SAN BENITO COUNTY WATER DISTRICT

Zone 6 Water, Groundwater and Recycled Water Rate Study

San Benito County Water District

FINAL REPORT

RAFTELIS

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January 2, 2026

Mr. Brett Miller
Assistant General Manager
San Benito County Water District
30 Mansfield Road
Hollister, CA 95023

Subject: San Benito County Water District Zone 6 Water, Groundwater and Recycled Water Rate Study Report – DRAFT Report

Dear Mr. Miller:

Raftelis is pleased to provide this San Benito County Water District Zone 6 Water, Groundwater and Recycled Water Rate Study Report for the San Benito County Water District (SBCWD) to help SBCWD maintain its strong financial position as it addresses water quality, supply, and reliability issues, as well as to establish water rates that are equitable and align with Proposition 218 and Proposition 26.

The major objectives of the study include the following:

- Develop a financial plan for the water enterprise to ensure financial sufficiency, meet operation and maintenance (O&M) costs, ensure sufficient funding for capital needs, and maintain required reserve levels
- Conduct a current water cost-of-service that aligns with Prop. 218 and Prop. 26
- Propose water and power rates for Water Years (WY) starting March 1, 2026, March 1, 2027, and March 1, 2028

The report summarizes the key findings and recommendations related to the development of the financial plan and the development of the updated water and power rates.

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

Sincerely,

Theresa M. Jurotich

Theresa Jurotich, P.E., PMP
Manager, Raftelis

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1. Executive Summary

The San Benito County Water District (SBCWD) engaged Raftelis Financial Consultants, Inc. (Raftelis) to conduct a comprehensive water rates and charges study that could be utilized to evaluate and optimize user charges for SBCWD's water service and groundwater management customers while ensuring a proportionate recovery of costs from the various user classes. This report documents the resultant findings, analyses, and recommendations.

SBCWD manages water resources within San Benito County pursuant to its enabling act (California Water Code Appendix, Ch. 70) and is the Groundwater Sustainability Agency (GSA) for the county pursuant to the Sustainable Groundwater Management Act (SGMA). SBCWD contracts with the United States Bureau of Reclamation (USBR) to receive water from the Central Valley Project (CVP) and relies on imported CVP supplies to provide retail and wholesale water services, including raw water, treated water, and recycled water, and to manage the local groundwater basin. SBCWD owns two surface water treatment plants and manages local and imported surface water through the San Benito River System and the San Felipe Distribution System. A portion of the treated drinking water delivered under wholesale agreements to the Sunnyslope County Water District and City of Hollister becomes recycled water (from the City of Hollister's reclamation plant) that is used for irrigation. The imported water that SBCWD delivers to its customers and applies to direct groundwater recharge improves groundwater levels and quality, as the groundwater available from local aquifers has varying levels of salts and high mineral content.

The major objectives of this study include the following:

- Develop a 10-year financial plan for Zone 6 to ensure financial sufficiency and funding for operation and maintenance, capital improvement, and capital replacement expenses.
- Conduct a cost-of-service analysis for water services and proportionately allocate the costs of providing services.
- Develop proposed adjustments to the following water rates and charges: (1) agricultural water rates; (2) municipal & industrial (M&I) water rates; (3) the water reliability charge for M&I water users; (4) groundwater charges; (5) recycled water rates; and (6) power charges.
- Develop a report that demonstrates the nexus between SBCWD costs and rates, to align with the requirements of Proposition 218, Proposition 26, and SBCWD's enabling act.

This report summarizes the water rate study's financial plan and rate development key findings and recommendations.

1.1. Methodology

The study is informed by SBCWD's policy objectives, the current Zone 6 water rates and charges, and applicable legal requirements, including Propositions 218 and 26 and SBCWD's enabling act. These legal requirements are outlined in detail in Appendix A. The resulting cost-of-service analyses and rate design processes consider all these factors and follows five key steps, outlined below, to derive proposed rates that fulfill SBCWD's policy objectives and meet industry standards.

This study was also conducted using industry-standard principles outlined by the American Water Works Association's Manual M1 titled *Principles of Water Rates, Fees and Charges, Seventh Edition*.

1. Financial Plan: Develop cash flow projections for Zone 6 to determine the amount of revenue required from water rates to fully recover the costs of providing service.
2. Cost-of-Service Analysis: Allocate total costs to rate components, based on source of supply and customers' unique characteristics.
3. Rate Design: Develop rates for different customers classes, based on cost of service, that generate sufficient revenues to recover costs, and communicate policy preferences of the agency.
4. Report Preparation: Develop a study report to document the underlying inputs, assumptions, analyses, and results of the rate study.
5. Rate Adoption: Proposed rates may be adopted by SBCWD after compliance with applicable legal requirements, including those set forth in Propositions 218 and 26 and SBCWD's enabling act.

1.2. Proposed Financial Plan and Revenue Adjustments

Raftelis conducted a cash flow analysis to evaluate whether existing water rates adequately fund Zone 6's various expenses over the planning period. Annual projections of revenues, O&M expenses, debt service payments, and capital expenditures through FY 2036 were developed with SBCWD staff. The financial planning model enables SBCWD to set rates and charges to generate sufficient revenue to meet its short-term and long-term obligations, including reserve fund requirements. Table 1-1 shows the proposed revenue adjustments for the rate setting period (FY 2026 – FY 2028) as well as potential future revenue adjustments for planning purposes. Revenue adjustments occur on March 1 for each year. This proposed scenario allows SBCWD to slowly draw down reserves, build a more reliable water supply, and meet growing demand.

Table 1-1: Annual Revenue Adjustments

Effective Date	Increase
3/1/2026	2%
3/1/2027	2%
3/1/2028	2%
3/1/2029	2%
3/1/2030	2%
3/1/2031	2%
3/1/2032	2%
3/1/2033	2%
3/1/2034	2%
3/1/2035	2%

Key factors influencing the need for proposed revenue adjustments include:

- Cost inflation: operating costs continue to rise year-over-year due to inflationary pressures.
- Planned capital expenditures: While the water reliability and supply project capital project costs are designed to be recovered through specific rates and charges, the remainder of Zone 6 capital projects need to be funded, including annual improvements to the pipelines.

Table 1-2 shows the proposed financial plan incorporating the proposed revenue adjustments and projected water reliability and capacity fee revenue.

Table 1-2: Proposed Financial Plan Cashflow

	Line Item	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
	Revenues											
1	Water Sales and Power Charges	$3,424,302	$3,457,998	$3,492,895	$3,528,968	$3,566,214	$3,596,582	$3,630,473	$3,664,532	$3,700,100	$3,736,676	$3,774,594
2	Total Adjustments	$22,829	$92,674	$165,340	$240,968	$319,705	$400,808	$485,286	$572,926	$664,059	$758,769	$857,290
3	Water Reliability Charge [1]	$593,045	$623,328	$654,987	$688,043	$722,535	$754,011	$788,159	$823,149	$859,781	$897,801	$937,448
4	Capacity Fee Revenue	$1,721,671	$5,865,926	$6,264,225	$6,667,673	$7,089,689	$5,959,085	$6,844,373	$7,080,026	$7,620,352	$8,074,137	$8,614,558
	Other Revenue											
5	Other Operating Revenue	$22,000	$22,330	$22,665	$23,005	$23,350	$23,700	$24,056	$24,417	$24,783	$25,155	$25,532
6	Finished Water	$8,878,168	$8,318,332	$8,495,979	$8,679,263	$8,868,347	$9,058,449	$8,913,386	$9,116,704	$9,326,697	$9,543,241	$8,748,694
7	Cost of Stored & Acquired Water [2]	$972,672	$882,419	$882,419	$882,419	$882,419	$882,419	$882,419	$882,419	$882,419	$882,419	$882,419
8	General Purpose Tax	$1,049,500	$1,065,243	$1,081,221	$1,097,439	$1,113,901	$1,130,610	$1,147,569	$1,164,782	$1,182,254	$1,199,988	$1,217,988
9	Land Only Tax	$11,121,500	$11,455,145	$11,798,799	$12,152,763	$12,517,346	$12,892,867	$13,279,653	$13,678,042	$14,088,383	$14,511,035	$14,946,366
10	Other Non-Operating Revenues	$1,270,250	$320,250	$320,250	$320,250	$320,250	$320,250	$320,250	$320,250	$320,250	$320,250	$320,250
11	Interest Income	$2,489,636	$1,789,077	$1,421,115	$1,264,661	$1,110,174	$991,307	$875,699	$790,679	$775,880	$724,299	$136,417
12	**Total Revenue**	$31,565,573	$33,892,721	$34,599,896	$35,545,452	$36,533,930	$36,010,087	$37,191,322	$38,117,926	$39,444,957	$40,673,769	$40,461,554
13	**Grants**	$19,986,890	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Expenses											
14	O&M	$17,920,100	$19,953,168	$23,050,330	$23,296,465	$23,972,833	$23,613,921	$23,997,216	$24,489,435	$25,016,841	$25,581,324	$25,571,827
15	Existing Debt Service	$2,464,577	$3,860,865	$3,860,043	$3,860,104	$3,862,799	$3,746,208	$3,399,428	$3,397,216	$3,399,982	$3,399,478	$3,398,579
16	Proposed Debt Service	$0	$3,500,000	$3,500,000	$3,500,000	$4,201,045	$4,201,045	$4,201,045	$4,201,045	$4,201,045	$4,201,045	$4,201,045
17	Capital Projects - Cash Funded [3]	$4,780,695	$147,067	$6,988,600	$8,138,370	$7,828,475	$5,555,456	$13,602,590	$25,410,265	$3,812,709	$7,453,698	$12,041,426
18	**Total Expenses**	$25,165,371	$27,461,100	$37,398,972	$38,794,939	$39,865,152	$37,116,630	$45,200,280	$57,497,961	$36,430,577	$40,635,545	$45,212,877
19	**Net Cash Flow (Annual Surplus/(Deficit))**	$26,387,092	$6,431,621	($2,799,077)	($3,249,487)	($3,331,222)	($1,106,543)	($8,008,958)	($19,380,036)	$3,014,380	$38,224	($4,751,322)
20	Beginning Balance	$75,291,348	$101,678,440	$108,110,061	$105,310,984	$102,061,497	$98,730,275	$97,623,731	$89,614,774	$70,234,738	$73,249,118	$73,287,342
21	**Ending Balance**	$101,678,440	$108,110,061	$105,310,984	$102,061,497	$98,730,275	$97,623,731	$89,614,774	$70,234,738	$73,249,118	$73,287,342	$68,536,020
22	Target Reserve	$40,107,536	$47,911,321	$51,443,139	$49,994,309	$50,601,289	$53,213,648	$52,502,421	$53,545,832	$54,819,311	$54,960,542	$48,541,982
	Debt Coverage											
23	Calculated	5.54	1.89	1.57	1.66	1.56	1.56	1.74	1.79	1.90	1.99	1.96
24	Required	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20

[1] For the benefit of existing customers.
[2] Cost of Stored and Acquired Water cost not already captured within Finished Water. This is a pass-through cost from USBR.
[3] Cash from rate-based revenues, general purpose tax revenue, and capacity fees.

Each item on Table 1-2 is explained in more detail below:

- Line 1 shows revenue from current rates and charges (effective March 1, 2025), assuming no increase but increased demand at the water treatment plants based on forecasted growth. Current rates and charges in Line 1 include: (1) agricultural water rates (excluding the cost of stored and acquired water component); (2) Small Parcel M&I water rates (excluding the cost of stored and acquired water component); (3) groundwater charges; (4) recycled water rates; and (5) power charges.

- Line 2 shows the additional revenue received from the revenue adjustments proposed in Table 1-1.

- Lines 3 and 4 show the projected water reliability charge revenue and capacity fee revenue.

- Lines 5-11 show the other revenue line items including Finished Water (which recovers direct pass-through of finished water costs collected through the M&I water rate), the Cost of Stored and Acquired Water (pass-through cost of CVP deliveries), General Purpose Tax, and Land Only Tax revenues. Interest revenues (Line 11) decrease due to declining reserve balances caused by funding major capital projects with reserves (see Line 17).

- Line 12 shows the projected total revenues per operating year (*i.e.*, the sum of lines 1-11).

- Line 13 shows grant revenue that was obtained to fund the construction of the Accelerated Drought Response Project (ADRoP), a water supply reliability project for existing M&I customers.

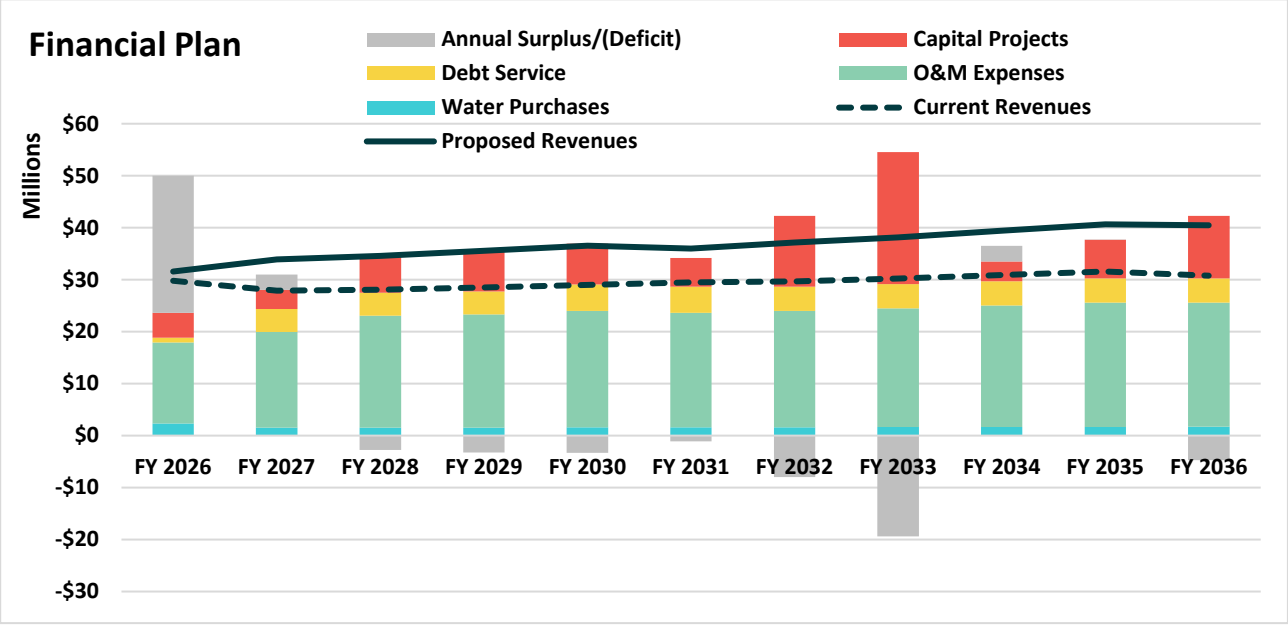
- Lines 14 – 17 summarize the O&M expense projections, debt-related expenses, and capital outlays. SBCWD's capital outlays and O&M expense projections are detailed in Appendices B and C.

- Line 19 shows the annual surplus/deficit.
- Lines 20 and 21 show the beginning and ending Zone 6 fund balance, respectively, during each operating year, including reserve funds. SBCWD's reserve funds for Zone 6 are described in Appendix D.
- Line 22 shows the target reserves for Zone 6.
- Lines 23 and 24 show the calculated and required debt service coverage ratio.

Overall, Table 1-2 demonstrates that SBCWD's proposed financial plan supports financial sufficiency and solvency for SBCWD to meet projected expenditures and financial obligations, including debt service, debt coverage, and reserve targets. As explained above, developing the financial plan illustrated by Table 1-2 was the first step in the process of developing the proposed rates. A detailed discussion of the methodology used to develop the proposed rates for FY 2026 – FY 2028 is in Sections 5 and 6, below.

Figure 1-1 graphically illustrates the operating Financial Plan – it compares existing (current) and proposed revenues with projected expenses. The stacked bars show expenses, including O&M expenses, debt service, and cash-funded CIP. Total revenues at existing and proposed rates are shown by horizontal black dashed and black solid lines, respectively. Current revenue from existing rates (dashed line) does not meet future total expenses (it is below the total expenses each year from FY 2027 – FY 2036) and shows the nexus to the proposed revenue adjustments.

Figure 1-1: Proposed Zone 6 Financial Plan



1.3. Proposed Three-Year Rates

The rate study evaluates six different rates or charges that are imposed by SBCWD, including: (1) agricultural water rates; (2) M&I water rates; (3) the water reliability charge for M&I water users; (4) groundwater charges; (5) recycled water rates; and (6) power charges. Each of these rates or charges are imposed using a uniform volumetric approach. Each customer class is charged based on the amount of water extracted (groundwater) or delivered (surface water), on a $/acre-foot ($/AF) basis, during each billing cycle. The costs

that are recovered from each user class through the applicable rates or charges are directly proportional to the cost of providing service to that class of user.

1.3.1. Agricultural Water Rates

The current and proposed agricultural water rates through FY 2028 are shown in Table 1-3. The March 1, 2026 Cost of Stored & Acquired Water[1] component was provided by SBCWD as a direct pass-through of USBR costs. The other rate components (SLDMWA, SCVWD, and SBCWD) are based on cost-of-service. All rate components for March 1, 2027 and March 1, 2028 are escalated in accordance with the overall revenue adjustment. Rates have been rounded up to the nearest dollar.

As demonstrated by Table 1-3, reductions to the Cost of Stored & Acquired water, effective March 1, 2026, will decrease 2026 rates by 14 percent compared to current rates ($306 to $263). Rates increase marginally in 2027 ($270) and 2028 ($278) but will remain 12 percent (2027) and 9 percent (2028) lower than the current rate.

