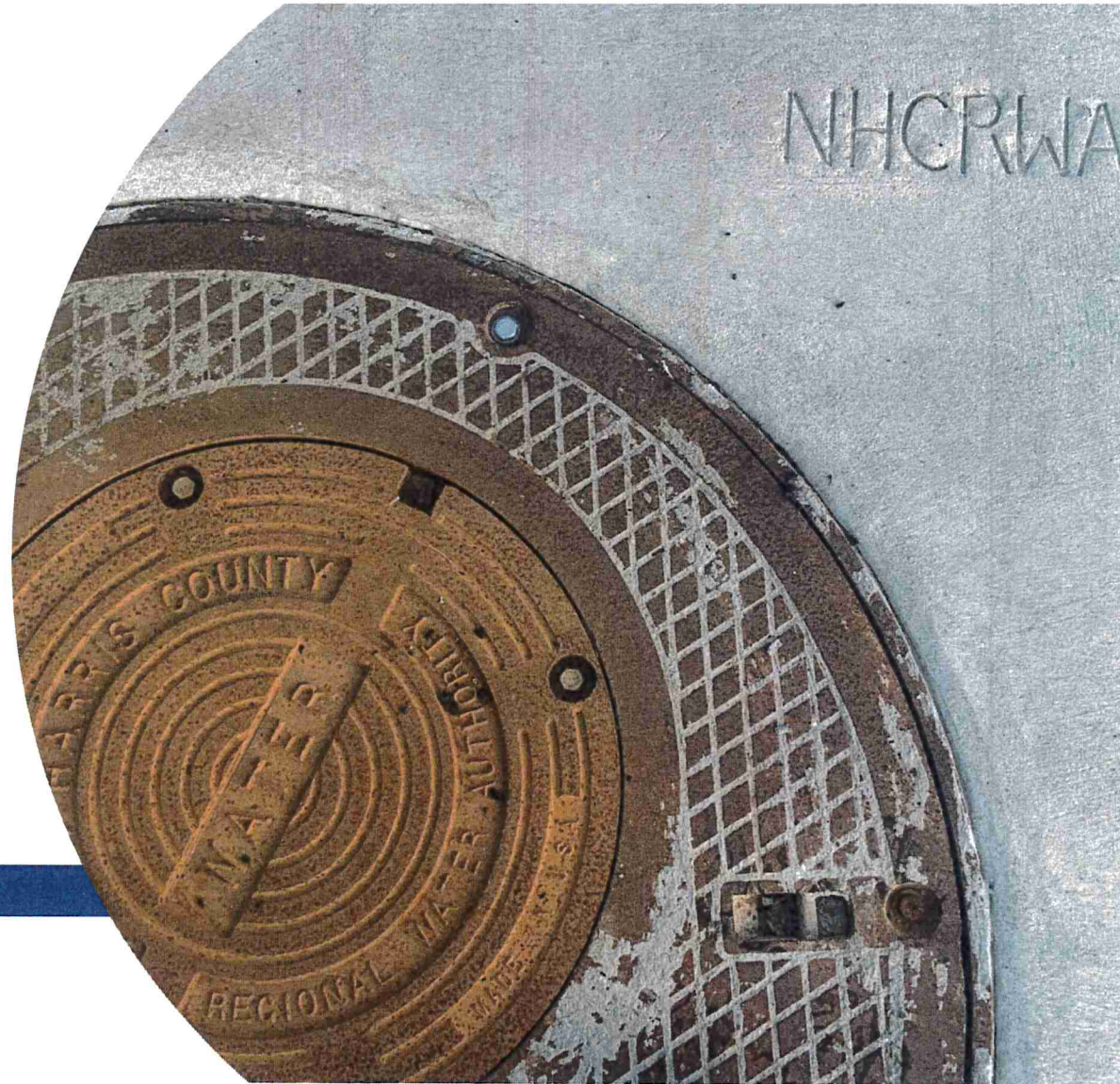




Update on the NHCRWA GRP Conversion

Presentation to HGSD

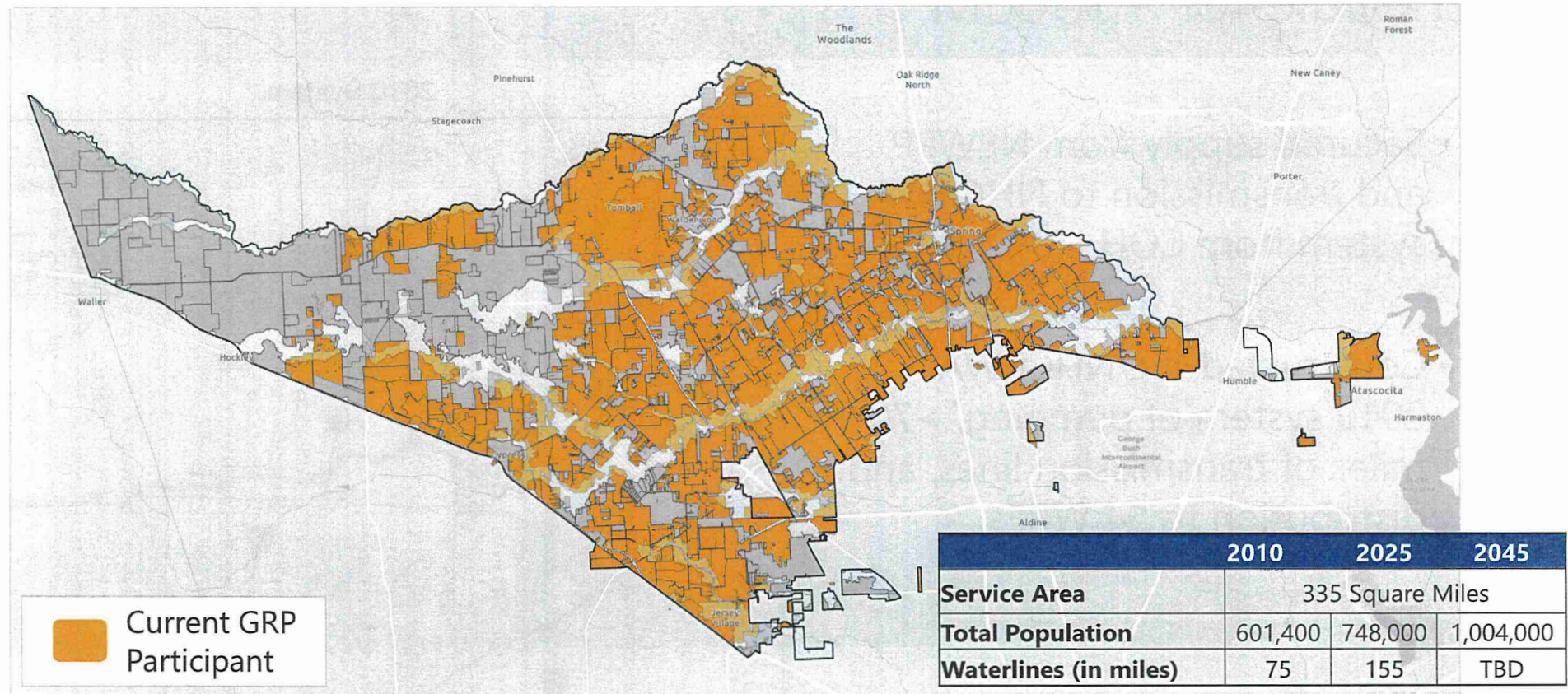
November 12, 2025



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NHCRWA's Surface Water Conversion Program

