

Nevada Irrigation District Water Rate Study

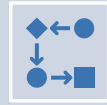
February 24, 2026



NID



Presentation Overview



Rate Study



Proposition 218



Financial Projections



Rate Structure Modifications and Proposed Rates



Next Steps



Questions and Discussion

Rate Study, Objectives

Sufficient revenue from rates to continue to provide reliable, high quality water service

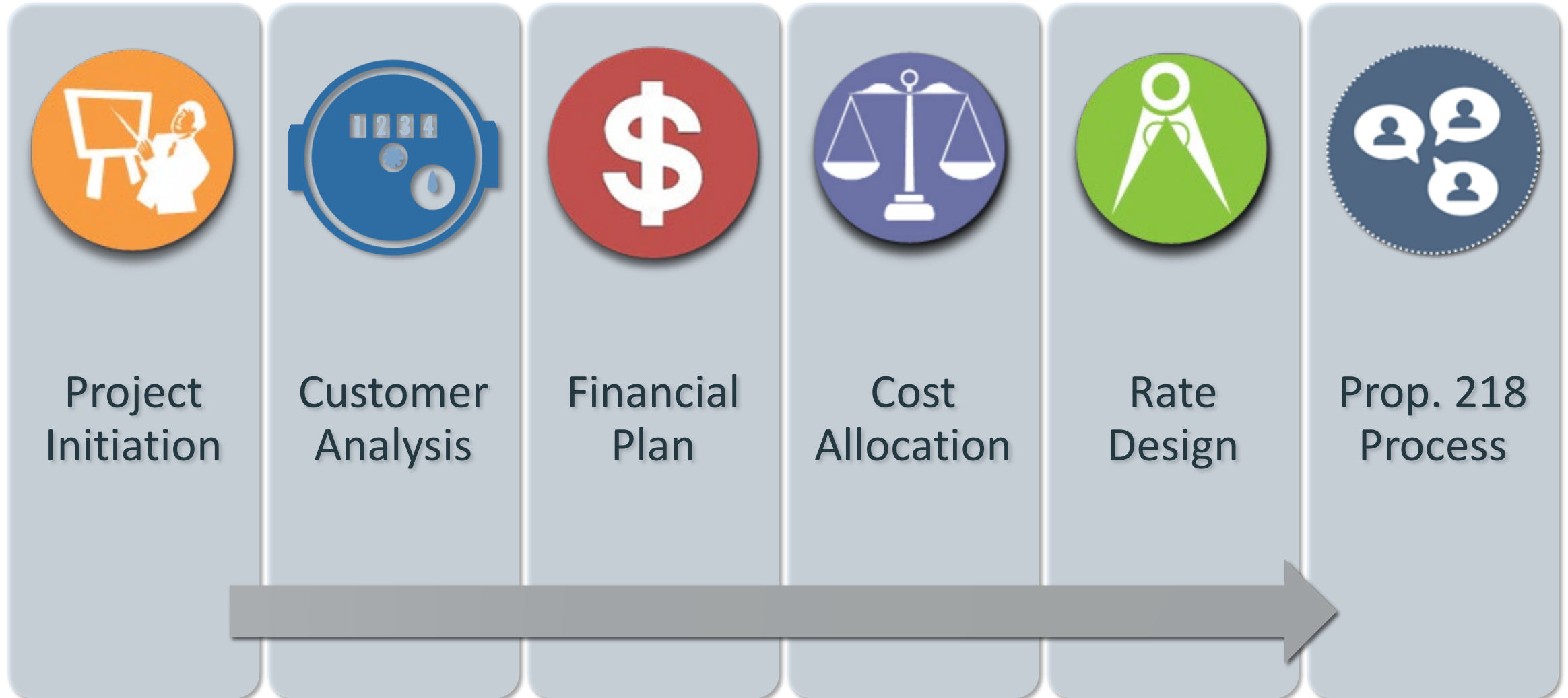
- **Rising operating costs**
- **Infrastructure repair and replacement**

Legal compliance

- **Proposition 218**

Incremental, predictable rate increases

Rate Study, Process



Rate Study, Key Regulation (Prop. 218)



- **Voter-approved constitutional amendment 1996**
 - Rates cannot exceed cost of providing service
- **Substantive requirements for property-related charges**
 - Rates cannot exceed cost of providing service
 - Proportionate cost recovery (fair and equitable)
- **Procedural requirements for rate increases**
 - Mail notice of rate increases to all property owners/customers
 - Hold public hearing at least 45 days after the mailing
 - Rates are subject to “majority protest”
 - AB 2257 – Administrative Exhaustion Procedure
 - District provides written Responses to objections

