LOS ANGELES COUNTY
WATERWORKS DISTRICTS

Water Rate Study – Districts 29 & 40

FINAL REPORT / OCTOBER 24, 2025

RAFTELIS

LACWD
LOS ANGELES COUNTY WATERWORKS DISTRICTS

RAFTELIS

October 24, 2025

Mr. Alan Nino, P.E.
Senior Civil Engineer
Los Angeles County Waterworks Districts
900 S. Fremont St.
Alhambra, CA 91803

Subject: Water Financial Plan Study Report for District 29 and District 40

Dear Mr. Nino:

Raftelis is pleased to provide this Water Rate Study Report (Report) for the Los Angeles County Waterworks Districts to address current financial challenges the Districts are facing and to establish water rates for District 29 and District 40.

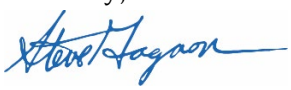
The major objectives of the study include the following:

1. Developing a long-term financial plan that meets the water utilities' revenue requirements, including operations and maintenance (O&M) expenses and the capital improvement plan (CIP), while adequately funding reserves in accordance with industry best practices and the Districts' historical practices.
2. Conducting cost-of-service (COS) analyses that establish a nexus between the cost to serve customers and the responsibility of each class, aligning with Proposition 218 requirements and based on industry standards.
3. Reviewing the current water rate structure and evaluating potential rate structure modifications which include revising tier definitions, customer classes, and fixed and variable revenue recovery.
4. Developing five years of water rates for each district that ensure financial sufficiency to fund operating and capital costs over the study period.

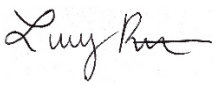
The report has an executive summary and a detailed derivation of the financial plans and water rates.

It has been a pleasure working with you, and we thank you and Waterworks Districts staff for the support provided during the course of this study.

Sincerely,



Steve Gagnon, P.E. (AZ)
Vice President



Lindsay Roth
Senior Consultant

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1. Executive Summary

1.1. Study Background

In 2024, the Los Angeles County Waterworks Districts engaged Raftelis to conduct a Water Rate Study to develop a solvent financial plan for all their water utilities, which include Districts 21, 29, 36, 37, and 40, to establish water rates that are equitable and align with Proposition 218. This report discusses Districts 29 and 40.

District 29 serves the City of Malibu and the unincorporated area of Topanga. The District was established in 1959 and occupies an area of approximately 47 square miles. The District provides water service to more than 23,000 customers. The District 29 water system includes more than 200 miles of water mains, 31 pump stations, 39 pressure regulating stations, and 50 storage tanks with a total capacity of 20 million gallons (MG). Water system facilities were acquired from various small mutual water systems originally constructed in the 1940s and 1950s. District 29 purchases 100 percent of its water supply from the West Basin Municipal Water District (WBMWD) and receives this supply through a 30-inch transmission main line running along the coastline, with several distribution pipelines running northward into the canyons.

District 40 is located in the Antelope Valley portion of Los Angeles County (County), 40 miles northeast of downtown Los Angeles. It contains the City of Lancaster, the western portion of the City of Palmdale, and other unincorporated areas east of these cities. It has an area of approximately 632 square miles and provides over 206,000 people with water service. District 40 is made up of three separate distribution systems, each consisting of multiple regions with multiple pressure zones and storage tanks. It is supplied water through a combination of local groundwater wells and imported water from the state water project through Antelope Valley-East Kern Water Agency (AVEK)'s systems.

Regions 4 and 34 comprise the largest distribution system in the District and serve the City of Lancaster and the western portion of the City of Palmdale. These two regions contain the vast majority of the District's facilities and customers, accounting for 90% of the total water usage. These regions have 15 pressure zones and are supported by 42 wells, 15 well site booster pump plants, 6 interzone booster pumping stations, 10 AVEK connections, and 20 surface level storage reservoirs. More than 790 miles of pipeline are used to deliver water throughout these regions

Regions 24, 27, 33, and 39 comprise the second distribution system in District 40 and serve the area southeast of Palmdale, including the communities of Pearblossom, Sun Village, Rock Creek and Littlerock. This system has 8 pressure zones, 6 wells, 3 interzone booster pumping stations, 10 pressure reducing stations, 2 AVEK connections, 6 storage reservoirs, and about 135 miles of pipeline. This system accounts for 5% of the total water usage in District 40.

Regions 35 and 38 comprise the third distribution system in the District. These regions serve the area in the northeast portion of the District, including the community of Lake Los Angeles. This system has 5 pressure zones, 3 wells, 2 well site booster pumping plants, 1 interzone booster pump station, 4 pressure reducing stations, 2 AVEK connections, 2 forebay tanks and 6 storage reservoirs. This system has approximately 116 miles of pipeline to deliver water throughout the system, and accounts for 5% of the total usage in District 40.

This study unifies all 8 regions of District 40 into one financial plan. All revenues, expenses, and reserves have been combined to produce revenue adjustments and rates for all customers within District 40.

1.2. Study Objectives

The major components and objectives of the water rate study include:

1. Developing a long-term financial plan that meets the water utilities' revenue requirements, including operations and maintenance (O&M) expenses and the capital improvement plan (CIP), while adequately funding reserves in accordance with industry best practices and the respective District's historical practices.
2. Conducting cost-of-service (COS) analyses that proportionally allocates the cost of service to each property in accordance with Proposition 218.
3. Reviewing the current water rate structure and evaluating potential rate structure modifications which include revising tier definitions, customer classes, and fixed and variable revenue recovery.
4. Developing five years of water rates for each District that align with Proposition 218 requirements and ensure financial sufficiency to fund operating and capital costs over the study period.

1.3. Current Rates

The District's current water rates were implemented May 1, 2025. The Districts pass-through the increase in wholesaler water purchase costs and recently implemented a pass-through rate in May of FY 2025. The Districts will continue to pass-through wholesale and inflationary pass-through charges to recover the difference in projected operating expenditures and wholesale water purchases year over year due to wholesaler increases and inflation. The recently implemented May pass-through is included in the current monthly fixed Service Charges.

1.3.1. District 29 Current Rates

District 29 rates include a monthly fixed Service Charge based on meter size and a Quantity Charge for every hundred cubic feet (hcf[1]) of water used. The Quantity Charge allows for 5 hcf uncharged units per month per billing unit. Billing units are determined by the size of the customer's meter. Water usage in excess of the 5 hcf allowance per billing unit per month is charged through a three-tier variable rate structure. The width of the tiers is based on the billing units and are seasonal, with the widths varying based on water usage in either the summer months or winter months. **Table 1-1** shows the current monthly Meter Service Charges and Private Fire Service Charges with their corresponding billing units. **Table 1-2** shows the current Quantity Charge rates. **Table 1-3** shows the existing tier breaks per month per billing unit. District 29 policy dictates that Outside jurisdiction rates are 1.5 times Inside jurisdiction rates.

Additionally, District 29 customers are charged a monthly Service Facilities Construction Surcharge per month by meter size and a Quantityt Facilities Construction Surcharge on all units of water usage above the 5 hcf allowance per month per billing unit. **Table 1-4** shows the current Facilities Construction Surcharges.

[1] One hcf is equal to 748 gallons of water.

Table 1-1: District 29 Current Monthly Meter & Private Fire Service Charges

Current Rates	FY 2025
Meter & Private Fire Service Charge ($/Billing Unit/month)	
Inside District	$48.725
Outside District	$73.089
Meter Billing Units	
5/8"x3/4"	1.0
3/4"	1.0
3/4"x1"	1.0
1"	2.0
1.5"	3.0
2"	5.0
2.5"	7.0
3"	11.0
4"	17.0
6"	33.0
8"	53.0
10"	77.0
12"	100.0
Fire Line Billing Units	
1"	2.9
1.5"	2.9
2"	2.9
2.5"	2.9
3"	2.9
4"	2.9
6"	3.9
8"	4.9
10"	6.9
12"	10.9

Table 1-2: District 29 Current Quantity Charge Rates

Current Rates	FY 2025
Consumption Rate	
Inside District	
Schedule 2954, Bill Codes F03, I03, W03	
Tier 1	$8.258
Tier 2	$9.627
Tier 3	$13.715
Schedule 2957, Bill Codes F05, I05, W05	
Tier 1	$8.563
Tier 2	$10.035
Tier 3	$14.306
Schedule 2960, Bill Codes: F07, I07, W07	
Tier 1	$8.687
Tier 2	$10.117
Tier 3	$14.452
Schedule 2962, Bill Codes: F09, I09, W09	
Tier 1	$8.687
Tier 2	$10.117
Tier 3	$14.452
Outside District	
Schedule 2955, Bill Codes: F04, W04	
Tier 1	$12.387
Tier 2	$14.441
Tier 3	$20.573
Schedule 2958, Bill Codes: W06	
Tier 1	$12.845
Tier 2	$15.053
Tier 3	$21.459
Schedule 2961, Bill Codes: W08	
Tier 1	$13.031
Tier 2	$15.176
Tier 3	$21.678

Table 1-3: District 29 Current Quantity Charge Tier Breaks by Season

Current Tiers (hcf)	Summer	Winter
Monthly Allowance (included in Service Charge)	5	5
Tier 1	20	15
Tier 2	50	35
Tier 3	51+	36+

Table 1-4: District 29 Current Service and Quantity Service Facilities Construction Surcharges

Current Rates	FY 2025
Facilities Surcharge	
Inside	
Service Facilities Construction Surcharge	$2.420 per hcf of monthly allowance
Quantity Facilities Construction Surcharge	$0.961 per hcf over allowance
Outside	
Service Facilities Construction Surcharge	$3.630 per hcf of monthly allowance
Quantity Facilities Construction Surcharge	$1.442 per hcf over allowance

1.3.2. District 40 Current Rates

District 40 rates include a monthly fixed Service Charge based on meter size and a Quantity Charge for every hcf of water used. For customers with a meter smaller than 1", the Service Charge allows for 5 hcf of uncharged units per month per billing unit. Usage above the 5 hcf allowance per billing unit per month are subject to a three-tier rate structure with tier widths dependent on summer or winter seasons. Customers with a 1" or larger meter are charged a uniform Quantity Charge rate with no allowance. **Table 1-5** and **Table 1-6** show the current monthly Service Charge and Quantity Charge rates. The meter and fire line ratios are the same for District 40 as they are for District 29, shown in **Table 1-1**. **Table 1-7** shows the existing tier breaks. District 40 policy dictates that Outside jurisdiction rates are 1.5 times Inside jurisdiction rates.

District 40 customers are charged a Facilities Construction Surcharge on all units of water (even those subject to the allowance for customers with a smaller than 1" meter). **Table 1-8** shows the current Facilities Construction Surcharges.

Table 1-5: District 40 Current Monthly Meter Service & Private Fire Service Charges

Current Rates	FY 2025
Meter Service Charge ($/Billing Unit/month)	
Region 04 - Lancaster	
Inside District	
Schedules 0427, 0429, 0430, 0431; Bill Codes IA1, IAA, IAB, WA1, WAA, WAB, IB1, WB1, WBA, WBB, FA2 IA2, WA2, FB2, IB2, WB2	$31.595
Schedules 0433, 0434; Bill Codes IC1, ICA, ICB, WC1, WCA, WCB, FC2, IC2, WC2	$35.283
Outside District	
Schedule 0437; Bill Codes FW2, WW2	$47.393
Region 24 - Pearblossom	
Inside District	
Schedule 2405; Bill Codes WD1, ID2, WD2	$34.275
Outside District	
Schedule 2406; Bill Codes WE1, WE2	$51.413
Region 27 - Littlerock	
Inside District	
Schedule 2705; Bill Codes IF1, WF1, FF2, WF2	$37.607
Outside District	
Schedule 2706; Bill Code WG2	$56.412
Region 33 - Sun Village	
Inside District	
Schedule 3303; Bill Codes IH1, WH1, FH2, WH2	$37.607
Outside District	
Schedule 3304; Bill Code WI1	$56.412
Region 34 - Desert View Highlands	
Inside District	
Schedules 3405, 3404, 3406; Bill Codes IJ1, WJ1, WJA, WJB, IJ2, WJ2, FK2, IK1, IKA, IKB, WK1, WKA, WKB, IK2, FK2, WK2, WL1, WLA, FL2, IL2, WL2	$36.543
Region 35 - NE LA County	
Inside District	
Schedule 3505, Bill Codes W1, WQ2	$39.517
Region 38 - Lake LA	
Inside District	

Current Rates	FY 2025
Schedule 3807, Bill Codes IR1, WR1, IR2, WR2	$38.536
Schedule 3898; Bill Codes WT1, WT2	$48.008
Outside District	
Schedule 3809; Bill Codes FS2, WS2	$57.804
Region 39 - Rock Creek	
Inside District	
Schedule 3953; Bill Codes WU1, WU2	$49.689
Outside District	
Schedule 3954; Bill Codes WV1, WV2	$74.533

Table 1-6: District 40 Current Quantity Charge Rates

Quantity Charge ($/hcf)	
Region 04 - Lancaster	
Inside District	
Schedules 0427, 0428, 0429; Bill Codes IA1, IAA, IAB, WA1, WAA, WAB	
Tier 1	$1.597
Tier 2	$1.863
Tier 3	$2.662
Schedules 0427, 0428, 0429; Bill Codes FA2, IA2, WA2	$1.774
Schedules 0430, 0431; Bill Codes IB1, WB1, WBA, WBB	
Tier 1	$1.809
Tier 2	$2.110
Tier 3	$3.016
Schedules 0430, 0431; Bill Codes FB2, IB2, WB2	$2.010
Schedules 0433,0434; Bill Codes IC1, ICA, ICB, WC1, WCA, WCB	
Tier 1	$2.201
Tier 2	$2.567
Tier 3	$3.668
Schedules 0433, 0434; Bill Codes FC2, IC2, WC2	$2.445
Outside District	
Schedule 0437 - Tiered	
Tier 1	$2.396
Tier 2	$2.795

Tier 3	$3.993
Schedules 0437, 0439; Bill Codes FW2, WW2, WX2	$2.662
Region 24 - Pearblossom	
Inside District	
Schedule 2405; Bill Code WD1	
Tier 1	$1.776
Tier 2	$2.072
Tier 3	$2.959
Schedule 2405; Bill Code ID2, WD2	$1.972
Outside District	
Schedule 2406; Bill Code WE1	
Tier 1	$2.663
Tier 2	$3.108
Tier 3	$4.439
Schedule 2406; Bill Code WE2	$2.959
Region 27 - Littlerock	
Inside District	
Schedule 2705; Bill Codes IF1, WF1	
Tier 1	$1.776
Tier 2	$2.072
Tier 3	$2.959
Schedule 2705; Bill Codes FF2, WF2	$1.972
Outside District	
Schedule 2706 - Tiered	
Tier 1	$2.663
Tier 2	$3.108
Tier 3	$4.439
Schedule 2706; Bill Code WG2	$2.959
Region 33 - Sun Village	
Inside District	
Schedule 3303; Bill Codes IH1, WH1	
Tier 1	$1.776
Tier 2	$2.072
Tier 3	$2.959
Schedule 3303; Bill Codes FH2, WH2	$1.972
Outside District	

Schedule 3304; Bill Code WI1	
Tier 1	$2.663
Tier 2	$3.108
Tier 3	$4.439
Schedule 3304 - Uniform	$2.959
Region 34 - Desert View Highlands	
Inside District	
Schedules 3405, 3404; Bill Codes IJ1, WJ1, WJA, WJB, IK1, IKA, IKB, WK1, WKA, WKB	
Tier 1	$2.875
Tier 2	$3.354
Tier 3	$4.791
Schedules 3405, 3404; Bill Codes IJ2, WJ2, FK2, IK2, WK2	$3.194
Schedule 3406; Bill Codes WL1, WLA	
Tier 1	$3.174
Tier 2	$3.703
Tier 3	$5.291
Schedule 3406; Bill Codes FL2, IL2, WL2	$3.526
Schedule 3407; Bill Codes WM1, WMA, WMB	
Tier 1	$3.333
Tier 2	$3.889
Tier 3	$5.554
Schedule 3407; Bill Code IM2	$3.703
Region 35 - NE LA County	
Inside District	
Schedule 3505; Bill Code WQ1	
Tier 1	$2.112
Tier 2	$2.463
Tier 3	$3.520
Schedule 3505; Bill Codes FQ2, WQ2	$2.346
Region 38 - Lake LA	
Inside District	
Schedule 3807; Bill Code IR1, WR1	
Tier 1	$1.809
Tier 2	$2.110
Tier 3	$3.015

Schedule 3807; Bill Code FR2, IR2, WR2	$2.010
Schedule 3898; Bill Code WT1	
Tier 1	$2.399
Tier 2	$2.800
Tier 3	$3.999
Schedule 3898; Bill Code WT2	
	$2.666
Outside District	
Schedule 3809 - Tiered	
Tier 1	$2.713
Tier 2	$3.165
Tier 3	$4.523
Schedule 3809; Bill Codes FS2, WS2	$3.015
Region 39 - Rock Creek	
Inside District	
Schedule 3953; Bill Code WU1	
Tier 1	$3.052
Tier 2	$3.561
Tier 3	$5.087
Schedule 3953; Bill Code WU2	$3.391
Outside District	
Schedule 3954; Bill Code WV1	
Tier 1	$4.578
Tier 2	$5.341
Tier 3	$7.630
Schedule 3954; Bill Code WV2	$5.087

Table 1-7: District 40 Current Monthly Tier Breaks by Season

Current Tiers (hcf)	Summer	Winter
Schedules 0426-0429, 0430-0431, 0433-0434, 3404-3407; Bill Codes IA1, IB1, IC1, IJ1, IK1, WA1, WB1, WC1, WJ1, WK1, WL1, WM1		
Base	5	5
Tier 1	20	15
Tier 2	65	30
Tier 3	66+	31+
Schedules 0426-0429, 0430-0431, 0433-0434, 3404-3407; Bill Codes IAA, ICA, WAA, WBA, WCA, WJA, WKA, WMA, IKA, WLA, WMB		

Current Tiers (hcf)	Summer	Winter
Base	5	5
Tier 1	20	15
Tier 2	80	30
Tier 3	81+	31+
Schedules 3953, 3954; Bill Codes WU1, WV1		
Base	5	5
Tier 1	20	15
Tier 2	85	30
Tier 3	86+	31+
Schedules 0426-0429, 0430-0431, 0433-0434, 3404, 3405, 3807, 3898; Bill Codes IAB, ICB, IKB, IR1, WAB, WBB, WCB, WJB, WKB, WR1, WT1		
Base	5	5
Tier 1	20	15
Tier 2	85	35
Tier 3	86+	36+
Schedules 3303, 3304; Bill Codes WH1, IH1, WI1		
Base	5	5
Tier 1	20	15
Tier 2	90	35
Tier 3	91+	36+
Schedules 2405, 2406, 2705; Bill Codes IF1, WD1, WE1, WF1		
Base	5	5
Tier 1	20	15
Tier 2	95	35
Tier 3	96+	36+
Schedule 3505; Bill Code WQ1		
Base	5	5
Tier 1	20	15
Tier 2	95	40
Tier 3	96+	41+

Table 1-8: District 40 Current Facilities Construction Surcharges

Current Rates	FY 2025
Facilities Construction Surcharge ($/hcf)	
Inside	$0.106
Outside	$0.159

1.4. Process and Approach

Raftelis held several meetings with District staff to discuss and understand objectives, characteristics, and challenges of the District's water utilities to provide the recommendations and results detailed in this report. Raftelis confirmed various assumptions and inputs and used an iterative process to view several scenarios to determine the recommended financial plan and water rates. Raftelis then designed and presented a COS and rate model for each District to analyze various rate scenarios to fully fund the utility's revenue requirements through fair, equitable, and defensible cost-based rates.

The proposed financial plans detailed in this report follow industry standards for long-term financial planning. The financial plans rely on reasonable assumptions based on industry indices, such as general inflation based on the Consumer Price Index (CPI), and input from District staff. Raftelis worked closely with District staff to determine the most accurate methodology to project future revenues and expenses to reinforce sound fiscal management practices.

The financial plan includes the previous fiscal year (FY) 2025 and the five year period between FY 2026 to FY 2030. Each fiscal year begins on July 1 and ends on June 30. For example, FY 2025 is defined as the year beginning on July 1, 2024 and ending on June 30, 2025. The proposed rates were developed for implementation January 1, 2026 and in January of every year thereafter through FY 2030.

The COS analysis and resulting water rates are developed in accordance with the requirements of Proposition 218 to establish proportional, cost-based rates. The methodology used to meet these requirements is based on the American Water Works Association's (AWWA) *Principles of Water Rates, Fees, and Charges, 7th edition* (M1 Manual).

1.5. Cost-Based Rate-Setting Methodology

To develop water rates that align with Proposition 218 requirements, meet industry standards, and accomplish the Districts' goals for the study, Raftelis follows the four major steps discussed below.

1.5.1. Revenue Requirement Calculation

The first step in the rate-making process is to determine the adequate level of funding for a given utility. This is referred to as determining the "revenue requirement" for the base year, which for this study is FY 2026 which runs from July 1, 2025 to June 30, 2026. This analysis considers the short-term and long-term service objectives of the utility over a given planning horizon, including capital facilities, O&M, and financial reserve policies to determine the adequacy of a utility's existing rates to recover its costs. Several factors affect these projections, including the number of customers served, water use trends, non-recurring revenues, conservation, use restrictions, inflation, interest rates, capital financing needs, and other changes in operating and economic conditions, among others.

1.5.2. Cost-of-Service Analysis

The annual cost of providing water service is distributed among customer classes commensurate with their service requirements. A COS analysis involves the following:

1. **Categorize Costs into System Functions:** Utilizing an agency's approved budget, financial reports, operating data, engineering data, and CIP, a rate study generally categorizes (i.e., functionalizes) the operating and capital costs of the water system among major system functions. Examples of system functions include but are not limited to water supply, storage, treatment, and transmission and distribution.
2. **Allocate Functionalized Costs to the Cost Causation Components:** Cost components represent the major pieces of a water system that the agency incurs specific costs related to, with one or more functions attributable to one or more system component. For example, distribution storage costs (a system function) are allocated to base and maximum day (cost components) since storage systems are sized to accommodate both average (base) demands and maximum day (peak) demands. The **Districts**' water system cost components include supply, pumping, base, customer service, private fire, and meter servicing.
3. **Determine Units of Service Unit Costs for Cost Components:** Each cost component is associated with a specific unit of service; costs within each component are divided by the total units of service to determine the unit cost. For example, water supply costs are associated with total annual use. Dividing total annual costs by total annual use yields the unit cost of water supply.
4. **Calculate Rates Based on the Units of Service:** The units of service are used to create a rate structure including fixed charges and volumetric rates.

1.5.3. Report Preparation and Rate Adoption

Rate adoption is the last step of the rate-making process. Raftelis documents the rate study results in this report which reflects the basis upon which the rates were calculated, the rationale and justifications behind the proposed charges, any changes to rate structures, and anticipated financial impacts to ratepayers.

1.6. District 29 Financial Plan Results and Recommendations

1.6.1. Factors Affecting Revenue Requirements

The following items affect District 29's revenue requirement (i.e., costs) and thus its water rates. The utility's expenses include O&M expenses, capital project costs, debt service, and reserve funding.

- **Water Account Loss**: In January 2025, the District 29 service area experienced a loss of 1,141 accounts as a result of wildfires in the area, approximately 15% of the customers within the District's jurisdiction. While the District estimates all accounts will be recovered by FY 2030, the loss of accounts reduces rate revenue. The financial plan takes into account the reduction in rate revenue from FY 2024 while aiming to reduce the burden on remaining customers
- **Capital Project Funding**: In addition to lost revenue, the wildfire resulted in a revised list of capital projects to repair damaged infrastructure and to improve system resiliency. Capital expenditures for the study period average $30.1M annually, for a total of $190.3M in projected capital expenditures for the next five years. The financial plan incorporates a mixture of rate, reserve, and debt funding to finance these capital projects.

- **Reserve Funding**: With reduced rate revenue and an aggressive capital improvement plan, the financial plan results ensure that these factors don't fully deplete the reserves while still reducing rate shock to customers.

1.6.2. Financial Plan Results

Table 1-9 shows the proposed revenue increases that allow District 29 to maintain financial sufficiency, fund operating and capital expenses, and achieve recommended cash reserves. The proposed increases apply to the District's rate revenues, which were projected for future years assuming 1.39% average annual customer growth during the study period. Water demand during the study period is assumed to rebound in FY 2025 an additional 17% above FY 2024 demand levels but then remain consistent for FY 2026 through FY 2030.

The proposed revenue increases are the increases to total rate revenues required to cover the water utility's costs and not the expected impact to each customer class. Water rates developed for the base year (FY 2026) reflect the results of the COS analysis, which impacts each customer class, and tier, differently. Revenue adjustments in subsequent years are applied across all charges proportional to the base year rates.

Table 1-9: District 29 Proposed Water Revenue Adjustments

Revenue Adjustments	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Percent Increase	11.0%	6.5%	6.5%	6.5%	6.5%
Effective Month	January	January	January	January	January

Figure 1-1 shows the five-year financial plan for FY 2026 through FY 2030. The stacked bars represent the costs of the water utility: O&M expenses make up the largest portion (green bars). Debt service is shown in the yellow bars and rate-funded CIP (PAYGO) is shown in the red bars. Reserve funding (gray bars) falls either above or below zero, meaning that rate revenue will go towards building up reserves or used to fund expenses, respectively. Current revenues (dashed line) equal the projected revenues at the District's existing water rates and proposed revenues (solid line) equal the projected revenues with the proposed revenue adjustments in **Table 1-9**.

Figure 1-1: District 29 Financial Plan

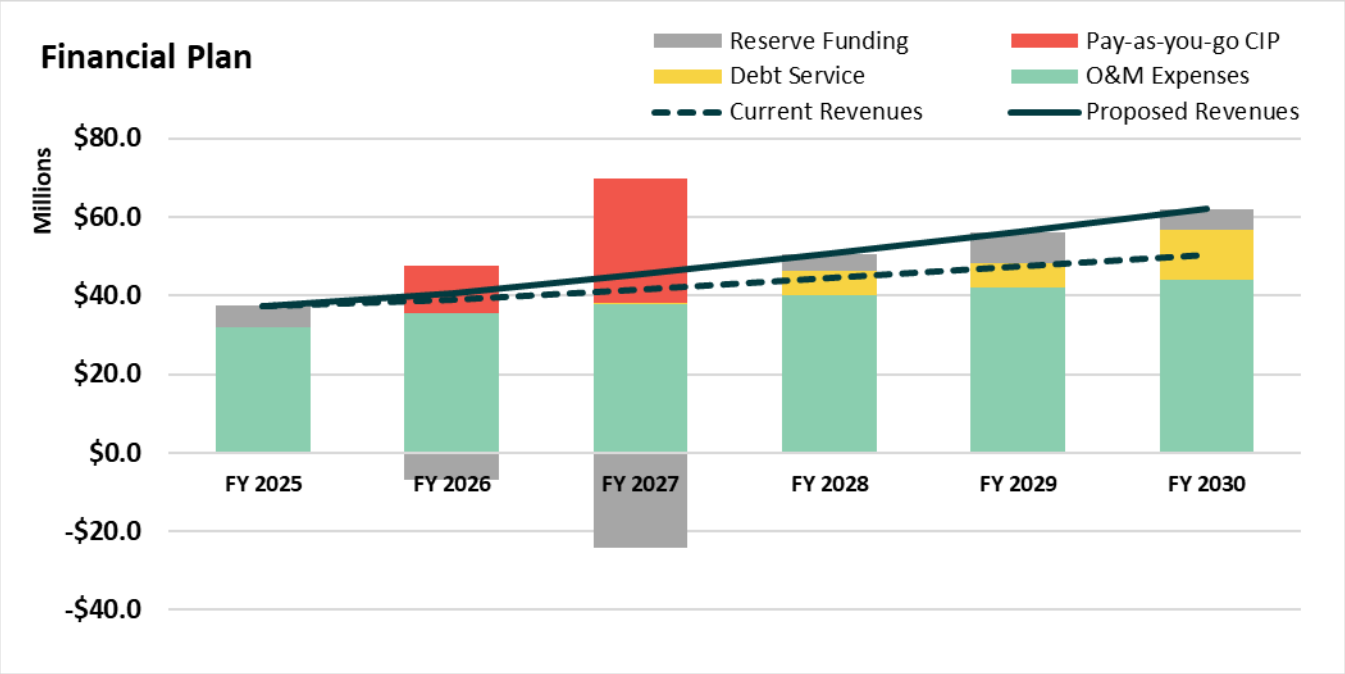


Figure 1-2 shows the combined fund balance for the General and Accumulated Capital Outlay (ACO) funds from FY 2026 through FY 2030. The total reserve target (dotted line) is determined based on the District's reserve policy targets. The combined ending fund balances fall above the reserve target in each year from FY 2026 through FY 2030.

Figure 1-2: District 29 Projected Combined Fund Ending Balances

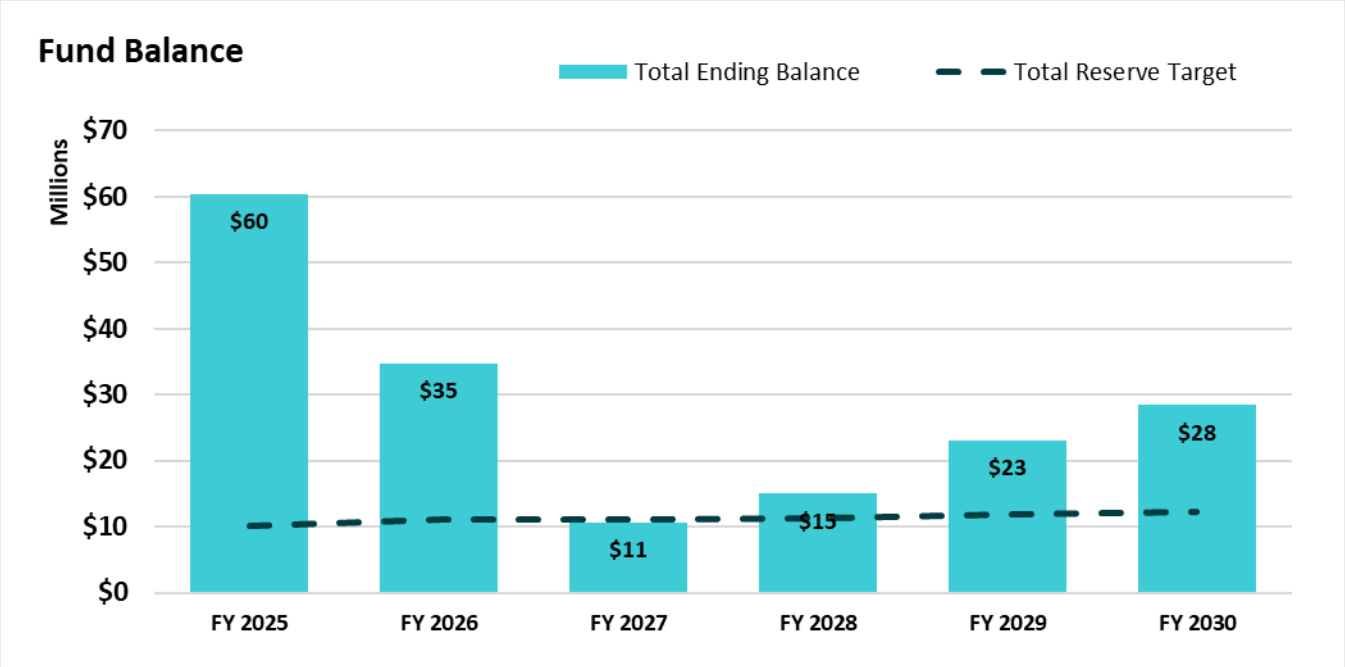
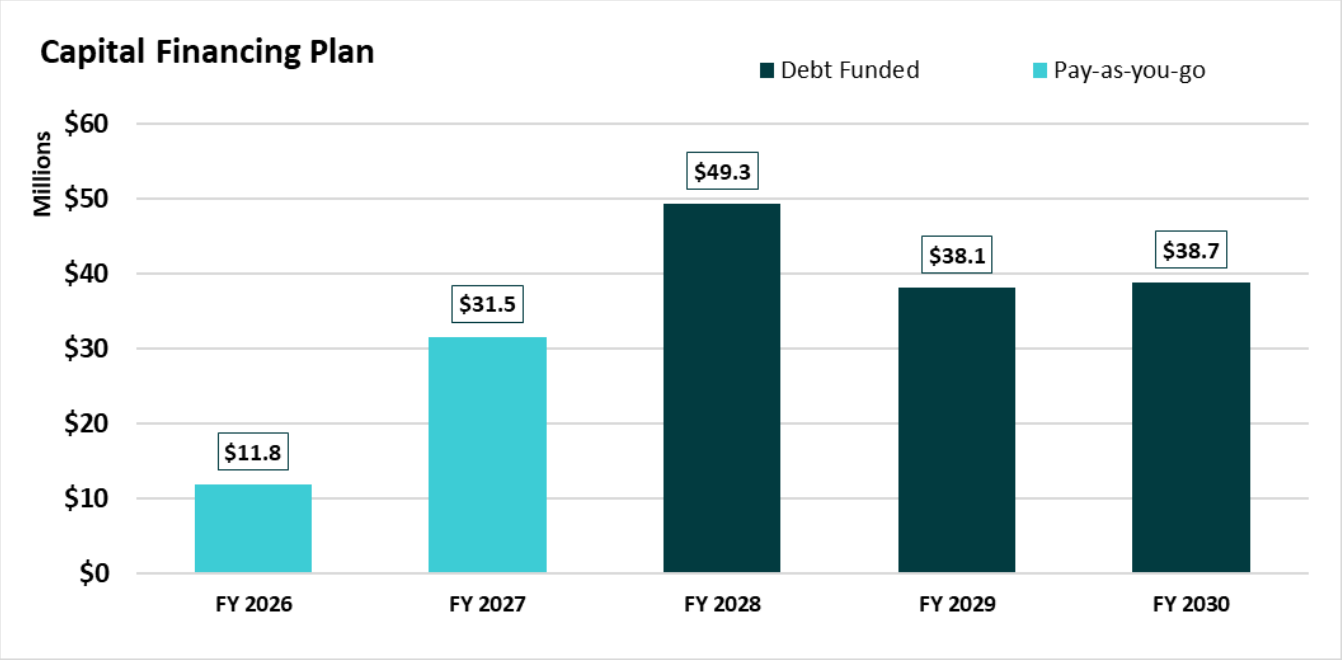


Figure 1-3 shows the five-year CIP expenditures from FY 2026 through FY 2030. CIP expenses will be funded with a combination of rate revenue and debt proceeds through FY 2030.

Figure 1-3: District 29 Capital Financing Plan



1.6.3. Recommended Rate Structure Modifications

Raftelis worked with District staff to determine the appropriate water rate structure to meet the District's objectives and align with legal requirements. The team recommend the following rate structure modifications:

- **Elimination of 5 hcf allowance**: The District is eliminating the 5 hcf allowance per month per billing unit.
- **Uniform Consumption Rate**: The District is implementing a uniform consumption rate charged to all units of water based on the cost of providing water service.
- **Pumping Charges by Pump Zone**: District 29 has four distinct pressure zones, each with their own respective pumping costs. Raftelis developed uniform pumping rates that will be charged to customers as part of the uniform consumption rate based on their designated pumping zone.
- **Private Fire Charge Ratios**: Raftelis calculated private fire charges based on the Hazen-Williams equation to determine fire flow capacity ratios by fire line size, replacing the existing fire flow capacity ratios used to charge for Private Fire service.

1.6.4. Proposed Water Rates

Table 1-10 through **Table 1-14** show the proposed rates for FY 2026 through FY 2030 based on the above recommendations. The fire service charge billing unit ratios have been updated. Rates for FY 2026 are determined based on the results of the COS analysis. Rates for all subsequent years are determined based on the corresponding revenue adjustments in **Table 1-9**.

Table 1-10: District 29 Proposed Monthly Meter & Private Fire Service Charges

Fixed Charges	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030
Meter Service Charges					
5/8"x3/4"	$48.73	$51.90	$55.27	$58.86	$62.69
3/4"	$48.73	$51.90	$55.27	$58.86	$62.69
3/4"x1"	$48.73	$51.90	$55.27	$58.86	$62.69
1"	$97.46	$103.79	$110.54	$117.73	$125.38
1.5"	$146.19	$155.69	$165.81	$176.59	$188.07
2"	$243.65	$259.49	$276.36	$294.32	$313.45
2.5"	$341.10	$363.27	$386.88	$412.03	$438.81
3"	$536.02	$570.86	$607.97	$647.49	$689.58
4"	$828.40	$882.25	$939.60	$1,000.67	$1,065.71
6"	$1,608.06	$1,712.58	$1,823.90	$1,942.45	$2,068.71
8"	$2,582.64	$2,750.51	$2,929.29	$3,119.69	$3,322.47
10"	$3,752.14	$3,996.03	$4,255.77	$4,532.40	$4,827.01
12"	$4,872.91	$5,189.65	$5,526.98	$5,886.23	$6,268.83
Private Fire Service Charges					
1"	$35.80	$38.13	$40.61	$43.25	$46.06
1.5"	$38.82	$41.34	$44.03	$46.89	$49.94
2"	$44.03	$46.89	$49.94	$53.19	$56.65
2.5"	$51.86	$55.23	$58.82	$62.64	$66.71
3"	$62.72	$66.80	$71.14	$75.76	$80.68
4"	$94.96	$101.13	$107.70	$114.70	$122.16
6"	$210.67	$224.37	$238.95	$254.48	$271.02
8"	$410.25	$436.91	$465.31	$495.56	$527.77
10"	$710.45	$756.63	$805.81	$858.19	$913.97
12"	$1,126.52	$1,199.75	$1,277.73	$1,360.78	$1,449.23

Table 1-11: District 29 Proposed Quantity Charge Rates excluding Pumping Zone rates

Proposed Rates ($/hcf)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Uniform Rate	$8.00	$8.52	$9.07	$9.66	$10.29

Table 1-12: District 29 Proposed Pumping Zone Rates

Proposed Rates ($/hcf)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Schedules 2954, 2955; Bill Codes F03, I03, W03, F04, W04	$0.00	$0.00	$0.00	$0.00	$0.00
Schedules 2957, 2958, Bill Codes F05, I05,W05, W06	$0.70	$0.75	$0.80	$0.85	$0.91
Schedules 2960, 2961; Bill Codes F07, I07, W07, W08	$1.26	$1.34	$1.43	$1.52	$1.62
Schedule 2962; Bill Codes F09, I09, W09	$0.18	$0.19	$0.20	$0.21	$0.22

Table 1-13: District 29 Proposed Quantity Charge Rates

Proposed Rates ($/hcf)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Schedules 2954, 2955; Bill Codes F03, I03, W03, F04, W04	$8.00	$8.52	$9.07	$9.66	$10.29
Schedules 2957, 2958, Bill Codes F05, I05,W05, W06	$8.70	$9.27	$9.87	$10.51	$11.20
Schedules 2960, 2961; Bill Codes F07, I07, W07, W08	$9.26	$9.86	$10.50	$11.18	$11.91
Schedule 2962; Bill Codes F09, I09, W09	$8.18	$8.71	$9.27	$9.87	$10.51

Table 1-14: District 29 Proposed Service and Quantity Facilities Construction Surcharges

Proposed Rates	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Service Facilities Construction Surcharge ($/BU/month)	$2.42	$2.58	$2.75	$2.92	$3.11
Quantity Facilities Construction Surcharge($/hcf)	$0.68	$0.72	$0.77	$0.82	$0.87

1.6.5. Customer Impacts

Table 1-15 through **Table 1-18** show the proposed FY 2026 monthly bill impacts for each pump zone within District 29. The tables show sample bills using the most common meter size and low, average, and high levels of usage.

Table 1-15: Bill Impacts for Schedule 2954

1"meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	15	$148.39	$232.52	$84.12	56.7%
Average Use	23	$222.15	$301.96	$79.81	35.9%
High Use	30	$286.69	$362.73	$76.04	26.5%

Table 1-16: Bill Impacts for Schedule 2957

1"meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	15	$149.92	$243.02	$93.10	62.1%
Average Use	23	$226.12	$318.06	$91.95	40.7%
High Use	30	$292.79	$383.73	$90.94	31.1%

Table 1-17: Bill Impacts for Schedule 2960

1"meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	15	$150.54	$251.42	$100.88	67.0%
Average Use	23	$227.73	$330.94	$103.21	45.3%
High Use	30	$295.27	$400.53	$105.26	35.6%

Table 1-18: Bill Impacts for Schedule 2962

1"meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	15	$150.54	$235.22	$84.68	56.3%
Average Use	23	$227.73	$306.10	$78.37	34.4%
High Use	30	$295.27	$368.13	$72.86	24.7%

1.7. District 40 Financial Plan Results and Recommendations

1.7.1. Factors Affecting Revenue Requirements

The following items affect District 40's revenue requirement (i.e., costs) and thus its water rates. The utility's expenses include O&M expenses, capital project costs, debt service, and reserve funding.

