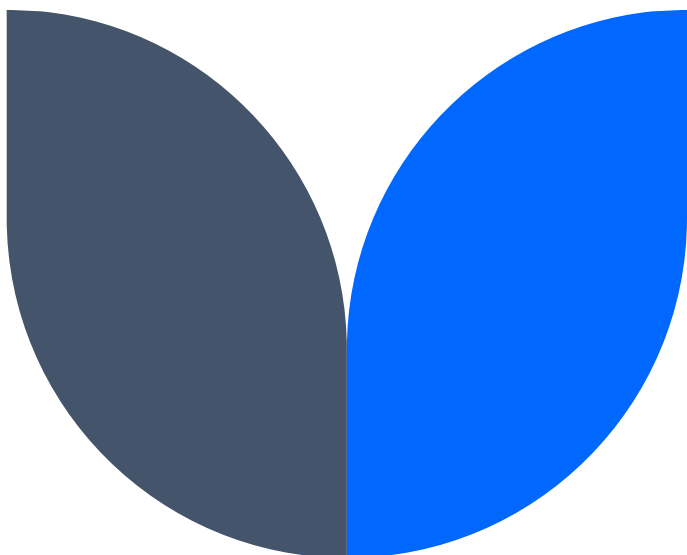
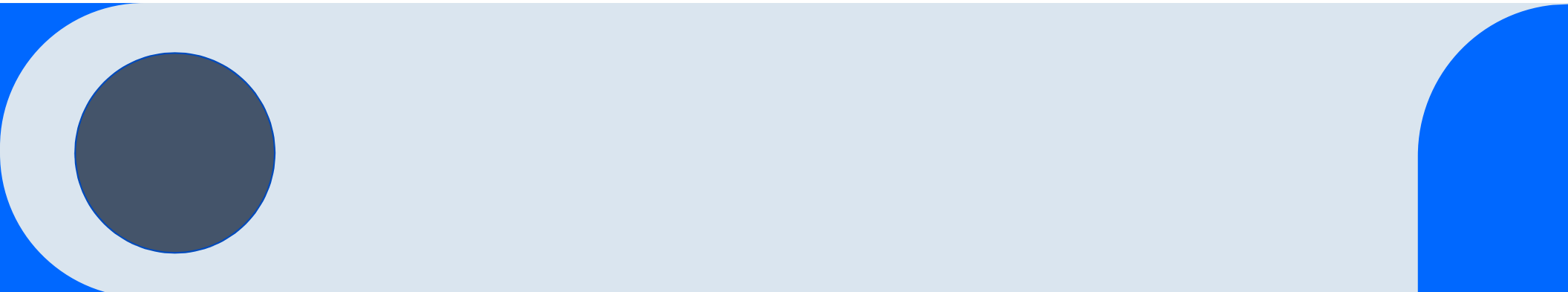