Financial Projections



Financial Projections

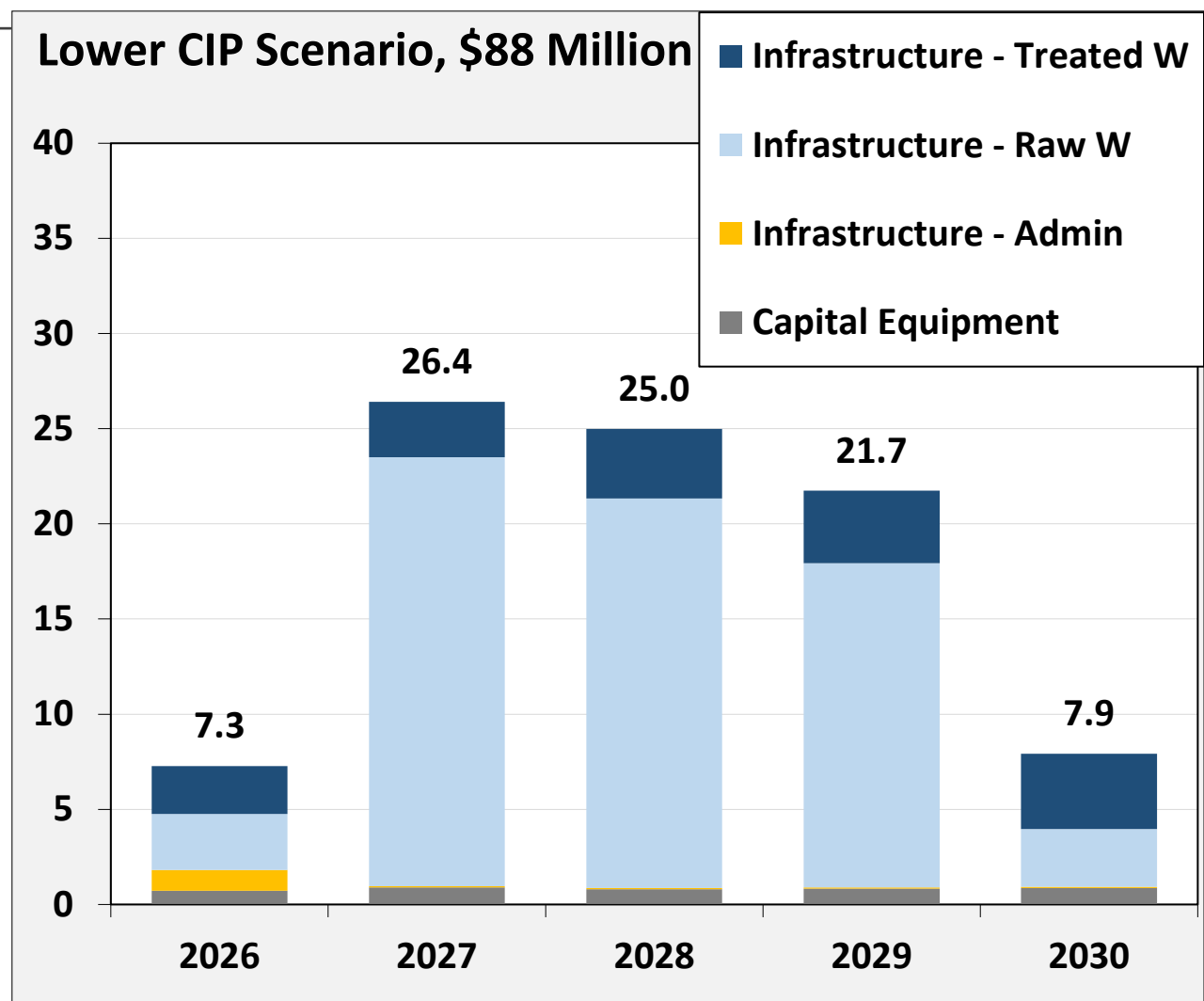
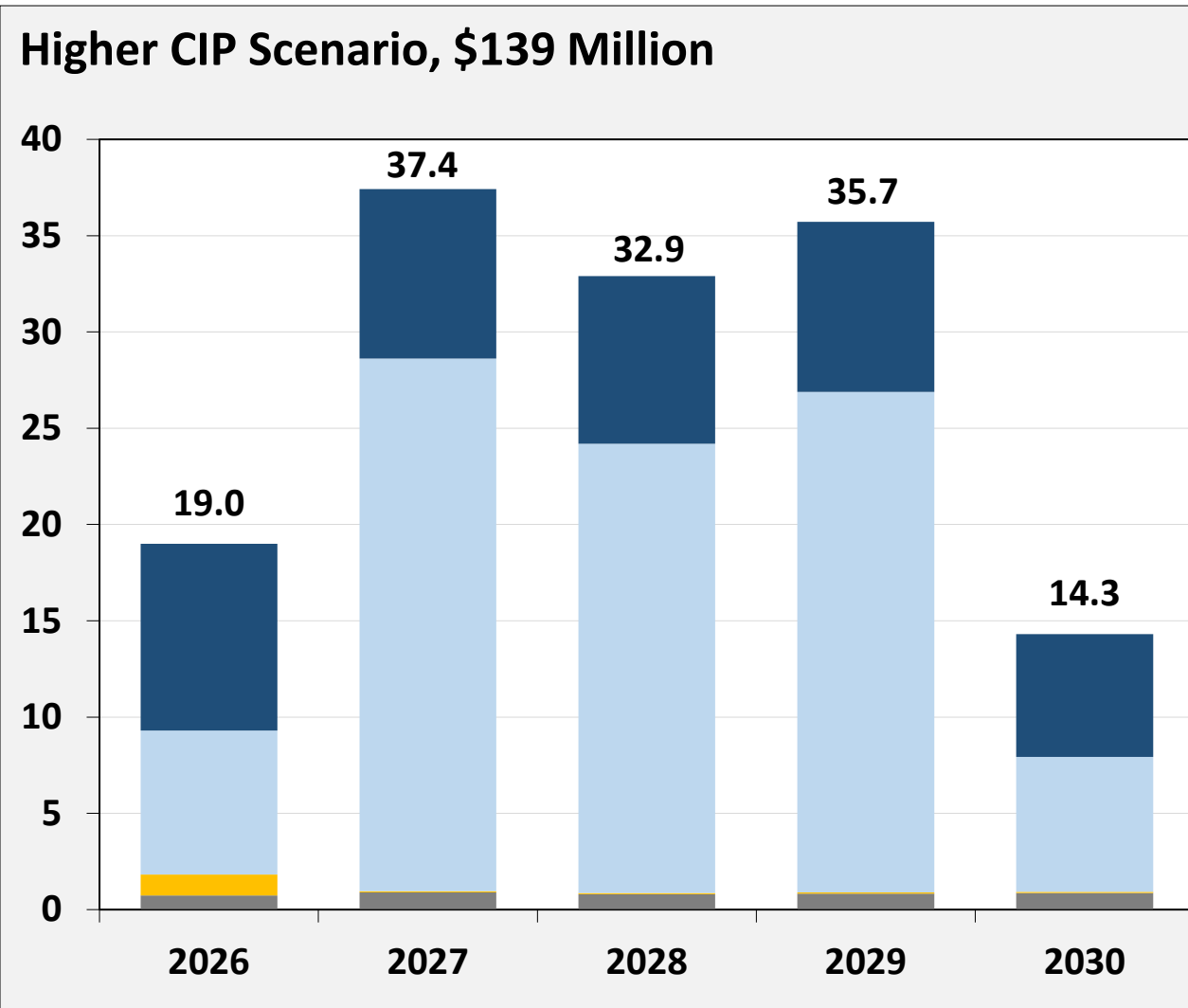
District Overview



