



June 3, 2021

14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

VICTORVILLE WATER DISTRICT - NOTICE OF PUBLIC HEARING PROPOSED CHANGES TO RATES AND CHARGES FOR WATER SERVICES

PLEASE TAKE NOTICE THAT the Board of Directors (“Board”) of the Victorville Water District (“VWD”) will conduct a **public hearing on Tuesday, July 20, 2021 at 6:00 p.m.**, or as soon thereafter as the matter can be heard, in the Victorville City Hall Council Chambers, located at 14343 Civic Drive, Victorville, California 92392, **to consider a proposed schedule of changes to the fees VWD charges to provide water and water services (the “Proposed Changes”). If approved, the Proposed Changes will be effective for a five-year period, commencing on August 1, 2021.** This notice is being sent to all property owners of record who receive water services from the VWD to describe the proposed changes and the reasons for such changes. ***Si desea recibir este aviso en español, por favor llame al (760) 245-6424.***

Reasons for the Proposed Changes: A cost of service/rate study (“Rate Study”) was prepared by an independent consultant to evaluate costs associated with VWD’s infrastructure needs, programs, operations and maintenance requirements, and administrative functions directly related to providing water service. The Rate Study demonstrated that VWD needs to make adjustments in the way its rates and charges are calculated to ensure: (1) consistency with current industry and new legal standards; and (2) recovery of its costs of providing water services, many of which costs have increased over the past five years (e.g., electricity for pumping, wholesale water purchases and State-mandated drinking water compliance regulations). The Proposed Changes will continue to allow VWD to: fund capital infrastructure improvements believed necessary to provide safe and reliable drinking water, improve fire service capacity, minimize mainline failures, maintain the operational and financial stability of VWD, and avoid operational deficits and depletion of reserves.

Basis for the Proposed Changes: On the following page, Table I shows the changes VWD proposes to make to its monthly water service (meter) charges, and Table II shows the changes proposed for the water (consumption) rates. On the third and fourth page of this notice, Table III contains water consumption rates that may be imposed in lieu of the Table II rates, should escalating drought conditions so require. All Proposed Changes shown in Tables I, II and III are based on the detailed information and calculations in the Rate Study, a copy of which is available for review at the VWD offices at City Hall, and online at: www.victorvilleca.gov/government/legally-required-postings. The Proposed Changes are projected to yield a revenue increase of 3.0% each year through fiscal year 2025-2026.

Monthly Water Service Charges. Table I provides a side-by-side comparison of VWD’s current fixed/periodic monthly service charges and shows the ***proposed new monthly service charges***, which have been designed to collect the projected water supply costs from volumetric charges and the remaining revenue requirement from fixed charges. In the first year of the rate adjustment, new rates will continue to collect 27% of revenue from fixed charges and 73% from volumetric charges but will transition to a 40% fixed / 60% volumetric split by Year 5 of the proposed rates. By adjusting the fixed vs. volumetric split, VWD is promoting conservation and increasing revenue stability required to maintain the District’s ability to provide safe and reliable water service.

Water Consumption Rates. Table II provides a side-by-side comparison of VWD’s current rates (commodity charges for water consumption) and shows the ***proposed new rates to be imposed for water consumption*** unless drought conditions necessitate imposition of the Drought Rate Schedule. The commodity charge has been restructured into a two-tier rate for Single Family Residents (SFR). All other customer classes would continue to use a uniform volumetric rate. The two-tiered rate structure is applicable for SFR because these

customers represent a very homogenous group with similar water consumption patterns; in contrast, there are significant differences in consumption patterns among commercial customers. The proposed single-family tiered rates also support conservation and offer SFR more control over their monthly bills.

Table Notes: Rates are computed on a per “hcf” (hundred cubic feet) basis, which is a standard water consumption billing unit equal to 748 gallons of water.

Table I: Current and Proposed Monthly Water Service Meter Charges

| Monthly Water Service Charge | Current Rates | Proposed New Service Charges and Effective Dates | | | | |
|------------------------------------|---------------|--|--------------|--------------|--------------|--------------|
| | | August 1, 2021 | July 1, 2022 | July 1, 2023 | July 1, 2024 | July 1, 2025 |
| | | 27% Fixed | 30% Fixed | 33% Fixed | 37% Fixed | 40% Fixed |
| Fixed Service Charges: | | | | | | |
| ¾ inch | \$13.36 | \$15.24 | \$17.68 | \$20.25 | \$22.96 | \$25.81 |
| 1 inch | \$21.09 | \$23.31 | \$27.04 | \$30.97 | \$35.12 | \$39.48 |
| 1.5 inch | \$40.41 | \$43.49 | \$50.45 | \$57.78 | \$65.51 | \$73.66 |
| 2 inch | \$63.60 | \$67.71 | \$78.54 | \$89.96 | \$101.99 | \$114.67 |
| 3 inch | \$125.44 | \$132.28 | \$153.44 | \$175.75 | \$199.26 | \$224.03 |
| 4 inch | \$195.01 | \$204.93 | \$237.71 | \$272.27 | \$308.69 | \$347.06 |
| 6 inch | \$388.25 | \$406.72 | \$471.78 | \$540.38 | \$612.67 | \$688.81 |
| 8 inch | \$1,083.92 | \$1,133.18 | \$1,314.45 | \$1,505.58 | \$1,706.99 | \$1,919.12 |
| 10 inch | \$1,624.99 | \$1,698.21 | \$1,969.86 | \$2,256.28 | \$2,558.12 | \$2,876.03 |
| Fire Fixed Service Charges: | | | | | | |
| ¾ inch | \$2.63 | \$3.13 | \$3.63 | \$4.16 | \$4.72 | \$5.30 |
| 1 inch | \$3.20 | \$4.14 | \$4.67 | \$5.23 | \$5.83 | \$6.45 |
| 1.5 inch | \$4.64 | \$5.15 | \$5.71 | \$6.31 | \$6.93 | \$7.59 |
| 2 inch | \$6.37 | \$6.36 | \$6.96 | \$7.60 | \$8.26 | \$8.96 |
| 3 inch | \$11.83 | \$10.19 | \$10.92 | \$11.68 | \$12.47 | \$13.30 |
| 4 inch | \$21.90 | \$17.26 | \$18.20 | \$19.19 | \$20.22 | \$21.30 |
| 6 inch | \$47.78 | \$35.42 | \$36.94 | \$38.52 | \$40.16 | \$41.86 |
| 8 inch | \$82.30 | \$59.63 | \$61.91 | \$64.28 | \$66.74 | \$69.28 |
| 10 inch | \$128.31 | \$91.91 | \$95.22 | \$98.64 | \$102.18 | \$105.84 |

Table II: Current vs. Proposed Water Consumption Rates

| Commodity Charges for All Water Consumption | Current Rates | Proposed New Service Charges and Effective Dates | | | | |
|---|---------------|--|--------------|--------------|--------------|--------------|
| | | August 1, 2021 | July 1, 2022 | July 1, 2023 | July 1, 2024 | July 1, 2025 |
| | | 73% Variable | 70% Variable | 67% Variable | 63% Variable | 60% Variable |
| Rate Per hcf of Water Consumed: | | | | | | |
| Single Family Residential | | | | | | |
| Tier 1 (1 - 6 hcf) | \$2.35 | \$1.41 | \$1.02 | \$0.92 | \$0.81 | \$0.80 |
| Tier 2 (7+ hcf) | -- | \$3.58 | \$2.51 | \$2.47 | \$2.44 | \$2.44 |
| All Other Customers | \$2.35 | \$2.61 | \$2.57 | \$2.52 | \$2.47 | \$2.42 |
| Flow Meter / Intertie / Well | \$3.51 | \$3.56 | \$3.67 | \$3.78 | \$3.89 | \$4.01 |

Estimated Impact on Customer Bill. Although water consumption and meter sizes do vary, a typical residential customer with a ¾ inch meter connection (approximately 91% of all VWD customers) uses an average of 13 hcf (9,724 gallons) per month. A sample of billing impacts (comparing VWD’s current water service charges and rates to the **proposed new charges and rates** for fiscal year 2021-2022), is shown in Chart A of this notice. Additional charts showing customer billing impacts for Fiscal Years 2022-2023 through 2025-2026 and other information

relating to the Proposed Changes is available for review at the VWD offices, and online, by visiting the City's website at www.victorvilleca.gov/government/legally-required-postings.

Chart A – Estimated Customer Bill Impact (FY 2021-2022)

| Water Use (hcf units) | Meter Size | Current | | | Proposed New – Effective 08/01/2021 | | |
|-----------------------|------------|-------------|----------------|-------------|-------------------------------------|----------------|-------------|
| | | Water Rates | Service Charge | Total | Water Rates | Service Charge | Total |
| 6 | 3/4 inch | \$14.10 | \$13.36 | \$27.46 | \$8.46 | \$15.24 | \$23.70* |
| 13 | 3/4 inch | \$30.55 | \$13.36 | \$43.91 | \$33.52 | \$15.24 | \$48.76* |
| 17 | 3/4 inch | \$39.95 | \$13.36 | \$53.31 | \$47.84 | \$15.24 | \$63.08* |
| 28 | 1 inch | \$65.80 | \$21.09 | \$86.89 | \$73.08 | \$23.31 | \$96.39 |
| 67 | 1.5 inch | \$157.45 | \$40.41 | \$197.86 | \$174.87 | \$43.49 | \$218.36 |
| 144 | 2 inch | \$338.40 | \$63.60 | \$402.00 | \$375.84 | \$67.71 | \$443.55 |
| 298 | 3 inch | \$700.30 | \$125.44 | \$825.74 | \$777.78 | \$132.28 | \$910.06 |
| 371 | 4 inch | \$871.85 | \$195.01 | \$1,066.86 | \$968.31 | \$204.93 | \$1,173.24 |
| 387 | 6 inch | \$909.45 | \$388.25 | \$1,297.70 | \$1,010.07 | \$406.72 | \$1,416.79 |
| 1,012 | 8 inch | \$2,378.20 | \$1,083.92 | \$3,462.12 | \$2,641.32 | \$1,133.18 | \$3,774.50 |
| 5,878 | 10 inch | \$13,813.30 | \$1,624.99 | \$15,438.29 | \$15,341.58 | \$1,698.21 | \$17,039.79 |

*Total amount for estimated bill impact is calculated using the SFR tiered rates. All other total amounts are calculated using the uniform rate.

Drought Rate Schedule. Currently, 97.5% of California is in some stage of drought with a drought emergency declared in 41 counties due to extreme dry conditions in most of the state. Should extraordinary measures to combat drought (whether imposed by VWD or the State) result in water conservation reaching the percentages shown in the first column of Table III, the Board may take action to impose the Drought Rate Schedule to ensure VWD recovers sufficient revenues to recover costs of providing water service when consumption so decreases. While there is no immediate need to impose drought rates, they are included in this notice to establish a rate ceiling should dramatic climatic or regulatory changes occur over the next five years. Written notice of imposition (or subsequent adjustment or repeal) of any of the rates shown in Table III will be sent by VWD to affected property owners following adoption of a Board resolution at least thirty (30) days prior to the date any such new rate becomes effective.

**Table III – Drought Rate Schedule
Conservation Level Compared to FY 2019-2020**

| Drought Rate Schedule | Current Rates | Proposed Rates | | | |
|---|---------------|----------------|------------|--|------------|
| | | FY 2021-22 | FY 2022-23 | FY 2023-24 | FY 2024-25 |
| Rates for Single Family Residential Tier 1 Water Consumed (per hcf) | | | | | |
| 20% | N.A. | \$1.45 | \$1.03 | After year 2, revenue losses from drought reductions are offset by marginal cost reductions. | |
| 30% | N.A. | \$1.48 | \$1.04 | | |
| 40% | N.A. | \$1.53 | \$1.05 | | |
| 50% | N.A. | \$1.59 | \$1.07 | | |
| Rates for Single Family Residential Tier 2 Water Consumed (per hcf) | | | | | |
| 20% | N.A. | \$3.63 | \$2.52 | After year 2, revenue losses from drought reductions are offset by marginal cost reductions. | |
| 30% | N.A. | \$3.66 | \$2.53 | | |
| 40% | N.A. | \$3.70 | \$2.54 | | |
| 50% | N.A. | \$3.76 | \$2.56 | | |
| Rates for Standard Domestic & Public Benefit Use Water Consumed Water Consumed (per hcf) | | | | | |
| 20% | N.A. | \$2.66 | \$2.73 | After year 2, revenue losses from drought reductions are offset by marginal cost reductions. | |
| 30% | N.A. | \$2.69 | \$2.74 | | |
| 40% | \$2.53 | \$2.73 | \$2.75 | | |
| 45% | \$2.75 | N.A. | N.A. | | |
| 50% | \$3.02 | \$2.79 | \$2.77 | | |
| 55% | \$3.35 | N.A. | N.A. | | |
| 60% | \$3.76 | N.A. | N.A. | | |

Table III – Drought Rate Schedule, Continued

| Drought Rate Schedule | Current Rates | Proposed Rates | | | | |
|--|---------------|----------------|------------|--|------------|------------|
| | | FY 2021-22 | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
| Rates for Construction Flow Meter / Filler Spout Water / Intertie (per hcf) | | | | | | |
| 20% | N.A. | \$3.61 | \$3.68 | After year 2, revenue losses from drought reductions are offset by marginal cost reductions. | | |
| 30% | N.A. | \$3.64 | \$3.69 | | | |
| 40% | \$3.92 | \$3.69 | \$3.70 | | | |
| 45% | \$4.27 | N.A. | N.A. | | | |
| 50% | \$4.69 | \$3.75 | \$3.72 | | | |
| 55% | \$5.20 | N.A. | N.A. | | | |
| 60% | \$5.85 | N.A. | N.A. | | | |

Public Hearing and Protest: Any property owner of record of an identified parcel subject to the Proposed Changes may submit a written protest. Only one protest will be counted per identified parcel. Each written protest must: (1) state that the identified property owner is opposed to the proposed water rate changes; (2) provide the location of the identified parcel (by street address or assessor’s parcel number); and (3) include the printed name and original signature of the submitting property owner. Written protests may be submitted by mail or in person to: Victorville Water District, Secretary of the Board, 14343 Civic Drive, Victorville, CA 92392. Protests submitted by email or other electronic means will not be accepted. Please write or type **“Proposed Water Rates-Do Not Open”** on the front of each envelope in which a protest is submitted. Written protests may also be submitted at the July 20, 2021 public hearing; however, in order to be counted, all written protests (whether mailed or submitted in person) must be received by VWD prior to the close of the public comment portion of the public hearing.

At the public hearing, the Board will accept and consider all written protests and hear all oral comments on the Proposed Changes. Oral comments will not be counted as protests unless accompanied by a written protest. At the conclusion of the public hearing, the Board will consider adoption of the proposed changes to the water rates and service charges described in this notice and contained in the adopting resolution. If valid written protests the Proposed Changes are not received from a majority of the property owners of record of the identified parcels subject to the Proposed Changes, the VWD Board will be authorized to vote to adopt the Proposed Changes. If adopted, the Proposed Changes will be the maximum allowable rates and charges for the water and water services described in this notice that VWD may impose annually over the next five years, commencing as of August 1, 2021.

If you have further questions about the Proposed Changes, please call us (760) 245-6424.

**VICTORVILLE WATER DISTRICT
RESOLUTION NO. VWD 21-005**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VICTORVILLE
WATER DISTRICT AUTHORIZING PREPARATION AND MAILING OF A
NOTICE OF PUBLIC HEARING ON PROPOSED ADJUSTMENTS TO WATER
SERVICE RATES IN ACCORDANCE WITH PROPOSITION 218; SETTING A
DATE, TIME AND LOCATION FOR A PUBLIC HEARING ON THE PROPOSED
WATER SERVICE RATE ADJUSTMENTS; AND ACCEPTING THE COST OF
SERVICE/RATE STUDY**

WHEREAS, the Victorville Water District (the “**District**”) is a subsidiary district of the City of Victorville, organized and operating under the County Water District Law (California Water Code section 30000 *et seq.*); and

WHEREAS, Proposition 218 was adopted by the voters on November 6, 1996, adding Articles XIII C and XIII D to the California Constitution; and

WHEREAS, the Board of Directors of the District (the “**Board of Directors**”) is authorized to fix and collect rates and charges for the provision of water service under California Water Code sections 31007 and 31025; and

WHEREAS, on or about January 10, 2020, following the issuance of Request for Proposals and evaluation of the proposals submitted in response thereto, the Board of Directors authorized retention of consultant NBS to perform the rate/cost of service study; and

WHEREAS, following a public workshop, collaboration with NBS and District Staff, and in accordance with direction provided by the Board of Directors at the workshop, a final NBS cost of service/rate study dated May 17, 2021 (the “**Study**”), a copy of which is attached to this Resolution as **Exhibit 1**, is now being presented to the Board of Directors proposing revised rate schedules for water services to be implemented as of August 1, 2021 and on July 1st of each of the subsequent four years; and

WHEREAS, proposed revisions to and increases of the District's charges and fees for water service are subject to the substantive and procedural requirements of Proposition 218 (Cal. Const. Art. XIII D). Section 6 of Article XIII D sets forth standards for setting rates that reflect the proportional cost of providing water services, as well as requirements for providing notice, a public hearing, and the ability to protest such proposed revisions to and increases of charges and fees for water service; and

WHEREAS, the Board of Directors wishes to consider acceptance of the attached Study and direct District staff to proceed with notice, public hearing and such other matters required bylaw in order to consider adoption of the proposed revised rate schedules (hereinafter the “**Proposed Rates**”) in compliance with the requirements of Proposition 218.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE VICTORVILLE WATER DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals.

The above recitals are true and correct and are incorporated herein by this reference, including any terms defined therein.

Section 2. Acceptance of Study.

The Board of Directors hereby accepts the Study attached hereto as Exhibit 1 and incorporated as part of this Resolution by this reference. This acceptance does not constitute the Board of Directors' adoption of any of the Proposed Rates set forth in the Study.

Section 3. Proposed Rates.

The Proposed Rates are those set forth in Section 2.F (pages 18 and 19) of the Study.

Section 4. Public Hearing.

A Public Hearing regarding the Proposed Rates shall be held on the date of the District's regularly scheduled meeting of the Board of Directors as follows:

Date: Tuesday, July 20, 2021

Time: 6:00 p.m., or as soon thereafter as the matter may be heard

Location: Victorville City Council Chambers, 14343 Civic Drive, Victorville, CA, 92392

Section 5. Preparation and Mailing of Notices in Accordance with Proposition 218.

District Staff (in consultation with District Counsel) is directed to prepare and mail a Notice of Public Hearing containing information about the Proposed Rates; the date and time of the Public Hearing; protest procedures; and such other matters as required by the applicable provisions of Proposition 218, to the record owners of each identified parcel upon which the Proposed Rates are to be imposed. Such Public Hearing Notice shall be mailed not later than June 4, 2021, to ensure compliance with Proposition 218's mandated minimum advance notice of forty-five (45) days.

Section 6. Hearing Date Notice Publication.

The District Secretary shall also provide notice of the date, time, place and subject matter of the Public Hearing on the Proposed Rates by publishing such information in accordance with Government Code section 6062a, and by posting such information (or a copy of the Notice of Public Hearing prepared and mailed in accordance with Section 5 of this Resolution) not less than ten (10) days in advance of the date of the public hearing on sites customarily used by the District for the posting of public hearing notices.

Section 7. Effective Date.

This Resolution shall take effect immediately upon its adoption.

Exhibit 1
Water Rate Study

Aerial view of City of Victorville
via Google Earth



Victorville Water District

Final Report for:

Water Rate Study

May 14, 2021

OFFICE LOCATIONS:

Temecula – Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592

San Francisco – Regional Office
870 Market Street, Suite 1223
San Francisco, CA 94102

California Satellite Offices
Atascadero, Davis
Huntington Beach,
Joshua Tree, Riverside
Sacramento, San Jose

www.nbsgov.com

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SECTION 1. BACKGROUND & PURPOSE

Victorville Water District (“District” or “Utility”) retained NBS to update the comprehensive water rate study performed in 2016 for several reasons, including meeting long-term revenue requirements, providing revenue stability and adequate funding for capital improvements, and complying with legal requirements, including Proposition 218 (Prop 218). The rates developed in this Study meet basic Prop 218 requirements and were developed in a manner that is consistent with industry standards, including recent court rulings affecting how the cost basis for water rates should be established.¹ The purpose of this report is to summarize the results of the water rate study that NBS has prepared for the District.

NBS worked cooperatively with District staff in developing the proposed water rates and rate study results. Our main objective was to focus on strategies and alternatives for meeting the District’s revenue requirements in order to fund the forecasted operational and planned capital improvement expenditures in a manner that is fiscally sustainable and complies with industry standard cost-of-service principles.

A. Overview of the Study

Key Issues Addressed – In addition to ensuring that water rates collect revenue sufficient to meet the annual operating and capital improvement plans, the key issues that were specifically addressed in this Study include:

- **Revenue Requirements and Financial Planning** – The long-range financial plan for the Utility was closely examined and adjusted to best meet annual operating expenses, capital improvement costs, annual OPEB funding requirements, and established reserve requirements.
- **Rate Structure** – The District’s rate structure was evaluated to ensure it is consistent with industry standards and addresses other key objectives. The fixed monthly charge will continue to be based on meter size which provides greater revenue stability. The District also compared a number of volumetric rate alternatives, including tiered and uniform volumetric alternatives. Given the Utility’s source of supply and costs, NBS believes the proposed 2-Tier volumetric rates for single-family residential customers with a uniform volumetric rate for all other customers is best suited for the Utility.
- **Fixed vs. Variable Charges** – The amount of revenue collected from fixed charges vs. volumetric rates was carefully examined. The proposed rate design will collect the projected water supply costs from volumetric charges and the remaining revenue requirement from fixed charges. In the first year of the rate adjustment, new rates will continue to collect 27% of revenue from fixed charges and 73% from volumetric charges but will transition to a 40% fixed/60% volumetric split by Year 5 of the proposed rates to move closer to the 53% fixed/47% volumetric split that resulted from the cost-of-service analysis. By adjusting the fixed vs. volumetric split, we are increasing revenue stability from the District’s perspective while still promoting conservation.
- **Statewide Conservation** – The State of California imposed drought-related conservation levels² (25% Statewide) back in 2015 and Victorville Water District was mandated to reduce water consumption by

¹ For example, San Juan Capistrano Court Case: Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano, Opinion G048969, Superior Ct. No 30-2012-00594579, Filed April 20, 2015.

² State Water Resources Control Board, Resolution 2015-0032.

28% beginning in April 2015. As the State may be heading into another drought, the current and projected future consumption levels were closely evaluated and incorporated into this Study.

- **Long-Term Conservation** – The assumptions and recommendations contained in this Study assume that water supplies will continue to be limited in the future and that, in the long run, customers will reduce consumption accordingly. Therefore, the drought rates developed in this Study will allow the Utility to meet its annual revenue requirements at various stages of conservation even if drought conditions worsen over the next five years. In addition to the proposed drought rates, adopting “revenue stabilization rates” is another option that would allow the Utility to offset future revenue shortfalls whether they are the result of low water sales, water conservation, unusual weather patterns, or other reasons.

Using appropriate industry standards and cost-of-service principles, NBS developed multiple water rate alternatives over the course of this Study. The recommended rate alternative presented in this report reflects input provided by District staff and the Board of Directors (“Board”).

B. Rate Study Methodology

Comprehensive rate studies, such as this one, typically include the three components outlined in **Figure 1**:

Figure 1. Primary Components of a Rate Study



These steps are intended to follow industry standards and reflect the fundamental principles of cost-of-service rate making embodied in American Water Works Association’s *Principles of Water Rates, Fees, and Charges*,³ also referred to as the M1 Manual. The rate study also addresses requirements under Proposition 218 that rates must not exceed the cost of providing the service and that rates be proportionate to the cost of providing service for all customers. In terms of the chronology of the Study, these three steps represent the order in which they were performed.

The District provided NBS with the data necessary to conduct the Study, including historical, current, and projected revenues and expenditures, number of customer accounts, and water consumption data along with other operational and capital cost information. Detailed tables and figures documenting the development of the proposed rates are provided in the *Technical Appendix*.

³ *Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, M1 Manual, American Water Works Association (AWWA), Seventh Edition, 2017.*

Financial Plan

As a part of this rate study, NBS projected revenues and expenditures on a cash flow basis for the next ten years. The amount of rate revenue required to meet annual operating costs and maintain adequate reserves is known as the *net revenue requirement*. As current rate revenue falls short of the net revenue requirement, rate adjustments - or more accurately, adjustments in the total rate revenue collected - are recommended. This report presents an overview of the methodologies, assumptions, and data used, along with the financial plan and proposed rates developed in this Study.⁴

Water Rate Design Analysis

Rate design is typically the stage in the Study where NBS, staff, and the Board must work closely together to develop rate alternatives that will meet the District's objectives. It is important for the water utility to send proper price signals to its customers about the actual cost of their water usage through both the magnitude of the rate adjustments and the rate structure design. In other words, both the amount of revenue collected and the way in which the revenue is collected from customers are important.

Several criteria are typically considered in setting rates and developing sound rate structures. The fundamentals of this process have been documented in a number of rate-setting manuals, such as the American Water Works Association (AWWA) *Manual M1*. The foundation for evaluating rate structures is generally credited to James C. Bonbright in the *Principles of Public Utility Rates*,⁵ which outlines pricing policies, theories, and economic concepts along with various rate designs. The following is a simplified list of the attributes of a sound rate structure:

- Rates should be easy to understand from the customer's perspective.
- Rates should be easy to administer from the utility's perspective.
- Rates should promote the efficient allocation of the resource.
- Rates should be equitable and non-discriminating (that is, cost based).
- There should be continuity in the ratemaking philosophy over time.
- Rates should address other utility policies (e.g., encouraging conservation & economic development).
- Rates should provide month-to-month and year-to-year revenue stability.

The following are the basic rate design criteria that were considered in this Study:

Rate Structure Basics – The starting point in considering rate structures is the relationship between fixed costs and variable costs. Fixed costs typically do not vary with the amount of water consumed. Debt service and District personnel are examples of fixed costs. In contrast, variable costs, such as the cost of purchased water, chemicals, and electricity, tend to change with the quantity of water sold. Most rate structures contain a fixed, or minimum charge, in combination with a volumetric charge.

Although other objectives may be considered, the District must still meet the fundamental requirements of Prop 218. The following discussion provides the broader context for the general industry rate-study practices within which the recommended rates were developed.

⁴ More detailed tables and documentation of the rates are presented in the *Technical Appendix*.

⁵ James C. Bonbright; Albert L. Danielsen and David R. Kamerschen, *Principles of Public Utility Rates*, (Arlington, VA: Public Utilities Report, Inc., Second Edition, 1988), pp. 383-384.

Fixed Charges – Fixed charges can be called base charges, minimum monthly charges, customer charges, fixed meter charges, etc. Fixed charges for water utilities typically increase by meter size. From a financial stability perspective, if utilities recover all of their fixed costs from fixed charges and all of their variable costs from volumetric charges, fluctuations in water sales revenues are directly offset by reductions or increases in variable expenses. When rates are set in this manner, they provide the greatest revenue stability for the utility. However, other factors are often considered when designing water rates, such as community values, water conservation goals, ease of understanding, and ease of administration.

Because a large portion of water utilities' costs are typically related to system capacity, reflecting individual demands for capacity are an important factor in establishing fixed charges for customers. The District's rate structure was evaluated to improve its consistency with industry standards.

Volumetric (Consumption-Based) Charges – In contrast to fixed charges, variable costs, such as purchased water costs, the cost of electricity used in pumping water, and the cost of chemicals for treatment, tend to change with the quantity of water produced and are based on metered consumption and charged on a dollar-per-unit basis (e.g., per hundred cubic feet (HCF), which is equal to approximately 748 gallons). There are different philosophies about how variable charges should be set:

Uniform (Single-Tier) Water Rates – Under a uniform (single-tier) rate structure, the cost per unit does not change with consumption and provides a simple and straightforward approach from the perspective of customer understanding and rate administration.

Multi-Tiered Water Rates – Multi-tiered rates use an inclining block rate structure to send a price signal to customers that their consumption costs increase as more water is consumed; this is considered to be a more conservation-oriented rate structure. Tiered water rates are encouraged by state law and regulatory mandates but are also intended to proportionately allocate the higher costs of serving those customers whose higher water usage places proportionately greater demands and burdens on an agency's water system and water supplies and, therefore, generate higher costs to the utility. The types of higher costs reflected in the higher tiered rates may include:

- Sources of Supply – Higher-cost supplies needed to serve higher demand and cost more to purchase, produce, treat, deliver, and/or supply.
- Conservation Program Costs – Programs intended to encourage customers to eliminate inefficient and wasteful water use, and otherwise reduce consumption during peak periods.
- Energy Costs – During summer months, the District may pay more in electric charges and have a higher percentage of its energy bill in higher electricity "tiers."
- Higher Maintenance Costs – Peak periods tend to have higher numbers of service calls and system maintenance issues when the water system is running at peak demand.

Several volumetric rate alternatives were developed and evaluated, including tiered and uniform volumetric alternatives. Given its cost profile, NBS believes the proposed tiered-rate structure for single family residential customers with a uniform volumetric rate for all other customers is the best suited volumetric rate structure for the District.

Regulatory Issues

Drought and Water Conservation – On January 17, 2014, Governor Jerry Brown declared a State of Emergency throughout California due to severe drought conditions. On April 1, 2015, the Governor issued Executive Order B-29-15 mandating statewide water conservation of 25%; the specific conservation mandate for each community in California varies from 4% - 36%. Victorville Water District was mandated to reduce water consumption by 28% beginning in April 2015. Current and projected future consumption levels were closely evaluated and incorporated into this Study.

Key Financial Assumptions

- **Funding of Water Utility Capital Projects** – The District will fund all planned capital costs using existing reserves and rate revenues. The capital projects listed in the financial plan are from the District’s 2021 Approved Water Master Plan.
- **Reserve Targets** – Reserves for operations and capital needs are set at target levels that are consistent with industry standards for utility fund management. Reserve targets used in the analysis are as follows:
 - Operating & Maintenance Reserve – Equal to 90 days of the Utility’s budgeted annual operating expenses less costs for water purchases and the High Desert Power Project.
 - Capital Rehabilitation and Replacement Reserve – Equal to a minimum of 3% of net depreciable capital assets.
 - OPEB Reserve – Equal to \$8.9 million.
- **Water Conservation** – The District is currently meeting the State’s 28% conservation requirement, and the assumptions and recommendations contained in this Study are not a short-term response to the drought. They assume that water supplies will continue to be limited in the future and that, in the long run, customers will continue to conserve, and that consumption will remain at this 28% reduction level for the five-year period.
- **Inflation and Growth Projections** - Here are the key assumptions used in the rate analysis:

| COST INFLATION FACTORS | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|--------|--------|--------|--------|--------|
| Customer Growth | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Connection Fees | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Plan Check Fee | 1.80% | 1.80% | 1.80% | 1.80% | 1.80% |
| Reimbursements - Operating Cost Recovery | 5.60% | 5.60% | 5.60% | 5.60% | 5.60% |
| General Cost Inflation | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| General Cost Inflation - Travel & Meetings | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Labor Cost Inflation | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| Fuel Cost Inflation | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Utilities - Electricity/Natural Gas/Sanitation | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Utilities - Production Power | 9.00% | 9.00% | 9.00% | 9.00% | 9.00% |
| R-Cubed Water | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% |
| Admin & Bio Assessment | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% |
| Groundwater Replenishment & Makeup Obligation | 10.30% | 10.30% | 10.30% | 10.30% | 10.30% |
| Meter Service Installation & Change Outs | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |

The following sections present the water rate study.

SECTION 2. WATER RATE STUDY

A. Key Water Study Issues

The District's water rate analysis was undertaken with a few specific objectives, including:

- Generating additional revenue needed to meet projected funding requirements.
- Improving revenue stability.
- Reflecting water conservation levels in response to the statewide conservation mandate.
- Developing drought rates to ensure the District will continue to meet its revenue requirements in the future if drought conditions worsen.

NBS developed various water rate alternatives as requested by District staff over the course of this Study. All rate structure alternatives relied on industry standards, cost-of-service principles, and the requirements of Prop 218. The new rates that will be implemented is ultimately the decision of the Board of Directors.

B. Water Utility Revenue Requirements

It is important for municipal utilities to maintain reasonable reserves in order to handle emergencies, fund working capital, maintain a good credit rating, and generally follow sound financial management practices. Rate increases are governed by the need to meet operating and capital costs, fund OPEB requirements, and maintain sufficient reserve funds. The current condition of the District's water utility, with regard to these objectives, is as follows:

- **Meeting Net Revenue Requirements:** For Fiscal Years 2021/22 through 2025/26, the projected net revenue requirement (i.e., total annual expenses plus rate-funded capital costs, less non-rate revenues) ranges from approximately \$23.8 million to \$37.5 million. New water rates have been developed for the next five years that will allow the Utility to adequately fund operating and planned capital expenditures, as well as meet OPEB requirements.
- **Building and Maintaining Reserve Funds:** The District should maintain sufficient reserves for the water utility. NBS recommends that the District adopt and maintain reserve levels in order to meet the following *minimum* reserve fund target levels. It is important to note that, at times, the amount in reserves can fall below or exceed the minimum reserve target due to the timing of capital expenditures that will inevitably vary from year to year.
- ✓ **Operating Reserve** – Equal to 90 days of the Utility's budgeted annual operating expenses less costs for water purchases and the High Desert Power Project which is equal to a three-month (or 25%) cash reserve for normal operations, or \$5.9 million in FY 2021/22. An operating reserve is intended to maintain financial viability in the event of any short-term fluctuation in revenues and/or expenditures, such as those caused by weather patterns, the natural inflow and outflow of cash during billing cycles, natural variability in demand-based revenue streams (e.g., volumetric charges), and – particularly in periods of economic distress – changes or trends in the age of receivables.

- ✓ **Capital Rehabilitation & Replacement Reserve** - Equal to a minimum of 3% of net depreciable capital assets which equates to a 33-year replacement cycle for capital assets, or \$4.8 million in FY 2021/22. This target serves simply as a starting point for addressing long-term capital system replacement needs, but also provides emergency funds in the case of unexpected capital costs.
- ✓ **OPEB Reserve** – The District is required to contribute funds to an OPEB reserve to fund retiree healthcare costs. Per the City of Victorville’s Finance Department, the target balance in the OPEB reserve is \$8.9 million and the financial plan is projected to meet this target. This reserve could also provide emergency funds in the case of unexpected capital needs in the future.

Figure 2 summarizes the sources and uses of funds, net revenue requirements, and the recommended annual percent increases in total rate revenue for the next five years. As this figure shows, if the District implements the recommended adjustments, the water utility will run a minimal deficit in FY 2025/26 and surpluses in the earlier years of the rate adoption period. These surpluses are then used to maintain reserves with the intent of meeting target reserve fund balances throughout the 5-year rate period.

Figure 2. Summary of Revenue Requirements

| Summary of Sources and Uses of Funds and Net Revenue Requirements | Budget | Projected Rates for Adoption Period | | | | |
|---|----------------------|-------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 |
| Sources of Water Funds | | | | | | |
| Rate Revenue Under Prevailing Rates | \$ 29,210,200 | \$ 29,794,404 | \$ 30,390,292 | \$ 30,998,098 | \$ 31,618,060 | \$ 32,250,421 |
| Other Operating Revenues | 1,591,000 | 1,570,940 | 1,600,457 | 1,630,563 | 1,661,268 | 1,692,586 |
| Non-Rate Revenues | 3,883,433 | 3,849,513 | 3,883,583 | 3,921,052 | 3,962,330 | 4,007,528 |
| Interest Earnings | 1,276,900 | 394,218 | 267,825 | 167,732 | 162,453 | 159,616 |
| Total Sources of Funds | \$ 35,961,533 | \$ 35,609,075 | \$ 36,142,157 | \$ 36,717,445 | \$ 37,404,111 | \$ 38,110,151 |
| Uses of Water Funds | | | | | | |
| Operating Expenses | \$ 31,381,157 | \$ 29,564,837 | \$ 31,170,950 | \$ 32,883,345 | \$ 34,710,362 | \$ 36,661,074 |
| Debt Service | - | - | - | - | - | - |
| Rate-Funded Capital Expenses | - | - | 351,903 | 5,943,737 | 6,445,956 | 6,667,529 |
| Total Use of Funds | \$ 31,381,157 | \$ 29,564,837 | \$ 31,522,853 | \$ 38,827,082 | \$ 41,156,318 | \$ 43,328,603 |
| Surplus (Deficiency) before Rate Increase | \$ 4,580,376 | \$ 6,044,238 | \$ 4,619,304 | \$ (2,109,638) | \$ (3,752,207) | \$ (5,218,452) |
| Additional Revenue from Rate Increases ¹ | - | 893,832 | 1,850,769 | 2,874,361 | 3,968,345 | 5,136,656 |
| Surplus (Deficiency) after Rate Increase | \$ 4,580,376 | \$ 6,938,070 | \$ 6,470,072 | \$ 764,723 | \$ 216,138 | \$ (81,796) |
| Projected Annual Rate Increase | 0.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Net Revenue Requirement² | \$ 24,629,824 | \$ 23,750,166 | \$ 25,770,988 | \$ 33,107,736 | \$ 35,370,267 | \$ 37,468,873 |

1. Assumes new rates are implemented August 1, 2021 and subsequent increases are effective each following July 1st.

2. Total Use of Funds less non-rate revenues and interest earnings. This is the annual amount needed from water rates.

Figure 3 summarizes the sources of funding that will be used to fund the District’s Capital Improvement Program. The Utility is planning to fully cash fund the planned capital expenditures shown in this figure with a combination of capital reserves, rate revenue, and a small amount of connection fee reserves.

Figure 3. Capital Funding Summary

| Capital Funding Summary | Budget | Projected CIP Funding Sources and Uses | | | | |
|--|-------------|--|---------------------|---------------------|---------------------|---------------------|
| | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 |
| Sources of Capital Funding | | | | | | |
| Connection Fee Reserves | \$ - | \$ 373,500 | \$ - | \$ - | \$ - | \$ - |
| Capital Rehab. & Replacement Reserve | - | 9,921,345 | 7,505,097 | 1,276,563 | 547,044 | 74,171 |
| Rate Revenue | - | - | 351,903 | 5,943,737 | 6,445,956 | 6,667,529 |
| Total: Sources of Capital Funding | \$ - | \$ 10,294,845 | \$ 7,857,000 | \$ 7,220,300 | \$ 6,993,000 | \$ 6,741,700 |
| Uses of Capital Funding Sources | | | | | | |
| Planned Capital Expenditures | \$ - | \$ 10,294,845 | \$ 7,857,000 | \$ 7,220,300 | \$ 6,993,000 | \$ 6,741,700 |
| Total: Uses of Capital Funding | \$ - | \$ 10,294,845 | \$ 7,857,000 | \$ 7,220,300 | \$ 6,993,000 | \$ 6,741,700 |
| Surplus / (Deficiency) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

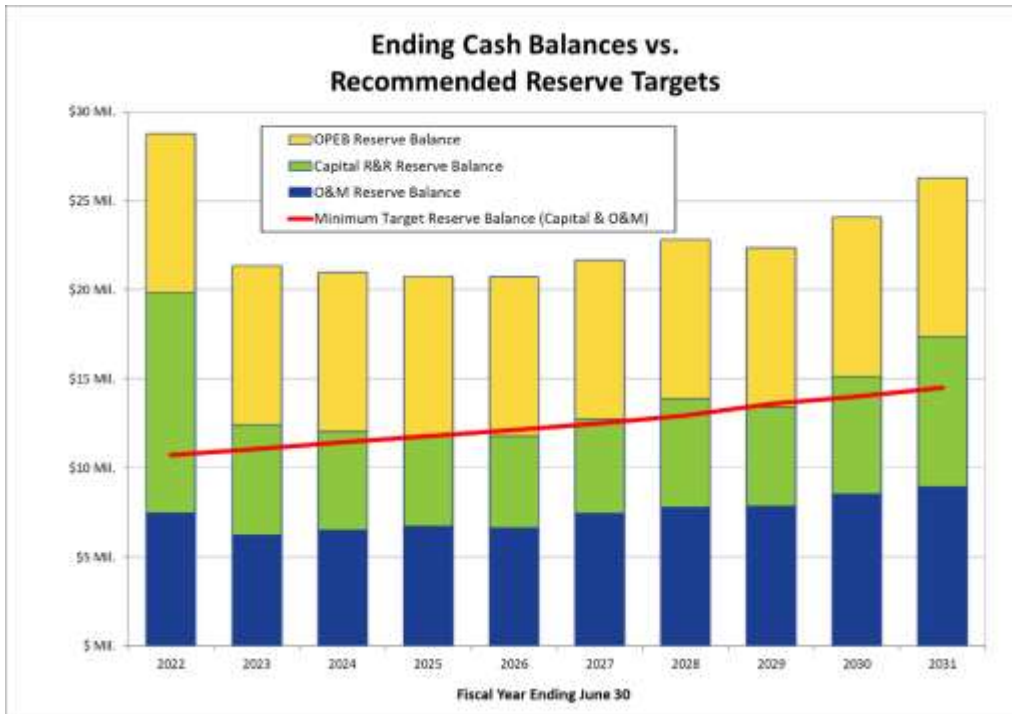
Figure 4 summarizes the projected reserve fund balances and reserve targets for the next five years, which indicates that the Utility will continue to meet most of its overall target reserve fund levels during the 5-year rate adoption period.

Figure 4. Summary of Water Reserve Funds

| Beginning Reserve Fund Balances and Recommended Reserve Targets | Budget | Rate Adoption Period | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 |
| Unrestricted Reserves | | | | | | |
| Operating Reserve | | | | | | |
| Ending Balance | \$ 9,135,476 | \$ 7,465,956 | \$ 6,216,137 | \$ 6,499,087 | \$ 6,715,225 | \$ 6,633,429 |
| <i>Recommended Minimum Target</i> | <i>6,521,726</i> | <i>5,946,970</i> | <i>6,216,137</i> | <i>6,499,087</i> | <i>6,796,814</i> | <i>7,110,190</i> |
| Capital Rehabilitation & Replacement Reserve | | | | | | |
| Ending Balance | \$ 20,065,881 | \$ 12,372,897 | \$ 6,208,463 | \$ 5,534,444 | \$ 5,108,171 | \$ 5,154,771 |
| <i>Recommended Minimum Target</i> | <i>4,621,700</i> | <i>4,782,600</i> | <i>4,867,800</i> | <i>4,931,900</i> | <i>4,987,400</i> | <i>5,034,000</i> |
| OPEB Reserve | | | | | | |
| Ending Balance | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 |
| <i>Recommended Minimum Target</i> | <i>8,946,000</i> | <i>8,946,000</i> | <i>8,946,000</i> | <i>8,946,000</i> | <i>8,946,000</i> | <i>8,946,000</i> |
| Total Ending Balance (Unrestricted Reserves) | \$ 38,147,358 | \$ 28,784,854 | \$ 21,370,600 | \$ 20,979,531 | \$ 20,769,396 | \$ 20,734,200 |
| Total Recommended Minimum Target | \$ 20,089,426 | \$ 19,675,570 | \$ 20,029,937 | \$ 20,376,987 | \$ 20,730,214 | \$ 21,090,190 |

Figure 5 shows a 10-year projection of reserve fund balances compared to recommended minimum reserve targets for the Utility’s unrestricted reserve funds. Even though the reserves will continue to fund the capital improvement projects over the next ten years, this figure demonstrates that the Utility can also fund all operating and maintenance expenses while maintaining total reserve balances at or near the minimum target reserve fund levels through FY 2030/31.

Figure 5. 10-Year Reserve Fund Projection



A significant assumption in the capital improvement expenditures is the Utility’s plan to buy additional permanent water rights; the capital replacement reserves would fund the purchase of up to \$13 million in water rights over the next ten years depending on availability. If this happens it would help offset the higher costs of supplies incurred by the Utility when it pays replacement charges and the additional water rights would increase the Utility’s reliable sources at lower costs.

C. Capital Improvement Program

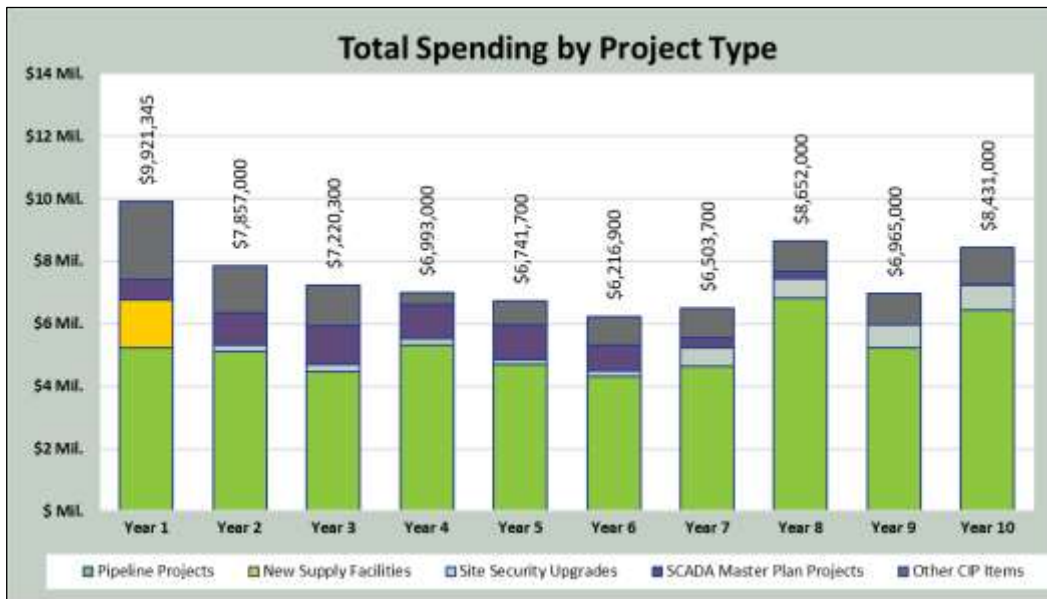
After the District’s extensive review of the capital improvement projects (CIP) and funding requirements, the 5-year Capital Improvement Program from the 2021 Water Master Plan has approximately \$50.8 million in total planned project costs of which \$38.7 million are capital costs to be completed by the end of FY 2025/26. The District is planning to cash fund these projects with a combination of rate revenue, funds held in reserves, and a small amount of connection fee reserves. These capital improvement projects are designed to keep existing infrastructure in good condition and maintain current service levels. **Figure 6** and **Figure 7** show the planned CIP projects; approximately 64% of the District’s total capital project costs are for Pipelines.

Figure 6. List of Capital Improvement Projects

| Project Value in Future Year Dollars | | | | | | | | | | | | |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|-----------------|
| Project Type | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Beyond Year 10 | Total |
| Pipeline Projects | \$ 5.2 | \$ 5.1 | \$ 4.5 | \$ 5.3 | \$ 4.7 | \$ 4.3 | \$ 4.7 | \$ 6.8 | \$ 5.2 | \$ 6.4 | \$ 27.7 | \$ 80.0 |
| New Supply Facilities | 1.5 | - | - | - | - | - | - | - | - | - | - | 1.5 |
| Site Security Upgrades | - | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.6 | 0.6 | 0.7 | 0.8 | 9.4 | 13.1 |
| SCADA Master Plan Projects | 0.7 | 1.0 | 1.2 | 1.1 | 1.1 | 0.8 | 0.3 | 0.2 | 0.0 | 0.0 | 1.2 | 7.8 |
| Other CIP Items | 2.5 | 1.5 | 1.3 | 0.4 | 0.8 | 0.9 | 0.9 | 1.0 | 1.0 | 1.2 | - | 11.4 |
| Total | \$ 9.9 | \$ 7.9 | \$ 7.2 | \$ 7.0 | \$ 6.7 | \$ 6.2 | \$ 6.5 | \$ 8.7 | \$ 7.0 | \$ 8.4 | \$ 38.3 | \$ 113.8 |

| Project Value in Future Year Dollars | | | | | | | | | | | | |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|-------------|
| Project Type | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Beyond Year 10 | Total |
| Pipeline Projects | 53% | 65% | 62% | 76% | 70% | 69% | 71% | 79% | 75% | 76% | 72% | 70% |
| New Supply Facilities | 15% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 1% |
| Site Security Upgrades | 0% | 2% | 3% | 3% | 2% | 3% | 9% | 7% | 10% | 9% | 25% | 11% |
| SCADA Master Plan Projects | 7% | 13% | 17% | 16% | 17% | 13% | 5% | 3% | 0% | 0% | 3% | 7% |
| Other CIP Items | 25% | 19% | 18% | 5% | 11% | 14% | 14% | 11% | 14% | 14% | 0% | 10% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

Figure 7. Total Capital Spending by Project Type



D. Characteristics of Water Customers by Class

Both consumption and the number of meters by customer class are used in allocating costs as a part of the cost-of-service analysis. The District’s most recent consumption data is summarized in **Figure 8**, peaking factors by customer class are summarized in **Figure 9**, and **Figure 10** compares the total number of meters by customer class.

Figure 8. Water Consumption by Customer Class⁶

| Customer Class | FY 2019/20 Volume (hcf) ¹ | % Adjustment for Conservation ² | Estimated Volume Adjusted for Conservation | Percent of Total Volume |
|--|--------------------------------------|--|--|-------------------------|
| <i>Treated Water:</i> | | | | |
| Single Family Residential | 5,137,740 | 0% | 5,137,740 | 59.7% |
| Multi-Family Residential | 704,920 | 0% | 704,920 | 8.2% |
| Commercial | 1,164,409 | 0% | 1,164,409 | 13.5% |
| Irrigation | 90,252 | 0% | 90,252 | 1.0% |
| Institutional | 871,050 | 0% | 871,050 | 10.1% |
| Institutional Irrigation | 362,449 | 0% | 362,449 | 4.2% |
| Fire | 3,919 | 0% | 3,919 | 0.0% |
| Other | 275,271 | 0% | 275,271 | 3.2% |
| Total: Recurring Consumption | 8,610,010 | -- | 8,610,010 | 100.0% |
| <i>Other Non-Recurring Consumption</i> | | | | |
| Commercial Flow Meter | 58,247 | 0% | 58,247 | 0.6% |
| Institutional Flow Meter | 3,220 | 0% | 3,220 | 0.0% |
| Institutional Well | 5,770 | 0% | 5,770 | 0.1% |
| Intertie | 316,631 | 0% | 316,631 | 3.5% |
| Total Non-Recurring Consumption | 383,868 | -- | 383,868 | 4.3% |
| Grand Total Consumption | 8,993,878 | -- | 8,993,878 | -- |

1. Consumption data is based on the VWD customer data. Source file: 2019-20 Customer Data.xlsx.

2. Assumes 0% conservation from FY 2019/20 consumption levels.

3. Assumes the District will meet the 28% conservation mandate from the State of CA, as noted in the draft usage analysis released 4/28/2015 by the State Water Resources Control Board.

Figure 9. Peaking Factors by Customer Class

| Development of the CAPACITY (MAX MONTH) Allocation Factors | | | | |
|--|---------------------------|-------------------------------------|-------------------|---------------------------|
| Customer Class | Average Monthly Use (hcf) | Peak Monthly Use ¹ (hcf) | Peak Month Factor | Max Month Capacity Factor |
| <i>Treated Water:</i> | | | | |
| Single Family Residential | 428,145 | 597,411 | 1.40 | 58.4% |
| Multi-Family Residential | 58,743 | 79,302 | 1.35 | 7.8% |
| Commercial | 97,034 | 120,991 | 1.25 | 11.8% |
| Irrigation | 7,521 | 12,321 | 1.64 | 1.2% |
| Institutional | 72,588 | 108,208 | 1.49 | 10.6% |
| Institutional Irrigation | 30,204 | 63,194 | 2.09 | 6.2% |
| Fire | 327 | 603 | 1.85 | 0.1% |
| Other | 22,939 | 40,379 | 1.76 | 3.9% |
| Total: Recurring Consumption | 717,501 | 1,022,409 | 1.42 | 100% |
| <i>Other Non-Recurring Consumption</i> | | | | |
| Commercial Flow Meter | 4,854 | 8,509 | 1.75 | 0.8% |
| Institutional Flow Meter | 268 | 464 | 1.73 | 0.0% |
| Institutional Well | 481 | 1,254 | 2.61 | 0.1% |
| Intertie | 26,386 | 67,334 | 2.55 | 6.1% |
| Total Non-Recurring Consumption | 31,989 | 77,561 | 2.42 | 7.1% |

1. Based on peak monthly data (peak day data not available).

⁶ Due to drought conditions, this analysis assumes that water consumption will remain at the 28% reduction level as required by the State's mandate, and that this is essentially the "new normal" for water consumption levels in the District.