- **Capital Project Funding**: District 40 has four large capital projects with significant expenses beginning in FY 2029: the Rock Creek Waterline Improvements, the Antelope Valley Regional Water Supply Resilience project, a wellhead treatment project, and the Avenue K Phase Transmission Main project. While capital expenditures for the study period average $25 million annually, the average annual CIP for FY 2029 & FY 2030 is $43.4 million. The goal of the financial plan is to ensure rate revenues are sufficient to fund these future capital expenditures through a combination of rate revenue and reserves.
- **Reserve Funding**: With an aggressive capital improvement plan, the financial plan results ensure that these factors don't fully deplete the reserves.

1.7.2. Financial Plan Results

Table 1-19 shows the proposed revenue adjustments that allow District 40 to maintain financial sufficiency, fund operating and capital expenses, and achieve recommended cash reserves for the water utility. The proposed adjustments apply to District 40's rate revenues, which were projected for future years assuming 2% average annual customer growth starting in FY 2027. Water demand during the study period is assumed to rebound in FY 2025 an additional 8.82% above FY 2024 demand levels but then remain consistent for FY 2026 through FY 2030.

The proposed revenue adjustments represent the increase to total rate revenues required to cover District 40's utility costs and not the expected impact to each customer class. Water rates developed for the base year (FY 2026) reflect the results of the COS analysis, which impacts each customer class, and tier, differently. Revenue adjustments in subsequent years are applied across all charges proportional to the base year rates.

Table 1-19: District 40 Proposed Water Revenue Adjustments

Revenue Adjustments	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Percent Increase	6.0%	6.0%	6.0%	6.0%	6.0%
Effective Month	January	January	January	January	January

Figure 1-8 shows the five-year financial plan for FY 2026 through FY 2030. The stacked bars represent the costs of District 40: O&M expenses make up the largest portion (green bars). Debt service is shown in the yellow bars and rate-funded CIP (PAYGO) is shown in the red bars. Reserve funding (gray bars) falls either above or below zero (the x-axis), meaning that rate revenue will go towards building up reserves or used to fund expenses, respectively. Current revenues (dashed line) equal the projected revenues at District 40's existing water rates and proposed revenues (solid line) equal the projected revenues with the proposed revenue adjustments in **Table 1-19**.

Figure 1-4: District 40 Financial Plan

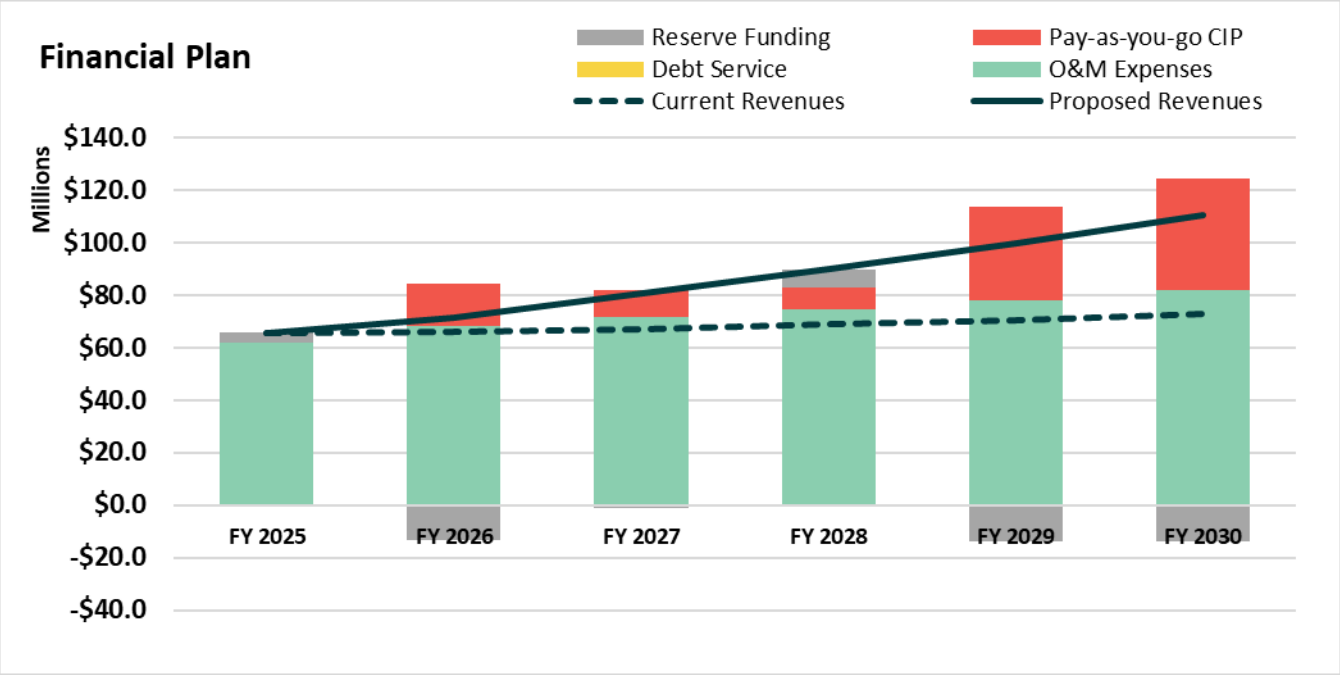


Figure 1-9 shows the combined fund balance for the General and ACO funds combined from FY 2026 through FY 2030. The total reserve target (dotted line) is determined based on District 40's reserve policy targets. The combined ending fund balances fall above the reserve target in each year from FY 2026 through FY 2030.

Figure 1-5: District 40 Projected Combined Fund Ending Balances

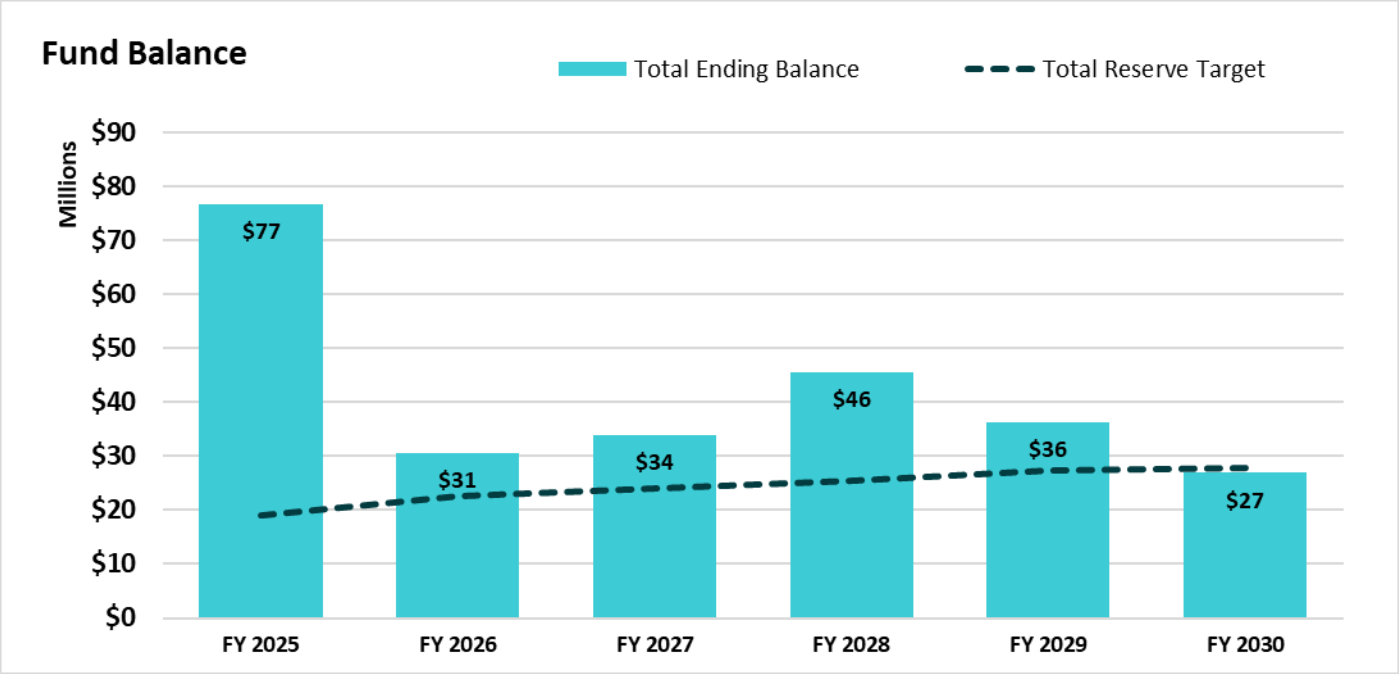
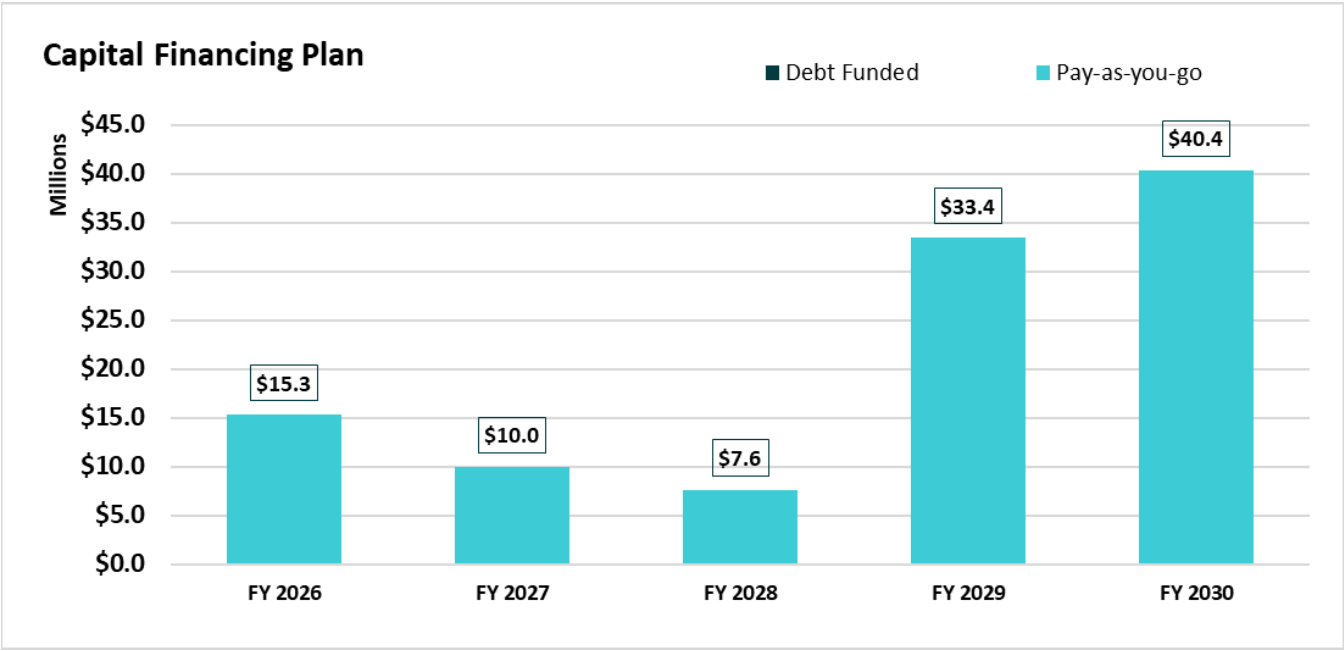


Figure 1-10 shows the five-year CIP expenditures from FY 2026 through FY 2030. CIP expenses will be funded with a combination of rate revenue and debt proceeds through FY 2030.

Figure 1-6: District 40 Capital Financing Plan



1.7.3. Recommended Rate Structure Modifications

Raftelis worked with District staff to determine the appropriate water rate structure to meet the District's objectives and align with legal requirements. The team recommends the following rate structure modifications:

- **Elimination of 5 hcf allowance**: The District proposes to eliminate the 5 hcf allowance per month per billing unit.
- **Consumption Rate**: Since District 40 has two sources of water; the Antelope Valley-East Kern Water Agency (AVEK) and local groundwater, the proposed two-tier rate structure will be differentiated by source.
- **Pumping Charges by Pump Zone**: District 40 has 17 distinct pressure zones, grouped into nine pumping zones with own respective pumping costs. Raftelis developed uniform pumping rates that will be charged to customers as part of the uniform consumption rate based on their designated pumping zone
- **Private Fire Charge Ratios**: Raftelis calculated private fire charges based on the Hazen-Williams equation to determine fire flow capacity ratios by fire line size, replacing the existing fire flow capacity ratios used to charge for Private Fire service.

1.7.4. Proposed Water Rates

Table 1-20 through **Table 1-24**show the proposed rates for FY 2026 through FY 2030 based on the above recommendations. Rates for FY 2026 are determined based on the results of the COS analysis. Rates for all subsequent years are determined based on the corresponding revenue adjustments in **Table 1-19**.

Table 1-20: District 40 Proposed Monthly Meter & Private Fire Service Charges

Fixed Charges	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030
Meter Service Charges					
5/8"x3/4"	$31.60	$33.50	$35.51	$37.64	$39.90
3/4"	$31.60	$33.50	$35.51	$37.64	$39.90
3/4"x1"	$31.60	$33.50	$35.51	$37.64	$39.90
1"	$63.19	$66.98	$71.00	$75.26	$79.78
1.5"	$94.79	$100.48	$106.51	$112.90	$119.67
2"	$157.98	$167.46	$177.51	$188.16	$199.45
2.5"	$221.17	$234.44	$248.51	$263.42	$279.23
3"	$347.56	$368.41	$390.51	$413.94	$438.78
4"	$537.13	$569.36	$603.52	$639.73	$678.11
6"	$1,042.67	$1,105.23	$1,171.54	$1,241.83	$1,316.34
8"	$1,674.59	$1,775.07	$1,881.57	$1,994.46	$2,114.13
10"	$2,432.89	$2,578.86	$2,733.59	$2,897.61	$3,071.47
12"	$3,159.60	$3,349.18	$3,550.13	$3,763.14	$3,988.93
Private Fire Service Charges					
2"	$33.63	$35.65	$37.79	$40.06	$42.46
2.5"	$35.33	$37.45	$39.70	$42.08	$44.60
3"	$37.68	$39.95	$42.35	$44.89	$47.58
4"	$44.67	$47.35	$50.19	$53.20	$56.39
6"	$69.75	$73.93	$78.37	$83.07	$88.05
8"	$113.00	$119.78	$126.97	$134.59	$142.67
10"	$178.06	$188.75	$200.08	$212.08	$224.80
12"	$268.24	$284.33	$301.39	$319.47	$338.64

Table 1-21: District 40 Proposed Quantity Charge Rates excluding Pumping Zone Rates

Proposed Rates ($/hcf)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Consumption Rate					
Tier 1	$1.27	$1.35	$1.43	$1.52	$1.61
Tier 2	$1.92	$2.04	$2.16	$2.29	$2.43

Table 1-22: District 40 Proposed Pumping Zone Rates

Proposed Rates ($/hcf)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Rate Schedules; Bill Codes					
0427, 0428, 0429, 0437, 0439; IA1, IAA, IAB, WA1, WAA, WAB, FA2, IA2, WA2, FW2, WW2, WX2	$0.16	$0.17	$0.18	$0.19	$0.20
0430, 0431, 3405; IB1, WB1, WBA, WBB, FB2, IB2, WB2, IK1, IKA, IKB, WK1, WKA, WKB, IK2, FK2, WK2	$0.26	$0.28	$0.30	$0.32	$0.34
0433, 0434; IC1, ICA, ICB, WC1, WCA, WCB, FC2, IC2, WC2,	$0.34	$0.36	$0.38	$0.40	$0.42
3404, 3406, 3408, 3409; IJ1, WJ1, WJA, WJB, IJ2, WJ2, WL1, WLA, FL2, IL2, WL2	$0.72	$0.76	$0.81	$0.86	$0.91
2405, 2705, 3303, 2406, 2706, 3304; WD1, ID2, WD2, WE1, WE2, IF1, WF1, FF2, WF2, WG2, IH1, WH1, FH2, WH2, WI1	$0.19	$0.20	$0.21	$0.22	$0.23
3407; WM1, WMA, WMB, IM2	$0.51	$0.54	$0.57	$0.60	$0.64
3505; WQ1, FQ2, WQ2	$0.30	$0.32	$0.34	$0.36	$0.38
3807, 3898, 3809; IR1, WR1, FR2, IR2, FS2, WS2, WR2, WT1, WT2	$0.28	$0.30	$0.32	$0.34	$0.36
3953, 3954; WU1, WU2, WV1, WV2	$0.51	$0.54	$0.57	$0.60	$0.64

Table 1-23: District 40 proposed Quantity Charge Rates

Proposed Rates ($/hcf)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Rate Schedules; Bill Codes					
0427, 0428, 0429, 0437, 0439; IA1, IAA, IAB, WA1, WAA, WAB, FA2, IA2, WA2, FW2, WW2, WX2					
Tier 1	$1.43	$1.52	$1.61	$1.71	$1.81
Tier 2	$2.08	$2.21	$2.34	$2.48	$2.63
0430, 0431, 3405; IB1, WB1, WBA, WBB, FB2, IB2, WB2, IK1, IKA, IKB, WK1, WKA, WKB, IK2, FK2, WK2					
Tier 1	$1.53	$1.63	$1.73	$1.84	$1.95
Tier 2	$2.18	$2.32	$2.46	$2.61	$2.77
0433, 0434; IC1, ICA, ICB, WC1, WCA, WCB, FC2, IC2, WC2,					
Tier 1	$1.61	$1.71	$1.81	$1.92	$2.03
Tier 2	$2.26	$2.40	$2.54	$2.69	$2.85
3404, 3406, 3408, 3409; IJ1, WJ1, WJA, WJB, IJ2, WJ2, WL1, WLA, FL2, IL2, WL2					
Tier 1	$1.99	$2.11	$2.24	$2.38	$2.52
Tier 2	$2.64	$2.80	$2.97	$3.15	$3.34
2405, 2705, 3303, 2406, 2706, 3304; WD1, ID2, WD2, WE1, WE2, IF1,					

Proposed Rates ($/hcf)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
WF1, FF2, WF2, WG2, IH1, WH1, FH2, WH2, WI1					
Tier 1	$1.46	$1.55	$1.64	$1.74	$1.84
Tier 2	$2.11	$2.24	$2.37	$2.51	$2.66
3407; WM1, WMA, WMB, IM2					
Tier 1	$1.78	$1.89	$2.00	$2.12	$2.25
Tier 2	$2.43	$2.58	$2.73	$2.89	$3.07
3505; WQ1, FQ2, WQ2					
Tier 1	$1.57	$1.67	$1.77	$1.88	$1.99
Tier 2	$2.22	$2.36	$2.50	$2.65	$2.81
3807, 3898, 3809; IR1, WR1, FR2, IR2, FS2, WS2, WR2, WT1, WT2					
Tier 1	$1.55	$1.65	$1.75	$1.86	$1.97
Tier 2	$2.20	$2.34	$2.48	$2.63	$2.79
3953, 3954; WU1, WU2, WV1, WV2					
Tier 1	$1.78	$1.89	$2.00	$2.12	$2.25
Tier 2	$2.43	$2.58	$2.73	$2.89	$3.07

Table 1-24: District 40 Proposed Facilities Construction Surcharges

Proposed Rates	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Facilities Construction Surcharge($/hcf)	$0.11	$0.12	$0.13	$0.14	$0.15

1.7.5. Customer Impacts

Table 1-25 through **Table 1-32** show the proposed FY 2026 monthly bill impacts for each region within District 40. The tables show sample bills using the most common meter size, the most common pressure zone in each region, and low, average, and high levels of usage.

Table 1-25: Region 4 Bill Impacts

Monthly Bill Impacts, 3/4"x1" Meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	11	$42.34	$51.79	$9.45	22.3%
Average Use	17	$53.09	$64.93	$11.84	22.3%
High Use	24	$66.88	$80.26	$13.38	20.0%

Table 1-26: Region 24 Bill Impacts

Monthly Bill Impacts, 3/4"x1" Meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	11	$46.10	$52.12	$6.02	13.1%
Average Use	17	$57.98	$65.44	$7.46	12.9%
High Use	24	$73.23	$80.98	$7.75	10.6%

Table 1-27: Region 27 Bill Impacts

Monthly Bill Impacts, 3/4"x1" Meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	11	$49.43	$52.12	$2.69	5.4%
Average Use	19	$65.67	$69.88	$4.21	6.4%
High Use	29	$87.45	$92.08	$4.63	5.3%

Table 1-28: Region 33 Bill Impacts

Monthly Bill Impacts, 3/4"x1" Meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	11	$49.43	$52.12	$2.69	5.4%
Average Use	18	$63.49	$67.66	$4.17	6.6%
High Use	28	$85.27	$89.86	$4.59	5.4%

Table 1-29: Region 34 Bill Impacts

Monthly Bill Impacts, 5/8"x3/4" Meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	11	$54.96	$52.12	-$2.84	-5.2%
Average Use	17	$73.80	$65.44	-$8.36	-11.3%
High Use	24	$98.02	$80.98	-$17.04	-17.4%

Table 1-30: Region 35 Bill Impacts

Monthly Bill Impacts, 3/4"x1" Meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	13	$57.79	$57.73	-$0.06	-0.1%
Average Use	21	$77.64	$76.21	-$1.43	-1.8%
High Use	35	$113.61	$108.55	-$5.06	-4.5%

Table 1-31: Region 38 Bill Impacts

Monthly Bill Impacts, 5/8"x3/4" Meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	11	$50.56	$53.11	$2.55	5.1%
Average Use	18	$64.86	$69.28	$4.42	6.8%
High Use	28	$87.02	$92.38	$5.36	6.2%

Table 1-32: Region 39 Bill Impacts

Monthly Bill Impacts, 3/4" Meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	10	$66.01	$53.10	-$12.91	-19.6%
Average Use	15	$81.80	$65.80	-$16.00	-19.6%
High Use	22	$104.92	$83.58	-$21.34	-20.3%

2. District 29 Financial Plan

This section of the report describes the District 29 proposed financial plan. To develop the financial plan, Raftelis projected annual revenues and expenses, modeled reserve balances, projected capital expenditures, and calculated debt service coverage to estimate the amount of additional rate revenue needed each year. Numbers shown in the tables of this section are rounded. Therefore, hand calculations based on the displayed numbers, such as summing or multiplying, may not equal the exact results shown.

2.1. Inflationary Assumptions

Inflationary factors are used to escalate the revenue and cost categories across the planning period, which for this study is from FY 2025 to FY 2030. At the time of this study, the District provided revenue and expense actuals for FY 2024. Raftelis worked with District staff to escalate FY 2024 actual expenses using the appropriate escalation factor. The escalation factors used to project revenues and expenses for the study period are shown in **Table 2-1**. Both District 29 and 40 will continue the current inflationary pass-through based on the Consumer Price Index (CPI). However, as shown below, the cost for certain line items will likely exceed the CPI which over the long term has averaged approximately 3%. The difference between the inflationary pass throughs and the assumed inflationary factors below is recovered in the proposed rates and charges.

Table 2-1: Escalation Factors

Key Assumptions	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Cost Escalation Factors						
General	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Labor	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Utilities	6.6%	6.5%	4.5%	4.5%	4.5%	4.5%
Capital	0.0%	6.9%	5.0%	4.0%	3.0%	3.0%
Water Supply	11.0%	8.0%	12.0%	8.0%	5.0%	5.0%
Field Labor Adjustments	5.0%	37.0%	5.0%	5.0%	5.0%	5.0%
Revenue Escalation Factors						
Misc Rev. Inflator	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Property Tax	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

2.2. Current Water Rates

The District's current water rates were implemented May 1, 2025. District 29 rates include a monthly fixed Service Charge based on meter size and a Quantity Charge for every hundred cubic feet (hcf[2]) of water used. The Service Charge allows for 5 hcf uncharged units per month per billing unit. Billing units are determined by the size of the customer's meter. Water usage in excess of the 5 hcf allowance per billing unit per month is charged through a three-tier variable rate structure. The width of the tiers is based on the billing units and are seasonal, with the widths varying based on water usage in either the summer months or winter months. **Table 2-2** and **Table 2-3** show the current monthly service charges and Quantity Charges. **Table 2-4** shows the existing tier breaks for the Quantity Charge.

[2] One hcf is equal to 748 gallons of water.

Additionally, District 29 customers are charged a monthly Service Facilities Construction Surcharge on the 5-hcf monthly allowance by meter size and a Quantity Facilities Construction Surcharge on all units of water usage above the 5 hcf allowance per month per billing unit. **Table 2-5** shows the current Service and Quantity Facilities Construction Surcharges.

Table 2-2: Current Monthly Meter Service & Private Fire Service Charges

Current Rates	FY 2025
Meter & Private Fire Service Charge ($/Billing Unit/month)	
Inside District	$48.725
Outside District	$73.089
Meter Billing Units	
5/8"x3/4"	1.0
3/4"	1.0
3/4"x1"	1.0
1"	2.0
1.5"	3.0
2"	5.0
2.5"	7.0
3"	11.0
4"	17.0
6"	33.0
8"	53.0
10"	77.0
12"	100.0
Fire Line Billing Units	
1"	2.9
1.5"	2.9
2"	2.9
2.5"	2.9
3"	2.9
4"	2.9
6"	3.9
8"	4.9
10"	6.9
12"	10.9

Table 2-3: Current Quantity Charge Rates

Current Rates	FY 2025
Inside District	
Schedule 2954; Bill Codes F03, I03, W03	
Tier 1	$8.258
Tier 2	$9.627
Tier 3	$13.715
Schedule 2957, Bill Codes F05, I05, W05	
Tier 1	$8.563
Tier 2	$10.035
Tier 3	$14.306
Schedule 2960, Bill Codes F07, I07, W07	
Tier 1	$8.687
Tier 2	$10.117
Tier 3	$14.452
Schedule 2962, Bill Codes F09, I09, W09	
Tier 1	$8.687
Tier 2	$10.117
Tier 3	$14.452
Outside District	
Schedule 2955, Bill Codes F04, W04	
Tier 1	$12.387
Tier 2	$14.441
Tier 3	$20.573
Schedule 2958, Bill Code W06	
Tier 1	$12.845
Tier 2	$15.053
Tier 3	$21.459
Schedule 2961, Bill Code W08	
Tier 1	$13.031
Tier 2	$15.176
Tier 3	$21.678

Table 2-4: Current Quantity Charge Tier Breaks by Season

Current Tiers (hcf)	Summer	Winter
Monthly Allowance (included in Service Charge)	5	5
Tier 1	20	15
Tier 2	50	35
Tier 3	51+	36+

Table 2-5: Current Service and Quantity Facilities Construction Surcharges

Current Rates	FY 2025
Facilities Surcharge	
Inside	
Service Facilities Construction Surcharge	$2.420 per hcf of monthly allowance
Quantity Facilities Construction Surcharge	$0.961 per hcf over allowance
Outside	
Service Facilities Construction Surcharge	$3.630 per hcf of monthly allowance
Quantity Facilities Construction Surcharge	$1.442 per hcf over allowance

2.3. Customer Accounts and Usage

District staff provided detailed customer billing data for FY 2024 which included information such as customer class, billed consumption in hcf, and meter size for each of the bi-monthly billing periods. **Table 2-6** and **Table 2-7** show the customer growth and usage assumptions for the study period, respectively. Customer account growth assumptions account for home rebuilding post fire, recouping all lost accounts by FY 2030. **Table 2-8** shows the current and projected meter counts by meter size and private fire counts by fire line size. **Table 2-9** shows the current and projected water usage in hcf by customer class tier. The meter size and water consumption data has been summarized to include all customer classes.

Table 2-6: Customer Growth Assumptions

Account Growth	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Single Family Residential	-15.91%	3.78%	3.65%	3.52%	3.40%	3.29%
Multi-Family	-15.23%	3.59%	3.47%	3.35%	3.24%	3.14%
Construction Meters	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial	-4.01%	0.84%	0.83%	0.82%	0.82%	0.81%
Government	-3.03%	0.63%	0.62%	0.62%	0.61%	0.61%
Industrial	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Table 2-7: Water Usage Assumptions

Water Demand	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Single Family Residential	117.10%	100%	100%	100%	100%	100%
Multi-Family	117.10%	100%	100%	100%	100%	100%
Construction Meters	117.10%	100%	100%	100%	100%	100%
Commercial	117.10%	100%	100%	100%	100%	100%
Government	117.10%	100%	100%	100%	100%	100%
Industrial	117.10%	100%	100%	100%	100%	100%

Table 2-8: Number of Customer Accounts

Customer Accounts	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Meter Sizes							
Inside District							
5/8"x3/4"	275	232	240	249	258	266	275
3/4"	1,414	1,191	1,235	1,280	1,325	1,369	1,414
3/4"x1"	1,255	1,059	1,098	1,137	1,176	1,216	1,255
1"	3,569	3,008	3,120	3,232	3,345	3,457	3,569
1.5"	566	483	499	516	533	549	566
2"	249	218	224	230	236	243	249
2.5"	87	86	86	87	87	87	87
3"	8	8	8	8	8	8	8
4"	6	5	6	6	6	6	6
6"	2	2	2	2	2	2	2
8"	3	3	3	3	3	3	3
10"	1	1	1	1	1	1	1
12"	0	0	0	0	0	0	0
Total	**7,435**	**6,294**	**6,522**	**6,750**	**6,979**	**7,207**	**7,435**
Outside District							
5/8"x3/4"	0	0	0	0	0	0	0
3/4"	0	0	0	0	0	0	0
3/4"x1"	0	0	0	0	0	0	0
1"	0	0	0	0	0	0	0
1.5"	1	1	1	1	1	1	1
2"	0	0	0	0	0	0	0
2.5"	0	0	0	0	0	0	0
3"	0	0	0	0	0	0	0
4"	0	0	0	0	0	0	0
6"	0	0	0	0	0	0	0
8"	0	0	0	0	0	0	0
10"	0	0	0	0	0	0	0
12"	0	0	0	0	0	0	0
Total	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Fire Line Sizes							
Inside District							
1"	1	1	1	1	1	1	1
1.5"	0	0	0	0	0	0	0
2"	2	2	2	2	2	2	2
2.5"	1	1	1	1	1	1	1
3"	0	0	0	0	0	0	0
4"	27	26	26	26	26	27	27
6"	19	18	18	18	19	19	19
8"	43	39	40	41	42	42	43

Customer Accounts	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
10"	19	18	18	18	19	19	19
12"	0	0	0	0	0	0	0
Total	112	105	106	108	109	111	112
Outside District							
1"	0	0	0	0	0	0	0
1.5"	0	0	0	0	0	0	0
2"	0	0	0	0	0	0	0
2.5"	0	0	0	0	0	0	0
3"	0	0	0	0	0	0	0
4"	1	1	1	1	1	1	1
6"	0	0	0	0	0	0	0
8"	0	0	0	0	0	0	0
10"	0	0	0	0	0	0	0
12"	0	0	0	0	0	0	0
Total	**1**	**1**	**1**	**1**	**1**	**1**	**1**

Table 2-9: Annual Customer Usage

Rate Code and Tier	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Inside District							
F03, I03, W03							
Base	23,175	23,081	23,893	24,704	25,515	26,327	27,138
Tier 1	16,327	16,434	16,971	17,508	18,045	18,582	19,119
Tier 2	7,742	8,127	8,315	8,503	8,691	8,878	9,066
Tier 3	6,191	6,829	6,913	6,997	7,081	7,166	7,250
F05, I05, W05							
Base	69,081	68,039	70,610	73,181	75,752	78,323	80,894
Tier 1	50,587	49,840	51,720	53,599	55,479	57,358	59,238
Tier 2	16,182	15,976	16,571	17,165	17,760	18,354	18,949
Tier 3	6,037	5,978	6,196	6,415	6,633	6,851	7,069
F07, I07, W07							
Base	146,412	145,068	150,344	155,620	160,896	166,172	171,448
Tier 1	155,655	154,117	159,748	165,379	171,010	176,641	182,272
Tier 2	75,911	75,353	78,061	80,768	83,476	86,184	88,892
Tier 3	38,150	37,822	39,192	40,562	41,933	43,303	44,674
F09, I09, W09							
Base	439,342	438,799	453,933	469,067	484,201	499,336	514,470
Tier 1	608,699	609,633	630,263	650,894	671,525	692,156	712,787
Tier 2	414,688	416,964	430,691	444,418	458,146	471,873	485,600
Tier 3	246,985	253,962	261,013	268,065	275,116	282,168	289,219
Outside District							

Rate Code and Tier	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
F04, W04							
Base	180	202	204	206	207	209	211
Tier 1	450	506	510	514	518	523	527
Tier 2	896	1,007	1,015	1,023	1,032	1,040	1,049
Tier 3	749	842	849	856	863	871	878
All Rate Codes							
Base	678,191	675,189	698,984	722,778	746,573	770,367	794,161
Tier 1	831,719	830,529	859,212	887,895	916,578	945,260	973,943
Tier 2	515,419	517,427	534,653	551,878	569,104	586,330	603,555
Tier 3	298,112	305,433	314,164	322,895	331,627	340,358	349,089
Total	**2,323,441**	**2,328,578**	**2,407,012**	**2,485,447**	**2,563,881**	**2,642,315**	**2,720,749**

2.4. Projected Revenues at Current Rates

Table 2-10 shows the calculated rate revenues for FY 2025 through FY 2030 based on the District's current water rates. The projected annual rate revenues for the monthly Service Charges and private fire Service Charges are determined using the currentmonthly **S**ervice **C**harge rates (**Table 2-2**) multiplied by the meter and fire line counts (**Table 2-8**) for each billing period. Similarly, the projected annual rate revenues for the Quantity Charges are determined using the Quantity Charge rates (**Table 2-3**) multiplied by the water use in hcf for each tier (**Table 2-9**). Finally, the projected annual revenues for the Facilities Construction Surcharge are determined using the current Service Facilities Construction Surchage and Quantity Facilities Construction Surcharges rates (**Table 2-5**) multiplied by the number of accounts (**Table 2-8**) and the water use above the5-hcf allowance (**Table 2-9**) for each customer in each billing period.

Table 2-10: Projected Rate Revenues

Rate Revenue	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Meter Service Charge	$7,578,144	$7,299,230	$7,384,969	$7,625,058	$7,865,146	$8,105,234	$8,345,322
Private Fire Service Charge	$277,904	$284,893	$282,763	$294,252	$298,180	$302,109	$306,038
Quantity Charge Revenue	$17,349,080	$18,735,446	$20,257,735	$21,169,492	$21,997,580	$22,744,107	$23,501,633
Facilities Construction Surcharge Rate Revenue	$1,944,990	$1,970,641	$2,005,311	$2,069,728	$2,134,146	$2,198,563	$2,262,981
Total	**$27,150,119**	**$28,290,210**	**$29,930,779**	**$31,158,530**	**$32,295,053**	**$33,350,014**	**$34,415,975**

2.5. Projected Revenues

Table 2-11 shows a summary of the utility's projected revenues for the study period. District staff provided actual revenues for FY 2024. Water rate revenues are equal to the calculated rate revenues at current rates (**Table 2-8**) for FY 2025 and beyond.

Miscellaneous, non-rate revenues are inflated using the corresponding revenue escalation factor (**Table 2-1**). Interest income is calculated based on the reserve interest rate (**Table 2-1**) and projected fund balances.

Table 2-11: Projected Revenues

Revenue Summary	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Calculated Revenue	$21,574,653	$28,795,000	$29,930,779	$31,158,530	$32,295,053	$33,350,014	$34,415,975
Other Charges for Services	$5,194,980	$913,654	$922,791	$932,019	$941,339	$950,752	$960,260
Property Taxes	$5,940,726	$6,059,541	$6,180,731	$6,304,346	$6,430,433	$6,559,042	$6,690,222
Fines Forfeitures & Penalties	$25,827	$26,085	$26,346	$26,609	$26,875	$27,144	$27,415
Use of Money & Prop	$2,619,962	$2,468,000	$1,557,637	$879,524	$432,929	$656,458	$902,224
Intergvmtl Revenue - State	$147,550	$22,019	$22,239	$22,462	$22,686	$22,913	$23,142
Intergvmtl Revenue - Federal	$167,422	$169,096	$170,787	$172,495	$174,220	$175,962	$177,722
Miscellaneous Revenue	$66,007	$66,165	$66,827	$67,495	$68,170	$68,852	$69,540
Total Revenue	**$35,737,126**	**$38,519,560**	**$38,878,136**	**$39,563,479**	**$40,391,704**	**$41,811,137**	**$43,266,501**

2.6. Projected O&M Expenses

Table 2-12 summarizes the projected O&M expenses for the study period. District staff provided the FY 2024 *actuals*, which were inflated for future years using the expense escalation factors (**Table 2-1**).

Table 2-12: Projected O&M Expenses

O&M Summary	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Waterworks Dist Gen #29 - N32							
W001 - Water Quality Monitoring	$1,026,141	$1,074,376	$1,124,930	$1,177,916	$1,233,455	$1,291,669	$1,352,691
W002 - Purchased Water	$10,937,744	$12,140,896	$13,112,167	$14,685,627	$15,860,478	$16,653,501	$17,486,177
W004 - Administration Support	$2,774,821	$2,903,994	$3,039,338	$3,181,153	$3,329,755	$3,485,473	$3,648,654
W005 - Customer Billing and Service	$1,556,199	$1,630,485	$1,708,379	$1,790,059	$1,875,712	$1,965,531	$2,059,722
W007 - OMR - Equipment	$570,457	$591,243	$674,530	$700,049	$726,597	$754,219	$782,960
W008 - Mapping Services & Annexations	$826,737	$867,014	$909,273	$953,612	$1,000,134	$1,048,947	$1,100,166
W010 - Claims&Litigatn, Pub. Rec Req	$322,457	$332,131	$342,095	$352,358	$362,929	$373,816	$385,031
W014 - Damage Claims	$39,240	$40,842	$42,513	$44,257	$46,076	$47,974	$49,956
W015 - OMR-Water Distribution Systems	$6,326,838	$6,615,720	$8,582,713	$8,982,717	$9,401,846	$9,841,032	$10,301,250
W016 - OMR-Pumping Plants	$1,697,206	$1,767,059	$1,839,955	$1,916,032	$1,995,435	$2,078,317	$2,164,835
W017 - Information Services	$51,035	$53,060	$63,466	$66,081	$68,809	$71,657	$74,629
W018 - Other Charges - S & S	$347	$365	$383	$402	$422	$443	$465
W020 - Water Supply Planning & Res Mgmt	$820,541	$861,515	$904,536	$949,707	$997,135	$1,046,933	$1,099,218
W023 - Disaster Services - OES/FEMA	$104,364	$109,583	$115,062	$120,815	$126,856	$133,198	$139,858
W030 - Pumping Plants - Power	$933,726	$995,202	$1,059,799	$1,107,494	$1,157,337	$1,209,422	$1,263,852
W036 - New Water Service Engrng & Insp	$277,093	$290,880	$305,355	$320,552	$336,506	$353,256	$370,841
W043 - OMR-Tanks	$390,900	$403,436	$416,389	$429,773	$443,603	$457,895	$472,664
W044 - Water Conservation	$1,009,223	$1,042,245	$1,076,396	$1,111,715	$1,148,245	$1,186,030	$1,225,115
Subtotal – N32	**$29,665,069**	**$31,720,045**	**$35,317,279**	**$37,890,319**	**$40,111,328**	**$41,999,314**	**$43,978,085**
Waterworks Dist ACO #29 - N33							
W004 - Administration Support	$56,498	$56,498	$60,415	$63,436	$65,974	$67,953	$69,991
Subtotal – N33	**$56,498**	**$56,498**	**$60,415**	**$63,436**	**$65,974**	**$67,953**	**$69,991**
Total O&M	**$29,721,567**	**$31,776,543**	**$35,377,695**	**$37,953,755**	**$40,177,302**	**$42,067,267**	**$44,048,076**

2.7. Existing Debt Service

Table 2-13 shows the existing annual debt service for the study period. The District has one outstanding line of debt service for a Drinking Water State Revolving Fund (SRF) loan.

Table 2-13: Existing Debt Service

Existing Debt	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Drinking Water SRF						
Total Payment	$235,080	$235,080	$235,080	$235,080	$235,080	$235,080
Total Debt Service Payment	**$235,080**	**$235,080**	**$235,080**	**$235,080**	**$235,080**	**$235,080**

2.8. Capital Project Funding

Table 2-14 shows a summary of the District's capital improvement plan. This capital improvement plan was developed as part of a fire resiliency study. The portions of the capital improvement plan developed as a part of the fire resiliency study and allocated to the water utility relates to infrastructure designed to deliver water in sufficient quantities and pressures to properties served by District 29 in the event of a fire. The capital accomplishment factor is the estimation of how much of the total plan the District will actually spend on an annual basis. District staff estimates that capital expenditures on average will be $33.9M annually inflated for future dollars. These projections were inflated using the inflationary assumptions in **Table 2-1**.

