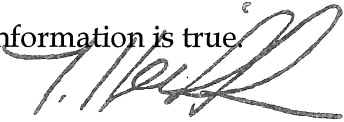


Internal Monitoring Report

Policy: EL-2I Quality and Performance Improvement
Frequency: Annual

Date: November 26, 2013

I certify that the following information is true.

Signed  _____, General Manager

Policy Language:

In all aspects of utility performance, the General Manager shall not fail to demonstrate continuous monitoring and needed improvement.

General Manager's interpretation and its justification:

This policy requires the General Manager to commit to continuous improvement of the Madison Water Utility. This commitment extends beyond mere compliance with regulatory requirements and the Water Utility Board's established policies to seek innovative ways to exceed current standards, better serve our customers, and improve all aspects of the organization.

Data directly addressing the General Manager's interpretation:

We have adopted the Effective Utility Management Framework (<http://www.watereum.org/>) for monitoring, assessing, and continuously improving utility performance.

We are in the process of institutionalizing a culture of quality and continuous improvement through various internal cross-sectional management structures, including (meeting frequency in parentheses):

- Employee Steering Team (monthly)
- Water Quality (monthly)
- Operations and Maintenance (monthly)
- Planning, Design, and Construction (monthly)
- Budget and Finance (quarterly)
- Public Information and Community Relations (quarterly)
- All Employees (quarterly)

Examples of current or recently completed projects/initiatives reflecting quality improvement and industry leadership:

- Project H20, a system-wide, fixed-based, two-way Advanced Metering Infrastructure with a fair opt-out alternative
- Water Main Rehabilitation (Lining) Projects on W. Badger Rd., Lake Mendota Dr., and W. Mifflin St.
- Hexavalent chromium study
- Funding and logistical support of virus in the deep aquifer investigations and county-wide groundwater hydraulic model development
- Graduate research study on energy conservation
- Compliance with board Outcomes and Executive Limitations policies demonstrated through monitoring reports within a Policy Governance model
- Active leadership in the Wisconsin Section of the American Water Works Association, including several papers presented at state and national conferences, and the General Manager's recent election to Trustee of the Wisconsin Water Association.

I report compliance.