Figure 10. Number of Meters by Customer Class

| Development of the Customer Allocation Factor | | |
|--|------------------|------------------|
| Customer Class | Number of Meters | Percent of Total |
| <i>Treated Water:</i> | | |
| Single Family Residential | 33,212 | 91.12% |
| Multi-Family Residential | 758 | 2.08% |
| Commercial | 1,267 | 3.48% |
| Irrigation | 138 | 0.38% |
| Institutional | 227 | 0.62% |
| Institutional Irrigation | 227 | 0.62% |
| Fire | 613 | 1.68% |
| Other ¹ | 7 | 0.02% |
| Total: Recurring Consumption | 36,449 | 100.00% |
| <i>Other Non-Recurring Consumption²</i> | | |
| Commercial Flow Meter | 59 | 0.16% |
| Institutional Flow Meter | 17 | 0.05% |
| Institutional Well | 1 | 0.00% |
| Intertie | 4 | 0.01% |
| Total: Non-Recurring Meters | 81 | 0.22% |

1. Other customers consist primarily of governmental customers (the City, special districts, other agencies) and churches.

2. Commercial and Municipal Flow meters and Intertie connections are excluded from allocations of meter counts.

E. Cost-of-Service Analysis

Once the revenue requirements are determined, the cost-of-service analysis distributes those revenue requirements to each component of the water rate by allocating costs through the functionalization and classification process. This process is described as follows:

Functionalization, Classification and Allocations

Most costs are not typically allocated 100% to fixed or variable categories, but rather allocated to multiple functions of water service. The classification (i.e., functionalization) of costs provides the basis for allocating the classified costs to the following cost causation components:

- **Base Commodity Related Costs** - Costs associated with the total consumption of water over a specified period of time (e.g., annual).
- **Capacity Related Costs** - Costs associated with the maximum demand required at one point in time or the maximum size of facilities required to meet this demand.
- **Customer Related Costs** - Costs associated with having a customer on the water system, such as meter reading, postage, and billing.
- **Fire Protection Costs** - Costs associated with providing sufficient capacity in the system for fire meters and other operating and maintenance costs of providing water to properties for private fire service protection.

Once costs have been organized into the District’s budget categories, they are allocated to these cost causation components that are used as the basis for establishing new water rates and, ultimately, translate into the proposed fixed and variable charges. Additional details on how the District’s expenses were classified and allocated to these cost causation components are available in the *Technical Appendix*.

Figure 11 and **Figure 12** show how costs are distributed to each cost component of the water rate. Commodity related costs are distributed to customers based on the amount of water consumed (refer to Figure 8). Capacity and customer related costs are distributed to customers based on the number of meters by size. A direct allocation is made in the functionalization and classification process to commercial fire which reflects their share of system-wide costs.

Figure 11. Percentage of Classification Components for Proposed Rate Period

| Classification Components | Cost-of-Service Split | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 |
|--------------------------------|-----------------------|-------------|-------------|-------------|-------------|-------------|
| Commodity-Related Costs | 47% | 73% | 70% | 67% | 63% | 60% |
| Capacity-Related Costs | 43% | 21% | 24% | 27% | 29% | 32% |
| Customer-Related Costs | 9% | 4% | 5% | 6% | 6% | 7% |
| Fire Protection-Related Costs | 1% | 1% | 1% | 1% | 1% | 1% |
| Net Revenue Requirement | 100% | 100% | 100% | 100% | 100% | 100% |

Figure 12. Allocation of Target Rate Revenue - FY 2021/22 through 2025/26

| Classification Components | Cost-of-Service Split | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 |
|-------------------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Commodity-Related Costs | \$ 14,572,720 | \$ 22,472,859 | \$ 22,562,152 | \$ 22,602,941 | \$ 22,590,092 | \$ 22,518,071 |
| Capacity-Related Costs | 13,065,473 | 6,534,499 | 7,731,380 | 9,032,655 | 10,445,823 | 11,978,878 |
| Customer-Related Costs | 2,739,070 | 1,369,904 | 1,620,821 | 1,893,622 | 2,189,882 | 2,511,274 |
| Fire Protection-Related Costs | 310,973 | 310,973 | 326,708 | 343,240 | 360,608 | 378,855 |
| Target Rate Revenue | \$ 30,688,236 | \$ 30,688,236 | \$ 32,241,061 | \$ 33,872,459 | \$ 35,586,405 | \$ 37,387,077 |

F. Current vs. Proposed Water Rate Structure

Although multiple rate alternatives were developed and evaluated in this Study, only the recommended alternative is presented here. The proposed new water rates will be implemented on August 1, 2021, and subsequent rate adjustments will be made on July 1st for each of the following four years. The recommended rate alternative is described in the following sections.

Fixed Charges

Currently, the District charges all customer classes a fixed monthly charge based on meter size because larger meters have the potential to use more of the system’s capacity, or said differently, they have higher system demands compared to smaller meters. The potential capacity demanded is proportional to the maximum hydraulic flow through each meter size as established by the AWWA hydraulic capacity ratios.⁷

For example, a 2-inch meter has a greater capacity, or potential demand, than a 3/4-inch meter; therefore, the fixed charge for a 2-inch meter is higher than a 3/4-inch meter based on their proportionate capacity requirements.⁸ A “hydraulic capacity factor” is calculated by dividing the maximum capacity, or flow of large

⁷ AWWA, *Principles of Water Rates, Fees and Charges: Manual of Water Supply Practices M1*, p. 386, (7th ed. 2017) and AWWA, *Water Meters – Selection, Installation, Testing and Maintenance M6*, p. 65 (5th ed. 2012).

⁸ This is reflected in the fixed charge calculations by using the AWWA hydraulic capacity factors to represent the maximum volume each meter size is capable of delivering.

meters, by the capacity of the base meter size which is typically the most common residential meter size (in this case a 3/4-inch meter).

The actual number of meters by size is multiplied by the corresponding hydraulic capacity factor to calculate the total number of equivalent meters. The number of equivalent meters is used as a proxy for the potential demand that each customer can place on the water system which dictates the sizing of the system's maximum capacity. A significant portion of a water system's peak capacity and, in turn, the utility's fixed operating and capital costs, are related to meeting system capacity requirements.

Fire service customers will still be subject to a different set of fixed charges than the other customer classes because fire service is more of a standby nature where a readiness-to-serve charge is more appropriate. Except in the event of a fire, these users are not intended to use water on a regular basis. However, the District still needs to provide sufficient capacity for fire meters and recover other operating and maintenance costs for providing water to such properties for private fire service protection. Based on the cost-of-service analysis and the standby nature of fire meters, the overall cost to serve these users is less than that of a standard service; therefore, the fixed charges are less.⁹

Volumetric Rates

Currently, the District charges all customers a uniform commodity rate (i.e., single-tier) for all water consumed (in \$/HCF). NBS recommends that the District adopt a new two-tiered volumetric rate structure for single family residential customers and continue using a uniform volumetric rate for all other customers. The two-tiered rate structure makes sense for single family customers because these customers represent a very homogenous group with similar water consumption patterns¹⁰; in contrast there are significant differences in consumption patterns among commercial customers. The proposed single-family tiered rates also support conservation and offer single family customers more control over their monthly bills. Both the tiered and uniform rates conform to the requirements of Prop 218, particularly the more stringent cost-basis required by the recent San Juan Capistrano decision.

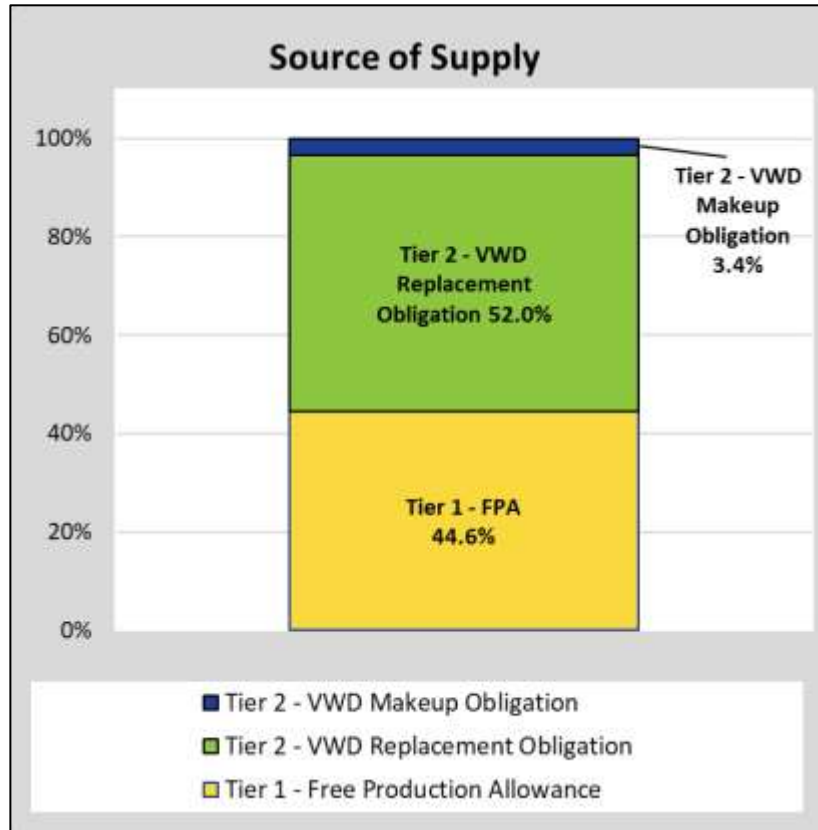
Source of Supply

In order to develop the tiered volumetric rates, the District's production costs, particularly those paid to Mojave Water Agency for groundwater replenishment and purchased water, were carefully evaluated. The new two-tiered volumetric rates are set based on the marginal costs of water supplies. For example, the District has a "Free Production Allowance" (FPA), which is the amount of groundwater that can be pumped without incurring additional replacement charges. However, when the District exceeds the FPA, a groundwater replenishment charge is incurred based on Mojave Water Agency's (MWA) costs per acre foot of water. Based on the clear cost differences between the FPA and MWA's more expensive costs for replacement and makeup water, Tier 1 consists of FPA water and Tier 2 includes the VWD Replacement and Makeup Obligation water as shown in **Figure 13**.

⁹ See Table 96 in the *Technical Appendix* for the fixed service charges for fire meters.

¹⁰ Additionally, the actual costs associated with the amount of water used in each tier is readily available and allows for a clear cost-basis for two tiers.

Figure 13. Summary of Supply Sources Allocated to Tiers



Single Family Residential Tiered Rates

In developing single family residential (SFR) tiered rates, the expected consumption in each tier and the breakpoint between Tier 1 and Tier 2 was determined. This breakpoint was set to include all FPA consumption in Tier 1 while all remaining consumption (i.e., VWD Replacement Obligation and VWD Makeup Obligation water) was included in Tier 2. **Figure 14** shows the volume of each source of supply included in the SFR tiers.

Figure 14. Allocated SFR Consumption from Each Source of Supply

| Source of Supply | SFR Share of Total Production | | SFR Share of Metered Consumption | |
|---------------------------|-------------------------------|------------------|----------------------------------|---------------|
| | % | CCF | (CCF) | % of Total |
| Free Production Allowance | 59.7% | 3,035,566 | 2,293,278 | 44.6% |
| Replacement Obligation | 59.7% | 3,533,384 | 2,669,364 | 52.0% |
| Makeup Obligation | 59.7% | 231,773 | 175,097 | 3.4% |
| Totals | -- | 6,800,723 | 5,137,740 | 100.0% |

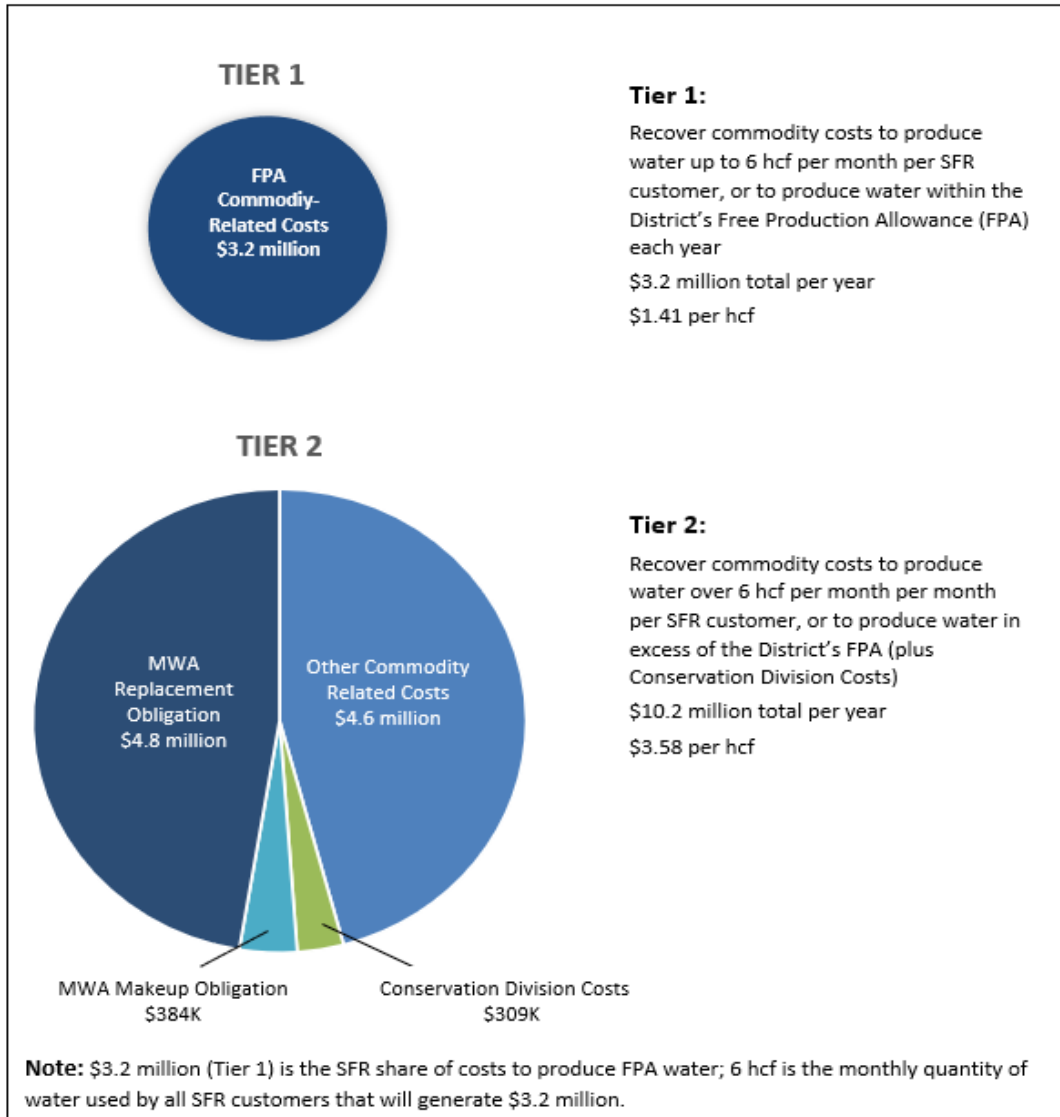
The SFR tier breakpoint accounts for the Tier 1 consumption shown in **Figure 15**. Then, the individual customer billing records were analyzed to determine the consumption level that would capture the FPA share of metered consumption, which is the 6 CCF shown in Figure 15 and explained further in **Figure 16**. The estimated consumption in Tier 1 matches closely with the allocated FPA consumption.

Figure 15. Tier Breakpoint for Single Family Residential Customers

| Meter Sizes | FY 2020/21 Consumption ¹ | % of Consumption | Avg. Monthly Consumption FY'20/21 (ccf) ² | Tier Breakpoint (ccf) ³ |
|---|-------------------------------------|------------------|--|------------------------------------|
| Tier 1 - Free Production Allowance | 2,293,278 | 44.6% | | 6.0 |
| Tier 2 - Replacement & Makeup Obligations | 2,844,462 | 55.4% | | |
| Total | 5,137,740 | 100.0% | 13.0 | |

- Free Production Allowance is included in Tier 1 and Replacement and Makeup Obligations are in Tier 2. The FY 2019/20 consumption data are actuals. See *Allocation Factors* Tab, Table 31.
- Annual consumption divided by total meters divided by 12 months.
- Tier 2 breakpoint is the percentage of Tier 1 consumption times the Avg. Monthly Consumption, rounded to the nearest integer in CCF.

Figure 16. Tiered Rate Structure



Once the expected consumption by tier was known, the expenses identified as commodity-related costs were spread over the expected consumption resulting in the rates show in **Figure 17**.

Figure 17. Tiered Rates for FY 2021/22 – FY 2025/26

| Supply Costs for Single-Family Tiered Rates | Allocated SFR Costs | SFR Consumption ¹ | Tier SFR Rates (\$/CCF) | Uniform Rate for Non-SFR ² (\$/CCF) |
|---|---------------------|------------------------------|-------------------------|--|
| | (a) | (b) | (c) = (a) ÷ (b) | |
| (FY'21/22) | | | | |
| Allocated Costs - Tier 1 | \$3,228,052 | 2,293,278 | \$1.41 | \$2.61 |
| Allocated Costs - Tier 2 | \$10,181,887 | 2,844,462 | \$3.58 | |
| Total Commodity-Related Costs | \$13,409,939 | 5,137,740 | -- | -- |
| (FY'22/23) | | | | |
| Allocated Costs - Tier 1 | \$2,757,557 | 2,698,281 | \$1.02 | \$2.57 |
| Allocated Costs - Tier 2 | \$10,705,664 | 4,272,546 | \$2.51 | |
| Total Commodity-Related Costs | \$13,463,221 | 6,970,827 | -- | -- |
| (FY'23/24) | | | | |
| Allocated Costs - Tier 1 | \$2,485,766 | 2,698,281 | \$0.92 | \$2.52 |
| Allocated Costs - Tier 2 | \$11,001,795 | 4,446,483 | \$2.47 | |
| Total Commodity-Related Costs | \$13,487,561 | 7,144,764 | -- | -- |
| (FY'24/25) | | | | |
| Allocated Costs - Tier 1 | \$2,180,111 | 2,698,281 | \$0.81 | \$2.47 |
| Allocated Costs - Tier 2 | \$11,299,783 | 4,623,997 | \$2.44 | |
| Total Commodity-Related Costs | \$13,479,894 | 7,322,278 | -- | -- |
| (FY'25/26) | | | | |
| Allocated Costs - Tier 1 | \$2,154,705 | 2,698,281 | \$0.80 | \$2.42 |
| Allocated Costs - Tier 2 | \$11,282,212 | 4,623,997 | \$2.44 | |
| Total Commodity-Related Costs | \$13,436,917 | 7,322,278 | -- | -- |

1. Tier 1 is based on the percentage of Free Production Allowance; Tier 2 includes all other consumption. Volumetric rates are based on metered consumption, not total production.
2. Tiered rates only apply to single-family residential customers. All other customers pay a uniform volumetric rate, which is all volumetric costs divided by the total metered treated water consumption.

Uniform Rates

The uniform tier accounts for the expected consumption of the remaining amount of supply from all three water supplies. **Figure 18** identifies the uniform tier rate per unit of water for all non-SFR customers. The uniform tier is equal to all remaining water supply costs not allocated to SFR customers divided by all metered consumption. This is also the system-wide average cost.

Figure 18. Uniform Tier Rates for FY 2021/22

| Customer Classes | Number of Meters ¹ | Water Consumption (hcf/yr.) | Target Rev. Req't. from Vol. Charges | % of Total Rate Revenue | Uniform Commodity Rates (\$/hcf) | Proposed Rate Structure |
|---------------------------|-------------------------------|-----------------------------|--------------------------------------|-------------------------|----------------------------------|-------------------------|
| <i>Treated Water:</i> | | | | | | |
| Single Family Residential | 33,212 | 5,137,740 | \$ 13,409,939 | 44% | \$2.61 | <i>Tiered</i> |
| Multi-Family Residential | 758 | 704,920 | 1,839,901 | 6% | \$2.61 | <i>Uniform</i> |
| Commercial | 1,267 | 1,164,409 | 3,039,207 | 10% | \$2.61 | <i>Uniform</i> |
| Irrigation | 138 | 90,252 | 235,565 | 1% | \$2.61 | <i>Uniform</i> |
| Institutional | 227 | 871,050 | 2,273,515 | 7% | \$2.61 | <i>Uniform</i> |
| Institutional Irrigation | 227 | 362,449 | 946,023 | 3% | \$2.61 | <i>Uniform</i> |
| Fire | 613 | 3,919 | 10,229 | 0% | \$2.61 | <i>Uniform</i> |
| Other | 7 | 275,271 | 718,481 | 2% | \$2.61 | <i>Uniform</i> |
| Total | 36,449 | 8,610,010 | \$ 22,472,859 | 73% | | |

1. Number of meters is based on the number of customers billed a fixed and/or variable charge in June 2020 except for institutional well, flow, and intertie customers. Source file: 2019-20 Customer Data.xlsx.

Current and Proposed Water Rates

Figure 19 provides a comparison of the current and proposed rates for Fiscal Years 2021/22 through 2025/26 and incorporates the rate design that transitions from the current 27% Fixed/73% Variable to the 40% Fixed/60% Variable in FY 2026/26.

Figure 19. Current and Proposed Rates

| Water Rate Schedule | Current Rates | Proposed Rates | | | | |
|---|---------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 |
| Projected Increase in Rate Revenue per Financial Plan: | | 27% Fixed / 73% Variable | 30% Fixed / 70% Variable | 33% Fixed / 67% Variable | 37% Fixed / 63% Variable | 40% Fixed / 60% Variable |
| Fixed Service Charge | | | | | | |
| Fixed Service Charges: | | | | | | |
| 3/4 inch | \$13.36 | \$15.24 | \$17.68 | \$20.25 | \$22.96 | \$25.81 |
| 1 inch | \$21.09 | \$23.31 | \$27.04 | \$30.97 | \$35.12 | \$39.48 |
| 1.5 inch | \$40.41 | \$43.49 | \$50.45 | \$57.78 | \$65.51 | \$73.66 |
| 2 inch | \$63.60 | \$67.71 | \$78.54 | \$89.96 | \$101.99 | \$114.67 |
| 3 inch | \$125.44 | \$132.28 | \$153.44 | \$175.75 | \$199.26 | \$224.03 |
| 4 inch | \$195.01 | \$204.93 | \$237.71 | \$272.27 | \$308.69 | \$347.06 |
| 6 inch | \$388.25 | \$406.72 | \$471.78 | \$540.38 | \$612.67 | \$688.81 |
| 8 inch | \$1,083.92 | \$1,133.18 | \$1,314.45 | \$1,505.58 | \$1,706.99 | \$1,919.12 |
| 10 inch | \$1,624.99 | \$1,698.21 | \$1,969.86 | \$2,256.28 | \$2,558.12 | \$2,876.03 |
| Fire Fixed Service Charges: | | | | | | |
| 3/4 inch | \$2.63 | \$3.13 | \$3.63 | \$4.16 | \$4.72 | \$5.30 |
| 1 inch | \$3.20 | \$4.14 | \$4.67 | \$5.23 | \$5.83 | \$6.45 |
| 1.5 inch | \$4.64 | \$5.15 | \$5.71 | \$6.31 | \$6.93 | \$7.59 |
| 2 inch | \$6.37 | \$6.36 | \$6.96 | \$7.60 | \$8.26 | \$8.96 |
| 3 inch | \$11.83 | \$10.19 | \$10.92 | \$11.68 | \$12.47 | \$13.30 |
| 4 inch | \$21.90 | \$17.26 | \$18.20 | \$19.19 | \$20.22 | \$21.30 |
| 6 inch | \$47.78 | \$35.42 | \$36.94 | \$38.52 | \$40.16 | \$41.86 |
| 8 inch | \$82.30 | \$59.63 | \$61.91 | \$64.28 | \$66.74 | \$69.28 |
| 10 inch | \$128.31 | \$91.91 | \$95.22 | \$98.64 | \$102.18 | \$105.84 |
| Commodity Charges for All Water Consumed (per hcf) | | | | | | |
| Rate Per hcf of Water Consumed: | | | | | | |
| <u>Single Family Residential*</u> | | | | | | |
| Tier 1 | \$2.35 | \$1.41 | \$1.02 | \$0.92 | \$0.81 | \$0.80 |
| Tier 2 | -- | \$3.58 | \$2.51 | \$2.47 | \$2.44 | \$2.44 |
| <u>All Other Customers</u> | | | | | | |
| Flow Meter / Intertie / Well | \$3.51 | \$3.56 | \$3.67 | \$3.78 | \$3.89 | \$4.01 |

Drought Rates

If the drought worsens, the District may experience reduced water sales due to conservation, which could be offset by using drought rates. Given the nature of the District's source of supply costs, we can assume that the first water to be reduced will be the most expensive Mojave Basin Area (MWA) water that incurs replenishment and makeup charges. Because of this, cost savings from reduced production would largely offset revenue losses until conservation exceeds 20% conservation. Therefore, drought rates would only be implemented if conservation reached or exceeded 20%.

At the point where conservation exceeds 20%, drought rates would ensure the District collects sufficient revenue to cover costs. However, after Year 2 the revenue losses from drought reductions will be offset by cost reductions for several reasons:

1. Fixed charge revenue increases from 27% to 40% by rate design, thereby increasing the amount of revenue not subject to reductions,
2. Volumetric rate revenue only minimally increases as the percent of volumetric rates drop from 73% to 60%, thereby decreasing the amount of revenue subject to reductions, and
3. The inflation rate for water production costs goes up by more than inflation for volumetric rate revenues, thereby increasing the amount of avoided costs due to lower production levels.

The District can implement drought rates at various conservation levels that range from 20% through 50%, in 10% increments as shown in **Figure 20**. However, due to the higher marginal cost savings, drought rates would not be needed after Year 2.

Figure 20. Drought Rates

| Drought Rate Schedule | Current Rates | Proposed Rates | | | | |
|--|---------------|--------------------------|--------------------------|--------------------------|--------------------------|--|
| | | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 |
| Increases in Rate Rev. per Financial Plan: | | 27% Fixed / 73% Variable | 30% Fixed / 70% Variable | 33% Fixed / 67% Variable | 37% Fixed / 63% Variable | 40% Fixed / 60% Variable |
| Rates for Single Family Residential Tier 1 Water Consumed (per hcf)¹ | | | | | | |
| Conservation Level Compared to FY 2019/20 | | | | | | <i>After year 2, revenue losses from drought reductions are offset by marginal cost reductions</i> |
| 20% | N.A. | \$1.45 | \$1.03 | | | |
| 30% | N.A. | \$1.48 | \$1.04 | | | |
| 40% | N.A. | \$1.53 | \$1.05 | | | |
| 50% | N.A. | \$1.59 | \$1.07 | | | |
| Rates for Single Family Residential Tier 2 Water Consumed (per hcf)¹ | | | | | | |
| Conservation Level Compared to FY 2019/20 | | | | | | <i>After year 2, revenue losses from drought reductions are offset by marginal cost reductions</i> |
| 20% | N.A. | \$3.63 | \$2.52 | | | |
| 30% | N.A. | \$3.66 | \$2.53 | | | |
| 40% | N.A. | \$3.70 | \$2.54 | | | |
| 50% | N.A. | \$3.76 | \$2.56 | | | |
| Rates for Standard Domestic & Public Benefit Use Water Consumed (per hcf)¹ | | | | | | |
| Conservation Level Compared to FY 2019/20 | | | | | | <i>After year 2, revenue losses from drought reductions are offset by marginal cost reductions</i> |
| 20% | N.A. | \$2.66 | \$2.73 | | | |
| 30% | N.A. | \$2.69 | \$2.74 | | | |
| 40% | \$2.53 | \$2.73 | \$2.75 | | | |
| 45% | \$2.75 | N.A. | N.A. | | | |
| 50% | \$3.02 | \$2.79 | \$2.77 | | | |
| 55% | \$3.35 | N.A. | N.A. | | | |
| 60% | \$3.76 | N.A. | N.A. | | | |
| Rates for Construction Flow Meter/Filler Spout Water/Inertie (per hcf)¹ | | | | | | |
| Conservation Level Compared to FY 2019/20 | | | | | | <i>After year 2, revenue losses from drought reductions are offset by marginal cost reductions</i> |
| 20% | N.A. | \$3.61 | \$3.68 | | | |
| 30% | N.A. | \$3.64 | \$3.69 | | | |
| 40% | \$3.92 | \$3.69 | \$3.70 | | | |
| 45% | \$4.27 | N.A. | N.A. | | | |
| 50% | \$4.69 | \$3.75 | \$3.72 | | | |
| 55% | \$5.20 | N.A. | N.A. | | | |
| 60% | \$5.85 | N.A. | N.A. | | | |

1. Drought surcharges will apply to all consumption, if conservation is at or above 20% from FY 2019/20 baseline consumption levels.

Revenue Stabilization Rates

In lieu of the proposed drought rates, the District may want to consider adopting “revenue stabilization rates.” These rates stabilize volumetric rate revenue caused by low water sales, whether due to conservation or unseasonally cool weather. Here is how the revenue stabilization mechanism works:

- **Implementation** – Once adopted, they are automatically “turned on” whenever monthly volumetric revenues drop by 10% or more (i.e., *the Board would not need to act*).
- **Reversible** – When water sales revenue returns to expected levels, the revenue stabilization rates are automatically “turned off.”
- **Public Notification** – The District provides adequate notice prior to rates being turned on or off.
- **Volumetric Rates** – The revenue stabilization rates are current rates increased by percentages tied to revenue losses of 10% or more.

Comparison of Historical Water Rates

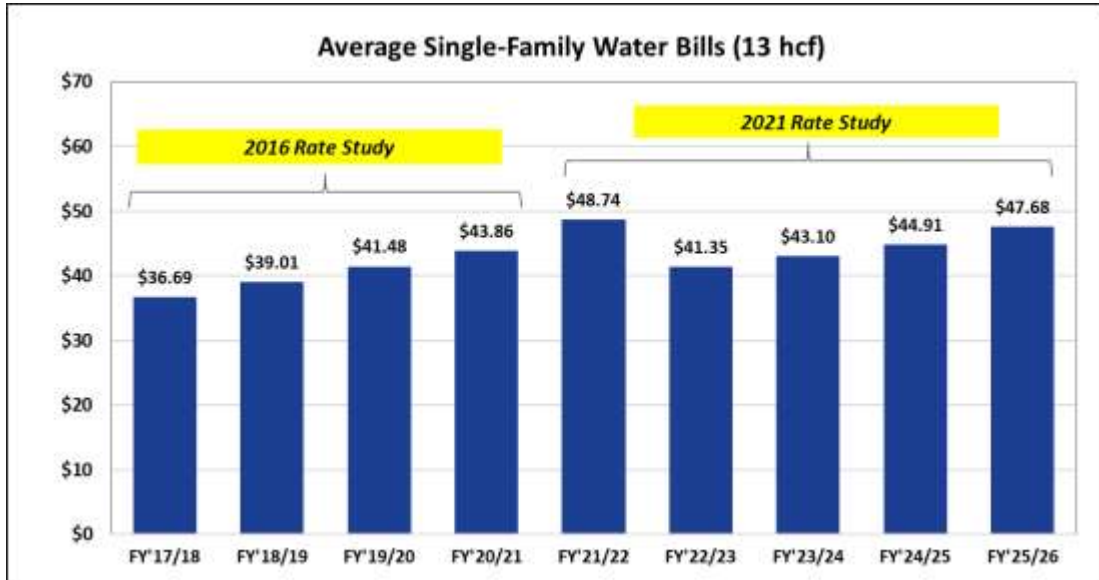
The previous rate study recommended annual rate increases of 6.25% for FY 2017/18 through FY 2020/21 compared to the 3% annual rate increases recommended herein for FY 2021/22 through FY 2025/26. However, the recommended use of tiered rates for single family residential customers is a significant change in the rate structure in terms of its impact on customer bills as shown in **Figure 21** and **Figure 22**. These figures summarize the single-family rates over this period and the average monthly water bills based on the current average annual consumption of 13 HCF/month.¹¹

Figure 21. Comparison of Single-Family Water Rates FY 2017/18 – FY 2025/26

| SFR Rates | 2016 Rate Study | | | | 2021 Rate Study | | | | |
|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | FY'17/18 | FY'18/19 | FY'19/20 | FY'20/21 | FY'21/22 | FY'22/23 | FY'23/24 | FY'24/25 | FY'25/26 |
| | 27% Fixed / 73% Variable | 27% Fixed / 73% Variable | 27% Fixed / 73% Variable | 27% Fixed / 73% Variable | 27% Fixed / 73% Variable | 30% Fixed / 70% Variable | 33% Fixed / 67% Variable | 37% Fixed / 63% Variable | 40% Fixed / 60% Variable |
| | 6.25% | 6.25% | 6.25% | 6.25% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Fixed | \$12.23 | \$12.68 | \$13.15 | \$13.36 | \$15.24 | \$17.68 | \$20.25 | \$22.96 | \$25.81 |
| Vol. Rate | \$1.88 | \$2.03 | \$2.18 | \$2.35 | \$1.41 | \$1.02 | \$0.92 | \$0.81 | \$0.80 |
| Vol. Rate (Tier 2) | n.a. | n.a. | n.a. | n.a. | \$3.58 | \$2.51 | \$2.47 | \$2.44 | \$2.44 |
| Avg. Bill (13 hcf) | \$36.69 | \$39.01 | \$41.48 | \$43.86 | \$48.74 | \$41.35 | \$43.10 | \$44.91 | \$47.68 |

¹¹ These comparisons are based on a typical 3/4-inch meter.

Figure 22. Commercial Customer Bill Comparison



G. Comparison of Current and Proposed Customer Bills

Figure 23, Figure 24, and Figure 25 compare monthly bills for single-family, multi-family, and commercial customers under current and proposed rates at varying levels of water consumption and different meter sizes. Additional bill comparison examples for customers with different meter sizes are available in the *Technical Appendix*.

Figure 23. Monthly Water Bill Comparison for Single Family Customers

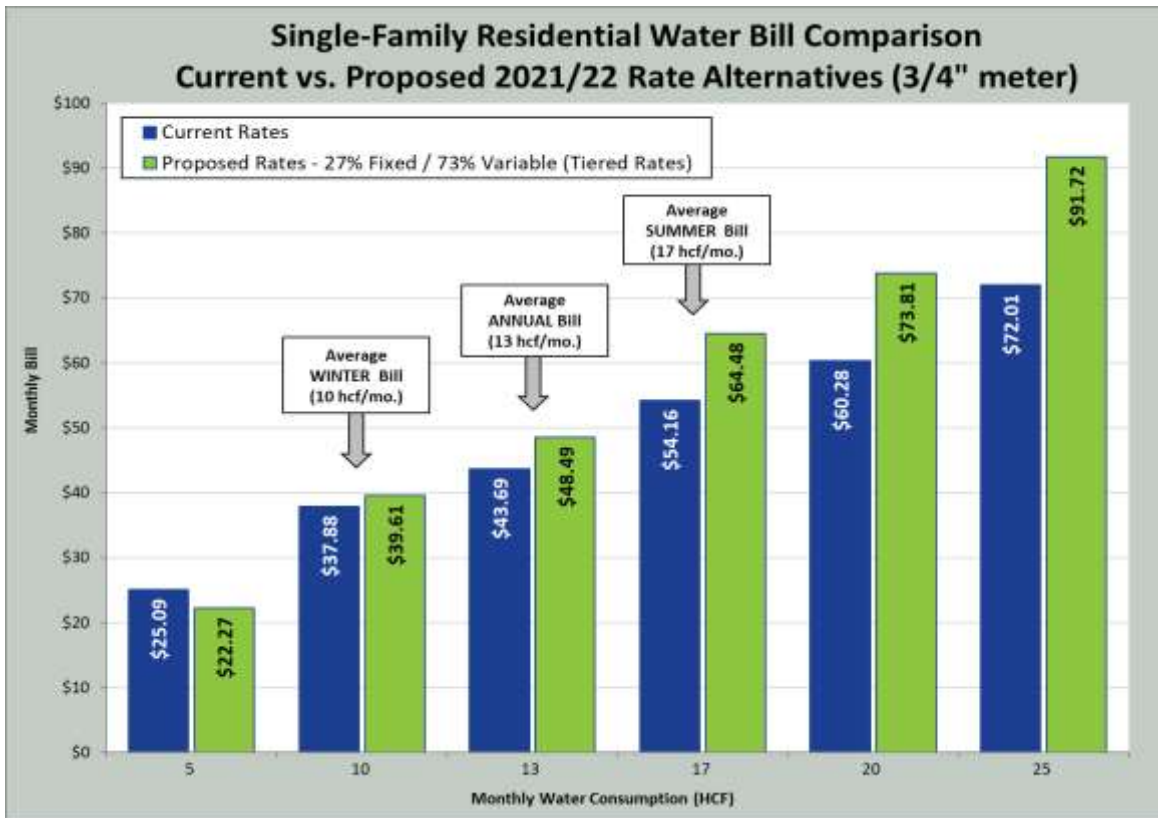


Figure 24. Monthly Water Bill Comparison for Multi-Family Customers

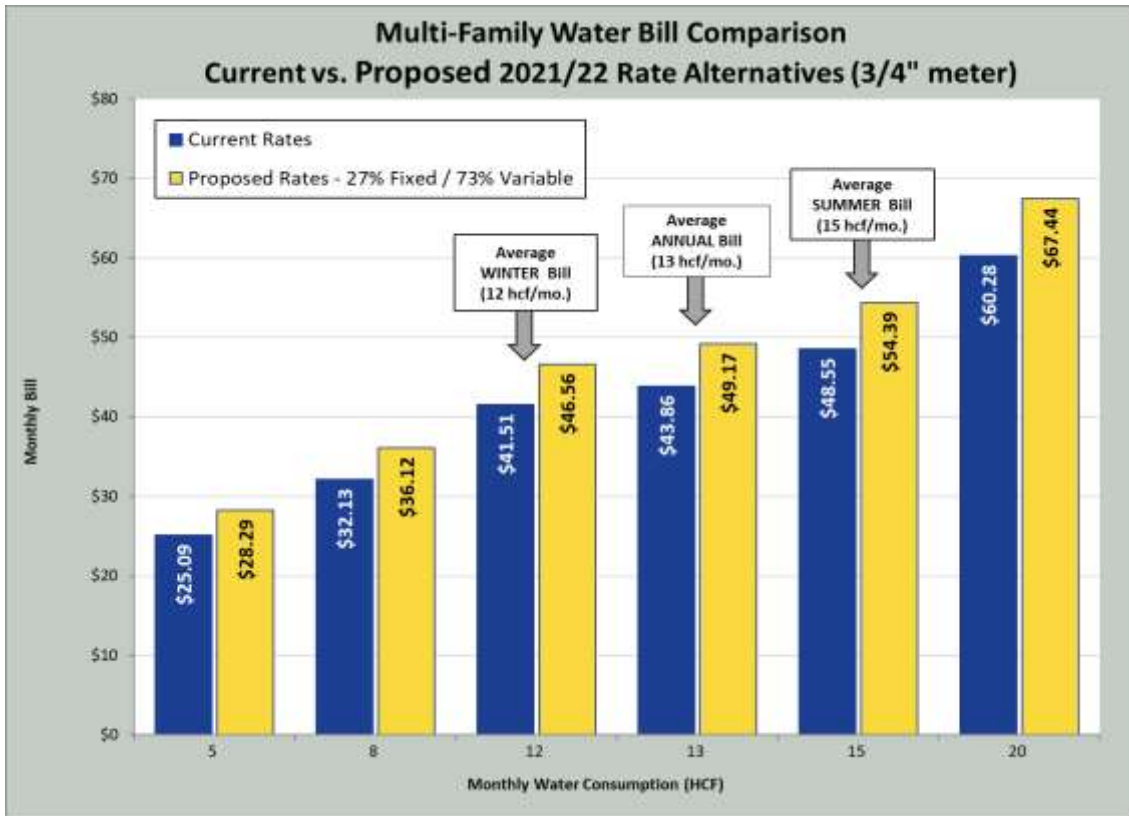
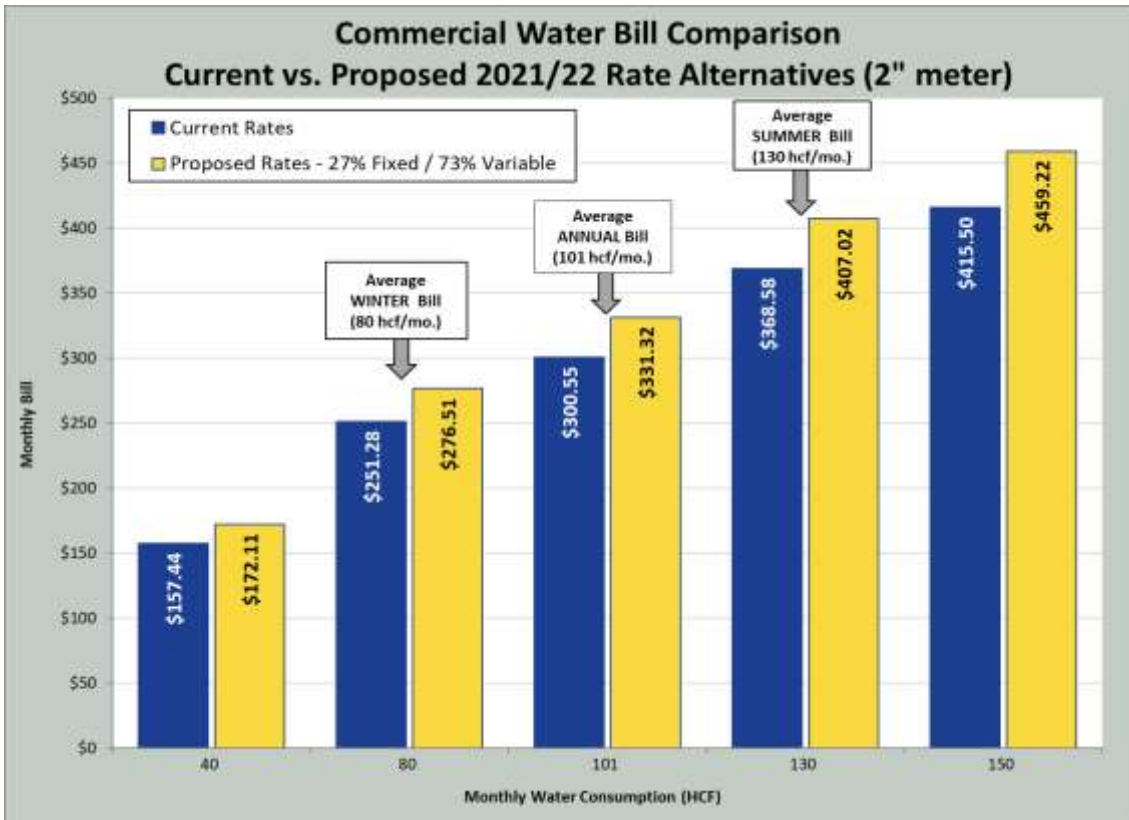


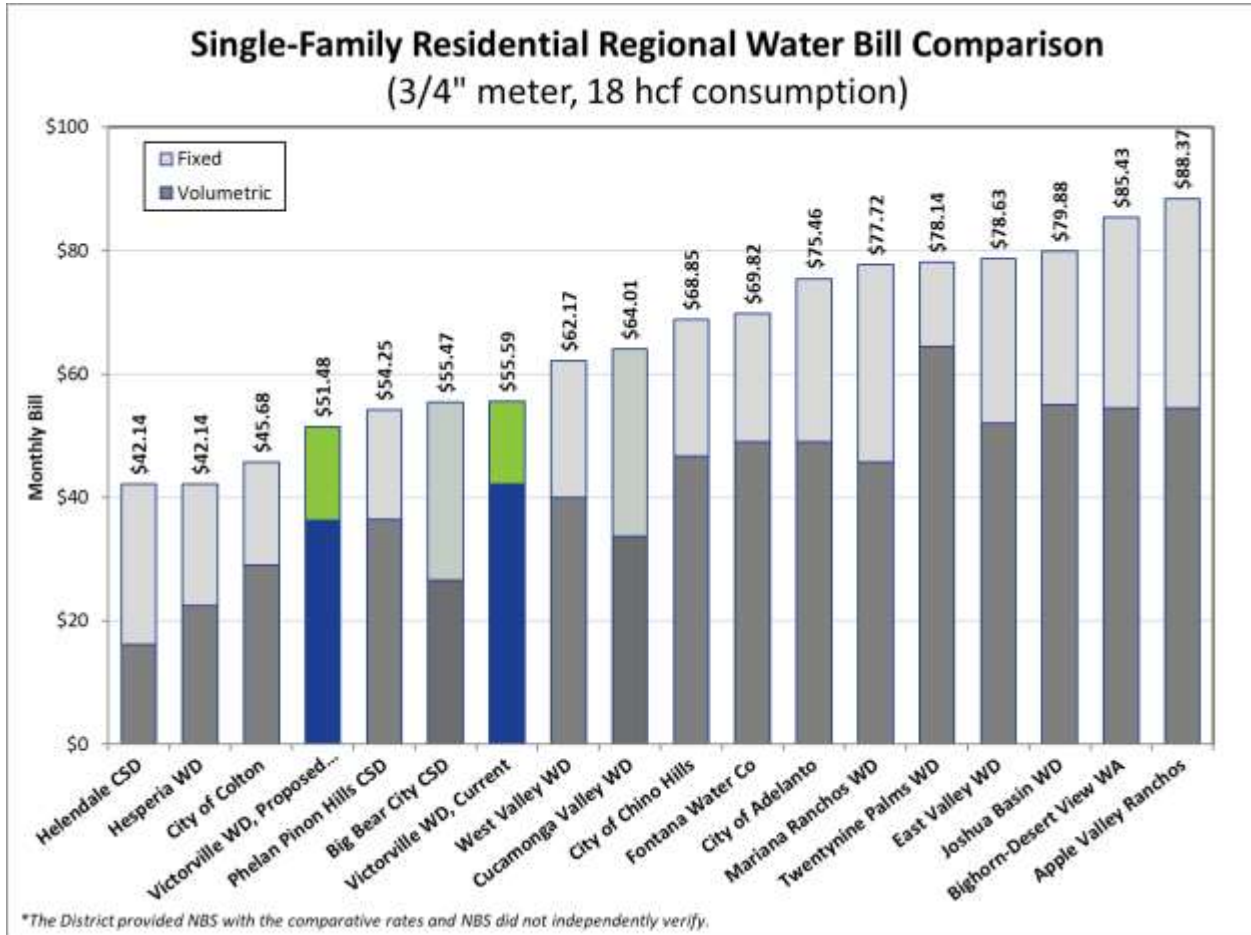
Figure 25. Monthly Water Bill Comparison for Commercial Customers



Regional Bill Comparisons

Figure 26 compares the current and proposed annual water bills for the typical single family residential customer to those of other surrounding communities.

Figure 26. Annual Regional Bill Comparisons - FY 2022/23



SECTION 3. RECOMMENDATIONS AND NEXT STEPS

A. Consultant Recommendations

NBS recommends the District take the following actions:

Approve and Accept this Study: NBS recommends the Board formally approve and adopt this study report, including the *Technical Appendix*, and its recommendations as a first step to implementing the proposed rates. This Study provides documentation of the rate study and the basis for analyzing potential changes to future rates.

Implement Recommended Levels of Rate Adjustments and Proposed Rates: Based on successfully meeting the Proposition 218 procedural requirements, the Board of Directors should proceed with implementing the 5-year schedule of proposed rates previously shown in **Figure 19** and **Figure 20**. This will help ensure the continued financial health of District's water utility.

B. Next Steps

Annually Review Rates and Revenue: Any time an agency adopts new utility rates or rate structures, those new rates should be closely monitored over the next several years to ensure the revenue generated is sufficient to meet the annual revenue requirements. Additionally, changing economic and water consumption patterns underscore the need for this ongoing review, as well as potential and unseen changing revenue requirements—particularly those related to environmental regulations that can significantly affect capital improvements and repair and replacement costs.

Note: The attached Technical Appendix provides more detailed information on the analysis of the water revenue requirements, cost-of-service analysis and cost allocations, and the rate design analyses that have been summarized in this report.

C. NBS' Principal Assumptions and Considerations

In preparing this report and the opinions and recommendations included herein, NBS has relied on a number of principal assumptions and considerations with regard to financial matters, conditions, and events that may occur in the future. This information and these assumptions, including District's budgets, capital improvement costs, and information from District staff were provided by sources we believe to be reliable, although NBS has not independently verified this data.

While we believe NBS' use of such information and assumptions is reasonable for the purpose of this report and its recommendations, some assumptions will invariably not materialize as stated herein and may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others.

ABBREVIATIONS & ACRONYMS

| | |
|------------|--|
| AAF | Average Annual Flow |
| AF | Acre Foot, equal to 435.6 HCF/CCF or 325,851 gallons |
| Alt. | Alternative |
| Avg. | Average |
| AWWA | American Water Works Association |
| BMP | Best Management Practice |
| CA | Customer |
| CAP | Capacity |
| CCF | Hundred Cubic Feet (same as HCF); equal to 748 gallons |
| CCI | Construction Cost Index |
| CIP | Capital Improvement Program/Plan |
| COM | Commodity |
| Comm. | Commercial |
| COS | Cost-of-Service |
| COSA | Cost-of-Service Analysis |
| CPI | Consumer Price Index |
| DU | Dwelling Unit |
| Excl. | Exclude |
| ENR | Engineering News Record |
| EDU | Equivalent Dwelling Unit |
| Exp. | Expense |
| FY | Fiscal Year |
| FY 2019/20 | July 1, 2019 through June 30, 2020 |
| GPD | Gallons Per Day |
| GPM | Gallons Per Minute |
| HCF | Hundred Cubic Feet; equal to 748 gallons or 1 CCF |
| Ind. | Industrial |
| Irr. | Irrigation |
| LAIF | Local Agency Investment Fund |
| Lbs. | Pounds |
| MFR | Multi-Family Residential |
| MGD | Million Gallons Per Day |
| MG/L | Milligrams Per Liter |
| Mo. | Month |

This appendix identifies abbreviations and acronyms that may be used in this report. This appendix has not been viewed, arranged, or edited by an attorney, nor should it be relied on as legal advice. The intent of this appendix is to support the recognition and analysis of this report. Any questions regarding clarification of this document should be directed to staff or an attorney specializing in this particular subject matter.

ABBREVIATIONS & ACRONYMS

| | |
|---------------|--|
| Muni. | Municipal |
| NPV | Net Present Value |
| N/A | Not Available or Not Applicable |
| O&M | Operating & Maintenance Expenses |
| Prop 13 | Proposition 13 (1978) – Article XIII A of the California Constitution which limits taxes on real property to 1% of the full cash value of such property. |
| Prop 218 | Proposition 218 (1996) – State Constitutional amendment expanded restrictions of local government revenue collections. |
| Req't. | Requirement |
| Res. | Residential |
| Rev. | Revenue |
| RTS | Readiness-to-Serve |
| R&R | Rehabilitation & Replacement |
| SFR | Single Family Residential |
| SRF Loan | State Revolving Fund Loan |
| SWRCB | State Water Resources Control Board |
| V. / Vs. /vs. | Versus |

This appendix identifies abbreviations and acronyms that may be used in this report. This appendix has not been viewed, arranged, or edited by an attorney, nor should it be relied on as legal advice. The intent of this appendix is to support the recognition and analysis of this report. Any questions regarding clarification of this document should be directed to staff or an attorney specializing in this particular subject matter.

