Public Hearing
November 4, 2025

Rowland Water District
2025 Cost-of-Service Water Rate Study

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TABLE OF CONTENTS

Executive Summary 6
Water Utility 10
Financial Plan Overview 14
Proposed Financial Plan 30
Cost-of-Service Analysis 36
Rate Design 45
FY 2026 Cost-of-Service Rates 55
Multi-Year Rate Schedules 58
Appendix A – Water Supply Analysis 61
Appendix B1 – FY 2026 Water Shortage Surcharges 64
Appendix B2 – FY 2027 Water Shortage Surcharges 67
Appendix B3 – FY 2028 Water Shortage Surcharges 70
Appendix B4 – FY 2029 Water Shortage Surcharges 73
Appendix B5 – FY 2030 Water Shortage Surcharges 76

TABLES

Table 1: Proposed Potable Fixed Charges....8
Table 2: Proposed Recycled Fixed Charges....8
Table 3: Proposed Fire Line Charges....8
Table 4: Proposed Variable Rates ($/HCF)....9
Table 5: Proposed Pumping Rates ($/HCF)....9
Table 6: Water Accounts by Meter Size / Connection Size....11
Table 7: Existing Potable and Recycled Monthly Fixed Charges....12
Table 8: Existing Fire Line Monthly Fixed Charges....12
Table 9: Existing Water Commodity Rates ($/HCF)....13
Table 10: Existing Pumping Rates ($/HCF)....13
Table 11: Assumptions for Forecasting Revenues....15
Table 12: Accounts by Meter Size....16
Table 13: Fire Lines by Connection Size....17
Table 14: Projected Water Consumption by Customer Class & Tier (HCF)....17
Table 15: Projected Consumption by Pumping Zone (HCF)....17
Table 16: Calculated Rate Revenues....19
Table 17: Total Projected Revenues....20
Table 18: Water Assumptions for Forecasting Expense Requirements....21
Table 19: Projected O&M Expenses....22
Table 20: Existing Reserve Requirements and Targets....24
Table 21: Revised Reserve Requirements and Targets....24
Table 22: Financial Plan at Existing Rates....26
Table 23: Financial Plan at Existing Rates (Continued)....27
Table 24: Reserve Activity at Existing Rates....28
Table 25: Proposed Financial Plan....31
Table 26: Proposed Financial Plan (Continued)....32
Table 27: Proposed Transfers and Reserves Activity....33
Table 28: Revenue Requirements....37
Table 29: Water Supply Costs Allocation to Cost Components....40
Table 30: Water Operating and Maintenance Allocation to Cost Components....42
Table 31: Debt Service Allocation to Cost Components....42
Table 32: Other Funding Allocation to Cost Components....43
Table 33: FY 2026 Cost-of-Service Revenue Requirements....44
Table 34: Total Accounts and Meter Equivalents....45
Table 35: Annual Fixed Units of Service (Bills and MEs)....46
Table 36: Water Efficiency Standards (HCF)....47
Table 37: Projected Usage by Customer Class and Tier (HCF)....47
Table 38: Variable Units of Service (HCF)....48
Table 39: Projected Usage by Pump Zone (HCF)....48
Table 40: Potable Fixed Water Monthly Unit Rate....49
Table 41: Account Services Monthly Unit Rate....50
Table 42: Meter Capacity Monthly Unit Rate....50
Table 43: Meter Capacity Monthly with Fire Lines Unit Rate....50
Table 44: Water Supply Unit Rates per HCF....51
Table 45: Recycled Water Unit Rate per HCF....52

Table 46: Water Delivery Cost Unit Rate per HCF 52
Table 47: Water Efficiency Cost Unit Rate per HCF 53
Table 48: Potable Pumping Cost by Zone - Unit Rate per HCF 54
Table 49: FY 2026 Potable Water Fixed Charges by Meter Size 55
Table 50: FY 2026 Recycled Water Fixed Charges by Meter Size 55
Table 51: FY 2026 Dedicated Fire Line Charges by Connection Size 56
Table 52: FY 2026 Variable Rates by Customer Class and Tier (HCF) 56
Table 53: FY 2026 Water Pumping Rates by Pump Zone (HCF) 57
Table 54: Proposed Potable Water Fixed Charges (FY 2026 – FY 2030) 58
Table 55: Proposed Recycled Water Fixed Charge (FY 2026 – FY 2030) 59
Table 56: Proposed Dedicated Fire Line Charges (FY 2026 – FY 2030) 59
Table 57: Proposed Variable Rates (FY 2026 – FY 2030) 59
Table 58: Proposed Pumping Rates (FY 2026 – FY 2030) 60
Table 59: Fixed Purchased Water Costs 61
Table 60: Variable Purchased Water Costs 62
Table 61: Water Supply Cost Summary 63
Table 62: FY 2026 Usage Reductions by Water Shortage Stage 64
Table 63: FY 2026 Usage Reductions by Customer Class and Tier 64
Table 64: FY 2026 Remaining Usage by Water Shortage Stage 65
Table 65: FY 2026 Projected Revenue & Potential Revenue Loss 65
Table 66: FY 2026 Water Loss Expenses – Cost Savings 66
Table 67: FY 2026 Net Impact from Conservation Stages 66
Table 68: FY 2026 Water Shortage Surcharges 66
Table 69: FY 2027 Usage Reductions by Water Shortage Stage 67
Table 70: FY 2027 Usage Reductions by Customer Class and Tier 67
Table 71: FY 2027 Remaining Usage by Water Shortage Stage 67
Table 72: FY 2027 Projected Revenue & Potential Revenue Loss 68
Table 73: FY 2027 Water Loss Expenses – Cost Savings 68
Table 74: FY 2027 Net Impact from Conservation Stages 68
Table 75: FY 2027 Water Shortage Surcharges 69
Table 76: FY 2028 Usage Reductions by Water Shortage Stage 70
Table 77: FY 2028 Usage Reductions by Customer Class and Tier 70
Table 78: FY 2028 Remaining Usage by Water Shortage Stage 70
Table 79: FY 2028 Projected Revenue & Potential Revenue Loss 71
Table 80: FY 2028 Water Loss Expenses – Cost Savings 71
Table 81: FY 2028 Net Impact from Conservation Stages 71
Table 82: FY 2028 Water Shortage Surcharges 72
Table 83: FY 2029 Usage Reductions by Water Shortage Stage 73
Table 84: FY 2029 Usage Reductions by Customer Class and Tier 73
Table 85: FY 2029 Remaining Usage by Water Shortage Stage 73
Table 86: FY 2029 Projected Revenue & Potential Revenue Loss 74
Table 87: FY 2029 Water Loss Expenses – Cost Savings 74
Table 88: FY 2029 Net Impact from Conservation Stages 74
Table 89: FY 2029 Water Shortage Surcharges 75
Table 90: FY 2030 Usage Reductions by Water Shortage Stage 76
Table 91: FY 2030 Usage Reductions by Customer Class and Tier 76
Table 92: FY 2030 Remaining Usage by Water Shortage Stage 76

Table 93: FY 2030 Projected Revenue & Potential Revenue Loss....77
Table 94: FY 2030 Water Loss Expenses – Cost Savings....77
Table 95: FY 2030 Net Impact from Conservation Stages....77
Table 96: FY 2030 Water Shortage Surcharges....78

FIGURES

Figure 1: District Water System....10
Figure 2: Water Capital Improvement Plan....11
Figure 3: Financial Plan Key Elements....14
Figure 4: Reserves....23
Figure 5: Current Operating Financial Position....29
Figure 6: Water Projected Ending Reserves at Existing Rates....29
Figure 7: Water Proposed Operating Financial Position....34
Figure 8: Water Capital Improvement Plan with Funding Sources....34
Figure 9: Proposed Ending Reserves....35
Figure 10: Cost-of-Service Process....36
Figure 11: Cost Components....38
Figure 12: Distribution Basis and Units of Service by Cost Component....49

Executive Summary

The Rowland Valley Water District (District) is located in southeastern Los Angeles County. The District provides potable and recycled water services to approximately 55,000 customers in the areas of Rowland Heights, Hacienda Heights, La Puente, and portions of the cities of Industry and West Covina. The District periodically reviews its rates to determine if adjustments are required to meet its operational costs, system reinvestments, and fund reserves to maintain a strong financial position for the benefit of its constituents.

The District collects revenue primarily through utility rates to cover all its revenue requirements (operating expenses, capital repair and replacement, and reserves). Utility rates are designed to fully fund the District's revenue requirements and ensure that each customer pays their proportional share of the cost of service based on their use of the water system. This cost-of-service study is intended to (1) establish the total projected cost of the water utility over a five-year period and (2) proportionally allocate those costs to each parcel served by the District in compliance with California Constitution Article XIII D, section 6, also known as Proposition 218.

Financial Plan Summary

Updating the water utility's long-term financial plan and performing a comprehensive cost-of-service analysis is a prudent business practice to ensure the utility can fully fund its revenue needs from Fiscal Year 2026 (FY 2026) through FY 2030 (Rate Setting Period). In reviewing and updating water rates, the first step is to thoroughly check the financial health of the utility. Based on a financial review at current rates, the District will cover its operating expenses for FY 2026 and generate positive net income that would fund a portion of system improvements. However, if rates do not change and based on projected water usage reductions, an operating deficit is projected to occur by FY 2028 and continue to grow in subsequent years. Water usage is projected to reductions by 700 Acre Feet (AF) over the next five years (or an average annual reduction of 141 AF). In addition, the District's capital improvement plan (CIP) over the next five years totals $30M, which includes, but is not limited to, reservoir rehabilitation, distribution improvements, booster pump replacements, equipment/vehicles, and water prepayments for additional water rights. With limited net operating income, the District would need to use reserves to cover the CIP expenses, causing the reserve balances to dip below the minimum requirement by FY 2027 and be fully depleted by FY 2029. To meet the District's revenue requirements over the Rate Setting Period, the proposed financial plan increases rates annually over the next five years to generate $14.48M[1] in additional annual rate revenue by the end of FY 2030.

Reserves Summary

As part of this study, we also reviewed the District's current reserve policies to determine if any adjustments should be considered and implemented. The District currently has three unrestricted reserves, which include Operating, Capital, and Rate Stabilization. In addition, the District has an Expansion reserve to separately track and spend capacity fees that are imposed on new connections to buy into the system and assets of the District. The Operating reserve minimum requirement will decrease from 120 days of operating expenses to 90 days, with a target of 120 days. In addition, the District will establish a new Emergency reserve with a minimum target of 6% of the water system's total asset value and a target of 12%. The Emergency reserve will provide separate funding for any unforeseen system failures, while not impacting funds within the Capital reserve for planned routine system reinvestments. Additional information is included with the reserve section of this report.

[1] The proposed financial plan assumes 13,336 accounts and minimum sales equal to 9,407 AF for FY 2026, 9,251 AF in FY 2027, 9,112 AF in FY 2028, 8,989 AF in FY 2029, and 8,880 AF in FY 2030.

Rate Structure Summary

The current water rate structure has both fixed and variable components. The fixed component consists of a fixed charge that varies by meter size for potable and recycled customers, and fire line charges that vary by connection size. Variable rates vary by customer class, with Single-Family Residential customers subject to a three-tiered rate structure, charged in hundred cubic feet (HCF[2]) increments. All other customer classes pay their proportionate share of costs through uniform rates per HCF. The District also has pumping rates, charged per HCF, that vary based on six geographical zones of its service area (Zone 1 through Zone 6). The pumping zones cover the cost of conveying water up to higher elevations, with no charge to Zone 1 because Zone 1 reflects the surface level elevation, and the cost of pumping water up to the surface level is part of the base variable rates charged to all customers and tiers.

This report's detailed cost-of-service analysis includes adjustments to the existing rate structure. The monthly fixed charges will be updated and incorporate the flow specifications of the District's current meter inventory. The District recently completed a District-wide meter replacement program, and the new meters' flow capacity (gallons per minute or gpm) has been incorporated into this study. Single-Family Residential customers will continue to have tiered rates, but the tiers will be reduced from three tiers to two tiers. The two tiers will be based on the additional cost of District staffing that is directly associated with meeting State mandates for water use efficiency. Therefore, the tier 1 allotment will reflect the State's 2025 water indoor water efficiency standards of 47 gallons per capita per day (gpcd) or 7 HCF, and tier 2 will capture all usage in excess of tier 1 and reflect the costs incurred by the District to implement, monitor, and achieve the State's efficiency standard requirements. The District's water efficiency efforts are targeted towards Single-Family Residential customers; therefore, the customer classes of All Other Potable and Recycled will maintain uniform rates.

The proposed pumping rates will be updated to capture the most up-to-date energy costs of pumping water up to the various elevation zones, including a charge for Zone 1. Currently, the cost of pumping water to the surface level is included in the variable rates. However, they will now be decoupled from the variable rates and become a part of the pumping rates by establishing a Zone 1 pumping rate that will be charged to all potable usage.

By adopting the proposed financial plan and approving rates through FY 2030, the utility is projected to generate positive net income each year, cover its capital costs, and satisfy its minimum reserve requirement throughout the Rate Setting Period.

The proposed rates are set forth in Table 1[3] through Table 5. Rates are proposed to go into effect on January 1, 2026, with subsequent adjustments occurring each January 1st thereafter, through and including January 1, 2030.

[2] 1 HCF = 748.052 gallons

[3] Single-Family Residential 1" meters that are required due to building code, but could be served by a 5/8" meter, are charged as a 5/8" meter

Table 1: Proposed Potable Fixed Charges

Proposed Potable Fixed Charges					
Meter Size	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
5/8"	$48.03	$52.12	$56.56	$61.37	$66.59
1"	$107.69	$116.85	$126.79	$137.57	$149.27
1 1/2"	$207.11	$224.72	$243.83	$264.56	$287.05
2"	$326.42	$354.17	$384.28	$416.95	$452.40
3"	$1,002.51	$1,087.73	$1,180.19	$1,280.51	$1,389.36
4"	$1,996.76	$2,166.49	$2,350.65	$2,550.46	$2,767.25
6"	$3,189.86	$3,461.00	$3,755.19	$4,074.39	$4,420.72
8"	$5,576.06	$6,050.03	$6,564.29	$7,122.26	$7,727.66
10"	$10,945.01	$11,875.34	$12,884.75	$13,979.96	$15,168.26

Table 2: Proposed Recycled Fixed Charges

Proposed Recycled Monthly Fixed Charges					
Meter Size	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
5/8"	$45.12	$48.96	$53.13	$57.65	$62.56
1"	$100.41	$108.95	$118.22	$128.27	$139.18
1 1/2"	$192.56	$208.93	$226.69	$245.96	$266.87
2"	$303.14	$328.91	$356.87	$387.21	$420.13
3"	$929.76	$1,008.79	$1,094.54	$1,187.58	$1,288.53
4"	$1,851.26	$2,008.62	$2,179.36	$2,364.61	$2,565.61
6"	$2,957.06	$3,208.42	$3,481.14	$3,777.04	$4,098.09
8"	$5,168.66	$5,608.00	$6,084.68	$6,601.88	$7,163.04
10"	$10,144.76	$11,007.07	$11,942.68	$12,957.81	$14,059.23
12"	$10,144.76	$11,007.07	$11,942.68	$12,957.81	$14,059.23

Table 3: Proposed Fire Line Charges

Proposed Fire Line Fixed Charges					
Connction Size	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
5/8"	$10.48	$11.38	$12.35	$13.40	$14.54
1"	$13.81	$14.99	$16.27	$17.66	$19.17
1 1/2"	$19.36	$21.01	$22.80	$24.74	$26.85
2"	$26.02	$28.24	$30.65	$33.26	$36.09
3"	$63.76	$69.18	$75.07	$81.46	$88.39
4"	$119.26	$129.40	$140.40	$152.34	$165.29
6"	$185.86	$201.66	$218.81	$237.41	$257.59
8"	$319.06	$346.19	$375.62	$407.55	$442.20
10"	$618.76	$671.36	$728.43	$790.35	$857.53
12"	$618.76	$671.36	$728.43	$790.35	$857.53

Table 4: Proposed Variable Rates ($/HCF)

Proposed Variable Rates ($/hcf)						
Customer Class	Tiers	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Single-Family Residential						
Tier 1	7	$4.52	$4.91	$5.33	$5.79	$6.29
Tier 2	> 7	$5.26	$5.71	$6.20	$6.73	$7.31
All Other Potable	Uniform	$4.52	$4.91	$5.33	$5.79	$6.29
Recycled	Uniform	$3.73	$4.05	$4.40	$4.78	$5.19

Table 5: Proposed Pumping Rates ($/HCF)

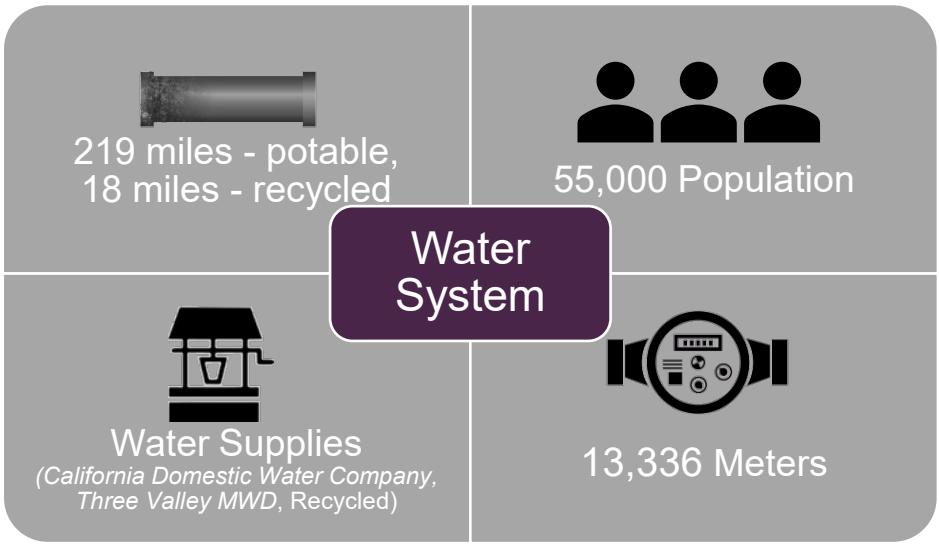
Proposed Pumping Rates ($/hcf)					
Pumping Zone	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Zone 1	$0.07	$0.08	$0.09	$0.10	$0.11
Zone 2	$0.29	$0.32	$0.35	$0.38	$0.42
Zone 3	$0.73	$0.80	$0.87	$0.95	$1.04
Zone 4	$1.33	$1.45	$1.58	$1.72	$1.87
Zone 5	$1.73	$1.88	$2.04	$2.22	$2.41
Zone 6	$2.05	$2.23	$2.42	$2.63	$2.86

Water Utility

Water System

The District is located in southeastern Los Angeles County. The District provides potable and recycled water services to a population of approximately 55,000 customers through 13,336[4] connections in the areas of Rowland Heights, Hacienda Heights, La Puente, and portions of the cities of Industry and West Covina. The water system consists of 17 potable water storage reservoirs, 219 miles of potable water mains, 18 miles of recycled water mains, and 22 booster pumps. The District receive its water from California Domestic Water Company (CDWC) and Three Valleys Municipal Water District (TVMWD).

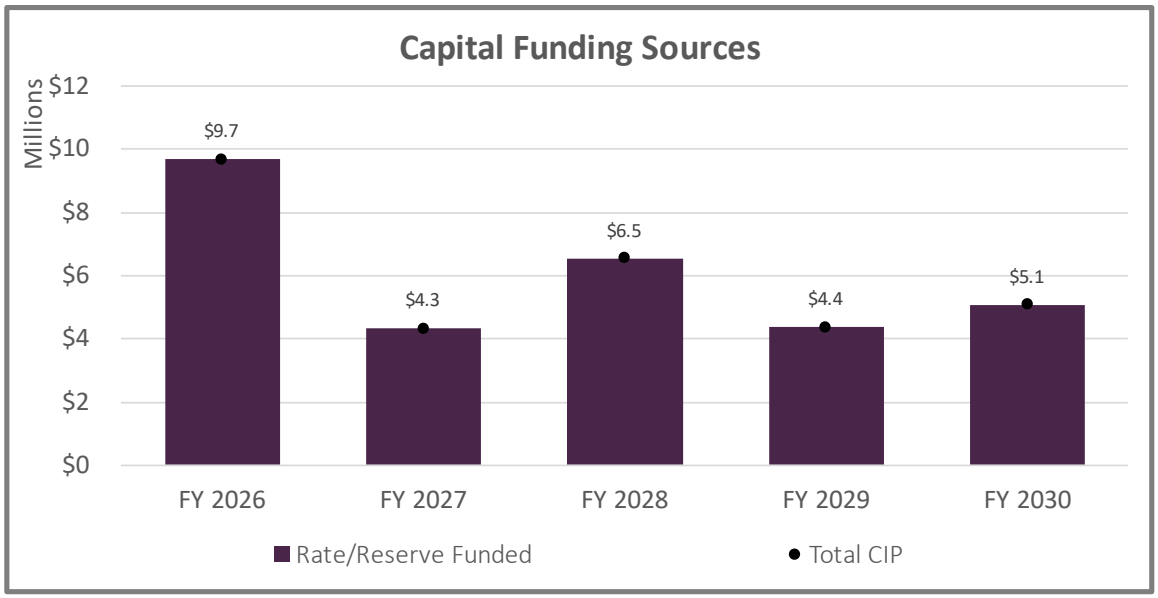
Figure 1: District Water System



The Capital Improvement Plan (CIP) identified $30M in projects over the next 5 years, including reservoir rehabilitation, distribution improvements, Fullerton grade separation, booster pump replacements, equipment/vehicles, and water prepayments. Figure 2 shows the annual CIP costs through FY 2030.

[4] Based on FY 2024 billing and consumption data.

Figure 2: Water Capital Improvement Plan



Customers

The District serves 13,180 potable water meters, with approximately 87% of potable accounts classified as Single-Family Residential, 156 Recycled accounts, and 476 fire line connections. Table 6 provides a summary of accounts by meter size and connection size for fire lines.

