SEWERAGE AND WATER BOARD
OF NEW ORLEANS

QUARTERLY REPORT ON OPERATIONS

QUARTER 2 (APRIL, MAY, JUNE) 2026

REPORT CONTENTS

SECTION I. STANDARD INDUSTRY METRICS FOR BEST PRACTICE

A. PERCENTAGE OF WATER LOSS

Background. Utilities typically incur water loss in two ways. “Real loss” occurs when treated water is physically lost through leaks in pipes and other parts of the distribution system. “Apparent loss” occurs when treated water has been “lost” through unauthorized consumption (theft), aging or defective meters, meter reading inaccuracies, or billing and data errors. On average, utilities nationwide lose 16% of treated water.[1]

Q2 2026. As illustrated in Table A, the Sewerage and Water Board of New Orleans (SWBNO) lost 77% of its treated water through Q2 of 2026. SWBNO currently lacks the capability to track the various reasons that can cause “real” and “apparent” water loss. However, the utility is actively pursuing projects that will provide meaningful improvements regarding water data, including the Smart Metering Program and the Water Quality Master Plan (both discussed below). SWBNO began using real-time metering at its Carrollton Water Plant in 2024, and the Algiers Water Plant is also metered. This has improved the utility’s ability to accurately track water production rates and how much treated water is leaving the plants in real-time.

Table A: Q2 2026 WATER LOSS DATA

Water Produced 26.7 billion gallons	**Water Billed** (Water Consumed and Billed) 6.2 billion gallons (23%)	**Non-Revenue Water** (Water Consumed by Public Entities and not Billed)* (Water Loss) 20.5 billion gallons (77%)

***** *Non-Revenue Water includes authorized consumption by certain public entities that are not billed for water usage in accordance with La. R.S. 33:4096.*

B. PERCENTAGE OF WATER PAID

Table B: Percentage of Water Paid for Water System in Q2 2026

Water System	Billed, net*	Collected**	% Paid
Q2 2026	$27,474,846	$27,297,711	99%
Q1 2026	$30,724,492	$27,190,533	88%
Q4 2025	$29,811,143	$25,958,119	87%
Q3 2025	$29,463,091	$25,682,769	87%

[1] United States Environmental Protection Agency (EPA), *Water Audits and Water Loss Control for Public Water Systems*, July 2013.

* Billed reduced by customer credits awarded ** Cash basis inclusive of payment plans

Table C: Percentage of Sewer Paid for Sewer System in Q2 2026

Sewer System	Billed, net*	Collected**	% Paid
Q2 2026	$33,625,423	$37,211,262	111%
Q1 2026	$37,150,447	$37,211,262	100%*
Q4 2025	$38,730,534	$38,217,172	99%
Q3 2025	$37,778,369	$35,149,928	93%

* Billed reduced by customer credits awarded ** Cash basis inclusive of payment plan

C. RECEIVABLES OUTSTANDING & DELINQUENCY SCHEDULE

Table D: Delinquent Customer Accounts as of Q2 2026 (June 30, 2026)

Customer Type	Total # of Accounts	Total # of Delinquent Accounts*	Total % of Delinquent Accounts*	Total ($) Due from Delinquent Accounts*
Residential	121,585	22,030	18%	$41,442,025
Multi-Family	4,415	780	18%	$6,884,899
Commercial	12,039	1,499	12%	$17,330,607
TOTAL	**138,039**	**24,309**	**18%**	**$65,657,531**

* Delinquent accounts include those with bills that are 60 days past due.[2]

1. PROMISE PAY

In Q1 2024, SWBNO launched Promise Pay, a program that allows customers to enroll in an interest free plan with flexible payment options, keep their account in good standing, and avoid a water shut-off. As of the end of Q2 2026, customers are enrolled in 17,837 payment plans. SWBNO has collected $33.7 million since inception of the program, and customers have committed to paying more than $23.5 million in future payments. The Promise Pay enrollment rate is 73% of customers with a past due balance (up 4 points from last quarter). SWBNO is continuing to promote Promise Pay with the objective of raising participation to 90% over the next few quarters.

