WATERWORTH™

Waterworth

A financial forecasting and revenue calibration solution adopted by hundreds of organizations across North America. Our job is to help utilities like yours plan financially — so you can avoid surprises, avoid emergency rate hikes, and make smart choices about how to invest in your infrastructure.

Our Tool

- Continuous Process
- Full Cost Recovery
- Communication

Presentation Outcomes

PETERSBURG ALASKA

- To have a clear picture on current/forecasted financials
- To know what the revenue requirements are
- To have an actionable plan

- Understanding of our tool/process
- To know how we have produced the information
- Have confidence in the results

Our Process

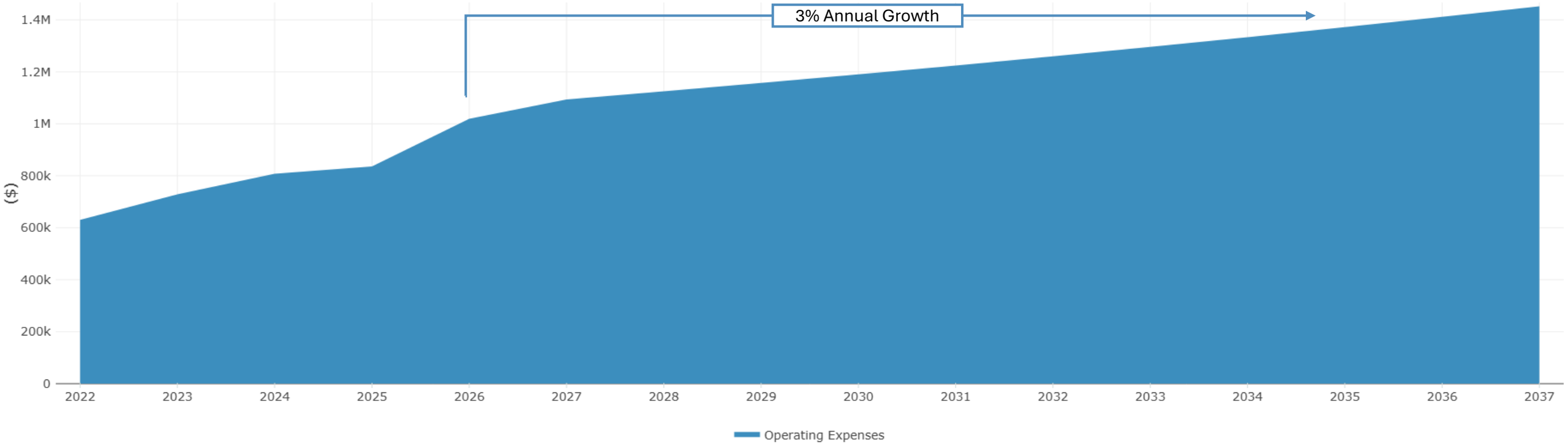
1. Establish Financial Baseline
2. Build Long-term Financial Forecasts
3. Determine Revenue Needs and Funding Strategies
4. Communicate, Refine and Repeat

