Amador Water Agency

2025 Water Rate Study

Draft Report – September 2025

Prepared by: Water Resources Economics, LLC

Water Resources Economics

PROMOTING THE VALUE AND PRICE OF WATER SERVICE

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Water Resources Economics
PROMOTING THE VALUE AND PRICE OF WATER SERVICE

September 19, 2025

Larry McKenney
General Manager
Amador Water Agency
12800 Ridge Road
Sutter Creek, CA 95685

Subject: Amador Water Agency Water Rate Study Report

Dear Mr. McKenney,

Water Resources Economics, LLC (WRE) is pleased to submit this 2025 Water Rate Study Report to the Amador Water Agency (Agency). This report documents the results and recommendations of the Agency's comprehensive water rate study.

The goal of the study was to develop a five-year schedule of water rates (for Treated Retail, Treated Wholesale, and Untreated Retail customers) that will sufficiently fund the water system expenses, allow the Agency to meet its financial goals within the study period, and comply with the cost-of-service principles set forth in Proposition 218.

This study utilizes industry-standard rate-setting methodology in accordance with guidelines developed by the American Water Works Association and incorporates guidance provided by the Agency's Board of Directors as part of the rate study process.

Our project team has a proven track record of developing fair and equitable water rates for numerous public utility agencies in California over the past 25 years. We are confident in our ability to develop sound water rates that satisfy the requirements of Proposition 218.

It has been a pleasure assisting the Agency, and we appreciate the support provided by you, the Board of Directors, and other Agency staff during this study.

Sincerely,

Sanjay Gaur
Founder / President

Nancy Phan
Principal Consultant

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1. EXECUTIVE SUMMARY

1.1 SYSTEM OVERVIEW

The Amador Water Agency (Agency) provides Treated Retail, Treated Wholesale, and Untreated Retail water service to approximately 10,000 customers in Amador County and to the Cities of Ione, Jackson, Plymouth, Sutter Creek, Amador City, and several other special districts. The Agency's water service area encompasses 568 square miles and includes the Amador Water System (AWS), Central Amador Water Projection System (CAWP), La Mel Heights (La Mel), and Lake Camanche Village (Lake Camanche).

1.2 RATE STUDY OVERVIEW

Public retail water agencies in California typically conduct a cost-of-service study every five years to ensure that customers are appropriately charged for water service, which involves reestablishing the cost-of-service nexus that is required by Proposition 218. The Agency's most recent Water Rate Study was conducted in 2021 and provided water rates up to July 2025.

The Agency engaged Water Resources Economics (WRE) in early 2025 to conduct a comprehensive Water Rate Study with the following objectives:

- Develop a five-year water rate schedule for the Treated Retail, Treated Wholesale, and Untreated Retail service types from Fiscal Year (FY) 2027[1] through FY 2031
- Evaluate financial plan scenarios to meet financial performance targets for the study period
- Conduct an updated cost-of-service analysis based on the most recent financial and customer data, while utilizing the allocation methodology developed in the prior study

1.3 LEGAL REQUIREMENTS[2]

Legal considerations relating to retail water rates in California focus heavily on Proposition 218, which was enacted in 1996 and is now reflected in Article XIII C and Article XIII D of the California Constitution. Proposition 218 states that "property related fees and charges" (which include retail water rates) may not exceed the proportional cost of providing the service to the customer and may not be used for any purpose other than providing said service.

The practical implication is that public retail utility agencies in California must demonstrate a sufficient nexus between the costs incurred by the agency to provide water service, and the rates charged to customers. The primary means by which retail agencies address this requirement is by conducting a "cost-of-service analysis." Proposition 218 also affects the rate adoption process by requiring agencies to hold a public hearing to adopt rates. The agency must mail public hearing notices to all customers no fewer than 45 days prior to the public hearing. The public hearing notices must clearly show all proposed rate changes, provide information on the public hearing date/time/location, and provide instructions on how customers may protest the proposed rate changes. If a majority of customers submit a protest, the proposed rate changes cannot be adopted.

[1] FY 2027 is the year starting July 1, 2026 and ending June 30, 2027.
[2] Although this section is named "Legal Requirements" and discusses Proposition 218, WRE is not a law firm and does not provide legal advice.

1.4 RATE-SETTING METHODOLOGY

This study was conducted using industry-standard methodology outlined by the American Water Works Association (AWWA) in its *Manual of Water Supply Practices M1: Principles of Water Rates, Fees and Charges, Seventh Edition* (M1 Manual) and the legal requirements defined by Proposition 218.

The rate study process includes the following steps:

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

1.5 ADDITIONAL INFORMATION AND DISCLAIMERS

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

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

1.6 CURRENT WATER RATES

The Agency's current water rates were effective starting July 1, 2025 and include a monthly service charge, a commodity rate per hundred cubic feet[3] (hcf) of water consumption, and a monthly debt service charge for the Treated Retail, Treated Wholesale, and Untreated Retail service types.

Table 1-1 shows the current monthly water service charges and commodity rates for Treated Retail customers. Treated Retail monthly service charges are based on meter size for all customers, and commodity rates are a uniform charge based on hcf of water consumption.

[3] One hundred cubic feet is equal to approximately 748 gallons.

Table 1-1: Current Water Rates (Treated Retail)

Line	Water Rates (Treated Retail)	Current 7/1/2025
1	**Monthly Water Service Charges**	
2	5/8"	$51.55
3	3/4"	$69.41
4	1"	$105.12
5	1 1/2"	$194.45
6	2"	$301.63
7	3"	$641.04
8	4"	$1,141.22
9	6"	$2,873.95
10	8"	$5,017.58
11	10"	$7,518.45
12		
13	**Commodity Rates ($/hcf)**	
14	All Customers	$5.25

Table 1-2 shows the current monthly debt service charges for Treated Retail customers. Treated Retail monthly debt service charges are based on meter size and are charged by service area (AWS, CAWP, La Mel, and Lake Camanche). All Treated Retail customers will fall within one of the four service areas.

Table 1-2: Current Water Debt Service Charges (Treated Retail)

Line	Debt Charges (Treated Retail)	Current 7/1/2025
1	**Monthly Debt Service Charges**	
2	**AWS**	$25.41
3	5/8"	$38.11
4	3/4"	$63.52
5	1"	$127.03
6	1 1/2"	$203.25
7	2"	$444.61
8	3"	$800.29
9	4"	$2,032.49
10	6"	$3,556.86
11	8"	$5,335.50
12	10"	
13		
14	**CAWP**	
15	5/8"	$16.40
16	3/4"	$24.59
17	1"	$40.99
18	1 1/2"	$81.97
19	2"	$131.15
20	3"	$286.89
21	4"	$516.39
22	6"	$1,311.46
23	8"	$2,295.05
24		
25	**La Mel**	
26	5/8"	$17.27
27	3/4"	$25.91
28	1"	$43.18
29	1 1/2"	$86.35
30	2"	$138.16
31	3"	$302.22
32	4"	$543.98
33	6"	$1,381.54
34	8"	$2,417.69
35		
36	**Lake Camanche**	
37	5/8"	$2.96
38	3/4"	$4.44
39	1"	$7.39
40	1 1/2"	$14.78
41	2"	$23.65
42	3"	$51.73
43	4"	$93.11
44	6"	$236.46
45	8"	$413.80

Table 1-3 shows the current monthly water service charges and commodity rates for Treated Wholesale customers. Treated Wholesale monthly service charges are specific to each wholesale customer, and commodity rates are a uniform charge based on hcf of water consumption for all customers. Treated Wholesale customers include Pine Grove Community Services District (Pine Grove), First Mace Meadow Water Association (Mace Meadows), the City of Jackson (Jackson), Drytown County Water District (Drytown), and the City of Plymouth (Plymouth).

Table 1-3: Current Water Rates (Treated Wholesale)

Line	Water Rates (Treated Wholesale)	Current 7/1/2025
1	**Monthly Water Service Charges**	
2	Pine Grove	$9,047.33
3	Mace Meadows	$5,735.23
4	Jackson	$72,185.13
5	Drytown	$3,338.70
6	Plymouth	$17,495.66
7		
8	**Commodity Rates ($/hcf)**	
9	All Customers	$2.82

Table 1-4 shows the current monthly debt service charges for Treated Wholesale customers.

Table 1-4: Current Water Debt Service Charges (Treated Wholesale)

Line	Debt Charges (Treated Wholesale)	Current 7/1/2025
1	**Monthly Debt Service Charges**	
2	Pine Grove	$7,127.44
3	Mace Meadows	$5,246.59
4	Jackson	$16,417.96
5	Drytown	$1,129.66
6	Plymouth	$5,066.11

Table 1-5 shows the current monthly water service charges and commodity rates for Untreated Retail customers. Untreated Retail monthly service charges are based on meter size for all customers, and commodity rates are a uniform charge based on hcf of water consumption.

Table 1-5: Current Water Rates (Untreated Retail)

Line	Water Rates (Untreated Retail)	Current 7/1/2025
1	**Monthly Water Service Charges**	
2	5/8"	$77.10
3	3/4"	$104.52
4	1"	$159.34
5	1 1/2"	$296.44
6	2"	$460.95
7	3"	$981.90
8	4"	$1,749.63
9	6"	$4,409.24
10		
11	**Commodity Rates ($/hcf)**	
12	All Customers	$2.77

Table 1-6 shows the current monthly debt service charges for Untreated Retail customers. Untreated Retail monthly debt service charges are based on meter size for all customers.

Table 1-6: Current Water Debt Service Charges (Untreated Retail)

Line	Debt Charges (Untreated Retail)	Current 7/1/2025
1	**Monthly Debt Service Charges**	
2	5/8"	$5.09
3	3/4"	$7.63
4	1"	$12.72
5	1 1/2"	$25.43
6	2"	$40.69
7	3"	$88.99
8	4"	$160.18
9	6"	$406.81

1.7 WATER FINANCIAL PERFORMANCE AND POLICIES

WRE worked closely with Agency staff and the Board of Directors to determine the financial plan scenario that is most appropriate to meet the Agency's needs over the study period. The results and recommendations of the rate study are driven by the financial performance of the water enterprise, input from Agency staff, and direction from the Board.

Although the water enterprise includes three different service types (Treated Retail, Treated Wholesale, and Untreated Retail), financial performance is evaluated at the enterprise level. The water system's financial performance is driven by the ability of the currently adopted water rates to meet the Agency's funding needs over the study period.

To maintain financial sufficiency and sustainability of the enterprise, water rates must fully fund operations and maintenance (O&M) costs, capital improvement plan (CIP) expenditures, and any relevant financial policies, such as reserve policy targets and debt coverage requirements.

The key factors affecting the financial performance of the water enterprise include:

- **Substantial capital investment needs over the study period:** The cost of planned CIP over the next six years (FY 2026 through FY 2031) is equal to approximately $117.8 million in total, or an annual average of $19.6 million. Approximately $2.9 million will be funded by grants, and approximately $73.1 million is planned to be funded through debt proceeds from a 2024 Bond and a 2025 Water Infrastructure Finance and Innovation Act (WIFIA) Loan.
- **Debt service payments and coverage requirements:** In addition to the Agency's existing debt service payments, debt service will begin in FY 2027 for the 2024 Bonds and in FY 2030 for the 2025 WIFIA Loan. The Agency is required to meet an annual debt coverage requirement of 125% for each year. This means that the Agency's net operating revenue (revenues less operating expenses) must be at least 125% greater than the annual debt service. The Agency's Board has also provided direction to maintain a debt coverage target of 150% to maintain a favorable credit rating and to establish a buffer in case of lower-than-projected revenues in any given year.
- **Inflationary cost adjustments for O&M:** Operating costs will increase on average by 4% based on inflationary adjustments provided by Agency staff. Although the Agency does not anticipate significant increases to O&M costs over the study period, rate revenue adjustments are often needed to keep up with inflationary pressures over time.
- **Reserve policy targets:** The Agency's current reserve policy, which is shown in **Table 1-7**, includes minimum and maximum target levels for the operating reserve, and target levels for the capital, rate stabilization, and emergency reserves. The reserve policy in place allows the Agency to maintain cash on hand to meet short-term cash flow needs, respond to emergencies, and fund CIP projects.

Table 1-7: Water Reserve Policy

Line	Reserve Policy	Policy Target	FY 2026
1	Operating Reserve Minimum	25% of annual O&M expenses	$3,440,350
2	Operating Reserve Maximum	50% of annual O&M expenses	$6,880,700
3	Capital Reserve	1% of net capital assets	$986,742
4	Rate Stabilization Reserve	$1 million	$1,000,000
5	Emergency Reserve	$0.5 million	$500,000
6	**Combined Reserve Targets - Minimum**		**$5,927,092**
7	**Combined Reserve Targets - Maximum**		**$9,367,442**

1.8 WATER FINANCIAL PLAN (STATUS QUO)

The first step in evaluating the financial performance of the water enterprise is to develop a "status quo financial plan," which is the scenario in which the Agency does not increase its water rate revenues and does not make any changes to the existing capital plan. This exercise is to determine whether the Agency's current water rates are sufficient to meet two financial performance metrics: debt coverage and fund balances.

Table 1-8 shows the financial plan adjustments for the water enterprise under the status quo scenario.

Table 1-8: Water Financial Plan Adjustments (Status Quo)

Line	Fiscal Year	Revenue Adjustments	CIP Execution Rate
1	FY 2027	0.0%	100%

2	FY 2028	0.0%	100%
3	FY 2029	0.0%	100%
4	FY 2030	0.0%	100%
5	FY 2031	0.0%	100%

Figure 1-1 shows the water CIP by funding source under the status quo scenario, which assumes that the Agency will execute the full capital plan of $117.8 million over the six-year period. This scenario assumes approximately $2.9 million in grant funding (shown as black bars) and $73.1 million in debt funding (shown as light blue bars). The remaining $41.8 million in CIP is projected to be funded through rates (shown as blue bars).

Figure 1-1: Water Capital Projects by Funding Source (Status Quo)

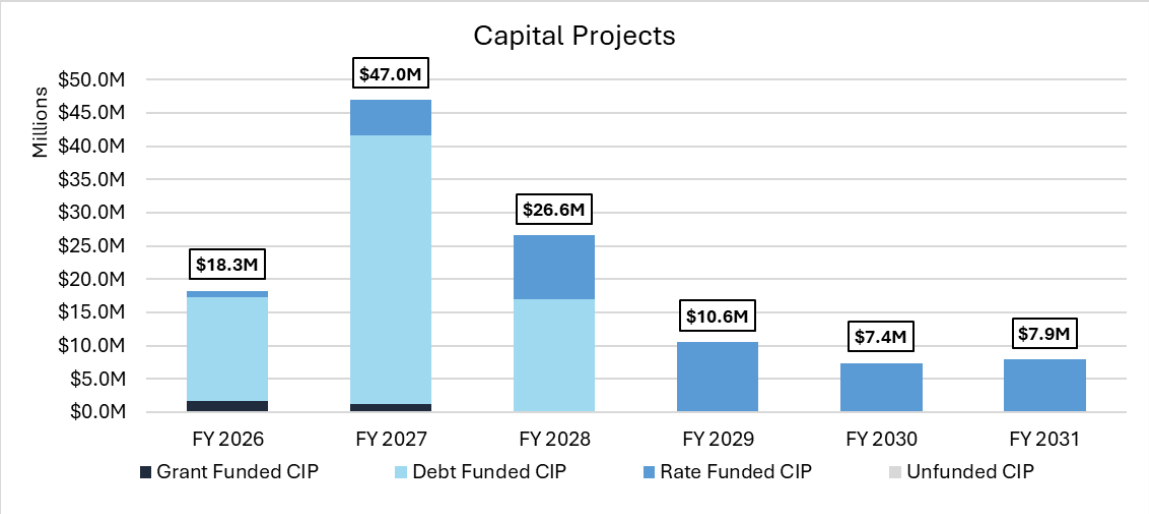


Figure 1-2 shows the projected debt coverage under the status quo scenario. The target debt coverage (shown as a dotted red line) is equal to 150%, as directed by the Board. The required debt coverage (shown as a solid red line) is equal to 125%. Without additional water rate revenues, the projected all-in debt coverage (shown as dashed black line) will not meet the target coverage beginning in FY 2027 and will not meet the required coverage beginning in FY 2029.

Figure 1-2: Water Debt Coverage Projections (Status Quo)

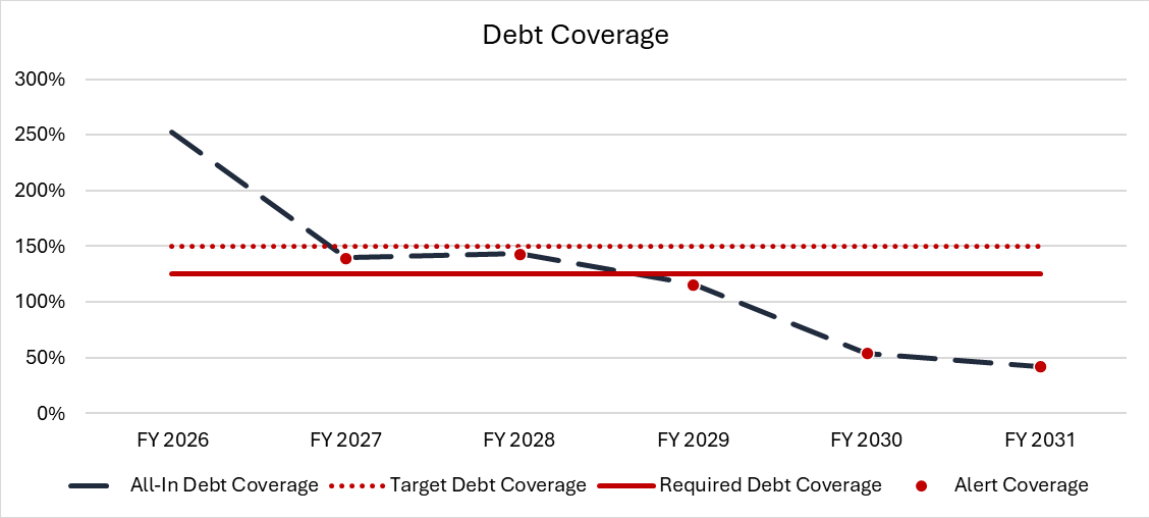
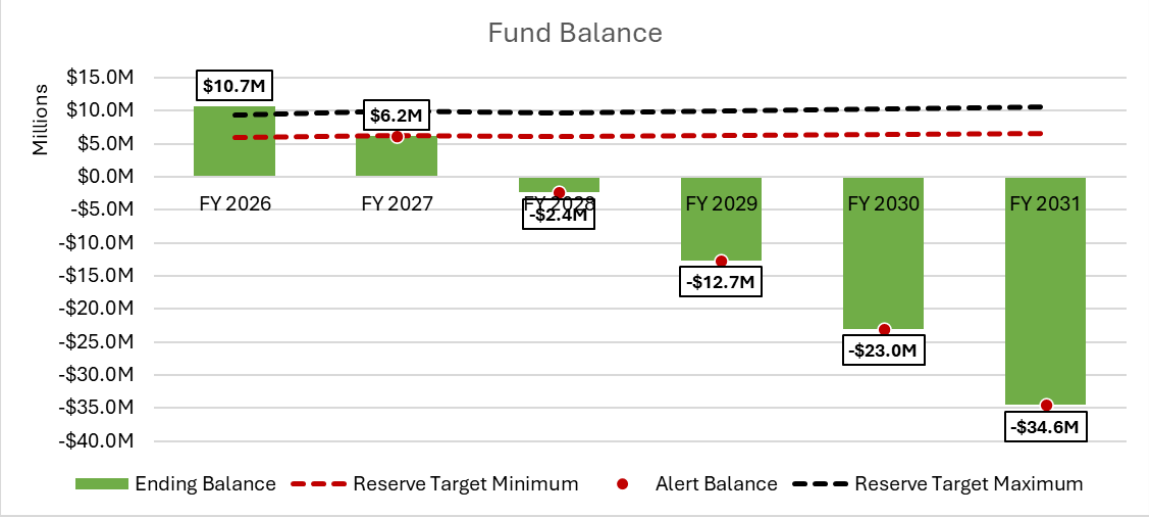


Figure 1-3 shows the projected ending fund balances of the water enterprise fund under the status quo scenario. The reserve target minimum (shown as a dashed red line) is equal to the operating reserve minimum plus capital, rate stabilization, and emergency reserve policy targets, and the reserve target maximum (shown as a dashed black line) is equal to the operating reserve maximum plus capital, rate stabilization, and emergency reserve policy targets from **Table 1-7**. Without additional water rate revenues, the water enterprise fund balances will not meet targets starting in FY 2027 and will be negative starting in FY 2028.

Figure 1-3: Water Fund Balance Projections (Status Quo)



The status quo financial plan scenario shows that the Agency requires additional water rate revenues in order to fully fund the costs of the water system, meet debt coverage requirements and targets, and meet reserve policy targets.

1.9 WATER FINANCIAL PLAN (PROPOSED)

WRE worked with the Board and Agency staff to determine the most appropriate financial plan scenario to meet the Agency's needs over the study period. Overall annual increases in water rate revenues resulting from rate increases are referred to as "revenue adjustments." The proposed financial plan scenario includes five years of revenue adjustments and reduced CIP execution rates resulting from deferral of capital projects, as shown in **Table 1-9**.

The revenue adjustments shown results in an increase of the rate revenue requirement from $17.6 million (current FY 2026 rate revenues) to $24.7 million (proposed FY 2031 revenues). Additionally, the Board has elected to defer $19.7 million in CIP over the six-year period to reduce the financial impacts to customers and to align the capital program with a more realistic capital execution plan.

Table 1-9: Water Financial Plan Adjustments (Proposed)

Line	Fiscal Year	Revenue Adjustments	CIP Execution Rate
1	FY 2027	7.0%	90%
2	FY 2028	7.0%	75%
3	FY 2029	7.0%	75%
4	FY 2030	7.0%	75%
5	FY 2031	7.0%	75%

Figure 1-4 shows the water CIP by funding source under the proposed scenario, which assumes that the Agency will execute a capital plan of $98.1 million over the six-year period. This scenario utilizes approximately $2.9 million in grant funding (shown as black bars) and assumes $73.1 million in debt funding (shown as light blue bars). Approximately $22.1 million in CIP is projected to be funded through rates (shown as blue bars), and approximately $19.7 million in CIP is projected to be unfunded or deferred to past the study period (shown as grey bars).

Figure 1-4: Water Capital Projects by Funding Source (Proposed)

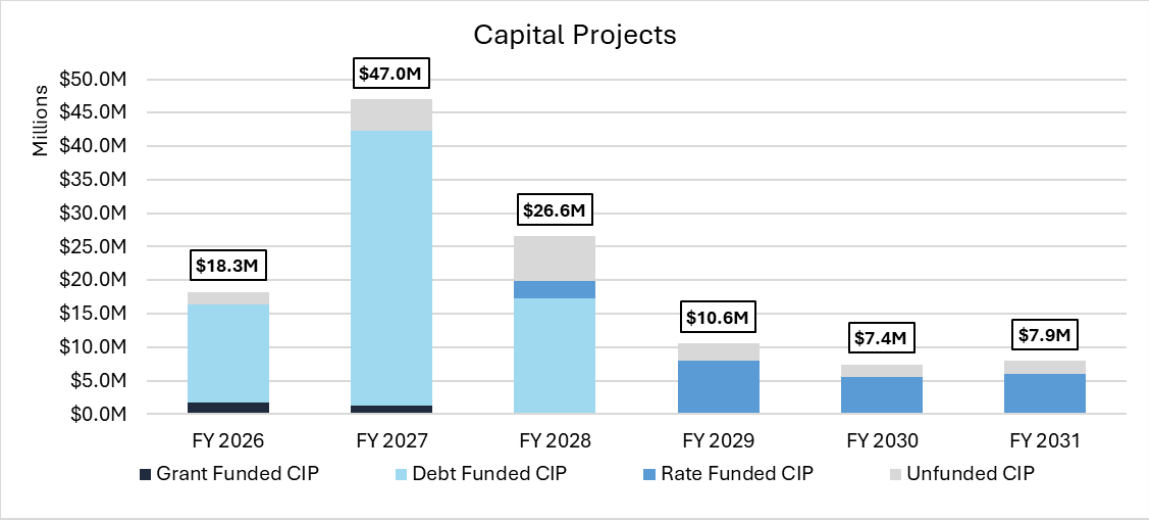


Figure 1-5 shows the projected debt coverage under the proposed scenario. With the proposed revenue adjustments, the Agency is projected to meet its required and target debt coverage for all years of the study.