Table 6: Water Accounts by Meter Size / Connection Size

Fixed Units of Service by Customer Class and Meter Size						
Meter Size	Single-Family Residential	All Other Potable	Recycled	Fire Lines	Potable Accounts	Total Accounts
5/8"	11,524	120	1	1	11,644	11,646
1"	-	399	48	1	399	448
1 1/2"	23	487	52	-	510	562
2"	6	571	45	2	577	624
3"	-	19	3	-	19	22
4"	-	14	6	58	14	78
6"	-	10	-	170	10	180
8"	-	5	1	178	5	184
10"	-	2	-	63	2	65
12"	-	-	-	3	-	3
Total	11,553	1,627	156	476	13,180	13,812

The existing rate structure consists of monthly fixed charges, monthly fire line charges, commodity rates that vary by customer class, and pumping rates that vary by zone. Single-Family Residential customers are subject to a three-tiered rate structure. All Other Potable and Recycled customers are charged uniform rates. Current monthly fixed charges, which are charged to both Potable and Recycled customers, are shown in Table 7 and monthly fire line charges are identified in Table 8. Table 9 and Table 10 identify the variable rates and pumping rates by zone, respectively. In addition, the District offers bill assistance to qualifying low-income households through its Low-Income Household Water Assistance Program (LIHWAP), which is funded by non-rate revenues.

Table 7: Existing Potable and Recycled Monthly Fixed Charges

Potable and Recycled Fixed Charges	
Meter Size	Existing
5/8"	$47.80
1"	$47.80
1 1/2"	$219.32
2"	$347.96
3"	$691.01
4"	$1,076.95
6"	$2,148.98
8"	$3,435.42
10"	$9,009.98
12"	$11,368.45

Table 8: Existing Fire Line Monthly Fixed Charges

Fire Line Fixed Charges	
Connction Size	Existing
5/8"	$7.13
1"	$7.13
1 1/2"	$7.13
2"	$11.99
3"	$20.39
4"	$35.87
6"	$75.67
8"	$128.74
10"	$199.49
12"	$239.29

Table 9: Existing Water Commodity Rates ($/HCF)

Proposed Variable Rates ($/hcf)		
Customer Class	Tiers	Existing
Single-Family Residential		
Tier 1	8	$3.63
Tier 2	15	$4.24
Tier 3	>15	$6.64
All Other Potable	Uniform	$4.20
Recycled	Uniform	$2.77

Table 10: Existing Pumping Rates ($/HCF)

Proposed Pumping Rates ($/hcf)	
Pumping Zone	Existing
Zone 1	$0.00
Zone 2	$0.17
Zone 3	$0.33
Zone 4	$0.71
Zone 5	$0.94
Zone 6	$1.24

Financial Plan Overview

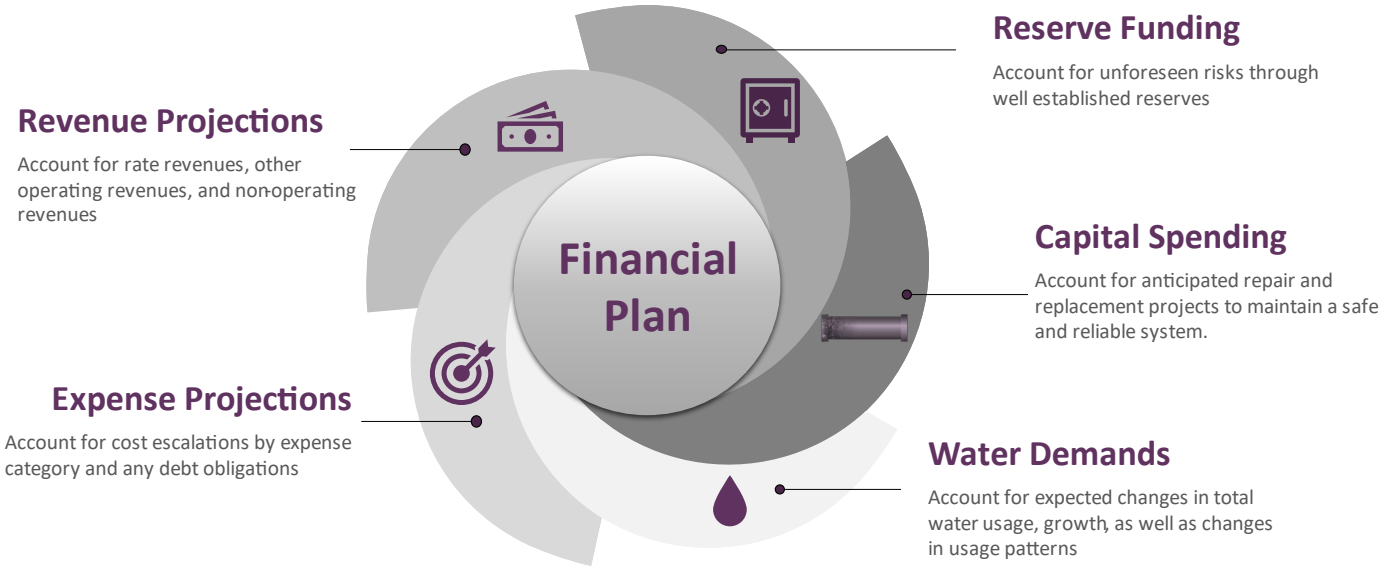
Financial Planning

Financial planning incorporates numerous considerations, including projecting revenues and forecasting expected costs using various inflationary adjustments. Utilities also need to account for changes in water demand driven by variations in weather, changes to water supplies and water availability, state mandates, growth, and economic factors. In addition, system maintenance and reinvestment, reserves, and debt service requirements all influence the revenues needed in future years. Therefore, a comprehensive financial plan reviews the following:

1) Historical water sales and consumption patterns to determine an appropriate usage level for projecting future water demands.
2) Operational costs that may change over the planning period because of inflation, unique circumstances of the agency, new expenditures added to meet strategic goals, state mandates, or changes in operations.
3) Multi-year system improvement needs, and scheduling based on priority. This review also considers available funding sources to complete projects such as PAYGO, grants, loans, and debt financing.
4) Satisfy debt service coverage ratio requirements for any existing or proposed debt (120%).
5) Reserve funding to meet adopted reserve policies. The goal is to generate adequate cash on hand to mitigate financial risks related to operating cashflow needs, unexpected increases in expenses, shortages in system reinvestment, and mitigating potential system failures.

Figure 3 illustrates the key elements when developing a long-term financial plan.

Figure 3: Financial Plan Key Elements



Financial Planning Assumptions

Developing a long-term financial plan requires an understanding of the utility's financial position by evaluating existing revenue streams, ongoing expenses, how those expenses will change over time, existing debt requirements, and reserve policies. With these considerations, certain assumptions are required for projecting revenues, expenses, and expected ending fund balances. Through discussions with staff and their understanding of historical budget data and future obligations, Table 11 identifies assumptions used for forecasting revenues. The District is substantially built out, and growth is not assumed for financial planning purposes, but any new accounts will be captured annually once connected to the system. The District is expected to meet 2030 water efficiency targets set by the State, requiring a reduction of approximately 700 AF over the Rate Setting Period. Therefore, annual Water Demand reductions have been assumed from Single-Family Residential tier 2 and tier 3 usage, as these tiers are primarily related to outdoor irrigation and have the highest potential for water efficiency reductions. Table 12 and Table 13 detail the number of accounts by meter size and the number of fire lines by connection size, respectively, over the Rate Setting Period. For Single-Family Residential, 1" meters are included as part of the 5/8" meters since the 1" meters were installed due to new fire flow requirements in the building code but could otherwise be served by a 5/8" meter. Table 14 identifies projected consumption by customer class and tier and Table 15 identifies projected consumption by pumping zone.

Table 11: Assumptions for Forecasting Revenues

Revenue Forecasting					
Key Assumptions	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenue Escalation					
Cell Tower Lease	2.0%	2.0%	2.0%	2.0%	2.0%
Customer Fees	0.0%	3.3%	3.3%	3.3%	3.3%
Non-Rate Revenues	3.0%	3.0%	3.0%	3.0%	3.0%
Property Tax	2.0%	2.0%	2.0%	2.0%	2.0%
Reserve Interest	2.5%	2.5%	2.5%	2.5%	2.5%
Account Growth	0.0%	0.0%	0.0%	0.0%	0.0%
Demand / Usage Adjustments					
SFR Tier 1	0.0%	0.0%	0.0%	0.0%	0.0%
SFR Tier 2	-11.3%	-11.3%	-11.3%	-11.3%	-11.3%
SFR Tier 3	-11.3%	-11.3%	-11.3%	-11.3%	-11.3%
All Other Potable	0.0%	0.0%	0.0%	0.0%	0.0%
Construction	0.0%	0.0%	0.0%	0.0%	0.0%
Recycled	0.0%	0.0%	0.0%	0.0%	0.0%
Total Potable Meters	13,180	13,180	13,180	13,180	13,180
Total Recycled Meters	156	156	156	156	156
Total Dedicated Fire Lines	476	476	476	476	476
Total Consumption (hcf)	4,097,683	4,029,643	3,969,262	3,915,679	3,868,128

Table 12: Accounts by Meter Size

Accounts by Connection Size					
Customer Accounts	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Single-Family Residential					
Meter Size					
5/8"	11,524	11,524	11,524	11,524	11,524
1"	-	-	-	-	-
1 1/2"	23	23	23	23	23
2"	6	6	6	6	6
3"	-	-	-	-	-
4"	-	-	-	-	-
6"	-	-	-	-	-
8"	-	-	-	-	-
10"	-	-	-	-	-
Subtotal Single-Family Residential Meters	11,553	11,553	11,553	11,553	11,553
All Other Potable					
Meter Size					
5/8"	120	120	120	120	120
1"	399	399	399	399	399
1 1/2"	487	487	487	487	487
2"	571	571	571	571	571
3"	19	19	19	19	19
4"	14	14	14	14	14
6"	10	10	10	10	10
8"	5	5	5	5	5
10"	2	2	2	2	2
Subtotal All Other Potable Meters	1,627	1,627	1,627	1,627	1,627
Recycled					
Meter Size					
5/8"	1	1	1	1	1
1"	48	48	48	48	48
1 1/2"	52	52	52	52	52
2"	45	45	45	45	45
3"	3	3	3	3	3
4"	6	6	6	6	6
6"	-	-	-	-	-
8"	1	1	1	1	1
10"	-	-	-	-	-
Subtotal Recycled Meters	156	156	156	156	156
All Meters					
Meter Size					
5/8"	11,645	11,645	11,645	11,645	11,645
1"	447	447	447	447	447
1 1/2"	562	562	562	562	562
2"	622	622	622	622	622
3"	22	22	22	22	22
4"	20	20	20	20	20
6"	10	10	10	10	10
8"	6	6	6	6	6
10"	2	2	2	2	2
Total All Meters	**13,336**	**13,336**	**13,336**	**13,336**	**13,336**

Table 13: Fire Lines by Connection Size

Accounts by Connection Size					
Fire Line Connections	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Connection Size					
5/8"	1	1	1	1	1
1"	1	1	1	1	1
1 1/2"	-	-	-	-	-
2"	2	2	2	2	2
3"	-	-	-	-	-
4"	58	58	58	58	58
6"	170	170	170	170	170
8"	178	178	178	178	178
10"	63	63	63	63	63
12"	3	3	3	3	3
Total Fire Line Charge	**476**	**476**	**476**	**476**	**476**

Table 14: Projected Water Consumption by Customer Class & Tier (HCF)

Projected Consumption					
Usage by Customer Class	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Single-Family Residential					
Tier 1	888,451	888,451	888,451	888,451	888,451
Tier 2	344,538	305,751	271,330	240,784	213,677
Tier 3	259,845	230,592	204,632	181,595	161,151
Subtotal Single-Family Residential	1,492,834	1,424,794	1,364,413	1,310,830	1,263,279
All Other Potable	2,298,767	2,298,767	2,298,767	2,298,767	2,298,767
Recycled	306,082	306,082	306,082	306,082	306,082
Total Usage (hcf)	**4,097,683**	**4,029,643**	**3,969,262**	**3,915,679**	**3,868,128**

Table 15: Projected Consumption by Pumping Zone (HCF)

Projected Consumption					
Pumping Zone Usage	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Pumping Zone					
Zone 1	3,348,483	3,292,883	3,243,542	3,199,756	3,160,899
Zone 2	537,393	528,470	520,552	513,524	507,288
Zone 3	122,537	120,502	118,697	117,094	115,672
Zone 4	34,707	34,131	33,619	33,165	32,763
Zone 5	24,345	23,940	23,582	23,263	22,981
Zone 6	30,218	29,716	29,271	28,876	28,525
Total Pumping Zone Usage (hcf)	**4,097,683**	**4,029,643**	**3,969,262**	**3,915,679**	**3,868,128**

Current Financial Position

Revenues

Based on the forecasting assumptions, fixed revenues were calculated by multiplying the existing fixed charges (Table 7 and Table 8) by accounts by meter size and fire line connection size (Table 12 and Table 13) over twelve billing periods. Variable revenues were calculated using existing variable rates (Table 9 and Table 10) and projected total water consumption by customer class/tier, and pumping zone (Table 14 and Table 15). Table 16 shows the calculated rate revenues through the Rate Setting Period. Table 17 summarizes calculated rate revenues from Table 16, with the inclusion of Other Rate Revenues, Operating Revenues, and Other Revenues available to the District through the Rate Setting Period, with projections rounded to the nearest thousands.

Table 16: Calculated Rate Revenues

Calculated Rate Revenue					
Fixed Revenue	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
Fixed Service Charge					
Single-Family Residential	$6,695,752	$6,695,752	$6,695,752	$6,695,752	$6,695,752
All Other Potable	$4,982,347	$4,982,347	$4,982,347	$4,982,347	$4,982,347
Recycled	$496,502	$496,502	$496,502	$496,502	$496,502
Total Fixed Service Charge	$12,174,601	$12,174,601	$12,174,601	$12,174,601	$12,174,601
Fire Line Charge					
Fire Line Charge Revenue	$614,209	$614,209	$614,209	$614,209	$614,209
Total Fixed Revenue	**$12,788,809**	**$12,788,809**	**$12,788,809**	**$12,788,809**	**$12,788,809**
Variable Revenue	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
Commodity Revenue					
Single-Family Residential					
Tier 1	$3,225,077	$3,225,077	$3,225,077	$3,225,077	$3,225,077
Tier 2	$1,460,841	$1,296,384	$1,150,439	$1,020,924	$905,990
Tier 3	$1,725,371	$1,531,131	$1,358,756	$1,205,791	$1,070,043
Subtotal Single-Family Residential	$6,411,289	$6,052,592	$5,734,273	$5,451,792	$5,201,110
All Other Potable	$9,654,821	$9,654,821	$9,654,821	$9,654,821	$9,654,821
Recycled	$847,847	$847,847	$847,847	$847,847	$847,847
Total Commodity Revenue	$16,913,958	$16,555,261	$16,236,941	$15,954,461	$15,703,779
Pumping Zone Revenue					
Zone 1	$0	$0	$0	$0	$0
Zone 2	$91,357	$89,840	$88,494	$87,299	$86,239
Zone 3	$40,437	$39,766	$39,170	$38,641	$38,172
Zone 4	$24,642	$24,233	$23,870	$23,547	$23,261
Zone 5	$22,884	$22,504	$22,167	$21,867	$21,602
Zone 6	$37,471	$36,848	$36,296	$35,806	$35,371
Total Pumping Zone Revenue	$216,790	$213,191	$209,996	$207,161	$204,646
Total Variable Revenue	**$17,130,748**	**$16,768,451**	**$16,446,938**	**$16,161,622**	**$15,908,424**
Total Rate Revenue	**$29,919,557**	**$29,557,261**	**$29,235,747**	**$28,950,431**	**$28,697,234**

Table 17: Total Projected Revenues

Projected Total Revenues					
Revenue Summary	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Rate Revenues					
Fixed Service Charge	$12,175,000	$12,175,000	$12,175,000	$12,175,000	$12,175,000
Fire Line Charge	$614,000	$614,000	$614,000	$614,000	$614,000
Potable Variable	$16,066,000	$15,707,000	$15,389,000	$15,107,000	$14,856,000
Recycled Variable	$848,000	$848,000	$848,000	$848,000	$848,000
Pumping Zone Revenue	$217,000	$213,000	$210,000	$207,000	$205,000
Subtotal Rate Revenues	$29,920,000	$29,557,000	$29,236,000	$28,951,000	$28,698,000
Other Rate Revenues					
Recycled Contract Fixed	$136,000	$136,000	$136,000	$136,000	$136,000
Recycled Contract Variable	$203,000	$203,000	$203,000	$203,000	$203,000
Subtotal Other Rate Revenues	$339,000	$339,000	$339,000	$339,000	$339,000
Operating Revenues					
Industrial-Surcharge Penalty	$115,000	$119,000	$123,000	$127,000	$131,000
Penalty Fees	$177,000	$182,000	$189,000	$195,000	$201,000
New Service Connections	$100,000	$103,000	$107,000	$110,000	$114,000
New Service Connections-Meters	$10,000	$10,000	$11,000	$11,000	$11,000
Flow Tests	$19,000	$19,000	$19,000	$19,000	$19,000
Return Check Fees	$7,000	$7,000	$7,000	$8,000	$8,000
Reconnection Fees	$52,000	$53,000	$55,000	$57,000	$59,000
Backflow Adminstration Fees	$14,000	$14,000	$15,000	$15,000	$16,000
Cross Connection Fees	$7,000	$7,000	$7,000	$8,000	$8,000
Connection Fees	$61,000	$61,000	$61,000	$61,000	$61,000
Recycled Water Ck./Insp. Fee	$2,000	$2,000	$2,000	$2,000	$2,000
Contract Income	$225,000	$229,000	$234,000	$238,000	$243,000
Const. Invoices	$1,000	$1,000	$1,000	$1,000	$1,000
RWD Labor Sales/Reimb	$191,000	$197,000	$202,000	$208,000	$215,000
Capacity Fees	$50,000	$50,000	$50,000	$50,000	$50,000
Uncollectable Accounts	($64,000)	($64,000)	($64,000)	($64,000)	($64,000)
Water Rate Assistance	($48,000)	($48,000)	($48,000)	($48,000)	($48,000)
Subtotal Operating Revenues	$919,000	$942,000	$971,000	$998,000	$1,027,000
Other Revenues					
Property Taxes	$467,000	$476,000	$486,000	$496,000	$506,000
Interest Income	$600,000	$623,000	$465,000	$446,000	$376,000
Miscellaneous Income	$25,000	$25,000	$25,000	$25,000	$25,000
Subtotal Other Revenues	$1,092,000	$1,124,000	$976,000	$967,000	$907,000
Total Revenues	**$32,270,000**	**$31,962,000**	**$31,522,000**	**$31,255,000**	**$30,971,000**

Expenses

Table 18 identifies assumptions used for forecasting increases in expenses over the Rate Setting Period. The Capital and General Costs escalation factors reflect the 10-year average of the Engineering News-Record – Construction Cost Index (ENR CCI) and the Consumer Price Index (CPI), respectively, for the Los Angeles area. The remaining expense categories are based on the District's internal review of actual expenses and known increases in personnel-related costs. This report assumes that the District will seek authorization to directly pass-through any rate increases imposed on the District by its wholesale water providers. If so authorized, the District will not have to predict wholesale rate increases in future years. Instead, once the wholesale water provider increases its rates, the District can pass through the rate increase directly to customers 30 days after mailing customers a notice of the rate increase.

Table 18: Water Assumptions for Forecasting Expense Requirements

Expense Forecasting								
Key Assumptions	*Source:*		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Expenditure Escalation							
Benefits			*Budget*	10.0%	10.0%	10.0%	10.0%
Capital	*ENR - LA*	*10-Year Average*	*Budget*	3.6%	3.6%	3.6%	3.6%
Chemicals			*Budget*	2.5%	2.5%	2.5%	2.5%
Energy/Fuel			*Budget*	5.0%	5.0%	5.0%	5.0%
General	*CPI - LA (BLS)*	*10-Year Average*	*Budget*	3.3%	3.3%	3.3%	3.3%
Liability Insurance			*Budget*	10.0%	10.0%	10.0%	10.0%
PWR Replacement			*Budget*	29.9%	23.7%	19.7%	17.0%
Retirement			*Budget*	5.0%	5.0%	5.0%	5.0%
Salaries	*CPI - LA (BLS)*	*10-Year Average*	*Budget*	3.3%	3.3%	3.3%	3.3%
Fixed Water Costs			*Budget*	*Pass-Through*	*Pass-Through*	*Pass-Through*	*Pass-Through*
Variable Potable Costs			*Budget*	*Pass-Through*	*Pass-Through*	*Pass-Through*	*Pass-Through*
Variable Recycled Costs			*Budget*	*Pass-Through*	*Pass-Through*	*Pass-Through*	*Pass-Through*

The FY 2026 budget was used as the baseline expenses of the utility and adjusted in subsequent years based on the escalation factors shown in Table 18. Table 19 provides projected Operational & Maintenance (O&M) costs through the Rate Setting Period, with future projections rounded to the nearest thousands. Each O&M expense category includes detailed line-item expenditures that were discussed with staff to determine the appropriate escalation factor for forecasting how costs will increase over time. Appendix A includes a detailed analysis of water supply costs.