- Water utility is a financially self-supporting enterprise that provides service to 20,000 treated water customers and 5,500 raw water customers
- Rates are the main source of revenues
- Rates need to be set at levels adequate to fund the cost of providing service
 - Capital projects
 - Operations and maintenance
 - Debt service

Financial Projections, Capital Improvement Costs (\$ millions)

Two Capital Improvement Plan Scenarios (4% Inflation)



- Infrastructure - Treated W
- Infrastructure - Raw W
- Infrastructure - Admin
- Capital Equipment

Source: Nevada Irrigation District 2025 CIP; future \$ includes annual construction cost inflation.



Financial Projections

Financial Challenges



- Aging infrastructure & capital improvement needs
 - Water system upgrades, repairs & replacements needed to maintain safe & reliable operations
 - 5-year CIP Scenarios:
 - Higher CIP Scenario = \$139 million
 - Lower CIP Scenario = \$88 million
- Debt service
 - Existing annual debt service of \$4 million
 - Projected debt needed to fund CIP in the next five years:
 - Higher CIP Scenario: debt funding = \$115 million, annual debt service = \$8 million
 - Lower CIP Scenario : debt funding = \$74 million, annual debt service = \$5 million
- Operating cost inflation
 - Annual operating cost inflation of 4.0% for the next five years
 - Annual rate adjustments needed to keep rates in line with escalating costs (chemicals, utilities, staffing, supplies, insurance, etc.)
- Maintain Prudent Reserves
 - Emergencies, demand fluctuation, cash funding capital, credit worthiness etc.

Financial Projections

Rate Revenue Scenarios



Total Rate Revenue Increase Scenarios

Higher CIP Scenario

Rates Effective	2026*	2027	2028	2029	2030
4% Projected Inflation	12.5%	12.5%	12.5%	12.5%	12.5%
5% Projected Inflation	14.0%	14.0%	14.0%	14.0%	14.0%
6% Projected Inflation	15.5%	15.5%	15.5%	15.5%	15.5%

Lower CIP Scenario

Rates Effectives	2026*	2027	2028	2029	2030
4% Projected Inflation	9.5%	9.5%	9.5%	9.5%	9.0%
5% Project Inflation	11.0%	11.0%	11.0%	11.0%	11.0%
6% Projected Inflation	12.0%	12.0%	12.0%	12.0%	12.0%

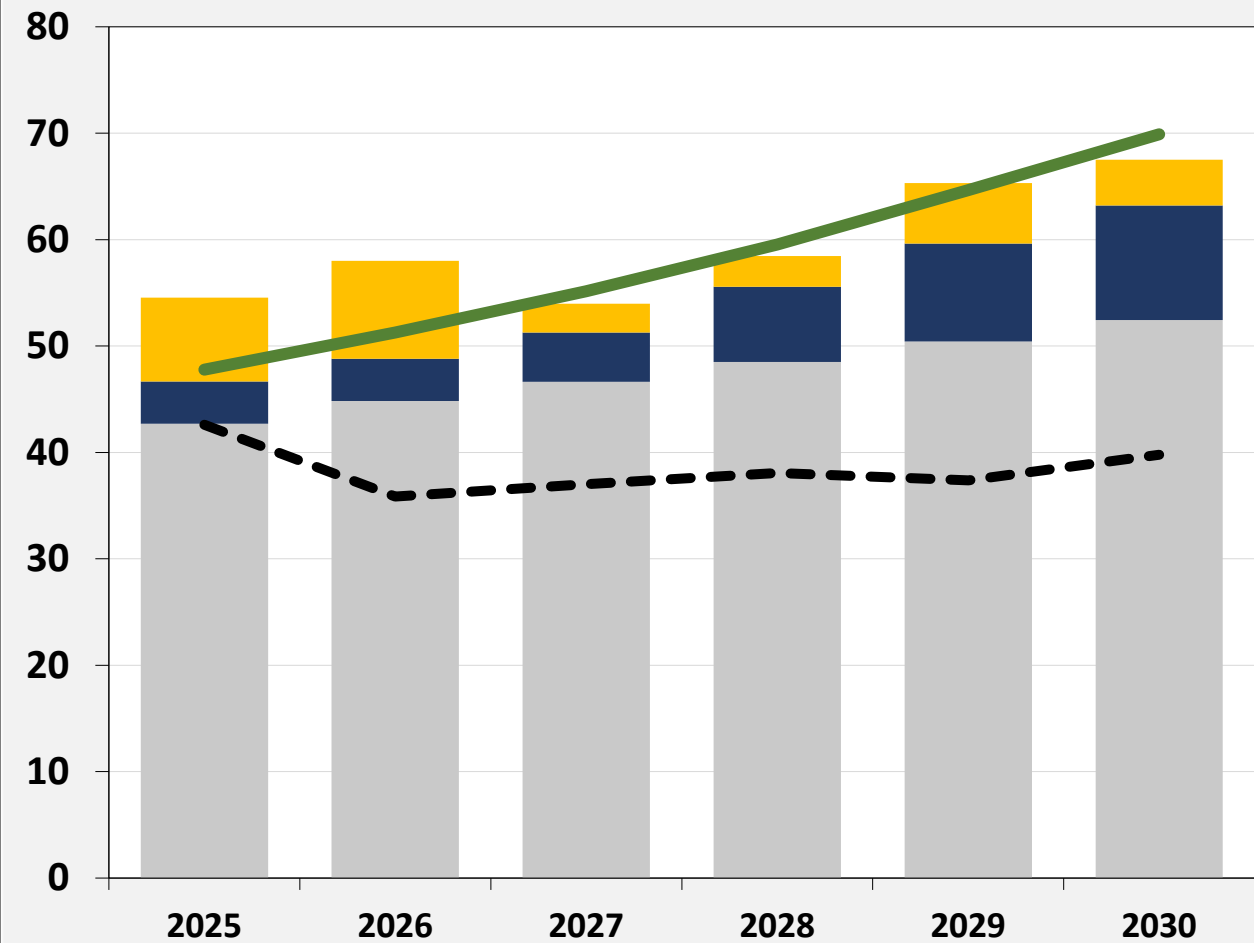
*Initial bill impacts will vary based on customer class and usage due to rate structure adjustments realigning rates with cost of service.

