

January 3, 2025

Brenda Ayers, Administrator/Finance Director/City Clerk
City of Lodi, Wisconsin
130 S Main St
Lodi, WI 53555-1119

**Re: Written Amended Municipal Advisor Client Disclosure with the City of Lodi (“Client”) for
2025 Water Rate Study (“Project”) Pursuant to MSRB Rule G-42)**

Dear Brenda:

Ehlers, as a registered Municipal Advisor, has previously sent you a written MA Client Disclosure for 2025 Water Rate Study as required by MSRB Rules. We indicated that the writing might be amended or supplemented to reflect any material changes or additions. Attached you will find an amended written disclosure required for this project. Please review the attached amended written MA Client Disclosure and contact me if you have questions.

This documentation and all appendices hereto shall be effective as of its date unless otherwise terminated by either party upon 30 days written notice to the other party.

During the term of our municipal advisory relationship, this writing might be amended or supplemented to reflect any material change or additions.

We look forward to working with you on this Project.

Sincerely,

Ehlers & Associates

A handwritten signature in black ink, appearing to read 'Greg Johnson', written in a cursive style.

Greg Johnson
Senior Municipal Advisor/Vice President

¹ This document is intended to satisfy the requirements of MSRB Rule G-42(b) and Rule G-42(c).

Appendix A

DISCLOSURE OF CONFLICTS OF INTEREST/OTHER REQUIRED INFORMATION

Actual/Potential Material Conflicts of Interest

Ehlers has no known actual or potential material conflicts of interest that might impair its ability either to render unbiased and competent advice or to fulfill its fiduciary duty to Client.

Other Engagements or Relationships Impairing Ability to Provide Advice

Ehlers is not aware of any other engagement or relationship Ehlers has that might impair Ehlers' ability to either render unbiased and competent advice to or to fulfill its fiduciary duty to Client.

Affiliated Entities

Ehlers offers related services through two affiliates of Ehlers, Bond Trust Service Corporation (BTSC) and Ehlers Investment Partners (EIP). BTSC provides paying agent services while Ehlers Investment Partners (EIP) provides investment related services and bidding agent service. Ehlers and these affiliates do not share fees. If either service is needed in conjunction with an Ehlers municipal advisory engagement, Client will be asked whether or not they wish to retain either affiliate to provide service. If BTSC or EIP are retained to provide service, a separate agreement with that affiliate will be provided for Client's consideration and approval.

Solicitors/Payments Made to Obtain/Retain Client Business

Ehlers does not use solicitors to secure municipal engagements; nor does it make direct or indirect payments to obtain or retain Client business.

Payments from Third Parties

Ehlers does not receive any direct or indirect payments from third parties to enlist Ehlers recommendation to the Client of its services, any municipal securities transaction or any financial product.

Payments/Fee-splitting Arrangements

Ehlers does not share fees with any other parties and any provider of investments or services to the Client. However, within a joint proposal with other professional service providers, Ehlers could be the contracting party or be a subcontractor to the contracting party resulting in a fee splitting arrangement. In such cases, the fee due Ehlers will be identified in a Municipal Advisor writing and no other fees will be paid to Ehlers from any of the other participating professionals in the joint proposal.

Municipal Advisor Registration

Ehlers is registered with the Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB).

Material Legal or Disciplinary Events

Neither Ehlers nor any of its officers or municipal advisors have been involved in any legal or disciplinary events reported on Form MA or MA-I nor are there any other material legal or disciplinary events to be reported. Ehlers' application for permanent registration as a Municipal Advisor with the (SEC) was granted on July 28, 2014 and contained the information prescribed under Section 15B(a)(2) of the Securities and Exchange Act of 1934 and rules thereunder. It did not list any information on legal or disciplinary disclosures.

Client may access Ehlers' most recent Form MA and each most recent Form MA-I by searching the Securities and Exchange Commission's EDGAR system (currently available at <http://www.sec.gov/edgar/searchedgar/companysearch.html>) and searching under either our Company Name (Ehlers & Associates, Inc.) or by using the currently available "Fast Search" function and entering our CIK number (0001604197).

Ehlers has not made any material changes to Form MA or Form MA-I since that date.

Conflicts Arising from Compensation Contingent on the Size or Closing of Any Transaction

The forms of compensation for municipal advisors vary according to the nature of the engagement and requirements of the client. Compensation contingent on the size of the transaction presents a conflict of interest because the advisor may have an incentive to advise the client to increase the size of the securities issue for the purpose of increasing the advisor's compensation. Compensation contingent on the closing of the transaction presents a conflict because the advisor may have an incentive to recommend unnecessary financings or recommend financings that are disadvantageous to the client. If the transaction is to be delayed or fail to close, an advisor may have an incentive to discourage a full consideration of such facts and circumstances, or to discourage consideration of alternatives that may result in the cancellation of the financing or other transaction.

Any form of compensation due a Municipal Advisor will likely present specific conflict of interests with the Client. If a Client is concerned about the conflict arising from Municipal Advisor compensation contingent on size and/or closing of their transaction, Ehlers is willing to discuss and provide another form of Municipal Advisor compensation. The Client must notify Ehlers in writing of this request within 10 days of receipt of this Municipal Advisor writing.