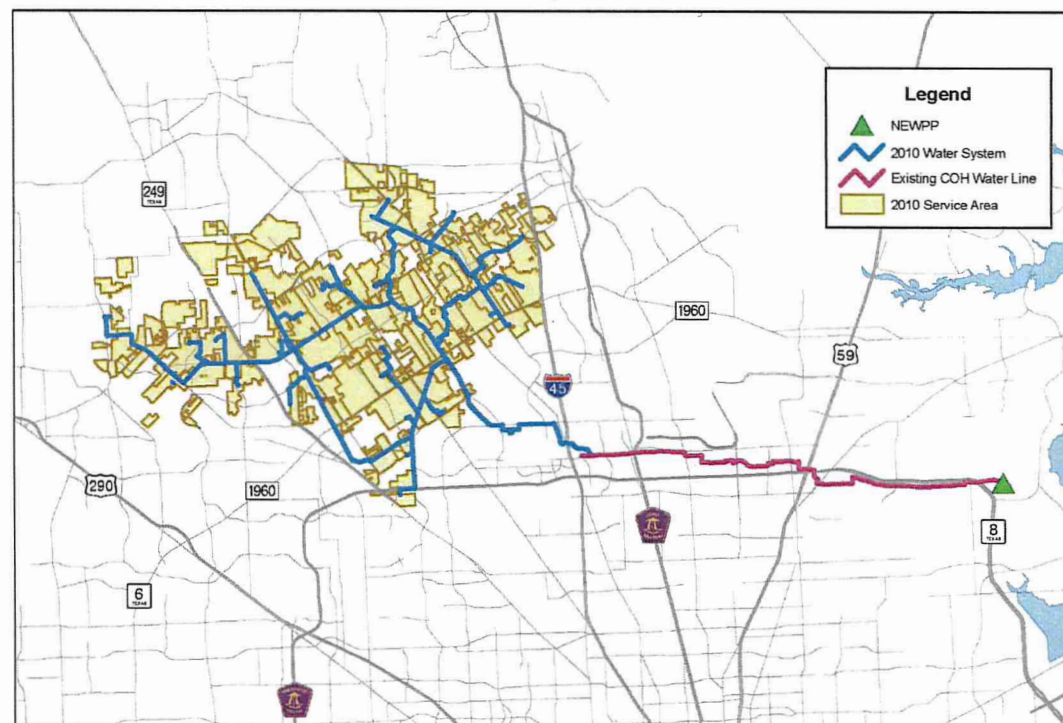
NHCRWA's Service Area



NHCRWA Completed the 30% Conversion Ahead of Schedule for ~\$500M.

- Secured supply from NEWPP and transmission to NHCRWA system from COH
- Constructed the NHCRWA 2010 system of pumping, >70 miles of transmission lines, and distribution to 54 WRFs.

