



CHAOS **in the board room** **QUELLED!**

Investment Portfolio
Decision-Making

Board of Directors was **not making progress**

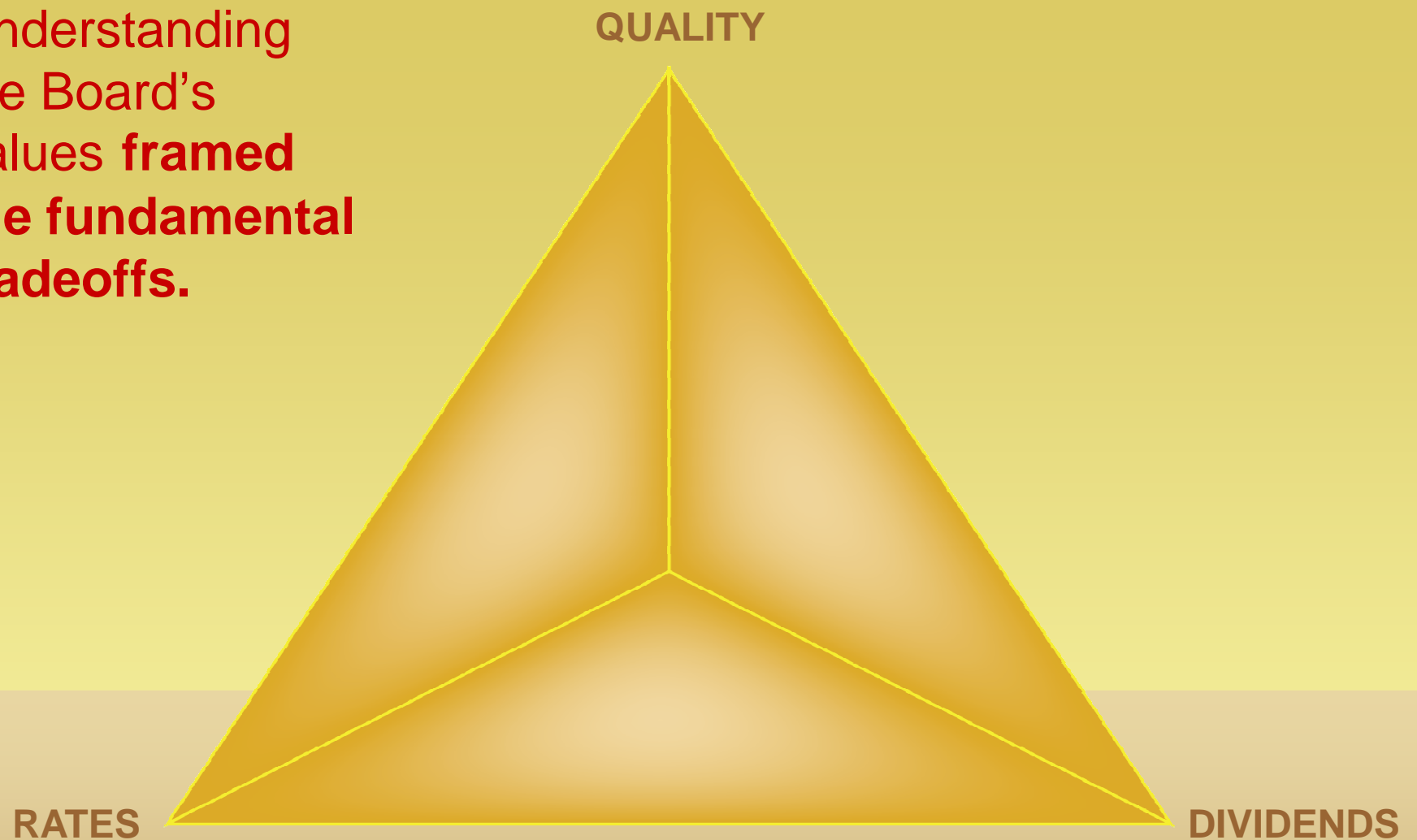


**Understanding
values** forms
the basis for
reaching
agreement