For customers who do not voluntarily enter into a payment plan, service interruptions are being completed pursuant to our collections policy and Chapter 159 of the City Code.

[2] SWBNO, Delinquent Bill Process, Updated November 2023.

D. CUSTOMER SERVICE IMPROVEMENTS

1. PERFORMANCE DATA

11,423

Customer emails answered in Q2 2026

10,166

Walk-in customers served at Customer Service Centers in Q2 2026

54,498

Customer calls answered in Q2 2026

Table E: Call Center Performance Data for Q2 2026

Month	Total Calls Received	Total Calls Answered	Total % Calls Answered	Total # Calls Dropped	Total % Calls Dropped	Average Wait Time
April	24,101	18,772	78%	5,329	22%	5:02
May	21,808	17,181	79%	4,626	21%	4:29
June	23,381	18,545	79%	4,836	21%	4:20
TOTAL	**69,290**	**54,498**	**79%**	**14,791**	**21%**	**4:37**

2. CUSTOMER SERVICE TRAINING

In Q2 2026, the Customer Service Department continued development of conflict management and de-escalation technique training for staff. The department also continues to build strike teams to improve positive interactions with customers and to promote workplace professionalism. In Q3, to help improve the Customer Experience, the department will conduct additional training on Sensus Analytics, the Customer Portal, and RJN.

3. BILLING DISPUTES

During Q2 2026, SWBNO continued the process of enabling an outside, third-party consulting firm, selected by the City Council, to hear and handle customer billing disputes.[3] Upon request by customers, State-appointed arbiters have also started hearing appeals when a customer disagrees with the decision of the third-party firm. SWBNO maintains open communications with the City Council's Utilities Regulatory Office and the third-party firm to discuss issues related to customer disputes, including disputes that are awaiting arbitration, pending a SWBNO investigation, or where billing credit was

[3] New Orleans City Council, Ordinance Calendar No. 34,775, adopted September 5, 2024.

granted. SWBNO remains committed to supporting the efforts of the firm and arbiters as they work to resolve customer disputes on the utility's behalf.

SECTION II. PROCESSES & INDICATORS FOR PREVENTION OF WASTE OR FRAUD

Background. As a steward of public funding and resources, SWBNO is committed to maintaining a system of Anti-Fraud, Waste, and Abuse (AFWA) during the regular course of its operations. To this end, SWBNO uses various policies, processes, and procedures to prevent, detect, report, and rectify fraud, waste, or abuse wherever it may exist throughout the utility. Updates for Q2 2026 include:

- **MWPP Audits.** Results of the 2025 annual Municipal Water Pollution Prevention (MWPP) environmental audits of both the East Bank and West Bank Wastewater Treatment Plants were presented during the Q2 Audit Committee Meeting. The audits were performed by SWBNO's Director of Environmental Affairs in accordance with the requirements set forth by the utility's Louisiana Pollutant Discharge Elimination System (LPDES) permits.

- **Act 393.** The Internal Audit (IA) department is conducting a review of SWBNO's compliance with Act 393 (2023). Act 393 of the 2023 Louisiana Legislative Session updated the state's Open Meetings Law to allow eligible public bodies to hold meetings via electronic means and requires all public bodies to provide ADA-compliant remote participation options for people with disabilities. All fieldwork and testing were completed in Q2 and the quarter ended with the review in the reporting phase.

- **Vehicle Rentals / Leasing.** IA is conducting a review of SWBNO's use of leased and/or rented vehicles (particularly in lieu of fleet) and any risks that may be associated. Heavy equipment was added to the scope of the review through discussions with the Audit Committee; and the review is currently in the fieldwork / testing phase.

- **Leadership Team Training & Response Succession.** During Q2, SWBNO's Chief Audit Executive (CAE) completed one-on-one meetings with all Internal Audit report respondents—including CAO, CFO, CCSO, CIO, GSO, and Special Counsel—regarding the succession of their respective audit issues and committed corrective actions.