Wastewater

Revenue Requirements

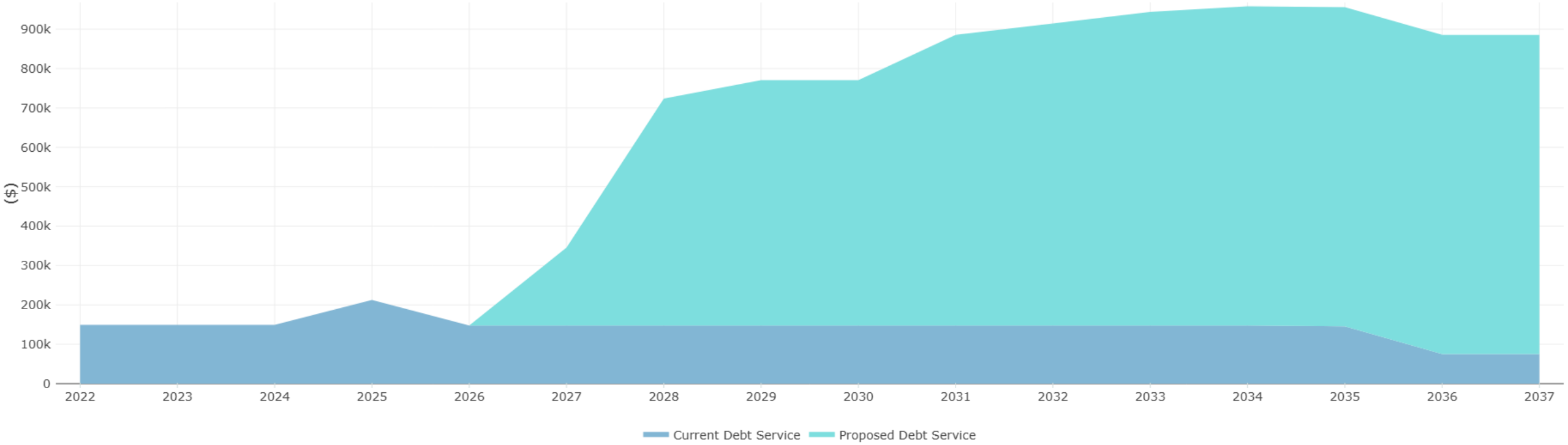
Operating Expenses

This chart illustrates the operating & maintenance expenses - the routine costs required to provide safe and reliable wastewater service. These include but are not limited to salaries & benefits, contracted services, system maintenance, utilities, treatment chemicals, insurance and other operating and administrative costs.



Debt Expense

This chart represents the utility's use of debt to fund capital investments and manage cash flow needs. Debt financing allows the utility to spread the cost of large infrastructure projects over time, aligning repayment with the useful life of the assets and the benefits received by future ratepayers. Historic figures reflect actual debt service payments, while future projections are based on existing debt schedules and anticipated borrowing tied to planned capital improvements.

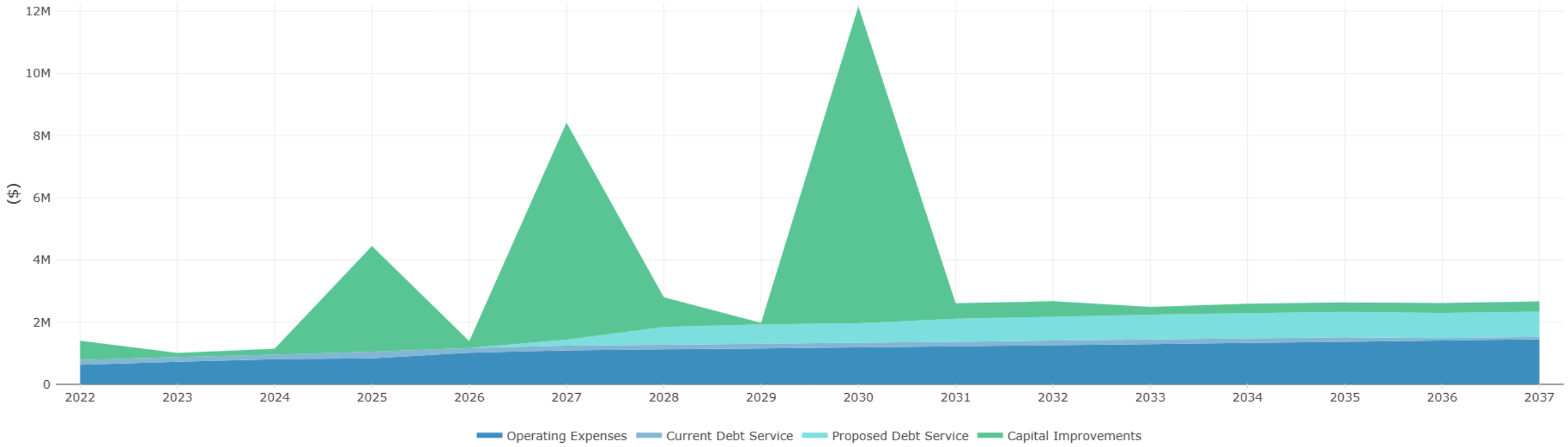


Capital Expenses

In addition to meeting ongoing operating costs, the utility must continue to invest in capital improvements for system renewal and capacity improvements to ensure long-term service reliability. Historic years are based on audited actuals, the current year on the approved budget, and future years on projections from a Capital Improvement Plan.