Figure 1-5: Water Debt Coverage Projections (Proposed)

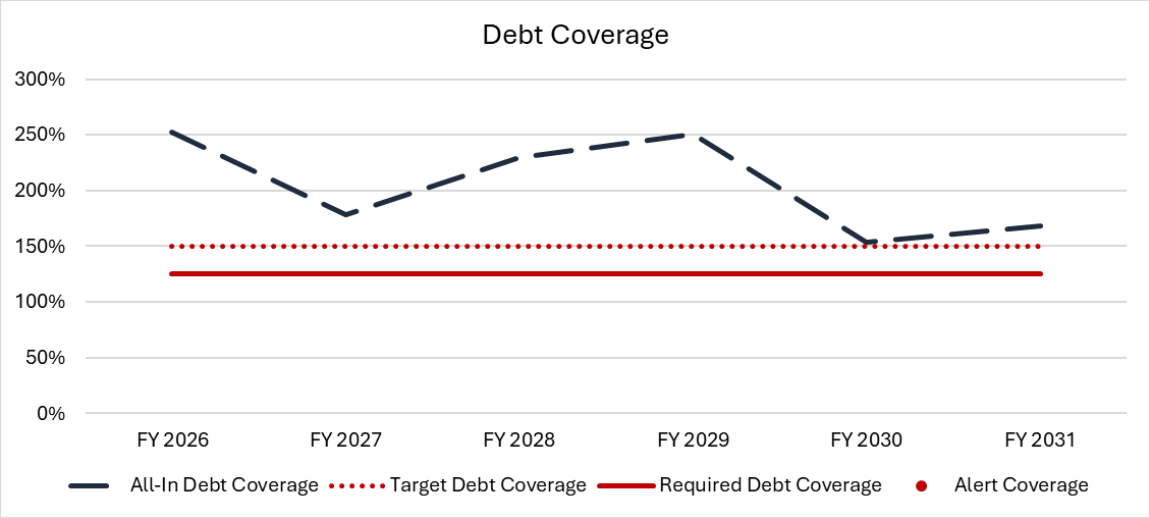
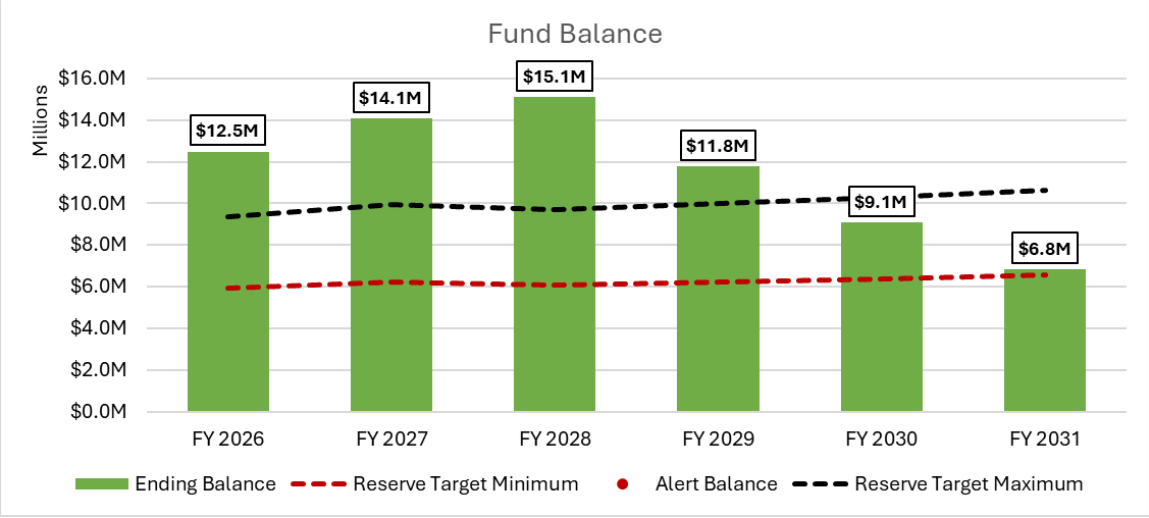


Figure 1-6 shows the projected fund balances under the proposed scenario. With the proposed revenue adjustments, the Agency is projected to meet its minimum reserve targets for all years of the study.

Figure 1-6: Water Fund Balance Projections (Proposed)



1.10 PROPOSED CHANGES TO WATER RATE STRUCTURE

As part of the rate study process, WRE worked with Agency staff and the Board to evaluate potential changes to the water rate structure, beyond the revenue adjustments deemed necessary in the financial plan and the reestablishment of the cost-of-service "nexus" as required by Proposition 218. Any time a comprehensive water rate study is conducted, there will be impacts to the water rates due to changes to the financial position of the Agency or financial and/or customer use data. However, a change in the rate structure is defined as any meaningful change in the methodology of calculating water rates or rate structure components.

As directed by Agency staff, WRE evaluated one change to the water rate structure, which involved shifting the classification of Mule Creek State Prison (Mule Creek) from a Treated Retail customer to a Treated Wholesale customer. Although Mule Creek may not be a wholesale customer in the traditional sense, its water use characteristics are more similar to those in the Agency's Treated Wholesale customer classification. This change was evaluated to ensure that Mule Creek pays for its fair share of costs within the water system based on their use of and burden on the system, which is a cost-of-service requirement.

Outside of this change to the water rate structure, WRE maintained the cost-of-service allocation and rate calculation methodologies that were determined in the prior rate study to the extent possible, while updating financial and customer data to reflect the most up-to-date information on the operational and infrastructure costs of the Agency's water system.

1.11 PROPOSED WATER RATES

The proposed five-year schedule of water rates in this section is based on the proposed rate structure changes, the updated cost-of-service analysis, and the proposed revenue adjustments for the five-year study period. The rate schedule shows the proposed water rates to be implemented on July 1, 2026 for the first year and on July 1, 2030 for the final year. Proposition 218 allows agencies to adopt up to five years of rates at a time.

Table 1-10 and **Table 1-11** show the current and proposed Treated Retail water rates.

Table 1-10: Proposed Water Rates (Treated Retail)

Line	Water Rates (Treated Retail)	Current 7/1/2025	Proposed 7/1/2026	Proposed 7/1/2027	Proposed 7/1/2028	Proposed 7/1/2029	Proposed 7/1/2030
1	**Monthly Water Service Charges**						
2	5/8"	$51.55	$56.47	$61.02	$65.90	$71.11	$76.69
3	3/4"	$69.41	$80.17	$86.64	$93.56	$100.97	$108.89
4	1"	$105.12	$127.59	$137.88	$148.90	$160.69	$173.30
5	1 1/2"	$194.45	$246.13	$265.99	$287.24	$309.98	$334.30
6	2"	$301.63	$388.38	$419.72	$453.25	$489.12	$527.51
7	3"	$641.04	$838.84	$906.52	$978.94	$1,056.43	$1,139.34
8	4"	$1,141.22	$1,502.67	$1,623.91	$1,753.64	$1,892.45	$2,040.98
9	6"	$2,873.95	$3,802.37	$4,109.16	$4,437.43	$4,788.68	$5,164.51
10	8"	$5,017.58	$6,647.35	$7,183.69	$7,757.58	$8,371.64	$9,028.68
11	10"	$7,518.45	$9,966.50	$10,770.65	$11,631.09	$12,551.76	$13,536.87
12							
13	**Commodity Rates ($/hcf)**						
14	All Customers	$5.25	$5.72	$6.18	$6.67	$7.20	$7.76

Table 1-11: Proposed Water Debt Service Charges (Treated Retail)

Line	Debt Charges (Treated Retail)	Current 7/1/2025	Proposed 7/1/2026	Proposed 7/1/2027	Proposed 7/1/2028	Proposed 7/1/2029	Proposed 7/1/2030
1	**Monthly Debt Service Charges**						
2	**AWS**						

3	5/8"	$25.41	$24.50	$24.50	$24.50	$24.50	$24.50
4	3/4"	$38.11	$36.75	$36.75	$36.75	$36.75	$36.75
5	1"	$63.52	$61.25	$61.25	$61.25	$61.25	$61.25
6	1 1/2"	$127.03	$122.49	$122.49	$122.49	$122.49	$122.49
7	2"	$203.25	$195.98	$195.98	$195.98	$195.98	$195.98
8	3"	$444.61	$428.69	$428.69	$428.69	$428.69	$428.69
9	4"	$800.29	$771.65	$771.65	$771.65	$771.65	$771.65
10	6"	$2,032.49	$1,959.73	$1,959.73	$1,959.73	$1,959.73	$1,959.73
11	8"	$3,556.86	$3,429.52	$3,429.52	$3,429.52	$3,429.52	$3,429.52
12	10"	$5,335.50	$5,144.28	$5,144.28	$5,144.28	$5,144.28	$5,144.28
13							
14	**CAWP**						
15	5/8"	$16.40	$14.74	$14.74	$14.74	$14.74	$14.74
16	3/4"	$24.59	$22.10	$22.10	$22.10	$22.10	$22.10
17	1"	$40.99	$36.83	$36.83	$36.83	$36.83	$36.83
18	1 1/2"	$81.97	$73.66	$73.66	$73.66	$73.66	$73.66
19	2"	$131.15	$117.85	$117.85	$117.85	$117.85	$117.85
20	3"	$286.89	$257.80	$257.80	$257.80	$257.80	$257.80
21	4"	$516.39	$464.03	$464.03	$464.03	$464.03	$464.03
22	6"	$1,311.46	$1,178.49	$1,178.49	$1,178.49	$1,178.49	$1,178.49
23	8"	$2,295.05	$2,062.35	$2,062.35	$2,062.35	$2,062.35	$2,062.35
24							
25	**La Mel**						
26	5/8"	$17.27	$14.35	$14.35	$14.35	$14.35	$14.35
27	3/4"	$25.91	$21.52	$21.52	$21.52	$21.52	$21.52
28	1"	$43.18	$35.86	$35.86	$35.86	$35.86	$35.86
29	1 1/2"	$86.35	$71.71	$71.71	$71.71	$71.71	$71.71
30	2"	$138.16	$114.73	$114.73	$114.73	$114.73	$114.73
31	3"	$302.22	$250.96	$250.96	$250.96	$250.96	$250.96
32	4"	$543.98	$451.72	$451.72	$451.72	$451.72	$451.72
33	6"	$1,381.54	$1,147.23	$1,147.23	$1,147.23	$1,147.23	$1,147.23
34	8"	$2,417.69	$2,007.64	$2,007.64	$2,007.64	$2,007.64	$2,007.64
35							
36	**Lake Camanche**						
37	5/8"	$2.96	$1.48	$1.48	$1.48	$1.48	$1.48
38	3/4"	$4.44	$2.22	$2.22	$2.22	$2.22	$2.22
39	1"	$7.39	$3.69	$3.69	$3.69	$3.69	$3.69
40	1 1/2"	$14.78	$7.38	$7.38	$7.38	$7.38	$7.38
41	2"	$23.65	$11.81	$11.81	$11.81	$11.81	$11.81
42	3"	$51.73	$25.83	$25.83	$25.83	$25.83	$25.83
43	4"	$93.11	$46.49	$46.49	$46.49	$46.49	$46.49
44	6"	$236.46	$118.07	$118.07	$118.07	$118.07	$118.07
45	8"	$413.80	$206.62	$206.62	$206.62	$206.62	$206.62

Table 1-12 and **Table 1-13** show the current and proposed Treated Wholesale rates. Under the current rate structure, Mule Creek is classified as a Treated Retail customer with 6” and 10” meter connections, which is reflected in the current rates for Mule Creek. The proposed rate structure classifies Mule Creek as a Treated Wholesale customer.

Table 1-12: Proposed Water Rates (Treated Wholesale)

Line	Water Rates (Treated Wholesale)	Current 7/1/2025	Proposed 7/1/2026	Proposed 7/1/2027	Proposed 7/1/2028	Proposed 7/1/2029	Proposed 7/1/2030
1	**Monthly Water Service Charges**						
2	Pine Grove	$9,047.33	$12,960.19	$14,005.88	$15,124.77	$16,321.98	$17,603.00
3	Mace Meadows	$5,735.23	$8,410.76	$9,089.38	$9,815.51	$10,592.46	$11,423.80
4	Jackson	$72,185.13	$100,249.51	$108,338.15	$116,992.99	$126,253.66	$136,162.59
5	Drytown	$3,338.70	$3,665.24	$3,960.97	$4,277.40	$4,615.98	$4,978.27
6	Plymouth	$17,495.66	$23,872.68	$25,798.85	$27,859.84	$30,065.11	$32,424.75
7	Mule Creek	$10,392.40	$70,310.15	$75,983.13	$82,053.21	$88,548.20	$95,497.84
8							
9	**Commodity Rates ($/hcf)**						
10	All Customers	$2.82	$2.55	$2.76	$2.98	$3.21	$3.46
11	Mule Creek	$5.25	$2.55	$2.76	$2.98	$3.21	$3.46

Table 1-13: Proposed Water Debt Service Charges (Treated Wholesale)

Line	Debt Charges (Treated Wholesale)	Current 7/1/2025	Proposed 7/1/2026	Proposed 7/1/2027	Proposed 7/1/2028	Proposed 7/1/2029	Proposed 7/1/2030
1	**Monthly Debt Service Charges**						
2	Pine Grove	v	$5,429.00	$5,429.00	$5,429.00	$5,429.00	$5,429.00
3	Mace Meadows	$5,246.59	$3,996.35	$3,996.35	$3,996.35	$3,996.35	$3,996.35
4	Jackson	$16,417.96	$12,505.62	$12,505.62	$12,505.62	$12,505.62	$12,505.62
5	Drytown	$1,129.66	$860.47	$860.47	$860.47	$860.47	$860.47
6	Plymouth	$5,066.11	$3,858.88	$3,858.88	$3,858.88	$3,858.88	$3,858.88
7	Mule Creek	$7,367.99	$12,565.42	$12,565.42	$12,565.42	$12,565.42	$12,565.42

Table 1-14 and **Table 1-15** show the current and proposed Untreated Retail water rates.

Table 1-14: Proposed Water Rates (Untreated Retail)

Line	Water Rates (Untreated Retail)	Current 7/1/2025	Proposed 7/1/2026	Proposed 7/1/2027	Proposed 7/1/2028	Proposed 7/1/2029	Proposed 7/1/2030
1	**Monthly Water Service Charges**						
2	5/8"	$77.10	$76.69	$82.88	$89.50	$96.58	$104.16
3	3/4"	$104.52	$110.13	$119.02	$128.53	$138.70	$149.58
4	1"	$159.34	$177.01	$191.29	$206.58	$222.93	$240.42
5	1 1/2"	$296.44	$344.22	$371.99	$401.71	$433.50	$467.52
6	2"	$460.95	$544.86	$588.82	$635.86	$686.19	$740.05
7	3"	$981.90	$1,180.23	$1,275.46	$1,377.35	$1,486.37	$1,603.03
8	4"	$1,749.63	$2,116.56	$2,287.34	$2,470.07	$2,665.59	$2,874.79
9	6"	$4,409.24	$5,360.29	$5,792.79	$6,255.56	$6,750.72	$7,280.55
10							
11	**Commodity Rates ($/hcf)**						
12	All Customers	$2.77	$2.49	$2.69	$2.91	$3.14	$3.38

Table 1-15: Proposed Water Debt Service Charges (Untreated Retail)

Line	Debt Charges (Untreated Retail)	Current 7/1/2025	Proposed 7/1/2026	Proposed 7/1/2027	Proposed 7/1/2028	Proposed 7/1/2029	Proposed 7/1/2030
1	**Monthly Debt Service Charges**						

2	5/8"	$5.09	$6.98	$6.98	$6.98	$6.98	$6.98
3	3/4"	$7.63	$10.46	$10.46	$10.46	$10.46	$10.46
4	1"	$12.72	$17.44	$17.44	$17.44	$17.44	$17.44
5	1 1/2"	$25.43	$34.87	$34.87	$34.87	$34.87	$34.87
6	2"	$40.69	$55.78	$55.78	$55.78	$55.78	$55.78
7	3"	$88.99	$122.02	$122.02	$122.02	$122.02	$122.02
8	4"	$160.18	$219.63	$219.63	$219.63	$219.63	$219.63
9	6"	$406.81	$557.79	$557.79	$557.79	$557.79	$557.79

1.12 WATER CUSTOMER IMPACTS

WRE evaluated the financial impacts to monthly water bills based on various levels of usage for Treated Retail, Treated Wholesale, and Untreated Retail customers as part of the rate study.

Table 1-16 shows the proposed monthly bill impacts for Treated Retail customers in each service area and at various levels of monthly water usage. The proposed impacts are based on a customer with a 5/8 inch water meter, which makes up over 96% of the Agency's Treated Retail customer base. The 25th percentile of usage reflects what is considered a "low" water user, and similarly, the 90th percentile of usage reflects what is considered a "high" water user. The average customer uses approximately 9 hcf of water per month.

Table 1-16: Proposed Water Customer Impacts (Treated Retail)

Line	Customer Impacts, 5/8 inch meter (Treated Retail)	Monthly Use (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
1	**AWS**					
2	25th Percentile of Usage	3	$92.71	$98.13	$5.42	5.8%
3	Average Usage	9	$124.21	$132.45	$8.24	6.6%
4	90th Percentile of Usage	19	$176.71	$189.65	$12.94	7.3%
5	**CAWP**					
6	25th Percentile of Usage	3	$83.70	$88.37	$4.67	5.6%
7	Average Usage	9	$115.20	$122.69	$7.49	6.5%
8	90th Percentile of Usage	19	$167.70	$179.89	$12.19	7.3%
9	**La Mel**					
10	25th Percentile of Usage	3	$84.57	$87.98	$3.41	4.0%
11	Average Usage	9	$116.07	$122.30	$6.23	5.4%
12	90th Percentile of Usage	19	$168.57	$179.50	$10.93	6.5%
13	**Lake Camanche**					
14	25th Percentile of Usage	3	$70.26	$75.11	$4.85	6.9%
15	Average Usage	9	$101.76	$109.43	$7.67	7.5%
16	90th Percentile of Usage	19	$154.26	$166.63	$12.37	8.0%

Table 1-17 shows the proposed monthly bill impacts for Treated Wholesale customers based on the average monthly usage for each specific customer. The current monthly bill calculations for Mule Creek are based on a Treated Retail customer with 6" and 10" meter connections. The proposed monthly bill calculations for Mule Creek are based on the proposed reclassification of Mule Creek to a Treated Wholesale customer.

Table 1-17: Proposed Water Customer Impacts (Treated Wholesale)

Line	Customer Impacts (Treated Wholesale)	Monthly Use (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
1	Pine Grove	4,027	$27,530.91	$28,658.04	$1,127.13	4.1%
2	Mace Meadows	2,612	$18,347.66	$19,067.71	$720.05	3.9%
3	Jackson	31,173	$176,510.95	$192,246.28	$15,735.33	8.9%
4	Drytown	1,136	$7,671.88	$7,422.51	($249.37)	-3.3%
5	Plymouth	7,420	$43,486.17	$46,652.56	$3,166.39	7.3%
6	Mule Creek	21,862	$132,535.89	$138,623.67	$6,087.78	4.6%

Table 1-18 shows the proposed monthly bill impacts for Untreated Retail customers at various levels of monthly water usage. The proposed impacts are based on a customer with a 5/8 inch water meter, which makes up approximately 68% of the Agency's Untreated Retail customer base. The 25th percentile of usage reflects what is considered a "low" water user, and similarly, the 90th percentile of usage reflects what is considered a "high" water user. The average customer uses approximately 16 hcf of water per month.

Table 1-18: Proposed Water Customer Impacts (Untreated Retail)

Line	Customer Impacts, 5/8 inch meter (Untreated Retail)	Monthly Use (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
1	25th Percentile of Usage	3	$90.50	$91.14	$0.64	0.7%
2	Average Usage	16	$126.51	$123.51	($3.00)	-2.4%
3	90th Percentile of Usage	42	$198.53	$188.25	($10.28)	-5.2%

2. WATER FINANCIAL PLAN

2.1 FINANCIAL PLAN METHODOLOGY

The purpose of a financial plan is to project revenues, expenses, cash flows, reserve balances, and debt coverage over a multi-year period to assess financial sufficiency and performance and to determine the amount of required rate revenues. For this study, the planning period is from FY 2026 through FY 2031. The key steps in developing a financial plan for the water enterprise are below:

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

2.2 CURRENT RATES

The Agency's current water rates were effective starting July 1, 2025 and include a monthly service charge, a commodity rate per hcf of water consumption, and a monthly debt service charge for the Treated Retail, Treated Wholesale, and Untreated Retail service types.

Table 2-1 shows the current monthly water service charges and commodity rates for Treated Retail customers. Treated Retail monthly service charges are based on meter size for all customers, and commodity rates are a uniform charge based on hcf of water consumption.

Table 2-1: Current Water Rates (Treated Retail)

Line	Water Rates (Treated Retail)	Current 7/1/2025
1	**Monthly Water Service Charges**[4]	
2	5/8"	$51.55
3	3/4"	$69.41
4	1"	$105.12
5	1 1/2"	$194.45
6	2"	$301.63
7	3"	$641.04
8	4"	$1,141.22
9	6"	$2,873.95
10	8"	$5,017.58
11	10"	$7,518.45
12		
13	**Commodity Rates ($/hcf)**	
14	All Customers	$5.25

Table 2-2 shows the current monthly debt service charges for Treated Retail customers. Treated Retail monthly debt service charges are based on meter size and are charged by service area (AWS, CAWP, La Mel, and Lake Camanche). All Treated Retail customers will fall within one of the four service areas.

[4] Hydrants are charged based on the Treated Retail monthly water service charge for a 5/8" meter.

Table 2-2: Current Water Debt Service Charges (Treated Retail)

Line	Debt Charges (Treated Retail)	Current 7/1/2025
1	**Monthly Debt Service Charges**	
2	**AWS**	$25.41
3	5/8"	$38.11
4	3/4"	$63.52
5	1"	$127.03
6	1 1/2"	$203.25
7	2"	$444.61
8	3"	$800.29
9	4"	$2,032.49
10	6"	$3,556.86
11	8"	$5,335.50
12	10"	
13		
14	**CAWP**	
15	5/8"	$16.40
16	3/4"	$24.59
17	1"	$40.99
18	1 1/2"	$81.97
19	2"	$131.15
20	3"	$286.89
21	4"	$516.39
22	6"	$1,311.46
23	8"	$2,295.05
24		
25	**La Mel**	
26	5/8"	$17.27
27	3/4"	$25.91
28	1"	$43.18
29	1 1/2"	$86.35
30	2"	$138.16
31	3"	$302.22
32	4"	$543.98
33	6"	$1,381.54
34	8"	$2,417.69
35		
36	**Lake Camanche**	
37	5/8"	$2.96
38	3/4"	$4.44
39	1"	$7.39
40	1 1/2"	$14.78
41	2"	$23.65
42	3"	$51.73
43	4"	$93.11
44	6"	$236.46
45	8"	$413.80

Table 2-3 shows the current monthly water service charges and commodity rates for Treated Wholesale customers. Treated Wholesale monthly service charges are specific to each wholesale customer, and commodity rates are a uniform charge based on hcf of water consumption for all customers. Treated Wholesale customers include Pine Grove, Mace Meadows, Jackson, Drytown, and Plymouth.

Table 2-3: Current Water Rates (Treated Wholesale)

Line	Water Rates (Treated Wholesale)	Current 7/1/2025
1	**Monthly Water Service Charges**	
2	Pine Grove	$9,047.33
3	Mace Meadows	$5,735.23
4	Jackson	$72,185.13
5	Drytown	$3,338.70
6	Plymouth	$17,495.66
7		
8	**Commodity Rates ($/hcf)**	
9	All Customers	$2.82

Table 2-4 shows the current monthly debt service charges for Treated Wholesale customers.

Table 2-4: Current Water Debt Service Charges (Treated Wholesale)

Line	Debt Charges (Treated Wholesale)	Current 7/1/2025
1	**Monthly Debt Service Charges**	
2	Pine Grove	$7,127.44
3	Mace Meadows	$5,246.59
4	Jackson	$16,417.96
5	Drytown	$1,129.66
6	Plymouth	$5,066.11

Table 2-5 shows the current monthly water service charges and commodity rates for Untreated Retail customers. Untreated Retail monthly service charges are based on meter size for all customers, and commodity rates are a uniform charge based on hcf of water consumption.

Table 2-5: Current Water Rates (Untreated Retail)

Line	Water Rates (Untreated Retail)	Current 7/1/2025
1	**Monthly Water Service Charges**	
2	5/8"	$77.10
3	3/4"	$104.52
4	1"	$159.34
5	1 1/2"	$296.44
6	2"	$460.95
7	3"	$981.90
8	4"	$1,749.63
9	6"	$4,409.24
10		
11	**Commodity Rates ($/hcf)**[5]	
12	All Customers	$2.77

Table 2-6 shows the current monthly debt service charges for Untreated Retail customers. Untreated Retail monthly debt service charges are based on meter size for all customers.

Table 2-6: Current Water Debt Service Charges (Untreated Retail)

Line	Debt Charges (Untreated Retail)	Current 7/1/2025
1	**Monthly Debt Service Charges**	
2	5/8"	$5.09
3	3/4"	$7.63
4	1"	$12.72
5	1 1/2"	$25.43
6	2"	$40.69
7	3"	$88.99
8	4"	$160.18
9	6"	$406.81

2.3 ACCOUNTS AND CONSUMPTION

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

Agency staff provided actual data customer data for FY 2024, which was the most recent full year of actual data that was available during the study. Growth in the Agency's service area is minimal, and the timeline in which growth occurs can vary significantly based on planning documents. To ensure that the Agency recovers sufficient revenues to fund water enterprise costs during periods of no growth or slow growth, this study assumes no change in metered connections or water consumption throughout the study period.

[5] Hydrants and fire lines are charged based on the Untreated Retail commodity rate.

Table 2-7 shows the projected number of Treated Retail water meters in each service area for the study period.

