

COACHELLA VALLEY WATER DISTRICT
NOTICE OF PROPOSED CHANGES TO ORDINANCE NO.
1399.17 REGARDING RATES FOR DOMESTIC WATER
SERVICE

NOTICE IS HEREBY GIVEN that on June 24, 2025, the Board of Directors of the Coachella Valley Water District will discuss proposed updates to Ordinance 1399.17 regarding rates for Domestic Water Service as part of the Fiscal Year 2026 Budget adoption item at its Regular Board Meeting at 8:00 a.m., at CVWD's Coachella Office, located at 51501 Tyler Street, Coachella CA 92236. Information regarding the proposed Fiscal Year 2026 budget and proposed rates is available online at: [Board Agendas | Coachella Valley Water District - Official Website](#)

Written comments or objections must be submitted to the Clerk of the Board by the end of public comment period at the hearing; failure to timely object in writing bars any right to challenge that fee, charge, or assessment in court, and that any such action will be limited to issues identified in such objections. To protest the rate increases, a property owner or customer or record must submit a signed written protest, stating that it protests the rates and identifies a parcel by address, assessor's parcel number, or CVWD account number, and submit it to the Clerk of the Board at the hearing or via email to SBermudez@cvwd.org or via mail at P.O. Box 1058, Coachella, CA 92236.

Verbal comments may be made during the meeting prior to the conclusion of the consideration of this matter but will not constitute a protest unless a written protest is also submitted. The Board will consider adoption of the following: Ordinance No. 1399.18, Regulations Governing Domestic Water Service.

A copy of the Ordinance, as proposed, and the cost of service study which supports it are posted and available for review at the following locations:

Coachella Valley Water District
Steve Robbins Administration Building
75515 Hovley Lane East
Palm Desert, California

Coachella Valley Water District
Coachella Office
51501 Tyler Street
Coachella, California

Additionally, copies are available by calling the District at (760) 398-2651 or at the District's web site: [Public Notices | Coachella Valley Water District - Official Website](#)

Summary of Ordinance: The Ordinance would revise certain provisions of the Regulations Governing Domestic Water Service. Revisions impact Appendix A-2, Appendix A-4. Proposed

rates are below the current Board authorized Proposition 218 rates that were adopted by Ordinance No. 1441 at a Public Hearing on June 8, 2021.

DATED: May 9, 2025

/s/Sylvia Bermudez
Clerk of the Board
Coachella Valley Water District

ORDINANCE NO. 1399.~~xx~~18

AN ORDINANCE OF THE COACHELLA VALLEY
WATER DISTRICT APPROVING AND ADOPTING
REGULATIONS GOVERNING DOMESTIC WATER SERVICE

BE IT ORDAINED by the Board of Directors of the Coachella Valley Water District that the following “Regulations Governing Domestic Water Service” are hereby approved and adopted.

COACHELLA VALLEY WATER DISTRICT



REGULATIONS GOVERNING DOMESTIC WATER SERVICE

Prepared by

Domestic Water Division
Engineering Department
Finance Department
Palm Desert, California

Revised by Ordinance No.

1399.~~xx~~18

June ~~11~~24, 20~~24~~25

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Definition of Terms

1-1 District Definitions

Unless the context specifically indicates otherwise, the meaning of words or terms used in these Regulations shall be as follows:

- 1) **ACCESSORY DWELLING UNIT CONVERSION** – An ADU within the proposed space of a single-family dwelling or existing space of a single-family dwelling or accessory structure, including an expansion of not more than 150 square feet beyond the same physical dimensions as the existing accessory structure. The space must have exterior access from the proposed existing single-family structure and the side and rear setbacks must be sufficient for fire and safety.
- 2) **ACCESSORY DWELLING UNIT NEW** – The ADU is a new structure or requires an expansion of the physical dimensions of the single-family dwelling or accessory structure of more than 150 square feet beyond the physical dimensions of the existing structure.
- 3) **ACCESSORY DWELLING UNIT ORIGINAL** – The ADU is constructed as part of a new single-family dwelling.
- 4) **ACTUAL CONSTRUCTION COST (COST)** – Includes the cost of all activities necessary or incidental to the construction of a public utility facility, such as financing, planning, designing, acquisition of Property or interest in Property, construction, inspection, reconstruction, or rehabilitation.
- 5) **AGGREGATED BUDGET** – Water budgets from multiple meters combined into one budget.
- 6) **AIR-GAP SEPARATION (AG)** – A physical break between the supply line and a receiving vessel.
- 7) **ANNEXATION CHARGE** – The charge levied against Property to be included within an improvement district.
- 8) **APARTMENT** – Any building containing two or more Dwelling Units, served by one meter that are rented, not separately owned.
- 9) **APPLICANT (PROPOSED CUSTOMER)** – Any person, firm, corporation, association or agency who desires to obtain Domestic Water Service from the District.
- 10) **APPROVED WATER SUPPLY** – Any water supply whose potability is regulated by a state or local health agency.

- 11) APPURTENANCES – Meter stop, check valve, back flow prevention device, shut-off valve and any other devices.
- 12) ASSESSOR’S PARCEL NUMBER – A number assigned by tax assessor in order to identify a particular Property.
- 13) AUXILIARY WATER SUPPLY – Any water supply other than that received from a public water system.
- 14) BILLING – Monthly statement sent to account holder(s) which includes bill detail, bill summary, account information, water use history and water efficiency rating.
- 15) BOARD – The Board of Directors of the Coachella Valley Water District.
- 16) BUILDING UNIT – Any unit of nonresidential development.
- 17) CLASS OF SERVICE – Based on intended usage of meter
- 18) CONDOMINIUM – A condominium consists of an undivided interest in the common area of a portion of real Property coupled with a separate interest in space called a unit, the boundaries of which are described on a recorded final map, parcel map or condominium plan in sufficient detail to locate all boundaries thereof, as defined in Section 1351 of the California Civil Code.
- 19) CONSUMPTION CHARGE – A monthly quantitative charge for the amount of water delivered to a Property, either metered or estimated. Consumption charge shall be billed as a price per 100 cubic feet of water delivered in accordance with the tiered rate structure.
- 20) CONTRACTOR – Any individual, firm, corporation, partnership or association duly licensed by the State of California to perform the type of work to be done under a permit or agreement.
- 21) COOLING TOWER – A heat rejection device that evaporates water to release waste heat from a fluid to the atmosphere.
- 22) CROSS CONNECTION – Any unprotected actual or potential connection between any part of a potable water system used or intended to supply water for drinking purposes and any source or system containing water or a substance that is not or cannot be approved as safe, wholesome and potable for human consumption. Bypass arrangements, jumper connections, removable sections, swivels or changeover devices or other devices through which backflow could occur shall be considered cross connections.
- 23) CUSTOMER – Any Person, Property Owner, Tenant, firm, corporation, association or agency who uses or desires to obtain Domestic Water Service from the District.

- 24) **CUSTOMER SERVICE LINE** – The Customer’s facilities including pipe, fittings and appurtenances extending from the outlet of the shut-off valve downstream of the District’s meter, check valve or backflow prevention device.
- 25) **DEVELOPER or SUBDIVIDER** – A person who proposes to divide, divides, or causes to be divided, real Property into a Subdivision for itself or for others, or develops real Property. Except that employees and consultants of such Person, acting in such capacity, are not Developers or Subdividers.
- 26) **DEVELOPMENT** – The uses to which the land which is subject to the map shall be put, the buildings to be constructed on it and all alterations of the land and construction incident thereto.
- 27) **DEVELOPMENT DESIGN MANUAL (DDM)** – The District’s Development Design Manual provides comprehensive procedural and technical requirements for the planning, design and construction of District service infrastructure required for new Development.
- 28) **DISTRICT** – The Coachella Valley Water District, organized and operated pursuant to the provisions of the County Water District Act.
- 29) **DOMESTIC WATER SERVICE** – Domestic Water Service shall include the delivery of domestic water for any purpose to a residential Customer, nonresidential Customer, commercial or industrial Customer, governmental Customer or institutional Customer, and the delivery of domestic water for public and private fire protection service.
- 30) **DOMESTIC WATER SERVICE INFRASTRUCTURE (WATER SYSTEM)** – The water pipelines, booster stations, wells, treatment facilities, reservoirs, and appurtenances, constructed by or for the District, whether acquired by the District, for the purpose of providing Domestic Water Service.
- 31) **DOUBLE CHECK VALVE ASSEMBLY (DC)** – An assembly of at least two independently acting check valves including tightly closing shut-off valves on each side of the check valve assembly and test cocks available for testing the watertightness of each check valve.
- 32) **DUPLEX** – Any building containing two Dwelling Units but not including any building commonly known as a hotel, motel or condominium.
- 33) **DWELLING** – Any building that contains one or two dwelling units, intended or designed to be built, used, rented, leased, let, hired out to be occupied or that is occupied for living purposes.
- 34) **DWELLING UNIT** – A single unit requiring Domestic Water Service and intended to be a complete independent living facility for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation, including but not limited to, family residence, each unit of a duplex, each unit of an apartment, condominium, each recreational vehicle and each trailer park space. For purposes of calculating water demands and connection fees, each recreational vehicle or trailer park space shall

constitute 0.5 Dwelling Units, and mobile home shall constitute 0.67 Dwelling Units. The General Manager will determine the number of Equivalent Dwelling Units in other types of structures.

- 35) DWELLING UNIT/BUILDING UNIT CHARGE – A component of the Water System Backup Facilities Charge for the purpose of providing funds for the construction of off-site facilities that are necessary to provide adequate Domestic Water Service to the Customer. The Dwelling Unit/Building Unit Charge consists of the following five Domestic Water subcomponents: 1) production facilities, 2) treatment facilities, 3) storage facilities, 4) pressure boosting and pressure reducing stations, and 5) transmission network/pipelines.
- 36) EASEMENT– A nonpossessory interest held by one person in land or right-of-way of another whereby the first person is accorded partial use of such land for a specific purpose. An easement restricts but does not abridge the rights of the Owner to the use and enjoyment of the land.
- 37) EVAPOTRANSPIRATION (ET) – ET is the amount of water that is lost due to evaporation and plant transpiration
- 38) GENERAL MANAGER – The General Manager of the District or his/her appointed representative.
- 39) HOTEL OR MOTEL – Any building containing six or more guest rooms intended or designed to be used or which are used, rented, or hired out to be occupied or which are occupied for sleeping purposes by guests. For purposes of calculating water demands and connection fees, each room of a hotel or motel shall constitute 0.5 Dwelling Units.
- 40) IMPROVEMENT – Refers to any street work and utilities to be installed or agreed to be installed, by the Subdivider, public agencies, private utilities or any other entity approved by the local agency or by a combination thereof, and is necessary to ensure consistency with, or implementation of, the general plan or any applicable specific plan.
- 41) IMPROVEMENT DISTRICT – A domestic water Improvement District within a portion of the District’s service area and is formed for the purpose of constructing or improving Domestic Water Service by selling bonds to fund the needed infrastructure.
- 42) LANDSCAPE PLANS – documentation provided to the District in accordance with Ordinance 1302.5 to demonstrate compliance with landscape and irrigation design criteria.
- 43) LIEN – The process of levying property to recapture unpaid charges for water and other services.
- 44) LOT – That portion of a parcel of land which is delineated or described as a single integral unit on the Subdivision Map.
- 45) LOT LINE – A line dividing one lot from another or from a street or any public place.

- 46) **MASTER ACCOUNT** – A collection of accounts (subaccounts) containing multiple meters which may or may not have common class of service. It represents a billing convenience for the customer in that they receive one bill for many accounts, rather than one bill for each account. Subaccounts have individual water budgets.
- 47) **MASTER LOCATION** – (master account/master location) a collection of subaccounts whose meters are all of the same class of service, sharing an aggregated water budget, for which the customer receives one bill.
- 48) **METER INSTALLATION CHARGE** – The District’s charge for installing only the meter.
- 49) **METER SURCHARGE** – A component of the Water System Backup Facilities Charge for the purpose of providing funds for the construction of Off-site Facilities that are necessary to provide greater flows for meters larger than the standard 3/4-inch meter.
- 50) **MOBILE HOME** – a structure designed for human habitation that is transportable and requires a permit to move on the highway. Mobile home includes manufactured homes. Recreational vehicles and buses are not considered a mobile home. For purposes of calculating water demands and connection fees, each mobile home shall constitute 0.67 Dwelling Units.
- 51) **MONTHLY PLANT FACTOR** – The crop coefficient, which describes the water needs of specific types of plants.
- 52) **MONTHLY SERVICE CHARGE** – The monthly charge levied to a Property for the benefit of having Domestic Water Service available to the Customer. This does not include the consumption charge for water.
- 53) **NURSERY** – A commercially operated business that grows plants and/or trees for planting, propagation, food, or ornamentation. The District may require proof of a valid license and/or registration to demonstrate commercial activity.
- 54) **OFF-SITE** – That area which lies outside the peripheral boundary of a subdivided area, a developed area or an area being developed.
- 55) **OFF-SITE FACILITIES** – Facilities under the ultimate control of the District including but not limited to water pipelines, reservoirs, pumping stations, fire hydrants, valves, connections, supply interties, treatment facilities, and other appurtenances and Property up to the point of connection with the On-site Facilities.
- 56) **ON-SITE FACILITIES** – Facilities under the ultimate control of the District including but not limited to water pipelines, reservoirs, pumping stations, fire hydrants, valves, connections, supply interties, treatment facilities, and other appurtenances and Property located within a Subdivision or Tract.
- 57) **PARCEL** – Generally refers to a piece of land that cannot be designated by a lot number.

- 58) **PERMANENT SERVICE CONNECTION** – A Service Connection that is intended to provide continuous Domestic Water Service.
- 59) **PERMIT** – An official document or certificate issued by the authority having jurisdiction which authorizes the performance of a specified activity.
- 60) **PERSON** – Any individual, firm, company, corporation, association, political subdivision, city, county, district, the State of California, or the United States of America or any department or agency of any thereof. The singular in each case shall include the plural.
- 61) **POTABLE WATER** – Water furnished to the Customer which meets applicable local, state and federal standards for drinking water.
- 62) **PRIVATE FIRE PROTECTION SERVICE CONNECTION** – The District’s facilities including pipe, fittings and appurtenances, extending from the Domestic Water System to the private fire protection system.
- 63) **PRIVATE FIRE PROTECTION SYSTEM** – The Customer’s facilities including pipe, fittings and appurtenances extending from the outlet of the gate valve downstream of the District’s meter, check valve or backflow prevention device used exclusively for fire protection and/or suppression.
- 64) **PROPERTY** – Any Property, including any lot, parcel, premises, dwelling unit or building unit or portion thereof that is the subject of a request for service or to which service is being rendered.
- 65) **PROPERTY OWNER or OWNER** – Any person, agent, firm or corporation having legal or equitable interest in the Property.
- 66) **REDUCED PRESSURE PRINCIPLE BACKFLOW PREVENTION DEVICE (RP)** – A backflow preventer incorporating not less than two check valves, an automatically operated differential relief valve located between the two check valves, a tightly closing shut-off valve on each side of the check valve assembly and equipped with necessary test cocks for testing.
- 67) **REGULATIONS** – The current edition of, and any amendments or revisions to, the District’s Regulations Governing Domestic Water Service.
- 68) **RENDERED** – Presented for payment or consideration. A bill is considered rendered when it is delivered to the U.S. Post Office, sent electronically or by other means is presented for payment.
- 69) **RESIDENTIAL FIRE SPRINKLER SYSTEM** – A fire sprinkler system required by California Residential Code, Title 24, Part 2.5 which is incorporated as part of the Customer Service Line.
- 70) **RESTORE** – To reestablish water delivery to a Property or parcel when water has been terminated.

- 71) **RIGHT-OF-WAY** – Any strip or area of land, including surface, overhead, or underground, granted by deed or easement, for construction and maintenance according to designated use, such as for drainage and irrigation canals and ditches, electric power, telephone lines, gas, oil, water and other pipelines, highways and other roadways, sewers, surface water detention and flow, and tunnels.
- 72) **SECURITY DEPOSIT** – Monies required to be deposited with the District for the purpose of guaranteeing payment of monthly bills rendered for water service.
- 73) **SERVICE AREA** – The area within the current District Domestic Water Service Boundary as approved by the Riverside County Local Agency Formation Commission (LAFCO).
- 74) **SERVICE CONNECTION** – The District’s facilities including pipe, fittings, meter, meter box and check valve or backflow prevention device and shut-off valve, extending from the District’s domestic water main to the outlet of the shut-off valve downstream of the meter, check valve or backflow prevention device.
- 75) **SERVICE CONNECTION CHARGE** – The District’s charge for installing a complete service connection.
- 76) **STANDARD SPECIFICATIONS** – The current edition of the District’s Standard Specifications for Construction of Domestic Water Systems.
- 77) **STREET** – Any highway, road, street, avenue, alley or way, either public or private.
- 78) **SUBDIVIDER** – A Person, firm, corporation, partnership or association who proposes to divide, divides, or causes to be divided, real Property into a Subdivision for itself or for others except that employees and consultants of such Persons or entities, acting in such capacity, are not Subdividers.
- 79) **SUBDIVISION or TRACT** – The division, by any subdivider, of any unit or units of improved or unimproved land, or any portion thereof, shown on the latest equalized county assessment roll as a unit or as contiguous units, for the purpose of sale, lease or financing, whether immediate or future. Property shall be considered as contiguous units even if it is separated by roads, streets, utility easements or railroad rights-of-way. Subdivision includes common interest developments, as defined in Section 1351(c) of the Civil Code.
- 80) **SUPPLEMENTAL WATER** – Water from sources outside of the District Boundary and/or water within the District Boundary treated for Domestic Water Service.
- 81) **TAX ROLL** – The process of levying property, through annual property taxes, to recapture unpaid charges for water and other services.
- 82) **TEMPORARY SERVICE CONNECTION** – A Service Connection that is intended to provide Domestic Water Service during construction or other use of a limited duration.
- 83) **TENANT** – A person who rents or leases a unit which he/she does not own.

- 84) **TIERED RATES** – Water budget rate structure designed to promote water conservation and discourage wasteful irrigation practices.
- 85) **TRACT** – See Subdivision.
- 86) **WATER AVAILABILITY** – Domestic Water Service is considered to be available to Property or to premises if the Water System has been constructed and is available for Service as provided for in Section 5-4 of these Regulations.
- 87) **WATER AVAILABILITY CHARGE** – The annual charge levied against lands to which Domestic Water Service is available whether the Service is used or not.
- 88) **WATER BUDGET** – Amount of water allocated to a specific property based on water use efficiency.
- 89) **WATER DEMAND OFFSET FEE** – A stand-alone charge levied on a lot, parcel, property, premises, subdivision, and/or tract as a conditions of providing Domestic Water Service. The Water Demand Offset Fee is levied for the purpose of funding new non-potable water projects including converting existing potable water customers to recycled water and/or non-potable (canal) water supplies and conservation programs that free up existing potable water groundwater supplies.
- 90) **WATER SYSTEM BACKUP FACILITIES CHARGE** – The charge assessed on all new development and redevelopment projects for the construction of backup “off-site” water facilities and to ensure domestic water availability for new development projects. The WSBFC is comprised of two components: 1) Dwelling Unit/Building Unit Charge, and 2) Meter Surcharge.

Part 2

Authority

2-1 General Provisions

2-1.1 Board:

The Board may change these regulations as it deems necessary.

2-1.2 General Manager:

The General Manager may prescribe and enforce additional regulations not in conflict with these Regulations to implement the application, administration, interpretation and enforcement of these Regulations.

2-2 Inspectors

2-2.1 Entry to Premises:

The General Manager and other duly authorized employees of the District bearing proper credentials and identification shall be permitted to enter upon all Property for any purpose connected with the District's operation or enforcement of these Regulations.

2-2.2 Credentials:

No Person who is not an authorized officer or employee of the District shall have, wear, or exhibit any badge or credentials of the District.

2-3 Fees, Charges and Services

Fees, charges and services are nonrefundable and nontransferable; however, under special circumstances, the General Manager may grant a refund of fees or charges at his/her discretion.

Section 2-4. Policy Exceptions and Exemptions:

Exceptions or exemptions from these Regulations shall be approved by the Board of Directors and documented in Appendix A-26. This provision does not apply to the waiver of one-time charges or fees.

Service Connection

3-1 General Provisions

3-1.1 Types:

The District will install two types of Service Connections, a Permanent Service Connection or a Temporary Service Connection.

3-1.1.1 Class of Service

A Class of Service will be assigned to each meter at the time of application. This Class of Service will be assigned based upon the intended usage of this meter. Change of intended usage must be reported to the District by the Customer within five (5) business days. Change in intended usage must be approved by the District and may be subject to additional fees and/or charges. A listing of Class of Service is provided in Appendix A-12.

3-1.2 Installation:

Only authorized employees or agents of the District shall install a Service Connection to active water mains. Contractors are permitted to install Service Connections to water mains that have not been progressed for Domestic Water Service as outlined in the District's Development Design Manual.

3-1.3 Responsibility:

The District owns, operates, and maintains the Service Connection. The Property Owner is responsible for the Customer Service Line.

3-2 Permanent Service Connection

3-2.1 General Provisions:

3-2.1.1 Division of Premises:

When Property having a Service Connection is divided into two or more Lots, the existing Service Connection shall be considered as belonging to the Lot to which it directly enters and a new Service Connection shall be installed for the remaining Lot or Lots at the Applicant's expense.

3-2.1.2 Single Service Connection:

All new Properties will be supplied from a single Service Connection. New mobile home developments are included in this requirement. A single Service Connection may be installed to each suite within a commercial/industrial building or a single Service Connection may be installed to each building within a commercial/industrial complex.

All restaurants require a single Service Connection, regardless of whether the restaurant is located within a commercial/industrial building already being supplied water service through a single Service Connection.

3-2.1.3 Double Service Connection (Bullhead Service Connection):

Only one new Property will be supplied from an existing double Service Connection. The Applicant for installation of a meter on a double Service Connection where one meter is already installed on the double Service Connection shall pay for a new Service Connection as provided for in Section 5-2.

3-2.1.4 Responsibility

The Customer and/or Property Owner is responsible for loss or damage to a meter and any District owned appurtenances associated with the Service Connection from the time it is installed until the time it is removed.

3-2.2 Location and Size:

3-2.2.1 Location:

Service Connections in conventional lot Subdivisions shall be installed within five (5) feet of the side Property line except when such placement conflicts with other utilities. In addition, Service Connections shall be installed in accordance with District Standard Drawings and perpendicular to the water main unless prior approval is obtained by the District. Horizontal bends or curves in the Service Connection are not allowed.

New Service Connection meter boxes shall not be installed in sidewalks or paved areas.

New Service Connections shall not be installed in driveways without prior approval by the District. If such approval is granted, then the following conditions shall be met prior to installation:

- 1) Property Owner executes a recordable hold harmless agreement for liability and agreeing that the District is not responsible for the repair of driveways and other improvements should the repair of the Service Connection be necessary.
- 2) Installation of a larger traffic-grade meter box with a metal traffic cover.

- 3) Property Owner shall be responsible for payment of an additional charge for the installation of the larger traffic-grade meter box and metal traffic cover as provided in Section 5-2.1.1.

The above conditions are applicable to all existing service connections without meters installed.

Service connections shall be installed outside decorative paving areas whenever possible. The Property Owner will be required to execute a recordable hold harmless agreement for liability and agree that the District is not responsible for the repair of decorative paving and other improvements should the repair of the Service Connection be necessary.

Where the Property does not directly abut on a public thoroughfare, the District, at its option, may provide a Service Connection of conventional length, not exceeding 70 feet, and terminating at some practicable location in public right-of-way and the Applicant shall obtain any required easements and provide its connection thereto.

Under no circumstance shall Service Connections be installed in medians and/or islands in any public thoroughfare.

New Service Connections saddles shall be located a minimum of 24-inches clear from the ends of all pipe joints, fittings, and other service saddles.

New Service Connections shall not be located on District water mains greater than 18-inches in diameter. The District may allow a single, stand-alone Service Connection. For two or more connections, the District may require a meter manifold and/or a domestic water pipeline extension in accordance with Part 8-4.

3-2.2.2 Size:

The size (diameter in inches) of a Service Connection shall be based upon required flow and intended use for the Property. Service Connections to a Dwelling Unit shall be a minimum of 1 inch in diameter. Change in intended usage and flow requirements must be approved by the District and may be subject to additional fees and/or charges.

3-2.3 Appurtenances:

3-2.3.1 Meter Stop, Check Valve, Backflow Prevention Device and Shut-off Valve:

All Service Connections will have a meter stop on the inlet side of the meter, for exclusive use by the District, and a shut-off valve downstream of the meter, check valve or backflow prevention device. If the meter stop, check valve, backflow prevention device or shut-off valve is damaged, the Property Owner will be responsible for the costs to replace the damaged component(s).

If a Service Connection is found to have a potential or actual backflow hazard to the public water supply as defined by State, County, and Part 11 of District Regulations

Governing Domestic Water Service, a backflow prevention device shall be installed by the District at the expense of the Customer in accordance with Appendix A-9. Customer shall also be assessed the Cross Connection Protection Device Monthly Charge in accordance with Appendix A-7.

3-2.3.2 Meter:

Each Service Connection shall be metered. Customarily, the meter will be installed in public Property adjacent to the curb or Property line, but, at the option of the District, it may be installed on the Property in an appropriate meter box. No rent or other charge will be paid by the District for a meter located on the Property.

The normal maximum meter size is 2-inch. Multiple 2-inch meters may be used if the demand exceeds the allowable flow rate. Meters larger than 2 inches will be permitted in special cases with approval by the General Manager.

If a meter is damaged or tampered with, the District will charge the Property Owner for the replacement or repair of the meter.

3-2.3.3 Meter Box:

If the meter box is damaged by the Customer, the District may charge the Property Owner for the replacement or repair of the meter box.

The meter box shall be accessible to the District at all times. The District will not be responsible for damage to improvements (i.e. landscaping, decorative paving) installed by the Property Owner or Customer within public Property or an easement around the meter box.

3-2.3.4 Additional Appurtenances:

In some locations within the Service Area, additional appurtenances, including but not limited to pressure reducing valves and sand traps, may be required. The additional appurtenances are always installed on the Customer Service Line; therefore, the Property Owner is responsible for operation and maintenance of the appurtenance once installed.

3-2.4 Charge:

The charge for installation of a Permanent Service Connection is provided for in Section 5-2.1.

3-2.5 Relocation or Extension:

The charge for relocation or extension of a Permanent Service Connection is provided for in Section 5-2.1.

3-2.6 Request for Meter Removal or Reduction:

A request for meter removal or size reduction must be made in writing by the Customer of record in such format as defined by the District. The Customer shall be solely responsible for all costs associated with meter removal or size reduction including the abandonment of the District's service line, if necessary. The District may approve requests to remove or reduce meter sizes, in its reasonable discretion, and may impose conditions including, but not limited to, the following: 1) submission of minimum fire flow requirements for the subject Property and compliance with said requirements; and 2) submission of landscape plans in accordance with the District's Landscape and Irrigation System Design Criteria and compliance with said requirements.

3-2.6.1. Meter Removal:

Customer must sever their connection from the water meter and appurtenances prior to the District removing the meter. The District will not perform any plumbing work on the Customer Service Line. The Customer will be required to perform any and all plumbing work necessary to prepare for the meter and appurtenance removal, including securing/capping off the Customer Service Line. There is a fee to remove a water meter and appurtenances. The fee is listed in Appendix A-9.

3-2.6.2. Meter Size Reduction:

There is a fee to install a new meter to achieve the meter size reduction. The fee is listed in Appendix A-9.

3-3 Temporary Service Connection

3-3.1 General Provisions

3-3.1.1 Purpose:

A Temporary Service Connection, whether from a fire hydrant or otherwise, may be installed at the discretion of the District.

3-3.1.2 Duration:

A Temporary Service Connection will be disconnected and terminated within six (6) months after installation unless the Customer applies for and receives a written extension of time from the District. The District has the right to terminate a Temporary Service Connection at any time without notice to the Customer.

3-3.1.3 Responsibility:

The Customer is responsible for loss or damage to a meter and any District owned appurtenances associated with the temporary Service Connection from the time it is installed until it is removed, or until 48 hours after notice in writing has been

received by the District that the Customer wants the Temporary Service Connection disconnected.

3-3.2 Location

3-3.2.1 From a Fire Hydrant:

3-3.2.1.1 Application:

A Temporary Service Connection can be obtained from a fire hydrant through a fire hydrant meter. The Applicant must specify the hydrant location and make a deposit as provided for in Section 5-2.2 in addition to any guaranty deposit.

3-3.2.1.2 Installation:

The District will install the fire hydrant meter.

3-3.2.1.3 Relocation:

The charge for the relocation of a fire hydrant meter is provided for in Section 5-2.2.

3-3.2.2 From other than Fire Hydrant:

A Temporary Service Connection from District Domestic Water Service Infrastructure other than a fire hydrant may be obtained at the discretion of the District. The application shall be made as provided for in Part 4 and the charge for such temporary service is provided for in Section 5-2.2. The Applicant shall be responsible for all necessary appurtenances for the connection of the meter by the District. The Applicant shall be responsible for returning the Domestic Water Service Infrastructure to its original condition.

Application for Service

4-1 General Provisions

4-1.1 Application for Service:

A request for service must be made by each Applicant for Domestic Water Service in such format as defined by the District. The District may establish reasonable means to verify Applicant's identity. Upon verification of Applicant's identity, the District may provide for written applications to be completed and accepted electronically, by mail, in person or other appropriate means of delivery. An Applicant may be required to establish credit worthiness as provided in Section 6-1.1. There is a fee to establish or transfer an account if the District approves the application for service. The fee is listed in Appendix A-25. Upon District's acceptance of application, Domestic Water Service will be established within two business days. The District may discontinue service if an application is erroneous, not complete, and the errors are not cured by the Property Owner after notice deemed adequate by the District. All Applicants will be advised of this provision when the District is contacted for service.

Each time there is a change of Customer (either Property Owner or Tenant) on any commercial or industrial Property, the new or previous Property Owner or Customer shall notify the District immediately.

4-1.2 Property Owner Responsibility:

Domestic Water Service, and the payment thereof, in all cases, shall be the responsibility of the Property Owner. The Property Owner may authorize, in writing, that a second party, such as a Tenant may establish service in their name. The Property Owner shall be held responsible for payment of all amounts due for Domestic Water Service, including all bills, costs, loss, damage, penalties, charges, or fees regardless of user or use. If the Property Owner has authorized a second party, such as a tenant to establish service and receive billing for service, a completed application form shall be required from the second party.

The District, as a courtesy, may allow the Property Owner to authorize a Tenant to be billed for service. This courtesy is at the discretion of the District and as such, the District may transfer service from a Tenant back to the Property Owner and refuse to allow future service to be billed to a Tenant. In such circumstances the Property Owner will receive all billing statements.

4-1.3 Description of Property:

The Applicant shall describe the Property to be served and only the Property described will receive domestic water through such Service Connection. The description shall include street address, city, Assessor's Parcel Number and other information, including plumbing and building plans, to enable the District to determine the level of Cross Connection protection required. The District may refuse Domestic Water Service to any Property where apparatus, appliances or equipment using water are dangerous, unsafe or not in conformity with pertinent laws, ordinances, or regulations. The District will not assume responsibility for inspecting the Property.

Any alterations to existing facilities on the Property that may affect the level of Cross Connection protection required must be reported immediately to the District.

4-1.4 Description of Water Usage:

The Applicant shall describe the domestic water demand for the Property to be served, including the required maximum flow (in gallons per minute) and minimum pressure (in pounds per square inch) required at the meter. For Dwelling Units required to install a Residential Fire Sprinkler System, the Applicant shall also provide the type of Residential Fire Sprinkler System (multipurpose or stand-alone), the maximum flow (in gallons per minute) and minimum pressure (in pounds per square inch) required for the Residential Fire Sprinkler System.

Any alterations to existing facilities on the Property that may affect the domestic water demand must be reported immediately to the District.

4-1.5 Landscape and Irrigation Systems Design:

All new and rehabilitated landscapes are required to comply with the District's Landscape and Irrigation Design Criteria adopted pursuant to the District's Landscape Ordinance.

4-2 Special Provision

Properties, other than residential, with landscaped areas will be served with a separate service for irrigation purposes.

4-3 Cooling Tower Provision

Newly installed cooling towers receiving domestic water supplied by the District shall be served with a separate service.

4-4 Prior Service

An Applicant for service may be subject to the provisions of Section 6-4 if a delinquency has occurred at the Property or another Property owned by the Property Owner. This provision shall apply to all Domestic Water Services including business and landscape.

The Applicant will not be held liable for any unpaid charges from a prior Customer or Property Owner except those unpaid charges which have been filed as a lien against the Property by the District under the provisions of *California Water Code Section 31701.5*. A new Property Owner assuming existing liens on Property shall be required to pay all unpaid charges that remain as liens against the Property purchased, prior to new Domestic Water Service being established.