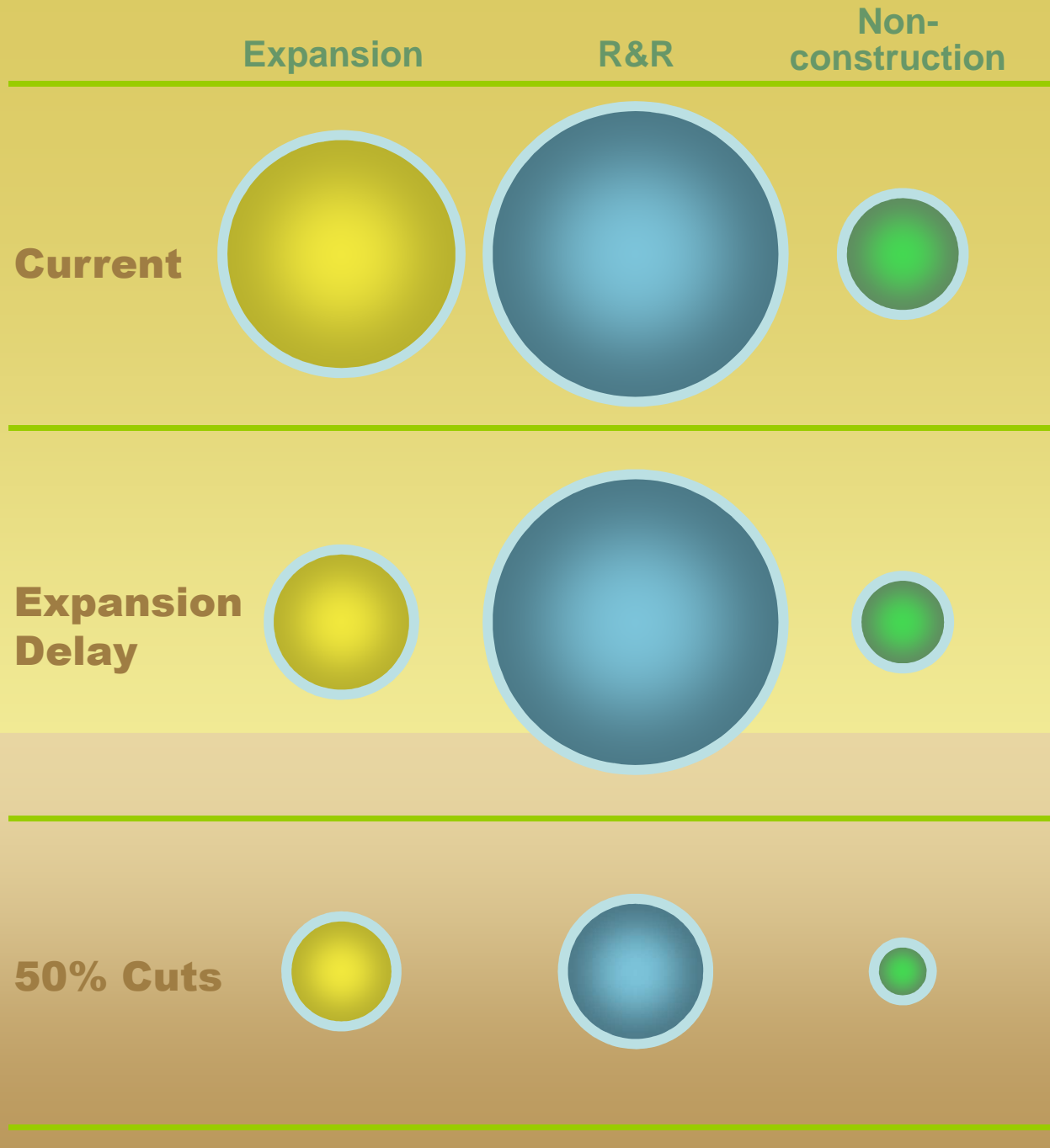


Values

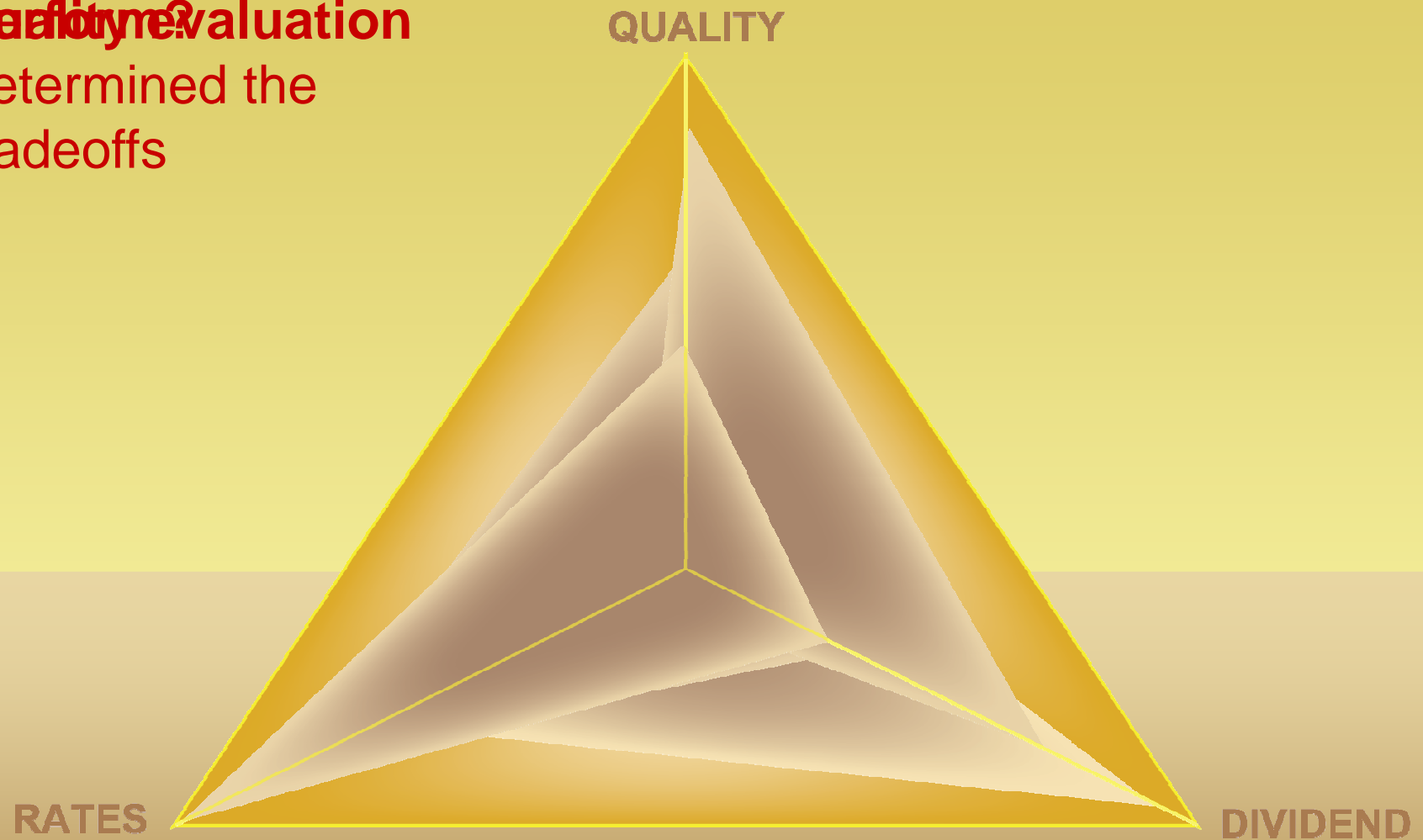
Understanding
the Board's
values **framed**
the **fundamental**
tradeoffs.



**Investment
Portfolios**
were created
to represent
distinct
combinations
of CIP projects



Financials do
the pointing and
quality evaluation
determined the
tradeoffs





Financial model
captured long-
term rate and
dividend
perspectives



Financial model demonstrated 'balance' of rates and dividend potential and compared portfolios