Table 19: Projected O&M Expenses

Projected Expenses					
O&M Expenses	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Water Supply Costs					
Fixed Water Costs					
Potable	$479,000	$537,000	$631,000	$692,000	$723,000
Recycled	$27,000	$27,000	$27,000	$27,000	$27,000
Subtotal Fixed Water Costs	$506,000	$564,000	$658,000	$719,000	$750,000
Variable Water Costs					
Potable					
TVMWD	$12,782,000	$13,957,000	$15,132,000	$15,811,000	$16,229,000
CDWC	$238,000	$238,000	$238,000	$238,000	$238,000
Recycled	$162,000	$162,000	$162,000	$162,000	$162,000
Recycled Contract	$121,000	$121,000	$121,000	$121,000	$121,000
Subtotal Variable Water Costs	$13,303,000	$14,478,000	$15,653,000	$16,332,000	$16,750,000
Other Water Supply Costs					
Pumping Power (Potable)	$599,000	$618,000	$638,000	$660,000	$684,000
Pumping Power (Recycled)	$116,000	$122,000	$128,000	$134,000	$141,000
Chemicals	$250,000	$252,000	$254,000	$256,000	$259,000
PWR Operating Assessments	$56,000	$72,000	$87,000	$102,000	$118,000
PBWA - Operating Assessments	$267,000	$275,000	$284,000	$294,000	$304,000
Subtotal Other Water Supply Costs	$1,288,000	$1,339,000	$1,391,000	$1,446,000	$1,506,000
Water Supply Costs	$15,097,000	$16,381,000	$17,702,000	$18,497,000	$19,006,000
Operating Expenses					
Trans & Distr Maint	$629,700	$653,000	$677,000	$702,000	$727,000
Meter Maintenance	$71,000	$74,000	$77,000	$80,000	$82,000
Reservoir Maintenance	$95,000	$99,000	$103,000	$106,000	$110,000
Operations and Maintenance	$791,300	$822,000	$852,000	$884,000	$918,000
Engineering	$250,000	$260,000	$269,000	$279,000	$289,000
Conservation	$80,000	$83,000	$86,000	$89,000	$92,000
Community Outreach	$152,300	$158,000	$163,000	$168,000	$174,000
Administrative Expenses	$2,371,500	$2,481,000	$2,597,000	$2,720,000	$2,850,000
Treatment Personnel	$1,432,300	$1,480,000	$1,530,000	$1,580,000	$1,633,000
Mains & Services Personnel	$1,588,700	$1,642,000	$1,697,000	$1,753,000	$1,811,000
Admin Personnel	$2,083,000	$2,222,000	$2,296,000	$2,372,000	$2,451,000
Benefits, Retirement, Taxes	$2,512,300	$2,736,000	$2,971,000	$3,218,000	$3,413,000
Subtotal Operating Expenses	$12,057,100	$12,710,000	$13,318,000	$13,951,000	$14,550,000
Debt Service					
Existing Debt	$2,440,000	$2,448,000	$2,442,000	$2,453,000	$2,450,000
Total Expenses	**$29,594,100**	**$31,539,000**	**$33,462,000**	**$34,901,000**	**$36,006,000**

Reserves

Figure 4: Reserves

Established reserves include the Operating, Capital, and Rate Stabilization. Reserves help mitigate risks to a utility by ensuring sufficient cash is on hand for daily operations and to fund annual system improvements. As part of this study, a review of the District's existing reserve policies was performed, resulting in recommended adjustments to the District's reserves. Currently, the District's Operating reserve minimum requirement is set to 120 days of operating expense. Operating reserves should be a function of the agency's operating expenses and the frequency of revenue recovery. The District previously billed customers bi-monthly before replacing all of its meters with Advanced Metering Infrastructure (AMI). Therefore, with monthly revenue recovery, a utility should have at least two to three months of liquid cash on hand for the daily operations of the District. 120 days or four months of operating expense is not necessary with the District's switch to monthly billing, and it is recommended to reset the operating reserve minimum requirement to 90 days. There are no recommended changes to the Capital reserve or the Rate Stabilization Reserve. However, it is recommended for the District to establish a new Emergency reserve to account for unforeseen system failures. The Emergency reserve will provide separate funding to address system failures and unexpected emergency repairs, without impacting funds in the Capital reserve, which are used for ongoing, routine system reinvestments within the District's long-term capital improvement plan. The Emergency reserve will have the same minimum requirement and target as the Capital reserve, equal to 6% and 12% of the system's total asset value, respectively. The District's current beginning reserve balance (Operating, Capital, and Rate Stabilization) for FY 2026 equals $27.5M, which is sufficient to fund the recommended adjustments to reserves. The District also has an Expansion reserve, which does not have a minimum requirement or target. It is used to separately track and spend capacity fees that are imposed on new connections to buy into the system and assets of the District. Table 20 summarizes the existing minimum reserve requirements and targets, and Table 21 summarizes the revised minimum reserve requirements and targets.

Table 20: Existing Reserve Requirements and Targets

Existing Reserve Requirements and Targets			
Reserve	Minimum Requirement	Reserve Target	FY 2026 Minimum Requirement
Operating	120 days of operating	120 days of operating	$9.7M
Capital	6% of System Asset Value	12% of System Asset Value	$4.1M
Rate Stabilization	Fixed Amount = $6M	Fixed Amount = $6M	$6M
Expansion	N/A	N/A	N/A

Table 21: Revised Reserve Requirements and Targets

Revised Reserve Requirements and Targets			
Reserve	Minimum Requirement	Reserve Target	FY 2026 Minimum Requirement
Operating	90 days of operating	120 days of operating	$7.3M
Capital	6% of System Asset Value	12% of System Asset Value	$4.1M
Rate Stabilization	Fixed Amount = $6M	Fixed Amount = $6M	$6M
Emergency	6% of System Asset Value	12% of System Asset Value	$4.1M
Expansion	N/A	N/A	N/A

Financial Outlook at Existing Rates

Calculating revenue using existing rates and projecting expenses helps determine the utility's current financial health. Revenues from existing rates will cover operating expenses through FY 2027, but a projected operating deficit is expected to occur in FY 2028, which will continue to grow if rates are not adjusted. With limited net income to go towards capital spending and none projected to be available starting in FY 2028, capital spending would require the use of reserves as the primary funding source, which is not sustainable in the long term. Table 22 and Table 23 forecast existing revenues and expenses through the Rate Setting Period, respectively. Table 24 identifies reserve transfers and reserve activity, with FY 2026 starting reserve balances shown for each reserve.

Table 22: Financial Plan at Existing Rates

Financial Plan at Existing Rates						
Revenue		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Rate Revenues						
Fixed Service Charge	Table 17	$12,175,000	$12,175,000	$12,175,000	$12,175,000	$12,175,000
Fire Line Charge		$614,000	$614,000	$614,000	$614,000	$614,000
Potable Variable		$16,066,000	$15,707,000	$15,389,000	$15,107,000	$14,856,000
Recycled Variable		$848,000	$848,000	$848,000	$848,000	$848,000
Pumping Zone Revenue		$217,000	$213,000	$210,000	$207,000	$205,000
Total Rate Revenues		$29,920,000	$29,557,000	$29,236,000	$28,951,000	$28,698,000
Other Rate Revenues						
Recycled Contract Fixed	Table 17	$136,000	$136,000	$136,000	$136,000	$136,000
Recycled Contract Variable		$203,000	$203,000	$203,000	$203,000	$203,000
Subtotal Other Rate Revenues		$339,000	$339,000	$339,000	$339,000	$339,000
Operating Revenues						
Industrial-Surcharge Penalty	Table 17	$115,000	$119,000	$123,000	$127,000	$131,000
Penalty Fees		$177,000	$182,000	$189,000	$195,000	$201,000
New Service Connections		$100,000	$103,000	$107,000	$110,000	$114,000
New Service Connections-Meters		$10,000	$10,000	$11,000	$11,000	$11,000
Flow Tests		$19,000	$19,000	$19,000	$19,000	$19,000
Return Check Fees		$7,000	$7,000	$7,000	$8,000	$8,000
Reconnection Fees		$52,000	$53,000	$55,000	$57,000	$59,000
Backflow Adminstration Fees		$14,000	$14,000	$15,000	$15,000	$16,000
Cross Connection Fees		$7,000	$7,000	$7,000	$8,000	$8,000
Connection Fees		$61,000	$61,000	$61,000	$61,000	$61,000
Recycled Water Ck./Insp. Fee		$2,000	$2,000	$2,000	$2,000	$2,000
Contract Income		$225,000	$229,000	$234,000	$238,000	$243,000
Const. Invoices		$1,000	$1,000	$1,000	$1,000	$1,000
RWD Labor Sales/Reimb		$191,000	$197,000	$202,000	$208,000	$215,000
Capacity Fees		$50,000	$50,000	$50,000	$50,000	$50,000
Uncollectable Accounts		($64,000)	($64,000)	($64,000)	($64,000)	($64,000)
Water Rate Assistance		($48,000)	($48,000)	($48,000)	($48,000)	($48,000)
Subtotal Operating Revenues		$919,000	$942,000	$971,000	$998,000	$1,027,000
Other Revenues						
Property Taxes	Table 17	$467,000	$476,000	$486,000	$496,000	$506,000
Interest Income		$600,000	$623,000	$465,000	$446,000	$376,000
Miscellaneous Income		$25,000	$25,000	$25,000	$25,000	$25,000
Subtotal Other Revenues		$1,092,000	$1,124,000	$976,000	$967,000	$907,000
Total Revenues		**$32,270,000**	**$31,962,000**	**$31,522,000**	**$31,255,000**	**$30,971,000**

Table 23: Financial Plan at Existing Rates (Continued)

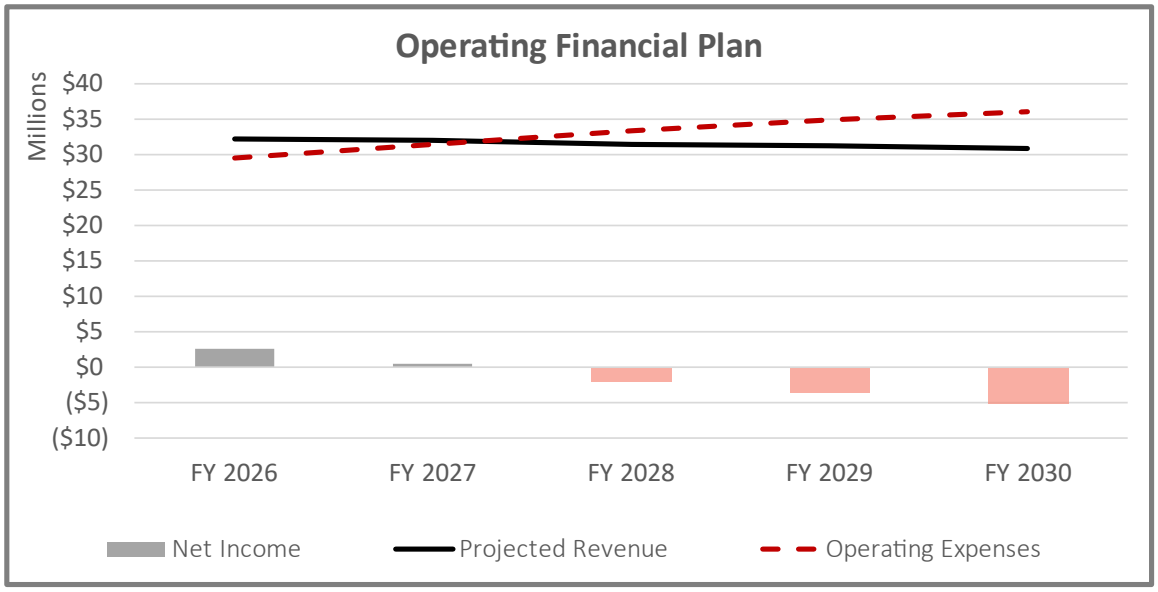
Financial Plan at Existing Rates						
O&M Expenses		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Water Supply Costs						
Fixed Water Costs						
Potable	Table 20	$479,000	$537,000	$631,000	$692,000	$723,000
Recycled		$27,000	$27,000	$27,000	$27,000	$27,000
Subtotal Fixed Water Costs		$506,000	$564,000	$658,000	$719,000	$750,000
Variable Water Costs						
Potable						
TVMWD	Table 20	$12,782,000	$13,957,000	$15,132,000	$15,811,000	$16,229,000
CDWC		$238,000	$238,000	$238,000	$238,000	$238,000
Recycled		$162,000	$162,000	$162,000	$162,000	$162,000
Recycled Contract		$121,000	$121,000	$121,000	$121,000	$121,000
Subtotal Variable Water Costs		$13,303,000	$14,478,000	$15,653,000	$16,332,000	$16,750,000
Other Water Supply Costs						
Pumping Power (Potable)	Table 20	$599,000	$618,000	$638,000	$660,000	$684,000
Pumping Power (Recycled)		$116,000	$122,000	$128,000	$134,000	$141,000
Chemicals		$250,000	$252,000	$254,000	$256,000	$259,000
PWR Operating Assessments		$56,000	$72,000	$87,000	$102,000	$118,000
PBWA - Operating Assessments		$267,000	$275,000	$284,000	$294,000	$304,000
Subtotal Other Water Supply Costs		$1,288,000	$1,339,000	$1,391,000	$1,446,000	$1,506,000
Water Supply Costs		$15,097,000	$16,381,000	$17,702,000	$18,497,000	$19,006,000
Operating Expenses						
Trans & Distr Maint	Table 20	$629,700	$653,000	$677,000	$702,000	$727,000
Meter Maintenance		$71,000	$74,000	$77,000	$80,000	$82,000
Reservoir Maintenance		$95,000	$99,000	$103,000	$106,000	$110,000
Operations and Maintenance		$791,300	$822,000	$852,000	$884,000	$918,000
Engineering		$250,000	$260,000	$269,000	$279,000	$289,000
Conservation		$80,000	$83,000	$86,000	$89,000	$92,000
Community Outreach		$152,300	$158,000	$163,000	$168,000	$174,000
Administrative Expenses		$2,371,500	$2,481,000	$2,597,000	$2,720,000	$2,850,000
Treatment Personnel		$1,432,300	$1,480,000	$1,530,000	$1,580,000	$1,633,000
Mains & Services Personnel		$1,588,700	$1,642,000	$1,697,000	$1,753,000	$1,811,000
Admin Personnel		$2,083,000	$2,222,000	$2,296,000	$2,372,000	$2,451,000
Benefits, Retirement, Taxes		$2,512,300	$2,736,000	$2,971,000	$3,218,000	$3,413,000
Subtotal Operating Expenses		$12,057,100	$12,710,000	$13,318,000	$13,951,000	$14,550,000
Debt Service						
Existing Debt	Table 20	$2,440,000	$2,448,000	$2,442,000	$2,453,000	$2,450,000
Total Expenses		**$29,594,100**	**$31,539,000**	**$33,462,000**	**$34,901,000**	**$36,006,000**
Net Operating Income	*(Revenues - Expenses)*	**$2,675,900**	**$423,000**	**($1,940,000)**	**($3,646,000)**	**($5,035,000)**

Table 24: Reserve Activity at Existing Rates

Line #	Direct Transfers						
	Direct Transfers - *(to)/from reserves*		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Net Operating Income	Table 23	$2,675,900	$423,000	($1,940,000)	($3,646,000)	($5,035,000)
2	Capacity Fees		($50,000)	($50,000)	($50,000)	($50,000)	($50,000)
3	Emergency		$0	$0	$0	$0	$0
4	**Net Operating Income (after direct transfers)**		**$2,625,900**	**$373,000**	**($1,990,000)**	**($3,696,000)**	**($5,085,000)**
	Reserve Activity at Existing Rates						
	Operating Reserve		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
5	Beginning Balance		$17,623,822	$7,297,175	$7,670,175	$5,680,175	$1,984,175
6	Transfers (Net Operating Income)	*Line 4*	$2,625,900	$373,000	($1,990,000)	($3,696,000)	($5,085,000)
7	Transfers from/(to) Capital Impr. Reserve		($12,952,547)	$0	$0	$0	$0
8	**Ending Balance**		**$7,297,175**	**$7,670,175**	**$5,680,175**	**$1,984,175**	**($3,100,825)**
10	Target						
11	Minimum		$7,297,175	$7,776,740	$8,250,904	$8,605,726	$8,878,192
	Capital Impr. Reserve		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
12	Beginning Balance		$3,906,975	$3,058,494	($1,262,299)	($7,807,044)	($12,176,617)
13	Plus:						
14	Transfers from/(to) Operating Reserve	*Line 7*	$12,952,547	$0	$0	$0	$0
15	Less:						
16	CIP		($9,670,931)	($4,320,794)	($6,544,745)	($4,369,573)	($5,080,389)
17	Transfers from/(to) Rate Stabil. Reserve		$0	$0	$0	$0	$0
18	Transfers from/(to) Emergency		($4,130,096)	$0	$0	$0	$0
19	**Ending Balance**		**$3,058,494**	**($1,262,299)**	**($7,807,044)**	**($12,176,617)**	**($17,257,006)**
21	Target						
22	Minimum		$4,130,096	$4,130,096	$4,130,096	$4,130,096	$4,130,096
	Rate Stabil. Reserve		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
23	Beginning Balance		$6,000,000	$6,000,000	$6,000,000	$6,000,000	$6,000,000
24	Transfers from/(to) Capital Impr. Reserve		$0	$0	$0	$0	$0
25	**Ending Balance**		**$6,000,000**	**$6,000,000**	**$6,000,000**	**$6,000,000**	**$6,000,000**
26	Target						
27	Minimum		$6,000,000	$6,000,000	$6,000,000	$6,000,000	$6,000,000
	Expansion Reserve		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
29	Beginning Balance		$892,403	$942,403	$992,403	$1,042,403	$1,092,403
30	Capacity Fees	*Line 2*	$50,000	$50,000	$50,000	$50,000	$50,000
32	**Ending Balance**		**$942,403**	**$992,403**	**$1,042,403**	**$1,092,403**	**$1,142,403**
33	Target						
34	Minimum		$0	$0	$0	$0	$0
	Emergency		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
36	Beginning Balance		$0	$4,130,096	$4,130,096	$4,130,096	$4,130,096
37	Transfers from/(to) Capital Impr. Reserv	*Line 18*	$4,130,096	$0	$0	$0	$0
38	**Ending Balance**		**$4,130,096**	**$4,130,096**	**$4,130,096**	**$4,130,096**	**$4,130,096**
39	Target						
40	Minimum		$4,130,096	$4,130,096	$4,130,096	$4,130,096	$4,130,096
41	**Ending Balance**		**$21,428,169**	**$17,530,375**	**$9,045,630**	**$1,030,057**	**($9,085,332)**

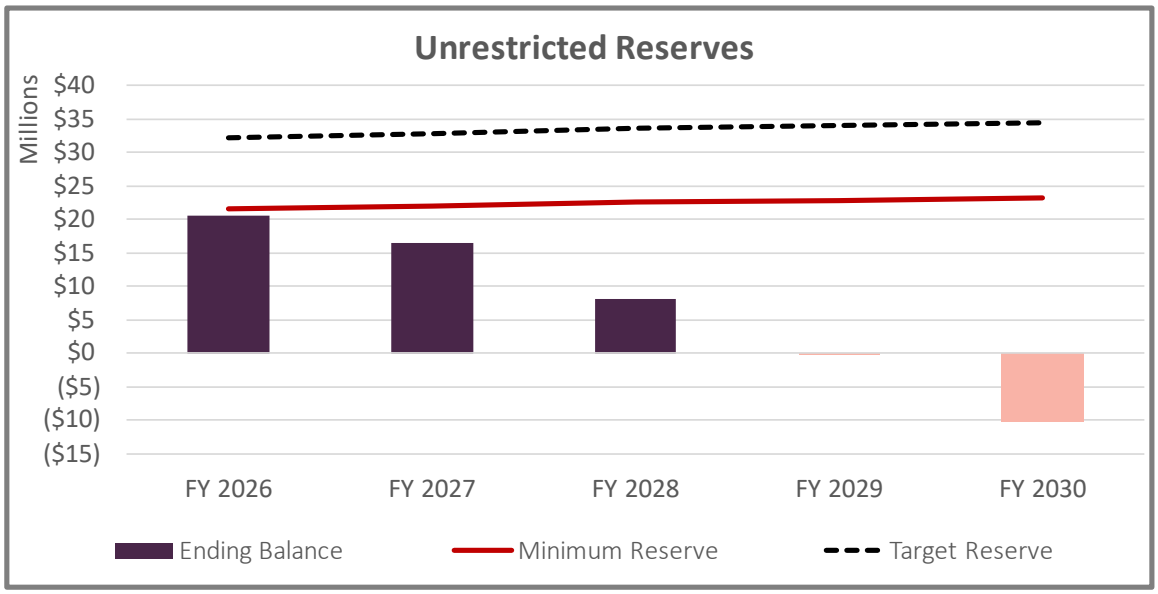
Figure 5 illustrates the utility's operating position. O&M expenses are identified with the dashed red trendline, and the horizontal black trendline shows total revenues at existing rates, which include reductions in consumption. The bars represent the net operating income, with grey bars reflecting positive net income for capital spending and reserve funding, and red bars reflecting an operating deficit absorbed by reserves.

Figure 5: Current Operating Financial Position



Capital spending over the Rate Setting Period is approximately $30M, as shown in Figure 2. Without increases in rate revenue, the water utility would be slightly below its minimum reserve target by the end of FY 2026. In addition, with limited operating net income, reserves would be the primary funding source for capital projects and would be depleted by FY 2029. Figure 6 reflects the projected ending balances of reserves after funding operating and capital projects.

Figure 6: Water Projected Ending Reserves at Existing Rates



Proposed Financial Plan

Based on our review of the utility's financial outlook at existing rates, a proposed financial plan was developed to fund the multi-year revenue requirements. The financial plan increases rate revenue through a phased-in approach over the Rate Setting Period, generating approximately $14.48M in additional annual rate revenue by the end of FY 2030. Table 25 and Table 26 forecasts projected revenues, ***with annual revenue adjustments***, and expenses through FY 2029. Table 27 identifies the projected FY 2026 total starting reserve balances, activity within each reserve, and projected ending balances for each fiscal year of the Rate Setting Period.