TECHNICAL APPENDIX: DETAILED WATER STUDY TABLES AND FIGURES

TABLE 1: FINANCIAL PLAN AND SUMMARY OF REVENUE REQUIREMENTS

| RATE REVENUE REQUIREMENTS SUMMARY ¹ | Budget | Budget | Projected Rates for Adoption Period | | | | | Projected | | | | |
|--|----------------------|----------------------|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
| Sources of Water Funds | | | | | | | | | | | | |
| <i>Water Rate Revenue Under Prevailing Rates²</i> | | | | | | | | | | | | |
| Water Sales Revenue | \$ 19,333,482 | \$ 21,390,500 | \$ 21,818,310 | \$ 22,254,676 | \$ 22,699,770 | \$ 23,153,765 | \$ 23,616,840 | \$ 24,089,177 | \$ 24,570,961 | \$ 25,062,380 | \$ 25,563,628 | \$ 26,074,900 |
| Readiness to Serve Revenue | 7,217,219 | 7,819,700 | 7,976,094 | 8,135,616 | 8,298,328 | 8,464,295 | 8,633,581 | 8,806,252 | 8,982,377 | 9,162,025 | 9,345,265 | 9,532,171 |
| <i>Other Operating Revenues</i> | 1,315,554 | 1,591,000 | 1,570,940 | 1,600,457 | 1,630,563 | 1,661,268 | 1,692,586 | 1,724,529 | 1,757,108 | 1,790,337 | 1,824,228 | 1,858,795 |
| <i>Non-Operating Revenues</i> | 3,585,003 | 3,883,433 | 3,849,513 | 3,883,583 | 3,921,052 | 3,962,330 | 4,007,528 | 4,055,222 | 4,106,728 | 4,162,178 | 4,221,784 | 4,285,814 |
| <i>Interest Earnings (in Operating & Capital Reserves)³</i> | 791,053 | 1,276,900 | 394,218 | 267,825 | 167,732 | 162,453 | 159,616 | 159,141 | 171,943 | 187,548 | 181,156 | 204,522 |
| Total Sources of Funds | \$ 32,242,312 | \$ 35,961,533 | \$ 35,609,075 | \$ 36,142,157 | \$ 36,717,445 | \$ 37,404,111 | \$ 38,110,151 | \$ 38,834,320 | \$ 39,589,117 | \$ 40,364,467 | \$ 41,136,061 | \$ 41,956,202 |
| Uses of Water Funds | | | | | | | | | | | | |
| <i>Operating Expenses:</i> | | | | | | | | | | | | |
| Water Purchases | \$ 4,026,205 | \$ 4,565,935 | \$ 5,009,084 | \$ 5,495,977 | \$ 6,030,987 | \$ 6,618,928 | \$ 7,265,099 | \$ 7,975,336 | \$ 8,756,062 | \$ 9,614,351 | \$ 10,557,994 | \$ 11,595,567 |
| Production Power | 2,133,628 | 2,481,100 | 2,704,399 | 2,947,795 | 3,213,096 | 3,502,275 | 3,817,480 | 4,161,053 | 4,535,548 | 4,943,747 | 5,388,684 | 5,873,666 |
| Supply, Production & Pumping Services | 2,425,528 | 4,398,386 | 3,728,731 | 3,878,538 | 4,034,370 | 4,196,469 | 4,365,089 | 4,540,491 | 4,722,950 | 4,912,748 | 5,110,183 | 5,315,562 |
| Administrative Services | 4,309,120 | 4,519,133 | 4,700,135 | 4,888,394 | 5,084,200 | 5,287,856 | 5,499,677 | 5,719,991 | 5,949,138 | 6,187,473 | 6,435,364 | 6,693,195 |
| SCADA & Telemetry Services | 408,987 | 960,238 | 521,402 | 542,359 | 564,159 | 586,836 | 610,426 | 634,966 | 660,493 | 687,048 | 714,672 | 743,408 |
| HDPP Operating Expenses | 587,051 | 728,160 | 768,036 | 810,475 | 855,666 | 903,815 | 955,142 | 1,009,888 | 1,068,312 | 1,130,696 | 1,197,344 | 1,268,585 |
| Quality & Treatment Services | 352,888 | 524,535 | 545,569 | 567,448 | 590,204 | 613,874 | 638,493 | 664,100 | 690,735 | 718,439 | 747,255 | 777,228 |
| Conservation Services | 474,937 | 517,783 | 538,545 | 560,140 | 582,603 | 605,966 | 630,268 | 655,545 | 681,836 | 709,183 | 737,628 | 767,214 |
| Meter Services | 2,021,069 | 2,676,796 | 1,549,291 | 1,598,707 | 1,650,122 | 1,703,616 | 1,759,275 | 1,817,186 | 1,877,440 | 1,940,133 | 2,005,363 | 2,073,234 |
| Transmission & Distribution Services | 3,016,563 | 3,113,416 | 3,238,916 | 3,369,485 | 3,505,328 | 3,646,657 | 3,793,695 | 3,946,673 | 4,105,832 | 4,271,421 | 4,443,702 | 4,622,946 |
| Supply Service Warehouse | 22,703 | 31,925 | 33,188 | 34,505 | 35,879 | 37,312 | 38,807 | 40,366 | 41,992 | 43,688 | 45,457 | 47,303 |
| Field Service Warehouse | 184,178 | 213,522 | 222,159 | 231,152 | 240,516 | 250,266 | 260,418 | 270,990 | 281,997 | 293,460 | 305,395 | 317,824 |
| Customer Service | 1,973,512 | 2,449,902 | 2,548,019 | 2,650,069 | 2,756,210 | 2,866,606 | 2,981,428 | 3,100,853 | 3,225,065 | 3,354,258 | 3,488,630 | 3,628,389 |
| Geographic Information Services | 256,827 | 421,172 | 296,560 | 308,470 | 320,858 | 333,745 | 347,149 | 361,093 | 375,597 | 390,684 | 406,378 | 422,703 |
| Code Enforcement | 277,693 | 417,006 | 433,686 | 451,033 | 469,075 | 487,838 | 507,351 | 527,645 | 548,751 | 570,701 | 593,529 | 617,270 |
| Engineering Services | 2,482,200 | 3,183,234 | 2,540,969 | 2,642,810 | 2,748,736 | 2,858,913 | 2,973,511 | 3,092,707 | 3,216,687 | 3,345,641 | 3,479,770 | 3,619,282 |
| Asphalt Services | 153,146 | 178,915 | 186,147 | 193,593 | 201,336 | 209,390 | 217,765 | 226,476 | 235,535 | 244,957 | 254,755 | 264,945 |
| Capital Purchases | - | - | - | - | - | - | - | - | - | - | - | - |
| Subtotal: Operating Expenses | \$ 25,106,233 | \$ 31,381,157 | \$ 29,564,837 | \$ 31,170,950 | \$ 32,883,345 | \$ 34,710,362 | \$ 36,661,074 | \$ 38,745,358 | \$ 40,973,970 | \$ 43,358,629 | \$ 45,912,104 | \$ 48,648,320 |
| <i>Other Expenditures:</i> | | | | | | | | | | | | |
| Existing Debt Service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| New Debt Service | - | - | - | - | - | - | - | - | - | - | - | - |
| Rate-Funded Capital Expenses | - | - | - | 351,903 | 5,943,737 | 6,445,956 | 6,667,529 | 6,126,029 | 6,356,755 | 7,992,679 | 6,883,629 | 7,231,897 |
| Subtotal: Other Expenditures | \$ - | \$ - | \$ - | \$ 351,903 | \$ 5,943,737 | \$ 6,445,956 | \$ 6,667,529 | \$ 6,126,029 | \$ 6,356,755 | \$ 7,992,679 | \$ 6,883,629 | \$ 7,231,897 |
| Total Uses of Water Funds | \$ 25,106,233 | \$ 31,381,157 | \$ 29,564,837 | \$ 31,522,853 | \$ 38,827,082 | \$ 41,156,318 | \$ 43,328,603 | \$ 44,871,387 | \$ 47,330,725 | \$ 51,351,308 | \$ 52,795,733 | \$ 55,880,217 |
| <i>plus: Revenue from Rate Increases⁴</i> | - | - | 893,832 | 1,850,769 | 2,874,361 | 3,968,345 | 5,136,656 | 6,955,456 | 8,923,721 | 11,051,892 | 13,351,112 | 17,063,899 |
| Annual Surplus/(Deficit) | \$ 7,136,078 | \$ 4,580,376 | \$ 6,938,070 | \$ 6,470,072 | \$ 764,723 | \$ 216,138 | \$ (81,796) | \$ 918,389 | \$ 1,182,112 | \$ 65,051 | \$ 1,691,440 | \$ 3,139,883 |
| Net Revenue Req't... (Total Uses less Non-Rate Revenue) | \$ 19,414,623 | \$ 24,629,824 | \$ 23,750,166 | \$ 25,770,988 | \$ 33,107,736 | \$ 35,370,267 | \$ 37,468,873 | \$ 38,932,496 | \$ 41,294,946 | \$ 45,211,246 | \$ 46,568,565 | \$ 49,531,086 |
| Total Rate Revenue After Rate Increases | \$ 26,550,701 | \$ 29,210,200 | \$ 30,688,236 | \$ 32,241,061 | \$ 33,872,459 | \$ 35,586,405 | \$ 37,387,077 | \$ 39,850,885 | \$ 42,477,059 | \$ 45,276,297 | \$ 48,260,005 | \$ 52,670,969 |
| Projected Annual Rate Revenue Increase | 0.00% | 0.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 4.50% | 4.50% | 4.50% | 4.50% | 7.00% |
| <i>Cumulative Increase from Annual Revenue Increases</i> | 0.00% | 0.00% | 3.00% | 6.09% | 9.27% | 12.55% | 15.93% | 21.14% | 26.60% | 32.29% | 38.25% | 47.92% |
| <i>Debt Coverage After Rate Increase⁶</i> | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

- Revenue and expenses for FY 2019/20 and FY 2020/21 were provided by District staff. Source file: WATER - REV & EXP -BUDGET - CUBES 2021 -NBS.xlsx .
- Revenue for FY 2020/21 includes the 6.25% annual rate increase adopted based on the 2015/16 rate study.
- Interest earnings for FY 2019/20 and FY 2020/21 were provided by VWD and then calculated for all future years based on projected cash balances and historical LAIF returns. This also includes the interest for the interfund loan based on the District's repayment schedule.
- Assumes new rates are implemented August 1, 2021 and subsequent increases are effective each following July 1st.
- Debt coverage after rate increase is shown as "N/A" because outstanding debt is not funded by water rate revenue.

| Selection of Financial Plan Alternative | | 3 | | | | | | | | | | |
|--|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Financial Plan Alternatives | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
| 1 | Alternative 1 - CIP with 2% Annual Rate Increases | 0.00% | 0.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| 3 | Alternative 3 - Full Funding of CIP | 0.00% | 0.00% | 3.00% | 3.00% | 3.00% | 3.00% | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% |
| 4 | No Rate Increases | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

TABLE 2 : RESERVE FUND SUMMARY - UN-RESTRICTED RESERVES

| SUMMARY OF CASH ACTIVITY GENERAL WATER FUND RESERVES | Budget | Budget | Projected Rates for Adoption Period | | | | | Projected | | | | |
|---|---------------|---------------|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
| Total Beginning Cash¹ | \$ 28,944,570 | \$ 33,430,727 | | | | | | | | | | |
| Un-Restricted Reserves: | | | | | | | | | | | | |
| Operating Reserve | | | | | | | | | | | | |
| Beginning Reserve Balance | \$ 4,562,393 | \$ 4,044,993 | \$ 9,135,476 | \$ 7,465,956 | \$ 6,216,137 | \$ 6,499,087 | \$ 6,715,225 | \$ 6,633,429 | \$ 7,439,944 | \$ 7,787,407 | \$ 7,852,458 | \$ 8,539,166 |
| Plus: Net Cash Flow (After Rate Increases) | - | 4,580,376 | 6,938,070 | 6,470,072 | 764,723 | 216,138 | (81,796) | 918,389 | 1,182,112 | 65,051 | 1,691,440 | 3,139,883 |
| Plus: Unreserved Cash ² | 11,408,586 | 15,321,356 | - | - | - | - | - | - | - | - | - | - |
| Plus: Transfer of Debt Reserve Surplus | - | - | - | - | - | - | - | - | - | - | - | - |
| Less: Transfer out to Capital Replacement Reserve | (10,847,793) | (14,811,249) | (8,607,590) | (7,719,892) | (481,773) | - | - | (111,874) | (834,650) | - | (1,004,732) | (2,733,087) |
| Ending Operating Reserve Balance | \$ 5,123,186 | \$ 9,135,476 | \$ 7,465,956 | \$ 6,216,137 | \$ 6,499,087 | \$ 6,715,225 | \$ 6,633,429 | \$ 7,439,944 | \$ 7,787,407 | \$ 7,852,458 | \$ 8,539,166 | \$ 8,945,962 |
| Target Ending Balance (90-days of O&M Less Water Purchases & HDPP) | \$ 5,123,186 | \$ 6,521,726 | \$ 5,946,970 | \$ 6,216,137 | \$ 6,499,087 | \$ 6,796,814 | \$ 7,110,190 | \$ 7,439,944 | \$ 7,787,407 | \$ 8,153,488 | \$ 8,539,166 | \$ 8,945,962 |
| OPEB Reserve Fund | | | | | | | | | | | | |
| Beginning Reserve Balance ³ | \$ 8,946,363 | \$ 10,092,990 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 |
| Plus: Annual Contributions | - | - | - | - | - | - | - | - | - | - | - | - |
| Plus: Interest Earnings | 120,776 | 136,255 | 120,771 | 120,771 | 120,771 | 120,771 | 120,771 | 120,771 | 120,771 | 120,771 | 120,771 | 120,771 |
| Less: Transfer out to Capital Reserves | - | (1,283,246) | (120,771) | (120,771) | (120,771) | (120,771) | (120,771) | (120,771) | (120,771) | (120,771) | (120,771) | (120,771) |
| Ending OPEB Reserve Balance | \$ 9,067,139 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 |
| Target Ending Balance⁴ | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 | \$ 8,946,000 |
| Capital Rehabilitation & Replacement Reserve | | | | | | | | | | | | |
| Beginning Reserve Balance ⁵ | \$ 4,027,228 | \$ 3,971,387 | \$ 20,065,881 | \$ 12,372,897 | \$ 6,208,463 | \$ 5,534,444 | \$ 5,108,171 | \$ 5,154,771 | \$ 5,296,545 | \$ 6,105,021 | \$ 5,566,471 | \$ 6,610,603 |
| Plus: Grant Proceeds | - | - | - | - | - | - | - | - | - | - | - | - |
| Plus: Transfer of Operating Reserve Surplus | 10,847,793 | 14,811,249 | 8,607,590 | 7,719,892 | 481,773 | - | - | 111,874 | 834,650 | - | 1,004,732 | 2,733,087 |
| Plus: Transfer of OPEB Surplus | - | 1,283,246 | 120,771 | 120,771 | 120,771 | 120,771 | 120,771 | 120,771 | 120,771 | 120,771 | 120,771 | 120,771 |
| Less: Permanent Water Rights | - | - | (6,500,000) | (6,500,000) | - | - | - | - | - | - | - | - |
| Less: Use of Reserves for Capital Projects | - | - | (9,921,345) | (7,505,097) | (1,276,563) | (547,044) | (74,171) | (90,871) | (146,945) | (659,321) | (81,371) | (1,049,103) |
| Ending Capital Rehab & Replacement Reserve Balance | \$ 14,875,021 | \$ 20,065,881 | \$ 12,372,897 | \$ 6,208,463 | \$ 5,534,444 | \$ 5,108,171 | \$ 5,154,771 | \$ 5,296,545 | \$ 6,105,021 | \$ 5,566,471 | \$ 6,610,603 | \$ 8,415,358 |
| Target Ending Balance (3% of Assets)³ | \$ 4,621,700 | \$ 4,621,700 | \$ 4,782,600 | \$ 4,867,800 | \$ 4,931,900 | \$ 4,987,400 | \$ 5,034,000 | \$ 5,063,900 | \$ 5,149,600 | \$ 5,445,700 | \$ 5,485,100 | \$ 5,561,500 |
| Ending Balance - Excludes Restricted Reserves | \$ 29,065,346 | \$ 38,147,358 | \$ 28,784,854 | \$ 21,370,600 | \$ 20,979,531 | \$ 20,769,396 | \$ 20,734,200 | \$ 21,682,489 | \$ 22,838,427 | \$ 22,364,929 | \$ 24,095,769 | \$ 26,307,320 |
| Minimum Target Ending Balance - Excludes Restricted Reserves | 18,690,886 | 20,089,426 | 19,675,570 | 20,029,937 | 20,376,987 | 20,730,214 | 21,090,190 | 21,449,844 | 21,883,007 | 22,545,188 | 22,970,266 | 23,453,462 |
| Ending Surplus/(Deficit) Compared to Reserve Targets | \$ 10,374,460 | \$ 18,057,931 | \$ 9,109,284 | \$ 1,340,663 | \$ 602,544 | \$ 39,181 | \$ (355,990) | \$ 232,645 | \$ 955,421 | \$ (180,259) | \$ 1,125,503 | \$ 2,853,858 |
| Annual Interest Earnings Rate⁶ | 1.35% | 1.35% | 1.35% | 1.35% | 1.35% | 1.35% | 1.35% | 1.35% | 1.35% | 1.35% | 1.35% | 1.35% |

1. Total beginning cash balances for FY 2019/20 and FY 2020/21 were provided by District Staff on 09-17-2020. Source file: WATER - REV & EXP -BUDGET - CUBES 2021 -NBS.xlsx .
 2. Net cash flow for FY 2019/20 and FY 2020/21 is the remaining balance of cash after all restricted and reserve requirements are met. The target for this is a positive amount close to zero. Source: Staff email dated 03-26-2020 & WATER - REV & EXP -BUDGET - CUBES 2021 -NBS.xlsx .
 3. Total beginning OPEB reserve cash balance is per source file: WATER - REV & EXP -BUDGET - CUBES 2021 -NBS.xlsx .
 4. The target ending balance for the OPEB reserve is set to the funding target of \$8.95 million.
 5. The Capital Rehabilitation & Replacement Reserve target is set to 3% of net assets. This is based on a net capital asset value of \$163.7 million per the VWD 2019 CAFR.
 6. Historical interest earning rates are per the average annual yields for funds invested in LAIF (2015-2019). The source is the California State Treasurer's website: <https://www.treasurer.ca.gov/pmia-laif/historical/annual.asp> .

TABLE 3 : RESERVE FUND SUMMARY - RESTRICTED RESERVES

| SUMMARY OF CASH ACTIVITY, continued | Budget | Budget | Projected Rates for Adoption Period | | | | | Projected | | | | |
|---|----------------------|----------------------|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
| RESTRICTED WATER FUND RESERVES | | | | | | | | | | | | |
| Restricted Reserves: | | | | | | | | | | | | |
| Connection Fee & Alternate Water Source Reserve | | | | | | | | | | | | |
| Beginning Reserve Balance ¹ | \$ 4,832,624 | \$ 6,509,126 | \$ 7,996,999 | \$ 9,159,458 | \$ 10,739,671 | \$ 12,370,348 | \$ 14,052,752 | \$ 15,788,178 | \$ 17,577,945 | \$ 17,759,408 | \$ 12,806,483 | \$ 14,652,500 |
| Plus: Interest Earnings | 65,240 | 87,873 | 107,959 | 123,653 | 144,986 | 167,000 | 189,712 | 213,140 | 237,302 | 239,752 | 172,888 | 197,809 |
| Plus: Capacity Fee Revenue | 1,611,261 | 1,400,000 | 1,428,000 | 1,456,560 | 1,485,691 | 1,515,405 | 1,545,713 | 1,576,627 | 1,608,160 | 1,640,323 | 1,673,130 | 1,706,592 |
| Less: Use of Reserves for Capital Projects | - | - | (373,500) | - | - | - | - | - | (1,664,000) | (6,833,000) | - | - |
| Ending Connection Fee Fund Balance | \$ 6,509,126 | \$ 7,996,999 | \$ 9,159,458 | \$ 10,739,671 | \$ 12,370,348 | \$ 14,052,752 | \$ 15,788,178 | \$ 17,577,945 | \$ 17,759,408 | \$ 12,806,483 | \$ 14,652,500 | \$ 16,556,901 |
| Target Ending Balance | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Debt Reserve | | | | | | | | | | | | |
| Beginning Reserve Balance ² | \$ 836,597 | \$ 847,891 | \$ 859,338 | \$ 870,939 | \$ 882,696 | \$ 894,613 | \$ 906,690 | \$ 918,930 | \$ 931,336 | \$ 943,909 | \$ 956,652 | \$ 969,566 |
| Plus: Reserve Funding from New Debt Obligations | - | - | - | - | - | - | - | - | - | - | - | - |
| Plus: Interest Earnings | 11,294 | 11,447 | 11,601 | 11,758 | 11,916 | 12,077 | 12,240 | 12,406 | 12,573 | 12,743 | 12,915 | 13,089 |
| Less: Transfer of Surplus to Operating Reserve | - | - | - | - | - | - | - | - | - | - | - | - |
| Ending Debt Reserve Balance | \$ 847,891 | \$ 859,338 | \$ 870,939 | \$ 882,696 | \$ 894,613 | \$ 906,690 | \$ 918,930 | \$ 931,336 | \$ 943,909 | \$ 956,652 | \$ 969,566 | \$ 982,656 |
| Target Ending Balance | \$ 996,570 | \$ 996,570 | \$ 995,778 | \$ 993,763 | \$ 991,886 | \$ 988,011 | \$ 803,511 | \$ 803,238 | \$ 803,238 | \$ 803,238 | \$ 803,238 | \$ 801,250 |
| Reserve for Debt Service (Early Debt Payoff) | | | | | | | | | | | | |
| Beginning Reserve Balance ³ | \$ 4,506,745 | \$ 4,567,586 | \$ 4,629,249 | \$ 4,691,744 | \$ 4,755,082 | \$ 4,819,276 | \$ 4,884,336 | \$ 4,950,275 | \$ 5,017,103 | \$ 5,084,834 | \$ 5,153,480 | \$ 5,223,052 |
| Plus: Reserve Funding from New Debt Obligations | - | - | - | - | - | - | - | - | - | - | - | - |
| Plus: Interest Earnings | 60,841 | 61,662 | 62,495 | 63,339 | 64,194 | 65,060 | 65,939 | 66,829 | 67,731 | 68,645 | 69,572 | 70,511 |
| Less: Transfer of Surplus to Operating Reserve | - | - | - | - | - | - | - | - | - | - | - | - |
| Ending Reserve for Debt Service Balance | \$ 4,567,586 | \$ 4,629,249 | \$ 4,691,744 | \$ 4,755,082 | \$ 4,819,276 | \$ 4,884,336 | \$ 4,950,275 | \$ 5,017,103 | \$ 5,084,834 | \$ 5,153,480 | \$ 5,223,052 | \$ 5,293,563 |
| Target Ending Balance | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Ending Balance - Restricted Reserves | \$ 11,924,603 | \$ 13,485,585 | \$ 14,722,141 | \$ 16,377,450 | \$ 18,084,236 | \$ 19,843,779 | \$ 21,657,383 | \$ 23,526,385 | \$ 23,788,151 | \$ 18,916,614 | \$ 20,845,118 | \$ 22,833,119 |
| Minimum Target Ending Balance - Restricted Reserves | 996,570 | 996,570 | 995,778 | 993,763 | 991,886 | 988,011 | 803,511 | 803,238 | 803,238 | 803,238 | 803,238 | 801,250 |
| Ending Surplus/(Deficit) Compared to Reserve Targets | \$ 10,928,033 | \$ 12,489,015 | \$ 13,726,363 | \$ 15,383,687 | \$ 17,092,350 | \$ 18,855,767 | \$ 20,853,871 | \$ 22,723,147 | \$ 22,984,913 | \$ 18,113,377 | \$ 20,041,880 | \$ 22,031,869 |
| Annual Interest Earnings Rate⁴ | 1.35% | 1.35% | 1.35% | 1.35% | 1.35% | 1.35% | 1.35% | 1.35% | 1.35% | 1.35% | 1.35% | 1.35% |

1. The beginning cash balances for FY 2019/20 and FY 2020/21 are actuals . Source file: WATER - REV & EXP -BUDGET - CUBES 2021 -NBS.xlsx .

2. Beginning balance for the Debt Reserve is the "Cash with Fiscal Agent" line item from the 2019 CAFR.

3. The beginning balance of the Reserve for Debt Service Fund is calculated based on debt service revenues less the 1998 and 2006 Certificates of Participation. These funds will tentatively be used to pay off the 1998 COP's early. Source file: Water Cash Balance as of 03-26-20.xlsx .

4. Historical interest earning rates are per the average annual yields for funds invested in LAIF (2015-2019). The source is the California State Treasurer's website: <https://www.treasurer.ca.gov/pmia-laif/historical/annual.asp> .

Chart 1

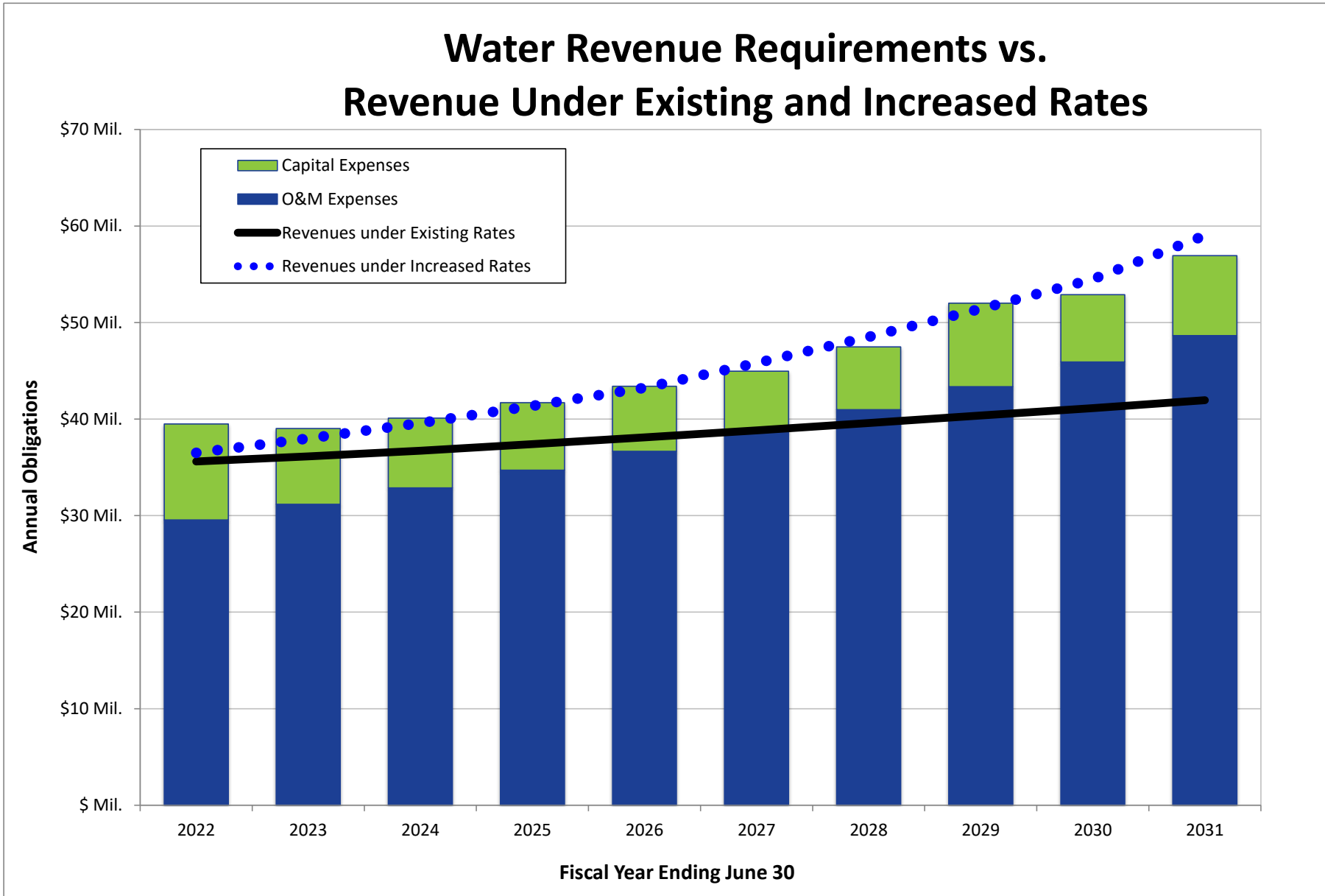
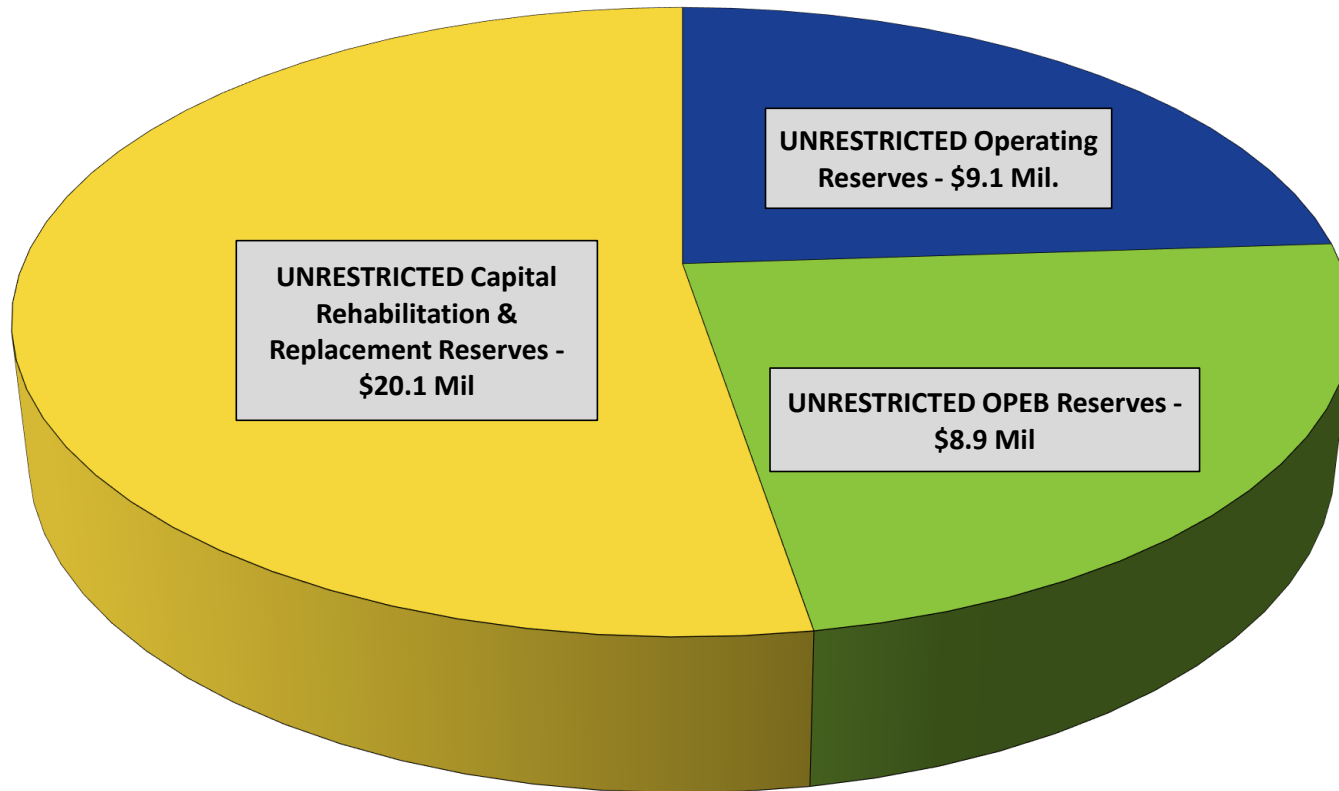


Chart 2

Water Fund - Beginning Cash Balances

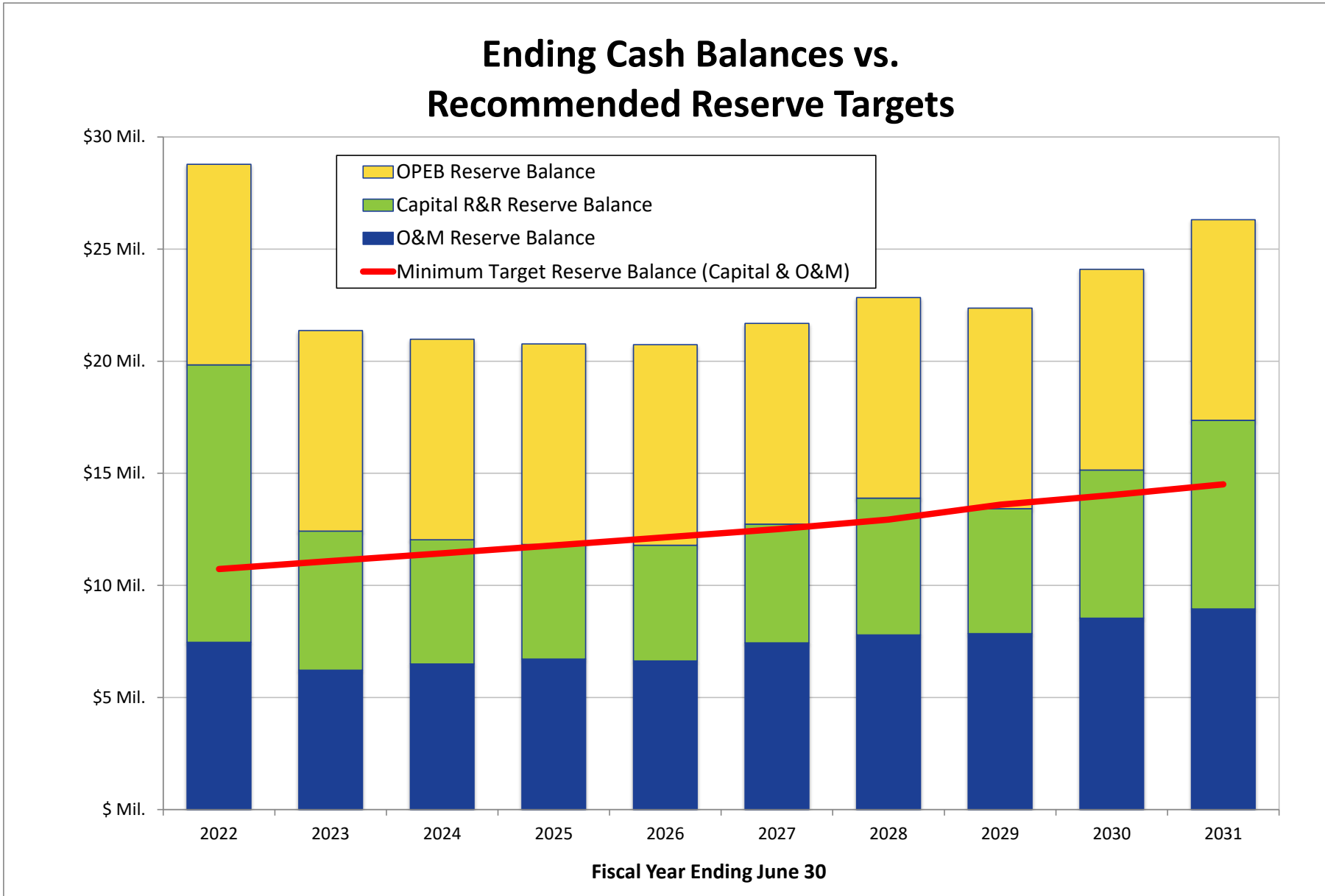
Fiscal Year 2021/22



Total Reserves = \$38.1 Mil.

■ UNRESTRICTED Operating Reserves ■ UNRESTRICTED OPEB Reserves ■ UNRESTRICTED Capital Rehabilitation & Replacement Reserves

Chart 3



VICTORVILLE WATER DISTRICT

WATER RATE STUDY

Operating Revenue and Expenses

Preliminary Draft Subject to Material Revision/Do Not Cite or Distribute

TABLE 4 : REVENUE FORECAST¹

| ORG. | OBJECT | DESCRIPTION | Basis | Actual | Budget | Projected | | | | | Projected | | | | |
|---|--------|---|------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | | | | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
| Water Sales Revenue: | | | | | | | | | | | | | | | |
| 4100010 | 44830 | Water Sales-Residential | 1 | \$ 12,677,920 | \$ 14,793,900 | \$ 15,089,778 | \$ 15,391,574 | \$ 15,699,405 | \$ 16,013,393 | \$ 16,333,661 | \$ 16,660,334 | \$ 16,993,541 | \$ 17,333,412 | \$ 17,680,080 | \$ 18,033,682 |
| 4100010 | 44840 | Water Sales-Irrigation | 1 | 974,861 | 1,261,900 | 1,287,138 | 1,312,881 | 1,339,138 | 1,365,921 | 1,393,240 | 1,421,104 | 1,449,526 | 1,478,517 | 1,508,087 | 1,538,249 |
| 4100010 | 44850 | Water Sales-Commercial | 1 | 5,680,701 | 5,334,700 | 5,441,394 | 5,550,222 | 5,661,226 | 5,774,451 | 5,889,940 | 6,007,739 | 6,127,893 | 6,250,451 | 6,375,460 | 6,502,970 |
| Readiness to Serve Revenue: | | | | | | | | | | | | | | | |
| 4100010 | 44860 | Water-Service Availability | 1 | 6,773,018 | 7,334,500 | 7,481,190 | 7,630,814 | 7,783,430 | 7,939,099 | 8,097,881 | 8,259,838 | 8,425,035 | 8,593,536 | 8,765,406 | 8,940,715 |
| 4100010 | 44880 | Water-Fire Service Availability | 1 | 444,201 | 485,200 | 494,904 | 504,802 | 514,898 | 525,196 | 535,700 | 546,414 | 557,342 | 568,489 | 579,859 | 591,456 |
| Other Operating Revenue: | | | | | | | | | | | | | | | |
| 4100010 | 41280 | Water Permits | 1 | 137,347 | 33,700 | 34,374 | 35,061 | 35,763 | 36,478 | 37,208 | 37,952 | 38,711 | 39,485 | 40,275 | 41,080 |
| 4100010 | 42150 | Penalty/Late Fees | 1 | 231,994 | 341,700 | 348,534 | 355,505 | 362,615 | 369,867 | 377,264 | 384,810 | 392,506 | 400,356 | 408,363 | 416,530 |
| 4100010 | 44300 | Plan Check Fees | 3 | 43,452 | 50,000 | 50,900 | 51,816 | 52,749 | 53,698 | 54,665 | 55,649 | 56,651 | 57,670 | 58,708 | 59,765 |
| 4100010 | 44890 | Water Service Fees | 1 | 360,097 | 412,000 | 420,240 | 428,645 | 437,218 | 445,962 | 454,881 | 463,979 | 473,258 | 482,724 | 492,378 | 502,226 |
| 4100010 | 44900 | Service Installation Fees | 1 | 216,092 | 214,200 | 218,484 | 222,854 | 227,311 | 231,857 | 236,494 | 241,224 | 246,048 | 250,969 | 255,989 | 261,109 |
| 4100010 | 44910 | Service Call Fees | 1 | 223,968 | 400,400 | 408,408 | 416,576 | 424,908 | 433,406 | 442,074 | 450,915 | 459,934 | 469,132 | 478,515 | 488,085 |
| 4100010 | 44940 | Standby Fees | 16 | 91,553 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 |
| 4100010 | 47320 | Scrap/Recyclable Materials | 16 | 11,051 | 50,000 | - | - | - | - | - | - | - | - | - | - |
| 4100010 | 47420 | Over & Under | 16 | - | (1,000) | - | - | - | - | - | - | - | - | - | - |
| Subtotal: Operating Revenue | | | | 27,866,255 | 30,801,200 | 31,365,344 | 31,990,749 | 32,628,660 | 33,279,328 | 33,943,007 | 34,619,958 | 35,310,446 | 36,014,742 | 36,733,121 | 37,465,866 |
| Non-Operating Revenues & Expenses: | | | | | | | | | | | | | | | |
| 4100020 | 44920 | Connection Fees | 2 | 1,611,261 | 1,400,000 | 1,428,000 | 1,456,560 | 1,485,691 | 1,515,405 | 1,545,713 | 1,576,627 | 1,608,160 | 1,640,323 | 1,673,130 | 1,706,592 |
| 4100020 | 45110 | Interest Income ² | See FP | 791,053 | 1,154,400 | - | - | - | - | - | - | - | - | - | - |
| 4100020 | 45110 | Interest Income-Interfund Loan ² | Per Budget | 839,600 | 795,000 | 749,700 | 703,800 | 657,300 | 610,200 | 562,400 | 513,900 | 464,800 | 415,000 | 364,477 | 313,241 |
| | | Principal Payment-Interfund Loan | Per Budget | 1,786,632 | 1,810,632 | 1,835,112 | 1,860,082 | 1,885,551 | 1,911,529 | 1,938,027 | 1,965,055 | 1,992,623 | 2,020,743 | 2,049,425 | 2,078,681 |
| 4100021 | 45110 | Interest Income-Restricted ³ | See FP | - | 122,500 | - | - | - | - | - | - | - | - | - | - |
| 4100020 | 45200 | Lease Occupancy | 16 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 4100020 | 47100 | Pass Through Property Tax | 16 | 295,970 | 272,000 | 272,000 | 272,000 | 272,000 | 272,000 | 272,000 | 272,000 | 272,000 | 272,000 | 272,000 | 272,000 |
| 4100020 | 47400 | Miscellaneous Revenue | 16 | 5,417 | - | - | - | - | - | - | - | - | - | - | - |
| 4100020 | 47510 | Capital Contribution | 16 | - | - | - | - | - | - | - | - | - | - | - | - |
| Subtotal: Non-Operating Revenue | | | | 5,329,935 | 5,554,533 | 4,284,813 | 4,292,443 | 4,300,543 | 4,309,135 | 4,318,141 | 4,327,583 | 4,337,584 | 4,348,067 | 4,359,032 | 4,370,515 |
| HDPP Revenue | | | | | | | | | | | | | | | |
| 4100510 | 44840 | Water Sales-Wholesale | 16 | - | - | - | - | - | - | - | - | - | - | - | - |
| 4100510 | 47230 | Reimbursements-Operating Cost Recovery | 4 | 657,383 | 1,005,800 | 992,700 | 1,047,700 | 1,106,200 | 1,168,600 | 1,235,100 | 1,304,266 | 1,377,304 | 1,454,434 | 1,535,882 | 1,621,891 |
| Subtotal: HDPP Revenue | | | | 657,383 | 1,005,800 | 992,700 | 1,047,700 | 1,106,200 | 1,168,600 | 1,235,100 | 1,304,266 | 1,377,304 | 1,454,434 | 1,535,882 | 1,621,891 |
| TOTAL: REVENUE | | | | \$ 33,853,572 | \$ 37,361,533 | \$ 36,642,857 | \$ 37,330,892 | \$ 38,035,404 | \$ 38,757,063 | \$ 39,496,248 | \$ 40,251,807 | \$ 41,025,334 | \$ 41,817,242 | \$ 42,628,035 | \$ 43,458,272 |

TABLE 5 : REVENUE SUMMARY

| SOURCES OF REVENUE | Basis | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|--|-------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| RATE REVENUE | | | | | | | | | | | | | |
| Water Sales Rate Revenue (Variable Charges) | | \$ 19,333,482 | \$ 21,390,500 | \$ 21,818,310 | \$ 22,254,676 | \$ 22,699,770 | \$ 23,153,765 | \$ 23,616,840 | \$ 24,089,177 | \$ 24,570,961 | \$ 25,062,380 | \$ 25,563,628 | \$ 26,074,900 |
| Readiness to Serve (Fixed Charges) | | 7,217,219 | 7,819,700 | 7,976,094 | 8,135,616 | 8,298,328 | 8,464,295 | 8,633,581 | 8,806,252 | 8,982,377 | 9,162,025 | 9,345,265 | 9,532,171 |
| OTHER REVENUE | | | | | | | | | | | | | |
| Interest Income | | 791,053 | 1,276,900 | - | - | - | - | - | - | - | - | - | - |
| Other Operating Revenue | | 1,315,554 | 1,591,000 | 1,570,940 | 1,600,457 | 1,630,563 | 1,661,268 | 1,692,586 | 1,724,529 | 1,757,108 | 1,790,337 | 1,824,228 | 1,858,795 |
| Other Non-Operating Revenue | | 2,927,621 | 2,877,633 | 2,856,813 | 2,835,883 | 2,814,852 | 2,793,730 | 2,772,428 | 2,750,956 | 2,729,424 | 2,707,744 | 2,685,903 | 2,663,923 |
| HDPP Revenue | | 657,383 | 1,005,800 | 992,700 | 1,047,700 | 1,106,200 | 1,168,600 | 1,235,100 | 1,304,266 | 1,377,304 | 1,454,434 | 1,535,882 | 1,621,891 |
| Subtotal: | | \$ 32,242,312 | \$ 35,961,533 | \$ 35,214,857 | \$ 35,874,332 | \$ 36,549,712 | \$ 37,241,658 | \$ 37,950,535 | \$ 38,675,180 | \$ 39,417,174 | \$ 40,176,919 | \$ 40,954,905 | \$ 41,751,680 |
| CONNECTION F& ALTERNATIVE WATER SOURCE FEES | | | | | | | | | | | | | |
| Connection Fees | | 1,611,261 | 1,400,000 | 1,428,000 | 1,456,560 | 1,485,691 | 1,515,405 | 1,545,713 | 1,576,627 | 1,608,160 | 1,640,323 | 1,673,130 | 1,706,592 |
| TOTAL REVENUE | | \$ 33,853,572 | \$ 37,361,533 | \$ 36,642,857 | \$ 37,330,892 | \$ 38,035,404 | \$ 38,757,063 | \$ 39,496,248 | \$ 40,251,807 | \$ 41,025,334 | \$ 41,817,242 | \$ 42,628,035 | \$ 43,458,272 |

VICTORVILLE WATER DISTRICT

WATER RATE STUDY

Operating Revenue and Expenses

Preliminary Draft Subject to Material Revision/Do Not Cite or Distribute

TABLE 6 : OPERATING EXPENSE FORECAST¹

| ORG. | OBJECT | DESCRIPTION | Basis | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|--|--------|--|-------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| WATER PURCHASES | | | | | | | | | | | | | | | |
| 4100500 | 53030 | Purchased Water ³ | 12 | 642,450 | 711,200 | 760,984 | 814,253 | 871,251 | 932,238 | 997,495 | 1,067,319 | 1,142,032 | 1,221,974 | 1,307,512 | 1,399,038 |
| 4100500 | 53040 | Groundwater Assessment ⁴ | 13 | 107,373 | 111,300 | 119,091 | 127,427 | 136,347 | 145,892 | 156,104 | 167,031 | 178,723 | 191,234 | 204,621 | 218,944 |
| 4100500 | 53050 | Groundwater Replenishment ⁵ | 14 | 3,276,382 | 3,743,435 | 4,129,009 | 4,554,297 | 5,023,389 | 5,540,798 | 6,111,501 | 6,740,985 | 7,435,307 | 8,201,143 | 9,045,861 | 9,977,585 |
| SUBTOTAL WATER PURCHASES | | | | \$ 4,026,205 | \$ 4,565,935 | \$ 5,009,084 | \$ 5,495,977 | \$ 6,030,987 | \$ 6,618,928 | \$ 7,265,099 | \$ 7,975,336 | \$ 8,756,062 | \$ 9,614,351 | \$ 10,557,994 | \$ 11,595,567 |
| PRODUCTION POWER | | | | | | | | | | | | | | | |
| 4100500 | 52050 | Utilities-Production Power | 10 | 2,133,628 | 2,481,100 | 2,704,399 | 2,947,795 | 3,213,096 | 3,502,275 | 3,817,480 | 4,161,053 | 4,535,548 | 4,943,747 | 5,388,684 | 5,873,666 |
| SUBTOTAL PRODUCTION POWER | | | | \$ 2,133,628 | \$ 2,481,100 | \$ 2,704,399 | \$ 2,947,795 | \$ 3,213,096 | \$ 3,502,275 | \$ 3,817,480 | \$ 4,161,053 | \$ 4,535,548 | \$ 4,943,747 | \$ 5,388,684 | \$ 5,873,666 |
| SUPPLY, PRODUCTION & PUMPING SERVICES | | | | | | | | | | | | | | | |
| 4100500 | 51100 | Full Time Wages | 7 | \$ 1,050,502 | \$ 1,035,906 | \$ 1,077,343 | \$ 1,120,436 | \$ 1,165,254 | \$ 1,211,864 | \$ 1,260,339 | \$ 1,310,752 | \$ 1,363,182 | \$ 1,417,709 | \$ 1,474,418 | \$ 1,533,395 |
| 4100500 | 51110 | Overtime Wages | 7 | 22,387 | 25,300 | 26,312 | 27,364 | 28,459 | 29,597 | 30,781 | 32,013 | 33,293 | 34,625 | 36,010 | 37,450 |
| 4100500 | 51150 | Standby Wages | 7 | 16,093 | 27,500 | 28,600 | 29,744 | 30,934 | 32,171 | 33,458 | 34,796 | 36,188 | 37,636 | 39,141 | 40,707 |
| 4100500 | 51200 | Fringe Benefits | 7 | 433,134 | 452,964 | 471,082 | 489,926 | 509,523 | 529,904 | 551,100 | 573,144 | 596,069 | 619,912 | 644,709 | 670,497 |
| 4100500 | 51300 | Payroll Taxes | 7 | 15,214 | 26,416 | 27,472 | 28,571 | 29,714 | 30,903 | 32,139 | 33,424 | 34,761 | 36,152 | 37,598 | 39,102 |
| 4100500 | 52060 | Telephone | 5 | 13,550 | 10,900 | 11,336 | 11,789 | 12,261 | 12,751 | 13,262 | 13,792 | 14,344 | 14,917 | 15,514 | 16,135 |
| 4100500 | 52110 | Supplies | 5 | 24,556 | 23,400 | 24,336 | 25,309 | 26,322 | 27,375 | 28,470 | 29,608 | 30,793 | 32,025 | 33,305 | 34,638 |
| 4100500 | 52140 | Training & Education | 5 | 3,946 | 9,900 | 10,296 | 10,708 | 11,136 | 11,582 | 12,045 | 12,527 | 13,028 | 13,549 | 14,091 | 14,654 |
| 4100500 | 52201 | Fuel | 8 | 61,700 | 62,600 | 65,730 | 69,017 | 72,467 | 76,091 | 79,895 | 83,890 | 88,084 | 92,489 | 97,113 | 101,969 |
| 4100500 | 52230 | Vehicle Expense | 5 | 30,011 | 30,500 | 31,720 | 32,989 | 34,308 | 35,681 | 37,108 | 38,592 | 40,136 | 41,741 | 43,411 | 45,147 |
| 4100500 | 52240 | Small Tools & Furniture | 5 | 7,777 | 9,600 | 9,984 | 10,383 | 10,799 | 11,231 | 11,680 | 12,147 | 12,633 | 13,138 | 13,664 | 14,210 |
| 4100500 | 52300 | Contract Services | 5 | 608,364 | 2,476,200 | 1,729,032 | 1,798,193 | 1,870,121 | 1,944,926 | 2,022,723 | 2,103,632 | 2,187,777 | 2,275,288 | 2,366,300 | 2,460,952 |
| 4100500 | 52420 | Grounds Maintenance | 5 | 239 | 57,200 | 59,488 | 61,868 | 64,342 | 66,916 | 69,593 | 72,376 | 75,271 | 78,282 | 81,413 | 84,670 |
| 4100500 | 52440 | Infrastructure Repairs & Maintenance | 5 | 138,054 | 150,000 | 156,000 | 162,240 | 168,730 | 175,479 | 182,498 | 189,798 | 197,390 | 205,285 | 213,497 | 222,037 |
| 4100500 | 55001 | Expense Capitalization | 16 | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL: SUPPLY, PRODUCTION & PUMPING SERVICES | | | | \$ 2,425,528 | \$ 4,398,386 | \$ 3,728,731 | \$ 3,878,538 | \$ 4,034,370 | \$ 4,196,469 | \$ 4,365,089 | \$ 4,540,491 | \$ 4,722,950 | \$ 4,912,748 | \$ 5,110,183 | \$ 5,315,562 |

