

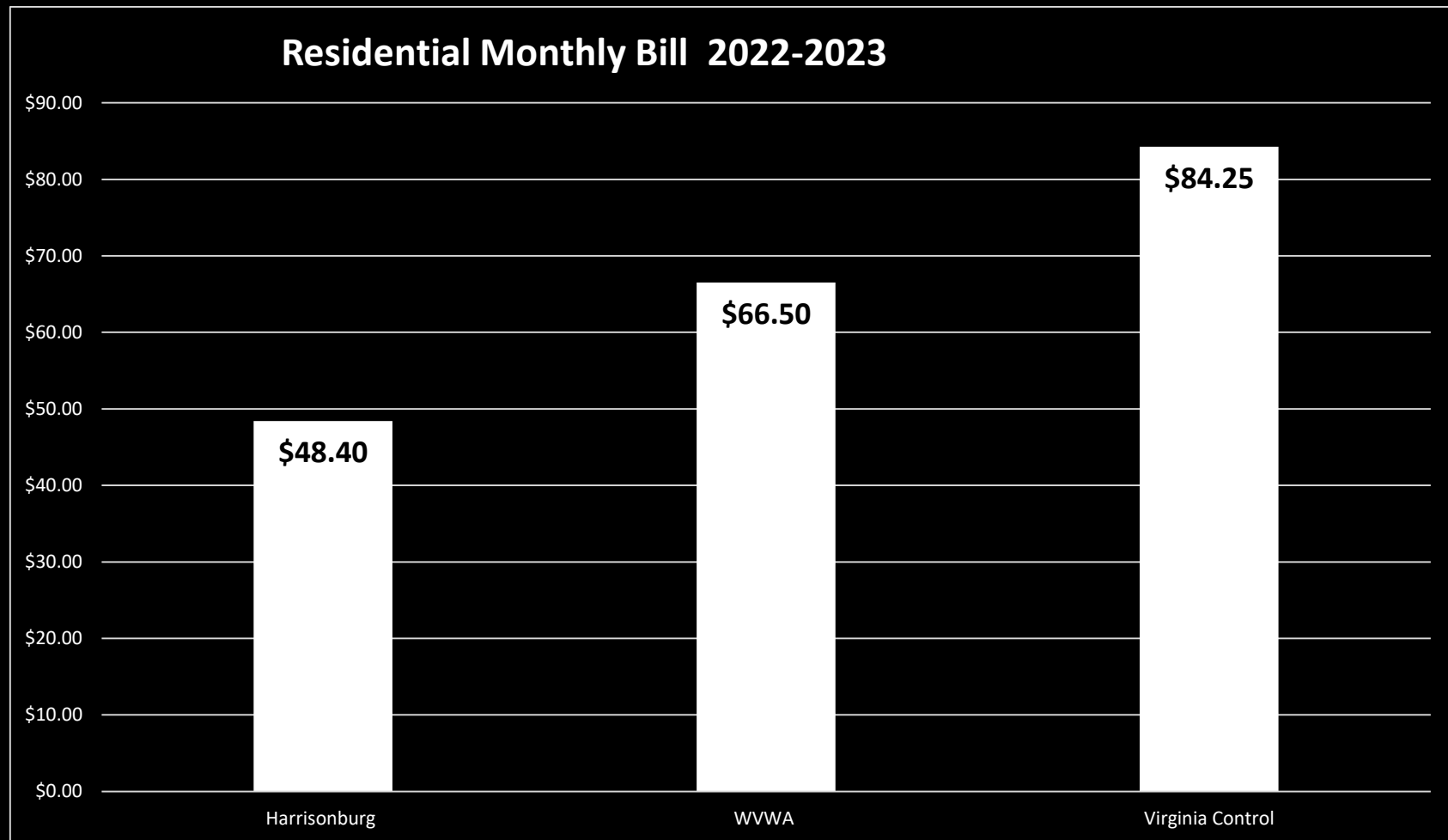
**HARRISONBURG
WATER & SEWER
LONG TERM
FINANCIAL MODEL**

**A FINANCIAL
TOOL FOR
RATE ANALYSIS**

HARRISONBURG WATER & SEWER LONG TERM FINANCIAL MODEL

TIMELINE ZERO FY2022 2023

Harrisonburg
FY2023 water &
sewer rates were
@ 57% of
statewide market
median and 72%
of WVWA rates.