4-5 Water System Backup Facilities Charge (WSBFC)

4-5.1 General:

Since 1978, with the passage of Proposition 13, capital construction costs for new Domestic Water Service Infrastructure have been borne by Developers through the WSBFC. The WSBFC is assessed on all new Development and redevelopment projects within the District's Service Area.

The WSBFC is comprised of the following two components:

- 1) Dwelling Unit/Building Unit Charge
- 2) Meter Surcharge

4-5.1.1 Dwelling Unit/Building Unit Charge (DU/BUC):

The DU/BUC provides funds to construct backup facilities to maintain Domestic Water Service to new developments at peak day flow conditions.

The DUC is applicable to residential-type development including duplexes, apartments, condominiums, hotels, motels and recreational vehicle and trailer park spaces. For purposes of calculating the DUC, each recreational vehicle, each motel room and each hotel room shall constitute 0.5 Dwelling Units and each Mobile Home unit shall constitute 0.67 Dwelling Units.

The BUC is based on the DUC calculation and is applicable to all nonresidential development projects. Domestic water demand for non-residential projects are calculated on an individual basis and can vary based on project type and size. The non-residential demand is expressed in an Equivalent Water Unit (EWU). The EWU is made of three components:

- 1) Fire Flow Demand
- 2) Indoor Water Demand

3) Outdoor Water Demand

To calculate the BUC, the EWU for a nonresidential development is determined, then multiplied by the DUC.

The BUC for a cooling tower is calculated as shown in Table A-4 of the Sanitation System Rules and Regulations.

4-5.1.2 Meter Surcharge:

The standard Service Connection for the District consists of a 1-inch service line with a $\frac{3}{4}$ -inch meter. Meters larger than $\frac{3}{4}$ -inch allow greater flow rates; therefore, require more backup facilities to maintain Domestic Water Service. The Meter Surcharge is equal to a modified DUC multiplied by a factor to account for the increased flows through the larger meters.

The Meter Surcharge is applicable to all new Service Connections in which the meter is larger than $\frac{3}{4}$ -inch and to existing Service Connections in which an increase in meter size is requested.

For existing Service Connections, when the meter size is increased, the Meter Surcharge will be the difference between the Meter Surcharge for the old and new meters. The size of the meter installed will be determined by the General Manager.

4-5.1.2.1 Meter Surcharge Waiver:

There are certain circumstances in which residential accounts are required to install an incrementally larger meter for reasons other than the account's anticipated daily domestic water needs (e.g., to meet residential fire sprinkler requirements). Under such circumstances, staff may issue a meter surcharge waiver and assess the lower capacity charge that corresponds to the meter size that would otherwise be appropriate for the new account in normal circumstances (i.e., normal pressure and without fire sprinkler requirements).

The meter surcharge waiver only applies to single-family residential units and does not apply to developments or projects with master water meters.

4-5.1.3 Payment:

The DU/BUC and Meter Surcharge and other charges as may be required shall be paid prior to the District issuing the first meter to the Development. At the discretion of the General Manager, the DU/BUC and Meter Surcharge may be paid at alternative times. For existing Service Connections, the Meter Surcharge shall be paid at the time of application for an increased meter size.

The District seeks to encourage non-potable water use (canal and/or recycled water) for non-domestic water purposes, such as outdoor irrigation. If a new development uses non-potable water for a portion of its non-domestic water demands, CVWD

may reduce the DUC since backup domestic water system facilities are not necessary to meet those demands. In the case of a residential dwelling unit with a dual plumbing system that meets a percentage of its total water demands with non-potable water, the DUC may be reduced to account for this usage, up to a maximum of 60 percent of the DUC.

The District may also apply a credit against a Development's specific DUC sub-components if off-site and/or regional infrastructure is built or a funding contribution is made to a District backup facility. The credit shall not exceed the total specific sub-component amount of the DUC for the Development.

In addition, the District may collect a Reservoir Fee from a Development to pay for their proportional share of the cost of a reservoir necessary to serve the Development if the Development's proportional storage cost exceeds the total amount of the Storage Facilities sub-component portion of the DUC. The Reservoir Fee shall be based on actual costs, if available, or the non-depreciated Storage Facilities Unit Cost multiplied by the gallons of storage needed.

Credits are not applicable for the Meter Surcharge.

4-5.2 Amount:

See Appendix A-14.

4-6 Water Demand Offset Fee

4-6.1 General:

Beginning January 2022, the Water Demand Offset Fee is a new stand-alone fee that is replacing one of the previous components of the WSBFC called the Supplemental Water Supply Charge. The Water Demand Offset Fee will be assessed on all new Development and redevelopment projects within the District's Service Area.

4-6.1.1 Water Demand Offset Fee:

The Water Demand Offset Fee is levied for the purpose of funding new non-potable water projects including converting existing potable water customers to recycled water and/or non-potable water supplies and conservation programs that free up existing potable groundwater supplies.

The Water Demand Offset Unit Fee is \$1,918 per acre-foot per year (AFY). The total Water Demand Offset Fee is calculated solely on the projected annual potable water demands of a development, which excludes fire flow requirements. Therefore, if a Development were to use recycled and/or non-potable water (canal) for a portion of its non-domestic water demands, the Development would see a corresponding reduction in its Water Demand Offset Fee, up to a maximum of 60 percent. For residential customers, the Water Demand Offset Fee is assessed on a per meter basis by meter size as shown in Table A-14-3 in Appendix A. The ¾-

inch meter fee of \$1,392 is based on an average annual single-family residential demand of 0.7259 AFY multiplied by the Unit Fee (\$1,918/AFY).

For mobile home units equal to 0.67 equivalent dwelling units (EDUs), the Water Demand Offset Fee is \$933 per unit. The fee is based on an average annual demand of 0.4864 AFY multiplied by the Unit Fee (\$1,918/AFY) as shown in Appendix A-14.

For hotel rooms, motel rooms, recreational vehicles and other uses equal to 0.50 EDUs, the Water Demand Offset Fee is \$696 per unit. The fee is based on an average annual demand of 0.3630 AFY multiplied by the Unit Fee (\$1,918/AFY) as shown in Appendix A-14.

For non-residential developments, the Water Demand Offset Fee is assessed based on the total value of the Equivalent Water Unit (EWU) indoor and outdoor components. The EWU (indoor and outdoor components) is multiplied by the residential average annual demand of 0.7259 AFY to get an equivalent average annual demand for the non-residential development. The Water Demand Offset Fee will be charged based on the average annual demand multiplied by the Unit Fee (\$1,918/AFY).

For any other circumstances, the Water Demand Offset Fee will be calculated by multiplying the average annual potable water use (AFY) by the Unit Fee (\$1,918/AFY).

4-6.1.2 Payment:

The Water Demand Offset Fee and other charges as may be required shall be paid prior to the District issuing the first meter to the Development. At the discretion of the General Manager, the Water Demand Offset Fee may be paid at alternative times.

4-6.2 Amount:

See Appendix A-14.

4-6.3 In Lieu of Supplemental Water Supply Charge:

Developers shall pay the Water Demand Offset Fee in lieu of the Supplemental Water Supply Charge for those installation agreements which reference a Supplemental Water Supply Charge and were executed prior to January 2022.

Part 5

Charges

5-1 Monthly Charges for Domestic Water Service

5-1.1 General Provisions:

For all metered Service Connections located within or outside the boundaries of the District, the monthly charge for service will consist of a Monthly Service Charge based on the size of the meter and customer class plus a Consumption Charge (quantitative charge). Property owners with an installed meter, whether the water service is on or off, are held responsible for and required to pay the Monthly Service Charge. In addition to these charges a Cross Connection protection charge will be applicable to all meters with such devices installed.

5-1.2 Monthly Service Charge:

5-1.2.1 General Provisions:

When Service is started or terminated during the month, the Monthly Service Charge will be prorated by day based on a 30-day billing period.

5-1.2.2 Description of Water Usage:

See Appendix A-2.

5-1.2.3 Temporary Service Connection Monthly Service Charge:

See Appendix A-3.

5-1.3 Consumption Charge (Quantitative):

5-1.3.1 Determination:

The charge will be determined on the basis of a meter reading or it will be estimated as described below.

When a meter is out of order or cannot be read for any reason, the charge will be based, at the option of the District, on one of the following:

- 1) The average meter reading for the three preceding months or
- 2) An estimate of water delivered based either upon the user's prior use during the same season of the previous year or upon a reasonable comparison with

the use of other users receiving the same class of service during the same period and under similar circumstances and conditions.

5-1.3.2 Permanent Service Connection Consumption Charge:

See Appendix A-4.

5-1.3.3 Temporary Service Connection Consumption Charge:

See Appendix A-5.

5-1.4 Minimum Closing Bill Amount:

The closing bill will be based upon charges applicable on the date Service is terminated. If the charges are less than the amount provided for in Appendix A-8, no bill will be rendered.

5-1.5 Water Budgets

General: The District reserves the right to review any aspect of a water budget at any time as it deems necessary.

5-1.5.1 Residential and Multi-Family Water Budget Calculations

A) Indoor Water Budget:

The indoor water budget is calculated using the following three factors and is billed in units of 100 cubic feet (748 gallons):

- 1) 50 gallons of water per person per day (gpcd).
- 2) The number of people in the household (assumed to be 4).
- 3) The number of days in the billing cycle.

As an equation, the indoor water budget allocation is expressed as follows:

$$\text{Indoor Water Allocation} = [\text{Household Size}] \times [50 \text{ gallons}] \times [\text{Days Billed}]$$

B) Outdoor Water Budget:

The outdoor water budget is calculated based on the following five factors:

- 1) Amount of irrigated area per parcel (LA) (45% of the parcel size as provided by the county assessor, or the landscaped area as measured utilizing the District's aerial imagery, or landscape plans as approved by the District per Landscape and Irrigation System Design Criteria).
 - a. For new residential development, where landscape plans are not available for the entire parcel, the LA will be 45% of the parcel size as provided by the county assessor. The District reserves the right to

review the account once updated aerial imagery becomes available in order to accurately calculate the LA.

- 2) Historical daily evapotranspiration (ETo) as measured at a local weather station each day in the billing cycle over a 5 year rolling period. Evapotranspiration is the quantity of water evaporated from wet leaves and soil combined with the amount of water used by plants expressed in inches.
- 3) A weather based adjustment factor (WZ ETo) is based on which zone of the Coachella Valley the property is located. Some areas experience different weather conditions, such as areas near the mountains getting less direct sunlight than areas far from mountains. The zones are as follows:
 - Zone 2: 0.77
 - Zone 3: 0.84
 - Zone 4: 1.00
 - Zone 5: 1.09
- 4) A Monthly Plant Factor (MPF), which is a decimal factor that when multiplied by an area’s evaporation and plant water usage rates as measured by a weather station estimates the amount of water each plant will need. The District uses a Plant Factor of 0.55 to 0.65 depending on the time of year.

January	0.65
February	0.65
March	0.65
April	0.6
May	0.55
June	0.55
July	0.55
August	0.55
September	0.55
October	0.6
November	0.65
December	0.65

- 5) Billed in units of 100 cubic feet (748 gallons), with a conversion factor (VCF) of .00083.
- 6) An irrigation efficiency (IE) factor of 0.7 (70%).

As an equation, the outdoor water budget calculation is expressed as follows:

$$\text{Outdoor Water Allocation} = \{ (LA \times ETo \times WZ ETo) \times (MPF \times VCF / IE) \}$$

LA	=	Landscaped area in square feet
ETo	=	Evapotranspiration total in inches for days in billing period (visit www.cvwd.org/ET)
WZ ETo	=	Weather based adjustment factor (see below)

MPF	=	Monthly Plant Factor
VCF	=	Volumetric Conversion (0.00083)
IE	=	Irrigation system efficiency (70%)

The tier thresholds for Residential and Multifamily customer rates are as follows:

- Tier 1 - Up to indoor water budget
- Tier 2 - Up to 100% of total water budget (indoor plus outdoor water budget)
- Tier 3 – 101% to 175% of total water budget.
- Tier 4 – 176% to 300% of total water budget.
- Tier 5 - All water usage above 300% of total water budget.

5-1.5.2 Landscape Irrigation Customers Water Budget Calculation:

The tier thresholds for Landscape Irrigation customers are as follows (Tier 1 is not applicable to Landscape Irrigation customers):

- Tier 1 - Not applicable
- Tier 2 - Up to 100% of outdoor water budget
- Tier 3 – 101% to 175% of total water budget.
- Tier 4 – 176% to 300% of water budget.
- Tier 5 - All water usage above 300% of total water budget.

5-1.5.3 Commercial Customers Water Budget Calculation:

The water budgets for Commercial customers are based on the number of equivalent dwelling units (EDUs) when the business was established or repurposed. Consistent with the policy for residential accounts, each EDU is given 8 ccf for its water budget. The tier thresholds for Commercial Customers are as follows (Tier 1 is not applicable to Commercial customers):

- Tier 1 - Not applicable
- Tier 2 - 100% of water budget (based on account's assigned EDUs)
- Tier 3 – 101% to 175% of total water budget.
- Tier 4 – 176% to 300% of water budget.
- Tier 5 - All water usage above 300% of total water budget

5-1.5.3 Aggregated Water Budgets

The water budgets for multiple meters of the same classification can be combined into one budget if the meters are hydraulically looped or if the customer has applied for and been approved for an aggregated water budget by the Water Management Department. If meters of different classes are hydraulically looped, the District will determine the proper meter classification, and make changes as necessary so they are aligned. If this is not possible, the customer must sever the

connection of any meter of a different classification so that it serves its intended purpose at time of purchase.

5-2 Service Connection Installation Charge

5-2.1 Permanent Service Connection Installation Charge:

The charges for the installation and/or relocation of a Permanent Service Connection at all locations are:

- 1) Two-inch or less: See Appendix A-9.
- 2) Larger than Two-inch: An estimate will be prepared and upon payment of the cost notification amount by the Applicant, the Private Fire Protection Service Connection will be installed and the District will refund to the Applicant any balance from the prepaid amount. Should the charges exceed the amount deposited by the Applicant, the Applicant will be billed for the extra amount which becomes due and payable upon receipt. If the bill is not paid within 10 days, the District may discontinue Domestic Water Service at the Property where the work was done and will not provide Domestic Water Service thereto until the bill, together with an additional charge for restoration of Domestic Water Service is paid, as provided in Section 5-9. See Appendix A-9.

5-2.1.1 Special Requirements Due to Placement in Driveways:

Existing Service Connections within driveways require a larger meter box with a traffic cover at the Applicant's expense. See Appendix A-9.

5-2.1.2 Existing Substandard Service Connection:

A substandard Service Connection is defined as a service which does not meet current standards, lacks a meter box or requires an extension or parts. See Appendix A-9.

5-2.1.3 Special Compaction and/or Paving Requirements:

Where local regulations require special street compaction and/or paving, the Service Connection installation charges are subject to incremental increases as provided in Appendix A-9.

5-2.2 Temporary Service Connection Installation Charge:

The charges for the installation and/or relocation of Temporary Service Connection at all locations are provided in Appendix A-10.

5-2.3 Meter and Appurtenance Removal Fee:

The charge for the removal or reduction in size of a water meter is set forth in Appendix A-9.

5-2.4 Abandonment of an Existing Service Connection Fee:

The charges for the abandonment of a service connection are set forth in Appendix A-9.

5-3 Existing Service Connection Activation

There is no charge for activation of an existing Service Connection if the District has approved the application for Domestic Water Service and the activation can be made Monday through Friday after 8:00 a.m. and before 3:00 p.m., excluding holidays, on the day following the application approval. Next day activation is considered the standard.

The charges for an authorized activation made Monday through Friday after 3:00 p.m. and before 8:00 a.m., same day express activation or on weekends and holidays, are provided in Appendix A-11.

5-4 Water Availability Charge

5-4.1 General Provisions:

Pursuant to provisions of Section 31031.6 of the Water Code of the State of California, the District's Board of Directors may fix, on or before the first day of July in each calendar year, a Water Availability Charge. The Water Availability Charge is necessary because of the unique and special water management and financing problems of the area included within the District's Service Area.

If new, increased or extended assessments are proposed, the Board shall comply with the notice, protest and hearing procedures in Section 53753 of the Government Code.

5-4.2 Applicability

5-4.2.1 Within Improvement Districts:

The charge is levied against all lands, any boundary of which is within 660 feet of an existing water main, as measured along usual land Subdivision lines.

5-4.2.2 Within Service Areas:

The charge is levied only on lands which are adjacent to an existing water main.

5-4.3 Method of Collection:

This charge, after final determination and approval by the Board, is filed with the County Auditor who enters it against the respective lots or parcels of land on the current year's assessment roll and it is collected at the same time together with general county taxes. No billing for such assessment will be rendered.

Parcels of land with active Domestic Water Service during the current fiscal year (July 1 through June 30 of the following year), or any portion thereof, shall be considered as having met and satisfied the Water Availability Charges for the current fiscal year for up to the first acre of said parcel.

5-4.4 Amount

See Appendix A-13.

5-5 Water System Backup Facilities Charge and Water Demand Offset Fee

5-5.1 Dwelling Unit/Building Unit Charge:

Refer to Section 4-5.1.1 and Appendix A-14.

5-5.2 Meter Surcharge:

Refer to Section 4-5.1.2 and Appendix A-14.

5-5.3 Meter Surcharge Waiver

Refer to Section 4-5.1.2.1

5-5.4 Water Demand Offset Fee:

Refer to Section 4-6 and Appendix A-14.

5-5.5 Additional Provisions:

The District reserves the right to audit development consumption records to verify the adequacy of the Building Unit Charge and/or the Water Demand Offset Fee originally assessed. In the event that the development type changes, the development adds facilities and/or the development's water demands and/or acreage changes, the General Manager shall determine if an additional DUC/BUC, Meter Surcharge and/or Water Demand Offset Fee shall be assessed.

5-5.6 Accessory Dwelling Unit:

An Accessory Dwelling Unit (ADU) is subject to the full Water System Backup Facility Charge as provided in Appendix A-14 except as detailed herein.

- 1) No Water System Backup Facility Charge will be required when an ADU Conversion or ADU New, as defined herein, is constructed using the single-family home's existing Street Sewer Lateral and/or water meter connections;

- 2) A proportionate Water System Backup Facility Charge shall be based on the square feet of the ADU relative to the square feet of the single-family home as recorded with the County of record. A proportionate Water System Backup Facility Charge will be required when an ADU Conversion or ADU New is constructed that connects to a separate Street Sewer Lateral and/or water meter connections.
 - a. CVWD may require an ADU New to install a separate Street Sewer Lateral and water meter connections if the demands of the ADU New exceed the existing utility connections in accordance with CVWD's Development Design Manual. A proportionate fee will be charged if CVWD determines an ADU New requires separate utility connections.
 - b. ADU Conversions are not required to connect to a separate Street Sewer Lateral and/or water meter connections. However, a customer may request such a connection and must pay applicable fees and charges, including a proportionate Water System Backup Facility Charge as described above.

5-5.7 Well Sites

Well sites shall be provided by the Applicant at a location and of a size approved by the General Manager at no cost to the District. The number of well sites will be in accordance with the Domestic Water Design Criteria outlined in the Development Design Manual, based on gross acreage of the Subdivision or Development as follows:

- 1) Less than 140 acres – None
- 2) Equal to or greater than 140 acres – One per 140 acres or major portion thereof, major portion being 70 or more acres.

5-5.8 Fee in Lieu of Well Sites:

At the discretion of the General Manager, Applicants required to provide to the District well sites as outlined above may be eligible to provide to the District a fee in lieu of a well site. The Applicant shall have previously exhausted all reasonable attempts to acquire land for a well site.

5-5.9 Amount:

The fee in lieu of a well site is based on the estimated costs to improve the well site in accordance with the District's Development Design Manual and the fair-market value of land and required site improvements in the area of the Applicant's Development.

5-6 Restoration of Service Charge

The charge for Restoration of Domestic Water Service as a result of District initiated discontinuance, as described in Section 7-1.1, and the additional charges applicable after an unauthorized Restoration of Domestic Water Service are provided for in Appendix A-15.

5-6.1 By the District:

The charge is provided in Appendix A-15.

5-6.2 By Other:

The additional charge for Restoration of service by the District after an unauthorized Restoration of service by others is provided in Appendix A-15.

5-7 Inspection Charge

5-7.1 Amount:

The charge for inspection of Domestic Water Service Infrastructure, as provided in Section 8-1.2, is based on an hourly rate. See Appendix A-16. A deposit is required as described below.

5-7.2 Deposit:

The Applicant shall deposit the estimated cost of the inspection prior to the start of construction. When the inspection charges exceed 90 percent of the deposit, the Applicant shall make additional deposits prior to any additional inspection.

5-7.3 Refund:

The District will refund any excess funds within 30 days of acceptance of the facilities by the District. All outstanding invoices need to be paid prior to release of the deposit.

5-8 Plan Check Charge

The deposit and hourly charge for reviewing and checking the Drawings for Domestic Water Service Infrastructure, described in Section 8-1.2, is provided in Appendix A-17. Hours will be computed to the nearest one half hour.

5-9 Landscape Plan Check Charge

The deposit and hourly charge for reviewing and checking plans as outlined in the Landscape and Irrigation System Design Criteria is provided in Appendix 17. Hours will be computed to the nearest one half hour.

5-10 Engineering Hydraulic Modeling Charge

A deposit is required to initiate engineering hydraulic modeling of a proposed Development. After the model is complete, the District will refund to the Applicant any balance from the prepaid amount. Should the charges exceed the amount deposited by the Applicant, the

Applicant will be billed for the extra amount which becomes due and payable upon receipt. See Appendix A-18.

5-11 Private Fire Protection Service Connection Charges

5-11.1 Installation Charge:

See Appendix A-19.

5-11.2 Monthly Service Charge:

See Appendix A-20.

5-11.3 Fire Flow Test Charge:

The charge for the District to perform and provide results for a fire flow test is provided for in Appendix A-21.

5-11.4 Payment:

Payment of the Private Fire Protection Service Connection (PFPS) is required as a condition of new or continued domestic water service, i.e., the District may terminate domestic water service for non-payment of the PFPS Installation Charge where the PFPS is added to an existing domestic water service.

5-12 Cross Connection Protection Device Monthly Charge

Charges for installation, maintenance and testing of cross connection protection devices are set forth in Appendix A-7.

5-13 Miscellaneous Charges

5-13.1 Residential Smart Controller Charge:

The District provides residential smart controllers, or weather based irrigation controllers, to eligible Customers. The District will install and program the smart controllers. Charges for service of a Customer's smart controller are provided in Appendix A-23.

5-13.2 Program Rebate Inspection Charge:

The District, in conjunction with participating local cities, developed a turf buyout program. The District's Water Management Department, provides rebate inspections to eligible Customers and the charges are provided in Appendix A-23.

5-13.3 Conservation Review Charge:

The District provides conservation reviews for eligible Customers to promote efficient water use and resource sustainability. The District's Water Management Department provides this service and the charges are provided in Appendix A-23.

5-13.4 Meter Accuracy Test Charge:

See Section 6-2.4.3 and Appendix A-23.

5-13.5 Meter Obstruction Charge:

See Section 3-2.3.3 and Appendix A-22.

5-13.6 Returned Payment Charge:

A charge will be assessed for all checks and other forms of payment, electronic or otherwise, that are returned unpaid by a financial institution. See Appendix A-25 for the current charge.

Credit and Billing

6-1 Credit

6-1.1 Establishing:

As provided in Section 4-1.2, the payment of Domestic Water Service, including all bills, costs, loss, damage, penalties, charges, or fees regardless of user or use, in all cases shall be the responsibility of the Property Owner. Each Applicant for Domestic Water Service may be required to establish credit worthiness to the satisfaction of the District before service will be rendered. Applicant may establish credit worthiness with no deposit required if the Applicant can show that most recent prior service was not terminated for nonpayment for twelve (12) consecutive months from his/her previous Domestic Water Service provider, even if that provider was not the District. Prior service must have been in the Applicant's name in order to be used for the credit worthiness test.

6-1.2 Amount of Deposit:

Where credit worthiness cannot be established to the satisfaction of the District pursuant to Section 6-1.1, a deposit may be required as provided in Appendix A-24 or an amount equal to three (3) times the average monthly bill for the preceding twelve-month (12-month) period.

6-1.3 Refund of Deposit:

Residential deposits will be held by the District for a period of one (1) year from the date Domestic Water Service is provided to the subject Property. All other deposits will be held until the completion of the project or service is terminated. If Domestic Water Service is terminated during that one-year (1-year) period for nonpayment, the District shall retain the deposit until Domestic Water Service is ordered terminated by the Customer. If Domestic Water Service is not terminated during the first year, the District shall apply the deposit to the water billing or billings until the amount of the deposit is used in full. In the event the Customer requests termination, the District shall refund the remaining balance of any deposit, without interest, and less any accrued but unpaid water and/or sewer billing, within a reasonable time after termination of service. In the event the District discovers damage, theft and/or unauthorized use of District facilities, services will be immediately discontinued and billing of services terminated. All applicable charges and penalties will be deducted from the Customer's deposit as provided under Conditions of Domestic Water Service, Sections 9-10 and 9-11. Applicable charges and penalties are provided in Appendix A-22. Any unclaimed deposit shall be held or retained by District pursuant to *Section 50650, et seq., of the California Government Code* or any successor statutes thereto.

6-2 Billing

6-2.1 General Provisions:

The Property Owner is liable for payment of bills, costs, loss, damage, penalties, charges, or fees regardless of user or use for water or other services provided to the Property for all Domestic Water Service from the acquisition date of the property until such time as the property is transferred to new ownership. The Property Owner is responsible to provide the District with a notice to stop Domestic Water Service in a form and manner determined by the District in accordance with Section 7-1.3.

6-2.1.1 Rendering of Bill:

The charges may be billed monthly. If the District also provides services other than Domestic Water Service, a single bill may be rendered for all District services. The bill may also include charges collected for other agencies.

6-2.1.2 Domestic Water Service Information on Bill:

The bill may show one or more of the following charges: Consumption Charge, Service Charge, or Special Charge and Total Amount Due. In addition, the bill will show the Customer's account number, the date of billing, the service location, and the address to which the bill was mailed.

For Domestic Water Service accounts subject to the District's tiered rates, the following information may also be included on the bill: Customer's water budget for the period, Customer's actual water usage for the period, Customer's water efficiency rating and the Customer's water usage history.

Information shown on the Customer's bill may change at the General Manager's discretion.

6-2.2 Person to be Billed:

6-2.2 Person to be Billed: Charges will be the responsibility of the Property Owner. The Property Owner may authorize, in writing, that a second party, such as a Tenant may establish service in their name as provided for in Section 4-1.2. Users, including Tenants, may also have rights under California state law to establish Water Service without the authorization of the Property Owner if the service is subject to turn off. The Property Owner shall be held responsible for payment of all amounts due for Domestic Water Service, including all bills, costs, loss, damage, penalties, charges, or fees regardless of user or use. The Property Owner may request for a copy of the bill to be sent to the Owner's mailing address as well. The Property Owner shall notify the District of any change in the ownership or occupancy of the Property at least two days prior to such change in a manner deemed acceptable by the District.

6-2.3 Payment:

The bill for Domestic Water Service is due and payable fifteen (15) days after it is rendered. A bill will become delinquent if it is not paid within fifteen (15) days from the date it is rendered.

6-2.4 Adjustment of Bill:

The Customer may request, in a manner deemed acceptable by the District, an adjustment to the Domestic Water Service charges billed for one of the following reasons:

- 1) Estimated meter reading
- 2) Water budget appeal
- 3) Water meter accuracy
- 4) Adjustment of bills for excessive consumption

6-2.4.1 Estimated Meter Reading:

A bill based upon an estimated meter reading, as provided in Section 5-1.3.1, may be adjusted at the Customer's request and as approved by the District. Billing adjustments related to an estimated meter reading will be limited to the period for which the meter reading was estimated.

6-2.4.2 Water Budget Appeal:

An adjustment may be requested and/or granted based upon the Customer's allocation-based tiered rate water budget as set out in the District's allocation based tiered rate structure, per the General Manager's direction. All adjustments will be granted from the date of District approval forward. Water budgets may be adjusted for the following reasons:

1. Number of extra people in household: 2 CCFs for 1 person; 4 CCFs for 2 people; 6 CCFs for 3 people; 8 CCFs for 4 people, maximum of 8 total people in the household. Documentation or proof required. Proof may be a driver's license, children's birth certificate, school records, income tax returns, blank checks with pre-printed name and address, lease agreements, etc.
2. Residential additional landscaped area: Homeowner will draw or sketch the total lot size and the landscaped area in square feet. Hardscaped areas (driveways, patios) are not to be included in the landscaped area. Dimensions should be in feet and should show total area in square feet. District staff will verify and measure the area using the District's aerial imagery, or on site verification. Any areas irrigated by another entity or water source shall not be included in the residential budget.
3. Non-residential additional landscaped area: Non-residential customers will provide access for District staff to verify the landscape area each meter serves, which will be measured utilizing the District's aerial imagery.
4. Vacant lots: A vacant lot will receive 45% of the lot size as landscaped area until the owner notifies the District. Upon notification, the customer will have to comply with Landscape and Irrigation System Design Ordinance, and will receive 100% of the landscaped area (not automatically 100% of lot size) which is approved as a part of that process, until subject to the sewer assessment fee (e.g., Mirada). It would

also receive 1 CCF as an indoor budget, until a home is built and it is subject to the sewer assessment.

5. Medical needs: If a medical need requires a significant increase in the amount of water being used, a determination will be made on a case-by-case basis. No documentation or proof required.

6. Large domestic animals: Animals such as horses and donkeys/mules may be allowed an increased budget. This will be on a case-by-case basis. Horses normally require 8 to 15 gallons per day, which is 450 gallons or 0.6 CCFs/month. Round up to 1 CCF per large animal per month. (0.5 CCFs per goat, sheep, pig, or similar creature; 1 CCF per 100 fowl).

7. Animal shelters: Animal shelters may be allowed up to 0.25 CCF per dog and 0.125 CCF per cat.

8. Nonresidential Pools: Nonresidential pools may be given a budget of 6CCF per 500 square feet of pool surface.

9. Process Water: Commercial process water is researched on a case-by-case basis by the Water Management department.

10. Landscape Areas Utilized for Nurseries: Customers with nurseries on a parcel shall be given an adjustment factor to account for the higher plant factor of these landscape areas. An adjustment factor of 1.4 will be multiplied by the square footage of any landscape area used for these purposes, and this figure will be used to calculate the outdoor budget for the associated meter. In order to qualify, a parcel must have or install the correct infrastructure to support this water use, and provide proof of a valid license and/or business registration to demonstrate commercial activity.

11. Change in use: If a change in use is discovered during review, the budget may be adjusted, the Customer/Owner may be required to sever the connection and/or be required to install a new service and meter. This may also be subject to additional charges.

6-2.4.3 Water Meter Accuracy:

A Customer billed for unusually high consumption may request the District to test the meter serving its Property. The charges for providing this service are provided in Appendix A-23. Upon receipt of the meter test request, the District will have the meter examined and testing at an approved testing laboratory. The Customer may request a copy of the meter test results.

6-2.4.3.1 Adjustment of Bill:

6-2.4.3.1.1 Meter Registering Fast:

If a meter is found to be registered more than two (2) percent fast, another meter will be installed and the District will refund to the Customer any amount charged for the test plus the amount of the over-charge based on corrected meter readings of the period the meter was in use, but not to

exceed a period of twelve (12) months immediately preceding the request for the meter test. If the meter is found to register not more than two (2) percent over, any amount charged for the test will be retained by the District as the expense of making the test.

6-2.4.3.1.2 Meter Registering Slow:

If a meter tested is found to be registering more than five (5) percent slow, the District may bill the Customer for the amount of the under-charge based upon corrected meter readings for the period the meter was in service, but not to exceed a period of twelve (12) months immediately preceding the request for the meter test.

6-2.4.3.1.3 Meter Registering Accurately:

If a meter tested is found to be registering accurately, within the limits prescribed above, the Customer's charge for the test will not be refunded.

6-2.4.4 Adjustment of Bills for Excessive Consumption

It is the Customer's responsibility to properly maintain the property's private plumbing water system, including irrigation systems and water features. A leak in the Customer's water system is the sole responsibility of the Customer and the District charges for all water that records and passes through the water meter. If a Customer requests the District to review a bill for water service due to excessive consumption that is above historical usage for that month, the District may grant an adjustment subject to the conditions below.

Any request for a billing review must be made within 60 days of the first bill date reflecting excessive consumption.

Accounts classified as "Landscape", Class 50, will be limited to an adjustment of no more than \$5,000 and any adjustment will be limited to the meter where consumption occurred. Where meters are looped, historical consumption will be based upon the historical consumption of all looped meters rather than the specific meter where consumption occurred.

