

Annual Report to Customers

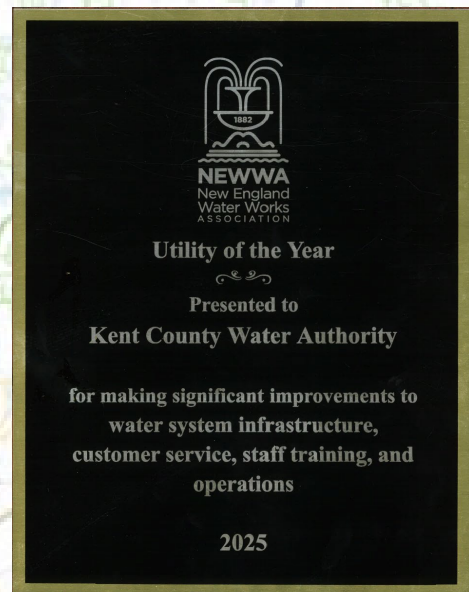
October 2025

The Kent County Water Authority proudly marks another successful year of dedicated service to our customers. Our mission remains clear: to provide a safe, reliable supply of drinking water for both consumption and fire protection while continually enhancing system performance and resiliency.

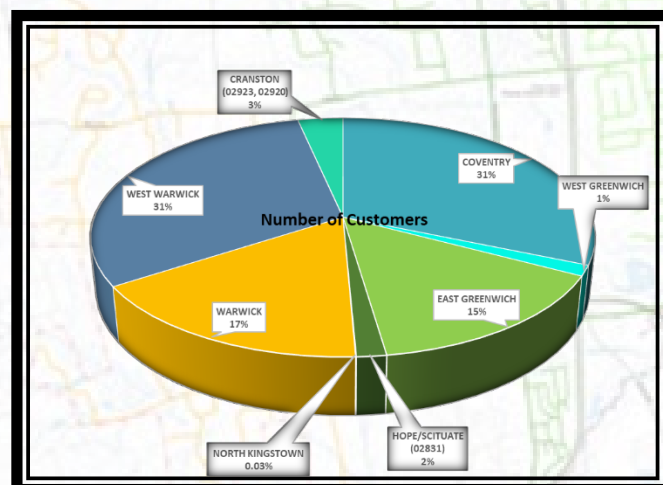
Throughout the year, service interruptions were limited solely to emergencies and vital improvement projects. Thanks to the commitment and professionalism of our staff, our customers have benefited from an uninterrupted, high-quality water supply that meets the highest standards of safety and reliability.

Over the past 12 months (to August 2025), inflation in the U.S. has moderated significantly and is not as severe as during the peak years of 2021–22. Even so, the lingering effects of record inflation and broad cost increases continue to challenge utilities nationwide. Despite these economic pressures, KCWA has continued to invest in infrastructure, automation, and system improvements **without imposing any cost increases on our customers.**

Our state-of-the-art water system stands as a model of efficiency, quality, and value. The Kent County Water Authority (KCWA) has been honored with the 2025 Utility of the Year Award by the New England Water Works Association (NEWWA), the region’s largest and oldest organization of water works professionals. Presented at NEWWA’s 144th Annual Conference in Rockport, Maine, the award recognizes KCWA’s outstanding achievements in infrastructure investment, customer service, staff development, and operational excellence to protect public health. KCWA received this distinction in the large-sized system category, reflecting its commitment to innovation, sustainability, and providing safe, reliable water to the communities it serves.



ACTIVE KCWA CUSTOMERS BREAKDOWN BY TOWN / CITY (FY 2025)	
COVENTRY	8,595
WEST GREENWICH	388
EAST GREENWICH	4,089
HOPE/SCITUATE (02831)	447
NORTH KINGSTOWN	9
WARWICK	4,531
WEST WARWICK	8,436
CRANSTON (02923, 02920)	933
TOTALS	27,428

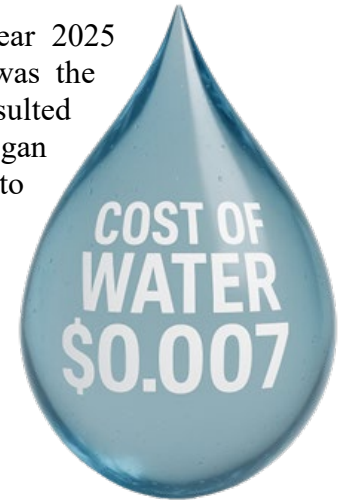


Financials

As implemented, our revenues remain stable and expenses continue to align with operational needs, demonstrating prudent fiscal management. The Authority's Moody's water revenue rating is Aa2, and while Standard & Poor's did not conduct a review in FY2025, the rating remains Aa2, reaffirming our strong financial standing. The Authority is authorized to issue revenue bonds only, and our solid AA credit rating underscores our ability to competitively raise funds for future capital projects through favorable market bond mechanisms.

