



City of Maricopa City Council
2025 Rate Case Filing Presentation
February 4, 2025

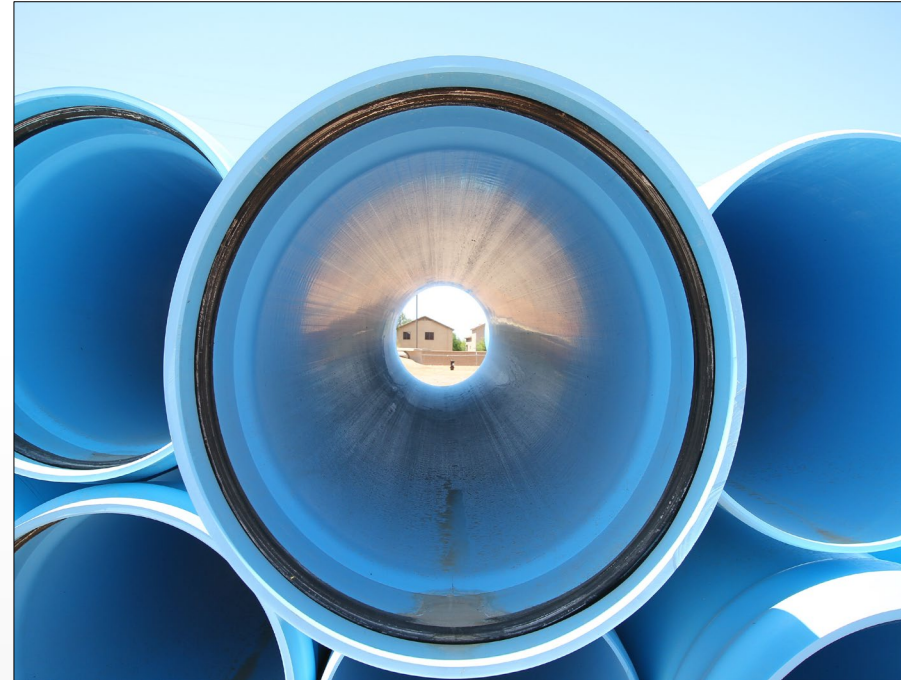
- As mentioned in February 2024 and May 2024, and per our Memorandum of Understanding, Global Water is preparing a rate case for its City of Maricopa water and wastewater utilities.
- This case may be the most consequential in our history as it will address the Southwest Plant assets and the ~20 year history.
 - Our goal is to resolve this issue for all stakeholders in a way that settles the topic forever.
- We will continue educating and meeting with stakeholders early and often so the community is aware. We are targeting to file rate cases in **early 2025** with new rates implemented in **mid-2026**.

- Refresher – The need for the rate case
 - Inflation
 - Maricopa Keeps Growing!
 - Community Investment
 - Southwest Plant
- ACC Process and Timelines
- Thinking ahead – Formula Rates
- Appendix
 - Community Investment (detailed slides)
 - Customer Communication

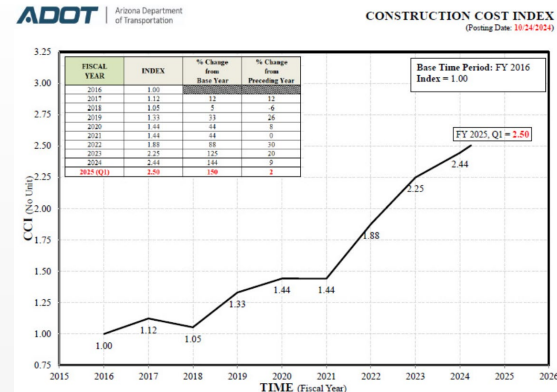
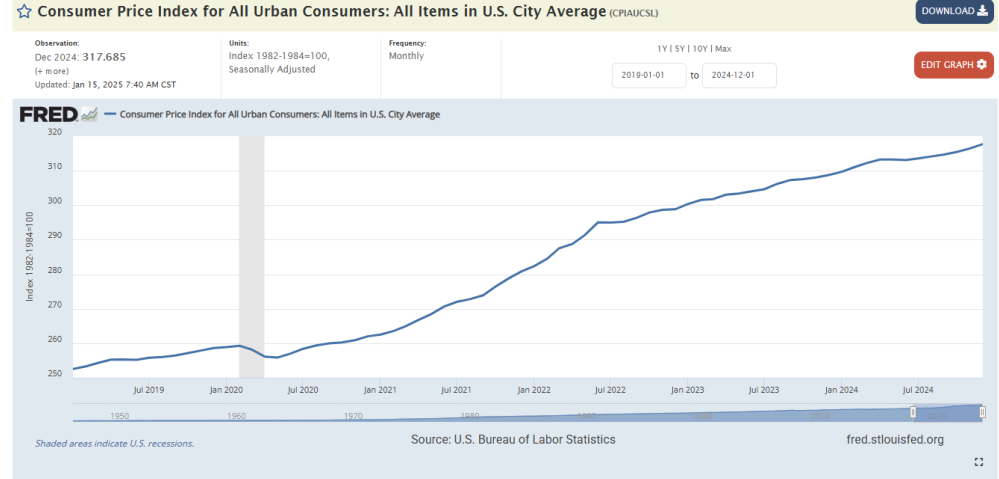