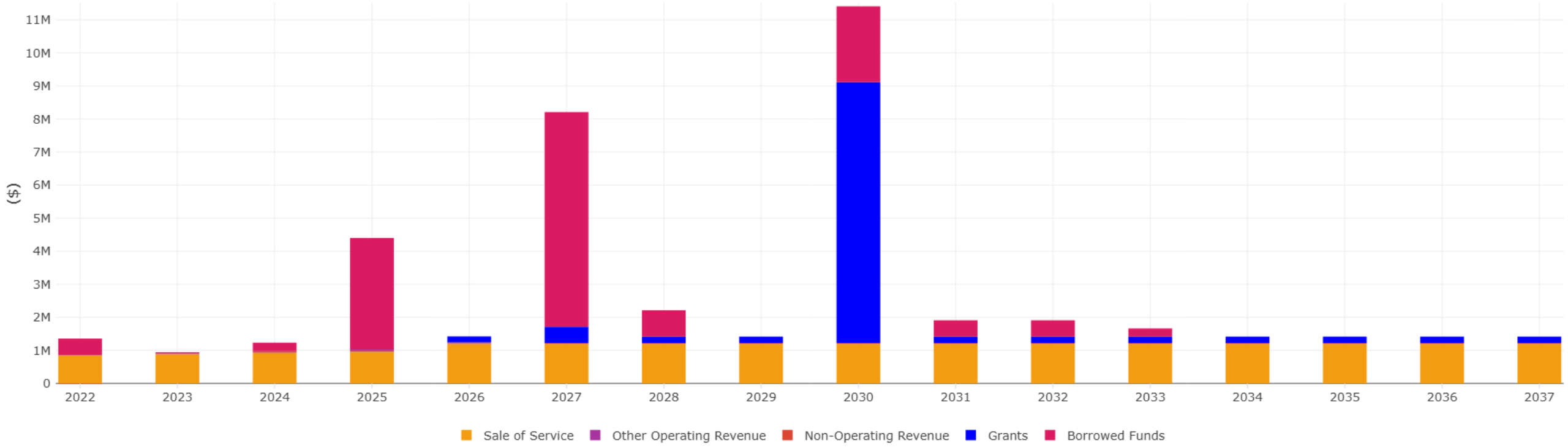
Revenue Requirements

Revenue requirements are the total annual funds needed to operate, maintain, and reinvest in infrastructure sustainably. This includes operating costs, debt service, and capital replacement needs. Understanding these requirements helps ensure long-term financial planning, supports rate setting, and highlights funding gaps to guide informed decisions.



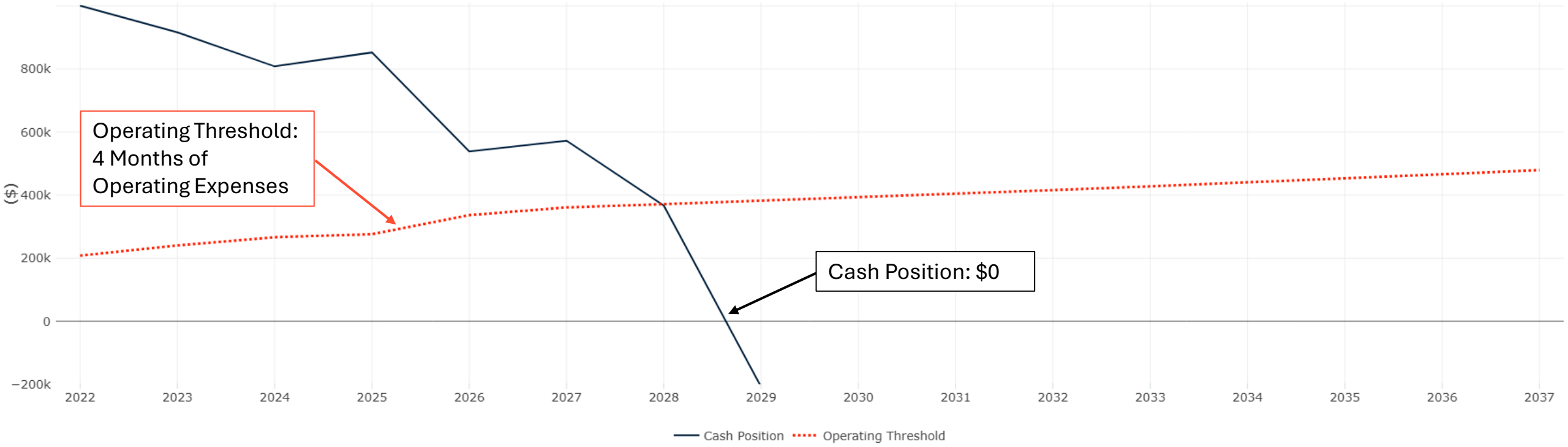
Projected Revenues – Status Quo

Status quo revenues refer to the funding expected under current rates, policies, and practices without any changes. This projection helps determine whether existing revenue streams are sufficient to cover future operating costs, debt obligations, and capital needs. Comparing status quo revenues to revenue requirements reveals any gaps that may need to be addressed through rate adjustments or new funding sources.