Table 25: Proposed Financial Plan

Proposed Financial Plan						
Revenue		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Rate Revenues						
Fixed Service Charge	Table 17	$12,175,000	$12,175,000	$12,175,000	$12,175,000	$12,175,000
Fire Line Charge		$614,000	$614,000	$614,000	$614,000	$614,000
Potable Variable		$16,066,000	$15,707,000	$15,389,000	$15,107,000	$14,856,000
Recycled Variable		$848,000	$848,000	$848,000	$848,000	$848,000
Pumping Zone Revenue		$217,000	$213,000	$210,000	$207,000	$205,000
Total Rate Revenues		$29,920,000	$29,557,000	$29,236,000	$28,951,000	$28,698,000
Additional Revenue (from revenue adjustments):						
Fiscal Year / Revenue Adjustment / # of Months Effective						
FY 2026 / 13.0% / 6		$1,944,000	$3,842,000	$3,800,000	$3,763,000	$3,730,000
FY 2027 / 8.5% / 6			$1,419,000	$2,808,000	$2,780,000	$2,756,000
FY 2028 / 8.5% / 6				$1,523,000	$3,016,000	$2,990,000
FY 2029 / 8.5% / 6					$1,636,000	$3,244,000
FY 2030 / 8.5% / 6						$1,760,000
Total Additional Revenue		$1,944,000	$5,261,000	$8,131,000	$11,195,000	$14,480,000
Projected Rate Revenue		$31,864,000	$34,818,000	$37,367,000	$40,146,000	$43,178,000
Other Rate Revenues						
Recycled Contract Fixed	Table 17	$136,000	$136,000	$136,000	$136,000	$136,000
Recycled Contract Variable		$203,000	$203,000	$203,000	$203,000	$203,000
Subtotal Other Rate Revenues		$339,000	$339,000	$339,000	$339,000	$339,000
Operating Revenues						
Industrial-Surcharge Penalty	Table 17	$115,000	$119,000	$123,000	$127,000	$131,000
Penalty Fees		$177,000	$182,000	$189,000	$195,000	$201,000
New Service Connections		$100,000	$103,000	$107,000	$110,000	$114,000
New Service Connections-Meters		$10,000	$10,000	$11,000	$11,000	$11,000
Flow Tests		$19,000	$19,000	$19,000	$19,000	$19,000
Return Check Fees		$7,000	$7,000	$7,000	$8,000	$8,000
Reconnection Fees		$52,000	$53,000	$55,000	$57,000	$59,000
Backflow Adminstration Fees		$14,000	$14,000	$15,000	$15,000	$16,000
Cross Connection Fees		$7,000	$7,000	$7,000	$8,000	$8,000
Connection Fees		$61,000	$61,000	$61,000	$61,000	$61,000
Recycled Water Ck./Insp. Fee		$2,000	$2,000	$2,000	$2,000	$2,000
Contract Income		$225,000	$229,000	$234,000	$238,000	$243,000
Const. Invoices		$1,000	$1,000	$1,000	$1,000	$1,000
RWD Labor Sales/Reimb		$191,000	$197,000	$202,000	$208,000	$215,000
Capacity Fees		$50,000	$50,000	$50,000	$50,000	$50,000
Uncollectable Accounts		($64,000)	($64,000)	($64,000)	($64,000)	($64,000)
Water Rate Assistance		($48,000)	($48,000)	($48,000)	($48,000)	($48,000)
Subtotal Operating Revenues		$919,000	$942,000	$971,000	$998,000	$1,027,000
Other Revenues						
Property Taxes	Table 17	$467,000	$476,000	$486,000	$496,000	$506,000
Interest Income		$600,000	$647,000	$602,000	$616,000	$655,000
Miscellaneous Income		$25,000	$25,000	$25,000	$25,000	$25,000
Subtotal Other Revenues		$1,092,000	$1,148,000	$1,113,000	$1,137,000	$1,186,000
Total Revenues		**$34,214,000**	**$37,247,000**	**$39,790,000**	**$42,620,000**	**$45,730,000**

Table 26: Proposed Financial Plan (Continued)

Proposed Financial Plan						
O&M Expenses		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Water Supply Costs						
Fixed Water Costs						
Potable	Table 20	$479,000	$537,000	$631,000	$692,000	$723,000
Recycled		$27,000	$27,000	$27,000	$27,000	$27,000
Subtotal Fixed Water Costs		$506,000	$564,000	$658,000	$719,000	$750,000
Variable Water Costs						
Potable						
TVMWD	Table 20	$12,782,000	$13,957,000	$15,132,000	$15,811,000	$16,229,000
CDWC		$238,000	$238,000	$238,000	$238,000	$238,000
Recycled		$162,000	$162,000	$162,000	$162,000	$162,000
Recycled Contract		$121,000	$121,000	$121,000	$121,000	$121,000
Subtotal Variable Water Costs		$13,303,000	$14,478,000	$15,653,000	$16,332,000	$16,750,000
Other Water Supply Costs						
Pumping Power (Potable)	Table 20	$599,000	$618,000	$638,000	$660,000	$684,000
Pumping Power (Recycled)		$116,000	$122,000	$128,000	$134,000	$141,000
Chemicals		$250,000	$252,000	$254,000	$256,000	$259,000
PWR Operating Assessments		$56,000	$72,000	$87,000	$102,000	$118,000
PBWA - Operating Assessments		$267,000	$275,000	$284,000	$294,000	$304,000
Subtotal Other Water Supply Costs		$1,288,000	$1,339,000	$1,391,000	$1,446,000	$1,506,000
Water Supply Costs		$15,097,000	$16,381,000	$17,702,000	$18,497,000	$19,006,000
Operating Expenses						
Trans & Distr Maint	Table 20	$629,700	$653,000	$677,000	$702,000	$727,000
Meter Maintenance		$71,000	$74,000	$77,000	$80,000	$82,000
Reservoir Maintenance		$95,000	$99,000	$103,000	$106,000	$110,000
Operations and Maintenance		$791,300	$822,000	$852,000	$884,000	$918,000
Engineering		$250,000	$260,000	$269,000	$279,000	$289,000
Conservation		$80,000	$83,000	$86,000	$89,000	$92,000
Community Outreach		$152,300	$158,000	$163,000	$168,000	$174,000
Administrative Expenses		$2,371,500	$2,481,000	$2,597,000	$2,720,000	$2,850,000
Treatment Personnel		$1,432,300	$1,480,000	$1,530,000	$1,580,000	$1,633,000
Mains & Services Personnel		$1,588,700	$1,642,000	$1,697,000	$1,753,000	$1,811,000
Admin Personnel		$2,083,000	$2,222,000	$2,296,000	$2,372,000	$2,451,000
Benefits, Retirement, Taxes		$2,512,300	$2,736,000	$2,971,000	$3,218,000	$3,413,000
Subtotal Operating Expenses		$12,057,100	$12,710,000	$13,318,000	$13,951,000	$14,550,000
Debt Service						
Existing Debt	Table 20	$2,440,000	$2,448,000	$2,442,000	$2,453,000	$2,450,000
Total Expenses		**$29,594,100**	**$31,539,000**	**$33,462,000**	**$34,901,000**	**$36,006,000**
Net Operating Income	*(Revenues - Expenses)*	**$4,619,900**	**$5,708,000**	**$6,328,000**	**$7,719,000**	**$9,724,000**

Table 27: Proposed Transfers and Reserves Activity

Line #	Direct Transfers		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
	Direct Transfers - *(to)/from reserves*						
1	Net Operating Income	Table 26	$4,619,900	$5,708,000	$6,328,000	$7,719,000	$9,724,000
2	Capacity Fees		($50,000)	($50,000)	($50,000)	($50,000)	($50,000)
3	Emergency		$0	$0	$0	$0	$0
4	**Net Operating Income (after direct transfers)**		**$4,569,900**	**$5,658,000**	**$6,278,000**	**$7,669,000**	**$9,674,000**
	Reserve Activity at Proposed Financial Plan						
	Operating Reserve		**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
5	Beginning Balance		$17,623,822	$7,297,175	$7,776,740	$8,250,904	$8,605,726
6	Transfers (Net Operating Income)	*Line 4*	$4,569,900	$5,658,000	$6,278,000	$7,669,000	$9,674,000
7	Transfers from/(to) Capital Impr. Reserve		($14,896,547)	($5,178,436)	($5,803,836)	($7,314,178)	($9,401,534)
8	**Ending Balance**		**$7,297,175**	**$7,776,740**	**$8,250,904**	**$8,605,726**	**$8,878,192**
10	Target						
11	Minimum		$7,297,175	$7,776,740	$8,250,904	$8,605,726	$8,878,192
	Capital Impr. Reserve		**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
12	Beginning Balance		$3,906,975	$5,002,494	$5,860,136	$5,119,227	$8,063,832
13	Plus:						
14	Transfers from/(to) Operating Reserve	*Line 7*	$14,896,547	$5,178,436	$5,803,836	$7,314,178	$9,401,534
15	Less:						
16	CIP		($9,670,931)	($4,320,794)	($6,544,745)	($4,369,573)	($5,080,389)
17	Transfers from/(to) Rate Stabil. Reserve		$0	$0	$0	$0	$0
18	Transfers from/(to) Emergency		($4,130,096)	$0	$0	$0	$0
19	**Ending Balance**		**$5,002,494**	**$5,860,136**	**$5,119,227**	**$8,063,832**	**$12,384,977**
21	Target						
22	Minimum		$4,130,096	$4,130,096	$4,130,096	$4,130,096	$4,130,096
	Rate Stabil. Reserve		**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
23	Beginning Balance		$6,000,000	$6,000,000	$6,000,000	$6,000,000	$6,000,000
24	Transfers from/(to) Capital Impr. Reserve		$0	$0	$0	$0	$0
25	**Ending Balance**		**$6,000,000**	**$6,000,000**	**$6,000,000**	**$6,000,000**	**$6,000,000**
26	Target						
27	Minimum		$6,000,000	$6,000,000	$6,000,000	$6,000,000	$6,000,000
	Expansion Reserve		**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
29	Beginning Balance		$892,403	$942,403	$992,403	$1,042,403	$1,092,403
30	Capacity Fees	*Line 2*	$50,000	$50,000	$50,000	$50,000	$50,000
32	**Ending Balance**		**$942,403**	**$992,403**	**$1,042,403**	**$1,092,403**	**$1,142,403**
33	Target						
34	Minimum		$0	$0	$0	$0	$0
	Emergency		**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
36	Beginning Balance		$0	$4,130,096	$4,130,096	$4,130,096	$4,130,096
37	Transfers from/(to) Capital Impr. Reserv	*Line 18*	$4,130,096	$0	$0	$0	$0
38	**Ending Balance**		**$4,130,096**	**$4,130,096**	**$4,130,096**	**$4,130,096**	**$4,130,096**
39	Target						
40	Minimum		$4,130,096	$4,130,096	$4,130,096	$4,130,096	$4,130,096
41	**Ending Balance**		**$23,372,169**	**$24,759,375**	**$24,542,630**	**$27,892,057**	**$32,535,668**

The operating position based on the proposed financial plan is identified in Figure 7. Figure 8 and

Figure 9 show the capital plan with funding sources and projected ending reserve balances, respectively. No debt is projected, and the District's CIP will be funded on a pay-as-you-go basis with rate revenue and cash on hand.

Figure 7: Water Proposed Operating Financial Position

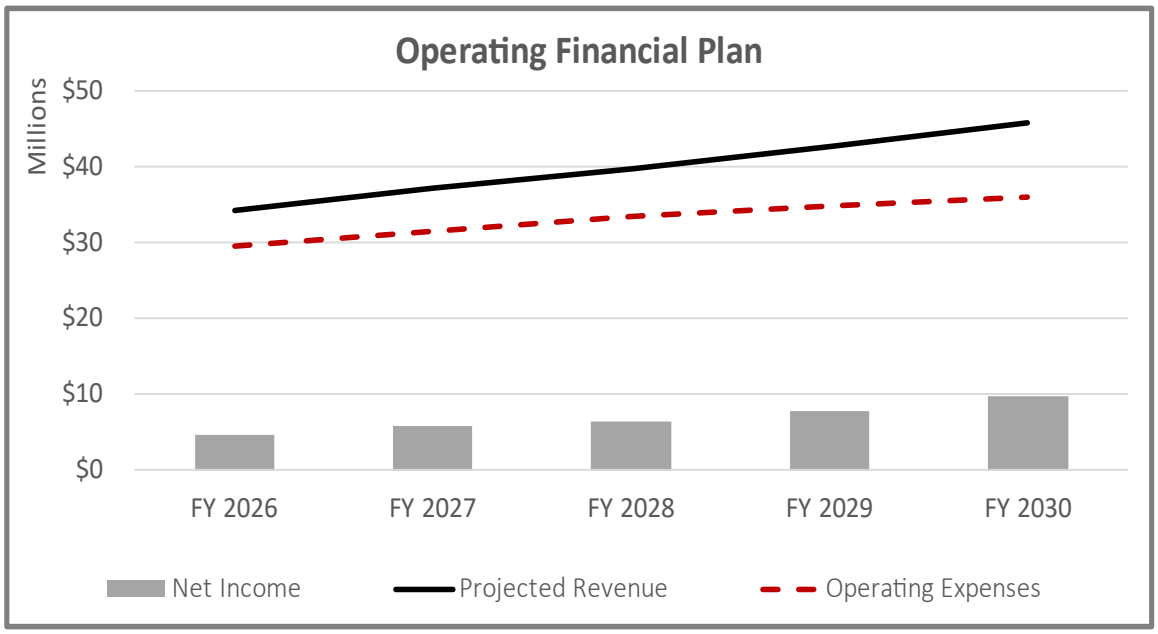


Figure 8: Water Capital Improvement Plan with Funding Sources

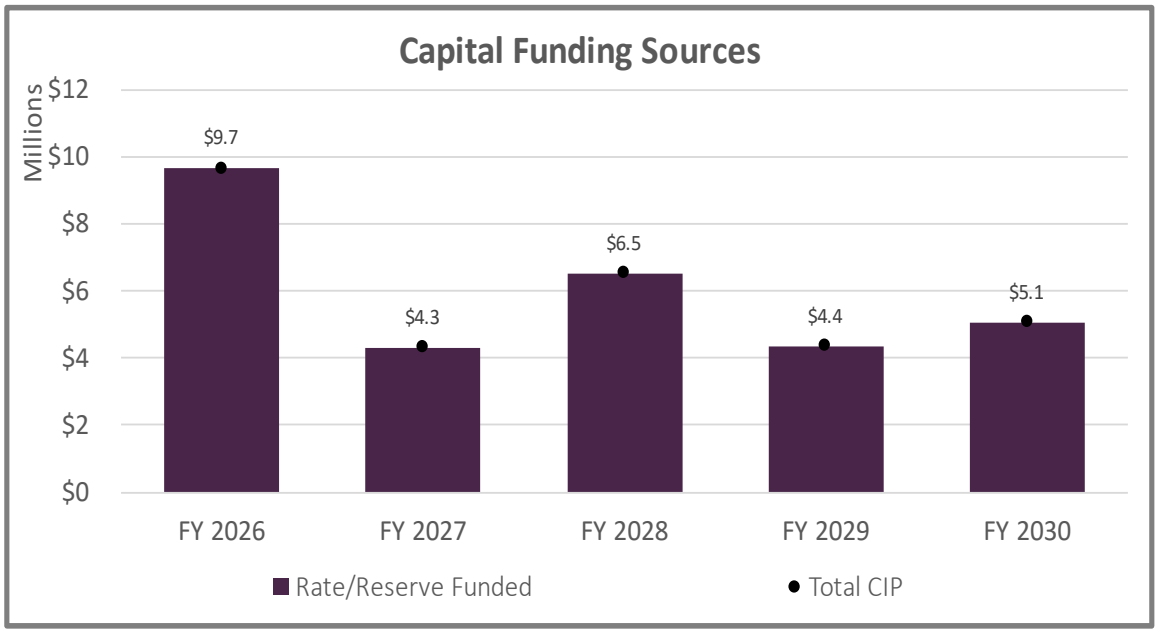
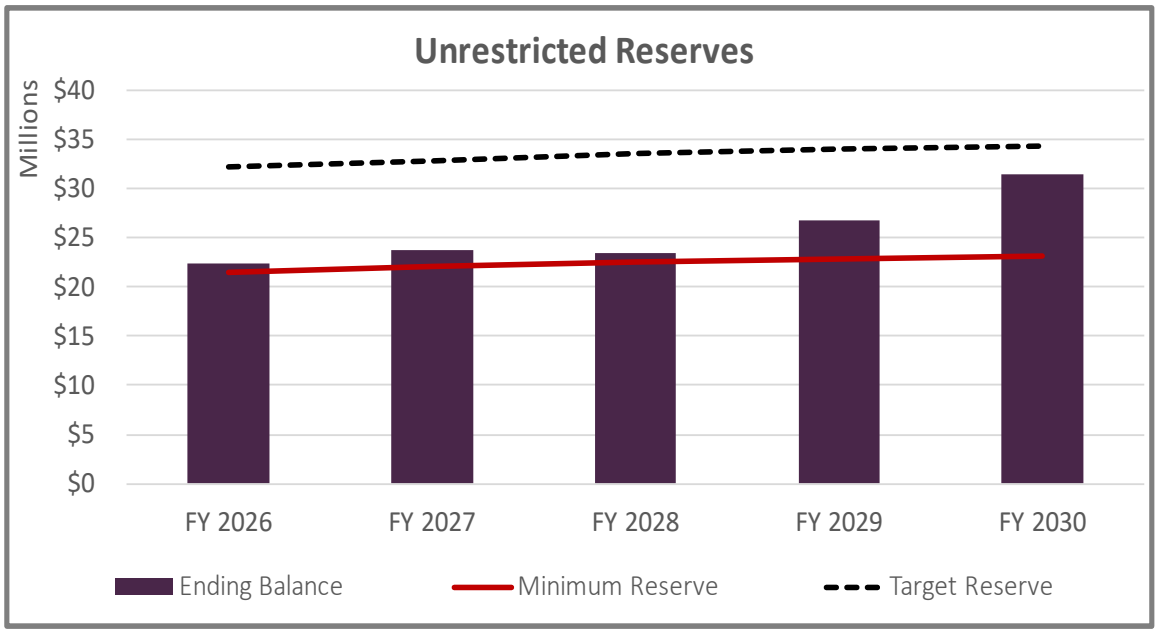


Figure 9: Proposed Ending Reserves



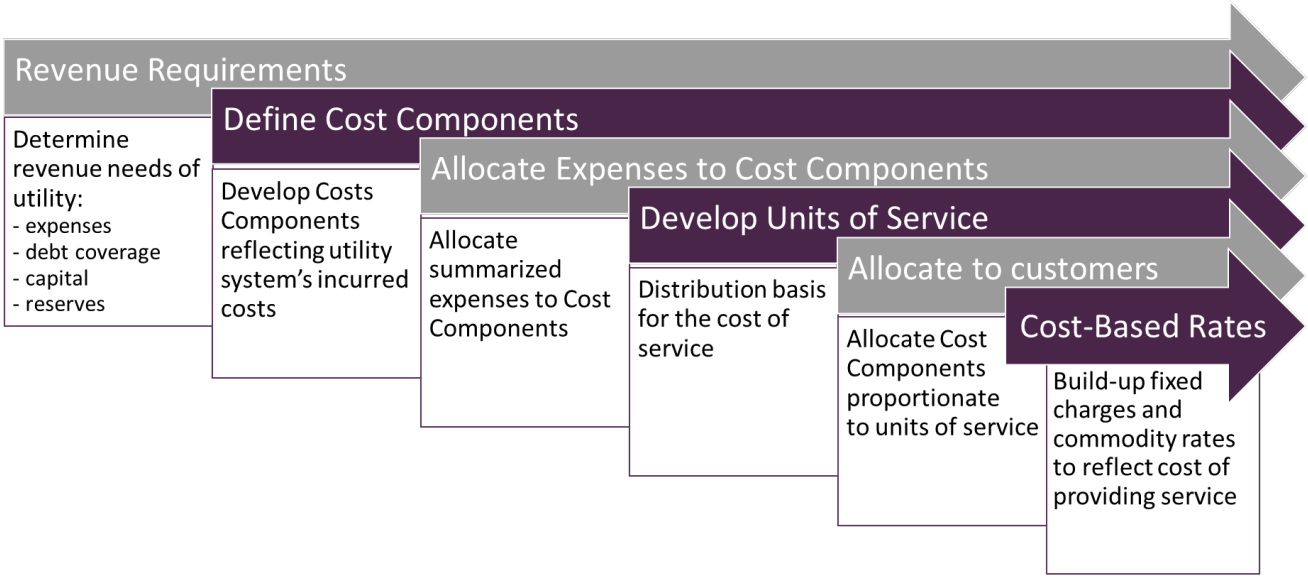
Cost-of-Service Analysis

Cost-of-Service Process

The next step in developing rates is to perform a cost-of-service analysis. This step develops proposed water rates that are cost-based and proportional. Proposition 218 does not provide a particular methodology for establishing rates, so long as they reflect the proportional cost-of-service on a parcel basis. This study and analysis herein allocate costs proportionately to each parcel served by the District and derives water rates consistent with Proposition 218.

It is important to understand **how** costs are incurred to determine the most appropriate way to recover these costs. The following graphic summarizes the cost-of-service process. This process allocates costs incurred to customers based on their proportional share. As a result, the proposed rates are cost-based and reflect the costs incurred to deliver water service to all customers.

Figure 10: Cost-of-Service Process



Revenue Requirements

Revenue requirements are determined for FY 2026 and used for the cost-of-service. Revenue requirements include operating expenses, available offsets from other rate revenues, operating revenues, other revenues, annual net income, and any mid-year adjustments if rates are implemented after the start of the fiscal year. Our analysis and report assumed rates would go into effect on January 1, 2026. The mid-year adjustment annualizes the proposed revenue adjustment to account for the time elapsed before new rates take effect and connects to the annual units of service used within this report for deriving rates. The proposed revenue adjustments and corresponding rates generate the necessary funding over the Rate Setting Period to fund total revenue requirements, including the capital improvement plan, and satisfy minimum reserve requirements each year. The results of the financial plan analysis are summarized in Table 28 and represent the revenue required from rates over the Rate Setting Period.