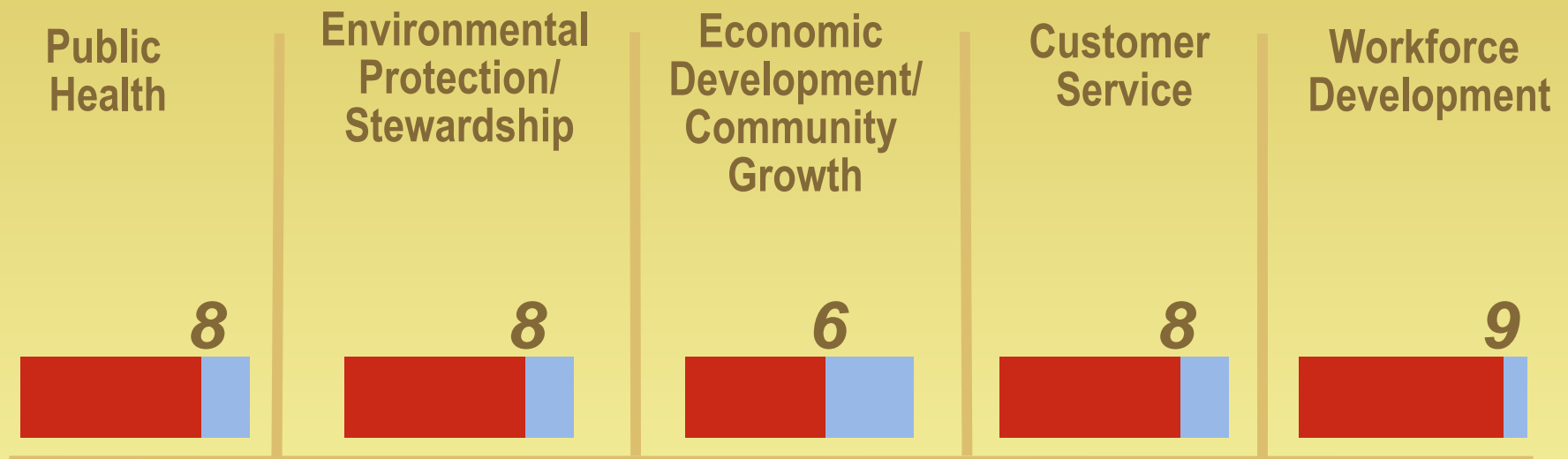
Expansion Delay

Analysis	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Avg. Term Range
Model Outputs													
Rate Increases	0.00%	5.50%	4.70%	5.10%	5.20%	6.00%	6.50%	6.70%	5.90%	5.60%	5.30%	5.30%	5.52%
Net Income	2,811,475	3,312,072	3,530,408	3,857,894	3,290,254	3,540,000	5,347,556	5,347,556	5,517,691	6,144,556	7,848,082	\$54,123,221	
Debt	60%	60%	60%	64%	70%	70%	65%	65%	70%	69%	64%	67%	
Equity	34%	30%	30%	30%	30%	30%	35%	35%	30%	31%	36%	33%	
Dividend Potential (not paid)	-	1,858,036	1,795,229	1,828,947	-	-	2,673,778	2,673,778	-	-	3,808,041	\$18,321,990	
Dividend Paid	-	-	1,858,036	1,795,229	1,828,947	-	-	-	2,673,778	-	-	\$8,853,990	
Dividend Paid as % of Net Auto	0.00%	0.00%	2.70%	2.87%	2.98%	0.00%	0.00%	0.00%	3.16%	0.00%	0.00%	1.06%	
ROE	5.0%	5.6%	5.9%	6.1%	5.1%	5.1%	0.00%	0.00%	3.16%	0.00%	7.4%		
Rev Bond Debt Serv Cov Ratio	3.63	3.88	4.07	4.31	4.58	4.11	6.5%	6.5%	6.5%	6.5%	8.32		
Residential Rate	\$28.75	\$30.33	\$31.76	\$33.38	\$35.11	\$37.29	6.41	6.41	6.95	6.95	\$52.00	\$54.75	\$26.00

