

# Building a World of Difference.®

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# Regulatory Water

## Strategic Advisory Financial Resilience and Business Transformation Services

The water utility industry continues to be a dynamic market with ongoing and emerging needs for new services. Aging infrastructure, evolving regulatory landscape, increasing costs and funding adequacy are factors that continue to drive the need for services. Aligned with these factors, utilities face a number of critical needs including effective asset management, financial resilience and rate stability, customer affordability and customer demands for enhanced service levels and access to information. Black & Veatch Management Consulting, LLC (Black & Veatch) understands the complex and changing problems that utilities are working to address and support.

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# The Black & Veatch Value

Our goal is to help utilities manage the interplay of competing and more often dynamic needs. **We define adaptive strategic pathways, enable performance-driven management and support long-term financial viability.** We provide services to support integrated solutions that address capital program funding and resource management, program optimization, financial capacity and stakeholder engagement. Our holistic framework integrates a utility's program needs with actionable financial, regulatory, customer and management approaches to help balance mission-critical service delivery and the interests of diverse stakeholders.

Our team of highly experienced consultants develop flexible and actionable financial and business solutions. We do so by combining our global expertise in engineering, asset management, rate setting, utility technologies and stakeholder facilitation with our deep knowledge of the utility infrastructure and operations, bond market and unique regional factors. Our consultants have also authored industry best practice manuals and bring that synergy of multi-dimensional expertise and experience to address utilities' specific needs and circumstances.

Our team has provided decades of financial and business consulting services to large and small utilities including the Philadelphia Water Department, PA; City of Atlanta, GA; City of San Diego, CA; Unified Government of Wyandotte County, KS; Charleston Water System, SC; Wilmington, DE; and Metropolitan Sewerage District of Greater Cincinnati, OH. We bring our collective experience, innovative practices and industry knowledge to help your utility leaders make a compelling case for action and achieve the next milestone in your path to regulatory, financial and community resilience.

## Services

### Utility Rate Studies & Rate Case Services

Our financial specialists help utilities address five core areas of financial resilience:

- Prioritization of program needs and costs
- Capital and operations program financial planning
- Stakeholder engagement
- Equitable cost recovery from customers through the cost of service analysis
- Innovative rate structure and pricing

Our structured rate services framework aligns with industry best practice fiscal policies and helps utilities build an actionable financial roadmap, develop sustainable infrastructure investments, balance customer impact and affordability while engaging with utility leaders and elected officials to make a compelling case.

Our financial specialists also bring decades of experience in providing rate case support and expert witness testimony in public utility and regulatory rate cases.

### Stormwater Utility Consulting Services

We provide "concept to launch" services with respect to stormwater utility development and implementation. Our use of the Black & Veatch proprietary "stormwater nexus framework" reflects interdependencies among four key focus areas – program, policies, funding and benefits – and helps utilities achieve multi-benefit outcomes. The development phase includes program vision and service level assessments, program cost development, organizational analysis, utility policy development, funding evaluation, design and implementation of user fee rate structures including extensive stakeholder engagement activities and stormwater utility business case. During the implementation phase, our services span six key areas:

- Design of credits/appeals program
- Stormwater data management tool implementation
- Customer outreach support
- Billing system integration and QA/QC services
- Business process implementation and staff training
- Readiness-to-launch services

## Business Transformation & Advisory Services

Our services extend the traditional utility rates and regulatory domain. Three core sub-areas include:

- Business and operations transformation
- Non-revenue water management
- Customer assistance and affordability

In assisting utilities with business transformation, we use a strategic roadmap approach that spans current state evaluation, desired state visioning and outcomes as well as gap analysis, prioritization of initiatives and development of implementation roadmaps. This comprehensive approach assists utilities with their transformational planning at the functional, department and enterprise-level scale.

In the area of non-revenue water management, our services include water loss audits, consumption and metering data analytics, conservation program implementation and meter-to-cash process improvements.

In the area of customer assistance, we support utilities with program design, impact analysis and implementation planning. Our affordability analysis includes utility financial capability analysis (FCA) and consent decree negotiation support and low-income affordability analysis in the context of establishing assistance programs and affordable rate structures.

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*I have worked with several Black & Veatch consultants over the years and have always found them to be experts in the field of rates and financial forecasting.”*

– Wesley Ropp  
Chief Financial Officer, Charleston Water System

## Client Case Study



Harford County, Maryland has been a client since 2013, with Black & Veatch providing financial advisory services. Since 1996, the County had been increasing its rates based on CPI leading to a looming financial deficit. We integrated eight distinct work items into a holistic framework, developed a pragmatic five-year financial plan and cost-of-service-based rate schedules. With our recommendations, the County successfully implemented its first-ever five-year financial plan for Fiscal Year (FY) 2016 through 2020.

We continued to provide services to the County and helped develop their next five-year financial plan for the forecast period of FY 2021 through FY 2025. In these studies, our consultants developed and delivered a robust and user-friendly rate model with financial planning, cost of service, rate design, and capacity fee analysis modules.

An important highlight of this project is not only the technical analysis but also the series of workshops we conducted with both the County Administration Executives and the County Council. Based on the compelling case we made, the County Council approved the second five-year plan with annual rate increases of 4.49% for the periods FY 2021 through FY 2025.

*Our expertise and assistance helped the County's water and sewer utilities to continue the journey towards building long-term financial resilience.*