Aquarion Water Authority
835 Main Street, Bridgeport, CT 06604
or
***Dial in by phone**
+1 469-965-2517,,467683728# United States, Northlake
Phone conference ID: 467 683 728#

AGENDA

Special Meeting of Thursday, September 24, 2026
(Meeting will commence upon adjournment of the South Central Connecticut Regional Water Authority meeting)

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1. Call to order

   1.1 Safety Moment

2. Public Comment: The time limit granted to each speaker shall be three (3) minutes. Residents and customers may address the Board.

3. Consent Agenda

   3.1 Approve minutes – July 23, 2026 special meeting and August 27, 2026 special meeting

4. Consider and act on adoption of Cost Allocation Policy

5. Consider and act on adoption of Conflict of Interest Policy

6. Consider and act on adoption of Strategic Plan

7. Finance: R. Kowalski/D. Szabo

   7.1 Monthly Financial Report – August 2026

8. Business Updates: President's Report - L. Teixeira

   8.1 AWA Transition Plan: L. Teixeira - *Upon 2/3 vote, convene in possible executive session pursuant to C.G.S. Section 1-200(6)(E) to discuss matters covered by Section 1-210(b)(5)(A)(B), pertaining to trade secrets and commercial and financial information.*

   8.2 Update on status of AWA Representative Policy Board Appointments

*Members of the public may attend the meeting in person or by conference call. To view the meeting documents, please visit www.aquarionwater.com/meetings. For questions, contact the board office at 203-401-2515 or by email at jslubowski@rwater.com.

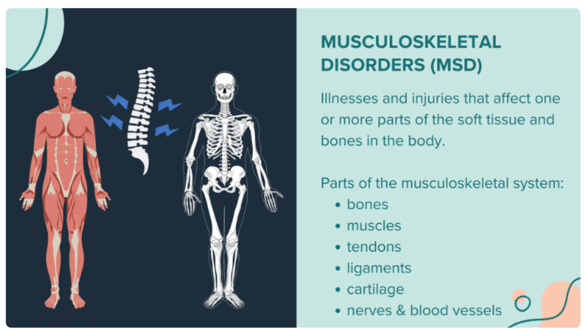
Musculoskeletal Disorders and How to Prevent Them!

Susan Ferrand
Safety Manager

1 min read

Musculoskeletal Disorders (MSDs)

- MSDs consist of conditions that can affect the bones, joints, ligaments, muscles, nerves, and tendons.
- MSDs have accounted for nearly 30% of all days away from work in the U.S. private sector.
- Warming up prior to work and focusing on proper lifting techniques are critical to assisting in the prevention of MSD



Benefits of Warming up:

- Injury prevention-helps prevent muscle tears and soft tissue injuries.
- Improves flexibility and range of motion-bend, reach, and lift more effectively, reducing strain on the back and joints.
- Long term health-maintains joint mobility and reduced MSDs to the shoulders, back and knees.
- Mental readiness-improves coordination and focus on safety, reducing the chance of accidents.
- Reduces fatigue and soreness-increases blood circulation, delivering oxygen and nutrients to muscles.

Proper Lifting Techniques

- Avoid excessive force and repetition-use mechanical aides when possible and rotate job tasks.
- Lifting & Handling-bend at knees and hips, not the back. Avoid twisting; move feet to turn.
- Two-person lifts-heavy and/or awkward loads are to be handled with two people or mechanical means.
- Work in the Power Zone-handle loads close to the body, between mid-thigh and mid-chest, to reduce back strain.

Reminder to reach out to Ed Gilberti, our Fit For Work provider, for FREE onsite wellness and care!

How to utilize services:
Ask a supervisor
E-mail Ed
Scan QR code and use your site code

Company Code:
aquarion

egilberti@wellworkforce.com

STOP. LOOK. THINK 360°.

Aquarion Water Authority

July 23, 2026

Special Meeting

Minutes

The special meeting of the Aquarion Water Authority ("AWA") took place on Thursday, July 23, 2026, at Aquarion Water Authority, 835 Main Street, Bridgeport, Connecticut, and via remote access. Chair Borowy presided.

Present: **AWA** – Messrs. Borowy, Cort, Curseaden and Ricozzi, and Ms. LaMarr and Sack(R)
AWA Management – Mss. Teixeira, Szabo, and Kirven, and Messrs. Ulrich, Lachance, and Walsh
RWA Management – Messrs. Lakshminarayanan, Hill, and Singh, and Mss. Kowalski and Calo
JASSA Professional Services, LLC – Dr. Whiskeyman(R)
Staff – Ms. Slubowski(R)

1. CALL TO ORDER

Chair Borowy called the meeting to order at 12:30 p.m.

1.1 SAFETY MOMENT

He reviewed the Safety Moment distributed to members.

2. PUBLIC COMMENT

Chair Borowy offered the opportunity for members of the public to comment. There were no members of the public present.

3. FINANCE

3.1 PUBLIC BID EXEMPTIONS

Ms. Kirven, Vice President of Finance, reported on four (4) requested exemptions from public bidding primarily related to cybersecurity, technology, and availability/flexibility. It was noted that exemptions from public bidding do eliminate the need for negotiations and/or quotes, as appropriate.

After discussion, on motion made by Mr. Ricozzi and seconded by Ms. LaMarr, the AWA voted to approve all four public bid exemptions for the reasons stated in Ms. Teixeira's memo, dated July 23, 2023.

Borowy	Aye
Cort	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

3.2 REVIEW FINANCIAL AND OPERATING REPORTS
3.3 AWA CLOSING/PRICING UDPATE

4. BUSINESS UPDATES
4.1 AWA TRANSITION PLAN

At 12:37 p.m., on motion made by Ms. LaMarr and seconded by Mr. Cort, the AWA voted unanimously to convene in executive session to discuss items 3.2, 3.3, and 4.1, pursuant to C.G.S. Section 1-200(6)(E) to discuss matters covered by Section 1-210(b)(5)(A)(B), pertaining to commercial and financial information. Present in executive session were AWA members, Messrs. Lakshminarayanan, Hill, Singh, Ulrich, Lachance, and Walsh, Dr. Whiskeyman, and Mss. Teixeira, Kowalski, Szabo, Kirven, Calo, and Slubowski.

Borowy	Aye
Cort	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

At 1:31 p.m., the AWA came out of executive session. No votes were taken in, or as a result of executive session.

4.2 STRATEGIC COMMUNICATION AND STAKEHOLDER ENGAGEMENT PLAN

A handout was distributed for AWA member review. No discussion ensued.

At 1:36 p.m., on motion made by Ms. LaMarr and seconded by Mr. Ricozzi, the AWA voted to adjourn the meeting.

Borowy	Aye
Cort	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

Catherine E. LaMarr, Secretary

(R) = Attended remotely.

Aquarion Water Authority

August 27, 2026

Special Meeting

Minutes

The special meeting of the Aquarion Water Authority ("AWA") took place on Thursday, August 27, 2026, at the South Central Connecticut Regional Water Authority ("RWA"), 90 Sargent Drive, New Haven, Connecticut, and via remote access. Chair Borowy presided.

