Cabazon Water District

2025 Water Rate Study

Final Report – October 22, 2025

Prepared by: Water Resources Economics, LLC

Water Resources Economics

PROMOTING THE VALUE AND PRICE OF WATER SERVICE

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October 22, 2025

Michael Pollack
General Manager
Cabazon Water District
14618 Broadway Street
Cabazon, CA 92230

Subject: Cabazon Water District 2025 Water Rate Study Report

Dear Mr. Pollack,

Water Resources Economics, LLC (WRE) is pleased to submit this 2025 Water Rate Study Report to Cabazon Water District (District). This report documents the results and recommendations of the 2025 Water Rate Study. The goal of the study was to develop an updated five-year schedule of water rates that will sufficiently fund the District's water system expenses, help the District to meet its financial goals, and comply with cost-of-service principles.

This study utilized industry-standard rate-setting methodology in accordance with guidelines developed by the American Water Works Association and incorporates guidance provided by the District's Board of Directors and staff. Our project team has a proven record of developing fair and equitable water rates for numerous public water agencies in California over the past 25 years. We are confident in our ability to develop sound water rates that satisfy the requirements of Proposition 218.

It has been a pleasure assisting the District, and we appreciate the support provided by yourself and Ms. Aguilar during this study.

Sincerely,

Sanjay Gaur
Founder / President
Water Resources Economics, LLC

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TABLE OF CONTENTS

1. Executive Summary 1
1.1 System Overview 1
1.2 Rate Study Overview 1
1.3 Legal Requirements 1
1.4 Rate-Setting Methodology 2
1.5 Additional Information and Disclaimers 2
1.6 Current Water Rates 3
1.7 Financial Plan 3
1.8 Cost-of-Service Analysis 7
1.9 Proposed Water Rates 8
2. Financial Plan 11
2.1 Financial Plan Methodology 11
2.2 Revenues 11
2.3 Operating Expenses 16
2.4 Debt Service 16
2.5 Capital Improvement Plan 17
2.6 Financial Policies 17
2.7 Status Quo Financial Plan 18
2.8 Proposed Financial Plan 23
3. Cost-of-Service Analysis 28
3.1 Cost-of-Service Methodology 28
3.2 Revenue Requirement 28
3.3 Cost Functionalization 29
3.4 Cost Causation Components 31
3.5 System Capacity Allocations 38
3.6 Allocation to Cost Components 42
3.7 Unit Cost Calculation 44
3.8 Cost-of-Service by Customer Class 46
4. Water Rates 47
4.1 Rate Design Methodology 47
4.2 Proposed Changes to Rate Structure 47
4.3 Proposed Monthly Fixed Service Charges 48
4.4 Proposed Monthly Fixed Fire Service Charges 49
4.5 Proposed Commodity charges 49
4.6 Proposed Water Rate Schedule 51
4.7 Customer Impacts 52
5. Appendices 54
5.1 Financial Plan Appendices 54
5.2 Cost-of-Service Analysis Appendices 58

LIST OF TABLES

Table 1-1: Current Monthly Fixed Service Charges 3
Table 1-2: Current Monthly Fixed Fire Service Charges 3
Table 1-3: Current Commodity Charges 3
Table 1-4: Reserve Policy Targets 4
Table 1-5: Proposed Financial Plan Scenario 6
Table 1-6: Proposed Monthly Fixed Service Charges 9
Table 1-7: Proposed Monthly Fixed Fire Service Charges 9
Table 1-8: Proposed Commodity Charges 9
Table 1-9: Proposed Residential Customer Impacts 10
Table 2-1: Current Monthly Fixed Service Charges 12
Table 2-2: Current Monthly Fixed fire Service Charges 12
Table 2-3: Current Commodity Charges 12
Table 2-4: Projected Number of Water Meters 13
Table 2-5: Projected Number of Private Fire Lines 13
Table 2-6: Demand Growth Assumptions 14
Table 2-7: Projected Customer Water Usage (hcf) 14
Table 2-8: Calculated Rate Revenues at Current Rates 15
Table 2-9: Revenue Summary 15
Table 2-10: Expense Inflationary Assumptions 16
Table 2-11: Operating Expense Summary 16
Table 2-12: Existing Debt Service 17
Table 2-13: Capital Project Costs and Execution Rate 17
Table 2-14: Status Quo Financial Plan Scenario 18
Table 2-15: Projected Cash Flows (Status Quo Financial Plan) 19
Table 2-16: Projected Fund Balances (Status Quo Financial Plan) 20
Table 2-17: Forecasted Financial Performance (Status Quo Financial Plan) 21
Table 2-18: Proposed Financial Plan Scenario 23
Table 2-19: Projected Cash Flows (Proposed Financial Plan) 24
Table 2-20: Projected Fund Balances (Proposed Financial Plan) 25
Table 2-21: Forecasted Financial Performance (Proposed Financial Plan) 26
Table 3-1: FY 2026 Revenue Requirement 29
Table 3-2: Operating Costs by System Functions 30
Table 3-3: Capital Assets by System Functions 31
Table 3-4: Revenue Offsets by System Functions 31
Table 3-5: Capacity Factor Assumptions 32
Table 3-6: System-Wide Capacity Allocation 33
Table 3-7: System Function Allocation to Cost Components 34
Table 3-8: Operating Allocation by Cost Component 35
Table 3-9: Capital Allocation by Cost Component 36
Table 3-10: Revenue Offset Allocation by Cost Component 37
Table 3-11: Equivalent Meter Units 38
Table 3-12: Equivalent Fire Lines 39

Table 3-13: Customer Demand Capacity 40
Table 3-14: Capacity Allocation by Fire and Customer Demand 41
Table 3-15: Cost-of-Service Allocation by Cost Component (Preliminary, General) 42
Table 3-16: Cost-of-Service Allocation by Cost Component (Fire Protection, Capacity) 43
Table 3-17: Cost-of-Service Allocation by Cost Component (Final) 44
Table 3-18: Units of Service Definitions 44
Table 3-19: Unit Cost by Cost Component 45
Table 3-20: Cost-of-Service Allocation by Cost Component and Customer Class 46
Table 4-1: Revenue Neutral Monthly Fixed Service Charges 48
Table 4-2: Proposed Monthly Fixed Service Charges after Adjustment 48
Table 4-3: Revenue Neutral Monthly Fixed Fire Service Charges 49
Table 4-4: Proposed Monthly Fixed Fire Service Charges after Adjustment 49
Table 4-5: Capacity Unit Cost by Customer Class 50
Table 4-6: Revenue Offset by Customer Class 50
Table 4-7: Revenue Neutral Commodity Charges (per hcf) 51
Table 4-8: Proposed Commodity Charges after Adjustment (per hcf) 51
Table 4-9: Proposed Revenue Adjustments 51
Table 4-10: Proposed Monthly Fixed Service Charges 52
Table 4-11: Proposed Monthly Fixed Fire Service Charges 52
Table 4-12: Proposed Commodity Charges (per hcf) 52
Table 4-13: Proposed Residential Customer Impacts 53
Table 5-1: Revenues (Detail) 54
Table 5-2: Operating Expenses (Detail) 55
Table 5-3: Operating Expenses by System Functions (Detail) 58
Table 5-4: Capital Assets by System Functions (Detail) 61

LIST OF FIGURES

Figure 1-1: Projected Fund Balances (Status Quo Financial Plan) 5
Figure 1-2: Projected Debt Coverage (Status Quo Financial Plan) 5
Figure 1-3: Projected Fund Balances (Proposed Financial Plan) 7
Figure 1-4: Projected Debt Coverage (Proposed Financial Plan) 7
Figure 2-1: Revenue Requirements vs. Revenues (Status Quo Financial Plan) 21
Figure 2-2: Projected Debt Coverage (Status Quo Financial Plan) 22
Figure 2-3: Projected Fund Balances (Status Quo Financial Plan) 22
Figure 2-4: Revenue Requirements vs. Revenues (Proposed Financial Plan) 26
Figure 2-5: Projected Debt Coverage (Proposed Financial Plan) 27
Figure 2-6: Projected Fund Balances (Proposed Financial Plan) 27

1. EXECUTIVE SUMMARY

1.1 SYSTEM OVERVIEW

Cabazon Water District (District) provides potable water service to over 900 metered connections, which include Single Family Residential and Non-Residential customer classes. The District's service area encompasses the unincorporated community of Cabazon and other unincorporated areas of Riverside County and covers approximately 7,040 acres.

The water system, which is owned and operated by the District, consists of four groundwater wells (Well #1, Well #2, Well #5, and Well #4), distribution pipelines, and multiple water storage facilities and tanks. The District's only water supply source is local groundwater produced from the District's wells.

1.2 RATE STUDY OVERVIEW

Public retail water agencies in California typically conduct a cost-of-service study every five years to ensure that customers are appropriately charged for water service and to reestablish the cost-of-service nexus that is required by Proposition 218. The District's existing rate structure was developed in 2020 in a prior cost-of-service study.

The District engaged Water Resources Economics, LLC (WRE) in 2025 to conduct a comprehensive water rate study, with the following objectives:

- Develop a five-year financial plan to meet financial targets for Fiscal Year (FY) 2026[1] to FY 2030
- Conduct a cost-of-service analysis based on the most recent data and customer use characteristics
- Develop a five-year water rate schedule for FY 2026 through FY 2030

1.3 LEGAL REQUIREMENTS

Legal considerations relating to retail water rates in California focus heavily on Proposition 218, which was enacted in 1996 and is now reflected in Article XIII C and Article XIII D of the California Constitution. Proposition 218 states that "property related fees and charges" (which include retail water rates) may not exceed the proportional cost of providing the service to the customer and may not be used for any purpose other than providing said service. The practical implication is that public retail water agencies in California must demonstrate a sufficient nexus between the costs incurred by the agency to provide water service and the rates charged to customers. The primary means by which retail water agencies address this requirement is by conducting a "cost-of-service analysis."

[1] FY 2026 is the fiscal year starting July 1, 2025 and ending June 30, 2026.

Proposition 218 also affects the rate adoption process by requiring agencies to hold a public hearing to adopt rates. The agency must mail public hearing notices to all customers no fewer than 45 days prior to the public hearing. The public hearing notices must clearly show all proposed rate changes, provide information on the public hearing date/time/location, and provide instructions on how customers may protest the proposed rate changes. If a majority of customers submit a protest, the proposed rate changes cannot be adopted.

1.4 RATE-SETTING METHODOLOGY

This study was conducted using industry-standard methodology outlined by the American Water Works Association (AWWA) in its *Manual of Water Supply Practices M1: Principles of Water Rates, Fees and Charges, Seventh Edition* (M1 Manual). The rate study process includes the following steps:

1. **Financial Plan**: Annual revenues and expenses are projected over the rate-setting period to determine the magnitude of rate increases needed to maintain financial sufficiency. Financial policies, such as reserve targets, are also evaluated and updated if necessary.
2. **Cost-of-Service Analysis**: Costs are allocated to customers in proportion to use of and burden on the water system. The overall goal is to establish a robust nexus between the costs incurred by an agency and the rates charged to customers, as required by Proposition 218.
3. **Rate Design**: The existing rate structure is evaluated, and potential changes are identified. A multi-year proposed rate schedule is then calculated directly from the results of the financial plan and cost-of-service analysis.
4. **Rate Study Documentation**: A rate study report is developed to document the proposed rate development process. This provides transparency and enhances legal defensibility in light of Proposition 218 requirements. This document serves as the report for this rate study.

1.5 ADDITIONAL INFORMATION AND DISCLAIMERS

This report summarizes the data, analyses, processes, and results of the District's water rate study. Some important information to keep in mind when reading the report includes the following:

- All study projections are based on the best available data as of June 2025.
- All table values are rounded to the nearest digit shown unless stated otherwise. However, all calculations are based on precise values. Attempting to manually replicate the calculations described in this report from the values displayed in tables may therefore produce slightly different results.
- All current and proposed rates and charges in this report are shown on a monthly basis.

1.6 CURRENT WATER RATES

CURRENT WATER RATES

The District's current water rate structure includes monthly fixed service charges by meter size, monthly fixed fire service charges by fire line diameter (charged to private fire customers only), and commodity charges by water usage measured in hundred cubic feet (hcf). Single Family Residential customers' commodity charges have three tiers; other Non-Residential customers have a uniform commodity charge. **Table 1-1**, **Table 1-2**, and **Table 1-3** show the current monthly fixed service charges, monthly fixed fire service charges, and commodity charges, respectively.

Table 1-1: Current Monthly Fixed Service Charges

Line	Monthly Fixed Service Charges	As of 1/2025
1	5/8-inch meter	$37.53
2	3/4-inch meter	$53.21
3	1-inch meter	$84.56
4	1 1/2-inch meter	$162.94
5	2-inch meter	$257.01
6	3-inch meter	$507.84
7	4-inch meter	$790.02
8	10-inch meter	$6,590.45
9	Construction (3-inch meter)	$532.61

Table 1-2: Current Monthly Fixed Fire Service Charges

Line	Monthly Fixed Fire Service Charges	As of 1/2025
1	4-inch connection	$38.33
2	6-inch connection	$79.67
3	8-inch connection	$134.79

Table 1-3: Current Commodity Charges

Line	Commodity Charges (per hcf)	Tier Width	As of 1/2025
1	**Single Family Residential**		
2	Tier 1	0-7 hcf	$2.22
3	Tier 2	8-14 hcf	$7.88
4	Tier 3	14+ hcf	$14.45
5	**Non-Residential**		$5.37

1.7 FINANCIAL PLAN

WRE worked closely with District staff and the District's Board of Directors to determine the financial plan scenario that best suits the District's needs. The results and recommendations of the water rate study are driven by the District's financial performance, input from District staff, and feedback and direction from the Board.

FACTORS AFFECTING FINANCIAL PERFORMANCE

The District's financial performance is driven by the ability of the current water rates to meet the District's funding needs. To maintain financial sufficiency, water rates must fully fund operations and maintenance (O&M) costs, capital improvement plan (CIP) expenditures, and any relevant financial policies, which typically include target reserve balances and debt coverage.

The key factors affecting financial performance include:

- **Capital investment needs over the next five years:** The District anticipates to spend $1.9 million over the next five years (FY 2026 through FY 2030) to complete critical projects such as well repairs, tank maintenance, and pipeline rehabilitation.
- **Operating cost increases:** Operating expenses are expected to increase by 6% on average each year of the study period due to inflationary pressures.
- **Reserve policy targets:** The District's current reserve policy, which is shown in **Table 1-4**, includes targets for operating and capital reserves for the first year of the study period. The current reserve policy is intended to provide sufficient cash on hand to meet short-term cash flow requirements and to execute CIP projects.

Table 1-4: Reserve Policy Targets

Line	Reserve Policy	Policy Targets	FY 2026
1	Operating Reserve	180 days of O&M expenses	$739,726
2	Capital Reserve	6% of net capital assets	$518,428
3	**Combined Reserves Target**		**$1,258,154**

STATUS QUO FINANCIAL PLAN

The first step in evaluating the District's financial performance is to develop a "status quo financial plan," which is the scenario in which the District does not increase its water rate revenues or issue new debt to fund CIP. This exercise is to determine whether the District's current water rates are sufficient to meet key financial performance metrics. This section shows two important metrics: fund balance and debt coverage.

Figure 1-1 shows the projected fund balances under the status quo scenario. The green bars represent the ending fund balances, and the dashed line represents the reserve policy targets. In this scenario the District is able to meet its reserve targets without revenue adjustments.

Figure 1-1: Projected Fund Balances (Status Quo Financial Plan)

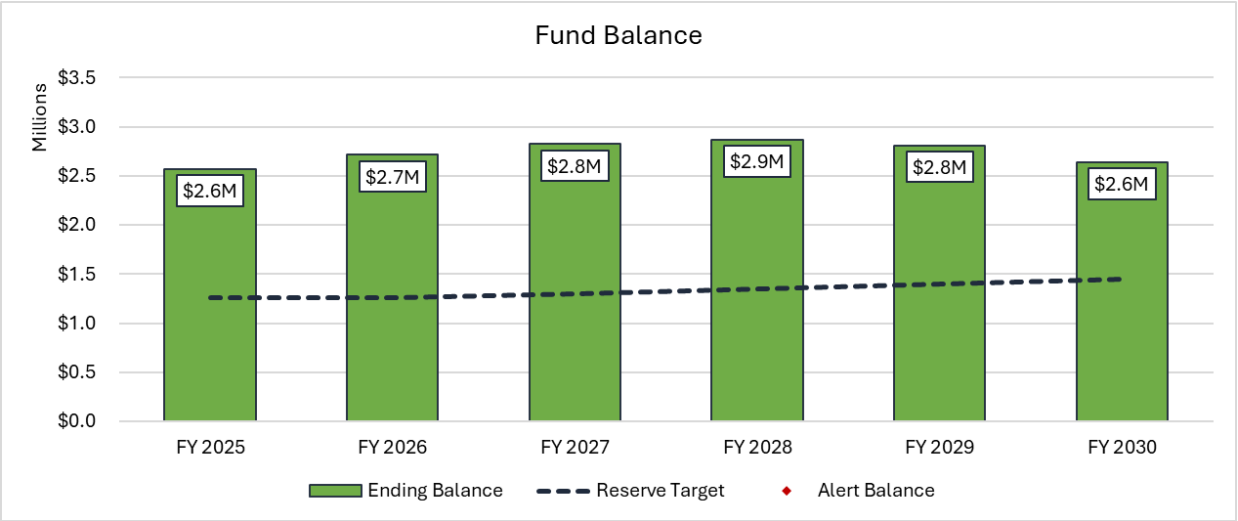
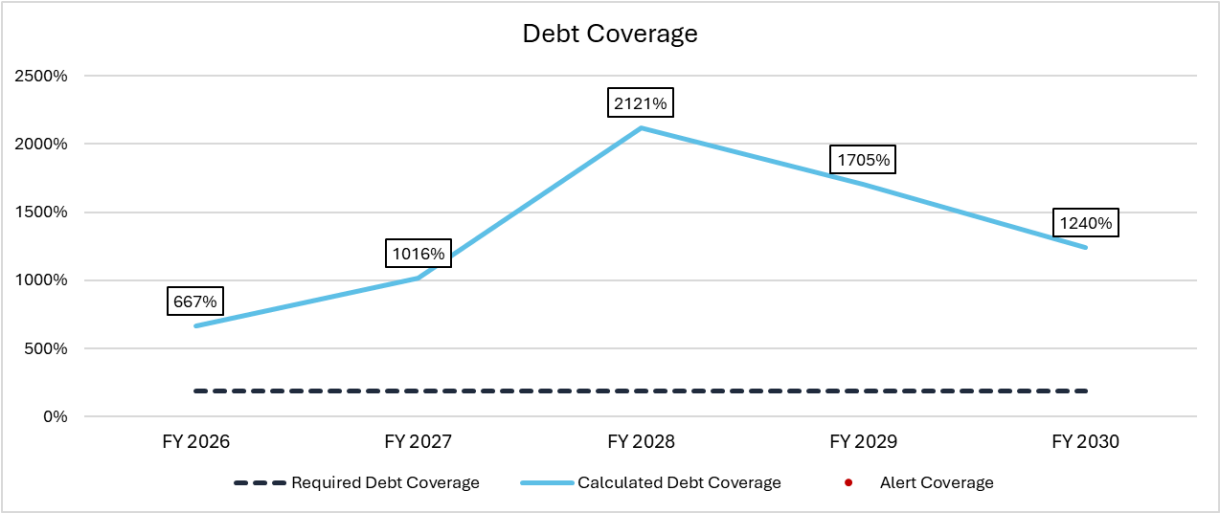


Figure 1-2 shows the projected debt service coverage under the status quo scenario. The District's existing debt management policy includes a debt coverage target ratio of 185%. Debt coverage is calculated by dividing the net operating revenue (revenues less O&M expenses) by annual debt service payments. The District currently has three existing loans, two of which will be retired in FY 2027. In this scenario, the District can meet its debt coverage requirements without revenue adjustments.

Figure 1-2: Projected Debt Coverage (Status Quo Financial Plan)



PROPOSED REVENUE ADJUSTMENTS AND DEBT ISSUANCES

Overall annual increases in water rate revenues resulting from rate increases are referred to as "revenue adjustments." WRE worked with the Board and District staff to determine the most appropriate financial plan scenario, which is shown in **Table 1-5**.

The proposed financial plan scenario includes no revenue adjustment in the first year (FY 2026), followed by 3% annual revenue adjustments in the final four years of the study period (FY 2027 through FY 2030). No revenue adjustment is proposed in FY 2026 to minimize distributional impacts to customers in the first year of the proposed rate schedule resulting from proposed changes to the current rate structure.