Table 2-14: Summarized Capital Improvement Plan

Capital Improvement Plan - Inflated	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Planned Annual CIP Expenditures	$13,138,773	$37,105,585	$54,752,532	$42,290,057	$43,008,142
Capital Accomplishment Factor	90%	85%	90%	90%	90%
Funded Annual CIP Expenditures	**$11,824,895**	**$31,539,747**	**$49,277,279**	**$38,061,051**	**$38,707,328**

2.9. Status Quo Financial Plan

Table 2-15 shows the projected financial plan based on revenues at existing rates with no adjustments, or the "status quo" scenario. Revenues are derived from **Table 2-11**.

Net Revenue is equal to total revenues less O&M expenses. Net cash flow is equal to net revenue less debt service and cash funded CIP. Debt coverage is calculated by dividing net revenue by debt service. Debt coverage including impact fee revenue is calculated by dividing the sum of net revenue and impact fee revenue by debt service. District 29 is expected to meet coverage requirements in all years of the study. District staff provided beginning fund balances for FY 2025 and FY 2026. Ending balances are calculated by adding beginning balances to net cash flow. Under the status quo scenario, the water fund will not meet reserve targets after FY 2026 and fall below zero in FY 2028.

Table 2-15: Status Quo Projected Financial Plan

Cash Flow		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues						
Revenues from Existing Rates						
Waterworks Dist Gen #29 - N32		$24,987,580	$25,787,714	$26,580,289	$27,372,864	$28,165,438
Waterworks Dist ACO #29 - N33		$2,005,311	$2,069,728	$2,134,146	$2,198,563	$2,262,981
Rev Adj.	**% Adj**					
FY 2026	0.0%	$0	$0	$0	$0	$0
FY 2027	0.0%		$0	$0	$0	$0
FY 2028	0.0%			$0	$0	$0
FY 2029	0.0%				$0	$0
FY 2030	0.0%					$0
Revenue Adjustments		$0	$0	$0	$0	$0
Total Rate Revenue		$26,992,891	$27,857,443	$28,714,435	$29,571,427	$30,428,419
Future Wholesale Water Purchase Pass-through		$485,636	$1,758,002	$3,132,157	$4,116,094	$4,928,943
Future Inflationary Pass-through		$293,687	$889,872	$1,503,943	$2,136,436	$2,787,903
Waterworks Dist Gen #29 - N32						
580 Property Taxes		$1,688,942	$1,722,720	$1,757,175	$1,792,318	$1,828,165
584 Fines Forfeitures & Penalties		$5,497	$5,552	$5,608	$5,664	$5,721
586 Revenue - Use of Money & Prop		$438,395	$338,702	$232,508	$134,388	$29,994
588 Intergvmtl Revenue - State		$6,141	$6,202	$6,264	$6,327	$6,390
590 Intergvmtl Revenue - Federal		$137,020	$138,390	$139,774	$141,172	$142,583
592 Charges for Services		$3,184,004	$3,549,664	$3,831,681	$4,032,161	$4,243,665
594 Miscellaneous Revenue		$66,827	$67,495	$68,170	$68,852	$69,540
Waterworks Dist ACO #29 - N33						
580 Property Taxes		$4,491,790	$4,581,625	$4,673,258	$4,766,723	$4,862,058
584 Fines Forfeitures & Penalties		$20,848	$21,057	$21,267	$21,480	$21,695
586 Revenue - Use of Money & Prop		$1,119,241	$540,822	$200,421	$522,071	$872,230
588 Intergvmtl Revenue - State		$16,098	$16,259	$16,422	$16,586	$16,752
590 Intergvmtl Revenue - Federal		$33,767	$34,105	$34,446	$34,791	$35,138
Total Revenues		**$38,949,608**	**$41,378,794**	**$43,913,994**	**$46,710,030**	**$49,376,973**

Cash Flow		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
O&M Expenses						
Waterworks Dist Gen #29 - N32		$35,317,279	$37,890,319	$40,111,328	$41,999,314	$43,978,085
Waterworks Dist ACO #29 - N33		$60,415	$63,436	$65,974	$67,953	$69,991
Total O&M Expenses		**$35,377,695**	**$37,953,755**	**$40,177,302**	**$42,067,267**	**$44,048,076**
Net Revenue		**$5,087,699**	**$7,643,433**	**$10,493,766**	**$14,167,897**	**$17,927,832**
Debt Service						
Existing Debt		$235,080	$235,080	$235,080	$235,080	$235,080
Proposed Debt		$0	$0	$0	$0	$0
Total Debt Service		**$235,080**	**$235,080**	**$235,080**	**$235,080**	**$235,080**
CIP Expenditures						
Pay-as-you-go		$11,824,895	$31,539,747	$49,277,279	$38,061,051	$38,707,328
Total CIP Expenditures		**$11,824,895**	**$31,539,747**	**$49,277,279**	**$38,061,051**	**$38,707,328**
Total Expenditures		**$47,437,670**	**$69,728,582**	**$89,689,661**	**$80,363,398**	**$82,990,484**
Net Operating Surplus/(Deficit)		**($6,972,276)**	**($24,131,394)**	**($45,775,667)**	**($33,653,368)**	**($33,613,511)**
District 29 General Fund		**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
Beginning Balance - Fund N32		$12,489,000	$8,201,509	$4,202,386	$890,432	($1,672,076)
Net Cash Flow bf Interest		**($4,697,025)**	**($4,199,786)**	**($3,321,348)**	**($2,562,508)**	**($2,034,815)**
Interest Earnings		*$409,535*	*$200,663*	*$9,394*	*$0*	*$0*
Ending Balance		**$8,201,509**	**$4,202,386**	**$890,432**	**($1,672,076)**	**($3,706,891)**
Target Reserve Balance						
Operating Reserve		$8,844,424	$9,488,439	$10,044,325	$10,516,817	$11,012,019
Total Target Reserve		**$8,844,424**	**$9,488,439**	**$10,044,325**	**$10,516,817**	**$11,012,019**
Target Reserve Variance		*($642,914)*	*($5,286,053)*	*($9,153,893)*	*($12,188,892)*	*($14,718,910)*
District 29 ACO Fund						
Beginning Balance - Fund N33		$29,222,000	$25,021,429	$670,765	($41,792,948)	($72,883,809)
Net Cash Flow bf Interest		**($5,317,496)**	**($24,880,408)**	**($42,463,713)**	**($31,090,860)**	**($31,578,696)**

Cash Flow		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Interest Earnings		*$1,116,925*	*$529,744*	*$0*	*$0*	*$0*
Ending Balance		**$25,021,429**	**$670,765**	**($41,792,948)**	**($72,883,809)**	**($104,462,504)**
Target Reserve Balance						
Capital Reserve		$8,470,515	$9,753,643	$10,704,634	$8,240,770	$8,240,770
Total Target Reserve		**$8,470,515**	**$9,753,643**	**$10,704,634**	**$8,240,770**	**$8,240,770**
Target Reserve Variance		*$16,550,914*	*($9,082,879)*	*($52,497,583)*	*($81,124,579)*	*($112,703,275)*
Debt Coverage						
Net Revenue without ACO Expenses		$3,632,329	$3,488,475	$3,802,665	$4,710,716	$5,398,888
Simple Debt Coverage		15.45	14.84	16.18	20.04	22.97
Target Coverage		1.20	1.20	1.20	1.20	1.20
Total Net Cashflow		($8,488,062)	($28,349,788)	($45,775,667)	($33,653,368)	($33,613,511)
Total Reserve Balances		$33,222,938	$4,873,150	($40,902,516)	($74,555,884)	($108,169,395)

Figure 2-1 shows the projected status quo financial plan in graphical format. The bars represent the utility's cash needs: O&M expenses (green bars), debt service (yellow bars), rate-funded CIP (PAYGO) (red bars), and reserve funding (gray bars). Current revenues (dashed line) represent the projected revenues at the District's existing rates. In this status quo scenario, the dashed line and solid lines are identical and therefore overlap. The line is below the stacked bars in all years from FY 2026 and on, signifying that the District's revenues at current rates are not sufficient to fund its costs.

Figure 2-1: Status Quo Projected Financial Plan

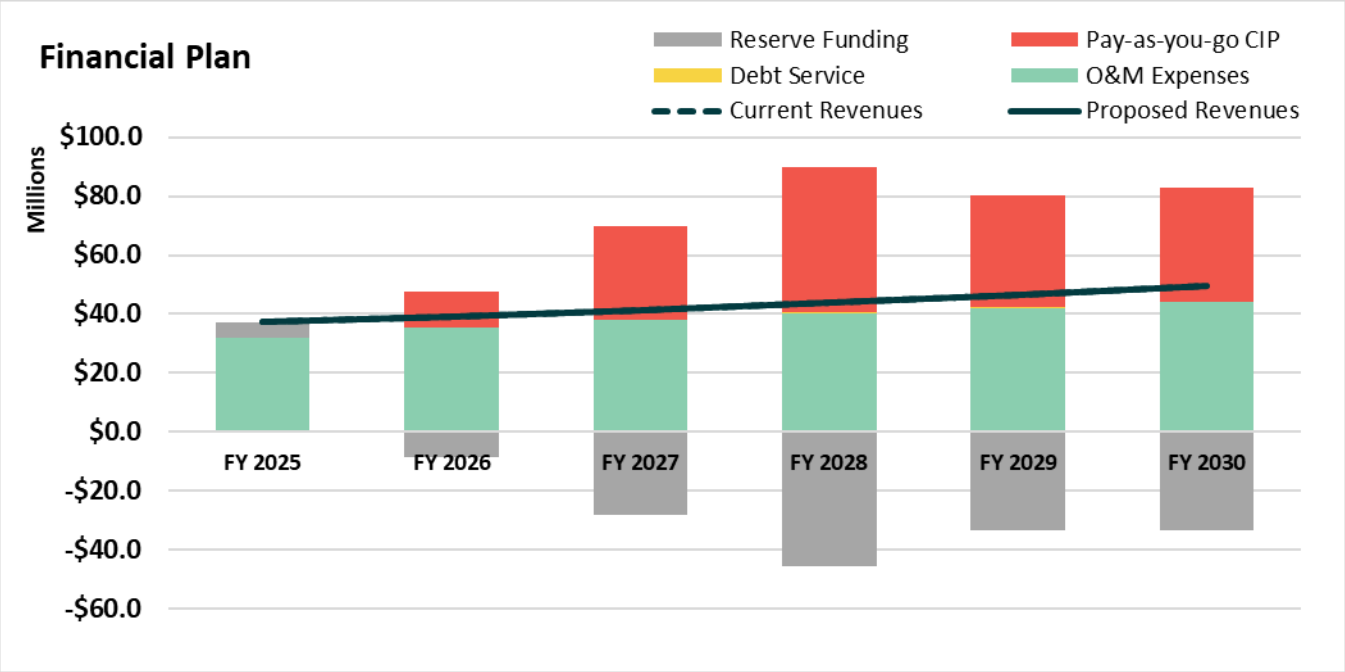
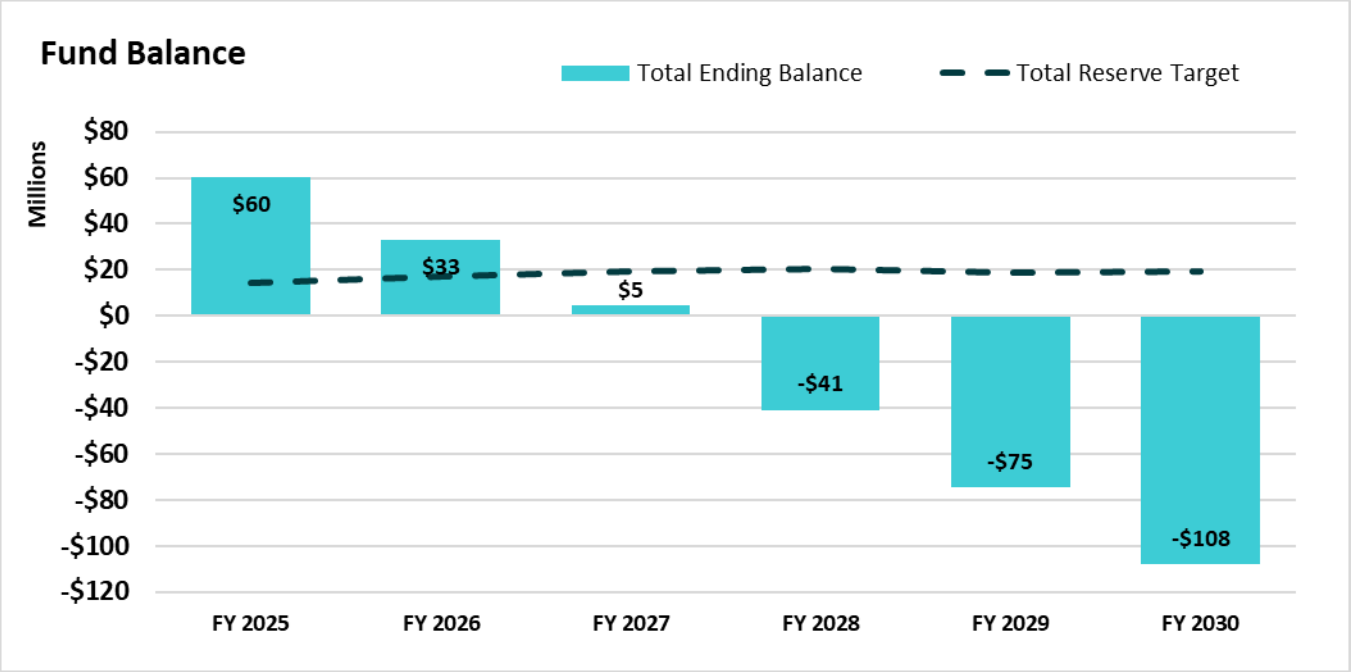


Figure 2-2 shows the projected combined General and ACO fund balances under the status quo scenario for the study period. The combined funds will be depleted following FY 2026 and become negative in FY 2028.

Figure 2-2: Status Quo Projected Fund Balances



2.10. Proposed Financial Plan

Table 2-16 shows the proposed revenue adjustments that allow the District to maintain financial sufficiency, fund operating and capital expenses, and maintain cash reserves over a 5-year period to achieve the District's reserve target. The proposed revenue adjustments represent the increase to total rate revenues required to recover the District 29's costs and not the expected impact to each customer class or the impact to customer bills. Revenue adjustments in *subsequent* years are applied across all charges, classes, and tiers proportional to the base year rates developed for FY 2026. The revenue adjustments will be effective January 1, 2026 and January 1 of every year after.

Table 2-16: Proposed Revenue Adjustments

Revenue Adjustments	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Percent Increase	11.0%	6.5%	6.5%	6.5%	6.5%
Effective Month	January	January	January	January	January

Table 2-17 shows the proposed debt financing for the study period. The proposed financial plan includes a $90M debt issuance in FY 2028 and $100M issuance in FY 2030. These issuances will allow the District to fund its capital improvement plan without relying solely on rate revenue and reserves, helping to avoid significant rate increases in a single year and spreading costs more evenly between current and future customers..

Table 2-17: Proposed Debt Proceeds and Debt Service

Proposed Debt	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Proposed Debt Issuance	**$0**	**$0**	**$90,000,000**	**$0**	**$100,000,000**
Proposed Debt Proceeds	$0	$0	$89,100,000	$0	$99,000,000
Annual Debt Service	$0	$0	$5,854,629	$0	$6,505,144
Proposed Debt Service					
FY 2026	$0	$0	$0	$0	$0
FY 2027		$0	$0	$0	$0
FY 2028			$5,854,629	$5,854,629	$5,854,629
FY 2029				$0	$0
FY 2030					$6,505,144
Total Proposed Debt Service	**$0**	**$0**	**$5,854,629**	**$5,854,629**	**$12,359,773**

Table 2-18 shows the projected financial plan with the proposed revenue adjustments in **Table 2-16** applied to the rate revenues and the proposed debt proceeds from **Table 2-17** added to the cash flow. Revenues from interest income are greater than those shown in the status quo scenario (**Table 2-13**) due to additional cash from the proposed adjustments. O&M expenses are the same as the status quo scenario.

Net cash flow is positive in FY 2028 and on, which means that the District will be funding its reserves in those years. Net cash flow is negative in FY 2026 and FY 2027, which means that the District will be drawing down its water fund to pay for capital costs. The ending balances will meet recommended reserve targets by in all years of the study.

Table 2-18: Proposed Financial Plan

Cash Flow		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues						
Revenues from Existing Rates						
Waterworks Dist Gen #29 - N32		$24,987,580	$25,787,714	$26,580,289	$27,372,864	$28,165,438
Waterworks Dist ACO #29 - N33		$2,005,311	$2,069,728	$2,134,146	$2,198,563	$2,262,981
Rev Adj.	**% Adj**					
FY 2026	11.0%	$1,484,609	$3,064,319	$3,158,588	$3,252,857	$3,347,126
FY 2027	6.5%		$1,004,957	$2,071,746	$2,133,578	$2,195,410
FY 2028	6.5%			$1,103,205	$2,272,261	$2,338,112
FY 2029	6.5%				$1,209,979	$2,490,089
FY 2030	6.5%					$1,325,973
FY 2031	6.5%					
FY 2032	6.5%					
Revenue Adjustments		$1,484,609	$4,069,276	$6,333,539	$8,868,676	$11,696,711
Total Rate Revenue		$28,477,500	$31,926,719	$35,047,974	$38,440,103	$42,125,130
Future Wholesale Water Purchase Pass-through		$485,636	$1,758,002	$3,132,157	$4,116,094	$4,928,943
Future Inflationary Pass-through		$293,687	$889,872	$1,503,943	$2,136,436	$2,787,903
Waterworks Dist Gen #29 - N32						
580 Property Taxes		$1,688,942	$1,722,720	$1,757,175	$1,792,318	$1,828,165
584 Fines Forfeitures & Penalties		$5,497	$5,552	$5,608	$5,664	$5,721
586 Revenue - Use of Money & Prop		$438,395	$338,702	$232,508	$134,388	$29,994
588 Intergvmtl Revenue - State		$6,141	$6,202	$6,264	$6,327	$6,390
590 Intergvmtl Revenue - Federal		$137,020	$138,390	$139,774	$141,172	$142,583
592 Charges for Services		$3,184,004	$3,549,664	$3,831,681	$4,032,161	$4,243,665
594 Miscellaneous Revenue		$66,827	$67,495	$68,170	$68,852	$69,540
Waterworks Dist ACO #29 - N33						
580 Property Taxes		$4,491,790	$4,581,625	$4,673,258	$4,766,723	$4,862,058
584 Fines Forfeitures & Penalties		$20,848	$21,057	$21,267	$21,480	$21,695
586 Revenue - Use of Money & Prop		$1,119,241	$540,822	$200,421	$522,071	$872,230
588 Intergvmtl Revenue - State		$16,098	$16,259	$16,422	$16,586	$16,752
590 Intergvmtl Revenue - Federal		$33,767	$34,105	$34,446	$34,791	$35,138

Cash Flow		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Total Revenues		**$40,465,394**	**$45,597,188**	**$50,671,068**	**$56,235,164**	**$61,975,908**
O&M Expenses						
Waterworks Dist Gen #29 - N32		$35,317,279	$37,890,319	$40,111,328	$41,999,314	$43,978,085
Waterworks Dist ACO #29 - N33		$60,415	$63,436	$65,974	$67,953	$69,991
Total O&M Expenses		**$35,377,695**	**$37,953,755**	**$40,177,302**	**$42,067,267**	**$44,048,076**
Net Revenue		**$5,087,699**	**$7,643,433**	**$10,493,766**	**$14,167,897**	**$17,927,832**
Debt Service						
Existing Debt		$235,080	$235,080	$235,080	$235,080	$235,080
Proposed Debt		$0	$0	$5,854,629	$5,854,629	$12,359,773
Total Debt Service		**$235,080**	**$235,080**	**$6,089,709**	**$6,089,709**	**$12,594,853**
CIP Expenditures						
Pay-as-you-go		$11,824,895	$31,539,747	$0	$0	$0
Total CIP Expenditures		**$11,824,895**	**$31,539,747**	**$0**	**$0**	**$0**
Total Expenditures		**$47,437,670**	**$69,728,582**	**$46,267,011**	**$48,156,976**	**$56,642,929**
Net Operating Surplus/(Deficit)		**($6,972,276)**	**($24,131,394)**	**$4,404,057**	**$8,078,188**	**$5,332,979**
District 29 General Fund		**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
Beginning Balance - Fund N32		$12,489,000	$9,604,687	$9,510,543	$6,429,885	$6,356,448
Net Cash Flow bf Interest		**($3,322,709)**	**($432,846)**	**($3,313,166)**	**($207,826)**	**($3,567,769)**
Interest Earnings		*$438,395*	*$338,702*	*$232,508*	*$134,388*	*$29,994*
Ending Balance		**$9,604,687**	**$9,510,543**	**$6,429,885**	**$6,356,448**	**$2,818,672**
Target Reserve Balance						
Operating Reserve		$8,844,424	$9,488,439	$10,044,325	$10,516,817	$11,012,019
Total Target Reserve		**$8,844,424**	**$9,488,439**	**$10,044,325**	**$10,516,817**	**$11,012,019**
Target Reserve Variance		*$760,263*	*$22,104*	*($3,614,440)*	*($4,160,369)*	*($8,193,347)*

Cash Flow		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
District 29 ACO Fund						
Beginning Balance - Fund N33		$29,222,000	$25,134,037	$1,096,787	$8,581,502	$16,733,127
Net Cash Flow bf Interest		**($5,207,204)**	**($24,578,072)**	**$7,284,294**	**$7,629,555**	**$7,998,524**
Interest Earnings		*$1,119,241*	*$540,822*	*$200,421*	*$522,071*	*$872,230*
Ending Balance		**$25,134,037**	**$1,096,787**	**$8,581,502**	**$16,733,127**	**$25,603,881**
Target Reserve Balance						
Capital Reserve		$2,168,232	$1,576,987	$1,299,634	$1,299,634	$1,299,634
Total Target Reserve		**$2,168,232**	**$1,576,987**	**$1,299,634**	**$1,299,634**	**$1,299,634**
Target Reserve Variance		*$22,965,805*	*($480,200)*	*$7,281,867*	*$15,433,493*	*$24,304,247*
Debt Coverage						
Net Revenue without ACO Expenses		$5,148,115	$7,706,869	$10,559,740	$14,235,850	$17,997,823
Simple Debt Cov		21.90	32.78	1.73	2.34	1.43
Target Coverage		1.20	1.20	1.20	1.20	1.20
Total Net Cashflow		($6,972,276)	($24,131,394)	$4,404,057	$8,078,188	$5,332,979
Total Reserve Balances		**$34,738,724**	**$10,607,330**	**$15,011,387**	**$23,089,575**	**$28,422,554**

Figure 2-3 shows the projected financial plan with the proposed revenue adjustments. The solid line represents the proposed revenues with adjustments applied.

Figure 2-3: Proposed Financial Plan

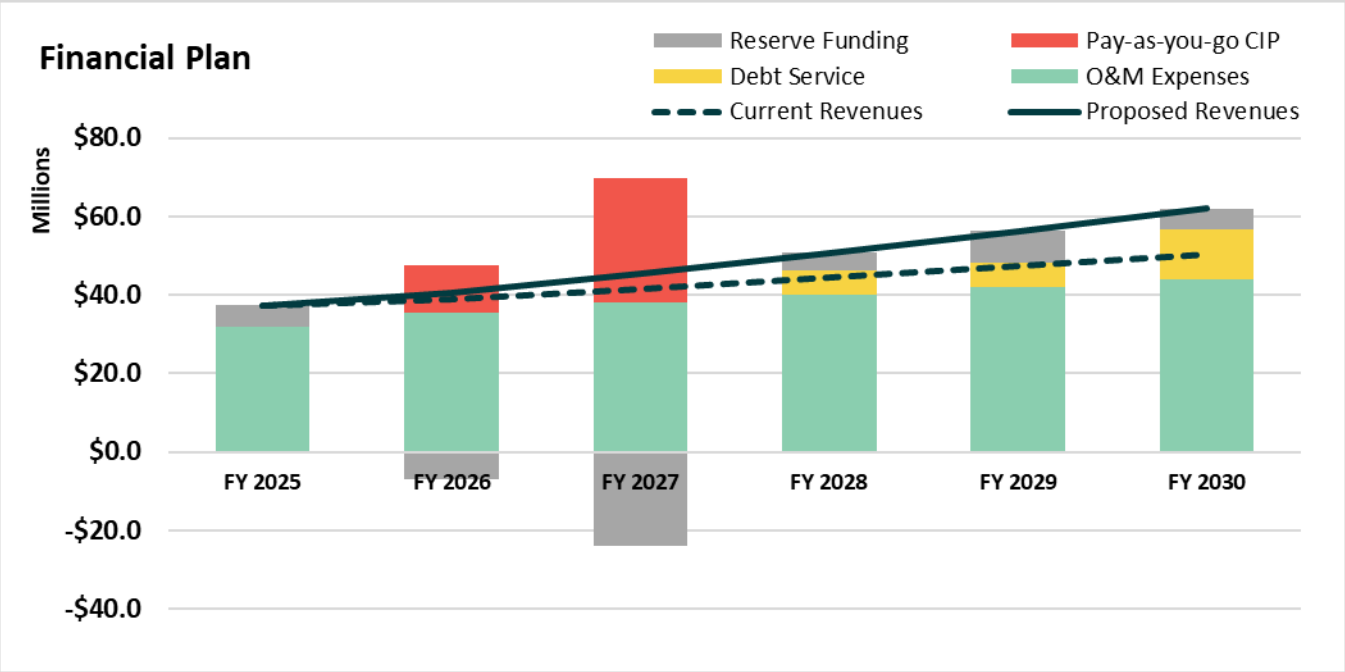
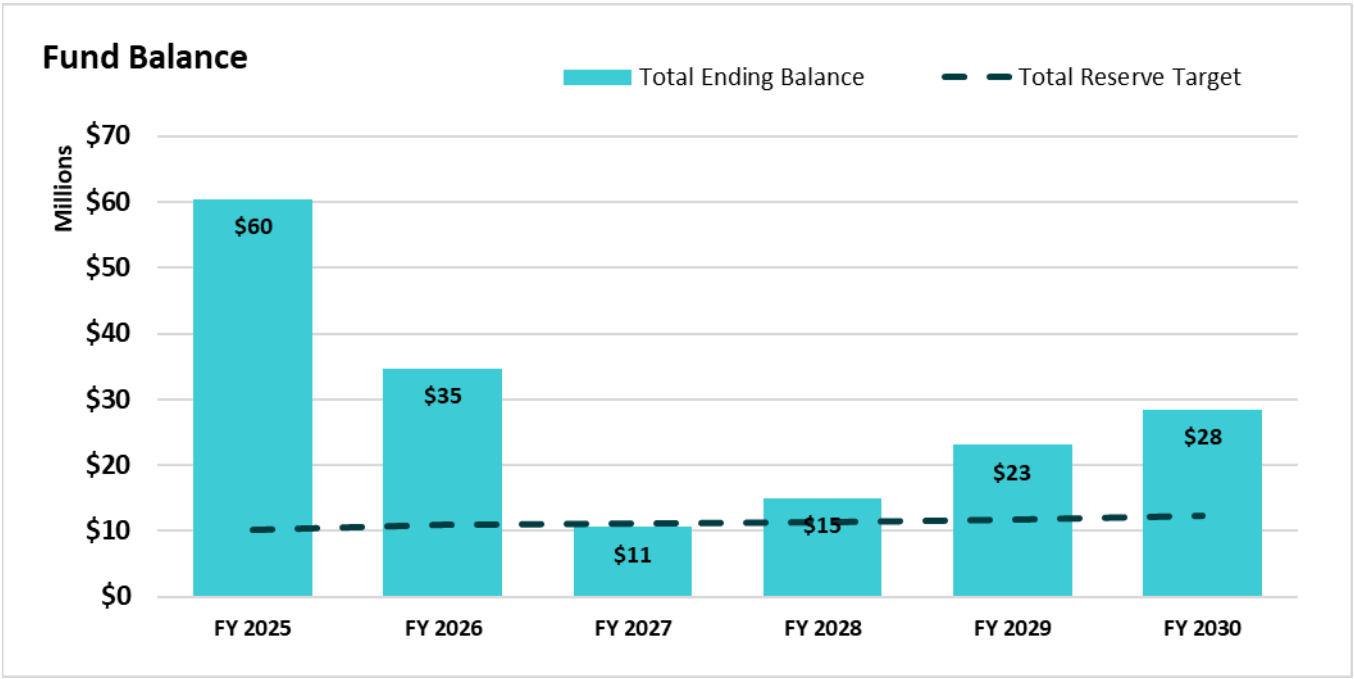


Figure 2-4 shows the projected fund balances with the proposed revenue adjustments. The District's combined fund balances are expected to meet the reserve target in all years

Figure 2-4: Proposed Fund Balances



3. District 29 Cost-of-Service Analysis

This report section describes the COS analysis. The purpose of a COS analysis is to proportionately allocate costs to the various customer classes and tiers based on their cost burden on the water system. Numbers shown in the tables of this section are rounded. Therefore, hand calculations based on the displayed numbers, such as summing or multiplying, may not equal the exact results shown.

3.1. Process and Approach

The COS analysis was developed for the purpose of complying with Proposition 218's requirement to establish rates that do not exceed the proportional cost of service on a parcel basis. In order to meet this requirement, the analysis uses the Base-Extra Capacity methodology as adjusted to meet District 29's particular circumstances. This methodology was developed by industry experts and professionals as a means to separate costs associated with average usage, and those associated with above average – or extra-capacity-usage, and to allocate costs accordingly. Further explanation and analysis of this methodology can be found in the AWWA's M1 Manual. The Base-Extra Capacity methodology was used to allocate system capacity designed to provide capacity to deliver water to properties served by District 29 in sufficient quantities and pressures to fight fire, both through public hydrants and private fire lines.

The purpose of a COS analysis is to align the annual cost of providing water service proportionately to each customer. A COS analysis involves the following steps:

1. **Determine Revenue Requirement:** The first step in the COS analysis is determining the adequate and appropriate level of funding for the water utility. This is referred to as determining the "revenue requirement" for the base year, which for this study is FY 2026. This analysis considers the short-term and long-term service objectives of the water utility over a given planning horizon, including capital facilities, O&M, and financial reserve policies to determine the adequacy of a utility's existing rates to recover its costs.
2. **Categorize Costs into System Functions:** Utilizing an agency's approved budget, financial reports, operating data, engineering data, and CIP, a rate study generally categorizes (i.e., functionalizes) the operating and capital costs of the water system among major system functions. Examples of system functions include but are not limited to supply, treatment, distribution, meter servicing, and customer service and billing.
3. **Allocate Functionalized Costs to the Appropriate System Cost Components:** Cost components are the water system's cost drivers. Costs are first functionalized because the functions allow for accurate allocation to the cost components.. For example, distribution costs (system function) are allocated to base and maximum day (cost components) since distribution lines are sized to accommodate both average (base) demands and maximum day (peak) demands. The District's water system cost components include supply, base, maximum, day, maximum hour, meter servicing, and customer service and billing. Maximum day and maximum hour costs were use to assess public and private fire capacity and charges only.
4. **Determine Units of Service and Unit Costs for Cost Components:** Each cost component is associated with a specific unit of service; costs within each component are divided by the total units of

service to determine the unit cost. For example, water supply costs are associated with the total annual use. Dividing total annual costs by total annual use yields the unit cost of water supply.

5. **Calculate Rates Based on the Units of Service:** The units of service are used to create a rate structure including fixed charges and volumetric rates.

3.2. Revenue Requirement

Table 3-1 shows the revenue requirement for the test year, FY 2026. The revenue requirements are comprised of the O&M expenses (**Table 2-12**), debt service (**Table 2-13** and **Table 2-17**), and cash-funded CIP costs (**Table 2-18**). The revenue offsets represent the miscellaneous, non-rate revenues (**Table 2-11**) that are used to offset the revenue requirements. The adjustment for cash balance is equal to the net cash flow for FY 2026 (**Table 2-18**) and represents the amount that is drawn down from reserves to fund costs.

The total rate revenue requirement is equal to revenue requirements less revenue offsets and adjustments. The rate revenue requirement without offsets is equal to the revenue requirements less adjustments only.

The revenue requirement is comprised of two components: operating costs and capital costs. These components form the operating and capital revenue requirements, which will be allocated based on the allocation of O&M expenses and asset list allocation to the cost components.

Table 3-1: Revenue Requirement (FY 2026)

Revenue Requirement - FY 2026	Operating	Capital	Total
Revenue Requirements			
O&M Expenses	$35,377,695		$35,377,695
Debt Service		$235,080	$235,080
Rate Funded CIP		$11,824,895	$11,824,895
Gross Revenue Requirement	**$35,377,695**	**$12,059,975**	**$47,437,670**
Revenue Offsets			
Waterworks Dist Gen #29 - N32			
Future Wholesale Water Purchase Pass-through	$485,636		$485,636
Future Inflationary Pass-through	$293,687		$293,687
580 Property Taxes	$1,688,942		$1,688,942
584 Fines Forfeitures & Penalties	$5,497		$5,497
586 Revenue - Use of Money & Prop	$438,395		$438,395
588 Intergvmtl Revenue - State	$6,141		$6,141
590 Intergvmtl Revenue - Federal	$137,020		$137,020
592 Charges for Services	$3,184,004		$3,184,004
594 Miscellaneous Revenue	$66,827		$66,827
Waterworks Dist ACO #29 - N33			
580 Property Taxes		$4,491,790	$4,491,790
584 Fines Forfeitures & Penalties		$20,848	$20,848
586 Revenue - Use of Money & Prop		$1,119,241	$1,119,241
588 Intergvmtl Revenue - State		$16,098	$16,098
590 Intergvmtl Revenue - Federal		$33,767	$33,767
Total - Revenue Offsets	**$6,306,149**	**$5,681,745**	**$11,987,894**
Adjustments			
Adjustment for Cash Balance	$6,972,276		$6,972,276
Adjustments to Annualize Rate Increase	($1,484,609)		($1,484,609)
Total - Adjustments	**$5,487,667**	**$0**	**$5,487,667**
Net Revenue Requirement	**$23,583,879**	**$6,378,230**	**$29,962,109**
Revenue Requirement without Offsets	$29,890,028	$12,059,975	$41,950,003

3.3. Water System Functions

After determining the water utility's revenue requirement, the next step in a COS analysis is to categorize operating and capital costs into system functions. Raftelis worked with District staff to determine the appropriate functions for the operating expenses. The functions used for this study include:

- Supply
- Pumping – Pressure Zones
- Pumping – Other
- Treatment
- Distribution Storage
- Distribution

- Conservation
- Customer Service & Meter Reading
- Meter Maintenance
- General/Administration

Operating costs are functionalized based on FY 2024 actuals projected to FY 2026 dollars. **Table 3-2** shows a summary of the functionalized O&M costs. The full detailed table of functionalized O&M costs is in Appendix A.

Table 3-2: O&M Expenses Functions Summary

O&M Expenses	Total
Supply (WBMWD)	$13,112,167
Pumping - Pressure Zones	$1,059,799
Pumping - Other	$1,578,977
Treatment	$74,722
Distribution Storage	$416,389
Distribution	$5,054,251
Conservation	$1,076,396
Customer Service & Meter Reading	$2,077,201
Meter Maintenance	$0
General/Admin	$10,927,792
Total	**$35,377,695**

Capital costs are functionalized based on the replacement cost less depreciation of the utility's assets. **Table 3-3** shows a summary of asset values by function. The functionalization is based on data provided by the District.

Table 3-3: Functionalized Asset Summary

Asset Allocation	Total
	RCLD
Supply (WBMWD)	$0
Pumping	$0
Treatment	$0
Distribution Storage	$0
Distribution	$100,395,702
Conservation	$0
Customer Service & Meter Reading	$0
Meter Maintenance	$3,025,708
Public Fire	$1,765,993
Private Fire	$0
General/Admin	$0
Total	**$105,187,402**

3.4. Cost Components

The next step in the COS analysis involves allocating the functionalized operating and capital costs to each cost causation components (also called cost components). The cost components are the utilities cost drivers. Functionalizing costs first helps assign costs to the cost components. The cost components used in this study include:

- **Supply:** represents the costs of supplying water to customers, including purchases from WBMWD.
- **Pumping:** represents the costs of pumping water to the various pressure zones within the District's service area
- **Base (Average Delivery):** represents the costs of delivering water to customers under average demand conditions
- **Maximum Day (Max Day):** represents the costs of delivering water to customers on the day with highest demand
- **Maximum Hour (Max Hour):** represents the costs of delivering water to customers on the hour with the highest demand on the day with the highest demand
- **Meter:** represents the costs of reading, purchasing, servicing, and replacing meters
- **Private Fire:** represents the costs of providing private fire service to customers
- **Private Fire Backflow Administration & Meter Reading:** represents the costs of administering the District's backflow prevention program and reading backflow meters
- **General:** represents all other costs that have either a general or administrative function

Max Day and Max Hour costs were used to assess public and private fire charges (only). Before allocating functionalized costs to each cost component, we must determine the allocation bases for certain components. These allocation bases are derived in the following subsections.

3.5. Peaking Factors

Peaking factors represent water demand during peak times of use. Peaking factors were used to assess fire-fighting capacity, which in turn is used to set private fire charges. Functionalized costs are then allocated to the Base, Max Day, and Max Hour cost components using the allocation bases derived from the peaking factors, shown in **Table 3-4**.

District staff provided the Max Day and Max Hour peaking factors (**Table 3-4**) for the water system, normalized to average day (Base) demand. The peaking factors were taken from the District's latest Water Master Plan. Peaking factors are used to allocated costs to the Max Day and Max Hour cost components which are known as extra capacity. They are used, for both Districts, to assign private fire capacity costs since fire capacity is a subset of extra capacity. Portions of a water system, such as tanks and distribution lines, are designed for Max Day and Max Hour flows – a portion of which are for fire flows. For example, a tank is often designed to meet Max Day flows plus fire flow. Allocating costs to Max Day and Max Hour cost components allows for an estimate of the cost associated with dedicated fire capacity in a water system which is derived in this section.

The allocation bases are calculated using the equations outlined in this section.

The Max Day allocations are calculated as follows:

- Base: Base factor / Max Day factor
- Max Day: (Max Day factor - Base factor)/Max Day factor

The Max Hour allocations are calculated as follows:

- Base: Base factor / Max Hour factor
- Max Day: (Max Day factor – Base factor)/Max Hour factor
- Max Hour: (Max Hour factor – Max Day Factor)/Max Hour factor

Table 3-4: System-Wide Peaking Factors

System-Wide Peaking Factors	Peaking Factor	Base	Max Day	Max Hour	Total
Base	1.00	100%	0%	0%	100%
Max Day	1.50	67%	33%	0%	100%
Max Hour	3.10	32%	16%	52%	100%

The above equations are used to allocate costs to extra capacity costs in the following sections. For example, distribution storage costs, as shown in **Table 3-5**, are allocated using the Max Day allocation bases in **Table 3-4**. As shown in **Table 3-5**, this implies that 33% of distribution storage costs are associated with Max Day flows - a subset of which is fire flow. Fire flow (capacity) and storage tanks and distribution lines must be sized to provide fire flow. Therefore, the purpose of the cost allocations below is to estimate the cost of dedicated fire capacity in a water system. This is derived in Section 3.7.

3.6. Cost Allocations

After determining the various allocation bases in the previous subsections, we can then determine the operating and capital cost allocations. **Table 3-5** shows the allocation of water system functions to cost components. The **functions** are allocated as follows:

- **Supply:** allocated directly to the Supply component
- **Pumping – Pressure Zones:** allocated directly to the Pumping component
- **Pumping – Other:** allocated based on Max Day (**Table 3-4**) because pumping facilities for distribution are sized to accommodate Max Day demand
- **Treatment:** allocated directly to the Base component
- **Distribution Storage:** allocated based on Max Day (**Table 3-4**) because storage facilitiesare sized to accommodate Max Day demand
- **Distribution:** allocated based on Max Hour (**Table 3-4**) because transmission assets, such as water mains, are sized to accommodate Max Hour demand
- **Conservation:** allocated directly to the Base component
- **Customer Service:** allocated directly to the Meter component
- **Meter:** allocated directly to Meter component
- **General/Administration:** allocated directly to General/Administration component except for a small percentage allocated to the Backflow Administration & Meter Reading program component for those program costs

Table 3-6 shows the operating cost allocation to the cost components derived by allocating the O&M expenses by system function (**Table 3-2**) to the cost components using the functional cost allocations in **Table 3-5**. The resulting operating allocation percentages, shown in line 12, will be used to allocate the operating revenue requirement.

Table 3-7 shows the capital cost allocation to the cost components, derived by allocating the functionalized assets (**Table 3-3**) to the cost components using the functional cost allocations shown in **Table 3-5**. The resulting capital allocation percentages, shown in line 14, will be used to allocate the capital revenue requirement. As shown in the table, most of District 29's capital program is for distribution lines. Distribution lines are an example of infrastructure that is sized and operated to meet both average flows and Max Day and Max Hour flows.