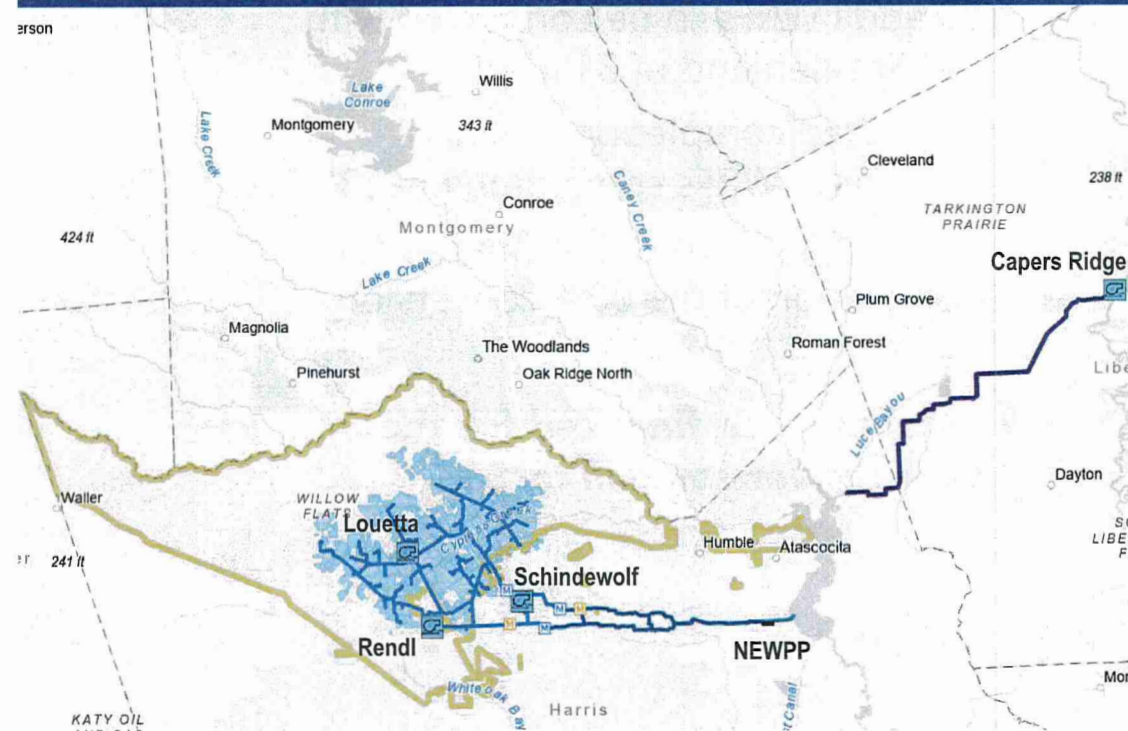
2010 System



NHCRWA has invested an additional \$2B to date towards completion of the 60% Conversion.

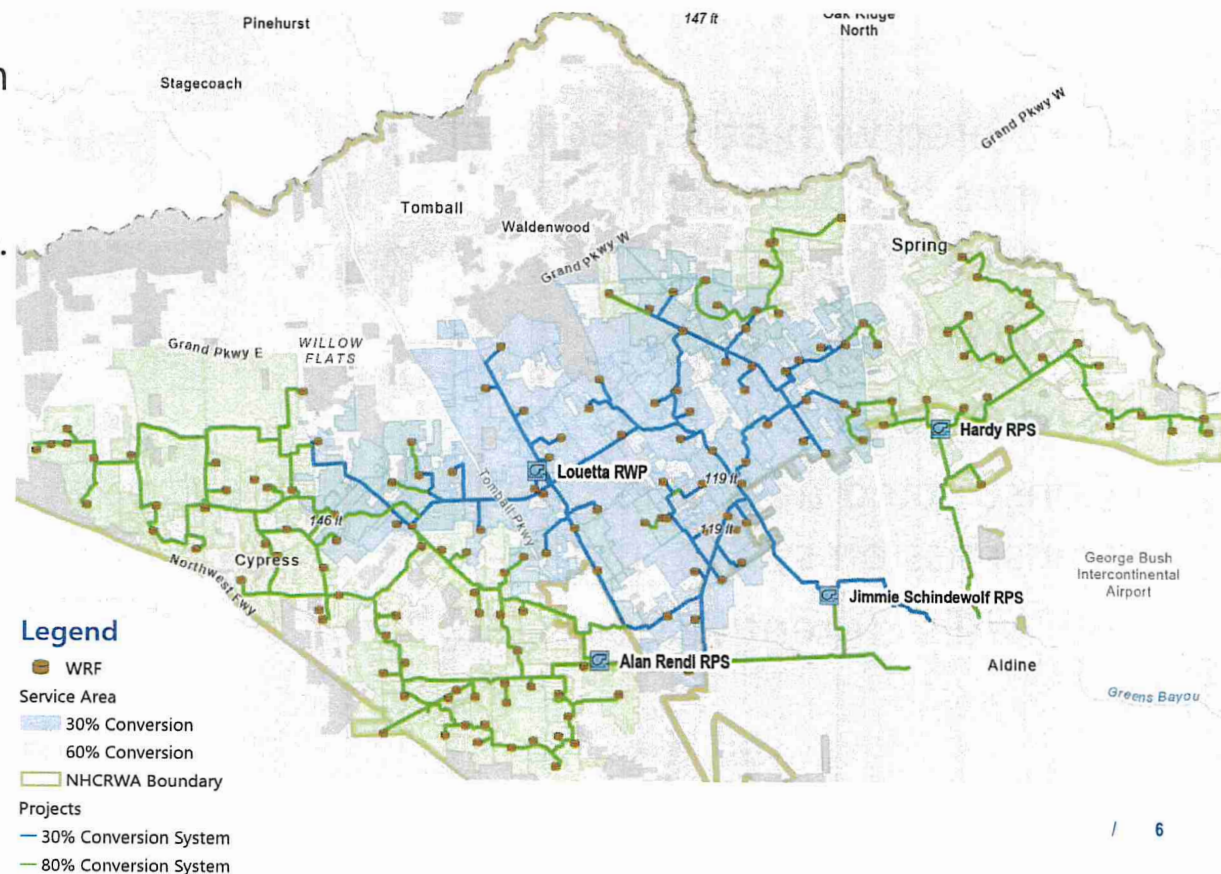
- Partnered with other regional entities to construct:
 - » LBITP
 - » NEWPP expansion
 - » NETL project
- Constructed new NHCRWA PS and transmission system pipes.
- 69 WRFs currently connected.