Table 2-7: Projected Water Customer Accounts (Treated Retail)

Line	Customer Accounts (Treated Retail)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**AWS**								
2	5/8"	3,931	3,931	3,931	3,931	3,931	3,931	3,931	3,931
3	3/4"	45	45	45	45	45	45	45	45
4	1"	92	92	92	92	92	92	92	92
5	1 1/2"	44	44	44	44	44	44	44	44
6	2"	27	27	27	27	27	27	27	27
7	3"	4	4	4	4	4	4	4	4
8	4"	4	4	4	4	4	4	4	4
9	6"	1	1	1	1	1	1	1	1
10	8"	0	0	0	0	0	0	0	0
11	10"	1	1	1	1	1	1	1	1
12	**Subtotal**	**4,147**	**4,147**	**4,147**	**4,147**	**4,147**	**4,147**	**4,147**	**4,147**
13									
14	**CAWP**								
15	5/8"	2,718	2,718	2,718	2,718	2,718	2,718	2,718	2,718
16	3/4"	2	2	2	2	2	2	2	2
17	1"	9	9	9	9	9	9	9	9
18	1 1/2"	2	2	2	2	2	2	2	2
19	2"	5	5	5	5	5	5	5	5
20	3"	0	0	0	0	0	0	0	0
21	4"	1	1	1	1	1	1	1	1
22	6"	2	2	2	2	2	2	2	2
23	8"	0	0	0	0	0	0	0	0
24	**Subtotal**	**2,739**	**2,739**	**2,739**	**2,739**	**2,739**	**2,739**	**2,739**	**2,739**
25									
26	**La Mel**								
27	5/8"	55	55	55	55	55	55	55	55
28	3/4"	0	0	0	0	0	0	0	0
29	1"	0	0	0	0	0	0	0	0
30	1 1/2"	0	0	0	0	0	0	0	0
31	2"	0	0	0	0	0	0	0	0
32	3"	0	0	0	0	0	0	0	0
33	4"	0	0	0	0	0	0	0	0
34	6"	0	0	0	0	0	0	0	0
35	8"	0	0	0	0	0	0	0	0
36	**Subtotal**	**55**	**55**	**55**	**55**	**55**	**55**	**55**	**55**
37									
38	**Lake Camanche**								
39	5/8"	727	727	727	727	727	727	727	727
40	3/4"	3	3	3	3	3	3	3	3
41	1"	3	3	3	3	3	3	3	3
42	1 1/2"	0	0	0	0	0	0	0	0
43	2"	0	0	0	0	0	0	0	0

Line	Customer Accounts (Treated Retail)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
44	3"	0	0	0	0	0	0	0	0
45	4"	0	0	0	0	0	0	0	0
46	6"	0	0	0	0	0	0	0	0
47	8"	0	0	0	0	0	0	0	0
48	**Subtotal**	**733**	**733**	**733**	**733**	**733**	**733**	**733**	**733**
49									
50	**Hydrants & Fire Lines**	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
51									
52	**Total - Treated Retail**	**7,686**	**7,686**	**7,686**	**7,686**	**7,686**	**7,686**	**7,686**	**7,686**

Table 2-8 shows the projected number of Treated Wholesale customer accounts for the study period.

Table 2-8: Projected Water Customer Accounts (Treated Wholesale)

Line	Customer Accounts (Treated Wholesale)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	Pine Grove	1	1	1	1	1	1	1	1
2	Mace Meadows	1	1	1	1	1	1	1	1
3	Jackson	1	1	1	1	1	1	1	1
4	Drytown	1	1	1	1	1	1	1	1
5	Plymouth	1	1	1	1	1	1	1	1
6	**Total - Treated Wholesale**	**5**	**5**	**5**	**5**	**5**	**5**	**5**	**5**

Table 2-9 shows the projected number of Untreated Retail water meters for the study period.

Table 2-9: Projected Water Customer Accounts (Untreated Retail)

Line	Customer Accounts (Untreated Retail)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	5/8"	113	113	113	113	113	113	113	113
2	3/4"	11	11	11	11	11	11	11	11
3	1"	26	26	26	26	26	26	26	26
4	1 1/2"	5	5	5	5	5	5	5	5
5	2"	6	6	6	6	6	6	6	6
6	3"	1	1	1	1	1	1	1	1
7	4"	3	3	3	3	3	3	3	3
8	6"	1	1	1	1	1	1	1	1
9	**Total - Untreated Retail**	**166**	**166**	**166**	**166**	**166**	**166**	**166**	**166**

Table 2-10 shows the projected water consumption for Treated Retail, Treated Wholesale, and Untreated Retail customers throughout the study period.

Table 2-10: Projected Water Consumption

Line	Water Consumption (hcf)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Treated Retail**								
2	Residential	676,305	676,305	676,305	676,305	676,305	676,305	676,305	676,305
3	Multi-Dwelling Unit	22,941	22,941	22,941	22,941	22,941	22,941	22,941	22,941
4	Commercial	207,478	207,478	207,478	207,478	207,478	207,478	207,478	207,478
5	Landscape	12,412	12,412	12,412	12,412	12,412	12,412	12,412	12,412
6	Mule Creek	262,347	262,347	262,347	262,347	262,347	262,347	262,347	262,347
7	**Subtotal**	**1,181,483**	**1,181,483**	**1,181,483**	**1,181,483**	**1,181,483**	**1,181,483**	**1,181,483**	**1,181,483**
8									
9	**Treated Wholesale**								
10	All Customers	556,418	556,418	556,418	556,418	556,418	556,418	556,418	556,418
11	**Subtotal**	**556,418**	**556,418**	**556,418**	**556,418**	**556,418**	**556,418**	**556,418**	**556,418**
12									
13	**Untreated Retail**								
14	All Customers	67,848	67,848	67,848	67,848	67,848	67,848	67,848	67,848
15	Hydrants & Fire Lines	18,438	18,438	18,438	18,438	18,438	18,438	18,438	18,438
16	**Subtotal**	**86,286**	**86,286**	**86,286**	**86,286**	**86,286**	**86,286**	**86,286**	**86,286**
17									
18	**Total - Consumption (hcf)**	**1,824,187**	**1,824,187**	**1,824,187**	**1,824,187**	**1,824,187**	**1,824,187**	**1,824,187**	**1,824,187**

2.4 RATE REVENUES AT EXISTING RATES

Table 2-11 shows the calculated Treated Retail water rate revenues at existing rates from FY 2026 through FY 2031. The current Treated Retail monthly water service charges (**Table 2-1**) and monthly debt service charges (**Table 2-2**) are multiplied by the projected Treated Retail meter counts in each service area (**Table 2-7**) for 12 months. The current Treated Retail commodity rates per hcf (**Table 2-1**) are multiplied by the projected Treated Retail water consumption in hcf (**Table 2-10**, Lines 1-7).

Table 2-11: Calculated Water Rate Revenues at Existing Rates (Treated Retail)

Line	Calculated Revenues (Treated Retail)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Monthly Water Service Charges**						
2	AWS	$3,004,668	$3,004,668	$3,004,668	$3,004,668	$3,004,668	$3,004,668
3	CAWP	$1,800,161	$1,800,161	$1,800,161	$1,800,161	$1,800,161	$1,800,161
4	La Mel	$34,023	$34,023	$34,023	$34,023	$34,023	$34,023
5	Lake Camanche	$456,110	$456,110	$456,110	$456,110	$456,110	$456,110
6	Hydrants & Fire Lines	$7,423	$7,423	$7,423	$7,423	$7,423	$7,423
7	**Subtotal**	**$5,302,385**	**$5,302,385**	**$5,302,385**	**$5,302,385**	**$5,302,385**	**$5,302,385**
8							
9	**Commodity Rates ($/hcf)**						
10	Residential	$3,550,601	$3,550,601	$3,550,601	$3,550,601	$3,550,601	$3,550,601
11	Multi-Dwelling Unit	$120,440	$120,440	$120,440	$120,440	$120,440	$120,440
12	Commercial	$1,089,260	$1,089,260	$1,089,260	$1,089,260	$1,089,260	$1,089,260
13	Landscape	$65,163	$65,163	$65,163	$65,163	$65,163	$65,163
14	Mule Creek	$1,377,322	$1,377,322	$1,377,322	$1,377,322	$1,377,322	$1,377,322
15	**Subtotal**	**$6,202,786**	**$6,202,786**	**$6,202,786**	**$6,202,786**	**$6,202,786**	**$6,202,786**
16							
17	**Monthly Debt Service Charges**						
18	AWS	$1,576,920	$1,576,920	$1,576,920	$1,576,920	$1,576,920	$1,576,920
19	CAWP	$587,575	$587,575	$587,575	$587,575	$587,575	$587,575
20	La Mel	$11,398	$11,398	$11,398	$11,398	$11,398	$11,398
21	Lake Camanche	$26,256	$26,256	$26,256	$26,256	$26,256	$26,256
22	**Subtotal**	**$2,202,150**	**$2,202,150**	**$2,202,150**	**$2,202,150**	**$2,202,150**	**$2,202,150**
23							
24	**Total - Treated Retail**	**$13,707,321**	**$13,707,321**	**$13,707,321**	**$13,707,321**	**$13,707,321**	**$13,707,321**

Table 2-12 shows the calculated Treated Wholesale water rate revenues at existing rates from FY 2026 through FY 2031. The current Treated Wholesale monthly water service charges (**Table 2-3**) and monthly debt service charges (**Table 2-4**) are multiplied by the projected Treated Wholesale customer accounts (**Table 2-8**) for 12 months. The current Treated Wholesale commodity rates per hcf (**Table 2-3**) are multiplied by the projected Treated Wholesale water consumption in hcf (**Table 2-10**, Lines 9-11).

Table 2-12: Calculated Water Rate Revenues at Existing Rates (Treated Wholesale)

Line	Calculated Revenues (Treated Wholesale)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Monthly Water Service Charges**						
2	Pine Grove	$108,568	$108,568	$108,568	$108,568	$108,568	$108,568
3	Mace Meadows	$68,823	$68,823	$68,823	$68,823	$68,823	$68,823
4	Jackson	$866,222	$866,222	$866,222	$866,222	$866,222	$866,222
5	Drytown	$40,064	$40,064	$40,064	$40,064	$40,064	$40,064
6	Plymouth	$209,948	$209,948	$209,948	$209,948	$209,948	$209,948
7	**Subtotal**	**$1,293,625**	**$1,293,625**	**$1,293,625**	**$1,293,625**	**$1,293,625**	**$1,293,625**
8							
9	**Commodity Rates ($/hcf)**						
10	All Customers	$1,569,099	$1,569,099	$1,569,099	$1,569,099	$1,569,099	$1,569,099
11	**Subtotal**	**$1,569,099**	**$1,569,099**	**$1,569,099**	**$1,569,099**	**$1,569,099**	**$1,569,099**
12							
13	**Monthly Debt Service Charges**						
14	Pine Grove	$85,529	$85,529	$85,529	$85,529	$85,529	$85,529
15	Mace Meadows	$62,959	$62,959	$62,959	$62,959	$62,959	$62,959
16	Jackson	$197,016	$197,016	$197,016	$197,016	$197,016	$197,016
17	Drytown	$13,556	$13,556	$13,556	$13,556	$13,556	$13,556
18	Plymouth	$60,793	$60,793	$60,793	$60,793	$60,793	$60,793
19	**Subtotal**	**$419,853**	**$419,853**	**$419,853**	**$419,853**	**$419,853**	**$419,853**
20							
21	**Total - Treated Wholesale**	**$3,282,577**	**$3,282,577**	**$3,282,577**	**$3,282,577**	**$3,282,577**	**$3,282,577**

Table 2-13 shows the calculated Untreated Retail water rate revenues at existing rates from FY 2026 through FY 2031. The current Untreated Retail monthly water service charges (**Table 2-5**) and monthly debt service charges (**Table 2-6**) are multiplied by the projected Untreated Retail meter counts (**Table 2-9**) for 12 months. The current Untreated Retail commodity rates per hcf (**Table 2-5**) are multiplied by the projected Untreated Retail water consumption in hcf (**Table 2-10**, Lines 13-16).

Table 2-13: Calculated Water Rate Revenues at Existing Rates (Untreated Retail)

Line	Calculated Revenues (Untreated Retail)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Monthly Water Service Charges**						
2	All Customers	$346,713	$346,713	$346,713	$346,713	$346,713	$346,713
3	**Subtotal**	**$346,713**	**$346,713**	**$346,713**	**$346,713**	**$346,713**	**$346,713**
4							
5	**Commodity Rates ($/hcf)**						
6	All Customers	$187,939	$187,939	$187,939	$187,939	$187,939	$187,939
7	Hydrants & Fire Lines	$51,072	$51,072	$51,072	$51,072	$51,072	$51,072
8	**Subtotal**	**$239,011**	**$239,011**	**$239,011**	**$239,011**	**$239,011**	**$239,011**
9							
10	**Monthly Debt Service Charges**						
11	All Customers	$28,049	$28,049	$28,049	$28,049	$28,049	$28,049
12	**Subtotal**	**$28,049**	**$28,049**	**$28,049**	**$28,049**	**$28,049**	**$28,049**
13							
14	**Total - Untreated Retail**	**$613,774**	**$613,774**	**$613,774**	**$613,774**	**$613,774**	**$613,774**

Table 2-14 summarizes the calculated water rate revenues at existing rates for Treated Retail, Treated Wholesale, and Untreated Retail customers (Lines 1-4) from **Table 2-11** (Line 24), **Table 2-12** (Line 21), and **Table 2-13** (Line 14). The calculated water rate revenues are then portioned into the appropriate revenue line items that match the Agency's revenue budget categories (Lines 6-16). Note that the total rate revenues are the same between the two summaries (Lines 4 and 16).

Table 2-14: Calculated Water Rate Revenues at Existing Rates

Line	Calculated Rate Revenues	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	Treated Retail	$13,707,321	$13,707,321	$13,707,321	$13,707,321	$13,707,321	$13,707,321
2	Treated Wholesale	$3,282,577	$3,282,577	$3,282,577	$3,282,577	$3,282,577	$3,282,577
3	Untreated Retail	$613,774	$613,774	$613,774	$613,774	$613,774	$613,774
4	**Total - Rate Revenues**	**$17,603,672**	**$17,603,672**	**$17,603,672**	**$17,603,672**	**$17,603,672**	**$17,603,672**
5							
6	Fixed Service Charges	$6,942,723	$6,942,723	$6,942,723	$6,942,723	$6,942,723	$6,942,723
7	Retail Commodity (Residential)	$3,671,042	$3,671,042	$3,671,042	$3,671,042	$3,671,042	$3,671,042
8	Retail Commodity (Commercial)	$2,466,581	$2,466,581	$2,466,581	$2,466,581	$2,466,581	$2,466,581
9	Retail Commodity (Irrigation)	$253,102	$253,102	$253,102	$253,102	$253,102	$253,102
10	Wholesale Commodity	$1,569,099	$1,569,099	$1,569,099	$1,569,099	$1,569,099	$1,569,099
11	Retail Commodity (Hydrant Use)	$51,072	$51,072	$51,072	$51,072	$51,072	$51,072
12	Debt Service Charges - AWS	$1,953,448	$1,953,448	$1,953,448	$1,953,448	$1,953,448	$1,953,448
13	Debt Service Charges - La Mel	$11,398	$11,398	$11,398	$11,398	$11,398	$11,398
14	Debt Service Charges - Camanche	$26,256	$26,256	$26,256	$26,256	$26,256	$26,256
15	Debt Service Charges - CAWP	$658,950	$658,950	$658,950	$658,950	$658,950	$658,950
16	**Total - Rate Revenues**	**$17,603,672**	**$17,603,672**	**$17,603,672**	**$17,603,672**	**$17,603,672**	**$17,603,672**

2.5 REVENUES

Table 2-15 shows the inflationary assumptions used to project future non-rate revenues over the study period, which were developed with Agency staff. Agency staff provided budgeted revenues from FY 2026 through FY 2030; the inflationary assumptions are only used for FY 2031 revenues.

Table 2-15: Water Revenue Assumptions

Line	Revenue Assumptions	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Inflationary Assumptions**						
2	Misc. Income	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
3	Interest Income	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
4	Property Tax	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
5	Cell Tower	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Table 2-16 shows the projected water revenues over the study period. Water rate revenues (Lines 2-7 and 12-15) are based on the calculated water rate revenues in **Table 2-14**. All other revenues (Lines 8, 19-23, and 25-26) are derived from the Agency's budget and projections based on the inflationary assumptions (**Table 2-15**). Interest revenue (Line 24) is calculated based on projected fund balances and interest income assumptions (**Table 2-15**, Line 3).

Table 2-16: Projected Water Revenues

Line	Projected Revenues	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Operating Revenue**						
2	Fixed Service Charges	$6,942,723	$6,942,723	$6,942,723	$6,942,723	$6,942,723	$6,942,723
3	Retail Commodity (Residential)	$3,671,042	$3,671,042	$3,671,042	$3,671,042	$3,671,042	$3,671,042
4	Retail Commodity (Commercial)	$2,466,581	$2,466,581	$2,466,581	$2,466,581	$2,466,581	$2,466,581
5	Retail Commodity (Irrigation)	$253,102	$253,102	$253,102	$253,102	$253,102	$253,102
6	Wholesale Commodity	$1,569,099	$1,569,099	$1,569,099	$1,569,099	$1,569,099	$1,569,099
7	Retail Commodity (Hydrant Use)	$51,072	$51,072	$51,072	$51,072	$51,072	$51,072
8	Customer Fees	$276,000	$276,000	$276,000	$276,000	$276,000	$276,000
9	**Subtotal**	**$15,229,619**	**$15,229,619**	**$15,229,619**	**$15,229,619**	**$15,229,619**	**$15,229,619**
10							
11	**Debt Service Revenue**						
12	Debt Service Charges - AWS	$1,953,448	$1,953,448	$1,953,448	$1,953,448	$1,953,448	$1,953,448
13	Debt Service Charges - La Mel	$11,398	$11,398	$11,398	$11,398	$11,398	$11,398
14	Debt Service Charges - Camanche	$26,256	$26,256	$26,256	$26,256	$26,256	$26,256
15	Debt Service Charges - CAWP	$658,950	$658,950	$658,950	$658,950	$658,950	$658,950
16	**Subtotal**	**$2,650,052**	**$2,650,052**	**$2,650,052**	**$2,650,052**	**$2,650,052**	**$2,650,052**
17							
18	**Non-Operating Revenue**						
19	Developer Fees	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000
20	PG&E Contract Payments	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000
21	Other Operating Revenue	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000
22	Cell Tower Revenue	$9,500	$9,690	$9,880	$10,080	$10,280	$10,486
23	Outside Service Contracts (Net)	$221,000	$228,280	$235,820	$243,600	$251,640	$254,156
24	Interest Revenue	$370,000	$392,472	$430,876	$397,088	$308,164	$235,292
25	Property Tax	$352,000	$359,040	$366,220	$373,540	$381,010	$388,630
26	CFD Revenue	$303,000	$303,000	$127,260	$127,260	$127,260	$127,260
27	**Subtotal**	**$1,450,500**	**$1,487,482**	**$1,365,056**	**$1,346,568**	**$1,273,354**	**$1,210,825**
28							
29	**Total - Revenues**	**$19,330,172**	**$19,367,154**	**$19,244,727**	**$19,226,239**	**$19,153,025**	**$19,090,496**

Table 2-17 summarizes the projected water revenues for the study period.

Table 2-17: Water Revenue Summary

Line	Revenue Summary	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	Water Rate Revenues	$14,953,619	$14,953,619	$14,953,619	$14,953,619	$14,953,619	$14,953,619
2	Debt Service Charges	$2,650,052	$2,650,052	$2,650,052	$2,650,052	$2,650,052	$2,650,052
3	Customer Fees	$276,000	$276,000	$276,000	$276,000	$276,000	$276,000
4	Developer Fees	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000
5	PG&E Contract Payments	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000
6	Other Operating Revenue	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000
7	Cell Tower Revenue	$9,500	$9,690	$9,880	$10,080	$10,280	$10,486
8	Outside Service Contracts	$221,000	$228,280	$235,820	$243,600	$251,640	$254,156
9	Operating Interest	$370,000	$392,472	$430,876	$397,088	$308,164	$235,292
10	Property Tax	$352,000	$359,040	$366,220	$373,540	$381,010	$388,630
11	CFD Revenue	$303,000	$303,000	$127,260	$127,260	$127,260	$127,260
12	**Total - Revenues**	**$19,330,172**	**$19,367,154**	**$19,244,727**	**$19,226,239**	**$19,153,025**	**$19,090,496**

2.6 EXPENSES

Table 2-18 shows the inflationary assumptions used to project future operating expenses over the study period, which were developed with Agency staff. Agency staff provided budgeted expenses from FY 2026 through FY 2030; the inflationary assumptions are only used for FY 2031 expenses.

Table 2-18: Water Expense Assumptions

Line	Expense Assumptions	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Inflationary Assumptions**						
2	General	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%
3	Salaries	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
4	Benefits	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
5	Capital	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
6	Health Insurance	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
7	Energy (PG&E)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
8	Chemicals	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
9	Fuel	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
10	Regulatory Fees	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%

Table 2-19 shows the projected water operating expenses over the study period, which are derived from the Agency's budget and projections based on the inflationary assumptions from **Table 2-18**. The CIP Operating Expenses (Line 44) are operating costs that were included in the Agency's CIP, which were transferred over to the operating budget at the request of Agency staff. Additionally, the O&M Expense Reduction (Line 45) reflects the reclassification of the Tank Recoating and Repairs project (**Table 2-23**, Line 1) from an operating cost to a capital cost, which was also requested by Agency staff. The costs of the project were removed from the operating expense budget and added to the CIP, resulting in net zero changes to total enterprise costs.

Table 2-19: Projected Water Expenses

Line	Operating Expenses	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	Employee Wages	$4,582,000	$4,733,210	$4,889,420	$5,050,790	$5,217,460	$5,389,636
2	Board of Directors (Salaries)	$99,700	$102,990	$106,390	$109,900	$113,530	$117,276
3	Board of Directors (Health/Life Insurance)	$300	$340	$380	$430	$480	$496
4	Board of Directors (FICA)	$7,600	$7,850	$8,110	$8,380	$8,660	$8,946
5	Board of Directors (Workers Comp)	$600	$620	$640	$660	$680	$702
6	Board of Directors (Director Travel/Meals)	$3,300	$3,390	$3,480	$3,570	$3,660	$3,781
7	Board of Directors (Software Licensing)	$2,700	$2,770	$2,840	$2,910	$2,990	$3,089
8	Board of Directors (Office Equipment)	$9,700	$9,950	$10,210	$10,480	$10,750	$11,105
9	Board of Directors (Election Expense)	$0	$25,000	$0	$25,000	$0	$0
10	Other Benefits	$138,800	$144,380	$150,470	$157,150	$164,470	$171,049
11	Health Benefits	$1,052,400	$1,178,040	$1,318,720	$1,476,290	$1,652,710	$1,851,035
12	Miscellaneous Expense	$12,800	$13,130	$13,470	$13,810	$14,170	$14,538
13	CalPERS Unfunded Accrued Liability	$559,700	$608,400	$647,100	$735,300	$750,600	$775,370
14	CalPERS Retirement	$383,400	$396,050	$409,120	$422,630	$436,580	$450,987
15	Payroll Taxes	$339,300	$350,510	$362,080	$374,020	$386,370	$396,416
16	Insurance (All Other)	$102,000	$104,690	$107,450	$110,280	$113,180	$116,123
17	Insurance (Property/Liability)	$237,700	$266,220	$298,170	$333,950	$374,020	$418,902
18	Transmission and Distribution	$153,800	$157,800	$161,900	$166,100	$170,400	$174,830
19	Repair & Replacement Expense	$677,400	$692,450	$710,460	$728,930	$747,880	$767,325
20	Water System Maintenance (Water Tests)	$55,200	$56,630	$58,100	$59,610	$61,150	$62,740
21	Water System Maintenance (All Other)	$462,500	$471,920	$481,600	$491,530	$501,690	$514,734
22	Treatment Expense (Chemicals)	$382,500	$405,450	$429,770	$455,560	$482,890	$511,863
23	Treatment Expense (All Other)	$251,300	$257,820	$264,510	$271,370	$278,440	$285,679
24	Vehicles and Equipment (Equipment Fuel & Oil)	$138,700	$147,020	$155,840	$165,190	$175,100	$185,606
25	Vehicles and Equipment (All Other)	$277,900	$285,130	$292,550	$300,140	$307,930	$315,936
26	Operating Facilities	$253,200	$259,890	$266,760	$273,810	$281,050	$288,357
27	Operating Electricity	$738,300	$760,450	$783,280	$806,780	$830,970	$855,899
28	Safety, Training and Conferences	$154,100	$158,120	$162,230	$166,440	$170,770	$175,210
29	System Fees and Permits	$100,800	$110,880	$121,970	$134,180	$147,590	$162,349
30	Administrative Office Maintenance	$315,100	$323,300	$331,700	$340,330	$349,170	$358,248
31	Office Equipment, Supplies and Software	$259,800	$266,560	$273,490	$280,600	$287,900	$295,385
32	Outreach, Publications and Advertising	$52,000	$53,350	$54,740	$56,160	$57,620	$59,118
33	Information Technology	$149,600	$154,540	$159,640	$164,910	$170,350	$174,779

Line	Operating Expenses	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
34	Customer Service and Billing	$256,400	$263,070	$269,910	$276,930	$284,130	$291,517
35	Professional Services	$850,100	$874,460	$899,520	$925,310	$951,860	$976,608
36	Dues and Memberships	$65,800	$67,510	$69,270	$71,070	$72,920	$74,816
37	Uncollectable Accounts	$39,300	$39,400	$39,500	$39,600	$39,700	$40,732
38	Retiree Health	$194,900	$218,290	$244,480	$273,820	$306,680	$343,482
39	Grant / Water Transfers Consulting	$63,000	$65,010	$67,090	$69,230	$71,440	$73,798
40	Legal Fees	$73,700	$76,130	$78,640	$81,240	$83,920	$86,689
41	Administrative Fees	$13,500	$13,850	$14,210	$14,580	$14,960	$15,349
42	Cathodic Protection Program	$350,000	$359,100	$368,440	$378,020	$387,850	$397,934
43	Capital Purchases	$150,000	$150,000	$150,000	$150,000	$150,000	$153,900
44	CIP Operating Expenses	$550,500	$1,043,515	$0	$0	$0	$0
45	O&M Expense Reduction	($800,000)	($832,000)	($865,280)	($899,891)	($935,887)	($973,322)
46	**Total - Expenses**	**$13,761,400**	**$14,847,185**	**$14,372,370**	**$15,077,099**	**$15,698,783**	**$16,399,015**

Table 2-20 summarizes the water operating expense projections from **Table 2-19**.