- **Timeclock Review (Overtime Pay).** SWBNO is currently in the process of installing biometric timeclocks for the departments that have historically logged the highest amounts of Overtime Pay. The biometric devices are being rolled out in three groupings: (1) Networks; (2) Central Control / Pumping at Carrolton Water Plant; and (3) Support Services. Clock installation is complete for Group 1 and Internal Audit is in the process of collecting Biometric Consent Forms for that group as well.

- **Annual Comprehensive Financial Report (ACFR).** SWBNO recently completed the ACFR for the fiscal year ended December 31, 2025. SWBNO's External Auditor submitted the ACFR to the Louisiana Legislative Auditor for review and approval on June 26, 2026.

- **Change Order Modification Review Committee**. This non-voting committee, comprised of representatives from the Finance, General Superintendent, Legal, and Project Delivery Unit departments, meets regularly to discuss change orders introduced by SWBNO project managers. In Q2 2026, the committee reviewed 14 change orders in the amount of $4,952,937.78, seven contract amendments in the amount of $6,057,121.60, and two contract renewals in the amount of $13,304,075.00, all of which were subsequently approved by the board.

- **Lighthouse Reporting System.** SWBNO continues operating its internal reporting system, which encourages employees to submit complaints regarding waste, fraud, and abuse for investigation.

SECTION III. PERFORMANCE METRICS FOR EMPLOYEES & CONTRACTORS

A. WATER SYSTEM WORK ORDERS & PERFORMANCE METRICS

In Q2 2026, SWBNO completed more than 3,500 water system work orders. SWBNO's Networks Department primarily performed this work, with assistance from the utility's contractors.

Table F: Q2 2026 SWBNO Networks Department Water System Performance Metrics

SWBNO Networks Dept. Work Order Type	Work Orders Created Q2 2026	Work Orders Completed Q2 2026	Average Days to Completion Q2 2026
Hydrant Leak	87	120	94
Service Leak	2,458	2,774	21
Main Break	280	103	24
Meter Inspection/Repair	410	509	37
TOTAL	**3,235**	**3,506**	**44**

Table G: Q2 2026 SWBNO Contractors Water System Performance Metrics

SWBNO Contractor Work Order Type	Work Orders Created Q2 2026	Work Orders Completed Q2 2026	Average Days to Completion Q2 2026
Hydrant Leak	0	0	0
Service Leak	1	1	0
Main Break	8	4	98
Meter Inspection/Repair	158	163	27
TOTAL	**167**	**165**	**31**

B. SEWER SYSTEM WORK ORDERS & PERFORMANCE METRICS

In Q2 2026, SWBNO completed more than 1,100 sewer system work orders. SWBNO's Networks Department primarily performs this work, with assistance from the utility's contractors.

Table H: Q2 2026 SWBNO Networks Department Sewer System Performance Metrics

SWBNO Networks Dept. Work Order Type	Work Orders Created Q2 2026	Work Orders Completed Q2 2026	Average Days to Completion Q2 2026
House Connection Backup	672	669	0
House Connection Overflow	99	97	0
Lead Repair	248	215	25
Main Repair	32	30	48
Manhole Overflow	107	106	0
TOTAL	**1,158**	**1,117**	**15**

Table I: Q2 2026 SWBNO Contractors Sewer System Performance Metrics

SWBNO Contractor Work Order Type	Work Orders Created Q2 2026	Work Orders Completed Q2 2026	Average Days to Completion Q2 2026
House Connection Backup	0	0	0
House Connection Overflow	0	0	0
Lead Repair	7	5	26
Main Repair	13	9	72
Manhole Overflow	0	0	0

TOTAL	**20**	**14**	**20**

C. PAVEMENT REPAIR WORK ORDERS & PERFORMANCE METRICS

In Q2 2026, SWBNO and its contractors completed more than 1,200 paving work orders. SWBNO continues to work toward its goal of completing paving repairs within four weeks of creating a work order.