Table 28: Revenue Requirements

Rate Setting Period	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenue Requirements	Total	Total	Total	Total	Total
Water Supply Costs					
Fixed Water Costs					
Potable	$479,000	$537,000	$631,000	$692,000	$723,000
Recycled	$27,000	$27,000	$27,000	$27,000	$27,000
Variable Water Costs					
Potable					
TVMWD	$12,782,000	$13,957,000	$15,132,000	$15,811,000	$16,229,000
CDWC	$238,000	$238,000	$238,000	$238,000	$238,000
Recycled	$162,000	$162,000	$162,000	$162,000	$162,000
Recycled Contract	$121,000	$121,000	$121,000	$121,000	$121,000
Other Water Supply Costs					
Pumping Power (Potable)	$599,000	$618,000	$638,000	$660,000	$684,000
Pumping Power (Recycled)	$116,000	$122,000	$128,000	$134,000	$141,000
Chemicals	$250,000	$252,000	$254,000	$256,000	$259,000
PWR Operating Assessments	$56,000	$72,000	$87,000	$102,000	$118,000
PBWA - Operating Assessments	$267,000	$275,000	$284,000	$294,000	$304,000
Total Water Supply Costs	$15,097,000	$16,381,000	$17,702,000	$18,497,000	$19,006,000
Operating Expenses					
Trans & Distr Maint	$629,700	$653,000	$677,000	$702,000	$727,000
Meter Maintenance	$71,000	$74,000	$77,000	$80,000	$82,000
Reservoir Maintenance	$95,000	$99,000	$103,000	$106,000	$110,000
Operations and Maintenance	$791,300	$822,000	$852,000	$884,000	$918,000
Engineering	$250,000	$260,000	$269,000	$279,000	$289,000
Conservation	$80,000	$83,000	$86,000	$89,000	$92,000
Community Outreach	$152,300	$158,000	$163,000	$168,000	$174,000
Administrative Expenses	$2,371,500	$2,481,000	$2,597,000	$2,720,000	$2,850,000
Treatment Personnel	$1,432,300	$1,480,000	$1,530,000	$1,580,000	$1,633,000
Mains & Services Personnel	$1,588,700	$1,642,000	$1,697,000	$1,753,000	$1,811,000
Admin Personnel	$2,083,000	$2,222,000	$2,296,000	$2,372,000	$2,451,000
Benefits, Retirement, Taxes	$2,512,300	$2,736,000	$2,971,000	$3,218,000	$3,413,000
Total Operating Expenses	$12,057,100	$12,710,000	$13,318,000	$13,951,000	$14,550,000
Debt Service					
Existing Debt	$2,440,000	$2,448,000	$2,442,000	$2,453,000	$2,450,000
Other Funding					
Revenue Offsets					
Other Rate Revenues					
Recycled Contract Fixed	($136,000)	($136,000)	($136,000)	($136,000)	($136,000)
Recycled Contract Variable	($203,000)	($203,000)	($203,000)	($203,000)	($203,000)
Operating Revenues	($919,000)	($942,000)	($971,000)	($998,000)	($1,027,000)
Other Revenues	($1,092,000)	($1,148,000)	($1,113,000)	($1,137,000)	($1,186,000)
Total Revenue Offsets	($2,350,000)	($2,429,000)	($2,423,000)	($2,474,000)	($2,552,000)
Adjustments					
Reserve Funding	$4,569,900	$5,658,000	$6,278,000	$7,669,000	$9,674,000
Adjustment for Mid-Year Increase	$1,944,000	$1,419,000	$1,523,000	$1,636,000	$1,760,000
Total Adjustments	$6,513,900	$7,077,000	$7,801,000	$9,305,000	$11,434,000
Direct Transfers					
Capacity Fees	$50,000	$50,000	$50,000	$50,000	$50,000
Total Direct Transfers	$50,000	$50,000	$50,000	$50,000	$50,000
Total Other Funding	$4,213,900	$4,698,000	$5,428,000	$6,881,000	$8,932,000
Revenue Requirement from Rates	**$33,808,000**	**$36,237,000**	**$38,890,000**	**$41,782,000**	**$44,938,000**

Define Cost Components

The water utility incurs costs to accommodate total water demand throughout the year. Therefore, to determine the most appropriate way to recover the utility's expenses, we reviewed the revenue requirements to gain an understanding of the expenses incurred by the utility system. Specific cost components were identified to capture the varying costs of the utility to clearly connect the costs incurred by the utility and how the costs of each component are recovered proportionately from District customers. Our approach connects the District's projected expenses and proposed rates to reflect a cost basis in compliance with Proposition 218. The cost components shown in Figure 11 reflects the cost components used for this study.

Figure 11: Cost Components

Cost Components:
Potable Fixed Water: Fixed monthly water supply costs incurred from water wholesalers.
Account Services: Fixed expenses associated with having an account that do not vary based on meter size or usage.
Meter Capacity: Fixed expenses associated with system demand; recovered based on meter capacity.
Meter Capacity with Fire Lines: Fixed costs associated with system demand, including fire lines.
TVMWD: Variable costs related to imported water from Three Valleys Municipal Water District.
CDWC: Variable costs related to imported water from California Domestic Water Company.
Recycled Water: Variable costs for purchasing recycled water from Walnut Valley Water District and City of Industry.
Delivery: Operating Costs to provide basic level of service to each customer to meet average day demand. Costs benefit all customers uniformly and charged against every unit of water.
Water Efficiency: Expenses related to water efficiency programs/rebates, education/outreach, and personnel costs related to monitoring, reporting, and achieving water efficiency targets set by the State.
Pumping – Power costs related to pumping water to surface level and up to higher elevations.

Allocate Expenses to Cost Components

The analysis herein establishes cost components for developing fixed charges and variable rates. When allocating expenses to the defined cost components, it is important to have a sound reason for allocating an expense to a certain fixed cost component versus a variable cost component or split between both fixed and variable. The distribution of expenses to the cost components should be straightforward to ensure the method of apportionment is **understandable** and easily **correlates to how expenses are incurred**. A description of each expense category is identified on the next page.

Water Supply Expense Categories:

Appendix A includes a detailed analysis of water supply costs.

Potable Fixed Water Costs

Imported Water Use: Fixed expenses from TVMWD based on water deliveries from FY 2022 – FY 2024.
Connected Capacity: Fixed expenses from TVMWD associated with the Badillo-Grand Pipeline.
Equivalent Small Meter: Fixed expenses from TVMWD that are charged to its member agencies based on factors such as historical water use, connected capacity within the TVMWD service area, and volume of meters within the TVMWD service area. These factors are used to assign Equivalent Small Meters to each member agency and corresponding costs.
Capacity Reservation: Fixed expenses from Metropolitan Water District (MWD) that TVMWD passes through to the District. This charge is to provide peaking capacity within MWD's distribution system.
Readiness-To-Serve: Fixed expenses from MWD that TVMWD passes through to the District. This charge supports MWD's system capital costs for emergency and standby storage facilities.
CDWC 1st AF: Fixed expenses from CDWC charged against the first AF of purchased water.

Potable Variable Water Costs

TVMWD – Variable: Variable expenses associated with purchased water from TVMWD.
CDWC – Variable: Variable expenses associated with purchased water from CDWC.

Recycled Fixed Water Costs

WVWD – Fixed: Fixed expenses from WVWD associated with recycled water.
Industry – Fixed: Fixed expenses from the City of Industry associated with recycled water.

Recycled Variable Water Costs

WVWD – Variable: Variable expenses associated with purchased recycled water from WVWD.
Industry – Variable: Variable expenses associated with purchased water from the City of Industry.

Table 29 summarizes the percent allocation of water supply costs to the water supply cost components and corresponding values in dollars. All fixed charges are allocated to the corresponding Potable Fixed Water and Recycled Fixed Water cost component and each variable water supply expense is allocated 100% to its respective water supply cost component to clearly develop unit rates for each. Chemicals cost is allocated 100% to Delivery and spread over all units of water. Pumping is allocated 100% to its corresponding cost component to isolate pumping expenses and derive pumping rates for each elevation zone. Operating Assessments are the District's share of fixed overhead and operating expenses associated with the Pomona-Walnut-Rowland joint water line and the Puente Basin Water Agency (PBWA). These costs are allocated 100% to Potable Fixed Water.

Table 29: Water Supply Costs Allocation to Cost Components

		Cost Components							
Water Supply Costs	Methodology / Allocation Basis	Potable Fixed Water	Recycled Fixed Water	TVMWD	CDWC	Recycled Water	Delivery	Pumping	Total
Fixed Water Costs									
Potable	Specific	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Recycled	Specific	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Variable Water Costs									
Potable									
TVMWD	Specific	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
CDWC	Specific	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%
Recycled	Specific	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
Recycled Contract	Specific	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
Other Water Supply Costs									
Pumping Power (Potable)	Specific	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
Pumping Power (Recycled)	Specific	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
Chemicals	Specific	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	100.0%
PWR Operating Assessments	Specific	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
PBWA - Operating Assessments	Specific	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

		Cost Components							
Water Supply Costs	Methodology / Allocation Basis	Potable Fixed Water	Recycled Fixed Water	TVMWD	CDWC	Recycled Water	Delivery	Pumping	FY 2026
Fixed Water Costs									
Potable	Specific	$479,000	$0	$0	$0	$0	$0	$0	$479,000
Recycled	Specific	$0	$27,000	$0	$0	$0	$0	$0	$27,000
Variable Water Costs									
Potable									
TVMWD	Specific	$0	$0	$12,782,000	$0	$0	$0	$0	$12,782,000
CDWC	Specific	$0	$0	$0	$238,000	$0	$0	$0	$238,000
Recycled	Specific	$0	$0	$0	$0	$162,000	$0	$0	$162,000
Recycled Contract	Specific	$0	$0	$0	$0	$121,000	$0	$0	$121,000
Other Water Supply Costs									
Pumping Power (Potable)	Specific	$0	$0	$0	$0	$0	$0	$599,000	$599,000
Pumping Power (Recycled)	Specific	$0	$0	$0	$0	$116,000	$0	$0	$116,000
Chemicals	Specific	$0	$0	$0	$0	$0	$250,000	$0	$250,000
PWR Operating Assessments	Specific	$56,000	$0	$0	$0	$0	$0	$0	$56,000
PBWA - Operating Assessments	Specific	$267,000	$0	$0	$0	$0	$0	$0	$267,000
Total Allocation ($)		**$802,000**	**$27,000**	**$12,782,000**	**$238,000**	**$399,000**	**$250,000**	**$599,000**	**$15,097,000**

Table 30 summarizes the percent allocation of operating and maintenance costs to the cost components and corresponding values in dollars. Transmission & Distribution Maintenance and Mains & Service Personnel are allocated to Meter Capacity with/ Fire Lines because all accounts benefit from system maintenance to ensure water is always available to all connections and the capacity taken in the system from each meter. Meter Maintenance is assigned 100% to the Meter Capacity cost component, which excludes fire lines because this expense is associated with the repair and replacement of potable and recycled meters. Reservoir Maintenance and Operations and Maintenance are both associated with storage and conveyance of water to all customers and are allocated 100% to Delivery, which is apportioned over every unit of water and each customer pays a proportionate share based on their usage. Engineering is responsible for maintaining the system through planning and scheduling capital repair and replacement, which ensures the system provides adequate capacity to serve all active meters. Therefore, Engineering is allocated 100% to Meter Capacity and apportioned to each meter based on meter size. Conservation and Community Outreach expenses are directly related to educating customers on efficient water use and achieving water efficiency targets set by the State. Therefore, a separate cost component entitled Water Efficiency was established to track these costs separately and apportion them to the customers and usage that benefit from these programs and incentives. Administrative Expenses are overhead expenses and assigned to the fixed cost component of Account Services and Meter Capacity. The percentage allocated to Meter Capacity is associated with expenses that are related to the water system as a whole and connected meters, which include liability insurance, the Board of Directors, and IT. The remainder of overhead expenses is assigned to Account Services and will be apportioned evenly to each account. Admin Personnel and Benefits, Retirement and Taxes are related to customer service and executive staff, which also includes personnel costs that are solely focused on monitoring, reporting, and achieving the water efficiency targets set by the State. Therefore, the percentages assigned to Water Efficiency capture the personnel-related costs for these functions, with the remainder assigned to Meter Capacity, as Executive Staff and Customer Service are responsible for the continued servicing of the system and all connected meters.

Table 30: Water Operating and Maintenance Allocation to Cost Components

Operating Expenses	Methodology / Allocation Basis	Cost Components: Account Services	Meter Capacity	Meter Capacity w/ Fire Lines	Delivery	Water Efficiency	Total
Trans & Distr Maint	Specific	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
Meter Maintenance	Specific	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%
Reservoir Maintenance	Specific	0.0%	0.0%	0.0%	100.0%	0.0%	100.0%
Operations and Maintenance	Specific	0.0%	0.0%	0.0%	100.0%	0.0%	100.0%
Engineering	Specific	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%
Conservation	Specific	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
Community Outreach	Specific	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
Administrative Expenses	Specific	57.5%	42.5%	0.0%	0.0%	0.0%	100.0%
Treatment Personnel	Specific	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%
Mains & Services Personnel	Specific	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
Admin Personnel	Specific	0.0%	91.0%	0.0%	0.0%	9.0%	100.0%
Benefits, Retirement, Taxes	Specific	0.0%	97.3%	0.0%	0.0%	2.7%	100.0%

Operating Expenses	Methodology / Allocation Basis	Cost Components: Account Services	Meter Capacity	Meter Capacity w/ Fire Lines	Delivery	Water Efficiency	FY 2026
Trans & Distr Maint	*Specific*	$0	$0	$629,700	$0	$0	$629,700
Meter Maintenance	*Specific*	$0	$71,000	$0	$0	$0	$71,000
Reservoir Maintenance	*Specific*	$0	$0	$0	$95,000	$0	$95,000
Operations and Maintenance	*Specific*	$0	$0	$0	$791,300	$0	$791,300
Engineering	*Specific*	$0	$250,000	$0	$0	$0	$250,000
Conservation	*Specific*	$0	$0	$0	$0	$80,000	$80,000
Community Outreach	*Specific*	$0	$0	$0	$0	$152,300	$152,300
Administrative Expenses	*Specific*	$1,362,600	$1,008,900	$0	$0	$0	$2,371,500
Treatment Personnel	*Specific*	$0	$1,432,300	$0	$0	$0	$1,432,300
Mains & Services Personnel	*Specific*	$0	$0	$1,588,700	$0	$0	$1,588,700
Admin Personnel	*Specific*	$0	$1,895,566	$0	$0	$187,434	$2,083,000
Benefits, Retirement, Taxes	*Specific*	$0	$2,445,543	$0	$0	$66,758	$2,512,300
Total Allocation ($)		**$1,362,600**	**$7,103,309**	**$2,218,400**	**$886,300**	**$486,491**	**$12,057,100**
O&M Allocation (%)		*11.3%*	*58.9%*	*18.4%*	*7.4%*	*4.0%*	*100.0%*

The District's existing debt funded both potable and recycled capital projects. Half of the proceeds were used for potable and the other half for recycled. The percentage assigned to Recycled Water takes into consideration that Recycled accounts will also pay a portion of the debt assigned to Meter Capacity, since all potable and recycled meters will receive a portion of that expense. Therefore, 47.5% of the debt is allocated to Recycled Water, resulting in Recycled customers paying 50% of the annual debt payments when accounting for their share under Meter Capacity. Table 31 summarizes the percent allocation and corresponding values in dollars to each cost component.

Table 31: Debt Service Allocation to Cost Components

Debt Service	Methodology / Allocation Basis	Cost Components: Account Services	Meter Capacity	Meter Capacity w/ Fire Lines	Recycled Water	Delivery	Water Efficiency	Total
Existing Debt	Specific	0.0%	52.5%	0.0%	47.5%	0.0%	0.0%	100.0%

Debt Service	Methodology / Allocation Basis	Cost Components: Account Services	Meter Capacity	Meter Capacity w/ Fire Lines	Recycled Water	Delivery	Water Efficiency	FY 2026
Existing Debt	*Specific*	$0	$1,280,069	$0	$1,159,931	$0	$0	$2,440,000
Total Allocation ($)		**$0**	**$1,280,069**	**$0**	**$1,159,931**	**$0**	**$0**	**$2,440,000**

Other Funding includes revenue offsets and adjustments. Revenues from the District's recycled water contract customer, which is a backup power plant for the State's electrical grid, is used to completely offset the recycled water fixed purchased water costs, with the remainder of contract revenues applied to offset recycled variable costs. Operating revenues are applied to Meter Capacity to mitigate the increases in fixed charges. Other Revenues, which includes property tax, interest income and miscellaneous income are also used to reduce the increase in fixed charges to maintain the current fixed cost recovery of approximately 42% of total revenue, with the remainder applied Recycled variable costs to generate incentive for customer to continuing using and convert to recycled water. Reserve Funding (including Adjustment for Mid-Year Increase) is recovered evenly over fixed and variable components by applying 50% of the cost recovery to Meter Capacity and 50% to Delivery. The District's Operating reserve and Rate Stabilization reserve are fully funded, and the Reserve Funding goes towards the capital-related reserves. Therefore, 50% is applied to Meter Capacity which accounts for the capacity each meter takes in the system and 50% is applied to Delivery and recovered based on usage of each customer. Capacity Fees are from new connections to buy into the system, therefore, these funds are transferred into the restricted Expansion reserve and applied proportionately to each cost component based on the O&M Allocation percentage shown at the bottom of Table 30. Table 32 summarizes the percent allocation of Other Funding and corresponding values in dollars to each cost component.

Table 32: Other Funding Allocation to Cost Components

		Cost Components							
Other Funding	Methodology / Allocation Basis	Recycled Fixed Water	Account Services	Meter Capacity	Meter Capacity w/ Fire Lines	Recycled Water	Delivery	Water Efficiency	Total
Revenue Offsets									
Other Rate Revenues									
Recycled Contract Fixed	Specific	19.9%	0.0%	0.0%	0.0%	80.1%	0.0%	0.0%	100.0%
Recycled Contract Variable	Specific	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
Operating Revenues	Specific	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Other Revenues	Specific	0.0%	0.0%	60.0%	0.0%	40.0%	0.0%	0.0%	100.0%
Adjustments									
Reserve Funding	Specific	0.0%	0.0%	50.0%	0.0%	0.0%	50.0%	0.0%	100.0%
Adjustment for Mid-Year Increase	Specific	0.0%	0.0%	50.0%	0.0%	0.0%	50.0%	0.0%	100.0%
Direct Transfers									
Capacity Fees	O&M Allocation	0.0%	11.3%	58.9%	18.4%	0.0%	7.4%	4.0%	100.0%

		Cost Components							
Other Funding	Methodology / Allocation Basis	Recycled Fixed Water	Account Services	Meter Capacity	Meter Capacity w/ Fire Lines	Recycled Water	Delivery	Water Efficiency	FY 2026
Revenue Offsets									
Other Rate Revenues									
Recycled Contract Fixed	*Specific*	($27,000)	$0	$0	$0	($109,000)	$0	$0	($136,000)
Recycled Contract Variable	*Specific*	$0	$0	$0	$0	($203,000)	$0	$0	($203,000)
Operating Revenues	*Specific*	$0	$0	($919,000)	$0	$0	$0	$0	($919,000)
Other Revenues	*Specific*	$0	$0	($655,200)	$0	($436,800)	$0	$0	($1,092,000)
Adjustments									
Reserve Funding	*Specific*	$0	$0	$2,284,950	$0	$0	$2,284,950	$0	$4,569,900
Adjustment for Mid-Year Increase	*Specific*	$0	$0	$972,000	$0	$0	$972,000	$0	$1,944,000
Direct Transfers									
Capacity Fees	*O&M Allocation*	$0	$5,651	$29,457	$9,200	$0	$3,675	$2,017	$50,000
Total Allocation ($)		**($27,000)**	**$5,651**	**$1,712,207**	**$9,200**	**($748,800)**	**$3,260,625**	**$2,017**	**$4,213,900**

Table 33 summarizes the cost-of-service revenue requirements for FY 2026.

Table 33: FY 2026 Cost-of-Service Revenue Requirements

	Fixed Components					Variable Components						
						Potable Water Supply		*Other Variable Components*				
Revenue Requirement	Potable Fixed Water	Recycled Fixed Water	Account Services	Meter Capacity	Meter Capacity w/ Fire Lines	TVMWD	CDWC	Recycled Water	Delivery	Water Efficiency	Pumping	FY 2026
Water Supply Costs	$802,000	$27,000	$0	$0	$0	$12,782,000	$238,000	$399,000	$250,000	$0	$599,000	$15,097,000
Operating Expenses	$0	$0	$1,362,600	$7,103,309	$2,218,400	$0	$0	$0	$886,300	$486,491	$0	$12,057,100
Debt Service	$0	$0	$0	$1,280,069	$0	$0	$0	$1,159,931	$0	$0	$0	$2,440,000
Other Funding	$0	($27,000)	$5,651	$1,712,207	$9,200	$0	$0	($748,800)	$3,260,625	$2,017	$0	$4,213,900
COS Requirements	**$802,000**	**$0**	**$1,368,251**	**$10,095,584**	**$2,227,600**	**$12,782,000**	**$238,000**	**$810,131**	**$4,396,925**	**$488,509**	**$599,000**	**$33,808,000**

Rate Design

Develop Units of Service

Unit rates for each cost component are derived by spreading the corresponding revenue requirements over appropriate units of service (distribution basis). This approach provides a clear connection between costs incurred and the proportionate share attributable to each parcel. The previous section summarized costs by expense category and then allocated to cost components based on how each cost is incurred. The next step in designing rates is to allocate each cost component to customers in relation to their use of the system and facilities.

The method of apportionment considers each customer's share of system costs and is reflected by the units of service used to equitably distribute the cost components to each parcel. The distribution basis varies by cost component and includes annual bills (total accounts multiplied by 12 billing periods), Meter Equivalents (MEs), which reflect demand placed on the system based on meter size, total projected water consumption, and usage by tier. Each meter size was assigned an equivalency factor using the flow characteristics of a 5/8" meter, equal to 20 gpm. The District's new AMI meter inventory was reviewed, and the specifications of the new AMI meters were provided for determining the safe operating yield (in gpm) for each meter size. The safe maximum operating flow capacity for each meter size was divided by the safe operating flow capacity of the 5/8" meter (20 gpm) to determine the equivalent meter ratios identified in Table 34.

The Capacity Ratio represents the potential flow through each meter size compared to the flow through the base 5/8" meter to establish parity between meter sizes. Total MEs are determined by multiplying the number of meters by the Capacity Ratio and then multiplying the result by the billing periods in a year (12 billing periods). Table 34 summarize the annual units of service related to Total Accounts (Annual Bills) and Total MEs. Table 35 summarizes the total annual bills and total MEs by customer class.

