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AWWA FINANCE COMMUNITY | WEBINAR

WATER UTILITIES & FINANCE:  
GETTING BACK TO BUSINESS POST PANDEMIC

AUG. 14 @ 11:00 AM-12:30 PM MT

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## Webinar Moderator



**Alex Seleznyov**  
**Deal Advisory – Infrastructure**  
**KPMG LLP**

Alex is an experienced consultant and manager with KPMG’s infrastructure advisory practice. For over a decade, he has consulted public sector clients in the US and around the world, specializing in infrastructure finance, public-private partnerships, and economic development. Prior to joining KPMG, Alex was one of the founding leaders of Deloitte’s P3 integrated market offering, where he played a key role in developing the practice and growing the business. Alex is a FINRA licensed Investment Banking Representative (Series 79) and Uniform Securities Agent (Series 63) and completed his MBA at Georgetown University.

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## Panel of Experts



**Angela Bricmont**  
Chief Financial Officer  
Denver Water



**Ted Chapman**  
Senior Director, Municipal and  
Cooperative Utility Group  
S&P Global Ratings



**Steven Lewis**  
Director  
BlackRock

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## Agenda

- I. Using Integrated Resource Planning Tools During Pandemic to Get Back to Business**  
*Angela Bricmont, Denver Water*
- II. S&P Global Ratings**  
*Ted Chapman, S&P Global Ratings*
- III. A Closer Look at the Municipal Market**  
*Steven Lewis, BlackRock*

Time Permitting – Q&A

Enter your **question** into the **question pane** at the lower right-hand side of the screen.

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**USING INTEGRATED RESOURCE  
PLANNING TOOLS DURING  
PANDEMIC TO GET BACK TO  
BUSINESS**




Angela Bricmont  
CFO  
Denver Water

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**PURPOSE AND LEARNING OBJECTIVES**

- Understand how scenario planning can be used during pandemic
- See simple decision-tools that can be used by anyone
- Learn one approach to incorporating scenario planning into the annual planning process/budget

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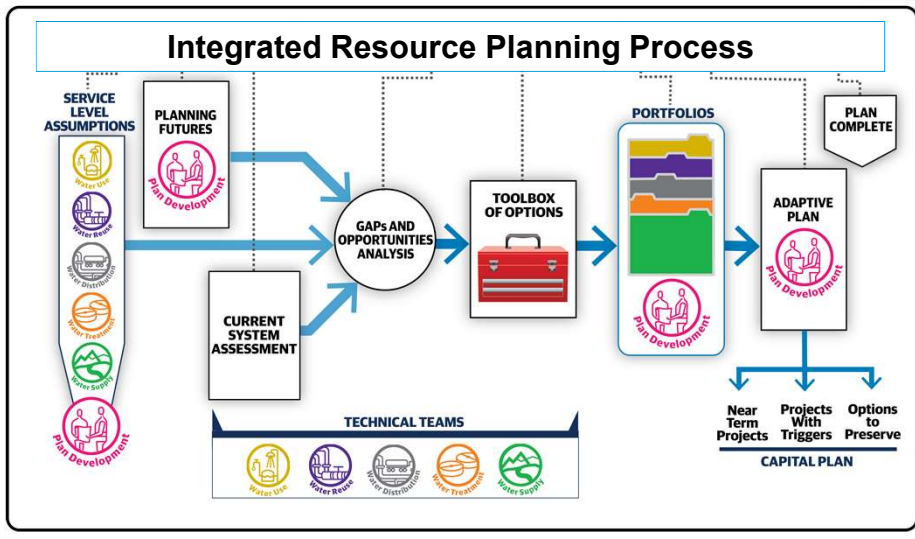
# AGENDA

- Overview of IRP elements used in COVID-19 scenario planning
- Development of planning scenarios
- Monitoring dashboard with indicators and triggers for action
- Use of financial modeling
- Establishment of Guiding Principles for responding to COVID-19
- Development of a toolbox of solutions
- Incorporation of scenarios into our normal annual planning process



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## COVID-19 RESPONSE USED ELEMENTS FROM IRP SCENARIO PLANNING



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### VIRUS AND ECONOMIC SCENARIOS IDENTIFIED A RANGE OF POSSIBLE OUTCOMES

