

**CREDIT METRIC ANALYSIS OF CSWR LEGACY SUBSIDIARIES AFTER INVESTMENT AND RATE ADJUSTMENTS  
AND CONFLUENCE ON A CONSOLIDATING BASIS (LEGACY SUBSIDIARIES ROLLED INTO CONFLUENCE)**

	2022	2021	2020	2019	2018	2017	Benchmarks for Rating Assignment (Medial Volatility)		Indicated Rating based on Strong Business Risk
							Intermediate	Significant	
<u>Hillcrest:</u>									
FFO/Debt - w/taxes	NP	NP	25.11%	23.99%	24.39%	19.98%	23% - 35%	13% - 23%	A-/BBB+
FFO/Debt - no taxes	NP	NP	29.76%	28.54%	29.00%	23.16%			
Debt/EBITDA	NP	NP	2.75 x	2.85 x	2.81 x	3.36 x	2.5 - 3.5x	3.5 - 4.5x	A-/BBB+
FFO/Interest - w/taxes	NP	NP	4.80 x	4.63 x	4.70 x	4.03 x	5 - 7.5x	3 - 5x	A-/BBB+
FFO/Interest - no taxes	NP	NP	5.51 x	5.32 x	5.39 x	4.51 x			
<u>Raccoon Creek:</u>									
FFO/Debt - w/taxes	NP	NP	24.36%	19.32%	16.82%	12.42%	23% - 35%	13% - 23%	A- to BBB
FFO/Debt - no taxes	NP	NP	27.46%	21.34%	18.21%	13.43%			
Debt/EBITDA	NP	NP	2.94 x	4.03 x	4.03 x	4.99 x	2.5 - 3.5x	3.5 - 4.5x	A- to BBB
FFO/Interest - w/taxes	NP	NP	4.69 x	3.93 x	3.55 x	2.88 x	5 - 7.5x	3 - 5x	A-/BBB+
FFO/Interest - no taxes	NP	NP	5.16 x	4.23 x	3.76 x	3.03 x			
<u>Indian Hills:</u>									
FFO/Debt - w/taxes	NP	NP	15.55%	10.68%	NM	NM	23% - 35%	13% - 23%	BBB
FFO/Debt - no taxes	NP	NP	17.28%	10.84%	NM	NM			
Debt/EBITDA	NP	NP	4.19 x	5.73 x	NM	NM	2.5 - 3.5x	3.5 - 4.5x	BBB
FFO/Interest - w/taxes	NP	NP	3.36 x	2.62 x	NM	NM	5 - 7.5x	3 - 5x	BBB
FFO/Interest - no taxes	NP	NP	3.62 x	2.64 x	NM	NM			
<u>Confluence (consolidated for all legacy companies):</u>									
FFO/Debt - w/taxes	-6.82%	-6.00%	-12.43%	-9.07%	NA	NA	23% - 35%	13% - 23%	NM
FFO/Debt - no taxes	-6.82%	-6.00%	-12.43%	-9.07%	NA	NA			
Debt/EBITDA	-459.22	165.75	-17.16 x	-40.49 x	NA	NA	2.5 - 3.5x	3.5 - 4.5x	NM
FFO/Interest - w/taxes	(0.03)	0.09	-0.88 x	-0.37 x	NA	NA	5 - 7.5x	3 - 5x	NM
FFO/Interest - no taxes	-0.03	0.09	-0.88 x	-0.37 x	NA	NA			

Sources: Elm Hills Response to OPC DR No. 3005 in Case No. WR-2020-0275, Confluence Response to OPC DR No. 3018, Hillcrest Annual Reports to the Commission, Raccoon Creek Annual Reports to the Commission, Indian Hills Annual Reports to the Commission, Elm Hills Annual Reports to the Commission, 9/9/2020 Non-Unanimous Disposition Agreement, and S&P Global Ratings Incorporating Ratings Methodology - 11/19/2013.

Definitions:

EBITDA - earnings before interest, taxes, depreciation and amortization  
FFO - funds from operations (EBITDA less interest and taxes)  
NP - Confluence did not provide necessary informatino to calualte  
NA - not available  
NM - not meaningful