TIMELINE ZERO FY2022 2023

Cost Center	Harrisonburg FY2022	WVWA FY2022	Statewide Group FY2022
Operations	\$29.09 	\$35.25	
Debt	\$11.47	\$14.62	
Capital	\$ 8.24 	\$16.63	
Total	\$48.80 	\$66.50	\$84.25 \$86.47

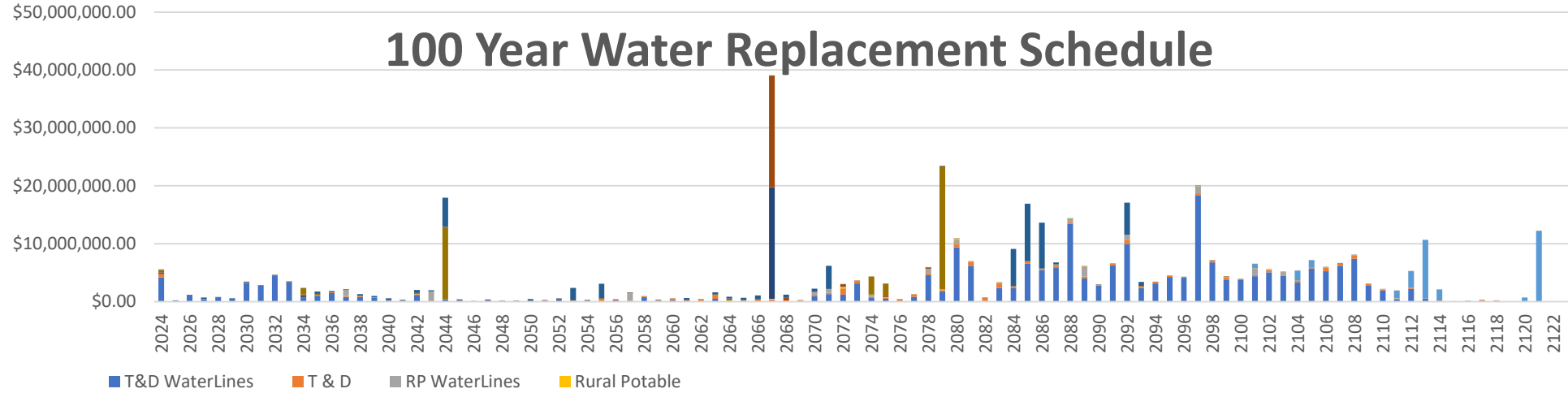
Costs above show the components of the typical residential bill using 5,000 gallons per month

LTFM INPUTS THROUGH 2035

Cost Center	Financial Challenges
Operations	3% annual inflation FY2024 market adjustment @ 8.5%
Capital-Debt	..2024: \$ 2.8M Shenandoah raw water project-Expansion ..2025: \$ 7.0M VWWP raw water intake screens-Expansion ..2035: \$ 3.8M VWWP+ raw water DRI & NRI Intakes-Expansion ..2035: \$13.5M Route 33 Phase 4 pipe assets—Expansion & R&R 2035 projects times with retiring debt.
Capital-Cash	..R&R Water: \$7.1M Route 33 pipe assets (\$1M grant) ..R&R Water: \$27.5M ..R&R Sewer: \$10.3M