Present: **AWA** – Messrs. Borowy, Cort, Curseaden and Ricozzi(R), and Ms. LaMarr and Sack(R)
AWA Management – Mss. Teixeira, Kowalski, Szabo, and Messrs. LaChance, Lawrence, and Ulrich
RWA – Mr. Lakshminarayanan
JASSA Professional Services, LLC – Dr. Whiskeyman
Staff – Ms. Slubowski(R)

1. CALL TO ORDER

Chair Borowy called the meeting to order at 12:30 p.m.

1.1 SAFETY MOMENT

He reviewed the Safety Moment distributed to members.

2. PUBLIC COMMENT

Chair Borowy offered the opportunity for members of the public to comment. There were two members of the public present, one of whom identified himself as Mike Paulhus, recently appointed to the Aquarion Water Authority Representative Policy Board, as its Plainville representative. Mr. Paulhus did not offer further comment at this time.

3. CONSENT AGENDA

It was the consensus of the Authority to postpone the vote for the July 23, 2026 special meeting minutes for further review. The minutes will be added to next month's consent calendar.

4. FINANCE

4.1 CONSIDER AND ACT ON AWA DWSRF FINANCING RESOLUTIONS

Ms. Kowalski, the AWA's Chief Financial Officer and Ms. Szabo's, AWA's Vice President of Finance reported on the Drinking Water State Revolving Fund resolutions requesting board approval to authorize the AWA to move forward with the process of the loan and subsidy agreement for the Lead and PFAS projects. The RPB resolutions would then be forwarded to the AWA Representative Policy Board ("AWA RPB") for approval at its first meeting.

After discussion, Mr. Ricozzi moved for approval of the following resolutions:

1. *Lead Projects Resolutions*:

WHEREAS, Section 55 of Special Act 77-98, as amended (the "Act") provides, in pertinent part, that the Aquarion Water Authority (the "AWA") has the power to issue its bonds, subject to the approval of the Representative Policy Board (the "RPB") and that such bonds shall thereafter be authorized by a resolution of the AWA which shall provide for the terms and conditions of the bonds; and

WHEREAS, the AWA is authorized pursuant to the Water System Revenue Bond Resolution, General Bond Resolution, adopted April 24, 2025 by the AWA, as may be amended and supplemented from time to time (the "General Bond Resolution"), to issue bonds of the AWA from time to time; and

WHEREAS, the AWA wishes to establish the general terms of the AWA's bonds, which may be issued in one or more series, in the aggregate principal amount not to exceed $12,175,000 to finance or refinance the costs of several Lead Line Replacement projects.

NOW THEREFORE BE IT:

RESOLVED: that the AWA, hereby establishes the general terms of the AWA's bonds which may be issued as Project Loan Obligations delivered to the State of Connecticut (the "Bonds") and which are to be issued under its General Bond Resolution, the General Statutes of Connecticut or any other law thereto enabling.

1. The Bonds shall not exceed an aggregate of $12,175,000 to finance the projects in the maximum amounts as set forth in item 3 below or so much as may be necessary after deducting grants or other sources of funds available for such projects.

2. The Bonds may be issued as obligations in one or more series pursuant to the General Bond Resolution and a supplemental resolution to be adopted by the AWA for each series of Bonds, each of which shall specify the amount of the Bonds, the purposes for which the Bonds are to be issued, the date or dates, maturities, sinking fund installments if any, interest rates, series, denominations, form, redemption prices, security provisions, whether bonds are taxable or tax exempt and such other details of the Bonds as the AWA shall determine in accordance with the limits established by the General Bond Resolution and hereby.

3. The purposes of the Bonds shall be to finance or refinance the cost of (i) (a) Phase II of the lead service line inventory and the creation of a lead replacement plan and lead service line replacement standard operating procedures and documentation in the maximum amount of $8,650,000; (b) Phase II of the replacement of known lead or galvanized requiring replacement service lines in service areas including 172 lines in Bridgeport, Stratford, Fairfield, Trumbull and Shelton in the maximum amount of $2,700,000; (c) the development of service line material inventories for the Torrington Water System in the maximum amount of $825,000 (ii) funds for deposit to reserve funds, as necessary for each project as set forth above in item (i) in accordance with the General Bond Resolution and as permitted by the Internal Revenue Code of 1986 and (iv) costs of issuance of each series of the Bonds (collectively, the "Project").

4. The Bonds may be sold by a competitive bid or by negotiation as serial or term bonds with stated maturities and may be sold in a private or direct placement.

5. The AWA reasonably expects to incur expenditures (the "Expenditures") in connection with the Project of which general functional descriptions are set forth above. The AWA reasonably expects to reimburse itself for the cost of Expenditures with respect to the Project with the proceeds of tax-exempt debt within eighteen (18) months after the date of any Expenditure or the date the Project is placed in service or abandoned, whichever is later. The maximum principal amount of such debt with respect to the Project is not expected to exceed the amount as set forth in this resolution.

FURTHER RESOLVED that, the form of this resolution entitled "Resolution Approving the Proposed Issuance of Bonds for Lead Line Replacement Projects" a copy of which shall be filed with the records of the AWA, shall be submitted to the RPB for its approval in accordance with Section 55 of the Act

FURTHER RESOLVED that:

1. Temporary notes of the AWA which may be issued as Interim Funding Obligations delivered to the State of Connecticut may be issued by the AWA in the aggregate amount not to exceed $12,175,000 but only in the maximum amounts to finance the projects as set forth in Section 3 (i) above, in anticipation of the receipt of the proceeds from the sale of the Bonds.

2. The Chief Executive Officer, the President and the Chief Financial Officer, or any one of them, may apply to the State Department of Public Health for eligibility and funding of the Project or any part of the Project and sign such application and any other documents which may be necessary or desirable to apply for eligibility of and to apply for and obtain financial assistance for the Project or any part of the Project from the State's Drinking Water Fund Program and that any such action taken prior hereto is hereby ratified and confirmed.

3. *PFAS Projects Resolutions*:

WHEREAS, Section 55 of Special Act 77-98, as amended (the "Act") provides, in pertinent part, that the Aquarion Water Authority (the "AWA") has the power to issue its bonds, subject to the approval of the Representative Policy Board (the "RPB") and that such bonds shall thereafter be authorized by a resolution of the AWA which shall provide for the terms and conditions of the bonds; and

WHEREAS, the AWA is authorized pursuant to the Water System Revenue Bond Resolution, General Bond Resolution, adopted April 24, 2025 by the AWA, as may be amended and supplemented from time to time (the "General Bond Resolution"), to issue bonds of the AWA from time to time; and

WHEREAS, the AWA wishes to establish the general terms of the AWA's bonds, which may be issued in one or more series, in the aggregate principal amount not to exceed $12,535,000 to finance or refinance the costs of several PFAS treatment projects.

NOW THEREFORE BE IT:

RESOLVED: that the AWA, hereby establishes the general terms of the AWA's bonds which may be issued as Project Loan Obligations delivered to the State of Connecticut (the "Bonds") and which are to be issued under its General Bond Resolution, the General Statutes of Connecticut or any other law thereto enabling.

1. The Bonds shall not exceed an aggregate of $12,535,000 to finance the projects in the maximum amounts as set forth in item 3 below or so much as may be necessary after deducting grants or other sources of funds available for such projects.