Operating Revenues and Expenses

- Total operating revenues increased by \$674,980 in Fiscal Year 2025 compared to the previous year. A major contributing factor was the decrease in rainfall during FY2025 relative to FY2024, which resulted in higher water consumption and sales. Similarly, FY2026 sales began strongly, supported by a hot, dry summer and fall that continued to drive increased water usage and revenue.
- Operating expenses for FY2025 increased by \$596,537 from the prior year, primarily due to higher administrative and general expenses. Despite these increases, total net operating income at year-end was \$2,392,348, representing a 3.4% increase from the previous fiscal year.



Assets, Liabilities, and Capital Investments

- At the close of FY2025, total assets stood at \$228.8 million, a decrease of \$1.8 million (0.8%) from the prior year. Total liabilities were \$24.7 million, down \$4.9 million (16.7%), reflecting a continued reduction in outstanding obligations.
- The Authority maintained \$215.0 million invested in capital assets, an increase of \$4.8 million (2.3%), demonstrating ongoing reinvestment in infrastructure. The debt-to-equity ratio of 12.2% in FY2025 indicates a strong capacity to issue additional debt should future projects require it.
- For FY2026, the Authority will maintain robust reserves with a restricted IFR account funded at \$6 million and a restricted CIP account funded at \$2.4 million to support ongoing and future capital initiatives.

Audit and Compliance

- The Authority's financial statements are professionally audited and prepared annually in accordance with the Government Accounting Standards Board (GASB). As a public benefit corporation and political subdivision designated by the State Legislature, we adhere to all current GASB statements.
- It is our pleasure to report that the FY2025 financial statements continue to reflect the sound, consistent, and sustainable operation of the Kent County Water Authority.

Rate Structure and Regulatory Context

- The rate schedule has recently changed with a **rate decrease** consistent with our approved Cost of Service (COS) model approved by the Public Utilities Commission (PUC).
- KCWA may be required to file an additional petition with the PUC later this year in preparation for the additional demand and responsibilities from the Quonset Development Corporation (QDC) Business Park and Ladd Center water systems. This filing is expected to be revenue neutral, meaning it will not result in any increase in customer rates.

KCWA Rate Decrease 2.58%

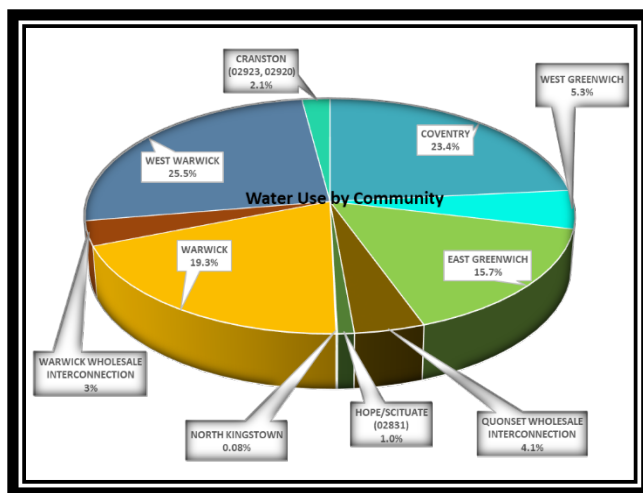
One factor that can influence customer rates at the Kent County Water Authority (KCWA) is a change in the wholesale rates set by our water supplier, the Providence Water Supply Board (PWSB). When PWSB’s rates are adjusted via a rate filing with the PUC, KCWA is then required to submit a “pass-through filing” with an adjusted rate schedule to update our own rates, accordingly, ensuring that any increase or decrease in wholesale costs is accurately reflected in our customer rate structure.

On November 26, 2024, the Providence Water Supply Board (PWSB) filed a new multiyear rate proposal with the Public Utilities Commission (PUC) under Docket No. 24-51-WW. The filing included a cost-of-service study and proposed rate adjustments that vary by customer class. For KCWA’s class of service, the proposal reflected a rate decrease. Following the approval of the Settlement Agreement filed on July 8, 2025, subject to the conditions, adjustments, and modifications outlined in Ordering Paragraphs three through seven of PUC Order No. 25493, **All KCWA metered rates were reduced by 2.58%**. This Order incorporated the decisions made during the PUC’s Open Meeting on July 24, 2025, and established new rates effective bills issued on or after September 1, 2025.

Metered Sales and Water Accountability Update

Year-to-date, overall metered water sales have increased by approximately 5%. A breakdown of this growth shows:

- Residential metered sales rose by 6%
- Commercial, industrial, and governmental sales increased by 3%



COVENTRY	608,134,650
WEST GREENWICH	137,105,769
EAST GREENWICH	408,154,912
QUONSET WHOLESAL INTERCONNECTION	107,193,373
HOPE/SCITUATE (02831)	25,268,375
NORTH KINGSTOWN	2,122,293
WARWICK	501,346,040
WARWICK WHOLESAL INTERCONNECTION	88,308,552
WEST WARWICK	662,409,573
CRANSTON (02923, 02920)	53,882,897
TOTALS	2,593,926,434

When accounting for both production and wholesale water purchases, total water supply increased by 6%, representing an additional 188 million gallons over the same period.