6-2.4.4.1 Verified Adjustments

- A. Verified adjustments for high consumption may be granted to Customers when there is explained high consumption such as a water leak on the Customer's property. The District, after investigation, shall find all of the following:
 1. The meter must be re-read, may be field tested, and verified as accurate.
 2. Upon notification of excessive water consumption, the Customer took prompt action to locate the leak and complete repairs within 30 days. Notification to the Customer may take the form of a

billing statement, written communication to the Customer, a courtesy phone call or a notice left at the property.

3. Proof of repair, including copies of repair bills or photographs, is required.
 4. The Customer did not have a verified adjustment in the previous 12-month period prior to the bill with excessive consumption.
- B. All consumption above historical consumption for that month will be recalculated at the Tier 2 base rate.
 - C. No adjustment shall be made for any period longer than 60 days or for water delivered 30 days after the District notifies the Customer of the excessive use.
 - D. Consumption must have returned to historical use.
 - E. No more than one verified adjustment shall be made for excessive consumption within a rolling 12-month period.

6-2.4.4.2 Unverified Adjustments

- A. Unverified adjustments for high consumption may be granted to Customers when there is unexplained high consumption on the Customer's property. The District, after investigation, shall find all of the following:
 1. The meter must be re-read, may be field tested, and verified as accurate.
 2. Upon notification of excessive water consumption, the Customer took prompt action to locate the possible cause of the excessive consumption within 30 days. Notification to the Customer may take the form of a billing statement, written communication to the Customer, a courtesy phone call or a notice left at the property.
 3. The Customer did not have an unverified adjustment in the previous 5-year period or a verified adjustment in the previous 12 months prior to the current bill with excessive consumption.
- B. All consumption above historical consumption for that month will be recalculated at the Tier 2 base rate.
- C. No adjustment shall be made for any period longer than 60 days.
- D. Consumption must have returned to historical use.
- E. No more than one unverified adjustment shall be made for excessive consumption within a rolling 5-year period.

6-3 District Initiated Billing Adjustment

District Initiated Billing Adjustment: If the District discovers that a billing error has been made related to meter reading against a Customer's account, the District will immediately take all reasonable steps to correct the billing. If the Customer has been under-billed, the District reserves the right to go back twelve (12) months to recalculate the amount due and payable and the General Manager may provide for reasonable payment arrangements for the balance due to be paid. If the District has over-billed the Customer, the District shall go back no longer than twelve (12) months to recalculate the amount of over-billing refund due to the Customer.

6-4 Delinquent Account

The bill for Domestic Water Service shall be delinquent if not paid within fifteen (15) days from the date it is rendered.

Services terminated for delinquency shall not be restored until all outstanding charges are paid in full, including a charge for restoration of service as provided for in Section 7- 2, a late charge as provided for in Section 6-4.2, and delinquency charge as provided for in Section 6-4.3. An updated application may be required.

If the manner of payment of the delinquent amount is not accepted by the paying bank for any reason, and the District had properly notified the customer of a pending termination of service per these Rules and Regulations prior to receipt of the rejected payment, Domestic Water Service may be terminated immediately without further notice. Domestic Water Service will not be restored until all outstanding charges are paid in full, including a returned payment charge, as applicable and provided in Section 5-13.5.

A Customer having a delinquent account on one Property may not receive Domestic Water Service on another Property until the delinquent account has been paid, including penalties, if any. A Customer whose Domestic Water Service has been terminated for nonpayment of a delinquent account or whose deposit has been applied in whole or in part to the payment of any delinquent account, will be required to make a cash deposit in accordance with Section 6-1.2. Additionally, when Domestic Water Service has been terminated for nonpayment, all charges may be transferred to another account held in the sole name of the same Owner and the Owner shall be given written notice of that transfer. This account shall become delinquent if payment is not made within fifteen (15) days from the date of delinquency transfer and will be subject to Part 7-1, Termination of Domestic Water Service. The District may file liens against the Property or any properties owned by the delinquent Customer within the state of California to enforce collection of delinquent accounts as provided in Water Code Section 31701.5.

6-4.1 Liens and Tax Roll:

The District may file liens and/or initiate a tax roll against the property or any properties owned by the delinquent Customer within the state of California to enforce collection of unpaid water and other services as provided in the California Water Code Section 31701.5.

6-4.2 Late Charge:

A late charge of one and one half (1½) percent per month will be charged on delinquent domestic water accounts with balances exceeding \$75.

6-4.3 Delinquency Charge:

A Delinquency Fee will be charged each month as a domestic water account becomes delinquent provided that: (a) the account has a delinquent balance exceeding \$75; and (b) are not paid within 40 days from the date the bill is rendered. Customers with timely payment histories during the previous 12-month period prior to being charged a Delinquency Fee shall have the Delinquency Fee waived upon request. The amount of the Delinquency Fee is set forth in Appendix A-25, as said amount may be revised from time to time.

6-4.4 Alternative Payment Plan

A customer in delinquency per Part 6-4 may enter into an Alternative Payment Plan per the District's policy to avoid discontinuation of domestic service for nonpayment.

**Termination and Restoration
of Service**

7-1 Termination of Domestic Water Service

7-1.1 District Initiated:

The District has the right to terminate Domestic Water Service if the Customer fails to comply with these Regulations. In addition, if the Customer receives and fails to pay for District services or fees, the District has the right to terminate Domestic Water Service.

Termination procedures are as follows:

When delinquency occurs, the District will provide to the Customer notice of the delinquency and impending termination of Domestic Water Service at least ten (10) days prior to the proposed termination by means of a notice mailed, postage prepaid, to the Customer's service and billing address. The District shall notify the Property Owner or authorized agent of impending termination if Property owner's has authorized a second party to receive billing statements.

If the District is unable to make contact with the customer by telephone, and written notice is returned through the mail as undeliverable, the District shall make a reasonable good faith effort to visit the residence and leave, or make other arrangements for placement in a conspicuous place, a notice of imminent termination of domestic service for nonpayment at least 48 hours prior to the termination date.

Notice of termination of Domestic Water Service shall include;

- a) The Customer's name and address.
- b) The amount of the delinquency.
- c) The date by which payment or arrangement for payment is required in order to avoid discontinuation of residential service.
- d) A description of the process to apply for an extension of time to pay the delinquent charges.
- e) A description of the procedure to petition for bill review and appeal.
- f) A description of the procedure by which the customer may request a deferred, reduced, or alternative payment schedule, including an amortization of the

delinquent residential service charges, consistent with the District's policy to avoid discontinuation of domestic service for nonpayment.

If the Customer appeals their bill and submits a request for account review, Domestic Water Service shall not be discontinued while an appeal is pending. The District will thereafter determine if Domestic Water Service shall be continued or terminated.

Before terminating Domestic Water Service to residential Customers served through a master meter or individually metered Domestic Water Service connection in a multiunit residential structure, mobile home park or farm labor camp where the owner, manager or farm labor employer is listed by the District as the Customer of record for the Domestic Water Service, the District shall make every good faith effort to inform the actual users of the Domestic Water Service, when the account is in arrears, by means of a notice, that Domestic Water Service will be terminated in ten (10) days, in accordance with *California Government Code 60371*.

Prior to termination of Domestic Water Service, notice is not required when the illegal noncompliance (i.e., tampering), violation or infraction of these Regulations by the Customer results, or is likely to result, in dangerous or unsanitary conditions on the Property or in the water system or elsewhere. In such cases, the District may order immediate termination of Domestic Water Service.

Termination of Domestic Water Service may also be initiated by the District under the following circumstances:

- a) Where conditions of use have changed materially to the point where new or additional fees or charges are due or other charges in the Domestic Water Service are required or appropriate but the Customer refuses to agree to the additional fees or charges in the Domestic Water Service, the District may terminate the Domestic Water Service.
- b) Where excessive demands by one Customer may result in inadequate Domestic Water Service to others or
- c) To protect itself against fraud or abusive conduct on the part of the Customer or
- d) As provided in this Section 7-1.1 and in Sections 9-1.6, 9-1.7 and 9-5 of these Regulations.

The District shall not terminate Domestic Water Service by reason of delinquency in payment or otherwise cause cessation of Domestic Water Services on any Saturday, Sunday, legal holiday, or at any time when District business offices are not open to the public.

7-1.2 Medical Provision:

Residential Service will not be terminated for nonpayment if;

1. Customer submits certification of a primary care provider that discontinuation of residential service will be life threatening to, or pose a serious threat to the health and safety of, a resident of the premises where service is provided; and
2. Customer is willing to enter into an amortization agreement, alternative payment schedule, or a plan for a deferred or reduced payment with respect to all delinquent charges consistent with the Rules and Regulations. The repayment option provided should result in repayment of any remaining outstanding balance within twelve (12) months.

Residential service may be discontinued if;

1. Final notice of intent to disconnect service is posted at the property at least five (5) business days prior to the termination date; and
2. Customer fails to comply and is at least sixty (60) days delinquent on the amortization agreement, alternative payment schedule or deferred or reduced payment plan; or
3. Customer fails to pay current residential service charges for sixty (60) days or more while participating in an amortization agreement, alternative payment schedule, or a deferral or a reduction in payment plan for delinquent charges.

7-1.3 At Customer's Request:

A Customer may have Domestic Water Service terminated by notifying the District at least forty-eight (48) hours in advance of the desired date of termination and by paying the charge as provided in Section 5-1.5. The District may require the notice to be in the form of writing, either electronic or paper. The Monthly Service Charge will continue to be assessed in accordance with Section 5-1.1. Domestic Water Service will only be terminated during the District's normal working hours and working days unless approved by the District in advance.

7-1.4 Permanent Termination of Service:

A Customer may have Domestic Water Service permanently terminated as provided for in Sections 3-2.6 and 3-2.6.1.

7-2 Restoration of Domestic Water Service

7-2.1 General Provisions:

A Customer whose Domestic Water Service has been terminated may have it Restored by making application and by paying the charge provided for in Appendix A-15.

7-2.2 Unauthorized Restoration:

No Person shall turn on water at the meter, once it has been shut off by the District, or interfere with or remove a meter from any Service Connection.

If the Customer turns on the meter stop or permits or causes it to be turned on after it has been turned off by the District, the District will again turn off the Domestic Water Service Connection and remove the meter or seal the meter. An additional charge, as provided in Appendix A-15, shall be collected before Domestic Water Service is Restored.

Domestic Water Service Infrastructure

8-1 General

Domestic Water Service Infrastructure generally includes water mains, pumping stations, reservoirs, wells, treatment facilities, service connections and other facilities and/or appurtenances required to provide service to an Applicant.

Domestic Water Service Infrastructure may be designed and constructed by either the District or the Applicant.

8-1.1 Domestic Water Infrastructure:

Standard Domestic Water Infrastructure includes on-site pipelines described and required by the Standard Installation Agreement; Special Domestic Water Infrastructure includes off-site pipelines, wells, well sites, reservoirs, booster stations and treatment facilities described and required by the Special Installation Agreement.

8-1.2 Design and Construction:

All new Domestic Water Infrastructure shall be designed and constructed in accordance with the District's Development Design Manual, Standard Specifications and drawing(s) prepared by the Applicant; all plans, designs, and drawing(s) must be reviewed and approved by the District's Engineering Department at the Applicant's expense as required by Section 5-9. Construction inspection will be performed by the District at the Applicant's expense as required by Section 5-8.

8-2 District Ownership

All Domestic Water Service Infrastructure constructed will be the sole Property of the District. Upon final acceptance by the District, the developer will file a Certificate of Completion and Final Acceptance with the County of Riverside or Imperial and provide the District with the Bill of Sale conveying the facilities to the District.

8-3 Infrastructure Location

New Domestic Water Infrastructure will be located within public right-of-way, easements across the Property frontage and shall be provided to the District by the Applicant, easements obtained by the District or Property deeded to the District.

8-4 Special Provision for Domestic Water Pipeline Extensions

Where the Property is located adjacent to a street exceeding seventy (70) feet in width or a freeway, waterway, or railroad right-of-way, the District may require the Applicant to install a domestic water pipeline across the Property frontage on the same side thereof as the Property in lieu of extending a Service Connection across said street, freeway, waterway or railroad right-of-way from an existing or proposed main.

Where the Property does not have a 12-inch diameter or smaller domestic water main to connect to for service, District may require the Applicant to construct a tee, valves, and extend a domestic water pipeline to serve the Property.

Conditions of Domestic Water Service

9-1 General Provisions

9-1.1 Maintenance of Domestic Water Service:

The District will exercise reasonable diligence and care to furnish and deliver a continuous and sufficient supply of water to the Customer and to avoid any shortage or interruption of delivery of same. The District is not liable for interruption, shortage, insufficiency of supply or any loss or damage occasioned thereby, if same is caused by accident, act of God, fire, strike, riot, war or any other cause not within its control.

9-1.2 Suspension of Domestic Water Service:

The District, whenever it finds it necessary for the purpose of making repairs or improvements to the Water System, may suspend Domestic Water Service temporarily. This temporary suspension of service will inactivate a fire suppression system that is provided water through the Customer's service connection. In all such cases, a reasonable notice thereof, as circumstances will permit, will be given to the Customer. The making of such repairs or improvements will be done as rapidly as practicable and, if practicable, at such times as will cause the least inconvenience to the Customers.

9-1.3 Pressure:

The District operates the Domestic Water System within a static pressure range between sixty (60) to one hundred (100) pounds per square inch (psi). Applicants connecting to the Domestic Water System in an area with a static water pressure below sixty (60) psi will be required to execute a Low Pressure Agreement. If the static water pressure exceeds eighty (80) psi, an individual pressure regulating valve is required on the Customer Service Line as required by the Uniform Plumbing Code.

The District assumes no obligation to deliver water to elevations higher than its existing facilities serve. Where Properties are situated at such an elevation that the Applicant cannot be assured of a dependable supply from the Domestic Water System and/or the desired rates of flow and/or pressure required by the particular operation to be conducted on the Property cannot be assured by the District, the Applicant, in consideration of District approval of a Service Connection, accepts such Domestic Water Service as the District is able to render from its Water System. The Applicant agrees to construct, if necessary, and maintain at its sole expense on its Property a tank and/or a booster pump of sufficient capacity to furnish an auxiliary supply of water at such times as pressure in the Domestic Water System may be insufficient to supply the Property with water. The

Applicant will be required to execute a written release to the District for all claims for failure to furnish an adequate water supply.

Due to topography, and other causes, the water pressure is not uniform over the District's Service Area. The installation of new Domestic Water Infrastructure and/or modifications to the Water System operation, may result in water pressure changes to various areas within the Service Area. The District will attempt to maintain adequate pressure and/or flow at all existing Service Connections; however, Customers dependent upon a continuous water supply shall provide adequate storage for emergencies and to prevent damage, at their sole expense, if required by the District.

9-1.4 Responsibility:

The District owns, operates and maintains the Service Connection. The Property Owner is responsible for the Customer Service Line.

The District is not responsible for the delivery of water through private pipelines or any damage resulting from the operation of same.

9-1.5 Liability:

The Customer waives any and all claims of any nature against the District, except those related to gross negligence on the part of the District, and releases the District from any liability for damage to the Customer's system, Property and appliances from any cause whatsoever resulting from gross negligence on the part of the District. The Customer further waives any and all claims of any nature against the District and releases the District from any liability for losses or damage to the Property receiving Domestic Water Service, which may involve quantity, quality, foreign material, time or occasion of the delivery of domestic water by the District.

9-1.6 Damage to Meter by Hot Water:

The Customer shall be liable for damage to the meter caused by hot water from the Property. The deformation or warp of a disc or a registered figured disc of any meter shall be held to be prima facie evidence of such damage having been caused by the action of heat. Should such damage occur, the Customer will be notified to correct the plumbing conditions causing such damage and will be charged for the cost of repairs to the meter. Should the condition not be corrected and the meter repair bill not paid within ten (10) days after notice, Domestic Water Service to the Property may be terminated and Domestic Water Service will not be Restored until the bill is paid, together with a charge for restoration of service, as provided for in Section 7-2.1.

9-1.7 Transfer of Meters:

No Person shall transfer or move a meter to a new location without District authorization once it has been installed by the District at any Service Connection. Such transfer or removal will constitute an unauthorized connection or installation. The Customer is responsible for loss or damage to a meter from the time it is installed until it is removed

by the District. Any Person who is determined by District staff to have violated the provisions of this section shall be subject to a penalty as provided in Appendix A-22; Domestic Water Service may be terminated, District facilities removed or locked off and the District may also file a civil action to recover damages as authorized by Water Code Sections 31080 and 31102.

9-2 Change in Water Usage

A Customer making any change to a Property that may result in a material increase of water demand originally described on the Domestic Water Service application shall immediately give the District a written notice of the nature of the change. Any such changes must then be approved by the District and/or modifications must be made at the Owner's expense and in conformance with District requirements. Failure to notify the District of such change or failure to comply with these regulations is considered an unauthorized use of domestic water and shall result in costs and penalties as provided for in Appendix A-22.

9-3 Communication

9-3.1 To Customer:

Nonemergency notifications from the District to a Customer will normally be given in writing and either mailed or delivered to the street address described in the application for service. In cases where the Property Owner has authorized another party, such as a Tenant, to be billed, the District will also provide a copy of the notice to the Property Owner, at its request, as provided in Section 6-2.2.

Emergency notifications for small service areas including schools, hospitals, health care centers, day care centers, convalescent homes and other critical facilities will be accomplished by door-to-door contact, email, phone calls and door hangers using available domestic water, water service and water quality personnel and the billing information available to the District from the Customer's application form. Notification in the affected service area(s) will be completed within twenty-four (24) hours of being directed by the California Department of Public Health (CDPH).

Emergency notifications for large service areas including schools, hospitals, health care centers, day care centers, convalescent homes and other critical facilities will be performed through electronic communication. District Resources personnel will conduct a press conference where a notice by CDPH will be furnished to the news media. This includes all radio and television stations broadcasting in the area and all local and general area newspapers. Notification in the affected service area(s) will be completed within twenty-four (24) hours of being directed by the CDPH. District social media accounts will be used to post information to a wide audience and provide regular updates.

A map of the affected service area will be on display at the press conference and distributed to the media and to special telephone answering personnel who accept calls and answer questions from consumers twenty-four (24) hours a day. In addition, the map of the affected service area will be posted on the District's website.

9-3.2 To District:

Nonemergency notifications from the Customer to the District may be given and accepted by any appropriate means of delivery, including but not limited to, electronically, by phone call, by mail or in person.

Customers shall contact the District's twenty-four-hour (24-hour) emergency operators at (760) 398-2651 to request immediate assistance.

9-4 Conflict With District Domestic Water Infrastructure

Any Person making improvements or changes to its Property which may interfere with District easement rights, endanger Domestic Water Infrastructure or cause additional funds to be expended on operation and maintenance, shall abide by the requirements outlined in Section 3.4 of the District's Development Design Manual (District Encroachment Permit Process).

9-5 Resale of Water

No Person shall enter into any contract or agreement to resell domestic water it receives from the District. No Person shall deliver or cause to be delivered domestic water acquired from the District, to any Property other than that described in the application for Domestic Water Service. Discovery of such action by the District may be cause for immediate termination of service without additional notification.

9-6 Unauthorized Use of Domestic Water or the Water System

The actions listed below are prohibited by these Regulations; penalties are provided for in Appendix A-22. Unpaid penalties shall be included on the Customer's bill and will be due and payable before Domestic Water Service will be restored. The Property Owner is liable for payment of all unpaid bills, costs, loss, damage, penalties, charges, or fees regardless of user or use associated with the Unauthorized Use of Domestic Water or the Water System.

- 1) To operate or attempt to operate a public or private fire hydrant or detector check, except for the suppression of fire or except when a permit for a Temporary Service Connection is issued, as provided for in Section 3-3.
- 2) To cause or permit the waste of water from the Water System or to maintain or cause or permit to be maintained any leaky outlets, apparatus or plumbing fixtures through which water is permitted to waste including, but not limited to, detector checks.
- 3) To use water for washing sidewalks and driveways in a manner that prevents the usual and customary use of public streets and sidewalks by others.
- 4) To permit water sprinklers to spray onto sidewalks and streets or to permit water to run from the Customer's Property onto public sidewalks and streets in such a manner as to cause risk and/or damage to the public or to public and private Property.

- 5) To cause or permit the waste of water by operating any equipment that uses water in a “single pass” operation. Examples of this use include, but are not limited to, water cooled equipment (i.e. refrigerators, freezers, ice machines, chillers, cooling towers, air conditioners, heat exchangers, ice cream dispensers, yogurt dispensers and precoolers) and commercial vehicle washes (i.e. car and/or truck washes).
- 6) To change or alter the original intended use of the meter and what it serves.

In addition to assessing penalties provided for in Appendix A-22, the District may seek criminal prosecution, as authorized by Section 498 of the California Penal Code for which any Person who, with intent to obtain for himself or herself Domestic Water Service without paying the full lawful charge therefor, or with intent to enable another Person to do so, or with intent to deprive the District of any part of the full lawful charge for Domestic Water Service it provides, commits, authorizes, solicits, aids or abets any of the following:

- 1) Divert or causes to be diverted Domestic Water Service, by any means.
- 2) Prevents any Domestic Water Service meter, or other device used in determining the charge for Domestic Water Services, from accurately performing its measuring function by tampering or by any other means.
- 3) Tampers with any Property owned by or used by the District to provide Domestic Water Service.
- 4) Makes or causes to be made any connection with or reconnection with Property owned or used by the District to provide Domestic Water Service without the authorization or consent of the District.
- 5) Uses or owns the property that receives the direct benefit of all or a portion of Domestic Water Service and/or has knowledge or reason to believe that the diversion, tampering, or unauthorized connection existed at the time of that use, or that the use or receipt was otherwise without the authorization or consent of the District.

Furthermore, the District may seek criminal prosecution for the presence of any of the following objects, circumstances or conditions on Property controlled by the Customer or by the Person using or receiving the direct benefit of all or a portion of Domestic Water Service obtained in violation of Section 498 of the California Penal Code shall permit an inference that the Customer or Person intended to and did violate Section 498 of the California Penal Code:

- 1) Any instrument, apparatus or device primarily designed to be used to obtain Domestic Water Service without paying the full lawful charge therefor.
- 2) Any meter that has been altered, tampered with or bypassed so as to cause no measurement or inaccurate measurement of Domestic Water Service.

9-7 Ground Wire Attachment

Any Person is liable for any damage to the Water System or District personnel which may be occasioned by the attachment of any ground wire or wires to any plumbing which is or may be connected to the Water System.

9-8 Unused Service Connection

A Permanent Service Connection which has been inactive for a period of one hundred eighty (180) consecutive days may be considered unused and the meter may be removed by the District. Thereafter, any Person desiring service for the Property, or any portion thereof, formerly supplied by such inactive Service Connection shall make application for Domestic Water Service. In cases where the District has removed the meter from the Property, the Applicant will be required to pay the applicable charge for a permanent Service Connection installation as provided for in Section 5-2.1. In cases where the meter has not been removed from the Property, the Applicant will be required to pay the current charge for Restoration of service as provided for in Section 5-7.

9-9 Quick Closing Valve

9-9.1 Operating Conditions:

No Person shall install or use a quick closing valve or other device when such valve or device during its operation causes a water hammer or an abrupt change of pressure in the Water System. When such a condition exists, the Customer will be required to discontinue use of such valve or device immediately upon notification by the District and may be liable for costs to repair any damage caused to the District's Domestic Water Service Infrastructure.

9-9.2 Notice of Correction:

If the notice of correction of such condition is not complied with, service will be discontinued until the correction is made by a proper installation to eliminate all such water hammer or abrupt change of pressure.

9-10 Responsibility for Equipment

The Customer shall, at its own risk and expense, furnish, install and keep in good and safe condition all of the equipment on the Customer's side of the meter that may be required for receiving, controlling, applying and utilizing water. The District is not responsible for any loss or damage caused by improper installation of such equipment, negligence, want of proper care or wrongful act of the Customer or of any of its Tenants, agents, employees, contractors, licensees or permittee in installing or maintaining, using, operating or interfering with such equipment. The District is not responsible for damage to Property caused by spigots, faucets, valves and other equipment that are open when water is turned on at the meter.

9-11 Damage

Any Person who is determined by District staff to have violated the provisions of this section shall be subject to a penalty as provided in Appendix A-22, Domestic Water Service may be terminated, District facilities removed or locked off and the District may also file a civil action to recover damages as authorized by Water Code Sections 31080 and 31102.

**Private Fire Protection Service
Connection and Residential Fire
Sprinkler System**

10-1 General Provisions

When a Private Fire Protection Service Connection (PFPS) is installed, the control valve will be left closed and sealed until a written order to turn on the water is received from the Property Owner. The District is not liable for damage of any kind or for any reason that may occur on or to the Property served.

10-2 Special Provisions

10-2.1 PFPS – Larger than Two-inch (2-inch):

For PFPS larger than two-inch (2-inch) in diameter, a single detector check, double check detector assembly, or required pressure detector assembly must be installed in accordance with the District's DDM, Manual of Cross-connection Control, Ninth Edition, Section 7.2.3.14, Fire Systems, as published by the University of Southern California, and AWWA Manual M14, Chapter 6 Backflow Prevention and Fire Protection.

10-2.2 PFPS – Two-inch (2-inch) or Less:

The requirements under this part apply only to PFPSs installed prior to January 1, 2011.

10-2.2.1 Within Political Jurisdictions which have Executed a Hold Harmless Agreement with the District:

The Owner shall execute and record against the Property an agreement to hold the District and political jurisdiction harmless for failure of the private fire protection system for any reason. The District will provide its standard agreement for this purpose and instructions for recording the properly signed and notarized agreement and providing the District with the recording information. The Owner may connect the private fire protection system to the Permanent Service Connection serving the Property.

10-2.3 PFPS Charges:

The District's charges for a PFPS, as noted in Section 5-11, are set out in Appendix A-19, 20 and 21.

10-3 Authorized Purpose

A PFPSC shall be used for no other purpose than for the discharge of water in case of fire. Except for PFPSC installed in accordance with Section 10-2.2.1, water for firefighting purposes will be provided without charge in amounts as required.

10-4 Inspection and Tests

District employees have the right to enter the Property to make investigations and tests of the PFPSC. The Customer, or its designated representative, shall accompany the District employee(s) during such inspections and tests.

The Customer shall be responsible to conduct inspections and tests of its private fire protection system.

10-5 Option to Bill

If the District determines that a PFPSC is being used for purposes other than fire extinguishing or the testing of the fire line, the District will send a warning letter to the Owner of the PFPSC. If, after thirty (30) days from the date the notice is sent, the unauthorized use continues, the Owner of the PFPSC shall be subject to a penalty as provided in Appendix A-22 and service may be terminated and District facilities removed or locked off. The District may also file a civil action to recover damages as authorized by Water Code Sections 31080 and 31102. The General Manager may waive this penalty based upon good cause arising from the circumstances involved.

10-6 Termination of Service

10-6.1 PFPSC – Larger Than Two-inch (2-inch):

If water is used for purposes other than permitted herein, the District may terminate the PFPSC or may install a domestic or fire flow meter at the Customer's expense, and thereafter, the service shall be classified as a Permanent Service Connection and will be billed at the prevailing charge as provided in Section 5-1. The District is not liable for damage which may result from said termination of service.

10-6.2 PFPSC – Two-inch (2-inch) or Less:

10-6.2.1 Installed in Accordance with Section 10-2.2.1:

The District may terminate service in accordance with Section 7-1, Termination of Service. The District is not liable for damage which may result from said termination of service.

10-6.2.2 Installed in Accordance with Section 10-2.2.2:

If water is used for purposes other than permitted herein, the District may terminate the PFPSC, or the service shall be classified as a Permanent Service Connection and will be billed at the prevailing charge as provided in Section 5-1.

The District is not liable for damage which may result from said termination of service.

10-7 Residential Fire Sprinkler System:

Effective January 1, 2011, Residential Fire Sprinklers are required by California Residential Code, Title 24, Part 2.5 for new construction.

10-7.1 General Provisions:

A single Permanent Service Connection shall provide water service for both the domestic water and residential fire sprinkler portions of the Customer Service Line. The customer will provide the District with the required domestic water and residential fire sprinkler water demands and minimum pressures at the time of application for service. The District will size the single Permanent Service Connection to meet these demands and pressure requirements.

10-7.2 Special Provisions:

A reduced pressure backflow device will be required when the premise is also served by a nonpotable water source.

10-7.3 Termination of Service:

The District may terminate service in accordance with Section 7-1, Termination of Service. The District is not liable for damage which may result from said termination of service.

Cross Connection

11-1 General Provisions

The purpose of this part is to protect the District's potable water supply against actual or potential Cross Connections by isolating, within the Property, contamination or pollution that may occur because of undiscovered or unauthorized Cross Connection on the Property. The provisions set forth in this part are in accordance with Titles 17 and 22 of the California Code of Regulations.

The provisions set forth in this part shall be in addition to and not in lieu of the controls and requirements of other provisions of these Regulations or of other regulatory agencies, such as local governmental agencies and local and State Health Departments but may report same to other appropriated agencies if discovered. The District is not responsible for abatement of Cross Connections which may exist within the Customer's Property.

The District has developed an active Cross Connection Control program with a certified Cross Connection Control program coordinator to administer the program. Any questions or notifications regarding Cross Connections shall be directed to the coordinator.

The District will evaluate the degree of potential health hazard to the public potable water supply which may be created as a result of conditions proposed on an Applicant's Property or existing on a Customer's Property. At a minimum, the District's evaluation shall consider the existence of Cross Connections; the nature of materials handled on the Property; the probability of Cross Connection occurring; the degree of piping system complexity and the potential for piping system modifications. Special consideration shall be given to the Property of the following types of Customers:

- a) Properties where substances harmful to health are handled under pressure in a manner which could permit their entry into the public Water System. This includes chemical or biological process waters and water from public water supplies which have deteriorated in sanitary quality.
- b) Properties having an auxiliary water supply such as recycled water or nonpotable water. If the auxiliary water supply is approved for potable use by the public health agency having jurisdiction, Cross Connection protection is not required.
- c) Properties that have internal Cross Connections that are not abated to the satisfaction of the District and approved by the public health agency.
- d) Properties having intricate plumbing and piping arrangements or where not all portions of the Property are readily accessible for inspection purposes.

- e) Properties having a repeated history of Cross Connections being established or reestablished.

From time to time, representatives of any public health agency having jurisdiction and/or the District may conduct inspections of any Property where Domestic Water Service is provided by the District. The purpose of the inspections would be to determine if any actual or potential Cross Connections exist. The Customer shall provide reasonable cooperation in facilitating such inspections.

11-2 Type of Protection Required

The type of protection required is related to the degree of hazard that exists on the Property served. The type of protective device that may be required (listed in increasing level of protection) includes Double Check Valve (DC), Double Check Detector Check Assembly (DCDA), Reduced Pressure Principle Backflow Prevention Device (RP) and an Air Gap Separation (AG). The Customer may choose a higher level of protection than required by the District. The minimum types required to protect the District's Water System are given in Table 11-1 and are in accordance with Title 17 of the California Code of Regulations. Situations not covered in Table 11-1 shall be evaluated on a case-by-case basis and the appropriate Cross Connection protection device shall be determined by the District and/or public health agency.

11-3 Installation, Testing and Maintenance of Protective Devices

Cross Connection protective devices shall be installed, tested and maintained by the District at the expense of the Customer as provided in Section 5-12. In accordance with Title 17 of the California Code of Regulations, the District maintains a record of the locations, tests and repairs of all Cross Connection protective devices installed on Service Connections within the District's Water System. The District conducts annual testing of Cross Connection protective devices.

Customers are not authorized to install protective covers or cages on Cross Connection protective devices.

11-4 Termination of Service

The District has the right to immediately terminate Domestic Water Service to a Customer if an unprotected or unauthorized Cross Connection exists on the Property or if a Cross Connection protective device has been removed or bypassed. In addition, the District has the right to terminate Domestic Water Service, in accordance with Section 7-1.1, if a Customer refuses to allow the District to install or test a required Cross Connection protective device. Service will not be Restored until such conditions or defects are corrected. A charge will be made for the restoration of service as provided for in Section 5-7.