Why is a rate case needed?

- Inflation
 - Global Water is operating based on a 2019 cost structure (before 2020 inflation increase)
- Continued Community Investment to:
 - Help the City continue its success
 - Keep up with increasing water/wastewater demands
 - Stay ahead of growth
- Southwest Plant – 20 years in the making



- Operating on a 2019 Cost Structure
- Overall inflation up ~26%
 - Water/Wastewater inflation up 28%
- All prices higher since 2019:
 - Labor
 - Materials
 - Water testing expenses
 - Permit fees
 - Chemicals
- Construction costs also experienced significant price increases, over 100%



Maricopa Keeps Growing!

- **Potable Water**

- August 2024 demand up 37% vs. 2021
- Peak demand now 10 MGD

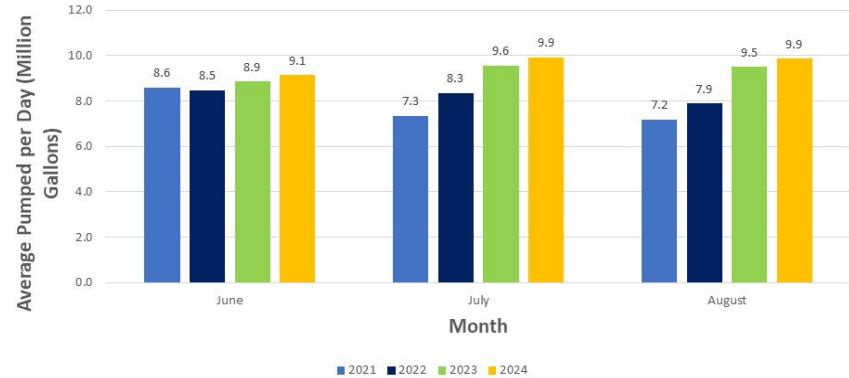
- **Wastewater**

- 2024 over 2021 – 21% increase

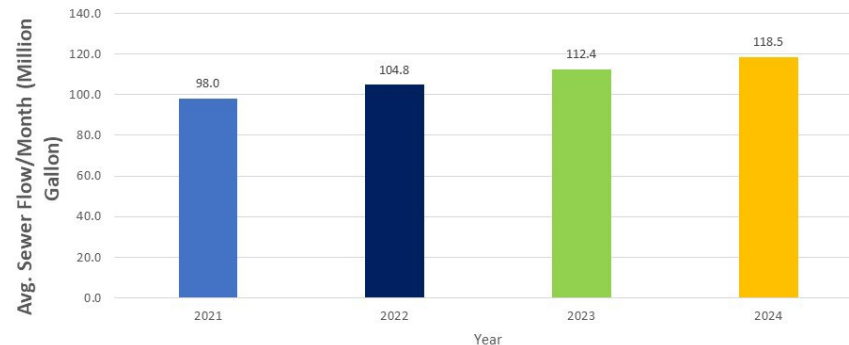
- **Takeaways**

- Met all water and wastewater demands
- Growing Responsibly
 - 2023 data:
 - 68% groundwater
 - 32% recycled water
 - » 1+ billion gallons per year
 - 2/3 of DAWS still available!
- But need to continue to be proactive