Financial Projections, Water Financial Plan (\$ millions)

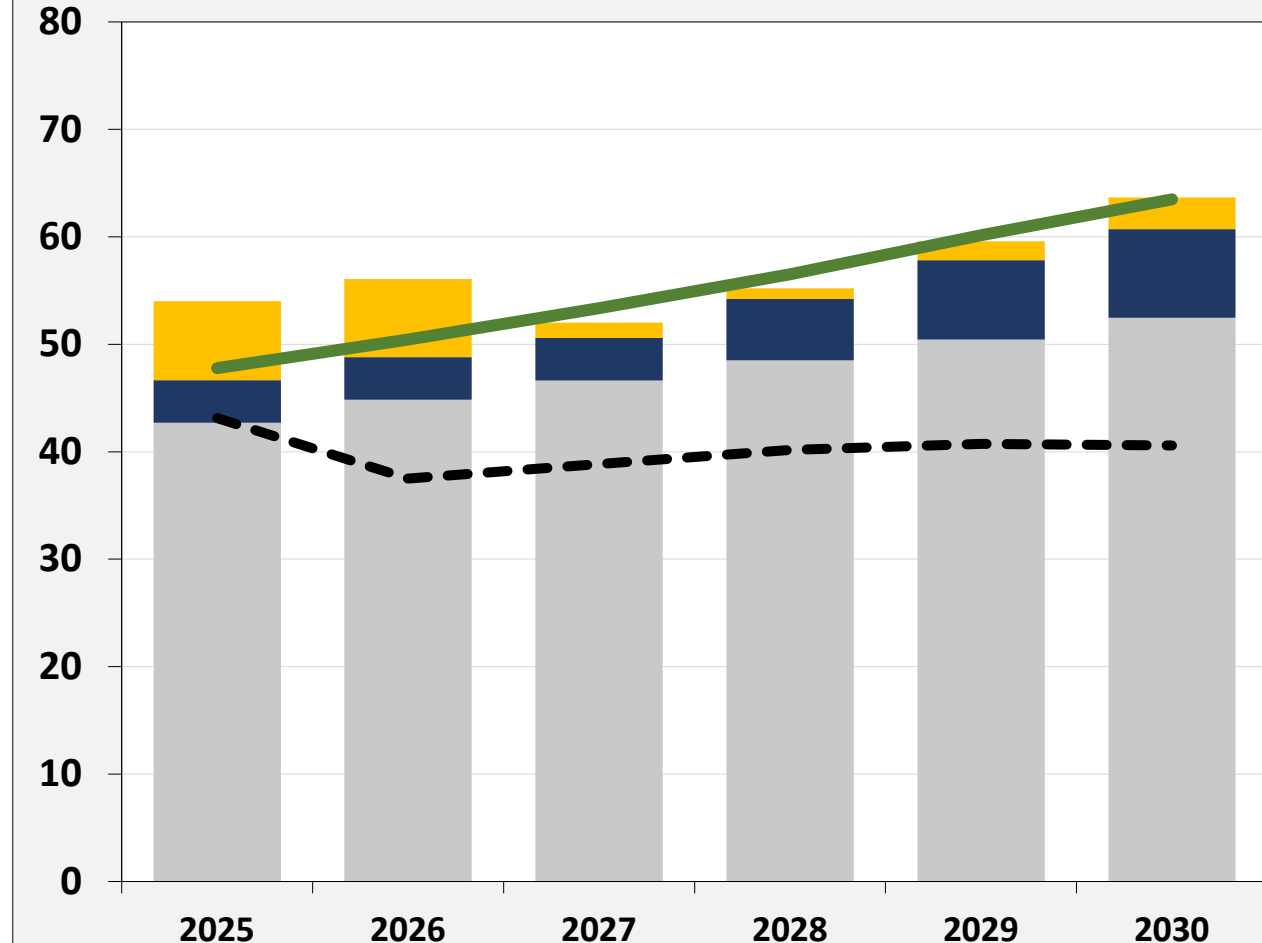
Two Cash Flow Scenarios (4% Inflation)