Table 1-3: Current and Proposed Agricultural Rates, $/AF

San Felipe: Agricultural	Current	March 1, 2026	March 1, 2027	March 1, 2028
Cost of Stored & Acquired Water [1]	$119.65	$110.00	$112.00	$115.00
SLDMWA [2]	$11.97	$13.00	$14.00	$15.00
SCVWD [2]	$55.91	$57.00	$59.00	$61.00
SBCWD	$118.47	$83.00	$85.00	$87.00
Total	$306.00	$263.00	$270.00	$278.00

San Felipe: Agricultural Full Cost (RRA Section 205(a)(3))	Current	March 1, 2026	March 1, 2027	March 1, 2028
Cost of Stored & Acquired Water [1]	$119.65	$110.00	$112.00	$115.00
SLDMWA [2]	$11.97	$13.00	$14.00	$15.00
SCVWD [2]	$55.91	$57.00	$59.00	$61.00
SBCWD	$118.47	$83.00	$85.00	$87.00
Total	$306.00	$263.00	$270.00	$278.00

San Felipe: Agricultural Full Cost (RRA Section 202(3))	Current	March 1, 2026	March 1, 2027	March 1, 2028
Cost of Stored & Acquired Water [1]	$119.65	$110.00	$112.00	$115.00
SLDMWA [2]	$11.97	$13.00	$14.00	$15.00
SCVWD [2]	$55.91	$57.00	$59.00	$61.00
SBCWD	$118.47	$83.00	$85.00	$87.00
Total	$306.00	$263.00	$270.00	$278.00

[1] Cost of Stored & Acquired Water for March 1, 2026 provided by SBCWD. Other years escalated. This is a pass-through cost from USBR.

[2] Subject to pass-through if actual costs higher than projected.

[1] Pass-through cost from USBR.

1.3.2. M&I Water Rates

Current and proposed M&I rates are shown in Table 1-4. SBCWD calculated the Cost of Stored & Acquired Water[2] component of the San Felipe rate are based on USBR rates for March 1, 2026 with a minor contingency added to account for potential fluctuations in future year USBR rates. The other rate components (SLDMWA, SCVWD, and SBCWD) are based on cost-of-service. All rate components for March 1, 2027 and March 1, 2028 are escalated in accordance with the overall revenue adjustment. Rates have been rounded up to the nearest dollar.

As demonstrated by Table 1-4, reductions to the Cost of Stored & Acquired water, effective March 1, 2026, will decrease 2026 rates by 33 percent compared to current rates ($623 to $417). Rates increase marginally in 2027 ($428) and 2028 ($439) but will remain 31 percent (2027) and 30 percent (2028) lower than the current rate. The reduction is rates is driven primarily by a reduction in the assumed costs for purchasing spot-market supplies, which are not anticipated during the term of this rate study.

Table 1-4: Current and Proposed M&I Water Rates, $/AF

San Felipe: Non-Agricultural (M&I) Wholesale	Current	March 1, 2026	March 1, 2027	March 1, 2028
Cost of Stored & Acquired Water [1]	$412.36	$152.00	$156.00	$160.00
SLDMWA [2]	$11.97	$13.00	$14.00	$15.00
SCVWD [2]	$55.91	$57.00	$59.00	$61.00
SBCWD	$142.76	$195.00	$199.00	$203.00
Total	$623.00	$417.00	$428.00	$439.00

San Felipe: Small Parcel Service, Non-Agricultural (M&I)	Current	March 1, 2026	March 1, 2027	March 1, 2028
Cost of Stored & Acquired Water [1]	$412.36	$152.00	$156.00	$160.00
SLDMWA [2]	$11.97	$13.00	$14.00	$15.00
SCVWD [2]	$55.91	$57.00	$59.00	$61.00
SBCWD	$142.76	$195.00	$199.00	$203.00
Total	$623.00	$417.00	$428.00	$439.00

[1] Cost of Stored & Acquired Water provided by SBCWD. This includes a pass-through of USBR costs.
[2] Subject to pass-through if actual costs higher than projected.

1.3.3. Water Reliability Charge for M&I

Table 1-5 shows the projected water reliability charge. This charge is designed to recover costs associated with enhancing reliability of the water supply for M&I customers with the construction of ADRoP.

As demonstrated by Table 1-5, effective March 1, 2026, the water reliability charge for M&I will decrease by 45 percent compared to the current rate ($250 to $137). This decrease is primarily due to the approximately $20 million in grant funding that was received for ADRoP, as shown in Line 13 of Table 1-2. Rates increase marginally in 2027 ($140) and 2028 ($143) but remain 44 percent and 43 percent lower than the current charge, respectively.

[2] Pass-through cost from USBR.

Table 1-5: Current and Proposed Water Reliability Charge, $/AF

Water Reliability Charge [1]	Current	March 1, 2026	March 1, 2027	March 1, 2028
All M&I Customers	$250.00	$137.00	$140.00	$143.00

[1] Charge to cover reliability projects for the benefit of existing customers.

1.3.4. Groundwater Charges

Table 1-6 shows the current and proposed groundwater charges, which are based on the cost-of-service analysis. The current rate will remain in effect for 2026, but will increase based on the cost-of-service analysis in Section 5 beginning March 1, 2027. A new fee will take effect on March 1, 2028 that is escalated in accordance with the overall revenue adjustment.

As demonstrated by Table 1-6, the per acre-foot groundwater charge will remain unchanged for 2026 for both Agricultural and M&I customers, but will increase by 26 percent and 54 percent on March 1, 2027 for Agricultural and M&I customers, respectively, as compared to the current charge ($14.30 to $18 and $14.30 to $22). Groundwater charges will increase again by 5-6 percent on March 1, 2028 ($19 (Agricultural), $23 (M&I)). These increases are associated with the increased cost of groundwater management for Zone 6, carried out pursuant to SBCWD's authority under its enabling act.

Table 1-6: Current and Proposed Groundwater Rates, $/AF

Groundwater Charges (Well customers)	Current	March 1, 2026 COS	March 1, 2026 Proposed	March 1, 2027 Proposed	March 1, 2028 Proposed
Ag	$14.30	$17.00	$14.30	$18.00	$19.00
M&I	$14.30	$21.00	$14.30	$22.00	$23.00

1.3.5. Recycled Water Rates

Table 1-7 shows the current and proposed recycled water rates and power charges related to pumping recycled water. The March 1, 2026 rates are based on the cost-of-service. The subsequent recycled water charges are escalated in accordance with the overall revenue adjustment. The subsequent recycled water power costs are escalated in accordance with the presumed power cost escalator. The recycled water power charge is also subject to additional pass-through increases if actual costs are higher than projected. Rates have been rounded up to the nearest dollar.

As demonstrated by Table 1-7, effective March 1, 2026, the recycled water rate will decrease by 14 percent compared to the current rate ($306 to $263). Rates increase marginally in 2027 ($269) and 2028 ($275) but are 12 percent (2027) and 10 percent (2028) lower than the current rate. Effective 2026, the Power Charge for Recycled Water increases by 42 percent ($108.30 to $154) and then increases again by 4 percent in 2027 ($160) and 2028 ($166).

Table 1-7: Current and Proposed Recycled Water & Power Rates, $/AF

Recycled Water Rates	Current	March 1, 2026	March 1, 2027	March 1, 2028
Recycled Water	$306.00	$263.00	$269.00	$275.00
Power Charge*	$108.30	$154.00	$160.00	$166.00

* Subject to pass-through if actual costs higher than projected.

1.3.6. Power Charge

Table 1-8 shows the current and proposed Power Charges for retail and wholesale customers. Power Charges are based on the cost-of-service rates. If the pass-through portion of the power charges increases, these charges are subject to increased pass-through costs.

Effective March 1, 2026, Power Charges increase by 7 percent ($43.10 to $46) and by 12 percent for Subsystems 9L and 9H ($100.70 to $113). The Power Charges effective March 1, 2027 and March 1, 2028 are escalated by 4 percent each year in accordance with the presumed power charge escalator. Rates have been rounded up to the nearest dollar.

Table 1-8: Current and Proposed Power Charges, $/AF

Power Charge	Current	March 1, 2026	March 1, 2027	March 1, 2028
Subsystem 2*	$43.10	$46.00	$48.00	$50.00
Subsystem 6H*	$43.10	$46.00	$48.00	$50.00
Subsystem 9L*	$100.70	$113.00	$117.00	$122.00
Subsystem 9H*	$100.70	$113.00	$117.00	$122.00
All other subsystems*	$43.10	$46.00	$48.00	$50.00

* Subject to pass-through if actual costs higher than projected.

2. Introduction

2.1. SBCWD Background

Pursuant to its enabling act, SBCWD is responsible for managing water resources within San Benito County. SBCWD has also elected to become the GSA for San Benito County to ensure compliance with SGMA. In carrying out these roles for the residents of San Bentio County, SBCWD contracts with the USBR to receive imported CVP supplies that it uses to provide retail and wholesale water services, including raw water, treated water, and recycled water, and to manage the local groundwater basin. SBCWD owns two surface water treatment plants and manages local and imported surface water through the San Benito River System and the San Felipe Distribution System, respectively. A portion of the drinking water delivered to the Sunnyslope County Water District and City of Hollister becomes recycled water (from the City of Hollister's reclamation plant) that is used for irrigation. The imported water that SBCWD delivers to its customers and applies to direct groundwater recharge improves overall water quality as the groundwater available from local aquifers has varying levels of salts and high mineral content.

2.2. Scope of the Study

SBCWD engaged Raftelis to conduct a comprehensive water rates and fees study that could be utilized to evaluate and optimize its water rates and user charges while ensuring a proportionate recovery of costs from the various user classes. This report documents the resultant findings, analyses, and recommendations.

The scope of this study includes the development of cost-based water rates through a comprehensive cost-of-service analysis and rate-design study process. The three major processes are as follows:

- **Financial Planning:** User information and three-year average water usage data are compiled. Operating and capital costs are compiled and revenue requirements are projected for Fiscal Year (FY) 2026 through FY 2036. Financial planning involves estimation and projection of annual O&M and capital expenditures, annual debt service and reserve requirements, operating and capital revenue sources, and the determination of required revenues from rates and charges.
- **Cost-of-Service Analysis:** The cost-of-service analysis apportions annual revenue requirements to the different user classes, demonstrating the nexus between the cost of providing water service to the various user classes and the revenue collected from each class. This approach is based on standard industry practice and commensurate with the legal requirements of Propositions 218 and 26 and SBCWD's enabling act.
- **Rate Design:** Rate design involves the development of a schedule of rates for each of the different user classes, to proportionately recover the costs attributable to them while considering the pricing objectives of SBCWD.

Note that tables through the report may not add due to rounding.

3. Rate Setting Methodology

As stated in the AWWA M1 Manual, "the costs of water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers." The four major steps to develop utility rates that comply with Proposition 218 and industry standards while meeting other emerging goals and objectives of the utility are discussed below.

3.1. Calculate Revenue Requirement

The rate-making process starts by determining the test year (rate setting year) revenue requirement. The revenue requirement should sufficiently fund the utility's O&M, debt service, capital expenses, and other identified costs with funding to reserves (positive cash) or using reserves (negative cash), all based on a long-term financial plan.

3.2. Cost-of-Service Analysis

The annual cost of providing water service is distributed among customer classes commensurate with their service requirements. A cost-of-service analysis involves allocating costs to customer classes in proportion to their burden on the water system.

3.3. Rate Design and Calculations

Rates do more than simply recover costs. Within the legal framework and industry standards, properly designed rates should support and optimize a blend of various utility objectives, such as promoting water conservation, affordability for essential needs, and revenue stability, among other objectives. Rates may also act as a public information tool in communicating these objectives to customers.

3.4. Rate Adoption

Rate adoption is the last step of the rate-making process. This rate study includes documentation regarding the proposed modifications to the six rates and charges that are evaluated below that demonstrates that these rates and charges do not exceed the cost of providing service to each class of user on which the rate or charge is imposed, as required by Propositions 26 and 218. Raftelis documents the rate study results in this report to satisfy these legal requirements and to serve as a public education tool about the proposed changes, the rationale and justifications behind the changes, and their anticipated financial impacts. Appendix A contains a summary of applicable legal requirements.

4. Financial Plan

Consistent with the AWWA M1 Manual, reviewing a utility's revenue requirement is a key first step in the rate study process. In order to determine SBCWD's revenue requirements, Raftelis projected future revenue using existing rates and charges and future revenues from SBCWD's other existing revenue sources and SBCWD's future costs, with both costs and revenues adjusted to take into account future growth and increased water demand. Section 4.1 describes SBCWD's existing revenue sources (rates, charges, and other existing revenue sources) and then projects future revenues from those existing sources without rate adjustments. Section 4.2 identifies SBCWD's future projected costs, adjusted based on anticipated future demand, which were used to determine SBCWD's revenue requirements (O&M expenses, capital costs, debt service, and reserve funding requirements). Section 4.3 presents a financial plan that includes proposed revenue adjustments to the revenue received from existing rates and charges based on the comparison of projected future revenue from existing rates and charges and projected future revenue requirements.

4.1. Projected Revenue from Existing Rates and Charges

SBCWD receives revenues through its existing rates and charges and from other existing revenue sources. This rate study focuses solely on proposed modifications to the following rates and charges: (1) agricultural water rates; (2) M&I water rates; (3) the water reliability charge for M&I water users; (4) groundwater charges; (5) recycled water rates; and (6) power charges. This report does not propose modification to any other existing sources of revenue.

4.1.1. Current Water and Power Rates

SBCWD's water and power rates are set on a volumetric basis (per acre-foot) and new rates typically take effect on March 1 of each year. Table 4-1 shows the current rates (effective March 1, 2025) for water users who receive raw (agricultural) or treated (retail and wholesale M&I) CVP water supplies from the "San Felipe Distribution System." Table 4-1 also shows SBCWD's current power charges, groundwater charges, and recycled water charges.

Table 4-1: Current Rates and Charges

San Felipe Distribution Water Rates Effective March 1, 2025, $/AF	
San Felipe Distribution System Water Charges (Water Supply)	
Agricultural(1)	
Cost of Stored & Acquired Water	$119.65
SLDMWA	$11.97
SCVWD	$55.91
SBCWD	$118.47
Agricultural - Total	$306.00
Non-Agricultural (Municipal & Industrial) - Wholesale	
Cost of Stored & Acquired Water	$412.36
SLDMWA	$11.97
SCVWD	$55.91
SBCWD	$142.76
Water Reliability Charge	$250.00
Non-Agricultural (Municipal & Industrial) - Wholesale	$873.00
Non-Agricultural/ Small Parcel (Municipal & Industrial)	
Cost of Stored & Acquired Water	$412.36
SLDMWA	$11.97
SCVWD	$55.91
SBCWD	$142.76
Water Reliability Charge	$250.00
Non-Agricultural/ Small Parcel (Municipal & Industrial)	$873.00

San Felipe Distribution Water Rates Effective March 1, 2025, $/AF	
Power Charges	
Subsystem 2	$43.10
Subsystem 6H	$43.10
Subsystem 9L	$100.70
Subsystem 9H	$100.70
All Other Subsystems	$43.10

Other Rates Effective March 1, 2025, $/AF	
Groundwater Charges	
Metered	
Water Primarily for Municipal & Industrial Purposes	$14.30
Water Primarily for Agricultural Purposes	$14.30
Recycled Water Charges	
Recycled Water Charge	$306.00
Power Charge	$108.30
Minimum Annual Purchase of Water for Each Parcel (applied to water charge)	$700.00

(1) Agricultural, Full Cost (RRA Section 205(a)(3), Full Cost (RRA Section 202(3))

4.1.2. Projected Water and Power Use

Based on discussions with SBCWD staff, the assumption is that growth will occur with respect to the water required from the treatment plants (Finished Water). The SBCWD's engineer, HDR, has estimated a low-growth scenario of approximately 3 percent per year through FY 2030 then lowering to about 2.5 percent per year in the final water supply and treatment master plan report[3]. This rate study relies on that low demand scenario to project anticipated future water usage from the water treatment plants (M&I WTP Plants). Future water usage by other customer classes (agricultural, groundwater, and recycled water users) is not projected to increase. These anticipated future use projections closely align with recent growth trends and expected future development. Table 4-2 summarizes the projected water usage.

Table 4-2: Projected Customer Usage, AF

Customer Usage Data	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
San Felipe Distribution Water											
Ag	5,970	5,970	5,970	5,970	5,970	5,970	5,970	5,970	5,970	5,970	5,970
Ag Full Cost	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740
M&I	97	97	97	97	97	97	97	97	97	97	97
M&I Small Parcel	132	132	132	132	132	132	132	132	132	132	132
M&I (WTP Plants)	4,100	4,224	4,352	4,484	4,620	4,732	4,856	4,981	5,111	5,246	5,385
Total Surface Water (AF)	12,039	12,162	12,290	12,423	12,559	12,671	12,795	12,920	13,050	13,184	13,323
Recycled Water	420	420	420	420	420	420	420	420	420	420	420
Groundwater - Wells											
Ag	16,310	16,310	16,310	16,310	16,310	16,310	16,310	16,310	16,310	16,310	16,310
M&I	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800
Total Groundwater	21,110	21,110	21,110	21,110	21,110	21,110	21,110	21,110	21,110	21,110	21,110
Total Water Usage (AF)	33,569	33,692	33,820	33,953	34,089	34,201	34,325	34,450	34,580	34,714	34,853

[3] Kennedy, Holly, et al., "Final San Benito Urban Areas Water Supply and Treatment Master Plan Update", HDR, Folsom, California, October 2023.

Table 4-3 shows the projected power usage. All power usage remains flat except for Subsystem 9L, which includes the Lessalt water treatment plant, and All Other Subsystems, which includes the West Hills water treatment plant (i.e., power usage is only anticipated to increase for M&I users).

Table 4-3: Projected Power-Related Usage, AF

Power System	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
Subsystem 2	173	173	173	173	173	173	173	173	173	173	173
Subsystem 6H	41	41	41	41	41	41	41	41	41	41	41
Subsystem 9L	1,364	1,404	1,446	1,490	1,535	1,571	1,612	1,653	1,696	1,740	1,786
Subsystem 9H	154	154	154	154	154	154	154	154	154	154	154
All Other Subsystems	10,158	10,241	10,327	10,416	10,508	10,582	10,666	10,750	10,837	10,927	11,021
Recycled Power Charge	420	420	420	420	420	420	420	420	420	420	420
Total Power-Related Usage	12,309	12,433	12,561	12,693	12,830	12,941	13,066	13,191	13,321	13,455	13,594

4.1.3. Revenue Projections

4.1.3.1. Revenue from Rates and Charges

Table 4-4 shows the projected rate revenue based on current rates and charges, as adjusted for projected future water use. San Felipe Distribution water revenues exclude revenues associated with pass-through costs which fall into two categories (Finished Water and Cost of Stored and Acquired Water) and are shown on Table 4-5.