The status quo financial plan is projected to meet the District's reserve policy and debt coverage requirements over the next five years. However, 3% revenue adjustments are proposed in the final four years of the study period to build up reserves in anticipation of significantly increased CIP funding requirements in FY 2031 through FY 2035. This will reduce the likelihood that substantial revenue adjustments will be necessary during the next five-year rate-setting cycle for FY 2031 through FY 2035, thus smoothing out rate increases over time and avoiding short-term rate shocks to customers.

Table 1-5: Proposed Financial Plan Scenario

Line	Fiscal Year	Effective Date	Revenue Adjustments	Debt Issuance	Debt Proceeds for CIP
1	FY 2026	January 2026	0.0%	$0	$0
2	FY 2027	January 2027	3.0%	$0	$0
3	FY 2028	January 2028	3.0%	$0	$0
4	FY 2029	January 2029	3.0%	$0	$0
5	FY 2030	January 2030	3.0%	$0	$0

PROPOSED FINANCIAL PLAN

The proposed financial plan applies the revenue adjustments and debt issuance, shown in **Table 1-5**, to reevaluate financial performance based on the same two metrics: fund balance and debt coverage.

Figure 1-3 shows the projected fund balances under the proposed scenario. In this scenario, the District will meet its reserve targets for all years of the planning period and build up additional reserves in anticipation of significant CIP spending in FY 2031 through FY 2035.

Figure 1-3: Projected Fund Balances (Proposed Financial Plan)

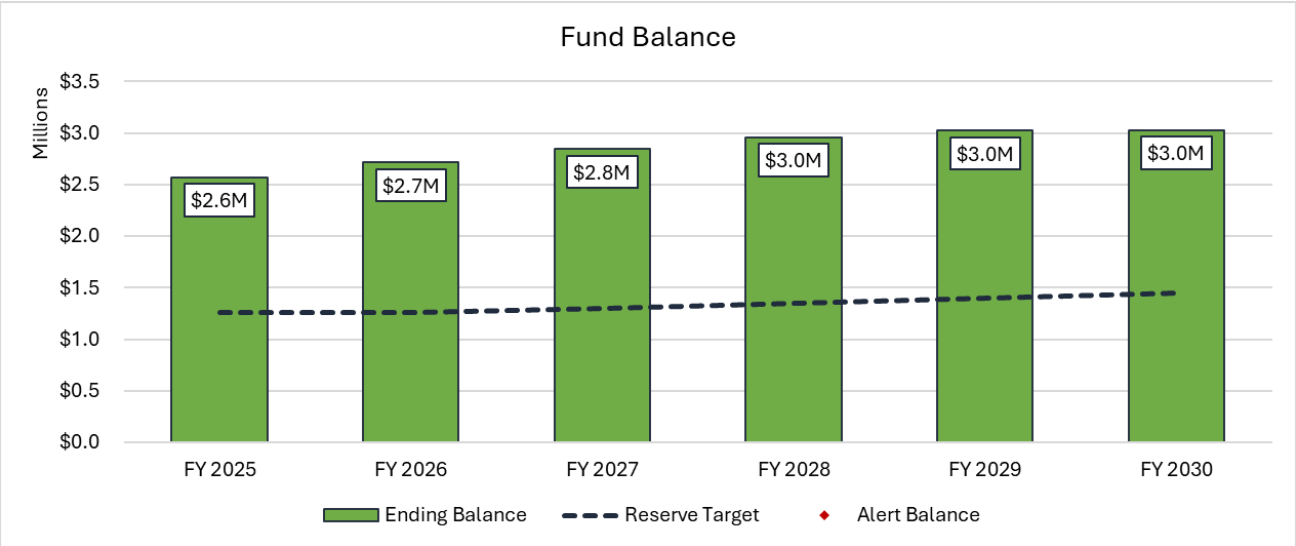
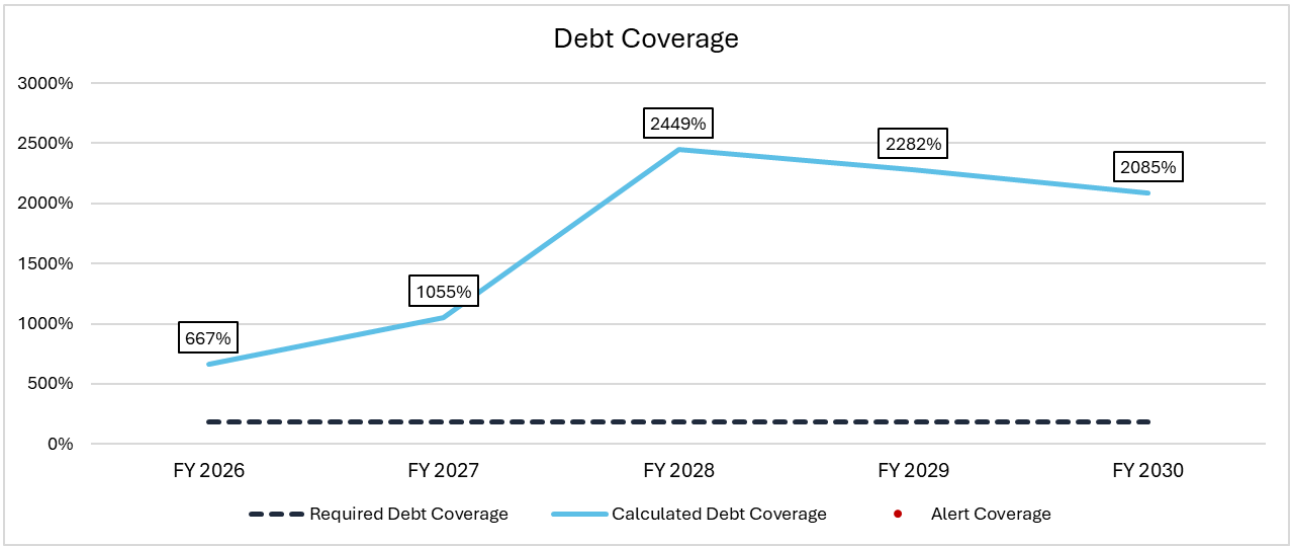


Figure 1-4 shows the projected debt coverage under the proposed scenario. The District will meet coverage requirements for all years.

Figure 1-4: Projected Debt Coverage (Proposed Financial Plan)



1.8 COST-OF-SERVICE ANALYSIS

A cost-of-service analysis is a technical process used to determine the cost of providing water service to the District's customers based on each customer's use of and burden on the water system. The cost-of-service analysis is the basis of the nexus between the costs incurred by the utility to provide water service and the water rates charged to customers, which is a requirement of Proposition 218.

COST-OF-SERVICE METHODOLOGY

The cost-of-service methodology is based on industry standards set forth by AWWA in its M1 Manual; this rate study utilizes the base-extra capacity method. The overall goal of the cost-of-service analysis is to develop "unit costs," which provide the basis from which proposed rates are directly calculated from. Note that although the study period spans five years, the cost-of-service analysis is limited to a single representative year referred to as the "test year." The test year in this study is FY 2026. The key steps in conducting a water cost-of-service analysis are outlined below:

- **Revenue requirement determination**: The total rate revenue requirement for the test year is determined based on the results of the proposed financial plan and divided into primary sub-components (operating, capital, etc.).
- **Cost functionalization**: Operating and capital costs are evaluated and assigned to "functional categories" in the water system (e.g., customer service, groundwater wells, distribution, etc.). This provides a proportional breakdown of system costs by functional category.
- **Revenue requirement allocation to cost causation components**: Functionalized costs are allocated to "cost causation components" (e.g., water supply, base delivery, max day delivery, etc.), which is used to attribute customers' use of the system to the District's incurrence of costs.
- **Unit cost development**: The rate revenue requirement allocation for each individual cost causation component is divided by the appropriate units of service to establish unit costs for the test year. Unit costs provide the basis from which proposed rates are calculated.

1.9 PROPOSED WATER RATES

WRE worked closely with the Board and District staff to determine the most appropriate water rate structure that meets the District's needs.

PROPOSED RATE STRUCTURE CHANGES

The District's current rate structure includes a monthly fixed service charge, a monthly fixed fire service charge, three-tiered commodity charges for Single Family Residential, and uniform commodity charges for other Non-Residential customers. We propose the following two key changes to the current rate structure:

- **Fixed service charges for 6-inch and 8-inch meters**: The District's current rate schedule does not include fixed service charges for 6-inch or 8-inch meters, as no current customers have meters of either size. Because there is a possibility that future connections will require a 6-inch or 8-inch meter, we recommend adding fixed service charges for these meter sizes to the proposed rate schedule.
- **Two-tiered Single Family Residential commodity charges**: WRE recommends reducing the number of tiers for the Single Family commodity charge from three to two tiers. This

recommended change will result in a rate structure more closely aligned with evolving interpretations of Proposition 218 legal requirements. The proposed tier 1 allotment will remain unchanged at 7 hcf per month. Proposed tier 2 will include all monthly water use above 7 hcf.

PROPOSED FIVE-YEAR WATER RATE SCHEDULE

The proposed five-year water rate schedule is based on the proposed rate structure changes, the updated cost-of-service analysis, and the proposed revenue adjustments for the five-year study period. The rate schedule shows the proposed water rates to be implemented in January 2026 through January 2030. **Table 1-6**, **Table 1-7**, and **Table 1-8** show the proposed monthly fixed service charges, monthly fixed fire service charges, and commodity charges, respectively.

Table 1-6: Proposed Monthly Fixed Service Charges

Line	Monthly Fixed Service Charge	Effective Jan. 2026	Effective Jan. 2027	Effective Jan. 2028	Effective Jan. 2029	Effective Jan. 2030
1	5/8-inch meter	$37.17	$38.29	$39.44	$40.63	$41.85
2	3/4-inch meter	$51.90	$53.46	$55.07	$56.73	$58.44
3	1-inch meter	$81.36	$83.81	$86.33	$88.92	$91.59
4	1 1/2-inch meter	$155.02	$159.68	$164.48	$169.42	$174.51
5	2-inch meter	$243.40	$250.71	$258.24	$265.99	$273.97
6	3-inch meter	$479.10	$493.48	$508.29	$523.54	$539.25
7	4-inch meter	$744.26	$766.59	$789.59	$813.28	$837.68
8	6-inch meter	$1,480.81	$1,525.24	$1,571.00	$1,618.13	$1,666.68
9	8-inch meter	$2,364.67	$2,435.62	$2,508.69	$2,583.96	$2,661.48
10	10-inch meter	$6,194.72	$6,380.57	$6,571.99	$6,769.15	$6,972.23
11	Construction (3-inch meter)	$479.10	$493.48	$508.29	$523.54	$539.25

Table 1-7: Proposed Monthly Fixed Fire Service Charges

Line	Monthly Fixed Fire Service Charge	Effective Jan. 2026	Effective Jan. 2027	Effective Jan. 2028	Effective Jan. 2029	Effective Jan. 2030
1	4-inch connection	$117.58	$121.11	$124.75	$128.50	$132.36
2	6-inch connection	$326.88	$336.69	$346.80	$357.21	$367.93
3	8-inch connection	$687.87	$708.51	$729.77	$751.67	$774.23

Table 1-8: Proposed Commodity Charges

Line	Commodity Charge (per hcf)	Effective Jan. 2026	Effective Jan. 2027	Effective Jan. 2028	Effective Jan. 2029	Effective Jan. 2030
1	**Single Family Residential**					
2	Tier 1 (0-7 hcf)	$3.53	$3.64	$3.75	$3.87	$3.99
3	Tier 2 (7+ hcf)	$8.44	$8.70	$8.97	$9.24	$9.52
4	**Non-Residential**	$5.38	$5.55	$5.72	$5.90	$6.08

CUSTOMER IMPACTS

WRE evaluated the impacts to the Single Family Residential customer class, which represents approximately 94% of the District's meter connections, based on the proposed water rates for FY 2026. **Table 1-9** shows the proposed impacts for a Single Family Residential customer with a 5/8-inch meter (the most common meter size within this class, representing over 95% of customers) at various levels of monthly usage. For the average Single Family Residential customer that uses 8 hcf of water per month, the monthly bill increase will be $9.37 or 15.4%, which reflects the impact of the cost-of-service analysis and proposed rate structure changes.

Table 1-9: Proposed Residential Customer Impacts

Line	Residential Customer Impacts	Monthly Usage (hcf)	Current Bill	Proposed Bill	Difference ($)	Difference (%)
1	10th Percentile	1	$39.75	$40.70	$0.95	2.4%
2	25th Percentile	3	$44.19	$47.76	$3.57	8.1%
3	50th Percentile	6	$50.85	$58.35	$7.50	14.7%
4	Average	8	$60.95	$70.32	$9.37	15.4%
5	75th Percentile	12	$92.47	$104.08	$11.61	12.6%
6	90th Percentile	16	$137.13	$137.84	$0.71	0.5%

2. FINANCIAL PLAN

2.1 FINANCIAL PLAN METHODOLOGY

The purpose of a financial plan is to project revenues, expenses, cash flows, reserve balances, and debt coverage over a multi-year period to assess financial sufficiency and performance and to determine the amount of required rate revenue. For this study, the planning period is from FY 2026 through FY 2030; data for FY 2025 or earlier is shown when needed to represent actual data inputs. The key steps in developing a financial plan for a water enterprise are below:

- **Revenue projections:** Annual revenues from rates and other miscellaneous sources are projected over the planning period. Rate revenues are projected based on current rates to establish baseline revenues from which the need for additional rate increases can be evaluated.
- **Expense projections:** Annual expenses are projected over the study period, including O&M expenses, debt service, and CIP costs. CIP funding options (grants, debt, etc.) are evaluated.
- **Financial policy evaluation:** Key financial policies include debt coverage requirements and reserve targets. Debt coverage requirements are typically explicitly stated in official agreements on outstanding debt issuances. Reserve targets are typically set by an agency's elected officials and may need to be periodically evaluated and updated.
- **Status quo financial plan projections:** Cash flow, reserve balances, and debt coverage are projected over the study period in the absence of additional rate increases (this scenario is called the "status quo"). Projected reserve balances and debt coverage are then compared to the agency's financial policy requirements and targets. The status quo financial plan provides a baseline to evaluate the need for rate increases.
- **Proposed financial plan projections:** The magnitude and timing of annual proposed revenue increases over the study period are evaluated and determined based on the agency's financial policies, financial performance, and policy objectives. Proposed rate increases (referred to as "revenue adjustments") should generate sufficient revenue to recover the agency's expenses, maintain adequate reserves, and meet all debt coverage requirements. The proposed financial plan determines the total annual rate revenue requirement over the study period.

2.2 REVENUES

CURRENT WATER RATES

The District's current water rates include a monthly fixed service charge based on meter size, a monthly fixed fire service charge based on fire line diameter (for customers with private fire service), and a commodity charge based on metered water use in hcf. Single Family Residential customers have a three-tiered commodity charge; Non-Residential customers have a uniform commodity charge.

Table 2-1, **Table 2-2**, and **Table 2-3** show the current monthly fixed service charges, monthly fixed fire service charges, and commodity charges, respectively. The current rates are based on the District's most recent water rate study and were implemented in January 2025 (for FY 2025).

Table 2-1: Current Monthly Fixed Service Charges

Line	Monthly Fixed Service Charges	As of 1/2025
1	5/8-inch meter	$37.53
2	3/4-inch meter	$53.21
3	1-inch meter	$84.56
4	1 1/2-inch meter	$162.94
5	2-inch meter	$257.01
6	3-inch meter	$507.84
7	4-inch meter	$790.02
8	10-inch meter	$6,590.45
9	Construction (3-inch meter)	$532.61

Table 2-2: Current Monthly Fixed fire Service Charges

Line	Monthly Fire Service Charges	As of 1/2025
1	4-inch connection	$38.33
2	6-inch connection	$79.67
3	8-inch connection	$134.79

Table 2-3: Current Commodity Charges

Line	Commodity Charges (per hcf)	Tier Width	As of 1/2025
1	**Single Family Residential**		
2	Tier 1	0-7 hcf	$2.22
3	Tier 2	8-14 hcf	$7.88
4	Tier 3	14+ hcf	$14.45
5	**Non-Residential**		$5.37

CUSTOMER ACCOUNTS AND USAGE

This section details the customer accounts and water usage for all years of the study, which are referred to as the units of service. Units of service represent the quantity of billing units that are subject to the District's water rates and charges.

Table 2-4 shows the projected number of meters for each customer class for the study period. District staff provided actual data for FY 2025; this study assumes four new 5/8-inch and 3/4-inch Single Family Residential connections each year per District staff estimates. The number of metered connections is the unit of service for the District's monthly fixed service charges.

Table 2-4: Projected Number of Water Meters

Line	Number of Water Meters	FY 2025 Actual	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
1	**Single Family Residential**						
2	5/8-inch	860	864	868	872	876	880
3	3/4-inch	22	26	30	34	38	42
4	1-inch	8	8	8	8	8	8
5	1 1/2-inch	0	0	0	0	0	0
6	2-inch	0	0	0	0	0	0
7	3-inch	0	0	0	0	0	0
8	4-inch	0	0	0	0	0	0
9	**Subtotal**	**891**	**899**	**907**	**915**	**923**	**931**
10							
11	**Non-Residential**						
12	5/8-inch	17	17	17	17	17	17
13	3/4-inch	2	2	2	2	2	2
14	1-inch	6	6	6	6	6	6
15	1 1/2-inch	4	4	4	4	4	4
16	2-inch	18	18	18	18	18	18
17	3-inch	3	3	3	3	3	3
18	4-inch	1	1	1	1	1	1
19	Contract (10-inch)	1	1	1	1	1	1
20	Construction (3-inch)	2	2	2	2	2	2
21	**Subtotal - Non-Residential**	**54**	**54**	**54**	**54**	**54**	**54**
22							
23	**Total - Potable Meters**	**945**	**953**	**961**	**969**	**977**	**985**

Table 2-5 shows the projected number of private fire lines for the study period. District staff provided actual data for FY 2025; this study assumes no growth in private fire connections for the period. The number of private fire lines is the unit of service for the District's monthly fixed fire service charges.

Table 2-5: Projected Number of Private Fire Lines

Line	Number of Private Fire Lines	FY 2025 Actual	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
1	**Private Fire**						
2	4-inch connection	0	0	0	0	0	0
3	6-inch connection	2	2	2	2	2	2
4	8-inch connection	1	1	1	1	1	1
5	**Subtotal - Private Fire**	**3**	**3**	**3**	**3**	**3**	**3**

Table 2-6 shows the demand growth assumptions for each customer class. WRE worked with District staff to determine the most appropriate estimates for annual water usage based on historical trends and future expectations. Current water demand is projected to rebound slightly to 400 acre-feet per year (AFY) in FY 2026, which is still below the five-year actual average of 435 AFY. Beyond FY 2026, all projected demand increases are due to new Single Family Residential customers connecting to the District's water system, which is projected to add an additional 0.22 AFY in water demand per connection.

Table 2-6: Demand Growth Assumptions

Line	Water Demand Growth	FY 2026[2]	FY 2027	FY 2028	FY 2029	FY 2030
1	Single Family Residential	1.2%	0.9%	0.9%	0.9%	0.9%
2	Non-Residential	1.2%	0.0%	0.0%	0.0%	0.0%

Table 2-7 shows the projected water usage for each customer class and tier. District staff provided actual water usage for FY 2024, which is then projected forward based on the demand growth assumptions (**Table 2-6**). Note that FY 2025 water usage is omitted below as actual water use data for FY 2025 was not yet available when the study analysis was conducted.

Table 2-7: Projected Customer Water Usage (hcf)

Line	Water Consumption (hcf)	FY 2024 Actual	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
1	**Single Family Residential**						
2	Tier 1	54,066	54,736	55,223	55,710	56,198	56,685
3	Tier 2	19,598	19,841	20,017	20,194	20,371	20,547
4	Tier 3	13,064	13,226	13,344	13,461	13,579	13,697
5	**Subtotal**	**86,728**	**87,803**	**88,584**	**89,366**	**90,147**	**90,929**
6							
7	**Non-Residential**	**85,380**	**86,437**	**86,437**	**86,437**	**86,437**	**86,437**
8							
9	**Total**	**172,108**	**174,240**	**175,022**	**175,803**	**176,585**	**177,366**

REVENUES FROM CURRENT RATES

Table 2-8 shows the calculated water rate revenues for the study period based on the current effective water rates and the projected units of service. The monthly fixed service charge revenues (Lines 1-4) are calculated by multiplying the monthly fixed service charge (from **Table 2-1**) by the projected meter connections (**Table 2-4**) for a period of 12 months. The monthly fixed fire service charge revenues (Lines 6-8) are calculated by multiplying the monthly fixed fire service charge (from **Table 2-2**) by the projected private fire connections (**Table 2-5**) for a period of 12 months. The commodity charge revenues (Lines 10-16) are calculated by multiplying the effective commodity charges (from **Table 2-3**) by the projected water usage (**Table 2-7**) in each year.