TABLE 7 : OPERATING EXPENSE FORECAST, cont.¹

| ORG. | OBJECT | DESCRIPTION | Basis | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|--|--------|----------------------------------|-------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| ADMINISTRATIVE SERVICES | | | | | | | | | | | | | | | |
| 4100030 | 51100 | Full Time Wages | 7 | \$ 519,872 | \$ 500,916 | \$ 520,952 | \$ 541,790 | \$ 563,462 | \$ 586,000 | \$ 609,440 | \$ 633,818 | \$ 659,171 | \$ 685,538 | \$ 712,959 | \$ 741,478 |
| 4100030 | 51110 | Overtime Wages | 7 | 2,802 | 415 | 432 | 449 | 467 | 485 | 505 | 525 | 546 | 568 | 591 | 614 |
| 4100030 | 51200 | Fringe Benefits | 7 | 173,552 | 172,264 | 179,154 | 186,321 | 193,773 | 201,524 | 209,585 | 217,969 | 226,688 | 235,755 | 245,185 | 254,993 |
| 4100030 | 51220 | Retiree Health Care | 7 | 180,465 | 186,705 | 194,173 | 201,940 | 210,018 | 218,418 | 227,155 | 236,241 | 245,691 | 255,519 | 265,739 | 276,369 |
| 4100030 | 51300 | Payroll Taxes | 7 | 7,589 | 12,773 | 13,284 | 13,816 | 14,368 | 14,943 | 15,541 | 16,162 | 16,809 | 17,481 | 18,180 | 18,908 |
| 4100030 | 52010 | Utilities-Electricity | 9 | 18,976 | 19,700 | 20,685 | 21,719 | 22,805 | 23,945 | 25,143 | 26,400 | 27,720 | 29,106 | 30,561 | 32,089 |
| 4100030 | 52020 | Utilities-Water Usage | 11 | 1,595 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 |
| 4100030 | 52030 | Utilities-Natural Gas | 9 | 3,871 | 5,200 | 5,460 | 5,733 | 6,020 | 6,321 | 6,637 | 6,968 | 7,317 | 7,683 | 8,067 | 8,470 |
| 4100030 | 52040 | Utilities-Sanitation | 9 | - | - | - | - | - | - | - | - | - | - | - | - |
| 4100030 | 52060 | Telephone | 5 | 20,023 | 28,100 | 29,224 | 30,393 | 31,609 | 32,873 | 34,188 | 35,555 | 36,978 | 38,457 | 39,995 | 41,595 |
| 4100030 | 52110 | Supplies | 5 | 11,314 | 12,900 | 13,416 | 13,953 | 14,511 | 15,091 | 15,695 | 16,323 | 16,976 | 17,655 | 18,361 | 19,095 |
| 4100030 | 52130 | Subs, Publications & Memberships | 5 | 8,757 | 9,200 | 9,568 | 9,951 | 10,349 | 10,763 | 11,193 | 11,641 | 12,107 | 12,591 | 13,094 | 13,618 |
| 4100030 | 52140 | Training & Education | 5 | 10,674 | 5,200 | 5,408 | 5,624 | 5,849 | 6,083 | 6,327 | 6,580 | 6,843 | 7,117 | 7,401 | 7,697 |
| 4100030 | 52150 | Travel & Meetings | 6 | 485 | 500 | 525 | 551 | 579 | 608 | 638 | 670 | 704 | 739 | 776 | 814 |
| 4100030 | 52160 | SCLA Meetings | 5 | 26,244 | - | - | - | - | - | - | - | - | - | - | - |
| 4100030 | 52170 | Legal Notices | 5 | 1,275 | 6,200 | 6,448 | 6,706 | 6,974 | 7,253 | 7,543 | 7,845 | 8,159 | 8,485 | 8,825 | 9,178 |
| 4100030 | 52180 | Recruiting | 5 | 157 | 7,800 | 8,112 | 8,436 | 8,774 | 9,125 | 9,490 | 9,869 | 10,264 | 10,675 | 11,102 | 11,546 |
| 4100030 | 52201 | Fuel | 8 | 4,765 | 7,100 | 7,455 | 7,828 | 8,219 | 8,630 | 9,062 | 9,515 | 9,990 | 10,490 | 11,014 | 11,565 |
| 4100030 | 52230 | Vehicle Expense | 5 | 1,673 | 4,200 | 4,368 | 4,543 | 4,724 | 4,913 | 5,110 | 5,314 | 5,527 | 5,748 | 5,978 | 6,217 |
| 4100030 | 52240 | Small Tools & Furniture | 5 | 783 | 1,600 | 1,664 | 1,731 | 1,800 | 1,872 | 1,947 | 2,025 | 2,105 | 2,190 | 2,277 | 2,368 |
| 4100030 | 52260 | Computer Equipment | 5 | 12,290 | 26,000 | 27,040 | 28,122 | 29,246 | 30,416 | 31,633 | 32,898 | 34,214 | 35,583 | 37,006 | 38,486 |
| 4100030 | 52300 | Contract Services | 5 | 65,662 | 139,000 | 144,560 | 150,342 | 156,356 | 162,610 | 169,115 | 175,879 | 182,915 | 190,231 | 197,840 | 205,754 |
| 4100030 | 52340 | Insurance | 5 | 283,446 | 418,308 | 435,040 | 452,442 | 470,539 | 489,361 | 508,935 | 529,293 | 550,465 | 572,483 | 595,383 | 619,198 |
| 4100030 | 52350 | Legal | 5 | 93,526 | 67,600 | 70,304 | 73,116 | 76,041 | 79,082 | 82,246 | 85,536 | 88,957 | 92,515 | 96,216 | 100,065 |
| 4100030 | 52360 | Federal, State & Local Fees | 5 | 107,756 | 117,500 | 122,200 | 127,088 | 132,172 | 137,458 | 142,957 | 148,675 | 154,622 | 160,807 | 167,239 | 173,929 |
| 4100030 | 52410 | Building Maintenance | 5 | 591 | 10,400 | 10,816 | 11,249 | 11,699 | 12,167 | 12,653 | 13,159 | 13,686 | 14,233 | 14,802 | 15,395 |
| 4100030 | 52450 | Vandalism & Accidents | 5 | 45,626 | 52,000 | 54,080 | 56,243 | 58,493 | 60,833 | 63,266 | 65,797 | 68,428 | 71,166 | 74,012 | 76,973 |
| 4100030 | 54020 | Cost Allocation | 5 | 2,705,352 | 2,705,352 | 2,813,566 | 2,926,109 | 3,043,153 | 3,164,879 | 3,291,474 | 3,423,133 | 3,560,059 | 3,702,461 | 3,850,559 | 4,004,582 |
| SUBTOTAL: ADMINISTRATIVE SERVICES | | | | \$ 4,309,120 | \$ 4,519,133 | \$ 4,700,135 | \$ 4,888,394 | \$ 5,084,200 | \$ 5,287,856 | \$ 5,499,677 | \$ 5,719,991 | \$ 5,949,138 | \$ 6,187,473 | \$ 6,435,364 | \$ 6,693,195 |

VICTORVILLE WATER DISTRICT

WATER RATE STUDY

Operating Revenue and Expenses

Preliminary Draft Subject to Material Revision/Do Not Cite or Distribute

TABLE 8 : OPERATING EXPENSE FORECAST, cont.¹

| ORG. | OBJECT | DESCRIPTION | Basis | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|---|--------|--------------------------------------|-------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| SCADA & TELEMETRY SERVICES | | | | | | | | | | | | | | | |
| 4100505 | 51100 | Full Time Wages | 7 | \$ 225,298 | \$ 240,198 | \$ 249,806 | \$ 259,798 | \$ 270,190 | \$ 280,997 | \$ 292,237 | \$ 303,927 | \$ 316,084 | \$ 328,727 | \$ 341,876 | \$ 355,551 |
| 4100505 | 51110 | Overtime Wages | 7 | 3,527 | 9,100 | 9,464 | 9,843 | 10,236 | 10,646 | 11,072 | 11,514 | 11,975 | 12,454 | 12,952 | 13,470 |
| 4100505 | 51200 | Fringe Benefits | 7 | 87,871 | 99,173 | 103,139 | 107,265 | 111,556 | 116,018 | 120,659 | 125,485 | 130,504 | 135,724 | 141,153 | 146,800 |
| 4100505 | 51300 | Payroll Taxes | 7 | 3,343 | 6,125 | 6,370 | 6,625 | 6,890 | 7,165 | 7,452 | 7,750 | 8,060 | 8,383 | 8,718 | 9,067 |
| 4100505 | 52060 | Telephone | 5 | 2,678 | 2,300 | 2,392 | 2,488 | 2,587 | 2,691 | 2,798 | 2,910 | 3,027 | 3,148 | 3,274 | 3,405 |
| 4100505 | 52110 | Supplies | 5 | 4,407 | 3,100 | 3,224 | 3,353 | 3,487 | 3,627 | 3,772 | 3,922 | 4,079 | 4,243 | 4,412 | 4,589 |
| 4100505 | 52130 | Subs, Publications & Memberships | 5 | - | - | - | - | - | - | - | - | - | - | - | - |
| 4100505 | 52140 | Training & Education | 5 | 5,867 | 11,200 | 11,648 | 12,114 | 12,598 | 13,102 | 13,627 | 14,172 | 14,738 | 15,328 | 15,941 | 16,579 |
| 4100505 | 52201 | Fuel | 8 | 8,761 | 9,600 | 10,080 | 10,584 | 11,113 | 11,669 | 12,252 | 12,865 | 13,508 | 14,184 | 14,893 | 15,637 |
| 4100505 | 52230 | Vehicle Expense | 5 | 1,559 | 4,700 | 4,888 | 5,084 | 5,287 | 5,498 | 5,718 | 5,947 | 6,185 | 6,432 | 6,690 | 6,957 |
| 4100505 | 52240 | Small Tools & Furniture | 5 | 4,706 | 32,000 | 33,280 | 34,611 | 35,996 | 37,435 | 38,933 | 40,490 | 42,110 | 43,794 | 45,546 | 47,368 |
| 4100505 | 52300 | Contract Services | 5 | 25,167 | 484,800 | 26,850 | 27,924 | 30,203 | 31,411 | 32,667 | 33,974 | 35,333 | 36,746 | 38,216 | 38,216 |
| 4100505 | 52440 | Infrastructure Repairs & Maintenance | 5 | 35,802 | 57,943 | 60,261 | 62,671 | 65,178 | 67,785 | 70,496 | 73,316 | 76,249 | 79,299 | 82,471 | 85,769 |
| 4100505 | 55001 | Expense Capitalization | 16 | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL: SCADA & TELEMETRY SERVICES | | | | \$ 408,987 | \$ 960,238 | \$ 521,402 | \$ 542,359 | \$ 564,159 | \$ 586,836 | \$ 610,426 | \$ 634,966 | \$ 660,493 | \$ 687,048 | \$ 714,672 | \$ 743,408 |

TABLE 9 : OPERATING EXPENSE FORECAST¹

| ORG. | OBJECT | DESCRIPTION | Basis | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|--|--------|--------------------------------------|-------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| HIGH DESERT POWER PROJECT | | | | | | | | | | | | | | | |
| 4100510 | 51100 | Full Time Wages | 7 | \$ 34,147 | \$ 53,560 | \$ 55,702 | \$ 57,930 | \$ 60,248 | \$ 62,658 | \$ 65,164 | \$ 67,770 | \$ 70,481 | \$ 73,301 | \$ 76,233 | \$ 79,282 |
| 4100510 | 51110 | Overtime Wages | 7 | 13,698 | 27,000 | 28,080 | 29,203 | 30,371 | 31,586 | 32,850 | 34,164 | 35,530 | 36,951 | 38,429 | 39,967 |
| 4100510 | 51150 | Standby Wages | 7 | 15,479 | 33,200 | 34,528 | 35,909 | 37,345 | 38,839 | 40,393 | 42,009 | 43,689 | 45,436 | 47,254 | 49,144 |
| 4100510 | 51200 | Fringe Benefits | 7 | 6,377 | 13,500 | 14,040 | 14,602 | 15,186 | 15,793 | 16,425 | 17,082 | 17,765 | 18,476 | 19,215 | 19,983 |
| 4100510 | 51300 | Payroll Taxes | 7 | 757 | 1,000 | 1,040 | 1,082 | 1,125 | 1,170 | 1,217 | 1,265 | 1,316 | 1,369 | 1,423 | 1,480 |
| 4100510 | 52050 | Utilities-Production Power | 10 | 162,867 | 215,000 | 234,350 | 255,442 | 278,431 | 303,490 | 330,804 | 360,577 | 393,028 | 428,401 | 466,957 | 508,983 |
| 4100510 | 52110 | Supplies | 5 | 17,415 | 42,000 | 43,680 | 45,427 | 47,244 | 49,134 | 51,099 | 53,143 | 55,269 | 57,480 | 59,779 | 62,170 |
| 4100510 | 52300 | Contract Services | 5 | 315,317 | 315,000 | 327,600 | 340,704 | 354,332 | 368,505 | 383,246 | 398,575 | 414,519 | 431,099 | 448,343 | 466,277 |
| 4100510 | 52360 | Federal, State & Local Fees | 5 | 420 | 500 | 520 | 541 | 562 | 585 | 608 | 633 | 658 | 684 | 712 | 740 |
| 4100510 | 52420 | Grounds Maintenance | 5 | 6,000 | 7,400 | 7,696 | 8,004 | 8,324 | 8,657 | 9,003 | 9,363 | 9,738 | 10,127 | 10,533 | 10,954 |
| 4100510 | 52440 | Infrastructure Repairs & Maintenance | 5 | 14,573 | 20,000 | 20,800 | 21,632 | 22,497 | 23,397 | 24,333 | 25,306 | 26,319 | 27,371 | 28,466 | 29,605 |
| 4100510 | 53030 | Purchased Water | 12 | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL: HDPP OPERATING EXPENSES | | | | \$ 587,051 | \$ 728,160 | \$ 768,036 | \$ 810,475 | \$ 855,666 | \$ 903,815 | \$ 955,142 | \$ 1,009,888 | \$ 1,068,312 | \$ 1,130,696 | \$ 1,197,344 | \$ 1,268,585 |

TABLE 10 OPERATING EXPENSE FORECAST¹

| ORG. | OBJECT | DESCRIPTION | Basis | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|---|--------|--------------------------------------|-------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| QUALITY & TREATMENT SERVICES | | | | | | | | | | | | | | | |
| 4100515 | 51100 | Full Time Wages | 7 | \$ 71,042 | \$ 73,250 | \$ 76,180 | \$ 79,227 | \$ 82,396 | \$ 85,692 | \$ 89,119 | \$ 92,684 | \$ 96,391 | \$ 100,247 | \$ 104,257 | \$ 108,427 |
| 4100515 | 51110 | Overtime Wages | 7 | 259 | 2,300 | 2,392 | 2,488 | 2,587 | 2,691 | 2,798 | 2,910 | 3,027 | 3,148 | 3,274 | 3,405 |
| 4100515 | 51200 | Fringe Benefits | 7 | 24,496 | 26,717 | 27,786 | 28,898 | 30,053 | 31,256 | 32,506 | 33,806 | 35,158 | 36,565 | 38,027 | 39,548 |
| 4100515 | 51300 | Payroll Taxes | 7 | 1,093 | 1,868 | 1,943 | 2,020 | 2,101 | 2,185 | 2,273 | 2,363 | 2,458 | 2,556 | 2,659 | 2,765 |
| 4100515 | 52060 | Telephone | 5 | 456 | 500 | 520 | 541 | 562 | 585 | 608 | 633 | 658 | 684 | 712 | 740 |
| 4100515 | 52110 | Supplies | 5 | 140,956 | 171,600 | 178,464 | 185,603 | 193,027 | 200,748 | 208,778 | 217,129 | 225,814 | 234,846 | 244,240 | 254,010 |
| 4100515 | 52140 | Training & Education | 5 | 1,407 | 2,700 | 2,808 | 2,920 | 3,037 | 3,159 | 3,285 | 3,416 | 3,553 | 3,695 | 3,843 | 3,997 |
| 4100515 | 52201 | Fuel | 8 | 6,419 | 5,300 | 5,565 | 5,843 | 6,135 | 6,442 | 6,764 | 7,103 | 7,458 | 7,831 | 8,222 | 8,633 |
| 4100515 | 52230 | Vehicle Expense | 5 | 3,664 | 3,200 | 3,328 | 3,461 | 3,600 | 3,744 | 3,893 | 4,049 | 4,211 | 4,379 | 4,555 | 4,737 |
| 4100515 | 52240 | Small Tools & Furniture | 5 | 835 | 1,000 | 1,040 | 1,082 | 1,125 | 1,170 | 1,217 | 1,265 | 1,316 | 1,369 | 1,423 | 1,480 |
| 4100515 | 52300 | Contract Services | 5 | 88,295 | 184,100 | 191,464 | 199,123 | 207,087 | 215,371 | 223,986 | 232,945 | 242,263 | 251,954 | 262,032 | 272,513 |
| 4100515 | 52360 | Federal, State & Local Fees | 5 | 10,954 | 26,000 | 27,040 | 28,122 | 29,246 | 30,416 | 31,633 | 32,898 | 34,214 | 35,583 | 37,006 | 38,486 |
| 4100515 | 52440 | Infrastructure Repairs & Maintenance | 5 | 3,013 | 26,000 | 27,040 | 28,122 | 29,246 | 30,416 | 31,633 | 32,898 | 34,214 | 35,583 | 37,006 | 38,486 |
| SUBTOTAL: QUALITY & TREATMENT SERVICES | | | | \$ 352,888 | \$ 524,535 | \$ 545,569 | \$ 567,448 | \$ 590,204 | \$ 613,874 | \$ 638,493 | \$ 664,100 | \$ 690,735 | \$ 718,439 | \$ 747,255 | \$ 777,228 |

VICTORVILLE WATER DISTRICT

WATER RATE STUDY

Operating Revenue and Expenses

Preliminary Draft Subject to Material Revision/Do Not Cite or Distribute

TABLE 11 OPERATING EXPENSE FORECAST¹

| ORG. | OBJECT | DESCRIPTION | Basis | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|--|--------|-------------------------|-------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| CONSERVATION SERVICES | | | | | | | | | | | | | | | |
| 4100525 | 51100 | Full Time Wages | 7 | \$ 287,990 | \$ 289,840 | \$ 301,434 | \$ 313,491 | \$ 326,031 | \$ 339,072 | \$ 352,635 | \$ 366,741 | \$ 381,410 | \$ 396,667 | \$ 412,533 | \$ 429,035 |
| 4100525 | 51110 | Overtime Wages | 7 | 1,995 | 4,200 | 4,368 | 4,543 | 4,724 | 4,913 | 5,110 | 5,314 | 5,527 | 5,748 | 5,978 | 6,217 |
| 4100525 | 51200 | Fringe Benefits | 7 | 102,023 | 113,651 | 118,197 | 122,925 | 127,842 | 132,956 | 138,274 | 143,805 | 149,557 | 155,539 | 161,761 | 168,231 |
| 4100525 | 51300 | Payroll Taxes | 7 | 3,921 | 7,391 | 7,687 | 7,994 | 8,314 | 8,646 | 8,992 | 9,352 | 9,726 | 10,115 | 10,520 | 10,940 |
| 4100525 | 52010 | Utilities-Electricity | 9 | 2,179 | 2,400 | 2,520 | 2,646 | 2,778 | 2,917 | 3,063 | 3,216 | 3,377 | 3,546 | 3,723 | 3,909 |
| 4100525 | 52020 | Utilities-Water Usage | 11 | 124 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 4100525 | 52030 | Utilities-Natural Gas | 9 | 161 | 200 | 210 | 221 | 232 | 243 | 255 | 268 | 281 | 295 | 310 | 326 |
| 4100525 | 52060 | Telephone | 5 | 3,264 | 4,200 | 4,368 | 4,543 | 4,724 | 4,913 | 5,110 | 5,314 | 5,527 | 5,748 | 5,978 | 6,217 |
| 4100525 | 52110 | Supplies | 5 | 11,320 | 18,700 | 19,448 | 20,226 | 21,035 | 21,876 | 22,751 | 23,661 | 24,608 | 25,592 | 26,616 | 27,681 |
| 4100525 | 52140 | Training & Education | 5 | 250 | 1,500 | 1,560 | 1,622 | 1,687 | 1,755 | 1,825 | 1,898 | 1,974 | 2,053 | 2,135 | 2,220 |
| 4100525 | 52160 | Conservation Programs | 5 | 57,550 | 65,800 | 68,432 | 71,169 | 74,016 | 76,977 | 80,056 | 83,258 | 86,588 | 90,052 | 93,654 | 97,400 |
| 4100525 | 52201 | Fuel | 8 | 2,445 | 2,900 | 3,045 | 3,197 | 3,357 | 3,525 | 3,701 | 3,886 | 4,081 | 4,285 | 4,499 | 4,724 |
| 4100525 | 52230 | Vehicle Expense | 5 | 265 | 2,600 | 2,704 | 2,812 | 2,925 | 3,042 | 3,163 | 3,290 | 3,421 | 3,558 | 3,701 | 3,849 |
| 4100525 | 52240 | Small Tools & Furniture | 5 | 276 | 500 | 520 | 541 | 562 | 585 | 608 | 633 | 658 | 684 | 712 | 740 |
| 4100525 | 52300 | Contract Services | 5 | 1,171 | 3,800 | 3,952 | 4,110 | 4,274 | 4,445 | 4,623 | 4,808 | 5,001 | 5,201 | 5,409 | 5,625 |
| SUBTOTAL: CONSERVATION SERVICES | | | | \$ 474,937 | \$ 517,783 | \$ 538,545 | \$ 560,140 | \$ 582,603 | \$ 605,966 | \$ 630,268 | \$ 655,545 | \$ 681,836 | \$ 709,183 | \$ 737,628 | \$ 767,214 |

TABLE 12 OPERATING EXPENSE FORECAST, cont.¹

| ORG. | OBJECT | DESCRIPTION | Basis | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|---|--------|--------------------------------------|-------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| METER READING & MAINTENANCE SERVICES | | | | | | | | | | | | | | | |
| 4100530 | 51100 | Full Time Wages | 7 | \$ 542,535 | \$ 539,734 | \$ 561,323 | \$ 583,776 | \$ 607,127 | \$ 631,412 | \$ 656,668 | \$ 682,935 | \$ 710,253 | \$ 738,663 | \$ 768,209 | \$ 798,938 |
| 4100530 | 51110 | Overtime Wages | 7 | 6,711 | 10,000 | 10,400 | 10,816 | 11,249 | 11,699 | 12,167 | 12,653 | 13,159 | 13,686 | 14,233 | 14,802 |
| 4100530 | 51150 | Standby Wages | 7 | 6,717 | 10,000 | 10,400 | 10,816 | 11,249 | 11,699 | 12,167 | 12,653 | 13,159 | 13,686 | 14,233 | 14,802 |
| 4100530 | 51200 | Fringe Benefits | 7 | 249,531 | 257,950 | 268,268 | 278,998 | 290,158 | 301,764 | 313,835 | 326,388 | 339,444 | 353,022 | 367,143 | 381,828 |
| 4100530 | 51300 | Payroll Taxes | 7 | 8,809 | 13,763 | 14,314 | 14,886 | 15,482 | 16,101 | 16,745 | 17,415 | 18,111 | 18,836 | 19,589 | 20,373 |
| 4100530 | 52060 | Telephone | 5 | 9,687 | 9,150 | 9,516 | 9,897 | 10,293 | 10,704 | 11,132 | 11,578 | 12,041 | 12,522 | 13,023 | 13,544 |
| 4100530 | 52110 | Supplies | 5 | 5,704 | 8,400 | 8,736 | 9,085 | 9,449 | 9,827 | 10,220 | 10,629 | 11,054 | 11,496 | 11,956 | 12,434 |
| 4100530 | 52140 | Training & Education | 5 | 3,751 | 2,000 | 2,080 | 2,163 | 2,250 | 2,340 | 2,433 | 2,531 | 2,632 | 2,737 | 2,847 | 2,960 |
| 4100530 | 52201 | Fuel | 8 | 26,280 | 42,300 | 44,415 | 46,636 | 48,968 | 51,416 | 53,987 | 56,686 | 59,520 | 62,496 | 65,621 | 68,902 |
| 4100530 | 52220 | Equipment Expense | 5 | 191 | 3,000 | 3,120 | 3,245 | 3,375 | 3,510 | 3,650 | 3,796 | 3,948 | 4,106 | 4,270 | 4,441 |
| 4100530 | 52230 | Vehicle Expense | 5 | 14,504 | 15,000 | 15,600 | 16,224 | 16,873 | 17,548 | 18,250 | 18,980 | 19,739 | 20,529 | 21,350 | 22,204 |
| 4100530 | 52240 | Small Tools & Furniture | 5 | 3,137 | 6,500 | 6,760 | 7,030 | 7,312 | 7,604 | 7,908 | 8,225 | 8,554 | 8,896 | 9,252 | 9,622 |
| 4100530 | 52300 | Contract Services | 5 | 4,342 | 26,000 | 27,040 | 28,122 | 29,246 | 30,416 | 31,633 | 32,898 | 34,214 | 35,583 | 37,006 | 38,486 |
| 4100530 | 52440 | Infrastructure Repairs & Maintenance | 5 | 26,379 | 83,000 | 86,320 | 89,773 | 93,364 | 97,098 | 100,982 | 105,021 | 109,222 | 113,591 | 118,135 | 122,860 |
| 4100530 | 52445 | Meter Service Installations | 15 | 123,630 | 150,000 | 156,000 | 162,240 | 168,730 | 175,479 | 182,498 | 189,798 | 197,390 | 205,285 | 213,497 | 222,037 |
| 4100530 | 52446 | Meter Service Change Outs | 15 | 989,161 | 1,500,000 | 325,000 | 325,000 | 325,000 | 325,000 | 325,000 | 325,000 | 325,000 | 325,000 | 325,000 | 325,000 |
| 4100530 | 55001 | Expense Capitalization | 16 | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL: METER READING & MAINTENANCE SERVICES | | | | \$ 2,021,069 | \$ 2,676,796 | \$ 1,549,291 | \$ 1,598,707 | \$ 1,650,122 | \$ 1,703,616 | \$ 1,759,275 | \$ 1,817,186 | \$ 1,877,440 | \$ 1,940,133 | \$ 2,005,363 | \$ 2,073,234 |

VICTORVILLE WATER DISTRICT

WATER RATE STUDY

Operating Revenue and Expenses

Preliminary Draft Subject to Material Revision/Do Not Cite or Distribute

TABLE 13 OPERATING EXPENSE FORECAST¹

| ORG. | OBJECT | DESCRIPTION | Basis | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|---|--------|--------------------------------------|-------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| TRANSMISSION & DISTRIBUTION SERVICES | | | | | | | | | | | | | | | |
| 4100535 | 51100 | Full Time Wages | 7 | \$ 1,467,911 | \$ 1,458,198 | \$ 1,516,526 | \$ 1,577,187 | \$ 1,640,274 | \$ 1,705,885 | \$ 1,774,120 | \$ 1,845,085 | \$ 1,918,889 | \$ 1,995,644 | \$ 2,075,470 | \$ 2,158,489 |
| 4100535 | 51110 | Overtime Wages | 7 | 25,967 | 27,500 | 28,600 | 29,744 | 30,934 | 32,171 | 33,458 | 34,796 | 36,188 | 37,636 | 39,141 | 40,707 |
| 4100535 | 51150 | Standby Wages | 7 | 8,925 | 10,000 | 10,400 | 10,816 | 11,249 | 11,699 | 12,167 | 12,653 | 13,159 | 13,686 | 14,233 | 14,802 |
| 4100535 | 51200 | Fringe Benefits | 7 | 618,620 | 656,734 | 683,003 | 710,324 | 738,737 | 768,286 | 799,017 | 830,978 | 864,217 | 898,786 | 934,737 | 972,127 |
| 4100535 | 51300 | Payroll Taxes | 7 | 22,281 | 37,184 | 38,671 | 40,218 | 41,827 | 43,500 | 45,240 | 47,050 | 48,932 | 50,889 | 52,924 | 55,041 |
| 4100535 | 52060 | Telephone | 5 | 11,027 | 16,200 | 16,848 | 17,522 | 18,223 | 18,952 | 19,710 | 20,498 | 21,318 | 22,171 | 23,058 | 23,980 |
| 4100535 | 52110 | Supplies | 5 | 17,741 | 23,500 | 24,440 | 25,418 | 26,434 | 27,492 | 28,591 | 29,735 | 30,924 | 32,161 | 33,448 | 34,786 |
| 4100535 | 52140 | Training & Education | 5 | 3,323 | 7,900 | 8,216 | 8,545 | 8,886 | 9,242 | 9,612 | 9,996 | 10,396 | 10,812 | 11,244 | 11,694 |
| 4100535 | 52201 | Fuel | 8 | 87,123 | 96,400 | 101,220 | 106,281 | 111,595 | 117,175 | 123,034 | 129,185 | 135,644 | 142,427 | 149,548 | 157,025 |
| 4100535 | 52220 | Equipment Expense | 5 | 30,519 | 62,000 | 64,480 | 67,059 | 69,742 | 72,531 | 75,432 | 78,450 | 81,588 | 84,851 | 88,245 | 91,775 |
| 4100535 | 52230 | Vehicle Expense | 5 | 45,621 | 79,400 | 82,576 | 85,879 | 89,314 | 92,887 | 96,602 | 100,466 | 104,485 | 108,664 | 113,011 | 117,531 |
| 4100535 | 52240 | Small Tools & Furniture | 5 | 18,369 | 21,600 | 22,464 | 23,363 | 24,297 | 25,269 | 26,280 | 27,331 | 28,424 | 29,561 | 30,744 | 31,973 |
| 4100535 | 52300 | Contract Services | 5 | 16,874 | 80,500 | 83,720 | 87,069 | 90,552 | 94,174 | 97,941 | 101,858 | 105,933 | 110,170 | 114,577 | 119,160 |
| 4100535 | 52440 | Infrastructure Repairs & Maintenance | 5 | 892,124 | 536,300 | 557,752 | 580,062 | 603,265 | 627,395 | 652,491 | 678,591 | 705,734 | 733,964 | 763,322 | 793,855 |
| 4100535 | 55001 | Expense Capitalization | 16 | (249,858) | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL: TRANSMISSION & DISTRIBUTION SERVICES | | | | \$ 3,016,563 | \$ 3,113,416 | \$ 3,238,916 | \$ 3,369,485 | \$ 3,505,328 | \$ 3,646,657 | \$ 3,793,695 | \$ 3,946,673 | \$ 4,105,832 | \$ 4,271,421 | \$ 4,443,702 | \$ 4,622,946 |

TABLE 14 OPERATING EXPENSE FORECAST, cont.¹

| ORG. | OBJECT | DESCRIPTION | Basis | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|---|--------|-------------------------|-------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| SUPPLY SERVICE WAREHOUSE | | | | | | | | | | | | | | | |
| 4100540 | 52010 | Utilities-Electricity | 9 | \$ 6,288 | \$ 7,200 | \$ 7,488 | \$ 7,788 | \$ 8,099 | \$ 8,423 | \$ 8,760 | \$ 9,110 | \$ 9,475 | \$ 9,854 | \$ 10,248 | \$ 10,658 |
| 4100540 | 52020 | Utilities-Water Usage | 11 | 2,118 | 2,225 | 2,225 | 2,225 | 2,225 | 2,225 | 2,225 | 2,225 | 2,225 | 2,225 | 2,225 | 2,225 |
| 4100540 | 52030 | Utilities-Natural Gas | 9 | - | 1,500 | 1,575 | 1,654 | 1,736 | 1,823 | 1,914 | 2,010 | 2,111 | 2,216 | 2,327 | 2,443 |
| 4100540 | 52040 | Utilities-Sanitation | 9 | 4,325 | 5,000 | 5,250 | 5,513 | 5,788 | 6,078 | 6,381 | 6,700 | 7,036 | 7,387 | 7,757 | 8,144 |
| 4100540 | 52060 | Telephone | 5 | - | 1,800 | 1,872 | 1,947 | 2,025 | 2,106 | 2,190 | 2,278 | 2,369 | 2,463 | 2,562 | 2,664 |
| 4100540 | 52110 | Supplies | 5 | 1,414 | 2,500 | 2,600 | 2,704 | 2,812 | 2,925 | 3,042 | 3,163 | 3,290 | 3,421 | 3,558 | 3,701 |
| 4100540 | 52201 | Fuel | 8 | - | 1,000 | 1,050 | 1,103 | 1,158 | 1,216 | 1,276 | 1,340 | 1,407 | 1,477 | 1,551 | 1,629 |
| 4100540 | 52230 | Vehicle Expense | 5 | 16 | 2,200 | 2,288 | 2,380 | 2,475 | 2,574 | 2,677 | 2,784 | 2,895 | 3,011 | 3,131 | 3,257 |
| 4100540 | 52240 | Small Tools & Furniture | 5 | - | 100 | 104 | 108 | 112 | 117 | 122 | 127 | 132 | 137 | 142 | 148 |
| 4100540 | 52410 | Building Maintenance | 5 | 8,542 | 8,400 | 8,736 | 9,085 | 9,449 | 9,827 | 10,220 | 10,629 | 11,054 | 11,496 | 11,956 | 12,434 |
| SUBTOTAL: SUPPLY SERVICE WAREHOUSE | | | | \$ 22,703 | \$ 31,925 | \$ 33,188 | \$ 34,505 | \$ 35,879 | \$ 37,312 | \$ 38,807 | \$ 40,366 | \$ 41,992 | \$ 43,688 | \$ 45,457 | \$ 47,303 |

TABLE 15 OPERATING EXPENSE FORECAST, cont.¹

| ORG. | OBJECT | DESCRIPTION | Basis | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|--|--------|-----------------------|-------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| FIELD SERVICE WAREHOUSE | | | | | | | | | | | | | | | |
| 4100541 | 51100 | Full Time Wages | 7 | \$ 108,837 | \$ 115,173 | \$ 119,780 | \$ 124,571 | \$ 129,554 | \$ 134,736 | \$ 140,125 | \$ 145,730 | \$ 151,560 | \$ 157,622 | \$ 163,927 | \$ 170,484 |
| 4100541 | 51110 | Overtime Wages | 7 | - | 100 | 104 | 108 | 112 | 117 | 122 | 127 | 132 | 137 | 142 | 148 |
| 4100541 | 51200 | Fringe Benefits | 7 | 50,517 | 52,663 | 54,769 | 56,960 | 59,238 | 61,608 | 64,072 | 66,635 | 69,300 | 72,072 | 74,955 | 77,954 |
| 4100541 | 51300 | Payroll Taxes | 7 | 1,393 | 2,937 | 3,054 | 3,177 | 3,304 | 3,436 | 3,573 | 3,716 | 3,865 | 4,019 | 4,180 | 4,347 |
| 4100541 | 52010 | Utilities-Electricity | 9 | 13,222 | 17,300 | 18,165 | 19,073 | 20,027 | 21,028 | 22,080 | 23,184 | 24,343 | 25,560 | 26,838 | 28,180 |
| 4100541 | 52020 | Utilities-Water Usage | 11 | 1,823 | 2,900 | 2,900 | 2,900 | 2,900 | 2,900 | 2,900 | 2,900 | 2,900 | 2,900 | 2,900 | 2,900 |
| 4100541 | 52030 | Utilities-Natural Gas | 9 | 2,136 | 3,400 | 3,570 | 3,749 | 3,936 | 4,133 | 4,339 | 4,556 | 4,784 | 5,023 | 5,275 | 5,538 |
| 4100541 | 52060 | Telephone | 5 | 136 | 250 | 260 | 270 | 281 | 292 | 304 | 316 | 329 | 342 | 356 | 370 |
| 4100541 | 52110 | Supplies | 5 | 2,162 | 10,000 | 10,400 | 10,816 | 11,249 | 11,699 | 12,167 | 12,653 | 13,159 | 13,686 | 14,233 | 14,802 |
| 4100541 | 52140 | Training & Education | 5 | 70 | 400 | 416 | 433 | 450 | 468 | 487 | 506 | 526 | 547 | 569 | 592 |
| 4100541 | 52201 | Fuel | 8 | 112 | 500 | 525 | 551 | 579 | 608 | 638 | 670 | 704 | 739 | 776 | 814 |
| 4100541 | 52230 | Vehicle Expense | 5 | 2,265 | 3,300 | 3,432 | 3,569 | 3,712 | 3,861 | 4,015 | 4,176 | 4,343 | 4,516 | 4,697 | 4,885 |
| 4100541 | 52300 | Contract Services | 5 | 374 | 1,400 | 1,456 | 1,514 | 1,575 | 1,638 | 1,703 | 1,771 | 1,842 | 1,916 | 1,993 | 2,072 |
| 4100541 | 52410 | Building Maintenance | 5 | 1,132 | 3,200 | 3,328 | 3,461 | 3,600 | 3,744 | 3,893 | 4,049 | 4,211 | 4,379 | 4,555 | 4,737 |
| 4100541 | 52420 | Grounds Maintenance | 5 | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL: FIELD SERVICE WAREHOUSE | | | | \$ 184,178 | \$ 213,522 | \$ 222,159 | \$ 231,152 | \$ 240,516 | \$ 250,266 | \$ 260,418 | \$ 270,990 | \$ 281,997 | \$ 293,460 | \$ 305,395 | \$ 317,824 |

VICTORVILLE WATER DISTRICT

WATER RATE STUDY

Operating Revenue and Expenses

Preliminary Draft Subject to Material Revision/Do Not Cite or Distribute

TABLE 16 OPERATING EXPENSE FORECAST, cont.¹

| ORG. | OBJECT | DESCRIPTION | Basis | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|---|--------|-----------------------------|-------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| CUSTOMER SERVICE, CASHIERING, BILLING & CREDIT | | | | | | | | | | | | | | | |
| 4100545 | 51100 | Full Time Wages | 7 | \$ 1,040,432 | \$ 1,193,898 | \$ 1,241,654 | \$ 1,291,320 | \$ 1,342,973 | \$ 1,396,692 | \$ 1,452,559 | \$ 1,510,662 | \$ 1,571,088 | \$ 1,633,932 | \$ 1,699,289 | \$ 1,767,261 |
| 4100545 | 51110 | Overtime Wages | 7 | (62) | 5,000 | 5,200 | 5,408 | 5,624 | 5,849 | 6,083 | 6,327 | 6,580 | 6,843 | 7,117 | 7,401 |
| 4100545 | 51200 | Fringe Benefits | 7 | 420,304 | 490,660 | 510,286 | 530,697 | 551,925 | 574,002 | 596,962 | 620,841 | 645,674 | 671,501 | 698,362 | 726,296 |
| 4100545 | 51300 | Payroll Taxes | 7 | 15,006 | 30,444 | 31,662 | 32,929 | 34,246 | 35,616 | 37,040 | 38,522 | 40,063 | 41,665 | 43,332 | 45,065 |
| 4100545 | 52010 | Utilities-Electricity | 9 | 12,102 | 15,100 | 15,855 | 16,648 | 17,480 | 18,354 | 19,272 | 20,235 | 21,247 | 22,310 | 23,425 | 24,596 |
| 4100545 | 52020 | Utilities-Water Usage | 11 | 687 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 |
| 4100545 | 52030 | Utilities-Natural Gas | 9 | 894 | 1,300 | 1,365 | 1,433 | 1,505 | 1,580 | 1,659 | 1,742 | 1,829 | 1,921 | 2,017 | 2,118 |
| 4100545 | 52060 | Telephone | 5 | 139 | 500 | 520 | 541 | 562 | 585 | 608 | 633 | 658 | 684 | 712 | 740 |
| 4100545 | 52110 | Supplies | 5 | 139,703 | 204,000 | 212,160 | 220,646 | 229,472 | 238,651 | 248,197 | 258,125 | 268,450 | 279,188 | 290,356 | 301,970 |
| 4100545 | 52140 | Training & Education | 5 | 113 | 2,500 | 2,600 | 2,704 | 2,812 | 2,925 | 3,042 | 3,163 | 3,290 | 3,421 | 3,558 | 3,701 |
| 4100545 | 52150 | Travel & Meetings | 6 | 116 | 500 | 525 | 551 | 579 | 608 | 638 | 670 | 704 | 739 | 776 | 814 |
| 4100545 | 52240 | Small Tools & Furniture | 5 | 252 | 2,700 | 2,808 | 2,920 | 3,037 | 3,159 | 3,285 | 3,416 | 3,553 | 3,695 | 3,843 | 3,997 |
| 4100545 | 52300 | Contract Services | 5 | 310,120 | 439,600 | 457,184 | 475,471 | 494,490 | 514,270 | 534,841 | 556,234 | 578,484 | 601,623 | 625,688 | 650,715 |
| 4100545 | 52360 | Federal, State & Local Fees | 5 | 10,249 | 8,100 | 8,424 | 8,761 | 9,111 | 9,476 | 9,855 | 10,249 | 10,659 | 11,085 | 11,529 | 11,990 |
| 4100545 | 52410 | Building Maintenance | 5 | 240 | 400 | 416 | 433 | 450 | 468 | 487 | 506 | 526 | 547 | 569 | 592 |
| 4100545 | 54050 | Uncollectible Write-Offs | 5 | 23,220 | 54,000 | 56,160 | 58,406 | 60,743 | 63,172 | 65,699 | 68,327 | 71,060 | 73,903 | 76,859 | 79,933 |
| SUBTOTAL: CUSTOMER SERVICE, CASHIERING, BILLING & CREDIT | | | | \$ 1,973,512 | \$ 2,449,902 | \$ 2,548,019 | \$ 2,650,069 | \$ 2,756,210 | \$ 2,866,606 | \$ 2,981,428 | \$ 3,100,853 | \$ 3,225,065 | \$ 3,354,258 | \$ 3,488,630 | \$ 3,628,389 |

TABLE 17 OPERATING EXPENSE FORECAST, cont.¹

| ORG. | OBJECT | DESCRIPTION | Basis | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|--|--------|------------------------|-------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| GEOGRAPHIC INFORMATION SERVICES | | | | | | | | | | | | | | | |
| 4101515 | 51100 | Full Time Wages | 7 | \$ 76,686 | \$ 75,558 | \$ 78,581 | \$ 81,724 | \$ 84,993 | \$ 88,393 | \$ 91,928 | \$ 95,605 | \$ 99,430 | \$ 103,407 | \$ 107,543 | \$ 111,845 |
| 4101515 | 51110 | Overtime Wages | 7 | - | 300 | 312 | 324 | 337 | 351 | 365 | 380 | 395 | 411 | 427 | 444 |
| 4101515 | 51200 | Fringe Benefits | 7 | 27,892 | 29,187 | 30,355 | 31,569 | 32,832 | 34,145 | 35,511 | 36,931 | 38,408 | 39,945 | 41,543 | 43,204 |
| 4101515 | 51300 | Payroll Taxes | 7 | 1,142 | 1,927 | 2,004 | 2,084 | 2,167 | 2,254 | 2,344 | 2,438 | 2,535 | 2,637 | 2,742 | 2,852 |
| 4101515 | 52060 | Telephone | 5 | 912 | 1,500 | 1,560 | 1,622 | 1,687 | 1,755 | 1,825 | 1,898 | 1,974 | 2,053 | 2,135 | 2,220 |
| 4101515 | 52110 | Supplies | 5 | 1 | 100 | 104 | 108 | 112 | 117 | 122 | 127 | 132 | 137 | 142 | 148 |
| 4101515 | 52140 | Training & Education | 5 | 2,100 | 3,500 | 3,640 | 3,786 | 3,937 | 4,095 | 4,258 | 4,429 | 4,606 | 4,790 | 4,982 | 5,181 |
| 4101515 | 52150 | Travel & Meetings | 6 | 200 | 500 | 525 | 551 | 579 | 608 | 638 | 670 | 704 | 739 | 776 | 814 |
| 4101515 | 52201 | Fuel | 8 | 129 | 4,000 | 4,200 | 4,410 | 4,631 | 4,862 | 5,105 | 5,360 | 5,628 | 5,910 | 6,205 | 6,516 |
| 4101515 | 52230 | Vehicle Expense | 5 | 152 | 2,000 | 2,080 | 2,163 | 2,250 | 2,340 | 2,433 | 2,531 | 2,632 | 2,737 | 2,847 | 2,960 |
| 4101515 | 52260 | Computer Equipment | 5 | - | 17,500 | 18,200 | 18,928 | 19,685 | 20,473 | 21,291 | 22,143 | 23,029 | 23,950 | 24,908 | 25,904 |
| 4101515 | 52300 | Contract Services | 5 | 147,613 | 285,100 | 155,000 | 161,200 | 167,648 | 174,354 | 181,328 | 188,581 | 196,124 | 203,969 | 212,128 | 220,613 |
| 4101515 | 55001 | Expense Capitalization | 16 | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL: GEOGRAPHIC INFORMATION SERVICES | | | | \$ 256,827 | \$ 421,172 | \$ 296,560 | \$ 308,470 | \$ 320,858 | \$ 333,745 | \$ 347,149 | \$ 361,093 | \$ 375,597 | \$ 390,684 | \$ 406,378 | \$ 422,703 |

TABLE 18 OPERATING EXPENSE FORECAST, cont.¹

| ORG. | OBJECT | DESCRIPTION | Basis | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|-----------------------------------|--------|----------------------|-------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| CODE ENFORCEMENT | | | | | | | | | | | | | | | |
| 4104000 | 51001 | Contra Expense Wages | 7 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 4104000 | 51100 | Full Time Wages | 7 | 172,657 | 284,972 | 296,371 | 308,226 | 320,555 | 333,377 | 346,712 | 360,580 | 375,004 | 390,004 | 405,604 | 421,828 |
| 4104000 | 51110 | Overtime Wages | 7 | 946 | 300 | 312 | 324 | 337 | 351 | 365 | 380 | 395 | 411 | 427 | 444 |
| 4104000 | 51200 | Fringe Benefits | 7 | 101,563 | 124,467 | 129,446 | 134,624 | 140,008 | 145,609 | 151,433 | 157,490 | 163,790 | 170,342 | 177,155 | 184,242 |
| 4104000 | 51300 | Payroll Taxes | 7 | 2,527 | 7,267 | 7,557 | 7,860 | 8,174 | 8,501 | 8,841 | 9,195 | 9,563 | 9,945 | 10,343 | 10,757 |
| SUBTOTAL: CODE ENFORCEMENT | | | | \$ 277,693 | \$ 417,006 | \$ 433,686 | \$ 451,033 | \$ 469,075 | \$ 487,838 | \$ 507,351 | \$ 527,645 | \$ 548,751 | \$ 570,701 | \$ 593,529 | \$ 617,270 |

VICTORVILLE WATER DISTRICT

WATER RATE STUDY

Operating Revenue and Expenses

Preliminary Draft Subject to Material Revision/Do Not Cite or Distribute

TABLE 19 OPERATING EXPENSE FORECAST, cont.¹

| ORG. | OBJECT | DESCRIPTION | Basis | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|---------------------------------------|--------|--------------------------------------|-------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| ENGINEERING SERVICES | | | | | | | | | | | | | | | |
| 4104500 | 51100 | Full Time Wages | 7 | \$ 866,097 | \$ 1,053,990 | \$ 1,096,150 | \$ 1,139,996 | \$ 1,185,596 | \$ 1,233,020 | \$ 1,282,340 | \$ 1,333,634 | \$ 1,386,979 | \$ 1,442,459 | \$ 1,500,157 | \$ 1,560,163 |
| 4104500 | 51110 | Overtime Wages | 7 | 2,251 | 5,500 | 5,720 | 5,949 | 6,187 | 6,434 | 6,692 | 6,959 | 7,238 | 7,527 | 7,828 | 8,141 |
| 4104500 | 51200 | Fringe Benefits | 7 | 308,913 | 375,000 | 390,000 | 405,600 | 421,824 | 438,697 | 456,245 | 474,495 | 493,474 | 513,213 | 533,742 | 555,092 |
| 4104500 | 51220 | Retiree Health Care | 7 | 5,004 | 11,220 | 11,669 | 12,136 | 12,621 | 13,126 | 13,651 | 14,197 | 14,765 | 15,355 | 15,970 | 16,608 |
| 4104500 | 51300 | Payroll Taxes | 7 | 11,224 | 15,000 | 15,600 | 16,224 | 16,873 | 17,548 | 18,250 | 18,980 | 19,739 | 20,529 | 21,350 | 22,204 |
| 4104500 | 52010 | Utilities-Electricity | 9 | 21,795 | 13,000 | 13,650 | 14,333 | 15,049 | 15,802 | 16,592 | 17,421 | 18,292 | 19,207 | 20,167 | 21,176 |
| 4104500 | 52020 | Utilities-Water Usage | 11 | 1,244 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 |
| 4104500 | 52030 | Utilities-Natural Gas | 9 | 1,056 | 1,100 | 1,155 | 1,213 | 1,273 | 1,337 | 1,404 | 1,474 | 1,548 | 1,625 | 1,706 | 1,792 |
| 4104500 | 52060 | Telephone | 5 | 5,112 | 6,500 | 6,760 | 7,030 | 7,312 | 7,604 | 7,908 | 8,225 | 8,554 | 8,896 | 9,252 | 9,622 |
| 4104500 | 52110 | Supplies | 5 | 11,543 | 8,900 | 9,256 | 9,626 | 10,011 | 10,412 | 10,828 | 11,261 | 11,712 | 12,180 | 12,667 | 13,174 |
| 4104500 | 52140 | Training & Education | 5 | 3,756 | 4,900 | 5,096 | 5,300 | 5,512 | 5,732 | 5,962 | 6,200 | 6,448 | 6,706 | 6,974 | 7,253 |
| 4104500 | 52201 | Fuel | 8 | 9,187 | 9,700 | 10,185 | 10,694 | 11,229 | 11,790 | 12,380 | 12,999 | 13,649 | 14,331 | 15,048 | 15,800 |
| 4104500 | 52230 | Vehicle Expense | 5 | 8,014 | 2,700 | 2,808 | 2,920 | 3,037 | 3,159 | 3,285 | 3,416 | 3,553 | 3,695 | 3,843 | 3,997 |
| 4104500 | 52240 | Small Tools & Furniture | 5 | 394 | 500 | 520 | 541 | 562 | 585 | 608 | 633 | 658 | 684 | 712 | 740 |
| 4104500 | 52300 | Contract Services | 5 | 108,671 | 180,000 | 187,200 | 194,688 | 202,476 | 210,575 | 218,998 | 227,757 | 236,868 | 246,342 | 256,196 | 266,444 |
| 4104500 | 52440 | Infrastructure Repairs & Maintenance | 5 | 1,117,938 | 1,494,023 | 784,000 | 815,360 | 847,974 | 881,893 | 917,169 | 953,856 | 992,010 | 1,031,691 | 1,072,958 | 1,115,876 |
| 4104500 | 55001 | Expense Capitalization | 16 | - | - | - | - | - | - | - | - | - | - | - | - |
| SUBTOTAL: ENGINEERING SERVICES | | | | \$ 2,482,200 | \$ 3,183,234 | \$ 2,540,969 | \$ 2,642,810 | \$ 2,748,736 | \$ 2,858,913 | \$ 2,973,511 | \$ 3,092,707 | \$ 3,216,687 | \$ 3,345,641 | \$ 3,479,770 | \$ 3,619,282 |

TABLE 20 OPERATING EXPENSE FORECAST, cont.¹

| ORG. | OBJECT | DESCRIPTION | Basis | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|-----------------------------------|--------|--------------------------------------|-------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| ASPHALT SERVICES | | | | | | | | | | | | | | | |
| 4105001 | 51100 | Full Time Wages | 7 | \$ 101,058 | \$ 102,952 | \$ 107,070 | \$ 111,353 | \$ 115,807 | \$ 120,439 | \$ 125,257 | \$ 130,267 | \$ 135,478 | \$ 140,897 | \$ 146,533 | \$ 152,394 |
| 4105001 | 51110 | Overtime Wages | 7 | 59 | 18,000 | 18,720 | 19,469 | 20,248 | 21,057 | 21,900 | 22,776 | 23,687 | 24,634 | 25,620 | 26,644 |
| 4105001 | 51200 | Fringe Benefits | 7 | 43,946 | 46,613 | 48,478 | 50,417 | 52,433 | 54,531 | 56,712 | 58,980 | 61,340 | 63,793 | 66,345 | 68,999 |
| 4105001 | 51300 | Payroll Taxes | 7 | 1,527 | 2,625 | 2,730 | 2,839 | 2,953 | 3,071 | 3,194 | 3,322 | 3,455 | 3,593 | 3,737 | 3,886 |
| 4105001 | 52110 | Supplies | 5 | 342 | 850 | 884 | 919 | 956 | 994 | 1,034 | 1,076 | 1,119 | 1,163 | 1,210 | 1,258 |
| 4105001 | 52240 | Small Tools & Furniture | 5 | - | 375 | 390 | 406 | 422 | 439 | 456 | 474 | 493 | 513 | 534 | 555 |
| 4105001 | 52440 | Infrastructure Repairs & Maintenance | 5 | 6,214 | 7,500 | 7,875 | 8,190 | 8,518 | 8,858 | 9,213 | 9,581 | 9,964 | 10,363 | 10,777 | 11,209 |
| SUBTOTAL: ASPHALT SERVICES | | | | \$ 153,146 | \$ 178,915 | \$ 186,147 | \$ 193,593 | \$ 201,336 | \$ 209,390 | \$ 217,765 | \$ 226,476 | \$ 235,535 | \$ 244,957 | \$ 254,755 | \$ 264,945 |

VICTORVILLE WATER DISTRICT

WATER RATE STUDY

Operating Revenue and Expenses

Preliminary Draft Subject to Material Revision/Do Not Cite or Distribute

TABLE 21 OPERATING EXPENSE FORECAST, cont.¹

| ORG. | OBJECT | DESCRIPTION | Basis | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|--|--------|--------------------------------|-----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| CAPITAL PURCHASES | | | | | | | | | | | | | | | |
| 4100010 | 52460 | Capital Purchases ⁶ | See Exh 2 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| SUBTOTAL: CAPITAL PURCHASES | | | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| GRAND TOTAL: WATER OPERATING EXPENSES | | | | \$ 25,106,233 | \$ 31,381,157 | \$ 29,564,837 | \$ 31,170,950 | \$ 32,883,345 | \$ 34,710,362 | \$ 36,661,074 | \$ 38,745,358 | \$ 40,973,970 | \$ 43,358,629 | \$ 45,912,104 | \$ 48,648,320 |

TABLE 22 : NON-CASH ITEMS, EXCLUDED FROM ABOVE

| ORG. | OBJECT | DESCRIPTION | Basis | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|-------------------------------|--------|----------------------|-------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| DEPRECIATION | | | | | | | | | | | | | | | |
| 4100010 | 52460 | Depreciation Expense | 16 | \$ - | \$ - | \$ 6,615,563 | \$ 7,090,551 | \$ 7,333,929 | \$ 7,099,575 | \$ 7,203,484 | \$ 7,203,484 | \$ 7,203,484 | \$ 7,203,484 | \$ 7,203,484 | \$ 7,203,484 |
| SUBTOTAL: DEPRECIATION | | | | \$ - | \$ - | \$ 6,615,563 | \$ 7,090,551 | \$ 7,333,929 | \$ 7,099,575 | \$ 7,203,484 | \$ 7,203,484 | \$ 7,203,484 | \$ 7,203,484 | \$ 7,203,484 | \$ 7,203,484 |

TABLE 23 : FORECASTING ASSUMPTIONS

| COST INFLATION FACTORS | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|------------------------|--|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 | Customer Growth | -- | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| 2 | Connection Fees | -- | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| 3 | Plan Check Fee | -- | 1.80% | 1.80% | 1.80% | 1.80% | 1.80% | 1.80% | 1.80% | 1.80% | 1.80% | 1.80% | 1.80% |
| 4 | Reimbursements - Operating Cost Recovery | -- | 5.60% | 5.60% | 5.60% | 5.60% | 5.60% | 5.60% | 5.60% | 5.60% | 5.60% | 5.60% | 5.60% |
| 5 | General Cost Inflation | -- | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| 6 | General Cost Inflation - Travel & Meetings | -- | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| 7 | Labor Cost Inflation | -- | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| 8 | Fuel Cost Inflation | -- | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| 9 | Utilities - Electricity/Natural Gas/Sanitation | -- | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| 10 | Utilities - Production Power | -- | 9.00% | 9.00% | 9.00% | 9.00% | 9.00% | 9.00% | 9.00% | 9.00% | 9.00% | 9.00% | 9.00% |
| 11 | Utilities - Water Usage | -- | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 12 | R-Cubed Water | -- | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% |
| 13 | Admin & Bio Assessment | -- | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% |
| 14 | Groundwater Replenishment & Makeup Obligation | -- | 10.30% | 10.30% | 10.30% | 10.30% | 10.30% | 10.30% | 10.30% | 10.30% | 10.30% | 10.30% | 10.30% |
| 15 | Meter Service Installation & Change Outs | -- | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| 16 | No Cost Inflation | -- | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

1. Revenues and expenses for FY 2019/20 and FY 2020/21 were provided by District staff. Source file: WATER - REV & EXP -BUDGET - CUBES 2021 -NBS.xlsx_AB , Rev-Exp by Org tab.
2. Interest income for the Interfund Loan is per the District's budget and debt schedule.
3. Purchased Water cost is the amount Victorville Water District pays to the Mojave Water Agency for R³ water in order to pump water to Victorville; it is a pumping cost similar to production power. The cost is \$125/AF and varies based on the cost of power and changes each year.
4. Groundwater Assessment is the Mojave Water Agency's cost for quarterly administration and the biological assessments to ensure quality standards.
5. Groundwater Replenishment is the additional cost of ground water over the Free Production Allowance (FPA). This cost is for replacement and makeup obligations from the Mojave Water Agency. Makeup obligations are related to the annual flow down the Mojave River which is very difficult to predict. Source file: MWA Obligations - Forecasts.xlsx .
6. Budgeted Capital Purchases are included in Exhibit 2 (CIP) of this model.
7. Cost inflation factors were provided by the District staff. Source file: VWD Data - Fiscal Impact Forecast 01-30-2020.xlsx .