Table J: Q2 2026 Pavement Repair Performance Metrics

Work Order Responsibility	Total Open Work Orders Q2 2026	Work Orders Created Q2 2026	Work Orders Completed Q2 2026	Average Days to Completion Q2 2026
SWBNO	525	1,004	1076	66
SWBNO Contractors	87	51	164	139
TOTAL	**612**	**1,055**	**1,240**	**103**

* *Project delays involving the Joint Infrastructure Recovery Roads Program (JIRR) and Sewer System Evaluation & Rehabilitation Program (SSERP) have extended the completion timeframe for some work orders managed by SWBNO's contractors.*

SECTION IV. COORDINATION WITH DEPT. OF PUBLIC WORKS

A. INFRASTRUCTURE COORDINATING COUNCIL

The Infrastructure Coordinating Council (ICC), established by Mayor Moreno through Executive Order HM 26-04 in January 2026, is a standing advisory body within the Chief Administrative Office, chaired by the Deputy CAO for Infrastructure. The Council aligns planning, operations, and project delivery across the City's infrastructure agencies, reduces duplicative work and avoidable street cuts, and provides the Mayor with a single forum for monitoring infrastructure performance. The Executive Director serves as SWBNO's formal representative, with the General Superintendent and Chief Information Officer designated as points of contact for ongoing Council activity.

During the second quarter, the ICC delivered its Integrated Infrastructure Workplan (April 2026) and first quarterly Report to the Mayor (May 2026). SWBNO contributed to both, primarily through subcommittee work on the dashboard, data sharing, and coordination protocols. The ICC dashboard launched publicly on July 13, 2026, at www.nola.gov/icc, and currently consumes SWBNO work order information, giving the City and the public visibility into where SWBNO maintenance activity is occurring alongside other infrastructure work.

On the GIS and Project Identification Subcommittee, SWBNO is co-developing the technical framework and data exchanges that support the dashboard and is facilitating coordination protocols for street and lane closures associated with its capital projects and lead service line replacement activity. This coordination is currently handled through manual notification. A Cooperative Endeavor Agreement between SWBNO and the City, now under review by SWBNO legal counsel and the City Attorney, will allow both parties to configure their GIS systems to exchange work location and closure information in near real time. The CEA will govern three priority interfaces covering GIS infrastructure data, work order locations, and 311 service requests, and is the prerequisite for SWBNO's capital project data exchange with the dashboard, including project information from the lead service line replacement initiative being executed with CDM Smith.

SWBNO also participates in the ICC's district-level working group meetings, which rotate through the five Council districts and have surfaced coordination items and constituent concerns that SWBNO staff follow up on directly. Additional SWBNO staff support the Funding, Permitting, and Communications subcommittees. Third quarter priorities include execution of the CEA, automation of the closure and work order coordination now handled manually, and initiation of the capital project data exchange.

B. DRAINAGE SYSTEM CONSOLIDATION

In January 2025, SWBNO and the City executed an agreement, consolidating drainage operations and transferring responsibility for the “minor” drainage system to the utility.[4] For 2025, the City identified $18.9 million, as shown in Table K, to support operations of the minor drainage system. This funding will help SWBNO begin assessing and cleaning some of the system. However, to reach the utility’s goal of assessing and cleaning 20% of the minor drainage system each year and completing a full assessment and cleaning of the system every five years, which aligns with best practices, a total of $25 million to $40 million will be needed annually.

Table K: Identified Funding for the Minor Drainage System

Proposed Revenue Source	Original Estimate 2025	Actuals 2025	Original Estimate 2026	Actuals 2026 - May
American Rescue Plan Act (ARPA) (one-time)	$3.7M	$3.7M	$0	$0
Total Traffic Camera Revenue **	$5.2M	$0	$4M	$3.4M
Special Fair Share Allocation (recurring)	$5M	$0	$0	$0
DPW Share (25%) of Infrastructure Maintenance Fund (recurring)	$5M	$5.8	$6M	$2.5M
Total	**$18.9M**	**$9.5M**	**$10M**	**$5.9M**

[4] Agreement between the City of New Orleans and Sewerage and Water Board of New Orleans for Transfer and Consolidation of Drainage Operations Pursuant to Acts 783 and 103 of 2024, January 14, 2025.