Potable Water Average Daily Pumped - City of Maricopa



Average Monthly Sewer Flows - City of Maricopa



- Sample Water Projects

- Neely East Well Rehab
- Apex Water Distribution Center
- Farrell and Murphy road water line
- East/West corridor water line
- Water line rehabilitations
- Exceptional Health water line
- Loma 238 water line
- Edison Road water line loop
- RED WDC tank rehab
- Sorrento East Well
- Hartman Road booster station
- Lightening suppression study
- SouthBridge projects
- Various operational projects

- Sample WasteWater Projects

- Anaerobic Sludge Digester #1 rehabilitations
- Farrell and Murphy road sewer lines
- Anaerobic Sludge Digester #2 conversion
- Exceptional Health sewer line
- SouthBridge projects
- WRF #1 Screen Replacement
- WRF #1 Intermediate screens, belt press
- Ultraviolet System Rebuilds
- Various operational projects

- Additional detail is included on select projects in the Appendix, see 'Community Investment'.

Most Critical Issue – Southwest Plant Recovery

- A history 20 years in the making
- Assets are now materially providing service to customers
 - Last major asset, WRF #2 scheduled to go in-service Q3/Q4 2025
- Original investment plus recommissioning ~\$60m (still finalizing)
 - Last Rate Case – GW rate investment \$118m
 - Significant part of balance sheet not in rates
- Includes resolution for pre-mature revenue collection issue (offsetting the overall rate increase)
- Case Goal:
 - Our goal is to resolve this issue for all stakeholders in a way that settles the topic forever.

Texas developer excavates land for new Hidden Valley subdivision

By Jeff Chew, Reporter - Dec 2, 2024

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| REAL ESTATE |



Construction at Venida 1 on Papago Road photographed Dec. 2, 2024. [Jeff Chew]

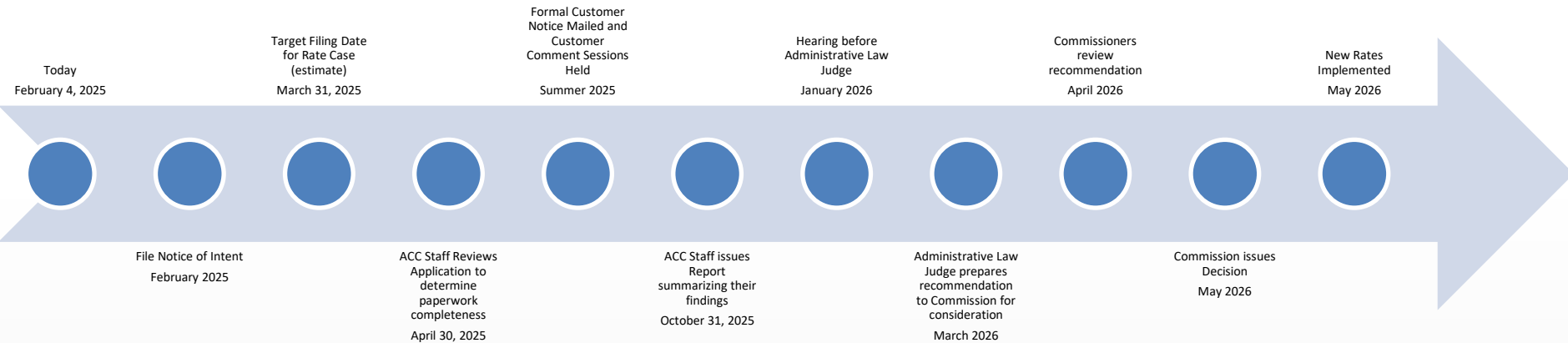
A 544-home subdivision near the corner of Papago Road and John Wayne Parkway is now under construction.

A brick wall and mounds of excavated dirt mark where utilities are being installed at Houston-based LGI Homes' Venida 1 community in Hidden Valley.

It is the first subdivision to go up since Amarillo Creek was established further west on Papago Road last fall, and the second HOA subdivision to be built south of city limits.

The subdivision is one in a Maricopa City Council series of pre-annexation agreements with owners of 15 parcels totaling 5,742 acres south and east of the city to provide fire protection to landowners and potential future residents.