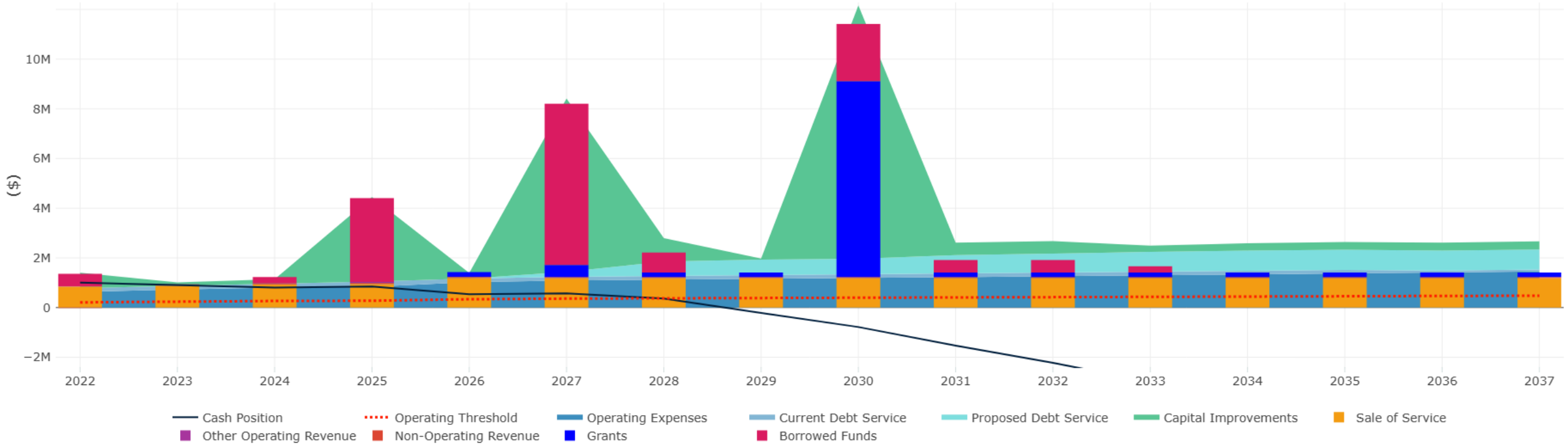
Cash Position

The cash position reflects the available funds a utility has on hand to cover operations, emergencies, and financial obligations. Maintaining adequate cash reserves—guided by targets or thresholds—ensures stability, supports long-term planning, and helps manage unexpected costs. Regularly tracking the cash position is key to maintaining financial resilience.



Status Quo - Long Term Financial Model

The status quo long-term financial model reflects the utility's projected financial performance under current rates and policies, before any revenue increases are considered. It shows how existing revenues align with future expenses, capital needs, and cash reserve targets. This model helps identify potential funding gaps, assess long-term sustainability, and determine whether adjustments are needed to maintain financial stability.



Proposed Solution

Proposed Solution A - Long Term Financial Model

The long-term financial model with proposed revenue increases shows the utility's projected financial performance after implementing changes to rates or funding strategies. It illustrates how the additional revenue impacts the ability to cover operating costs, fund capital reinvestment, and maintain target cash reserves. This version of the model helps assess whether the proposed increases are sufficient to achieve long-term financial sustainability and meet established financial goals.

Details	2027	2028	2029	2030	2031→
Sale of Service	20%	15%	7%	7%	4.5%

Proposed Solution – Rate Adjustment in FY27

The long-term financial model with proposed revenue increases shows the utility's projected financial performance after implementing changes to rates or funding strategies. It illustrates how the additional revenue impacts the ability to cover operating costs, fund capital reinvestment, and maintain target cash reserves. This version of the model helps assess whether the proposed increases are sufficient to achieve long-term financial sustainability and meet established financial goals.

Current Rates		
Meter Size	**Base Charge [$]**	**Variable Charge [$/kUSG]**
3/4" (Senior Discount)	28.41	0.72
3/4"	56.79	1.44
1"	127.24	1.44
1 1/2"	306.16	1.44
2"	612.38	1.44
3"	1179.60	1.44
6"	3080.80	1.44

Proposed Rates		
Meter Size	**Base Charge [$]**	**Variable Charge [$/kUSG]**
3/4" (Senior Discount)	34.10	0.86
3/4"	68.15	1.73
1"	152.69	1.73
1 1/2"	367.40	1.73
2"	734.85	1.73
3"	1415.52	1.73
6"	3696.96	1.73