**June 2024 to Dec 2025 net collected and forwarded to SWBNO Minor Drainage (April 2026)

C. JOINT INFRASTRUCTURE RECOVERY ROADS PROGRAM (JIRR)

JIRR Program Summary – *Qtr1 2026*

The Department of Public Works for the City of New Orleans together with the Sewerage & Water Board of New Orleans is pleased to present the progress report for the JIRR Program, 1st Quarter 2026.

Program Data as of March 31, 2026:

- 29 Projects in the Planning Phase
- 53 Projects in Design
  - Preliminary Design – 11
  - Final Design – 42
- 9 Projects preparing for Bid
- 13 Projects under Construction
- 3 Projects recently Completed
  - Construction Substantial Completion
- 177 Projects in Contract Close-Out

PHASE	PROJECTS	PHASE %	PROGRAM BUDGET	% BUDGET	EXPENDITURES
Planning	29	10%	$ 72,440,091	4%	$ 1,454,495
Preliminary Design	11	4%	$ 3,891,881	0.5%	$ 2,349,865
Final Design	42	15%	$ 16,242,695	1.5%	$ 9,365,699
Bid & Award	9	3%	$ 48,138,115	3%	$ 807,189
Construction	13	5%	$ 367,944,473	22%	$ 106,567,015
Complete	3	1%	$ 53,221,585	3%	$ 47,275,428
Contract Closeout	177	62%	$ 1,109,437,271	66%	$ 1,088,162,583
PROGRAM TOTALS	**284**		**$ 1,671,316,111**		**$ 1,255,982,274**

The Department of Public Works and the Sewerage & Water Board of New Orleans have been working diligently to execute the Joint Infrastructure Recovery Request Program. We appreciate the assistance and support of FEMA and GOHSEP as we continue to execute this program for the benefit of all citizens of the City of New Orleans and Orleans Parish.

City of New Orleans

1

JIRR Project Activity by Period – *Qtr1 2026*

Project Activity	SubTotal 2018 - 2021	Prior To 6-May-18	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Moved to Design	**196**	34	5	10	15	0	51	22	0	6	7	8	17	5	6	5	5
FEMA Submitted	**171**	18	1	3	3	26	14	11	3	14	19	19	12	16	4	0	8
FEMA Approved	**160**	17	1	1	1	18	12	14	12	3	15	18	23	8	14	3	0
Bid Opening	**87**	16	1	3	3	2	4	0	8	7	12	5	8	5	6	2	5
NTP Construction	**89**	14	0	1	1	2	5	5	1	9	10	12	8	6	8	1	6
Substantial Completion	**37**	1	1	3	3	4	4	2	0	2	1	2	1	4	3	1	5

Project Activity	SubTotal 2018 - 2025	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Moved to Design	**257**	4	11	4	2	1	2	3	3	4	2	2	0	17	6	0	0
FEMA Submitted	**187**	8	2	1	0	2	0	0	1	1	1	0	0	0	0	0	1
FEMA Approved	**184**	10	6	3	0	0	0	0	2	1	1	1	0	0	0	0	0
Bid Opening	**123**	0	6	3	0	3	1	6	2	1	2	2	2	1	3	3	1
NTP Construction	**130**	2	2	3	8	5	0	1	5	0	2	5	2	2	1	2	1
Substantial Completion	**108**	6	6	5	6	4	6	3	8	1	6	5	2	2	3	2	6

Project Activity	Program Total 2018 - 2026	Q1 2026	Q2 2026	Q3 2026	Q4 2026	Q1 2027	Q2 2027	Q3 2027	Q4 2027	Q1 2028	Q2 2028	Q3 2028	Q4 2028				
Moved to Design	**261**	**4**															
FEMA Submitted	**188**	**0**															
FEMA Approved	**185**	**0**															
Bid Opening	**123**	**0**															
NTP Construction	**133**	**3**															
Substantial Completion	**108**	**0**															

City of New Orleans 2

D. DRINKING WATER TRANSMISSION MAINS

SWBNO continues progress on replacing aging transmission mains within its water distribution system. These federally funded projects are managed by SWBNO in cooperation with the City of New Orleans as part of the Joint Infrastructure Recovery Roads Program (JIRR).