[2] Relative to FY 2024 rather than FY 2025, as actuals for FY 2025 were not yet available when the study analysis was conducted.

Table 2-8: Calculated Rate Revenues at Current Rates

Line	Calculated Rate Revenues	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	**Monthly Fixed Service Charges**					
2	Single Family Residential	$415,673	$420,029	$424,384	$428,740	$433,095
3	Non-Residential	$198,512	$198,512	$198,512	$198,512	$198,512
4	**Subtotal**	**$614,185**	**$618,540**	**$622,896**	**$627,251**	**$631,607**
5						
6	**Monthly Fire Service Charges**					
7	Private Fire	$3,530	$3,530	$3,530	$3,530	$3,530
8	**Subtotal**	**$3,530**	**$3,530**	**$3,530**	**$3,530**	**$3,530**
9						
10	**Commodity Charges**					
11	Single Family Residential					
12	Tier 1	$121,514	$122,596	$123,677	$124,759	$125,841
13	Tier 2	$156,346	$157,737	$159,129	$160,521	$161,912
14	Tier 3	$191,113	$192,814	$194,515	$196,216	$197,918
15	Non-Residential	$464,168	$464,168	$464,168	$464,168	$464,168
16	**Subtotal**	**$933,141**	**$937,315**	**$941,490**	**$945,664**	**$949,839**
17						
18	**Total**	**$1,550,855**	**$1,559,385**	**$1,567,915**	**$1,576,445**	**$1,584,975**

REVENUE SUMMARY

Table 2-9 shows the summary of projected revenues for the study period. District staff provided the budgeted revenues for FY 2026; all other years are projected based on the relevant assumptions or calculations. Water rate revenues (Line 1) are equal to the rate revenues at current rates (**Table 2-8**, Line 18). Property Taxes (Line 2) and Cell Tower Lease (Line 3) are inflated for future years based on a 2% growth rate. Interest Income (Line 4) is calculated based on average fund balances and a 3% interest rate, and miscellaneous revenues (Line 5) are held constant at FY 2026 budgeted amounts. Detailed revenue projections are included in the **Appendix** (**Table 5-1**).

Table 2-9: Revenue Summary

Line	Revenues	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Water Rate Revenues	$1,550,855	$1,559,385	$1,567,915	$1,576,445	$1,584,975
2	Property Taxes	$253,000	$258,060	$263,221	$268,486	$273,855
3	Cell Tower Lease	$39,800	$40,596	$41,408	$42,236	$43,081
4	Interest Income	$67,600	$82,105	$85,694	$88,344	$89,410
5	Miscellaneous Revenues	$172,060	$172,060	$172,060	$172,060	$172,060
6	**Total**	**$2,083,315**	**$2,112,206**	**$2,130,299**	**$2,147,571**	**$2,163,381**

2.3 OPERATING EXPENSES

INFLATIONARY ASSUMPTIONS

WRE worked with District staff to determine annual inflationary assumptions to apply to the District's O&M expense budget. District staff provided the budgeted O&M expenses for FY 2026; all other years are projected based on the inflationary assumptions shown in **Table 2-10**.

Table 2-10: Expense Inflationary Assumptions

Line	Inflationary Assumptions	FY 2027	FY 2028	FY 2029	FY 2030
1	General	4.0%	4.0%	4.0%	4.0%
2	Electricity & Fuel	10.0%	10.0%	10.0%	10.0%
3	Insurance	10.0%	10.0%	10.0%	10.0%
4	Salaries	5.0%	5.0%	5.0%	5.0%
5	Benefits	6.0%	6.0%	6.0%	6.0%
6	Capital	4.0%	4.0%	4.0%	4.0%
7	Chemicals	5.0%	5.0%	5.0%	5.0%
8	Non-Inflated	0.0%	0.0%	0.0%	0.0%
9	Non-Recurring	-100.0%	-100.0%	-100.0%	-100.0%

OPERATING EXPENSE SUMMARY

Table 2-11 shows the summary of O&M expenses for the study period. District staff provided budgeted expenses for FY 2026; expenses for other years are projections. All expenses are inflated based on the assumptions in **Table 2-10**. Detailed operating expense projections are included in the **Appendix** (**Table 5-2**).

Table 2-11: Operating Expense Summary

Line	Expenses	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Payroll Expenses	$788,900	$830,898	$875,149	$921,775	$970,905
2	Facilities, Wells, Trans-mission & Distribution (T&D)	$376,700	$405,512	$436,849	$470,951	$508,078
3	Office Expenses	$115,900	$121,778	$128,015	$134,639	$141,677
4	Support Services	$148,900	$158,114	$168,022	$178,685	$190,169
5	Other Operating Expenses	$15,300	$15,912	$16,548	$17,210	$17,899
6	Service Tools & Equipment	$50,000	$52,750	$55,685	$58,820	$62,171
7	Non-Operating Expenses	$4,300	$2,960	$3,022	$3,087	$3,155
8	**Total**	**$1,500,000**	**$1,587,924**	**$1,683,292**	**$1,785,168**	**$1,894,053**

2.4 DEBT SERVICE

EXISTING DEBT SERVICE

Table 2-12 shows the District's annual debt service for the study period. The District has existing debt service payments on three outstanding issues (Lines 1-3), totaling approximately $202,000 over the study period. Debt service payments on two outstanding issues are projected to end in FY 2027. The proposed financial plan scenario includes no new debt issuances.

Table 2-12: Existing Debt Service

Line	Debt Service	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	DWR Loan	$48,691	$15,754	$0	$0	$0
2	Well 4 Loan	$21,001	$21,001	$21,001	$21,001	$21,001
3	2022 Ford Loan	$17,754	$14,795	$0	$0	$0
4	**Total**	**$87,446**	**$51,550**	**$21,001**	**$21,001**	**$21,001**

2.5 CAPITAL IMPROVEMENT PLAN

CAPITAL IMPROVEMENT PROJECTS

WRE worked with District staff to project spending on CIP projects over the study period. It is estimated that the District will spend approximately $350,000 annually on average on CIP over the next five years, before accounting for inflation (see **Table 2-13**, Line 1).[3] This includes five-year CIP projections from the FY 2026 proposed capital budget associated with the replacement of water meters, water mains, vehicles, and machinery. It also accounts for significant additional spending on other critical infrastructure upgrades. Annual CIP costs (see **Table 2-13**, Line 2) are inflated based on the Capital inflationary factor of 4% per year (from **Table 2-10**, Line 6) starting in FY 2027. All CIP is anticipated to be rate funded (i.e., no new debt or grant funding).

Table 2-13: Capital Project Costs and Execution Rate

Line	Capital Projects	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Levelized Annual CIP (Excluding Inflation)	$350,000	$350,000	$350,000	$350,000	$350,000
2	Levelized Annual CIP (Including Inflation)	$350,000	$364,000	$378,560	$393,702	$409,450

2.6 FINANCIAL POLICIES

RESERVE POLICY

The District's reserve policy maintains cash on hand to meet short-term cash imbalances and execute CIP projects. The reserve target for the study period ranges from approximately $1.3 to $1.5 million in the District's reserve funds.

The District currently has an adopted reserve policy that consists of the following components:

- Operating Reserve Target: 180 days of operating expenses
- Capital Reserve Target: 6% of net capital assets

[3] This study utilizes a levelized approach to CIP spending, in which annual CIP project expenditures are held constant over the study period (before accounting for inflation). This simplifies the financial planning process, as actual CIP project execution may diverge significantly from preliminary projections on an annual basis.

DEBT COVERAGE REQUIREMENT

The District's current debt management policy includes a debt coverage target ratio of 185%. To meet this target ratio, net revenues (revenues less operating expenses) must equal 185% or more of annual debt service.

2.7 STATUS QUO FINANCIAL PLAN

STATUS QUO FINANCIAL PLAN SCENARIO

Table 2-14 shows the status quo financial plan scenario, which assumes no revenue adjustments and no proposed debt issuances. This scenario is used to evaluate the ability of the current water rates to meet the District's financial targets and to determine the need for revenue adjustments.

Table 2-14: Status Quo Financial Plan Scenario

Line	Fiscal Year	Effective Date	Revenue Adjustments	Debt Issuance	Debt Proceeds for CIP
1	FY 2026	January 2026	0.0%	$0	$0
2	FY 2027	January 2027	0.0%	$0	$0
3	FY 2028	January 2028	0.0%	$0	$0
4	FY 2029	January 2029	0.0%	$0	$0
5	FY 2030	January 2030	0.0%	$0	$0

STATUS QUO CASH FLOW PROJECTIONS

Table 2-15 shows the cash flow projections for the status quo financial plan. Revenues[4] (Lines 1-8) are from **Table 2-9**. Operating expenses (Lines 10-18) are from **Table 2-11.** Net operating revenue (Line 20) is equal to the difference between total revenues (Line 8) and total operating expenses (Line 18). Debt service (Lines 22-25) is from **Table 2-12**. Rate funded CIP (Line 29) is from **Table 2-13**. The status quo scenario assumes no new debt; all CIP is expected to be rate funded. Net cash flow (Line 31) is equal to the net operating revenue (Line 20) less debt service (Line 25) and rate funded CIP (Line 29).

The net operating revenue in this scenario is positive for all years, meaning that the District's current revenues are sufficient to fund its operating expenses. However, the net cash flow in the status quo scenario is negative starting in FY 2029, meaning that the District's current revenues are not sufficient to fund all CIP.

[4] Interest income (Line 6) is different in the status quo financial plan scenario because it is based on projected fund balances. The status quo scenario results in lower fund balances; therefore, the District has less interest income. **Table 2-9** shows the interest income for the proposed financial plan scenario.

Table 2-15: Projected Cash Flows (Status Quo Financial Plan)

Line	Cash Flow Projections	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	**Revenues**					
2	Rate Revenues at Existing Rates	$1,550,855	$1,559,385	$1,567,915	$1,576,445	$1,584,975
3	Revenue Adjustments	$0	$0	$0	$0	$0
4	Property Taxes	$253,000	$258,060	$263,221	$268,486	$273,855
5	Cell Tower Lease	$39,800	$40,596	$41,408	$42,236	$43,081
6	Interest Income	$67,600	$81,812	$84,093	$83,932	$80,582
7	Miscellaneous Revenues	$172,060	$172,060	$172,060	$172,060	$172,060
8	**Subtotal**	**$2,083,315**	**$2,111,914**	**$2,128,697**	**$2,143,159**	**$2,154,553**
9						
10	**Operating Expenses**					
11	Payroll Expenses	$788,900	$830,898	$875,149	$921,775	$970,905
12	Facilities, Wells, Transmission & Distribution (T&D)	$376,700	$405,512	$436,849	$470,951	$508,078
13	Office Expenses	$115,900	$121,778	$128,015	$134,639	$141,677
14	Support Services	$148,900	$158,114	$168,022	$178,685	$190,169
15	Other Operating Expenses	$15,300	$15,912	$16,548	$17,210	$17,899
16	Service Tools & Equipment	$50,000	$52,750	$55,685	$58,820	$62,171
17	Non-Operating Expenses	$4,300	$2,960	$3,022	$3,087	$3,155
18	**Subtotal**	**$1,500,000**	**$1,587,924**	**$1,683,292**	**$1,785,168**	**$1,894,053**
19						
20	**Net Revenue**	**$583,315**	**$523,990**	**$445,405**	**$357,991**	**$260,500**
21						
22	**Debt Service**					
23	Existing Debt	$87,446	$51,550	$21,001	$21,001	$21,001
24	Proposed Debt	$0	$0	$0	$0	$0
25	**Subtotal**	**$87,446**	**$51,550**	**$21,001**	**$21,001**	**$21,001**
26						
27	**CIP**					
28	Rate Funded	$350,000	$364,000	$378,560	$393,702	$409,450
29	**Subtotal**	**$350,000**	**$364,000**	**$378,560**	**$393,702**	**$409,450**
30						
31	**Net Cash Flow**	**$145,869**	**$108,440**	**$45,844**	**($56,712)**	**($169,951)**

STATUS QUO FUND BALANCE PROJECTIONS

Table 2-16 shows the fund balance projections for the status quo financial plan. Sources of funds include revenues and uses of funds include operating expenses, debt service, and CIP. Overall reserves are projected to be drawn down by approximately $73,000 over the study period.

Table 2-16: Projected Fund Balances (Status Quo Financial Plan)

Line	Fund Balance Projections	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	**Beginning Fund Balance**	**$2,567,900**	**$2,713,769**	**$2,822,209**	**$2,868,053**	**$2,811,340**
2						
3	**Sources of Funds**					
4	Rate Revenues at Existing Rates	$1,550,855	$1,559,385	$1,567,915	$1,576,445	$1,584,975
5	Revenue Adjustments	$0	$0	$0	$0	$0
6	Property Taxes	$253,000	$258,060	$263,221	$268,486	$273,855
7	Cell Tower Lease	$39,800	$40,596	$41,408	$42,236	$43,081
8	Interest Income	$67,600	$81,812	$84,093	$83,932	$80,582
9	Miscellaneous Revenues	$172,060	$172,060	$172,060	$172,060	$172,060
10	Grant Proceeds	$0	$0	$0	$0	$0
11	Debt Proceeds	$0	$0	$0	$0	$0
12	**Subtotal**	**$2,083,315**	**$2,111,914**	**$2,128,697**	**$2,143,159**	**$2,154,553**
13						
14	**Uses of Funds**					
15	Expenses	$1,500,000	$1,587,924	$1,683,292	$1,785,168	$1,894,053
16	Debt Service	$87,446	$51,550	$21,001	$21,001	$21,001
17	Grant Funded CIP	$0	$0	$0	$0	$0
18	Debt Funded CIP	$0	$0	$0	$0	$0
19	Rate Funded CIP	$350,000	$364,000	$378,560	$393,702	$409,450
20	**Subtotal**	**$1,937,446**	**$2,003,474**	**$2,082,853**	**$2,199,871**	**$2,324,505**
21						
22	**Ending Fund Balance**	**$2,713,769**	**$2,822,209**	**$2,868,053**	**$2,811,340**	**$2,641,389**

STATUS QUO FINANCIAL PERFORMANCE

The District's financial performance is evaluated based on the reserve targets and debt coverage requirements, as shown in **Table 2-17**. Under the status quo financial plan, the District will meet its reserve targets and debt coverage requirements in all years of the study period without revenue adjustments.

Table 2-17: Forecasted Financial Performance (Status Quo Financial Plan)

Line	Financial Performance	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	**Reserve Policies**					
2	Operating Reserve	$739,726	$783,086	$830,117	$880,357	$934,054
3	Capital Reserve	$518,428	$518,428	$518,428	$518,428	$518,428
4	Combined Reserves Target	$1,258,154	$1,301,514	$1,348,545	$1,398,785	$1,452,482
5	Combined Reserves	$2,713,769	$2,822,209	$2,868,053	$2,811,340	$2,641,389
6	Meets Target?	Yes	Yes	Yes	Yes	Yes
7						
8	**Debt Coverage Target**					
9	Required Debt Coverage	185%	185%	185%	185%	185%
10	Calculated Debt Coverage	667%	1016%	2121%	1705%	1240%
11	Meets Target?	Yes	Yes	Yes	Yes	Yes

Figure 2-1 shows the comparison of revenues and the revenue requirements for the status quo scenario. The stacked bars represent the revenue requirements, or costs: light blue for O&M expenses, green for debt service, and dark blue for rate funded CIP. The District will be adding to its reserves (gray bars) in this scenario through FY 2028. The current revenue, shown as a solid line, is lower than the revenue requirements starting in FY 2029, meaning that revenues are insufficient to fund all costs.

Figure 2-1: Revenue Requirements vs. Revenues (Status Quo Financial Plan)

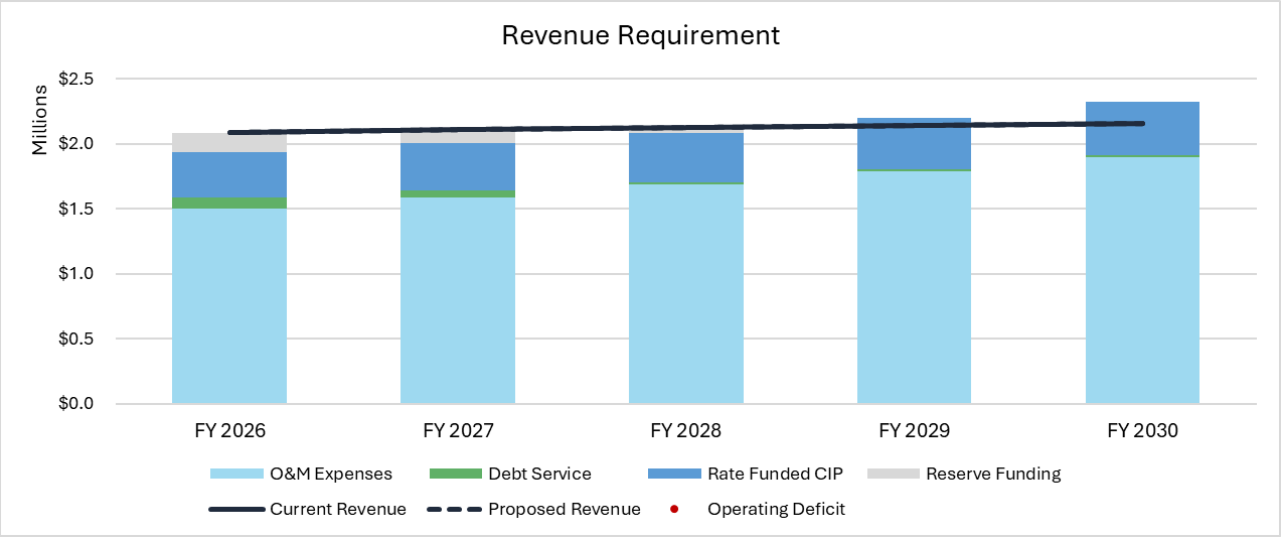


Figure 2-2 shows the debt coverage projections in the status quo financial plan. The required debt coverage (dashed line) is equal to 185%. Debt service for two debt issues ends in FY 2027, resulting in higher debt coverage after FY 2027. The District is expected to meet its debt coverage requirements for all years under the status quo financial plan.

Figure 2-2: Projected Debt Coverage (Status Quo Financial Plan)

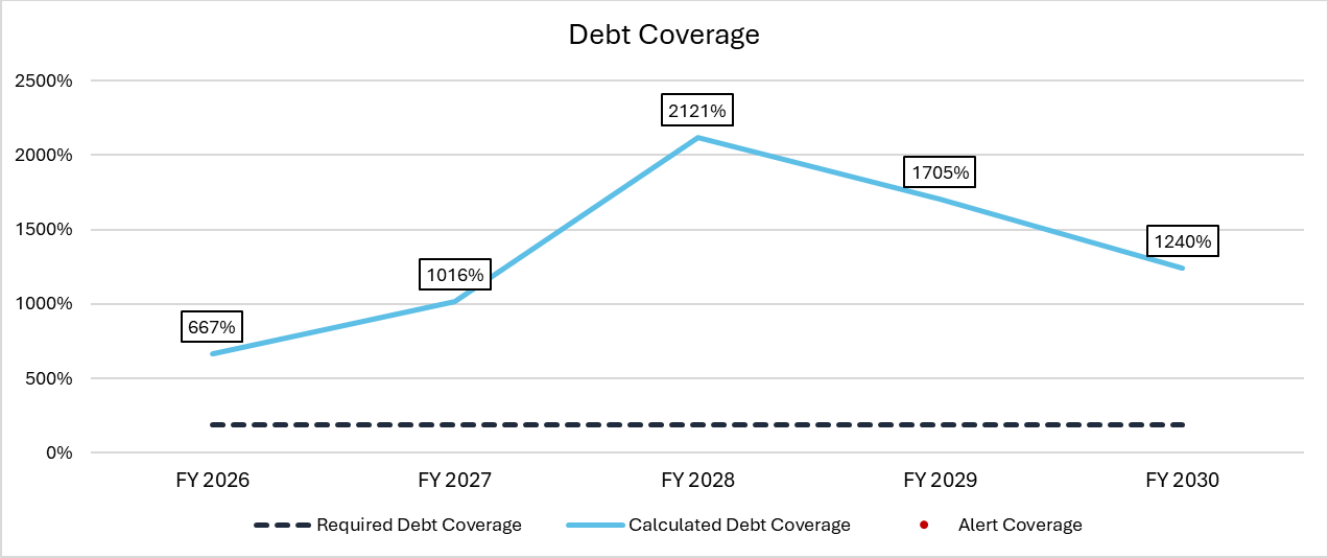
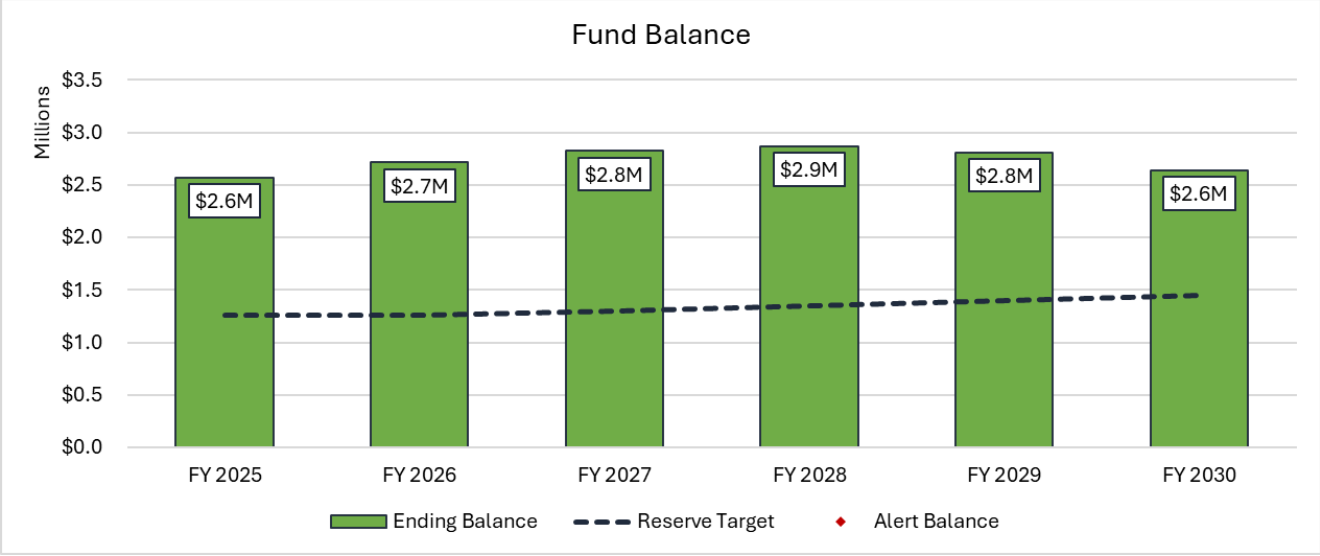


Figure 2-3 shows the fund balance projections in the status quo financial plan. The District's ending balance (green bars) will meet the reserve targets (dashed line) in all years of the study period under the status quo financial plan.