TABLE 24 : CAPITAL FUNDING SUMMARY

| CAPITAL FUNDING FORECAST | Budget | | Projected Rates for Adoption Period | | | | | Projected | | | | |
|---|-------------|-------------|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
| Funding Sources: | | | | | | | | | | | | |
| Grants | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Use of Connection Fee Reserves | - | - | 373,500 | - | - | - | - | - | 1,664,000 | 6,833,000 | - | - |
| SRF Loan Funding | - | - | - | - | - | - | - | - | - | - | - | - |
| Use of New Revenue Bond Proceeds | - | - | - | - | - | - | - | - | - | - | - | - |
| <i>Unfunded Capital</i> | - | - | - | - | - | - | - | - | - | - | - | - |
| Use of Capital Rehabilitation and Replacement Reserve | - | - | 9,921,345 | 7,505,097 | 1,276,563 | 547,044 | 74,171 | 90,871 | 146,945 | 659,321 | 81,371 | 1,049,103 |
| Rate Revenue | - | - | - | 351,903 | 5,943,737 | 6,445,956 | 6,667,529 | 6,126,029 | 6,356,755 | 7,992,679 | 6,883,629 | 7,231,897 |
| Total Sources of Capital Funds | \$ - | \$ - | \$10,294,845 | \$ 7,857,000 | \$ 7,220,300 | \$ 6,993,000 | \$ 6,741,700 | \$ 6,216,900 | \$ 8,167,700 | \$15,485,000 | \$ 6,965,000 | \$ 8,281,000 |
| Uses of Capital Funds: | | | | | | | | | | | | |
| Total Project Costs | \$ - | \$ - | \$10,294,845 | \$ 7,857,000 | \$ 7,220,300 | \$ 6,993,000 | \$ 6,741,700 | \$ 6,216,900 | \$ 8,167,700 | \$15,485,000 | \$ 6,965,000 | \$ 8,281,000 |
| Capital Funding Surplus (Deficiency) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

CIP Funding Option Selected in Financial Plan 3

Total Planned CIP through FY 2025/26 \$ 38,733,345

| Capital Improvement Program Funding Choice | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|---|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Alternative 1 - CIP with 2% Annual Rate Increases | \$ - | \$ - | \$ 8,929,211 | \$ 7,071,300 | \$ 6,498,270 | \$ 6,293,700 | \$ 6,067,530 | \$ 5,595,210 | \$ 5,853,330 | \$ 7,786,800 | \$ 6,268,500 | \$ 7,452,900 |
| Alternative 2 - Fund 80% of CIP | - | - | 7,937,076 | 6,285,600 | 5,776,240 | 5,594,400 | 5,393,360 | 4,973,520 | 5,202,960 | 6,921,600 | 5,572,000 | 6,624,800 |
| Alternative 3 - Full Funding of CIP | - | - | 9,921,345 | 7,857,000 | 7,220,300 | 6,993,000 | 6,741,700 | 6,216,900 | 6,503,700 | 8,652,000 | 6,965,000 | 8,281,000 |
| No Rate Increases | - | - | 2,480,336 | 1,964,250 | 1,805,075 | 1,748,250 | 1,685,425 | 1,554,225 | 1,625,925 | 2,163,000 | 1,741,250 | 2,070,250 |
| Connection Fee Projects | - | - | 373,500 | - | - | - | - | - | 1,664,000 | 6,833,000 | - | - |

CAPITAL IMPROVEMENT PROGRAM

TABLE 25 : CAPITAL IMPROVEMENT PROGRAM COSTS (in Future-Year Dollars)¹

| PROJECT ID | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|--------------------------|------------|------------|------------|--------------|------------|------------|------------|------------|------------|------------|------------|------------|
| RATE FUNDED | | | | | | | | | | | | |
| Pipeline Projects | | | | | | | | | | | | |
| Area 1 | \$ - | \$ - | \$ - | \$ 1,144,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Area 2 | - | - | - | 1,666,000 | - | - | - | - | - | - | - | - |
| Area 3 | - | - | - | - | - | - | - | - | - | - | - | - |
| Area 4 | - | - | - | - | - | 2,530,000 | - | - | - | - | - | - |
| Area 5 | - | - | - | 2,310,000 | - | - | - | - | - | - | - | - |
| Area 6 | - | - | - | - | 2,530,000 | - | - | - | - | - | - | - |
| Area 7 | - | - | - | - | 1,389,000 | - | - | - | - | - | - | - |
| Area 8 | - | - | - | - | - | 2,794,000 | - | - | - | - | - | - |
| Area 9 | - | - | - | - | - | - | 2,274,000 | - | - | - | - | - |
| Area 10 | - | - | - | - | - | - | 2,413,000 | - | - | - | - | - |
| Area 11 | - | - | - | - | - | - | - | 1,604,000 | - | - | - | - |
| Area 12 | - | - | - | - | - | - | - | 2,698,000 | - | - | - | - |
| Area 13 | - | - | - | - | - | - | - | - | 1,698,000 | - | - | - |
| Area 14 | - | - | - | - | - | - | - | - | 1,284,000 | - | - | - |
| Area 15 | - | - | - | - | - | - | - | - | - | - | - | 3,176,000 |
| Area 16 | - | - | - | - | - | - | - | - | - | - | - | 3,264,000 |
| Area 17 | - | - | - | - | - | - | - | - | - | - | 2,832,000 | - |
| Area 18 | - | - | - | - | - | - | - | - | - | - | 2,395,000 | - |
| Area 19 | - | - | - | - | - | - | - | - | - | - | - | - |
| Area 20 | - | - | - | - | - | - | - | - | - | - | - | - |
| Area 21 | - | - | - | - | - | - | - | - | - | - | - | - |
| Area 22 | - | - | - | - | - | - | - | - | - | - | - | - |
| Area 23 | - | - | - | - | - | - | - | - | - | - | - | - |

VICTORVILLE WATER DISTRICT
WATER RATE STUDY
Capital Improvement Plan Expenditures
Preliminary Draft Subject to Material Revision/Do Not Cite or Distribute

TABLE 25 : CAPITAL IMPROVEMENT PROGRAM COSTS, cont. (in Future-Year Dollars)¹

| PROJECT ID | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|---------------------------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Area 24 | - | - | - | - | - | - | - | - | - | - | - | - |
| Area 25 | - | - | - | - | - | - | - | - | - | - | - | - |
| Area 26 | - | - | - | - | - | - | - | - | - | - | - | - |
| Area 27 | - | - | 3,720,000 | - | - | - | - | - | - | - | - | - |
| Area 28 | - | - | - | - | 550,000 | - | - | - | - | - | - | - |
| Area 29 | - | - | - | - | - | - | - | - | 1,664,000 | 6,833,000 | - | - |
| Area 30 | - | - | 1,494,000 | - | - | - | - | - | - | - | - | - |
| Area 31 | - | - | - | - | - | - | - | - | - | - | - | - |
| Area 32 | - | - | - | - | - | - | - | - | - | - | - | - |
| Sub-total | \$ - | \$ - | \$ 5,214,000 | \$ 5,120,000 | \$ 4,469,000 | \$ 5,324,000 | \$ 4,687,000 | \$ 4,302,000 | \$ 4,646,000 | \$ 6,833,000 | \$ 5,227,000 | \$ 6,440,000 |
| New Supply Facilities | | | | | | | | | | | | |
| F-TO 5 Metering Station | \$ - | \$ - | \$ 1,537,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sub-total | \$ - | \$ - | \$ 1,537,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Site Security Upgrades | | | | | | | | | | | | |
| Well 109 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 273,000 | \$ - | \$ - |
| Well 118 | - | - | - | - | - | - | - | - | - | 118,000 | - | - |
| Well 119 | - | - | - | - | - | - | - | - | - | 226,000 | - | - |
| Well 120 | - | - | - | - | - | - | - | - | - | - | 213,000 | - |
| Well 121 | - | - | - | - | - | - | - | - | - | - | 289,000 | - |
| Well 122 | - | - | - | - | - | - | - | - | - | - | 222,000 | - |
| Well 123 | - | - | - | - | - | - | - | - | - | - | - | 307,000 |
| Well 126 | - | - | - | - | - | - | - | - | - | - | - | 177,000 |
| Well 127 | - | - | - | - | - | - | - | - | - | - | - | 312,000 |
| Well 128 | - | - | - | - | - | - | - | - | - | - | - | - |
| Well 130 | - | - | - | - | - | - | - | - | - | - | - | - |
| Well 131 | - | - | - | - | - | - | - | - | - | - | - | - |
| Well 133 | - | - | - | - | - | - | - | - | - | - | - | - |
| Well 134 | - | - | - | - | - | - | - | - | - | - | - | - |
| Well 136 | - | - | - | - | - | - | - | - | - | - | - | - |
| Well 138 | - | - | - | - | - | - | - | - | - | - | - | - |
| Well 141 | - | - | - | - | - | - | - | - | - | - | - | - |
| Well 144 | - | - | - | - | - | - | - | - | - | - | - | - |
| Well 201 | - | - | - | - | - | 194,000 | - | - | - | - | - | - |
| Well 203 | - | - | - | - | - | - | 154,000 | - | - | - | - | - |
| Well 204 | - | - | - | - | 18,000 | - | - | - | - | - | - | - |
| Well 205 | - | - | - | - | - | - | - | 57,000 | - | - | - | - |
| Well 206 | - | - | - | - | - | - | - | 135,000 | - | - | - | - |
| Well 207 | - | - | - | - | - | - | - | - | 584,000 | - | - | - |
| Well 208 | - | - | - | 152,000 | - | - | - | - | - | - | - | - |
| Well 209 | - | - | - | 18,000 | - | - | - | - | - | - | - | - |
| Well 212 | - | - | - | - | 231,000 | - | - | - | - | - | - | - |
| R 102 & Well 135 | - | - | - | - | - | - | - | - | - | - | - | - |
| R 104 | - | - | - | - | - | - | - | - | - | - | - | - |
| R 105, 113, 115, 118 & Well 137 | - | - | - | - | - | - | - | - | - | - | - | - |
| R 107, 108, 112, 114 & Well 129 | - | - | - | - | - | - | - | - | - | - | - | - |
| R 109 & 121 | - | - | - | - | - | - | - | - | - | - | - | - |

VICTORVILLE WATER DISTRICT
WATER RATE STUDY
Capital Improvement Plan Expenditures
Preliminary Draft Subject to Material Revision/Do Not Cite or Distribute

EXHIBIT 2

TABLE 25 : CAPITAL IMPROVEMENT PROGRAM COSTS, cont. (in Future-Year Dollars)¹

| PROJECT ID | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|--|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| R 110, 111, 116, 117 & Well 140 | - | - | - | - | - | - | - | - | - | - | - | - |
| R 119 & Well 132 | - | - | - | - | - | - | - | - | - | - | - | - |
| R 120 & Well 139 & 143 | - | - | - | - | - | - | - | - | - | - | - | - |
| R 202 & 207 | - | - | - | - | - | - | - | - | - | - | - | - |
| R 205 & 210 | - | - | - | - | - | - | - | - | - | - | - | - |
| R 208 & 209 | - | - | - | - | - | - | - | - | - | - | - | - |
| Sub-total | \$ - | \$ - | \$ - | \$ 188,000 | \$ 231,000 | \$ 194,000 | \$ 154,000 | \$ 192,000 | \$ 584,000 | \$ 617,000 | \$ 724,000 | \$ 796,000 |
| SCADA Master Plan Projects | | | | | | | | | | | | |
| AM11 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 55,000 | \$ 56,000 | \$ - | \$ - | \$ - | \$ - | \$ - |
| ES01 | - | - | - | 262,000 | 269,000 | - | - | - | - | - | - | - |
| ES06 | - | - | 14,000 | 14,000 | 15,000 | 15,000 | 15,000 | 16,000 | 16,000 | 17,000 | 17,000 | 18,000 |
| NI02 | - | - | 652,000 | 236,000 | - | - | - | - | - | - | - | - |
| NI03 | - | - | - | 276,000 | 284,000 | 292,000 | 299,000 | 307,000 | 316,000 | 216,000 | - | - |
| CC01 | - | - | - | 250,000 | 193,000 | 198,000 | - | - | - | - | - | - |
| SU01 | - | - | - | - | 465,000 | 478,000 | 491,000 | 504,000 | - | - | - | - |
| SU02 | - | - | - | - | - | - | - | - | - | - | - | - |
| OI01 | - | - | - | - | - | - | 165,000 | - | - | - | - | - |
| OI02 | - | - | - | - | - | - | 107,000 | - | - | - | - | - |
| OI03 | - | - | - | - | - | 72,000 | - | - | - | - | - | - |
| Sub-total | \$ - | \$ - | \$ 666,000 | \$ 1,038,000 | \$ 1,226,000 | \$ 1,110,000 | \$ 1,133,000 | \$ 827,000 | \$ 332,000 | \$ 233,000 | \$ 17,000 | \$ 18,000 |
| Other CIP Items | | | | | | | | | | | | |
| Machinery, Equipment & Vehicles | \$ - | \$ - | \$ 770,000 | \$ 616,000 | \$ 392,000 | \$ 112,700 | \$ 502,800 | \$ 618,000 | \$ 649,400 | \$ 667,000 | \$ 686,000 | \$ 706,000 |
| ROW/ Utility Location | - | - | 234,345 | 145,000 | 152,300 | 152,300 | 159,900 | 167,900 | 176,300 | 182,000 | 187,000 | 193,000 |
| IT | - | - | - | - | - | 100,000 | 105,000 | 110,000 | 116,000 | 120,000 | 124,000 | 128,000 |
| Meter - AMI | - | - | 1,500,000 | 750,000 | 750,000 | - | - | - | - | - | - | - |
| Sub-total: Rate Funded Capital | \$ - | \$ - | \$ 2,504,345 | \$ 1,511,000 | \$ 1,294,300 | \$ 365,000 | \$ 767,700 | \$ 895,900 | \$ 941,700 | \$ 969,000 | \$ 997,000 | \$ 1,027,000 |
| Total: Rate Funded Capital | \$ - | \$ - | \$ 9,921,345 | \$ 7,857,000 | \$ 7,220,300 | \$ 6,993,000 | \$ 6,741,700 | \$ 6,216,900 | \$ 6,503,700 | \$ 8,652,000 | \$ 6,965,000 | \$ 8,281,000 |
| Placeholder for Future Year Capital Projects ³ | - | - | - | - | - | - | - | - | - | - | - | - |
| Total: Rate Funded Capital Costs (in Future-Year Dollars) | \$ - | \$ - | \$ 9,921,345 | \$ 7,857,000 | \$ 7,220,300 | \$ 6,993,000 | \$ 6,741,700 | \$ 6,216,900 | \$ 6,503,700 | \$ 8,652,000 | \$ 6,965,000 | \$ 8,281,000 |

TABLE 26 : CAPITAL IMPROVEMENT PROGRAM COSTS (in Future-Year Dollars)¹

| Area | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|--|------------|------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| CONNECTION FEE FUNDED | | | | | | | | | | | | |
| Pipeline Projects | | | | | | | | | | | | |
| Area 30 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,664,000 | \$ 6,833,000 | \$ - | \$ - |
| Area 31 | - | - | 373,500 | - | - | - | - | - | - | - | - | - |
| Area 32 | - | - | - | - | - | - | - | - | - | - | - | - |
| Sub-total: Connection Fee Funded Capital | \$ - | \$ - | \$ 373,500 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,664,000 | \$ 6,833,000 | \$ - | \$ - |
| Total: CIP Costs (in Future-year Dollars) | \$ - | \$ - | \$ 10,294,845 | \$ 7,857,000 | \$ 7,220,300 | \$ 6,993,000 | \$ 6,741,700 | \$ 6,216,900 | \$ 8,167,700 | \$ 15,485,000 | \$ 6,965,000 | \$ 8,281,000 |

TABLE 27 : FORECASTING ASSUMPTIONS

| Economic Variables | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 | FY 2028/29 | FY 2029/30 | FY 2030/31 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Annual Construction Cost Inflation, Per Engineering News Record | 0.00% | 0.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Cumulative Construction Cost Multiplier from 2020 | 1.00 | 1.00 | 1.03 | 1.06 | 1.09 | 1.13 | 1.16 | 1.19 | 1.23 | 1.27 | 1.30 | 1.34 |

1. Capital project costs for were provided by District Staff in future-year dollars. Source file: 2021 WMP 10 Year CIP_210309_final.xlsx .
2. The annual Construction Cost Inflation percentage is the 10-year average change in the Construction Cost Index from August 2010-2020. Source: Engineering News Record website (<http://enr.construction.com>).
3. Future capital projects represent the average of all planned CIP expenditures.

VICTORVILLE WATER DISTRICT
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TABLE 28 : CLASSIFICATION OF EXPENSES FOR COST OF SERVICE ANALYSIS

| Classification of Expenses | | | | | | | | | | |
|--|----------------------------|---------------------|------------------|---------------------|-------------|------------------|-------------------------|------------|-----------|-----------|
| Budget Categories | Total Revenue Requirements | Commodity | Commodity Tier 2 | Capacity | Customer | Fire Protection | Basis of Classification | | | |
| | FY 2021/22 | (COM) | (COM Tier 2) | (CAP) | (CA) | (FP) | (COM) | (CAP) | (CA) | (FP) |
| 4100500 - WATER PURCHASES | | | | | | | | | | |
| Purchased Water | 760,984 | 760,984 | - | - | - | - | 100% | 0% | 0% | 0% |
| Groundwater Assessment | 119,091 | 119,091 | - | - | - | - | 100% | 0% | 0% | 0% |
| Groundwater Replenishment | 4,129,009 | 4,129,009 | - | - | - | - | 100% | 0% | 0% | 0% |
| SUBTOTAL: WATER PURCHASES | \$ 5,009,084 | \$ 5,009,084 | \$ - | \$ - | \$ - | \$ - | 100% | 0% | 0% | 0% |
| 4100500 - PRODUCTION POWER | | | | | | | | | | |
| Utilities-Production Power | 2,704,399 | 2,704,399 | - | - | - | - | 100% | 0% | 0% | 0% |
| SUBTOTAL: PRODUCTION POWER | \$ 2,704,399 | \$ 2,704,399 | \$ - | \$ - | \$ - | \$ - | 100% | 0% | 0% | 0% |
| 4100500 - SUPPLY, PRODUCTION & PUMPING SERVICES | | | | | | | | | | |
| Full Time Wages | \$ 1,077,343 | \$ - | \$ - | \$ 1,059,264 | \$ - | \$ 18,079 | 0% | 98% | 0% | 2% |
| Overtime Wages | 26,312 | - | - | 25,870 | - | 442 | 0% | 98% | 0% | 2% |
| Standby Wages | 28,600 | - | - | 28,120 | - | 480 | 0% | 98% | 0% | 2% |
| Extra Regular Wages | - | - | - | - | - | - | 0% | 98% | 0% | 2% |
| Fringe Benefits | 471,082 | - | - | 463,177 | - | 7,905 | 0% | 98% | 0% | 2% |
| Payroll Taxes | 27,472 | - | - | 27,011 | - | 461 | 0% | 98% | 0% | 2% |
| Telephone | 11,336 | 5,591 | - | 5,555 | - | 190 | 49% | 49% | 0% | 2% |
| Supplies | 24,336 | 12,003 | - | 11,925 | - | 408 | 49% | 49% | 0% | 2% |
| Training & Education | 10,296 | - | - | 10,123 | - | 173 | 0% | 98% | 0% | 2% |
| Fuel | 65,730 | - | - | 32,208 | - | 1,103 | 49% | 49% | 0% | 2% |
| Vehicle Expense | 31,720 | 15,645 | - | 15,543 | - | 532 | 49% | 49% | 0% | 2% |
| Small Tools & Furniture | 9,984 | 4,924 | - | 4,892 | - | 168 | 49% | 49% | 0% | 2% |
| Contract Services | 1,729,032 | 852,792 | - | 847,226 | - | 29,014 | 49% | 49% | 0% | 2% |
| Grounds Maintenance | 59,488 | 29,341 | - | 29,149 | - | 998 | 49% | 49% | 0% | 2% |
| Infrastructure Repairs & Maintenance | 156,000 | 76,942 | - | 76,440 | - | 2,618 | 49% | 49% | 0% | 2% |
| Expense Capitalization | - | - | - | - | - | - | 49% | 49% | 0% | 2% |
| SUBTOTAL: SUPPLY, PRODUCTION & PUMP | \$ 3,728,731 | \$ 1,029,657 | \$ - | \$ 2,636,503 | \$ - | \$ 62,571 | 28% | 71% | 0% | 2% |
| 4100030 - ADMINISTRATIVE SERVICES | | | | | | | | | | |
| Full Time Wages | \$ 520,952 | \$ - | \$ - | \$ 491,372 | \$ 20,838 | \$ 8,742 | 0% | 94% | 4% | 2% |
| Overtime Wages | 432 | - | - | 407 | 17 | 7 | 0% | 94% | 4% | 2% |
| Extra Regular Wages | - | - | - | - | - | - | 0% | 94% | 4% | 2% |
| Fringe Benefits | 179,154 | - | - | 168,982 | 7,166 | 3,006 | 0% | 94% | 4% | 2% |
| Retiree Health Care | 194,173 | - | - | 183,148 | 7,767 | 3,258 | 0% | 94% | 4% | 2% |
| Payroll Taxes | 13,284 | - | - | 12,530 | 531 | 223 | 0% | 94% | 4% | 2% |
| Utilities-Electricity | 20,685 | - | - | 19,510 | 827 | 347 | 0% | 94% | 4% | 2% |
| Utilities-Water Usage | 2,200 | - | - | 2,075 | 88 | 37 | 0% | 94% | 4% | 2% |
| Utilities-Natural Gas | 5,460 | - | - | 5,150 | 218 | 92 | 0% | 94% | 4% | 2% |
| Utilities-Sanitation | - | - | - | - | - | - | 0% | 94% | 4% | 2% |
| Telephone | 29,224 | - | - | 27,565 | 1,169 | 490 | 0% | 94% | 4% | 2% |
| Supplies | 13,416 | - | - | 12,654 | 537 | 225 | 0% | 94% | 4% | 2% |
| Subs, Publications & Memberships | 9,568 | - | - | 9,025 | 383 | 161 | 0% | 94% | 4% | 2% |
| Training & Education | 5,408 | - | - | 5,101 | 216 | 91 | 0% | 94% | 4% | 2% |
| Travel & Meetings | 525 | - | - | 495 | 21 | 9 | 0% | 94% | 4% | 2% |
| SCLA Meetings | - | - | - | - | - | - | 0% | 94% | 4% | 2% |
| Legal Notices | 6,448 | - | - | 6,082 | 258 | 108 | 0% | 94% | 4% | 2% |
| Recruiting | 8,112 | - | - | 7,651 | 324 | 136 | 0% | 94% | 4% | 2% |
| Fuel | 7,455 | - | - | 7,032 | 298 | 125 | 0% | 94% | 4% | 2% |
| Vehicle Expense | 4,368 | - | - | 4,120 | 175 | 73 | 0% | 94% | 4% | 2% |
| Small Tools & Furniture | 1,664 | - | - | 1,570 | 67 | 28 | 0% | 94% | 4% | 2% |
| Computer Equipment | 27,040 | - | - | 25,505 | 1,082 | 454 | 0% | 94% | 4% | 2% |
| Contract Services | 144,560 | - | - | 136,352 | 5,782 | 2,426 | 0% | 94% | 4% | 2% |

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TABLE 28, cont.

| Classification of Expenses | | | | | | | | | | |
|---|----------------------------|-------------------|------------------|---------------------|-------------------|------------------|-------------------------|------------|-----------|-----------|
| Budget Categories | Total Revenue Requirements | Commodity | Commodity Tier 2 | Capacity | Customer | Fire Protection | Basis of Classification | | | |
| | 0.00 | (COM) | (COM Tier 2) | (CAP) | (CA) | (FP) | (COM) | (CAP) | (CA) | (FP) |
| 4100030 - ADMINISTRATIVE SERVICES | | | | | | | | | | |
| Insurance | 435,040 | - | - | 410,338 | 17,402 | 7,300 | 0% | 94% | 4% | 2% |
| Legal | 70,304 | - | - | 66,312 | 2,812 | 1,180 | 0% | 94% | 4% | 2% |
| Federal, State & Local Fees | 122,200 | - | - | 115,261 | 4,888 | 2,051 | 0% | 94% | 4% | 2% |
| Building Maintenance | 10,816 | - | - | 10,202 | 433 | 182 | 0% | 94% | 4% | 2% |
| Vandalism & Accidents | 54,080 | - | - | 51,009 | 2,163 | 908 | 0% | 94% | 4% | 2% |
| Cost Allocation | 2,813,566 | - | - | 2,653,810 | 112,543 | 47,214 | 0% | 94% | 4% | 2% |
| SUBTOTAL: ADMINISTRATIVE SERVICES | \$ 4,700,135 | \$ - | \$ - | \$ 4,433,258 | \$ 188,005 | \$ 78,872 | 0% | 94% | 4% | 2% |
| 4100505 - SCADA & TELEMETRY SERVICES | | | | | | | | | | |
| Full Time Wages | \$ 249,806 | \$ - | \$ - | \$ 245,604 | \$ - | \$ 4,201 | 0% | 98% | 0% | 2% |
| Overtime Wages | 9,464 | - | - | 9,305 | - | 159 | 0% | 98% | 0% | 2% |
| Extra Regular Wages | - | - | - | - | - | - | 0% | 98% | 0% | 2% |
| Fringe Benefits | 103,139 | - | - | 101,405 | - | 1,735 | 0% | 98% | 0% | 2% |
| Payroll Taxes | 6,370 | - | - | 6,263 | - | 107 | 0% | 98% | 0% | 2% |
| Telephone | 2,392 | - | - | 2,352 | - | 40 | 0% | 98% | 0% | 2% |
| Supplies | 3,224 | - | - | 3,170 | - | 54 | 0% | 98% | 0% | 2% |
| Subs, Publications & Memberships | - | - | - | - | - | - | 0% | 98% | 0% | 2% |
| Training & Education | 11,648 | - | - | 11,452 | - | 196 | 0% | 98% | 0% | 2% |
| Fuel | 10,080 | - | - | 9,910 | - | 170 | 0% | 98% | 0% | 2% |
| Vehicle Expense | 4,888 | - | - | 4,806 | - | 82 | 0% | 98% | 0% | 2% |
| Small Tools & Furniture | 33,280 | - | - | 32,720 | - | 560 | 0% | 98% | 0% | 2% |
| Contract Services | 26,850 | - | - | 26,398 | - | 452 | 0% | 98% | 0% | 2% |
| Infrastructure Repairs & Maintenance | 60,261 | - | - | 59,247 | - | 1,013 | 0% | 98% | 0% | 2% |
| Expense Capitalization | - | - | - | - | - | - | 0% | 98% | 0% | 2% |
| SUBTOTAL: SCADA & TELEMETRY SERVICES | \$ 521,402 | \$ - | \$ - | \$ 512,633 | \$ - | \$ 8,769 | 0% | 98% | 0% | 2% |
| 4100510 - HIGH DESERT POWER PROJECT | | | | | | | | | | |
| Full Time Wages | \$ 55,702 | \$ - | \$ - | \$ 54,766 | \$ - | \$ 937 | 0% | 98% | 0% | 2% |
| Overtime Wages | 28,080 | - | - | 27,608 | - | 472 | 0% | 98% | 0% | 2% |
| Standby Wages | 34,528 | - | - | 33,947 | - | 581 | 0% | 98% | 0% | 2% |
| Extra Regular Wages | - | - | - | - | - | - | 0% | 98% | 0% | 2% |
| Fringe Benefits | 14,040 | - | - | 13,804 | - | 236 | 0% | 98% | 0% | 2% |
| Payroll Taxes | 1,040 | - | - | 1,023 | - | 17 | 0% | 98% | 0% | 2% |
| Utilities-Production Power | 234,350 | 234,350 | - | - | - | - | 100% | 0% | 0% | 0% |
| Supplies | 43,680 | - | - | 42,945 | - | 735 | 0% | 98% | 0% | 2% |
| Contract Services | 327,600 | - | - | 322,090 | - | 5,510 | 0% | 98% | 0% | 2% |
| Federal, State & Local Fees | 520 | - | - | 511 | - | 9 | 0% | 98% | 0% | 2% |
| Grounds Maintenance | 7,696 | - | - | 7,567 | - | 129 | 0% | 98% | 0% | 2% |
| Infrastructure Repairs & Maintenance | 20,800 | - | - | 20,450 | - | 350 | 0% | 98% | 0% | 2% |
| Purchased Water | - | - | - | - | - | - | 0% | 100% | 0% | 0% |
| SUBTOTAL: HDPP OPERATING EXPENSES | \$ 768,036 | \$ 234,350 | \$ - | \$ 524,711 | \$ - | \$ 8,976 | 31% | 68% | 0% | 1% |
| 4100515 - QUALITY & TREATMENT SERVICES | | | | | | | | | | |
| Full Time Wages | \$ 76,180 | \$ - | \$ - | \$ 74,901 | \$ - | \$ 1,278 | 0% | 98% | 0% | 2% |
| Overtime Wages | 2,392 | - | - | 2,352 | - | 40 | 0% | 98% | 0% | 2% |
| Extra Regular Wages | - | - | - | - | - | - | 0% | 98% | 0% | 2% |
| Fringe Benefits | 27,786 | - | - | 27,320 | - | 466 | 0% | 98% | 0% | 2% |
| Payroll Taxes | 1,943 | - | - | 1,910 | - | 33 | 0% | 98% | 0% | 2% |
| Telephone | 520 | 256 | - | 255 | - | 9 | 49% | 49% | 0% | 2% |
| Supplies | 178,464 | 175,469 | - | - | - | 2,995 | 98% | 0% | 0% | 2% |
| Training & Education | 2,808 | 1,385 | - | 1,376 | - | 47 | 49% | 49% | 0% | 2% |
| Fuel | 5,565 | 2,745 | - | 2,727 | - | 93 | 49% | 49% | 0% | 2% |
| Vehicle Expense | 3,328 | 1,641 | - | 1,631 | - | 56 | 49% | 49% | 0% | 2% |
| Small Tools & Furniture | 1,040 | 513 | - | 510 | - | 17 | 49% | 49% | 0% | 2% |

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TABLE 28, cont.

| Classification of Expenses | | | | | | | | | | |
|---|---------------------|-------------------|-------------|-------------------|-------------------|------------------|-------------------------|------------------------|------------|-----------|
| Budget Categories | Total Revenue | Commodity | Commodity | Capacity | Customer | Fire Protection | Basis of Classification | | | |
| | FY 2021/22 | | | | | | (COM) | Tier 2 (COM Tier 2) | (CAP) | (CA) |
| Contract Services | 191,464 | 188,251 | - | - | - | 3,213 | 98% | 0% | 0% | 2% |
| Federal, State & Local Fees | 27,040 | 13,337 | - | 13,250 | - | 454 | 49% | 49% | 0% | 2% |
| Infrastructure Repairs & Maintenance | 27,040 | 13,337 | - | 13,250 | - | 454 | 49% | 49% | 0% | 2% |
| SUBTOTAL: QUALITY & TREATMENT SERVICES | \$ 545,569 | \$ 396,934 | \$ - | \$ 139,480 | \$ - | \$ 9,155 | 73% | 26% | 0% | 2% |
| 4100525 - CONSERVATION SERVICES | | | | | | | | | | |
| Full Time Wages | \$ 301,434 | \$ 301,434 | \$ - | \$ - | \$ - | \$ - | 100% | 0% | 0% | 0% |
| Overtime Wages | 4,368 | 4,368 | - | - | - | - | 100% | 0% | 0% | 0% |
| Extra Regular Wages | - | - | - | - | - | - | 100% | 0% | 0% | 0% |
| Fringe Benefits | 118,197 | 118,197 | - | - | - | - | 100% | 0% | 0% | 0% |
| Payroll Taxes | 7,687 | 7,687 | - | - | - | - | 100% | 0% | 0% | 0% |
| Utilities-Electricity | 2,520 | 2,520 | - | - | - | - | 100% | 0% | 0% | 0% |
| Utilities-Water Usage | 100 | 100 | - | - | - | - | 100% | 0% | 0% | 0% |
| Utilities-Natural Gas | 210 | 210 | - | - | - | - | 100% | 0% | 0% | 0% |
| Telephone | 4,368 | 4,368 | - | - | - | - | 100% | 0% | 0% | 0% |
| Supplies | 19,448 | 19,448 | - | - | - | - | 100% | 0% | 0% | 0% |
| Training & Education | 1,560 | 1,560 | - | - | - | - | 100% | 0% | 0% | 0% |
| Conservation Programs | 68,432 | 68,432 | - | - | - | - | 100% | 0% | 0% | 0% |
| Fuel | 3,045 | 3,045 | - | - | - | - | 100% | 0% | 0% | 0% |
| Vehicle Expense | 2,704 | 2,704 | - | - | - | - | 100% | 0% | 0% | 0% |
| Small Tools & Furniture | 520 | 520 | - | - | - | - | 100% | 0% | 0% | 0% |
| Contract Services | 3,952 | 3,952 | - | - | - | - | 100% | 0% | 0% | 0% |
| SUBTOTAL: CONSERVATION SERVICES | \$ 538,545 | \$ 538,545 | \$ - | \$ - | \$ - | \$ - | 100% | 0% | 0% | 0% |
| 4100530 - METER READING & MAINTENANCE SERVICES | | | | | | | | | | |
| Full Time Wages | \$ 561,323 | \$ - | \$ - | \$ 275,941 | \$ 275,941 | \$ 9,440 | 0% | 49% | 49% | 2% |
| Overtime Wages | 10,400 | - | - | 5,113 | 5,113 | 175 | 0% | 49% | 49% | 2% |
| Standby Wages | 10,400 | - | - | 5,113 | 5,113 | 175 | 0% | 49% | 49% | 2% |
| Extra Regular Wages | - | - | - | - | - | - | 0% | 49% | 49% | 2% |
| Fringe Benefits | 268,268 | - | - | 131,878 | 131,878 | 4,512 | 0% | 49% | 49% | 2% |
| Payroll Taxes | 14,314 | - | - | 7,037 | 7,037 | 241 | 0% | 49% | 49% | 2% |
| Telephone | 9,516 | - | - | 4,678 | 4,678 | 160 | 0% | 49% | 49% | 2% |
| Supplies | 8,736 | - | - | 4,295 | 4,295 | 147 | 0% | 49% | 49% | 2% |
| Training & Education | 2,080 | - | - | 1,023 | 1,023 | 35 | 0% | 49% | 49% | 2% |
| Fuel | 44,415 | - | - | 21,834 | 21,834 | 747 | 0% | 49% | 49% | 2% |
| Equipment Expense | 3,120 | - | - | 1,534 | 1,534 | 52 | 0% | 49% | 49% | 2% |
| Vehicle Expense | 15,600 | - | - | 7,669 | 7,669 | 262 | 0% | 49% | 49% | 2% |
| Small Tools & Furniture | 6,760 | - | - | 3,323 | 3,323 | 114 | 0% | 49% | 49% | 2% |
| Contract Services | 27,040 | - | - | 13,293 | 13,293 | 455 | 0% | 49% | 49% | 2% |
| Infrastructure Repairs & Maintenance | 86,320 | - | - | 42,434 | 42,434 | 1,452 | 0% | 49% | 49% | 2% |
| Meter Service Installations | 156,000 | - | - | 76,688 | 76,688 | 2,624 | 0% | 49% | 49% | 2% |
| Meter Service Change Outs | 325,000 | - | - | 159,767 | 159,767 | 5,466 | 0% | 49% | 49% | 2% |
| Expense Capitalization | - | - | - | - | - | - | 0% | 49% | 49% | 2% |
| SUBTOTAL: METER READING & MAINTENANCE SERVICES | \$ 1,549,291 | \$ - | \$ - | \$ 761,618 | \$ 761,618 | \$ 26,056 | 0% | 49% | 49% | 2% |
| 4100535 - TRANSMISSION & DISTRIBUTION SERVICES | | | | | | | | | | |
| Full Time Wages | \$ 1,516,526 | \$ 1,516,526 | \$ - | \$ - | \$ - | \$ - | 100% | 0% | 0% | 0% |
| Overtime Wages | 28,600 | 28,600 | - | - | - | - | 100% | 0% | 0% | 0% |
| Standby Wages | 10,400 | 10,400 | - | - | - | - | 100% | 0% | 0% | 0% |
| Extra Regular Wages | - | - | - | - | - | - | 100% | 0% | 0% | 0% |
| Fringe Benefits | 683,003 | 683,003 | - | - | - | - | 100% | 0% | 0% | 0% |
| Payroll Taxes | 38,671 | 38,671 | - | - | - | - | 100% | 0% | 0% | 0% |
| Telephone | 16,848 | 16,848 | - | - | - | - | 100% | 0% | 0% | 0% |
| Supplies | 24,440 | 24,440 | - | - | - | - | 100% | 0% | 0% | 0% |
| Training & Education | 8,216 | 8,216 | - | - | - | - | 100% | 0% | 0% | 0% |

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TABLE 28, cont.

| Classification of Expenses | | | | | | | | | | |
|---|----------------------------|---------------------|------------------|-------------------|-----------------|-----------------|-------------------------|------------|-----------|-----------|
| Budget Categories | Total Revenue Requirements | Commodity | Commodity Tier 2 | Capacity | Customer | Fire Protection | Basis of Classification | | | |
| | FY 2021/22 | (COM) | (COM Tier 2) | (CAP) | (CA) | (FP) | (COM) | (CAP) | (CA) | (FP) |
| Fuel | 101,220 | 101,220 | - | - | - | - | 100% | 0% | 0% | 0% |
| Equipment Expense | 64,480 | 64,480 | - | - | - | - | 100% | 0% | 0% | 0% |
| Vehicle Expense | 82,576 | 82,576 | - | - | - | - | 100% | 0% | 0% | 0% |
| Small Tools & Furniture | 22,464 | 22,464 | - | - | - | - | 100% | 0% | 0% | 0% |
| Contract Services | 83,720 | 83,720 | - | - | - | - | 100% | 0% | 0% | 0% |
| Infrastructure Repairs & Maintenance | 557,752 | 557,752 | - | - | - | - | 100% | 0% | 0% | 0% |
| Expense Capitalization | - | - | - | - | - | - | 100% | 0% | 0% | 0% |
| SUBTOTAL: TRANSMISSION & DISTRIBUTION | \$ 3,238,916 | \$ 3,238,916 | \$ - | \$ - | \$ - | \$ - | 100% | 0% | 0% | 0% |
| 4100540 - SUPPLY SERVICE WAREHOUSE | | | | | | | | | | |
| Utilities-Electricity | \$ 7,488 | \$ 3,693 | \$ - | \$ 3,669 | \$ - | \$ 126 | 49% | 49% | 0% | 2% |
| Utilities-Water Usage | 2,225 | 1,097 | - | 1,090 | - | 37 | 49% | 49% | 0% | 2% |
| Utilities-Natural Gas | 1,575 | 777 | - | 772 | - | 26 | 49% | 49% | 0% | 2% |
| Utilities-Sanitation | 5,250 | 2,589 | - | 2,573 | - | 88 | 49% | 49% | 0% | 2% |
| Telephone | 1,872 | 923 | - | 917 | - | 31 | 49% | 49% | 0% | 2% |
| Supplies | 2,600 | 1,282 | - | 1,274 | - | 44 | 49% | 49% | 0% | 2% |
| Fuel | 1,050 | 518 | - | 515 | - | 18 | 49% | 49% | 0% | 2% |
| Vehicle Expense | 2,288 | 1,128 | - | 1,121 | - | 38 | 49% | 49% | 0% | 2% |
| Small Tools & Furniture | 104 | 51 | - | 51 | - | 2 | 49% | 49% | 0% | 2% |
| Building Maintenance | 8,736 | 4,308 | - | 4,281 | - | 147 | 49% | 49% | 0% | 2% |
| SUBTOTAL: SUPPLY SERVICE WAREHOUSE | \$ 33,188 | \$ 16,368 | \$ - | \$ 16,262 | \$ - | \$ 558 | 49% | 49% | 0% | 2% |
| 4100541 - FIELD SERVICE WAREHOUSE | | | | | | | | | | |
| Full Time Wages | \$ 119,780 | \$ - | \$ - | \$ 112,974 | \$ 4,791 | \$ 2,014 | 0% | 94% | 4% | 2% |
| Overtime Wages | 104 | - | - | 98 | 4 | 2 | 0% | 94% | 4% | 2% |
| Extra Regular Wages | - | - | - | - | - | - | 0% | 94% | 4% | 2% |
| Fringe Benefits | 54,769 | - | - | 51,657 | 2,191 | 921 | 0% | 94% | 4% | 2% |
| Payroll Taxes | 3,054 | - | - | 2,881 | 122 | 51 | 0% | 94% | 4% | 2% |
| Utilities-Electricity | 18,165 | - | - | 17,133 | 727 | 305 | 0% | 94% | 4% | 2% |
| Utilities-Water Usage | 2,900 | - | - | 2,735 | 116 | 49 | 0% | 94% | 4% | 2% |
| Utilities-Natural Gas | 3,570 | - | - | 3,367 | 143 | 60 | 0% | 94% | 4% | 2% |
| Telephone | 260 | - | - | 245 | 10 | 4 | 0% | 94% | 4% | 2% |
| Supplies | 10,400 | - | - | 9,809 | 416 | 175 | 0% | 94% | 4% | 2% |
| Training & Education | 416 | - | - | 392 | 17 | 7 | 0% | 94% | 4% | 2% |
| Fuel | 525 | - | - | 495 | 21 | 9 | 0% | 94% | 4% | 2% |
| Vehicle Expense | 3,432 | - | - | 3,237 | 137 | 58 | 0% | 94% | 4% | 2% |
| Contract Services | 1,456 | - | - | 1,373 | 58 | 24 | 0% | 94% | 4% | 2% |
| Building Maintenance | 3,328 | - | - | 3,139 | 133 | 56 | 0% | 94% | 4% | 2% |
| Grounds Maintenance | - | - | - | - | - | - | 0% | 94% | 4% | 2% |
| SUBTOTAL: FIELD SERVICE WAREHOUSE | \$ 222,159 | \$ - | \$ - | \$ 209,537 | \$ 8,886 | \$ 3,736 | 0% | 94% | 4% | 2% |
| 4100545 - CUSTOMER SERVICE, CASHIERING, BILLING & CREDIT | | | | | | | | | | |
| Full Time Wages | \$ 1,241,654 | \$ - | \$ - | \$ - | \$ 1,220,772 | \$ 20,882 | 0% | 0% | 98% | 2% |
| Overtime Wages | 5,200 | - | - | - | 5,113 | 87 | 0% | 0% | 98% | 2% |
| Extra Regular Wages | - | - | - | - | - | - | 0% | 0% | 98% | 2% |
| Fringe Benefits | 510,286 | - | - | - | 501,704 | 8,582 | 0% | 0% | 98% | 2% |
| Payroll Taxes | 31,662 | - | - | - | 31,130 | 532 | 0% | 0% | 98% | 2% |
| Utilities-Electricity | 15,855 | - | - | - | 15,588 | 267 | 0% | 0% | 98% | 2% |
| Utilities-Water Usage | 1,200 | - | - | - | 1,180 | 20 | 0% | 0% | 98% | 2% |
| Utilities-Natural Gas | 1,365 | - | - | - | 1,342 | 23 | 0% | 0% | 98% | 2% |
| Telephone | 520 | - | - | - | 511 | 9 | 0% | 0% | 98% | 2% |
| Supplies | 212,160 | - | - | - | 208,592 | 3,568 | 0% | 0% | 98% | 2% |
| Training & Education | 2,600 | - | - | - | 2,556 | 44 | 0% | 0% | 98% | 2% |

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TABLE 28, cont.

| Classification of Expenses | | | | | | | | | | |
|--|----------------------------|-------------|------------------|---------------------|---------------------|------------------|-------------------------|------------|------------|-----------|
| Budget Categories | Total Revenue Requirements | Commodity | Commodity Tier 2 | Capacity | Customer | Fire Protection | Basis of Classification | | | |
| | FY 2021/22 | (COM) | (COM Tier 2) | (CAP) | (CA) | (FP) | (COM) | (CAP) | (CA) | (FP) |
| Travel & Meetings | 525 | - | - | - | 516 | 9 | 0% | 0% | 98% | 2% |
| Small Tools & Furniture | 2,808 | - | - | - | 2,761 | 47 | 0% | 0% | 98% | 2% |
| Contract Services | 457,184 | - | - | - | 449,495 | 7,689 | 0% | 0% | 98% | 2% |
| Federal, State & Local Fees | 8,424 | - | - | - | 8,282 | 142 | 0% | 0% | 98% | 2% |
| Building Maintenance | 416 | - | - | - | 409 | 7 | 0% | 0% | 98% | 2% |
| Uncollectible Write-Offs | 56,160 | - | - | - | 55,216 | 944 | 0% | 0% | 98% | 2% |
| SUBTOTAL: CUSTOMER SERVICE, CASHIERING | \$ 2,548,019 | \$ - | \$ - | \$ - | \$ 2,505,166 | \$ 42,853 | 0% | 0% | 98% | 2% |
| 4101515 - GEOGRAPHIC INFORMATION SERVICES | | | | | | | | | | |
| Full Time Wages | \$ 78,581 | \$ - | \$ - | \$ - | \$ 77,259 | \$ 1,322 | 0% | 0% | 98% | 2% |
| Overtime Wages | 312 | - | - | - | 307 | 5 | 0% | 0% | 98% | 2% |
| Extra Regular Wages | - | - | - | - | - | - | 0% | 0% | 98% | 2% |
| Fringe Benefits | 30,355 | - | - | - | 29,844 | 511 | 0% | 0% | 98% | 2% |
| Payroll Taxes | 2,004 | - | - | - | 1,970 | 34 | 0% | 0% | 98% | 2% |
| Telephone | 1,560 | - | - | - | 1,534 | 26 | 0% | 0% | 98% | 2% |
| Supplies | 104 | - | - | - | 102 | 2 | 0% | 0% | 98% | 2% |
| Training & Education | 3,640 | - | - | - | 3,579 | 61 | 0% | 0% | 98% | 2% |
| Travel & Meetings | 525 | - | - | - | 516 | 9 | 0% | 0% | 98% | 2% |
| Fuel | 4,200 | - | - | - | 4,129 | 71 | 0% | 0% | 98% | 2% |
| Vehicle Expense | 2,080 | - | - | - | 2,045 | 35 | 0% | 0% | 98% | 2% |
| Computer Equipment | 18,200 | - | - | - | 17,894 | 306 | 0% | 0% | 98% | 2% |
| Contract Services | 155,000 | - | - | - | 152,393 | 2,607 | 0% | 0% | 98% | 2% |
| Expense Capitalization | - | - | - | - | - | - | 0% | 0% | 98% | 2% |
| SUBTOTAL: GEOGRAPHIC INFORMATION SERVICES | \$ 296,560 | \$ - | \$ - | \$ - | \$ 291,573 | \$ 4,988 | 0% | 0% | 98% | 2% |
| 4104000 - CODE ENFORCEMENT | | | | | | | | | | |
| Contra Expense Wages | - | - | - | - | - | - | 0% | 0% | 98% | 2% |
| Full Time Wages | 296,371 | - | - | - | 291,386 | 4,984 | 0% | 0% | 98% | 2% |
| Overtime Wages | 312 | - | - | - | 307 | 5 | 0% | 0% | 98% | 2% |
| Extra Regular Wages | - | - | - | - | - | - | 0% | 0% | 98% | 2% |
| Fringe Benefits | 129,446 | - | - | - | 127,269 | 2,177 | 0% | 0% | 98% | 2% |
| Payroll Taxes | 7,557 | - | - | - | 7,430 | 127 | 0% | 0% | 98% | 2% |
| SUBTOTAL: CODE ENFORCEMENT | \$ 433,686 | \$ - | \$ - | \$ - | \$ 426,392 | \$ 7,294 | 0% | 0% | 98% | 2% |
| 4104500 - ENGINEERING SERVICES | | | | | | | | | | |
| Full Time Wages | \$ 1,096,150 | \$ - | \$ - | \$ 1,033,910 | \$ 43,846 | \$ 18,394 | 0% | 94% | 4% | 2% |
| Overtime Wages | 5,720 | - | - | 5,395 | 229 | 96 | 0% | 94% | 4% | 2% |
| Extra Regular Wages | - | - | - | - | - | - | 0% | 94% | 4% | 2% |
| Fringe Benefits | 390,000 | - | - | 367,856 | 15,600 | 6,544 | 0% | 94% | 4% | 2% |
| Retiree Health Care | 11,669 | - | - | 11,006 | 467 | 196 | 0% | 94% | 4% | 2% |
| Payroll Taxes | 15,600 | - | - | 14,714 | 624 | 262 | 0% | 94% | 4% | 2% |
| Utilities-Electricity | 13,650 | - | - | 12,875 | 546 | 229 | 0% | 94% | 4% | 2% |
| Utilities-Water Usage | 1,200 | - | - | 1,132 | 48 | 20 | 0% | 94% | 4% | 2% |
| Utilities-Natural Gas | 1,155 | - | - | 1,089 | 46 | 19 | 0% | 94% | 4% | 2% |
| Telephone | 6,760 | - | - | 6,376 | 270 | 113 | 0% | 94% | 4% | 2% |
| Supplies | 9,256 | - | - | 8,730 | 370 | 155 | 0% | 94% | 4% | 2% |
| Training & Education | 5,096 | - | - | 4,807 | 204 | 86 | 0% | 94% | 4% | 2% |
| Fuel | 10,185 | - | - | 9,607 | 407 | 171 | 0% | 94% | 4% | 2% |
| Vehicle Expense | 2,808 | - | - | 2,649 | 112 | 47 | 0% | 94% | 4% | 2% |
| Small Tools & Furniture | 520 | - | - | 490 | 21 | 9 | 0% | 94% | 4% | 2% |
| Contract Services | 187,200 | - | - | 176,571 | 7,488 | 3,141 | 0% | 94% | 4% | 2% |
| Infrastructure Repairs & Maintenance | 784,000 | - | - | 739,484 | 31,360 | 13,156 | 0% | 94% | 4% | 2% |
| Expense Capitalization | - | - | - | - | - | - | 0% | 94% | 4% | 2% |
| SUBTOTAL: ENGINEERING SERVICES | \$ 2,540,969 | \$ - | \$ - | \$ 2,396,691 | \$ 101,639 | \$ 42,639 | 0% | 94% | 4% | 2% |