WATER CAPITAL: RETIREMENT & REPLACEMENT CHALLENGE

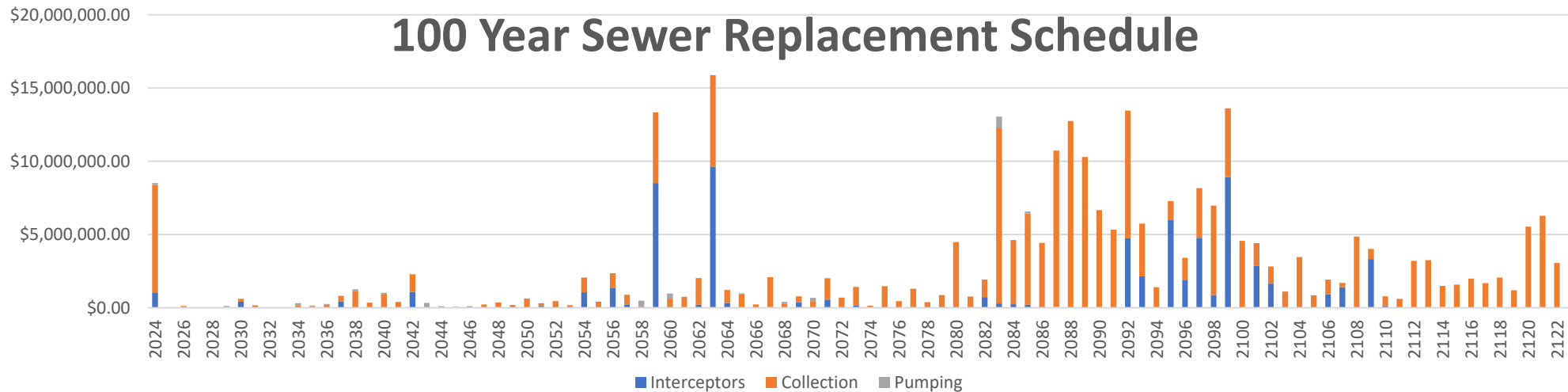
Years	Itemized Replacement Cost
0 to 5	\$8,454,824
0 to 10	\$23,453,120
0 to 15	\$32,820,854
0 to 20	\$38,718,232
0 to 25	\$57,686,200



CARV = \$210M to replace all assets today

SEWER CAPITAL: RETIREMENT & REPLACEMENT CHALLENGE

Years	Itemized Replacement Cost
0 to 5	\$8,782,220.19
0 to 10	\$9,839,244.80
0 to 15	\$12,733,287.66
0 to 20	\$17,217,921.45
0 to 25	\$18,174,382.12