Figure 2-3: Projected Fund Balances (Status Quo Financial Plan)



2.8 PROPOSED FINANCIAL PLAN

PROPOSED FINANCIAL PLAN SCENARIO

Overall annual increases in water rate revenues resulting from rate increases are referred to as "revenue adjustments." WRE worked with the Board and District staff to determine the most appropriate financial plan scenario, which is shown in **Table 2-18**.

The proposed financial plan scenario includes no revenue adjustment in the first year (FY 2026), followed by 3% annual revenue adjustments in the final four years of the study period (FY 2027 through FY 2030). No revenue adjustment is proposed in FY 2026 to minimize distributional impacts to customers in the first year of the proposed rate schedule resulting from proposed changes to the current rate structure.

The status quo financial plan is projected to meet the District's reserve policy and debt coverage requirements over the next five years but is insufficient to fully recover all CIP. We propose 3% revenue adjustments in the final four years of the study period to recover all CIP over the study period, and to build up reserves in anticipation of significantly increased CIP funding requirements in FY 2031 through FY 2035. This will reduce the likelihood that substantial revenue adjustments will be necessary during the next five-year rate-setting cycle for FY 2031 through FY 2035, thus smoothing out rate increases over time and avoiding short-term rate shocks to customers.

Table 2-18: Proposed Financial Plan Scenario

Line	Fiscal Year	Effective Date	Revenue Adjustments	Debt Issuance	Debt Proceeds for CIP
1	FY 2026	January 2026	0.0%	$0	$0
2	FY 2027	January 2027	3.0%	$0	$0
3	FY 2028	January 2028	3.0%	$0	$0
4	FY 2029	January 2029	3.0%	$0	$0
5	FY 2030	January 2030	3.0%	$0	$0

PROPOSED CASH FLOW PROJECTIONS

Table 2-19 shows the cash flow projections for the proposed financial plan. Revenues (Lines 1-8) are from **Table 2-9**, except for revenue adjustments (Line 3) which are calculated based on the revenue adjustment percentages from **Table 2-18**. Operating expenses (Lines 10-18) are from **Table 2-11.** Net operating revenue (Line 20) is equal to the difference between total revenues (Line 8) and total expenses (Line 18). Debt service (Lines 22-25) is from **Table 2-12**. Rate funded CIP (Line 29) is from **Table 2-13**. The proposed scenario assumes no new debt; all CIP is expected to be rate funded. Net cash flow (Line 31) is equal to the net operating revenue (Line 20) less debt service (Line 25) and rate funded CIP (Line 29).

The net cash flow in the proposed scenario is positive for all years (except for FY 2025), meaning that the District's current revenues are sufficient to fund its operating expenses, debt service, and annual CIP.

Table 2-19: Projected Cash Flows (Proposed Financial Plan)

Line	Cash Flow Projections	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	**Revenues**					
2	Rate Revenues at Existing Rates	$1,550,855	$1,559,385	$1,567,915	$1,576,445	$1,584,975
3	Revenue Adjustments	$0	$19,492	$67,224	$116,911	$168,619
4	Property Taxes	$253,000	$258,060	$263,221	$268,486	$273,855
5	Cell Tower Lease	$39,800	$40,596	$41,408	$42,236	$43,081
6	Interest Income	$67,600	$82,105	$85,694	$88,344	$89,410
7	Miscellaneous Revenues	$172,060	$172,060	$172,060	$172,060	$172,060
8	**Subtotal**	**$2,083,315**	**$2,131,698**	**$2,197,523**	**$2,264,482**	**$2,332,000**
9						
10	**Expenses**					
11	Payroll Expenses	$788,900	$830,898	$875,149	$921,775	$970,905
12	Facilities, Wells, Transmission & Distribution (T&D)	$376,700	$405,512	$436,849	$470,951	$508,078
13	Office Expenses	$115,900	$121,778	$128,015	$134,639	$141,677
14	Support Services	$148,900	$158,114	$168,022	$178,685	$190,169
15	Other Operating Expenses	$15,300	$15,912	$16,548	$17,210	$17,899
16	Service Tools & Equipment	$50,000	$52,750	$55,685	$58,820	$62,171
17	Non-Operating Expenses	$4,300	$2,960	$3,022	$3,087	$3,155
18	**Subtotal**	**$1,500,000**	**$1,587,924**	**$1,683,292**	**$1,785,168**	**$1,894,053**
19						
20	**Net Revenue**	**$583,315**	**$543,774**	**$514,231**	**$479,314**	**$437,947**
21						
22	**Debt Service**					
23	Existing Debt	$87,446	$51,550	$21,001	$21,001	$21,001
24	Proposed Debt	$0	$0	$0	$0	$0
25	**Subtotal**	**$87,446**	**$51,550**	**$21,001**	**$21,001**	**$21,001**
26						
27	**CIP**					
28	Rate Funded	$350,000	$364,000	$378,560	$393,702	$409,450
29	**Subtotal**	**$350,000**	**$364,000**	**$378,560**	**$393,702**	**$409,450**
30						
31	**Net Cash Flow**	**$145,869**	**$128,224**	**$114,670**	**$64,611**	**$7,495**

PROPOSED FUND BALANCE PROJECTIONS

Table 2-20 shows the fund balance projections for the proposed financial plan. Based on the sources (revenues) and uses (operating expenses, debt service, and CIP) of funds, the District's fund balance is projected to increase to approximately $3 million at the end of the study period.

Table 2-20: Projected Fund Balances (Proposed Financial Plan)

Line	Fund Balance Projections	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	**Beginning Fund Balance**	**$2,567,900**	**$2,713,769**	**$2,841,994**	**$2,956,664**	**$3,021,275**
2						
3	**Sources of Funds**					
4	Rate Revenues at Existing Rates	$1,550,855	$1,559,385	$1,567,915	$1,576,445	$1,584,975
5	Revenue Adjustments	$0	$19,492	$67,224	$116,911	$168,619
6	Property Taxes	$253,000	$258,060	$263,221	$268,486	$273,855
7	Cell Tower Lease	$39,800	$40,596	$41,408	$42,236	$43,081
8	Interest Income	$67,600	$82,105	$85,694	$88,344	$89,410
9	Miscellaneous Revenues	$172,060	$172,060	$172,060	$172,060	$172,060
10	Grant Proceeds	$0	$0	$0	$0	$0
11	Debt Proceeds	$0	$0	$0	$0	$0
12	**Subtotal**	**$2,083,315**	**$2,131,698**	**$2,197,523**	**$2,264,482**	**$2,332,000**
13						
14	**Uses of Funds**					
15	Expenses	$1,500,000	$1,587,924	$1,683,292	$1,785,168	$1,894,053
16	Debt Service	$87,446	$51,550	$21,001	$21,001	$21,001
17	Grant Funded CIP	$0	$0	$0	$0	$0
18	Debt Funded CIP	$0	$0	$0	$0	$0
19	Rate Funded CIP	$350,000	$364,000	$378,560	$393,702	$409,450
20	**Subtotal**	**$1,937,446**	**$2,003,474**	**$2,082,853**	**$2,199,871**	**$2,324,505**
21						
22	**Ending Fund Balance**	**$2,713,769**	**$2,841,994**	**$2,956,664**	**$3,021,275**	**$3,028,770**

PROPOSED FINANCIAL PERFORMANCE

Table 2-21 shows the forecasted financial performance for the proposed financial plan. Under this plan, the District will meet its reserve targets and debt coverage requirements in all years of the study period. Additionally, reserve levels will be built up to help cover significantly higher anticipated CIP funding requirements beyond the study period from FY 2031 through FY 2035.

Table 2-21: Forecasted Financial Performance (Proposed Financial Plan)

Line	Financial Performance	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	**Reserve Policies**					
2	Operating Reserve	$739,726	$783,086	$830,117	$880,357	$934,054
3	Capital Reserve	$518,428	$518,428	$518,428	$518,428	$518,428
4	Combined Reserves Target	$1,258,154	$1,301,514	$1,348,545	$1,398,785	$1,452,482
5	Combined Reserves	$2,713,769	$2,841,994	$2,956,664	$3,021,275	$3,028,770
6	Meets Target?	Yes	Yes	Yes	Yes	Yes
7						
8	**Debt Coverage Target**					
9	Required Debt Coverage	185%	185%	185%	185%	185%
10	Calculated Debt Coverage	667%	1055%	2449%	2282%	2085%
11	Meets Target?	Yes	Yes	Yes	Yes	Yes

Figure 2-4 shows the comparison of revenues and the revenue requirements for the proposed scenario. The stacked bars represent the revenue requirements, or costs. The current revenue, shown as a solid line, is lower than the revenue requirements starting in FY 2029. The proposed revenue, shown as a dotted line, is greater than the revenue requirements in all years of the study, meaning that the District's revenues are able to sufficiently fund all expenses.

Figure 2-4: Revenue Requirements vs. Revenues (Proposed Financial Plan)

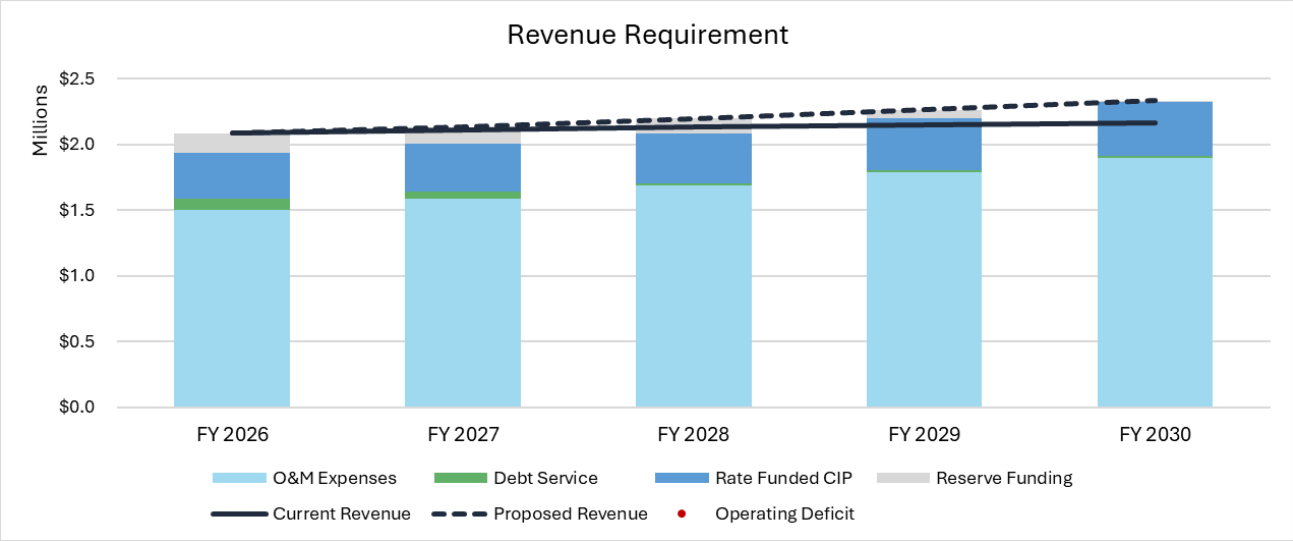


Figure 2-5 shows the debt coverage projections in the proposed financial plan. The required debt coverage (dashed line) is equal to 185%. The District is expected to meet its debt coverage requirements for all years under the proposed financial plan.

Figure 2-5: Projected Debt Coverage (Proposed Financial Plan)

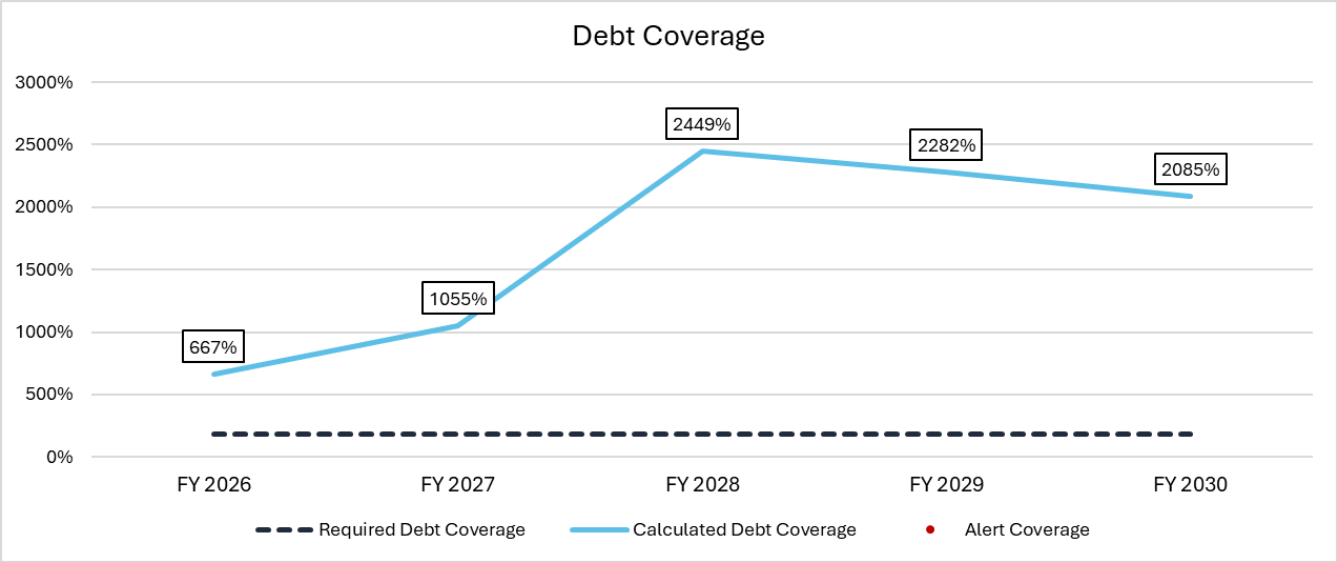
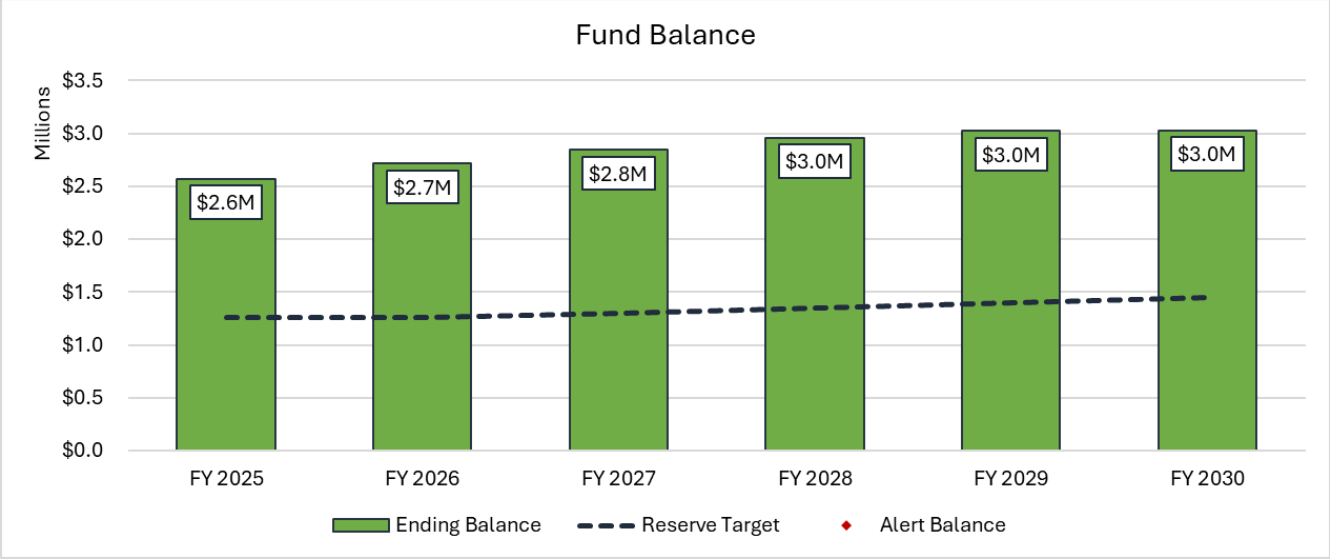


Figure 2-6 shows the fund balance projections in the proposed financial plan. The District's ending balance (green bars) will meet the reserve targets (dashed line) in all years of the study. The projected build up in reserves to approximately $3 million will help contribute towards significant ten-year CIP funding needs beyond FY 2030.

Figure 2-6: Projected Fund Balances (Proposed Financial Plan)



3. COST-OF-SERVICE ANALYSIS

3.1 COST-OF-SERVICE METHODOLOGY

A cost-of-service analysis was conducted to allocate the proposed FY 2026 rate revenue requirement to customers in proportion to use of and burden on the District's water system. The overall goal of the cost-of-service analysis is to develop "unit costs," which provide the basis from which proposed rates are directly calculated from. Note that although the study period spans five years, the cost-of-service analysis is limited to a single representative year referred to as the "test year." The test year in this study is FY 2026.

The cost-of-service analysis is "revenue neutral," meaning that the resulting cost-of-service based rates collect the same amount of revenue as the District expects to collect in FY 2026. The revenue neutral unit costs determine revenue neutral rates, which are then adjusted based on the proposed financial plan revenue adjustments to arrive at the proposed water rates for five years. All values presented in this section pertain to FY 2026 and are revenue neutral unless stated otherwise.

The key steps in conducting a water cost-of-service analysis are outlined below:

- **Revenue requirement determination**: The total rate revenue requirement for the test year is determined based on the results of the proposed financial plan and divided into primary sub-components (operating, capital, etc.).
- **Cost functionalization**: Operating and capital costs are evaluated and assigned to "functional categories" in the water system (e.g., customer service, groundwater wells, distribution, etc.). This provides a proportional breakdown of system costs by functional category.
- **Revenue requirement allocation to cost causation components**: Functionalized costs are allocated to "cost causation components" (e.g., water supply, base delivery, max day delivery, etc.), which is used to attribute customers' use of the system to the District's incurrence of costs.
- **Unit cost development**: The rate revenue requirement allocation for each individual cost causation component is divided by the appropriate units of service to establish unit costs for the test year. Unit costs provide the basis from which proposed rates are calculated.