■ Rate Funded Capital
 ■ Debt Service
 ■ O&M
 — Revenue
 - - Reserves

Higher CIP Scenario



Lower CIP Scenario



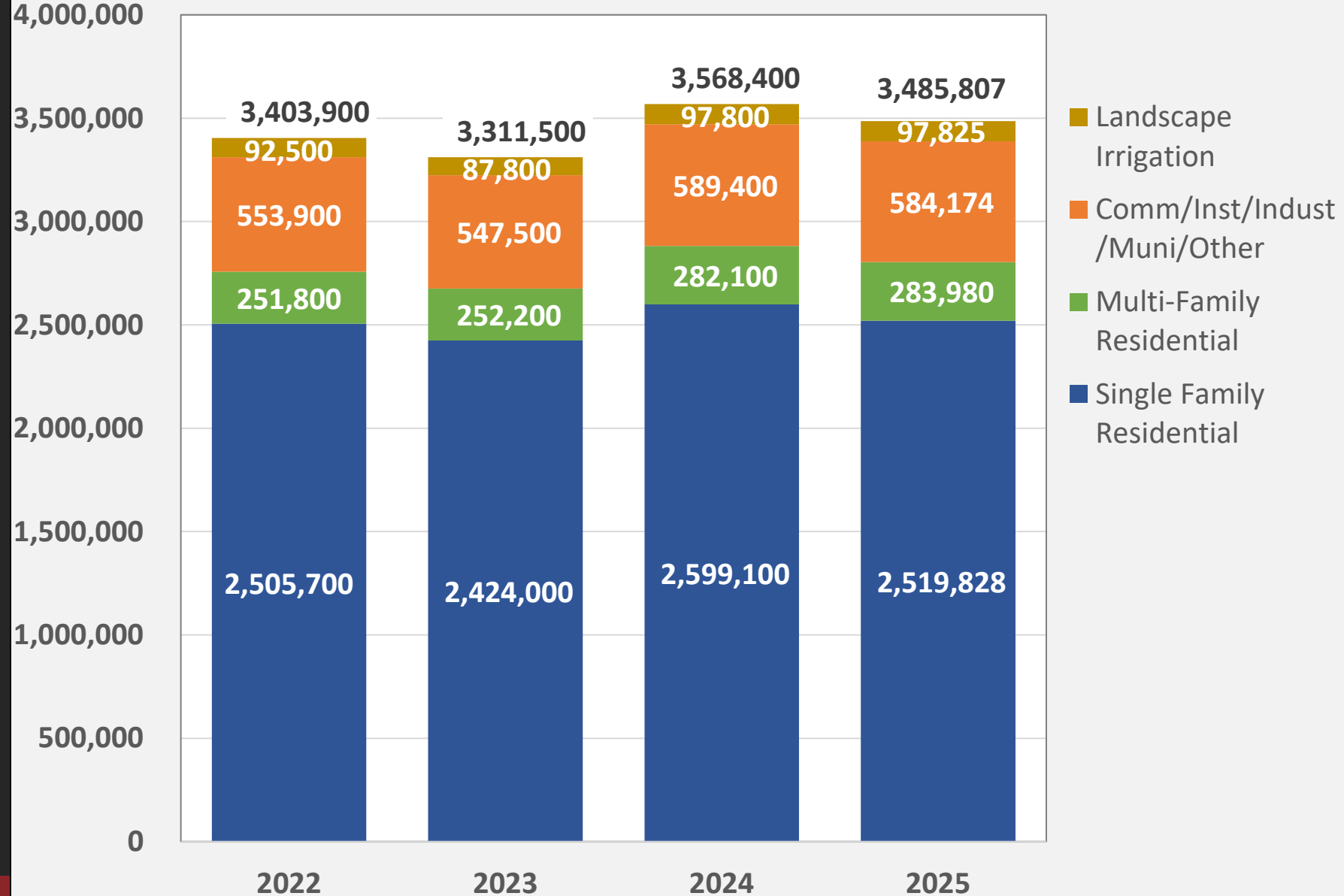
Rate Structure Modifications and Proposed Rates

Potable Water



Potable Water Customers and Demand

Nevada Irrigation District Annual Water Use (CCF)



Potable Water

Cost of Service Recommendations

1

Move volumetric rates from two tiers to one tier (uniform)

2

Only allocate property tax benefit to inside District connections (reflects customers paying property tax)