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TABLE 28, cont.

| Classification of Expenses | | | | | | | | | | |
|--------------------------------------|----------------------------|----------------------|------------------|----------------------|---------------------|-------------------|-------------------------|-------------|------------|-----------|
| Budget Categories | Total Revenue Requirements | Commodity | Commodity Tier 2 | Capacity | Customer | Fire Protection | Basis of Classification | | | |
| | FY 2021/22 | (COM) | (COM Tier 2) | (CAP) | (CA) | (FP) | (COM) | (CAP) | (CA) | (FP) |
| 4105001 - ASPHALT SERVICES | | | | | | | | | | |
| Full Time Wages | \$ 107,070 | \$ - | \$ - | \$ 100,990 | \$ 4,283 | \$ 1,797 | 0% | 94% | 4% | 2% |
| Overtime Wages | 18,720 | - | - | 17,657 | 749 | 314 | 0% | 94% | 4% | 2% |
| Extra Regular Wages | - | - | - | - | - | - | 0% | 94% | 4% | 2% |
| Fringe Benefits | 48,478 | - | - | 45,725 | 1,939 | 813 | 0% | 94% | 4% | 2% |
| Payroll Taxes | 2,730 | - | - | 2,575 | 109 | 46 | 0% | 94% | 4% | 2% |
| Supplies | 884 | - | - | 834 | 35 | 15 | 0% | 94% | 4% | 2% |
| Small Tools & Furniture | 390 | - | - | 368 | 16 | 7 | 0% | 94% | 4% | 2% |
| Infrastructure Repairs & Maintenance | 7,875 | - | - | 7,428 | 315 | 132 | 0% | 94% | 4% | 2% |
| SUBTOTAL: ASPHALT SERVICES | \$ 186,147 | \$ - | \$ - | \$ 175,577 | \$ 7,446 | \$ 3,124 | 0% | 94% | 4% | 2% |
| 4100010 - CAPITAL PURCHASES | | | | | | | | | | |
| Capital Purchases | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 0% | 100% | 0% | 0% |
| SUBTOTAL: CAPITAL PURCHASES | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 0% | 100% | 0% | 0% |
| TOTAL OPERATING EXPENSES | \$ 29,564,837 | \$ 13,168,253 | \$ - | \$ 11,806,269 | \$ 4,290,725 | \$ 299,589 | 45% | 40% | 15% | 1% |

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TABLE 29 : CLASSIFICATION OF EXPENSES FOR COST OF SERVICE ANALYSIS

| Classification of Expenses | | | | | | | | | | |
|---|----------------------------|----------------------|------------------|----------------------|---------------------|-------------------|-------------------------|------------|------------|-----------|
| Budget Categories | Total Revenue Requirements | Commodity | Commodity Tier 2 | Capacity | Customer | Fire Protection | Basis of Classification | | | |
| | FY 2021/22 | (COM) | (COM Tier 2) | (CAP) | (CA) | (FP) | (COM) | (CAP) | (CA) | (FP) |
| Debt Service Payments | | | | | | | | | | |
| Outstanding Debt | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 0% | 100% | 0% | 0% |
| New Debt Issue - SRF Loan | - | - | - | - | - | - | 0% | 100% | 0% | 0% |
| New Debt Issue - Revenue Bond | - | - | - | - | - | - | 0% | 100% | 0% | 0% |
| Total Debt Service Payments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 0% | 0% | 0% | 0% |
| Capital Expenditures | | | | | | | | | | |
| Rate Funded Capital Expenses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 0% | 98% | 0% | 2% |
| TOTAL REVENUE REQUIREMENTS | \$ 29,564,837 | \$ 13,168,253 | \$ - | \$ 11,806,269 | \$ 4,290,725 | \$ 299,589 | 45% | 40% | 15% | 1% |
| Less: Non-Rate Revenues | | | | | | | | | | |
| Water Permits | \$ (34,374) | \$ - | \$ - | \$ - | \$ (34,026) | \$ (348) | 0% | 0% | 99% | 1% |
| Penalty/Late Fees | (348,534) | - | - | - | (345,002) | (3,532) | 0% | 0% | 99% | 1% |
| Plan Check Fees | (50,900) | - | - | - | (50,384) | (516) | 0% | 0% | 99% | 1% |
| Water Service Fees | (420,240) | - | - | - | (415,982) | (4,258) | 0% | 0% | 99% | 1% |
| Service Installation Fees | (218,484) | - | - | - | (216,270) | (2,214) | 0% | 0% | 99% | 1% |
| Service Call Fees | (408,408) | - | - | - | (404,269) | (4,139) | 0% | 0% | 99% | 1% |
| Standby Fees | (90,000) | - | - | - | (89,088) | (912) | 0% | 0% | 99% | 1% |
| Scrap/Recyclable Materials | - | - | - | - | - | - | 0% | 0% | 99% | 1% |
| Over & Under | - | - | - | - | - | - | 0% | 0% | 99% | 1% |
| Connection Fees | - | - | - | - | - | - | 0% | 0% | 0% | 0% |
| Interest Income | (394,218) | (175,586) | - | (157,425) | (57,213) | (3,995) | 45% | 40% | 15% | 1% |
| Interest Income-Interfund Loan | (749,700) | (333,918) | - | (299,381) | (108,803) | (7,597) | 45% | 40% | 15% | 1% |
| Principal Payment-Interfund Loan | (1,835,112) | (817,364) | - | (732,824) | (266,329) | (18,596) | 45% | 40% | 15% | 1% |
| Interest Income-Restricted | - | - | - | - | - | - | 45% | 40% | 15% | 1% |
| Lease Occupancy | (1) | (0) | - | (0) | (0) | (0) | 45% | 40% | 15% | 1% |
| Pass Through Property Tax | (272,000) | (121,149) | - | (108,619) | (39,475) | (2,756) | 45% | 40% | 15% | 1% |
| Miscellaneous Revenue | - | - | - | - | - | - | 45% | 40% | 15% | 1% |
| Capital Contribution | - | - | - | - | - | - | 45% | 40% | 15% | 1% |
| Water Sales-Wholesale | - | - | - | - | - | - | 45% | 40% | 15% | 1% |
| Reimbursements-Operating Cost Recovery | (992,700) | (442,151) | - | (396,420) | (144,070) | (10,059) | 45% | 40% | 15% | 1% |
| NET REVENUE REQUIREMENTS | \$ 23,750,166 | \$ 11,278,085 | \$ - | \$ 10,111,599 | \$ 2,119,814 | \$ 240,668 | | | | |
| <i>Allocation of Revenue Requirements</i> | <i>100.0%</i> | <i>47.5%</i> | <i>0.0%</i> | <i>42.6%</i> | <i>8.9%</i> | <i>1.0%</i> | | | | |

TABLE 30 : ADJUSTMENTS TO CLASSIFICATION OF EXPENSES

| Adjustments to Classification of Expenses | | | | | | |
|---|----------------------|----------------------|--------------|----------------------|---------------------|-------------------|
| Adjustment to Current Rate Level: | Total | (COM) | (COM Tier 2) | (CAP) | (CA) | (FP) |
| FY 2021/22 Target Rate Rev. After Rate Increase | \$ 30,688,236 | | | | | |
| Projected Rate Revenue at Current Rates | 29,794,404 | | | | | |
| FY 2021/22 Projected Rate Increase | 3% | | | | | |
| Adjusted Net Revenue Req'ts | \$ 30,688,236 | \$ 14,572,720 | \$ - | \$ 13,065,473 | \$ 2,739,070 | \$ 310,973 |
| <i>Percent of Revenue</i> | | <i>47.5%</i> | <i>0.0%</i> | <i>42.6%</i> | <i>8.9%</i> | <i>1.0%</i> |

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TABLE 31 : DEVELOPMENT OF THE BASE COMMODITY ALLOCATION FACTOR

| Development of the BASE COMMODITY Allocation Factor | | | | | | |
|---|--------------------------------------|--|--|-------------------------|--|--|
| Customer Class | FY 2019/20 Volume (hcf) ¹ | % Adjustment for Conservation ² | Estimated Volume Adjusted for Conservation | Percent of Total Volume | % Adjustment for Conservation ³ | Estimated Volume Adjusted for Conservation |
| <i>Treated Water:</i> | | | | | | |
| Single Family Residential | 5,137,740 | 0% | 5,137,740 | 59.7% | 28% | 1,438,567 |
| Multi-Family Residential | 704,920 | 0% | 704,920 | 8.2% | 28% | 197,378 |
| Commercial | 1,164,409 | 0% | 1,164,409 | 13.5% | 28% | 326,035 |
| Irrigation | 90,252 | 0% | 90,252 | 1.0% | 28% | 25,271 |
| Institutional | 871,050 | 0% | 871,050 | 10.1% | 28% | 243,894 |
| Institutional Irrigation | 362,449 | 0% | 362,449 | 4.2% | 28% | 101,486 |
| Fire | 3,919 | 0% | 3,919 | 0.0% | 28% | 1,097 |
| Other | 275,271 | 0% | 275,271 | 3.2% | 28% | 77,076 |
| Total: Recurring Consumption | 8,610,010 | -- | 8,610,010 | 100.0% | -- | 2,410,803 |
| <i>Other Non-Recurring Consumption</i> | | | | | | |
| Commercial Flow Meter | 58,247 | 0% | 58,247 | 0.6% | 28% | 16,309 |
| Institutional Flow Meter | 3,220 | 0% | 3,220 | 0.0% | 28% | 902 |
| Institutional Well | 5,770 | 0% | 5,770 | 0.1% | 28% | 1,616 |
| Intertie | 316,631 | 0% | 316,631 | 3.5% | 28% | 88,657 |
| Total Non-Recurring Consumption | 383,868 | -- | 383,868 | 4.3% | -- | 107,483 |
| Grand Total Consumption | 8,993,878 | -- | 8,993,878 | -- | -- | 2,518,286 |

1. Consumption data is based on the VWD customer data. Source file: 2019-20 Customer Data.xlsx.
2. Assumes 0% conservation from FY 2019/20 consumption levels.
3. Assumes the District will meet the 28% conservation mandate from the State of CA, as noted in the draft usage analysis released 4/28/2015 by the State Water Resources Control Board.

TABLE 32 : DEVELOPMENT OF THE PEAK CAPACITY ALLOCATION FACTORS

| Development of the CAPACITY (MAX MONTH) Allocation Factors | | | | |
|--|---------------------------|-------------------------------------|-------------------|---------------------------|
| Customer Class | Average Monthly Use (hcf) | Peak Monthly Use ¹ (hcf) | Peak Month Factor | Max Month Capacity Factor |
| <i>Treated Water:</i> | | | | |
| Single Family Residential | 428,145 | 597,411 | 1.40 | 58.4% |
| Multi-Family Residential | 58,743 | 79,302 | 1.35 | 7.8% |
| Commercial | 97,034 | 120,991 | 1.25 | 11.8% |
| Irrigation | 7,521 | 12,321 | 1.64 | 1.2% |
| Institutional | 72,588 | 108,208 | 1.49 | 10.6% |
| Institutional Irrigation | 30,204 | 63,194 | 2.09 | 6.2% |
| Fire | 327 | 603 | 1.85 | 0.1% |
| Other | 22,939 | 40,379 | 1.76 | 3.9% |
| Total: Recurring Consumption | 717,501 | 1,022,409 | 1.42 | 100% |
| <i>Other Non-Recurring Consumption</i> | | | | |
| Commercial Flow Meter | 4,854 | 8,509 | 1.75 | 0.8% |
| Institutional Flow Meter | 268 | 464 | 1.73 | 0.0% |
| Institutional Well | 481 | 1,254 | 2.61 | 0.1% |
| Intertie | 26,386 | 67,334 | 2.55 | 6.1% |
| Total Non-Recurring Consumption | 31,989 | 77,561 | 2.42 | 7.1% |

1. Based on peak monthly data (peak day data not available).

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TABLE 33 : DEVELOPMENT OF THE CUSTOMER ALLOCATION FACTORS

| Development of the Customer Allocation Factor | | |
|--|-------------------------------|------------------|
| Customer Class | Number of Meters ¹ | Percent of Total |
| <i>Treated Water:</i> | | |
| Single Family Residential | 33,212 | 91.12% |
| Multi-Family Residential | 758 | 2.08% |
| Commercial | 1,267 | 3.48% |
| Irrigation | 138 | 0.38% |
| Institutional | 227 | 0.62% |
| Institutional Irrigation | 227 | 0.62% |
| Fire ² | 613 | 1.68% |
| Other ³ | 7 | 0.02% |
| Total: Recurring Consumption | 36,449 | 100.00% |
| <i>Other Non-Recurring Consumption⁴</i> | | |
| Commercial Flow Meter | 59 | 0.16% |
| Institutional Flow Meter | 17 | 0.05% |
| Institutional Well | 1 | 0.00% |
| Intertie | 4 | 0.01% |
| Total: Non-Recurring Meters | 81 | 0.22% |

- Meter by class and size are based on FY 2019/20 customer data. Victorville bills monthly. Source file: 2019-20 Customer Data.xlsx.
- Number of fire meters by size were provided by District Staff. Source file: 2019-20 Customer Data.xlsx .
- Other customers consist primarily of governmental customers (the City, special districts, other agencies) and churches.
- Commercial and Municipal Flow meters and Intertie connections are excluded from allocations of meter counts.

TABLE 34 : PROJECTED PRODUCTION FOR FIVE-YEAR RATE PERIOD

| Fiscal Year | Free Production Allowance (AF) ¹ | Replacement Obligation (AF) | Total Production ² | Free Production Allowance (%) | Replacement Obligation (%) | |
|-------------|---|------------------------------|-------------------------------|-------------------------------|----------------------------|--|
| 2021/22 | 12,976 | 11,727 | 24,703 | 53% | 47% | |
| 2022/23 | 11,678 | 13,594 | 25,272 | 46% | 54% | |
| 2023/24 | 10,381 | 15,473 | 25,854 | 40% | 60% | |
| 2024/25 | 10,381 | 16,069 | 26,450 | 39% | 61% | |
| 2025/26 | 10,381 | 16,678 | 27,059 | 38% | 62% | |
| Fiscal Year | Free Production Allowance (ccf) | Replacement Obligation (ccf) | Total Production | Free Production Allowance (%) | Replacement Obligation (%) | Free Production Allowance HCF/User/month |
| 2021/22 | 5,652,346 | 5,108,281 | 10,760,627 | 53% | 47% | 12.9 |
| 2022/23 | 5,087,111 | 5,921,372 | 11,008,483 | 46% | 54% | 11.6 |
| 2023/24 | 4,521,876 | 6,740,126 | 11,262,002 | 40% | 60% | 10.3 |
| 2024/25 | 4,521,876 | 6,999,744 | 11,521,620 | 39% | 61% | 10.3 |
| 2025/26 | 4,521,876 | 7,265,024 | 11,786,900 | 38% | 62% | 10.3 |

- Free Production Allowance is established annually by the court. For FY 2021/22, see the City's Mojave Water Agency Obligations worksheet. Source file: WATER - REV & EXP -BUDGET - CUBES 2021 -NBS.xlsx .
- Total production amount was provided by District Staff. Source files: Production Data-08.25.2020.xlsx and WATER - REV & EXP -BUDGET - CUBES 2021 -NBS.xlsx.

ALLOCATION OF WATER REVENUE REQUIREMENTS

Select Option **OPTION 2**

OPTION 1

TABLE 35 : PERCENTAGE OF FIXED VS. VARIABLE SPLIT FOR PROPOSED RATE PERIOD

| Fixed-Variable %'s for Five-Year Period | COSA Split FY 2021/22 | Current Revenue Split | Proposed Allocations for Rate Period | | | | |
|---|--------------------------|--------------------------|--------------------------------------|-------------|-------------|-------------|-------------|
| | | | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 |
| Fixed | 53% | 27% | 27% | 32% | 37% | 42% | 47% |
| Variable | 47% | 73% | 73% | 68% | 63% | 58% | 53% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

OPTION 2

PREFERRED OPTION

TABLE 36 : PERCENTAGE OF FIXED VS. VARIABLE SPLIT FOR PROPOSED RATE PERIOD

| Fixed-Variable %'s for Five-Year Period | COSA Split FY 2021/22 | Current Revenue Split | Proposed Allocations for Rate Period | | | | |
|--|--------------------------|--------------------------|--------------------------------------|-------------|-------------|-------------|-------------|
| | | | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 |
| Variable (Commodity-Related Costs) | 47% | 73% | 73% | 70% | 67% | 63% | 60% |
| Fixed (Capacity-, Customer-, Fire-Related Costs) | 53% | 27% | 27% | 30% | 33% | 37% | 40% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

TABLE 37 : PERCENTAGE OF CLASSIFICATION COMPONENTS FOR PROPOSED RATE PERIOD

OPTION 2

| Classification Components | Cost-of- Service Split | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 |
|--------------------------------|---------------------------|-------------|-------------|-------------|-------------|-------------|
| Commodity-Related Costs | 47% | 73% | 70% | 67% | 63% | 60% |
| Capacity-Related Costs | 43% | 21% | 24% | 27% | 29% | 32% |
| Customer-Related Costs | 9% | 4% | 5% | 6% | 6% | 7% |
| Fire Protection-Related Costs | 1% | 1% | 1% | 1% | 1% | 1% |
| Net Revenue Requirement | 100% | 100% | 100% | 100% | 100% | 100% |

TABLE 38 : ALLOCATION OF TARGET RATE REVENUE - FY 2021/22 THRU FY 2025/26

OPTION 2

| Classification Components | Cost-of- Service Split | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 |
|-------------------------------|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Commodity-Related Costs | \$14,572,720 | \$22,472,859 | \$22,562,152 | \$22,602,941 | \$22,590,092 | \$22,518,071 |
| Capacity-Related Costs | 13,065,473 | 6,534,499 | 7,731,380 | 9,032,655 | 10,445,823 | 11,978,878 |
| Customer-Related Costs | 2,739,070 | 1,369,904 | 1,620,821 | 1,893,622 | 2,189,882 | 2,511,274 |
| Fire Protection-Related Costs | 310,973 | 310,973 | 326,708 | 343,240 | 360,608 | 378,855 |
| Target Rate Revenue | \$30,688,236 | \$30,688,236 | \$32,241,061 | \$33,872,459 | \$35,586,405 | \$37,387,077 |

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TABLE 39 : METER EQUIVALENCY FACTORS USED IN FIXED CHARGE CALCULATION

| Meter Size | Standard Meters | | Fire Service Meters | |
|------------|-----------------------------------|-------------------------|--|-------------------------|
| | Meter Capacity (gpm) ¹ | Equivalency to 3/4-inch | Meter Capacity (gpm) | Equivalency to 3/4-inch |
| | <u>Displacement</u> | | <u>Displacement</u> ¹ | |
| 3/4 inch | 30 | 1.00 | 30 | 1.00 |
| 1 inch | 50 | 1.67 | 50 | 1.67 |
| 1.5 inch | 100 | 3.33 | 100 | 3.33 |
| 2 inch | 160 | 5.33 | 160 | 5.33 |
| | <u>Compound Type Class I</u> | | <u>Fire Service Type I & II</u> ² | |
| 3 inch | 320 | 10.67 | 350 | 11.67 |
| 4 inch | 500 | 16.67 | 700 | 23.33 |
| 6 inch | 1,000 | 33.33 | 1,600 | 53.33 |
| | <u>Turbine Class II</u> | | | |
| 8 inch | 2,800 | 93.33 | 2,800 | 93.33 |
| 10 inch | 4,200 | 140.00 | 4,400 | 146.67 |

1. Per AWWA M-1 Table B-2.

2. Capacity factors are for Fire Service Type I and II meters from AWWA M-6 Table 5-3.

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TABLE 40 : ALLOCATION OF NET REVENUE REQUIREMENTS - FY 2021/22

| Net Revenue Requirements (27% Fixed / 73% Variable) | | | | | | |
|---|---------------------------|------------------------|------------------------|-------------------------------|----------------------------------|------------------------------|
| Customer Classes | Classification Components | | | | Cost of Service Net Rev. Req'ts. | % of COS Net Revenue Req'ts. |
| | Commodity-Related Costs | Capacity-Related Costs | Customer-Related Costs | Fire Protection-Related Costs | | |
| Single Family Residential | \$13,409,939 | \$ 3,818,219 | \$ 1,248,245 | \$ - | \$ 18,476,403 | 60.2% |
| Multi-Family Residential | 1,839,901 | 506,841 | 28,489 | - | 2,375,231 | 7.7% |
| Commercial | 3,039,207 | 773,287 | 47,619 | - | 3,860,113 | 12.6% |
| Irrigation | 235,565 | 78,747 | 5,187 | - | 319,499 | 1.0% |
| Institutional | 2,273,515 | 691,587 | 8,532 | - | 2,973,634 | 9.7% |
| Institutional Irrigation | 946,023 | 403,890 | 8,532 | - | 1,358,445 | 4.4% |
| Fire | 10,229 | 3,854 | 23,039 | 310,973 | 348,095 | 1.1% |
| Other | 718,481 | 258,073 | 263 | - | 976,817 | 3.2% |
| Total Net Revenue Requirement | \$22,472,859 | \$ 6,534,499 | \$ 1,369,904 | \$ 310,973 | \$30,688,236 | 100% |

OPTION 2

TABLE 41 : CALCULATION OF MONTHLY FIXED METER SERVICE CHARGES - FY 2021/22

Net Revenue Requirements (27% Fixed / 73% Variable)

| Number of Meters by Class and Size ¹ | FY 2021/22 | | | | | | | | | Total |
|--|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| | 3/4 inch | 1 inch | 1.5 inch | 2 inch | 3 inch | 4 inch | 6 inch | 8 inch | 10 inch | |
| Single Family Residential | 31,992 | 1,220 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 33,212 |
| Multi-Family Residential | 478 | 138 | 52 | 45 | 13 | 8 | 15 | 9 | 0 | 758 |
| Commercial | 361 | 318 | 252 | 292 | 25 | 11 | 5 | 3 | 0 | 1,267 |
| Irrigation | 26 | 41 | 42 | 29 | 0 | 0 | 0 | 0 | 0 | 138 |
| Institutional | 50 | 34 | 35 | 60 | 19 | 19 | 3 | 6 | 1 | 227 |
| Institutional Irrigation | 16 | 37 | 86 | 69 | 9 | 3 | 5 | 2 | 0 | 227 |
| Other | 0 | 0 | 0 | 0 | 2 | 0 | 1 | 2 | 2 | 7 |
| Total Meters/Accounts | 32,923 | 1,788 | 467 | 495 | 68 | 41 | 29 | 22 | 3 | 35,836 |
| <i>Hydraulic Capacity Factor²</i> | <i>1.00</i> | <i>1.67</i> | <i>3.33</i> | <i>5.33</i> | <i>10.67</i> | <i>16.67</i> | <i>33.33</i> | <i>93.33</i> | <i>140.00</i> | |
| Total Equivalent Meters | 32,923 | 2,980 | 1,557 | 2,640 | 725 | 683 | 967 | 2,053 | 420 | 44,948 |
| Monthly Fixed Service Charges | | | | | | | | | | |
| Customer Costs (\$/Acct/month) ³ | \$3.13 | \$3.13 | \$3.13 | \$3.13 | \$3.13 | \$3.13 | \$3.13 | \$3.13 | \$3.13 | |
| Capacity Costs (\$/Acct/month) ⁴ | \$12.11 | \$20.18 | \$40.36 | \$64.57 | \$129.15 | \$201.79 | \$403.59 | \$1,130.05 | \$1,695.08 | |
| Total Monthly Meter Charge | \$15.24 | \$23.31 | \$43.49 | \$67.71 | \$132.28 | \$204.93 | \$406.72 | \$1,133.18 | \$1,698.21 | |
| Annual Fixed Costs Allocated to Monthly Meter Charges | | | | | | | | | | |
| Customer Costs | \$ 1,346,865 | | | | | | | | | |
| Capacity Costs | | 6,530,645 | | | | | | | | |
| Total Fixed Meter Costs | \$ 7,877,511 | | | | | | | | | |
| Annual Revenue from Monthly Meter Charges | | | | | | | | | | |
| Customer Charges | \$ 1,237,383 | \$ 67,200 | \$ 17,552 | \$ 18,604 | \$ 2,556 | \$ 1,541 | \$ 1,090 | \$ 827 | \$ 113 | \$ 1,346,865 |
| Capacity Charges | 4,783,457 | 432,971 | 226,172 | 383,572 | 105,385 | 99,283 | 140,449 | 298,333 | 61,023 | 6,530,645 |
| Total Revenue from Monthly Meter Charges | \$ 6,020,840 | \$ 500,171 | \$ 243,723 | \$ 402,176 | \$ 107,941 | \$ 100,824 | \$ 141,539 | \$ 299,160 | \$ 61,136 | \$ 7,877,511 |

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TABLE 42 : CALCULATION OF MONTHLY FIXED SERVICE CHARGES - FY 2021/22

| Number of Meters by Class and Size ⁵ | FY 2021/22 | | | | | | | | | Total |
|--|-------------------|-----------------|---------------|---------------|----------------|------------------|------------------|-------------------|------------------|-------------------|
| | 3/4 inch | 1 inch | 1.5 inch | 2 inch | 3 inch | 4 inch | 6 inch | 8 inch | 10 inch | |
| Fire | 0 | 33 | 0 | 12 | 0 | 85 | 144 | 303 | 36 | 613 |
| Total Meters/Accounts | 0 | 33 | 0 | 12 | 0 | 85 | 144 | 303 | 36 | 613 |
| <i>Hydraulic Capacity Factor²</i> | <i>1.00</i> | <i>1.67</i> | <i>3.33</i> | <i>5.33</i> | <i>11.67</i> | <i>23.33</i> | <i>53.33</i> | <i>93.33</i> | <i>146.67</i> | |
| Total Equivalent Meters | 0 | 55 | 0 | 64 | 0 | 1,983 | 7,680 | 28,280 | 5,280 | 43,342 |
| Monthly Fixed Service Charges | | | | | | | | | | |
| Customer Costs (\$/Acct/month) ³ | \$3.13 | \$3.13 | \$3.13 | \$3.13 | \$3.13 | \$3.13 | \$3.13 | \$3.13 | \$3.13 | \$3.13 |
| Capacity Costs (\$/Acct/month) ⁴ | \$0.00 | \$1.01 | \$2.02 | \$3.23 | \$7.06 | \$14.12 | \$32.28 | \$56.50 | \$88.78 | |
| Total Monthly Meter Charge | \$3.13 | \$4.14 | \$5.15 | \$6.36 | \$10.19 | \$17.26 | \$35.42 | \$59.63 | \$91.91 | |
| Annual Fixed Costs Allocated to Monthly Meter Charges | | | | | | | | | | |
| Customer Costs | \$ 23,039 | | | | | | | | | |
| Capacity & Fire Protection Costs | 314,827 | | | | | | | | | |
| Total Fixed Meter Costs | \$ 337,866 | | | | | | | | | |
| Annual Revenue from Monthly Meter Charges | | | | | | | | | | |
| Customer Charges | \$ - | \$ 1,240 | \$ - | \$ 451 | \$ - | \$ 3,195 | \$ 5,412 | \$ 11,388 | \$ 1,353 | \$ 23,039 |
| Capacity Charges | - | 400 | - | 465 | - | 14,406 | 55,785 | 205,418 | 38,353 | 314,827 |
| Total Revenue from Monthly Meter Charges | \$ - | \$ 1,640 | \$ - | \$ 916 | \$ - | \$ 17,601 | \$ 61,198 | \$ 216,806 | \$ 39,706 | \$ 337,866 |

- Number of meters by class and size are based on June 2020 customer data. Excludes institutional wells, flow meters and intertie connections. Source file: 2019-20 Customer Data.xlsx.
- Source: AWWA Manual M1, *Principles of Water Rates, Fees, and Charges*, Table VI.2-5. Assumes displacement meters for 3/4-2 inch meters, compound meters for 3 to 6-inch and turbine class II meters for 8 to 10-inch meters.
- Customer costs are allocated to each customer by dividing the total customer costs by the total number of customers.
- Capacity costs are allocated by meter size and the hydraulic capacity of the meter.
- Number of fire meters by size were provided by District Staff. Source file: 2019-20 Customer Data.xlsx.

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TABLE 43 : ALLOCAITON OF NET REVENUE REQUIREMENTS - FY 2022/23

| Net Revenue Requirements (30% Fixed / 70% Variable) | | | | | | |
|---|---------------------------|------------------------|------------------------|-------------------------------|----------------------------------|------------------------------|
| Customer Classes | Classification Components | | | | Cost of Service Net Rev. Req'ts. | % of COS Net Revenue Req'ts. |
| | Commodity-Related Costs | Capacity-Related Costs | Customer-Related Costs | Fire Protection-Related Costs | | |
| Single Family Residential | \$13,463,221 | \$ 4,517,577 | \$ 1,476,877 | \$ - | \$ 19,457,676 | 60.4% |
| Multi-Family Residential | 1,847,212 | 599,676 | 33,707 | - | 2,480,594 | 7.7% |
| Commercial | 3,051,282 | 914,925 | 56,341 | - | 4,022,548 | 12.5% |
| Irrigation | 236,501 | 93,170 | 6,137 | - | 335,808 | 1.0% |
| Institutional | 2,282,548 | 818,261 | 10,094 | - | 3,110,903 | 9.6% |
| Institutional Irrigation | 949,782 | 477,868 | 10,094 | - | 1,437,744 | 4.5% |
| Fire | 10,270 | 4,560 | 27,259 | 326,708 | 368,797 | 1.1% |
| Other | 721,336 | 305,343 | 311 | - | 1,026,990 | 3.2% |
| Total Net Revenue Requirement | \$22,562,152 | \$ 7,731,380 | \$ 1,620,821 | \$ 326,708 | \$32,241,061 | 100% |

TABLE 44 : CALCULATION OF MONTHLY FIXED METER SERVICE CHARGES FOR FY FY 2022/23

| Number of Meters by Class and Size ¹ | Net Revenue Requirements (30% Fixed / 70% Variable) | | | | | | | | | Total |
|--|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| | FY 2022/23 | | | | | | | | | |
| | 3/4 inch | 1 inch | 1.5 inch | 2 inch | 3 inch | 4 inch | 6 inch | 8 inch | 10 inch | |
| Single Family Residential | 32,632 | 1,244 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 33,876 |
| Multi-Family Residential | 488 | 141 | 53 | 46 | 13 | 8 | 15 | 9 | 0 | 773 |
| Commercial | 368 | 324 | 257 | 298 | 26 | 11 | 5 | 3 | 0 | 1,292 |
| Irrigation | 27 | 42 | 43 | 30 | 0 | 0 | 0 | 0 | 0 | 141 |
| Institutional | 51 | 35 | 36 | 61 | 19 | 19 | 3 | 6 | 1 | 232 |
| Institutional Irrigation | 16 | 38 | 88 | 70 | 9 | 3 | 5 | 2 | 0 | 232 |
| Other | 0 | 0 | 0 | 0 | 2 | 0 | 1 | 2 | 2 | 7 |
| Total Meters/Accounts | 33,581 | 1,824 | 476 | 505 | 69 | 42 | 30 | 22 | 3 | 36,553 |
| <i>Hydraulic Capacity Factor²</i> | <i>1.00</i> | <i>1.67</i> | <i>3.33</i> | <i>5.33</i> | <i>10.67</i> | <i>16.67</i> | <i>33.33</i> | <i>93.33</i> | <i>140.00</i> | |
| Total Equivalent Meters | 33,581 | 3,040 | 1,588 | 2,693 | 740 | 697 | 986 | 2,094 | 428 | 45,847 |
| Monthly Fixed Service Charges | | | | | | | | | | |
| Customer Costs (\$/Acct/month) ³ | \$3.63 | \$3.63 | \$3.63 | \$3.63 | \$3.63 | \$3.63 | \$3.63 | \$3.63 | \$3.63 | |
| Capacity Costs (\$/Acct/month) ⁴ | \$14.04 | \$23.41 | \$46.81 | \$74.90 | \$149.81 | \$234.07 | \$468.15 | \$1,310.82 | \$1,966.23 | |
| Total Monthly Meter Charge | \$17.68 | \$27.04 | \$50.45 | \$78.54 | \$153.44 | \$237.71 | \$471.78 | \$1,314.45 | \$1,969.86 | |
| Annual Fixed Costs Allocated to Monthly Meter Charges | | | | | | | | | | |
| Customer Costs | \$ 1,593,562 | | | | | | | | | |
| Capacity Costs | <u>7,726,820</u> | | | | | | | | | |
| Total Fixed Meter Costs | \$ 9,320,382 | | | | | | | | | |
| Annual Revenue from Monthly Meter Charges | | | | | | | | | | |
| Customer Charges | \$ 1,464,026 | \$ 79,509 | \$ 20,767 | \$ 22,012 | \$ 3,024 | \$ 1,823 | \$ 1,290 | \$ 978 | \$ 133 | \$ 1,593,562 |
| Capacity Charges | <u>5,659,612</u> | <u>512,275</u> | <u>267,598</u> | <u>453,828</u> | <u>124,688</u> | <u>117,468</u> | <u>166,174</u> | <u>352,977</u> | <u>72,200</u> | <u>7,726,820</u> |
| Total Revenue from Monthly Meter Charges | \$ 7,123,637 | \$ 591,784 | \$ 288,365 | \$ 475,840 | \$ 127,712 | \$ 119,291 | \$ 167,464 | \$ 353,956 | \$ 72,333 | \$ 9,320,382 |

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TABLE 45 : CALCULATION OF MONTHLY FIXED SERVICE CHARGES - FY 2022/23

| Number of Meters by Class and Size ⁵ | FY 2022/23 | | | | | | | | | Total |
|--|-------------------|-----------------|---------------|-----------------|----------------|------------------|------------------|-------------------|------------------|-------------------|
| | 3/4 inch | 1 inch | 1.5 inch | 2 inch | 3 inch | 4 inch | 6 inch | 8 inch | 10 inch | |
| Fire | 0 | 34 | 0 | 12 | 0 | 87 | 147 | 309 | 37 | 625 |
| Total Meters/Accounts | 0 | 34 | 0 | 12 | 0 | 87 | 147 | 309 | 37 | 625 |
| <i>Hydraulic Capacity Factor</i> ² | 1.00 | 1.67 | 3.33 | 5.33 | 11.67 | 23.33 | 53.33 | 93.33 | 146.67 | |
| Total Equivalent Meters | 0 | 56 | 0 | 65 | 0 | 2,023 | 7,834 | 28,846 | 5,386 | 44,209 |
| Monthly Fixed Service Charges | | | | | | | | | | |
| Customer Costs (\$/Acct/month) ³ | \$3.63 | \$3.63 | \$3.63 | \$3.63 | \$3.63 | \$3.63 | \$3.63 | \$3.63 | \$3.63 | |
| Capacity Costs (\$/Acct/month) ⁴ | \$0.00 | \$1.04 | \$2.08 | \$3.33 | \$7.29 | \$14.57 | \$33.30 | \$58.28 | \$91.58 | |
| Total Monthly Meter Charge | \$3.63 | \$4.67 | \$5.71 | \$6.96 | \$10.92 | \$18.20 | \$36.94 | \$61.91 | \$95.22 | |
| Annual Fixed Costs Allocated to Monthly Meter Charges | | | | | | | | | | |
| Customer Costs | \$ 27,259 | | | | | | | | | |
| Capacity & Fire Protection Costs | 331,268 | | | | | | | | | |
| Total Fixed Meter Costs | \$ 358,527 | | | | | | | | | |
| Annual Revenue from Monthly Meter Charges | | | | | | | | | | |
| Customer Charges | \$ - | \$ 1,467 | \$ - | \$ 534 | \$ - | \$ 3,780 | \$ 6,403 | \$ 13,474 | \$ 1,601 | \$ 27,259 |
| Capacity Charges | - | 420 | - | 489 | - | 15,159 | 58,699 | 216,146 | 40,355 | 331,268 |
| Total Revenue from Monthly Meter Charges | \$ - | \$ 1,888 | \$ - | \$ 1,023 | \$ - | \$ 18,939 | \$ 65,102 | \$ 229,620 | \$ 41,956 | \$ 358,527 |

- Number of meters by class and size are based on June 2020 customer data. Excludes institutional wells, flow meters and intertie connections. Source file: 2019-20 Customer Data.xlsx.
- Source: AWWA Manual M1, *Principles of Water Rates, Fees, and Charges*, Table VI.2-5. Assumes displacement meters for 3/4-2 inch meters, compound meters for 3 to 6-inch and turbine class II meters for 8 to 10-inch meters.
- Customer costs are allocated to each customer by dividing the total customer costs by the total number of customers.
- Capacity costs are allocated by meter size and the hydraulic capacity of the meter.
- Number of fire meters by size were provided by District Staff. Source file: 2019-20 Customer Data.xlsx.

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TABLE 46 : ALLOCATION OF NET REVENUE REQUIREMENTS - FY 2023/24

| Net Revenue Requirements (33% Fixed / 67% Variable) | | | | | | |
|--|---------------------------|------------------------|------------------------|-------------------------------|----------------------------------|------------------------------|
| Customer Classes | Classification Components | | | | Cost of Service Net Rev. Req'ts. | % of COS Net Revenue Req'ts. |
| | Commodity-Related Costs | Capacity-Related Costs | Customer-Related Costs | Fire Protection-Related Costs | | |
| Single Family Residential | \$13,487,561 | \$ 5,277,934 | \$ 1,725,452 | \$ - | \$ 20,490,947 | 60.5% |
| Multi-Family Residential | 1,850,551 | 700,608 | 39,380 | - | 2,590,539 | 7.6% |
| Commercial | 3,056,799 | 1,068,917 | 65,824 | - | 4,191,539 | 12.4% |
| Irrigation | 236,929 | 108,852 | 7,169 | - | 352,950 | 1.0% |
| Institutional | 2,286,675 | 955,983 | 11,793 | - | 3,254,451 | 9.6% |
| Institutional Irrigation | 951,499 | 558,299 | 11,793 | - | 1,521,591 | 4.5% |
| Fire | 10,288 | 5,327 | 31,847 | 343,240 | 390,702 | 1.2% |
| Other | 722,640 | 356,735 | 364 | - | 1,079,739 | 3.2% |
| Total Net Revenue Requirement | \$22,602,941 | \$ 9,032,655 | \$ 1,893,622 | \$ 343,240 | \$33,872,459 | 100% |

TABLE 47 : CALCULATION OF MONTHLY FIXED METER SERVICE CHARGES FOR FY FY 2023/24

| Number of Meters by Class and Size ¹ | Net Revenue Requirements (33% Fixed / 67% Variable) | | | | | | | | | |
|--|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|
| | FY 2023/24 | | | | | | | | | |
| | 3/4 inch | 1 inch | 1.5 inch | 2 inch | 3 inch | 4 inch | 6 inch | 8 inch | 10 inch | Total |
| Single Family Residential | 33,284 | 1,269 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 34,554 |
| Multi-Family Residential | 497 | 144 | 54 | 47 | 14 | 8 | 16 | 9 | 0 | 789 |
| Commercial | 376 | 331 | 262 | 304 | 26 | 11 | 5 | 3 | 0 | 1,318 |
| Irrigation | 27 | 43 | 44 | 30 | 0 | 0 | 0 | 0 | 0 | 144 |
| Institutional | 52 | 35 | 36 | 62 | 20 | 20 | 3 | 6 | 1 | 236 |
| Institutional Irrigation | 17 | 38 | 89 | 72 | 9 | 3 | 5 | 2 | 0 | 236 |
| Other | 0 | 0 | 0 | 0 | 2 | 0 | 1 | 2 | 2 | 7 |
| Total Meters/Accounts | 34,253 | 1,860 | 486 | 515 | 71 | 43 | 30 | 23 | 3 | 37,284 |
| <i>Hydraulic Capacity Factor</i> ² | 1.00 | 1.67 | 3.33 | 5.33 | 10.67 | 16.67 | 33.33 | 93.33 | 140.00 | |
| Total Equivalent Meters | 34,253 | 3,100 | 1,620 | 2,747 | 755 | 711 | 1,006 | 2,136 | 437 | 46,764 |
| Monthly Fixed Service Charges | | | | | | | | | | |
| Customer Costs (\$/Acct/month) ³ | \$4.16 | \$4.16 | \$4.16 | \$4.16 | \$4.16 | \$4.16 | \$4.16 | \$4.16 | \$4.16 | |
| Capacity Costs (\$/Acct/month) ⁴ | \$16.09 | \$26.81 | \$53.62 | \$85.80 | \$171.59 | \$268.11 | \$536.22 | \$1,501.42 | \$2,252.12 | |
| Total Monthly Meter Charge | \$20.25 | \$30.97 | \$57.78 | \$89.96 | \$175.75 | \$272.27 | \$540.38 | \$1,505.58 | \$2,256.28 | |
| Annual Fixed Costs Allocated to Monthly Meter Charges | | | | | | | | | | |
| Customer Costs | \$ 1,861,775 | | | | | | | | | |
| Capacity Costs | | 9,027,328 | | | | | | | | |
| Total Fixed Meter Costs | \$10,889,103 | | | | | | | | | |
| Annual Revenue from Monthly Meter Charges | | | | | | | | | | |
| Customer Charges | \$ 1,710,437 | \$ 92,891 | \$ 24,262 | \$ 25,717 | \$ 3,533 | \$ 2,130 | \$ 1,507 | \$ 1,143 | \$ 156 | \$ 1,861,775 |
| Capacity Charges | 6,612,185 | 598,497 | 312,638 | 530,212 | 145,674 | 137,239 | 194,143 | 412,387 | 84,352 | 9,027,328 |
| Total Revenue from Monthly Meter Charges | \$ 8,322,623 | \$ 691,388 | \$ 336,900 | \$ 555,929 | \$ 149,207 | \$ 139,369 | \$ 195,650 | \$ 413,530 | \$ 84,508 | \$ 10,889,103 |

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TABLE 48 : CALCULATION OF MONTHLY FIXED SERVICE CHARGES FOR FY FY 2023/24

| Number of Meters by Class and Size ⁵ | FY 2023/24 | | | | | | | | | Total |
|--|-------------------|-----------------|---------------|-----------------|----------------|------------------|------------------|-------------------|------------------|-------------------|
| | 3/4 inch | 1 inch | 1.5 inch | 2 inch | 3 inch | 4 inch | 6 inch | 8 inch | 10 inch | |
| Fire | 0 | 34 | 0 | 12 | 0 | 88 | 150 | 315 | 37 | 638 |
| Total Meters/Accounts | 0 | 34 | 0 | 12 | 0 | 88 | 150 | 315 | 37 | 638 |
| <i>Hydraulic Capacity Factor</i> ² | 1.00 | 1.67 | 3.33 | 5.33 | 11.67 | 23.33 | 53.33 | 93.33 | 146.67 | |
| Total Equivalent Meters | 0 | 57 | 0 | 67 | 0 | 2,063 | 7,990 | 29,423 | 5,493 | 45,093 |
| Monthly Fixed Service Charges | | | | | | | | | | |
| Customer Costs (\$/Acct/month) ³ | \$4.16 | \$4.16 | \$4.16 | \$4.16 | \$4.16 | \$4.16 | \$4.16 | \$4.16 | \$4.16 | |
| Capacity Costs (\$/Acct/month) ⁴ | \$0.00 | \$1.07 | \$2.15 | \$3.44 | \$7.52 | \$15.03 | \$34.36 | \$60.12 | \$94.48 | |
| Total Monthly Meter Charge | \$4.16 | \$5.23 | \$6.31 | \$7.60 | \$11.68 | \$19.19 | \$38.52 | \$64.28 | \$98.64 | |
| Annual Fixed Costs Allocated to Monthly Meter Charges | | | | | | | | | | |
| Customer Costs | \$ 31,847 | | | | | | | | | |
| Capacity & Fire Protection Costs | 348,567 | | | | | | | | | |
| Total Fixed Meter Costs | \$ 380,414 | | | | | | | | | |
| Annual Revenue from Monthly Meter Charges | | | | | | | | | | |
| Customer Charges | \$ - | \$ 1,714 | \$ - | \$ 623 | \$ - | \$ 4,416 | \$ 7,481 | \$ 15,742 | \$ 1,870 | \$ 31,847 |
| Capacity Charges | - | 442 | - | 515 | - | 15,950 | 61,764 | 227,433 | 42,463 | 348,567 |
| Total Revenue from Monthly Meter Charges | \$ - | \$ 2,157 | \$ - | \$ 1,138 | \$ - | \$ 20,366 | \$ 69,245 | \$ 243,175 | \$ 44,333 | \$ 380,414 |

1. Number of meters by class and size are based on June 2020 customer data. Excludes institutional wells, flow meters and intertie connections. Source file: 2019-20 Customer Data.xlsx.
2. Source: AWWA Manual M1, *Principles of Water Rates, Fees, and Charges*, Table VI.2-5. Assumes displacement meters for 3/4-2 inch meters, compound meters for 3 to 6-inch and turbine class II meters for 8 to 10-inch meters.
3. Customer costs are allocated to each customer by dividing the total customer costs by the total number of customers.
4. Capacity costs are allocated by meter size and the hydraulic capacity of the meter.
5. Number of fire meters by size were provided by District Staff. Source file: 2019-20 Customer Data.xlsx.