2. The Bonds may be issued as obligations in one or more series pursuant to the General Bond Resolution and a supplemental resolution to be adopted by the AWA for each series of Bonds, each of which shall specify the amount of the Bonds, the purposes for which the Bonds are to be issued, the date or dates, maturities, sinking fund installments if any, interest rates, series, denominations, form, redemption prices, security provisions, whether bonds are taxable or tax exempt and such other details of the Bonds as the AWA shall determine in accordance with the limits established by the General Bond Resolution and hereby.

3. The purposes of the Bonds shall be to finance or refinance the cost of (i) (a) a new treatment and storage facility at the Woodbury Wells Numbers 2 and 3 site, including site and safety improvements and demolition of the existing treatment and control buildings in the maximum amount of $4,300,000; (b) an Ion Exchange (IX) treatment system for PFAS at the Brook Acres Well Station located in the New Milford Regional System, including site and safety improvements and demolition of the existing treatment and control buildings in the maximum amount of $1,725,000; (c) a new treatment building at the Indian Fields well site, including site and safety improvements in the maximum amount of $2,125,000; (d) water main installation from the Indian Spring System to the Cedar Heights Water Level in the New Milford Regional System, including miscellaneous appurtenant work at the Indian Spring Booster Station and the Cedar Heights Booster Station in the maximum amount of $1,800,000; (e) a new treatment building at the Judea Depot wellfield, including new booster pumps and tanks, in the maximum amount of $1,300,000; (f) addition of PFAS treatment at the Gillotti Wellfield located in the Ball Pond System in the maximum amount of $1,285,000; (ii) funds for deposit to reserve funds, as necessary for each project as set forth above in item (i) in accordance with the General Bond Resolution and as permitted by the Internal Revenue Code of 1986 and (iv) costs of issuance of each series of the Bonds (collectively, the "Project").

4. The Bonds may be sold by a competitive bid or by negotiation as serial or term bonds with stated maturities and may be sold in a private or direct placement.

5. The AWA reasonably expects to incur expenditures (the "Expenditures") in connection with the Project of which general functional descriptions are set forth above. The AWA reasonably expects to reimburse itself for the cost of Expenditures with respect to the Project with the proceeds of tax-exempt debt within eighteen (18) months after the date of any Expenditure or the date the Project is placed in service or abandoned, whichever is later. The maximum principal amount of such debt with respect to the Project is not expected to exceed the amount as set forth in this resolution.

FURTHER RESOLVED that, the form of this resolution entitled "Resolution Approving the Proposed Issuance of Bonds for PFAS Treatment Projects" a copy of which shall be filed with the records of the AWA, shall be submitted to the RPB for its approval in accordance with Section 55 of the Act.

FURTHER RESOLVED that:

1. Temporary notes of the AWA which may be issued as Interim Funding Obligations delivered to the State of Connecticut may be issued by the AWA in the aggregate amount not to exceed $12,535,000 but only in the maximum amounts to finance the projects as set forth in Section 3 (i) above, in anticipation of the receipt of the proceeds from the sale of the Bonds.

2. The Chief Executive Officer, the President and the Chief Financial Officer, or any one of them, may apply to the State Department of Public Health for eligibility and funding of the Project or any part of the Project and sign such application and any other documents which may be necessary or desirable to apply for eligibility of and to apply for and obtain financial assistance for the Project or any part of the Project from the State's Drinking Water Fund Program and that any such action taken prior hereto is hereby ratified and confirmed.

Board members discussed the Lead Replacement Program, which consists of 3 projects and the PFAS projects that consists of 6 projects; five of which are treatment related.

Ms. LaMarr seconded the motion. The Chair called for the vote and the resolutions were unanimously approved.

Borowy	Aye
Cort	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

4.2 2027 OPERATING AND CAPITAL BUDGET MEETING SCHEDULE

Ms. Szabo, the AWA's Vice President of Finance reviewed with the board, the calendar 2027 budget schedule. Ms. Szabo reported that a copy of the capital and operating budget would be distributed to the board for review on October 12, 2026 After discussion, the AWA set a special meeting date for Tuesday, October 27, 2026 at 1:00 p.m. at the AWA office, 835 Main Street, Bridgeport, Connecticut.

Mr. Ricozzi requested a copy of AWA's current budgets, including summary information and available details.

4.3 REVIEW FINANCIAL REPORT – JULY 2026

Ms. Szabo reviewed the July 2026 AWA Financial Report, which included a review of the monthly scorecard, income statement, and balance sheet highlights.

Board members discussed customer complaints and water quality, ratings and rankings, year-to-date performance, AWA and RWA consistencies, and utility costs.

5. BUSINESS UPDATES

5.1 AWA TRANSITION PLAN & President's Report

Ms. Teixeira provided highlights of July activities and Mr. LaChance provided a brief update on activities related to the transition of the AWA model, which included:

- Updating the SAP system for financial reporting under an authority model
- Preparing for RPB meeting in September – currently 21 towns having appointed representatives with a total of 39 votes
- Capital Program status
- Call answer speed
- Volunteer outreach
- Weather update/rainfall and reservoir levels
- Non-revenue water
- Other operational data including field activity, targets, lead & copper, and PFAS

Priority items in July included meetings with Attorney Donofrio, Office of Consumer Affairs, and cybersecurity protocols.

Ms. Teixeira communicated that she would continue to provide monthly updates.

Discussion took place regarding Freedom of Information Compliance, employee training, corporate communications, IT/cybersecurity briefings, and protections.

5.2 UPDATE ON STATUS OF AWA REPRESENTATIVE POLICY BOARD

An update was provided as part of the transition plan as noted above.

At 1:12 p.m., Mr. Paulhus withdrew from the meeting and on motion made by Ms. LaMarr and seconded by Mr. Cort, the AWA voted unanimously to convene in executive session pursuant to C.G.S.

Section 1-200(6)(E) to discuss matters covered by Section 1-210(b)(5)(A)(B), pertaining to trade secrets and commercial and financial information. Present in executive session were AWA members, Mss. Kowalski, Teixeira, Szabo and Slubowski, and Messrs. Lakshminarayanan, LaChance, Lawrence, and Ulrich, and Dr. Whiskeyman.

Borowy	Aye
Cort	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

At 1:16 p.m., the AWA came out of executive session. No votes were taken in, or as a result of executive session. On motion made by Ms. LaMarr and seconded by Mr. Ricozzi, the AWA voted unanimously to adjourn the meeting.

Catherine E. LaMarr, Secretary

(R) = Attended remotely.

Cost Allocation Framework for RWA and AWA

The allocation of corporate, administrative, and shared service costs between **Regional Water Authority (RWA)** and **Aquarion Water Authority (AWA)** is governed by this Cost Allocation Framework.

Core Allocation Factors

The Cost Allocation Framework mandates that expenses must be directly assigned whenever possible. When costs cannot be directly charged, the allocation factor can be applied using one of three primary formulas:

- **The Customer Factor:** Used for billing, customer service center operations, and communications, governmental affairs, insurance and risk management, IT, Engineering, regulatory oversight expenses, or other similar expenses. Costs are distributed based on the percentage of active customer accounts a service company holds relative to the total joint public entity system.
- **The Employee Factor:** Applied to Human Resources, safety management, payroll, benefits, internal training, or other similar expenses. Costs are allocated based on a service company's share of total full-time equivalent employees.
- **The Two-Factor Formula:** Used for broad corporate governance and shared executive (CEO, CFO) expenses between the two sister utilities. This formula averages two metrics: number of customers and revenues. The allocation percentages should be calculated during the fiscal year budget preparation cycle using the previous fiscal year's financial and operational data. The accounting departments at RWA and AWA will maintain detailed records documenting the annual calculation, including customer and employee counts.