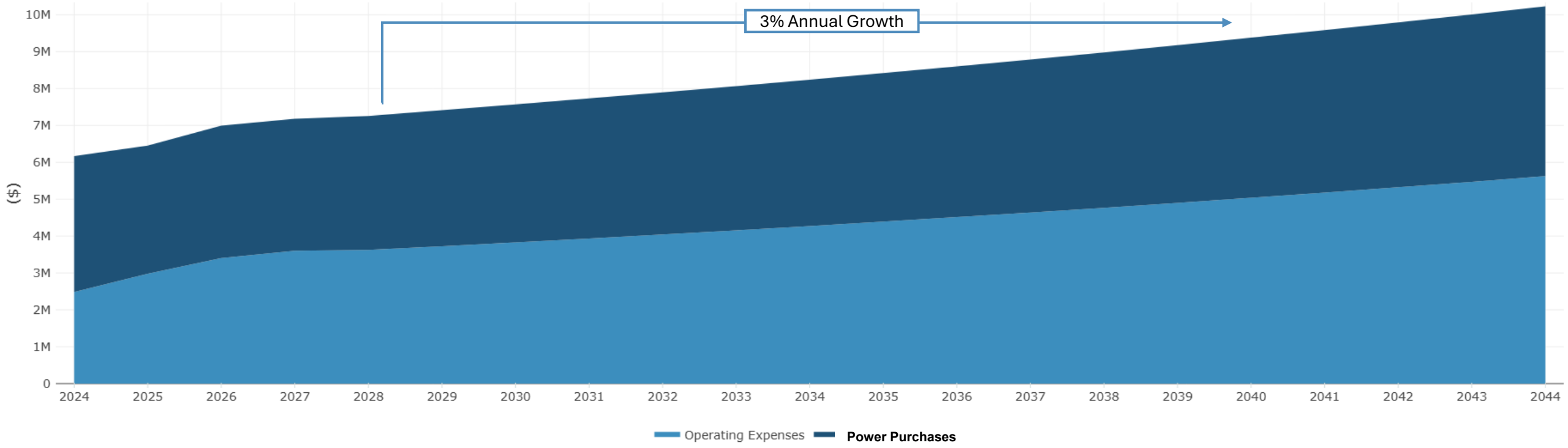
Average User
3/4" Meter
4000 USG

	Current	Proposed	Change
Fixed	56.79	68.15	11.36
Variable	5.75	6.90	1.15
Total	62.54	75.05	12.51

Electric

Operating Expenses

This chart illustrates the operating & maintenance expenses - the routine costs required to provide safe and reliable electric service. These include but are not limited to salaries & benefits, power purchases, system maintenance, utilities, insurance and other operating and administrative costs.



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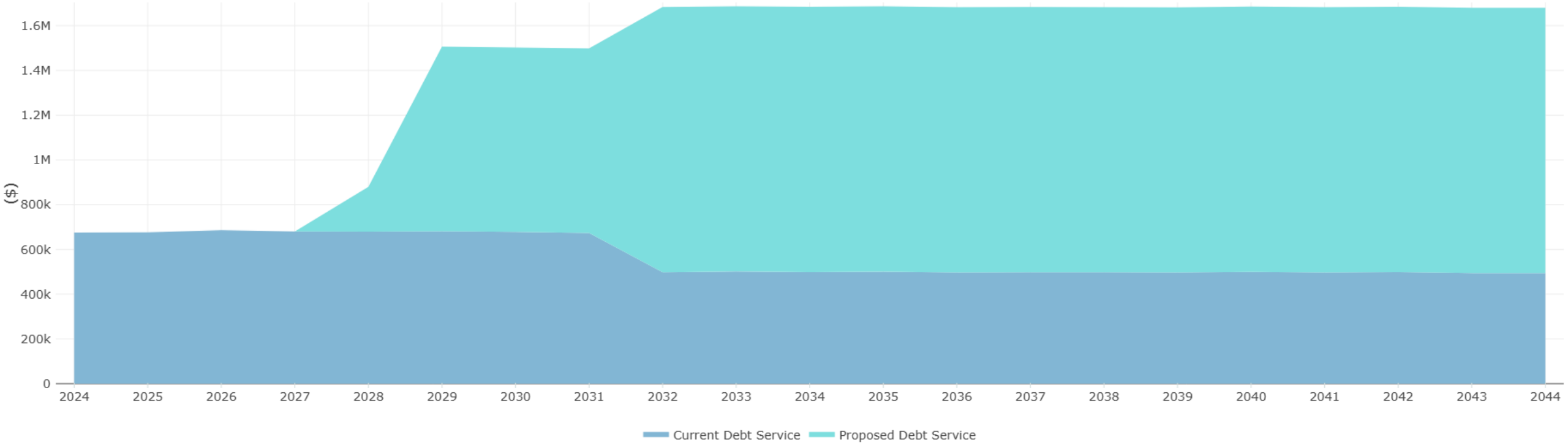