3.2 REVENUE REQUIREMENT

REVENUE REQUIREMENT DETERMINATION

The total rate revenue requirement for the test year, FY 2026, is based on the financial plan projections (**Table 2-19**) and is allocated between the Operating, Capital, and Revenue Offset components, as shown in **Table 3-1**. The Operating revenue requirement consists of operating expenses (Line 2). The Capital revenue requirement includes debt service (Line 3), rate funded CIP (Line 4), and cash to/ (from) reserves (Line 15; from **Table 2-19**, Line 31). The Revenue Offset

revenue requirement reduces the overall revenue requirement by the non-rate revenues (Lines 8-11; from **Table 2-19**, Lines 4-7). The total revenue requirement (Line 19) is equal to the amount of rate revenue collected in FY 2026 (**Table 2-19**, Line 2).

Table 3-1: FY 2026 Revenue Requirement

Line	FY 2026 Revenue Requirement	Operating	Capital	Rev. Offset	Total
1	**Revenue Requirements**				
2	Operating Expenses	$1,500,000	$0	$0	$1,500,000
3	Debt Service	$0	$87,446	$0	$87,446
4	Rate Funded CIP	$0	$350,000	$0	$350,000
5	**Subtotal**	**$1,500,000**	**$437,446**	**$0**	**$1,937,446**
6					
7	**Revenue Offsets**				
8	Property Taxes	$0	$0	($253,000)	($253,000)
9	Cell Tower Lease	$0	$0	($39,800)	($39,800)
10	Interest Income	$0	$0	($67,600)	($67,600)
11	Miscellaneous Revenues	$0	$0	($172,060)	($172,060)
12	**Subtotal**	**$0**	**$0**	**($532,460)**	**($532,460)**
13					
14	**Adjustments**				
15	Cash to/ (from) Reserves	$0	$145,869	$0	$145,869
16	Revenue Adjustment Annualization	$0	$0	$0	$0
17	**Subtotal**	**$0**	**$145,869**	**$0**	**$145,869**
18					
19	**Total - Revenue Requirement**	**$1,500,000**	**$583,315**	**($532,460)**	**$1,550,855**

3.3 COST FUNCTIONALIZATION

FUNCTIONAL CATEGORY DEFINITIONS

After determining the revenue requirement, the next step in the cost-of-service analysis is to allocate the District's costs into various functional categories. These categories represent the main functions of the District's water system and include:

- **Meters**: costs of meter maintenance and replacement
- **Customer**: costs related to customer service and billing
- **Fire**: costs related to providing fire protection services
- **Wells**: costs related to groundwater wells
- **Treatment**: costs related to the treatment of water to potable standards
- **Storage**: costs related to water storage facilities (such as reservoirs and tanks)
- **Distribution**: costs related to the distribution of water to customers
- **Revenue Offset**: miscellaneous revenues that are not generated by specific customer classes or for payment of services provided by the District; these revenues can be used to offset rates at the District's discretion under Proposition 218 requirements
- **General**: costs that are not directly attributable to any other functional category

OPERATING COST FUNCTIONALIZATION

WRE worked closely with District staff to evaluate and allocate the operating expenses for FY 2026 (from **Table 2-11**) to the most closely associated functional categories within the water system, as shown in **Table 3-2**. The detailed allocation of the operating expense budget to the functional categories is included in the **Appendix** (**Table 5-3**).

Table 3-2: Operating Costs by System Functions

Line	Cost Functions	Operating Expenses	Percent of Total
1	Meters	$1,000	0.1%
2	Customer	$87,407	5.8%
3	Fire	$0	0.0%
4	Wells	$381,828	25.5%
5	Treatment	$104,328	7.0%
6	Storage	$4,500	0.3%
7	Distribution	$255,656	17.0%
8	Revenue Offset	$0	0.0%
9	General	$665,280	44.4%
10	**Total**	**$1,500,000**	**100.0%**

CAPITAL ASSET FUNCTIONALIZATION

WRE worked with District staff to evaluate and allocate the District's current capital assets to the most closely associated functional categories within the water system, as shown in **Table 3-3**. The detailed allocation of the current capital assets to the functional categories is included in the **Appendix** (**Table 5-4**).

It is standard practice in most water cost-of-service studies to functionalize current capital assets rather than planned CIP costs, since the latter can fluctuate more significantly from year to year. The current capital asset base provides a more stable representation of long-term capital needs and their associated costs. The asset valuation methodology used in the study is Replacement Cost (RC) which takes inflation into account. Note that land assets are excluded from the totals shown in **Table 3-3**.

Table 3-3: Capital Assets by System Functions

Line	Cost Functions	Capital Assets (RC)	Percent of Total
1	Meters	$200,565	0.7%
2	Customer	$45,037	0.2%
3	Fire	$0	0.0%
4	Wells	$2,266,054	8.3%
5	Treatment	$53,881	0.2%
6	Storage	$1,380,193	5.0%
7	Distribution	$22,757,575	82.9%
8	Revenue Offset	$0	0.0%
9	General	$732,300	2.7%
10	**Total**	**$27,435,605**	**100.0%**

REVENUE OFFSET FUNCTIONALIZATION

Table 3-4 shows the revenue offsets allocated by functional categories. All revenue offsets are simply allocated to the revenue offset function.

Table 3-4: Revenue Offsets by System Functions

Line	Cost Functions	Revenue Offsets	Percent of Total
1	Meters	$0	0.0%
2	Customer	$0	0.0%
3	Fire	$0	0.0%
4	Wells	$0	0.0%
5	Treatment	$0	0.0%
6	Storage	$0	0.0%
7	Distribution	$0	0.0%
8	Revenue Offset	$532,460	100.0%
9	General	$0	0.0%
10	**Total**	**$532,460**	**100.0%**

3.4 COST CAUSATION COMPONENTS

COST COMPONENT DEFINITIONS

While the functional categories represent the costs of system functions, cost causation components represent the reasons for why and how costs are incurred within the system (thus, cost causation). Cost causation components will be referred to as cost components in this report. The next step of the cost-of-service analysis is to allocate the Operating, Capital, and Revenue Offsets by functional category to each cost component. Most cost components directly correspond to a single functional category.

The cost components in this study include the following:

- **Meter**: directly corresponds to the Meter functional category

- **Customer**: directly corresponds to the Customer functional category
- **Fire**: directly corresponds to the Fire functional category
- **Average Day Demand (Base)**: costs associated with delivering water to customers during average water demand conditions (average daily use)
- **Maximum Day Demand (Max Day)**: costs associated with delivering water to customers during maximum day demand conditions (water usage during highest day of year)
- **Maximum Hour Demand (Max Hour)**: costs associated with delivering water to customer during maximum hour demand conditions (water usage during highest hour of highest day)
- **Revenue Offset**: directly corresponds to the Revenue Offset functional category
- **General**: directly corresponds to the General functional category

SYSTEM-WIDE CAPACITY FACTORS

System-wide capacity factors for the District's water system, shown in **Table 3-6** are used to allocate costs associated with the Wells, Treatment, Storage, and Distribution functional categories to the Base, Max Day, and Max Hour cost components. Capacity factors represent the ratio of maximum to average water demand over the course of one year for the entire system. This provides a basis to identify costs incurred to provide water service during average demand conditions and to provide additional capacity during peak demand conditions.

The assumptions used to calculate the capacity factors are shown in **Table 3-5**. District staff provided system-wide average day demand and max day demand in mgd (million gallons per day). The average day, maximum day, and maximum hour demand capacity factors are normalized based on average day demand (meaning that the average day demand is equal to 1.00). The max day demand capacity factor (**Table 3-6**, Line 2) is calculated by dividing max day demand in line 2 by average day demand in Line 1. The max hour capacity factor (**Table 3-6**, Line 3) is estimated by multiplying the max day demand capacity factor (**Table 3-6**, Line 2) by an industry standard ratio of max hour to max day demand of 1.50 (Line 3).

Table 3-5: Capacity Factor Assumptions

Line	Capacity Factor Assumptions	Value
1	Average Day Demand (mgd)	0.27
2	Max Day Demand (mgd)	0.41
3	Max Hour to Max Day Demand	1.50

The percentage allocations to the Base, Max Day, and Max Hour cost components based on the average day, maximum day, and maximum demand capacity factors are calculated as follows:

- Average day demand is allocated entirely to Base

- Max day demand is allocated proportionately to Base[5] and Max Day[6]
- Max hour demand is allocated proportionately to Base[7], Max Day[8], and Max Hour[9]

Table 3-6: System-Wide Capacity Allocation

Line	System-Wide Capacity	Capacity Factor	Base	Max Day	Max Hour	Total
1	Average Day Demand	1.00	100.0%	0.0%	0.0%	100.0%
2	Max Day Demand	1.50	66.7%	33.3%	0.0%	100.0%
3	Max Hour Demand	2.25	44.4%	22.2%	33.3%	100.0%

[5] 1.00/1.50 = 66.7%
[6] (1.50-1.00)/1.50 = 33.3%
[7] 1.00/2.25 = 44.4%
[8] (1.50-1.00)/2.25 = 22.2%
[9] (2.25-1.50)/2.25 = 33.3%

COST COMPONENT ALLOCATION FACTORS

Table 3-7 shows the factors used to allocate the functionalized costs to the cost components. For the cost components that directly correlate to a functional category (Meter, Customer, Fire, Revenue Offset, and General), the functionalized costs are allocated entirely to the corresponding cost component. Wells, Treatment, and Storage facilities (Lines 4-6) are sized based on maximum day demand and are allocated based on the Max Day capacity factor (**Table 3-6**, Line 2). Distribution facilities (Line 7) are sized based on maximum hour demand and are allocated based on the Max Hour capacity factor (**Table 3-6**, Line 3).

Table 3-7: System Function Allocation to Cost Components

Line	Cost Functions	Meter	Cust-omer	Fire	Base	Max Day	Max Hour	Rev. Offset	General	Total
1	Meters	100%								100%
2	Customer		100%							100%
3	Fire			100%						100%
4	Wells				67%	33%				100%
5	Treatment				67%	33%				100%
6	Storage				67%	33%				100%
7	Distribution				44%	22%	33%			100%
8	Revenue Offset							100%		100%
9	General								100%	100%

OPERATING COST COMPONENT ALLOCATION

Table 3-8 shows the operating cost allocation by cost component. The functionalized operating expenses from **Table 3-2** are allocated based on the cost component allocation factors in **Table 3-7**. The operating allocation (Line 11) is derived from the total operating expenses by cost component (Line 10) and represents the proportion of the Operating revenue requirement that will be allocated to each cost component.

Table 3-8: Operating Allocation by Cost Component

Line	Operating Expenses	Meter	Customer	Fire	Base	Max Day	Max Hour	Rev. Offset	General	Total
1	Meters	$1,000	$0	$0	$0	$0	$0	$0	$0	$1,000
2	Customer	$0	$87,407	$0	$0	$0	$0	$0	$0	$87,407
3	Fire	$0	$0	$0	$0	$0	$0	$0	$0	$0
4	Wells	$0	$0	$0	$254,552	$127,276	$0	$0	$0	$381,828
5	Treatment	$0	$0	$0	$69,552	$34,776	$0	$0	$0	$104,328
6	Storage	$0	$0	$0	$3,000	$1,500	$0	$0	$0	$4,500
7	Distribution	$0	$0	$0	$113,625	$56,812	$85,219	$0	$0	$255,656
8	Revenue Offset	$0	$0	$0	$0	$0	$0	$0	$0	$0
9	General	$0	$0	$0	$0	$0	$0	$0	$665,280	$665,280
10	**Total - Operating Expenses**	**$1,000**	**$87,407**	**$0**	**$440,729**	**$220,365**	**$85,219**	**$0**	**$665,280**	**$1,500,000**
11	***Operating Cost Allocation***	***0.1%***	***5.8%***	***0.0%***	***29.4%***	***14.7%***	***5.7%***	***0.0%***	***44.4%***	***100.0%***

CAPITAL COST COMPONENT ALLOCATION

Table 3-9 shows the capital cost allocation by cost component. The functionalized capital assets from **Table 3-3** are allocated based on the cost component allocation factors in **Table 3-7**. The capital allocation (Line 11) is derived from the total capital asset value by cost component (Line 10) and represents the proportion of the Capital revenue requirement that will be allocated to each cost component.

Table 3-9: Capital Allocation by Cost Component

Line	Capital Assets (RC)	Meter	Customer	Fire	Base	Max Day	Max Hour	Rev. Offset	General	Total
1	Meters	$200,565	$0	$0	$0	$0	$0	$0	$0	$200,565
2	Customer	$0	$45,037	$0	$0	$0	$0	$0	$0	$45,037
3	Fire	$0	$0	$0	$0	$0	$0	$0	$0	$0
4	Wells	$0	$0	$0	$1,510,702	$755,351	$0	$0	$0	$2,266,054
5	Treatment	$0	$0	$0	$35,921	$17,960	$0	$0	$0	$53,881
6	Storage	$0	$0	$0	$920,129	$460,064	$0	$0	$0	$1,380,193
7	Distribution	$0	$0	$0	$10,114,478	$5,057,239	$7,585,858	$0	$0	$22,757,575
8	Revenue Offset	$0	$0	$0	$0	$0	$0	$0	$0	$0
9	General	$0	$0	$0	$0	$0	$0	$0	$732,300	$732,300
10	**Total - Capital Assets**	**$200,565**	**$45,037**	**$0**	**$12,581,230**	**$6,290,615**	**$7,585,858**	**$0**	**$732,300**	**$27,435,605**
11	***Capital Cost Allocation***	***0.7%***	***0.2%***	***0.0%***	***45.9%***	***22.9%***	***27.6%***	***0.0%***	***2.7%***	***100.0%***

REVENUE OFFSET COST COMPONENT ALLOCATION

Table 3-10 shows the allocation of revenue offsets to each cost component. The functionalized revenue offsets from **Table 3-4** are allocated based on the cost component allocation factors in **Table 3-7**. All revenue offsets are allocated to the Revenue Offset cost component.

Table 3-10: Revenue Offset Allocation by Cost Component

Line	Revenue Offsets	Meter	Customer	Fire	Base	Max Day	Max Hour	Rev. Offset	General	Total
1	Meters	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	Customer	$0	$0	$0	$0	$0	$0	$0	$0	$0
3	Fire	$0	$0	$0	$0	$0	$0	$0	$0	$0
4	Wells	$0	$0	$0	$0	$0	$0	$0	$0	$0
5	Treatment	$0	$0	$0	$0	$0	$0	$0	$0	$0
6	Storage	$0	$0	$0	$0	$0	$0	$0	$0	$0
7	Distribution	$0	$0	$0	$0	$0	$0	$0	$0	$0
8	Revenue Offset	$0	$0	$0	$0	$0	$0	($532,460)	$0	($532,460)
9	General	$0	$0	$0	$0	$0	$0	$0	$0	$0
10	**Total - Revenue Offsets**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**($532,460)**	**$0**	**($532,460)**

3.5 SYSTEM CAPACITY ALLOCATIONS

The costs for certain system functions are based on the capacity requirements related to that function. For example, meter-related costs are allocated based on meter capacity, which is defined by the safe maximum operating capacity of each meter size. This section describes and defines capacity requirements and allocations relating to water meters, private fire lines, customer water usage, and fire protection.

EQUIVALENT METER UNITS

Costs related to meter capacity increase based on meter size. Therefore, equivalent meter units are calculated to provide a basis from which to allocate costs in proportion to meter size. Equivalent meter calculations are shown in **Table 3-11**.

Equivalent meters are calculated based on meter capacity ratios, which represent the safe operating capacity of a water meter relative to the base meter size. For this study, the base meter size is a 5/8-inch meter, which is the most common meter size in the District's system. Capacity in gallons per minute (gpm) is derived from the *AWWA M1 Manual*. The meter ratio for a 1.5-inch meter is 5.00, which means that the capacity of a 1.5-inch meter is five times that of a 5/8-inch meter.

The number of meters in each meter size is from **Table 2-4**. Equivalent meters are calculated by multiplying the meter counts by the meter ratio for each size.

Table 3-11: Equivalent Meter Units

Line	Meter Size	Safe Operating Capacity (gpm)	Meter Ratio	Total Meter Counts	Total Equivalent Meters
1	5/8-inch meter	20	1.00	881	881
2	3/4-inch meter	30	1.50	28	43
3	1-inch meter	50	2.50	14	35
4	1 1/2-inch meter	100	5.00	4	21
5	2-inch meter	160	8.00	18	147
6	3-inch meter	320	16.00	3	53
7	4-inch meter	500	25.00	1	25
8	6-inch meter	1,000	50.00	0	0
9	8-inch meter	1,600	80.00	0	0
10	10-inch meter	4,200	210.00	1	210
11	Construction (3-inch meter)	320	16.00	2	28
12	**Total**			**953**	**1,443**

EQUIVALENT FIRE LINES

Costs related to fire protection capacity increase exponentially based on fire line diameter and are attributable to both public fire hydrants and private fire connections. Therefore, equivalent fire lines are calculated to provide a basis from which to allocate costs in proportion to fire line size, and between public and private fire connections. Equivalent fire line calculations are shown in **Table 3-12**; private fire line counts are from **Table 2-5** and public fire line counts were provided by District staff.

The capacity of a fire line is based on the diameter of the connection and is equal to the connection diameter in inches raised to power of 2.63 based on the Hazen-Williams equation in the *AWWA M1 Manual*. The fire line ratio is the fire capacity of each diameter size divided by the base fire line, which is a 4-inch diameter. Equivalent fire lines are calculated by multiplying the fire line ratio of each diameter size by the number of connections by size.

The concept of equivalent fire lines provides a basis from which to compare the capacity requirements of both private fire protection and public hydrants. The fire protection capacity attributed to private fire connections is equal to 4%; the remaining 96% is attributed to public fire hydrants (Line 5).

Table 3-12: Equivalent Fire Lines

Line	Fire Line Size	Fire Demand Units	Fire Demand Ratio	Private Fire Line Counts	Public Fire Line Counts	Private Fire Equivalent Fire Lines	Public Fire Equivalent Fire Lines
1	4-inch	38	1.00	0	0	0	0
2	6-inch	111	2.90	2	113	6	328
3	8-inch	237	6.19	1	0	6	0
4	**Total**			**3**	**113**	**12**	**328**
5	***Percent of Total***			***3%***	***97%***	***4%***	***96%***

CUSTOMER DEMAND AND FIRE CAPACITY

Cost-of-service allocations are typically based on system-wide capacity (which is the combination of customer demand and fire protection). However, Max Day and Max Hour cost components are further allocated between customer demand and fire protection based on their proportional share of required capacity within the water system.

Table 3-13 shows the customer demand capacity calculations for Max Day and Max Hour. The system-wide Max Day capacity factor is from **Table 3-6**. Max Month capacity factor data is typically used as a proxy for Max Day capacity factors in lieu of daily water use data for all customers. Max Hour capacity is equal to Max Day capacity increased by the ratio of system-wide Max Hour to system-wide Max Day (**Table 3-6**). The annual use for each customer class and tier is from **Table 2-7**. The daily use is equal to the annual use divided by 365 days.

Max Day demand is calculated by multiplying the daily use in hcf by the Max Day capacity factor for each customer class and tier. Max Day extra capacity is equal to Max Day demand less daily use. Similarly, Max Hour demand is calculated by multiplying the daily use in hcf by the Max Hour capacity factor for each customer class and tier. Max Hour extra capacity is equal to the Max Hour demand less Max Day demand.

The total Max Day and Max Hour extra capacity (Line 5) represents the capacity required to meet customer demand that will be used to allocate Max Day and Max Hour costs between public fire hydrant capacity, private fire line capacity, and customer demand capacity.

Table 3-13: Customer Demand Capacity

Line	Customer Class	Annual Use	Daily Use	Max Day Capa-city Factor	Max Day Dem-and	Max Day Extra Capa-city	Max Hour Capa-city Factor	Max Hour Dem-and	Max Hour Extra Capa-city
1	**Single Family Residential**								
2	Tier 1	54,736	150	1.50	225	75	2.25	337	112
3	Tier 2	33,067	91	1.50	136	45	2.25	204	68
4	**Non-Residential**	86,437	237	1.50	355	118	2.25	533	178
5	**Total**	**174,240**	**477**		**716**	**239**		**1,074**	**358**

Table 3-14 shows the calculation of fire capacity requirements in the District's system and the capacity allocation between fire and customer demand. The extra capacity required for fire is based on assumed fire flow requirements of 1,000 gpm for one hour. The fire capacity is allocated between public hydrants (Line 6) and private fire (Line 7) using the proportion of equivalent fire lines attributed to each service (**Table 3-12**).

The customer demand (**Table 3-13**), public hydrant, and private fire extra capacity (Lines 5-7) are added together to form the total capacity requirements of the system within the Max Day and Max Hour cost components. From there, the capacity allocation factors (Lines 10-12) are calculated based on the proportion of the total capacity requirements related to each service. These allocations are used in a later section of the report to reallocate Max Day and Max Hour costs.