Table 11-1

Minimum Degree of Protection Required	
Description	Minimum Type of Protective Device
1. Sewage and Hazardous Substances	
a) Property where there are wastewater pumping and/or treatment plants and there is no interconnection with the potable water system.	AG
b) Property where hazardous substances are handled in any manner in which the substance may enter the public water system.	AG
c) Property where there are irrigation systems into which fertilizers, herbicides or pesticides are, or can be, injected.	RP
d) Property where there is a separate meter for the landscape irrigation system.	RP
e) Property where the connection from the public water system supplies water to a swimming pool only.	DC
2. Auxiliary Water Supplies	
a) Property where there is an approved or unapproved auxiliary water supply which is interconnected with the public water system.	RP
b) Property where there is an unapproved auxiliary reduced pressure water supply and there is no interconnection with the public water system.	DC
3. Recycled Water	
a) Property where recycled water is used, other than in an approved dual plumbed area, and there is no interconnection with the potable water system.	RP
4. Fire Protection Systems	
a) Property where the fire system is directly supplied from the public water system and there is an unapproved auxiliary water supply on or to the Property (not interconnected).	DC or DCDA
b) Property where the fire system is supplied water from the public water system and interconnected with an unapproved auxiliary water supply.	AG
c) Property where the fire system is supplied from the public water system and where either elevated storage tanks or fire pumps which take suction from a private reservoir or storage tank are used.	DC or DCDA

d) Property where the fire system is supplied from the public water system and where recycled water is used in a separate piping system within the same building.	DC or DCDA
5. Salton Sea Facilities	
a) Pier hydrants for supplying water to vessels for any purpose.	RP
b) Property where there are marine facilities.	RP
6. Commercial and Industrial Facilities	
a) Beverage bottling plants	RP
b) Canneries, packing houses and reduction plants	RP
c) Dairies and cold storage facilities	RP
d) Film laboratories	RP
e) Sand and gravel plants	RP
7. Property or Facilities	
a) Car washes	RP
b) Campgrounds	RP
c) Guardhouses, restrooms/comfort stations	DC
d) Laundries (including self-service), dye works, dry cleaners	RP
e) Pharmacies	RP
f) Restaurants	RP
g) Schools and colleges	RP
h) Restricted access facilities (government buildings)	RP
i) Trailer and mobile home parks with a master meter	DC
j) Premises with a cooling tower	RP
k) A property with two or more service connections will require the same level of protection.	RP
8. Oil and Gas Facilities	
a) Property used for oil and gas production and transmission	RP
b) Gas stations	RP
c) Vehicular service stations	RP
9. Health Facilities	
a) Hospitals and medical buildings and clinics	RP
b) Sanitariums, nursing and convalescent homes	RP
c) Morgues and autopsy facilities	RP
10. Elevated Facilities	
a) Property with a building located over 46 feet above the street level	TBD

Part 12

[Reserved]

Reserved for future use

Enforcement and Appeals

13-1 General Provisions

Any Person found to be violating any provision of these Rules and Regulations or the terms and conditions of the Applicant's service agreement, permit or any and all applicable federal, state, or local statutes, regulations, ordinances or other requirement shall be served by the District with written notice that 1) states the nature of the violation, 2) provides a time limit to correct and 3) refers to Section 13-3 of these Regulations as describing the hearing and appeals procedures for customers wishing to contest a notice of violation.

13-2 Corrective Action

The Customer shall, within the time limit stated in such notice, permanently correct the violation. Failure to do so within the time stated may result in termination of Domestic Water Service by the District as provided for in Section 7-1.1.

The District has the right to terminate Domestic Water Service immediately if the violation impacts the District's obligation to protect public health.

Domestic Water Service will not be Restored until such conditions or defects are corrected. A charge will be made for the restoration of service as provided for in Section 5-7.

13-3 Appeals

13-3.1 Hearing and Administrative Procedures

A customer may appeal a decision, enforcement of a policy or procedure, rate, fee, charge, or penalty by submitting a written appeal to the General Manager of the District. However, the appeal rights set forth in this Section shall not apply to termination of service for non-payment of a domestic water bill. An appeal must be made in writing and submitted to the General Manager within five (5) business days of the effective date of service termination, or within thirty (30) days of the effective date of any other enforcement action or decision. Any such appeal shall include the specific decision, policy, procedure, rate, charge, or penalty being challenged, a detailed description regarding the nature of the challenge, evidence supporting the challenge, and the remedy requested.

The hearing on the Customer's appeal will be conducted by the District's General Manager, or his or her designated representative. The hearing shall be held as soon as reasonably possible. If service has been terminated, reasonable efforts should be made to hold the hearing within five (5) business days of receipt of the written appeal and the Customer shall be promptly notified of the date, time and place of the hearing. At the hearing, the

Customer shall be given a reasonable opportunity to present information in support of the Customer's appeal. District staff will be given the opportunity to reply.

Absent extenuating circumstances, written notice of the decision by the General Manager, or his or her designated representative, should be given to the Customer within five (5) business days of the close of the hearing. The decision by the General Manager, or his or her designated representative, will be final.

A failure to file a timely appeal in accordance with this Section shall be deemed a waiver of the right to appeal and will be considered a failure to exhaust administrative remedies which may impact any attempt by the Customer for any judicial review.

13-4 Suspension of Enforcement

In the event a Customer submits an appeal under the procedures set forth in Section 13-3 above, enforcement of the violation shall be suspended until written notice of the decision by the General Manager or his or her designated representative has been submitted to the Customer. The notice of the decision shall be deemed to be submitted to the Customer upon the District depositing it in the U.S. mail. Termination for nonpayment of a water bill is not subject to appeal and as a result, such enforcement will not be suspended.

Part 14

Validity

14-1 Validity

If any portion of these Regulations or the application thereof to any Person or circumstance is for any reason held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portions of these Regulations or the application of such provision to other Persons or circumstances.

The Board hereby declares that in the event that a court of competent jurisdiction determines that any provision of these Regulations to be unconstitutional or otherwise invalid, it would nevertheless have adopted the remaining provisions.

Appendix A-1

Charges

A-1 General Provisions

The charges applicable to Domestic Water Service are listed in the following appendices. Reference to the applicable part, section, or subsection of these Regulations is included.

The charges set forth in this part are hereby established and fixed. In accordance with Section 53750(h)(2)(b) of the California Government Code and subject to approval of the Board of Directors, the District may institute an increase or decrease of any charges listed in the following appendices.

Appendix A-2

Permanent Service Connection Monthly Service Charge

A-2 Permanent Service Connection Monthly Service Charge

The Monthly Service Charge for a Permanent Service Connection is assessed on a monthly basis. See Section 5-1.2.2.

Table A-2

<u>Meter Size (inches)</u>	<u>Single Family</u>	<u>Multi-Family</u>	<u>Commercial</u>	<u>Landscape Irrigation</u>	<u>Outside Customer Surcharge¹</u>
¾	\$14.01 <u>14.71</u>	\$14.16 <u>14.87</u>	\$14.08 <u>14.78</u>	\$17.89 <u>18.78</u>	\$3.40
1	\$16.78 <u>17.62</u>	\$17.03 <u>17.88</u>	\$16.89 <u>17.73</u>	\$23.24 <u>24.40</u>	\$5.68
1½	\$23.71 <u>24.90</u>	\$24.18 <u>25.39</u>	\$23.93 <u>25.13</u>	\$36.63 <u>38.46</u>	\$11.22
2	\$32.01 <u>33.61</u>	\$32.78 <u>34.42</u>	\$32.37 <u>33.99</u>	\$52.70 <u>55.34</u>	\$18.12
3	\$51.40 <u>53.97</u>	\$52.84 <u>55.48</u>	\$52.06 <u>54.66</u>	\$90.17 <u>94.68</u>	\$33.99
4	\$79.09 <u>83.04</u>	\$81.50 <u>85.58</u>	\$80.20 <u>84.21</u>	\$143.71 <u>150.90</u>	\$56.67
6	\$148.33 <u>155.75</u>	\$153.12 <u>160.78</u>	\$150.54 <u>158.07</u>	\$277.57 <u>291.45</u>	\$113.30
8	\$231.41 <u>242.98</u>	\$239.09 <u>251.04</u>	\$234.95 <u>246.70</u>	\$438.19 <u>460.10</u>	\$181.28

¹ The Outside Customer Surcharge applies to those customers that are located outside the boundaries of CVWD to substitute ad valorem property tax revenues not received from these customers.

Appendix A-3

Temporary Service Connection Monthly Service Charge

A-3 Temporary Service Connection Monthly Service Charge

The Monthly Service Charge for a Temporary Service Connection is assessed on a monthly basis. See Section 5-1.2.3.

Table A-3

Installation Type	Meter Size	
	From a Fire Hydrant	3-inch
Meter only	\$100	\$150
Meter and Cross Connection device	\$125	\$190
From other than a Fire Hydrant	See Table A-2	

Appendix A-4

Permanent Service Connection Consumption Charge

A-4 Permanent Service Connection Consumption Charge

The Consumption Charge is quantitative and assessed on a monthly basis. See Sections 5-1.3 and 5-1.3.2.

Table A-4

Tiers	Water Use	Charge per 100 cubic feet
Tier 1 - Excellent	Up to 8 ccf	\$1.04 <u>1.09</u>
Tier 2 - Efficient	Up to 100% of water budget	\$1.30 <u>1.36</u>
Tier 3 - Inefficient	101% up to 175% of water budget	\$3.98 <u>4.18</u>
Tier 4 - Excessive	176% up to 300% of water budget	\$4.66 <u>4.90</u>
Tier 5 - Wasteful	300% or more of water budget	\$7.13 <u>7.49</u>

Appendix A-5

Temporary Service Connection Consumption Charge

A-5 Temporary Service Connection Consumption Charge

The Consumption Charge is quantitative and assessed on a monthly basis. The charge will be calculated on a per acre foot basis and be calculated by multiplying the Tier 2 rate in effect by 435.63 CCFs. See Sections 5-1.3 and 5-1.3.3.

Appendix A-6

Not applicable at this time.

Appendix A-7

Cross Connection Protection Device Monthly Charge

A-7 Cross Connection Protection Device Monthly Charge

The Cross Connection Protection Device monthly charge is assessed on a monthly basis. See Section 5-13.

Table A-7

Cross Connection Protection Device	Charge (\$/month)
Installation	See Appendix A-9
Monthly charges	\$12
Testing	Included in monthly charge

Minimum Closing Bill Amount

A-8 Minimum Closing Bill Amount

See Section 5-1.4.

Table A-8

	Monthly Service Charge plus Consumption Charge
Any Service Account	\$5.00

Appendix A-9

Permanent Service Connection Installation Charge

A-9 Permanent Service Connection Installation Charge

The Permanent Service Connection Installation Charge is assessed on a one-time basis and payment is required prior to the District providing Domestic Water Service.

The cost to relocate an existing Permanent Service Connection shall be equal to cost for installation plus an additional abandonment cost, as listed below.

See Section 5-2 and subsequent Sections.

Table A-9.1 Residential

Installation Type	Service Size (inches)				
	1	1½	2	2	Larger than 2 inches
	Meter Size (inches)				
	¾	1	1½	2	Larger than 2 inches
	Backflow Device (inches)				
	1	1½	2	2	Larger than 2 inches
Service and Meter	\$4,538	\$5,478	\$6,391	\$6,685	Contact District
Service only	\$4,171	\$5,075	\$5,509	\$5,509	Contact District
Meter only	\$ 421	\$ 458	\$ 937	\$ 1,229	Contact District
Additional Charges:					
Backflow Prevention Device – Double Check Device	\$ 649	N/A	\$1,478	\$1,478	Contact District
Backflow Prevention Device – Reduced Pressure Device	\$ 792	N/A	\$1,478	\$1,478	Contact District
Upgrade Existing Substandard Service	Contact District				
Special Box and Traffic Cover	\$ 493	\$ 493	\$ 493	\$ 493	Contact District
Special Compaction and/or Paving	\$ 150	\$ 150	\$ 150	\$ 150	Contact District
Extend Existing Service Connection (length less than 15 feet)	\$ 1,564	\$ 2,229	\$ 2,739	\$ 2,739	Contact District
Abandon Existing Service Connection	\$600 deposit, actual costs to be billed				Contact District
Fire Sprinkler Retrofit	\$ 287	\$ 394	\$ 500	\$ 550	Contact District

<u>Meter and Appurtenance Removal Fee</u>	\$165	\$165	\$165	\$165	Contact District
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Appendix A-10

Temporary Service Connection Installation Charge

A-10 Temporary Service Connection Installation Charge

The Temporary Service Connection charge is assessed on a one-time basis and payment is required prior to the District providing Domestic Water Service.

The cost to relocate an existing Temporary Service Connection is listed below.

See Section 5-2.2 and subsequent Sections.

Table A-10

Installation Type	Deposit Required	Service Installation	Meter Size	
			3-inch	4-inch and larger
From a Fire Hydrant (Meter with or without Cross Connection Device)	\$2,500		\$304	\$549
From other than a Fire Hydrant	\$2,500	Either Actual Installation Cost or Charge for Permanent Service Connection of equal size (Table A-9), whichever is greater		
Additional Charges:				
Relocation from a Fire Hydrant or other Facility	\$0		\$202	
Change Existing Meter Size (either upsize or downsize)	\$0		\$434	

Appendix A-11

Existing Service Connection Activation Charge

A-11 Existing Service Connection Activation Charge

The Activation Charge is assessed on a one-time basis and payment is required prior to the District activating the Service Connection. Charges described below are only applicable to new Customers and/or Customer's whose Domestic Water Service was not terminated by the District as provided for in Section 5-7. See Section 5-3.

Table A-11

Activation Time Description	Amount
Standard Next Day Activation between 8:00 a.m. and 3:00 p.m. (weekdays)	No Charge
Same Day Express Activation between 8:00 a.m. and 3:00 p.m. (weekdays)	\$52
Evening Activation between 3:00 p.m. and 10:00 p.m. (weeknights)	\$126
Night Activation between 10:00 p.m. and before 8:00 a.m. (weeknights)	\$252
Weekends and District observed holidays	\$252

Appendix A-12

Class of Service

Class of Service	
Description	Class Code
Residential (single family dwelling)	01
Duplex and Triplex	02
Multiple Dwelling (condominium having four (4) or more units served by one (1) meter)	03
Apartment (units rented, not owned, served by one (1) meter)	04
Mobile Home/Trailer Park (served by master meter)	11
Temporary Construction Meter	41
Landscape, Swimming Pool, Cement/Batch Plant, Packing House	50
Public Agency (school, church, health care, fire protection, fire station)	60
Business (guardhouse, office, drinking fountain)	70
Hotel or Motel	71
Commercial (laundry, nursery, clubhouse, restaurant)	80
Commercial Multiunit	81

Appendix A-13

Water Availability Charge

A-13 Water Availability Charge

The Water Availability Charge is assessed on an annual basis and collected with the general County taxes. See Section 5-4.

Table A-13

Service Area	Amount
Improvement District Nos. 10, 13, 14 and 15	\$30/acre or \$30/parcel less than one acre
Improvement District No. 11	\$23/acre or \$23/parcel less than one acre
All other lands within the District's Service Area	\$10/acre or \$10/parcel less than one acre

Water System Backup Facilities Charge and Water Demand Offset Fee

A-14 Water System Backup Facilities Charge and Water Demand Offset Fee

The Water System Backup Facilities Charge and Water Demand Offset Fee are two separate charges that are assessed on a one-time basis. See Section 5-5. For additional information on the charges in this section, please see the Water System Backup Facilities Charge Report dated October 2021 and the Water Demand Offset Fee Report dated October 2021.

Dwelling Unit/Building Unit Charge (DU/BUC): See Section 4-5.1.1.

For single, family residential units and equivalent dwelling units, the DU/BUC is \$3,757. The DU/BUC may be reduced up to a maximum of 60 percent for non-potable water use.

Table A-14-1

	Amount
DU/BUC	\$3,757
DU/BUC with Maximum Reduction for 60% NPW	\$1,503

Mobile Home Units (0.67 EDU)

For mobile home units, the DUC is assessed at \$2,517 per unit.

Hotel rooms, Motel rooms, Recreational Vehicles (0.5 EDU)

For hotel rooms, motel rooms, recreational vehicles and other uses equal to 0.50 EDUs, the DUC is assessed at \$1,879 per unit.

Meter Surcharge: See Section 4-5.1.2.

Table A-14-2

Meter Size (inches)	Amount
¾	\$ 0
1	\$ 2,511
1½	\$ 8,733
2	\$ 16,229
3	\$ 39,991
4	\$ 71,212
6	\$152,431
8	\$221,132
Larger than 8-inch	Contact District

Meter Surcharge Waiver. There are certain circumstances in which certain residential accounts are required to install an incrementally larger meter for reasons other than the account's anticipated daily domestic water needs (e.g., to meet residential fire sprinkler requirements). Under such circumstances, staff may issue a meter surcharge waiver and assess the lower capacity charge that corresponds to the meter size that would otherwise be appropriate for the new account in normal circumstances (i.e., normal pressure and without fire sprinkler requirements). See Section 4-5.1.2.1.

Water Demand Offset Fee: See Section 4-6

The Water Demand Offset Fee is \$1,918/acre-foot per year. The Water Demand Offset Fee may be reduced up to a maximum of 60 percent for non-potable water use.

Single Family Residential (1.0 EDU)

For residential customers, the Water Demand Offset Fee is assessed on a per meter basis by meter size as shown in Table A-14-3 below. The ¾-inch meter fee is based on an average annual demand of 0.7259 AFY multiplied by the Unit Fee (\$1,918/AFY).

Table A-14-3

Meter Size (inches)	Amount (\$/unit)
¾	\$ 1,392
1	\$ 2,320
1½	\$ 4,640
2	\$ 7,425
3	\$ 16,241
4	\$ 27,842
6	\$ 58,004
8	\$ 83,526

If a meter surcharge waiver is provided to a residential customer, then the same waiver will also apply to the Water Demand Offset Fee.

Mobile Home Units (0.67 EDU)

For mobile home units, the Water Demand Offset Fee is assessed at \$933 per unit based on an average annual demand of 0.4864 AFY multiplied by the Unit Fee (\$1,918/AFY).

Hotel rooms, Motel rooms, Recreational Vehicles (0.5 EDU)

For hotel rooms, motel rooms, recreational vehicles and other uses equal to 0.50 EDUs, the Water Demand Offset Fee is assessed at \$696 per unit based on an average annual demand of 0.3630 AFY multiplied by the Unit Fee (\$1,918/AFY).

Non-residential Developments

For non-residential developments, the Water Demand Offset Fee will be assessed based on the total value of the Equivalent Water Unit (EWU) indoor and outdoor components. The EWU (indoor and outdoor components) is multiplied by the residential average annual demand of 0.7259 AFY to get an equivalent average annual demand for the non-residential development. The Water Demand Offset Fee will be charged based on the average annual demand multiplied by the Unit Fee (\$1,918/AFY).

$\text{Water Demand Offset Fee} = [\text{EWU (outdoor)} + \text{EWU (indoor)}] \times 0.7259 \text{ AFY} \times \text{Unit Fee } (\$1,918/\text{AFY})$
--

Any other circumstances

For any other circumstances, the Water Demand Offset Fee will be calculated by multiplying the annual potable water use (AFY) by the Unit Fee (\$1,918/AFY).

Restoration of Service Charge

A-15 Restoration of Service Charge

The Restoration of Service charge is assessed on a one-time basis and payment is required prior to the District reactivating Domestic Water Service. In addition, all other outstanding charges must be paid in full prior to reactivation. Charges described below are only applicable to existing Customers. See Section 5-7.

Table A-15

Restoration Time Description	Amount
Standard Next Day Restoration between 8:00 a.m. and 3:00 p.m. (weekdays)	\$ 86
Same Day Express Restoration between 8:00 a.m. and 3:00 p.m. (weekdays)	\$ 116
Evening Restoration between 3:00 p.m. and 10:00 p.m. (weekdays)	\$ 126
Night Restoration between 10:00 p.m. and before 8:00 a.m. (weeknights)	\$ 252
Weekends and District observed holidays	\$ 252
Additional charge required after an unauthorized restoration by other than District personnel:	
First occurrence	\$ 75
Second occurrence	\$ 150
Third occurrence	\$ 500
Fourth occurrence	\$1,000

For a residential customer who demonstrates to the District a household income below 200 percent of the federal poverty line;

Restoration Time Description	Amount
Restoration between 8:00 a.m. and 5:00 p.m.	\$ 50
Restoration between 5:00 p.m. and 8:00 a.m.	\$ 150
Weekends and District observed holidays	\$ 150

Appendix A-16

Inspection Charge

A-16 Inspection Charge

The hourly rates for Inspection by the District are described below. See Section 5-8.

Table A-16

Inspection Type	Deposit	Hourly Rate
Regular	Contact District	See the Ordinance Establishing a Schedule of Special Charges for Miscellaneous Services currently in effect.
Overtime	NA	See the Ordinance Establishing a Schedule of Special Charges for Miscellaneous Services currently in effect.

Appendix A-17

Plan Check Charge

A-17 Plan Check Charge

See Section 5-9.

Table A-17

	Deposit	Hourly Rate
Plan Check	See the Ordinance Establishing a Schedule of Special Charges for Miscellaneous Services currently in effect.	See the Ordinance Establishing a Schedule of Special Charges for Miscellaneous Services currently in effect.

Appendix A-18

Engineering Hydraulic Modeling Charge

A-18 Engineering Hydraulic Modeling Charge

See Section 5-11.

Table A-18

	Deposit	Amount
Hydraulic Modeling	\$5,000	Actual Cost for Engineering Work

Appendix A-19

Private Fire Service Connection Installation Charge

A-19 Private Fire Service Connection Installation Charge

The Private Fire Service Connection Installation charge is assessed on a one-time basis and payment is required prior to the District providing Domestic Water Service. See Section 5-12.4.

Table A-19

Installation Type and Size	Installation Charge
2-inch or less	See Appendix A-9
Larger than 2-inch	Actual Installation Cost

**Private Fire Service Connection
Monthly Service Charge**

A-20 Private Fire Service Connection Monthly Service Charge

See Section 5-12.2.

Table A-20

Service Line Connection Size (inches)	Monthly Service Charge
2	\$2.44
3	\$6.91
4	\$14.23
6	\$40.65
8	\$86.99
10	\$156.09
12	\$252.01

Fire Flow Test Charge

A-21 Fire Flow Test Charge

The Fire Flow Test charge is assessed at the time of request by any person and payment is required prior to the District performing the test. See Section 5-12.3.

Table A-21

Fire Flow Test	Amount
All locations	\$350

Appendix A-22

Penalties for Unauthorized Use of the District's Domestic Water System

A-22 Penalties for Unauthorized Use of the District's Domestic Water System

See Part 9, Sections 9-5 and 9-6 and 5-14.5

Table A-22

Description of Unauthorized Use	Penalty Charge
Unauthorized Installation/Connection/Use Penalty	\$1,000 each offense
Unauthorized use of a Private Fire Protection Service Connection	\$1,000 each offense
Restoration of Service after unauthorized installation/connection/use	Meter Only Charge in Accordance with Table A-9.1 or A-9.2 (Appendix A-9)
Cutting District lock or bypassing meter	\$200
Damage to meter, pipeline, reservoir, well site or other component of the Domestic Water Service Infrastructure	\$300 or actual cost of repair, whichever is greater
Broken meter stop/shut off valve	\$525
Meter Obstruction	\$25 for a return visit, then \$100 each day for continued noncompliance, plus any additional costs for equipment or personnel to remove obstruction

Appendix A-23

Water Management Charges for Service

A-23 Water Management Charges for Service

Charges for Water Management Services are assessed on a one-time basis and will appear on the next month's billing. All services listed below are only provided during regular business hours, Monday through Friday, between 8:00 a.m. and 5:00 p.m. See Sections 5-14.1 – 5-14.4.

Table A-23

Description	Service Charge
Residential Smart Controller Visit	
First two visits	No charge
Three or more visits within 12-month period	\$75 per visit
Conservation Reviews	
First two visits	No charge
Three or more visits within 12-month period	\$75 per visit
Program Rebate Inspections	
First two visits for same issue	No charge
Three or more visits for same issue within 12-month period	\$75 per visit
Meter Accuracy Test	
First visit	No charge
Two or more visits within 12-month period	\$75 per visit
Test that results in discovery of a meter problem or other District responsibility	No charge

Appendix A-24

Domestic Water Service Application Deposit

A-24 Domestic Water Service Application Deposit (when required)

See Sections 6-1.1 and 6-1.2.

Table A-24

Account Description	Deposit Amount
Residential	\$100
Nonresidential	\$250

Appendix A-25

Domestic Water Service Miscellaneous Charges

A-25 Domestic Water Service Miscellaneous Charges:

See Sections 5-14.6, 4-1.1 and 6-4.3.

Table A-25

Charge Description	Amount
Returned Payment Charge	See the Ordinance Establishing a Schedule of Special Charges for Miscellaneous Services currently in effect.
Account Establishment Fee for new and transferred domestic water service accounts	\$46
Delinquency Fee	\$25

Appendix A-26

Exceptions/Exemptions to Domestic Water Regulations

A-26 Exceptions and Exemptions to Domestic Water Regulations

The following exceptions and exemptions to Domestic Water Regulations have been approved by the Board of Directors in accordance with Section 2-4.

See Section 2-4.

Customer Name: El Dorado Property Owners Association	Service Address: The portion of the parcels at the 24 addresses listed which extend into the flood control channel located on Fairway Drive in Indian Wells: 76011, 76031, 76075, 76095, 76125, 76131, 76165, 76171, 76191, 76211, 76225, 76245, 76273, 76297, 76319, 76343, 76363, 76383, 76403, 76421, 76435, 76455, 76469, 76485.
Description of Policy Exception/Exemption: Increase water budget by increasing landscaped area to compensate for decreased plant co-efficient factor in water budget calculation.	
Justification for Policy Exception/Exemption: Effective July 2016, CVWD changed the Plant Co-efficient used to calculate water budget based tiered rates to allow for 50% grass and 50% desert landscaping. CVWD requires El Dorado Property Owners to maintain turf in the channel for flood control purposes. The Board approved an increase to the landscaped area of the property from 524,576 to 667,642 square feet to offset the impact of the decreased plant co-efficient to allow for the maintenance of turf without penalty.	
Date of Board Approval:	Future Review Date:

REPEALS:

BE IT ORDAINED that Ordinance No. 1399.~~xx~~17 and all other ordinances or parts of ordinances in conflict with the provisions of this Ordinance, are hereby expressly repealed.

BE IT FURTHER ORDAINED that this Ordinance shall become effective July 1, 20~~24~~25.

ADOPTED this ~~11~~24th day of June, 20~~24~~25.

John P. Powell, Jr., President
Coachella Valley Water District

I, the undersigned Clerk of the Board of Directors, do hereby certify that the foregoing is a true and correct copy of Ordinance No. 1399.~~xx~~18 of said District introduced and passed at meeting of said Board held June~~14~~24, 20~~24~~25, and that said Ordinance was passed by the following roll call vote:

Directors:

Noes:

Absent:

I further certify that said Ordinance was thereupon signed by the President of the Board of Directors of said District.

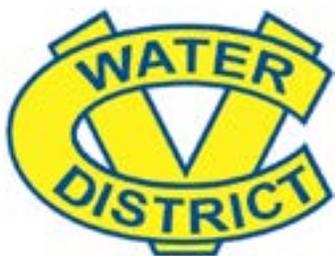
(SEAL)

Sylvia Bermudez, Clerk of the Board
Coachella Valley Water District

FINAL REPORT

DOMESTIC WATER COST OF SERVICE & RATE STUDY

SEPTEMBER 9, 2024



Prepared for:
Coachella Valley Water District
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EXECUTIVE SUMMARY

NewGen Strategies & Solutions (NewGen) conducted a Cost-of-Service Study (COSS) to develop cost-based Domestic Water rates for the Coachella Valley Water District (CVWD, or The District). The District operates on a Fiscal Year (FY) beginning July 1 each year and ending June 30 the following year. References in this report to FY 2025 refer to the FY beginning July 1, 2024, and ending June 30, 2025. This report details industry standard calculations for cost-based Domestic Water rates for the period FY 2026 – FY 2029. NewGen performed the cost-of-service analysis on a forecasted FY 2026 Test Year using reasonable cost escalations based on the District's FY 2025 operating budget and five-year capital spending plan. NewGen's calculations result in cost-based rates that maintain compliance with CVWD's fund balance policies for the Domestic Water Fund.

Validation of FY 2025 Domestic Rates

After a review of the District's previous cost of service study, NewGen validated CVWD's Domestic water rate structure.¹ The District's Domestic water rate structure complies with the fundamental industry standard rate setting practice of assigning system costs based on customer demand. Furthermore, NewGen validated that the FY 2025 Domestic water rates follow Proposition 218 requirements, specifically that FY 2025 Domestic rates are below the justifiable cost of service of the Domestic Fund in FY 2025 and the tiered volumetric rate structure is cost-justified and consistent with industry practice. The Domestic Water Fund has sufficient reserves to both meet the system's revenue requirement in FY 2025 and maintain compliance with CVWD's minimum fund balance policies.

Projected Domestic Water System Revenue Requirement

The total annual revenue requirement of the District's Domestic Water Fund is the total of costs related to system Operating and Maintenance (O&M), Capital Improvement Plan (CIP), and Debt Service (on both existing and projected future debt). NewGen's FY 2026 Test Year is based on reasonable escalation of the District's adopted FY 2025 O&M costs and the District's financing plan for its five-year Capital Improvement Plan (CIP). The projected revenue requirement reflects that the District will spend an average of \$11.9 million on PAYGO capital each year and issue debt in the amount of \$24.8 million in early 2026 (FY 2026). Non-rate operating revenues such as revenue from water availability (or "standby") charges and non-operating revenues and expenses, such as interfund revenues and grants, are included as annual offsets to the total revenue requirement in a manner consistent with the District's five-year forecast. Thus, the net revenue requirement to be funded by rates, i.e., the total revenue requirement less non-rate revenues, is considerably less than the District's full cost of providing domestic water service. Table E-1 shows the forecasted total and net revenue requirement that is the basis for NewGen's cost of service study.

¹ CVWD's previous Domestic Water cost of service study was completed in 2021.

Table E-1
Domestic Water Fund Net Revenue Requirement Forecast (in thousands)

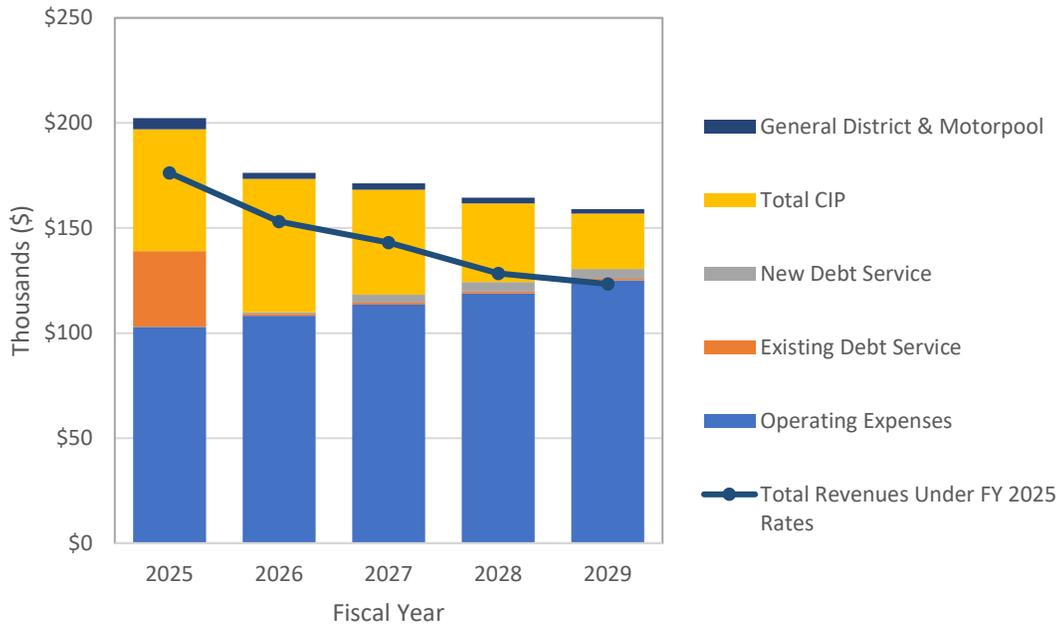
	Budget FY 2025	Test Year FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029
Operating Expenses	\$102,922	\$108,270	\$113,557	\$118,868	\$125,009
Existing Debt Service	\$36,066	\$841	\$841	\$841	\$841
New Debt Service	\$ -	\$796	\$3,383	\$4,088	\$4,235
Total CIP	\$57,950	\$63,471	\$50,002	\$37,461	\$26,249
General District & Motorpool	\$5,307	\$2,838	\$3,075	\$2,786	\$2,244
Total Revenue Requirement	\$202,245	\$176,216	\$170,858	\$164,043	\$158,577
Additions / (Reductions):					
Non-Rate Operating Revenues	(\$13,040)	(\$17,331)	(\$18,023)	(\$18,028)	(\$18,417)
Non-Operating Expenses / Revenues	(\$3,945)	(\$3,945)	(\$3,945)	(\$3,945)	(\$3,945)
Loan/Grant Proceeds & Restricted Funds	(\$65,200)	(\$37,155)	(\$26,120)	(\$11,143)	(\$5,412)
Reserve Contributions	\$ -	\$ -	\$ -	\$ -	\$3,924
Net Revenue Requirement	\$120,060	\$117,784	\$122,769	\$130,927	\$134,727

(1) Contributions necessary to meet fund balance policy.