50% Cuts

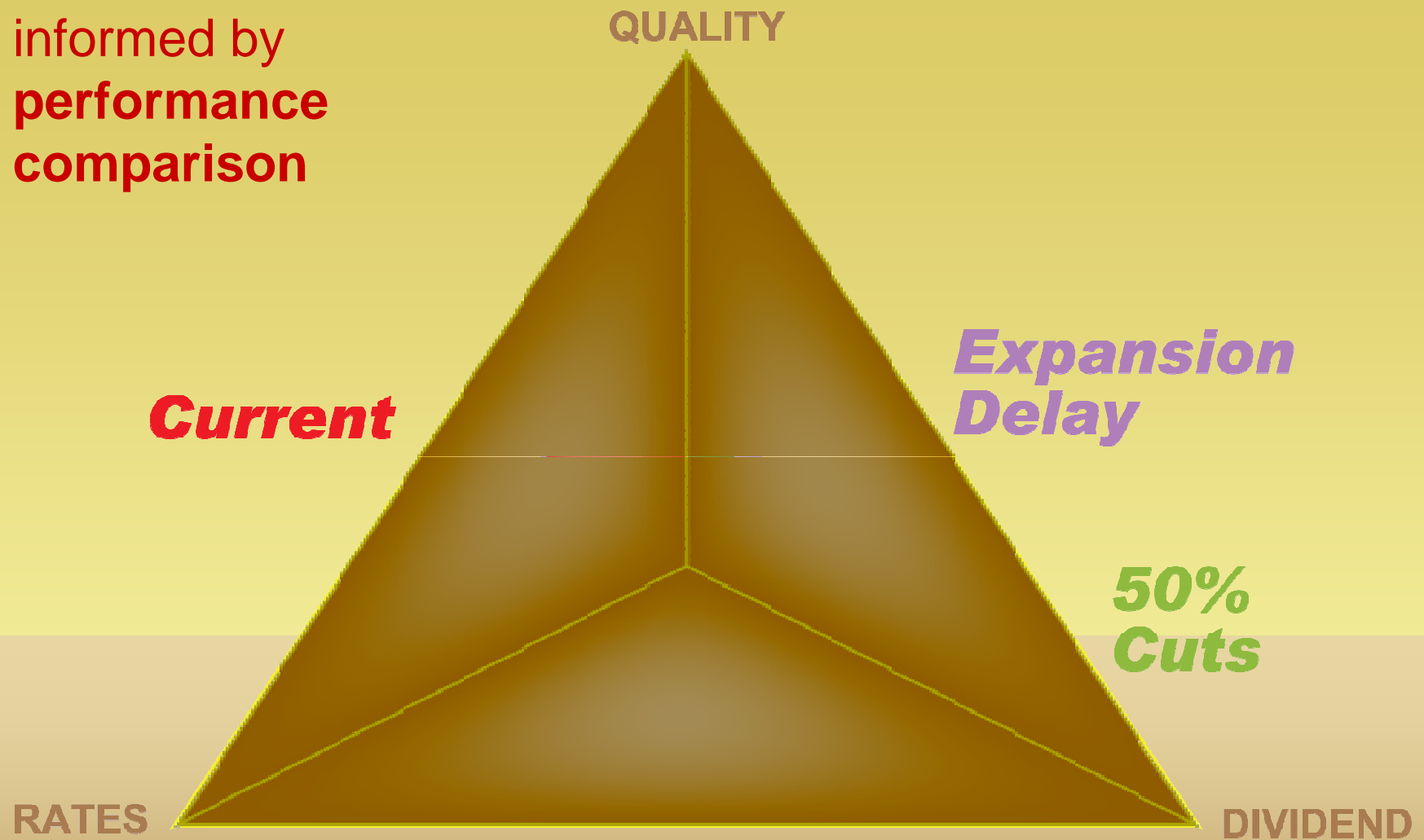
Analysis	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Avg. Term Range
Model Outputs													
Rate Increases	0.00%	6.90%	5.00%	5.80%	6.00%	6.00%	5.50%	5.50%	5.40%	5.10%	5.00%	4.30%	5.59%
Net Income	\$2,114,000	\$3,615,000	\$3,968,000	\$4,523,000	\$5,080,000	\$5,221,000	\$7,000	\$7,000	\$9,875,000	\$10,206,000	\$12,968,000	\$88,411,000	
Debt	72%	71%	70%	68%	68%	68%	67%	67%	64%	64%	67%	64%	
Equity	28%	29%	30%	31%	32%	32%	33%	33%	36%	36%	33%	36%	
Dividend Potential (not paid)	-	-	-	-	-	-	-	-	4,937,429	-	-	\$6,484,725	\$11,422,154
Dividend Paid	-	-	-	-	-	-	-	-	-	4,937,429	-	\$4,537,429	
Dividend Paid as % of Net Auto	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.33%	
ROE	2.8%	4.6%	4.8%	5.2%	5.5%	5.5%	0.00%	0.00%	0.00%	0.00%	7.9%	5.1%	
Rev Bond Debt Serv Cov Ratio	1.69	1.91	1.95	2.10	2.17	2.13	3%	3%	7.6%	7.6%	2.21	2.34	
Residential Rate	\$36.50	\$38.02	\$40.97	\$43.35	\$45.95	\$48.04	2.73	2.73	2.73	2.73	\$57.75	\$70.75	\$34.25