Timeline – ACC Process (estimate)



- Takeaway – A thorough, lengthy process from start to finish.

Bill Impact Estimates

Median Bill Impact	Current Monthly Bill	Proposed Increase Phase 1 ~2026	Proposed Increase Phase 2 ~2027	Proposed Bill Total	Proposed Percentage Increase	CPI-U: Inflation since 2019 (current rates)
Median Water Consumption (~5,000 gallons)						
GW-Santa Cruz (water)	\$35	\$4	\$3	\$42		
GW-Palo Verde (wastewater)	\$68	\$2	\$2	\$72		
Total Median	\$103	\$6	\$5	\$114	11%	26%

Summary:

- A proposed increase significantly less than inflation.
- Voluntarily two-step phase-in.
- Includes resolution of all history of the Southwest Plant including recovery of the investment and premature revenue collection.
- Continuation of Customer Assistance Program.

Assumptions:

- The proposed increase is an estimate, will be finalized before actual rate case filing.

- The Arizona Corporation Commission has recognized that the current rate case filing and audit process needs improvement.
- They have passed a policy framework for utilities to propose in future rate cases for prospective rate cases ('formula rates').
 - Municipal-like – smaller, annual increases versus larger, infrequent increases.
- Global Water will make a proposal in this rate case.





NASDAQ: GWS

Thank You

Appendix

Community Investment

GW-Palo Verde – Campus 1 Water Reclamation Facility

- **Project Name:** ASD Conversion
- **Project Description:** The existing wastewater tank was converted into a sludge digester. Reducing solids limits and how often we are hauling waste. The conversion included the installation of three brand new mixers, new stainless-steel piping, a new blower, and decant pump.
- **Cost:** \$1.0 M
- **Year of Completion:** 2020



GW-Palo Verde - Campus 1 Water Reclamation Facility

- **Project Name:** Campus 1 ASD Rehab
- **Project Description:** The rehabilitation of the wastewater tank included refurbishment of a mixer with improvements including installation of stainless-steel piping and concrete repair. The tank is now fully operational and reducing solids (less frequent land hauls, more environmentally friendly).
- **Cost:** \$1.2 million
- **Year of Completion:** 2022



- **Project Name:** Neely East Well Rehab Project
- **Project Description:** This project required retrofitting an existing well that had been out of service. A well pump, sand separator, chlorination system, standby generator and electrical/SCADA system were installed, and it is now in service for both capacity and used for blending purposes with other wells.
- **Cost:** \$2.4 million
- **Year of Completion:** 2023



GW-Santa Cruz – Rancho El Dorado Water Distribution Center Tank

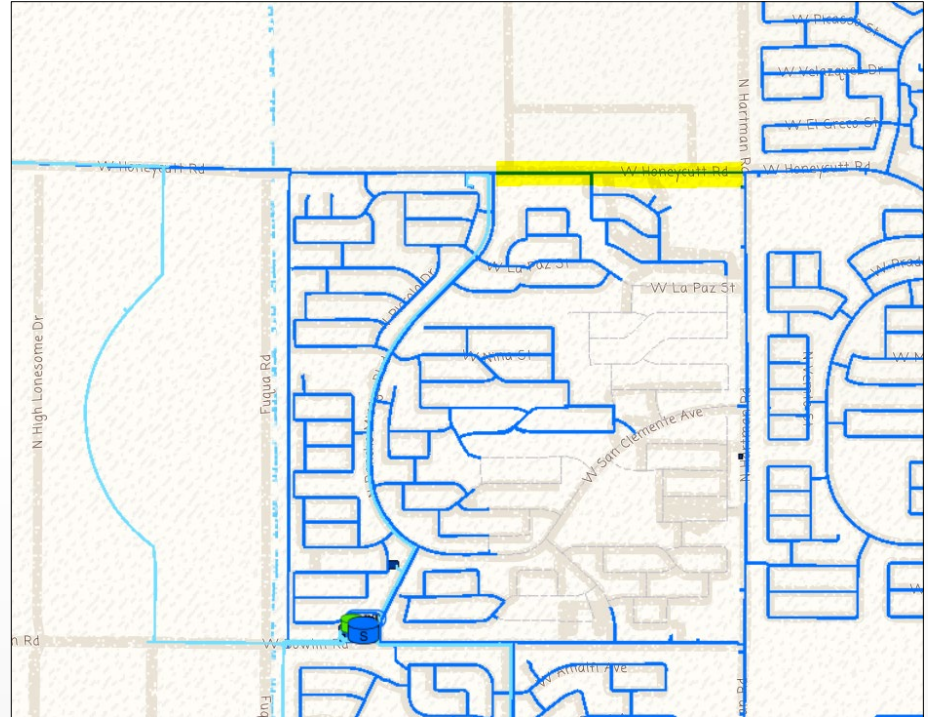
- **Project Name:** RED WDC Tank Rehab
- **Project Description:** This project included removal of the old tank coating, rehabilitated the tank steel and installed a new tank coating. The rehabilitation work extended the useful life of the potable water storage tank.
- **Cost:** \$0.5 million
- **Year of Completion:** 2020