Recommended Rate Changes

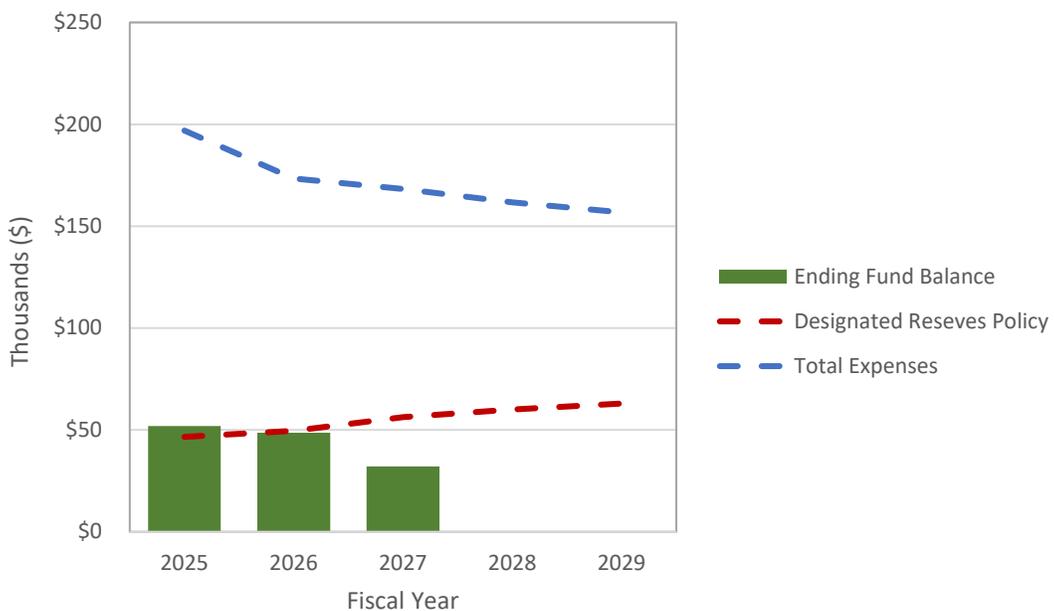
The following exhibits demonstrate that if the District does not increase Domestic water rates from those adopted for FY 2025 then Domestic Fund revenues would not be sufficient to cover system expenses in any year of the study period. Consequently, under this forecast, the District's Domestic Water Fund designated reserves would fall below the requirements of CVWD's reserve policies for the Domestic Water Fund beginning in fiscal year 2026. Total revenues include all rate revenues, non-rate revenues, grant proceeds, loan proceeds, and use of restricted funds. The decrease in total revenues over the forecast period is due almost exclusively to the reduction in new loan proceeds and grants, as demonstrated in Table E-1. Going forward, the District will need to rely more heavily on rate revenues to finance capital improvements.

Figure E-1
Domestic Water Fund Total Expenses vs. Total Revenues Under FY 2025 Rates



Under the forecast above in which the District does not increase user rates and does not issue new debt service or generate grants to finance capital improvements, then the forecasted Domestic Water Fund balance is shown in Figure E-2.

Figure E-2
Projected Domestic Water Fund Balance Under FY 2025 Rates



Under the assumed expense forecast, the District must increase domestic water rates to fund its water system and maintain compliance with its financial policies. NewGen developed our recommended rates by conducting a cost-of-service analysis. Our recommended rates are cost based and result in the Domestic Water Fund balance satisfying the District’s designated reserves policy in each forecasted year and the financing of the District’s capital plan. NewGen’s recommended Domestic Water rates are shown in Table E-2 below. These rates do not, however, eliminate the need to draw on reserves. NewGen’s forecast results in the drawdown of over \$32.5 million in Domestic Fund reserves over the period FY 2025 – FY 2027. Contributions to reserves are necessary in FY 2028 and FY 2029 to maintain compliance with CVWD’s financial policies.

**Table E-2
Recommended Water Rate Changes and Financial Forecast (in thousands)**

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Change in Median Single Family Customer Bill		21.6%	3.7%	6.3%	2.4%
Annual Cash Flow	(\$26,034)	(\$1,563)	(\$1,768)	(\$1,835)	\$1,893
Ending Fund Balance	\$64,463	\$62,900	\$61,133	\$59,298	\$61,190
Designated Fund Balance Policy	\$47,472	\$49,678	\$54,386	\$57,976	\$60,274
Over / (Under) Policy	\$16,991	\$13,222	\$6,747	\$1,322	\$917

The minimum recommended reserve referenced in the above table is based on CVWD’s designated fund balance policy.

Customer Impacts

Table E-3 demonstrates the monthly bill impact on a median residential and median commercial customer in the District under NewGen’s recommended rates. The District’s median residential customer has a 5/8” meter, a 10 hundred cubic feet (CCF)² water budget and uses 20 CCF of water per month. The District’s median commercial customer has a 2” meter, a 50 CCF water budget, and uses 79 CCF of water per month.

**Table E-3
Projected Monthly Customer Bills – Sample Customers**

Sample Customer	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Median Single Family – 20 CCF Water Budget	\$37.93	\$46.14	\$47.87	\$50.87	\$52.11
3/4" Meter	\$ Change	\$8.21	\$1.73	\$3.00	\$1.24
20 CCF /mo.	% Change	21.6%	3.7%	6.3%	2.4%
Commercial – 50 CCF Water Budget	\$212.79	\$265.21	\$275.32	\$293.13	\$300.33
2" Meter	\$ Change	\$52.42	\$10.11	\$17.81	\$7.20
79 CCF /mo.	% Change	24.6%	3.8%	6.5%	2.5%

² One CCF is equal to 748 gallons.

Section 1

STUDY BACKGROUND AND SCOPE

Study Background

The Coachella Valley Water District (CVWD, or the District) provides water, wastewater, and stormwater services to customers in the Coachella Valley in Riverside County, California, about 120 miles east of Los Angeles.

The District is the largest provider of drinking water in the Coachella Valley. It operates more than 93 wells with a total well capacity of 234 million gallons per day (gpd) and serves a population of about 270,000 from Cathedral City to the Salton Sea. Daily demand for drinking water averages 75.9 million gallons, or about 233 acre-feet. The District delivers about 85,000 acre-feet of water per year to its 1,000 square mile service area, from Sky Valley to Salton Sea communities.

Drinking water, also known as domestic water, comes from the Coachella Valley's own aquifer. This water is pumped from wells up to 1,200 feet deep and stored until needed in more than 68 distribution reservoirs with a storage capacity of 174.2 million gallons. From there, it is delivered to approximately 113,000 homes and businesses via a network of nearly 2,052 miles of distribution piping.

NewGen Strategies and Solutions, LLC (NewGen) conducted a Domestic Water Cost of Service Study (COSS) for CVWD. The goal of the study was to ensure that the District's rates are based on sound cost of service principles and forecasted revenues meet the Domestic Water Fund's debt coverage and designated fund balance requirements.

Study Objectives and Guiding Principles

The objectives of the cost-of-service study were as follows:

- Evaluate adequacy of the projected revenues under existing rates with anticipated revenue requirements.
- Develop a four-year financial plan for CVWD's Domestic Water Fund incorporating both O&M and planned CIP costs.
- Develop a four-year financial plan for CVWD's Domestic Water Fund incorporating Debt Service Coverage (DSC) requirements established by the District's agreements with bondholders.
- Propose domestic water rates for four years in accordance with American Water Works Association (AWWA) guidelines, the California Constitution Articles XIII, C and D (Proposition 218) and all applicable laws.
- Reflect in the cost of service the required revenues to execute the current water system capital improvement plan.
- Minimize rate impacts to customers to the greatest extent possible.

NewGen used industry standard water ratemaking practices as described in AWWA Manual M1: *Principles of Water Rates, Fees, and Charges, 7th Edition* (Manual M1). The study followed a three-step process:

- 1. Develop Financial Plan:** The first step is to develop a forecast of the total costs, i.e., “revenue requirements,” to operate and maintain the water system. This includes operating expenses, debt service, capital improvements, and the maintenance of adequate reserves. Included in this step is a determination of the system’s customer base and how it may change over the study period.
- 2. Cost-of-Service Analysis:** Once the total annual costs of the Domestic Water Fund are determined for each forecast year, they are distributed to the system’s customer classes consistent with industry standard principles of functionalization of costs, allocation of costs to cost causative components, and distribution of costs to customers.
- 3. Rate Design:** NewGen developed a rate schedule for CVWD’s domestic water customers consistent with the results of the cost-of-service analysis that complies with California Constitution article XIII D, section 6, commonly referred to as “Proposition 218”.

Fiscal Year and Study Period

CVWD operates on a Fiscal Year (FY) beginning July 1st each year and ending June 30th the following year. All years referenced in this report are Fiscal Years. For example, FY 2025 refers to the year beginning July 1, 2024, and ending June 30, 2025. The period over which this report will detail cost-of-service based rates is FY 2026 – FY 2029, with a cost of service “Test Year” of FY 2026. Totals shown in this report’s tables may not add due to rounding.

Validation of FY 2025 Domestic Rates

Using CVWD’s accounting and Fund structure and appropriate cost of service principles, NewGen assessed the validity of CVWD’s FY 2025 rates. While this report details NewGen’s financial analysis and cost basis of the Domestic rates, the following table summarizes NewGen’s results relative to the FY 2025 rates.

**Table 1-1
FY 2025 Domestic Water Cost of Service – Fixed Meter Rates**

	FY 2025 Adopted Rates	NewGen FY 2025 COSS Rates	Difference (Adopted – COS)
Single-Family			
¾"	\$14.01	\$16.90	(\$2.89)
1"	\$16.78	\$21.00	(\$4.22)
1 ½"	\$23.71	\$31.25	(\$7.54)
2"	\$32.01	\$43.55	(\$11.54)
3"	\$51.40	\$72.25	(\$20.85)
4"	\$79.09	\$113.25	(\$34.16)
6"	\$148.33	\$215.75	(\$67.42)
8"	\$231.41	\$338.75	(\$107.34)
Multi-Family			
¾"	\$14.16	\$17.17	(\$3.01)
1"	\$17.03	\$21.46	(\$4.43)
1 ½"	\$24.18	\$32.17	(\$7.99)
2"	\$32.78	\$45.02	(\$12.24)
3"	\$52.84	\$75.01	(\$22.17)
4"	\$81.50	\$117.85	(\$36.35)
6"	\$153.12	\$224.94	(\$71.82)
8"	\$239.09	\$353.46	(\$114.37)
Commercial			
¾"	\$14.08	\$17.03	(\$2.95)
1"	\$16.89	\$21.22	(\$4.33)
1 ½"	\$23.93	\$31.68	(\$7.75)
2"	\$32.37	\$44.24	(\$11.87)
3"	\$52.06	\$73.55	(\$21.49)
4"	\$80.20	\$115.42	(\$35.22)
6"	\$150.54	\$220.08	(\$69.54)
8"	\$234.95	\$345.69	(\$110.74)
Landscape			
¾"	\$17.89	\$24.25	(\$6.36)
1"	\$23.24	\$33.25	(\$10.01)
1 ½"	\$36.63	\$55.74	(\$19.11)
2"	\$52.70	\$82.74	(\$30.04)
3"	\$90.17	\$145.73	(\$55.56)
4"	\$143.71	\$235.71	(\$92.00)
6"	\$277.57	\$460.68	(\$183.11)
8"	\$438.19	\$730.64	(\$292.45)

**Table 1-1
FY 2025 Domestic Water Cost of Service – Variable Rates**

Tier	FY 2025 Adopted Rates	NewGen FY 2025 COSS Rates	Difference (Adopted – COS)
Tier 1	\$1.04	\$1.32	(\$0.28)
Tier 2	\$1.30	\$1.65	(\$0.35)
Tier 3	\$3.98	\$5.01	(\$1.03)
Tier 4	\$4.66	\$5.87	(\$1.21)
Tier 5	\$7.13	\$8.97	(\$1.84)

NewGen determined that CVWD’s adopted FY 2025 Domestic water rates are below the justified cost of service. The following sections of this report detail NewGen’s recommended Domestic water rates given the forecasted expenses of CVWD’s Domestic Water Fund.

Section 2

DOMESTIC WATER SYSTEM REVENUE REQUIREMENTS

The three cost categories of the District’s Water system are: Operating and Maintenance (O&M); Capital Improvements; and Debt Service (on both existing and future debts). These three cost categories total to the amount needed each year to run the District’s water system. While the study is based on the latest available data, there are several assumptions that are included in the study’s cost projections.

Operating and Maintenance Cost Escalation Factors

NewGen’s cost projections are based on the District’s FY 2025 Domestic Water Fund budget. To reasonably project future costs, NewGen’s study includes the annual inflation factors shown in Table 2-1. These are NewGen’s best estimates of likely future cost escalation given currently available information and reflect its experience and professional judgment.

Table 2-1
O&M Cost Escalation Factors

	Change Per Year
Labor	4.50%
Operations	4.00%
Utilities	8.00%
Capital Outlay	5.00%

Minimum Required Water Fund Cash Balance

The CVWD Board has adopted several financial policies that apply to the Domestic Water Fund. NewGen’s study’s recommendations are driven in part by the Board’s policy to maintain the following reserve balances:

- **Operating:** 25% of annual operating expenses, less depreciation and capital outlay
- **Rate Stabilization:** 10% of annual rate revenues, less depreciation and capital outlay
- **Capital:** Minimum of 25% of the average five-year forward-looking annual PAYGO CIP spending
- **Emergency:** 1.0% of net book value of assets
- **Vehicle Replacement:** 100% of annual vehicle replacement costs
- **Debt Service:** One year of annual debt service

SECTION 2

CVWD’s policy is to maintain reserves in the above amounts within the Domestic Water Fund. If in any year these reserve goals are not met, policy dictates that a five-year plan be developed to bring the fund back into compliance with each reserve policy. Table 2-2 shows the forecast of designated reserve balance minimums included in this cost-of-service study.

Table 2-2
Domestic Water Fund Designated Reserves Policy Forecast (in thousands)

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operating	\$25,647	\$26,980	\$28,297	\$29,620	\$31,151
Rate Stabilization	\$10,259	\$10,792	\$11,319	\$11,848	\$12,460
Capital Improvement	\$3,655	\$4,101	\$4,480	\$4,595	\$4,137
Emergency	\$5,620	\$5,816	\$6,020	\$6,231	\$6,449
Vehicle Replacement	\$1,450	\$1,148	\$1,122	\$1,126	\$1,226
Debt Service (1x Annual Debt Payment) ⁽¹⁾	\$841	\$841	\$3,147	\$4,556	\$4,850
Total Designated Fund Balance Policy	\$47,472	\$49,678	\$54,386	\$57,976	\$60,274
<i>% Change</i>		4.6%	9.5%	6.6%	4.0%

(1) The FY 2025 Debt Service reserve calculation does not include the \$35.2 million to pay off the District’s Series 2022 Domestic Notes.

The District’s designated fund balance policy is a key driver of the financial plan detailed in this report. NewGen’s recommended Domestic water rates are meant to cover the operating, debt service, and capital needs of the system as well as to maintain the Fund balance (i.e., reserve) policies shown above.

Operating and Maintenance Expenses

The operating and maintenance expenses of the District’s water system are organized into the following categories:

- Salaries & Benefits
- Materials & Services
- Utilities
- Replenishment Cost Allocation
- Capital Outlay

The most recently adopted District O&M budget at the time of the study was the FY 2025 budget. Based on discussions with CVWD staff, NewGen determined that the FY 2025 budget reflects a typical year of Domestic Water Fund operations, and therefore NewGen did not make any adjustments to the FY 2025 budget for known and measurable cost of service changes or for rate calculation. Therefore, the FY 2026 study Test Year is a forecasted Test Year based on reasonable escalation of the FY 2025 adopted budget using the factors noted in Table 2-1. The operating costs of the FY 2025 Budget, FY 2026 forecast Test Year and remaining study forecasted fiscal years are shown in Table 2-3.

The District’s primary source of Domestic water supply is groundwater from the District’s local groundwater production wells. The expenses associated with this pumping are captured in the District’s O&M budget. As part of the District’s groundwater operations, it also performs groundwater recharge and replenishments as part of its Replenishment Fund. The District allocates an appropriate share of the net revenue requirement of the appropriate Replenishment Fund to the Domestic Fund in proportion to

the domestic utility’s use of the replenished groundwater. This is, effectively, a water supply cost of domestic water service.

**Table 2-3
Operating and Maintenance Expenses Forecast (in thousands)**

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Salaries & Benefits	\$46,094	\$48,365	\$50,713	\$52,917	\$55,774
Supplies & Services	\$27,442	\$28,540	\$29,681	\$30,869	\$32,103
Utilities	\$15,258	\$16,478	\$17,797	\$19,221	\$20,758
Replenishment Charges	\$13,794	\$14,536	\$14,998	\$15,475	\$15,967
Capital Outlay	\$334	\$351	\$368	\$387	\$406
Total O&M Expenses	\$102,922	\$108,270	\$113,557	\$118,868	\$125,009
<i>% Change</i>		5.2%	4.9%	4.7%	5.2%

Capital Improvement Plan

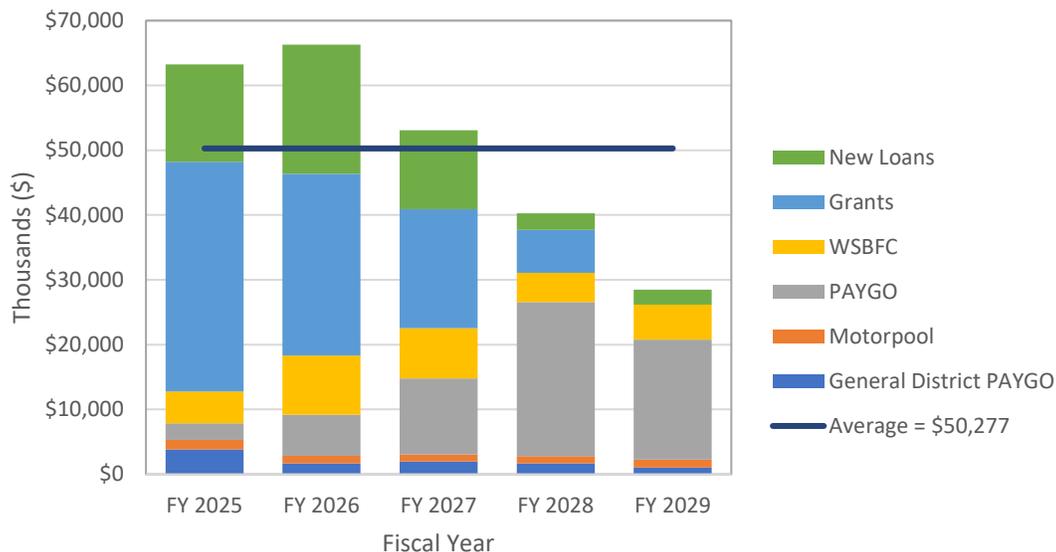
The District’s Capital Improvement Plan (CIP) is a list detailing when capital projects are planned to be completed and how much each project is estimated to cost. NewGen’s study includes funding for all CIP projects. The funding sources available for capital projects are:

- **Water System Backup Facilities Charge (WSBFC):** The WSBFC is assessed on all new development and redevelopment projects within the district’s service area. The WSBFC is comprised of two components: a dwelling unit/building unit charge and a meter surcharge. Funds generated by the WSBFC are restricted for use on capital investments.
- **Grants:** Grants for qualifying projects.
- **New Loans:** New debt issued to support capital projects.
- **Pay-as-You-Go (PAYGO):** Funding from annual Domestic Water Fund revenues.

The Domestic Water Fund also pays a portion of General District capital projects on a PAYGO basis. These projects benefit the District as a whole, and the cost borne by the Water Fund is an allocation of the total costs to the District.

The District’s FY 2025 through FY 2029 CIP is included in the study at the estimated costs shown below. Any increased costs related to these projects will have a material effect on the rate forecasts developed during the study. Figure 2-1 shows the District’s planned annual CIP spending included in the study. A full list of capital improvement projects is included in this report as Appendix A.

Figure 2-1
Capital Plan Summary by Funding Source (thousands)



Existing Debt Obligations

From time to time, the District issues debt to fund water system capital projects to match the burden to pay for those projects to the customers who benefit from them, achieving inter-generational equity between current and future customers. As of FY 2025, the District is obligated to pay two outstanding debt issues – a State Water Resources Control Board (SWRCB) State Revolving Fund Loan and the 2022 Series. Per terms of the 2022 debt issuance, the District shall pay off the entirety of the 2022 Series in FY 2025 for a total of \$35.2 million. Table 2-4 shows the projected loan payments related to these debt obligations over the five-year study period.

Table 2-4
Existing Debt Service Obligations by Issue (in thousands)

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
SWRCB - Highway 86 Loans	\$841	\$841	\$841	\$841	\$841
2022 Series	\$35,225	\$ -	\$ -	\$ -	\$ -
Total Annual Debt Service	\$36,066	\$841	\$841	\$841	\$841

Projected Debt Obligations

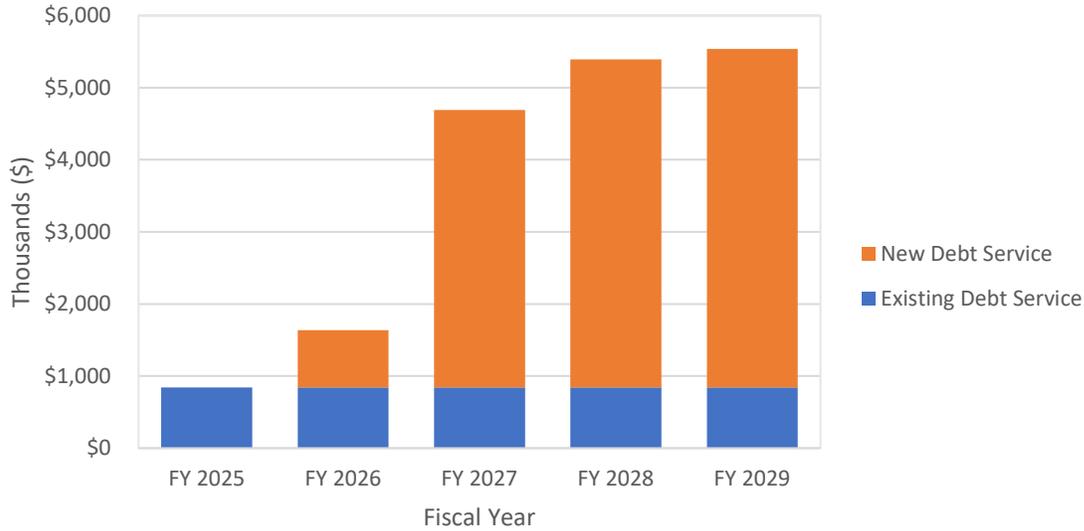
The District anticipates issuing two United States Department of Agriculture loans with payments that begin in FY 2026. These loan amounts are for \$22.7 million and \$2.13 million. The District will continue to issue debt in the future for large scale projects. This analysis assumes 4% interest over a 30-year period for all calculated future debt. Table 2-5 shows the projected loan payments related to future debt service over the five-year study period.

**Table 2-5
Future Debt Service Obligations by Issue (in thousands)**

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
North Shore/ Dale Kiler Water Mains	\$ -	\$725	\$725	\$725	\$725
Reservoir 7101-2	\$ -	\$71	\$71	\$71	\$71
Other Projected Debt	\$ -	\$ -	\$2,587	\$3,292	\$3,439
Total Projected Annual Debt Service	\$ 0	\$796	\$3,383	\$4,088	\$4,235

Loan funded projects will result in an increase in the District’s total debt service payments, as shown in Figure 2-2. Note the payment of \$32.5 million in FY 2025 is excluded from the chart below to better reflect the long-term trend of the District’s debt service.

**Figure 2-2
Debt Service Projections**



Chromium 6 Debt

On April 17, 2024, the State Water Resources Control Board adopted the proposed regulation for hexavalent chromium (Cr-6) establishing a maximum contaminant level (MCL) for drinking water of 10 ug/L. The compliance period to meet the MCL is two years for water systems with >10,000 service connections and three years for water systems with 1,000 to <10,000 service connections. CVWD operates two public water systems impacted by the adoption of Cr-6 regulation – the Cove Community and the ID No. 8 public water systems. The compliance period is two years for Cove Community and three years for ID No. 8. Treatment methods and associated costs are under evaluation and not included in the analysis or the graph pictured above.

Debt Service Coverage Ratio

Debt Service Coverage Ratio (DSCR) is the ratio of a utility's total annual operating revenues net of its operating expense to its annual debt service payment. Said another way, it is the ratio of how much net operating revenue the system can dedicate to the payment of debt service in each year to the amount of debt service payment obligations in that year. The District's contractual commitment to bondholders is to maintain a minimum DSCR of 1.25.

The District's DSCR projections given the capital financing assumptions included in the study are shown in Table 2-5 below. As shown, the rate increases recommended here are necessary to maintain compliance with debt service coverage obligations in FYs 2028 through 2029.

Table 2-5
Forecasted Debt Service Coverage Ratio - Current and Recommended Rates (in thousands)

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Existing Debt Service ⁽¹⁾	\$841	\$841	\$841	\$841	\$841
New Debt Service	\$0	\$796	\$3,383	\$4,088	\$4,235
Total Projected Debt Service	\$841	\$1,637	\$4,224	\$4,928	\$5,076
DSCR at FY 2025 Rates	10.02	4.92	0.89	(0.25)	(1.31)
DSCR at Recommended Rates	10.02	18.07	7.05	6.61	6.00

(1) The FY 2025 DSCR calculation does not include the payment of \$35.2 million payment to pay off the District's Series 2022 loan.

Miscellaneous Non-Rate Revenues

To determine the annual rate revenue needs of the water system to be funded by rates, non-rate revenues need to be netted out from the total revenue requirement. There are five non-rate revenues that NewGen included in the study – Availability Charges, Property Taxes, Charges for Services, Investment Income, and Other Revenue. Construction, Fire Protection, and Backflow charges are independent fees charged to customers and separate from the monthly rates charged to Domestic customers. Therefore, the revenue from these charges is also accounted for to offset the revenue required from service charges to Domestic customers.

Projected Miscellaneous Non-Rate Revenues

The following Table 2-6 shows the revenues that are credited to the Domestic Water Fund but are not dependent on the monthly meter service charges and volumetric rates charged to domestic users.

Table 2-6
Domestic Water Fund Non-Rate Revenues Forecast (in thousands)

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Fire Protection	\$1,224	\$4,217	\$4,421	\$4,673	\$4,868
Backflow	\$1,581	\$1,759	\$1,726	\$1,799	\$1,918
Availability Charges	\$658	\$658	\$658	\$658	\$658
Property Taxes - General	\$2,881	\$2,881	\$2,967	\$3,056	\$3,148
Charges for Services	\$4,241	\$4,368	\$4,499	\$4,634	\$4,773

DOMESTIC WATER SYSTEM REVENUE REQUIREMENTS

Investment Income	\$1,415	\$2,408	\$2,713	\$2,168	\$2,011
Other Revenue	\$1,040	\$1,040	\$1,040	\$1,040	\$1,040
Total Misc. Revenue	\$13,040	\$17,331	\$18,023	\$18,028	\$18,417

Revenue Requirement Projection

Based on the Test Year operating, debt service, and capital expenses and the forecast assumptions detailed above, NewGen developed a net revenue requirement forecast for the District's Domestic Water system for FYs 2026 through 2029, shown in Table 2-7. Thus, the portion of the reasonable cost of service to be funded by water service charges to domestic customers is significantly less than the total cost of service.

Table 2-7
Domestic Water Fund Net Revenue Requirement Forecast (in thousands)

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operating Expenses	\$102,922	\$108,270	\$113,557	\$118,868	\$125,009
Existing Debt Service	\$36,066	\$841	\$841	\$841	\$841
New Debt Service ⁽¹⁾	\$ -	\$796	\$3,383	\$4,088	\$4,235
Total CIP	\$57,950	\$63,471	\$50,002	\$37,461	\$26,249
General District & Motorpool	\$5,307	\$2,838	\$3,075	\$2,786	\$2,244
Total Revenue Requirement	\$202,245	\$176,216	\$170,858	\$164,043	\$158,577
Less:					
Non-Rate Operating Revenues	(\$13,040)	(\$17,331)	(\$18,023)	(\$18,028)	(\$18,417)
Non-Operating Expenses / Revenues	(\$3,945)	(\$3,945)	(\$3,945)	(\$3,945)	(\$3,945)
Loan/Grant Proceeds & Restricted Funds	(\$65,200)	(\$37,155)	(\$26,120)	(\$11,143)	(\$5,412)
Reserve Contributions	\$ -	\$-	\$-	\$-	\$3,924
Net Revenue Requirement	\$120,060	\$117,784	\$122,769	\$130,927	\$134,727

(1) New debt service is related to projects identified in the most recently adopted CIP as debt funded post FY 2025.

The net revenue requirement is the basis upon which rates are calculated for the District's system and is significantly less than the total cost to serve the District's domestic water customers.

Section 3

CUSTOMERS AND CONSUMPTION

The District characterizes water customers by the following classes:

- Single-Family Residential
- Multi-Family Residential
- Commercial
- Landscape

In NewGen’s professional judgment these classes are reasonable in light of the demands each class imposes on the utility, which is the traditional way customer classes are defined in water rate making. The breakdown of each customer class according to meter size is based on data that supported the District’s 2020 Cost of Service study (Previous Study). Based on discussions with District staff, NewGen concluded that this data represents a typical year of operation for the District’s water system and therefore can be relied upon for the purposes of forecasting revenues and developing cost of service allocations. Each subsection in this Section 3 details the customer data used to develop the revenue and rate projections during NewGen’s study.

Water System Customers and Consumption

The District serves about 108,300 domestic water customers. For all customers, the District’s current rate structure includes a monthly fixed fee (Meter Service Charge) based on meter size and a volumetric rate per metered Hundred Cubic Feet (CCF, equal to 748 gallons). Therefore, the District tracks customers by the size of their meter and how much water they use monthly. Meter size is commonly used in water ratemaking because, as a measure of potential instantaneous demand, it reflects costs a customer imposes on the water utility to maintain reliable service. Larger potential instantaneous demand requires more supplies and facilities to store and deliver them.

Most of the District’s water users are Single-Family Residential customers. The breakdown of water customers estimated to be served by the District in FY 2025 by meter size is shown in Table 3-1 below.

**Table 3-1
FY 2025 Water Customers**

Meter Size	Single Family	Multi-Family	Commercial	Landscape
3/4"	90,891	1,292	2,435	2,131
1"	3,797	1,259	983	807
1-1/2"	373	511	684	1,386
2"	32	422	664	611
3"	0	5	6	5
4"	0	6	0	0
6"	0	0	2	0
8"	0	0	3	0
Total Customers	95,093	3,495	4,778	4,940
<i>Total Annual Bills</i>	<i>1,141,120</i>	<i>41,938</i>	<i>57,336</i>	<i>59,285</i>

Volumetric Tier Structure

The District uses a water budget-based increasing tier rate structure for its consumption charges. Each customer is assigned an individualized “water budget”. While some agencies may characterize water budgets as conservation or efficiency focused, the true purpose of the water budget rate design is to align individual customer water demands with the District’s costs to develop incremental water supply and distribution over long periods of time. By charging customers the actual cost to serve them, rates discourage inefficient uses of water and cross-subsidies of inefficient users by efficient users.³

The District’s consumption tiers do not differentiate between customer classes. Instead, the rate components that make up the commodity rates—Base consumption, Maximum Day consumption (water demand on the highest water use day in a year), Max Hour (estimated maximum demand in the highest water use hour of the maximum day), and Conservation (costs to encourage conservation of water) are allocated to each tier, weighted based on systemwide peak profiles that correspond to the cost of building excess capacity that remains unused much of the time. In this manner, the volume of water assigned to each tier reflects a reasonable assignment of costs based on system-wide demand. While each customer will contribute differently to system wide demand at any given time, the District’s tier structure is a reasonable basis to assign costs due to the link between system minimum, average, and maximum (daily and hourly) demands to the costs it incurs to meet those demands. As per Manual M1, “Properly designed increasing block rates recover *class-specific cost of service* while sending a more conservation-oriented price signal to that class.” *Manual M1 at p. 123, emphasis added.* Manual M1 goes on to state further:

“Because a system must be constructed to meet maximum-day and maximum-hour demands, system capacity is underutilized during non-peak periods. Moreover, if the system were sized to meet the average demand only, the resource and infrastructure demands could be much smaller. Consequently, an increasing block structure may be designed to recover the cost of constructing and maintaining extra capacity for the

³ As mentioned previously, the costs collected from the District’s domestic water user rates is significantly below the total cost to serve these customers due to the offsetting of total costs by non-rate revenues.

peak demands. Because this capacity is underutilized, the per-unit cost of water is higher than for base capacity, which is used year-round. In short, a block structure can remain consistent with, if not enhance, the relationship of rates to cost of service.” Manual M1 at p. 124, emphasis added.