Table 2-20: Water Expense Summary

Line	Operating Expense Summary	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	Salaries	$5,785,700	$6,006,710	$6,223,420	$6,495,520	$6,700,750	$6,921,875
2	Election Expense	$0	$25,000	$0	$25,000	$0	$0
3	Benefits	$138,800	$144,380	$150,470	$157,150	$164,470	$171,049
4	Health Insurance	$1,485,000	$1,662,550	$1,861,370	$2,084,060	$2,333,410	$2,613,419
5	General	$5,241,100	$5,373,230	$5,511,530	$5,653,550	$5,799,490	$5,950,277
6	Chemicals	$382,500	$405,450	$429,770	$455,560	$482,890	$511,863
7	Fuel	$138,700	$147,020	$155,840	$165,190	$175,100	$185,606
8	Energy (PG&E)	$738,300	$760,450	$783,280	$806,780	$830,970	$855,899
9	Regulatory Fees	$100,800	$110,880	$121,970	$134,180	$147,590	$162,349
10	CIP Operating Expenses	$550,500	$1,043,515	$0	$0	$0	$0
11	O&M Expense Reduction	($800,000)	($832,000)	($865,280)	($899,891)	($935,887)	($973,322)
12	**Total - Expenses**	**$13,761,400**	**$14,847,185**	**$14,372,370**	**$15,077,099**	**$15,698,783**	**$16,399,015**

2.7 DEBT SERVICE

Table 2-21 shows the Agency's water debt service payments throughout the study period. The annual debt payment amounts were provided by Agency staff and the Agency's municipal advisors.

Table 2-21: Water Debt Service

Line	Debt Service	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Senior Lien**						
2							
3	**2016 Revenue Bonds**						
4	Principal	$1,056,003	$1,112,955	$1,169,908	$1,231,860	$1,285,765	$1,325,765
5	Interest	$648,488	$595,688	$540,040	$481,545	$419,952	$381,379
6	**Subtotal**	**$1,704,491**	**$1,708,643**	**$1,709,948**	**$1,713,405**	**$1,705,717**	**$1,707,144**
7							
8	**USDA Pioneer - $1.9 Million (#2)**						
9	Principal	$41,000	$42,000	$42,000	$43,000	$43,000	$44,000
10	Interest	$20,201	$19,734	$19,314	$18,784	$18,300	$17,811
11	**Subtotal**	**$61,201**	**$61,734**	**$61,314**	**$61,784**	**$61,300**	**$61,811**
12							
13	**USDA Pioneer - $3 Million (#1)**						
14	Principal	$63,000	$64,000	$64,000	$65,000	$66,000	$67,000
15	Interest	$34,997	$34,203	$33,494	$32,597	$31,778	$30,947
16	**Subtotal**	**$97,997**	**$98,203**	**$97,494**	**$97,597**	**$97,778**	**$97,947**
17							
18	**USDA GSL COP**						
19	Principal	$150,000	$155,000	$160,000	$165,000	$170,000	$175,000
20	Interest	$190,575	$186,381	$182,050	$177,581	$172,975	$168,231
21	**Subtotal**	**$340,575**	**$341,381**	**$342,050**	**$342,581**	**$342,975**	**$343,231**
22							
23	**Total - Senior Lien**	**$2,204,264**	**$2,209,962**	**$2,210,806**	**$2,215,367**	**$2,207,770**	**$2,210,133**
24							

Line	Debt Service	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
25	**Subordinate Lien**						
26							
27	**2024 Revenue Bonds**						
28	Principal	$0	$0	$0	$0	$0	$0
29	Interest	$0	$1,018,000	$1,018,000	$1,018,000	$1,018,000	$1,018,000
30	**Subtotal**	**$0**	**$1,018,000**	**$1,018,000**	**$1,018,000**	**$1,018,000**	**$1,018,000**
31							
32	**WIFIA Loan #1**						
33	Principal	$0	$0	$0	$0	$0	$0
34	Interest	$0	$0	$0	$0	$2,582,578	$2,582,578
35	**Subtotal**	**$0**	**$0**	**$0**	**$0**	**$2,582,578**	**$2,582,578**
36							
37	**Total - Subordinate Lien**	**$0**	**$1,018,000**	**$1,018,000**	**$1,018,000**	**$3,600,578**	**$3,600,578**
38							
39	**Unsecured**						
40							
41	**Environ Review**						
42	Debt Service Payment	$33,528	$33,528	$0	$0	$0	$0
43	**Subtotal**	**$33,528**	**$33,528**	**$0**	**$0**	**$0**	**$0**
44							
45	**Tanner Hydro**						
46	Debt Service Payment	$93,794	$93,794	$93,794	$93,794	$93,794	$93,794
47	**Subtotal**	**$93,794**	**$93,794**	**$93,794**	**$93,794**	**$93,794**	**$93,794**
48							
49	**CEC Ione Hydro**						
50	Principal	$151,288	$152,805	$154,315	$155,884	$157,446	$159,025
51	Interest	$11,545	$10,028	$8,519	$6,949	$5,387	$3,808
52	**Subtotal**	**$162,833**	**$162,833**	**$162,833**	**$162,833**	**$162,833**	**$162,833**
53							
54	**Total - Unsecured**	**$290,156**	**$290,156**	**$256,628**	**$256,628**	**$256,628**	**$256,628**
55							
56	**Total - Debt Service**	**$2,494,420**	**$3,518,118**	**$3,485,433**	**$3,489,995**	**$6,064,976**	**$6,067,339**

Table 2-22 summarizes the water debt service payments throughout the study period for senior, subordinate, and unsecured debts and the debt proceeds to be used for CIP from the 2024 Bonds and 2025 WIFIA Loan. The debt proceeds were provided by Agency staff and the Agency's municipal advisors.

Table 2-22: Water Debt Summary

Line	Debt Summary	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031

1	**Debt Service**						
2	Senior Lien	$2,204,264	$2,209,962	$2,210,806	$2,215,367	$2,207,770	$2,210,133
3	Subordinate Lien	$0	$1,018,000	$1,018,000	$1,018,000	$3,600,578	$3,600,578
4	Unsecured	$290,156	$290,156	$256,628	$256,628	$256,628	$256,628
5	**Total**	**$2,494,420**	**$3,518,118**	**$3,485,433**	**$3,489,995**	**$6,064,976**	**$6,067,339**
6							
7	**Debt Proceeds for CIP**						
8	2024 Bonds/ 2025 WIFIA	$15,605,000	$40,447,016	$17,030,232	$0	$0	$0
9	**Total**	**$15,605,000**	**$40,447,016**	**$17,030,232**	**$0**	**$0**	**$0**

2.8 CAPITAL IMPROVEMENT PLAN

Table 2-23 shows the Agency's water CIP from FY 2026 through FY 2031. Current year CIP costs were provided by Agency staff. Capital costs are inflated from FY 2027 and onward based on the capital inflationary assumption (**Table 2-18**, Line 5). The six projects that are projected to be funded with debt proceeds from the 2024 Bonds and 2025 WIFIA Loan include the following:

1. Tanner Clearwell Replacement (Line 2)
2. Tanner WTP Flow Control & Reliability Improvements (Line 8)
3. CAWP Transmission Main Improvements and Tank D Replacement (Line 17)
4. Ione Reliability Capacity Expansion (Line 18)
5. Ione Backwash Handling Improvements (Line 19)
6. Tanner Backwash Drying Beds (Line 20)

Table 2-23: Water Capital Improvement Plan

Line	Capital Improvement Plan	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	Tank Recoating and Repairs	$800,000	$832,000	$865,280	$899,891	$935,887	$973,322
2	Tanner Clearwell Replacement	$2,800,000	$10,400,000	$4,281,268	$0	$0	$0
3	Mt. Crossman Pump Station Firm Capacity, Ridgeway PS Generator	$29,300	$0	$0	$0	$0	$0
4	Amador City PRV Relocation	$0	$0	$703,040	$0	$0	$0
5	Buckhorn WTP Finish Water Pumps Control Upgrade	$25,970	$0	$0	$0	$0	$0
6	Transmission Line Cathodic Protection	$0	$780,000	$811,200	$843,648	$877,394	$912,490
7	Tanks Cathodic Protection Upgrades	$200,000	$208,000	$216,320	$224,973	$233,972	$243,331
8	Tanner WTP Flow Control & Reliability Improvements	$2,855,000	$5,980,000	$1,456,406	$0	$0	$0
9	Hayden Alley, Broadway, Borgh, Eureka, Tucker Hill Pipeline Replacements	$750,000	$780,000	$0	$0	$0	$0
10	Robin Lane Pipe Replacement	$0	$0	$0	$1,677,172	$0	$0
11	Upsize Madrone Tank Fill Line and McKenzie PRV	$0	$0	$0	$884,143	$0	$0
12	Arroyo Seco and Amador Street Pipeline Replacements	$0	$0	$594,880	$800,903	$0	$0
13	Camanche Service Lateral Replacement (Phase IV)	$125,000	$156,000	$162,240	$168,730	$175,479	$182,498
14	Amador City High Service Individual Boosters	$0	$0	$0	$0	$0	$790,824
15	Oak Ridge Pressure Zone Creation	$0	$0	$0	$0	$934,717	$0
16	Tank C Service Area Individual Boost & PRV	$188,000	$0	$0	$0	$0	$0
17	CAWP Transmission Main Improvements and Tank D Replacement	$0	$7,056,400	$4,225,249	$0	$0	$0
18	Ione Reliable Capacity Expansion	$4,500,000	$12,012,000	$7,067,310	$0	$0	$0
19	Ione Backwash Handling Improvements	$4,550,000	$892,216	$0	$0	$0	$0
20	Tanner Backwash Drying Beds	$900,000	$4,106,400	$0	$0	$0	$0
21	CAWP Tiger Creek Afterbay Alternate Supply	$0	$1,184,696	$6,208,384	$5,075,588	$0	$0
22	Replacement of McKenzie PS; Capacity Upgrades, Toma Ln PS Improve.	$0	$0	$0	$0	$0	$1,985,578
23	Replace Ranch House Tank	$0	$0	$0	$0	$4,265,304	$0
24	Replace Jackson Pines Tank	$0	$0	$0	$0	$0	$2,825,068
25	Mt. Crossman Tank - Site Acquisition	$51,000	$0	$0	$0	$0	$0
26	Wildflower Tank Rehab	$500,000	$2,619,760	$0	$0	$0	$0
27	**Total - Capital Improvement Plan**	**$18,274,270**	**$47,007,473**	**$26,591,576**	**$10,575,048**	**$7,422,753**	**$7,913,110**

Table 2-24 shows the capital funding plan based on the proposed financial plan scenario. Based on direction from the Board, the Agency has elected to defer a portion of capital projects over the study period. The total CIP (Line 1) is from **Table 2-23**. The executed CIP (Line 3) is equal to the total CIP multiplied by the CIP execution rate (Line 2). The Agency projects a portion of the CIP to be funded through grants (Line 6) and debt proceeds from the 2024 Bonds and 2025 WIFIA Loan (Line 7) from **Table 2-22**. Estimated grant proceeds were provided by Agency staff and include proceeds from a VA Grant and an EPA Grant. The remaining portion of funded CIP is projected to be rate funded (Line 12). Unfunded CIP (Line 13) represents the difference between the total CIP (Line 1) and executed CIP (Line 3).

Table 2-24: Water Capital Funding Plan (Proposed)

Line	Capital Funding Plan	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	Total CIP	$18,274,270	$47,007,473	$26,591,576	$10,575,048	$7,422,753	$7,913,110
2	CIP Execution	90%	90%	75%	75%	75%	75%
3	**Executed CIP**	**$16,446,843**	**$42,306,725**	**$19,943,682**	**$7,931,286**	**$5,567,064**	**$5,934,833**
4							
5	**CIP Funding Sources**						
6	Grant Funding	$1,700,000	$1,200,000	$0	$0	$0	$0
7	Debt Funding	$15,605,000	$40,447,016	$17,030,232	$0	$0	$0
8							
9	**Capital Funding by Source**						
10	Grant Funded	$1,700,000	$1,200,000	$0	$0	$0	$0
11	Debt Funded	$14,746,843	$41,106,725	$17,228,680	$0	$0	$0
12	Rate Funded	$0	$0	$2,715,002	$7,931,286	$5,567,064	$5,934,833
13	*Unfunded*	*$1,827,427*	*$4,700,747*	*$6,647,894*	*$2,643,762*	*$1,855,688*	*$1,978,278*
14	**Total - Capital Funding**	**$16,446,843**	**$42,306,725**	**$19,943,682**	**$7,931,286**	**$5,567,064**	**$5,934,833**

2.9 FINANCIAL POLICIES

The financial performance of the water enterprise is evaluated based on the ability of the currently adopted water rates to meet the Agency's funding needs and financial performance metrics over the study period. For the water enterprise, WRE evaluated financial performance based on the Agency's debt coverage and reserve policies.

The Agency is required to meet an annual debt coverage requirement of 125% for each year. This means that the net operating revenue for the water enterprise (revenues less operating expenses) must be at least 125% greater than the annual debt service. The Agency's Board has also provided direction to maintain a debt coverage target of 150% to maintain a favorable credit rating and to establish a buffer in case of lower-than-projected revenues in any given year.

Additionally, water enterprise fund balances must meet the targets outlined in the Agency's reserve policy. Adequate fund balances allow the Agency to meet short-term cash flow needs for operating costs, award contracts for capital projects, and respond to emergencies. The current policy includes:

- Operating reserve: 25% (minimum) to 50% (maximum) of annual O&M expenses
- Capital reserve: 1% of net capital assets
- Rate stabilization reserve: $1 million
- Emergency reserve: $0.5 million

2.10 STATUS QUO FINANCIAL PLAN

The first step in evaluating the financial performance of the water enterprise is to develop a "status quo financial plan," which is the scenario in which the Agency does not increase its water rate revenues and does not make any changes to the existing capital plan. This exercise is to determine whether the Agency's current water rates are sufficient to meet two financial performance metrics: debt coverage and fund balances.

Table 2-25 shows the financial plan adjustments for the water enterprise under the status quo scenario.

Table 2-25: Water Financial Plan Adjustments (Status Quo)

Line	Fiscal Year	Revenue Adjustments	CIP Execution Rate
1	FY 2027	0.0%	100%
2	FY 2028	0.0%	100%
3	FY 2029	0.0%	100%
4	FY 2030	0.0%	100%
5	FY 2031	0.0%	100%

Table 2-26 shows the cash flow projections for the water enterprise under the status quo scenario. Revenues[6] are from **Table 2-17**, expenses are from **Table 2-20**, debt service is from **Table 2-22**, and rate funded CIP[7] is from **Table 2-24**. Net operating revenue (Line 29) is equal to revenues (Line 13) less operating expenses (Line 27). Net cash flow (Line 39) is equal to net operating revenue (Line 29) less debt service (Line 35) less rate funded CIP (Line 37). Net cash flow under the status quo scenario is projected to be negative from FY 2027 through FY 2031, meaning that the Agency will draw down its reserves to fund the costs of the water enterprise.

[6] Revenues in the status quo scenario differ due to the Operating Interest (Line 10), which is calculated based on the projected fund balances. Since the fund balances are lower in the status quo scenario compared to the proposed scenario, the projected Operating Interest revenue is lower. **Table 2-17** reflects the revenues under the proposed scenario.

[7] Rate Funded CIP in the status quo scenario differs due to the CIP execution rate. Since the CIP execution for the status quo scenario is 100% in all years, the projected rate funded CIP is higher in the status quo scenario compared to the proposed scenario. **Table 2-24** reflects the capital funding plan under the proposed scenario.

Table 2-26: Water Cash Flow Projections (Status Quo)

Line	Cash Flow Projections	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Revenues**						
2	Rate Revenues	$17,603,672	$17,603,672	$17,603,672	$17,603,672	$17,603,672	$17,603,672
3	Rate Revenue Adjustments	$0	$0	$0	$0	$0	$0
4	Customer Fees	$276,000	$276,000	$276,000	$276,000	$276,000	$276,000
5	Developer Fees	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000
6	PG&E Contract Payments	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000
7	Other Operating Revenue	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000
8	Cell Tower Revenue	$9,500	$9,690	$9,880	$10,080	$10,280	$10,486
9	Outside Service Contracts	$221,000	$228,280	$235,820	$243,600	$251,640	$254,156
10	Operating Interest	$370,000	$248,654	$55,768	$0	$0	$0
11	Property Tax	$352,000	$359,040	$366,220	$373,540	$381,010	$388,630
12	CFD Revenue	$303,000	$303,000	$127,260	$127,260	$127,260	$127,260
13	**Subtotal**	**$19,330,172**	**$19,223,336**	**$18,869,620**	**$18,829,152**	**$18,844,862**	**$18,855,204**
14							
15	**Expenses**						
16	Salaries	$5,785,700	$6,006,710	$6,223,420	$6,495,520	$6,700,750	$6,921,875
17	Election Expense	$0	$25,000	$0	$25,000	$0	$0
18	Benefits	$138,800	$144,380	$150,470	$157,150	$164,470	$171,049
19	Health Insurance	$1,485,000	$1,662,550	$1,861,370	$2,084,060	$2,333,410	$2,613,419
20	General	$5,241,100	$5,373,230	$5,511,530	$5,653,550	$5,799,490	$5,950,277
21	Chemicals	$382,500	$405,450	$429,770	$455,560	$482,890	$511,863
22	Fuel	$138,700	$147,020	$155,840	$165,190	$175,100	$185,606
23	Energy (PG&E)	$738,300	$760,450	$783,280	$806,780	$830,970	$855,899
24	Regulatory Fees	$100,800	$110,880	$121,970	$134,180	$147,590	$162,349
25	CIP Operating Expenses	$550,500	$1,043,515	$0	$0	$0	$0
26	O&M Expense Reduction	($800,000)	($832,000)	($865,280)	($899,891)	($935,887)	($973,322)
27	**Subtotal**	**$13,761,400**	**$14,847,185**	**$14,372,370**	**$15,077,099**	**$15,698,783**	**$16,399,015**
28							
29	**Net Operating Revenue**	**$5,568,772**	**$4,376,151**	**$4,497,250**	**$3,752,053**	**$3,146,079**	**$2,456,189**
30							
31	**Debt Service**						
32	Senior Lien	$2,204,264	$2,209,962	$2,210,806	$2,215,367	$2,207,770	$2,210,133
33	Subordinate Lien	$0	$1,018,000	$1,018,000	$1,018,000	$3,600,578	$3,600,578

Line	Cash Flow Projections	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
34	Unsecured	$290,156	$290,156	$256,628	$256,628	$256,628	$256,628
35	**Subtotal**	**$2,494,420**	**$3,518,118**	**$3,485,433**	**$3,489,995**	**$6,064,976**	**$6,067,339**
36							
37	**Rate Funded CIP**	**$969,270**	**$5,360,456**	**$9,561,344**	**$10,575,048**	**$7,422,753**	**$7,913,110**
38							
39	**Net Cash Flow**	**$2,105,082**	**($4,502,423)**	**($8,549,527)**	**($10,312,990)**	**($10,341,650)**	**($11,524,260)**

Table 2-27 shows the projected water enterprise fund balances under the status quo scenario. Agency staff provided beginning fund balances for FY 2026. The sources of funds include revenues, grant proceeds, and debt proceeds. Rate revenues, revenue adjustments, and all other revenues (Lines 4-6) are equal to the total revenues in **Table 2-26** (Line 13). Grant proceeds and debt proceeds (Lines 7-8) are equal to the values shown in **Table 2-24**. The amount of grant and debt proceeds were provided by District staff and do not change based on the financial plan scenario. Uses of funds include operating expenses, debt service, and CIP. Operating expenses (Line 12) are equal to the total expenses in **Table 2-26** (Line 27). Debt service (Line 13) is equal to the total debt service in **Table 2-26** (Line 35). Grant, debt, and rate funded CIP (Lines 14-16) based on full execution of CIP under the status quo scenario. Based on the projected ending balances (Line 19), the Agency will run out of money in FY 2028 under this scenario.

Table 2-28 shows the financial performance of the water enterprise under the status quo scenario. Financial performance is determined based on the Agency's reserve policy targets and the debt coverage targets as discussed in a previous section. The reserve policy targets define a minimum and maximum target based on the operating, capital, rate stabilization, and emergency reserve targets. Under the status quo scenario, the water enterprise fund will not meet the minimum combined reserve targets starting in FY 2028. Debt coverage is calculated by dividing the net operating revenue (Line 14) by the debt service for senior and subordinate lien debts (Line 15). Under the status quo scenario, the water enterprise fund will not meet its debt coverage target of 150% starting in FY 2027 and will not meet its debt coverage requirement of 125% starting in FY 2029, meaning the Agency will be in technical default.

Table 2-27: Water Fund Balance Projections (Status Quo)

Line	Fund Balance Projections	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Beginning Balance**	**$8,558,925**	**$10,664,007**	**$6,161,584**	**($2,387,943)**	**($12,700,933)**	**($23,042,583)**
2							
3	**Sources of Funds**						
4	Rate Revenues	$17,603,672	$17,603,672	$17,603,672	$17,603,672	$17,603,672	$17,603,672
5	Rate Revenue Adjustments	$0	$0	$0	$0	$0	$0
6	All Other Revenues	$1,726,500	$1,619,664	$1,265,948	$1,225,480	$1,241,190	$1,251,532
7	Grant Proceeds	$1,700,000	$1,200,000	$0	$0	$0	$0
8	Debt Proceeds	$15,605,000	$40,447,016	$17,030,232	$0	$0	$0
9	**Subtotal**	**$36,635,172**	**$60,870,352**	**$35,899,852**	**$18,829,152**	**$18,844,862**	**$18,855,204**
10							
11	**Uses of Funds**						
12	Expenses	$13,761,400	$14,847,185	$14,372,370	$15,077,099	$15,698,783	$16,399,015
13	Debt Service	$2,494,420	$3,518,118	$3,485,433	$3,489,995	$6,064,976	$6,067,339
14	Grant Funded CIP	$1,700,000	$1,200,000	$0	$0	$0	$0
15	Debt Funded CIP	$15,605,000	$40,447,016	$17,030,232	$0	$0	$0
16	Rate Funded CIP	$969,270	$5,360,456	$9,561,344	$10,575,048	$7,422,753	$7,913,110
17	**Subtotal**	**$34,530,090**	**$65,372,776**	**$44,449,379**	**$29,142,141**	**$29,186,512**	**$30,379,464**
18							
19	**Ending Balance**	**$10,664,007**	**$6,161,584**	**($2,387,943)**	**($12,700,933)**	**($23,042,583)**	**($34,566,843)**

Table 2-28: Water Financial Performance (Status Quo)

Line	Financial Performance	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Reserve Policy**						
2	Operating Reserve Minimum	$3,440,350	$3,711,796	$3,593,093	$3,769,275	$3,924,696	$4,099,754
3	Operating Reserve Maximum	$6,880,700	$7,423,593	$7,186,185	$7,538,549	$7,849,392	$8,199,507
4	Capital Reserve	$986,742	$1,035,671	$1,003,175	$970,954	$939,464	$947,408
5	Rate Stabilization Reserve	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
6	Emergency Reserve	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000
7	***Reserve Target Minimum***	***$5,927,092***	***$6,247,467***	***$6,096,268***	***$6,240,228***	***$6,364,159***	***$6,547,162***
8	***Reserve Target Maximum***	***$9,367,442***	***$9,959,263***	***$9,689,360***	***$10,009,503***	***$10,288,855***	***$10,646,915***
9	**Combined Reserves**	**$10,664,007**	**$6,161,584**	**($2,387,943)**	**($12,700,933)**	**($23,042,583)**	**($34,566,843)**
10	Meets Target Minimum?	Yes	No	No	No	No	No
11	Meets Target Maximum?	Yes	No	No	No	No	No
12							
13	**Debt Coverage Policy**						
14	Net Revenue	$5,568,772	$4,376,151	$4,497,250	$3,752,053	$3,146,079	$2,456,189
15	Debt Service (Senior, Subordinate)	$2,204,264	$3,227,962	$3,228,806	$3,233,367	$5,808,348	$5,810,711
16							
17	***All-In Required Coverage***	***125%***	***125%***	***125%***	***125%***	***125%***	***125%***
18	***All-In Target Coverage***	***150%***	***150%***	***150%***	***150%***	***150%***	***150%***
19	**All-In Calculated Coverage**	**253%**	**136%**	**139%**	**116%**	**54%**	**42%**
20	Meets Required Coverage?	Yes	Yes	Yes	No	No	No
21	Meets Target Coverage?	Yes	No	No	No	No	No

Figure 2-1 shows the projected debt coverage under the status quo scenario. The target debt coverage (shown as a dotted red line) is equal to 150%, as directed by the Board. The required debt coverage (shown as a solid red line) is equal to 125%. Without additional water rate revenues, the projected all-in debt coverage (shown as dashed black line) will not meet the target coverage beginning in FY 2027 and will not meet the required coverage beginning in FY 2029.