Quality evaluation
was performed **with**
value modeling

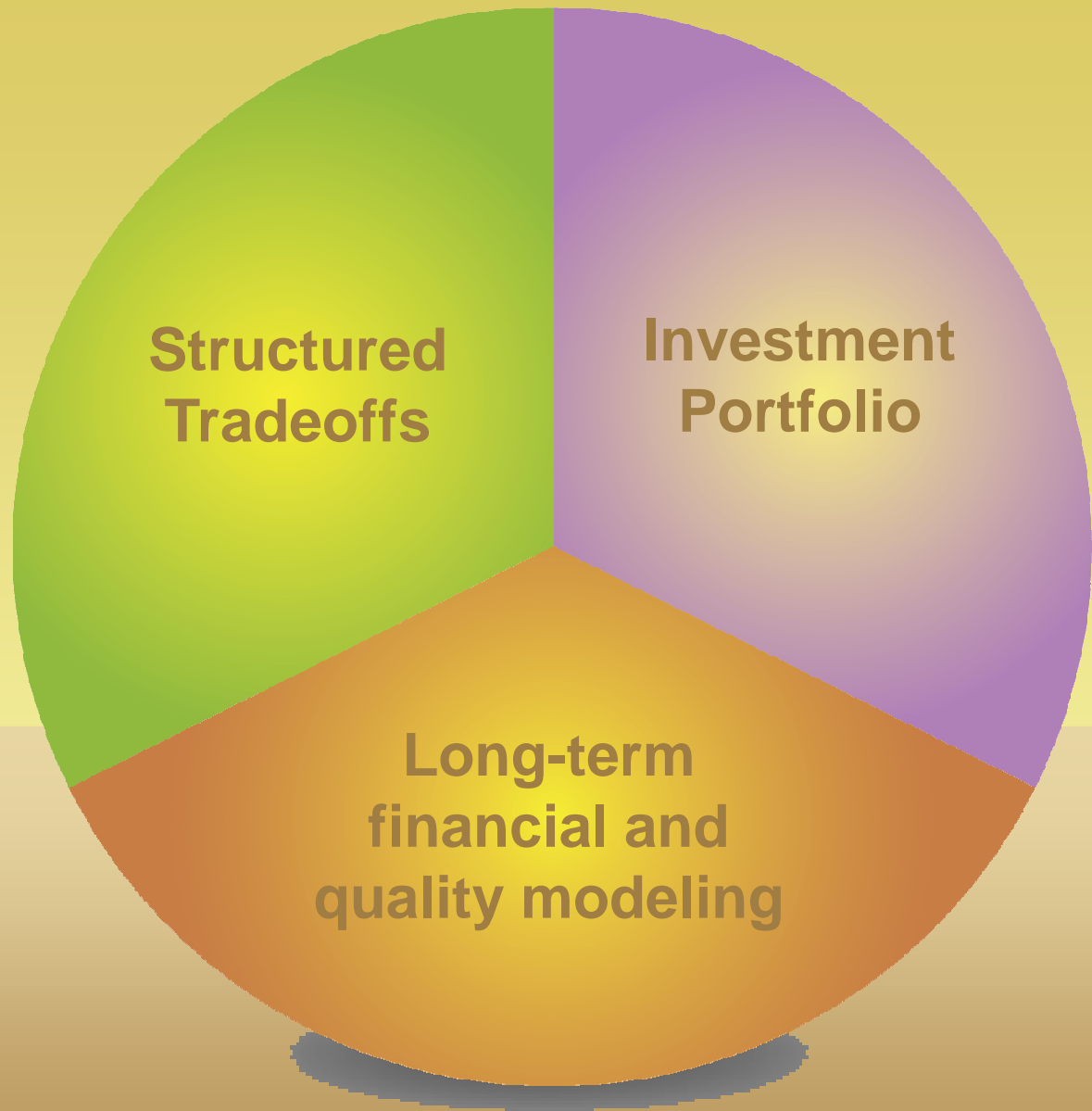


QUALITY
39 out of 50 = High

Tradeoffs were
informed by
**performance
comparison**



**A Board
decision was
reached with
three elements**