The percentage of unaccounted-for water which is water that is produced/wholesale purchased but not billed due to factors such as leakage, meter slippage, and fire department use was calculated at 13.17%, which is below the national benchmark of 15%. This result also falls within the acceptable threshold established for regulatory compliance. The authority audits for unaccounted water continuously through its leak detection program and accounting when water leaks and/or breaks occur. This trend reflects KCWA's ongoing efforts toward achieving comprehensive water balance accounting, as required by the Water Use and Efficiency Act.

MAJOR GOALS COMPLETED IN FY25:

- Completed construction of new office and maintenance facility.
- Completed the lead service line (LSL) inventory for both the public and private side of the distribution system to provide public mapping in conformance with the EPA and RIDOH/ RIGL Lead Poisoning Prevention Act.
- Engaged and partnered with the EPA Get-The-Lead-Out (GLO) initiative to provide technical assistance, community outreach to finalize inventory for bid preparation to lead and galvanized service lines.
- Deployed new software to track backflow and large meter testing.
- Completed IFR 2021 Towns of Coventry, East Greenwich, West Warwick, Scituate, and the City of Warwick. IFR 2021 involved the installation of approximately six (6) miles of pipelines consisting of primarily 12-inch and 8-inch ductile iron pipe and three pressure-reducing valve (PRV) stations
- Completed IFR 2022 (Cowesett Ave)
- Completed IFR 2024 (Centerville Rd)
- Applied and received authorization for low interest financing for \$25 M with \$5 M dollars in principal forgiveness to construct a new filtration plant at out East Greenwich well facility.
- Installed nine of ten permanent advanced metering infrastructure (AMI) gateways which provide greater than 60% real time meter reading.
- Finished pilot skid to evaluate PFAS treatment media for new treatment plant.
- Designed, installed, and finished water main installation on Mapledale and Albro in Coventry.



FY26 GOALS

- Finish partnership with RI National Guard to complete the design and construction of new pump station and water main installation up Read School House Road to establish a new pressure gradient. Acquire and operate all systems on new gradient under KCWA PWS.
- Evaluate integration and operation of QDC water systems to mitigate PFAS issues and lower rates for those systems.
- Finalize remote net metering contract to work in concert with our new solar array installed on the new facility to fully supply KCWA with electricity needs from renewable energy sources to meet 100% of the energy needs.
- Finish digitization of hard copies of authority records with help from the GLO initiative.
- Complete the removal of all unknowns from our LSL inventory and go out to bid to have all lead and galvanized service lines removed from the system.
- Finish the design and go out to bid for the construction of East Greenwich Well treatment facility.
- Start the evaluation and the development of at least three new wells to service the Mishnock facility. Start preliminary design of plant expansion for the treatment of PFAS.
- Partner with the Town of North Kingstown to provide PFAS free water to the town via a wholesale interconnection agreement.
- Finish integration and deployment of GIS for desktop into GIS enterprise so KCWA can develop custom applications and data collection for enhanced mapping and editing, asset management, and real-time program management.
- Obtain RIDOH lab certification for the analysis of coliform in our new lab.
- Finish deploying and optimizing gateway locations so all meters can primarily be read through Advanced Metering Infrastructure (AMI) network.
- Work with the City of Warwick to develop a plan on Bald Hill to install an emergency interconnection separate from our Bald Hill pump station and potentially install the infrastructure to better service the businesses in that area from KCWA.
- Review and update 5-year Capital Improvement Plan (CIP) and Clean Water Infrastructure Plan (CWIP).
- Update and submit the required Water Supply System Management Plan to Water Resources Board.
- Update all SCADA system hardware and software to Factory Talk.
- Develop Water Efficiency Application Program (WEAP) to perform analytics on meter readings and production to optimize performance.
- Install PRV station at Frenchtown Tank site to feed from high service to low service site to reactivate Carr Pond tank on high service with an increased turnover rate.

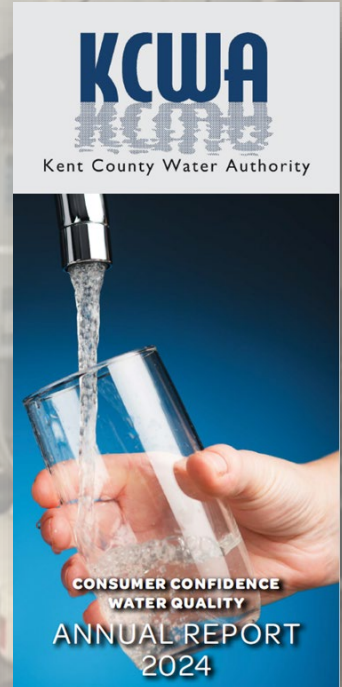


Water Quality and Resiliency

Our continued priorities have been and will be to comply with all requirements of the Safe Drinking Water Act and their Amendments. The Safe Drinking Water Act (SDWA) is the primary federal law that ensures the quality of drinking water in the United States.

The EPA and states can enforce the SDWA by: Issuing administrative orders, taking legal actions, and fining utilities. The SDWA limits exposure to harmful contaminants, including lead. It also requires the EPA to establish primary drinking water regulations for public water systems. This ensures our customers that they are receiving safe and healthy water throughout our system, and it is our continued pledge to improve our system and to strive for the highest quality and most efficient, cost-effective system possible.