NewGen’s cost of service methodology detailed in the next section demonstrates that the District’s tier cutoffs are reasonable because they reflect, as Manual M1 states, the relationship between each tier and the District’s system-wide demand profile. Customers are charged an increasing rate as they use more water in excess of their assigned budget. These increased rates are based on increased costs to the District to operate and maintain the water system during periods of higher-than-average demand. The District’s Domestic Water tiered consumption cutoffs that apply to each customer are shown in Table 3-2 below.

**Table 3-2
FY 2025 Domestic Tiered Consumption Rates**

Tier	Breakpoint	Rate
Tier 1	Up to indoor water budget	\$1.04
Tier 2	Up to 100% of total budget	\$1.30
Tier 3	Up to 175% of total budget	\$3.98
Tier 4	Up to 300% of total budget	\$4.66
Tier 5	All usage above 300% of total budget	\$7.13

Customer budgets are determined based on customer class with a distinction between Residential and Commercial customers to reflect their different water use.

Residential Class Tiers

Residential customers receive a daily indoor budget of 50 gallons per capita per day (gpcd) for an assumed four-person household. This equates to approximately 8 CCF (about 6,000 gallons) of water in a typical month. Customers can request a variance if the household size is larger than four persons.

The equation for the indoor water budget is as follows:

$$\text{Indoor Budget} = 50 \text{ gallons} \times \text{Household Size} \times \text{Days Billed}$$

Residential customers, as well as irrigation customers, receive an outdoor water budget allocation. Outdoor budgets are based on the following inputs:

- Irrigated area per parcel, gathered from the District’s geospatial information system.
- The estimated volume of irrigation per square foot needed to sustain climate-appropriate landscaping. This is calculated using historical evapotranspiration (ET) data and an ET adjustment factor to account for irrigation efficiency and variances in plant needs throughout the year⁴.

⁴ Evapotranspiration is the amount of water that plants naturally lose due to evaporation and plant transpiration. The California Irrigation Management Information System gathers ET data across the state, using a turfgrass lawn as a benchmark.

The equation for the outdoor water budget is as follows:

$$Outdoor\ Budget = Irrigated\ Area\ (ft^2) \times ET \times ET\ Adjustment\ Coefficient$$

Like the indoor water budget, customers may request a variance if they have additional outdoor water needs.

Commercial Class Tiers

Commercial customer budgets are calculated based on the number of equivalent dwelling units (EDU). One EDU is equal to 8 CCF per month based on the residential indoor budget as described above.

Commercial and landscape customers do not have an indoor water budget and are therefore not charged the Tier 1 rate. The purpose of the Tier 1 indoor water budget is to quantify the cost of indoor residential activities such as cooking, cleaning, and hygiene. Segregating these demands into a tier of usage allows CVWD to identify and capture only those costs related to this level of demand, which by definition does not include peak usage. Commercial and landscape customers by definition do not demand water for the purposes defined by the Tier 1 rate, and therefore the first unit of water for commercial and landscape customers is charged at the Tier 2 rate. Table 3-3 shows the forecasted billable water consumption by customer type in FY 2025, consistent with the District’s internal projections. NewGen concludes these tier allocations are reasonable and consistent with industry practice.

**Table 3-3
FY 2025 Water Consumption in CCF by Customer Type and Tier**

Meter Size	Single Family	Multi-Family	Commercial	Landscape
Tier 1	7,268,867	1,876,111	-	-
Tier 2	10,911,503	593,136	1,797,460	7,680,168
Tier 3	3,631,030	321,436	288,731	1,658,390
Tier 4	1,108,601	71,817	145,038	494,695
Tier 5	283,140	32,646	123,612	218,732
Total	23,203,141	2,895,146	2,354,842	10,051,985

Customer Growth Forecast

CVWD provided NewGen with an estimated growth rate in the number of Domestic Water customers of 0.5% for each year of the study. The District’s estimates of increases in water demand are shown in Table 3-5 below and NewGen finds them to be reasonable. Projections under normal conditions are shown in Table 3-4 and Table 3-5, respectively.

**Table 3-4
Current and Projected Annual Bills**

Class	FY 2026 Estimated	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast
Single Family	1,141,120	1,146,826	1,152,560	1,158,323	1,164,114
Multi-Family	41,938	42,148	42,358	42,570	42,783
Commercial	57,336	57,622	57,910	58,200	58,491
Landscape	59,285	59,582	59,880	60,179	60,480
Total	1,299,679	1,306,177	1,312,708	1,319,272	1,325,868
<i>% Change</i>		<i>0.5%</i>	<i>0.5%</i>	<i>0.5%</i>	<i>0.5%</i>

**Table 3-5
Water Demand Forecast by Tier (CCF)**

Tier	FY 2026 Estimated	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast
Tier 1	9,144,979	9,215,325	9,238,773	9,262,222	9,285,671
Tier 2	20,982,267	21,143,669	21,197,470	21,251,271	21,305,071
Tier 3	5,899,587	5,944,969	5,960,096	5,975,223	5,990,350
Tier 4	1,820,151	1,834,152	1,838,819	1,843,486	1,848,153
Tier 5	658,130	663,193	664,880	666,568	668,255
Total	38,505,114	38,801,307	38,900,038	38,998,769	39,097,500
<i>% Change</i>		<i>0.8%</i>	<i>0.3%</i>	<i>0.3%</i>	<i>0.3%</i>

The revenues forecasted by the study are based on the estimated growth in customers and usage shown above. Any difference in the actual trend of customer growth or usage will result in material changes in revenues as forecasted in this study.

Section 4

COST OF SERVICE ANALYSIS

California Constitution - Article XIII D, Section 6 (Proposition 218)

Proposition 218, a portion of which is set out in the California Constitution as Article XIII D, was enacted in 1996 to ensure that public agency utility service rates, fees, and charges are reasonable and proportional to the cost of providing the applicable services. The principal requirements for application of such rates, fees, and charges, as they relate to public water service, are as follows:

1. A property-related rate/fee/charge imposed by a public agency on a parcel shall not exceed the costs required to provide the property-related service.
2. Revenues derived by the rate/fee/charge shall not be used for any purpose other than that for which it was imposed.
3. The amount of the rate/fee/charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
4. Rates must reflect services immediately available to a fee payor.
5. Rates may not fund general governmental services, like police and fire services.

Manual M1 states that water rates and charges should be recovered from types of customers in proportion to the cost of serving those customers. Proposition 218 requires that water rates/fees/charges be reasonable, meaning that the rate-setting methodology must be sound and that there must be a nexus between the costs and the rates charged. NewGen's cost of service process follows industry standard rate-setting methodologies set forth by Manual M1, adhering to Proposition 218 requirements by developing rates that do not exceed the proportionate cost of providing the corresponding services.

While this Report should not be considered legal guidance as it does not offer any assurances of compliance with any other state, federal, or other laws, our methodology is guided by the best available legal guidance and strives to match that guidance. Specifically, In the *San Juan Capistrano* case, the court stated that any rates, including tiered rates, must "correspond to the actual cost of providing service at a given level of usage." Furthermore, the court stated:

"And, we emphasize, there is nothing at all in [California Constitution Article XIII D, section 6,] subdivision (b)(3) or elsewhere in Proposition 218 that prevents water agencies from passing on the incrementally higher costs of expensive water to incrementally higher users. That would seem like a good idea. But subdivision (b)(3) does require they figure out the true cost of water, not simply draw lines based on water budgets... . Our courts have made it clear they interpret the Constitution to allow tiered pricing; but the voters have made it clear they want it done in a particular way."

This statement from the court outlines several fundamental principles for this rate analysis:

- Rates must be based on the cost of providing water service.
- Tiered pricing is an acceptable methodology under Proposition 218.

- Increasing block rates that pass incrementally higher costs of expensive water onto incrementally higher demand users is an acceptable methodology of proportionately allocating the costs of service under Proposition 218.

Cost of Service Process

NewGen's approach distributes the annual cost of providing water service among customer types commensurate with customers' service characteristics. A cost-of-service analysis involves the following tasks:

1. **Functionalize** costs, which is the assignment of costs to the functions of the District's system. Examples of functions are supply, distribution, storage, meter servicing, and customer billing and collection.
2. **Allocate** functionalized costs to cost causation components of the District's water service. Cost causation components include base demand, maximum day demand, maximum hour demand, public fire protection (i.e., the cost to comply with statutory mandates to provide fire flows), and customer service and billing costs.
3. **Distribute** functionalized costs by causation components, using unit costs, to customer classes in proportion to their use of the water system, including fixed capacity (i.e., meter-size or potential instantaneous demand) and variable demand (i.e., volume of water use).

In this manner, NewGen's study develops rates that reflect the proportional demand on the District's system by similar types of customers. This is the approach recommended by the AWWA M-1 Manual and reviewed in many California water ratemaking appellate decisions.

Test Year Revenue Requirement

NewGen used a forecasted FY 2026 Test Year net revenue requirement for the cost-of-service rate calculations detailed in this section because it represents a reasonable estimation of the District's cost of operating, maintaining, rehabilitating, and replacing its domestic water system in FY 2026. The net requirement in the forecasted FY 2026 Test Year to be funded by rates is \$117,876,003 which is the total revenue requirement less miscellaneous operating and non-operating revenues. The net revenue requirement is therefore, again, significantly less than the total cost of service which Proposition 218 allows the District to recover from rates.

O&M and Capital Cost Functionalization

The first step of the cost-of-service analysis is functionalization, which is the assignment of system costs to system functions. To properly assign Test Year costs to the system's customer types, it is necessary to determine the cost of each of the system's functional categories. For this analysis, those categories are:

- Pumping
- Treatment
- Storage
- Transmission
- Customer Service
- Billing
- Meter Costs
- Source of Supply
- Replenishment
- Backflow
- Conservation
- Fire Protection

Basis for System Wide Cost Allocation

NewGen developed two different allocations to functionalize the FY 2026 Test Year revenue requirement, one for operating expenses (OPEX) and one for capital expenses (CAPEX). The OPEX functionalization is used for any operating expense and offsetting revenue, while the CAPEX is used for capital expenses (PAYGO capital and debt service).

To functionalize OPEX, NewGen relied upon detailed functionalization factors used in the Previous Study. NewGen reviewed the functionalization factors used in the CVWD's 2021 Domestic Cost of Service Study (Previous Study) to allocate the District's FY 2021 budget into functional categories and determined that they were reasonable, consistent with industry standards, and provide a proper basis for this study. Therefore, the application of the same functional allocators produces a valid allocation of the District's forecasted FY 2026 Test Year OPEX.

To functionalize CAPEX, NewGen relied on the District's fixed asset registry and functionalization factors used for the Previous Study⁵. Based on discussions with CVWD staff, NewGen determined this was appropriate because although the asset list is based on FY 2021 data, the system at that time was fundamentally the same as it was during the typical demand period used to develop this study's customer profile. Furthermore, based on those discussions, NewGen determined that using an updated asset listing would not result in materially different cost allocations.

This two-part OPEX/CAPEX methodology is a commonly used approach established in Manual M1⁶. The results of the functionalization of FY 2026 Test Year OPEX and CAPEX are shown in Table 4-1.

⁵ Assets were valued using the Replacement Cost New Less Depreciation approach. This approach takes the original cost of the asset and brings it into present day dollars using an industry standard construction cost index.

⁶ Manual M1 at p. 60.

Table 4-1
Functionalization of FY 2026 Test Year Expenses

	Allocation of OPEX	Allocation of CAPEX
Pumping	7.4%	3.3%
Treatment	3.3%	2.1%
Storage	3.4%	9.5%
Transmission	15.2%	62.8%
Customer Service	6.8%	0.0%
Billing	8.5%	0.0%
Meter Costs	4.0%	8.2%
Source of Supply	23.6%	12.7%
Replenishment	17.8%	0.0%
Backflow	1.6%	1.1%
Conservation	6.0%	0.0%
Fire Protection	2.4%	0.3%
Total ⁽¹⁾	100.0%	100.0%

(1) Functionalization process to arrive at these allocations found in Appendix B – Functionalization.

When applied to the line items and revenue requirement components of the District’s FY 2026 Test Year, the result is the functionalization shown in Table 4-2, Table 4-3, and Table 4-4.

**Table 4-2
Allocation of FY 2026 Test Year Operating Costs to Functional Categories (in thousands)**

	Pumping	Treatment	Storage	Transmission	Customer Service	Billing
Salaries & Benefits	\$3,576	\$1,574	\$1,651	\$7,348	\$3,289	\$4,129
Supplies & Services	\$2,110	\$929	\$974	\$4,336	\$1,941	\$2,436
Utilities	\$1,218	\$536	\$562	\$2,504	\$1,120	\$1,407
Replenishment Charges	\$1,075	\$473	\$496	\$2,208	\$988	\$1,241
Capital Outlay	\$26	\$11	\$12	\$53	\$24	\$30
Contra Expense	\$0	\$0	\$0	\$0	\$0	\$0
Total Allocated ⁽¹⁾	\$8,005	\$3,524	\$3,695	\$16,449	\$7,362	\$9,243

	Meter Costs	Source of Supply	Replenishment	Backflow	Conservation	Fire Protection
Salaries & Benefits	\$1,926	\$11,425	\$8,613	\$759	\$2,916	\$1,160
Supplies & Services	\$1,136	\$6,742	\$5,083	\$448	\$1,720	\$684
Utilities	\$656	\$3,893	\$2,935	\$259	\$993	\$395
Replenishment Charges	\$579	\$3,434	\$2,589	\$228	\$876	\$349
Capital Outlay	\$14	\$83	\$62	\$6	\$21	\$8
Contra Expense	\$0	\$0	\$0	\$0	\$0	\$0
Total Allocated ⁽¹⁾	\$4,311	\$25,576	\$19,282	\$1,700	\$6,527	\$2,596

(1) Allocated using the OPEX percentages from Table 4-1.

Table 4-3
Allocation of FY 2026 Test Year Non-Operating Expenses/Revenues to Functional Categories (in thousands)

	Pumping	Treatment	Storage	Transmission	Customer Service	Billing
Domestic CIP	\$2,083	\$1,305	\$6,053	\$39,837	\$ -	\$ -
General District	\$55	\$35	\$161	\$1,061	\$ -	\$ -
Motorpool	\$38	\$24	\$109	\$721	\$ -	\$ -
WSBFC Funding	(\$298)	(\$187)	(\$867)	(\$5,704)	\$ -	\$ -
Grant Funding	(\$921)	(\$577)	(\$2,677)	(\$17,616)	\$ -	\$ -
Loan Funding	\$-	\$-	\$-	\$-	\$ -	\$ -
Interfund Loans ⁽²⁾	(\$129)	(\$81)	(\$376)	(\$2,476)	\$ -	\$ -
Debt Service	\$54	\$34	\$156	\$1,027	\$ -	\$ -
Total ⁽¹⁾	\$881	\$552	\$2,560	\$16,849	\$0	\$0

	Meter Costs	Source of Supply	Replenishment	Backflow	Conservation	Fire Protection
Domestic CIP	\$5,216	\$8,051	\$ -	\$705	\$ -	\$221
General District	\$139	\$214	\$ -	\$19	\$ -	\$6
Motorpool	\$94	\$146	\$ -	\$13	\$ -	\$4
WSBFC Funding	(\$747)	(\$1,153)	\$ -	(\$101)	\$ -	(\$32)
Grant Funding	(\$2,306)	(\$3,560)	\$ -	(\$312)	\$ -	(\$98)
Loan Funding	\$-	\$-	\$ -	\$-	\$ -	\$-
Interfund Loans	(\$324)	(\$500)	\$ -	(\$44)	\$ -	(\$14)
Debt Service	\$135	\$208	\$ -	\$18	\$ -	\$6
Total ⁽¹⁾	\$2,206	\$3,405	\$0	\$298	\$0	\$93

(1) Allocated using the CAPEX percentages from Table 4-1.

(2) Negative Interfund Loans represent repayments into the Domestic Water Fund.

Table 4-4
Allocation of FY 2026 Test Year Non-Rate Revenues to Functional Categories (in thousands)

	Pumping	Treatment	Storage	Transmission	Customer Service	Billing
Availability Charges	(\$49)	(\$21)	(\$22)	(\$100)	(\$45)	(\$56)
Property Taxes	(\$213)	(\$94)	(\$98)	(\$438)	(\$196)	(\$246)
Charges for Services	(\$323)	(\$142)	(\$149)	(\$664)	(\$297)	(\$373)
Investment Income	(\$178)	(\$78)	(\$82)	(\$366)	(\$164)	(\$206)
Other Revenue	(\$519)	(\$228)	(\$240)	(\$1,067)	(\$477)	(\$599)
Total ⁽¹⁾	(\$1,282)	(\$564)	(\$592)	(\$2,634)	(\$1,179)	(\$1,480)

	Meter Costs	Source of Supply	Replenishment	Backflow	Conservation	Fire Protection
Availability Charges	(\$26)	(\$155)	(\$117)	(\$10)	(\$40)	(\$16)
Property Taxes	(\$115)	(\$681)	(\$513)	(\$45)	(\$174)	(\$69)
Charges for Services	(\$174)	(\$1,032)	(\$778)	(\$69)	(\$263)	(\$105)
Investment Income	(\$96)	(\$569)	(\$429)	(\$38)	(\$145)	(\$58)
Other Revenue	(\$280)	(\$1,658)	(\$1,250)	(\$110)	(\$423)	(\$168)
Total ⁽¹⁾	(\$690)	(\$4,095)	(\$3,087)	(\$272)	(\$1,045)	(\$416)

(1) Allocated using the OPEX percentages from Table 4-1.

The net revenue requirement for each functional category is calculated by adding operating and non-operating expenses, then subtracting non-rate revenues. The net revenue requirement for functional categories is shown in Table 4-5.

Table 4-5
FY 2026 Test Year Net Revenue Requirement by Functional Categories (in thousands)

	Pumping	Treatment	Storage	Transmission	Customer Service	Billing
Operating Expenses	\$8,005	\$3,524	\$3,695	\$16,449	\$7,362	\$9,243
Non- Operating Expenses	\$881	\$552	\$2,560	\$16,849	\$-	\$-
Non- Rate Revenues	(\$1,282)	(\$564)	(\$592)	(\$2,634)	(\$1,179)	(\$1,480)
Total ⁽¹⁾	\$7,604	\$3,512	\$5,664	\$30,665	\$6,183	\$7,763

	Meter Costs	Source of Supply	Replenishment	Backflow	Conservation	Fire Protection
Operating Expenses	\$4,311	\$25,576	\$19,282	\$1,700	\$6,527	\$2,596
Non- Operating Expenses	\$2,206	\$3,405	\$-	\$298	\$-	\$93
Non- Rate Revenues	(\$690)	(\$4,095)	(\$3,087)	(\$272)	(\$1,045)	(\$416)
Total ⁽¹⁾	\$5,827	\$24,886	\$16,195	\$1,726	\$5,482	\$2,274

(1) Net Revenue Requirement using values from Table 4-2 through Table 4-4.

Assignment to Cost Causative Components

Each functional category is assigned a factor that allocates its costs to a cost causative component of the District's domestic water service. These components are the foundation of the individual rates, with each component corresponding to one or both rate elements (i.e., fixed charges or volumetric rates).

The District has two categories of rates that generally apply to domestic water customers – fixed monthly meter service charges and tiered volumetric rates. The cost causative components that are recovered from variable (i.e., volumetric) rates include base demand, extra capacity (maximum day and maximum hour demand), and conservation. The fixed meter service charges recover costs that do not vary with the volume of water used, but relate to distribution capacity, meters and services, fire protection, and billing/collecting. Fire protection is divided into public and private fire service. While private fire protection costs (water service to dedicated fire-sprinkler lines serving private property) are only allocated to private fire customers through the private fire service charge, the public fire protection costs are reallocated back to all customer classes based on their fire flow requirements because statute requires the District to meet those needs as an aspect of its domestic service. Backflow costs are recovered by independent fees that apply to customers with backflow prevention devices required by the California Plumbing Code to prevent contamination of public water supplies and are not related to the fixed and variable rates charged to the District's typical domestic water customers. Therefore, it is appropriate to segregate Backflow-related costs. For this analysis, the cost causative components are:

- Customer Costs
- Meter Services
- Local Distribution
- Base Demand
- Extra Capacity – Max Day Demand
- Extra Capacity – Max Hour Demand
- Conservation
- Backflow
- Fire Protection

The cost causative components are related to the various demands put on the District’s domestic water service, as well as the fixed costs that do not vary with demand. The distribution of demand-based cost component allocations are based on the District’s system demand profile in FY 2016, 2017, and 2019⁷. Based on discussions with CVWD staff, NewGen determined that these years represent typical years of demand and that an updated analysis of more recent years would not result in materially different allocation factors. NewGen therefore considers the demand factors developed during the Previous Study can appropriately be applied to recent estimations of customer data to develop cost-based rates for this study’s FY 2026 Test Year.

Table 4-6 shows the typical system demand factors in CCF and million gallons (MG).

**Table 4-6
System Wide Demand Factors**

	CCF	MG
Average Day Demand	98,962	74
Min Month Demand	1,667,784	1,248
Average Month Demand	3,010,097	2,252
Max Month Demand	4,592,874	3,436
Max Day Demand	182,741	137
Max Hour Demand (on a 24-hr basis)	296,886	222
Avg. Day Demand of Max Month	150,982	113

For costs related to either Maximum Day or Maximum Hour, the peaking factors for each need to be normalized into 100 percent scale to allow allocation of costs. The peaking factors are generated as a ratio of the peak demand for a given period (max month, max day, etc.) to the average demand for the same period.

The Base-Extra Capacity cost allocation process, as described in the M1 Manual which is the basis of this study, relies on Max Day Demand (MDD) and Max Hour Demand (MHD) flow criteria. CVWD staff provided average day demand (ADD) and MDD conditions for the system based on the typical demand period described above, namely FY 2016, FY 2017, and FY 2019 using historical data. For MHD, staff recommended a MHD condition of 300 percent ADD (on an hourly basis). This means that the highest hour of system demand is three times the average hour within a typical period. CVWD’s ADD is approximately 74.0 million gallons per day (mgd). This is consistent with industry practice and, in NewGen’s professional opinion, is a reasonable and appropriate estimate of this cost causation component.

For MDD, the highest demand day is approximately 136.7 mgd based on the average of peak demand days from 2016, 2017, and 2019⁸. Table 4-6 outlines the calculation of the allocation basis from these peaking factors. Base allocations correspond with ADD, which is set at 100 percent of the historical average for that figure. The incremental Max Day capacity required above ADD to meet MDD is 62.7 mgd or 85 percent of that measure of ADD.

⁷ These Fiscal Years represent a typical time period of demand for the system.

⁸ Max day demand for 2018 was not typical due to unusual weather and therefore should not be relied upon for cost allocation that is meant to reflect a normal Test Year of the Domestic Water utility.

The percentages associated with total MDD capacity need to be normalized into a 100 percent basis to allow cost allocation. After normalizing, 54 percent of capacity is associated with Base demand and 46 percent is associated with incremental capacity needed to meet MDD. Stated another way, during periods of maximum daily demand, 54% of demand is related to Base (i.e., average) demand, and 46% of demand is related to the additional demand experienced on the maximum day.

**Table 4-7
Max Day Allocation**

Peaking Factor	Million Gallons	Percent of Base	Normalized Allocation
Base (Average Day)	74.0	100%	54%
Incremental Max Day	62.7	85%	46%
Total Max Day	136.7	185%	100%

Table 4-8 outlines the calculation of the allocation basis from the MHD peaking factors. District staff reported that MHD is approximately equal to 300 percent of ADD (on an hourly basis). Based on the average demand date over the typical time period, this equates to 9.3 MG.

The MHD condition needs to be allocated across Base, Max Day, and Max Hour. The District’s ADD of 74.0 is 3.1 million gallons (MG) on an hourly basis. Like the MDD allocation, Base corresponds with average hour demand (AHD), which is set at 100 percent of the historical average for that figure.

The incremental MDD capacity required above AHD also needs to be allocated. The incremental MDD of 62.7 mgd from Table 4-7 calculates to 2.6 per hour during the MDD criteria. This is 85 percent of AHD.

Finally, incremental MHD is 62.7 mgd, or 115 percent of AHD.

The percentages associated with total MHD capacity need to be normalized into a 100 percent basis for cost allocation. After normalizing, percent is associated with Base demand, 28 percent is associated with incremental capacity needed to meet MDD and 38 percent is associated with incremental capacity needed to meet MHD. This analysis shows that during periods of maximum hourly consumption, 33% of demand is due to Base (i.e., average) demand, 28% is due to maximum day demand, and 28% is due to the peak hourly demand.

**Table 4-8
Max Hour Allocation**

Peaking Factor	Million Gallons	Percent of Base	Normalized Allocation
Base (Average Day)	3.1	100%	33%
Incremental Average Hour for Max Day	2.6	85%	28%
Incremental Max Hour	3.6	115%	38%
Total Max Hour	9.3	300%	100%

Table 4-9 shows the percent allocation of costs under each assignment of demand-related costs to Base, Max Day, and Max Hour using the allocations developed in the previous tables.

**Table 4-9
Demand Allocation to System Flow Components**

Cost Component Allocation Basis	System Wide Peaking Factor	Base	Maximum Day	Maximum Hour	Total
Base (Average)	1.00	100%			100%
Maximum Day ⁽¹⁾	0.85	54%	46%		100%
Maximum Hour ⁽²⁾	1.15	33%	28%	38%	100%

(1) As calculated in Table 4-7.

(2) As calculated in Table 4-8.

The next step in the cost-of-service analysis is to allocate the revenue requirements to each cost component outlined above. Each functional category allocation from Tables 4-2, 4-3, and 4-4 is then assigned to a rate component. Several of these functional categories are assigned entirely and directly to one rate component. Directly assigned costs include Customer Costs (which includes customer service and billing), Meter Services, Conservation, Backflow, and Fire Protection, which are all assigned to the rate component of the same respective name.

The percentages assigning each functional category to a rate component are shown in Table 4-10. These percentages are then used to distribute the functional category totals from Tables 4-2, 4-3, and 4-4 into the rate components, with the results summarized in Table 4-11.

Other functional categories are allocated across several rate components. These bases are as follows:

- **Storage, Pumping, and Replenishment:** These functional categories are designed and maintained to meet Base, Max Day, and Max Hour demands. Pump stations and storage tanks and reservoirs must be sized to meet peak hour demands across the system. The replenishment charges are assessed because the District must pay for groundwater recharge to enable its groundwater extraction. This groundwater recharge is driven by peak demand users requiring the District to expand its water source of supply and to fund recharge operations. Therefore, these three functional categories are allocated to Base, Max Day, and Max Hour according to the factors outlined in Table 4-9.
- **Transmission:** Like the Pumping and Storage functional categories, Transmission is sized in large part to meet Max Day and Max Hour needs. However, because Transmission includes smaller diameter distribution lines in this analysis, as well as large transmission lines, a portion of these costs that reflects a reasonable estimate of the relative amount of distribution mains in CVWD’s Transmission system that has been allocated to the Local Distribution component. The remainder of the costs in the Transmission functional category are allocated based on the factors in Table 4-9.
- **Treatment and Source of Supply:** Treatment and Source of Supply primarily meet Base and Max Day demands. These categories do not typically fall into the Max Hour category because water production and treatment generally takes place long before the demand for that water occurs. Water is pumped, treated, and then enters the distribution system or storage reservoirs, but the production takes place before those peak periods.

Table 4-10
Revenue Requirement Allocation to Cost Causative Components

Cost Component Allocation Basis	Customer Costs	Meter Services	Local Distribution	Base	Max Day	Max Hour	Conservation	Backflow	Fire Protection
Customer Costs	100%								
Meter Services		100%							
Treatment / Supply				54%	46%				
Storage / Pumping ⁽¹⁾				33%	28%	38%			
Transmission			10%	30%	25%	35%			
Replenishment				33%	28%	38%			
Conservation							100%		
Backflow								100%	
Fire Protection									100%

(1) Also includes Replenishment.

Customer Costs are related to customer billing and customer service. Meter Services, Conservation, Backflow, and Fire Protection costs are assigned directly to those rate components.

When applied to the various line items and revenue requirement components of the District's forecasted FY 2026, FY 2027, and FY 2028 costs (summarized in Table 2-9), the result is the cost allocation shown in Table 4-11.

Table 4-11
Revenue Requirement (in thousands)

Cost Category	FY 2026 Net Revenue Requirement	FY 2027 Net Revenue Requirement	FY 2028 Net Revenue Requirement	FY 2029 Net Revenue Requirement
Customer Costs	\$13,946	\$14,537	\$15,503	\$15,953
Meter Services	\$5,827	\$6,074	\$6,477	\$6,665
Local Distribution	\$3,067	\$3,196	\$3,409	\$3,508
Base	\$34,399	\$35,856	\$38,239	\$39,349
Max Day	\$29,122	\$30,355	\$32,372	\$33,312
Max Hour	\$21,939	\$22,868	\$24,387	\$25,095
Conservation	\$5,482	\$5,714	\$6,094	\$6,271
Backflow	\$1,726	\$1,799	\$1,918	\$1,974
Fire Protection	\$2,274	\$2,370	\$2,527	\$2,601
Total	\$117,780	\$122,769	\$130,927	\$134,727

Fixed Charge Cost Allocation

An industry standard way to allocate fixed costs to different meter sizes is to distribute the appropriate costs to meters based on Manual M1 flow capacity standards. Manual M1 includes descriptions of the gallons per minute (gpm) flow capacity of typical domestic water meter sizes. The ratio of each meter's

gpm capacity to the capacity of a ¾” meter determines the appropriate cost differential of each meter size. For example, a 3” meter has ten times the capacity of a ¾” meter (these relationships are geometric, not arithmetic), and therefore is allocated ten times the cost of a ¾” meter.

The term “equivalent meters” refers to the total potential instantaneous demand of the District’s water customers stated as a number of ¾” meters based on the Manual M1 flow capacities. For example, one 3” meter is counted as ten ¾” meters. The number of meters of each size is multiplied by the Manual M1 Capacity Ratio to determine the number of equivalent ¾” meters served by CVWD’s system. Table 4-12 demonstrates the calculation of system equivalent meters.

**Table 4-12
FY 2026 Equivalent Meter Calculation**

Meter Size	Annual Meters	AWWA Capacity (gpm)⁹	AWWA Capacity Ratio	FY 2026 Equivalent Meters
¾"	1,166,796	30	1.00	1,166,796
1"	82,560	50	1.67	137,600
1 1/2"	35,634	100	3.33	118,780
2"	20,862	160	5.33	111,264
3"	192	300	10.00	1,918
4"	73	500	16.67	1,224
6"	23	1,000	33.33	782
8"	37	1,600	53.33	1,959
Total	1,306,177			1,540,323

Table 4-12 demonstrates that the District’s system currently must maintain flow capacity to support 128,360 ¾” meters (1,540,323 / 12). NewGen identified four fixed cost categories for the purposes of this study – customer costs, meter service costs, distribution costs, and public fire protection costs.

Customer costs includes costs that are related to services that are not related to system capacity like customer service, billing, and administration. Therefore, these costs are distributed to customers based on the number of annual bills regardless of meter size.

The other fixed cost categories (meter service, local distribution, and public fire) are related to system capacity because these services are the result of building capacity in the system. Therefore, it is appropriate that these categories are assigned based on equivalent meter units (EMUs). This reflects that larger meters contribute more costs to these categories than smaller meters because of their larger potential instantaneous demand. The M1 Capacity Ratios are a generally accepted method to reflect this additional cost in proportion to contributions to system demand costs for these categories and, in NewGen’s professional opinion, are reasonable.

In the case of Local Distribution, costs are distributed first to customer classes (excluding Fire Protection) based on each class’s proportion of Maximum Day Demand. Then, within each class, those costs are distributed to each meter based on that meter’s capacity factor as described previously. Table 4-13 shows the determination of the per EMU unit cost of Local Distribution of each customer class.

⁹ Source: AWWA Manual M1 (7th Edition) Table B-2 at p.386.

**Table 4-13
FY 2026 Local Distribution Unit Cost Calculation**

Class	Class MDD %	Local Distribution Costs by Class MDD	Annual EMUs	Unit Cost per EMU
Single Family	51%	\$1,575,622	1,189,538	\$1.32
Multi-Family	5%	\$144,107	90,418	\$1.59
Commercial	6%	\$178,307	122,848	\$1.45
Landscape	38%	\$1,168,534	137,519	\$8.50
Totals	100%	\$3,066,570		

Table 4-14 demonstrates the calculation of fixed costs for the various CVWD customer meter sizes.