Regional Surface Water Supply System



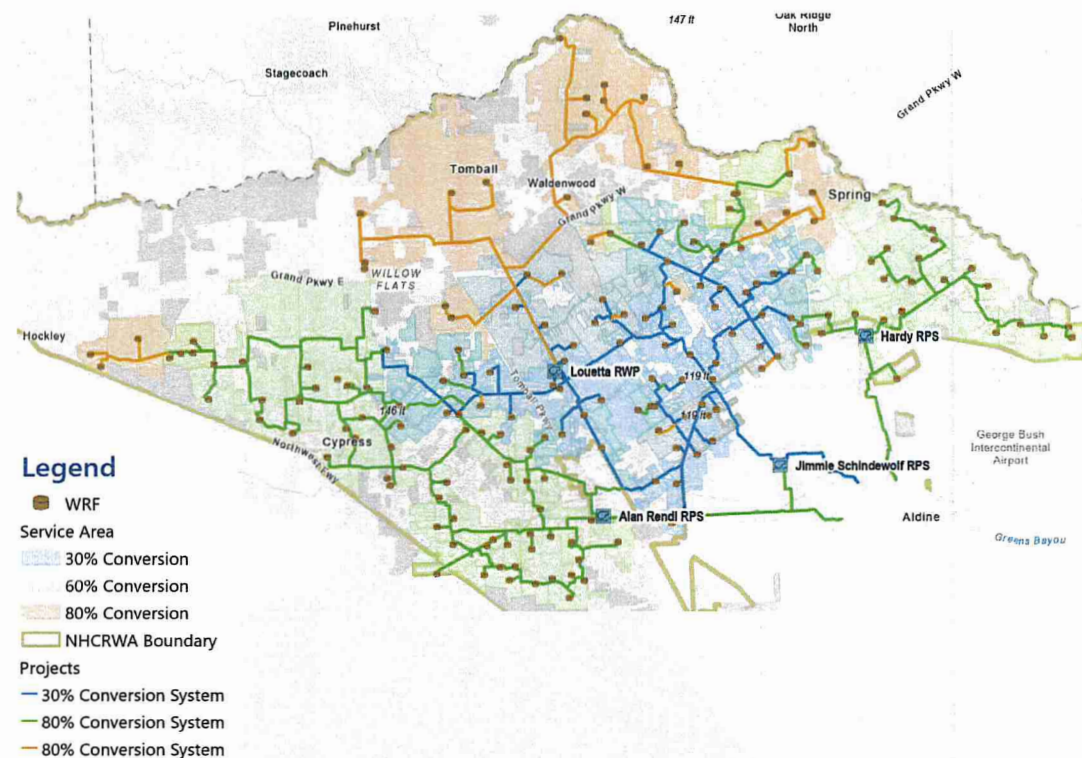
NHCRWA Is Actively Working Towards Completion of the 60% Conversion.