Table 4-4: Rate Revenue Under Existing Rates

Line Item	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
San Felipe Dist. Water*	$2,348,575	$2,374,600	$2,401,559	$2,429,426	$2,458,199	$2,481,659	$2,507,841	$2,534,152	$2,561,630	$2,589,885	$2,619,178
Power Charges	$599,848	$607,519	$615,458	$623,663	$632,136	$639,044	$646,753	$654,501	$662,592	$670,912	$679,537
Groundwater	$301,873	$301,873	$301,873	$301,873	$301,873	$301,873	$301,873	$301,873	$301,873	$301,873	$301,873
Recycled Water & Power	$174,006	$174,006	$174,006	$174,006	$174,006	$174,006	$174,006	$174,006	$174,006	$174,006	$174,006
Total Revenue	$3,424,302	$3,457,998	$3,492,895	$3,528,968	$3,566,214	$3,596,582	$3,630,473	$3,664,532	$3,700,100	$3,736,676	$3,774,594

* Excluding the Cost of Stored & Acquired Water component, which is a pass-through from USBR.

4.1.3.2. Other Revenues

Table 4-5 shows other projected revenue sources for SBCWD that are not being evaluated in this rate study. The line items in Table 4-5 include revenues from direct pass-through of third-party charges (e.g., Finished Water and the Cost of Stored and Acquired Water), interest earnings, taxes, and other miscellaneous sources. The revenues from the pass-through charge for "Finished Water" includes the cost of stored and acquired water from the CVP, the operating and maintenance costs for water treatment plants, additions to the water treatment plant asset replacement reserve, and debt service associated with the water treatment plants. These revenues are collected from wholesale and retail treated water customers and increase based on the projected increases in demand identified above. The revenues from the pass-through charge for "Cost of Stored & Acquired Water" include only the cost of stored and acquired water from the CVP and are collected from untreated water customers. Pass-through increases have not been forecast. Table 4-5 also includes miscellaneous operating and non-operating revenues, general tax revenue, land tax revenue, and interest earnings on cash balances. Other operating and non-operating revenue, as well as general tax revenue, increases at 1.5 percent per year. Land tax increases at 3 percent per year.

Table 4-5: Other Revenues

Line Item	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
Finished Water*	$8,878,168	$8,318,332	$8,495,979	$8,679,263	$8,868,347	$9,058,449	$8,913,386	$9,116,704	$9,326,697	$9,543,241	$8,748,694
Cost of Stored & Acquired Water**	$972,672	$882,419	$882,419	$882,419	$882,419	$882,419	$882,419	$882,419	$882,419	$882,419	$882,419
Other Operating Revenue	$22,000	$22,330	$22,665	$23,005	$23,350	$23,700	$24,056	$24,417	$24,783	$25,155	$25,532
General Purpose Tax	$1,049,500	$1,065,243	$1,081,221	$1,097,439	$1,113,901	$1,130,610	$1,147,569	$1,164,782	$1,182,254	$1,199,988	$1,217,988
Land Only Tax	$11,121,500	$11,455,145	$11,798,799	$12,152,763	$12,517,346	$12,892,867	$13,279,653	$13,678,042	$14,088,383	$14,511,035	$14,946,366
Other Non-Operating Revenues	$1,270,250	$320,250	$320,250	$320,250	$320,250	$320,250	$320,250	$320,250	$320,250	$320,250	$320,250
Interest Income	$2,489,636	$1,735,777	$1,331,158	$1,172,427	$1,015,604	$894,343	$776,281	$688,744	$671,364	$617,137	$114,662
Total Other Revenue	$25,803,726	$23,799,496	$23,932,491	$24,327,567	$24,741,217	$25,202,637	$25,343,613	$25,875,357	$26,496,149	$27,099,224	$26,255,911

* Direct pass through of wholesale cost of stored & acquired water, operations & maintenance costs of the WTP, additions to the WTP asset replacement reserve, and debt service associated with the WTPs.

** Excluding Cost of Stored & Acquired Water revenues captured within Finished Water. The cost of stored and aquired water is a pass-through cost from USBR.

4.2. Revenue Requirements

SBCWD's revenue requirements are comprised of four primary cost categories: (1) O&M; (2) capital projects; (3) debt service; and (4) reserve targets. Each of these cost components are identified in Table 4-6 through Table 4-9 and are described in more detail below.

4.2.1. Operating and Maintenance Expenses

Table 4-6 shows SBCWD's projected O&M expenses for the study period. These costs are escalated each year using the following assumptions: (1) general-related costs escalate at 3.0 percent per year; (2) salary-related costs escalate at 2.5 percent per year; (3) benefits escalate at 6 percent per year; and (4) utilities escalate at 3.5 percent per year. The detailed O&M expenses are shown in Appendix C.

Table 4-6: O&M Expenses

Line Item	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
Cost Of Water [1]	$2,319,651	$1,515,951	$1,535,149	$1,554,994	$1,575,484	$1,592,190	$1,610,834	$1,629,571	$1,649,138	$1,669,259	$1,690,119
Water Treatment Plants	$4,978,852	$5,132,463	$5,290,911	$5,454,352	$5,622,945	$5,796,341	$5,975,348	$6,159,930	$6,350,355	$6,546,778	$6,749,419
Direct Power & Other Power (Raw Water)	$435,350	$452,246	$469,852	$488,199	$507,319	$526,791	$547,210	$568,424	$590,546	$613,586	$637,606
USBR Mandatory Contract	$1,942,152	$4,463,378	$6,984,605	$6,984,605	$6,984,605	$6,984,605	$6,984,605	$6,984,605	$6,984,605	$6,984,605	$6,281,862
Contract Services	$1,755,804	$1,319,070	$1,358,642	$1,415,384	$1,441,383	$1,612,323	$1,546,629	$1,575,038	$1,622,289	$1,690,043	$1,869,124
General and Administrative	$401,700	$413,751	$426,164	$438,948	$452,117	$465,680	$479,651	$494,040	$508,862	$524,127	$539,851
Materials and Equipment	$925,320	$953,080	$981,672	$1,011,122	$1,041,456	$1,072,699	$1,104,880	$1,138,027	$1,172,168	$1,207,333	$1,243,553
Utilities	$295,600	$307,072	$319,027	$331,484	$344,467	$357,688	$371,552	$385,956	$400,977	$416,621	$432,930
Wages and Employee Related Expenses	$3,214,371	$3,317,646	$3,424,870	$3,536,225	$3,651,901	$3,772,098	$3,897,026	$4,026,907	$4,161,975	$4,302,474	$4,448,665
Spot Purchases Until ASR Phase I online	$0	$814,983	$955,415	$735,330	$962,188	$0	$0	$0	$0	$0	$0
Semitropic O&M	$8,600	$8,858	$9,124	$9,397	$9,679	$9,970	$10,269	$10,577	$10,894	$11,221	$11,558
Costs Associated with Santa Clara Valley WD	$658,700	$678,461	$698,815	$719,779	$741,373	$763,614	$786,522	$810,118	$834,421	$859,454	$885,238
Costs Associated with San Luis Delta Mendota (Other)	$984,000	$576,210	$596,084	$616,644	$637,916	$659,922	$682,689	$706,242	$730,610	$755,821	$781,903
END OF WORKSHEET	$17,920,100	$19,953,168	$23,050,330	$23,296,465	$23,972,833	$23,613,921	$23,997,216	$24,489,435	$25,016,841	$25,581,324	$25,571,827

[1] This is a pass-through cost from USBR.

O&M expenses fall into five primary cost categories: (1) cost of water; (2) charges from USBR; (3) charges from San Luis and Delta-Mendota Water Authority ("SLDMWA"); (4) charges from Santa Clara Valley Water District ("SCVWD"); and (5) SBCWD's overhead costs.

- **Cost of Water:** This cost category includes the line item for "cost of water," which are the pass through costs incurred from the USBR. In addition to pass-through costs from the USBR, the cost of water also includes costs attributable only to M&I users (e.g., water treatment plants) and costs attributable only to agricultural water users (e.g., direct power & other power).

- **USBR Debt Payments:** This cost category recovers costs associated with SBCWD's contract with the USBR to receive water from the CVP, primarily the capital costs associated with the original construction of the facilities needed to convey CVP water to San Benito County.

- **SLDMWA Charges:** This cost category recovers costs associated with SLDMWA charges for the District's share of maintaining and operating CVP facilities. This is a pass-through cost that is imposed equally on all customer classes that receive imported CVP supplies on a volumetric basis.

- **SCVWD Charges:** This cost category recovers costs associated with SCVWD charges for maintaining and operating the San Felipe Reach 1 section of the pipeline from San Luis Reservoir to Casa de Fruta. This is a pass-through cost that is imposed equally on all customer classes that receive imported CVP supplies on a volumetric basis.

- **SBCWD Operational Costs:** This cost category includes SBCWD's overall operational expenses and includes the following line items from Table 4-6: contract services, general and administrative, material and equipment, wages and employee related expenses, and utilities.

4.2.2. Capital Improvement Plan and Funding

SBCWD has developed a capital improvement program to address current and future needs of the water system. Based on discussions with SBCWD staff, the model presumes that capital costs escalate at 5 percent per year for FY 2026 and FY 2027, then lower to 4 percent per year for FY 2028 and FY 2029, then level out at the long-term historical average of 3 percent per year. Anticipated capital improvements are summarized in Figure 4-1 and costs at the project category level are shown in Table 4-7. The large cost increase in the capital financing plan shown for FY 2026 is due to the costs associated with ADRoP. Aside from the costs associated with ADRoP, the other planned cost increase shown in the capital financing plan (between FY 2030 and FY 2033) is due to implementation of a supply and reliability project and implementation of the Delta-Mendota Canal Subsidence Project. A detailed version of the capital improvement plan is in Appendix B.

Figure 4-1: Capital Improvement Program with Funding Sources

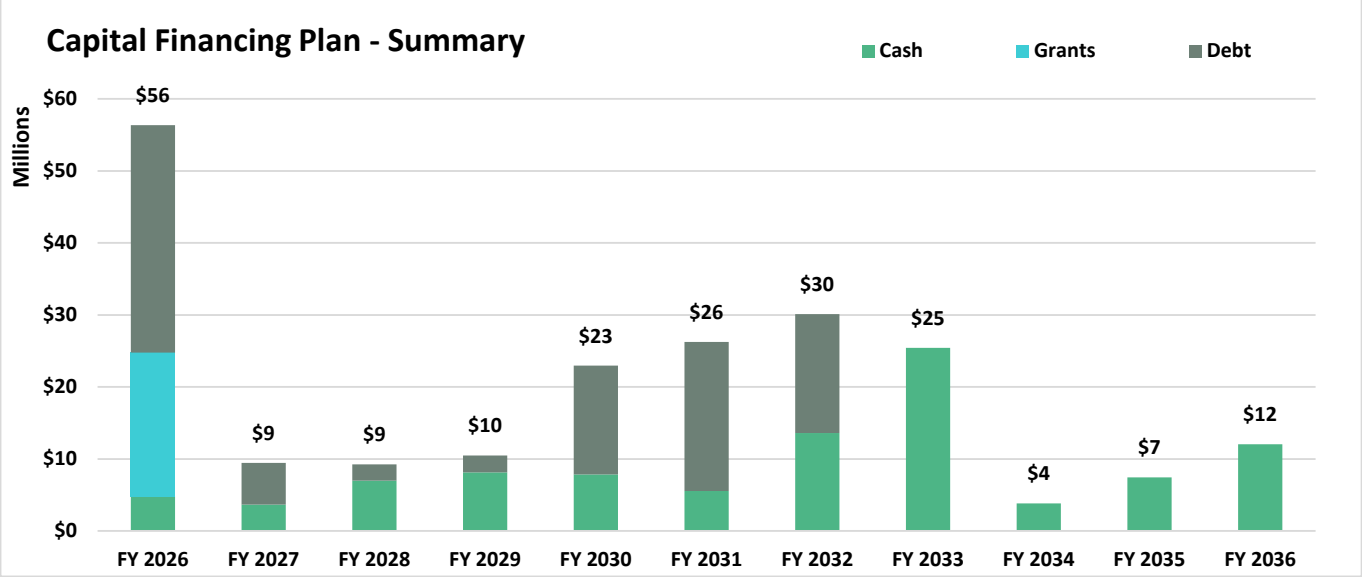


Table 4-7: Proposed Capital Improvement Program

Project Category	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
Pumping System Evaluation & Rebuild	$59,370	$62,338	$64,832	$67,425	$69,448	$71,531	$73,677	$75,888	$78,164	$80,509	$82,924
WTP Projects	$0	$0	$0	$0	$0	$0	$0	$0	$0	$3,533,538	$0
Pacheco Pump Replacement	$0	$0	$0	$799,852	$823,847	$848,563	$874,020	$0	$0	$0	$0
Lateral Rehabs	$835,761	$542,415	$550,184	$639,412	$1,117,212	$1,112,401	$284,221	$0	$0	$0	$0
SBCWD Share of SCVWD Projects	$24,560	$212,560	$3,439,881	$3,589,869	$2,691,833	$309,971	$4,279,647	$0	$0	$0	$0
SLDM: Canal Subsidence Estimate	$0	$0	$0	$0	$12,700,253	$0	$0	$0	$0	$0	$0
Special Shelf Angle Replacement	$2,475,000	$2,598,750	$2,702,700	$2,810,808	$2,895,132	$2,981,986	$3,071,446	$3,163,589	$3,258,497	$3,356,252	$0
Supply & Reliability Projects	$52,749,979	$2,280,019	$2,258,756	$2,349,106	$2,419,580	$20,680,352	$21,300,762	$21,939,785	$245,044	$252,396	$11,958,501
Total CIP	$56,144,670	$5,696,083	$9,016,353	$10,256,473	$22,717,305	$26,004,804	$29,883,773	$25,179,262	$3,581,705	$7,222,694	$12,041,426

4.2.3. Debt Service

Debt service requirements include principal and interest payments being made on bonds and loans previously issued, as well as forecasted payments for projected future bonds and loans.

4.2.3.1. Existing Debt Service

SBCWD has three outstanding loans. The annual existing debt service over the financial planning period is summarized in Table 4-8.

Table 4-8: Existing Debt Service

Line Item	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
WIIN CBT	$225,662	$226,006	$226,269	$226,451	$226,553	$226,573	$226,513	$226,372	$226,150	$225,848	$225,464
Citi National	$463,117	$463,117	$463,117	$463,117	$463,117	$347,338	$0	$0	$0	$0	$0
UAL	$243,167	$242,867	$243,407	$242,786	$243,004	$243,047	$242,915	$243,594	$243,082	$243,381	$242,489
Total	$931,946	$931,990	$932,793	$932,354	$932,674	$816,958	$469,428	$469,966	$469,232	$469,228	$467,954

4.2.3.2. Projected New and Proposed Debt Service

The financial plan includes a new bond that was recently issued for ADRoP and presumes two new bonds will be issued over the financial planning period to help cover implementation of a water supply and reliability project and the Delta-Mendota Canal Subsidence Project. The debt for ADRoP was obtained in FY 2025 with payments starting in FY 2026. The debt for the water supply and reliability project is based on a 5.6 percent interest rate, a 30-year term, and a 0.9 percent cost of issuance. The debt for the Delta-Mendota Canal Subsidence Project is based on 3.5 percent interest rate, 30-year term, and a 1.5 percent issuance cost[4]. Table 4-9 shows the new ADRoP debt and proposed debt service for the water supply and canal projects included in the financial plan.

Table 4-9: New and Proposed Debt Service

Line Item	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
Water Reliability Project	$1,532,631	$2,928,875	$2,927,250	$2,927,750	$2,930,125	$2,929,250	$2,930,000	$2,927,250	$2,930,750	$2,930,250	$2,930,625
Water Supply Project	$0	$3,500,000	$3,500,000	$3,500,000	$3,500,000	$3,500,000	$3,500,000	$3,500,000	$3,500,000	$3,500,000	$3,500,000
Canal Subsidence	$0	$0	$0	$0	$701,045	$701,045	$701,045	$701,045	$701,045	$701,045	$701,045
Total	$1,532,631	$6,428,875	$6,427,250	$6,427,750	$7,131,170	$7,130,295	$7,131,045	$7,128,295	$7,131,795	$7,131,295	$7,131,670

4.2.4. Reserve Targets

SBCWD has several operating and capital reserves for Zone 6, as shown in Table 4-10. A description of the purpose of each reserve is shown in Appendix D.

[4] These assumptions are for planning purposes, and SBCWD should work with its municipal financial advisor as the time to bid projects nears to reflect capital pricing and bond market terms and conditions at that time.

Table 4-10: Reserve Balances at Beginning of FY 2026

Reserve	FY 2026 Beginning Balance
Undesignated	$27,802,136
Operations Reserves	$3,110,298
Capital Improvement Reserves	$5,269,611
Self-Insurance Reserve	$100,000
Capital Asset Replacement Reserve	$3,477,278
OPEB Trust	$942,371
Water Supply Revolving Reserve	$2,270,980
Future Water Supply Project	$1,643,685
San Felipe - Holister Conduit Reserve	$250,000
San Felipe - Reach 1 Reserve	$585,030
USBR Reserve	$24,685,457
Reach 1 Major R&R Reserve	$3,795,352
WTP - Asset Replacement	$5,024,780
Total	$78,956,978

4.3. Proposed Financial Plan and Revenue Adjustments

The proposed financial plan enables SBCWD to set rates to generate sufficient revenues to meet its short-term and long-term obligations and avoid significant future rate fluctuations. The plan shows the revenues that will be used to maintain appropriate reserves and provide adequate debt coverage while maintaining a sensitivity to rate increases.

To meet projected revenue requirements and to maintain desired reserve levels, the revenue adjustments shown in Table 4-11 are proposed to the existing water rates. Revenue adjustments are shown outside the rate setting period (FY 2026 – FY 2028*) for planning purposes only* and are subject to future Board approval.

Table 4-11: Annual Revenue Adjustments

Effective Date	Increase
3/1/2026	2%
3/1/2027	2%
3/1/2028	2%
3/1/2029	2%
3/1/2030	2%
3/1/2031	2%
3/1/2032	2%
3/1/2033	2%
3/1/2034	2%
3/1/2035	2%

The Zone 6 financial plan shown in Table 4-12 provides a basis for evaluating the timing and level of water revenue adjustments needed to meet the revenue requirements over the study period. The financial plan shows an annual adjustment starting in FY 2026.

