Water Quality Trade Agreement between
Wisconsin Power and Light Company and Wisconsin Department of Natural Resources

This Water Quality Trade Agreement (this "Agreement") is made by and between Wisconsin Power and Light Company ("WPL") and the Wisconsin Department of Natural Resources ("WDNR") and together the Parties.

1. Recitals

a. Water quality trading is an alternative compliance option for Wisconsin Permit Discharge Elimination System ("WPDES") permit holders and is authorized by Wis. Stat. § 283.84.

b. Wis. Stat. § 283.84(l)(e) provides that, "the [WDNR] may authorize a person required to obtain a permit to increase the discharge of pollutants above levels that would otherwise be authorized in the permit if the person . . . [r]eaches a binding, written agreement with [WDNR] under which the person constructs a project or implements a plan that results in reducing the amount of water pollution from sources other than the source covered by the permit."

c. The WDNR has issued guidance regarding water quality trading, including:

1) Guidance for Implementing Wisconsin's Phosphorus Water Quality Standards for Point Source Discharges, No. 3400-2011-02, (Edition 2, February 8,2017);

2) A Water Quality Trading How To Manual, No. 3400-2013-03 (September 9, 2013); and

3) Guidance for Implementing Water Quality Trading in WPDES Permits, No. 3800-2013-04 (August 21, 2013).

d. WDNR issued a WPDES Permit No. WI-0061921-02 to WPL for wastewater discharges from its electric generation station in Beloit, Wisconsin, on October 1, 2013. WPL submitted a permit application for reissuance of this permit on. January 10, 2018.

e. The WPDES Permit (Permit No. WI-0061921-02) contains phosphorus water quality based effluent limits ("WQBELs") for Outfall 001, which is located in HUC 12 Subwatershed 070900020502.

f. WPL owns two properties that have historically been used for row crop production continuously for at least the last ten years and are within the same HUC-12 as Outfall 001.

g. The fields on the east side of S. Walter Road, adjacent to the Riverside Energy Center have been owned by WPL and leased to an agricultural operator since 2008. The agricultural operator alternated between no-till soybeans and winter wheat production in these fields.

h. The fields on the west side of S. Walter Road were purchased by WPL from the Town of Beloit ("Town") in 2016. Previously, these fields were leased to an agricultural operator by the Town. WPL continued this lease through 2017. The agricultural operator managed these fields under a variable corn grain – soybean – wheat rotation. Additionally, the Town utilized these areas for municipal sludge disposal from the Town's wastewater treatment plant. Collectively, the fields on the east and west side of S. Walter Road shall be referred to as "Fields".

i. The legal description of the WPL properties are:

- Lot 1 of Certified Survey Map recorded in Volume 38, Pages 270 thru 275 of Certified Survey Maps of Rock County, Wisconsin, as Document No. 2087553, and being located in part of the NE ¼ of the NW ¼, SE ¼ of the NW ¼, NW ¼ of the NE ¼, SW ¼ of the NE ¼, and the SE ¼ of the NE ¼ of Section 2, T. 1 N., R. 12 E. of the 4th Principal Meridian, Town of Beloit, Rock County, Wisconsin; and
- Lot 1 of Certified Survey Map recorded in Volume 38, Pages 113, 114 & 115 of Certified Survey Maps of Rock County, Wisconsin, as Document No. 2076458, and being located in part of the NE ¼ of the NW ¼, part of the NW ¼ of the NW ¼, part of the SW ¼ of the NW ¼, and part of the SE ¼ of the NW ¼ of Section 2,T. 1 N., R. 12 E., of the 4th P.M., Town of Beloit, Rock County, Wisconsin.

j. WPL submitted to WDNR a Water Quality Trading Plan (WQT Plan) on January 3, 2018 under which WPL will establish and maintain permanent areas of native prairie restoration as well as land developed for both electric generation and distribution. The WQT Plan was revised based upon comments from the WDNR and resubmitted on June 16, 2018.

k. The management practices will be installed and maintained relative to the NRCS and WDNR Conservation Practice Standard listed below in Table One:

Table One – Conservation Practice Standards

NRCS Conservation Practice Standard	**Number**
Conservation Cover	327
WDNR Post Construction Technical Standard	**Number**
Bioretention for Infiltration	1004
Infiltration Basin	1003
Wet Detention Pond	1001

l. The WQT Plan includes an Establishment Plan and an Operation and Maintenance Plan for the permanent vegetative cover on the Fields.