Cost-Charging Categories

To prevent utility customers from subsidizing market-based or non-regulated segments, cost allocations fall into three tiers:

1. **Direct Charging:** Direct labor hours, dedicated equipment, and specific regulatory legal filings are billed straight to each authority. Appropriate overheads will also follow the direct charges (payroll and general overhead allocation).
2. **Indirect Shared Allocations:** Shared corporate enterprise software licenses, and engineering services are pooled and distributed based on the Customer allocation factors above.
3. **Non-Allowable Costs:** Costs related to joint public authority business development are tracked in isolated accounts (New Development Account/Growth Fund) and cannot be allocated to the service companies.

Auditing & Oversight

Because transactions occur between RWA and AWA, cost allocation policies are subject to scrutiny. An external legal or audit firm will conduct annual review audits of the Cost Allocation Framework to ensure ongoing compliance. These audits verify that the service company does not cross-subsidize lines of business and that all shared charges are passed through at a strict at-cost basis with zero profit markup.

The allocation percentages should be calculated during the fiscal year budget preparation cycle using the previous fiscal year's financial and operational data. The accounting departments at RWA and AWA will maintain detailed records documenting the annual calculation, including customer and employee count.

Allocable costs and expenses shall be charged to a specific account at each authority and billed at least quarterly. The billing statement shall include a detailed accounting of the costs to support auditing and transparency in compliance with this policy.

Wholesale Water & Lab Services

Structuring wholesale water and lab services contracts between RWA and AWA requires a formal document called an Intercompany Service Contract. An Intercompany Service Contract governs wholesale water and lab services between the sister utilities. It also establishes a legal firewall to protect customer interests, satisfy regulatory requirements, and mandate adherence to competitive procurement guidelines that ensure lowest-cost benefits.

The wholesale water arrangement will continue as a price based arrangement and will be subject to the cost of service development and associated updates, consistent with other wholesale customers. This is due to the cost and the revenues already being reflected in AWA's and RWA's cost and revenue structures, as applicable.

The current lab agreement remains in effect until its expiration date. Prior to it expiring, a determination will be made on the forward-looking approach (e.g. cost-based and/or price-based options). This does not preclude AWA from competitively bidding lab services.

Example Applications

1. Direct Charging

- **The Scenario:** RWA tests water samples or provides wholesale water to AWA.
- **Cost Policy:** Staff hours and direct equipment use required for the project with staff time being logged via specific labor codes and billed to AWA or RWA, as applicable. Applicable overheads are applied to staff time; however, there is no profit margin applied. Direct equipment used will be charged based either on the already developed usage costs factors or as part of the overheads.

2. Indirect Shared Allocations

- **The Scenario:** A new system software system being used by both RWA and AWA.
- **Cost Policy:** Because the software cannot be traced to one specific entity, the cost is pooled and allocated to RWA and AWA using the applicable referenced above.

3. Non-Allowable Costs

- **The Scenario:** Executives/staff attend conferences, pursue public entity business development opportunities, and potential new wholesale or laboratory clients.
- **Cost Policy:** Business development expenses are segregated into isolated accounts (New Development Account/Growth Fund). They cannot be allocated to RWA or AWA service companies.

CONFLICT OF INTEREST POLICY OF THE AUTHORITY BOARD OF THE AQUARION WATER AUTHORITY AND THE SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY

Effective: ____________

Article I: Purpose

The Aquarion Water Authority ("**AWA**") and the South Central Connecticut Regional Water Authority ("**RWA**") (each, also referred to as the "**Water Authority**" and collectively, as the "**Water Authorities**") are committed to lawful and ethical behavior in their operations and affairs. The purpose of this Conflict of Interest Policy ("**Policy**") is to protect the integrity and independence of the decision-making processes of the eleven-member Authority Board ("**Authority Board**"), and to promote fairness, transparency and confidence in the actions of the Authority Board where actual or potential conflicts of interest may arise and thereby safeguard the interests of the Water Authorities and preserve public trust. The proper operation of the AWA and the RWA requires that all members of the Authority Board (each a "**Member**") strive to act in the best interests of each Water Authority, and without favoring one Water Authority over the other. More specifically, this Policy informs the Members about what constitutes a conflict of interest, assists the Authority Board identify actual and potential conflicts, and provides a mechanism for addressing conflicts of interest where applicable.

All Members should be provided with this Policy upon appointment and be required to annually acknowledge that they have read, understand and are in compliance with the terms of this Policy.

This Policy is intended to supplement but not replace or supersede any applicable State of Connecticut and federal laws governing conflicts of interest applicable to a public corporation and political subdivision of the State of Connecticut. This Policy shall only apply to matters or transactions that are considered and voted on by the Authority Board. This Policy does not apply to potential conflicts arising from an individual Member's personal or pecuniary interests, but conflicts resulting from instances where Members' fiduciary duties to the Water Authorities may be or appear to be compromised due to the nature of the transaction or circumstances. Lastly, this Policy does not apply to matters or transactions independently and separately considered by each Representative Policy Board ("**RPB**") of the Water Authorities.

Article II: Definitions

1. "**Conflict of Interest**" is defined as a situation in which Members' duty to act in the best interests of one of the Water Authorities may be, or may reasonably appear to be, compromised or influenced by the Members' obligations to the other Water Authority due to the nature of the transaction or situation. Circumstances that might present a Conflict of Interest include but are not limited to Divergent Interests

Transactions and transactions involving an entity for which one of the Water Authorities has a Financial Interest.

2. "**Divergent Interests Transactions**" mean transactions where the Water Authorities have divergent, competing or potentially adversarial interests or transactions where the Water Authorities have different economic or operational interests.

3. A "**Financial Interest**" means a direct or indirect, through business, investment, or other circumstances, ownership, compensation or other pecuniary interest in any entity in which the Water Authority has or is negotiating a transaction or arrangement or is a competitor or potential competitor of the Water Authority.

Article III: Fiduciary Duties to the Water Authorities

1. Fiduciary Duty. The Members shall support and advance the best interests of the Water Authorities, recognizing that the Authority Board has a fiduciary duty to both Water Authorities. In their capacity as Members, each Member shall avoid taking any action on any matter or transaction involving a Conflict of Interest except as stipulated in this Policy.

Article IV: Identifying Divergent Interests Transactions

For each transaction involving, directly or indirectly, both Water Authorities, the Authority Board shall:

1. Transaction Terms. Identify all the parties, the nature of the transaction, the economic terms and any known ownership, management, contractual, or financial relationships between the parties.

2. Divergent Interests Indicators. Based on the transaction terms, evaluate whether the terms present one or more of the following indicators:

A. The transaction may cause one Water Authority to favor its own interests over the interests of the other Water Authority, including its customers.