Scenario 1

- *Testing capabilities*
- *Development of treatment and vaccinations*
- *Unemployment rate*
- *Economic impacts*
- *Supply chain*
- *Customer usage/bad debt*

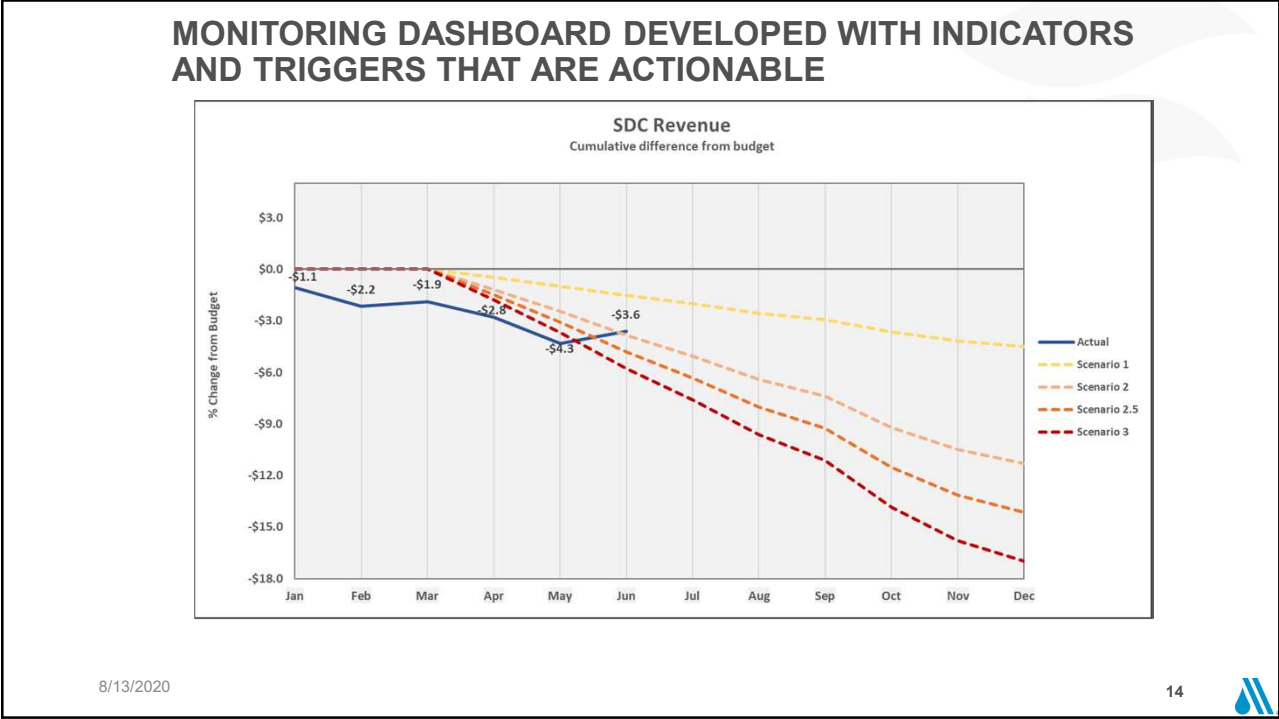
Scenario 2

Scenario 2.5

Scenario 3

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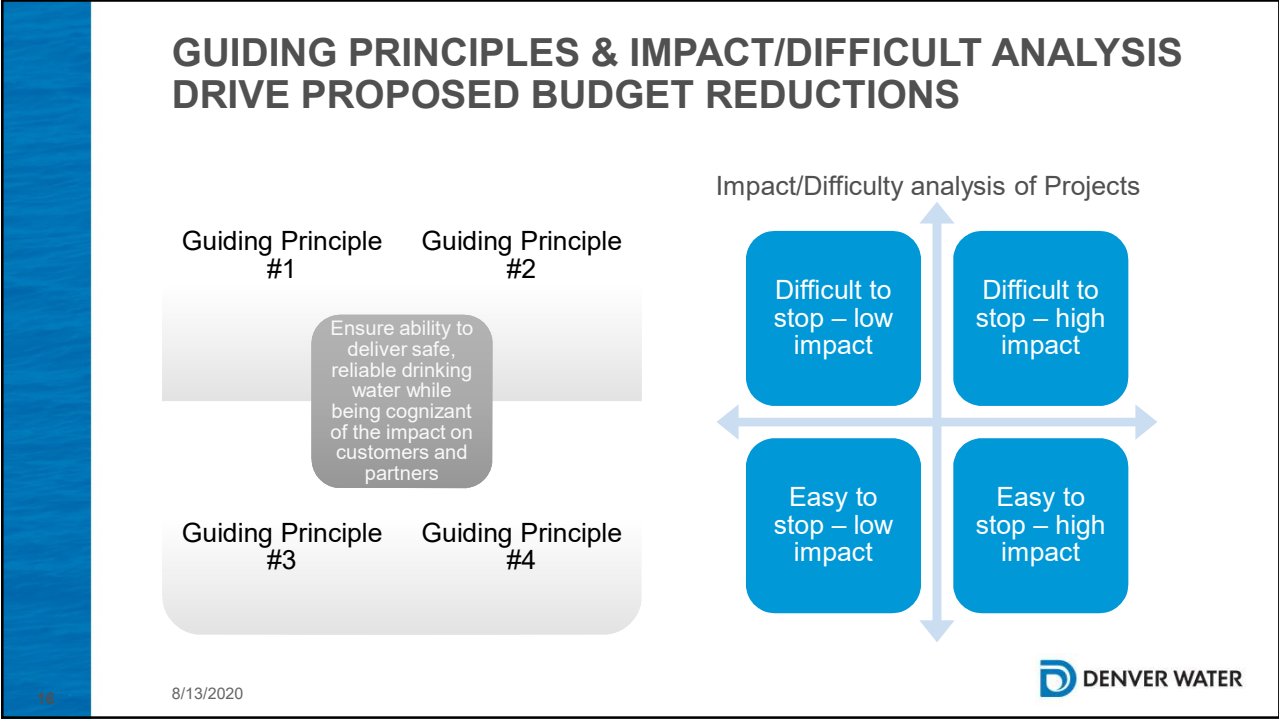
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### IMPACTS MODELED FOR EACH SCENARIO TO MEET TARGETED FINANCIAL METRICS

	1		2		2.5		3	
Revenue - Water Sales	%	\$	%	\$	%	\$	\$	\$
Revenue - SDC	%	\$	%	\$	%	\$	%	\$
Operating Reductions	%	\$	%	\$	%	\$	%	\$
Capital Reductions	%	\$	%	\$	%	\$	%	\$
Rate Increase	%		%		%		%	
Debt Service Coverage	X.X		X.X		X.X		X.X	

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### MULTIPLE SOLUTIONS TO ADDRESS FINANCIAL IMPACTS

Toolbox of options developed for each Scenario, with multiple solution sets

	Total Cost	Solution A	Solution B
Toolbox option 1	\$	\$	\$
Toolbox option 2	\$	\$	\$
Toolbox option 3	\$	\$	\$
Toolbox option 4	\$	\$	\$
Toolbox option 5	\$	\$	\$
Toolbox option 6	\$	\$	\$
	\$	\$	\$

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### SCENARIO PLANNING FOLDED INTO ANNUAL PLANNING PROCESS


Action	Frequency
Update Board on indicators and trends	Twice Monthly
Update planning scenarios	Quarterly
Update solution portfolios	Ongoing
Review decisions that have policy implications with Board	Ongoing
Incorporate scenarios into ongoing decision-making	Alignment with Annual Planning Calendar

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## SUMMARY

- IRP scenario planning tools help with decision-making during uncertain times
- Tools are simple and encourage collaboration across disciplines
- Incorporating scenario planning into annual planning process does not have to be complex