We have established, as our highest priority, improvement programs to facilitate resiliency and enhance water quality into the far reaches of the distribution system.



The Kent County Water Authority has not had any violations of the Safe Drinking Water Act (SDWA) in the last 10+ years:

- The Kent County Water Authority continues to meet AND exceed all federal and state requirements.
 - The authority's monitoring results show that their system has had no violations.
- The Environmental Protection Agency (EPA) and Rhode Island Department of Health have determined that the water is safe at the detected levels.

HELP KCWA " GET THE LEAD OUT"

KCWA completed the lead service line (LSL) inventory for both the public and private side of the distribution system to provide public mapping in conformance with the EPA and RIDOH/ RIGL Lead Poisoning Prevention Act. KCWA has partnered with EPA and RIDOH to provide technical assistance and community outreach to remove all lead and galvanized water lines in the system.

The Kent County Water Authority is undertaking a federally mandated survey of all customer service pipe materials. The goal of this program is to identify lead components of the drinking water system. KCWA completed this survey and submitted the results to RIDOH prior to October 16, 2024 as required under the law. KCWA has been working to identify both public side and private side service lines for several years in anticipation of requirements in the revisions to new Lead and Copper Rule. Through extensive records research and field surveys conducted during our meter change out program, KCWA has verified the material type for more than 26,000 of the 27,500 service lines in the system, covering both the



public and private sides. There are currently 58 identified lead and galvanized service lines that require replacement. We are on the final push to get the last information on the private side of the curb stop and we need your help.

How can I verify my service connection material?

KCWA has developed and submitted the latest Lead Service Line Inventory (LSLI) to the RIDOH, available here in a searchable format: <https://pws-ptd.120wateraudit.com/KCWA-RI>.

You can use this map as a starting point to check the status of your service.

OPTION 1:

KCWA has created an easy online survey form that walks you through the process here: <https://arcg.is/0uOnue0>.

OPTION 2:

Photos of your home's plumbing, including the water meter and where the service line enters the building, may be emailed to lead@kentcountywater.org. Please include address and account number in the email.

OPTION 3:

One-on-one assistance with the verification of your service line material, please contact the Kent County Water Authority at (401) 821-9300 to set up an appointment with one of our field service agents.

Completing this Inventory Helps Us:

- ✔ Understand **Kent County's** water needs and apply for funding.
- ✔ Identify and remove possible lead sources.
- ✔ Maintain drinking water quality.

Joining Our Effort is Easy:

Let us know when to return by calling us to schedule an appointment or ask questions. 📞 Phone Number: **(401) 821-9300**



Prefer to check your service line yourself? Simply fill out our brief survey identifying your water service line material.

Thank you for sharing our mission to uphold a safe and healthy community!

Future IFR Lead and Galvanized Service Replacement

While there have been no identified instances of lead action level exceedances at KCWA, we are mandated to identify and address any potential sources of lead that may exist. KCWA is required by law to replace all existing lead and galvanized service lines over the next ten years to ensure the quality of drinking water and protect the health of our residents. **It is KCWA's goal to get this**

work completed over the next two years at no cost to the customer. We maintain a strong commitment to continuous monitoring, rigorous testing, and targeted infrastructure improvements to minimize lead exposure and maintain the highest standards of water safety. We encourage our residence to stay informed about our ongoing efforts and collaborate with us to establish a lead-free water system.

With the passage of the Bipartisan Infrastructure Law (BIL), the Drinking Water State Revolving Fund (DWSRF) received approximately \$292 million of additional funding for projects, including \$179 million for lead service line (LSL) and galvanized service line replacements. Currently, 49% of the funding is allocated toward principal forgiveness/grants on full private and public side replacement. Once KCWA completes locating all remaining unknowns in the system, we have developed an RFP to finalize the project and obtain grant funding to remove any remaining lead and galvanized service lines in the system.

Infrastructure Replacement (IFR) and Capital Improvement Projects (CIP)


KCWA has been a leader in infrastructure replacement (IFR) and capital improvement (CIP). KCWA has added and/or replaced over 223 miles of water main since the state law and programming was implemented. It is required under state law that water suppliers perform a full detailed analysis of their infrastructure to determine useful life expectancy, prioritize repairs and replacements, and meet the needs of the public for consumptive use and fire protection.