Table 3-8 shows the revenue offset allocation. The future wholesale water purchase pass-through revenue is allocated entirely to the Supply component. All other General Fund revenue offsets are allocated using the O&M allocations (**Table 3-6**) and all ACO Fund revenue offsets are allocated using the Capital allocations (**Table 3-7**).

Table 3-5: Functional Allocations to Cost Components

Line No.	Function	Allocation Basis	Supply	Pumping	Base	Max Day	Max Hour	Meter	Private Fire Backflow Admin & Meter Reading	General	Total
1	Supply (WBMWD)	Supply	100%								100%
2	Pumping - Pressure Zones	Pumping		100%							100%
3	Pumping - Other	Max Day			67%	33%					100%
4	Treatment	Base			100%						100%
5	Distribution Storage	Max Day			67%	33%	0%				100%
6	Distribution	Max Hour			32%	16%	52%				100%
7	Conservation	Base			100%						100%
8	Customer Service & Meter Reading	Customer Service						100%			100%
9	Meter Maintenance	Meter Maintenance						100%			100%
10	Public Fire							100%			100%
11	Private Fire										100%
12	General/Admin	General							0.4459%	99.6%	100%

Table 3-6: Operating Cost Allocation to Cost Components

Line No.	O&M Expenses	Supply	Pumping	Base	Max Day	Max Hour	Meter	Private Fire Backflow Admin & Meter Reading	General	Total
1	Supply (WBMWD)	$13,112,167	$0	$0	$0	$0	$0	$0	$0	$13,112,167
2	Pumping - Pressure Zones	$0	$1,059,799	$0	$0	$0	$0	$0	$0	$1,059,799
3	Pumping - Other	$0	$0	$1,052,651	$526,326	$0	$0	$0	$0	$1,578,977
4	Treatment (If Applicable)	$0	$0	$74,722	$0	$0	$0	$0	$0	$74,722
5	Distribution Storage	$0	$0	$277,593	$138,796	$0	$0	$0	$0	$416,389
6	Distribution	$0	$0	$1,630,404	$815,202	$2,608,646	$0	$0	$0	$5,054,251
7	Conservation	$0	$0	$1,076,396	$0	$0	$0	$0	$0	$1,076,396
8	Customer Service & Meter Reading	$0	$0	$0	$0	$0	$2,077,201	$0	$0	$2,077,201
9	Meter Maint	$0	$0	$0	$0	$0	$0	$0	$0	$0
10	General/Admin	$0	$0	$0	$0	$0	$0	$48,727	$10,879,065	$10,927,792
11	**Total Allocation to Cost Components ($)**	**$13,112,167**	**$1,059,799**	**$4,111,766**	**$1,480,324**	**$2,608,646**	**$2,077,201**	**$48,727**	**$10,879,065**	**$35,377,695**
12	**Allocation of O&M Expenses to Cost Components (%)**	**37.06%**	**3.00%**	**11.62%**	**4.18%**	**7.37%**	**5.87%**	**0.14%**	**30.75%**	**100%**

Table 3-7: Capital Cost Allocation

Line No.	Asset Allocation	Supply	Pumping	Base	Max Day	Max Hour	Meter	Private Fire Backflow Admin & Meter Reading	General	Total
1										RCLD
2	Supply (WBMWD)	$0	$0	$0	$0	$0	$0	$0	$0	$0
3	Pumping	$0	$0	$0	$0	$0	$0	$0	$0	$0
4	Treatment (If Applicable)	$0	$0	$0	$0	$0	$0	$0	$0	$0
5	Distribution Storage	$0	$0	$0	$0	$0	$0	$0	$0	$0
6	Distribution	$0	$0	$32,385,710	$16,192,855	$51,817,136	$0	$0	$0	$100,395,702
7	Conservation	$0	$0	$0	$0	$0	$0	$0	$0	$0
8	Customer Service & Meter Reading	$0	$0	$0	$0	$0	$0	$0	$0	$0
9	Meter Maint	$0	$0	$0	$0	$0	$3,025,708	$0	$0	$3,025,708
10	Public Fire	$0	$0	$0	$0	$0	$1,765,993	$0	$0	$1,765,993
11	Private Fire	$0	$0	$0	$0	$0	$0	$0	$0	$0
12	General/Admin	$0	$0	$0	$0	$0	$0	$0	$0	$0
13	**Total Allocation to Cost Components ($)**	**$0**	**$0**	**$32,385,710**	**$16,192,855**	**$51,817,136**	**$4,791,700**	**$0**	**$0**	**$105,187,402**
14	**Allocation of Assets to Cost Components (%)**	**0.0%**	**0.0%**	**30.8%**	**15.4%**	**49.3%**	**4.6%**	**0.0%**	**0.0%**	**100%**

Table 3-8: Revenue Offset Allocation

Line No.	Revenue Offset Allocation	Rationale	Supply	Pumping	Base	Max Day	Max Hour	Meter	Private Fire Backflow Admin & Meter Reading	General	Total
1	**Waterworks Dist Gen #29 - N32**										
2	Future Wholesale Water Purchase Pass-through	Supply	$485,636								$485,636
3	Future Inflationary Pass-through	O&M	$108,850	$8,798	$34,134	$12,289	$21,656	$17,244	$405	$90,312	$293,687
4	580 Property Taxes	O&M	$625,979	$50,595	$196,297	$70,671	$124,538	$99,166	$2,326	$519,370	$1,688,942
5	584 Fines Forfeitures & Penalties	O&M	$2,037	$165	$639	$230	$405	$323	$8	$1,690	$5,497
6	586 Revenue - Use of Money & Prop	O&M	$162,484	$13,133	$50,952	$18,344	$32,326	$25,740	$604	$134,812	$438,395
7	588 Intergvmtl Revenue - State	O&M	$2,276	$184	$714	$257	$453	$361	$8	$1,888	$6,141
8	590 Intergvmtl Revenue - Federal	O&M	$50,784	$4,105	$15,925	$5,733	$10,103	$8,045	$189	$42,135	$137,020
10	592 Charges for Services	O&M	$1,180,099	$95,382	$370,060	$133,230	$234,779	$186,949	$4,385	$979,119	$3,184,004
11	594 Miscellaneous Revenue	O&M	$24,768	$2,002	$7,767	$2,796	$4,928	$3,924	$92	$20,550	$66,827
12	**Waterworks Dist ACO #29 - N33**										
13	580 Property Taxes	Capital	$0	$0	$1,382,958	$691,479	$2,212,733	$204,619	$0	$0	$4,491,790
14	584 Fines Forfeitures & Penalties	Capital	$0	$0	$6,419	$3,209	$10,270	$950	$0	$0	$20,848
15	586 Revenue - Use of Money & Prop	Capital	$0	$0	$344,599	$172,299	$551,358	$50,986	$0	$0	$1,119,241
16	588 Intergvmtl Revenue - State	Capital	$0	$0	$4,956	$2,478	$7,930	$733	$0	$0	$16,098
17	590 Intergvmtl Revenue - Federal	Capital	$0	$0	$10,396	$5,198	$16,634	$1,538	$0	$0	$33,767
20	**Total**		**$2,642,914**	**$174,363**	**$2,425,817**	**$1,118,215**	**$3,228,113**	**$600,577**	**$8,017**	**$1,789,878**	**$11,987,894**

3.7. Allocation of Public and Private Fire Flow Costs

Water systems deliver water to property in sufficient quantities and pressure to fight fires in two ways: public fire hydrants which are designed to deliver water to properties within their perimeter, and private fire lines for private fire structures with sprinkler systems for fire suppression that are designed to deliver water to a single parcel or structure. Raftelis performed a fire flow demand analysis to determine the share of fire capacity costs allocated to public versus private fire capacity. The District provided Raftelis with a count of public fire hydrants. The number of private fire lines is shown in **Table 2-8**.

Table 3-9 shows the calculation of equivalent fire demand associated with public hydrants and private fire lines. Each connection size has a fire flow demand factor like the hydraulic capacity factor of a water meter. The diameter of the connection (in inches) is raised to the 2.63 power to determine the fire flow demand factor.[3] The fire flow demand factor is multiplied by the number of connections by size to calculate equivalent fire demand. Total equivalent fire demand is shown for public hydrants and private fire lines.

Table 3-9: Equivalent Fire Demand

Fire Line Size	Fire Line Size (#)	Fire Demand Ratio	Private Fire Capacity Connections	Private Fire Equivalent Connections	Public Hydrants	Equivalent Hydrant Connections
1"	1	1.00	1	1		0
1.5"	1.5	2.90	0	0		0
2"	2	6.19	2	12		0
2.5"	2.5	11.13	1	11		0
3"	3	17.98	0	0		0
4"	4	38.32	27	1,031		0
6"	6	111.31	18	2,018	1,669	185,778
8"	8	237.21	40	9,513		0
10"	10	426.58	18	7,773		0
12"	12	689.04	0	0		0
Total			**107**	**20,358**	**1,669**	**185,778**
Percent to Private & Public Fire				**10%**		**90%**

Table 3-10 shows the duration and flow required for a fire which yields the fire capacity shown in bold, shown on line 4, which is converted to hundred cubic feet per day (hcf/day). The max hour capacity is in excess of the max day capacity. The table also shows the capacity for public and private fire capacity shown in lines 14 and 15, respectively (from **Table 3-9**)

[3] Hazen-Williams equation and AWWA Manual M1

Table 3-10: Public vs Private Fire Capacity

Line No	Fire Capacity Estimate	Fire #1	Fire #2	Total	Max Day	Max Hour
1	Hours for Fire	4.0	3.0	7.0		
2	kgal/min	4.5	3.0	7.5		
3						
4	**Capacity Demanded for Fire (hcf/day)**				**4,211**	**10,227**
5	Allocation to Public Fire				90%	90%
6						
7	**System Capacity**					
8	Public Fire Capacity				3,795	9,217
9	Private Fire Capacity				416	1,010
10	Domestic Demand Capacity				3,297	17,146
11	**Total**				**7,509**	**27,373**
12						
13	**Proportion of System Capacity**					
14	Public Fire Capacity				50.5%	33.7%
15	Private Fire Capacity				5.5%	3.7%
16	Customer Demand Capacity				43.9%	62.6%
17	**Total**				**100.0%**	**100.0%**

3.8. Revenue Requirement Distribution

Table 3-11 shows the distribution of the revenue requirement to each cost component and all reallocations of costs, resulting in the final cost of service by component.

The operating costs are equal to the operating revenue requirement less offsets (**Table 3-1**) and are allocated based on the operating allocation percentages (**Table 3-6**). The capital costs are equal to the capital revenue requirement less offsets (**Table 3-1**) and are allocated based on the capital allocation percentages (**Table 3-7**). The revenue offsets are subtracted from the operating and capital revenue requirements based on the offsets allocated to each cost component (**Table 3-8**). This results in the cost of service prior to any adjustments.

Next, we reallocate General costs based on the proportion of costs associated with each remaining cost component. The percentages are shown in Line 6 and the allocation is shown in Line 7.

Once general costs have been reallocated, the public and private fire allocations are reallocated. Public fire costs represents a common benefit across users. Therefore, all public fire capacity costs are recovered from the (Meter) Service Charge – and therefore reallocated to the Meters component to be recovered from all metered connections based on hydraulic capacity. Preliminary Max Day and Max Hour costs associated with public fire capacity are reallocated from Max Day and Max Hour to Meters based on the percentage of fire flow associated with public fire capacity. Note that the reallocation results in a shifting of costs between cost causation components, but does not change the total rate revenue requirement.

Capacity costs associated with private fire capacity are reallocated from Max Day and Max Hour to Fire capacity, in Line 11, based on the percentage of capacity units associated with private fire capacity shown in Line 15 of **Table 3-10**.

Next, costs are reallocated from Base and Peaking components to be recovered through the Capital Facility surcharges. The District currently recovers about $2M through the surcharges. By allocating a portion of Base and Peaking costs, as shown in Line 14, the Capital Facility surcharges will collect approximately the same amount of revenue.

Lastly, a portion of fixed base and peaking costs are reallocated to the Meter component as shown in Line 17. Utilities invest in, and continuously maintain, facilities to provide capacity to meet all levels of water consumption. These costs must be recovered regardless of the amount of water used during a given period, and therefore these fixed water system costs are recovered through the fixed meter service charge. To achieve revenue stability, it is a common practice that a portion of fixed costs in the base, max day and max hour cost components are recovered in the monthly service charge, along with customer-related costs and meter-related costs. District 29 collects approximately 30 percent of its rate revenues from monthly Service Charges. The proposed charges will recover 26% fixed revenue recovery.

Table 3-11: Revenue Requirement by Cost Component

Line No.	Adjusted Cost of Service	Supply	Pumping	Base	Max Day	Max Hour	Meter	Private Fire Capacity	Private Fire Backflow Admin & Meter Reading	Capital Facility Charge	General	Total
1	Operating Revenue Requirement	$11,078,253	$895,406	$3,473,963	$1,250,701	$2,204,002	$1,754,993		$41,169		$9,191,542	$29,890,028
2	Capital Revenue Requirement	$0	$0	$3,713,095	$1,856,548	$5,940,953	$549,379		$0		$0	$12,059,975
3	Revenue Offsets	($2,642,914)	($174,363)	($2,425,817)	($1,118,215)	($3,228,113)	($600,577)		($8,017)		($1,789,878)	($11,987,894)
4	**Total - Cost of Service**	**$8,435,338**	**$721,043**	**$4,761,242**	**$1,989,034**	**$4,916,841**	**$1,703,795**		**$33,152**		**$7,401,664**	**$29,962,109**
5												
6	Allocation of General Costs (%)	37%	3%	21%	9%	22%	8%		0.15%			**100.0%**
7	Allocation of General Costs	$2,767,478	$236,561	$1,562,075	$652,565	$1,613,124	$558,984		$10,877		($7,401,664)	$0
8	**Subtotal**	**$11,202,817**	**$957,604**	**$6,323,317**	**$2,641,600**	**$6,529,966**	**$2,262,778**	**$0**	**$44,028**	**$0**	**$0**	**$29,962,109**
9						31%						
10	Public Fire Capacity to Meter				**($1,335,250)**	**($2,198,806)**	**$3,534,056**					
11	Private Fire Capacity to Private Fire				**($146,320)**	**($240,951)**		**$387,271**				
12	**Subtotal**	**$11,202,817**	**$957,604**	**$6,323,317**	**$1,160,029**	**$4,090,209**	**$5,796,835**	**$387,271**	**$44,028**	**$0**	**$0**	**$29,962,109**
13												
14	Reallocation of Cap Fac Charge			**($1,093,934)**	**($200,685)**	**($707,606)**				**$2,002,225**		
15	**Subtotal**	**$11,202,817**	**$957,604**	**$5,229,383**	**$959,344**	**$3,382,603**	**$5,796,835**	**$387,271**	**$44,028**	**$2,002,225**	**$0**	**$29,962,109**
16												
17	Reallocation of Fixed Costs			**($823,209)**	**($151,020)**	**($532,489)**	**$1,506,719**					
18	**Total - Adjusted Cost of Service**	**$11,202,817**	**$957,604**	**$4,406,173**	**$808,324**	**$2,850,113**	**$7,303,553**	**$387,271**	**$44,028**	**$2,002,225**	**$0**	**$29,962,109**

3.9. Units of Service

Table 3-12 shows the calculation of equivalent meters. Equivalent meters relates the larger meters to the equivalent number of smaller meters based on flow. The number of meters (**Table 2-8**) are multiplied by AWWA capacity ratios normalized to the smallest meter size to calculate the number of equivalent meters. **Table 3-13** shows the units of service used to calculate the unit cost for each component.

Table 3-12: Equivalent Meters

Line No.	Meter Size	Billing Units	Total Meters	Total Equivalent Meters
1	5/8"x3/4"	1.0	240	240
2	3/4"	1.0	1,235	1,235
3	3/4"x1"	1.0	1,098	1,098
4	1"	2.0	3,120	6,240
5	1.5"	3.0	500	1,501
6	2"	5.0	224	1,120
7	2.5"	7.0	86	605
8	3"	11.0	8	86
9	4"	17.0	6	94
10	6"	33.0	2	58
11	8"	53.0	3	144
12	10"	77.0	1	68
13	12"	100.0	0	0
14	**Total**		**6,523**	**12,490**

Table 3-13: Units of Service

Line No.	Customer Class	Annual Use (hcf)	Average Daily Use (hcf/day)	Max Day Peaking Factor	Max Day Total Capacity (hcf/day)	Extra Capacity (hcf/day)	Peaking Factor	Total Capacity (hcf/day)	Extra Capacity (hcf/day)	Number of Equiv. Meters	Number of Equv. Lines	Number of Customers	E. Malibu Non-Pumped Zones	E. Malibu Pumped Zone	Topanga Pumped Zone	Rancho Malibu Topanga Seq. Pump Zone
1	All Classes	2,407,012	6,595	1.50	9,892	3,297	3.10	20,443	17,146	12,490		6,523	58,670	145,097	427,345	1,775,901
2	Fire										20,358	107				
3	**Total**	**2,407,012**	**6,595**		**10,033**	**3,438**		**20,734**	**17,296**	**12,490**	**20,358**	**6,630**	**58,670**	**145,097**	**427,345**	**1,775,901**

3.10. Unit Cost Derivation

After deriving the cost of service by cost component and the units of service, we then determine the unit cost for each component. The unit cost is derived by dividing the revenue requirement for each cost component by the corresponding units of service from **Table 3-13**. **Table 3-14** shows the units of service for each cost component from **Table 3-13**. The unit costs by cost component are as follows:

- **Supply:** annual water use
- **Pumping:** annual water use
- **Base:** annual water use
- **Max Day:** Max Day extra capacity
- **Max Hour:** Max Hour extra capacity
- **Meter:** equivalent meters
- **Private Fire:** equivalent fire lines
- **Capital Facility Charge:** annual water use
- **Private Fire Backflow Administration & Meter Reading:** equivalent fire lines

Table 3-14 derives the unit cost by cost component. The cost of service (**Table 3-11**) is divided by the units of service for each cost component (**Table 3-13**). Note that the units of service for Meter and Customer components are multiplied by twelve monthly bills per year to determine the annual units. The unit cost for each component is derived by dividing the cost of service by the units of service.

Table 3-14: Unit Costs by Cost Component

Line No.	Unit Costs	Supply	Pumping	Base	Max Day	Max Hour	Meter	Private Fire Capacity	Capital Facility Charge	Private Fire Backflow Admin & Meter Reading	Total
1	Cost of Service	$11,202,817	$957,604	$4,406,173	$808,324	$2,850,113	$7,303,553	$387,271	$2,002,225	$44,028	$29,962,109
2											
3	Units of Service	2,407,012	2,407,012	2,407,012	2,407,012	2,407,012	149,881	244,296	2,407,012	1,287	
5	Units	annual use (hcf)	pumped use (hcf)	annual use (hcf)	peak capacity (hcf/day)	peak capacity (hcf/day)	equiv. meters x 12	annual equiv. connections	annual use (hcf)	annual Fire Line Bills	
6											
7	**Unit Cost**	**$4.65**	**$0.40**	**$1.83**	**$0.34**	**$1.18**	**$48.73**	**$1.59**	**$0.83**	**$34.22**	
9	Units	per hcf	per hcf	per hcf	per hcf	per hcf	per meter	per bill	per hcf	per line	

4. District 29 Rate Design and Derivation

This section of the report details the calculation of the proposed water rates. Numbers shown in the tables of this section are rounded. Therefore, hand calculations based on the displayed numbers, such as summing or multiplying, may not equal the exact results shown in this report. All rates shown in this section are rounded up to the nearest cent.

4.1. Proposed Adjustments

Table 4-1 shows the proposed revenue adjustments from the financial plan. Water rates developed for the base year (FY 2026) reflect the results of the COS analysis, which impacts each customer class, and tier, differently. Revenue adjustments in subsequent years are applied across all charges, classes, and tiers proportional to the base year rates.

Table 4-1: Proposed Revenue Adjustments

Revenue Adjustments	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Percent Increase	11.0%	6.5%	6.5%	6.5%	6.5%
Effective Month	January	January	January	January	January

4.2. Monthly Service Charges

Table 4-2 shows the bi-monthly Service Charge calculation, which is calculated using the Meter cost component. The Meter cost component is derived based on total EMUs. Therefore, the Meter unit cost (**Table 3-14**) is multiplied by the capacity ratio for each meter size to derive the charge by meter size. Current charges are shown for comparison. District 29's most common small meter is the ¾" (3/4" x 1") meter and it is common to assign capacity ratios based on the most common small meter. District 29 only has 234 - 5/8" meters and 5/8" meters are no longer issued. Therefore, the ¾" meter is considered the baseline small meter.

Table 4-2: Proposed Monthly Service Charge (FY 2026)

Meter Size	AWWA Capacity Ratio	Proposed Monthly Charge ($ / Month)	Current Monthly Charge ($ / Month)	Difference ($)	Difference (%)	Number of Meters	% of Meters
5/8"x3/4"	1.00	**$48.73**	$48.73	$0.00	0.0%	240	3.7%
3/4"	1.00	**$48.73**	$48.73	$0.00	0.0%	1,235	18.9%
3/4"x1"	1.00	**$48.73**	$48.73	$0.00	0.0%	1,098	16.8%
1"	2.00	**$97.46**	$97.45	$0.01	0.0%	3,120	47.8%
1.5"	3.00	**$146.19**	$146.18	$0.01	0.0%	500	7.7%
2"	5.00	**$243.65**	$243.63	$0.02	0.0%	224	3.4%
2.5"	7.00	**$341.10**	$341.08	$0.02	0.0%	86	1.3%
3"	11.00	**$536.02**	$535.99	$0.03	0.0%	8	0.1%
4"	17.00	**$828.40**	$828.34	$0.05	0.0%	6	0.1%
6"	33.00	**$1,608.06**	$1,607.96	$0.10	0.0%	2	0.0%
8"	53.00	**$2,582.64**	$2,582.48	$0.17	0.0%	3	0.0%
10"	77.00	**$3,752.14**	$3,751.90	$0.24	0.0%	1	0.0%
12"	100.00	**$4,872.91**	$4,872.60	$0.31	0.0%	0	0.0%

4.3. Monthly Private Fire Charges

Table 4-3 shows the monthly private fire charge calculation, which consists of the Private Fire and the Backflow Administration & Meter Reading cost components. The Private Fire component is derived based on total equivalent fire lines. Therefore, the Private Fire unit cost (**Table 3-14**) is multiplied by the fire line capacity ratio for each line size to derive the charge by line size. Each fire line's share of the Backflow Administration & Meter Reading program does not vary with fire line size, and therefore the Backflow Administration & Meter Reading program cost is (**Table 3-14**) applied uniformly across all fire line sizes. Current charges are shown for comparison.

Table 4-3: Proposed Monthly Private Fire Charge (FY 2026)

Fire Line Size	Line Count	Fire Demand Ratio	Proposed Monthly Private Fire Charge for Capacity	Proposed Monthly Private Fire Charge for Backflow & Meter Reading	Proposed Total Private Fire Charge	Current Fire Charge (Inside)	Current Fire Charge (Outside)	Difference ($)	Difference (%)
1"	1	1.00	$1.59	$34.22	**$35.80**	**$141.31**	$211.96	($105.50)	-74.66%
1.5"	0	2.90	$4.60	$34.22	**$38.82**	**$141.31**	$211.96	($102.48)	-72.53%
2"	2	6.19	$9.81	$34.22	**$44.03**	**$141.31**	$211.96	($97.28)	-68.84%
2.5"	1	11.13	$17.65	$34.22	**$51.86**	**$141.31**	$211.96	($89.44)	-63.30%
3"	0	17.98	$28.51	$34.22	**$62.72**	**$141.31**	$211.96	($78.58)	-55.61%
4"	27	38.32	$60.75	$34.22	**$94.96**	**$141.31**	$211.96	($46.34)	-32.80%
6"	18	111.31	$176.46	$34.22	**$210.67**	**$190.03**	$285.05	$20.64	10.86%
8"	40	237.21	$376.03	$34.22	**$410.25**	**$238.76**	$358.14	$171.49	71.83%
10"	18	426.58	$676.24	$34.22	**$710.45**	**$336.21**	$504.31	$374.24	111.31%
12"	0	689.04	$1,092.31	$34.22	**$1,126.52**	**$531.11**	$796.67	$595.41	112.11%

4.4. Quantity Charge Rates

The District's water usage (Quantity Charge) rates recover three cost components: Supply, Base, and Peaking. As mentioned in Section 1.6.3, the District is implementing a uniform rate (no-tiers). Since the proposed water usage rate is a uniform rate (no tiers), the unit costs of service (Table 3-14) for supply, base and peaking are summed together to determine the proposed rate. Table 4-4 shows the calculation of proposed water usage rates based on the three rate components.

Table 4-4: Proposed Quantity Charge Rates (FY 2026)

Quantity Charge Rates ($ / hcf)	Supply	Base	Peaking	Proposed Rate	Weighted Average of the Current Tiered Non-Pumped Rate	Difference ($)	Difference (%)
All Classes	$4.654	$1.831	$1.520	**$8.00**	**$9.73**	($1.73)	-17.7%

4.5. Pump Zone Charges

The District's existing pump zone costs are recovered for each of the four pressure zones as part of their various water use rate schedules, therefore there are no current separate pump surcharges. Since the proposed rates unify the water usage rates into one schedule, Raftelis proposes separate pump surcharges for each pressure zone. **Table 4-5** shows the calculation of each pressure zone's pump charge. The total pumping cost of service (**Table 3-11**) is allocated to each pump zone proportionate to FY 2025 actual costs for each pressure zone. These allocated costs are then divided by the projected FY 2026 use for each pressure zone to determine the pump zone charges. It is important to note that all water delivered in the District must go through the East Malibu Non-Pumped zone, so all customers will be charged that rate. Customers in other pressure zones will be charged their respective pump zone charge in addition to the East Malibu Non-Pumped zone.

Table 4-5: FY 2025 Actual Pump Costs

Pump Zone	Total 2025 Costs	% of Costs
E. Malibu Non-Pumped Zones	$1,812	0.2%
E. Malibu Pumped Zone	$109,601	10.6%
Topanga Pumped Zone	$584,469	56.4%
Rancho Topanga-Malibu Sequit Pump Zone	$340,119	32.8%
Total	**$1,036,000**	**100.0%**

Table 4-6: Proposed Pump Zone Charges (FY 2026)

Pump Zone Charge	E. Malibu Non-Pumped Zones	E. Malibu Pumped Zone	Topanga Pumped Zone	Rancho Topanga-Malibu Sequit Pump Zone	Total
% of Costs	0.2%	10.6%	56.4%	32.8%	
Cost of Service	$1,675	$101,307	$540,241	$314,381	$957,604
Use (hcf)	2,407,012	145,097	427,345	1,775,901	
Unit Cost	$0.001	$0.698	$1.264	$0.177	
Charge ($/hcf)	**$0.00**	**$0.70**	**$1.26**	**$0.18**	**$20,225,031**

4.6. Service and Quantity Facilities Construction Surcharges

Table 4-7 shows the monthly Service and Quantity Facilities Construction Surcharge calculation. Currently, 18 percent of the District's Facilities Construction Surcharge is recovered through the Service Facilities Construction Surcharge and 82 percent through the Quantity (volumetric) Facilities Construction Surcharge. The proposed surcharge maintains this ratio. Though a portion of facility costs are recovered from the volumetric rate, the facilities are sized based on customer flows. Therefore, it is reasonable and common to recover fixed (facility) costs through a volumetric rate.

The allocated costs are divided by their respective units of service to calculate the proposed rates. Service Facilities Construction Surcharge costs are divided by the annual equivalent meters and Quantity Facilities Construction Surcharge costs are divided by annual water use. Since the Quantity Facilities Construction Surcharge is divided by all water use including the first 5 hcf, it is lower than the current rate.

Table 4-7: Proposed Service and Quantity Facilities Construction Surcharges (FY 2026)

ACO Surcharges	Service Facilities Construction Surcharge	Quantity Facilities Construction Surcharge	Total Costs
% of Costs	18%	82%	
Cost of Service	$362,195	$1,640,030	**$2,002,225**
Current Revenue (Cost)	$362,753	$1,642,558	**$2,005,311**
Units of Service	149,881	2,407,012	
Units	Equiv Billing Units X 12	Annual Water Use	
Unit Cost	$2.42	$0.681	
Charge	**$2.42**	**$0.68**	
Current Charge (Inside)	$2.42	$0.961	

4.7. Proposed Rate Schedule

The rates shown in this subsection are increased for FY 2027 and beyond based on the proposed revenue adjustments shown in **Table 4-1**. **Table 4-8** shows the five-year rate schedules for the proposed monthly Service Charges and private fire Service Charges. **Table 4-9** shows the five-year rate schedule for the Quantity Charge rates. **Table 4-10** shows the five-year rate schedule for the pumping zone charges. **Table 4-11** shows the combined proposed variable rates. **Table 4-12**shows the five-year rate schedule for the Service and Quantity Facilities Construction Surcharges..

Table 4-8: Proposed Monthly Meter Service Charge and Private Fire Service Charge Schedule

Service Charge	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030
Meter Service Charges					
5/8"x3/4"	$48.73	$51.90	$55.27	$58.86	$62.69
3/4"	$48.73	$51.90	$55.27	$58.86	$62.69
3/4"x1"	$48.73	$51.90	$55.27	$58.86	$62.69
1"	$97.46	$103.79	$110.54	$117.73	$125.38
1.5"	$146.19	$155.69	$165.81	$176.59	$188.07
2"	$243.65	$259.49	$276.36	$294.32	$313.45
2.5"	$341.10	$363.27	$386.88	$412.03	$438.81
3"	$536.02	$570.86	$607.97	$647.49	$689.58
4"	$828.40	$882.25	$939.60	$1,000.67	$1,065.71
6"	$1,608.06	$1,712.58	$1,823.90	$1,942.45	$2,068.71
8"	$2,582.64	$2,750.51	$2,929.29	$3,119.69	$3,322.47
10"	$3,752.14	$3,996.03	$4,255.77	$4,532.40	$4,827.01
12"	$4,872.91	$5,189.65	$5,526.98	$5,886.23	$6,268.83
Private Fire Service Charges					
1"	$35.80	$38.13	$40.61	$43.25	$46.06
1.5"	$38.82	$41.34	$44.03	$46.89	$49.94
2"	$44.03	$46.89	$49.94	$53.19	$56.65
2.5"	$51.86	$55.23	$58.82	$62.64	$66.71
3"	$62.72	$66.80	$71.14	$75.76	$80.68
4"	$94.96	$101.13	$107.70	$114.70	$122.16
6"	$210.67	$224.37	$238.95	$254.48	$271.02
8"	$410.25	$436.91	$465.31	$495.56	$527.77
10"	$710.45	$756.63	$805.81	$858.19	$913.97
12"	$1,126.52	$1,199.75	$1,277.73	$1,360.78	$1,449.23

Table 4-9: Proposed Quantity Charge Schedule excluding Pump Zone rates

Quantity Charge ($ / hcf)	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030
All Classes	$8.00	$8.52	$9.07	$9.66	$10.29

Table 4-10: Proposed Pumping Zone Charges Schedule

Pumping Zone Rates ($ / hcf)	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030
Schedules 2954, 2955; Bill Codes F03, I03, W03, F04, W04	$0.00	$0.00	$0.00	$0.00	$0.00
Schedules 2957, 2958, Bill Codes F05, I05,W05, W06	$0.70	$0.75	$0.80	$0.85	$0.91
Schedules 2960, 2961; Bill Codes F07, I07, W07, W08	$1.26	$1.34	$1.43	$1.52	$1.62
Schedule 2962; Bill Codes F09, I09, W09	$0.18	$0.19	$0.20	$0.21	$0.22

Table 4-11: Proposed Quantity Charge Schedule

Proposed Rates ($/hcf)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Schedules 2954, 2955; Bill Codes F03, I03, W03, F04, W04	$8.00	$8.52	$9.07	$9.66	$10.29
Schedules 2957, 2958, Bill Codes F05, I05,W05, W06	$8.70	$9.27	$9.87	$10.51	$11.20
Schedules 2960, 2961; Bill Codes F07, I07, W07, W08	$9.26	$9.86	$10.50	$11.18	$11.91
Schedule 2962; Bill Codes F09, I09, W09	$8.18	$8.71	$9.27	$9.87	$10.51

Table 4-12: Proposed Service and Quantity Facilities Construction Surcharges Schedule

Facilities Construction Surcharge	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030
Service Facilities Construction Surcharge ($/BU/month)	$2.42	$2.58	$2.75	$2.92	$3.11
Quantity Facilities Construction Surcharge ($/hcf)	$0.68	$0.72	$0.77	$0.82	$0.87

4.8. Customer Impacts

Table 4-13 through **Table 4-16** show the proposed FY 2026 monthly bill impacts for each pump zone within the District for the winter months. The graphs show sample bills using the most common meter size and low, average, and high levels of usage.

Table 4-13: Bill Impacts for Schedule 2954

Bill Impacts, 1"meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	15	$148.39	$232.52	$84.12	56.7%
Average Use	23	$222.15	$301.96	$79.81	35.9%
High Use	30	$286.69	$362.73	$76.04	26.5%

Table 4-14: Bill Impacts for Scheule 2957

Bill Impacts, 1"meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	15	$149.92	$243.02	$93.10	62.1%
Average Use	23	$226.12	$318.06	$91.95	40.7%
High Use	30	$292.79	$383.73	$90.94	31.1%

Table 4-15: Bill Impacts for Schedule 2960

Bill Impacts, 1"meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	15	$150.54	$251.42	$100.88	67.0%
Average Use	23	$227.73	$330.94	$103.21	45.3%
High Use	30	$295.27	$400.53	$105.26	35.6%

Table 4-16: Bill Impacts for Schedule 2962

Bill Impacts, 1"meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	15	$150.54	$235.22	$84.68	56.3%
Average Use	23	$227.73	$306.10	$78.37	34.4%
High Use	30	$295.27	$368.13	$72.86	24.7%

5. District 29 Drought Rates

This section of the report details the calculation of the proposed drought rates that were developed in the study. Numbers shown in the tables of this section are rounded. Therefore, hand calculations based on the displayed numbers, such as summing or multiplying, may not equal the exact results shown in this report. All rates shown in this section are rounded up to the nearest cent.

5.1. Process and Approach

Drought rates are governed by the requirements of Proposition 218 and Article X of the California Constitution. The development of the drought rates must show the nexus between the costs of providing water service and the rates charged to customers, must maximize the beneficial use of water (often defined as indoor use for health and hygiene), and must encourage conservation.

Drought rates are designed to recover lost revenue due to reduction in water use during each stage, to incorporate the potential changes to the District's water supply sources and their corresponding costs, to align with specific drought stages outlined in the 2022 Water Shortage Contingency Plan, and to provide financial flexibility for the District when declaring drought stages and implementing the appropriate drought rates. The proposed drought rates are based on the District's proposed water rates for fiscal year (FY) 2026, which would go into effect on January 1, 2026.

There are four steps to conducting a drought rate study, which include:

1. Estimating water use reductions based on defined drought stages
2. Calculating financial impacts to the District in each stage
3. Determining the most appropriate drought cost recovery mechanism (rate structure)
4. Evaluating financial impacts to customers

5.2. Drought Allocations and Costs

This section of the report details the water usage allocations and financial impacts of each drought stage, which results in the total amount of revenue to be collected from drought rates in each stage. Numbers shown in the tables of this section are rounded. Therefore, hand calculations based on the displayed numbers, such as summing or multiplying, may not equal the exact results shown in this report

5.2.1. Water Allocations

District staff provided the Water Shortage Contingency Plan which was adopted in November 2022 as part of the District's Urban Water Management Plan. **Table 5-1** shows the overall reduction targets for the entire water system.

Table 5-1: Drought Stages and Reduction

Target Reduction Goal	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
% Reduction	0%	10%	20%	30%	40%	50%	60%

The water sales by drought stage are calculated using the target reductions developed in the Water Shortage Contingency Plan. **Table 5-2** shows the estimated water sales in acre-feet (AF) for each stage of drought that aligns with the percent reductions shown above in **Table 5-1**. Baseline is defined as the water usage estimated in FY 2026.

Table 5-2: Estimated Water Sales by Stage and Pressure Zone (AF)

Total Use Reduction (hcf)	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
All Use	**2,407,012**	**2,166,311**	**1,925,610**	**1,684,909**	**1,444,207**	**1,203,506**	**962,805**
East Malibu Non-Pumped Zones	58,670	52,803	46,936	41,069	35,202	29,335	23,468
Reduction		*5,867*	*11,734*	*17,601*	*23,468*	*29,335*	*35,202*
East Malibu Pumped Zone	145,097	130,587	116,078	101,568	87,058	72,549	58,039
Reduction		*14,510*	*29,019*	*43,529*	*58,039*	*72,549*	*87,058*
Topanga Pumped Zone	427,345	384,611	341,876	299,142	256,407	213,673	170,938
Reduction		*42,735*	*85,469*	*128,204*	*170,938*	*213,673*	*256,407*
Rancho Topanga-Malibu Sequit Pump Zone	1,775,901	1,598,311	1,420,721	1,243,131	1,065,540	887,950	710,360
Reduction		*177,590*	*355,180*	*532,770*	*710,360*	*887,950*	*1,065,540*

5.2.2. Financial Impacts

A key step in a drought rate calculation is to calculate the financial implications for the District during a drought. Considerations include:

- How much water use revenue is expected due to cutbacks?
- How much will this change the District's water supply costs?
- How will this change the District's operating costs, if at all?

For the District, these financial consequences include loss of commodity revenue, the severity of which depends on the drought stage. In contrast, a decrease in water purchase costs is expected at higher drought stages with a shift in water supply mix from purchased water to stored water.

The drought rate analysis uses the proposed FY 2026 water usage rates (**Table 4-4**) and pumping zone charges (**Table 4-5**) to calculate Quantity Charge revenue for Stages 1 through 6. **Table 5-3** shows the water usage revenue for Stages 1 through 6 compared to the Baseline scenario for each customer class and tier based on the proposed FY 2026 Quantity Charge rates and pumping zone charges.

Table 5-3: Difference in Water Usage Revenue by Pressure Zone and Stage

Projected Commodity Revenue During Drought	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
East Malibu Non-Pumped Zones	$469,708	$422,737	$375,767	$328,796	$281,825	$234,854	$187,883
East Malibu Pumped Zone	$1,262,925	$1,136,632	$1,010,340	$884,047	$757,755	$631,462	$505,170
Topanga Pumped Zone	$3,961,488	$3,565,339	$3,169,191	$2,773,042	$2,376,893	$1,980,744	$1,584,595
Rancho Topanga-Malibu Sequit Pump Zone	$14,532,196	$13,078,976	$11,625,757	$10,172,537	$8,719,318	$7,266,098	$5,812,878
Total Commodity Revenue	**$20,226,317**	**$18,203,686**	**$16,181,054**	**$14,158,422**	**$12,135,790**	**$10,113,159**	**$8,090,527**
Lost Revenue		$2,022,632	$4,045,263	$6,067,895	$8,090,527	$10,113,159	$12,135,790
% Change		10%	20%	30%	40%	50%	60%

Table 5-4 shows the savings associated with each drought stage for the variable cost of purchasing water from WBMWD. Because the District will be purchasing less water to meet lower demands, variable water purchase costs will decrease at each stage of drought. Fixed WBMWD costs will remain the same regardless of the amount of water purchased.

Table 5-4: Water Purchase Cost Savings by Stage

Water Purchase Costs	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
WBMWD Variable Cost	$11,391,959	$10,252,763	$9,113,567	$7,974,371	$6,835,175	$5,695,979	$4,556,783
Change in Cost		$1,139,196	$2,278,392	$3,417,588	$4,556,783	$5,695,979	$6,835,175

Table 5-5 shows additional operating expenses associated with each stage of drought associated with public outreach.

Table 5-5: Additional Operating Costs by Stage

Drought Costs	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Drought Costs	$792	$792	$1,584	$1,584	$5,544	$5,544

Table 5-6 shows the total drought costs for Stages 1 through 6, which include the lost variable water use rate revenue (**Table 5-3**), water purchase cost savings (**Table 5-4**), and additional drought operating costs (**Table 5-5**). These costs and savings summed together show the net lost revenue at each Stage.

Table 5-6: Total Drought Costs by Stage

Drought Costs	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Lost Revenue	$2,022,632	$4,045,263	$6,067,895	$8,090,527	$10,113,159	$12,135,790
Water Purchase Costs/(Savings)	($1,139,196)	($2,278,392)	($3,417,588)	($4,556,783)	($5,695,979)	($6,835,175)
Drought Costs	$792	$792	$1,584	$1,584	$5,544	$5,544
Total Lost Revenue	**$884,228**	**$1,767,664**	**$2,651,892**	**$3,535,327**	**$4,422,723**	**$5,306,159**

5.3. Drought Rate Structure

Drought rates are designed to recover the lost revenue due to droughts and are intended as a revenue-generating mechanism. Because of this, drought rates are subject to Proposition 218 requirements, which necessitates a clear nexus between the costs of drought and the drought rates charged to the District's customers

The next step after determining the drought costs by stage is evaluating the drought cost recovery mechanism, or rate structure, that best meets the needs of the District and its customers. The most common form of a drought rate is a volumetric percentage rate increase charged to all customers. The percentage increase is applied to the current (non-drought) volumetric rates.. This structure will give customers control over their water bills during drought.