Table 4-12: Zone 6 Financial Plan

	Line Item	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
	Revenues											
1	Water Sales and Power Charges	$3,424,302	$3,457,998	$3,492,895	$3,528,968	$3,566,214	$3,596,582	$3,630,473	$3,664,532	$3,700,100	$3,736,676	$3,774,594
2	Total Adjustments	$22,829	$92,674	$165,340	$240,968	$319,705	$400,808	$485,286	$572,926	$664,059	$758,769	$857,290
3	Water Reliability Charge [1]	$593,045	$623,328	$654,987	$688,043	$722,535	$754,011	$788,159	$823,149	$859,781	$897,801	$937,448
4	Capacity Fee Revenue	$1,721,671	$5,865,926	$6,264,225	$6,667,673	$7,089,689	$5,959,085	$6,844,373	$7,080,026	$7,620,352	$8,074,137	$8,614,558
	Other Revenue											
5	Other Operating Revenue	$22,000	$22,330	$22,665	$23,005	$23,350	$23,700	$24,056	$24,417	$24,783	$25,155	$25,532
6	Finished Water	$8,878,168	$8,318,332	$8,495,979	$8,679,263	$8,868,347	$9,058,449	$8,913,386	$9,116,704	$9,326,697	$9,543,241	$8,748,694
7	Cost of Stored & Acquired Water [2]	$972,672	$882,419	$882,419	$882,419	$882,419	$882,419	$882,419	$882,419	$882,419	$882,419	$882,419
8	General Purpose Tax	$1,049,500	$1,065,243	$1,081,221	$1,097,439	$1,113,901	$1,130,610	$1,147,569	$1,164,782	$1,182,254	$1,199,988	$1,217,988
9	Land Only Tax	$11,121,500	$11,455,145	$11,798,799	$12,152,763	$12,517,346	$12,892,867	$13,279,653	$13,678,042	$14,088,383	$14,511,035	$14,946,366
10	Other Non-Operating Revenues	$1,270,250	$320,250	$320,250	$320,250	$320,250	$320,250	$320,250	$320,250	$320,250	$320,250	$320,250
11	Interest Income	$2,489,636	$1,789,077	$1,421,115	$1,264,661	$1,110,174	$991,307	$875,699	$790,679	$775,880	$724,299	$136,417
12	**Total Revenue**	$31,565,573	$33,892,721	$34,599,896	$35,545,452	$36,533,930	$36,010,087	$37,191,322	$38,117,926	$39,444,957	$40,673,769	$40,461,554
13	**Grants**	$19,986,890	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Expenses											
14	O&M	$17,920,100	$19,953,168	$23,050,330	$23,296,465	$23,972,833	$23,613,921	$23,997,216	$24,489,435	$25,016,841	$25,581,324	$25,571,827
15	Existing Debt Service	$2,464,577	$3,860,865	$3,860,043	$3,860,104	$3,862,799	$3,746,208	$3,399,428	$3,397,216	$3,399,982	$3,399,478	$3,398,579
16	Proposed Debt Service	$0	$3,500,000	$3,500,000	$3,500,000	$4,201,045	$4,201,045	$4,201,045	$4,201,045	$4,201,045	$4,201,045	$4,201,045
17	Capital Projects - Cash Funded [3]	$4,780,695	$147,067	$6,988,600	$8,138,370	$7,828,475	$5,555,456	$13,602,590	$25,410,265	$3,812,709	$7,453,698	$12,041,426
18	**Total Expenses**	$25,165,371	$27,461,100	$37,398,972	$38,794,939	$39,865,152	$37,116,630	$45,200,280	$57,497,961	$36,430,577	$40,635,545	$45,212,877
19	**Net Cash Flow (Annual Surplus/(Deficit))**	$26,387,092	$6,431,621	($2,799,077)	($3,249,487)	($3,331,222)	($1,106,543)	($8,008,958)	($19,380,036)	$3,014,380	$38,224	($4,751,322)
20	Beginning Balance	$75,291,348	$101,678,440	$108,110,061	$105,310,984	$102,061,497	$98,730,275	$97,623,731	$89,614,774	$70,234,738	$73,249,118	$73,287,342
21	**Ending Balance**	$101,678,440	$108,110,061	$105,310,984	$102,061,497	$98,730,275	$97,623,731	$89,614,774	$70,234,738	$73,249,118	$73,287,342	$68,536,020
22	Target Reserve	$40,107,536	$47,911,321	$51,443,139	$49,994,309	$50,601,289	$53,213,648	$52,502,421	$53,545,832	$54,819,311	$54,960,542	$48,541,982
	Debt Coverage											
23	Calculated	5.54	1.89	1.57	1.66	1.56	1.56	1.74	1.79	1.90	1.99	1.96
24	Required	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20

[1] For the benefit of existing customers.
[2] Cost of Stored and Acquired Water cost not already captured within Finished Water. This is a pass-through cost from USBR.
[3] Cash from rate-based revenues, general purpose tax revenue, and capacity fees.

Figure 4-2 shows the projected fund balance for Zone 6. With the mix of rates, charges, and bond issues, the fund balances are projected to be drawn down yet stay above target over the planning horizon.

Figure 4-2: Zone 6 Projected Fund Balance

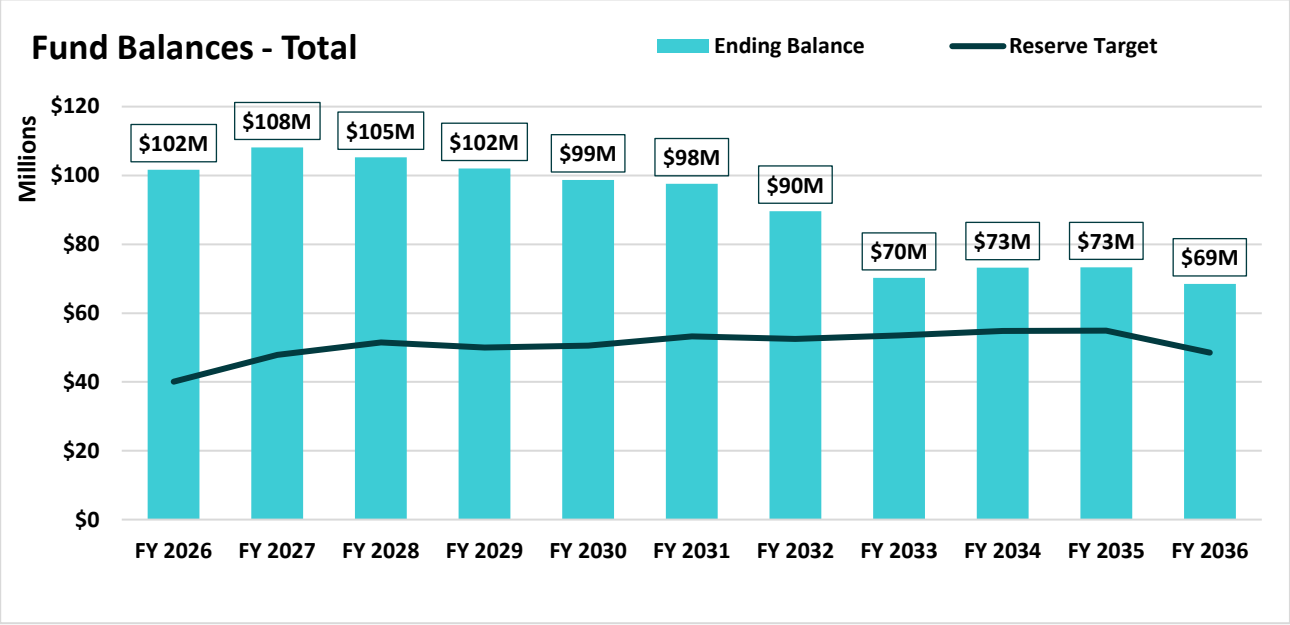
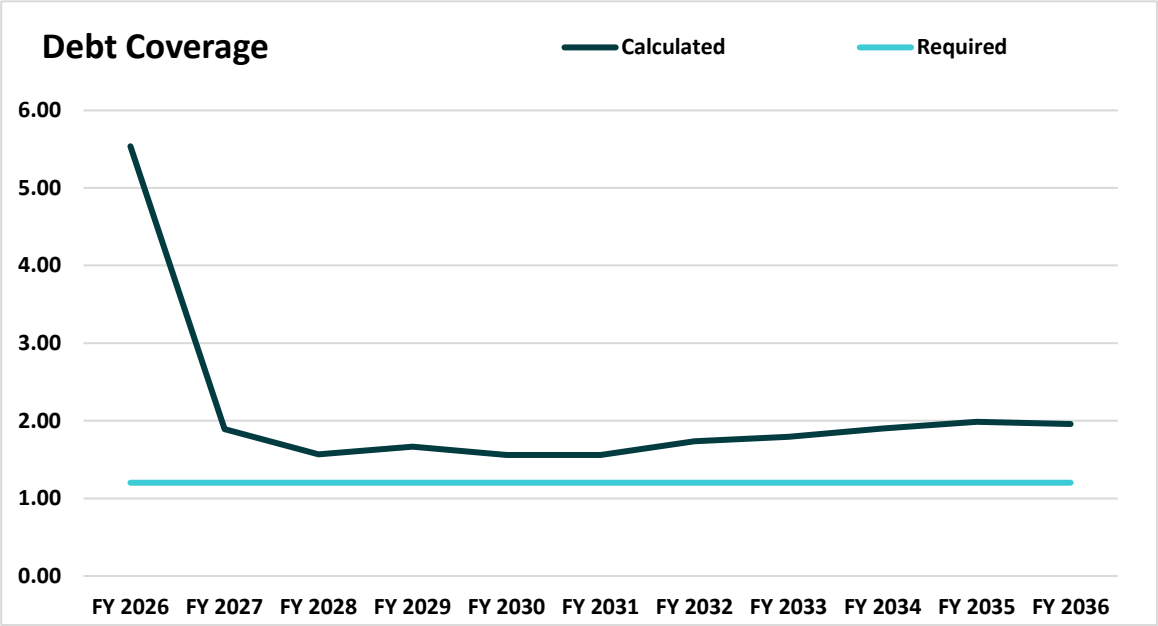


Figure 4-3 graphically displays the projected debt service coverage. With the proposed revenue adjustments and given the assumptions made for this study, SBCWD is expected to stay above its target debt service coverage ratio.

Figure 4-3: Projected Debt Service Coverage



5. Cost-of-Service Analysis

The overall goal of the cost-of-service analysis is to allocate the revenue requirement to the following customer classes: (1) Zone 6 agricultural water service; (2) Zone 6 M&I water service, wholesale and retail; (3) recycled water service; (4) Zone 6 groundwater users; and (5) power customers. Cost-of-service analyses are based on a single year, the "test year". The allocation of revenue requirements is based on direct assignments or by usage. The allocation process ultimately determines the costs on a unit basis (e.g., volumetric charges). The unit rates then help guide the process for setting rates. This process follows the guidelines set out in the AWWA M1 Manual, modified, as applicable, to align with applicable legal requirements (e.g., Propositions 26 and 218).

After determining a utility's revenue requirement, the next step in a cost-of-service analysis is to assign the "net revenue requirements" (i.e., revenue requirements, less other applicable revenue sources) to each customer class based on the proportional cost of providing service to that customer class. A summary of the framework for allocating net revenue requirements to the four customer classes that pay rates or charges included within this rate study is:

(1) Zone 6 agricultural water service: The costs imposed on customers that receive agricultural water service include: (a) pass-through costs associated with SLDMWA and SCVWD charges; (b) SBCWD's direct costs associated with agricultural water service; and (c) a portion of SBCWD's operational costs.

(2) Zone 6 M&I water service, wholesale and retail: The costs imposed on customers that receive agricultural water service include: (a) pass-through costs associated with SLDMWA and SCVWD charges; (b) SBCWD's direct costs associated with M&I water service; and (c) a portion of SBCWD's operational costs.

(3) Recycled water service: The costs associated with recycled water operations, maintenance, and power supply.

(4) Zone 6 groundwater users (Agricultural and M&I): The costs associated with maintaining groundwater supplies for all groundwater extractors within Zone 6, including planning for groundwater management activities and carrying out groundwater management (direct and indirect recharge). Groundwater costs specific to groundwater extractions for agricultural purposes or for M&I purposes are allocated to those specific customer classes.

(5) Power customers: Power costs associated with importing CVP supplies and treating imported CVP supplies are allocated to water users who receive water service from SBCWD on a per acre-foot basis based on actual usage.

5.1. Revenue Requirements (Costs-of-Service) to be Allocated

The annual cost-of-service, or revenue requirement, to be recovered from water rates includes O&M expenses (Table 4-6), capital costs (Table 4-7), debt service (Table 4-8 and Table 4-9), and maintaining target reserve balances (Table 4-12). The total FY 2026 net cost-of-service to be recovered by SBCWD customers is shown

at the bottom of Table 5-1. The cost-of-service analysis is based on the need to generate revenues adequate to meet this estimated revenue requirement. As part of the cost-of-service analysis, revenues from sources other than water rates are deducted from the appropriate cost elements ("Revenue Offsets"). Additional deductions are made for interest income and other non-operating income during FY 2026. Adjustments are also made for adjustments to reserves.

Table 5-1: Projected Net Revenue Requirement, FY 2026

No.	Line Item	Operating	Capital-Related	Total
	Total Revenue Requirements			
1	O&M	$17,920,100		$17,920,100
	Debt Service			
2	WIIN Debt Service		$225,662	$225,662
3	Citi National DS		$463,117	$463,117
4	UAL Sterling		$243,167	$243,167
	Capital			
5	RW Repayment		$231,003	$231,003
6	Cash Funded Capital		$3,370,131	$3,370,131
7	Reach 1 Major R&R		$24,560	$24,560
8	Transfer to Water Reliability		$1,532,631	$1,532,631
9	Subtotal Revenue Requirements	$17,920,100	$6,090,271	$24,010,371
	Revenue Offsets			
10	Other Operating Revenue	-$22,000		-$22,000
11	Finished Water	-$6,325,831	-$2,552,337	-$8,878,168
12	Cost of Stored & Acquired Water [1]	-$972,672		-$972,672
13	General Purpose Tax	-$731,999	-$317,501	-$1,049,500
14	Land Only Tax	-$11,121,500		-$11,121,500
14	Other Non-Operating Revenues	-$1,270,250		-$1,270,250
15	Interest Income		-$2,489,636	-$2,489,636
16	Subtotal Revenue Offsets	-$20,444,252	-$5,359,474	-$25,803,726
	Adjustments			
17	To (from) Reserves	$4,174,730	$1,065,756	$5,240,486
18	Additional Rev. for Partial-year Adj.		$45,657	$45,657
19	Subtotal Adjustments	$4,174,730	$1,111,413	$5,286,143
20	**Costs to be Recovered from Rates**	**$1,650,578**	**$1,842,210**	**$3,492,788**

[1] Cost of Stored and Aquired Water not already captured within Finished Water. This is a pass-through cost from USBR.

5.2. Allocation of Revenue Requirements to Cost Components

Once the costs to be recovered from rate-based revenue are determined, the costs are allocated to cost components, in this case SBCWD's customer classes. Net O&M expense, shown in the "Operating" column of Table 5-1, is allocated to the different rate components as shown in Table 5-2. O&M line item expenses are allocated based on input and review by SBCWD. For example, O&M costs associated with M&I water service ("finished water") are allocated 100 percent to Zone 6 M&I water customers. O&M costs solely for groundwater management are allocated 100 percent to Zone 6 groundwater users. Source of supply costs (i.e., pass-through costs) are allocated equally to each customer class on a volumetric basis. Allocation of particular

O&M line items to each customer class is shown in Appendix E. Revenue offsets and adjustments are allocated based on discussions with SBCWD or are a direct pass-through offset (i.e., these revenues reduce the total O&M expenses to be recovered through rates and charges).

Net Capital-Related costs are allocated as shown in Table 5-3. Most costs are directly assigned. Those that are not, are allocated like net plant investment. The allocation of net plant investment is shown in Appendix F.

The tables and appendices referenced above demonstrate that, after application of relevant revenue offsets, the rates and charges evaluated in this rate study are only used to generate revenues necessary to pay costs that are directly associated with providing the service for which each rate or charge is imposed. Because the rates and charges evaluated in this rate study only recover costs that are directly associated with providing the service for which the rates and charges are imposed, SBCWD's methodology for allocating costs to each customer class satisfies the substantive requirements of Propositions 26 and 218 and SBCWD's enabling act (i.e., the costs recovered through each rate or charge do not exceed the cost of providing service).

Table 5-2: Net O&M Allocation

Line Item	Test Year	Groundwater			San Felipe							Power Charge		Finished	Recycled	
					SF - Stored & Acquired[1]											
		All	Ag Only	M&I Only	*COW/USBR*	*Semitropic*	*SLDMWA*	*SCVWD*	*SBCWD*	*SBCWD Ag Only*	*SBCWD M&I Only*	All	Sub9	Water	Water	Power
O&M	$17,920,100	$758,252	$31,071	$24,735	$972,672	$8,600	$634,277	$802,686	$6,284,947	$14,688	$183,156	$1,488,833	$76,781	$6,325,831	$264,572	$49,000
Revenue Offsets & Adjustments																
Other Operating Revenue	-$22,000	-$1,818	-$74	-$59	$0	$0	$0	$0	-$15,068	-$35	-$439	-$3,570	-$184	$0	-$634	-$117
Finished Water	-$6,325,831	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	-$6,325,831	$0	$0
Cost of Water [1]	-$972,672	$0	$0	$0	-$972,672	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Purpose Tax	-$731,999	-$709,199	$0	$0	$0	$0	-$4,000	-$18,800	$0	$0	$0	$0	$0	$0	$0	$0
Land Only Tax	-$11,121,500	$0	$0	$0	$0	$0	-$485,762	-$126,848	-$8,259,245	-$18,705	-$233,257	-$1,650,000	$0	$0	-$347,683	$0
Other Non-Operating	-$1,270,250	-$104,966	-$4,301	-$3,424	$0	$0	$0	$0	-$870,033	-$2,033	-$25,354	-$206,101	-$10,629	$0	-$36,625	-$6,783
Adjustments	$4,174,730	$344,975	$14,136	$11,254	$0	$0	$0	$0	$2,859,400	$6,682	$83,329	$677,360	$34,932	$0	$120,370	$22,293
Net O&M Rev. Req.	$1,650,578	$287,245	$40,831	$32,505	$0	$8,600	$144,515	$657,038	$0	$596	$7,434	$306,522	$100,901	$0	$0	$64,392

[1] This is a pass-through cost.