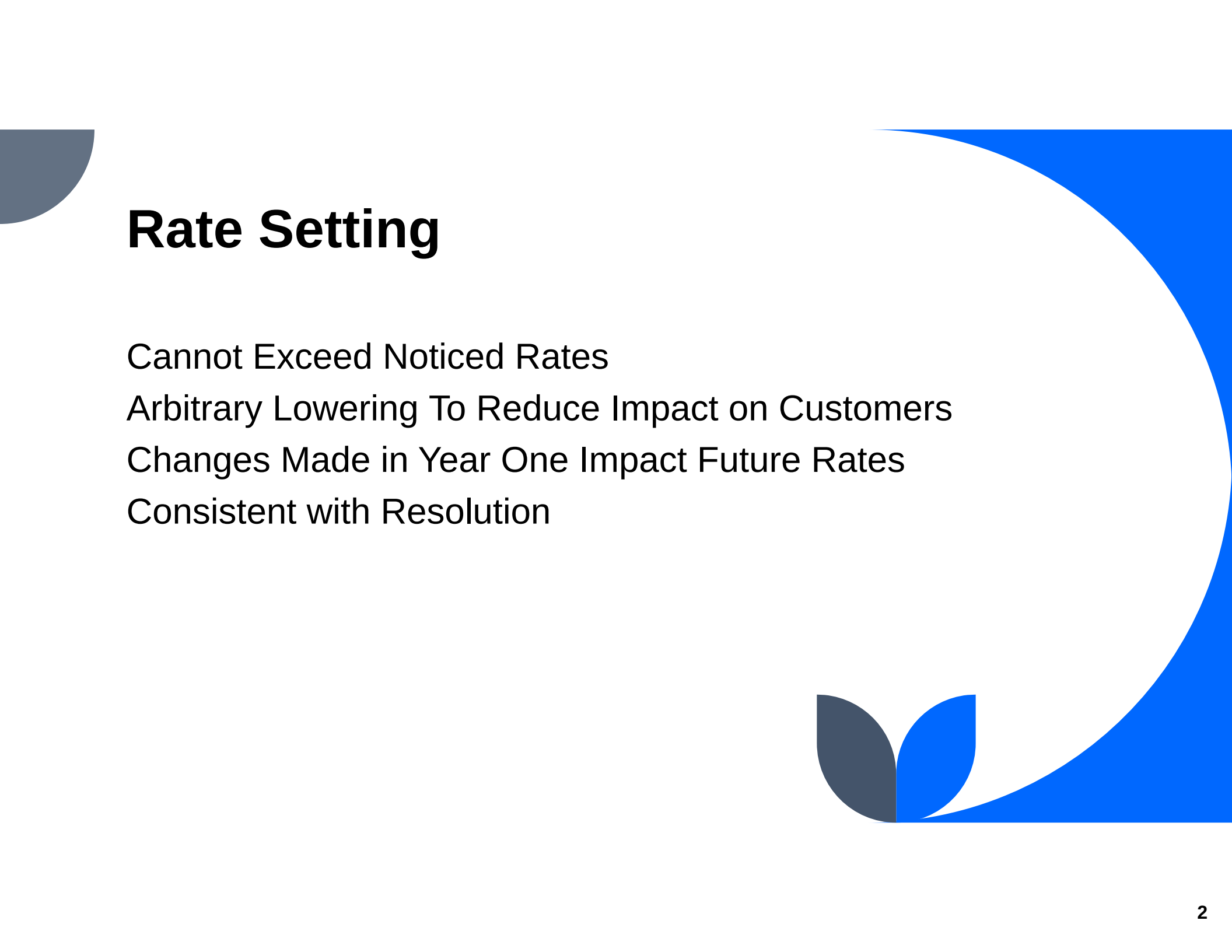