**Table 4-14
Fixed Charge Units Calculation**

	Customer	Meter Services	Local Distribution	Fire Protection	Total
Unit of measure	(Bills)	(EMUs)	(EMUs)	(EMUs)	
<u>Single Family</u>					
Annual Cost	\$12,027,462	\$4,003,535	\$1,575,622	\$1,562,192	
Annual Units	1,146,826	1,189,538	1,189,538	1,189,538	
Monthly Cost per Unit	\$10.49	\$3.37	\$1.32	\$1.31	\$16.50
<u>Multi-Family</u>					
Annual Cost	\$442,027	\$304,314	\$144,107	\$118,744	
Annual Units	42,148	90,418	90,418	90,418	
Monthly Cost per Unit	\$10.49	\$3.37	\$1.59	\$1.31	\$16.77
<u>Commercial</u>					
Annual Cost	\$604,319	\$413,458	\$178,307	\$161,333	
Annual Units	57,622	122,848	122,848	122,848	
Monthly Cost per Unit	\$10.49	\$3.37	\$1.45	\$1.31	\$16.62
<u>Landscape</u>					
Annual Cost	\$624,872	\$462,836	\$1,168,534	\$180,600	
Annual Units	59,582	137,519	137,519	137,519	
Monthly Cost per Unit	\$10.49	\$3.37	\$8.50	\$1.31	\$23.67
Fire Costs	\$248,301	\$642,987	\$-	\$250,896	
Total Annual Costs	\$13,946,981	\$5,827,130	\$3,066,570	\$2,273,765	
Total Annual Units	1,306,177	1,540,323	1,540,323	1,540,323	
Total Monthly Units	108,848	128,360	128,360	128,360	

- (1) Fire rates are not calculated in this analysis. Shown here to demonstrate parity with Table 4-11.
- (2) Distribution of functional costs to customer classes is shown in Appendix – Customer Class Allocations.

Customer costs remain constant across all meter sizes while the charges associated with Meter Services, Local Distribution, and Fire Protection are subject to the Meter Capacity Ratio. For example, a Multi-Family 1” Meter would pay \$10.50 Customer Charge, \$3.37 Meter Charge, \$1.59 Local Distribution Charge, and \$1.31 Public Fire Charge. Together these total a monthly unit cost of \$16.78. Table 4-14 shows the monthly cost per unit for each meter size of each class.

Table 4-15
FY 2025 Monthly Fixed Charge Calculation

Meter Size	AWWA Meter Capacity Ratio	Single Family	Multi-Family	Commercial	Landscape
3/4"	1.00	\$16.50	\$16.77	\$16.62	\$23.67
1"	1.67	\$20.50	\$20.95	\$20.71	\$32.45
1 1/2"	3.33	\$30.50	\$31.40	\$30.93	\$54.41
2"	5.33	\$42.51	\$43.95	\$43.19	\$80.77
3"	10.00	\$70.53	\$73.22	\$71.80	\$142.25
4"	16.67	\$110.55	\$115.04	\$112.67	\$230.10
6"	33.33	\$210.61	\$219.58	\$214.84	\$449.70
8"	53.33	\$330.68	\$345.04	\$337.44	\$713.22

Volumetric Charge Cost Allocation

The District's commodity rates do not differentiate between customer classes. Instead, the rate components that make up the commodity rates – Base, Max Day, Max Hour, and Conservation – are allocated to each tier, weighted on systemwide peak profiles that correspond to the cost of building excess capacity that remains unused much of the time. To allocate these costs to each tier, each unit of water sold is weighted based on at which tier rate it is sold, using a weighting factor that is specific to the rate component. For the Base rate component, the weighting factor is 1.0 because all units of water benefit from the base capacity costs. Max Day, Max Hour, and Conservation are weighted based on systemwide demand ratios, which are as follows:

- **Min Month / Average Month:** the ratio of the systemwide minimum month to the average demand month. This is intended to replicate the sub-Base level of usage if all customers remained in Tier 1.
- **Average / Average:** this is set at 1.0 to reflect a scenario where demand is constant throughout the year, month, or day with no peak periods. The District has designed its system to assume that Tiers 1 and 2 provide sufficient water for Base level usage with some seasonal variations. The Average / Average reflects this.
- **Max Month / Average Month:** this is modeled after the seasonal peaks that the District's customers exhibit. The hotter, dryer summer months typically require increased irrigation. Often this exceeds the Base design capacities assumed in Tiers 1 and 2, and Tier 3 is this weighted to account for this above-Base usage.
- **Max Day / Average Day:** after moving above the seasonal peak allocated to Tier 3, Tier 4 reflects the peak associated with Max Day demand. Usage in Tier 4 builds upon the seasonal peak established in Tier 3, contributing to the peak demand capacity found during the annual Max Day demand.
- **Max Hour / Average Hour:** finally, Tier 5 is weighted based on the ratio of the system's annual peak hour demand to the average hour. This is the highest peak (and most costly) scenario that the District must plan for.

In this manner, the District’s increasing block rates pass incrementally higher costs of water onto incrementally higher demand users, which in NewGen’s opinion is reasonable methodology that reflects industry practice to proportionately allocate the costs of service under Proposition 218.

The systemwide factors are shown in Table 4-16.

**Table 4-16
Systemwide Demand Conditions**

Demand Condition	Million Gallons	Ratio to Average
Average Month Demand	2,252	1.00
Average Day Demand	74	1.00
Min Month Demand	1,248	0.55
Max Month Demand	3,436	1.53
Max Day Demand	137	1.85
Max Hour Demand (on a 24-hr. basis)	222	3.00

- (1) Ratios are calculated based on the average for the time scale, e.g. Max Day / Average Day, Max Month / Average Month, etc.
- (2) Based on average systemwide demand for FY 2016 through FY 2020.
- (3) Based on Average Month Demand converted to a daily basis.
- (4) February 2017 was the lowest demand month over the last five years.
- (5) August 2017 was the highest demand month over the last five years.
- (6) Based on the average of Max Day Demand for available years, including 131.9 MG (2016), 143.6 (2017), and 134.6 (2019).
- (7) Based on staff estimate of Max Hour Demand.

Max Day costs are allocated to all five tiers because all customers peak in some way relative to their average demand (i.e., nobody uses water at a constant rate, 24/7/365). Max Hour costs are allocated to Tiers 3, 4, and 5 because as defined, usage within Tiers 1 and 2 contribute a negligible amount to Max Hour demands. The weighting factor for each tier is shown in Table 4-17.

**Table 4-17
Tier Weighting Basis and Factors**

Tier	Weighting Basis	Weighting Factor
Tier 1	Min Month / Avg Month	0.55
Tier 2	Average Day Demand	1.00
Tier 3	Max Month / Avg Month	1.53
Tier 4	Max Day Ratio	1.85
Tier 5	Max Hour Ratio	3.00

The allocation of system costs based on system wide relative peaking factors is an accepted method of cost allocation. As per Manual M1:

“Properly developed cost-based rates are designed to equitably allocate costs based on relative contributions to system demands (consumption) and peak use events (e.g., maximum day and/or peak hour).” AWWA Manual M1 at p. 303

SECTION 4

By linking the reasonably developed Base, Max Day, Max Hour, and Conservation costs to the weighted peaking factors shown in Table 4-16, this cost-of-service analysis is consistent with the cost of service principles described in Manual M1. Each tier’s usage is then weighted based on those weighting factors, as shown in Table 4-18.

**Table 4-18
Weighted Usage by Tier**

Tier	Base ⁽¹⁾	Max Day ⁽²⁾	Max Hour ⁽²⁾	Conservation ⁽²⁾
Tier 1	9,215,325	5,105,872	-	-
Tier 2	21,143,669	21,143,669	-	-
Tier 3	5,944,969	9,070,968	9,070,968	9,070,968
Tier 4	1,834,152	3,386,907	3,386,907	3,386,907
Tier 5	663,193	1,989,579	1,989,579	1,989,579
Total	38,801,307	40,696,995	14,447,453	14,447,453

(1) Unweighted tier usage shows FY 2025 consumption.

(2) FY 2025 usage multiplied by the weighting factor in Table 4-17.

Finally, each tier is allocated the costs for each rate component based on its share of the weighted usage in the rate component. The results are shown in Table 4-19.

**Table 4-19
Share of Costs Allocated by Tier (percentage)**

Tier	Base	Max Day	Max Hour	Conservation
Tier 1	23.8%	12.5%	-	-
Tier 2	54.5%	52.0%	-	-
Tier 3	15.3%	22.3%	62.8%	62.8%
Tier 4	4.7%	8.3%	23.4%	23.4%
Tier 5	1.7%	4.9%	13.8%	13.8%
Total	100.0%	100.0%	100.0%	100.0%

The percentages from Table 4-19 are applied to the functional categories from Table 4-12; the results are found in Table 4-20.

Table 4-20
Share of FY 2026 Costs Allocated by Tier (dollars)

Tier	Base	Max Day	Max Hour	Conservation
Tier 1	\$8,170,055	\$3,653,725		
Tier 2	\$18,745,400	\$15,130,254		
Tier 3	\$5,270,647	\$6,491,118	\$13,774,681	\$3,441,919
Tier 4	\$1,626,109	\$2,423,645	\$5,143,173	\$1,285,139
Tier 5	\$587,969	\$1,423,728	\$3,021,267	\$754,933
Total ⁽¹⁾	\$34,400,179	\$29,122,470	\$21,939,121	\$5,481,991

(1) Functional costs from Table 4-10 multiplied by each tier's share of cost allocation found in Table 4-18.

Volumetric costs are distributed among the four variable cost categories – base costs, max day costs, max hour costs, and conservation costs. These costs total to be the final rate associated with each tier. Table 4-21 shows the base rate calculation assigned to volumetric rates.

Table 4-21
FY 2026 Base Rate Calculation

Total Base Costs (\$)	\$34,400,179
Total Demand (CCF)	38,801,307
Base Rate (\$/CCF)	\$0.89

Base costs are distributed evenly across every tier. The next component of the volumetric rate is Max Day. The Max Day unit rate differs for each tier and is calculated by dividing the total allocated costs for each tier by the projected water sales with that respective tier. This calculation is shown in Table 4-22, below.

Table 4-22
FY 2026 Max Day Rate Calculation

Tier	Total Max Day Costs (\$) ⁽¹⁾	Demand (CCF) ⁽²⁾	Rate (\$/CCF)
Tier 1	\$3,653,725	9,215,325	\$0.40
Tier 2	\$15,130,254	21,143,669	\$0.72
Tier 3	\$6,491,118	5,944,969	\$1.09
Tier 4	\$2,423,645	1,834,152	\$1.32
Tier 5	\$1,423,728	663,193	\$2.15
Total	\$29,122,470	38,801,307	

(1) Costs allocated to each tier according to percentages found in Table 4-14.

(2) Demand as found in Table 3-5.

Max Hour is also calculated by dividing the total allocated costs for each tier by the projected water demand with that respective tier. Max Hour costs are allocated to tiers 3, 4, and 5 because usage within

tiers 1 and 2 contribute a negligible amount to Max Hour demands. Max Hour rate calculation is shown in Table 4-23, below.

**Table 4-23
FY 2026 Max Hour Rate Calculation**

Tier	Total Max Hour Costs (\$) ⁽¹⁾	Demand (CCF) ⁽²⁾	Rate (\$/CCF)
Tier 1		9,215,325	
Tier 2		21,143,669	
Tier 3	\$13,774,681	5,944,969	\$2.32
Tier 4	\$5,143,173	1,834,152	\$2.80
Tier 5	\$3,021,267	663,193	\$4.56
Total	\$21,939,121	38,801,307	

- (1) Costs allocated to each tier according to percentages found in Table 4-14.
- (2) Demand as found in Table 3-5.

The expenses allocated to Conservation include those costs related to promoting conservation efforts made necessary by inefficient use of water by large-volume consumers. This is comprised primarily of communications regarding water management with reasonable allocations of operations, facilities, and maintenance that are directly related to administering programs that encourage water conservation. Conservation rate calculation is shown in Table 4-24, below.

**Table 4-24
FY 2026 Conservation Rate Calculation**

Tier	Total Conservation Costs (\$) ⁽¹⁾	Demand (CCF) ⁽²⁾	Rate (\$/CCF)
Tier 1		9,215,325	
Tier 2		21,143,669	
Tier 3	\$3,441,778	5,944,969	\$0.58
Tier 4	\$1,285,087	1,834,152	\$0.70
Tier 5	\$754,902	663,193	\$1.14
Total	\$5,481,766	38,801,307	

- (1) Costs allocated to each tier according to percentages found in Table 4-14.
- (2) Demand as found in Table 3-5.

By summing the Base, Max Day, Max Hour, and Conservation rates for each tier, the total volumetric rate by tier is developed as shown below in Table 4-25.

**Table 4-25
FY 2026 All In Rate Calculation**

Tier	Base	Max Day	Max Hour	Conservation	COS Rate
Tier 1	\$0.89	\$0.40	\$0.00	\$0.00	\$1.29
Tier 2	\$0.89	\$0.72	\$0.00	\$0.00	\$1.61
Tier 3	\$0.89	\$1.09	\$2.32	\$0.58	\$4.88
Tier 4	\$0.89	\$1.32	\$2.80	\$0.70	\$5.72
Tier 5	\$0.89	\$2.15	\$4.56	\$1.14	\$8.73

The rates shown in Table 4-25 are the result of an industry-standard, cost-of-service-based allocation of the District’s costs developed using the forecasted FY 2026 revenue requirement and a typical demand period of the District’s domestic water customers. This method demonstrates that higher system costs (based on system wide capacity factors) are passed on incrementally to higher demand users (based on individual capacity factors), which demonstrates compliance with the fundamental principles of Proposition 218 discussed earlier in this report. Calculations for FY 2025, 2027, 2028 and 2029 found in Appendix – D.

Section 5 FINANCIAL PLAN AND RECOMMENDED RATES

Financial Projections Under FY 2025 Rates

NewGen developed cash flow and cash balance projections assuming the revenue requirements detailed in Section 2 of this report and that the District does not change any water rates from those adopted in FY 2025. The District’s FY 2025 rates are summarized below.

FY 2025 Water Rates

The District’s currently effective (FY 2025) water rates have two components. The first component is a Meter Service Charge that is charged monthly and based on the meter size of each retail customer. If a customer does not use any water in a given month, then their bill would consist only of the Meter Service Charge. Table 5-1 details the FY 2025 Meter Service Charges for the District’s customers.

**Table 5-1
FY 2025 Meter Service Charges**

Meter Size	Single Family	Multi-Family	Commercial	Landscape
3/4"	\$14.01	\$14.16	\$14.08	\$17.89
1"	\$16.78	\$17.03	\$16.89	\$23.24
1 1/2"	\$23.71	\$24.18	\$23.93	\$36.63
2"	\$32.01	\$32.78	\$32.37	\$52.70
3"	\$51.40	\$52.84	\$52.06	\$90.17
4"	\$79.09	\$81.50	\$80.20	\$143.71
6"	\$148.33	\$153.12	\$150.54	\$277.57
8"	\$231.41	\$239.09	\$234.95	\$438.19

The second component of the District’s current water rates is a volumetric charge per CCF (748 Gallons) that is charged to each unit of metered consumption for all water customers based on individual water budgets, as discussed previously. The FY 2025 CCF rate structure of the District’s system is shown in Table 5-2.

**Table 5-2
FY 2025 Volumetric Rate Charges**

Tier	Rate
Tier 1	\$1.04
Tier 2	\$1.30
Tier 3	\$3.98
Tier 4	\$4.66
Tier 5	\$7.13

Cash Flow and Fund Balance Projections Under FY 2025 Rates

The revenue generated by the FY 2025 rates alone cannot sustain the District Water Fund’s annual revenue requirements in FY 2026 and beyond. The expenses shown in the following charts include the projected operating, existing debt, new debt, and cash funded capital projects discussed in Section 2 of this report. The projected revenues assume that the District does not increase any water rates or fees in any fiscal year. Total Revenues are decreasing in the graph below because loan proceeds, grant proceeds, and use of restricted funds decrease in the five-year study period. The projected revenues and expenses are shown in Figure 5-1. FY 2025 existing debt service includes the 2022 note payoff as a one-time payment.

**Figure 5-1
Expenses vs. Revenues Under FY 2025 Rates**

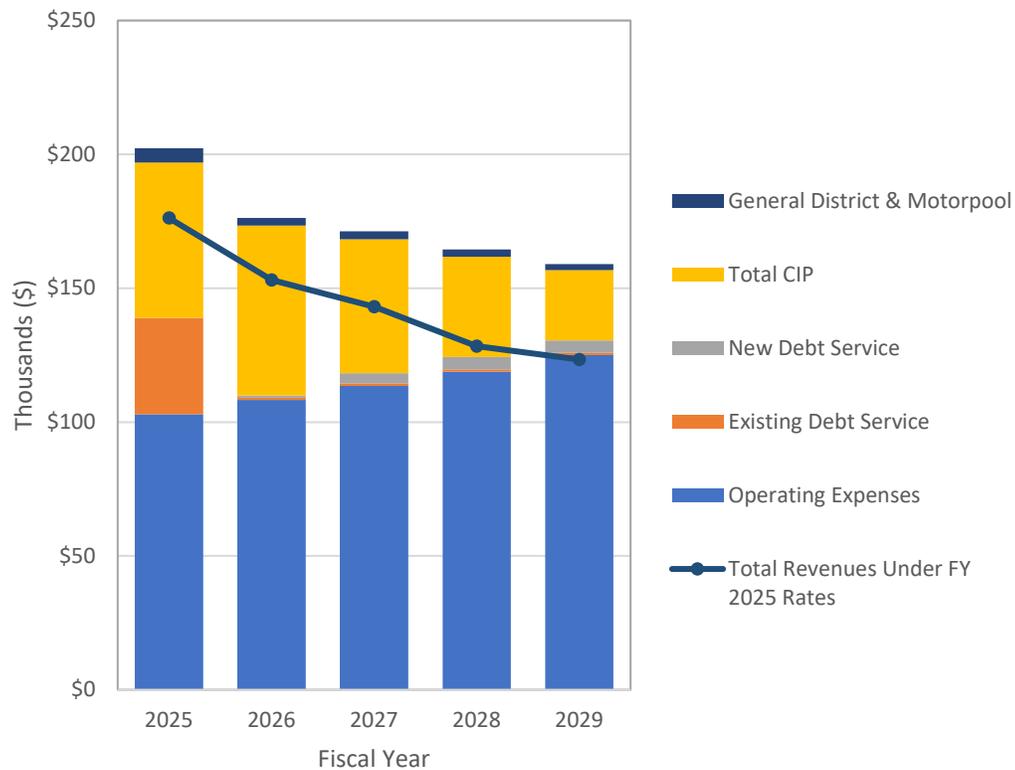
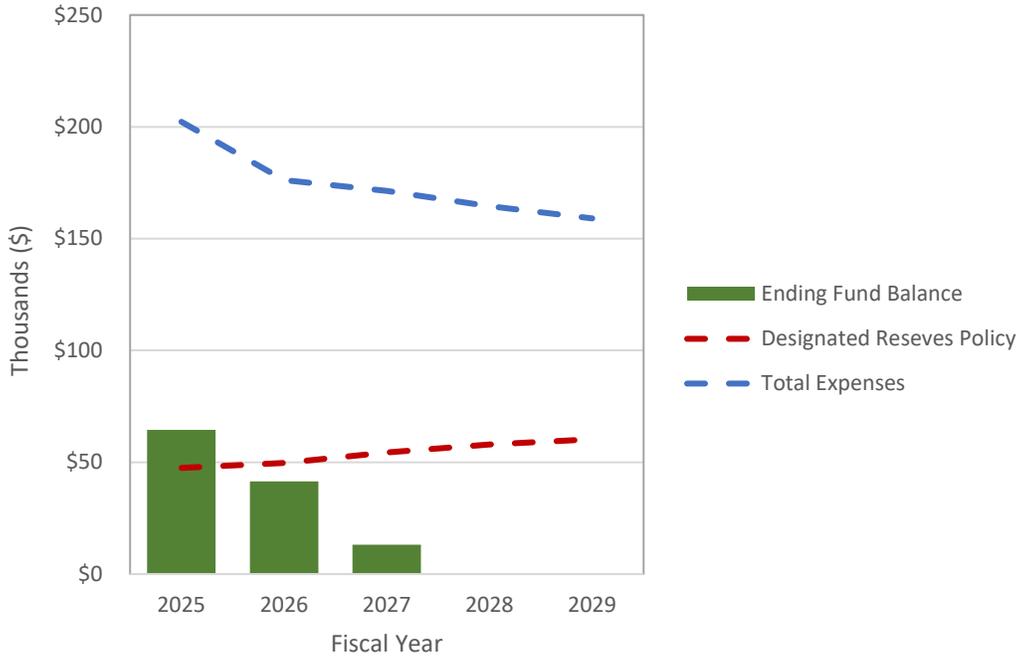


Figure 5-2 shows the forecasted Domestic Water Fund (i.e., reserves) balance assuming the District does not change any water rates.

Figure 5-2
Projected Water Fund Cash Balance Projection Under FY 2025 Rates



Based on the expenses projected in Section 2 of this report, the District’s Water customers and usage detailed in Section 3, and the District’s FY 2026 Domestic Water rates detailed previously in this section, NewGen’s study has determined that revenue increases are necessary to sustain the District’s domestic Water service.

Recommended Rate Changes

To increase fixed revenues that will sustain the water system and to remain consistent with NewGen’s Cost of Service analysis, NewGen recommends the following changes to the District’s water rates. Table 5-3 summarizes these recommendations and financial metrics. With the recommended changes, the District can fund its services and maintain reserves above policy minimums.

Table 5-3
Recommended Water Rate Changes (Cash in thousands)

	FY 2026	FY 2027	FY 2028	FY 2029
Change in Median Single Family Customer Bill ⁽¹⁾	21.6%	3.7%	6.3%	2.4%
Beginning Fund Balance	\$64,463	\$62,900	\$61,133	\$59,298
Annual Cash Flow ⁽²⁾	(\$1,563)	(\$1,768)	(\$1,835)	\$1,893
Ending Fund Balance	\$62,900	\$61,133	\$59,298	\$61,190
Designated Fund Balance Policy ⁽³⁾	\$49,678	\$54,386	\$57,976	\$60,274
Over / (Under) Recommended Reserve	\$13,222	\$6,747	\$1,322	\$917

(1) ¾" Meter; 20 CCF Consumption; 20 CCF Water Budget.

(2) Annual Cash Flow is the sum of all expenses and revenues in a Fiscal Year.

(3) Minimum Reserve Policy is outlined in Table 2-2.

Recommended Rates

Based on the Cost-of-Service analysis detailed in this report, NewGen recommends that the District adopt the water rates set out below.

Recommended Meter Service Charges

If the District adopts the recommended rate increases in FY 2026, then the District's Meter Service Charges would be as shown in Table 5-4.

Table 5-4

Recommended Meter Service Charges

Meter Size	FY 2026	FY 2027	FY 2028	FY 2029
Single Family				
3/4"	\$16.50	\$17.11	\$18.15	\$18.59
1"	\$20.50	\$21.26	\$22.56	\$23.10
1 1/2"	\$30.50	\$31.64	\$33.57	\$34.37
2"	\$42.51	\$44.09	\$46.79	\$47.90
3"	\$70.53	\$73.15	\$77.62	\$79.47
4"	\$110.55	\$114.66	\$121.67	\$124.57
6"	\$210.61	\$218.43	\$231.79	\$237.33
8"	\$330.68	\$342.96	\$363.93	\$372.63
Multi-Family				
3/4"	\$16.77	\$17.39	\$18.45	\$18.89
1"	\$20.95	\$21.72	\$23.05	\$23.60
1 1/2"	\$31.40	\$32.57	\$34.56	\$35.38
2"	\$43.95	\$45.58	\$48.37	\$49.52
3"	\$73.22	\$75.94	\$80.58	\$82.51
4"	\$115.04	\$119.31	\$126.60	\$129.63
6"	\$219.58	\$227.74	\$241.66	\$247.44
8"	\$345.04	\$357.85	\$379.73	\$388.81
Commercial				
3/4"	\$16.62	\$17.24	\$18.29	\$18.73
1"	\$20.71	\$21.48	\$22.79	\$23.34
1 1/2"	\$30.93	\$32.08	\$34.04	\$34.85
2"	\$43.19	\$44.79	\$47.53	\$48.67
3"	\$71.80	\$74.46	\$79.01	\$80.90
4"	\$112.67	\$116.85	\$123.99	\$126.96
6"	\$214.84	\$222.82	\$236.44	\$242.09
8"	\$337.44	\$349.98	\$371.38	\$380.25
Landscape				
3/4"	\$23.67	\$24.55	\$26.05	\$26.67
1"	\$32.45	\$33.66	\$35.72	\$36.57
1 1/2"	\$54.41	\$56.43	\$59.88	\$61.32
2"	\$80.77	\$83.76	\$88.89	\$91.01
3"	\$142.25	\$147.54	\$156.56	\$160.30
4"	\$230.10	\$238.64	\$253.23	\$259.29

6"	\$449.70	\$466.40	\$494.92	\$506.75
8"	\$713.22	\$739.71	\$784.94	\$803.70

Recommended Volumetric Charges per CCF

The following rates shown in Table 5-5 are calculated to fully support the future operating, capital, debt service, and reserve requirements of the system over the study period.

**Table 5-5
Recommended Volumetric Rate Charges**

Tier	FY 2026	FY 2027	FY 2028	FY 2029
Tier 1	\$1.29	\$1.34	\$1.42	\$1.46
Tier 2	\$1.61	\$1.67	\$1.78	\$1.82
Tier 3	\$4.88	\$5.07	\$5.40	\$5.54
Tier 4	\$5.72	\$5.94	\$6.32	\$6.49
Tier 5	\$8.73	\$9.08	\$9.66	\$9.91

Customer Bill Impact of Recommended Rates

The customer bill impact for different customer types if the District were to adopt the revenue increases is shown in Table 5-6.

**Table 5-6
Projected Monthly Customer Bills – Median Residential Customer**

Sample Customer	FY 2026	FY 2027	FY 2028	FY 2029	FY 2029
Median Single Family (20 CCF Budget)	\$37.93	\$46.14	\$47.87	\$50.87	\$52.11
3/4" Meter	\$ Change	\$8.21	\$1.73	\$3.00	\$1.24
20 CCF Monthly Consumption	% Change	21.6%	3.7%	6.3%	2.4%
Commercial (50 CCF Budget)	\$212.79	\$265.21	\$275.32	\$293.13	\$300.33
2" Meter	\$ Change	\$52.42	\$10.11	\$17.81	\$7.20
79 CCF Monthly Consumption	% Change	24.6%	3.8%	6.5%	2.5%

Cash Flow Under Recommended Revenue Increases

Figure 5-3 shows the forecasted expenses and revenues assuming the District adopts the recommended Fixed Customer and Volumetric Charges per CCF calculated in this report. Total Revenues are decreasing in the graph below because loan proceeds, grant proceeds, and use of restricted funds decrease in the five-year study period.

Figure 5-3
Domestic Water Fund Expenses vs. Revenues Under Recommended Rates

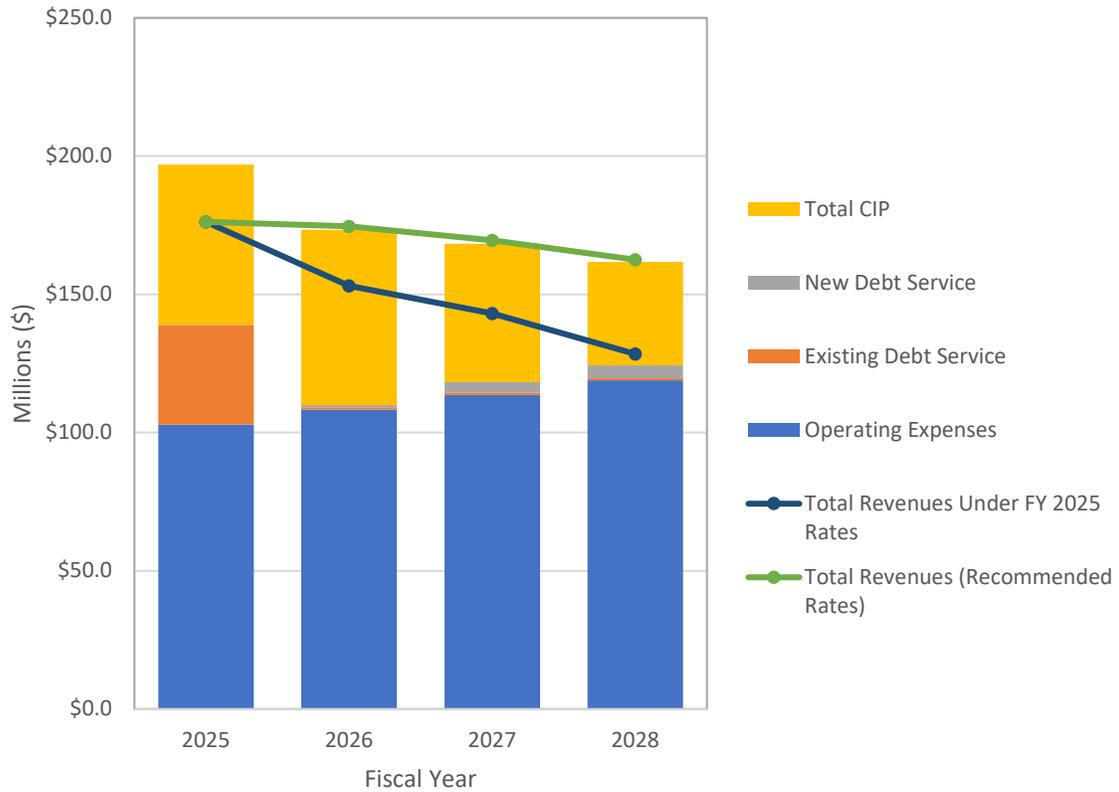
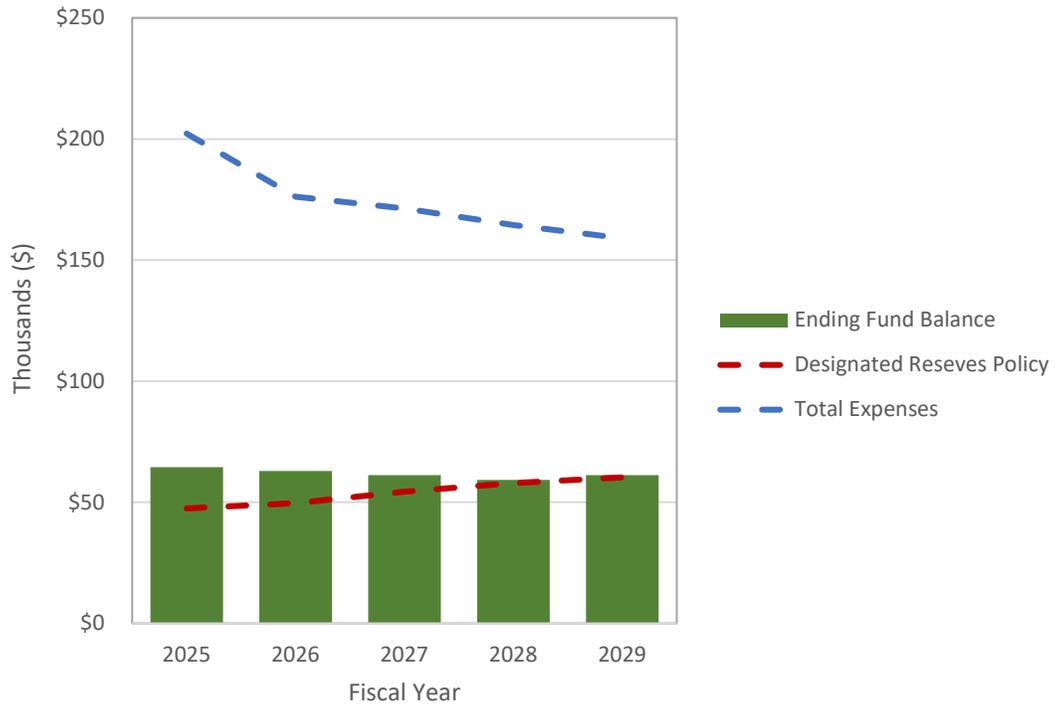


Figure 5-4 shows the forecasted Domestic Water Fund (i.e., reserves) balance assuming the District adopts the recommended Meter Service Charges and Volumetric Charges per CCF calculated in this report.