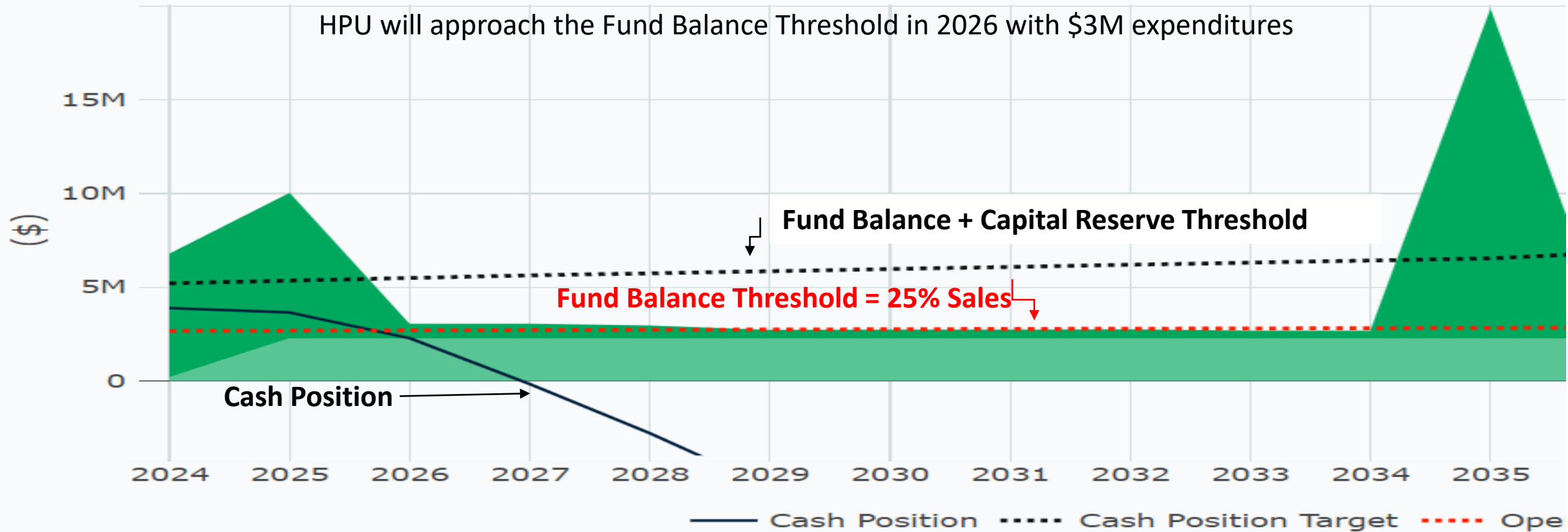


CARV = \$159M to replace all assets today

WATER LTFM & NO ACTION FORECAST

LTFM –Meet expenses and maintain cash position

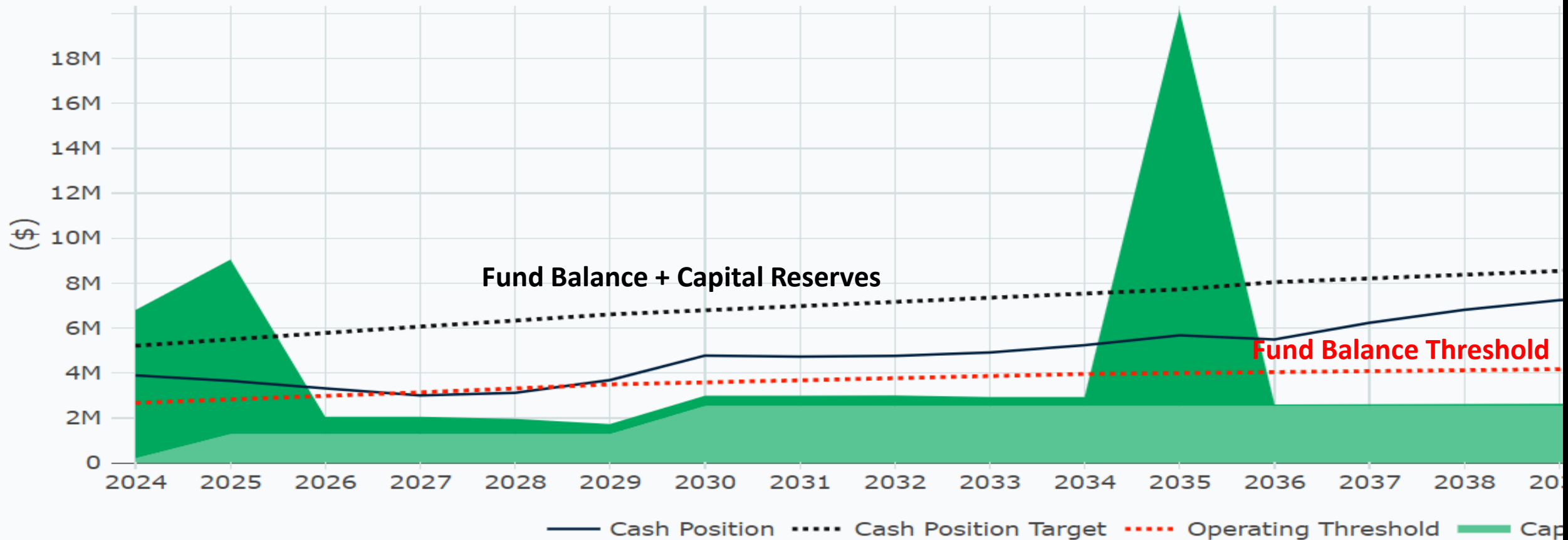
HPU will approach the Fund Balance Threshold in 2026 with \$3M expenditures



Rate Schedule

Id	Escalation Rates	2025	2026	2027	2028	2029
▼ Sale of Water Service						
S1	Population Growth	0.50%	0.50%	0.50%	0.50%	0.50%
S2	Decline	0.00%	0.00%	0.00%	0.00%	0.00%
S3	Rate Increase	0.00%	0.00%	0.00%	0.00%	0.00%

