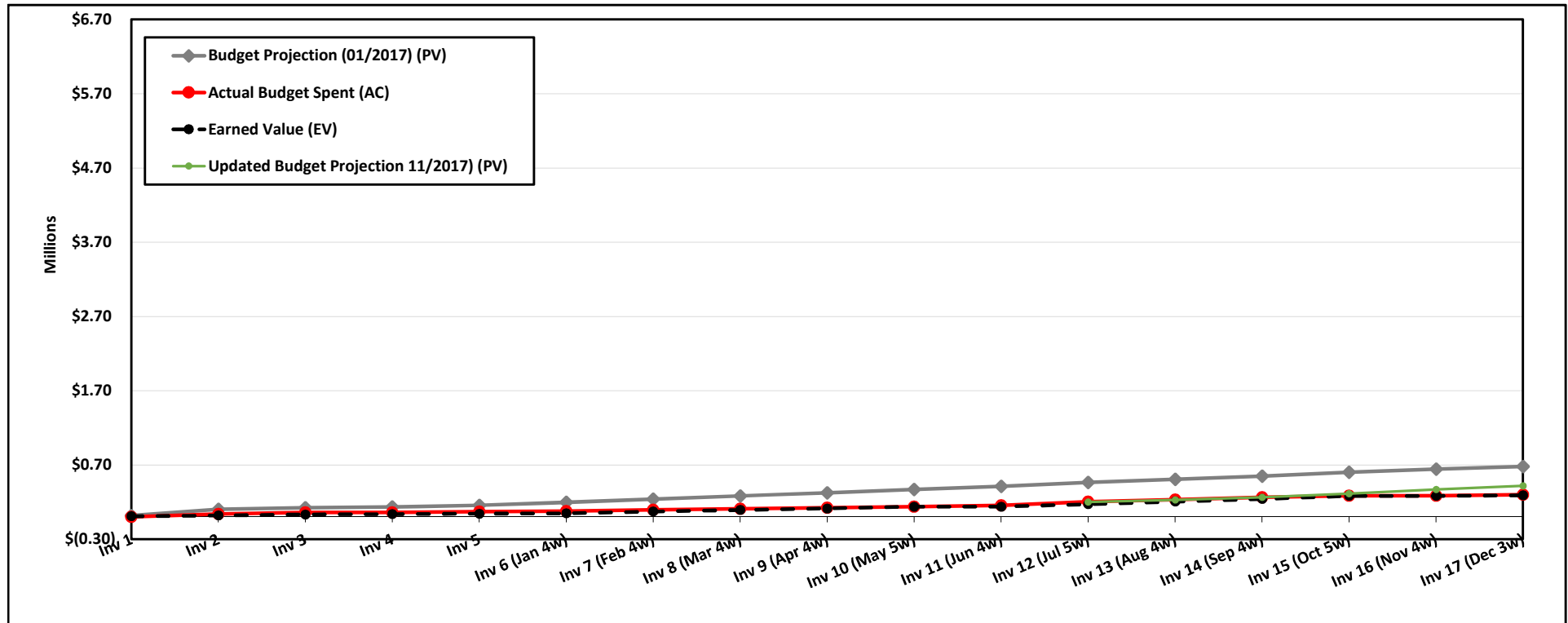


Note: The Task 4 Budget at completion amount was revised to reflect Task Authorizations and contract amendments

Earned Value Calculations	
Budget at completion ^(BAC) (BAC)	\$ 6,598,831.98
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 1,703,743.26
Cost Variance ^(CV) (CV=EV-AC)	\$ 210,730.39
Schedule Variance ^(SV) (SV=EV-PV)	\$ (1,377,510.13)
Cost Performance Index ^(CPI) (CPI=EV/AC)	1.05
Schedule Performance Index ^(SPI) (SPI=EV/PV)	0.78
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	0.81
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 6,310,160.22
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ 288,671.76

Task 4 Route Study and Pipeline Plan/Progress
- Submitted the Draft Program Design Report to WWU for review. - Held one (1) Program Team Task 4 meeting. - Further developed the Milwaukee Route Study in coordination with subconsultants. - Completed preliminary horizontal alignments of three route alternatives for the Milwaukee Route Study. - Completed internal drafts of Milwaukee Route Study technical memoranda in coordination with subconsultants.

Task 4 Route Study and Pipeline Challenges
- The Task 4 budget was increased by the 2017 Milwaukee Route Study Amendment approved by the Commission at their November 2017 meeting. - Actual budget spent on the preliminary design is lower than projected due to the change in the water supplier. Focus has shifted from finalizing the Preliminary Design Report to the Milwaukee Route Study. More effort will be directed back to design after a preferred water supply route is selected. - The Task 4 year-end remaining budget of \$1,992,400 will be incorporated into the 2018 planned value for Task 4 Preliminary Design Report completion.