5.4. Drought Rate Calculation

The drought rates are calculated to be a percentage increase applied to the base (non drought) Quantity Charge rates in effect at the time of the drought. This proportion is calculated by dividing the drought rate revenue requirement by the total expected revenue at each stage. **Table 5-7** shows this calculation. Once the percentage has been determined for each Stage, the drought rates are calculated by multiplying the drought rate percentage by the base Quantity Charge rates (current rates in effect) and pumping zone charges.

Table 5-7: Drought Rate Calculation

Drought Rate Calculation	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Total Lost Revenue	**$884,228**	**$1,767,664**	**$2,651,892**	**$3,535,327**	**$4,422,723**	**$5,306,159**
Expected Revenue	$18,203,686	$16,181,054	$14,158,422	$12,135,790	$10,113,159	$8,090,527
Drought Revenue Requirement	$19,087,913	$17,948,718	$16,810,314	$15,671,118	$14,535,882	$13,396,686
% Increase	**4.9%**	**10.9%**	**18.7%**	**29.1%**	**43.7%**	**65.6%**

Proposed drought rates are shown in **Table 5-8** through **Table 5-12** show the proposed drought rates for FY 2026 to FY 2030. Note that District 29 would increase the volumetric rates that are current at the dime of the drought.

Table 5-8: Proposed Drought Rates FY 2026

Proposed Rates - FY 2026	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Schedules 2954, 2955; Bill Codes F03, I03, W03, F04, W04	$8.00	$8.39	$8.87	$9.50	$10.33	$11.50	$13.24
Schedules 2957, 2958, Bill Codes F05, I05,W05, W06	$8.70	$9.12	$9.65	$10.33	$11.23	$12.50	$14.40
Schedules 2960, 2961; Bill Codes F07, I07, W07, W08	$9.26	$9.71	$10.27	$10.99	$11.96	$13.31	$15.33
Schedule 2962; Bill Codes F09, I09, W09	$8.18	$8.58	$9.07	$9.71	$10.56	$11.75	$13.54

Table 5-9: Proposed Drought Rates FY 2027

Proposed Rates - FY 2027	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Schedules 2954, 2955; Bill Codes F03, I03, W03, F04, W04	$8.52	$8.93	$9.45	$10.11	$11.00	$12.24	$14.10
Schedules 2957, 2958, Bill Codes F05, I05,W05, W06	$9.27	$9.72	$10.28	$11.01	$11.97	$13.32	$15.35
Schedules 2960, 2961; Bill Codes F07, I07, W07, W08	$9.86	$10.34	$10.94	$11.71	$12.73	$14.17	$16.32
Schedule 2962; Bill Codes F09, I09, W09	$8.71	$9.13	$9.66	$10.34	$11.25	$12.52	$14.42

Table 5-10: Proposed Drought Rates FY 2028

Proposed Rates - FY 2028	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Schedules 2954, 2955; Bill Codes F03, I03, W03, F04, W04	$9.07	$9.51	$10.06	$10.77	$11.71	$13.03	$15.01
Schedules 2957, 2958, Bill Codes F05, I05,W05, W06	$9.87	$10.35	$10.95	$11.72	$12.74	$14.18	$16.34
Schedules 2960, 2961; Bill Codes F07, I07, W07, W08	$10.50	$11.01	$11.65	$12.47	$13.56	$15.09	$17.38
Schedule 2962; Bill Codes F09, I09, W09	$9.27	$9.72	$10.28	$11.01	$11.97	$13.32	$15.35

Table 5-11: Proposed Drought Rates FY 2029

Proposed Rates - FY 2029	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Schedules 2954, 2955; Bill Codes F03, I03, W03, F04, W04	$9.66	$10.13	$10.71	$11.47	$12.47	$13.88	$15.99
Schedules 2957, 2958, Bill Codes F05, I05,W05, W06	$10.51	$11.02	$11.66	$12.48	$13.57	$15.10	$17.40
Schedules 2960, 2961; Bill Codes F07, I07, W07, W08	$11.18	$11.72	$12.40	$13.27	$14.43	$16.07	$18.51
Schedule 2962; Bill Codes F09, I09, W09	$9.87	$10.35	$10.95	$11.72	$12.74	$14.18	$16.34

Table 5-12: Proposed Drought Rates FY 2030

Proposed Rates - FY 2030	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Schedules 2954, 2955; Bill Codes F03, I03, W03, F04, W04	$10.29	$10.79	$11.41	$12.22	$13.29	$14.79	$17.03
Schedules 2957, 2958, Bill Codes F05, I05,W05, W06	$11.20	$11.74	$12.42	$13.30	$14.46	$16.09	$18.54
Schedules 2960, 2961; Bill Codes F07, I07, W07, W08	$11.91	$12.49	$13.21	$14.14	$15.38	$17.12	$19.72
Schedule 2962; Bill Codes F09, I09, W09	$10.51	$11.02	$11.66	$12.48	$13.57	$15.10	$17.40

6. District 40 Financial Plan

This section of the report describes the District 40 proposed financial plan. To develop the financial plan, Raftelis projected annual revenues and expenses, modeled reserve balances, projected capital expenditures, and calculated debt service coverage to estimate the amount of additional rate revenue needed each year. Numbers shown in the tables of this section are rounded. Therefore, hand calculations based on the displayed numbers, such as summing or multiplying, may not equal the exact results shown.

6.1. Inflationary Assumptions

Inflationary factors are used to escalate the revenue and cost categories across the planning period, which for this study is from FY 2025 to FY 2030. The District's provided revenue and expense actuals for FY 2024. Raftelis worked with District staff to escalate the individual budget line items according to the appropriate escalation factor. The escalation factors used to project revenues and expenses for the study period are shown in **Table 6-1**. Both District 29 and 40 will continue the current inflationary pass-through based on the Consumer Price Index (CPI). However, as shown below, the cost for certain line items will likely exceed the CPI which over the long term has averaged approximately 3%. The difference between the inflationary pass throughs and the assumed inflationary factors below is recovered in the proposed rates and charges.

Table 6-1: Escalation Factors

Key Assumptions	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Cost Escalation Factors						
General	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Labor	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Utilities	6.6%	6.5%	4.5%	4.5%	4.5%	4.5%
Capital	0.0%	6.9%	5.0%	4.0%	3.0%	3.0%
Water Supply	11.0%	8.0%	12.0%	8.0%	5.0%	5.0%
Field Labor Adjustments	5.0%	37.0%	5.0%	5.0%	5.0%	5.0%
Revenue Escalation Factors						
Misc Rev Inflator	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Property Tax	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Reserve Interest Rate	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%

6.2. Current Water Rates

The District's current water rates were implemented May 1, 2025. District 40 rates include a monthly Service Charge based on meter size and a Quantity Charge for every hcf of water used. For customers with a meter smaller than 1", the Quantity Charge allows for 5 hcf of uncharged units per month per billing unit. Usage above the 5 hcf allowance per billing unit per month are subject to a three-tier rate structure with tier widths dependent on summer or winter seasons. Customers with a 1" or larger meter are charged a uniform Quantity Charge rate with no allowance. **Table 6-2** and **Table 6-3** show the current monthly Service Charges, private fire Service Charges, and Quantity Charge. **Table 6-4** shows the existing tier breaks.

District 40 customers are charged a Facilities Construction Surcharge on all units of water, including those units subject to the allowance for customers with a smaller than 1" meter. **Table 6-5** shows the current Facilities Construction Surcharges.

Table 6-2: District 40 Current Monthly Meter & Private Fire Service Charges

Current Rates	FY 2025
Meter Service Charge ($/Billing Unit/month)	
Region 04 - Lancaster	
Inside District	
Schedules 0427, 0429, 0430, 0431; Bill Codes IA1, IAA, IAB, WA1, WAA, WAB, IB1, WB1, WBA, WBB, FA2 IA2, WA2, FB2, IB2, WB2	$31.595
Schedules 0433, 0434; Bill Codes IC1, ICA, ICB, WC1, WCA, WCB, FC2, IC2, WC2	$35.283
Outside District	
Schedule 0437; Bill Codes FW2, WW2	$47.393
Region 24 - Pearblossom	
Inside District	
Schedule 2405; Bill Codes WD1, ID2, WD2	$34.275
Outside District	
Schedule 2406; Bill Codes WE1, WE2	$51.413
Region 27 - Littlerock	
Inside District	
Schedule 2705; Bill Codes IF1, WF1, FF2, WF2	$37.607
Outside District	
Schedule 2706; Bill Code WG2	$56.412
Region 33 - Sun Village	
Inside District	
Schedule 3303; Bill Codes IH1, WH1, FH2, WH2	$37.607
Outside District	
Schedule 3304; Bill Code WI1	$56.412
Region 34 - Desert View Highlands	
Inside District	
Rate Schedules 3405, 3404, 3406; Bill Codes IJ1, WJ1, WJA, WJB, IJ2, WJ2, FK2, IK1, IKA, IKB, WK1, WKA, WKB, IK2, FK2, WK2, WL1, WLA, FL2, IL2, WL2	$36.543
Region 35 - NE LA County	
Inside District	

Current Rates	FY 2025
Rate Schedule 3505; Bill Codes W1, WQ2	$39.517
Region 38 - Lake LA	
Inside District	
Schedule 3807; Bill Codes IR1, WR1, IR2, WR2	$38.536
Schedule 3898; Bill Codes WT1, WT2	$48.008
Outside District	
Schedule 3809; Bill Codes FS2, WS2	$57.804
Region 39 - Rock Creek	
Inside District	
Rate Schedule 3953; Bill Codes WU1, WU2	$49.689
Outside District	
Schedule 3954; Bill Codes WV1, WV2	$74.533

Table 6-3: District 40 Current Quantity Charge Rates

Current Rates	FY 2025
Quantity Charge ($/hcf)	
Region 04 - Lancaster	
Inside District	
Schedules 0427, 0428, 0429; Bill Codes IA1, IAA, IAB, WA1, WAA, WAB	
Tier 1	$1.597
Tier 2	$1.863
Tier 3	$2.662
Schedules 0427, 0428, 0429; Bill Codes FA2, IA2, WA2	$1.774
Schedules 0430, 0431; Bill Codes IB1, WB1, WBA, WBB	
Tier 1	$1.809
Tier 2	$2.110
Tier 3	$3.016
Schedules 0430, 0431; Bill Codes FB2, IB2, WB2	$2.010
Schedules 0433,0434; Bill Codes IC1, ICA, ICB, WC1, WCA, WCB	
Tier 1	$2.201
Tier 2	$2.567
Tier 3	$3.668
Schedules 0433, 0434; Bill Codes FC2, IC2, WC2	$2.445

Current Rates	FY 2025
Outside District	
Schedule 0437 - Tiered	
Tier 1	$2.396
Tier 2	$2.795
Tier 3	$3.993
Schedules 0437, 0439; Bill Codes FW2, WW2, WX2	$2.662
Region 24 - Pearblossom	
Inside District	
Schedule 2405; Bill Code WD1	
Tier 1	$1.776
Tier 2	$2.072
Tier 3	$2.959
Schedule 2405; Bill Code ID2, WD2	$1.972
Outside District	
Schedule 2406; Bill Code WE1	
Tier 1	$2.663
Tier 2	$3.108
Tier 3	$4.439
Schedule 2406; Bill Code WE2	$2.959
Region 27 - Littlerock	
Inside District	
Schedule 2705; Bill Codes IF1, WF1	
Tier 1	$1.776
Tier 2	$2.072
Tier 3	$2.959
Schedule 2705; Bill Codes FF2, WF2	$1.972
Outside District	
Schedule 2706 - Tiered	
Tier 1	$2.663
Tier 2	$3.108
Tier 3	$4.439
Schedule 2706; Bill Code WG2	$2.959
Region 33 - Sun Village	
Inside District	
Schedule 3303; Bill Codes IH1, WH1	
Tier 1	$1.776

Current Rates	FY 2025
Tier 2	$2.072
Tier 3	$2.959
Schedule 3303; Bill Codes FH2, WH2	$1.972
Outside District	
Schedule 3304; Bill Code WI1	
Tier 1	$2.663
Tier 2	$3.108
Tier 3	$4.439
Schedule 3304 - Uniform	$2.959
Region 34 - Desert View Highlands	
Inside District	
Schedules 3405, 3404; Bill Codes IJ1, WJ1, WJA, WJB, IK1, IKA, IKB, WK1, WKA, WKB	
Tier 1	$2.875
Tier 2	$3.354
Tier 3	$4.791
Schedules 3405, 3404; Bill Codes IJ2, WJ2, FK2, IK2, WK2	$3.194
Schedule 3406; Bill Codes WL1, WLA	
Tier 1	$3.174
Tier 2	$3.703
Tier 3	$5.291
Schedule 3406; Bill Codes FL2, IL2, WL2	$3.526
Schedule 3407; Bill Codes WM1, WMA, WMB	
Tier 1	$3.333
Tier 2	$3.889
Tier 3	$5.554
Schedule 3407; Bill Code IM2	$3.703
Region 35 - NE LA County	
Inside District	
Schedule 3505; Bill Code WQ1	
Tier 1	$2.112
Tier 2	$2.463
Tier 3	$3.520
Schedule 3505; Bill Codes FQ2, WQ2	$2.346
Region 38 - Lake LA	

Current Rates	FY 2025
Inside District	
Schedule 3807; Bill Code IR1, WR1	
Tier 1	$1.809
Tier 2	$2.110
Tier 3	$3.015
Schedule 3807; Bill Code FR2, IR2, WR2	$2.010
Schedule 3898; Bill Code WT1	
Tier 1	$2.399
Tier 2	$2.800
Tier 3	$3.999
Schedule 3898; Bill Code WT2	
	$2.666
Outside District	
Schedule 3809 - Tiered	
Tier 1	$2.713
Tier 2	$3.165
Tier 3	$4.523
Schedule 3809; Bill Codes FS2, WS2	$3.015
Region 39 - Rock Creek	
Inside District	
Schedule 3953; Bill Code WU1	
Tier 1	$3.052
Tier 2	$3.561
Tier 3	$5.087
Schedule 3953; Bill Code WU2	$3.391
Outside District	
Schedule 3954; Bill Code WV1	
Tier 1	$4.578
Tier 2	$5.341
Tier 3	$7.630
Schedule 3954; Bill Code WV2	$5.087

Table 6-4: District 40 Current Monthly Tier Breaks by Season

Current Tiers (hcf)	Summer	Winter
Schedules 0426-0429, 0430-0431, 0433-0434, 3404-3407; Bill Codes IA1, IB1, IC1, IJ1, IK1, WA1, WB1, WC1, WJ1, WK1, WL1, WM1		
Base	5	5
Tier 1	20	15
Tier 2	65	30
Tier 3	66+	31+
Schedules 0426-0429, 0430-0431, 0433-0434,3404-3407; Bill Codes IAA, ICA, WAA, WBA, WCA, WJA, WKA, WMA, IKA, WLA, WMB		
Base	5	5
Tier 1	20	15
Tier 2	80	30
Tier 3	81+	31+
Schedules 3953, 3954; Bill Codes WU1, WV1		
Base	5	5
Tier 1	20	15
Tier 2	85	30
Tier 3	86+	31+
Schedules 0426-0429, 0430-0431, 0433-0434, 3404, 3405, 3807, 3898; Bill Codes IAB, ICB, IKB, IR1, WAB, WBB, WCB, WJB, WKB, WR1, WT1		
Base	5	5
Tier 1	20	15
Tier 2	85	35
Tier 3	86+	36+
Schedules 3303, 3304; Bill Codes WH1, IH1, WI1		
Base	5	5
Tier 1	20	15
Tier 2	90	35
Tier 3	91+	36+
Schedules 2405, 2406, 2705; Bill Codes IF1, WD1, WE1, WF1		
Base	5	5
Tier 1	20	15
Tier 2	95	35
Tier 3	96+	36+

Current Tiers (hcf)	Summer	Winter
Schedule 3505; Bill Code WQ1		
Base	5	5
Tier 1	20	15
Tier 2	95	40
Tier 3	96+	41+

Table 6-5: District 40 Current Facilities Construction Surcharges

Current Rates	FY 2025
Facilities Construction Surcharge ($/hcf)	
Inside	$0.106
Outside	$0.159

6.3. Customer Accounts and Usage

District staff provided detailed customer billing data for FY 2024, which included information such as customer class, billed consumption in hcf, and meter size for each of the bi-monthly billing periods. **Table 6-6** and **Table 6-7** show the customer growth and usage assumptions for the study period, respectively. **Table 6-8** shows the current and projected meter counts by meter size and private fire counts by fire line size. **Table 6-9** shows the current and projected water usage in hcf by customer class tier.

Table 6-6: Customer Growth Assumptions

Account Growth	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Single Family Residential	0.0%	0.0%	2.0%	2.0%	2.0%	2.0%
Multi-Family	0.0%	0.0%	2.0%	2.0%	2.0%	2.0%
Construction Meters	0.0%	0.0%	2.0%	2.0%	2.0%	2.0%
Commercial	0.0%	0.0%	2.0%	2.0%	2.0%	2.0%
Government	0.0%	0.0%	2.0%	2.0%	2.0%	2.0%
Industrial	0.0%	0.0%	2.0%	2.0%	2.0%	2.0%

Table 6-7: Water Usage Assumptions

Water Demand	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Single Family Residential	108.82%	100%	100%	100%	100%	100%
Multi-Family	108.82%	100%	100%	100%	100%	100%
Construction Meters	108.82%	100%	100%	100%	100%	100%
Commercial	108.82%	100%	100%	100%	100%	100%
Government	108.82%	100%	100%	100%	100%	100%
Industrial	108.82%	100%	100%	100%	100%	100%

Table 6-8: Number of Customer Accounts

Customer Accounts	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Meter Sizes							
Inside District							
5/8"x3/4"	796	796	796	812	828	845	862
3/4"	3,611	3,611	3,611	3,683	3,757	3,832	3,909
3/4"x1"	49,450	49,450	49,450	50,439	51,448	52,477	53,526
1"	2,697	2,697	2,697	2,751	2,806	2,862	2,919
1.5"	857	857	857	874	892	909	928
2"	1,237	1,237	1,237	1,262	1,287	1,313	1,339
2.5"	130	130	130	133	135	138	141
3"	16	16	16	16	17	17	17
4"	28	28	28	29	29	30	30
6"	12	12	12	12	12	13	13
8"	8	8	8	8	8	8	9
10"	3	3	3	3	3	3	3
12"	0	0	0	0	0	0	0
Total	**58,845**	**58,845**	**58,845**	**60,022**	**61,222**	**62,447**	**63,696**
Outside District							
5/8"x3/4"	0	0	0	0	0	0	0
3/4"	0	0	0	0	0	0	0
3/4"x1"	2	2	2	2	2	2	2
1"	3	3	3	3	3	3	3
1.5"	0	0	0	0	0	0	0
2"	1	1	1	1	1	1	1
2.5"	5	5	5	5	5	5	5
3"	0	0	0	0	0	0	0
4"	0	0	0	0	0	0	0
6"	0	0	0	0	0	0	0
8"	1	1	1	1	1	1	1
10"	1	1	1	1	1	1	1
12"	0	0	0	0	0	0	0
Total	**13**	**13**	**13**	**13**	**14**	**14**	**14**
Fire Line Sizes							
Inside District							
2"	1	1	1	1	1	1	1
2.5"	0	0	0	0	0	0	0
3"	2	2	2	2	2	2	2
4"	63	63	63	64	66	67	68
6"	152	152	152	155	158	161	165
8"	225	225	225	230	234	239	244
10"	165	165	165	168	172	175	179
12"	1	1	1	1	1	1	1

Customer Accounts	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Total	**609**	**609**	**609**	**621**	**634**	**646**	**659**
Outside District							
2"	0	0	0	0	0	0	0
2.5"	0	0	0	0	0	0	0
3"	0	0	0	0	0	0	0
4"	1	1	1	1	1	1	1
6"	0	0	0	0	0	0	0
8"	1	1	1	1	1	1	1
10"	2	2	2	2	2	2	2
12"	0	0	0	0	0	0	0
Total	**4**	**4**	**4**	**4**	**4**	**4**	**4**

Table 6-9: Annual Customer Usage

Customer Usage	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Region 04 - Lancaster							
Schedule 0427							
Base	1,840,004	2,002,292	2,002,292	2,042,338	2,083,185	2,124,848	2,167,345
Tier 1	2,839,887	3,090,365	3,090,365	3,152,172	3,215,216	3,279,520	3,345,111
Tier 2	1,387,337	1,509,700	1,509,700	1,539,894	1,570,692	1,602,106	1,634,148
Tier 3	236,949	257,848	257,848	263,005	268,265	273,631	279,103
Uniform	4,242,281	4,616,450	4,616,450	4,708,779	4,802,955	4,899,014	4,996,994
Schedule 0430							
Base	82,203	89,453	89,453	91,242	93,067	94,928	96,827
Tier 1	156,025	169,787	169,787	173,182	176,646	180,179	183,782
Tier 2	157,066	170,919	170,919	174,338	177,825	181,381	185,009
Tier 3	39,756	43,262	43,262	44,128	45,010	45,910	46,828
Uniform	71,307	77,596	77,596	79,148	80,731	82,346	83,993
Schedule 0433							
Base	305,219	332,139	332,139	338,782	345,557	352,469	359,518
Tier 1	531,591	578,477	578,477	590,047	601,848	613,885	626,162
Tier 2	344,023	374,366	374,366	381,853	389,490	397,280	405,226
Tier 3	56,006	60,946	60,946	62,165	63,408	64,677	65,970
Uniform	246,629	268,382	268,382	273,749	279,224	284,809	290,505
Schedule 0437							
Base	0	0	0	0	0	0	0
Tier 1	0	0	0	0	0	0	0
Tier 2	0	0	0	0	0	0	0
Tier 3	0	0	0	0	0	0	0
Uniform	1,270	1,382	1,382	1,410	1,438	1,467	1,496
Region 24 - Pearblossom							
Schedule 2405							

Customer Usage	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Base	10,011	10,894	10,894	11,112	11,334	11,561	11,792
Tier 1	13,453	14,640	14,640	14,932	15,231	15,536	15,846
Tier 2	9,630	10,479	10,479	10,689	10,903	11,121	11,343
Tier 3	2,066	2,248	2,248	2,293	2,339	2,386	2,434
Uniform	76,608	83,365	83,365	85,032	86,733	88,467	90,237
Schedule 2406							
Base	60	65	65	67	68	69	71
Tier 1	150	163	163	166	170	173	177
Tier 2	113	123	123	125	128	130	133
Tier 3	8	9	9	9	9	9	9
Uniform	0	0	0	0	0	0	0
Region 27 - Littlerock							
Schedule 2705							
Base	61,765	67,213	67,213	68,557	69,928	71,327	72,753
Tier 1	98,960	107,688	107,688	109,842	112,039	114,280	116,565
Tier 2	70,448	76,662	76,662	78,195	79,759	81,354	82,981
Tier 3	12,976	14,120	14,120	14,403	14,691	14,985	15,284
Uniform	37,733	41,061	41,061	41,882	42,720	43,574	44,446
Schedule 2706							
Base	0	0	0	0	0	0	0
Tier 1	0	0	0	0	0	0	0
Tier 2	0	0	0	0	0	0	0
Tier 3	0	0	0	0	0	0	0
Uniform	0	0	0	0	0	0	0
Region 33 - Sun Village							
Schedule 3303							
Base	76,170	82,888	82,888	84,546	86,237	87,962	89,721

Customer Usage	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Tier 1	118,216	128,643	128,643	131,216	133,840	136,517	139,247
Tier 2	86,888	94,552	94,552	96,443	98,371	100,339	102,346
Tier 3	11,369	12,372	12,372	12,619	12,872	13,129	13,392
Uniform	180,934	196,892	196,892	200,830	204,847	208,944	213,123
Schedule 3304							
Base	0	0	0	0	0	0	0
Tier 1	0	0	0	0	0	0	0
Tier 2	0	0	0	0	0	0	0
Tier 3	0	0	0	0	0	0	0
Uniform	0	0	0	0	0	0	0
Region 34 - Desert View Highlands							
Schedules 3405, 3404							
Base	343,398	373,685	373,685	381,159	388,782	396,558	404,489
Tier 1	517,004	562,603	562,603	573,855	585,332	597,039	608,980
Tier 2	219,548	238,912	238,912	243,691	248,564	253,536	258,606
Tier 3	28,171	30,655	30,655	31,268	31,894	32,532	33,182
Uniform	718,413	781,777	781,777	797,413	813,361	829,628	846,221
Schedule 3406							
Base	60,704	66,058	66,058	67,379	68,727	70,101	71,503
Tier 1	98,352	107,027	107,027	109,167	111,351	113,578	115,849
Tier 2	35,485	38,615	38,615	39,388	40,175	40,979	41,798
Tier 3	2,398	2,609	2,609	2,661	2,714	2,769	2,824
Uniform	71,198	77,478	77,478	79,027	80,608	82,220	83,864
Schedule 3407							
Base	21,302	23,181	23,181	23,645	24,118	24,600	25,092
Tier 1	28,061	30,536	30,536	31,146	31,769	32,405	33,053
Tier 2	9,292	10,111	10,111	10,314	10,520	10,730	10,945
Tier 3	431	469	469	478	488	498	508

Customer Usage	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Uniform	15,754	17,144	17,144	17,486	17,836	18,193	18,557
Region 35 - NE LA County							
Schedule 3505							
Base	9,235	10,050	10,050	10,251	10,456	10,665	10,878
Tier 1	13,133	14,291	14,291	14,577	14,868	15,166	15,469
Tier 2	15,001	16,324	16,324	16,650	16,983	17,323	17,669
Tier 3	9,350	10,174	10,174	10,378	10,585	10,797	11,013
Uniform	32,836	35,732	35,732	36,447	37,176	37,919	38,678
Region 38 - Lake LA							
Schedule 3807							
Base	192,132	209,078	209,078	213,259	217,525	221,875	226,313
Tier 1	243,120	264,563	264,563	269,855	275,252	280,757	286,372
Tier 2	123,789	134,708	134,708	137,402	140,150	142,953	145,812
Tier 3	16,315	17,754	17,754	18,109	18,471	18,840	19,217
Uniform	27,489	29,914	29,914	30,512	31,122	31,744	32,379
Schedule 3898							
Base	0	0	0	0	0	0	0
Tier 1	0	0	0	0	0	0	0
Tier 2	0	0	0	0	0	0	0
Tier 3	0	0	0	0	0	0	0
Uniform	6,657	7,244	7,244	7,389	7,537	7,688	7,841
Schedule 3809							
Base	0	0	0	0	0	0	0
Tier 1	0	0	0	0	0	0	0
Tier 2	0	0	0	0	0	0	0
Tier 3	0	0	0	0	0	0	0

Customer Usage	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Uniform	1,401	1,525	1,525	1,555	1,586	1,618	1,650
Region 39 - Rock Creek							
Schedule 3953							
Base	16,531	17,989	17,989	18,349	18,716	19,090	19,472
Tier 1	20,083	21,854	21,854	22,291	22,737	23,192	23,656
Tier 2	11,095	12,074	12,074	12,315	12,561	12,813	13,069
Tier 3	6,565	7,144	7,144	7,287	7,433	7,581	7,733
Uniform	10,750	11,698	11,698	11,932	12,171	12,414	12,662
Schedule 3954							
Base	108	118	118	120	122	125	127
Tier 1	51	55	55	57	58	59	60
Tier 2	0	0	0	0	0	0	0
Tier 3	0	0	0	0	0	0	0
Uniform	283	308	308	314	320	327	333
Total Usage (hcf)	**16,330,544**	**17,770,898**	**17,770,898**	**18,126,316**	**18,488,842**	**18,858,619**	**19,235,791**

6.4. Projected Revenues at Current Rates

Table 6-10 shows the calculated rate revenues for FY 2025 through FY 2030 based on the District's current water rates. The projected annual rate revenues for the monthly sService Charges and private fire Service Charges are determined using the current monthly Service Charges (**Table 6-2**) multiplied by the meter and fire line counts (**Table 6-8**) for each billing period. Similarly, the projected annual rate revenues for the Quantity Charges are determined using the current Quantity Charges (**Table 6-3**) multiplied by the water use in hcf for each tier (**Table 6-9**). Finally, the projected annual Facilities Construction Charge revenue is determined using the current Facilities Construction Surcharge rate (**Table 6-5**) multiplied by the total water use including the the 5-hcf monthly allowance (**Table 6-9**) for each customer in each billing period.

Table 6-10: Projected Rate Revenues

Rate Revenue	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Meter Service Charge	$26,574,644	$27,762,171	$28,432,040	$29,000,681	$29,580,695	$30,172,308	$30,775,755
Private Fire Service Charge	$1,139,927	$1,190,866	$1,219,600	$1,243,992	$1,268,872	$1,294,249	$1,320,134
Quantity Charge	$25,381,345	$28,859,872	$29,559,857	$30,151,054	$30,754,075	$31,369,157	$31,996,540
Facilities Construction Surcharge	$1,731,220	$1,883,914	$1,883,914	$1,921,592	$1,960,024	$1,999,224	$2,039,209
Total	**$54,827,136**	**$59,696,823**	**$61,095,411**	**$62,317,319**	**$63,563,666**	**$64,834,939**	**$66,131,638**

6.5. Projected Revenues

Table 6-11 shows the utility's projected revenues for the study period. District staff provided actual revenues for FY 2024. Water rate revenues are equal to the calculated rate revenues at current rates (**Table 6-10**) for FY 2025 and beyond.

Miscellaneous, non-rate revenues are inflated using the corresponding revenue escalation factor (**Table 6-1**). Interest income is calculated based on the reserve interest rate (**Table 6-1**) and projected fund balances.

Table 6-11: Projected Revenues

Revenue Summary	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Calculated Revenue	$43,760,431	$56,299,000	$61,095,411	$62,317,319	$63,563,666	$64,834,939	$66,131,638
Other Charges for Services	$17,859,370	$5,168,000	$5,219,680	$5,271,877	$5,324,596	$5,377,842	$5,431,620
Property Taxes	$2,770,600	$2,739,000	$2,793,780	$2,849,656	$2,906,649	$2,964,782	$3,024,077
Fines Forfeitures & Penalties	$20,272	$23,000	$23,230	$23,462	$23,697	$23,934	$24,173
Use of Money & Prop	$2,504,105	$2,359,000	$1,377,938	$1,166,476	$1,408,233	$1,877,729	$2,743,184
Intergvmtl Revenue - State	$649,882	$7,000	$7,070	$7,141	$7,212	$7,284	$7,357
Intergvmtl Revenue - Other	$41,585	$0	$0	$0	$0	$0	$0
Miscellaneous Revenue	$1,000	$2,000	$2,020	$2,040	$2,061	$2,081	$2,102
Other Financing Sources	$100	$0	$0	$0	$0	$0	$0
Total Revenue	**$67,607,345**	**$66,597,000**	**$70,519,129**	**$71,637,971**	**$73,236,112**	**$75,088,591**	**$77,364,151**

6.6. Projected O&M Expenses

Table 6-12 summarizes the projected O&M expenses for the study period. District staff provided the FY 2024 actuals, which was inflated for future years using the expense escalation factors (**Table 6-1**).

Table 6-12: Projected O&M Expenses

O&M Summary	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Waterworks Dist Gen #40 – N63							
W001 - Water Quality Monitoring	$2,768,589	$2,887,850	$3,012,499	$3,142,789	$3,278,982	$3,421,357	$3,570,204
W002 - Purchased Water	$19,895,309	$20,900,657	$22,461,592	$23,586,187	$24,767,088	$26,007,114	$27,309,224
W004 - Administration Support	$4,080,434	$4,268,797	$4,466,109	$4,672,802	$4,889,332	$5,116,175	$5,353,831
W005 - Customer Billing and Service	$5,926,934	$6,204,922	$6,496,259	$6,801,595	$7,121,614	$7,457,032	$7,808,601
W007 - OMR - Equipment	$1,167,330	$1,214,695	$1,471,491	$1,533,394	$1,598,041	$1,665,561	$1,736,085
W008 - Mapping Services & Annexations	$1,207,501	$1,266,812	$1,329,057	$1,394,381	$1,462,938	$1,534,888	$1,610,399
W009 - Groundwater Banking	$182,661	$188,141	$193,785	$199,598	$205,586	$211,754	$218,107
W010 - Claims&Litigatn, Pub. Rec Req	$567,645	$584,675	$602,215	$620,282	$638,890	$658,057	$677,798
W014 - Damage Claims	$60,946	$63,388	$65,934	$68,588	$71,356	$74,243	$77,254
W015 - OMR-Water Distribution Systems	$8,632,135	$9,017,923	$11,552,270	$12,081,275	$12,635,272	$13,215,466	$13,823,123
W016 - OMR-Pumping Plants	$3,099,170	$3,234,069	$4,079,421	$4,262,110	$4,453,296	$4,653,382	$4,862,796
W017 - Information Services	$391,332	$406,861	$423,046	$439,914	$457,498	$475,829	$494,939
W018 - Other Charges - S & S	$4,143	$4,321	$4,507	$4,700	$4,903	$5,115	$5,337
W020 - Water Supply Planning & Res Mgmt	$906,821	$951,925	$999,277	$1,048,990	$1,101,181	$1,155,974	$1,213,498
W023 - Disaster Services - OES/FEMA	$27,762	$29,150	$30,607	$32,138	$33,745	$35,432	$37,204
W030 - Pumping Plants - Power	$3,815,924	$4,067,204	$4,331,239	$4,526,150	$4,729,832	$4,942,679	$5,165,105
W036 - New Water Service Engrng & Insp	$633,635	$664,208	$696,276	$729,913	$765,196	$802,208	$841,032
W042 - OMR-Wells	$924,491	$958,617	$994,087	$1,030,956	$1,069,284	$1,109,132	$1,150,564
W043 - OMR-Tanks	$227,913	$235,392	$243,127	$251,128	$259,405	$267,967	$276,824
W044 - Water Conservation	$3,237,568	$3,341,527	$3,448,945	$3,559,945	$3,674,652	$3,793,195	$3,915,709
Total	**$57,758,242**	**$60,491,131**	**$66,901,743**	**$69,986,837**	**$73,218,091**	**$76,602,558**	**$80,147,635**
Waterworks Dist ACO #40 – N64							
W004 - Administration Support	$28,479	$28,479	$30,454	$31,977	$33,256	$34,253	$28,479
W013 - Construction of Water System Fac	$1,237,622	$1,237,622	$1,323,430	$1,389,602	$1,445,186	$1,488,541	$1,237,622
Subtotal – N33	**$1,266,101**	**$1,266,101**	**$1,353,884**	**$1,421,578**	**$1,478,442**	**$1,522,795**	**$1,266,101**
Total O&M	**$59,024,343**	**$61,757,233**	**$68,255,628**	**$71,408,416**	**$74,696,533**	**$78,125,353**	**$81,716,113**

6.7. Existing Debt Service

District 40 does not currently have debt service.

6.8. Capital Project Funding

Table 6-13 shows a summary of the District's capital improvement plan. District staff estimates that capital expenditures on average will be $22.6M annually inflated for future dollars. These projections were inflated using the inflationary assumptions in **Table 6-1**.

Table 6-13: Summarized Capital Improvement Plan

Capital Improvement Plan - Inflated	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Planned Annual CIP Expenditures	$17,964,800	$11,744,488	$8,968,028	$39,305,653	$47,471,799
Capital Accomplishment Factor	85%	85%	85%	85%	85%
Funded Annual CIP Expenditures	**$15,270,080**	**$9,982,815**	**$7,622,824**	**$33,409,805**	**$40,351,029**

6.9. Status Quo Financial Plan

Table 6-14 shows the projected financial plan based on revenues at existing rates with no adjustments, or the "status quo" scenario. Revenues are derived from **Table 6-11**.

Net Revenue is equal to total revenues less O&M expenses. Net cash flow is equal to net revenue less debt service and cash funded CIP. District staff provided beginning fund balances for FY 2025 and FY 2026. Ending balances are calculated by adding beginning balances to net cash flow. Under the status quo scenario, the General Fund will not meet reserve targets after FY 2028 and go negative in FY 2030.

Table 6-14: Status Quo Projected Financial Plan

Cash Flow		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues						
Revenues from Existing Rates						
Waterworks Dist Gen #40 – N63		$59,211,497	$60,395,727	$61,603,642	$62,835,715	$64,092,429
Waterworks Dist ACO #40 – N64		$1,883,914	$1,921,592	$1,960,024	$1,999,224	$2,039,209
Rev Adj.	**% Adj**					
FY 2026	0.0%	$0	$0	$0	$0	$0
FY 2027	0.0%		$0	$0	$0	$0
FY 2028	0.0%			$0	$0	$0
FY 2029	0.0%				$0	$0
FY 2030	0.0%					$0
Revenue Adjustments		$0	$0	$0	$0	$0
Total Rate Revenue		$61,095,411	$62,317,319	$63,563,666	$64,834,939	$66,131,638
Future Wholesale Water Purchase Pass-through		$780,468	$2,123,233	$3,275,981	$4,486,444	$5,757,512
Future Inflationary Pass-through		$2,424,838	$5,829,926	$7,835,352	$9,932,749	$12,126,453
Waterworks Dist Gen #40 – N63						
580 Property Taxes		$1,482,060	$1,511,701	$1,541,935	$1,572,774	$1,604,229
584 Fines Forfeitures & Penalties		$1,010	$1,020	$1,030	$1,041	$1,051
586 Revenue - Use of Money & Prop		$838,409	$744,187	$764,627	$832,524	$950,622
588 Intergvmtl Revenue - State		$4,040	$4,080	$4,121	$4,162	$4,204
592 Charges for Services		$845,370	$853,824	$862,362	$870,986	$879,695
594 Miscellaneous Revenue		$2,020	$2,040	$2,061	$2,081	$2,102
Waterworks Dist ACO #40 – N64						
580 Property Taxes		$1,311,720	$1,337,954	$1,364,713	$1,392,008	$1,419,848
584 Fines Forfeitures & Penalties		$22,220	$22,442	$22,667	$22,893	$23,122
586 Revenue - Use of Money & Prop		$501,039	$223,556	$106,411	$0	$0
588 Intergvmtl Revenue - State		$3,030	$3,060	$3,091	$3,122	$3,153
Total Revenues		**$69,311,635**	**$74,974,344**	**$79,348,017**	**$83,955,723**	**$88,903,629**
O&M Expenses						
Waterworks Dist Gen #40 – N63		$66,901,743	$69,986,837	$73,218,091	$76,602,558	$80,147,635

Cash Flow		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Waterworks Dist ACO #40 – N64		$1,353,884	$1,421,578	$1,478,442	$1,522,795	$1,568,479
Total O&M Expenses		**$68,255,628**	**$71,408,416**	**$74,696,533**	**$78,125,353**	**$81,716,113**
Net Revenue		**$1,056,008**	**$3,565,929**	**$4,651,484**	**$5,830,369**	**$7,187,516**
Debt Service						
Existing Debt		$0	$0	$0	$0	$0
Proposed Debt		$0	$0	$0	$0	$0
Total Debt Service		**$0**	**$0**	**$0**	**$0**	**$0**
CIP Expenditures						
Pay-as-you-go		$15,270,080	$9,982,815	$7,622,824	$33,409,805	$40,351,029
Total CIP Expenditures		**$15,270,080**	**$9,982,815**	**$7,622,824**	**$33,409,805**	**$40,351,029**
Total Expenditures		**$83,525,708**	**$81,391,230**	**$82,319,357**	**$111,535,158**	**$122,067,143**
Net Operating Surplus/(Deficit)		**($16,026,191)**	**($8,587,565)**	**($3,709,626)**	**($28,458,410)**	**($34,112,789)**
District 40 General Fund		**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
Beginning Balance - Fund N63		$22,640,000	$19,496,988	$18,754,360	$20,614,360	$23,671,302
Net Cash Flow bf Interest		($3,981,421)	($1,409,914)	$1,265,579	$2,428,771	$3,612,035
Interest Earnings		*$838,409*	*$667,286*	*$594,421*	*$628,171*	*$709,352*
Ending Balance		**$19,496,988**	**$18,754,360**	**$20,614,360**	**$23,671,302**	**$27,992,690**
Target Reserve Balance						
Operating Reserve		$17,063,907	$17,852,104	$18,674,133	$19,531,338	$20,429,028
Total Target Reserve		**$17,063,907**	**$17,852,104**	**$18,674,133**	**$19,531,338**	**$20,429,028**
Target Reserve Variance		*$2,433,081*	*$902,256*	*$1,940,227*	*$4,139,964*	*$7,563,661*
District 40 ACO Fund						
Beginning Balance - Fund N64		$16,893,000	$8,384,131	$4,957,247	$3,849,855	($23,158,642)
Net Cash Flow bf Interest		**($13,403,080)**	**($8,119,344)**	**($5,750,771)**	**($31,515,353)**	**($38,434,176)**
Interest Earnings		*$519,902*	*$274,406*	*$181,145*	*$0*	*$0*

Cash Flow		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Ending Balance		**$8,384,131**	**$4,957,247**	**$3,849,855**	**($23,158,642)**	**($57,040,893)**
Target Reserve Balance						
Capital Reserve		$5,331,828	$5,865,496	$6,471,188	$7,389,851	$7,019,164
Total Target Reserve		**$5,331,828**	**$5,865,496**	**$6,471,188**	**$7,389,851**	**$7,019,164**
Target Reserve Variance		*$3,052,304*	*($908,249)*	*($2,621,333)*	*($30,548,492)*	*($64,060,058)*
Total Net Cashflow		($16,026,191)	($8,587,565)	($3,709,626)	($28,458,410)	($34,112,789)
Total Reserve Balances		**$27,881,119**	**$23,711,607**	**$24,464,215**	**$512,661**	**($29,048,204)**

Figure 6-1 shows the projected status quo financial plan in graphical format. The bars represent the utility's cash needs: O&M expenses (green bars), rate-funded CIP (PAYGO) (red bars), and reserve funding (gray bars). Current revenues (dashed line) equal the projected revenues at the District's existing rates, which is below the stacked bars in all years beginning in FY 2026, signifying that the District's revenues are not sufficient to fund its costs.