Capital Expenses

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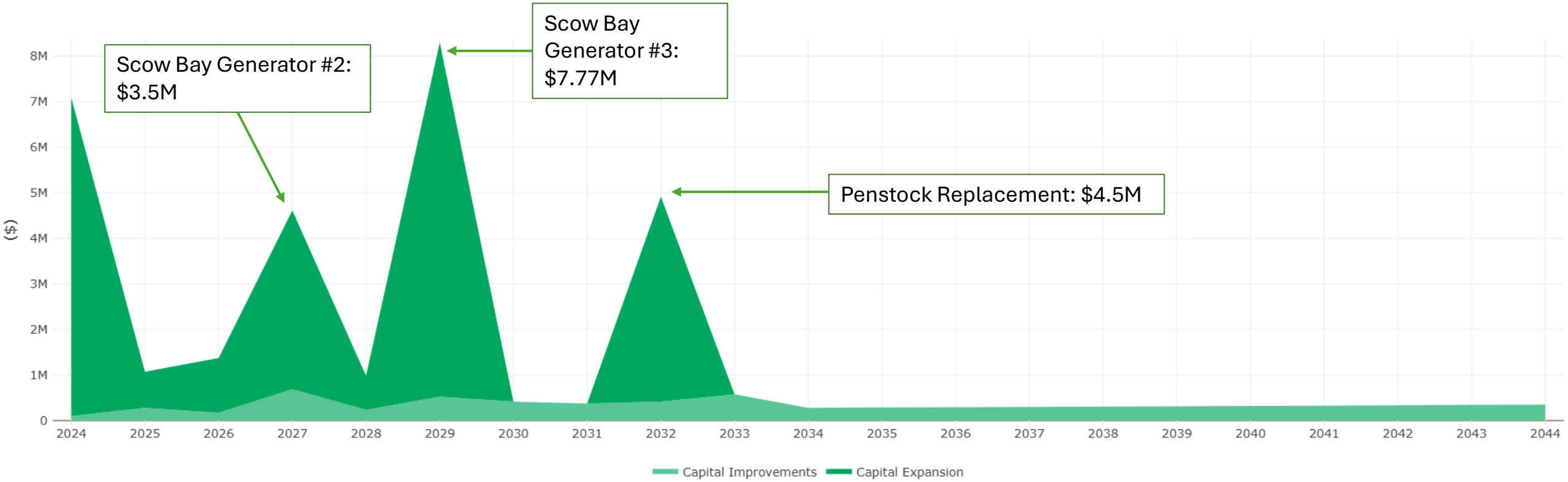
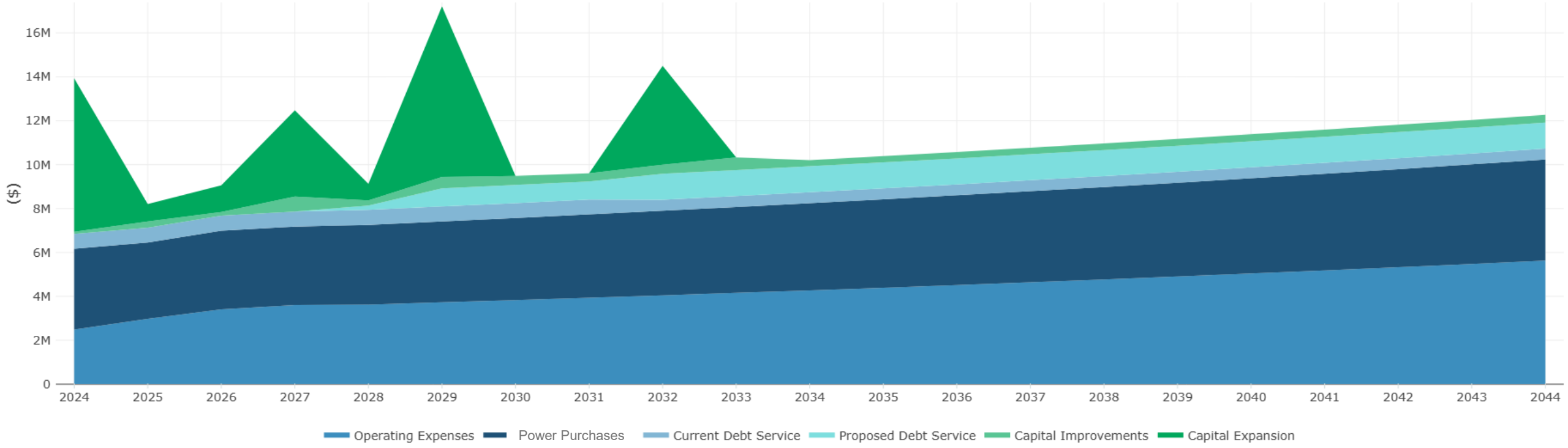


Revenue Requirements

Revenue requirements are the total annual funds needed to operate, maintain, and reinvest in infrastructure sustainably. This includes operating costs, debt service, and capital replacement needs. Understanding these requirements helps ensure long-term financial planning, supports rate setting, and highlights funding gaps to guide informed decisions.