Table 3-14: Capacity Allocation by Fire and Customer Demand

Line	Capacity Allocation	Max Day	Max Hour
1	Hours for Fire	1	1
2	Capacity for Fire (gpm)	1,000	1,000
3	Fire Extra Capacity	80	1,845
4			
5	Customer Demand	239	358
6	Public Hydrants	77	1,780
7	Private Fire	3	65
8	**Total**	**319**	**2,203**
9			
10	Customer Demand	75%	16%
11	Public Hydrants	24%	81%
12	Private Fire	1%	3%
13	**Total**	**100%**	**100%**

3.6 ALLOCATION TO COST COMPONENTS

PRELIMINARY COST-OF-SERVICE ALLOCATION AND GENERAL REALLOCATION

Table 3-15 shows the preliminary cost-of-service allocation prior to any adjustments and the adjusted cost-of-service allocations after the General cost reallocation. The Operating costs (Line 1) are equal to the total Operating revenue requirements (**Table 3-1**, Line 19) allocated to each cost component based on the Operating allocation (**Table 3-8**, Line 11). The Capital costs (Line 2) are equal to the total Capital revenue requirements (**Table 3-1**, Line 19) allocated to each cost component based on the Capital allocation (**Table 3-9**, Line 11). The Revenue Offsets (Line 3) are equal to the total Revenue Offset requirements (**Table 3-1**, Line 19) and are allocated based on the Revenue Offset allocation (**Table 3-10**, Line 10). Note that the total cost-of-service (Line 4) is equal to the total rate revenue requirement for FY 2026 (**Table 3-1**, Line 19).

The next step is to reallocate General costs (Line 5) in proportion to the preliminary allocation to each cost component, excluding Customer (which is restricted to billing and customer service costs) and Revenue Offset (which pertains only to revenues). The total revenue requirement (Line 6) remains unchanged after the General cost reallocation.

Table 3-15: Cost-of-Service Allocation by Cost Component (Preliminary, General)

Line	Revenue Requirement	Meter	Customer	Fire	Base	Max Day	Max Hour	Rev. Offset	General	Total
1	Operating Costs	$1,000	$87,407	$0	$440,729	$220,365	$85,219	$0	$665,280	$1,500,000
2	Capital Costs	$4,264	$958	$0	$267,493	$133,746	$161,285	$0	$15,570	$583,315
3	Revenue Offsets	$0	$0	$0	$0	$0	$0	($532,460)	$0	($532,460)
4	**Preliminary Allocation**	**$5,264**	**$88,365**	**$0**	**$708,222**	**$354,111**	**$246,504**	**($532,460)**	**$680,850**	**$1,550,855**
5	General Cost Allocation	$2,727	N/A	$0	$366,937	$183,469	$127,716	N/A	($680,850)	$0
6	**Adjusted for General**	**$7,992**	**$88,365**	**$0**	**$1,075,159**	**$537,580**	**$374,220**	**($532,460)**	**$0**	**$1,550,855**

FIRE PROTECTION AND CAPACITY REALLOCATION

Table 3-16 shows the cost-of-service allocation to each cost component after reallocating fire protection and capacity-related costs. The cost-of-service allocations after reallocation of General costs (Line 1) is from **Table 3-15**.

Public Fire costs (Line 2) within the Max Day and Max Hour components are reallocated based on the proportion of capacity related to public fire protection (**Table 3-14**, Line 11). All Public Fire costs are reallocated to the Meter component, since public fire protection is a safety benefit shared by all District customers.

Private Fire costs (Line 3) are reallocated from Max Day and Max Hour to the Fire cost component based on the proportion of capacity related to private fire service (**Table 3-14**, Line 12).

Finally, the capacity reallocation (Line 5) reallocates 15% of Max Day and Max Hour costs to the Meter component. This reallocation is necessary to maintain approximately the same percentage of fixed revenue recovery (40% fixed revenues to 60% variable revenues), which will maintain current levels of revenue stability provided by current rates.

Table 3-16: Cost-of-Service Allocation by Cost Component (Fire Protection, Capacity)

Line	Revenue Requirement	Meter	Customer	Fire	Base	Max Day	Max Hour	Rev. Offset	General	Total
1	**Adjusted for General**	**$7,992**	**$88,365**	**$0**	**$1,075,159**	**$537,580**	**$374,220**	**($532,460)**	**$0**	**$1,550,855**
2	Public Fire Allocation	$432,798	$0	$0	$0	($130,451)	($302,348)	$0	$0	$0
3	Private Fire Allocation	$0	$0	$15,822	$0	($4,769)	($11,053)	$0	$0	$0
4	**Adjusted for Fire**	**$440,790**	**$88,365**	**$15,822**	**$1,075,159**	**$402,360**	**$60,819**	**($532,460)**	**$0**	**$1,550,855**
5	Reallocation to Meter	$69,477	$0	$0	$0	($60,354)	($9,123)	$0	$0	$0
6	**Adjusted for Capacity**	**$510,267**	**$88,365**	**$15,822**	**$1,075,159**	**$342,006**	**$51,696**	**($532,460)**	**$0**	**$1,550,855**

FINAL COST-OF-SERVICE ALLOCATION

Table 3-17 shows the final cost-of-service allocation based on the adjustments for General, Fire, and Capacity from the prior report tables. The Fire component, after removing costs related to public fire protection, now represents Private Fire costs and is renamed in the following table. The Max Day and Max Hour components now represent the capacity requirements of customer water demand only and do not include costs related to public or private fire protection capacity.

Table 3-17: Cost-of-Service Allocation by Cost Component (Final)

Line	Cost Components	Final Cost Allocation
1	Meter	$510,267
2	Customer	$88,365
3	Private Fire	$15,822
4	Base	$1,075,159
5	Max Day	$342,006
6	Max Hour	$51,696
7	Rev. Offset	($532,460)
8	**Total**	**$1,550,855**

3.7 UNIT COST CALCULATION

UNITS OF SERVICE DEFINITIONS

The appropriate units of service are then established for each cost component based on cost causation, which is shown in **Table 3-18**. Cost components to be recovered by the fixed charges are assigned units of service based on the number of equivalent meters (from **Table 3-11**), customers (sum of meter counts and private fire line counts from **Table 3-11** and **Table 3-12**), and equivalent fire lines (**Table 3-12**). Cost components to be recovered by the commodity charges are assigned units based on annual usage in hcf or extra capacity for Max Day or Max Hour (from **Table 3-13**).

Table 3-18: Units of Service Definitions

Line	Cost Components	Units of Service Definition	Units of Service	Units
1	Meter	Equivalent meters x 12 mo.	17,320	EMUs/ year
2	Customer	Meter and private fire counts x 12 mo.	11,472	bills/ year
3	Fire	Equivalent private fire lines x 12 mo.	144	EFL/ year
4	Base	Annual usage in hcf	174,240	hcf/ year
5	Max Day	Max Day extra capacity	239	hcf/ day
6	Max Hour	Max Hour extra capacity	358	hcf/ day
7	Rev. Offset	Annual usage in hcf	174,240	hcf/ year

UNIT COST BY COST COMPONENT

Table 3-19 shows the calculation of unit costs by each cost component. The final cost-of-service allocation (**Table 3-17**) is divided by the units of service (**Table 3-18**) for each cost component to derive the unit cost. These unit costs will determine the cost-of-service by customer class.

Table 3-19: Unit Cost by Cost Component

Line	Cost Components	Final Cost Allocation	Units of Service	Unit Cost	Units
1	Meter	$510,267	17,320	$29.46	per EMU
2	Customer	$88,365	11,472	$7.70	per bill
3	Fire	$15,822	144	$109.88	per EFL
4	Base	$1,075,159	174,240	$6.17	per hcf
5	Max Day	$342,006	239	$1,432.88	per hcf/day
6	Max Hour	$51,696	358	$144.39	per hcf/day
7	Rev. Offset	($532,460)	174,240	($3.06)	per hcf

3.8 COST-OF-SERVICE BY CUSTOMER CLASS

The final step in the cost-of-service analysis is to determine the cost to serve each customer class, which is shown in **Table 3-20**. The unit cost by cost component (**Table 3-19**) is multiplied by the units of service for each customer class to determine the cost to serve each class. Note that the total cost-of-service is equal to the total rate revenue requirement for FY 2026 (**Table 3-1**, Line 19).

Table 3-20: Cost-of-Service Allocation by Cost Component and Customer Class

Line	Revenue Requirement Allocation by Class	Meter	Customer	Fire	Base	Max Day	Max Hour	Rev. Offset	Total
1	Single Family Residential	$328,000	$83,073					($268,316)	$142,757
2	Tier 1				$337,752	$107,438	$16,240		$461,431
3	Tier 2				$204,040	$64,905	$9,811		$278,755
4	Non-Residential	$182,267	$5,014		$533,367	$169,663	$25,646	($264,144)	$651,813
5	Private Fire Lines		$277	$15,822					$16,099
6	**Total**	**$510,267**	**$88,365**	**$15,822**	**$1,075,159**	**$342,006**	**$51,696**	**($532,460)**	**$1,550,855**

4. WATER RATES

4.1 RATE DESIGN METHODOLOGY

A five-year proposed water rate schedule was developed based on the results of the proposed financial plan and cost-of-service analysis. The key steps in developing the proposed rate schedule are outlined below:

- **Rate structure evaluation**: The existing rate structure is evaluated, and any proposed changes are identified. Proposed rate structure changes are typically intended to address specific policy objectives or to improve legal defensibility.
- **Test year rate development**: Rates are calculated for the proposed rate structure for the cost-of-service test year (FY 2026). Rate calculations directly incorporate the unit costs developed in the cost-of-service analysis. The test year rates are revenue neutral, then are increased based on the proposed financial plan revenue adjustments. Although total rate revenues in the first year of adjustments (FY 2026) are designed to increase by the proposed revenue adjustment percentage, the proposed percentage increase to each rate/charge varies due to the updated cost-of-service allocations.
- **Five-year rate schedule development**: Proposed rates for the full five-year period are calculated by increasing the cost-of-service rates by the proposed annual revenue adjustment percentages from the proposed financial plan.

4.2 PROPOSED CHANGES TO RATE STRUCTURE

The District's current rate structure includes a monthly fixed service charge, a monthly fixed fire service charge, three-tiered commodity charges for Single Family Residential, and uniform commodity charges for Non-Residential customers. We propose the following two key changes to the current rate structure:

- **Fixed service charges for 6-inch and 8-inch meters**: The District's current rate schedule does not include fixed service charges for 6-inch or 8-inch meters, as no current customers have meters of either size. Because there is a possibility that future connections will require a 6-inch or 8-inch meter, we recommend adding fixed service charges for these meter sizes to the proposed rate schedule.
- **Two-tiered Single Family Residential commodity charges**: WRE recommends reducing the number of tiers for the Single Family commodity charge from three to two tiers. This recommended change will result in a rate structure more closely aligned with evolving interpretations of Proposition 218 legal requirements. The proposed tier 1 allotment will remain unchanged at 7 hcf per month. Proposed tier 2 will include all monthly water use above 7 hcf.

4.3 PROPOSED MONTHLY FIXED SERVICE CHARGES

REVENUE NEUTRAL CHARGES

Table 4-1 shows the revenue neutral monthly fixed service charge calculations. The Meter and Customer unit costs are from **Table 3-19** (Lines 1-2). Meter unit costs are multiplied by the meter capacity ratio; Customer costs do not vary based on meter size and thus are the same for all meter sizes. The revenue neutral charge represents the cost-of-service analysis for FY 2026 but does not include any proposed revenue adjustments.

Table 4-1: Revenue Neutral Monthly Fixed Service Charges

Line	Meter Size	Meter Ratio	Number of Accounts	Meter	Customer	Revenue Neutral Charge
1	5/8-inch meter	1.00	881	$29.46	$7.70	$37.17
2	3/4-inch meter	1.50	28	$44.19	$7.70	$51.90
3	1-inch meter	2.50	14	$73.65	$7.70	$81.36
4	1 1/2-inch meter	5.00	4	$147.31	$7.70	$155.02
5	2-inch meter	8.00	18	$235.70	$7.70	$243.40
6	3-inch meter	16.00	3	$471.39	$7.70	$479.10
7	4-inch meter	25.00	1	$736.55	$7.70	$744.26
8	6-inch meter	50.00	0	$1,473.10	$7.70	$1,480.81
9	8-inch meter	80.00	0	$2,356.96	$7.70	$2,364.67
10	10-inch meter	210.00	1	$6,187.02	$7.70	$6,194.72
11	Construction (3-inch meter)	16.00	2	$471.39	$7.70	$479.10

PROPOSED CHARGES WITH ADJUSTMENT

Table 4-2 shows the proposed monthly fixed service charges for FY 2026 compared to current charges. Because the proposed revenue adjustment in FY 2026 is 0% (per **Table 2-18**), the proposed FY 2026 charges simply equal the revenue neutral charges (from **Table 4-1**).

Table 4-2: Proposed Monthly Fixed Service Charges after Adjustment

Line	Meter Size	Proposed FY 2026 Charge	Current Charge	Difference ($)	Difference (%)
1	5/8-inch meter	$37.17	$37.53	($0.36)	-1.0%
2	3/4-inch meter	$51.90	$53.21	($1.31)	-2.5%
3	1-inch meter	$81.36	$84.56	($3.20)	-3.8%
4	1 1/2-inch meter	$155.02	$162.94	($7.92)	-4.9%
5	2-inch meter	$243.40	$257.01	($13.61)	-5.3%
6	3-inch meter	$479.10	$507.84	($28.74)	-5.7%
7	4-inch meter	$744.26	$790.02	($45.76)	-5.8%
8	6-inch meter	$1,480.81	N/A	N/A	N/A
9	8-inch meter	$2,364.67	N/A	N/A	N/A
10	10-inch meter	$6,194.72	$6,590.45	($395.73)	-6.0%
11	Construction (3-inch meter)	$479.10	$532.61	($53.51)	-10.0%

4.4 PROPOSED MONTHLY FIXED FIRE SERVICE CHARGES

REVENUE NEUTRAL CHARGES

Table 4-3 shows the revenue neutral monthly fixed fire service charge calculations. The Private Fire and Customer unit costs are from **Table 3-19** (Lines 2-3). Private Fire unit costs are multiplied by the fire line ratio; Customer costs do not vary based on fire line size and thus are the same for all sizes. The revenue neutral rate represents the cost-of-service analysis for FY 2026 but does not include any proposed revenue adjustments.

Table 4-3: Revenue Neutral Monthly Fixed Fire Service Charges

Line	Fire Line Size	Fire Line Ratio	Number of Accounts	Fire	Customer	Revenue Neutral Charge
1	4-inch connection	1.00	0	$109.88	$7.70	$117.58
2	6-inch connection	2.90	2	$319.17	$7.70	$326.88
3	8-inch connection	6.19	1	$680.17	$7.70	$687.87

PROPOSED CHARGES WITH ADJUSTMENT

Table 4-4 shows the proposed monthly fixed fire service charges for FY 2026 compared to current charges. Because the proposed revenue adjustment in FY 2026 is 0% (per **Table 2-18**), the proposed FY 2026 charges simply equal the revenue neutral charges (from **Table 4-3**). More significant increases to fixed fire service charges are due to the utilization of updated rate-setting methodology in this study based on AWWA guidance.

Table 4-4: Proposed Monthly Fixed Fire Service Charges after Adjustment

Line	Fire Line Size	Proposed FY 2026 Charge	Current Charge	Difference ($)	Difference (%)
1	4-inch connection	$117.58	$38.33	$79.25	206.8%
2	6-inch connection	$326.88	$79.67	$247.21	310.3%
3	8-inch connection	$687.87	$134.79	$553.08	410.3%

4.5 PROPOSED COMMODITY CHARGES

The commodity charge calculations include the Base, Capacity, and Revenue Offset components, which are detailed in this section.

BASE COST

The Base unit cost of $6.17 per hcf is from **Table 3-19** (Line 4) and is charged to all customer classes and tiers equally

CAPACITY COST

Table 4-5 shows the combined Capacity unit cost by customer class and tier. The total Capacity costs are the sum of Max Day and Max Hour costs (**Table 3-20**). The Capacity unit cost is

calculated by dividing the total Capacity costs by the annual usage in hcf for each customer class and tier.

Table 4-5: Capacity Unit Cost by Customer Class

Line	Customer Class	Usage (hcf)	Max Day	Max Hour	Total Cost	Capacity Unit Cost
1	Single Family Residential					
2	Tier 1 (0-7 hcf)	54,736	$107,438	$16,240	$123,678	$2.26
3	Tier 2 (7+ hcf)	33,067	$64,905	$9,811	$74,715	$2.26
4	Non-Residential	86,437	$169,663	$25,646	$195,309	$2.26
5	**Total**	**174,240**	**$342,006**	**$51,696**	**$393,702**	

REVENUE OFFSET

Table 4-6 shows the Revenue Offset by customer class and tier. The District has discretion to use these revenues to offset the cost of water; all customer classes benefit from the Revenue Offsets equally, which are allocated based on usage in each customer class.

Within the Single Family Residential class, Tier 1 receives the full Revenue Offset. This allocation within the Single Family Residential class is to lower the cost of water for essential indoor water use for basic health and safety.

Table 4-6: Revenue Offset by Customer Class

Line	Customer Class	Usage (hcf)	Allocated to Rev. Offset	Allocated Usage (hcf)	Rev. Offset	Rev. Offset Unit Cost
1	Single Family Residential			54,736	($268,316)	
2	Tier 1 (0-7 hcf)	54,736	100%	54,736	($268,316)	($4.90)
3	Tier 2 (7+ hcf)	33,067	0%	0	$0	$0.00
4	Non-Residential	86,437	100%	86,437	($264,144)	($3.06)
5	**Total**	**174,240**			**($532,460)**	

REVENUE NEUTRAL RATES

Table 4-7 shows the revenue neutral commodity charges for all classes and tiers, based on the Base unit cost from **Table 3-19**, the Capacity unit cost from **Table 4-5**, and the Revenue Offset unit cost from **Table 4-6**. The revenue neutral rate represents the cost-of-service analysis for FY 2026 but does not include any proposed revenue adjustments.

Table 4-7: Revenue Neutral Commodity Charges (per hcf)

Line	Customer Class	Usage (hcf)	Base	Capacity	Rev. Offset	Revenue Neutral Rate
1	Single Family Residential					
2	Tier 1 (0-7 hcf)	54,736	$6.17	$2.26	($4.90)	$3.53
3	Tier 2 (7+ hcf)	33,067	$6.17	$2.26	$0.00	$8.44
4	Non-Residential	86,437	$6.17	$2.26	($3.06)	$5.38

PROPOSED RATES WITH ADJUSTMENT

Table 4-8 shows the proposed commodity charges for FY 2026 compared to current charges. Because the proposed revenue adjustment in FY 2026 is 0% (per **Table 2-18**), the proposed FY 2026 charges simply equal the revenue neutral charges (from **Table 4-7**).

Table 4-8: Proposed Commodity Charges after Adjustment (per hcf)

Line	Customer Class	Proposed FY 2026 Rate	Current Rate	Difference ($)	Difference (%)
1	Single Family Residential				
2	Tier 1	$3.53	$2.22	$1.31	59.0%
3	Tier 2	$8.44	$7.88	$0.56	7.1%
4	Current Tier 3/Proposed Tier 2	$8.44	$14.45	($6.01)	-41.6%
5	Non-Residential	$5.38	$5.37	$0.01	0.2%

4.6 PROPOSED WATER RATE SCHEDULE

PROPOSED FIVE-YEAR REVENUE ADJUSTMENTS

Table 4-9 shows the proposed revenue adjustments for the five-year period and their effective date based on the proposed financial plan (per **Table 2-18**).

Table 4-9: Proposed Revenue Adjustments

Line	Fiscal Year	Effective Date	Revenue Adjustments
1	FY 2026	January 2026	0.0%
2	FY 2027	January 2027	3.0%
3	FY 2028	January 2028	3.0%
4	FY 2029	January 2029	3.0%
5	FY 2030	January 2030	3.0%

PROPOSED FIVE-YEAR WATER RATE SCHEDULE

The proposed five-year water rate schedule is calculated by increasing the FY 2026 proposed charges (from **Table 4-2**, **Table 4-4**, and **Table 4-8**) by the proposed annual revenue adjustments (from **Table 4-9)** and rounding up to the nearest cent. **Table 4-10**, **Table 4-11**, and **Table 4-12** show the proposed five-year monthly fixed service charges, monthly fixed fire service charges, and commodity charges, respectively.