B. The transaction is only between the Water Authorities, including their affiliated business entities, and it is an opposite-side transactions, including but not limited to buyer-seller and customer-service provider type transactions.

C. The transaction terms differ materially from market, competitive, customary or arm's-length terms.

D. The transaction involves shared vendors, joint ventures, management agreements, lease agreements or use of the assets of one of the Water Authorities by the other.

E. The transaction is of the nature where the Water Authorities are competing against each other, *e.g.*, for contracts, business opportunities, strategic opportunities, etc.

F. The transaction may allocate benefits, excluding profits, disproportionately between the Water Authorities.

G. The transaction creates obligations for one Water Authority that may not align with the interests of the other Water Authority.

3. Determination and Disclosure. If during a meeting of the Authority Board, the Authority Board determines by a majority of vote that the transaction presents one or more of the indicators listed in Article IV, Section 2, then the transaction shall be deemed a Divergent Interests Transaction.

4. Rebuttable Presumption of Conflict of Interest. For purposes of this Policy, there is a rebuttable presumption that when the Water Authorities engage in a Divergent Interests Transaction that materially impacts one or both Water Authorities, a Conflict of Interest will be created. Notwithstanding the foregoing, transactions that will be unequally funded by both Water Authorities (*e.g.*, one Water Authority pays more than 50% of the costs) or where profits or costs will be unequally divided or prorated among the Water Authorities, are not presumed to be Conflict of Interests and are managed by means of the Cost Allocation Policy.

Article V: Addressing a Conflict of Interest

1. Procedures in Event of a Conflict of Interest. If the business matter is of the type listed under Article V, Section 2, the following procedures shall be followed:

A. The Authority Board shall convene two separate sessions for deliberations and voting on the business matter to protect fairness - one for Members appointed by the RWA RPB only and the other for Members appointed by the AWA RPB only. For purposes of these separate sessions, Members appointed by the RWA RPB shall recuse from participating in discussions or voting at the session held for Members appointed by the AWA RPB, and vice-versa.

B. During each session, Members shall deliberate and decide for each Water Authority by a majority vote whether, notwithstanding the Conflict of Interest, the transaction, arrangement or business matter is in their respective Water Authority's best interest and whether the transaction, arrangement or business matter is fair and reasonable to their Water Authority such that it would constitute an "arms-length" transaction.

C. Upon an affirmative vote held at each session, the business matter shall be scheduled for consideration and voting by the full Authority Board at the next Authority Board meeting. The Authority Board may convene additional subsequent and separate sessions for deliberations and voting until the requisite affirmative vote has been obtained.

Article VI: Recordkeeping

The minutes of any meeting of the Authority Board, the AWA RPB and the RWA RPB, during which a potential conflict or Conflict of Interest was discussed, including the evaluation of potential Divergent Interests Transactions, shall be maintained. These records shall contain the nature of the conflict or transaction discussed, a summary of the discussion evaluating the Potential Conflict, Conflict of Interest, or the potential Divergent Interests Transaction, the names of the persons who were present for discussions and votes, as applicable, a summary of the decision and actions taken, if any, by the, Authority Board, the AWA RPB and the RWA RPB, as applicable, and a record of any votes taken in connection with these proceedings.

Strategic plan: Final alignment and adoption decisions

The road to today, the six strategic priorities, and five Board confirmations.

The strategy evolved as the acquisition moved through PURA and the courts

STRATEGY

OCT-NOV ’25	19-20 NOV ’25	15 JAN ’26	MAR-APR ’26	MAY-JUL ’26	AUG ’26
Interviews + initial management/Board briefs	20 Nov strategy proposal	January draft strategy	Board refinement and executive draft	28 Jul Board-approval draft	Leadership feedback + 26 Aug revised draft

LEGAL / PURA

	PURA denies change of control	Superior Court remands to PURA	25 Mar approval 30 Apr reconsideration denied	30 Jun transaction closes	90-day compliance clock underway

Today’s task is final alignment—not reopening the strategic framework.

GOVERNANCE MODEL

One Board strategy; two Authority implementation plans

BOARD STRATEGIC FRAMEWORK

Shared outcomes • policy • risk parameters • accountability

RWA IMPLEMENTATION

RWA baselines, rates, capital, workforce, risks and KPIs

AWA IMPLEMENTATION

AWA baselines, rates, capital, workforce, risks and KPIs

Same people, separate capacities

The same 11 serve on both boards; one CEO provides common executive leadership.

Separate obligations

Legal, financial, capital, rate, labor, and operating responsibilities remain Authority-specific.

Documented guardrails

Cost allocation, approvals, conflicts, and shared-services guardrails are explicit.

The revised plan retains six strategic priorities

01 QUALITY WATER THROUGH OPERATIONAL EXCELLENCE

02 FINANCIAL SUSTAINABILITY

03 BOARD GOVERNANCE & ORGANIZATIONAL COHERENCE

04 PEOPLE, SUCCESSION, CULTURE, & SAFETY

05 CUSTOMER AND COMMUNITY ENGAGEMENT

06 SECURITY, RISK, & COMPLIANCE

The recommended changes are limited and strategic

1. **Mission remains exactly as approved in July.**
2. Completed CEO-hiring objective is removed; CEO development, evaluation, and succession remain.
3. Safety is added explicitly without displacing succession or workforce continuity.
4. Priority 1 becomes “Quality Water Through Operational Excellence.”
5. Objectives are rewritten at Board-governance level; implementation detail moves to plans and KPIs.

Examples clarify intent without changing strategic direction

1. **Two Authorities remain separate legal, financial, capital, rate, labor, and operating entities.**
2. The Board sets outcomes, policy, risk parameters, and accountability; management determines execution.
3. Financial language emphasizes prudent leverage, coverage, liquidity, credit strength, and affordability.
4. Shared services require legal, labor, service-quality, cost-allocation, and no-cross-subsidy guardrails.
5. Common Board outcomes are supported by separate RWA and AWA plans, baselines, targets, risks, and KPIs.

Five confirmations will allow the strategy to move to adoption

1. **Keep the Board mission unchanged.**
2. Approve the direct refinements: CEO objective, safety and succession, and operational excellence.
3. Affirm one shared Board strategy with separate RWA and AWA implementation plans and KPIs.
4. Approve the proposed governance, financial, risk, and shared-services guardrails.
5. Adopt the revised strategy and direct management to return implementation plans and KPIs for approval.

Adopt the strategy now; develop the execution framework next

The revised document preserves the Board's strategy while incorporating leadership feedback at the appropriate level.

Approve: the six-priority framework and the agreed strategic refinements.

Affirm: one Board framework with Authority-specific implementation.

Authorize: incorporation of the proposed clarifying and guardrail language.

Direct: CEO (and leadership/management) to develop plans, baselines, targets, and KPIs for Board approval.

Keep separate: strategy adoption today; implementation design and sequencing in the next phase.

A clean final strategy can return for formal adoption with only the agreed changes.

BOARD OF DIRECTORS

Strategic Plan

Joint Board Governance & Strategic Priorities

The Water Authorities - RWA & AWA · For Board Approval

Prepared for: CT-RWA Board - Strategy Committee
Date: 26 Aug 2026

1. EXECUTIVE SUMMARY & STRATEGIC CONTEXT

The South Central Connecticut Regional Water Authority (RWA) and Aquarion Water Authority (AWA) are transitioning to a common executive leadership and governance model under a single, shared Chief Executive Officer and an expanded 11-member joint board, while remaining separate legal, financial, capital, rate, labor, and operating entities.