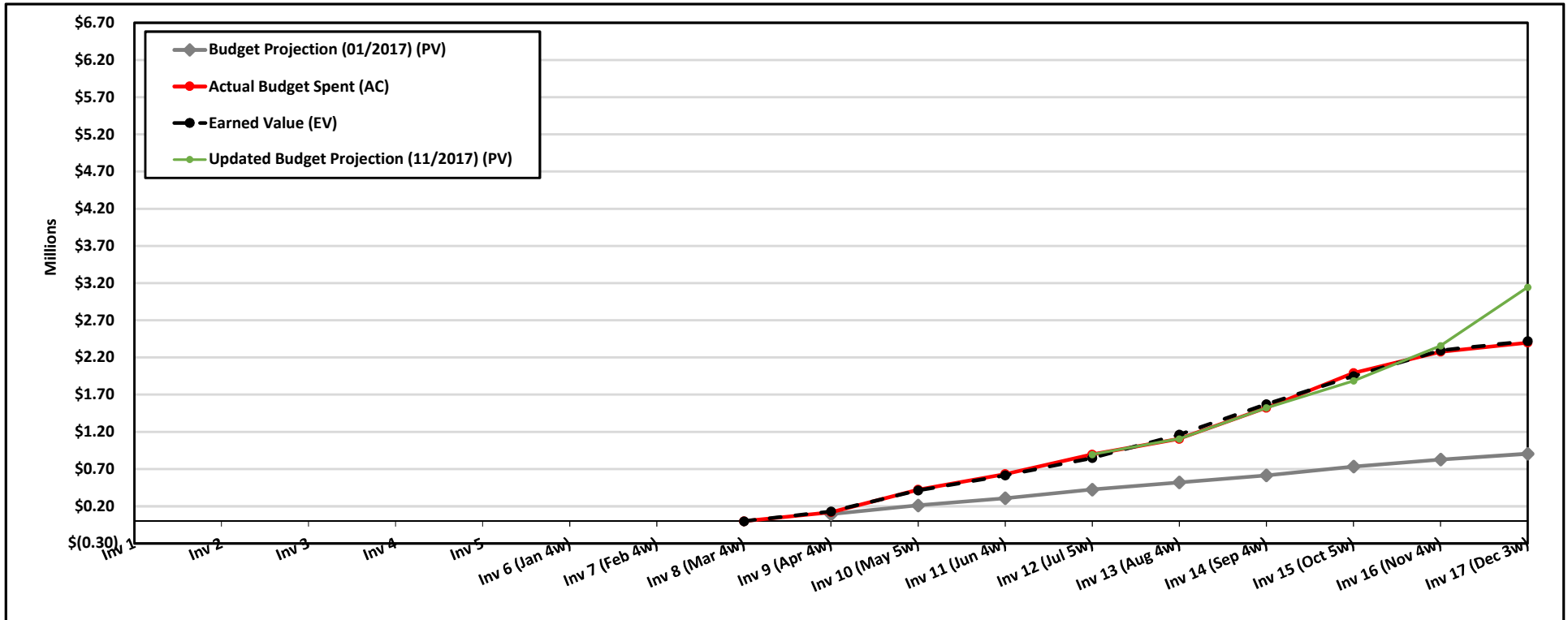
Earned Value Calculations	
Budget at completion ^{(BAC)(1)} (BAC)	\$ 698,405.42
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 413,634.03
Cost Variance ^(CV) (CV=EV-AC)	\$ (6,197.82)
Schedule Variance ^(SV) (SV=EV-PV)	\$ (125,712.98)
Cost Performance Index ^(CPI) (CPI=EV/AC)	0.98
Schedule Performance Index ^(SPI) (SPI=EV/PV)	0.70
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	0.69
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 713,162.13
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ (14,756.71)

Task 5 Distribution System and Water Quality Plan/Progress

- Continued work on 5-110 Model Update Technical Memorandum.
- Continued work on the pipe loop specifications.
- Updating 5-210 Pipe Loop Test Plan with the latest information.