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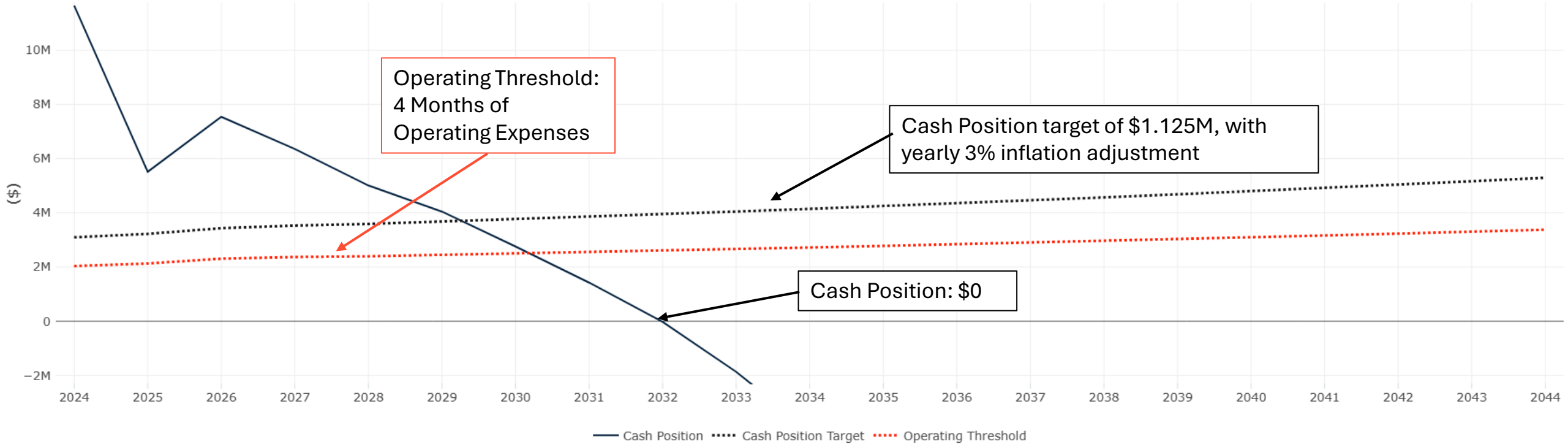