Table 5-3: Net Capital-Related Allocation

Line Item	Test Year	Ground Water		San Felipe						Power Charge		Finished	Recycled
		Ag Only	M&I Only	*Stored & Acquired [1]*	*SLDMWA*	*SCVWD*	*SBCWD*	*SBCWD Ag Only*	*SBCWD M&I Only*	All	Sub9	Water	Water
WIIN Debt Service	$225,662	$0	$0	$0	$0	$0	$0	$182,786	$42,876	$0		$0	$0
Citi National DS	$463,117	$0	$0	$0	$0	$0	$0	$0	$0	$0		$336,812	$126,305
UAL Sterling	$243,167	$956	$213	$0	$0	$0	$0	$49,273	$1,365	$25,640		$159,206	$6,513
RW Repayment	$231,003	$0	$0	$0	$0	$0	$0	$0	$0	$0		$0	$231,003
Cash Funded Capital	$3,370,131	$13,256	$2,958	$0	$0	$0	$0	$682,890	$18,923	$355,349		$2,206,489	$90,265
Reach 1 Major R&R	$24,560	$0	$0	$0	$0	$24,560	$0	$0	$0	$0		$0	$0
Transfer to Water Reliability	$1,532,631	$0	$0						$1,532,631	$0		$0	$0
Revenue Offsets & Adjustments													
Finished Water	-$2,552,337	$0	$0	$0	$0	$0	$0	$0	-$752,178	$0		-$1,800,159	$0
General Purpose Tax	-$317,501	-$8,792	-$1,962	$0	$0	$0	$0	$0	$0	$0		$0	-$306,748
Interest Income	-$2,489,636	-$9,793	-$2,185	$0	$0	$0	$0	-$504,475	-$13,979	-$262,509		-$1,630,012	-$66,682
Adjustments	$1,111,413	$4,372	$976	$0	$0	$0	$0	$225,206	$6,241	$117,188		$727,664	$29,768
Net Capital-Related Rev. Req.	$1,842,210	$0	$0	$0	$0	$24,560	$0	$635,680	$835,878	$235,668	$0	$0	$110,424

[1] This is a pass-through cost from USBR.

5.3. Unit Cost Derivation

The next step of the cost-of-service analysis is to calculate the unit cost. The unit cost is determined for each customer class based on the amount of demand projected for the test year (Table 4-2 and Table 4-3) and the net revenue requirements from Table 5-2 and Table 5-3. Table 5-4 shows the development of the unit costs. The bold unit rates shown in the last row of Table 5-4 are the FY 2026 costs-of-service based rates for each charge (or component of a charge). For example, the total Subsystem 9 power charge is the sum of the All power unit rate and the Subsystem 9 unit rate. The unit rates have been rounded to the nearest whole dollar.

Table 5-4: Unit Cost-of-Service, FY 2026

		Groundwater			San Felipe							Power Charge		Recycled	
					Stored & Acquired [1]					SBCWD					
Line Item	Test Year	All	Ag Only	M&I Only	COW/USBR	Semitropic	SLDMWA	SCVWD	SBCWD	Ag Only	M&I Only	All	Subsystem 9	Water	Power
Units, AF		*21,110*	*16,310*	*4,800*			*12,039*	*12,039*	*12,039*	*7,710*	*4,329*	*11,889*	*1,518*	*420*	420
Net O&M Rev. Req.	$1,650,578	$287,245	$40,831	$32,505	$0	$8,600	$144,515	$657,038	$0	$596	$7,434	$306,522	$100,901	$0	$64,392
Net Capital-Related Rev. Req.	$1,842,210	$0	$0	$0	$0	$0	$0	$24,560	$0	$635,680	$835,878	$235,668	$0	$110,424	$0
Total	$3,492,788	$287,245	$40,831	$32,505	$0	$8,600	$144,515	$681,598	$0	$636,276	$843,312	$542,190	$100,901	$110,424	$64,392
Unit Cost, $/AF		$13.61	$2.50	$6.77			$13.00	$57.00		$82.53	$194.81	$45.60	$66.49	$263.00	$154.00
Total Unit Cost, $/AF			**$17.00**	**$21.00**		**$2.00**	**$13.00**	**$57.00**		**$83.00**	**$195.00**	**$46.00**	**$113.00**	**$263.00**	**$154.00**

[1] This is a pass-through cost.

6. Proposed Zone 6 Water and Power Rates

The test year unit costs-of-service presented in Table 5-4 are used to develop the proposed rate schedules shown in this section.

6.1. Agricultural Water Rates

The current and proposed agricultural water rates through FY 2028 are shown in Table 6-1. The March 1, 2026 Cost of Stored & Acquired Water is a direct pass-through of USBR rates. The other rate components (SLDMWA, SCVWD, and SBCWD) come from the unit rates shown in the last row of Table 5-4. All rate components for March 1, 2027 and March 1, 2028 are escalated in accordance with Table 4-11 and are rounded up to the nearest dollar.

Table 6-1: Current and Proposed Agricultural Rates, $/AF

San Felipe: Agricultural	Current	March 1, 2026	March 1, 2027	March 1, 2028
Cost of Stored & Acquired Water [1]	$119.65	$110.00	$112.00	$115.00
SLDMWA [2]	$11.97	$13.00	$14.00	$15.00
SCVWD [2]	$55.91	$57.00	$59.00	$61.00
SBCWD	$118.47	$83.00	$85.00	$87.00
Total	$306.00	$263.00	$270.00	$278.00

San Felipe: Agricultural Full Cost (RRA Section 205(a)(3))	Current	March 1, 2026	March 1, 2027	March 1, 2028
Cost of Stored & Acquired Water [1]	$119.65	$110.00	$112.00	$115.00
SLDMWA [2]	$11.97	$13.00	$14.00	$15.00
SCVWD [2]	$55.91	$57.00	$59.00	$61.00
SBCWD	$118.47	$83.00	$85.00	$87.00
Total	$306.00	$263.00	$270.00	$278.00

San Felipe: Agricultural Full Cost (RRA Section 202(3))	Current	March 1, 2026	March 1, 2027	March 1, 2028
Cost of Stored & Acquired Water [1]	$119.65	$110.00	$112.00	$115.00
SLDMWA [2]	$11.97	$13.00	$14.00	$15.00
SCVWD [2]	$55.91	$57.00	$59.00	$61.00
SBCWD	$118.47	$83.00	$85.00	$87.00
Total	$306.00	$263.00	$270.00	$278.00

[1] Cost of Stored & Acquired Water for March 1, 2026 provided by SBCWD. Other years escalated. This is a pass-through cost from USBR.

[2] Subject to pass-through if actual costs higher than projected.

Because the proposed agricultural water rates in Table 6-1 are limited to the proportional costs of providing agricultural water service, SBCWD's rate setting methodology satisfies applicable legal requirements.

6.2. M&I Water Rates

Current and proposed M&I rates for wholesale and retail customers are shown in Table 6-2. The March 1, 2026 Cost of Stored & Acquired Water is a direct pass-through of USBR rates plus semitropic costs.. The other rate components (SLDMWA, SCVWD, and SBCWD) come from the unit rates shown in the last row of Table 5-4 for March 1, 2026. All rate components for March 1, 2027 and March 1, 2028 are escalated in accordance with Table 4-11 and are rounded up to the nearest dollar.

Table 6-2: Current and Proposed M&I Water Rates, $/AF

San Felipe: Non-Agricultural (M&I) Wholesale	Current	March 1, 2026	March 1, 2027	March 1, 2028
Cost of Stored & Acquired Water [1]	$412.36	$152.00	$156.00	$160.00
SLDMWA [2]	$11.97	$13.00	$14.00	$15.00
SCVWD [2]	$55.91	$57.00	$59.00	$61.00
SBCWD	$142.76	$195.00	$199.00	$203.00
Total	$623.00	$417.00	$428.00	$439.00

San Felipe: Small Parcel Service, Non-Agricultural (M&I)	Current	March 1, 2026	March 1, 2027	March 1, 2028
Cost of Stored & Acquired Water [1]	$412.36	$152.00	$156.00	$160.00
SLDMWA [2]	$11.97	$13.00	$14.00	$15.00
SCVWD [2]	$55.91	$57.00	$59.00	$61.00
SBCWD	$142.76	$195.00	$199.00	$203.00
Total	$623.00	$417.00	$428.00	$439.00

[1] Cost of Stored & Acquired Water provided by SBCWD. This includes a pass-through of USBR costs.
[2] Subject to pass-through if actual costs higher than projected.

M&I customers are also subject to the water reliability charge. This charge is designed to recover costs associated with ADRoP, which enhances water supply reliability for M&I customers.

Table 6-3: Proposed Water Supply-Reliability Charge, $/AF

Water Reliability Charge [1]	Current	March 1, 2026	March 1, 2027	March 1, 2028
All M&I Customers	$250.00	$137.00	$140.00	$143.00

[1] Charge to cover reliability projects for the benefit of existing customers.

The total combined M&I rate, which includes the water reliability charge, is shown in Table 6-4.

Table 6-4: Total Proposed M&I Charge, $/AF

Total Charge	Current	March 1, 2026	March 1, 2027	March 1, 2028
Total M&I	**$873.00**	**$554.00**	**$568.00**	**$582.00**

Because the proposed M&I water rates for wholesale and retail customers in Table 6-2 through Table 6-4 are limited to the proportional costs of providing M&I water service, SBCWD's rate setting methodology satisfies applicable legal requirements.

6.3. Groundwater Charges

Table 6-5 shows the current and proposed groundwater charges. The March 1, 2026 rate is the cost-of-service rate and the subsequent years are in accordance with Table 4-11. While the cost-of-service analysis shows a need for increased rates for March 1, 2026, the groundwater charge will remain unchanged until March 1, 2027. The Groundwater charge will be escalated on March 1, 2028 in accordance with Table 4-11 and are rounded up to the nearest dollar.

Table 6-5: Current and Proposed Groundwater Rates, $/AF

Groundwater Charges (Well customers)	Current	March 1, 2026 COS	March 1, 2026 Proposed	March 1, 2027 Proposed	March 1, 2028 Proposed
Ag	$14.30	$17.00	$14.30	$18.00	$19.00
M&I	$14.30	$21.00	$14.30	$22.00	$23.00

Because the proposed groundwater charge in Table 6-5 is limited to the proportional cost of groundwater management within Zone 6, SBCWD's rate setting methodology satisfies applicable legal requirements.

6.4. Recycled Water Rates

Table 6-6 shows the current and proposed recycled water rates and power charges. The March 1, 2026 rates are the cost-of-service rate. The recycled water rate in subsequent years is escalated in accordance with Table 4-11 and are rounded up to the nearest dollar. The recycled water power rate in subsequent years is escalated at 3.5 percent per year consistent with the escalation used for utility-related costs. The recycled water power charge is subject to additional pass-through increases if actual costs are higher than projected.

Table 6-6: Current and Proposed Recycled Water and Power Rates, $/AF

Recycled Water Rates	Current	March 1, 2026	March 1, 2027	March 1, 2028
Recycled Water	$306.00	$263.00	$269.00	$275.00
Power Charge*	$108.30	$154.00	$160.00	$166.00

* Subject to pass-through if actual costs higher than projected.

Because the proposed recycled water charge in Table 6-6 is limited to the proportional costs of providing recycled water service, SBCWD's rate setting methodology satisfies applicable legal requirements.

6.5. Power Charges

Table 6-7 shows the current and proposed power charges. The March 1, 2026 rates are the cost-of-service rates and the subsequent years are escalated at 3.5 percent per year consistent with the escalation used for utility-related costs, rounded up to the nearest whole dollar. If the pass-through portion of the power charges increases, these charges are subject to those pass-throughs.

Table 6-7: Current and Proposed Power Charges, $/AF

Power Charge	Current	March 1, 2026	March 1, 2027	March 1, 2028
Subsystem 2*	$43.10	$46.00	$48.00	$50.00
Subsystem 6H*	$43.10	$46.00	$48.00	$50.00
Subsystem 9L*	$100.70	$113.00	$117.00	$122.00
Subsystem 9H*	$100.70	$113.00	$117.00	$122.00
All other subsystems*	$43.10	$46.00	$48.00	$50.00

* Subject to pass-through if actual costs higher than projected.

Because the proposed power charge in Table 6-7 is limited to the proportional costs of power associated with providing water service to particular portions of SBCWD's service area, SBCWD's rate setting methodology satisfies applicable legal requirements.

APPENDIX A:

Legal Requirements

This appendix summarizes the applicable legal requirements for the proposed changes to the rates and charges that are evaluated in the rate study prepared by Raftelis for San Benito County Water District (SBCWD).

A. Background on SBCWD's Rates and Charges

SBCWD is a County Water District organized pursuant to California Water Code Appendix, Chapter 70. SBCWD's boundaries include all of San Benito County. SBCWD's enabling act authorizes it to establish zones within its boundaries to import water for the benefit of those zones and to establish a groundwater charge for lands within zones that benefit from the recharge of underground water supplies or the distribution of imported water.

SBCWD established Zone 6, shown in Figure A-1, which receives imported water from the Central Valley Project (CVP) under SBCWD's contract with the United States Bureau of Reclamation (USBR). SBCWD has adopted water rates for its customers within Zone 6 that receive treated water directly from SBCWD for municipal purposes or raw water for agricultural purposes. Separately, SBCWD has imposed groundwater charges for the extraction of groundwater within Zone 6, with separate rates for agricultural and municipal uses. The rate study prepared by Raftelis proposes changes to the rates imposed on retail and wholesale water service customers within Zone 6 and its groundwater extraction charges, which are subject to the legal requirements identified below.

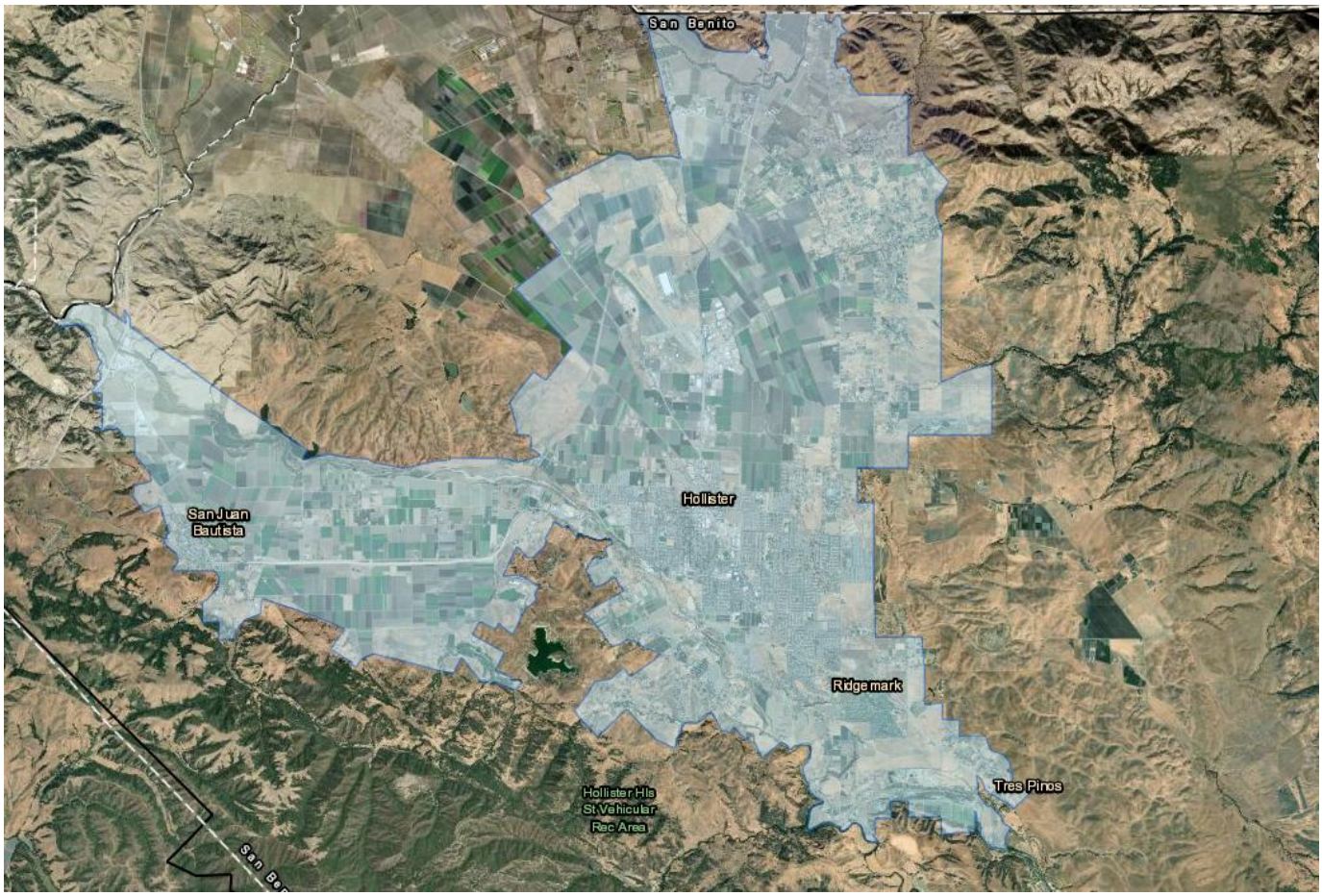


Figure A-1. Zone 6 of SBCWD.

B. Legal Requirements for Proposed Changes to Water Service Rates and Groundwater Extraction Charges

1. SBCWD's Enabling Act

Section 70-6 of SBCWD's enabling act authorizes it to import water and do any lawful act in furtherance of that purpose, which includes the imposition of water rates. Additionally, Section 70-7.1 of SBCWD's enabling act authorizes it to "levy and collect a ground water charge for the production of water from the ground water supplies within a zone or zones of the district which will benefit from the recharge of underground water supplies or the distribution of imported water in such zone or zones." Collectively, these legal authorities allow SBCWD impose the rates and charges on customers within Zone 6 that are evaluated in the rate study prepared by Raftelis.

2. Propositions 26 and 218

Propositions 26 and 218 create substantive requirements for the proposed changes to the rates and charges that are evaluated in the rate study. These substantive requirements are summarized below.

California Constitution Article XIIID, added by Proposition 218, imposes certain substantive and procedural restrictions on assessments, fees, and charges "assessed by any agency upon any parcel of property or upon any person as an incident of property ownership." (Cal. Const., art. XIIID, §3, subd.(a).) Among other things, article XIIID instructs that the amount of a "fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel." (*Id.*, §6, subd. (b)(3).) Article XIIID, Section 4 creates substantive and procedural requirements for qualifying "assessments" and Article XIIID, Section 6 creates substantive and procedural requirements for qualifying "fees or charges." The provisions governing "fees or charges" apply to water rates for water service.