Figure 2-1: Water Debt Coverage Projections (Status Quo)

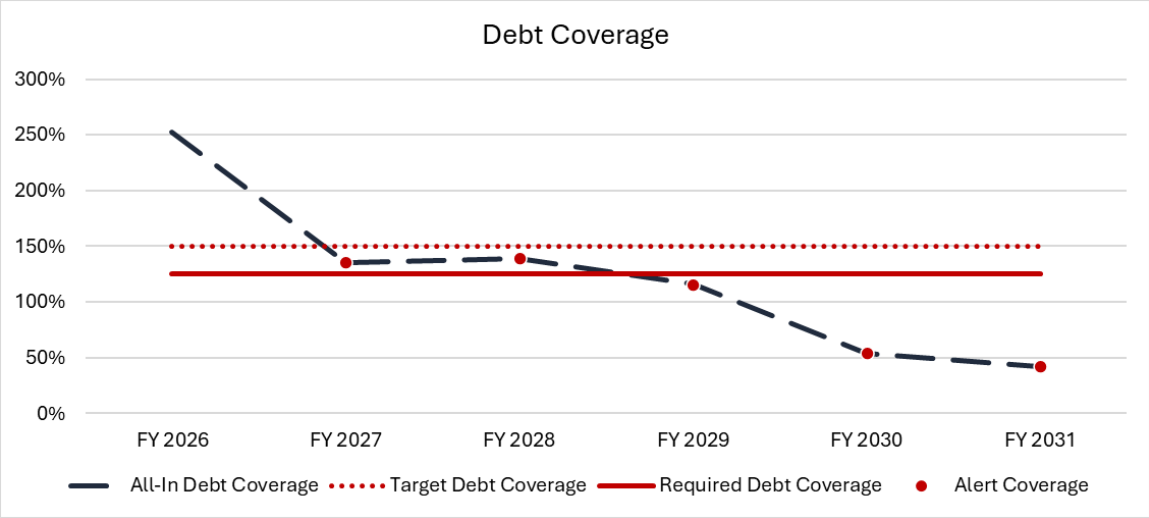
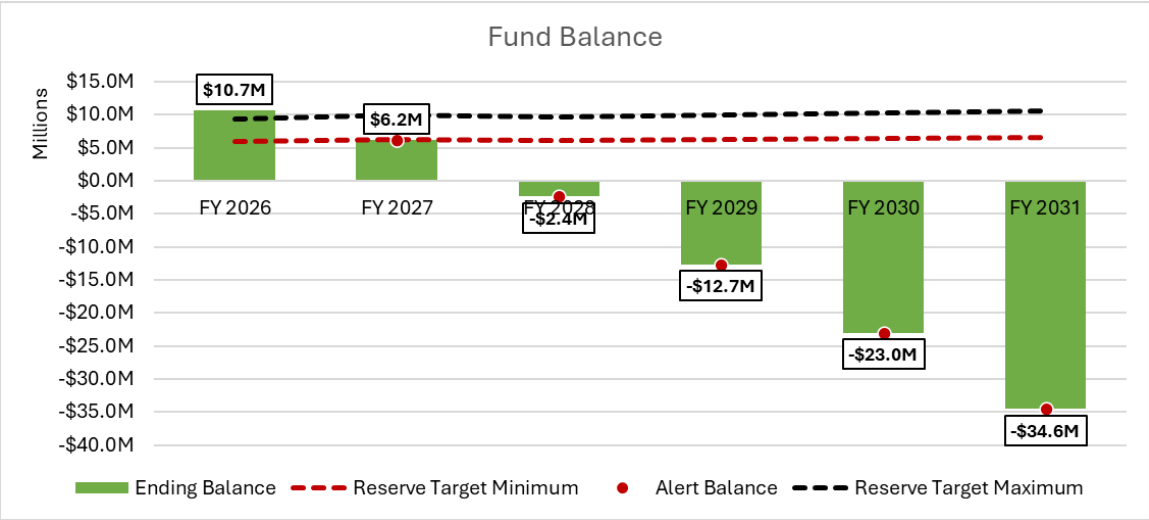


Figure 2-2 shows the projected ending fund balances of the water enterprise fund under the status quo scenario. The reserve target minimum (shown as a dashed red line) is equal to the operating reserve minimum plus capital, rate stabilization, and emergency reserve policy targets, and the reserve target maximum (shown as a dashed black line) is equal to the operating reserve maximum plus capital, rate stabilization, and emergency reserve policy targets. Without additional water rate revenues, the water enterprise fund balances will not meet targets starting in FY 2027 and will be negative starting in FY 2028.

Figure 2-2: Water Fund Balance Projections (Status Quo)



2.11 PROPOSED FINANCIAL PLAN

WRE worked with the Board and Agency staff to determine the most appropriate financial plan scenario to meet the Agency's needs over the study period. Overall annual increases in water rate revenues resulting from rate increases are referred to as "revenue adjustments." The proposed financial plan scenario includes five years of revenue adjustments and reduced CIP execution rates resulting from deferral of capital projects, as shown in **Table 2-29**.

Table 2-29: Water Financial Plan Adjustments (Proposed)

Line	Fiscal Year	Revenue Adjustments	CIP Execution Rate
1	FY 2027	7.0%	90%
2	FY 2028	7.0%	75%
3	FY 2029	7.0%	75%
4	FY 2030	7.0%	75%
5	FY 2031	7.0%	75%

Table 2-30 shows the cash flow projections for the water enterprise under the proposed scenario. Revenues are from **Table 2-17**, rate revenue adjustments are based on the proposed adjustments in **Table 2-29**, expenses are from **Table 2-20**, debt service is from **Table 2-22**, and rate funded CIP is from **Table 2-24**. Net operating revenue (Line 29) is equal to revenues (Line 13) less operating expenses (Line 27). Net cash flow (Line 39) is equal to net operating revenue (Line 29) less debt service (Line 35) less rate funded CIP (Line 37). Net cash flow under the proposed scenario is projected to be negative from FY 2029 through FY 2031, meaning that the Agency will draw down its reserves to fund the costs of the water enterprise.

Table 2-30: Water Cash Flow Projections (Proposed)

Line	Cash Flow Projections	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Revenues**						
2	Rate Revenues	$17,603,672	$17,603,672	$17,603,672	$17,603,672	$17,603,672	$17,603,672
3	Rate Revenue Adjustments	$0	$1,232,257	$2,550,772	$3,961,583	$5,471,151	$7,086,389
4	Customer Fees	$276,000	$276,000	$276,000	$276,000	$276,000	$276,000
5	Developer Fees	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000
6	PG&E Contract Payments	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000
7	Other Operating Revenue	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000
8	Cell Tower Revenue	$9,500	$9,690	$9,880	$10,080	$10,280	$10,486
9	Outside Service Contracts	$221,000	$228,280	$235,820	$243,600	$251,640	$254,156
10	Operating Interest	$370,000	$392,472	$430,876	$397,088	$308,164	$235,292
11	Property Tax	$352,000	$359,040	$366,220	$373,540	$381,010	$388,630
12	CFD Revenue	$303,000	$303,000	$127,260	$127,260	$127,260	$127,260
13	**Subtotal**	**$19,330,172**	**$20,599,411**	**$21,795,499**	**$23,187,823**	**$24,624,176**	**$26,176,885**
14							
15	**Expenses**						
16	Salaries	$5,785,700	$6,006,710	$6,223,420	$6,495,520	$6,700,750	$6,921,875
17	Election Expense	$0	$25,000	$0	$25,000	$0	$0
18	Benefits	$138,800	$144,380	$150,470	$157,150	$164,470	$171,049
19	Health Insurance	$1,485,000	$1,662,550	$1,861,370	$2,084,060	$2,333,410	$2,613,419
20	General	$5,241,100	$5,373,230	$5,511,530	$5,653,550	$5,799,490	$5,950,277
21	Chemicals	$382,500	$405,450	$429,770	$455,560	$482,890	$511,863
22	Fuel	$138,700	$147,020	$155,840	$165,190	$175,100	$185,606
23	Energy (PG&E)	$738,300	$760,450	$783,280	$806,780	$830,970	$855,899
24	Regulatory Fees	$100,800	$110,880	$121,970	$134,180	$147,590	$162,349
25	CIP Operating Expenses	$550,500	$1,043,515	$0	$0	$0	$0
26	O&M Expense Reduction	($800,000)	($832,000)	($865,280)	($899,891)	($935,887)	($973,322)
27	**Subtotal**	**$13,761,400**	**$14,847,185**	**$14,372,370**	**$15,077,099**	**$15,698,783**	**$16,399,015**
28							
29	**Net Operating Revenue**	**$5,568,772**	**$5,752,225**	**$7,423,129**	**$8,110,724**	**$8,925,393**	**$9,777,870**
30							
31	**Debt Service**						
32	Senior Lien	$2,204,264	$2,209,962	$2,210,806	$2,215,367	$2,207,770	$2,210,133
33	Subordinate Lien	$0	$1,018,000	$1,018,000	$1,018,000	$3,600,578	$3,600,578

Line	Cash Flow Projections	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
34	Unsecured	$290,156	$290,156	$256,628	$256,628	$256,628	$256,628
35	**Subtotal**	**$2,494,420**	**$3,518,118**	**$3,485,433**	**$3,489,995**	**$6,064,976**	**$6,067,339**
36							
37	**Rate Funded CIP**	**$0**	**$0**	**$2,715,002**	**$7,931,286**	**$5,567,064**	**$5,934,833**
38							
39	**Net Cash Flow**	**$3,074,352**	**$2,234,108**	**$1,222,694**	**($3,310,557)**	**($2,706,647)**	**($2,224,302)**

Table 2-31 shows the projected water enterprise fund balances under the proposed scenario. Agency staff provided beginning fund balances for FY 2026. The sources of funds include revenues, grant proceeds, and debt proceeds. Rate revenues, revenue adjustments, and all other revenues (Lines 4-6) are equal to the total revenues in **Table 2-30** (Line 13). Grant proceeds and debt proceeds (Lines 7-8) are equal to the values shown in **Table 2-24**. Uses of funds include operating expenses, debt service, and CIP. Operating expenses (Line 12) are equal to the total expenses in **Table 2-30** (Line 27). Grant, debt, and rate funded CIP (Lines 14-16) equal to the values shown in **Table 2-24**. Under the proposed scenario, the Agency will maintain a positive water enterprise fund balance in all years of the study.

Table 2-32 shows the financial performance of the water enterprise under the proposed scenario. Financial performance is determined based on the Agency's reserve policy targets and the debt coverage targets as discussed in a previous section. The reserve policy targets define a minimum and maximum target based on the operating, capital, rate stabilization, and emergency reserve targets. Under the proposed scenario, the water enterprise fund will meet the minimum combined reserve targets in all years of the study. Debt coverage is calculated by dividing the net operating revenue (Line 14) by the debt service for senior and subordinate lien debts (Line 15). Under the proposed scenario, the water enterprise fund will meet its debt coverage target of 150% and debt coverage requirement of 125% in all years of the study.

Table 2-31: Water Fund Balance Projections (Proposed)

Line	Fund Balance Projections	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Beginning Balance**	**$8,558,925**	**$12,491,434**	**$14,065,833**	**$15,090,079**	**$11,779,522**	**$9,072,875**
2							
3	**Sources of Funds**						
4	Rate Revenues	$17,603,672	$17,603,672	$17,603,672	$17,603,672	$17,603,672	$17,603,672
5	Rate Revenue Adjustments	$0	$1,232,257	$2,550,772	$3,961,583	$5,471,151	$7,086,389
6	All Other Revenues	$1,726,500	$1,763,482	$1,641,056	$1,622,568	$1,549,354	$1,486,825
7	Grant Proceeds	$1,700,000	$1,200,000	$0	$0	$0	$0
8	Debt Proceeds	$15,605,000	$40,447,016	$17,030,232	$0	$0	$0
9	**Subtotal**	**$36,635,172**	**$62,246,427**	**$38,825,732**	**$23,187,823**	**$24,624,176**	**$26,176,885**
10							
11	**Uses of Funds**						
12	Expenses	$13,761,400	$14,847,185	$14,372,370	$15,077,099	$15,698,783	$16,399,015
13	Debt Service	$2,494,420	$3,518,118	$3,485,433	$3,489,995	$6,064,976	$6,067,339
14	Grant Funded CIP	$1,700,000	$1,200,000	$0	$0	$0	$0
15	Debt Funded CIP	$14,746,843	$41,106,725	$17,228,680	$0	$0	$0
16	Rate Funded CIP	$0	$0	$2,715,002	$7,931,286	$5,567,064	$5,934,833
17	**Subtotal**	**$32,702,663**	**$60,672,028**	**$37,801,485**	**$26,498,379**	**$27,330,824**	**$28,401,186**
18							
19	**Ending Balance**	**$12,491,434**	**$14,065,833**	**$15,090,079**	**$11,779,522**	**$9,072,875**	**$6,848,573**

Table 2-32: Water Financial Performance (Proposed)

Line	Financial Performance	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Reserve Policy**						
2	Operating Reserve Minimum	$3,440,350	$3,711,796	$3,593,093	$3,769,275	$3,924,696	$4,099,754
3	Operating Reserve Maximum	$6,880,700	$7,423,593	$7,186,185	$7,538,549	$7,849,392	$8,199,507
4	Capital Reserve	$986,742	$1,035,671	$1,003,175	$970,954	$939,464	$947,408
5	Rate Stabilization Reserve	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
6	Emergency Reserve	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000
7	***Reserve Target Minimum***	***$5,927,092***	***$6,247,467***	***$6,096,268***	***$6,240,228***	***$6,364,159***	***$6,547,162***
8	***Reserve Target Maximum***	***$9,367,442***	***$9,959,263***	***$9,689,360***	***$10,009,503***	***$10,288,855***	***$10,646,915***
9	**Combined Reserves**	**$12,491,434**	**$14,065,833**	**$15,090,079**	**$11,779,522**	**$9,072,875**	**$6,848,573**
10	Meets Target Minimum?	Yes	Yes	Yes	Yes	Yes	Yes
11	Meets Target Maximum?	Yes	Yes	Yes	Yes	No	No
12							
13	**Debt Coverage Policy**						
14	Net Revenue	$5,568,772	$5,752,225	$7,423,129	$8,110,724	$8,925,393	$9,777,870
15	Debt Service (Senior, Subordinate)	$2,204,264	$3,227,962	$3,228,806	$3,233,367	$5,808,348	$5,810,711
16							
17	***All-In Required Coverage***	***125%***	***125%***	***125%***	***125%***	***125%***	***125%***
18	***All-In Target Coverage***	***150%***	***150%***	***150%***	***150%***	***150%***	***150%***
19	**All-In Calculated Coverage**	**253%**	**178%**	**230%**	**251%**	**154%**	**168%**
20	Meets Required Coverage?	Yes	Yes	Yes	Yes	Yes	Yes
21	Meets Target Coverage?	Yes	Yes	Yes	Yes	Yes	Yes

Figure 2-3 shows the projected debt coverage under the proposed scenario. With the proposed revenue adjustments, the Agency is projected to meet its required and target debt coverage for all years of the study.

Figure 2-3: Water Debt Coverage Projections (Proposed)

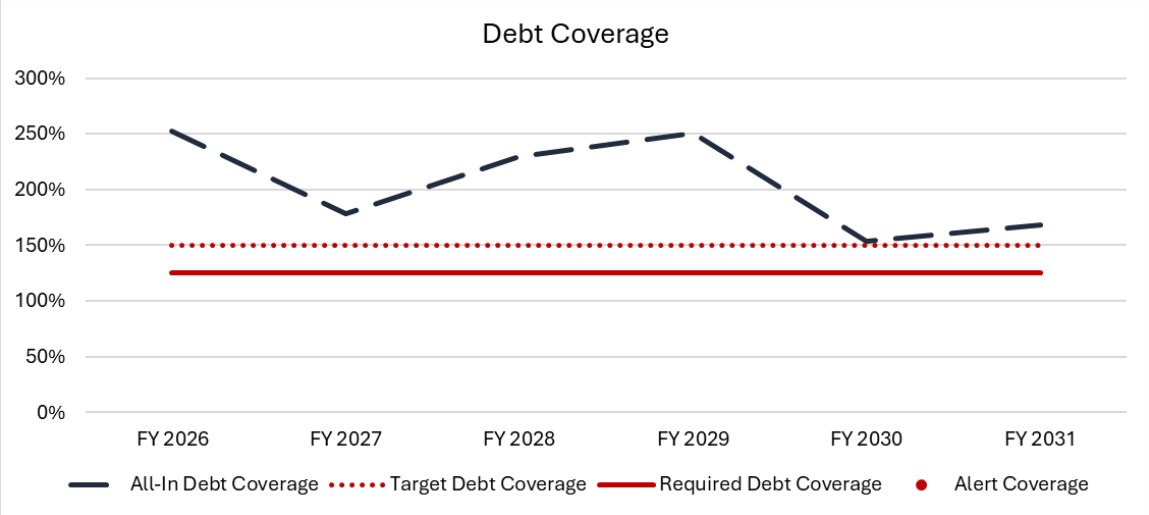
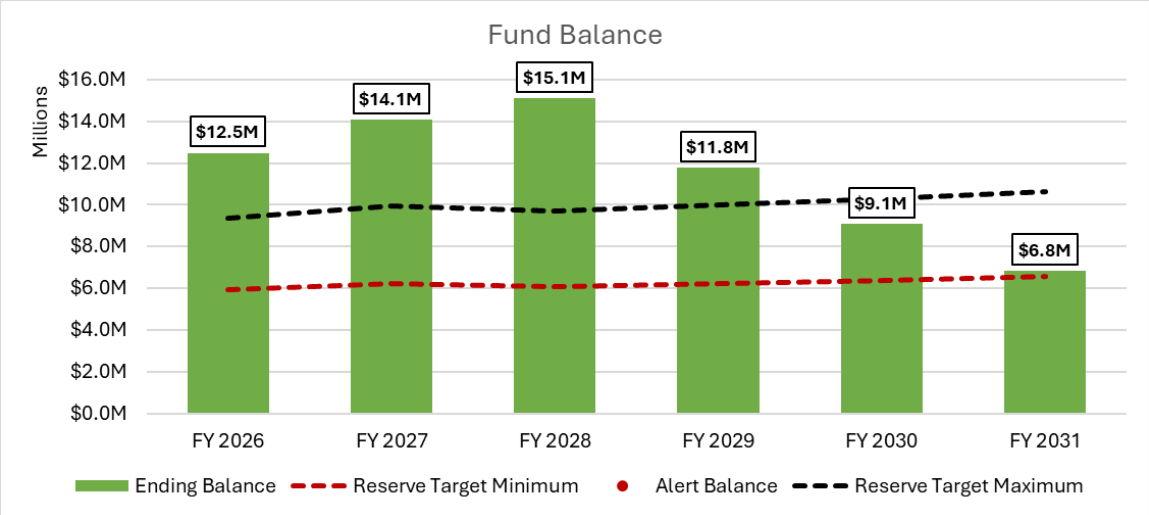


Figure 2-4 shows the projected fund balances under the proposed scenario. With the proposed revenue adjustments, the Agency is projected to meet its minimum reserve targets for all years of the study.

Figure 2-4: Water Fund Balance Projections (Proposed)



3. WATER COST-OF-SERVICE ANALYSIS

3.1 COST-OF-SERVICE METHODOLOGY

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

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

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

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

3.2 PROPOSED CHANGES TO COST-OF-SERVICE ANALYSIS

Proposed changes to the cost-of-service analysis must adequately reflect the impact of any proposed changes to the water rate structure. As directed by Agency staff, WRE evaluated one change to the water rate structure, which involved shifting the classification of Mule Creek from a Treated Retail customer to a Treated Wholesale customer. This report will discuss the impacts to the cost-of-service analysis due to Mule Creek's classification change when applicable.

Outside of this change to the water rate structure, WRE maintained the cost-of-service allocation and rate calculation methodologies that were determined in the prior rate study to the extent possible, while updating financial and customer data to reflect the most up-to-date information on the operational and infrastructure costs of the Agency's water system.

The cost-of-service analysis also maintains the prior fixed revenue percentage policy adopted by the Board in the previous rate study, which is 60% fixed. The actual percentage of fixed revenues can change from year to year based on fluctuations in water consumption. For the Treated Retail and Treated Wholesale service types, the resulting cost-of-service allocations will reflect 60% fixed revenues. For the Untreated Retail service type, the resulting cost-of-service allocations will maintain the current 67% fixed revenues.

3.3 REVENUE REQUIREMENT

The combined water rate revenue requirement for the test year, FY 2026, is shown in **Table 3-1**. The revenue requirement is based on the financial plan projections (**Table 2-30**) and is allocated between the Operating, Debt Service, and Revenue Offset components. The Operating revenue requirement consists of O&M expenses (Line 2; from **Table 2-30**, Line 27), other non-rate revenues (Line 8; from **Table 2-30**, Lines 4-7, 9-10, and 12), and adjustments for cash balance which is equal to the net cash flow for FY 2026 (Line 14; from **Table 2-30**, Line 39). The Debt Service revenue requirement consists of annual debt service (Line 3; from **Table 2-30**, Line 35). Revenue offsets include cell tower and property tax revenues (Lines 9-10; from **Table 2-30**, Lines 8 and 11). Revenue offsets are revenues that can be used to offset rates at the Agency's discretion under Proposition 218 requirements, since they are not generated by specific customer classes or for payment of services provided by the Agency. The total revenue required from rates (Line 17) is equal to the amount of water rate revenues collected in FY 2026 (**Table 2-30**, Line 2).

Table 3-1: Water Combined System Revenue Requirement

Line	Combined Revenue Requirement (FY 2026)	Operating	Debt Service	Revenue Offsets	Total
1	**Revenue Requirements**				
2	O&M Expenses	$13,761,400	$0	$0	$13,761,400
3	Debt Service	$0	$2,494,420	$0	$2,494,420
4	Rate Funded CIP	$0	$0	$0	$0
5	**Subtotal - Revenue Requirements**	**$13,761,400**	**$2,494,420**	**$0**	**$16,255,820**
6					
7	**Revenue Offsets**				
8	Other Revenues	($1,365,000)	$0	$0	($1,365,000)
9	Cell Tower Revenue	$0	$0	($9,500)	($9,500)
10	Property Tax	$0	$0	($352,000)	($352,000)
11	**Subtotal - Revenue Offsets**	**($1,365,000)**	**$0**	**($361,500)**	**($1,726,500)**
12					
13	**Adjustments**				
14	Adjustment for Cash Balance	$3,074,352	$0	$0	$3,074,352
15	**Subtotal - Adjustments**	**$3,074,352**	**$0**	**$0**	**$3,074,352**
16					
17	**Total - Revenue Required from Rates**	**$15,470,752**	**$2,494,420**	**($361,500)**	**$17,603,672**

3.4 ALLOCATIONS BY SERVICE TYPE

The next step in the cost-of-service analysis is to determine the allocation of the total water revenue requirement between the Agency's three service types: Treated Retail, Treated Wholesale, and Untreated Retail. WRE maintained the allocation methodology and rationale from the Agency's prior water rate study, while updating the financial and customer data to reflect the most recent test year.

Table 3-2 shows the allocation of fixed assets and allocation methodology. Agency staff provided the Replacement Cost of the combined system assets by service area.

AWS assets (Line 2) are allocated between the three water service types based on the proportion of equivalent meters (EMUs) that each type serves, utilizing meter count data provided by Agency staff. The Treated Wholesale allocation includes the total EMUs for the retail customers that the Agency's wholesale customers serve. The meter counts and EMUs for Mule Creek (one 6" meter and one 10" meter connection) were added to the Treated Wholesale allocation and removed from the Treated Retail allocation.

The water assets for Lake Camanche, CAWP, and La Mel (Lines 3-5) are allocated entirely to Treated Retail. Similarly, the wastewater assets for Lake Camanche, Martell, and ID#1 (Lines 6-8) are allocated entirely to Wastewater.

Agency General assets (Line 1) are allocated indirectly to the service types based on the proportion of all other asset allocations. The total Replacement Cost value of all combined system assets (Line 9) is then allocated to the service types including wastewater (Line 10). From there, the Replacement Cost value of the water system assets is allocated to between the three water service types (Line 11).

Table 3-2: Water Asset Allocation by Service Type

Line	Combined Assets	Replacement Cost	Methodology	Treated Retail	Treated Wholesale	Untreated Retail	Wastewater
1	Agency General	$2,915,748	Indirect	64.0%	15.2%	1.2%	19.6%
2	Amador Water System	$127,921,347	EMUs	58.8%	38.1%	3.1%	0.0%
3	Lake Camanche Water	$23,646,881	Staff provided	100.0%	0.0%	0.0%	0.0%
4	CAWP Retail	$103,074,788	Staff provided	100.0%	0.0%	0.0%	0.0%
5	La Mel Heights	$3,783,035	Staff provided	100.0%	0.0%	0.0%	0.0%
6	WW Camanche	$8,398,499	Staff provided	0.0%	0.0%	0.0%	100.0%
7	WW Martell	$10,707,665	Staff provided	0.0%	0.0%	0.0%	100.0%
8	WW ID#1	$44,009,272	Staff provided	0.0%	0.0%	0.0%	100.0%
9	**Total**	**$324,457,235**		**$207,554,505**	**$49,195,850**	**$4,019,112**	**$63,687,769**
10	***Total System***			***64.0%***	***15.2%***	***1.2%***	***19.6%***
11	***Combined Water System***			***79.6%***	***18.9%***	***1.5%***	

Table 3-3 shows the meter capacity in gallons per minute (gpm) of each meter size and its corresponding meter ratio. Equivalent meters are calculated based on meter capacity ratios, which represent the safe operating capacity of a water meter relative to the base meter size. For this study, the base meter size is a 5/8" meter, which is the most common meter size in the Agency's water system. The meter capacities used in this study are based on the AWWA M1 Manual and are consistent with the prior study.