# **2027 Water Rate Setting**





# Rate Setting

Cannot Exceed Noticed Rates

Arbitrary Lowering To Reduce Impact on Customers

Changes Made in Year One Impact Future Rates

Consistent with Resolution

# Rate Adopting Resolution Guard Rails

- Board to set the actual rate increase annually
  - August 6, 2026
- Hold two Public Workshops
  - July 22, 2026 - Completed
  - July 28, 2026 (Evening In Auburn)

# Rate Adopting Resolution Guard Rails

- Consider rate decreases separately for irrigation and treated water customers
  - No project savings attributed to only one customer type is being used to offset rates.
- Consider Extraordinary Revenue to Decrease Rates if Possible
  - Strategy Used for 2027
- Consider rolling the five-year unspent fund balance for the purpose of lowering rates
  - Strategy Used for 2027

# Rate Adopting Resolution Guard Rails

- Discuss the Cost-Benefit of Capital Projects
  - To be Done During Annual Budgeting and is Project-Specific
- Aggressively Look for External Revenue Sources
  - Tentatively Secured \$5 M DOE Grant for Scotts Flat
  - Grant Consultant on Board
  - Internal Grant Update Meetings

# Rate Adopting Resolution Guard Rails

- Do Not Spend Unspent Capital Funds on Unnecessary CIP
  - To be Done During Annual Budgeting and is Project-Specific
- Explore the Development of Ag Water Efficiency Grant Program
  - Effort Initiated

# 2027 Proposed Rates

- Increase Rates for 2027
  - Utilize Excess Revenue
  - Utilize Excess Fund Balance
- Recommend a 9% Increase For Year 1 (2027)
  - Treated water holds new allocation between fixed and volumetric
  - Raw water is a flat 9% increase

## 9% Recommendation

- Will need \$8,640,055 to offset over the five-year rate term
- Will Backfill With Unspent Hydro and Water Funds
  - Due to money saved
  - Increased Hydro Revenue
- Modified Fund Balances Due to 2025 Audit Completion



# Funding Requirements to Buy Down Cost of Service Study to 9% in 2027 & 12.5% Thereafter

|                    | 2027        | 2028        | 2029        | 2030        | 2031        | Total       |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total Lost Revenue | \$1,277,966 | \$1,463,820 | \$1,680,808 | \$1,957,465 | \$2,259,995 | \$8,640,055 |

| Fund                                    | Beginning Fund Balance | Projected Ending Fund Balance | Change | 11/12/2025 Original Adopted Budget Ending Bal | Change    |
|-----------------------------------------|------------------------|-------------------------------|--------|-----------------------------------------------|-----------|
| 10 Water Fund                           | 34,016,176             | 24,249,852                    | -29%   | 23,802,103.80                                 | 447,748   |
| 12 Capacity Fees Fund                   | 9,560,537              | 10,340,457                    | 8%     | 9,757,221.00                                  | 583,236   |
| 15 Water Capital Improvement Fund       | 24,071,882             | 24,038,917                    | 0%     | 22,000,000.00                                 | 2,038,917 |
| 21 Cement Hill Assessment District Fund | (145,758)              | (230,378)                     | -58%   | 4,022.07                                      | (234,400) |
| 22 Rodeo Flat Assessment District Fund  | 113,781                | 117,066                       | 3%     | 113,911.95                                    | 3,154     |
| 30 Recreation Fund                      | 295,796                | 295,796                       | 0%     | 269,161.60                                    | 26,635    |
| 35 Recreation Capital Improvement Fund  | 382,303                | 382,303                       | 0%     | 403,582.86                                    | (21,280)  |
| 50 Hydroelectric Fund                   | 39,005,660             | 35,795,948                    | -8%    | 30,103,926.71                                 | 5,692,021 |
| 55 Hydroelectric Capital Fund           | 55,922,289             | 55,279,919                    | -1%    | 50,000,000.00                                 | 5,279,919 |
| 70 Internal Services Fund               | 714,309                | 154,007                       | -78%   | -                                             | 154,007   |
| 85 Pension Trust Fund                   | 4,422,329              | 6,414,329                     | 45%    | 5,968,944.92                                  | 445,384   |
| TOTAL                                   | 168,359,304            | 156,838,215                   | -7%    |                                               |           |

# Funding Proposal

## Funding Strategy for 9% Reduced Rates for 2027

|                              | 2027        | 2028        | 2029        | 2030        | 2031        | Total       |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual Delta In Rate Revenue | \$1,277,966 | \$1,463,820 | \$1,680,808 | \$1,957,465 | \$2,259,995 | \$8,640,055 |
| Transfer From Fund 50*       | \$1,277,966 | \$1,463,820 | \$1,680,808 | \$1,957,465 | \$2,259,995 | \$8,640,055 |
| Transfer from Fund 55*       | \$0         | \$0         | \$0         | \$0         | \$0         | \$0         |