3

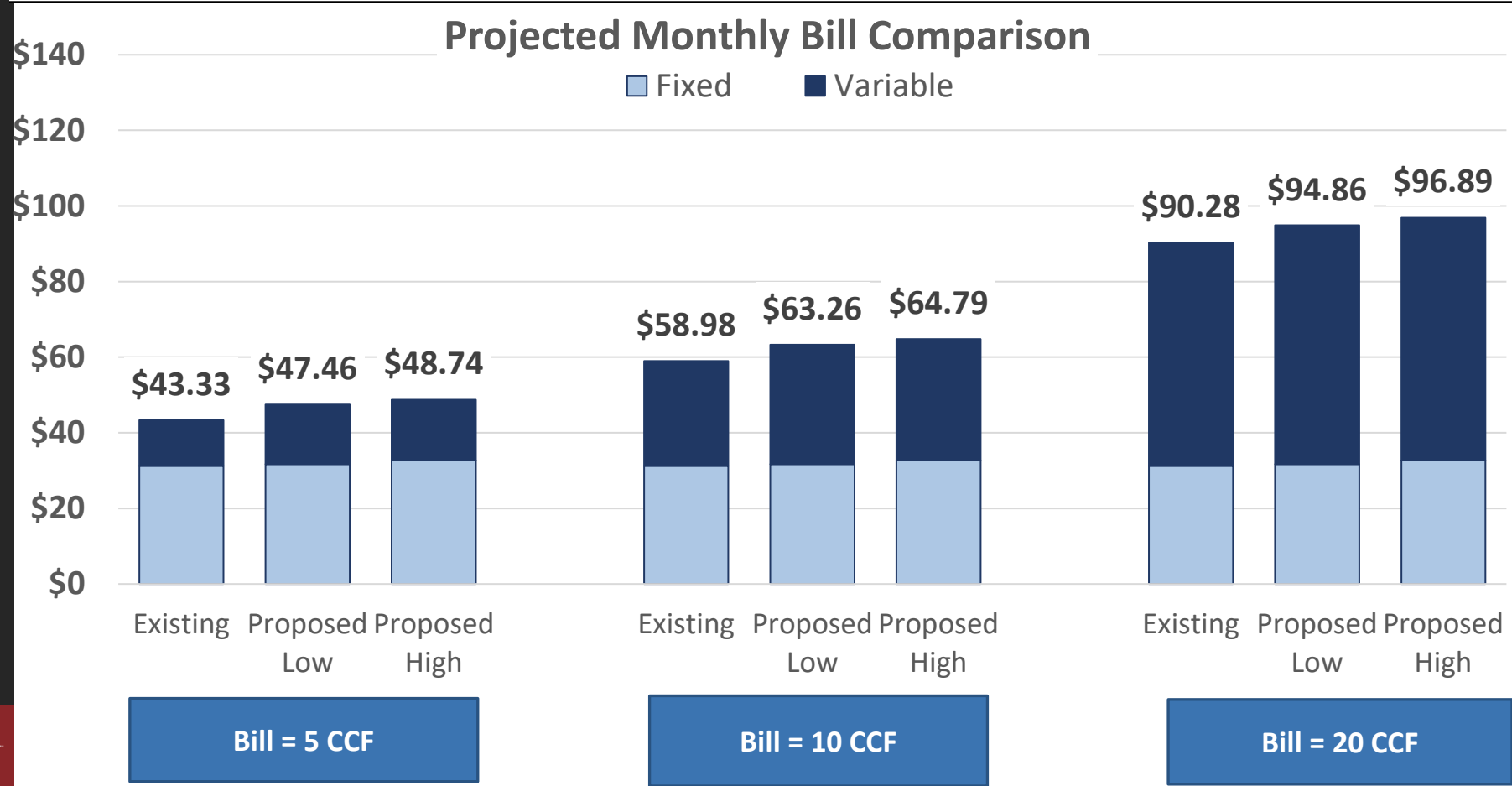
Include source of supply costs in outside District rates

Potable Water

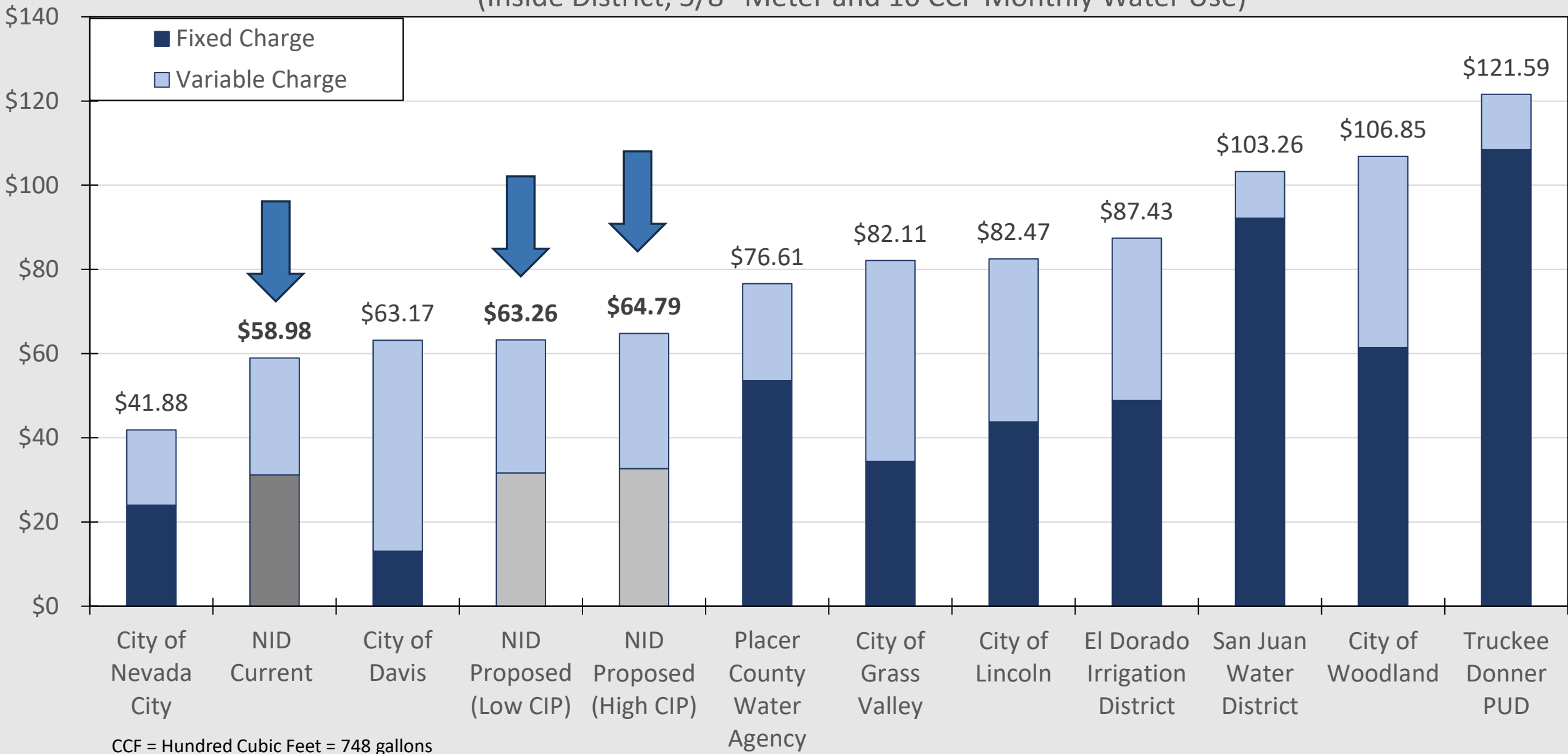
Proposed Bill Impacts Inside District Lower and Higher CIP Scenarios