DID YOU KNOW

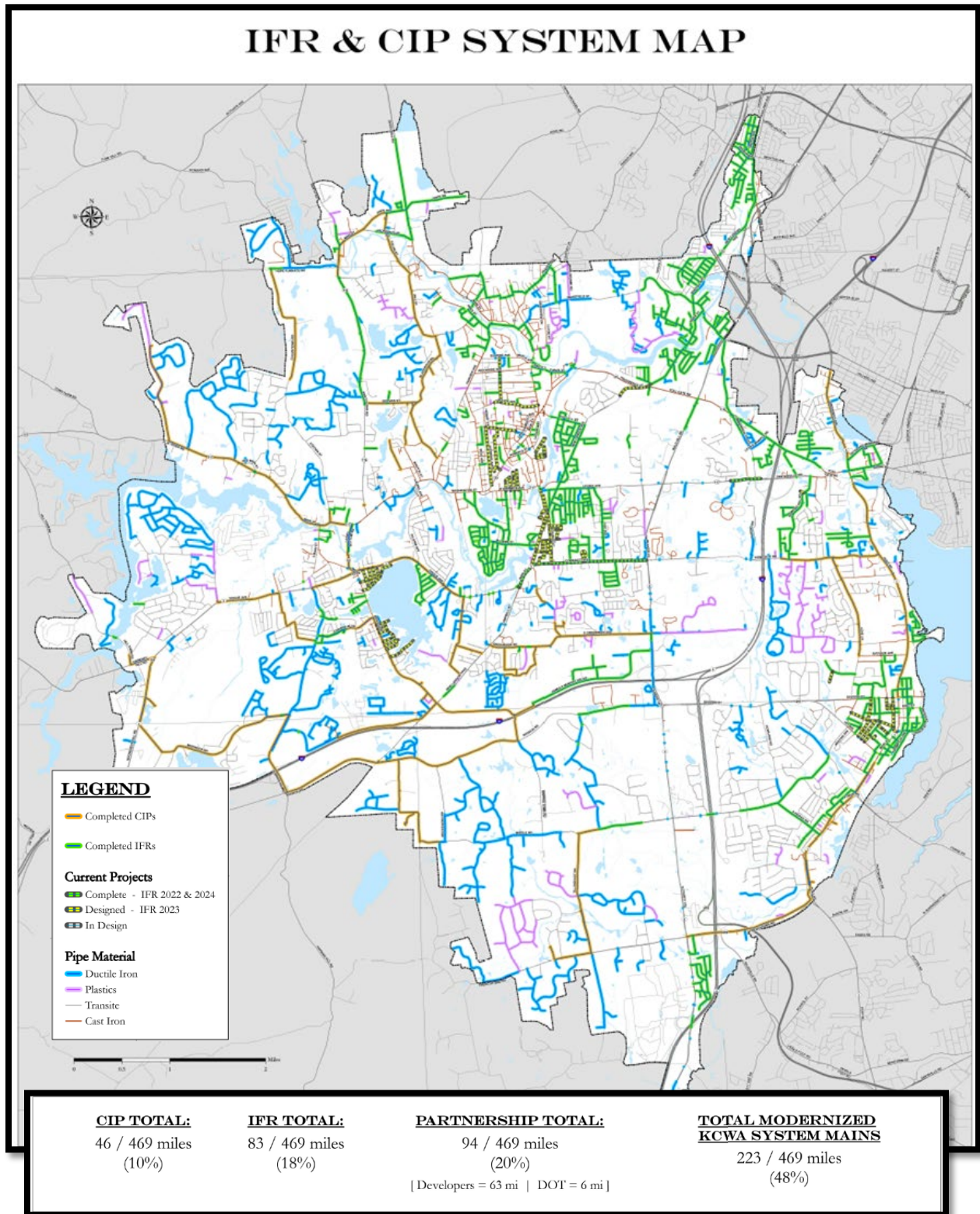
APPROXIMATELY ONE HALF OF EVERY DOLLAR RECEIVED BY KCWA IS USED TO DIRECTLY REPLACE AND UPDATE OUR INFRASTRUCTURE

Active and Completed IFR and CIP Projects

CIP Office and Maintenance Facility	Status - Complete	\$24M with rooftop solar
IFR 2021	Status - Complete	\$13.25 M
IFR EG Well Treatment Facility	Status – In Design	Funded @\$25M –Treatment for Manganese and PFAS
IFR 2022	Status - Complete	\$8.3M
CIP North South Interconnect	Status - Complete	\$12 M
IFR Designed Shovel Ready	Status - Designed	\$13.15 M
Meter Change Out Program	Status - Complete	\$7 M
IFR 2018	Status - Complete	\$3.0 M
IFR Knotty Oak PRV Conversion	Status - Complete	\$100K Designed and completed in house
IFR Clinton Ave PRV	Status - Complete	\$172K Designed and completed in house
IFR Frenchtown Ave PRV	Status - In design	\$125 K to be completed in house
SCADA Upgrade	Status - In Progress	\$600K to be completed in house
Centerville Road Main replacement	Status - Complete	\$1.2M
Bald Hill Staples Plaza (Emergency)	Status - Complete	\$1.8 M with private covering \$1.2M
Reservoir Road –Water Relocation	Status-In progress	\$1.2 M Partnership project Town of Coventry



To meet these requirements, the Authority finances large infrastructure projects through a pay-as-you-go model depending on the type of project and the approved funding allowed under the Public Utilities Commission. The infrastructure replacement (IFR) component is the renewal and replacement of existing infrastructure, whereas capital improvement projects (CIP) are for new infrastructure mostly large in scale and scope.



Restricted Funding Programs – Infrastructure Replacement and Capital Improvement Initiatives

This section outlines the Kent County Water Authority’s (KCWA) restricted funding programs as approved by the Rhode Island Public Utilities Commission (PUC). These programs provide essential financial resources to support the Authority’s long-term infrastructure sustainability and capital improvement efforts.