Table 3-3: Water Meter Capacity Ratios

Line	Meter Size	Capacity (gpm)	Meter Ratio
1	5/8"	20	1.00
2	3/4"	30	1.50
3	1"	50	2.50
4	1 1/2"	100	5.00
5	2"	160	8.00
6	3"	350	17.50
7	4"	630	31.50
8	6"	1,600	80.00
9	8"	2,800	140.00
10	10"	4,200	210.00

Table 3-4 shows the water meter counts for Treated Retail, Treated Wholesale, and Untreated Retail based on detailed customer data provided by Agency staff. Note that the Treated Retail meter counts are equal to the total accounts in FY 2026 (**Table 2-7**) less one 6" meter and one 10" meter due to the Mule Creek reclassification from Treated Retail to Treated Wholesale. Treated Wholesale meter counts are based on the actual meter size connections for all customers. Note that the Untreated Retail meter counts are equal to the total accounts in FY 2026 (**Table 2-9**). The resulting percentage allocations reflect the proportion of connections in the water system between the three service types (Line 12).

Table 3-4: Water Meter Counts by Service Type

Line	Meter Counts	Treated Retail	Treated Wholesale	Untreated Retail	Combined System
1	5/8"	7,443	0	113	7,556
2	3/4"	50	0	11	61
3	1"	104	0	26	130
4	1 1/2"	46	1	5	52
5	2"	32	0	6	38
6	3"	4	0	1	5
7	4"	5	4	3	12
8	6"	2	3	1	6
9	8"	0	1	0	1
10	10"	0	1	0	1
11	**Total**	**7,684**	**10**	**166**	**7,860**
12	***% of Total***	***97.8%***	***0.1%***	***2.1%***	***100.0%***

Table 3-5 shows the equivalent meters for Treated Retail, Treated Wholesale, and Untreated Retail based on the meter ratios in **Table 3-3** and the meter counts in **Table 3-4**. The resulting percentage allocations reflect the proportion of equivalent meters in the water system between the three service types (Line 12).

Table 3-5: Water Equivalent Meters by Service Type

Line	Equivalent Meters	Treated Retail	Treated Wholesale	Untreated Retail	Combined System
1	5/8"	7,443	0	113	7,556
2	3/4"	75	0	17	91
3	1"	259	0	65	324
4	1 1/2"	228	5	25	258
5	2"	253	0	48	301
6	3"	66	0	18	83
7	4"	158	126	95	378
8	6"	193	240	80	513
9	8"	0	140	0	140
10	10"	0	210	0	210
11	**Total**	**8,674**	**721**	**460**	**9,854**
12	***% of Total***	***88.0%***	***7.3%***	***4.7%***	***100.0%***

Table 3-6 shows the water consumption in hcf for Treated Retail, Treated Wholesale, and Untreated Retail. The non-adjusted water use (Line 1) is equal to the water use in FY 2026 for each service type (**Table 2-10**). Water consumption for Mule Creek (Line 2) is then allocated from Treated Retail to Treated Wholesale. The resulting percentage allocations reflect the proportion of total water consumption between the three service types (Line 4), treated water consumption between Treated Retail and Treated Wholesale (Line 5), and retail water consumption between Treated Retail and Untreated Retail (Line 6).

Table 3-6: Water Consumption by Service Type

Line	Consumption (hcf)	Treated Retail	Treated Wholesale	Untreated Retail	Combined System
1	Water Use	1,181,483	556,418	86,286	1,824,187
2	Mule Creek	(262,347)	262,347	0	0
3	**Total**	**919,136**	**818,765**	**86,286**	**1,824,187**
4	***% of Total***	***50.4%***	***44.9%***	***4.7%***	***100.0%***
5	***% of Treated***	***52.9%***	***47.1%***		***100.0%***
6	***% of Retail***	***91.4%***		***8.6%***	***100.0%***

Table 3-7 summarizes the various allocation percentages between the three service types based on water consumption, EMUs, accounts, and assets.

Table 3-7: Water Allocations by Service Type

Line	Service Type Allocations	Treated Retail	Treated Wholesale	Untreated Retail	Combined System
1	Treated Retail Only	100.0%	0.0%	0.0%	100.0%
2	Treated Wholesale Only	0.0%	100.0%	0.0%	100.0%
3	Untreated Retail Only	0.0%	0.0%	100.0%	100.0%
4	All Usage	50.4%	44.9%	4.7%	100.0%
5	Treated Usage	52.9%	47.1%	0.0%	100.0%
6	Retail Usage	91.4%	0.0%	8.6%	100.0%
7	EMUs	88.0%	7.3%	4.7%	100.0%
8	Accounts	97.8%	0.1%	2.1%	100.0%
9	Assets	79.6%	18.9%	1.5%	100.0%

3.5 FUNCTIONAL COST ALLOCATIONS

After determining the revenue requirement and the various percentage allocations between the three service types, the next step is to allocate the Agency's costs into various functional categories. These categories represent the main functions of the Agency's water system.

Table 3-8 shows the water operating expenses and their corresponding category. Note that the total expenses (Line 46) are equal to the total O&M expenses for FY 2026 (**Table 2-30**, Line 27). The operating expense categories are then used to summarize the detailed O&M expenses in **Table 3-9**, which are then allocated into the various functional categories in the Agency's water system.

Based on direction from Agency staff, the O&M expense structure has not changed significantly from the prior study to this current study. Thus, the corresponding functions and functional allocation percentages are based on the methodology developed in the prior rate study.

The O&M expense categories and their corresponding functional cost allocations include the following:

- **Labor** – costs related to salary and benefits of Agency staff, allocated based on prior methodology to the Admin, Engineering, Finance, Non Departmental, and O&M functions
- **Board of Directors** – costs related to the Board of Directors, allocated entirely to the Board of Directors function
- **General** – costs not attributable to other functions, allocated entirely to the General function
- **Admin** – costs related to the administration of various Agency functions, allocated entirely to the Admin function
- **Insurance** – costs related to insurance, allocated entirely to the Non Departmental function
- **Transmission & Distribution (T&D)** – costs related to the transmission and distribution of water, allocated based on prior methodology to the Supply, Treated Transmission, Untreated Transmission, Treated Storage, and Pumping functions
- **Maintenance** – costs related to maintenance of the water system, allocated based on indirect operating cost functions based on prior methodology to multiple functions
- **Water Tests** – costs related to conducting water tests, allocated based on prior methodology to the Water Treatment, Treated Storage, and Treated Distribution functions
- **Treatment** – costs related to water treatment, allocated entirely to the Water Treatment function
- **Vehicles** – costs related to vehicles and equipment, allocated based on prior methodology to the Supply, Treated Transmission, Untreated Transmission, Water Treatment, Treated Storage, Untreated Storage, Treated Distribution, and Untreated Distribution functions
- **Facilities** – costs related to operating facilities, allocated based on prior methodology to the Treated Transmission, Water Treatment, Treated Storage, and Treated Distribution functions
- **Power** – costs related to electrical expenses, allocated based on prior methodology to the Treated Transmission, Water Treatment, Treated Storage, Treated Distribution, and Untreated Distribution functions
- **Safety & Training** – costs related to safety, training, and conferences, allocated based on prior methodology to the Treated Transmission, Untreated Transmission, Water Treatment, Treated Storage, Treated Distribution, and Untreated Distribution functions
- **Billing** – costs related to customer service and billing, allocated entirely to the Customer Service and Billing function

- **Grants** – costs related to consulting expenses for grants and water transfers, allocated based on prior methodology of Treated Transmission, Water Treatment, Treated Storage, Treated Distribution, and Untreated Distribution functions
- **Engineering** – costs related to the Engineering department, allocated entirely to the Engineering function
- **O&M** – costs related to general O&M expenses, allocated entirely to the O&M function

Table 3-9 shows the resulting O&M expenses allocated to the water system functions, which include the following:

- Supply
- Treated Transmission
- Untreated Transmission
- Water Treatment
- Treated Storage
- Untreated Storage
- Pumping
- Treated Distribution
- Untreated Distribution
- Meter Service
- Customer Service and Billing
- Conservation
- Board of Directors
- Admin
- Engineering
- Finance
- Non Departmental
- O&M
- General

Table 3-8: Water Operating Expense Functions

Line	Operating Expenses	FY 2026	Category
1	Employee Wages	$4,582,000	Labor
2	Board of Directors (Salaries)	$99,700	Board of Directors
3	Board of Directors (Health/Life Insurance)	$300	Board of Directors
4	Board of Directors (FICA)	$7,600	Board of Directors
5	Board of Directors (Workers Comp)	$600	Board of Directors
6	Board of Directors (Director Travel/Meals)	$3,300	Board of Directors
7	Board of Directors (Software Licensing)	$2,700	Board of Directors
8	Board of Directors (Office Equipment)	$9,700	Board of Directors
9	Board of Directors (Election Expense)	$0	Board of Directors
10	Other Benefits	$138,800	Labor
11	Health Benefits	$1,052,400	Labor
12	Miscellaneous Expense	$12,800	General
13	CalPERS Unfunded Accrued Liability	$559,700	Labor
14	CalPERS Retirement	$383,400	Labor
15	Payroll Taxes	$339,300	Admin
16	Insurance (All Other)	$102,000	Insurance
17	Insurance (Property/Liability)	$237,700	Insurance
18	Transmission and Distribution	$153,800	T&D
19	Repair & Replacement Expense	$677,400	Maintenance
20	Water System Maintenance (Water Tests)	$55,200	Water Tests
21	Water System Maintenance (All Other)	$462,500	Maintenance
22	Treatment Expense (Chemicals)	$382,500	Treatment
23	Treatment Expense (All Other)	$251,300	Treatment
24	Vehicles and Equipment (Equipment Fuel & Oil)	$138,700	Vehicles
25	Vehicles and Equipment (All Other)	$277,900	Vehicles
26	Operating Facilities	$253,200	Facilities
27	Operating Electricity	$738,300	Power
28	Safety, Training and Conferences	$154,100	Safety & Training
29	System Fees and Permits	$100,800	Maintenance
30	Administrative Office Maintenance	$315,100	Admin
31	Office Equipment, Supplies and Software	$259,800	Admin
32	Outreach, Publications and Advertising	$52,000	Admin
33	Information Technology	$149,600	Admin
34	Customer Service and Billing	$256,400	Billing
35	Professional Services	$850,100	Maintenance
36	Dues and Memberships	$65,800	Admin
37	Uncollectable Accounts	$39,300	General
38	Retiree Health	$194,900	Labor
39	Grant / Water Transfers Consulting	$63,000	Grants
40	Legal Fees	$73,700	Admin
41	Administrative Fees	$13,500	Admin
42	Cathodic Protection Program	$350,000	Maintenance
43	Capital Purchases	$150,000	Engineering
44	CIP Operating Expenses	$550,500	Maintenance
45	O&M Expense Reduction	($800,000)	O&M
46	**Total - Expenses**	**$13,761,400**	

Table 3-9: Water Operating Expense Functional Allocations

Line	Operating Expenses	FY 2026	Supply	Treated Trans-mission	Untreated Trans-mission	Water Treatment	Treated Storage	Untreated Storage	Pumping	Treated Distri-bution	Untreated Distri-bution	Meter Service
1	Labor	$6,911,200	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2	Board of Directors	$123,900	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3	General	$52,100	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4	Admin	$1,268,800	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5	Insurance	$339,700	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6	T&D	$153,800	5.0%	60.0%	5.0%	0.0%	25.0%	0.0%	5.0%	0.0%	0.0%	0.0%
7	Maintenance	$2,991,300	6.1%	8.1%	5.0%	39.8%	14.6%	2.8%	0.4%	12.2%	2.2%	1.4%
8	Water Tests	$55,200	0.0%	0.0%	0.0%	50.0%	25.0%	0.0%	0.0%	25.0%	0.0%	0.0%
9	Treatment	$633,800	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
10	Vehicles	$416,600	5.0%	5.0%	5.0%	10.0%	30.0%	5.0%	0.0%	35.0%	5.0%	0.0%
11	Facilities	$253,200	0.0%	5.0%	0.0%	50.0%	20.0%	0.0%	0.0%	25.0%	0.0%	0.0%
12	Power	$738,300	0.0%	5.0%	0.0%	80.0%	5.0%	0.0%	0.0%	5.0%	5.0%	0.0%
13	Safety & Training	$154,100	0.0%	10.0%	5.0%	35.0%	15.0%	0.0%	0.0%	30.0%	5.0%	0.0%
14	Billing	$256,400	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
15	Grants	$63,000	0.0%	5.0%	0.0%	80.0%	5.0%	0.0%	0.0%	5.0%	5.0%	0.0%
16	Engineering	$150,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17	O&M	($800,000)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
18	**Total**	**$13,761,400**	**$211,462**	**$422,654**	**$186,260**	**$2,714,599**	**$726,362**	**$105,694**	**$20,934**	**$672,711**	**$133,741**	**$40,751**

Line	Operating Expenses	FY 2026	CS and Billing	Conservation	Board of Directors	Admin	Engineering	Finance	Non Departmental	O&M	General
1	Labor	$6,911,200	0.0%	0.0%	0.0%	9.5%	8.6%	18.2%	4.0%	59.7%	0.0%
2	Board of Directors	$123,900	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3	General	$52,100	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
4	Admin	$1,268,800	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5	Insurance	$339,700	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
6	T&D	$153,800	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
7	Maintenance	$2,991,300	0.0%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.6%
8	Water Tests	$55,200	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
9	Treatment	$633,800	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
10	Vehicles	$416,600	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
11	Facilities	$253,200	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
12	Power	$738,300	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
13	Safety & Training	$154,100	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
14	Billing	$256,400	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
15	Grants	$63,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
16	Engineering	$150,000	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
17	O&M	($800,000)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
18	**Total**	**$13,761,400**	**$256,400**	**$26,488**	**$123,900**	**$1,927,957**	**$742,982**	**$1,259,236**	**$614,317**	**$3,325,208**	**$249,743**

Table 3-10 shows the O&M expenses by function and their corresponding allocation methodology between the three service types. The O&M expenses by function are derived from **Table 3-9**; the allocation methodologies were developed as part of the prior rate study, using updated data for the three service types based on **Table 3-7**.

Supply, Untreated Transmission, Untreated Storage, Non Departmental, O&M, and General costs are allocated based on all usage (Treated customers use the Untreated system prior to water treatment). Treated Transmission, Water Treatment, and Pumping costs are allocated based on treated usage. Treated Storage and Treated Distribution is allocated to Treated Retail only. Untreated Distribution is allocated to Untreated Retail only. Conservation is allocated based on Retail usage. Meter Service and Admin costs are allocated based on equivalent meters since costs vary by meter capacity. Customer Service and Biling, Board of Directors, and Finance costs are allocated based on accounts since these costs do not vary based on meter capacity. Engineering costs are allocated based on assets.

Table 3-10: Water Operating Expense Allocations by Service Type

Line	Operating Expenses by Function	FY 2026	Allocation Methodology	Treated Retail	Treated Wholesale	Untreated Retail
1	Supply	$211,462	All Usage	50.4%	44.9%	4.7%
2	Treated Transmission	$422,654	Treated Usage	52.9%	47.1%	0.0%
3	Untreated Transmission	$186,260	All Usage	50.4%	44.9%	4.7%
4	Water Treatment	$2,714,599	Treated Usage	52.9%	47.1%	0.0%
5	Treated Storage	$726,362	Treated Retail Only	100.0%	0.0%	0.0%
6	Untreated Storage	$105,694	All Usage	50.4%	44.9%	4.7%
7	Pumping	$20,934	Treated Usage	52.9%	47.1%	0.0%
8	Treated Distribution	$672,711	Treated Retail Only	100.0%	0.0%	0.0%
9	Untreated Distribution	$133,741	Untreated Retail Only	0.0%	0.0%	100.0%
10	Meter Service	$40,751	EMUs	88.0%	7.3%	4.7%
11	Customer Service and Billing	$256,400	Accounts	97.8%	0.1%	2.1%
12	Conservation	$26,488	Retail Usage	91.4%	0.0%	8.6%
13	Board of Directors	$123,900	Accounts	97.8%	0.1%	2.1%
14	Admin	$1,927,957	EMUs	88.0%	7.3%	4.7%
15	Engineering	$742,982	Assets	79.6%	18.9%	1.5%
16	Finance	$1,259,236	Accounts	97.8%	0.1%	2.1%
17	Non Departmental	$614,317	All Usage	50.4%	44.9%	4.7%
18	O&M	$3,325,208	All Usage	50.4%	44.9%	4.7%
19	General	$249,743	All Usage	50.4%	44.9%	4.7%
20	**Total**	**$13,761,400**		**$9,385,092**	**$3,880,450**	**$495,858**

3.6 COST ALLOCATIONS BY COMPONENTS

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

The cost components in this study include the following:

- Meters – costs that directly correspond to the Meter Service function
- Billing – costs that directly correspond to the Customer Service & Billing function
- Supply – costs that directly correspond to the Supply function
- Delivery – costs associated with delivering and distributing water to customers
- Conservation – costs that directly correspond to the Conservation function
- General – costs that are not directly attributable to the other cost components

Table 3-11 shows the factors that are used to allocate the cost functions to the cost components. For the cost components that directly correlate to a functional category (Meters, Billing, Supply, and Conservation), the functional costs are allocated entirely to the matching component. Treated Transmission, Untreated Transmission, Water Treatment, Treated Storage, Untreated Storage, Pumping, Treated Distribution, and Untreated Distribution costs are allocated to the Delivery component. Board of Directors, Admin, Engineering, Finance, Non Departmental, O&M, and General costs are allocated to the General component.

Table 3-11: Water Operating Expense Allocations by Cost Component

Line	Operating Expenses by Function	Meters	Billing	Supply	Delivery	Conserv-ation	General	Total
1	Supply			100.0%				100.0%
2	Treated Transmission				100.0%			100.0%
3	Untreated Transmission				100.0%			100.0%
4	Water Treatment				100.0%			100.0%
5	Treated Storage				100.0%			100.0%
6	Untreated Storage				100.0%			100.0%
7	Pumping				100.0%			100.0%
8	Treated Distribution				100.0%			100.0%
9	Untreated Distribution				100.0%			100.0%
10	Meter Service	100.0%						100.0%
11	Customer Service and Billing		100.0%					100.0%
12	Conservation					100.0%		100.0%
13	Board of Directors						100.0%	100.0%
14	Admin						100.0%	100.0%
15	Engineering						100.0%	100.0%
16	Finance						100.0%	100.0%
17	Non Departmental						100.0%	100.0%
18	O&M						100.0%	100.0%
19	General						100.0%	100.0%

Table 3-12 shows the operating expenses allocated by cost component for Treated Retail customers. The operating functional allocations for Treated Retail (**Table 3-10**) are multiplied by the operating allocations by cost component. Note that the total operating expenses (Line 20) are equal to the Treated Retail share of operating expense functions (**Table 3-10**, Line 20).

Similarly, **Table 3-13** and **Table 3-14** show the resulting allocated operating expenses for Treated Wholesale and Untreated Retail, respectively.

Table 3-12: Water Operating Expenses by Cost Component (Treated Retail)

Line	Operating Expenses by Function (Treated Retail)	Meters	Billing	Supply	Delivery	Conserv-ation	General	Total
1	Supply	$0	$0	$106,547	$0	$0	$0	$106,547
2	Treated Transmission	$0	$0	$0	$223,532	$0	$0	$223,532
3	Untreated Transmission	$0	$0	$0	$93,849	$0	$0	$93,849
4	Water Treatment	$0	$0	$0	$1,435,689	$0	$0	$1,435,689
5	Treated Storage	$0	$0	$0	$726,362	$0	$0	$726,362
6	Untreated Storage	$0	$0	$0	$53,255	$0	$0	$53,255
7	Pumping	$0	$0	$0	$11,072	$0	$0	$11,072
8	Treated Distribution	$0	$0	$0	$672,711	$0	$0	$672,711
9	Untreated Distribution	$0	$0	$0	$0	$0	$0	$0
10	Meter Service	$35,869	$0	$0	$0	$0	$0	$35,869
11	CS and Billing	$0	$250,659	$0	$0	$0	$0	$250,659
12	Conservation	$0	$0	$0	$0	$24,215	$0	$24,215
13	Board of Directors	$0	$0	$0	$0	$0	$121,126	$121,126
14	Admin	$0	$0	$0	$0	$0	$1,696,994	$1,696,994
15	Engineering	$0	$0	$0	$0	$0	$591,362	$591,362
16	Finance	$0	$0	$0	$0	$0	$1,231,040	$1,231,040
17	Non Departmental	$0	$0	$0	$0	$0	$309,530	$309,530
18	O&M	$0	$0	$0	$0	$0	$1,675,442	$1,675,442
19	General	$0	$0	$0	$0	$0	$125,836	$125,836
20	**Total**	**$35,869**	**$250,659**	**$106,547**	**$3,216,470**	**$24,215**	**$5,751,331**	**$9,385,092**

Table 3-13: Water Operating Expenses by Cost Component (Treated Wholesale)

Line	Operating Expenses by Function (Treated Wholesale)	Meters	Billing	Supply	Delivery	Conserv-ation	General	Total
1	Supply	$0	$0	$94,912	$0	$0	$0	$94,912
2	Treated Transmission	$0	$0	$0	$199,122	$0	$0	$199,122
3	Untreated Transmission	$0	$0	$0	$83,601	$0	$0	$83,601
4	Water Treatment	$0	$0	$0	$1,278,910	$0	$0	$1,278,910
5	Treated Storage	$0	$0	$0	$0	$0	$0	$0
6	Untreated Storage	$0	$0	$0	$47,439	$0	$0	$47,439
7	Pumping	$0	$0	$0	$9,863	$0	$0	$9,863
8	Treated Distribution	$0	$0	$0	$0	$0	$0	$0
9	Untreated Distribution	$0	$0	$0	$0	$0	$0	$0
10	Meter Service	$2,982	$0	$0	$0	$0	$0	$2,982
11	CS and Billing	$0	$326	$0	$0	$0	$0	$326
12	Conservation	$0	$0	$0	$0	$0	$0	$0
13	Board of Directors	$0	$0	$0	$0	$0	$158	$158
14	Admin	$0	$0	$0	$0	$0	$141,062	$141,062
15	Engineering	$0	$0	$0	$0	$0	$140,168	$140,168
16	Finance	$0	$0	$0	$0	$0	$1,602	$1,602
17	Non Departmental	$0	$0	$0	$0	$0	$275,729	$275,729
18	O&M	$0	$0	$0	$0	$0	$1,492,482	$1,492,482
19	General	$0	$0	$0	$0	$0	$112,094	$112,094
20	**Total**	**$2,982**	**$326**	**$94,912**	**$1,618,935**	**$0**	**$2,163,295**	**$3,880,450**

Table 3-14: Water Operating Expenses by Cost Component (Untreated Retail)

Line	Operating Expenses by Function (Untreated Retail)	Meters	Billing	Supply	Delivery	Conserv-ation	General	Total
1	Supply	$0	$0	$10,002	$0	$0	$0	$10,002
2	Treated Transmission	$0	$0	$0	$0	$0	$0	$0
3	Untreated Transmission	$0	$0	$0	$8,810	$0	$0	$8,810
4	Water Treatment	$0	$0	$0	$0	$0	$0	$0
5	Treated Storage	$0	$0	$0	$0	$0	$0	$0
6	Untreated Storage	$0	$0	$0	$4,999	$0	$0	$4,999
7	Pumping	$0	$0	$0	$0	$0	$0	$0
8	Treated Distribution	$0	$0	$0	$0	$0	$0	$0
9	Untreated Distribution	$0	$0	$0	$133,741	$0	$0	$133,741
10	Meter Service	$1,900	$0	$0	$0	$0	$0	$1,900
11	CS and Billing	$0	$5,415	$0	$0	$0	$0	$5,415
12	Conservation	$0	$0	$0	$0	$2,273	$0	$2,273
13	Board of Directors	$0	$0	$0	$0	$0	$2,617	$2,617
14	Admin	$0	$0	$0	$0	$0	$89,900	$89,900
15	Engineering	$0	$0	$0	$0	$0	$11,451	$11,451
16	Finance	$0	$0	$0	$0	$0	$26,593	$26,593
17	Non Departmental	$0	$0	$0	$0	$0	$29,058	$29,058
18	O&M	$0	$0	$0	$0	$0	$157,285	$157,285
19	General	$0	$0	$0	$0	$0	$11,813	$11,813
20	**Total**	**$1,900**	**$5,415**	**$10,002**	**$147,550**	**$2,273**	**$328,717**	**$495,858**

Table 3-15 summarizes the operating costs and operating cost allocation percentages by service type based on the results in **Table 3-12**, **Table 3-13**, and **Table 3-14**.

Table 3-16 shows the cost component allocations of all revenue requirements: Operating (**Table 3-15**), Debt Service (allocated to the three service types based on proportion of assets from **Table 3-7**, Line 9), and Revenue Offsets (allocated entirely to the Delivery component for Treated Retail customers). Since the revenues included in Revenue Offsets are not generated by specific customer classes or for payment of water services, they can be used to offset rates at the Agency's discretion under Proposition 218 requirements.