The two Authorities will navigate the business and operational challenges that accompany aging infrastructure, an aging workforce, climate change, customer demands, cybersecurity risks, and heightened public scrutiny. The board is repositioning from operational oversight to strategic governance - establishing outcomes, policy, risk parameters, and accountability expectations while empowering the CEO, the Presidents of RWA and AWA, and their respective Leadership teams to determine how the strategy is implemented. The strategic plan is intended as a living roadmap supported by Authority-specific implementation plans and performance measures.

2. BOARD ROLE & OPERATING MODEL

The board sets long-term strategic direction, approves risk appetite, ensures financial sustainability, and safeguards public trust. It holds management accountable through strategy, business planning, performance metrics, and structured review cycles. Moving the board to this strategic level is itself a strategic objective under Board Governance & Organizational Coherence.

The Four Core Board Duties

- **Setting Direction:** establish the long-term strategy and policy framework for both entities.
- **Establishing Time-Bound Destinations:** define clear strategic targets and performance metrics.
- **Providing Fiduciary & Process Oversight:** ensure objectives are met transparently, ethically, and in full compliance, including the board’s stewardship of its own processes.
- **Competency Assurance:** perform board duties to a high standard and ensure executive leadership is qualified to execute the strategy.

Fiduciary & Specialist Oversight

Where appropriate, the board draws on members’ engineering, legal, finance, technology, and benefit-management expertise to inform policy, risk, and assurance oversight while preserving role clarity. Members advise and govern; they do not direct or intervene in operations. Routine administrative updates move to the Consent Calendar to protect strategic focus.

3. INSTITUTIONAL LEXICON

To bring shared meaning to recurring terms - and an artifact the board can point back to - the following definitions apply.

- **Corporate Entity Structure:** referenced in the plural as The Water Authorities (RWA and AWA) to respect independent identities, capital structures, and legal boundaries.

- **Centralized Leadership & Administration:** the identified group that provides shared executive leadership and administrative support to both Authorities, subject to their separate legal, financial, capital, rate, labor, and operating responsibilities and to approved cost-allocation requirements.
- **Infrastructure:** both the total physical infrastructure - the water system (source, treatment, and distribution) together with land- and watershed-protection assets, including the Authorities' own land-protection function - and the digital infrastructure (operational technology and supporting digital systems).
- **Security:** a broad digital and technological umbrella - encompassing cybersecurity, artificial intelligence, and other emerging technologies - alongside the physical security of assets.

Rate Modeling Standards: the standard is equitable and justifiable rates, anchored in the verified cost of high-quality service.

4. SHARED BOARD VISION & GUIDING PRINCIPLES

Board Mission

The Water Authorities Board safeguards the long-term delivery of safe, high-quality water at equitable and justifiable rates by providing strategic oversight of infrastructure resilience, environmental stewardship, financial sustainability, and public trust. Through disciplined governance, it communicates expectations and provides clear direction and accountability to the CEO to implement the strategic plan.

Board Vision (10+ Year Horizon)

Over the next decade, the board will oversee financially strong water authorities that:

- Reliably deliver high-quality water at equitable and justifiable rates.
- Maintain and replace infrastructure in a disciplined manner.
- Ensure management of organizational risks, including cybersecurity, technology, operational resilience, and physical security, within board-approved risk parameters.
- Pursue appropriate shared-service and coordinated-investment opportunities within legal, financial, labor, operational, and cost-allocation boundaries to protect ratepayers.
- Where authorized and appropriate for each Authority, diversify income through scale, partnerships, and adjacent revenue services that demonstrate strategic fit and ratepayer benefit.
- Remain trusted by customers, municipalities, employees, regulators, and policymakers as transparent, accountable stewards.

Guiding Principles

These are the board's own principles - the basis on which it builds durable trust. They mirror the strategic priorities that follow.

- **Stewardship First:** public health, water quality, and watershed and infrastructure protection take precedence.
- **Local Accountability:** preserve accountable public control of critical water resources.
- **Transparency:** maintain proactive communication and a culture of no surprises.

- **Prudent Risk-Taking:** pursue innovation and diversification within defined risk appetite and guardrails.
- **Fiduciary Responsibility:** safeguard financial integrity through sound rates, prudent use of debt, fully funded obligations, and disciplined stewardship of public funds.
- **Role Clarity:** the board sets strategy and oversees performance; management executes.
- **People, Culture & Safety:** leadership continuity, workforce readiness, talent preservation, and a strong safety culture are core strategic assets.

5. UNIFIED STRATEGIC PRIORITIES

Priorities are listed without numbering; order does not imply rank. Each is stated as a name, a brief explanation, and the strategic objectives required to deliver it. The CEO and the respective authority leadership teams will develop Authority-specific implementation plans and recommend supporting KPIs for board approval, using common board outcomes with separate baselines, targets, risks, and initiatives for RWA and AWA.

Strategic Priority — QUALITY WATER THROUGH OPERATIONAL EXCELLENCE

Through infrastructure and environmental stewardship, deliver safe, high-quality water with long-term reliability - sustaining asset resilience and watershed health through disciplined, forward-looking capital allocation and operational excellence.

Strategic Objectives

- Approve and oversee long-range capital-prioritization frameworks and supporting 10-year capital plans for each Authority, addressing asset health, resilience, regulatory mandates, affordability, replacement policy, and periodic independent efficiency review.
- Oversee stewardship of source land and watershed, accounting for the entities' differing land-ownership profiles.
- Oversee operational-excellence performance through transparent, Authority-specific reporting on water quality, environmental compliance, reliability, asset performance, and material regulatory and resilience initiatives, with management accountable for continuous improvement.

Strategic Priority — FINANCIAL SUSTAINABILITY

Preserve credit strength, optimize funding sources and structures, fully fund obligations, and sustain predictable, well-justified rates.

Strategic Objectives

- Approve long-range debt and funding strategies for each Authority; maintain board-approved leverage, debt-service coverage, liquidity, and credit targets; and require rigorous rate and affordability analysis each budget cycle.
- Sustain equitable and justifiable rates that support reliable service and necessary investment while avoiding unnecessary volatility.

- Maintain prudent leverage and debt-service coverage, protect credit strength and affordability, and align debt issuance with sustainable capital funding requirements for each Authority.
- Establish and periodically review commercial-investment principles for each Authority, including strategic fit, ratepayer benefit, management capacity, financing and rating effects, performance thresholds, and exit criteria.
- Oversee the separate pension and VEBA plans through consistent board reporting on accounting conversion, funding status, investment performance, and material risk, preserving separate cost structures as required.
- Approve a transparent, equitable, and legally compliant shared-services framework, including cost-allocation methods, service expectations, and protections against inappropriate cross-subsidy.
- Ensure timely, clean annual external audits and prompt remediation of material findings.
- Require management to quantify and report realized efficiencies, costs, service effects, and savings associated with approved shared initiatives.

Strategic Priority — BOARD GOVERNANCE & ORGANIZATIONAL COHERENCE

Stand up a strategically focused, expanded 11-member joint board working in close partnership with the CEO and the Presidents of RWA and AWA, serving both utility interests while respecting each Authority's distinct responsibilities. This priority enables all others through the transition.