- 80 add'l WRFs to be connected with current demand of 31 mgd.
- Estimated completion date for remaining WRFs some time in 2030.
- Additional \$0.9B still to finance for completion of the 60% conversion.
- **Total amount financed for the 60% conversion will be \$3B.**



To Meet the Initial 80% Conversion Requirement in 2035, NHCRWA will need to:

- Determine future source water and how it impacts layout of the 2035 system.
- Construct transmission and pumping for additional source water.
- Expand capacity of existing pump stations.
- Complete connections to Tomball WRFs, infill projects off existing system, and next series of WRFs expanding the system farther.
- **Estimated additional amount to finance before 2035 for 80% conversion: \$2.4B**



02

Challenges Impacting NHCRWA's GRP

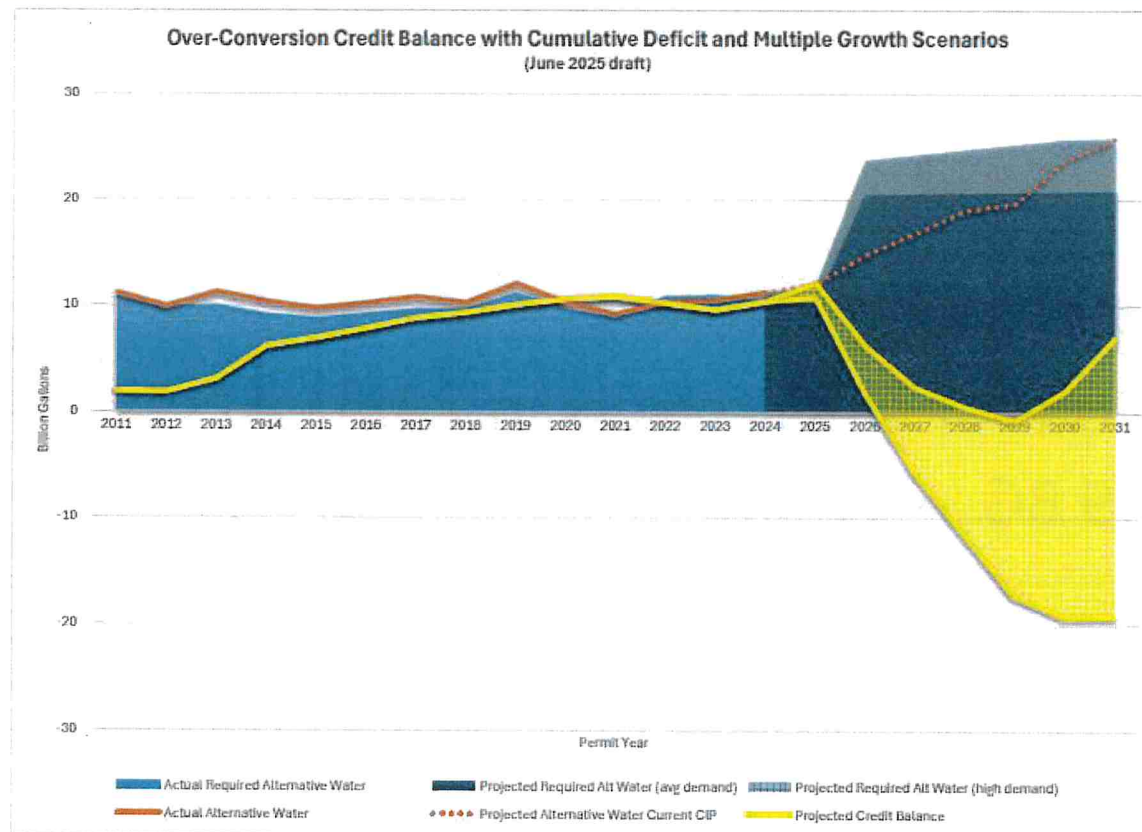
2014 GRP Strategy

- Extend projects over years to keep rates low
- Use Over Conversion Credits (OCC) to remain in compliance

Factors Affecting the Strategy

- NEWPP Expansion Project Delays
- COVID-19 and resulting supply chain issues
- Timeline for easement acquisition significantly longer than 2010 system
- New agency review policies delay delivery

Impact on Compliance



Potential Financial Penalty

- Run out of OCC credits in 2029
 - 800 MG → \$10M
- Run out of OCC credits in 2027-2031
 - 19 BG → \$250M



Thank you for your time.