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**S&P Global**  
Ratings



## Water Utilities & Finance: Getting Back to Business Post-Pandemic

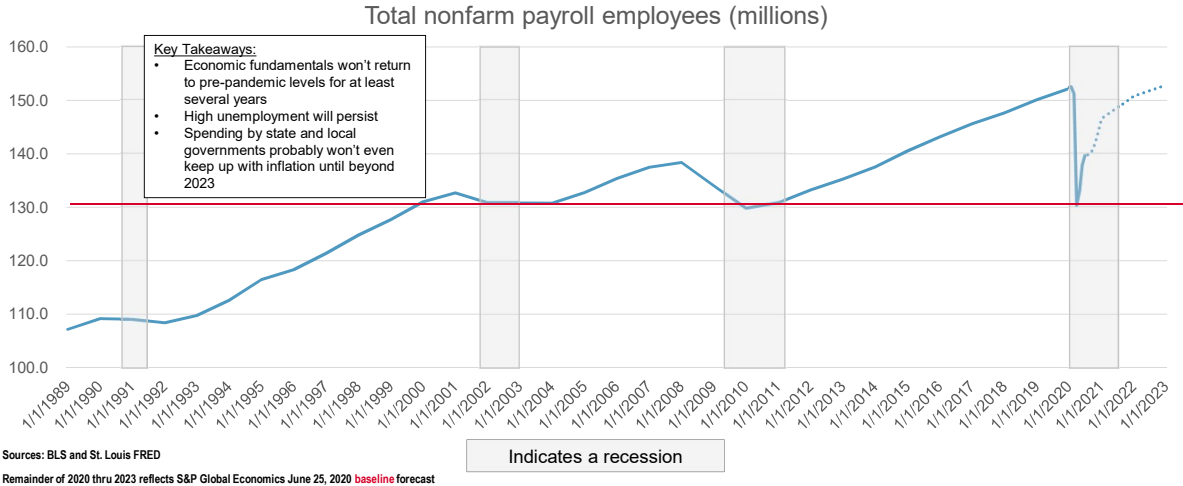
August 14, 2020

Ted Chapman  
S&P Global Ratings  
+1 (214) 871-1401  
[Theodore.Chapman@spglobal.com](mailto:Theodore.Chapman@spglobal.com)



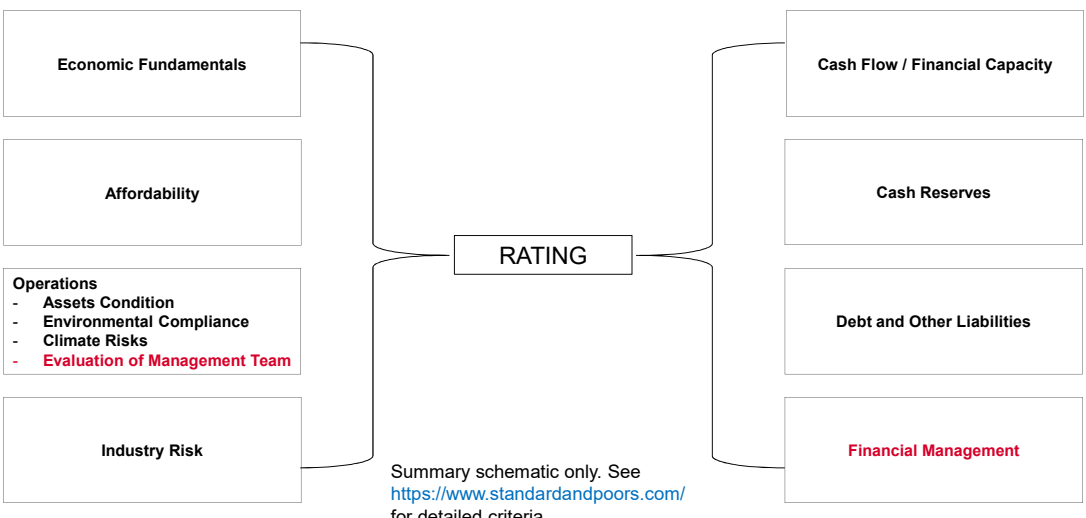
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### Decades of Job Growth Disappeared in Just Two Months



S&P Global Ratings


### S&P Global Ratings' Utility Revenue Bond Criteria: Management and Governance Counts



S&P Global Ratings

### Is ESG Really a New Concept to Drinking and Clean Water?

Natural resource stewardship	→	<b>E</b> nvironmental
Affordability, community sensitivities, customer assistance programs, employee safety and welfare	→	<b>S</b> ocial
Maintaining the integrity of the infrastructure, assets and organization (including its finances)	→	<b>G</b> overnance

 Utility sector just calls this the "Triple Bottom Line"