MSRB Contact Information

The website address of the MSRB is www.msrb.org. Posted on the MSRB website is a municipal advisory client brochure that describes the protections that may be provided by MSRB rules and how to file a complaint with the financial regulatory authorities.

Appendix B

Water Utility Rate Study

Scope of Service

Client has requested that Ehlers prepare a user rate study for its water utility. (“Project”). Ehlers proposes and agrees to provide the following scope of services:

Phase I – Information Request, Review, and Long-Range Cash Flow Analysis

- Under this phase we will assess the need for a Conventional Rate Case with the PSC using a long-range cash flow analysis. This analysis will make projections on future operation expenses, future capital funding, and identify future rate increases.
- Prepare a cash flow analysis for the next 10 years including the test year and beyond. The analysis will include:
 - Calculation of the return on net investment rate base (ROI) adequate to finance the appropriate share of debt service, equipment replacement and capital outlay expenses.
 - Benchmarking of key financial metrics that the PSC, rating agencies, and prospective lenders analyze.
 - Capital planning and debt schedules with corresponding coverage requirements.
 - Conversion of Public Fire Protection charge to utility rate.
- This phase includes a meeting at the Council or other designated meeting to present the outcome of the Long-Range Cash Flow Analysis before starting the Application.
- In order to complete this phase Ehlers will need to request and review the following:
 - Capital planning documents identifying estimated costs for future water projects through 2034
 - 2023 Annual audit.
 - 2024 Year to date Water Fund actual expenses and revenues.
 - 2025 Water Fund line-item budget.

Phase II – Information Request, Review, and Test Year 2025 PSC Conventional Rate Case Application (as necessary)

- Under this phase we will complete the Test Year 2025 PSC Conventional Rate Case Application including all attachments of the application and supplementary information.

- In order to complete this phase Ehlers will need to request and review the following:
 - PSC annual reports for the last three years (available on the PSC website).
 - Current annual debt service schedules for existing utility debt (we currently have this information).
 - For calendar years 2021, 2022, and 2023 detailed water billing records showing billed water consumption by customer class and rate block and number of customers by class and meter size.
 - Based on the time of filing the Application, we may request a similar report for the previous twelve months to the time of filing.
 - Water billing records which list the 4 largest users in each customer class (i.e. residential, commercial, industrial, public authority) including the name of the customer, meter size, and total billed consumption for the largest quarter over the last 12-month period.
 - Current number of un-metered customers within the utility, if any.
 - Most current depreciation schedule for all water utility assets, showing current year depreciation expense, depreciation rates, and accumulated depreciation for all water utility financed assets.
 - List of 4 largest users in each customer class (i.e. residential, commercial, industrial, public authority) including the name of the customer, meter size, and total billed consumption for the largest quarter over the last 12-month period.
 - The current number of private fire protections by the size of connection, if any.
 - For municipal financed utility plant in service and contributed plant in service, the estimated 2024 and 2025 asset additions, retirements and adjustments.
 - The current percentage allocated to the sewer utility's portion of meter costs and assets. (Usually the depreciation of the meters is split 50/50 between water and sewer).
 - Estimated materials and supplies inventory for 2024 and 2025, if any.
 - For 2024 and 2025 (estimated) the number of feet of main and hydrants added and retired. Please classify additions and retirements as routine or major.
 - If employees perform work for more than one function, please explain how costs are assigned to the water utility. For example, when an employee performs work for municipal parks, sewer, water, and private lead service lines, describe how the salary and wages dollars are assigned to the regulated water utility.
 - Water utility credit card billing offering information (details to follow)

- This phase includes a meeting with the Council or other designated meeting to present the outcome of the Application before filing the Application.
- Ehlers will file the Application upon receiving desired recommendation to do so from the Client’s desired governing body or staff.

Phase III –Test Year 2025 PSC Conventional Rate Case Proceedings (as necessary)

- Assist utility with Data Request Portion of proceedings
- Review Revenue Requirement to check for PSC errors or omissions based on Application and Data Request(s) period. Provide disagreement correspondence as necessary
- Review PSC Cost of Service Study & Rate Design
- Represent the Utility at required PSC public hearing
 - Be present at the required telephonic public hearing and provide testimony in support of the proposed water rates for the test year.
- File Rate Implementation Letter

Phase IV – Final Report and Presentation (as necessary)

- Prepare and provide (via PDF or paper copy) a report containing a written summary of results of the PSC Rate Case and cash flow analysis along with all supporting worksheets.
- (Optional) If requested, this phase includes a meeting with the Council or other designated meeting to present the PSC final water rate structure for the test year and answer questions This should be requested on or before filing the PSC Rate Implementation Letter.

Compensation

In return for the services set forth in the “Scope of Service,” Client agrees to compensate Ehlers as follows based on the following Scope of Service Events:

Phase	Scope of Service Event	Fee
I	LRCFA Delivered to Client	\$ 2,000
II	CRC Application Filed with PSC*	\$ 5,500
II	SRC Application Filed with PSC*	\$ 500
III	Completion of PSC Rate Implementation Letter*	\$ 4,500
IV	Final Report Delivered to Client*	\$ 500
IV	Final Report Presentation^	\$ 500
	Total	\$ 14,000

*As necessary. Phase I may indicate the remainder of the Study is not needed. In the event the Client determines not to proceed with additional Phases