Strategic Objectives

- Oversee management's execution of the existing plan to transition AWC to AWA in an efficient, transparent, and strategically aligned manner.
- Elevate the board to the strategic level, codifying its role and operating model as deliberate work rather than philosophy.
- Monitor implementation of the predetermined temporary 9-member transition committee framework through its disestablishment.
- Define an ideal board-composition and expertise profile - mapping current strengths and gaps to maximize diversity of perspective and the right specialist-generalist balance (e.g., technology, finance, legal, communications, HR) - developed with current-member input and used to guide RPB recommendations.
- Oversee the development and evaluation of the CEO, maintain transition and succession readiness, and sustain a strong board-CEO partnership.
- Restructure committees to distribute workload equitably and to capture the processes and workflow that implement the plan and support new-member onboarding.
- Transition legacy committee-chair positions on term expiration to engage and empower incoming appointees.
- Approve coordinated five-year implementation frameworks that build on each Authority's strengths while distinguishing its objectives, legal obligations, risks, and initiatives.
- Approve a phased organizational-coherence and shared-services roadmap, subject to legal, labor, technology, financial, service-quality, cost-allocation, and no-cross-subsidy guardrails; management will recommend sequencing and specific functions through implementation planning.

- Require a board dashboard that tracks the strategic objectives and approved KPIs for each Authority.

Strategic Priority — PEOPLE, SUCCESSION, CULTURE, & SAFETY

Sustain leadership continuity, talent preservation, corporate culture, workforce development and readiness, and a strong safety culture across both operational footprints.

Strategic Objectives

- Ensure execution of a talent-preservation and succession framework that retains senior operators and ensures continuity of operations, and knowledge transfer including next-in-line planning for critical roles; the board oversees continuity while management executes emergency response.
- Review CEO, CFO, Respective Authority Presidents and key-executive succession plans annually.
- Oversee culture, recruitment, and retention, holding management accountable for a culture aligned to the organization’s values and strategy by reviewing synthesized trends across organizational measures.
- Confirm that leadership lives the values and brings the strategic plan to life across the organization.
- Set expectations for a strong safety culture and require management reporting on material safety risks, trends, and corrective actions.

Strategic Priority — CUSTOMER AND COMMUNITY ENGAGEMENT

Build durable trust - anchored in the board’s guiding principles - with customers, municipalities, regulators, policymakers, legislators, and employees.

Strategic Objectives

- Approve a multi-year communications strategy that supports timely, transparent engagement with employees, customers, municipalities, board appointees, COGs, regulators, and legislators through the transition.
- Require each Authority to maintain, coordinate, and periodically exercise its crisis-communications plan, with defined roles for the CEO, Presidents, management teams, and technology and process owners.
- Oversee and support a coordinated CEO- and President-led engagement plan for member towns and the RPBs.
- Align engagement and communication protocols among the Authorities, the joint board, the RPBs, and the State Legislature, as warranted.
- Require a consistent methodology, with Authority-specific baselines, to track customer and constituent sentiment.
- Require management to propose Authority-specific customer-satisfaction and community-engagement measures through the implementation plans.

Strategic Priority SECURITY, RISK, & COMPLIANCE

Protect data, technology, operational systems, and physical assets through proactive risk, compliance, resilience, and assurance oversight.

Strategic Objectives

- Approve and periodically review the enterprise risk-management framework, risk appetite and tolerance, escalation thresholds, and board reporting expectations.
- Require independent assurance on material cybersecurity, operational, financial, legal, and regulatory risks, with trend reporting and mitigation oversight.
- Require management to test business continuity, emergency response, and critical-system resilience and to report material findings and remediation progress.
- Approve and periodically review corporate AI-use and technology-governance policy.
- Oversee AWA’s successful transition to its new regulatory oversight role, including readiness for RPB governance and rate-setting responsibilities.
- Review the distinct material legal and regulatory risk profiles of each Authority through the enterprise risk framework, including significant litigation and regulatory exposures.
- Review each Authority’s rating-agency posture annually.
- Establish a risk-based enterprise assurance and internal-audit framework proportionate to organizational scale and risk.

Aquarion Water Authority Scorecard through August 31, 2026

Cat.	Measure	YTD Actual	YTD Target	YTD Rating	Comments
Employee Value	DART-OSHA Rate	0.00	0.80	B	No lost time incident logged in August.
	# HPMVA Incidents	0	0		No incidents logged YTD.
	SIF-A (Internal)	0	0		No incidents logged YTD.
	% Safety Compliance Training Completed (AQ)	70%	70%	G	All scheduled compliance training was completed in August.
Customer & Community Impact	Service Quality Complaints (AQ)	332	303	Y	Most customer complaints were related to water outages, low water pressure, and high bill investigations Three events in Stamford, Greenwich, and Granby generated customer complaints due to water outages, low water pressure.
	Water Quality Complaints	218	213	Y	The majority of complaints are related to discoloration in medium/large systems due to flushing, infrastructure improvements and fire flow tests.
	Customer Satisfaction Index (AQ)	94.0%	90.0%	G	PCG survey results came in. Customer satisfaction remains high across all regions. Key strengths include billing and customer service.
	Water Quality Compliance	0	0	G	No violations.
Operational Excellence	# Water Main Breaks	46	38	R	Expense - 15A vs15B; Capital - 31A vs. 23B.
	% Non-revenue Water	13.2%	15.5%	B	Significant improvement from prior year due to leak detection and other efforts.
	Environmental Compliance Index	100	100	G	No point deductions for the month or YTD.
	Average Daily Production (MGD)	103.1	103.0	Y	High rainfall in August. Slightly above target YTD.
Financial	Operating Expenses (excl. Property Taxes) ($000's)	$16.3	$16.5	G	YTD due to power, operating expenses, IT, management allocation (pending RWA cost allocation) and miscellaneous, partially offset by labor, pension, maintenance and insurance.
	Capital ($M)	$30.6	$34.5	R	Under budget due to the SWRP Delivery Improvements, Main Replacements and Lead (CT) , Main Replacements (Torrington), and the Route 219 PS Improvements project (Ansonia WW). Year-end actuals are expected to be slightly higher than target due to the Easton Dam & Gatehouse and S4 HANA projects.