Table L: Transmission Main Projects (Locations)

Completed Projects	In Progress
South Claiborne Completed April 2024 South Claiborne & Third St. Completed February 2025	Decatur & St. Peter Notice to Proceed issued May 2025 Sixth Street, Magnolia, Joseph, and Willow, Cohn Street, Palmetto Canal, Florida Ave and Elysian Fields, Spruce Street Advertised for bids July 6, 2026

SECTION V. EFFICIENCY AND EFFECTIVENESS OF INFORMATION SYSTEMS

SWBNO is engaged in a multi-year initiative to replace aging information management systems. The modernization and replacement of major enterprise systems address outdated technology in financial management, human resources, customer billing, and asset management. Technology modernization is a core priority in the five-year **strategic plan** and is essential to operational reliability, regulatory compliance, and administrative efficiency.

Key progress in Q2 2026 includes:

- **New Financial Management System.** Oracle Cloud Financials went live on February 9, 2026, replacing the legacy mainframe financial system. The utility is in a stabilization period during which the implementation partner continues to provide post go-live support. Phase II of the project, which added budget planning and forecasting capabilities, went live in June 2026. Historical financial data is being preserved and migrated to retire the legacy mainframe environment. The new system is improving data availability, financial reporting, and grant compliance.

- **New Human Capital Management System.** SWBNO has selected Dayforce as the new platform for payroll, benefits, time tracking, and workforce analytics. Implementation activities began in Q1 2026, and discovery sessions continued through Q2 2026. The system will consolidate HR processes that currently span multiple applications and enable improved reporting on workforce management. Full deployment is planned for mid-year 2027.

- **New Customer Information and Billing System.** The solicitation for a replacement customer billing system was advertised in Q4 2025, and responses were received. The Selection Committee moved to re-issue the solicitation based on the quality of responses, which occurred in Q2 2026. The procurement is back in the selection phase. Implementation remains targeted for 2029. The new system will replace software that runs on aging technology and will improve billing accuracy, customer account management, and revenue processing.

- **New Asset Management System.** The Board is in the final contracting phase with 1898 & Co. to implement Trimble Unity Maintain, a cloud-hosted enterprise asset management platform. Implementation is planned over approximately 27 months in two phases. The first phase covers linear assets (water, sewer, and drainage) and work order transition from the legacy system. The second phase covers facilities and equipment. The new system will replace a work order application that runs on outdated technology and lacks integration with other utility systems.

SECTION VI. ASSESSMENT & STATUS OF TECHNOLOGIES & OPERATION PROGRAMS & STRATEGIES FOR SYSTEM REDUNDANCY & SERVICE IMPROVEMENTS

A. WORK ORDER DASHBOARD

SWBNO maintains a **Work Order Dashboard**. While the dashboard is in the beta version, it can be used by customers to view open work orders citywide. The dashboard, which is updated weekly, provides the type of work order, the date the work order was opened, and the average days for repair. A search tool enables customers to find work orders by street address. The goal is to provide the public with more information and transparency regarding issues that have been reported to the utility and the status of repairs.

B. PUMPING AND POWER DASHBOARD

SWBNO maintains a **Pumping and Power Dashboard** that provides the public with regular updates on pumps, pump maintenance, and power.[5] The utility created the dashboard to serve as a resource of information and improve transparency around the utility's operations.

C. NEW CUSTOMER PORTAL

SWBNO maintains a **user-friendly online customer account portal**. The new account format provides details about water usage (including hourly, daily, and monthly meter readings), enables customers to receive alerts and notifications regarding account and usage activity, and illustrates key data points in easy-to-understand graphs and charts. The account also empowers customers to learn more about their water usage based on smart meter data and, if desired, make conservation choices.

[5] The Pumping and Power Dashboard can be accessed here: https://www.swbno.org/Projects/PumpingandPower.