In 2010, voters passed Proposition 26, which broadened the definition of "tax" in California Constitution Article XIIIC to include "any levy, charge, or exaction of any kind imposed by a local government." (Cal. Const., art. XIIIC, §1, subd.(e).) The updated definition contains numerous exceptions for certain types of exactions, including for "property-related fees imposed in accordance with the provisions of Article XIII D" (*id.*, §1, subd.(e)(7)), as well as for charges for "a specific benefit conferred or privilege granted," or "a specific government service or product" that is provided, "directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government" (*id.*, §1, subd.(e)(1) & (2)). To fall within one of these exemptions, the amount of the charge may be "no more than necessary to cover the reasonable costs of the governmental activity," and "the manner in which those costs are allocated to a payor" must "bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity." (Id., §1, subd. (e).)

Assessments, fees, or charges that do not meet the exceptions to the definition of "tax" in Article XIIIC are subject to voter approval and other requirements. Property-related assessments or fees and charges that do not meet the substantive requirements in Article XIIID, Sections 4 or 6 are a "tax" subject to voter approval. Similarly, assessments or fees and charges for a specific benefit conferred or service or product provided that "exceed the reasonable cost" or do not "bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity" are a "tax" subject to voter approval. The former set of assessments or fees and charges are subject to the

substantive and procedural requirements in Proposition 218, and the latter set are subject to substantive standards created by Proposition 26.

The rates and charges developed in this rate study were designed to comply with applicable requirements under the California Constitution, constitutional mandates as well as various provisions of the California law that support and add further guidance for implementing these constitutional requirements.

APPENDIX B:

Capital Improvement Program, Inflated

Project Description	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
Pumping System Evaluation and Rebuild Program	$59,370	$62,338	$64,832	$67,425	$69,448	$71,531	$73,677	$75,888	$78,164	$80,509	$82,924
Lessalt Water Treatment Plant Asset Management Project	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,261,978	$0
West Hills Water Treatment Plant Asset Management Project	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,271,560	$0
Pacheco Pump Replacement Project	$0	$0	$0	$799,852	$823,847	$848,563	$874,020	$0	$0	$0	$0
Lateral 4 Rehab Project	$835,761	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Lateral 5 Rehab Project	$0	$542,415	$0	$0	$0	$0	$0	$0	$0	$0	$0
Lateral 6 Rehab Project	$0	$0	$550,184	$0	$0	$0	$0	$0	$0	$0	$0
Lateral 7 Rehab Project	$0	$0	$0	$639,412	$0	$0	$0	$0	$0	$0	$0
Lateral 9 Rehab Project	$0	$0	$0	$0	$1,117,212	$0	$0	$0	$0	$0	$0
Lateral 10 Rehab Project	$0	$0	$0	$0	$0	$1,112,401	$0	$0	$0	$0	$0
Lateral 11 Rehab Project	$0	$0	$0	$0	$0	$0	$284,221	$0	$0	$0	$0
Santa Clara Valley WD - SBCWD Share	$24,560	$212,560	$3,439,881	$3,589,869	$2,691,833	$309,971	$4,279,647	$0	$0	$0	$0
SLDM: Canal Subsidence Estimate	$0	$0	$0	$0	$12,700,253	$0	$0	$0	$0	$0	$0
Special Shelf Angle Replacement	$2,475,000	$2,598,750	$2,702,700	$2,810,808	$2,895,132	$2,981,986	$3,071,446	$3,163,589	$3,258,497	$3,356,252	$0
Reliability Project	$51,594,979	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Growth Projects	$1,155,000	$2,280,019	$2,258,756	$2,349,106	$2,419,580	$20,680,352	$21,300,762	$21,939,785	$245,044	$252,396	$11,958,501
Total Project Costs - Inflated	**$56,144,670**	**$5,696,083**	**$9,016,353**	**$10,256,473**	**$22,717,305**	**$26,004,804**	**$29,883,773**	**$25,179,262**	**$3,581,705**	**$7,222,694**	**$12,041,426**

APPENDIX C:

O&M Expenses

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
Cost of Water - pass through	$2,319,651	$1,515,951	$1,535,149	$1,554,994	$1,575,484	$1,592,190	$1,610,834	$1,629,571	$1,649,138	$1,669,259	$1,690,119
Costs Associated with Santa Clara Valley WD											
San Felipe Reach 1 (SantaClara)	$658,700	$678,461	$698,815	$719,779	$741,373	$763,614	$786,522	$810,118	$834,421	$859,454	$885,238
Total Santa Clara Valley WD	$658,700	$678,461	$698,815	$719,779	$741,373	$763,614	$786,522	$810,118	$834,421	$859,454	$885,238
PW-CVP Facility O&M -SLDMWA	$927,000	$517,500	$535,613	$554,359	$573,762	$593,843	$614,628	$636,140	$658,405	$681,449	$705,299
Direct Power & Other Power (Raw Water)											
600-5211-0000-513-07 PW-Direct Pumping - Ag	$322,050	$334,549	$347,573	$361,145	$375,289	$389,693	$404,799	$420,491	$436,856	$453,900	$471,669
600-5251-0000-513-07 PW-Direct Pumping - M&I	$113,300	$117,697	$122,279	$127,054	$132,030	$137,098	$142,412	$147,932	$153,690	$159,686	$165,937
Total Direct Power & Other Power	$435,350	$452,246	$469,852	$488,199	$507,319	$526,791	$547,210	$568,424	$590,546	$613,586	$637,606
Contract Services											
Legal											
600-6210-0000-563-06 CS-Legal-GA	$123,950	$127,669	$131,499	$135,444	$139,507	$143,692	$148,003	$152,443	$157,016	$161,727	$166,578
Engineering											
600-6220-0000-563-02 CS-Engineering-GA	$112,000	$115,360	$118,821	$122,385	$126,057	$129,839	$133,734	$137,746	$141,878	$146,135	$150,519
600-6220-0145-541-02 CS-San Justo Reservoir Survey	$20,000			$15,983			$17,466			$19,085	
600-6220-0602-531-01 CS Engineering - Lessalt WT	$75,000	$77,250	$79,568	$81,955	$84,413	$86,946	$89,554	$92,241	$95,008	$97,858	$100,794
Accounting - GA	$64,850	$66,796	$68,799	$70,863	$72,989	$75,179	$77,434	$79,757	$82,150	$84,615	$87,153
General Consulting											
600-6240-0000-563-02 CS-General Consulting GA	$20,000	$20,600	$21,218	$21,855	$22,510	$23,185	$23,881	$24,597	$25,335	$26,095	$26,878
600-6240-0000-563-06 CS-General Consulting-GA	$101,900	$104,957	$108,106	$111,349	$114,689	$118,130	$121,674	$125,324	$129,084	$132,956	$136,945
600-6240-0912-541-03 CS-GenCons Biological Opini	$2,500	$2,575	$2,652	$2,732	$2,814	$2,898	$2,985	$3,075	$3,167	$3,262	$3,360
Computer											
600-6260-0000-551-06 CS-Computer-CA	$27,900	$28,737	$29,599	$30,487	$31,402	$32,344	$33,314	$34,313	$35,343	$36,403	$37,495
600-6260-0000-563-02 CS-Computer-GA	$22,450	$23,124	$23,817	$24,532	$25,268	$26,026	$26,806	$27,611	$28,439	$29,292	$30,171
600-6260-0000-563-03 CS-Computer-GA	$9,700	$9,991	$10,291	$10,599	$10,917	$11,245	$11,582	$11,930	$12,288	$12,656	$13,036
600-6260-0000-563-06 CS-Computer-GA	$215,500	$221,965	$228,624	$235,483	$242,547	$249,824	$257,318	$265,038	$272,989	$281,179	$289,614
600-6260-0602-531-01 CS Computer - Lessalt WTP	$27,600	$28,428	$29,281	$30,159	$31,064	$31,996	$32,956	$33,945	$34,963	$36,012	$37,092
600-6260-0603-531-01 CS Computer - West Hills WTP	$40,300	$41,509	$42,754	$44,037	$45,358	$46,719	$48,120	$49,564	$51,051	$52,582	$54,160
Operations											
600-6270-0000-541-02 CS-Operations-TO	$11,200	$11,536	$11,882	$12,239	$12,606	$12,984	$13,373	$13,775	$14,188	$14,613	$15,052
600-6270-0000-541-03 CS-Operations-TO	$17,950	$18,489	$19,043	$19,614	$20,203	$20,809	$21,433	$22,076	$22,739	$23,421	$24,123
600-6270-0000-563-06 CS-Operations-GA	$7,550	$7,777	$8,010	$8,250	$8,498	$8,753	$9,015	$9,286	$9,564	$9,851	$10,147
600-6270-0135-511-02 CS Ops-Water Quality Grwtr-SSO	$20,700	$21,321	$21,961	$22,619	$23,298	$23,997	$24,717	$25,458	$26,222	$27,009	$27,819
600-6270-0138-511-08 CS-Ops-Water Conservation WRA-SSO	$155,450	$160,114	$164,917	$169,864	$174,960	$180,209	$185,615	$191,184	$196,919	$202,827	$208,912
600-6270-0143-511-02 CS-Ops-Stream Flow Measurement-SSO	$84,100	$86,623	$89,222	$91,898	$94,655	$97,495	$100,420	$103,432	$106,535	$109,731	$113,023
600-6270-0167-511-08 CS-Ops-Salt Management Plan-WRA-SSO	$7,000	$7,210	$7,426	$7,649	$7,879	$8,115	$8,358	$8,609	$8,867	$9,133	$9,407
600-6270-0604-541-02 CS Operations Recycled Water Project	$13,750	$14,163	$14,587	$15,025	$15,476	$15,940	$16,418	$16,911	$17,418	$17,941	$18,479
Operations- Treatment Plants											
600-6270-0602-531-01 CS-Operations - Lessalt WTP	$1,492,500	$1,537,275	$1,583,393	$1,630,895	$1,679,822	$1,730,217	$1,782,123	$1,835,587	$1,890,654	$1,947,374	$2,005,795
600-6270-0603-531-01 CS-Operations - WHTP WTP	$2,746,000	$2,828,380	$2,913,231	$3,000,628	$3,090,647	$3,183,367	$3,278,868	$3,377,234	$3,478,551	$3,582,907	$3,690,394
Maintenance											
600-6275-0000-522-02/03 CS Maintenance-PM	$19,800	$20,394	$21,006	$21,636	$22,285	$22,954	$23,642	$24,352	$25,082	$25,835	$26,610
600-6275-0000-542-03 CS-Maintenance-TM	$74,300	$76,529	$78,825	$81,190	$83,625	$86,134	$88,718	$91,380	$94,121	$96,945	$99,853
600-6275-0000-563-03 CS-Maintenance-GA	$300	$309	$318	$328	$338	$348	$358	$369	$380	$391	$403
600-6275-0000-563-06 CS-Maintenance-GA	$25,700	$26,471	$27,265	$28,083	$28,926	$29,793	$30,687	$31,608	$32,556	$33,533	$34,539
600-6275-0604-542-02 CS-Maintenance Recycled Water	$25,000	$25,750	$26,523	$27,318	$28,138	$28,982	$29,851	$30,747	$31,669	$32,619	$33,598
600-6275-0915-551-03 CS Maintenance-Meter Repair-CA	$12,500	$12,875	$13,261	$13,659	$14,069	$14,491	$14,926	$15,373	$15,835	$16,310	$16,799
600-6275-0916-551-03 CS Maintenance-Chemingation Valve Repair	$4,700	$4,841	$4,986	$5,136	$5,290	$5,449	$5,612	$5,780	$5,954	$6,132	$6,316
600-6275-0920-542-03 CS Maintenance TDM-Subsystem Breaks	$73,900	$76,117	$78,401	$80,753	$83,175	$85,670	$88,240	$90,888	$93,614	$96,423	$99,315
600-6275-0939-542-02 CS- Maintenance-Blue Valve Paint Project	$345,000										
Other - GA	$1,000	$1,030	$1,061	$1,093	$1,126	$1,159	$1,194	$1,230	$1,267	$1,305	$1,344
Program Consulting											
600-6291-0121-542-02 CS Prog-Hollister Conduit Corrosion-TM	$34,000					$39,415					$45,693
600-6291-0190-563-08 CS Prog-USBR Water Mngmt Plan	$37,550					$43,531					$50,464
600-6291-0195-563-08 CS Progr-Urban Water Mgmt Plan	$38,604					$44,752					$51,880
600-6291-0209-563-06 CS-Programs-SLDMWA (CVP related activities)	$57,000	$58,710	$60,471	$62,285	$64,154	$66,079	$68,061	$70,103	$72,206	$74,372	$76,603
600-6291-0216-563-02 CS Prog-Wtr Supply Master Plan Update-District	$25,000	$25,750	$26,523	$27,318	$28,138	$28,982	$29,851	$30,747	$31,669	$32,619	$33,598
Total Contract Services	**$6,194,204**	**$5,890,622**	**$6,067,340**	**$6,265,344**	**$6,436,841**	**$6,757,645**	**$6,846,310**	**$7,033,710**	**$7,244,721**	**$7,481,148**	**$7,833,963**
General and Administrative											
Finance Charges	$9,600	$9,888	$10,185	$10,490	$10,805	$11,129	$11,463	$11,807	$12,161	$12,526	$12,902
Dues and Fees											
All except RWP	$148,250	$152,698	$157,278	$161,997	$166,857	$171,862	$177,018	$182,329	$187,799	$193,433	$199,236
600-6820-0602-562-01 Dues and Fees - Lessalt WTP	$7,500	$7,725	$7,957	$8,195	$8,441	$8,695	$8,955	$9,224	$9,501	$9,786	$10,079
600-6820-0603-562-01 Dues and Fees - West Hills WTP	$11,050	$11,382	$11,723	$12,075	$12,437	$12,810	$13,194	$13,590	$13,998	$14,418	$14,850
Postage	$13,800	$14,214	$14,640	$15,080	$15,532	$15,998	$16,478	$16,972	$17,481	$18,006	$18,546
Subscriptions/Publications	$1,450	$1,494	$1,538	$1,584	$1,632	$1,681	$1,731	$1,783	$1,837	$1,892	$1,949
Office Supplies	$12,750	$13,133	$13,526	$13,932	$14,350	$14,781	$15,224	$15,681	$16,151	$16,636	$17,135
Communications (600-6840-0000-562-06)	$32,950	$33,939	$34,957	$36,005	$37,086	$38,198	$39,344	$40,524	$41,740	$42,992	$44,282
Communications TDO (600-6840-0000-541-06)	$4,550	$4,687	$4,827	$4,972	$5,121	$5,275	$5,433	$5,596	$5,764	$5,937	$6,115
Communications - Lessalt WTP	$8,400	$8,652	$8,912	$9,179	$9,454	$9,738	$10,030	$10,331	$10,641	$10,960	$11,289
Communications - West Hills WTP	$11,700	$12,051	$12,413	$12,785	$13,168	$13,564	$13,970	$14,390	$14,821	$15,266	$15,724
General Business Expense	$2,750	$2,833	$2,917	$3,005	$3,095	$3,188	$3,284	$3,382	$3,484	$3,588	$3,696
Travel and Mileage	$52,300	$53,869	$55,485	$57,150	$58,864	$60,630	$62,449	$64,322	$66,252	$68,240	$70,287
Conferences	$20,850	$21,476	$22,120	$22,783	$23,467	$24,171	$24,896	$25,643	$26,412	$27,205	$28,021
Advertising/Public Information											
600-6865-0000-562-06 Advertising/Public Info	$12,600	$12,978	$13,367	$13,768	$14,181	$14,607	$15,045	$15,496	$15,961	$16,440	$16,933
600-6865-0604-562-06 Advertising/Public Info RWP	$600	$618	$637	$656	$675	$696	$716	$738	$760	$783	$806
Insurance											
600-6871-0000-564-06 Insurance	$89,250	$91,928	$94,685	$97,526	$100,452	$103,465	$106,569	$109,766	$113,059	$116,451	$119,945
600-6871-0602-564-01 Insurance-Lessalt TP	$15,000	$15,450	$15,914	$16,391	$16,883	$17,389	$17,911	$18,448	$19,002	$19,572	$20,159
600-6871-0603-564-01 Insurance-Westhills TP	$23,250	$23,948	$24,666	$25,406	$26,168	$26,953	$27,762	$28,595	$29,452	$30,336	$31,246
Total General and Administrative	**$478,600**	**$492,958**	**$507,747**	**$522,979**	**$538,669**	**$554,829**	**$571,473**	**$588,618**	**$606,276**	**$624,464**	**$643,198**
Materials and Equipment											
Chemicals											
600-6310-0000-542-03 Chemicals-TM	$2,500	$2,575	$2,652	$2,732	$2,814	$2,898	$2,985	$3,075	$3,167	$3,262	$3,360
600-6310-0604-542-02/03 Chemicals -Recycled Water	$95,000	$97,850	$100,786	$103,809	$106,923	$110,131	$113,435	$116,838	$120,343	$123,953	$127,672
Supplies											
600-6320-0000-511-02 Supplies-SSO	$300	$309	$318	$328	$338	$348	$358	$369	$380	$391	$403
600-6320-0000-522-03 Supplies-PM	$30,200	$31,106	$32,039	$33,000	$33,990	$35,010	$36,060	$37,142	$38,256	$39,404	$40,586
600-6320-0000-541-02 Supplies-TO	$2,400	$2,472	$2,546	$2,623	$2,701	$2,782	$2,866	$2,952	$3,040	$3,131	$3,225
600-6320-0000-541-03 Supplies-TO	$3,900	$4,017	$4,138	$4,262	$4,389	$4,521	$4,657	$4,797	$4,940	$5,089	$5,241
600-6320-0000-542-03 Supplies-TM	$138,950	$143,119	$147,412	$151,834	$156,389	$161,081	$165,914	$170,891	$176,018	$181,298	$186,737
600-6320-0000-562-03 Supplies-GA	$5,950	$6,129	$6,312	$6,502	$6,697	$6,898	$7,105	$7,318	$7,537	$7,763	$7,996
600-6320-0000-562-06 Supplies-GA	$10,950	$11,279	$11,617	$11,965	$12,324	$12,694	$13,075	$13,467	$13,871	$14,287	$14,716
600-6320-0604-541-02 Supplies- RWP - TO	$250	$258	$265	$273	$281	$290	$299	$307	$317	$326	$336
600-6320-0604-542-03 Supplies - RWP TM	$3,000	$3,090	$3,183	$3,278	$3,377	$3,478	$3,582	$3,690	$3,800	$3,914	$4,032
600-6320-0920-542-03 Supplies-TM - Subsystem Breaks	$110,150	$113,455	$116,858	$120,364	$123,975	$127,694	$131,525	$135,471	$139,535	$143,721	$148,032
600-6321-0000-522-03 Supplies-Structure Equip-PM	$400	$412	$424	$437	$450	$464	$478	$492	$507	$522	$538