Table 34: Total Accounts and Meter Equivalents

Fixed Units of Service by Customer Class and Meter Size

Meter Size	Capacity (gpm) [A]	Meter Capacity Ratio [B]	Single-Family Residential [C]	All Other Potable [D]	Recycled [E]	Fire Lines [F]	Potable Accounts [G] = C + D	Total Accounts [H] = G + E + F	Potable ME's [I] = G x B	Recycled ME's [J] = E x B	Fire Line ME's [K] = F x B	Total ME's [L] = H x B
5/8"	20	1.00	11,524	120	1	1	11,644	11,646	11,644	1	1	11,646
1"	50	2.50	-	399	48	1	399	448	998	120	3	1,120
1 1/2"	100	5.00	23	487	52	-	510	562	2,550	260	-	2,810
2"	160	8.00	6	571	45	2	577	624	4,616	360	16	4,992
3"	500	25.00	-	19	3	-	19	22	475	75	-	550
4"	1,000	50.00	-	14	6	58	14	78	700	300	2,900	3,900
6"	1,600	80.00	-	10	-	170	10	180	800	-	13,600	14,400
8"	2,800	140.00	-	5	1	178	5	184	700	140	24,920	25,760
10"	5,500	275.00	-	2	-	63	2	65	550	-	17,325	17,875
12"	5,500	275.00	-	-	-	3	-	3	-	-	825	825
Total			**11,553**	**1,627**	**156**	**476**	**13,180**	**13,812**	23,033	1,256	59,590	83,878
Annual Units *(Total x 12 billing periods)*			**138,636**	**19,524**	**1,872**	**5,712**	**158,160**	**165,744**	**276,390**	**15,072**	**715,074**	**1,006,536**

Table 35: Annual Fixed Units of Service (Bills and MEs)

FY 2026 Annual Fixed Units of Service						
Customer Class	Total Bills	Total ME's	Potable ME's	Recycled ME's	Fire Line ME's	Potable & Recycled ME's
Single-Family Residential	138,636	140,244	140,244	-	-	140,244
All Other Potable	19,524	136,146	136,146	-	-	136,146
Placeholder	-	-	-	-	-	-
Recycled	1,872	15,072	-	15,072	-	15,072
Fire Lines	5,712	715,074	-	-	715,074	-
Annual Fixed Units	**165,744**	**1,006,536**	**276,390**	**15,072**	**715,074**	**291,462**

Total usage by customer class and tier must be known to derive the units of service for allocating variable costs. As part of this rate study, the Single-Family Residential tiered rate structure has been revised to reflect two tiers instead of three tiers and the tier 1 allotment was updated to reflect the water efficiency standard of the State of California, as amended by Senate Bill 1157, equal to 47 gallons per capita per day (gpcd). The tier 1 allotment was calculated by multiplying 47 gallons per capita per day (gpcd) by the average number of people per household (pph) and then multiplying by the number of days in the average billing cycle as shown in Table 36 (rounded up to the next whole unit of water). Single-Family Residential tier 2 captures all remaining usage over tier 1. The incremental rate increase in tier 2 reflects the actual costs the District incurs for each Single-Family Residential customer when usage exceeds 47 gpcd, including personnel-related costs for monitoring and reporting, as mandated by State water use efficiency standards. The District focuses its efforts to Single-Family Residential customers using water in excess of 47 gpcd, and these costs are applied to tier 2. Table 37 provides the projected usage for FY 2026, broken out by customer class and tier and Table 38 summaries the variable units of service.

Table 36: Water Efficiency Standards (HCF)

Water Efficiency Standards	
Efficiency Standard	47 gpcd
x People Per Household	3.22 pph
x Billing Cycle	30 days
Efficiency Water Needs	4,541 gallons
÷ Conversion Factor	748.05
Converted to hcf	**7.0 hcf**

Table 37: Projected Usage by Customer Class and Tier (HCF)

Projected Usage by Customer Class and Tier		
Customer Class & Tiers	Revised (hcf)	Projected Usage (hcf)
Single-Family Residential		
Tier 1	7	824,377
Tier 2	> 7	668,457
Subtotal Single-Family Residential		1,492,834
All Other Potable	Uniform	2,298,767
Recycled	Uniform	306,082
Total Usage (hcf)		**4,097,683**

Table 38: Variable Units of Service (HCF)

FY2026 Variable Unis of Service				
Customer Class	Projected Usage (hcf)	Potable Usage (hcf)	Recycled Usage (hcf)	SFR Usage (hcf)
Single-Family Residential	1,492,834	1,492,834	-	1,492,834
All Other Potable	2,298,767	2,298,767	-	-
Recycled	306,082	-	306,082	-
Total Projected Usage	4,097,683	3,791,601	306,082	1,492,834

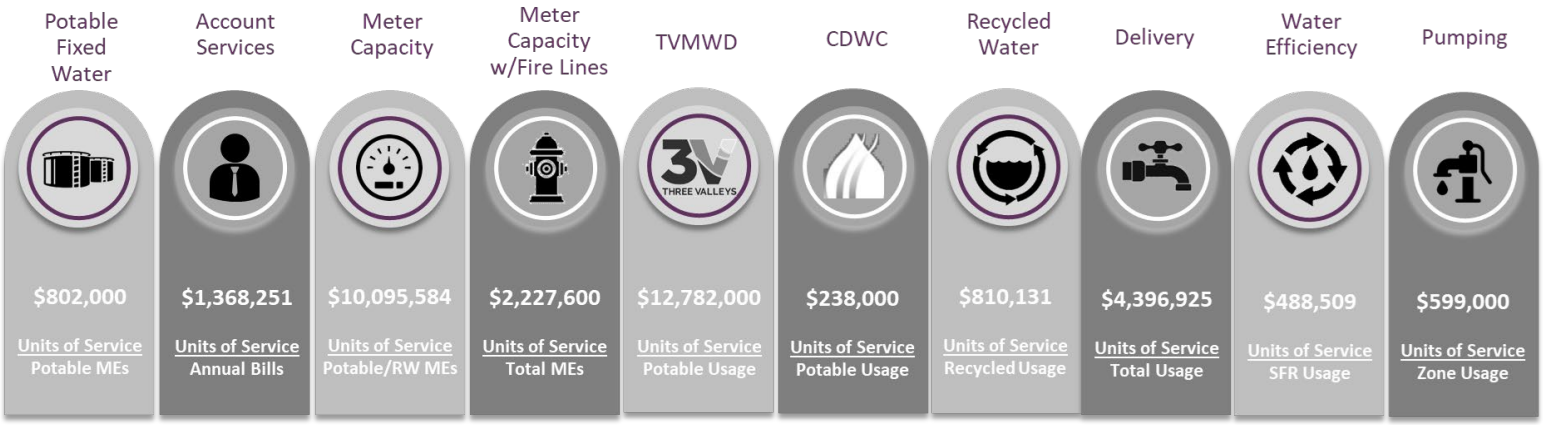
Table 39 provides the usage for the pumping zones from Table 15 and the total usage that flows through each zone. Zone 1 is associated with pumping groundwater up to the surface level. Therefore, Zone 1 usage includes all District customers. Zone 2 is the first elevation zone above the surface level. The total usage flowing through the zone includes all usage in Zone 2 through Zone 6. Zone 3 consists of all usage flowing through Zone 3 through Zone 6, and Zone 4 consists of all usage flowing through Zone 4 through Zone 6, and Zone 5 consists of all usage flowing through Zone 5 and Zone 6. Zone 6 is the highest elevation, and the total usage flowing through that zone is equivalent to the usage in that zone.

Table 39: Projected Usage by Pump Zone (HCF)

FY2026 Pumping Units of Service			
Pumping Zone	Potable Zone Usage	Potable Usage through Zone	Total Potable Usage Through Zone Calculation
Zone 1	3,043,421	3,791,601	*Sum Zone 1 - 6 Usage*
Zone 2	536,233	748,180	*Sum Zone 2 - 6 Usage*
Zone 3	122,618	211,947	*Sum Zone 3 - 6 Usage*
Zone 4	34,730	89,329	*Sum Zone 4 - 6 Usage*
Zone 5	24,361	54,599	*Sum Zone 5 - 6 Usage*
Zone 6	30,238	30,238	*Zone 6 Usage*
Total Projected Usage (hcf)	3,791,601	4,925,895	

With the units of service shown in Table 35, Table 38, and Table 39 we can select the appropriate distribution basis for each cost component. Figure 12 identifies the total revenue requirements by cost component from Table 33 and the corresponding units of service.

Figure 12: Distribution Basis and Units of Service by Cost Component



Using the FY 2026 revenue requirements, the cost-of-service allocates expenses to customers based on the service demands that each place on the system (cost causation). This approach ensures that each customer proportionately shares in the financial obligation of the water utility. For the following unit rate computations for each cost component, unit rates were rounded up to the nearest penny.

Fixed Cost Recovery

The fixed cost revenue requirements are identified in Table 33 and distributed based on the annual fixed units of service shown in Table 35.

Potable Fixed Water

The Potable Fixed Water component includes fixed purchased water costs incurred from water wholesalers, including charges from TVMWD and fixed expenses from MWD that are passed through by TVMWD. These fixed charges are reflective of the District's overall potable system capacity, the District's aggregate water usage data, relative to other member agencies, and meter connections. The revenue requirement for Potable Fixed Water is apportioned based on meter size. Larger-sized meters can generate a greater demand on the system from the amount of potential water flow that may pass through the meter. However, recycled water meters are excluded from these potable water charges and fire lines are excluded because these connections are a standby service that do not consistently use water or place demand on the system. Table 40 derives the monthly unit rate per Potable ME.

Table 40: Potable Fixed Water Monthly Unit Rate

Potable Fixed Water Unit Rate	
Revenue Requirement	$802,000
÷ Potable ME's	276,390
Monthly Unit Rate	$2.91

Account Services

Each customer incurs Account Services costs, including recycled water and fire lines, regardless of the type of land use, meter size, or total amount of water used. These costs should be spread equally across all meters /connections. This is achieved by spreading the cost over Total Bills. Therefore, the revenue requirement for Account Services is apportioned based on the total Bills to determine the monthly unit cost-of-service shown in Table 41.

Table 41: Account Services Monthly Unit Rate

Account Services Unit Rate	
Revenue Requirement	$1,368,251
÷ Total Bills	165,744
Unit Rate	**$8.26**

Meter Capacity

The Meter Capacity component includes operational costs and a portion of system-wide operations, a portion of debt, and reserve funding. The revenue requirement for Meter Capacity is apportioned based on meter size. Larger sized meters can generate a greater demand on the system from the amount of potential water flow that may pass through the meter. However, dedicated fire line meters are excluded from this cost component but are included to the expenses assigned to the Meter Capacity with Fire Lines cost component. Therefore, the revenue requirement for Meter Capacity is apportioned to meter size as represented by Potable & Recycled MEs, as shown in Table 42.

Table 42: Meter Capacity Monthly Unit Rate

Meter Capacity Unit Rate	
Revenue Requirement	$10,095,584
÷ Potable & Recycled ME's	291,462
Unit Rate	**$34.64**

Meter Capacity with Fire Lines

The Meter Capacity with Fire Lines component includes system-wide operations costs, including operational expenses related to the total water system's transmission and distribution main lines that benefit all meters and connections. The revenue requirement for Meter Capacity with Fire Lines is apportioned based on Total ME's. Larger-sized meters and connections can generate a greater demand on the system from the amount of potential water flow that may pass through the meter or connection in gpm. Table 42 derives the monthly unit rate per ME.

Table 43: Meter Capacity Monthly with Fire Lines Unit Rate

Meter Capacity with Fire Lines Unit Rate	
Revenue Requirement	$2,227,600
÷ Total ME's	1,006,536
Unit Rate	**$2.22**

Variable Cost Recovery

The variable cost revenue requirements are identified in Table 33 and distributed based on the variable units of service shown in Table 38 and Table 39.

The proposed rate structure includes two tiers for Single-Family Residential and uniform rates for All Other Potable and Recycled customers. State water use efficiency mandates require that the District incur costs associated with staff personnel and programs to educate single-family residences in using water efficiently. The staff personnel are responsible for monitoring, reporting, and achieving the District's 2030 water efficiency requirements set by the State. Therefore, the tiered rate structure for Single-Family Residential are tied to the current indoor water efficiency standards of the State, with tier 1 reflecting 47 gpcd (or 7 hcf per month). The two-tiered rate structure will provide staff with ongoing consumption data to properly focus their time, effort, and programs to curtail outdoor water usage, while monitoring indoor water usage and achieving the 47 gpcd goal. Currently, the District's focuses its efforts to Single-Family Residential customers; therefore, All Other Potable or Recycled customer do not incur these costs and will maintain uniform rates.

Water Supply

Potable water supplies include water from CDWC and TVMWD. The water supply unit rate reflects a blended rate of both water supplies. Recycled water has a separate water supply, which is captured under the Recycled Water cost component. Table 44 derives the blended unit rate for the combined potable water supplies, rounded up to the nearest penny.

Appendix A includes a detailed analysis of water supply costs. The District's water loss is approximately 5%, based on the most up-to-date information from the District. Water loss occurs based on evaporation, exfiltration, and leaks/breaks in the distribution system. The water loss percentage was applied to the water production to derive the net amount of each water supply available to serve total water demand. The quantity of water supplies by source is based on the District's tracking of its water supplies.

Table 44: Water Supply Unit Rates per HCF

Potable Water Supply Component Unit Rate	
Revenue Requirement	
TVMWD	$12,782,000
CDWC	$238,000
Potable Water Supply Requirement	$13,020,000
÷ Potable Usage	3,791,601
Unit Rate ($/hcf)	**$3.44**

Recycled Water

Recycled Water costs are associated with recycled water supplies and assigned to recycled water customers. Therefore, the revenue requirement for Recycled Water is apportioned based on the projected total recycled water usage to determine the unit cost-of-service, as shown in Table 45.

Table 45: Recycled Water Unit Rate per HCF

Recycled Water Component Unit Rate	
Revenue Requirement	$810,131
÷ Recycled Usage	306,082
Unit Rate ($/hcf)	**$2.65**

Delivery

Delivery costs are incurred based on the total volume of water produced and delivered to customers throughout the year. Therefore, the revenue requirement for Delivery is apportioned based on the projected total water usage to determine the unit cost-of-service, irrespective of tier, as shown in Table 46.

Table 46: Water Delivery Cost Unit Rate per HCF

Delivery Component Unit Rate	
Revenue Requirement	$4,396,925
÷ Projected Usage	4,097,683
Unit Rate ($/hcf)	**$1.08**

Water Efficiency

Water Efficiency costs are related to staff personnel and programs devoted to educating single-family residences in using water efficiently. The two-tiered rate structure for Single-Family Residential provides staff with ongoing consumption data to properly focus their time, effort, and programs to curtail outdoor water usage, while monitoring indoor water usage and achieving the goal of 47 gpcd. The District's focuses its efforts to Single-Family Residential customers; therefore, All Other Potable or Recycled customer do not incur these costs. Table 47 derives the unit rate per hcf, rounded up to the nearest penny.

Table 47: Water Efficiency Cost Unit Rate per HCF

Water Efficiency Allocation to Customer Classes			
Customer Class	SFR Usage	% Allocation	Revenue Requirement
Single-Family Residential	1,492,834	100.00%	$488,509
All Other Potable	-	0.00%	$0
Recycled	-	0.00%	$0
Total	1,492,834	100.0%	$488,509

Water Efficiency Allocation to Tiers				
Customer Class & Tier	Projected Usage [A]	Staff Effort (%) [B]	Revenue Requirement [C] = Rev Req x B	FY 2026 Unit Rate [D] = C ÷ A
Single-Family Residential				
Tier 1	824,377	0.0%	$0	$0.00
Tier 2	668,457	100.0%	$488,509	$0.74
Subtotal Single-Family Residentia	1,492,834	100.0%	$488,509	
All Other Potable	2,298,767	100.0%	$0	$0.00
Recycled	306,082	100.0%	$0	$0.00
Total	4,097,683		$488,509	

Pumping

Pumping costs are incurred based on the total volume of water pumped through each zone throughout the year. Pump Zone 1 reflects the pumping costs for potable water to reach the surface level, which is applied to all potable usage from the District's customer base. Pump Zone 2 is the first zone where water is pumped up to a higher elevation. Every unit of water pumped up to Pump Zone 3, must go through Pump Zone 2. Likewise, every unit of water pumped to Pump Zone 4 must pass through Pump Zone 3; every unit of water pumped in Pump Zone 5 must go through Pump Zone 4; and every unit of water pumped in Pump Zone 6 must go through Pump Zone 5. This concept is shown in Table 39 provides the usage for the pumping zones from Table 15 and the total usage that flows through each zone. Zone 1 is associated with pumping groundwater up to the surface level. Therefore, Zone 1 usage includes all District customers. Zone 2 is the first elevation zone above the surface level. The total usage flowing through the zone includes all usage in Zone 2 through Zone 6. Zone 3 consists of all usage flowing through Zone 3 through Zone 6, and Zone 4 consists of all usage flowing through Zone 4 through Zone 6, and Zone 5 consists of all usage flowing through Zone 5 and Zone 6. Zone 6 is the highest elevation, and the total usage flowing through that zone is equivalent to the usage in that zone.

Table 39. Pumping costs of the District's wells and booster pumps are tracked by zone. Therefore, the revenue requirement for each zone is directly related to the associated power costs of each pumping zone. Unit rates for each zone are shown in Table 48.

Table 48: Potable Pumping Cost by Zone - Unit Rate per HCF

Pumping Component Allocation to Zones					
Pumping Zone	Potable Zone Usage	Potable Usage through Zone	Costs by Zone	Unit Rate ($/hcf)	FY 2026 Unit Rate
	[A]	[B]	[C]	[D] = C ÷ B	[E] = Cumulative rates from D
Zone 1	3,043,421	3,791,601	$254,499	$0.07	**$0.07**
Zone 2	536,233	748,180	$165,357	$0.22	**$0.29**
Zone 3	122,618	211,947	$94,667	$0.45	**$0.74**
Zone 4	34,730	89,329	$52,936	$0.59	**$1.33**
Zone 5	24,361	54,599	$21,717	$0.40	**$1.73**
Zone 6	30,238	30,238	$9,823	$0.32	**$2.05**
Total	3,791,601	4,925,895	$599,000		

FY 2026 Cost-of-Service Rates

Proposed Monthly Fixed Charges

The proposed monthly fixed charges for FY 2026 are shown in Table 49, reflecting the combined charges of Fixed Water Supply, Account Services, and Meter Capacity. Fixed Water Supply and Meter Capacity charges increase with the size of the meter in relation to the Capacity Ratios, rounded up to the next whole penny. Recycled FY 2026 monthly fixed charges exclude the costs associated with Potable Fixed Water, as shown in Table 50. Table 51 identifies the proposed FY 2026 monthly dedicated fire line charges, which exclude Potable Fixed Water and Meter Capacity.

Table 49: FY 2026 Potable Water Fixed Charges by Meter Size

Proposed Monthly Potable Fixed Charges						
Meter Size	RWD Capacity Ratio	Potable Fixed Water	Account Services	Meter Capacity	Meter Capacity w/ Fire Lines	FY 2026 Proposed Charge
5/8"	1.00	$2.91	$8.26	$34.64	$2.22	**$48.03**
1"	2.50	$7.28	$8.26	$86.60	$5.55	**$107.69**
1 1/2"	5.00	$14.55	$8.26	$173.20	$11.10	**$207.11**
2"	8.00	$23.28	$8.26	$277.12	$17.76	**$326.42**
3"	25.00	$72.75	$8.26	$866.00	$55.50	**$1,002.51**
4"	50.00	$145.50	$8.26	$1,732.00	$111.00	**$1,996.76**
6"	80.00	$232.80	$8.26	$2,771.20	$177.60	**$3,189.86**
8"	140.00	$407.40	$8.26	$4,849.60	$310.80	**$5,576.06**
10"	275.00	$800.25	$8.26	$9,526.00	$610.50	**$10,945.01**

Table 50: FY 2026 Recycled Water Fixed Charges by Meter Size

Proposed Monthly Recycled Fixed Charges						
Meter Size	RWD Capacity Ratio	Potable Fixed Water	Account Services	Meter Capacity	Meter Capacity w/ Fire Lines	FY 2026 Proposed Charge
5/8"	1.00	$0.00	$8.26	$34.64	$2.22	**$45.12**
1"	2.50	$0.00	$8.26	$86.60	$5.55	**$100.41**
1 1/2"	5.00	$0.00	$8.26	$173.20	$11.10	**$192.56**
2"	8.00	$0.00	$8.26	$277.12	$17.76	**$303.14**
3"	25.00	$0.00	$8.26	$866.00	$55.50	**$929.76**
4"	50.00	$0.00	$8.26	$1,732.00	$111.00	**$1,851.26**
6"	80.00	$0.00	$8.26	$2,771.20	$177.60	**$2,957.06**
8"	140.00	$0.00	$8.26	$4,849.60	$310.80	**$5,168.66**
10"	275.00	$0.00	$8.26	$9,526.00	$610.50	**$10,144.76**
12"	275.00	$0.00	$8.26	$9,526.00	$610.50	**$10,144.76**

Table 51: FY 2026 Dedicated Fire Line Charges by Connection Size

Proposed Monthly Fire Line Fixed Charges						
Meter Size	RWD Capacity Ratio	Potable Fixed Water	Account Services	Meter Capacity	Meter Capacity w/ Fire Lines	FY 2026 Proposed Charge
5/8"	1.00	$0.00	$8.26	$0.00	$2.22	**$10.48**
1"	2.50	$0.00	$8.26	$0.00	$5.55	**$13.81**
1 1/2"	5.00	$0.00	$8.26	$0.00	$11.10	**$19.36**
2"	8.00	$0.00	$8.26	$0.00	$17.76	**$26.02**
3"	25.00	$0.00	$8.26	$0.00	$55.50	**$63.76**
4"	50.00	$0.00	$8.26	$0.00	$111.00	**$119.26**
6"	80.00	$0.00	$8.26	$0.00	$177.60	**$185.86**
8"	140.00	$0.00	$8.26	$0.00	$310.80	**$319.06**
10"	275.00	$0.00	$8.26	$0.00	$610.50	**$618.76**
12"	275.00	$0.00	$8.26	$0.00	$610.50	**$618.76**

Proposed Commodity Rates

The proposed variable rates for FY 2026 are shown in Table 52 for each customer class and tier, reflecting the combined variable rate components of Water Supply, Delivery, Conservation, and Revenue Offset. The proposed pumping rates by pump zone for FY 2025 are shown in Table 53.

Table 52: FY 2026 Variable Rates by Customer Class and Tier (HCF)

Proposed Variable Rates ($/hcf)					
Customer Class & Tier	Potable Water Supply	Recycled Water	Delivery	Water Efficiency	FY 2026 Proposed Rate
Single-Family Residential					
Tier 1	$3.44	$0.00	$1.08	$0.00	**$4.52**
Tier 2	$3.44	$0.00	$1.08	$0.74	**$5.26**
All Other Potable	$3.44	$0.00	$1.08	$0.00	**$4.52**
Recycled	$0.00	$2.65	$1.08	$0.00	**$3.73**

Table 53: FY 2026 Water Pumping Rates by Pump Zone (HCF)

Proposed Pumping Rates ($/hcf)	
Pumping Zone	FY 2026 Proposed Rate
Zone 1	$0.07
Zone 2	$0.29
Zone 3	$0.73
Zone 4	$1.33
Zone 5	$1.73
Zone 6	$2.05

Multi-Year Rate Schedules

The comprehensive cost-of-service analysis and rate development meet the requirements of Proposition 218 and identify the cost components that make up the proposed fixed charges and variable rates. The proposed 5-year rate schedules are shown as follows.

