

HOW UTILITIES PRIVATIZATION CAN REDUCE COSTS

CASE STUDIES FROM FORT LIBERTY



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UTILITIES PRIVATIZATION (UP)

A PARTNERSHIP ACROSS YOUR PORTFOLIO

Utilization of UP partnerships across your enterprise portfolio is a key differentiator for successful asset management.

Realizing the full value of a privatized system owner contract:

- Cutting-edge services with dedicated funding and long-term investments
- Industry expertise, providing innovative technologies and processes
- Collocation of utility resources at the installation
- Sharing of lessons learned from our research to supplement installation / region / service-level programmatic implementation reviews
- Leveraging economies of scale / joint use opportunities when addressing regulations that effect both parties
- Rapid recovery response for weather and major security events
- Ability to amortize large-scale projects in support of both planned and rapid mission changes
- Significant multi-discipline subcontracting support



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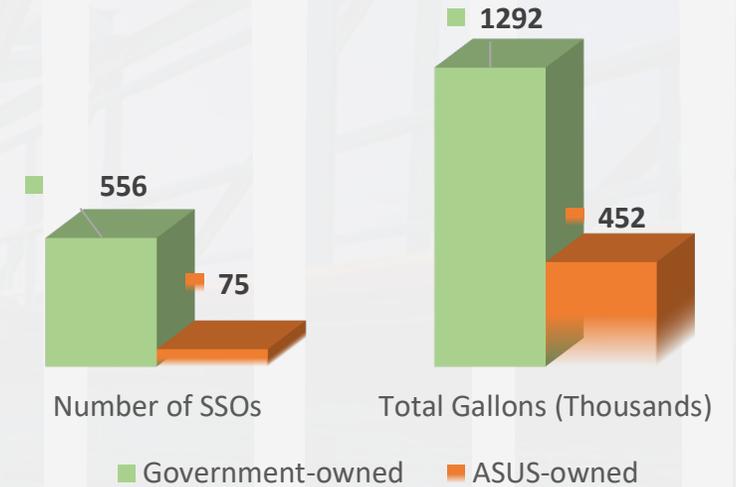
Privatized utility cost avoidance and cost recovery realized to date

- ✓ A reduction of sanitary sewer overflows by 87% in frequency and 65% in volume for a cost avoidance estimate at each installation of at least \$12.5M over the last 15 years in environmental compliance fines
- ✓ 26.2% Cost Reduction in Water commodity usage
- ✓ 28.9% Cost Reduction in Wastewater commodity usage
- ✓ Approximately a 45% increase in reimbursable cost recovery
- ✓ Approximate cost recovery additions from reimbursable customers \$1.6M annually
- ✓ All with a population growth across installations of 18.6%

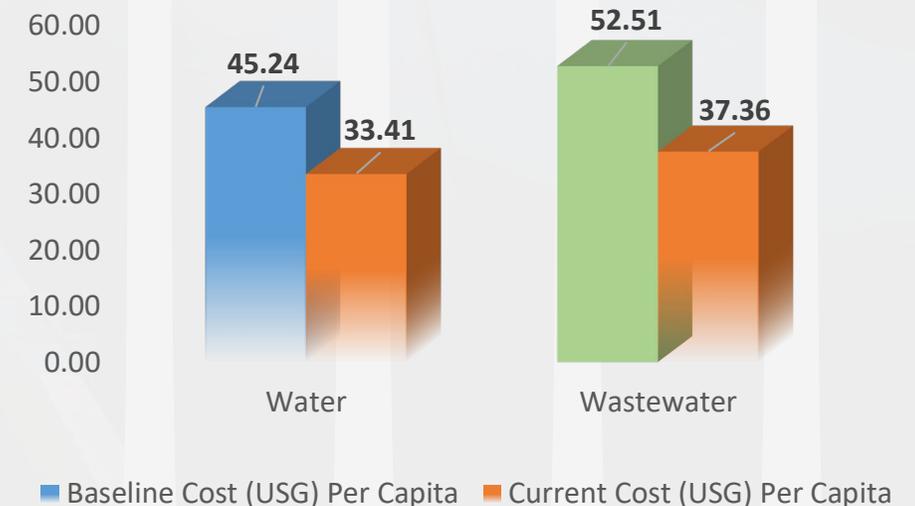
Further opportunities for cost avoidance and cost recovery for asset management programs

- ✓ Partnered approach with working groups for emerging regulations (Lead and Copper, PFAS, etc.) and threats (cyber, physical, etc.)
- ✓ Incorporation of stranded assets / near capabilities
- ✓ Leveraging more flexible cost reimbursable opportunities with privatized utilities vs government-owned in accordance with narrative funding guidance
- ✓ Review of duplicative efforts within utility management programs and equivalent public works programs

SANITARY SEWER OVERFLOW IMPACT REDUCTIONS



COMMODITY PER CAPITA COSTS



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Electrical privatization cost reductions equaling positive budgeting impacts

- ✓ System upgrades to include feeder, circuit, lightning protection, back-feeds, feeder ties, generator upgrades/additions
- ✓ 85% Reduction in Demand Maintenance Orders
- ✓ 77% Reduction in Outages
- ✓ Electric reimbursables are 44% of electrical debt
- ✓ Cost recovery from reimbursables is approximately 90.4%
- ✓ Recovered costs equals approximately \$12 million per FY
- ✓ AMI/Fiber network for monitoring and energy reduction practices

Opportunities for future cost reductions equaling positive budgeting impacts

- ✓ Existing partnership for data integration across all SUS initiatives providing increased transparency
- ✓ Microgrid installations allowing utilization of existing assets for resiliency of critical facilities
- ✓ New technologies providing reduction in the dependency on outside energy sources
- ✓ Solar partnerships to reduce overall energy cost for the installation