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036
600-6321-0000-542-03 Supplies-Structure Equip TDM	$30,220	$31,127	$32,060	$33,022	$34,013	$35,033	$36,084	$37,167	$38,282	$39,430	$40,613
Tools Purchase											
600-6330-0000-511-02 Tools Purchase-SSO	$250	$258	$265	$273	$281	$290	$299	$307	$317	$326	$336
600-6330-0000-542-02 Tools Purchase-TM	$750	$773	$796	$820	$844	$869	$896	$922	$950	$979	$1,008
600-6330-0000-542-03 Tools Purchase-TM	$5,000	$5,150	$5,305	$5,464	$5,628	$5,796	$5,970	$6,149	$6,334	$6,524	$6,720
600-6330-0000-562-06 Tools Purchase-GA	$450	$464	$477	$492	$506	$522	$537	$553	$570	$587	$605
Equipment/Office Furn Purchase											
600-6440-0000-511-02 Equipment Purchase-SSO	$1,800	$1,854	$1,910	$1,967	$2,026	$2,087	$2,149	$2,214	$2,280	$2,349	$2,419
600-6440-0000-542-03 Equipment Purchase-TM	$30,400	$31,312	$32,251	$33,219	$34,215	$35,242	$36,299	$37,388	$38,510	$39,665	$40,855
600-6440-0000-562-06 Office Furniture/Equip Purchase GA	$9,600	$9,888	$10,185	$10,490	$10,805	$11,129	$11,463	$11,807	$12,161	$12,526	$12,902
600-6440-0602-532-01 Equipment Purchase-Lessalt Treatment Plant	$2,500	$2,575	$2,652	$2,732	$2,814	$2,898	$2,985	$3,075	$3,167	$3,262	$3,360
Tools and Equipment Rental											
600-6450-0000-542-03 Tool & Equipment Rental-TM	$4,950	$5,099	$5,251	$5,409	$5,571	$5,738	$5,911	$6,088	$6,271	$6,459	$6,652
600-6450-0000-562-06 Tool & Equipment Rental GA	$5,800	$5,974	$6,153	$6,338	$6,528	$6,724	$6,926	$7,133	$7,347	$7,568	$7,795
600-6450-0604-542-03 Tool & Equipment Rental -TM	$2,000	$2,060	$2,122	$2,185	$2,251	$2,319	$2,388	$2,460	$2,534	$2,610	$2,688
Meters											
600-6337-0604-551-03 Meters & Valves	$14,000	$14,420	$14,853	$15,298	$15,757	$16,230	$16,717	$17,218	$17,735	$18,267	$18,815
600-6337-0915-551-03 Meters (New)-CA	$246,300	$253,689	$261,300	$269,139	$277,213	$285,529	$294,095	$302,918	$312,005	$321,366	$331,007
600-6337-0916-551-03 Chemigation Valves-- (New)-CA	$91,100	$93,833	$96,648	$99,547	$102,534	$105,610	$108,778	$112,042	$115,403	$118,865	$122,431
Vehicle Maintenance	$17,050	$17,562	$18,088	$18,631	$19,190	$19,766	$20,359	$20,969	$21,598	$22,246	$22,914
Vehicle Fuel	$51,950	$53,509	$55,114	$56,767	$58,470	$60,224	$62,031	$63,892	$65,809	$67,783	$69,816
Equipment Maintenance - Heavy (600-6482-0000-562-03)	$8,650	$8,910	$9,177	$9,452	$9,736	$10,028	$10,329	$10,638	$10,958	$11,286	$11,625
Equipment Maintenance - Small Tools (600-6483-0000-562-03)	$1,100	$1,133	$1,167	$1,202	$1,238	$1,275	$1,313	$1,353	$1,393	$1,435	$1,478
Total Materials & Equipment	**$929,846**	**$957,682**	**$986,352**	**$1,015,883**	**$1,046,300**	**$1,077,629**	**$1,109,898**	**$1,143,135**	**$1,177,369**	**$1,212,630**	**$1,248,948**
Utilities											
600-6860-0000-523-02/04 Utilities PO	$142,500	$148,030	$153,793	$159,799	$166,057	$172,431	$179,114	$186,058	$193,299	$200,841	$208,703
600-6860-0000-541-02/04 Utilities-TO	$72,200	$75,002	$77,922	$80,965	$84,136	$87,365	$90,751	$94,269	$97,938	$101,759	$105,743
600-6860-0000-542-03 Utilities-Disposal fees	$4,500	$4,675	$4,857	$5,046	$5,244	$5,445	$5,656	$5,876	$6,104	$6,342	$6,591
600-6860-0000-562-02/04 Utilities	$22,800	$23,685	$24,607	$25,568	$26,569	$27,589	$28,658	$29,769	$30,928	$32,135	$33,392
600-6860-0000-562-06 Utilities-GA	$4,600	$4,779	$4,965	$5,158	$5,360	$5,566	$5,782	$6,006	$6,240	$6,483	$6,737
600-6860-0602-531/532-01 Utilities-WTP-Lessalt	$230,000	$238,926	$248,228	$257,921	$268,022	$278,309	$289,097	$300,304	$311,992	$324,164	$336,854
600-6860-0603-531/532-01 Utilities-WTP-West Hills	$265,000	$275,284	$286,002	$297,170	$308,808	$320,661	$333,090	$346,003	$359,469	$373,493	$388,114
600-6860-0604-541-02 Utilities - Recycled Water Pumping	$49,000	$50,902	$52,883	$54,948	$57,100	$59,292	$61,590	$63,978	$66,468	$69,061	$71,765
Total Utilities	**$790,600**	**$821,283**	**$853,257**	**$886,575**	**$921,297**	**$956,658**	**$993,739**	**$1,032,263**	**$1,072,438**	**$1,114,279**	**$1,157,899**
Wages and Employee Related Expenses											
Wages											
600-6110-0000-522-00 Wages-Supervision-PM	$760	$779	$798	$818	$839	$860	$881	$903	$926	$949	$973
600-6110-0000-541-00 Wages-Supervision-TO	$6,080	$6,232	$6,388	$6,547	$6,711	$6,879	$7,051	$7,227	$7,408	$7,593	$7,783
600-6110-0000-542-00 Wages-Supervision-TM	$53,960	$55,309	$56,691	$58,109	$59,561	$61,050	$62,577	$64,141	$65,744	$67,388	$69,073
600-6110-0000-551-00 Wages-Supervision-CA	$69,685	$71,427	$73,213	$75,043	$76,919	$78,842	$80,813	$82,833	$84,904	$87,027	$89,203
600-6111-0000-561-00 Wages-Managerial-GA	$739,650	$758,142	$777,095	$796,523	$816,436	$836,847	$857,768	$879,212	$901,192	$923,722	$946,815
600-6112-0000-561-00 Wages-Office-GA	$357,283	$366,215	$375,371	$384,755	$394,374	$404,233	$414,339	$424,698	$435,315	$446,198	$457,353
600-6120-0000-511-00 Wages-Technical Services-SS0	$48,066	$49,267	$50,499	$51,761	$53,055	$54,382	$55,741	$57,135	$58,563	$60,027	$61,528
600-6120-0000-521-00 Wages-Technical Services-PO	$13,935	$14,284	$14,641	$15,007	$15,382	$15,766	$16,161	$16,565	$16,979	$17,403	$17,838
600-6120-0000-541-00 Wages-Technical Services-TO	$23,225	$23,806	$24,401	$25,011	$25,637	$26,277	$26,934	$27,608	$28,298	$29,005	$29,730
600-6120-0000-542-00 Wages-Technical Services-TM	$4,645	$4,761	$4,880	$5,002	$5,127	$5,256	$5,387	$5,522	$5,660	$5,801	$5,946
600-6120-0604-541-00 Wages-RWP Technical Services-TO	$3,550	$3,639	$3,730	$3,823	$3,919	$4,016	$4,117	$4,220	$4,325	$4,433	$4,544
600-6130-0000-511-00 Wages-Operations-SSO	$48,108	$49,310	$50,543	$51,807	$53,102	$54,429	$55,790	$57,185	$58,614	$60,080	$61,582
600-6130-0000-521-00 Wages-Operation-PO	$39,366	$40,350	$41,359	$42,392	$43,452	$44,539	$45,652	$46,793	$47,963	$49,162	$50,391
600-6130-0000-541-00 Wages-Operations-TO	$67,803	$69,498	$71,235	$73,016	$74,842	$76,713	$78,630	$80,596	$82,611	$84,676	$86,793
600-6130-0602-532-00 Wages-Maintenance	$467	$479	$491	$503	$516	$529	$542	$556	$569	$584	$598
600-6130-0603-532-00 Wages-Maintenance	$251	$257	$264	$270	$277	$284	$291	$298	$306	$313	$321
600-6130-0604-541-00 Wages-RWP Operations-TO	$6,948	$7,122	$7,300	$7,483	$7,670	$7,861	$8,058	$8,259	$8,466	$8,677	$8,894
600-6140-0000-522-00 Wages-Maintenance-PM	$2,667	$2,734	$2,802	$2,872	$2,944	$3,018	$3,093	$3,171	$3,250	$3,331	$3,414
600-6140-0000-542-00 Wages-Maintenance-TM	$334,951	$343,325	$351,908	$360,706	$369,724	$378,967	$388,441	$398,152	$408,106	$418,308	$428,766
600-6140-0000-561-00 Wages-Maintenance-GA	$369,227	$378,457	$387,919	$397,617	$407,557	$417,746	$428,190	$438,894	$449,867	$461,113	$472,641
600-6140-0604-542-00 Wages-RWP Maintenance-TM	$14,843	$15,214	$15,594	$15,984	$16,384	$16,793	$17,213	$17,643	$18,084	$18,537	$19,000
600-6150-0000-551-00 Wages Meter Reading-CA	$27,515	$28,203	$28,908	$29,631	$30,371	$31,131	$31,909	$32,707	$33,524	$34,363	$35,222
600-6150-0604-551-00 Wages-RWP Meter Reading-CA	$1,645	$1,687	$1,729	$1,772	$1,816	$1,862	$1,908	$1,956	$2,005	$2,055	$2,106
600-6160-0000-551-00 Wages Billing and Account Maint -CA	$226,080	$231,732	$237,525	$243,463	$249,550	$255,788	$262,183	$268,738	$275,456	$282,342	$289,401
600-6160-0604-551-00 Wages RWP Billing and Account Maint -CA	$41	$42	$43	$44	$45	$46	$47	$49	$50	$51	$52
600-6170-0000-561-00 Wages-Directors Fee-GA	$16,332	$16,740	$17,159	$17,588	$18,027	$18,478	$18,940	$19,413	$19,899	$20,396	$20,906
600-6180-0000-561-00 Wages-General/Other-GA	-$144,293	-$147,901	-$151,598	-$155,388	-$159,273	-$163,255	-$167,336	-$171,519	-$175,807	-$180,203	-$184,708
600-6181-0000-561-00 Wages-Special Projects	$53,598	$54,938	$56,312	$57,719	$59,162	$60,642	$62,158	$63,711	$65,304	$66,937	$68,610
600-6181-0214-561-00 SP-Wages IRWMP Implentation Grant	$299	$306	$314	$322	$330	$338	$347	$355	$364	$373	$383
600-6181-0222-561-00 SP- Pacheco Reserv Exp	$1,494	$1,532	$1,570	$1,609	$1,649	$1,691	$1,733	$1,776	$1,821	$1,866	$1,913
600-6181-0601-561-00 Wages - Treatment Plant (default)	$22,334	$22,892	$23,464	$24,051	$24,652	$25,268	$25,900	$26,548	$27,211	$27,892	$28,589
600-6181-0927-561-00 SP-Hwy 156 bypass Caltrans work	$103	$105	$108	$111	$114	$116	$119	$122	$125	$129	$132
600-6181-0929-561-00 SP-SCADA telemetry upgrade	$478	$490	$502	$515	$528	$541	$554	$568	$582	$597	$612
600-6181-0939-561-00 SP-Blue Valve Paint Project	$169	$173	$178	$182	$187	$191	$196	$201	$206	$211	$217
600-6181-0942-561-00 SP-Union Bridge Replacement	$847	$868	$890	$912	$935	$958	$982	$1,007	$1,032	$1,058	$1,084
600-6181-0944-561-00 SP-Slipline Pipe Replacement	$458	$469	$481	$493	$505	$518	$531	$544	$558	$572	$586
600-6181-A129-561-00 SP-ADRoP-Accelerated Drought Response Project	$96,289	$98,696	$101,163	$103,692	$106,285	$108,942	$111,665	$114,457	$117,318	$120,251	$123,258
600-6181-B129-561-00 SP Wages - B.F. Sisk Dam Raise	$35,707	$36,600	$37,515	$38,453	$39,414	$40,399	$41,409	$42,445	$43,506	$44,593	$45,708
Retirement	$185,338	$196,458	$208,246	$220,741	$233,985	$248,024	$262,906	$278,680	$295,401	$313,125	$331,912
600-6191-0500-565-00 Retirement - GASB68 related expense	$273,969	$290,407	$307,832	$326,302	$345,880	$366,632	$388,630	$411,948	$436,665	$462,865	$490,637
Medicare/SUI	$69,514	$73,685	$78,106	$82,792	$87,760	$93,025	$98,607	$104,523	$110,795	$117,442	$124,489
Worker's Compensation	$28,900	$30,634	$32,472	$34,420	$36,486	$38,675	$40,995	$43,455	$46,062	$48,826	$51,755
Employee Insurance	$58,283	$61,780	$65,487	$69,416	$73,581	$77,996	$82,676	$87,636	$92,894	$98,468	$104,376
Training	$30,550	$31,467	$32,410	$33,383	$34,384	$35,416	$36,478	$37,573	$38,700	$39,861	$41,057
Physical Exams and Drug Testing	$1,750	$1,803	$1,857	$1,912	$1,970	$2,029	$2,090	$2,152	$2,217	$2,283	$2,352
Personal Equipment and Uniforms	$12,200	$12,566	$12,943	$13,331	$13,731	$14,143	$14,567	$15,004	$15,455	$15,918	$16,396
Other											
600-6198-0000-565-00 OPEB Expense	$32,354	$34,295	$36,353	$38,534	$40,846	$43,297	$45,895	$48,648	$51,567	$54,661	$57,941
Total Wages and Employee Related Expenses	**$3,237,423**	**$3,341,274**	**$3,449,089**	**$3,561,050**	**$3,677,346**	**$3,798,179**	**$3,923,759**	**$4,054,309**	**$4,190,061**	**$4,331,263**	**$4,478,174**
USBR Mandatory Contract											
Irr principal	$1,942,152	$4,463,378	$6,984,605	$6,984,605	$6,984,605	$6,984,605	$6,984,605	$6,984,605	$6,984,605	$6,984,605	$6,281,862
Total USBR Mandatory Contract	**$1,942,152**	**$4,463,378**	**$6,984,605**	**$6,984,605**	**$6,984,605**	**$6,984,605**	**$6,984,605**	**$6,984,605**	**$6,984,605**	**$6,984,605**	**$6,281,862**
Spot Purchases Until ASR Phase I online		$814,983	$955,415	$735,330	$962,188						
Semitropic O&M	$8,600	$8,858	$9,124	$9,397	$9,679	$9,970	$10,269	$10,577	$10,894	$11,221	$11,558
Total O&M Expenses	**$17,922,126**	**$19,955,195**	**$23,052,358**	**$23,298,494**	**$23,974,863**	**$23,615,952**	**$23,999,248**	**$24,491,468**	**$25,018,875**	**$25,583,359**	**$25,573,863**

APPENDIX D:

Summary of Reserve Funds

Reserve Fund	Purpose
Undesignated	To provide funds which may be used for emergencies and to pay costs necessary for the establishment of a zone within the District.
Operations	The reserves designated for operating contingencies are established to provide for unforeseen needs, revenue shortfalls, and emergency appropriations during the year.
Reserved for Capital Improvements	Established by board action(s) to fund future capital improvement projects. The purpose of this designation is to accumulate funds for specific projects or utility purpose to provide all or a portion of the cost.
Reserved for Self-Insurance	Established by board policy to fund the contingent liability for the District's self-insured portion of vehicle coverage.
Reserved for Capital Asset Replacement	This designation is to accrue funding for asset purchase and replacement in the period of use. Through this funding reservation, monies are set aside for planned future asset expenditures within specified categories. In addition, this reserve provides a funding source for unanticipated asset needs, mitigates the impact of large budget expenditures, and assists with asset management and long range planning.
Reserve for Other Post-Employment Benefits (OPEB) Trust	To provide restricted funds for retiree future medical payments.
Water Supply Revolving Reserve	To provide additional source of funds for Zone 6 water supply augmentation through local or imported water purchases.
Future Water Supply Project	To provide funds for the pre-construction (planning and design) phase of the project.
San Felipe-Hollister Conduit Reserve	To meet unforeseen extraordinary costs and emergencies.
San Felipe-Reach 1 Reserve	To meet operations and maintenance costs incurred during period of special stress and extraordinary repair or replacement costs associate with Reach 1.
USBR Contract Repayment and Rate Management Reserve	Funds to pay for San Felipe Division costs, including existing foreseeable and unforeseeable costs that may result from catastrophic failure of San Felipe Division facilities. Funds from this restricted reserve are to be used for USBR Amendatory Contract Repayment . This USBR Contract Repayment and Rate Management Reserve is intended to provide funds to make interest and principal payments on the Amendatory contract in an effort to minimize the impact of the repayment schedule on water rates and taxes.
Reach 1 Major Repair and Replacement Reserve	To provide funds for major repair and replacement associated with Reach 1.
Reserved for Water Treatment Plants-Asset Replacement Reserve	To provide funds for capital replacement of assets of the Water Supply and Treatment Program, and funds so expended will be replaced through subsequent contributions.