Under the Infrastructure Replacement Program (IFR), KCWA receives restricted funding of \$6 million annually. This funding level fully supports the program, with debt service obligations scheduled to conclude upon final repayment of the outstanding bond.

Complementing the IFR, the Capital Improvement Program (CIP) provides \$3.6 million in annual restricted funding on a cash-based, pay-as-you-go basis. Unlike the IFR, the CIP account operates without debt service commitments, allowing KCWA to advance approved capital projects efficiently while maintaining fiscal responsibility.

Together, these restricted funding mechanisms ensure the continued renewal and enhancement of the Authority’s water system infrastructure in alignment with regulatory oversight and sound financial management.

Capital Improvements and Per- and polyfluoroalkyl substances (PFAS) Mitigation

Significant progress continues to be made with our capital improvement initiatives. Funding has been approved by the Division of Public Utilities and Carriers (DPUC) for the construction of a new water treatment facility at the East Greenwich (EG) Well site. This facility is designed to address water quality issues related to mineral content and PFAS (Per- and polyfluoroalkyl substances).

Key details include:

- Debt service for this project will be covered entirely by our Capital Improvement Plan (CIP) restricted account, ensuring that it does not impact customer rates.
- The project is being financed through subsidized, low-interest bonds made available via the Drinking Water State Revolving Fund (DWSRF), in partnership with the Rhode Island Department of Health (RIDOH) and the Rhode Island Infrastructure Bank (RIIB).
- KCWA has also been awarded \$5 million in principal forgiveness, significantly reducing the debt obligation associated with this project.
- Additionally, KCWA has started to receive monetary settlements as a participant in class action litigation related to PFAS, which will further support the funding of this critical project. \$1.025M has been received so far.
- RIDOH required pilot scale testing is currently underway.



Updated East Greenwich /Warwick Well Treatment Facility

This project consists of the design and construction of a new treatment plant at the existing East Greenwich Well facilities site at 5870 Post Road, Warwick, Rhode Island 02818, in the general vicinity of the intersection of Post Road and Franklin Street, along the East Greenwich and Warwick city line within the Hunt River Aquifer. The East Greenwich well is a critical water source in the overall hydraulic supply capacity of the Kent County Water Authority (KCWA) district. The existing well supply facility is designed to meet minimum water quality standards for pH, disinfection, sequestering of manganese and to provide sufficient hydraulic capacity to meet the needs of the KCWA system now and into the future. This source in combination with KCWA's Mishnock treatment facility is capable of providing emergency supply redundancy in sufficient capacity to continue essential public water service to its critical customers and emergency interconnections.

The proposed treatment facility and major unit processes at the East Greenwich Well facility were reevaluated based on achieving the primary objective of protecting public health by providing a regulatory compliant, reliable source of potable water that meets or exceeds current drinking water regulations.

The updated project and treatment processes include iron and manganese removal utilizing a pressurized filtration system, followed by PFAS removal utilizing pressurized granular activated carbon (GAC) adsorption vessels in a lead-lag configuration. PFAS treatment media will be determined by the results of pilot testing. Chemical injections are anticipated to include potassium hydroxide for pH adjustment and sodium hypochlorite for disinfection, as well as a dichlorination step prior to PFAS treatment. A new submersible well pump sized to maintain pressure throughout the proposed treatment system will be installed in the existing well.

The project will consist of the demolition of the existing treatment plant building and the construction of a new treatment plant within the existing building's footprint. Conceptual layouts for the Site and treatment plant building have been prepared to depict the proposed Site layout and interior plant layout. The proposed treatment plant building will feature an increased plant capacity to allow for future expansion, PFAS, and manganese removal using pressurized treatment vessels, a below-grade clearwell, and mechanical, electrical, office, and laboratory spaces. Additionally, a backwash holding tank and sewer force main will be required to manage the residual waste resulting from the treatment processes. The Site will be improved with paved access surrounding the new building, an upgraded transformer, emergency generator, and stormwater detention areas.

The updated design, inclusive of updated PFAS treatment, should be completed by the end of 2025. KCWA obtained an opinion of probable construction estimate of \$23 million to construct the new treatment facility at full scale up 4 million gallons per day. The design is modular where additional filters can be installed if additional capacity becomes available from the neighboring wells. KCWA has applied for principal forgiveness loans and subsidized loans under SRF to help facilitate construction of the facility without the need for a rate increase. With the passage of the Bipartisan Infrastructure Law (BIL), the Drinking Water State Revolving Fund (DWSRF) is receiving approximately \$292 million of additional funding for projects, including \$179 million for lead service line replacements and addressing emerging contaminants over the coming few

years, including PFAS. In addition to the funding research and development, KCWA has also entered a class action lawsuit to help defray capital costs.

Kent County Water Authority Secured \$2.36 Million in Settlement Funds from 3M PFAS Litigation to Advance Water Treatment Infrastructure

The Kent County Water Authority secured \$2,364,947.78 in settlement funds from the 3M PFAS multidistrict litigation as of July 2025. This milestone follows KCWA's decision in 2023 to join the nationwide lawsuit against manufacturers, including 3M, E.I. DuPont, and others, for contaminating drinking water supplies with toxic per- and polyfluoroalkyl substances (PFAS), commonly known as "forever chemicals." The funds represent a portion of the historic \$10.3 billion settlement reached in June 2023, aimed at addressing the widespread environmental and health impacts of PFAS contamination.