SECTION VII. OPERATIONAL REFORMS, CAPITAL IMPROVEMENT PROGRAMS, & SERVICE ASSURANCE PROGRAMS

A. POWER COMPLEX

Commissioning of the Power Complex continues with T7 achieving operational status in June. It is expected to complete commissioning by the end of July. If needed, T6 and T7 can be used to power the SFCs, providing an alternative power source to the Sullivan Substation. Final installation and commissioning for all three SFCs and complete tasks related to the equipment controls system integration are completing the project closeout process. The SFCs are now utilized as the main 25 Hz power source for daily operations. Tropical Storm Arthur on June 18, 2026, exposed a vulnerability in the SFC settings that has been addressed by adjusting equipment settings and operational protocol for future events. Review of this incident is being conducted internally as well as by an independent study by a third-party consulting firm retained by Entergy New Orleans. SWBNO is working towards the agreements needed with MISO and or Entergy to be able to co-generate power from onsite turbines along with the Sullivan substation, to provide voltage stability in the event of a transmission-level voltage fluctuation.

An additional funding source for future contracts was secured as part of a grant awarded to the State of Louisiana from the Department of Energy for the Louisiana Hubs for Energy Resilient Operations (HERO) program, which will allow SWBNO to connect drinking water pumps to the new substation. The sub-recipient application process was announced by the Louisiana Department of Natural Resources (LDNR) in early April 2025. SWBNO submitted the required application on time and remains in contact with the LDNR office throughout the review process. It is anticipated that a subrecipient agreement for this grant will be executed during the summer of 2026, to allow SWBNO to advertise the projects associated with the $34M grant program ($17M grant funds with a $17M matching requirement).

Additionally, $8M in capital outlay funds were allocated to the Power Complex during the 2025 legislative session. Projects utilizing this funding are being prepared for bid, including a permanent fuel delivery system for Turbine 7, as well as a new blackstart generator for the entire complex.

B. SMART METER PROGRAM

- **Installation Progress.** At the end of Q2 2026, more than 137,000 smart meters have been installed. More than 96% of all customer accounts now have a new smart meter.

- **New Smart Meter Bills**. At the end of Q2 2026, more than 130,000 customers are receiving smart meter bills and SWBNO surpassed its goal of having 101,000+ accounts registered for the Online Account Portal (75% of total accounts), which provides an additional communication engine for customer specific messaging and broader alerts. SWBNO is continuing targeted communications to assure customers that smart meter data and bills are accurate.

- **Improved Leak Detection.** By utilizing new smart meter data, SWBNO's customer portal has sent an average of 9,400 potential leak notifications each month. Approximately 36% of those customers repaired the leaks. The Customer Portal has an 'Investigate a Leak Module' allowing customers to proactively check their property for leaks before calling a plumber. Approximately 50% of customers open their leak alerts and 50% click through for additional information to investigate further.

C. LEAD SERVICE LINE REPLACEMENT PROGRAM

A major water system infrastructure project on the horizon is SWBNO's Lead Service Line Replacement Program. The purpose of the program is to improve public health by locating, removing, and replacing all lead service lines (learn more about lead awareness **here**). Key steps to carry out this project are already underway. Major Q2 2026 updates include:

- **Lead Service Line Inventory.** SWBNO has completed its citywide inventory, which requires locating and documenting the composition of all service lines (e.g., lead, other materials, unknown materials). The interactive online map can be accessed through the **Lead Awareness** webpage. Each year notifications to customers with lead, galvanized steel, and unknown service lines will be mailed with information about the program and their service line material.

- **Program Management.** SWBNO is hiring a program management firm to manage the lead service line replacements, inventory, mitigation, and communications required by the Environmental Protection Agency (EPA). A request for proposals for program management services was re-released in Q1 2026. Proposals were received in March 2026, with the evaluation selection committee meetings in April. The utility selected CDM Smith to manage the program. SWBNO completed contract negotiations with CDM Smith and a Notice to Proceed is expected in Q3 of 2026.

- **Public Education and Communication.** SWBNO continues to develop a strategic communications plan and key messaging materials for the program.