Status Quo - Long Term Financial Model

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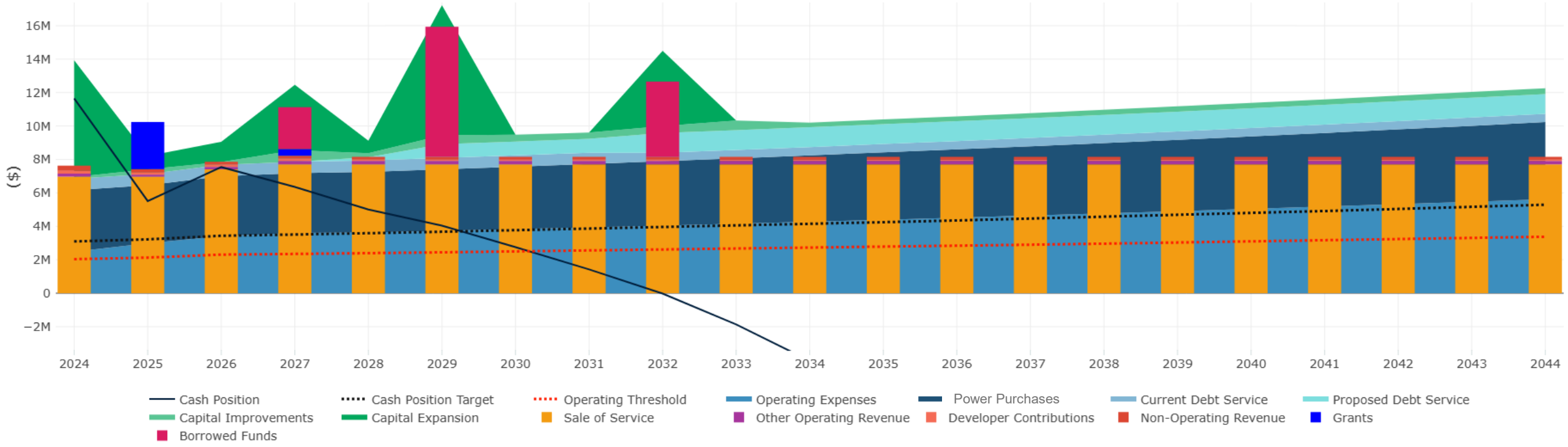
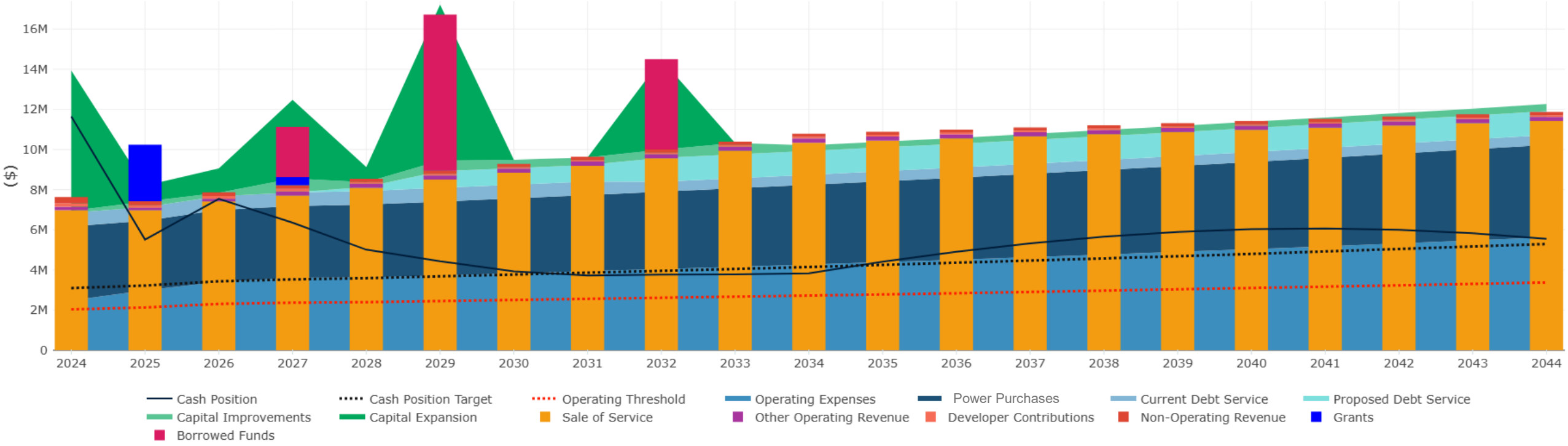


Proposed Solution

Proposed Solution A - Long Term Financial Model

The long-term financial model with proposed revenue increases shows the utility's projected financial performance after implementing changes to rates or funding strategies. It illustrates how the additional revenue impacts the ability to cover operating costs, fund capital reinvestment, and maintain target cash reserves. This version of the model helps assess whether the proposed increases are sufficient to achieve long-term financial sustainability and meet established financial goals.



Details	2027	2028	2029	2030	2031→2034	2035→
Sale of Service	4%	5%	4%	4%	4%	1%

Proposed Solution – 4% Rate Adjustment in FY27

The long-term financial model with proposed revenue increases shows the utility's projected financial performance after implementing changes to rates or funding strategies. It illustrates how the additional revenue impacts the ability to cover operating costs, fund capital reinvestment, and maintain target cash reserves. This version of the model helps assess whether the proposed increases are sufficient to achieve long-term financial sustainability and meet established financial goals.

Current Rates

Customer Charges	
Residential	$16.00
General Service	$20.00
Large Commercial	$40.00
Harbor	$20.00
Municipality	$34.00
Residential Energy Charges [$/kWh]	
$0.122	
General Service Energy Charges [$/kWh]	
$0.119	
Large Commercial Energy Charges [$/kWh]	
$0.119	
Harbor Energy Charges [$/kWh]	
$0.124	
MUNI Energy Charges [$/kWh]	
$0.112	
Large Commercial Demand Charge [$/kW]	
$3.700	

Proposed Rates

Customer Charges	
Residential	$16.64
General Service	$20.80
Large Commercial	$41.60
Harbor	$20.80
Municipality	$35.36
Residential Energy Charges [$/kWh]	
$0.127	
General Service Energy Charges [$/kWh]	
$0.124	
Large Commercial Energy Charges [$/kWh]	
$0.124	
Harbor Energy Charges [$/kWh]	
$0.129	
MUNI Energy Charges [$/kWh]	
$0.116	
Large Commercial Demand Charge [$/kW]	
$3.848	