Figure 5-4
 Projected Domestic Water Fund Balance Under Recommended Rates



Appendix A
Domestic Water Fund Capital Improvement Plan (in thousands)

Project	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Booster Station 07990 Rehabilitation and Upgrade	\$3,200				
Booster Station 07101 Rehabilitation and Upgrade	\$500	\$1,375			
Booster Station 07102 Rehabilitation and Upgrade	\$100	\$450	\$1,265		
Booster Station 05513 Rehabilitation and Upgrade	\$75	\$2,500	\$1,475		
Hydropneumatic/Surge Tank Replacement Program Ph 3	\$500				
Hydropneumatic/Surge Tank Replacement Program Ph 4		\$500			
Hydropneumatic/Surge Tank Replacement Program Ph 5			\$500		
Hydropneumatic/Surge Tank Replacement Program Ph 6				\$500	
Hydropneumatic/Surge Tank Replacement Program Ph 7					\$500
Hydropneumatic/Surge Tank Replacement Program Ph 8					
Reservoir 4711-3 and 4711-4 Construction	\$2,500	\$3,100			
Reservoir 5514-2 Construction	\$50	\$2,000	\$1,000		
Reservoir 7101-2 Construction	\$2,000	\$1,700			
Reservoir 4730-2 Design and Construction (Developer	\$500	\$6,000	\$1,500		
Reservoir 7802-2 Design and Construction (Developer		\$500	\$5,000	\$500	
Valley Zone Reservoir PDR, Design, and Construction				\$500	\$5,000
840' Zone Reservoir PDR, Design, and Construction					\$300
Reservoir 8121-2 Design and Construction					
Reservoir 3571-3 Design and Construction					
Reservoir 3601-1 Rehabilitation	\$150	\$1,500			
Reservoir 5513 Rehabilitation		\$150	\$1,500		
Reservoir 5514-1 Rehabilitation				\$100	\$975
Reservoir 7101-1 Rehabilitation				\$100	\$1,125
North Shore Water Main Replacements	\$100				
Dale Kiler Road Water Main Replacement	\$8,161				
Preliminary Design Report for Highway 86 Transmission	\$340				
Highway 86 Transmission Main, Phase 3 Final Design		\$700	\$7,500	\$7,500	
Highway 86 Transmission Main, Phase 4 Final Design					
Avenue 66 Transmission Main, Phase 1B, 2 and Lincoln	\$17,766				
Valley View Water Consolidation Project	\$5,000	\$11,000	\$1,000		
Leon Housing Water Consolidation Project		\$6,500	\$500		
Sun City Palm Desert Water Main Replacement Phase	\$3,000	\$11,800			
Talavera Water Main Replacement Phase 1	\$50	\$1,000	\$6,250		
Avenue 70 and Pierce Street Water Consolidation Project		\$1,000	\$8,000	\$6,000	
Avenue 76 Water Consolidation Project		\$1,000	\$4,000		
Desert Water Agency Regional Intertie		\$250			
Los Gatos Water Consolidation Project		\$500	\$1,100		
Sky Mountain Pressure Zone Enhancements - Thousand				\$100	\$1,950

Project	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Sun City Palm Desert Water Main Replacement Phase			\$300	\$8,000	
Sun City Palm Desert Water Main Replacement Phase				\$300	\$6,250
Sun City Palm Desert Water Main Replacement Phase 4					\$200
Sun City Palm Desert Water Main Replacement Phase 5					
Sun City Palm Desert Water Main Replacement Phase 6					
Sun City Palm Desert Water Main Replacement Phase 7					
Sun City Palm Desert Water Main Replacement Phase 8					
Sun City Palm Desert Water Main Replacement Phase 9					
Sun City Palm Desert Water Main Replacement Phase					
Sun City Palm Desert Water Main Replacement Phase					
Sun City Palm Desert Water Main Replacement Phase					
Sun City Palm Desert Water Main Replacement Phase					
Sun City Palm Desert Water Main Replacement Phase					
Sun City Palm Desert Water Main Replacement Phase					
Talavera Water Main Replacement- Phase 3			\$200	\$5,000	
Talavera Water Main Replacement Phase 4				\$300	\$5,000
Talavera Water Main Replacement Phase 5					\$300
Tri-Palm Water Main Replacements Phase 1		\$50	\$2,020		
Tri-Palm Water Main Replacements Phase 2			\$200	\$2,200	
Tri-Palm Water Main Replacements Phase 3				\$200	\$2,150
Tri-Palm Water Main Replacements Phase 4					
Tri-Palm Water Main Replacements Phase 5					
Portola Del Sol Water 3-inch Water Main Replacement		\$150	\$750		
Salton City Water Main Replacement Phase 2					
Salton City Water Main Replacement Phase 3					
Salton City Water Main Replacement Phase 4					
Salton City Water Main Replacement Phase 5					
Lake Cahuilla/Middleton Rd PRV		\$500			
Well Rehabilitation Project Phase 3 (Well 5662-1)	\$400				
Well 4529-1 Drilling and MCC	\$340				
Well 4529-1 Pumping Plant	\$500	\$2,000			
Well 4569-1 MCC Procurement	\$340				
Well 4569-1 Drilling and Construction (Developer	\$100	\$3,500			
Well 4632-1 Drilling and Construction (Developer	\$3,500				
New Wells (x2 Mecca/Middleton/La Quinta/Valley/Sky		\$1,500	\$3,500	\$3,500	
Well Rehabilitation Project - FY26		\$500			
Well Rehabilitation Project - FY27			\$500		
Well Rehabilitation Project - FY28				\$500	
Well Rehabilitation Project - FY29					\$500
IXTP 7991 Replacement Project	\$8,100	\$502			
Hexavalent Chromium Treatment Evaluation	\$678				
IXTP 6806 Replacement Project					
IXTP 7802 Replacement Project					

Project	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Total Domestic Water CIP	\$57,950	\$62,227	\$48,060	\$35,300	\$24,250
Plus: General District PAYGO	\$3,857	\$1,657	\$1,877	\$1,565	\$940
Total CIP (2025 Dollars)	\$61,807	\$63,883	\$49,937	\$36,865	\$25,190
Total Study CIP Spending (Escalated at 2% per year)	\$61,807	\$65,161	\$51,955	\$39,121	\$27,266
Annual Increase due to Escalation		\$2,934	\$3,895	\$3,821	\$3,016
Cumulative Increase due to Escalation (\$)		\$2,934	\$6,829	\$10,650	\$13,667

Appendix B Functionalization

Description	Pumping	Treatment	Storage	Transmission	Customer Service	Billing	Meter Costs	Source of Supply	Replenishment	Backflow	Conservation	Fire Protection	As All Others
As All Others													100%
Pumping	100%												
Treatment		100%											
Storage			100%										
Transmission				100%									
Customer Service					100%								
Billing						100%							
Meter Costs							100%						
Source of Supply								100%					
Replenishment									100%				
Backflow										100%			
Conservation											100%		
Fire Protection												100%	
Communications Split													
Engineering Split	20%	10%	25%	35%	12%	12%							
Engineering - Electricity	50%	25%	25%										
Engineering - Right of Way	10%		10%	35%	45%								
Engineering - Survey	17%		9%	65%	9%								
Engineering - Development Services					78%		22%						
Engineering - Inspection	16%	4%	16%	54%	10%								
ES - Admin	4%	8%	8%	28%	3%			49%					
ES - Environmental	10%	5%	25%	25%				35%					
ES - Monitoring		5%	5%	40%	5%			45%					
ES - Water Quality	10%	10%	10%	25%	10%			35%					
ES - Laboratory		20%		50%				30%					
Service - Admin					50%	50%							
Service - Meter Readers Admin					10%	90%							
Operations - Admin						0%							100%
Operations - Non-Potable										30%			70%
Operations - Domestic Production Admin	7%	65%	4%	8%	8%			8%					
Utilities	17%							83%					
Operations - Date Palm	20%	15%	10%	10%	10%			35%					
Operations - Valley	30%	15%	10%	5%	10%			30%					
Operations - Service Installation				91%			4%			5%			
Operations - La Quinta	10%	30%	10%	5%	10%			35%					
Operations - Backflow							10%			90%			
Operations - Metering Systems Administration	11%			20%			39%			30%			
Operations - West Shores	10%	5%	10%	67%	3%			5%					
Operations - Facility/Leak Detection				61%	39%								
Operations - Maintenance Admin			4%	71%								25%	
Operations - Domestic Maintenance	14%		1%	60%				25%					
Operations - Pressure Control Devices/Air Vac				85%				15%					
Operations - Construction Admin				77%	10%		1%			1%		11%	
Operations - Construction				55%								45%	
F&M - Admin	17%	1%	13%	1%	5%			62%			1%		
F&M - Buildings & Grounds	20%	1%	13%	1%				64%			1%		
F&M - Building	16%		3%					81%					
F&M - Facilities Maintenance	15%		16%					68%			1%		
F&M - Electrical	35%		10%					55%					
F&M - Pump Maintenance	10%							90%					
F&M - A/C Maintenance	41%							59%					
F&M - Electronics	19%	5%	32%	6%				38%					
F&M - Stormwater and Drainage	50%							50%					

R12 ACCT	ACCOUNT DESCRIPTION	FY 21 Actuals	FUNCTIONALIZATION FACTOR	Pumping	Treatment	Storage	Transmission	Customer Service	Billing	Meter Costs	Source of Supply	Replenishment	Backflow	Conservation	Fire Protection	As All Others	
Operations																	
70	5 Operations - Administration	471,444	Operations - Admin	-	-	-	-	-	471	-	-	-	-	-	471	-	470,501
70	10 Emergency Response	30,368	As All Others	-	-	-	-	-	-	-	-	-	-	-	-	-	30,368
70	15 Operations Control	614,418	As All Others	-	-	-	-	-	-	-	-	-	-	-	-	-	614,418
71	5 Operations - Non-Potable Water Admini	72,677	Operations - Non-Potable	-	-	-	-	-	-	-	-	-	21,803	-	-	-	50,874
71	10 Operations Manager Domestic - Production	275,861	As All Others	-	-	-	-	-	-	-	-	-	-	-	-	-	275,861
71	15 Operations Manager Domestic - Construction	273,400	As All Others	-	-	-	-	-	-	-	-	-	-	-	-	-	273,400
71	60 Total Non-Potable Water Operations	98,917	Backflow	-	-	-	-	-	-	-	-	-	98,917	-	-	-	-
72	5 Operations - Domestic Production Admin	1,266,944	Operations - Domestic Production Admin	88,686	823,514	50,678	101,356	101,356	-	101,356	-	-	-	-	-	-	-
72	5 Utilities	9,529,900	Utilities	1,620,083	-	-	-	-	-	-	7,909,817	-	-	-	-	-	-
72	5 RAC Charges	12,520,000	Replenishment	-	-	-	-	-	-	-	-	12,520,000	-	-	-	-	-
72	60 Operations - Date Palm	1,104,187	Operations - Date Palm	220,837	165,628	110,419	110,419	110,419	-	-	386,465	-	-	-	-	-	-
72	61 Operations - Valley	1,535,350	Operations - Valley	460,605	230,303	153,535	76,768	153,535	-	-	460,605	-	-	-	-	-	-
72	62 Operations - Leak Repair	1,083,111	Transmission	-	-	-	1,083,111	-	-	-	-	-	-	-	-	-	-
72	63 Operations - Service Installation	1,149,391	Operations - Service Installation	-	-	-	1,045,946	-	-	45,976	-	-	57,470	-	-	-	-
72	64 Operations - Ops Metering Systems - Lea	-	Meter Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
73	5 Operations - Ops Metering Systems - Adi	-	Meter Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
73	64 Operations - La Quinta	1,552,896	Operations - La Quinta	155,290	465,869	155,290	77,645	155,290	-	-	543,514	-	-	-	-	-	-
73	65 Operations - Backflow	966,476	Operations - Backflow	-	-	-	-	-	-	96,648	-	-	869,828	-	-	-	-
73	66 Operations - Meter Repair	2,506,452	Meter Costs	-	-	-	-	-	-	2,506,452	-	-	-	-	-	-	-
74	5 Operations - Metering Systems Administ	214,103	Operations - Metering Systems Administration	23,551	-	-	42,821	-	-	83,500	-	-	64,231	-	-	-	-
74	65 Operations - Treatment	-	Treatment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
74	68 Operations - West Shores	1,512,000	Operations - West Shores	151,200	75,600	151,200	1,013,040	45,360	-	-	75,600	-	-	-	-	-	-
74	69 Operations - Facility/Leak Detection	1,039,123	Operations - Facility/Leak Detection	-	-	-	633,865	405,258	-	-	-	-	-	-	-	-	-
74	70 Operations - System Maintenance	825,863	Transmission	-	-	-	825,863	-	-	-	-	-	-	-	-	-	-
75	5 Operations - Maintenance Admin	458,989	Operations - Maintenance Admin	-	-	18,360	325,882	-	-	-	-	-	-	-	-	114,747	-
75	71 Operations - Valve Repair	835,918	Transmission	-	-	-	835,918	-	-	-	-	-	-	-	-	-	-
75	72 Operations - Hydrant Maintenance	987,467	Fire Protection	-	-	-	-	-	-	-	-	-	-	-	-	987,467	-
75	73 Operations - Domestic Maintenance	1,357,894	Operations - Domestic Maintenance	190,105	-	13,579	814,736	-	-	-	339,474	-	-	-	-	-	-
75	74 Operations - Pressure Control Devices/Ai	920,664	Operations - Pressure Control Devices/Air Vac	-	-	-	782,564	-	-	-	138,100	-	-	-	-	-	-
76	5 Operations - Construction Admin	203,390	Operations - Construction Admin	-	-	-	156,610	20,339	-	2,034	-	-	2,034	-	-	22,373	-
76	76 Operations - Construction	1,282,375	Operations - Construction	-	-	-	705,306	-	-	-	-	-	-	-	-	577,069	-
76	78 Operations - Domestic Emergency Respo	280,727	Transmission	-	-	-	280,727	-	-	-	-	-	-	-	-	-	-
Total Operations		\$ 44,970,305		\$ 2,910,358	\$ 1,760,913	\$ 653,060	\$ 8,912,577	\$ 991,556	\$ 471	\$ 2,734,609	\$ 9,954,930	\$ 12,520,000	\$ 1,114,283	\$ 471	\$ 1,701,656	\$ 1,715,422	
Facilities and Maintenance																	
50	5 Facilities & Maintenance - Admin	506,565	F&M - Admin	86,116	5,066	65,853	5,066	25,328	-	-	314,070	-	-	5,066	-	-	-
50	50 Facilities & Maintenance - Buildings & Gr	648,232	F&M - Buildings & Grounds	129,646	6,482	84,270	6,482	-	-	-	414,868	-	-	6,482	-	-	-
51	5 Facilities & Maintenance - Building Main	280,859	F&M - Building	44,937	-	8,426	-	-	-	-	227,496	-	-	-	-	-	-
51	40 Facilities & Maintenance - Carpentry	936,053	F&M - Building	149,768	-	28,082	-	-	-	-	758,203	-	-	-	-	-	-
51	41 Facilities & Maintenance - Welding	406,436	Source of Supply	-	-	-	-	-	-	-	406,436	-	-	-	-	-	-
52	5 Facilities & Maintenance - Facilities Main	375,259	F&M - Facilities Maintenance	56,289	-	60,041	-	-	-	-	255,176	-	-	-	3,753	-	-
52	47 Facilities & Maintenance - Facilities Main	404,847	F&M - Facilities Maintenance	60,727	-	64,776	-	-	-	-	275,296	-	-	4,048	-	-	-
53	5 Facilities & Maintenance - Electrical - Adr	381,252	F&M - Electrical	133,438	-	38,125	-	-	-	-	209,689	-	-	-	-	-	-
53	42 Facilities & Maintenance - Electricians	1,663,734	F&M - Electrical	582,307	-	166,373	-	-	-	-	915,054	-	-	-	-	-	-
53	43 Facilities & Maintenance - Pump Maintainer	865,480	F&M - Pump Maintenance	86,548	-	-	-	-	-	-	778,932	-	-	-	-	-	-
53	44 Facilities & Maintenance - A/C Maintena	137,274	F&M - A/C Maintenance	56,282	-	-	-	-	-	-	80,992	-	-	-	-	-	-
54	45 Facilities & Maintenance - Canal Distribu	-	None	-	-	-	-	-	-	-	-	-	-	-	-	-	-
54	46 Facilities & Maintenance - Canal Distribu	-	None	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	5 Facilities & Maintenance - Electronics - A	320,647	F&M - Electronics	60,923	16,032	102,607	19,239	-	-	-	121,846	-	-	-	-	-	-
55	48 Facilities & Maintenance - Electronics Te	895,393	F&M - Electronics	170,125	44,770	286,526	53,724	-	-	-	340,249	-	-	-	-	-	-
56	5 Facilities & Maintenance - Stormwater ar	22,691	F&M - Stormwater and Drainage	11,346	-	-	-	-	-	-	11,346	-	-	-	-	-	-
56	49 Facilities & Maintenance - Stormwater ar	179	F&M - Stormwater and Drainage	90	-	-	-	-	-	-	90	-	-	-	-	-	-
59	5 Facilities & Maintenance - Zanjeros - Adn	1,056	Source of Supply	-	-	-	-	-	-	-	1,056	-	-	-	-	-	-
59	50 Facilities & Maintenance - Zanjeros	2,349	Source of Supply	-	-	-	-	-	-	-	2,349	-	-	-	-	-	-
94	0 Facilities & Maintenance - Motor Pool At	-	As All Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Facilities and Maintenance		\$ 7,848,306		\$ 1,628,542	\$ 72,350	\$ 905,079	\$ 84,510	\$ 25,328	\$ -	\$ -	\$ 5,113,147	\$ -	\$ -	\$ 19,349	\$ -	\$ -	
TOTAL DOMESTIC		\$ 84,593,821		\$ 5,247,379	\$ 2,310,017	\$ 2,422,448	\$ 10,783,114	\$ 4,826,062	\$ 6,059,038	\$ 2,826,066	\$ 16,765,989	\$ 12,639,704	\$ 1,114,283	\$ 4,278,490	\$ 1,701,656	\$ 13,619,576	
COST OF SERVICE		\$ 84,593,821		\$ 5,247,379	\$ 2,310,017	\$ 2,422,448	\$ 10,783,114	\$ 4,826,062	\$ 6,059,038	\$ 2,826,066	\$ 16,765,989	\$ 12,639,704	\$ 1,114,283	\$ 4,278,490	\$ 1,701,656	\$ 13,619,576	
TRUE																	
Reallocation of As All Others																	
				7.4%	3.3%	3.4%	15.2%	6.8%	8.5%	4.0%	23.6%	17.8%	1.6%	6.0%	2.4%		
				\$ 1,006,944	\$ 443,280	\$ 464,855	\$ 2,069,222	\$ 826,095	\$ 1,162,697	\$ 542,307	\$ 3,217,303	\$ 2,425,491	\$ 213,825	\$ 821,010	\$ 826,539		
TOTAL OPERATING EXPENSES				\$ 6,254,323	\$ 2,753,297	\$ 2,887,303	\$ 12,852,336	\$ 5,752,158	\$ 7,221,734	\$ 3,368,372	\$ 19,983,292	\$ 15,065,195	\$ 1,328,108	\$ 5,099,509	\$ 2,028,195		

Appendix C Customer Class Allocation

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenue Required from Rates	\$ 120,060,367	\$ 117,784,040	\$ 122,769,114	\$ 130,927,196	\$ 134,727,157

Functional Customer Allocations

Customer	11.8%	\$ 14,216,524	\$ 13,946,981	\$ 14,537,270	\$ 15,503,281	\$ 15,953,240
Meter Services	4.9%	5,939,747	5,827,130	6,073,757	6,477,362	6,665,357
Local Distribution	2.6%	3,125,835	3,066,570	3,196,359	3,408,759	3,507,693
Base	29.2%	35,065,007	34,400,179	35,856,127	38,238,789	39,348,611
Max Day	24.7%	29,685,298	29,122,470	30,355,045	32,372,156	33,311,708
Max Hour	18.6%	22,363,123	21,939,121	22,867,669	24,387,240	25,095,042
Conservation	4.7%	5,587,937	5,481,991	5,714,010	6,093,709	6,270,570
Backflow	1.5%	1,759,188	1,725,834	1,798,878	1,918,415	1,974,094
Fire Protection	1.9%	2,317,709	2,273,765	2,370,000	2,527,488	2,600,844

Customer Class Allocations

Customer	Bills	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Single Family	86.2%	12,259,908	12,027,462	12,536,510	13,369,569	13,757,600
Multi-Family	3.2%	450,570	442,027	460,735	491,351	505,612
Commercial	4.3%	615,998	604,319	629,896	671,753	691,250
Landscape	4.5%	636,948	624,872	651,319	694,599	714,759
Construction Meter	0.0%	-	-	-	-	-
Fire	1.8%	253,100	248,301	258,810	276,008	284,019

Meter Service	MEUs	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Single Family	69%	4,080,909	4,003,535	4,172,980	4,450,277	4,579,440
Multi-Family	5%	310,195	304,314	317,194	338,271	348,089
Commercial	7%	421,449	413,458	430,958	459,595	472,934
Landscape	8%	471,781	462,836	482,425	514,482	529,414
Construction Meter	-	-	-	-	-	-
Fire	11%	655,413	642,987	670,201	714,736	735,480

Local Distribution	MDD	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Single Family	51%	1,606,073	1,575,622	1,642,309	1,751,441	1,802,274
Multi-Family	5%	146,892	144,107	150,206	160,187	164,836
Commercial	6%	181,753	178,307	185,853	198,204	203,956
Landscape	38%	1,191,117	1,168,534	1,217,991	1,298,927	1,336,626
Construction Meter	0%	-	-	-	-	-
Fire	0%	-	-	-	-	-

Fire Protection	MEUs	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Single Family	69%	1,592,384	1,562,192	1,628,310	1,736,513	1,786,912
Multi-Family	5%	121,039	118,744	123,770	131,995	135,826
Commercial	7%	164,451	161,333	168,161	179,335	184,540
Landscape	8%	184,090	180,600	188,244	200,753	206,579
Construction Meter	0%	-	-	-	-	-
Fire	11%	255,744	250,896	261,514	278,892	286,987



Appendix D Volumetric COS Calculation

FY 2025

Share of FY 2025 Costs Allocated by Tier (dollars)

Tier	Base	Max Day	Max Hour	Conservation
Tier 1	\$8,327,952	\$3,724,338		
Tier 2	\$19,107,678	\$15,422,665		
Tier 3	\$5,372,509	\$6,616,567	\$14,040,895	\$3,508,438
Tier 4	\$1,657,536	\$2,470,485	\$5,242,572	\$1,309,976
Tier 5	\$599,332	\$1,451,243	\$3,079,656	\$769,523
Total	\$35,065,007	\$29,685,298	\$22,363,123	\$5,587,937

FY 2025 Base Rate Calculation

Total Base Costs (\$)	\$35,065,007
Total Demand (CCF)	38,505,114
Base Rate (\$/CCF)	\$0.91

FY 2025 Max Day Rate Calculation

Tier	Total Max Day Costs (\$)	Demand (CCF)	Rate (\$/CCF)
Tier 1	\$3,724,338	9,144,979	\$0.41
Tier 2	\$15,422,665	20,982,267	\$0.74
Tier 3	\$6,616,567	5,899,587	\$1.12
Tier 4	\$2,470,485	1,820,151	\$1.36
Tier 5	\$1,451,243	658,130	\$2.21
Total	\$29,685,298	38,505,114	

FY 2025 Max Hour Rate Calculation

Tier	Total Max Hour Costs (\$)	Demand (CCF)	Rate (\$/CCF)
Tier 1		9,144,979	
Tier 2		20,982,267	
Tier 3	\$14,040,895	5,899,587	\$2.38
Tier 4	\$5,242,572	1,820,151	\$2.88
Tier 5	\$3,079,656	658,130	\$4.68
Total	\$22,363,123	38,505,114	

FY 2025 Conservation Rate Calculation

Tier	Total Conservation Costs (\$)	Demand (CCF)	Rate (\$/CCF)
Tier 1		9,144,979	
Tier 2		20,982,267	
Tier 3	\$3,508,438	5,899,587	\$0.59
Tier 4	\$1,309,976	1,820,151	\$0.72
Tier 5	\$769,523	658,130	\$1.17
Total	\$5,587,937	38,505,114	

FY 2025 All In Rate Calculation

Tier	Base	Max Day	Max Hour	Conservation	COS Rate
Tier 1	\$0.91	\$0.41	\$0.00	\$0.00	\$1.32
Tier 2	\$0.91	\$0.74	\$0.00	\$0.00	\$1.65
Tier 3	\$0.91	\$1.12	\$2.38	\$0.59	\$5.01
Tier 4	\$0.91	\$1.36	\$2.88	\$0.72	\$5.87
Tier 5	\$0.91	\$2.21	\$4.68	\$1.17	\$8.97

FY 2027

Share of FY 2027 Costs Allocated by Tier (dollars)

Tier	Base	Max Day	Max Hour	Conservation
Tier 1	\$8,545,477	\$3,821,617		
Tier 2	\$19,606,770	\$15,825,504		
Tier 3	\$5,512,838	\$6,789,391	\$14,407,689	\$3,600,044
Tier 4	\$1,700,830	\$2,535,014	\$5,379,525	\$1,344,180
Tier 5	\$614,986	\$1,489,150	\$3,160,107	\$789,615
Total	\$35,980,902	\$30,460,676	\$22,947,320	\$5,733,839

FY 2027 Base Rate Calculation

Total Base Costs (\$)	\$35,856,127
Total Demand (CCF)	38,900,038
Base Rate (\$/CCF)	\$0.92

FY 2027 Max Day Rate Calculation

Tier	Total Max Day Costs (\$)	Demand (CCF)	Rate (\$/CCF)
Tier 1	\$3,808,364	9,238,773	\$0.41
Tier 2	\$15,770,625	21,197,470	\$0.74
Tier 3	\$6,765,847	5,960,096	\$1.14
Tier 4	\$2,526,223	1,838,819	\$1.37
Tier 5	\$1,483,985	664,880	\$2.23
Total	\$30,355,045	38,900,038	

FY 2027 Max Hour Rate Calculation

Tier	Total Max Hour Costs (\$)	Demand (CCF)	Rate (\$/CCF)
Tier 1		9,238,773	
Tier 2		21,197,470	
Tier 3	\$14,357,679	5,960,096	\$2.41
Tier 4	\$5,360,852	1,838,819	\$2.92
Tier 5	\$3,149,138	664,880	\$4.74
Total	\$22,867,669	38,900,038	

FY 2027 Conservation Rate Calculation

Tier	Total Conservation Costs (\$)	Demand (CCF)	Rate (\$/CCF)
Tier 1		9,238,773	
Tier 2		21,197,470	
Tier 3	\$3,587,594	5,960,096	\$0.60
Tier 4	\$1,339,531	1,838,819	\$0.73
Tier 5	\$786,884	664,880	\$1.18
Total	\$5,714,010	38,900,038	

FY 2027 All In Rate Calculation

Tier	Base	Max Day	Max Hour	Conservation	COS Rate
Tier 1	\$0.92	\$0.41	\$0.00	\$0.00	\$1.34
Tier 2	\$0.92	\$0.74	\$0.00	\$0.00	\$1.67
Tier 3	\$0.92	\$1.14	\$2.41	\$0.60	\$5.07
Tier 4	\$0.92	\$1.37	\$2.92	\$0.73	\$5.94
Tier 5	\$0.92	\$2.23	\$4.74	\$1.18	\$9.08

FY 2028

Share of FY 2028 Costs Allocated by Tier (dollars)

Tier	Base	Max Day	Max Hour	Conservation
Tier 1	\$9,081,726	\$4,061,433		
Tier 2	\$20,837,141	\$16,818,592		
Tier 3	\$5,858,782	\$7,215,441	\$15,311,755	\$3,825,992
Tier 4	\$1,807,562	\$2,694,092	\$5,717,084	\$1,428,544
Tier 5	\$653,578	\$1,582,597	\$3,358,400	\$839,173
Total	\$38,238,789	\$32,372,156	\$24,387,240	\$6,093,709

FY 2028 Base Rate Calculation

Total Base Costs (\$)	\$38,238,789
Total Demand (CCF)	38,998,769
Base Rate (\$/CCF)	\$0.98

FY 2028 Max Day Rate Calculation

Tier	Total Max Day Costs (\$)	Demand (CCF)	Rate (\$/CCF)
Tier 1	\$4,061,433	9,262,222	\$0.44
Tier 2	\$16,818,592	21,251,271	\$0.79
Tier 3	\$7,215,441	5,975,223	\$1.21
Tier 4	\$2,694,092	1,843,486	\$1.46
Tier 5	\$1,582,597	666,568	\$2.37
Total	\$32,372,156	38,998,769	

FY 2028 Max Hour Rate Calculation

Tier	Total Max Hour Costs (\$)	Demand (CCF)	Rate (\$/CCF)
Tier 1		9,262,222	
Tier 2		21,251,271	
Tier 3	\$15,311,755	5,975,223	\$2.56
Tier 4	\$5,717,084	1,843,486	\$3.10
Tier 5	\$3,358,400	666,568	\$5.04
Total	\$24,387,240	38,998,769	

FY 2028 Conservation Rate Calculation

Tier	Total Conservation Costs (\$)	Demand (CCF)	Rate (\$/CCF)
Tier 1		9,262,222	
Tier 2		21,251,271	
Tier 3	\$3,825,992	5,975,223	\$0.64
Tier 4	\$1,428,544	1,843,486	\$0.77
Tier 5	\$839,173	666,568	\$1.26
Total	\$6,093,709	38,998,769	

FY 2028 All In Rate Calculation

Tier	Base	Max Day	Max Hour	Conservation	COS Rate
Tier 1	\$0.98	\$0.44	\$0.00	\$0.00	\$1.42
Tier 2	\$0.98	\$0.79	\$0.00	\$0.00	\$1.78
Tier 3	\$0.98	\$1.21	\$2.56	\$0.64	\$5.40
Tier 4	\$0.98	\$1.46	\$3.10	\$0.77	\$6.32
Tier 5	\$0.98	\$2.37	\$5.04	\$1.26	\$9.66

FY 2029

Share of FY 2029 Costs Allocated by Tier (dollars)

Tier	Base	Max Day	Max Hour	Conservation
Tier 1	\$9,345,309	\$4,179,309		
Tier 2	\$21,441,907	\$17,306,726		
Tier 3	\$6,028,824	\$7,424,859	\$15,756,155	\$3,937,035
Tier 4	\$1,860,023	\$2,772,284	\$5,883,014	\$1,470,005
Tier 5	\$672,547	\$1,628,530	\$3,455,873	\$863,529
Total	\$39,348,611	\$33,311,708	\$25,095,042	\$6,270,570

FY 2029 Base Rate Calculation

Total Base Costs (\$)	\$39,348,611
Total Demand (CCF)	39,097,500
Base Rate (\$/CCF)	\$1.01

FY 2029 Max Day Rate Calculation

Tier	Total Max Day Costs (\$)	Demand (CCF)	Rate (\$/CCF)
Tier 1	\$4,179,309	9,285,671	\$0.45
Tier 2	\$17,306,726	21,305,071	\$0.81
Tier 3	\$7,424,859	5,990,350	\$1.24
Tier 4	\$2,772,284	1,848,153	\$1.50
Tier 5	\$1,628,530	668,255	\$2.44
Total	\$33,311,708	39,097,500	

FY 2029 Max Hour Rate Calculation

Tier	Total Max Hour Costs (\$)	Demand (CCF)	Rate (\$/CCF)
Tier 1		9,285,671	
Tier 2		21,305,071	
Tier 3	\$15,756,155	5,990,350	\$2.63
Tier 4	\$5,883,014	1,848,153	\$3.18
Tier 5	\$3,455,873	668,255	\$5.17
Total	\$25,095,042	39,097,500	

FY 2029 Conservation Rate Calculation

Tier	Total Conservation Costs (\$)	Demand (CCF)	Rate (\$/CCF)
Tier 1		9,285,671	
Tier 2		21,305,071	
Tier 3	\$3,937,035	5,990,350	\$0.66
Tier 4	\$1,470,005	1,848,153	\$0.80
Tier 5	\$863,529	668,255	\$1.29
Total	\$6,270,570	39,097,500	

FY 2029 All In Rate Calculation

Tier	Base	Max Day	Max Hour	Conservation	COS Rate
Tier 1	\$1.01	\$0.45	\$0.00	\$0.00	\$1.46
Tier 2	\$1.01	\$0.81	\$0.00	\$0.00	\$1.82
Tier 3	\$1.01	\$1.24	\$2.63	\$0.66	\$5.54
Tier 4	\$1.01	\$1.50	\$3.18	\$0.80	\$6.49
Tier 5	\$1.01	\$2.44	\$5.17	\$1.29	\$9.91



THANK YOU!



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