Table 3-15: Water Operating Cost Allocations

Line	Operating Cost Allocation Percentages	Debt Service	Meters	Billing	Supply	Delivery	Conservation	General	Total
1	**Operating Costs**								
2	Treated Retail	$0	$35,869	$250,659	$106,547	$3,216,470	$24,215	$5,751,331	$9,385,092
3	Treated Wholesale	$0	$2,982	$326	$94,912	$1,618,935	$0	$2,163,295	$3,880,450
4	Untreated Retail	$0	$1,900	$5,415	$10,002	$147,550	$2,273	$328,717	$495,858
5	**Total**	**$0**	**$40,751**	**$256,400**	**$211,462**	**$4,982,956**	**$26,488**	**$8,243,343**	**$13,761,400**
6									
7	**Operating Costs**								
8	Treated Retail	0.0%	0.3%	1.8%	0.8%	23.4%	0.2%	41.8%	68.2%
9	Treated Wholesale	0.0%	0.0%	0.0%	0.7%	11.8%	0.0%	15.7%	28.2%
10	Untreated Retail	0.0%	0.0%	0.0%	0.1%	1.1%	0.0%	2.4%	3.6%
11	**Total**	**0.0%**	**0.3%**	**1.9%**	**1.5%**	**36.2%**	**0.2%**	**59.9%**	**100.0%**

Table 3-16: Water Revenue Requirement Allocations

Line	Cost Allocation Percentages	Debt Service	Meters	Billing	Supply	Delivery	Conservation	General	Total
1	**Operating Costs**								
2	Treated Retail	0.0%	0.3%	1.8%	0.8%	23.4%	0.2%	41.8%	68.2%
3	Treated Wholesale	0.0%	0.0%	0.0%	0.7%	11.8%	0.0%	15.7%	28.2%
4	Untreated Retail	0.0%	0.0%	0.0%	0.1%	1.1%	0.0%	2.4%	3.6%
5	**Total**	**0.0%**	**0.3%**	**1.9%**	**1.5%**	**36.2%**	**0.2%**	**59.9%**	**100.0%**
6									
7	**Debt Service**								
8	Treated Retail	79.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	79.6%
9	Treated Wholesale	18.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	18.9%
10	Untreated Retail	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.5%
11	**Total**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**100.0%**
12									
13	**Revenue Offsets**								
14	Treated Retail	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
15	Treated Wholesale	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
16	Untreated Retail	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17	**Total**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**100.0%**	**0.0%**	**0.0%**	**100.0%**

3.7 TREATED RETAIL COST-OF-SERVICE

Table 3-17 shows the cost-of-service allocations to each cost component for Treated Retail service. The Operating revenue requirement (**Table 3-1**, Line 17) is multiplied by the operating cost percentages (**Table 3-16**, Line 2), the Debt Service revenue requirement (**Table 3-1**, Line 17) is multiplied by the debt service percentages (**Table 3-16**, Line 8), and Revenue Offsets (**Table 3-1**, Line 17) are multiplied by the revenue offset percentages (**Table 3-16**, Line 14) to determine the total cost-of-service (Line 4). General costs are then reallocated to all cost components except for Debt Service (Line 5), since the debt service charges should collect the exact cost of debt service payments. After the General cost reallocation, a portion of Delivery costs are reallocated to the Meter component to maintain the Board-adopted policy of 60% fixed revenues. Some Delivery costs, such as those relating to transmission and distribution, can be attributed to overall water system capacity and can be collected on the basis of meter capacity. The final cost-of-service allocation (Line 8) reflects the Treated Retail costs by cost component.

Table 3-17: Water Cost-of-Service Allocations (Treated Retail)

Line	COS (Treated Retail)	Debt Service	Meters	Billing	Supply	Delivery	Conservation	General	Total
1	Operating Revenue Requirement	$0	$40,325	$281,794	$119,782	$3,616,000	$27,223	$6,465,724	$10,550,847
2	Debt Service Requirement	$1,985,386	$0	$0	$0	$0	$0	$0	$1,985,386
3	Revenue Offsets	$0	$0	$0	$0	($361,500)	$0	$0	($361,500)
4	**Total - COS**	**$1,985,386**	**$40,325**	**$281,794**	**$119,782**	**$3,254,500**	**$27,223**	**$6,465,724**	**$12,174,733**
5	General Reallocation	$0	$70,020	$489,309	$207,990	$5,651,134	$47,270	($6,465,724)	$0
6	**Total - Adjusted COS**	**$1,985,386**	**$110,345**	**$771,104**	**$327,772**	**$8,905,634**	**$74,493**	**$0**	**$12,174,733**
7	Delivery Reallocation	$0	$4,452,817	$0	$0	($4,452,817)	$0	$0	$0
8	**Total - Final COS**	**$1,985,386**	**$4,563,162**	**$771,104**	**$327,772**	**$4,452,817**	**$74,493**	**$0**	**$12,174,733**

Table 3-18 shows the calculation of Debt Service unit costs for Treated Retail. The allocation of each debt service payment to Treated Retail is based on the asset allocation (**Table 3-7**, Line 9). The percentage allocations to each service area (AWS, CAWP, La Mel, and Lake Camanche) are based on the allocations provided by Agency staff in the prior rate study. Agency staff has confirmed that these values are still applicable for this rate study. The Debt Service cost by service area (Line 8) is divided by the annual treated EMUs per year for each service area, based on the meter counts by service area in **Table 2-7** (less one 6" meter and one 10" meter in AWS for Mule Creek) multiplied by the meter ratios in **Table 3-3**. The unit cost per EMU (Line 11) is calculated by dividing the total cost (Line 8) by the units of service (Line 10). The Agency General cost per EMU is then added to the direct cost for each service area to determine the final Debt Service unit cost per service area (Line 12).

Table 3-18: Water Debt Service Unit Costs (Treated Retail)

Line	Debt Service Unit Cost (Treated Retail)	Treated Retail	AWS	CAWP	La Mel	Lake Camanche	Agency General
1	2016 Revenue Bonds	$1,356,657	84.3%	15.0%	0.6%	0.0%	0.0%
2	USDA Pioneer - $1.9 Million (#2)	$48,712	0.0%	0.0%	0.0%	0.0%	100.0%
3	USDA Pioneer - $3 Million (#1)	$77,999	0.0%	0.0%	0.0%	0.0%	100.0%
4	USDA GSL COP	$271,074	0.0%	100.0%	0.0%	0.0%	0.0%
5	Environ Review	$26,686	0.0%	0.0%	0.0%	0.0%	100.0%
6	Tanner Hydro	$74,654	100.0%	0.0%	0.0%	0.0%	0.0%
7	CEC Ione Hydro	$129,604	100.0%	0.0%	0.0%	0.0%	0.0%
8	**Total**	**$1,985,386**	**$1,348,578**	**$474,920**	**$8,491**	**$0**	**$153,397**
9							
10	Treated Retail EMUs (per year)		58,581	35,829	660	8,871	103,941
11	Unit Cost per EMU (per bill)		$23.02	$13.26	$12.86	$0.00	$1.48
12	**Unit cost by Service Area**		**$24.50**	**$14.73**	**$14.34**	**$1.48**	

Table 3-19 shows the unit costs for all other components for Treated Retail. The cost-of-service by component is from **Table 3-17**. The units of service include equivalent meters (**Table 3-5** multiplied by 12 months) for Meter costs, accounts (**Table 3-4** multiplied by 12 months) for Billing costs, and total water consumption in hcf for Supply, Delivery, and Conservation costs (**Table 3-6**, Line 3). The units of service for Meter costs and Debt Service costs (**Table 3-18**) differ slightly due to hydrant meters, which do not get charged a debt service charge.

Table 3-19: Water Unit Costs by Cost Component (Treated Retail)

Line	Unit Costs by Component (Treated Retail)	Final COS	Units of Service	Unit	Unit Cost
1	Debt Service	$1,985,386			
2	Meters	$4,563,162	104,085	equiv. meters x 12 months	$43.84
3	Billing	$771,104	92,213	accounts x 12 months	$8.36
4	Supply	$327,772	919,136	hcf	$0.36
5	Delivery	$4,452,817	919,136	hcf	$4.84
6	Conservation	$74,493	919,136	hcf	$0.08
7	**Total**	**$12,174,733**			

3.8 TREATED WHOLESALE COST-OF-SERVICE

Table 3-20 shows the cost-of-service allocations to each cost component for Treated Wholesale service. The Operating revenue requirement (**Table 3-1**, Line 17) is multiplied by the operating cost percentages (**Table 3-16**, Line 3), the Debt Service revenue requirement (**Table 3-1**, Line 17) is multiplied by the debt service percentages (**Table 3-16**, Line 9), and Revenue Offsets (**Table 3-1**, Line 17) are multiplied by the revenue offset percentages (**Table 3-16**, Line 15) to determine the total cost-of-service (Line 4). General costs are then reallocated to all cost components except for Debt Service (Line 5), since the debt service charges should collect the exact cost of debt service payments. After the General cost reallocation, a portion of Delivery costs are reallocated to the Meter component to maintain the Board-adopted policy of 60% fixed revenues. Some Delivery costs, such as those relating to transmission and distribution, can be attributed to overall water system capacity and can be collected on the basis of meter capacity. The final cost-of-service allocation (Line 8) reflects the Treated Wholesale costs by cost component.

Table 3-20: Water Cost-of-Service Allocations (Treated Wholesale)

Line	COS (Treated Wholesale)	Debt Service	Meters	Billing	Supply	Delivery	Conservation	General	Total
1	Operating Revenue Requirement	$0	$3,352	$367	$106,702	$1,820,029	$0	$2,432,006	$4,362,455
2	Debt Service Requirement	$470,588	$0	$0	$0	$0	$0	$0	$470,588
3	Revenue Offsets	$0	$0	$0	$0	$0	$0	$0	$0
4	**Total - COS**	**$470,588**	**$3,352**	**$367**	**$106,702**	**$1,820,029**	**$0**	**$2,432,006**	**$4,833,043**
5	General Reallocation	$0	$4,223	$462	$134,424	$2,292,897	$0	($2,432,006)	$0
6	**Total - Adjusted COS**	**$470,588**	**$7,575**	**$829**	**$241,126**	**$4,112,926**	**$0**	**$0**	**$4,833,043**
7	Delivery Reallocation	$0	$2,426,626	$0	$0	($2,426,626)	$0	$0	$0
8	**Total - Final COS**	**$470,588**	**$2,434,201**	**$829**	**$241,126**	**$1,686,299**	**$0**	**$0**	**$4,833,043**

Table 3-21 shows the Meter unit costs for Treated Wholesale based on wholesale customer. Meter costs are allocated based on percentage of annual use by wholesale customers. The Meter unit cost is calculated by dividing the annual cost by 12 months.

Table 3-21: Water Meter Unit Costs (Treated Wholesale)

Line	Meter Allocations (Treated Wholesale)	Annual Use (hcf)	% of Annual Use	Meters Annual Cost	Meters Unit Cost
1	Pine Grove	48,320	5.9%	$143,657	$11,971
2	Mace Meadows	31,342	3.8%	$93,180	$7,765
3	Jackson	374,079	45.7%	$1,112,142	$92,679
4	Drytown	13,632	1.7%	$40,528	$3,377
5	Plymouth	89,045	10.9%	$264,732	$22,061
6	Mule Creek	262,347	32.0%	$779,961	$64,997
7	**Total**	**818,765**	**100.0%**	**$2,434,201**	**$202,850**

Table 3-22 shows the Debt Service costs for Treated Wholesale based on wholesale customer. Based on the methodology from the prior rate study, the wholesale debt service charges should follow the legacy percentage reflected in the current charges. However, Mule Creek does not have a legacy percentage due to its reclassification from a Treated Retail customer to a Treated Wholesale customer. In lieu of a legacy debt service percentage allocation, the allocation for Mule Creek will be based on its percent of total water usage. The five other wholesale customers will receive an allocation equal to the remaining Debt Service costs (net of Mule Creek) in proportion to their allocation of current Debt Service costs. The Debt Service unit cost is calculated by dividing the annual cost by 12 months.

Table 3-22: Water Debt Service Unit Costs (Treated Wholesale)

Line	Debt Service Allocations (Treated Wholesale)	Debt Service Charge	% of Current Debt Service	% of Debt Service	Debt Annual Cost	Debt Unit Cost
1	Pine Grove	$9,047	20.4%	13.8%	$65,148	$5,429
2	Mace Meadows	$5,735	15.0%	10.2%	$47,956	$3,996
3	Jackson	$72,185	46.9%	31.9%	$150,067	$12,506
4	Drytown	$3,339	3.2%	2.2%	$10,326	$860
5	Plymouth	$17,496	14.5%	9.8%	$46,306	$3,859
6	Mule Creek			32.0%	$150,785	$12,565
7	**Total**	**$107,802**	**100.0%**	**100.0%**	**$470,588**	**$39,216**

Table 3-23 shows the unit costs for all other components for Treated Wholesale. The cost-of-service by component is from **Table 3-20**. The units of service include accounts (6 wholesale customers multiplied by 12 months) for Billing costs and total water consumption in hcf for Supply, Delivery, and Conservation costs (**Table 3-6**, Line 3).

Table 3-23: Water Unit Costs by Cost Component (Treated Wholesale)

Line	Unit Costs by Component (Treated Wholesale)	Final COS	Units of Service	Unit	Unit Cost
1	Debt Service	$470,588			
2	Meters	$2,434,201			

3	Billing	$829	72	accounts x 12 months	$11.51
4	Supply	$241,126	818,765	hcf	$0.29
5	Delivery	$1,686,299	818,765	hcf	$2.06
6	Conservation	$0	818,765	hcf	$0.00
7	**Total**	**$4,833,043**			

3.9 UNTREATED RETAIL COST-OF-SERVICE

Table 3-24 shows the cost-of-service allocations to each cost component for Untreated Retail service. The Operating revenue requirement (**Table 3-1**, Line 17) is multiplied by the operating cost percentages (**Table 3-16**, Line 4), the Debt Service revenue requirement (**Table 3-1**, Line 17) is multiplied by the debt service percentages (**Table 3-16**, Line 10), and Revenue Offsets (**Table 3-1**, Line 17) are multiplied by the revenue offset percentages (**Table 3-16**, Line 16) to determine the total cost-of-service (Line 4). General costs are then reallocated to all cost components except for Debt Service (Line 5), since the debt service charges should collect the exact cost of debt service payments. After the General cost reallocation, a portion of Delivery costs are reallocated to the Meter component to maintain the existing percentage fixed revenues at 67%. Some Delivery costs, such as those relating to transmission and distribution, can be attributed to overall water system capacity and can be collected on the basis of meter capacity. The final cost-of-service allocation (Line 8) reflects the Untreated Retail costs by cost component.

Table 3-24: Water Cost-of-Service Allocations (Untreated Retail)

Line	COS (Untreated Retail)	Debt Service	Meters	Billing	Supply	Delivery	Conservation	General	Total
1	Operating Revenue Requirement	$0	$2,136	$6,087	$11,245	$165,878	$2,556	$369,548	$557,450
2	Debt Service Requirement	$38,445	$0	$0	$0	$0	$0	$0	$38,445
3	Revenue Offsets	$0	$0	$0	$0	$0	$0	$0	$0
4	**Total - COS**	**$38,445**	**$2,136**	**$6,087**	**$11,245**	**$165,878**	**$2,556**	**$369,548**	**$595,895**
5	General Reallocation	$0	$4,201	$11,972	$22,115	$326,233	$5,026	($369,548)	$0
6	**Total - Adjusted COS**	**$38,445**	**$6,338**	**$18,059**	**$33,360**	**$492,112**	**$7,582**	**$0**	**$595,895**
7	Delivery Reallocation	$0	$334,636	$0	$0	($334,636)	$0	$0	$0
8	**Total - Final COS**	**$38,445**	**$340,974**	**$18,059**	**$33,360**	**$157,476**	**$7,582**	**$0**	**$595,895**

Table 3-25 shows the unit costs for all components for Untreated Retail. The cost-of-service by component is from **Table 3-24**. The units of service include equivalent meters (**Table 3-5** multiplied by 12 months) for Debt Service and Meter costs, accounts (**Table 3-4** multiplied by 12 months) for Billing costs, and total water consumption in hcf for Supply, Delivery, and Conservation costs (**Table 3-6**, Line 3).

Table 3-25: Water Unit Costs by Cost Component (Untreated Retail)

Line	Unit Costs by Component (Untreated Retail)	Final COS	Units of Service	Unit	Unit Cost
1	Debt Service	$38,445	5,514	equiv. meters x 12 months	$6.97
2	Meters	$340,974	5,514	equiv. meters x 12 months	$61.84
3	Billing	$18,059	1,992	accounts x 12 months	$9.07
4	Supply	$33,360	86,286	hcf	$0.39
5	Delivery	$157,476	86,286	hcf	$1.83
6	Conservation	$7,582	86,286	hcf	$0.09
7	**Total**	**$595,895**			

4. WATER RATE DESIGN

4.1 RATE DESIGN METHODOLOGY

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

- **Rate structure evaluation**: The existing rate structure is evaluated, and any proposed changes are identified. Proposed rate structure changes are typically intended to address specific policy objectives or to improve legal defensibility.
- **Test year rate development**: Rates are calculated for the proposed rate structure for the cost-of-service test year (FY 2026). Rate calculations directly incorporate the unit costs developed in the cost-of-service analysis. The test year rates are revenue neutral, then are increased based on the proposed financial plan revenue adjustments. Although total rate revenues in the first year of adjustments (FY 2027) are designed to increase by the proposed revenue adjustment percentage (7% in FY 2027), the proposed percentage increase to each rate/charge varies due to the results of the cost-of-service analysis.
- **Five-year rate schedule development**: Proposed rates for the full five-year period are calculated by increasing the revenue neutral cost-of-service rates by the proposed annual revenue adjustment percentages from the proposed financial plan.

4.2 PROPOSED CHANGES TO WATER RATE STRUCTURE

As part of the rate study process, WRE worked with Agency staff and the Board to evaluate potential changes to the water rate structure, beyond the revenue adjustments deemed necessary in the financial plan and the reestablishment of the cost-of-service "nexus" as required by Proposition 218. Any time a comprehensive water rate study is conducted, there will be impacts to the water rates due to changes to the financial position of the Agency or financial and/or customer use data. However, a change in the rate structure is defined as any meaningful change in the methodology of calculating water rates or rate structure components.

As directed by Agency staff, WRE evaluated one change to the water rate structure, which involved shifting the classification of Mule Creek State Prison (Mule Creek) from a Treated Retail customer to a Treated Wholesale customer. Although Mule Creek may not be a wholesale customer in the traditional sense, its water use characteristics are more similar to those in the Agency's Treated Wholesale customer classification. This change was evaluated to ensure that Mule Creek pays for its fair share of costs within the water system based on their use of and burden on the system, which is a cost-of-service requirement.

Outside of this change to the water rate structure, WRE maintained the cost-of-service allocation and rate calculation methodologies that were determined in the prior rate study to the extent possible, while updating financial and customer data to reflect the most up-to-date information on the operational and infrastructure costs of the Agency's water system.

4.3 PROJECTED RATE INCREASES

Table 4-1 shows the projected water rate increases over the five-year study period. The total revenue adjustment (Line 1) is based on the proposed financial plan scenario from **Table 2-29**. The combined rate

revenues (Line 3) represent the annual rate revenue requirement for each year based on the proposed financial plan (**Table 2-30**, Lines 2-3). Since debt service charges are designed to collect the exact cost of debt service payments and thus do not increase each year, the remaining rate components (monthly service charges and commodity rates) must increase by the net difference in annual rate revenues less debt service (Line 6) in order to maintain an overall revenue adjustment equal to the those shown in the proposed financial plan (Line 1).

Table 4-1: Water Projected Rate Increases

Line	Proposed Rate Increases	FY 2026 (Current)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
1	**Total Revenue Adjustment**		**7.0%**	**7.0%**	**7.0%**	**7.0%**	**7.0%**
2							
3	Combined Rate Revenues	$17,603,672	$18,835,929	$20,154,444	$21,565,255	$23,074,823	$24,690,060
4	Less Debt Service Revenues	($2,494,420)	($2,494,420)	($2,494,420)	($2,494,420)	($2,494,420)	($2,494,420)
5	Net Revenues	$15,109,252	$16,341,509	$17,660,024	$19,070,835	$20,580,403	$22,195,641
6	***Difference (%)***		***8.2%***	***8.1%***	***8.0%***	***7.9%***	***7.8%***

4.4 TREATED RETAIL RATES

Table 4-2 shows the revenue neutral cost-of-service (COS) charges for the Treated Retail monthly service charges. The Meter and Billing unit costs are from **Table 3-19**. Meter unit costs are adjusted based on the meter capacity ratio. Billing unit costs do not vary based on meter size.

Table 4-2: Revenue Neutral Water Monthly Service Charges (Treated Retail)

Line	Monthly Service Charges (Treated Retail)	Meter Ratio	Meters	Billing	COS Charge
1	5/8"	1.00	$43.84	$8.36	**$52.20**
2	3/4"	1.50	$65.76	$8.36	**$74.12**
3	1"	2.50	$109.60	$8.36	**$117.96**
4	1 1/2"	5.00	$219.20	$8.36	**$227.57**
5	2"	8.00	$350.73	$8.36	**$359.09**
6	3"	17.50	$767.22	$8.36	**$775.58**
7	4"	31.50	$1,380.99	$8.36	**$1,389.35**
8	6"	80.00	$3,507.27	$8.36	**$3,515.64**
9	8"	140.00	$6,137.73	$8.36	**$6,146.09**
10	10"	210.00	$9,206.60	$8.36	**$9,214.96**

Table 4-3 shows the proposed Treated Retail monthly service charges based on the revenue neutral COS charge (**Table 4-2**) and the projected rate increases for the first year of proposed rates, FY 2027 (**Table 4-1**, Line 6), rounded up to the nearest cent.

Table 4-3: Proposed Water Monthly Service Charges (Treated Retail)

Line	Monthly Service Charges (Treated Retail)	Proposed Charge	Current Charge	Difference ($)	Difference (%)	Number of Meters
1	5/8"	**$56.47**	$51.55	$4.92	9.5%	7,443

2	3/4"	**$80.17**	$69.41	$10.76	15.5%	50
3	1"	**$127.59**	$105.12	$22.47	21.4%	104
4	1 1/2"	**$246.13**	$194.45	$51.68	26.6%	46
5	2"	**$388.38**	$301.63	$86.75	28.8%	32
6	3"	**$838.84**	$641.04	$197.80	30.9%	4
7	4"	**$1,502.67**	$1,141.22	$361.45	31.7%	5
8	6"	**$3,802.37**	$2,873.95	$928.42	32.3%	2
9	8"	**$6,647.35**	$5,017.58	$1,629.77	32.5%	0
10	10"	**$9,966.50**	$7,518.45	$2,448.05	32.6%	0

Table 4-4 shows the revenue neutral COS charges for the Treated Retail commodity rates. The Supply, Delivery, and Conservation unit costs are from **Table 3-19**.

Table 4-4: Revenue Neutral Water Commodity Rates (Treated Retail)

Line	Commodity Rates (Treated Retail)	Supply	Delivery	Conserv-ation	COS Charge
1	All Customers	$0.36	$4.84	$0.08	**$5.28**

Table 4-5 shows the proposed Treated Retail commodity rates based on the revenue neutral COS charge (**Table 4-4**) and the projected rate increases for the first year of proposed rates, FY 2027 (**Table 4-1**, Line 6), rounded up to the nearest cent.

Table 4-5: Proposed Water Commodity Rates (Treated Retail)

Line	Commodity Rates (Treated Retail)	Proposed Charge	Current Charge	Difference ($)	Difference (%)	Annual Use (hcf)
1	All Customers	**$5.72**	$5.25	$0.47	9.0%	919,136

Table 4-6 shows the proposed Treated Retail monthly debt service charges based on service area, rounded up to the nearest cent. The Debt Service unit cost is from **Table 3-18** and adjusted for each meter size based on the meter capacity ratio. The debt service charges are not adjusted by the projected rate increases.