D. WATER QUALITY IMPROVEMENTS

The Water Quality Master Plan will identify the next level of investments and upgrades needed at the Carrollton and Algiers water treatment plants. It will consider new technology, the current and changing regulatory landscape, and the potential impacts of climate change. This effort was substantially complete in December 2025, with a final report delivered in Q1 2026. The next steps in this effort include the following:

- Implement corrosion control optimization pilot test at the Algiers Water Treatment Plant, which will help protect against impacts from future saltwater intrusion events in the Mississippi River. This work was started in May 2026.

- Implement coagulant chemical pilot test at Carrollton Water Plant, to improve efficiency and eventually reduce chemical costs.

- Begin a request for proposals for preliminary design for the first phase of rehabilitation of treatment facilities at the Carrollton Water Plant, which is part of a 30-year capital improvement plan (CIP).

- Obtain funding for a 5-year CIP through state capital outlay program, to fund critical repairs that are needed to maintain level of service while the larger replacement program is being developed. In the 2026 Legislative Session, $9.5M in P2 funding was approved for Water Treatment Plant Modernization projects, with an additional $4.5M approved in P5 funding,

E. SEWER (WASTEWATER) IMPROVEMENTS

SWBNO has concluded the design phase of major improvements for both the East Bank and West Bank Sewer Treatment Plants. SWBNO has competitively bid and awarded Phase I Improvements for the East Bank Sewer Treatment Plant to RNGD. SWBNO will use $38 million in state loans to pay for these upgrades and improvements. The utility has also applied for a federal earmark for fiscal year 2026 to help fund other needed improvements.

F. SELA DRAINAGE PROJECTS

The U.S. Army Corps of Engineers (USACE) is currently managing the construction for SELA 72.2 General DeGaulle Drive Drainage Canal Improvement Project. This project will include drainage improvements in Algiers, as well as earthen levee improvements near the Algiers Outfall Canal. USACE has awarded SELA 26.1A Florida Ave Phase IV project and started construction. The project includes upgrades to the SWB utilities near the Peoples Ave Canal and the Florida Ave Canal to make way for drainage upgrades in the next phase.

G. SWBNO WORKFORCE

SWBNO's Human Resources Department has prioritized strengthening the onboarding experience to support employee engagement, retention, and long-term workforce stability. On June 2, 2026, the Human Resources department conducted its first employee focus group, where we debriefed new employees on their onboarding experience. Thirty (30) employees participated, and among the topics discussed were the orientation process, the effectiveness of departments in communicating job responsibilities, and whether supervisors are providing meaningful feedback related to job performance. We also conducted a survey among the participants to gauge the relative success of the onboarding experience.

The first survey encouraged a considerable amount of discussion. Questions about the efficacy of the second day orientation and perception of how welcoming HR comes across received glowing scores. Additionally, the survey shined light on possible areas of growth, namely the preparedness of employees taking on their role. In the future, we have seen the survey as a chance to encourage more honesty about the relationship between new hires and managers. As the sample size grows from future focus groups, we expect to extract more meaningful and actionable data to improve the employee's onboarding experience.

Using the results of the survey, we can steer the dialogues held in the future toward improving preparedness of employees, embracing HR's culture, and increasing manager-employee interactions.
A managers focus group is scheduled for later in the year, and the survey results will provide substantial employee feedback for the managers to digest. The Human Resources department intends to continue to conduct focus groups for newly onboarded employees on a quarterly basis.

Table M: Q2 2026 Workforce Data

	Requisitioned Positions	New Hires	Resignations	Terminations	Retired
Q2 2026	152	35	21	12	10
Q1 2026	85	8	19	5	10
Q4 2025	76	57	17	9	3
Q3 2025	99	27	9	15	1

SECTION VIII. IDENTITY & DETAILED INFORMATION ON THE STATUS OF ALL PROJECTS AND IMPROVEMENTS MADE SINCE THE CLOSE OF LAST QUARTER

See information and updates included in Section VII (Operational Reforms, Capital Improvements, and Service Assurance Programs).