Table 4-10: Proposed Monthly Fixed Service Charges

Line	Monthly Fixed Service Charge	Effective Jan. 2026	Effective Jan. 2027	Effective Jan. 2028	Effective Jan. 2029	Effective Jan. 2030
1	5/8-inch meter	$37.17	$38.29	$39.44	$40.63	$41.85
2	3/4-inch meter	$51.90	$53.46	$55.07	$56.73	$58.44
3	1-inch meter	$81.36	$83.81	$86.33	$88.92	$91.59
4	1 1/2-inch meter	$155.02	$159.68	$164.48	$169.42	$174.51
5	2-inch meter	$243.40	$250.71	$258.24	$265.99	$273.97
6	3-inch meter	$479.10	$493.48	$508.29	$523.54	$539.25
7	4-inch meter	$744.26	$766.59	$789.59	$813.28	$837.68
8	6-inch meter	$1,480.81	$1,525.24	$1,571.00	$1,618.13	$1,666.68
9	8-inch meter	$2,364.67	$2,435.62	$2,508.69	$2,583.96	$2,661.48
10	10-inch meter	$6,194.72	$6,380.57	$6,571.99	$6,769.15	$6,972.23
11	Construction (3-inch meter)	$479.10	$493.48	$508.29	$523.54	$539.25

Table 4-11: Proposed Monthly Fixed Fire Service Charges

Line	Monthly Fixed Fire Service Charge	Effective Jan. 2026	Effective Jan. 2027	Effective Jan. 2028	Effective Jan. 2029	Effective Jan. 2030
1	4-inch connection	$117.58	$121.11	$124.75	$128.50	$132.36
2	6-inch connection	$326.88	$336.69	$346.80	$357.21	$367.93
3	8-inch connection	$687.87	$708.51	$729.77	$751.67	$774.23

Table 4-12: Proposed Commodity Charges (per hcf)

Line	Commodity Charge	Effective Jan. 2026	Effective Jan. 2027	Effective Jan. 2028	Effective Jan. 2029	Effective Jan. 2030
1	**Single Family Residential**					
2	Tier 1 (0-7 hcf)	$3.53	$3.64	$3.75	$3.87	$3.99
3	Tier 2 (7+ hcf)	$8.44	$8.70	$8.97	$9.24	$9.52
4	**Non-Residential**	$5.38	$5.55	$5.72	$5.90	$6.08

4.7 CUSTOMER IMPACTS

RESIDENTIAL CUSTOMER IMPACTS

WRE evaluated the impacts to the Single Family Residential customer class, which represents approximately 94% of the District's meter connections, based on the proposed water rates for FY 2026. **Table 4-13** shows the proposed impacts for a Single Family Residential customer with a 5/8-inch meter (the most common meter size within this class, representing over 95% of customers) at various levels of monthly usage. For the average Single Family Residential customer that uses 8 hcf of water per month, the monthly bill increase will be $9.37 or 15.4%, which reflects the impact of the cost-of-service analysis and proposed rate structure changes.

Table 4-13: Proposed Residential Customer Impacts

Line	Residential Customer Impacts	Monthly Usage (hcf)	Current Bill	Proposed Bill	Difference ($)	Difference (%)
1	10th Percentile	1	$39.75	$40.70	$0.95	2.4%
2	25th Percentile	3	$44.19	$47.76	$3.57	8.1%
3	50th Percentile	6	$50.85	$58.35	$7.50	14.7%
4	Average	8	$60.95	$70.32	$9.37	15.4%
5	75th Percentile	12	$92.47	$104.08	$11.61	12.6%
6	90th Percentile	16	$137.13	$137.84	$0.71	0.5%

5. APPENDICES

5.1 FINANCIAL PLAN APPENDICES

Table 5-1: Revenues (Detail)

Line	Revenues (Detail)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	**Operating Revenue**					
2	Base Rate - Water Bills	$614,185	$618,540	$622,896	$627,251	$631,607
3	Commodity Sales	$933,141	$937,315	$941,490	$945,664	$949,839
4	Fire Sales - Water Bills	$3,530	$3,530	$3,530	$3,530	$3,530
5	Fees & Charges	$73,000	$73,000	$73,000	$73,000	$73,000
6	Basic Facilities Fee	$90,760	$90,760	$90,760	$90,760	$90,760
7	Stand by Fees - Tax Revenue	$124,200	$126,684	$129,218	$131,802	$134,438
8	**Subtotal**	**$1,838,815**	**$1,849,829**	**$1,860,893**	**$1,872,007**	**$1,883,173**
9						
10	**Non-Operating Revenue**					
11	Property Taxes	$128,800	$131,376	$134,004	$136,684	$139,417
12	Cell Tower Lease	$39,800	$40,596	$41,408	$42,236	$43,081
13	Interest Income - Investment Accounts	$67,600	$82,105	$85,694	$88,344	$89,410
14	Interest Income - Water Bills	$8,300	$8,300	$8,300	$8,300	$8,300
15	**Subtotal**	**$244,500**	**$262,377**	**$269,406**	**$275,564**	**$280,208**
16						
17	**Total**	**$2,083,315**	**$2,112,206**	**$2,130,299**	**$2,147,571**	**$2,163,381**

Table 5-2: Operating Expenses (Detail)

Line	Operating Expenses (Detail)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	**Payroll Expenses**					
2	Directors Fees	$20,000	$21,000	$22,050	$23,153	$24,310
3	Management & Customer Service	$263,300	$276,465	$290,288	$304,803	$320,043
4	Field Workers	$250,300	$262,815	$275,956	$289,754	$304,241
5	Workers Comp.	$17,000	$18,020	$19,101	$20,247	$21,462
6	Employee Health Care	$77,300	$81,938	$86,854	$92,066	$97,589
7	Retiree Health Care	$3,000	$3,180	$3,371	$3,573	$3,787
8	Pension	$108,700	$115,222	$122,135	$129,463	$137,231
9	FICA and Medicare	$40,800	$43,248	$45,843	$48,593	$51,509
10	SUI and ETT	$4,100	$4,346	$4,607	$4,883	$5,176
11	Medical Testing	$1,400	$1,484	$1,573	$1,667	$1,767
12	EE Health Care In-Lieu Payments	$3,000	$3,180	$3,371	$3,573	$3,787
13	**Subtotal**	**$788,900**	**$830,898**	**$875,149**	**$921,775**	**$970,905**
14						
15	**Facilities, Wells, Transmission & Distribution (T&D)**					
16	Lab Fees	$13,000	$13,520	$14,061	$14,623	$15,208
17	Meter Testing & Repair	$1,000	$1,040	$1,082	$1,125	$1,170
18	Utilities - Wells	$225,000	$247,601	$272,472	$299,840	$329,957
19	Line R&M Materials	$45,000	$46,800	$48,672	$50,619	$52,644
20	Chemicals	$14,000	$14,703	$15,442	$16,217	$17,032
21	Well Maintenance - Other	$20,000	$20,800	$21,632	$22,497	$23,397
22	Security	$18,700	$19,448	$20,226	$21,035	$21,876
23	Engineering Services	$15,000	$15,600	$16,224	$16,873	$17,548
24	Facilities, Wells, T&D - Other	$25,000	$26,000	$27,040	$28,122	$29,246
25	**Subtotal**	**$376,700**	**$405,512**	**$436,849**	**$470,951**	**$508,078**
26						
27	**Office Expenses**					
28	Electricity	$20,700	$22,770	$25,047	$27,552	$30,307
29	Gas	$400	$416	$433	$450	$468
30	Telephone	$5,400	$5,616	$5,841	$6,074	$6,317
31	Trash Pickup & Office Cleaning	$10,000	$10,400	$10,816	$11,249	$11,699

Line	Operating Expenses (Detail)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
32	Water Billing System	$13,400	$13,936	$14,493	$15,073	$15,676
33	Supplies & Equipment	$9,400	$9,776	$10,167	$10,574	$10,997
34	Copier & Supplies	$4,900	$5,096	$5,300	$5,512	$5,732
35	Dues & Subscriptions	$2,000	$2,080	$2,163	$2,250	$2,340
36	Postage	$11,800	$12,272	$12,763	$13,273	$13,804
37	Printing & Publications	$500	$520	$541	$562	$585
38	Computer Services	$31,000	$32,240	$33,530	$34,871	$36,266
39	Air Conditioner Servicing	$5,500	$5,720	$5,949	$6,187	$6,434
40	Office Expenses - Other	$900	$936	$973	$1,012	$1,053
41	**Subtotal**	**$115,900**	**$121,778**	**$128,015**	**$134,639**	**$141,677**
42						
43	**Support Services**					
44	Financial Audit	$15,600	$16,224	$16,873	$17,548	$18,250
45	Accounting	$55,400	$57,616	$59,921	$62,317	$64,810
46	Legal Services	$15,000	$15,600	$16,224	$16,873	$17,548
47	Payroll/ Bank Service Charge	$7,500	$7,800	$8,112	$8,436	$8,774
48	Website Support	$1,100	$1,144	$1,190	$1,237	$1,287
49	Insurance	$54,300	$59,730	$65,703	$72,273	$79,501
50	**Subtotal**	**$148,900**	**$158,114**	**$168,022**	**$178,685**	**$190,169**
51						
52	**Other Operating Expenses**					
53	Training/ Travel	$4,000	$4,160	$4,326	$4,499	$4,679
54	Other Fees/ SWRCB	$11,300	$11,752	$12,222	$12,711	$13,219
55	**Subtotal**	**$15,300**	**$15,912**	**$16,548**	**$17,210**	**$17,899**
56						
57	**Service Tools & Equipment**					
58	Shop Suppliers & Small Tools	$9,000	$9,360	$9,734	$10,124	$10,529
59	Vehicle Fuel	$12,500	$13,750	$15,125	$16,638	$18,301
60	Employee Uniforms	$2,000	$2,080	$2,163	$2,250	$2,340
61	Safety	$2,000	$2,080	$2,163	$2,250	$2,340
62	Tractor Expenses/ Maintenance	$4,000	$4,160	$4,326	$4,499	$4,679
63	Equipment Rental	$4,000	$4,160	$4,326	$4,499	$4,679
64	Service Trucks - Repair & Maintenance	$12,000	$12,480	$12,979	$13,498	$14,038

Line	Operating Expenses (Detail)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
65	Water Operations On-Call Phones	$4,500	$4,680	$4,867	$5,062	$5,264
66	**Subtotal**	**$50,000**	**$52,750**	**$55,685**	**$58,820**	**$62,171**
67						
68	**Non-Operating Expenses**					
69	DWR Loan Processing Fee	$1,400	$1,400	$1,400	$1,400	$1,400
70	Bad Debt Expense	$1,400	$0	$0	$0	$0
71	Miscellaneous	$1,500	$1,560	$1,622	$1,687	$1,755
72	**Subtotal**	**$4,300**	**$2,960**	**$3,022**	**$3,087**	**$3,155**
73						
74	**Total**	**$1,500,000**	**$1,587,924**	**$1,683,292**	**$1,785,168**	**$1,894,053**

5.2 COST-OF-SERVICE ANALYSIS APPENDICES

Table 5-3: Operating Expenses by System Functions (Detail)

Line	Operating Expenses	FY 2026	Meters	Custo-mer	Fire	Wells	Treat-ment	Storage	Distri-bution	Revenue Offset	General	Total
1	**Payroll Expenses**											
2	Directors Fees	$20,000	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
3	Management & Customer Service	$263,300	0%	17%	0%	0%	0%	0%	0%	0%	83%	100%
4	Field Workers	$250,300	0%	0%	0%	20%	20%	0%	40%	0%	20%	100%
5	Workers Comp.	$17,000	0%	8%	0%	10%	10%	0%	19%	0%	53%	100%
6	Employee Health Care	$77,300	0%	10%	0%	11%	11%	0%	23%	0%	45%	100%
7	Retiree Health Care	$3,000	0%	50%	0%	0%	0%	0%	0%	0%	50%	100%
8	Pension	$108,700	0%	9%	0%	11%	11%	0%	22%	0%	46%	100%
9	FICA and Medicare	$40,800	0%	8%	0%	10%	10%	0%	19%	0%	54%	100%
10	SUI and ETT	$4,100	0%	15%	0%	8%	8%	0%	17%	0%	52%	100%
11	Medical Testing	$1,400	0%	8%	0%	10%	10%	0%	19%	0%	53%	100%
12	EE Health Care In-Lieu Payments	$3,000	0%	8%	0%	10%	10%	0%	19%	0%	53%	100%
13	**Subtotal**	**$788,900**										
14												
15	**Facilities, Wells, Transmission & Distribution (T&D)**											
16	Lab Fees	$13,000	0%	0%	0%	0%	100%	0%	0%	0%	0%	100%
17	Meter Testing & Repair	$1,000	100%	0%	0%	0%	0%	0%	0%	0%	0%	100%
18	Utilities - Wells	$225,000	0%	0%	0%	100%	0%	0%	0%	0%	0%	100%
19	Line R&M Materials	$45,000	0%	0%	0%	0%	0%	0%	100%	0%	0%	100%
20	Chemicals	$14,000	0%	0%	0%	0%	100%	0%	0%	0%	0%	100%
21	Well Maintenance - Other	$20,000	0%	0%	0%	100%	0%	0%	0%	0%	0%	100%
22	Security	$18,700	0%	0%	0%	100%	0%	0%	0%	0%	0%	100%
23	Engineering Services	$15,000	0%	0%	0%	30%	0%	30%	40%	0%	0%	100%
24	Facilities, Wells, T&D - Other	$25,000	0%	0%	0%	100%	0%	0%	0%	0%	0%	100%
25	**Subtotal**	**$376,700**										
26												
27	**Office Expenses**											
28	Electricity	$20,700	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
29	Gas	$400	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
30	Telephone	$5,400	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%

Line	Operating Expenses	FY 2026	Meters	Custo-mer	Fire	Wells	Treat-ment	Storage	Distri-bution	Revenue Offset	General	Total
31	Trash Pickup & Office Cleaning	$10,000	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
32	Water Billing System	$13,400	0%	100%	0%	0%	0%	0%	0%	0%	0%	100%
33	Supplies & Equipment	$9,400	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
34	Copier & Supplies	$4,900	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
35	Dues & Subscriptions	$2,000	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
36	Postage	$11,800	0%	50%	0%	0%	0%	0%	0%	0%	50%	100%
37	Printing & Publications	$500	0%	50%	0%	0%	0%	0%	0%	0%	50%	100%
38	Computer Services	$31,000	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
39	Air Conditioner Servicing	$5,500	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
40	Office Expenses - Other	$900	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
41	**Subtotal**	**$115,900**										
42												
43	**Support Services**											
44	Financial Audit	$15,600	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
45	Accounting	$55,400	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
46	Legal Services	$15,000	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
47	Payroll/ Bank Service Charge	$7,500	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
48	Website Support	$1,100	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
49	Insurance	$54,300	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
50	**Subtotal**	**$148,900**										
51												
52	**Other Operating Expenses**											
53	Training/ Travel	$4,000	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
54	Other Fees/ SWRCB	$11,300	0%	0%	0%	100%	0%	0%	0%	0%	0%	100%
55	**Subtotal**	**$15,300**										
56												
57	**Service Tools & Equipment**											
58	Shop Suppliers & Small Tools	$9,000	0%	0%	0%	0%	0%	0%	100%	0%	0%	100%
59	Vehicle Fuel	$12,500	0%	0%	0%	0%	0%	0%	100%	0%	0%	100%
60	Employee Uniforms	$2,000	0%	0%	0%	0%	0%	0%	100%	0%	0%	100%
61	Safety	$2,000	0%	0%	0%	0%	0%	0%	100%	0%	0%	100%
62	Tractor Expenses/ Maintenance	$4,000	0%	0%	0%	0%	0%	0%	100%	0%	0%	100%
63	Equipment Rental	$4,000	0%	0%	0%	0%	0%	0%	100%	0%	0%	100%
64	Service Trucks - Repair & Maintenance	$12,000	0%	0%	0%	0%	0%	0%	100%	0%	0%	100%

Line	Operating Expenses	FY 2026	Meters	Custo-mer	Fire	Wells	Treat-ment	Storage	Distri-bution	Revenue Offset	General	Total
65	Water Operations On-Call Phones	$4,500	0%	0%	0%	0%	0%	0%	100%	0%	0%	100%
66	**Subtotal**	**$50,000**	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
67												
68	**Non-Operating Expenses**											
69	DWR Loan Processing Fee	$1,400	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
70	Bad Debt Expense	$1,400	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
71	Miscellaneous	$1,500	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
72	**Subtotal**	**$4,300**										
73												
74	**Total**	**$1.5M**	**$1,000**	**$87,407**	**$0**	**$381,828**	**$104,328**	**$4,500**	**$255,656**	**$0**	**$665,280**	**$1.5M**

Table 5-4: Capital Assets by System Functions (Detail)

Line	Capital Asset Description	Asset Type	Asset Number	Acq. Date	Balance 06/30/2024	CCI Adjustment	RC	Cost Function
1	Land CWC Acquisition	LAND	LA-1	6/30/1984	$36,581	327%	$119,742	Excluded
2	Land	LAND	LA-2	12/26/1969	$8,274	1069%	$88,486	Excluded
3	Land	LAND	LA-3	12/31/1992	$20,000	272%	$54,449	Excluded
4	Land - Water Impr	LAND	LA-4	6/30/1994	$14,154	251%	$35,519	Excluded
5	Land - Water Impr	LAND	LA-5	6/30/1994	$60,600	251%	$152,075	Excluded
6	Land-TaiFuCost	LAND	LA-6	6/30/1995	$22,365	248%	$55,478	Excluded
7	Land - Water Impr	LAND	LA-7	6/30/1995	$1,200	248%	$2,977	Excluded
8	Land - Capital Imp	LAND	LA-8	6/30/1995	$4,000	248%	$9,922	Excluded
9	Land - Capital Imp	LAND	LA-9	6/30/1995	$11,000	248%	$27,286	Excluded
10	Land - BMT Concrete Well	LAND	LA-10	6/30/1996	$12,500	241%	$30,185	Excluded
11	Jland Jensen	LAND	LA-11	2/5/1997	$18,687	233%	$43,530	Excluded
12	Land - Elm St	LAND	LA-12	10/31/2004	$200,187	191%	$381,841	Excluded
13	Land - DHPO	LAND	LA-13	5/15/2017	$280,000	126%	$353,913	Excluded
14	Emercency generator pu Well 2	TOOLS & EQUIPMENT		6/7/2002	$35,665	208%	$74,032	Wells
15	Ergo Jackhammer	TOOLS & EQUIPMENT		4/8/2002	$1,815	208%	$3,767	Distribution
16	John Deere 310 SG Loader	TOOLS & EQUIPMENT		6/20/2005	$80,536	182%	$146,787	Distribution
17	Backhoe ECU and Teeth	TOOLS & EQUIPMENT		9/30/2016	$3,243	131%	$4,257	Distribution
18	Safety Harness (50' Tripod	TOOLS & EQUIPMENT		9/30/2016	$2,060	131%	$2,704	Distribution
19	Well 2 Generator Facility	SOURCE OF SUPPLY	SS-1	5/15/2002	$38,588	208%	$80,099	Wells
20	Well 2 Generator Facility	SOURCE OF SUPPLY	SS-2	2/26/2003	$109,770	203%	$222,546	Wells
21	Wells- Jensen	SOURCE OF SUPPLY	SS-3	8/25/1997	$11,528	233%	$26,854	Wells
22	Water Source Plant	SOURCE OF SUPPLY	SS-4	8/25/1997	$16,805	233%	$39,146	Wells
23	Structures - Jensen	SOURCE OF SUPPLY	SS-5	8/25/1997	$1,962	233%	$4,570	Wells
24	Water Treatment	SOURCE OF SUPPLY	SS-6	8/25/1997	$16,534	233%	$38,515	Treatment
25	Jensen Res Cty Cont Cap	SOURCE OF SUPPLY	SS-7	6/30/2002	$46,839	208%	$97,226	Wells
26	SCADA	SOURCE OF SUPPLY	SS-8	2/28/2010	$127,203	154%	$196,194	General
27	DHPO Interconnection	SOURCE OF SUPPLY	SS-9	5/31/2012	$190,442	146%	$277,669	Distribution
28	DHPO Interconnection - Addl	SOURCE OF SUPPLY	SS-10	7/1/2012	$108,405	146%	$158,057	Distribution
29	Almond Vault	SOURCE OF SUPPLY	SS-11	4/30/2013	$4,530	142%	$6,440	Storage