Figure 6-1: Status Quo Projected Financial Plan

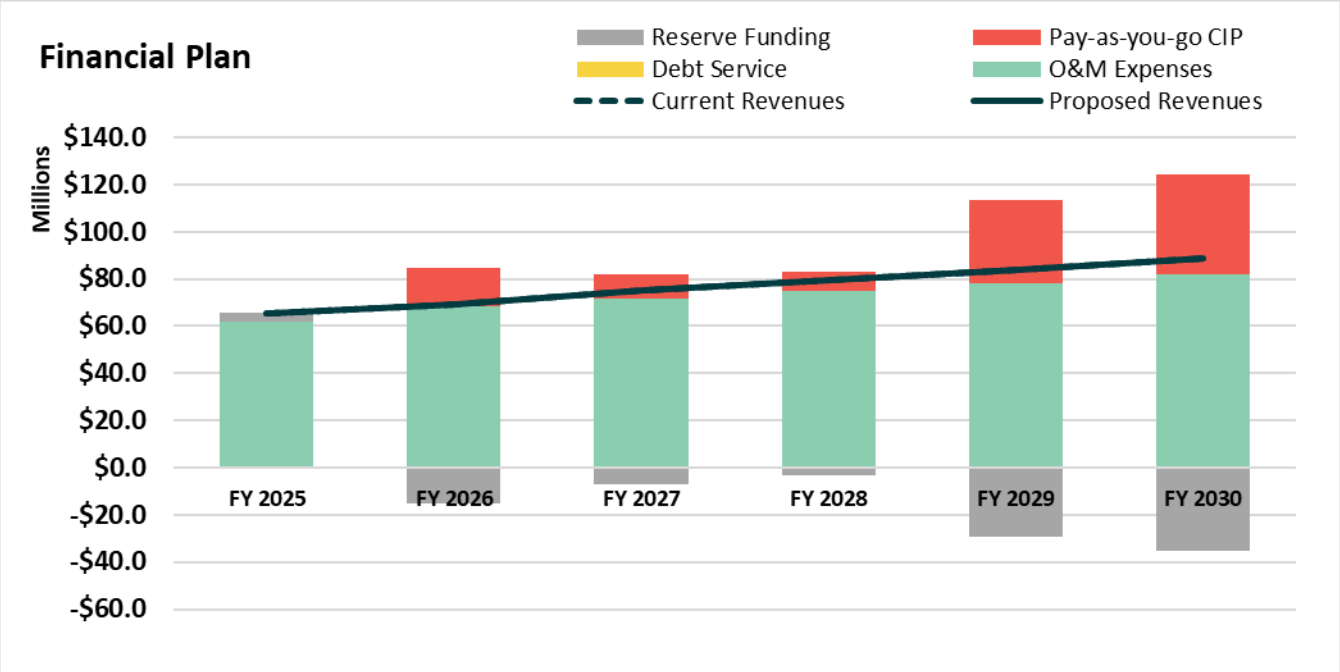
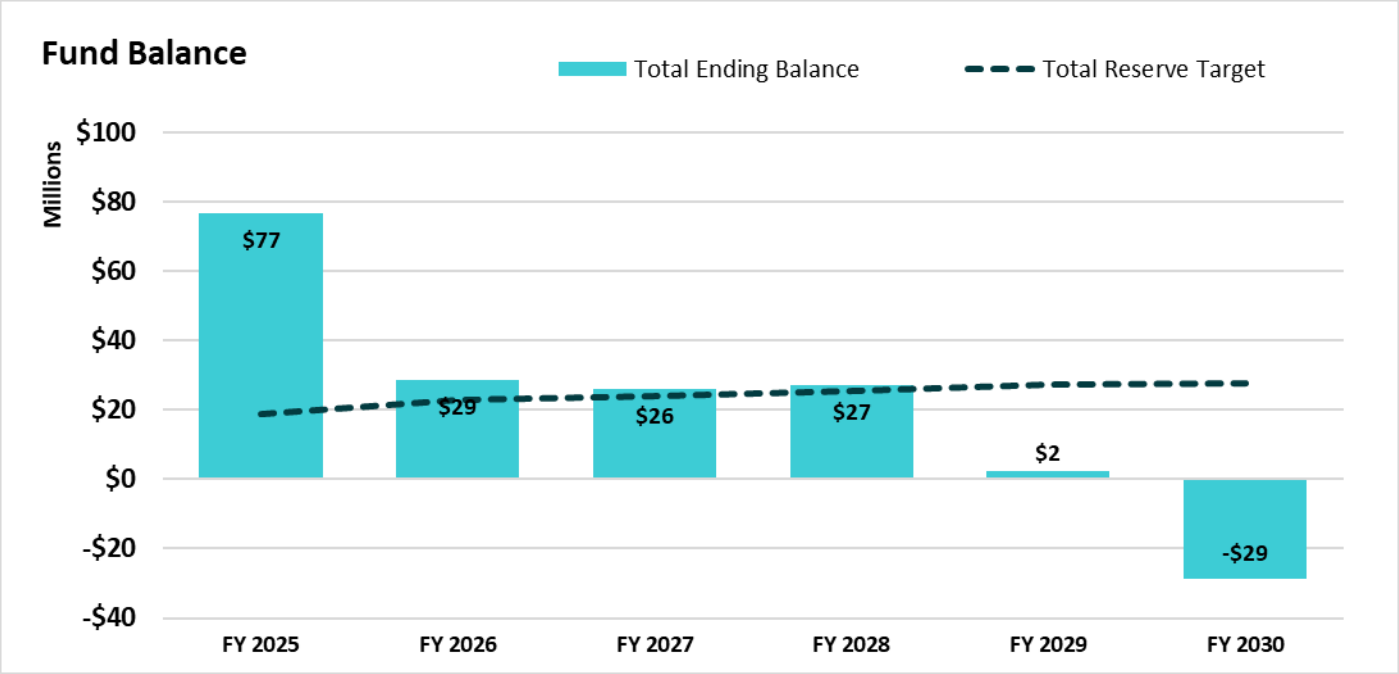


Figure 6-2 shows the projected combined operating and ACO fund balances under the status quo scenario for the study period. The combined funds will be depleted following FY 2028 and become negative in FY 2030.

Figure 6-2: Status Quo Projected Fund Balances



6.10. Proposed Financial Plan

Table 6-15 shows the proposed revenue adjustments that allow the District to maintain financial sufficiency, fund operating and capital expenses, and maintain cash reserves over a 5-year period to achieve the target. The proposed revenue adjustments represent the increase to total rate revenues required to recover the water utility's costs and not the expected impact to each customer class. Revenue adjustments in subsequent years are applied across all charges, classes, and tiers proportional to the base year rates developed for FY 2026. The revenue adjustments will be effective January 1, 2026 and January 1 of every year after.

Table 6-15: Proposed Revenue Adjustments

Revenue Adjustments	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Percent Increase	6.0%	6.0%	6.0%	6.0%	6.0%
Effective Month	January	January	January	January	January

Table 6-16 shows the projected financial plan with the proposed revenue adjustments in **Table 6-15** applied to the rate revenues. Revenues from interest income are greater than those shown in the status quo scenario (**Table 6-14**) due to additional cash from the proposed adjustments. O&M expenses, debt service, and cash funded CIP are the same as the status quo scenario.

Net cash flow is positive in FY 2028, which means that the District will be funding its reserves int hose years. Net cash flow is negative in all other years, which means that the District will be drawing down its General Fund to pay for capital costs. The ending balances will meet recommended reserve targets in all years of the study.

Table 6-16: Proposed Financial Plan

Cash Flow		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues						
Revenues from Existing Rates						
Waterworks Dist Gen #40 – N63		$59,211,497	$60,395,727	$61,603,642	$62,835,715	$64,092,429
Waterworks Dist ACO #40 – N64		$1,883,914	$1,921,592	$1,960,024	$1,999,224	$2,039,209
Rev Adj.	**% Adj**					
FY 2026	6.0%	$1,832,862	$3,739,039	$3,813,820	$3,890,096	$3,967,898
FY 2027	6.0%		$1,981,691	$4,042,649	$4,123,502	$4,205,972
FY 2028	6.0%			$2,142,604	$4,370,912	$4,458,330
FY 2029	6.0%				$2,316,583	$4,725,830
FY 2030	6.0%					$2,504,690
Revenue Adjustments		$1,832,862	$5,720,730	$9,999,073	$14,701,094	$19,862,721
Total Rate Revenue		$62,928,273	$68,038,049	$73,562,739	$79,536,033	$85,994,359
Future Wholesale Water Purchase Pass-through		$780,468	$2,123,233	$3,275,981	$4,486,444	$5,757,512
Future Inflationary Pass-through		$2,424,838	$5,829,926	$7,835,352	$9,932,749	$12,126,453
Waterworks Dist Gen #40 – N63						
580 Property Taxes		$1,482,060	$1,511,701	$1,541,935	$1,572,774	$1,604,229
584 Fines Forfeitures & Penalties		$1,010	$1,020	$1,030	$1,041	$1,051
586 Revenue - Use of Money & Prop		$875,713	$936,791	$1,285,257	$1,877,729	$2,743,184
588 Intergvmtl Revenue - State		$4,040	$4,080	$4,121	$4,162	$4,204
592 Charges for Services		$845,370	$853,824	$862,362	$870,986	$879,695
594 Miscellaneous Revenue		$2,020	$2,040	$2,061	$2,081	$2,102
Waterworks Dist ACO #40 – N64						
580 Property Taxes		$1,311,720	$1,337,954	$1,364,713	$1,392,008	$1,419,848
584 Fines Forfeitures & Penalties		$22,220	$22,442	$22,667	$22,893	$23,122
586 Revenue - Use of Money & Prop		$502,226	$229,684	$122,976	$0	$0
588 Intergvmtl Revenue - State		$3,030	$3,060	$3,091	$3,122	$3,153
Total Revenues		**$71,182,988**	**$80,893,806**	**$89,884,285**	**$99,702,022**	**$110,558,913**
O&M Expenses						
Waterworks Dist Gen #40 – N63		$66,901,743	$69,986,837	$73,218,091	$76,602,558	$80,147,635

Cash Flow		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Waterworks Dist ACO #40 – N64		$1,353,884	$1,421,578	$1,478,442	$1,522,795	$1,568,479
Total O&M Expenses		**$68,255,628**	**$71,408,416**	**$74,696,533**	**$78,125,353**	**$81,716,113**
Net Revenue		**$2,927,360**	**$9,485,391**	**$15,187,752**	**$21,576,669**	**$28,842,800**
Debt Service						
Existing Debt		$0	$0	$0	$0	$0
Proposed Debt		$0	$0	$0	$0	$0
Total Debt Service		**$0**	**$0**	**$0**	**$0**	**$0**
CIP Expenditures						
Pay-as-you-go		$15,270,080	$9,982,815	$7,622,824	$33,409,805	$40,351,029
Total CIP Expenditures		**$15,270,080**	**$9,982,815**	**$7,622,824**	**$33,409,805**	**$40,351,029**
Total Expenditures		**$83,525,708**	**$81,391,230**	**$82,319,357**	**$111,535,158**	**$122,067,143**
Net Operating Surplus/(Deficit)		**($14,154,838)**	**($2,668,103)**	**$6,826,642**	**($12,712,111)**	**($12,457,505)**
District 40 General Fund		**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
Beginning Balance - Fund N63		$22,640,000	$21,310,636	$26,304,940	$38,376,316	$56,726,241
Net Cash Flow bf Interest		($2,205,076)	$4,134,414	$10,956,324	$16,676,548	$22,862,277
Interest Earnings		*$875,713*	*$859,890*	*$1,115,051*	*$1,673,377*	*$2,501,915*
Ending Balance		**$21,310,636**	**$26,304,940**	**$38,376,316**	**$56,726,241**	**$82,090,433**
Target Reserve Balance						
Operating Reserve		$17,063,907	$17,852,104	$18,674,133	$19,531,338	$20,429,028
Total Target Reserve		**$17,063,907**	**$17,852,104**	**$18,674,133**	**$19,531,338**	**$20,429,028**
Target Reserve Variance		*$4,246,729*	*$8,452,836*	*$19,702,183*	*$37,194,902*	*$61,661,404*
District 40 ACO Fund						
Beginning Balance - Fund N64		$16,893,000	$8,441,836	$5,197,481	$4,414,981	($22,140,198)
Net Cash Flow bf Interest		**($13,346,563)**	**($7,942,942)**	**($5,442,443)**	**($31,062,035)**	**($37,821,697)**
Interest Earnings		*$521,089*	*$280,534*	*$197,710*	*$0*	*$0*

Cash Flow		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Ending Balance		**$8,441,836**	**$5,197,481**	**$4,414,981**	**($22,140,198)**	**($55,409,971)**
Target Reserve Balance						
Capital Reserve		$5,331,828	$5,865,496	$6,471,188	$7,389,851	$7,019,164
Total Target Reserve		**$5,331,828**	**$5,865,496**	**$6,471,188**	**$7,389,851**	**$7,019,164**
Target Reserve Variance		*$3,110,008*	*($668,014)*	*($2,056,207)*	*($29,530,049)*	*($62,429,135)*
Total Net Cashflow		($14,154,838)	($2,668,103)	$6,826,642	($12,712,111)	($12,457,505)
Total Reserve Balances		**$29,752,472**	**$31,502,422**	**$42,791,297**	**$34,586,043**	**$26,680,462**

Figure 6-3 shows the projected financial plan with the proposed revenue adjustments. The solid line represents the proposed revenues with adjustments applied.

Figure 6-3: Proposed Financial Plan

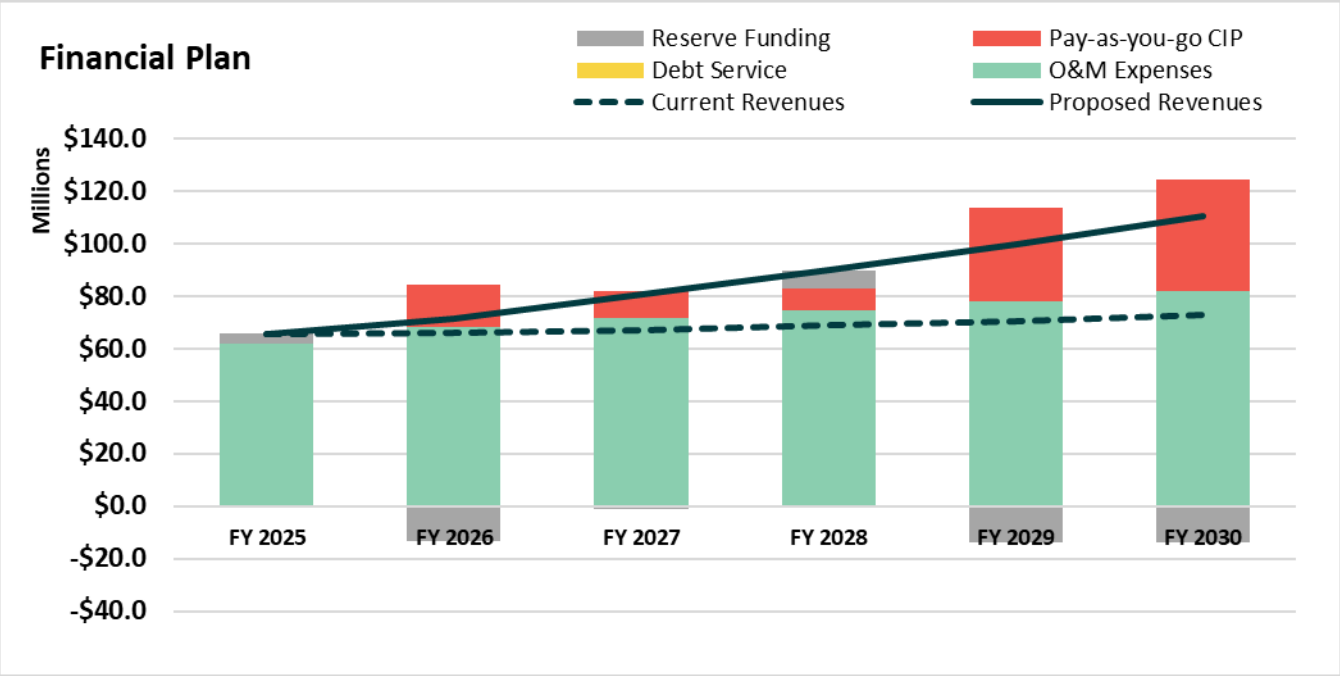
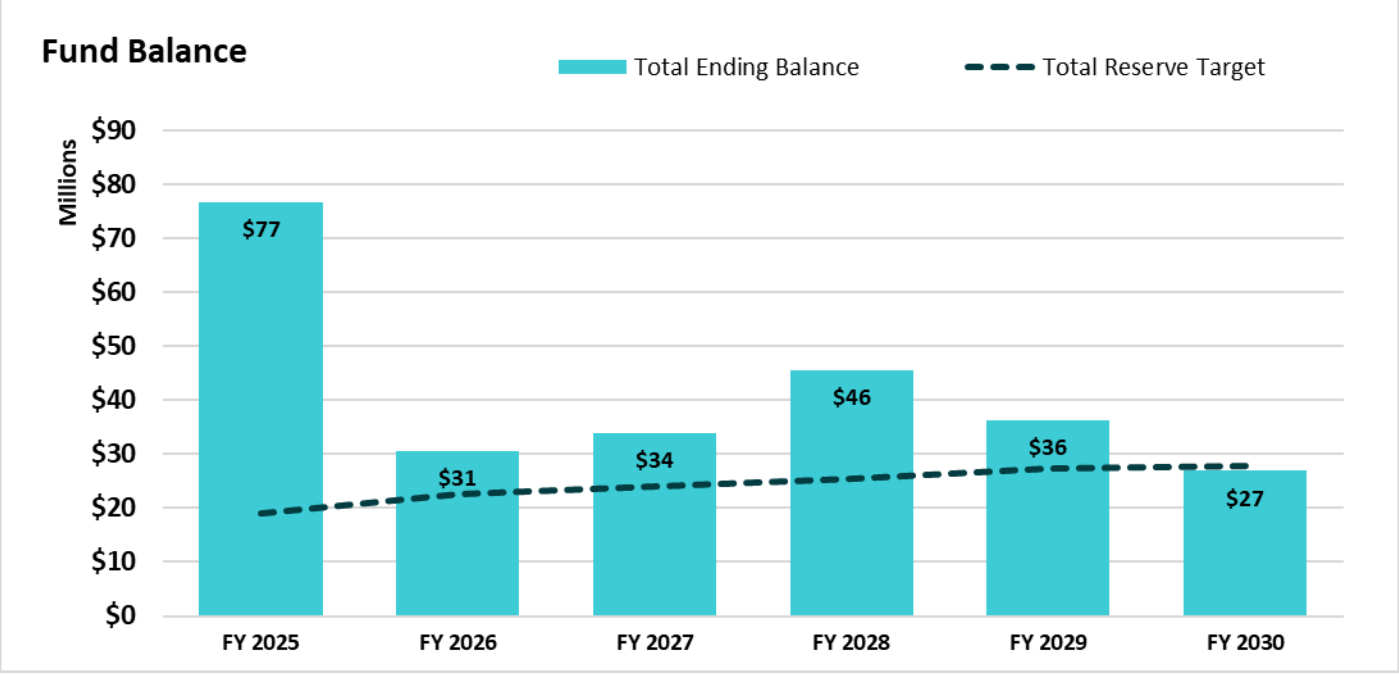


Figure 6-4 shows the projected fund balances with the proposed revenue adjustments. The District's combined fund balances are expected to meet the reserve target in each year of the study.

Figure 6-4: Proposed Fund Balances



7. District 40 Cost-of-Service Analysis

This section of the report describes the COS analysis. The purpose of a COS analysis is to proportionately allocate costs to the various customer classes and tiers based on their cost burden on the water system. Numbers shown in the tables of this section are rounded. Therefore, hand calculations based on the displayed numbers, such as summing or multiplying, may not equal the exact results shown.

7.1. Process and Approach

The COS analysis was developed for the purpose of complying with Proposition 218's requirement to establish rates that do not exceed the proportional cost of service on a parcel basis. In order to meet this requirement, the analysis uses the Base-Extra Capacity methodology as adjusted to meet District 29's particular circumstances. This methodology was developed by industry experts and professionals as a means to separate costs associated with average usage, and those associated with above average – or extra-capacity-usage, and to allocate costs accordingly. Further explanation and analysis of this methodology can be found in the AWWA's M1 Manual. The Base-Extra Capacity methodology was used to allocate system capacity designed to provide capacity to deliver water to properties served by District 29 in sufficient quantities and pressures to fight fire, both through public hydrants and private fire lines.

The purpose of a COS analysis is to align the annual cost of providing water service proportionately to each customer . District 40 has two tiers. This COS analysis allocates costs to tiers based on the cost to serve water in that tier. A COS analysis involves the following steps:

1. **Determine Revenue Requirement:** The first step in the COS analysis is determining the adequate and appropriate level of funding for the water utility. This is referred to as determining the "revenue requirement" for the base year, which for this study is FY 2026. This analysis considers the short-term and long-term service objectives of the water utility over a given planning horizon, including capital facilities, O&M, and financial reserve policies to determine the adequacy of a utility's existing rates to recover its costs.
2. **Categorize Costs into System Functions:** Utilizing an agency's approved budget, financial reports, operating data, engineering data, and CIP, a rate study generally categorizes (i.e., functionalizes) the operating and capital costs of the water system among major system functions. Examples of system functions include but are not limited to supply, treatment, distribution, meter servicing, and customer service and billing.
3. **Allocate Functionalized Costs to the Appropriate System Cost Components:** Cost components are the water system's cost drivers. Costs are first functionalized because the functions allow for accurate allocation to the cost components. For example, distribution costs (system function) are allocated to base and maximum day (cost components) since distribution lines are sized to accommodate both average (base) demands and maximum day (peak) demands. The District's water system cost components include supply, base, maximum, day, maximum hour, meter servicing, and customer service and billing. Maximum day and maximum hour costs were use to assess public and private fire capacity and charges only.
4. **Determine Units of Service and Unit Costs for Cost Components:** Each cost component is associated with a specific unit of service; costs within each component are divided by the total units of

service to determine the unit cost. For example, water supply costs are associated with the total annual use. Dividing total annual costs by total annual use yields the unit cost of water supply.

5. **Calculate Rates Based on the Units of Service:** The units of service are used to create a rate structure including fixed charges and volumetric rates.

7.2. Revenue Requirement

Table 7-1 shows the revenue requirement for the test year, FY 2026. The revenue requirements are comprised of the O&M expenses (**Table 6-12**), debt service (**Table 6-13**), and cash-funded CIP costs (**Table 6-17**). The revenue offsets represent the miscellaneous, non-rate revenues (**Table 6-11**) that are used to offset the revenue requirements. The adjustment for cash balance is equal to the net cash flow for FY 2026 (**Table 6-17**) and represents the amount that is drawn down from reserves to fund costs.

The total rate revenue requirement is equal to revenue requirements less revenue offsets and adjustments. The rate revenue requirement without offsets is equal to the revenue requirements less adjustments only.

The revenue requirement is comprised of two components: operating costs and capital costs. These components form the operating and capital revenue requirements, which will be allocated based on the allocation of O&M expenses and the asset allocation to the cost components.

Table 7-1: Revenue Requirement (FY 2026)

Revenue Requirement - FY 2026	Operating	Capital	Total
Revenue Requirements			
O&M Expenses	$68,255,628		$68,255,628
Debt Service		$0	$0
Rate Funded CIP		$15,270,080	$15,270,080
Gross Revenue Requirement	**$68,255,628**	**$15,270,080**	**$83,525,708**
Revenue Offsets			
Waterworks Dist Gen #40 – N63			
Future Wholesale Water Purchase Pass-through	$780,468		$780,468
Future Inflationary Pass-through	$593,857		$593,857
580 Property Taxes	$1,482,060		$1,482,060
584 Fines Forfeitures & Penalties	$1,010		$1,010
586 Revenue - Use of Money & Prop	$875,713		$875,713
588 Intergvmtl Revenue - State	$4,040		$4,040
592 Charges for Services	$845,370		$845,370
594 Miscellaneous Revenue	$2,020		$2,020
Waterworks Dist ACO #40 – N64			
580 Property Taxes		$1,311,720	$1,311,720
584 Fines Forfeitures & Penalties		$22,220	$22,220
586 Revenue - Use of Money & Prop		$521,089	$521,089
588 Intergvmtl Revenue - State		$3,030	$3,030
Total - Revenue Offsets	**$4,584,537**	**$1,858,059**	**$6,442,596**
Adjustments			
Adjustment for Cash Balance	$14,154,838	$0	$14,154,838
Adjustments to Annualize Rate Increase	($1,832,862)		($1,832,862)
Total - Adjustments	**$12,321,976**	**$0**	**$12,321,976**
Net Revenue Requirement	**$51,349,114**	**$13,412,021**	**$64,761,136**
Revenue Requirement without Offsets	$55,933,652	$15,270,080	$71,203,732

7.3. Water System Functions

After determining the water utility's revenue requirement, the next step in a COS analysis is to categorize operating and capital costs into system functions. Raftelis worked with District staff to determine the appropriate functions for the operating expenses. The functions used for District 40 include:

- Supply – AVEK
- Supply - Groundwater
- Pumping – Pressure Zones
- Pumping – Other
- Treatment
- Distribution Storage
- Distribution

- Conservation
- Customer Service & Meter Reading
- Meter Maintenance
- General/Administration

Operating costs are functionalized based on FY 2024 actuals projected to FY 2026 dollars. **Table 7-2** shows a summary of the functionalized O&M costs. Appendix B shows the full detailed O&M functionalization table.

Table 7-2: O&M Expenses Functions Summary

O&M Expenses	Total
Supply – AVEK	$22,286,312
Supply – Groundwater	$3,280,399
Pumping	$6,179,087
Treatment	$1,302,668
Distribution Storage	$441,642
Distribution	$11,295,489
Conservation	$3,448,945
Customer Service & Meter Reading	$7,323,260
Meter Maint	$3,024,939
General/Admin	$9,672,886
Total	**$68,255,628**

Capital costs are functionalized based on the replacement cost less depreciation of the utility's assets. **Table 7-3** shows a summary of asset values by function. It is based on an asset list provided by the District.

Table 7-3: Functionalized Asset Summary

Asset Allocation	Total
	RCLD
Supply – AVEK	$0
Supply – Groundwater	$0
Pumping	$0
Treatment	$0
Distribution Storage	$0
Distribution	$447,460,274
Conservation	$0
Customer Service & Meter Reading	$0
Meter Maintenance	$0
Public Fire	$13,412,822
Private Fire	$0
General/Admin	$0
Total	**$460,873,096**

7.4. Cost Components

The next step in the COS analysis involves allocating the functionalized operating and capital costs to each cost causation components (also called cost components). The cost components are the utilities cost drivers. Functionalizing costs first helps assign costs to cost components. The cost components used in this study include:

- **Supply – AVEK:** represents the costs of supplying water to customers through purchases from the Antelope Valley- East Kern Water Agency (AVEK)
- **Supply – Groundwater:** represents the costs of supplying water to customers through pumping groundwater
- **Pumping:** represents the costs of pumping water to the various pressure zones within the District's service area
- **Base (Average Delivery):** represents the costs of delivering water to customers under average demand conditions
- **Maximum Day (Max Day):** represents the costs of delivering water to customers on the day with highest demand
- **Maximum Hour (Max Hour):** represents the costs of delivering water to customers on the hour with the highest demand on the day with the highest demand
- **Meter:** represents the costs of reading, purchasing, servicing, and replacing meters
- **Private Fire:** represents the costs of providing private fire service to customers
- **Private Fire Backflow Administration & Meter Reading:** represents the costs of administering the District's backflow prevention program and reading backflow meters
- **General:** represents all other costs that have either a general or administrative function

Max Day and Max Hour costs were used to assess public and private fire charges (only). Before allocating functionalized costs to each cost component, we must determine the allocation bases for certain components. These allocation bases are derived in the following subsections.

7.5. Peaking Factors

Peaking factors represent water demand during peak times of use. Peaking factors were used to assess fire-fighting capacity, which in turn is used to set private fire charges. Functionalized costs are then allocated to the Base, Max Day, and Max Hour cost components using the allocation bases derived from the peaking factors, shown in **Table 7-4**.

District staff provided the Max Day and Max Hour peaking factors (**Table 7-4**) for the water system, normalized to average day (Base) demand. The peaking factors were taken from the District's latest Water Master Plan. Peaking factors are used to allocated costs to the Max Day and Max Hour cost components which are known as extra capacity. They are used, for both Districts, to assign private fire capacity costs since fire capacity is a subset of extra capacity. Portions of a water system, such as tanks and distribution lines, are designed Max Day and Max Hour flows – a portion of which are for fire flows. For example, a tank is often designed to meet Max Day flows plus fire flow. Allocating costs to Max Day and Max Hour cost components allows for an estimate of the cost associated with dedicated fire capacity in a water system which is derived in this section.

The allocation bases are calculated using the equations outlined in this section.

The Max Day allocations are calculated as follows:

- Base: Base factor / Max Day factor
- Max Day: (Max Day factor - Base factor)/Max Day factor

The Max Hour allocations are calculated as follows:

- Base: Base factor / Max Hour factor
- Max Day: (Max Day factor – Base factor)/Max Hour factor
- Mad Hour: (Max Hour factor – Max Day Factor)/Max Hour factor

Table 7-4: System-Wide Peaking Factors

System-Wide Peaking Factors	Peaking Factor	Base	Max Day	Max Hour	Total
Base	1.00	100%	0%	0%	100%
Max Day	2.00	50%	50%	0%	100%
Max Hour	4.00	25%	25%	50%	100%

The above equations are used to allocate costs to extra capacity costs in the following sections. For example, distribution storage costs, as shown in Table 7-5, are allocated using the Max Day allocation bases in Table 7-4. As shown in Table 7-5, this implies that 50% of distribution storage costs are associated with Max Day flows - a subset of which is fire flow. Fire flow (capacity) and storage tanks and distribution lines must be sized to provide fire flow. Therefore, the purpose of the cost allocations below is to estimate the cost of dedicated fire capacity in a water system which is derived in Section 7.7.

7.6. Cost Allocations

After determining the various allocation bases in the previous subsections, we can then determine the operating and capital cost allocations. **Table 7-5** shows the allocation of water system functions to cost components. The functions are allocated as follows:

- **Supply – AVEK:** allocated directly to the Supply – AVEK component
- **Supply – Groundwater:** allocated directly to the Supply – Groundwater component
- **Pumping – Pressure Zones:** allocated directly to the Pumping component
- **Pumping – Other:** allocated based on Max Day (**Table 7-4**) because pumping facilities for distribution are sized to accommodate Max Day demand
- **Treatment:** allocated directly to the Base component
- **Distribution Storage:** allocated based on Max Day (**Table 7-4**) because storage facilities, such as tanks, are sized to accommodate Max Day demand
- **Distribution:** allocated based on Max Hour (**Table 7-4**) because transmission assets, such as water mains, are sized to accommodate Max Hour demand
- **Conservation:** allocated directly to the Base component
- **Customer Service:** allocated directly to the Meter component
- **Meter:** allocated directly to Meter component

- **General/Administration:** allocated directly to General/Administration component except for a small percentage allocated to the Backflow Administration & Meter Reading program component for those program costs

Table 7-6 shows the operating cost allocation to the cost components derived by allocating the O&M expenses by system function (**Table 7-2**) to the cost components using the functional cost allocations in **Table 7-5**. The resulting operating allocation percentages, shown in Line 12, will be used to allocate the operating revenue requirement.

Table 7-7 shows the capital cost allocation to the cost components, derived by allocating the functionalized assets (**Table 7-3**) to the cost components using the functional cost allocations shown in **Table 7-5**. The resulting capital allocation percentages, shown in Line 15, will be used to allocate the capital revenue requirement. Much of District 40's capital program involves distribution lines. Distribution lines are an example of infrastructure that is sized and operated to meet both average flows and Max Day and Max Hour flows.

Table 7-8 shows the revenue offset allocation. The future wholesale water purchase pass-through revenue is allocated entirely to the Supply component. All other General Fund revenue offsets are allocated using the O&M allocations (**Table 7-6**) and all ACO Fund revenue offsets are allocated using the Capital allocations (**Table 7-7**).

Table 7-5: Functional Allocations to Cost Components

Line No	Function	Allocation Basis	Supply AVEK	Supply GW	Pump Zone	Base	Max Day	Max Hour	Meter	Private Fire	Private Fire Backflow Admin & Meter Reading	General
1	Supply AVEK	Supply	100%									
2	Supply Groundwater	Pumping		100%								
3	Pumping	Max Day			As Provided	50%	50%	0%				
4	Treatment	Base				100%						
5	Distribution Storage	Max Day				50%	50%	0%				
6	Distribution	Max Hour				25%	25%	50%				
7	Conservation	Base				100%						
8	Customer Service & Meter Reading	Customer Service							100%			
9	Meter Maint	Meter Maintenance							100%			
10	Public Fire								100%			
11	Private Fire									100%		
12	General/Admin	General									2.88%	97.12%

Table 7-6: Operating Cost Allocation to Cost Components

Line No	O&M Expenses	Supply AVEK	Supply GW	Pump Zone	Base	Max Day	Max Hour	Meter	Private Fire	Private Fire Backflow Admin & Meter Reading	General	Total
1	Supply AVEK	$22,286,312	$0	$0	$0	$0	$0	$0	$0	$0	$0	$22,286,312
2	Supply Groundwater	$0	$3,280,399	$0	$0	$0	$0	$0	$0	$0	$0	$3,280,399
3	Pumping	$0	$0	$4,500,000	$839,544	$839,544	$0	$0	$0	$0	$0	$6,179,087
4	Treatment	$0	$0	$0	$1,302,668	$0	$0	$0	$0	$0	$0	$1,302,668
5	Distribution Storage	$0	$0	$0	$220,821	$220,821	$0	$0	$0	$0	$0	$441,642
6	Distribution	$0	$0	$0	$2,823,872	$2,823,872	$5,647,744	$0	$0	$0	$0	$11,295,489
7	Conservation	$0	$0	$0	$3,448,945	$0	$0	$0	$0	$0	$0	$3,448,945
8	Customer Service & Meter Reading	$0	$0	$0	$0	$0	$0	$7,323,260	$0	$0	$0	$7,323,260
9	Meter Maint	$0	$0	$0	$0	$0	$0	$3,024,939	$0	$0	$0	$3,024,939
10	General/Admin	$0	$0	$0	$0	$0	$0	$0	$0	$278,546	$9,394,340	$9,672,886
11	**Total Allocation to Cost Components ($)**	**$22,286,312**	**$3,280,399**	**$4,500,000**	**$8,635,850**	**$3,884,237**	**$5,647,744**	**$10,348,199**	**$0**	**$278,546**	**$9,394,340**	**$68,255,628**
12	**Allocation of O&M Expenses to Cost Components (%)**	**32.7%**	**4.8%**	**6.6%**	**12.7%**	**5.7%**	**8.3%**	**15.2%**	**0.0%**	**0.4%**	**13.8%**	**100%**

Table 7-7: Capital Cost Allocation to Cost Components

Line No	Asset Allocation	Supply AVEK	Supply GW	Pump Zone	Base	Max Day	Max Hour	Meter	Private Fire	General	Total
1											RCLD
2	Supply AVEK	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
3	Supply Groundwater	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4	Pumping	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5	Treatment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
6	Distribution Storage	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
7	Distribution	$0	$0	$0	$111,865,068	$111,865,068	$223,730,137	$0	$0	$0	$447,460,274
8	Conservation	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
9	Customer Service & Meter Reading	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
10	Meter Maint	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
11	Public Fire	$0	$0	$0	$0	$0	$0	$13,412,822	$0	$0	$13,412,822
12	Private Fire	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
13	General/Admin	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
14	**Total Allocation to Cost Components ($)**	**$0**	**$0**	**$0**	**$111,865,068**	**$111,865,068**	**$223,730,137**	**$13,412,822**	**$0**	**$0**	**$460,873,096**
15	**Allocation of Assets to Cost Components (%)**	**0.0%**	**0.0%**	**0.0%**	**24.3%**	**24.3%**	**48.5%**	**2.9%**	**0.0%**	**0.0%**	**100.0%**

Table 7-8: Revenue Offset Allocation

Revenue Offset Allocation	Rationale	Supply AVEK	Supply GW	Pump Zone	Base	Max Day	Max Hour	Meter	Private Fire Backflow Admin & Meter Reading	General	Total
Waterworks Dist Gen #40 – N63											
Future Wholesale Water Purchase Pass-through	Supply	$780,468									$780,468
Future Inflationary Pass-through	O&M	$791,740	$116,539	$159,866	$306,796	$137,991	$200,641	$367,628	$9,896	$333,742	$2,424,838
580 Property Taxes	O&M	$483,911	$71,229	$97,710	$187,513	$84,340	$122,632	$224,694	$6,048	$203,983	$1,482,060
584 Fines Forfeitures & Penalties	O&M	$330	$49	$67	$128	$57	$84	$153	$4	$139	$1,010
586 Revenue - Use of Money & Prop	O&M	$285,931	$42,087	$57,735	$110,797	$49,834	$72,460	$132,766	$3,574	$120,528	$875,713
588 Intergvmtl Revenue - State	O&M	$1,319	$194	$266	$511	$230	$334	$613	$16	$556	$4,040
592 Charges for Services	O&M	$276,024	$40,629	$55,734	$106,958	$48,108	$69,949	$128,166	$3,450	$116,352	$845,370
594 Miscellaneous Revenue	O&M	$660	$97	$133	$256	$115	$167	$306	$8	$278	$2,020
Waterworks Dist ACO #40 – N64											
580 Property Taxes	General	$0	$0	$0	$0	$0	$0	$0	$0	$1,311,720	$1,311,720
584 Fines Forfeitures & Penalties	General	$0	$0	$0	$0	$0	$0	$0	$0	$22,220	$22,220
586 Revenue - Use of Money & Prop	General	$0	$0	$0	$0	$0	$0	$0	$0	$502,226	$502,226
588 Intergvmtl Revenue - State	General	$0	$0	$0	$0	$0	$0	$0	$0	$3,030	$3,030
Total		**$2,620,382**	**$270,823**	**$371,511**	**$712,959**	**$320,675**	**$466,267**	**$854,327**	**$22,996**	**$2,614,774**	**$8,254,714**

7.7. Allocation of Public and Private Fire Capacity Costs

Water systems deliver water to property in sufficient quantities and pressure to fight fires in two ways:: public fire hydrants which are designed to deliver water to properties within their perimeter, and and private fire lines for private structures with sprinkler systems for fire suppression that are designed to deliver water to a single parcel or structure. Raftelis performed a fire flow demand analysis to determine the share of fire capacity allocated to public versus private fire capacity. The District provided Raftelis with a count of public fire hydrants. The number of private fire lines is shown in **Table 6-8**.

Table 7-9 shows the calculation of equivalent fire demand associated with public hydrants and private fire lines. Each connection size has a fire flow demand factor like the hydraulic capacity factor of a water meter. The diameter of the connection (in inches) is raised to the 2.63 power to determine the fire flow demand factor.[4] The fire flow demand factor is multiplied by the number of connections by size to calculate equivalent fire demand. Total equivalent fire demand is shown for public hydrants and private fire lines .