Task 5 Distribution System and Water Quality Challenges

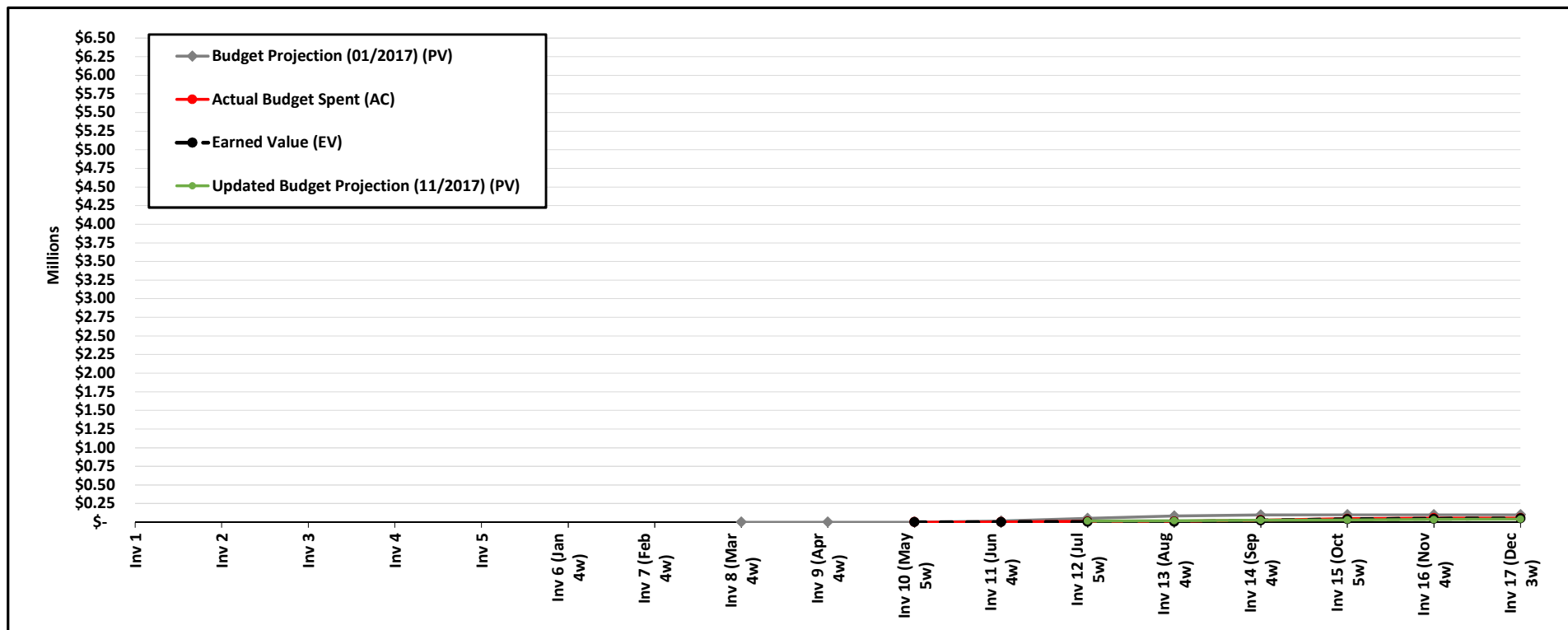
- Selection of the water supplier has resulted in a delay in having the WDNR Water Supply meetings for permitting has impacted the schedule for Pipe Loop Testing and water quality analysis.



Earned Value Calculations	
Budget at completion ^{(BAC)(1)} (BAC)	\$ 3,145,270.73
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 716,664.39
Cost Variance ^(CV) (CV=EV-AC)	\$ 22,590.72
Schedule Variance ^(SV) (SV=EV-PV)	\$ (723,412.27)
Cost Performance Index ^(CPI) (CPI=EV/AC)	1.01
Schedule Performance Index ^(SPI) (SPI=EV/PV)	0.77
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	0.78
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 3,115,932.14
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ 29,338.59

Task 6 Pump Stations, Storage and Chemical Treatment Plan/Progress
- Performed soil borings at the Return Flow Pumping Station (RFPS) site. - Held one (1) Program Team Task 6 meeting. - Evaluated potential alternatives to optimize the room size and piping within the WSPS and BPS. - Defined WSPS information gaps in regards to feasible sites and tax records. - Prepared for kick off meeting with City of Milwaukee. - Began drafting Front End Contract Documents to be shared with WWU.

Task 6 Pump Stations, Storage and Chemical Treatment Challenges
- It is noted that the Updated Budget Projection included effort to complete the Preliminary Design Report if Oak Creek was selected as the wholesale water supplier. With the selection of Milwaukee as the wholesale water supplier, the Preliminary Design Report will be completed in early 2018. - The Task 6 year-end remaining budget of \$746,000 will be incorporated into the 2018 planned value for Task 6 Preliminary Design Report completion.



Earned Value Calculations	
Budget at completion ^{(BAC)(1)} (BAC)	\$ 99,105.00
Estimate to Complete ^(ETC1) (ETC1=EAC1-AC)	\$ 54,658.94
Cost Variance ^(CV) (CV=EV-AC)	\$ (5,106.44)
Schedule Variance (SV) (SV=EV-PV)	\$ 9,910.50
Cost Performance Index ^(CPI) (CPI=EV/AC)	0.91
Schedule Performance Index ^(SPI) (SPI=EV/PV)	1.25
Cost /Schedule Index ^(CSI) (CSI=CPI x SPI)	1.13
Estimate at Completion ^(EAC1) (EAC1=BAC/CPI)	\$ 109,317.88
Variance at Completion ^(VAC1) (VAC1=BAC-EAC1)	\$ (10,212.88)

Task 7 Construction and Construction Management Plan/Progress

- Evaluated options for adjusting construction strategy to reduce construction schedule and evaluate associated impacts on design and permitting.
- Initiated preliminary planning for the schedule and content of a bidder's awareness campaign.

Task 7 Construction and Construction Management Challenges

- Impending Federal funding and financing opportunities may impact the contracting strategy for the Program. Finalization of a contracting strategy is needed in 2018 to avoid delaying the design for all Program Elements.