APPENDIX E:

O&M Allocation, Test Year

	Test Year	Ground-			Stored & Acquired [1]		San Felipe			SBCWD		Power Charge		Finished Water	Recycled Water		Per Direct Assignment		
		All	Ag Only	M&I Only	COW/USBR	Semitropic O&M	SLDMWA	SCVWD	SBCWD	Ag Only	M&I Only	All	Subsystem 9		Water	Power	O&M - excluding USBR, FW & RW Pwr	Wages	Maintenance
Cost of Water - pass through [1]	$2,319,651				41.9%									58.1%					
Costs Associated with Santa Clara Valley WD																			
San Felipe Reach 1 (SantaClara)	$658,700							100.0%											
Total Santa Clara Valley WD	$658,700																		
PW-CVP Facility O&M -SLDMWA	$927,000						50.0%					50.0%							
Direct Power & Other Power (Raw Water)																			
600-5211-0000-513-07 PW-Direct Pumping - Ag	$322,050											100.0%							
600-5251-0000-513-07 PW-Direct Pumping - M&I	$113,300											100.0%							
Total Direct Power & Other Power	$435,350																		
Contract Services																			
Legal																			
600-6210-0000-563-06 CS-Legal-GA	$123,950																100.0%		
Engineering																			
600-6220-0000-563-02 CS-Engineering-GA	$112,000																100.0%		
600-6220-0145-541-02 CS-San Justo Reservoir Survey	$20,000								100.0%										
600-6220-0602-531-01 CS Engineering - Lessalt WT	$75,000													100.0%					
Accounting - GA	$64,850																100.0%		
General Consulting																			
600-6240-0000-563-02 CS-General Consulting GA	$20,000																100.0%		
600-6240-0000-563-06 CS-General Consulting-GA	$101,900																100.0%		
600-6240-0912-541-03 CS-GenCons Biological Opini	$2,500																100.0%		
Computer																			
600-6260-0000-551-06 CS-Computer-CA	$27,900	19.7%							77.6%						2.7%				
600-6260-0000-563-02 CS-Computer-GA	$22,450								100.0%										
600-6260-0000-563-03 CS-Computer-GA	$9,700								100.0%										
600-6260-0000-563-06 CS-Computer-GA	$215,500																100.0%		
600-6260-0602-531-01 CS Computer - Lessalt WTP	$27,600													100.0%					
600-6260-0603-531-01 CS Computer - West Hills WTP	$40,300													100.0%					
Operations																			
600-6270-0000-541-02 CS-Operations-TO	$11,200								100.0%										
600-6270-0000-541-03 CS-Operations-TO	$17,950								100.0%										
600-6270-0000-563-06 CS-Operations-GA	$7,550																100.0%		
600-6270-0135-511-02 CS Ops-Water Quality Grwtr-SSO	$20,700	52.6%							47.4%										
600-6270-0138-511-08 CS-Ops-Water Conservation WRA-SSO	$155,450	52.6%							47.4%										
600-6270-0143-511-02 CS-Ops-Stream Flow Measurement-SSO	$84,100	52.6%							47.4%										
600-6270-0167-511-08 CS-Ops-Salt Management Plan-WRA-SSO	$7,000	52.6%							47.4%										
600-6270-0604-541-02 CS Operations Recycled Water Project	$13,750														100.0%				
Operations- Treatment Plants																			
600-6270-0602-531-01 CS-Operations - Lessalt WTP	$1,492,500													100.0%					
600-6270-0603-531-01 CS-Operations - WHTP WTP	$2,746,000													100.0%					
Maintenance																			
600-6275-0000-522-02/03 CS Maintenance-PM	$19,800								50.0%			50.0%							
600-6275-0000-542-03 CS-Maintenance-TM	$74,300								50.0%			50.0%							
600-6275-0000-563-03 CS-Maintenance-GA	$300																		100.0%
600-6275-0000-563-06 CS-Maintenance-GA	$25,700																		100.0%
600-6275-0604-542-02 CS-Maintenance Recycled Water	$25,000														100.0%				
600-6275-0915-551-03 CS Maintenance-Meter Repair-CA	$12,500								100.0%										
600-6275-0916-551-03 CS Maintenance-Chemingation Valve Repair	$4,700								100.0%										
600-6275-0920-542-03 CS Maintenance TDM-Subsystem Breaks	$73,900								100.0%										
600-6275-0939-542-02 CS- Maintenance-Blue Valve Paint Project	$345,000								100.0%										
Other - GA	$1,000																100.0%		
Program Consulting																			
600-6291-0121-542-02 CS Prog-Hollister Conduit Corrosion-TM	$34,000								100.0%										
600-6291-0190-563-08 CS Prog-USBR Water Mngmt Plan	$37,550		67.9%							32.1%									
600-6291-0195-563-08 CS Progr-Urban Water Mgmt Plan	$38,604			52.6%							47.4%								
600-6291-0209-563-06 CS-Programs-SLDMWA (CVP related activities)	$57,000						100.0%												
600-6291-0216-563-02 CS Prog-Wtr Supply Master Plan Update-District	$25,000								100.0%										
Total Contract Services	**$6,194,204**																		
General and Administrative																			
Finance Charges	$9,600																100.0%		
Dues and Fees																			
All except RWP	$148,250																100.0%		
600-6820-0602-562-01 Dues and Fees - Lessalt WTP	$7,500													100.0%					
600-6820-0603-562-01 Dues and Fees - West Hills WTP	$11,050													100.0%					
Postage	$13,800																100.0%		
Subscriptions/Publications	$1,450																100.0%		

	Test Year	Ground-			Stored & Acquired [1]		San Felipe			SBCWD		Power Charge		Finished Water	Recycled Water		Per Direct Assignment		
		All	Ag Only	M&I Only	COW/USBR	Semitropic O&M	SLDMWA	SCVWD	SBCWD	Ag Only	M&I Only	All	Subsystem 9		Water	Power	O&M - excluding USBR, FW & RW Pwr	Wages	Maintenance
Office Supplies	$12,750																100.0%		
Communications (600-6840-0000-562-06)	$32,950																100.0%		
Communications TDO (600-6840-0000-541-06)	$4,550																100.0%		
Communications - Lessalt WTP	$8,400													100.0%					
Communications - West Hills WTP	$11,700													100.0%					
General Business Expense	$2,750																100.0%		
Travel and Mileage	$52,300																100.0%		
Conferences	$20,850																100.0%		
Advertising/Public Information																			
600-6865-0000-562-06 Advertising/Public Info	$12,600																100.0%		
600-6865-0604-562-06 Advertising/Public Info RWP	$600														100.0%				
Insurance																	100.0%		
600-6871-0000-564-06 Insurance	$89,250																100.0%		
600-6871-0602-564-01 Insurance-Lessalt TP	$15,000													100.0%					
600-6871-0603-564-01 Insurance-Westhills TP	$23,250													100.0%					
Total General and Administrative	**$478,600**																		
Materials and Equipment																			
Chemicals																			
600-6310-0000-542-03 Chemicals-TM	$2,500								100.0%										
600-6310-0604-542-02/03 Chemicals -Recycled Water	$95,000														100.0%				
Supplies																			
600-6320-0000-511-02 Supplies-SSO	$300	100.0%																	
600-6320-0000-522-03 Supplies-PM	$30,200								50.0%			50.0%							
600-6320-0000-541-02 Supplies-TO	$2,400								100.0%										
600-6320-0000-541-03 Supplies-TO	$3,900								100.0%										
600-6320-0000-542-03 Supplies-TM	$138,950								100.0%										
600-6320-0000-562-03 Supplies-GA	$5,950																100.0%		
600-6320-0000-562-06 Supplies-GA	$10,950																100.0%		
600-6320-0604-541-02 Supplies- RWP - TO	$250														100.0%				
600-6320-0604-542-03 Supplies - RWP TM	$3,000														100.0%				
600-6320-0920-542-03 Supplies-TM - Subsystem Breaks	$110,150								100.0%										
600-6321-0000-522-03 Supplies-Structure Equip-PM	$400								100.0%										
600-6321-0000-542-03 Supplies-Structure Equip TDM	$30,220								100.0%										
Tools Purchase																			
600-6330-0000-511-02 Tools Purchase-SSO	$250	100.0%																	
600-6330-0000-542-02 Tools Purchase-TM	$750								50.0%			50.0%							
600-6330-0000-542-03 Tools Purchase-TM	$5,000								50.0%			50.0%							
600-6330-0000-562-06 Tools Purchase-GA	$450																100.0%		
Equipment/Office Furn Purchase																			
600-6440-0000-511-02 Equipment Purchase-SSO	$1,800	100.0%																	
600-6440-0000-542-03 Equipment Purchase-TM	$30,400								100.0%										
600-6440-0000-562-06 Office Furniture/Equip Purchase GA	$9,600																100.0%		
600-6440-0602-532-01 Equipment Purchase-Lessalt Treatment Plant	$2,500													100.0%					
Tools and Equipment Rental																			
600-6450-0000-542-03 Tool & Equipment Rental-TM	$4,950								100.0%										
600-6450-0000-562-06 Tool & Equipment Rental GA	$5,800																100.0%		
600-6450-0604-542-03 Tool & Equipment Rental -TM	$2,000								100.0%										
Meters																			
600-6337-0604-551-03 Meters & Valves	$14,000														100.0%				
600-6337-0915-551-03 Meters (New)-CA	$246,300	20.2%							79.8%										
600-6337-0916-551-03 Chemigation Valves-- (New)-CA	$91,100								100.0%										
Vehicle Maintenance	$17,050																100.0%		
Vehicle Fuel	$51,950																100.0%		
Equipment Maintenance - Heavy (600-6482-0000-562-03)	$8,650																100.0%		
Equipment Maintenance - Small Tools (600-6483-0000-562-03)	$1,100																100.0%		
Total Materials & Equipment	**$927,820**																		
Utilities																			
600-6860-0000-523-02/04 Utilities PO	$142,500											55.8%	44.2%						
600-6860-0000-541-02/04 Utilities-TO	$72,200											100.0%							
600-6860-0000-542-03 Utilities-Disposal fees	$4,500											100.0%							
600-6860-0000-562-02/04 Utilities	$22,800											100.0%							
600-6860-0000-562-06 Utilities-GA	$4,600																100.0%		
600-6860-0602-531/532-01 Utilities-WTP-Lessalt	$230,000													100.0%					
600-6860-0603-531/532-01 Utilities-WTP-West Hills	$265,000													100.0%					
600-6860-0604-541-02 Utilities - Recycled Water Pumping	$49,000															100.0%			
Total Utilities	**$790,600**																		

	Test Year	Ground-			Stored & Acquired [1]		San Felipe			SBCWD		Power Charge		Finished Water	Recycled Water		Per Direct Assignment		
		All	Ag Only	M&I Only	COW/USBR	Semitropic O&M	SLDMWA	SCVWD	SBCWD	Ag Only	M&I Only	All	Subsystem 9		Water	Power	O&M - excluding USBR, FW & RW Pwr	Wages	Maintenance
Wages and Employee Related Expenses																			
Wages																			
600-6110-0000-522-00 Wages-Supervision-PM	$760								50.0%			50.0%							
600-6110-0000-541-00 Wages-Supervision-TO	$6,080								100.0%										
600-6110-0000-542-00 Wages-Supervision-TM	$53,960								100.0%										
600-6110-0000-551-00 Wages-Supervision-CA	$69,685	20.2%							79.8%										
600-6111-0000-561-00 Wages-Managerial-GA	$739,650																	100.0%	
600-6112-0000-561-00 Wages-Office-GA	$357,283																	100.0%	
600-6120-0000-511-00 Wages-Technical Services-SS0	$48,066	100.0%																	
600-6120-0000-521-00 Wages-Technical Services-PO	$13,935								50.0%			50.0%							
600-6120-0000-541-00 Wages-Technical Services-TO	$23,225								100.0%										
600-6120-0000-542-00 Wages-Technical Services-TM	$4,645								100.0%										
600-6120-0604-541-00 Wages-RWP Technical Services-TO	$3,550								100.0%										
600-6130-0000-511-00 Wages-Operations-SSO	$48,108	100.0%																	
600-6130-0000-521-00 Wages-Operation-PO	$39,366								50.0%			50.0%							
600-6130-0000-541-00 Wages-Operations-TO	$67,803								100.0%										
600-6130-0602-532-00 Wages-Maintenance	$467													100.0%					
600-6130-0603-532-00 Wages-Maintenance	$251													100.0%					
600-6130-0604-541-00 Wages-RWP Operations-TO	$6,948														100.0%				
600-6140-0000-522-00 Wages-Maintenance-PM	$2,667								50.0%			50.0%							
600-6140-0000-542-00 Wages-Maintenance-TM	$334,951								100.0%										
600-6140-0000-561-00 Wages-Maintenance-GA	$369,227																	100.0%	
600-6140-0604-542-00 Wages-RWP Maintenance-TM	$14,843														100.0%				
600-6150-0000-551-00 Wages Meter Reading-CA	$27,515								100.0%										
600-6150-0604-551-00 Wages-RWP Meter Reading-CA	$1,645														100.0%				
600-6160-0000-551-00 Wages Billing and Account Maint -CA	$226,080	20.2%							79.8%										
600-6160-0604-551-00 Wages RWP Billing and Account Maint -CA	$41														100.0%				
600-6170-0000-561-00 Wages-Directors Fee-GA	$16,332																	100.0%	
600-6180-0000-561-00 Wages-General/Other-GA	-$144,293																	100.0%	
600-6181-0000-561-00 Wages-Special Projects	$53,598																	100.0%	
600-6181-0214-561-00 SP-Wages IRWMP Implentation Grant	$299																	100.0%	
600-6181-0222-561-00 SP- Pacheco Reserv Exp	$1,494								100.0%										
600-6181-0601-561-00 Wages - Treatment Plant (default)	$22,334													100.0%					
600-6181-0927-561-00 SP-Hwy 156 bypass Caltrans work	$103								100.0%										
600-6181-0929-561-00 SP-SCADA telemetry upgrade	$478								100.0%										
600-6181-0939-561-00 SP-Blue Valve Paint Project	$169																100.0%		
600-6181-0942-561-00 SP-Union Bridge Replacement	$847																100.0%		
600-6181-0944-561-00 SP-Slipline Pipe Replacement	$458																100.0%		
600-6181-A129-561-00 SP-ADRoP-Accelerated Drought Response Project	$96,289										100.0%								
600-6181-B129-561-00 SP Wages - B.F. Sisk Dam Raise	$35,707										100.0%								
Retirement	$185,338																	100.0%	
600-6191-0500-565-00 Retirement - GASB68 related expense	$273,969																	100.0%	
Medicare/SUI	$69,514																	100.0%	
Worker's Compensation	$28,900																	100.0%	
Employee Insurance	$58,283																	100.0%	
Training	$30,550																	100.0%	
Physical Exams and Drug Testing	$1,750																	100.0%	
Personal Equipment and Uniforms	$12,200																	100.0%	
Other																			
600-6198-0000-565-00 OPEB Expense	$32,354																	100.0%	
Total Wages and Employee Related Expenses	**$3,237,423**																		
USBR Mandatory Contract																			
Irr principal	$1,942,152								100.0%										
Total USBR Mandatory Contract	**$1,942,152**																		
Semitropic O&M	$8,600					100.0%													
Total O&M Expenses	**$17,920,100**	**$354,216**	**$25,497**	**$20,298**	**$972,672**	**$8,600**	**$520,500**	**$658,700**	**$4,133,494**	**$12,053**	**$150,301**	**$1,171,231**	**$63,008**	**$6,325,831**	**$175,820**	**$49,000**	**$1,167,924**	**$2,084,954**	**$26,000**
Reallocation Bases for Indirect Costs																			
Directly Assigned O&M - excluding USBR, FW, & RW pwr	$5,342,967	$354,216	$25,497	$20,298			$520,500	$658,700	$2,191,342	$12,053	$150,301	$1,171,231	$63,008		$175,820				
Directly Assigned Wages	$995,947	$156,015							$788,091			$28,364			$23,477				
Directly Assigned Maintenance	$555,200								$483,150			$47,050			$25,000				
Reallocation of Indirect Costs																			
per Directly Assigned O&M - excluding USBR, FW, & RW pwr	$1,167,924	$77,428	$5,573	$4,437			$113,777	$143,986	$479,007	$2,635	$32,854	$256,020	$13,773		$38,433				
per Directly Assigned Wages	$2,084,954	$326,608							$1,649,819			$59,378			$49,149				
Reallocation per Directly Assigned Maintenance	$26,000								$22,626			$2,203			$1,171				
Total O&M Expenses - Redistributed	**$17,920,100**	**$758,252**	**$31,071**	**$24,735**	**$972,672**	**$8,600**	**$634,277**	**$802,686**	**$6,284,947**	**$14,688**	**$183,156**	**$1,488,833**	**$76,781**	**$6,325,831**	**$264,572**	**$49,000**			
Allocation of all O&M		**4.2%**	**0.2%**	**0.1%**	**5.4%**	**0.0%**	**3.5%**	**4.5%**	**35.1%**	**0.1%**	**1.0%**	**8.3%**	**0.4%**	**35.3%**	**1.5%**	**0.3%**			

[1] This is a pass-through cost.

APPENDIX F:

Net Plant Investment Allocation, Test Year

Description	Ending Balance June 30, 2025	Ground Water			San Felipe						Power Charge	Finished Water	Recycled Water
		All	Ag Only	M&I Only	Stored & Acquired	SLDMWA	SCVWD	SBCWD	SBCWD Ag Only	SBCWD M&I Only			
Source of Supply	$374,943		82%	18%									
Pumping	$10,271,242								0%	0%	80%	20%	
Transmission Distribution System	$20,285,658								78%	2%		20%	
Transmission Distribution System - RW	$2,087,259												100%
Treatment Plant	$44,910,862											100%	
Total Directly Assigned	$77,929,964	**$0**	**$306,538**	**$68,405**	**$0**	**$0**	**$0**	**$0**	**$15,790,951**	**$437,575**	**$8,216,993**	**$51,022,242**	**$2,087,259**
		0.0%	0.4%	0.1%	0.0%	0.0%	0.0%	0.0%	20.3%	0.6%	10.5%	65.5%	2.7%
General Plant Allocation [1]	$1,725,739	$0	$6,788	$1,515	$0	$0	$0	$0	$349,687	$9,690	$181,963	$1,129,875	$46,222
Total Net Plant Investment	**$79,655,704**	**$0**	**$313,326**	**$69,920**	**$0**	**$0**	**$0**	**$0**	**$16,140,638**	**$447,265**	**$8,398,957**	**$52,152,117**	**$2,133,481**
Total Net Plant Investment Allocation		**0.0%**	**0.4%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**20.3%**	**0.6%**	**10.5%**	**65.5%**	**2.7%**

[1] General Plant is allocated like the sum of directly assigned.