Table 7-9: Equivalent Fire Demand

Fire Line Size	Fire Line Size (#)	Fire Demand Ratio	Private Fire Capacity Connections	Private Fire Equivalent Connections	Public Hydrants	Equivalent Hydrant Connections
2"	2	6.19	1	6		0
2.5"	2.5	11.13	0	0		0
3"	3	17.98	2	36		0
4"	4	38.32	64	2,452		0
6"	6	111.31	152	16,919	7,610	847,076
8"	8	237.21	226	53,609		0
10"	10	426.58	167	71,239		0
12"	12	689.04	1	689		0
Total			**613**	**144,950**	**7,610**	**847,076**
Percent to Private & Public Fire				**14.6%**		**85.4%**

Table 7-10 shows the duration and flow required for fire capacity through District 40 which yields the fire capacity shown in bold, shown on Line 4, which is converted to hundred cubic feet per day (hcf/day). The max hour capacity is in excess of the max day capacity in units of hcf per day. The table also shows the capacity for public and private fire capacity shown in Lines 15 and 16 respectively. Max day public fire capacity is derived as line 9 divided by line 12. Max hour public fire capacity is also line 9 divided by line 12. The same calculation is performed for private fire capacity. These percentages are used to allocate public and private fire capacity costs in **Table 7-11**.

[4] Hazen-Williams equation and AWWA Manual M1

Table 7-10: Public vs Private Fire Capacity

Line No	Fire Capacity Estimate	Fire #1	Fire #2	Fire #3	Fire #4	Fire #5	Fire #6	Total	Max Day	Max Hour
1	Hours for Fire	4.0	3.0	4.0	4.0	2.0	2.0	**20.0**		
2	kgal/min	4.5	3.0	4.5	4.5	2.5	2.5	**23.0**		
3										
4	**Capacity Demanded for Fire (hcf/day)**								**36,898**	**7,380**
5	Allocation to Public Fire								85%	85%
6	Allocation to Private Fire								14.6%	14.6%
7										
8	**System Capacity**									
9	Public Fire Capacity								31,507	6,301
10	Private Fire Capacity								5,391	1,078
11	Domestic Demand Capacity								47,472	96,159
12	**Total**								**84,370**	**103,539**
13										
14	**Proportion of System Capacity**									
15	Public Fire Capacity								37.3%	6.1%
16	Private Fire Capacity								6.4%	1.0%
17	Customer Demand Capacity								56.3%	92.9%
18	**Total**								**100.0%**	**100.0%**

7.8. Revenue Requirement Distribution

Table 7-11 shows the distribution of the revenue requirement to each cost component and all reallocations of costs, resulting in the final cost of service by component.

The operating costs are equal to the operating revenue requirement less offsets (**Table 7-1**) and are allocated based on the operating allocation percentages (**Table 7-6**). The capital costs are equal to the capital revenue requirement less offsets (**Table 7-1**) and are allocated based on the capital allocation percentages (**Table 7-7**). The revenue offsets are subtracted from the operating and capital revenue requirements based on the offsets allocated to each cost component (**Table 7-8**). This results in the cost of service prior to any adjustments.

Next, we reallocate General costs based on the proportion of costs associated with each remaining cost component., The percentages are shown in line 6 and the allocation is shown in line 7.

Once general costs have been reallocated, the public and private fire allocations are reallocated. Public fire capacity represents a common benefit across users. Therefore, all public fire capacity costs are recovered from the Meter Service Charge – and therefore to the Meters component to be recovered from all metered connections based on hydraulic capacity. This is shown in line 10. The Max day and Max hour totals in line 8 are multiplied by the public fire capacity percentages in **Table 7-10**. Private fire capacity costs are reallocated from Max Day and Max Hour to Fire capacity in Line 11, based on the percentage of capacity units associated with private fire capacity, shown in Line 16 of **Table 7-10**. Note that the reallocation results in a shifting of costs between cost causation components, but does not change the total rate revenue requirement.

Next, fixed costs in the Base and Peaking components are recovered through the Facilities Construction Surcharges. The District currently recovers about $2M through the surcharges. By allocating 7 percent of fixed Base and Peaking costs, the Capital Facility surcharges will collect approximately the same amount of revenue.

Finally, a portion of fixed base and peaking costs are reallocated to the Meter component as shown in line 17. Utilities invest in, and continuously maintain, facilities to provide capacity to meet all levels of water consumption. These costs must be recovered regardless of the amount of water used during a given period, and therefore these fixed water system costs are recovered through the fixed meter service charge. To balance between affordability and revenue stability, it is a common practice that a portion of fixed costs in the base, max day and max hour cost components, are recovered in the monthly service charge, along with customer-related costs and meter-related costs. District 40 collects approximately 48 percent of its rate revenues from Monthly Service Charges. The proposed charges will recover 43% of revenue through the Service Charge.

Table 7-11: Revenue Requirement by Cost Component

Line No	Adjusted Cost of Service	Supply AVEK	Supply GW	Pumping	Base	Max Day	Max Hour	Meter	Private Fire Capacity	Private Fire Backflow Admin & Meter Reading	Capital Facility Charge	General	Total
1	Operating Revenue Requirement	$18,263,033	$2,688,199	$3,687,629	$7,076,847	$3,183,028	$4,628,175	$8,480,071		$228,261		$7,698,409	$55,933,652
2	Capital Revenue Requirement	$0	$0	$0	$3,706,418	$3,706,418	$7,412,837	$444,406		$0		$0	$15,270,080
3	Revenue Offsets	($2,022,544)	($182,825)	($250,797)	($481,299)	($216,479)	($314,764)	($576,733)		($15,524)		($2,381,631)	($6,442,596)
4	**Total - Cost of Service**	**$16,240,490**	**$2,505,374**	**$3,436,832**	**$10,301,966**	**$6,672,967**	**$11,726,247**	**$8,347,745**		**$212,737**		**$5,316,778**	**$64,761,136**
5													
6	Allocation of General Costs (%)	27.32%	4.21%	5.78%	17.33%	11.23%	19.73%	14.04%		0.36%			99.64%
7	Allocation of General Costs	$1,452,570	$224,084	$307,395	$921,421	$596,839	$1,048,810	$746,633		$19,027		($5,316,778)	$0
8	**Subtotal**	**$17,693,060**	**$2,729,457**	**$3,744,227**	**$11,223,387**	**$7,269,806**	**$12,775,058**	**$9,094,377**		**$231,764**		**$0**	**$64,761,136**
9													
10	Public Fire capacity to Meter					($2,714,820)	($777,493)	$3,492,314					
11	Private Fire capacity to Private Fire					($464,556)	($133,043)		$597,599				
12	**Subtotal**	**$17,693,060**	**$2,729,457**	**$3,744,227**	**$11,223,387**	**$4,090,429**	**$11,864,521**	**$12,586,691**	**$597,599**	**$231,764**		**$0**	**$64,761,136**
13													
14	Reallocation of Cap Fac Charge				($797,983)	($290,830)	($843,567)				$1,932,380		
15	**Subtotal**	**$17,693,060**	**$2,729,457**	**$3,744,227**	**$10,425,404**	**$3,799,600**	**$11,020,954**	**$12,586,691**	**$597,599**	**$231,764**	**$1,932,380**	**$0**	**$64,761,136**
16													
17	Reallocation of Fixed Costs				($5,895,566)	($2,148,674)	($6,232,349)	$14,276,589					
18	**Total - Adjusted Cost of Service**	**$17,693,060**	**$2,729,457**	**$3,744,227**	**$4,529,838**	**$1,650,926**	**$4,788,604**	**$26,863,280**	**$597,599**	**$231,764**	**$1,932,380**	**$0**	**$64,761,136**

7.9. Units of Service

Table 7-12 shows the calculation of equivalent meters and fire lines. The number of meters (**Table 6-8**) are multiplied by AWWA capacity ratios normalized to the smallest meter size to calculate the number of equivalent meters. The number of fire lines (**Table 6-8**) are multiplied by the Hazen-Williams equation fire line capacity ratios to calculate the number of equivalent lines. **Table 7-13** shows the units of service used to calculate the unit costs.

Table 7-12: Equivalent Meters and Fire Lines

Line No.	Meter Size	Billing Units	Total Meters	Total Equivalent Meters
1	5/8"x3/4"	1.0	796	796
2	3/4"	1.0	3,611	3,611
3	3/4"x1"	1.0	49,452	49,452
4	1"	2.0	2,700	5,400
5	1.5"	3.0	857	2,571
6	2"	5.0	1,238	6,190
7	2.5"	7.0	135	945
8	3"	11.0	16	176
9	4"	17.0	28	476
10	6"	33.0	12	396
11	8"	53.0	10	530
12	10"	77.0	4	308
13	12"	100.0	0	0
14	**Total**		**58,859**	**70,851**

Table 7-13: Units of Service

Customer Class	Annual Use (hcf)	Average Daily Use (hcf/day)	Max Day Peaking Factor	Max Day Total Capacity (hcf/day)	Extra Capacity (hcf/day)	Peaking Factor	Total Capacity (hcf/day)	Extra Capacity (hcf/day)	Number of Equiv. Meters	Number of Equv. Lines	Number of Customers
All Classes	17,770,898	48,687	1.98	96,159	47,472	3.95	192,318	96,159	70,851		58,859
Fire										144,950	613
Total	**17,770,898**	**48,687**	**2**	**96,159**	**47,472**	**4**	**192,318**	**96,159**	**70,851**	**144,950**	**59,472**

7.10. Unit Cost Derivation

After deriving the cost of service by cost component and the units of service, we then determine the unit cost for each component. The unit cost is derived by dividing the revenue requirement for each cost component by the corresponding units of service from **Table 7-13**. **Table 7-14** shows the units of service for each cost component from **Table 7-13**. The unit costs by cost component are as follows:

- **Supply – AVEK:** annual water use
- **Supply – Groundwater:** annual water use
- **Pumping:** annual water use
- **Base:** annual water use
- **Max Day:** Max Day extra capacity
- **Max Hour:** Max Hour extra capacity
- **Meter:** equivalent meters
- **Private Fire:** equivalent fire lines
- **Capital Facility Charge:** annual water use
- **Private Fire Backflow Administration & Meter Reading:** equivalent fire lines

Table 7-14 derives the unit cost by cost component. The cost of service (**Table 7-11**) is divided by the units of service for each cost component (**Table 7-13**). Note that the units of service for Meter and Customer components are multiplied by twelve monthly bills per year to determine the annual units. The unit cost for each component is derived by dividing the cost of service by the units of service.

Table 7-14: Unit Costs by Cost Component

Unit Costs	Supply AVEK	Supply GW	Pumping	Base	Max Day	Max Hour	Meter	Private Fire Capacity	Capital Facility Charge	Private Fire Backflow Admin & Meter Reading	Total
Cost of Service	$17,693,060	$2,729,457	$3,744,227	$4,529,838	$1,650,926	$4,788,604	$26,863,280	$597,599	$1,932,380	$231,764	$64,761,136
Units of Service	17,770,898	17,770,898	17,770,898	17,770,898	47,472	96,159	850,212	1,739,404	17,770,898	7,356	
Units	annual use (hcf)	annual use (hcf)	annual use (hcf)	annual use (hcf)	peak capacity (hcf/day)	peak capacity (hcf/day)	annual equiv. meters	annual equiv. lines	annual use (hcf)	Annual Fire Line Bills	
Unit Cost	**$1.00**	**$0.15**	**$0.21**	**$0.25**	**$34.78**	**$49.80**	**$31.60**	**$0.34**	**$0.109**	**$31.51**	
Units	per hcf	per hcf	per hcf	per hcf	per hcf/day	per hcf/day	per meter	per line	per hcf	per line	

8. District 40 Rate Design and Derivation

This section of the report details the calculation of the proposed water rates. Numbers shown in the tables of this section are rounded. Therefore, hand calculations based on the displayed numbers, such as summing or multiplying, may not equal the exact results shown in this report. All rates shown in this section are rounded up to the nearest cent.

8.1. Proposed Adjustments

Table 8-1 shows the proposed revenue adjustments from the financial plan. Water rates developed for the base year (FY 2026) reflect the results of the COS analysis, which impacts each customer class, and tier, differently. Revenue adjustments in subsequent years are applied across all charges, classes, and tiers proportional to the base year rates.

Table 8-1: Proposed Revenue Adjustments

Revenue Adjustments	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Percent Increase	6.0%	6.0%	6.0%	6.0%	6.0%
Effective Month	January	January	January	January	January

8.2. Monthly Service Charges

Table 8-2 shows the monthly service charge calculation, which is calculated using the Meter cost component. The Meter cost component is derived based on total EMUs. Therefore, the Meter unit cost (**Table 7-14**) is multiplied by the capacity ratio for each meter size to derive the charge by meter size. Current charges are shown for comparison.

Table 8-2: Proposed Monthly Service Charge (FY 2026)

Meter Size	AWWA Capacity Ratio	Proposed Monthly Charge ($ / Month)	Current Monthly Charge ($ / Month)	Difference ($)	Difference (%)	Number of Meters	% of Meters
5/8"x3/4"	1.00	**$31.60**	$31.60	$0.00	0.0%	796	1.4%
3/4"	1.00	**$31.60**	$31.60	$0.00	0.0%	3,611	6.1%
3/4"x1"	1.00	**$31.60**	$31.60	$0.00	0.0%	49,452	84.0%
1"	2.00	**$63.19**	$63.19	$0.00	0.0%	2,700	4.6%
1.5"	3.00	**$94.79**	$94.79	$0.00	0.0%	857	1.5%
2"	5.00	**$157.98**	$157.98	$0.00	0.0%	1,238	2.1%
2.5"	7.00	**$221.17**	$221.17	$0.01	0.0%	135	0.2%
3"	11.00	**$347.56**	$347.55	$0.01	0.0%	16	0.0%
4"	17.00	**$537.13**	$537.12	$0.02	0.0%	28	0.0%
6"	33.00	**$1,042.67**	$1,042.64	$0.03	0.0%	12	0.0%
8"	53.00	**$1,674.59**	$1,674.54	$0.05	0.0%	10	0.0%
10"	77.00	**$2,432.89**	$2,432.82	$0.08	0.0%	4	0.0%
12"	100.00	**$3,159.60**	$3,159.50	$0.10	0.0%	0	0.0%

8.3. Monthly Private Fire Service Charges

Table 8-3 shows the monthly private fire charge calculation, which consists of the Private Fire and the Backflow Administration & Meter Reading cost components. The Private Fire component is derived based on total equivalent fire lines. Therefore, the Private Fire unit cost (**Table 7-14**) is multiplied by the fire line capacity ratio for each line size to derive the charge by line size. Each fire line's share of the Backflow Administration & Meter Reading program does not vary with fire line size, and therefore the Backflow Administration & Meter Reading program cost is applied uniformly across all fire line sizes. Current charges are shown in for comparison.

Table 8-3: Proposed Monthly Private Fire Service Charge (FY 2026)

Fire Line Size	Line Count	Fire Demand Ratio	Proposed Monthly Private Fire Charge for Capacity	Proposed Monthly Private Fire Charge for Backflow & Meter Reading	Proposed Total Private Fire Charge	Current Region 04 Fire Charge (Inside)	Difference ($)	Difference (%)
2"	1	6.19	$2.13	$31.51	**$33.63**	$91.63	($57.99)	-63.29%
2.5"	0	11.13	$3.82	$31.51	**$35.33**	$91.63	($56.29)	-61.44%
3"	2	17.98	$6.18	$31.51	**$37.68**	$91.63	($53.94)	-58.87%
4"	64	38.32	$13.17	$31.51	**$44.67**	$91.63	($46.95)	-51.24%
6"	152	111.31	$38.24	$31.51	**$69.75**	$123.22	($53.47)	-43.39%
8"	226	237.21	$81.50	$31.51	**$113.00**	$154.82	($41.81)	-27.01%
10"	167	426.58	$146.56	$31.51	**$178.06**	$218.01	($39.94)	-18.32%
12"	1	689.04	$236.73	$31.51	**$268.24**	$344.39	($76.15)	-22.11%

8.4. Quantity Charge Rates

The District's Quantity Charge rates recover three cost components: Supply, Base, and Peaking. The District proposes a 2-Tier rate structure for all customers regardless of the size of their meter because the District has two sources of water. The tiers are based on the cost to supply water to each tier. Since the Base and Peaking components will be applied uniformly to both tiers, the unit costs are pulled directly from **Table 7-14** and are summed together to determine the proposed rate. **Table 8-4** shows the calculation of the supply rate component.

The tier breakpoint of 6 hcf is based on the adjudicated basin safe yield. This amount of groundwater divided by all the accounts in District 40 provides 6 hcf per account. It is therefore an equal allocation of groundwater, the less expensive source of water to each account. **Table 8-4** shows the derivation of the supply cost for groundwater and AVEK water. The costs from **Table 7-11** are divided by the use in each tier with a breakpoint of 6 hcf to determine the Supply rate components for the Tier 1 and Tier 2 rates. The actual volume of use in Tier 1 is shown in **Table 8-4.** It is slightly less than the adjudicated safe yield. **Table 8-5** shows the calculation of proposed Quantity Charge rates based on the three rate components summed together for each tier.

Table 8-4: Supply Rate Component Calculation

Water Source	Actual Use at Tier Breakpoint	Total Cost	Total Volume Sold (hcf)	Unit Rate $ / hcf
Supply - Groundwater	23.6%	$2,729,457	4,192,947	**$0.65**
Supply - AVEK	76.4%	$17,693,060	13,577,951	**$1.30**
Total		**$20,422,517**	**17,770,898**	**$1.15**

Table 8-5: Proposed Quantity Charge Rates (FY 2026)

Quantity Charge ($ / hcf)	Supply	Base	Peaking	Proposed Rate	Current Rate Schedule 0427	Difference ($)	Difference (%)
Tier 1	$0.651	$0.255	$0.362	**$1.27**	**$1.597**	($0.33)	-20.6%
Tier 2	$1.303	$0.255	$0.362	**$1.92**	**$1.863**	$0.06	3.1%

8.5. Pump Zone Charges

The District's existing pump zone costs are recovered for each of the pressure zones as part of their various water use rate schedules, therefore there are no current separate pumping surcharges. Since the proposed rates unify the water usage rates into one schedule, Raftelis proposes separate pumping surcharges for each pressure zone. **Table 8-6** shows the calculation of each pressure zone's pumping charge. The total pumping cost of service (from **Table 7-11**) is allocated to each pumping zone proportionate to FY 2025 actual costs, shown in column C, for each pressure zone. The costs were provided by the District. These allocated costs are then divided by the projected FY 2026 demand, shown in column E use for each pressure zone to determine the pressure zone charges shown in column G.

Water in certain pressure zones must go through other pressure zones to reach customers. Water going into zones 2837, 2911, 2980, and 3240 have to go through 2472/2555/2684/2750 first, therefore the use from the higher zones is added to the total use in the lower zones to calculate the surcharge for the lower 2472/2555/2684/2750 zones. Water going into zones 2980 and 3240 have to go through 2837 and 2911, so the same process is used for calculating the 2837 and 2911 rates. All customers whose water goes through multiple pump zones are charged a **compounded** rate that includes the costs for each zone. The compounded rates are shown in **Table 8-6.**

Table 8-6: Proposed Pumping Zone Charges (FY 2026)

A	B	C	D	E	F	G
Region	Pressure Zone	FY 2025 Pumping Costs	% of Costs	Pump Zone Revenue Requirement	Total Use (hcf)	Pumping Rate ($ / hcf)
04	2472	$4,058			11,478,038	
	2555	$2,455,573			-	
	2684	$591,721			-	
	2750	$51,197			-	
Subtotal		$3,102,549	69%	$2,531,716	11,478,038	**$0.22**
Compounded Rate				$2,531,716	15,922,785	**$0.16**
04 and 34	2837	$123,582			551,018	
	2911	$392,388				
	2911				1,987,633	
Subtotal		$515,970	11%	$421,037	2,538,651	**$0.17**
Compounded Rate				$421,037	4,444,747	**$0.25**
04	2980	$154,179	3%	$125,812	1,614,310	**$0.08**
Compounded Rate						**$0.33**
04 and 34	3240	$161,014			-	
					291,787	
		$161,014	4%	$131,389	291,787	**$0.45**
Compounded Rate						**$0.70**
24, 27, and 33	2914	$62,193			121,986	
	3056	$137,923			306,744	
	3308	$37,046			515,346	
Subtotal		$237,162	5%	$193,527	944,077	**$0.20**
34	3430	$50,138	1%	$40,913	81,441	**$0.50**
35	3302	$2,951	0%	$2,408	86,571	**$0.03**
35 and 38	2850	$12,382			-	
	2992	$236,069			657,540	
	Wilsona School				7,244	
Subtotal		$248,451	6%	$202,739	664,785	**$0.30**
39	3660	$22,979			71,240	
	3852	$4,205			-	
Subtotal		$27,184	1%	$22,182	71,240	**$0.31**
Total		**$4,499,598**	**100%**	**$3,671,724**	**17,770,898**	**$0.21**

8.6. Facilities Construction Surcharge

Table 8-7 shows the Facilities Construction Surcharge calculation. The revenue requirement, taken from **Table 7-14**, is divided by the annual water use to calculate the proposed rates.

Table 8-7: Proposed Facilities Construction Surcharge (FY 2026)

Volumetric ACO Charge	Proposed Rate
Cost of Service	$1,939,383
Units of Service	17,770,898
Units	Annual Water Use
Proposed Charge	**$0.11**
Current Charge (Inside)	$0.106

8.7. Proposed Rate Schedule

The rates shown in this subsection are increased for FY 2027 and beyond based on the proposed revenue adjustments shown in **Table 8-1**. **Table 8-8** shows the five-year rate schedules for the proposed monthly Service Charges and private fire Service Charges. **Table 8-9** shows the five-year rate schedule for Quantity Charge rates. **Table 8-10** shows the five-year rate schedule for the pump zone charges. **Table 8-11** shows the proposed combined quantity charge rate schedule. **Table 8-12** shows the five-year rate schedule for the Facilities Construction Surcharge.

Table 8-8: Proposed Monthly Service Charges and Private Fire Service Charges Schedule

Fixed Charges	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030
Meter Service Charges					
5/8"x3/4"	$31.60	$33.50	$35.51	$37.64	$39.90
3/4"	$31.60	$33.50	$35.51	$37.64	$39.90
3/4"x1"	$31.60	$33.50	$35.51	$37.64	$39.90
1"	$63.19	$66.98	$71.00	$75.26	$79.78
1.5"	$94.79	$100.48	$106.51	$112.90	$119.67
2"	$157.98	$167.46	$177.51	$188.16	$199.45
2.5"	$221.17	$234.44	$248.51	$263.42	$279.23
3"	$347.56	$368.41	$390.51	$413.94	$438.78
4"	$537.13	$569.36	$603.52	$639.73	$678.11
6"	$1,042.67	$1,105.23	$1,171.54	$1,241.83	$1,316.34
8"	$1,674.59	$1,775.07	$1,881.57	$1,994.46	$2,114.13
10"	$2,432.89	$2,578.86	$2,733.59	$2,897.61	$3,071.47
12"	$3,159.60	$3,349.18	$3,550.13	$3,763.14	$3,988.93
Private Fire Service Charges					
2"	$33.63	$35.65	$37.79	$40.06	$42.46
2.5"	$35.33	$37.45	$39.70	$42.08	$44.60
3"	$37.68	$39.95	$42.35	$44.89	$47.58
4"	$44.67	$47.35	$50.19	$53.20	$56.39
6"	$69.75	$73.93	$78.37	$83.07	$88.05
8"	$113.00	$119.78	$126.97	$134.59	$142.67
10"	$178.06	$188.75	$200.08	$212.08	$224.80
12"	$268.24	$284.33	$301.39	$319.47	$338.64

Table 8-9: Proposed Quantity Charge Rates Schedule excluding Pumping Zone Rates

Proposed Rates ($/hcf)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Tier 1	$1.27	$1.35	$1.43	$1.52	$1.61
Tier 2	$1.92	$2.04	$2.16	$2.29	$2.43

Table 8-10: Proposed Pump Zone Rates

Proposed Rates ($/hcf)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Rate Schedules; Bill Codes					
0427, 0428, 0429, 0437, 0439; IA1, IAA, IAB, WA1, WAA, WAB, FA2, IA2, WA2, FW2, WW2, WX2	$0.16	$0.17	$0.18	$0.19	$0.20
0430, 0431, 3405; IB1, WB1, WBA, WBB, FB2, IB2, WB2, IK1, IKA, IKB, WK1, WKA, WKB, IK2, FK2, WK2	$0.26	$0.28	$0.30	$0.32	$0.34
0433, 0434; IC1, ICA, ICB, WC1, WCA, WCB, FC2, IC2, WC2,	$0.34	$0.36	$0.38	$0.40	$0.42
3404, 3406, 3408, 3409; IJ1, WJ1, WJA, WJB, IJ2, WJ2, WL1, WLA, FL2, IL2, WL2	$0.72	$0.76	$0.81	$0.86	$0.91
2405, 2705, 3303, 2406, 2706, 3304; WD1, ID2, WD2, WE1, WE2, IF1, WF1, FF2, WF2, WG2, IH1, WH1, FH2, WH2, WI1	$0.19	$0.20	$0.21	$0.22	$0.23
3407; WM1, WMA, WMB, IM2	$0.51	$0.54	$0.57	$0.60	$0.64
3505; WQ1, FQ2, WQ2	$0.30	$0.32	$0.34	$0.36	$0.38
3807, 3898, 3809; IR1, WR1, FR2, IR2, FS2, WS2, WR2, WT1, WT2	$0.28	$0.30	$0.32	$0.34	$0.36
3953, 3954; WU1, WU2, WV1, WV2	$0.51	$0.54	$0.57	$0.60	$0.64

Table 8-11: Proposed Quantity Charge Rate Schedule

Proposed Rates ($/hcf)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Rate Schedules; Bill Codes					
0427, 0428, 0429, 0437, 0439; IA1, IAA, IAB, WA1, WAA, WAB, FA2, IA2, WA2, FW2, WW2, WX2					
Tier 1	$1.43	$1.52	$1.61	$1.71	$1.81
Tier 2	$2.08	$2.21	$2.34	$2.48	$2.63
0430, 0431, 3405; IB1, WB1, WBA, WBB, FB2, IB2, WB2, IK1, IKA, IKB, WK1, WKA, WKB, IK2, FK2, WK2					
Tier 1	$1.53	$1.63	$1.73	$1.84	$1.95
Tier 2	$2.18	$2.32	$2.46	$2.61	$2.77
0433, 0434; IC1, ICA, ICB, WC1, WCA, WCB, FC2, IC2, WC2,					
Tier 1	$1.61	$1.71	$1.81	$1.92	$2.03
Tier 2	$2.26	$2.40	$2.54	$2.69	$2.85
3404, 3406, 3408, 3409; IJ1, WJ1, WJA, WJB, IJ2, WJ2, WL1, WLA, FL2, IL2, WL2					
Tier 1	$1.99	$2.11	$2.24	$2.38	$2.52
Tier 2	$2.64	$2.80	$2.97	$3.15	$3.34
2405, 2705, 3303, 2406, 2706, 3304; WD1, ID2, WD2, WE1, WE2, IF1,					

Proposed Rates ($/hcf)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
WF1, FF2, WF2, WG2, IH1, WH1, FH2, WH2, WI1					
Tier 1	$1.46	$1.55	$1.64	$1.74	$1.84
Tier 2	$2.11	$2.24	$2.37	$2.51	$2.66
3407; WM1, WMA, WMB, IM2					
Tier 1	$1.78	$1.89	$2.00	$2.12	$2.25
Tier 2	$2.43	$2.58	$2.73	$2.89	$3.07
3505; WQ1, FQ2, WQ2					
Tier 1	$1.57	$1.67	$1.77	$1.88	$1.99
Tier 2	$2.22	$2.36	$2.50	$2.65	$2.81
3807, 3898, 3809; IR1, WR1, FR2, IR2, FS2, WS2, WR2, WT1, WT2					
Tier 1	$1.55	$1.65	$1.75	$1.86	$1.97
Tier 2	$2.20	$2.34	$2.48	$2.63	$2.79
3953, 3954; WU1, WU2, WV1, WV2					
Tier 1	$1.78	$1.89	$2.00	$2.12	$2.25
Tier 2	$2.43	$2.58	$2.73	$2.89	$3.07

Table 8-12: Proposed Facilities Construction Surcharges Schedule

Proposed Rates	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Facilities Construction Surcharge ($/hcf)	$0.11	$0.12	$0.13	$0.14	$0.15

8.8. Customer Impacts

Table 8-13 through **Table 8-20** show the proposed FY 2026 bi-monthly bill impacts for each region within the District. The graphs show sample bills using the most common meter size and low, average, and high levels of usage.

Table 8-13: Region 4 Bill Impacts

Monthly Bill Impacts, 3/4"x 1" Meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	11	$42.34	$51.79	$9.45	22.3%
Average Use	17	$53.09	$64.93	$11.84	22.3%
High Use	24	$66.88	$80.26	$13.38	20.0%

Table 8-14: Region 24 Bill Impacts

Monthly Bill Impacts, 3/4"x 1" Meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	11	$46.10	$52.12	$6.02	13.1%
Average Use	17	$57.98	$65.44	$7.46	12.9%
High Use	24	$73.23	$80.98	$7.75	10.6%

Table 8-15: Region 27 Bill Impacts

Monthly Bill Impacts, 3/4"x 1" Meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	11	$49.43	$52.12	$2.69	5.4%
Average Use	19	$65.67	$69.88	$4.21	6.4%
High Use	29	$87.45	$92.08	$4.63	5.3%

Table 8-16: Region 33 Bill Impacts

Monthly Bill Impacts, 3/4"x 1" Meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	11	$49.43	$52.12	$2.69	5.4%
Average Use	18	$63.49	$67.66	$4.17	6.6%
High Use	28	$85.27	$89.86	$4.59	5.4%

Table 8-17: Region 34 Bill Impacts

Monthly Bill Impacts, 5/8"x 3/4" Meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	11	$54.96	$52.12	-$2.84	-5.2%
Average Use	17	$73.80	$65.44	-$8.36	-11.3%
High Use	24	$98.02	$80.98	-$17.04	-17.4%

Table 8-18: Region 35 Bill Impacts

Monthly Bill Impacts, 3/4"x 1" Meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	13	$57.79	$57.73	-$0.06	-0.1%
Average Use	21	$77.64	$76.21	-$1.43	-1.8%
High Use	35	$113.61	$108.55	-$5.06	-4.5%

Table 8-19: Region 38 Bill Impacts

Monthly Bill Impacts, 5/8"x 3/4" Meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	11	$50.56	$53.11	$2.55	5.1%
Average Use	18	$64.86	$69.28	$4.42	6.8%
High Use	28	$87.02	$92.38	$5.36	6.2%

Table 8-20: Region 39 Bill Impacts

Monthly Bill Impacts, 3/4" Meter	Monthly Usage (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
Low Use	10	$66.01	$53.10	-$12.91	-19.6%
Average Use	15	$81.80	$65.80	-$16.00	-19.6%
High Use	22	$104.92	$83.58	-$21.34	-20.3%

9. District 40 Drought Rates

This section of the report details the calculation of the proposed drought rates that were developed in the study. Numbers shown in the tables of this section are rounded. Therefore, hand calculations based on the displayed numbers, such as summing or multiplying, may not equal the exact results shown in this report. All rates shown in this section are rounded up to the nearest cent.

9.1. Process and Approach

Drought rates are governed by the requirements of Proposition 218 and Article X of the California Constitution. The development of the drought rates must show the nexus between the costs of providing water service and the rates charged to customers, must maximize the beneficial use of water (often defined as indoor use for health and hygiene), and must encourage conservation.

Drought rates are designed to recover lost revenue due to reduction in water use during each stage, to incorporate the potential changes to the District's water supply sources and their corresponding costs, to align with specific drought stages outlined in the 2022 Water Shortage Contingency Plan, and to provide financial flexibility for the District when declaring drought stages and implementing the appropriate drought rates. The proposed drought rates are based on the District's proposed water rates for fiscal year (FY) 2026, which would go into effect on January 1, 2026.

There are four steps to conducting a drought rate study, which include:

1. Estimating water reductions based on defined drought stages
2. Calculating financial impacts to the District in each stage
3. Determining the most appropriate drought cost recovery mechanism (rate structure)
4. Evaluating financial impacts to customers

9.2. Drought Allocations and Costs

This section of the report details the water usage allocations and financial impacts of each drought stage, which results in the total amount of revenue to be collected from drought rates in each stage. Numbers shown in the tables of this section are rounded. Therefore, hand calculations based on the displayed numbers, such as summing or multiplying, may not equal the exact results shown in this report

9.2.1. Water Allocations

District staff provided the Water Shortage Contingency Plan which was adopted in November 2022 as part of the District's Urban Water Management Plan. **Table 9-1** shows the overall reduction targets for the entire water system.

Table 9-1: Drought Stages and Reduction

Target Reduction Goal	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
% Reduction	0%	10%	20%	30%	40%	50%	60%

The water sales by drought stage are calculated using the target reductions developed in the Water Shortage Contingency Plan. **Table 9-2** shows the estimated water sales in acre-feet (AF) for each stage of drought that aligns with the percent reductions shown above in **Table 9-1**. Baseline is defined as the water usage estimated in FY 2026.

Table 9-2: Estimated Water Sales by Stage and Pressure Zone (AF)

Drought Water Use	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
0427, 0428, 0429, 0437, 0439							
Tier 1	2,708,180	2,708,180	2,708,180	2,708,180	2,708,180	2,708,180	2,708,180
Tier 2	8,769,857	7,622,053	6,474,250	5,326,446	4,178,642	3,030,838	1,883,035
Uniform Reduction		*1,147,804*	*2,295,608*	*3,443,411*	*4,591,215*	*5,739,019*	*6,886,823*
0430, 0431, 3405							
Tier 1	598,981	598,981	598,981	598,981	598,981	598,981	598,981
Tier 2	1,939,670	1,685,805	1,431,940	1,178,075	924,210	670,345	416,480
Uniform Reduction		*253,865*	*507,730*	*761,595*	*1,015,460*	*1,269,325*	*1,523,191*
0433							
Tier 1	380,888	380,888	380,888	380,888	380,888	380,888	380,888
Tier 2	1,233,422	1,071,991	910,560	749,129	587,698	426,267	264,836
Uniform Reduction		*161,431*	*322,862*	*484,293*	*645,724*	*807,155*	*968,586*
3404, 3406, 3408, 3409							
Tier 1	68,845	68,845	68,845	68,845	68,845	68,845	68,845
Tier 2	222,941	193,763	164,584	135,405	106,227	77,048	47,869
Uniform Reduction		*29,179*	*58,357*	*87,536*	*116,715*	*145,893*	*175,072*
2405, 2705, 3303, 2406, 2706, 3304							
Tier 1	222,750	222,750	222,750	222,750	222,750	222,750	222,750
Tier 2	721,327	626,919	532,512	438,104	343,696	249,289	154,881
Uniform Reduction		*94,408*	*188,815*	*283,223*	*377,631*	*472,038*	*566,446*
3953							
Tier 1	19,216	19,216	19,216	19,216	19,216	19,216	19,216
Tier 2	62,225	54,081	45,937	37,793	29,649	21,505	13,361
Uniform Reduction		*8,144*	*16,288*	*24,432*	*32,576*	*40,720*	*48,865*
3505							
Tier 1	20,426	20,426	20,426	20,426	20,426	20,426	20,426
Tier 2	66,145	57,488	48,831	40,174	31,517	22,859	14,202
Uniform Reduction		*8,657*	*17,314*	*25,971*	*34,628*	*43,285*	*51,942*
3807, 3898, 3809							
Tier 1	156,852	156,852	156,852	156,852	156,852	156,852	156,852

Drought Water Use	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Tier 2	507,932	441,454	374,975	308,497	242,018	175,540	109,062
Uniform Reduction		*66,478*	*132,957*	*199,435*	*265,914*	*332,392*	*398,871*
3953							
Tier 1	16,809	16,809	16,809	16,809	16,809	16,809	16,809
Tier 2	54,431	47,307	40,183	33,059	25,935	18,811	11,687
Uniform Reduction		*7,124*	*14,248*	*21,372*	*28,496*	*35,620*	*42,744*
Total Drought Water Use	**17,770,898**	**15,993,808**	**14,216,718**	**12,439,629**	**10,662,539**	**8,885,449**	**7,108,359**

9.2.2. Financial Impacts

A key step in the drought rate calculation is to calculate the financial implications for the District during a drought. Considerations include:

- How much water use revenue is expected due to cutbacks?
- How much will this change the District's water supply costs?
- How will this change the District's operating costs, if at all?

For the District, these financial consequences include loss of Quantity Charge revenue, the severity of which depends on the drought stage. In contrast, a decrease in water purchase costs is expected at higher drought stages with a shift in water supply mix from purchased water to stored water.

The drought rate analysis uses the proposed FY 2026 water usage rates (**Table 8-4**) and pump zone charges (**Table 8-5**) to calculate variable rate revenue for Stages 1 through 6. **Table 9-3** shows the estimated water usage revenue for Stages 1 through 6 compared to the Baseline scenario for each customer class and tier based on the proposed FY 2026 water usage rates and pumping zone charges.

Table 9-3: Difference in Water Usage Revenue by Pressure Zone and Stage

Projected Drought Volumetric Revenue	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
0427, 0428, 0429, 0437, 0439							
Tier 1	$3,872,698	$3,872,698	$3,872,698	$3,872,698	$3,872,698	$3,872,698	$3,872,698
Tier 2	$18,241,303	$15,853,871	$13,466,439	$11,079,007	$8,691,576	$6,304,144	$3,916,712
0430, 0431, 3405							
Tier 1	$916,441	$916,441	$916,441	$916,441	$916,441	$916,441	$916,441
Tier 2	$4,228,481	$3,675,055	$3,121,629	$2,568,203	$2,014,777	$1,461,351	$907,925
0433							
Tier 1	$613,229	$613,229	$613,229	$613,229	$613,229	$613,229	$613,229
Tier 2	$2,787,534	$2,422,700	$2,057,866	$1,693,032	$1,328,198	$963,364	$598,530
3404, 3406, 3408, 3409							

Projected Drought Volumetric Revenue	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Tier 1	$137,003	$137,003	$137,003	$137,003	$137,003	$137,003	$137,003
Tier 2	$588,565	$511,533	$434,501	$357,470	$280,438	$203,406	$126,375
2405, 2705, 3303, 2406, 2706, 3304							
Tier 1	$329,670	$329,670	$329,670	$329,670	$329,670	$329,670	$329,670
Tier 2	$1,536,426	$1,335,338	$1,134,250	$933,161	$732,073	$530,985	$329,896
3953							
Tier 1	$34,204	$34,204	$34,204	$34,204	$34,204	$34,204	$34,204
Tier 2	$151,208	$131,417	$111,627	$91,837	$72,047	$52,257	$32,467
3505							
Tier 1	$26,554	$26,554	$26,554	$26,554	$26,554	$26,554	$26,554
Tier 2	$128,982	$112,101	$95,220	$78,338	$61,457	$44,576	$27,695
3807, 3898, 3809							
Tier 1	$247,827	$247,827	$247,827	$247,827	$247,827	$247,827	$247,827
Tier 2	$1,132,689	$984,442	$836,195	$687,948	$539,701	$391,454	$243,207
3953							
Tier 1	$26,726	$26,726	$26,726	$26,726	$26,726	$26,726	$26,726
Tier 2	$121,926	$105,969	$90,011	$74,053	$58,095	$42,137	$26,180
Total	**$35,121,464**	**$31,336,776**	**$27,552,088**	**$23,767,400**	**$19,982,712**	**$16,198,024**	**$12,413,336**
Lost Revenue		$3,784,688	$7,569,376	$11,354,064	$15,138,752	$18,923,440	$22,708,128
% Change		11%	22%	32%	43%	54%	65%

Table 9-4 shows the water purchase cost savings associated with each drought stage for the variable cost of purchasing water from WBMWD. Because the District will be purchasing less water to meet lower demands, variable water purchase costs will decrease at each stage of drought. Fixed WBMWD costs will remain the same regardless of the amount of water purchased, so these costs are not included in the analysis.

Table 9-4: Water Purchase Cost Savings by Stage

Water Production/Purchase	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Demand (hcf)	17,770,898	15,993,808	14,216,718	12,439,629	10,662,539	8,885,449	7,108,359
Demand (AF)	40,796	36,717	32,637	28,557	24,478	20,398	16,319
Supply (AF)	42,496	38,247	33,997	29,747	25,498	21,248	16,998
% AVEK	74.8%	74.8%	74.8%	74.8%	74.8%	74.8%	74.8%
Water Supply Variable Cost	**FY 2026**						
AVEK Supply Variable Unit Cost ($/AF)	$849.00						
Water Production / Purchase	**Baseline**	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 4**	**Stage 5**	**Stage 6**
% of Water Purchase Costs that are Volumetric	100%						
AVEK Variable Cost	$26,979,954	$24,288,577	$21,589,846	$18,891,115	$16,192,385	$13,493,654	$10,794,923
Change in Cost		$2,691,377	$5,390,108	$8,088,838	$10,787,569	$13,486,300	$16,185,031

Table 9-5shows additional operating expenses associated with public outreach for each stage of drought.