WATER MANAGEMENT STRATEGY RATES



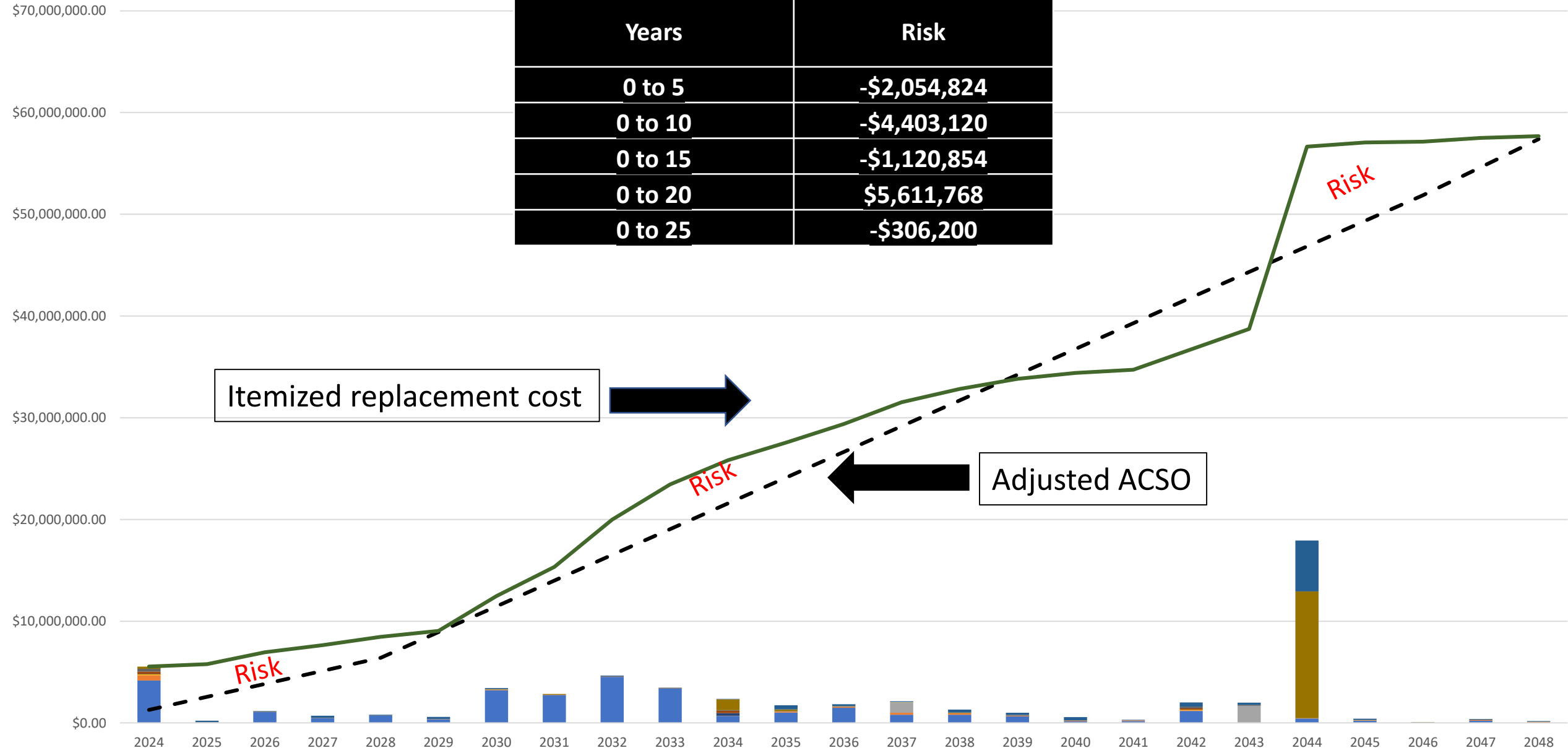
Rate Schedule

Id	Escalation Rates	2025	2026	2027	2028	2029	2030	2031
▼ Sale of Water Service								
S1	Population Growth	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
S2	Decline	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
S3	Rate Increase	5.00%	5.00%	5.00%	5.00%	5.00%	2.00%	2.00%