Aquarion Water Authority
Financial Results
August 31, 2026
(Dollars in thousands)

Month* 2026	Month* Budget	Month* 2025	Month* Budget Variance		Year To Date* 2026	Year To Date* Budget	Year To Date* 2025	Year To Date* Budget Variance
$24,079	**$23,321**	**$22,862**	**$758**	**Revenue**	**$50,953**	**$45,109**	**$44,033**	**$5,844**
2,508	2,369	2,372	(139)	Labor	5,195	4,950	4,893	(245)
1,968	2,110	1,911	142	Other Taxes	4,095	4,246	3,796	151
937	1,036	1,100	99	Purchased Power	1,894	2,150	2,257	256
(77)	(234)	(216)	(157)	Pension	(154)	(465)	(433)	(311)
(14)	(10)	(33)	4	Retiree Medical	(28)	(20)	(67)	8
645	653	586	8	Medical	1,229	1,306	1,183	77
816	809	748	(7)	Chemicals	1,611	1,625	1,512	14
105	94	70	(11)	Main Breaks	177	188	120	11
416	480	445	64	Operating Expenses	749	985	979	236
444	334	546	(110)	Maintenance	788	653	888	(135)
156	217	232	61	Sludge Disposal	387	461	430	74
359	479	349	120	Information Technology	728	950	736	222
-	54	119	54	Management Allocation	-	107	184	107
1,572	1,586	1,577	14	All Other	2,938	3,153	3,267	215
9,835	9,977	9,806	142	**Total Expenses, net of other income**	19,609	20,289	19,745	680
14,244	**13,344**	**13,056**	**900**	**EBITDA**	**31,344**	**24,820**	**24,288**	**6,524**
4,473	4,360	3,669	(113)	Depreciation and Amortization	8,946	8,720	7,369	(226)
-	(644)	(706)	(644)	AFUDC	-	(1,266)	(1,356)	(1,266)
9,771	**9,628**	**10,093**	**143**	**EBIT**	**22,398**	**17,366**	**18,275**	**5,032**
(1,019)	-	-	1,019	Interest Income	(1,019)	-	-	1,019
7,910	2,565	2,295	(5,345)	Interest - External Debt	10,029	5,128	4,585	(4,901)
-	166	402	166	Interest - Interco Debt	-	371	786	371
(1,481)	-	-	1,481	Amortization of bond premium, issuance cos	(1,932)	-	-	1,932
5,410	2,731	2,697	(2,679)	Total Interest	7,078	5,499	5,371	(1,579)
4,361	**6,897**	**7,396**	**(2,536)**	**EBT**	**15,320**	**11,867**	**12,904**	**3,453**
-	(1,099)	(439)	(1,099)	Income Taxes	-	(1,859)	(908)	(1,859)
$4,361	**$7,996**	**$7,835**	**($3,635)**	**Net Income**	**$15,320**	**$13,726**	**$13,812**	**$1,594**

*** MTD and YTD results indicate two months of operations under AWA. Budget reflects pre-change of control.**

Revenues

- MTD is favorable $758K due to residential ($2,217K), partially offset by assumed decoupled revenues in budget ($1,219K), which is no longer applicable under the authority model. YTD is favorable $5,844K due to residential ($6,209K).

Expenses

- MTD and YTD Labor are unfavorable $139K and $245K, respectively, due to less time charged to capital projects and less time cross-charged to AQU/WW.
- MTD and YTD Other Taxes are favorable $142K and $151K, respectively, due to property taxes (lower mill rates) – PILOT reserve recorded.
- MTD and YTD Purchased Power are favorable $99K and $256K, respectively, due to lower delivery rates and lower public benefit charges. MTD also due to lower production.
- MTD and YTD Pension are unfavorable $157K and $311K, respectively - monthly entry based on new actuarial reports (conversion to GASB).
- YTD Operating Expenses is favorable $236K due to SOS (timing and delays in WEM and E&P projects) and meter (reduced contractor work).
- MTD and YTD Maintenance are unfavorable $110K and $135K, respectively, due to pumps (HVAC services), tanks and treatment plants.
- MTD and YTD IT are favorable $120K and $222K, respectively. MTD due to credit from Cognizant and more contractor hours capitalized for S/4HANA program. YTD due to delays in S/4HANA program and its budget spread (more allocated in the second half of the year).
- YTD Management Allocation is favorable $107K due to no management allocation from Eversource – excludes charges from RWA (pending finalization of cost allocation policy).
- MTD and YTD All Other are unfavorable $351K and $192K, respectively. MTD due to higher premiums for new insurance policies and amortization of cost of issuance for AWA debt, cost of issuance for bridge loan and capitalized interest of bridge loan, partially offset by miscellaneous (retention plan no longer held under AWA and higher timber salvage revenue). YTD due to insurance and uncollectibles (due to increase in jobbing reserve due to aging), partially offset by miscellaneous and other fringe benefits.

Depreciation and Amortization

- MTD and YTD Depreciation is on target (true up required based on conversion to AWA). MTD and YTD Amortization are unfavorable $113K and $226K, respectively, due to budgeted income related to amortization of EADIT (no longer applicable under AWA) and budgeted expenses related to amortization of tank painting (to be included in depreciation expense under AWA).

AFUDC

- MTD and YTD are unfavorable $644K and $1,266K, respectively - no longer applicable under the authority model.

Interest

- MTD and YTD are unfavorable $2,679K and $1,579K, respectively, due to interest on the new AWA debt, partially offset by capitalized interest (YTD $1,636K), amortization of bond premium and issuance costs (YTD $1,932K) and interest income (YTD $1,019K).

Income Taxes (Note: This was a budgeted tax benefit.)

- MTD and YTD are unfavorable $1,099K and $1,859K, respectively – no longer applicable under AWA, a tax-exempt organization.

Aquarion Water Authority
Combined Balance Sheet
August 31, 2026
(In thousands of dollars)

	Combined AWA
Assets and Deferred Outflows of Resources	
Property, Plant and Equipment	
Utility plant	$ 2,968,056
Less: accumulated depreciation	(8,910)
Net utility plant	2,959,146
SBITA, net	-
Leased assets, net	-
Non-utility property and equipment	8,216
Less: accumulated depreciation	(17)
Net non-utility property and equipment	8,199
Current Assets	
Cash	14,413
Restricted cash	9,447
Accounts receivable	16,057
Miscellaneous receivables	2,180
Reserve for uncollectibles	(2,220)
Accrued revenues	13,727
Materials and supplies, at cost	5,036
Prepayments	13,183
Total current assets	71,823
Other Assets	
Net pension asset	26,191
Other post retirement benefits	3,241
Lease receivable	550
Regulatory asset / capilized interest	71,355
Total other assets	101,337
Restricted Assets	
Rate stabilization fund	15,836
Construction fund	223,230
Debt service	29,495
PILOT fund	3,542
Total restricted assets	272,103
Deferred Outflows of Resources	
Deferred outflows related to pensions	-
Deferred outflows related to PRM	-
Total deferred outflows of resources	-
Total Assets and Deferred Outflows of Resources	**$ 3,412,608**
Liabilities, Deferred Inflows, and Net Position	
Long-Term Debt	
Revenue bonds payable	$ 2,352,651
Premium	187,938
Taxable bond payable	96,659
DWSRF loans	7,241
Total long-term debt	2,644,489
Current Liabilities	
Current maturities of bonds payable	3,100
Current maturities of DWSRF	276
Accounts payable and accrued liabilities	13,540
Short-term lease obligation	142
Accrued bond interest	10,965
Total current liabilities	28,023
Payables from Restricted Assets	20,656
Other Liabilities	
Customers' advances for construction	29,638
Accrued pension liability	-
Other post retirement benefits	-
Long-term lease obligation	115
Other deferred credits	11,040
Total other liabilities	40,793
Deferred Inflows of Resources	
Deferred inflow - governmental acquisition	663,324
Deferred inflows related to pensions	-
Deferred inflows related to PRM	-
Total deferred intflows of resources	**663,324**
Net Position	**15,323**
Total Liabilities, Deferred Inflows,Net Position	**$ 3,412,608**