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TABLE 49 : ALLOCATION OF NET REVENUE REQUIREMENTS - FY 2024/25

| <i>Net Revenue Requirements (37% Fixed / 63% Variable)</i> | | | | | | |
|--|---------------------------|------------------------|------------------------|-------------------------------|----------------------------------|------------------------------|
| Customer Classes | Classification Components | | | | Cost of Service Net Rev. Req'ts. | % of COS Net Revenue Req'ts. |
| | Commodity-Related Costs | Capacity-Related Costs | Customer-Related Costs | Fire Protection-Related Costs | | |
| Single Family Residential | \$13,479,894 | \$ 6,103,673 | \$ 1,995,400 | \$ - | \$ 21,578,967 | 60.6% |
| Multi-Family Residential | 1,849,499 | 810,219 | 45,541 | - | 2,705,259 | 7.6% |
| Commercial | 3,055,061 | 1,236,150 | 76,122 | - | 4,367,333 | 12.3% |
| Irrigation | 236,794 | 125,882 | 8,291 | - | 370,968 | 1.0% |
| Institutional | 2,285,375 | 1,105,547 | 13,638 | - | 3,404,561 | 9.6% |
| Institutional Irrigation | 950,958 | 645,645 | 13,638 | - | 1,610,241 | 4.5% |
| Fire | 10,282 | 6,161 | 36,829 | 360,608 | 413,880 | 1.2% |
| Other | 722,229 | 412,547 | 421 | - | 1,135,197 | 3.2% |
| Total Net Revenue Requirement | \$22,590,092 | \$10,445,823 | \$ 2,189,882 | \$ 360,608 | \$35,586,405 | 100% |

TABLE 50 : CALCULATION OF MONTHLY FIXED METER SERVICE CHARGES FOR FY FY 2024/25

| Number of Meters by Class and Size ¹ | <i>Net Revenue Requirements (37% Fixed / 63% Variable)</i> | | | | | | | | | |
|--|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| | FY 2024/25 | | | | | | | | | Total |
| | 3/4 inch | 1 inch | 1.5 inch | 2 inch | 3 inch | 4 inch | 6 inch | 8 inch | 10 inch | |
| Single Family Residential | 33,950 | 1,295 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 35,245 |
| Multi-Family Residential | 507 | 146 | 55 | 48 | 14 | 8 | 16 | 10 | 0 | 804 |
| Commercial | 383 | 337 | 267 | 310 | 27 | 12 | 5 | 3 | 0 | 1,345 |
| Irrigation | 28 | 44 | 45 | 31 | 0 | 0 | 0 | 0 | 0 | 146 |
| Institutional | 53 | 36 | 37 | 64 | 20 | 20 | 3 | 6 | 1 | 241 |
| Institutional Irrigation | 17 | 39 | 91 | 73 | 10 | 3 | 5 | 2 | 0 | 241 |
| Other | 0 | 0 | 0 | 0 | 2 | 0 | 1 | 2 | 2 | 7 |
| Total Meters/Accounts | 34,938 | 1,897 | 496 | 525 | 72 | 44 | 31 | 23 | 3 | 38,029 |
| <i>Hydraulic Capacity Factor²</i> | <i>1.00</i> | <i>1.67</i> | <i>3.33</i> | <i>5.33</i> | <i>10.67</i> | <i>16.67</i> | <i>33.33</i> | <i>93.33</i> | <i>140.00</i> | |
| Total Equivalent Meters | 34,938 | 3,162 | 1,652 | 2,802 | 770 | 725 | 1,026 | 2,179 | 446 | 47,700 |
| Monthly Fixed Service Charges | | | | | | | | | | |
| Customer Costs (\$/Acct/month) ³ | \$4.72 | \$4.72 | \$4.72 | \$4.72 | \$4.72 | \$4.72 | \$4.72 | \$4.72 | \$4.72 | |
| Capacity Costs (\$/Acct/month) ⁴ | \$18.24 | \$30.40 | \$60.80 | \$97.27 | \$194.54 | \$303.98 | \$607.95 | \$1,702.27 | \$2,553.40 | |
| Total Monthly Meter Charge | \$22.96 | \$35.12 | \$65.51 | \$101.99 | \$199.26 | \$308.69 | \$612.67 | \$1,706.99 | \$2,558.12 | |
| Annual Fixed Costs Allocated to Monthly Meter Charges | | | | | | | | | | |
| Customer Costs | \$ 2,153,052 | | | | | | | | | |
| Capacity Costs | 10,439,663 | | | | | | | | | |
| Total Fixed Meter Costs | \$12,592,715 | | | | | | | | | |
| Annual Revenue from Monthly Meter Charges | | | | | | | | | | |
| Customer Charges | \$ 1,978,037 | \$ 107,424 | \$ 28,058 | \$ 29,740 | \$ 4,085 | \$ 2,463 | \$ 1,742 | \$ 1,322 | \$ 180 | \$ 2,153,052 |
| Capacity Charges | 7,646,669 | 692,132 | 361,550 | 613,164 | 168,465 | 158,710 | 224,517 | 476,906 | 97,549 | 10,439,663 |
| Total Revenue from Monthly Meter Charges | \$ 9,624,706 | \$ 799,557 | \$ 389,608 | \$ 642,904 | \$ 172,551 | \$ 161,174 | \$ 226,260 | \$ 478,227 | \$ 97,729 | \$12,592,715 |

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TABLE 51 : CALCULATION OF MONTHLY FIXED SERVICE CHARGES FOR FY FY 2024/25

| Number of Meters by Class and Size ⁵ | FY 2024/25 | | | | | | | | | Net Revenue Requirements (37% Fixed / 63% Variable) | | | | | | | | | | |
|--|---------------|----------------|---------------|---------------|----------------|----------------|----------------|----------------|-----------------|---|-----------|---------------|-----------|---------------|-----------|----------------|-----------|---------------|-----------|----------------|
| | 3/4 inch | 1 inch | 1.5 inch | 2 inch | 3 inch | 4 inch | 6 inch | 8 inch | 10 inch | Total | | | | | | | | | | |
| Fire | 0 | 35 | 0 | 13 | 0 | 90 | 153 | 322 | 38 | 651 | | | | | | | | | | |
| Total Meters/Accounts | 0 | 35 | 0 | 13 | 0 | 90 | 153 | 322 | 38 | 651 | | | | | | | | | | |
| <i>Hydraulic Capacity Factor</i> ² | 1.00 | 1.67 | 3.33 | 5.33 | 11.67 | 23.33 | 53.33 | 93.33 | 146.67 | | | | | | | | | | | |
| Total Equivalent Meters | 0 | 58 | 0 | 68 | 0 | 2,105 | 8,150 | 30,011 | 5,603 | 45,995 | | | | | | | | | | |
| Monthly Fixed Service Charges | | | | | | | | | | | | | | | | | | | | |
| Customer Costs (\$/Acct/month) ³ | \$4.72 | \$4.72 | \$4.72 | \$4.72 | \$4.72 | \$4.72 | \$4.72 | \$4.72 | \$4.72 | | | | | | | | | | | |
| Capacity Costs (\$/Acct/month) ⁴ | \$0.00 | \$1.11 | \$2.22 | \$3.54 | \$7.75 | \$15.51 | \$35.44 | \$62.02 | \$97.46 | | | | | | | | | | | |
| Total Monthly Meter Charge | \$4.72 | \$5.83 | \$6.93 | \$8.26 | \$12.47 | \$20.22 | \$40.16 | \$66.74 | \$102.18 | | | | | | | | | | | |
| Annual Fixed Costs Allocated to Monthly Meter Charges | | | | | | | | | | | | | | | | | | | | |
| Customer Costs | \$ | 36,829 | | | | | | | | | | | | | | | | | | |
| Capacity & Fire Protection Costs | | 366,769 | | | | | | | | | | | | | | | | | | |
| Total Fixed Meter Costs | \$ | 403,598 | | | | | | | | | | | | | | | | | | |
| Annual Revenue from Monthly Meter Charges | | | | | | | | | | | | | | | | | | | | |
| Customer Charges | \$ | - | \$ | 1,983 | \$ | - | \$ | 721 | \$ | - | \$ | 5,107 | \$ | 8,652 | \$ | 18,204 | \$ | 2,163 | \$ | 36,829 |
| Capacity Charges | | - | | 465 | | - | | 542 | | - | | 16,783 | | 64,989 | | 239,309 | | 44,680 | | 366,769 |
| Total Revenue from Monthly Meter Charges | \$ | - | \$ | 2,448 | \$ | - | \$ | 1,263 | \$ | - | \$ | 21,890 | \$ | 73,641 | \$ | 257,514 | \$ | 46,843 | \$ | 403,598 |

- Number of meters by class and size are based on June 2020 customer data. Excludes institutional wells, flow meters and intertie connections. Source file: 2019-20 Customer Data.xlsx.
- Source: AWWA Manual M1, *Principles of Water Rates, Fees, and Charges*, Table VI.2-5. Assumes displacement meters for 3/4-2 inch meters, compound meters for 3 to 6-inch and turbine class II meters for 8 to 10-inch meters.
- Customer costs are allocated to each customer by dividing the total customer costs by the total number of customers.
- Capacity costs are allocated by meter size and the hydraulic capacity of the meter.
- Number of fire meters by size were provided by District Staff. Source file: 2019-20 Customer Data.xlsx.

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TABLE 52 : ALLOCATION OF NET REVENUE REQUIREMENTS - FY 2025/26

| <i>Net Revenue Requirements (40% Fixed / 60% Variable)</i> | | | | | | |
|--|---------------------------|------------------------|------------------------|-------------------------------|----------------------------------|------------------------------|
| Customer Classes | Classification Components | | | | Cost of Service Net Rev. Req'ts. | % of COS Net Revenue Req'ts. |
| | Commodity-Related Costs | Capacity-Related Costs | Customer-Related Costs | Fire Protection-Related Costs | | |
| Single Family Residential | \$13,436,917 | \$ 6,999,462 | \$ 2,288,250 | \$ - | \$ 22,724,630 | 60.8% |
| Multi-Family Residential | 1,843,603 | 929,128 | 52,225 | - | 2,824,956 | 7.6% |
| Commercial | 3,045,321 | 1,417,570 | 87,294 | - | 4,550,185 | 12.2% |
| Irrigation | 236,039 | 144,357 | 9,508 | - | 389,904 | 1.0% |
| Institutional | 2,278,089 | 1,267,800 | 15,640 | - | 3,561,529 | |
| Institutional Irrigation | 947,926 | 740,402 | 15,640 | - | 1,703,967 | 4.6% |
| Fire | 10,250 | 7,065 | 42,235 | 378,855 | 438,404 | 1.2% |
| Other | 719,926 | 473,094 | 482 | - | 1,193,502 | 3.2% |
| Total Net Revenue Requirement | \$22,518,071 | \$11,978,878 | \$ 2,511,274 | \$ 378,855 | \$37,387,077 | 90% |

TABLE 53 : CALCULATION OF MONTHLY FIXED METER SERVICE CHARGES FOR FY FY 2025/26

| Number of Meters by Class and Size ¹ | <i>Net Revenue Requirements (40% Fixed / 60% Variable)</i> | | | | | | | | | Total |
|--|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| | FY 2025/26 | | | | | | | | | |
| | 3/4 inch | 1 inch | 1.5 inch | 2 inch | 3 inch | 4 inch | 6 inch | 8 inch | 10 inch | |
| Single Family Residential | 34,629 | 1,321 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 35,950 |
| Multi-Family Residential | 517 | 149 | 56 | 49 | 14 | 9 | 16 | 10 | 0 | 820 |
| Commercial | 391 | 344 | 273 | 316 | 27 | 12 | 5 | 3 | 0 | 1,371 |
| Irrigation | 28 | 44 | 45 | 31 | 0 | 0 | 0 | 0 | 0 | 149 |
| Institutional | 54 | 37 | 38 | 65 | 21 | 21 | 3 | 6 | 1 | 246 |
| Institutional Irrigation | 17 | 40 | 93 | 75 | 10 | 3 | 5 | 2 | 0 | 246 |
| Other | 0 | 0 | 0 | 0 | 2 | 0 | 1 | 2 | 2 | 8 |
| Total Meters/Accounts | 35,637 | 1,935 | 505 | 536 | 74 | 44 | 31 | 24 | 3 | 38,790 |
| <i>Hydraulic Capacity Factor</i> ² | <i>1.00</i> | <i>1.67</i> | <i>3.33</i> | <i>5.33</i> | <i>10.67</i> | <i>16.67</i> | <i>33.33</i> | <i>93.33</i> | <i>140.00</i> | |
| Total Equivalent Meters | 35,637 | 3,226 | 1,685 | 2,858 | 785 | 740 | 1,046 | 2,223 | 455 | 48,654 |
| Monthly Fixed Service Charges | | | | | | | | | | |
| Customer Costs (\$/Acct/month) ³ | \$5.30 | \$5.30 | \$5.30 | \$5.30 | \$5.30 | \$5.30 | \$5.30 | \$5.30 | \$5.30 | |
| Capacity Costs (\$/Acct/month) ⁴ | \$20.51 | \$34.18 | \$68.35 | \$109.36 | \$218.72 | \$341.75 | \$683.51 | \$1,913.82 | \$2,870.73 | |
| Total Monthly Meter Charge | \$25.81 | \$39.48 | \$73.66 | \$114.67 | \$224.03 | \$347.06 | \$688.81 | \$1,919.12 | \$2,876.03 | |
| Annual Fixed Costs Allocated to Monthly Meter Charges | | | | | | | | | | |
| Customer Costs | \$ 2,469,039 | | | | | | | | | |
| Capacity Costs | 11,971,813 | | | | | | | | | |
| Total Fixed Meter Costs | \$14,440,852 | | | | | | | | | |
| Annual Revenue from Monthly Meter Charges | | | | | | | | | | |
| Customer Charges | \$ 2,268,338 | \$ 123,190 | \$ 32,176 | \$ 34,105 | \$ 4,685 | \$ 2,825 | \$ 1,998 | \$ 1,516 | \$ 207 | \$ 2,469,039 |
| Capacity Charges | 8,768,912 | 793,711 | 414,612 | 703,154 | 193,190 | 182,003 | 257,468 | 546,897 | 111,865 | 11,971,813 |
| Total Revenue from Monthly Meter Charges | \$11,037,251 | \$ 916,901 | \$ 446,788 | \$ 737,258 | \$ 197,875 | \$ 184,828 | \$ 259,466 | \$ 548,413 | \$ 112,072 | \$14,440,852 |

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TABLE 54 : CALCULATION OF MONTHLY FIXED SERVICE CHARGES FOR FY FY 2025/26

| Number of Meters by Class and Size ⁵ | FY 2025/26 | | | | | | | | | Total |
|--|-------------------|-----------------|---------------|-----------------|----------------|------------------|------------------|-------------------|------------------|-------------------|
| | 3/4 inch | 1 inch | 1.5 inch | 2 inch | 3 inch | 4 inch | 6 inch | 8 inch | 10 inch | |
| Fire | 0 | 36 | 0 | 13 | 0 | 92 | 156 | 328 | 39 | 664 |
| Total Meters/Accounts | 0 | 36 | 0 | 13 | 0 | 92 | 156 | 328 | 39 | 664 |
| <i>Hydraulic Capacity Factor</i> ² | 1.00 | 1.67 | 3.33 | 5.33 | 11.67 | 23.33 | 53.33 | 93.33 | 146.67 | |
| Total Equivalent Meters | 0 | 60 | 0 | 69 | 0 | 2,147 | 8,313 | 30,611 | 5,715 | 46,915 |
| Monthly Fixed Service Charges | | | | | | | | | | |
| Customer Costs (\$/Acct/month) ³ | \$5.30 | \$5.30 | \$5.30 | \$5.30 | \$5.30 | \$5.30 | \$5.30 | \$5.30 | \$5.30 | |
| Capacity Costs (\$/Acct/month) ⁴ | \$0.00 | \$1.14 | \$2.28 | \$3.66 | \$8.00 | \$15.99 | \$36.56 | \$63.98 | \$100.54 | |
| Total Monthly Meter Charge | \$5.30 | \$6.45 | \$7.59 | \$8.96 | \$13.30 | \$21.30 | \$41.86 | \$69.28 | \$105.84 | |
| Annual Fixed Costs Allocated to Monthly Meter Charges | | | | | | | | | | |
| Customer Costs | \$ 42,235 | | | | | | | | | |
| Capacity & Fire Protection Costs | 385,919 | | | | | | | | | |
| Total Fixed Meter Costs | \$ 428,154 | | | | | | | | | |
| Annual Revenue from Monthly Meter Charges | | | | | | | | | | |
| Customer Charges | \$ - | \$ 2,274 | \$ - | \$ 827 | \$ - | \$ 5,856 | \$ 9,921 | \$ 20,876 | \$ 2,480 | \$ 42,235 |
| Capacity Charges | - | 490 | - | 570 | - | 17,660 | 68,383 | 251,805 | 47,013 | 385,919 |
| Total Revenue from Monthly Meter Charges | \$ - | \$ 2,763 | \$ - | \$ 1,397 | \$ - | \$ 23,516 | \$ 78,304 | \$ 272,681 | \$ 49,493 | \$ 428,154 |

- Number of meters by class and size are based on June 2020 customer data. Excludes institutional wells, flow meters and intertie connections. Source file: 2019-20 Customer Data.xlsx.
- Source: AWWA Manual M1, *Principles of Water Rates, Fees, and Charges*, Table VI.2-5. Assumes displacement meters for 3/4-2 inch meters, compound meters for 3 to 6-inch and turbine class II meters for 8 to 10-inch meters.
- Customer costs are allocated to each customer by dividing the total customer costs by the total number of customers.
- Capacity costs are allocated by meter size and the hydraulic capacity of the meter.
- Number of fire meters by size were provided by District Staff. Source file: 2019-20 Customer Data.xlsx.

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TABLE 55 : PROPOSED VOLUMETRIC CHARGES FOR FY 2021/22

| Net Revenue Requirements (27% Fixed / 73% Variable) | | | | | | |
|--|-------------------------------|-----------------------------|--------------------------------------|-------------------------|----------------------------------|-------------------------|
| Customer Classes | Number of Meters ¹ | Water Consumption (hcf/yr.) | Target Rev. Req't. from Vol. Charges | % of Total Rate Revenue | Uniform Commodity Rates (\$/hcf) | Proposed Rate Structure |
| <i>Treated Water:</i> | | | | | | |
| Single Family Residential | 33,212 | 5,137,740 | \$ 13,409,939 | 44% | \$2.61 | <i>Tiered</i> |
| Multi-Family Residential | 758 | 704,920 | 1,839,901 | 6% | \$2.61 | <i>Uniform</i> |
| Commercial | 1,267 | 1,164,409 | 3,039,207 | 10% | \$2.61 | <i>Uniform</i> |
| Irrigation | 138 | 90,252 | 235,565 | 1% | \$2.61 | <i>Uniform</i> |
| Institutional | 227 | 871,050 | 2,273,515 | 7% | \$2.61 | <i>Uniform</i> |
| Institutional Irrigation | 227 | 362,449 | 946,023 | 3% | \$2.61 | <i>Uniform</i> |
| Fire | 613 | 3,919 | 10,229 | 0% | \$2.61 | <i>Uniform</i> |
| Other | 7 | 275,271 | 718,481 | 2% | \$2.61 | <i>Uniform</i> |
| Total | 36,449 | 8,610,010 | \$ 22,472,859 | 73% | | |

1. Number of meters is based on the number of customers billed a fixed and/or variable charge in June 2020 except for institutional well, flow, and intertie customers. Source file: 2019-20 Customer Data.xlsx .

TABLE 56 : CALCULATED RATE FOR NON-RECURRING (COMMERCIAL & INSTITUTIONAL FLOW & INTERIE) USERS

| Net Revenue Requirements (27% Fixed / 73% Variable), cont. | | | |
|---|-----------------------------|---------------------------|--------------------------------|
| Calculated Rate for Flow Meters and Intertie Connections | Water Consumption (hcf/yr.) | Total Target Rev. Req't.. | Average Cost Per Unit (\$/hcf) |
| All Treated Water | 8,610,010 | \$ 30,688,236 | \$3.564 |

TABLE 57 : ESTIMATED REVENUE FROM FLOW METERS AND INTERIE CONNECTIONS BASED ON FY 2019/20 CONSUMPTION

| Customer Classes | Number of Meters ¹ | Water Consumption (hcf/yr.) | Estimated Rate Revenue FY 2021/22 |
|--------------------------|-------------------------------|-----------------------------|-----------------------------------|
| Commercial Flow Meter | 59 | 58,247 | \$ 207,607 |
| Institutional Flow Meter | 17 | 3,220 | 11,477 |
| Institutional Well | 1 | 5,770 | 20,566 |
| Intertie | 4 | 316,631 | 1,128,552 |
| Total | 81 | 383,868 | \$ 1,368,202 |

1. Number of meters is based on the number of customers billed a fixed and/or variable charge in June 2020 except for institutional well, flow, and intertie customers. Source file: 2019-20 Customer Data.xlsx .

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TABLE 58 : PROPOSED VOLUMETRIC CHARGES FOR FY 2022/23

| <i>Net Revenue Requirements (30% Fixed / 70% Variable)</i> | | | | | | |
|--|-------------------------------|-----------------------------|--------------------------------------|-------------------------|----------------------------------|-------------------------|
| Customer Classes | Number of Meters ¹ | Water Consumption (hcf/yr.) | Target Rev. Req't. from Vol. Charges | % of Total Rate Revenue | Uniform Commodity Rates (\$/hcf) | Proposed Rate Structure |
| <i>Treated Water:</i> | | | | | | |
| Single Family Residential | 33,876 | 5,240,495 | \$ 13,463,221 | 42% | \$2.57 | <i>Tiered</i> |
| Multi-Family Residential | 773 | 719,018 | 1,847,212 | 6% | \$2.57 | <i>Uniform</i> |
| Commercial | 1,292 | 1,187,697 | 3,051,282 | 9% | \$2.57 | <i>Uniform</i> |
| Irrigation | 141 | 92,057 | 236,501 | 1% | \$2.57 | <i>Uniform</i> |
| Institutional | 232 | 888,471 | 2,282,548 | 7% | \$2.57 | <i>Uniform</i> |
| Institutional Irrigation | 232 | 369,698 | 949,782 | 3% | \$2.57 | <i>Uniform</i> |
| Fire | 625 | 3,997 | 10,270 | 0% | \$2.57 | <i>Uniform</i> |
| Other | 7 | 280,776 | 721,336 | 2% | \$2.57 | <i>Uniform</i> |
| Total | 37,178 | 8,782,210 | \$ 22,562,152 | 70% | | |

1. Number of meters is based on the number of customers billed a fixed and/or variable charge in June 2020 except for institutional well, flow, and intertie customers. Source file: 2019-20 Customer Data.xlsx .

TABLE 59 : CALCULATED RATE FOR NON-RECURRING (COMMERCIAL & INSTITUTIONAL FLOW & INTERIE) USERS

| <i>Net Revenue Requirements (30% Fixed / 70% Variable), cont.</i> | | | |
|---|-----------------------------|---------------------------|--------------------------------|
| Calculated Rate for Flow Meters and Intertie Connections | Water Consumption (hcf/yr.) | Total Target Rev. Req't.. | Average Cost Per Unit (\$/hcf) |
| All Treated Water | 8,782,210 | \$ 32,241,061 | \$3.671 |

TABLE 60 : ESTIMATED REVENUE FROM FLOW METERS AND INTERIE CONNECTIONS BASED ON FY 2019/20 CONSUMPTION

| Customer Classes | Number of Meters ¹ | Water Consumption (hcf/yr.) | Estimated Rate Revenue FY 2022/23 |
|--------------------------|-------------------------------|-----------------------------|-----------------------------------|
| Commercial Flow Meter | 59 | 58,247 | \$ 213,835 |
| Institutional Flow Meter | 17 | 3,220 | 11,821 |
| Institutional Well | 1 | 5,770 | 21,183 |
| Intertie | 4 | 316,631 | 1,162,409 |
| Total | 81 | 383,868 | \$ 1,409,248 |

1. Number of meters is based on the number of customers billed a fixed and/or variable charge in June 2020 except for institutional well, flow, and intertie customers. Source file: 2019-20 Customer Data.xlsx .

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TABLE 61 : PROPOSED VOLUMETRIC CHARGES FOR FY 2023/24

| Net Revenue Requirements (33% Fixed / 67% Variable) | | | | | | |
|--|-------------------------------|-----------------------------|--------------------------------------|-------------------------|----------------------------------|-------------------------|
| Customer Classes | Number of Meters ¹ | Water Consumption (hcf/yr.) | Target Rev. Req't. from Vol. Charges | % of Total Rate Revenue | Uniform Commodity Rates (\$/hcf) | Proposed Rate Structure |
| <i>Treated Water:</i> | | | | | | |
| Single Family Residential | 34,554 | 5,345,305 | \$ 13,487,561 | 40% | \$2.52 | Tiered |
| Multi-Family Residential | 789 | 733,399 | 1,850,551 | 5% | \$2.52 | Uniform |
| Commercial | 1,318 | 1,211,451 | 3,056,799 | 9% | \$2.52 | Uniform |
| Irrigation | 144 | 93,898 | 236,929 | 1% | \$2.52 | Uniform |
| Institutional | 236 | 906,240 | 2,286,675 | 7% | \$2.52 | Uniform |
| Institutional Irrigation | 236 | 377,092 | 951,499 | 3% | \$2.52 | Uniform |
| Fire | 638 | 4,077 | 10,288 | 0% | \$2.52 | Uniform |
| Other | 7 | 286,392 | 722,640 | 2% | \$2.52 | Uniform |
| Total | 37,922 | 8,957,854 | \$ 22,602,941 | 67% | | |

1. Number of meters is based on the number of customers billed a fixed and/or variable charge in June 2020 except for institutional well, flow, and intertie customers. Source file: 2019-20 Customer Data.xlsx .

TABLE 62 : CALCULATED RATE FOR NON-RECURRING (COMMERCIAL & INSTITUTIONAL FLOW & INTERIE) USERS

| Net Revenue Requirements (33% Fixed / 67% Variable), cont. | | | |
|---|-----------------------------|---------------------------|--------------------------------|
| Calculated Rate for Flow Meters and Intertie Connections | Water Consumption (hcf/yr.) | Total Target Rev. Req't.. | Average Cost Per Unit (\$/hcf) |
| All Treated Water | 8,957,854 | \$ 33,872,459 | \$3.781 |

TABLE 63 : ESTIMATED REVENUE FROM FLOW METERS AND INTERIE CONNECTIONS BASED ON FY 2019/20 CONSUMPTION

| Customer Classes | Number of Meters ¹ | Water Consumption (hcf/yr.) | Estimated Rate Revenue FY 2023/24 |
|--------------------------|-------------------------------|-----------------------------|-----------------------------------|
| Commercial Flow Meter | 59 | 58,247 | \$ 220,250 |
| Institutional Flow Meter | 17 | 3,220 | 12,176 |
| Institutional Well | 1 | 5,770 | 21,818 |
| Intertie | 4 | 316,631 | 1,197,281 |
| Total | 81 | 383,868 | \$ 1,451,525 |

1. Number of meters is based on the number of customers billed a fixed and/or variable charge in June 2020 except for institutional well, flow, and intertie customers. Source file: 2019-20 Customer Data.xlsx .

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TABLE 64 : PROPOSED VOLUMETRIC CHARGES FOR FY 2024/25

| Net Revenue Requirements (37% Fixed / 63% Variable) | | | | | | |
|--|-------------------------------|-----------------------------|--------------------------------------|-------------------------|----------------------------------|-------------------------|
| Customer Classes | Number of Meters ¹ | Water Consumption (hcf/yr.) | Target Rev. Req't. from Vol. Charges | % of Total Rate Revenue | Uniform Commodity Rates (\$/hcf) | Proposed Rate Structure |
| <i>Treated Water:</i> | | | | | | |
| Single Family Residential | 35,245 | 5,452,211 | \$ 13,479,894 | 38% | \$2.47 | <i>Tiered</i> |
| Multi-Family Residential | 804 | 748,067 | 1,849,499 | 5% | \$2.47 | <i>Uniform</i> |
| Commercial | 1,345 | 1,235,680 | 3,055,061 | 9% | \$2.47 | <i>Uniform</i> |
| Irrigation | 146 | 95,776 | 236,794 | 1% | \$2.47 | <i>Uniform</i> |
| Institutional | 241 | 924,365 | 2,285,375 | 6% | \$2.47 | <i>Uniform</i> |
| Institutional Irrigation | 241 | 384,634 | 950,958 | 3% | \$2.47 | <i>Uniform</i> |
| Fire | 651 | 4,159 | 10,282 | 0% | \$2.47 | <i>Uniform</i> |
| Other | 7 | 292,120 | 722,229 | 2% | \$2.47 | <i>Uniform</i> |
| Total | 38,680 | 9,137,011 | \$ 22,590,092 | 63% | | |

1. Number of meters is based on the number of customers billed a fixed and/or variable charge in June 2020 except for institutional well, flow, and intertie customers. Source file: 2019-20 Customer Data.xlsx .

TABLE 65 : CALCULATED RATE FOR NON-RECURRING (COMMERCIAL & INSTITUTIONAL FLOW & INTERIE) USERS

| Net Revenue Requirements (37% Fixed / 63% Variable), cont. | | | |
|---|-----------------------------|---------------------------|--------------------------------|
| Calculated Rate for Flow Meters and Intertie Connections | Water Consumption (hcf/yr.) | Total Target Rev. Req't.. | Average Cost Per Unit (\$/hcf) |
| All Treated Water | 9,137,011 | \$ 35,586,405 | \$3.895 |

TABLE 66 : ESTIMATED REVENUE FROM FLOW METERS AND INTERIE CONNECTIONS BASED ON FY 2019/20 CONSUMPTION

| Customer Classes | Number of Meters ¹ | Water Consumption (hcf/yr.) | Estimated Rate Revenue FY 2024/25 |
|--------------------------|-------------------------------|-----------------------------|-----------------------------------|
| Commercial Flow Meter | 59 | 58,247 | \$ 226,858 |
| Institutional Flow Meter | 17 | 3,220 | 12,541 |
| Institutional Well | 1 | 5,770 | 22,473 |
| Intertie | 4 | 316,631 | 1,233,200 |
| Total | 81 | 383,868 | \$ 1,495,071 |

1. Number of meters is based on the number of customers billed a fixed and/or variable charge in June 2020 except for institutional well, flow, and intertie customers. Source file: 2019-20 Customer Data.xlsx .

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TABLE 67 : PROPOSED VOLUMETRIC CHARGES FOR FY 2025/26

| Net Revenue Requirements (40% Fixed / 60% Variable) | | | | | | |
|--|-------------------------------|-----------------------------|--------------------------------------|-------------------------|----------------------------------|-------------------------|
| Customer Classes | Number of Meters ¹ | Water Consumption (hcf/yr.) | Target Rev. Req't. from Vol. Charges | % of Total Rate Revenue | Uniform Commodity Rates (\$/hcf) | Proposed Rate Structure |
| <i>Treated Water:</i> | | | | | | |
| Single Family Residential | 35,950 | 5,561,255 | \$ 13,436,917 | 36% | \$2.42 | Tiered |
| Multi-Family Residential | 820 | 763,028 | 1,843,603 | 5% | \$2.42 | Uniform |
| Commercial | 1,371 | 1,260,394 | 3,045,321 | 8% | \$2.42 | Uniform |
| Irrigation | 149 | 97,692 | 236,039 | 1% | \$2.42 | Uniform |
| Institutional | 246 | 942,853 | 2,278,089 | 6% | \$2.42 | Uniform |
| Institutional Irrigation | 246 | 392,326 | 947,926 | 3% | \$2.42 | Uniform |
| Fire | 664 | 4,242 | 10,250 | 0% | \$2.42 | Uniform |
| Other | 8 | 297,962 | 719,926 | 2% | \$2.42 | Uniform |
| Total | 39,454 | 9,319,752 | \$ 22,518,071 | 60% | | |

1. Number of meters is based on the number of customers billed a fixed and/or variable charge in June 2020 except for institutional well, flow, and intertie customers. Source file: 2019-20 Customer Data.xlsx .

TABLE 68 : CALCULATED RATE FOR NON-RECURRING (COMMERCIAL & INSTITUTIONAL FLOW & INTERIE) USERS

| Net Revenue Requirements (40% Fixed / 60% Variable), cont. | | | |
|---|-----------------------------|---------------------------|--------------------------------|
| Calculated Rate for Flow Meters and Intertie Connections | Water Consumption (hcf/yr.) | Total Target Rev. Req't.. | Average Cost Per Unit (\$/hcf) |
| All Treated Water | 9,319,752 | \$ 37,387,077 | \$4.012 |

TABLE 69 : ESTIMATED REVENUE FROM FLOW METERS AND INTERIE CONNECTIONS BASED ON FY 2019/20 CONSUMPTION

| Customer Classes | Number of Meters ¹ | Water Consumption (hcf/yr.) | Estimated Rate Revenue FY 2025/26 |
|--------------------------|-------------------------------|-----------------------------|-----------------------------------|
| Commercial Flow Meter | 59 | 58,247 | \$ 233,663 |
| Institutional Flow Meter | 17 | 3,220 | 12,917 |
| Institutional Well | 1 | 5,770 | 23,147 |
| Intertie | 4 | 316,631 | 1,270,196 |
| Total | 81 | 383,868 | \$ 1,539,923 |

1. Number of meters is based on the number of customers billed a fixed and/or variable charge in June 2020 except for institutional well, flow, and intertie customers. Source file: 2019-20 Customer Data.xlsx .

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TABLE 70 : PROPOSED TIER BREAKPOINT - SINGLE FAMILY RESIDENTIAL

| Meter Sizes | FY 2020/21 Consumption ¹ | % of Consumption ² | Avg. Monthly Consumption FY'20/21 (ccf) ³ | Tier Breakpoint (ccf) ⁴ |
|---|-------------------------------------|-------------------------------|--|------------------------------------|
| Tier 1 - Free Production Allowance | 2,293,278 | 44.6% | | 6.0 |
| Tier 2 - Replacement & Makeup Obligations | 2,844,462 | 55.4% | | |
| Total | 5,137,740 | 100.0% | 13.0 | |

1. Free Production Allowance is included in Tier 1 and Replacement and Makeup Obligations are in Tier 2. The FY 2019/20 consumption data are actuals. See Allocation Factors Tab, Table 31.

2. See Table 71 for details on how the percentage of consumption was calculated.

3. Annual consumption divided by total meters divided by 12 months.

4. Tier 2 breakpoint is the percentage of Tier 1 consumption times the Avg. Monthly Consumption, rounded to the nearest integer in CCF.

TABLE 71 : FY 2020/21 WATER SUPPLY BY SOURCE AND SINGLE-FAMILY RESIDENTIAL (SFR) SHARE OF PRODUCTION

| Source of Supply | Total Production (FY'20/21) | | | SFR Share of Total Production ¹ | | SFR Share of Metered Consumption ² | | Total Production (FY'21/22) | Total Production (FY'22/23) | Total Production (FY'23/24) | Total Production (FY'24/25) |
|-------------------------------------|-----------------------------|-------------------|---------------|--|------------------|---|---------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | In AF | In CCF | % of Total | % | CCF | (CCF) | % of Total | CCF | CCF | CCF | CCF |
| Free Production Allowance (Tier 1) | 11,678 | 5,087,111 | 44.6% | 59.7% | 3,035,566 | 2,293,278 | 44.6% | 2,698,281 | 2,698,281 | 2,698,281 | 2,698,281 |
| VWD Replacement Obligation (Tier 2) | 13,594 | 5,921,372 | 52.0% | 59.7% | 3,533,384 | 2,669,364 | 52.0% | 4,021,948 | 4,176,866 | 4,335,164 | 4,335,164 |
| VWD Makeup Obligation (Tier 2) | 892 | 388,413 | 3.4% | 59.7% | 231,773 | 175,097 | 3.4% | 250,598 | 269,616 | 288,833 | 288,833 |
| Totals | 26,164 | 11,396,897 | 100.0% | -- | 6,800,723 | 5,137,740 | 100.0% | 6,970,827 | 7,144,764 | 7,322,278 | 7,322,278 |

1. Single-Family share of treated water based on the VWD customer data. Source file: 2019-20 Customer Data.xlsx .

2. This is the annual metered consumption, from the Allocation Factors Tab, times the "% of Total Production". Rates are based on metered consumption, not total production.

TABLE 72 : SUMMARY OF FY 2021/22 SINGLE-FAMILY RESIDENTIAL SHARE OF WATER SUPPLY/VOLUMETRIC-RELATED COSTS

| Supply Costs for Single-Family Tiered Rates | Total Cost (FY 2021/22) | SFR % of Costs | SFR Share of Costs | Tier 1 Allocation ¹ | Tier 2 Allocation ¹ |
|---|-------------------------|----------------|----------------------|--------------------------------|--------------------------------|
| | (a) | (b) | (c) = (a) x (b) | | |
| VWD Replacement Obligation | \$ 9,230,054 | 59.7% | \$ 5,507,731 | 0.0% | 100.0% |
| VWD Makeup Obligation | 605,447 | 59.7% | 361,281 | 0.0% | 100.0% |
| Conservation Dept. Costs | 538,545 | 59.7% | 321,359 | 0.0% | 100.0% |
| Other Commodity-Related Costs | 12,098,813 | 59.7% | 7,219,568 | 44.6% | 55.4% |
| Total Commodity-Related Costs | \$ 22,472,859 | -- | \$ 13,409,939 | -- | -- |

1. Tier rate design assumes lowest-cost supplies are in Tier 1; Tier 2 includes replenishment/makeup and conservation costs.

TABLE 73 : SUMMARY OF FY 2022/23 - FY 2025/26 SINGLE-FAMILY RESIDENTIAL SHARE OF WATER SUPPLY/VOLUMETRIC-RELATED COSTS

| Supply Costs for Single-Family Tiered Rates | Total Cost (FY 2022/23) | | Total Cost (FY 2023/24) | | Total Cost (FY 2024/25) | | Total Cost (FY 2025/26) | |
|---|-------------------------|----------------------|-------------------------|----------------------|-------------------------|----------------------|-------------------------|----------------------|
| | \$ | SFR Share | \$ | SFR Share | \$ | SFR Share | \$ | SFR Share |
| VWD Replacement Obligation | \$ 10,985,972 | \$ 6,555,517 | \$ 11,939,416 | \$ 7,124,453 | \$ 12,958,961 | \$ 7,732,834 | \$ 12,958,961 | \$ 7,732,834 |
| VWD Makeup Obligation | 684,509 | 408,458 | 770,688 | 459,883 | 863,400 | 515,205 | 863,400 | 515,205 |
| Conservation Dept. Costs | 538,545 | 321,359 | 560,140 | 334,245 | 582,603 | 347,649 | 605,966 | 361,590 |
| Other Commodity-Related Costs | 10,353,126 | 6,177,887 | 9,332,697 | 5,568,980 | 8,185,129 | 4,884,206 | 8,089,743 | 4,827,288 |
| Total Commodity-Related Costs | \$ 22,562,152 | \$ 13,463,221 | \$ 22,602,941 | \$ 13,487,561 | \$ 22,590,092 | \$ 13,479,894 | \$ 22,518,071 | \$ 13,436,917 |

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TABLE 74 : ALLOCATION OF FY 2020/21 SINGLE-FAMILY RESIDENTIAL VOLUMETRIC COSTS BY TIER

| Supply Costs for Single-Family Tiered Rates | SFR Share of Costs ('20/21) ¹ | Tier Allocations (%) | | Tier Allocations (\$) ² | |
|---|--|----------------------|-----------|------------------------------------|----------------------|
| | | Tier 1 | Tier 2 | Tier 1 | Tier 2 |
| VWD Replacement Obligation | \$ 5,507,731 | 0.0% | 100.0% | \$ - | \$ 5,507,731 |
| VWD Makeup Obligation | 361,281 | 0.0% | 100.0% | - | 361,281 |
| Conservation Dept. Costs | 321,359 | 0.0% | 100.0% | - | 321,359 |
| Other Commodity-Related Costs | 7,219,568 | 44.6% | 55.4% | 3,222,522 | 3,997,047 |
| Total Commodity-Related Costs | \$ 13,409,939 | -- | -- | \$ 3,222,522 | \$ 10,187,417 |

1. From Table 72.

2. "SFR Share of Costs ('20/21)" times "Tier Allocations (%)".

TABLE 75 : FY 2020/21 CALCULATION OF SINGLE-FAMILY RESIDENTIAL TIERED RATES

| Supply Costs for Single-Family Tiered Rates | Allocated SFR Costs ¹ | SFR Consumption ² | Tier SFR Rates (\$/CCF) | Uniform Rate for Non-SFR ³ (\$/CCF) |
|---|----------------------------------|------------------------------|-------------------------|--|
| | (a) | (b) | (c) = (a) ÷ (b) | |
| (FY'21/22) | | | | |
| Allocated Costs - Tier 1 | \$ 3,222,522 | 2,293,278 | \$1.41 | \$2.61 |
| Allocated Costs - Tier 2 | 10,187,417 | 2,844,462 | \$3.58 | |
| Total Commodity-Related Costs | \$ 13,409,939 | 5,137,740 | -- | -- |
| (FY'22/23) | | | | |
| Allocated Costs - Tier 1 | \$ 2,757,557 | 2,698,281 | \$1.02 | \$2.57 |
| Allocated Costs - Tier 2 | 10,705,664 | 4,272,546 | \$2.51 | |
| Total Commodity-Related Costs | \$ 13,463,221 | 6,970,827 | -- | -- |
| (FY'23/24) | | | | |
| Allocated Costs - Tier 1 | \$ 2,485,766 | 2,698,281 | \$0.92 | \$2.52 |
| Allocated Costs - Tier 2 | 11,001,795 | 4,446,483 | \$2.47 | |
| Total Commodity-Related Costs | \$ 13,487,561 | 7,144,764 | -- | -- |
| (FY'24/25) | | | | |
| Allocated Costs - Tier 1 | \$ 2,180,111 | 2,698,281 | \$0.81 | \$2.47 |
| Allocated Costs - Tier 2 | 11,299,783 | 4,623,997 | \$2.44 | |
| Total Commodity-Related Costs | \$ 13,479,894 | 7,322,278 | -- | -- |
| (FY'25/26) | | | | |
| Allocated Costs - Tier 1 | \$ 2,154,705 | 2,698,281 | \$0.80 | \$2.42 |
| Allocated Costs - Tier 2 | 11,282,212 | 4,623,997 | \$2.44 | |
| Total Commodity-Related Costs | \$ 13,436,917 | 7,322,278 | -- | -- |

1. From Table 73.

2. SFR Share of Metered Consumption from Table 71. Tier 1 is based on the percentage of Free Production Allowance;

Tier 2 includes all other consumption. Volumetric rates are based on metered consumption, not total production.

3. Tiered rates only apply to single-family residential customers. All other customers pay a uniform volumetric rate, which is all volumetric costs divided by the total metered treated water consumption from the *Allocation Factors* Tab, Table 31.

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TABLE 76 : FREE PRODUCTION ALLOWANCE ANALYSIS

| Free Production Allowance Analysis | |
|--|------------------|
| Description | HCF |
| FY 2019/20 Production ¹ | 9,587,300 |
| Free Production Allowance ² | <u>6,217,580</u> |
| Excess Production | 3,369,720 |
| Conservation Equivalent ³ | 35% |

1. Provided by District. Source file: *Production Data.xlsx*.

2. Free Production Allowance is calculated based on 15,574 AF for FY 2019-20. See *MWA Obligations* tab.

3. If conservation exceeds 35%, this analysis will no longer accurately assess the marginal cost of production as no groundwater replenishment will be required.

TABLE 77 : DEVELOPMENT OF THE MARGINAL COST OF GROUNDWATER REPLENISHMENT

| Development of the Marginal Cost of Groundwater Replenishment ¹ | | | | |
|--|--|----------------|----------|----------------------|
| Fiscal Year | Description | Acre Foot Cost | HCF Cost | % Change in MWA Cost |
| 2019-20 | Mojave Basin Area Watermaster Replacement Obligation Rates | \$591 | \$1.357 | |
| 2020-21 | | \$604 | \$1.387 | 2% |
| 2021-22 | | \$665 | \$1.527 | 10% |
| 2022-23 | | \$679 | \$1.559 | 2% |
| 2023-24 | | \$710 | \$1.630 | 5% |
| 2024-25 | | \$743 | \$1.706 | 5% |
| 2025-26 | | \$777 | \$1.784 | 5% |

1. Acre Foot Costs provided by District staff. Source file: *MWA Obligations - Forecasts.xlsx*.

TABLE 78 : DEVELOPMENT OF THE MARGINAL COST OF PURCHASED WATER

| Development of the Marginal Cost of Purchased Water ¹ | | | |
|--|-------------------------------|----------------|----------|
| Fiscal Year | Description | Acre Foot Cost | HCF Cost |
| 2020-21 | Mojave Basin Area Watermaster | \$151 | \$0.346 |

1. Per Acre Foot Cost is \$150.92 and represents delivery costs per District Staff. Source: Email received 09-29-20.

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TABLE 79 : DEVELOPMENT OF THE MARGINAL COST OF UTILITIES-PRODUCTION POWER

| Development of the Marginal Cost Of Utilities-Production Power ¹ | | |
|---|---|------------|
| Fiscal Year | Description | Net Change |
| 2020-21 | Budget Adjustment Utilities-Production Power ² | \$694,708 |
| 2020-21 | Consumption Change | 2,684,444 |
| 2020-21 | Per HCF Cost | \$0.259 |

1. Net change in budget figure for anticipated conservation.

2. Calculated based on District achieving 28% conservation.

TABLE 80 : MARGINAL COST PER HCF

| OBJECT | DESCRIPTION | CPI Factor | Base Year Costs (FY'20/21) | Marginal Cost of Water | | | | |
|---------|---|------------|----------------------------|------------------------|----------------|----------------|----------------|----------------|
| | | | | 2022 | 2023 | 2024 | 2025 | 2026 |
| 4100500 | Groundwater Replenishment | 10.30% | <u>\$1.387</u> | \$1.527 | \$1.559 | \$1.630 | \$1.706 | \$1.784 |
| 4100500 | Purchased Water | 7.00% | <u>\$0.346</u> | \$0.371 | \$0.397 | \$0.424 | \$0.454 | \$0.486 |
| 4100500 | Utilities-Production Power | 9.00% | <u>\$0.259</u> | \$0.282 | \$0.307 | \$0.335 | \$0.365 | \$0.398 |
| | Marginal Cost Per HCF - Production | | \$1.992 | \$2.179 | \$2.263 | \$2.390 | \$2.525 | \$2.668 |
| | Adjustment for Non-revenued Water (System Loss) | 6.6% | <u>\$0.131</u> | \$0.144 | \$0.149 | \$0.158 | \$0.167 | \$0.176 |
| | Marginal Cost Per HCF - Consumption | | \$2.123 | \$2.323 | \$2.412 | \$2.547 | \$2.692 | \$2.844 |

**VICTORVILLE WATER DISTRICT
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Summary Analysis - (1) the marginal impact of drought reductions are not significant enough to implement a drought rate until at least 20% reduction are reached. (2) After year 2, the revenue losses from drought reductions are more than offset by marginal cost reductions because (a) the fixed charge revenues are increasing from 27% to 40% by rate design, (b) revenues from volumetric rates are minimally increasing due to the decrease in volumetric rate % from 73% to 60%, and (c) inflation rates in the water production costs are greater than the increases in the volumetric rate revenues.

TABLE 81 : PROJECTED REVENUE CHECK FROM RATES USING MARGINAL WATER COST FOR FY 2021/22

| Conservation to FY 2019/20 Level | Fiscal Year 2021/22 Estimates | | | | | | | | | |
|----------------------------------|-------------------------------|-------------------------|--------------------------------|-------------------------|---|---------------|---------------------------|---------------|---------------------------|------------|
| | Production ¹ | Net Revenue Requirement | Marginal Water Cost Adjustment | Adjusted Revenue Req't. | Consumption After Conservation ¹ | Fixed Revenue | Adjusted Variable Revenue | Total Revenue | Drought-Related Shortfall | |
| | | | | | | | | | (\$) | % of Total |
| 0% | 9,587,300 | \$ 30,688,236 | \$ - | \$ 30,688,236 | 8,610,010 | \$ 8,215,377 | \$ 22,472,859 | \$ 30,688,236 | \$ - | 0.0% |
| 10% | 8,628,570 | 30,688,236 | (2,089,483) | 28,598,753 | 7,749,009 | 8,215,377 | 20,225,573 | 28,440,950 | (157,802) | -0.6% |
| 20% | 7,669,840 | 30,688,236 | (4,178,967) | 26,509,269 | 6,888,008 | 8,215,377 | 17,978,287 | 26,193,664 | (315,605) | -1.2% |
| 30% | 6,711,110 | 30,688,236 | (6,268,450) | 24,419,786 | 6,027,007 | 8,215,377 | 15,731,002 | 23,946,378 | (473,407) | -2.0% |
| 40% | 5,752,380 | 30,688,236 | (8,357,934) | 22,330,302 | 5,166,006 | 8,215,377 | 13,483,716 | 21,699,092 | (631,210) | -2.9% |
| 50% | 4,793,650 | \$ 30,688,236 | \$(10,447,417) | \$ 20,240,819 | 4,305,005 | \$ 8,215,377 | \$ 11,236,430 | \$ 19,451,806 | \$ (789,012) | -4.1% |

1. Production and consumption in FY 2019/20 and beyond assumes 2.0% increase in water consumption per year to account for customer growth.

TABLE 82 : CALCULATION OF DROUGHT SURCHARGES FOR FY 2021/22

| Conservation to FY 2019/20 Level | Consumption | Costs to Recover | Drought Surcharge (\$/hcf) | FY '21/22 Unadjusted Volumetric Rates | | | FY '21/22 Vol. Rates w/ Drought Surcharge | | |
|----------------------------------|-------------|------------------|----------------------------|---------------------------------------|------------------------|------------------------|---|------------------------|------------------------|
| | | | | Uniform Volumetric Rate | Tier 1 Volumetric Rate | Tier 2 Volumetric Rate | Uniform Volumetric Rate | Tier 1 Volumetric Rate | Tier 2 Volumetric Rate |
| | | | | 0% | 8,610,010 | \$ - | \$0.00 | \$2.61 | \$1.41 |
| 10% | 7,749,009 | 157,802 | \$0.02 | \$2.61 | \$1.41 | \$3.58 | \$2.63 | \$1.43 | \$3.60 |
| 20% | 6,888,008 | 315,605 | \$0.05 | \$2.61 | \$1.41 | \$3.58 | \$2.66 | \$1.45 | \$3.63 |
| 30% | 6,027,007 | 473,407 | \$0.08 | \$2.61 | \$1.41 | \$3.58 | \$2.69 | \$1.48 | \$3.66 |
| 40% | 5,166,006 | 631,210 | \$0.12 | \$2.61 | \$1.41 | \$3.58 | \$2.73 | \$1.53 | \$3.70 |
| 50% | 4,305,005 | \$ 789,012 | \$0.18 | \$2.61 | \$1.41 | \$3.58 | \$2.79 | \$1.59 | \$3.76 |

TABLE 83 : FY 2021/22 DROUGHT SURCHARGES FOR CONSTRUCTION FLOW METER/FILLER SPOUT WATER/INTERIE

| Conservation to FY 2019/20 Level | Standard Rate | Water Rate in Drought | Drought Surcharge |
|----------------------------------|---------------|-----------------------|-------------------|
| 20% | \$3.56 | \$0.046 | \$3.610 |
| 30% | \$3.56 | \$0.079 | \$3.643 |
| 40% | \$3.56 | \$0.122 | \$3.686 |
| 50% | \$3.56 | \$0.183 | \$3.748 |

**VICTORVILLE WATER DISTRICT
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Summary Analysis - (1) the marginal impact of drought reductions are not significant enough to implement a drought rate until at least 20% reduction are reached. (2) After year 2, the revenue losses from drought reductions are more than offset by marginal cost reductions because (a) the fixed charge revenues are increasing from 27% to 40% by rate design, (b) revenues from volumetric rates are minimally increasing due to the decrease in volumetric rate % from 73% to 60%, and (c) inflation rates in the water production costs are greater than the increases in the volumetric rate revenues.

TABLE 84 : PROJECTED REVENUE CHECK FROM RATES USING MARGINAL COST FOR FY 2022/23

| Conservation to FY 2019/20 Level | Fiscal Year 2021/22 Estimates | | | | | | | | | |
|----------------------------------|-------------------------------|-------------------------|--------------------------------|-------------------------|---|---------------|---------------------------|---------------|---------------------------|------------|
| | Production ¹ | Net Revenue Requirement | Marginal Water Cost Adjustment | Adjusted Revenue Req't. | Consumption After Conservation ¹ | Fixed Revenue | Adjusted Variable Revenue | Total Revenue | Drought-Related Shortfall | |
| | | | | | | | | | (\$) | % of Total |
| 0% | 9,779,046 | \$ 32,241,061 | \$ - | \$ 32,241,061 | 8,782,210 | \$ 9,678,909 | \$ 22,562,152 | \$ 32,241,061 | \$ - | 0.0% |
| 10% | 8,801,141 | 32,241,061 | (2,212,906) | 30,028,155 | 7,903,989 | 9,678,909 | 20,305,936 | 29,984,846 | (43,309) | -0.1% |
| 20% | 7,823,237 | 32,241,061 | (4,425,812) | 27,815,249 | 7,025,768 | 9,678,909 | 18,049,721 | 27,728,631 | (86,619) | -0.3% |
| 30% | 6,845,332 | 32,241,061 | (6,638,717) | 25,602,343 | 6,147,547 | 9,678,909 | 15,793,506 | 25,472,415 | (129,928) | -0.5% |
| 40% | 5,867,428 | 32,241,061 | (8,851,623) | 23,389,438 | 5,269,326 | 9,678,909 | 13,537,291 | 23,216,200 | (173,237) | -0.7% |
| 50% | 4,889,523 | \$ 32,241,061 | \$(11,064,529) | \$ 21,176,532 | 4,391,105 | \$ 9,678,909 | \$ 11,281,076 | \$ 20,959,985 | \$ (216,547) | -1.0% |

1. Production and consumption in FY 2019/20 and beyond assumes 2.0% increase in water consumption per year to account for customer growth.

TABLE 85 : CALCULATION OF DROUGHT SURCHARGES FOR FY 2022/23

| Conservation to FY 2019/20 Level | Consumption | Costs to Recover | Drought Surcharge (\$/hcf) | FY '22/23 Unadjusted Volumetric Rates | | | FY '22/23 Vol. Rates w/ Drought Surcharge | | |
|----------------------------------|-------------|------------------|----------------------------|---------------------------------------|------------------------|------------------------|---|------------------------|------------------------|
| | | | | Uniform Volumetric Rate | Tier 1 Volumetric Rate | Tier 2 Volumetric Rate | Uniform Volumetric Rate | Tier 1 Volumetric Rate | Tier 2 Volumetric Rate |
| | | | | 0% | 8,782,210 | \$ - | \$0.00 | \$2.57 | \$1.02 |
| 10% | 7,903,989 | 43,309 | \$0.01 | \$2.72 | \$1.02 | \$2.51 | \$2.73 | \$1.03 | \$2.51 |
| 20% | 7,025,768 | 86,619 | \$0.01 | \$2.72 | \$1.02 | \$2.51 | \$2.73 | \$1.03 | \$2.52 |
| 30% | 6,147,547 | 129,928 | \$0.02 | \$2.72 | \$1.02 | \$2.51 | \$2.74 | \$1.04 | \$2.53 |
| 40% | 5,269,326 | 173,237 | \$0.03 | \$2.72 | \$1.02 | \$2.51 | \$2.75 | \$1.05 | \$2.54 |
| 50% | 4,391,105 | \$ 216,547 | \$0.05 | \$2.72 | \$1.02 | \$2.51 | \$2.77 | \$1.07 | \$2.56 |

TABLE 86 : FY 2022/23 DROUGHT SURCHARGES FOR CONSTRUCTION FLOW METER/FILLER SPOUT WATER/INTERIE

| Conservation to FY 2019/20 Level | Standard Rate | Water Rate in Drought | Drought Surcharge |
|----------------------------------|---------------|-----------------------|-------------------|
| 20% | \$3.67 | \$0.012 | \$3.684 |
| 30% | \$3.67 | \$0.021 | \$3.692 |
| 40% | \$3.67 | \$0.033 | \$3.704 |
| 50% | \$3.67 | \$0.049 | \$3.720 |

**VICTORVILLE WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis & Rate Design**

Summary Analysis - (1) the marginal impact of drought reductions are not significant enough to implement a drought rate until at least 20% reduction are reached. (2) After year 2, the revenue losses from drought reductions are more than offset by marginal cost reductions because (a) the fixed charge revenues are increasing from 27% to 40% by rate design, (b) revenues from volumetric rates are minimally increasing due to the decrease in volumetric rate % from 73% to 60%, and (c) inflation rates in the water production costs are greater than the increases in the volumetric rate revenues.