**S&P Global**  
Ratings

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BlackRock Municipal Fixed Income  
August 2020

# BlackRock

## A Closer Look at the Municipal Market

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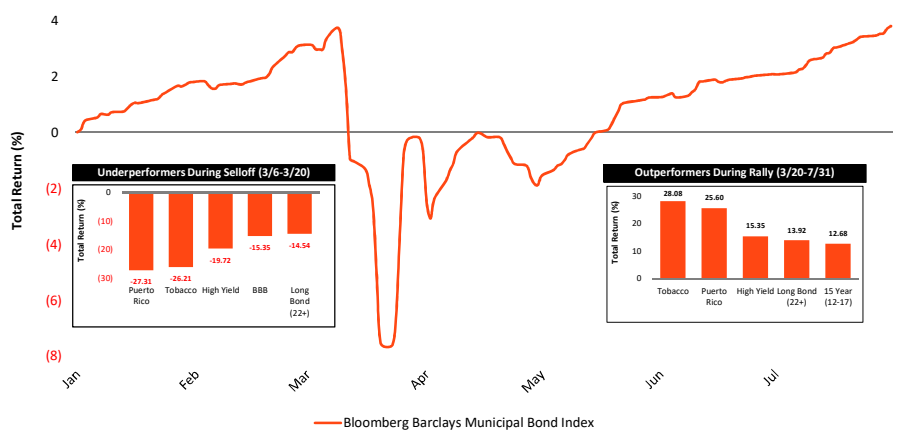
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# Municipal Market Overview

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## Municipal Market Performance



Source: Bloomberg Barclays Indices, as of 7/31/20.

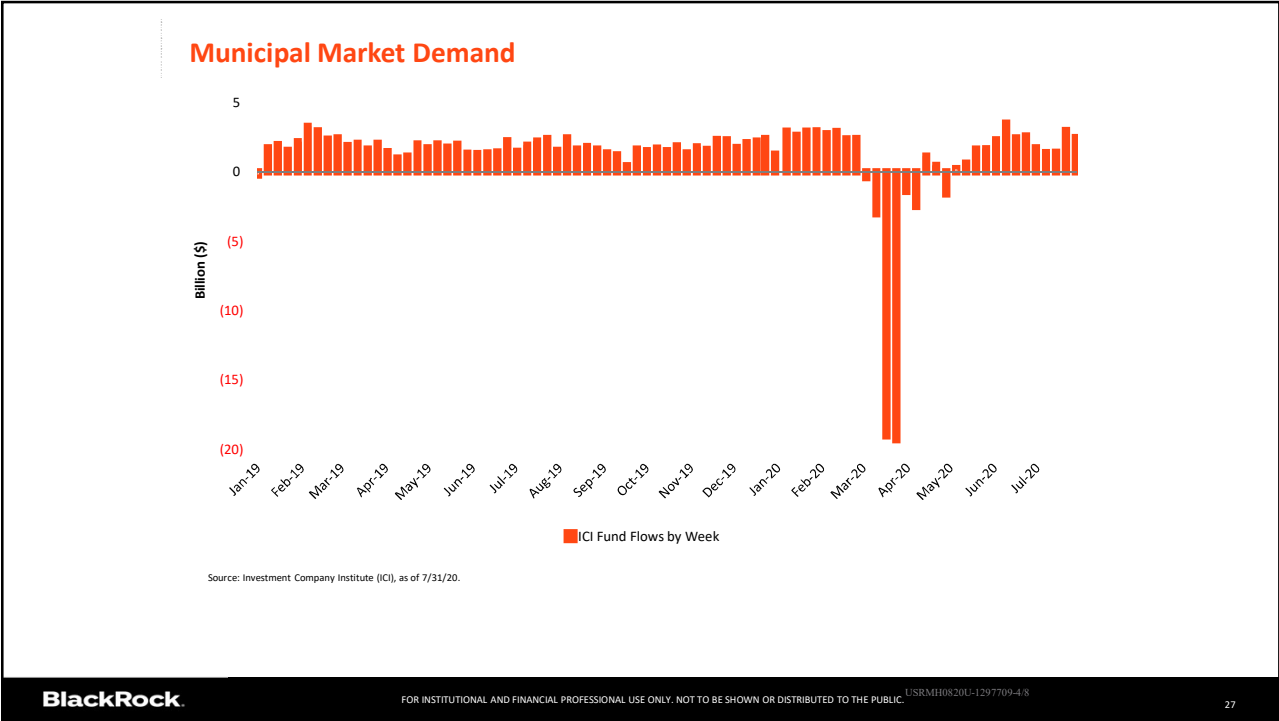
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**BlackRock**