These resources will be directed toward critical infrastructure improvements, including the construction of a new state-of-the-art water treatment plant designed to eliminate PFAS and meet the most rigorous

These settlement funds represent a crucial step forward in our mission to mitigate the impacts of PFAS contamination. These resources will directly support the construction of a new state-of-the-art treatment plant which is a vital investment that will allow us to provide the highest quality water to our ratepayers, now and into the future. The new treatment facility, now in its final planning stages, will be designed to meet the most stringent water quality standards, ensuring long-term protection of public health and the environment. This funding is not only a victory for public health, but also a reaffirmation of our unwavering commitment to safeguarding our community's water supply for generations to come. David L. Simmons, PE, Executive Director of the Kent County Water Authority

water quality standards. KCWA has been proactively testing and remediating its water sources to comply with state and federal guidelines, and this settlement ensures that the financial responsibility remains with the manufacturers rather than burdening ratepayers.

Regional Collaboration for Water Supply and Water Quality

QDC, the Kent County Water Authority (KCWA), and the Town of North Kingstown all rely on groundwater wells located within the Hunt River Aquifer as a primary source of supply. This shared aquifer has long supported the region's residential, commercial, and industrial needs. However, studies by the Rhode Island Department of Environmental Management (RIDEM) have shown that water levels and stream flows within the Hunt River can be affected by periods of high withdrawal, underscoring the need for careful management and diversification of water sources.

To protect this vital resource and strengthen the reliability of the regional water system, KCWA established a wholesale interconnection with the Quonset Development Corporation (QDC). This connection allows KCWA's system and its two supplemental interconnections with the Providence Water Supply Board (PWSB) to be conveyed southward to the Quonset Business Park. The arrangement provides QDC with an additional, sustainable source of water while helping to relieve pressure on the Hunt River Aquifer.

An interconnection agreement between KCWA and QDC was executed on March 19, 2021, and approved by the Rhode Island Public Utilities Commission under Docket 5012. QDC completed its new infrastructure in 2022, and after a corrosion control study was reviewed and approved by the Rhode Island Department of Health, service began in October of that year. Since activation, QDC has increased its flow to approximately 400 gallons per minute (GPM) about 85% of its average daily demand, which demonstrates the strength and stability of this regional partnership.

Both QDC and the Town of North Kingstown are now facing similar challenges related to PFAS contamination in portions of their groundwater supplies. Addressing these emerging contaminants requires shared commitment, investment, and coordinated planning. KCWA, QDC, and North Kingstown recognize that the most effective and sustainable path forward lies in regional collaboration working together to expand wholesale connections, share resources, and deliver clean, PFAS-free water future that protects public health, preserves the environment, and supports continued economic growth at a cost that is fair and reasonable.

Renewable Energy

The Kent County Water Authority is working toward being powered by 100% renewable sources over the next several years from our own solar facility on the new central operating facility in combination with a remote net metering agreement.

Rooftop Solar: Currently fully active and providing the power needed for the new office and maintenance facility. All additional energy produced is credited back to KCWA to offset power used at any of our other facilities.

Virtual Net Metering: KCWA solicited a request for proposals from qualified firms to provide competitive market-based virtual net metering credits from qualified renewable energy resources. Both new projects and active renewable systems with available credits were eligible for consideration. KCWA is anticipating an average annual usage and remote net metering need (offset amount) of 3,606,641 kWh to be served under the agreement.



Payment Processing

In July 2023, KCWA began using Invoice Cloud to accept electronic payments. Invoice Cloud allows KCWA to provide online payment processing in a securely hosted, real-time environment.

Invoice Cloud can send notifications to customers reminding them of their bill due dates which have proven useful in preventing non-payment shutoffs. Customer service representatives can notify customers of a pending non-payment shutoff, allowing the customer sufficient time to make a payment prior to their non-payment shutoff date. Invoice Cloud also allows customers to view and print bills, make payments using credit cards, debit cards and electronic checks all through the existing KCWA online customer portal and automated phone service with no transaction fees. Invoice Cloud also allows customers to store multiple payment methods in the online customer portal.