Table 54, Table 55, and Table 56 provide the 5-year rate schedules over the Rate Setting Period for monthly potable fixed charges[5], recycled water, and dedicated fire lines, respectively. Table 57 and Table 58 provide the 5-year rate schedule for variable rates and pumping rates, respectively. For FY 2027 through FY 2030, the revenue adjustments are applied across the board to the cost-of-service rates derived for FY 2026 (rounded up to the next whole penny) to maintain the proportionality of the cost allocations between customers derived within this updated cost-of-service analysis. The fixed charges and variable rates do not include any rate increases imposed on the District by wholesale water providers and assumes that the District will seek authorization to pass any future wholesale water provider rate increases directly to customers. As such, the actual rate charged to customers may be higher than those set forth below, to account for any potential pass-through rate increases.

Table 54: Proposed Potable Water Fixed Charges (FY 2026 – FY 2030)

Proposed Potable Fixed Charges ($/Month)					
Meter Size	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenue Adjustment		8.5%	8.5%	8.5%	8.5%
5/8"	$48.03	$52.12	$56.56	$61.37	$66.59
1"	$107.69	$116.85	$126.79	$137.57	$149.27
1 1/2"	$207.11	$224.72	$243.83	$264.56	$287.05
2"	$326.42	$354.17	$384.28	$416.95	$452.40
3"	$1,002.51	$1,087.73	$1,180.19	$1,280.51	$1,389.36
4"	$1,996.76	$2,166.49	$2,350.65	$2,550.46	$2,767.25
6"	$3,189.86	$3,461.00	$3,755.19	$4,074.39	$4,420.72
8"	$5,576.06	$6,050.03	$6,564.29	$7,122.26	$7,727.66
10"	$10,945.01	$11,875.34	$12,884.75	$13,979.96	$15,168.26

[5] Single-Family Residential 1" meters that are required due to building code, but could be served by a 5/8" meter, are charged as a 5/8" meter

Table 55: Proposed Recycled Water Fixed Charge (FY 2026 – FY 2030)

Proposed Recycled Monthly Fixed Charges ($/Month)					
Meter Size	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenue Adjustment		8.5%	8.5%	8.5%	8.5%
5/8"	$45.12	$48.96	$53.13	$57.65	$62.56
1"	$100.41	$108.95	$118.22	$128.27	$139.18
1 1/2"	$192.56	$208.93	$226.69	$245.96	$266.87
2"	$303.14	$328.91	$356.87	$387.21	$420.13
3"	$929.76	$1,008.79	$1,094.54	$1,187.58	$1,288.53
4"	$1,851.26	$2,008.62	$2,179.36	$2,364.61	$2,565.61
6"	$2,957.06	$3,208.42	$3,481.14	$3,777.04	$4,098.09
8"	$5,168.66	$5,608.00	$6,084.68	$6,601.88	$7,163.04
10"	$10,144.76	$11,007.07	$11,942.68	$12,957.81	$14,059.23
12"	$10,144.76	$11,007.07	$11,942.68	$12,957.81	$14,059.23

Table 56: Proposed Dedicated Fire Line Charges (FY 2026 – FY 2030)

Proposed Fire Line Fixed Charges ($/Month)					
Connction Size	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenue Adjustment		8.5%	8.5%	8.5%	8.5%
5/8"	$10.48	$11.38	$12.35	$13.40	$14.54
1"	$13.81	$14.99	$16.27	$17.66	$19.17
1 1/2"	$19.36	$21.01	$22.80	$24.74	$26.85
2"	$26.02	$28.24	$30.65	$33.26	$36.09
3"	$63.76	$69.18	$75.07	$81.46	$88.39
4"	$119.26	$129.40	$140.40	$152.34	$165.29
6"	$185.86	$201.66	$218.81	$237.41	$257.59
8"	$319.06	$346.19	$375.62	$407.55	$442.20
10"	$618.76	$671.36	$728.43	$790.35	$857.53
12"	$618.76	$671.36	$728.43	$790.35	$857.53

Table 57: Proposed Variable Rates (FY 2026 – FY 2030)

Proposed Variable Rates ($/hcf)						
Customer Class & Tier	Tiers	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenue Adjustment	(hcf)		8.5%	8.5%	8.5%	8.5%
Single-Family Residential						
Tier 1	*7*	$4.52	$4.91	$5.33	$5.79	$6.29
Tier 2	*>7*	$5.26	$5.71	$6.20	$6.73	$7.31
All Other Potable	*Uniform*	$4.52	$4.91	$5.33	$5.79	$6.29
Recycled	*Uniform*	$3.73	$4.05	$4.40	$4.78	$5.19

Table 58: Proposed Pumping Rates (FY 2026 – FY 2030)

Proposed Pumping Rates ($/hcf)					
Pumping Zone	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenue Adjustment		8.5%	8.5%	8.5%	8.5%
Zone 1	$0.07	$0.08	$0.09	$0.10	$0.11
Zone 2	$0.29	$0.32	$0.35	$0.38	$0.42
Zone 3	$0.73	$0.80	$0.87	$0.95	$1.04
Zone 4	$1.33	$1.45	$1.58	$1.72	$1.87
Zone 5	$1.73	$1.88	$2.04	$2.22	$2.41
Zone 6	$2.05	$2.23	$2.42	$2.63	$2.86

Appendix A – Water Supply Analysis

To calculate the fiscal year fixed water costs, the rates of each monthly fixed charge are either multiplied by twelve effective months for charges that are on a fiscal year basis or multiplied by six-month increments for charges that are on a calendar year basis. For calendar year fixed charges, the prior year's rates are multiplied by six months and added to the current fixed charges multiplied by six months, as shown in Table 59. The fiscal year variable water supply costs were calculated through the following analysis. First, the water loss percentage was applied to the water sales to derive the total amount of water needed to meet customer demand for both potable and recycled water. To calculate the variable purchase water costs, the amount of water purchased or produced from July to January (at Prior Rate) and the amount of water purchased or produced from January to June (at Current Rate) must be determined. Once the amount of water used at the prior and current rates is identified, the volumes were then multiplied by the corresponding variable purchase water costs to calculate the total annual variable water supply costs, as shown in Table 60. The total projected fixed and variable water supply costs are then rounded to the nearest thousand, along with other water supply costs, as shown in Table 61.

Table 59: Fixed Purchased Water Costs

Fixed Water Supply Charges							
Monthly Fixed Water Supply Charges	*Effective*	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Potable							
Imported Water Use	CY	$4,195	$5,415	$5,415	$5,415	$5,415	$5,415
Connected Capacity	CY	$3,895	$4,872	$4,872	$4,872	$4,872	$4,872
Equiv Small Meter	CY	$2,729	$2,006	$2,006	$2,006	$2,006	$2,006
Capacity Reservation	CY	$15,928	$14,741	$14,741	$14,741	$14,741	$14,741
Readiness-To-Serve	FY	$5,395	$12,311	$16,961	$24,825	$29,882	$32,512
CDWC 1st AF	CY	$653	$700	$700	$700	$700	$700
Recycled							
WVWD	CY	$376	$376	$376	$376	$376	$376
Industry	CY	$1,821	$1,821	$1,821	$1,821	$1,821	$1,821
Annual Fixed Water Supply Costs			**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
Fixed Potable Water Costs							
Imported Water Use	CY		$57,657	$64,977	$64,977	$64,977	$64,977
Connected Capacity	CY		$52,600	$58,465	$58,465	$58,465	$58,465
Equiv Small Meter	CY		$28,410	$24,067	$24,067	$24,067	$24,067
Capacity Reservation	CY		$184,015	$176,894	$176,894	$176,894	$176,894
Readiness-To-Serve	FY		$147,736	$203,537	$297,899	$358,588	$390,149
CDWC 1st AF	CY		$8,118	$8,400	$8,400	$8,400	$8,400
Subtotal Fixed Potable Water Costs			$478,537	$536,339	$630,701	$691,390	$722,951
Fixed Recycled Costs							
WVWD	CY		$4,514	$4,514	$4,514	$4,514	$4,514
Industry	CY		$21,852	$21,852	$21,852	$21,852	$21,852
Subtotal Fixed Recycled Costs			$26,366	$26,366	$26,366	$26,366	$26,366
Fixed Water Costs			**$504,903**	**$562,705**	**$657,067**	**$717,756**	**$749,317**

Table 60: Variable Purchased Water Costs

Variable Water Supply							
Water Supply Rates ($/AF)		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Potable							
TVMWD	($/AF)	$1,411	$1,560	$1,749	$1,896	$1,965	$2,056
CDWC	($/AF)	$427	$457	$457	$457	$457	$457
Recycled							
WVWD	($/AF)	$362	$362	$362	$362	$362	$362
Industry	($/AF)	$537	$537	$537	$537	$537	$537
Groundwater	($/AF)	$0	$0	$0	$0	$0	$0

Potable Supplies	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Potable Sales (AF)	8,704 AF	8,548 AF	8,410 AF	8,286 AF	8,177 AF
Water Loss (%)	5.0%	5.0%	5.0%	5.0%	5.0%
Potable Demand (AF)	9,162 AF	8,998 AF	8,852 AF	8,723 AF	8,608 AF
Potable Demand Characteristics					
TVMWD at Prior Rate	4,700 AF	4,611 AF	4,532 AF	4,461 AF	4,399 AF
TVMWD at Current Rate	3,942 AF	3,867 AF	3,801 AF	3,741 AF	3,689 AF
CDWC at Prior Rate	AF	AF	AF	AF	AF
CDWC at Current Rate	520 AF	520 AF	520 AF	520 AF	520 AF
Total Potable Demand	9,162 AF	8,998 AF	8,852 AF	8,723 AF	8,608 AF

Recycled Supplies	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Recycled Sales (AF)	703 AF	703 AF	703 AF	703 AF	703 AF
Water Loss (%)	5.0%	5.0%	5.0%	5.0%	5.0%
Recycled Demand (AF)	740 AF	740 AF	740 AF	740 AF	740 AF
Recycled Demand Characteristics					
WVWD at Prior Rate	13 AF	13 AF	13 AF	13 AF	13 AF
WVWD at Current Rate	7 AF	7 AF	7 AF	7 AF	7 AF
Industry at Prior Rate	252 AF	252 AF	252 AF	252 AF	252 AF
Industry at Current Rate	35 AF	35 AF	35 AF	35 AF	35 AF
Groundwater at Prior Rate	223 AF	223 AF	223 AF	223 AF	223 AF
Groundwater at Current Rate	210 AF	210 AF	210 AF	210 AF	210 AF
Total Recycled Demand	740 AF	740 AF	740 AF	740 AF	740 AF

Contract Customers	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Contract Recycled Sales (AF)	214 AF	214 AF	214 AF	214 AF	214 AF
Water Loss (%)	5.0%	5.0%	5.0%	5.0%	5.0%
Contract Demand (AF)	225 AF	225 AF	225 AF	225 AF	225 AF
Contract Demand Characteristics					
Contract usage at Prior Rate	174 AF	174 AF	174 AF	174 AF	174 AF
Contract usage at Current Rate	51 AF	51 AF	51 AF	51 AF	51 AF

Variable Water Supply Costs	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Variable Potable Water Costs					
TVMWD	$12,781,853	$13,956,591	$15,131,537	$15,810,340	$16,228,070
CDWC	$237,640	$237,640	$237,640	$237,640	$237,640
Total Variable Potable Water Costs	$13,019,493	$14,194,231	$15,369,177	$16,047,980	$16,465,710
Variable Recycled Water Costs					
WVWD	$7,240	$7,240	$7,240	$7,240	$7,240
Industry	$153,824	$153,824	$153,824	$153,824	$153,824
Total Variable Recycled Water Costs	$161,064	$161,064	$161,064	$161,064	$161,064
Variable RW Contract Revenue	$120,695	$120,695	$120,695	$120,695	$120,695
Variable Water Costs	**$13,301,251**	**$14,475,990**	**$15,650,936**	**$16,329,738**	**$16,747,469**

Table 61: Water Supply Cost Summary

Water Supply Cost Summary					
Water Costs	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Fixed Water Costs					
Potable	$479,000	$537,000	$631,000	$692,000	$723,000
Recycled	$27,000	$27,000	$27,000	$27,000	$27,000
Subtotal Fixed Water Costs	$506,000	$564,000	$658,000	$719,000	$750,000
Variable Water Costs					
Potable					
TVMWD	$12,782,000	$13,957,000	$15,132,000	$15,811,000	$16,229,000
CDWC	$238,000	$238,000	$238,000	$238,000	$238,000
Recycled	$162,000	$162,000	$162,000	$162,000	$162,000
Recycled Contract	$121,000	$121,000	$121,000	$121,000	$121,000
Subtotal Variable Water Costs	$13,303,000	$14,478,000	$15,653,000	$16,332,000	$16,750,000
Other Water Supply Costs					
Pumping Power (Potable)	$599,000	$618,000	$638,000	$660,000	$684,000
Pumping Power (Recycled)	$116,000	$122,000	$128,000	$134,000	$141,000
Chemicals	$250,000	$252,000	$254,000	$256,000	$259,000
PWR Operating Assessments	$56,000	$72,000	$87,000	$102,000	$118,000
PBWA - Operating Assessments	$267,000	$275,000	$284,000	$294,000	$304,000
Subtotal Other Water Supply Costs	$1,288,000	$1,339,000	$1,391,000	$1,446,000	$1,506,000
Total Water Supply Costs	$15,097,000	$16,381,000	$17,702,000	$18,497,000	$19,006,000

Appendix B1 – FY 2026 Water Shortage Surcharges

The District adopted a Water Shortage Contingency Plan (WSCP) with six water shortage stages reflecting reduced water usage. When water shortage stages are enacted, and the water shortage measures realize reductions in water usage, revenues will also decrease, causing the utility not to meet its revenue requirements. As such, the District may implement Water Shortage Surcharges to recover projected lost revenues from each water shortage stage. Stage 1 assumes a 10% reduction, with each subsequent stage projecting an additional 10% reduction in water usage, with Stage 66 being anything over 50%. The District Board may enact Water Shortage Surcharges during water shortage events to recover the appropriate revenue to fund water system operations from a reduced volume of water sold. Therefore, Water Shortage Surcharges are higher than the proposed variable rates identified in Table 57 and increase for each stage. The proposed Water Shortage Surcharges are shown by stage for FY 2026. Water use reductions for each stage were first applied to the highest tiered usage of Single-Family Residential (tier 2). The usage within Single-Family Residential tier 2 has the highest potential for cuts and the most significant revenue loss to recover for developing surcharges. As more usage reductions are required to meet the water shortage stage, usage is reduced to All Other Potable, followed by Single-Family Residential tier 1, if required. Table 62 identifies the total reduction in hcf needed to achieve each water shortage stage, Table 63 and summarizes where the reductions are assumed to occur from customer classes and tiers.

Table 62: FY 2026 Usage Reductions by Water Shortage Stage

Usage Reduction by Water Shortage Stage						
Baseline Usage (hcf)	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
	10.0%	20.0%	30.0%	40.0%	50.0%	60.0%
3,791,601	**379,160**	**758,320**	**1,137,480**	**1,516,640**	**1,895,801**	**2,274,961**

Table 63: FY 2026 Usage Reductions by Customer Class and Tier

Usage Reductions by Customer Class & Tier (%)								
Customer Class	Baseline Usage (hcf)	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Revenue Suffiency Priority
Single-Family Residential								
Tier 1	824,377	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	*3rd Reduction*
Tier 2	668,457	56.7%	100.0%	100.0%	100.0%	100.0%	100.0%	*1st Reduction*
All Other Potable	2,298,767	0.0%	3.9%	20.4%	36.9%	53.4%	69.9%	*2nd Reduction*
Total	3,791,601							

Usage Reduction (hcf)								
Customer Class	Baseline Usage (hcf)	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Revenue Suffiency Priority
Single-Family Residential								
Tier 1	824,377	-	-	-	-	-	-	*3rd Reduction*
Tier 2	668,457	379,160	668,457	668,457	668,457	668,457	668,457	*1st Reduction*
All Other Potable	2,298,767	-	89,864	469,024	848,184	1,227,344	1,606,504	*2nd Reduction*
Projected Usage Reduction	**3,791,601**	**379,160**	**758,320**	**1,137,480**	**1,516,640**	**1,895,801**	**2,274,961**	

[6] Stage 6 is for any required reductions over 50%. For deriving Stage 6 surcharges, 60% water reduction was used.

With reductions identified in Table 63, the remaining usage is summarized in Table 64. The corresponding reduced revenue for FY 2026 is shown in Table 65 by taking the usage in Table 64 and multiplying it by the proposed FY 2026 variable rates.

Table 64: FY 2026 Remaining Usage by Water Shortage Stage

Remaining Usage by Water Shortage Stage							
Customer Class	Baseline Usage (hcf)	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Single-Family Residential							
Tier 1	824,377	824,377	824,377	824,377	824,377	824,377	824,377
Tier 2	668,457	289,297	-	-	-	-	-
All Other Potable	2,298,767	2,298,767	2,208,903	1,829,743	1,450,583	1,071,423	692,263
Projected Water Sales	**3,791,601**	**3,412,441**	**3,033,281**	**2,654,121**	**2,274,961**	**1,895,801**	**1,516,640**

Table 65: FY 2026 Projected Revenue & Potential Revenue Loss

Projected Revenue & Potential Revenue Loss		
Customer Class		FY 2026 Selected
Single-Family Residential		
Tier 1	*($/hcf)*	**$4.52**
Tier 2	*($/hcf)*	**$5.26**
All Other Potable	*($/hcf)*	**$4.52**

Projected Commodity Revenue and Revenue L		FY 2026					
Customer Class	Baseline [A]	Stage 1 [B]	Stage 2 [C]	Stage 3 [D]	Stage 4 [E]	Stage 5 [F]	Stage 6 [G]
Single-Family Residential							
Tier 1	$3,726,186	$3,726,186	$3,726,186	$3,726,186	$3,726,186	$3,726,186	$3,726,186
Tier 2	$3,516,082	$1,521,700	$0	$0	$0	$0	$0
All Other Potable	$10,390,427	$10,390,427	$9,984,244	$8,270,440	$6,556,636	$4,842,833	$3,129,029
Projected Revenue	$17,632,694	$15,638,312	$13,710,429	$11,996,626	$10,282,822	$8,569,018	$6,855,215
Projected Loss (Baseline Revenue - Stage Revenue)		**$1,994,382**	**$3,922,265**	**$5,636,069**	**$7,349,873**	**$9,063,676**	**$10,777,480**

In addition to revenue losses, the District will also reduce certain expenses, generating cost savings. Table 66 calculates the cost savings from reduced water loss, and Table 67 reflects the FY 2026 net impact of revenue loss to be recovered from the Water Shortage Surcharges for each stage.

Table 66: FY 2026 Water Loss Expenses – Cost Savings

Water Loss Expense - Cost Savings	
Variable Water Costs	FY 2026 Selected
TVMWD	$12,782,000
CDWC	$238,000
Total Variable Water Costs	**$13,020,000**
Variable Purchased Water Unit Cost	
Variable Purchased Water Cost	$13,020,000
÷ Baseline Production (hcf)	3,791,601
Variable Purchased Water Unit Cost ($/hcf)	**$3.44**

Variable Water Cost Savings		Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Reduction in Usage	**Table 63**	379,160	758,320	1,137,480	1,516,640	1,895,801	2,274,961
x Variable Water Unit Cost		$3.44	$3.44	$3.44	$3.44	$3.44	$3.44
Variable Water Cost Savings		**$1,304,311**	**$2,608,621**	**$3,912,932**	**$5,217,243**	**$6,521,554**	**$7,825,864**

Table 67: FY 2026 Net Impact from Conservation Stages

Net Impact from Water Shortage Stages							
Net Impact from WSCP Stages	Source	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Lost Revenue	**Table 65**	($1,994,382)	($3,922,265)	($5,636,069)	($7,349,873)	($9,063,676)	($10,777,480)
Plus Cost Savings	**Table 66**	$1,304,311	$2,608,621	$3,912,932	$5,217,243	$6,521,554	$7,825,864
Net Revenue Loss		**($690,071)**	**($1,313,644)**	**($1,723,137)**	**($2,132,630)**	**($2,542,122)**	**($2,951,615)**

Table 68 takes the net revenue loss in Table 67 and recovers it from the remaining usage from Table 64 as a percent increase surcharge across all variable rates, maintaining the cost-of-service analysis developed for the District's base variable rates. The percentage surcharges of each stage for FY 2026 are calculated by taking the revenue loss to recover as a percentage of the Projected Variable Revenue in Table 65. Appendix B2 through Appendix B5 identify the Water Shortage Surcharges for FY 2027 through FY 2030, respectively, using the same approach shown for FY 2026.