2. Agreement Terms

a. WPL shall establish and maintain the permanent vegetative cover on the Fields consistent with the requirements in the approved WQT Plan (including the Establishment Plan, and the Operation and Maintenance Plan).

b. WDNR will propose to reissue the WPDES Permit to allow WPL to use water quality trading as a compliance option, in accordance with the WQT Plan as approved by WDNR.

c. Subject to the terms of this Agreement and the terms of the WPDES Permit reissued to WPL, WDNR shall allow WPL to utilize phosphorus credits in the amount set forth in the approved WQT Plan to demonstrate compliance with phosphorus WQBELs in the WPDES Permit, provided WPL implements the approved WQT Plan and complies with the related trading terms of the permit.

d. Any duly authorized officer, employee or representative of WDNR shall have the right to access and inspect the Fields pursuant to Wis. Stat. § 283.55(2) so long as this Agreement remains in effect.

e. The Agreement shall become effective on the later date of the completion of the following conditions: i.) The WDNR approves a WQT plan that is consistent with this Agreement; and ii.) The WPDES permit includes trading terms that are consistent with both the approved WQT Plan and the terms of this Agreement.

f. The Agreement applies and is effective for the term of the reissued permit (WI-0061921-003) unless, subject to this section the permit is modified, terminated or revoked and reissued by the WDNR to eliminate the trade or to revise the trading terms in a manner that is inconsistent with this Agreement. If the trade is removed or revised through a permit action, this Agreement is terminated. In accordance with Wis. Stat. § 227.51(2), if the trade has not been eliminated or modified through a permit action, and if WPL files a timely application for the reissuance of the permit, the terms of the Agreement will continue until the later of the following: i.) the application has been finally acted upon by the WDNR; ii.) the last day for seeking review of the agency's decision; or iii.) a later date fixed by a reviewing court. The Agreement may extend into a subsequent reissued permit upon approval of the WDNR.

g. The Parties may terminate this Agreement by written mutual agreement at any time.

h. WPL may terminate this Agreement by providing at least sixty (60) days written notice to WDNR of WPL's intent to terminate the Agreement.

i. In accordance with paragraph (h) and the procedures and requirements of Wis. Stat. § 283.53(2) and Wis. Admin. Code §§ NR 203.135 and 203.136, WDNR may terminate this Agreement and modify or remove the terms of the permit related to the trade if any one of the following occur:

1) WPL fails to implement the WQT Plan as approved by the Department;

2) WPL fails to comply with WPDES Permit terms and conditions related to water quality trading;

3) New information becomes available that causes WDNR to determine that water quality trading is no longer an acceptable option, including an objection or disapproval of the trade by USEPA.

j. Any action by WDNR to terminate this Agreement or otherwise to reduce or eliminate the number of phosphorus credits in the reissued WPDES permit and approved WQT Plan shall be implemented through a modification, revocation and reissuance or reissuance of the WPDES Permit. Prior to termination of this agreement, WDNR shall notify WPL of its intent to terminate the trading agreement and shall provide an opportunity for WPL to discuss the proposed termination with WDNR. If appropriate and feasible, WDNR shall provide WPL with a reasonable time period to correct the grounds for the proposed termination.

k. This Agreement may be amended only by a further written document signed by each of the Parties. The WQT Plan, Agreement and permit terms may be revised as part of a future permit reissuance or modification.

l. WPL, as a credit generator, may sell or transfer future phosphorus credits that will not be used for compliance by WPL for the phosphorus water quality based limitations in WPL's permit. In order to sell or transfer these credits, a separate binding trade agreement shall be executed with the third party who is the receiver of credits. Future credits that may be transferred may not exceed the annual phosphorus reduction presented in the WQT Plan, or any WDNR approved amendments to the Plan. All future transfers of credits are subject to all applicable statutes, rules, guidance, WDNR approval, the allocations in the Rock River TMDL, and applicable WPDES permit conditions. The parties recognize that if WPL reaches an agreement to sell or transfer unused credits to a third party, WPL's permit, this agreement, and the WQT Plan may need to be modified to reflect the transfer of credits.

m. This Agreement shall be interpreted pursuant to the laws of the State of Wisconsin.

n. This Agreement may be executed in one or more counterparts, and all such

executed counterparts shall constitute the same agreement. A signed copy of this Agreement transmitted by facsimile or email shall be treated as an original and shall be binding against the party whose signature appears on such copy.

o. If any provision of this Agreement is held invalid or unenforceable, the invalidity or unenforceability shall be limited to the particular provision involved and shall not affect the validity or enforceability of the remaining provisions. The Parties shall work together in good faith to modify this Agreement if necessary to preserve its original intent.

p. In no event shall the WDNR be liable to any party under this Agreement or to any third party in contract, tort or otherwise for incidental or consequential damages of any kind, including, without limitation, punitive or economic damages or lost profits, except as provided under federal or state laws.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the later day and year entered below.

DEPARTMENT OF NATURAL RESOURCES

By: Sharon L. Gayan

Title: Director, WQ Bureau

Date: 10/30/2018

WISCONSIN POWER AND LIGHT COMPANY

By: Paul Graysor

Title: Plant Manager

Date: 10/15/18