Customer Payment and Billing Modernization Highlights — FY2025

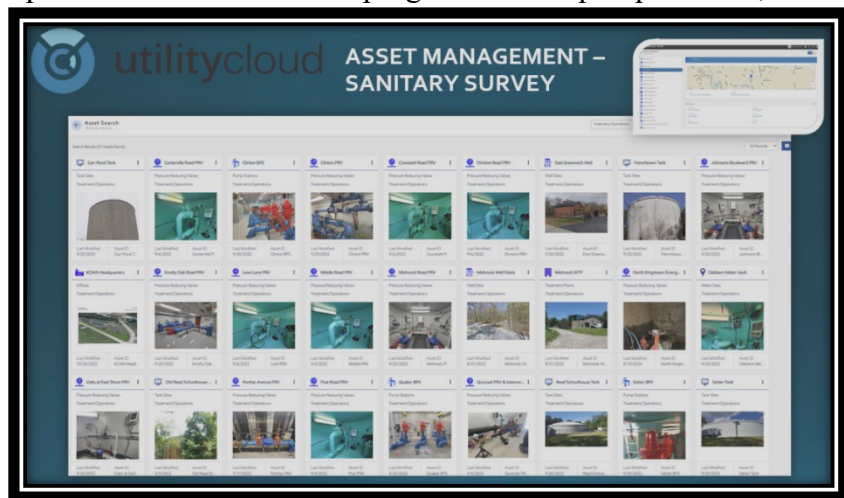
- **Autopay Adoption:**
43.1% of invoices were paid via autopay, totaling approximately \$3.8 million.
- **Paperless Billing:**
51% of registered customers have opted into paperless billing, reducing printing and mailing costs.
- **Online Payment Utilization:**
65% of all online payments originated through autopay and customer portal, reflecting continued growth in digital engagement.
- **Payment Kiosk Installation:**
KCWA implemented a new 24/7 payment kiosk at the new office and maintenance facility, fully integrated with Invoice Cloud, enabling customers to make payments via cash, card, or digital methods.



Hydraulic Model / GIS/Utility Cloud

Hydraulic Model: The Authority updated its hydraulic model and integrated the model with our GIS system using WaterGEMS. Integration with the GIS system and the tools in WaterGEMS now allows for hydraulic and pipeline evaluations inclusive of age, material, diameter, break history, water quality, static and residual pressure analysis, and scenario development more efficiently for optimization and the creation of IFR and CIP projects. The Authority is now performing full in-house hydraulic modeling for customers/developers requesting these services.

Utility Cloud: The Authority has launched the integration of Utility Cloud to manage its assets and project programming. Specifically, storing all critical operation and maintenance data, as-builts for development of a systematic preventative maintenance program for our pump stations, tanks, treatment plants, and pressure reducing stations. Small system assets and programs are also tracked. These include, but are not limited to, hydrants, blowoffs, and private construction inspection. Utility Cloud will also rest on our CIS system for the office staff and managers to create work orders that are available on the operator phones or tablets in the field.



Closing Message from the Chairman

As Chairman of the Kent County Water Authority, I would like to extend my sincere gratitude to my fellow Board members: Vice Chair, Mr. Jefferey M. Giusti; Treasurer, Mr. Scott R. Duckworth; Secretary, Mr. Brian E. Kortz; Mr. Geoffrey S. Rousselle; Mr. Charles Donovan; and Mr. Kenneth R. Mason PE, for their cooperation, diligence, and foresight in guiding the future of the Authority. Their vision and leadership have been instrumental in shaping our strategic direction and ensuring that we continue to meet the evolving needs of our customers and community.

Our programs remain robust and demanding, keeping the Authority's staff fully engaged and focused on maintaining excellence. Despite the challenges, we continue to make significant progress in improving product quality and reducing system breakages. We recognize, however, that our aging infrastructure still presents challenges. Addressing these remains one of our highest priorities, and we are committed to systematic repairs and replacements in problem areas to ensure reliability and resilience.

Infrastructure and operations will continue to undergo careful review, with needs prioritized to enhance efficiency and maintain the highest standards of service. We will stay at the forefront of innovation, adopting the best available technologies to bring exceptional value and reliability to our customers. Our maintenance programs must not only continue but, in some areas, be accelerated to meet future demands and maintain system integrity.

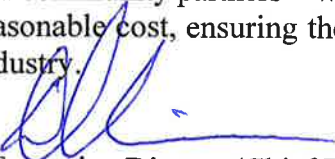
The Board deserves full credit for its unwavering commitment, vision, and leadership in driving these initiatives forward. Their support empowers our staff to perform at the highest level, a commitment that is reflected in major accomplishments such as the completion of our new Central Operations Facility, which is an investment that strengthens our ability to serve and engage with the community.

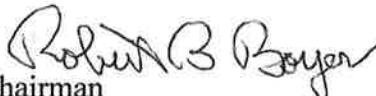
As always, the Authority remains steadfast in addressing critical issues first, performing emergency repairs promptly, and delivering customer service with professionalism and care. Public health and safety remain our foremost priorities and continue to guide every decision we make.

Looking ahead, the Authority will continue to emphasize:

- Development of new water sources and strategic partnerships to expand service coverage.
- Enhancing customer service experience.
- Ensuring resiliency and redundancy across all systems for continuous operation.
- Leveraging technology for real-time operational monitoring, recordkeeping, and infrastructure renewal.
- Improving operational efficiency and cost-effectiveness.

We are fortunate to have an exceptionally talented and dedicated team. I am confident in our collective ability to ensure responsible stewardship, operational excellence, and seamless continuity in service delivery. Together—with the continued support of our customers, regulators, and community partners—we will uphold our mission to provide safe, high-quality water at a very reasonable cost, ensuring the Kent County Water Authority remains a leader in the water supply industry.


Executive Director/Chief Engineer
David L. Simmons, P.E.


Chairman
Robert B. Boyer P.L.S