Table 4-6: Proposed Water Monthly Debt Service Charges (Treated Retail)

Line	Monthly Debt Service Charges (Treated Retail)	Meter Ratio	Debt Service	Proposed Charge	Current Charge	Difference ($)	Difference (%)	Number of Meters
1	**AWS**							
2	5/8"	1.00	$24.50	**$24.50**	$25.41	($0.91)	-3.6%	3,931
3	3/4"	1.50	$36.74	**$36.75**	$38.11	($1.36)	-3.6%	45

4	1"	2.50	$61.24	**$61.25**	$63.52	($2.27)	-3.6%	92
5	1 1/2"	5.00	$122.48	**$122.49**	$127.03	($4.54)	-3.6%	44
6	2"	8.00	$195.97	**$195.98**	$203.25	($7.27)	-3.6%	27
7	3"	17.50	$428.69	**$428.69**	$444.61	($15.92)	-3.6%	4
8	4"	31.50	$771.64	**$771.65**	$800.29	($28.64)	-3.6%	4
9	6"	80.00	$1,959.72	**$1,959.73**	$2,032.49	($72.76)	-3.6%	0
10	8"	140.00	$3,429.52	**$3,429.52**	$3,556.86	($127.34)	-3.6%	0
11	10"	210.00	$5,144.28	**$5,144.28**	$5,335.50	($191.22)	-3.6%	0
12								
13	**CAWP**							
14	5/8"	1.00	$14.73	**$14.74**	$16.40	($1.66)	-10.1%	2,718
15	3/4"	1.50	$22.10	**$22.10**	$24.59	($2.49)	-10.1%	2
16	1"	2.50	$36.83	**$36.83**	$40.99	($4.16)	-10.1%	9
17	1 1/2"	5.00	$73.66	**$73.66**	$81.97	($8.31)	-10.1%	2
18	2"	8.00	$117.85	**$117.85**	$131.15	($13.30)	-10.1%	5
19	3"	17.50	$257.79	**$257.80**	$286.89	($29.09)	-10.1%	0
20	4"	31.50	$464.03	**$464.03**	$516.39	($52.36)	-10.1%	1
21	6"	80.00	$1,178.48	**$1,178.49**	$1,311.46	($132.97)	-10.1%	2
22	8"	140.00	$2,062.34	**$2,062.35**	$2,295.05	($232.70)	-10.1%	0
23								
24	**La Mel**							
25	5/8"	1.00	$14.34	**$14.35**	$17.27	($2.92)	-16.9%	55
26	3/4"	1.50	$21.51	**$21.52**	$25.91	($4.39)	-16.9%	0
27	1"	2.50	$35.85	**$35.86**	$43.18	($7.32)	-17.0%	0
28	1 1/2"	5.00	$71.70	**$71.71**	$86.35	($14.64)	-17.0%	0
29	2"	8.00	$114.72	**$114.73**	$138.16	($23.43)	-17.0%	0
30	3"	17.50	$250.95	**$250.96**	$302.22	($51.26)	-17.0%	0
31	4"	31.50	$451.72	**$451.72**	$543.98	($92.26)	-17.0%	0
32	6"	80.00	$1,147.22	**$1,147.23**	$1,381.54	($234.31)	-17.0%	0
33	8"	140.00	$2,007.64	**$2,007.64**	$2,417.69	($410.05)	-17.0%	0
34								
35	**Lake Camanche**							
36	5/8"	1.00	$1.48	**$1.48**	$2.96	($1.48)	-50.0%	727
37	3/4"	1.50	$2.21	**$2.22**	$4.44	($2.22)	-50.0%	3
38	1"	2.50	$3.69	**$3.69**	$7.39	($3.70)	-50.1%	3
39	1 1/2"	5.00	$7.38	**$7.38**	$14.78	($7.40)	-50.1%	0
40	2"	8.00	$11.81	**$11.81**	$23.65	($11.84)	-50.1%	0
41	3"	17.50	$25.83	**$25.83**	$51.73	($25.90)	-50.1%	0
42	4"	31.50	$46.49	**$46.49**	$93.11	($46.62)	-50.1%	0
43	6"	80.00	$118.07	**$118.07**	$236.46	($118.39)	-50.1%	0
44	8"	140.00	$206.61	**$206.62**	$413.80	($207.18)	-50.1%	0

4.5 TREATED WHOLESALE RATES

Table 4-7 shows the revenue neutral COS charges for the Treated Wholesale monthly service charges. The Meter and Billing unit costs are from **Table 3-21** and **Table 3-23**.

Table 4-7: Revenue Neutral Water Monthly Service Charges (Treated Wholesale)

Line	Monthly Service Charges (Treated Wholesale)	Meters	Billing	COS Charge
1	Pine Grove	$11,971.39	$11.51	**$11,982.90**
2	Mace Meadows	$7,765.02	$11.51	**$7,776.53**
3	Jackson	$92,678.53	$11.51	**$92,690.04**
4	Drytown	$3,377.34	$11.51	**$3,388.85**
5	Plymouth	$22,061.01	$11.51	**$22,072.52**
6	Mule Creek	$64,996.79	$11.51	**$65,008.30**

Table 4-8 shows the proposed Treated Wholesale monthly service charges based on the revenue neutral COS charge (**Table 4-7**) and the projected rate increases for the first year of proposed rates, FY 2027 (**Table 4-1**, Line 6), rounded up to the nearest cent.

Table 4-8: Proposed Water Monthly Service Charges (Treated Wholesale)

Line	Monthly Service Charges (Treated Wholesale)	Proposed Charge	Current Charge	Difference ($)	Difference (%)
1	Pine Grove	**$12,960.19**	$9,047.33	$3,912.86	43.2%
2	Mace Meadows	**$8,410.76**	$5,735.23	$2,675.53	46.7%
3	Jackson	**$100,249.51**	$72,185.13	$28,064.38	38.9%
4	Drytown	**$3,665.24**	$3,338.70	$326.54	9.8%
5	Plymouth	**$23,872.68**	$17,495.66	$6,377.02	36.4%
6	Mule Creek	**$70,310.15**	$10,392.40	$59,917.75	576.6%

Table 4-9 shows the revenue neutral COS charges for the Treated Wholesale commodity rates. The Supply, Delivery, and Conservation unit costs are from **Table 3-23**.

Table 4-9: Revenue Neutral Water Commodity Rates (Treated Wholesale)

Line	Commodity Rates (Treated Wholesale)	Supply	Delivery	Conserv-ation	COS Charge
1	All Customers	$0.29	$2.06	$0.00	**$2.35**

Table 4-10 shows the proposed Treated Wholesale commodity rates based on the revenue neutral COS charge (**Table 4-9**) and the projected rate increases for the first year of proposed rates, FY 2027 (**Table 4-1**, Line 6), rounded up to the nearest cent.

Table 4-10: Proposed Water Commodity Rates (Treated Wholesale)

Line	Commodity Rates (Treated Wholesale)	Proposed Charge	Current Charge	Difference ($)	Difference (%)	Annual Use (hcf)
1	All Customers	**$2.55**	$2.82	($0.27)	-9.6%	818,765

Table 4-11 shows the proposed Treated Wholesale monthly debt service charges based on wholesale customer, rounded up to the nearest cent. The Debt Service unit cost is from **Table 3-22** for each customer. The debt service charges are not adjusted by the projected rate increases.

Table 4-11: Proposed Water Monthly Debt Service Charges (Treated Wholesale)

Line	Monthly Debt Service Charges (Treated Wholesale)	Debt Service	Proposed Charge	Current Charge	Difference ($)	Difference (%)
1	Pine Grove	$5,429.00	**$5,429.00**	$7,127.44	($1,698.44)	-23.8%
2	Mace Meadows	$3,996.35	**$3,996.35**	$5,246.59	($1,250.24)	-23.8%
3	Jackson	$12,505.62	**$12,505.62**	$16,417.96	($3,912.34)	-23.8%
4	Drytown	$860.47	**$860.47**	$1,129.66	($269.19)	-23.8%
5	Plymouth	$3,858.88	**$3,858.88**	$5,066.11	($1,207.23)	-23.8%
6	Mule Creek	$12,565.42	**$12,565.42**	$7,367.99	$5,197.43	70.5%

4.6 UNTREATED RETAIL RATES

Table 4-12 shows the revenue neutral COS charges for the Untreated Retail monthly service charges. The Meter and Billing unit costs are from **Table 3-25**. Meter unit costs are adjusted based on the meter capacity ratio. Billing unit costs do not vary based on meter size.

Table 4-12: Revenue Neutral Water Monthly Service Charges (Untreated Retail)

Line	Monthly Service Charges (Untreated Retail)	Meter Ratio	Meters	Billing	COS Charge
1	5/8"	1.00	$61.84	$9.07	**$70.90**
2	3/4"	1.50	$92.76	$9.07	**$101.82**
3	1"	2.50	$154.59	$9.07	**$163.66**
4	1 1/2"	5.00	$309.19	$9.07	**$318.25**
5	2"	8.00	$494.70	$9.07	**$503.77**
6	3"	17.50	$1,082.16	$9.07	**$1,091.23**
7	4"	31.50	$1,947.89	$9.07	**$1,956.96**
8	6"	80.00	$4,947.02	$9.07	**$4,956.09**

Table 4-13 shows the proposed Untreated Retail monthly service charges based on the revenue neutral COS charge (**Table 4-12**) and the projected rate increases for the first year of proposed rates, FY 2027 (**Table 4-1**, Line 6), rounded up to the nearest cent.

Table 4-13: Proposed Water Monthly Service Charges (Untreated Retail)

Line	Monthly Service Charges (Untreated Retail)	Proposed Charge	Current Charge	Difference ($)	Difference (%)	Number of Meters
1	5/8"	**$76.69**	$77.10	($0.41)	-0.5%	113
2	3/4"	**$110.13**	$104.52	$5.61	5.4%	11
3	1"	**$177.01**	$159.34	$17.67	11.1%	26
4	1 1/2"	**$344.22**	$296.44	$47.78	16.1%	5
5	2"	**$544.86**	$460.95	$83.91	18.2%	6
6	3"	**$1,180.23**	$981.90	$198.33	20.2%	1

7	4"	**$2,116.56**	$1,749.63	$366.93	21.0%	3
8	6"	**$5,360.29**	$4,409.24	$951.05	21.6%	1

Table 4-14 shows the revenue neutral COS charges for the Untreated Retail commodity rates. The Supply, Delivery, and Conservation unit costs are from **Table 3-25**.

Table 4-14: Revenue Neutral Water Commodity Rates (Untreated Retail)

Line	Commodity Rates (Untreated Retail)	Supply	Delivery	Conserv-ation	COS Charge
1	All Customers	$0.39	$1.83	$0.09	**$2.30**

Table 4-15 shows the proposed Untreated Retail commodity rates based on the revenue neutral COS charge (**Table 4-14**) and the projected rate increases for the first year of proposed rates, FY 2027 (**Table 4-1**, Line 6), rounded up to the nearest cent.

Table 4-15: Proposed Water Commodity Rates (Untreated Retail)

Line	Commodity Rates (Untreated Retail)	Proposed Charge	Current Charge	Difference ($)	Difference (%)	Annual Use (hcf)
1	All Customers	**$2.49**	$2.77	($0.28)	-10.1%	86,286

Table 4-16 shows the proposed Untreated Retail monthly debt service charges, rounded up to the nearest cent. The Debt Service unit cost is from **Table 3-25** and adjusted for each meter size based on the meter capacity ratio. The debt service charges are not adjusted by the projected rate increases.

Table 4-16: Proposed Water Monthly Debt Service Charges (Untreated Retail)

Line	Monthly Debt Service Charges (Untreated Retail)	Meter Ratio	Debt Service	Proposed Charge	Current Charge	Difference ($)	Difference (%)	Number of Meters
1	5/8"	1.00	$6.97	**$6.97**	$5.09	$1.88	37.0%	113
2	3/4"	1.50	$10.46	**$10.46**	$7.63	$2.83	37.1%	11
3	1"	2.50	$17.43	**$17.43**	$12.72	$4.71	37.0%	26
4	1 1/2"	5.00	$34.86	**$34.86**	$25.43	$9.43	37.1%	5
5	2"	8.00	$55.78	**$55.78**	$40.69	$15.09	37.1%	6
6	3"	17.50	$122.02	**$122.02**	$88.99	$33.03	37.1%	1
7	4"	31.50	$219.63	**$219.63**	$160.18	$59.45	37.1%	3
8	6"	80.00	$557.78	**$557.78**	$406.81	$150.97	37.1%	1

4.7 PROPOSED FIVE-YEAR RATE SCHEDULE

The proposed five-year schedule of water rates in this section is based on the proposed rate structure changes, the updated cost-of-service analysis, and the proposed revenue adjustments for the five-year study period. The rate schedule shows the proposed water rates to be implemented on July 1, 2026 for the first year and on July 1, 2030 for the final year. Proposition 218 allows agencies to adopt up to five years of rates at a time.

Table 4-17 and **Table 4-18** show the current and proposed Treated Retail water rates based on the first year of rates from **Table 4-3**, **Table 4-5**, and **Table 4-6** which are adjusted for subsequent years based on the rate increases in **Table 4-1**.

Table 4-17: Proposed Water Rates (Treated Retail)

Line	Water Rates (Treated Retail)	Current 7/1/2025	Proposed 7/1/2026	Proposed 7/1/2027	Proposed 7/1/2028	Proposed 7/1/2029	Proposed 7/1/2030
1	**Monthly Water Service Charges**						
2	5/8"	$51.55	$56.47	$61.02	$65.90	$71.11	$76.69
3	3/4"	$69.41	$80.17	$86.64	$93.56	$100.97	$108.89
4	1"	$105.12	$127.59	$137.88	$148.90	$160.69	$173.30
5	1 1/2"	$194.45	$246.13	$265.99	$287.24	$309.98	$334.30
6	2"	$301.63	$388.38	$419.72	$453.25	$489.12	$527.51
7	3"	$641.04	$838.84	$906.52	$978.94	$1,056.43	$1,139.34
8	4"	$1,141.22	$1,502.67	$1,623.91	$1,753.64	$1,892.45	$2,040.98
9	6"	$2,873.95	$3,802.37	$4,109.16	$4,437.43	$4,788.68	$5,164.51
10	8"	$5,017.58	$6,647.35	$7,183.69	$7,757.58	$8,371.64	$9,028.68
11	10"	$7,518.45	$9,966.50	$10,770.65	$11,631.09	$12,551.76	$13,536.87
12							
13	**Commodity Rates ($/hcf)**						
14	All Customers	$5.25	$5.72	$6.18	$6.67	$7.20	$7.76

Table 4-18: Proposed Water Debt Service Charges (Treated Retail)

Line	Debt Charges (Treated Retail)	Current 7/1/2025	Proposed 7/1/2026	Proposed 7/1/2027	Proposed 7/1/2028	Proposed 7/1/2029	Proposed 7/1/2030
1	**Monthly Debt Service Charges**						
2	**AWS**						
3	5/8"	$25.41	$24.50	$24.50	$24.50	$24.50	$24.50
4	3/4"	$38.11	$36.75	$36.75	$36.75	$36.75	$36.75
5	1"	$63.52	$61.25	$61.25	$61.25	$61.25	$61.25
6	1 1/2"	$127.03	$122.49	$122.49	$122.49	$122.49	$122.49
7	2"	$203.25	$195.98	$195.98	$195.98	$195.98	$195.98
8	3"	$444.61	$428.69	$428.69	$428.69	$428.69	$428.69

9	4"	$800.29	$771.65	$771.65	$771.65	$771.65	$771.65
10	6"	$2,032.49	$1,959.73	$1,959.73	$1,959.73	$1,959.73	$1,959.73
11	8"	$3,556.86	$3,429.52	$3,429.52	$3,429.52	$3,429.52	$3,429.52
12	10"	$5,335.50	$5,144.28	$5,144.28	$5,144.28	$5,144.28	$5,144.28
13							
14	**CAWP**						
15	5/8"	$16.40	$14.74	$14.74	$14.74	$14.74	$14.74
16	3/4"	$24.59	$22.10	$22.10	$22.10	$22.10	$22.10
17	1"	$40.99	$36.83	$36.83	$36.83	$36.83	$36.83
18	1 1/2"	$81.97	$73.66	$73.66	$73.66	$73.66	$73.66
19	2"	$131.15	$117.85	$117.85	$117.85	$117.85	$117.85
20	3"	$286.89	$257.80	$257.80	$257.80	$257.80	$257.80
21	4"	$516.39	$464.03	$464.03	$464.03	$464.03	$464.03
22	6"	$1,311.46	$1,178.49	$1,178.49	$1,178.49	$1,178.49	$1,178.49
23	8"	$2,295.05	$2,062.35	$2,062.35	$2,062.35	$2,062.35	$2,062.35
24							
25	**La Mel**						
26	5/8"	$17.27	$14.35	$14.35	$14.35	$14.35	$14.35
27	3/4"	$25.91	$21.52	$21.52	$21.52	$21.52	$21.52
28	1"	$43.18	$35.86	$35.86	$35.86	$35.86	$35.86
29	1 1/2"	$86.35	$71.71	$71.71	$71.71	$71.71	$71.71
30	2"	$138.16	$114.73	$114.73	$114.73	$114.73	$114.73
31	3"	$302.22	$250.96	$250.96	$250.96	$250.96	$250.96
32	4"	$543.98	$451.72	$451.72	$451.72	$451.72	$451.72
33	6"	$1,381.54	$1,147.23	$1,147.23	$1,147.23	$1,147.23	$1,147.23
34	8"	$2,417.69	$2,007.64	$2,007.64	$2,007.64	$2,007.64	$2,007.64
35							
36	**Lake Camanche**						
37	5/8"	$2.96	$1.48	$1.48	$1.48	$1.48	$1.48
38	3/4"	$4.44	$2.22	$2.22	$2.22	$2.22	$2.22
39	1"	$7.39	$3.69	$3.69	$3.69	$3.69	$3.69
40	1 1/2"	$14.78	$7.38	$7.38	$7.38	$7.38	$7.38
41	2"	$23.65	$11.81	$11.81	$11.81	$11.81	$11.81
42	3"	$51.73	$25.83	$25.83	$25.83	$25.83	$25.83
43	4"	$93.11	$46.49	$46.49	$46.49	$46.49	$46.49
44	6"	$236.46	$118.07	$118.07	$118.07	$118.07	$118.07
45	8"	$413.80	$206.62	$206.62	$206.62	$206.62	$206.62

Table 4-19 and **Table 4-20** show the current and proposed Treated Wholesale rates based on the first year of rates from **Table 4-8**, **Table 4-10**, and **Table 4-11** which are adjusted for subsequent years based on the rate increases in **Table 4-1**. Under the current rate structure, Mule Creek is classified as a Treated Retail customer with 6" and 10" meter connections, which is reflect in the current rates for Mule Creek. The proposed rate structure classifies Mule Creek as a Treated Wholesale customer.

Table 4-19: Proposed Water Rates (Treated Wholesale)

Line	Water Rates (Treated Wholesale)	Current 7/1/2025	Proposed 7/1/2026	Proposed 7/1/2027	Proposed 7/1/2028	Proposed 7/1/2029	Proposed 7/1/2030
1	**Monthly Water Service Charges**						
2	Pine Grove	$9,047.33	$12,960.19	$14,005.88	$15,124.77	$16,321.98	$17,603.00

3	Mace Meadows	$5,735.23	$8,410.76	$9,089.38	$9,815.51	$10,592.46	$11,423.80
4	Jackson	$72,185.13	$100,249.51	$108,338.15	$116,992.99	$126,253.66	$136,162.59
5	Drytown	$3,338.70	$3,665.24	$3,960.97	$4,277.40	$4,615.98	$4,978.27
6	Plymouth	$17,495.66	$23,872.68	$25,798.85	$27,859.84	$30,065.11	$32,424.75
7	Mule Creek	$10,392.40	$70,310.15	$75,983.13	$82,053.21	$88,548.20	$95,497.84
8							
9	**Commodity Rates ($/hcf)**						
10	All Customers	$2.82	$2.55	$2.76	$2.98	$3.21	$3.46
11	Mule Creek	$5.25	$2.55	$2.76	$2.98	$3.21	$3.46

Table 4-20: Proposed Water Debt Service Charges (Treated Wholesale)

Line	Debt Charges (Treated Wholesale)	Current 7/1/2025	Proposed 7/1/2026	Proposed 7/1/2027	Proposed 7/1/2028	Proposed 7/1/2029	Proposed 7/1/2030
1	**Monthly Debt Service Charges**						
2	Pine Grove	$7,127.44	$5,429.00	$5,429.00	$5,429.00	$5,429.00	$5,429.00
3	Mace Meadows	$5,246.59	$3,996.35	$3,996.35	$3,996.35	$3,996.35	$3,996.35
4	Jackson	$16,417.96	$12,505.62	$12,505.62	$12,505.62	$12,505.62	$12,505.62
5	Drytown	$1,129.66	$860.47	$860.47	$860.47	$860.47	$860.47
6	Plymouth	$5,066.11	$3,858.88	$3,858.88	$3,858.88	$3,858.88	$3,858.88
7	Mule Creek	$7,367.99	$12,565.42	$12,565.42	$12,565.42	$12,565.42	$12,565.42

Table 4-21 and **Table 4-22** show the current and proposed Untreated Retail water rates based on the first year of rates from **Table 4-13**, **Table 4-15**, and **Table 4-16** which are adjusted for subsequent years based on the rate increases in **Table 4-1**.

Table 4-21: Proposed Water Rates (Untreated Retail)

Line	Water Rates (Untreated Retail)	Current 7/1/2025	Proposed 7/1/2026	Proposed 7/1/2027	Proposed 7/1/2028	Proposed 7/1/2029	Proposed 7/1/2030
1	**Monthly Water Service Charges**						
2	5/8"	$77.10	$76.69	$82.88	$89.50	$96.58	$104.16
3	3/4"	$104.52	$110.13	$119.02	$128.53	$138.70	$149.58
4	1"	$159.34	$177.01	$191.29	$206.58	$222.93	$240.42
5	1 1/2"	$296.44	$344.22	$371.99	$401.71	$433.50	$467.52
6	2"	$460.95	$544.86	$588.82	$635.86	$686.19	$740.05
7	3"	$981.90	$1,180.23	$1,275.46	$1,377.35	$1,486.37	$1,603.03
8	4"	$1,749.63	$2,116.56	$2,287.34	$2,470.07	$2,665.59	$2,874.79
9	6"	$4,409.24	$5,360.29	$5,792.79	$6,255.56	$6,750.72	$7,280.55
10							
11	**Commodity Rates ($/hcf)**						

12	All Customers	$2.77	$2.49	$2.69	$2.91	$3.14	$3.38

Table 4-22: Proposed Water Debt Service Charges (Untreated Retail)

Line	Debt Charges (Untreated Retail)	Current 7/1/2025	Proposed 7/1/2026	Proposed 7/1/2027	Proposed 7/1/2028	Proposed 7/1/2029	Proposed 7/1/2030
1	**Monthly Debt Service Charges**						
2	5/8"	$5.09	$6.98	$6.98	$6.98	$6.98	$6.98
3	3/4"	$7.63	$10.46	$10.46	$10.46	$10.46	$10.46
4	1"	$12.72	$17.44	$17.44	$17.44	$17.44	$17.44
5	1 1/2"	$25.43	$34.87	$34.87	$34.87	$34.87	$34.87
6	2"	$40.69	$55.78	$55.78	$55.78	$55.78	$55.78
7	3"	$88.99	$122.02	$122.02	$122.02	$122.02	$122.02
8	4"	$160.18	$219.63	$219.63	$219.63	$219.63	$219.63
9	6"	$406.81	$557.79	$557.79	$557.79	$557.79	$557.79

4.8 PROPOSED CUSTOMER IMPACTS

WRE evaluated the financial impacts to monthly water bills based on various levels of usage for Treated Retail, Treated Wholesale, and Untreated Retail customers as part of the rate study.

Table 4-23 shows the proposed monthly bill impacts for Treated Retail customers in each service area and at various levels of monthly water usage. The proposed impacts are based on a customer with a 5/8 inch water meter, which makes up over 96% of the Agency's Treated Retail customer base. The 25th percentile of usage reflects what is considered a "low" water user, and similarly, the 90th percentile of usage reflects what is considered a "high" water user. The average customer uses approximately 9 hcf of water per month.

Table 4-23: Proposed Water Customer Impacts (Treated Retail)

Line	Customer Impacts, 5/8 inch meter (Treated Retail)	Monthly Use (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
1	**AWS**					
2	25th Percentile of Usage	3	$92.71	$98.13	$5.42	5.8%
3	Average Usage	9	$124.21	$132.45	$8.24	6.6%
4	90th Percentile of Usage	19	$176.71	$189.65	$12.94	7.3%
5	**CAWP**					
6	25th Percentile of Usage	3	$83.70	$88.37	$4.67	5.6%
7	Average Usage	9	$115.20	$122.69	$7.49	6.5%
8	90th Percentile of Usage	19	$167.70	$179.89	$12.19	7.3%
9	**La Mel**					
10	25th Percentile of Usage	3	$84.57	$87.98	$3.41	4.0%
11	Average Usage	9	$116.07	$122.30	$6.23	5.4%
12	90th Percentile of Usage	19	$168.57	$179.50	$10.93	6.5%
13	**Lake Camanche**					
14	25th Percentile of Usage	3	$70.26	$75.11	$4.85	6.9%
15	Average Usage	9	$101.76	$109.43	$7.67	7.5%

16	90th Percentile of Usage	19	$154.26	$166.63	$12.37	8.0%

Table 4-24 shows the proposed monthly bill impacts for Treated Wholesale customers based on the average monthly usage for each specific customer. The current monthly bill calculations for Mule Creek are based on a Treated Retail customer with 6" and 10" meter connections. The proposed monthly bill calculations for Mule Creek are based on the proposed reclassification of Mule Creek to a Treated Wholesale customer.

Table 4-24: Proposed Water Customer Impacts (Treated Wholesale)

Line	Customer Impacts (Treated Wholesale)	Monthly Use (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
1	Pine Grove	4,027	$27,530.91	$28,658.04	$1,127.13	4.1%
2	Mace Meadows	2,612	$18,347.66	$19,067.71	$720.05	3.9%
3	Jackson	31,173	$176,510.95	$192,246.28	$15,735.33	8.9%
4	Drytown	1,136	$7,671.88	$7,422.51	($249.37)	-3.3%
5	Plymouth	7,420	$43,486.17	$46,652.56	$3,166.39	7.3%
6	Mule Creek	21,862	$132,535.89	$138,623.67	$6,087.78	4.6%

Table 4-25 shows the proposed monthly bill impacts for Untreated Retail customers at various levels of monthly water usage. The proposed impacts are based on a customer with a 5/8 inch water meter, which makes up approximately 68% of the Agency's Untreated Retail customer base. The 25th percentile of usage reflects what is considered a "low" water user, and similarly, the 90th percentile of usage reflects what is considered a "high" water user. The average customer uses approximately 16 hcf of water per month.

Table 4-25: Proposed Water Customer Impacts (Untreated Retail)

Line	Customer Impacts, 5/8 inch meter (Untreated Retail)	Monthly Use (hcf)	Current Monthly Bill	Proposed Monthly Bill	Difference ($)	Difference (%)
1	25th Percentile of Usage	3	$90.50	$91.14	$0.64	0.7%
2	Average Usage	16	$126.51	$123.51	($3.00)	-2.4%
3	90th Percentile of Usage	42	$198.53	$188.25	($10.28)	-5.2%

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