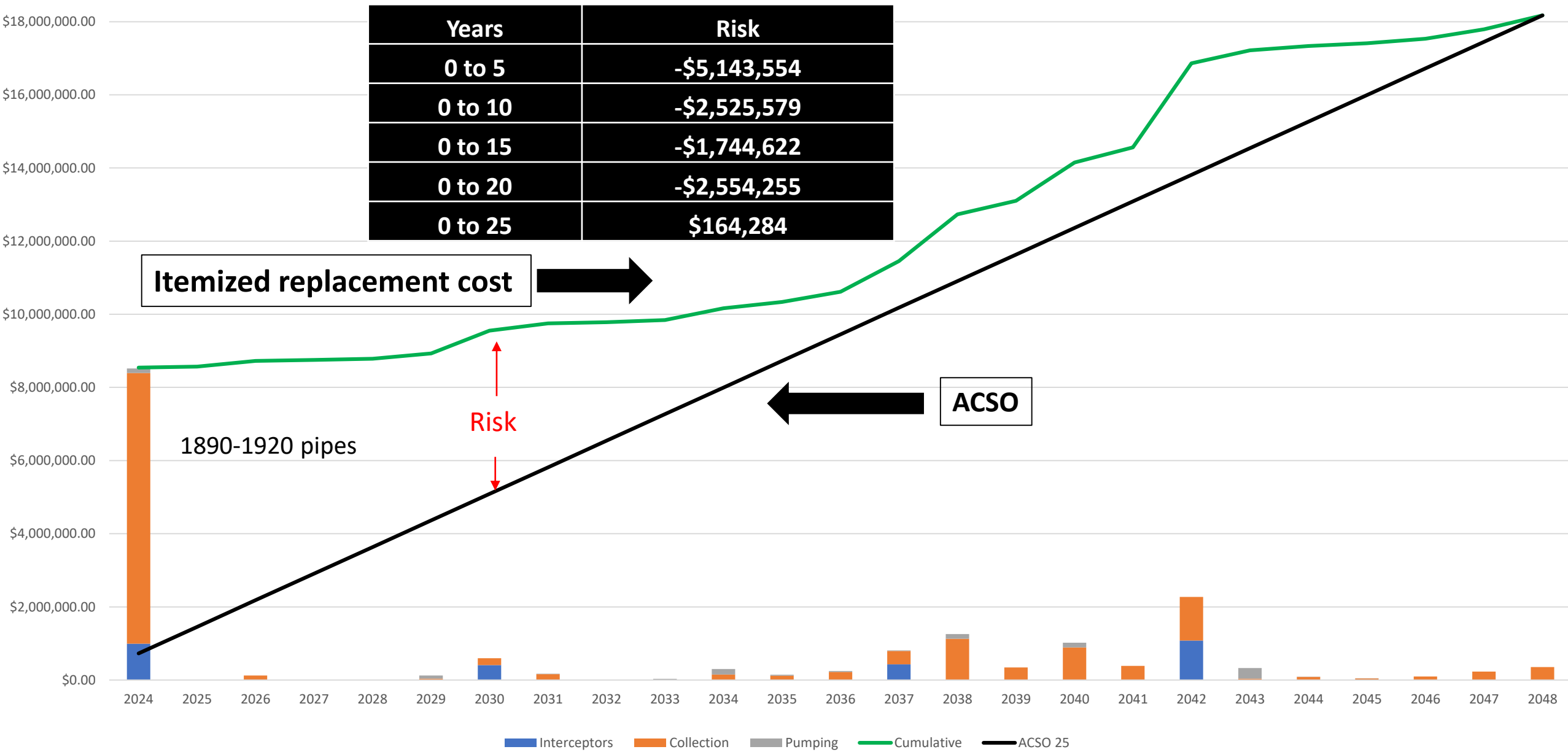
WATER MANAGEMENT STRATEGY FOR R&R

25 Year Water Replacement Schedule

Years	Risk
0 to 5	-\$2,054,824
0 to 10	-\$4,403,120
0 to 15	-\$1,120,854
0 to 20	\$5,611,768
0 to 25	-\$306,200