Line	Capital Asset Description	Asset Type	Asset Number	Acq. Date	Balance 06/30/2024	CCI Adjustment	RC	Cost Function
30	Well Repairs	SOURCE OF SUPPLY	SS-12	1/31/2013	$9,337	142%	$13,273	Wells
31	Infrastructure	SOURCE OF SUPPLY	SS-13	12/31/2012	$158,234	146%	$230,709	Wells
32	Well Repairs	SOURCE OF SUPPLY	SS-14	4/15/2012	$108,936	146%	$158,831	Wells
33	Well Repairs	SOURCE OF SUPPLY	SS-15	8/1/2011	$1,502	150%	$2,247	Wells
34	DHPO 2014	SOURCE OF SUPPLY	SS-16	11/30/2013	$101,961	142%	$144,940	Distribution
35	DHPO 2014	SOURCE OF SUPPLY	SS-17	11/30/2013	$148,010	142%	$210,400	Distribution
36	Adder for Concrete Block security wall, steel security door	SOURCE OF SUPPLY	SS-18	1/6/2014	$19,595	138%	$27,119	Wells
37	Well Repairs 2014	SOURCE OF SUPPLY	SS-19	1/1/2015	$74,721	135%	$101,052	Wells
38	Wells 4 5 Pump Rehab 2014	SOURCE OF SUPPLY	SS-20	12/1/2014	$90,617	138%	$125,412	Wells
39	Well #5 - built retaining wall for disharged well water at D	SOURCE OF SUPPLY	SS-21	3/15/2015	$3,600	135%	$4,869	Wells
40	(2) Grundfos DDA 7 5-16 pump (chlorinators for wells)	SOURCE OF SUPPLY	SS-22	10/31/2014	$4,038	138%	$5,589	Wells
41	(1) Octave meter with pulse module, (2) bolt and nut kit w	SOURCE OF SUPPLY	SS-23	11/1/2014	$11,402	138%	$15,780	Wells
42	Octave Meter with Pulse Module - Well #5 per Calvin Bra	SOURCE OF SUPPLY	SS-24	12/15/2014	$5,025	138%	$6,954	Wells
43	11/11/2014 valve built in shop - 8" full port check valve an	SOURCE OF SUPPLY	SS-25	2/28/2015	$5,395	135%	$7,296	Wells
44	11/21/14 valve built in shop. Deep well pump control valv	SOURCE OF SUPPLY	SS-26	2/28/2015	$4,563	135%	$6,171	Wells
45	Well #5 - install controls for waste valve and rewire panels	SOURCE OF SUPPLY	SS-27	5/31/2015	$6,092	135%	$8,239	Wells
46	Well #5 Telemetery Implementation (install SCADA at Wel	SOURCE OF SUPPLY	SS-28	5/31/2015	$14,130	135%	$19,109	Wells
47	DHPO	SOURCE OF SUPPLY	SS-29	7/1/2015	$8,087	135%	$10,937	Distribution
48	Almond Vault-Control Vault	SOURCE OF SUPPLY	SS-30	7/1/2015	$18,257	135%	$24,691	Storage
49	Almond Vault-PRV	SOURCE OF SUPPLY	SS-31	7/1/2015	$38,963	135%	$52,693	Storage

Line	Capital Asset Description	Asset Type	Asset Number	Acq. Date	Balance 06/30/2024	CCI Adjustment	RC	Cost Function
50	Almond Vault-Submersible liberty 287 pump	SOURCE OF SUPPLY	SS-32	7/1/2015	$5,651	135%	$7,642	Storage
51	Well 2 Motor Repair	SOURCE OF SUPPLY	SS-33	2/28/2017	$15,370	126%	$19,427	Wells
52	Well 2 - 500 AMP Breaker	SOURCE OF SUPPLY	SS-34	3/14/2017	$6,594	126%	$8,335	Wells
53	Well 5 Upgrades-Discharge, Softstarter, Remote Keypad	SOURCE OF SUPPLY	SS-35	12/5/2017	$19,538	126%	$24,696	Wells
54	Well 5 - Backup Motor	SOURCE OF SUPPLY	SS-36	8/31/2019	$1,425	120%	$1,714	Wells
55	Well 2 Totalizer	SOURCE OF SUPPLY	SS-37	5/31/2021	$2,781	112%	$3,111	Wells
56	Well 1 Rehab	SOURCE OF SUPPLY	SS-38	4/1/2022	$543,103	104%	$566,672	Wells
57	Tank 1 Recoating	SOURCE OF SUPPLY	SS-39	9/30/2021	$276,596	112%	$309,385	Storage
58	Well 2 - Control Panel Replacement	SOURCE OF SUPPLY	SS-40	8/31/2021	$17,033	112%	$19,052	Wells
59	Dosing pump - Chlorinator	SOURCE OF SUPPLY	SS-41	9/30/2021	$2,590	112%	$2,897	Treatment
60	Injector Valves for Dosing Pump (15)	SOURCE OF SUPPLY	SS-42	12/31/2021	$1,209	112%	$1,352	Treatment
61	Chlorinators (2)	SOURCE OF SUPPLY	SS-43	5/31/2022	$7,692	104%	$8,026	Treatment
62	Well 1 Pump Rehab	SOURCE OF SUPPLY	SS-44	8/30/2023	$143,601	102%	$145,893	Wells
63	Well 4 Pump Rehab	SOURCE OF SUPPLY	SS-45	10/31/2023	$152,068	102%	$154,496	Wells
64	T2, T3, & T4 Recoating	SOURCE OF SUPPLY	SS-46	12/31/2023	$475,062	102%	$482,646	Storage
65	Pipeline	TRANS & DISTRIBUTION	TD-1	12/16/1991	$19,350	281%	$54,313	Distribution
66	Krieger & Stewart	TRANS & DISTRIBUTION	TD-2	3/18/1992	$3,824	272%	$10,411	Distribution
67	Millard Canyon W	TRANS & DISTRIBUTION	TD-3	6/30/1996	$5,194,307	241%	$12,543,327	Distribution
68	Gravity System	TRANS & DISTRIBUTION	TD-4	12/8/1997	$1,546	233%	$3,601	Distribution
69	Gravity System	TRANS & DISTRIBUTION	TD-5	12/22/1997	$1,546	233%	$3,601	Distribution
70	Pumping Equip - JE	TRANS & DISTRIBUTION	TD-6	8/25/1997	$22,017	233%	$51,287	Distribution
71	Reservoirs & Tanks	TRANS & DISTRIBUTION	TD-7	8/25/1997	$148,155	233%	$345,118	Storage
72	Water Mains - Jens	TRANS & DISTRIBUTION	TD-8	8/25/1997	$84,917	233%	$197,809	Distribution

Line	Capital Asset Description	Asset Type	Asset Number	Acq. Date	Balance 06/30/2024	CCI Adjustment	RC	Cost Function
73	Meters Jensen	TRANS & DISTRIBUTION	TD-10	8/25/1997	$19,608	233%	$45,676	Meters
74	Other Equip Jens	TRANS & DISTRIBUTION	TD-12	8/25/1997	$5,493	233%	$12,796	Distribution
75	Adjustments to C	TRANS & DISTRIBUTION	TD-13	8/25/1997	$55,245	233%	$128,690	Distribution
76	Seminole Pipeline	TRANS & DISTRIBUTION	TD-14	1/28/1998	$254,280	229%	$582,924	Distribution
77	Jensen Engineering	TRANS & DISTRIBUTION	TD-15	8/25/1997	$19,468	233%	$45,349	Distribution
78	Seminole Pipeline	TRANS & DISTRIBUTION	TD-16	1/1/1999	$45,720	224%	$102,406	Distribution
79	Jensen / Southeast	TRANS & DISTRIBUTION	TD-17	1/1/1999	$650,416	224%	$1,456,840	Distribution
80	Irrigation Pipeline	TRANS & DISTRIBUTION	TD-18	6/29/2000	$11,933	218%	$26,032	Distribution
81	Pipeline 2"	TRANS & DISTRIBUTION	TD-19	10/15/1999	$5,200	224%	$11,647	Distribution
82	Pipes 3"	TRANS & DISTRIBUTION	TD-21	11/20/2000	$9,776	218%	$21,327	Distribution
83	CWC	TRANS & DISTRIBUTION	TD-22	6/30/1984	$134,999	327%	$441,899	Distribution
84	Apache Vault	TRANS & DISTRIBUTION	TD-23	9/14/2001	$5,040	214%	$10,783	Distribution
85	Almond Vault	TRANS & DISTRIBUTION	TD-24	9/21/2001	$3,585	214%	$7,670	Distribution
86	Southeast Inter Pipeline	TRANS & DISTRIBUTION	TD-25	10/22/2001	$23,398	214%	$50,062	Distribution
87	Jensen 1.0 MG Reservoir	TRANS & DISTRIBUTION	TD-26	3/7/2002	$18,521	208%	$38,445	Storage
88	8" Main Line - Helen St	TRANS & DISTRIBUTION	TD-27	10/7/2002	$23,797	208%	$49,397	Distribution
89	8" Hot Tap Ext (Bonita)	TRANS & DISTRIBUTION	TD-28	9/12/2002	$4,197	208%	$8,712	Distribution
90	Butterfly Valves (2)	TRANS & DISTRIBUTION	TD-29	11/16/1999	$1,046	224%	$2,343	Distribution
91	FA Projects	TRANS & DISTRIBUTION	TD-30	12/31/2003	$41,551	203%	$84,240	Distribution
92	SE 1713 Pipeline	TRANS & DISTRIBUTION	TD-31	7/31/2005	$318,420	182%	$580,362	Distribution

Line	Capital Asset Description	Asset Type	Asset Number	Acq. Date	Balance 06/30/2024	CCI Adjustment	RC	Cost Function
93	Desert Hills Pipeline	TRANS & DISTRIBUTION	TD-32	6/30/2006	$349,381	175%	$611,735	Distribution
94	Electrical panel for wells	TRANS & DISTRIBUTION	TD-33	6/18/2007	$19,272	170%	$32,833	Wells
95	Distribution	TRANS & DISTRIBUTION	TD-34	8/31/2007	$632	170%	$1,077	Distribution
96	Apache and Bonita	TRANS & DISTRIBUTION	TD-35	2/1/2010	$40,265	154%	$62,103	Distribution
97	Altitude Valve for Jenson Well	TRANS & DISTRIBUTION	TD-36	3/25/2010	$8,234	154%	$12,700	Wells
98	Coat Seminole Tank	TRANS & DISTRIBUTION	TD-37	5/31/2013	$29,800	142%	$42,361	Storage
99	Hypochloride	TRANS & DISTRIBUTION	TD-38	6/1/2011	$2,066	150%	$3,091	Treatment
100	Ida Refurbishment	TRANS & DISTRIBUTION	TD-39	12/15/2011	$17,340	150%	$25,946	Distribution
101	SCADA	TRANS & DISTRIBUTION	TD-40	11/15/2013	$106,354	142%	$151,185	General
102	Service Order: 814-14: August 21, 2014: Tank 2 control pa	TRANS & DISTRIBUTION	TD-41	8/31/2014	$3,841	138%	$5,316	Storage
103	Elm St. Tank #3 (.5 million gallon) interior recoating - only	TRANS & DISTRIBUTION	TD-42	6/1/2015	$39,600	135%	$53,555	Storage
104	14944 Broadway Meter Replacement	TRANS & DISTRIBUTION	TD-43	8/10/2015	$2,400	135%	$3,246	Meters
105	49980-50030 Main Service	TRANS & DISTRIBUTION	TD-44	11/23/2015	$43,520	135%	$58,856	Distribution
106	14966 Broadway Meter Replacement	TRANS & DISTRIBUTION	TD-45	8/19/2015	$2,400	135%	$3,246	Meters
107	15140 Plum St Meter Replacement	TRANS & DISTRIBUTION	TD-46	8/20/2015	$1,800	135%	$2,434	Meters
108	15136 Plum St Meter Replacement	TRANS & DISTRIBUTION	TD-47	8/20/2015	$1,800	135%	$2,434	Meters
109	15268 & 15256 Plum St Meter Replacement	TRANS & DISTRIBUTION	TD-48	8/20/2015	$2,400	135%	$3,246	Meters
110	48804 Mojave St Meter Replacement	TRANS & DISTRIBUTION	TD-49	11/5/2015	$2,400	135%	$3,246	Meters
111	49894 Fuller Meter Install	TRANS & DISTRIBUTION	TD-50	5/5/2016	$6,100	131%	$8,008	Meters

Line	Capital Asset Description	Asset Type	Asset Number	Acq. Date	Balance 06/30/2024	CCI Adjustment	RC	Cost Function
112	51955 Esperanza Meter Install	TRANS & DISTRIBUTION	TD-51	8/20/2015	$6,000	135%	$8,114	Meters
113	52200 Esperanza Meter Replacement	TRANS & DISTRIBUTION	TD-52	11/3/2015	$4,200	135%	$5,680	Meters
114	52273 Esperanza Meter Replacement	TRANS & DISTRIBUTION	TD-53	11/3/2015	$4,200	135%	$5,680	Meters
115	50910 Seminole Hydrant Replacement	TRANS & DISTRIBUTION	TD-54	2/2/2016	$8,705	131%	$11,428	Meters
116	14011 Broadway Meter Replacement	TRANS & DISTRIBUTION	TD-55	6/20/2016	$11,230	131%	$14,742	Meters
117	15118 Elm New Service	TRANS & DISTRIBUTION	TD-56	9/11/2015	$3,600	135%	$4,869	Meters
118	49295 & 49309 Blanche Meter Replacement	TRANS & DISTRIBUTION	TD-57	6/6/2016	$4,980	131%	$6,538	Meters
119	52208 Lois Meter Replacement	TRANS & DISTRIBUTION	TD-58	8/20/2015	$1,698	135%	$2,296	Meters
120	52209 Lois Meter Replacement	TRANS & DISTRIBUTION	TD-59	8/20/2015	$1,698	135%	$2,296	Meters
121	DHPO System	TRANS & DISTRIBUTION	TD-60	5/15/2017	$2,320,000	126%	$2,932,422	Distribution
122	Meter Replacements 2018	TRANS & DISTRIBUTION	TD-61	5/16/2018	$4,203	123%	$5,156	Meters
123	Service Line Sleeve (Deluca)	TRANS & DISTRIBUTION	TD-62	1/18/2018	$9,789	123%	$12,010	Distribution
124	Dollar General Pipelines & Appurtenances	TRANS & DISTRIBUTION	TD-63	3/1/2018	$25,142	123%	$30,845	Distribution
125	Hydrant Upgrades and Hydrant Security	TRANS & DISTRIBUTION	TD-64	6/8/2018	$3,739	123%	$4,587	Meters
126	Dollar General Pipelines & Appurtenances	TRANS & DISTRIBUTION	TD-63	6/30/2018	$97,052	123%	$119,067	Distribution
127	Meter Replacements 2019	TRANS & DISTRIBUTION	TD-65	5/31/2019	$3,200	120%	$3,850	Meters
128	Meter Replacements 2020	TRANS & DISTRIBUTION	TD-66	2/29/2020	$4,114	118%	$4,870	Meters
129	Hydrant Replacement	TRANS & DISTRIBUTION	TD-67	5/31/2020	$2,640	118%	$3,125	Meters
130	8" Main Line Extention Hattie Lane	TRANS & DISTRIBUTION	TD-68	5/31/2020	$5,600	118%	$6,628	Distribution

Line	Capital Asset Description	Asset Type	Asset Number	Acq. Date	Balance 06/30/2024	CCI Adjustment	RC	Cost Function
131	SCADA Software Upgrade	TRANS & DISTRIBUTION	TD-69	6/30/2020	$10,123	118%	$11,982	General
132	Mapping Updates 2020	TRANS & DISTRIBUTION	TD-70	6/30/2020	$36,784	118%	$43,539	General
133	Hydrant Replacement 2021	TRANS & DISTRIBUTION	TD-71	6/30/2021	$4,746	112%	$5,309	Meters
134	Meter Replacements 2022	TRANS & DISTRIBUTION	TD-72	6/30/2022	$5,952	104%	$6,210	Meters
135	Esperanza Mainline Extension	TRANS & DISTRIBUTION	TD-73	11/30/2021	$9,318	112%	$10,423	Distribution
136	10" Bell Joint Replacement	TRANS & DISTRIBUTION	TD-74	8/31/2021	$7,038	112%	$7,872	Distribution
137	Meter & Valve Replacements 2023	TRANS & DISTRIBUTION	TD-75	6/30/2023	$28,027	102%	$28,474	Meters
138	Isolation Valves	TRANS & DISTRIBUTION	TD-76	6/30/2023	$1,171,405	102%	$1,190,105	Distribution
139	Broadway & Main Gate Valve	TRANS & DISTRIBUTION	TD-77	6/30/2023	$74,282	102%	$75,468	Distribution
140	Meter Replacements 2024	TRANS & DISTRIBUTION	TD-78	3/31/2024	$5,806	100%	$5,806	Meters
141	Storage Unit	BUILDINGS & STRUCTURES	BS-1	2/2/1997	$3,109	233%	$7,242	General
142	Mobile Storage Container	BUILDINGS & STRUCTURES	BS-2	10/3/2007	$2,688	170%	$4,579	General
143	Gate	BUILDINGS & STRUCTURES	BS-3	2/24/2014	$2,500	138%	$3,460	General
144	Conference Room Doorway	BUILDINGS & STRUCTURES	BS-4	1/21/2014	$2,325	138%	$3,218	General
145	Flag Pole @ 14618 Bradway	BUILDINGS & STRUCTURES	BD-5	6/23/2016	$1,659	131%	$2,178	General
146	Main Street Storage Yard Improvements	BUILDINGS & STRUCTURES	BD-6	4/30/2022	$170,688	104%	$178,095	General
147	Chlorine Distribution Tank	WATER TREATMENT	WT-1	4/13/2015	$8,800	135%	$11,901	Storage
148	Software upgrade - Water Billing	OFFICE FURN & EQUIPMENT	OF-1	4/30/2005	$24,710	182%	$45,037	Customer
149	2 toughbooks	OFFICE FURN & EQUIPMENT	OF-2	5/15/2010	$9,559	154%	$14,744	General
150	Fireproof filing cabinet	OFFICE FURN & EQUIPMENT	OF-3	11/3/2009	$2,082	158%	$3,297	General

Line	Capital Asset Description	Asset Type	Asset Number	Acq. Date	Balance 06/30/2024	CCI Adjustment	RC	Cost Function
151	four fireproof filing cabinets	OFFICE FURN & EQUIPMENT	OF-4	7/6/2009	$3,525	158%	$5,582	General
152	Radios - FCC Changes	OFFICE FURN & EQUIPMENT	OF-5	2/15/2014	$2,379	138%	$3,292	General
153	Credenza	OFFICE FURN & EQUIPMENT	OF-6	3/5/2014	$1,389	138%	$1,922	General
154	Roof Ladder	OFFICE FURN & EQUIPMENT	OF-7	1/1/2015	$2,000	135%	$2,705	General
155	New Computers	OFFICE FURN & EQUIPMENT	OF-8	3/1/2015	$8,932	135%	$12,080	General
156	Board Room Projector	OFFICE FURN & EQUIPMENT	OF-9	7/1/2015	$4,804	135%	$6,497	General
157	Board Room 2 network cameras and cabling (record meet	OFFICE FURN & EQUIPMENT	OF-10	7/1/2015	$3,808	135%	$5,150	General
158	Intrusion Security System (14935 1/2 Almond St.)	OFFICE FURN & EQUIPMENT	OF-11	8/31/2016	$4,408	131%	$5,787	General
159	Polycom Conference Phone	OFFICE FURN & EQUIPMENT	OF-12	7/31/2016	$2,866	131%	$3,762	General
160	Wireless Projector System and Cabling	OFFICE FURN & EQUIPMENT	OF-13	8/31/2016	$1,346	131%	$1,767	General
161	Security Light System	OFFICE FURN & EQUIPMENT	OF-14	1/31/2021	$5,675	112%	$6,348	General
162	Johnson Controls Supervisory Controller	OFFICE FURN & EQUIPMENT	OF-15	10/31/2020	$20,399	118%	$24,145	General
163	Intangible Plant	INTANGIBLES	IN-1	8/25/1997	$7,277	233%	$16,951	General
164	Jensen Legal re: water Rights	INTANGIBLES	IN-2	8/25/1997	$3,755	233%	$8,747	General
165	Roll covers- two	VEHICLES	VE-4	8/31/2012	$5,385	146%	$7,851	General
166	Tundra Service Truck	VEHICLES	VE-5	4/24/2010	$29,404	154%	$45,352	Distribution
167	2016 Ford Fiesta Meter Reading Car	VEHICLES	VE-6	9/30/2016	$15,852	131%	$20,810	Distribution
168	LED Spotlights on Service Trucks	VEHICLES	VE-7	10/31/2018	$8,419	123%	$10,329	Distribution
169	2022 Ford Truck	VEHICLES	VE-8	3/22/2022	$76,707	104%	$80,036	Distribution
170	2005 GMC Truck	VEHICLES	VE-9	6/1/2023	$9,000	102%	$9,144	Distribution
171	**Total**						**$28,791,010**	

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