- **Project Name:** 16-Inch Waterline
- **Project Description:** The liner enhances the pipes strength and helps to prevent water main breaks as well as extends the life of the water main.
- The project involved installing a high strength liner inside a C900 polyvinyl chloride (“PVC”) pipe. During construction, the liner is pulled into position. To the right, you can see the liner being fed into the existing pipe. A roller is used to prevent tears during the process.
- **Cost:** \$0.9 million
- **Year of Completion:** 2022



- **Project Name:** Watermain Liner Rancho Mirage Blvd to Hartman
- **Project Description:** This project involved installing a liner within the C900 pipe segments that were experiencing main breaks in the highlighted area in our GIS. This section is critical because it lies along a section boundary alignment and is a main line.
- **Cost:** \$1 million
- **Year of Completion:** 2022



GW-Santa Cruz – Water Line Extension

- **Project Name:** Water line extension on Farrell and Murphy Rd.
- **Project Description:** This project involved extending a 16" ductile iron pipe to serve Desert Sunrise High School.
- **Cost:** \$2.0 million
- **Year of Completion:** 2022



2025 Selected Capital Projects

Operations:

- Next stage of additional water quantity and quality in City of Maricopa.
- Additional emergency response and cybersecurity preparation exercises.

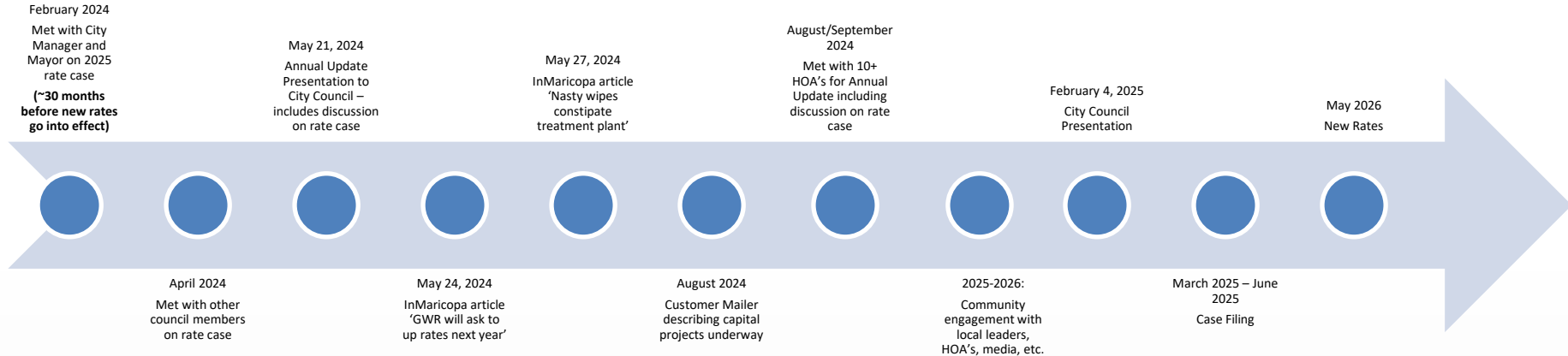
Engineering (CapEx):

- 2024 Budget ~\$40 million
- 2025 Budget ~\$65 million
- Keep in front of increasing demands and growth.