\*Transfers to Be Made On Annual Basis

# Treated Water Rates

|                                                                          | 2026            | 2027               | 2027             | 2028             | 2029             | 2030             | 2031             |
|--------------------------------------------------------------------------|-----------------|--------------------|------------------|------------------|------------------|------------------|------------------|
| Treated Water Rates                                                      | <i>Existing</i> | <i>Reallocated</i> | <i>Projected</i> | <i>Projected</i> | <i>Projected</i> | <i>Projected</i> | <i>Projected</i> |
| Inside District Monthly Fixed Service Charges (\$ per Service per Month) |                 |                    |                  |                  |                  |                  |                  |
| 5/8"                                                                     | \$29.33         | \$29.06            | \$31.68          | \$35.64          | \$40.10          | \$45.11          | \$50.75          |
| 3/4"                                                                     | 44.00           | 43.60              | 47.52            | 53.46            | 60.14            | 67.66            | 76.12            |
| 1"                                                                       | 73.34           | 72.66              | 79.20            | 89.10            | 100.24           | 112.77           | 126.87           |
| 1.5"                                                                     | 146.67          | 145.32             | 158.40           | 178.20           | 200.48           | 225.54           | 253.73           |
| 2"                                                                       | 234.68          | 232.51             | 253.44           | 285.12           | 320.76           | 360.86           | 405.97           |
| 3"                                                                       | 469.35          | 465.03             | 506.88           | 570.24           | 641.52           | 721.71           | 811.92           |
| 4"                                                                       | 733.36          | 726.61             | 792.00           | 891.00           | 1,002.38         | 1,127.68         | 1,268.64         |
| 6"                                                                       | 1,466.72        | 1,453.21           | 1,584.00         | 1,782.00         | 2,004.75         | 2,255.34         | 2,537.26         |
| 8"                                                                       | 2,346.75        | 2,325.14           | 2,534.40         | 2,851.20         | 3,207.60         | 3,608.55         | 4,059.62         |
| Additional Monthly Regulatory Fee (\$ per Service per Month)             |                 |                    |                  |                  |                  |                  |                  |
| All Treated Customers                                                    | 1.90            | 0.00               | 0.00             | 0.00             | 0.00             | 0.00             | 0.00             |
| Inside District Volumetric Rates (\$ per HCF)                            |                 |                    |                  |                  |                  |                  |                  |
| Tier 1 (0-5 HCF)                                                         | 2.42            | 2.85               | 3.11             | 3.50             | 3.94             | 4.43             | 4.98             |
| Tier 2 (>5 HCF)                                                          | 3.13            | 2.85               | 3.11             | 3.50             | 3.94             | 4.43             | 4.98             |

# Raw Water Rates

|                                                    | 2026            | 2027             | 2028             | 2029             | 2030             | 2031             |
|----------------------------------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| Raw Water Rates                                    | <i>Existing</i> | <i>Projected</i> | <i>Projected</i> | <i>Projected</i> | <i>Projected</i> | <i>Projected</i> |
| Fixed Service Charges (\$ per Customer per Season) |                 |                  |                  |                  |                  |                  |
| In-District                                        |                 |                  |                  |                  |                  |                  |
| Summer                                             | \$570.99        | \$622.38         | \$700.18         | \$787.70         | \$886.16         | \$996.93         |
| Winter                                             | \$713.73        | \$777.97         | \$875.21         | \$984.61         | \$1,107.69       | \$1,246.15       |
| Annual                                             | \$1,284.72      | \$1,400.34       | \$1,575.39       | \$1,772.31       | \$1,993.85       | \$2,243.08       |
| Volumetric Rates (\$ per Miners Inch)              |                 |                  |                  |                  |                  |                  |
| In-District                                        |                 |                  |                  |                  |                  |                  |
| Summer                                             | \$336.48        | \$366.76         | \$412.61         | \$464.18         | \$522.21         | \$587.48         |
| Winter                                             | \$420.61        | \$458.46         | \$515.77         | \$580.24         | \$652.78         | \$734.37         |
| Annual                                             | \$757.09        | \$825.23         | \$928.38         | \$1,044.43       | \$1,174.98       | \$1,321.86       |



# Questions/Input