Treated Water, Inside District, 5/8" Meter

Billed Volume (CCF)	Existing Monthly Bill	Proposed Monthly Bill (Low)	Change (\$)	Change (%)	Proposed Monthly Bill (High)	Change (\$)	Change (%)
5.00	43.33	47.46	4.13	9.5%	48.74	5.41	12.5%
10.00	58.98	63.26	4.28	7.3%	64.79	5.81	9.9%
20.00	90.28	94.86	4.58	5.1%	96.89	6.61	7.3%



Single Family Residential Treated Water Rate Survey (Inside District, 5/8" Meter and 10 CCF Monthly Water Use)



CCF = Hundred Cubic Feet = 748 gallons

Rate Structure Modifications and Proposed Rates

Raw Water



NID provides raw (non-potable) water service to:

Inside

Outside

Season	Inside		Outside	
	Accounts	Usage (Miners Inches)	Accounts	Usage (Miners Inches)
Summer	4,536	10,987	82	276.0
Winter	590	536	7	4.0
Annual	237	184		

- **Cost of Service Recommendations:**
 - Only allocate property tax benefit to inside District connections (reflects customers paying property tax)
 - Include source of supply costs in outside District rates
- **Policy Considerations:**
 - 5% Prepayment discount
 - Discount increases customer service cost

Raw Water

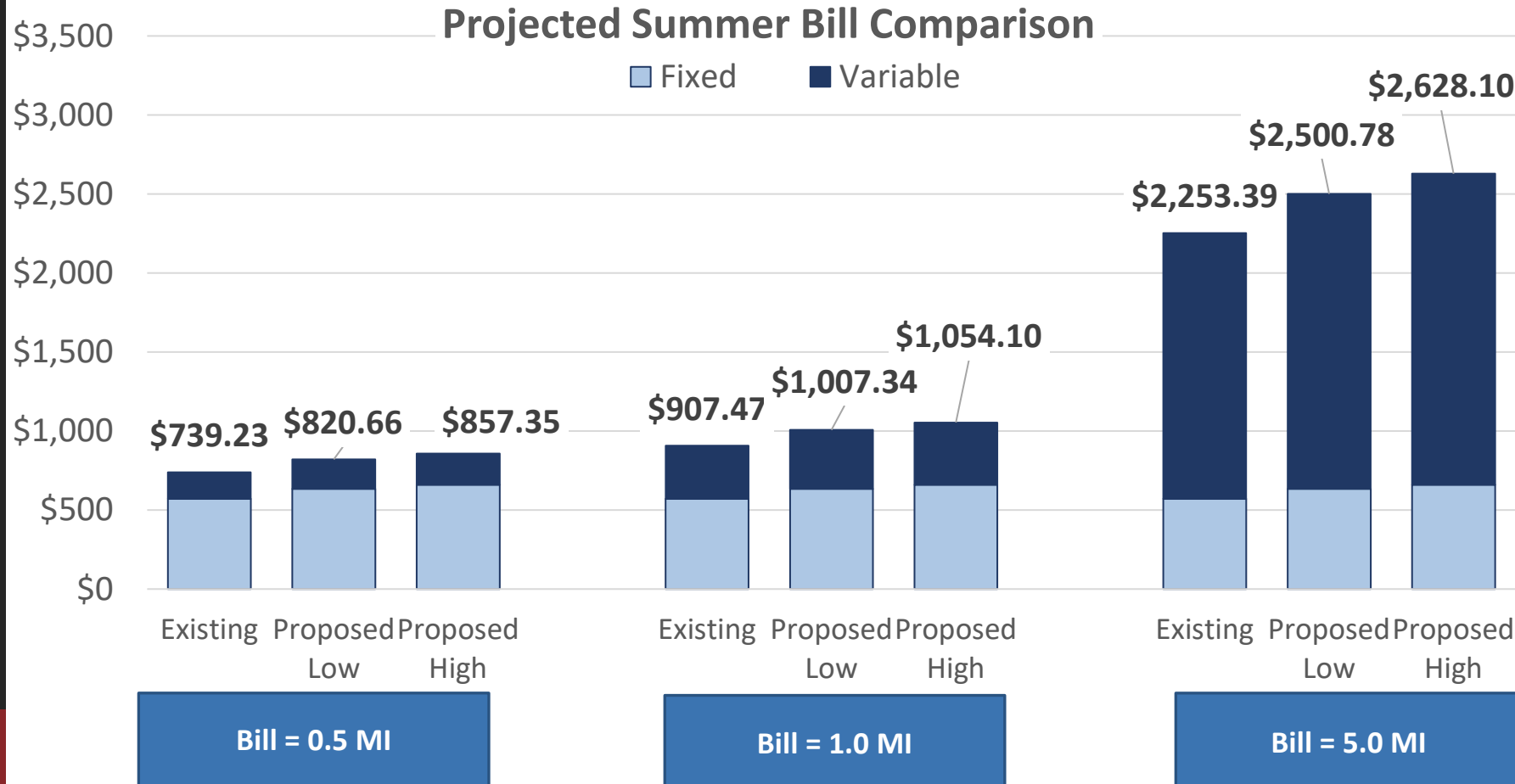
Customers, Demand and Cost of Service Recommendations