	Project Name	Project Description
1	GW-Santa Cruz: Maricopa Water Quantity / Quality	We are evaluating the City of Maricopa’s first water treatment system (currently utilize blending). We are considering individual well treatment, centralized treatment or a hybrid. This is likely to be the first of several treatment systems installed in the upcoming years as Maricopa’s original blend plan is no longer sustainable on long-term basis. Estimated cost - TBD.
2	GW-Palo Verde: WRF #1 – Upgrades	This project will complete a variety of upgrades at WRF #1 including installing additional screening, a new belt press, and odor control upgrades. Engineer’s cost estimate is approximately \$5 million.
3	GW-Palo Verde: WRF #2 (Southwest area)	This project is the last of the Southwest Service Area’s assets to come online. Approximate cost is \$14 million. The package plant is now operational and the WRF #2 will be online by Q4 2025.
4	GW-Santa Cruz / GW-Palo Verde: Various Maintenance/Operational Projects	We have a number of projects planned to replace aging assets and continue upgrading the system including: Ultraviolet Disinfection equipment replacement, wastewater clarifier recoating, valve replacements, hydrant replacements, and well rehabilitations.

Customer Communication

Customer Communication – Early and Often



- Takeaway – We will continue communicating through various channels to educate the community.

GWR will ask to up rates next year

By Jeff Chew, Reporter - May 24, 2024

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GOVERNMENT



Andrew Miller, Global Water Resources regional manager in Maricopa, talks to the Maricopa City Council about city growth and its effects on GWR.

Global Water Resources is slowly making its case for a rate increase, but struggling ratepayers might find respite knowing it's two years into the future.

A top GWR official went before the Maricopa City Council this week to explain the growing need for higher rates, albeit not immediately.

Andrew Miller, GWR regional manager in Maricopa, told the council the utility was directly affected by unprecedented growth in the city.

Nasty wipes constipate treatment plant

By Jeff Chew, Reporter - May 27, 2024

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GOVERNMENT



That's wet wipes clogging up expensive equipment at the Global Water Resources, not to mention creating a mess for treatment plant employees.

The people at Global Water Resources' water reclamation plant at times have a real sh*tshow on their hands.

There's really no better way to accurately describe it, except without the asterisk.

Their multimillion-dollar equipment, paid for through customer rates, often gets all plugged up with baby wipes and Clorox wipes, which literally constipate the system.

"There are a lot, and I mean a lot, of baby wipes, Clorox wipes, all of them are things that get flushed down the toilet and they end up here at our plant," said Andrew Miller, GWR regional manager in Maricopa. "They ultimately rag up our systems, slow down pumps, things have to get pulled out. You can see it's a huge undertaking and we want to especially make sure that our employees are safe while their treating all of this."

GLOBAL WATER CONTINUES TO INVEST IN WATER UTILITIES IN THE CITY OF MARICOPA

Global Water recently commemorated twenty years of partnership with the City of Maricopa, providing safe drinking water and reliable wastewater treatment to the more than 70,000 people who call this great city home. As the City's population grows, water infrastructure needs to evolve through installation of new pipelines, upgrades for treatment processes, and upgrading existing infrastructure. As Global Water plans for the future, we wanted to celebrate some milestones and improvements that have unfolded in the past year:

- The City of Maricopa saw an increase of 1,029 water and 1,006 sewer connections.
- While the summer of 2023 saw record heat resulting in a 30% increase over historical water demands and we similar demands in 2024, the water distribution system has met that demand without issue due to proactive planning and asset deployment.
- With new residential development commencing near Papago Rd. and Green Rd., Global Water activated water and wastewater assets originally constructed in 2007.
- The advanced water meter network proactively sent 15,000 customer notifications for abnormal water usage, saving an estimated 13 million gallons.
- Global Water installed water infrastructure upgrades necessary to complete the construction of the Sonoran Desert Parkway project.
- Equipment upgrades were completed at the main water distribution center, providing redundancy and resiliency to meet current and future demands for homes and businesses in the Rancho Mirage, Sorrento, Anderson Farms, and Tortosa developments.
- Construction of two new potable water wells was completed, providing additional water capacity.