Table 9-5: Additional Operating Costs by Stage

Drought Costs	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Drought Costs	$141,972	$7,099	$7,099	$14,197	$14,197	$49,690	$49,690

Table 9-6 shows the total lost revenue for Stages 1 through 6, which include the lost variable water use rate revenue (**Table 9-3**), water purchase cost savings (**Table 9-4**), and additional drought operating costs (**Table 9-5**). These costs and savings summed together show the total drought rate revenue requirement at each Stage.

Table 9-6: Total Drought Costs by Stage

Drought Costs	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Lost Revenue	$3,784,688	$7,569,376	$11,354,064	$15,138,752	$18,923,440	$22,708,128
Water Purchase Costs/(Savings)	($2,691,377)	($5,390,108)	($8,088,838)	($10,787,569)	($13,486,300)	($16,185,031)
Drought Costs	$7,099	$7,099	$14,197	$14,197	$49,690	$49,690
Total Lost Revenue	**$1,100,410**	**$2,186,367**	**$3,279,423**	**$4,365,380**	**$5,486,830**	**$6,572,787**

9.3. Drought Rate Structure

Drought rates are designed to recover the lost revenue due to droughts and are intended as a revenue-generating mechanism. Because of this, drought rates are subject to Proposition 218 requirements, which

necessitates a clear nexus between the costs of drought and the drought rates charged to the District's customers

The next step after determining the drought costs by stage is evaluating the drought cost recovery mechanism, or rate structure, that best meets the needs of the District and its customers. The most common form of a drought rate is a volumetric percentage rate increase charged to all customers. The percentage increase is applied to the current (non-drought) volumetric rates.. This structure will give customers control over their water bills during drought.

9.4. Drought Rate Calculation

The drought rates are calculated to be a percentage increase to the base (non-drought) water usage rates in effect at the time of the drought. This proportion is calculated by dividing the drought rate revenue requirement by total expected revenue at each stage. **Table 9-7** shows this calculation. Once the percentage has been determined for each Stage, the drought rates are calculated by multiplying the drought rate percentage by the base (non-drought) water usage rates in effect at the time of drought and pumping zone charges.

Table 9-7: Drought Rate Calculation

Drought Rate Calculation	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Total Lost Revenue	**$1,100,410**	**$2,186,367**	**$3,279,423**	**$4,365,380**	**$5,486,830**	**$6,572,787**
Expected Revenue	$31,336,776	$27,552,088	$23,767,400	$19,982,712	$16,198,024	$12,413,336
Drought Revenue Requirement	$32,437,186	$29,738,455	$27,046,823	$24,348,092	$21,684,854	$18,986,123
% Increase	3.5%	7.9%	13.8%	21.8%	33.9%	52.9%

Proposed drought rates are shown in **Table 9-8** through **Table 9-12** for FY 2026 to FY 2030. Note that District 40 would increase the volumetric rates that are current at the dime of the drought.

Table 9-8: Proposed Drought Rates FY 2026

Proposed Rates - FY 2026	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
0427, 0428, 0429, 0437, 0439; IA1, IAA, IAB, WA1, WAA, WAB, FA2, IA2, WA2, FW2, WW2, WX2							
Tier 1	$1.43	$1.48	$1.54	$1.63	$1.74	$1.91	$2.18
Tier 2	$2.08	$2.16	$2.24	$2.36	$2.53	$2.78	$3.18
0430, 0431, 3405; IB1, WB1, WBA, WBB, FB2, IB2, WB2, IK1, IKA, IKB, WK1, WKA, WKB, IK2, FK2, WK2							
Tier 1	$1.53	$1.58	$1.65	$1.75	$1.87	$2.05	$2.34
Tier 2	$2.18	$2.26	$2.35	$2.48	$2.66	$2.92	$3.34
0433, 0434; IC1, ICA, ICB, WC1, WCA, WCB, FC2, IC2, WC2,							

Proposed Rates - FY 2026	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Tier 1	$1.61	$1.66	$1.74	$1.84	$1.96	$2.16	$2.46
Tier 2	$2.26	$2.34	$2.44	$2.57	$2.75	$3.03	$3.46
3404, 3406, 3408, 3409; IJ1, WJ1, WJA, WJB, IJ2, WJ2, WL1, WLA, FL2, IL2, WL2							
Tier 1	$1.99	$2.06	$2.15	$2.27	$2.43	$2.66	$3.04
Tier 2	$2.64	$2.74	$2.85	$3.00	$3.22	$3.53	$4.04
2405, 2705, 3303, 2406, 2706, 3304; WD1, ID2, WD2, WE1, WE2, IF1, WF1, FF2, WF2, WG2, IH1, WH1, FH2, WH2, WI1							
Tier 1	$1.46	$1.51	$1.58	$1.67	$1.78	$1.95	$2.23
Tier 2	$2.11	$2.19	$2.28	$2.40	$2.57	$2.82	$3.23
3407; WM1, WMA, WMB, IM2							
Tier 1	$1.78	$1.84	$1.92	$2.03	$2.17	$2.38	$2.72
Tier 2	$2.43	$2.52	$2.62	$2.76	$2.96	$3.25	$3.72
3505; WQ1, FQ2, WQ2							
Tier 1	$1.57	$1.62	$1.69	$1.79	$1.92	$2.10	$2.40
Tier 2	$2.22	$2.30	$2.39	$2.52	$2.71	$2.97	$3.40
3807, 3898, 3809; IR1, WR1, FR2, IR2, FS2, WS2, WR2, WT1, WT2							
Tier 1	$1.55	$1.60	$1.67	$1.77	$1.89	$2.07	$2.37
Tier 2	$2.20	$2.28	$2.37	$2.50	$2.68	$2.94	$3.37
3953, 3954; WU1, WU2, WV1, WV2							
Tier 1	$1.78	$1.84	$1.92	$2.03	$2.17	$2.38	$2.72
Tier 2	$2.43	$2.52	$2.62	$2.76	$2.96	$3.25	$3.72

Table 9-9: Proposed Drought Rates FY 2027

Proposed Rates - FY 2027	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
0427, 0428, 0429, 0437, 0439; IA1, IAA, IAB, WA1, WAA, WAB, FA2, IA2, WA2, FW2, WW2, WX2							
Tier 1	$1.52	$1.58	$1.64	$1.73	$1.85	$2.04	$2.32
Tier 2	$2.21	$2.29	$2.38	$2.51	$2.70	$2.96	$3.38
0430, 0431, 3405; IB1, WB1, WBA, WBB, FB2, IB2, WB2, IK1, IKA, IKB, WK1, WKA, WKB, IK2, FK2, WK2							
Tier 1	$1.63	$1.69	$1.76	$1.86	$1.98	$2.18	$2.49
Tier 2	$2.32	$2.40	$2.50	$2.64	$2.83	$3.10	$3.55
0433, 0434; IC1, ICA, ICB, WC1, WCA, WCB, FC2, IC2, WC2,							

Proposed Rates - FY 2027	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Tier 1	$1.71	$1.77	$1.85	$1.95	$2.08	$2.29	$2.61
Tier 2	$2.40	$2.48	$2.59	$2.73	$2.93	$3.21	$3.67
3404, 3406, 3408, 3409; IJ1, WJ1, WJA, WJB, IJ2, WJ2, WL1, WLA, FL2, IL2, WL2							
Tier 1	$2.11	$2.19	$2.28	$2.40	$2.57	$2.83	$3.22
Tier 2	$2.80	$2.90	$3.02	$3.18	$3.42	$3.75	$4.28
2405, 2705, 3303, 2406, 2706, 3304; WD1, ID2, WD2, WE1, WE2, IF1, WF1, FF2, WF2, WG2, IH1, WH1, FH2, WH2, WI1							
Tier 1	$1.55	$1.61	$1.68	$1.77	$1.88	$2.08	$2.37
Tier 2	$2.24	$2.32	$2.42	$2.55	$2.73	$3.00	$3.43
3407; WM1, WMA, WMB, IM2							
Tier 1	$1.89	$1.96	$2.04	$2.15	$2.30	$2.53	$2.89
Tier 2	$2.58	$2.67	$2.78	$2.93	$3.15	$3.45	$3.95
3505; WQ1, FQ2, WQ2							
Tier 1	$1.67	$1.73	$1.81	$1.90	$2.03	$2.24	$2.55
Tier 2	$2.36	$2.44	$2.55	$2.68	$2.88	$3.16	$3.61
3807, 3898, 3809; IR1, WR1, FR2, IR2, FS2, WS2, WR2, WT1, WT2							
Tier 1	$1.65	$1.71	$1.78	$1.88	$2.01	$2.21	$2.52
Tier 2	$2.34	$2.42	$2.52	$2.66	$2.86	$3.13	$3.58
3953, 3954; WU1, WU2, WV1, WV2							
Tier 1	$1.89	$1.96	$2.04	$2.15	$2.30	$2.53	$2.89
Tier 2	$2.58	$2.67	$2.78	$2.93	$3.15	$3.45	$3.95

Table 9-10: Proposed Drought Rates FY 2028

Proposed Rates - FY 2028	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
0427, 0428, 0429, 0437, 0439; IA1, IAA, IAB, WA1, WAA, WAB, FA2, IA2, WA2, FW2, WW2, WX2							
Tier 1	$1.61	$1.67	$1.73	$1.83	$1.96	$2.15	$2.47
Tier 2	$2.34	$2.43	$2.52	$2.66	$2.85	$3.13	$3.58
0430, 0431, 3405; IB1, WB1, WBA, WBB, FB2, IB2, WB2, IK1, IKA, IKB, WK1, WKA, WKB, IK2, FK2, WK2							
Tier 1	$1.73	$1.79	$1.86	$1.97	$2.11	$2.31	$2.65
Tier 2	$2.46	$2.55	$2.65	$2.80	$3.00	$3.29	$3.76

Proposed Rates - FY 2028	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
0433, 0434; IC1, ICA, ICB, WC1, WCA, WCB, FC2, IC2, WC2,							
Tier 1	$1.81	$1.87	$1.95	$2.06	$2.20	$2.42	$2.77
Tier 2	$2.54	$2.63	$2.74	$2.89	$3.09	$3.40	$3.88
3404, 3406, 3408, 3409; IJ1, WJ1, WJA, WJB, IJ2, WJ2, WL1, WLA, FL2, IL2, WL2							
Tier 1	$2.24	$2.32	$2.41	$2.55	$2.73	$2.99	$3.43
Tier 2	$2.97	$3.08	$3.20	$3.38	$3.62	$3.97	$4.54
2405, 2705, 3303, 2406, 2706, 3304; WD1, ID2, WD2, WE1, WE2, IF1, WF1, FF2, WF2, WG2, IH1, WH1, FH2, WH2, WI1							
Tier 1	$1.64	$1.70	$1.77	$1.87	$2.00	$2.19	$2.51
Tier 2	$2.37	$2.46	$2.56	$2.70	$2.89	$3.17	$3.62
3407; WM1, WMA, WMB, IM2							
Tier 1	$2.00	$2.07	$2.16	$2.28	$2.43	$2.67	$3.06
Tier 2	$2.73	$2.83	$2.95	$3.11	$3.32	$3.65	$4.17
3505; WQ1, FQ2, WQ2							
Tier 1	$1.77	$1.83	$1.91	$2.02	$2.15	$2.37	$2.71
Tier 2	$2.50	$2.59	$2.70	$2.85	$3.04	$3.35	$3.82
3807, 3898, 3809; IR1, WR1, FR2, IR2, FS2, WS2, WR2, WT1, WT2							
Tier 1	$1.75	$1.81	$1.89	$1.99	$2.13	$2.34	$2.68
Tier 2	$2.48	$2.57	$2.68	$2.82	$3.02	$3.32	$3.79
3953, 3954; WU1, WU2, WV1, WV2							
Tier 1	$2.00	$2.07	$2.16	$2.28	$2.43	$2.67	$3.06
Tier 2	$2.73	$2.83	$2.95	$3.11	$3.32	$3.65	$4.17

Table 9-11: Proposed Drought Rates FY 2029

Proposed Rates - FY 2029	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
0427, 0428, 0429, 0437, 0439; IA1, IAA, IAB, WA1, WAA, WAB, FA2, IA2, WA2, FW2, WW2, WX2							
Tier 1	$1.71	$1.77	$1.85	$1.95	$2.08	$2.28	$2.61
Tier 2	$2.48	$2.57	$2.68	$2.83	$3.02	$3.32	$3.79
0430, 0431, 3405; IB1, WB1, WBA, WBB, FB2, IB2, WB2, IK1, IKA, IKB, WK1, WKA, WKB, IK2, FK2, WK2							
Tier 1	$1.84	$1.90	$1.99	$2.09	$2.24	$2.46	$2.81

Proposed Rates - FY 2029	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Tier 2	$2.61	$2.70	$2.82	$2.97	$3.18	$3.50	$3.99
0433, 0434; IC1, ICA, ICB, WC1, WCA, WCB, FC2, IC2, WC2,							
Tier 1	$1.92	$1.98	$2.07	$2.19	$2.34	$2.57	$2.93
Tier 2	$2.69	$2.78	$2.90	$3.07	$3.28	$3.61	$4.11
3404, 3406, 3408, 3409; IJ1, WJ1, WJA, WJB, IJ2, WJ2, WL1, WLA, FL2, IL2, WL2							
Tier 1	$2.38	$2.46	$2.57	$2.71	$2.90	$3.18	$3.64
Tier 2	$3.15	$3.26	$3.40	$3.59	$3.84	$4.22	$4.82
2405, 2705, 3303, 2406, 2706, 3304; WD1, ID2, WD2, WE1, WE2, IF1, WF1, FF2, WF2, WG2, IH1, WH1, FH2, WH2, WI1							
Tier 1	$1.74	$1.80	$1.88	$1.98	$2.12	$2.32	$2.66
Tier 2	$2.51	$2.60	$2.71	$2.86	$3.06	$3.36	$3.84
3407; WM1, WMA, WMB, IM2							
Tier 1	$2.12	$2.19	$2.29	$2.41	$2.58	$2.83	$3.24
Tier 2	$2.89	$2.99	$3.12	$3.29	$3.52	$3.87	$4.42
3505; WQ1, FQ2, WQ2							
Tier 1	$1.88	$1.94	$2.03	$2.14	$2.29	$2.51	$2.87
Tier 2	$2.65	$2.74	$2.86	$3.02	$3.23	$3.55	$4.05
3807, 3898, 3809; IR1, WR1, FR2, IR2, FS2, WS2, WR2, WT1, WT2							
Tier 1	$1.86	$1.92	$2.01	$2.12	$2.26	$2.49	$2.84
Tier 2	$2.63	$2.72	$2.84	$3.00	$3.20	$3.53	$4.02
3953, 3954; WU1, WU2, WV1, WV2							
Tier 1	$2.12	$2.19	$2.29	$2.41	$2.58	$2.83	$3.24
Tier 2	$2.89	$2.99	$3.12	$3.29	$3.52	$3.87	$4.42

Table 9-12: Proposed Drought Rates FY 2030

Proposed Rates - FY 2030	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
0427, 0428, 0429, 0437, 0439; IA1, IAA, IAB, WA1, WAA, WAB, FA2, IA2, WA2, FW2, WW2, WX2							
Tier 1	$1.81	$1.88	$1.96	$2.06	$2.20	$2.43	$2.77
Tier 2	$2.63	$2.73	$2.84	$3.00	$3.20	$3.52	$4.03
0430, 0431, 3405; IB1, WB1, WBA, WBB, FB2, IB2, WB2, IK1, IKA, IKB, WK1, WKA, WKB, IK2, FK2, WK2							

Proposed Rates - FY 2030	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Tier 1	$1.95	$2.02	$2.11	$2.22	$2.37	$2.62	$2.98
Tier 2	$2.77	$2.87	$2.99	$3.16	$3.37	$3.71	$4.24
0433, 0434; IC1, ICA, ICB, WC1, WCA, WCB, FC2, IC2, WC2,							
Tier 1	$2.03	$2.10	$2.19	$2.31	$2.47	$2.72	$3.10
Tier 2	$2.85	$2.95	$3.07	$3.25	$3.47	$3.81	$4.36
3404, 3406, 3408, 3409; IJ1, WJ1, WJA, WJB, IJ2, WJ2, WL1, WLA, FL2, IL2, WL2							
Tier 1	$2.52	$2.61	$2.72	$2.87	$3.07	$3.38	$3.85
Tier 2	$3.34	$3.46	$3.60	$3.81	$4.07	$4.47	$5.11
2405, 2705, 3303, 2406, 2706, 3304; WD1, ID2, WD2, WE1, WE2, IF1, WF1, FF2, WF2, WG2, IH1, WH1, FH2, WH2, WI1							
Tier 1	$1.84	$1.91	$1.99	$2.09	$2.24	$2.47	$2.81
Tier 2	$2.66	$2.76	$2.87	$3.03	$3.24	$3.56	$4.07
3407; WM1, WMA, WMB, IM2							
Tier 1	$2.25	$2.33	$2.43	$2.56	$2.74	$3.02	$3.44
Tier 2	$3.07	$3.18	$3.31	$3.50	$3.74	$4.11	$4.70
3505; WQ1, FQ2, WQ2							
Tier 1	$1.99	$2.06	$2.15	$2.26	$2.42	$2.67	$3.04
Tier 2	$2.81	$2.91	$3.03	$3.20	$3.42	$3.76	$4.30
3807, 3898, 3809; IR1, WR1, FR2, IR2, FS2, WS2, WR2, WT1, WT2							
Tier 1	$1.97	$2.04	$2.13	$2.24	$2.40	$2.64	$3.01
Tier 2	$2.79	$2.89	$3.01	$3.18	$3.40	$3.73	$4.27
3953, 3954; WU1, WU2, WV1, WV2							
Tier 1	$2.25	$2.33	$2.43	$2.56	$2.74	$3.02	$3.44
Tier 2	$3.07	$3.18	$3.31	$3.50	$3.74	$4.11	$4.70

Appendix A: District 29 Functionalized O&M

Functionalized Expenses

Waterworks Dist Gen #29 - N32	Supply (WBMWD)	Pumping - Pressure Zones	Pumping - Other	Treatment (If Applicable)	Distribution Storage	Distribution	Conservation	Customer Service & Meter Reading	Meter Maint	General/Admin
IV - No Programs Coded										
150 Miscellaneous Charges										100%
W001 - Water Quality Monitoring										
110 Labor						50%				50%
120 Equipment						100%				
130 Materials				100%						
140 Contract Payments						100%				
150 Miscellaneous Charges										100%
999 No Genrl Reptg Catg (Do Not Budget)										100%
W002 - Purchased Water										
150 Miscellaneous Charges	100%									
W004 - Administration Support										
110 Labor										100%
120 Equipment										100%
130 Materials										100%
140 Contract Payments										100%
150 Miscellaneous Charges										100%
170 Other Charges										100%
999 No Genrl Reptg Catg (Do Not Budget)										100%
W005 - Customer Billing and Service										
110 Labor								100%		
120 Equipment								100%		
130 Materials								100%		

140 Contract Payments			100%	
150 Miscellaneous Charges			100%	
999 No Genrl Reptg Catg (Do Not Budget)			100%	
W007 - OMR - Equipment				
110 Labor				100%
120 Equipment				100%
130 Materials				100%
140 Contract Payments				100%
150 Miscellaneous Charges				100%
999 No Genrl Reptg Catg (Do Not Budget)		100%		0%
110 Labor		100%		0%
120 Equipment		0%		100%
W008 - Mapping Services & Annexations				
110 Labor				100%
120 Equipment				100%
150 Miscellaneous Charges				100%
W010 - Claims&Litigatn, Pub. Rec Req&EWR				
110 Labor				100%
150 Miscellaneous Charges				100%
170 Other Charges				100%
W014 - Damage Claims				
110 Labor		100%		
120 Equipment		100%		
130 Materials		100%		
150 Miscellaneous Charges		100%		
W015 - OMR-Water Distribution Systems				
110 Labor		50%		50%
120 Equipment				100%
130 Materials		100%		
140 Contract Payments		85%		15%
150 Miscellaneous Charges		100%		
160 Indirects		100%		

182 Capital Assets - Equipment			100%		
200 Operating Transfers			100%		
999 No Genrl Reptg Catg (Do Not Budget)			100%		
W016 - OMR-Pumping Plants					
110 Labor		75%			25%
120 Equipment		100%			
130 Materials		100%			
140 Contract Payments		100%			
150 Miscellaneous Charges		100%			
999 No Genrl Reptg Catg (Do Not Budget)		100%			
W017 - Information Services					
110 Labor				100%	
120 Equipment				100%	
140 Contract Payments				100%	
150 Miscellaneous Charges				100%	
W018 - Other Charges - S & S					
110 Labor					100%
120 Equipment					100%
150 Miscellaneous Charges					100%
W020 - Water Supply Planning & Res Mgmt					
110 Labor					100%
120 Equipment					100%
140 Contract Payments					100%
150 Miscellaneous Charges					100%
W023 - Disaster Services - OES/FEMA					
110 Labor			100%		
120 Equipment			100%		
150 Miscellaneous Charges			100%		
W030 - Pumping Plants - Power					
110 Labor	100%				
120 Equipment	100%				
150 Miscellaneous Charges	100%				

W036 - New Water Service Engrng & Insp											
110 Labor								100%			
120 Equipment								100%			
130 Materials								100%			
150 Miscellaneous Charges								100%			
W039 - Terror Prevention Safety Meas-WW											
150 Miscellaneous Charges										100%	
W043 - OMR-Tanks											
110 Labor					100%						
140 Contract Payments					100%						
150 Miscellaneous Charges					100%						
W044 - Water Conservation											
110 Labor							100%				
120 Equipment							100%				
130 Materials							100%				
140 Contract Payments							100%				
150 Miscellaneous Charges							100%				
999 No Genrl Reptg Catg (Do Not Budget)							100%				
Subtotal N32	**$13,112,167**	**$1,059,799**	**$1,578,977**	**$74,722**	**$416,389**	**$5,054,251**	**$1,076,396**	**$2,077,201**	**$0**	**$10,867,377**	**$35,317,279**

Waterworks Dist ACO #29 - N33

DMFFCPWC02 -Malibu Shower Fac-CP89131											
										100%	
										100%	
										100%	
										100%	
W004 - Administration Support											
										100%	
W007 - OMR - Equipment											
								100%			
								100%			

W013 - Construction of Water System Fac											
					15%	83%	2%				
					15%	83%	2%				
					15%	83%	2%				
					15%	83%	2%				
					15%	83%	2%				
					15%	83%	2%				
					15%	83%	2%				
					15%	83%	2%				
Subtotal N33	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$60,415**	**$60,415**
Total O&M	**$13,112,167**	**$1,059,799**	**$1,578,977**	**$74,722**	**$416,389**	**$5,054,251**	**$1,076,396**	**$2,077,201**	**$0**	**$10,927,792**	**$35,377,695**

Appendix B: District 40 Functionalized O&M

Waterworks Dist Gen #40 - N63	Supply (AVEK)	Supply Groundwater	Pumping	Treat-ment	Distribution Storage	Distribu-tion	Conser-vation	Customer Service & Meter Reading	Meter Maint	General/ Admin
W001 - Water Quality Monitoring										
110 Labor				43%		8%				49%
120 Equipment				100%						
130 Materials				100%						
140 Contract Payments										100%
150 Miscellaneous Charges				11%		3%				86%
999 No Genrl Reptg Catg (Do Not Budget)										100%
W002 - Purchased Water										
140 Contract Payments										100%
150 Miscellaneous Charges	99%									1%
W004 - Administration Support										
110 Labor										100%
120 Equipment										100%
130 Materials										100%
140 Contract Payments										100%
150 Miscellaneous Charges										100%
170 Other Charges										100%
999 No Genrl Reptg Catg (Do Not Budget)										100%
W005 - Customer Billing and Service										
110 Labor								100%		
120 Equipment								100%		
130 Materials								100%		
140 Contract Payments								100%		
150 Miscellaneous Charges								100%		
999 No Genrl Reptg Catg (Do Not Budget)								100%		
W007 - OMR - Equipment										

110 Labor										100%	
120 Equipment										100%	
130 Materials										100%	
140 Contract Payments										100%	
150 Miscellaneous Charges										100%	
182 Capital Assets - Equipment			24%			76%					
200 Operating Transfers			24%			76%					
999 No Genrl Reptg Catg (Do Not Budget)										100%	

W008 - Mapping Services & Annexations	Supply (AVEK)	Supply Groundwater	Pumping	Treat-ment	Distribution Storage	Distribution	Conser-vation	Customer Service & Meter Reading	Meter Maint	General/ Admin	
110 Labor						75%				25%	
120 Equipment										100%	
150 Miscellaneous Charges										100%	
W009 - Groundwater Banking											
110 Labor										100%	
150 Miscellaneous Charges										100%	
999 No Genrl Reptg Catg (Do Not Budget)										100%	
W010 - Claims&Litigatn, Pub. Rec Req&EWR											
110 Labor										100%	
150 Miscellaneous Charges										100%	
170 Other Charges										100%	
W014 - Damage Claims											
110 Labor						100%					
120 Equipment						100%					
130 Materials						100%					
150 Miscellaneous Charges						100%					

W015 - OMR-Water Distribution Systems	Supply (AVEK)	Supply Groundwater	Pumping	Treat-ment	Distribution Storage	Distribution	Conser-vation	Customer Service & Meter Reading	Meter Maint	General/ Admin	
110 Labor			1%			63%		0%	36%	0%	100%
120 Equipment			0%			75%			3%	22%	100%
130 Materials						75%			23%	2%	100%
140 Contract Payments						68%			32%		100%

150 Miscellaneous Charges			7%			5%			54%	34%	100%
160 Indirects										100%	
182 Capital Assets - Equipment										100%	
200 Operating Transfers										100%	
999 No Genrl Reptg Catg (Do Not Budget)										100%	

W016 - OMR-Pumping Plants	Supply (AVEK)	Supply Groundwater	Pumping	Treat-ment	Distribution Storage	Distribution	Conser-vation	Customer Service & Meter Reading	Meter Maint	General/ Admin
110 Labor			100%							0%
120 Equipment			100%							
130 Materials			100%							
140 Contract Payments	0%	56%	43%							1%
150 Miscellaneous Charges			100%							
999 No Genrl Reptg Catg (Do Not Budget)			100%							
W017 - Information Services										
110 Labor								46%		54%
120 Equipment										100%
140 Contract Payments								100%		
150 Miscellaneous Charges								100%		
W018 - Other Charges - S & S										
110 Labor										100%
150 Miscellaneous Charges										100%
Placeholder										100%

W020 - Water Supply Planning & Res Mgmt	Supply (AVEK)	Supply Groundwater	Pumping	Treat-ment	Distribution Storage	Distribution	Conser-vation	Customer Service & Meter Reading	Meter Maint	General/ Admin
110 Labor	5%									95%
120 Equipment										100%
140 Contract Payments										100%
150 Miscellaneous Charges										100%
W023 - Disaster Services - OES/FEMA										
Placeholder										100%
Placeholder										100%
Placeholder										100%

W030 - Pumping Plants - Power											
110 Labor										100%	
120 Equipment										100%	
140 Contract Payments			100%								
150 Miscellaneous Charges		50%	50%								
110 Labor						25%		75%			100%
120 Equipment						25%		75%			100%
140 Contract Payments						25%		75%			100%
150 Miscellaneous Charges								100%			100%
W042 - OMR-Wells											0%
110 Labor	0%	100%									
120 Equipment	0%	100%									
130 Materials	0%	100%									
140 Contract Payments	0%	100%									
150 Miscellaneous Charges	0%	100%									
W043 - OMR-Tanks											
110 Labor					100%						
140 Contract Payments					100%						
150 Miscellaneous Charges					100%						
W044 - Water Conservation											
110 Labor							100%				
120 Equipment							100%				
130 Materials							100%				
140 Contract Payments							100%				
150 Miscellaneous Charges							100%				
999 No Genrl Reptg Catg (Do Not Budget)							100%				
Subtotal	**$22,286,312**	**$3,280,399**	**$6,179,087**	**$1,302,668**	**$243,127**	**$10,170,573**	**$3,448,945**	**$7,323,260**	**$3,024,939**	**$9,642,432**	**$66,901,743**

	Supply (AVEK)	Supply Groundwater	Pumping	Treatment (If Applicable)	Distribution Storage	Distribution	Conservation	Customer Service & Meter Reading	Meter Maint	General/Admin	
W004 - Administration Support											
150 Miscellaneous Charges										100%	
W007 - OMR - Equipment											
182 Capital Assets - Equipment					15%	85%					
200 Operating Transfers					15%	85%					
W013 - Construction of Water System Fac											
110 Labor					15%	85%					
120 Equipment					15%	85%					
130 Materials					15%	85%					
140 Contract Payments					15%	85%					
150 Miscellaneous Charges					15%	85%					
170 Other Charges					15%	85%					
184 Capital Assets - Infrastructure					15%	85%					
200 Operating Transfers					15%	85%					
Subtotal	**$0**	**$0**	**$0**	**$0**	**$198,515**	**$1,124,916**	**$0**	**$0**	**$0**	**$30,454**	**$1,353,884**
Total	**$22,286,312**	**$3,280,399**	**$6,179,087**	**$1,302,668**	**$441,642**	**$11,295,489**	**$3,448,945**	**$7,323,260**	**$3,024,939**	**$9,672,886**	**$68,255,628**

Appendix C: District 40 Private Fire Comparison – All Regions and Current Rates

Private Fire Charge ($/Billing Unit/Month)	Current FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030
Region 04 Schedule 0427, 0430 - Inside						
2"	$91.63	$33.63	$35.65	$37.79	$40.06	$42.46
2.5"	$91.63	$35.33	$37.45	$39.70	$42.08	$44.60
3"	$91.63	$37.68	$39.95	$42.35	$44.89	$47.58
4"	$91.63	$44.67	$47.35	$50.19	$53.20	$56.39
6"	$123.22	$69.75	$73.93	$78.37	$83.07	$88.05
8"	$154.82	$113.00	$119.78	$126.97	$134.59	$142.67
10"	$218.01	$178.06	$188.75	$200.08	$212.08	$224.80
12"	$344.39	$268.24	$284.33	$301.39	$319.47	$338.64
Region 04 Schedule 0433 - Inside						
2"	$102.32	$33.63	$35.65	$37.79	$40.06	$42.46
2.5"	$102.32	$35.33	$37.45	$39.70	$42.08	$44.60
3"	$102.32	$37.68	$39.95	$42.35	$44.89	$47.58
4"	$102.32	$44.67	$47.35	$50.19	$53.20	$56.39
6"	$137.60	$69.75	$73.93	$78.37	$83.07	$88.05
8"	$172.89	$113.00	$119.78	$126.97	$134.59	$142.67
10"	$243.45	$178.06	$188.75	$200.08	$212.08	$224.80
12"	$384.58	$268.24	$284.33	$301.39	$319.47	$338.64
Region 04 Schedule 0437 - Outside						
2"	$134.20	$33.63	$35.65	$37.79	$40.06	$42.46
2.5"	$134.20	$35.33	$37.45	$39.70	$42.08	$44.60

Private Fire Charge ($/Billing Unit/Month)	Current FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030
3"	$134.20	$37.68	$39.95	$42.35	$44.89	$47.58
4"	$134.20	$44.67	$47.35	$50.19	$53.20	$56.39
6"	$180.48	$69.75	$73.93	$78.37	$83.07	$88.05
8"	$226.75	$113.00	$119.78	$126.97	$134.59	$142.67
10"	$319.30	$178.06	$188.75	$200.08	$212.08	$224.80
12"	$504.41	$268.24	$284.33	$301.39	$319.47	$338.64
Region 24 Schedule 2405 - Inside						
2"	$97.06	$33.63	$35.65	$37.79	$40.06	$42.46
2.5"	$97.06	$35.33	$37.45	$39.70	$42.08	$44.60
3"	$97.06	$37.68	$39.95	$42.35	$44.89	$47.58
4"	$97.06	$44.67	$47.35	$50.19	$53.20	$56.39
6"	$130.53	$69.75	$73.93	$78.37	$83.07	$88.05
8"	$163.99	$113.00	$119.78	$126.97	$134.59	$142.67
10"	$230.93	$178.06	$188.75	$200.08	$212.08	$224.80
12"	$364.80	$268.24	$284.33	$301.39	$319.47	$338.64
Region 24 Schedule 2405 - Outside						
2"	$145.59	$33.63	$35.65	$37.79	$40.06	$42.46
2.5"	$145.59	$35.33	$37.45	$39.70	$42.08	$44.60
3"	$145.59	$37.68	$39.95	$42.35	$44.89	$47.58
4"	$145.59	$44.67	$47.35	$50.19	$53.20	$56.39
6"	$195.79	$69.75	$73.93	$78.37	$83.07	$88.05
8"	$245.99	$113.00	$119.78	$126.97	$134.59	$142.67
10"	$346.39	$178.06	$188.75	$200.08	$212.08	$224.80
12"	$547.20	$268.24	$284.33	$301.39	$319.47	$338.64
Region 27 Schedule 2705 - Inside						

Private Fire Charge ($/Billing Unit/Month)	Current FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030
2"	$106.49	$33.63	$35.65	$37.79	$40.06	$42.46
2.5"	$106.49	$35.33	$37.45	$39.70	$42.08	$44.60
3"	$106.49	$37.68	$39.95	$42.35	$44.89	$47.58
4"	$106.49	$44.67	$47.35	$50.19	$53.20	$56.39
6"	$143.22	$69.75	$73.93	$78.37	$83.07	$88.05
8"	$179.94	$113.00	$119.78	$126.97	$134.59	$142.67
10"	$253.38	$178.06	$188.75	$200.08	$212.08	$224.80
12"	$400.27	$268.24	$284.33	$301.39	$319.47	$338.64
Region 27 Schedule 2706 - Outside						
2"	$159.74	$33.63	$35.65	$37.79	$40.06	$42.46
2.5"	$159.74	$35.33	$37.45	$39.70	$42.08	$44.60
3"	$159.74	$37.68	$39.95	$42.35	$44.89	$47.58
4"	$159.74	$44.67	$47.35	$50.19	$53.20	$56.39
6"	$214.82	$69.75	$73.93	$78.37	$83.07	$88.05
8"	$269.91	$113.00	$119.78	$126.97	$134.59	$142.67
10"	$380.07	$178.06	$188.75	$200.08	$212.08	$224.80
12"	$600.40	$268.24	$284.33	$301.39	$319.47	$338.64
Region 33 Schedule 3303 - Inside						
2"	$106.49	$33.63	$35.65	$37.79	$40.06	$42.46
2.5"	$106.49	$35.33	$37.45	$39.70	$42.08	$44.60
3"	$106.49	$37.68	$39.95	$42.35	$44.89	$47.58
4"	$106.49	$44.67	$47.35	$50.19	$53.20	$56.39
6"	$143.22	$69.75	$73.93	$78.37	$83.07	$88.05
8"	$179.94	$113.00	$119.78	$126.97	$134.59	$142.67
10"	$253.38	$178.06	$188.75	$200.08	$212.08	$224.80
12"	$400.27	$268.24	$284.33	$301.39	$319.47	$338.64

Private Fire Charge ($/Billing Unit/Month)	Current FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030
Region 33 Schedule 3304 - Outside						
2"	$159.74	$33.63	$35.65	$37.79	$40.06	$42.46
2.5"	$159.74	$35.33	$37.45	$39.70	$42.08	$44.60
3"	$159.74	$37.68	$39.95	$42.35	$44.89	$47.58
4"	$159.74	$44.67	$47.35	$50.19	$53.20	$56.39
6"	$214.82	$69.75	$73.93	$78.37	$83.07	$88.05
8"	$269.91	$113.00	$119.78	$126.97	$134.59	$142.67
10"	$380.07	$178.06	$188.75	$200.08	$212.08	$224.80
12"	$600.40	$268.24	$284.33	$301.39	$319.47	$338.64
Region 34 Schedule 3405, 3404 , 3406 - Outside						
2"	$103.48	$33.63	$35.65	$37.79	$40.06	$42.46
2.5"	$103.48	$35.33	$37.45	$39.70	$42.08	$44.60
3"	$103.48	$37.68	$39.95	$42.35	$44.89	$47.58
4"	$103.48	$44.67	$47.35	$50.19	$53.20	$56.39
6"	$139.16	$69.75	$73.93	$78.37	$83.07	$88.05
8"	$174.84	$113.00	$119.78	$126.97	$134.59	$142.67
10"	$246.21	$178.06	$188.75	$200.08	$212.08	$224.80
12"	$388.93	$268.24	$284.33	$301.39	$319.47	$338.64
Region 35 Schedule 3505 - Inside						
2"	$111.90	$33.63	$35.65	$37.79	$40.06	$42.46
2.5"	$111.90	$35.33	$37.45	$39.70	$42.08	$44.60
3"	$111.90	$37.68	$39.95	$42.35	$44.89	$47.58
4"	$111.90	$44.67	$47.35	$50.19	$53.20	$56.39
6"	$150.49	$69.75	$73.93	$78.37	$83.07	$88.05
8"	$189.08	$113.00	$119.78	$126.97	$134.59	$142.67

Private Fire Charge ($/Billing Unit/Month)	Current FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030
10"	$266.25	$178.06	$188.75	$200.08	$212.08	$224.80
12"	$420.60	$268.24	$284.33	$301.39	$319.47	$338.64
Region 38 Schedule 3807 - Inside						
2"	$109.12	$33.63	$35.65	$37.79	$40.06	$42.46
2.5"	$109.12	$35.33	$37.45	$39.70	$42.08	$44.60
3"	$109.12	$37.68	$39.95	$42.35	$44.89	$47.58
4"	$109.12	$44.67	$47.35	$50.19	$53.20	$56.39
6"	$146.75	$69.75	$73.93	$78.37	$83.07	$88.05
8"	$184.38	$113.00	$119.78	$126.97	$134.59	$142.67
10"	$259.63	$178.06	$188.75	$200.08	$212.08	$224.80
12"	$410.15	$268.24	$284.33	$301.39	$319.47	$338.64
Region 38 Schedule 3898 - Inside						
2"	$135.95	$33.63	$35.65	$37.79	$40.06	$42.46
2.5"	$135.95	$35.33	$37.45	$39.70	$42.08	$44.60
3"	$135.95	$37.68	$39.95	$42.35	$44.89	$47.58
4"	$135.95	$44.67	$47.35	$50.19	$53.20	$56.39
6"	$182.82	$69.75	$73.93	$78.37	$83.07	$88.05
8"	$229.70	$113.00	$119.78	$126.97	$134.59	$142.67
10"	$323.46	$178.06	$188.75	$200.08	$212.08	$224.80
12"	$510.97	$268.24	$284.33	$301.39	$319.47	$338.64
Region 38 Schedule 3809 - Outside						
2"	$163.68	$33.63	$35.65	$37.79	$40.06	$42.46
2.5"	$163.68	$35.33	$37.45	$39.70	$42.08	$44.60
3"	$163.68	$37.68	$39.95	$42.35	$44.89	$47.58
4"	$163.68	$44.67	$47.35	$50.19	$53.20	$56.39

Private Fire Charge ($/Billing Unit/Month)	Current FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030
6"	$220.12	$69.75	$73.93	$78.37	$83.07	$88.05
8"	$276.57	$113.00	$119.78	$126.97	$134.59	$142.67
10"	$389.45	$178.06	$188.75	$200.08	$212.08	$224.80
12"	$615.22	$268.24	$284.33	$301.39	$319.47	$338.64
Region 39 Schedule 3953 - Inside						
2"	$140.70	$33.63	$35.65	$37.79	$40.06	$42.46
2.5"	$140.70	$35.33	$37.45	$39.70	$42.08	$44.60
3"	$140.70	$37.68	$39.95	$42.35	$44.89	$47.58
4"	$140.70	$44.67	$47.35	$50.19	$53.20	$56.39
6"	$189.22	$69.75	$73.93	$78.37	$83.07	$88.05
8"	$237.74	$113.00	$119.78	$126.97	$134.59	$142.67
10"	$334.77	$178.06	$188.75	$200.08	$212.08	$224.80
12"	$528.85	$268.24	$284.33	$301.39	$319.47	$338.64
Region 39 Schedule 3954 - Outside						
2"	$211.05	$33.63	$35.65	$37.79	$40.06	$42.46
2.5"	$211.05	$35.33	$37.45	$39.70	$42.08	$44.60
3"	$211.05	$37.68	$39.95	$42.35	$44.89	$47.58
4"	$211.05	$44.67	$47.35	$50.19	$53.20	$56.39
6"	$283.83	$69.75	$73.93	$78.37	$83.07	$88.05
8"	$356.61	$113.00	$119.78	$126.97	$134.59	$142.67
10"	$502.16	$178.06	$188.75	$200.08	$212.08	$224.80
12"	$793.27	$268.24	$284.33	$301.39	$319.47	$338.64