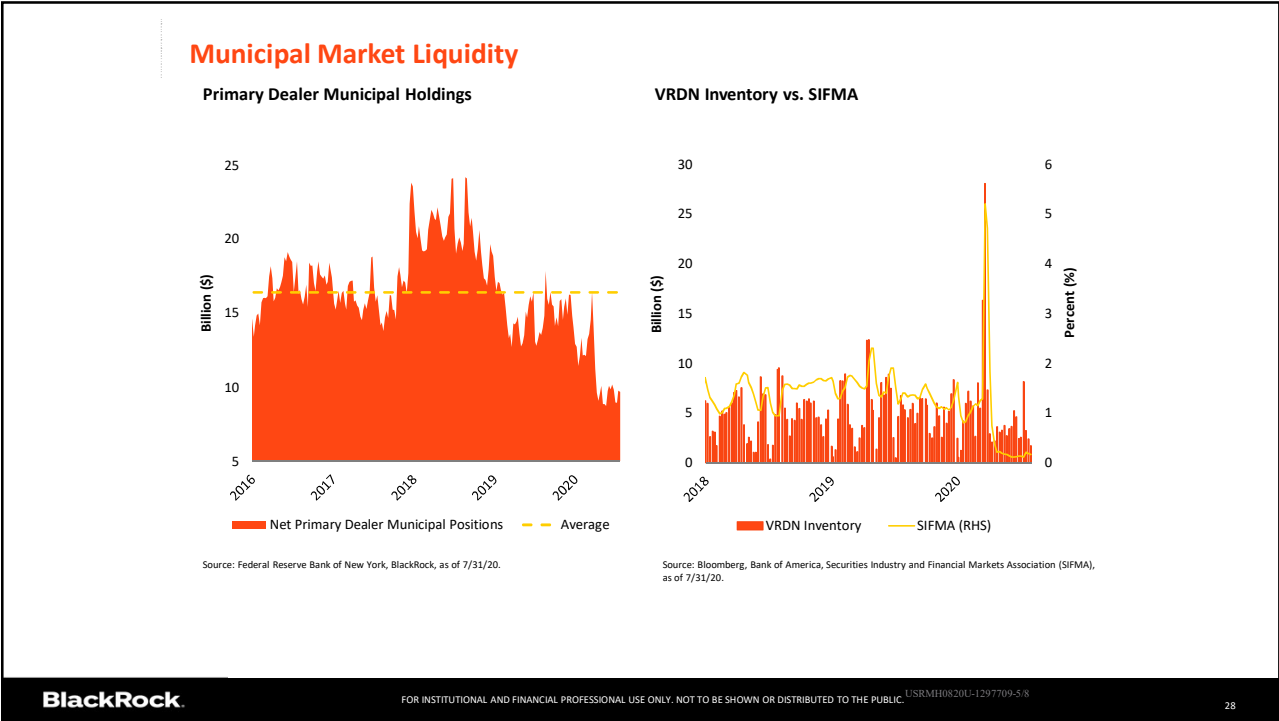
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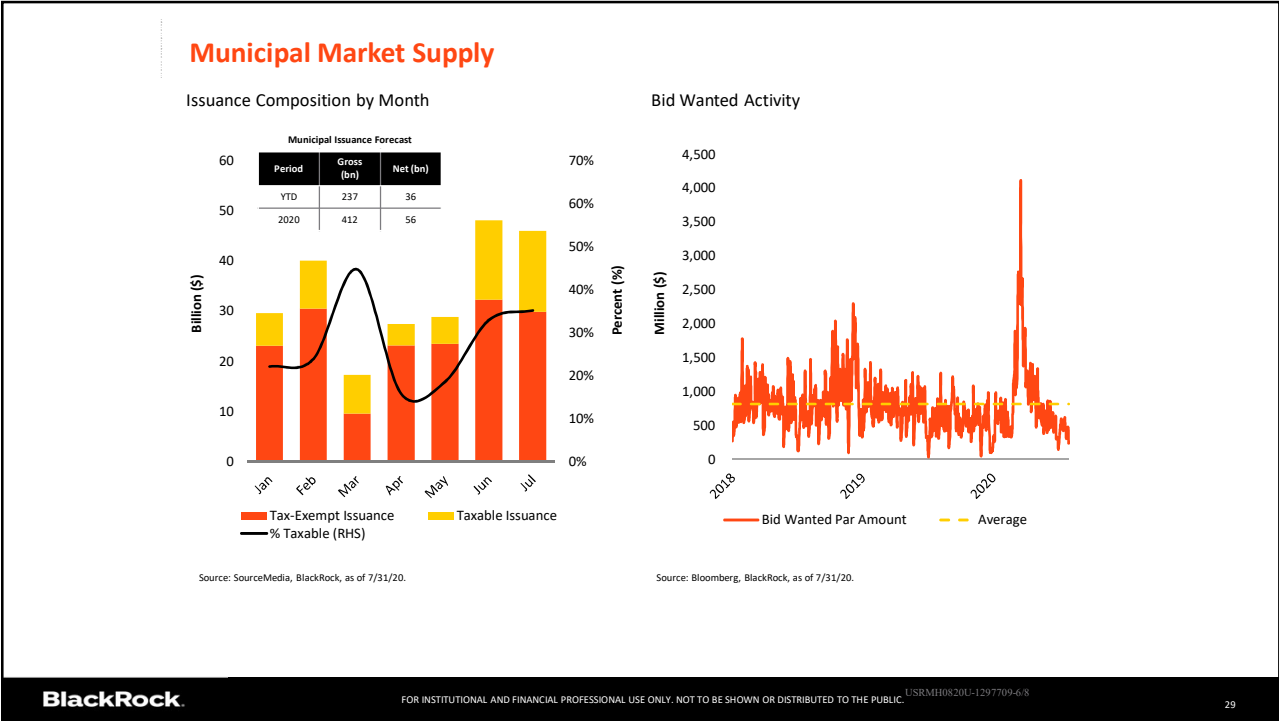