Table 68: FY 2026 Water Shortage Surcharges

Water Shortage Surcharges FY 2026							
WSCP Stages		Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Net Revenue Loss	*[A]*	$690,071	$1,313,644	$1,723,137	$2,132,630	$2,542,122	$2,951,615
Projected Commodity Revenue	*[B]*	$15,638,312	$13,710,429	$11,996,626	$10,282,822	$8,569,018	$6,855,215
Water Surcharge % Increase	*[C] = A ÷ B*	**4.41%**	**9.58%**	**14.36%**	**20.74%**	**29.67%**	**43.06%**

Customer Class	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Single-Family Residential							
Tier 1	$4.52	**$0.20**	**$0.44**	**$0.65**	**$0.94**	**$1.35**	**$1.95**
Tier 2	$5.26	**$0.24**	**$0.51**	**$0.76**	**$1.10**	**$1.57**	**$2.27**
All Other Potable	$4.52	**$0.20**	**$0.44**	**$0.65**	**$0.94**	**$1.35**	**$1.95**

Appendix B2 – FY 2027 Water Shortage Surcharges

Table 69: FY 2027 Usage Reductions by Water Shortage Stage

Usage Reduction by Water Shortage Stage						
Baseline Usage (hcf)	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
	10.0%	20.0%	30.0%	40.0%	50.0%	60.0%
3,723,561	**372,356**	**744,712**	**1,117,068**	**1,489,424**	**1,861,781**	**2,234,137**

Table 70: FY 2027 Usage Reductions by Customer Class and Tier

Usage Reductions by Customer Class & Tier (%)								
Customer Class	Baseline Usage (hcf)	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Revenue Suffiency Priority
Single-Family Residential								
Tier 1	824,377	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	*3rd Reduction*
Tier 2	600,417	62.0%	100.0%	100.0%	100.0%	100.0%	100.0%	*1st Reduction*
All Other Potable	2,298,767	0.0%	6.3%	22.5%	38.7%	54.9%	71.1%	*2nd Reduction*
Total	3,723,561							

Usage Reduction (hcf)								
Customer Class	Baseline Usage (hcf)	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Revenue Suffiency Priority
Single-Family Residential								
Tier 1	824,377	-	-	-	-	-	-	*3rd Reduction*
Tier 2	600,417	372,356	600,417	600,417	600,417	600,417	600,417	*1st Reduction*
All Other Potable	2,298,767	-	144,296	516,652	889,008	1,261,364	1,633,720	*2nd Reduction*
Projected Usage Reduction		**372,356**	**744,712**	**1,117,068**	**1,489,424**	**1,861,781**	**2,234,137**	

Table 71: FY 2027 Remaining Usage by Water Shortage Stage

Remaining Usage by Water Shortage Stage							
Customer Class	Baseline Usage (hcf)	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Single-Family Residential							
Tier 1	824,377	824,377	824,377	824,377	824,377	824,377	824,377
Tier 2	600,417	228,061	-	-	-	-	-
All Other Potable	2,298,767	2,298,767	2,154,471	1,782,115	1,409,759	1,037,403	665,047
Projected Water Sales	**3,723,561**	**3,351,205**	**2,978,849**	**2,606,493**	**2,234,137**	**1,861,781**	**1,489,424**

Table 72: FY 2027 Projected Revenue & Potential Revenue Loss

Projected Revenue & Potential Revenue Loss		
Customer Class		FY 2027 Selected
Single-Family Residential		
Tier 1	($/hcf)	$4.91
Tier 2	($/hcf)	$5.71
All Other Potable	($/hcf)	$4.91

Projected Commodity Revenue and Revenue L				FY 2027			
Customer Class	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
	[A]	[B]	[C]	[D]	[E]	[F]	[G]
Single-Family Residential							
Tier 1	$4,047,693	$4,047,693	$4,047,693	$4,047,693	$4,047,693	$4,047,693	$4,047,693
Tier 2	$3,428,379	$1,302,226	$0	$0	$0	$0	$0
All Other Potable	$11,286,946	$11,286,946	$10,578,455	$8,750,186	$6,921,918	$5,093,649	$3,265,381
Projected Revenue	$18,763,018	$16,636,865	$14,626,148	$12,797,879	$10,969,611	$9,141,342	$7,313,074
Projected Loss (Baseline Revenue - Stage Revenue)		**$2,126,153**	**$4,136,870**	**$5,965,139**	**$7,793,407**	**$9,621,676**	**$11,449,944**

Table 73: FY 2027 Water Loss Expenses – Cost Savings

Water Loss Expense - Cost Savings	
Variable Water Costs	FY 2027 Selected
TVMWD	$13,957,000
CDWC	$238,000
Total Variable Water Costs	**$14,195,000**
Variable Purchased Water Unit Cost	
Variable Purchased Water Cost	$14,195,000
÷ Baseline Production (hcf)	3,723,561
Variable Purchased Water Unit Cost ($/hcf)	**$3.82**

Variable Water Cost Savings		Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Reduction in Usage	**Table 70**	372,356	744,712	1,117,068	1,489,424	1,861,781	2,234,137
x Variable Water Unit Cost		$3.82	$3.82	$3.82	$3.82	$3.82	$3.82
Variable Water Cost Savings		**$1,422,400**	**$2,844,801**	**$4,267,201**	**$5,689,601**	**$7,112,002**	**$8,534,402**

Table 74: FY 2027 Net Impact from Conservation Stages

Net Impact from Water Shortage Stages							
Net Impact from WSCP Stages	Source	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Lost Revenue	**Table 72**	($2,126,153)	($4,136,870)	($5,965,139)	($7,793,407)	($9,621,676)	($11,449,944)
Plus Cost Savings	**Table 73**	$1,422,400	$2,844,801	$4,267,201	$5,689,601	$7,112,002	$8,534,402
Net Revenue Loss		**($703,753)**	**($1,292,070)**	**($1,697,938)**	**($2,103,806)**	**($2,509,674)**	**($2,915,542)**

Table 75: FY 2027 Water Shortage Surcharges

Water Shortage Surcharges FY 2027							
WSCP Stages		Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Net Revenue Loss	[A]	$703,753	$1,292,070	$1,697,938	$2,103,806	$2,509,674	$2,915,542
Projected Commodity Revenue	[B]	$16,636,865	$14,626,148	$12,797,879	$10,969,611	$9,141,342	$7,313,074
Water Surcharge % Increase	[C] = A ÷ B	**4.23%**	**8.83%**	**13.27%**	**19.18%**	**27.45%**	**39.87%**

Customer Class	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Single-Family Residential							
Tier 1	$4.91	**$0.21**	**$0.44**	**$0.66**	**$0.95**	**$1.35**	**$1.96**
Tier 2	$5.71	**$0.25**	**$0.51**	**$0.76**	**$1.10**	**$1.57**	**$2.28**
All Other Potable	$4.91	**$0.21**	**$0.44**	**$0.66**	**$0.95**	**$1.35**	**$1.96**

Appendix B3 – FY 2028 Water Shortage Surcharges

Table 76: FY 2028 Usage Reductions by Water Shortage Stage

Usage Reduction by Water Shortage Stage						
Baseline Usage (hcf)	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
	10.0%	20.0%	30.0%	40.0%	50.0%	60.0%
3,663,180	**366,318**	**732,636**	**1,098,954**	**1,465,272**	**1,831,590**	**2,197,908**

Table 77: FY 2028 Usage Reductions by Customer Class and Tier

Usage Reductions by Customer Class & Tier (%)								
Customer Class	Baseline Usage (hcf)	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Revenue Suffiency Priority
Single-Family Residential								
Tier 1	824,377	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	*3rd Reduction*
Tier 2	540,036	67.8%	100.0%	100.0%	100.0%	100.0%	100.0%	*1st Reduction*
All Other Potable	2,298,767	0.0%	8.4%	24.3%	40.2%	56.2%	72.1%	*2nd Reduction*
Total	3,663,180							

Usage Reduction (hcf)								
Customer Class	Baseline Usage (hcf)	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Revenue Suffiency Priority
Single-Family Residential								
Tier 1	824,377	-	-	-	-	-	-	*3rd Reduction*
Tier 2	540,036	366,318	540,036	540,036	540,036	540,036	540,036	*1st Reduction*
All Other Potable	2,298,767	-	192,600	558,918	925,236	1,291,554	1,657,872	*2nd Reduction*
Projected Usage Reduction		**366,318**	**732,636**	**1,098,954**	**1,465,272**	**1,831,590**	**2,197,908**	

Table 78: FY 2028 Remaining Usage by Water Shortage Stage

Remaining Usage by Water Shortage Stage							
Customer Class	Baseline Usage (hcf)	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Single-Family Residential							
Tier 1	824,377	824,377	824,377	824,377	824,377	824,377	824,377
Tier 2	540,036	173,718	-	-	-	-	-
All Other Potable	2,298,767	2,298,767	2,106,167	1,739,849	1,373,531	1,007,213	640,895
Projected Water Sales	**3,663,180**	**3,296,862**	**2,930,544**	**2,564,226**	**2,197,908**	**1,831,590**	**1,465,272**

Table 79: FY 2028 Projected Revenue & Potential Revenue Loss

Projected Revenue & Potential Revenue Loss		
Customer Class		FY 2028 Selected
Single-Family Residential		
Tier 1	($/hcf)	$5.33
Tier 2	($/hcf)	$6.20
All Other Potable	($/hcf)	$5.33

Projected Commodity Revenue and Revenue L				FY 2028			
Customer Class	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
	[A]	[B]	[C]	[D]	[E]	[F]	[G]
Single-Family Residential							
Tier 1	$4,393,931	$4,393,931	$4,393,931	$4,393,931	$4,393,931	$4,393,931	$4,393,931
Tier 2	$3,348,221	$1,077,049	$0	$0	$0	$0	$0
All Other Potable	$12,252,428	$12,252,428	$11,225,868	$9,273,393	$7,320,918	$5,368,443	$3,415,969
Projected Revenue	$19,994,580	$17,723,409	$15,619,800	$13,667,325	$11,714,850	$9,762,375	$7,809,900
Projected Loss (Baseline Revenue - Stage Revenue)		**$2,271,172**	**$4,374,781**	**$6,327,256**	**$8,279,731**	**$10,232,206**	**$12,184,681**

Table 80: FY 2028 Water Loss Expenses – Cost Savings

Water Loss Expense - Cost Savings	
Variable Water Costs	FY 2028 Selected
TVMWD	$15,132,000
CDWC	$238,000
Total Variable Water Costs	$15,370,000
Variable Purchased Water Unit Cost	
Variable Purchased Water Cost	$15,370,000
÷ Baseline Production (hcf)	3,663,180
Variable Purchased Water Unit Cost ($/hcf)	**$4.20**

Variable Water Cost Savings		Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Reduction in Usage	**Table 77**	366,318	732,636	1,098,954	1,465,272	1,831,590	2,197,908
x Variable Water Unit Cost		$4.20	$4.20	$4.20	$4.20	$4.20	$4.20
Variable Water Cost Savings		**$1,538,536**	**$3,077,071**	**$4,615,607**	**$6,154,142**	**$7,692,678**	**$9,231,214**

Table 81: FY 2028 Net Impact from Conservation Stages

Net Impact from Water Shortage Stages							
Net Impact from WSCP Stages	Source	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Lost Revenue	**Table 79**	($2,271,172)	($4,374,781)	($6,327,256)	($8,279,731)	($10,232,206)	($12,184,681)
Plus Cost Savings	**Table 80**	$1,538,536	$3,077,071	$4,615,607	$6,154,142	$7,692,678	$9,231,214
Net Revenue Loss		**($732,636)**	**($1,297,710)**	**($1,711,649)**	**($2,125,588)**	**($2,539,528)**	**($2,953,467)**

Table 82: FY 2028 Water Shortage Surcharges

Water Shortage Surcharges FY 2028							
WSCP Stages		Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Net Revenue Loss	[A]	$732,636	$1,297,710	$1,711,649	$2,125,588	$2,539,528	$2,953,467
Projected Commodity Revenue	[B]	$17,723,409	$15,619,800	$13,667,325	$11,714,850	$9,762,375	$7,809,900
Water Surcharge % Increase	[C] = A ÷ B	**4.13%**	**8.31%**	**12.52%**	**18.14%**	**26.01%**	**37.82%**

Customer Class	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Single-Family Residential							
Tier 1	$5.33	**$0.23**	**$0.45**	**$0.67**	**$0.97**	**$1.39**	**$2.02**
Tier 2	$6.20	**$0.26**	**$0.52**	**$0.78**	**$1.13**	**$1.62**	**$2.35**
All Other Potable	$5.33	**$0.23**	**$0.45**	**$0.67**	**$0.97**	**$1.39**	**$2.02**

Appendix B4 – FY 2029 Water Shortage Surcharges

Table 83: FY 2029 Usage Reductions by Water Shortage Stage

Usage Reduction by Water Shortage Stage						
Baseline Usage (hcf)	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
	10.0%	20.0%	30.0%	40.0%	50.0%	60.0%
3,609,597	**360,960**	**721,919**	**1,082,879**	**1,443,839**	**1,804,799**	**2,165,758**

Table 84: FY 2029 Usage Reductions by Customer Class and Tier

Usage Reductions by Customer Class & Tier (%)								
Customer Class	Baseline Usage (hcf)	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Revenue Suffiency Priority
Single-Family Residential								
Tier 1	824,377	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	*3rd Reduction*
Tier 2	486,453	74.2%	100.0%	100.0%	100.0%	100.0%	100.0%	*1st Reduction*
All Other Potable	2,298,767	0.0%	10.2%	25.9%	41.6%	57.4%	73.1%	*2nd Reduction*
Total	3,609,597							

Usage Reduction (hcf)								
Customer Class	Baseline Usage (hcf)	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Revenue Suffiency Priority
Single-Family Residential								
Tier 1	824,377	-	-	-	-	-	-	*3rd Reduction*
Tier 2	486,453	360,960	486,453	486,453	486,453	486,453	486,453	*1st Reduction*
All Other Potable	2,298,767	-	235,467	596,426	957,386	1,318,346	1,679,306	*2nd Reduction*
Projected Usage Reduction		**360,960**	**721,919**	**1,082,879**	**1,443,839**	**1,804,799**	**2,165,758**	

Table 85: FY 2029 Remaining Usage by Water Shortage Stage

Remaining Usage by Water Shortage Stage							
Customer Class	Baseline Usage (hcf)	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Single-Family Residential							
Tier 1	824,377	824,377	824,377	824,377	824,377	824,377	824,377
Tier 2	486,453	125,493	-	-	-	-	-
All Other Potable	2,298,767	2,298,767	2,063,300	1,702,341	1,341,381	980,421	619,461
Projected Water Sales	**3,609,597**	**3,248,637**	**2,887,678**	**2,526,718**	**2,165,758**	**1,804,799**	**1,443,839**

Table 86: FY 2029 Projected Revenue & Potential Revenue Loss

Projected Revenue & Potential Revenue Loss		
Customer Class		FY 2029 Selected
Single-Family Residential		
Tier 1	($/hcf)	$5.79
Tier 2	($/hcf)	$6.73
All Other Potable	($/hcf)	$5.79

Projected Commodity Revenue and Revenue L					FY 2029		
Customer Class	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
	[A]	[B]	[C]	[D]	[E]	[F]	[G]
Single-Family Residential							
Tier 1	$4,773,145	$4,773,145	$4,773,145	$4,773,145	$4,773,145	$4,773,145	$4,773,145
Tier 2	$3,273,826	$844,568	$0	$0	$0	$0	$0
All Other Potable	$13,309,861	$13,309,861	$11,946,508	$9,856,552	$7,766,595	$5,676,638	$3,586,682
Projected Revenue	$21,356,832	$18,927,573	$16,719,653	$14,629,697	$12,539,740	$10,449,783	$8,359,827
Projected Loss (Baseline Revenue - Stage Revenue)		**$2,429,259**	**$4,637,179**	**$6,727,135**	**$8,817,092**	**$10,907,049**	**$12,997,005**

Table 87: FY 2029 Water Loss Expenses – Cost Savings

Water Loss Expense - Cost Savings	
Variable Water Costs	FY 2029 Selected
TVMWD	$15,811,000
CDWC	$238,000
Total Variable Water Costs	**$16,049,000**
Variable Purchased Water Unit Cost	
Variable Purchased Water Cost	$16,049,000
÷ Baseline Production (hcf)	3,609,597
Variable Purchased Water Unit Cost ($/hcf)	**$4.45**

Variable Water Cost Savings		Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Reduction in Usage	**Table 84**	360,960	721,919	1,082,879	1,443,839	1,804,799	2,165,758
x Variable Water Unit Cost		$4.45	$4.45	$4.45	$4.45	$4.45	$4.45
Variable Water Cost Savings		**$1,606,271**	**$3,212,541**	**$4,818,812**	**$6,425,083**	**$8,031,353**	**$9,637,624**

Table 88: FY 2029 Net Impact from Conservation Stages

Net Impact from Water Shortage Stages							
Net Impact from WSCP Stages	Source	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Lost Revenue	**Table 86**	($2,429,259)	($4,637,179)	($6,727,135)	($8,817,092)	($10,907,049)	($12,997,005)
Plus Cost Savings	**Table 87**	$1,606,271	$3,212,541	$4,818,812	$6,425,083	$8,031,353	$9,637,624
Net Revenue Loss		**($822,988)**	**($1,424,637)**	**($1,908,323)**	**($2,392,009)**	**($2,875,695)**	**($3,359,381)**

Table 89: FY 2029 Water Shortage Surcharges

Water Shortage Surcharges FY 2029							
WSCP Stages		Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Net Revenue Loss	[A]	$822,988	$1,424,637	$1,908,323	$2,392,009	$2,875,695	$3,359,381
Projected Commodity Revenue	[B]	$18,927,573	$16,719,653	$14,629,697	$12,539,740	$10,449,783	$8,359,827
Water Surcharge % Increase	[C] = A ÷ B	**4.35%**	**8.52%**	**13.04%**	**19.08%**	**27.52%**	**40.18%**

Customer Class	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Single-Family Residential							
Tier 1	$5.79	**$0.26**	**$0.50**	**$0.76**	**$1.11**	**$1.60**	**$2.33**
Tier 2	$6.73	**$0.30**	**$0.58**	**$0.88**	**$1.29**	**$1.86**	**$2.71**
All Other Potable	$5.79	**$0.26**	**$0.50**	**$0.76**	**$1.11**	**$1.60**	**$2.33**

Appendix B5 – FY 2030 Water Shortage Surcharges

Table 90: FY 2030 Usage Reductions by Water Shortage Stage

Usage Reduction by Water Shortage Stage						
Baseline Usage (hcf)	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
	10.0%	20.0%	30.0%	40.0%	50.0%	60.0%
3,562,046	**356,205**	**712,409**	**1,068,614**	**1,424,818**	**1,781,023**	**2,137,228**

Table 91: FY 2030 Usage Reductions by Customer Class and Tier

Usage Reductions by Customer Class & Tier (%)								
Customer Class	Baseline Usage (hcf)	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Revenue Suffiency Priority
Single-Family Residential								
Tier 1	824,377	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	*3rd Reduction*
Tier 2	438,902	81.2%	100.0%	100.0%	100.0%	100.0%	100.0%	*1st Reduction*
All Other Potable	2,298,767	0.0%	11.9%	27.4%	42.9%	58.4%	73.9%	*2nd Reduction*
Total	3,562,046							

Usage Reduction (hcf)								
Customer Class	Baseline Usage (hcf)	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Revenue Suffiency Priority
Single-Family Residential								
Tier 1	824,377	-	-	-	-	-	-	*3rd Reduction*
Tier 2	438,902	356,205	438,902	438,902	438,902	438,902	438,902	*1st Reduction*
All Other Potable	2,298,767	-	273,508	629,712	985,917	1,342,121	1,698,326	*2nd Reduction*
Projected Usage Reduction		**356,205**	**712,409**	**1,068,614**	**1,424,818**	**1,781,023**	**2,137,228**	

Table 92: FY 2030 Remaining Usage by Water Shortage Stage

Remaining Usage by Water Shortage Stage							
Customer Class	Baseline Usage (hcf)	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Single-Family Residential							
Tier 1	824,377	824,377	824,377	824,377	824,377	824,377	824,377
Tier 2	438,902	82,697	-	-	-	-	-
All Other Potable	2,298,767	2,298,767	2,025,259	1,669,055	1,312,850	956,646	600,441
Projected Water Sales	**3,562,046**	**3,205,841**	**2,849,637**	**2,493,432**	**2,137,228**	**1,781,023**	**1,424,818**

Table 93: FY 2030 Projected Revenue & Potential Revenue Loss

Projected Revenue & Potential Revenue Loss		
Customer Class		FY 2030 Selected
Single-Family Residential		
Tier 1	($/hcf)	$6.29
Tier 2	($/hcf)	$7.31
All Other Potable	($/hcf)	$6.29

Projected Commodity Revenue and Revenue L				FY 2030			
Customer Class	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
	[A]	[B]	[C]	[D]	[E]	[F]	[G]
Single-Family Residential							
Tier 1	$5,185,333	$5,185,333	$5,185,333	$5,185,333	$5,185,333	$5,185,333	$5,185,333
Tier 2	$3,208,371	$604,515	$0	$0	$0	$0	$0
All Other Potable	$14,459,244	$14,459,244	$12,738,882	$10,498,355	$8,257,828	$6,017,301	$3,776,774
Projected Revenue	$22,852,949	$20,249,093	$17,924,215	$15,683,689	$13,443,162	$11,202,635	$8,962,108
Projected Loss (Baseline Revenue - Stage Revenue)		**$2,603,856**	**$4,928,734**	**$7,169,260**	**$9,409,787**	**$11,650,314**	**$13,890,841**

Table 94: FY 2030 Water Loss Expenses – Cost Savings

Water Loss Expense - Cost Savings	
Variable Water Costs	FY 2030 Selected
TVMWD	$16,229,000
CDWC	$238,000
Total Variable Water Costs	**$16,467,000**
Variable Purchased Water Unit Cost	
Variable Purchased Water Cost	$16,467,000
÷ Baseline Production (hcf)	3,562,046
Variable Purchased Water Unit Cost ($/hcf)	**$4.63**

Variable Water Cost Savings		Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Reduction in Usage	**Table 91**	356,205	712,409	1,068,614	1,424,818	1,781,023	2,137,228
x Variable Water Unit Cost		$4.63	$4.63	$4.63	$4.63	$4.63	$4.63
Variable Water Cost Savings		**$1,649,227**	**$3,298,455**	**$4,947,682**	**$6,596,909**	**$8,246,136**	**$9,895,364**

Table 95: FY 2030 Net Impact from Conservation Stages

Net Impact from Water Shortage Stages							
Net Impact from WSCP Stages	Source	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Lost Revenue	**Table 93**	($2,603,856)	($4,928,734)	($7,169,260)	($9,409,787)	($11,650,314)	($13,890,841)
Plus Cost Savings	**Table 94**	$1,649,227	$3,298,455	$4,947,682	$6,596,909	$8,246,136	$9,895,364
Net Revenue Loss		**($954,628)**	**($1,630,279)**	**($2,221,579)**	**($2,812,878)**	**($3,404,178)**	**($3,995,478)**

Table 96: FY 2030 Water Shortage Surcharges

Water Shortage Surcharges FY 2030							
WSCP Stages		Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Net Revenue Loss	[A]	$954,628	$1,630,279	$2,221,579	$2,812,878	$3,404,178	$3,995,478
Projected Commodity Revenue	[B]	$20,249,093	$17,924,215	$15,683,689	$13,443,162	$11,202,635	$8,962,108
Water Surcharge % Increase	[C] = A ÷ B	**4.71%**	**9.10%**	**14.16%**	**20.92%**	**30.39%**	**44.58%**

Customer Class	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Single-Family Residential							
Tier 1	$6.29	**$0.30**	**$0.58**	**$0.90**	**$1.32**	**$1.92**	**$2.81**
Tier 2	$7.31	**$0.35**	**$0.67**	**$1.04**	**$1.53**	**$2.23**	**$3.26**
All Other Potable	$6.29	**$0.30**	**$0.58**	**$0.90**	**$1.32**	**$1.92**	**$2.81**