Raw Water

Proposed Bill Impacts Inside District Lower and Higher CIP Scenarios

Raw Inside Summer

Billed Volume (Miners Inches)	Existing Summer Bill	Proposed Summer Bill (Low)	Change (\$)	Change (%)	Proposed Summer Bill (High)	Change (\$)	Change (%)
0.5	739.23	820.66	81.43	11.0%	48.74	5.41	12.5%
1.0	907.47	1,007.34	99.87	11.0%	64.79	5.81	9.9%
5.0	2,253.39	2,500.78	247.39	11.0%	96.89	6.61	7.3%



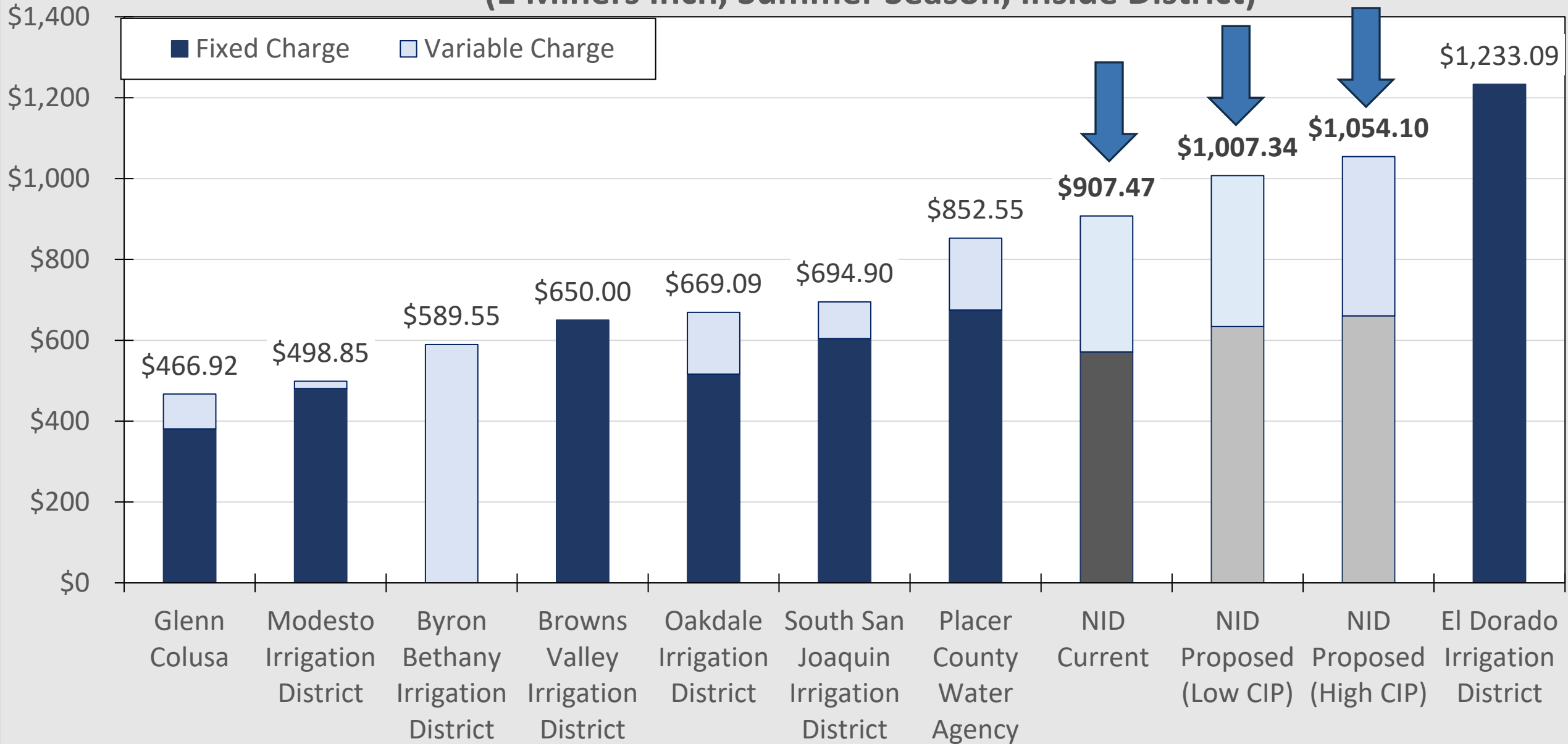
Raw Water, Inside District, Summer Bill Comparison

Inflation and CIP Scenario Comparison

Summer Season Comparison	Bills for 1 Miner's Inch, Inside District, Summer, Raw Water
Bill at Current Rates	\$907.47
4% Inflation, Low CIP	1,007.34
5% Inflation, Low CIP	1,027.65
6% Inflation, Low CIP	1,037.58
4% Inflation, High CIP	1,054.10
5% Inflation, High CIP	1,073.54
6% Inflation, High CIP	1,091.69

Raw Water Rate Survey

(1 Miners Inch, Summer Season, Inside District)



Next Steps

Board
Workshop
2.11.26

Board
Meeting
3.11.26

Prop. 218 Notice Period,
AB 2257 Responses

Rates
Effective
7.1.26

Board
Workshop
2.24.26

Mail
Notices
by
3.20.26

Public
Hearing
5.27.26

Questions & Discussion



BARTLE WELLS
ASSOCIATES