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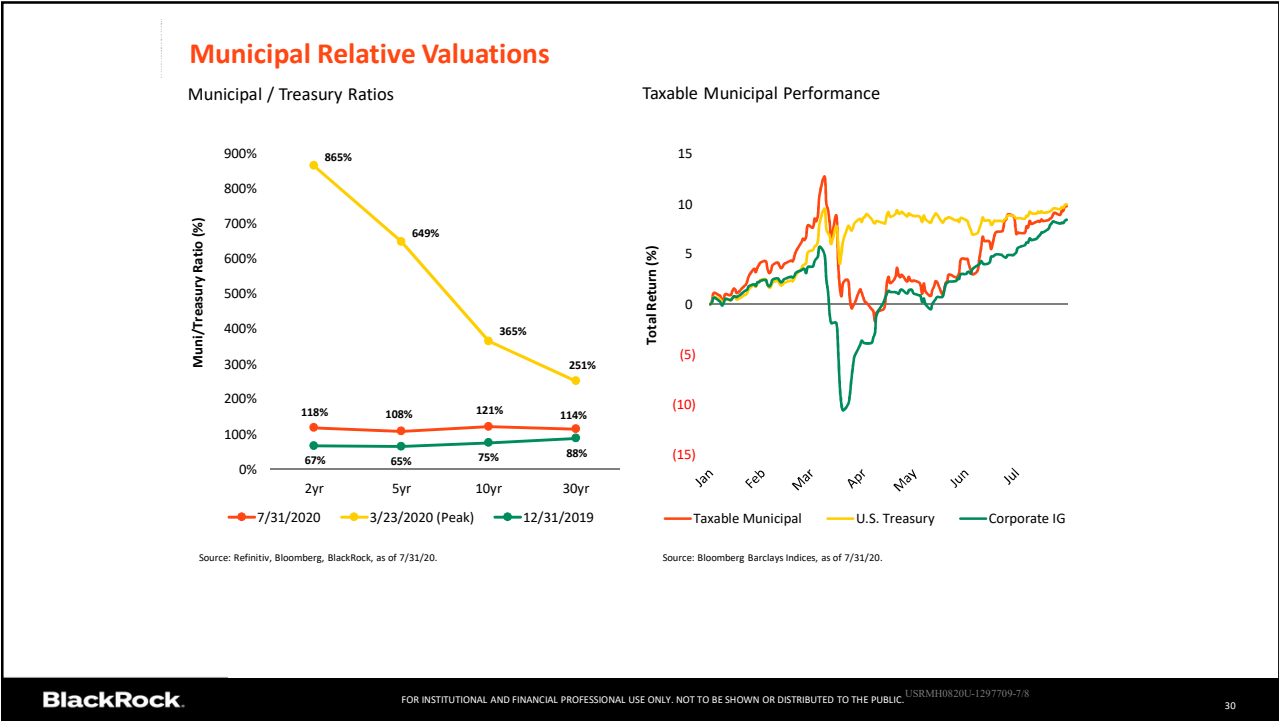
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### Principal Risks