This approach was a success and provides **long-term benefits**

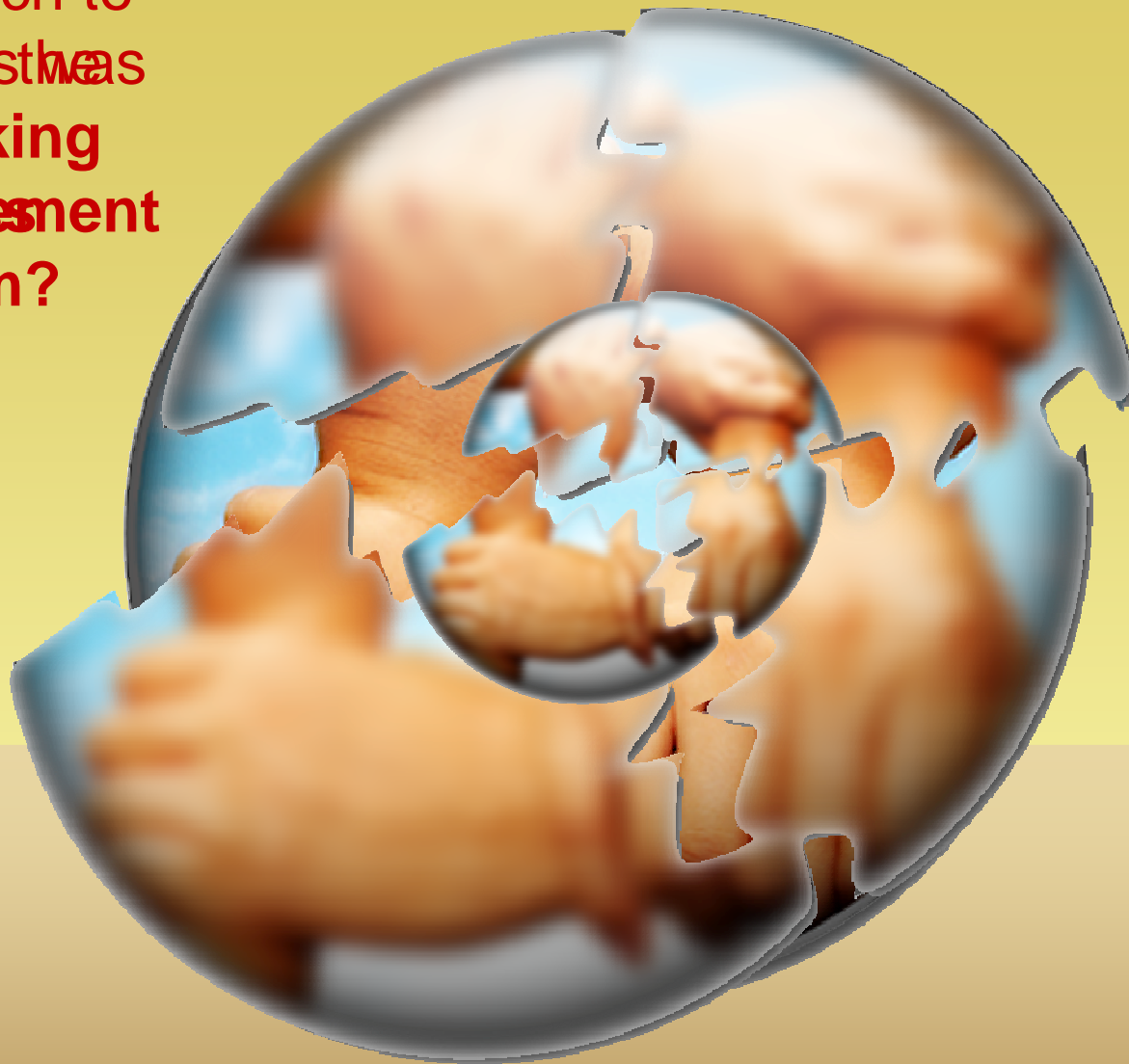




CHAOS
in the board room
QUELLED!

Thank You

Board of Directors
as capital
improvement
program?



This approach
was a success
and provides
**long-term
benefits**