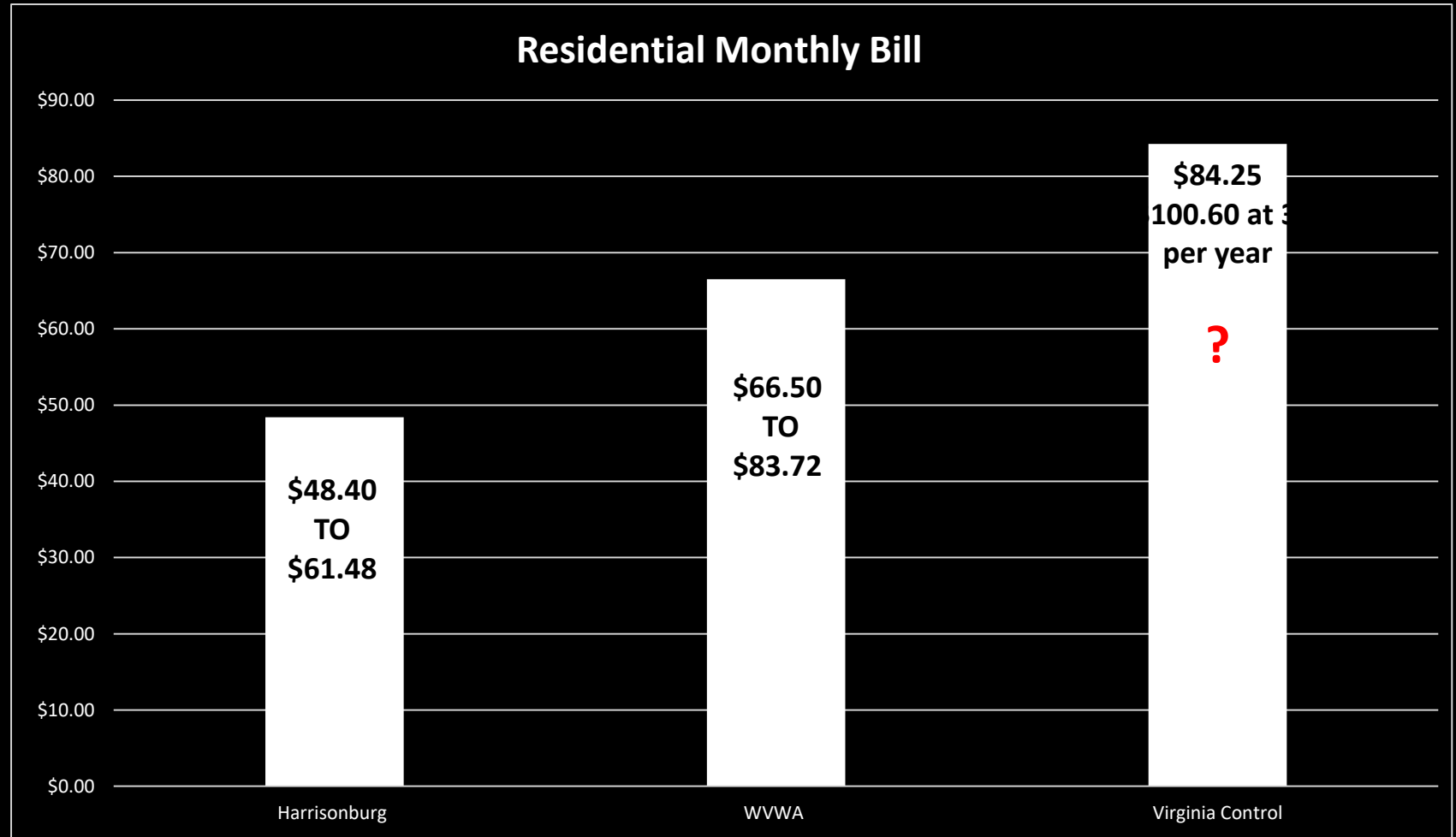
SEWER MANAGEMENT STRATEGY FOR R&R



HARRISONBURG WATER & SEWER LONG TERM FINANCIAL MODEL

TIMELINE 2028-2029

Harrisonburg water & sewer monthly bill will remain market competitive.



... WWA proposes a 3.4% and 4.3% rate increases for water and sewer, respectively FY2024 through FY2033; basis is a \$53M shortfall in capital over the next ten years period.