Bond prices fluctuate in value and could result in loss.

Typically, when interest rates rise, there is a corresponding decline in the market value of bonds.

Credit risk refers to the possibility that the issuer of the bond will not be able to make principal and interest payments.

Investments may be subject to the Federal Alternative Minimum Tax.

Distributions of capital gains are generally taxable. There may be less information available on the financial condition of issuers of municipal securities than for public corporations.

Investments using derivatives, such as futures, options, swaps, or tender-option bonds, to hedge its investments or to seek to enhance returns. Investing in derivatives entails specific risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility.

The market for municipal bonds may be less liquid than for taxable bonds. Some transactions may give rise to a form of leverage. These transactions may expose the funds to greater risk and increase their costs.

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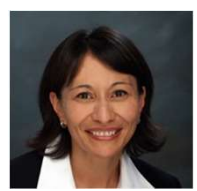
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## Ask the Experts



**Angela Bricmont**  
Denver Water



**Ted Chapman**  
S&P Global Ratings



**Steven Lewis**  
BlackRock

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- **August 21**
- **FREE WEBINAR DISCUSSION: LEGAL ISSUES SURROUNDING THE RETURN OF WORKERS AND CONTRACTORS POST-QUARANTINE: WHAT WATER UTILITIES AND THE SECTOR NEED TO KNOW NOW**
- **11:00 AM – 11:45 AM (Mountain)**

View the full 2020 schedule at [awwa.org/webinars](https://awwa.org/webinars)

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## Thank you for Joining Today's Webinar

- As part of your registration, you are entitled to an additional 30-day archive access of today's program.
- Until next time, keep the water safe and secure.

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## Presenter Biography Information

- Angela Bricmont is the CFO for Denver Water, responsible for accounting, budgeting, rate setting, treasury, purchasing and records management. Prior to Denver Water, she spent 10 years as a consultant, assisting public utilities across the U.S. with long-range financial planning. She has also worked in the telecommunications field developing rates under a regulatory process with state commissions and the FCC. She has a bachelor's degree in Finance and an MBA from the University of Denver, Daniels College of Business
- Ted Chapman is a Senior Director, Municipal and Cooperative Utility Group of S&P Global's U.S. Public Finance Infrastructure Group. He is part of the team that specializes in utilities, including municipal water and sewer systems, public power, rural electric cooperatives, stormwater, natural gas and telecommunications systems. Ted has also been the lead credit analyst for U.S. territories and commonwealths, governmental-related entities, and local general governments across the United States. Before joining S&P Global, he served as the budget officer for the City of El Paso. Ted has a Bachelor of Arts degree in political science from the University of Arizona and a Master of Public Administration degree from the University of Texas at El Paso.
- Steven Lewis is a Director for BlackRock, Inc., and a member of the firm's Municipal Bond team within BlackRock's Global Fixed Income group. He serves as a Credit Research Analyst focusing on essential service sectors including water utilities. Prior to joining the credit research team, Steven served for 20 years as a portfolio manager on BlackRock's municipal money market desk. Steven's service with the firm dates to 1988, including his years with Merrill Lynch Investment Managers (MLIM), which merged with BlackRock in 2006. Steven is a CFA charter holder and graduate of Union College (NY).

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