TABLE 87 : PROJECTED REVENUE CHECK FROM RATES USING MARGINAL WATER COST FOR FY 2023/24

| Conservation to FY 2019/20 Level | Fiscal Year 2021/22 Estimates | | | | | | | | | |
|----------------------------------|-------------------------------|-------------------------|--------------------------------|-------------------------|---|---------------|---------------------------|---------------|---------------------------|------------|
| | Production ¹ | Net Revenue Requirement | Marginal Water Cost Adjustment | Adjusted Revenue Req't. | Consumption After Conservation ¹ | Fixed Revenue | Adjusted Variable Revenue | Total Revenue | Drought-Related Shortfall | |
| | | | | | | | | | (\$) | % of Total |
| 0% | 9,974,627 | \$ 33,872,459 | \$ - | \$ 33,872,459 | 8,957,854 | \$11,269,517 | \$ 22,602,941 | \$ 33,872,459 | \$ - | 0.0% |
| 10% | 8,977,164 | 33,872,459 | (2,383,448) | 31,489,011 | 8,062,069 | 11,269,517 | 20,342,647 | 31,612,164 | 123,154 | 0.4% |
| 20% | 7,979,702 | 33,872,459 | (4,766,896) | 29,105,563 | 7,166,284 | 11,269,517 | 18,082,353 | 29,351,870 | 246,307 | 0.8% |
| 30% | 6,982,239 | 33,872,459 | (7,150,343) | 26,722,115 | 6,270,498 | 11,269,517 | 15,822,059 | 27,091,576 | 369,461 | 1.4% |
| 40% | 5,984,776 | 33,872,459 | (9,533,791) | 24,338,667 | 5,374,713 | 11,269,517 | 13,561,765 | 24,831,282 | 492,615 | 2.0% |
| 50% | 4,987,313 | \$ 33,872,459 | \$(11,917,239) | \$ 21,955,220 | 4,478,927 | \$11,269,517 | \$ 11,301,471 | \$ 22,570,988 | \$ 615,768 | 2.7% |

1. Production and consumption in FY 2019/20 and beyond assumes 2.0% increase in water consumption per year to account for customer growth.

TABLE 88 : CALCULATION OF DROUGHT SURCHARGES FOR FY 2023/24

| Conservation to FY 2019/20 Level | Consumption | Costs to Recover | Drought Surcharge (\$/hcf) | FY '23/24 Unadjusted Volumetric Rates | | | FY '23/24 Vol. Rates w/ Drought Surcharge | | |
|----------------------------------|-------------|------------------|----------------------------|---------------------------------------|------------------------|------------------------|---|------------------------|------------------------|
| | | | | Uniform Volumetric Rate | Tier 1 Volumetric Rate | Tier 2 Volumetric Rate | Uniform Volumetric Rate | Tier 1 Volumetric Rate | Tier 2 Volumetric Rate |
| | | | | 0% | 8,957,854 | \$ - | \$0.00 | \$2.52 | \$0.92 |
| 10% | 8,062,069 | (123,154) | (\$0.02) | \$2.52 | \$0.92 | \$2.47 | \$2.51 | \$0.91 | \$2.46 |
| 20% | 7,166,284 | (246,307) | (\$0.03) | \$2.52 | \$0.92 | \$2.47 | \$2.49 | \$0.89 | \$2.44 |
| 30% | 6,270,498 | (369,461) | (\$0.06) | \$2.52 | \$0.92 | \$2.47 | \$2.46 | \$0.86 | \$2.42 |
| 40% | 5,374,713 | (492,615) | (\$0.09) | \$2.52 | \$0.92 | \$2.47 | \$2.43 | \$0.83 | \$2.38 |
| 50% | 4,478,927 | \$ (615,768) | (\$0.14) | \$2.52 | \$0.92 | \$2.47 | \$2.39 | \$0.78 | \$2.34 |

TABLE 89 : FY 2023/24 DROUGHT SURCHARGES FOR CONSTRUCTION FLOW METER/FILLER SPOUT WATER/INTERIE

| Conservation to FY 2019/20 Level | Standard Rate | Water Rate in Drought | Drought Surcharge |
|----------------------------------|---------------|-----------------------|-------------------|
| 20% | \$3.78 | (\$0.034) | \$3.747 |
| 30% | \$3.78 | (\$0.059) | \$3.722 |
| 40% | \$3.78 | (\$0.092) | \$3.690 |
| 50% | \$3.78 | (\$0.137) | \$3.644 |

VICTORVILLE WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis & Rate Design

Summary Analysis - (1) the marginal impact of drought reductions are not significant enough to implement a drought rate until at least 20% reduction are reached. (2) After year 2, the revenue losses from drought reductions are more than offset by marginal cost reductions because (a) the fixed charge revenues are increasing from 27% to 40% by rate design, (b) revenues from volumetric rates are minimally increasing due to the decrease in volumetric rate % from 73% to 60%, and (c) inflation rates in the water production costs are greater than the increases in the volumetric rate revenues.

TABLE 90 : PROJECTED REVENUE CHECK FROM RATES USING MARGINAL WATER COST FOR FY 2024/25

| Conservation to FY 2019/20 Level | Fiscal Year 2021/22 Estimates | | | | | | | | | |
|----------------------------------|-------------------------------|-------------------------|--------------------------------|-------------------------|---|---------------|---------------------------|---------------|---------------------------|------------|
| | Production ¹ | Net Revenue Requirement | Marginal Water Cost Adjustment | Adjusted Revenue Req't. | Consumption After Conservation ¹ | Fixed Revenue | Adjusted Variable Revenue | Total Revenue | Drought-Related Shortfall | |
| | | | | | | | | | (\$) | % of Total |
| 0% | 10,174,119 | \$ 35,586,405 | \$ - | \$ 35,586,405 | 9,137,011 | \$12,996,313 | \$ 22,590,092 | \$ 35,586,405 | \$ - | 0.0% |
| 10% | 9,156,708 | 35,586,405 | (2,569,109) | 33,017,296 | 8,223,310 | 12,996,313 | 20,331,083 | 33,327,396 | 310,100 | 0.9% |
| 20% | 8,139,296 | 35,586,405 | (5,138,218) | 30,448,187 | 7,309,609 | 12,996,313 | 18,072,074 | 31,068,387 | 620,200 | 2.0% |
| 30% | 7,121,884 | 35,586,405 | (7,707,327) | 27,879,078 | 6,395,908 | 12,996,313 | 15,813,065 | 28,809,377 | 930,299 | 3.2% |
| 40% | 6,104,472 | 35,586,405 | (10,276,436) | 25,309,969 | 5,482,207 | 12,996,313 | 13,554,055 | 26,550,368 | 1,240,399 | 4.7% |
| 50% | 5,087,060 | \$ 35,586,405 | \$(12,845,545) | \$ 22,740,860 | 4,568,506 | \$12,996,313 | \$ 11,295,046 | \$ 24,291,359 | \$ 1,550,499 | 6.4% |

1. Production and consumption in FY 2019/20 and beyond assumes 2.0% increase in water consumption per year to account for customer growth.

TABLE 91 : CALCULATION OF DROUGHT SURCHARGES FOR FY 2024/25

| Conservation to FY 2019/20 Level | Consumption | Costs to Recover | Drought Surcharge (\$/hcf) | FY '24/25 Unadjusted Volumetric Rates | | | FY '24/25 Vol. Rates w/ Drought Surcharge | | |
|----------------------------------|-------------|------------------|----------------------------|---------------------------------------|-----------------|-----------------|---|-----------------|-----------------|
| | | | | Uniform | Tier 1 | Tier 2 | Uniform | Tier 1 | Tier 2 |
| | | | | Volumetric Rate | Volumetric Rate | Volumetric Rate | Volumetric Rate | Volumetric Rate | Volumetric Rate |
| 0% | 9,137,011 | \$ - | \$0.00 | \$2.47 | \$0.81 | \$2.44 | \$2.47 | \$0.81 | \$2.44 |
| 10% | 8,223,310 | (310,100) | (\$0.04) | \$2.47 | \$0.81 | \$2.44 | \$2.43 | \$0.77 | \$2.41 |
| 20% | 7,309,609 | (620,200) | (\$0.08) | \$2.47 | \$0.81 | \$2.44 | \$2.39 | \$0.72 | \$2.36 |
| 30% | 6,395,908 | (930,299) | (\$0.15) | \$2.47 | \$0.81 | \$2.44 | \$2.33 | \$0.66 | \$2.30 |
| 40% | 5,482,207 | (1,240,399) | (\$0.23) | \$2.47 | \$0.81 | \$2.44 | \$2.25 | \$0.58 | \$2.22 |
| 50% | 4,568,506 | \$ (1,550,499) | (\$0.34) | \$2.47 | \$0.81 | \$2.44 | \$2.13 | \$0.47 | \$2.10 |

TABLE 92 : FY 2024/25 DROUGHT SURCHARGES FOR CONSTRUCTION FLOW/FILLER SPOUT WATER/INTERIE

| Conservation to FY 2019/20 Level | Standard Rate | Water Rate in Drought | Drought Surcharge |
|----------------------------------|---------------|-----------------------|-------------------|
| 20% | \$3.89 | (\$0.085) | \$3.810 |
| 30% | \$3.89 | (\$0.145) | \$3.749 |
| 40% | \$3.89 | (\$0.226) | \$3.668 |
| 50% | \$3.89 | (\$0.339) | \$3.555 |

**VICTORVILLE WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis & Rate Design**

Summary Analysis - (1) the marginal impact of drought reductions are not significant enough to implement a drought rate until at least 20% reduction are reached. (2) After year 2, the revenue losses from drought reductions are more than offset by marginal cost reductions because (a) the fixed charge revenues are increasing from 27% to 40% by rate design, (b) revenues from volumetric rates are minimally increasing due to the decrease in volumetric rate % from 73% to 60%, and (c) inflation rates in the water production costs are greater than the increases in the volumetric rate revenues.

TABLE 93 : PROJECTED REVENUE CHECK FROM RATES USING MARGINAL WATER COST FOR FY 2025/26

| Conservation to FY 2019/20 Level | Fiscal Year 2021/22 Estimates | | | | | | | | | |
|----------------------------------|-------------------------------|-------------------------|--------------------------------|-------------------------|---|---------------|---------------------------|---------------|---------------------------|------------|
| | Production ¹ | Net Revenue Requirement | Marginal Water Cost Adjustment | Adjusted Revenue Req't. | Consumption After Conservation ¹ | Fixed Revenue | Adjusted Variable Revenue | Total Revenue | Drought-Related Shortfall | |
| | | | | | | | | | (\$) | % of Total |
| 0% | 10,377,602 | \$ 37,387,077 | \$ - | \$ 37,387,077 | 9,319,752 | \$14,869,006 | \$ 22,518,071 | \$ 37,387,077 | \$ - | 0.0% |
| 10% | 9,339,842 | 37,387,077 | (2,768,601) | 34,618,476 | 8,387,777 | 14,869,006 | 20,266,264 | 35,135,270 | 516,794 | 1.5% |
| 20% | 8,302,081 | 37,387,077 | (5,537,202) | 31,849,875 | 7,455,801 | 14,869,006 | 18,014,457 | 32,883,463 | 1,033,588 | 3.1% |
| 30% | 7,264,321 | 37,387,077 | (8,305,803) | 29,081,274 | 6,523,826 | 14,869,006 | 15,762,650 | 30,631,656 | 1,550,382 | 5.1% |
| 40% | 6,226,561 | 37,387,077 | (11,074,404) | 26,312,673 | 5,591,851 | 14,869,006 | 13,510,842 | 28,379,849 | 2,067,176 | 7.3% |
| 50% | 5,188,801 | \$ 37,387,077 | \$(13,843,005) | \$ 23,544,072 | 4,659,876 | \$14,869,006 | \$ 11,259,035 | \$ 26,128,042 | \$ 2,583,970 | 9.9% |

1. Production and consumption in FY 2019/20 and beyond assumes 2.0% increase in water consumption per year to account for customer growth.

TABLE 94 : CALCULATION OF DROUGHT SURCHARGES FOR FY 2025/26

| Conservation to FY 2019/20 Level | Consumption | Costs to Recover | Drought Surcharge (\$/hcf) | FY '25/26 Unadjusted Volumetric Rates | | | FY '25/26 Vol. Rates w/ Drought Surcharge | | |
|----------------------------------|-------------|------------------|----------------------------|---------------------------------------|------------------------|------------------------|---|------------------------|------------------------|
| | | | | Uniform Volumetric Rate | Tier 1 Volumetric Rate | Tier 2 Volumetric Rate | Uniform Volumetric Rate | Tier 1 Volumetric Rate | Tier 2 Volumetric Rate |
| | | | | 0% | 9,319,752 | \$ - | \$0.00 | \$2.42 | \$0.80 |
| 10% | 8,387,777 | (516,794) | (\$0.06) | \$2.42 | \$0.80 | \$2.44 | \$2.35 | \$0.74 | \$2.38 |
| 20% | 7,455,801 | (1,033,588) | (\$0.14) | \$2.42 | \$0.80 | \$2.44 | \$2.28 | \$0.66 | \$2.30 |
| 30% | 6,523,826 | (1,550,382) | (\$0.24) | \$2.42 | \$0.80 | \$2.44 | \$2.18 | \$0.56 | \$2.20 |
| 40% | 5,591,851 | (2,067,176) | (\$0.37) | \$2.42 | \$0.80 | \$2.44 | \$2.05 | \$0.43 | \$2.07 |
| 50% | 4,659,876 | \$(2,583,970) | (\$0.55) | \$2.42 | \$0.80 | \$2.44 | \$1.86 | \$0.24 | \$1.89 |

TABLE 95 : FY 2025/26 DROUGHT SURCHARGES FOR CONSTRUCTION FLOW METER/FILLER SPOUT WATER/INTERIE

| Conservation to FY 2019/20 Level | Standard Rate | Water Rate in Drought | Drought Surcharge |
|----------------------------------|---------------|-----------------------|-------------------|
| 20% | \$4.01 | (\$0.139) | \$3.873 |
| 30% | \$4.01 | (\$0.238) | \$3.774 |
| 40% | \$4.01 | (\$0.370) | \$3.642 |
| 50% | \$4.01 | (\$0.555) | \$3.457 |

VICTORVILLE WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis & Rate Design
Preliminary Draft Subject to Material Revision/Do Not Cite or Distribute

Select Option **OPTION 2**

TABLE 96 : CURRENT VS. PROPOSED WATER RATES - TIERED RATES FOR SINGLE-FAMILY

| Water Rate Schedule | Current Rates | Proposed Rates | | | | |
|---|---------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 |
| Projected Increase in Rate Revenue per Financial Plan: | | 27% Fixed / 73% Variable | 30% Fixed / 70% Variable | 33% Fixed / 67% Variable | 37% Fixed / 63% Variable | 40% Fixed / 60% Variable |
| Fixed Service Charge | | | | | | |
| Fixed Service Charges: | | | | | | |
| 3/4 inch | \$13.36 | \$15.24 | \$17.68 | \$20.25 | \$22.96 | \$25.81 |
| 1 inch | \$21.09 | \$23.31 | \$27.04 | \$30.97 | \$35.12 | \$39.48 |
| 1.5 inch | \$40.41 | \$43.49 | \$50.45 | \$57.78 | \$65.51 | \$73.66 |
| 2 inch | \$63.60 | \$67.71 | \$78.54 | \$89.96 | \$101.99 | \$114.67 |
| 3 inch | \$125.44 | \$132.28 | \$153.44 | \$175.75 | \$199.26 | \$224.03 |
| 4 inch | \$195.01 | \$204.93 | \$237.71 | \$272.27 | \$308.69 | \$347.06 |
| 6 inch | \$388.25 | \$406.72 | \$471.78 | \$540.38 | \$612.67 | \$688.81 |
| 8 inch | \$1,083.92 | \$1,133.18 | \$1,314.45 | \$1,505.58 | \$1,706.99 | \$1,919.12 |
| 10 inch | \$1,624.99 | \$1,698.21 | \$1,969.86 | \$2,256.28 | \$2,558.12 | \$2,876.03 |
| Fire Fixed Service Charges: | | | | | | |
| 3/4 inch | \$2.63 | \$3.13 | \$3.63 | \$4.16 | \$4.72 | \$5.30 |
| 1 inch | \$3.20 | \$4.14 | \$4.67 | \$5.23 | \$5.83 | \$6.45 |
| 1.5 inch | \$4.64 | \$5.15 | \$5.71 | \$6.31 | \$6.93 | \$7.59 |
| 2 inch | \$6.37 | \$6.36 | \$6.96 | \$7.60 | \$8.26 | \$8.96 |
| 3 inch | \$11.83 | \$10.19 | \$10.92 | \$11.68 | \$12.47 | \$13.30 |
| 4 inch | \$21.90 | \$17.26 | \$18.20 | \$19.19 | \$20.22 | \$21.30 |
| 6 inch | \$47.78 | \$35.42 | \$36.94 | \$38.52 | \$40.16 | \$41.86 |
| 8 inch | \$82.30 | \$59.63 | \$61.91 | \$64.28 | \$66.74 | \$69.28 |
| 10 inch | \$128.31 | \$91.91 | \$95.22 | \$98.64 | \$102.18 | \$105.84 |
| Commodity Charges for All Water Consumed (per hcf) | | | | | | |
| Rate Per hcf of Water Consumed: | | | | | | |
| <u>Single Family Residential*</u> | | | | | | |
| Tier 1 | \$2.35 | \$1.41 | \$1.02 | \$0.92 | \$0.81 | \$0.80 |
| Tier 2 | -- | \$3.58 | \$2.51 | \$2.47 | \$2.44 | \$2.44 |
| <u>All Other Customers</u> | \$2.35 | \$2.61 | \$2.57 | \$2.52 | \$2.47 | \$2.42 |
| Flow Meter / Intertie / Well | \$3.51 | \$3.56 | \$3.67 | \$3.78 | \$3.89 | \$4.01 |

* Tier Breakpoints shown in Table 73

VICTORVILLE WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis & Rate Design
Preliminary Draft Subject to Material Revision/Do Not Cite or Distribute

Select Option **OPTION 2**

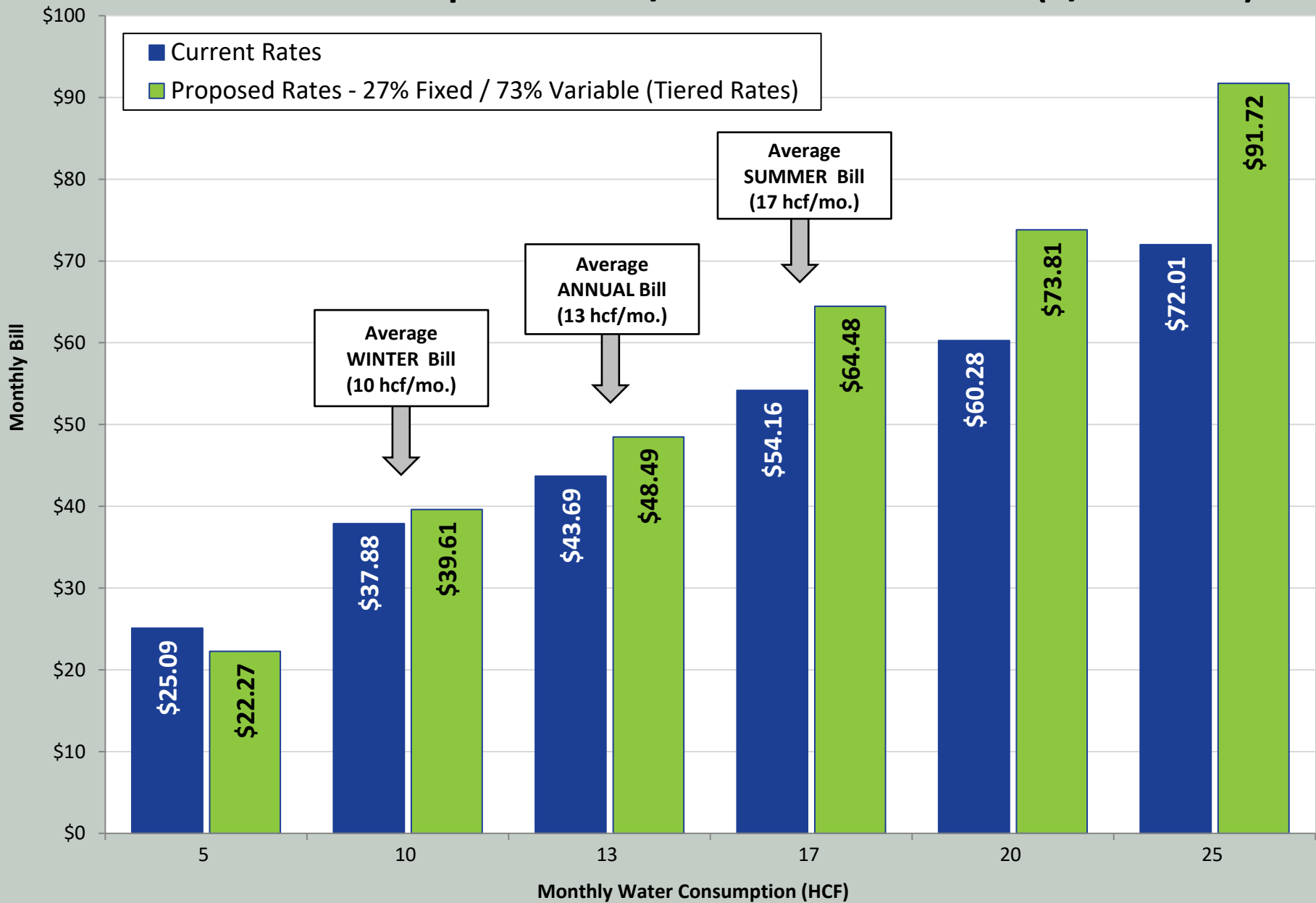
TABLE 97 : PROPOSED DROUGHT RATES

| Drought Rate Schedule | Current Rates | Proposed Rates | | | | |
|--|---------------|-----------------------------|-----------------------------|---|-----------------------------|-----------------------------|
| | | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 |
| <i>Increases in Rate Rev. per Financial Plan:</i> | | 27% Fixed / 73% Variable | 30% Fixed / 70% Variable | 33% Fixed / 67% Variable | 37% Fixed / 63% Variable | 40% Fixed / 60% Variable |
| Rates for Single Family Residential Tier 1 Water Consumed (per hcf)¹ | | | | | | |
| Conservation Level Compared to FY 2019/20 | | | | | | |
| 20% | N.A. | \$1.45 | \$1.03 | After year 2, revenue losses from drought reductions are offset by marginal cost reductions | | |
| 30% | N.A. | \$1.48 | \$1.04 | | | |
| 40% | N.A. | \$1.53 | \$1.05 | | | |
| 50% | N.A. | \$1.59 | \$1.07 | | | |
| Rates for Single Family Residential Tier 2 Water Consumed (per hcf)¹ | | | | | | |
| Conservation Level Compared to FY 2019/20 | | | | | | |
| 20% | N.A. | \$3.63 | \$2.52 | After year 2, revenue losses from drought reductions are offset by marginal cost reductions | | |
| 30% | N.A. | \$3.66 | \$2.53 | | | |
| 40% | N.A. | \$3.70 | \$2.54 | | | |
| 50% | N.A. | \$3.76 | \$2.56 | | | |
| Rates for Standard Domestic & Public Benefit Use Water Consumed (per hcf)¹ | | | | | | |
| Conservation Level Compared to FY 2019/20 | | | | | | |
| 20% | N.A. | \$2.66 | \$2.73 | After year 2, revenue losses from drought reductions are offset by marginal cost reductions | | |
| 30% | N.A. | \$2.69 | \$2.74 | | | |
| 40% | \$2.53 | \$2.73 | \$2.75 | | | |
| 45% | \$2.75 | N.A. | N.A. | | | |
| 50% | \$3.02 | \$2.79 | \$2.77 | | | |
| 55% | \$3.35 | N.A. | N.A. | | | |
| 60% | \$3.76 | N.A. | N.A. | | | |
| Rates for Construction Flow Meter/Filler Spout Water/Inertie (per hcf)¹ | | | | | | |
| Conservation Level Compared to FY 2019/20 | | | | | | |
| 20% | N.A. | \$3.61 | \$3.68 | After year 2, revenue losses from drought reductions are offset by marginal cost reductions | | |
| 30% | N.A. | \$3.64 | \$3.69 | | | |
| 40% | \$3.92 | \$3.69 | \$3.70 | | | |
| 45% | \$4.27 | N.A. | N.A. | | | |
| 50% | \$4.69 | \$3.75 | \$3.72 | | | |
| 55% | \$5.20 | N.A. | N.A. | | | |
| 60% | \$5.85 | N.A. | N.A. | | | |

1. Drought surcharges will apply to all consumption, if conservation is at or above 20% from FY 2019/20 baseline consumption levels.

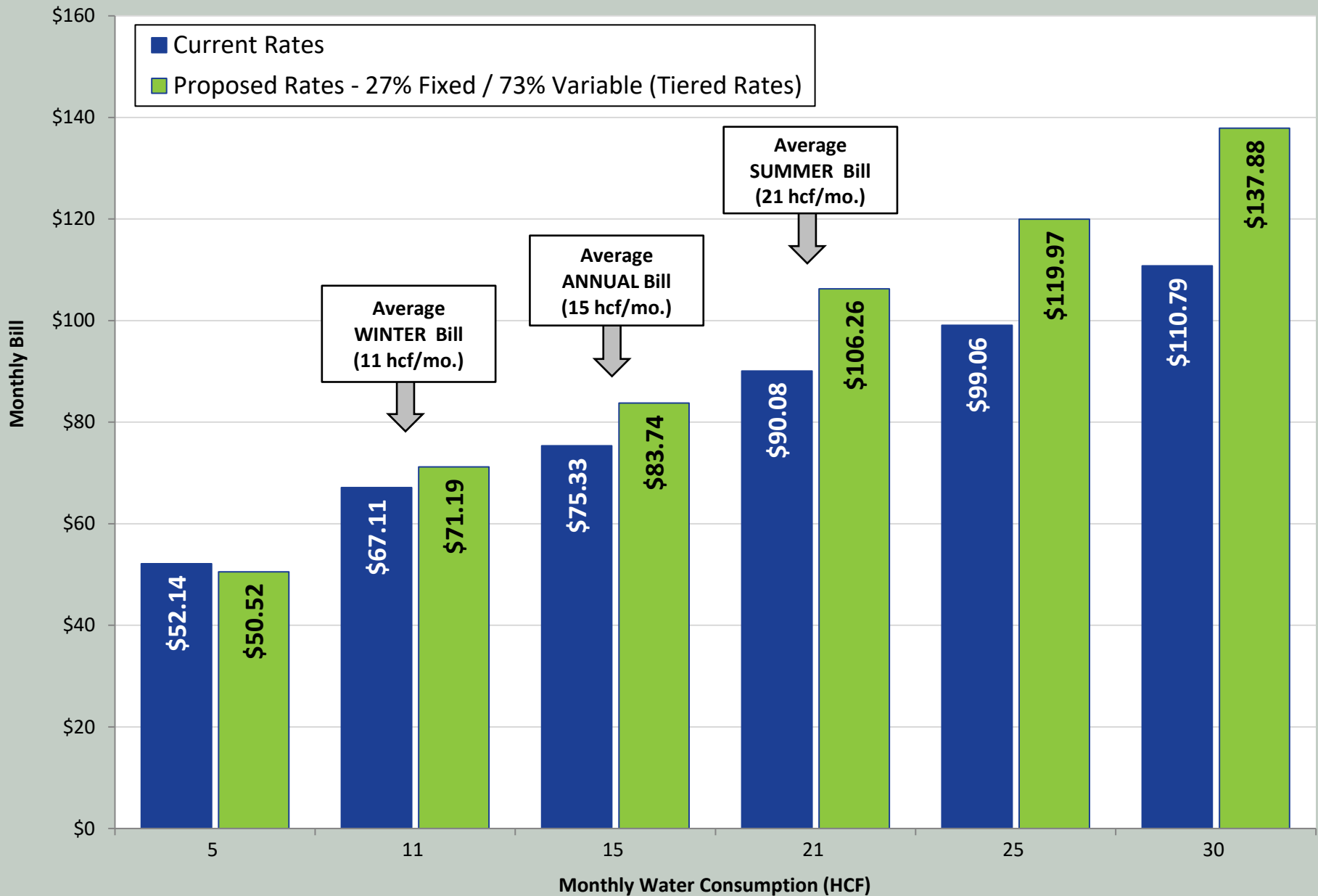
Single-Family Residential Water Bill Comparison

Current vs. Proposed 2021/22 Rate Alternatives (3/4" meter)



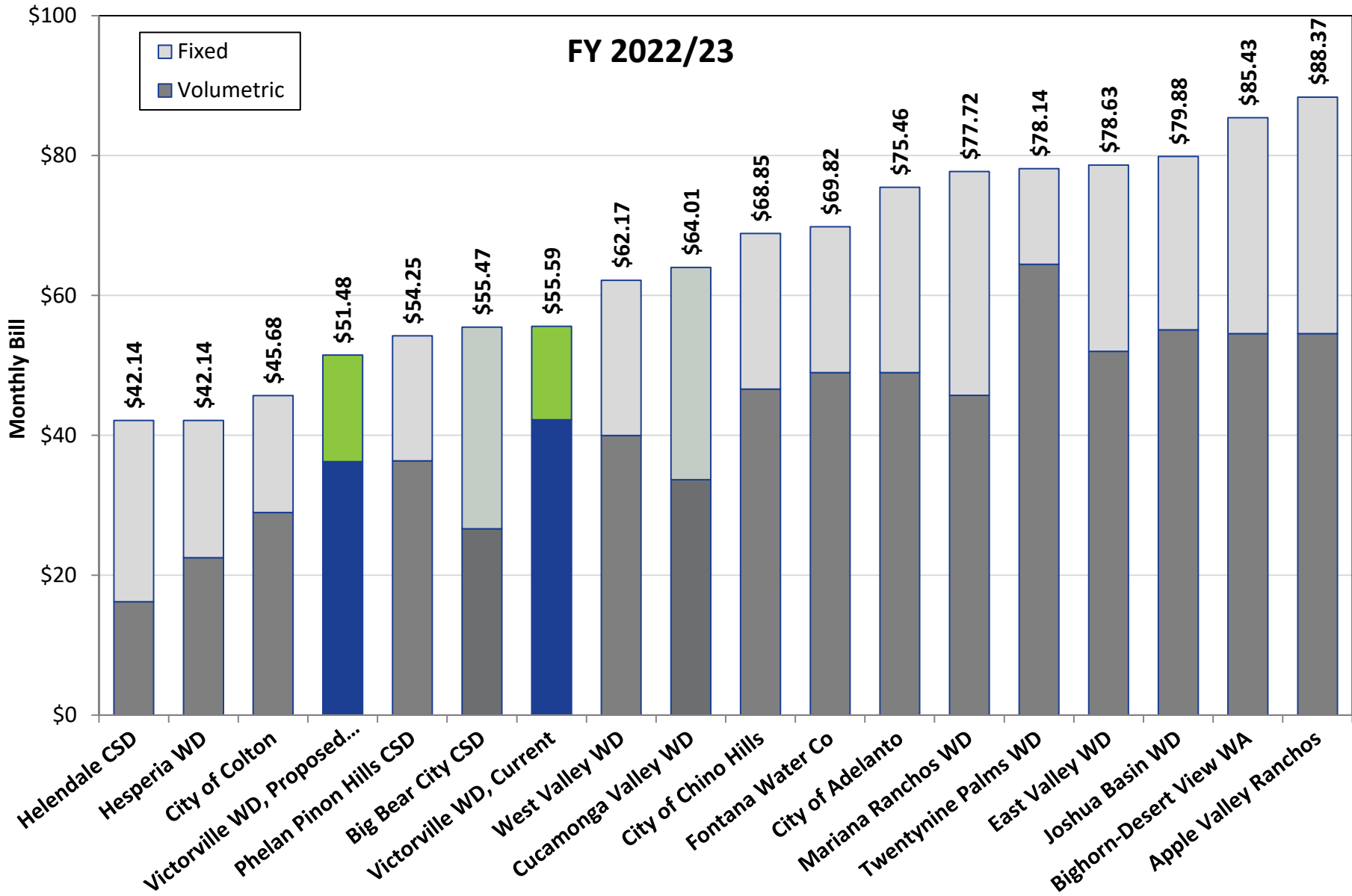
Single-Family Residential Water Bill Comparison

Current vs. Proposed 2021/22 Rate Alternatives (1" meter)



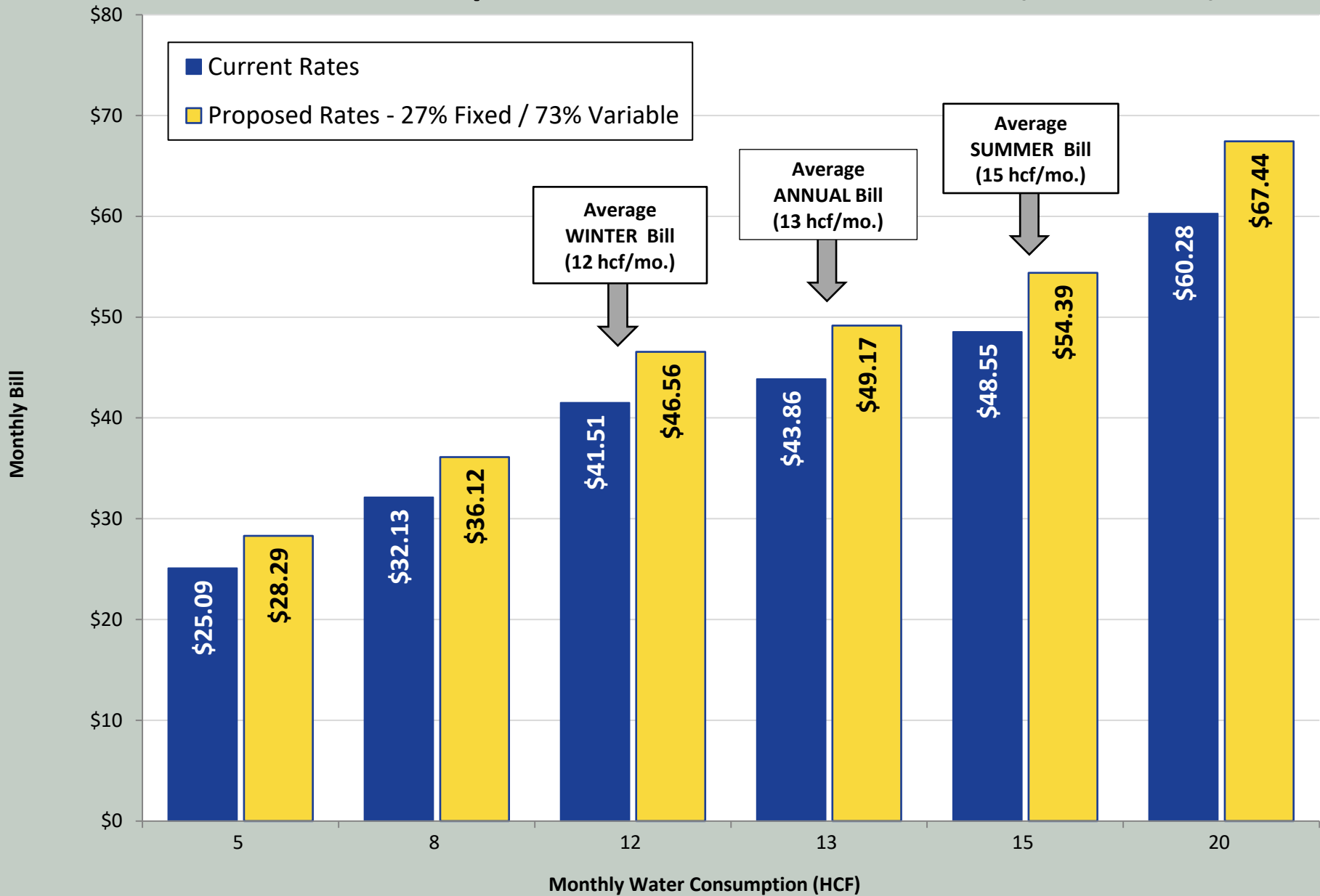
Single-Family Residential Regional Water Bill Comparison

(3/4" meter, 18 hcf consumption)



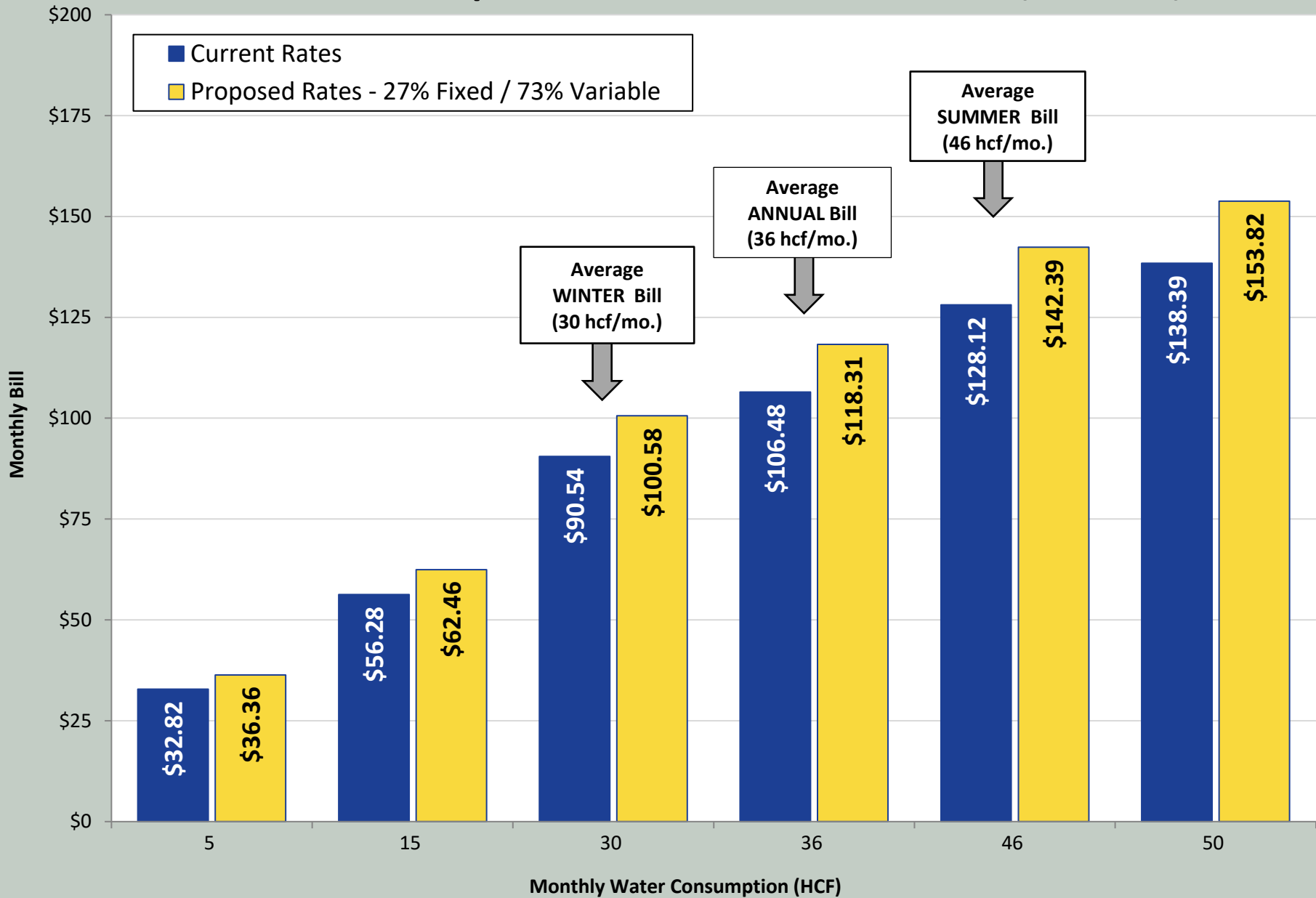
*The District provided NBS with the comparative rates and NBS did not independently verify.

Multi-Family Water Bill Comparison Current vs. Proposed 2021/22 Rate Alternatives (3/4" meter)



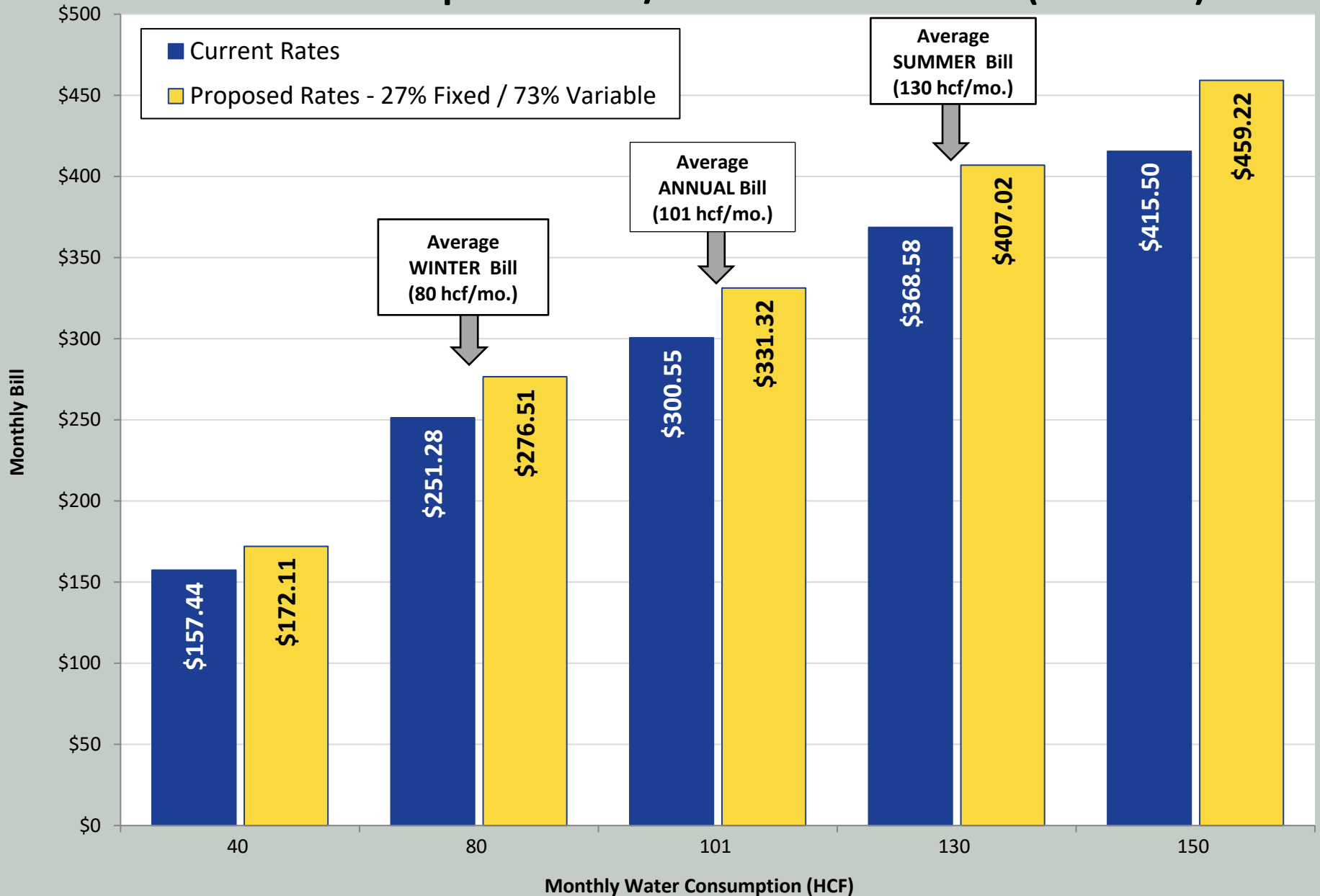
Multi-Family Water Bill Comparison

Current vs. Proposed 2021/22 Rate Alternatives (1" meter)



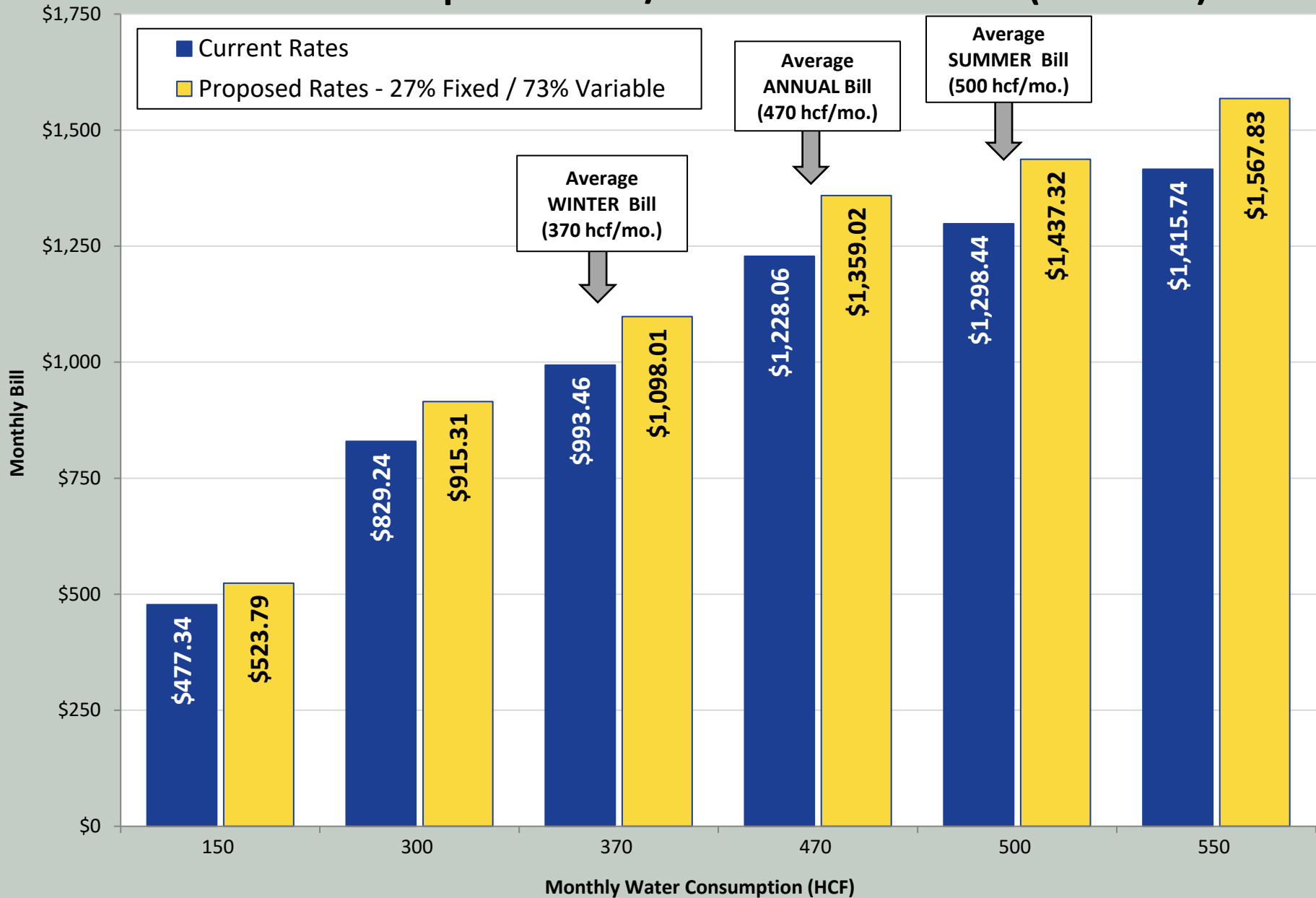
Commercial Water Bill Comparison

Current vs. Proposed 2021/22 Rate Alternatives (2" meter)



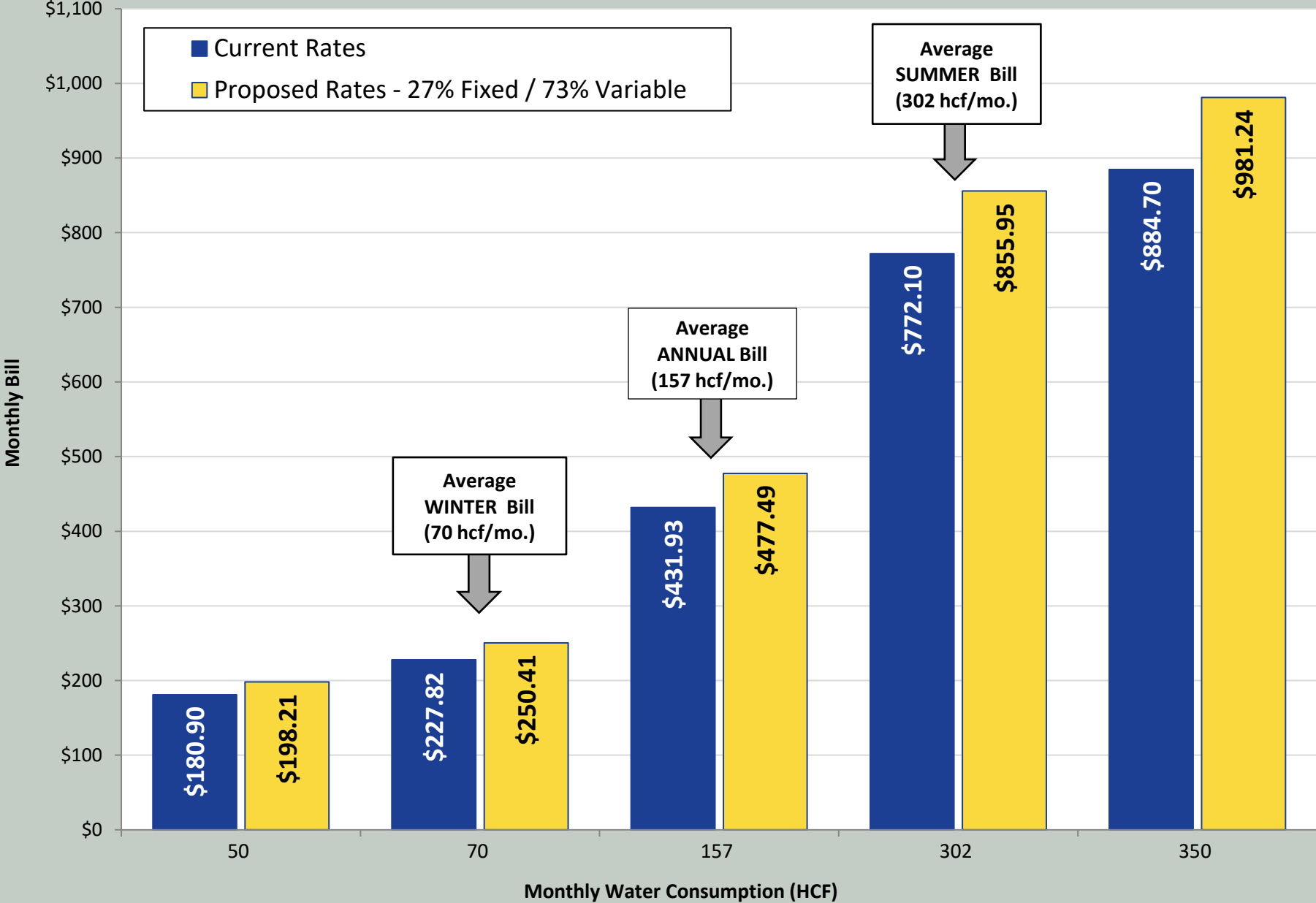
Commercial Water Bill Comparison

Current vs. Proposed 2021/22 Rate Alternatives (3" meter)



Institutional Irrigation Water Bill Comparison

Current vs. Proposed 2021/22 Rate Alternatives (2" meter)



Annual Average Single-Family Consumption Distribution Curve (FY 2019/20)

