

**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		24.29%	25.11%	23.99%	24.39%	19.98%	23% - 35%	13% - 23%	A-/BBB+
FFO/Debt - no taxes	NP		28.90%	29.76%	28.54%	29.00%	23.16%			
Debt/EBITDA	NP		2.82 x	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		4.68 x	4.80 x	4.63 x	4.70 x	4.03 x	5 - 7.5x	3 - 5x	A-/BBB+
FFO/Interest - no taxes	NP		5.38 x	5.51 x	5.32 x	5.39 x	4.51 x			
<u>Raccoon Creek:</u>										
FFO/Debt - w/taxes	NP		21.79%	24.36%	19.32%	16.82%	12.42%	23% - 35%	13% - 23%	A- to BBB
FFO/Debt - no taxes	NP		24.73%	27.46%	21.34%	18.21%	13.43%			
Debt/EBITDA	NP		3.19 x	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		4.30 x	4.69 x	3.93 x	3.55 x	2.88 x	5 - 7.5x	3 - 5x	A-/BBB+
FFO/Interest - no taxes	NP		4.75 x	5.16 x	4.23 x	3.76 x	3.03 x			
<u>Indian Hills:</u>										
FFO/Debt - w/taxes	NP		16.20%	15.55%	10.68%	NM	NM	23% - 35%	13% - 23%	BBB
FFO/Debt - no taxes	NP		18.26%	17.28%	10.84%	NM	NM			
Debt/EBITDA	NP		4.02 x	4.19 x	5.73 x	NM	NM	2.5 - 3.5x	3.5 - 4.5x	BBB
FFO/Interest - w/taxes	NP		3.45 x	3.36 x	2.62 x	NM	NM	5 - 7.5x	3 - 5x	BBB
FFO/Interest - no taxes	NP		3.77 x	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 x	-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 x	-0.88 x	-0.37 x	NA	NA	5 - 7.5x	3 - 5x	NM
FFO/Interest - no taxes		-0.03	0.09 x	-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, S&P Global Ratings Incorporating Ratings Methodology - 11/19/2013, and Confluence's supplemental response to Staff DR No. 0155.

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